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REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)
Kaname Masuda, Executive Director

Asset Management Company:

Japan Hotel REIT Advisors Co., Ltd.
Hisashi Furukawa, President & CEO

Contact:

Makoto Hanamura
Director of the Board, Managing Director
Head of Planning Division
TEL: +81-3-6422-0530

Notice Concerning Rebranding (Okinawa Marriott Resort & Spa)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that with respect to Okinawa Marriott Resort & Spa (hereinafter called the “Hotel”), which is the asset under management of JHR, JHR has decided to conduct rebranding (hereinafter called the “Rebranding”) following the expiration of the franchise contract concluded by the hotel lessee (operating company) as follows.

1. Overview of the Rebranding

	New	Current
Hotel name (name of the asset under management)	Oriental Hotel Okinawa Resort & Spa	Okinawa Marriott Resort & Spa
Franchise contract related to the hotel management	No	Yes
Lessee of the hotel (operating company)	Lagoon resort Nago Co., Ltd. (remain unchanged)	
Effective date	October 1, 2021	

2. Background of the Rebranding

As the franchise contract related to the operation of the Hotel (Note) expires on September 30, 2021, JHR agreed to terminate the contract without extending it after discussion with the hotel lessee. After the expiration of the contract, JHR decided to rebrand the Hotel to “Oriental Hotel,” the main brand of Hotel Management Japan Co., Ltd. (hereinafter called “HMJ”).

(Note) This is the contract between the hotel lessee and the franchiser. The franchiser is Global Hospitality Licensing S.a r.l, an affiliate of Marriott International.

3. Rational of the Rebranding

(1) Improving profitability and strengthening sales system

The lessee of the Hotel is a group company of HMJ. After implementing the Rebranding, we expect to realize more efficient hotel management by further strengthening integrated management by the HMJ group through standardization of various operating equipment, consumables, etc. with other hotels with Oriental brand, operated by HMJ group.

In addition, the HMJ group has a strong track record of attracting inbound tourists using its extensive sales network, therefore, it is possible to continuously attract inbound tourists even after the Rebranding. Moreover, we expect to further attract customers from both domestic and overseas by strengthening sales activities at the HMJ group, including in collaboration with other hotels operated by HMJ in the Okinawa area.

(2) Development of the "Oriental Hotel" brand

The HMJ group is the largest business partner for JHR, and it has expanded its brand strategy of "Oriental Hotels & Resorts" since this year in order to further strengthen its effort to capture business and leisure demand in both domestic and overseas market. Since 2004, the Hotel has operated under the international brand, "Marriott," which is highly recognized both domestically and overseas, with the aim of raising awareness of the Hotel. As a result, we believe that we have enjoyed certain benefits, particularly in capturing demand from overseas.

Looking ahead, through the expansion of the "Oriental Hotel" brand in Okinawa, one of the leading beach resorts in Japan, we expect that the strategy will contribute to improve the profitability of JHR's overall portfolio by raising awareness of the brand and improving its appeal to domestic and overseas customers, and therefore, increasing in hotel revenue and rent revenue for the Hotel as well as other hotels with Oriental brand.

Moreover, after the implementation of the Rebranding, as the payment of franchise fee by the lessee at the Hotel will be no longer required, JHR has judged that it will contribute to improve the profitability of the Hotel in conjunction with the above two points.

4. Renovation of the facility in accordance with the rebranding

In conjunction with the Rebranding, we plan to conduct renovation work on lobby, pool, guest rooms, etc. in stages from 2022 onward.

The Hotel aims to improve its positioning in the market by providing an extraordinary space with plenty of resort feeling suitable for a new flagship hotel of "Oriental Hotel" brand.

<Image after renovation: pool area>



5. Future Initiatives

The impact of the Rebranding is subtle, and no change is required for the operating forecast for the fiscal year ending December 2021 (January 1, 2021 through December 31, 2021).

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