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Notice Concerning Completion of Acquisition and (Planned) Change of Hotel Operator, Etc. of Asset
("Best Western Hotel Sapporo Nakajima Koen")

This is to inform you that Japan Hotel REIT Investment Corporation (hereinafter called "JHR") has today completed the following asset acquisition announced in the press release "Notice Concerning Acquisition of New assets ("Best Western Hotel Sapporo Nakajima Koen")" dated June 25, 2014.

In addition, this is to also inform you that the hotel operator, form of contract and hotel name are scheduled to be changed, effective December 27, 2014.

1. Summary of acquired asset

Name of acquired asset	Best Western Hotel Sapporo Nakajima Koen
Category of new asset	Real estate beneficial interest in trust and movable assets attached to the hotel
Acquisition price (*1)	JPY6,797,000,000.-

(*1) The acquisition price is based on the purchase price stated on the purchase and sale agreement for acquisition of the acquired assets. The acquisition price does not include the acquisition expense, fixed asset tax, city planning tax and consumption tax, etc.

(*2) See "Notice Concerning Acquisition of New assets ("Best Western Hotel Sapporo Nakajima Koen")" dated June 25, 2014 for details, etc. of the acquired asset above.

2. Change of hotel operator, etc.

(1) Hotel operator, etc.

Name of new hotel operator	A.A.P.C. Japan K.K. (hereinafter called "Accor") (*1)
New hotel name	ibis Styles Sapporo
Form of contract	Management contract scheme (*2)
Date of change (plan)	December 27, 2014

(2) Rationale for change of hotel operator, etc.

As stated in "Notice Concerning Acquisition of New assets ("Best Western Hotel Sapporo Nakajima Koen")" dated June 25, 2014, the Sapporo market in which the hotel is located is driven by leisure demand from foreigners, centering on Asians, and is thought to be a market where strong future domestic and international leisure demand can be expected.

Against the background of such market environment, JHR deemed that entrusting the operation to the Accor Group, which is an international brand operating the most hotels in the Asia-Pacific region and boasts an extremely high level of recognition in said region, would lead to capturing of demand from travelers visiting Japan from overseas, centering on Asia, and would thus be expected to contribute to JHR's revenue enhancement.

In light of the above, JHR decided to change the hotel operator and hotel name and switch to asset management under a management contract scheme on the date of change (plan).

- (*1) The new hotel operator will be a Japanese corporation of the Accor Group. JHR already entrusts Accor to operate two hotels – “ibis Tokyo Shinjuku” and “ibis Styles Kyoto Station” – and has achieved enhancement of hotel revenue at these hotels.

Tourists visiting Japan from overseas are expected to significantly grow in the future. As the world's leading hotel operator, the Accor Group boasts a high level of recognition among such tourists, especially in the Asia region, and JHR has established a relationship of trust with them through its hotel operation to date. JHR will thus pursue upside potential through capturing of domestic and international leisure demand, which is expected to increase in the future, by strengthening the collaboration with the Accor Group.

- (*2) The management contract scheme is a scheme for hotel real estate owned by JHR in which JHR entrusts an operator to operate the hotel and takes in the outcome of that business as real estate operating revenue.

Specifically, JHR, the owner of the hotel real estate, concludes a management contract with an operator and entrusts the operator with the tasks necessary to run the hotel business. JHR receives the hotel revenue achieved from the hotel business (operation) by the operator and, at the same time, pays a management contract fee to the operator. This hotel revenue achieved is recognized as “real estate operating revenue through management contract” and is equivalent to the rent that is the real estate operating revenue under the leasing scheme.

Under the management contract scheme, revenue from hotel operation all reflects in the real estate operating revenue of JHR. Therefore, in the upward phase of hotel revenue, JHR can directly and immediately take in that revenue enhancement. On the other hand, in the downward phase of hotel revenue, that revenue may materially decrease and there is a risk that “real estate operating revenue through management contract” will become negative. This may also seriously impact the bottom line of JHR. In this manner, the upside and downside of hotel revenue will directly reflect in the real estate operating revenue of JHR.

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

<Attachment 1>

Summary of the management contract (*1)	
Trustee	Japan Hotel REIT Investment Corporation
Operator	Accor
Form of contract	Management contract scheme
Contract term	December 27, 2014 through December 26, 2019 (plan)
Real estate operating revenue through management contract	Amount equivalent to GOP (*2)
Management contract fee	Fee linked to GOP (*3)
Deposit and guarantee money	None
Special remarks for contract renewal, management contract fee revision, etc.	
Renewal of contract at expiration	N/A
Revision of management contract fee	No regulation is stipulated for revision of the management contract fee.
Other special remarks	Subject to certain conditions (*4), JHR has the right to terminate the contract in principle.

(*1) Summary of the management contract

- JHR concluded a management contract with condition precedent with Accor on June 25, 2014. As the property is held in trust, a building lease contract is scheduled to be separately concluded between the trustee and JHR on the same date as the operator change.

(*2) Real estate operating revenue through management contract

- JHR recognizes the amount as “real estate operating revenue through management contract” and is equivalent to the rent that is the real estate operating revenue under the leasing scheme. If the amount becomes negative, JHR will pay Accor for the negative amount.

(*3) Management contract fee

- Consent for disclosure has not been obtained from Accor and thus the fee rate is inevitably not disclosed.

(*4) Other special remarks

- If the actual GOP does not reach 85% of the target GOP for two consecutive years, JHR has the right to terminate the management contract if certain conditions stipulated in the contract are met.