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June 4, 2015

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)

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Notice Concerning Acquisition and Lease of New Asset  
("Okinawa Marriott Resort & Spa")

This is to inform you that Japan Hotel REIT Advisors Co., Ltd., the asset management company of Japan Hotel REIT Investment Corporation (hereinafter called "JHR"), has resolved to acquire and lease the below property (hereinafter called the "New Asset") today on behalf of JHR. The determination of lease of the New Asset has been consented by JHR upon approval of JHR's Board of Directors based on the Act on Investment Trust and Investment Corporation (Act No. 198 of 1951 including modifications made thereafter; hereinafter called the "Investment Trust Law") and the Code for Transaction with Sponsor Related Party stipulated by the Asset Management Company.

1. Summary of the New Asset

Name of the New Asset	Asset type	Rent type	Planned acquisition price (*1)	Scheduled acquisition date (*2)	Collateral
Okinawa Marriott Resort & Spa	Resort Hotel	Fixed rent and variable rent	JPY14,950,000,000.-	July 10, 2015	unsecured

(\*1) The planned acquisition price is the planned price on the purchase and sale agreement for acquisition of the New Asset. The planned acquisition price does not include expenses for acquisition, fixed asset tax, city planning tax and consumption tax, etc.

(\*2) The purchase and sale agreement for real estate beneficial interest in trust (hereinafter called the "PSA for beneficial interest in trust") has been concluded with the seller to acquire the New Asset on the scheduled acquisition date above. For details of the PSA for beneficial interest in trust, see "9. Matters on Forward Commitment, etc." below.

(\*3) See "5. Summary of the seller" below for the seller.

(\*4) The following is a summary of the disclaimer language regarding information on Marriott in this document which is required to be provided pursuant to Franchise Agreement entered into by and between the Franchisor and Lagoon resort Nago Co., Ltd., as an obligation of Lagoon resort Nago Co., Ltd., a hotel management company of the Okinawa Marriott Resort & Spa which will be acquired by JHR. Neither Global Hospitality Licensing S.a r.l, which is the Franchisor under the Franchise Agreement, nor any of its affiliates ("GHL") is ensuring the accuracy or completeness of this document. No information regarding Marriott International Inc. and its affiliates in this document is provided by GHL, and GHL shall not provide any covenant or warrant regarding the accuracy or completeness of such information.

2. Rationale for Acquisition and Lease

Within JHR's strategic investment areas, the Okinawa area is expected to see high growth, and JHR decided on the acquisition as it believed for the following reasons that both stability and upside potential could be pursued through acquisition of the New Asset with a structure of rent that combined variable rent and fixed rent.

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(1) Expectations for Growth of the Okinawa Market through Tourism Promotion Measures, etc.

JHR believes that Okinawa is a growing market at which significant growth can be expected going forward. Okinawa has its strengths in domestic and inbound leisure demand and tourism promotion measures are planned to be implemented by the national and local governments. In addition, a new theme park development, etc. for Okinawa was announced by USJ Co., Ltd. for which the Japanese government also announced its support.

(2) Pursuit of Upside Potential in the Okinawa Market

There are differences when it comes to area and grade regarding the growth phase of hotels in Okinawa at which significant future growth is expected. JHR considers that such can be classified into three categories, namely “Naha area,” “middle-class resort” and “luxury-class resort,” in order of progress of growth.

The drivers of the current growth of the Okinawa market are the customer segments of visiting foreign travelers (hereinafter called the “Inbound”) and price-sensitive tourists which are increasing due to low-cost carriers (LLCs). The “Naha area,” in which JHR’s Mercure Okinawa Naha is situated, is reaping the most benefits from these customer segments. While The Beach Tower Okinawa, which is classified as a middle-class resort, the category with the second most growth, cannot benefit in terms of the upside of revenue since it has fixed rent even as it contributes to securing stable revenue, acquisition of the New Asset with a structure of rent that combines fixed rent and variable rent will allow incorporation of the customer segments of middle-class resorts and pursuit of upside of revenue.

(3) Acquisition of Large Property Boasting Globally Renowned Brand

The New Asset is a large resort hotel boasting the global leading international brand Marriott. It is superior in infrastructure (building and facilities) such as spacious rooms with a standard of 46m<sup>2</sup>, spas, fitness rooms and one of the largest garden pools in Okinawa, facilities worthy for a resort hotel. Furthermore, pursuit of upside potential is believed possible due to the internationally renowned Marriott brand by incorporating domestic and inbound leisure demand which is expected to increase.

Furthermore, JHR has the tenant selection criteria of selecting hotel lessees based on a comprehensive assessment of its creditworthiness and capability of hotel operation. The lessee of the New Asset is deemed to meet the tenant selection criteria set forth by JHR.

### 3. Features of the New Asset

(1) Features of the New Asset

According to a market report by KPMG FAS Co. Ltd., the features of the New Asset are as follows.

1) Superiority in Location

Located in Nago, Okinawa, the New Asset is an approximately 70-minute drive from Naha Airport using the Okinawa Expressway. Airport limousine buses operate periodically from Naha Airport and so access from the airport is secured. Moreover, the nearby area is a host to high-end resort hotels such as The Busena Terrace and Ritz-Carlton, Okinawa. The area has high accessibility to nearby tourist spot such as world-class Okinawa Churaumi Aquarium which is visited by almost three million people annually, Nago Pineapple Park and Okinawa prefectural resort convention facility Bankoku Shinryokan. Therefore the hotel’s area is excellent and suitable for leisure. Additionally, Neo Park Okinawa in the city of Nago where the New Asset is located is a facility that has been announced as a candidate spot for the building of the new theme park planned by USJ Co., Ltd.

2) Superiority in Infrastructure

The New Asset is a fan-shaped building with 14 floors and 361 rooms on top of a slightly elevated hill. It is relatively new and stands out very much since the exterior walls are white against the surrounding greenery. It is also highly visible from National Route 58. With no high-rise buildings of comparable size nearby and with an outdoor free-form pool that is one of the largest in the prefecture, the hotel has a very strong presence. The guestrooms are spacious with a standard of 46m<sup>2</sup> and sufficient ceiling heights. It boasts high habitability even amongst major west coast resorts since all rooms have characteristic half-indoor balconies with secured privacy. In addition, because the guest rooms of the triangularly shaped hotel building where the tip faces the

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coast of the ocean and the two sides extend backwards are situated on one side of the hall, all rooms have views of the ocean, golf course, etc. though there are some differences depending on the rooms. In addition, the upper two floors with 62 rooms are differentiated as club floors and are very luxurious with partial décor, amenity, fixtures, etc. and also have dedicated reception and a club lounge. These club floors are considered to be strategic products with high potential for increasing ADR (Note). Furthermore, while the grade of the New Asset would be classified as upper-middle class according to the standards of JHR, the specifications of the infrastructure are comparable to luxury class, and JHR has expectation for upside potential going forward.

(Note) ADR refers to average daily rate and is calculated by dividing the total rooms revenue for a certain period by the total number of rooms sold during the period.

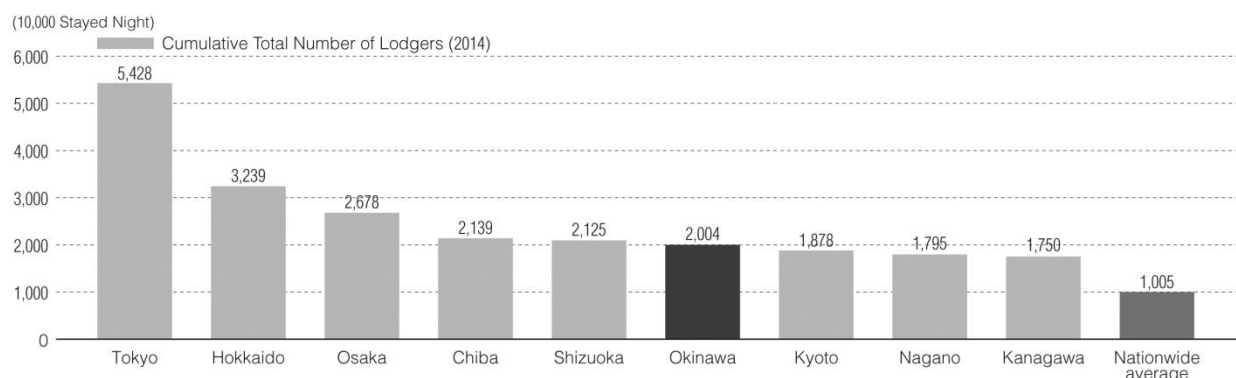
### 3) Superiority in Operations

The New Asset is a large resort hotel which boasts the globally leading international brand Marriott. JHR believes that utilizing the internationally recognized Marriott brand will be advantageous in attracting the Inbound. Moreover, the lessee and hotel management company is scheduled to be acquired by Hotel Management Japan, K.K. (hereinafter called “HMJ”), and further growth will be targeted through the synergy with Hotel Nikko Alivila owned by JHR and located within the Okinawa market in which JHR has deep knowledge.

### (2) Market Overview

According to the “Statistical Survey on Overnight Trips” announced by the Japan Tourism Agency, the total number of lodgers in Japan in 2014 was about 472 million. Okinawa Prefecture accounted for about 20 million of this, a number even larger than that of Kyoto Prefecture, and it is an area with strong lodging demand, being ranked sixth among all 47 prefectures.

#### <Comparison of Total Lodgers by Prefecture (2014)>



Source: Statistical Survey on Overnight Trips by Japan Tourism Agency

(Note) Calculated by: 10,000 stayed night = Number of lodgers (10,000) × Number of nights stayed

According to the “Summary of Statistical Survey on Entering Tourists” announced by Okinawa Prefecture, the number of tourists entering into Okinawa Prefecture has been increasing since the bottom in 2011 with approximately 5.42 million persons. In 2013 there were successions of months with numbers of entering tourists significantly exceeding the same month of the previous year’s numbers, and new records were made such as with more than 700,000 entering tourists in a single month in August. Even in 2014 every month had numbers significantly exceeding the same month of the previous year’s numbers, and with approximately 7.06 million entering tourists the record was renewed for two successive years.

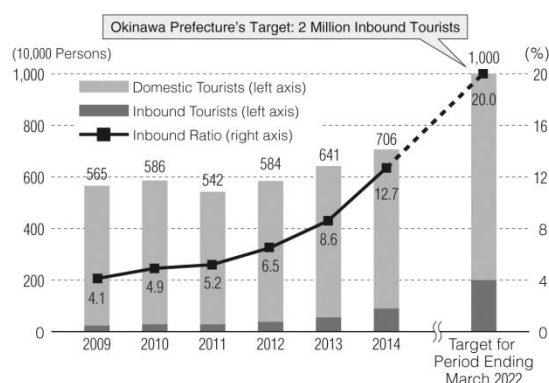
Comparing domestic with inbound tourists, of the entering tourists in 2014 87.3% were domestic tourists, showing that domestic tourists account for a significant portion. Year-on-year growth of domestic tourists has been steady with 7.4% and 5.1% in the last two years. Moreover, according to Okinawa Prefecture’s “Field Survey on Tourism Statistics,” about 80% of domestic tourists are returning tourists. JHR believes that this

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shows Okinawa's strong appeal as a tour destination as well as its stable lodging demand. JHR also believes that domestic tourists of Okinawa Prefecture will continue to increase going forward supported by tourism promotion measures, expansion of LCC routes and such.

In addition, while the rate of inbound tourists in 2014 was 12.7%, the year-on-year growth rate for the past two years has been extremely large with 46.2% and 62.2%. In terms of area and country, Asia accounts for a large portion and the top regions of Taiwan, South Korea, Hong Kong and China account for more than 80% of inbound tourists. Of these, a measure was introduced to promote the attraction of Chinese tourists in July 2011 whereby lodging in Okinawa Prefecture (or three Tohoku prefectures) makes possible the issuance of multiple-entry visas effective for three years, and the efforts are bearing fruit. Since the conditions for issuance were further eased in January 2015, further increase of Chinese tourists is expected. Backed by such measures by the Japanese government to attract inbound tourists as well as by the economic growth of Asian countries, JHR believes that the number of inbound tourists in Okinawa Prefecture will significantly increase going forward.

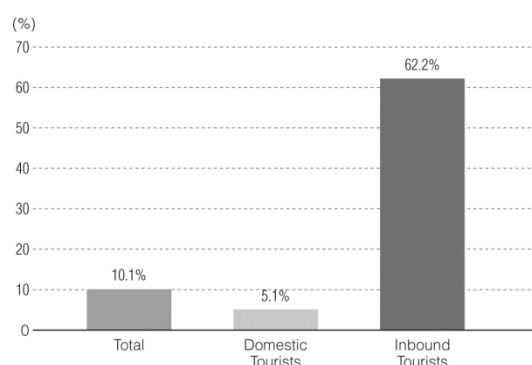
#### <Change in Entering Tourists in Okinawa Prefecture>



Source: "Summary of Statistical Survey on Entering Tourists" and "Okinawa Prefecture Basic Plan for Tourism Promotion" by Okinawa Prefecture

(Note) Actual results are based on calendar years and the target figure is based on the fiscal year.

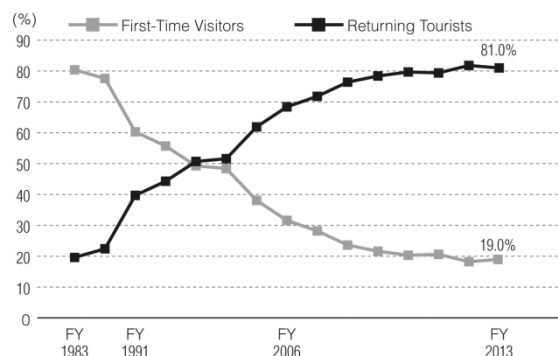
#### <Rate of Change in Entering Tourists to Okinawa Prefecture (change in 2014 from 2013)>



Source: "Summary of Statistical Survey on Entering Tourists" by Okinawa Prefecture

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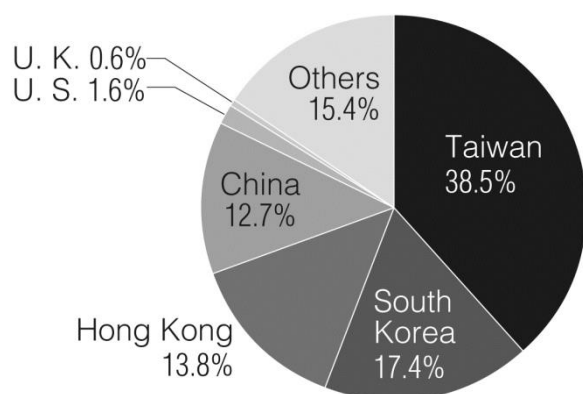
<Change in Rate of Returning Tourists in Domestic Visitors to Okinawa Prefecture>



Source: “Field Survey on Tourism Statistics” by Okinawa Prefecture

(Note) Data is indicated for every four years from FY1983 to FY1991, for every three years from FY1991 to FY2006 and for every year from FY2006 onwards.

<Rate of Inbound Tourists in Okinawa Prefecture by Country (2014)>

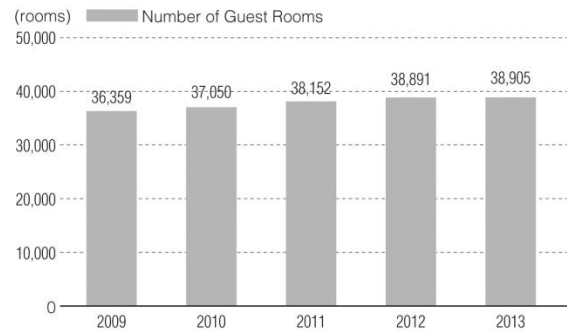


Source: “Summary of Statistical Survey on Entering Tourists” by Okinawa Prefecture

Regarding supply, according to the “Lodging Facility Field Survey” announced by Okinawa Prefecture, there were 38,000 rooms in lodging facilities in Okinawa Prefecture in 2013. In addition, according to a market report prepared by KPMG FAS Co., Ltd., there are three hotels that can be named as new resort hotels that are highly likely to be competitors of the New Asset, namely The Uza Terrace (48 rooms; Yomitan-son) scheduled to open in summer of 2015, Hilton Okinawa Kin (190 rooms; Kin-cho) scheduled to open in fall 2016 and Four Seasons Hotel Okinawa (150 to 200 rooms; Onna-son) whose year of opening is yet to be determined. However, these are all small or medium-sized hotels and their launchings are proof that there is growing focus on Okinawa resorts but JHR believes that the impact of such an increase in supply will be limited.

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<Change in the Number of Guest Rooms in Okinawa Prefecture Lodging Facilities>



Source: “Lodging Facility Field Survey” by Okinawa Prefecture

It is thought that tourism promotion measures by the Japanese government and Okinawa Prefecture are benefiting the Okinawa market.

Okinawa Prefecture formulated the “Basic Plan for Vision of Okinawa’s 21st Century” in May 2012 and declared the formation of a world-class tourism resort zone. With targets of entering tourists of 10 million (of which two million are inbound tourists) with an average stay period of five days by fiscal 2021 and such, it claims that it will increase awareness as a tour destination, expand air routes, vitalize business activities and enhance the system of receiving the Inbound among other things.

In addition, Okinawa Prefecture was certified as an “international tourism hub” in May 2014 as part of the first round of national strategic special zones in which regions are certified to have relaxed regulations. Easing of conditions for visa issuances to the Inbound and speeding up of immigration procedures were granted in order to promote the reception of tourists and research personnel from abroad for the formation of a world-standard tour resort zone for which Okinawa Prefecture is aiming.

As these are continual and sustainable measures based on the Act on Special Measures for the Promotion and Development of Okinawa revised in March 2012, further increase of tour and lodging demand is expected.

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## <Tourism Promotion Measures and Infrastructure Development Plans>

### ■ National policy further boosting efforts for further increase of tourists

#### Measures for tourism in Okinawa

May 2012 : Okinawa Prefecture formulated the "Basic Plan for Vision of Okinawa's 21st Century" which spans 10 years until FY2021

Aims to achieve the target of JPY1 trillion of tourism revenues and entering tourists of 10 million (of which 2 million are to be inbound tourists)

May 2014 : Okinawa Prefecture is certified as a national strategic special zone "international tourism hub"

#### Executed regulatory reform

##### ▶ Easing of visa issuance conditions

⇒ **Issuance conditions of multiple-entry visas (for Okinawa Prefecture and three Tohoku prefectures) were eased for Chinese citizens in January 2015**

##### ▶ Speeding up of immigration procedures (contracting out, etc.)

Source : "National Strategic Special Zone and Zone Policies" by the Cabinet Office and "Basic Plan for Tourism Promotion in Okinawa Prefecture" by Okinawa Prefecture

The point of interest in the infrastructure development plan is the runway extension project at Naha Airport. The performance of domestic air transport to Okinawa (not including LCCs and charter flights) announced by Okinawa Prefecture is doing well with approximately 6.323 million passengers in 2014, a year-on-year increase of 3%. While the results for LCCs are not announced, it is estimated that the actual domestic air transport performance including LCCs is larger than the officially announced figures as Jetstar Japan and Vanilla Air are making flights from Tokyo and as new routes are being established such as the Fukuoka to Naha route by Peach Aviation launched in July 2014. With these circumstances, Naha Airport's capacity to handle take-offs and landings was reaching its limit and so construction for the runway extension project began in January 2014 and it is planned to start being used in 2020. Landing slots will increase by 1.4 times after completion and it is expected to contribute to increasing the number of entering tourists by eliminating the future bottleneck problem. JHR believes that together with the effects of the new international terminal launched in February 2014, increase of LCCs on international routes and the easing of conditions for the issuance of visas, an increase of visitors from Asian countries can be expected. JHR also believes that further increase of lodging demand can be expected through the increase of new customers including those from Japan through the expansion of LCC operations.

### <Changes in Route Expansions of Major LCCs to Naha Airport>

	Domestic Routes Launched	International Routes Launched	Major Events Related to Naha Airport
2012	Jetstar Japan (Narita Route) AirAsia Japan (Narita Route) (Note 1) Peach Aviation (Kansai Route) Jetstar Japan (Kansai Route)	Mandarin Airlines (Taichung Route) TransAsia Airways (Taipei Route) JIN AIR (Seoul Route)	Dedicated LCC terminal launched
2013	Vanilla Air (Narita Route) (Note 1)	Peach Aviation (Taipei Route)	—
2014	Peach Aviation (Fukuoka Route)	JEJU AIR (Seoul Route) T'way Airlines (Seoul Route)	New international terminal launched Construction for second runway began
2015	Jetstar Japan (Chubu Route)	Peach Aviation (Hong Kong Route) Mandarin Airlines (Gaoxiang Route)	—
	Domestic Routes	International Routes	
Number of routes in service (Note 2) (as of the end of March 2015)	50 routes (of these, 39 routes outside the prefecture)	17 routes	

Source: Prepared by the Asset Management Company based on publicly available information

(Note 1) AirAsia Japan discontinued its Narita route in September 2013 but the route was resumed by Vanilla Air in December 2013.

(Note 2) The number of routes in service as of the end of March 2015 is the total number of routes including those other than LCC routes. If several airlines are operating on the same route, each airline is counted as a route.

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(Note) As of the end of March 2015

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#### 4. Details of the New Asset and Lease

Property No.	43	Property name	Okinawa Marriott Resort & Spa			
1. Asset summary (*1)						
Asset category			Real estate beneficial interest in trust and movable assets attached to the hotel			
Scheduled acquisition date			July 10, 2015			
Planned acquisition price			JPY14,950,000,000.-			
Appraisal value			JPY15,400,000,000.- (See “13. Appraisal Report Summary” below for details.)			
2. Summary of real estate (or trusted real estate) (*2)						
Intended use of the property			Hotel / Resort hotel			
Ownership	Land		Ownership			
	Building		Ownership			
Land	Plot No.		1490-1, 1491 and 1492 Akamichibaru, Aza-Kise, Nago City, Okinawa 2018-3 and 2019 Ibubaru, Aza-Kise, Nago City, Okinawa 2690-7 and 2690-11 Ya-shibaru, Aza-Nakama, Onna-son, Kunigami-Gun, Okinawa			
	Address		1490-1 Kise, Nago City, Okinawa			
	Acreage		52,988m <sup>2</sup>			
	Zoning, etc.		Nago City zone: non-zoned city planning district, no designation for zoning Onna-son zone: Outside of city planning district			
	Building-to-land ratio		Nago City zone: 60%, Onna-son zone: No regulation is stipulated			
	Floor area ratio		Nago City zone: 200%, Onna-son zone: No regulation is stipulated			
	Building	Structures and stories		SRC, Fourteen stories above ground. (*3)		
Intended use		Hotel				
Completion		February 2005, December 2006 (extension)				
Total floor space		36,430.15m <sup>2</sup> (*4)				
Designer		First Class Registered Architect Office, Senaga Kenchiku Sekkei (at time of new construction) NAKAMOTO INDUSTRY Co., Ltd., First Class Registered Architect Office (at time of extension)				
Constructor		NAKAMOTO INDUSTRY Co., Ltd. (at time of new construction and extension)				
Institute that confirmed building		North Civil Engineering Office, Civil Engineering and Construction Department, Okinawa Prefecture				
Present owner		Trustee: Mitsubishi UFJ Trust and Banking Corporation (expiration date of trust period: end of July 2024) Beneficiary: Rising Sun The Second A TMK				
3. Traffic (*5)						
Approximately 70 minutes by car from Naha Airport via Okinawa Expressway						
4. Lease status (*6)						
Total number of tenants		5				
Rentable area		36,430.15m <sup>2</sup>				
Rented area		36,430.15m <sup>2</sup>				
Annual contractual rent		Fixed rent	JPY550,000,000.-			
		Variable rent	In case GOP exceeded GOP base amount (JPY700,000,000.- per year), the amount arrived by multiplying 90% to the exceeded amount (*7)			
Deposit and guarantee money		JPY0.-				
Change in occupancy rate for the past five years based on area		January 2010 to December 2010	January 2011 to December 2011	January 2012 to December 2012	January 2013 to December 2013	January 2014 to December 2014
		100%	100%	100%	100%	100%
5. Related parties for hotel operation (*8)						
Hotel lessee			Lagoon resort Nago Co., Ltd.			
Property manager			Nippon Kanzai Co., Ltd.			
6. Hotel website (*9)						
http://www.okinawa-marriott.com/						
7. Summary of the building inspection report						
Investigation company			Tokio Marine & Nichido Risk Consulting Co., Ltd.			
Investigation date			March 4, 2015			

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Repair cost	Urgently required	JPY0.-
	Required within one year	JPY0.-
	Total amount for another 12 years	JPY787,609,000.-
Earthquake PML value (*10)		0.7%
<b>8. Special remark (*11)</b>		
JHR, the Trustee, and HMJ agree that in the event that JHR or the Trustee transfers the New Asset or real estate beneficial interest in trust of the New Asset to the third party, JHR or the Trustee must obtain prior consent from HMJ.		

(\*1) Asset summary

- Asset category indicates category of real estate beneficial interest in trust as specified asset and the hotel's movable assets to be purchased together with the real estate beneficial interest in trust.
- Planned acquisition price is the price stated on the real estate purchase and sale agreement etc. and does not include various expenses required to acquire the New Asset (e.g., broker's fee).

(\*2) Summary of real estate (or trusted real estate)

- Structures and stories, intended use of the building and completion of the building are taken from the certified copy of real estate registry. However, if erroneous information is identified by investigation, correct information is stated.
- In Structures, RC means Reinforced Concrete structure and SRC means Steel Reinforced Concrete structure.
- Zoning, etc. (use district, special use district, fire prevention district and quasi-fire prevention district) are stated based on Article 8, Clause 1-1, Clause 2, and Clause 5 of City Planning Act.

(\*3) Structures and stories

- Includes accessory store building (RC: 16.28m<sup>2</sup> and RC: 48.57m<sup>2</sup>)

(\*4) Total floor space

- The total floor space includes accessory buildings (totaling 16.28m<sup>2</sup> (store) and totaling 48.57m<sup>2</sup> (store)).

(\*5) Traffic

- It is according to the information on the website of a lessee that trustee has scheduled to lease to (hereinafter called "lessee").

(\*6) Lease status

- Aside from total number of tenants, in principle, information is indicated based on a lease agreement to be entered between the trustee, the owner of the building, etc. and that indicated in the Hotel lessee as a key lease agreement related to the building, etc. Information based on lease agreements with other tenants is not indicated, unless otherwise stated.

(\*7) Variable rent

- In case GOP exceeded GOP base amount (JPY365,000,000.-), variable rent from July 10, 2015 to December 31, 2015 will be the amount arrived by multiplying 90% to the exceeded amount.

(\*8) Related parties for hotel operation

- Hotel lessee indicates a lessee whose trustee has scheduled to lease to. Property manager indicates property manager to be contracted by trustee. In addition, the hotel lessee has concluded a management contract with nationwide hotel chain Solare Hotels and Resorts K.K. for the period up to the last day of March 2016. This period is scheduled to be followed by direct management by the lessee.

(\*9) Hotel website

- It is the website address of the present lessee.

(\*10) PML

- PML (Probable Maximum Loss) is the anticipated damage ratio resulted from earthquake. Since no uniform definition has been made yet on PML, we used the following method. Probability and anticipated loss amount caused by a major earthquake that may occur once every 475 years are evaluated and statistically processed to identify the anticipated percentage of loss amount against the building replacement cost. It has been calculated based on site inspection, assessment of building condition, confirmation of the consistency with the design document, ground investigation, local factors and structural investigation. Indicated PML is the PML on detailed valuation (Phase 2) of the investigation company.

(\*11) Special remark

- In principle, the following items are stated: (1) Right of the third party except for tenant(s) of the building or restriction on the property based on the right, (2) Important matters stipulated in the management rules, agreements or memoranda concluded with joint owners of the condominium ownership of building and joint ownership of land, (3) Important restrictions stipulated by the administrative laws and regulations to the property.

(\*12) All amounts are rounded down to JPY1,000.

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## 5. Summary of the Seller

Name	Rising Sun The Second A TMK
Headquarters	3-8-21 Toranomom, Minato-ku, Tokyo
Representative	Masaki Awakuni, Director
Specified capital	JPY10,000,000.-
Establishment	June 29, 2006
Net assets	Undisclosed as consent of the seller could not be obtained.
Total assets	Undisclosed as consent of the seller could not be obtained.
Major shareholder and shareholding ratio	Undisclosed as consent of the seller could not be obtained.
Major business	1. Transfer, management and disposition of assets according to the asset securitization plan pursuant to the Act on Securitization of Assets 2. Other business incidental to business relating to the liquidation of aforementioned specified assets
Capital relationship Human relationship Business relationship	There are no capital, human or business relationships to be specifically noted between JHR or the Asset Management Company and the seller. Moreover, the affiliated parties and companies of JHR and the Asset Management Company do not have any capital, human and business relationships with the affiliated parties and companies of the seller that should be specifically reported.
Related parties	The seller does not fall under the category of related parties of JHR and the Asset Management Company. Affiliated parties and companies of the seller do not fall under the category of related parties of JHR and the Asset Management Company.

## 6. Status of Previous Owner

The previous owner does not have any special interest relationship with either JHR or its asset management company.

## 7. Summary of Intermediary

Not applicable.

## 8. Transaction with Interested Party

HMJ is scheduled to acquire 100% of the shares (partner's equity) of the hotel lessee Lagoon resort Nago Co., Ltd. on the same day as the scheduled acquisition date. Since HMJ falls under the category of interested party, etc. as stipulated in Article 201 of the Investment Trust Law as well as Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, the hotel lessee of which HMJ will acquire shares also falls under the category of interested party, etc. Therefore, in accordance with the Code for Transaction with Sponsor Related Party which are internal regulations of the Asset Management Company, the appropriate procedures stipulated in the Code for Transaction with Sponsor Related Party such as the gaining of approval of a compliance committee attended by experts from the outside and of the Board of Directors of JHR have been completed, upon the conclusion of the fixed-term lease agreement with the hotel lessee.

## 9. Matters on Forward Commitment, etc. (\*)

### (1) New Asset subject to forward commitment, etc.

Property name	Conclusion of purchase and sale agreement	Scheduled acquisition date
Okinawa Marriott Resort & Spa	June 4, 2015	July 10, 2015

(\*) "Forward commitment, etc." is defined in the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc. by Financial Services Agency as "a postdated real estate transaction contract where there is an agreement to either make a financial settlement or close on a property sale after a period of one month or more following the conclusion of the contract, or any other similar contracts."

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(2) Impact on the finance condition of JHR if forward commitment, etc. cannot be implemented

In order to ensure acquisition of the New Asset, JHR today concluded the PSA for beneficial interest in trust with the seller. The agreement stipulates that either party may cancel the agreement if the other party violates the obligations stipulated in the agreement and that the violating party shall pay a certain amount of trading value to the other party.

However, the PSA for beneficial interest in trust for the asset to be acquired contains a special condition which stipulates that completion of debt financing (Please refer to today's press release "Notice Concerning New Loans.") or fundraising by JHR for the acquisition of the New Asset is the condition precedent to the payment of the transaction amount. Accordingly, in the event that debt financing or fundraising by JHR for the payment of the transaction amount is not conducted, the PSA for beneficial interest in trust will be terminated without payment of cancellation penalty, etc.

#### 10. Settlement Method

JHR plans to pay the settlement amounts by using new loans, funds to be procured through issuance of new investment units and cash on hand, etc.

#### 11. Schedule until Settlement Date

Resolution for the acquisition	June 4, 2015
Conclusion of purchase and sale agreement	June 4, 2015
Settlement and transfer	July 10, 2015 (scheduled)

#### 12. Future Prospects

With respect to the operating forecast after the acquisition of the New Asset, please refer to "Notice Concerning Revision of Operating Forecast and Forecast of Dividend for the Fiscal Year Ending December 2015 (16th Period)" dated today.

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### 13. Appraisal Report Summary

Property name	Okinawa Marriott Resort & Spa	
Appraisal value	JPY15,400,000,000.-	
Name of appraiser	Japan Real Estate Institute	
Date of appraisal	April 1, 2015	

Item	Details	Summary, etc.
Indicated value by income approach	JPY15,400,000,000.-	
Value by direct capitalization method	JPY15,500,000,000.-	
Operating income	JPY1,017,872,000.-	
Potential gross income	JPY1,017,872,000.-	
Fixed rent	JPY550,000,000.-	Assessed the subject hotel's gross operating profit (GOP) in stable occupancy phase and recorded rent income based on this
Variable rent	JPY467,872,000.-	
Vacancy loss, etc.	JPY0.-	
Operating expenses	JPY98,300,000.-	
Maintenance and management expenses	JPY0.-	
Utilities cost	JPY0.-	
Repair cost	JPY24,574,000.-	Assessed by taking into consideration such factors as the level of expenses of similar real estate and the annual average amount of repair/renewal cost in engineering reports
Property management fee	JPY2,400,000.-	Assessed by taking into consideration such factors as the fee rate of similar real estate and factors specific to the subject real estate
Tenant leasing cost, etc.	JPY0.-	
Tax and public dues	JPY68,860,000.-	Assessed based on standard taxation amount for fiscal 2014
Casualty insurance premium	JPY2,466,000.-	Assessed by taking into consideration such factors as the estimated amount of insurance premium of the subject real estate and insurance premium of similar buildings
Other expenses	JPY0.-	
Net operating income	JPY919,572,000.-	
Gain on management of deposits	JPY0.-	
Capital expenditures	JPY41,060,000.-	Assessed by factoring in such factors as the level of capital expenditures of similar real estate, building age and the annual average amount of repair/renewal cost in engineering reports
FF&E reserve	JPY39,939,000.-	Assessed by reference to such factors as repair/renewal plans in addition to the level of FF&E reserve of similar real estate
Net cash flow	JPY838,573,000.-	
Cap rate	5.4%	Assessed by factoring in the market cap rate, etc. of similar real estate
Value by DCF method	JPY15,200,000,000.-	
Discount rate	5.2%	Assessed by factoring in the investment cap rate, etc. of similar real estate
Terminal cap rate	5.6%	Assessed by factoring in the market cap rate, etc. of similar real estate
Indicated value by cost approach	JPY11,000,000,000.-	
Land ratio	15.9%	
Building ratio	84.1%	Including movable assets

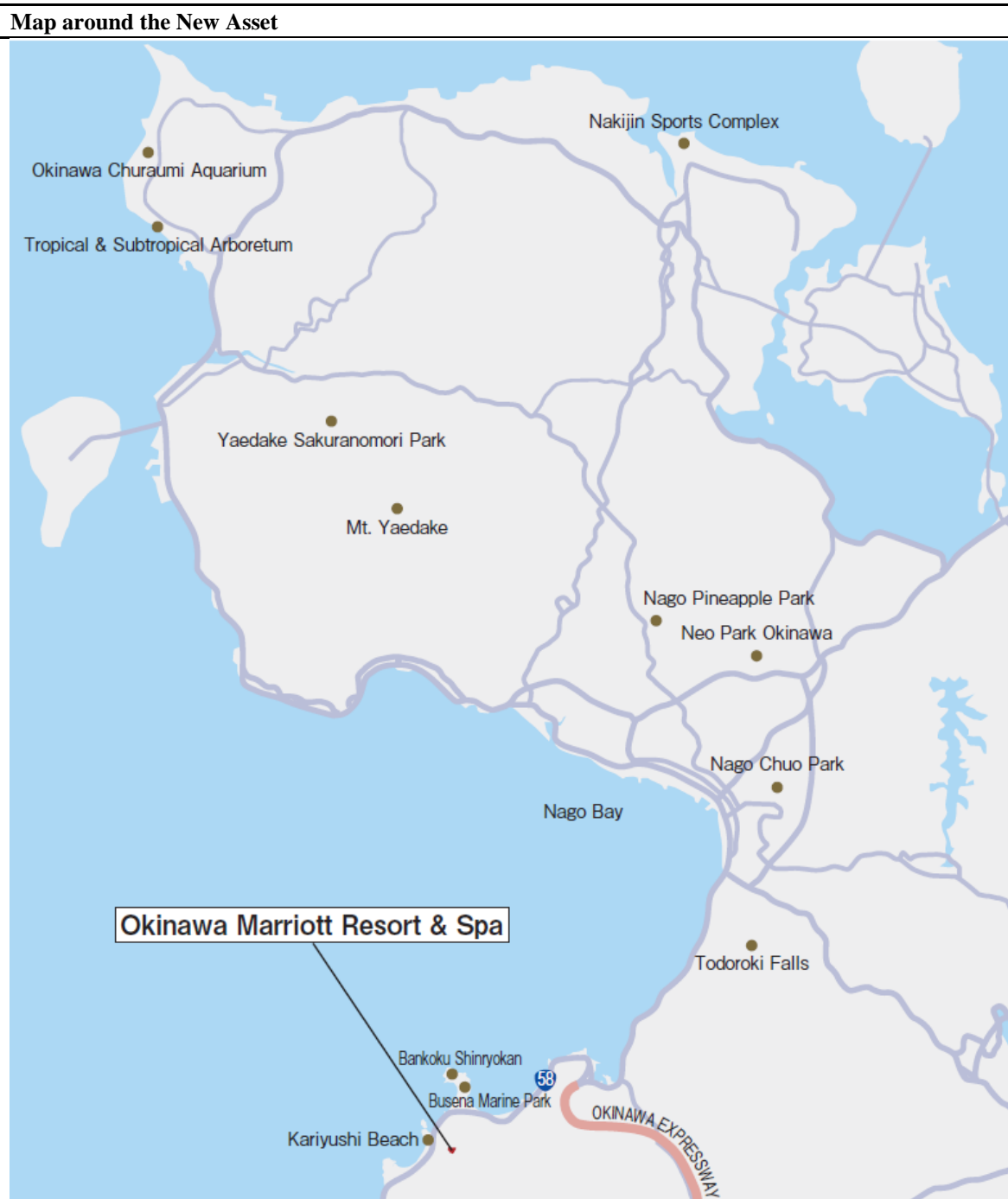
  

Other matters noted in appraisal by appraiser	The appraiser considered that the indicated value by income approach which reflects price formation process from earnings' perspective is more convincing. Therefore, the appraiser decided to adopt the indicated value by income approach and used the indicated value by cost approach as reference.
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\* Website of Japan Hotel REIT Investment Corporation: <http://www.jhrth.co.jp/en/>

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<Attachment 1> Map around the New Asset



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<Attachment 2> Exterior appearance and interior of the New Asset

**Exterior Appearance**



**Guest Room**



**Garden Pool**



**Water Chapel**



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(Reference) The portfolio list after acquisition of the New Asset

No.	Hotel	Type	Grade	No. of guest rooms (*1)	Area (*2)	Completion	Acquisition price (plan) (JPY1M) (*3)	Investment ratio (*4)
1	Kobe Meriken Park Oriental Hotel	Full-service	Upper-middle	319	Kansai	July 1995	10,900	5.1%
2	Oriental Hotel tokyo bay	Full-service	Mid-price	503	Kanto (excluding Tokyo)	May 1995	19,900	9.3%
3	Namba Oriental Hotel	Limited-service	Mid-price	257	Kansai	March 1996	15,000	7.0%
4	Hotel Nikko Alivila	Resort	Luxury	396	Okinawa	April 1994	18,900	8.9%
5	Oriental Hotel Hiroshima	Full-service	Upper-middle	227	Other	September 1993 (Extended in September 2006)	4,100	1.9%
6	ibis Tokyo Shinjuku	Limited-service	Mid-price	206	Tokyo	September 1980	7,243	3.4%
8	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	March 2004 (Extended in June 2005 and May 2006)	7,610	3.6%
9	Hakone Setsugetsuka	Resort	Mid-price	158	Kanto (excluding Tokyo)	October 2006	4,070	1.9%
10	Dormy Inn Kumamoto	Limited-service	Mid-price	294	Other	January 2008	2,334	1.1%
12	Dormy Inn Suidobashi	Limited-service	Economy	99	Tokyo	August 1986 (Extended in September 1989)	1,120	0.5%
13	Dormy Inn EXPRESS Asakusa	Limited-service	Economy	77	Tokyo	March 1997	999	0.5%
14	Hakata Nakasu Washington Hotel Plaza	Limited-service	Mid-price	247	Other	March 1995	2,130	1.0%
15	Nara Washington Hotel Plaza	Limited-service	Mid-price	204	Kansai	March 2000	2,050	1.0%
16	R&B Hotel Ueno-Hirokoji	Limited-service	Economy	187	Tokyo	April 2002	1,720	0.8%
17	R&B Hotel Higashi-Nihombashi	Limited-service	Economy	202	Tokyo	March 1998	1,534	0.7%
18	Comfort Hotel Tokyo Higashi-Nihombashi	Limited-service	Economy	259	Tokyo	January 2008	3,746	1.8%
19	Comfort Hotel Shin Yamaguchi	Limited-service	Economy	139	Other	August 2007	866	0.4%
21	Daiwa Roynet Hotel Akita	Limited-service	Economy	221	Other	June 2006	1,760	0.8%
22	Smile Hotel Nihombashi-Mitsukoshimae	Limited-service	Economy	164	Tokyo	March 1997	2,108	1.0%
23	Hotel Sunroute Niigata	Limited-service	Mid-price	231	Other	August 1992	2,105	1.0%
24	Toyoko Inn Hakataguchi Ekimae	Limited-service	Economy	257	Other	September 2001	1,652	0.8%
25	Hotel Vista Kamata Tokyo	Limited-service	Economy	106	Tokyo	January 1992	1,512	0.7%
26	Chisan Inn Kamata	Limited-service	Economy	70	Tokyo	April 2003	823	0.4%
29	Hotel Keihan Universal City	Resort	Mid-price	330	Kansai	June 2001	6,000	2.8%
30	Hotel Sunroute Shimbashi	Limited-service	Mid-price	220	Tokyo	March 2008	4,800	2.3%
31	Hilton Tokyo Bay	Resort	Luxury	818	Kanto (excluding Tokyo)	June 1988	26,050	12.2%
32	ibis Styles Kyoto Station	Limited-service	Mid-price	215	Kansai	March 2009	6,600	3.1%
33	ibis Styles Sapporo	Limited-service	Mid-price	278	Hokkaido	July 2010	6,797	3.2%
34	Mercure Sapporo	Limited-service	Mid-price	285	Hokkaido	April 2009	6,000	2.8%
35	Mercure Okinawa Naha	Limited-service	Mid-price	260	Okinawa	August 2009	3,000	1.4%
36	the b akasaka-mitsuke	Limited-service	Mid-price	122	Tokyo	November 2002	6,250	2.9%
37	the b ikebukuro	Limited-service	Mid-price	175	Tokyo	June 1982	6,520	3.1%
38	the b ochanomizu	Limited-service	Mid-price	72	Tokyo	August 1999	2,320	1.1%
39	the b hachioji	Limited-service	Mid-price	196	Tokyo	August 1986	2,610	1.2%
40	the b hakata	Limited-service	Mid-price	175	Other	September 1997	2,300	1.1%
41	Hotel Francs	Full-service	Mid-price	222	Kanto (excluding Tokyo)	August 1991	3,105	1.5%
42	Mercure Yokosuka	Full-service	Mid-price	160	Kanto (excluding Tokyo)	November 1993	1,650	0.8%
43	Okinawa Marriott Resort & Spa	Resort	Upper-middle	361	Okinawa	March 2005	14,950	7.0%
	Total	—	—	8,992	—	—	213,134	100.0%

(\*1) Number of rooms available to sell as of today (rooms occupied by the hotel for a long term is excluded).

(\*2) Tokyo means Tokyo metropolitan area. Kanto (excluding Tokyo) means Kanagawa, Chiba, Saitama, Ibaraki, Gunma, Tochigi and Yamanashi prefectures. Kansai means Kyoto, Osaka, Shiga, Hyogo, Nara and Wakayama prefectures. Okinawa means Okinawa prefecture.

(\*3) The acquisition prices stated on the purchase and sale agreement for 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. The acquisition price (plan) is indicated for the New Asset.

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

(\*5) Numbers for the assets transferred (No. 7, No. 11, No. 20, No. 27 and No. 28) are missing numbers.

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