



This is an English translation of summarized financial results prepared for reference purposes only. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

August 20, 2013

Financial Report for the Midterm of Fiscal Period Ending December 2013 (January 1, 2013 – June 30, 2013)

Japan Hotel REIT Investment Corporation

Listing: Tokyo Stock Exchange
Securities code: 8985
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Scheduled date to file midterm Securities Report: September 20, 2013

Preparation of supplementary material on financial report: Yes

Holding the financial results briefing (for analysts and institutional investors): Yes

1. Summary of financial results for the midterm of the fiscal period ending June 30, 2013 (January 1, 2013 – June 30, 2013)

(1) Operating results

(Percentages show changes from the previous period)

	Operating income		Operating profit		Ordinary income		Current net profit for the midterm	
As of	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June, 2013	4,780	-	2,220	-	1,418	-	1,429	-
December 31, 2012	7,283	408.8	2,595	246.0	1,412	197.5	19,031	-

	Current net profit per unit
As of	Yen
June, 2013	615
December 31, 2012	9,711

(Note 1) Current net profit per unit for the midterm is calculated based on the average number of investment units during the fiscal period.

(Note 2) The midterm ended June 30, 2013 is the first midterm after change of the fiscal period. Therefore, comparison between the midterm results for this year and that of the previous year is not available.

(Note 3) Because of the changed fiscal period, the fiscal period ended December 31, 2012 had the irregular financial settlement period that is from April 1, 2012 through December 31, 2012 (nine months). Accordingly, current net profit per unit is not annualized.

(Note 4) Net profit for the midterm ended June 30, 2013 includes capital loss (223 million yen). See <Reference 1> Operating results excluding extraordinary factors, a. Midterm (Midterm of the fiscal period ending December 2013).

(Note 5) Current net profit for the fiscal period ended December 31, 2012 includes gain on negative goodwill (18,578 million yen), capital loss resulting from real estate disposition (1,393 million yen) and asset impairment (958 million yen). See <Reference 1> Operating results excluding extraordinary factors, b. Fiscal period ended December 2012.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2013 (Midterm)	167,446	88,107	52.6	33,612
December 31, 2012	139,623	69,010	49.4	32,686

(Note) Net asset per unit is calculated based on the number of investment units issued at the end of the midterm.

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
June 30, 2013 (Midterm)	3,287	(26,063)	25,707	11,853
December 31, 2012	4,334	(11,349)	8,927	8,922

2. Forecasts of results for the fiscal period ending December 31, 2013 (January 1, 2013 - December 31, 2013)

(Percentages show changes from the previous period)

	Operating income		Operating profit		Ordinary income		Current net profit		Dividend per unit (Dividend from excess of earnings exclusive)	Dividend from excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
Fiscal period ending December 31, 2013	11,222	54.1	6,008	131.5	4,349	207.8	4,357	(77.1)	1,803	0

(Reference) Forecasted current net profit per unit for this fiscal period: JPY1,762.- (It is calculated based on the forecasted average number of investment units during the fiscal period (2,437,171 units)).

(Note 1) Dividend per unit is calculated based on the investment units issued as of the end of the midterm (2,621,281 units).

(Note 2) See below <Reference 2> Operating forecast for the full fiscal period ending December 2013, a. Operating results excluding extraordinary factors for operating forecast excluding capital loss caused by disposition of Hotel Vista Hashimoto.

(Note 3) See below <Reference 2> Operating forecast for the full fiscal period ending December 2013, b. Asset acquisition and disposition impacts on the full year.

(Note 4) The previous period indicated above (FY12/2012) is the irregular financial settlement period from April 1, 2012 through December 31, 2012 (nine months).

(Note 5) The previous period ended December 2012 indicated above for comparison purpose includes extraordinary factors such as gain on negative goodwill (18,578 million yen). See below <Reference 1> Operating results excluding extraordinary factors, b. Fiscal period ended December, 2012.

(Note 6) The allowance for the dividend, JPY368M, is scheduled to be the source of this dividend.

3. Other

(1) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

- Changes in accounting policies due to revisions to accounting standards and other regulations: No change
- Changes in accounting policies due to other reasons: No change
- Changes in accounting estimates: No change
- Restatement of prior period financial statements after error corrections: No change

(2) Number of units issued

- Total number of units issued at end of period (including treasury units)

As of June 30, 2013	2,621,281 units
As of December, 2012	2,111,281 units
- Number of treasury units at end of period

As of June, 2013	0 unit
As of December, 2013	0 unit

*** Status of audit procedures**

As of the time of disclosure of this financial report, audit procedures for the midterm financial statements pursuant to the Financial Instruments and Exchange Act of Japan are incomplete.

*** Appropriate use of forecasts of results and other special items**

- The fiscal period ended December 31, 2012 had the irregular financial settlement period of nine months (from April 1, 2012 to December 31, 2012). This midterm financial results are the first midterm financial results after change of the financial settlement period. Our financial settlement period is twelve months, with the fiscal year-end on December 31, and the interim fiscal year-end on June 30.
- Forward-looking statements presented in this financial report including forecasts of results are based on information currently available to us and on certain assumptions we deem to be reasonable. As such, actual operating and other results may differ materially from these forecasts due to a number of factors. Furthermore, we do not intend to guarantee any dividend amount by these forecasts.

<Reference 1> Operating results excluding extraordinary factors
a. Midterm (Midterm of the fiscal period ending December 2013)

Following is the operating results excluding the extraordinary factor such as capital loss caused by Hotel Vista Hashimoto.

Actual of Midterm (six months)	(Millions of yen)
Operating income	4,780
Operating profit	2,443
Ordinary income	1,642
Midterm net profit	1,652

b. Fiscal period ended December, 2012

Following is the operating results excluding extraordinary factors such as gain on the negative goodwill, capital loss caused by dispositions of hotels (Millennia Hotel Matsuyama and Hotel Resol Sapporo Minaminijo), and asset impairment loss for Hotel Vista Hashimoto.

Actual of the first half of the fiscal year (nine months)	(Millions of yen)
Operating income	7,283
Operating profit	3,988
Ordinary income	2,806
Current net profit	2,805

<Reference 2> Operating forecast for the full fiscal period ending December 2013
a. Operating results excluding extraordinary factors

Following is the operating forecast excluding the capital loss caused by disposition of Hotel Vista Hashimoto

Forecast for this fiscal term (twelve months)	(Millions of yen)
Operating income	11,222
Operating profit	6,232
Ordinary income	4,572
Current net profit	4,581
NOI (Note 1)	9,662
NOI yield (Note 2)	6.2%

b. Asset acquisition and disposition impacts on the full year

Following is the operating forecast with the full year impacts (Note 3) of Hilton Tokyo Bay Hotel acquired during this midterm and Hotel Vista Hashimoto disposed during this midterm:

Forecast for this fiscal term (twelve months)	(Millions of yen)
Operating income	11,781
Operating profit	6,545
Ordinary income	4,907
Current net profit	4,915
NOI (Note 1)	10,059
NOI yield (Note 2)	6.5%

(Reference: Dividend per unit JPY1,879.-)



(Note 1) $\text{NOI} = \text{Real estate operating profit} - \text{Real estate operating expense} + \text{Depreciation expense} + \text{Loss on retirement of noncurrent assets}$

(Note 2) $\text{NOI yield} = \text{NOI} \div \text{Acquisition price}$

(Note 3) Assumptions for calculating the full year

- Numerical figures of Hilton Tokyo Bay Hotel are forecast calculated for the period from January 2014 through December 2014 (one year) based on the information provided by the seller, etc. JPY111M (9 months) are scheduled to be posted as the fixed asset tax and city planning tax.
- It is not assumed to own Hotel Vista Hashimoto for full year.