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Notice Concerning Completion of Rebranding (HOTEL VISTA GRANDE OSAKA)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that JHR completed rebranding its asset, HOTEL VISTA GRANDE OSAKA (hereinafter called the “Hotel”), as announced in the press release “Notice Concerning Acquisition and Lease of New Assets (HOTEL VISTA GRANDE OSAKA, Hilton Nagoya and HOTEL ASCENT FUKUOKA)” dated July 7, 2016. Details of rebranding (hereinafter called “Rebranding”) are as follows.

1. Summary of Rebranding

Effective date	November 1, 2016
Old name	HOTEL VISTA GRANDE OSAKA
New name	Holiday Inn Osaka Namba

2. Purpose and rationale of rebranding

JHR has completed the rebranding of the Hotel into Holiday Inn brand of InterContinental Hotels Group (hereinafter called “IHG”), 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 sets aggressive “active asset management” as its important strategy, which aims to realize strong internal growth, improve profitability, and enhance the value of its assets. Rebranding is part of the active asset management that JHR had planned when it acquired the Hotel.

1) Expansion of international brand

By adding IHG brands to JHR’s portfolio through Rebranding, around 47% of the portfolio will consist of international brands(*1). JHR can improve the quality of the portfolio.

2) Pursuit of upside potential

JHR aims to attract lodging demand by targeting especially a higher-rate segment in the wide-ranging guests through utilization of IHG brands in Namba area in Osaka, where the market is experiencing significant growth.

JHR also plans to implement measures to maximize GOP(*2) by realizing operational synergies with Namba Oriental Hotel, which is also located in the same area and is operated by HMJ(*3), with measures such as guest sharing to raise profitability, streamlining back-office operations to reduce costs and others. JHR adopted “fixed rent + variable rent” scheme for the property to pursue upside potential through these measures.

(*1) Percentage based on acquisition price.

(*2) 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.

(*3) HMJ is the abbreviation of Hotel Management Japan Co., Ltd. Since the operator of the Hotel is one of HMJ group companies, effective measures can be implemented.

3. Future prospects

The impact of Rebranding is subtle, and no change is required for the operating forecast for the fiscal year ending December 2016 (January 1, 2016 through December 31, 2016).

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

* Website of the Hotel (Holiday Inn Osaka Namba): <http://www.hiosakanamba.com/en-gb/>