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(Security code: 8985)

November 11, 2015

Japan Hotel REIT Investment Corporation
Ebisu Neonato 4F, 4-1-18 Ebisu,
Shibuya-ku, Tokyo
Executive Director: Yukio Isa

Dear Unitholders,

Convocation Notice of the 7th General Meeting of Unitholders

This is to inform you that you are cordially invited to attend the 7th General Meeting of Unitholders of Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) which will be held as described below.

Please note that you may exercise your voting rights in writing if you are unable to attend in person. In such a case, please review the following Reference Materials for the General Meeting of Unitholders, indicate your votes in favor or against each proposal on the enclosed voting rights exercise form, and return it to us, ensuring that it reaches us by no later than 5:30 p.m. on Wednesday, November 25, 2015. If you submit the form without indicating your votes in favor or against any proposals, it will be deemed that you have declared in favor for such proposals.

Also, in accordance with Article 93, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (“Investment Trust Act”), JHR has set out provisions concerning “Deemed Approval” in Article 14 of its Articles of Incorporation as described below. **Accordingly, please be aware that if you are not present at the General Meeting of Unitholders and do not exercise your voting rights in the voting rights exercise form, your voting rights will be included in the number of voting rights represented by unitholders present at the General Meeting of Unitholders and will be deemed to have approved each proposal.**

<Extract from the Articles of Incorporation of JHR>

Article 14 (Deemed Approval)

If a unitholder is not present at a general meeting of unitholders and does not exercise his or her voting rights, the unitholder will be deemed to have approved the proposals submitted to the general meeting of unitholders (excluding the proposals that conflict with each other in cases in which more than one proposal has been submitted.)

2. The number of voting rights represented by the unitholders who are deemed to have approved the proposals under the preceding Paragraph are included in the number of voting rights represented by the unitholders present.

1. **Date and Time:** November 26, 2015 (Thursday) at 10:00 a.m.
2. **Venue:** Station Conference Tokyo
6F Sapia Tower, 1-7-12, Marunouchi, Chiyoda-ku, Tokyo

**Please make sure to come to the right venue since it is different
from the venue for the previous meeting.**

3. Purpose of the General Meeting of Unitholders:

Proposals to be Resolved

Proposal 1 Partial Amendments to the Articles of Incorporation

Proposal 2 Election of One (1) Executive Director

Proposal 3 Election of Three (3) Supervisory Directors

Proposal 4 Election of One (1) Substitute Executive Director

End

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(Request)

- If you are attending the General Meeting of Unitholders in person, **please submit the enclosed voting rights exercise form at the reception of the venue.**
- If you choose to exercise your voting rights by proxy, you may appoint another unitholder with voting rights to attend the General Meeting of Unitholders as your proxy. Such proxy shall submit your voting rights exercise form together with a document certifying the status of the proxy.
- **After the General Meeting of Unitholders, a briefing session of operating status will be held by Japan Hotel REIT Advisors Co., Ltd., JHR's asset management company, at the same venue. You are encouraged to attend both meetings.**

Notice:

Methods of announcing revisions to the Reference Materials for the General Meeting of Unitholders, if any:

Please note that if any revisions need to be made to the matters included in the Reference Materials for the General Meeting Unitholders, they will be posted on JHR's website.

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

Reference Materials for the General Meeting of Unitholders

Proposal and Reference Items

Proposal 1 Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

(1) In connection with the amendments to the Act on Investment Trusts and Investment Corporations (Law No. 198 of 1951 as amended (hereinafter called “Investment Trust Act”)) implemented on December 1, 2014, JHR newly adds and amends following provisions to the Articles of Incorporation.

① Proposed amendments relating to Article 9, Paragraph 2 and Article 9, Paragraph 3

In order to set a new rule to convene a general meeting of unitholders on a certain day and afterward without delay, a new provision is added that JHR’s general meeting of unitholders shall be held on October 31, 2017 or thereafter without delay, and subsequent general meetings of unitholders shall be convened every two years on October 31 or thereafter without delay. In addition, for a general meeting of unitholders that will be held within 25 months from the previous general meeting of unitholders held in accordance with the provision, a new provision that JHR will not need to make a public announcement, which is required to make by two months prior to the general meeting of unitholders, is added. Furthermore, a provision that JHR may convene general meetings of unitholders as needed is also added.

② Proposed amendment relating to Article 15, Paragraph 1

In association with the newly added provisions as described in ① above, a provision of a record date, which is a date to determine unitholders who may exercise his or her rights at the general meeting of unitholders within three months from the certain day, is added.

③ Proposed amendment relating to Article 17, Paragraph 2

In accordance with the new provision described in ① above, the provision is amended to enable JHR to extend the term of office of directors, to the extent provided by laws and regulations, by a resolution by general meetings of unitholders.

(2) In connection with the revision of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Ordinance of the Prime Minister’s Office No. 129 of 2000 as amended (hereinafter called “Enforcement Ordinance of the Investment Trusts Act”)), JHR newly adds and amends the following provisions to the Articles of Incorporation.

① Proposed amendments relating to Article 27, Paragraph 1 and Article 28, Paragraph 1, Paragraph 2 (introductory clause), Paragraph 3 (introductory clause)

JHR amends the relevant provision to clarify its aim to manage its assets mainly as an investment to real estate and other assets as stipulated in Article 105, Item 1 (*he*) of Enforcement Ordinance of the Investment Trusts Act. Also, in association with the amendment, changes are made to relevant wording.

② Proposed amendment relating to Article 27, Paragraph 5

A new provision is added to clarify that JHR may obtain all or majority of issued shares or investment of corporation(s) holding overseas real estate.

③ Proposed amendments relating to Article 28, Paragraph 2, Item (2) (vii) and (viii), Article 28, Paragraph 2, Item (3) (v), Article 28, Paragraph 3, Item (9), and Article 28, Paragraph 4, Item (13).

In conjunction with the new provision described in ② above, JHR makes it possible to select various schemes in investment in overseas real estate. JHR also adds other rights that are necessary or useful for overseas investment.

JHR currently has no plan to invest in overseas Real-Estate-Related Assets.

(3) Proposed amendments relating to Article 28, Paragraph 3, Items (10) and (11)

In association with the addition of assets applicable to the specified assets due to the revision of Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000 as amended), new provisions are established to add renewable energy generation facilities and rights to operate public facilities, etc. to JHR's investment target.

(4) Proposed amendment relating to Article 29, Paragraph 2

The provision is amended to enable JHR to invest in derivatives products to hedge against risk of exchange fluctuations associated with the addition of issued shares of corporation(s) holding overseas real estate and Real-Estate-Related Assets and other assets based on or governed by laws and regulations of foreign jurisdictions to JHR's investment target and also to hedge risks of adverse effect on hotel performance resulting from climate change such as typhoons.

(5) Proposed amendment relating to Article 34, Paragraph 1, Item (4)

In relation to discrepancy between profit under taxation and accounting in investment corporations, in association with the revision of the Act on Special Measures Concerning Taxation (Law No. 26 of 1957 as amended) and other relevant laws and regulations, the provision is amended to enable JHR to distribute cash exceeding profit to reduce its tax burden.

(6) Proposed amendment Article 38, Paragraph 2, Item (1)

A relevant provision is amended to clarify that JHR will bear the costs regarding the allotment of new investment unit subscription rights without contribution.

(7) In addition, the following provisions are deleted: provisions which have become unnecessary in association with the revision of the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation (Ministry of Finance Ordinance No. 15 of 1957 as amended), provisions which have become unnecessary due to the passage of certain period of time, supplementary provisions which have become unnecessary due to the implementation of amended Investment Trust Act. Amendments are also made as necessary to expressions, clarification, wording, and numbering of Articles and Paragraphs, etc.

2. Details of Revisions

We propose partial amendments to the current Articles of Incorporation as follows. (Parts to be revised are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">CHAPTER II. INVESTMENT UNITS</p> <p>(Total Number of Investment Units Authorized to be Issued, etc.)</p> <p>Article 6 The total number of investment units authorized to be issued by JHR is 20,000,000.</p> <p>2. (Omitted)</p> <p>3. JHR may make the offering of investment units to be issued by JHR within the range of the total number of investment units authorized to be issued set forth in Paragraph 1 after receiving approval of the Board of Directors. The issue price for one offered investment unit (being investment units allocated to those who have subscribed such investment units upon such offering) shall be decided by the Executive Directors and authorized by the Board of Directors, that such price is a fair price in light of the assets held by JHR (“Assets Under Management.”)</p> <p>4. JHR may obtain its <u>own</u> investment units for consideration by entering into agreement with unitholders.</p>	<p style="text-align: center;">CHAPTER II. INVESTMENT UNITS</p> <p>(Total Number of Investment Units Authorized to be Issued, etc.)</p> <p>Article 6 The total number of investment units authorized to be issued by JHR is 20,000,000.</p> <p>2. (Unchanged)</p> <p>3. JHR may make the offering of investment units to be issued by JHR within the range of the total number of investment units authorized to be issued set forth in <u>this Article</u>, Paragraph 1 after receiving approval of the Board of Directors. The issue price for one offered investment unit (being investment units allocated to those who have subscribed such investment units upon such offering) shall be decided by the Executive Directors and authorized by the Board of Directors, that such price is a fair price in light of the assets held by JHR (“Assets Under Management.”)</p> <p>4. JHR may obtain its investment units for consideration by entering into agreement with unitholders.</p>
<p style="text-align: center;">CHAPTER III. GENERAL MEETINGS OF UNITHOLDERS</p> <p>(Holding and Convocation of Meetings)</p> <p>Article 9 General meetings of unitholders shall in principle be held at least once every two years.</p> <p>(New)</p>	<p style="text-align: center;">CHAPTER III. GENERAL MEETINGS OF UNITHOLDERS</p> <p>(Holding and Convocation of Meetings)</p> <p>Article 9 General meetings of unitholders shall in principle be held at least once every two years.</p> <p><u>2. The general meeting of unitholders shall be held on October 31, 2017 or thereafter without delay, and subsequent general meetings of unitholders shall be convened every two years on October 31 or thereafter without delay. Moreover, JHR may convene general meetings of unitholders as needed.</u></p>

<p>(New)</p> <p>2. Unless otherwise provided for in applicable laws or regulations, general meetings of unitholders shall be convened by the Executive Director in accordance with a resolution of the Board of Directors; if there is only one Executive Director, such Executive Director shall convene a general meeting of unitholders; and if there are more than two Executive Directors, one of the Executive Directors in accordance with the order predetermined by the Board of Directors shall convene a general meeting of unitholders.</p> <p>(Record Date, etc.)</p> <p>Article 15 <u>Unitholders entitled to exercise his or her rights at a general meeting of unitholders</u> shall be those unitholders entered or recorded in the final unitholders register as of a record date as determined by JHR by resolution of the Board of Directors and pursuant to applicable laws and regulations, and regarding which JHR has made a public notice in advance.</p>	<p>3. <u>To convene general meetings of unitholders, JHR shall make a public announcement by two months prior to the date of the general meeting of unitholders, and notify each unitholder in writing, or by an electromagnetic method in accordance with laws and regulations, by two weeks prior to the relevant date. However, for a general meeting of unitholders that will be held within 25 months from the previous general meeting of unitholders held in accordance with the first sentence of the preceding Paragraph, JHR will not need to make a public announcement as set out in this Paragraph.</u></p> <p>4. Unless otherwise provided for in applicable laws or regulations, general meetings of unitholders shall be convened by the Executive Director in accordance with a resolution of the Board of Directors; if there is only one Executive Director, such Executive Director shall convene a general meeting of unitholders; and if there are more than two Executive Directors, one of the Executive Directors in accordance with the order predetermined by the Board of Directors shall convene a general meeting of unitholders.</p> <p>(Record Date, etc.)</p> <p>Article 15 <u>If a general meeting of unitholders is to be held within three months from the end of August 2017 and from the end of August every two years thereafter (hereinafter called the “record date”), unitholders entitled to exercise his or her rights at a general meeting of unitholders shall be those unitholders entered or recorded in the final unitholders register as of a record date. JHR may, if necessary, decide that unitholders entitled to exercise his or her rights at a general meeting of unitholders</u> shall be those unitholders entered or recorded in the final unitholders register as of a record date as determined by JHR by resolution of the Board of Directors and</p>
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<p>2. (Omitted)</p> <p>3. The Executive Director shall maintain the meeting minutes set forth in <u>Paragraph 2</u> at the main offices of JHR for ten years.</p> <p style="text-align: center;">CHAPTER IV. EXECUTIVE DIRECTORS AND SUPERVISORY DIRECTORS</p> <p>(Election and Term of Office of Executive Directors sand Supervisory Directors)</p> <p>Article 17 Unless otherwise provided for in applicable laws and regulations, Executive Directors and Supervisory Directors shall be elected by a resolution of a general meeting of unitholders.</p> <p>2. The term of office of an Executive Director and a Supervisory Director shall be two years after assumption of such office. Provided, however, the resolution of the general meetings of unitholders shall not preclude shortening the term of the office. Also, an Executive Director or a Supervisory Director who has been elected to substitute an Executive Director or a Supervisory Director or to increase the number of Executive Directors or Supervisory Directors shall have a term of the office corresponding to the remainder of term for his or her predecessor or other incumbent Executive Directors or Supervisory Directors.</p> <p style="text-align: center;">CHAPTER V. BOARD OF DIRECTORS</p> <p>(Resolutions, etc.)</p> <p>Article 21 Unless otherwise provided for in applicable laws, regulations, or these Articles of Incorporation, the resolutions of meetings of the Board of Directors shall be adopted by a majority of the voting rights of the members present at the meeting, which</p>	<p>pursuant to applicable laws and regulations and regarding which JHR has made a public notice in advance.</p> <p>2. (Unchanged)</p> <p>3. The Executive Director shall maintain the meeting minutes set forth in <u>the previous Paragraph</u> at the main offices of JHR for ten years.</p> <p style="text-align: center;">CHAPTER IV. EXECUTIVE DIRECTORS AND SUPERVISORY DIRECTORS</p> <p>(Election and Term of Office of Executive Directors sand Supervisory Directors)</p> <p>Article 17 Unless otherwise provided for in applicable laws and regulations, Executive Directors and Supervisory Directors shall be elected by a resolution of a general meeting of unitholders.</p> <p>2. The term of office of an Executive Director and a Supervisory Director shall be two years after assumption of such office. Provided, however, the resolution of the general meetings of unitholders shall not preclude <u>extending or</u> shortening the term of the office. Also, an Executive Director or a Supervisory Director who has been elected to substitute an Executive Director or a Supervisory Director or to increase the number of Executive Directors or Supervisory Directors shall have a term of the office corresponding to the remainder of term for his or her predecessor or other incumbent Executive Directors or Supervisory Directors.</p> <p style="text-align: center;">CHAPTER V. BOARD OF DIRECTORS</p> <p>(Resolutions, etc.)</p> <p>Article 21 Unless otherwise provided for in applicable laws, regulations, or these Articles of Incorporation, the resolutions of meetings of the Board of Directors shall be adopted by a majority of the voting rights of the members present at the meeting, which</p>
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<p>must be attended by a majority of those members entitled to vote on the resolution.</p> <ol style="list-style-type: none"> 2. (Omitted) 3. Executive Directors shall maintain meeting minutes prepared in accordance with <u>Paragraph 2</u> at the main offices of JHR for ten years. <p>(Investment Stance)</p> <p>Article 27 <u>JHR shall invest primarily in Real Estate, etc. (as defined in Article 28, Paragraph 1, Item (2); the same applies hereinafter) and in Real-Estate-Backed Securities (as defined in Article 28, Paragraph 1, Item (3)) (Real Estate, etc. and Real-Estate-Backed Securities shall be hereinafter collectively referred to as “Real-Estate-Related Assets”).</u></p> <ol style="list-style-type: none"> 2. <u>JHR shall invest in Real-Estate-Related Assets</u> composed of or backed by real estate or Real Estate Equivalents relating to such real estate (as defined in Article 28, Paragraph <u>1</u>, Item (2); the same applies hereinafter), all or part of which is used as hotel, <u>(the “Real Estate, etc. for Hotel”)</u>, and may also invest in Real-Estate-Related Assets composed of or backed by real estate or Real Estate Equivalents relating to such real estate, all or part of which is used as (1) resort facilities, etc., (2) residence leased or accommodation offered with furniture or otherwise after its environment is improved at a certain level, or (3) residence or accommodation which can provide a certain service such as concierge service to the lessees or the guests. Provided, however, that when it is possible to use multiple properties, leasehold rights in real estate or surface rights integrally from the point of view of social economy and all or part of any one of them is used for hotel or for any of (1) through (3) above, JHR may acquire all or part of Real-Estate-Related Assets composed of or backed by such multiple properties, leasehold rights in real estate or surface rights, or Real Estate Equivalents relating to them, subject to acquisition or 	<p>must be attended by a majority of those members entitled to vote on the resolution.</p> <ol style="list-style-type: none"> 2. (Unchanged) 3. Executive Directors shall maintain meeting minutes prepared in accordance with <u>the preceding Paragraph</u> at the main offices of JHR for ten years. <p>(Investment Stance)</p> <p>Article 27 (Deleted)</p> <p><u>JHR shall invest in Real Estate, etc. for Hotel (Real Estate, etc. for Hotel is Real-Estate-Related Assets (Real Estate etc. (as defined in Article 28, Paragraph 2, Item (2); the same applies hereinafter) and Real-Estate-Backed Securities (as defined in Article 28, Paragraph 2, Item (3); the same applies hereinafter) the same applies hereinafter) composed of or backed by real estate or Real Estate Equivalents (as defined in Article 28, Paragraph, <u>2</u>, Item (2); the same applies hereinafter) relating to such real estate that all or part of which is used as hotels; the same applies hereinafter).</u></p> <p>JHR may also invest in Real-Estate-Related Assets composed of or backed by real estate or Real Estate Equivalents related to such real estate all or part of which is used as (1) resort facilities, etc., (2) residence leased or accommodation offered with furniture or otherwise after its environment is improved at a certain level, or (3) residence or accommodation which can provide a certain service such as concierge service to the lessees or the guests. Provided, however, that when it is possible to use multiple properties,</p>
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<p>possession of all or part of relevant Real Estate, etc. for Hotel.</p> <p>3. JHR shall seek to disperse the geographical region subject to investment throughout Japan and overseas for the purpose of mitigating the risks associated with fluctuation in profits of JHR.</p> <p>4. In the case where any unexpected event, such as a sudden change in market condition trends, general economic conditions or real estate market trends, occurs and unitholders' interests are likely to be undermined, JHR may, notwithstanding the provisions of the preceding Paragraphs, take necessary measures to protect unitholders' interests.</p> <p>5. JHR shall manage assets by keeping the ratio of the total amount of specified real estate (which, of the specified assets that JHR acquires, are those that are real estate, leasehold rights in real estate or surface rights, or beneficial interests in trust the objective of which is ownership of real estate, leasehold rights in land or surface rights in land or surface rights) to the total amount of specified assets held by JHR at 75% or more.</p> <p>(New)</p>	<p>leasehold rights in real estate or surface rights integrally from the point of view of social economy and all or part of any one of them is used for hotel or for any of (1) through (3) above, JHR may acquire all or part of Real-Estate-Related Assets composed of or backed by such multiple properties, leasehold rights in real estate or surface rights, or Real Estate Equivalents relating to them, subject to acquisition or possession of all or part of relevant Real Estate, etc. for Hotel.</p> <p>2. JHR shall seek to disperse the geographical region subject to investment throughout Japan and overseas for the purpose of mitigating the risks associated with fluctuation in profits of JHR.</p> <p>3. In the case where any unexpected event, such as a sudden change in market condition trends, general economic conditions or real estate market trends, occurs and unitholders' interests are likely to be undermined, JHR may, notwithstanding the provisions of the preceding Paragraphs, take necessary measures to protect unitholders' interests.</p> <p>4. JHR shall manage assets by keeping the ratio of the total amount of specified real estate (which, of the specified assets that JHR acquires, are those that are real estate, leasehold rights in real estate or surface rights, or beneficial interests in trust the objective of which is ownership of real estate, leasehold rights in land or surface rights in land or surface rights) to the total amount of specified assets held by JHR at 75% or more.</p> <p>5. <u>JHR may, in the case provided for in Article 116-2 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (hereinafter called the "Enforcement Order of the Investment Trusts Act"), acquire issued shares or investment in corporation(s) set forth in Article 221-2, Paragraph 1 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations</u></p>
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<p>6. <u>JHR shall keep the ratio of real estate, etc. (being real estate (that are assets listed in Article 37, Paragraph 3, Item 2 (イ), 2 (ロ) and 2 (ホ) of the Accounting Rules for Investment Corporations, the same applies hereinafter in this paragraph), leasehold rights in real estate, assets listed in Article 37, Paragraph 3, Item 2 (ヘ) of the Accounting Rules for Investment Corporations, surface rights and easements, and beneficial interests in trust the objective of which is these assets) to the total amount of assets held by JHR at 70% or more.</u></p> <p>(Types, Purpose and Scope of Specified Assets to be Managed) Article 28 (New)</p> <p>JHR shall, in accordance with the basic policy provided for in Article 26, invest <u>primarily</u> in the following specified assets:</p>	<p><u>(hereinafter called the “Enforcement Ordinance of the Investment Trusts Act”) (hereinafter called the “corporation(s) holding overseas real estate”) in which case numbers of issued shares or investment to be acquired may exceed the number calculated by multiplying the rate set forth in Article 221 of the Enforcement Ordinance of the Investment Trusts Act by total issued shares or investment (excluding shares owned or investment by the corporation(s) holding overseas real estate).</u></p> <p>(Deleted)</p> <p>(Types, Purpose and Scope of Specified Assets to be Managed) Article 28 <u>JHR will invest mainly in real estate and other assets (of those set forth in Article 105, Item (1) (he) of Enforcement Ordinance of the Investment Trusts Act, limited to real estate, leasehold rights in real estate, surface rights and beneficial interests in trust that only entrust these assets, or issued shares of corporation(s) holding overseas real estate limited to the case which numbers of issued shares to be acquired will exceed the number calculated by multiplying the rate set forth in Article 221 of the Enforcement Ordinance of the Investment Trusts Act by total issued shares (excluding shares owned by the corporation(s) holding overseas real estate)).</u></p> <p><u>2.</u> JHR shall, in accordance with the basic policy and purpose provided for in Article 26 and the preceding Paragraph, invest in the</p>
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<p>(1) (Omitted)</p> <p>(2) each of the following assets (collectively, “Real Estate Equivalents”; and real estate and Real Estate Equivalents shall be collectively referred to as “Real Estate, etc.”);</p> <p>(i)-(iv) (Omitted)</p> <p>(v) interests in investments under an agreement under which one party invests funds to be managed by another party primarily through investment in the assets set out in <u>Item (1) or Item (2)</u> (i) through (2) (iv) above, and such another party distributes the profits from its management of those assets (“Silent Partnership Interests Concerning Real Estate”); and</p> <p>(vi) (Omitted)</p> <p>(New)</p> <p>(New)</p> <p>(3) the following securities the purpose of which is to invest 50% or more of assets that underlies such securities in Real Estate, etc. (including the case where no certificate representing rights is issued; collectively, “Real-Estate-Backed Securities”);</p> <p>(i)-(iii) (Omitted)</p> <p>(iv) beneficial securities of specified purpose trusts (as defined in the</p>	<p>following specified assets:</p> <p>(1) (Unchanged)</p> <p>(2) each of the following assets (collectively, “Real Estate Equivalents”; and real estate and Real Estate Equivalents shall be collectively referred to as “Real Estate, etc.”);</p> <p>(i)-(iv) (Unchanged)</p> <p>(v) interests in investments under an agreement under which one party invests funds to be managed by another party primarily through investment in the assets set out in <u>Paragraph 1, Item (1) or (i) through (iv) of this Item</u>, and such another party distributes the profits from its management of those assets (“Silent Partnership Interests Concerning Real Estate”);</p> <p>(vi) (Unchanged)</p> <p><u>(vii) Issued shares of corporation(s) holding overseas real estate (limited to the case which numbers of issued shares to be acquired will exceed the number calculated by multiplying the rate set forth in Article 221 of the Enforcement Ordinance of the Investment Trusts Act by total issued shares (excluding shares owned by the corporation(s) holding overseas real estate)); and</u></p> <p><u>(viii) Assets as described in this Paragraph 1, Item (1) or (i) through (vi) in this Item formed based on or governed by laws and regulations of foreign jurisdictions.</u></p> <p>(3) the following securities the purpose of which is to invest 50% or more of assets that underlies such securities in Real Estate, etc. (including the case where no certificate representing rights is issued; collectively, “Real-Estate-Backed Securities”);</p> <p>(i)-(iii) (Unchanged)</p> <p>(iv) beneficial securities of specified purpose trusts (as defined in the</p>
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<p>Asset Securitization Act) (excluding those that falls under the assets set out in <u>Item (2)</u> (iii), (2) (iv) or (2) (vi) <u>above</u>).</p> <p>(New)</p> <p>2. JHR shall invest in the following specified assets (including the case where no certificate representing rights is issued) in addition to the specified assets provided for in the preceding Paragraph:</p> <p>(1)-(2) (Omitted)</p> <p>(3) securities;</p> <p>(i) specified corporate bonds issued by specified purpose companies (as defined in the Asset Securitization Act) aimed to invest in assets described in this Article, Paragraph <u>1</u>, <u>Item (1)</u> or <u>(2)</u> (i) through (iv);</p> <p>(ii) beneficiary interests in trust the objective of which are mainly monetary claims such as loan claims, etc. (hereinafter called the “monetary claims such as real-estate-related loans, etc.”) for specified purpose companies aimed at investing in assets as described in this Article, Paragraph <u>1</u>, <u>Item (1)</u> or <u>Item (2)</u> (i) through (iv), specified purpose companies, and entities similar to specified purpose companies or beneficiary interests in trust the purpose of which is to invest in monetary claims such as real-estate-related loans, etc.;</p> <p>(iii)-(iv) (Omitted)</p> <p>(4) (Omitted)</p> <p>(5) monetary claims;</p> <p>(i) (Omitted)</p> <p>(ii) monetary claims except what is</p>	<p>Asset Securitization Act) (excluding those that falls under the assets set out in <u>these Item (2)</u> (iii), (iv) or (vi) in <u>this Paragraph</u>.</p> <p><u>(v) assets that have similar nature with assets described in this Item (i) through (iv) which were formed based on laws and regulations of foreign jurisdictions.</u></p> <p>3. <u>In accordance with the basic policy and purpose as set forth in Article 26 and Paragraph 1 of this Article</u>, JHR shall invest in the following specified assets (including the case where no certificate representing rights is issued) in addition to the specified assets provided for in the preceding Paragraph:</p> <p>(1)-(2) (Unchanged)</p> <p>(3) securities;</p> <p>(i) specified corporate bonds issued by specified purpose companies (as defined in the Asset Securitization Act) aimed to invest in assets described in this Article, Paragraph <u>2</u>, <u>Item (1)</u> or <u>Item (2)</u> (i) through (iv);</p> <p>(ii) beneficiary interests in trust the objective of which are mainly monetary claims such as loan claims, etc. (hereinafter called the “monetary claims such as real-estate-related loans, etc.”) for specified purpose companies aimed at investing in assets as described in this Article, Paragraph <u>2</u>, <u>Item (1)</u> or <u>Item (2)</u> (i) through (iv), specified purpose companies, and entities similar to specified purpose companies or beneficiary interests in trust the purpose of which is to invest in monetary claims such as real-estate-related loans, etc.;</p> <p>(iii)-(iv) (Unchanged)</p> <p>(4) (Unchanged)</p> <p>(5) monetary claims;</p> <p>(i) (Unchanged)</p> <p>(ii) monetary claims except what is</p>
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<p>described in this Item (i) (as set forth in <u>the Order for Enforcement of the Act on Investment Trusts and Investment Corporations</u> (hereinafter called the “Enforcement Order of the Investment Trusts Act”), but excluding those separately and expressly stated in this Paragraph).</p> <p>(6) (Omitted)</p> <p>(7) beneficial interests in money trusts the purpose of which is to manage trust assets through investment primarily in the assets set out in Items <u>(1) through (5)</u> of this Paragraph; and</p> <p>(8) (Omitted)</p> <p>(New)</p> <p>(New)</p> <p>(New)</p> <p><u>3.</u> JHR shall invest in the following assets in addition to the specified assets provided for in Paragraph <u>1</u> and <u>2</u>:</p> <p>(1)-(2) Omitted</p> <p>(3) personal property, etc. (facilities, equipment and other properties added to real estate for convenience of structure or usage, as defined in the Civil Code. The same applies hereinafter.);</p> <p>(4)-(9) (Omitted)</p> <p>(10) beneficial interests in trust the objective of which is trust assets, such as those set out in Item (1) through previous Item (including comprehensive agreements under which Real Estate, etc. is also entrusted.);</p> <p>(11)-(12) (Omitted)</p>	<p>described in this Item (i) (as set forth in the Enforcement Order of the Investment Trusts Act, but excluding those separately and expressly stated in this Paragraph).</p> <p>(6) (Unchanged)</p> <p>(7) beneficial interests in money trusts the purpose of which is to manage trust assets through investment primarily in the assets set out in <u>Item (1) through Item (5)</u> of this Paragraph;</p> <p>(8) (Unchanged)</p> <p><u>(9) Securities or deeds issued by foreign countries or foreign nationalities, and those which have the nature of securities or deeds as described in Item (3) of this Paragraph;</u></p> <p><u>(10) renewable energy generation facilities (as set forth in the Enforcement Order of the Investment Trusts Act); and</u></p> <p><u>(11) rights to operate public facilities, etc. (as set forth in the Enforcement Order of the Investment Trusts Act).</u></p> <p><u>4.</u> JHR shall invest in the following assets in addition to the specified assets provided for in Paragraph <u>2</u> and <u>3</u>:</p> <p>(1)-(2) (Unchanged)</p> <p>(3) personal property, etc. (facilities, equipment and other properties added to real estate for convenience of structure or usage, as defined in the Civil Code. <u>However, assets defined in this Article, Paragraph 3, Item (10) are excluded.</u> The same applies hereinafter.);</p> <p>(4)-(9) (Unchanged)</p> <p>(10) beneficial interests in trust the objective of which is trust assets, such as those set out in Item (1) through previous <u>Item of this Paragraph</u> (including comprehensive agreements under which Real Estate, etc. is also entrusted.);</p> <p>(11)-(12) (Unchanged)</p>
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<p>(New)</p> <p>(Investment Restrictions)</p> <p>Article 29 JHR shall not invest actively in the securities and monetary claims set forth in Paragraph <u>2</u> of the preceding Article, but rather seek to make investments by taking the safety and liquidity factors or the relationship thereof with the specified assets set forth in Paragraph <u>1</u> of the preceding Article into consideration.</p> <p>2. JHR shall invest in rights associated with derivatives products as set forth in Paragraph <u>2</u>, Item (8) of the preceding Article only for the purpose of hedging interest rate risk or other risks arising from liabilities of JHR.</p> <p>(Purpose and Scope of Leasing and Entrusting Operation under Management Contract of Underlying Assets)</p> <p>Article 30 JHR shall, in principle, with regard to all real estate (including real estate that underlies Real-Estate Related Assets other than real estate that JHR acquires, the same applies hereinafter <u>in this Paragraph</u>) forming part of the Assets Under Management, (i) enter into leasing agreements with third parties to lease all such real estate (including facilities such as car parks and signs; the same applies hereinafter <u>in this Paragraph</u>) or (ii) enter into operation entrustment agreements with third parties to entrust the operation of all such real estate, for the purpose of securing stable profits over the medium and long term, and shall, in principle, with regard to real estate that is the trust assets associated with the beneficial interests in trusts held by JHR, (i) cause the trustees of such trusts to enter into leasing agreements with third</p>	<p>(13) <u>In addition to preceding Items, other rights which are necessary or useful for investment in Real-Estate-Related Assets, etc.</u></p> <p>(Investment Restrictions)</p> <p>Article 29 JHR shall not invest actively in the securities and monetary claims set forth in Paragraph <u>3</u> of the preceding Article, but rather seek to make investments by taking the safety and liquidity factors or the relationship thereof with the specified assets set forth in Paragraph <u>2</u> of the preceding Article into consideration.</p> <p>2. JHR shall invest in rights associated with derivatives products as set forth in Paragraph <u>3</u>, Item (8) of the preceding Article only for the purpose of hedging interest rate risk, <u>foreign exchange rate fluctuation risk, climate change risk,</u> or other risks arising from liabilities of JHR.</p> <p>(Purpose and Scope of Leasing and Entrusting Operation under Management Contract of Underlying Assets) <i>[Note: Amendment applicable only to Japanese version.]</i></p> <p>Article 30 JHR shall, in principle, with regard to all real estate (including real estate that underlies Real-Estate Related Assets other than real estate that JHR acquires, the same applies hereinafter <u>in this Paragraph</u>) forming part of the Assets Under Management, (i) enter into leasing agreements with third parties to lease all such real estate (including facilities such as car parks and signs; the same applies hereinafter <u>in this Paragraph</u>) or (ii) enter into operation entrustment agreements with third parties to entrust the operation of all such real estate, for the purpose of securing stable profits over the medium and long term, and shall, in principle, with regard to real estate that is the trust assets associated with the beneficial interests in trusts held by JHR, (i) cause the trustees of such trusts to enter into leasing agreements with third</p>
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<p>parties to lease such real estate or (ii) rent such real estate from the trustees and enter into operation entrustment agreements with third parties to entrust the operation of such real estate.</p> <p>2.- 4. (Omitted)</p> <p>(Methods, Criteria and Reference Dates for Evaluating Assets)</p> <p>Article 32 JHR uses the following methods for evaluating assets depending on the type of the Assets Under Management in accordance with the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006), the Regulation for Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations, etc. established by the Investment Trusts Association, Japan (the “ITA”) and the criteria and practice based on the generally accepted corporate accounting standards:</p> <p>(1) Real estate, leasehold rights in real estate and surface rights (as set out in Article 28, Paragraph 1, Item (1) and Item (2) (i) and (ii))</p> <p>These shall be evaluated at the value obtained by deducting aggregate depreciation from the acquisition price. Depreciation amount shall be calculated using the straight line method for the building and equipment portions of the real estate. Provided, however, that only in cases in which evaluation using such method is inappropriate for legitimate reasons and where it is reasonably determined that there are no problems in terms of unitholder protection, a different method may be used.</p> <p>(2) Beneficial interest in trust the objective of which is real estate, leasehold rights in real estate or surface rights are entrusted (as set out in Article 28, Paragraph 1, Item (2) (iii))</p> <p>In principle, when trust assets are assets</p>	<p>parties to lease such real estate or (ii) rent such real estate from the trustees and enter into operation entrustment agreements with third parties to entrust the operation of such real estate.</p> <p>2.- 4. (Unchanged)</p> <p>(Methods, Criteria and Reference Dates for Evaluating Assets)</p> <p>Article 32 JHR uses the following methods for evaluating assets depending on the type of the Assets Under Management in accordance with the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No. 47 of 2006), the Regulation for Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations, etc. established by the Investment Trusts Association, Japan (the “ITA”) and the criteria and practice based on the generally accepted corporate accounting standards:</p> <p>(1) Real estate, leasehold rights in real estate and surface rights (as set out in Article 28, Paragraph 2, Item (1) and Item (2) (i) and (ii))</p> <p>These shall be evaluated at the value obtained by deducting aggregate depreciation from the acquisition price. Depreciation amount shall be calculated using the straight line method for the building and equipment portions of the real estate. Provided, however, that only in cases in which evaluation using such method is inappropriate for legitimate reasons and where it is reasonably determined that there are no problems in terms of unitholder protection, a different method may be used.</p> <p>(2) Beneficial interest in trust the objective of which is real estate, leasehold rights in real estate or surface rights are entrusted (as set out in Article 28, Paragraph 2, Item (2) (iii))</p> <p>In principle, when trust assets are assets</p>
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<p>as set forth in (1) above, they shall be evaluated in accordance with the method set forth in (1), and when the trust assets are financial assets, they shall be evaluated in accordance with generally accepted corporate accounting standards and practice; the amount of obligations will then be deducted from the aggregate of such evaluations; and the result shall be the value of the holdings of the beneficial interest of such trust.</p> <p>(3) Beneficial interests in money trusts the purpose of which is to manage trust assets through investment primarily in real estate, leasehold rights in real estate and surface rights (as set out in Article 28, Paragraph 1, Item (2) (iv)) In principle, when asset constituting the trust assets are assets as set forth in (1) above, they shall be evaluated in accordance with the method set forth in (1), and when they are financial assets, they shall be evaluated in accordance with generally accepted corporate accounting standards and practice; the amount of obligation will then be deducted from the aggregate of such evaluations; and the result shall be the value of the holdings of the beneficial interest of such trust.</p> <p>(4) Silent Partnership Interests Concerning Real Estate (as set out in Article 28, Paragraph 1, Item (2) (v)) When assets constituting silent partnership interests are assets as set forth in (1) through (3) above, they shall be evaluated in accordance with their respective methods, and when they are financial assets, they shall be evaluated in accordance with generally accepted corporate accounting standards and practice; the amount of obligations will then be deducted from</p>	<p>as set forth in <u>this Paragraph, Item (1)</u>, they shall be evaluated in accordance with the method set forth in <u>this Paragraph, Item (1)</u>, and when the trust assets are financial assets, they shall be evaluated in accordance with generally accepted corporate accounting standards and practice; the amount of obligations will then be deducted from the aggregate of such evaluations; and the result shall be the value of the holdings of the beneficial interest of such trust.</p> <p>(3) Beneficial interests in money trusts the purpose of which is to manage trust assets through investment primarily in real estate, leasehold rights in real estate and surface rights (as set out in Article 28, Paragraph 2, Item (2) (iv)) In principle, when asset constituting the trust assets are assets as set forth in <u>this Paragraph, Item (1)</u>, they shall be evaluated in accordance with the method set forth in <u>this Paragraph, Item (1)</u>, and when they are financial assets, they shall be evaluated in accordance with generally accepted corporate accounting standards and practice; the amount of obligation will then be deducted from the aggregate of such evaluations; and the result shall be the value of the holdings of the beneficial interest of such trust.</p> <p>(4) Silent Partnership Interests Concerning Real Estate (as set out in Article 28, Paragraph 2, Item (2) (v)) When assets constituting silent partnership interests are assets as set forth in <u>this Paragraph, Item (1)</u> through <u>the preceding Item</u>, they shall be evaluated in accordance with their respective methods, and when they are financial assets, they shall be evaluated in accordance with generally accepted corporate accounting standards and practice; the amount of obligations will</p>
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<p>the aggregate of such evaluations; and the result shall be the value of such silent partnership interests.</p> <p>(5) Beneficial interests in money trusts the purpose of which is to manage trust assets through investment primarily in Silent Partnership Interests Concerning Real Estate (as set out in Article 28, Paragraph <u>1</u>, Item (2) (vi))</p> <p>In principle, evaluation shall be carried out in accordance with <u>(4)</u> above for silent partnership interests that are trust assets, and the amount of obligations will then be deducted from the aggregate of these evaluations; the result shall be the value of such silent partnership interests.</p> <p>(6) Securities (as set out in Article 28, Paragraph <u>1</u>, Item (3), and Paragraph <u>2</u>, Item (3))</p> <p>The value shall be a value calculated based on the market price when there is a market price for the securities (the trading price on a financial instruments exchange, a price announced by an authorized financial instruments dealers association or the like, or a trading price similar to the foregoing that is established from time to time by a trading system enabling cash sales and the like; the same applies hereinafter). When there is no market price available, this shall be a price calculated by a reasonable method. Further, the market price or the price calculated by a reasonable method shall be obtained using the same method each term, with the exception of cases where accuracy of the evaluation is to be improved. If a market price or a value calculated using a reasonable method is not available, then the acquisition price shall be evaluation.</p> <p>(7) Monetary claims (as set out in Article 28, Paragraph <u>2</u>, Item (5))</p>	<p>then be deducted from the aggregate of such evaluations; and the result shall be the value of such silent partnership interests.</p> <p>(5) Beneficial interests in money trusts the purpose of which is to manage trust assets through investment primarily in Silent Partnership Interests Concerning Real Estate (as set out in Article 28, Paragraph <u>2</u>, Item (2) (vi))</p> <p>In principle, evaluation shall be carried out in accordance with <u>the preceding Item</u> above for silent partnership interests that are trust assets, and the amount of obligations will then be deducted from the aggregate of these evaluations; the result shall be the value of such silent partnership interests.</p> <p>(6) Securities (as set out in Article 28, Paragraph <u>2</u>, Item (3), and Paragraph <u>3</u>, Item (3))</p> <p>The value shall be a value calculated based on the market price when there is a market price for the securities (the trading price on a financial instruments exchange, a price announced by an authorized financial instruments dealers association or the like, or a trading price similar to the foregoing that is established from time to time by a trading system enabling cash sales and the like; the same applies hereinafter). When there is no market price available, this shall be a price calculated by a reasonable method. Further, the market price or the price calculated by a reasonable method shall be obtained using the same method each term, with the exception of cases where accuracy of the evaluation is to be improved. If a market price or a value calculated using a reasonable method is not available, then the acquisition price shall be evaluation.</p> <p>(7) Monetary claims (as set out in Article 28, Paragraph <u>3</u>, Item (5))</p>
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<p>The price obtained when an allowance for bad debt is deducted from the acquisition price. Provided, however, that in the event a claim has been acquired at a price lower or higher than the amount of the claim, if the difference between the acquisition price and the claim amount is found to lie in interest adjustment, the value shall be the price obtained when the allowance for bad debt is deducted from a value calculated according to the amortized cost method.</p> <p>(8) Beneficial interests in money trusts (as set out in Article 28, Paragraph 2, Item (7))</p> <p>In principle, when assets constituting the trust assets are as set forth in (6) or (7) above, they shall be evaluated in accordance with their respective methods, and the aggregate of such evaluations shall be the evaluation.</p> <p>(9) Rights associated with derivatives products (as set out in Article 28, Paragraph 2, Item (8))</p> <p>(i) - (iii) (Omitted)</p> <p>(10) - (11) (Omitted)</p> <p>2. For evaluation for the purpose of stating values in asset management reports and the like, using a method different from those set forth in the preceding paragraph, evaluation shall be as follows.</p> <p>(1) - (2) (Omitted)</p> <p>(3) Rights associated with derivatives products (when the special treatment for interest rate swaps is adopted pursuant to Paragraph 1, Item (9) (iii))</p> <p>These shall be evaluated at a value set out in Paragraph 1, Item (9) (i) or (ii).</p> <p>3. The reference date for each evaluation of assets is the Settlement Dates set forth in the immediately following Article. Provided, however, that the reference date</p>	<p>The price obtained when an allowance for bad debt is deducted from the acquisition price. Provided, however, that in the event a claim has been acquired at a price lower or higher than the amount of the claim, if the difference between the acquisition price and the claim amount is found to lie in interest adjustment, the value shall be the price obtained when the allowance for bad debt is deducted from a value calculated according to the amortized cost method.</p> <p>(8) Beneficial interests in money trusts (as set out in Article 28, Paragraph 3, Item (7))</p> <p>In principle, when assets constituting the trust assets are as set forth in <u>this Paragraph, Item (6) or the preceding Item</u>, they shall be evaluated in accordance with their respective methods, and the aggregate of such evaluations shall be the evaluation.</p> <p>(9) Rights associated with derivatives products (as set out in Article 28, Paragraph 3, Item (8))</p> <p>(i) - (iii) (Unchanged)</p> <p>(10) - (11) (Unchanged)</p> <p>2. For evaluation for the purpose of stating values in asset management reports and the like, using a method different from those set forth in the preceding paragraph, evaluation shall be as follows.</p> <p>(1) - (2) (Unchanged)</p> <p>(3) Rights associated with derivatives products (when the special treatment for interest rate swaps is adopted pursuant to <u>this Article</u>, Paragraph 1, Item (9) (iii))</p> <p>These shall be evaluated at a value set out in <u>this Article</u>, Paragraph 1, Item (9) (i) or (ii).</p> <p>3. The reference date for each evaluation of assets is the Settlement Dates set forth in the immediately following Article. Provided, however, that the reference date</p>
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<p>for evaluation of the assets as set out in Article 28, Paragraph 1, Item (3) and Paragraph 2 that may be valued based on the market price is the end of each month.</p> <p>(Policy on Cash Distributions)</p> <p>Article 34 Policy on Distributions</p> <p>In principle, JHR shall make distributions in accordance with the following policy.</p> <p>(1) - (3) (Omitted)</p> <p>(4) Distribution of cash exceeding profit</p> <p><u>If the amount of profits is less than 90% of the Amount of Profit Available for Distribution, or if JHR considers it appropriate in light of trends in the economic climate, real estate market, rental market and other matters, JHR may make a cash distribution exceeding profit in the amount determined by JHR, the maximum limit of which is the amount stipulated in laws and regulations, etc. (including regulations of the ITA, etc.). In such a case, if the amount of cash distribution does not satisfy the requirements set forth in the Special Regulations for Taxation Concerning Investment Corporations, JHR may distribute the amount determined by JHR for the purpose of satisfying the applicable requirements.</u></p> <p>(5) (Omitted)</p> <p>2. (Omitted)</p> <p>(Limitations, etc., on Borrowings and Bonds Issued by JHR)</p> <p>Article 35 JHR may borrow funds (including cases of borrowings through the call market) or issue investment corporation bonds (including short-term investment corporation bonds; the same applies hereinafter in this Article) for the purpose of applying such funds to the acquisition of assets, payment of expenses, payment of repair costs or cash distributions, funding for operation of JHR or repayment of obligations (including</p>	<p>for evaluation of the assets as set out in Article 28, Paragraph 2, Item (3) and Paragraph 3 that may be valued based on the market price is the end of each month.</p> <p>(Policy on Cash Distributions)</p> <p>Article 34 Policy on Distributions</p> <p>In principle, JHR shall make distributions in accordance with the following policy.</p> <p>(1) - (3) (Unchanged)</p> <p>(4) Distribution of cash exceeding profit</p> <p>If JHR considers it appropriate in light of trends in the economic climate, real estate market, rental market and other matters, JHR may make a cash distribution exceeding profit in the amount determined by JHR, the maximum limit of which is the amount stipulated in laws and regulations, etc. (including regulations of the ITA, etc.). <u>Also, if the amount of cash distribution does not satisfy the requirements set forth in the Special Regulations for Taxation Concerning Investment Corporations or in cases JHR considers it appropriate including cases when JHR may reduce corporate taxes and other taxes imposed on JHR, JHR may distribute the amount determined by JHR.</u></p> <p>(5) (Unchanged)</p> <p>2. (Unchanged)</p> <p>(Limitations, etc., on Borrowings and Bonds Issued by JHR) <i>[Note: Amendment applicable only to Japanese version.]</i></p> <p>Article 35 JHR may borrow funds (including cases of <u>borrowings</u> through the call market) or issue investment corporation bonds (including short-term investment corporation bonds; the same applies hereinafter in this Article) for the purpose of applying such funds to the acquisition of assets, payment of expenses, payment of repair costs or cash distribution funding for operation of JHR or repayment of obligations (including</p>
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<p>repayment of security deposits, guarantee deposits and fund deposits, and borrowings and obligations arising from investment corporation bonds), in order to contribute to steady growth of the Assets Under Management and effective investment and investment stability of the Assets Under Management. When funds are borrowed, such borrowings are limited to borrowings from institutional investors as set forth in Article 67-15, Paragraph 1, Item (i) (b) (2) of the Act on Special Measures Concerning Taxation and Article 22-19, Paragraph 1 of the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation.</p> <p>2. – 3. (Omitted)</p> <p>(Payment Standards for the Asset Management Fees for the Asset Management Company)</p> <p>Article 36 The method of calculation of fees payable to the asset management company (the “Asset Management Company”) to which JHR commissions the management of its assets and the time of payment thereof shall be as follows:</p> <p>1. Fee Structure</p> <p>(1) Management Fee 1</p> <p>Management fee 1 shall be the amount calculated by multiplying the total assets(*) held by JHR as of the end of March, June, September and the Settlement Date during each business period (hereinafter called the “Calculation Record Date”) by the annual rate of no more than 0.35% separately agreed upon between JHR and the Asset Management Company and then prorated on a per diem basis (fractions less than one yen shall be rounded down), based on a year of three hundred sixty-five days, for the period from the previous Calculation Record Date (excluding such date) until the relevant Calculation Record Date (including such date). <u>When calculating management fee 1, which the Calculation Record Date arrives before the end of</u></p>	<p>repayment of security deposits, guarantee deposits and fund deposits, and borrowings and obligations arising from investment corporation bonds), in order to contribute to steady growth of the Assets Under Management and effective investment and investment stability of the Assets Under Management. When funds are borrowed, such <u>borrowings</u> are limited to borrowings from institutional investors as set forth in Article 67-15, Paragraph 1, Item (i) (b) (2) of the Act on Special Measures Concerning Taxation and Article 22-19, Paragraph 1 of the Ordinance for Enforcement of the Act on Special Measures Concerning Taxation.</p> <p>2. – 3. (Unchanged)</p> <p>(Payment Standards for the Asset Management Fees for the Asset Management Company)</p> <p>Article 36 The method of calculation of fees payable to the asset management company (the “Asset Management Company”) to which JHR commissions the management of its assets and the time of payment thereof shall be as follows:</p> <p>1. Fee Structure</p> <p>(1) Management Fee 1</p> <p>Management fee 1 shall be the amount calculated by multiplying the total assets(*) held by JHR as of the end of March, June, September and the Settlement Date during each business period (hereinafter called the “Calculation Record Date”) by the annual rate of no more than 0.35% separately agreed upon between JHR and the Asset Management Company and then prorated on a per diem basis (fractions less than one yen shall be rounded down), based on a year of three hundred sixty-five days, for the period from the previous Calculation Record Date (excluding such date) until the relevant Calculation Record Date (including such date).</p>
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<p><u>December, 2013, the applicable annual rate shall be up to 0.4%.</u></p> <p>(*) The total asset is the total of the cash reserves balance, the securities balance, the property, plant and equipment, and intangible assets.</p> <p>(2) (Omitted)</p> <p>(3) Management Fee 3</p> <p>Management fee 3 shall be the amount calculated by multiplying (i) the amount obtained by dividing distributable amount before deducting management fee 3 of each business period(*) (fractions less than one yen shall be rounded down) by the total number of investment units issued and outstanding as of the end of December every year by (ii) amount separately agreed upon between JHR and the Asset Management Company which sets 43,000 as maximum (provided, however, that in case investment units are split, 43,000 is to be multiplied by the split ratio(**), and in case of multiple investment splits, the same method will be repeatedly applied) .</p> <p>(*) The distribution amount before deducting management fee 3 is the amount of distribution stipulated in Article 34, Paragraph 1 as distribution amount of each business period of JHR (provided, however, before deduction of corporate tax, inhabitants tax and business tax, corporate tax adjustments, management fee 3 and its non-deductible consumption taxes, etc.)</p> <p>(**) The split ratio is the ratio calculated by dividing the total number of investment units issued and outstanding after split by the total number of investment units issued and outstanding before split.</p> <p><u>This Item shall be applicable from fiscal year ending December 2014.</u></p> <p>(4) - (6) (Omitted)</p>	<p>(*) The total asset is the total of the cash reserves balance, the securities balance, the property, plant and equipment, and intangible assets.</p> <p>(2) (Unchanged)</p> <p>(3) Management Fee 3</p> <p>Management fee 3 shall be the amount calculated by multiplying (i) the amount obtained by dividing distributable amount before deducting management fee 3 of each business period(*) (fractions less than one yen shall be rounded down) by the total number of investment units issued and outstanding as of the end of December every year by (ii) amount separately agreed upon between JHR and the Asset Management Company which sets 43,000 maximum (provided, however, that in case investment units are split, 43,000 is to be multiplied by the split ratio(**), and in case of multiple investment splits, the same method will be repeatedly applied.)</p> <p>(*) The distribution amount before deducting management fee 3 is the amount of distribution stipulated in Article 34, Paragraph 1 as distribution amount of each business period of JHR (provided, however, before deduction of corporate tax, inhabitants tax and business tax, corporate tax adjustments, management fee 3 and its non-deductible consumption taxes, etc.)</p> <p>(**) The split ratio is the ratio calculated by dividing the total number of investment units issued and outstanding after split by the total number of investment units issued and outstanding before split.</p> <p>(Deleted)</p> <p>(4) - (6) (Unchanged)</p>
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<p>Other than the fees described <u>above in (1) through (6)</u>, the Asset Management Company shall not accept payments concerning fees for agency or intermediary provided for in Article 46 of the Building Lots and Building Transaction Business Act.</p> <p>2. (Omitted)</p> <p>(Expenses)</p> <p>Article 38 JHR shall pay taxes and public dues on the Assets Under Management, expenses required for the Asset Management Company to perform the tasks commissioned by JHR, and, in cases where there has been demand for payment of late interest or penalty charges with respect to advance payments made by the Asset Management Company, such late interest or penalty charges.</p> <p>2. JHR shall pay the following expenses, in addition to those set forth in the preceding paragraph.</p> <p>(1) Expenses relating to issue of investment units, acquisition of JHR's own units, and listing of investment units;</p> <p>(2)-(11) (Omitted)</p> <p style="text-align: center;"><u>Supplementary Provisions</u> <u>(Effective Date of Revision)</u></p> <p><u>The newly established Article 6, Paragraph 4 and the revision to Article 38, Paragraph 2, Item (1) shall be effective on the implementation date of the revised Investment Trust Act which allows JHR to acquire its own investment units for consideration by entering into agreement with unitholders.</u></p> <p>Enacted: November 4, 2005 Amended: March 28, 2006 Amended: September 11, 2007 Amended: September 8, 2009</p>	<p>Other than the fees described in <u>this Paragraph, Item (1) through Item (6)</u>, the Asset Management Company shall not accept payments concerning fees for agency or intermediary provided for in Article 46 of the Building Lots and Building Transaction Business Act.</p> <p>2. (Unchanged)</p> <p>(Expenses)</p> <p>Article 38 JHR shall pay taxes and public dues on the Assets Under Management, expenses required for the Asset Management Company to perform the tasks commissioned by JHR, and, in cases where there has been demand for payment of late interest or penalty charges with respect to advance payments made by the Asset Management Company, such late interest or penalty charges.</p> <p>2. JHR shall pay the following expenses, in addition to those set forth in the preceding paragraph.</p> <p>(1) Expenses relating to issue of investment units, acquisition of JHR's own units, <u>allotment of new investment unit subscription rights without contribution</u>, and listing of investment units;</p> <p>(2)-(11) (Unchanged)</p> <p>(Deleted)</p> <p>Enacted: November 4, 2005 Amended: March 28, 2006 Amended: September 11, 2007 Amended: September 8, 2009</p>
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Amended: December 16, 2010 Amended: February 24, 2012 Amended: November 28, 2013	Amended: December 16, 2010 Amended: February 24, 2012 Amended: November 28, 2013 <u>Amended: November 26, 2015</u>
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Proposal 2: Election of One (1) Executive Director

Executive Director of JHR, Yukio Isa, has offered to step down his post as of the end of the General Meeting of Unitholders. Therefore, JHR proposes to elect one Executive Director at the General Meeting of Unitholders. The term of the Executive Director is two years commencing on November 26, 2015 as stipulated in Article 17, Paragraph 2 of JHR's Articles of Incorporation.

The Proposal will be submitted based on unanimous consent of Supervisory Directors at the board of directors' meeting held on October 27, 2015. JHR obtained consent from the candidate for Executive Director on October 27, 2015 to assume the post.

The candidate for the Executive Director is as follows.

Name (Date of Birth)	Profile, Title, Assignment, and Important Concurrent Posts	
Kaname Masuda (April 25, 1963)	Apr. 1990	Registered as a lawyer (Daiichi Tokyo Bar Association)
		Joined Nishimura & Partners (Present Nishimura & Asahi)
	Oct. 1998	Joined Merrill Lynch Japan Securities Co., Ltd.
	Nov. 2000	General Counsel
	Mar. 2001	Executive Director (Concurrent position)
	Aug. 2002	Enrolled in Columbia Law School, Columbia University, U.S.
	May 2003	Graduated from Columbia Law School, Columbia University, U.S. (LL.M.)
	Sep. 2006	Registered as a lawyer, State of New York
	Feb. 2008	Established Masuda & Partners Law Office Managing Partner (current)
	Jun. 2008	Joined Jibun Bank Corporation as Outside Corporate Auditor (current)
	Sep. 2010	Joined Japan Hotel and Resort, Inc. as Executive Director
	Feb. 2012	Joined Commons Asset Management, Inc. as Outside Corporate Auditor (current)
	Mar. 2014	Joined GMO Internet, Inc. as Outside Corporate Auditor (current)
Jun. 2014	Joined Kando Co., Ltd. as Outside Director (current)	
Oct. 2014	Joined CROSSWARP Inc. as Outside Corporate Auditor (current)	

(Notes)

1. The above candidate for Executive Director does not own investment units of JHR.
2. The above candidate for Executive Director concurrently serves as Managing Partner of Masuda & Partners Law Office.
3. The above candidate for Executive Director and JHR do not have any special interest relationship.

Proposal 3: Election of Three (3) Supervisory Directors

Supervisory Directors of JHR, Hiroshi Matsuzawa and Tetsuya Mishiku, have offered to resign their posts as of the end of the General Meeting of Unitholders since their expiration date of their posts and that of the new executive director would be different. To unify their expiration dates, JHR proposes to re-elect two Supervisory Directors. JHR also proposes to elect one new Supervisory Director to enhance supervisory framework and stable management of board of directors' meetings. The term of Supervisory Directors will be two years commencing on November 26, 2015 as stipulated in Article 17, Paragraph 2 of JHR's Articles of Incorporation.

JHR obtained consent from the candidates for Supervisory Directors on October 27, 2015 to assume the posts.

The candidates for the Supervisory Directors are as follows.

Candidate No.	Name (Date of Birth)	Profile, Title, and Important Concurrent Posts	
1	Hiroshi Matsuzawa (June 26, 1943)	Apr. 1966	Joined Sumitomo Mitsui Trust Bank, Limited (formerly, The Mitsui Trust and Banking Co., Ltd.)
		May 1988	Branch Manager, Yokosuka Branch
		Dec. 1989	Branch Manager, Umeda Branch
		May 1991	General Manager, Investment Advisory Department
		Jan. 1993	General Manager, Pension Fund Management Department
		Jun. 1995	Joined JDC Corporation and served as Managing Director
		Jul. 1999	Joined Sumitomo Mitsui Trust Asset Management Co., Ltd. (formerly, Chuo Mitsui Asset Management Co., Ltd.) as Managing Director
		Sep. 2001	Representative Director and President
		May 2004	Joined Premier Investment Corporation as Executive Officer
		Apr. 2012	Joined Japan Hotel REIT Investment Corporation as Supervisory Director (current)

Candidate No.	Name (Date of Birth)	Profile, Title, and Important Concurrent Posts	
2	Tetsuya Mishiku (May 30, 1965)	Apr. 1993	Registered as a lawyer (Daiichi Tokyo Bar Association) Joined Iinuma Law Office
		Dec. 2000	Partner
		Sep. 2002	Part-time lecturer at Chuo University
		Nov. 2003	Changed registration to Shizuoka Bar Association Joined Aoba Law Office as Partner
		Nov. 2005	Joined Japan Hotel REIT Investment Corporation (formerly, Nippon Hotel Fund Investment Corporation) as Supervisory Director (current)
		Dec. 2005	Joined A-too Co., Ltd. as Part-time Corporate Auditor
		Mar. 2007	Joined Healing Entertainment Co., Ltd. as Part-time Corporate Auditor (current)
		Aug. 2010	Joined Mishiku & Nagamachi Law Office (formerly, Aoi Tower Law Office) as Representative (current)
		Sep. 2010	Joined Koike Roof and Siding KK as Outside Corporate Auditor of (current)
Aug. 2011	Joined A-too Co., Ltd. as Outside Director (current)		

Candidate No.	Name (Date of Birth)	Profile, Title, and Important Concurrent Posts	
3	Hiroto Kashii (March 18, 1949)	Apr. 1971	Joined Development Bank of Japan, Inc. (formerly, Japan Development Bank) responsible for lending and investment
		Apr. 1997	General Manager, Retail Department at Head Office
		Apr. 1998	Joined K.K. Hotel Odakyu as Managing Director and General Manager of Accounting Department
		Apr. 2002	Joined K.K. Hotel Odakyu (formerly, K.K. Odakyu Hotels and Resorts) as Managing Director responsible for marketing
		Jun. 2003	Joined New Kansai International Airport Co., Ltd. (formerly, Kansai International Airport Co., Ltd.) as Executive Officer responsible for terminal sales promotion, subsidiaries management and hotel businesses
		Jun. 2009	Joined Kyowa Co., Ltd. as Representative Director
		Jun. 2012	Joined Japan Carbon Finance, Ltd. as Managing Director
		Mar. 2013	Representative Director
		Jun. 2013	Joined DBJ Asset Management Co., Ltd. as Corporate Auditor

(Notes)

1. None of the above candidates for Supervisory Directors own investment units of JHR.
2. Tetsuya Mishiku, one of the candidates for Supervisory Directors, concurrently serves as Representative Lawyer of Mishiku & Nagamachi Law Office.
3. The above candidates for Supervisory Directors and JHR do not have any special interest relationship.
4. Of the above candidates for Supervisory Directors, Hiroshi Matsuzawa and Tetsuya Mishiku currently supervise, as Supervisory Directors, the execution of overall operation by JHR's Executive Director.

Proposal 4: Election of One (1) Substitute Executive Director

To prepare for cases such as a vacancy of the position of the Executive Director or a shortfall in the number of the Executive Director as stipulated by laws and regulations, JHR proposes to elect one Substitute Executive Director. The Proposal with regard to the election of the Substitute Executive Director will be submitted based on unanimous consent of Supervisory Directors at the board of directors' meeting on October 27, 2015.

The candidate for the Substitute Executive Director is as follows.

Name (Date of Birth)	Profile, Title, Assignment, and Important Concurrent Posts	
Hisashi Furukawa (February 14, 1959)	Apr. 1982	Joined Sumitomo Realty & Development Co., Ltd. Building Business Department
	Jan. 1984	Seconded to its subsidiary in the U.S.
	Jul. 1990	Joined Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. (formerly, Morgan Stanley Japan Limited) and served as Executive Director of the Real Estate Group in the Investment Banking Division
	Apr. 2000	Joined UBS Securities Co., Ltd. (formerly, Warburg Dillon Read (Japan) Limited) and served as Co-head and Executive Director of the Real Estate Sector Team in the Corporate Finance Division
	May 2004	Joined Rockpoint Group, L.L.C. as Representative of Japan Office and Principal
	Aug. 2013 Jun. 2014	Established River Flows, Inc. as Representative Director Joined Japan Hotel REIT Advisors Co., Ltd. as Representative Director and President (current)

(Notes)

1. The above candidate for Substitute Executive Director owns 456 investment units of JHR.
2. The above candidate for Substitute Executive Director is Representative Director and President of Japan Hotel REIT Advisors Co., Ltd., the asset management company to which JHR entrusts its asset management. He and JHR do not have any special interest relationship other than stated above.
3. With regard to the above candidate for Substitute Executive Director, JHR may cancel the appointment before the candidate assumes the post based on the resolution of the board of directors' meeting.

Reference Matters

In case any proposal(s) submitted to the General Meeting of Unitholders is (are) considered to be in conflict with other proposal(s), "Deemed Approval" as set forth in Article 93, Paragraph 1 of the Investment Trust Act and Article 14 of JHR's current Articles of Incorporation shall not apply to any of such conflicting proposal(s).

None of the proposals from Proposal 1 through Proposal 4 are in conflict with other proposal(s).

End

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Venue for General Meeting of Unitholders

Station Conference Tokyo

6F Sapia Tower, 1-7-12, Marunouchi, Chiyoda-ku, Tokyo 100-0005

Tel: 03-6888-8080

<Transportation>

- JR Tokyo Station
 - Two-minute walk from the Yaesu North Gate
 - One-minute walk from the Shinkansen Nihombashi Gate
 - Subway lines
 - Tokyo Metro : Tozai Line, Hanzomon Line, Marunouchi Line, Chiyoda Line
 - Toei Subways : Mita Line
 - B7 exit stairs of Otemachi Station is directly connected to the 1F entrance of the Sapia Tower.
- ◎ Please refrain from using your car for transportation.

**Please make sure to come to the right venue since it is different
from the venue for the previous meeting.**