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Notice Concerning Revision of Operating Forecast for the Fiscal Year Ended December 2019 (20th Period),
and Operating Forecast and Forecast of Dividend for the Fiscal Year Ending December 2020 (21st Period)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you of the revision of the operating forecast for the full fiscal year ended December 2019 (January 1, 2019 through December 31, 2019), which was announced in the “Midterm Financial Report for the Fiscal Year Ending December 31, 2019 (January 1, 2019 – June 30, 2019),” dated August 22, 2019, and newly informs you of the operating forecast and forecast of dividend for the fiscal year ending December 2020 (January 1, 2020 through December 31, 2020) as follows.

1. Revision of the operating forecast for the full fiscal year ended 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
Previous forecast (A)	JPY1M 28,666	JPY1M 17,227	JPY1M 15,274	JPY1M 15,273	JPY 3,686	JPY —
Revised forecast (B)	JPY1M 28,274	JPY1M 17,168	JPY1M 15,274	JPY1M 15,273	JPY 3,686	JPY —
Variance (C) = (B) – (A)	JPY1M (391)	JPY1M (58)	JPY1M 0	JPY1M 0	JPY —	JPY —
Variance ratio (D) = (C) / (A)	% (1.4)	% (0.3)	% 0.0	% 0.0	% —	% —

(Reference) Forecast of net income per unit for the full fiscal year: ¥3,444

(Calculated based on the average number of investment units during the period (4,434,849 units))

- (*1) Dividend per unit is calculated based on the number of investment units issued as of today: 4,462,347 units.
- (*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 ¥1,178 million.
- (*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 2019 (20th 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 for the fiscal year ended December 2019 (20th period) and operating forecast and forecast of dividend for the fiscal year ending December 2020 (21st 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 2020 (January 1, 2020 through December 31, 2020)

	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 2020 Midterm	JPY1M 13,539	JPY1M 7,895	JPY1M 6,972	JPY1M 6,972	JPY —	JPY —
Fiscal year ending December 2020 Full year	JPY1M 29,971	JPY1M 18,128	JPY1M 16,239	JPY1M 16,238	JPY 3,750	JPY —

(Reference) Forecast of net income per unit for the full fiscal year: ¥3,638

(Calculated based on the forecast of the average number of investment units during the period (4,462,347 units))

- (*1) The number of investment units issued as of today is 4,462,347 units.
- (*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 ¥496 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 2020 (21st period)” below.

3. Rationale for the revisions of the operating forecast for the full fiscal year ended December 2019 (January 1, 2019 through December 31, 2019)

While the lodging demand was stable due to the increase in number of inbound visitors, etc., some hotels owned by JHR were affected by new supply, a decrease in the number of inbound visitors from South Korea, and a series of natural disasters. Therefore, variable rent and income from management contract are expected to decrease. As a result, JHR expects a decrease in operating revenue by ¥391 million compared to the previous forecast.

On the other hand, JHR expects a decrease in operating expenses by ¥332 million and financial costs, etc. by ¥58 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 2019 (20th period) remains unchanged.

For the detailed information of the operating result for the hotels with variable rent, please refer to “<Reference Information 3> Hotel operation indexes, sales and GOP (*)” below.

- (*) 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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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 2019, which was released in the “Midterm Financial Report for the Fiscal Year Ending December 31, 2019 (January 1, 2019 – June 30, 2019)” dated August 22, 2019, and the operating forecast and forecast of dividend for the full fiscal year ended December 2019 announced this time

(Unit: millions of yen)

		FY12/2019 (20th Period)		Comparison with the Previous Forecast (B)-(A)	%	Factors Causing Variance
		Previous Forecast (*1) (A)	Forecast This Time (B)			
Properties	No. of Properties	43	43	-		
	Acquisition Price	374,508	374,508	-		
Profit and Loss	Operating Revenue	28,666	28,274	(391)	(1.4%)	
	Real Estate Operating Revenue	28,666	28,274	(391)	(1.4%)	
	Fixed Rent, etc.	Composition 59.7% 17,102	Composition 60.5% 17,099	(2)	(0.0%)	
	Variable Rent	40.3% 11,563	39.5% 11,174	(389)	(3.4%)	1. Decrease in variable rent, etc. from The 21 Hotels with Variable Rent, etc. (*2) and Hotel Oriental Express Osaka Shinsaibashi by JPY581 MM 2. Increase in variable rent from Oriental Hotel Fukuoka Hakata Station by JPY28 MM 3. Increase in rent from other hotels with revenue sharing, etc. by JPY164 MM
	Gain on Sale of Real Estate Properties	-	-	-	-	
	NOI (*3)	24,298	24,081	(216)	(0.9%)	
	<i>NOI Yield</i>	6.5%	6.4%	(0.1%)		
	NOI after Depreciation (*3)	19,411	19,306	(105)	(0.5%)	
	<i>NOI Yield after Depreciation</i>	5.2%	5.2%	(0.0%)		
	Operating Income	17,227	17,168	(58)	(0.3%)	
Ordinary Income	15,274	15,274	0	0.0%		
Net Income	15,273	15,273	0	0.0%		
Dividend	Reserve for Temporary Difference Adjustments (Negative Goodwill)	1,177	1,178	1	0.1%	Amount to be reversed from reserve for temporary difference adjustments
	Total Dividends	16,448	16,448	-		50-year amortization amount of negative goodwill: JPY262 MM
	Number of Units Issued (Unit)	4,462,347	4,462,347	-		- Correspondence to loss on retirement of noncurrent assets: JPY248 MM
	Dividend per Unit (JPY)	3,686	3,686	-		- Correspondence to large-scale renovation works at Oriental Hotel Fukuoka Hakata Station: JPY357 MM - Correspondence to dilution: JPY310 MM

- (*1) Stating the operating forecast and forecast of dividend for the full fiscal year ended December 2019, which was released in the “Midterm Financial Report for the Fiscal Year Ending December 31, 2019 (January 1, 2019 – June 30, 2019)” dated August 22, 2019.
- (*2) The 21 Hotels with Variable Rent, etc. represent the 21 hotels comprising the Eleven HMJ Hotels plus ibis Tokyo Shinjuku, ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha, Mercure Yokosuka, the b ikebukuro, the b hachioji, the b hakata and the b suidobashi. The Eleven HMJ Hotels are 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 (ACTIVE-INTER CITY HIROSHIMA), Holiday Inn Osaka Namba, Hilton Tokyo Narita Airport, International Garden Hotel Narita, and Hotel Nikko Nara. With regard to Oriental Hotel Fukuoka Hakata Station (formerly Hotel Centraza Hakata), due to large-scale renovation works causing the suspension of hotel operation (hereinafter called the “Renovation”) were implemented from October 1, 2018 to April 8, 2019, figures for Oriental Hotel Fukuoka Hakata Station are not included in the calculation of the 21 Hotels with Variable Rent, etc. as hotel operation was suspended during the Renovation. Moreover, the 12 hotels comprising the Eleven HMJ Hotels plus Oriental Hotel Fukuoka Hakata Station are hereinafter called the “Twelve HMJ Hotels.” The same shall apply hereinafter.
- (*3) Each is calculated using the following formula. The same shall apply hereinafter.

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

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

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

$$\text{NOI yield after depreciation} = \text{NOI after depreciation} \div \text{acquisition price}$$

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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 2018 and the operating forecast and forecast of dividend for the full fiscal year ended December 2019

(Unit: millions of yen)

	2018		2019		Comparison with the Previous Period		Properties Acquired in 2019 (*1)	Three Properties Sold in 2018 (*2)	Oriental Hotel Fukuoka Hakata Station (*3)	Existing Properties (*4)	Factors Causing Variance
	Actual (A)	Forecast This Time (B)	(B)-(A)	%	(B)-(A)	%					
Properties	No. of Properties	41	43	2		2	-	-	-		
	Acquisition Price	309,370	374,508	65,138	21.1%	65,138	-	-	-		
Profit and Loss Statement	Operating Revenue	28,253	28,274	20	0.1%	2,374	(2,214)	141	(280)		
	Real Estate Operating Revenue	26,318	28,274	1,955	7.4%	2,374	(279)	141	(280)		
	Fixed Rent, etc. Composition	14,788 56.2%	17,099 60.5%	2,310	15.6%	2,367	(199)	0	142		
	Variable Rent Composition	11,529 43.8%	11,174 39.5%	(355)	(3.1%)	6	(79)	141	(423)	1. Decrease in variable rent, etc. from the 21 Hotels with Variable Rent, etc. by JPY550 MM 2. Increase in rent from other hotels with revenue sharing, etc. by JPY127 MM	
	Gain on Sale of Real Estate Properties	1,934	-	(1,934)	-	-	(1,934)	0	-		
	NOI	22,104	24,081	1,977	8.9%	2,367	(251)	141	(280)		
	<i>NOI Yield</i>	7.1%	6.4%	(0.7%)							
	NOI after Depreciation	17,974	19,306	1,331	7.4%	2,171	(216)	(192)	(430)		
	<i>NOI Yield after Depreciation</i>	5.8%	5.2%	(0.7%)							
	Operating Income	17,993	17,168	(824)	(4.6%)						
Ordinary Income	16,211	15,274	(936)	(5.8%)							
Net Income	16,210	15,273	(936)	(5.8%)							
Dividend	Reserve for Temporary Difference Adjustments (Negative Goodwill)	563	1,178	614	109.1%	Amount to be reversed from reserve for temporary difference adjustments 2018: 50-year amortization amount of negative goodwill: JPY262 MM Correspondence to loss on retirement of noncurrent assets: JPY35 MM					
	Reserve for Special Advanced Depreciation	(1,174)	-	1,174	-	2019: Correspondence to large-scale renovation works at Oriental Hotel Fukuoka Hakata Station: JPY265 MM					
	Total Dividends	15,602	16,448	846	5.4%	2019: 50-year amortization amount of negative goodwill: JPY262 MM Correspondence to loss on retirement of noncurrent assets: JPY248 MM					
	Number of Units Issued (Unit)	4,010,847	4,462,347	451,500	11.3%	Correspondence to large-scale renovation works at Oriental Hotel Fukuoka Hakata Station: JPY357 MM Correspondence to dilution: JPY310 MM					
	Dividend per Unit (JPY)	3,890	3,686	(204)	(5.2%)						

- (*1) Stating the amount of the impact by Hotel Oriental Express Osaka Shinsaibashi and Hilton Tokyo Odaiba, which were acquired during the fiscal year ended December 2019. The same shall apply hereinafter.
- (*2) Stating the amount of the impact of R&B Hotel Higashi-nihonbashi, the b akasaka-mitsuke and the b ochanomizu, which were sold during the fiscal year ended December 2018. The same shall apply hereinafter.
- (*3) Large-scale renovation works causing the suspension of hotel operation were implemented at Oriental Hotel Fukuoka Hakata Station from October 1, 2018 to April 8, 2019. Stating the amount of impact of the Renovation. In accordance with the Renovation, ¥202 million of loss on retirement of noncurrent assets was recorded in the fiscal year ended December 2019 (20th Period). However, the amount recognized as the 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. The same shall apply hereinafter.
- (*4) "The existing properties" above refers to 40 properties which excludes Hotel Oriental Express Osaka Shinsaibashi, Hilton Tokyo Odaiba, both bought during fiscal year ended December 2019, and Oriental Hotel Fukuoka Hakata Station from 43 properties owned by JHR as of today. The same shall apply hereinafter.

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- (3) Comparison and the major factors causing the variance between the operating forecast and forecast of dividend for the full fiscal year ended December 2019 and the operating forecast and forecast of dividend for the full fiscal year ending December 2020

(Unit: millions of yen)

		2019	2020	Comparison with the Previous Period		Properties Acquired in 2019	Oriental Hotel Fukuoka Hakata Station	Existing Properties	Factors Causing Variance
		Forecast This Time (A)	Forecast This Time (B)	(B)-(A)	%				
Properties	No. of Properties	43	43	-	-	-	-	-	
	Acquisition Price	374,508	374,508	-	-	-	-	-	
Profit and Loss Statement	Operating Revenue	28,274	29,971	1,696	6.0%	951	489	255	
	Real Estate Operating Revenue	28,274	29,971	1,696	6.0%	951	489	255	
	Fixed Rent, etc. Composition	17,099 60.5%	17,987 60.0%	887	5.2%	842	25	19	
	Variable Rent Composition	11,174 39.5%	11,984 40.0%	809	7.2%	108 (*2)	464	235	1. Increase in variable rent, etc. from the 20 Hotels with Variable Rent, etc. (*1) by JPY571 MM 2. Decrease in variable rent from Namba Oriental Hotel by JPY320 MM 3. Decrease in rent from other hotels with revenue sharing, etc. by JPY14 MM
	Gain on Sale of Real Estate Properties	-	-	-	-	-	-	-	
	NOI <i>NOI Yield</i>	24,081 6.4%	25,273 6.7%	1,191	4.9%	670	481 (*3)	39	
	NOI after Depreciation <i>NOI Yield after Depreciation</i>	19,306 5.2%	20,392 5.4%	1,085	5.6%	530	628 (*3)	(73)	
	Operating Income	17,168	18,128	959	5.6%				
	Ordinary Income	15,274	16,239	964	6.3%				
	Net Income	15,273	16,238	964	6.3%				
Dividend	Reserve for Temporary Difference Adjustments (Negative Goodwill)	1,178	496	(681)	(57.8%)	Amount to be reversed from reserve for temporary difference adjustments 2019: 50-year amortization amount of negative goodwill: JPY262 MM Correspondence to loss on retirement of noncurrent assets: JPY248 MM Correspondence to large-scale renovation works at Oriental Hotel Fukuoka Hakata Station: JPY357 MM Correspondence to dilution: JPY310 MM			
	Total Dividends	16,448	16,733	285	1.7%	2020: 50-year amortization amount of negative goodwill: JPY262 MM Correspondence to loss on retirement of noncurrent assets: JPY18 MM Correspondence to large-scale renovation works at Hilton Tokyo Odaiba: JPY44 MM Correspondence to large-scale renovation works at Namba Oriental Hotel: JPY172 MM			
	Number of Units Issued (Unit)	4,462,347	4,462,347	-	-				
	Dividend per Unit (JPY)	3,686	3,750	64	1.7%				

- (*1) Namba Oriental Hotel is scheduled to implement large-scale renovation with the suspension of hotel operation from November 2020 to March 2021. Figures for Namba Oriental Hotel are not included in the calculation of the 21 Hotels with Variable Rent, etc. as hotel operation was suspended during the planned renovation. The 20 Hotels with Variable Rent, etc. represent 20 hotels, excluding Namba Oriental Hotel from The 21 Hotels with Variable Rent, etc. The same shall apply hereinafter.
- (*2) Taking into consideration the negative impact on variable rent (negative ¥44 million) due to the suspension of part of room sales associated with the implementation of large-scale renovation works scheduled from September to December 2020 at Hilton Tokyo Odaiba.
- (*3) In accordance with the renovation at Oriental Hotel Fukuoka Hakata Station, ¥202 million of loss on retirement of noncurrent assets was recorded in the fiscal year ended December 2019 (20th Period).

(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 2019 (20th period)

Item	Assumptions																																																																																																																																																																											
Calculation Period	• Full fiscal year ended December 2019 (20th Period): January 1, 2019 through December 31, 2019 (365 days)																																																																																																																																																																											
Assets under Management	• 43 properties owned by JHR as of the end of December 2019 are assumed.																																																																																																																																																																											
Operating Revenue	<ul style="list-style-type: none"> • Operating revenue is calculated based on the lease and other contracts which were effective during the fiscal year ended December 2019 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. <p>(1) The 21 Hotels with Variable Rent, etc. 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 – GOP base amount) × Variable rent ratio (%)</p> <p style="text-align: right;">(Unit: millions of yen)</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <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>3,276</td> <td>1,675</td> <td rowspan="2">85.0%</td> <td>1,360</td> <td>1,610</td> <td>2,970</td> </tr> <tr> <td>Full year</td> <td>7,783</td> <td>3,351</td> <td>3,767</td> <td>3,221</td> <td>6,988</td> </tr> <tr> <td rowspan="2">Okinawa Marriott Resort & Spa</td> <td>Midterm</td> <td>378</td> <td>350</td> <td rowspan="2">90.0%</td> <td>25</td> <td>274</td> <td>300</td> </tr> <tr> <td>Full year</td> <td>1,146</td> <td>700</td> <td>401</td> <td>550</td> <td>951</td> </tr> <tr> <td rowspan="2">Sheraton Grand Hiroshima Hotel (*1)</td> <td>Midterm</td> <td>515</td> <td>234</td> <td rowspan="2">82.5%</td> <td>232</td> <td>174</td> <td>406</td> </tr> <tr> <td>Full year</td> <td>1,097</td> <td>468</td> <td>519</td> <td>348</td> <td>867</td> </tr> <tr> <td rowspan="2">Oriental Hotel Fukuoka Hakata Station (*2)</td> <td>Midterm</td> <td>131</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>792</td> <td>425</td> <td>330</td> <td>400</td> <td>730</td> </tr> <tr> <td rowspan="2">Holiday Inn Osaka Namba</td> <td>Midterm</td> <td>570</td> <td>325</td> <td rowspan="2">92.5%</td> <td>227</td> <td>288</td> <td>515</td> </tr> <tr> <td>Full year</td> <td>1,078</td> <td>650</td> <td>396</td> <td>576</td> <td>972</td> </tr> <tr> <td rowspan="2">Hilton Tokyo Narita Airport</td> <td>Midterm</td> <td>489</td> <td>275</td> <td rowspan="2">86.5%</td> <td>185</td> <td>222</td> <td>407</td> </tr> <tr> <td>Full year</td> <td>1,098</td> <td>550</td> <td>474</td> <td>444</td> <td>918</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>141</td> <td>168</td> <td>309</td> </tr> <tr> <td>Full year</td> <td>627</td> <td>360</td> <td>262</td> <td>336</td> <td>598</td> </tr> <tr> <td rowspan="2">Hotel Nikko Nara</td> <td>Midterm</td> <td>316</td> <td>235</td> <td rowspan="2">91.5%</td> <td>74</td> <td>210</td> <td>284</td> </tr> <tr> <td>Full year</td> <td>691</td> <td>470</td> <td>203</td> <td>420</td> <td>623</td> </tr> <tr> <td rowspan="2">Sub Total</td> <td>Midterm</td> <td>6,002</td> <td>—</td> <td>—</td> <td>2,247</td> <td>3,147</td> <td>5,394</td> </tr> <tr> <td>Full year</td> <td>14,317</td> <td>—</td> <td>—</td> <td>6,356</td> <td>6,295</td> <td>12,651</td> </tr> <tr> <td rowspan="2">ACTIVE-INTER CITY HIROSHIMA (Office and commercial tenants)</td> <td>Midterm</td> <td>—</td> <td>—</td> <td>—</td> <td>6</td> <td>230</td> <td>236</td> </tr> <tr> <td>Full year</td> <td>—</td> <td>—</td> <td>—</td> <td>11</td> <td>461</td> <td>472</td> </tr> <tr> <td rowspan="2">Total</td> <td>Midterm</td> <td>—</td> <td>—</td> <td>—</td> <td>2,253</td> <td>3,377</td> <td>5,631</td> </tr> <tr> <td>Full year</td> <td>—</td> <td>—</td> <td>—</td> <td>6,368</td> <td>6,756</td> <td>13,124</td> </tr> </tbody> </table> <p>(*1) Stating the rent for Sheraton Grand Hiroshima Hotel, the major facility of ACTIVE-INTER CITY HIROSHIMA. (*2) Due to the impact of the suspension of hotel operation due to the Renovation implemented in the first half of the fiscal year ended December 2019 (20th period), GOP of the hotel for the first half did not exceed GOP base amount. Therefore, variable rent for the midterm is not recognized.</p>									Total GOP of the hotel(s)	GOP base amount	Variable rent ratio	Variable rent	Fixed rent	Total rent	The Five HMJ Hotels	Midterm	3,276	1,675	85.0%	1,360	1,610	2,970	Full year	7,783	3,351	3,767	3,221	6,988	Okinawa Marriott Resort & Spa	Midterm	378	350	90.0%	25	274	300	Full year	1,146	700	401	550	951	Sheraton Grand Hiroshima Hotel (*1)	Midterm	515	234	82.5%	232	174	406	Full year	1,097	468	519	348	867	Oriental Hotel Fukuoka Hakata Station (*2)	Midterm	131	212	90.0%	-	199	199	Full year	792	425	330	400	730	Holiday Inn Osaka Namba	Midterm	570	325	92.5%	227	288	515	Full year	1,078	650	396	576	972	Hilton Tokyo Narita Airport	Midterm	489	275	86.5%	185	222	407	Full year	1,098	550	474	444	918	International Garden Hotel Narita	Midterm	323	180	98.0%	141	168	309	Full year	627	360	262	336	598	Hotel Nikko Nara	Midterm	316	235	91.5%	74	210	284	Full year	691	470	203	420	623	Sub Total	Midterm	6,002	—	—	2,247	3,147	5,394	Full year	14,317	—	—	6,356	6,295	12,651	ACTIVE-INTER CITY HIROSHIMA (Office and commercial tenants)	Midterm	—	—	—	6	230	236	Full year	—	—	—	11	461	472	Total	Midterm	—	—	—	2,253	3,377	5,631	Full year	—	—	—	6,368	6,756	13,124
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	(*2) Hotel Oriental Express Osaka Shinsaibashi was acquired on February 1, 2019, and has a lease contract which adopts fixed rent until June 30, 2019, and fixed rent as well as variable rent which is linked to GOP of the hotel from July 1, 2019. GOP of the hotel for the full year is the GOP of the hotel from July 2019 through December 2019. The fixed rent for the full year 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.																																					
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	<p>(*3) AGOP (adjusted GOP) is the amount calculated by subtracting certain fees and other items from GOP. The same shall apply hereinafter.</p> <p>(*4) As Hilton Tokyo Odaiba was acquired on April 8, 2019, AGOP of the hotel for the midterm and the full year is the AGOP of the hotel from April through June, 2019 and from April through December 2019, respectively. The fixed rent for the full year is the assumed figures for 268 days from April 8, 2019 through December 31, 2019. AGOP base amount after the fiscal year ending December 2020 through December 2021 will be ¥2,970 million, and the annual fixed rent will be ¥3,100 million.</p> <p>(3) Other hotels subject to variable rent Variable rent from other hotels subject to variable rent (Unit: millions of yen)</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Midterm</th> <th style="text-align: center;">Full year</th> </tr> </thead> <tbody> <tr> <td>Comfort Hotel Tokyo Higashi Nihombashi</td> <td style="text-align: center;">16</td> <td style="text-align: center;">16</td> </tr> <tr> <td>Smile Hotel Nihombashi Mitsukoshimae</td> <td style="text-align: center;">20</td> <td style="text-align: center;">20</td> </tr> <tr> <td>Hotel Vista Kamata Tokyo</td> <td style="text-align: center;">—</td> <td style="text-align: center;">20</td> </tr> <tr> <td>Chisun Inn Kamata</td> <td style="text-align: center;">41</td> <td style="text-align: center;">82</td> </tr> <tr> <td>Hotel Keihan Universal City</td> <td style="text-align: center;">Undisclosed (*)</td> <td style="text-align: center;">Undisclosed (*)</td> </tr> <tr> <td>Sotetsu Fresa Inn Shimbashi-Karasumoriguchi</td> <td style="text-align: center;">114</td> <td style="text-align: center;">114</td> </tr> <tr> <td>Hilton Tokyo Bay</td> <td style="text-align: center;">Undisclosed (*)</td> <td style="text-align: center;">Undisclosed (*)</td> </tr> <tr> <td>Hilton Nagoya</td> <td style="text-align: center;">Undisclosed (*)</td> <td style="text-align: center;">Undisclosed (*)</td> </tr> <tr> <td>Total of 8 hotels</td> <td style="text-align: center;">815</td> <td style="text-align: center;">1,619</td> </tr> </tbody> </table> <p>(*) Undisclosed since tenants that concluded lease agreements did not agree to disclose rent revenue, etc.</p> <p>• 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)</p> <table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Midterm</th> <th style="text-align: center;">Full year</th> </tr> </thead> <tbody> <tr> <td>The Twelve HMJ Hotels (*2)</td> <td style="text-align: center;">2,253</td> <td style="text-align: center;">6,368</td> </tr> <tr> <td>The 21 Hotels with Variable Rent, etc. excluding the Twelve HMJ Hotels</td> <td style="text-align: center;">1,537</td> <td style="text-align: center;">3,179</td> </tr> <tr> <td>The Two New HMJ Hotels (Acquired assets)</td> <td style="text-align: center;">—</td> <td style="text-align: center;">6</td> </tr> <tr> <td>Other hotels with variable rent, etc. (8 hotels)</td> <td style="text-align: center;">815</td> <td style="text-align: center;">1,619</td> </tr> <tr> <td>Total (32 hotels)</td> <td style="text-align: center;">4,606</td> <td style="text-align: center;">11,174</td> </tr> </tbody> </table> <p>(*1) For details of contracts for variable rent and income from management contracts, please refer to page 48, “3. Reference Information; B Assets under management; (C) Other major assets under management; C. Overview of the hotel business; a. Rent structures of hotels with variable rent, management contract or revenue sharing” of the “Midterm Financial Report for the Fiscal Year Ending December 31, 2019 (January 1, 2019–June 30, 2019)” dated August 22, 2019.</p> <p>(*2) This figure includes revenue-linked rent of office and commercial tenants at ACTIVE-INTER CITY HIROSHIMA.</p>		Midterm	Full year	Comfort Hotel Tokyo Higashi Nihombashi	16	16	Smile Hotel Nihombashi Mitsukoshimae	20	20	Hotel Vista Kamata Tokyo	—	20	Chisun Inn Kamata	41	82	Hotel Keihan Universal City	Undisclosed (*)	Undisclosed (*)	Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	114	114	Hilton Tokyo Bay	Undisclosed (*)	Undisclosed (*)	Hilton Nagoya	Undisclosed (*)	Undisclosed (*)	Total of 8 hotels	815	1,619		Midterm	Full year	The Twelve HMJ Hotels (*2)	2,253	6,368	The 21 Hotels with Variable Rent, etc. excluding the Twelve HMJ Hotels	1,537	3,179	The Two New HMJ Hotels (Acquired assets)	—	6	Other hotels with variable rent, etc. (8 hotels)	815	1,619	Total (32 hotels)	4,606	11,174
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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 ¥1,658 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 ¥6,695 million (¥3,661 million for capital expenditure I, ¥958 million for capital expenditure II, and ¥2,075 million for capital expenditure III), and of those capital expenditure, ¥3,147 million for expenditure (¥1,456 million for capital expenditure I, ¥1,690 million for capital expenditure III) related to the Renovation at Oriental Hotel Fukuoka Hakata Station) for the fiscal year ended December 2019 (20th period) is assumed. 																																																

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Item	Assumptions																		
Operating Expenses	<p>(*) 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.</p> <ul style="list-style-type: none"> • Depreciation is calculated using the straight-line method including the planned capital expenditures above, and is assumed to be ¥4,524 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"> • ¥1,915 million is expected for borrowing-related costs, including interest expense, amortization for financing fee and arrangement fee, 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 2019 was ¥168,754 million. 																		
Dividend per Unit	<ul style="list-style-type: none"> • Dividend per unit for the fiscal year ended December 2019 (20th period) is calculated based on the following assumptions. <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Net income</td> <td style="text-align: right;">¥15,273 million</td> </tr> <tr> <td>Reversal 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 (*1)</td> <td style="text-align: right;">¥262 million</td> </tr> <tr> <td style="padding-left: 20px;">Loss on retirement of noncurrent assets (*2)</td> <td style="text-align: right;">¥248 million</td> </tr> <tr> <td style="padding-left: 20px;">Correspondence to large-scale renovation works (*3)</td> <td style="text-align: right;">¥357 million</td> </tr> <tr> <td style="padding-left: 20px;">Adjustment for dilution (*4)</td> <td style="text-align: right;">¥310 million</td> </tr> <tr> <td style="border-top: 1px solid black;">Distributable amount</td> <td style="text-align: right; border-top: 1px solid black;">¥16,452 million</td> </tr> <tr> <td>Total number of investment units issued</td> <td style="text-align: right;">4,462,347 units</td> </tr> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">Dividend per unit</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">¥3,686</td> </tr> </tbody> </table> <ul style="list-style-type: none"> (*1) ¥262 million (hereinafter called “50-year amortization amount of negative goodwill”) is scheduled to be paid out as dividends, with the remaining balance of the reserve for temporary difference adjustment set as the maximum amount, for every fiscal year. (*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. (*3) Large-scale renovation works causing the suspension of hotel operation were implemented at the former Hotel Centraza Hakata from October 1, 2018, and the hotel opened as Oriental Hotel Fukuoka Hakata Station on April 9, 2019. Taking into consideration the effect on dividend by the suspension of hotel operation due to the Renovation, reserve for temporary difference adjustment (negative goodwill) will be appropriated. (*4) We plan to avoid the impact of the dilution of investment units on dividend per unit for the fiscal year ending December 2019 caused by not owning The Two New HMJ Hotels (Acquired assets) for the full fiscal year ended December 2019 and by the issuance of new investment units through appropriation of the 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 2019 (20th period) is expected to be ¥10,615 million. 	Net income	¥15,273 million	Reversal 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)	¥248 million	Correspondence to large-scale renovation works (*3)	¥357 million	Adjustment for dilution (*4)	¥310 million	Distributable amount	¥16,452 million	Total number of investment units issued	4,462,347 units	Dividend per unit	¥3,686
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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, 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 2020 (21st period)

Item	Assumptions																																																																																																																																																																											
Calculation Period	• Full fiscal year ending December 2020 (21st Period): January 1, 2020 through December 31, 2020 (366 days)																																																																																																																																																																											
Assets under Management	<ul style="list-style-type: none"> • The 43 properties owned by JHR as of today are assumed. • 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 2020 (21st period). However, the actual results may fluctuate depending on the changes in assets under management that may take place. 																																																																																																																																																																											
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 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 21 Hotels with Variable Rent, etc.</p> <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 (*1)</td> <td>Midterm</td> <td>3,007</td> <td>1,675</td> <td rowspan="2">85.0%</td> <td>1,132</td> <td>1,610</td> <td>2,743</td> </tr> <tr> <td>Full year</td> <td>7,546</td> <td>3,351</td> <td>3,566</td> <td>3,221</td> <td>6,787</td> </tr> <tr> <td rowspan="2">Okinawa Marriott Resort & Spa</td> <td>Midterm</td> <td>384</td> <td>350</td> <td rowspan="2">90.0%</td> <td>30</td> <td>274</td> <td>305</td> </tr> <tr> <td>Full year</td> <td>1,354</td> <td>700</td> <td>589</td> <td>550</td> <td>1,139</td> </tr> <tr> <td rowspan="2">Sheraton Grand Hiroshima Hotel (*2)</td> <td>Midterm</td> <td>499</td> <td>234</td> <td rowspan="2">82.5%</td> <td>218</td> <td>174</td> <td>392</td> </tr> <tr> <td>Full year</td> <td>1,093</td> <td>468</td> <td>515</td> <td>348</td> <td>863</td> </tr> <tr> <td rowspan="2">Oriental Hotel Fukuoka Hakata Station (*3)</td> <td>Midterm</td> <td>602</td> <td>221</td> <td rowspan="2">98.0%</td> <td>373</td> <td>212</td> <td>586</td> </tr> <tr> <td>Full year</td> <td>1,253</td> <td>442</td> <td>795</td> <td>425</td> <td>1,220</td> </tr> <tr> <td rowspan="2">Holiday Inn Osaka Namba</td> <td>Midterm</td> <td>512</td> <td>325</td> <td rowspan="2">92.5%</td> <td>173</td> <td>288</td> <td>461</td> </tr> <tr> <td>Full year</td> <td>1,053</td> <td>650</td> <td>373</td> <td>576</td> <td>949</td> </tr> <tr> <td rowspan="2">Hilton Tokyo Narita Airport</td> <td>Midterm</td> <td>437</td> <td>275</td> <td rowspan="2">86.5%</td> <td>140</td> <td>222</td> <td>362</td> </tr> <tr> <td>Full year</td> <td>1,122</td> <td>550</td> <td>495</td> <td>444</td> <td>939</td> </tr> <tr> <td rowspan="2">International Garden Hotel Narita</td> <td>Midterm</td> <td>314</td> <td>180</td> <td rowspan="2">98.0%</td> <td>131</td> <td>168</td> <td>299</td> </tr> <tr> <td>Full year</td> <td>675</td> <td>360</td> <td>309</td> <td>336</td> <td>645</td> </tr> <tr> <td rowspan="2">Hotel Nikko Nara</td> <td>Midterm</td> <td>307</td> <td>235</td> <td rowspan="2">91.5%</td> <td>66</td> <td>210</td> <td>276</td> </tr> <tr> <td>Full year</td> <td>701</td> <td>470</td> <td>211</td> <td>420</td> <td>631</td> </tr> <tr> <td rowspan="2">Sub Total</td> <td>Midterm</td> <td>6,065</td> <td>—</td> <td>—</td> <td>2,267</td> <td>3,160</td> <td>5,427</td> </tr> <tr> <td>Full year</td> <td>14,801</td> <td>—</td> <td>—</td> <td>6,856</td> <td>6,320</td> <td>13,176</td> </tr> <tr> <td rowspan="2">ACTIVE-INTER CITY HIROSHIMA (Office and commercial tenants)</td> <td>Midterm</td> <td>—</td> <td>—</td> <td>—</td> <td>5</td> <td>233</td> <td>238</td> </tr> <tr> <td>Full year</td> <td>—</td> <td>—</td> <td>—</td> <td>10</td> <td>467</td> <td>478</td> </tr> <tr> <td rowspan="2">Total</td> <td>Midterm</td> <td>—</td> <td>—</td> <td>—</td> <td>2,272</td> <td>3,393</td> <td>5,666</td> </tr> <tr> <td>Full year</td> <td>—</td> <td>—</td> <td>—</td> <td>6,867</td> <td>6,787</td> <td>13,655</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 (*1)	Midterm	3,007	1,675	85.0%	1,132	1,610	2,743	Full year	7,546	3,351	3,566	3,221	6,787	Okinawa Marriott Resort & Spa	Midterm	384	350	90.0%	30	274	305	Full year	1,354	700	589	550	1,139	Sheraton Grand Hiroshima Hotel (*2)	Midterm	499	234	82.5%	218	174	392	Full year	1,093	468	515	348	863	Oriental Hotel Fukuoka Hakata Station (*3)	Midterm	602	221	98.0%	373	212	586	Full year	1,253	442	795	425	1,220	Holiday Inn Osaka Namba	Midterm	512	325	92.5%	173	288	461	Full year	1,053	650	373	576	949	Hilton Tokyo Narita Airport	Midterm	437	275	86.5%	140	222	362	Full year	1,122	550	495	444	939	International Garden Hotel Narita	Midterm	314	180	98.0%	131	168	299	Full year	675	360	309	336	645	Hotel Nikko Nara	Midterm	307	235	91.5%	66	210	276	Full year	701	470	211	420	631	Sub Total	Midterm	6,065	—	—	2,267	3,160	5,427	Full year	14,801	—	—	6,856	6,320	13,176	ACTIVE-INTER CITY HIROSHIMA (Office and commercial tenants)	Midterm	—	—	—	5	233	238	Full year	—	—	—	10	467	478	Total	Midterm	—	—	—	2,272	3,393	5,666	Full year	—	—	—	6,867	6,787	13,655
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Item	Assumptions						
Operating Revenue	(*1) Of The HMJ5 Hotels, Namba Oriental Hotel is scheduled to implement a large-scale renovation with suspension of hotel operation from November 2020 to March 2021. Taking into consideration the effect on dividend by the suspension of hotel operation due to the renovation, reserve for temporary difference adjustment (negative goodwill) will be appropriated. (*2) Stating the rent for Sheraton Grand Hiroshima Hotel, the major facility of ACTIVE-INTER CITY HIROSHIMA. (*3) The fixed-term lease agreement for Oriental Hotel Fukuoka Hakata Station were renewed dated on December 20, 2019, and the amount of fixed rent, GOP base amount and variable rent ratio were changed from January 1, 2020. ② Income from management contracts (*4) and variable rent from hotels other than the Twelve HMJ Hotels						
	(Unit: millions of yen)						
		Midterm	Full year				
	ibis Tokyo Shinjuku	248	547				
	ibis Styles Kyoto Station	179	364				
	ibis Styles Sapporo	268	666				
	Mercure Sapporo	288	688				
	Mercure Okinawa Naha	179	374				
	Mercure Yokosuka	178	298				
	the b suidobashi	19	70				
the b ikebukuro	65	179					
the b hachioji	26	67					
the b hakata	66	138					
Total	1,520	3,395					
	(*4) 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. (2) The Two New HMJ Hotels (Acquired assets) 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	GOP base amount	Variable rent ratio	Variable rent	Fixed rent	Total rent
Hotel Oriental Express Osaka Shinsaibashi	Midterm	72	64	91.0%	8	55	63
	Full year	151	128		21	110	131
	② Hilton Tokyo Odaiba The assumptions of the fixed rent and variable rent for Hilton Tokyo Odaiba are as follows. 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	AGOP base amount	Variable rent ratio	Variable rent	Fixed Rent (*2)	Total rent
Hilton Tokyo Odaiba (*2)	Midterm	1,163	1,485	30.0%	-	1,549	1,549
	Full year	3,283	2,970		94	3,100	3,194

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Operating Revenue	(*1) AGOP (adjusted GOP) is the amount calculated by subtracting certain fees and other items from GOP. The same shall apply hereinafter.																														
	(*2) Hilton Tokyo Odaiba is scheduled to implement a large-scale renovation with suspension of part of room sales from September 2020 to December 2020.																														
	(3) Other hotels subject to variable rent																														
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Total (32 hotels)	4,557	11,984																													
(*) This figure includes revenue-linked rent of office and commercial 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 ¥1,921 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. <p>Capital expenditure is assumed to be ¥6,775 million (¥3,478 million for capital expenditure I, ¥862 million for capital expenditure II, ¥2,434 million for capital expenditure III, and of those capital expenditure, ¥3,000 million is for expenditure (¥800 million for capital expenditure I and ¥2,200 million for capital expenditure III) related to the large-scale renovation at Hilton Tokyo Odaiba) (*) for the fiscal year ending December 2020 (21st period). In addition, capital expenditure related to the large-scale renovation at Namba Oriental Hotel is assumed to be ¥2,600 million in the fiscal year ending December 2021 (22nd period).</p> <p>(*) 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.</p>																														

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Item	Assumptions																		
Operating Expenses	<ul style="list-style-type: none"> • Depreciation is calculated using the straight-line method including the planned capital expenditures above, and is assumed to be ¥4,859 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"> • ¥1,888 million is expected for borrowing-related costs, including interest expense, amortization for financing fee and arrangement fee . • 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 2019 was ¥168,754 million. It is assumed that the balance of interest-bearing debt will be ¥168,754 million as of December 31, 2020. • It is assumed that ¥12,782 million loans, which are due within the fiscal year ending December 2020 (21st period), will be fully refinanced. 																		
Dividend per Unit	<ul style="list-style-type: none"> • Dividend per unit for the fiscal year ending December 2020 (21st period) is calculated based on the following assumptions. <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 80%;">Net income</td> <td style="text-align: right;">¥16,238 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 style="text-align: right;">¥262 million</td> </tr> <tr> <td> Loss on retirement of noncurrent assets (*2)</td> <td style="text-align: right;">¥18 million</td> </tr> <tr> <td> Correspondence to large-scale renovation works for Hilton Tokyo Odaiba (*3)</td> <td style="text-align: right;">¥44 million</td> </tr> <tr> <td> Correspondence to large-scale renovation works for Namba Oriental Hotel (*4)</td> <td style="text-align: right;">¥172 million</td> </tr> <tr> <td style="border-top: 1px solid black;">Distributable amount</td> <td style="text-align: right; border-top: 1px solid black;">¥16,735 million</td> </tr> <tr> <td style="border-top: 1px solid black;">Total number of investment units issued</td> <td style="text-align: right; border-top: 1px solid black;">4,462,347 units</td> </tr> <tr> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">Dividend per unit</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 1px solid black;">¥3,750</td> </tr> </tbody> </table> <ul style="list-style-type: none"> (*1) ¥262 million (hereinafter called “50-year amortization amount of negative goodwill”) is scheduled to be paid out as dividends, with the remaining balance of the reserve for temporary difference adjustment set as the maximum amount, for every fiscal year. (*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. (*3) Hilton Tokyo Odaiba is scheduled to implement a large-scale renovation with suspension of part of room sales from September 2020 to December 2020. Taking into consideration the effect on dividend by the renovation, reserve for temporary difference adjustment (negative goodwill) will be appropriated. (*4) Namba Oriental Hotel is scheduled to implement a large-scale renovation with suspension of hotel operation from November 2020 to March 2021. Taking into consideration the effect on dividend by the renovation, reserve for temporary difference adjustment (negative goodwill) will be appropriated. <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 2020 (21st period) is expected to be ¥10,118 million. 	Net income	¥16,238 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)	¥18 million	Correspondence to large-scale renovation works for Hilton Tokyo Odaiba (*3)	¥44 million	Correspondence to large-scale renovation works for Namba Oriental Hotel (*4)	¥172 million	Distributable amount	¥16,735 million	Total number of investment units issued	4,462,347 units	Dividend per unit	¥3,750
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Correspondence to large-scale renovation works for Hilton Tokyo Odaiba (*3)	¥44 million																		
Correspondence to large-scale renovation works for Namba Oriental Hotel (*4)	¥172 million																		
Distributable amount	¥16,735 million																		
Total number of investment units issued	4,462,347 units																		
Dividend per unit	¥3,750																		
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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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> Hotel operation indexes, sales and GOP

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.

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.

<1> The 20 Hotels with Variable Rent, etc.

In order to eliminate the impact of the suspension of sales due to the renovation, 20 hotels, excluding Namba Oriental Hotel from The 21 Hotels with Variable Rent, etc. are stated. The same shall apply hereinafter.

		Fiscal year ended December 2018		Fiscal year ended December 2019				Fiscal year ending December 2020	
		Actual	Comparison with previous period	Previous forecast (first half: actual)	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast this time	Comparison with previous period
Occupancy Rate	First half of the year	87.0%	0.4pt	86.1%	86.1%	(0.9pt)	0.0pt	86.3%	0.2pt
	Second half of the year	86.9%	(1.3pt)	89.1%	86.5%	(0.4pt)	(2.5pt)	88.6%	2.0pt
	Full year	87.0%	(0.5pt)	87.6%	86.3%	(0.6pt)	(1.3pt)	87.5%	1.1pt
ADR (*1)	First half of the year	14,344	2.2%	14,502	14,502	1.1%	0.0%	14,485	(0.1%)
	Second half of the year	16,820	0.8%	16,735	16,262	(3.3%)	(2.8%)	17,611	8.3%
	Full year	15,592	1.4%	15,647	15,392	(1.3%)	(1.5%)	16,077	4.5%
RevPAR (*2)	First half of the year	12,480	2.7%	12,491	12,491	0.1%	0.0%	12,506	0.1%
	Second half of the year	14,619	(0.6%)	14,908	14,075	(3.7%)	(5.6%)	15,600	10.8%
	Full year	13,559	0.9%	13,709	13,289	(2.0%)	(3.1%)	14,061	5.8%
Sales (JPY1M)	First half of the year	21,541	0.9%	21,780	21,780	1.1%	0.0%	21,814	0.2%
	Second half of the year	24,783	(0.9%)	25,210	24,108	(2.7%)	(4.4%)	25,979	7.8%
	Full year	46,324	(0.1%)	46,990	45,888	(0.9%)	(2.3%)	47,792	4.2%
GOP (JPY1M)	First half of the year	6,841	2.8%	6,889	6,889	0.7%	0.0%	6,579	(4.5%)
	Second half of the year	9,260	0.1%	9,335	8,853	(4.4%)	(5.2%)	9,766	10.3%
	Full year	16,101	1.2%	16,224	15,742	(2.2%)	(3.0%)	16,345	3.8%

(*1) ADR: Represents average daily rate, which is calculated by dividing revenue for rooms department for a given period (including service charges) by the total number of rooms sold during the period. As for the service charge, Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivilla, Oriental Hotel Hiroshima, Okinawa Marriott Resort & Spa, Sheraton Grand Hiroshima Hotel (ACTIVE-INTER CITY HIROSHIMA), International Garden Hotel Narita, Hotel Nikko Nara and Oriental Hotel Fukuoka Hakata Station request 10%, Hilton Tokyo Narita Airport requests 12% and Hilton Tokyo Odaiba requests 13%. Moreover, other hotels among the 21 Hotels with Variable Rent, etc. do not request service charges. The same shall apply hereinafter.

(*2) 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.

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<2>The 10 HMJ Hotels

In order to eliminate the impact of the suspension of hotel operation due to the renovation, 10 hotels, excluding Oriental Hotel Fukuoka Hakata Station from The Twelve HMJ Hotels are stated. The same shall apply hereinafter.

		Fiscal year ended December 2018		Fiscal year ended December 2019				Fiscal year ending December 2020	
		Actual	Comparison with previous period	Previous forecast (first half: actual)	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast this time	Comparison with previous period
Occupancy Rate	First half of the year	86.8%	(0.0pt)	87.0%	87.0%	0.2pt	0.0pt	86.7%	(0.3pt)
	Second half of the year	87.4%	(1.1pt)	89.0%	87.6%	0.2pt	(1.4pt)	88.8%	1.3pt
	Full year	87.1%	(0.6pt)	88.0%	87.3%	0.2pt	(0.7pt)	87.8%	0.5pt
ADR	First half of the year	16,293	2.4%	16,251	16,251	(0.3%)	0.0%	16,271	0.1%
	Second half of the year	19,665	0.3%	19,426	18,789	(4.5%)	(3.3%)	20,593	9.6%
	Full year	17,999	1.2%	17,870	17,535	(2.6%)	(1.9%)	18,470	5.3%
RevPAR	First half of the year	14,149	2.4%	14,145	14,145	(0.0%)	0.0%	14,114	(0.2%)
	Second half of the year	17,183	(1.0%)	17,294	16,455	(4.2%)	(4.9%)	18,295	11.2%
	Full year	15,679	0.5%	15,733	15,310	(2.4%)	(2.7%)	16,216	5.9%
Sales (JPY1M)	First half of the year	17,336	0.3%	17,571	17,571	1.4%	0.0%	17,524	(0.3%)
	Second half of the year	20,357	(1.2%)	20,505	19,773	(2.9%)	(3.6%)	21,224	7.3%
	Full year	37,694	(0.5%)	38,076	37,344	(0.9%)	(1.9%)	38,748	3.8%
GOP (JPY1M)	First half of the year	4,936	2.4%	5,051	5,051	2.3%	0.0%	4,774	(5.5%)
	Second half of the year	7,204	1.0%	7,139	6,925	(3.9%)	(3.0%)	7,603	9.8%
	Full year	12,140	1.6%	12,190	11,976	(1.3%)	(1.8%)	12,377	3.3%

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		Fiscal year ended December 2018		Fiscal year ended December 2019				Fiscal year ending December 2020	
		Actual	Comparison with previous period	Previous forecast (first half: actual)	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast this time	Comparison with previous period
Occupancy Rate	First half of the year	93.5%	(1.3pt)	95.8%	95.8%	2.3pt	0.0pt	93.6%	(2.2pt)
	Second half of the year	92.2%	(4.4pt)	94.3%	90.1%	(2.1pt)	(4.2pt)	62.1%	(27.9pt)
	Full year	92.8%	(2.9pt)	95.0%	92.9%	0.1pt	(2.1pt)	77.8%	(15.1pt)
ADR	First half of the year	21,748	2.4%	19,707	19,707	(9.4%)	0.0%	18,137	(8.0%)
	Second half of the year	21,214	(5.5%)	20,468	17,616	(17.0%)	(13.9%)	17,933	1.8%
	Full year	21,481	(1.7%)	20,088	18,685	(13.0%)	(7.0%)	18,055	(3.4%)
RevPAR	First half of the year	20,330	1.0%	18,880	18,880	(7.1%)	0.0%	16,971	(10.1%)
	Second half of the year	19,558	(9.9%)	19,301	15,867	(18.9%)	(17.8%)	11,142	(29.8%)
	Full year	19,941	(4.7%)	19,092	17,361	(12.9%)	(9.1%)	14,041	(19.1%)
Sales (JPY1M)	First half of the year	1,418	1.7%	1,344	1,344	(5.2%)	0.0%	1,226	(8.7%)
	Second half of the year	1,474	(1.3%)	1,446	1,252	(15.0%)	(13.4%)	943	(24.7%)
	Full year	2,891	0.2%	2,790	2,596	(10.2%)	(6.9%)	2,170	(16.4%)
GOP (JPY1M)	First half of the year	874	1.1%	820	820	(6.1%)	0.0%	688	(16.0%)
	Second half of the year	937	2.8%	854	729	(22.2%)	(14.6%)	483	(33.7%)
	Full year	1,810	1.9%	1,674	1,549	(14.4%)	(7.4%)	1,172	(24.4%)

(*) Namba Oriental Hotel is scheduled to implement a large-scale renovation with the suspension of hotel operation from November 2020 to March 2021.

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<4> Oriental Hotel Fukuoka Hakata Station

		Fiscal year ended December 2018		Fiscal year ended December 2019				Fiscal year ending December 2020	
		Actual	Comparison with previous period	Previous forecast (first half: actual)	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast this time	Comparison with previous period
Occupancy Rate	First half of the year	94.7%	1.0pt	39.1%	39.1%	(55.6pt)	0.0pt	87.5%	48.4pt
	Second half of the year	47.0%	(48.4pt)	85.8%	88.4%	41.4pt	2.7pt	88.8%	0.3pt
	Full year	70.7%	(23.9pt)	62.7%	64.0%	(6.7pt)	1.3pt	88.1%	24.1pt
ADR	First half of the year	13,323	8.4%	19,385	19,385	45.5%	0.0%	18,137	(6.4%)
	Second half of the year	13,343	(1.5%)	18,656	18,314	37.3%	(1.8%)	18,699	2.1%
	Full year	13,330	3.1%	18,882	18,639	39.8%	(1.3%)	18,421	(1.2%)
RevPAR	First half of the year	12,621	9.6%	7,588	7,588	(39.9%)	0.0%	15,869	109.2%
	Second half of the year	6,274	(51.5%)	16,005	16,198	158.2%	1.2%	16,595	2.5%
	Full year	9,422	(22.9%)	11,831	11,928	26.6%	0.8%	16,234	36.1%
Sales (JPY1M)	First half of the year	1,199	(5.3%)	673	673	(43.9%)	0.0%	1,287	91.3%
	Second half of the year	637	(46.8%)	1,286	1,313	106.1%	2.1%	1,367	4.1%
	Full year	1,836	(22.5%)	1,959	1,985	8.2%	1.4%	2,654	33.7%
GOP (JPY1M)	First half of the year	494	3.9%	131	131	(73.4%)	0.0%	603	358.4%
	Second half of the year	141	(69.8%)	629	661	368.4%	5.0%	651	(1.5%)
	Full year	635	(32.6%)	761	792	24.7%	4.2%	1,254	58.2%

(*) Large-scale renovation works causing the suspension of hotel operation were implemented at Oriental Hotel Fukuoka Hakata Station from October 1, 2018 to April 8, 2019.

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<5> Hotel Oriental Express Osaka Shinsaibashi

		Fiscal year ended December 2018		Fiscal year ended December 2019				Fiscal year ending December 2020	
		Actual	Comparison with previous period	Previous forecast (first half: actual)	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast this time	Comparison with previous period
Occupancy Rate	First half of the year	—	—	92.3%	92.3%	—	0.0pt	90.7%	(1.6pt)
	Second half of the year	—	—	91.5%	88.3%	—	(3.2pt)	92.2%	3.9pt
	Full year	—	—	91.9%	90.3%	—	(1.6pt)	91.5%	1.2pt
ADR	First half of the year	—	—	9,611	9,611	—	0.0%	9,275	(3.5%)
	Second half of the year	—	—	10,429	9,013	—	(13.6%)	9,385	4.1%
	Full year	—	—	10,021	9,316	—	(7.0%)	9,331	0.2%
RevPAR	First half of the year	—	—	8,868	8,868	—	0.0%	8,414	(5.1%)
	Second half of the year	—	—	9,544	7,958	—	(16.6%)	8,654	8.8%
	Full year	—	—	9,209	8,409	—	(8.7%)	8,535	1.5%
Sales (JPY1M)	First half of the year	—	—	205	205	—	0.0%	199	(2.7%)
	Second half of the year	—	—	226	190	—	(15.9%)	207	8.8%
	Full year	—	—	431	395	—	(8.3%)	407	2.9%
GOP (JPY1M)	First half of the year	—	—	84	84	—	0.0%	73	(13.7%)
	Second half of the year	—	—	91	71	—	(21.4%)	78	10.1%
	Full year	—	—	175	156	—	(11.1%)	151	(2.8%)

(*) As Hotel Oriental Express Osaka Shinsaibashi opened on April 2, 2018, figures prior to the fiscal year December ended 2018 are not shown.

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<6> Hilton Tokyo Odaiba

		Fiscal year ended December 2018		Fiscal year ended December 2019				Fiscal year ending December 2020	
		Actual	Comparison with previous period	Previous forecast (first half: actual)	Forecast this time (first half: actual)	Comparison with previous period	Comparison with previous forecast	Forecast this time	Comparison with previous period
Occupancy Rate	First half of the year	95.2%	0.9pt	85.9%	85.9%	(9.3pt)	0.0pt	90.4%	4.5pt
	Second half of the year	92.9%	(3.0pt)	91.3%	89.7%	(3.1pt)	(1.6pt)	83.2%	(6.5pt)
	Full year	94.0%	(1.1pt)	88.6%	87.8%	(6.2pt)	(0.8pt)	86.8%	(1.1pt)
ADR	First half of the year	28,831	6.8%	29,263	29,263	1.5%	0.0%	29,488	0.8%
	Second half of the year	31,396	8.6%	32,447	31,533	0.4%	(2.8%)	40,860	29.6%
	Full year	30,108	7.6%	30,917	30,432	1.1%	(1.6%)	34,969	14.9%
RevPAR	First half of the year	27,451	7.7%	25,135	25,135	(8.4%)	0.0%	26,650	6.0%
	Second half of the year	29,154	5.3%	29,622	28,289	(3.0%)	(4.5%)	33,981	20.1%
	Full year	28,309	6.4%	27,397	26,725	(5.6%)	(2.5%)	30,336	13.5%
Sales (JPY1M)	First half of the year	4,591	9.5%	4,258	4,258	(7.3%)	0.0%	4,509	5.9%
	Second half of the year	5,008	7.3%	4,744	4,660	(6.9%)	(1.8%)	5,723	22.8%
	Full year	9,599	8.3%	9,001	8,918	(7.1%)	(0.9%)	10,232	14.7%
GOP (JPY1M)	First half of the year	1,374	21.7%	1,144	1,144	(16.7%)	0.0%	1,225	7.0%
	Second half of the year	1,723	15.2%	1,624	1,522	(11.7%)	(6.3%)	2,198	44.4%
	Full year	3,097	18.0%	2,768	2,666	(13.9%)	(3.7%)	3,423	28.4%

- (*1) Hilton Tokyo Odaiba was acquired on April 8, 2019. The figures for the fiscal year ended December 2018 and the fiscal year ending December 2019 are calculated as the total for full year including figures prior to the acquisition date.
- (*2) Hilton Tokyo Odaiba is scheduled to implement a large-scale renovation with suspension of part of room sales from September 2020 to December 2020.

Note: This document is intended to serve as a press release to make available the information on the revision of operating forecast for the fiscal year ended December 2019 (20th period) and operating forecast and forecast of dividend for the fiscal year ending December 2020 (21st 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.