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REIT Issuer:

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Notice Concerning Revision of Operating Forecast and Forecast of Dividend
for Fiscal Year Ending December 2016 (17th Period)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you of the revision of the operating forecast and forecast of dividend for the fiscal year ending December 2016 (January 1, 2016 through December 31, 2016), which was announced in the “Notice Concerning Revision of Operating Forecast and Forecast of Dividend for Fiscal Year Ending December 2016 (17th Period)” dated February 12, 2016, and the operating forecast for the midterm of the fiscal year ending December 2016 (January 1, 2016 through June 30, 2016), which was announced in the “Notice Concerning Operating Forecast and Forecast of Dividend for Fiscal Year Ending December 2016 (17th Period)” dated January 4, 2016, as follows.

1. Revision of the operating forecast and forecast of dividend for the full year of the fiscal year ending December 2016 (January 1, 2016 through December 31, 2016)

	Operating revenue	Operating income	Ordinary income	Net income	Dividend per unit (Excess of earnings exclusive)	Dividend per unit resulting from excess of earnings
Previous forecast (A)	JPY1M 20,332	JPY1M 12,538	JPY1M 10,871	JPY1M 10,871	JPY 3,276	JPY 0
Revised forecast (B)	JPY1M 20,836	JPY1M 12,645	JPY1M 10,904	JPY1M 10,904	JPY 3,318	JPY 0
Variance (C) = (B) - (A)	JPY1M 503	JPY1M 107	JPY1M 33	JPY1M 33	JPY 42	JPY 0
Variance (D) = (C) / (A)	% 2.5	% 0.9	% 0.3	% 0.3	% 1.3	% 0

2. Revision of the operating forecast for the midterm of the fiscal year ending December 2016 (January 1, 2016 through June 30, 2016)

	Operating revenue	Operating income	Ordinary income	Net income	Dividend per unit (Excess of earnings exclusive)	Dividend per unit resulting from excess of earnings
Previous forecast (A)	JPY1M 8,974	JPY1M 5,335	JPY1M 4,506	JPY1M 4,506	JPY —	JPY —
Actual (B)	JPY1M 9,136	JPY1M 5,364	JPY1M 4,477	JPY1M 4,477	JPY —	JPY —
Variance (C) = (B) - (A)	JPY1M 162	JPY1M 28	JPY1M -28	JPY1M -28	JPY —	JPY —
Variance (D) = (C) / (A)	% 1.8	% 0.5	% -0.6	% -0.6	% —	% —

Note: This document is intended to serve as a press release to make available the information on revision of the operating forecast and forecast of dividend for the fiscal year ending December 2016 (17th period) of JHR. This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to make any investment decisions at their own risk and responsibility.

(Reference) Forecast of net income per unit for the full year: JPY3,292

(Calculated based on the forecast period-average number of investment units of 3,312,096 units)

- (*1) Dividend per unit is calculated based on the number of investment units issued as of today of 3,321,907 units.
- (*2) For the assumptions of the operating forecast above, please refer to “<Reference Information> Assumptions of the operating forecast for the midterm and full year of the fiscal year ending December 2016 (17th period)” below.
- (*3) As announced in the press release “Notice Concerning Acquisition of New Asset (Hotel Centraza Hakata)” dated today, acquisition of Hotel Centraza Hakata is assumed. For the operating forecast that reflects the full-year impact of the acquisition of Hotel Centraza Hakata, please refer to “4. Highlights of the operating forecast and forecast of dividend” below.
- (*4) Amounts are rounded down to the nearest JPY1M.

3. Rationale for the revision of the operating forecast and forecast of dividend

The operating forecast and forecast of dividend are being revised with acquisition of an asset announced in the press release “Notice Concerning Acquisition of New Asset (Hotel Centraza Hakata)” dated today.

With acquisition of Hotel Centraza Hakata, net income for the full fiscal year ending December 2016 is expected to increase by JPY33M compared with the previous forecast. In addition, as Hotel Centraza Hakata is a property under fixed-term land lease, amortization of the fixed-term leasehold rights of land and amortization of asset retirement obligations (hereinafter collectively called the “amortization of land leasehold right, etc.”) will arise. The amortization of land leasehold right, etc. is not deductible as expense from taxable income. JHR plans to utilize negative goodwill equivalent to the amortization of land leasehold right, etc. for JPY106M as addition to dividends in order to cope with the mismatch between tax and accounting. As a result, dividend per unit is expected to increase by JPY43.- compared with the previous forecast.

Hotel Centraza Hakata’s annualized NOI yield and NOI yield after depreciation are expected to be 5.6% and 2.4%, respectively, and NOI after depreciation after using negative goodwill equivalent to the amount of the amortization of land leasehold right, etc. and paid additionally as a dividend (JPY142M) is expected to be 4.3%.

For the comparison between the forecast this time and the forecast for the previous year, please refer to “4. Highlights of the operating forecast and forecast of dividend” and “<Reference Materials 1> <1> Sales and GOP (*1) of HMJ group hotels (*2), <2> Sales and GOP of Accor’s six hotels (*3) and <3> Sales and GOP of six “the b” hotels (*4)” below.

- (*1) GOP is Gross Operating Profit, which is the remaining amount calculated by deducting expenses incurred from hotel operation, such as personnel cost and general and administrative expenses, from hotel sales, income, etc.
- (*2) HMJ’s five hotels are five hotels, namely, Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima.
HMJ group hotels are seven hotels, namely, HMJ’s five hotels, plus Okinawa Marriott Resort & Spa and Sheraton Hiroshima Hotel (the main facility of ACTIVE-INTER CITY HIROSHIMA).
- (*3) Accor’s six hotels are six hotels, namely, ibis Tokyo Shinjuku, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha and Mercure Yokosuka.
- (*4) Six “the b” hotels are six hotels, namely, the b akasaka-mitsuke, the b ikebukuro, the b ochanomizu, the b hachioji and the b hakata (the five hotels hereinafter collectively called the “five “the b” hotels”), plus the b suidobashi (rebranded from Dormy Inn Suidobashi on July 1, 2015).

4. Highlights of the operating forecast and forecast of dividend

The following are the causes of variance from the operating forecast for the fiscal year ended December 2015 (16th period) announced in the “Notice Concerning Revision of Operating Forecast and Forecast of Dividend for Fiscal Year Ended December 2015 (16th Period)” dated February 12, 2016.

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(Unit: JPY1M)

		16th Period	17th Period	(Reference)	Comparison with Forecast for Previous Period (B) - (C) Variance Ratio	Major Causes of Variance			
		Forecast (*1) (A)	Forecast This Time (B)	Forecast This Time Annualized (*2)		Property Acquisition (*3)	Property Disposition in 16th Period (*4)	Existing Properties (*5)	Causes of Variance for Existing Properties
Properties	No. of properties	36	38	38	2 5.6%				
	Acquisition price	225,723	239,626	239,626	13,902 6.2%				
Profit and loss	Operating revenue	17,343	20,836	21,019	3,492 20.1%	2,105	- 599	1,986	
	Real estate operating revenue	17,033	20,836	21,019	3,802 22.3%	2,105	- 293	1,990	
	Fixed rent	Composition 60.5% 10,311	Composition 58.6% 12,204	Composition 58.7% 12,330	1,893 18.4%	1,636	- 293	550	(1) Full-year impact, etc. of 8 properties (*6) acquired in previous period: JPY433M (2) Cancellation penalty upon tenant replacement: JPY114M
	Variable rent	39.5% 6,722	41.4% 8,632	41.3% 8,688	1,909 28.4%	469	-	1,440	(1) Increase in variable rent of HMJ's five hotels: JPY650M (2) Increase in income from management contract, etc. of Accor's five hotels: JPY356M (3) Increase in revenue sharing, etc.: JPY120M (4) Full-year impact, etc. of 8 properties (*6) acquired in previous period: JPY313M
	Gain on sale of real estate properties	309	-	-	- 309 -	-	- 305	- 4	
	NOI (*7)	14,829	17,625	17,618	2,795 18.9%	1,517	- 257 (*9)	1,535	
	NOI yield (*7)	6.6% (*8) (7.1%)	7.4%	7.4%	0.8%	-	-	-	
	NOI after depreciation	12,031	14,404	14,336	2,373 19.7%	1,122	- 184 (*9)	1,435	
	NOI yield after depreciation (*7)	5.3% (*8) (5.8%)	6.0%	6.0%	0.7%	-	-	-	
	Operating income	10,988	12,645	12,558	1,656 15.1%				
	Net income	9,294	10,904	10,893	1,610 17.3%				
Dividend	Use of negative goodwill	60	119	155	58 96.7%				
	Total dividends	9,354	11,022	11,048	1,668 17.8%				
	No. of units issued	3,144,227	3,321,907	3,321,907	177,680 5.7%				
	Dividend per unit (JPY)	2,975	3,318	3,326	343 11.5%				

- (*1) The operating forecast for the fiscal year ended December 2015 (16th period) announced in the "Notice Concerning Revision of Operating Forecast and Forecast of Dividend for Fiscal Year Ended December 2015 (16th Period)" dated February 12, 2016.
- (*2) For the assumptions of calculating the annualized figures in the forecast this time, please refer to "<Reference Materials 3> Assumptions of the forecast of the annualized effect" below.
- (*3) The impact on the statement of income from acquisition of three properties (ACTIVE-INTER CITY HIROSHIMA acquired on December 18, 2015, CANDEO HOTELS UENO-KOEN acquired on February 1, 2016 and Hotel Centraza Hakata to be acquired on April 1, 2016).
- (*4) The impact on the statement of income from sale of three properties (Comfort Hotel Shin-Yamaguchi, Daiwa Roynet Hotel Akita and Hotel Sunroute Niigata sold on October 30, 2015).
- (*5) The 36 properties owned as of December 31, 2015, but excluding ACTIVE-INTER CITY HIROSHIMA, to total 35 properties.
- (*6) The properties refer to the b akasaka-mitsuke, the b ikebukuro, the b ochanomizu, the b hachioji and the b hakata acquired on January 30, 2015, Hotel Francs acquired on March 31, 2015, Mercure Yokosuka acquired on April 2, 2015 and Okinawa Marriott Resort & Spa acquired on July 10, 2015.
- (*7) Each is calculated using the following formula.

$$\text{NOI (Net Operating Income)} = \text{Real estate operating revenue} - \text{Real estate operating costs} + \text{Depreciation} + \text{Loss on retirement of noncurrent assets}$$

$$\text{NOI yield} = \text{NOI} \div \text{Acquisition price}$$

$$\text{NOI after depreciation} = \text{Real estate operating revenue} - \text{Real estate operating costs}$$

$$\text{NOI yield after depreciation} = \text{NOI after depreciation} \div \text{Acquisition price}$$
- (*8) For the forecast for end of the fiscal year ended December 2015 (16th period), acquisition price includes the acquisition price of ACTIVE-INTER CITY HIROSHIMA acquired on December 18, 2015. On the other hand, NOI and NOI after depreciation only include 14 days as management period of ACTIVE-INTER CITY HIROSHIMA in the full year of the fiscal year ended December 2015 (16th period). Please see the figures in parentheses for NOI yield and NOI yield after depreciation excluding the impact of ACTIVE-INTER CITY HIROSHIMA.
- (*9) NOI and NOI after depreciation do not include gain on sale of real estate properties etc.. NOI and NOI after depreciation including the amount of the impact are -JPY563M and -JPY489M, respectively.

[Note]

The above is the operating forecast as of today, and actual dividend per unit may fluctuate. This forecast does not guarantee the amount of dividend shown above.

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

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<Reference Information>

Assumptions of the operating forecast for the midterm and full year of the fiscal year ending December 2016 (17th period)

Assumptions of the operating forecast for the midterm and full year of the fiscal year ending December 2016 (17th period)				
Item	Assumptions			
Calculation period	• Midterm: January 1, 2016 through June 30, 2016 (182 days) • Full year: January 1, 2016 through December 31, 2016 (366 days)			
Investment assets	• The 37 properties owned by JHR as of today, plus Hotel Centraza Hakata that is scheduled to be acquired on April 1, 2016, to total 38 properties is assumed. • In addition, it is assumed that there will be no change in assets (acquisition or disposition, etc.) other than the above through the end of the fiscal year ending December 2016 (17th period). The actual number may fluctuate, though, depending on the changes in assets that may take place.			
Operating revenue	• Operating revenue is calculated based on the effective lease contracts, etc. as of today and in consideration of hotel competitiveness and market environment, etc. • Rents of the main hotels are calculated based on the following assumptions.			
	(1) HMJ's five hotels			
	The assumptions of the fixed rent and variable rent for HMJ's five hotels are as follows.			
	Annual rent (JPY6,797M) = Fixed rent (JPY3,221M/year) + Variable rent (See below for calculation) (*1)			
	Variable rent = [(a) Total GOP of HMJ's five hotels – (b) GOP base amount] × 85.0%			
	HMJ's five hotels for the fiscal year ending December 2016 (17th period)			
	(Unit: JPY1M)			
		Total GOP of HMJ's five hotels (a)	GOP base amount (b)	Variable rent ((a) – (b)) × 85.0%
	Midterm	2,784	1,675	942
	Full year	7,558	3,351	3,576
	(*1) Concerning a fixed-term lease agreement on HMJ's five hotels, JHR concluded an agreement to change the variable rent ratio from 81.5% to 85.0% effective as of January 1, 2016. For details of the revised agreement, please refer to the press release “Notice Concerning Revision of Fixed-Term Lease Agreement” dated December 18, 2015. The variable rent when calculated based on the past variable rent ratio of 81.5% is JPY3,429M, and the amount of increase in variable rent as a result of the revision is JPY147M.			
	(*2) Please refer to “<Reference Materials 1> <1> Sales and GOP of HMJ group hotels” below for the comparison of sales and GOP, etc. of HMJ's five hotels.			
	(2) Okinawa Marriott Resort & Spa			
	The fixed and variable rent of Okinawa Marriott Resort & Spa are calculated as follows.			
	Annual rent (JPY1,101M) = Fixed rent (JPY550M/year) + Variable rent (See below for calculation)			
	Variable rent = [(a) Hotel GOP – (b) GOP base amount] × 90.0%			
	(Unit: JPY1M)			
	Hotel GOP (a)	GOP base amount (b)	Variable rent ((a) – (b)) × 90.0%	
Midterm	335	350	—	
Full year	1,312	700	551	
	(*) Please refer to “<Reference Materials 1> <1> Sales and GOP of HMJ group hotels” below for sales and GOP of Okinawa Marriott Resort & Spa.			

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Item	Assumptions																							
Operating revenue	(3) ACTIVE-INTER CITY HIROSHIMA ACTIVE-INTER CITY HIROSHIMA is a complex facility composed of a hotel building, an office building, and a commercial zone. Rent for each facility is calculated as follows. (a) Hotel building (Sheraton Hiroshima Hotel) Annual rent (JPY594M) = Fixed rent (JPY348M/year) + Variable rent (See below for calculation) Variable rent = [(a) Hotel GOP – (b) GOP base amount] × 82.5% (Unit: JPY1M)																							
	<table><tr><td></td><td>Hotel GOP (a)</td><td>GOP base amount (b)</td><td>Variable rent ((a) – (b)) × 82.5%</td></tr><tr><td>Midterm</td><td>342</td><td>234</td><td>89</td></tr><tr><td>Full year</td><td>766</td><td>468</td><td>246</td></tr></table>		Hotel GOP (a)	GOP base amount (b)	Variable rent ((a) – (b)) × 82.5%	Midterm	342	234	89	Full year	766	468	246											
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	Midterm	342	234	89																				
	Full year	766	468	246																				
	(*) Please refer to “<Reference Materials 1> <1> Sales and GOP of HMJ group hotels” below for sales and GOP of Sheraton Hiroshima Hotel.																							
	(b) Office building and commercial zone Rent from the office building and the commercial zone for the fiscal year ending December 2016 (17th period) is expected to be JPY225M for the midterm and JPY451M for the full year. These figures include JPY10M for the midterm and JPY20M for the full year as variable rent pursuant to an agreement for revenue sharing for some shops.																							
	(4) Hotel Centraza Hakata The fixed and variable rent of Hotel Centraza Hakata are calculated as follows. Rent for the fiscal year ending December 2016 (17th period) (*1) (JPY503M) = Fixed rent (JPY300M) + Variable rent Variable rent = [(a) Hotel GOP – (b) GOP base amount] × 90.0% (Unit: JPY1M)																							
	<table><tr><td></td><td>Hotel GOP (a)</td><td>GOP base amount (b)</td><td>Variable rent ((a) – (b)) × 90.0%</td></tr><tr><td>Midterm</td><td>175</td><td>106</td><td>62</td></tr><tr><td>Full year</td><td>545</td><td>318</td><td>203</td></tr></table>		Hotel GOP (a)	GOP base amount (b)	Variable rent ((a) – (b)) × 90.0%	Midterm	175	106	62	Full year	545	318	203											
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Midterm	175	106	62																					
Full year	545	318	203																					
(*1) Rent for the fiscal year ending December 2016 (17th period) shows the figure estimated to incur during the 275 days from April 1, 2016 to December 31, 2016. Furthermore, it is assumed that the GOP base amount after January 1, 2017 will be JPY425M and the annual fixed rent will be JPY400M.																								
(*2) Please refer to “<Reference Materials 1> <2> Sales and GOP of Hotel Centraza Hakata” below for sales and GOP of Hotel Centraza Hakata.																								
(5) Accor’s six hotels Income from management contract and variable rent of Accor’s six hotels (Unit: JPY1M)																								
<table><tr><td></td><td>ibis Tokyo Shinjuku</td><td>ibis Styles Kyoto Station</td><td>ibis Styles Sapporo</td><td>Mercure Sapporo</td><td>Mercure Okinawa Naha</td><td>Mercure Yokosuka</td><td>Total</td></tr><tr><td>Midterm</td><td>225</td><td>226</td><td>237</td><td>220</td><td>189</td><td>121</td><td>1,221</td></tr><tr><td>Full year</td><td>454</td><td>508</td><td>610</td><td>596</td><td>449</td><td>206</td><td>2,826</td></tr></table>		ibis Tokyo Shinjuku	ibis Styles Kyoto Station	ibis Styles Sapporo	Mercure Sapporo	Mercure Okinawa Naha	Mercure Yokosuka	Total	Midterm	225	226	237	220	189	121	1,221	Full year	454	508	610	596	449	206	2,826
	ibis Tokyo Shinjuku	ibis Styles Kyoto Station	ibis Styles Sapporo	Mercure Sapporo	Mercure Okinawa Naha	Mercure Yokosuka	Total																	
Midterm	225	226	237	220	189	121	1,221																	
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(*1) Please refer to “<Reference Materials 1> <3> Sales and GOP of Accor’s six hotels” below for the comparison of sales and GOP, etc. of Accor’s six hotels.																								

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Item	Assumptions																																
Operating revenue	(*2) For income from management contract, it is assumed that the respective hotel’s GOP amount is posted as income from management contract and the management contract fees to be paid by JHR is posted as an operating expenses item.																																
	(*3) At Mercure Sapporo, although tenants other than the hotel have concluded agreements for revenue sharing, occurrence of variable rent is not expected for the fiscal year ending December 2016 (17th period).																																
	(6) six “the b” hotels																																
	Fixed and variable rent of six “the b” hotels (midterm) (Unit: JPY1M)																																
	<table><tr><th></th><th>the b suidobashi</th><th>the b akasaka- mitsuke</th><th>the b ikebukuro</th><th>the b ochanomizu</th><th>the b hachioji</th><th>the b hakata</th><th>Total</th></tr><tr><td>Fixed (*1)</td><td>42</td><td>68</td><td>108</td><td>34</td><td>61</td><td>43</td><td>358</td></tr><tr><td>Variable</td><td>18</td><td>83</td><td>80</td><td>29</td><td>47</td><td>36</td><td>294</td></tr><tr><td>Total</td><td>61</td><td>151</td><td>189</td><td>63</td><td>108</td><td>79</td><td>653</td></tr></table>		the b suidobashi	the b akasaka- mitsuke	the b ikebukuro	the b ochanomizu	the b hachioji	the b hakata	Total	Fixed (*1)	42	68	108	34	61	43	358	Variable	18	83	80	29	47	36	294	Total	61	151	189	63	108	79	653
		the b suidobashi	the b akasaka- mitsuke	the b ikebukuro	the b ochanomizu	the b hachioji	the b hakata	Total																									
	Fixed (*1)	42	68	108	34	61	43	358																									
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	Total	61	151	189	63	108	79	653																									
	Fixed and variable rent of six “the b” hotels (full year) (Unit: JPY1M)																																
	<table><tr><th></th><th>the b suidobashi</th><th>the b akasaka- mitsuke</th><th>the b ikebukuro</th><th>the b ochanomizu</th><th>the b hachioji</th><th>the b hakata</th><th>Total</th></tr><tr><td>Fixed (*1)</td><td>84</td><td>136</td><td>217</td><td>69</td><td>122</td><td>88</td><td>719</td></tr><tr><td>Variable</td><td>40</td><td>183</td><td>168</td><td>61</td><td>103</td><td>82</td><td>639</td></tr><tr><td>Total</td><td>125</td><td>319</td><td>386</td><td>130</td><td>226</td><td>170</td><td>1,358</td></tr></table>		the b suidobashi	the b akasaka- mitsuke	the b ikebukuro	the b ochanomizu	the b hachioji	the b hakata	Total	Fixed (*1)	84	136	217	69	122	88	719	Variable	40	183	168	61	103	82	639	Total	125	319	386	130	226	170	1,358
		the b suidobashi	the b akasaka- mitsuke	the b ikebukuro	the b ochanomizu	the b hachioji	the b hakata	Total																									
	Fixed (*1)	84	136	217	69	122	88	719																									
	Variable	40	183	168	61	103	82	639																									
	Total	125	319	386	130	226	170	1,358																									
(*1) Fixed rent includes rent from non-hotel tenant(s).																																	
(*2) Please refer to “<Reference Materials 1> <4> Sales and GOP of six “the b” hotels” below for the comparison of sales and GOP, etc. of six “the b” hotels.																																	
(7) Other hotels that have adopted variable rent																																	
Variable rent of other hotels that have adopted variable rent (Unit: JPY1M)																																	
<table><tr><th></th><th>Smile Hotel Nihombashi- Mitsukoshimae</th><th>Hotel Vista Kamata Tokyo</th><th>Chisan Inn Kamata</th><th>Hotel Keihan Universal City</th><th>Hotel Sunroute Shimbashi</th><th>Hilton Tokyo Bay</th><th>Total</th></tr><tr><td>Midterm</td><td>17</td><td>—</td><td>36</td><td>(*)</td><td>74</td><td>(*)</td><td>431</td></tr><tr><td>Full year</td><td>17</td><td>28</td><td>73</td><td>(*)</td><td>74</td><td>(*)</td><td>568</td></tr></table>		Smile Hotel Nihombashi- Mitsukoshimae	Hotel Vista Kamata Tokyo	Chisan Inn Kamata	Hotel Keihan Universal City	Hotel Sunroute Shimbashi	Hilton Tokyo Bay	Total	Midterm	17	—	36	(*)	74	(*)	431	Full year	17	28	73	(*)	74	(*)	568									
	Smile Hotel Nihombashi- Mitsukoshimae	Hotel Vista Kamata Tokyo	Chisan Inn Kamata	Hotel Keihan Universal City	Hotel Sunroute Shimbashi	Hilton Tokyo Bay	Total																										
Midterm	17	—	36	(*)	74	(*)	431																										
Full year	17	28	73	(*)	74	(*)	568																										
(*) No information is shown since tenants that concluded lease agreements did not agree to disclose rent income, etc.																																	
• The following is the breakdown of variable rent and income from management contract.																																	
<Breakdown of variable rent, etc. for the fiscal year ending December 2016 (17th period)> (Unit: JPY1M)																																	
<table><tr><th></th><th>HMJ’s five hotels</th><th>Okinawa Marriott Resort & Spa</th><th>ACTIVE-INTER CITY HIROSHIMA</th><th>Hotel Centraza Hakata</th><th>Accor’s six hotels</th><th>Six “the b” hotels</th><th>Other hotels with variable rent</th><th>Total</th></tr><tr><td>Midterm</td><td>942</td><td>—</td><td>99</td><td>62</td><td>1,221</td><td>294</td><td>431</td><td>3,052</td></tr><tr><td>Full year</td><td>3,576</td><td>551</td><td>266</td><td>203</td><td>2,826</td><td>639</td><td>568</td><td>8,632</td></tr></table>		HMJ’s five hotels	Okinawa Marriott Resort & Spa	ACTIVE-INTER CITY HIROSHIMA	Hotel Centraza Hakata	Accor’s six hotels	Six “the b” hotels	Other hotels with variable rent	Total	Midterm	942	—	99	62	1,221	294	431	3,052	Full year	3,576	551	266	203	2,826	639	568	8,632						
	HMJ’s five hotels	Okinawa Marriott Resort & Spa	ACTIVE-INTER CITY HIROSHIMA	Hotel Centraza Hakata	Accor’s six hotels	Six “the b” hotels	Other hotels with variable rent	Total																									
Midterm	942	—	99	62	1,221	294	431	3,052																									
Full year	3,576	551	266	203	2,826	639	568	8,632																									

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Item	Assumptions
Operating expenses	• Among real estate leasing expenses, which is the major operating expenses, expenses other than depreciation are calculated based on past actual data, and variable factors are reflected in the calculation. Operating expenses of ACTIVE-INTER CITY HIROSHIMA acquired on December 18, 2015, CANDEO HOTELS UENO-KOEN acquired on February 1, 2016 and Hotel Centraza Hakata to be acquired on April 1, 2016 (hereinafter called the “To-be-acquired Assets”) are calculated based on past actual data as provided by previous owners, etc., and variable factors are reflected in the calculation. • It is assumed that JPY1,201M will be posted as expenses for fixed asset tax, city planning tax and other taxes and public dues. • In general, fixed asset tax and city planning tax, etc. of acquired assets are settled with the previous owner at the time of acquisition, calculated on a pro rata basis of the holding period. For JHR, the settlement amount is included in the acquisition price, and it will not be posted as expenses for the calculation period. Therefore, the fixed asset tax, city planning tax and other taxes and public dues for CANDEO HOTELS UENO-KOEN and Hotel Centraza Hakata will not be posted as expenses for the fiscal year ending December 2016 (17th period). The annual fixed asset tax and city planning tax, etc. for CANDEO HOTELS UENO-KOEN are expected to be JPY23M, and the annual fixed asset tax and city planning tax, etc. for Hotel Centraza Hakata are expected to be JPY21M. Moreover, the fixed asset tax and city planning tax, etc. to be recorded as expenses for the fiscal year ending December 2016 (17th period) for the nine properties (five “the b” hotels, Hotel Francs, Mercure Yokosuka, Okinawa Marriott Resort & Spa and ACTIVE-INTER CITY HIROSHIMA) acquired in the fiscal year ended December 2015 (16th period) are assumed to be JPY263M (for nine months). • Depreciation is calculated by the straight-line method, and is estimated to be JPY3,207M, including the acquisition price of the To-be-acquired Assets (including incidental costs) as well as the planned capital expenditures (JPY2,532M) for the fiscal year ending December 2016 (17th period). • Repair expenses for buildings are posted as expenses in the estimated amount necessary for each operating period. Please bear in mind that the repair expenses of each operating period may differ materially from the forecast amount for various reasons, such as 1. Emergency repair expenses may be necessary due to damage, etc. to buildings from unexpected causes, 2. The amount of repair expenses generally tends to increase in difference over time, and 3. Repair expenses are not required on a regular basis.
Non-operating expenses	• JPY1,740M is expected for interest expense, arrangement fee, amortization for the following (1) handling borrowing costs and (2) derivative instruments (interest rate caps), etc. • Expenses for issuance of new investment units and secondary offering are amortized over a period of three years by the straight-line method.
Interest-bearing debt	• It is assumed that the balance of interest-bearing debt (sum of loans and investment corporation bonds) is JPY102,772M as of January 1, 2016 and JPY111,593M as of December 31, 2016. • A loan for acquisition of Hotel Centraza Hakata in the amount of JPY7,000M is assumed.
Issuance of investment units	• The number of investment units issued as of today (3,321,907 units) is assumed. • It is assumed that there will be no additional issuance of investment units through to the end of the fiscal year ending December 2016 (17th period).

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Item	Assumptions
Dividend per unit	• Dividend per unit for the fiscal year ending December 2016 (17th period) is calculated based on the following assumptions.
	Net income JPY10,904M
	Use of dividend reserve (negative goodwill)
	Loss on retirement of noncurrent assets (*1) JPY13M
	Amortization of fixed-term leasehold of land and asset retirement obligations (*2) JPY106M
	Total dividends JPY11,024M
	Total number of investment units issued 3,321,907 units
	Dividend per unit JPY3,318
	(*1) Amount posted as a loss on retirement of noncurrent assets will be appropriated by dividend reserve (negative goodwill) and is expected to have no impact on dividend per unit.
	(*2) As Hotel Centraza Hakata is a property under fixed-term leasehold of land, amortization of the fixed-term leasehold rights of land and asset retirement obligations (hereinafter collectively called the “amortization of land leasehold right, etc.”) will arise. It is planned to add up to the dividends by appropriation of dividend reserve for the amortization of land leasehold right, etc.
• Dividend per unit may fluctuate by various causes, such as fluctuation of rental income resulting from transfer of asset, transfer of hotel lessee, etc, change of business environment, etc. for hotel lessee, etc. and unexpected repairs, etc.	
• The balance of the dividend reserve (negative goodwill) after the appropriation of dividend reserve (negative goodwill) for dividends for the fiscal year ending December 2016 (17th period) is expected to be JPY13,747M.	
Acquired assets and to-be-acquired asset	• The operating status for the fiscal year ending December 2016 of ACTIVE-INTER CITY HIROSHIMA acquired on December 18, 2015, CANDEO HOTELS UENO-KOEN acquired on February 1, 2016 and Hotel Centraza Hakata to be acquired on April 1, 2016 is estimated as follows.
	<ACTIVE-INTER CITY HIROSHIMA> (Unit: JPY1M)
<CANDEO HOTELS UENO-KOEN> (Unit: JPY1M)	

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Item	Assumptions		
Acquired assets and to-be-acquired asset	<Hotel Centraza Hakata> (Unit: JPY1M)		
		Fiscal year ending December 2016	Annualized (*3)
	Operating days	275 days	366 days
	Operating revenue	503	660
	NOI (*1)	325	404
	NOI yield (%) (*2)	-	5.6
	(*1) NOI = Real estate operating revenue – Real estate operating costs + Depreciation + Loss on retirement of noncurrent assets (*2) NOI yield = NOI ÷ Acquisition price (planned acquisition price inclusive) NOI yield of CANDEO HOTELS UENO-KOEN and Hotel Centraza Hakata for the fiscal year ending December 2016 is not indicated as these are acquisitions in the middle of the period. (*3) For the assumptions of calculating the annualized figures, please refer to “<Reference Materials 3> Assumptions of the forecast of the annualized effect” below.		
Dividend per unit resulting from excess of earnings	It is assumed that the excess of earnings (dividend per unit resulting from excess of earnings) will not be distributed.		
Other	- It is assumed that revision in law, tax law, accounting standard, regulations of the listing, regulations of The Investment Trusts Association, Japan, etc. that may impact the forecast above will not be made. - It is assumed that unexpected major incident will not occur in the general economy, real estate market, hotel business environment, etc. - The numerical values are rounded down to the nearest JPY1M in the assumptions above.		

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<Reference Materials 1>

Of the hotels that have adopted variable rent, the following presents sales and GOP of HMJ's five hotels, Okinawa Marriott Resort & Spa, Sheraton Hiroshima Hotel, Hotel Centraza Hakata, Accor's six hotels and six "the b" hotels. The numerical figures are based on figures obtained from hotel lessees, etc. Please note that these numerical figures have not been audited or gone through other procedures. No guarantee is made as to the accuracy or completeness of the numbers and information. Sales and GOP are rounded off to the nearest JPY1M. Comparison with the previous period is rounded off to one decimal place.

<1> Sales and GOP of HMJ group hotels

(1) Hotel sales (by hotel)

(Unit: JPY1M)

Sales of HMJ group hotels		FY 2015 (Fiscal year ended December 2015)		FY 2016 (Fiscal year ending December 2016)	
		Forecast previous time First half: Actual Second half: Forecast Full year: Forecast	Comparison with previous period	Forecast this time	Comparison with forecast for previous period
Kobe Meriken Park Oriental Hotel	First half of the year	2,424	-0.0%	2,646	9.2%
	Second half of the year	2,828	1.1%	3,204	13.3%
	Full year	5,252	0.6%	5,850	11.4%
Oriental Hotel tokyo bay	First half of the year	3,395	0.9%	3,500	3.1%
	Second half of the year	3,927	2.2%	4,045	3.0%
	Full year	7,322	1.6%	7,544	3.0%
Namba Oriental Hotel	First half of the year	1,189	19.1%	1,358	14.3%
	Second half of the year	1,341	16.6%	1,474	9.9%
	Full year	2,530	17.8%	2,832	11.9%
Hotel Nikko Alivila	First half of the year	2,377	8.6%	2,554	7.5%
	Second half of the year	3,571	8.2%	3,709	3.9%
	Full year	5,948	8.3%	6,264	5.3%
Oriental Hotel Hiroshima	First half of the year	991	-5.2%	1,062	7.2%
	Second half of the year	1,142	-3.0%	1,135	-0.6%
	Full year	2,134	-4.0%	2,197	3.0%
Total of HMJ's five hotels	First half of the year	10,376	3.5%	11,121	7.2%
	Second half of the year	12,810	4.4%	13,566	5.9%
	Full year	23,186	4.0%	24,688	6.5%
Okinawa Marriott Resort & Spa	First half of the year	1,614	0.9%	1,696	5.1%
	Second half of the year	2,402	8.7%	2,505	4.3%
	Full year	4,016	5.4%	4,201	4.6%
Sheraton Hiroshima Hotel	First half of the year	1,346	-1.0%	1,356	0.8%
	Second half of the year	1,502	-0.6%	1,514	0.8%
	Full year	2,847	-0.8%	2,870	0.8%

(*) Although Okinawa Marriott Resort & Spa was acquired on July 10, 2015 and ACTIVE-INTER CITY HIROSHIMA (Sheraton Hiroshima Hotel) was acquired on December 18, 2015, the figures are for throughout the year including those prior to the acquisition.

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(2) Hotel GOP

(Unit: JPY1M)

GOP of HMJ group hotels		FY 2015 (Fiscal year ended December 2015)		FY 2016 (Fiscal year ending December 2016)	
		Forecast previous time	Comparison with previous period	Forecast this time	Comparison with forecast for previous period
Total of HMJ's five hotels	GOP	6,941	10.1%	7,558	8.9%
	Ratio of GOP to sales	29.9%	1.7%	30.6%	0.7%
Okinawa Marriott Resort & Spa	GOP	1,230	11.3%	1,313	6.7%
	Ratio of GOP to sales	30.6%	1.6%	31.2%	0.6%
Sheraton Hiroshima Hotel	GOP	716	10.0%	766	7.1%
	Ratio of GOP to sales	25.1%	2.5%	26.7%	1.6%

(*) Although Okinawa Marriott Resort & Spa was acquired on July 10, 2015 and ACTIVE-INTER CITY HIROSHIMA (Sheraton Hiroshima Hotel) was acquired on December 18, 2015, the figures are for throughout the year including those prior to the acquisition.

<2> Sales and GOP of Hotel Centraza Hakata

(1) Hotel sales

(Unit: JPYM)

Sales of Hotel Centraza Hakata		FY 2015 (Fiscal year ended December 2015)		FY 2016 (Fiscal year ending December 2016)	
		First half: Actual Second half: Forecast Full year: Forecast	Comparison with previous period	Forecast this time	Comparison with forecast for previous period
Hotel Centraza Hakata	First half of the year	1,124	2.0%	1,124	0.0%
	Second half of the year	1,205	6.6%	1,192	-1.2%
	Full year	2,330	4.4%	2,316	-0.6%

(*) Hotel Centraza Hakata is scheduled to be acquired on April 1, 2016. The figures for the fiscal year ended December 2015 and fiscal year ending December 2016 are the figures for throughout the year including those prior to the scheduled acquisition.

(2) GOP of Hotel Centraza Hakata

(Unit: JPY M)

GOP of Hotel Centraza Hakata		FY 2015 (Fiscal year ended December 2015)		FY 2016 (Fiscal year ending December 2016)	
		Forecast	Comparison with previous period	Forecast this time	Comparison with forecast for previous period
Hotel Centraza Hakata	GOP	715	8.7%	714	-0.2%
	Ratio of GOP to sales	30.7%	1.2%	30.8%	0.1%

(*) Hotel Centraza Hakata is scheduled to be acquired on April 1, 2016. The figures for the fiscal year ended December 2015 and fiscal year ending December 2016 are the figures for throughout the year including those prior to the scheduled acquisition.

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<3> Sales and GOP of Accor's six hotels

(1) Hotel sales (by hotel)

(Unit: JPY1M)

Sales of Accor's six hotels		FY 2015 (Fiscal year ended December 2015)		FY 2016 (Fiscal year ending December 2016)	
		Forecast previous time First half: Actual Second half: Forecast Full year: Forecast	Comparison with previous period	Forecast this time	Comparison with forecast for previous period
ibis Tokyo Shinjuku	First half of the year	453	6.1%	435	-3.9%
	Second half of the year	421	-5.5%	440	4.7%
	Full year	873	0.2%	875	0.2%
ibis Styles Kyoto Station	First half of the year	357	17.1%	429	20.2%
	Second half of the year	457	18.8%	500	9.5%
	Full year	814	18.0%	930	14.2%
ibis Styles Sapporo	First half of the year	429	7.9%	482	12.4%
	Second half of the year	591	13.1%	647	9.5%
	Full year	1,019	10.9%	1,128	10.7%
Mercure Sapporo	First half of the year	499	17.5%	562	12.5%
	Second half of the year	672	17.4%	756	12.4%
	Full year	1,172	17.4%	1,318	12.5%
Mercure Okinawa Naha	First half of the year	407	12.1%	484	19.0%
	Second half of the year	516	24.5%	572	10.9%
	Full year	923	18.7%	1,056	14.5%
Mercure Yokosuka	First half of the year	550	1.0%	580	5.5%
	Second half of the year	512	4.3%	517	1.0%
	Full year	1,062	2.6%	1,097	3.3%
Total	First half of the year	2,696	9.5%	2,973	10.3%
	Second half of the year	3,168	12.0%	3,432	8.3%
	Full year	5,863	10.8%	6,405	9.2%

(*) Although Mercure Yokosuka was acquired on April 2, 2015, the figures for the fiscal year ended December 2015 are the figures for throughout the year including those prior to the acquisition.

(2) Hotel GOP

(Unit: JPY1M)

GOP of Accor's six hotels	FY 2015 (Fiscal year ended December 2015)		FY 2016 (Fiscal year ending December 2016)	
	Forecast previous time	Comparison with previous period	Forecast this time	Comparison with forecast for previous period
Total of Accor's six hotels	2,512	21.0%	2,882	14.8%
Ratio of GOP to sales	42.8%	3.6%	45.0%	2.2%

(*) Although Mercure Yokosuka was acquired on April 2, 2015, the figures for the fiscal year ended December 2015 are calculated by adding up the figures for throughout the year including those prior to the acquisition.

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<4> Sales and GOP of six “the b” hotels

(1) Hotel sales (by hotel)

(Unit: JPY1M)

		FY 2015 (Fiscal year ended December 2015)		FY 2016 (Fiscal year ending December 2016)	
		Forecast previous time First half: Actual Second half: Forecast Full year: Forecast	Comparison with previous period	Forecast this time	Comparison with forecast for previous period
the b akasaka-mitsuke	First half of the year	221	69.4%	250	13.1%
	Second half of the year	242	13.8%	271	12.0%
	Full year	464	35.0%	522	12.6%
the b ikebukuro	First half of the year	301	7.7%	335	11.6%
	Second half of the year	324	14.5%	350	7.8%
	Full year	625	11.1%	685	9.6%
the b ochanomizu	First half of the year	132	9.0%	145	9.5%
	Second half of the year	130	4.8%	149	14.5%
	Full year	262	6.9%	294	12.0%
the b hachioji	First half of the year	267	10.4%	300	12.5%
	Second half of the year	291	13.8%	316	8.5%
	Full year	558	12.2%	616	10.4%
the b hakata	First half of the year	191	10.9%	202	6.0%
	Second half of the year	215	12.8%	218	1.3%
	Full year	406	11.9%	420	3.5%
Total of five “the b” hotels	First half of the year	1,111	17.7%	1,233	10.9%
	Second half of the year	1,203	12.8%	1,304	8.4%
	Full year	2,315	15.1%	2,537	9.6%
the b suidobashi	First half of the year	—	—	182	—
	Second half of the year	—	—	189	—
	Full year	—	—	372	—
Total of six “the b” hotels	First half of the year	—	—	1,415	—
	Second half of the year	—	—	1,494	—
	Full year	—	—	2,909	—

(*1) Although five “the b” hotels were acquired on January 30, 2015, the figures for the fiscal year ended December 2015 are the figures for throughout the year including those prior to the acquisition.

(*2) The b akasaka-mitsuke completed its renovation work by the previous owner in April 2014. The number of guest rooms has increased from 91 to 122. Therefore, the number of guest rooms available for sales in the first half of 2015 and the first half of 2014 are different.

(*3) The b suidobashi was rebranded from Dormy Inn Suidobashi on July 1, 2015. Therefore, no figures are indicated for the fiscal year ended December 2015 and comparison with the forecast for the previous period for the fiscal year ending December 2016.

(2) Hotel GOP

(Unit: JPY1M)

GOP of five “the b” hotels	FY 2015 (Fiscal year ended December 2015)		FY 2016 (Fiscal year ending December 2016)	
	Forecast previous time	Comparison with previous period	Forecast this time	Comparison with forecast for previous period
Total of five “the b” hotels	1,079	26.4%	1,215	12.6%
Ratio of GOP to sales	46.6%	4.2%	47.9%	1.3%

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GOP of six “the b” hotels	FY 2015 (Fiscal year ended December 2015)		FY 2016 (Fiscal year ending December 2016)	
	Forecast previous time	Comparison with previous period	Forecast this time	Comparison with forecast for previous period
Total of six “the b” hotels	—	—	1,395	—
Ratio of GOP to sales	—	—	48.0%	—

(*1) Although five “the b” hotels were acquired on January 30, 2015, the figures for five “the b” hotels for the fiscal year ended December 2015 are calculated by adding up the figures for throughout the year including those prior to the acquisition.

(*2) The b suidobashi was rebranded from Dormy Inn Suidobashi on July 1, 2015. Therefore, no figures for six “the b” hotels are indicated for the fiscal year ended December 2015 and comparison with the forecast for the previous period for the fiscal year ending December 2016.

<Reference Materials 2> Growth history of JHR

		Effective Date of Merger (*1)	End of FY2014	End of FY2015 Forecast (*2)	End of FY2016 Forecast (*3)
Number of properties		28	30	36	38
Acquisition price (planned acquisition price inclusive) (*4)	JPY1M	122,285	173,429	225,723	239,626
Appraisal value (*5)	JPY1M	117,706	205,408	302,110	316,170
NOI yield (*6)	%	5.9	6.3	6.6 (7.1) (*11)	7.4
NOI yield after depreciation (*7)	%	3.9	5.0	5.3 (5.8) (*11)	6.0
LTV (acquisition price basis) (*8)	%	49.4	46.8	45.5	46.6
Appraisal LTV (*8)	%	51.4	39.5	34.0	35.3
LTV (total assets basis) (*9)	%	46.3	43.1	42.8	42.3
Market cap (*10)	JPY1M	34,712	214,928	281,408	297,310
Dividend per unit	JPY	-	2,155	2,975	3,318

(*1) NOI yield and NOI yield after depreciation on the effective date of merger, which is April 1, 2012 (hereinafter called “Effective Date of Merger”), are calculated by annualizing the actual results of the fiscal period ended March 2012 (12th period) of former Nippon Hotel Fund Investment Corporation (hereinafter called “former NHF”) for the properties owned by former NHF and by annualizing the actual results of the fiscal period ended March 2012 (7th period) of former Japan Hotel and Resort, Inc. (hereinafter called “former JHR”) for the properties owned by former JHR.

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- (*2) For the assumptions of calculating NOI yield, NOI yield after depreciation and dividend per unit at the end of the fiscal year ended December 2015 (forecast), please refer to the “Notice Concerning Revision of Operating Forecast and Forecast of Dividend for Fiscal Year Ending December 2015 (16th Period)” dated December 15, 2015 and “Notice Concerning Revision of Operating Forecast and Forecast of Dividend for Fiscal Year Ending December 2015 (16th Period)” dated February 12, 2016.
- (*3) For the assumptions of calculating NOI yield, NOI yield after depreciation and dividend per unit at the end of the fiscal year ending December 2016 (forecast), please refer to “<Reference Information> Assumptions of the operating forecast for the midterm and full year of the fiscal year ending December 2016 (17th period)” above.
- (*4) Acquisition price (planned acquisition price inclusive) indicates the purchase price stated on the purchase and sale agreement for beneficial interest in trust or real estate purchase and sale agreement (consumption tax, local consumption tax and the acquisition expense such as broker’s fee are not included). The acceptance prices are indicated for the assets that have been accepted through the merger. The planned acquisition price is indicated for the Asset-to-be-acquired, Hotel Centraza Hakata.
- (*5) The total appraisal value on the Effective Date of Merger is calculated using the appraisal value with the end of March 2012 as the date of appraisal or the acceptance prices after revaluation for the merger. Concerning the total appraisal value at the end of each fiscal year, in accordance with the asset appraisal method and standards stipulated in the Articles of Incorporation of JHR and also with the rules set by The Investment Trusts Association, Japan, the appraisal value with the end of the relevant fiscal year as the date of appraisal is used for calculation. The total appraisal value at the end of the fiscal year ended December 2015 (forecast) is the sum total of the appraisal value with the end of the fiscal year ended December 2015 as the date of appraisal. The total appraisal value at the end of the fiscal year ending December 2016 (forecast) is the figure obtained by adding the appraisal value of CANDEO HOTELS UENO-KOEN acquired on February 1, 2016 and the Asset-to-be-acquired, Hotel Centraza Hakata to the total appraisal value at the end of the fiscal year ended December 2015 (forecast). For CANDEO HOTELS UENO-KOEN and the Asset-to-be-acquired, Hotel Centraza Hakata, the appraisal value based on the real estate appraisal report prepared by Daiwa Real Estate Appraisal Co., Ltd. on November 1, 2015 and February 1, 2016, respectively, as the date of appraisal is used.
- (*6) $\text{NOI} = \text{Real estate operating revenue} (*) - \text{Real estate operating costs} + \text{Depreciation} + \text{Loss on retirement of noncurrent assets}$
 $\text{NOI yield} = \text{NOI} \div \text{Acquisition price (planned acquisition price inclusive)}$
- (*7) $\text{NOI after depreciation} = \text{Real estate operating revenue} (*) - \text{Real estate operating costs}$
 $\text{NOI yield after depreciation} = \text{NOI after depreciation} \div \text{Acquisition price (planned acquisition price inclusive)}$
- (*8) $\text{LTV (acquisition price basis)} = \text{Total interest-bearing debt} \div \text{Acquisition price (planned acquisition price inclusive)} \times 100$
 $\text{Appraisal LTV} = \text{Total interest-bearing debt} \div \text{Appraisal value} \times 100$
 Furthermore, interest-bearing debt at the end of the fiscal year ended December 2015 (forecast) is calculated using interest-bearing debt as of the end of December 2015 of JPY102,772M, and interest-bearing debt at the end of the fiscal year ending December 2016 (forecast) is calculated using the expected amount of interest-bearing debt as of the end of December 2016 of JPY111,593M.
- (*9) LTV (total assets basis) is calculated based on the following assumptions:
 $\text{LTV (total assets basis)} = \text{Total interest-bearing debt} (*) \div \text{Total assets} (**) \times 100$
- (*) Total interest-bearing debt
 Effective Date of Merger:
 The amount of interest-bearing debt as of April 1, 2012
 End of the fiscal year ended December 2014:
 The amount of interest-bearing debt at the end of the fiscal year ended December 2014
 End of the fiscal year ended December 2015 (forecast):
 The amount of interest-bearing debt at the end of the fiscal year ended December 2015 (JPY102,772M)
 End of the fiscal year ending December 2016 (forecast):
 The expected amount of interest-bearing debt at the end of the fiscal year ending December 2016 (forecast) (JPY111,593M)
- (**) Total assets
 Effective Date of Merger:
 Total assets as of April 1, 2012
 End of the fiscal year ended December 2014:
 Total assets at the end of the fiscal year ended December 2014
 End of the fiscal year ended December 2015 (forecast):

Note: This document is intended to serve as a press release to make available the information on revision of the operating forecast and forecast of dividend for the fiscal year ending December 2016 (17th period) of JHR. This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to make any investment decisions at their own risk and responsibility.

The expected amount of total assets at the end of the fiscal year ended December 2015

End of the fiscal year ending December 2016 (forecast):

The expected amount of total assets at the end of the fiscal year ended December 2015 (forecast) + The sum total amount of the proceeds from the primary offering and proceeds from the third-party allotment (JPY14,618M) + Deposit and guarantee money for CANDEO HOTELS UENO-KOEN (JPY79M) + Deposit and guarantee money for Hotel Centraza Hakata (JPY166M)(forecast) + The expected amount of net increase in interest-bearing debt during the fiscal year ending December 2016 (JPY8,820M)

- (*10) The amount is the market cap calculated using the closing price in regular trading of JHR investment units on the Tokyo Stock Exchange, Inc. at that time. However, the market cap on the Effective Date of Merger is that on April 2, 2012, and the market cap as of the end of the fiscal year ended December 2015 (forecast) is that on December 30, 2015. Moreover, the market cap as of the end of the fiscal year ending December 2016 (forecast) is the amount obtained by multiplying the number of investment units issued (3,321,907 units) as of today by the closing price in regular trading of JHR investment units on the Tokyo Stock Exchange, Inc. on December 30, 2015.
- (*11) In the forecast for end of the fiscal year ended December 2015, acquisition price includes the acquisition price of ACTIVE-INTER CITY HIROSHIMA acquired on December 18, 2015. On the other hand, NOI and NOI after depreciation only include 14 days as management period of ACTIVE-INTER CITY HIROSHIMA in the full year of the fiscal year ended December 2015. Please see the figures in parentheses for NOI yield and NOI yield after depreciation excluding the impact of ACTIVE-INTER CITY HIROSHIMA.
- (*12) Amounts are rounded down to the nearest JPY1M, and percentage figures are rounded off to one decimal place.

<Reference Materials 3> Assumptions of the forecast of the annualized effect

- (1) The operating revenue and operating expenses for existing properties (properties other than CANDEO HOTELS UENO-KOEN and Hotel Centraza Hakata) remain unchanged, except for fixed asset tax and city planning tax, etc., from “<Reference Information> Assumptions of the operating forecast for the midterm and full year of the fiscal year ending December 2016 (17th period)” above.
- (2) The fixed rent for CANDEO HOTELS UENO-KOEN is assumed to be JPY316M/year and the fixed rent for Hotel Centraza Hakata is assumed to be JPY400M/year.
- (3) For the fixed asset tax, city planning tax and other taxes and public dues for the relevant period, the fixed asset tax and city planning tax, etc. for the nine properties (five “the b” hotels, Hotel Francs, Mercure Yokosuka, Okinawa Marriott Resort & Spa and ACTIVE-INTER CITY HIROSHIMA) acquired in the fiscal year ended December 2015 (16th period) are assumed to be JPY351M (for twelve months), and the fixed asset tax and city planning tax, etc. for the CANDEO HOTELS UENO-KOEN and Hotel Centraza Hakata are assumed to be JPY23M (for twelve months) and JPY21M (for twelve months), respectively.
- (4) For non-operating expenses, the major financial costs expensed all at once upon property acquisition are not included in the annualized effect.

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