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March 25, 2020

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Notice Concerning Revision of Operating Forecast and Forecast of Dividend  
for the Fiscal Year Ending December 2020 (21st Period)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you of the revision of the operating forecast and forecast of dividend for the fiscal year ending December 2020 (January 1, 2020 through December 31, 2020), which was announced in the “Financial Report for the Fiscal Year Ended December 31, 2019 (January 1, 2019 – December 31, 2019),” dated February 20, 2020 as follows.

1. Revision of the operating forecast for the midterm of the fiscal year ending December 2020  
(January 1, 2020 through June 30, 2020)

	Operating revenue	Operating income	Ordinary income	Net income	Dividend per unit (Excess of earnings exclusive)	Dividend per unit resulting from excess of earnings
Previous forecast (A)	JPY1M 13,539	JPY1M 7,895	JPY1M 6,972	JPY1M 6,972	JPY —	JPY —
Revised forecast (B)	JPY1M TBD	JPY1M TBD	JPY1M TBD	JPY1M TBD	JPY —	JPY —
Variance (C) = (B) – (A)	JPY1M —	JPY1M —	JPY1M —	JPY1M —	JPY —	JPY —
Variance ratio (D) = (C) / (A)	% —	% —	% —	% —	% —	% —

(\*1) Dividend per unit is calculated based on the number of investment units issued as of today: 4,462,347 units.

(\*2) Amounts are rounded down to the nearest millions of yen and percentages are rounded off to the nearest first decimal place. The same shall apply hereinafter.

2. Operating forecast and forecast of dividend for the full fiscal year ending December 2020 (January 1, 2020 through December 31, 2020)

	Operating revenue	Operating income	Ordinary income	Net income	Dividend per unit (Excess of earnings exclusive)	Dividend per unit resulting from excess of earnings
Previous forecast (A)	JPY1M 29,971	JPY1M 18,128	JPY1M 16,239	JPY1M 16,238	JPY 3,750	JPY —
Revised forecast (B)	JPY1M TBD	JPY1M TBD	JPY1M TBD	JPY1M TBD	JPY TBD	JPY TBD
Variance (C) = (B) – (A)	JPY1M —	JPY1M —	JPY1M —	JPY1M —	JPY —	JPY —
Variance ratio (D) = (C) / (A)	% —	% —	% —	% —	% —	% —

3. Rationale for the revisions of the operating forecast for the full fiscal year ending December 2020 (January 1, 2020 through December 31, 2020)

Due to the global spread of the coronavirus (COVID-19), the number of infected people in Japan and overseas has been increasing since the beginning of 2020. There have been various events happening, such as the request by the government to refrain from holding various events, the suspension of operations of theme parks, and the restrictions on travel from some countries. Therefore, travel demand by inbound visitors to Japan from foreign countries including China has been significantly declining, and demand for accommodation and banquets among Japanese people has been also decreasing. As a result, the business environment surrounding hotels has changed dramatically since we disclosed the previous forecast. RevPAR of the total of the 20 Hotels with Variable Rent, etc. (Note 1) for February 2020 declined 28.1% from the same month last year. As of today, it is expected that RevPAR of the total of the 20 Hotels with Variable Rent, etc. for March 2020 is likely to decline by a little under 70% from the same month last year, due to a number of factors including voluntary restraints on nationwide events, suspension of the operations of large-scale theme parks, travel restrictions to Japan by foreign countries, and the expansion of countries subject to restrictions on entry to Japan from foreign countries, etc.

As the revenue of JHR is largely influenced by the variable rent (Note 2), which is linked to hotel revenues, we decided to revise our operating forecast and state that our operating forecast will be determined later.

It is difficult to forecast our revenue at this point as we cannot calculate the impact on hotel revenue by the coronavirus outbreak. Therefore, we determined to state that the operating forecast for the fiscal year ending December 31, 2020 will be determined later. We will promptly announce the operating forecast after carefully examining and considering the impact of the above-mentioned events on revenues of the hotels owned by JHR, the status of implementation of measures to reduce costs, which we are working with our tenants, etc., the review of plans for capital expenditure, as well as various measures to be taken by JHR including the appropriateness of utilizing negative goodwill and its details, etc.

(Note 1) The 20 Hotels with Variable Rent, etc. are The 10 HMJ Hotels plus ibis Tokyo Shinjuku, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha, Mercure Yokosuka, the b ikebukuro, the b hachioji, the b hakata and the b suidobashi. The Ten HMJ Hotels are Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Hotel Nikko Alivila, Oriental Hotel Hiroshima, Okinawa Marriott Resort & Spa, ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel), Holiday Inn Osaka Namba, Hilton Tokyo Narita Airport, International Garden Hotel Narita and Hotel Nikko Nara (With regard to Oriental Hotel Fukuoka Hakata Station (formerly Hotel Centraza Hakata), large-scale renovation works accompanied by suspension of entire hotel operation was carried out from October 1, 2018 to April 8, 2019. Namba Oriental Hotel is scheduled to implement large-scale renovation works accompanied by suspension of entire hotel operation from November 2020 through March 2021. Therefore, numbers for these hotels are not included in HMJ Group Hotels.)

(Note 2) For overview of the variable rent, please refer to “3. Reference information; (1) Information on values of assets under management, etc.; (ii) Assets under management; (C) Other major assets under management; C. Overview of the hotel business; a. Rent structures of hotels with variable rent, management contract or revenue sharing” in Financial Report for the Fiscal Year Ended December 31, 2019 (January 1, 2019 – December 31, 2019),” dated February 20, 2020

\* Website of Japan Hotel REIT Investment Corporation: <https://www.jhrth.co.jp/en/>