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Notice Concerning Acquisition and Lease of New Assets

(HOTEL VISTA GRANDE OSAKA, Hilton Nagoya and HOTEL ASCENT FUKUOKA)

This is to inform you that Japan Hotel REIT Advisors, Co., Ltd. (hereinafter called the “Asset Management Company”), the asset management company of Japan Hotel REIT Investment Corporation (hereinafter called “JHR”), has resolved to acquire and lease the properties below (hereinafter called the “Assets for Anticipated Acquisition”) today on behalf of JHR.

The lessee of HOTEL VISTA GRANDE OSAKA falls under an “Interested Party” as stipulated in the Act on Investment Trust and Investment Corporation (Act No. 198 of 1951, as amended; hereinafter called the “Investment Trust Act”). Therefore, the leasing of HOTEL VISTA GRANDE OSAKA has been approved by JHR based on approval of JHR’s Board of Directors pursuant to the Investment Trust Act and the internal codes for transactions with Sponsor-Related Parties stipulated by the Asset Management Company (Please see “8. Transaction with Interested Party” below).

1. Summary of the Assets for Anticipated Acquisition

Name of the Assets for Anticipated Acquisitions	Asset type (*1)	Rent type	Anticipated acquisition price (*2)	Anticipated acquisition date (*3)	Collateral
HOTEL VISTA GRANDE OSAKA	Limited-service hotel	Fixed rent and Variable rent	JPY27,000,000,000.-	August 1, 2016	unsecured
Hilton Nagoya	Full-service hotel	Variable rent	JPY15,250,000,000.-	September 1, 2016	
HOTEL ASCENT FUKUOKA	Limited-service hotel	Fixed rent	JPY4,925,000,000.-	August 19, 2016	
Total			JPY47,175,000,000.-		

(*1) JHR categorizes hotels into three types, “limited-service hotel,” “full-service hotel” and “resort hotel” based on the type of hotel services provided. The same shall apply below.

(*2) The anticipated acquisition price is the price set forth in the purchase and sale agreement for acquisition of the relevant Asset for Anticipated Acquisition. The anticipated acquisition price does not include expenses for acquisition, fixed asset tax, city planning tax and consumption tax, etc.

(*3) The purchase and sale agreement for each real estate beneficial interest in trust, etc. (hereinafter called the “PSA”) has been concluded with the relevant seller to acquire the relevant Asset for Anticipated Acquisition on the scheduled acquisition dates above. Also, PSAs for Hilton Nagoya and HOTEL ASCENT FUKUOKA fall under forward commitment. See “9. Matters on Forward Commitment, etc.” below for details on PSAs.

(*4) See “5. Summary of the Sellers” below for the sellers.

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2. Rationale for Acquisition and Lease

JHR aims to provide investors with attractive investment opportunities in hotels that can realize both stability and upside potential. The Asset Management Company has made the determination to acquire the Assets for Anticipated Acquisition as they benefit JHR for the following reasons.

(*) Upside means an increase in income from variable rent, etc. resulting from improvement in hotels' performance. Upside potential is the possibility of upside. The same shall apply below.

(1) Acquisition of large-scale, high-quality assets

The Assets for Anticipated Acquisition are "HOTEL VISTA GRANDE OSAKA", which is located in Namba, one of Osaka's leading shopping areas, "Hilton Nagoya", which is one of the leading hotels in the Nagoya area with the international hotel brand name of Hilton, and "HOTEL ASCENT FUKUOKA", a limited-service hotel located close to Tenjin, the station located in the central commercial and business area of Fukuoka City. All hotels are located in areas where inbound and domestic leisure demand is expected to grow further and HOTEL VISTA GRANDE OSAKA and Hilton Nagoya are large properties with total floor areas of over 10,000 m².

(2) Upside potential by capitalizing on internal growth

HOTEL VISTA GRANDE OSAKA is another investment in the Namba area in Osaka, where the market is experiencing significant growth due to lodging demand from inbound visitors and other factors. JHR aims to realize upside potential by leveraging the management experience and market expertise in the Namba area acquired through the management of Namba Oriental Hotel. Specifically, JHR plans to rebrand HOTEL VISTA GRANDE OSAKA into Holiday Inn brand of InterContinental Hotels Group ("IHG"). By rebranding, JHR aims to realize upside potential and further expand its international brand portfolio by adding Holiday Inn of the IHG brands. It also plans to execute measures which aims to maximize GOP^(*) by realizing cost synergies through guest sharing and integration of back-office operations with Namba Oriental Hotel.

Hilton Nagoya is JHR's first investment in Nagoya where further growth is expected. This investment will further diversify JHR's portfolio and enhance its stability. JHR believes that acquiring the hotel generating one of the highest ADR in the area with the international brand name of Hilton will contribute to the improvement of its portfolio quality. It may also be possible to expect upside on ADR^(*) after completing the renovations of all guest rooms in March 2016.

HOTEL ASCENT FUKUOKA is conveniently located near Tenjin Station in Tenjin area, the commercial and business center of Fukuoka City. JHR aims to achieve greater stability by acquiring a property with fixed rent in Fukuoka City where continued growth is expected.

JHR has a hotel lessee and operator selection policy based on comprehensive evaluation of the candidate's credibility and competence in hotel operation, and believes that each lessee of the Assets for Anticipated Acquisition meets the criteria, which are described in the "Report on Management Structure, etc. of Issuers, etc. of Real Estate Investment Trust Securities" disclosed at Tokyo Stock Exchange on March 30, 2016 (Available in Japanese only).

(*)1) GOP is Gross Operating Profit, which is the remainder after operating expenses are deducted from total sales. Operating expenses are expenses such as personnel costs and general and administrative expenses, etc., incurred from hotel operation. The same shall apply below.

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

3. Features of the Assets for Anticipated Acquisition

(1) Features of the Assets for Anticipated Acquisition

1) HOTEL VISTA GRANDE OSAKA

a. Superiority in Location

According to the market report prepared by KMPG FAS Co., Ltd. ("KMPG"), the hotel is located within a three-minute walk from the exit of Namba Station, which has subway lines, Nankai Main Line, Kintetsu

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Nara Line and JR lines, which are the main gateways to the Kansai International Airport, enabling the hotel to capture the inbound demand. The hotel is located in Dotonbori, the center of Minami, a bustling downtown area of Osaka, and also a famous sightseeing spot. The hotel is also close to Shinsaibashi Shopping Street (an arcade street) which leads to the north, as well as Namba Parks, a shopping complex, providing for a highly convenient shopping experience. While there are a number of flashy buildings in the area, typically seen in the downtown areas, the hotel is an outstanding building perceived as a high-class property, with a checkered design on soil-colored walls.

b. Superiority in infrastructure

According to the market report prepared by KMPG, the hotel opened in 2008. Each room is spacious with at least 20 square meters of floor space, and the room types are double, twin or triple, all of which can be used by two or more people. There is substantial space in the lobby with a chic interior and marbled floor, giving a luxurious impression compared to that of other limited service hotels. In addition to the lobby, the hallways on the guest room floors and elevator halls have substantial space, providing comfortable public areas for foreign tourists carrying large luggage. It also has functional facilities for use by tourists, including a restaurant and a bar (tenants) open until late at night, a convenience store and entrances on two sides of the building. Therefore, JHR believes that the ADR of the hotel can be improved through increases in DOR^(*), by leveraging its superior infrastructure, including spacious guest rooms.

(*) "DOR (double occupancy ratio)" is an average number of guests per room. The same shall apply below.

c. Superiority in operations

In connection with the acquisition of the hotel, Hotel Management Japan Co., Ltd. ("HMJ") will acquire the shares of OW Hotel Operations KK, the operator of the hotel, and adopt a rent scheme that combines fixed and variable rents, and pursue upside potential. After the acquisition, JHR is planning to introduce various measures which will aim to maximize GOP through realization of operational synergies with Namba Oriental Hotel, a nearby hotel also operated by HMJ, through raising profitability by guest sharing and reducing costs by streamlining back-office operations and other measures. Utilizing the operating experience and market expertise of HMJ in the Namba areas, JHR will pursue synergies with its existing properties. Furthermore, JHR will engage in operations that leverage the hotel's superior infrastructure, including spacious guest rooms.

JHR plans to rebrand the hotel to Holiday Inn, an international brand of IHG. As of December 31, 2015, IHG owned 12 brands, including InterContinental and Crown Plaza, and is a global hotel operator with one of the world's largest number of guest rooms, operating over 5,000 hotels in approximately 100 countries and regions worldwide. JHR plans to use the IHG brand to attract a wide range of customers, mainly inbound tourists. JHR also believes that since Holiday Inn is its first IHG brand, the efforts at the hotel will enhance the quality of its portfolio by expanding its variety of international brands.

2) Hilton Nagoya

a. Superiority in location

According to the market report prepared by KPMG, the hotel is located in the center of the Fushimi area, one of the most integrated business areas of Nagoya City, and is within a three-minute walk from Fushimi Station of Higashiyama Subway Line and Tsurumai Subway Line, which is the station next to both Nagoya and Sakae Stations. As Fushimi Station is located between Nagoya Station, the gateway to the Nagoya City, and Sakae Station, the largest downtown, the hotel is conveniently located especially for both business and tourism. Within walking distance from the hotel, there are many attractive facilities, such as the Misonoza theater (currently in rebuilding for completion in 2017), The Shin Nagoya Musical Theatre (permanent theater of Shiki Theatrical Company), Nagoya City Art Museum and Nagoya City Science Museum. The hotel is a high-rise building with a pearl white surface and its smart and sharp appearance gives a good impression as an international brand. Given there are few high-rise buildings around the hotel, the 29-story hotel has high visibility and is a special presence in the Fushimi district and the neighboring areas. The acquisition of the hotel will be the first investment in the Nagoya area by JHR, filling the geographical gap within its portfolio. JHR plans to capture lodging demand in Nagoya City, where the number of both Japanese and foreign lodging guests is increasing rapidly, and realize regional diversification of its assets.

b. Superiority in infrastructure

According to the market report prepared by KPMG, the full renovation of all guest rooms of the hotel was completed in March 2016, after which the number of its guest rooms increased by 11 from 449 to 460; JHR

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aims to enhance its profitability by increasing ADR. As a result of the renovation, the interior design of the guest rooms unified under a stylish design with a high-class impression, providing high-spec and comfortable living space with each room with at least 30 square meters of floor space. At the same time, the hotel increased the number of executive floors to six floors, from 22nd to 27th floors. JHR believes that it can capture further upside by increasing the ADR through differentiation of facilities and services after renovation. There are many facilities affiliated with the hotel, such as a directly-operated restaurant and lounge, banquet rooms, conference rooms, a wedding hall, a fitness gym, a swimming pool and others. JHR believes that, Hilton Nagoya, as a full-service luxury hotel providing Hilton's sophisticated services, can attract a wide range of customers, from business to leisure.

c. Superiority in operations

The largest strength of the hotel is that it is one of the few full-service hotels in Nagoya City with an international brand name. The Hilton brand has a strong appeal to middle-to-high class inbound guests who visit the area in relation with global companies such as Toyota Motor Corporation and Mitsubishi Heavy Industries, Ltd. Moreover, the global "Hilton HHonors" service^(*) also contributes to the appeal to the middle-to-high class inbound guests. As of December 31, 2015, Hilton operates as an international brand with 12 brands, including Conrad and Double Tree hotels by Hilton, approximately 4,610 hotels and over 758,000 guest rooms worldwide.

(*) Hilton HHonors is a membership service that gives members advantages such as free lodging at participating Hilton brands hotels.

3) HOTEL ASCENT FUKUOKA

a. Superiority in location

According to the market report prepared by KPMG, the hotel is located within a three-minute walk from Tenjin Station of the City Subway's Kuko (Airport) Line. It is facing the Showa Street, the main street of Fukuoka City, and is close to the crossing of the Tenjinbashiguchi (Entrance to Tenjin Bridge), the center of the Tenjin area. The Tenjin area is not only the biggest shopping area in Kyushu with concentration of retail facilities including department stores and fashion buildings, but also the center of the city's commerce and economy with a number of large-scale office buildings. The excellent location makes it highly convenient to business users on weekdays and tourists on weekends, attracting many repeat customers. The relaxing lobby with a European tone makes it easier for use by women and families. Moreover, there is a plan for large-scale redevelopment in the Tenjin area led by the Fukuoka City, and thus strong growth is expected in the market.

b. Superiority in infrastructure

According to the market report prepared by KPMG, the hotel is facing Showa Street, the main street running from east to west through the center of the Fukuoka City, and has high visibility with well-maintained fresh appearance, giving the hotel a high-class impression compared to that of other ordinary limited services hotels. A wine-colored, elegantly designed signboard on one side of the building helps female guests feel safe and secure. The composition of guest rooms has potential to enhance DOR, as main single rooms have 1,400mm beds, and a number of twin rooms can be used by three guests.

c. Superiority in operations

While many of hotel chains expand their business to the Fukuoka City hotel market, HOTEL ASCENT FUKUOKA has established a stable position with its excellent location and the quality of homelike services for years. It maintains a high occupancy ratio by setting a relatively reasonable ADR despite its favorable location. It also has diversified sources of rent, with approximately 30% of total revenues generated from tenants with direct contracts. JHR believes that the acquisition of a hotel subject to fixed rent in the stably growing Fukuoka area will enhance its stability.

(2) Overview of lodging markets

1) Osaka market

JHR believes that the Osaka market is one of the most growing markets in terms of RevPAR^(*) due to leisure demand mainly from inbound travelers.

Namba is located approximately 60 minutes by train to major tourist areas near Osaka, such as Kyoto, Nara and Kobe. Namba Station is a gateway from Kansai International Airport, which is located 45 minutes by Nankai Electric Railway's Airport Express. Many low cost carriers (mainly to and from Asian countries)

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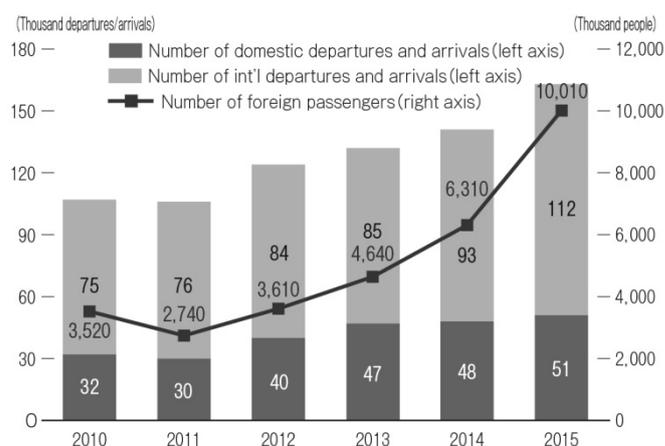
have started flights to Kansai International Airport. As of December 2015, the airport was linked to 12 cities in Japan and 25 cities overseas. In 2015, the number of international flights, including regular flights, was 112,000 times, up 20.3% from 2014. The number of foreign passengers was up 58.6% from the previous year, reaching 10 million. Universal Studios Japan, one of the leading theme parks in Japan, is located only around 16 minutes away by the JR Yumesaki Line with transfer at Nishikujo station. Other tourist spots around the hotel include Dotonbori, ABENO HARUKAS, GRAND FRONT OSAKA, Tsutenkaku tower and Kyocera Dome Osaka stadium.

Furthermore, Osaka City, whose population is over 2.5 million, is one of the largest commercial cities in Japan and a core city of Kinki Region, which is part of three major Japanese metropolitan areas. According to City Economic Accounting in 2013, the city's gross product was the largest among the cities designated by government ordinance in Japan (which does not include Tokyo), and according to Commercial Statistics published by Ministry of Economy, Trade and Industry, the number of business operators was the second largest in Japan in 2014.

Backed by these factors, the total number of overnight guests in Osaka Prefecture marked a year-on-year rise for each of the five years between 2010 and 2015. Particularly, the number of inbound overnight guests totaled 9.33 million in 2015, up 50.6% from 2014. Moreover, the number of inbound tourists in Osaka Prefecture increased as much as 43.1% from 2.62 million in 2013 to 3.75 million in 2014. Tourists from East Asia, including China and Taiwan, in Osaka Prefecture accounted for 75% of all inbound tourists. Accordingly, JHR believes that the Osaka market is gaining strong demand from inbound tourists mainly from East Asia and may be able to expect a further increase in lodging demand driven by tourists due to the increase in inbound visitors.

(*) RevPAR represents revenue per available room, which is calculated by dividing total rooms revenue for a certain period by the total number of available rooms during the period. Revenue per available room equals the product of ADR and occupancy rate. JHR regards that RevPAR is the key indicator for rent increase driven by variable rent, etc.

<Change in Departures and Arrivals at Kansai International Airport>



(Source: NEW KANSAI INTERNATIONAL AIRPORT COMPANY, Ltd.)

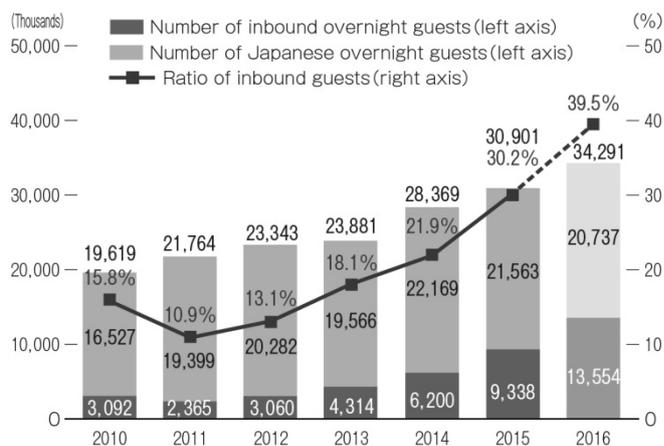
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<Status of Asian LCCs with Flights to/from Kansai International Airport>



(Source: NEW KANSAI INTERNATIONAL AIRPORT COMPANY, Ltd.)

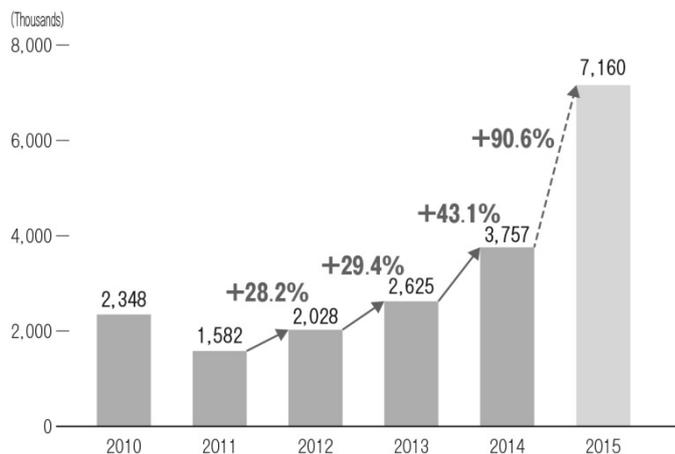
<Change in Total Number of Overnight Guests in Osaka Prefecture>



(Source: "Statistical Survey on Overnight Trips" by Japan Tourism Agency)

(* The numbers for 2016 are calculated using the year-on-year rate of increase of January and February 2016.)

<Change in Number of Inbound Tourists in Osaka Prefecture>

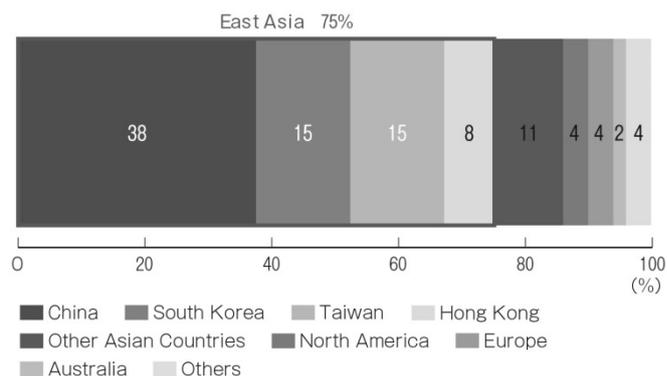


(Source: Osaka Prefecture)

(*) FY 2015 figures are estimates

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<Classification of Inbound Tourists in Osaka Prefecture (2015)>

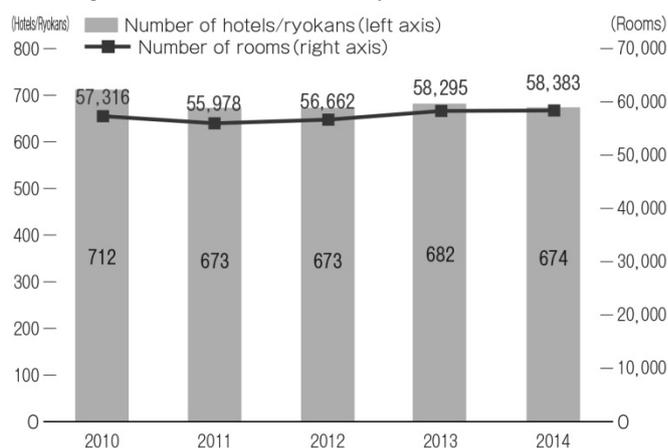


(Source: Prepared by the Asset Management Company based on “Change in Numbers of Inbound Visitors in Osaka Prefecture” and materials provided by Osaka Tourism Bureau.)

In the city of Osaka, the Namba area centered on Dotonbori area has implemented measures toward increasing the number of inbound tourists. In a bid to expand shopping expenditure by tourists from Asia, the Osaka Chamber of Commerce and Industry joined efforts with the City of Osaka to improve the environment for shopping in “Senba to Namba” and “Tennoji and Abeno,” the key areas for strengthening attractiveness for tourists’ shopping, implementing measures such as preparing parking lots for tourist buses and making multi-lingual signposts and displays among others. Moreover, a department store in the Namba area has opened a lounge for foreign tourists and a nearby large electronics store is scheduled to open an airport-type duty-free shop in spring 2017. JHR believes that those measures will keep Namba as a popular area for inbound tourists.

According to the Ministry of Health, Labour and Welfare’s (MHLW) public health administration report, the numbers of hotels and ryokans (Japanese inns) and its guest rooms in Osaka City were 674 and 58,000, respectively, in 2014, leveling off in recent years. According to KPMG’s market report, 3,592 guest rooms are expected to be added toward 2018, of which 1,550 rooms and four facilities will be those of renovated or newly built hotels in the Namba and Shinsaibashi districts. JHR believes that the tight balance between supply and demand will remain since the impact of the new supply will be limited and robust lodging demand driven by inbound demand is expected.

<Change in Numbers of Hotels/Ryokans and Guest Rooms in Osaka City>



(Source: “Public Health Administration Report” by MHLW)

2) Nagoya market

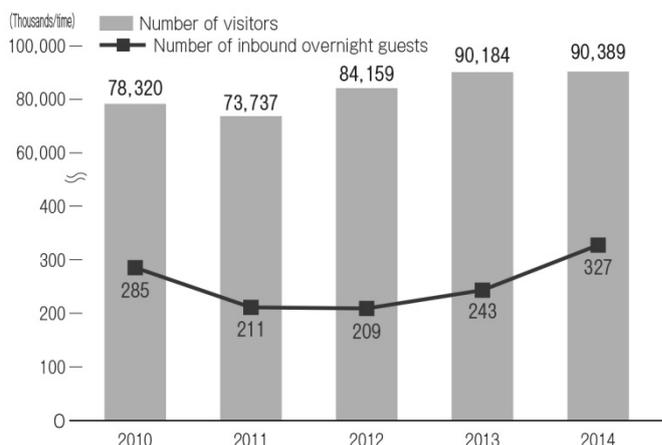
JHR has formerly believed that the area is a market of mainly business guests. However, in line with the increase in inbound tourists, etc., the area has continued to transform into a market where inbound and domestic leisure demand is expected to increase. JHR now believes that the Nagoya market can expect continuous growth by capturing both domestic and inbound leisure demand.

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The Nagoya area is a highly accessible area as a gateway to international travel, with Chubu Centrair International Airport, Prefectural Nagoya Airport, Shinkansen and other railway networks, expressway networks and other access means. It is located in the middle of a popular route among inbound tourists (golden route) connecting Tokyo, Mt. Fuji and the Kansai area. Due to its convenience for business and leisure, JHR believes that the lodging demand from inbound travelers is expected to expand in the Nagoya area. In addition to traditional tourist spots such as Nagoya Castle and Atsuta Shrine, there are modern sightseeing areas such as Toyota Commemorative Museum of Industry and Technology, the Port of Nagoya Public Aquarium, and SCMAGLEV and Railway Park. Also in the surrounding areas, there are popular spots such as Ise-Shima in Mie Prefecture, Tsumago, Magome and other post towns along the Nakasendo Way, one of Japan's five major ways in the Edo era. In January 2012, the Shoryudo (Dragon Route) project was launched by the Chubu Transport Bureau, Hokuriku-shinetsu District Transport Bureau and the tourism promotion council in the greater Chubu region, in a bid to enhance the recognition of the Chubu and Hokuriku regions and attract demand from inbound tourists. The project is underway in cooperation with municipalities, tourism-related organizations, tourism businesses, and other companies of the nine prefectures in the Chubu and Hokuriku regions, contributing to attract tourists to the popular spots in the Nagoya area.

Moreover, Nagoya is among the biggest commercial cities in Japan with a population of over 2 million. It is the core city of the Chukyo area, one of the three Japanese metropolitan areas. In Aichi Prefecture, there are headquarters and branch offices of many listed companies, including Toyota Motor Corporation.

<Change in Number of Tourist Arrivals in Aichi Prefecture>

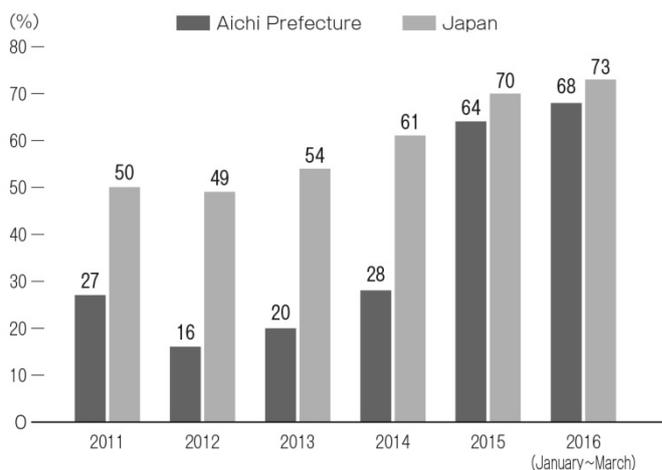


(Source: "Statistical Survey of Tourist Arrivals by Common Standard" by Japan Tourism Agency)

(*) The unit of "time" is counted by one visit by one arrived tourist to a sightseeing spot.

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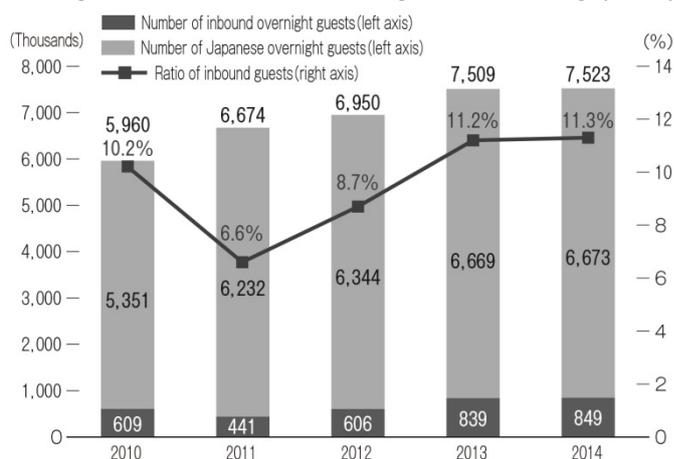
<Change in Ratios of Inbound Visiting for Tourism>



(Source: "Consumption Trend Survey for Foreigners Visiting Japan" by Japan Tourism Agency)

The total number of overnight guests in Nagoya City increased for five years in a row from 2010 to 2014. The ratio of foreigners to total overnight guests was 11.3% in fiscal year 2014. The ratio has increased since fiscal year 2011, and both Japanese and inbound visitors contribute to the rise in the number of overnight guests.

<Change in Total Number of Overnight Guests in Nagoya City>

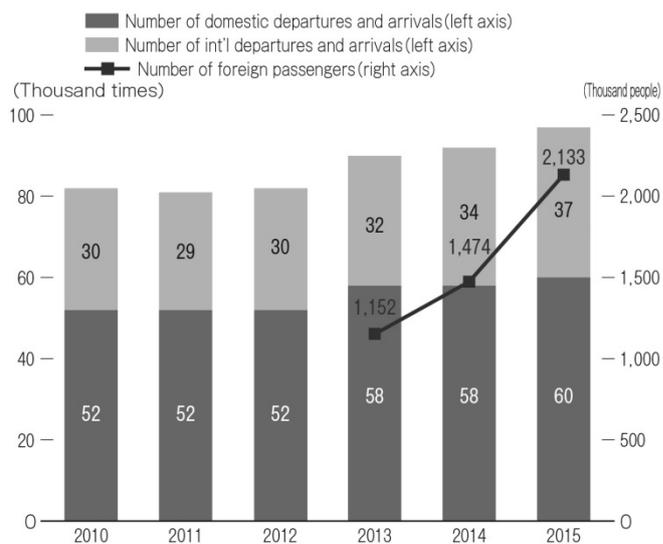


(Source: "Survey of Tourists and Overnight Guests in Nagoya City" by Nagoya City)

The number of departures and arrivals at Chubu Centrair International Airport increased each year from 2012 to 2015. The number of domestic and international departures and arrivals was 97,000 times in 2015, up 6.0% from the previous year. JHR believes that attracting further demand from inbound tourists is expected by expansion of international flights and flight route in service by LCCs.

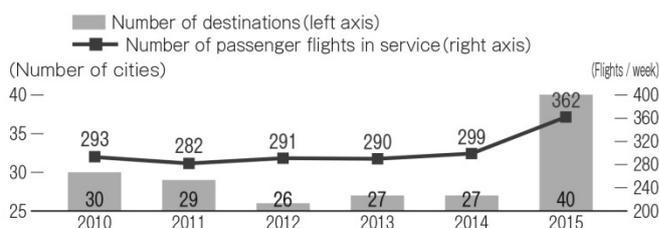
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<Change in Number of Departures and Arrivals at Centrair International Airport>

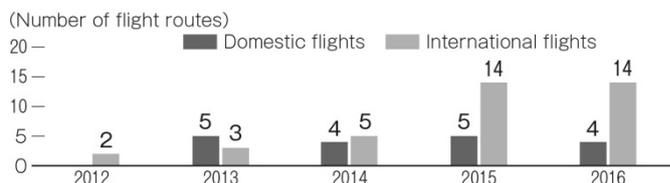


(Source: "List of Achievements" by Central Japan International Airport Co., Ltd.)

<Change in Numbers of Destinations and Passenger Flights in Service to/from Centrair Airport>



<Change in Number of Flight Routes in Service by LCCs>



(Source: The Asset Management Company made the two charts above based on data disclosed by Central Japan International Airport Co., Ltd. including "Central Japan International Airport: 2016 Summer: International destinations and flights departing from Centrair" and others.)

(*1) Figures for 2016 are those as of today.

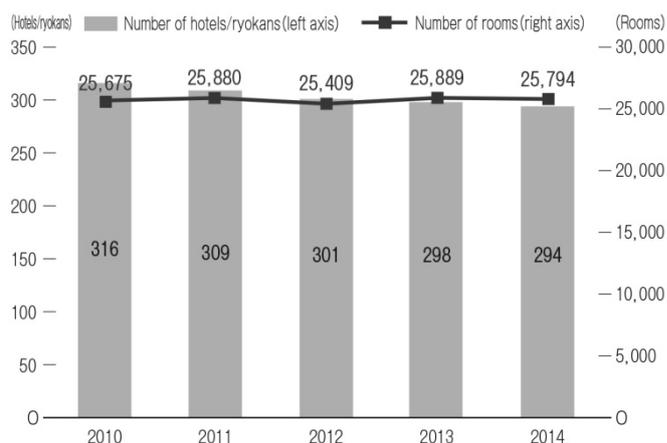
(*2) The numbers of destinations, passenger flights, and flight routes in service are those at peak times of each year.

In advance of the scheduled opening of the Linear Chuo Shinkansen in 2027, Nagoya City announced an urban development plan around Nagoya Station in September 2014, aiming for a world-famous "Super Terminal Nagoya." In the areas around JR Nagoya Station, there have been a string of large-scale development projects, such as high-rise buildings including Dai Nagoya Building and JP Tower Nagoya both completed in 2015, and the areas are expected to be busier and more convenient.

According to a KPMG market report, 1,333 new guest rooms and five hotels are expected to be provided in the Nagoya area toward 2018. As they are mainly limited-service hotels and will not compete directly with Hilton Nagoya, JHR believes that the impact of the new supply will be limited.

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<Change in Numbers of Hotels/Ryokans and Guest Rooms in Nagoya City>

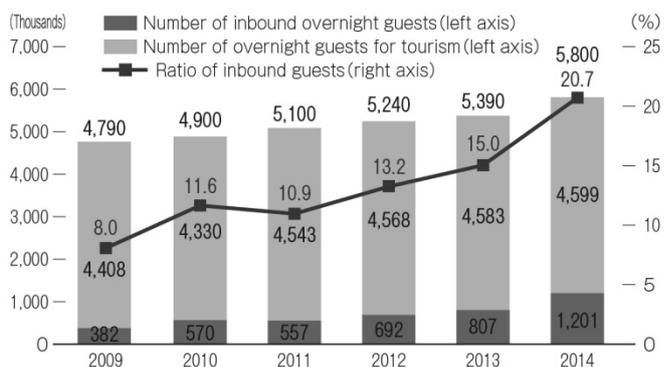


(Source: "Public Health Administration Report" by MHLW)

3) Fukuoka market

Fukuoka is the fifth largest Japanese government-designated city (which does not include Tokyo) in terms of population, and its great advantage is its proximity to Asia. Fukuoka Airport is highly convenient as it is located 10 minutes by subway to the center of the city. With the full opening of Kyushu Shinkansen's Kagoshima route, accessibility to Kumamoto and Kagoshima improved and with the scheduled opening of the Nagasaki route in 2022, Saga and Nagasaki will become more accessible. The number of passengers who used Fukuoka Airport was 19.7 million in 2014, the third biggest figure in Japan next to those at Haneda and Narita International Airports. JHR believes that with those strengths, Fukuoka City is expected to gain growth of lodging demand supported by inbound tourists as one of Japan's best gateways linked to Asian cities by air and sea. The number of tourist arrivals in Fukuoka City increased for five years from 2009 to 2013 and that of inbound overnight guests increased by 16.6% to 807,000 in 2013 and by 48.8% to 1,201,000 in 2014. JHR believes that the Fukuoka market will continue to grow further going forward.

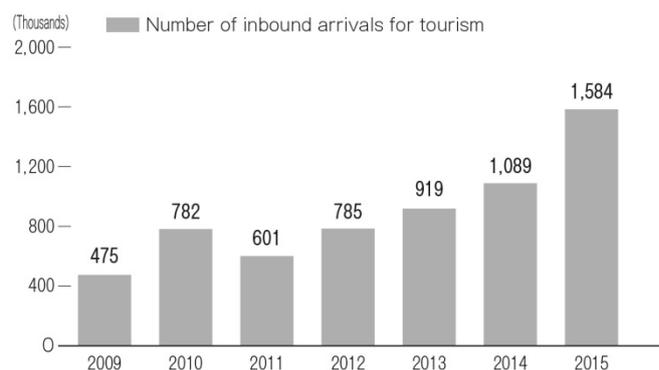
<Change in Total Number of Overnight Guests in Fukuoka City>



(Source: "Fukuoka City Tourism Statistics" by Fukuoka City)

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<Change in Number of Inbound Arrivals>



(Source: Ministry of Justice “Statistical Survey on Legal Migrants”)

(*) The number of inbound arrivals is a total of inbound arrivals through Fukuoka Airport, Kitakyushu Airport, and Port of Hakata.

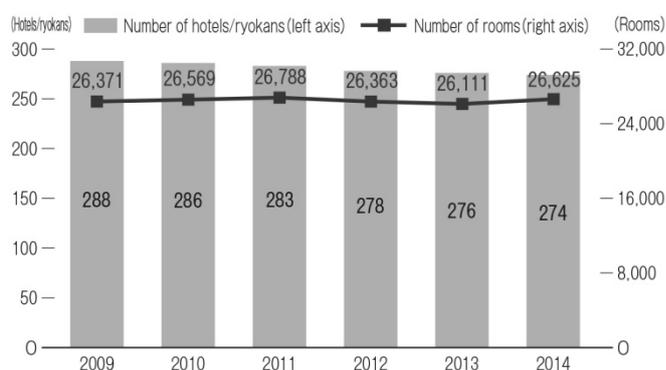
<Change in Number of Passengers Who Used Fukuoka Airport>



(Source: “Survey of Airport Management” by Ministry of Land, Infrastructure and Transportation)

According to an MHLW public health administration report, Fukuoka City had around 26,000 guest rooms and 274 hotels and ryokans (Japanese inns) in fiscal year 2014, showing stabilization in recent years. According to KPMG’s market report, there will be 821 new rooms and five new hotels and ryokans by 2017. JHR believes that the impact of the new rooms will be limited backed by well-performing lodging demand.

<Change in Numbers of Hotels/Ryokans and Guest Rooms in Fukuoka City>



(Source: “Public health administration report” by MHLW)

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4. Details of the Assets for Anticipated Acquisitions

(1) HOTEL VISTA GRANDE OSAKA

Property No.	47	Property Name	HOTEL VISTA GRANDE OSAKA		
1. Asset summary (*1)					
Asset category	Real estate beneficial interest in trust and movable assets attached to the hotel				
Anticipated acquisition date	August 1, 2016				
Anticipated acquisition price	JPY27,000,000,000.-				
Appraisal value	JPY28,500,000,000.- (See "13. Appraisal Report Summary" below for details.)				
2. Summary of real estate (or trusted real estate) (*2)					
Intended use of the property	Hotel / Limited-service hotel				
Ownership	Land	Ownership			
	Building	Ownership			
Land	Plot No.	11-1 and 4 more parcels, Soemon-cho, Chuo-ku, Osaka-shi			
	Address	5-15, Soemon-cho, Chuo-ku, Osaka-shi			
	Acreage	2,428.47 m ²			
	Zoning, etc.	Commercial district and fire prevention district			
	Building-to-land ratio	80%			
	Floor area ratio	500%			
Building	Structure and stories	S, Twelve stories above ground			
	Intended use	Hotel			
	Completion	August 2008			
	Total floor space	11,501.10 m ²			
	Designer	Shimizu Corporation			
	Constructor	Shimizu Corporation			
Institute that confirmed building	General Building Research Corporation of Japan				
Present owner	Trustee: Mitsubishi UFJ Trust and Banking Corporation (expiration date of trust period: Last date of March 2026) Beneficiary: GK APOLLO				
3. Transportation (*3)					
Approximately 3-minute walk from Namba Station on the Midosuji Subway Line, Sennichimae Subway Line and Yotsubashi Subway Line					
Approximately 3-minute walk from Exit No. B20 of Namba Station on the Nankai Line, Kintetsu Nara Line and JR Line					
4. Lease status					
Total Number of tenants	1				
Leasable area	11,501.10 m ²				
Leased area	11,501.10 m ²				
Annual contractual rent	Fixed rent	JPY48,000,000.- /month			
	Variable rent	By December 31, 2016: In case GOP after August 1, 2016 exceeded GOP base amount JPY270,000,000.-, the amount arrived by multiplying 92.5% to the exceeded amount On and after January 1, 2017: In case GOP exceeded GOP base amount JPY650,000,000.-per year, the amount arrived by multiplying 92.5% to the exceeded amount			
Deposit and guarantee money	JPY0.-				
Change in occupancy rate for the past five years based on area	End of December 2011	End of December 2012	End of December 2013	End of December 2014	End of December 2015
	100%	100%	100%	100%	100%
5. Related parties for hotel operation					
Hotel lessee	OW Hotel Operations KK				
Property manager	Nippon Kanzai Co., Ltd.				
6. Hotel website (*4)					
http://www.vistagrande.jp/					
7. Summary of the building inspection report					
Investigation company	Tokio Marine & Nichido Risk Consulting Co., Ltd.				
Investigation date	April 22, 2016				
Repair	Urgently required	JPY0.-			

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cost	Required within one year	JPY0.-
	Total amount for another 12 years	JPY260,029,000.-
Earthquake PML value (*5)		6.5%
8. Special remark		
<p>A license agreement of Holiday Inn Osaka Namba was concluded between the Lessee and IHG Japan (Management) LLC (hereinafter called “Licensor”) as of July 7, 2016. Conditions precedent for the agreement are for JHR to acquire the beneficial interest in trust of the property and HMJ to obtain the hotel lessee’s whole shares.</p> <p>The agreement states certain conditions including that in the event HMJ transfers the hotel lessee’s shares, HMJ needs to obtain a prior consent from the Licensor. These conditions must be met when JHR transfers the beneficial interest in trust of the property and HMJ transfers the hotel lessee’s shares simultaneously.</p>		

(*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 (hereinafter called the “real estate and other assets”).
- Anticipated acquisition price is the price stated on the purchase and sale agreement of real estate beneficial interest in trust, etc. and does not include various expenses required for the acquisition of the real estate and other assets (e.g., broker’s fee).

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

- Structures and stories, intended use of the buildings 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, S means Steel-framed structure, RC means Reinforced Concrete structure and SRC means Steel Reinforced Concrete structure.
- Zoning, etc. (use district, special use district, fire prevention district or quasi-fire prevention district) are stated based on Article 8, Clause 1-1, Clause 1-2, and Clause 1-5 of City Planning Act.

(*3) Transportation

- It is according to the information on the website of the current hotel lessee.

(*4) Hotel website

- It is the website address of the current hotel lessee.

(*5) PML

- PML (Probable Maximum Loss) is the anticipated damage ratio resulting from an 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) by the investigation company.

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

Note: This document is intended to serve as a press release to make available the information on acquisition and lease of new assets of JHR. The document should not be considered as an offer to sell or solicitation of an offer to purchase any investment unit or other investment of JHR. Prospective investors are advised to make any investment decision at their own risk and responsibility.

(2) Hilton Nagoya

Property No.	49	Property name	Hilton Nagoya		
1. Asset summary (*1)					
Asset category	Real estate beneficial interest in trust				
Anticipated acquisition date	September 1, 2016				
Anticipated acquisition price	JPY 15,250,000,000.-				
Appraisal value	JPY 15,900,000,000.- (See "13. Appraisal Report Summary" below for details.)				
2. Summary of real estate (or trusted real estate) (*2)					
Intended use of the property	Hotel / Full-service hotel (*3)				
Ownership	Land	Ownership and superficies (*4)			
	Building	Compartmentalized ownership (*5)			
Land	Plot No.	1-311 and other 15 parcels, Sakae, Naka-ku, Nagoya-shi, Aichi			
	Address	1-3-3 Sakae, Naka-ku, Nagoya-shi, Aichi			
	Acreage	6,723.59m ² (*6)			
	Zoning, etc.	Commercial district and fire prevention district			
	Building-to-land ratio	80%			
	Floor area ratio	800%/ 600% (Standard floor area ratio based on comprehensive design is 701.9%) (*7)			
Building	Structure and stories	S/SRC/RC, Twenty-nine stories above ground with three stories below ground (*8)			
	Intended use	Hotel, retail and office			
	Completion	February 1989			
	Total floor space	46,368.99m ² (*9)			
	Designer	Takenaka Corporation (Nagoya first-class registered architect office) Mitsubishi Estate Co., Ltd. (first-class registered architect office)			
	Constructor	Nagoya Branch of Takenaka Corporation			
	Institute that confirmed building	Nagoya City building official			
Present Owner	Trustee: Mitsubishi UFJ Trust and Banking Corporation (expiration date of trust period: Last date of April 2036) Beneficiary: GK HN Project				
3. Transportation (*10)					
Approximately 15-minute walk and 5 minutes by taxi from Nagoya Station of JR, Kintetsu and Nagoya Railroad Approximately 3-minute walk from Fushimi station of Higashiyama Subway Line and Tsurumai Subway Line					
4. Lease status					
Total Number of tenants	4				
Leasable area	47,942.71 m ² (*11)				
Leased area	47,942.71 m ² (*11)				
Annual contractual rent	Hotel rent	Variable rents based on hotel sales, etc. (*12)			
	Retail, office and storage	JPY 146,435,000.-			
Deposit and guarantee money	Not disclosed (*13)				
Change in occupancy rate for the past five years based on area	End of December 2011	End of December 2012	End of December 2013	End of December 2014	End of December 2015
	100%	100%	100%	100%	100%
5. Related parties for hotel operation (*14)					
Hotel lessee	Nagoya Hilton Co., Ltd.				
Property manager	CBRE, Inc. (scheduled)				
6. Hotel website (*15)					
http://hiltonhotels.jp/hotel/chubu/hilton-nagoya					
7. Summary of the building inspection report					
Investigation company	Tokio Marine & Nichido Risk Consulting Co., Ltd.				
Investigation date	February 17, 2016				
Repair cost	Urgently required	JPY 0.-			
	Required within one year	JPY 0.-			
	Total amount for another 12 years	JPY 1,591,747,000.-			
Earthquake PML value (*16)	1.7%				

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8. Special remark (*17)

Based on the agreement and contract of establishment of superficies on April 1, 2013 between compartmentalized owners of the compartmentalized building including Hilton Nagoya, in the event a compartmentalized owner intends to transfer the right to an exclusive area or site (including superficies and commonage) to the third party, the compartmentalized owner has to offer to the other compartmentalized owners prior to the third party. Even if such offer does not reach agreement on contract conditions, the compartmentalized owner has to present to other compartmentalized owners the sales conditions agreed with the third party and the compartmentalized owner has to sell to the other compartmentalized owners whether other compartmentalized owners want to acquire at the same conditions.

(*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 (hereinafter called the "real estate and other assets").
- Anticipated acquisition price is the price stated on the purchase and sale agreement of real estate beneficial interest in trust etc. and does not include various expenses required for the acquisition of the real estate and other assets (e.g., broker's fee).

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

- Structures and stories, intended use of the buildings 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, S means Steel-framed structure, RC means Reinforced Concrete structure and SRC means Steel Reinforced Concrete structure.
- Zoning, etc. (use district, special use district, fire prevention district or quasi-fire prevention district) are stated based on Article 8, Clause 1-1, Clause 1-2, and Clause 1-5 of City Planning Act.

(*3) Intended use of the property

- Intended use of the property indicates that of Hilton Nagoya, the main facility.

(*4) Ownership of land

- Building of Hilton Nagoya is a compartmentalized ownership of Amnat Square (Total floor space: 91,948.34m²), which consists of hotel building (including retail space), office building and car parking space, etc. A part of site is not ownership nor superficies but will be joint commonage granted by other compartmentalized owners of the site.

(*5) Ownership of building

- Building of Hilton Nagoya is a compartmentalized ownership of Amnat Square (Total floor space: 91,948.34 m²), which consists of hotel building (including retail space), office building and car parking space, etc., and JHR's share of voting right of the building is 69,330/100,000 (approximately 69.3%). The 9th floor of the office building is a joint-ownership property. JHR owns 74,030/107,590 co-ownership interest, and Takenaka Corporation owns the remaining 33,560/107,590 co-ownership interest.

(*6) Acreage

- Land of Hilton Nagoya is comprised of the owned land and land with superficies, and Acreage indicates total of owned land (918.39m²) and land with superficies (5,805.20m²).

(*7) • Base floor area ratio of real estate in trust is 800% for the area within 30 meters from the road on the north side (hereinafter called the "A") and 600% for the area beyond 30 meters from the road on the north side (hereinafter called the "B"). The floor area ratio is 665.81% calculated by a weighted average of A area and B area. But due to the application of a comprehensive design system, the ratio is mitigated to 701.90%.

(*8) Structure and stories

- It is for one building.

(*9) Total floor space

- Total floor space is a total of exclusive area of hotel and retail space (44,552.79m²), exclusive area of office in 9th floor (1,075.90m²) multiplied by JHR's share of co-ownership interest ratio (74,030/107,590; approximately 68.8%) (740.30m²) and exclusive area of office in 10th floor (1,075.90m²). Exclusive area is taken from the certified copy of real estate registry.

(*10) Transportation

- It is according to the information on the website of the hotel lessee.

(*11) Leasable area and Leased area

- It is a total contracted area based on building lease agreement with hotel lessee, retail space lessee and office lessee (including car parking space in the basement).

(*12) Annual contractual rent

- Variable rent is undisclosed as consent of the hotel lessee could not be obtained.

(*13) Deposit and guarantee money

- Undisclosed as consent of the hotel lessee could not be obtained.

(*14) Related parties for hotel operation

- Hotel lessee indicates a lessee whose trustee has lease to. Property manager indicates property managers to be contracted by trustee.

(*15) Hotel website

- It is the website address of the hotel lessee.

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(*16) PML

- PML (Probable Maximum Loss) is the anticipated damage ratio resulted from earthquake. Since no uniform definition has been made yet on PML, JHR 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) by the investigation company.

(*17) 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 real estate and other assets based on the right, (2) Important matters stipulated in the management rules, agreements or memoranda concluded with other owners of the compartmentalized ownership of building and/or joint ownership of land, (3) Important restrictions stipulated by the administrative laws and regulations to the property.

(*18) With regard to the acquisition of Hilton Nagoya, an advisory agreement has been concluded between JHR and Mizuho Securities Co., Ltd. JHR will pay fees to Mizuho Securities Co., Ltd. subject to the completion of the acquisition.

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

(3) HOTEL ASCENT FUKUOKA

Property No.	48	Property name	HOTEL ASCENT FUKUOKA		
1. Asset summary (*1)					
Asset category	Real estate beneficial interest in trust				
Anticipated acquisition date	August 19, 2016				
Anticipated acquisition price	JPY4,925,000,000.-				
Appraisal value	JPY5,220,000,000.- (See "13. Appraisal Report Summary" below for details.)				
2. Summary of real estate (or trusted real estate) (*2)					
Intended use of the property	Hotel / Limited-service hotel (*3)				
Ownership	Land	Ownership / Fixed-term leasehold of land (duration: until July 2, 2065) (*4)			
	Building	Ownership			
Land	Plot No.	3-46-1 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka, and others			
	Address	3-3-14 Tenjin, Chuo-ku, Fukuoka-shi, Fukuoka			
	Acreage	1,482.13m ² (include leased land)			
	Zoning, etc.	Commercial district and fire prevention district			
	Building-to-land ratio	80%			
	Floor area ratio	600%/400% (The subject land stretches across regions with different floor area ratio. The base floor area ratio that is a weighted average of each region's floor area ratio in proportion to the land acreage is approximately 565.8%) (*5)			
Building	Structure and stories	S/SRC/RC, Thirteen stories above ground with two stories below ground (*6)			
	Intended use	Hotel			
	Completion	April, 1999			
	Total floor space	8,600.22m ²			
	Designer	Kabushiki Kaisha Lead Design System			
	Constructor	NITTO CONSTRUCTION CO.,LTD.			
Institute that confirmed building	Fukuoka City building official				
Present owner	Trustee: Sumitomo Mitsui Trust Bank, Limited (expiration date of trust period: August 9, 2025) Beneficiary: Godo Kaisha Tenjin 1				
3. Transportation (*7)					
Approximately 100m from Tenjin Station of Fukuoka City Subway Approximately 3-minute walk from Fukuoka Bus Center					
4. Lease status					
Total number of tenants	6				
Leasable area	8,238.75m ² (*8)				
Leased area	8,238.75 m ² (*8)				
Annual contractual rent	Fixed rent	JPY315,697,000.-			
	Variable rent	-			
Deposit and guarantee money	JPY283,855,000.-				
Change in occupancy rate for the past five years based on area	End of December 2011	End of December 2012	End of December 2013	End of December 2014	End of December 2015
	92.9%	96.8%	100%	100%	100%

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5. Related parties for hotel operation (*9)		
Hotel lessee	NIKOH SANGYO co.,Ltd.	
Property manager	CBRE, Inc.	
6. Hotel website (*10)		
http://www.hotel-ascent.com/fukuoka/		
7. Summary of the building inspection report		
Investigation company	Tokio Marine & Nichido Risk Consulting Co., Ltd.	
Investigation date	December 25, 2015	
Repair cost	Urgently required	JPY0.-
	Required within one year	JPY0.-
	Total amount for another 12 years	JPY224,645,000.-
Earthquake PML value (*11)	3.3%	
8. Special remark		
None.		

(*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 (hereinafter called the "real estate and other assets").
- Anticipated acquisition price is the price stated on the purchase and sale agreement of real estate beneficial interest in trust, etc. and does not include various expenses required for the acquisition of the real estate and other assets (e.g., broker's fee).

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

- Structures and stories, intended use of the buildings 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, S means Steel-framed structure, RC means Reinforced Concrete structure and SRC means Steel Reinforced Concrete structure.
- Zoning, etc. (use district, special use district, fire prevention district or quasi-fire prevention district) are stated based on Article 8, Clause 1-1, Clause 1-2, and Clause 1-5 of City Planning Act.

(*3) Intended use of the property

- Intended use of the property indicates that of HOTEL ASCENT FUKUOKA, the main facility.

(*4) Ownership of the land

- Part of the land (113.52m²) is leased from Chuo Kosan Kabushiki Kaisha. Note that part of land owned by JHR (135.63m²) is leased to Chuo Kosan Kabushiki Kaisha, therefore both are in the mutual leasehold relationship.

(*5) Base floor area ratio of real estate in trust is 600% for the area within 30 meters to the north from the road boundary which is located in the front side of the building in the south side (hereinafter called the "A") and 400% for the area over 30 meters to the north from the road boundary which is located in the front side of the building in the south side (hereinafter called the "B"). Although the floor area ratio is 565.8% calculated by a weighted average of A area and B area, due to the application of a comprehensive design system, the ratio is relaxed to 645.38%.

(*6) Structures and stories

- It is for one building.

(*7) Transportation

- It is according to the information on the website of the hotel lessee.

(*8) Leasable area and Leased area

- It is a total contracted area based on building lease agreement with hotel lessee and retail space lessee.

(*9) Related parties for hotel operation

- Hotel lessee indicates a lessee whose trustee has leased to. Property manager indicates property managers to be contracted by trustee.

(*10) Hotel website

- It is the website address of the hotel lessee.

(*11) 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) by the investigation company.

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

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5. Summary of the Sellers

(1) HOTEL VISTA GRANDE OSAKA

Name	GK APOLLO
Headquarters	ALT Co., Ltd. 2-9-15, Yotsuya, Shinjuku-ku, Tokyo
Representative	Representative member: Ippan Shadan Hojin Apollo Functional Manager: Takeru Morita
Capital	JPY100,000.-
Establishment	April 30, 2013
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. Acquisition, possession and disposition of real estates 2. Leasing and management of real estates 3. Acquisition, possession and disposition of real estate beneficial interest in trust 4. All work incidental to or related to the above
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.

(2) Hilton Nagoya

Name	GK HN Project
Headquarters	AOJ Tax Corporation, 1-11-6, Kyobashi, Chuo-ku, Tokyo
Representative	Representative member: ISH Toranomom Asset Leasing Function manager: Takahito Idezawa
Capital	JPY100,000.-
Establishment	March 18, 2016
Net assets	Undisclosed as consent from the seller could not be obtained.
Total assets	Undisclosed as consent from the seller could not be obtained.
Major shareholder and shareholding ratio	Undisclosed as consent from the seller could not be obtained.
Major business	1. Acquisition, possession and disposition of real estates 2. Leasing and management of real estates 3. Acquisition, possession and disposition of real estate beneficial interest in trust 4. All work incidental to or related to the above
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.

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(3) HOTEL ASCENT FUKUOKA

Name	Godō Kaisha Tenjin 1
Headquarters	#201, 3-22-10, Toranomom, Minato-ku, Tokyo
Representative	Representative member: Ippan Shadan Hojin Tenjin Executor: Kazuhiro Matsuzawa
Capital	JPY10,000.-
Establishment	August 17, 2015
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	<ol style="list-style-type: none"> 1. Investment business 2. Acquisition and sale of monetary claims 3. Moneylending business 4. Contract works for corporate establishment 5. Possession, leasing, management, brokerage and sales of real estates 6. Acquisition, possession and disposition of beneficial interest in trust 7. Acquisition, possession and disposition of equity interest by silent partnership agreement, securities (including quasi securities) and other properties for investment 8. Acquisition and possession in shares, equity interests or specified equities based on Act on Securitization of Assets of companies which business purposes are 7 above. 9. All work incidental to or related to the above
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 Owners

The previous owners do not have any special interest relationship with either JHR or the Asset Management Company.

7. Summary of Intermediary

There is no intermediary for the Assets for Anticipated Acquisition.

8. Transaction with Interested Party

With respect to HOTEL VISTA GRANDE OSAKA, HMJ is scheduled to acquire 100% of the shares of the hotel lessee, OW Hotel Operations KK, on the same day as the anticipated acquisition date. Since HMJ falls under the category of interested party, etc. as stipulated in Article 201 of the Investment Trust Act as well as Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, the hotel lessee which will be a subsidiary of HMJ, will also fall under the category of an interested party, etc. Therefore, in accordance with the Code for Transaction with Sponsor-Related Parties stipulated by the Asset Management Company, appropriate procedures stipulated in the Code for Transactions with Sponsor-Related Parties such as approval of the compliance committee attended by outside experts and of the Board of Directors of JHR have been obtained, prior to the conclusion of the fixed-term lease agreement with the hotel lessee.

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

(1) Assets to be acquired subject to Forward Commitment, etc.

Property name	Conclusion of purchase and sale agreement	Settlement date and anticipated acquisition date
Hilton Nagoya	July 7, 2016	September 1, 2016
HOTEL ASCENT FUKUOKA	July 7, 2016	August 19, 2016

(*) "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 sales after a period of one month or more following the conclusion of the contract, or any other similar contracts."

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

In order to ensure acquisition of the Assets for Anticipated Acquisition, JHR today concluded the PSAs with the sellers. Each PSA 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, each PSA contains a special condition which stipulates that completion of debt financing (Please refer to today's press release "Notice Concerning New Loans.") or other fundraising by JHR is a 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 completed, the PSA will be terminated without payment of cancellation penalty.

10. Settlement method

JHR plans to pay the transaction amounts by using new loans, funds to be procured through issuance of new investment units together with cash on hand.

11. Schedule of Settlement Dates

(1) HOTEL VISTA GRANDE OSAKA

Resolution for the acquisition	July 7, 2016
Conclusion of purchase and sale agreement	July 7, 2016
Settlement and transfer	August 1, 2016 (scheduled)

(2) Hilton Nagoya

Resolution for the acquisition	July 7, 2016
Conclusion of purchase and sale agreement	July 7, 2016
Settlement and transfer	September 1, 2016 (scheduled)

(3) HOTEL ASCENT FUKUOKA

Resolution for the acquisition	July 7, 2016
Conclusion of purchase and sale agreement	July 7, 2016
Settlement and transfer	August 19, 2016 (scheduled)

12. Future Prospects

With respect to the operating forecast after the acquisition of the Assets for Anticipated Acquisition, please refer to "Notice Concerning Revision of Operating Forecast for Fiscal Year Ending December 2016 (17th period)" dated today.

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13. Appraisal Report Summary

(1) HOTEL VISTA GRANDE OSAKA

Appraisal Report Summary		
Property name	HOTEL VISTA GRANDE OSAKA	
Appraisal value	JPY28,500,000,000.-	
Name of appraiser	Japan Real Estate Institute	
Date of appraisal	June 1, 2016	
Item	Details	Summary, etc.
Indicated value by income approach	JPY28,500,000,000.-	
Value by direct capitalization method	JPY28,900,000,000.-	
Operating Income	JPY1,399,776,000.-	
Potential gross income	JPY1,399,776,000.-	
Fixed rent	JPY576,000,000.-	
Variable rent	JPY823,776,000.-	
Vacancy loss, etc.	JPY0.-	
Operating expenses	JPY49,804,000.-	
Maintenance and management expenses	JPY0.-	
Utilities cost	JPY0.-	
Repair cost	JPY6,500,000.-	
Property management fee	JPY1,560,000.-	
Tenant leasing cost, etc.	JPY0.-	
Tax and public dues	JPY40,352,000.-	Assessed based on the actual tax amount for fiscal 2015
Non-life insurance premium	JPY1,392,000.-	
Other expenses	JPY0.-	
Net operating income	JPY1,349,972,000.-	
Gain on management of deposits	JPY0.-	
Capital expenditures	JPY15,200,000.-	
FF&E reserve	JPY33,530,000.-	
Net cash flow	JPY1,301,242,000.-	
Cap rate	4.5%	
Value by DCF method	JPY28,100,000,000.-	
Discount rate	4.3%	
Terminal cap rate	4.7%	
Indicated value by cost approach	JPY14,500,000,000.-	
Land ratio	71.0%	
Building Ratio	29.0%	Including movable assets
Other matters noted in appraisal by appraiser	The appraiser considered that value based on income approach is more persuasive because the value properly reflects profitability and economy of investment. Therefore, the appraiser determined the appraisal value by standardizing on the indicated value by income approach and by taking note of the indicated value by cost approach as reference.	

*All amounts are rounded down to JPY1,000.

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(2) Hilton Nagoya

Appraisal Report Summary		
Property name	Hilton Nagoya	
Appraisal value	JPY15,900,000,000,-	
Name of appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Date of appraisal	March 1, 2016	
	Item	Details
Indicated value by income approach		Summary, etc.
	Indicated value by income approach	JPY15,900,000,000,-
	Value by direct capitalization method	JPY16,000,000,000,-
	Operating income	JPY1,542,655,000,-
	Potential gross income	JPY 1,546,941,000,-
	Hotel rent	JPY 1,077,926,000,-
	Retail, office, storage rent	JPY 147,087,000,-
	Other income	JPY 321,927,000,-
	Vacancy loss, etc.	JPY 4,285,000,-
	Operating expenses	JPY 796,637,000,-
	Maintenance and management expenses	JPY 104,419,000,-
	Utilities cost	JPY 313,257,000,-
	Repair cost	JPY 39,793,000,-
	Property management fee	JPY 3,000,000,-
	Tenant leasing cost, etc.	JPY 363,000,-
	Tax and public dues	JPY 104,661,000,-
	Non-life insurance premium	JPY 7,000,000,-
	Other expenses	JPY 224,141,000,-
	Net operating income	JPY 746,018,000,-
	Gain on management of deposits	JPY 22,842,000,-
	Capital expenditures	JPY 95,504,000,-
	FF&E reserve	JPY0,-
	Net cash flow	JPY 673,355,000,-
	Cap rate	4.2%
	Value by DCF method	JPY 15,800,000,000,-
	Discount rate	4.0%
	Terminal cap rate	4.4%
	Indicated value by cost approach	JPY 13,100,000,000,-
	Land ratio	70.3%
	Building ratio	29.7%
Other matters noted in appraisal by appraiser	The appraiser considered that value based on income approach is more persuasive because the value properly reflects profitability and economy of investment. Therefore, the appraiser determined the appraisal value by standardizing on the indicated value by income approach and by taking note of the indicated value by cost approach as reference.	

*All amounts are rounded down to JPY1,000.

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(3) HOTEL ASCENT FUKUOKA

Appraisal Report Summary		
Property name	HOTEL ASCENT FUKUOKA	
Appraisal value	JPY5,220,000,000.-	
Name of appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Date of appraisal	January 1, 2016	
Items	Details	Summary, etc.
Indicated value by income approach	JPY5,220,000,000.-	
Value by direct capitalization method	JPY5,240,000,000.-	
Operating Income	JPY405,419,000.-	
Potential gross income	JPY411,430,000.-	
Fixed rent	JPY 313,167,000.-	
Variable rent	JPY0.-	
Utilities income	JPY 59,812,000.-	Assessed the monthly amount at JPY2,000 per tsubo for leasable area by reference to the utilities income from past years
Parking income	JPY 9,600,000.-	
Other income	JPY 28,850,000.-	
Vacancy loss, etc.	JPY 6,010,000.-	
Operating expenses	JPY 138,289,000.-	
Maintenance and management expenses	JPY 11,640,000.-	
Utilities cost	JPY 56,822,000.-	Assessed the monthly amount at JPY1,900 per tsubo for leasable area by reference to the utilities costs from fiscal 2015 and assuming full occupancy
Repair cost	JPY 5,943,000.-	The annual average amount of repair/renewal cost in engineering reports for medium- to long-term
Property management fee	JPY 2,400,000.-	Assessed the monthly amount JPY200,000 based on the anticipated contract
Tenant leasing cost, etc.	JPY 734,000.-	Assessed the cost at a month's tenant fee by reference to tenant leasing cost, etc. of similar real estate
Tax and public dues	JPY 30,789,000.-	Assessed based on standard taxation amount for fiscal 2015
Non-life insurance premium	JPY 1,363,000.-	
Other expenses	JPY 28,596,000.-	
Net operating income	JPY 267,130,000.-	
Gain on management of deposits	JPY 2,869,000.-	
Capital expenditures	JPY 13,048,000.-	Assessed by taking into consideration such factors as the annual average amount of medium-to long-term repair/renewal cost in engineering reports and CM fee
FF&E reserve	JPY 0.-	
Net cash flow	JPY 256,950,000.-	
Cap rate	4.9%	Assessed based on the cap rate of similar real estate, etc. taking into consideration factors specific to the subject real estate.
Value by DCF method	JPY 5,210,000,000.-	
Discount rate	4.7%	
Terminal cap rate	5.1%	
Indicated value by cost approach	JPY 4,090,000,000.-	
Land ratio	77.9%	Including leased land and limited proprietary right of land
Building ratio	22.1%	
Other matters noted in appraisal by appraiser	The appraiser considered that value based on income approach is more persuasive because the value properly reflects profitability and economy of investment. Therefore, the appraiser determined the appraisal value by standardizing on the indicated value by income approach and by taking note of the indicated value by cost approach as reference.	

*All amounts are rounded down to JPY1,000.

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

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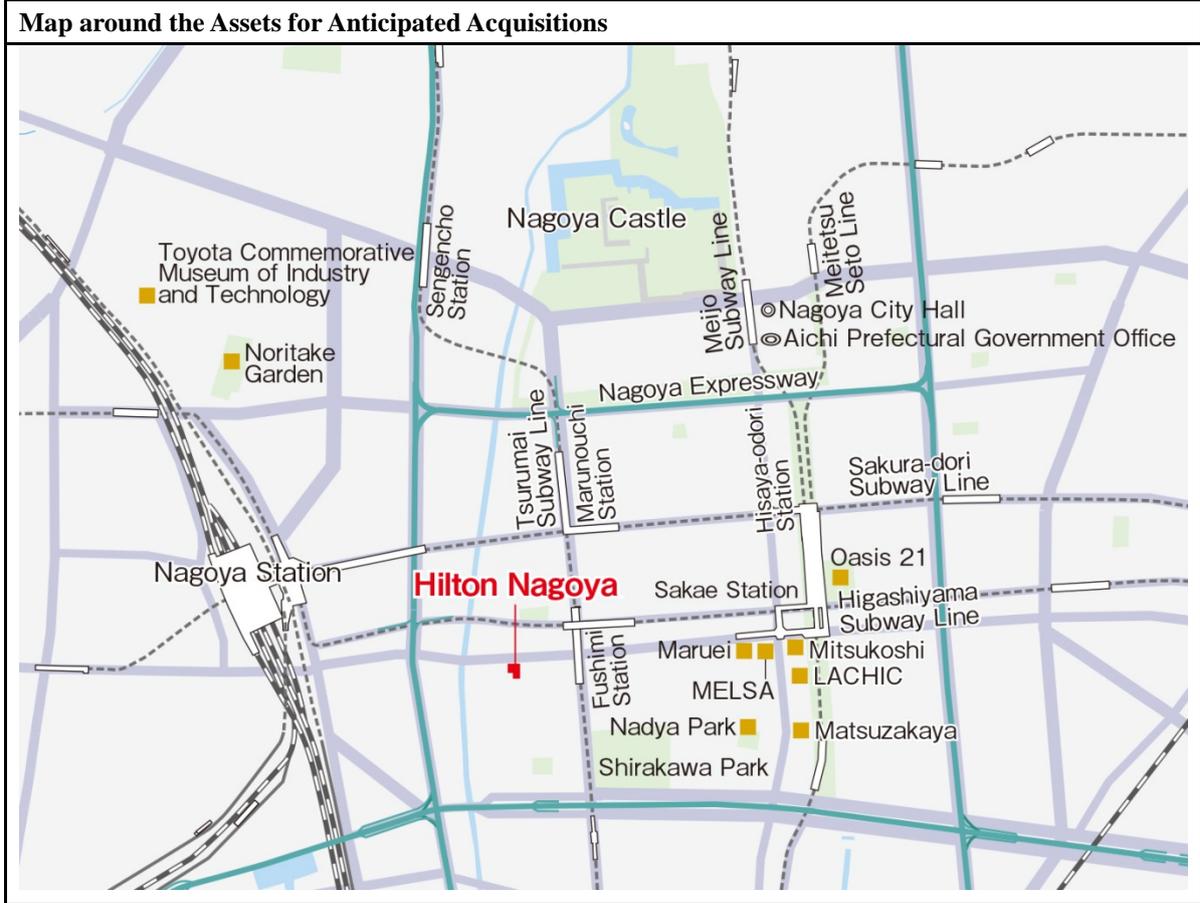
<Attachment 1> Map around the Assets for Anticipated Acquisitions

(1) HOTEL VISTA GRANDE OSAKA



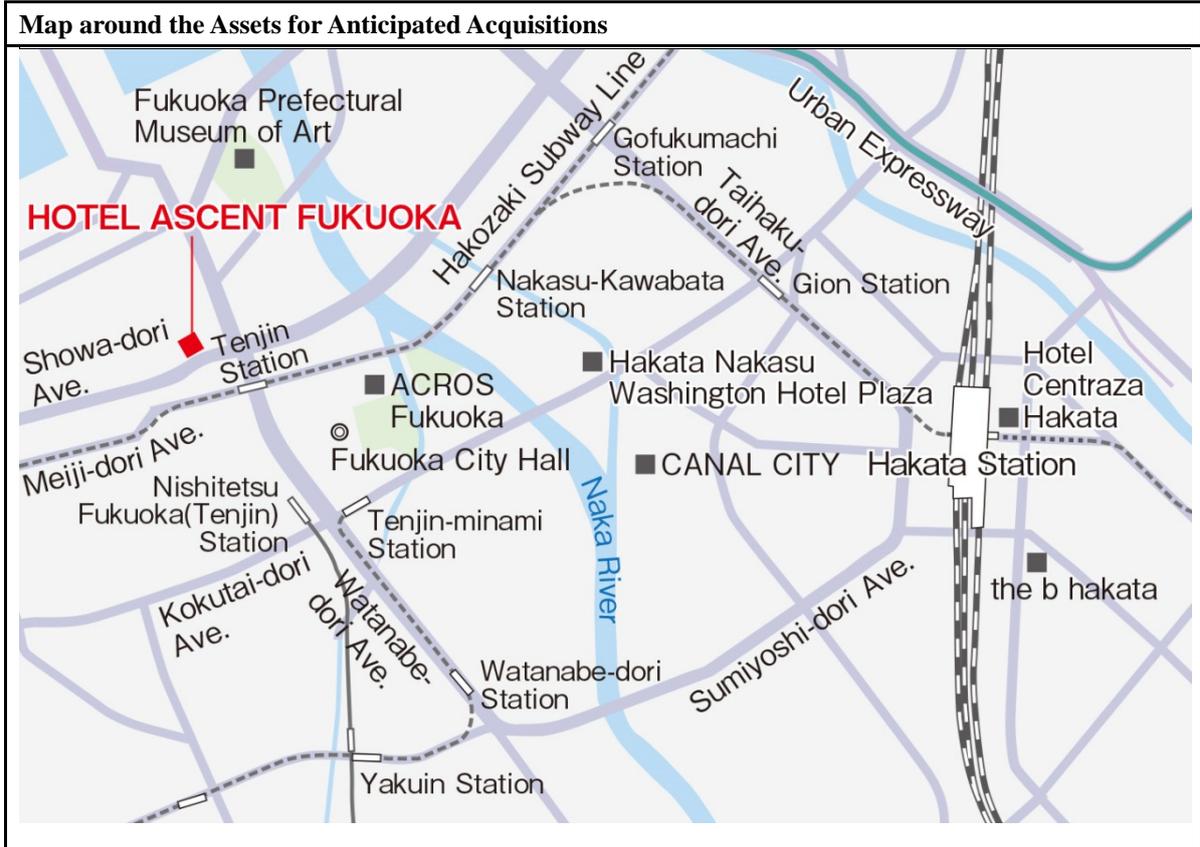
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(2) Hilton Nagoya



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(3) HOTEL ASCENT FUKUOKA



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<Attachment 2> Exterior appearance and interior of the Assets for Anticipated Acquisition
(1) HOTEL VISTA GRANDE OSAKA

Exterior Appearance



Guest Room



Entrance



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(2) Hilton Nagoya

Exterior Appearance



Guest Room



Lounge



Banquet Hall



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(3) HOTEL ASCENT FUKUOKA

Exterior Appearance



Guest Room



Entrance



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(Reference) The portfolio list after acquisition of the Assets for Anticipated Acquisitions

No.	Hotel	Type	Grade (*1)	No. of guest rooms (*2)	Area (*3)	Completion	Acquisition price (JPY1M) (*4)	Investment ratio (*5)
1	Kobe Meriken Park Oriental Hotel	Full-service	Upper-middle	319	Kansai	July 1995	10,900	3.8%
2	Oriental Hotel tokyo bay	Full-service	Mid-price	503	Kanto (excluding Tokyo)	May 1995	19,900	6.9%
3	Namba Oriental Hotel	Limited-service	Mid-price	258	Kansai	March 1996	15,000	5.2%
4	Hotel Nikko Alivila	Resort	Luxury	396	Okinawa	April 1994	18,900	6.6%
5	Oriental Hotel Hiroshima	Full-service	Upper-middle	227	Chugoku	September 1993 (Extended in September 2006)	4,100	1.4%
6	ibis Tokyo Shinjuku	Limited-service	Mid-price	206	Tokyo	September 1980	7,243	2.5%
8	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	March 2004 (Extended in June 2005 and May 2006)	7,610	2.7%
9	Hakone Setsugetsuka	Resort	Mid-price	158	Kanto (excluding Tokyo)	October 2006	4,070	1.4%
10	Dormy Inn Kumamoto	Limited-service	Mid-price	291	Kyushu (excluding Okinawa)	January 2008	2,334	0.8%
12	the b suidobashi	Limited-service	Mid-price	99	Tokyo	August 1986 (Extended in September 1989)	1,120	0.4%
13	Dormy Inn EXPRESS Asakusa	Limited-service	Economy	77	Tokyo	March 1997	999	0.3%
14	Hakata Nakasu Washington Hotel Plaza	Limited-service	Mid-price	247	Kyushu (excluding Okinawa)	March 1995	2,130	0.7%
15	Nara Washington Hotel Plaza	Limited-service	Mid-price	204	Kansai	March 2000	2,050	0.7%
16	R&B Hotel Ueno Hirokoji	Limited-service	Economy	187	Tokyo	April 2002	1,720	0.6%
17	R&B Hotel Higashi Nihombashi	Limited-service	Economy	202	Tokyo	March 1998	1,534	0.5%
18	Comfort Hotel Tokyo Higashi Nihombashi	Limited-service	Economy	259	Tokyo	January 2008	3,746	1.3%
22	Smile Hotel Nihombashi Mitsukoshimae	Limited-service	Economy	164	Tokyo	March 1997	2,108	0.7%
24	Toyoko Inn Hakata-guchi Ekimae	Limited-service	Economy	257	Kyushu (excluding Okinawa)	September 2001	1,652	0.6%
25	Hotel Vista Kamata Tokyo	Limited-service	Economy	106	Tokyo	January 1992	1,512	0.5%
26	Chisun Inn Kamata	Limited-service	Economy	70	Tokyo	April 2003	823	0.3%
29	Hotel Keihan Universal City	Resort	Mid-price	330	Kansai	June 2001	6,000	2.1%
30	Hotel Sunroute Shinbashi	Limited-service	Mid-price	220	Tokyo	March 2008	4,800	1.7%
31	Hilton Tokyo Bay	Resort	Luxury	823	Kanto (excluding Tokyo)	June 1988	26,050	9.1%
32	ibis Styles Kyoto Station	Limited-service	Mid-price	215	Kansai	March 2009	6,600	2.3%
33	ibis Styles Sapporo	Limited-service	Mid-price	278	Hokkaido	July 2010	6,797	2.4%
34	Mercure Sapporo	Limited-service	Mid-price	285	Hokkaido	April 2009	6,000	2.1%
35	Mercure Okinawa Naha	Limited-service	Mid-price	260	Okinawa	August 2009	3,000	1.0%
36	the b akasaka-mitsuke	Limited-service	Mid-price	122	Tokyo	November 2002	6,250	2.2%
37	the b ikebukuro	Limited-service	Mid-price	175	Tokyo	June 1982	6,520	2.3%
38	the b ochanomizu	Limited-service	Mid-price	72	Tokyo	August 1999	2,320	0.8%
39	the b hachioji	Limited-service	Mid-price	196	Tokyo	August 1986	2,610	0.9%

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No.	Hotel	Type	Grade (*1)	No. of guest rooms (*2)	Area (*3)	Completion	Acquisition price (JPY1M) (*4)	Investment ratio (*5)
40	the b hakata	Limited-service	Mid-price	175	Kyushu (excluding Okinawa)	September 1997	2,300	0.8%
41	Hotel Francs	Full-service	Mid-price	222	Kanto (excluding Tokyo)	August 1991	3,105	1.1%
42	Mercure Yokosuka	Full-service	Mid-price	160	Kanto (excluding Tokyo)	November 1993	1,650	0.6%
43	Okinawa Marriott Resort & Spa	Resort	Upper-middle	361	Okinawa	March 2005	14,950	5.2%
44	ACTIVE-INTER CITY HIROSHIMA (Sheraton Grand Hiroshima Hotel)	Full-service	Luxury	238	Chugoku	August 2010	17,320	6.0%
45	CANDEO HOTELS UENO-KOEN	Limited-service	Mid-price	268	Tokyo	December 2009	6,705	2.3%
46	Hotel Centraza Hakata	Full-service	Mid-price	194	Kyushu (excluding Okinawa)	July 1986	7,197	2.5%
47	HOTEL VISTA GRANDE OSAKA	Limited-service	Mid-price	314	Kansai	August 2008	27,000	9.4%
48	HOTEL ASCENT FUKUOKA	Limited-service	Economy	260	Kyushu (excluding Okinawa)	April 1999	4,925	1.7%
49	Hilton Nagoya	Full-service	Luxury	460	Chubu	February 1989	15,250	5.3%
	Total	—	—	10,138	—	—	286,801	100.0%

(*1) JHR classifies hotels under management by grade, mainly from aspect of ADR, into luxury, upper-middle, mid-price and economy.

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

(*3) Tokyo means Tokyo metropolitan area. Kanto (excluding Tokyo) means Kanagawa, Chiba, Saitama, Ibaraki, Gunma, Tochigi and Yamanashi prefectures. Chubu means Aichi, Shizuoka, Nagano, Gifu, Niigata, Toyama and Fukui, Kansai means Kyoto, Osaka, Shiga, Hyogo, Nara and Wakayama prefectures. Chugoku means Hiroshima, Okayama, Tottori, Yamaguchi, and Shimane. Kyushu (excluding Okinawa) means Fukuoka, Nagasaki, Miyazaki, Kumamoto, Saga, Oita and Kagoshima. Okinawa means Okinawa prefecture.

(*4) 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 anticipated acquisition price is indicated for the Assets for Anticipated Acquisitions.

(*5) The percentage of each acquisition price or anticipated acquisition price to the total of acquisition price (include anticipated acquisition price) is indicated and the numbers are rounded off to one decimal place.

(*6) Type, grade and total number of guest rooms of ACTIVE-INTER CITY HIROSHIMA are those of the main facility, Sheraton Grand Hiroshima Hotel.

(*7) Number of guest rooms of Namba Oriental Hotel was changed from 257 to 258 on February 2, 2016.

(*8) Number of guest rooms of Dormy Inn Kumamoto was changed from 294 to 291 on April 1, 2016.

(*9) Number of guest rooms of Hilton Tokyo Bay was changed from 818 to 823 on April 30, 2016

(*10) Numbers for the assets transferred (No. 7, No. 11, No. 19, No. 20, No. 21, No. 23, No. 27 and No. 28) are missing numbers.

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