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Notice Concerning Revision of Operating Forecast and Forecast of Dividend
for the Fiscal Year Ended December 2014 (15th Period), and

Operating Forecast and Forecast of Dividend for the Fiscal Year Ending December 2015 (16th Period)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you of revision of the operating forecast and forecast of dividend for the fiscal year ended December 2014 (January 1, 2014 through December 31, 2014) announced in the “Financial Report for the Midterm of Fiscal Period Ending December 2014” dated August 20, 2014, and informs you newly of the operating forecast and forecast of dividend for the fiscal year ending December 2015 (January 1, 2015 through December 31, 2015) as follows:

1. Revision of the operating forecast and forecast of dividend for the fiscal year ended December 2014 (January 1, 2014 through December 31, 2014)

	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 12,667	JPY1M 7,260	JPY1M 5,496	JPY1M 5,494	JPY 2,058	JPY 0
Revised forecast (B)	JPY1M 12,669	JPY1M 7,389	JPY1M 5,619	JPY1M 5,617	JPY 2,102	JPY 0
Variance (C) = (B) – (A)	JPY1M 2	JPY1M 128	JPY1M 123	JPY1M 123	JPY 44	JPY 0
Variance ratio (D) = (C) / (A)	% 0.0	% 1.8	% 2.2	% 2.2	% 2.1	% 0

(Reference) Forecast of net income per unit for the full year: JPY2,101

(Calculated based on the forecast period-average number of investment units of 2,674,377 units)

- (*1) Dividend per unit is calculated based on the period-end total number of investment units issued of 2,791,281 units.
- (*2) Reserve for dividends, JPY248M, is planned to be the source of dividend payments.
- (*3) Amounts are rounded down to the nearest JPY1M, and percentage figures are rounded off to one decimal place.

Note: This document is intended to serve as a press release to make available the information on revision of the operating forecast and forecast of dividend for the fiscal year ended December 2014 (15th period), and the operating forecast and forecast of dividend for the fiscal year ending December 2015 (16th period) of JHR. 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 read JHR’s prospectus for issuance of new investment units and secondary offering (and its amendments, if any) and make any investment decisions at their own risk and responsibility.

2. Operating forecast and forecast of dividend for the fiscal year ending December 2015 (January 1, 2015 through December 31, 2015)

	Operating revenue	Operating income	Ordinary income	Net income	Dividend per unit (Excess of earnings exclusive)	Dividend per unit resulting from excess of earnings
Fiscal year ending December 2015	JPY1M	JPY1M	JPY1M	JPY1M	JPY	JPY
Midterm	6,649	3,559	2,719	2,719	—	—
Fiscal year ending December 2015	JPY1M	JPY1M	JPY1M	JPY1M	JPY	JPY
Full year	15,148	8,695	6,907	6,907	2,305	0

(Reference) Forecast of net income per unit for the full year: JPY2,313

(Calculated based on the forecast period-average number of investment units of 2,985,719 units)

- (*1) The number of investment units issued as of today is 2,791,281 units. Additional issuance of new investment units through offering (200,000 units) and new investment units by way of third-party allotment (10,000 units) according to the resolution of the Board of Directors meeting held today are assumed.
- (*2) For the assumptions of the operating forecast above, see “<Reference Information 1> Assumptions of the operating forecast for the full year of the fiscal year ending December 2015 (16th period)” below.
- (*3) The acquisition and lease of six properties (hereinafter called the “acquisition of the six properties”) in the fiscal year ending December 2015 (16th period) is assumed as announced in the press release “Notice Concerning Acquisition and Lease of New Assets (Five “the b” Hotels and “Hotel Francs”)” dated today. For the operating forecast with full-year impact (annualized effect) of the acquisition of the six properties, see “3. Highlights of the operating forecast and forecast of dividend” below.
- (*4) Amounts are rounded down to the nearest JPY1M, and percentage figures are rounded off to one decimal place.

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3. Highlights of the operating forecast and forecast of dividend

(1) Operating forecast for the fiscal year ended December 2014 (15th period)

Operating revenue (fixed rent, variable rent and income from management contract) is expected to increase by JPY2M compared with the previous forecast. Operating expenses, financial expenses, etc. are expected to decrease by JPY118M compared with the previous forecast as a result of conducting a review of expenses. As a result, dividend is expected to increase by JPY44 compared with the previous forecast.

(2) Operating forecast for the fiscal year ending December 2015 (16th period)

The following are the operating forecast for the fiscal year ending December 2015 (16th period) and that with the annualized effect after the acquisition of the six properties, as well as the comparison and major causes of variance with the annualized effect of the three acquired properties as announced in the press release “Notice Concerning Revision of Operating Forecast and Forecast of Dividend for the Fiscal Period December 2014 (15th Fiscal Period)” dated August 20, 2014.

(Unit: JPY1M)

	FY2015		FY2014		Variance (1)		Major causes of variance	
	Forecast this time (A)	Forecast this time Annualized (B)	Previous forecast Annualized (C)		(B) - (C)	Variance ratio	Attributable to acquisition of the six properties	Existing properties
Properties	No. of properties	36	36	30	6	20.0%	6	0
	Acquisition price	196,534	196,534	173,429	23,105	13.3%	23,105	0
Profit and loss	Operating revenue	15,148	15,293	13,593	1,700	12.5%	1,365	335
	Fixed rent	Composition 66.6% 10,085	Composition 66.8% 10,209	Composition 68.1% 9,260	948	10.2%	937	11
	Variable rent	33.4% 5,062	33.2% 5,084	31.9% 4,332	752	17.4%	428	324
	NOI	12,868	12,863	11,509	1,353	11.8%	1,186	168
	NOI after depreciation	10,132	10,119	8,932	1,187	13.3%	1,032	155
	Operating income	8,695	8,676	7,704	971	12.6%	890	82
	Net income	6,907	6,940	5,979	961	16.1%	744	217
								Decrease in financial costs, etc.
Dividend	Use of negative goodwill	13	13	13	0	0.0%		
	Total dividends	6,920	6,953	5,992	961	16.0%		
	No. of units issued	3,001,281	3,001,281	2,791,281	210,000	7.5%	* Increase in dividend attributable to existing properties: JPY78 (3.6%) Calculated based on 2,791,281 units, which is the number of investment units issued prior to the issuance of new investment units.	
	Dividend per unit (JPY)	2,305	2,316	2,146	170	7.9%		

(*) Each is calculated using the following formula

NOI (Net Operating Income) = Real estate operating revenue – Real estate operating costs + Depreciation + Loss on retirement of noncurrent assets

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

[Note]

The above is the operating forecast 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: <http://www.jhrth.co.jp/>

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<Reference Information 1>

Assumptions of the operating forecast for the full year of the fiscal year ending December 2015 (16th period)

Assumptions of the operating forecast for the full year of the fiscal year ending December 2015 (four periods)							
Item	Assumption						
Calculation period	• Fiscal year ending December 2015 (16th period) Full year: January 1, 2015 through December 31, 2015 (365 days)						
Investment assets	• The 30 properties owned by JHR as of today, plus the following six to-be-acquired assets, to total 36 properties is assumed.						
	<To-be-acquired assets>						
	Scheduled acquisition date		Asset name				
	January 30, 2015		the b akasaka-mitsuke				
	January 30, 2015		the b ikebukuro				
	January 30, 2015		the b ochanomizu				
	January 30, 2015		the b hachioji				
	January 30, 2015		the b hakata				
	March 31, 2015		Hotel Francs				
	• In addition, it is assumed that no asset is to be transferred (acquisition or disposition) other than the above through to the end of the fiscal year ending December 2015 (16th period). The actual number may fluctuate depending on transfer of asset.						
Number of investment units issued	• The number of investment units issued as of today (2,791,281 units) and additional issuance of new investment units through offering (200,000 units) and new investment units by way of third-party allotment (10,000 units) according to the resolution at the Board of Directors meeting held today are assumed. • It is assumed that there will be no additional issuance of investment units other than the above through to the end of the fiscal year ending December 2015 (16th period).						
Operating revenue	• Operating revenue is calculated based on the effective lease contract, etc. as of today and considering hotel competitiveness and market environment, etc.						
	• Rent of the main hotels is calculated based on the following assumptions.						
	<Fixed and variable rent of HMJ's five hotels (*1)>						
	Annual rent (JPY5,678M) = Fixed rent (JPY3,221M/year) + Variable rent (See below for calculation)						
	HMJ's five hotels for the fiscal year ending December 2015 (16th period)						
	(Rounded down to the nearest JPY1M)						
		Total GOP of HMJ's five hotels (1)		GOP base amount (2)		Variable rent ((1) - (2)) × 81.5%	
	Midterm	2,257		1,675		474	
	Full year	6,366		3,351		2,457	
		(*1) HMJ's five hotels are five hotels, namely, Kobe Meriken Park Oriental Hotel, Oriental Hotel tokyo bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima.					
	(*2) Comparisons of sales and GOP, etc. of HMJ's five hotels are shown in “<Reference Materials 1> Sales and GOP of HMJ's five hotels.”						
	<Income from management contract of Accor's five hotels (*1)> (*2) (Rounded down to the nearest JPY1M)						
	ibis Tokyo Shinjuku	ibis Styles Kyoto Station	ibis Styles Sapporo	Mercure Hotel Sapporo	Mercure Hotel Okinawa Naha	Total	
Midterm	232	177	192	115	134	851	
Full year	471	398	471	362	288	1,991	

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Item	Assumption																																														
	(*1) Accor’s five hotels are five hotels, namely, ibis Tokyo Shinjuku, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Hotel Sapporo and Mercure Hotel Okinawa Naha. (*2) Comparisons of sales and GOP, etc. of Accor’s five hotels are shown in “<Reference Materials 2> Sales and GOP of Accor’s five hotels” below. (*3) It is assumed that the respective hotel’s GOP amount is posted for income from management contract and the management contract fees to be paid by JHR is posted as an operating expenses item. In cases where certain tenant revenue is included in the respective hotel’s GOP, income from management contract is posted by subtracting the amount equivalent to tenant sales from GOP. The concerned amount equivalent to tenant sales is posted as fixed rent, etc. <Fixed and variable rent of the five “the b” hotels (*1)> (Rounded down to the nearest JPY1M) <table><tr><td></td><td>the b akasaka-mitsuke</td><td>the b ikebukuro</td><td>the b ochanomizu</td><td>the b hachioji</td><td>the b hakata</td><td>Total</td></tr><tr><td>Fixed (*2)</td><td>125</td><td>199</td><td>63</td><td>112</td><td>78</td><td>580</td></tr><tr><td>Variable</td><td>142</td><td>110</td><td>46</td><td>59</td><td>47</td><td>406</td></tr><tr><td>Total</td><td>268</td><td>310</td><td>110</td><td>179</td><td>126</td><td>994</td></tr></table> (*1) Five “the b” hotels are five hotels, namely, the b akasaka-mitsuke, the b ikebukuro, the b ochanomizu, the b hachioji and the b hakata. (*2) Fixed rent includes certain tenant rent. • The following is the breakdown of variable rent and income from management contract (*). <Breakdown of variable rent, etc. for the fiscal year ending December 2015 (16th period)> (Rounded down to the nearest JPY1M) <table><tr><td></td><td>HMJ’s five hotels</td><td>Accor’s five hotels</td><td>Five “the b” hotels</td><td>Other variable rent</td><td>Total</td></tr><tr><td>Midterm</td><td>474</td><td>851</td><td>174</td><td>169</td><td>1,669</td></tr><tr><td>Full year</td><td>2,457</td><td>1,991</td><td>406</td><td>207</td><td>5,062</td></tr></table> (*) Upside sharing is expected from Hotel Sunroute Shimbashi, Hotel Keihan Universal City, Hilton Tokyo Bay, Smile Hotel Nihombashi-Mitsukoshimae and Hotel Vista Kamata Tokyo, the rent of which is assumed to be posted as variable rent.		the b akasaka-mitsuke	the b ikebukuro	the b ochanomizu	the b hachioji	the b hakata	Total	Fixed (*2)	125	199	63	112	78	580	Variable	142	110	46	59	47	406	Total	268	310	110	179	126	994		HMJ’s five hotels	Accor’s five hotels	Five “the b” hotels	Other variable rent	Total	Midterm	474	851	174	169	1,669	Full year	2,457	1,991	406	207	5,062
	the b akasaka-mitsuke	the b ikebukuro	the b ochanomizu	the b hachioji	the b hakata	Total																																									
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Operating expenses	- Operating expenses are based on past actual data as provided by present owners, etc., and variable factors are reflected in the calculation. - Taxes, such as fixed asset tax and city planning tax, for the to-be-acquired assets (six properties) are included in the acquisition price (scheduled), and thus not included in the expenses for the fiscal year ending December 2015 (16th period). Fixed asset tax, city planning tax, etc. for the to-be-acquired assets (six properties) for the full year are expected to be JPY147M. In addition, fixed asset tax, city planning tax, etc. for the three properties acquired in the fiscal year ended December 2014 (15th period) (ibis Styles Sapporo, Mercure Hotel Sapporo and Mercure Hotel Okinawa Naha) included in the expenses for the fiscal year ending December 2015 (16th period) are estimated to be JPY84M (nine months). - Depreciation is calculated by the straight-line method, inclusive of the incidental costs to the acquisition price of the to-be-acquired assets (six properties) and additional capital expenditures for the fiscal year ending December 2015 (16th period) of JPY1,677M, and is expected to be JPY2,722M.																																														

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Item	Assumption																						
	Repair expenses for buildings are posted as expenses in the estimated amount necessary for each operating period. Please bear in mind 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, etc. 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.																						
Non-operating expenses	- JPY1,788M is expected for interest expense, amortization for the following (1) handling borrowing costs, (2) arrangement fee, and (3) derivative instruments (interest rate caps), etc. - Expenses for the abovementioned issuance of new investment units and new investment units by way of third-party allotment are estimated to be JPY29M. - Expenses for issuance of new investment units and new investment units by way of third-party allotment are assumed to be amortized over a period of three years by the straight-line method.																						
Interest-bearing debt	The balance of interest-bearing debt (sum total of loans and investment corporation bonds) as of December 31, 2014 is JPY81,089M. The balance as of March 31, 2015 after the acquisition of the to-be-acquired assets is assumed to be JPY92,098M, and the balance as of December 31, 2015 is assumed to be JPY91,760M. The balance of interest-bearing debt is assumed to remain unchanged other than the above.																						
Dividend per unit	- Dividend per unit for the fiscal year ending December 2015 (16th period) is calculated based on the following assumptions. <table> <tr> <td></td><td>Forecast this time</td></tr> <tr> <td>Net income</td><td>JPY6,907M</td></tr> <tr> <td><u>Use of negative goodwill (Loss on retirement of noncurrent assets)</u></td><td><u>JPY13M</u></td></tr> <tr> <td>Total dividends</td><td>JPY6,920M</td></tr> <tr> <td><u>Total number of investment units</u></td><td><u>3,001,281 units</u></td></tr> <tr> <td>Dividend per unit</td><td>JPY2,305</td></tr> </table> - Dividend per unit may fluctuate by various causes, such as fluctuation of rental income resulting from transfer of asset, transfer of hotel lessee, change of hotel lessee's business environment, etc. and unexpected repairs, etc. - The balance of the dividend reserve (negative goodwill) after the appropriation for dividends for the fiscal year ending December 2015 (16th period) is calculated based on the following assumptions. <table> <tr> <td><u>Balance of dividend reserve (negative goodwill) at end of fiscal year ended December 2014</u></td><td><u>JPY14,168M</u></td></tr> <tr> <td>Use of negative goodwill (Loss on retirement of noncurrent assets)</td><td>-JPY13M</td></tr> <tr> <td>Use of negative goodwill (Financial costs associated with early repayment)</td><td>-JPY71M</td></tr> <tr> <td><u>Use of negative goodwill (Adjustment for dilution)</u></td><td><u>-JPY164M</u></td></tr> <tr> <td>Balance of reserve for dividends at end of fiscal year ending December 2015</td><td>JPY13,919M</td></tr> </table>		Forecast this time	Net income	JPY6,907M	<u>Use of negative goodwill (Loss on retirement of noncurrent assets)</u>	<u>JPY13M</u>	Total dividends	JPY6,920M	<u>Total number of investment units</u>	<u>3,001,281 units</u>	Dividend per unit	JPY2,305	<u>Balance of dividend reserve (negative goodwill) at end of fiscal year ended December 2014</u>	<u>JPY14,168M</u>	Use of negative goodwill (Loss on retirement of noncurrent assets)	-JPY13M	Use of negative goodwill (Financial costs associated with early repayment)	-JPY71M	<u>Use of negative goodwill (Adjustment for dilution)</u>	<u>-JPY164M</u>	Balance of reserve for dividends at end of fiscal year ending December 2015	JPY13,919M
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Balance of reserve for dividends at end of fiscal year ending December 2015	JPY13,919M																						
Dividend per unit resulting from excess of earnings	It is assumed that the excess of earnings (dividend per unit resulting from excess of earnings) will not be distributed.																						

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Item	Assumption		
To-be-acquired assets	• The operating status of the to-be-acquired assets (six properties) is estimated as follows:		
	<the b akasaka-mitsuke> (JPY1M)		
		Fiscal year ending December 2015	Annualized (*)
	Operating revenue	268	288
	NOI	263	267
	NOI yield (%)	-	4.3
	Operating income	209	212
	<the b ikebukuro> (JPY1M)		
		Fiscal year ending December 2015	Annualized (*)
	Operating revenue	310	334
	NOI	305	305
	NOI yield (%)	-	4.7
	Operating income	239	239
	<the b ochanomizu> (JPY1M)		
		Fiscal year ending December 2015	Annualized (*)
	Operating revenue	110	117
	NOI	105	105
	NOI yield (%)	-	4.6
	Operating income	80	79
	<the b hachioji> (JPY1M)		
		Fiscal year ending December 2015	Annualized (*)
	Operating revenue	179	189
	NOI	174	159
	NOI yield (%)	-	6.1
	Operating income	131	115
	<the b hakata> (JPY1M)		
	Fiscal year ending December 2015	Annualized (*)	
Operating revenue	126	135	
NOI	121	119	
NOI yield (%)	-	5.2	
Operating income	87	85	

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Item	Assumption		
	<Hotel Francs> (JPY1M)		
		Fiscal year ending December 2015	Annualized (*)
	Operating revenue	225	300
	NOI	221	228
	NOI yield (%)	-	7.4
	Operating income	160	157
	(*) For the assumptions of the calculation of the annualized effect, see “<Reference Materials 4> Assumptions of the forecast of the annualized effect” below.		
Other	• It is assumed that no revision in law, tax law, accounting standard, regulations of the listing, regulations of The Investment Trusts Association, Japan, etc. that may impact the forecast above will not be made. • It is assumed that unexpected major incident will not occur in the general economy, real estate market, hotel business environment, etc. • The numerical values are rounded down to the nearest JPY1M in the assumptions above.		

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<Reference Materials 1> Sales and GOP of HMJ's five hotels

(1) Hotel sales (by hotel)

(Unit: JPY1M)

Sales of HMJ's five hotels		FY2013 (*)		FY2014 Interim forecast		FY2015	
		Actual	Comparison with previous period	First half: Actual Second half: Forecast	Comparison with previous period	Forecast this time	Comparison with previous period
Kobe Meriken Park Oriental Hotel	First half of the year	2,416	-5.0%	2,424	0.4%	2,459	1.4%
	Second half of the year	2,795	-4.3%	2,930	4.9%	2,965	1.2%
	Full year	5,210	-4.7%	5,355	2.8%	5,425	1.3%
Oriental Hotel tokyo bay	First half of the year	3,209	-0.4%	3,366	4.9%	3,305	-1.8%
	Second half of the year	3,973	12.2%	3,823	-3.8%	3,931	2.8%
	Full year	7,182	6.2%	7,190	0.1%	7,236	0.6%
Namba Oriental Hotel	First half of the year	934	5.5%	998	6.8%	1,039	4.1%
	Second half of the year	1,038	6.6%	1,083	4.3%	1,166	7.7%
	Full year	1,972	6.1%	2,081	5.5%	2,205	6.0%
Hotel Nikko Alivila	First half of the year	2,193	7.5%	2,190	-0.1%	2,316	5.7%
	Second half of the year	3,183	4.4%	3,341	5.0%	3,426	2.5%
	Full year	5,375	5.6%	5,531	2.9%	5,741	3.8%
Oriental Hotel Hiroshima	First half of the year	1,046	5.8%	1,046	-0.0%	1,039	-0.6%
	Second half of the year	1,208	5.2%	1,195	-1.1%	1,208	1.1%
	Full year	2,254	5.5%	2,241	-0.6%	2,248	0.3%
Total	First half of the year	9,797	1.2%	10,024	2.3%	10,158	1.3%
	Second half of the year	12,197	4.8%	12,374	1.4%	12,697	2.6%
	Full year	21,994	3.2%	22,397	1.8%	22,855	2.0%

(*) Sales are rounded off to the nearest JPY1M. Comparison with the previous period is rounded off to one decimal place.

(2) Hotel GOP

(Unit: JPY1M)

GOP of HMJ's five hotels	FY2013		FY2014		FY2015	
	Actual	Comparison with previous period	Previous forecast	Comparison with previous period	Forecast this time	Comparison with previous period
Total for HMJ's five hotels	6,155	9.0%	6,239	1.4%	6,366	2.0%
Ratio of GOP to sales	28.0%	1.5%	27.9%	-0.1%	27.9%	-0.0%

(*) GOP is rounded off to the nearest JPY1M. Ratio of GOP to sales and comparison with the previous period are rounded off to one decimal place.

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<Reference Materials 2> Sales and GOP of Accor's five hotels

(1) Hotel sales (by hotel)

(Unit: JPY1M)

Sales of Accor's five hotels		FY2013 (*1)		FY2014 Interim forecast		FY2015	
		Actual	Comparison with previous period	First half: Actual Second half: Forecast	Comparison with previous period	Forecast this time	Comparison with previous period
ibis Tokyo Shinjuku	First half of the year	381	21.9%	427	12.0%	443	3.8%
	Second half of the year	414	31.0%	428	3.5%	456	6.4%
	Full year	795	26.5%	855	7.6%	899	5.1%
ibis Styles Kyoto Station	First half of the year	—	—	305	—	348	14.2%
	Second half of the year	—	—	377	—	401	6.3%
	Full year	—	—	682	—	749	9.8%
ibis Styles Sapporo	First half of the year	—	—	—	—	421	—
	Second half of the year	—	—	—	—	534	—
	Full year	—	—	—	—	955	—
Mercure Hotel Sapporo	First half of the year	—	—	—	—	454	—
	Second half of the year	—	—	—	—	623	—
	Full year	—	—	—	—	1,077	—
Mercure Hotel Okinawa Naha	First half of the year	—	—	—	—	388	—
	Second half of the year	—	—	—	—	429	—
	Full year	—	—	—	—	817	—
Total	First half of the year	—	—	—	—	2,054	—
	Second half of the year	—	—	—	—	2,443	—
	Full year	—	—	—	—	4,497	—

(*1) The previous lessees, etc. of ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Hotel Sapporo and Mercure Hotel Okinawa Naha did not agree with disclosure of numerical values. Therefore, those for FY2013 actual, FY2014 interim forecast and comparison with the previous period are partially unavailable.

(*2) Sales are rounded off to the nearest JPY1M. Comparison with the previous period is rounded off to one decimal place.

(2) Hotel GOP

(Unit: JPY1M)

GOP of Accor's five hotels	FY2013		FY2014		FY2015	
	Actual	Comparison with previous period	Previous forecast	Comparison with previous period	Forecast this time	Comparison with previous period
Total for Accor's five hotels	—	—	—	—	2,006	—
Ratio of GOP to sales	—	—	—	—	44.6%	—

(*1) The previous lessees, etc. of ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Hotel Sapporo and Mercure Hotel Okinawa Naha did not agree with disclosure of numerical values. Therefore, those for FY2013 actual, FY2014 previous forecast and comparison with the previous period are unavailable.

(*2) GOP is rounded off to the nearest JPY1M. Ratio of GOP to sales and comparison with the previous period are rounded off to one decimal place.

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<Reference Materials 3> Growth history of JHR and the annualized effect of asset acquisition

		Effective date of merger (*1)	End of FY2012	End of FY2013	Previous forecast	After acquisition of the to-be-acquired assets (*2)
Number of properties		28	28	28	30	36
Acquisition price (scheduled acquisition inclusive) (*3)	JPY1M	122,285	130,883	158,902	173,429	196,534
Appraisal value (*4)	JPY1M	117,706	131,227	166,237	188,123	212,373
NOI yield (*5)	%	5.9	6.2	6.2	6.6	6.5
NOI yield after depreciation (*6)	%	3.9	4.5	4.8	5.2	5.1
LTV (acquisition price basis) (*7)	%	49.4	49.8	47.1	46.7	46.9
Appraisal LTV (*7)	%	51.4	49.7	45.0	43.1	43.4
Market cap (*8)	JPY1M	34,712	50,417	132,112	155,195	238,601
Dividend per unit	JPY	-	1,621	1,939	2,146	2,316 (*9)

- (*1) NOI yield and NOI yield after depreciation on the effective date of merger are calculated by annualizing the actual results of the fiscal period ended March 2012 (12th period) of former Nippon Hotel Fund Investment Corporation (hereinafter called “former NHF”) for the properties owned by former NHF and by annualizing the actual results of the fiscal period ended March 2012 (7th period) of former Japan Hotel and Resort, Inc. (hereinafter called “former JHR”) for the properties owned by former JHR.
- (*2) For the assumptions for calculating NOI yield, NOI yield after depreciation and dividend per unit after the acquisition of the to-be-acquired assets (six properties), see “<Reference Information 1> Assumptions of the operating forecast for the full year of the fiscal year ending December 2015 (16th period)” above.
- (*3) Acquisition price (scheduled acquisition inclusive) indicates the purchase price stated on the purchase and sale agreement for beneficial interest in trust or real estate purchase and sale agreement (consumption tax, local consumption tax and the acquisition expense such as broker’s fee are not included.). Scheduled acquisition price is indicated for each of the to-be-acquired assets (the b akasaka-mitsuke, the b ikebukuro, the b ochanomizu, the b hachioji, the b hakata and Hotel Francs).
- (*4) Concerning appraisal value at the end of each fiscal year, in accordance with the asset appraisal method and standards stipulated in the Articles of Incorporation and also with the rules set by The Investment Trusts Association, Japan, the appraisal value with the end of the relevant fiscal year as the date of appraisal is indicated. Dormy Inn Namba was sold on January 24, 2014. Accordingly, the appraisal value of the property in the appraisal value at the end of the fiscal year ended December 2013 (14th period) is the selling price. Appraisal value in the previous forecast is the sum total of the appraisal value with the end of the midterm ended June 2014 as the date of appraisal and the appraisal value for ibis Styles Sapporo, Mercure Hotel Sapporo and Mercure Hotel Okinawa Naha based on the real estate appraisal report prepared by Japan Real Estate Institute with May 26, 2014, May 16, 2014 and June 1, 2014, respectively, as the date of appraisal. Appraisal value

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after the acquisition of the to-be-acquired assets is the sum total of the appraisal value with the end of the midterm ended June 2014 as the date of appraisal and the appraisal value for the to-be-acquired assets based on the real estate appraisal report prepared by Japan Real Estate Institute with November 1, 2014 as the date of appraisal in the case of the b akasaka-mitsuke, the b ikebukuro, the b ochanomizu, the b hachioji and the b hakata and based on the real estate appraisal report prepared by Daiwa Real Estate Appraisal Co., Ltd. with December 1, 2014 as the date of appraisal in the case of Hotel Francs.

(*5) $\text{NOI} = \text{Real estate operating revenue} - \text{Real estate operating costs} + \text{Depreciation} + \text{Loss on retirement of noncurrent assets}$
 $\text{NOI yield} = \text{NOI} \div \text{Acquisition price (or scheduled acquisition price)}$

(*6) $\text{NOI after depreciation} = \text{Real estate operating revenue} - \text{Real estate operating costs}$
 $\text{NOI yield after depreciation} = \text{NOI after depreciation} \div \text{Acquisition price (or scheduled acquisition price)}$

(*7) $\text{LTV (Acquisition price)} = \text{Total interest-bearing debt} \div \text{Acquisition price (or scheduled acquisition price)} \times 100$
 $\text{Appraisal LTV} = \text{Total interest-bearing debt} \div \text{Appraisal value} \times 100$

In the calculation, interest-bearing debt in the previous forecast is the balance of interest-bearing debt on the last day of September 2014, and interest-bearing debt in the forecast this time is the balance of interest-bearing debt on the last day of March 2015 after the acquisition of the to-be-acquired assets (scheduled) of JPY92,098M.

(*8) The amount is the market cap calculated using the closing price in regular trading of JHR investment units on the Tokyo Stock Exchange, Inc. at that time. However, the market cap on the effective date of merger is that on April 2, 2012.
 Market cap after the acquisition of the to-be-acquired assets is based on the number of investment units issued (2,791,281 units) and additional issuance of new investment units through offering (200,000 units) and new investment units by way of third-party allotment (10,000 units) according to the resolution at the Board of Directors meeting held today to total 3,001,281 units. And calculated by multiplying this units by the closing price in regular trading of JHR investment units on the Tokyo Stock Exchange, Inc. on December 11, 2014.

(*9) Dividend per unit is the dividend per unit assuming full-year impact (annualized effect) of the acquisition of the to-be-acquired assets.

(*10) Amounts are rounded down to the nearest JPY1M, and percentage figures are rounded off to one decimal place.

<Reference Materials 4> Assumptions of the forecast of the annualized effect

- (1) Operating revenue and operating expenses for properties other than the to-be-acquired assets (six properties) remain unchanged from the “<Reference Information 1> Assumptions of the operating forecast for the full year of the fiscal year ending December 2015 (16th period)” above.
- (2) For the to-be-acquired assets (six properties), the values are the forecast for one year calculated based on information provided by the sellers, etc. For taxes, such as fixed asset tax and city planning tax, for the period, JPY147M (12 months) is assumed to be included in expenses.

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