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Notice Concerning Revision of Operating Forecast and Forecast of Dividend for Fiscal Year Ending December 2018 (19th Period)

Japan Hotel REIT Investment Corporation (hereinafter called "JHR") informs you that the operating forecast and dividend forecast for the full year of the fiscal year ending December 2018 (January 1, 2018 through December 31, 2018), which was announced in the "Financial Report for the Fiscal Year Ended December 31, 2017 (January 1, 2017 – December 31, 2017)," dated February 22, 2018 is revised as follows.

1. Revision of the operating forecast and dividend forecast for the full year of 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
Previous forecast (A)	JPY1M 26,567	JPY1M 16,094	JPY1M 14,295	JPY1M 14,294	JPY 3,705	JPY 0
Revised forecast (B)	JPY1M 28,321	JPY1M 17,884	JPY1M 16,092	JPY1M 16,091	JPY 3,844	JPY 0
Variance (C)= (B)－(A)	JPY1M 1,753	JPY1M 1,790	JPY1M 1,796	JPY1M 1,796	JPY 139	JPY 0
Variance ratio (D)= (C)/(A)	% 6.6	% 11.1	% 12.6	% 12.6	% 3.8	% 0

(Reference) Forecast of net income per unit for the full fiscal year: ¥4,011
(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) Total dividends is planned to be an amount that deducts the reserve for special advanced depreciation (¥1,235 million), from the total amount of net income and the reserve for temporary difference adjustment in the amount of ¥565 million. Please see "2.Rationale for the revisions of the operating forecast and forecast for dividend" below for detailed information.

(*3) For the assumptions of the operating forecast and dividend forecast above, please refer to "<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 percentages are rounded to the nearest first 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 ending December 2018 (19th 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. Rationale for the revisions of the operating forecast and forecast of dividend

   As announced in the today's press releases, "Notice Concerning Sale of Assets (R&B Hotel Higashi-nihonbashi, the b akasaka-mitsuke and the b ochanomizu)," we have decided the sales of the three properties (hereinafter called the "Sale"), R&B Hotel Higashi-nihonbashi, the b akasaka-mitsuke and the b ochanomizu (hereinafter called the "Properties to be sold") on August 10, 2018 (scheduled). In accordance with the Sale, the operating forecast for the fiscal year ending December 31, 2018 (19th Period) is revised.

   In addition to an expectation of gain on sale by ¥1,937 million concerning the Sale, the review of operating revenue, operating expenses and financial costs related to the Sale, net income is expected to increase by ¥1,796 million. It is assumed that ¥1,235 million of gain on sale (¥1,937 million) by the Sale is planned to be internally retained as reserve for special advanced depreciation, which is not applied to reserve for advanced depreciation on property replacement under the Article 2(2)(28) of the Ordinance on Accounting of Investment Corporations by applying "Special provisions for taxation in the case where a special account is set up accompanied with transfer of specified assets)" (Article 65-8 in the Act on Special Measures Concerning Taxation). Consequently, dividend per unit for the fiscal year ending December 2018 (19th period) is expected to be ¥3,844, a ¥139 increase to the previous forecast. In an event that the reduction of income due to the sales affects the income for the full year, dividend per unit is expected to be ¥3,612. There is no change in the operating forecast for midterm of the fiscal year ending December 2018.

3. Highlights of the operating forecast and forecast of dividend

The major factors causing the variance between the operating forecast this time for the fiscal year ending December 31, 2018 (19th Period) and operating result for the full year for the fiscal year ended December 31, 2017 and operating forecast for the fiscal year ending December 31, 2018 (19th Period) announced in he "Financial Report for the Fiscal Year Ended December 31, 2017 (January 1, 2017 – December 31, 2017)," dated February 22, 2018 are as follows.

(Unit: millions of yen)

		18th Period	19th Period		(reference)	Comparison with Previous Period		
		Actual	Previous Forecast (*1) (A)	Forecast this time (B)	Forecast of Annualized Effect This Time (*2)	(B)-(A)	Variance	Causes of Variance
Properties	**No. of properties**	44	44	41	41	(3)		Sale of three propteries
	Acquisition price	319,474	319,474	309,370	309,370	(10,104)	(3.2%)	
Profit and Loss	**Operating revenue**	25,475	26,567	28,321	26,104	1,753	6.6%	
	Real estate operating revenue	25,475	26,567	26,384	26,104	(183)	(0.7%)	
	Fixed rent, etc.	Composition 55.8% 14,221	Composition 56.0% 14,878	Composition 55.9% 14,749	Composition 55.7% 14,550	(128)	(0.9%)	Decrease by JPY128M in fixed rent, etc. due to the Sale
	Variable rent, etc.	44.2% 11,253	44.0% 11,689	44.1% 11,634	44.3% 11,553	(55)	(0.5%)	Decrease by JPY55M in variable rent due to the sale of the b akasaka-mitsuke and the b ochanomizu
	Gain on Sale, etc. of real estate, etc	-	-	1,937	-	1,937	-	
	NOI (*3)	21,424	22,186	22,021	21,723	(165)	(0.7%)	
	NOI yield	*6.7%*	*6.9%*	*7.1%*	*7.0%*	*0.2%*		
	NOI after depreciation (*3)	17,563	18,062	17,915	17,654	(146)	(0.8%)	
	NOI yield after depreciation	*5.5%*	*5.7%*	*5.8%*	*5.7%*	*0.1%*		
	Operating income	15,757	16,094	17,884	15,707	1,790	11.1%	
	Ordinary income	14,006	14,295	16,092	13,925	1,796	12.6%	
	Net income	14,005	14,294	16,091	13,924	1,796	12.6%	
Dividend	Reserve for temporary difference adjustments (negative goodwill)	769	565	565	565	-	-	Reserved amount of reserve for temporary difference adjustments (*4) 18th Period： 50-year amortization amount of negative goodwill: JPY262M Correspondence to loss on retirement of noncurrent assets: JPY132M Correspondence to dilution: JPY374M 19th Period： 50-year amortization amount of negative goodwill: JPY262M Correspondence to loss on retirement of noncurrent assets: JPY38M Correspondence to major renovation works: JPY265M
	Reserve for special advanced depreciation	-	-	(1,235)	-	(1,235)	-	
	Total dividends	14,771	14,860	15,417	14,487	557	3.8%	
	No. of units issued	4,010,847	4,010,847	4,010,847	4,010,847	-	-	
	Dividend per unit (JPY)	3,683	3,705	3,844	3,612	139	3.8%	

(*1) The operating forecast for the fiscal year ending December 2018 (19th period) announced in the press release "Financial Report for the Fiscal Year Ended December 31, 2017 (January 1, 2017 – December 31, 2017)," dated February 22, 2018.

(*2) For the assumptions for the annualized effect, please refer to "<Reference Materials 1> Assumptions of the forecast of annualized effect" below.

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

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

NOI yield = NOI ÷ Acquisition price

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

NOI yield after depreciation = NOI after depreciation ÷ Acquisition price

(*4) For the details of 50-year amortization of negative goodwill, please refer to "Assumptions of the operating forecast for the full year of the fiscal year ending December 2018 (19th period)" below.

(Note)

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/

<Reference Information>

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

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Calculation Period</td><td>・Full year of the fiscal year ending December 2018 (19th Period): January 1, 2018 through December 31, 2018 (365 days）</td></tr>
<tr><td>Assets under Management</td><td>・The 44 properties owned by JHR as of today (hereinafter called the “Existing properties”), minus the following three assets which we are planned to be sold, to total 41 properties are assumed.
<table>
<tr><td>Disposition date</td><td>Name of asset</td></tr>
<tr><td>August 10, 2018</td><td>R&B Hotel Higashi-nihonbashi</td></tr>
<tr><td>August 10, 2018</td><td>the b akasaka-mitsuke</td></tr>
<tr><td>August 10, 2018</td><td>the b ochanomizu</td></tr>
</table>
・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 2018 (19th period). However, the actual results may fluctuate depending on the changes in assets under management that may take place.</td></tr>
<tr><td>Operating Revenue</td><td>・It is expected that ¥1,937 million will be recognized as gain on sale due to the Sale as follows. However, actual results may fluctuate depending on the execution, the amount of the sales, the sales date, and other conditions.

(Unit: millions of yen)
<table>
<tr><th></th><th>R&B Hotel Higashi-nihonbashi</th><th>the b akasaka-mitsuke</th><th>the b ochanomizu</th><th>Total</th></tr>
<tr><td>Scheduled sale price</td><td>3,050</td><td>6,600</td><td>2,500</td><td>12,150</td></tr>
<tr><td>Assumed booking value</td><td>1,483</td><td>6,293</td><td>2,353</td><td>10,131</td></tr>
<tr><td>Assumed amount of gain on sale</td><td>1,543</td><td>265</td><td>128</td><td>1,937</td></tr>
</table>

・Operating revenue is calculated based on 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 on the said lease contracts is included. No change is estimated for 41 properties excluding properties to be sold.

・Rents, etc. of the main hotels are calculated based on the following assumptions.
(1) The Twelve HMJ Hotels
The assumptions of the fixed rent and variable rent for the Twelve HMJ hotels are as follows.
Total rent = Fixed rent + Variable rent
Variable rent = (Total GOP of the hotels – GOP base amount) × Variable rent ratio (%)

The fiscal year ending December 2018 (19th period) (Unit: millions of yen)
<table>
<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>
<tr><td rowspan="2">The Five HMJ Hotels</td><td>Midterm</td><td>3,142</td><td>1,675</td><td rowspan="2">85.0%</td><td>1,247</td><td>1,610</td><td>2,857</td></tr>
<tr><td>Full year</td><td>8,078</td><td>3,351</td><td>4,018</td><td>3,221</td><td>7,239</td></tr>
<tr><td rowspan="2">Okinawa Marriott Resort & Spa</td><td>Midterm</td><td>439</td><td>350</td><td rowspan="2">90.0%</td><td>80</td><td>274</td><td>355</td></tr>
<tr><td>Full year</td><td>1,471</td><td>700</td><td>694</td><td>550</td><td>1,244</td></tr>
</table></td></tr>
</table>

Item	Assumptions

		Total GOP of the hotel(s)	GOP base amount	Variable rent ratio	Variable rent	Fixed rent	Total rent
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 ending December 2018 (19th period) is expected to be ¥212 million for the midterm and ¥446 million for the full year. The figure includes ¥6 million for the midterm and ¥13 million for the full year as variable rent pursuant to a revenue-linked rent agreement with some retail tenants.

(*2) Due to the impact of the 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.

(2) The Six Accor Hotels

Income from management contracts and variable rent of the six Accor hotels (Unit: millions of yen)

	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

(*1) For income from management contracts, it is assumed that each hotel’s GOP amount is recognized as income from management contracts and the management contract fees to be paid by JHR are recognized as an operating expense. In cases where certain revenue from non-hotel tenant(s), etc. is included in the hotel’s GOP, such tenant revenue is subtracted from GOP to calculate income from management contracts. Such tenant revenue is recognized as parking revenue.

(*2) Mercure Sapporo includes variable rent which is linked to the sales of tenant(s) other than the hotel.

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Operating Revenue</td><td>

(3) The Six *the b* Hotels

Fiscal year ending December 2018 (19th Period) (Unit: millions of yen)

<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>60</td><td>82</td><td>142</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>21</td><td>41</td><td>62</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>469</td><td>641</td><td>1,111</td></tr>
</table>

(*1) Fixed rent includes rent from non-hotel tenant(s).

(4) Other hotels subject to variable rent

Variable rent from other hotels subject to variable rent (Unit: millions of yen)

<table>
<tr><th></th><th>Midterm</th><th>Full year</th></tr>
<tr><td>Smile Hotel Nihombashi Mitsukoshimae</td><td>18</td><td>18</td></tr>
<tr><td>Hotel Vista Kamata Tokyo</td><td>—</td><td>16</td></tr>
<tr><td>Chisun Inn Kamata</td><td>37</td><td>79</td></tr>
<tr><td>Hotel Keihan Universal City</td><td>Undisclosed (*)</td><td>Undisclosed (*)</td></tr>
<tr><td>Hotel Sunroute Shinbashi</td><td>97</td><td>97</td></tr>
<tr><td>Hilton Tokyo Bay</td><td>Undisclosed (*)</td><td>Undisclosed (*)</td></tr>
<tr><td>Hilton Nagoya</td><td>Undisclosed (*)</td><td>Undisclosed (*)</td></tr>
<tr><td>Total</td><td>816</td><td>1,356</td></tr>
</table>

(*)Undisclosed since tenants that concluded lease agreements did not agree to disclose rent revenue, etc.

・The following is the breakdown of variable rent and income from management contracts (*1).

<Breakdown of variable rent for the fiscal year ending December 2018 (19th period)>

(Unit: millions of yen)

<table>
<tr><th></th><th>Midterm</th><th>Full year</th></tr>
<tr><td>The Twelve HMJ Hotels (*2)</td><td>2,285</td><td>6,712</td></tr>
<tr><td>The Six Accor Hotels</td><td>1,415</td><td>3,096</td></tr>
<tr><td>The Six the b Hotels</td><td>250</td><td>469</td></tr>
<tr><td>Other hotels with variable rent (7 hotels)</td><td>816</td><td>1,356</td></tr>
<tr><td>Total (31 hotels)</td><td>4,767</td><td>11,634</td></tr>
</table>

(*1) For details of variable rent and income from management contracts, please refer to page 58, “D. Overview of the hotel business (1) Rent structures of hotels with variable rent, management contract or revenue sharing,” of the “Financial Report for the Fiscal Year Ending December 31, 2017 (January 1, 2017 –December 31, 2017)” dated February 22, 2018.

(*2) These figures include ¥6 million for the midterm and ¥13 million for the full year as variable rent pursuant to a revenue-linked rent agreement with some retail tenants.

</td></tr>
</table>

Item	Assumptions
Operating Expenses	・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 ¥1,682 million will be recognized as expenses for property 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. Also, the fixed asset tax and city planning tax and other taxes and public dues to be recorded as expenses for the fiscal year ending December 2018 (19th period) for the three properties (Hilton Tokyo Narita Airport, International Garden Hotel Narita, and Hotel Nikko Nara) acquired in the fiscal year ended December 2017 (18th period) are assumed to be ¥124 million, which is equivalent to nine months (¥166 million, for 12 months). ・Depreciation is calculated using the straight-line method, and is estimated to be ¥4,064 million, including the planned capital expenditures (¥3,186 million) (¥1,898 million for capital expenditure I, ¥897 million for capital expenditure II, and ¥391 million for capital expenditure III) (*) for the fiscal year ending December 2018 (19th period). (*) JHR classifies capital expenditures into the following three categories. (I) Capital investment related to renewal of equipment and facilities of buildings which is required to maintain proper values of properties, (II) capital investment for fixtures, furniture and equipment that are not directly related to building structure or facilities but necessary for operating hotels, and (III) strategic capital investment such as renovating guest rooms, etc. for improving the competitiveness of the hotels. ・Repair expenses for buildings are recognized as expenses in the estimated 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	・¥1,800 million is expected for borrowing-related costs, including interest expense, amortization for financing fee, arrangement fee and amortization for derivative instruments (interest rate caps). ・Expenses for issuance of new investment units and secondary offering are amortized over a period of three years by the straight-line method.
Interest-bearing Debt	・The balance of interest-bearing debt (sum of loans and investment corporation bonds) is ¥141,060 million as of the end of July, 2018. It is assumed that the balance of interest-bearing debt will be ¥136,060 million after the Sale and as of December 31, 2018. ・For the reduction of the balance of interest-bearing debt mentioned above, it is assumed that ¥5,000 million will be repaid in accordance with the Sale. ・It is assumed that ¥4,489 million loans, which are due within the fiscal year ending December 2018 (19th period), will be fully refinanced. ・It is assumed that the scheduled repayment of the loans above is repaid by cash on hand.
Issuance of Investment Units	・The number of investment units issued as of today (4,010,847 units) is assumed. ・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).

<table>
<tr><th>Item</th><th>Assumptions</th></tr>
<tr><td>Dividend per Unit</td><td>

・Dividend per unit for the fiscal year ending December 2017 (18th period) is calculated based on the following assumptions.

<table>
<tr><td>Net income</td><td>¥16,091 million</td></tr>
<tr><td>Reserve for special advanced depreciation (*1)</td><td>(¥1,235 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 (*2)</td><td>¥262 million</td></tr>
<tr><td>Loss on retirement of noncurrent assets (*3)</td><td>¥38 million</td></tr>
<tr><td>Correspondence to major renovation work (*4)</td><td>¥265 million</td></tr>
<tr><td>Distributable amount</td><td>¥15,421 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>¥3,844</td></tr>
</table>

(*1) It is assumed that ¥1,235 million of gain on saleby the Sale is planned to be retained as reserve for advanced depreciation within the limit to maintain conduit status stipulated by Article 67-15 of Act on Special Measures Concerning Taxation to meet stipulated , by applying “Special provisions for taxation in the case where a special account is set up accompanied with transfer of specified assets” (Article 65-8 in the Act on Special Measures Concerning Taxation).

(*2) ¥262 million (hereinafter called “50-year amortization amount of negative goodwill”) 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)

(*3) Amount recognized as a loss on retirement of noncurrent assets will be appropriated by reserve for temporary difference adjustment (negative goodwill) and is expected to have no impact on dividend per unit.

(*4) Major renovation (hereinafter the “Renovation”) is planned to be implemented at Hotel Centraza Hakata 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 differenceadjustment may be reviewed.

・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 2018 (19th period) is expected to be ¥11,792 million.

</td></tr>
<tr><td>Dividend per Unit Resulting from Excess of Earnings</td><td>・It is assumed that the excess of earnings (dividend per unit resulting from excess of earnings) will not be distributed.</td></tr>
</table>

Item	Assumptions
Other	・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. ・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.

<Reference Materials 1> Assumptions of the forecast of annualized effect

(1) It is assumed that the properties to be sold are not held throughout the full year.

(2) There is no change in operating revenue and operating expenses of the Existing properties excluding the properties to be sold, except property taxes, city planning taxes, from the "Assumptions of the operating forecast for the full year of the fiscal year ending December 2018 (19th period)."

(3) The fixed asset tax and city planning tax and other taxes for three properties (Hilton Tokyo Narita Airport, International Garden Hotel Narita, and Hotel Nikko Nara) acquired in the fiscal year ended December 2017 (18th period) are assumed to be ¥166 million, which is equivalent to twelve months.