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REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)

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

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) announces the revision of operating forecast and forecast of dividend for the full fiscal year ending December 2020 (January 1, 2020 through December 31, 2020) as below, which was announced in “Midterm Financial Report for the Fiscal Year Ending December 31, 2020 (January 1, 2020 – June 30, 2020)” on August 25, 2020.

1. Revision of 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 13,126	JPY1M 2,085	JPY1M 244	JPY1M 243	JPY 126	JPY —
Forecast this time (B)	JPY1M 13,318	JPY1M 2,283	JPY1M 442	JPY1M 571	JPY 199	JPY —
Variance (C) = (B) – (A)	JPY1M 192	JPY1M 197	JPY1M 197	JPY1M 327	JPY 73	JPY —
Variance ratio (D) = (C) / (A)	% 1.5	% 9.5	% 80.7	% 134.5	% 57.9	% —

(Reference) Forecast of net income per unit for the full fiscal year: ¥127

(Calculated based on the forecast of the average number of investment units during the period (4,462,347 units))

(*1) The number of investment units issued as of today is 4,462,347 units.

(*2) Total dividend is planned to be an amount of net income plus the reversed amount of reserve for temporary difference adjustment (¥319 million).

(*3) Amounts are rounded down to the nearest million yen and percentages are rounded to the first decimal place. The same shall apply hereinafter.

2. Rationale for revisions to the operating forecast

As announced in the press release, “Notice Concerning Purchase and Sale of Asset (Exchange of a Part of Site of Hotel Ascent Fukuoka)” dated today, the forecast of the operating forecast for the fiscal year ending December 2020 (21st Period) will be revised because the agreement related to the exchange of a part of site of Hotel Ascent Fukuoka with a scheduled date of October 29, 2020 (hereinafter called the “Exchange Transaction”) has settled, and therefore, differences of 30% or more in the forecast of ordinary income and net income as well as a difference of 5% or more in the forecast of dividend for the full year ending December 2020 (21st Period) announced in the “Midterm Financial Report (REIT) for the Fiscal Year Ending December 31, 2020” dated August 25, 2020 are expected.

As a result of the Exchange Transaction, gain on exchange of real estate, etc. of ¥184 million is expected to be recorded and income of ¥130 million due to the acknowledgement of a claim for refund the security deposit, which had not been recorded is expected to be recorded.

In addition, the net income for the current fiscal year is expected to increase by ¥327 million as a result of reviewing operating revenues and operating expenses in line with the termination of the mutual leasehold relationship and the extinguishment of asset retirement obligations. As a result, the dividend per unit for the fiscal year ending December 2020 (21st Period) is expected to be ¥199, an increase by ¥73 from the previous forecast.

The assumptions other than the impact mentioned above remain unchanged from the assumptions of the operating forecast and forecast of dividend for the fiscal year ending December 2020 (January 1, 2020 through December 31, 2020) announced in “Midterm Financial Report for the Fiscal Year Ending December 31, 2020 (January 1, 2020-June 30, 2020).”

<Note>

The above is the forecasts based on status of operation as of today, and actual dividend per unit may fluctuate. This forecast does not guarantee the amount of dividend shown above.

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