



JAPAN HOTEL REIT



February 20, 2015

Japan Hotel REIT Investment Corporation

Financial Results Briefing 15th Period (FY12/2014)

(TSE : 8985)

<http://www.jhrth.co.jp/en/index.html>

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Former Nippon Hotel Fund Investment Corporation ("former NHF") and former Japan Hotel and Resort, Inc. ("former JHR") merged on April 1, 2012. The surviving company is the former NHF. The new name after the merger is Japan Hotel REIT Investment Corporation ("JHR"). The asset management company of JHR is Japan Hotel REIT Advisors Co., Ltd. ("Asset Management Company").

I. Settlement Of Accounts For FY12/2014 - Highlights

1. FY12/2014 Highlights

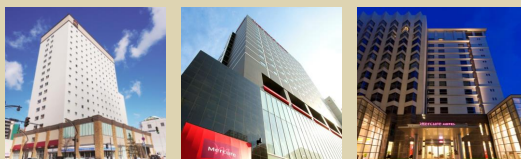
1. External Growth

► Ongoing property acquisitions

Property acquisition in FY12/2014 End of FY12/2014

Acquired properties 3
Acquisition price
JPY15.7 billion
(Public offering in 9/2014)

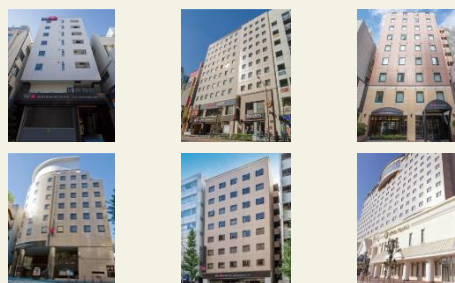
► 30 properties
JPY173.4 billion



Property acquisition (scheduled) in 2015 After property acquisition (scheduled) in 2015

6 properties
JPY23.1 billion
(Public offering in 1/2015)

► 36 properties
JPY196.5 billion



► Diversification of acquisition strategies Investment in silent partnership of Hotel Francs

2. Internal Growth

► Improvement in performance of hotels with variable rent

- HMJ's five hotels(*1)
Total of 5 hotels: GOP increase by JPY147M (+2.4%)
- Accor's five hotels(*2)
ibis Tokyo Shinjuku: GOP increase by JPY74M (+19.9%)
etc.

► Introduction of upside sharing scheme

- Hotel Keihan Universal City
- Smile Hotel Nihombashi Mitsukoshimae

3. Improvement in financial conditions

► Improvement of financial indicators

Lower borrowing costs Longer life of debt
2.0%⇒**1.7%** 2.4 years ⇒**3.3** years
Interest rate fixation ratio Management of LTV
65%⇒**89%** 43.8%⇒**43.1%**

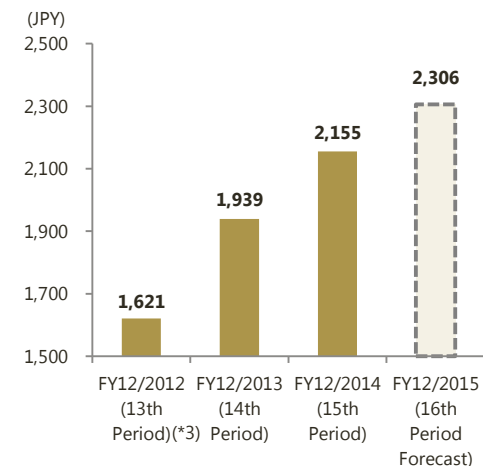
► Strengthening financial ground

- Issuance of 5 and 7-year investment corporation bonds
- New lenders
Aozora Bank, Ltd.
Mitsubishi UFJ Trust and Banking Corporation

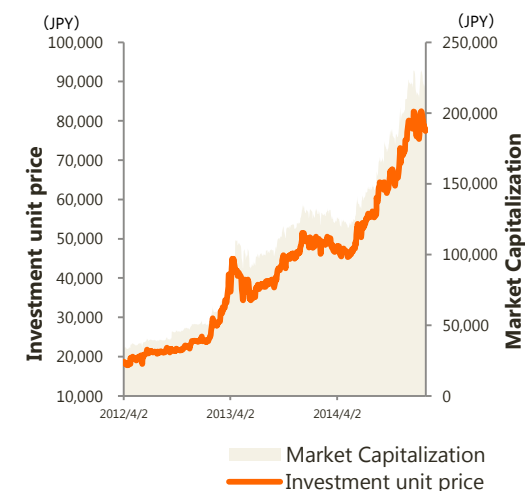
► Addition to Index

Addition to FTSE EPRA/NAREIT Global Real Estate Index

Steady growth of dividend



Rising market capitalization and investment unit price



(*1) HMJ's five hotels are Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Aliviva, and Oriental Hotel Hiroshima (hereinafter called "HMJ's five hotels").

(*2) Accor's five hotels are ibis Tokyo Shinjuku, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Hotel Sapporo, and Mercure Hotel Okinawa Naha (hereinafter called "Accor's five hotels").

(*3) Fiscal year ending December 2012 (13th period) is irregular settlement of accounts of nine months. Therefore, the dividend is an annualized number based on certain conditions.

II. Settlement of Accounts - Summary

1. Operational Performance

		(A)	(B)	(B) – (A)		
		FY12/2013	FY12/2014	Variance		
		Actual	Actual	Total	Acquisition of 3	Existing
		*After adjustment (*1)		(C) + (D)	properties (*2)	properties
				(C)	(C)	(D)
Property	No. of properties	28	30	2	3	—
	Acquisition price	158,902	173,429	14,527	15,797	—
Profit and loss	Operating revenue	11,472	12,760	1,287	442	844
	Variable rent	Composition 24.5%	Composition 28.9%	881	362	①→ 519
	Fixed rent	75.5%	71.1%	405	80	②→ 325
	NOI	9,907 6.2%	11,002 6.3%	1,094 0.1%	382 -	712 -
	Depreciation	2,297	2,400	103	76	26
	Loss on retirement of noncurrent assets	8	4	-3	0	-3
	Loss on sale	0	0	0	0	0
	NOI after depreciation	7,602 4.8%	8,597 5.0%	994 0.2%	305	689
	Other operating expenses	1,045	1,051	6		
	Operating income	6,556	7,545	988		
	Non-operating income	6	4	-2		
	Non-operating expenses	1,634	1,774	140		
	Ordinary income	4,929	5,776	846		
	Net income	4,939	5,774	835		
Dividend	Use of negative goodwill	143	240	97		
	Total dividends	5,082	6,015	932		
	Number of units issued (Units)	2,621,281	2,791,281	170,000		
	Dividend per unit (JPY)	1,939	2,155	216	+11.1%	

(Unit: JPY M)

Major causes of variance

① Operating revenue - variable rent, etc.

- Increase in HMJ's variable rent -- JPY119M
- Increase in income from management contract with ibis Tokyo Shinjuku -- JPY74M
- Increase in upside sharing, etc. -- JPY33M
- Full-year impact of acquiring ibis Styles Kyoto Station during FY12/2013(*3) -- JPY291M

② Operating revenue - fixed rent

- Full-year impact of acquiring 2 properties(*3) during FY12/2013 --JPY637M
- Decrease from selling 3 properties(*4) -- JPY317M

(*1) For comparison purposes, operating results exclude special causes resulting from loss on sale of Hotel Vista Hashimoto and Pearl Hotel Kayabacho and impairment loss by selling Dormy Inn Namba.

(*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.

(*3) Refers to Hilton Tokyo Bay Hotel acquired on April 26, 2013 and ibis Styles Kyoto Station acquired on October 31, 2013. FY1, Hilton Tokyo Bay Hotel is posted on profit and loss in the 14th Period (Actual) for the amount approximately eight months' rent, etc. and ibis Styles Kyoto Station for the amount approximately two months' rent, etc.

(*4) Refers to Hotel Vista Hashimoto sold on June 28, 2013, Pearl Hotel Kayabacho sold on November 13, 2013, and Dormy Inn Namba sold on January 24, 2014.

(*5) 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/total acquisition price of the properties owned as of the end of the fiscal year,
 NOI after depreciation=Real estate operating revenue - Real estate operating costs,
 NOI yield after depreciation=NOI after depreciation/total acquisition price of the properties owned as of the end of the fiscal year

2. Revenue Forecast

		(A)	(B)	(For reference)	(B) – (A)		
		FY12/2014 Actual	FY12/2015 Forecast (*1)	FY12/2015 Forecast (Annualized numbers)(*1)	Variance		
Property	No. of properties	30	36	36	6	6	—
	Acquisition price	173,429	196,534	196,534	23,105	23,105	—
Profit and loss	Operating revenue	12,760	15,148	15,293	2,388	1,220	1,167
	Variable rent	Composition 28.9%	Composition 33.4%	Composition 33.2%	3,693	5,062	5,084
	Fixed rent	71.1%	66.6%	66.8%	9,066	10,085	10,209
	NOI	11,002 6.3%	12,868 6.5%	12,863 6.5%	1,865 0.2%	1,190 5.2%	675
	Depreciation	2,400	2,722	2,730	322	145	176
	Loss on retirement of noncurrent assets	4	13	13	8	0	8
	Loss on sale	0	0	0	0	0	0
	NOI after depreciation	8,597 5.0%	10,132 5.2%	10,119 5.1%	1,535 0.2%	1,045 4.5%	489
	Other operating expenses	1,051	1,437	1,443	385		
	Operating income	7,545	8,695	8,676	1,149		
	Non-operating income	4	0	0	-4		
	Non-operating expenses	1,774	1,788	1,735	13		
Dividend	Ordinary income	5,776	6,907	6,940	1,131		
	Net income	5,774	6,907	6,940	1,132		
	Use of negative goodwill	240	13	13	-227		
	Total dividends	6,015	6,918	6,951	903		
	Number of units issued (Units)	2,791,281	3,000,322	3,000,322	209,041		
	Dividend per unit (JPY)	2,155	2,306	2,317	151	+7.0%	

(Unit: JPY M)

Major causes of variance

① Operating revenue – variable rent, etc.

- Increase in HMJ's variable rent -- JPY52M
- Increase in income from management contracts with ibis Tokyo Shinjuku and ibis Styles Kyoto Station -- JPY62M
- Increase in upside sharing, etc. -- JPY88M
- Full-year impact of acquiring 3 properties(*3) during FY12/2014 -- JPY759M

② Operating revenue – fixed rent

- Full-year impact of acquiring 3 properties(*3) during FY12/2014 -- JPY228M

Major assumptions for FY12/2015^(*)

- **Operating assets:** Thirty-six properties including six properties to be acquired in FY12/2015 (scheduled) will be owned/operated for the full year. No property transfer (acquisition or disposition) is expected.
- **Operating revenue:** Based on the lease contracts, etc., hotels' competitiveness and market environment have been considered.
- **Operating expenses:** JPY985M for fixed asset tax and city planning tax, etc. is assumed. The taxes of the six properties scheduled to be acquired will not be posted as operating expenses since they will be posted as acquisition expenses. (The fixed asset tax and city planning tax for the six properties is posted with the assumption of JPY147M in annualized number.) Straight-line method is applied to calculate depreciation.
- **Non-operating expenses:** JPY1,788M is assumed as interest payments, amortization of loan-related fees, loan-related costs and amortized expenses for issuing new investment units in January 2015, etc.
- **Borrowing:** It is assumed that the balance of loans and investment corporation bonds at the beginning of the FY12/2015 totals JPY81,089M. The amount is assumed to be JPY91,260M at the end of FY12/2015.
- **No. of investment units issued:** Assume 3,000,322 units in total.
- **Dividend per unit:** Negative goodwill is used for loss on retirement of noncurrent assets (JPY13M).

(*1) For details, please refer to the "Financial Report for the Fiscal Year Ended December 31, 2014 (January 1, 2014 – December 31, 2014)" dated February 19, 2015.
(16th Period) dated January 9, 2015.

(*2) Refers to the five "the b" hotels (the b akasaka-mitsuke, the b ikebukuro, the b ochanomizu, the b hachioji, the b hakata) acquired on January 30, 2015 and Hotel Francs scheduled to be acquired on March 31, 2015.

(*3) 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 FY12/2014 (Actual) for the amount approximately six months' rent, etc., and Mercure Hotel Sapporo and Mercure Hotel Okinawa Naha for the amount approximately three months' rent, etc.

(*4) 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/total acquisition price of the properties owned as of the end of the fiscal year (scheduled), NOI after depreciation = Real estate operating revenue - Real estate operating costs, NOI yield after depreciation = NOI after depreciation/total acquisition price of the properties owned as of the end of the fiscal year (scheduled).

3. Balance Sheet

(Unit: JPY M)

	FY12/2013 end of fiscal year (As of) 2013.12.31	FY12/2014 end of fiscal year 2014.12.31	Variance
ASSETS			
Current Assets	13,642	15,836	2,194
Cash and deposits (*1)	12,553	14,424	1,871
Operating accounts receivable	753	1,029	276
Others	335	382	47
Property and equipment, at cost	157,005	172,160	15,155
Net property and equipment	136,529	150,736	14,207
Buildings in trust (*2)	53,480	61,007	7,527
Land in trust	82,502	89,055	6,553
Others(*3)	546	672	126
Intangible assets	19,824	19,842	18
Other assets	651	1,582	931
Investment in securities	-	602	602
Leasehold and security deposits	170	170	0
Others	481	808	327
Deferred assets	79	94	15
TOTAL ASSETS	170,727	188,091	17,364

	FY12/2013 end of fiscal year (As of) 2013.12.31	FY12/2014 end of fiscal year 2014.12.31	Variance
LIABILITIES AND NET ASSETS			
Current liabilities	17,887	13,474	-4,413
Operating accounts payable	238	285	47
Short-term loans payable	2,669	-	-2,669
Current portion of investment corporation bond	-	-	-
Current portion of long-term loans payable	13,701	11,825	-1,876
Accounts payable	560	691	131
Advances received	634	651	17
Others	82	20	-62
Long-term liabilities	63,084	74,274	11,190
Long-term loans payable	55,913	63,264	7,351
Investment corporation bond	2,500	6,000	3,500
Tenant leasehold and security deposits	4,625	4,650	25
Others	45	358	313
TOTAL LIABILITIES	80,971	87,748	6,777
NET ASSETS			
Unitholders' capital	48,845	59,024	10,179
Capital surplus	21,746	21,746	0
Dividend reserve	16,017	14,168	-1,849
Unappropriated retained earnings	3,235	5,776	2,541
Others	-88	-373	-285
TOTAL NET ASSETS	89,756	100,342	10,586
TOTAL LIABILITIES AND NET ASSETS	170,727	188,091	17,364

(*1) Cash and deposits in trust is included.

(*2) The sum of building in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, and construction in progress in trust.

(*3) The sum of machinery and equipment, tools, furniture and fixtures.

III. External Growth

1. Properties Acquired through Public Offering in September 2014

Name of Acquired Property	ibis Styles Sapporo (*1)	Mercure Hotel Sapporo	Mercure Hotel Okinawa Naha	3 Properties in Total
				
Address	Chuo-ku, Sapporo-shi, Hokkaido	Chuo-ku, Sapporo-shi, Hokkaido	Naha-shi, Okinawa	-
Completion	2010/07	2009/04	2009/08	-
Acreage	2,515.22m ²	2,016.27m ²	2,860.69m ²	7,392.18m ²
Total Floor Space	14,992.49m ²	16,145.79m ²	10,884.25m ²	42,022.53m ²
Structures	Reinforced-concrete building	Steel-framed building	Reinforced-concrete building	-
Floors	16 fl above + 1 fl below ground	15 fl above + 1 fl below ground	14 fl above ground	-
Acquisition Price	JPY6,797M	JPY6,000M	JPY3,000M	JPY15,797M
Appraisal Value	JPY6,840M	JPY6,030M	JPY3,040M	JPY15,910M
Type	Limited service	Limited service	Limited service	-
Grade	Mid-priced	Mid-priced	Mid-priced	-
Total No. of Guest Rooms	278 rooms	285 rooms	260 rooms	823 rooms
Rent Scheme	Management contract	Management contract	Management contract	-
NOI Yield (*2)	6.4%	6.3%	6.3%	6.3%

*1: Rebranded from Best Western Hotel Nakajima Koen to ibis Styles Sapporo on December 27, 2014.

*2: Assumed at the time of acquisition.

Note: 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

2. Properties Acquired through Public Offering in January 2015 (Scheduled)

Name of Acquired Property	the b akasaka-mitsuke	the b ikebukuro	the b ochanomizu	the b hachioji	the b hakata	Hotel Francs	6 Properties in Total
							
Address	Minato-ku, Tokyo	Toshima-ku, Tokyo	Chiyoda-ku, Tokyo	Hachioji-shi, Tokyo	Hakata-ku, Fukuoka-shi, Fukuoka	Mihama-ku, Chiba-shi, Chiba	-
Completion	2002/11	1982/06	1999/08	1986/08	1997/09	1991/08	-
Acreage	625.46m ²	718.71m ²	357.47m ²	1,227.29m ²	719.46m ²	4,828.00m ²	8,476.39m ²
Total Floor Space	2,867.04m ²	5,650.01m ²	1,742.23m ²	7,847.65m ²	3,986.09m ²	19,213.39m ²	41,306.41m ²
Structures	Steel-framed bldg	Steel-reinforced concrete / steel-framed bldg	Steel-reinforced concrete bldg	Steel-reinforced concrete bldg	Steel-reinforced concrete bldg	Steel-reinforced concrete bldg	-
Floors	8 floors	10fl above + 2fl below ground	9 floors	12fl above + 2fl below ground	8 floors	13fl above + 1fl below ground	-
Acquisition Price (Scheduled)	JPY6,250M	JPY6,520M	JPY2,320M	JPY2,610M	JPY2,300M	JPY3,105M	JPY23,105M
Appraisal Value	JPY6,420M	JPY6,770M	JPY2,470M	JPY2,720M	JPY2,370M	JPY3,500M	JPY24,250M
Type	Limited service	Limited service	Limited service	Limited service	Limited service	Full service	-
Grade	Mid-priced	Mid-priced	Mid-priced	Mid-priced	Mid-priced	Mid-priced	-
Total No. of Guest Rooms	122 rooms	175 rooms	72 rooms	196 rooms	175 rooms	222 rooms	962 rooms
Rent Scheme	Variable/fixed rent	Variable/fixed rent	Variable/fixed rent	Variable/fixed rent	Variable/fixed rent	Fixed rent	-
NOI Yield(*)	4.3%	4.7%	4.6%	6.1%	5.2%	7.4%	5.1%

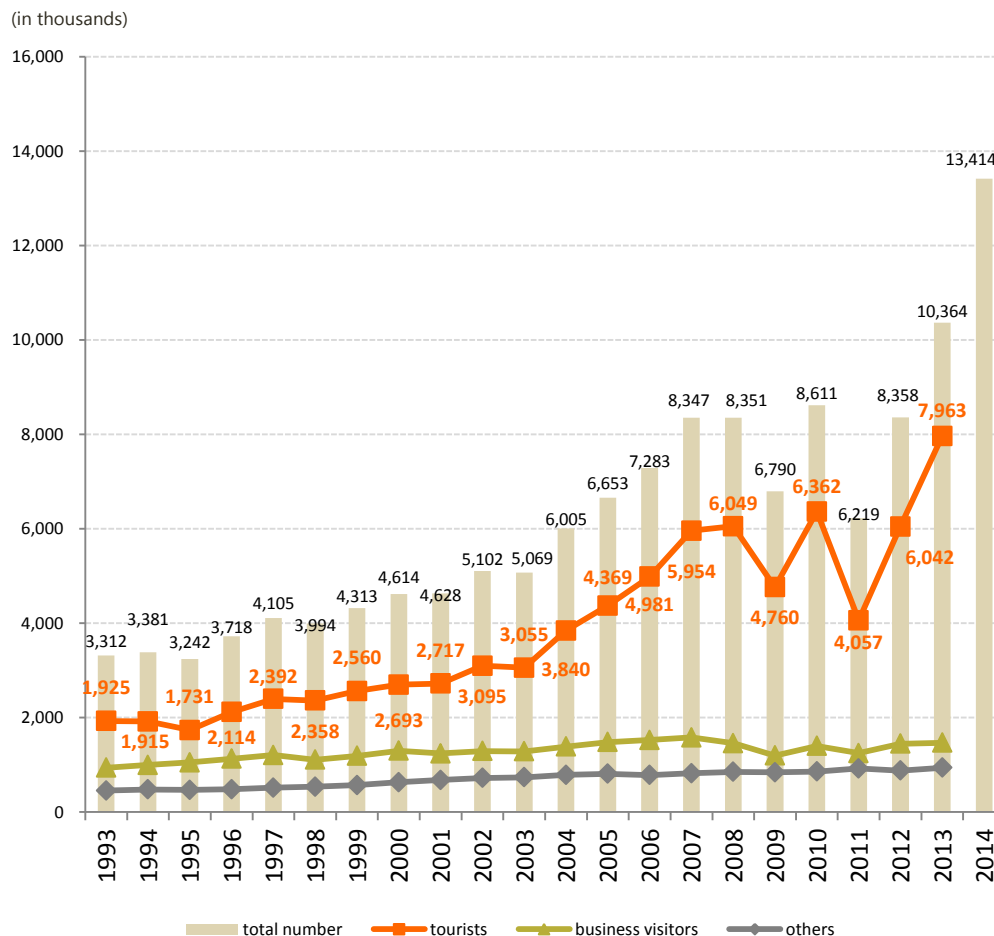
(*) Assumed at the time of acquisition.

Note: 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

3. Rationale for Acquisitions - Market Environment (1/2)

Change in the number of inbound visitors by purpose

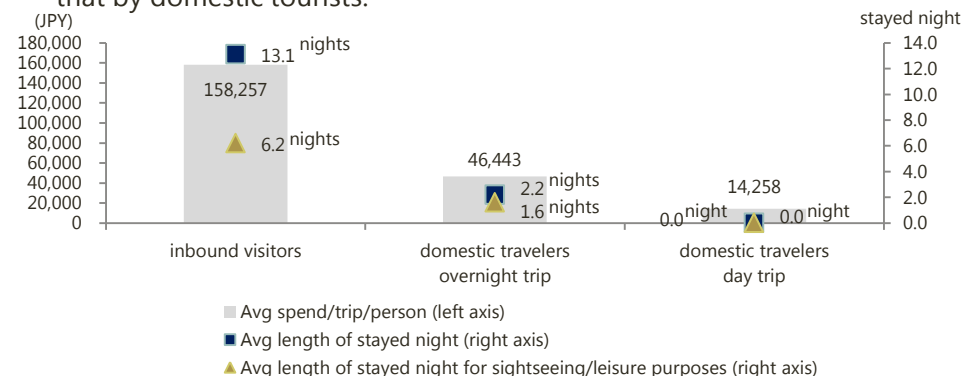
- The growth in the total number of inbound visitors is accelerating. The key driver of growth is inbound leisure tourists.



Source: "Trend of the number of inbound visitors" Japan National Tourism Organization (JNTO)

Average spending/trip/person and average length of stay

- The average length of stay by inbound visitors is six times longer than that by domestic tourists.

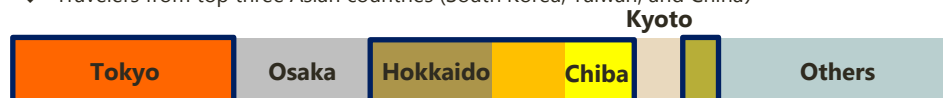


Source: "Consumption Trend Survey for Foreigners Visiting Japan (July-Sept 2014)" and "Consumption Trend Survey for Travel and Sightseeing" by Japan Tourism Agency

Inbound visitors' popular travel destinations

- Rural areas are also popular among Asian inbound visitors.

- ◆ Travelers from top three Asian countries (South Korea, Taiwan, and China)



- ◆ Travelers from the U.S.



- ◆ Travelers from the U.K.

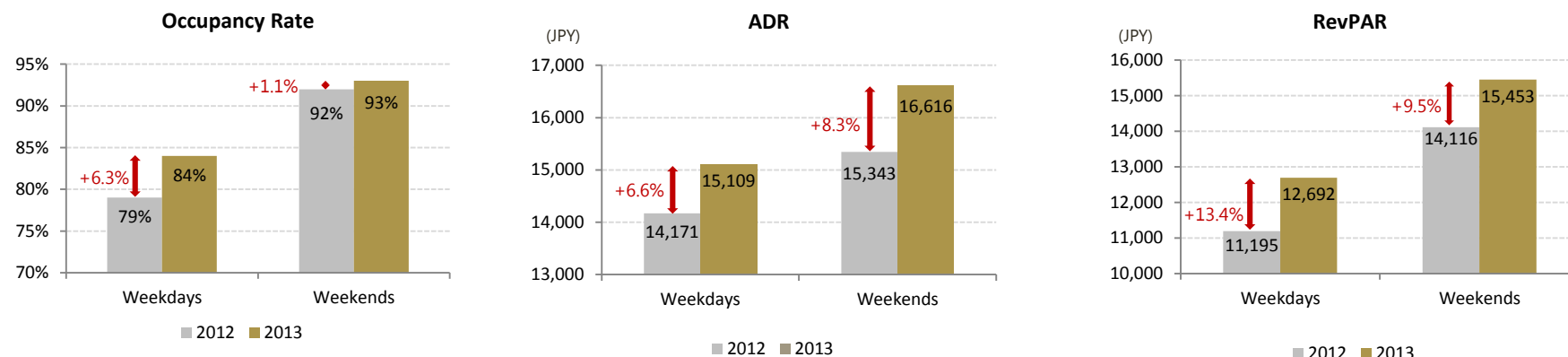


Source: "Overnight trips survey" by Japan Tourism Agency

3. Rationale for Acquisitions - Market Environment (2/2)

Performance of hotels in Tokyo weekdays/weekends

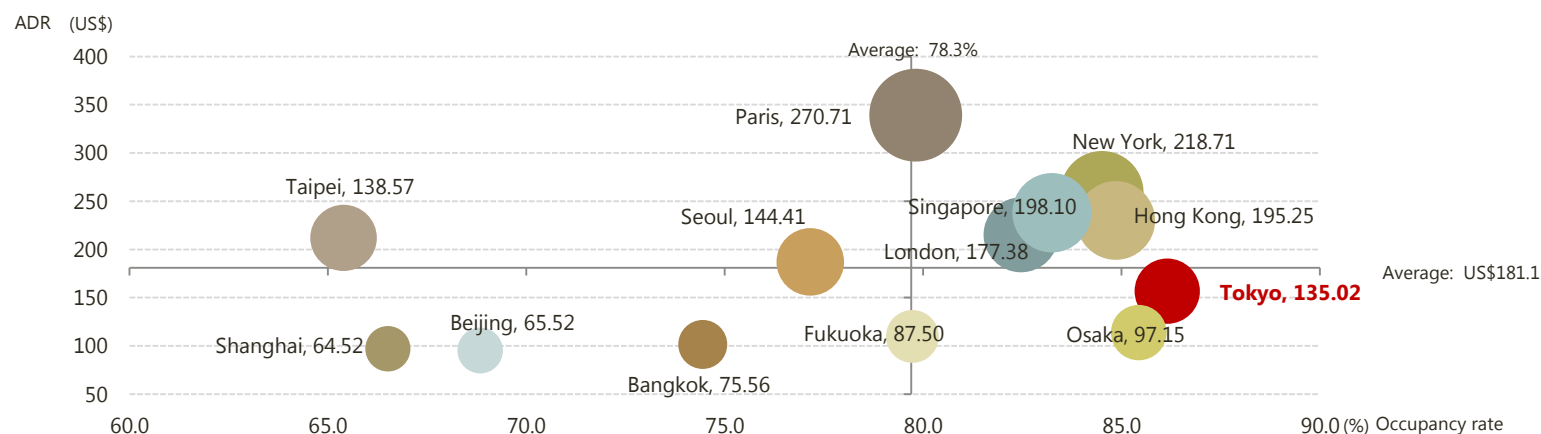
- Rise in occupancy rate shifts to rise in ADR due to increasing demand



Source: Prepared by Asset Management Company using data of STR Global

Comparison of main indexes in major cities in the world (2013)

- Tokyo has a potential in increasing RevPAR lead by ADR growth

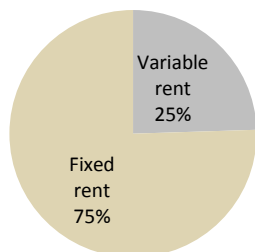


Source: Prepared by Asset Management Company using data of STR Global
(*) The size of circles show RevPAR.

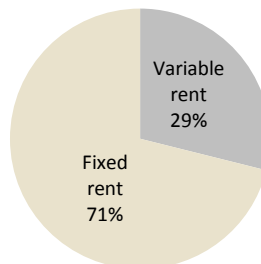
4. Impact of Property Acquisitions

➤ Rent ratio (*1)

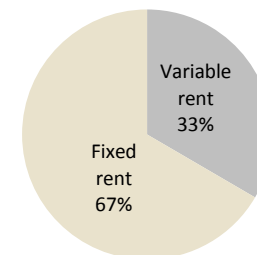
FY12/2013



FY12/2014

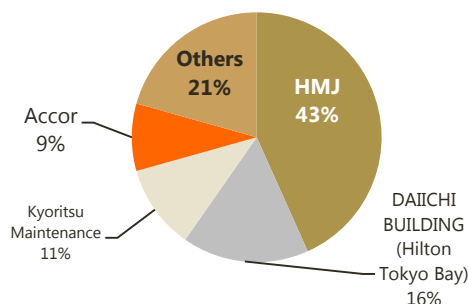


FY12/2015 (Forecast)

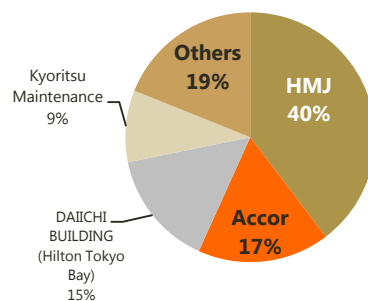


➤ Diversification of operators (*2)

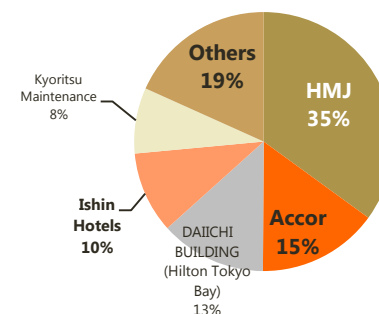
FY12/2013



FY12/2014

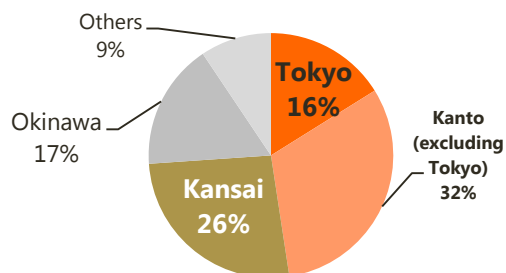


FY12/2015 (Forecast)

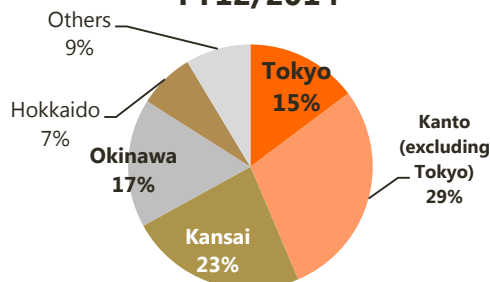


➤ Diversification of areas (*2)

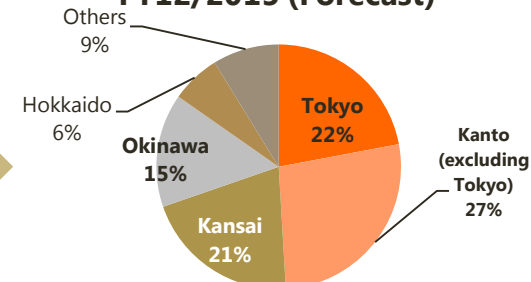
FY12/2013



FY12/2014



FY12/2015 (Forecast)



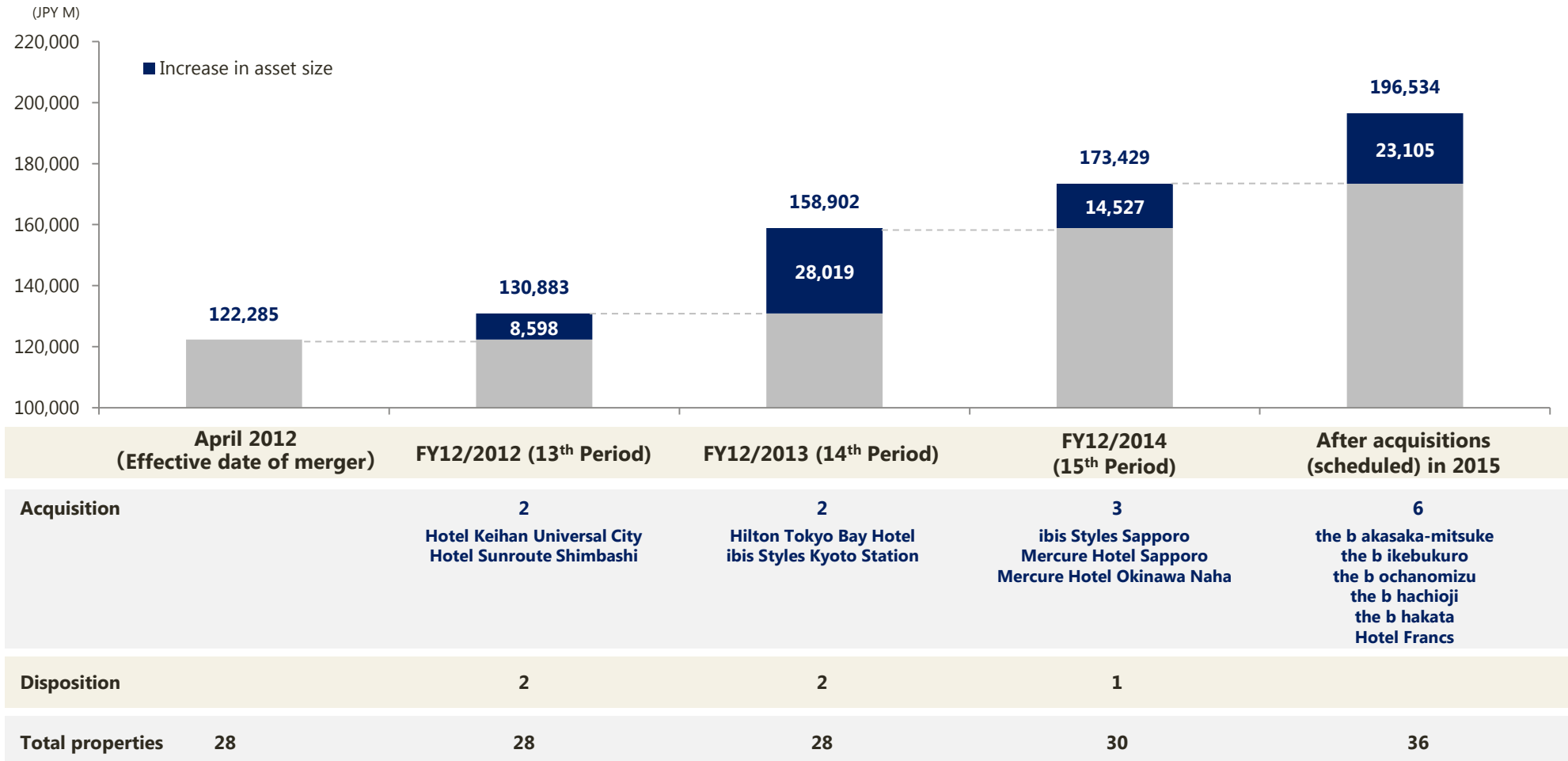
*1: Based on the percentage of rent income

*2: Based on acquisition price

5. Ongoing Property Acquisitions

Change in asset size (*)

➤ Realize external growth by steady property acquisitions



(*) Asset size refers to the total amount of acquisition price.

IV. Internal Growth

1. Rent Schemes

Stability

Upside

(As of end of December 2014)

Type of rent		Fixed rent	Fixed rent + Upside sharing	Fixed rent + Variable rent	Variable rent	Management contract	Total
Type of contract		Lease contract	Lease contract	Lease contract	Lease contract	Management contract	
Rent schemes	Fixed	○	○	○	-	-	-
	Variable	-	A certain percentage of sales exceeded the threshold	A certain percentage of hotel GOP	A certain percentage of hotel GOP	GOP of hotel	-
Macro economic sensitivity		Low	Relatively high	High	High	High	-
Operating revenue (JPY M) (%)		2,534 (19.9%)	3,058 (24.0%)	5,628 (44.1%)	62 (0.5%)	1,476 (11.6%)	12,760 (100.0%)
	(Break-down)	Fixed rent (%)	3,002 (23.5%)	3,223 (25.3%)	-	307 (2.4%)	9,066 (71.1%)
		Variable rent (%)	56 (0.4%)	2,404 (18.8%)	62 (0.5%)	1,169 (9.2%)	3,693 (28.9%)
Involvement in hotel operation		Low	Low	High	High	High	
CAPEX paid by JHR		1) Renewal of building and facilities	1) Renewal of building and facilities < 3) Strategic investment >	1) Renewal of building and facilities 2) Fixtures and equipment 3) Strategic investment	1) Renewal of building and facilities 2) Fixtures and equipment 3) Strategic investment	1) Renewal of building and facilities 2) Fixtures and equipment 3) Strategic investment	
No. of properties		14	5	5	1	5	30
Acquisition price (JPY M) (%)		33,696 (19.4%)	40,471 (23.3%)	68,800 (39.7%)	823 (0.5%)	29,640 (17.1%)	173,430 (100.0%)
Hotels		Hakone Setsugetsuka The Beach Tower Okinawa Dormy Inn Kumamoto Dormy Inn Suidobashi(*1) (10 other hotels)	Smile Hotel Nihombashi Mitsukoshimae(*2) Hotel Vista Kamata Tokyo Hotel Keihan Universal City(*3) Hotel Sunroute Shimbashi Hilton Tokyo Bay Hotel	Kobe Meriken Park Oriental Hotel Oriental Hotel tokyo bay Namba Oriental Hotel Hotel Nikko Alivila Oriental Hotel Hiroshima	Chisan Inn Kamata	ibis Tokyo Shinjuku ibis Styles Kyoto Station ibis Styles Sapporo Mercure Hotel Sapporo Mercure Hotel Okinawa Naha	

Properties scheduled to be acquired in FY12/2015

Type of rent	Fixed rent	Fixed rent + Upside sharing	Fixed rent + Variable rent	Variable rent	Management contract	Total
Hotels	Hotel Francs		the b akasaka-mitsuke the b ikebukuro the b ochanomizu the b hachioji the b hakata			—

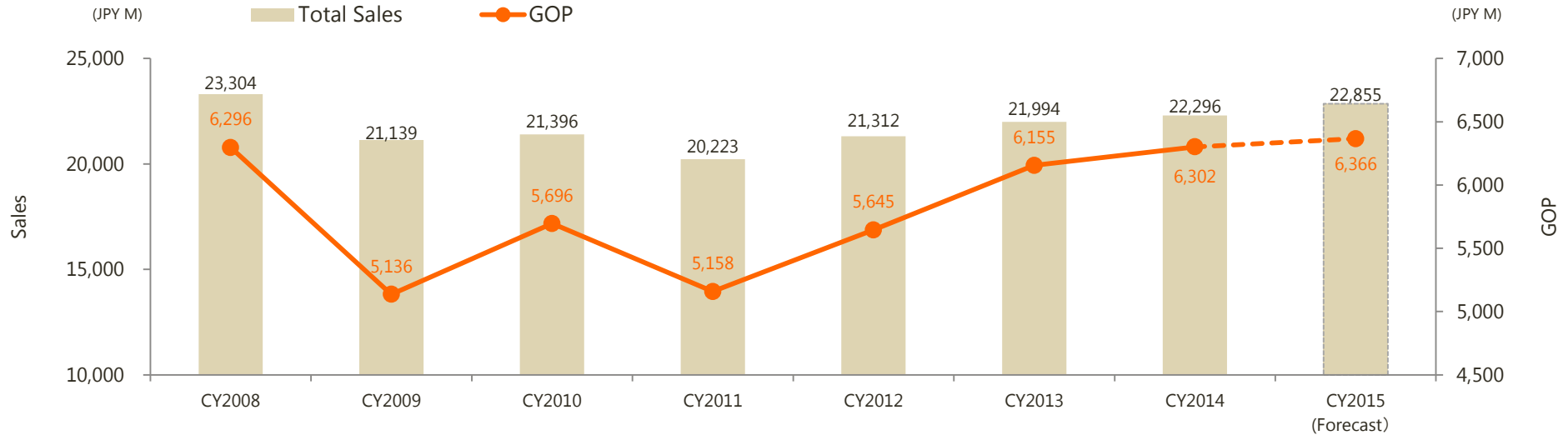
(*1) The rent type of Dormy Inn Suidobashi is scheduled to change from fixed rent to fixed rent + variable rent upon rebranding as "the b suidobashi" in July 2015.

(*2) The rent type of Smile Hotel Nihombashi Mitsukoshimae changed from fixed rent to fixed rent + upside sharing in April 2014.

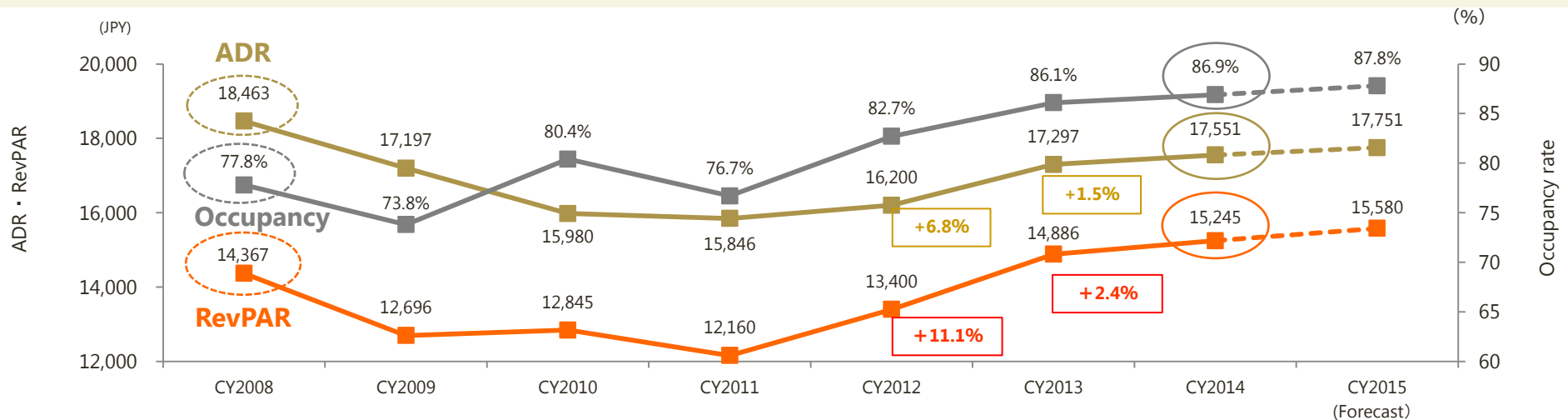
(*3) The rent type of Hotel Keihan Universal City changed from fixed rent to fixed rent + upside sharing in July 2014.

2. HMJ's Five Hotels - Highlights

Change in total sales and GOP



Change in KPI

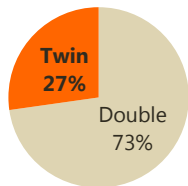


2-1. Case Study of Namba Oriental Hotel

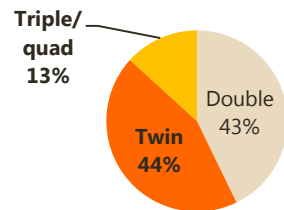
<Case Study> Namba Oriental Hotel

- Located in the center of Osaka Namba, a popular destination for inbound tourists.
- Large guest rooms (min. 23sqm), easy to accommodate more than 2 persons.
- Reviewed and changed the ratio of guest room configuration.

Guest room configuration
in 2010



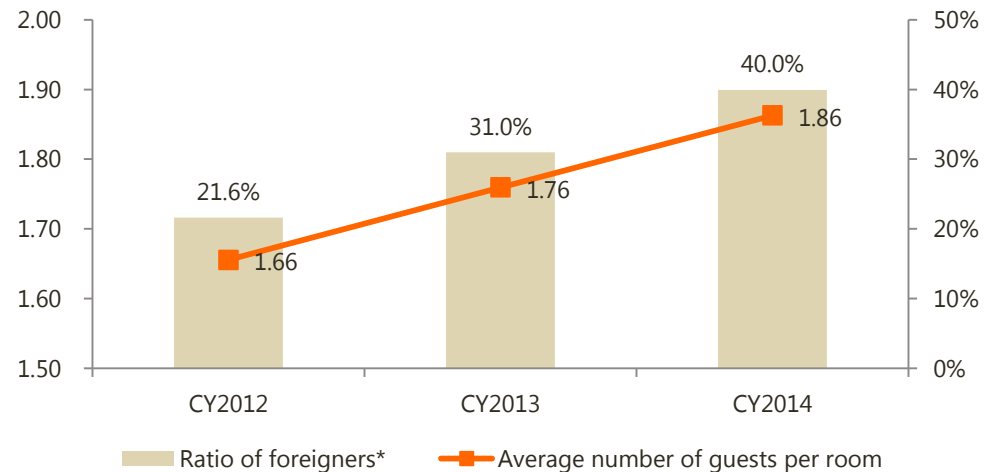
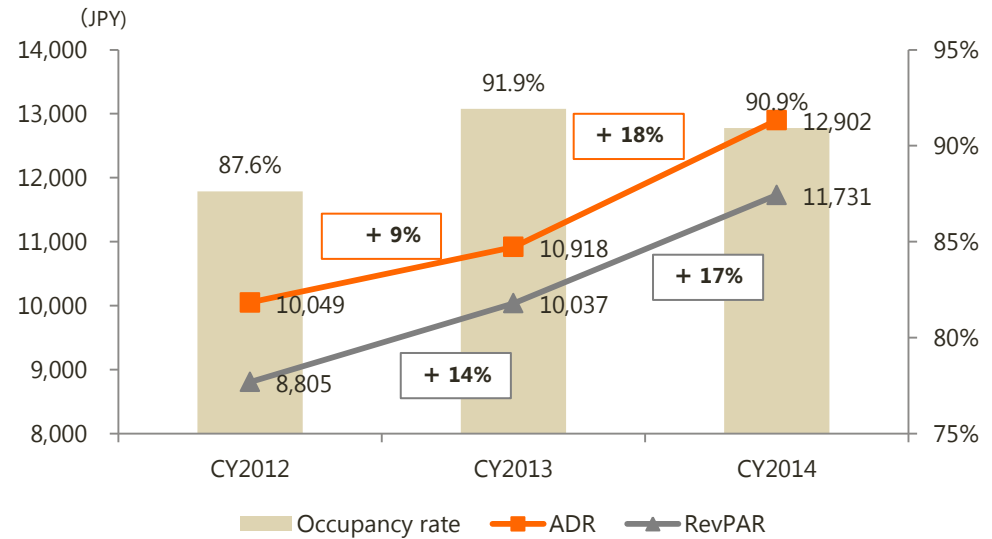
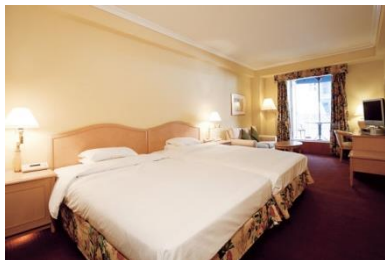
Guest room configuration ratio
in 2014



✓ Double room => Twin room



✓ Twin room => Triple room



* Ratio of foreigners by room.

3. Accor's Five Hotels - Highlights (1/2)

Accor's five properties

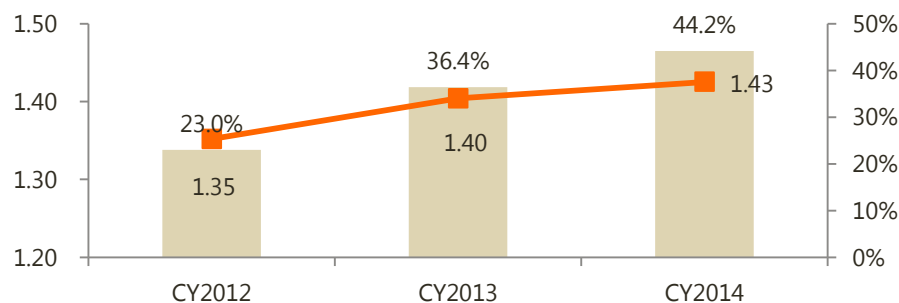
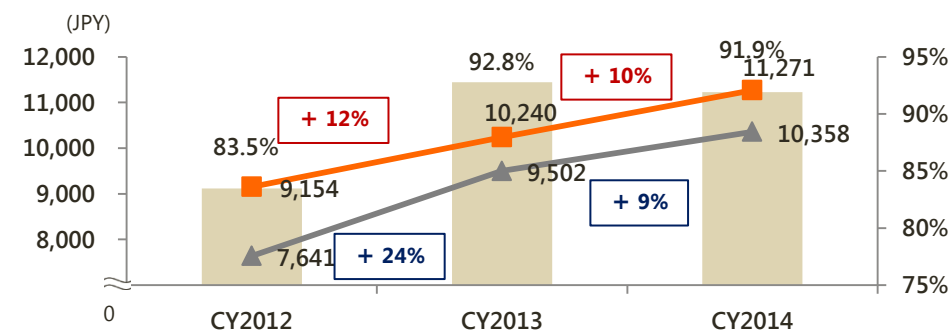
Existing properties: ibis Tokyo Shinjuku, ibis Styles Kyoto Station

Newly acquired properties: Mercure Hotel Sapporo, ibis Styles Sapporo, Mercure Hotel Okinawa Naha

Existing properties

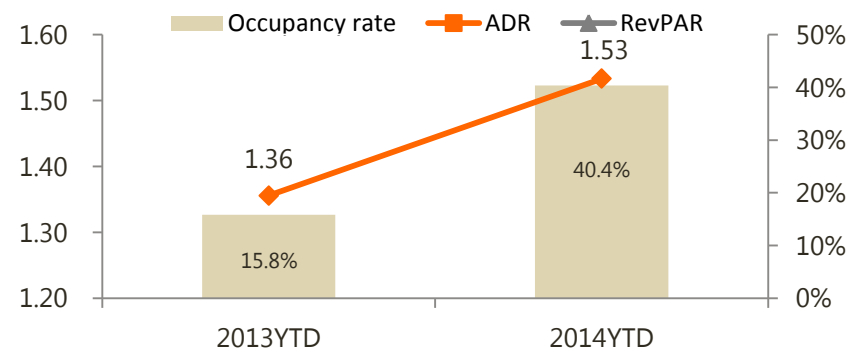
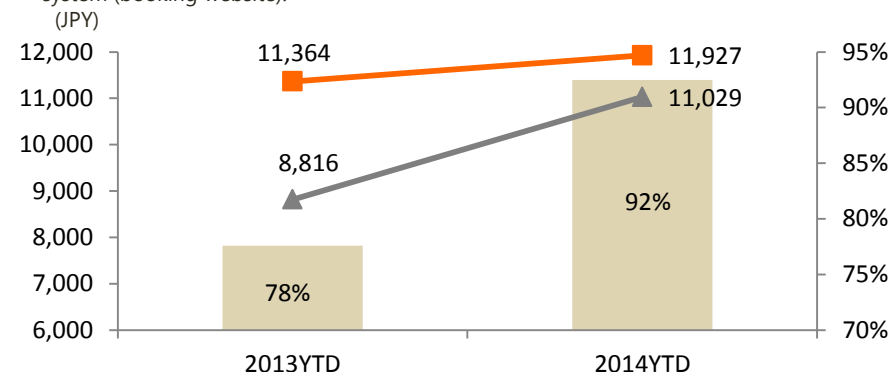
ibis Tokyo Shinjuku

Succeeded in attracting domestic business guests, high-unit-priced leisure guests, and inbound visitors.



ibis Styles Kyoto Station

- Rebranded as "ibis Styles" when it was acquired on October 31, 2013.
- The hotel strived to build up new sales operation and improve public recognition. It succeeded in attracting inbound travelers proactively through the operator's own network system (booking website).



YTD: November & December

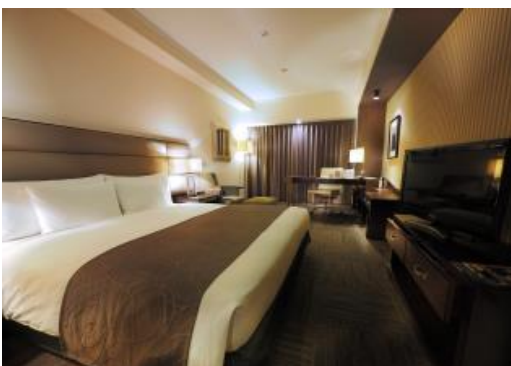
Ratio of foreigners (bar), Average number of guests per room (line)

3. Accor's Five Hotels - Highlights (2/2)

Newly acquired properties

- Similar to existing properties, these properties focused in attracting inbound visitors as well as domestic leisure guests.
- Ibis Styles Sapporo was rebranded from Best Western Hotel Sapporo Nakajima Koen on December 27, 2014.

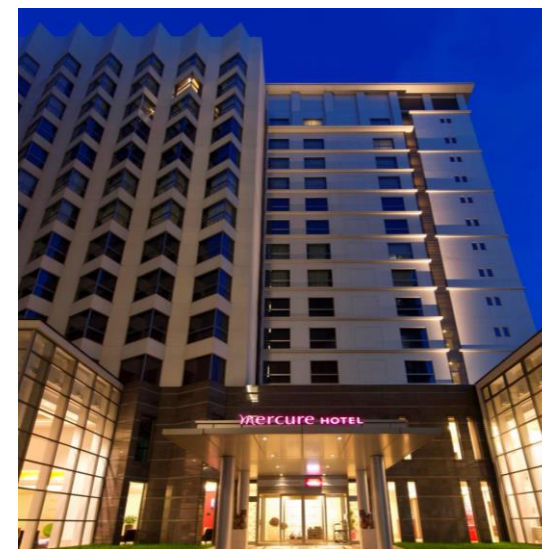
ibis Styles Sapporo



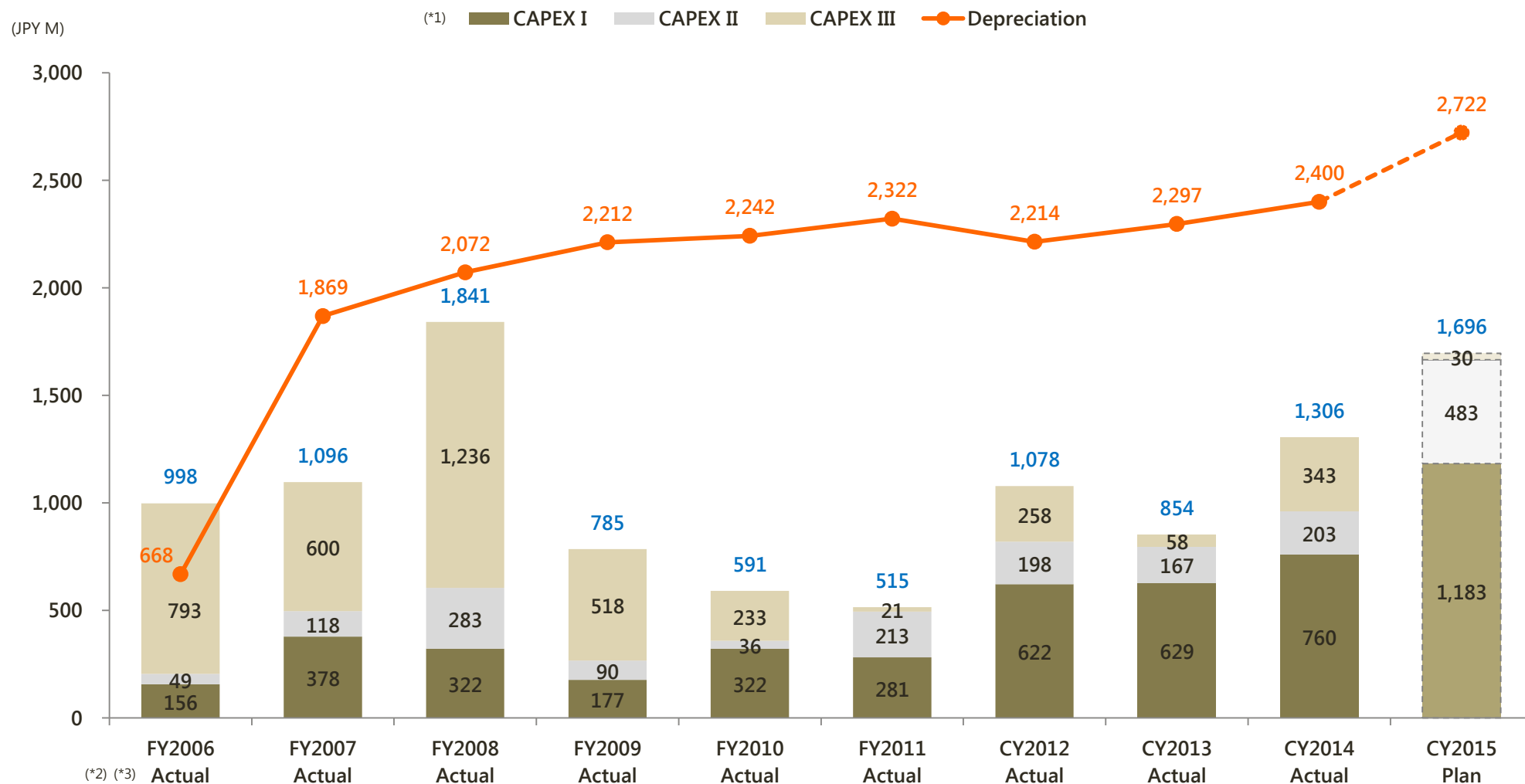
Mercure Hotel Sapporo



Mercure Hotel Okinawa Naha



4. Capital Expenditure and Depreciation



(*1) CAPEX is the capital expenditure for retaining the proper building, facilities, and equipment values. CAPEX II is the capital expenditure for the fixtures and furnishings that are not directly related to the building structure or facilities but necessary for operating hotels.

CAPEX III is the strategic capital expenditure for renewing the guest rooms, banquet rooms and restaurant for maintaining/improving the proper competitiveness of the hotel.

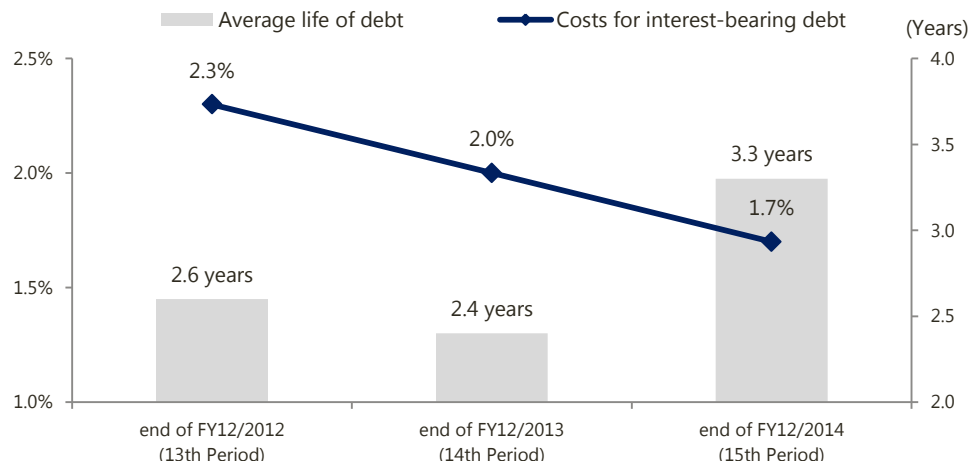
(*2) The actual for FY2006 is the actual of the former JHR for the period from IPO to August 2006 (6.5 months). The actual for FY2007 is the sum of the actual of the former JHR from September 2006 through August 2007 and that of the former NHF from IPO to September 2007 (15.5 months). FY2008 is the sum of the actual of former JHR from September 2007 through August 2008 and that of former NHF from October 2007 through September 2008. The same calculation applies for FY2009 to FY2011. The actual CY2012 is the actual from January 2012 through December 2012 (Depreciation is the annualized number for the 13th period.), and the actual for CY2013 is actual for the period from January 2013 through December 2013 and the actual for CY2014 is from January 2014 through December 2014. The plan for CY2015 is the plan for the period from January 2015 through December 2015 based on the operating forecast in the Financial Report for the Fiscal Period Ending December 2015 dated February 19, 2015.

(*3) The former NHF and former JHR spent JPY31M (October 2011 through December 2011) and JPY90M (September 2011 through December 2011), respectively, in addition to the amount indicated above.

V. Financial Strategy

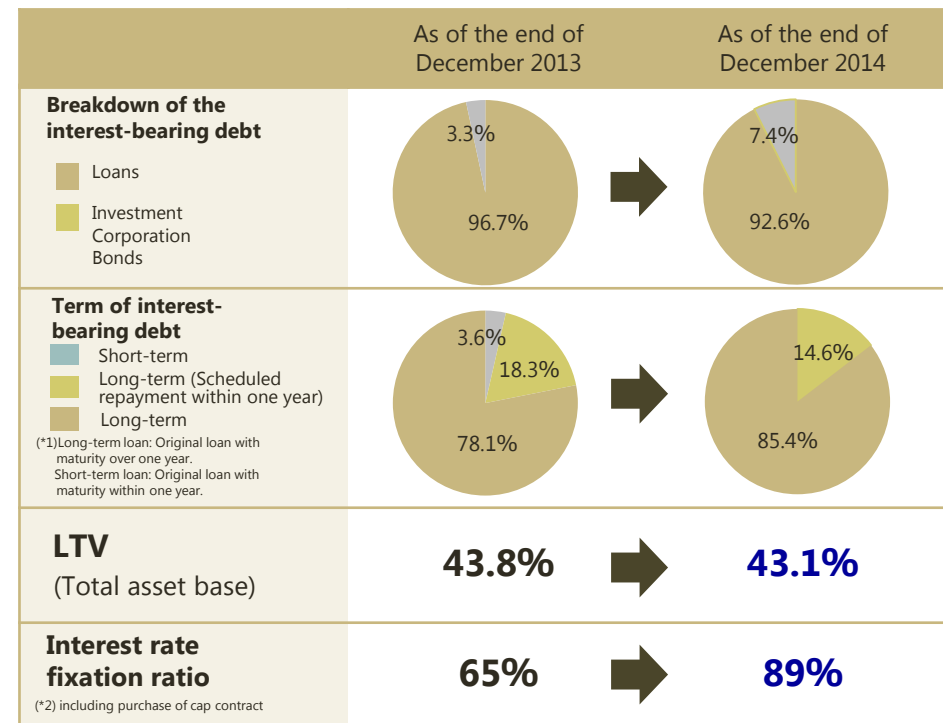
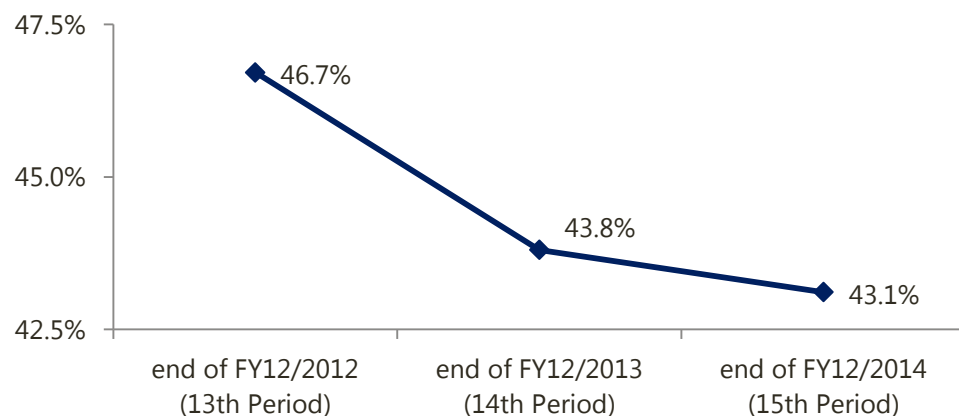
1. Financial Strategy (1)

Change in costs for interest-bearing debt(*1) and average life of debt(*2)



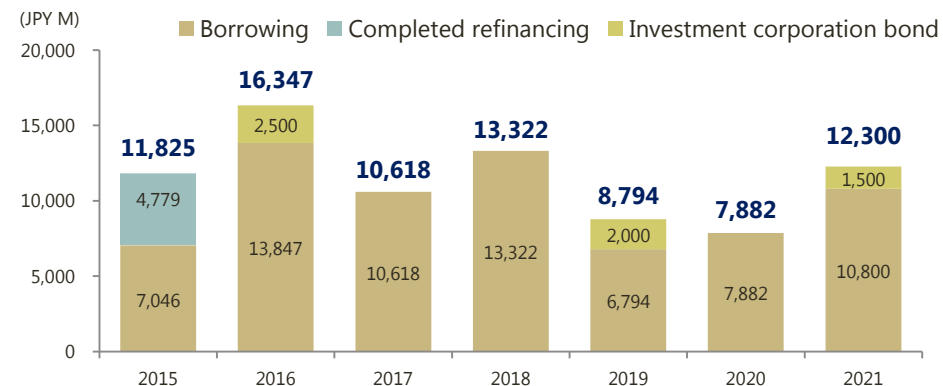
(*1) Weighted average number of costs for interest-bearing debt (including up-front fee, etc.) as of the end of each fiscal year.
 (*2) Average life of debt as of the end of each fiscal year.

Change in LTV (total asset based)



Repayment schedule of interest-bearing debt

(As of the end of December 2014)



1. Financial Strategy (2)

Lender list for interest-bearing debts

(JPY M)

Lenders	Balance as of the end of last period (As of the end of Dec. 2013)		Balance as of the end of this period (As of the end of Dec. 2014)		Variance
	Balance	Percentage	Balance	Percentage	Balance
Sumitomo Mitsui Banking Corporation	19,365	25.9%	20,205	24.9%	839
Shinsei Bank, Ltd.	9,735	13.0%	10,318	12.7%	582
Mizuho Bank, Ltd.	5,769	7.7%	9,526	11.7%	3,757
The Tokyo Star Bank, Limited	7,520	10.1%	8,199	10.1%	679
Resona Bank, Limited	6,000	8.0%	7,002	8.6%	1,001
Sumitomo Mitsui Trust Bank, Limited	5,506	7.4%	6,998	8.6%	1,491
The Nomura Trust and Banking Co, Ltd.	3,794	5.1%	4,100	5.1%	306
Development Bank of Japan Inc.	895	1.2%	1,879	2.3%	984
The Chiba Bank, Ltd.	1,670	2.2%	1,531	1.9%	- 138
Hiroshima Bank, Ltd.	1,000	1.3%	1,492	1.8%	492
The Bank of Fukuoka, Ltd.	497	0.7%	1,488	1.8%	991
Mitsubishi UFJ Trust and Banking Corporation	-	-	1,000	1.2%	1,000
Sompo Japan Nipponkoa Insurance Inc.	760	1.0%	996	1.2%	235
Aozora Bank, Ltd.	-	-	350	0.4%	350
MetLife Insurance K.K.	5,000	6.7%	-	-	- 5,000
The Norinchukin Bank	4,769	6.4%	-	-	- 4,769
Borrowing (Sub-Total)	72,284	96.7%	75,089	92.6%	2,805
2nd Investment Corporation Bond without collateral (3-year bond)	2,500	3.3%	2,500	3.1%	-
3rd Investment Corporation Bond without collateral (5-year bond)	-	-	2,000	2.5%	2,000
4th Investment Corporation Bond without collateral (7-year bond)	-	-	1,500	1.8%	1,500
Investment Corporation Bond (Sub-Total)	2,500	3.3%	6,000	7.4%	3,500
Total Interest-bearing debt	74,784	100.0%	81,089	100.0%	6,305

Rating status

15 th Period (FY12/2014)	
Japan Credit Rating Agency, Ltd. (JCR)	A (prospectus: stable)
Rating and Investment Information, Inc. (R&I)	A- (prospectus: stable)

Addition to Index

Addition to FTSE EPRA/NAREIT Global Real Estate Index

Use of negative goodwill

Major policies for using negative goodwill

- ✓ Cope with losses caused by property dispositions when replacing properties.
- ✓ Cope with dilution at issuance of investment units during the period.
- ✓ Cope with loss on retirement of noncurrent assets resulting from renovation, etc.

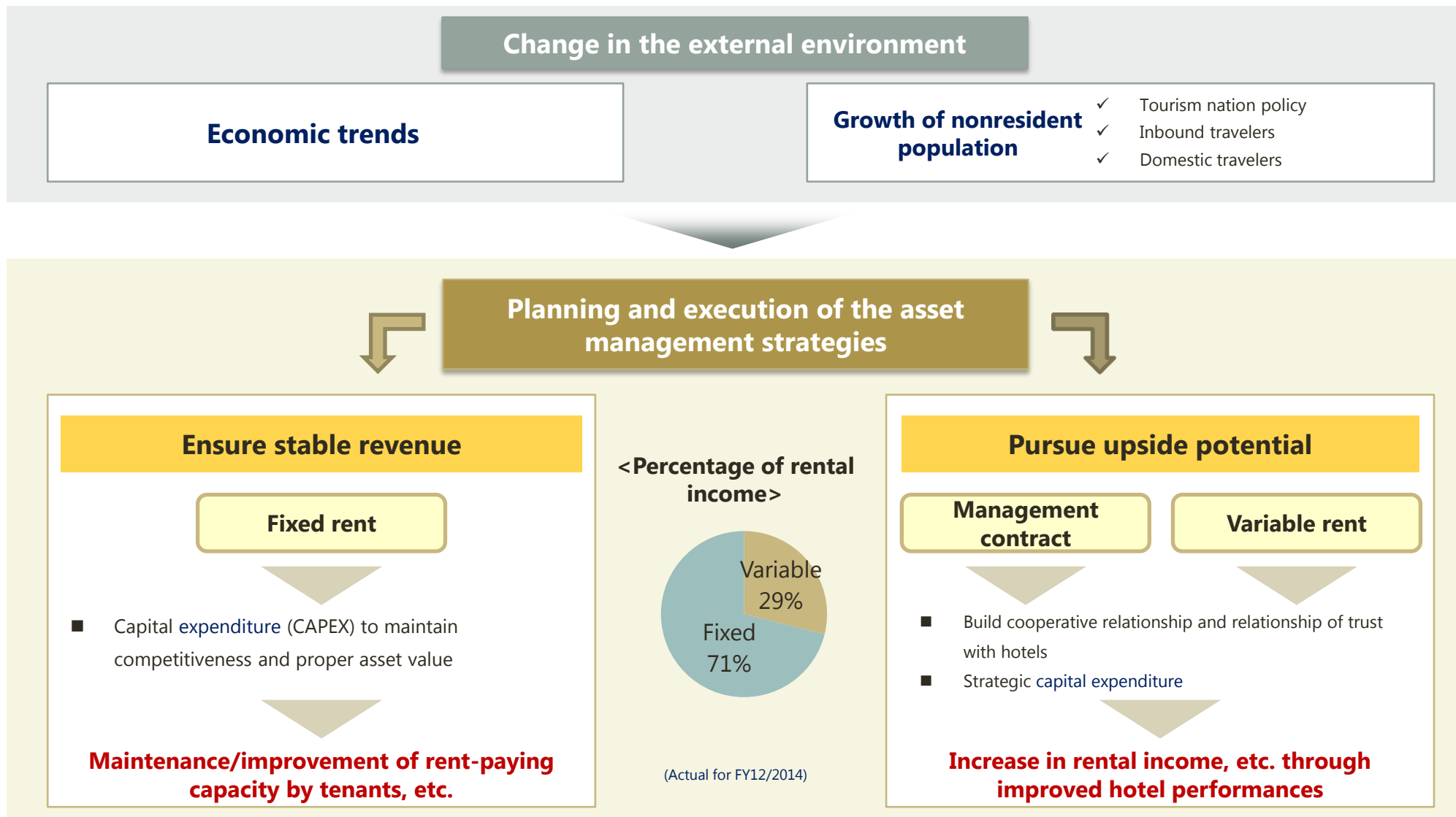
2014 (Jan. through Dec.)	Balance of negative goodwill	JPY14.1B
	Amount of negative goodwill used	Adjustment for dilution: JPY164M Loss on retirement of noncurrent assets: JPY 4M Financial costs associated with early repayment: JPY 71M
	Balance of negative goodwill	JPY13.9B

Appendix 1

JHR's Characteristics

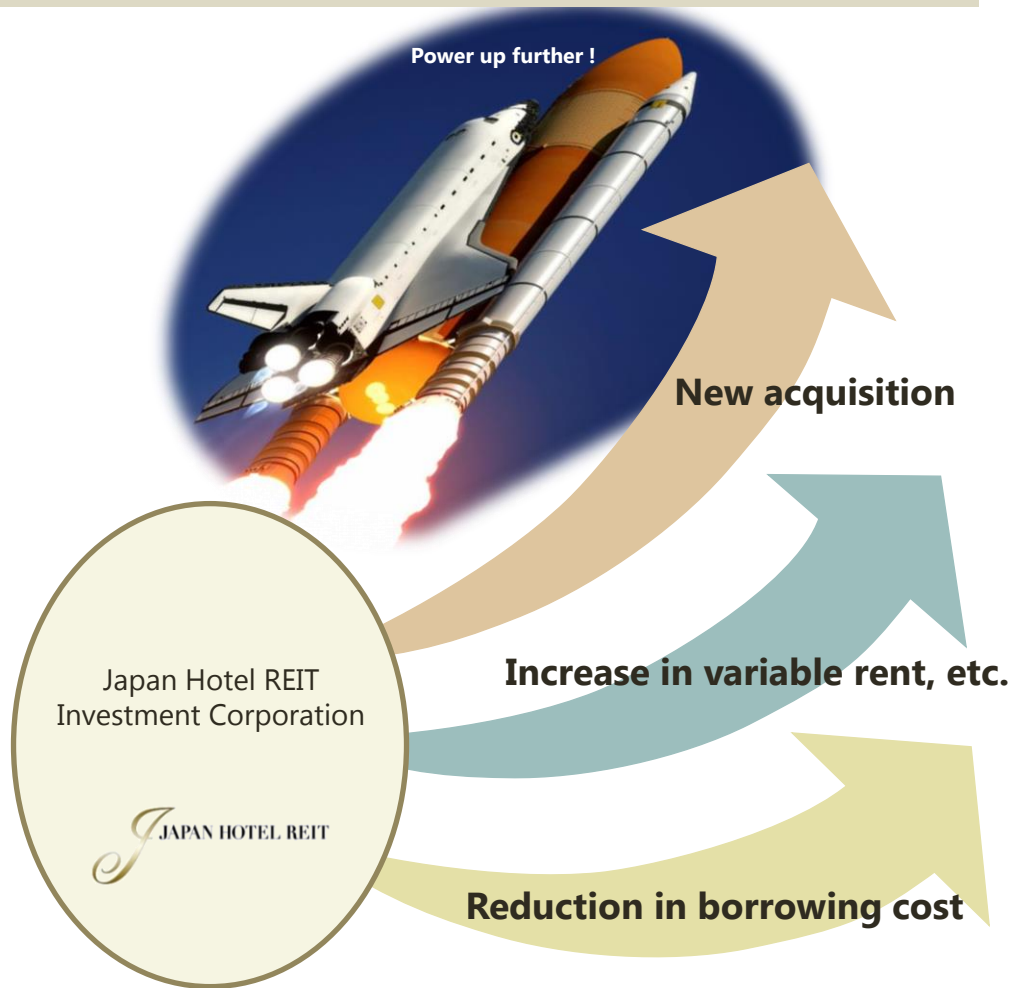
1. Simultaneous Pursuit of Stability and Upside Potential

JHR pursues both stability and upside potential by implementing steady growth strategies



2. Three Growth Engines and Key Points of Operations Strategies

Three growth engines



Points of operations strategies

External growth strategy

1. Acquire hotels with prospects for attracting domestic and inbound leisure travelers.
2. Improve profitability, stability and quality of the entire portfolio.

Internal growth strategy

1. Increase variable rent, etc. through improved hotel revenue.
2. Set, maintain, and increase proper fixed rent based on proper rent-paying capacity.

Financial strategy

1. Maintain LTV level at a maximum of 50% for the time being (total asset base).
2. Diversify fund procurement methods including issuance of investment corporation bonds
3. Diverse maturity and manage interest rate risk.

Perception of the external environment

■ Trend of the hotel investment market

- Due to the effects of improvement in hotel revenue resulting from the economic recovery and increase in inbound demand together with decline in yields of other asset classes, competitions to acquire hotel assets have become intense and yields on transactions are on a downward trend.
- This trend is predicted to continue for a period of time and the transaction prices are expected to rise further.

Basic policy

- Acquire hotel real estate that is capable of attracting “domestic and inbound leisure customers.”
- Improve profitability, stability, and quality of the overall portfolio.

Key measures

- Emphasize the superiority of buildings and facilities (infrastructure), operations (services), and locations of hotel real estates.
 - The prime investment targets are “full-service hotels” and “resort hotels” that have high barriers to entry due to operation and management know-how, capital outlay and location.
 - In the case of “limited-service hotels,” the creditworthiness of the hotel lessee, the age of the building, location, guest room composition and profitability are important.
 - Hotels specialized in selling single rooms only are carefully chosen.
- Strategic investment areas
 - Hokkaido area, Tokyo area, Osaka/Kyoto area, Fukuoka area, and Okinawa area.
- Investigation and planning of the internal growth strategy upon property acquisition.
 - Investigate the appropriate rent level and rent scheme upon renewal, cost reduction possibilities, and improvement of buildings and facilities.
 - If the hotel pays a variable rent, etc., internal growth is accelerated through collaboration with the operator.

4. Internal Growth Strategy

Perception of the external environment

■ General market conditions

- Under the Abe administration's policies to pull the nation out of deflation and realize the sustainable economic growth, although consumer spending is still weak, Japan's economy continues a mild recovery.

■ Hotel market environment

- Demand for hotels will be continuously favorable due to an increased number of overseas visitors and domestic leisure and business demand resulting from improved consumer and business sentiment. Unit price is expected to increase continuously in the accommodation market.
- From the medium-term perspective, 1. travel demand from baby boomers, 2. overseas travelers promoted by the government's tourism nation policies, are expected to increase.

Basic policy

- Increase variable rent through improvement of hotel revenues
- Set, maintain, and increase proper fixed rent levels based on rent-paying capacity

Key measures

- Monitoring, planning and execution of the asset management strategy based on an in-depth understanding of the hotel business.
 - Analyze the creditworthiness of hotel lessees; understand and improve hotel income and expenditures.
 - Understand the ever-changing needs of customers and diligently cope with the changes.
 - Provide global level services to hotel users.
 - Differentiation strategy that enables "Value competition," not "Price competition."
 - Propose a system for hotel organization which can spur innovations.
- Plan and execute strategic CAPEX.
 - Strategic investment that will improve profitability and strengthen competitiveness.
 - Maintain asset value and daily revenue.
- Financial management including cost reduction, and maximization of asset value through proper building maintenance.

Perception of the external environment

■ Continuing favorable environment for debt financing in both direct and indirect financial markets

- Expanded investor base due to continuous access to both equity and bond markets.
- Financial institutions are still eager to provide loans.
- Due to the Bank of Japan's monetary easing, short-term interest rates expect to be stable at a low level from medium-perspective point of view.
- On the other hand, long-term interest rates, which are at a historical low, need to be paid close attention to for unforeseeable circumstances.

Basic policy

- Ensure healthy and stable finance
- Strengthen bank formation and relationships with financial institutions

Major policies

- Maintain LTV level at a maximum of 50% (total asset base) for the time being
- Diverse fund procurement methods including issuance of the investment corporation bonds
- Diverse maturity
- Interest-rate risk management while preparing for interest rate hike

6. Benefits Program for Unitholders

JHR offers a benefits program to unitholders to improve their satisfaction and expand the investor base.

✓ Eligible recipients of the complimentary coupons and program launch date

Complimentary coupons will be sent to those who hold ten or more JHR units at the end of June every year (end of the mid-term settlement).

✓ Details of the benefits program

Five 50% discount accommodation coupons (50% off the rack rate) and five 20% discount restaurant coupons.

✓ Hotels that offer the benefits program

HMJ's five hotels

◆ Coupon redemption (October 2013 through September 2014)

Hotels	Rooms		Restaurant	
	No. of coupons used	No. of people who used coupons	No. of coupons used	No. of people who used coupons
Kobe Meriken Park Oriental Hotel	358	414	813	2,256
Oriental Hotel tokyo bay	1,338	1,657	1,726	5,101
Namba Oriental Hotel	290	363	171	422
Hotel Nikko Alivila	311	617	569	1,582
Oriental Hotel Hiroshima	260	293	276	758
Total	2,557	3,344	3,555	10,119

(*) No. of eligible recipients: 18,145 (Unitholders of over 10 units as of June 2013)

*HMJ's five hotels (below) are the hotels being leased by Hotel Management Japan Co., Ltd.



Kobe Meriken Park Oriental Hotel



Namba Oriental Hotel



Oriental Hotel tokyo bay



Oriental Hotel Hiroshima



Hotel Nikko Alivila

Appendix 2

Information on Properties

1. Property List (1/2)

No.	Property name	Hotel type	Grade	No. of guest rooms	Location	Age	Acquisition price	Book value	Appraisal value				Investment ratio	Revenue from real estate operation	NOI	P/L from real estate operation	NOI yield (Actual)
									14th period (As of Dec. 31, 2013)		15th period (As of Dec. 31, 2014)						
									Appraisal value	CAP rate	Appraisal value	Cap rate					
		([*] 1)	([*] 2)			([*] 3)	(JPY M) ([*] 4)	(JPY M) ([*] 5)	(JPY M) ([*] 6)				([*] 7)	(JPY1000) ([*] 8)	(JPY1000) ([*] 8)	(JPY1000) ([*] 8)	([*] 9)
1	Kobe Meriken Park Oriental Hotel	Full-service	Upper-middle	319	Hyogo	19.5	10,900	10,289	10,900	6.1%	12,500	5.8%	6.3%	1,085,246	799,005	448,100	7.3%
2	Oriental Hotel tokyo bay	Full-service	Mid-price	503	Chiba	19.7	19,900	18,982	21,400	5.1%	27,700	4.8%	11.5%	1,633,744	1,515,870	1,023,463	7.6%
3	Namba Oriental Hotel	Limited-service	Mid-price	257	Osaka	18.8	15,000	14,797	15,400	5.2%	19,200	4.7%	8.6%	1,065,129	963,597	800,394	6.4%
4	Oriental Hotel Hiroshima	Full-service	Upper-middle	227	Hiroshima	21.3	4,100	4,061	4,100	8.0%	4,150	7.8%	2.4%	438,065	389,256	320,620	9.5%
5	Hotel Nikko Alivila	Resort	Luxury	396	Okinawa	20.8	18,900	18,688	19,900	6.1%	21,300	5.7%	10.9%	1,406,338	1,252,490	896,924	6.6%
6	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	10.8	7,610	6,953	7,440	5.7%	8,400	5.3%	4.4%	511,017	467,480	350,157	6.1%
7	Hakone Setsugetsuka	Resort	Mid-price	158	Kanagawa	8.3	4,070	3,859	4,260	6.2%	4,480	5.9%	2.3%	294,946	266,380	184,656	6.5%
8	Dormy Inn Kumamoto	Limited-service	Mid-price	294	Kumamoto	6.9	2,334	2,268	2,660	6.6%	2,790	6.3%	1.3%	194,460	173,079	133,530	7.4%
9	Dormy Inn Suidobashi	Limited-service	Economy	99	Tokyo	28.4	1,120	1,065	1,030	5.7%	1,620	5.0%	0.6%	84,000	72,300	61,049	6.5%
10	Dormy Inn EXPRESS Asakusa ([*] 10)	Limited-service	Economy	77	Tokyo	17.8	999	974	950	5.1%	1,080	4.8%	0.6%	63,995	48,972	36,740	4.9%
11	Hakata Nakasu Washington Hotel Plaza	Limited-service	Mid-price	247	Fukuoka	19.8	2,130	2,074	2,210	6.1%	2,780	5.6%	1.2%	240,000	221,000	196,000	10.4%
12	Nara Washington Hotel Plaza	Limited-service	Mid-price	204	Nara	14.8	2,050	1,950	2,090	6.2%	2,160	5.9%	1.2%	151,000	133,000	93,000	6.5%
13	R&B Hotel Ueno-Hirokoji	Limited-service	Economy	187	Tokyo	12.8	1,720	1,760	1,580	5.1%	1,670	4.8%	1.0%	100,201	85,971	73,798	5.0%
14	R&B Hotel Higashi-Nihombashi	Limited-service	Economy	202	Tokyo	16.8	1,534	1,516	1,710	5.5%	1,850	5.2%	0.9%	122,207	102,663	85,692	6.7%
15	Comfort Hotel Tokyo Higashi-Nihombashi	Limited-service	Economy	259	Tokyo	6.9	3,746	3,689	4,410	5.6%	4,740	5.2%	2.2%	270,114	240,154	204,674	6.4%
16	Comfort Hotel Shin-Yamaguchi	Limited-service	Economy	139	Yamaguchi	7.4	866	799	805	6.4%	822	6.3%	0.5%	60,529	51,380	36,886	5.9%
17	Daiwa Roynet Hotel Akita	Limited-service	Economy	221	Akita	8.6	1,760	1,672	1,770	6.7%	1,820	6.5%	1.0%	138,000	124,000	90,000	7.1%

1. Property List (2/2)

No.	Property name	Hotel type	Grade	No. of guest rooms	Location	Age	Acquisition price	Book value	Appraisal value				Investment ratio	Revenue from real estate operation	NOI	P/L from real estate operation	NOI yield (Actual)
									14th period (As of Dec. 31, 2013)		15th period (As of Dec. 31, 2014)						
									Appraisal value (JPY M) (*6)	CAP rate	Appraisal value (JPY M)	Cap rate					
		(*1)	(*2)			(*3)	(JPY M) (*4)	(JPY M) (*5)					(*7)	(JPY1000) (*8)	(JPY1000) (*8)	(JPY1000) (*8)	(*9)
18	Smile Hotel Nihombashi-Mitsukoshimae	Limited-service	Economy	164	Tokyo	17.8	2,108	2,056	2,210	5.1%	2,550	4.8%	1.2%	134,400	116,538	99,050	5.5%
19	Hotel Sunroute Niigata	Limited-service	Mid-price	231	Niigata	22.4	2,105	1,967	1,870	6.5%	1,900	6.4%	1.2%	156,001	136,326	98,733	6.5%
20	Toyoko Inn Hakataguchi Ekimae	Limited-service	Economy	257	Fukuoka	13.3	1,652	1,520	2,060	6.1%	2,280	5.6%	1.0%	141,039	127,804	106,413	7.7%
21	Hotel Keihan Universal City	Resort	Mid-price	330	Osaka	13.5	6,000	6,086	7,070	6.4%	8,920	5.9%	3.5%	560,134	474,834	392,483	7.9%
22	Chisan Inn Kamata	Limited-service	Economy	70	Tokyo	11.7	823	814	712	5.8%	886	5.3%	0.5%	62,076	53,930	42,568	6.6%
23	Hotel Vista Kamata Tokyo	Limited-service	Economy	106	Tokyo	22.9	1,512	1,467	1,290	5.5%	1,520	5.1%	0.9%	98,934	83,408	62,161	5.5%
24	Hotel Sunroute Shimbashi	Limited-service	Mid-price	220	Tokyo	6.8	4,800	4,893	5,720	5.1%	6,360	4.7%	2.8%	367,479	301,314	280,241	6.3%
25	Hilton Tokyo Bay Hotel	Resort	Luxury	818	Chiba	26.5	26,050	26,189	29,500	5.1%	30,700	4.9%	15.0%	1,897,405	1,623,292	1,470,006	6.2%
26	ibis Tokyo Shinjuku	Limited-service	Mid-price	206	Tokyo	34.3	7,243	7,448	5,740	5.3%	7,740	4.8%	4.2%	625,570	422,321	361,380	5.8%
27	ibis Styles Kyoto Station	Limited-service	Mid-price	215	Kyoto	5.8	6,600	6,763	6,750	5.2%	7,020	5.0%	3.8%	408,287	367,115	338,572	5.6%
28	ibis Styles Sapporo (*11)	Limited-service	Mid-price	278	Hokkaido	4.4	6,797	6,859	6,840	6.2%	7,080	5.7%	3.9%	241,503	230,823	195,668	-
29	Mercure Hotel Sapporo	Limited-service	Mid-price	285	Hokkaido	5.7	6,000	6,091	6,030	5.9%	6,170	5.5%	3.5%	123,600	83,898	58,589	-
30	Mercure Hotel Okinawa Naha	Limited-service	Mid-price	260	Okinawa	5.4	3,000	3,014	3,040	6.1%	3,220	5.4%	1.7%	77,891	67,706	51,235	-
Total or Average		-	-	7,509	-	17.2	173,429	170,576	181,447	-	205,408	-	100.0%	12,754,769 (*12)	10,997,664 (*12)	8,593,558 (*12)	6.3%

(*1) "Full-service" is full-service hotel, "Resort" is resort hotel, and "Limited-service" is limited service hotel.

(*2) Based on ADR, etc., JHR has classified the hotels into four categories as "luxury," "upper-middle," "mid-price," and "economy."

(*3) Average age: The sum of (acquisition price x property age) ÷ Total acquisition price.

(*4) The acquisition price on the Purchase & Sale Agreement for the Beneficial Interest in Trust or Real Estate Purchase & Sale Agreement is indicated. (Consumption tax, brokerage fee and other purchase related cost are exclusive.)

(*5) Book value as of the end of December 2014.

(*6) No. 28, 29, and 30 are appraisal value at the time of acquisition.

(*7) Percentage of the acquisition price of the acquired asset to the total acquisition price. Numbers beyond one decimal place is rounded off.

(*8) Actual for one year from January through December 2014. The lessee did not agree to disclose numbers in units of JPY1000 for Nos. 11, 12, and 17. Amounts are rounded down to the nearest JPY 1M.

(*9) No. 28, 29, and 30 were acquired during the fiscal year and NOI yields (actual) are not calculated. Also the total NOI yield = the actual NOI as of FY12/2014 ÷ total acquisition price as of the end of FY12/2014

(*10) "Dormy Inn Asakusa" was renamed to "Dormy Inn EXPRESS Asakusa" on February 1, 2014.

(*11) "Best Western Hotel Sapporo Nakajima Koen" was renamed to "ibis Styles Sapporo" on December 27, 2014.

(*12) Dormy Inn Namba was sold during the fiscal year December 2014 and therefore the number is different from what is mentioned in "Operational Performance" on p.5.

2. Summary of Lease Contracts (1/2)

(As of the end of December 2014)

No.	Property name	Rent type	Lessee	Hotel operator/Hotel consulting and management company	Lease term	Remaining contract term	Contractual rent	Rent summary	Rent modification summary (Acquisition to 2014)		Rent modification schedule (2015 ~ 2016)	
									Period	Condition (*4)	2015 (*4)	2016
1	Kobe Meriken Park Oriental Hotel	Fixed + Variable	Hotel Management Japan Co., Ltd.	Abilitas Hospitality Co., Ltd.	8	5	<Fixed rent> JPY3,221M/year + <Variable rent> (When the total GOP of HMJ's five hotels exceeds GOP base amount (JPY3,351M), the excess x 81.5% is paid.)	The same rent will be applied until expiration of the contract. (Fixed rent)	Sep. 2011	Scheme is modified.	—	—
2	Oriental Hotel Tokyo Bay											
3	Namba Oriental Hotel											
4	Oriental Hotel Hiroshima											
5	Hotel Nikko Alivla											
6	The Beach Tower Okinawa	Fixed	Kyoritsu Maintenance Co., Ltd.	JAL Hotels Co., Ltd.	20	12	JPY42M/month	The same rent will be applied until expiration of the contract.	—	—	—	—
7	Hakone Setsugetsuka	Fixed			20	12	JPY24M/month	The same rent will be applied until expiration of the contract.	—	—	—	—
8	Dormy Inn Kumamoto	Fixed			12	8	JPY16M/month	Rent can be modified through mutual agreement every three years.	—	—	—	—
9	Dormy Inn Suidobashi	Fixed			10	0	JPY7M/month	The same rent will be applied until expiration of the contract.	—	—	To be expired (Jun.)	—
10	Dormy Inn EXPRESS Asakusa	Fixed			20	2	JPY5M/month	Rent can be modified through mutual agreement every three years.	Apr. 2012	Same	To be renewed (Apr.)	—
11	Hakata Nakasu Washington Hotel Plaza	Fixed	Washington Hotel K.K.		20	0	JPY20M/month	The same rent is applied from April 21, 2012 through expiration of the contract.	Apr. 2012	Reduced (-7.5%)	To be expired (Mar.)	—
12	Nara Washington Hotel Plaza	Fixed			20	5	JPY11M/month	Rent can be modified through mutual agreement.	—	—	—	—
13	R & B Hotel Ueno-Hirokoji	Fixed			20	7	JPY8M/month	Rent can be modified through mutual agreement.	Apr. 2011	Increased (+3.0%)	—	—
14	R & B Hotel Higashi-Nihombashi	Fixed			20	3	JPY10M/month	Rent can be modified through mutual agreement.	Apr. 2013	Same	—	—
15	Comfort Hotel Tokyo Higashi Nihombashi	Fixed	Greens Co., Ltd.		20	13	JPY21M/month	Rent can be modified through mutual agreement every five years.	Jan. 2013	Same	—	—
16	Comfort Hotel Shin-Yamaguchi	Fixed			20	13	JPY5M/month	Rent can be modified through mutual agreement every three years.	Sep. 2013	Same	—	To be renewed (Sep.)
17	Daiwa Roynet Hotel Akita	Fixed	DAIWAROYAL Co., Ltd.		20	12	JPY11M/month	Rent can be modified through mutual agreement every five years.	—	—	—	To be renewed (Jul.)

2. Summary of Lease Contract (2/2)

(As of the end of December 2014)

No.	Property name	Rent type	Lessee	Hotel operator/Hotel consulting and management company	Lease term	Remaining contract term	Contractual rent	Rent summary	Rent modification summary (Acquisition to 2014)		Rent modification schedule (2015 ~2016)	
									Period	Condition (*4)	2015 (*4)	2016
18	Smile Hotel Nihombashi Mitsukoshimae	Fixed + Upside sharing	The Kamogawa Grand Hotel, Ltd.		20	2	JPY11M/month + Upside sharing	Rent can be modified through mutual agreement.	Apr. 2014	Scheme is modified.	—	—
19	Hotel Sunroute Niigata	Fixed	Sunroute Co., Ltd.		13	2	JPY13M/month	The same rent will be applied until expiration of the contract.	—	—	—	—
20	Toyoko Inn Hakataguchi Ekimae	Fixed	Toyoko Inn Co., Ltd.		30	17	JPY11M/month	No rule has been stipulated.	Oct. 2007	Increased (+9.4%)	—	—
21	Hotel Keihan Universal City	Fixed + Upside sharing	K.K. Hotel Keihan		20	7	Nondisclosure	Nondisclosure	Jul. 2014	Scheme is modified.	—	—
22	Chisan Inn Kamata	Variable	Solare Hotels & Resorts Co., Ltd.	SHR Hotels, Co., Ltd.	5	2	Hotel GOP x 85% (If it is below zero, it will be JPY0.-)	-	Jul. 2012	Scheme is modified.	—	—
23	Hotel Vista Kamata Tokyo	Fixed + Upside sharing	Vista Hotel Management Co., Ltd.		3	0	JPY7M/month + Upside sharing	The same rent will be applied until expiration of the contract.	Jul. 2012	Scheme is modified.	To be expired (Jun.)	—
24	Hotel Sunroute Shimbashi	Fixed + Upside sharing	Sunroute Co., Ltd.		15	8	JPY18M/month + Upside sharing	No rule has been stipulated.	—	—	—	—
25	Hilton Tokyo Bay Hotel	Fixed + Upside sharing	THE DAIICHI BUILDING CO., LTD.	Hilton International Company	5	0	JPY157M/month + Upside sharing	Rent can be modified through mutual agreement.	—	—	To be expired (Jun.)	—
26	ibis Tokyo Shinjuku	Management contract	—	A.A.P.C. Japan K.K.	12	10	Amount equivalent to hotel GOP	-	Jul. 2012	Scheme is modified.	—	—
27	ibis Styles Kyoto Station	Management contract			5	4	Amount equivalent to hotel GOP	-	—	—	—	—
28	ibis Styles Sapporo	Management contract			5	5	Amount equivalent to hotel GOP	-	Dec. 2014	Scheme is modified	—	—
29	Mercure Hotel Sapporo	Management contract			15	15	Amount equivalent to hotel GOP	-	—	—	—	—
30	Mercure Hotel Okinawa Naha	Management contract			10	9	Amount equivalent to hotel GOP	-	—	—	—	—

(*1) Rent type is as follows:

Fixed: Fixed monthly rent

Variable: Variable monthly rent

Management contract: Management contract

Fixed+variable: Property paying both fixed and variable rent

Fixed+upside sharing: When the sales of the hotel (lessee) exceed pre-determined amount, additional rent is paid.

(*2) Remaining contract term as of December 31, 2014.

(*3) Amount including car park and CAM without tax.

(*4) Details of "Modified Scheme" is as follows.

No. 1 to No. 5: Variable rent was modified from sales-base to GOP-base.

No. 18: Upside sharing scheme has been applied in addition to fixed rent (from April 1, 2014).

No. 21: Upside sharing scheme has been applied in addition to fixed rent (from July 1, 2014).

No. 22: Fixed rent has been replaced with the variable rent due to the replacement of the lessee.

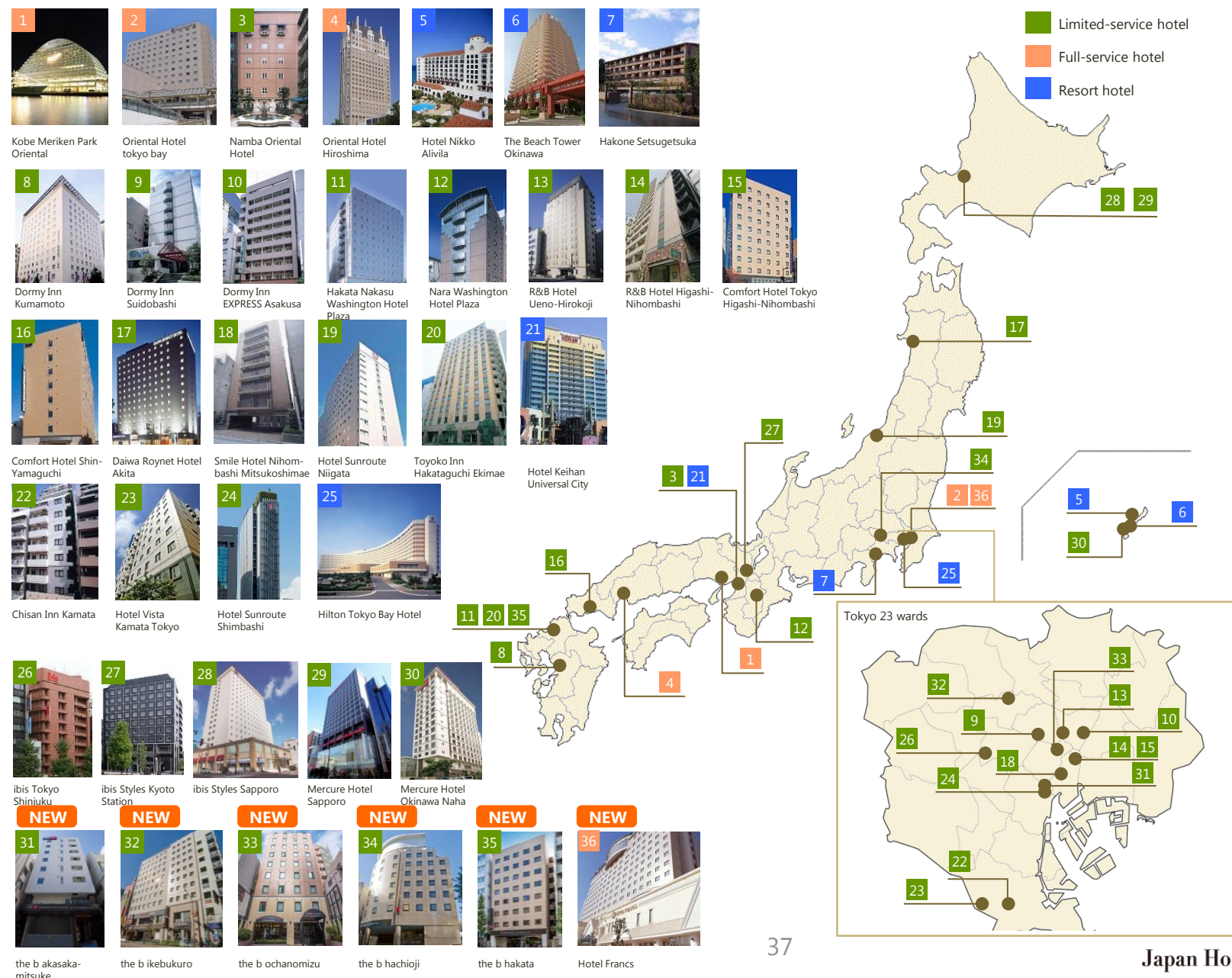
No. 23: When the contract was renewed, the fixed rent was reviewed and the upside-sharing scheme has been additionally applied.

No. 26: JHR has commenced direct management contract scheme.

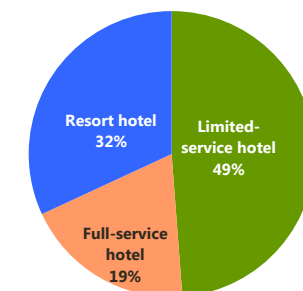
No. 28 JHR has commenced direct management contract scheme.

(*5) No. 9: Schedule to rebrand as "the b suidobashi" in July 2015 and will change from fixed rent to fixed + variable rent.

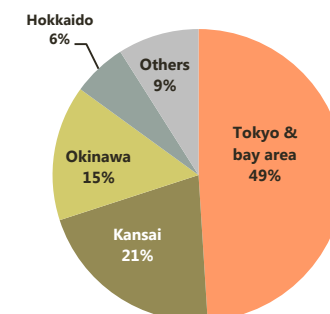
3. Portfolio Map (After the Acquisition of Properties (Scheduled))



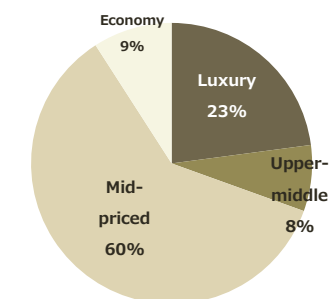
Hotel Type



Area



Grade



4. Major CAPEX III by Hotel

	FY2006 Actual	FY2007 Actual	FY2008 Actual	FY2009 Actual	FY2010 Actual	FY2011 Actual	FY2012 Actual	FY2012 (New) Actual	CY2013 Actual	CY2014 Actual	CY2015 Plan
Former JHR	1 st period (IPO-2006/8)	2 nd period (2006/9-2007/8)	3 rd period (2007/9-2008/8)	4 th period (2008/9-2009/8)	5 th period (2009/9-2010/8)	6 th period (2010/9-2011/8)	7 th period (2011/9-2012/3)	13 th period	14 th period	15 th period	16 th period
Former NHF	-	2 nd to 3 rd period (IPO-2007/9)	4 th to 5 th period (2007/10-2008/9)	6 th to 7 th period (2008/10-2009/9)	8 th to 9 th period (2009/10-2010/9)	10 th to 11 th period (2010/10-2011/9)	12 th period (2011/10-2012/3)	2012/4-2012/12	2013/1-2013/12	2014/1-2014/12	2015/1-2015/12
Kobe Meriken Park Oriental Hotel	- Guest rooms on 12th and 13th floors (189) - Restaurant (51)	- Guest rooms on 10th and 11th floors (222) - Pier (98)	- Bride's room (68) - Banquet room (46)	-	-	-	-	-			Chapel (30)
Oriental Hotel tokyo bay	- Guest rooms on 9th and 10th floors (145) - Banquet room (59)	- Guest rooms on 7th and 8th floors (171) - Restaurant (58)	- Guest rooms on 5th and 6th floors (210) - Lobby (60)	-	- Chapel (77) - Guest rooms, etc. on 12th floor (135)	-	Restaurant (79)	-	Restaurant (45)		
Namba Oriental Hotel	Guest rooms on 7th and 8th floors (93)	Restaurant (40)	-	-	Guest rooms on 4th floor and corridors on 4th, 5th, and 6th floors (20)	-	-	-	Corner rooms on 5th to 8th floors (10)		
Hotel Nikko Alivila	- Suite (32) - Restaurant (155)	-	Guest rooms on 3rd to 8th floors (479)	Guest rooms on 1st to 6th floors of South and West wings (361)	-	-	-	-		Guest rooms on 3rd to 8th floors of North building and 3rd to 5th floors of Central building (333)	
Oriental Hotel Hiroshima	N/A	(Acquired in Oct. 2007)	- Guest rooms on 7th to 18th floors (347) - Tenant floor (23)	Banquet rooms on 3rd and 4th floors (138)	-	Renovation of banquet room on 3rd floor. Renovation of corner double room to twin room (21)	-	Chapel on 3rd floor (9)	Restaurant and bar on 1st floor (3)	Banquet rooms on 23rd floor (10)	
ibis Tokyo Shinjuku	N/A	-	-	-	-	-	-	Lobby and restaurant on 2nd floor, and guest rooms on 3rd, 5th, 6th, and 9th floors (170)			
ibis Styles Kyoto Station	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(Acquired in Oct. 2013)		
ibis Styles Sapporo											
Mercure Hotel Sapporo											
Mercure Hotel Okinawa Naha											

Appendix 3

Index Data for the Major Hotels with Variable Rent

1 . Management Indicators (1)

HMJ's five hotels in total

		January	February	March	April	May	June	July	August	September	October	November	December	Total
Sales (JPY M)	2010	1,396	1,462	1,843	1,655	1,961	1,572	1,910	2,382	1,755	1,986	1,727	1,749	21,396
	2011	1,466	1,390	1,341	1,296	1,640	1,387	1,940	2,282	1,727	1,974	1,904	1,876	20,223
	2012	1,402	1,416	1,935	1,677	1,655	1,594	1,966	2,367	1,707	1,854	1,864	1,874	21,312
	2013	1,410	1,355	1,915	1,711	1,806	1,599	1,994	2,543	1,849	1,891	1,943	1,976	21,994
	2014	1,483	1,343	2,081	1,614	1,837	1,665	2,108	2,505	1,743	1,872	2,102	1,941	22,296
Occupancy rate	2010	66.1%	76.2%	80.8%	80.1%	79.3%	78.6%	81.9%	91.5%	87.9%	86.1%	79.6%	76.2%	80.4%
	2011	74.6%	75.8%	61.3%	52.6%	69.2%	72.0%	82.3%	90.4%	87.3%	88.0%	86.3%	80.7%	76.7%
	2012	72.3%	79.4%	85.3%	79.5%	77.5%	79.3%	83.1%	93.2%	87.0%	88.7%	86.5%	80.5%	82.7%
	2013	75.1%	84.1%	89.1%	85.3%	84.1%	83.6%	87.5%	94.8%	88.9%	88.6%	88.6%	82.8%	86.1%
	2014	76.9%	80.3%	87.1%	87.2%	87.4%	86.8%	89.6%	93.5%	91.0%	88.9%	88.9%	84.3%	86.9%
ADR (JPY)	2010	12,971	11,870	15,846	13,518	16,494	13,104	19,105	25,288	15,745	15,203	13,833	16,063	15,980
	2011	12,912	12,213	14,091	14,006	14,926	12,328	18,983	25,157	16,284	15,240	13,705	16,731	15,846
	2012	12,907	11,693	16,093	14,920	15,875	13,511	19,236	25,365	15,725	14,982	14,723	17,174	16,200
	2013	13,640	12,454	16,252	15,417	16,113	13,994	20,338	28,240	17,674	16,150	16,080	18,840	17,297
	2014	14,668	12,850	18,177	14,827	16,215	14,181	20,372	28,016	17,258	16,160	17,026	18,752	17,551
RevPAR (JPY)	2010	8,572	9,044	12,797	10,827	13,082	10,307	15,641	23,148	13,846	13,089	11,018	12,242	12,845
	2011	9,632	9,258	8,642	7,368	10,322	8,876	15,631	22,748	14,223	13,404	11,825	13,498	12,160
	2012	9,337	9,289	13,730	11,866	12,300	10,718	15,982	23,628	13,682	13,291	12,740	13,822	13,400
	2013	10,242	10,471	14,481	13,156	13,546	11,703	17,803	26,779	15,707	14,317	14,246	15,595	14,886
	2014	11,279	10,319	15,832	12,923	14,175	12,309	18,253	26,208	15,707	14,374	15,128	15,799	15,245

Kobe Meriken Park Oriental Hotel

		January	February	March	April	May	June	July	August	September	October	November	December	Total
Sales (JPY M)	2010	406	429	476	447	608	434	434	493	448	608	511	518	5,812
	2011	372	358	445	439	531	401	468	490	456	555	532	507	5,554
	2012	359	357	508	448	459	413	439	481	440	498	538	526	5,466
	2013	343	321	446	422	485	398	398	458	435	475	508	520	5,210
	2014	344	339	495	382	465	399	420	494	387	462	556	479	5,222
Occupancy rate	2010	70.7%	71.6%	78.6%	78.5%	75.7%	80.3%	80.4%	91.7%	86.7%	88.3%	82.8%	89.6%	81.3%
	2011	66.5%	61.4%	74.7%	61.4%	83.3%	76.0%	74.0%	87.6%	83.0%	83.3%	82.9%	81.9%	76.5%
	2012	61.7%	68.8%	82.3%	76.1%	79.9%	78.4%	78.1%	94.3%	86.2%	85.2%	84.1%	84.6%	80.0%
	2013	68.7%	70.2%	85.0%	82.8%	79.6%	76.4%	78.8%	92.6%	84.2%	86.3%	86.2%	86.7%	81.5%
	2014	68.2%	69.8%	84.2%	82.1%	82.9%	74.4%	77.8%	90.7%	85.3%	84.8%	83.7%	81.6%	80.6%
ADR (JPY)	2010	12,485	11,480	12,853	11,964	15,248	12,156	13,273	16,344	12,966	13,891	13,084	15,787	13,564
	2011	12,050	12,149	13,876	14,140	14,722	12,390	14,860	18,026	14,827	15,290	13,841	17,598	14,645
	2012	13,055	11,582	13,142	13,529	14,771	12,695	13,645	16,909	13,916	14,523	14,555	17,964	14,326
	2013	12,623	12,644	12,823	12,952	15,424	12,591	14,265	18,025	14,389	14,047	15,032	17,981	14,526
	2014	13,561	12,076	14,582	13,080	16,336	13,749	14,300	19,232	14,322	15,693	16,766	18,807	15,355
RevPAR (JPY)	2010	8,821	8,216	10,105	9,387	11,537	9,767	10,669	14,986	11,240	12,261	10,835	14,140	11,027
	2011	8,019	7,456	10,364	8,676	12,263	9,420	10,997	15,795	12,303	12,740	11,473	14,407	11,197
	2012	8,049	7,968	10,812	10,302	11,799	9,956	10,659	15,946	11,991	12,378	12,234	15,199	11,464
	2013	8,677	8,880	10,896	10,728	12,272	9,614	11,237	16,689	12,114	12,123	12,962	15,585	11,844
	2014	9,255	8,435	12,276	10,739	13,547	10,224	11,127	17,449	12,223	13,311	14,033	15,353	12,369

1. Management Indicators (2)

Oriental Hotel tokyo bay

		January	February	March	April	May	June	July	August	September	October	November	December	Total
Sales (JPY M)	2010	474	442	610	486	605	513	501	618	513	649	612	585	6,608
	2011	510	462	262	211	393	382	456	599	516	657	643	657	5,748
	2012	488	458	669	509	565	532	503	667	509	600	614	649	6,762
	2013	485	435	670	525	597	496	557	748	610	664	689	705	7,182
	2014	517	451	765	509	598	526	580	700	528	626	716	694	7,210
Occupancy rate	2010	76.4%	85.4%	91.7%	82.5%	89.4%	91.1%	88.6%	96.2%	97.9%	97.6%	94.8%	90.1%	90.2%
	2011	87.5%	91.1%	44.4%	17.9%	53.5%	68.1%	85.8%	99.6%	98.7%	99.1%	99.2%	99.1%	78.7%
	2012	90.2%	97.4%	98.8%	83.7%	91.3%	93.2%	87.6%	98.9%	97.9%	96.2%	97.1%	96.0%	94.0%
	2013	90.5%	98.7%	98.7%	87.8%	95.5%	97.6%	94.2%	98.5%	98.2%	98.6%	98.7%	97.0%	96.1%
	2014	95.6%	98.3%	99.4%	96.4%	95.1%	98.7%	98.6%	99.4%	99.3%	98.6%	99.2%	99.0%	98.1%
ADR (JPY)	2010	13,368	11,895	19,625	14,706	17,685	13,791	15,439	22,103	15,114	18,124	16,369	18,878	16,583
	2011	14,091	12,845	14,156	12,410	13,643	11,529	14,337	22,130	16,379	17,732	15,505	19,097	15,941
	2012	13,416	12,374	20,142	17,288	17,433	14,071	15,932	24,549	15,971	18,322	18,496	20,467	17,469
	2013	14,727	13,440	21,267	18,545	19,079	15,398	19,583	30,210	20,733	21,534	21,780	23,789	20,125
	2014	16,230	15,091	25,459	16,267	18,128	14,338	17,905	26,555	17,862	19,673	21,508	21,687	19,306
RevPAR (JPY)	2010	10,208	10,160	18,003	12,135	15,805	12,558	13,678	21,262	14,798	17,690	15,521	17,008	14,950
	2011	12,330	11,706	6,291	2,217	7,301	7,855	12,294	22,046	16,174	17,576	15,388	18,922	12,542
	2012	12,106	12,051	19,906	14,463	15,922	13,109	13,958	24,286	15,631	17,625	17,964	19,649	16,425
	2013	13,322	13,264	20,983	16,279	18,230	15,027	18,446	29,754	20,354	21,242	21,493	23,069	19,349
	2014	15,515	14,832	25,317	15,675	17,232	14,157	17,649	26,389	17,743	19,388	21,342	21,463	18,944

Namba Oriental Hotel

		January	February	March	April	May	June	July	August	September	October	November	December	Total
Sales (JPY M)	2010	141	136	181	151	159	146	155	175	150	154	156	166	1,870
	2011	151	140	162	161	164	163	179	171	142	152	148	176	1,909
	2012	142	141	154	157	152	140	153	177	151	159	163	170	1,858
	2013	150	148	165	161	158	152	164	188	160	167	175	184	1,972
	2014	165	152	177	172	174	159	180	207	175	190	197	203	2,149
Occupancy rate	2010	75.5%	76.6%	83.4%	85.8%	80.3%	78.3%	79.6%	88.0%	82.9%	79.5%	85.5%	84.0%	81.6%
	2011	78.2%	79.4%	86.1%	89.8%	89.0%	93.5%	98.4%	92.9%	83.3%	83.4%	86.1%	86.8%	87.3%
	2012	79.5%	75.4%	88.3%	92.0%	84.7%	82.5%	86.5%	96.5%	89.0%	94.0%	93.1%	89.3%	87.6%
	2013	86.5%	95.1%	94.6%	90.2%	87.7%	88.8%	93.5%	97.0%	90.8%	93.9%	94.4%	90.8%	91.9%
	2014	86.6%	92.1%	91.4%	89.1%	88.8%	86.5%	91.1%	94.5%	92.0%	93.8%	91.6%	93.7%	90.9%
ADR (JPY)	2010	9,025	8,835	9,812	9,520	10,333	8,953	9,893	10,145	9,460	9,902	9,896	10,090	9,677
	2011	9,496	9,487	10,751	10,580	10,340	10,170	11,053	10,419	9,677	10,124	9,741	10,778	10,250
	2012	9,429	8,929	9,861	10,276	10,036	8,995	9,875	11,368	9,634	9,713	10,806	11,138	10,049
	2013	9,566	9,687	10,440	11,106	10,413	9,847	10,384	12,594	10,736	10,983	12,153	12,811	10,918
	2014	11,459	10,648	12,173	12,672	12,345	11,078	12,511	15,114	12,592	13,481	15,408	14,804	12,902
RevPAR (JPY)	2010	6,813	6,769	8,179	8,164	8,294	7,011	7,874	8,923	7,841	7,871	8,464	8,473	7,899
	2011	7,431	7,530	9,257	9,503	9,198	9,513	10,878	9,683	8,056	8,447	8,389	9,358	8,949
	2012	7,499	6,732	8,705	9,449	8,500	7,424	8,545	10,974	8,578	9,130	10,056	9,947	8,805
	2013	8,276	9,208	9,875	10,012	9,131	8,749	9,707	12,218	9,747	10,317	11,478	11,637	10,037
	2014	9,924	9,804	11,123	11,284	10,964	9,578	11,396	14,283	11,580	12,648	14,117	13,873	11,731

1. Management Indicators (3)

Hotel Nikko Alivila

		January	February	March	April	May	June	July	August	September	October	November	December	Total
Sales (JPY M)	2010	244	291	382	384	418	316	644	943	485	387	271	276	5,040
	2011	317	276	302	332	380	303	678	899	465	420	376	325	5,074
	2012	283	292	416	376	335	339	686	877	430	413	330	312	5,088
	2013	302	300	432	423	372	364	697	960	463	388	332	343	5,375
	2014	305	237	409	398	413	428	729	954	502	366	372	379	5,491
Occupancy rate	2010	47.1%	74.7%	71.3%	80.7%	74.2%	70.7%	80.3%	91.6%	89.8%	80.9%	57.1%	48.7%	72.2%
	2011	72.2%	74.1%	56.2%	65.2%	67.1%	66.5%	85.3%	88.0%	85.2%	86.7%	76.6%	54.9%	73.2%
	2012	60.2%	76.8%	77.7%	74.3%	57.2%	66.8%	86.1%	85.2%	81.6%	86.2%	75.0%	53.9%	73.4%
	2013	62.0%	78.2%	84.4%	86.2%	73.5%	74.4%	88.7%	92.6%	83.4%	79.6%	73.7%	59.3%	78.0%
	2014	61.7%	62.0%	78.0%	82.3%	83.9%	90.2%	93.2%	90.6%	90.7%	81.7%	80.1%	64.9%	80.0%
ADR (JPY)	2010	20,106	15,825	21,139	18,539	23,681	18,342	40,205	54,398	25,657	18,594	16,864	22,116	25,800
	2011	16,253	14,881	20,862	20,045	23,781	17,714	38,190	53,155	25,615	18,253	16,694	23,055	24,934
	2012	17,858	14,251	20,698	20,061	24,846	20,292	38,954	54,220	24,982	17,670	15,574	22,336	25,030
	2013	19,466	15,184	19,812	19,794	20,702	19,531	38,521	54,989	25,856	17,861	15,800	23,538	25,127
	2014	19,457	14,398	19,382	19,387	20,257	19,098	38,604	56,113	26,194	17,454	16,145	23,832	25,082
RevPAR (JPY)	2010	9,465	11,829	15,073	14,955	17,580	12,975	32,295	49,838	23,048	15,042	9,627	10,772	18,634
	2011	11,729	11,034	11,731	13,070	15,949	11,781	32,587	46,803	21,816	15,834	12,781	12,666	18,243
	2012	10,745	10,942	16,073	14,901	14,222	13,545	33,543	46,177	20,375	15,233	11,679	12,034	18,364
	2013	12,064	11,867	16,727	17,070	15,209	14,538	34,150	50,935	21,570	14,215	11,640	13,953	19,594
	2014	12,008	8,931	15,117	15,963	16,987	17,228	35,972	50,820	23,748	14,268	12,924	15,478	20,072

Oriental Hotel Hiroshima

		January	February	March	April	May	June	July	August	September	October	November	December	Total
Sales (JPY M)	2010	131	163	193	188	170	164	176	153	159	188	178	204	2,067
	2011	116	153	170	154	172	139	159	123	148	190	204	210	1,939
	2012	129	169	188	186	145	171	185	164	176	185	219	218	2,137
	2013	130	151	202	180	194	190	178	190	181	196	239	225	2,254
	2014	151	165	235	153	187	154	200	150	152	228	261	186	2,223
Occupancy rate	2010	59.3%	64.2%	73.0%	69.6%	70.0%	63.0%	74.3%	85.0%	70.0%	74.1%	74.3%	65.9%	70.3%
	2011	57.5%	61.0%	60.8%	53.0%	65.1%	60.1%	63.1%	75.3%	76.6%	77.0%	79.4%	76.2%	67.1%
	2012	60.8%	63.8%	69.6%	70.2%	70.5%	68.3%	70.8%	88.8%	71.3%	75.4%	79.3%	76.7%	72.2%
	2013	59.9%	69.1%	75.6%	76.4%	79.4%	73.1%	76.4%	91.2%	82.2%	79.6%	89.0%	77.7%	77.5%
	2014	63.1%	73.7%	74.9%	80.1%	81.4%	72.3%	78.3%	88.7%	80.1%	80.5%	85.3%	78.3%	78.1%
ADR (JPY)	2010	8,455	8,475	8,627	8,295	9,726	8,194	9,023	9,812	8,777	8,873	8,920	8,894	8,876
	2011	8,297	8,577	8,783	8,597	8,802	7,626	8,461	9,170	8,264	8,406	8,367	8,327	8,479
	2012	7,627	7,886	8,248	8,189	8,400	7,748	8,089	8,954	8,187	8,343	8,534	8,448	8,255
	2013	7,791	7,983	8,472	8,351	8,889	7,767	8,182	9,547	8,490	8,492	8,623	8,227	8,446
	2014	7,927	8,100	8,534	8,041	8,609	7,827	8,242	9,786	8,411	8,562	9,244	8,451	8,517
RevPAR (JPY)	2010	5,014	5,439	6,296	5,776	6,809	5,163	6,708	8,335	6,148	6,577	6,631	5,865	6,240
	2011	4,768	5,235	5,337	4,560	5,727	4,581	5,340	6,904	6,334	6,468	6,647	6,342	5,692
	2012	4,640	5,035	5,744	5,752	5,924	5,288	5,730	7,953	5,840	6,292	6,767	6,478	5,959
	2013	4,665	5,516	6,408	6,379	7,057	5,674	6,252	8,708	6,976	6,760	7,674	6,390	6,545
	2014	5,000	5,967	6,391	6,445	7,012	5,657	6,456	8,682	6,736	6,894	7,886	6,617	6,650

1 . Management Indicators (4)

ibis Tokyo Shinjuku

		January	February	March	April	May	June	July	August	September	October	November	December	Total
Sales (JPY M)	2010													
	2011											45	51	
	2012	45	53	56	55	53	51	56	55	46	51	53	55	629
	2013	54	65	66	66	66	64	69	69	66	71	71	69	795
	2014	63	74	76	75	72	67	75	74	68	79	76	73	872
Occupancy rate	2010													
	2011											72.4%	80.8%	
	2012	75.4%	84.9%	89.6%	89.1%	90.1%	91.4%	86.2%	84.5%	73.5%	76.9%	79.5%	80.8%	83.5%
	2013	85.4%	96.0%	97.3%	93.4%	91.1%	92.3%	94.6%	92.7%	92.0%	95.2%	93.6%	90.1%	92.8%
	2014	82.3%	94.0%	92.7%	94.7%	89.6%	91.5%	94.8%	92.3%	91.5%	95.8%	93.9%	90.0%	91.9%
ADR (JPY)	2010													
	2011											9,013	9,084	
	2012	8,408	9,645	8,976	9,226	8,557	8,315	9,294	9,311	9,359	9,428	9,708	9,792	9,154
	2013	9,000	10,437	9,544	10,293	10,222	10,185	10,238	10,364	10,376	10,481	10,967	10,762	10,240
	2014	10,791	12,230	11,428	11,374	11,170	10,595	11,087	11,262	10,805	11,547	11,593	11,351	11,271
RevPAR (JPY)	2010													
	2011											6,525	7,342	
	2012	6,342	8,187	8,041	8,220	7,712	7,597	8,008	7,863	6,878	7,252	7,721	7,907	7,641
	2013	7,684	10,021	9,287	9,618	9,308	9,404	9,685	9,609	9,543	9,979	10,266	9,700	9,502
	2014	8,875	11,493	10,594	10,769	10,014	9,698	10,508	10,390	9,890	11,067	10,880	10,217	10,358

ibis Styles Kyoto Station

		January	February	March	April	May	June	July	August	September	October	November	December	Total
Sales (JPY M)	2010													
	2011													
	2012													
	2013											76	47	
	2014	35	40	59	71	58	43	52	58	54	66	95	58	690
Occupancy rate	2010													
	2011													
	2012													
	2013											86.4%	69.0%	
	2014	59.6%	79.7%	82.6%	91.9%	84.0%	73.6%	82.6%	91.4%	91.7%	94.4%	97.5%	87.7%	84.7%
ADR (JPY)	2010													
	2011													
	2012													
	2013											12,846	9,566	
	2014	8,115	7,615	10,021	11,271	9,623	8,258	8,762	8,917	8,599	9,697	14,383	9,284	9,671
RevPAR (JPY)	2010													
	2011													
	2012													
	2013											11,106	6,599	
	2014	4,835	6,069	8,282	10,363	8,084	6,078	7,234	8,149	7,882	9,154	14,017	8,138	8,193

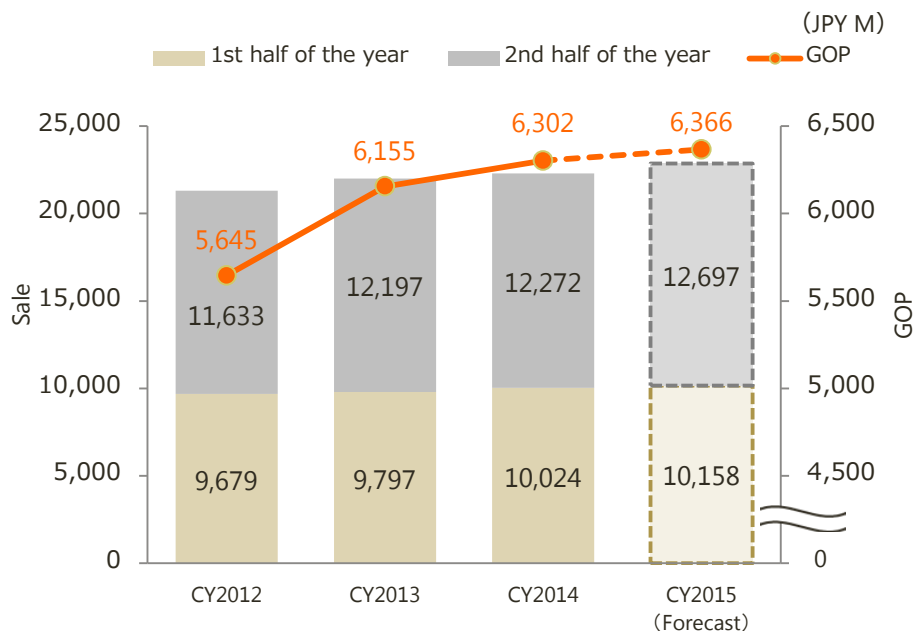
Appendix 4

Performance of the Major Hotels with Variable Rent

1. Performance Highlights of HMJ's Five Hotels

Changes in sales volume, GOP and manage indicators(*) of HMJ's five hotels

◆ Sales and GOP



◆ Management indicators

	CY2010	CY2011	CY2012	CY2013	CY2014	CY2015 (forecast)
Occupancy rate	80.4%	76.7%	82.7%	86.1%	86.9%	87.8%
ADR (JPY)	15,980	15,846	16,200	17,297	17,551	17,751
RevPAR (JPY)	12,845	12,160	13,400	14,886	15,245	15,580
GOP (JPY M)	5,696	5,158	5,645	6,155	6,302	6,366
GOP ratio	26.6%	25.5%	26.5%	28.0%	28.3%	27.9%

Actual performance from January 2014 through December 2014

- Total sales increased JPY302M or 1.4% compared with the previous year.
- Rooms department attracted both domestic and inbound leisure demand proactively. Rooms department of four hotels excluding Oriental Hotel Tokyo Bay, which was affected by the ending of the 30th anniversary event by Tokyo Disney Resort (hereinafter called "TDR"), increased RevPAR. Room sales increased by JPY245M or 2.4% compared with the previous year.
- Each of general banquet, wedding, and restaurant sections in food and beverage department saw increase in sales compared with the previous year as a result from strengthened sales efforts. Sales of food and beverage department increased by JPY105M or 1.1% compared with the previous year.

Sales forecast from January 2015 through December 2015

- Total sales are expected to increase by JPY560M or 2.5% compared with the previous year.
- Although rooms department expects Oriental Hotel Tokyo Bay to be affected by the ending of TDR's 30th anniversary during January-March period, it expects to see its sales to increase by JPY221M or 2.1% compared with the previous year, by continuously strengthening both domestic and inbound leisure demand and refining revenue management.
- Wedding, general banquet, and restaurant sales are expected to increase compared with the previous year due to strengthened sales efforts. Sales from the food and beverage department is expected to increase by JPY301M or 3.1% compared with the previous year.

GOP forecast from January 2015 through December 2015

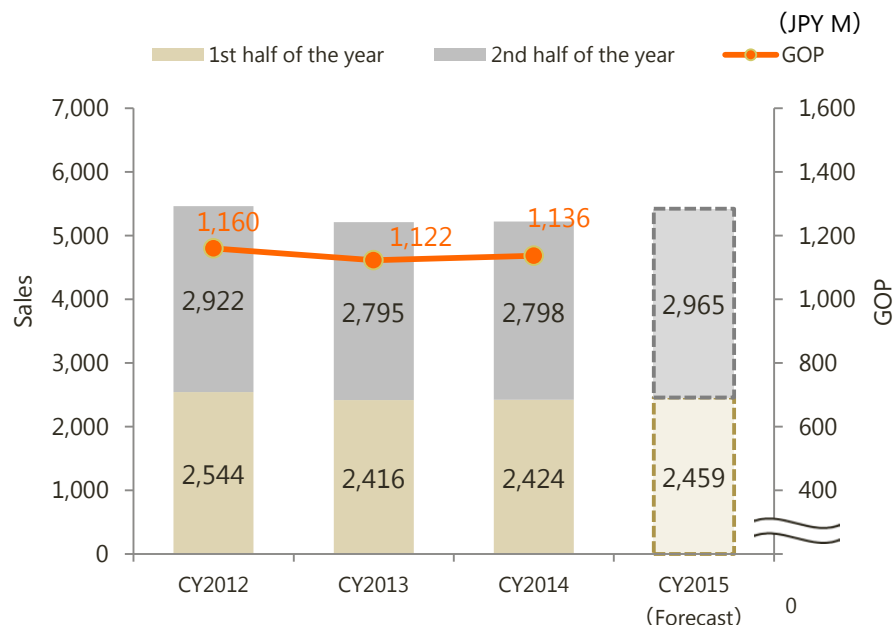
- GOP is expected to increase by JPY64M or 1.0% compared with the previous year.
- GOP is expected to exceed that of the previous year in association with the increase in total sales. On the other hand, an increase in labor costs accompanied by improvement in service levels and strengthened sales, and an increase in energy costs, a GOP ratio is expected to drop by 0.4% compared with the previous year.

(*) Sales volume, GOP, and management indicators have been provided by lessee or operator. CY2015 is a forecast; actual figures may differ due to various factors. (The same applies hereafter for each hotel.)

2. Performance Highlights of Each of HMJ's Five Hotels (1)

Kobe Meriken Park Oriental Hotel

◆ Sales and GOP



◆ Management indicators

	CY2010	CY2011	CY2012	CY2013	CY2014
Occupancy rate	81.3%	76.5%	80.0%	81.5%	80.6%
ADR (JPY)	13,564	14,645	14,326	14,526	15,355
RevPAR (JPY)	11,027	11,197	11,464	11,844	12,369
GOP (JPY M)	1,150	1,148	1,160	1,122	1,136
GOP ratio	19.8%	20.7%	21.2%	21.5%	21.8%

Actual performance from January 2014 through December 2014

- Total sales increased by JPY12M or 0.2% compared with the previous year.
- The rooms department strengthened efforts to attract inbound visitors in addition to domestic leisure demand. Room sales increased by JPY68M or 4.5% compared with the previous year.
- Wedding sales increased due to the increase in the number of weddings through strengthened sales efforts, but general banquet sales and restaurant sales decreased. The food and beverage department sales decreased by JPY31M or 0.9% compared with the previous year.

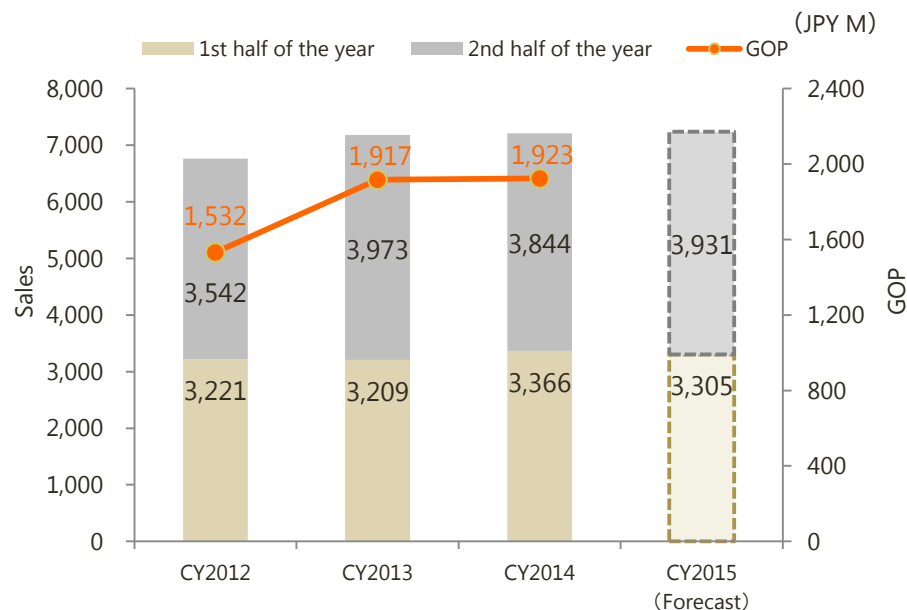
Sales forecast from January 2015 through December 2015

- Total sales are expected to increase by JPY202M or 3.9% compared with the previous year.
- The rooms department intends to attract both domestic and inbound leisure demand continuously. Room sales are expected to increase by JPY43M or 2.7% compared with the same period last year.
- Each of restaurant, wedding, and general banquet sections in the food and beverage department intends to increase its sales through improvement of operations. The food and beverage department sales expects to increase by JPY141M or 4.3% compared with the previous year.
- As a new effort, the wedding section has operations support from January 2015 by a company specializing in wedding events. It aims to improve competitiveness and earning power by improving the operation.

2. Performance Highlights of Each of HMJ's Five Hotels (2)

Oriental Hotel Tokyo Bay

◆ Sales and GOP



◆ Management indicators

	CY2010	CY2011	CY2012	CY2013	CY2014
Occupancy rate	90.2%	78.7%	94.0%	96.1%	98.1%
ADR (JPY)	16,583	15,941	17,469	20,125	19,306
RevPAR (JPY)	14,950	12,542	16,425	19,349	18,944
GOP (JPY M)	1,508	1,055	1,532	1,917	1,923
GOP ratio	22.8%	18.3%	22.7%	26.7%	26.7%

Actual performance from January 2014 through December 2014

- Total sales increased by JPY28M or 0.4% compared with the previous year.
- The rooms department saw some slowdown after the ending of TDR's 30th anniversary event in April but implemented refined revenue management in response to demand. Room sales decreased by JPY83M or 2.1% compared with the previous year.
- General banquet, wedding, and restaurant sales exceeded the previous year as a result of strengthened sales effort. Sales from the food and beverage department increased JPY127M or 4.6% compared with the previous year.

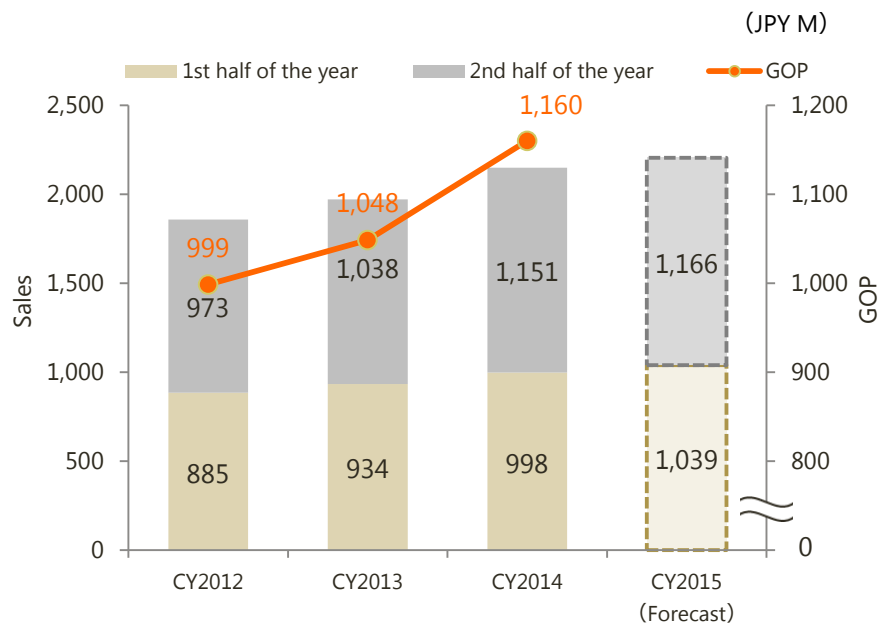
Sales forecast from January 2015 through December 2015

- Total sales are expected to increase by JPY26M or 0.4% compared with the previous year.
- While the rooms department intends to implement refined revenue management continuously in response to demand, it also expects to see some slowdown during January - March period after the ending of TDR's 30th anniversary event. Room sales are expected to decrease by JPY43M or 1.1% compared with the previous year.
- The food and beverage department expects to increase its sales resulting from strengthened sales efforts. Sales from the food and beverage department are expected to increase by JPY77M or 2.7% compared with the previous year.

2. Performance Highlights of Each of HMJ's Five Hotels (3)

Namba Oriental Hotel

◆ Sales and GOP



◆ Management indicators

	CY2010	CY2011	CY2012	CY2013	CY2014
Occupancy rate	81.6%	87.3%	87.6%	91.9%	90.9%
ADR (JPY)	9,677	10,250	10,049	10,918	12,902
RevPAR (JPY)	7,899	8,949	8,805	10,037	11,731
GOP (JPY M)	1,048	1,051	999	1,048	1,160
GOP ratio	56.0%	55.1%	53.7%	53.2%	54.0%

Actual performance from January 2014 through December 2014

- Total sales increased by JPY177M or 9.0% compared with the previous year.
- The rooms department further attracted inbound travelers amid an increase in domestic and inbound leisure demand and favorable market environment. Sales increased by JPY176M or 16.9% compared with the previous year.

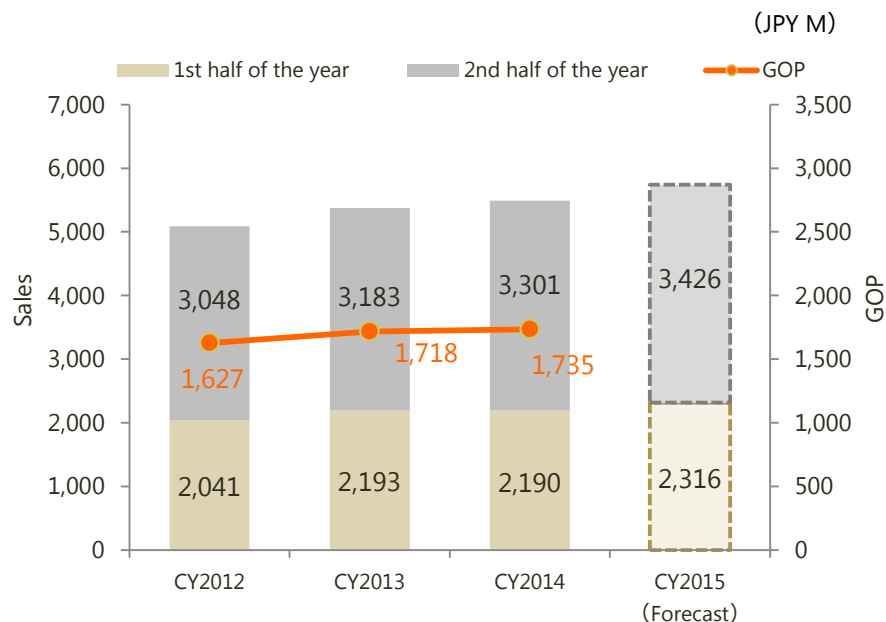
Sales forecast from January 2015 through December 2015

- Total sales are expected to increase by JPY57M or 2.6% compared with the previous year.
- The rooms department intends to increase ADR by further attracting inbound visitors. Room sales are expected to increase by JPY51M or 4.2% compared with the previous year.

2. Performance Highlights of Each of HMJ's Five Hotels (4)

Hotel Nikko Alivila

◆ Sales and GOP



◆ Management indicators

	CY2010	CY2011	CY2012	CY2013	CY2014
Occupancy rate	72.2%	73.2%	73.4%	78.0%	80.0%
ADR (JPY)	25,800	24,934	25,030	25,127	25,082
RevPAR (JPY)	18,634	18,243	18,364	19,594	20,072
GOP (JPY M)	1,678	1,598	1,627	1,718	1,735
GOP ratio	33.3%	31.5%	32.0%	32.0%	31.6%

Actual performance from January 2014 through December 2014

- Total sales increased by JPY116M or 2.2% compared with the previous year.
- Although some rooms were closed temporarily for renovation from January to March, the rooms department implemented flexible price measures to attract customers amid a favorable market environment with more travelers visiting Okinawa compared with the previous year. Room sales increased by JPY75M or 2.4% compared with the previous year.
- Restaurant sales increased due to improvement in occupancy rate, etc. Wedding sales also increased resulting from improved sales efforts. Sales from food and beverage department increased by JPY47M or 2.7% compared with the previous year.

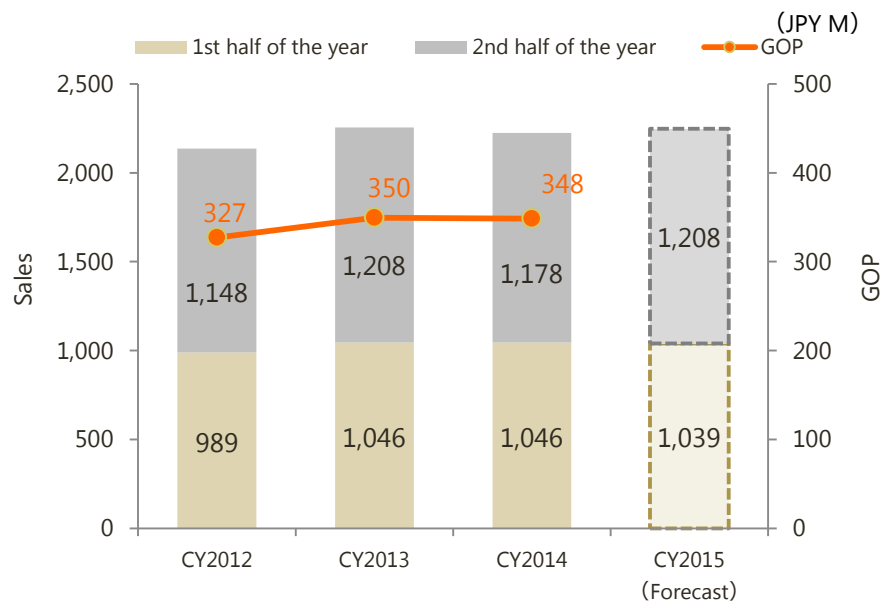
Sales forecast from January 2015 through December 2015

- Total sales are expected to increase by JPY250M or 4.6% compared from the previous year.
- The rooms department intends to implement revenue management continuously in response to demand. Sales are expected to increase by JPY157M or 4.9% compared with the previous year.
- Each of restaurant, wedding, and general banquet sections in the food and beverage department are expected to increase due to strengthened sales efforts. The food and beverage department sales are expected to increase by JPY68M or 3.8% compared with the previous year.

2. Performance Highlights of Each of HMJ's Five Hotels (5)

Oriental Hotel Hiroshima

◆ Sales and GOP



◆ Management indicators

	CY2010	CY2011	CY2012	CY2013	CY2014
Occupancy rate	70.3%	67.1%	72.2%	77.5%	78.1%
ADR (JPY)	8,876	8,479	8,255	8,446	8,517
RevPAR (JPY)	6,240	5,692	5,959	6,545	6,650
GOP (JPY M)	311	306	327	350	348
GOP ratio	15.1%	15.8%	15.3%	15.5%	15.7%

Actual performance from January 2014 through December 2014

- Total sales decreased by JPY31M or 1.4% compared with the previous year.
- The rooms department steadily attracted domestic leisure demand. Room sales increased by JPY10M or 1.6% compared with the previous year.
- Although general banquet sales increased due to strengthened sales efforts, wedding sales and restaurant sales decreased compared with the previous year. The food and beverage department sales decreased by JPY39M or 2.5% compared with the previous year.

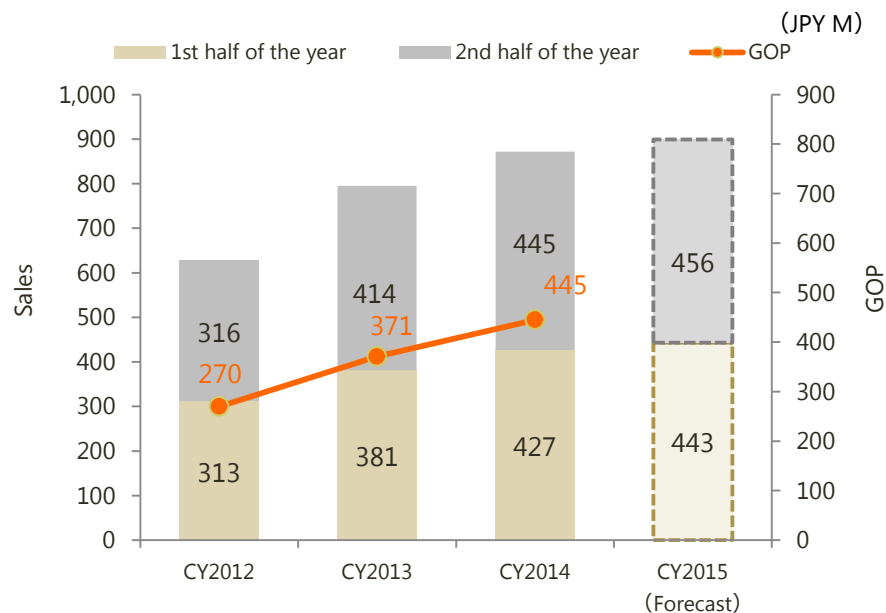
Sales forecast from January 2015 through December 2015

- Total sales are expected to increase by JPY24M or 1.1% compared with the previous year.
- The rooms department intends to further attract leisure guests, increasing ADR. Room sales are expected to increase by JPY14M or 2.3% compared with the previous year.
- Wedding sales are expected to decline due to a decrease in the revenue per function. But general banquet sales and restaurant sales are expected to increase. The food and beverage department sales are expected to increase by JPY8M or 0.5% compared with the previous year.

3. Performance Highlights of Each of Accor's Five Hotels (1)

ibis Tokyo Shinjuku

◆ Sales and GOP



◆ Management indicators

	CY2012	CY2013	CY2014
Occupancy rate	83.5%	92.8%	91.9%
ADR (JPY)	9,154	10,240	11,271
RevPAR (JPY)	7,641	9,502	10,358
GOP (JPY M)	270	371	445
GOP ratio	42.9%	46.7%	51.0%

Actual performance from January 2014 through December 2014

- Total sales increased by JPY77M or 9.6% compared with the previous year.
- By attracting domestic business travelers, high-unit-priced leisure travelers and inbound travelers, room sales increased by JPY63M or 8.9% compared with the previous year.

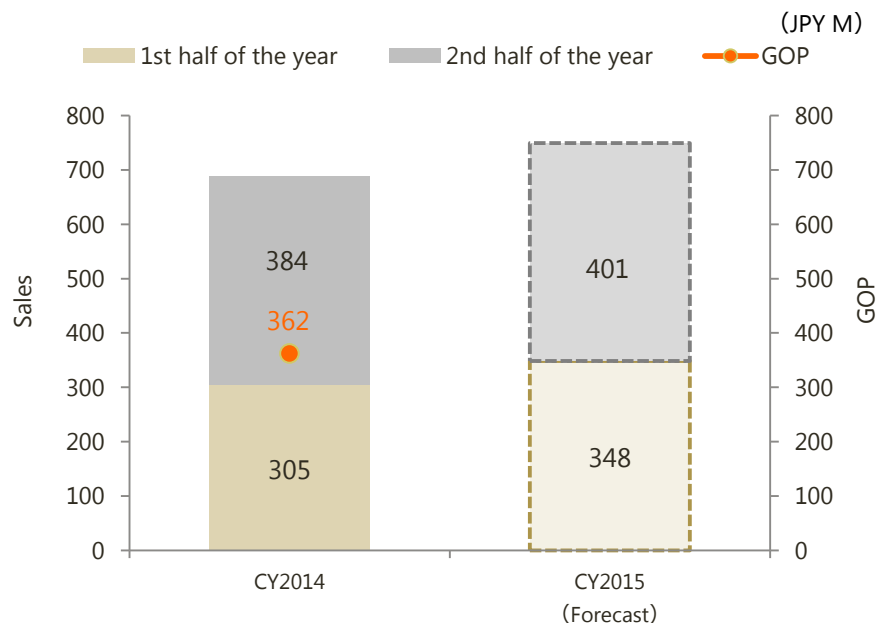
Sales forecast from January 2015 through December 2015

- Total sales are expected to increase by JPY27M or 3.1% compared with the previous year.
- The rooms department intends to attract both domestic and inbound high-unit-priced leisure travelers continuously, and increase ADR. Room sales are expected to increase by 26M or 3.4% compared with the previous year.

3. Performance Highlights of Each of Accor's Five Hotels (2)

ibis Styles Kyoto Station

◆ Sales and GOP



◆ Management indicators

	CY2014
Occupancy rate	84.7%
ADR (JPY)	9,671
RevPAR (JPY)	8,193
GOP (JPY M)	362
GOP ratio	52.5%

Actual performance from January 2014 through December 2014

- Total sales were JPY690M.
- The hotel strived to build up new sales operation and improve public recognition when it rebranded on October 31, 2013. It attracted inbound travelers proactively through the operator's own network system (booking website).

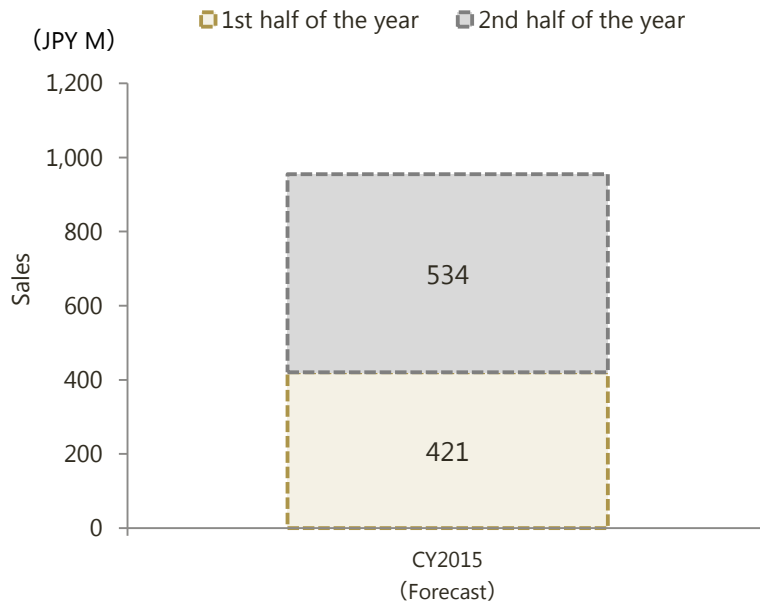
Sales forecast from January 2015 through December 2015

- Total sales are expected to increase by JPY60M or 8.7% compared with the previous year.
- The hotel intends to attract both domestic and inbound leisure travelers, increasing the occupancy rate and ADR. The rooms department sales are expected to increase by JPY54M or 8.5%.

3. Performance Highlights of Each of Accor's Five Hotels (3)

ibis Styles Sapporo

◆ Sales (Forecast for 2015)



◆ Management indicators (after acquisition by month)

	2014				
	Aug	Sep	Oct	Nov	Dec
Occupancy rate	94.5%	94.6%	93.9%	85.6%	87.0%
ADR (JPY)	12,100	10,325	7,240	6,509	6,853
RevPAR (JPY)	11,433	9,770	6,801	5,575	5,965
Sales (JPY M)	118	96	73	58	64

Actual performance in 2014 (after acquisition)

- Total sales after the purchase of the hotel was JPY409M (from August through December).
- The hotel was rebranded from Best Western Hotel Sapporo Nakajima Koen to ibis Styles Sapporo on December 27, 2014.
- While the market environment remained favorable, the hotel attracted inbound travelers in addition to domestic leisure travelers.

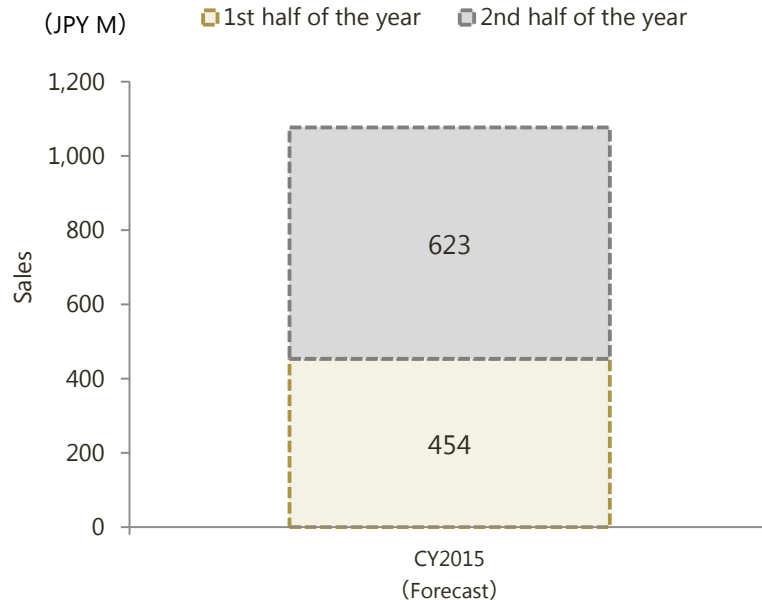
Sales forecast from January 2015 through December 2015

- Total sales are expected to be JPY955M.
- By using the operator's own network system, the hotel intends to attract inbound travelers proactively, aiming to improve occupancy rate and ADR.

3. Performance Highlights of Each of Accor's Five Hotels (4)

Mercure Hotel Sapporo

◆ Sales (forecast for 2015)



◆ Management indicators (after acquisition by month)

	2014		
	Oct	Nov	Dec
Occupancy rate	77.9%	58.7%	75.1%
ADR (JPY)	9,449	8,951	10,000
RevPAR (JPY)	7,364	5,255	7,506
Sales (JPY M)	83	60	89

Actual performance in 2014 (after acquisition)

- Total sales after acquisition of the hotel were JPY232M (from October through December).
- While the market environment remained favorable, the hotel attracted not only domestic leisure travelers but also inbound travelers proactively through the operator's own network system (booking website).

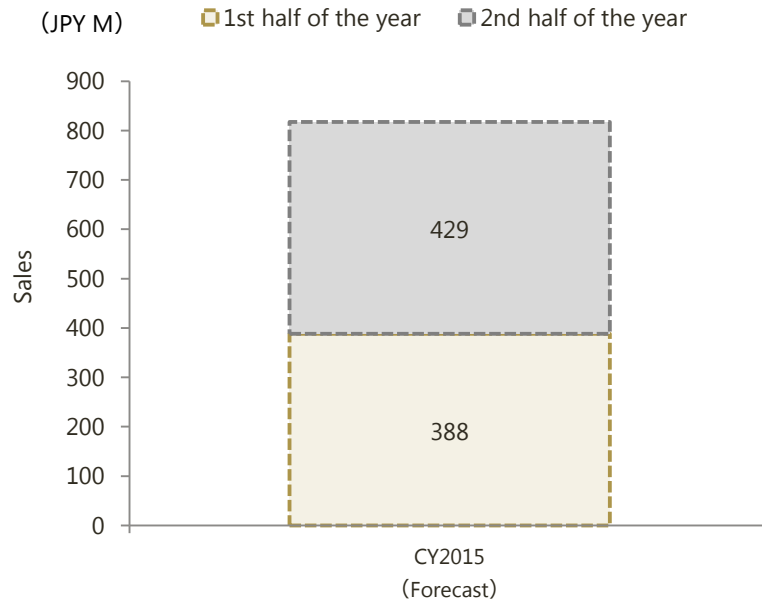
Sales forecast from January 2015 through December 2015

- Total sales are expected to be JPY1,077M.
- The hotel intends to attract not only domestic travelers but also inbound travelers through the operator's network system (booking website). The hotel aims to improve occupancy rate and ADR.

3. Performance Highlights of Each of Accor's Five Hotels (5)

Mercure Hotel Okinawa Naha

◆ Sales (forecast for 2015)



◆ Management indicators (after acquisition by month)

	2014		
	Oct	Nov	Dec
Occupancy rate	78.7%	76.9%	69.0%
ADR (JPY)	8,673	8,864	9,784
RevPAR (JPY)	6,829	6,819	6,756
Sales (JPY M)	66	66	67

Actual performance in 2014 (after acquisition)

- Total sales after the acquisition of the hotel were JPY199M (from October through December).
- While the market environment remained favorable, the hotel attracted inbound travelers in addition to domestic leisure travelers proactively.

Sales forecast from January 2015 through December 2015

- Total sales are expected to be JPY817M.
- In order to attract more domestic and inbound leisure travelers, the hotel intends to increase sales channels through strengthened sales efforts, and aims to improve occupancy rate and ADR.

Appendix 5

Investors Composition and Investment Unit Price

1. Major Unitholders and Unitholders of Investment Units

Top ten major unitholders

◆ As of the end of December 2013

Ranking	Name	No. of Units	Percentage (*1)
1	Japan Trustee Service Bank, Ltd. (Trust)	448,866	17.12
2	The Master Trust Bank of Japan, Ltd. (Trust)	310,214	11.83
3	Trust and Custody Services Bank, Ltd. (Securities Investment Trust)	215,180	8.20
4	The Nomura Trust and Banking Co., Ltd. (Trust)	138,110	5.26
5	Taiyo Investment Specific Purpose Company ^(*)	127,204	4.85
6	Nomura Bank (Luxembourg) S.A.	77,718	2.96
7	Umi Investment Specific Purpose Company	77,435	2.95
8	The Bank of New York, Non-Treaty JASDEC Account	69,926	2.66
9	Shikoku Railway Company	58,311	2.22
10	Goldman Sachs International	42,946	1.63
Total		1,565,910	59.73

◆ As of the end of December 2014

Ranking	Name	No. of units	Percentage (*1)
1	Japan Trustee Service Bank, Ltd. (Trust)	524,068	18.77
2	The Master Trust Bank of Japan, Ltd. (Trust)	287,523	10.30
3	Trust and Custody Services Bank, Ltd. (Securities Investment Trust)	252,508	9.04
4	The Nomura Trust and Banking Co., Ltd. (Trust)	118,089	4.23
5	Nomura Bank (Luxembourg) S.A.	97,755	3.50
6	Shikoku Railway Company	58,311	2.08
7	Goldman Sachs International	41,638	1.49
8	Nomura PB Nominees TK1 Limited	38,269	1.37
9	NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	36,314	1.30
10	The Bank of New York Mellon SA/NV 10	29,695	1.06
Total		1,484,170	53.17

(*1) The total units held by each investor to the total units issued by JHR as of the end of December 2013 and the end of June 2014 (Rounded off to two decimal places.)

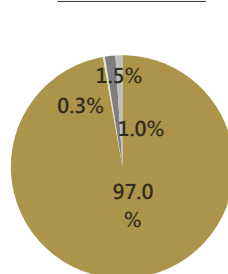
(*2) These SPCs were established by the intention of RECAP Group. The number of investment units held by these SPCs has decreased due to the secondary offering which was conducted together with primary offering by JHR in September 2014.

Owners of the investment units

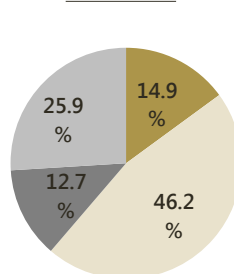
◆ As of the end of December 2013

Owners	No. of investors	No. of units
Individuals and others	16,564	392,782
Financial institutions (including securities firms)	58	1,213,027
Other domestic firms	268	334,077
Foreign firms and individuals	183	681,395
Total	17,073	2,621,281

No. of investors



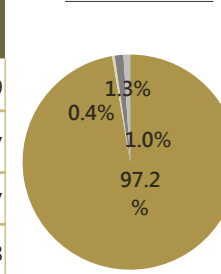
No. of units



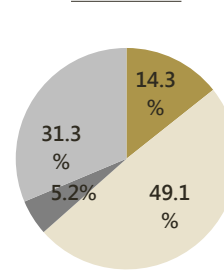
◆ As of the end of December 2014

Owners	No. of investors	No. of units
Individuals and others	22,227	399,789
Financial institutions (including securities firms)	95	1,370,607
Other domestic firms	313	145,417
Foreign firms and individuals	231	875,468
Total	22,866	2,791,281

No. of investors



No. of units



(*) Percentage of investors: Percentage of owners to the total number of investors in JHR.

Percentage of investment units: Percentage of investment units owned to the total investment units issued. (Round off to one decimal place.)

2. Changes in Investment Unit Price and Market Capitalization

Change in the investment unit price and market capitalization (Based on the closing price)

Price of the investment unit:
JPY77,000.-

Total market capitalization:
JPY214.9B

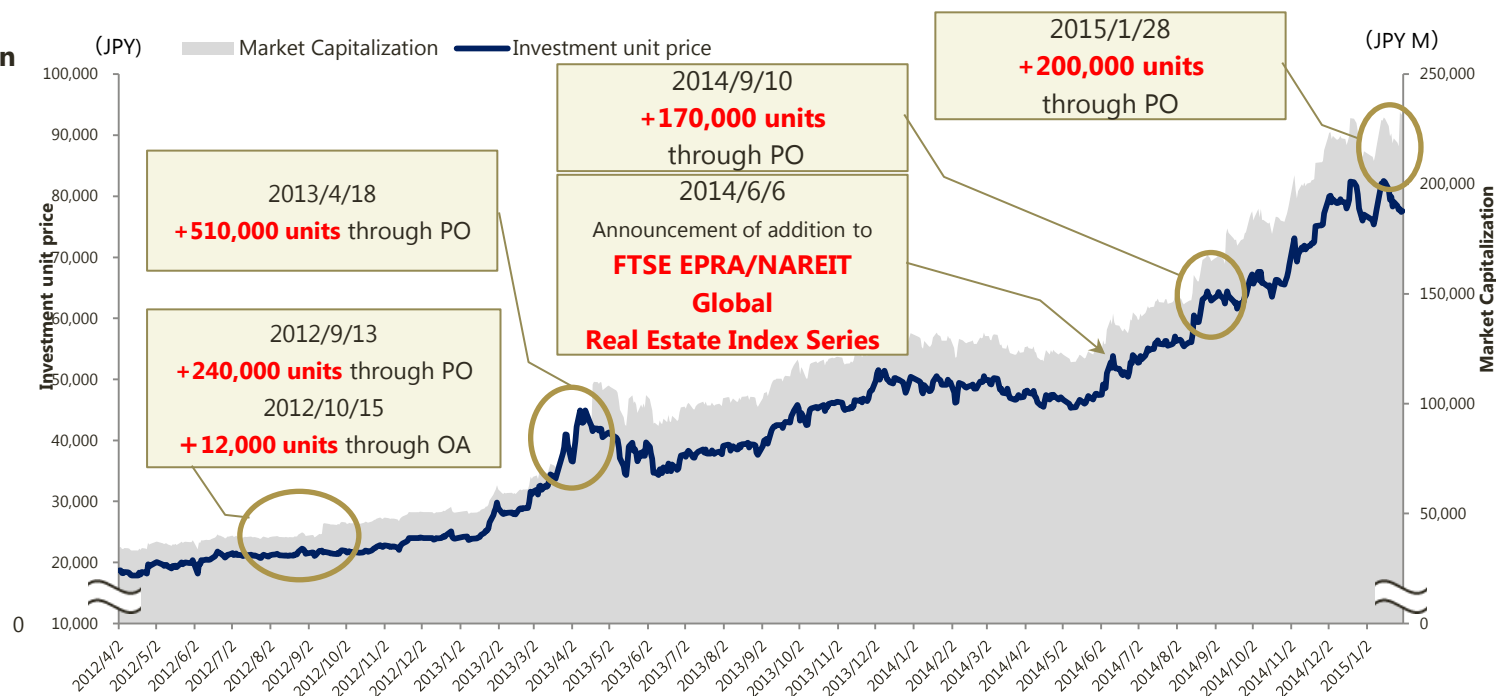
(Based on the closing price of Dec. 30, 2014)

Price of the investment unit:
JPY77,600.-

Total market capitalization:
JPY232.1B

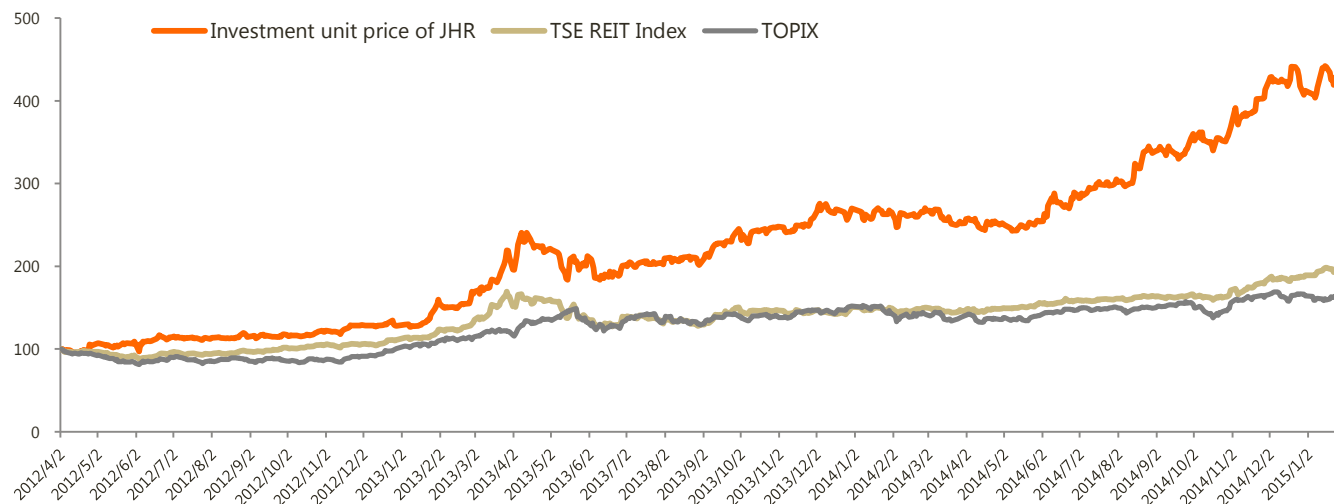
(Based on the closing price of Jan. 30, 2015)

(*) Price of the real estate investment securities may fall depending on the price of the real estate under management or fluctuations of its profitability, etc., and investors may suffer losses. Investors may also suffer losses through the bankruptcy or deteriorated financial condition of the issuer.
With reference to the risk of investment in JHR units, see Securities Report of JHR dated March 20, 2014 and Mid-term Securities Report dated September 19, 2014.



Comparison with REIT Index and TOPIX of Tokyo Stock Exchange (TSE)

(*) 100 is the closing price of JHR unit, REIT index and TOPIX at TSE dated April 2, 2012. REIT Index of TSE is index of weighted average of the market capitalization of all REITs listed on TSE.



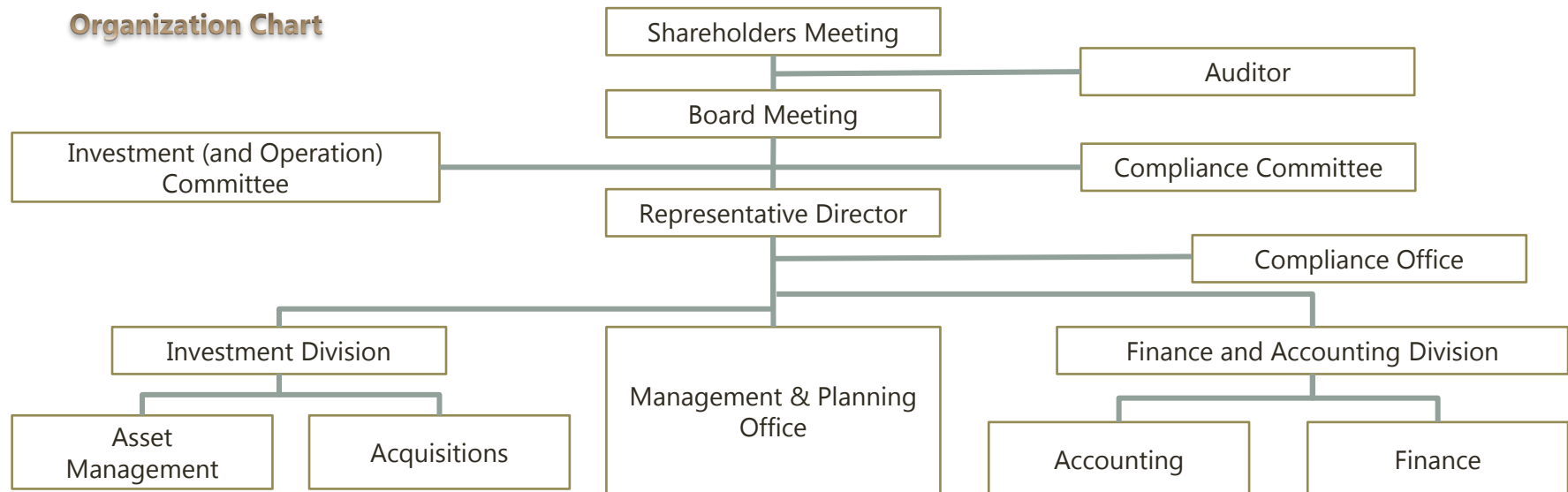
Appendix 6

Summary of the Asset Management Company

1. Summary of the Asset Management Company

Company	Japan Hotel REIT Advisors Co., Ltd.
Location	Ebisu Neonato 4F, 4-1-18 Ebisu, Shibuya-ku, Tokyo 150-0013
Establishment	August 10, 2004
Capital	JPY300M as of December 31, 2014
Shareholders	Rockrise Sdn Bhd, Kyoritsu Maintenance Co., Ltd., ORIX Corporation
Representative Director	Hisashi Furukawa
Registration and Licenses	Building Lots and Buildings Transaction Business Operator, Governor of Tokyo (3) No. 83613 Discretionary Transaction Agent by Minister of Land, Infrastructure, Transport and Tourism No. 38 Financial Instruments Trading Company No. 334, Director of Kanto Local Finance Bureau

Organization Chart



Features of the asset management company

【1】 Mission statement

We continue challenge and creation, and provide you with attractive hotel investment opportunities.

【2】 Advanced expertise

- ✓ Planned and executed unprecedented measures for the asset management of JHR.
- ✓ Extensive experience, planning and execution abilities in renovation or rebranding through collaboration with hotel lessees or hotel operator.
- ✓ Good and long-term business relationships with many hotel lessees and hotel operators.
- ✓ Ensure managerial independence from the main sponsor^(*1) and commitment to the growth of JHR.
- ✓ Conduct and publish unique proprietary research on the hotel and tourism industries.

Rule to prevent conflict of interest in dealing with the sponsor-related persons

Strict decision-making rules including those detailed below have been set for dealing with “sponsor-related persons”^(*2). In order to prevent conflict, we strive to comply with arms length rule and ensure deal transparency.

Asset management company: Compliance committee

- ✓ The compliance committee consists of the committee members including outside specialists, and attendance of the outside specialists is in principle required for approval of the transaction.
- ✓ In principle, the outside specialists are authorized to dismiss the proposal.

JHR: Committee

- ✓ The committee consists of third party members who do not have any relationship with the sponsors-related persons.
- ✓ All deals involving a sponsor-related persons in principle need the approval of the committee.

(*1) No employee of the asset management company is a seconded employee of the main sponsor, RECAP group, except for a part-time director.

(*2) Definition of “sponsor-related person” is broader than the “interested party” stipulated by law. All investors of the asset management company and its subsidiary company, etc. are considered as sponsor-related persons.

This material is prepared and provided solely for the purpose of providing information and not to solicit any purchase of investment units or investment corporation bonds of Japan Hotel REIT Investment Corporation ("JHR") or any other particular products. If any discrepancy is identified between this translation and the Japanese original, the Japanese original shall prevail.

This material is neither a disclosure document nor an investment report required under or prepared pursuant to the Financial Instruments and Exchange Act, Investment Trust and Investment Corporation Act and related government ordinances, Cabinet Office regulations, Tokyo Stock Exchange listing rules, or other related rules and regulations.

This material contains forward-looking statements about financial conditions, operational results, and businesses of JHR, as well as plans and intentions of JHR and its asset management company, Japan Hotel REIT Advisors Co., Ltd ("JHRA"). Such forward-looking statements involve known and unknown risks, uncertainties, and other factors that may cause actual results or performance of JHR to materially differ from those expressed or implied forecasts. Those forecasts are made based on JHR's present and future business strategies and assumptions relating to the political and economic circumstances surrounding JHR in the future.

Every effort has been made to ensure the accuracy of the information contained in this material. However, there can be no assurance that the information is accurate, complete, appropriate or fair. The information may be revised or retracted without prior notice.

Regarding the offering and trading of investment units or investment corporation bonds, financial institutions may charge you pre-determined handling fees and other charges aside from the price of the investment units or investment corporation bonds, please ask financial institutions for the amount, upper limit, and calculation methods of such fees and other charges.

JHR mainly invests in real estate-related assets, primarily hotels which are subject to change in values. Therefore, unitholders and investment corporation bond holders may suffer losses due to economic conditions of the real estate market or securities market, interest rates, the nature of investment units, dependency on mechanisms and related persons of investment corporations, changes in legal systems related to real estate (such as tax regulations and building regulations), damages caused to the real estate-related assets by natural disasters, fluctuation in prices or profitability of the real estate-related assets, nature of the trust beneficiary rights under management, delisting of the investment units, or worsening of the financial position or insolvency of JHR. For details, please refer to the Articles of Incorporation, Securities Registration Statement, Annual Securities Report and Extraordinary Report of JHR.

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Japan Hotel REIT Advisors Co., Ltd.
Financial Instruments Trading Company
No. 334, Director of Kanto Local Finance Bureau
Member of the Investment Trust Association, Japan