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January 8, 2021

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Notice Concerning Revision of Operating Forecast and Forecast of Dividend  
for the Fiscal Year Ended 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 full fiscal year ended December 2020 (January 1, 2020 through December 31, 2020), which was announced in the “Notice Concerning Revision of the Operating Forecast and Forecast of Dividend for the Fiscal Year Ending December 2020 (21st Period),” dated October 26, 2020 as follows.

1. Revision of the operating forecast for the full fiscal year ended 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 13,318	JPY1M 2,283	JPY1M 442	JPY1M 571	JPY 199	JPY —
Revised forecast (B)	JPY1M 13,818	JPY1M 3,094	JPY1M 1,306	JPY1M 1,435	JPY 390	JPY —
Variance (C) = (B) – (A)	JPY1M 499	JPY1M 810	JPY1M 863	JPY1M 863	JPY 191	JPY —
Variance ratio (D) = (C) / (A)	% 3.8	% 35.5	% 195.3	% 151.3	% 96.0	% —

(Reference) Forecast of net income per unit for the full fiscal year: ¥321

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

- (\*1) Dividend per unit is calculated based on the number of investment units issued as of today: 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 in the amount of ¥305 million.
- (\*3) For the assumptions of the operating forecast and dividend forecast above, please refer to “<Reference Information 1> Assumptions of the operating forecast for the full fiscal year ended December 2020 (21st period)” below.
- (\*4) 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 revision of operating forecast and forecast of dividend for the fiscal year ended December 2020 (21st 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. Rationale for the revision of the operating forecast for the full fiscal year ended December 2020 (January 1, 2020 through December 31, 2020)

With regard to the performance of the hotels owned by JHR, the rent for the full fiscal year ended December 2020 was expected to significantly reduce due to the impact of the spread of the COVID-19 infections. However, the number of accommodation reservations increased due to the addition of Tokyo to the “Go to Travel” campaign in October, and in some hotels, there were signs of recovery in leisure accommodation demand, including signs of recovery in school trip and group travel, etc. in some hotels.

Although the sales at the end of the year were affected by the nationwide suspension of “Go to Travel” campaign from December 28, 2020, the variable rent of the HMJ Group Hotels (Note 1) for the second half of the fiscal year ended December 2020 is expected to increase by ¥655 million from the previous forecast.

In addition, JHR received a request from the lessees of the Ishin Group Hotels (Note 2) to reduce rent, and as a result, JHR has decided to reduce ¥320 million of the fixed rent. On the other hand, JHR will receive the income after adjustment by accepting COVID-19 patients with no or mild symptoms at the b ikebukuro and the b hachioji as variable rent. Therefore, the variable rent is expected to increase by ¥130 million.

Furthermore, an increase in fixed rent of ¥26 million for office and commercial tenants, an increase in variable rent of ¥79 million yen for other hotels with variable rent including the Accor Group Hotels (Note 3), and a decrease in utilities income, etc. of ¥72 million are expected. As the result, operating revenue is expected to increase by ¥499 million from the previous forecast,

Regarding operating expenses, ¥200 million was expected as a risk of rent reduction in the previous forecast. However, in this forecast, no risk of a rent reduction is expected for any lessee in the fiscal year ended December 2020. The operating expenses are expected to decrease by ¥311 million in conjunction with the review of various expenses related to properties and other operating expenses, etc. Moreover, finance costs and other costs are expected to decrease by ¥53 million. As a result, net income is expected to increase by ¥863 million from the previous forecast.

For the detailed information of the operating result for The 24 Hotels with Variable Rent, etc. (\*4), please refer to “<Reference Information 3> Hotel operation indexes, sales and GOP (\*5)” below.

- (\*1) HMJ Group Hotels refers to 14 hotels: Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivilla, and Oriental Hotel Hiroshima, which JHR leases to HMJ, (hereinafter called “the Five HMJ Hotels”), plus Okinawa Marriott Resort & Spa, Sheraton Grand Hiroshima Hotel (main facility of ACTIVE-INTER 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, which JHR leases to subsidiaries of HMJ. HMJ stands for Hotel Management Japan Co., Ltd. The same shall apply hereinafter.
- (\*2) Ishin Group Hotels refers to 4 hotels: the b Suidobashi, the b Ikebukuro, the b Hachioji, and the b Hakata. The same shall apply hereinafter.
- (\*3) Accor Group Hotels refers to 6 hotels: ibis Tokyo Shinjuku, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha, Mercure Yokosuka. The same shall apply hereinafter.
- (\*4) The 24 Hotels with Variable Rent, etc. represents 24 hotels comprising the HMJ Group Hotels, the Ishin Group Hotels and the Accor Group Hotels. The same shall apply hereinafter.
- (\*5) GOP (gross operating profit) and GOL (gross operating loss) are the remainder after expenses, such as personnel costs and general and administrative expenses, etc. incurred in hotel operation, are deducted from total sales. The same shall apply hereinafter.

### 3. Highlights of the operating forecast and forecast of dividend

The following is the comparison and the major factors causing the variance between the operating forecast and forecast of dividend for the full fiscal year ended December 2020 (January 1, 2020 through December 31, 2020) (previous forecast), which was announced in the “Notice Concerning Revision of the Operating Forecast and Forecast of Dividend for the Fiscal Year Ending December 2020 (21st Period),” dated October 26, 2020, and the operating forecast and forecast of dividend for the full fiscal year ended December 2020 announced this time.

(Unit: millions of yen)

		FY2019 (20th Period)	FY2020 (21st Period)			Comparison with the Previous Period		Factors Causing Variance
		Actual	Previous Forecast (A)	Forecast This Time (B)	Annualized Forecast This Time (Note 1)	(B)-(A)	%	
Properties	No. of Properties	43	42	42	42	-	-	
	Acquisition Price	374,508	370,031	370,031	370,031	-	-	
Profit and Loss	Operating Revenue	28,278	13,318	13,818	10,222	499	3.8%	
	Real Estate Operating Revenue	28,278	9,977	10,475	10,222	497	5.0%	
	Fixed Rent	Composition 56.3% 15,931	Composition 79.5% 7,931	Composition 72.9% 7,636	Composition 73.2% 7,487	(294)	(3.7%)	1. Decrease in fixed rent from the Ishin Group Hotels by JPY320 MM 2. Increase in fixed rent from other tenants by JPY26 MM
	Other Income	4.1% 1,170	10.0% 997	8.8% 924	8.7% 887	(72)	(7.3%)	Mainly decrease in utilities income
	Variable Rent	39.5% 11,176	10.5% 1,049	18.3% 1,914	18.1% 1,848	865	82.5%	1. Increase in variable rent, etc. from The 24 Hotels with Variable Rent, etc. by JPY786 MM (Of these, increase in variable rent from the HMJ Group Hotels by JPY655 MM and increase in variable rent from the Ishin Group Hotels by JPY130 MM) 2. Increase in variable rent from other hotels with variable rent by JPY78 MM
	Gain on Sale of Real Estate Properties, etc.	-	3,341	3,343	-	1	0.1%	
	NOI (Note 2)	24,087	5,626	6,476	6,195	849	15.1%	
	NOI Yield	6.4%	1.5%	1.8%	1.7%	0.2%		
	NOI after Depreciation (Note 2)	19,281	854	1,709	1,427	854	100.0%	
	NOI Yield after Depreciation	5.1%	0.2%	0.5%	0.4%	0.2%		
	Operating Income	17,148	2,283	3,094	(511)	810	35.5%	
	Ordinary Income	15,291	442	1,306	(2,299)	863	195.3%	
	Net Income	15,290	571	1,435	(2,300)	863	151.3%	
Dividend	Reserve for Temporary Difference Adjustments (Negative Goodwill)	1,176	319	305	324	(13)	(4.2%)	Amount to be reversed from reserve for temporary difference adjustments (Note 3) 2019 : 50-year amortization amount of negative goodwill: JPY262 MM Correspondence to loss on retirement of noncurrent assets: JPY246 MM
	Total Dividends	16,466	888	1,740	-	852	96.0%	Correspondence to large-scale renovation works at Oriental Hotel Fukuoka Hakata Station: JPY357 MM Correspondence to dilution: JPY310 MM
	Number of Units Issued (Unit)	4,462,347	4,462,347	4,462,347	4,462,347	-	-	2020 : 50-year negative goodwill amortization: JPY262 MM, Loss on retirement of noncurrent assets: JPY5 MM, Amortization of trademark rights: JPY37 MM (annualized effect: JPY56 MM)
	Dividend per Unit (JPY)	3,690	199	390	-	191	96.0%	

- (\*1) For the assumptions of the annualized effect for the forecast this time, please refer to “<Reference Information 2> Assumptions of the annualized effect (full-year effect) for the forecast for the fiscal year ended December 2020 (21st period)” below.
- (\*2) Each is calculated using the following formula. The same shall apply hereinafter.  
 NOI (Net Operating Income) = Real estate operating revenue – Real estate operating costs + Depreciation + Loss on retirement of noncurrent assets + Asset retirement obligations expenses  
 NOI yield = NOI ÷ acquisition price  
 NOI after depreciation = Real estate operating revenue – Real estate operating costs  
 NOI yield after depreciation = NOI after depreciation ÷ acquisition price
- (\*3) For the details of the reversed amount of the reserve for temporary difference adjustment, please refer to “<Reference Information 1> Assumptions of the operating forecast for the full year of the fiscal year ended December 2020 (21st period)” below.

(Note)

The above is the forecast 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/>

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<Reference Information 1>

Assumptions of the operating forecast for the full fiscal year ended December 2020 (21st period)

Item	Assumptions																																																																																																							
Calculation Period	<ul style="list-style-type: none"><li>Full fiscal year ended December 2020 (21st Period): January 1, 2020 through December 31, 2020 (366 days)</li></ul>																																																																																																							
Assets under Management	<ul style="list-style-type: none"><li>The 42 properties owned by JHR as of today after the sale of Sotetsu Fresa Inn Shimbashi Karasumoriguchi (hereinafter called the “Sale”) on July 1, 2020 are assumed.</li></ul>																																																																																																							
Operating Revenue	<ul style="list-style-type: none"><li>Gain on sale of real estate properties of ¥3,158 million is recognized due to the Sale.</li><li>Gain on exchange on real estate, etc. of ¥184 million is recognized due to the exchange of a part of site of Hotel Ascent Fukuoka on October 29, 2020.</li><li>Operating revenue is calculated based on the conditions of the lease and other contracts effective as of today, taking into consideration the competitiveness of hotels, market environment, and other factors. If there are lease contracts with facilities other than hotels, such as retail facilities and offices, operating revenue calculated based on the said lease contracts is included.</li><li>For lessees who had been in discussion on temporary rent reductions, rent is recognized in accordance with the contract with the relevant lessees. It is assumed that there is no risk of rent reduction due to delay of rent payment or non-payment of rent by the lessees, including other lessees, in the fiscal year ended December 2020.</li></ul> <ul style="list-style-type: none"><li>Rents, etc. of the main hotels are calculated based on the following assumptions.</li></ul> <p>(1) The HMJ Group Hotels</p> <p>JHR concluded a memorandum of understanding for the fixed-term lease contract with the HMJ Group Hotels on August 25, 2020. The assumptions of the fixed and variable rent from January 1, 2020 through December 31, 2020 are as follows.</p> <p>Total rent = Fixed rent + Variable rent Fixed rent = ¥794 million (equivalent to monthly fixed rent for one month) Variable rent = Total GOP of the hotels × Variable rent ratio (%) – Fixed rent Variable rent is calculated separately for each hotel, and is set as 0 (zero) when GOL arises.</p> <p style="text-align: right;">(Unit: millions of yen)</p> <table><tr><th></th><th></th><th>Total GOP of the hotel(s)</th><th>Variable rent ratio</th><th>Variable rent</th><th>Fixed rent</th><th>Total rent</th></tr><tr><td rowspan="2">The Five HMJ Hotels</td><td>Midterm</td><td>(120)</td><td rowspan="2">89.78%</td><td>-</td><td>268</td><td>268</td></tr><tr><td>Full year</td><td>666</td><td>329</td><td>268</td><td>598</td></tr><tr><td rowspan="2">Okinawa Marriott Resort &amp; Spa</td><td>Midterm</td><td>(149)</td><td rowspan="2">82.92%</td><td>-</td><td>45</td><td>45</td></tr><tr><td>Full year</td><td>(76)</td><td>-</td><td>45</td><td>45</td></tr><tr><td rowspan="2">Sheraton Grand Hiroshima Hotel (*1)</td><td>Midterm</td><td>86</td><td rowspan="2">79.03%</td><td>39</td><td>29</td><td>68</td></tr><tr><td>Full year</td><td>231</td><td>153</td><td>29</td><td>182</td></tr><tr><td rowspan="2">Oriental Hotel Fukuoka Hakata Station</td><td>Midterm</td><td>170</td><td rowspan="2">96.98%</td><td>130</td><td>35</td><td>165</td></tr><tr><td>Full year</td><td>394</td><td>347</td><td>35</td><td>382</td></tr><tr><td rowspan="2">Holiday Inn Osaka Namba</td><td>Midterm</td><td>63</td><td rowspan="2">90.15%</td><td>- (*2)</td><td>48</td><td>48</td></tr><tr><td>Full year</td><td>26</td><td>-</td><td>48</td><td>48</td></tr><tr><td rowspan="2">Hilton Tokyo Narita Airport</td><td>Midterm</td><td>91</td><td rowspan="2">83.59%</td><td>- (*2)</td><td>37</td><td>37</td></tr><tr><td>Full year</td><td>142</td><td>82</td><td>37</td><td>119</td></tr><tr><td rowspan="2">International Garden Hotel Narita</td><td>Midterm</td><td>49</td><td rowspan="2">95.35%</td><td>19</td><td>28</td><td>47</td></tr><tr><td>Full year</td><td>134</td><td>100</td><td>28</td><td>128</td></tr><tr><td rowspan="2">Hotel Nikko Nara</td><td>Midterm</td><td>(175)</td><td rowspan="2">90.05%</td><td>-</td><td>35</td><td>35</td></tr><tr><td>Full year</td><td>(116)</td><td>-</td><td>35</td><td>35</td></tr></table>			Total GOP of the hotel(s)	Variable rent ratio	Variable rent	Fixed rent	Total rent	The Five HMJ Hotels	Midterm	(120)	89.78%	-	268	268	Full year	666	329	268	598	Okinawa Marriott Resort & Spa	Midterm	(149)	82.92%	-	45	45	Full year	(76)	-	45	45	Sheraton Grand Hiroshima Hotel (*1)	Midterm	86	79.03%	39	29	68	Full year	231	153	29	182	Oriental Hotel Fukuoka Hakata Station	Midterm	170	96.98%	130	35	165	Full year	394	347	35	382	Holiday Inn Osaka Namba	Midterm	63	90.15%	- (*2)	48	48	Full year	26	-	48	48	Hilton Tokyo Narita Airport	Midterm	91	83.59%	- (*2)	37	37	Full year	142	82	37	119	International Garden Hotel Narita	Midterm	49	95.35%	19	28	47	Full year	134	100	28	128	Hotel Nikko Nara	Midterm	(175)	90.05%	-	35	35	Full year	(116)	-	35	35
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Item	Assumptions					
		Total GOP of the hotel(s)	Variable rent ratio	Variable rent	Fixed rent	Total rent
Hotel Oriental Express Osaka Shinsaibashi	Midterm	(16)	87.11%	-	9	9
	Full year	(34)		-	9	9
Hilton Tokyo Odaiba	Midterm	(369)	92.10%	-	258	258
	Full year	(125)		-	258	258
Total	Midterm	(370)	-	188	794	982
	Full year	1,243		1,013	794	1,807

(\*1) Stating the rent for Sheraton Grand Hiroshima Hotel, the major facility of ACTIVE-INTER CITY HIROSHIMA. Fixed rent and variable rent for office and commercial tenants of ACTIVE-INTER CITY HIROSHIMA are as follows.

(Unit: millions of yen)

	Variable rent	Fixed rent	Total rent
Midterm	3	239	243
Full year	6	479	485

(\*2) Variable rent for the midterm was not recognized at previous forecast since variable rent did not arise based on the forecast of full-year GOP.

(2) Income from management contracts (\*3) and variable rent from other hotels with variable rent, etc.

(Unit: millions of yen)

	Midterm	Full year
ibis Tokyo Shinjuku (*3)	18	- (*4)
ibis Styles Kyoto Station (*3)	- (*4)	- (*4)
ibis Styles Sapporo (*3)	23	35
Mercure Sapporo (*3)	40	21
Mercure Okinawa Naha (*3)	- (*4)	- (*4)
Mercure Yokosuka	27	73
the b suidobashi (*5)	-	-
the b ikebukuro (*5)	1	81
the b hachioji (*5)	44	152
the b hakata (*5)	2	5
Comfort Hotel Tokyo Higashi Nihombashi	1	1
Smile Hotel Nihombashi Mitsukoshimae	12	12
Chisun Hotel Kamata	-	-
Chisun Inn Kamata	15	21
Hotel Keihan Universal City	Undisclosed (*6)	Undisclosed (*6)
Sotetsu Fresa Inn Shimbashi Karasumoriguchi (*7)	66	66
Hilton Tokyo Bay	Undisclosed (*6)	Undisclosed (*6)
Hilton Nagoya	Undisclosed (*6)	Undisclosed (*6)
Total	454	894

(\*3) For income from management contracts, it is assumed that each hotel's GOP amount is recognized as income from management contracts and the management contract fees to be paid by JHR are recognized as an operating expense.

(\*4) GOL recognized as cost for management contracts are as follows.

(Unit: millions of yen)

	Midterm	Full year
ibis Tokyo Shinjuku	-	(11)
ibis Styles Kyoto Station	(20)	(19)
Mercure Okinawa Naha	(13)	(13)
Total	(33)	(44)

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Item	Assumptions															
	<p>(*5) Variable rent from the Ishin Group Hotels is the variable rent only from April 1, 2020 through December 31, 2020 due to a memorandum of understanding to amend the fixed-term lease contract concluded on October 30, 2020, and JHR receives a certain percentage which is linked to GOP as variable rent.</p> <p>(*6) Undisclosed since tenants that concluded lease contracts did not agree to disclose rent revenue, etc.</p> <p>(*7) Sotetsu Fresa Inn ShimbashiKarasumoriguchi was sold on July 1, 2020. The above shows the variable rent arising before the date of the sale.</p> <p>• The following is the breakdown of variable rent and income from management contracts (Unit: millions of yen)</p> <table><tr><th></th><th>Midterm</th><th>Full year</th></tr><tr><td>The HMJ Group Hotels</td><td>188</td><td>1,013</td></tr><tr><td>Office and commercial tenants (*8)</td><td>3</td><td>6</td></tr><tr><td>Other hotels with variable rent, etc. (18 hotels)</td><td>454</td><td>894</td></tr><tr><td>Total (32 hotels)</td><td>646</td><td>1,914</td></tr></table> <p>(*8) Variable rent for office and commercial tenants of ACTIVE-INTER CITY HIROSHIMA is shown.</p> <p>(*9) For details of variable rent, please refer to page 51, “3. Reference Information; B. 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” of the “Midterm Financial Report for the Fiscal Year Ending December 31, 2020 (January 1, 2020 - June 30, 2020)” dated August 25, 2020 except for the Ishin Group Hotels.</p>		Midterm	Full year	The HMJ Group Hotels	188	1,013	Office and commercial tenants (*8)	3	6	Other hotels with variable rent, etc. (18 hotels)	454	894	Total (32 hotels)	646	1,914
	Midterm	Full year														
The HMJ Group Hotels	188	1,013														
Office and commercial tenants (*8)	3	6														
Other hotels with variable rent, etc. (18 hotels)	454	894														
Total (32 hotels)	646	1,914														
Operating Expenses	<p>• With regard to the impact of spread of COVID-19 infections, based on the status of discussions with tenants regarding temporary rent reductions, ¥200 million was assumed as the risk of rent reduction at the time of previous forecast, considering the possibility of the impact on operating revenue by rent reductions. However, for lessees who had been in discussions on rent reduction, any risk of rent reduction is not assumed at this time as rents are recorded as agreed with the relevant lessees.</p> <p>• With respect to real estate leasing expenses, which constitute a major part of the operating expenses, expenses other than depreciation are calculated based on historical data, and variable factors are reflected in the calculation.</p> <p>• It is assumed that the ¥1,915 million will be recognized as expenses for fixed asset taxes, city planning taxes, etc.</p> <p>• In general, fixed asset tax and city planning tax and other taxes and public dues on acquired assets are settled with the previous owners at the time of acquisition, calculated on a pro rata basis of the holding period. For JHR, such settlement amount is included in the acquisition price, and it will not be recognized as expenses for the calculation period.</p> <p>• Capital expenditure is assumed to be ¥1,725 million (¥1,371 million for capital expenditure I, ¥254 million for capital expenditure II, and ¥100 million for capital expenditure III).</p>															
Operating Expenses	<p>(*) JHR classifies capital expenditures into the following three categories. (I) Capital investment related to renewal of equipment and facilities of buildings which is required to maintain proper values of properties, (II) capital investment for fixtures, furniture and equipment that are not directly related to building structure or facilities but necessary for operating hotels, and (III) strategic capital investment such as renovating guest rooms, etc. for improving the competitiveness of the hotels.</p> <p>• Depreciation is calculated using the straight-line method including the planned capital expenditures above, and is assumed to be ¥4,758 million.</p> <p>• Repair expenses for buildings are recognized as expenses in the assumed amount necessary for each operating period. Please note that the repair expenses of each operating period may differ materially from the forecast amount for various reasons, such as; (1) Emergency repair expenses may be necessary due to damage to buildings from unexpected causes; (2) The amount of repair expenses generally tends to increase in difference over time; and (3) Repair expenses are not required on a regular basis.</p>															
Non-operating Expenses	<p>• ¥1,826 million is expected for borrowing-related costs, including interest expense, amortization for financing fee and arrangement fee, and other non-operating expenses.</p> <p>• Expenses for issuance of new investment units and secondary offering are amortized over a period of three years by the straight-line method.</p>															

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Item	Assumptions																
Extraordinary income	<ul style="list-style-type: none"> <li>¥130 million is recorded as an extraordinary income due to the acknowledgement of a claim for refund of the security deposit, which had not been recorded, as security deposit at Hotel Ascent Fukuoka. For details, please refer to “Notice Concerning Purchase and Sale of Asset (Exchange of a Part of Site of Hotel Ascent Fukuoka)” dated October 26, 2020 and “Notice Concerning Revision of the Operating Forecast and Forecast of Dividend for the Fiscal Year Ending December 2020 (21st Period)” on the same date.</li> </ul>																
Interest-bearing Debt	<ul style="list-style-type: none"> <li>The balance of interest-bearing debt (sum of loans and investment corporation bonds) as of the end of December 2020 was ¥168,754 million.</li> </ul>																
Dividend per Unit	<ul style="list-style-type: none"> <li>Dividend per unit for the fiscal year ended December 2020 (21st period) is calculated based on the following assumptions.</li> </ul> <table border="0"> <tr> <td>Net income</td><td>¥1,435 million</td></tr> <tr> <td>Reversal of reserve for temporary difference adjustment (negative goodwill)</td><td></td></tr> <tr> <td>    50-year amortization amount of negative goodwill (*1)</td><td>¥262 million</td></tr> <tr> <td>    Loss on retirement of noncurrent assets (*2)</td><td>¥5 million</td></tr> <tr> <td>    Amortization of trademark rights (*3)</td><td>¥37 million</td></tr> <tr> <td>Distributable amount</td><td>¥1,740 million</td></tr> <tr> <td>Total number of investment units issued</td><td>4,462,347 units</td></tr> <tr> <td>Dividend per unit</td><td>¥390</td></tr> </table> <p>(*1) ¥262 million (hereinafter called “50-year amortization amount of negative goodwill”) is scheduled to be paid out as dividends, with the remaining balance of the reserve for temporary difference adjustment set as the maximum amount, for every fiscal year.</p> <p>(*2) The amount recognized as a loss on retirement of noncurrent assets will be appropriated by reserve for temporary difference adjustment (negative goodwill) and is expected to have no impact on dividend per unit.</p> <p>(*3) As announced in the press release “Notice Concerning Acquisition of New Assets (Trademark Rights of “Oriental Hotel” brand, etc.)” dated May 15, 2020, JHR acquired the trademark rights on May 15, 2020. The trademark rights are amortized over 10 years using the straight-line method. Amortization expected to be recognized during the current fiscal year will be appropriated by reserve for temporary difference adjustment (negative goodwill) and is expected to have no impact on dividend per unit.</p> <ul style="list-style-type: none"> <li>Dividend per unit may fluctuate due to various causes, such as fluctuation of rent revenue resulting from transfer of assets under management, change of tenants, etc. at hotels, change in the business environment of hotel business for hotel tenants, etc., unexpected repairs, and actual number of new investment units issued, etc.</li> <li>The remaining balance of the reserve for temporary difference adjustment (negative goodwill) after the appropriation of the reserve for temporary difference adjustment (negative goodwill) for dividends for the fiscal year ended December 2020 (21st period) is expected to be ¥10,311 million.</li> </ul>	Net income	¥1,435 million	Reversal of reserve for temporary difference adjustment (negative goodwill)		50-year amortization amount of negative goodwill (*1)	¥262 million	Loss on retirement of noncurrent assets (*2)	¥5 million	Amortization of trademark rights (*3)	¥37 million	Distributable amount	¥1,740 million	Total number of investment units issued	4,462,347 units	Dividend per unit	¥390
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Dividend per unit	¥390																
Dividend per Unit Resulting from Excess of Earnings	<ul style="list-style-type: none"> <li>It is assumed that the excess of earnings (dividend per unit resulting from excess of earnings) will not be distributed.</li> </ul>																
Others	<ul style="list-style-type: none"> <li>It is assumed that revision in law, tax system, accounting standard, regulations of the listing, and regulations of the Investment Trusts Association, Japan that may impact the forecast above will not be made.</li> <li>It is assumed that unexpected major incident will not occur in the general economy, real estate market and hotel business environment, etc.</li> <li>The numerical values are rounded down to the nearest millions of yen in the assumptions above.</li> </ul>																

Note: This document is intended to serve as a press release to make available the information on the revision of operating forecast and forecast of dividend for the fiscal year ended December 2020 (21st 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.

<Reference Information 2> Assumptions of the annualized effect (full-year effect) for the forecast for the fiscal year ended December 2020 (21st period)

- (1) It is assumed that the existing properties (42 properties) excluding Sotetsu Fresa Inn Shimbashi-Karasumoriguchi (hereinafter the “Sold Property”) sold on July 1, 2020, will be held throughout the year and that there will be no gain on sale of real estate properties.
- (2) The trademark rights are assumed to be held throughout the year and will be amortized over 10 years using the straight-line method. Annualized amortization is assumed to be ¥56 million and is appropriated by reserve for temporary difference adjustment (negative goodwill).
- (3) The full-year effect of the exchange of a part of the site of Hotel Ascent Fukuoka is assumed. A gain of exchange of real estate, etc. and extraordinary income by the acknowledgement of a claim for refund of the security deposit, which had not been recorded as security deposit are not assumed.
- (4) Fixed asset tax, city planning tax, etc. for Hotel Oriental Express Osaka Shinsaibashi and Hilton Tokyo Odaiba acquired in the fiscal year ended December 2019 (20th period) are assumed to be ¥337 million (for 12 months).
- (5) There is no change in operating revenue and operating expenses of the existing properties (42 properties) excluding the Sold Property from the above “<Reference Information 1> Assumptions of the operating forecast for the full fiscal year ended December 2020 (21st period),” except for the assumptions above.

<Reference Information 3> Hotel operation indexes, sales and GOP

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.

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 comparison with the previous period are rounded off to one decimal place.

<1> The 24 Hotels with Variable Rent, etc.

		Fiscal year ended December 2019		Fiscal year ended December 2020			
		Actual	Comparison with previous period	Previous forecast (* 1)	Forecast this time (* 1)	Comparison with previous period	Comparison with previous forecast
Occupancy Rate	First half of the year	85.1%	(2.9pt)	34.0%	34.0%	(51.1pt)	0.0pt
	Second half of the year	86.9%	0.5pt	34.2%	40.5%	(46.3pt)	6.3pt
	Full year	86.0%	(1.2pt)	34.1%	37.2%	(48.7pt)	3.2pt
ADR (*2)	First half of the year	15,691	0.4%	13,362	13,362	(14.8%)	0.0%
	Second half of the year	17,263	(3.4%)	13,264	13,352	(22.7%)	0.7%
	Full year	16,492	(1.6%)	13,313	13,356	(19.0%)	0.3%
RevPAR (*3)	First half of the year	13,348	(3.0%)	4,536	4,536	(66.0%)	0.0%
	Second half of the year	14,993	(2.9%)	4,541	5,408	(63.9%)	19.1%
	Full year	14,178	(2.9%)	4,539	4,975	(64.9%)	9.6%
Sales (JPY1M)	First half of the year	28,259	(2.0%)	10,718	10,718	(62.1%)	0.0%
	Second half of the year	31,453	(2.0%)	11,593	13,232	(57.9%)	14.1%
	Full year	59,712	(2.0%)	22,310	23,950	(59.9%)	7.4%
GOP (JPY1M)	First half of the year	9,067	(5.6%)	(213)	(213)	(102.4%)	0.0%
	Second half of the year	11,804	(2.8%)	628	1,772	(85.0%)	182.3%
	Full year	20,871	(4.0)%	414	1,559	(92.5%)	276.2%

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- (\*1) The hotel operation indexes, sales and GOP for the first half of the previous forecast and forecast this time is the actual number. The same shall apply hereinafter.
- (\*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.
- (\*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.

<2>The HMJ Group Hotels

		Fiscal year ended December 2019		Fiscal year ended December 2020			
		Actual	Comparison with previous period	Previous forecast	Forecast this time	Comparison with previous period	Comparison with previous forecast
Occupancy Rate	First half of the year	85.3%	(3.0pt)	33.1%	33.1%	(52.2pt)	0pt
	Second half of the year	87.9%	1.4pt	31.2%	38.2%	(49.7pt)	6.9pt
	Full year	86.6%	(0.8pt)	32.2%	35.7%	(51.0pt)	3.5pt
ADR	First half of the year	17,587	(0.7%)	15,222	15,222	(13.4%)	0.0%
	Second half of the year	19,635	(4.5%)	16,623	16,815	(14.4%)	1.2%
	Full year	18,635	(2.7%)	15,906	16,079	(13.7%)	1.1%
RevPAR	First half of the year	15,005	(4.1%)	5,045	5,045	(66.4%)	0.0%
	Second half of the year	17,263	(3.0%)	5,193	6,420	(62.8%)	23.6%
	Full year	16,143	(3.5%)	5,120	5,736	(64.5%)	12.0%
Sales (JPY1M)	First half of the year	24,050	(2.4%)	9,167	9,167	(61.9%)	0.0%
	Second half of the year	27,137	(2.0%)	10,191	11,847	(56.3%)	16.2%
	Full year	51,187	(2.2%)	19,358	21,014	(58.9%)	8.6%
GOP (JPY1M)	First half of the year	7,230	(6.1%)	(370)	(370)	(105.1%)	0.0%
	Second half of the year	9,886	(2.0%)	575	1,614	(83.7%)	180.8%
	Full year	17,116	(3.8%)	204	1,243	(92.7%)	508.5%

- (\*1) Large-scale renovation work with the suspension of hotel operation was implemented at Oriental Hotel Fukuoka Hakata Station from October 1, 2018 to April 8, 2019. Actual for the fiscal year ended December 2019 includes the impact of the suspension due to the renovation work.
- (\*2) As Hotel Oriental Express Osaka Shinsaibashi opened on April 2, 2018, tallies for 2018 do not include figures from before the opening.
- (\*3) Hilton Tokyo Odaiba was acquired on April 8, 2019. The actual and comparison with the previous period for the fiscal year ended December 2019 are calculated as the total for the full year including figures prior to the acquisition date.

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