

**This English translation is provided for information purposes only. If any discrepancy is identified between this translation and the Japanese original, the Japanese original shall prevail.**

October 25, 2017

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)  
Ebisu Neonato, 4-1-18 Ebisu,  
Shibuya-ku, Tokyo  
Kaname Masuda, Executive Director

Asset Management Company:

Japan Hotel REIT Advisors Co., Ltd.  
Hisashi Furukawa, Representative Director and President

Contact:

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Notice Concerning Amendments to Articles of Incorporation and Election of Directors

This is to inform you that Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) resolved at today’s meeting of the Board of Directors to propose partial amendments to the Articles of Incorporation and an election of Directors as below at the 8<sup>th</sup> General Meeting of Unitholders of JHR (hereinafter called the “General Meeting of Unitholders”) to be held on November 22, 2017. The following matters will be effective upon approval at the General Meeting of Unitholders.

1. Partial Amendments of the Articles of Incorporation

The key aspects and reasons for the amendments are as follows:

- (1) Proposed amendments relating to Article 5, Paragraph 2 and Article 6, Paragraph 4  
JHR relocates the provision that allows JHR to acquire its own investment units upon agreement with unitholders in order to clarify the function of the provision.
- (2) Proposed amendments relating to Article 17, Paragraph 3  
A new provision is added in order to make the period in which a resolution for appointment of a substitute director is in force and effect consistent with the term of office of the substituted director.
- (3) Proposed amendments relating to Article 25  
With respect to the payment of the accounting auditor’s remuneration, JHR amends the provision in order to clarify that the due date of payment is counted from upon request from the accounting auditor.
- (4) Proposed amendments relating to Article 28, Paragraphs 2, 3 and 4  
JHR amends the relevant provisions in order that the assets in which JHR invests include shares or equity interests in foreign real property holding corporations in line with the partial amendments made to the Regulation for Real Estate Investment Trusts and Real Estate Investment Corporations of the Investment Trusts Association, Japan, and in order that the assets in which JHR invests clearly include monetary claims such as loan claims against foreign real property holding corporations and easements governed by laws and regulations of foreign jurisdictions.
- (5) Proposed amendments relating to Article 34, Paragraph 1  
With respect to JHR’s policy on distributions, JHR amends the definition of profits set forth in Article 34,

Paragraph 1, Item (1), in order to make it consistent with the content of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; the “Investment Trust Act”).

With respect to the adjustment of discrepancy between profit under taxation and accounting in investment corporations, JHR also amends the provision in order to clarify the types of reserves that JHR may accumulate.

(6) Proposed amendments relating to Article 36, Paragraph 2, Items (2) and (3)

For the purpose of ensuring the financial stability of the asset management company to which JHR commissions the management of the assets, JHR amends the relevant provisions to change the cycles of payment of the management fees 2 and 3 to be paid by JHR to the asset management company.

(7) Others

Amendments are also made as necessary in order to change or clarify expressions, modify wordings, or align the numbering of Articles and Paragraphs, etc.

(Please see “Convocation Notice of the 8th General Meeting of Unitholders” attached hereto for more details on the amendments of the Articles of Incorporation.)

## 2. Election of Directors

Reasons for the proposal are as follows:

Executive Director Kaname Masuda has offered to resign his post once as of the end of the General Meeting of Unitholders for the purpose of adjusting his term of office. Therefore, we propose to elect one Executive Director (candidate: Kaname Masuda).

Also, Supervisory Director Hiroshi Matsuzawa has offered to resign his post as of the end of the General Meeting of Unitholders, and Supervisory Directors Tetsuya Mishiku and Hiroto Kashii have offered to resign their posts once as of the end of the General Meeting of Unitholders for the purpose of adjusting their terms of office. Therefore, we propose to elect two Supervisory Directors (candidates: Tetsuya Mishiku and Hiroto Kashii).

The terms of office of the Executive Director and Supervisory Directors commence on November 22, 2017 and continue until the end of the general meeting of unitholders, which will be held within 30 days from the day immediately following the day on which two years have passed since their appointments, at which a vote will be held on the appointment of Executive Director(s) and Supervisory Director(s), as stipulated in JHR’s current Articles of Incorporation.

Also, in case of vacancy in the position of Executive Director or in case the number of Executive Director does not meet the requirement stipulated by laws and regulations, JHR proposes to elect one substitute Executive Director (candidate: Hisashi Furukawa). He is currently Representative Director and President of Japan Hotel REIT Advisors Co., Ltd., which has concluded an asset management services agreement with JHR.

- (1) Candidate for Executive Director  
Kaname Masuda (Incumbent)
- (2) Candidates for Supervisory Directors  
Tetsuya Mishiku (Incumbent)  
Hiroto Kashii (Incumbent)
- (3) Candidate for Substitute Executive Director  
Hisashi Furukawa

(Please see “Convocation Notice of the 8th General Meeting of Unitholders” attached hereto for more details on the election of Directors.)

3. Schedule for the General Meeting of Unitholders, etc.

October 25, 2017	Board approval for agendas for the General Meeting of Unitholders
November 7, 2017	Dispatch of convocation notice of the General Meeting of Unitholders (scheduled)
November 22, 2017	General Meeting of Unitholders (scheduled)

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

[Attachment] Convocation Notice of the 8th General Meeting of Unitholders

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(Security code: 8985)

November 7, 2017

Japan Hotel REIT Investment Corporation  
Ebisu Neonato, 4-1-18 Ebisu,  
Shibuya-ku, Tokyo  
Executive Director: Kaname Masuda

Dear Unitholders,

### **Convocation Notice of the 8<sup>th</sup> General Meeting of Unitholders**

This is to inform you that you are cordially invited to attend the 8<sup>th</sup> 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 Tuesday, November 21, 2017. 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, JHR has set out provisions concerning “Deemed Approval” in Article 14 of its current 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 22, 2017 (Wednesday) at 10:00 a.m. (Reception opens at 9:15 a.m.)
2. **Venue:** Room 1+2+3, BELLESALLE Yaesu  
3F, Yaesu First Financial Building, 1-3-7 Yaesu, Chuo-ku, Tokyo

- **Please note that the venue is different from that for the previous meeting.**
- **There is “BELLESALLE Tokyo Nihonbashi” near the venue. Please make sure to come to “BELLESALLE Yaesu”.**
- **Please arrive at the venue early after the reception opening time as the reception area will be busy around the starting time of the meeting.**
- **No parking spaces will be arranged. Please refrain from driving to the venue.**

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 Two (2) Supervisory Directors
- Proposal 4** Election of One (1) Substitute Executive Director

End

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(Requests)

- 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 at the reception of the venue.
- For resource-saving purposes, please bring this Convocation Notice with you when attending the General Meeting of Unitholders.
- **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 highly 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) Proposed amendments relating to Article 5, Paragraph 2 and Article 6, Paragraph 4

JHR relocates the provision that allows JHR to acquire its own investment units upon agreement with unitholders in order to clarify the function of the provision.

###### (2) Proposed amendments relating to Article 17, Paragraph 3

A new provision is added in order to make the period in which a resolution for appointment of a substitute director is in force and effect consistent with the term of office of the substituted director.

###### (3) Proposed amendments relating to Article 25

With respect to the payment of the accounting auditor's remuneration, JHR amends the provision in order to clarify that the due date of payment is counted from upon request from the accounting auditor.

###### (4) Proposed amendments relating to Article 28, Paragraphs 2, 3 and 4

JHR amends the relevant provisions in order that the assets in which JHR invests include shares or equity interests in foreign real property holding corporations in line with the partial amendments made to the Regulation for Real Estate Investment Trusts and Real Estate Investment Corporations of the Investment Trusts Association, Japan, and in order that the assets in which JHR invests clearly include monetary claims such as loan claims against foreign real property holding corporations and easements governed by laws and regulations of foreign jurisdictions.

###### (5) Proposed amendments relating to Article 34, Paragraph 1

With respect to JHR's policy on distributions, JHR amends the definition of profits set forth in Article 34, Paragraph 1, Item (1), in order to make it consistent with the content of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; the "Investment Trust Act").

With respect to the adjustment of discrepancy between profit under taxation and accounting in investment corporations, JHR also amends the provision in order to clarify the types of reserves that JHR may accumulate.

###### (6) Proposed amendments relating to Article 36, Paragraph 2, Items (2) and (3)

For the purpose of ensuring the financial stability of the asset management company to which JHR commissions the management of the assets, JHR amends the relevant provisions to change the cycles of payment of the management fees 2 and 3 to be paid by JHR to the asset management company.

###### (7) Others

Amendments are also made as necessary in order to change or clarify expressions, modify wordings, or align the 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>(Repayment of Investment Units upon Request of Unitholders)</p> <p>Article 5 The Investment Corporation shall not repay investment units upon request of unitholders. (New)</p> <p>(Total Number of Investment Units Authorized to be Issued)</p> <p>Article 6 The total number of investment units authorized to be issued by the Investment Corporation is 20,000,000.</p> <p>2. (Omitted)</p> <p>3. (Omitted)</p> <p>4. <u>The Investment Corporation may acquire its investment units for consideration upon agreement with unitholders.</u></p>	<p style="text-align: center;">CHAPTER II. INVESTMENT UNITS</p> <p>(Repayment of Investment Units upon Request of Unitholders <u>and Acquisition of Its Investment Units upon Agreement with Unitholders</u>)</p> <p>Article 5 The Investment Corporation shall not repay investment units upon request of unitholders.</p> <p>2. <u>The Investment Corporation may acquire its investment units for consideration upon agreement with unitholders.</u></p> <p>(Total Number of Investment Units Authorized to be Issued)</p> <p>Article 6 The total number of investment units authorized to be issued by the Investment Corporation is 20,000,000.</p> <p>2. (Unchanged)</p> <p>3. (Unchanged)</p> <p>(Deleted)</p>
<p style="text-align: center;">CHAPTER IV. EXECUTIVE DIRECTORS AND SUPERVISORY DIRECTORS</p> <p>(Election and Term of Office of Executive Directors and 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. (Omitted) (New)</p>	<p style="text-align: center;">CHAPTER IV. EXECUTIVE DIRECTORS AND SUPERVISORY DIRECTORS</p> <p>(Election and Term of Office of Executive Directors and 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. (Unchanged)</p> <p>3. <u>The period in which a resolution on appointment of a substitute Director is in force and effect shall continue until the expiration of the term of office of the substituted Director who is elected at the general meeting of unitholders at which the resolution is adopted (or if the substituted Director is not elected at such general</u></p>

<p style="text-align: center;">CHAPTER VI. ACCOUNTING AUDITOR</p> <p>(Payment Standards for Remuneration of Accounting Auditor)</p> <p>Article 25 The amount of the accounting auditor’s remuneration must not be more than 30,000,000 yen per business term and shall be determined by the Board of Directors, and it shall be paid within three months <u>after the last day of June in the relevant business term and Settlement Date (as defined in Article 33) of the relevant business term</u> by remittance to the bank account designated by the accounting auditor.</p> <p style="text-align: center;">CHAPTER VII. TARGETS AND POLICIES OF ASSET MANAGEMENT</p> <p>(Types, Purpose and Scope of Specified Assets to be Managed)</p> <p>Article 28 The Investment Corporation will invest mainly in real estate and other assets (of those set forth in Article 105, Item (i) (f) of the Enforcement Ordinance of the Investment Trusts Act, limited to real estate, leasehold rights in real estate, surface rights and beneficial interests in trust in which only these assets are commissioned, or issued shares of foreign real property holding corporation(s) limited to the case in which the number of issued shares to be acquired will exceed the number calculated by multiplying the total number of the issued shares (excluding shares owned by the foreign real property holding corporation(s)) by the rate set forth in Article 221 of the Enforcement Ordinance</p>	<p style="text-align: center;">CHAPTER VI. ACCOUNTING AUDITOR</p> <p>(Payment Standards for Remuneration of Accounting Auditor)</p> <p>Article 25 The amount of the accounting auditor’s remuneration must not be more than 30,000,000 yen per business term and shall be determined by the Board of Directors, and it shall be paid within three months <u>upon request from the accounting auditor by remittance to the bank account designated by the accounting auditor.</u></p> <p style="text-align: center;">CHAPTER VII. TARGETS AND POLICIES OF ASSET MANAGEMENT</p> <p>(Types, Purpose and Scope of Specified Assets to be Managed)</p> <p>Article 28 The Investment Corporation will invest mainly in real estate and other assets (of those set forth in Article 105, Item (i) (f) of the Enforcement Ordinance of the Investment Trusts Act, limited to real estate, leasehold rights in real estate, surface rights and beneficial interests in trust in which only these assets are entrusted, or issued shares of foreign real property holding corporation(s) limited to the case in which the number of issued shares to be acquired will exceed the number calculated by multiplying the total number of the issued shares (excluding shares owned by the foreign real property holding corporation(s)) by the rate set forth in Article 221 of the Enforcement Ordinance of the Investment</p> <p style="text-align: center;"><u>meeting of unitholders, the most recent general meeting of unitholders at which the substituted Director is elected); provided, however, that the foregoing shall not preclude shortening such period by a resolution of a general meeting of unitholders.</u></p>
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<p>of the Investment Trusts Act).</p> <p>2. The Investment Corporation shall, in accordance with the basic policy and purpose provided for in Article 26 and the preceding Paragraph, invest in the following specified assets:</p> <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) to (vi) (Omitted)</p> <p>(vii) <u>issued shares of foreign real property holding corporation(s) (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 foreign real property holding corporation(s)); and</u></p> <p>(viii) <u>assets as described in this Paragraph, 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) (Omitted)</p> <p>(i) to (v) (Omitted)</p> <p>3. In accordance with the basic policy and purpose as set forth in Article 26 and Paragraph 1 of this Article, the Investment Corporation 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) to (4) (Omitted)</p> <p>(5) monetary claims;</p>	<p>Trusts Act).</p> <p>2. The Investment Corporation shall, in accordance with the basic policy and purpose provided for in Article 26 and the preceding Paragraph, invest in the 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) to (vi) (Unchanged)</p> <p>(vii) <u>in the cases falling under Article 194, Paragraph 2 of the Investment Trusts Act, shares issued by or equity interests in any foreign real property holding corporation, all assets of which are real estate and monetary claims, etc. on such real estate, excluding corporations which are listed on foreign financial instrument markets or registered in over-the-counter financial instrument markets operated in foreign countries; and</u></p> <p>(viii) <u>assets which have the nature similar to that of the assets described in this Paragraph, 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) (Unchanged)</p> <p>(i) to (v) (Unchanged)</p> <p>3. In accordance with the basic policy and purpose as set forth in Article 26 and Paragraph 1 of this Article, the Investment Corporation 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) to (4) (Unchanged)</p> <p>(5) monetary claims;</p>
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<p>(i) (Omitted) (New)</p> <p>(ii) monetary claims except what is 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) to (11) (Omitted)</p> <p>4. The Investment Corporation shall invest in the following assets in addition to the specified assets provided for in Paragraphs 2 and 3:</p> <p>(1) to (7) (Omitted)</p> <p>(8) easements;</p> <p>(9) to (13) (Omitted)</p> <p>(Methods, Criteria and Reference Dates for Evaluating Assets)</p> <p>Article 32 The Investment Corporation uses the following methods for evaluating assets depending on the type of the Assets Under Management in accordance with the Regulation on Accountings of Investment Corporations (Cabinet Office Order No. 47 of 2006), the Regulation for Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations established by the Investment Trusts Association, Japan (Japanese name: Ippan Shadan Houjin Tousei Shintaku Kyokai; the “ITA”) and the generally accepted corporate accounting standards and practice:</p> <p>(1) to (5) (Omitted)</p> <p>(6) Securities (as set out in Article 28, Paragraph 2, Item (3), and Paragraph 3, Item (3))</p> <p>The value shall be a value calculated based on the market price when there</p>	<p>(i) (Unchanged)</p> <p><u>(ii) monetary claims such as loan claims against any foreign real property holding corporation; and</u></p> <p>(iii) monetary claims except what is described in this Item (i) <u>and (ii)</u> (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) to (11) (Unchanged)</p> <p>4. The Investment Corporation shall invest in the following assets in addition to the specified assets provided for in Paragraphs 2 and 3:</p> <p>(1) to (7) (Unchanged)</p> <p>(8) easements <u>(including those governed by laws and regulations of foreign jurisdictions);</u></p> <p>(9) to (13) (Unchanged)</p> <p>(Methods, Criteria and Reference Dates for Evaluating Assets)</p> <p>Article 32 The Investment Corporation uses the following methods for evaluating assets depending on the type of the Assets Under Management in accordance with the Regulation on Accountings of Investment Corporations (Cabinet Office Order No. 47 of 2006), the Regulation for Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations established by the Investment Trusts Association, Japan (Japanese name: Ippan Shadan Houjin Tousei Shintaku Kyokai; the “ITA”) and the generally accepted corporate accounting standards and practice:</p> <p>(1) to (5) (Unchanged)</p> <p>(6) Securities (as set out in Article 28, Paragraph 2, <u>Item (2) (vii)</u>, Item (3), and Paragraph 3, Item (3))</p> <p>The value shall be a value calculated based on the market price when there</p>
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<p>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 trading or conversion into cash 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 the evaluation.</p> <p>(7) to (11) (Omitted)</p> <p>2. to 3. (Omitted)</p> <p>(Policy on Cash Distributions)</p> <p>Article 34 Policy on Distributions</p> <p>In principle, the Investment Corporation shall make distributions in accordance with the following policy.</p> <p>(1) Among the total amount available for distribution to unitholders, the amount of profits (which means the net asset value indicated in the balance sheet of the Investment Corporation less the sum of deductions such as unitholder's capital, surplus contribution, and <u>evaluation and exchange difference</u>; the same applies hereinafter) shall be calculated in accordance with the generally accepted corporate accounting standards and practice.</p> <p>(2) The amount of cash distribution is an amount determined by the Investment Corporation that exceeds 90% of the amount of profit available for</p>	<p>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 trading or conversion into cash 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 the evaluation.</p> <p>(7) to (11) (Unchanged)</p> <p>2. to 3. (Unchanged)</p> <p>(Policy on Cash Distributions)</p> <p>Article 34 Policy on Distributions</p> <p>In principle, the Investment Corporation shall make distributions in accordance with the following policy.</p> <p>(1) Among the total amount available for distribution to unitholders, the amount of profits (which means the net asset value indicated in the balance sheet of the Investment Corporation less the sum of deductions such as unitholder's capital; the same applies hereinafter) shall be calculated in accordance with the generally accepted corporate accounting standards and practice.</p> <p>(2) The amount of cash distribution is an amount determined by the Investment Corporation that exceeds 90% of the amount of profit available for</p>
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<p>distribution (the “Amount of Profit Available for Distribution”) provided for in Article 67-15 of the Act on Special Measures Concerning Taxation (the “Special Regulations for Taxation Concerning Investment Corporations”) (or, if the method for calculating that amount is changed due to revisions or modifications of applicable laws or regulations, the amount after the revision). The Investment Corporation may accumulate a long-term repair reserve, payment reserve, distribution reserve, and any other similar reserve considered necessary for the maintenance or improvement of value of the assets.</p> <p>(3) to (5) (Omitted)</p> <p>2. (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 the Investment Corporation commissions the management of the Assets Under Management and the time of payment thereof shall be as follows:</p> <p>1. Fee Structure</p> <p>(1) (Omitted)</p> <p>(2) Management Fee 2 Management fee 2 shall be the amount calculated by multiplying the Net Operating Income (the “NOI”) of <u>the six-month periods of each business term, respectively ending at the end of June and the end of December</u>, by the rate of no more than 1.0% separately agreed upon between the Investment Corporation and the Asset Management Company (fractions less</p>	<p>distribution (the “Amount of Profit Available for Distribution”) provided for in Article 67-15 of the Act on Special Measures Concerning Taxation (the “Special Regulations for Taxation Concerning Investment Corporations”) (or, if the method for calculating that amount is changed due to revisions or modifications of applicable laws or regulations, the amount after the revision). The Investment Corporation may accumulate a long-term repair reserve, payment reserve, distribution reserve, <u>reserve for reduction entry, retained earnings for temporary difference adjustment</u> and any other similar reserve considered necessary for the maintenance or improvement of value of the assets, <u>as well as other necessary amounts</u>.</p> <p>(3) to (5) (Unchanged)</p> <p>2. (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 the Investment Corporation commissions the management of the Assets Under Management and the time of payment thereof shall be as follows:</p> <p>1. Fee Structure</p> <p>(1) (Unchanged)</p> <p>(2) Management Fee 2 Management fee 2 shall be the amount calculated by multiplying the Net Operating Income (the “NOI”) of each business term by the rate of no more than 1.0% separately agreed upon between the Investment Corporation and the Asset Management Company (fractions less than one yen shall be rounded down).</p> <p>(*) The NOI is the amount</p>
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<p>than one yen shall be rounded down).</p> <p>(*) The NOI is the amount remaining after deducting the total expenses for the real estate management (excluding depreciation) from the total income from the real estate management with respect to the relevant property.</p> <p>(3) Management Fee 3 Management fee 3 shall be the amount calculated by (i) dividing the available distribution amount before deducting the management fee 3 (*) for each business term of the Investment Corporation by the total investment units issued and outstanding as of the end of December each year (fractions less than one yen shall be rounded down) and (ii) then multiplying by the coefficient of no more than 43,000 which is separately agreed upon between the Investment Corporation and the Asset Management Company. (In the event that the investment unit is split, 43,000 shall be multiplied by the split ratio (**). When the investment unit is split multiple times, the same calculation shall be repeated.)</p> <p>(*) (Omitted)</p> <p>(**) The split ratio is the ratio calculated by (i) dividing the total investment units issued and outstanding after split by the total investment units issued and outstanding before split.</p> <p>(4) to (6) (Omitted)</p> <p>Other than the fees described in Items (1) through (6) of this Paragraph, the Asset Management Company shall not accept payments of fees for the agency or intermediary services provided for in Article 46 of the Real Estate Brokerage Act.</p>	<p>remaining after deducting the total expenses for the real estate management (excluding depreciation) from the total income from the real estate management with respect to the relevant property. <u>The same applies hereinafter.</u></p> <p>(3) Management Fee 3 Management fee 3 shall be the amount calculated by (i) dividing the available distribution amount before deducting the management fee 3 (*) for each business term of the Investment Corporation by the total <u>number of</u> investment units issued and outstanding as of the end of December each year (fractions less than one yen shall be rounded down) and (ii) then multiplying by the coefficient of no more than 43,000 which is separately agreed upon between the Investment Corporation and the Asset Management Company. (In the event that the investment unit is split, 43,000 shall be multiplied by the split ratio (**). When the investment unit is split multiple times, the same calculation shall be repeated.)</p> <p>(*) (Unchanged)</p> <p>(**) The split ratio is the ratio calculated by (i) dividing the total <u>number of</u> investment units issued and outstanding after split by the total <u>number of</u> investment units issued and outstanding before split.</p> <p>(4) to (6) (Unchanged)</p> <p>Other than the fees described in Items (1) through (6) of this Paragraph, the Asset Management Company shall not accept payments of fees for the agency or intermediary services provided for in Article 46 of the Real Estate Brokerage Act.</p>
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<p>2. Payment Times for Fees</p> <p>The fees concerning certain periods shall be paid in lump sums or in installments by a certain payable date determined with the agreement of the Asset Management Company as follows:</p> <p>(1) (Omitted)</p> <p>(2) Management Fee 2</p> <p><u>Management fee 2 shall be paid within three months after the end of June and within three months after the end of December each year.</u></p> <p>(3) Management Fee 3</p> <p>The provisional management fee 3 shall be paid within three months after the end of June each year, and the balance after deducting the provisional management fee 3(*) from the management fee 3 shall be paid within three months after the end of December each year. If the provisional management fee 3 exceeds</p>	<p>2. Payment Times for Fees</p> <p>The fees concerning certain periods shall be paid in lump sums or in installments by a certain payable date determined with the agreement of the Asset Management Company as follows:</p> <p>(1) (Unchanged)</p> <p>(2) Management Fee 2</p> <p><u>The provisional management fee 2(*) shall be paid within three months after the ends of March, June and September each year, respectively, and the balance after deducting the total amount of the provisional management fee 2 from the management fee 2 shall be paid within three months after the end of December each year. If the total amount of the provisional management fee 2 exceeds the amount of the management fee 2, the excess amount shall be refunded within three months after the end of December each year.</u></p> <p>(*) <u>Provisional management fee 2 is the amount calculated by multiplying the NOI of the three-month periods of each year, respectively ending at the ends of March, June and September by the rate of no more than 1.0% separately agreed upon between the Investment Corporation and the Asset Management Company (fractions less than one yen shall be rounded down).</u></p> <p>(3) Management Fee 3</p> <p>The provisional management fee 3(*) shall be paid within three months after the ends of March, June and September each year, respectively, and the balance after deducting the total amount of the provisional management fee 3 from the management fee 3 shall be paid within three months after the end of December each year. If the</p>
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<p>the amount of the management fee 3, the excess amount shall be refunded within three months after the end of December each year.</p> <p>(*) Provisional management fee 3 is the amount calculated by (i) dividing the <u>midterm</u> net profit before tax for the period of <u>six</u> months ending at the end of June each year (before deducting the provisional management fee 3 and its nondeductible consumption tax) by the total investment units issued and outstanding as of the end of June (fractions less than one yen is rounded down), and (ii) then multiplying by the coefficient of no more than 43,000 separately agreed upon between the Investment Corporation and the Asset Management Company. (In the event that the investment unit is split, 43,000 shall be multiplied by the split ratio (**). When the investment unit is split multiple times, the same calculation shall be repeated.)</p> <p>(**) The Split ratio is the ratio calculated by (i) dividing the total investment units issued and outstanding after split by the total investment units issued and outstanding before split.</p> <p>(4) to (6) (Omitted)</p> <p>Enacted: November 4, 2005 Amended: March 28, 2006 Amended: September 11, 2007 Amended: September 8, 2009</p>	<p><u>total amount of the provisional</u> management fee 3 exceeds the amount of the management fee 3, the excess amount shall be refunded within three months after the end of December each year.</p> <p>(*) Provisional management fee 3 is the amount calculated by (i) dividing the net profit before tax for the periods of <u>three months, respectively</u> ending at the ends of <u>March, June and September</u> each year (before deducting the provisional management fee 3 and its nondeductible consumption tax) by the total <u>number of</u> investment units issued and outstanding as of the ends of <u>March, June and September, respectively</u> (fractions less than one yen is rounded down), and (ii) then multiplying by the coefficient of no more than 43,000 separately agreed upon between the Investment Corporation and the Asset Management Company. (In the event that the investment unit is split, 43,000 shall be multiplied by the split ratio (**). When the investment unit is split multiple times, the same calculation shall be repeated.)</p> <p>(**) The Split ratio is the ratio calculated by (i) dividing the total <u>number of</u> investment units issued and outstanding after split by the total <u>number of</u> investment units issued and outstanding before split.</p> <p>(4) to (6) (Unchanged)</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: December 16, 2010
Amended: February 24, 2012	Amended: February 24, 2012
Amended: November 28, 2013	Amended: November 28, 2013
Amended: November 26, 2015	Amended: November 26, 2015
	<u>Amended: November 22, 2017</u>



**Proposal 2: Election of One (1) Executive Director**

Executive Director of JHR, Kaname Masuda, has offered to resign his post once as of the end of the General Meeting of Unitholders for the purpose of adjusting his term of office. Therefore, JHR proposes to elect one Executive Director at the General Meeting of Unitholders. The term of office of the Executive Director commences on November 22, 2017 and continues until the end of the general meeting of unitholders which will be held within 30 days from the day immediately following the day on which two years have passed since his appointment and at which a vote will be held on the appointment of Executive Director(s), as stipulated in Article 99, Paragraph 2 of the Investment Trust Act and the proviso to the first sentence of Article 17, Paragraph 2 of JHR's current Articles of Incorporation.

The Proposal will be submitted based on unanimous consent of Supervisory Directors at the board of directors' meeting held on October 25, 2017. JHR obtained consent from the candidate for Executive Director on October 25, 2017 to assume the post.

The candidate for Executive Director is as follows.

Name (Date of Birth)	Profile, Title, Responsibility, and Important Concurrent Posts	
Kaname Masuda (April 25, 1963)	Apr. 1990	Registered as a lawyer (Daiichi Tokyo Bar Association)Nishimura & Partners (present, Nishimura & Asahi)
	Oct. 1998	Merrill Lynch Japan Securities Co., Ltd.
	Nov. 2000	General Counsel of Merrill Lynch Japan Securities Co., Ltd.
	Mar. 2001	Executive Director of Merrill Lynch Japan Securities Co., Ltd. (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, U.S.
	Feb. 2008	Established Masuda & Partners Law Office Representative Partner (current)
	Jun. 2008	Outside Corporate Auditor of Jibun Bank Corporation (current)
	Sep. 2010	Executive Director of Japan Hotel and Resort, Inc.
	Feb. 2012	Outside Corporate Auditor of Commons Asset Management, Inc. (current)
	Oct. 2014	Outside Corporate Auditor of CROSSWARP Inc. (current)
	Nov. 2015	Executive Director of Japan Hotel REIT Investment Corporation (current)
Mar. 2016	Director (Independent Officer)/Audit and Supervisory Committee Member of GMO Internet, Inc. (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 Representative Partner of Masuda & Partners Law Office.
3. The above candidate for Executive Director and JHR do not have any special interest relationship.
4. The above candidate for Executive Director is currently performing its duties as JHR's Executive Director.

**Proposal 3: Election of Two (2) Supervisory Directors**

Supervisory Director of JHR, Hiroshi Matsuzawa has offered to resign his post as of the end of the General Meeting of Unitholders, and Supervisory Directors, Tetsuya Mishiku and Hiroto Kashii have offered to resign their posts once as of the end of the General Meeting of Unitholders for the purpose of adjusting their terms of office. Therefore, JHR proposes to elect two Supervisory Directors at the General Meeting of Unitholders. The terms of office of the Supervisory Directors commences on November 22, 2017 and continues until the end of the general meeting of unitholders which will be held within 30 days from the day immediately following the day on which two years have passed since their appointment and at which a vote will be held on the appointment of Supervisory Directors, in accordance with the proviso to the first sentence of Article 17, Paragraph 2 of JHR's current Articles of Incorporation.

JHR obtained consent from the candidates for Supervisory Directors on October 25, 2017 to assume the posts.

The candidates for Supervisory Directors are as follows.

Candidate No.	Name (Date of Birth)	Profile, Title, and Important Concurrent Posts	
1	Tetsuya Mishiku (May 30, 1965)	Apr. 1993	Registered as a lawyer (Daiichi Tokyo Bar Association) Iinuma Law Office
		Dec. 2000	Partner at Iinuma Law Office
		Sep. 2002	Part-time lecturer at Chuo University
		Nov. 2003	Changed registration to Shizuoka Bar Association Partner at Aoba Law Office
		Nov. 2005	Supervisory Director of Nippon Hotel Fund Investment Corporation (present, Japan Hotel REIT Investment Corporation) (current)
		Dec. 2005	Part-time Corporate Auditor of A-too Co., Ltd.
		Mar. 2007	Part-time Corporate Auditor of Healing Entertainment Co., Ltd. (current)
		Aug. 2010	Representative of Aoi Tower Law Office (present, Mishiku & Nagamachi Law Office) (current)
		Sep. 2010	Outside Corporate Auditor of K.K. Koike Yataro Shoten (current)
		Aug. 2011	Outside Director of A-too Co., Ltd. (current)
		Nov. 2016	Outside Corporate Auditor of K.K. Tem Realtor (current)

Candidate No.	Name (Date of Birth)	Profile, Title, and Important Concurrent Posts	
2	Hiroto Kashii (March 18, 1949)	Apr. 1971	Japan Development Bank (present, Development Bank of Japan, Inc.) responsible for lending and investment
		Apr. 1997	General Manager, Retail Department at Head Office, Japan Development Bank
		Apr. 1998	Managing Director and General Manager of Accounting Department of K.K. Hotel Odakyu
		Apr. 2002	Managing Director of K.K. Odakyu Hotels and Resorts (merged into present K.K. Hotel Odakyu) (responsible for marketing)
		Jun. 2003	Executive Officer of Kansai International Airport Co., Ltd. (present, New Kansai International Airport Co., Ltd.) (responsible for terminal sales promotion, subsidiaries management and hotel business management)
		Jun. 2009	Representative Director of Kyowa Co., Ltd.
		Jun. 2012	Managing Director of Japan Carbon Finance, Ltd.
		Mar. 2013	Representative Director of Japan Carbon Finance, Ltd.
		Jun. 2013	Corporate Auditor of DBJ Asset Management Co., Ltd.
Nov. 2015	Supervisory Director of Japan Hotel REIT Investment Corporation (current)		

(Notes)

1. None of the above candidates for Supervisory Directors own investment units of JHR.
2. Tetsuya Mishiku, one of the above 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. Both of the above candidates for Supervisory Directors currently supervise, as JHR's 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 Executive Director or a shortfall in the number of 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 25, 2017.

The candidate for the Substitute Executive Director is as follows.

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

**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” 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**

3F, Yaesu First Financial Building, 1-3-7 Yaesu, Chuo-ku, Tokyo  
Room 1+2+3, BELLESALLE Yaesu  
TEL: +81-3-3548-3770

<Transportation>

- Nihonbashi Station  
A7 exit stairs is directly connected to the Yaesu First Financial Building (Tokyo Metro Tozai Line and Ginza Line / Toei Asakusa Line)
- Tokyo Station  
Three-minute walk from the Yaesu North Gate (JR / Tokyo Metro Marunouchi line)
- No parking spaces will be arranged. Please refrain from driving to the venue.
- No gift or present will be offered. Thank you for your understanding.

**Please note that the venue is different from that for the previous meeting. In addition, there is “BELLESALLE Tokyo Nihonbashi” near the venue. Please make sure to come to “BELLESALLE Yaesu”.**