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Notice Concerning Difference Between Operating Forecast and Actual Results
for the Midterm of the Fiscal Year Ending December 2021 (22nd Period), and Operating Forecast and Forecast of
Dividend for the Fiscal Year Ending December 2021 (22nd Period)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you of the difference between the operating forecast for the midterm of the fiscal year ended December 2021 (January 1, 2021 through December 31, 2021), announced in “Financial Report for the Fiscal Year Ended December 31, 2020 (January 1, 2020 – December 31, 2020),” dated February 25, 2021 as well as press release named “Notice Concerning Difference Between Operating Forecast and Actual Results for the Fiscal Year Ending December 2020 (21st Period), and Operating Forecast and Forecast of Dividend for the Fiscal Year Ending December 2021 (22nd Period)” dated February 25, 2021 and the actual results announced today. JHR also decided to revise the operating forecast and forecast of dividend for the fiscal year ending December 2021 (January 1, 2021 through December 31, 2021) as follows.

1. Difference between operating forecast and actual results for the midterm of the fiscal year ending December 2021 (January 1, 2021 through June 30, 2021)

	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 4,556	JPY1M (750)	JPY1M (1,636)	JPY1M (1,637)	JPY —	JPY —
Announcement this time (Actual results) (B)	JPY1M 4,589	JPY1M (699)	JPY1M (1,488)	JPY1M (1,488)	JPY —	JPY —
Variance (C) = (B) – (A)	JPY1M 32	JPY1M 50	JPY1M 148	JPY1M 148	JPY —	JPY —
Variance ratio (D) = (C) / (A)	% 0.7	% —	% —	% —	% —	% —

(*) 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.

Note: This document is intended to serve as a press release to make available the information on the difference between operating forecast and actual results for the midterm of the fiscal year ending December 2021 (22nd Period) and revisions to the operating forecast and forecast of dividend for the fiscal year ending December 2021 (22nd period). This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to make any investment decisions at their own risk and responsibility.

2. Revision of the operating forecast and forecast of dividend for the full fiscal year ending December 2021 (January 1, 2021 through December 31, 2021)

	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 13,920	JPY1M 2,715	JPY1M 879	JPY1M 877	JPY 270	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. Comparison between the previous forecast for the midterm of the fiscal year ending December 2021 (January 1, 2021 through June 30, 2021) and the actual results

In the midterm of the fiscal year ending December 2021, the fixed rent from tenants other than hotels and variable rent from hotels, etc. exceeded the previous forecast, therefore, operating revenues increased by ¥32 million from the previous forecast.

In addition, net income increased by ¥148 million from the previous forecast mainly due to a decrease in various expenses (¥18 million) resulting from a decrease in depreciation expenses from the previous forecast, an increase in non-operating income (¥76 million) resulting from an income from non-life insurance, etc., and a decrease in financial costs (¥21 million).

For details of the operating results of hotels with variable rents, etc., please refer to “<Reference Information> Hotel operation indexes, sales and GOP (gross operating profit)” below.

4. Rational for the revision of the operating forecast and forecast of dividend for the full fiscal year ending December 2021

As the impact of the outbreak of the COVID-19 continues, including the extension of the government's state of emergency declaration, it is difficult at this moment to reasonably estimate the performance of hotels through December this year. Moreover, the revenue of JHR is largely attributable to variable rent that is linked to the performance of the hotels and income from management contract, and it is not possible at this time to reasonably estimate the operating forecast of JHR for the full fiscal year ending December 2021.

Accordingly, the operating forecast and forecast of dividend of JHR for the full fiscal year ending December 2021 (22nd fiscal period) have been revised from the forecasts announced in Financial Report for the Fiscal Year Ended December 31, 2020 (January 1, 2020 – December 31, 2020) and press releases dated February 25, 2021 and left undecided, and will be announced as soon as they can be reasonably estimated.

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

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<Reference Information> Hotel operation indexes, sales and GOP (gross operating profit)

The numeral figures are based on figures obtained from hotel lessees, etc. Please note that these figures have not been audited or gone through other procedures. No guarantee is made as to the accuracy or completeness of the figures and information.

The second half and full year of 2021 are not stated as they are not estimated at this point.

ADR and RevPAR are rounded off to the nearest yen. Sales and GOP are rounded off to the nearest millions of yen. Occupancy rate and numbers in percentage are rounded off to one decimal place.

<1> HMJ Group Hotels (Note 1)

		Fiscal year ended December 2020		Fiscal year ended December 2021			
		Result	Comparison with the previous period	Previous period	First half result	Comparison with the previous period	Comparison with the forecast
Occupancy Rate	First half of the year	33.1%	(52.2pt)	36.4%	27.7%	(5.4pt)	(8.7pt)
	Second half of the year	38.4%	(49.5pt)	68.3%	—	—	—
	Full year	35.8%	(50.8pt)	52.5%	—	—	—
ADR (Note 2)	First half of the year	15,222	(13.4%)	14,906	13,048	(14.3%)	(12.5%)
	Second half of the year	16,814	(14.4%)	19,590	—	—	—
	Full year	16,081	(13.7%)	17,979	—	—	—
RevPAR (Note 3)	First half of the year	5,045	(66.4%)	5,428	3,618	(28.3%)	(33.3%)
	Second half of the year	6,460	(62.6%)	13,379	—	—	—
	Full year	5,757	(64.3%)	9,436	—	—	—
Sales (JPY 1M)	First half of the year	9,167	(61.9%)	9,443	8,313	(9.3%)	(12.0%)
	Second half of the year	11,978	(55.9%)	20,624	—	—	—
	Full year	21,146	(58.7%)	30,067	—	—	—
GOP (JPY 1M)	First half of the year	(370)	(105.1%)	113	(136)	—%	—%
	Second half of the year	1,696	(82.8%)	6,280	—	—	—
	Full year	1,326	(92.3%)	6,393	—	—	—

(Note 1) The hotel group combining the hotels which JHR leases to HMJ (Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Aliviva and Oriental Hotel Hiroshima), with the hotels which JHR leases to HMJ subsidiaries (Okinawa Marriott Resort & Spa, Sheraton Grand Hiroshima Hotel (main facility of ACTIVEINTER CITY HIROSHIMA), Oriental Hotel Fukuoka Hakata Station, Holiday Inn Osaka Namba, Hilton Tokyo Narita Airport, International Garden Hotel Narita, Hotel Nikko Nara, Hotel Oriental Express Osaka Shinsaibashi and Hilton Tokyo Odaiba, totaled 14 hotels, are referred to as the “HMJ Group Hotels.” Although the lessee of Hotel Oriental Express Fukuoka Tenjin was changed to a subsidiary of HMJ on June 18, 2021, it is not included in the HMJ Group Hotels. The same shall apply hereinafter.

(Note 2) ADR: Represents average daily rate, which is calculated by dividing revenue of the rooms department for a given period (including service charges) by the total number of rooms sold during the period. The same shall apply hereinafter.

(Note 3) RevPAR represents revenue per available room, which is calculated by dividing total room revenue for a certain period (including service charges) by the total number of rooms available for sale during the period. The same shall apply hereinafter.

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<2> The 24 Hotels with Variable Rent, etc. (Note 4)

		Fiscal year ended December 2020		Fiscal year ended December 2021			
		Result	Comparison with the previous period	Previous period	First half result	Comparison with the previous period	Comparison with the forecast
Occupancy Rate	First half of the year	34.0%	(51.1pt)	39.4%	30.6%	(3.3pt)	(8.8pt)
	Second half of the year	40.8%	(46.1pt)	68.8%	—	—	—
	Full year	37.4%	(48.6pt)	54.2%	—	—	—
ADR	First half of the year	13,362	(14.8%)	12,368	10,846	(18.8%)	(12.3%)
	Second half of the year	13,354	(22.6%)	16,398	—	—	—
	Full year	13,357	(19.0%)	14,947	—	—	—
RevPAR	First half of the year	4,536	(66.0%)	4,868	3,320	(26.8%)	(31.8%)
	Second half of the year	5,445	(63.7%)	11,289	—	—	—
	Full year	4,993	(64.8%)	8,105	—	—	—
Sales	First half of the year	10,718	(62.1%)	11,010	9,478	(11.6%)	(13.9%)
	Second half of the year	13,378	(57.5%)	23,455	—	—	—
	Full year	24,096	(59.6%)	34,466	—	—	—
GOP	First half of the year	(213)	(102.4%)	277	(65)	—%	—%
	Second half of the year	1,867	(84.2%)	7,046	—	—	—
	Full year	1,654	(92.1%)	7,323	—	—	—

(Note 4) The 24 hotels with Variable Rent, etc. refers to the HMJ Group Hotels plus ibis Tokyo Shinjuku, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha, Mercure Yokosuka, the b suidobashi, the b ikebukuro, the b hachioji and the b hakata, totaled 24 hotels. The same shall apply hereinafter.

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