

Provisional Translation Only

This English translation of the Japanese original is provided solely for information purposes.

In the event there is any discrepancy between this translation and the Japanese original, the Japanese original shall prevail.

April 24, 2012

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)

Yukio Isa, Executive Director

Asset Management Company:

Japan Hotel REIT Advisors Co., Ltd.

Hiroyuki Suzui, Representative Director

Inquiries:

Junichi Hirayama

Director, Operations Division

TEL : +81-3-6422-0530

Notice Regarding the Forecast of Business Performance for the Fiscal Year Ending December 31, 2012
(April 1 to December 31, 2012)

Japan Hotel REIT Investment Corporation (JHR) hereby announces its forecast of business performance for the 13th fiscal period ending December 31, 2012 (April 1 to December 31, 2012) as follows.

1. Forecast of Business Performance for the Full Fiscal Year Ending December 31, 2012 (April 1, 2011 to December 31, 2012)

	Operating Revenue	Operating Profit	Recurring Profit	Net Income (Note 2)	Dividend per Unit (excluding dividend in excess of earning) (Note 3) (Note 4)	Dividend in Excess of Earning
Fiscal year Ending December 31, 2012	6,997	3,572	2,433	21,041	1,341	0
	M Yen	M Yen	M Yen	M Yen	Yen	Yen

(Note 1) Because of the merger with Japan Hotel and Resort, Inc. (JHR) which took effect on April 1, 2012, one fiscal term of JHR has changed from 6 months to 12 months from January 1 to December 31. However, the 1st fiscal period after the merger will be 9 months from April 1 to December 31, 2012.

(Note 2) Net income above includes income from negative goodwill estimated at 18,600 million yen as of April 24, 2012, and is not equal to the funds available for dividend payment. For more details, please refer to Section 2, Assumptions for the Forecast.

(Note 3) The dividend per unit above is equivalent to annualized 1,502 yen. For the calculation of dividend per unit and annualization, please refer to the Section 2, Assumptions for the Forecast.

(Note 4) JHR carried out a 12-for-one unit split with the record date March 31, 2012. The above forecast is based on the assumption that 1,859,281 units are issued and outstanding, which comprises of 696,372 units outstanding right after the split and 1,162,909 new units issued upon merger.

(Note 5) The above forecast is based on the assumptions stated in the Section 2, Assumptions for the Forecast. Actual performance may deviate from the forecast depending on many factors.

(Note 6) Numbers are rounded down to million yen (or yen). Percentages are rounded off to the first decimal place.

<p>Note: This document is provided for the purpose of publicly announcing a forecast of JHR's business performance for the fiscal year ending December 31, 2012, and not for the purpose of soliciting investments. Should you intend to make any investment, please do so based on your own judgment and at your own risk.</p>

2. Assumptions for the Forecast

Item	Assumptions
Term	13 th fiscal period ending December 31, 2012: April 1 to December 31, 2012 (275 days)
Investment Assets	<p>JHR possesses total 28 properties as at April 1, 2012 as a result of inheriting 9 properties from old JHR in the merger to be added to the 19 properties it originally possessed as at March 31, 2012.</p> <p>The forecast is based on the assumption that there will be no change in the investment asset portfolio such as acquisitions and dispositions throughout the term. However, the actual portfolio may change during the period.</p>
Operating Revenues	<p>Operating revenue is calculated based on the lease or other agreements for the investment assets JHR possesses as at April 1, 2012 while taking account of competitiveness of the hotels and market environments, etc.</p> <p>Of the 9 properties inherited from old JHR in the merger, 5 hotels, namely Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima are operating under variable rents. The rents are determined based on the new lease agreements which took effect on April 1, 2012.</p> <p><u>Calculation of rent income from 5 hotels with variable rent</u></p> <p>Rent revenue for the fiscal period ending December 31 (4,196 million yen) = fixed rent (2,415 million yen) + variable rent (1,780 million yen)</p> <p>Fixed rent = 268 million yen/month x 9 months</p> <p>Variable rent = [(i) Total GOP for five (5) hotels - (ii) GOP threshold] x 81.5%</p> <p>(i) Total GOP for five (5) hotels is forecasted at 4,697 million yen for the period.</p> <p>(ii) GOP threshold for this period is 2,513 million yen. For your information, annual GOP threshold is 3,351 million yen and is not expected to change throughout the contract term.</p> <p>Revenues and GOP of the 5 hotels for three terms are shown in comparison in <References> .</p> <p>(Note) GOP (Gross Operating Profit) is hotel revenues less operating expenses such as (1) cost of sale, (2) salaries, wages and employee benefits, (3) supplies, (4) other operational costs, (5) general administrative costs, (6) advertising, (7) repairs and maintenance, (8) utilities, (9) insurances, (10) taxes, (11) loan-loss reserves, and (12) other direct cost of hotel operations.</p> <p>For Ibis Tokyo Shinjuku, 172 million yen of variable rent from Hoshi Investment, the lessee, and 75 million yen of fixed rent from other tenants are expected. The variable rent from this hotel is hotel GOP less management contract fee and other costs borne by the lessee.</p> <p>Operating revenues are forecasted based on the assumption that there will be no delay or failure in rent payments by lessees.</p>
Operating Expenses	<p>Of the real estate lease expenses which are the principal component of the operating expenses, expenses other than depreciation cost are calculated based on historical data reflecting fluctuating factors.</p> <p>Taxes and public charges such as property taxes and city planning taxes, etc. are calculated in respect of expenses in the relevant operating period within the tax amount levied. Such calculation is based on the assumption that 606 million yen will be recorded. In general, previous owners are reimbursed for the property taxes and city planning taxes, etc. for the period starting from the time JHR acquires the assets. However, in</p>

Note: This document is provided for the purpose of publicly announcing a forecast of JHR's business performance for the fiscal year ending December 31, 2012, and not for the purpose of soliciting investments. Should you intend to make any investment, please do so based on your own judgment and at your own risk.

	<p>JHR, an amount equivalent to such reimbursement is included in the cost of acquisition.</p> <p>Depreciation cost is calculated on a straight-line basis and estimated at 1,571 million yen inclusive of ancillary expenses and 1,037 million yen of additional capital expenditures for the period.</p> <p>Building repair cost is estimated based on the assumed necessity during the period. However, please note that the actual expenses might differ significantly from the forecast for various reasons, including possible emergency repairs and maintenance of unexpected damage to buildings, the increasingly unexpected cost as buildings get older, and because expenses are not accruing on a regular basis.</p>												
Financial Expenses	Total 1,084 million yen of interest payment and borrowing cost is expected.												
Loan	<p>The forecast is based on the assumption that the total outstanding balance of loan and investment corporation bonds is 60,647 million yen as at April 1, 2012, and 59,928 million yen as at December 31, 2012.</p> <p>The forecasted decrease in the outstanding balance is due to repayment of a loan using JHR's own funds.</p> <p>Total 12,753 M borrowing will mature during the term. The forecast is based on the assumption that all matured loans will be renewed.</p>												
Extraordinary income (from negative goodwill)	<ul style="list-style-type: none"> The forecast is based on the assumption that the merger will fall under the category of acquisition according to Accounting Standard for Business Combination amended on December 26, 2008 and a negative goodwill is expected from the merger. The negative goodwill will be recorded as an extraordinary income all together. The extraordinary income from negative goodwill is estimated at 18,600 million yen based on the following: assets received from the acquired corporation (old JHR) at 83,849 million yen; debts received from the acquired corporation at 42,141 million yen; cost price of the acquisition at 21,746 million yen (calculated based on the closing price of JHR's unit on March 30 at 18,700 yen); other expenses of merger at 695 million yen; merger dividend 608 million yen. Please note that the amount of negative goodwill is not finalized and may change in the future. 												
Issuance of Investment Units	<p>The forecast is based on the assumption that 1,859,281 units are issued and outstanding, which comprises of 696,372 units outstanding right after the split carried out on April 1, 2012 and 1,162,909 new units issued in the merger.</p> <p>The forecast is based on the assumption that no additional investment units will be issued during this fiscal period.</p>												
Dividend per Unit	<p>The forecast is based on the assumption that net income less income from negative goodwill excluding loss on disposal of fixed assets will be totally distributed as dividend.</p> <table border="0"> <tr> <td>Net income</td><td>21,041 million yen</td></tr> <tr> <td>Income from negative goodwill (recorded as extraordinary income)</td><td>(18,600 million yen)</td></tr> <tr> <td><u>Use of negative goodwill (loss on disposal of fixed assets)</u></td><td><u>53 million yen</u></td></tr> <tr> <td>Total dividend</td><td>2,494 million yen</td></tr> <tr> <td>Total number of units</td><td>1,859,281 units</td></tr> <tr> <td>Dividend per unit</td><td>1,341 yen</td></tr> </table> <p>(Note) Loss on disposal of fixed assets will be compensated by some of the negative goodwill and be distributed as dividend.</p> <p>Actual dividend per unit may change due to various factors such as changes in investment assets, fluctuations of</p>	Net income	21,041 million yen	Income from negative goodwill (recorded as extraordinary income)	(18,600 million yen)	<u>Use of negative goodwill (loss on disposal of fixed assets)</u>	<u>53 million yen</u>	Total dividend	2,494 million yen	Total number of units	1,859,281 units	Dividend per unit	1,341 yen
Net income	21,041 million yen												
Income from negative goodwill (recorded as extraordinary income)	(18,600 million yen)												
<u>Use of negative goodwill (loss on disposal of fixed assets)</u>	<u>53 million yen</u>												
Total dividend	2,494 million yen												
Total number of units	1,859,281 units												
Dividend per unit	1,341 yen												

Note: This document is provided for the purpose of publicly announcing a forecast of JHR's business performance for the fiscal year ending December 31, 2012, and not for the purpose of soliciting investments. Should you intend to make any investment, please do so based on your own judgment and at your own risk.

	rent revenues caused by hotel lessee's replacements or changes of business environment surrounding hotel lessees, or unexpected repair costs.
Dividend per Unit in Excess of Earning	Dividend will not be distributed in excess of earning.
Annualized Dividend	<p>Annualized dividend per unit is calculated by simply converting 9-month figures into 12-month figures except for the rent income from 5 hotels with variable rents. The rents from these 5 hotels are forecasted based on the forecast for January to December 2012 submitted by the hotels.</p> <p><u>Calculation of rent income from 5 hotels with variable rent</u></p> <p>Annualized rent (5,055 million yen) = fixed rent (3,221million yne) + variable rent (1,834 million yen)</p> <p>Fixed rent = 268 million yen/month x 12 months</p> <p>Variable rent = [(i) Total GOP for five (5) hotels - (ii) GOP threshold] x 81.5%</p> <p>(i) Total GOP for five (5) hotels from January to December 2012 is forecasted at 5,602 million yen</p> <p>(ii) Annual GOP threshold is 3,351 million yen and is not expected to change throughout the contract term.</p> <p>Revenues and GOP of the 5 hotels for three terms are shown in comparison in <References> .</p>
Other	<p>The forecast is based on the assumption that there will be no amendments to laws, the taxation system, accounting standards, listing rules or regulations of the Investment Trusts Association, Japan, and other regulations, which affect the aforementioned forecasted figures.</p> <p>The forecast is based on the assumption that there will be no unexpected significant changes in general economic trends, the real estate market and business environment, etc. surrounding hotels.</p> <p>Figures stated in the Assumptions are rounded down to million yen.</p>

Note: This document is provided for the purpose of publicly announcing a forecast of JHR's business performance for the fiscal year ending December 31, 2012, and not for the purpose of soliciting investments. Should you intend to make any investment, please do so based on your own judgment and at your own risk.

<Reference>

(1) Revenues

(in million yen)

Amounts less than a million yen are rounded off

Revenues of 5 hotels with variable rents		CY 2010 (12 months) (Note 1)		CY 2011 (12 months) (Note 1)		CY 2012 (12 months) (Note 1)		CY 2012 (9 months) (Note 2)	
		Actual	Year-on-year	Actual	Year-on-year	Forecast	Year-on-year	Forecast	Year-on-year
Kobe Meriken Park Oriental Hotel	1 st half	2,800	4.2%	2,546	(9.1%)	2,528	(0.7%)		
	2 nd half	3,012	(5.8%)	3,008	(0.1%)	3,005	(0.1%)		
	Full year	5,812	(1.2%)	5,554	(4.4%)	5,533	(0.4%)	4,339	(0.9%)
Oriental Hotel Tokyo Bay	1 st half	3,130	4.4%	2,219	(29.1%)	3,161	42.4%		
	2 nd half	3,478	5.6%	3,529	1.5%	3,582	1.5%		
	Full year	6,608	5.0%	5,748	(13.0%)	6,742	17.3%	5,128	13.6%
Namba Oriental Hotel	1 st half	914	9.7%	940	2.9%	874	(7.1%)		
	2 nd half	956	7.1%	968	1.3%	913	(5.7%)		
	Full year	1,870	8.3%	1,909	2.1%	1,786	(6.4%)	1,353	(7.0%)
Hotel Nikko Alivila	1 st half	2,035	(7.0%)	1,911	(6.1%)	2,108	10.3%		
	2 nd half	3,005	0.7%	3,163	5.3%	3,245	2.6%		
	Full year	5,040	(2.6%)	5,074	0.7%	5,352	5.5%	4,354	4.2%
Oriental Hotel Hiroshima	1 st half	1,009	0.5%	904	(10.4%)	988	9.3%		
	2 nd half	1,058	(0.4%)	1,034	(2.2%)	1,118	8.1%		
	Full year	2,067	0.0%	1,939	(6.2%)	2,106	8.6%	1,625	8.4%
Total	1 st half	9,888	1.8%	8,521	(13.8%)	9,659	13.4%		
	2 nd half	11,508	0.7%	11,703	1.7%	11,861	1.4%		
	Full year	21,396	1.2%	20,223	(5.5%)	21,520	6.4%	16,799	4.8%

(Note 1) Though the fiscal period ending on December 31, 2012 has only 9 months, GOP of each hotel in the table shows forecasts for full year from January 1 to December 31 to facilitate comparison.

(Note 2) Figures in CY 2012(9 months) are forecasts for 9 months from April 1, 2012 to December 31. Year-on-year figures are comparison with the same period last year.

(2) GOP

GOP for Five (5) Hotels with Variable Rents	CY 2010 (12 months) (Note 1)		CY 2011 (12 months) (Note 1)		CY 2012 (12 months) (Note 1)		CY 2012 (9 months) (Note 2)	
	Actual	Year-on-year	Actual	Year-on-year	Forecast	Year-on-year	Forecast	Year-on-year
Total of Five (5) Hotels with Variable Rents	5,696	10.9%	5,158	(9.4%)	5,602	8.6%	4,697	4.3%
GOP Ratio to Sales	26.6%	2.3%	25.5%	(1.1%)	26.0%	0.5%	28.0%	(0.2%)

(Note 1) Though the fiscal period ending on December 31, 2012 has only 9 months, GOP of each hotel in the table shows forecasts for full year from January 1 to December 31 to facilitate comparison.

(Note 2) Figures in CY 2012(9 months) are forecasts for 9 months from April 1, 2012 to December 31. Year-on-year figures are comparison with the same period last year.

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

Note: This document is provided for the purpose of publicly announcing a forecast of JHR's business performance for the fiscal year ending December 31, 2012, and not for the purpose of soliciting investments. Should you intend to make any investment, please do so based on your own judgment and at your own risk.