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Notice Concerning Revision of Operating Forecast and Forecast of Dividend for
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 ending December 2015 (January 1, 2015 through December 31, 2015) announced in the “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) dated January 9, 2015 as follows.

1. Revision of the 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
Previous forecast (A)	JPY1M 15,148	JPY1M 8,695	JPY1M 6,907	JPY1M 6,907	JPY 2,305	JPY 0
Revised forecast (B)	JPY1M 15,148	JPY1M 8,695	JPY1M 6,907	JPY1M 6,907	JPY 2,306	JPY 0
Variance (C) = (B) - (A)	JPY1M 0	JPY1M 0	JPY1M 0	JPY1M 0	JPY 1	JPY 0
Variance (D) = (C) / (A)	% 0.0	% 0.0	% 0.0	% 0.0	% 0.0	% 0.0

(Reference) Forecast of net income per unit for the full year: JPY2,314

(Calculated based on the forecast period-average number of investment units of 2,984,886 units.)

- (*1) The number of investment units issued as of end of fiscal year December 2014 is 2,791,281 units. Additional issuance of new investment units through public offering (200,000 units) and new investment units by way of third-party allotment (9,041 units) according to the resolution of JHR’s Board of Directors meeting held on January 9, 2015 is assumed.
- (*2) For the assumptions of the operating forecast above except for the number of issued investment units, see the press release of “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) dated January 9, 2015.”
- (*3) There is no change in operating forecast for the midterm of the fiscal year ending December 2015 (16th Period).
- (*4) 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 the revision of the operating forecast and forecast of dividend for the fiscal year ending December 2015 (16th 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 revising the operating forecast and forecast of dividend

As JHR announced in the press release “Notice Concerning Determination of Number of Investment Units to be Issued by Way of Third-Party Allotment” today, JHR has received a notice from the allottee, SMBC Nikko Securities Inc., of its intention to subscribe 9,041 units of the new investment units by way of third-party allotment, varying from the previous forecast of 10,000 units. For the comparison and major causes of variance between operating forecast and forecast of dividend of fiscal year ended December 2014 (15th Period) announced in the press release on February 10, 2015 and operating forecast and forecast of dividend of fiscal year ending December 2015 (16th Period), see “<Reference Material 1> Highlights of Operating Forecast and Forecast of Dividend.”

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.

<Reference Material 1> Highlights of Operating Forecast and Forecast of Dividend

(Unit: JPY M)

		15th Period	16th Period		Variance		Major causes of variance	
		Forecast (A)	Forecast this time (B)	Forecast this time Annualized (C)			Acquisition of 6 properties (*1)	Existing properties
Properties	No. of properties	30	36	36	6	20.0%	6	-
	Acquisition price	173,429	196,534	196,534	23,105	13.3%	23,105	-
Profit and loss	Operating revenue	12,760	15,148	15,293	2,388	18.7%	1,220	1,167
	Fixed rent	Composition	Composition	Composition	1,018	11.2%	813	204
		71.1% 9,066	66.6% 10,085	66.8% 10,209				
	Variable rent	28.9% 3,693	33.4% 5,062	33.2% 5,084	1,369	37.1%	406	962
	NOI (*3)	11,002 6.3%	12,868 6.5%	12,863 6.5%	1,865 0.2%	17.0% 3.2%	1,190 5.2%	675
	NOI after depreciation (*3)	8,597 5.0%	10,132 5.2%	10,119 5.1%	1,535 0.2%	17.9% 4.0%	1,045 4.5%	489
	Operating income	7,545	8,695	8,676	1,149	15.2%	908	240
	Net income	5,774	6,907	6,940	1,132	19.6%	711	421
Dividend	Use of negative goodwill	240	13	13	-227	-94.6%		
	Total dividends	6,015	6,918	6,951	903	15.0%		
	No. of units issued	2,791,281	3,000,322	3,000,322	209,041	7.5%		
	Dividend per unit (JPY)	2,155	2,306	2,317	151	7.0%		

(*1) Refers to the five b hotels acquired on January 30, 2015 and Hotel Francs scheduled to be acquired on March 31, 2015.

(*2) Refers to ibis Styles Sapporo acquired on July 9, 2014, and Mercure Hotel Sapporo and Mercure Hotel Okinawa Naha acquired on September 30, 2014. FY1, ibis Styles Sapporo is posted on profit and loss in the 15th Period (Forecast) for the amount approximately 6 months' rent, etc. and Mercure Hotel Sapporo and Mercure Hotel Okinawa Naha for the amount approximately 3 months' rent, etc.

(*3) 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

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

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