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REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)

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Notice Concerning Revision of Operating Forecast and Forecast of Dividend  
for the Fiscal Year Ended December 2017 (18th Period), and

Operating Forecast and Forecast of Dividend for the Fiscal Year Ending December 2018 (19th 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 year of the fiscal year ended December 2017 (January 1, 2017 through December 31, 2017), which was announced in the “Midterm Financial Report for the Fiscal Year Ending December 31, 2017” dated August 22, 2017, and newly informs you of the operating forecast and forecast of dividend for the fiscal year ending December 2018 (January 1, 2018 through December 31, 2018) as follows:

1. Revision of the operating forecast and forecast of dividend for the full year of the fiscal year ended December 2017 (January 1, 2017 through December 31, 2017)

	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 25,573	JPY1M 15,523	JPY1M 13,693	JPY1M 13,692	JPY 3,590	JPY 0
Revised forecast (B)	JPY1M 25,482	JPY1M 15,754	JPY1M 13,996	JPY1M 13,994	JPY 3,680	JPY 0
Variance (C)= (B) – (A)	JPY1M (91)	JPY1M 230	JPY1M 302	JPY1M 302	JPY 90	JPY 0
Variance (D)= (C)/(A)	% (0.4)	% 1.5	% 2.2	% 2.2	% 2.5	% 0.0

(Reference) Forecast of net income per unit for the full year: ¥3,603  
(Calculated based on the average number of investment units during the period (3,883,679 units))

- (\*1) Dividend per unit is calculated based on the number of investment units issued as of today: 4,010,847 units.
- (\*2) Reserve for temporary difference adjustment in the amount of ¥768 million is planned to be allocated as a part of dividend payment.
- (\*3) Amounts are rounded down to the nearest millions of yen, and percentage figures are rounded off to one decimal place.

Note: This document is intended to serve as a press release to make available the information on the revision of the operating forecast and forecast of dividend for the fiscal year ended December 2017 (18th period), and on the notice of operating forecast and forecast of dividend for the fiscal year ending December 2018 (19th period) of JHR. This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to make any investment decisions at their own risk and responsibility.

2. Operating forecast and forecast of dividend for the fiscal year ending 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
Fiscal year ending December 2018 Midterm	JPY1M 12,177	JPY1M 7,098	JPY1M 6,242	JPY1M 6,242	JPY —	JPY —
Fiscal year ending December 2018 Full year	JPY1M 26,567	JPY1M 16,094	JPY1M 14,295	JPY1M 14,294	JPY 3,705	JPY 0

(Reference) Forecast of net income per unit for the full year: ¥3,564  
(Calculated based on the forecast of 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) Reserve for temporary difference adjustment in the amount of ¥565 million is planned to be allocated as a part of dividend payment.
- (\*3) For the assumptions of the operating forecast above, please see “<Reference Information> Assumptions of the operating forecast for the full year of the fiscal year ending December 2018 (19th period)” below.
- (\*4) Amounts are rounded down to the nearest millions of yen, and percentage figures are rounded off to one decimal place.

3. Rationale for the revisions of the operating forecast for the full year of the fiscal year ended December 2017 (January 1, 2017 through December 31, 2017)

Although the variable rent of the six *the b* hotels (\*1) is expected to increase compared with the previous forecast, the variable rent of the twelve HMJ hotels (\*2) and the six Accor hotels (\*3) are assumed to be lower than the previous forecast. As a result, JHR expects operating revenue to decrease by ¥91 million compared with the previous forecast.

On the other hand, as a result of reviewing expenses, JHR forecasts a decrease in operating expenses such as various expenses related to properties and depreciation, etc. by ¥321 million and a decrease in non-operating expenses, etc. by ¥71 million. Consequently, JHR expects an increase in dividend per unit by ¥90 compared with the previous forecast.

For hotel sales and hotel GOP (\*4) for the twelve HMJ hotels, the six Accor hotels, and the six *the b* hotels, please refer to <Reference Materials 1> <1> Sales and GOP of the Twelve HMJ Hotels, <2> Sales and GOP of the Six Accor Hotels, and <3> Sales and GOP of the Six *the b* Hotels below.

- (\*1) The six *the b* hotels are the b suidobashi, the b akasaka-mitsuke, the b ikebukuro, the b ochanomizu, the b hachioji and the b hakata. The same shall apply hereafter.
- (\*2) The five HMJ hotels are Kobe Meriken Park Oriental Hotel, Oriental Hotel tokyo bay, Namba Oriental Hotel, Hotel Nikko Alivila, and Oriental Hotel Hiroshima. The nine 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, Hotel Centraza Hakata and Holiday Inn Osaka Namba. The twelve HMJ hotels are the nine HMJ hotels plus Hilton Tokyo Narita Airport, International Garden Hotel Narita, and Hotel Nikko Nara. HMJ is the abbreviation for Hotel Management Co., Ltd. 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 the operating forecast and forecast of dividend for the fiscal year ended December 2017 (18th period), and on the notice of operating forecast and forecast of dividend for the fiscal year ending December 2018 (19th period) of JHR. This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to make any investment decisions at their own risk and responsibility.

- (\*)3 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 hereafter.
- (\*)4 GOP is Gross Operating Profit, which is the remaining amount calculated by deducting expenses incurred from hotel operation, such as personnel cost and general and administrative expenses, from hotel sales. The same shall apply hereafter.

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

Comparison between the operating forecast for the fiscal year ending December 2018 (19th Period) and the operating forecast for the full year of the fiscal year ended December 2017 (18th Period), and major factors causing the variance forecast are as follows.

(millions of yen)

		18th Period		19th Period	Comparison with the Previous Forecast				
		Previous Forecast	Forecast This Time	Forecast (*2)	Comparison with the Previous Forecast (B)-(A)	Variance Ratio	Three Properties acquired for the 18th period (*3)	Existing Properties	Main Factors Causing the Variance
		(*1)	(A)	(B)					
Properties	No. of properties	44	44	44	-	-			
	Acquisition price	319,474	319,474	319,474	-	-			
Profit and Loss	Operating revenue	25,573	25,482	26,567	1,085	4.3%	1,117	(31)	
	Real estate operating revenue	25,573	25,482	26,567	1,085	4.3%	1,117	(31)	
	Fixed rent	Composition	Composition	Composition					
		55.7% 14,240	55.8% 14,212	56.0% 14,878	665	4.7%	663	2	
	Variable rent								①The eight HMJ hotels (*5) -- increase in variable rent: JPY217M ②Decrease in variable rent due to renovation of Hotel Centraza Hakata : JPY(328)M ③The six Accor hotels -- increase in income from management contracts, etc.: JPY166M ④The six the b hotels -- decrease in variable rent: JPY(30)M ⑤Decrease in revenue sharing, etc.: JPY(59)M
		44.3% 11,332	44.2% 11,270	44.0% 11,689	419	3.7%	453	(34)	
	NOI (*4)	21,349	21,418	22,186	768	3.6%	969	(201)	
	NOI yield	6.7%	6.7%	6.9%	0.2%				
	NOI after depreciation (*4)	17,461	17,563	18,062	498	2.8%	731	(232)	
	NOI yield after depreciation	5.5%	5.5%	5.7%	0.2%				
	Operating income	15,523	15,754	16,094	340	2.2%			
Ordinary income	13,693	13,996	14,295	299	2.1%				
Net income	13,692	13,994	14,294	299	2.1%				
Dividend	Use of negative goodwill	706	768	565	(202)	(26.4)%	Use of negative goodwill (*6) 18th period: 50 year amortization JPY262M, loss on retirement of noncurrent asset, JPY131M and correspondence to dilution JPY374M. 19th period: 50 year amortization JPY262M, loss on retirement of noncurrent asset JPY38M and correspondence to major renovation work JPY265M.		
	Total dividends	14,398	14,759	14,860	100	0.7%			
	No. of units issued	4,010,847	4,010,847	4,010,847	-	-			
	Dividend per unit (JPY)	3,590	3,680	3,705	25	0.7%			

- (\*)1 Operating forecast for the fiscal year ended December 2017 (18th period) announced in “Midterm Financial Report for the Fiscal Year Ending December 31, 2017” dated August 22, 2017.
- (\*)2 For the assumptions of the forecast for the fiscal year ending December 2018 (19th Period), please see “<Reference Information> Assumptions of the operating forecast for the full year of the fiscal year ending December 2018 (19th Period).”
- (\*)3 Three properties, which are Hilton Tokyo Narita Airport, International Garden Hotel Narita, and Hotel Nikko Nara, purchased in the fiscal year ended December 2017 (18th Period).
- (\*)4 Each is calculated using the following formula. The same shall apply hereafter.

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 ÷ acquisition price

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

NOI yield after depreciation = NOI after depreciation ÷ acquisition price

- (\*5) The eight HMJ hotels are the eight hotels that exclude Hotel Centraza Hakata from the nine HMJ hotels.
- (\*6) For detail of amount for use of negative goodwill in the fiscal year ending December 2018 (19th Period), please see“<Reference Information> Assumptions of the operating forecast for the full year of the fiscal year ending December 2018 (19th period)” below.

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

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

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<Reference Information>

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

Item	Assumptions							
Calculation period	• Full year of the fiscal year ending December 2018 (19th Period): January 1, 2018 through December 31, 2018 (365 days)							
Assets under management	• The 44 properties owned by JHR as of today are assumed, and it is also assumed that there will be no change in assets (acquisitions or dispositions, etc.) through the end of the fiscal year ending December 2018 (19th period). However, the actual results may fluctuate depending on the changes in assets under management that may take place.							
Operating revenue	• Operating revenue is calculated based on leases and other contracts effective as of today and in consideration of competitiveness of hotels, market environment and other factors. If there are lease contracts with regards to facilities other than hotels, such as retail facilities and offices, etc., operating revenue calculated based 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 amount of rent= Fixed rent + Variable rent							
	Variable rent = [Total GOP of the hotels – GOP base amount] × Variable rent ratio (%)							
	The fiscal year ending December 2018 (19th period)							
	(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	3,142	1,675	85.0%	1,247	1,610	2,857
		Full year	8,078	3,351		4,018	3,221	7,239
	Okinawa Marriott Resort & Spa	Midterm	439	350	90.0%	80	274	355
		Full year	1,471	700		694	550	1,244
	Sheraton Grand Hiroshima Hotel (*1)	Midterm	428	234	82.5%	160	174	334
		Full year	948	468		396	348	744
	Hotel Centraza Hakata (*2)	Midterm	448	212	90.0%	145	199	345
		Full year	586	425		145	400	545
	Holiday Inn Osaka Namba	Midterm	607	325	92.5%	261	288	549
		Full year	1,269	650		572	576	1,148
	Hilton Tokyo Narita Airport	Midterm	429	275	86.5%	133	222	355
		Full year	921	550		321	444	765
	International Garden Hotel Narita	Midterm	266	180	98.0%	84	168	252
		Full year	552	360		188	336	524
	Hotel Nikko Nara	Midterm	416	235	91.5%	165	210	375
		Full year	864	470		361	420	781
	Total	Midterm	6,178	-	-	2,278	3,147	5,426
		Full year	14,693	-		6,698	6,295	12,993
(*1) 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 2017 (18th period) is expected to be ¥212 million for the midterm and ¥446 million for the full year. These figures include variable rent pursuant to a revenue-linked rent agreement with some retail tenants (¥6 million for the midterm and ¥13 million for the full year).								
(*2) Due to the impact of the major renovation work scheduled in the 2nd half of the fiscal year ending December 2018, the variable rent for the full year as a maximum amount is recognized as the estimated variable rent for the midterm.								

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	<p>(*3) Please refer to “&lt;Reference Materials 1&gt; &lt;1&gt; Sales and GOP of the Twelve HMJ Hotels” below for the comparison of sales and GOP, etc. of the twelve HMJ hotels.</p> <p>(2) The Six Accor Hotels</p> <p>Income from management contracts and variable rent of the six Accor hotels</p> <p style="text-align: right;">(Unit: millions of yen)</p> <table><tr><th></th><th>ibis Tokyo Shinjuku</th><th>ibis Styles Kyoto Station</th><th>ibis Styles Sapporo</th><th>Mercure Sapporo</th><th>Mercure Okinawa Naha</th><th>Mercure Yokosuka</th><th>Total</th></tr><tr><td>Midterm</td><td>240</td><td>249</td><td>280</td><td>268</td><td>238</td><td>138</td><td>1,415</td></tr><tr><td>Full year</td><td>482</td><td>527</td><td>668</td><td>667</td><td>488</td><td>262</td><td>3,096</td></tr></table> <p>(*1) Please refer to “&lt;Reference Materials 1&gt; &lt;2&gt; Sales and GOP of the Six Accor Hotels” below for the comparison of sales and GOP, etc. of the six Accor hotels.</p> <p>(*2) 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.</p> <p>(*3) Mercure Sapporo includes variable rent which is linked to the sales of tenant(s) other than the hotel.</p> <p>(3) The Six <i>the b</i> Hotels</p> <p>The fiscal year ended December 2017 (18th Period)</p> <p style="text-align: right;">(Unit: millions of yen)</p> <table><tr><th></th><th></th><th>Variable Rent</th><th>Fixed Rent</th><th>Total Rent</th></tr><tr><td rowspan="2">the b suidobashi</td><td>Midterm</td><td>12</td><td>42</td><td>54</td></tr><tr><td>Full year</td><td>27</td><td>84</td><td>112</td></tr><tr><td rowspan="2">the b akasaka-mitsuke</td><td>Midterm</td><td>49</td><td>68</td><td>118</td></tr><tr><td>Full year</td><td>99</td><td>136</td><td>236</td></tr><tr><td rowspan="2">the b ikebukuro</td><td>Midterm</td><td>65</td><td>109</td><td>175</td></tr><tr><td>Full year</td><td>137</td><td>219</td><td>357</td></tr><tr><td rowspan="2">the b ochanomizu</td><td>Midterm</td><td>16</td><td>34</td><td>51</td></tr><tr><td>Full year</td><td>36</td><td>69</td><td>105</td></tr><tr><td rowspan="2">the b hachioji</td><td>Midterm</td><td>30</td><td>61</td><td>92</td></tr><tr><td>Full year</td><td>63</td><td>122</td><td>185</td></tr><tr><td rowspan="2">the b hakata</td><td>Midterm</td><td>74</td><td>44</td><td>119</td></tr><tr><td>Full year</td><td>160</td><td>89</td><td>249</td></tr><tr><td rowspan="2">Total</td><td>Midterm</td><td>250</td><td>361</td><td>611</td></tr><tr><td>Full year</td><td>524</td><td>722</td><td>1,246</td></tr></table> <p>(*1) Fixed rent includes rent from non-hotel tenant(s).</p> <p>(*2) Please refer to “&lt;Reference Materials 1&gt; &lt;3&gt; Sales and GOP of the Six <i>the b</i> Hotels” below for the comparison of sales and GOP, etc. of the six <i>the b</i> hotels.</p>								ibis Tokyo Shinjuku	ibis Styles Kyoto Station	ibis Styles Sapporo	Mercure Sapporo	Mercure Okinawa Naha	Mercure Yokosuka	Total	Midterm	240	249	280	268	238	138	1,415	Full year	482	527	668	667	488	262	3,096			Variable Rent	Fixed Rent	Total Rent	the b suidobashi	Midterm	12	42	54	Full year	27	84	112	the b akasaka-mitsuke	Midterm	49	68	118	Full year	99	136	236	the b ikebukuro	Midterm	65	109	175	Full year	137	219	357	the b ochanomizu	Midterm	16	34	51	Full year	36	69	105	the b hachioji	Midterm	30	61	92	Full year	63	122	185	the b hakata	Midterm	74	44	119	Full year	160	89	249	Total	Midterm	250	361	611	Full year	524	722	1,246
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Operating  
revenue

Note:

Item	Assumptions
Operating revenue	<ul style="list-style-type: none"><li>• The following is the breakdown of variable rent and income from management contracts (*1).     &lt;Breakdown of variable rent for the fiscal year ending December 2018 (19th period)&gt;   </li></ul>

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Item	Assumptions																
Interest-bearing debt	<ul style="list-style-type: none"> <li>The balance of interest-bearing debt (sum of loans and investment corporation bonds) was ¥140,399 million as of December 31, 2017, and it is assumed that the balance of interest-bearing debt will be ¥140,374 million as of December 31, 2018.</li> <li>It is assumed that ¥17,997 million loans, which are due in the fiscal year ending December 2018 (19th period), will be refinanced.</li> <li>It is assumed that the contractual repayment in the fiscal year ending December 2018 (19th period) in the amount of ¥25 million will be paid by cash on hand.</li> </ul>																
Issuance of investment units	<ul style="list-style-type: none"> <li>The number of investment units issued as of today (4,010,847 units) is assumed.</li> <li>It is assumed that there will be no additional issuance of investment units through to the end of the fiscal year ending December 2018 (19th period).</li> </ul>																
Dividend per unit	<ul style="list-style-type: none"> <li>Dividend per unit for the fiscal year ending December 2018 (19th period) is calculated based on the following assumptions.</li> </ul> <table> <tr> <td>Net income</td><td>¥14,294 million</td></tr> <tr> <td>Use of reserve for temporary difference adjustment (negative goodwill)</td><td></td></tr> <tr> <td>    Negative goodwill – 50-year amortization amount (*1)</td><td>¥262 million</td></tr> <tr> <td>    Loss on retirement of noncurrent assets (*2)</td><td>¥38 million</td></tr> <tr> <td>    Correspondence to major renovation (*3)</td><td>¥265 million</td></tr> <tr> <td>Distributable amount</td><td>¥14,860 million</td></tr> <tr> <td>Total number of investment units issued</td><td>4,010,847 units</td></tr> <tr> <td>Dividend per unit</td><td>¥3,705</td></tr> </table> <p>(*1) ¥262 million (hereinafter called “50-year amortization amount of negative goodwill”) is 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).</p> <p>(*2) The 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.</p> <p>(*3) Major renovation (hereinafter the “Renovation”) is planned to be implemented at Hotel Centraza and the Renovation will suspend the hotel operation from October 2018 to the end of March 2019. Taking into consideration the effect of the Renovation on dividend, ¥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 ending December 2018 (19th period), will be appropriated by reserve for temporary difference adjustment (negative goodwill). In case the period of the Renovation is changed, the amount to be reversed from reserve for temporary difference adjustment may be reviewed.</p> <ul style="list-style-type: none"> <li>Dividend per unit may fluctuate due to various causes, such as fluctuation of rent revenue resulting from change in assets under management, change of tenants, etc. at hotels, change in the business environment for hotel business of tenants, etc., unexpected repairs, and actual number of new units issued, etc.</li> <li>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 2018 (19th period) is expected to be ¥11,793 million.</li> </ul>	Net income	¥14,294 million	Use of reserve for temporary difference adjustment (negative goodwill)		Negative goodwill – 50-year amortization amount (*1)	¥262 million	Loss on retirement of noncurrent assets (*2)	¥38 million	Correspondence to major renovation (*3)	¥265 million	Distributable amount	¥14,860 million	Total number of investment units issued	4,010,847 units	Dividend per unit	¥3,705
Net income	¥14,294 million																
Use of reserve for temporary difference adjustment (negative goodwill)																	
Negative goodwill – 50-year amortization amount (*1)	¥262 million																
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Total number of investment units issued	4,010,847 units																
Dividend per unit	¥3,705																

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

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<Reference Materials 1>

Of the hotels that have adopted variable rent, the following presents sales and GOP of the twelve HMJ hotels, the six Accor hotels and the six *the b* hotels. The numerical figures are based on figures obtained from hotel lessees, etc. Please note that these numbers have not been audited or gone through other procedures. No guarantee is made as to the accuracy or completeness of the numbers and information. Sales and GOP are rounded off to the nearest millions of yen. Comparison with the previous period is rounded off to one decimal place.

<1> Sales and GOP of the Twelve HMJ Hotels

(1) Hotel sales (by hotel)

(Unit: millions of yen)

Sales of the Twelve HMJ Hotels		FY 2016 (Fiscal year ended December 2016)		FY 2017 (Fiscal year ended December 2017)			FY 2018 (Fiscal year ending December 2018)	
		Actual	Comparison with the previous period	Forecast this time First half: actual Second half: forecast	Comparison with the previous forecast	Comparison with the previous period	Forecast this time	Comparison with the previous period
Kobe Meriken Park Oriental Hotel	First half of the year	2,465	1.7%	2,431	0.0%	(1.4)%	2,510	3.3%
	Second half of the year	2,896	2.4%	2,919	1.7%	0.8%	2,861	(2.0)%
	Full year	5,361	2.1%	5,350	0.9%	(0.2)%	5,371	0.4%
Oriental Hotel tokyo bay	First half of the year	3,454	1.7%	3,319	0.0%	(3.9)%	3,276	(1.3)%
	Second half of the year	3,817	(2.8)%	3,521	(3.4)%	(7.8)%	3,611	2.6%
	Full year	7,271	(0.7)%	6,840	(1.8)%	(5.9)%	6,887	0.7%
Namba Oriental Hotel	First half of the year	1,386	16.6%	1,394	0.0%	0.6%	1,421	1.9%
	Second half of the year	1,491	11.1%	1,487	1.1%	(0.2)%	1,531	2.9%
	Full year	2,877	13.7%	2,882	0.6%	0.1%	2,952	2.5%
Hotel Nikko Alivila	First half of the year	2,421	1.8%	2,568	0.0%	6.1%	2,682	4.4%
	Second half of the year	3,734	4.6%	3,817	0.1%	2.2%	4,011	5.1%
	Full year	6,155	3.5%	6,385	0.1%	3.7%	6,693	4.8%
Oriental Hotel Hiroshima	First half of the year	1,025	3.4%	993	0.0%	(3.0)%	966	(2.7)%
	Second half of the year	1,216	6.4%	1,154	(4.6)%	(5.1)%	1,206	4.5%
	Full year	2,240	5.0%	2,147	(2.5)%	(4.2)%	2,172	1.2%
Total of the Five HMJ Hotels	First half of the year	10,751	3.6%	10,706	0.0%	(0.4)%	10,856	1.4%
	Second half of the year	13,154	2.7%	12,898	(0.9)%	(1.9)%	13,220	2.5%
	Full year	23,905	3.1%	23,604	(0.5)%	(1.3)%	24,076	2.0%
Okinawa Marriott Resort & Spa	First half of the year	1,607	(0.4)%	1,692	0.0%	5.3%	1,759	3.9%
	Second half of the year	2,326	(3.2)%	2,471	2.8%	6.2%	2,537	2.7%
	Full year	3,933	(2.1)%	4,163	1.6%	5.9%	4,296	3.2%
Sheraton Grand Hiroshima Hotel	First half of the year	1,369	1.7%	1,601	0.0%	17.0%	1,536	(4.1)%
	Second half of the year	1,627	8.3%	1,729	12.6%	6.3%	1,721	(0.5)%
	Full year	2,996	5.2%	3,330	6.2%	11.2%	3,257	(2.2)%
Hotel Centraza Hakata	First half of the year	1,155	2.8%	1,266	0.0%	9.5%	1,195	(5.5)%
	Second half of the year	1,265	5.0%	1,197	2.4%	(5.4)%	641	(46.4)%
	Full year	2,421	3.9%	2,463	1.2%	1.7%	1,837	(25.4)%
Holiday Inn Osaka Namba	First half of the year	1,104	32.7%	1,011	0.0%	(8.4)%	1,025	1.3%
	Second half of the year	1,103	(2.7)%	1,060	(0.1)%	(3.8)%	1,090	2.8%
	Full year	2,206	12.3%	2,072	(0.0)%	(6.1)%	2,115	2.1%
Total of Nine HMJ Group Hotels	First half of the year	15,985	4.5%	16,276	0.0%	1.8%	16,370	0.6%
	Second half of the year	19,476	2.2%	19,356	0.9%	(0.6)%	19,210	(0.8)%
	Full year	35,461	3.3%	35,632	0.5%	0.5%	35,580	(0.1)%

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(Unit: millions of yen)

Sales of the Twelve HMJ Hotels		FY 2016 (Fiscal year ended December 2016)		FY 2017 (Fiscal year ended December 2017)			FY 2018 (Fiscal year ending December 2018)	
		Actual	Comparison with the previous period	Forecast this time First half: actual Second half: forecast	Comparison with the previous forecast	Actual	Comparison with the previous period	Forecast this time First half: actual Second half: forecast
Hilton Tokyo Narita Airport	First half of the year	1,420	(0.8)%	1,542	0.0%	8.6%	1,575	2.2%
	Second half of the year	1,566	2.8%	1,683	0.7%	7.4%	1,678	(0.3)%
	Full year	2,986	1.1%	3,224	0.4%	8.0%	3,253	0.9%
International Garden Hotel Narita	First half of the year	734	11.9%	705	0.0%	(4.1)%	692	(1.8)%
	Second half of the year	718	8.5%	727	(0.5)%	1.2%	728	0.2%
	Full year	1,453	10.2%	1,431	(0.3)%	(1.5)%	1,420	(0.8)%
Hotel Nikko Nara	First half of the year	1,483	(1.4)%	1,458	0.0%	(1.7)%	1,501	3.0%
	Second half of the year	1,521	(2.4)%	1,515	(0.0)%	(0.4)%	1,578	4.2%
	Full year	3,003	(1.9)%	2,973	(0.0)%	(1.0)%	3,079	3.6%
Total of the Twelve HMJ Hotels	First half of the year	19,622	3.9%	19,980	0.0%	1.8%	20,139	0.8%
	Second half of the year	23,281	2.1%	23,280	0.8%	(0.0)%	23,194	(0.4)%
	Full year	42,903	2.9%	43,260	0.4%	0.8%	43,333	0.2%

(Reference)

Total of the Eleven HMJ Hotels (*3)	First half of the year	18,467	4.0%	18,715	0.0%	1.3%	18,943	1.2%
	Second half of the year	22,015	2.0%	22,083	0.7%	0.3%	22,553	2.1%
	Full year	40,483	2.9%	40,797	0.4%	0.8%	41,496	1.7%

(\*1) Hotel Centraza Hakata and Holiday Inn Osaka Namba were acquired on April 1, 2016 and August 1, 2016, respectively. The figures for the fiscal year ended December 2016 are for the entire year including prior to the acquisition.

(\*2) For the properties acquired during the fiscal year ended December 2017 (Hilton Tokyo Narita Airport, International Garden Hotel Narita, and Hotel Nikko Nara), the figures for the fiscal year ended December 2016 and the fiscal year ended December 2017 are the numbers for the entire year including period prior to the acquisition.

(\*3) The figures are the total amount of the Eleven HMJ Hotels excluding Hotel Centraza Hakata in order to exclude the impact of the major renovation of Hotel Centraza Hakata which is planning to suspend the hotel operation from October 2018 to the end of March 2019.

## (2) Hotel GOP

(Unit: millions of yen)

GOP and Ratio of GOP of the Twelve HMJ Hotels (*1)		FY 2016 (Fiscal year ended December 2016)		FY 2017 (Fiscal year ended December 2017)			FY 2018 (Fiscal year ending December 2018)	
		Actual	Comparison with the previous period	Forecast this time First half: actual Second half: forecast	Comparison with the previous forecast	Actual	Comparison with the previous period	Forecast this time First half: actual Second half: forecast
Total of the Nine HMJ Hotels	GOP	12,010	10.1%	12,457	0.2%	3.7%	12,355	(0.8)%
	Ratio of GOP	33.9%	2.1%	35.0%	(0.1)%	1.1%	34.7%	(0.2)%
Total of the Twelve HMJ Hotels	GOP	14,124	10.4%	14,701	0.0%	4.1%	14,693	(0.1)%
	Ratio of GOP	32.9%	2.2%	34.0%	(0.1)%	1.1%	33.9%	(0.1)%

(Reference)

Total of the Eleven HMJ Hotels	GOP	13,299	10.1%	13,750	(0.3)%	3.4%	14,107	2.6%
	Ratio of GOP	32.9%	2.2%	33.7%	(0.2)%	0.9%	34.0%	0.3%

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- (\*1) Ratio of GOP refers to the ratio of GOP to sales. The same shall apply hereinafter.
- (\*2) Hotel Centraza Hakata and Holiday Inn Osaka Namba were acquired on April 1, 2016 and August 1, 2016, respectively. The figures for the fiscal year ended December 2016 are for the entire year including prior to the acquisition.
- (\*3) For the properties acquired during the fiscal year ended December 2017 (Hilton Tokyo Narita Airport, International Garden Hotel Narita, and Hotel Nikko Nara), the figures for the fiscal year ended December 2016 and the fiscal year ended December 2017 are numbers for the entire year including period prior to the acquisition..

Note:	This document is intended to serve as a press release to make available the information on the revision of the operating forecast and forecast of dividend for the fiscal year ended December 2017 (18th period), and on the notice of operating forecast and forecast of dividend for the fiscal year ending December 2018 (19th period) of JHR. This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to make any investment decisions at their own risk and responsibility.
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<2> Sales and GOP of the Six Accor Hotels

(1) Hotel sales (by hotel)

(Unit: millions of yen)

Sales of the Six Accor Hotels		FY 2016 (Fiscal year ended December 2016)		FY 2017 (Fiscal year ended December 2017)			FY 2018 (Fiscal year ending December 2018)	
		Actual	Comparison with the previous period	Forecast this time First half: actual Second half: forecast	Comparison with the previous forecast	Comparison with the previous period	Forecast this time	Comparison with the previous period
ibis Tokyo Shinjuku	First half of the year	406	(10.3)%	365	0.0%	(10.1)%	479	31.2%
	Second half of the year	426	1.3%	408	(6.9)%	(4.3)%	486	19.1%
	Full year	832	(4.7)%	773	(3.8)%	(7.1)%	965	24.8%
ibis Styles Kyoto Station	First half of the year	464	30.0%	482	0.0%	3.7%	460	(4.4)%
	Second half of the year	513	12.3%	502	(4.7)%	(2.1)%	496	(1.2)%
	Full year	977	20.1%	984	(2.5)%	0.7%	957	(2.8)%
ibis Styles Sapporo	First half of the year	490	14.3%	548	0.0%	11.9%	576	5.0%
	Second half of the year	633	7.1%	667	(0.6)%	5.5%	703	5.3%
	Full year	1,122	10.1%	1,215	(0.4)%	8.3%	1,278	5.2%
Mercure Sapporo	First half of the year	546	9.3%	596	0.0%	9.3%	623	4.4%
	Second half of the year	708	5.3%	753	0.5%	6.4%	789	4.8%
	Full year	1,254	7.0%	1,350	0.3%	7.6%	1,412	4.6%
Mercure Okinawa Naha	First half of the year	489	20.2%	532	0.0%	8.7%	553	4.0%
	Second half of the year	560	8.6%	563	(3.1)%	0.6%	575	2.1%
	Full year	1,049	13.7%	1,095	(1.6)%	4.4%	1,128	3.0%
Mercure Yokosuka	First half of the year	569	3.5%	551	0.0%	(3.2)%	549	(0.4)%
	Second half of the year	502	(2.0)%	487	(7.1)%	(2.9)%	535	9.9%
	Full year	1,071	0.8%	1,038	(3.5)%	(3.1)%	1,084	4.4%
Total of the Six Accor Hotels	First half of the year	2,965	10.0%	3,074	0.0%	3.7%	3,240	5.4%
	Second half of the year	3,341	5.5%	3,381	(3.2)%	1.2%	3,584	6.0%
	Full year	6,306	7.6%	6,455	(1.7)%	2.4%	6,824	5.7%

(\*) ibis Tokyo Shinjuku has implemented the renovation of the guest rooms with suspension of sales in a part of guest rooms for both the fiscal year ended December 2016 and the fiscal year ended December 2017.

(2) Hotel GOP

(Unit: millions of yen)

GOP and ratio of GOP of the Six Accor Hotels	FY 2016 (Fiscal year ended December 2016)		FY 2017 (Fiscal year ended December 2017)			FY 2018 (Fiscal year ending December 2018)	
	Actual	Comparison with previous period	Forecast this time	Comparison with the previous forecast	Comparison with previous period	Forecast this time	Comparison with previous period
Total of the Six Accor Hotels	2,885	14.9%	3,001	(1.3)%	4.0%	3,158	5.2%
Ratio of GOP to sales	45.8%	2.9%	46.5%	0.2%	0.7%	46.3%	(0.2)%

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<3> Sales and GOP of the Six *the b* Hotels

(1) Hotel sales (by hotel)

(Unit: millions of yen)

Sales of the Six <i>the b</i> Hotels		FY 2016 (Fiscal year ended December 2016)		FY 2017 (Fiscal year ended December 2017)			FY 2018 (Fiscal year ending December 2018)	
		Actual	Comparison with previous period	Forecast this time First half: actual Second half: forecast	Comparison with the previous forecast	Comparison with previous period	Forecast this time	Comparison with previous period
the b akasaka-mitsuke	First half of the year	242	9.4%	215	0.0%	(11.2)%	208	(3.3)%
	Second half of the year	226	(6.7)%	219	(1.5)%	(3.2)%	210	(3.9)%
	Full year	468	1.0%	434	(0.8)%	(7.4)%	418	(3.6)%
the b ikebukuro	First half of the year	323	7.3%	306	0.0%	(5.3)%	306	(0.0)%
	Second half of the year	312	(3.7)%	311	(1.9)%	(0.5)%	316	1.7%
	Full year	635	1.6%	616	(1.0)%	(2.9)%	621	0.8%
the b ochanomizu	First half of the year	131	(0.8)%	130	0.0%	(0.9)%	130	0.0%
	Second half of the year	135	3.5%	134	0.1%	(0.9)%	133	(0.3)%
	Full year	266	1.3%	264	0.1%	(0.9)%	263	(0.2)%
the b hachioji	First half of the year	291	9.0%	266	0.0%	(8.5)%	271	2.0%
	Second half of the year	273	(6.1)%	281	2.6%	2.9%	275	(2.1)%
	Full year	564	1.1%	547	1.3%	(3.0)%	547	(0.1)%
the b hakata	First half of the year	230	20.6%	244	0.0%	5.9%	251	3.2%
	Second half of the year	249	15.5%	265	2.5%	6.7%	271	2.1%
	Full year	478	17.9%	509	1.3%	6.4%	522	2.6%
the b suidobashi	First half of the year	177	—	173	0.0%	(2.1)%	173	(0.2)%
	Second half of the year	174	—	178	(0.4)%	2.2%	179	0.7%
	Full year	351	—	351	(0.2)%	(0.0)%	352	0.3%
Total of the Six <i>the b</i> Hotels	First half of the year	1,394	—	1,333	0.0%	(4.3)%	1,339	0.4%
	Second half of the year	1,369	—	1,388	0.3%	1.3%	1,385	(0.2)%
	Full year	2,763	—	2,721	0.1%	(1.5)%	2,724	0.1%

(\*) The b suidobashi was rebranded from Dormy Inn Suidobashi on July 1, 2015. Therefore, no figures are indicated in the b suidobashi and Total of the Six *the b* Hotels for comparison with the previous period for the fiscal year ended December 2016.

(2) Hotel GOP

(Unit: millions of yen)

GOP and the ratio of GOP of the Six <i>the b</i> Hotels	FY 2016 (Fiscal year ended December 2016)		FY 2017 (Fiscal year ended December 2017)			FY 2018 (Fiscal year ending December 2018)	
	Actual	Comparison with previous period	Forecast this time	Comparison with the previous forecast	Comparison with previous period	Forecast this time	Comparison with previous period
Total of the Six <i>the b</i> Hotels	1,370	—	1,299	0.9%	(5.2)%	1,265	(2.6)%
Ratio of GOP to sales	49.6%	—	47.7%	0.4%	(1.9)%	46.5%	(1.3)%

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

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