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September 11, 2023

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)
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Notice Concerning Revision of Operating Forecast for the Fiscal Year Ending December 2023 (24th Period)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you of the revision of the operating forecast for the fiscal year ending December 2023 (January 1, 2023 through December 31, 2023) announced in “Midterm Financial Report for the Fiscal Year Ending December 31, 2023” dated August 24, 2023, as follows.

1. Revision of the operating forecast for the fiscal year ending December 2023
(January 1, 2023 through December 31, 2023)

	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 24,928	JPY1M 13,288	JPY1M 11,417	JPY1M 11,416	JPY 2,652	JPY -
Revised forecast (B)	JPY1M 25,138	JPY1M 13,437	JPY1M 11,493	JPY1M 11,491	JPY 2,652	JPY -
Variance (C) = (B) - (A)	JPY1M 210	JPY1M 148	JPY1M 75	JPY1M 75	JPY -	JPY -
Variance ratio (D) = (C) / (A)	% 0.8	% 1.1	% 0.7	% 0.7	% -	% -

(Reference) Forecast of net income per unit for the full fiscal year: JPY2,545

(Calculated based on the estimated average number of investment units during the period (4,514,513 units))

- (*1) Dividend per unit is calculated based on the number of investment units issued as of today (4,467,006 units) and new investment units to be issued through a public offering (170,000 units) determined by the resolution at the JHR’s Board of Directors meeting held today. For details, please refer to “Notice Concerning Issuance of New Investment Units” dated today.
- (*2) JHR plans to reverse and distribute JPY806 million of reserve for temporary difference adjustment due to negative goodwill.
- (*3) For the assumptions of the operating forecast above, please refer to “<Reference Information 1> Assumptions of the operating forecast for the full fiscal year ending December 2023 (24th period)” below.
- (*4) The acquisition of the 3 properties (La’gent Stay Sapporo Odori, Oriental Hotel Kyoto Rokujo and Hotel Oriental Express Fukuoka Nakasukawabata) (hereinafter called the “Assets for Anticipated Acquisition”) which is announced in the press release “Notice Concerning Acquisition and Lease of New Assets (La’gent Stay Sapporo Odori, Oriental Hotel Kyoto Rokujo and Hotel Oriental Express Fukuoka Nakasukawabata)” dated today is assumed.
- (*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.

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2. Rationale for the revisions of the operating forecast

JHR revises its operating forecasts for the full fiscal year ending December 2023 reflecting the issuance of new investment units announced in the press release “Notice Concerning Issuance of New Investment Units” dated today, the decision to acquire the Assets for Anticipated Acquisition announced in the press release “Notice Concerning Acquisition and Lease of New Assets (La’gent Stay Sapporo Odori, Oriental Hotel Kyoto Rokujo and Hotel Oriental Express Nakasukawabata)” dated today. Forecasts for the real estate and trust beneficiary interests held by JHR as of today (hereinafter referred to as the “Existing Properties”) have not been changed.

Although a dilution of investment units is expected to be caused from the issuance of new investment units, there will be no change to the forecast of dividend per unit for the fiscal year ending December 2023 due to the appropriation of the reserve for temporary difference adjustment due to negative goodwill.

For details of the comparison with the previous forecast, please refer to “3. Highlights of the operating forecast and forecast of dividend.”

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3. Highlights of the operating forecast and forecast of dividend

Comparison and the major factors causing the variance between the operating forecast and forecast of dividend (revised forecast) for the full fiscal year ending December 2023 (24th period) and the previous forecast.

(Unit: millions of yen)

		FY12/2023 (24th Period)	FY12/2023 (24th Period)	Comparison with the Previous Forecast		Assets for Anticipated Acquisition (*1)	Existing Properties	Factors Causing Variance
		Previous Forecast (A)	Revised Forecast (B)	(B)-(A)	Variance			
Properties	No. of Properties	43	46	3	-	3	-	
	Acquisition Price	373,992	392,918	18,926	5.1%	18,926	-	
Profit and Loss	Operating Revenue	24,928	25,138	210	0.8%	210	-	
	Real Estate Operating Revenue	24,928	25,138	210	0.8%	210	-	
	Fixed Rent	14,547	14,641	94	0.6%	94	-	
	Composition	58.4%	58.2%					
	Other Income	1,272	1,272	-	-	-	-	
	Composition	5.1%	5.1%					
	Variable Rent	9,108	9,225	116	1.3%	116	-	
	Composition	36.5%	36.7%					
	NOI (*2)	20,479	20,684	204	1.0%	204	-	
	NOI Yield (*2)	5.5%	5.3%					
NOI after Depreciation (*2)	15,379	15,533	153	1.0%	153	-		
NOI Yield after Depreciation (*2)	4.1%	4.0%						
Operating Income	13,288	13,437	148	1.1%				
Ordinary Income	11,417	11,493	75	0.7%				
Net Income	11,416	11,491	75	0.7%				
Dividend	Amount of Reversal from Reserve for Temporary Difference Adjustments (Negative Goodwill)	431	806	375	87.0%	Amount of reversal from reserve for temporary difference adjustments Previous forecast: 50-year amortization amount on negative goodwill: JPY262MM Loss on retirement of noncurrent assets: JPY112MM Amortization of trademark rights: JPY56MM		
	Total Dividends	11,846	12,297	450	3.8%	Revised Forecast: 50-year amortization amount on negative goodwill: JPY262MM Loss on retirement of noncurrent assets: JPY112MM Amortization of trademark rights: JPY56MM Cope with dilution: JPY375MM		
	Number of Units Issued (Unit)	4,467,006	4,637,006	170,000	3.8%			
	Dividend per Unit (JPY)	2,652	2,652	-	-			

(*1) Stating the amount of the impact (forecast) by the acquisition of the Assets for Anticipated Acquisition.

(*2) 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 / (Anticipated) acquisition price

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

NOI yield after depreciation = NOI after depreciation / (Anticipated) acquisition price

(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.

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* 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 2023 (24th period)

Item	Assumptions																																
Calculation Period	<ul style="list-style-type: none"> Full fiscal year ending December 2023 (24th Period): January 1, 2023 through December 31, 2023 (365 days) 																																
Assets under Management	<ul style="list-style-type: none"> The 43 properties owned by JHR as of today and the following 3 assets (Assets for Anticipated Acquisition), total 46 properties are assumed. <p><Assets for Anticipated Acquisition></p> <table border="1"> <thead> <tr> <th>Acquisition date</th> <th>Name of asset</th> </tr> </thead> <tbody> <tr> <td>September 27, 2023</td> <td>La'gent Stay Sapporo Odori</td> </tr> <tr> <td>September 27, 2023</td> <td>Oriental Hotel Kyoto Rokujo</td> </tr> <tr> <td>September 27, 2023</td> <td>Hotel Oriental Express Fukuoka Nakasukawabata</td> </tr> </tbody> </table> <ul style="list-style-type: none"> It is assumed that there will be no changes in assets under management (acquisition of new properties, sale of the Existing Properties, etc.) other than the above by the end of the fiscal year ending December 2023 (24th Period). However, changes in the actual assets under management may take place. 	Acquisition date	Name of asset	September 27, 2023	La'gent Stay Sapporo Odori	September 27, 2023	Oriental Hotel Kyoto Rokujo	September 27, 2023	Hotel Oriental Express Fukuoka Nakasukawabata																								
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Number of issued investment units	<ul style="list-style-type: none"> It is assumed that new investment units (170,000 units) will be issued through a public offering based on the resolution of JHR's board of directors dated today, in addition to the 4,467,006 units issued and outstanding as of today. Dividend per unit is calculated based on the expected outstanding 4,637,006 investment units as of the end of the 24th period ending December 2023. It is assumed that there will be no additional issuance of investment units or purchase of own investment units other than the above until the end of the 24th period ending December 2023. 																																
Operating Revenue	<ul style="list-style-type: none"> Operating revenue is calculated based on the conditions of the effective lease agreements, etc. (for consideration of operating revenue, we take the competitiveness of hotels, market environment including recent operating status of each hotel and expectations of recovery from the COVID-19 pandemic, and other factors into consideration). If there are lease agreements with facilities other than hotels, such as commercial facilities and offices, operating revenue calculated based on the said lease agreements is included. In particular, we anticipate further recovery of each hotel from the COVID-19 pandemic taking into account the current operating conditions; however, due to the status of infection by COVID-19 and other conditions going forward, there is no warranty that the hotel performance will recover as expected, and it may differ materially from the actual operating result of each hotel. Rents, etc. of the main hotels are calculated based on the following assumptions. <ul style="list-style-type: none"> (1) The 16 HMJ Hotels (*1) Rents for The 16 HMJ Hotels consist of fixed and variable rents, and variable rents are calculated using the following formula. Variable rent = [Hotel AGOP (*2) – Base Amount] × Variable rent ratio (%) However, if AGOP is less than the Base Amount, the variable rent will be 0 yen. <p style="text-align: right;">(Unit: millions of yen)</p> <table border="1"> <thead> <tr> <th></th> <th>Fixed rent</th> <th>Variable rent</th> <th>Total rent</th> </tr> </thead> <tbody> <tr> <td>The 5 HMJ Hotels</td> <td>3,221</td> <td>2,127</td> <td>5,348</td> </tr> <tr> <td>Oriental Hotel Universal City</td> <td>316</td> <td>986</td> <td>1,303</td> </tr> <tr> <td>Oriental Hotel Okinawa Resort & Spa</td> <td>550</td> <td>224</td> <td>774</td> </tr> <tr> <td>Sheraton Grand Hiroshima Hotel (*3)</td> <td>348</td> <td>315</td> <td>663</td> </tr> <tr> <td>Oriental Hotel Fukuoka Hakata Station</td> <td>425</td> <td>958</td> <td>1,383</td> </tr> <tr> <td>Holiday Inn Osaka Namba</td> <td>576</td> <td>279</td> <td>855</td> </tr> <tr> <td>Hotel Oriental Express Fukuoka Tenjin</td> <td>135</td> <td>271</td> <td>406</td> </tr> </tbody> </table>		Fixed rent	Variable rent	Total rent	The 5 HMJ Hotels	3,221	2,127	5,348	Oriental Hotel Universal City	316	986	1,303	Oriental Hotel Okinawa Resort & Spa	550	224	774	Sheraton Grand Hiroshima Hotel (*3)	348	315	663	Oriental Hotel Fukuoka Hakata Station	425	958	1,383	Holiday Inn Osaka Namba	576	279	855	Hotel Oriental Express Fukuoka Tenjin	135	271	406
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Item	Assumptions		
	Fixed rent	Variable rent	Total rent
Hilton Tokyo Narita Airport	444	45	489
International Garden Hotel Narita	336	156	492
Hotel Nikko Nara	420	55	475
Hotel Oriental Express Osaka Shinsaibashi	110	59	169
Hilton Tokyo Odaiba	1,600	561	2,161
Total	8,482	6,041	14,523

(*1) The 16 HMJ Hotels refers to the following 16 hotels: Kobe Meriken Park Oriental Hotel, Oriental Hotel Tokyo Bay, Namba Oriental Hotel, Hotel Nikko Alivila and Oriental Hotel Hiroshima (hereinafter collectively called “The 5 HMJ Hotels”), plus Oriental Hotel Universal City, 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, Hotel Oriental Express Fukuoka Tenjin, Hilton Tokyo Narita Airport, International Garden Hotel Narita, Hotel Nikko Nara, Hotel Oriental Express Osaka Shinsaibashi and Hilton Tokyo Odaiba. The same shall apply hereinafter.

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

(*3) Stating the rent for Sheraton Grand Hiroshima Hotel, the major facility of ACTIVE-INTER CITY HIROSHIMA. The fixed and variable rents for offices and commercial tenants in ACTIVE-INTER CITY HIROSHIMA are as follows:

(Unit: millions of yen)

	Fixed rent	Variable rent	Total rent
Full year	484	10	495

(2) Income from management contracts (*4) and variable rent from other hotels with variable rent, etc.

(Unit: millions of yen)

	Full year
ibis Styles Kyoto Station (*4)	261
ibis Styles Sapporo (*4)	387
Mercure Sapporo (*4)	459
Mercure Okinawa Naha (*4)	202
Mercure Yokosuka	200
the b suidobashi	63
the b ikebukuro	168
the b hachioji	90
the b hakata	118
dormy inn Kumamoto	-
Comfort Hotel Tokyo Higashi Nihombashi	181
Smile Hotel Nihombashi Mitsukoshimae	4
Chisun Hotel Kamata	94
Chisun Inn Kamata	59
Hilton Tokyo Bay	Undisclosed (*5)
Hilton Nagoya	Undisclosed (*5)
UAN kanazawa	19
Sotetsu Fresa Inn Shimbashi-Karasumoriguchi	0
Total	3,056

(*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

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	<p>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.</p> <p>(*5) Undisclosed since tenants that concluded lease contracts did not agree to disclose rent revenue, etc.</p> <p>(3) Assets for Anticipated Acquisition (*6)</p> <p>1. La'gent Stay Sapporo Odori Rent is based on variable rent only and calculation method is as follows: Variable rent = Amount calculated based on Sales and GOP of the hotel However, if calculated amount is below 0 yen, the variable rent will be 0 yen.</p> <p>2. Oriental Hotel Kyoto Rokujo (*7) Rent is based on fixed rent and variable rent. Annual variable rent is calculated using the following formula. Variable rent = [Hotel AGOP – base amount of JPY183 million] × 93.5% However, if AGOP is below the base amount, the variable rent will be 0 yen.</p> <p>3. Hotel Oriental Express Fukuoka Nakasukawabata (*8) Rent is based fixed rent and variable rent. Annual variable rent is calculated using the following formula. Variable rent = [Hotel AGOP – base amount of JPY189 million] × 92.0% However, if AGOP is below the base amount, the variable rent will be 0 yen.</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 style="text-align: center;">Fixed rent</th> <th style="text-align: center;">Variable rent</th> <th style="text-align: center;">Total rent</th> </tr> </thead> <tbody> <tr> <td>La'gent Stay Sapporo Odori</td> <td style="text-align: center;">-</td> <td style="text-align: center;">88</td> <td style="text-align: center;">88</td> </tr> <tr> <td>Oriental Hotel Kyoto Rokujo</td> <td style="text-align: center;">44</td> <td style="text-align: center;">19</td> <td style="text-align: center;">63</td> </tr> <tr> <td>Hotel Oriental Express Fukuoka Nakasukawabata</td> <td style="text-align: center;">45</td> <td style="text-align: center;">8</td> <td style="text-align: center;">54</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">90</td> <td style="text-align: center;">116</td> <td style="text-align: center;">206</td> </tr> </tbody> </table> <p>(*6) The rent for the period ending December 2023 for the Assets for Anticipated Acquisition is an estimated amount for 96-day from September 27, 2023, to December 31, 2023.</p> <p>(*7) The annual fixed rent will be JPY171 million.</p> <p>(*8) The annual fixed rent will be JPY174 million.</p> <p>• The following is the breakdown of variable rent and income from management contracts.</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 style="text-align: center;">Full year</th> </tr> </thead> <tbody> <tr> <td>The 16 HMJ Hotels</td> <td style="text-align: center;">6,041</td> </tr> <tr> <td>Other hotels with variable rent, etc.</td> <td style="text-align: center;">3,056</td> </tr> <tr> <td>Assets for Anticipated Acquisition</td> <td style="text-align: center;">116</td> </tr> <tr> <td>Office and commercial tenants (*9)</td> <td style="text-align: center;">10</td> </tr> <tr> <td style="text-align: center;">Total</td> <td style="text-align: center;">9,225</td> </tr> </tbody> </table> <p>(*9) Variable rent from office and commercial tenants in ACTIVE-INTER CITY HIROSHIMA is stated.</p> <p>(*10) For details of variable rent of Existing Properties, please refer to, “3. Reference Information; (1) Information on values of assets under management, etc.; B. Assets under management; (C) 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, 2023” dated August 24, 2023.</p>		Fixed rent	Variable rent	Total rent	La'gent Stay Sapporo Odori	-	88	88	Oriental Hotel Kyoto Rokujo	44	19	63	Hotel Oriental Express Fukuoka Nakasukawabata	45	8	54	Total	90	116	206		Full year	The 16 HMJ Hotels	6,041	Other hotels with variable rent, etc.	3,056	Assets for Anticipated Acquisition	116	Office and commercial tenants (*9)	10	Total	9,225
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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 of costs are reflected in the calculation. It is assumed that the JPY1,976 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 assets during the fiscal year are settled with the previous owners on a pro rata basis of the holding period. For JHR, such settlement amount is included in the acquisition price. Therefore, the fixed asset tax and city planning tax, etc. of the two properties acquired in the current fiscal year (fiscal year ending December 2023) (UAN kanazawa and Sotetsu Fresa Inn Shimbashi-Karasumoriguchi) and the Assets for Anticipated Acquisition will not be recorded in the costs for the relevant calculation period. Capital expenditure is assumed to be JPY4,848 million (JPY2,868 million for capital expenditure I, JPY807 million for capital expenditure II, and JPY1,172 million for capital expenditure III) (*) for the fiscal year ending December 2023 (24th period). <ul style="list-style-type: none"> (*) 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. Depreciation is calculated using the straight-line method including the planned capital expenditures above and is assumed to be JPY5,037 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"> JPY1,950 million is expected for borrowing-related costs, including interest expense, amortization for financing fee, arrangement fee, and other non-operating expenses. 																						
Interest-bearing Debt	<ul style="list-style-type: none"> Borrowings associated with the acquisition of Assets for Anticipated Acquisition are assumed to be JPY7,000 million. The balance of interest-bearing debt (total of borrowings and investment corporation bonds) as of today is JPY164,231 million and expected to be JPY171,231 million as of September 30, 2023 after the acquisition of Assets for Anticipated Acquisition. It is assumed that there will be no change in the balance of interest-bearing debt until the end of the fiscal year ending December 2023 (24th period). The amount of loans due by the end of the fiscal year ending December 2023 (24th period) is JPY23,762 million, but the entire amount is assumed to be refinanced. 																						
Dividend per Unit	<ul style="list-style-type: none"> Dividend per unit for the fiscal year ending December 2023 (24th period) is calculated based on the following assumptions. <table border="0" data-bbox="316 1429 1279 1713"> <tr> <td>Net income</td> <td style="text-align: right;">JPY11,491 million</td> </tr> <tr> <td>Reversal 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;">JPY262 million</td> </tr> <tr> <td> Loss on retirement of noncurrent assets (*2)</td> <td style="text-align: right;">JPY112 million</td> </tr> <tr> <td> Amortization of trademark rights (*3)</td> <td style="text-align: right;">JPY56 million</td> </tr> <tr> <td> Correspondence to dilution (*4)</td> <td style="text-align: right;">JPY375 million</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>Distributable amount</td> <td style="text-align: right;">JPY12,297 million</td> </tr> <tr> <td>Total number of investment units issued</td> <td style="text-align: right;">4,637,006 units</td> </tr> <tr> <td><hr/></td> <td></td> </tr> <tr> <td>Dividend per unit</td> <td style="text-align: right;">JPY2,652</td> </tr> </table> <ul style="list-style-type: none"> (*1) JPY262 million (hereinafter called “50-year amortization amount of negative goodwill”) will 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) 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. 	Net income	JPY11,491 million	Reversal of reserve for temporary difference adjustment (negative goodwill)		50-year amortization amount of negative goodwill (*1)	JPY262 million	Loss on retirement of noncurrent assets (*2)	JPY112 million	Amortization of trademark rights (*3)	JPY56 million	Correspondence to dilution (*4)	JPY375 million	<hr/>		Distributable amount	JPY12,297 million	Total number of investment units issued	4,637,006 units	<hr/>		Dividend per unit	JPY2,652
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	<p>(*3) The trademark rights are amortized over 10 years using the straight-line method. Amortization 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> <p>(*4) JHR plans to reverse a reserve for temporary difference adjustment (negative goodwill) to dividend per unit for the year ending December 31, 2023 in order to cope with dilution of investment units through the issuance of new investment units due to the acquisition of Assets for Anticipated Acquisition.</p> <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 2023 (24th period) is expected to be JPY8,794 million. 																																				
Assets for Anticipated Acquisition	<p>The operating status of the Assets for Anticipated Acquisition for the fiscal year ending December 2023 is assumed as follows.</p> <p><La'gent Stay Sapporo Odori></p> <p style="text-align: right;">(unit: millions of yen)</p> <table border="1" data-bbox="309 801 997 969"> <thead> <tr> <th></th> <th>Fiscal year ending December 2023</th> </tr> </thead> <tbody> <tr> <td>Operating days</td> <td>96 days</td> </tr> <tr> <td>Operating revenue</td> <td>92</td> </tr> <tr> <td>NOI (*1)</td> <td>90</td> </tr> </tbody> </table> <p><Reference></p> <table border="1" data-bbox="309 999 997 1066"> <tbody> <tr> <td>Appraisal NOI (*1)</td> <td>519</td> </tr> <tr> <td>Appraisal NOI yield (%) (*2)</td> <td>5.2</td> </tr> </tbody> </table> <p><Oriental Hotel Kyoto Rokujo></p> <p style="text-align: right;">(unit: millions of yen)</p> <table border="1" data-bbox="309 1149 997 1317"> <thead> <tr> <th></th> <th>Fiscal year ending December 2023</th> </tr> </thead> <tbody> <tr> <td>Operating days</td> <td>96 days</td> </tr> <tr> <td>Operating revenue</td> <td>63</td> </tr> <tr> <td>NOI (*1)</td> <td>61</td> </tr> </tbody> </table> <p><Reference></p> <table border="1" data-bbox="309 1346 997 1413"> <tbody> <tr> <td>Appraisal NOI (*1)</td> <td>281</td> </tr> <tr> <td>Appraisal NOI yield (%) (*2)</td> <td>6.3</td> </tr> </tbody> </table> <p>< Hotel Oriental Express Fukuoka Nakasukawabata ></p> <p style="text-align: right;">(unit: millions of yen)</p> <table border="1" data-bbox="309 1503 997 1671"> <thead> <tr> <th></th> <th>Fiscal year ending December 2023</th> </tr> </thead> <tbody> <tr> <td>Operating days</td> <td>96 days</td> </tr> <tr> <td>Operating revenue</td> <td>54</td> </tr> <tr> <td>NOI (*1)</td> <td>52</td> </tr> </tbody> </table> <p><Reference></p> <table border="1" data-bbox="309 1700 997 1767"> <tbody> <tr> <td>Appraisal NOI (*1)</td> <td>280</td> </tr> <tr> <td>Appraisal NOI yield (%) (*2)</td> <td>6.3</td> </tr> </tbody> </table> <p>(*1) NOI (Net Operating Income) = Real estate operating revenue – Real estate operating costs + Depreciation + Loss on retirement of noncurrent assets + Asset retirement obligations expenses</p> <p>(*2) NOI yield = NOI / Anticipated acquisition price</p>		Fiscal year ending December 2023	Operating days	96 days	Operating revenue	92	NOI (*1)	90	Appraisal NOI (*1)	519	Appraisal NOI yield (%) (*2)	5.2		Fiscal year ending December 2023	Operating days	96 days	Operating revenue	63	NOI (*1)	61	Appraisal NOI (*1)	281	Appraisal NOI yield (%) (*2)	6.3		Fiscal year ending December 2023	Operating days	96 days	Operating revenue	54	NOI (*1)	52	Appraisal NOI (*1)	280	Appraisal NOI yield (%) (*2)	6.3
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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 revisions in law, tax system, accounting standard, regulations of the listing, and regulations of the Investment Trusts Association, Japan that may impact the forecasts above will not be made. • It is assumed that unexpected major incidents 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> 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 (*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 percentage are rounded off to the first decimal place.

<1> The 16 HMJ Hotels

		Fiscal year ended December 2022		Fiscal year ending December 2023			
		Results	Comparison with 2019	Previous forecast (Results for first half of the year)	Revised forecast (Results for first half of the year)	Comparison with previous forecast	Comparison with 2019
Occupancy Rate	First half of the year	54.6%	(31.3pt)	76.0%	76.0%	-	(10.0pt)
	Second half of the year	73.4%	(15.0pt)	82.8%	82.8%	-	(5.6pt)
	Full year	64.1%	(23.0pt)	79.4%	79.4%	-	(7.7pt)
ADR (JPY)	First half of the year	12,292	(28.1%)	18,753	18,753	-	9.8%
	Second half of the year	17,192	(9.6%)	21,293	21,293	-	12.0%
	Full year	15,121	(16.3%)	20,088	20,088	-	11.2%
RevPAR (JPY)	First half of the year	6,716	(54.2%)	14,243	14,243	-	(2.9%)
	Second half of the year	12,625	(24.9%)	17,635	17,635	-	4.9%
	Full year	9,694	(38.5%)	15,953	15,953	-	1.3%
Sales (JPY1M)	First half of the year	12,720	(49.8%)	23,122	23,122	-	(8.8%)
	Second half of the year	22,031	(22.9%)	27,740	27,740	-	(3.0%)
	Full year	34,752	(35.6%)	50,862	50,862	-	(5.7%)
GOP (JPY1M)	First half of the year	1,536	(80.5%)	7,166	7,166	-	(9.0%)
	Second half of the year	6,222	(41.4%)	9,614	9,614	-	(9.4%)
	Full year	7,757	(58.0%)	16,780	16,780	-	(9.2%)

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

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

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

		Fiscal year ended December 2022		Fiscal year ending December 2023			
		Results	Comparison with 2019	Previous forecast (Results for first half of the year)	Revised forecast (Results for first half of the year)	Comparison with previous forecast	Comparison with 2019
Occupancy Rate	First half of the year	55.8%	(29.6pt)	76.0%	76.0%	-	(9.4pt)
	Second half of the year	74.2%	(13.1pt)	82.9%	82.9%	-	(4.4pt)
	Full year	65.1%	(21.3pt)	79.5%	79.5%	-	(6.9pt)
ADR (JPY)	First half of the year	10,872	(30.1%)	16,618	16,618	-	6.8%
	Second half of the year	15,018	(12.1%)	18,771	18,771	-	9.9%
	Full year	13,255	(18.8%)	17,750	17,750	-	8.7%
RevPAR (JPY)	First half of the year	6,063	(54.4%)	12,628	12,628	-	(5.0%)
	Second half of the year	11,140	(25.3%)	15,563	15,563	-	4.3%
	Full year	8,623	(38.9%)	14,107	14,107	-	(0.0%)
Sales (JPY1M)	First half of the year	14,364	(50.6%)	26,221	26,221	-	(9.8%)
	Second half of the year	24,735	(23.6%)	31,424	31,424	-	(3.0%)
	Full year	39,100	(36.4%)	57,645	57,645	-	(6.2%)
GOP (JPY1M)	First half of the year	1,819	(80.8%)	8,164	8,164	-	(13.7%)
	Second half of the year	7,055	(42.3%)	10,896	10,896	-	(10.9%)
	Full year	8,874	(59.1%)	19,060	19,060	-	(12.2%)

(*) The 25 Hotels with Variable Rent, etc. refers to the following 25 hotels: The 16 HMJ Hotels, the Accor Group Hotels (ibis Styles Kyoto Station, ibis Styles Sapporo, Mercure Sapporo, Mercure Okinawa Naha and Mercure Yokosuka) and the Ishin Group Hotels (the b suidobashi, the b ikebukuro, the b hachioji and the b hakata).

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<3> Assets for Anticipated Acquisition

(1) La'gent Stay Sapporo Odori

		Fiscal year ended December 2022		Fiscal year ending December 2023	
		Results	Comparison with 2019	Forecast (Results for first half of the year)	Comparison with 2019
Occupancy Rate	First half of the year	81.2%	(9.9pt)	84.8%	(6.3pt)
	Second half of the year	92.8%	1.0pt	89.4%	(2.5pt)
	Full year	87.0%	(4.4pt)	87.1%	(4.4pt)
ADR (JPY)	First half of the year	7,019	(47.6%)	12,643	(5.6%)
	Second half of the year	10,454	(29.6%)	15,609	5.2%
	Full year	8,866	(37.2%)	14,178	0.4%
RevPAR (JPY)	First half of the year	5,696	(53.3%)	10,716	(12.1%)
	Second half of the year	9,704	(28.8%)	13,957	2.4%
	Full year	7,717	(40.3%)	12,350	(4.4%)
Sales (JPY1M)	First half of the year	287	(47.9%)	491	(10.8%)
	Second half of the year	463	(25.0%)	638	3.5%
	Full year	750	(35.8%)	1,129	(3.3%)
GOP (JPY1M)	First half of the year	56	(80.5%)	194	(32.1%)
	Second half of the year	172	(51.2%)	290	(17.6%)
	Full year	228	(64.3%)	484	(24.1%)

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(2) Oriental Hotel Kyoto Rokujo

		Fiscal year ended December 2022		Fiscal year ending December 2023	
		Results	Comparison with 2019	Forecast (Results for first half of the year)	Comparison with 2019
Occupancy Rate	First half of the year	41.3%	-	78.5%	-
	Second half of the year	57.2%	6.5pt	79.3%	28.6pt
	Full year	49.3%	(1.4pt)	78.9%	28.2pt
ADR (JPY)	First half of the year	5,680	-	11,569	-
	Second half of the year	8,633	(18.8%)	12,013	13.0%
	Full year	7,407	(30.4%)	11,794	10.9%
RevPAR (JPY)	First half of the year	2,344	-	9,080	-
	Second half of the year	4,936	(8.4%)	9,527	76.8%
	Full year	3,651	(32.3%)	9,305	72.7%
Sales (JPY1M)	First half of the year	80	-	304	-
	Second half of the year	170	176.1%	320	420.3%
	Full year	249	305.6%	624	915.2%
GOP (JPY1M)	First half of the year	(14)	-	121	-
	Second half of the year	36	261.5%	118	-
	Full year	22	120.9%	239	-

(Note) Since Oriental Hotel Kyoto Rokujo opened on November 1, 2019, no comparison with 2019 for the first half of the year is available. The comparison with 2019 for the second half of the year stated above is the comparison with the two-month results of November and December in 2019. The comparison in GOP for the second half of the year and the full year ending December 2023 with the 2019 is indicated as “-” because it is more than 1,000%.

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(3) Hotel Oriental Express Fukuoka Nakasukawabata

		Fiscal year ended December 2022		Fiscal year ending December 2023	
		Results	Comparison with 2019	Forecast (Results for first half of the year)	Comparison with 2019
Occupancy Rate	First half of the year	35.5%	-	74.0%	-
	Second half of the year	65.2%	-	82.2%	-
	Full year	50.5%	-	78.1%	-
ADR (JPY)	First half of the year	6,060	-	9,695	-
	Second half of the year	8,376	-	9,257	-
	Full year	7,568	-	9,463	-
RevPAR (JPY)	First half of the year	2,154	-	7,177	-
	Second half of the year	5,463	-	7,605	-
	Full year	3,822	-	7,393	-
Sales (JPY1M)	First half of the year	76	-	254	-
	Second half of the year	197	-	273	-
	Full year	273	-	527	-
GOP (JPY1M)	First half of the year	9	-	123	-
	Second half of the year	85	-	115	-
	Full year	94	-	238	-

(Note) Since Hotel Oriental Express Fukuoka Nakasukawabata opened on April 26, 2021, no comparison with 2019 is available.

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