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REIT Issuer:

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Notice Concerning Difference Between Operating Forecast and Actual Results  
for the Midterm of the Fiscal Year Ending December 2022 (23rd Period), and  
Operating Forecast and Forecast of Dividend for the Fiscal Year Ending December 2022 (23rd Period)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you of the difference between the operating forecast for the midterm of the fiscal year ending December 2022 (January 1, 2022 through December 31, 2022), announced in “Financial Report for the Fiscal Year Ended December 31, 2021 (January 1, 2021 through December 31, 2021),” dated February 25, 2022 and the actual results announced today. JHR also decided to revise the operating forecast and forecast of dividend for the fiscal year ending December 2022 (January 1, 2022 through December 31, 2022) as follows.

1. Difference between operating forecast and actual results for the midterm of the fiscal year ending December 2022 (January 1, 2022 through June 30, 2022)

	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 TBD	JPY1M TBD	JPY1M TBD	JPY1M TBD	JPY —	JPY —
Announcement this time (Actual results) (B)	JPY1M 5,431	JPY1M 323	JPY1M (470)	JPY1M (471)	JPY —	JPY —
Variance (C) = (B) – (A)	JPY1M —	JPY1M —	JPY1M —	JPY1M —	JPY —	JPY —
Variance ratio (D) = (C) / (A)	% —	% —	% —	% —	% —	% —
Reference Midterm FY2021	JPY1M 4,589	JPY1M (699)	JPY1M (1,488)	JPY1M (1,488)	JPY —	JPY —

Note: This document is intended to serve as a press release to make available the information on the difference between operating forecast and actual results for the midterm of the fiscal year ending December 2022 (23rd Period) and revisions to the operating forecast and forecast of dividend for the fiscal year ending December 2022 (23rd 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. Revision of the operating forecast and forecast of dividend for the fiscal year ending December 2022 (January 1, 2022 through December 31, 2022)

	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 TBD	JPY1M TBD	JPY1M TBD	JPY1M TBD	JPY TBD	JPY TBD
Revised forecast (B)	JPY1M 13,337	JPY1M 2,827	JPY1M 1,159	JPY1M 1,158	JPY 333	JPY —
Variance (C) = (B) – (A)	JPY1M —	JPY1M —	JPY1M —	JPY1M —	JPY —	JPY —
Variance ratio (D) = (C) / (A)	% —	% —	% —	% —	% —	% —
Reference Fiscal Year ended December 2021	JPY1M 13,633 (*1)	JPY1M 2,959	JPY1M 1,298	JPY1M 1,296	JPY 366	JPY —

- (Reference) Net income per unit for the full fiscal year: JPY259  
(Calculated based on the estimate of average number of investment units during the period (4,467,006 units))
- (\*1) Include JPY3,258 million as gain on sale of property
  - (\*2) Dividend per unit is calculated based on the number of investment units issued as of today: 4,467,006 units.
  - (\*3) 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 JPY332 million.
  - (\*4) For the assumptions of the operating status and dividend forecast above, please refer to “<Reference Information 1> Assumptions of the operating forecast for the full fiscal year ending December 2022 (23rd period)” below.
  - (\*5) 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 in this document.

3. Rationale for the revision of the operating forecast and forecast of dividend for the full fiscal year ending December 2022

JHR informs you of revision of operating forecast and forecast of dividend for the full fiscal year ending December 2022 which left undecided due to impact of spread of infection by COVID-19.

In 2022, while impact by COVID-19 variants were continued from the beginning of the year, measures to ease movement restrictions were expanded and we saw some sign of recovery on domestic leisure demand. For inbound leisure demand, we saw some initiatives to normalization by easing entry restrictions such as allowing entry for visitors for tourism is allowed in June. Although forecast of the market is still not clear due to epidemic of COVID-19 variants, we expect trend of recovery on demand for accommodation will continue mainly by domestic demand for travel.

Under the circumstance mentioned above, in operating forecast for fiscal year ending December 2022, we expect real estate operating revenue will increase JPY2,962 million from last year due to increase of variable rent and income from management contract. Moreover, we expect reduction of operating expense by JPY163 million and reduction of non-operating expense by JPY67 million due to reduction of financial cost. As a result, we expect JPY1,158 million as net income. Net income will be reduced by JPY138 million in comparison to last fiscal year when we recognized JPY3,258 million as gain on sale of real estate properties.

For detail of operating forecast, please see “4. Highlight of operational forecast and forecast of dividend” below. For detail of operating result of hotels with variable rent structure, please see “<Reference Information 2> Hotel operation indexes, sales and GOP”.

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4. Highlight of operating forecast and forecast of dividend

The following is the operating forecast and forecast of dividend for the full fiscal year ending December 2022 and comparison and the major factors causing the variance with operating result and dividend for the full fiscal year ended December 2021.

(Unit : JPY MM)

		FY2021/12 (22nd Period)	FY2022/12 (23rd Period)	Comparison with the Previous Year		Factors Causing Variance
		Result (A)	Forecast (B)	(B)-(A)	Variance	
Properties	No. of Properties	41	41	—	—	
	Acquisition Price	363,542	363,542	—	—	
Profit and Loss	Operating Revenue	13,633	13,337	(296)	(2.2%)	
	Real Estate Operating Revenue	10,374	13,337	2,962	28.6%	
	Fixed Rent	Composition 61.8% 6,413	Composition 47.0% 6,273	(140)	(2.2%)	• The Ishin Group Hotels: increase by JPY114 MM • The Two HMJ Rebranded Hotels: decrease by JPY168 MM • Other hotels and tenants: increase by JPY6 MM • Impact of property sold in 2021: decrease by JPY92 MM
	Other Income	8.4% 872	6.9% 918	46	5.3%	
	Variable Rent	29.8% 3,088	46.1% 6,145	3,056	99.0%	• The 14 HMJ Hotels: increase by JPY2,895 MM • The Accor Group Hotels: increase by JPY152 MM • The Ishin Group Hotels: decrease by JPY51 MM • Other hotels and tenants: increase by JPY93 MM • Impact of property sold in 2021: decrease by JPY33 MM
	Gain on Sale of Real Estate Properties, etc.	3,258	—	(3,258)	(100.0%)	
	NOI (*1)	6,366	9,452	3,085	48.5%	
	NOI Yield	1.8%	2.6%			
	NOI after Depreciation (*1)	1,544	4,703	3,159	204.6%	
	NOI Yield after Depreciation	0.4%	1.3%			
	Operating Income	2,959	2,827	(132)	(4.5%)	
	Ordinary Income	1,298	1,159	(138)	(10.6%)	
	Net Income	1,296	1,158	(138)	(10.7%)	
Dividend	Amount of Reversal from Reserve for Temporary Difference Adjustments (Negative Goodwill)	335	332	(2)	(0.8%)	Amount of reversal from reserve for temporary difference adjustments (*2) 2021 : 50-year negative goodwill amortization: JPY262 MM, Loss on retirement of noncurrent assets: JPY16 MM, Amortization of trademark rights: JPY56 MM 2022 : 50-year negative goodwill amortization: JPY262 MM, Loss on retirement of noncurrent assets: JPY13 MM, Amortization of trademark rights: JPY56 MM
	Total Dividends	1,634	1,487	(147)	(9.0%)	
	Number of Units Issued (Unit)	4,467,006	4,467,006	—	—	
	Dividend per Unit (JPY)	366	333	(33)	(9.0%)	

(\*1) 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

(\*2) For the detail of amount to be reversed from reserve for temporary difference adjustments please see “Assumptions of the operating forecast for the full fiscal year ending December 2022 (23rd period)” below. The same shall apply hereinafter.

(\*3) The Five HMJ hotels refers to following five hotels which JHR leases to Hotel Management Japan. Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima.  
The 14 HMJ hotels refers to The Five HMJ Hotels plus following 9 hotels which JHR leases to subsidiaries of HMJ. Oriental Hotel Okinawa Resort & Spa, Sheraton Grand Hiroshima Hotel (main facility of ACTIVE-INTER CITY HIROSHIMA), Oriental Hotel Fukuoka Hakata Station, Holiday Inn Osaka Namba, Hilton Tokyo Narita Airport, International Garden Hotel Narita, Hotel Nikko Nara, Hotel Oriental Express Osaka Shinsaibashi, Hilton Tokyo Odaiba.

The Two HMJ Rebranded Hotels refers to following two hotels which rebranded in 2021 after lessee have changed to subsidiaries of HMJ. Hotel Oriental Express Fukuoka Tenjin and Oriental Hotel Universal City.

The 16 HMJ Hotels refers to The 14 HMJ Hotels plus The Two HMJ Rebranded Hotels.

The same shall apply hereinafter.

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- (\*4) The Accor Group Hotels refers to following 5 hotels. ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha, Mercure Yokosuka. The same shall apply hereinafter.
- (\*5) The Ishin Group Hotels refers to following 4 hotels. the b suidobashi, the b ikebukuro, the b hachioji and the b hakata, The same shall apply hereinafter.
- (\*6) The 25 Hotels with Variable Rent, etc. refers to The 16 HMJ Hotels plus Accor Group Hotels plus Ishin Group Hotels. The same shall apply hereinafter.

(Note)

The above is the forecast 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: <https://www.jhrth.co.jp/en/>

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<Reference Information 1> Assumptions of the operating forecast for the full fiscal year ending December 2022 (23rd period)

Item	Assumptions																																																																																																					
Calculation Period	<ul style="list-style-type: none"> <li>Full fiscal year ending December 2022 (23rd Period): January 1, 2022 through December 31, 2022 (365 days)</li> </ul>																																																																																																					
Assets under Management	<ul style="list-style-type: none"> <li>The 41 properties owned by JHR as of today are assumed.</li> <li>It is assumed that there will be no change (acquisition of new property or disposition of the existing properties, etc.) in assets under management through the end of the fiscal year ending December 2022 (23rd period). However, the actual results may fluctuate depending on the changes in assets under management that may take place.</li> </ul>																																																																																																					
Operating Revenue	<ul style="list-style-type: none"> <li>Operating revenue is calculated based on the conditions of the lease and other effective contracts, taking into consideration the competitiveness of hotels, market environment, and other factors. If there are lease contracts with facilities other than hotels, such as commercial facilities and offices, operating revenue calculated based on the said lease contracts is included. Moreover, operating forecast may fluctuate significantly due to the impact of COVID-19.</li> <li>Rents, etc. of the main hotels are calculated based on the following assumptions.               <ol style="list-style-type: none"> <li>The 14 HMJ Hotels                    JHR concluded a memorandum of understanding for the fixed-term building lease contract for The 14 HMJ Hotels on February 25, 2022. From January 1, 2022 through December 31, 2022, the rent is only variable rent and is calculated by multiplying the hotel AGOP (*1) by the variable rent ratio for each hotel. However, if AGOP is less than 0 (zero), the variable rent will be 0 (zero).  <div style="text-align: right;">(Unit: millions of yen)</div> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th></th> <th>AGOP of each hotel</th> <th>Variable rent ratio</th> <th>Variable rent</th> </tr> </thead> <tbody> <tr> <td rowspan="2">Kobe Meriken Park Oriental Hotel</td> <td>Midterm</td> <td>92</td> <td rowspan="2">86.0%</td> <td>79</td> </tr> <tr> <td>Full year</td> <td>447</td> <td>384</td> </tr> <tr> <td rowspan="2">Oriental Hotel tokyo bay</td> <td>Midterm</td> <td>276</td> <td rowspan="2">79.0%</td> <td>218</td> </tr> <tr> <td>Full year</td> <td>809</td> <td>639</td> </tr> <tr> <td rowspan="2">Namba Oriental Hotel</td> <td>Midterm</td> <td>183</td> <td rowspan="2">91.0%</td> <td>166</td> </tr> <tr> <td>Full year</td> <td>402</td> <td>366</td> </tr> <tr> <td rowspan="2">Hotel Nikko Alivila</td> <td>Midterm</td> <td>63</td> <td rowspan="2">74.0%</td> <td>47</td> </tr> <tr> <td>Full year</td> <td>977</td> <td>723</td> </tr> <tr> <td rowspan="2">Oriental Hotel Hiroshima</td> <td>Midterm</td> <td>332</td> <td rowspan="2">89.0%</td> <td>295</td> </tr> <tr> <td>Full year</td> <td>584</td> <td>520</td> </tr> <tr> <td rowspan="2">Oriental Hotel Okinawa Resort &amp; Spa</td> <td>Midterm</td> <td>(154)</td> <td rowspan="2">89.0%</td> <td>—</td> </tr> <tr> <td>Full year</td> <td>244</td> <td>217</td> </tr> <tr> <td rowspan="2">Sheraton Grand Hiroshima Hotel (*2)</td> <td>Midterm</td> <td>106</td> <td rowspan="2">93.0%</td> <td>98</td> </tr> <tr> <td>Full year</td> <td>331</td> <td>308</td> </tr> <tr> <td rowspan="2">Oriental Hotel Fukuoka Hakata Station</td> <td>Midterm</td> <td>193</td> <td rowspan="2">97.0%</td> <td>187</td> </tr> <tr> <td>Full year</td> <td>591</td> <td>574</td> </tr> <tr> <td rowspan="2">Holiday Inn Osaka Namba</td> <td>Midterm</td> <td>109</td> <td rowspan="2">98.0%</td> <td>106</td> </tr> <tr> <td>Full year</td> <td>151</td> <td>148</td> </tr> <tr> <td rowspan="2">Hilton Tokyo Narita Airport</td> <td>Midterm</td> <td>68</td> <td rowspan="2">95.0%</td> <td>65</td> </tr> <tr> <td>Full year</td> <td>102</td> <td>97</td> </tr> <tr> <td rowspan="2">International Garden Hotel Narita</td> <td>Midterm</td> <td>117</td> <td rowspan="2">95.0%</td> <td>111</td> </tr> <tr> <td>Full year</td> <td>188</td> <td>179</td> </tr> <tr> <td rowspan="2">Hotel Nikko Nara</td> <td>Midterm</td> <td>8</td> <td rowspan="2">95.0%</td> <td>8</td> </tr> <tr> <td>Full year</td> <td>172</td> <td>164</td> </tr> </tbody> </table> </li> </ol></li></ul>			AGOP of each hotel	Variable rent ratio	Variable rent	Kobe Meriken Park Oriental Hotel	Midterm	92	86.0%	79	Full year	447	384	Oriental Hotel tokyo bay	Midterm	276	79.0%	218	Full year	809	639	Namba Oriental Hotel	Midterm	183	91.0%	166	Full year	402	366	Hotel Nikko Alivila	Midterm	63	74.0%	47	Full year	977	723	Oriental Hotel Hiroshima	Midterm	332	89.0%	295	Full year	584	520	Oriental Hotel Okinawa Resort & Spa	Midterm	(154)	89.0%	—	Full year	244	217	Sheraton Grand Hiroshima Hotel (*2)	Midterm	106	93.0%	98	Full year	331	308	Oriental Hotel Fukuoka Hakata Station	Midterm	193	97.0%	187	Full year	591	574	Holiday Inn Osaka Namba	Midterm	109	98.0%	106	Full year	151	148	Hilton Tokyo Narita Airport	Midterm	68	95.0%	65	Full year	102	97	International Garden Hotel Narita	Midterm	117	95.0%	111	Full year	188	179	Hotel Nikko Nara	Midterm	8	95.0%	8	Full year	172	164
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Item	Assumptions			
	(Unit: millions of yen)			
		Hotel AGOP	Variable rent ratio	Variable rent
Hotel Oriental Express Osaka Shinsaibashi (*3)	Midterm	(10)	87.0%	—
	Full year	(34)		—
Hilton Tokyo Odaiba	Midterm	(10)	97.0%	—
	Full year	707		686
Total	Midterm	1,374	—	1,384
	Full year	5,678		5,010

(\*1) AGOP (adjusted GOP) is the amount calculated by subtracting certain fees and other items from GOP or GOL. GOP (gross operating profit) are the remainder after expenses incurred in hotel operation, such as personnel costs and general and administrative expenses, etc., are deducted from total sales. The same shall apply hereinafter in this document.

(\*2) Stating the rent for Sheraton Grand Hiroshima Hotel, the major facility of ACTIVE-INTER CITY HIROSHIMA. Fixed rent and variable rent for office and commercial tenants of ACTIVE-INTER CITY HIROSHIMA are as follows.

(Unit: millions of yen)			
	Variable rent	Fixed rent	Total rent
Midterm	3	251	254
Full year	5	501	507

(\*3) Hotel Oriental Express Osaka Shinsaibashi is assumed to be closed throughout the period.

(2) The Two HMJ Rebranded Hotels

Hotel Oriental Express Fukuoka Tenjin and Oriental Hotel Universal City were rebranded with HMJ subsidiaries as the lessees on June 18, 2021 and July 1, 2021, respectively. The assumptions for fixed and variable rent stipulated in the fixed-term building contract after rebranding concluded on February 12, 2021 are as follows.

< Hotel Oriental Express Fukuoka Tenjin >  
Lease term: June 18, 2021 to December 31, 2031  
Total rent = Fixed rent + Variable rent  
Fixed rent = ¥150 million (actual amount for the year)  
Fixed rent is waived from June 18, 2021 through June 30, 2022. The fixed rent to be recognized for the fiscal year ending December 2022 is expected to be ¥135 million, which is 12 months' worth of the average fixed rent of ¥11 million per month, calculated as the total fixed rent for the whole lease period (¥1,425 million) divided proportionally by the period of lease contract.

Variable rent = [Hotel AGOP – AGOP base amount of ¥165 million] × Variable rent ratio (97.0%)

< Oriental Hotel Universal City >  
Lease term: July 1, 2021 to December 31, 2031  
Total rent = Fixed rent + Variable rent  
Fixed rent = ¥350 million (actual amount for the year)  
Fixed rent is waived from July 1, 2021 through June 30, 2022. The fixed rent to be recognized for the fiscal year ending December 2022 is expected to be ¥316 million, which is 12 months' worth of the average fixed rent of ¥26 million per month, calculated as the total fixed rent for the whole lease period (¥3,325 million) divided proportionally by the period of lease contract.

Variable rent = [Hotel AGOP – AGOP base amount of ¥370 million] × Variable rent ratio (95.0%)

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Item	Assumptions				
	Variable rent of The Two HMJ Rebranded Hotels are as follows				
	(Unit: millions of yen)				
		Hotel AGOP	AGOP base amount	Variable rent ratio	Variable rent
Hotel Oriental Express Fukuoka Tenjin	Midterm	32	82	97.0%	—
	Full year	134	165		—
Oriental Hotel Universal City	Midterm	30	185	95.0%	—
	Full year	336	370		—
Total	Midterm	62	—	—	—
	Full year	471	—	—	—
	(3) Income from management contracts (*4) and variable rent from other hotels with variable rent, etc.				
	(Unit: millions of yen)				
		Midterm	Full year		
ibis Styles Kyoto Station (*4)		—	11		
ibis Styles Sapporo (*4)		0	114		
Mercure Sapporo (*4)		—	93		
Mercure Okinawa Naha (*4)		4	18		
Mercure Yokosuka		66	125		
the b suidobashi		—	—		
the b ikebukuro		162	249		
the b hachioji		—	—		
the b hakata		—	—		
Comfort Hotel Tokyo Higashi Nihombashi		—	—		
Smile Hotel Nihombashi Mitsukoshimae		—	—		
Chisun Hotel Kamata		4	28		
Chisun Inn Kamata		3	15		
Hilton Tokyo Bay		Undisclosed (*5)	Undisclosed (*5)		
Hilton Nagoya		Undisclosed (*5)	Undisclosed (*5)		
Total		475	1,129		
	(*4) Management contract structure is introduced. The management contract structure involves entrusting the management of owned hotel properties to the management company and incorporating the results of the business into JHR as real estate operating revenue. The amount of GOP for each hotel is recognized as management contract revenue and as operating revenue. In case that GOP is negative amount (GOL), such amount will be recognized as management contract cost and accounted as operating expense item. GOL of each hotel, which is accounted as management contract costs, is as follows.				
	(Unit: millions of yen)				
		Midterm	Full year		
ibis Styles Kyoto Station		(17)	—		
Mercure Sapporo		(2)	—		
Total		(20)	—		
	(*5) Undisclosed since tenants that concluded lease contracts did not agree to disclose rent revenue, etc.				

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Item	Assumptions																		
	<ul style="list-style-type: none"> <li>The following is the breakdown of variable rent and income from management contracts</li> </ul> <p style="text-align: right;">(Unit: millions of yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Midterm</th> <th>Full year</th> </tr> </thead> <tbody> <tr> <td>The 14 HMJ Hotels</td> <td>1,384</td> <td>5,010</td> </tr> <tr> <td>The Two HMJ Rebranded Hotels</td> <td>—</td> <td>—</td> </tr> <tr> <td>Office and commercial tenants (*6)</td> <td>3</td> <td>5</td> </tr> <tr> <td>Other hotels with variable rent, etc. (16 hotels)</td> <td>475</td> <td>1,129</td> </tr> <tr> <td>Total (30 hotels)</td> <td>1,863</td> <td>6,145</td> </tr> </tbody> </table> <p>(*6) Variable rent for office and commercial tenants of ACTIVE-INTER CITY HIROSHIMA is shown.  (*7) For details of variable rent, please refer to page 45, “3. Reference Information; (1) Information on values of assets under management, etc. B. Assets under management; I Other major assets under management; (iii) 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, 2022 (January 1, 20–2 - June 30, 2022)” dated August 24, 2022.</p>		Midterm	Full year	The 14 HMJ Hotels	1,384	5,010	The Two HMJ Rebranded Hotels	—	—	Office and commercial tenants (*6)	3	5	Other hotels with variable rent, etc. (16 hotels)	475	1,129	Total (30 hotels)	1,863	6,145
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Operating Expenses	<ul style="list-style-type: none"> <li>With respect to real estate operating costs, 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.</li> <li>It is assumed that ¥1,923 million will be recognized as expenses for fixed asset taxes, city planning taxes, etc.</li> <li>Capital expenditure is assumed to be ¥4,716 million (¥3,366 million for capital expenditure I, ¥1,349 million for capital expenditure II). Capital expenditure III is not planned for the fiscal year ending December 2022.  (*) 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.</li> <li>Depreciation is calculated using the straight-line method including the planned capital expenditures above and is assumed to be ¥4,733 million.</li> <li>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.</li> </ul>																		
Non-operating Expenses	<ul style="list-style-type: none"> <li>¥1,680 million is expected as non-operating expenses for borrowing-related costs and other expenses. Borrowing-related costs include interest expense, amortization for financing fee and arrangement fee.</li> <li>Expenses for issuance of new investment units and secondary offering are amortized over a period of three years by the straight-line method.</li> </ul>																		
Interest-bearing Debt	<ul style="list-style-type: none"> <li>The balance of interest-bearing debt (sum of loans and investment corporation bonds) as of today is ¥164,754 million. Balance of interest-bearing debt as of end of December 2022 is expected to be ¥164,754 million as well.</li> <li>There are ¥17,625 million of debt that will mature during the 2nd half of the fiscal year ending December 2022 (23rd Period), all of such loans are assumed to be refinanced.</li> <li>There are ¥6,000 million of investment corporation bonds that will mature during the 2nd half of the fiscal year ending December 2022 (23rd Period), it is assumed that the same amount of investment corporation bonds will be issued.</li> </ul>																		

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Item	Assumptions		
Dividend per Unit	<ul style="list-style-type: none"> <li>Dividend per unit for the fiscal year ending December 2022 (23rd period) is calculated based on the following assumptions.</li> </ul>		
	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Net income</td> <td style="text-align: right;">¥1,158 million</td> </tr> </table>	Net income	¥1,158 million
	Net income	¥1,158 million	
	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Reversal of reserve for temporary difference adjustment (negative goodwill)</td> <td></td> </tr> </table>	Reversal of reserve for temporary difference adjustment (negative goodwill)	
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	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">    50-year amortization amount of negative goodwill (*1)</td> <td style="text-align: right;">¥262 million</td> </tr> </table>	50-year amortization amount of negative goodwill (*1)	¥262 million
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	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">    Loss on retirement of noncurrent assets (*2)</td> <td style="text-align: right;">¥13 million</td> </tr> </table>	Loss on retirement of noncurrent assets (*2)	¥13 million
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	<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">    Amortization of trademark rights (*3)</td> <td style="text-align: right;">¥56 million</td> </tr> </table>	Amortization of trademark rights (*3)	¥56 million
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<hr/> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Distributable amount</td> <td style="text-align: right;">¥1,491 million</td> </tr> </table>	Distributable amount	¥1,491 million	
Distributable amount	¥1,491 million		
<table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Total number of investment units issued</td> <td style="text-align: right;">4,467,006 units</td> </tr> </table>	Total number of investment units issued	4,467,006 units	
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<hr/> <table border="0" style="width: 100%;"> <tr> <td style="width: 80%;">Dividend per unit</td> <td style="text-align: right;">¥333</td> </tr> </table>	Dividend per unit	¥333	
Dividend per unit	¥333		
<p>(*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.</p> <p>(*2) The amount recognized as a loss on retirement of noncurrent assets will be appropriated by reserve for temporary difference adjustment (negative goodwill) and is expected to have no impact on dividend per unit.</p> <p>(*3) The trademark rights are amortized over 10 years using the straight-line method. Amortization is expected to be recognized during the current fiscal year will be appropriated by reserve for temporary difference adjustment (negative goodwill) and is expected to have no impact on dividend per unit.</p> <ul style="list-style-type: none"> <li>Dividend per unit may fluctuate due to various causes, such as fluctuation of rent revenue resulting from 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.</li> <li>The remaining balance of the reserve for temporary difference adjustment (negative goodwill) after the appropriation of the reserve for temporary difference adjustment (negative goodwill) for dividends for the fiscal year ending December 2022 (23rd period) is expected to be ¥9,643 million.</li> </ul>			
Dividend per Unit Resulting from Excess of Earnings	<ul style="list-style-type: none"> <li>It is assumed that the excess of earnings (dividend per unit resulting from excess of earnings) will not be distributed.</li> </ul>		
Others	<ul style="list-style-type: none"> <li>It is assumed that revision in law, tax system, accounting standard, regulations of the listing, and regulations of the Investment Trusts Association, Japan that may impact the forecast above will not be made.</li> <li>It is assumed that unexpected major incident will not occur in the general economy, real estate market and hotel business environment, etc.</li> <li>The numerical values are rounded down to the nearest millions of yen in the assumptions above.</li> </ul>		

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<Reference Information 2> Hotel operation indexes, sales and GOP (gross operating profit)

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 (\*1) and RevPAR (\*2) are rounded off to the nearest yen. Sales and GOP are rounded off to the nearest millions of yen.

Occupancy rate and numbers in percentage are rounded off to one decimal place.

<1> The 16 HMJ Hotels

		Fiscal year ended December 2021		Fiscal year ending December 2022		
		Result	Comparison with 2019	1st Half: Result 2nd Half: Forecast Full Year: Forecast	Comparison with previous period	Comparison with 2019
Occupancy rate	First half of the year	26.4%	(59.5pt)	54.6%	28.2pt	(31.3pt)
	Second half of the year	47.8%	(40.6pt)	69.2%	21.4pt	(19.2pt)
	Full year	37.2%	(50.0pt)	62.0%	24.8pt	(25.2pt)
ADR	First half of the year	12,615	(26.2%)	12,292	(2.6%)	(28.1%)
	Second half of the year	14,038	(26.2%)	16,239	15.7%	(14.6%)
	Full year	13,537	(25.1%)	14,514	7.2%	(19.7%)
RevPAR	First half of the year	3,333	(77.3%)	6,716	101.5%	(54.2%)
	Second half of the year	6,709	(60.1%)	11,238	67.5%	(33.1%)
	Full year	5,035	(68.0%)	8,995	78.7%	(42.9%)
Sales (JPY1M)	First half of the year	8,429	(66.8%)	12,720	50.9%	(49.8%)
	Second half of the year	13,140	(54.0%)	19,491	48.3%	(31.8%)
	Full year	21,569	(60.0%)	32,211	49.3%	(40.3%)
GOP (JPY1M)	First half of the year	(164)	(102.1%)	1,536	—%	(80.5%)
	Second half of the year	2,178	(79.5%)	4,878	124.0%	(54.0%)
	Full year	2,014	(89.1%)	6,414	218.4%	(65.3%)

(\*1) ADR: Represents average daily rate, which is calculated by dividing total rooms revenue for a certain period (including service charges) by the total number of rooms sold during the period. The same shall apply hereinafter in this document.

(\*2) RevPAR: Represents revenue per available room, which is calculated by dividing total rooms revenue for a certain period (including service charges) by the total number of rooms available for sale during the period. The same shall apply hereinafter in this document.

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<2> The 25 Hotels with Variable Rent, etc.

		Fiscal year ended December 2021		Fiscal year ending December 2022		
		Result	Comparison with 2019	1st Half: Result 2nd Half: Forecast Full Year: Forecast	Comparison with previous period	Comparison with 2019
Occupancy rate	First half of the year	29.5%	(56.0pt)	55.8%	26.3pt	(29.6pt)
	Second half of the year	48.7%	(38.6pt)	69.9%	21.2pt	(17.4pt)
	Full year	39.2%	(47.2pt)	62.9%	23.7pt	(23.5pt)
ADR	First half of the year	10,755	(30.9%)	10,872	1.1%	(30.1%)
	Second half of the year	12,143	(28.9%)	14,089	16.0%	(17.5%)
	Full year	11,625	(28.8%)	12,675	9.0%	(22.4%)
RevPAR	First half of the year	3,169	(76.2%)	6,063	91.4%	(54.4%)
	Second half of the year	5,913	(60.4%)	9,846	66.5%	(34.0%)
	Full year	4,552	(67.7%)	7,971	75.1%	(43.5%)
Sales (JPY1M)	First half of the year	9,512	(67.3%)	14,364	51.0%	(50.6%)
	Second half of the year	14,567	(55.0%)	21,780	49.5%	(32.8%)
	Full year	24,079	(60.8%)	36,144	50.1%	(41.2%)
GOP (JPY1M)	First half of the year	(96)	(101.0%)	1,819	—%	(80.8%)
	Second half of the year	2,463	(79.9%)	5,387	118.7%	(56.0%)
	Full year	2,367	(89.1%)	7,206	204.4%	(66.8%)

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