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REIT Issuer:

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Notice Concerning Acquisitions of New Asset
(Ibis Styles Kyoto Station (Present name: “Hotel Vista Kyoto”))

This is to inform you that Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) has resolved to acquire the property below (hereinafter called “New asset”) today.

1. Summary of the new asset

Present name of the new asset (*1)	Hotel Vista Kyoto
New name of the new asset (*1)	Ibis Styles Kyoto Station
Category of the new asset	Real estate beneficial interest in trust and movable assets attached to the new asset
Asset type	Hotel
Classification	Limited-service hotel
Grade	Mid-price
Rent type(*2)	Management contract scheme
Acquisition price (Plan) (*3)	JPY6,600,000,000.-
Conclusion of the Purchase and Sale Agreement (*4)	September 30, 2013
Scheduled acquisition date	October 31, 2013
Seller (*5)	Godo Gaisha MK Vista
Acquisition funds (*6)	Loan and cash on hand, etc.
Collateral	Requested

(*1) Name of the new asset is schedule to be changed to “Ibis Styles Kyoto Station” on the scheduled acquisition day. New name is used in this document.

(*2) See “3. Characteristics of the new asset, (2) Implementation of the management contract scheme” below.

(*3) The acquisition price above is based on the purchase price stated on the Purchase and Sale Agreement. The acquisition price does not include the acquisition expense, fixed asset tax, city planning tax, and consumption tax, etc.

(*4) In order to acquire the new asset on the scheduled acquisition day, JHR has concluded the agreement with condition precedent to transfer the beneficial interest in trust (hereinafter called “Agreement with condition precedent”) with the seller. See “9. Agreement with condition precedent” for detail.

(*5) See “6. Seller summary” below.

(*6) See “Notice Concerning New Loan” dated today for the new loan.

2. Rationale for acquisition

We, JHR, aim for providing you with the attractive investment opportunities in the hotel assets that can bring you “stability and upside potential”. We believe the new asset matches this policy (direction) in light of below and resolved to acquire the new asset.

- a. The new asset is situated at Kyoto, a tourist destination representing Japan, and the hotel is capable of attracting both domestic and international leisure customers. Therefore, not only stable revenue but increase of revenue is expected in future.
- b. The new asset will not only expand the scale of asset of JHR but enhance profitability, stability and quality of the portfolio.
- c. The new hotel will contribute to increase and stabilize dividend level.

Acquiring the new asset in Kyoto will enable us to deepen our perception of the hotel operation in Kyoto. JHR hopes that the acquisition of the new asset will open the way to further acquisition opportunities in Kyoto.

3. Characteristics of the new asset

(1) Characteristics of the new asset

The new asset lies near JR Kyoto station which is the gateway to the highly reputable worldwide tourist destination, Kyoto. It is one minute on foot from Kyoto station and the hotel immediately comes into sight. This is invaluable location where stable accommodation demand is expected. The new asset is a relatively new limited-service hotel with two hundred fifteen guest rooms in total constructed four and a half years ago. The major guest rooms have two beds and the hotel can consistently respond to the accommodation needs of Kyoto city that welcomes many tourists.

According to the market report made by KPMG FAS Co., Ltd. in September 2013, Kyoto station links up with four railroads and is an excellent hub for those who travel around Kyoto. They say gravitation of people to Kyoto station is identified by change of number of passengers. Moreover, the market report says Kyoto is benefited from favorable domestic travel market as well as highly ranked tourist destination according to the travel destination survey of the dominant overseas travel magazine. Kyoto is regarded as an extremely popular international tourist destination.

(2) Implementation of the management contract scheme

As indicated on above “2. Rationale for acquisition” and “3. (1) Characteristics of the new asset”, the hotel revenue of the new asset is stable and further growth is expected. In order to enjoy fruits of improved hotel revenue for sure, JHR plans to manage the new asset through the management contract scheme(*).

JHR plans to entrust A.A.P.C. Japan (hereinafter called “Accor”) with operation of the new asset. Accor has smoothly improved the hotel revenue of Ibis Tokyo Shinjuku, another asset of JHR, with their international network to attract customers. JHR believes that achieving the upside potential is even possible through Accor’s high hotel operational capability and sales synergy with Ibis Tokyo Shinjuku.

(*) Management contract scheme

The management contract scheme is the scheme where hotel owner entrusts the operator with hotel operation and receives the operational outcome as the real estate operating income. In concrete terms, JHR, the hotel owner, concludes the management contract with the operator and entrusts operator with necessary tasks to run hotel. JHR receives the outcome of the hotel operation from the operator and pays fee to the operator. This “outcome of the hotel operation” is regarded as “Real estate operating income through the management contract” which is equivalent to the rental income of the real estate leasing scheme.

Under the management contract scheme, revenue generated by hotel operation will be all reflected on the real estate income of JHR thus JHR can immediately enjoy direct fruits of hotel operation at the upward phase. On the other hand, revenue from the hotel operation may materially decrease

at downward phase, and there is risk that “Real estate operating income through the management contract” may be negative. This may seriously impact on the final profit and loss of JHR. The management contract scheme is the scheme where upside and downside of the hotel revenue will directly reflected on the real estate income of JHR.

4. Portfolio after acquisition of the new asset

		Last assumption (*1)	Disposition of Pearl Hotel Kayabacho (*2)	Acquisition of new asset	After asset replacement
No. of properties		28	1	1	28
Acquisition price (plan)	JPY1M	155,423	3,121	6,600	158,902
Appraisal value	JPY1M	160,455	2,885	6,740	164,310
NOI yield	%	6.5	6.0	5.6	6.4
NOI yield after depreciation	%	4.9	4.9	5.0	5.0
LTV (acquisition price)	%	47.2			47.0
Appraisal LTV	%	45.7			45.5

(*1) See press release, “Notice Concerning the Revision of the Operating Forecast for the Fiscal Period December 2013 (14th period)” dated August 20, 2013, “<Reference 2> Operating forecast for the full fiscal period ending December 2013, 2. Asset acquisition and disposition impacts on the full fiscal year”, for assumptions to calculate NOI yield and NOI yield after depreciation at the last forecast.

(*2) See “Notice Concerning Disposition of Asset (“Pearl Hotel Kayabacho”)” dated September 20, 2013 for detail of disposition of Pearl Hotel Kayabacho.

5. Detail of the new asset

Please see the attachment 1 below, “Detail of the new asset”.

6. Seller summary

Company name	Godo Gaisha MK Vista
Headquarter	9-1 Mitoshirocho, Kanda, Chiyoda-ku, Tokyo
Representative	Representative employee General Incorporated Association MK Vista Holdings Mitsuru Izumibe, Executive Officer
Amount of capital	JPY200,000 as of September 11, 2013
Establishment	March 1, 2007
Major businesses	1. Acquisition, owning and disposition of real estates 2. Leasing and management of real estates 3. Planning, investigation, designing and supervision of real estates development

	4. Acquisition, owning and disposition of real estate beneficial interest in trust 5. Incidental or related businesses for above
Relationships between JHR, its asset management company and the seller	
Capital relationship Human relationship Business relationship	Relationship that should be statutory reported such as capital relationship, human relationship, and business relationship does not exist between JHR, its asset management company and the seller. The related parties of JHR and its asset management company do not have any capital, human and business relationships with the related parties of the seller and its related company.
Related party	The seller does not come under the related party of JHR and its asset management company. Related party and related company of the seller does not come under the related party of JHR and its asset management company.

7. Buyer summary

There is no information that is statutory requested to report.

8. Summary of the intermediary

(1) Summary of the intermediary

Company name	Mitsubishi Real Estates Services Co., Ltd.
Headquarter	2-1, 2 chome, Ohtemachi, Chiyoda-ku, Tokyo
Representative	Hironobu Ito, Director and President, President Executive Officer
Amount of capital	JPY2.4B as of September 11, 2013
Establishment	December 20, 1972
Major businesses	1. Owning, management and leasing of real estates 2. Being entrusted with management, leasing, purchase and disposition of real estates 3. Purchase, disposition, brokerage and appraisal of real estates 4. Management and operation of car parks 5. Being entrusted with management and operation of car parks 6. Development, sales, planning and consultation for the related business of above 7. Financial instruments business type two based on Financial Instruments and Exchange Law
Relationship between JHR, its asset management company and the intermediary	
Capital relationship Human relationship Business relationship	Relationship that should be statutory reported such as capital relationship, human relationship, and business relationship does not exist between JHR, its asset management company and the seller. The related parties of JHR and its asset management company do not have any capital, human and business relationships with the related parties of the seller and its related company.
Related party	The seller does not come under the related party of JHR and its asset management company. Related party and related company of the seller does not come under the related party of JHR and its asset management company.

(2) Amount of the intermediary fee and its breakdown

We do not disclose them, as the intermediary does not agree with disclosure.

9. Agreement with condition precedent

In order to ensure the acquisition of the new asset, JHR concluded the agreement with conditions precedent with the seller today. This agreement contains the special conditions where fulfillment of new borrowing of JHR notified by the press release today and other fundraising are stipulated as the condition precedent to the effectuation of the agreement. Therefore, in the event that JHR does not fulfill the borrowing and other fundraising, the agreement with the condition precedent will be invalid without paying penalty. JHR believes it will neither seriously impact on the finance of JHR nor the dividend source of JHR.

10. Settlement method

JHR will pay the acquisition price through new borrowing and cash on hand.

11. Acquisition schedule

Resolution for the acquisition	September 30, 2013
Conclusion of the Purchase and Sale Agreement	September 30, 2013
Settlement and transfer	October 31, 2013 (plan)

12. Future prospect

With reference to the operating forecast for the fiscal year December 2013 (January 1, 2013 through December 31, 2013), the asset acquisition impact is slight and no change is required.

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

<Attachment 1> Detail of the new asset

Property No.	32	Property name	Ibis Styles Kyoto Station
1. Asset summary (*1)			
Asset category	Real estate beneficial interest in trust and movable assets attached to the hotel		
Acquisition date (plan)	October 31, 2013		
Scheduled acquisition price	JPY6,600,000,000.-		
Appraisal value	JPY6,740,000,000 (See <Reference 1> for detail.)		
2. Summary of the real estate (or trusted real estate) (*2)			
Intended use of the property	Hotel / Limited-service hotel		
Ownership	Land	Ownership	
	Building	Ownership	
Land	Plot No.	47-1 and 47-2 Higashikujo-Kamitonodacho, Minami-ku, Kyoto city, Kyoto	
	Address	47 Higashikujo-Kamitonodacho, Minami-ku, Kyoto city, Kyoto	
	Acreage	1,107.77 m ²	
	Zoning, etc.	Commercial district, Semi-fire preventive district, 31m Height district, Designated area for forming beautiful townscape, Kyoto station car park provision area	
	Building-to-land ratio	80%	
	Floor area ratio	400% (*3)	
Building	Structures and stories	Ten-story flat roofed RC building	
	Intended use	Hotel	
	Completion	March 2009	
	Total floor space	5,003.99m ² (*4)	
	Designer	Toyo Sekkei Jimusho Co., Ltd./Taisei Corporation, the office of qualified architect of the first class	
	Constructor	Taisei Corporation, Kansai branch	
Institute that confirmed building	I-PEC		
Present owner	Trustee: Sumitomo Mitsui Trust Bank, Limited Beneficiary: Godo Gaisha MK Vista		
3. Transportation (*5)			
Approximately one minute on foot from JR Kyoto station			
4. Summary of the management contract (*6)			
Trustee	Japan Hotel REIT Investment Corporation		
Operator	Accor		
Form of contract	Management contract		
Area for the management contract	4,628.32 m ² (*7)		
Contract term	October 31, 2013 through October 30, 2018 (plan)		
Real estate operating income through the management contract	Amount equivalent to GOP (*8)		
Fee	Fee that links to GOP (*9)		
Deposit and guarantee money	None		
Special remarks for renewing contract or revising fee, etc.			
Renewal of contract at expiration	N/A		
Revision of the operator's fee	No regulation is stipulated for fee.		
Other remarks	If the operator comes under the condition determined in advance (*10), JHR has the right to terminate the contract in principle.		
5. Related companies for hotel operation			
Operator	Accor (*11)		
Property manager	Best · Property Corporation		
6. Website of the hotel (*12)			
http://www.hotel-vista.jp/kyoto/index.html			
7. Summary of the building inspection report			
Investigation company	Tokio Marine & Nichido Risk Consulting Co., Ltd.		
Investigation date	August 5, 2013		
Repair cost	Emergency	JPY0.-	
	Within one year	JPY0.-	
	Another twelve years in total	JPY127,297,000	
Quake PML value (*13)	10.5%		
8. Special remark (*14)			

The new asset is situated at height district and height restriction, etc. is imposed on the property.

- (*1) Asset summary
 - Asset category indicates category of real estate, etc.
 - Acquisition price is the price stated on the real estate purchase and sale agreement and does not include various expenses required to acquire the new asset (e.g., fee to be paid to the intermediary).
- (*2) Real estate (or trusted real estate) summary
 - Structure and stories, intended use of the building and completion of the building are taken from the real estate registration statement. However, if erroneous information is identified by investigation, correct information is used.
 - With respect to structure, S means steel frame building, RC means reinforced concrete building, and SRC means steel frame reinforced concrete building respectively.
 - Zoning, etc. (zoning, special zoning, fire preventive district, fire area and semi-fire preventive district are stated based on article 8, clause 1-1, clause 2, and clause 5 of Urban Planning Act.)
- (*3) Floor area ratio (FAR)
 - The floor area ratio of the new asset has been mitigated by Article 59, Clause 2-1 of the Architecture Standard Act, and used FAR is 442.32%.
- (*4) Total floor space
 - The total floor space includes accessory building (car park), 100.01m².
- (*5) Transportation
 - It is according to the information on the present operator's website.
- (*6) Summary of the management contract
 - JHR concluded the basic agreement for the management contract with condition precedent with Accor on September 20, 2013 and the formal management contract is scheduled to be concluded by the scheduled acquisition date. This property is trusted property thus JHR has scheduled to conclude the building lease contract with the trustee separately on the scheduled acquisition date.
- (*7) Area for the management contract
 - With respect to the area excluding the hotel area, the area for the first floor (375.67m²) and the mechanical parking facility accommodating twenty cars have been subleased to tenant for shops, etc.
- (*8) Real estate operating income through the management contract
 - JHR acknowledges that the income is the "real estate operating income through the management contract" and it is regarded as the rent income of the real estate leasing business. If the amount becomes negative, JHR will pay the shortage to Accor.
- (*9) Fee that links to GOP
 - Accor has not agreed with disclosing fee thus information is inevitably undisclosed.
- (*10) Other special remarks
 - If GOP does not reach 85% of the target GOP for two consecutive years and the condition stipulated by the contract is fulfilled, JHR has the right to terminate the contract with Accor.
- (*11) Operator
 - They are the operator on and after the scheduled acquisition date and the present operator is K.K. Vista Hotel Management.
- (*12) Hotel website
 - The website address of the present operator.
- (*13) PML
 - PML (Probable Maximum Loss) is the anticipated damage ratio by the earthquake. Since no uniform definition has been made yet on PML, we used following method. Probability and anticipated loss amount caused by the various earthquake that may occur in another 475 years are evaluated and statistically processed to indicate the anticipated ratio of the loss amount against the building replacement cost. It has been calculated based on the site inspection, valuation of building condition, confirmation of the consistency with the design document, ground investigation, local factors and structural investigation. Indicated PML is PML investigated in detail (Phase 2) of the investigation company.
- (*14) Special remark
 - In principal, following is stated (1) Right or restriction based on the right of the third party besides the tenant of the building (2) Management regulations and important matters stipulated by the agreement or memoranda concluded with other co-owners of the strata-titled building and shared land, (3) Important restrictions stipulated by the administrative law to this property.
- (*15) All numbers less than JPY 1000 is rounded down.

<Attachment 2> Local characteristics and market summary

Area characteristics

The new asset is situated at good location, one minute on foot from JR Kyoto station which is the gateway to Kyoto city. Four railroads are available in Kyoto station such as JR, Kintetsu and Kyoto municipal subway, etc., and it is an excellent hub to travel around Kyoto. The new asset has a good transportation accessibility, visibility and location that can be a good base for travel.

Moreover, it has been pointed out that people’s traffic and commercial trend around Kyoto station has been dramatically changed since opening of JR Kyoto station building* in 1997. Considering scheduled rearrangement of South exit area of Kyoto station, the potential of the district around the new asset is expected to grow further.

(*JR Kyoto station building is the building complex consisting commercial facilities, art museum and station facilities.)

Market summary

Kyoto city is the tourist city representing Japan where many domestic and foreign travelers visit. Besides having many temples and shrines, Kyoto offers historical and traditional events and has natural beauty spots to view cherry blossoms and scarlet maple leaves. Kyoto is the city blessed with abundant tourist attractions. Furthermore, many listed companies are headquartered in Kyoto such as “Kyocera Corporation”, “Nintendo Co., Ltd.” and “Shimadzu Corporation”, and business demand is also expected in Kyoto.

Number of sightseers to Kyoto in 2012 reached 49.56 million and it is obvious that Kyoto has come out of recession and decline resulting from Great East Japan Earthquake.

In addition, the number of foreign travelers who stayed in Kyoto in 2012 reached 845,000 and was greatly improved compared with that of the previous year, 515,000. The percentage of foreign travelers in the total number of travelers has also recovered. In addition to the policy to attract more travelers from the major Asian countries (e.g., mitigation of visa requirement), weak yen effect and expanded seats availability resulting from low-cost carriers that have made inroads into Japan have steadily increased foreign travelers. Accordingly, travelers to Kyoto are also expected to increase in future.

Map around the new asset



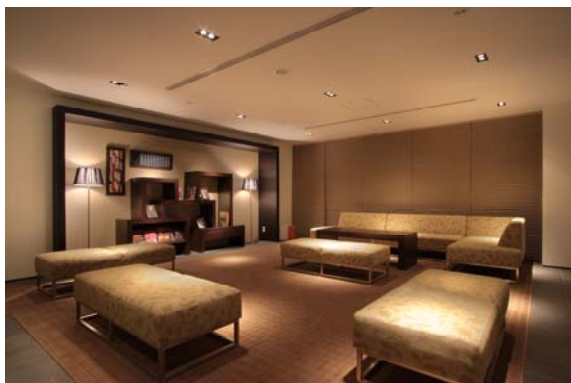
(*) Above “Area characteristics” and “Market summary” are extraction or summary of the appraisal report and the market summary made by Daiwa Real Estate Appraisal Co. Ltd. and KPMG FAS Co., Ltd. respectively

<Attachment 3> External appearance and interior of the new asset

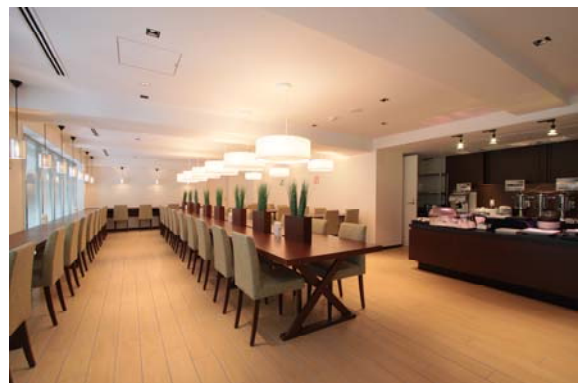
External appearance



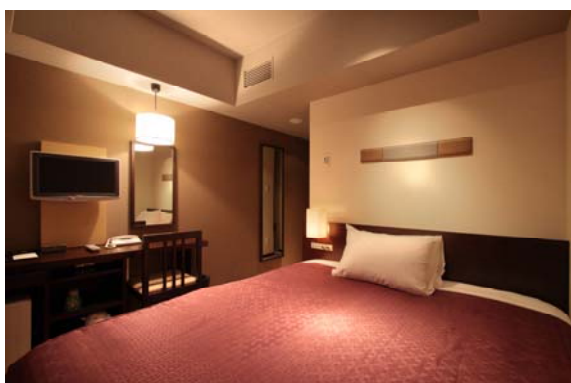
Lobby



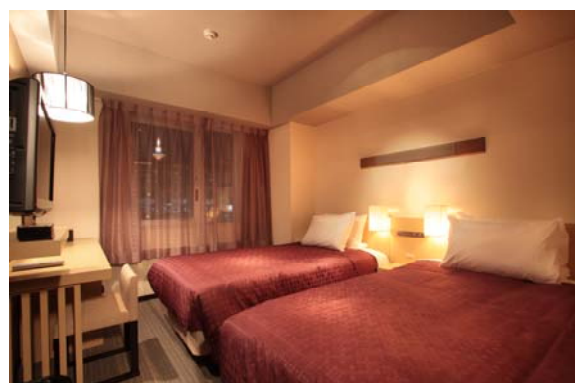
Restaurant



Single room



Twin room



<Reference 1> Summary of the appraisal report

Ibis Styles Kyoto Station

Summary of the appraisal report	
Appraiser	Daiwa Real Estate Appraisal Co. Ltd.
Date of appraisal	July 31, 2013
Appraisal value	6,740,000,000
Price based on income	6,740,000,000
Price by direct capitalization method	6,810,000,000
Gross income	389,105,000
Rent income	389,105,000
Fixed rent	45,934,000
Variable rent	343,171,000
Other income	0
Total cost	21,658,000
Net operating income (NOI)	367,446,000
Net cash flow (NCF)	354,047,000
Cap Rate	5.2%
Price by DCF method	6,710,000,000
Discount rate	5.0%
Terminal cap rate	5.4%
Price based on the integrated value	3,760,000,000
Land price	2,689,223,000
Building price	1,066,035,000
FF&E price	3,630,000

<Reference 2> The portfolio list after acquisition of the new asset

No.	Hotel	Type	Grade	No. of guest rooms (*1)	Area (*2)	Completion	Acquisition price (JPY1M)(*3)	Investment ratio (*4)
1	Kobe Meriken Park Oriental Hotel	Full-service	Upper-middle	319	Kansai	July 1995	10,900	6.9%
2	Oriental Hotel Tokyo Bay	Full-service	Mid-price	503	Kanto (excluding Tokyo)	May 1995	19,900	12.5%
3	Namba Oriental Hotel	Limited-service	Mid-price	257	Kansai	March 1996	15,000	9.4%
4	Hotel Nikko Alivila	Resort	Luxury	396	Okinawa	April 1994	18,900	11.9%
5	Oriental Hotel Hiroshima	Full-service	Upper-middle	227	Other	September 1993 (Extended in September 2006)	4,100	2.6%
6	Ibis Tokyo Shinjuku	Limited-service	Mid-price	206	Tokyo	September 1980	7,243	4.6%
8	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	March 2004 (Extended in June 2005 and May 2006)	7,610	4.8%
9	Hakone Setsugetsuka	Resort	Mid-price	158	Kanto (excluding Tokyo)	October 2006	4,070	2.6%
10	Dormy Inn Kumamoto	Limited-service	Mid-price	294	Other	January 2008	2,334	1.5%
11	Dormy Inn Namba	Limited-service	Economy	105	Kansai	February 1999	1,270	0.8%
12	Dormy Inn Suidobashi	Limited-service	Economy	99	Tokyo	August 1986 (Extended in September 1989)	1,120	0.7%
13	Dormy Inn Asakusa	Limited-service	Economy	77	Tokyo	March 1997	999	0.6%
14	Hakata Nakasu Washington Plaza	Limited-service	Mid-price	247	Other	March 1995	2,130	1.3%
15	Nara Washington Hotel Plaza	Limited-service	Mid-price	204	Kansai	March 2000	2,050	1.3%
16	R&B Hotel Ueno-Hirokoji	Limited-service	Economy	187	Tokyo	April 2002	1,720	1.1%
17	R&B Hotel Higashi-Nihombashi	Limited-service	Economy	203	Tokyo	March 1998	1,534	1.0%
18	Comfort Hotel Higashi-Nihombashi	Limited-service	Economy	259	Tokyo	January 2008	3,746	2.4%
19	Comfort Hotel Shin Yamaguchi	Limited-service	Economy	139	Other	August 2007	866	0.5%
21	Daiwa Roynet Hotel Akita	Limited-service	Economy	221	Other	June 2006	1,760	1.1%
22	Smile Hotel Nihonbashi-Mitsukoshimae	Limited-service	Economy	164	Tokyo	March 1997	2,108	1.3%
23	Hotel Sunroute Niigata	Limited-service	Mid-price	231	Other	August 1992	2,105	1.3%
24	Toyoko Inn Hakataguchi Ekimae	Limited-service	Economy	257	Other	September 2001	1,652	1.0%
25	Hotel Vista Kamata Tokyo	Limited-service	Economy	106	Tokyo	January 1992	1,512	1.0%
26	Chisan Inn Kamata	Limited-service	Economy	70	Tokyo	April 2003	823	0.5%
29	Hotel Keihan Universal City	Resort	Mid-price	330	Kansai	June 2001	6,000	3.8%
30	Hotel Sunroute Shimbashi	Limited-service	Mid-price	220	Tokyo	March 2008	4,800	3.0%
31	Hilton Tokyo Bay Hotel	Resort	Luxury	809	Kanto (excluding Tokyo)	June 1988	26,050	16.4%
32	Ibis Styles Kyoto Station	Limited-service	Mid-price	215	Kansai	March 2009	6,600	4.2%
	Total	—	—	6,783	—	—	158,902	100.0%

(*1) No. of rooms available to sell as of today (rooms occupied by the hotel for a long term is excluded.)

(*2) Kansai means Kyoto, Osaka, Shiga, Hyogo, Nara and Wakayama prefectures. Kanto (excluding Tokyo) means Kanagawa, Chiba, Saitama, Ibaragi, Gunma, and Tochigi prefectures. Tokyo and Okinawa mean Tokyo Metropolitan area and Okinawa prefecture respectively.

(*3) The purchase prices stated on the Purchase and Sales Agreement for the Beneficial Interest in Trust or Real Estate Purchase and Sale Agreement are indicated (Consumption tax, local consumption tax and the acquisition expense such as broker's fee are not included.). The acceptance prices are indicated for the assets that have been accepted through the merger.

(*4) The percentage of each purchase price to the total purchase price is indicated and the numbers are rounded off to one decimal place.

(*5) Numbers for the asset transferred and numbers for the asset to be transferred (No. 7, No. 20, No. 27 and No. 28) are missing numbers.