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REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)
Kaname Masuda, Executive Director

Asset Management Company:

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

Contact:

Makoto Hanamura
General Manager
Investor Relations Department, Operations Division
TEL: +81-3-6422-0530

Notice Concerning Revision of Operating Forecast and Forecast of Dividend for
the Fiscal Year Ended December 2018 (19th Period), and
Operating Forecast and Forecast of Dividend for the Fiscal Year Ending December 2019 (20th Period)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you of the revision of the operating forecast and forecast of dividend for the full fiscal year ended December 2018 (January 1, 2018 through December 31, 2018), which was announced in the “Midterm Financial Report for the Fiscal Year Ending December 31, 2018 (January 1, 2018 – June 30, 2018),” dated August 22, 2018, and newly informs you of the operating forecast and forecast of dividend for the fiscal year ending December 2019 (January 1, 2019 through December 31, 2019) as follows.

1. Revision of the operating forecast and forecast of dividend for the full fiscal year ended December 2018 (January 1, 2018 through December 31, 2018)

	Operating revenue	Operating income	Ordinary income	Net income	Dividend per unit (Excess of earnings exclusive)	Dividend per unit resulting from excess of earnings
Previous forecast (A)	JPY1M 28,485	JPY1M 18,122	JPY1M 16,294	JPY1M 16,293	JPY 3,890	JPY 0
Revised forecast (B)	JPY1M 28,208	JPY1M 17,927	JPY1M 16,148	JPY1M 16,147	JPY 3,890	JPY 0
Variance (C) = (B) – (A)	JPY1M (276)	JPY1M (195)	JPY1M (146)	JPY1M (146)	JPY —	JPY 0
Variance ratio (D) = (C) / (A)	% (1.0)	% (1.1)	% (0.9)	% (0.9)	% —	% 0

(Reference) Forecast of net income per unit for the full fiscal year: ¥4,025

(Calculated based on the average number of investment units during the period (4,010,847 units))

- (*1) Dividend per unit is calculated based on the number of investment units issued as of today: 4,010,847 units.
- (*2) Total dividend is planned to be an amount that deducts the reserve for special advanced depreciation (¥1,115 million), from the total amount of net income and the reversed amount from reserve for temporary difference adjustment in the amount of ¥568 million, etc.
- (*3) For the assumptions of the operating forecast and dividend forecast above, please refer to “<Reference Information 1> Assumptions of the operating forecast for the full fiscal year ended December 2018 (19th period)” below.
- (*4) Amounts are rounded down to the nearest millions of yen and percentages are rounded off to the nearest first decimal place. The same shall apply hereinafter.

Note: This document is intended to serve as a press release to make available the information on the revision of operating forecast and forecast of dividend for the fiscal year ended December 2018 (19th period) and operating forecast and forecast of dividend for the fiscal year ending December 2019 (20th period). This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to make any investment decisions at their own risk and responsibility.

2. Operating forecast and forecast of dividend for the full fiscal year ending December 2019
(January 1, 2019 through December 31, 2019)

	Operating revenue	Operating income	Ordinary income	Net income	Dividend per unit (Excess of earnings exclusive)	Dividend per unit resulting from excess of earnings
Fiscal year ending December 2019 Midterm	JPY1M 12,765	JPY1M 7,186	JPY1M 6,155	JPY1M 6,154	JPY —	JPY —
Fiscal year ending December 2019 Full year	JPY1M 28,876	JPY1M 17,371	JPY1M 15,274	JPY1M 15,273	JPY 3,686	JPY 0

(Reference) Forecast of net income per unit for the full fiscal year: ¥3,445

(Calculated based on the forecast of the average number of investment units during the period (4,432,717 units))

- (*1) The number of investment units issued as of today is 4,010,847 units. In addition, it is assumed that JHR will additionally issue 451,500 new investment units in total (i) through a public offering (up to 447,800 units) (investment units to be underwritten and purchased by the domestic underwriters and the overseas underwriters in the domestic public offering and overseas offerings (hereinafter collectively called as the “Offering”) and investment units to be additionally issued subject to a purchase right granted to the overseas underwriters in overseas offerings) and (ii) by way of third-party allotment (up to 3,700 units) determined by the resolution at the Board of Directors meeting held today. For details, please refer to “Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units” dated today.
- (*2) Total dividend is planned to be an amount of net income plus the reversed amount of reserve for temporary difference adjustment in the amount of ¥1,177 million.
- (*3) For the assumptions of the operating forecast and dividend forecast above, please refer to “<Reference Information 2> Assumptions of the operating forecast for the full fiscal year ending December 2019 (20th period)” below.
- (*4) The acquisition of the two properties (Hilton Tokyo Odaiba and Hotel Oriental Express Osaka Shinsaibashi) (hereinafter called the “Assets for Anticipated Acquisition”) which is announced in the press release “Notice Concerning Acquisition and Lease of New Assets (Hilton Tokyo Odaiba and Hotel Oriental Express Osaka Shinsaibashi)” dated today is assumed. For the annualized effect (hypothetical result) that reflects the full-year impact of the acquisition of the Assets for Anticipated Acquisition, please refer to “4. Highlights of the operating forecast and forecast of dividend” below.

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3. Rationale for the revisions of the operating forecast and forecast of dividend for the full fiscal year ended December 2018 (January 1, 2018 through December 31, 2018)

Due to the impact of natural disasters, such as the torrential rain in western Japan in July, series of typhoons and the Hokkaido Eastern Iburi earthquake in September, variable rent and income from management contract from the Twelve HMJ Hotels (*1), the Six Accor Hotels (*2) and the Four the *b* Hotels (*3) decreased. As a result, JHR expects a decrease in operating revenue by ¥276 million compared to the previous forecast.

On the other hand, JHR expects a decrease in operating expenses by ¥81 million as a result of reviewing various expenses related to properties and other operating expenses, etc. As a result, the net income for the fiscal year ended December 2018 (19th period) is expected to decrease by ¥146 million as compared to the previous forecast.

However, taking into consideration a decrease in operating revenue due to these natural disasters, JHR plans to increase the amount which will be allocated to dividend to ¥819 million, as compared to the previous forecast of ¥701 million, out of the gain on sale of real estate properties in connection with the sales of the three properties in the fiscal year ended December 2018 (19th period) (hereinafter called the “Sales”) (*4). (As a result, the amount of reserve for special advanced depreciation, which is planned to be retained, will be decreased to ¥1,155 million from the previous forecast of ¥1,235 million.)

As a result, dividend per unit for the fiscal year ended December 2018 (19th period) is expected to be ¥3,890, the same as the previous forecast. Annualized dividend per unit, which eliminated one-time effect caused by the Sales and reflected the decrease in operating revenue due to the Sales on a full year basis, is assumed to be ¥3,628. (Please refer to “4. Highlights of the operating forecast and forecast of dividend, (4) Comparison and the major factors causing the variance between the operating forecast and forecast of dividend for the full fiscal year ended December 2018 (annualized) and the operating forecast and forecast of dividend for the full fiscal year ending December 2019 (annualized)”) For the detailed information on assumptions of the annualized effect, please refer to “<Reference Information 3> Assumptions of the forecast of the annualized effect for fiscal year ended December 2018 (19th period) and fiscal year ending December 2019 (20th period)” below.

- (*1) The Twelve HMJ Hotels are the twelve hotels comprising the five hotels, namely, Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila, and Oriental Hotel Hiroshima (hereinafter called “the Five HMJ Hotels”), plus Okinawa Marriott Resort & Spa, Sheraton Grand Hiroshima Hotel, which is the major facility of ACTIVE-INTER CITY HIROSHIMA, Hotel Centraza Hakata, Holiday Inn Osaka Namba, Hilton Tokyo Narita Airport, International Garden Hotel Narita, and Hotel Nikko Nara. HMJ is the abbreviation for Hotel Management Japan Co., Ltd. The same shall apply hereinafter.
- (*2) The Six Accor Hotels are ibis Tokyo Shinjuku, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha and Mercure Yokosuka. The same shall apply hereinafter.
- (*3) The Four the *b* Hotels are the *b* Suidobashi, the *b* Ikebukuro, the *b* Hachioji and the *b* Hakata. The Six the *b* Hotels are the Four the *b* Hotels plus the *b* Akasaka-Mitsuke and the *b* Ochanomizu which were sold on August 10, 2018. The same shall apply hereinafter.
- (*4) JHR sold R&B Hotel Higashi-nihonbashi, the *b* Akasaka-Mitsuke and the *b* Ochanomizu on August 10, 2018. For details, please refer to press releases “Notice Concerning Sale of Assets (R&B Hotel Higashi-nihonbashi, the *b* Akasaka-Mitsuke and the *b* Ochanomizu)” dated August 7, 2018 and “Notice Concerning Completion of Sale of Assets (R&B Hotel Higashi-nihonbashi, the *b* Akasaka-Mitsuke and the *b* Ochanomizu)” dated August 10, 2018.

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4. Highlights of the operating forecast and forecast of dividend

- (1) Comparison and the major factors causing the variance between the operating forecast and forecast of dividend (previous forecast) for the full fiscal year ended December 2018, which was released in the “Midterm Financial Report for the Fiscal Year Ending December 31, 2018 (January 1, 2018 – June 30, 2018)” dated August 22, 2018, and the operating forecast and forecast of dividend for the full fiscal year ended December 2018 announced this time

(Unit: millions of yen)

		2018		Comparison with Previous Forecast		Causes of Variance
		Previous Forecast (*1)	Forecast This Time	(B) - (A)	%	
		(A)	(B)			
Properties	Number of Properties	41	41	-		
	Acquisition Price	309,370	309,370	-		
Profit and Loss Statement	Operating Revenue	28,485	28,208	(276)	(1.0%)	
	Real Estate Operating Revenue	26,548	26,273	(274)	(1.0%)	
	Fixed Rent, etc.	Composition 55.6% 14,763	Composition 56.2% 14,772	8	0.1%	
	Variable Rent	44.4% 11,784	43.8% 11,501	(283)	(2.4%)	The Twelve HMJ Hotels: decrease in variable rent by JPY214M The Six Accor Hotels: decrease in income from management contract, etc. by JPY160M The Four the <i>b</i> Hotels: decrease in variable rent by JPY6M Increase in revenue sharing, etc. by JPY97M
	Gain on Sale of Real Estate Properties	1,937	1,934	(2)	-	
	NOI (*2)	22,221	22,043	(177)	(0.8%)	
	NOI Yield	7.2%	7.1%	(0.1%)		
	NOI after Depreciation (*2)	18,152	17,920	(232)	(1.3%)	
	NOI Yield after Depreciation	5.9%	5.8%	(0.1%)		
	Operating Income	18,122	17,927	(195)	(1.1%)	
Ordinary Income	16,294	16,148	(146)	(0.9%)		
Net Income	16,293	16,147	(146)	(0.9%)		
Dividend	Reserve for Temporary Difference Adjustments (negative goodwill)	544	568	24	-	
	Reserve for Special Advanced Depreciation	(1,235)	(1,115)	120	-	Forecast This Time: 50-year amortization amount of negative goodwill: JPY262M Correspondence to loss on retirement of noncurrent assets: JPY40M
	Total Dividends	15,602	15,602	-	-	Correspondence to major renovation works: JPY265M
	Number of Units Issued (unit)	4,010,847	4,010,847	-	-	
	Dividend per Unit (JPY)	3,890	3,890	-	-	

(*1) Stating the operating forecast and forecast of dividend for the full fiscal year ended December 2018, which was released in the “Midterm Financial Report for the Fiscal Year Ending December 31, 2018 (January 1, 2018 – June 30, 2018)” dated August 22, 2018.

(*2) Each is calculated using the following formula. The same shall apply hereinafter.

NOI (Net Operating Income) = Real estate operating revenue – Real estate operating costs + Depreciation + Loss on retirement of noncurrent assets + Asset retirement obligations expenses

NOI yield = NOI ÷ (Anticipated) acquisition price

NOI after depreciation = Real estate operating revenue – Real estate operating costs

NOI yield after depreciation = NOI after depreciation ÷ (Anticipated) acquisition price

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- (2) Comparison and the major factors causing the variance between the operating result and dividend (actual) for the full fiscal year ended December 2017 and the operating forecast and forecast of dividend for the full fiscal year ended December 2018

(Unit: millions of yen)

		2017	2018	Comparison with Previous Period		Three Properties Sold in 2018 (*1)	Three Properties Acquired in 2017 (*2)	Hotel Centraza Hakata (*3)	Existing Properties (*4)	Causes of Variance
		Actual (A)	Forecast This Time (B)							
Properties	Number of Properties	44	41	(3)		(3)	-	-	-	
	Acquisition Price	319,474	309,370	(10,104)	(3.2%)	(10,104)	-	-	-	
Profit and Loss Statement	Operating Revenue	25,475	28,208	2,733	10.7%	1,733	1,096	(291)	194	
	Real Estate Operating Revenue	25,475	26,273	798	3.1%	(201)	1,096	(291)	194	
	Fixed Rent, etc.	Composition 55.8% 14,221	Composition 56.2% 14,772	551	3.9%	(128)	663	-	15	
	Variable Rent	44.2% 11,253	43.8% 11,501	247	2.2%	(72)	432	(291)	179	The Eight HMJ Hotels (*5): increase in variable rent by JPY72M The Six Accor Hotels: increase in income from management contract, etc. by JPY48M The Four the b Hotels: decrease in variable rent by JPY20M Increase in revenue sharing, etc. by JPY79M
	Gain on Sale of Real Estate Properties	-	1,934	1,934	-	1,934	-	-	-	
	NOI	21,424	22,043	618	2.9%	(185)	968	(295)	131	
	NOI Yield	6.7%	7.1%	0.4%						
	NOI after Depreciation	17,563	17,920	356	2.0%	(168)	730	(269)	64	
	NOI Yield after Depreciation	5.5%	5.8%	0.3%						
	Operating Income	15,757	17,927	2,169	13.8%					
Ordinary Income	14,006	16,148	2,142	15.3%						
Net Income	14,005	16,147	2,142	15.3%						
Dividends	Reserve for Temporary Difference Adjustments (negative goodwill)	769	568	(200)	(26.1%)	Amount to be reversed from reserve for temporary difference adjustments 2017: 50-year amortization amount of negative goodwill: JPY262M				
	Reserve for Special Advanced Depreciation	-	(1,115)	(1,115)		Correspondence to loss on retirement of noncurrent assets: JPY132M Correspondence to dilution: JPY374M				
	Total Dividends	14,771	15,602	829	5.6%	2018: 50-year amortization amount of negative goodwill: JPY262M				
	Number of Units Issued (unit)	4,010,847	4,010,847	-		Correspondence to loss on retirement of noncurrent assets: JPY40M				
	Dividend per Unit (JPY)	3,683	3,890	207	5.6%	Correspondence to major renovation works: JPY265M				

- (*1) Stating the amount of the impact by the Sales. The same shall apply hereinafter.
 (*2) Stating the amount of the impact of Hilton Tokyo Narita Airport, International Garden Hotel Narita, and Hotel Nikko Nara (hereinafter called the "Three Properties Acquired in 2017") acquired during the fiscal year ended December 2017.
 (*3) Major renovation works causing the suspension of hotel operation (hereinafter called the "Renovation") have been implemented at Hotel Centraza Hakata from October 1, 2018 to March 31, 2019 (scheduled). Stating the amount of impact of the major renovation works.
 (*4) "The existing properties" above refers to 37 properties which excludes the Three Properties Acquired in 2017 and Hotel Centraza Hakata from 41 properties owned by JHR as of today.
 (*5) The Eight HMJ Hotels are the Five HMJ Hotels plus Okinawa Marriott Resort & Spa, Sheraton Grand Hiroshima Hotel, which is the major facility of ACTIVE-INTER CITY HIROSHIMA, and Holiday Inn Osaka Namba.

Note: This document is intended to serve as a press release to make available the information on the revision of operating forecast and forecast of dividend for the fiscal year ended December 2018 (19th period) and operating forecast and forecast of dividend for the fiscal year ending December 2019 (20th period). This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to make any investment decisions at their own risk and responsibility.

(3) Comparison and the major factors causing the variance between the operating forecast and forecast of dividend for the full fiscal year ended December 2018 and the operating forecast and forecast of dividend for the full fiscal year ending December 2019

(Unit: millions of yen)

	2018		2019		Comparison with Previous Period		Assets for Anticipated Acquisition in 2019	Three Assets sold in 2018	Existing Properties (*)	Causes of Variance
	Forecast This Time (A)		Forecast This Time (B)							
Properties	Number of Properties	41	43	2		2	-	-		
	Acquisition Price	309,370	374,508	65,138	21.1%	65,138	-	-		
Profit and Loss Statement	Operating Revenue	28,208	28,876	667	2.4%	2,402	(2,214)	480		
	Real Estate Operating Revenue	26,273	28,876	2,602	9.9%	2,402	(279)	480		
	Fixed Rent, etc.	Composition 56.2%	14,772	Composition 58.8%	16,989	2,216	15.0%	2,367	(199)	48
	Variable Rent	43.8%	11,501	41.2%	11,886	385	3.4%	34	(79)	431
	Gain on Sale, etc. of Real Estate Properties	1,934	0	(1,934)	-	-	(1,934)	-	-	
	NOI	22,043	24,498	2,455	11.1%	2,394	(251)	313		
	<i>NOI Yield</i>	7.1%	6.5%	(0.6%)						
	NOI after Depreciation	17,920	19,584	1,664	9.3%	2,121	(216)	(240)		
	<i>NOI Yield after Depreciation</i>	5.8%	5.2%	(0.6%)						
	Operating Income	17,927	17,371	(555)	(3.1%)					
	Ordinary Income	16,148	15,274	(873)	(5.4%)					
Net Income	16,147	15,273	(873)	(5.4%)						
Dividend	Reserve for Temporary Difference Adjustments (negative goodwill)	568	1,177	608	107.1%	Amount to be reversed from reserve for temporary difference adjustments 2018: 50-year amortization amount of negative goodwill: JPY262M Correspondence to loss on retirement of noncurrent assets: JPY40M Correspondence to major renovation works: JPY265M				
	Reserve for Special Advanced Depreciation	1,115	-	(1,115)		2019: 50-year amortization amount of negative goodwill: JPY262M Correspondence to loss on retirement of noncurrent assets: JPY247M Correspondence to major renovation works: JPY357M				
	Total Dividends	15,602	16,448	846	5.4%	Correspondence to dilution: JPY310M				
	Number of Units Issued (unit)	4,010,847	4,462,347	451,500	11.3%	Dividend per Unit (JPY) Dividend per unit of forecast this time for the fiscal year ending December 2019 will be the same as hypothetically calculated dividend per unit of JPY3,686 for the fiscal year ended December 2018, which is calculated based on the net income deducting the gain on sale, etc. of real estate properties from the net income forecast this time for the fiscal year ended December 2018				
	Dividend per Unit (JPY)	3,890	3,686	(204)	(5.2%)					

(*) “The existing properties” above refers to 41 properties owned by JHR as of today.

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- (4) Comparison and the major factors causing the variance between the operating forecast and forecast of dividend for the full fiscal year ended December 2018 (annualized) and the operating forecast and forecast of dividend for the full fiscal year ending December 2019 (annualized)

(Unit: millions of yen)

	2018		2019		Comparison with Previous Period		Assets for Anticipated Acquisition in 2019	Existing Properties (*2)	Causes of Variance
	Forecast This Time (annualized) (*1)	(A)	Forecast This Time (annualized) (*1)	(B)	(B) - (A)	%			
Properties	Number of Properties	41	43	2		2	-		
	Acquisition Price	309,370	374,508	65,138	21.1%	65,138	-		
Profit and Loss Statement	Operating Revenue	25,994	29,753	3,759	14.5%	3,279	480		
	Real Estate Operating Revenue	25,994	29,753	3,759	14.5%	3,279	480		
	Fixed Rent, etc.	Composition 56.1% 14,573	Composition 59.9% 17,832	3,259	22.4%	3,210	48		
	Variable Rent	43.9% 11,421	40.1% 11,921	500	4.4%	68	431	The Twelve HMJ Hotels: increase in variable rent by JPY309M The Six Accor Hotels: increase in income from management contract, etc. by JPY137M The Four the b Hotels: increase in variable rent by JPY11M Decrease in revenue sharing, etc. by JPY27M	
	NOI	21,749	25,042	3,293	15.1%	2,938	354		
	<i>NOI Yield</i>	7.0%	6.7%	(0.3%)					
	NOI after Depreciation	17,661	20,041	2,380	13.5%	2,578	(198)		
	<i>NOI Yield after Depreciation</i>	5.7%	5.4%	(0.4%)					
	Operating Income	15,755	17,763	2,007	12.7%				
	Ordinary Income	13,987	15,689	1,702	12.2%				
Net Income	13,985	15,688	1,702	12.2%					
Dividend	Reserve for Temporary Difference Adjustments (negative goodwill)	568	867	298	52.5%			Amount to be reversed from reserve for temporary difference adjustments 2018: 50-year amortization amount of negative goodwill: JPY262M Correspondence to loss on retirement of noncurrent assets: JPY40M Correspondence to major renovation works: JPY265M	
	Total Dividends	14,551	16,555	2,004	13.8%				
	Number of Units Issued (unit)	4,010,847	4,462,347	451,500	11.3%			2019: 50-year amortization amount of negative goodwill: JPY262M Correspondence to loss on retirement of noncurrent assets: JPY247M Correspondence to major renovation works: JPY357M	
	Dividend per Unit (JPY)	3,628	3,710	82	2.3%				

- (*1) For the assumptions of the annualized effect for the operating forecast and forecast of dividend for the fiscal year ended December 2018 and the fiscal year ending December 2019, please refer to “<Reference Information 3> Assumptions of the forecast of the annualized effect for fiscal year ended December 2018 (19th period) and fiscal year ending December 2019 (20th period)” below.

- (*2) “The existing properties” above refers to 41 properties owned by JHR as of today.

(Note)

The above is the forecasts based on status of operation as of today, and actual dividend per unit may fluctuate. This forecast does not guarantee the amount of dividend shown above.

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

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<Reference Information 1>

Assumptions of the operating forecast for the full fiscal year ended December 2018 (19th period)

Item	Assumptions							
Calculation Period	• Full fiscal year ended December 2018 (19th Period): January 1, 2018 through December 31, 2018 (365 days)							
Assets under Management	• JHR sold the following three properties (hereinafter called the “Three Sold Properties”) on August 10, 2018 and the 41 properties owned by JHR as of the end of December 2018 (hereinafter called the “Existing Properties”) are assumed.							
	Disposition date	Name of asset						
	August 10, 2018	R&B Hotel Higashi-nihonbashi						
	August 10, 2018	the b akasaka-mitsuke						
	August 10, 2018	the b ochanomizu						
Operating Revenue	• It is expected that ¥1,934 million will be recognized as gain on sale due to the Sales.							
	• Operating revenue is calculated based on the lease and other contracts which were effective during the fiscal year ended December 2018 and in consideration of competitiveness of hotels, market environment and other factors. If there are lease contracts with regard to facilities other than hotels, such as retail facilities and offices, operating revenue calculated on the said lease contracts is included.							
	• Rents, etc. of the main hotels are calculated based on the following assumptions.							
	(1) The Twelve HMJ Hotels The assumptions of the fixed rent and variable rent for the Twelve HMJ hotels are as follows. Total rent = Fixed rent + Variable rent Variable rent = (Total GOP of the hotels (*1) – GOP base amount) × Variable rent ratio (%)							
	(Unit: millions of yen)							
			Total GOP of the hotel(s)	GOP base amount	Variable rent ratio	Variable rent	Fixed rent	Total rent
	The Five HMJ Hotels	Midterm	3,155	1,675	85.0%	1,258	1,610	2,868
		Full year	8,019	3,351		3,968	3,221	7,189
	Okinawa Marriott Resort & Spa	Midterm	419	350	90.0%	62	274	337
		Full year	1,365	700		598	550	1,148
	Sheraton Grand Hiroshima Hotel (*2)	Midterm	486	234	82.5%	207	174	381
		Full year	1,013	468		449	348	797
	Hotel Centraza Hakata (*3)	Midterm	494	212	90.0%	159	199	359
		Full year	618	425		173	400	573
	Holiday Inn Osaka Namba	Midterm	632	325	92.5%	284	288	572
Full year		1,223	650	530		576	1,106	
Hilton Tokyo Narita Airport	Midterm	477	275	86.5%	175	222	397	
	Full year	942	550		339	444	783	
International Garden Hotel Narita	Midterm	319	180	98.0%	136	168	304	
	Full year	642	360		276	336	612	
Hotel Nikko Nara	Midterm	318	235	91.5%	76	210	286	
	Full year	701	470		211	420	631	
Total	Midterm	6,303	-	-	2,361	3,147	5,508	
	Full year	14,526	-	-	6,549	6,295	12,844	
	(*1) GOP is Gross Operating Profit, which is the remainder after operating expenses are deducted from total sales. Operating expenses are expenses such as personnel costs and general and administrative expenses, etc., incurred from hotel operation. The same shall apply hereinafter.							

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Item	Assumptions				
Operating Revenue	(*2) Stating the rent for Sheraton Grand Hiroshima Hotel, the major facility of ACTIVE-INTER CITY HIROSHIMA. Rent from the office building and the retail zone for the fiscal year ended December 2018 (19th period) is expected to be ¥210 million for the midterm and ¥440 million for the full year. The figure includes ¥6 million for the midterm and ¥10 million for the full year as variable rent pursuant to a revenue-linked rent agreement with some retail tenants.				
	(*3) Due to the impact of the suspension of hotel operation caused by the Renovation in the second half of the fiscal year ended December 2018 (19th period), the forecasted variable rent for the full year is recognized as the maximum amount for the variable rent for the midterm because the total GOP for the first half exceeds the assumed total GOP for the full year.				
	(2) The Six Accor Hotels Income from management contracts (*1) and variable rent of the Six Accor hotels (Unit: millions of yen)				
			Midterm	Full year	
	ibis Tokyo Shinjuku		238	494	
	ibis Styles Kyoto Station		247	519	
	ibis Styles Sapporo		272	595	
	Mercure Sapporo (*2)		282	637	
	Mercure Okinawa Naha		214	458	
	Mercure Yokosuka		160	273	
	Total		1,415	2,977	
	(*1) For income from management contracts, it is assumed that each hotel's GOP amount is recognized as income from management contracts and the management contract fees to be paid by JHR are recognized as an operating expense. In cases where certain revenue from non-hotel tenant(s), etc. is included in the hotel's GOP, such tenant revenue is subtracted from GOP to calculate income from management contracts. Such tenant revenue is recognized as parking revenue.				
	(*2) Mercure Sapporo includes variable rent which is linked to the sales of tenant(s) other than the hotel tenant.				
	(3) The Six <i>the b</i> Hotels Income from fixed and variable rent of the Six <i>the b</i> Hotels (Unit: millions of yen)				
			Variable Rent	Fixed Rent (*1)	Total Rent
the b suidobashi	Midterm	12	42	54	
	Full year	24	84	109	
the b akasaka-mitsuke (*2)	Midterm	51	68	119	
	Full year	63	82	146	
the b ikebukuro (*3)	Midterm	64	109	174	
	Full year	133	220	353	
the b ochanomizu (*2)	Midterm	14	34	48	
	Full year	16	41	58	
the b hachioji	Midterm	34	62	96	
	Full year	69	122	192	
the b hakata	Midterm	76	44	121	
	Full year	159	89	248	
Total	Midterm	253	362	615	
	Full year	466	642	1,109	
(*1) Fixed rent includes rent from non-hotel tenant(s).					
(*2) JHR sold the b akasaka-mitsuke and the b ochanomizu on August 10, 2018. The fixed rent and variable rent for the full year states the rent amount from January 1, 2018 to the day before the properties were sold.					
(*3) Income of the b ikebukuro includes variable rent which is linked to the sales of tenant(s) other than the hotel.					

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Item	Assumptions		
Operating Revenue	(4) Other hotels subject to variable rent		
	Variable rent from other hotels subject to variable rent (Unit: millions of yen)		
		Midterm	Full year
	Comfort Hotel Tokyo Higashi Nihombashi	—	—
	Smile Hotel Nihombashi Mitsukoshimae	19	19
	Hotel Vista Kamata Tokyo	—	20
	Chisun Inn Kamata	38	79
	Hotel Keihan Universal City	Undisclosed (*)	Undisclosed (*)
	Hotel Sunroute Shinbashi	97	97
	Hilton Tokyo Bay	Undisclosed (*)	Undisclosed (*)
Hilton Nagoya	Undisclosed (*)	Undisclosed (*)	
Total	854	1,496	
	(*) Undisclosed since tenants that concluded lease agreements did not agree to disclose rent revenue, etc.		
	<ul style="list-style-type: none"> The following is the breakdown of variable rent and income from management contracts (*1). <Breakdown of variable rent for the fiscal year ended December 2018 (19th period)> (Unit: millions of yen) 		
	Midterm	Full year	
The Twelve HMJ Hotels (*2)	2,367	6,560	
The Six Accor Hotels	1,415	2,977	
The Six the b Hotels	253	466	
Other hotels with variable rent (8 hotels)	854	1,496	
Total (32 hotels)	4,891	11,501	
	(*1) For details of variable rent and income from management contracts, please refer to page 52, “C. Overview of the hotel business (1) Rent structures of hotels with variable rent, management contract or revenue sharing,” of the “Midterm Financial Report for the Fiscal Year Ending December 31, 2018 (January 1, 2018 – June 30, 2018)” dated August 22, 2018.		
	(*2) These figures include ¥6 million for the midterm and ¥10 million for the full year as variable rent pursuant to a revenue-linked rent agreement with some retail tenants at ACTIVE-INTER CITY HIROSHIMA.		
Operating Expenses	<ul style="list-style-type: none"> With respect to real estate leasing expenses, which constitute a major part of the operating expenses, expenses other than depreciation are calculated based on historical data, and variable factors are reflected in the calculation. It is assumed that the ¥1,630 million will be recognized as expenses for fixed asset taxes, city planning taxes, etc. In general, fixed asset tax and city planning tax and other taxes and public dues on acquired assets are settled with the previous owners at the time of acquisition, calculated on a pro rata basis of the holding period. For JHR, such settlement amount is included in the acquisition price, and it will not be recognized as expenses for the calculation period. The fixed asset taxes, city planning taxes and other taxes and public dues to be recorded as expenses for the fiscal year ended December 2018 (19th Period) for the three properties (Hilton Tokyo Narita Airport, International Garden Hotel Narita and Hotel Nikko Nara) acquired in the fiscal year ended December 2017 (18th Period) are assumed to be ¥118 million for nine-months period (for calculation reference, ¥160 million for 12 months). Capital expenditure is assumed to be ¥3,186 million (¥1,898 million for capital expenditure I, ¥897 million for capital expenditure II, and ¥391 million for capital expenditure III) (*) for the fiscal year ended December 2018 (19th period). (*) JHR classifies capital expenditures into the following three categories. (I) Capital investment related to renewal of equipment and facilities of buildings which is required to maintain proper values of properties, (II) capital investment for fixtures, furniture and equipment that are not directly related to building structure or facilities but necessary for operating hotels, and (III) strategic capital investment such as renovating guest rooms, etc. for improving the competitiveness of the hotels. Depreciation is calculated using the straight-line method including the planned capital expenditures above, and is assumed to be ¥4,079 million. 		

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Item	Assumptions																				
Operating Expenses	<ul style="list-style-type: none"> Repair expenses for buildings are recognized as expenses in the assumed amount necessary for each operating period. Please note that the repair expenses of each operating period may differ materially from the forecast amount for various reasons, such as; (1) Emergency repair expenses may be necessary due to damage to buildings from unexpected causes; (2) The amount of repair expenses generally tends to increase in difference over time; and (3) Repair expenses are not required on a regular basis. 																				
Non-operating Expenses	<ul style="list-style-type: none"> ¥1,808 million is expected for borrowing-related costs, including interest expense, amortization for financing fee, arrangement fee and amortization for derivative instruments (interest rate caps), and other non-operating expenses. Expenses for issuance of new investment units and secondary offering are amortized over a period of three years by the straight-line method. 																				
Interest-bearing Debt	<ul style="list-style-type: none"> The balance of interest-bearing debt (sum of loans and investment corporation bonds) as of the end of December 2018 was ¥136,671 million. 																				
Issuance of Investment Units	<ul style="list-style-type: none"> The number of investment units issued as of the end of December 2018 was 4,010,847 units. 																				
Dividend per Unit	<ul style="list-style-type: none"> Dividend per unit for the fiscal year ended December 2018 (19th period) is calculated based on the following assumptions. <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Net income</td> <td style="text-align: right;">¥16,147 million</td> </tr> <tr> <td>Reserve for special advanced depreciation (*1)</td> <td style="text-align: right;">(¥1,115 million)</td> </tr> <tr> <td>Use of reserve for temporary difference adjustment (negative goodwill)</td> <td></td> </tr> <tr> <td style="padding-left: 20px;">50-year amortization amount of negative goodwill (*2)</td> <td style="text-align: right;">¥262 million</td> </tr> <tr> <td style="padding-left: 20px;">Loss on retirement of noncurrent assets (*3)</td> <td style="text-align: right;">¥40 million</td> </tr> <tr> <td style="padding-left: 20px;">Correspondence to major renovation works (*4)</td> <td style="text-align: right;">¥265 million</td> </tr> <tr> <td style="border-top: 1px solid black;">Retained earnings brought forward</td> <td style="text-align: right; border-top: 1px solid black;">¥3 million</td> </tr> <tr> <td>Distributable amount</td> <td style="text-align: right;">¥15,604 million</td> </tr> <tr> <td>Total number of investment units issued</td> <td style="text-align: right;">4,010,847 units</td> </tr> <tr> <td style="border-top: 1px solid black;">Dividend per unit</td> <td style="text-align: right; border-top: 1px solid black;">¥3,890</td> </tr> </table> <ul style="list-style-type: none"> (*1) It is assumed that ¥1,115 million of gain on sale by the Sales is planned to be retained as reserve for advanced depreciation within the limit to maintain conduit status stipulated by Article 67-15 of Act on Special Measures Concerning Taxation (Act No.26 of 1957; as amended; hereinafter called “the Act on Special Measures Concerning Taxation” The same shall apply hereinafter). to meet stipulated, by applying “Special provisions for taxation in the case where a special account is set up accompanied with transfer of specified assets” (Article 65-8 in the Act on Special Measures Concerning Taxation). (*2) ¥262 million (hereinafter called “50-year amortization amount of negative goodwill”) will be paid out as dividends, with the remaining balance of the reserve for temporary difference adjustment set as the maximum amount, for every year from the fiscal year ended December 2017 (18th period). (*3) Amount recognized as a loss on retirement of noncurrent assets will be appropriated by reserve for temporary difference adjustment (negative goodwill) and is expected to have no impact on dividend per unit. (*4) Taking into consideration the effect on dividend of the suspension of hotel operation due to the Renovation at Hotel Centraza Hakata, ¥265 million, which is equivalent to the difference between NOI after depreciation of Hotel Centraza Hakata for the fiscal year ended December 2017 (18th period) and NOI after depreciation for the fiscal year ended December 2018 (19th period), will be appropriated by reserve for temporary difference adjustment (negative goodwill). <ul style="list-style-type: none"> Dividend per unit may fluctuate due to various causes, such as fluctuation of rent revenue resulting from transfer of assets under management, change of tenants, etc. at hotels, change in the business environment of hotel business for hotel tenants, etc., unexpected repairs, and actual number of new investment units issued, etc. The remaining balance of the reserve for temporary difference adjustment (negative goodwill) after the appropriation of the reserve for temporary difference adjustment (negative goodwill) for dividends for the fiscal year ended December 2018 (19th period) is expected to be ¥11,789 million. 	Net income	¥16,147 million	Reserve for special advanced depreciation (*1)	(¥1,115 million)	Use of reserve for temporary difference adjustment (negative goodwill)		50-year amortization amount of negative goodwill (*2)	¥262 million	Loss on retirement of noncurrent assets (*3)	¥40 million	Correspondence to major renovation works (*4)	¥265 million	Retained earnings brought forward	¥3 million	Distributable amount	¥15,604 million	Total number of investment units issued	4,010,847 units	Dividend per unit	¥3,890
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Dividend per Unit Resulting from Excess of Earnings	<ul style="list-style-type: none"> It is assumed that the excess of earnings (dividend per unit resulting from excess of earnings) will not be distributed. 																				

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Item	Assumptions
Others	<ul style="list-style-type: none"> • It is assumed that revision in law, tax system, accounting standard, regulations of the listing, and regulations of the Investment Trusts Association, Japan (the “ITAJ”) that may impact the forecast above will not be made. • It is assumed that unexpected major incident will not occur in the general economy, real estate market and hotel business environment, etc. • The numerical values are rounded down to the nearest millions of yen in the assumptions above.

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<Reference Information 2>

Assumptions of the operating forecast for the full fiscal year ending December 2019 (20th period)

Item	Assumptions																																																																																																										
Calculation Period	<ul style="list-style-type: none"> Full fiscal year ending December 2019 (20th Period): January 1, 2019 through December 31, 2019 (365 days) 																																																																																																										
Assets under Management	<ul style="list-style-type: none"> The 43 properties, which add two Assets for Anticipated Acquisition below to the Existing Properties, are assumed. <p><The Assets for Anticipated Acquisition></p> <table border="1"> <thead> <tr> <th>Anticipated acquisition date</th> <th>Name of asset</th> </tr> </thead> <tbody> <tr> <td>February 1, 2019</td> <td>Hotel Oriental Express Osaka Shinsaibashi</td> </tr> <tr> <td>April 8, 2019</td> <td>Hilton Tokyo Odaiba</td> </tr> </tbody> </table> <ul style="list-style-type: none"> It is assumed that there will be no change (acquisition of new property or disposition of the Existing Properties, etc.) in assets under management other than the above through the end of the fiscal year ending December 2019 (20th period). However, the actual results may fluctuate depending on the changes in assets under management that may take place. 	Anticipated acquisition date	Name of asset	February 1, 2019	Hotel Oriental Express Osaka Shinsaibashi	April 8, 2019	Hilton Tokyo Odaiba																																																																																																				
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Number of Investment Units Issued	<ul style="list-style-type: none"> In addition to the number of investment units issued as of today (4,010,847 units), it is assumed that JHR will issue new investment units in full (451,500 units in total) (i) through a public offering (up to 447,800 units) (investment units to be underwritten and purchased by the domestic underwriters and the overseas underwriters in the Offering and investment units to be additionally issued subject to a purchase right granted to the overseas underwriters in overseas offerings) and (ii) by way of third-party allotment (up to 3,700 units) determined by the resolution at the Board of Directors meeting held today. Dividend per unit is calculated based on the assumed number of investment units issued (4,462,347 units) as of the end of December 2019, based on the maximum number of the new investment units (451,500 units). It is assumed that there will be no additional issuance of investment units other than the above through the end of the fiscal year ending December 2019 (20th period). 																																																																																																										
Operating Revenue	<ul style="list-style-type: none"> Operating revenue is calculated based on the conditions of the lease and other contracts effective as of today and the anticipated lease and other contracts which are planned to be effective when JHR acquires the Assets for Anticipated Acquisition and in consideration of competitiveness of hotels, market environment and other factors. If there are lease contracts with regard to facilities other than hotels, such as retail facilities and offices, operating revenue calculated based on the said lease contracts is included. Rents, etc. of the main hotels are calculated based on the following assumptions. <p>(1) The Twelve HMJ Hotels</p> <p>The assumptions of the fixed rent and variable rent for the Twelve HMJ hotels are as follows. Total rent = Fixed rent + Variable rent Variable rent = (Total GOP of the hotels – GOP base amount) × Variable rent ratio (%)</p> <p style="text-align: right;">(Unit: millions of yen)</p> <table border="1"> <thead> <tr> <th></th> <th></th> <th>Total GOP of the hotel(s)</th> <th>GOP base amount</th> <th>Variable rent ratio</th> <th>Variable rent</th> <th>Fixed rent</th> <th>Total rent</th> </tr> </thead> <tbody> <tr> <td rowspan="2">The Five HMJ Hotels</td> <td>Midterm</td> <td>3,240</td> <td>1,675</td> <td rowspan="2">85.0%</td> <td>1,330</td> <td>1,610</td> <td>2,940</td> </tr> <tr> <td>Full year</td> <td>8,133</td> <td>3,351</td> <td>4,065</td> <td>3,221</td> <td>7,286</td> </tr> <tr> <td rowspan="2">Okinawa Marriott Resort & Spa</td> <td>Midterm</td> <td>403</td> <td>350</td> <td rowspan="2">90.0%</td> <td>47</td> <td>274</td> <td>322</td> </tr> <tr> <td>Full year</td> <td>1,400</td> <td>700</td> <td>630</td> <td>550</td> <td>1,180</td> </tr> <tr> <td rowspan="2">Sheraton Grand Hiroshima Hotel (*1)</td> <td>Midterm</td> <td>488</td> <td>234</td> <td rowspan="2">82.5%</td> <td>209</td> <td>174</td> <td>383</td> </tr> <tr> <td>Full year</td> <td>1,046</td> <td>468</td> <td>477</td> <td>348</td> <td>825</td> </tr> <tr> <td rowspan="2">Hotel Centraza Hakata (*2)</td> <td>Midterm</td> <td>67</td> <td>212</td> <td rowspan="2">90.0%</td> <td>-</td> <td>199</td> <td>199</td> </tr> <tr> <td>Full year</td> <td>677</td> <td>425</td> <td>226</td> <td>400</td> <td>626</td> </tr> <tr> <td rowspan="2">Holiday Inn Osaka Namba</td> <td>Midterm</td> <td>593</td> <td>325</td> <td rowspan="2">92.5%</td> <td>248</td> <td>288</td> <td>536</td> </tr> <tr> <td>Full year</td> <td>1,242</td> <td>650</td> <td>547</td> <td>576</td> <td>1,123</td> </tr> <tr> <td rowspan="2">Hilton Tokyo Narita Airport</td> <td>Midterm</td> <td>462</td> <td>275</td> <td rowspan="2">86.5%</td> <td>162</td> <td>222</td> <td>384</td> </tr> <tr> <td>Full year</td> <td>993</td> <td>550</td> <td>383</td> <td>444</td> <td>827</td> </tr> <tr> <td rowspan="2">International Garden Hotel Narita</td> <td>Midterm</td> <td>323</td> <td>180</td> <td rowspan="2">98.0%</td> <td>140</td> <td>168</td> <td>308</td> </tr> <tr> <td>Full year</td> <td>650</td> <td>360</td> <td>285</td> <td>336</td> <td>621</td> </tr> </tbody> </table>			Total GOP of the hotel(s)	GOP base amount	Variable rent ratio	Variable rent	Fixed rent	Total rent	The Five HMJ Hotels	Midterm	3,240	1,675	85.0%	1,330	1,610	2,940	Full year	8,133	3,351	4,065	3,221	7,286	Okinawa Marriott Resort & Spa	Midterm	403	350	90.0%	47	274	322	Full year	1,400	700	630	550	1,180	Sheraton Grand Hiroshima Hotel (*1)	Midterm	488	234	82.5%	209	174	383	Full year	1,046	468	477	348	825	Hotel Centraza Hakata (*2)	Midterm	67	212	90.0%	-	199	199	Full year	677	425	226	400	626	Holiday Inn Osaka Namba	Midterm	593	325	92.5%	248	288	536	Full year	1,242	650	547	576	1,123	Hilton Tokyo Narita Airport	Midterm	462	275	86.5%	162	222	384	Full year	993	550	383	444	827	International Garden Hotel Narita	Midterm	323	180	98.0%	140	168	308	Full year	650	360	285	336	621
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Item	Assumptions							
		Total GOP of the hotel(s)	GOP base amount	Variable rent ratio	Variable rent	Fixed rent	Total rent	
Hotel Nikko Nara	Midterm	353	235	91.5%	108	210	318	
	Full year	735	470		242	420	662	
Total	Midterm	5,932	-	-	2,247	3,195	5,442	
	Full year	14,878	-		6,858	6,295	13,153	
Operating Revenue	(*1) Stating the rent for Sheraton Grand Hiroshima Hotel, the major facility of ACTIVE-INTER CITY HIROSHIMA. Rents from the office building and the retail zone are expected to be ¥230 million for the midterm and ¥460 million for the full year. The figure includes ¥5 million for the midterm and ¥10 million for the full year as variable rent pursuant to a revenue-linked rent agreement with some retail tenants. (*2) Due to the impact of the suspension of hotel operation due to the Renovation scheduled in the first half of the fiscal year ending December 2019 (20th period), GOP of the hotel for the first half is not expected to exceed GOP base amount. Therefore, it is assumed that variable rent for the first half will not be recognized.							
	(2) The Two New HMJ Hotels (The Assets for Anticipated Acquisition)							
	① Hotel Oriental Express Osaka Shinsaibashi							
	The assumptions of the fixed rent and variable rent for Oriental Express Osaka Shinsaibashi are as follows.							
	Total rent = Fixed rent + Variable rent							
	Variable rent = (Total GOP of the hotels – GOP base amount) × Variable rent ratio (%)							
	(Unit: millions of yen)							
			Total GOP of the hotel(s)	GOP base amount	Variable rent ratio	Variable rent	Fixed rent	Total rent
	Hotel Oriental Express Osaka Shinsaibashi (*)	Midterm	-	-	91.0%	-	47	47
		Full year	101	64		34	102	137
(**) Variable rent which is linked to GOP of the hotel will be recognized starting from July 1, 2019. As for the total GOP of the hotel for the full year, the GOP of the hotel from July 1, 2019 through December 31, 2019 is stated. The fixed rent is the assumed figures for 334 days from February 1, 2019 to December 31, 2019. Base GOP amount will be ¥128 million and annual fixed rent will be ¥110 million starting from the fiscal year ending December 2020.								
② Hilton Tokyo Odaiba								
The assumptions of the fixed rent and variable rent for Hilton Tokyo Odaiba are as follows. Variable rent for Hilton Tokyo Odaiba for the fiscal year ending December 2019 (20th period) is not expected.								
Total rent = Fixed rent + Variable rent								
Variable rent = (AGOP (adjusted GOP) of the hotels (*1) – AGOP base amount) × Variable rent ratio (%)								
(Unit: millions of yen)								
		AGOP of the hotel (*2)	AGOP base amount	Variable rent ratio	Variable rent	Fixed Rent (*2)	Total rent	
Hilton Tokyo Odaiba	Midterm	725	817	30.0%	-	714	714	
	Full year	2,370	2,450		-	2,264	2,264	
(*1) AGOP (adjusted GOP) is the amount calculated by subtracting certain fees and other items from GOP. The same shall apply hereinafter. (*2) AGOP of the hotel for full year is the AGOP of the hotel from April through December 2019. The fixed rent is the assumed figures for 268 days from April 8, 2019 through December 31, 2019. AGOP base amount after the fiscal year December 2020 is ¥2,970 million, and the annual fixed rent is ¥3,100 million.								

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Item	Assumptions				
Operating Revenue	(3) The Six Accor Hotels				
	Income from management contracts (*) and variable rent of the Six Accor hotels				
	(Unit: millions of yen)				
			Midterm	Full year	
	ibis Tokyo Shinjuku		227	496	
	ibis Styles Kyoto Station		244	525	
	ibis Styles Sapporo		263	643	
	Mercure Sapporo		283	693	
	Mercure Okinawa Naha		230	478	
	Mercure Yokosuka		168	278	
	Total		1,418	3,115	
	(*) For income from management contracts, it is assumed that each hotel's GOP amount is recognized as income from management contracts and the management contract fees to be paid by JHR are recognized as an operating expense. In cases where certain revenue from non-hotel tenant(s), etc. is included in the hotel's GOP, such tenant revenue is subtracted from GOP to calculate income from management contracts. Such tenant revenue is recognized as parking revenue.				
	(4) The Four <i>the b</i> Hotels				
	Income from fixed and variable rent of the Four <i>the b</i> Hotels				
	(Unit: millions of yen)				
			Variable Rent	Fixed Rent (*)	Total Rent
	the b suidobashi	Midterm	10	42	53
		Full year	25	84	110
the b ikebukuro	Midterm	63	110	174	
	Full year	137	221	359	
the b hachioji	Midterm	33	60	93	
	Full year	69	121	191	
the b hakata	Midterm	76	44	121	
	Full year	164	89	254	
Total	Midterm	184	258	443	
	Full year	397	517	915	
(*) Fixed rent includes rent from non-hotel tenant(s).					
(5) Other hotels subject to variable rent					
Variable rent from other hotels subject to variable rent					
(Unit: millions of yen)					
		Midterm	Full year		
Comfort Hotel Tokyo Higashi Nihombashi		17	17		
Smile Hotel Nihombashi Mitsukoshimae		19	19		
Hotel Vista Kamata Tokyo		—	22		
Chisun Inn Kamata		38	82		
Hotel Keihan Universal City		Undisclosed (*)	Undisclosed (*)		
Hotel Sunroute Shinbashi		115	115		
Hilton Tokyo Bay		Undisclosed (*)	Undisclosed (*)		
Hilton Nagoya		Undisclosed (*)	Undisclosed (*)		
Total		859	1,469		
(*) Undisclosed since tenants that concluded lease agreements did not agree to disclose rent revenue, etc.					

Note: This document is intended to serve as a press release to make available the information on the revision of operating forecast and forecast of dividend for the fiscal year ended December 2018 (19th period) and operating forecast and forecast of dividend for the fiscal year ending December 2019 (20th period). This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to make any investment decisions at their own risk and responsibility.

Item	Assumptions																					
Operating Revenue	<ul style="list-style-type: none"> The following is the breakdown of variable rent and income from management contracts (*1). <Breakdown of variable rent, etc. for the fiscal year ending December 2019 (20th period)> (Unit: millions of yen) <table border="1"> <thead> <tr> <th></th> <th>Midterm</th> <th>Full year</th> </tr> </thead> <tbody> <tr> <td>The Twelve HMJ Hotels (*2)</td> <td>2,253</td> <td>6,869</td> </tr> <tr> <td>The Two New HMJ Hotels (Assets for Anticipated Acquisition)</td> <td>-</td> <td>34</td> </tr> <tr> <td>The Six Accor Hotels</td> <td>1,418</td> <td>3,115</td> </tr> <tr> <td>The Four the b Hotels</td> <td>184</td> <td>397</td> </tr> <tr> <td>Other hotels with variable rent (8 hotels)</td> <td>859</td> <td>1,469</td> </tr> <tr> <td>Total (32 hotels)</td> <td>4,715</td> <td>11,886</td> </tr> </tbody> </table>		Midterm	Full year	The Twelve HMJ Hotels (*2)	2,253	6,869	The Two New HMJ Hotels (Assets for Anticipated Acquisition)	-	34	The Six Accor Hotels	1,418	3,115	The Four the b Hotels	184	397	Other hotels with variable rent (8 hotels)	859	1,469	Total (32 hotels)	4,715	11,886
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	<p>(*1) For details of variable rent and income from management contracts expect for the Assets for Anticipated Acquisition, please refer to page 52, “C. Overview of the hotel business (1) Rent structures of hotels with variable rent, management contract or revenue sharing,” of the “Midterm Financial Report for the Fiscal Year Ending December 31, 2018 (January 1, 2018 – June 30, 2018)” dated August 22, 2018.</p> <p>(*2) These figures include ¥5 million for the midterm and ¥10 million for the full year as variable rent pursuant to a revenue-linked rent agreement with some retail tenants at ACTIVE-INTER CITY HIROSHIMA.</p>																					
Operating Expenses	<ul style="list-style-type: none"> With respect to real estate leasing expenses, which constitute a major part of the operating expenses, expenses other than depreciation are calculated based on historical data, and variable factors are reflected in the calculation. It is assumed that the ¥1,648 million will be recognized as expenses for fixed asset taxes, city planning taxes, etc. In general, fixed asset tax and city planning tax and other taxes and public dues on acquired assets are settled with the previous owners at the time of acquisition, calculated on a pro rata basis of the holding period. For JHR, such settlement amount is included in the acquisition price, and it will not be recognized as expenses for the calculation period. Capital expenditure is assumed to be ¥6,778 million (¥2,369 million for capital expenditure I, ¥853 million for capital expenditure II, ¥454 million for capital expenditure III, and ¥3,100 million for expenditure related to the Renovation at Hotel Centraza Hakata) (*) for the fiscal year ending December 2019 (20th period). <ul style="list-style-type: none"> (*) JHR classifies capital expenditures into the following three categories. (I) Capital investment related to renewal of equipment and facilities of buildings which is required to maintain proper values of properties, (II) capital investment for fixtures, furniture and equipment that are not directly related to building structure or facilities but necessary for operating hotels, and (III) strategic capital investment such as renovating guest rooms, etc. for improving the competitiveness of the hotels. Depreciation is calculated using the straight-line method including the planned capital expenditures above, and is assumed to be ¥4,663 million. Repair expenses for buildings are recognized as expenses in the assumed amount necessary for each operating period. Please note that the repair expenses of each operating period may differ materially from the forecast amount for various reasons, such as; (1) Emergency repair expenses may be necessary due to damage to buildings from unexpected causes; (2) The amount of repair expenses generally tends to increase in difference over time; and (3) Repair expenses are not required on a regular basis. 																					
Non-operating Expenses	<ul style="list-style-type: none"> ¥2,096 million is expected for borrowing-related costs, including interest expense, amortization for financing fee, arrangement fee and amortization for derivative instruments (interest rate caps). Expenses for issuance of new investment units and secondary offering are amortized over a period of three years by the straight-line method. 																					
Interest-bearing Debt	<ul style="list-style-type: none"> The balance of interest-bearing debt (sum of loans and investment corporation bonds) as of the end of December 2018 was ¥136,671 million. It is assumed that the balance of interest-bearing debt after acquiring the Assets for Anticipated Acquisition as of the end of April 2019 will be ¥168,471 million, and will be ¥169,071 million as of the end of December 2019. Loans for acquisition of the Assets for Anticipated Acquisition in the amount of ¥30,000 million are assumed. It is assumed that JHR will take out new loans in the amount of ¥1,800 million and ¥600 million, respectively, for the Renovation cost of Hotel Centraza Hakata on April 30, 2019 and July 31, 2019. 																					

Note: This document is intended to serve as a press release to make available the information on the revision of operating forecast and forecast of dividend for the fiscal year ended December 2018 (19th period) and operating forecast and forecast of dividend for the fiscal year ending December 2019 (20th period). This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to make any investment decisions at their own risk and responsibility.

Item	Assumptions																						
Dividend per Unit	<ul style="list-style-type: none"> Dividend per unit for the fiscal year ending December 2019 (20th period) is calculated based on the following assumptions. 																						
	<table> <tr> <td>Net income</td> <td>¥15,273 million</td> </tr> <tr> <td>Use of reserve for temporary difference adjustment (negative goodwill)</td> <td></td> </tr> <tr> <td> 50-year amortization amount of negative goodwill (*1)</td> <td>¥262 million</td> </tr> <tr> <td> Loss on retirement of noncurrent assets (*2)</td> <td>¥247 million</td> </tr> <tr> <td> Correspondence to major renovation works (*3)</td> <td>¥357 million</td> </tr> <tr> <td> Adjustment for dilution (*4)</td> <td>¥310 million</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>Distributable amount</td> <td>¥16,450 million</td> </tr> <tr> <td>Total number of investment units issued</td> <td>4,462,347 units</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>Dividend per unit</td> <td>¥3,686</td> </tr> </table>	Net income	¥15,273 million	Use of reserve for temporary difference adjustment (negative goodwill)		50-year amortization amount of negative goodwill (*1)	¥262 million	Loss on retirement of noncurrent assets (*2)	¥247 million	Correspondence to major renovation works (*3)	¥357 million	Adjustment for dilution (*4)	¥310 million	<hr/>		Distributable amount	¥16,450 million	Total number of investment units issued	4,462,347 units	<hr/>		Dividend per unit	¥3,686
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(*1) ¥262 million (50-year amortization amount of negative goodwill) is paid out as dividend, with the remaining balance of the reserve for temporary difference adjustment set as the maximum amount, for every year from the fiscal year ended December 2017 (18th period).																							
(*2) Amount recognized as a loss on retirement of noncurrent assets will be appropriated by reserve for temporary difference adjustment (negative goodwill) and is expected to have no impact on dividend per unit.																							
(*3) Taking into consideration the effect on dividend of the suspension of hotel operation due to the Renovation at Hotel Centraza Hakata, ¥357 million, which is equivalent to the difference between NOI after depreciation of Hotel Centraza Hakata from January to March 2018 and assumed NOI after depreciation from January to March 2019, will be appropriated by reserve for temporary difference adjustment (negative goodwill). In case the period of the major renovation work is changed, the amount to be reversed from reserve for temporary difference adjustment may be reviewed.																							
(*4) Although dilution of investment units due to the issuance of new investment units is expected, we plan to avoid the impact of the said dilution on dividend per unit for the fiscal year ending December 2019 by allocating reserve for temporary difference adjustment (negative goodwill).																							
<ul style="list-style-type: none"> Dividend per unit may fluctuate due to various causes, such as fluctuation of rent revenue resulting from transfer of assets under management, change of tenants, etc. at hotels, change in the business environment of hotel business for hotel tenants, etc., unexpected repairs, and actual number of new investment units issued, etc. The remaining balance of the reserve for temporary difference adjustment (negative goodwill) after the appropriation of the reserve for temporary difference adjustment (negative goodwill) for dividends for the fiscal year ending December 2019 (20th period) is expected to be ¥10,611 million. 																							
Assets for Anticipated Acquisition	<ul style="list-style-type: none"> The operating status for the fiscal year ending December 2019 of the Assets for Anticipated Acquisition is assumed as follows. 																						
	<p><Hotel Oriental Express Osaka Shinsaibashi> (unit: millions of yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Fiscal year ending December 2019</th> <th>Full year (*3)</th> </tr> </thead> <tbody> <tr> <td>Operating days</td> <td>334 days</td> <td>365 days</td> </tr> <tr> <td>Operating revenue</td> <td>137</td> <td>179</td> </tr> <tr> <td>NOI (*1)</td> <td>133</td> <td>165</td> </tr> <tr> <td>NOI yield (%) (*2)</td> <td>-</td> <td>6.0</td> </tr> </tbody> </table>		Fiscal year ending December 2019	Full year (*3)	Operating days	334 days	365 days	Operating revenue	137	179	NOI (*1)	133	165	NOI yield (%) (*2)	-	6.0							
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(*1) NOI = Real estate operating revenue – Real estate operating costs + Depreciation + Loss on retirement of noncurrent assets + Asset retirement obligations expenses																							
(*2) NOI yield = NOI ÷ Anticipated acquisition price																							
(*3) For the assumptions of calculating the annualized (full year) figures, please refer to “<Reference Information 3> Assumptions of the forecast of the annualized effect for fiscal year ended December 2018 (19th period) and fiscal year ending December 2019 (20th period)” below.																							

Note: This document is intended to serve as a press release to make available the information on the revision of operating forecast and forecast of dividend for the fiscal year ended December 2018 (19th period) and operating forecast and forecast of dividend for the fiscal year ending December 2019 (20th period). This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to make any investment decisions at their own risk and responsibility.

Item	Assumptions
Dividend per Unit Resulting from Excess of Earnings	<ul style="list-style-type: none"> • It is assumed that the excess of earnings (dividend per unit resulting from excess of earnings) will not be distributed.
Others	<ul style="list-style-type: none"> • It is assumed that revision in law, tax system, accounting standard, regulations of the listing, regulations of the ITAJ that may impact the forecast above will not be made. • It is assumed that unexpected major incident will not occur in the general economy, real estate market and hotel business environment, etc. • The numerical values are rounded down to the nearest millions of yen in the assumptions above.

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<Reference Information 3> Assumptions of the forecast of the annualized effect for fiscal year ended December 2018 (19th period) and fiscal year ending December 2019 (20th period)

<1>Fiscal year ended December 2018 (19th Period)

- (1) It is assumed that the Three Sold Properties were not held since January 1, 2018. Gain on sale by the Sale and reserve for special advanced depreciation are not assumed.
- (2) Existing Properties (41 properties excluded the three Sold Properties) assumed to be held throughout the year and no change in operating revenue and operating expenses, except for fixed asset taxes, city planning taxes, from the “<Reference Information 1> Assumptions of the operating forecast for the full fiscal year ended December 2018 (19th period).”
- (3) The fixed asset tax and city planning tax and other taxes for three properties acquired in the fiscal year ended December 2017 (18th period) (Hilton Tokyo Narita Airport, International Garden Hotel Narita, and Hotel Nikko Nara) are assumed to be ¥160 million, which is equivalent to twelve months.

<2> Fiscal year ending December 2019 (20th Period)

- (1) There is no change in operating revenue and operating expenses of the Existing Properties excluding the Assets for Anticipated Acquisition, from the “<Reference Information 2> Assumptions of the operating forecast for the full fiscal year ending December 2019 (20th period).” We assumed the acquisition of Assets for Anticipated Acquisition occurred prior to January 1, 2019 and in operation for the full fiscal year.
- (2) The assumptions of the fixed rent and variable rent for Oriental Express Osaka Shinsaibashi for the full year are as follows.

Total rent for the fiscal year ending December 2019 (20th Period) (full year) (¥179 million)

= Fixed rent (¥110 million) + Variable rent

Variable rent = ((1) Total GOP of the hotels – (2) GOP base amount) × 91.0 (%)

(Unit: millions of yen)

	(1) Total GOP of the hotels	(2) GOP base amount	Variable rent ((1)-(2)) × 91.0%
Full year	203	128	68

- (3) The fixed rent and variable rent for full year for Hilton Tokyo Odaiba are calculated as follows.

Total rent for the fiscal year ending December 2019 (20th Period) (full year) (¥3,100 million)

= Fixed rent (¥3,100 million) + Variable rent

Variable rent = ((1) AGOP (adjusted GOP) of the hotels – (2) AGOP base amount) × 30.0 (%)

(Unit: millions of yen)

	(1) AGOP of the hotel	(2) AGOP base amount	Variable rent ((1)-(2)) × 30.0%
Full year	2,951	2,970	– (*)

(*) The variable rent is not expected.

- (4) The fixed asset tax and city planning tax and other taxes for the Assets for Anticipated Acquisition are assumed to be ¥326 million, which is equivalent to twelve months.
- (5) For non-operating expenses, borrowing costs related to asset acquisitions, expenses incurred in the issuance of new investment units and other are assumed on an annualized basis (for twelve months). On the other hand, major one time financial cost incurred for asset acquisition is not included.

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<Reference Information 4> Hotel operation indexes, sales and GOP

Hotel operation indexes, sales and GOP of the Eleven HMJ Hotels (*1), the Six Accor Hotels and the Four *the b* Hotels are stated below.

- (*1) The figures are the total amount of eleven hotels which exclude Hotel Centraza Hakata from the Twelve HMJ Hotels in order to exclude the impact of the Renovation which causes suspension of sales. The same shall apply hereinafter.
- (*2) The numeral figures are based on figures obtained from hotel lessees, etc. Please note that these figures have not been audited or gone through other procedures. No guarantee is made as to the accuracy or completeness of the figures and information.
- (*3) ADR and RevPAR are rounded off to the nearest yen. Sales and GOP are rounded off to the nearest millions of yen. Occupancy rate and comparison with the previous period are rounded off to one decimal place. ADR represents average daily rate, which is calculated by dividing total rooms revenue for a certain period by the total number of rooms sold during the period. RevPAR represents revenue per available room, which is calculated by dividing total rooms revenue for a certain period (excluding service charges) by the total number of rooms available for sale during the period. The same shall apply hereinafter.

<1> Operation indexes, sales and GOP of the each hotel groups

(1) The Eleven HMJ Hotels

		Fiscal year ended December 2017	Fiscal year ended December 2018				Fiscal year ending December 2019	
		Actual	Previous forecast (first half: actual)	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast	Comparison with previous period
Occupancy Rate	First half of the year	87.4%	87.3%	87.3%	(0.1pt)	0.0pt	88.1%	0.8pt
	Second half of the year	89.0%	89.2%	87.8%	(1.3pt)	(1.4pt)	90.3%	2.5pt
	Full year	88.2%	88.3%	87.5%	(0.7pt)	(0.7pt)	89.2%	1.7pt
ADR	First half of the year	14,912	15,246	15,246	2.2%	0.0%	15,486	1.6%
	Second half of the year	18,013	18,237	18,015	0.0%	(1.2%)	18,303	1.6%
	Full year	16,490	16,770	16,646	0.9%	(0.7%)	16,923	1.7%
RevPAR	First half of the year	13,027	13,306	13,306	2.1%	0.0%	13,640	2.5%
	Second half of the year	16,037	16,269	15,813	(1.4%)	(2.8%)	16,525	4.5%
	Full year	14,544	14,800	14,570	0.2%	(1.6%)	15,095	3.6%
Sales (JPY1M)	First half of the year	18,715	18,754	18,754	0.2%	0.0%	19,331	3.1%
	Second half of the year	22,151	22,340	21,805	(1.6%)	(2.4%)	22,575	3.5%
	Full year	40,865	41,094	40,560	(0.7%)	(1.3%)	41,906	3.3%
GOP (JPY1M)	First half of the year	5,683	5,809	5,809	2.2%	0.0%	5,865	1.0%
	Second half of the year	8,041	8,358	8,098	0.7%	(3.1%)	8,337	2.9%
	Full year	13,724	14,168	13,908	1.3%	(1.8%)	14,202	2.1%

- (*2) The figures for the fiscal year ended December 2017 of the assets acquired during the fiscal year ended December 2017 (Hilton Tokyo Narita Airport, International Garden Hotel Narita and Hotel Nikko Nara), are for the entire year of 2017 including figures prior to the acquisition. The same shall apply hereinafter.

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(2) Hotel Oriental Express Osaka Shinsaibashi

		Fiscal year ended December 2017	Fiscal year ended December 2018				Fiscal year ending December 2019	
		Actual	Previous forecast (first half: actual)	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast	Comparison with previous period
Occupancy Rate	First half of the year	—	—	—	—	—	90.0%	—
	Second half of the year	—	—	—	—	—	90.0%	—
	Full year	—	—	—	—	—	90.0%	—
ADR	First half of the year	—	—	—	—	—	10,500	—
	Second half of the year	—	—	—	—	—	10,500	—
	Full year	—	—	—	—	—	10,500	—
RevPAR	First half of the year	—	—	—	—	—	9,449	—
	Second half of the year	—	—	—	—	—	9,449	—
	Full year	—	—	—	—	—	9,449	—
Sales (JPY1M)	First half of the year	—	—	—	—	—	224	—
	Second half of the year	—	—	—	—	—	226	—
	Full year	—	—	—	—	—	450	—
GOP (JPY1M)	First half of the year	—	—	—	—	—	102	—
	Second half of the year	—	—	—	—	—	102	—
	Full year	—	—	—	—	—	204	—

(*) As Hotel Oriental Express Osaka Shinsaibashi opened on April 2, 2018, figures are not available prior to the opening.

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(3) Hilton Tokyo Odaiba

		Fiscal year ended December 2017	Fiscal year ended December 2018				Fiscal year ending December 2019	
		Actual	Previous forecast (first half: actual)	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast	Comparison with previous period
Occupancy Rate	First half of the year	94.4%	—	95.2%	0.9pt	—	95.2%	0.0pt
	Second half of the year	95.8%	—	94.1%	(1.7pt)	—	94.1%	0.0pt
	Full year	95.1%	—	94.7%	(0.4pt)	—	94.7%	0.0pt
ADR	First half of the year	27,007	—	28,831	6.8%	—	28,831	0.0%
	Second half of the year	28,909	—	32,001	10.7%	—	32,001	0.0%
	Full year	27,974	—	30,420	8.7%	—	30,420	0.0%
RevPAR	First half of the year	25,482	—	27,451	7.7%	—	27,451	0.0%
	Second half of the year	27,700	—	30,115	8.7%	—	30,115	0.0%
	Full year	26,600	—	28,794	8.2%	—	28,794	0.0%
Sales (JPY1M)	First half of the year	4,193	—	4,591	9.5%	—	4,591	0.0%
	Second half of the year	4,668	—	5,081	8.8%	—	5,081	0.0%
	Full year	8,861	—	9,672	9.1%	—	9,672	0.0%
GOP (JPY1M)	First half of the year	1,129	—	1,374	21.7%	—	1,374	0.0%
	Second half of the year	1,496	—	1,720	15.0%	—	1,720	0.0%
	Full year	2,625	—	3,094	17.9%	—	3,094	0.0%

(*) The figures are calculated as the total for full year including figures prior to the acquisition date. The same shall apply hereinafter. ADR and RevPAR include service charges.

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(4) The Six Accor Hotels

		Fiscal year ended December 2017	Fiscal year ended December 2018				Fiscal year ending December 2019	
		Actual	Previous forecast (first half: actual)	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast	Comparison with previous period
Occupancy Rate	First half of the year	84.8%	85.8%	85.8%	1.0pt	0.0pt	88.6%	2.7pt
	Second half of the year	85.7%	91.3%	85.6%	(0.2pt)	(5.7pt)	90.4%	4.8pt
	Full year	85.3%	88.6%	85.7%	0.4pt	(2.9pt)	89.5%	3.8pt
ADR	First half of the year	11,383	11,733	11,733	3.1%	0.0%	11,822	0.8%
	Second half of the year	12,490	12,519	12,616	1.0%	0.8%	12,942	2.6%
	Full year	11,944	12,141	12,177	2.0%	0.3%	12,392	1.8%
RevPAR	First half of the year	9,652	10,071	10,071	4.3%	0.0%	10,470	4.0%
	Second half of the year	10,709	11,432	10,798	0.8%	(5.5%)	11,704	8.4%
	Full year	10,185	10,757	10,438	2.5%	(3.0%)	11,092	6.3%
Sales (JPY1M)	First half of the year	3,074	3,198	3,198	4.0%	0.0%	3,292	2.9%
	Second half of the year	3,380	3,600	3,402	0.6%	(5.5%)	3,645	7.2%
	Full year	6,454	6,799	6,600	2.3%	(2.9%)	6,938	5.1%
GOP (JPY1M)	First half of the year	1,380	1,448	1,448	4.9%	0.0%	1,455	0.5%
	Second half of the year	1,623	1,750	1,601	(1.4%)	(8.5%)	1,727	7.9%
	Full year	3,004	3,198	3,049	1.5%	(4.7%)	3,182	4.4%

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(5) The Four *the b* Hotels

		Fiscal year ended December 2017	Fiscal year ended December 2018				Fiscal year ending December 2019	
		Actual	Previous forecast (first half: actual)	Forecast this time (first half: actual)	Comparison with previous period	Comparison with the previous forecast	Forecast	Comparison with previous period
Occupancy Rate	First half of the year	89.4%	90.5%	90.5%	1.1pt	0.0pt	86.5%	(4.0pt)
	Second half of the year	91.9%	91.6%	86.8%	(5.1pt)	(4.8pt)	86.7%	(0.1pt)
	Full year	90.7%	91.1%	88.6%	(2.0pt)	(2.4pt)	86.6%	(2.0pt)
ADR	First half of the year	8,986	9,009	9,009	0.2%	0.0%	9,711	7.8%
	Second half of the year	9,021	9,125	9,467	5.0%	3.7%	9,984	5.5%
	Full year	9,004	9,068	9,235	2.6%	1.8%	9,849	6.6%
RevPAR	First half of the year	8,033	8,152	8,152	1.5%	0.0%	8,399	3.0%
	Second half of the year	8,289	8,360	8,217	(0.9%)	(1.7%)	8,660	5.4%
	Full year	8,162	8,257	8,185	0.3%	(0.9%)	8,531	4.2%
Sales (JPY1M)	First half of the year	989	1,006	1,006	1.8%	0.0%	1,061	5.5%
	Second half of the year	1,036	1,045	1,020	(1.5%)	(2.4%)	1,110	8.8%
	Full year	2,025	2,051	2,026	0.1%	(1.2%)	2,171	7.1%
GOP (JPY1M)	First half of the year	454	457	457	0.7%	0.0%	454	(0.8%)
	Second half of the year	497	478	470	(5.4%)	(1.7%)	487	3.6%
	Full year	951	935	927	(2.5%)	(0.9%)	940	1.4%

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<2> Hotel Sales (by hotel)

The Eleven HMJ Hotels

(Unit: millions of yen)

Sales of the Eleven HMJ Hotels		Fiscal year ended December 2017		Fiscal year ended December 2018				Fiscal year ending December 2019	
		Actual	Comparison with previous period	Previous forecast	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast	Comparison with previous period
Kobe Meriken Park Oriental Hotel	First half of the year	2,431	(1.4%)	2,556	2,556	5.1%	0.0%	2,542	(0.5%)
	Second half of the year	2,950	1.9%	2,906	2,861	(3.0%)	(1.6%)	2,936	2.6%
	Full year	5,381	0.4%	5,462	5,416	0.7%	(0.8%)	5,478	1.1%
Oriental Hotel tokyo bay	First half of the year	3,319	(3.9%)	3,263	3,263	(1.7%)	0.0%	3,349	2.7%
	Second half of the year	3,518	(7.8%)	3,578	3,571	1.5%	(0.2%)	3,495	(2.1%)
	Full year	6,838	(6.0%)	6,840	6,833	(0.1%)	(0.1%)	6,845	0.2%
Namba Oriental Hotel	First half of the year	1,394	0.6%	1,418	1,418	1.7%	0.0%	1,429	0.8%
	Second half of the year	1,492	0.1%	1,544	1,480	(0.8%)	(4.1%)	1,498	1.2%
	Full year	2,887	0.3%	2,962	2,898	0.4%	(2.1%)	2,928	1.0%
Hotel Nikko Alivila	First half of the year	2,568	6.1%	2,569	2,569	0.1%	0.0%	2,793	8.7%
	Second half of the year	3,821	2.3%	3,994	3,875	1.4%	(3.0%)	4,097	5.7%
	Full year	6,389	3.8%	6,563	6,445	0.9%	(1.8%)	6,890	6.9%
Oriental Hotel Hiroshima	First half of the year	993	(3.0%)	879	879	(11.5%)	0.0%	942	7.1%
	Second half of the year	1,159	(4.7%)	1,065	1,029	(11.3%)	(3.4%)	1,088	5.7%
	Full year	2,153	(3.9%)	1,944	1,908	(11.4%)	(1.9%)	2,030	6.4%
Total of the Five HMJ Hotels	First half of the year	10,706	(0.4%)	10,685	10,685	(0.2%)	0.0%	11,056	3.5%
	Second half of the year	12,941	(1.6%)	13,086	12,816	(1.0%)	(2.1%)	13,114	2.3%
	Full year	23,647	(1.1%)	23,771	23,501	(0.6%)	(1.1%)	24,170	2.8%
Okinawa Marriott Resort & Spa	First half of the year	1,692	5.3%	1,663	1,663	(1.7%)	0.0%	1,756	5.6%
	Second half of the year	2,459	5.7%	2,468	2,355	(4.2%)	(4.6%)	2,550	8.3%
	Full year	4,151	5.6%	4,131	4,017	(3.2%)	(2.7%)	4,305	7.2%
ACTIVE-INTER CITY HIROSHIMA	First half of the year	1,601	17.0%	1,610	1,610	0.5%	0.0%	1,650	2.5%
	Second half of the year	1,747	7.4%	1,778	1,743	(0.2%)	(2.0%)	1,782	2.2%
	Full year	3,348	11.8%	3,388	3,353	0.1%	(1.0%)	3,431	2.3%
Holiday Inn Osaka Namba	First half of the year	1,011	(8.4%)	1,014	1,014	0.2%	0.0%	1,010	(0.3%)
	Second half of the year	1,063	(3.6%)	1,068	987	(7.1%)	(7.6%)	1,083	9.7%
	Full year	2,074	(6.0%)	2,082	2,001	(3.5%)	(3.9%)	2,093	4.6%
Hilton Tokyo Narita Airport	First half of the year	1,542	8.6%	1,625	1,625	5.4%	0.0%	1,640	0.9%
	Second half of the year	1,696	8.3%	1,671	1,642	(3.2%)	(1.7%)	1,745	6.3%
	Full year	3,238	8.4%	3,296	3,267	0.9%	(0.9%)	3,385	3.6%
International Garden Hotel Narita	First half of the year	705	(4.1%)	762	762	8.2%	0.0%	787	3.2%
	Second half of the year	733	2.1%	751	764	4.2%	1.7%	797	4.3%
	Full year	1,438	(1.0%)	1,513	1,527	6.2%	0.9%	1,584	3.8%
Hotel Nikko Nara	First half of the year	1,458	(1.7%)	1,395	1,395	(4.3%)	0.0%	1,433	2.7%
	Second half of the year	1,512	(0.6%)	1,517	1,499	(0.8%)	(1.2%)	1,504	0.3%
	Full year	2,970	(1.1%)	2,913	2,895	(2.5%)	(0.6%)	2,937	1.5%
Total of the Eleven HMJ Hotels	First half of the year	18,715	1.3%	18,754	18,754	0.2%	0.0%	19,331	3.1%
	Second half of the year	22,151	0.6%	22,340	21,805	(1.6%)	(2.4%)	22,575	3.5%
	Full year	40,865	0.9%	41,094	40,560	(0.7%)	(1.3%)	41,906	3.3%

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The Two New HMJ Hotels (Assets for Anticipated Acquisition)

(Unit: millions of yen)

Sales of the Two New HMJ Hotels		Fiscal year ended December 2017		Fiscal year ended December 2018				Fiscal year ending December 2019	
		Actual	Comparison with previous period	Previous forecast	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast	Comparison with previous period
Hotel Oriental Express Shinsaibashi	First half of the year	-	-	-	-	-	-	224	-
	Second half of the year	-	-	-	-	-	-	226	-
	Full year	-	-	-	-	-	-	450	-
Hilton Tokyo Odaiba	First half of the year	4,193	0.1%	-	4,591	9.5%	-	4,591	0.0%
	Second half of the year	4,668	4.2%	-	5,081	8.8%	-	5,081	0.0%
	Full year	8,861	2.2%	-	9,672	9.1%	-	9,672	0.0%

The Six Accor Hotels

(Unit: millions of yen)

Sales of the Six Accor Hotels		Fiscal year ended December 2017		Fiscal year ended December 2018				Fiscal year ending December 2019	
		Actual	Comparison with previous period	Previous forecast	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast	Comparison with previous period
ibis Tokyo Shinjuku	First half of the year	365	(10.1%)	464	464	27.1%	0.0%	477	2.8%
	Second half of the year	408	(4.1%)	483	492	20.5%	1.9%	530	7.8%
	Full year	773	(7.1%)	947	956	23.6%	1.0%	1,007	5.4%
ibis Styles Kyoto Station	First half of the year	482	3.7%	451	451	(6.2%)	0.0%	447	(0.9%)
	Second half of the year	496	(3.4%)	504	474	(4.5%)	(5.9%)	491	3.7%
	Full year	977	0.0%	955	925	(5.3%)	(3.1%)	939	1.4%
ibis Styles Sapporo	First half of the year	548	11.9%	553	553	1.0%	0.0%	561	1.4%
	Second half of the year	671	6.1%	704	619	(7.7%)	(12.0%)	703	13.5%
	Full year	1,219	8.6%	1,257	1,172	(3.8%)	(6.7%)	1,264	7.8%
Mercure Sapporo	First half of the year	596	9.3%	636	636	6.7%	0.0%	661	3.9%
	Second half of the year	755	6.6%	800	736	(2.5%)	(8.0%)	817	11.1%
	Full year	1,351	7.8%	1,436	1,372	1.5%	(4.5%)	1,479	7.8%
Mercure Okinawa Naha	First half of the year	532	8.7%	524	524	(1.5%)	0.0%	551	5.2%
	Second half of the year	564	0.8%	580	569	0.8%	(1.9%)	578	1.5%
	Full year	1,096	4.5%	1,104	1,093	(0.3%)	(1.0%)	1,129	3.3%
Mercure Yokosuka	First half of the year	551	(3.2%)	570	570	3.4%	0.0%	594	4.3%
	Second half of the year	486	(3.1%)	530	512	5.4%	(3.4%)	526	2.8%
	Full year	1,037	(3.2%)	1,100	1,082	4.3%	(1.6%)	1,121	3.6%
Total of the Six Accor Hotels	First half of the year	3,074	3.7%	3,198	3,198	4.0%	0.0%	3,292	2.9%
	Second half of the year	3,380	1.2%	3,600	3,402	0.6%	(5.5%)	3,645	7.2%
	Full year	6,454	2.4%	6,799	6,600	2.3%	(2.9%)	6,938	5.1%

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The Four *the b* Hotels

(Unit: millions of yen)

Sales of the Four <i>the b</i> Hotels		Fiscal year ended December 2017		Fiscal year ended December 2018				Fiscal year ending December 2019	
		Actual	Comparison with previous period	Previous forecast	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast	Comparison with previous period
the b suidobashi	First half of the year	173	(2.1%)	174	174	0.3%	0.0%	181	4.1%
	Second half of the year	177	1.9%	178	178	0.2%	(0.1%)	190	6.8%
	Full year	351	(0.2%)	352	352	0.2%	(0.0%)	371	5.5%
the b ikebukuro	First half of the year	306	(5.3%)	301	301	(1.5%)	0.0%	332	10.3%
	Second half of the year	311	(0.4%)	314	313	0.5%	(0.5%)	349	11.6%
	Full year	617	(2.9%)	615	614	(0.5%)	(0.3%)	681	11.0%
the b hachioji	First half of the year	266	(8.5%)	281	281	5.5%	0.0%	283	0.7%
	Second half of the year	282	3.2%	283	271	(4.0%)	(4.3%)	287	5.9%
	Full year	548	(2.8%)	564	551	0.6%	(2.2%)	569	3.3%
the b hakata	First half of the year	244	5.9%	250	250	2.8%	0.0%	265	6.0%
	Second half of the year	266	6.9%	270	259	(2.5%)	(4.1%)	284	9.8%
	Full year	509	6.4%	521	509	0.0%	(2.2%)	550	7.9%
Total of he Four <i>the b</i> Hotels	First half of the year	989	(3.1%)	1,006	1,006	1.8%	0.0%	1,061	5.5%
	Second half of the year	1,036	2.8%	1,045	1,020	(1.5%)	(2.4%)	1,110	8.8%
	Full year	2,025	(0.2%)	2,051	2,026	0.1%	(1.2%)	2,171	7.1%

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<Reference Information 5> ADR Sensitivity Analysis for the fiscal year ending December 2019 (20th Period)

For the 31 properties with variable rent or management contracts, including the Assets for Anticipated Acquisition, the sensitivity of estimated NOI and dividend per unit to increases and decreases in the ADR are as follows.

Assumed ADR increase/decrease (%)	(30.0%)	(20.0%)	(10.0%)	±0%	10.0%	20.0%	30.0%
NOI(JPY M)	(5,645)	(3,856)	(1,975)	0	2,118	4,237	6,355
increase/decrease (%)	(23.0%)	(15.7%)	(8.1%)	0.0%	8.6%	17.3%	25.9%
Dividend per unit (JPY)	(1,168)	(790)	(403)	0	434	869	1,304
increase/decrease (%)	(31.7%)	(21.4%)	(11.0%)	0.0%	11.8%	23.6%	35.4%

- (*) Change in hotel sales and hotel GOP caused by change in ADR is assumed based on historical results etc. of hotels owned by JHR. NOI and dividend per unit are calculated based on calculation of the variable rent and income from management contracts based on assumed hotel sales and hotel GOP of JHR above. Actual dividend per unit may differ materially due to various factors such as increase of various cost, etc.

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