

This English translation is provided for information purposes only. If any discrepancy is identified between this translation and the Japanese original, the Japanese original shall prevail.

January 22, 2026

REIT Issuer:

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

Asset Management Company:

Japan Hotel REIT Advisors Co., Ltd.
Hiroyuki Aoki, President & CEO

Contact:

Noboru Itabashi
Director of the Board, Managing Director
Head of Corporate Division
TEL: +81-3-6422-0530

Notice Concerning Renovation Work at Hilton Tokyo Odaiba

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) announces that JHR has resolved today to implement renovation (hereinafter called the “Renovation”) at the Hilton Tokyo Odaiba (hereinafter called the “Hotel”), which is part of JHR’s assets under management, as outlined below.

Executive Summary
<ul style="list-style-type: none">• Aiming for a significant increase in ADR through high-quality renovations comparable to luxury hotels in central Tokyo.• Eliminating the impact on dividends from room closures during renovations by utilizing negative goodwill.• Renovation costs will be financed primarily through new borrowings, with the remaining amount covered by available cash on hand.

1. Background of the Renovation

The Hotel is a large, full-service four-star hotel (*) located in Odaiba, one of Tokyo’s premier tourist destinations, and is considered highly scarce in the market. A full renovation of the entire building had been planned at the time of acquisition in 2019, but the project was postponed due to the impact of COVID-19.

Currently, with the increase in inbound demand, Tokyo’s accommodation market is expected to grow in the medium to long term. However, due to rising construction costs and labor shortages, the new supply of full-service hotels is particularly limited, enhancing the relative advantage of existing hotels. Under such circumstances, the Average Daily Rate (ADR) at luxury-class hotels in central Tokyo is maintaining a high level.

At the Hotel, it has been determined that implementing high-quality renovations comparable to luxury hotels in central Tokyo to capture higher-priced segments, and thereby significantly increasing ADR and maximizing revenue, will further contribute to enhancing unitholder value.

(*) The data is featured in Five Star Alliance as of today.

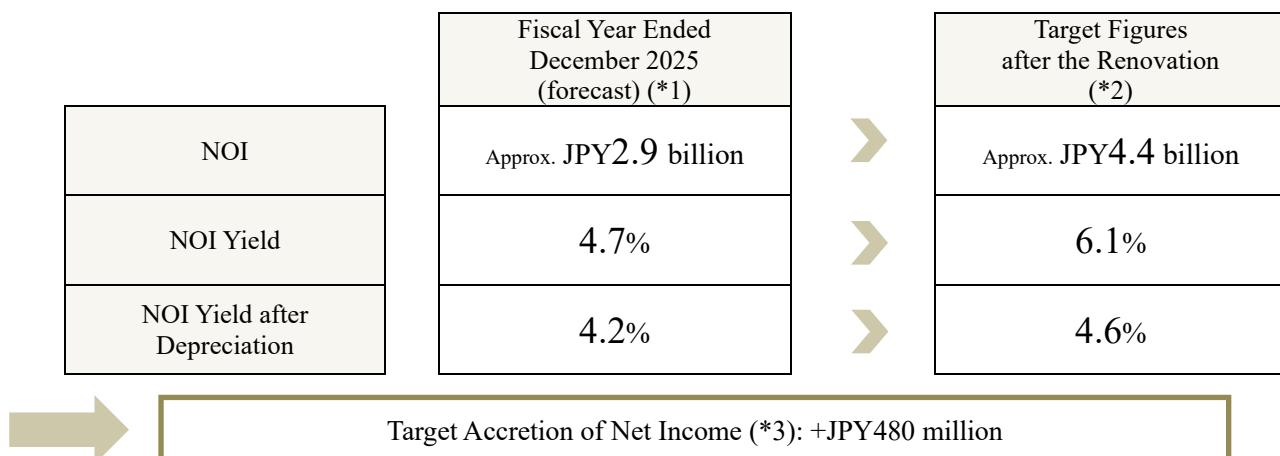
2. Summary of the Renovation

Target	Entire building (See “6. Details of the Renovation” below for details.)
Period of renovation (planned)	February 2026 to December 2027
Cost of renovation (planned)	JPY10.8 billion (CAPEX I (*): JPY5.7 billion, CAPEX III (*): JPY5.1 billion)
FY12/2026	JPY6.4 billion (CAPEX I: JPY3.3 billion, CAPEX III: JPY3.0 billion)
FY12/2027	JPY4.4 billion (CAPEX I: JPY2.3 billion, CAPEX III: JPY2.0 billion)

(*) CAPEX I represents capital investment related to renewal of equipment and facilities of buildings which is required to maintain proper values of properties. CAPEX III represents strategic capital investment related to renewal of guest rooms, event rooms, restaurants, etc., aimed at maintaining and improving the competitiveness of the hotels. The same shall apply hereinafter.

3. Expected Impact of the Renovation (Target Figures)

The target figures after the Renovation, calculated on the assumption that the full-year contribution of the effects of the Renovation will be realized following its completion, are as follows.



- (*1) The forecasted NOI for the fiscal year ended December 2025 represents the projected NOI for the Hotel, which serves as the assumptions for the forecast figures stated in the “Notice Concerning Revisions of Operating and Dividend Forecasts for Fiscal Year Ended December 2025 (26th Period) and Operating and Dividend Forecasts for the Fiscal Year Ending December 2026 (27th Period)” dated today. The forecasted NOI yield and the forecasted NOI yield after depreciation for the fiscal year ended December 2025 are calculated by dividing the forecasted NOI and the forecasted NOI after depreciation, respectively, by the acquisition price of the Hotel.
- (*2) The target NOI after the Renovation represents the Asset Management Company’s estimates of the Hotel’s NOI assuming that the full-year contribution of the effects of the Renovation is realized. The target NOI yield and the target NOI yield after depreciation after the Renovation are calculated by dividing the target NOI and target NOI after depreciation, respectively, by the sum of the acquisition price of the Hotel and the target amount of increase in book value resulting from the Renovation (JPY10.8 billion).
- (*3) The target accretion of net income is calculated by deducting the estimated increase in depreciation expenses due to the Renovation, the estimated increase in asset management fees, and the estimated increase in financing costs associated with the funding of the Renovation (assuming a total amount of JPY10.4 billion) from the difference between the target NOI after the Renovation and the forecasted NOI for the fiscal year ended December 2025.
- (*4) The target NOI, target NOI yield and target NOI yield after depreciation, and the target accretion of net income after the Renovation are for simulation purposes only and are not forecasts for any specific fiscal period, and are intended solely for our investment planning purposes. The Asset Management Company has broad discretion in calculating the target NOI, target NOI yield, target NOI yield after depreciation, and the target accretion of net income after the Renovation, and if different assumptions or judgments are adopted, the figures for the target NOI, target NOI yield and target NOI yield after depreciation, and the target accretion of net income after the Renovation may differ significantly from the above figures even if they are calculated under the same facts and circumstances. In addition, the actual operating performance of the property will be affected by market demand, general economic conditions, and various other factors unrelated to the Renovation, and therefore, the actual operating results may differ significantly from the above target values, as the actual operating conditions may differ substantially from the assumptions used in calculating the above target values.

4. Impact on dividends for the fiscal years ending December 2026 and December 2027

For the fiscal years ending December 2026 and December 2027, revenues are expected to temporarily decrease due to the impact of room closures associated with the Renovation. However, these impacts will be offset by applying the temporary difference adjustment (negative goodwill) to eliminate any effect on dividends. In the fiscal year ending December 2026, it is anticipated that JPY1,859 million of the temporary difference adjustment (negative goodwill) will be applied. As for the fiscal year ending December 2027, the outlook will be announced once it is determined.

For the forecast of operational status and dividends for the fiscal year ending December 2026, please refer to the “Notice Concerning Revision of Operating and Dividend Forecasts for Fiscal Year Ended December 2025 (26th Period) and Operating and Dividend Forecasts for the Fiscal Year Ending December 2026 (27th Period)” dated today.

5. Procurement of funds for the Renovation

The majority of the costs for the Renovation (totaling JPY10.8 billion) is planned to be procured through new borrowings. For the renovation costs scheduled for the fiscal year ending December 2026 (totaling JPY6.4 billion), approximately JPY6.0 billion is planned to be procured through new borrowings, and the appraisal-based LTV after this borrowing is expected to be approximately 37% (*1). Borrowing is also being considered for the renovation costs planned for the fiscal year ending December 2027 (totaling JPY4.4 billion), but the details will be announced once decided. If the entire amount of JPY4.4 billion is procured through new borrowings, the appraisal-based LTV is estimated to be approximately 37% (*2). The portion of the renovation costs not covered by borrowings is planned to be funded using available cash on hand.

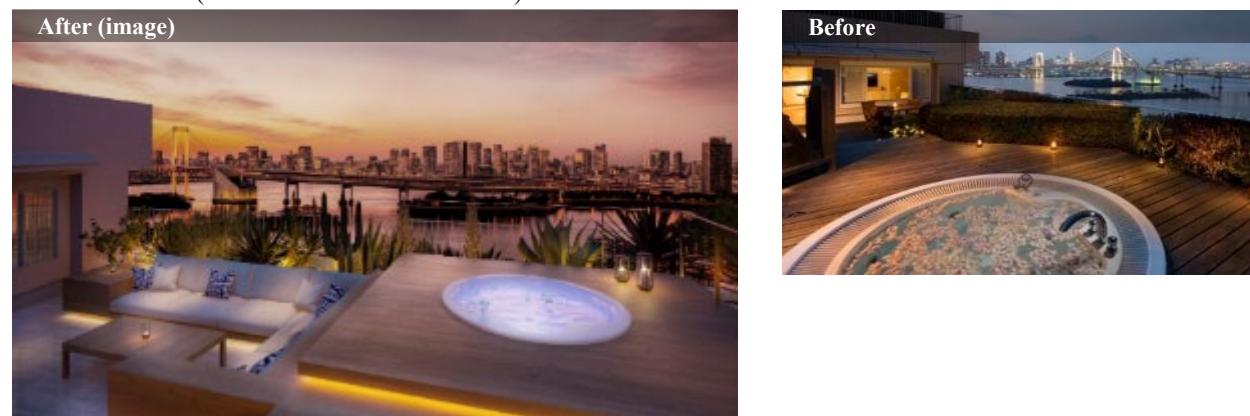
- (*1) Appraisal-based LTV = Balance of interest-bearing debt / (Total assets + unrealized gains and losses) x 100
The balance of interest-bearing debt and total assets uses figures from the end of the midterm of the fiscal year ended December 2025, with the planned new borrowings for the Renovation in the fiscal year ending December 2026 (JPY6.0 billion) added. Unrealized gains and losses are calculated by subtracting the total book value of assets held at the end of the midterm of the fiscal year ended December 2025 from the total appraised value as of the same date.
- (*2) The calculation formula is the same as the formula in (*1), and the estimated value assumes a new borrowing of JPY4.4 billion for the fiscal year ending December 2027.

6. Details of the Renovation

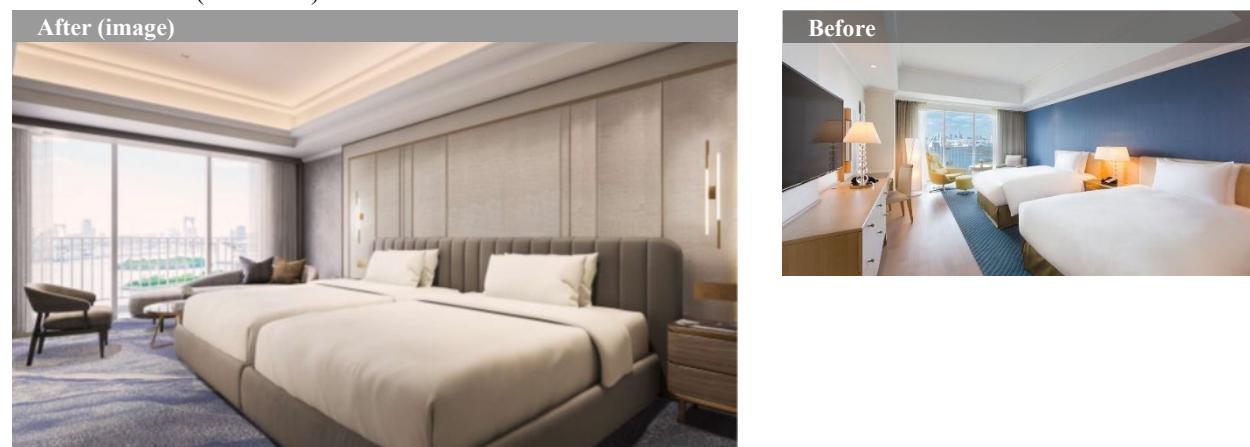
The Renovation aims to transform the Hotel into a full-service hotel with competitiveness comparable to luxury hotels in central Tokyo. By renovating the entire building, including guest rooms, the executive lounge, banquet halls, the lobby, and restaurants, the Hotel will be repositioned to meet higher priced demand and maximize revenue.

Renovation Areas	Renovation Details
Guest Room	The interior and design of all guest rooms will be fully revamped to achieve a level of quality comparable to luxury hotels in central Tokyo. Additionally, by increasing the number of executive rooms and optimizing the room mix, we aim to drive a significant improvement in RevPAR.
Executive Lounge	To accommodate the increased demand for the executive lounge following the expansion of executive rooms, we will relocate and enlarge the lounge to eliminate capacity constraints. It will be moved to a location offering excellent views of the Rainbow Bridge and Tokyo Bay, and transformed into a high-value lounge featuring a live kitchen, thereby enhancing the value of the executive rooms and improving customer satisfaction.
Banquet Hall	To capture MICE demand, such as international conferences and corporate events, we will install one of the largest permanent LED screens in Japan into the main ballroom. By enhancing visual presentation capabilities and operational efficiency, we aim to strengthen our ability to accommodate large-scale domestic and international events, thereby improving competitiveness and expanding revenue opportunities.
Common Area	The common areas, including the lobby, approach, and restaurants, will undergo a comprehensive renovation to address aging and declining design competitiveness, creating a cohesive sense of luxury throughout the entire hotel.

■ Guest Room (Suite with an outdoor terrace)



■ Guest Room (Executive)



■ Common Area (Lobby)

After (image)



Before



■ Banquet Hall (image after LED screen installation)



* “6. Details of the Renovation” outlines the plan as of today and is subject to change in the future.

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