



2024 Sustainability Report

LRO Hospitality

Contents

Senior Leadership Statement	3
1. Introduction	4
1.1 About this Report	4
1.2 About LRO Hospitality	4
1.3 Portfolio Overview	5
2. Our Sustainability Strategy	8
2.1. Responsible Investment Approach	8
2.2. ESG Governance Structure	9
2.3. Stakeholder Engagement	11
3. ESG Performance Highlights	12
3.1. Key Achievements	12
3.2. Sector Benchmarking	15
4. Our Impact	16
4.1. Environmental Stewardship	16
4.2. Social Responsibility	20
5. Looking Ahead	21
Appendix 1: ESG Considerations Across The Asset Lifecycle	22
Appendix 2: UN SDG Contributions by Asset	24

Senior Leadership Statement

Throughout 2024, we have remained steadfast in our belief that sustainability and ESG considerations are integral to long-term success. Our dedication to responsible investing, aligned with the Principles for Responsible Investment, drives us to mitigate ESG risks, enhance financial performance, and contribute positively to society and the environment.

Our investment approach is anchored in a sustainability-focused vision, robust measurement and assessment practices, and consistent reporting. We are committed to embedding sustainability into our investment decision-making and daily operations, ensuring we act responsibly for our investors, stakeholders, people, and the planet.

This report builds upon the progress outlined in our first report of 2023, highlighting our continued efforts and achievements. We recognise that sustainability is an ongoing journey, and we are committed to continuous improvement.

As an investment fund, we recognise that our most significant contributions to sustainability are realised through our investment strategy and the assets we invest in. Therefore, our primary focus is on the sustainability of our assets and the processes we have in place to manage ESG risks and opportunities for our stakeholders. In line with this strategy and our ESG objectives, we were pleased to expand our portfolio in December 2024 with the business interest (“Fonds de Commerce”) acquisition of the Hilton Garden Inn Paris Massy in France, with a commitment to acquire the real estate in early 2025.

We invite you to explore this report and learn more about our ongoing commitment to sustainability.



John Ozinga
CEO, LRO Investment Advisor

1. Introduction

1.1 About this Report

Welcome to LRO Hospitality's second sustainability report. This report covers data and activities from January 1, 2024, to December 31, 2024, unless otherwise specified.

The ESG (environmental, social and governance) performance data reflects our two hotels owned throughout 2024 (DoubleTree by Hilton Paris Bougival and Holiday Inn Express Express Dresden Zentrum). Hilton Garden Inn Paris Massy, acquired in late December 2024, is excluded from the ESG data presented in this report. Full ESG data for Massy Hotel will be included in next year's report.

1.2 About LRO Hospitality

LRO Hospitality is a Reserved Alternative Investment Fund (RAIF) based in Luxembourg, which integrates real estate and operational management across a range of budget to upscale properties across Western Europe. The Fund leverages a proactive, operator-driven approach to achieve attractive risk-adjusted returns, focusing on hotels with significant recovery value.

With a commitment to long-term value creation, LRO Hospitality is dedicated to embedding sustainable practices within its investment strategy, recognising ESG factors as paramount in the hospitality sector.

1.3 Portfolio Overview

DoubleTree by Hilton Paris Bougival



Location	Number of bedrooms	Total area	Acquired
Paris, France	219	10,061 sq m	2021





Holiday Inn Express Dresden Zentrum

Location	Number of bedrooms	Total area	Acquired
Dresden, Germany	306	12,800 sq m	2022



Hilton Garden Inn Paris Massy



Location	Number of bedrooms	Total area	Acquired*
Massy, France	152	6,600 sq m	2024



**The business interest ("Fonds de Commerce") was acquired in December 2024, with the real estate acquisition scheduled for early 2025.*

2. Our Sustainability Strategy

2.1. Responsible Investment Approach



At LRO Hospitality, we recognise that integrating sustainability into our investment decisions and asset operations is fundamental to long-term value creation for our investors, stakeholders, and

the environment. Our responsible investment approach is centered on achieving sustainable growth, adhering to robust regulatory standards, and implementing industry best practices.

We align our investment strategy with the Principles for Responsible Investment (PRI), an international framework for incorporating ESG factors into investment decision-making and asset management. While the Fund is not a formal PRI signatory, we fully endorse and actively implement these principles throughout our portfolio. Our commitment to the PRI Principles is demonstrated through:

- Integrating ESG goals into our investment analyses and asset selection.
- Actively managing our assets with ESG considerations embedded in operational policies.
- Seeking transparent ESG disclosure from our assets and operational partners.
- Promoting PRI principles within the investment industry.
- Collaborating across our portfolio to enhance ESG performance and implementation.
- Reporting on our ESG activities and progress to stakeholders.

Our investment strategy ensures that sustainability risks and ESG factors are integral to our decision-making, in alignment with regulatory standards, including Article 8 of the Sustainable Finance Disclosure Regulation (SFDR). We integrate ESG considerations into the asset lifecycle - from acquisition due diligence to renovations, operations, and disposal - in line with our commitment to the PRI. See Appendix 1 for details.

The FuturePlus platform provides benchmarking, progress monitoring, and roadmaps for improvement, aligned with internationally recognised ESG indexes and reporting frameworks; it also enables detailed asset-level performance tracking and offers a comprehensive portfolio-wide dashboard for data-driven decision-making.

DoubleTree by Hilton Paris Bougival and Holiday Inn Express Dresden Zentrum are FuturePlus IMPACT CERTIFIED, having achieved this status in 2023. Hilton Garden Inn Paris Massy will be onboarded onto the FuturePlus platform in 2025, with the objective of achieving FuturePlus IMPACT CERTIFIED status in the same year. While LRO Hospitality does not directly undertake FuturePlus assessments, we also leverage the FuturePlus framework to evaluate and enhance our sustainability efforts.



We also participate in the Global Real Estate Sector Benchmark (GRESB), which supports our commitment to continually assess and align our investments with global sustainability standards. This ongoing monitoring process is a key part of our strategy to create long-term value and mitigate sustainability-related risks across our portfolio.



2.2. ESG Governance Structure

Strong governance is crucial for driving sustainability performance and effectively managing ESG risks across our portfolio.

The CEO of LRO Investment Advisor holds ultimate responsibility for ESG oversight, working closely with senior management to address investment, operational, and ESG-related risks. We conduct annual risk evaluations to ensure ongoing monitoring and mitigation.

Our governance structure is supported by a range of procedures including risk management and policies such as Code of Ethics, Whistleblowing and Anti-Bribery and Corruption.

Hotel General Managers report quarterly to the CEO, implementing LRO Hospitality's sustainability policies (where appropriate) and leveraging FuturePlus for performance tracking. Regular meetings between LRO, hotel teams, and FuturePlus advisors facilitate continuous improvement.

Sustainability Committee

A cross-functional Sustainability Committee provides strategic oversight for ESG performance, focusing on the FuturePlus sustainability pillars: Climate, Environment, Social, Diversity & Inclusion, and Economic. The Committee ensures structured engagement between hotel management companies, General Managers and the LRO Hospitality Fund CEO.

Committee Responsibilities:

- Strategic Oversight
- Risk Management
- Performance Measurement

The Committee meets quarterly, with agendas and minutes documented to drive continuous ESG improvements.

Committee Members:

- Chair: CEO of LRO Investment Advisor
- Hotel Operators
- General Manager, DoubleTree by Hilton Paris Bougival
- General Manager, Holiday Inn Express Dresden Zentrum
- General Manager, Hilton Garden Inn Paris Massy (joined the Committee in 2025)
- Head of Consultancy, The Sustainability Group

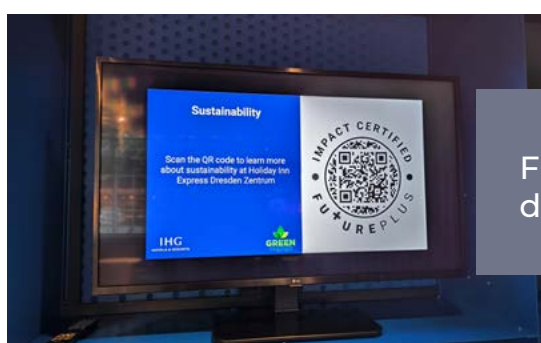
Established in December 2024, we will report on the Committee's progress in our 2025 Sustainability Report.



2.3. Stakeholder Engagement

We maintain transparent, collaborative relationships with key stakeholders to understand their ESG expectations, drive positive impact, and foster long-term value.

Stakeholder	Engagement Initiatives
Investors and Shareholders	<ul style="list-style-type: none"> • Provide regular Fund updates to keep investors and shareholders informed about key developments and performance. • Publish annual Sustainability Reports to share progress on ESG initiatives and long-term sustainability goals.
Hotel Operators and Employees	<ul style="list-style-type: none"> • Hotels are managed by third-party operators responsible for daily operations. • ESG performance is monitored through the Sustainability Committee. • Collaboration with FuturePlus enables LRO Hospitality to oversee asset sustainability performance and facilitate regular reporting.
Hotel Guests	<ul style="list-style-type: none"> • Implement guest engagement initiatives and programs to reduce environmental impact. • Use QR codes for easy access to sustainability information and participation. • Offer digital check-ins and EV charging points. • Gather guest satisfaction feedback via surveys.
Communities	<ul style="list-style-type: none"> • Implement an asset-level Employee Volunteering Policy. • Support employment creation within local communities through our assets.
Suppliers	<ul style="list-style-type: none"> • Ensure ESG standards are maintained through hotel management practices and third-party operator oversight.



FuturePlus IMPACT CERTIFIED QR code on display in Holiday Inn Express Dresden Zentrum.

3. ESG Performance Highlights

Building on the foundation established in our 2023 Sustainability Report, 2024 marked a year of significant progress in integrating sustainability into our investment strategy and asset management. While our first two hotels underwent significant capital improvements in Q1 and Q2 2024, we maintained a focus on achieving measurable progress and delivering data-driven results, underscoring our dedication to responsible investment.

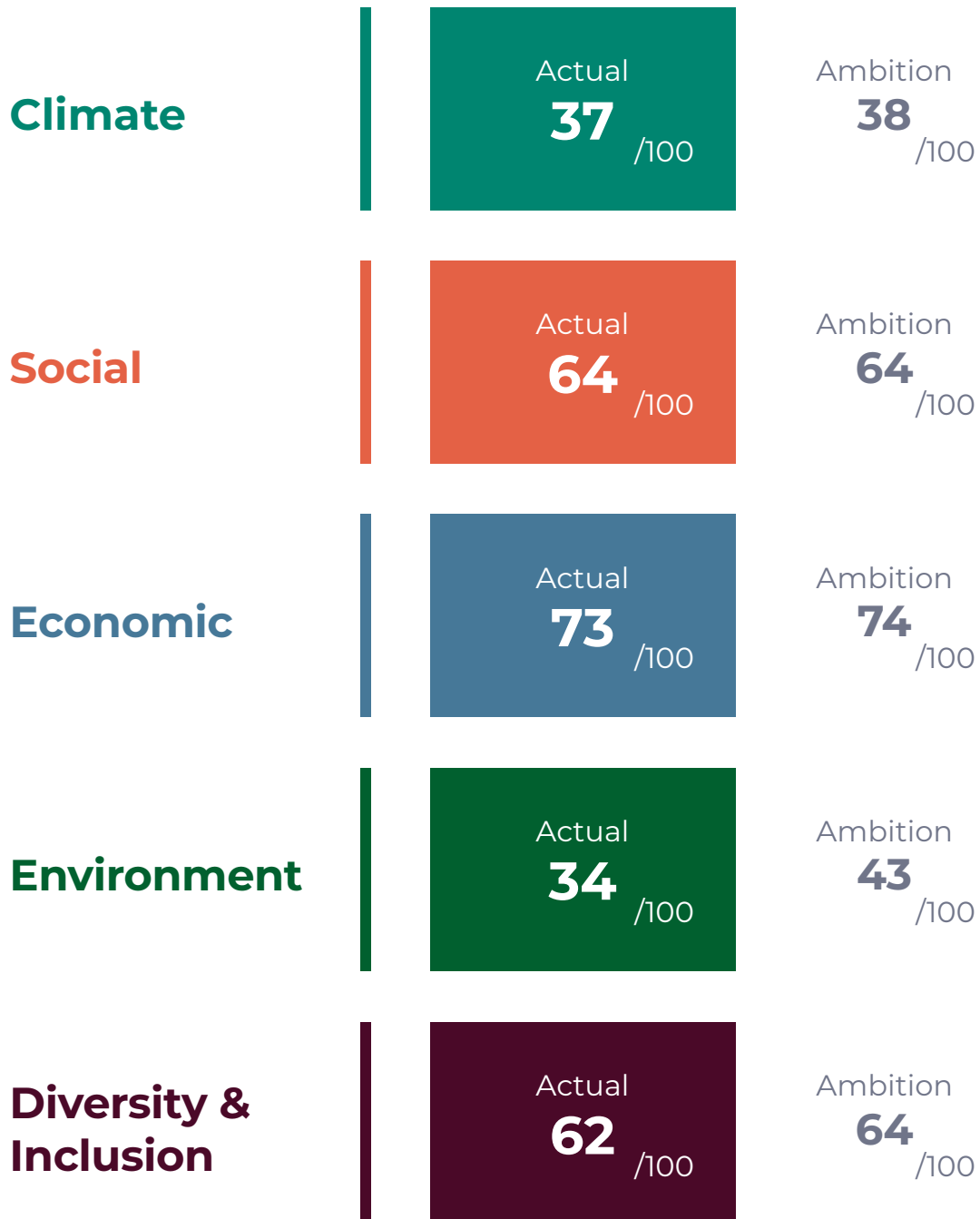
3.1. Key Achievements

Significant GRESB Improvement: We achieved a notable 20-point increase in our GRESB score, reaching 49/100, demonstrating improved ESG performance across the portfolio and our commitment to industry-leading standards.

Exceeding FuturePlus Targets: Our portfolio's Actual FuturePlus score reached 270/500, significantly surpassing our projected range of 190-200. The Ambition score also increased to 282/500, indicating our proactive approach to consistently review and set ambitious sustainability goals.



FuturePlus Portfolio Performance Breakdown (December 31, 2024):



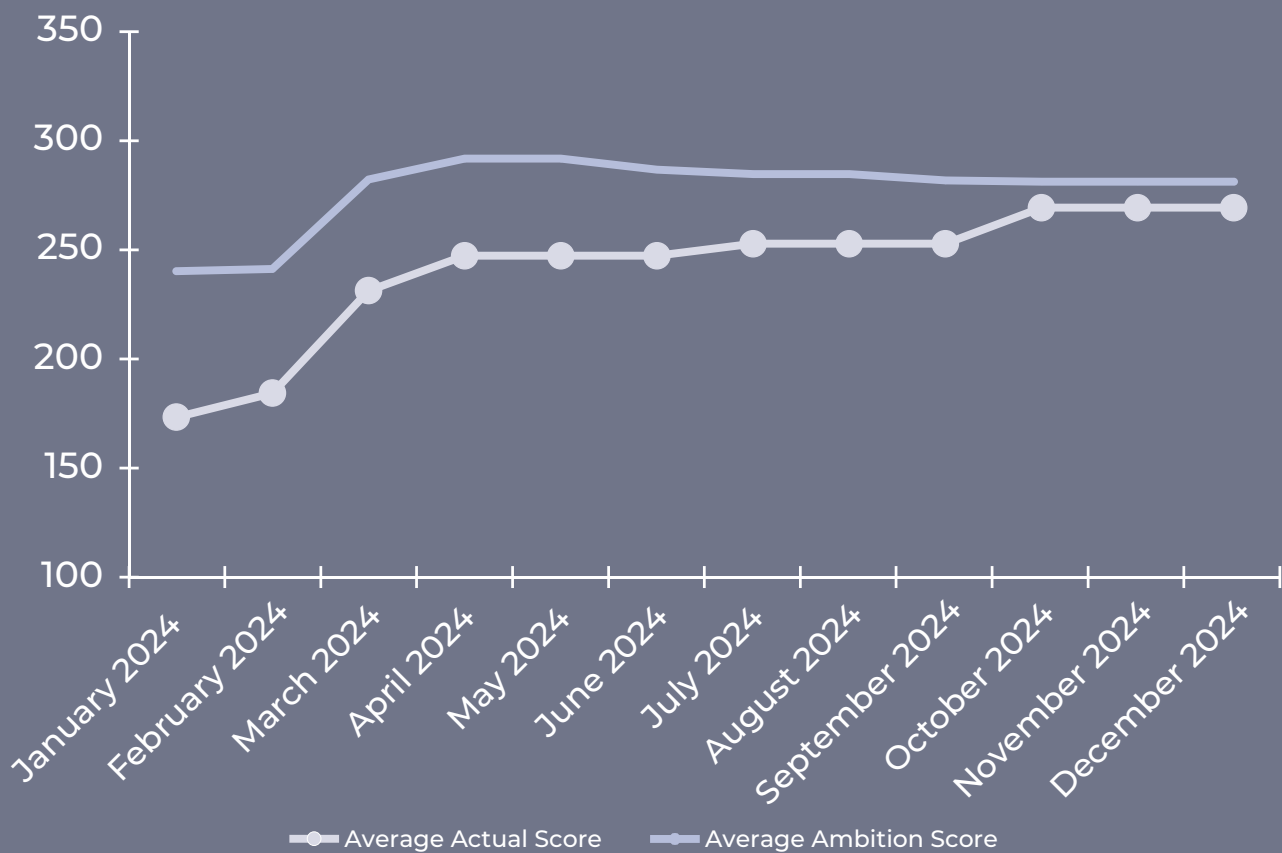
Sustainability score powered by

FUTUREPLUS

Throughout 2024, our portfolio’s average Actual score increased by approximately 55%, from 174 to 270 (out of 500), indicating a marked improvement in our sustainability impact. The average Ambition score rose from 232 to 282 (out of 500), reflecting our dedication to progress through ongoing target setting.

In alignment with the FuturePlus framework, DoubleTree by Hilton Paris Bougival and Holiday Inn Express Dresden Zentrum are positively contributing to 14 and 15 out of the 17 SDGs, respectively. [See Appendix 2 for further details.](#)

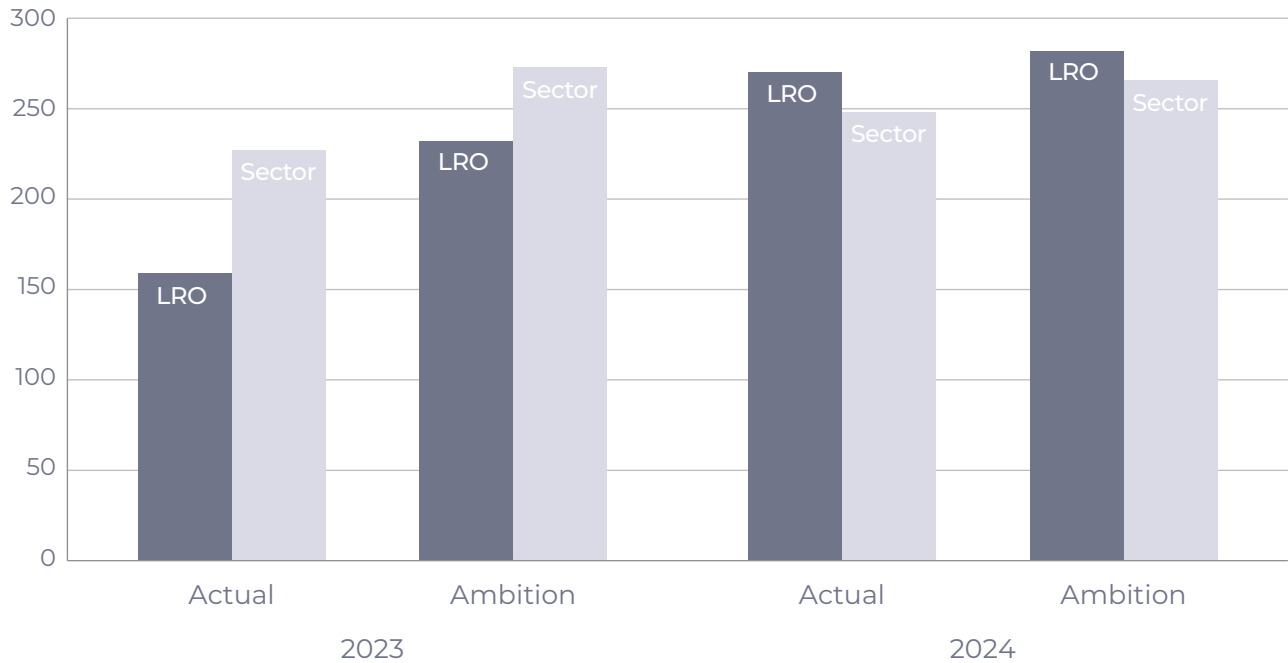
The following graph illustrates the progression of our average portfolio scores across 2024:



Reflecting our 2023 strategic priorities, we achieved substantial improvements in Climate and Environment scores, with increases of 164% and 127%, respectively.

3.2. Sector Benchmarking

Compared to the hospitality sector average, our portfolio achieved higher FuturePlus scores in December 2024:



For December 2024, our portfolio's Actual scores exceeded sector benchmarks by 9%, and Ambition scores by 6%, representing a significant improvement over 2023's below-benchmark performance.



4. Our Impact

We recognise that our main impact lies at the asset level, where we influence sustainability through our hotel investments. As an RAIF fund, we own assets but delegate day-to-day operations to third-party managers, allowing us to shape sustainability and governance policies while working closely with operators to drive meaningful change.

Aligned with the Principles for Responsible Investment (PRI), we are committed to integrated ESG considerations across our investment process. We strive to enhance the sustainability of our assets, mitigate environmental risks, promote responsible business practices, and engage with stakeholders to create long-term value for investors and communities.

This section explores our sustainability efforts, primarily at the asset level, while also considering the Fund's role in guiding environmental stewardship and social responsibility.

4.1. Environmental Stewardship

At LRO Hospitality, we are committed to advancing environmental sustainability across our portfolio, acknowledging our responsibility to safeguard the natural resources upon which we depend. We further recognise that improving efficiencies and investing in measures to make our assets more resilient is critical to our long-term success.

Energy and Carbon

Building upon prior environmental reporting efforts, LRO Hospitality advanced its greenhouse gas (GHG) emissions data collection procedures in 2024, enabling more accurate and comprehensive GHG emissions calculations for our existing asset portfolio.

This progress aligns with our broader sustainability initiatives, including a notable 20-point increase in our GRESB score. The improvement in the Management and Performance categories (up by 9 and 13 points, respectively), reflects our commitment to implementing robust policies and enhancing data collection for key environmental areas such as energy, GHG emissions, and water consumption.

The tables below present an estimated breakdown of asset-level GHG emissions from the purchase of gas, electricity and heating, which form part of the asset's scope 1 and 2 emissions in accordance with the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard for the 2024 calendar year. Scope 3 emissions are excluded due to data unavailability.

Emissions calculations follow the GHG Protocol, however boundaries have been set to conform with the GRESB Reporting Standards, which require entities to report their GHG emissions at the asset level. These estimates are based on available activity data provided by each asset.

Scope 2 emissions are reported using a location-based methodology, and emissions figures are rounded to the nearest kilogram or metric tonne of CO₂e. Intensity values are rounded to two decimal places. The 2024 calendar year will form the baseline emissions reporting year for both hotels.

DoubleTree by Hilton Paris Bougival Emissions:

Scope	Total Energy Consumption (kWh)	Total Emissions (tCO ₂ e)
Scope 1 - Gas	269,758	50
Scope 2 - Electricity	1,079,664	33
Total Scope 1 and 2 (tCO ₂ e)		83
Emissions per occupied room night (kgCO ₂ e)		3.83

Holiday Inn Express Dresden Zentrum:

Scope	Total Energy Consumption (kWh)	Total Emissions (tCO ₂ e)
Scope 1 - Gas	-	-
Scope 2 - Electricity	638,985	214
Scope 2 - Purchased Steam, Heat & Cooling	1,153,220	305
Total Scope 1 and 2 (tCO ₂ e)		519
Emissions per occupied room night (kgCO ₂ e)		7.02

While the acquisition of Hilton Garden Inn Paris Massy was completed in December 2024, the limited data availability for that period prevents its inclusion in our current GHG emissions reporting. We are actively integrating the hotel's operational data into our systems and will report the Hilton Garden Inn Paris Massy Hotel's GHG emissions within our 2025 Sustainability Report.

Highlights

- DoubleTree by Hilton Paris Bougival achieved a reduction in electricity usage of 63,722 kWh in 2024 compared to 2023.
- Although occupancy rates at Holiday Inn Express Dresden Zentrum increased in 2024 (following the completion of renovation works), emissions reduced by 11.18kgCO₂e per occupied room night compared to 2023.

Looking ahead, one of our key goals for 2025 is to conduct a comprehensive scope 3 emissions assessment. This assessment will enable us to identify the key categories contributing to our broader environmental impact beyond scope 1 and 2 emissions. By gaining a deeper understanding of these emissions, we will be able to develop more targeted reduction strategies.

In 2025, we will also assess relevant carbon emissions benchmarks to measure hotel performance against on an ongoing basis.

Resource Management

Recognising the resource-intensive nature of hotel operations, LRO Hospitality understands the critical importance of responsible water and waste management across our portfolio. At the fund level, we set clear goals for water conservation and waste management, with each asset responsible for implementing these strategies.

Across our hotels, we actively engage guests in water conservation programs, such as “Greener Stay” at Holiday Inn Express Dresden Zentrum, which encourages guests to reduce water consumption by opting out of daily housekeeping services. In return, guests can earn IHG Rewards Club points or beverage vouchers as incentives.

As part of our ongoing commitment to reducing the environmental impact of hotel operations, we are also focusing on improving waste management. In 2025, we plan to enhance waste data collection and establish baseline measurements across various waste streams at our assets. These improvements will ensure more accurate reporting and better tracking of reduction efforts, including enhanced recycling procedures.

Resilient and Sustainable Operations

Ensuring the resilience of our assets to climate-related risks is a priority. At the fund level, we conduct annual risk assessments that include evaluating climate-related risks. Where relevant, asset level considerations are also assessed. The insights from these assessments informs our approach to mitigating potential risks.

Our ESG investment strategy incorporates a focus on long-term sustainability through strategic upgrades and asset enhancements that bolster both environmental performance and resilience. In 2024, renovations at Holiday Inn Express Dresden Zentrum and DoubleTree by Hilton Paris Bougival were completed, featuring improvements to energy efficiency, resource management, and carbon reduction. These upgrades were designed to not only reduce environmental impact but also to ensure that the properties remain adaptable to future challenges.

Additionally, DoubleTree by Hilton Paris Bougival achieved an improved energy efficiency rating of C in the Diagnostic de performance énergétique (DPE) certification, an upgrade from its previous D rating in 2018. This certification reflects the hotel's progress in energy consumption and greenhouse gas emissions management.

Hilton Garden Inn Paris Massy's Building Certification

- As part of our ESG investment considerations, the acquisition of Hilton Garden Inn Paris Massy was aligned with our commitment to assets with strong sustainability profiles. The property was awarded an “Excellent” rating under the French green building certification system, the Certificate of High Environmental Quality (HQE), in 2020, highlighting its strong environmental performance.
- In 2025, we plan to onboard Hilton Garden Inn Paris Massy onto the FuturePlus platform for ongoing environmental monitoring and sustainability management.

Looking ahead, we are committed to strengthening the sustainability and resilience of our assets. Our focus areas for the coming years will be:

- Refining environmental data collection
- Evaluating renewable energy integration opportunities
- Targeting green building certification opportunities

4.2. Social Responsibility

LRO Hospitality is committed to creating positive social impact through our properties, fostering inclusive communities and prioritising employee well-being.

Key Initiatives in 2024:

Employee Engagement: We launched our employee engagement survey to gather critical feedback and drive improvements in staff satisfaction and engagement. We are actively analysing the results to implement targeted action plans.

Employee Health and Wellbeing: At DoubleTree by Hilton Paris Bougival, the fitness centre was made available to employees to support health and wellbeing.

Diversity and Inclusion: We began implementing demographic monitoring at both the fund and asset level in alignment with local rules and regulations to assess representation.

Community Impact: We are committed to ensuring our properties positively contribute to their local communities, through employment opportunities and through employee volunteering, where appropriate.

Accessibility: Improved accessible access to DoubleTree by Hilton Paris Bougival main entrances was implemented.



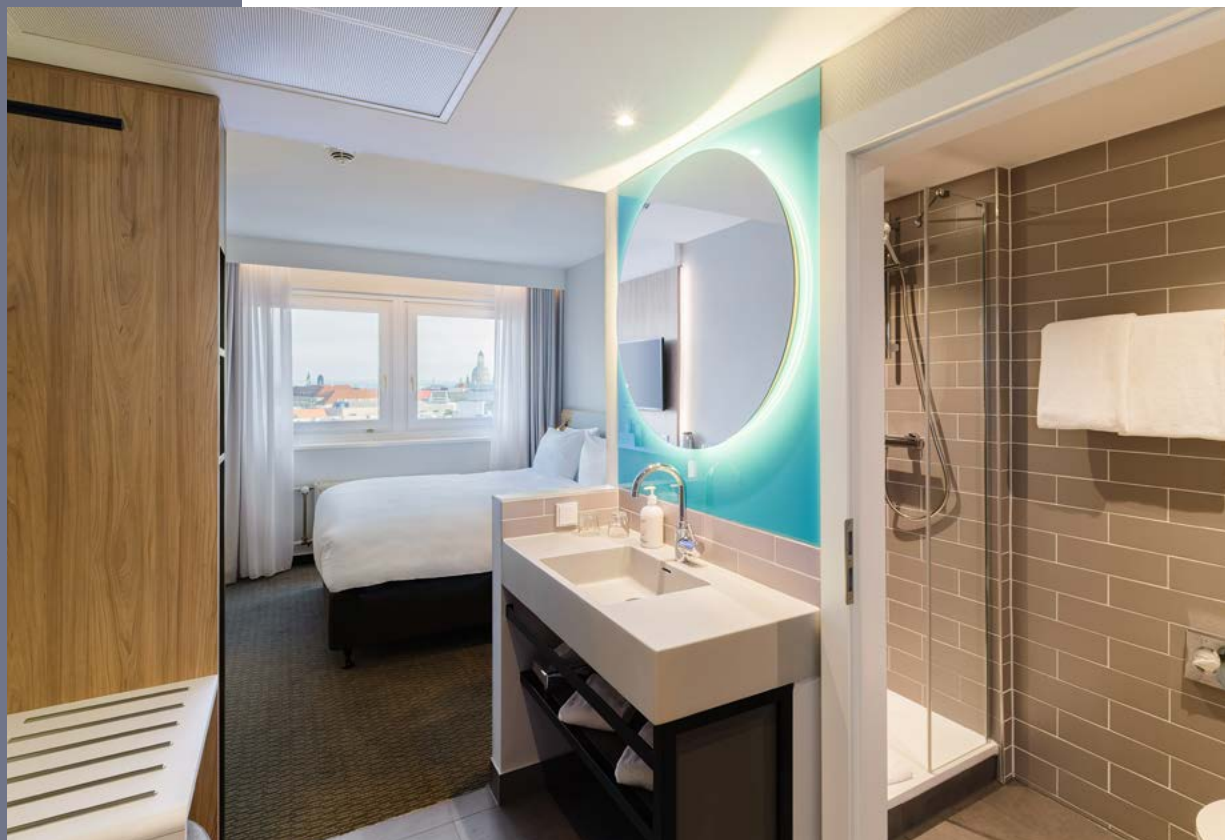
5. Looking Ahead

Building on the significant sustainability progress achieved in 2024, LRO Hospitality remains committed to driving further improvements in 2025. Over the past year, we have strengthened our investment strategy by embedding sustainability into our strategic decision-making, resulting in measurable impact across our portfolio.

Our FuturePlus targets for the portfolio by December 31, 2025, are:

- Achieve an average Actual score between 290-300
- Continuously set an average Ambition score higher than the Actual score

This report highlights the continuous improvement in sustainability performance throughout 2024. The dedication of our teams and assets has been instrumental in driving meaningful change. Looking forward, we are excited to build on this momentum and make an even greater impact in 2025 and beyond.



Appendix 1: ESG Considerations Across The Asset Lifecycle

Environment	
Acquisitions	<ul style="list-style-type: none"> • Assets that have already started green third-party certification or offer the possibility to obtain such certifications. • Provide capital for feasible investments in brownfield/ regeneration areas. • Sourcing activity to be geared towards reducing overall carbon footprint. • ESG requirements as part of the due diligence process.
Renovations	<ul style="list-style-type: none"> • Focus on technical improvements to reduce overall consumption (insulation, solar, LED lighting etc). • Enhanced insulation programs to reduce wastage and energy consumption. • Implementing connected devices to detect water leakage, open windows and unnecessary lighting. • Building rooftop or parking gardens to produce wildlife habitats and food.
Operations	<ul style="list-style-type: none"> • Implementing measures to reduce food waste, ban disposable plastic items (except those used for accessibility measures) together with brand owner's sustainability programs. • Awareness programs with employees and customers to reduce energy and water consumption. • Selecting suppliers adhering to sustainable development and production charters.

Social	
Diversity and Social Inclusion	<ul style="list-style-type: none"> • Encouraging a diverse employee base in terms of gender, ethnicity, and disability mix. • Promoting fair pay in accordance with local laws and regulations.
Health and Wellbeing	<ul style="list-style-type: none"> • Supporting health, safety and security training and programs for all employees. • Promoting employee skills-based volunteering to benefit the wider community. • Engaging with local communities, with a view to give back.
Local socio-economic developments where possible	<ul style="list-style-type: none"> • Promoting employee skills-based volunteering to benefit the wider community. • Engaging with local communities, with a view to give back.
Governance	
Adequate investor rights	<ul style="list-style-type: none"> • Ensuring timely and high-quality reporting on Fund's performance and key developments. • Maintaining regular dialogue and good relationships with all stakeholders • Transparent decision-making processes.
Transparent decision-making processes	<ul style="list-style-type: none"> • Creating a lean Fund and Special Purpose Vehicles (SPVs) structure with a transparent decision-making process.
Proper Risk Management	<ul style="list-style-type: none"> • Establishing comprehensive risk management procedures in evaluating potential investments.
Zero tolerance for corruption and bribery	<ul style="list-style-type: none"> • Encouraging a culture of whistleblowing and strict penalties for any public violations.

Appendix 2: UN SDG Contributions by Asset

According to FuturePlus, Holiday Inn Express Dresden Zentrum is positively contributing to 15 out of the 17 UN SDGs:



According to FuturePlus, DoubleTree by Hilton Paris Bougival is positively contributing to 14 out of the 17 UN SDGs:

