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REIT Issuer:

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Notice Concerning Acquisition of New Asset  
(Hotel Centraza Hakata)

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 the following property (hereinafter called the “New Asset”) today on behalf of JHR.

1. Summary of the New Asset

| Name of the New Asset | Asset type (*1)    | Rent type                    | Planned acquisition price (*2) | Scheduled acquisition date (*3) | Collateral |
|-----------------------|--------------------|------------------------------|--------------------------------|---------------------------------|------------|
| Hotel Centraza Hakata | Full-service hotel | Fixed rent and variable rent | JPY7,197,217,000.-             | April 1, 2016                   | 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.

(\*3) See “5. Summary of the Seller” below for the seller.

## 2. Rationale for Acquisition

JHR aims to provide attractive investment opportunities in hotels that can realize both stability and upside potential. JHR has decided to acquire the New Asset as it benefits JHR's policy for the following reasons.

### 1) Acquisition in Growing Fukuoka Market

The New Asset is Hotel Centraza Hakata (hereinafter called the "Hotel") located in the Fukuoka area, which is a "strategic investment area" of JHR. The Fukuoka area is considered to be an area that largely enjoys the benefits of increase in inbound demand. Particularly, the Hakata Station vicinity area is an area with further growth potential as it is becoming increasingly bustling due to redevelopments. The Hotel stands at the JR Hakata Station Chikushi Gate rotary (traffic circle), and therefore has superiority among hotels in the area.

### 2) Upside Potential by Internal Growth

The Hotel is directly connected to JR Hakata Station and Hakata Station on the Subway Airport Line via underground passages. Due to this location and convenience, the Hotel can expect to attract both inbound and domestic leisure demand. Since room demand for both Fukuoka area and JR Hakata Station is expected to increase, JHR intends to realize expansion of upside potential of the Hotel by implementation of its asset management measures through utilizing its know-hows.

## 3. Features of the New Asset

### (1) Features of the New Asset

#### 1) Superiority in Location

The Hotel is a full-service hotel with convenient transportation. The Hotel stands at the part of JR Hakata Station Chikushi Gate rotary (traffic circle), with high visibility and hotel making it the nearest hotel in the city to the Shinkansen Line (bullet trains) exit and approximately five minutes by subway or approximately ten minutes by car from Fukuoka Airport.

The Hakata Station vicinity area is increasingly bustling since the opening of "JR Hakata City" at the Hakata Gate in 2011. With this year, too, set to see the opening of "JRJP Hakata Building" and "KITTE Hakata," the Hakata Station vicinity area is expected to have the potential to become even more bustling. At the Chikushi Gate, too, where the Hotel is located, along with construction of a bus terminal, station square redevelopment projects are underway by the Fukuoka city government. As connection via a deck with retail buildings at the Hakata Gate is planned with the bus terminal and such, even greater convenience can be expected at the Chikushi Gate, too.

In addition, in 2020, extension work on the Subway Nanakuma Line between Tenjin-minami and Hakata is slated for completion, likely making it even easier to get around in Fukuoka City. Such superiority in location makes the Hotel the right hotel to put the basic strategy of JHR of attracting domestic and inbound leisure demand in practice.

#### 2) Superiority in Infrastructure

According to a market report prepared by KPMG FAS Co., Ltd. (hereinafter called "KPMG"), the Hotel opened in 1985 and has 194 guest rooms. Although 30 years have elapsed since construction, the white exterior appearance is still looking fresh and creates an atmosphere and sense of security characteristic as full-service hotels. The guest rooms are mostly in double and twin bed configurations with 21 m<sup>2</sup> or more that can be occupied by more than one person, making it suitable to attract leisure guests. Single use rooms also has roughly 15.5 m<sup>2</sup> or more and double bed that is 1400mm wide, it is designed to also accommodate for not only business demand but also attract leisure demand for double occupancy use.

Approximately 30% of all guest rooms underwent guest room renovations last year. The renovated guest rooms

are showing results that ADR (\*) outperforms the ADR of guest rooms yet to be renovated by 10% or more. JHR considers this achievement to be a demonstration of the Hotel's high competitiveness in terms of location and upside potential by renovation.

In addition, the Hotel has 13 banquet halls. Boasting excellent access being near Hakata Station, demand for government/public and corporate gatherings is large and approximately 70% of banquet clients are repeat clients. Seven small and medium banquet halls were additionally constructed two years ago, the main large banquet hall and medium banquet halls underwent renovation work last year and other measures have made this a facility that can accommodate for attracting strong demand for gatherings.

(\*) ADR: Represents average daily rate, which is calculated by dividing total rooms revenue for a certain period (excluding service charges) by the total number of rooms sold during the period.

### 3) Superiority in Operations

Hotel Management Japan Co., Ltd. (hereinafter called "HMJ") is scheduled to acquire shares in the hotel lessee/hotel management company of the Hotel. Already leasing and operating seven hotels owned by JHR, the HMJ Group has know-how and experience in enhancing hotel earnings performance through guest room renovations and other various measures. JHR, which has deep insight concerning the Fukuoka area as it owns three hotels in the area, will pursue upside potential of the Hotel through collaboration between JHR and the HMJ Group.

### 4) Others

The New Asset is a property with fixed-term leasehold of land with around 41 years of remaining terms. The New Asset needs to amortize fixed-term leasehold rights of land and asset retirement obligations (an obligation to demolish a building upon expiration of the lease) (hereinafter collectively called "amortization of land leasehold right, etc."). And amortization of land leasehold right, etc. is not deductible as expense from taxable income. In order to cope with this mismatch between tax and accounting, JHR will utilize negative goodwill and amount equivalent to amortization of land leasehold right, etc. will be paid additionally as a dividend.

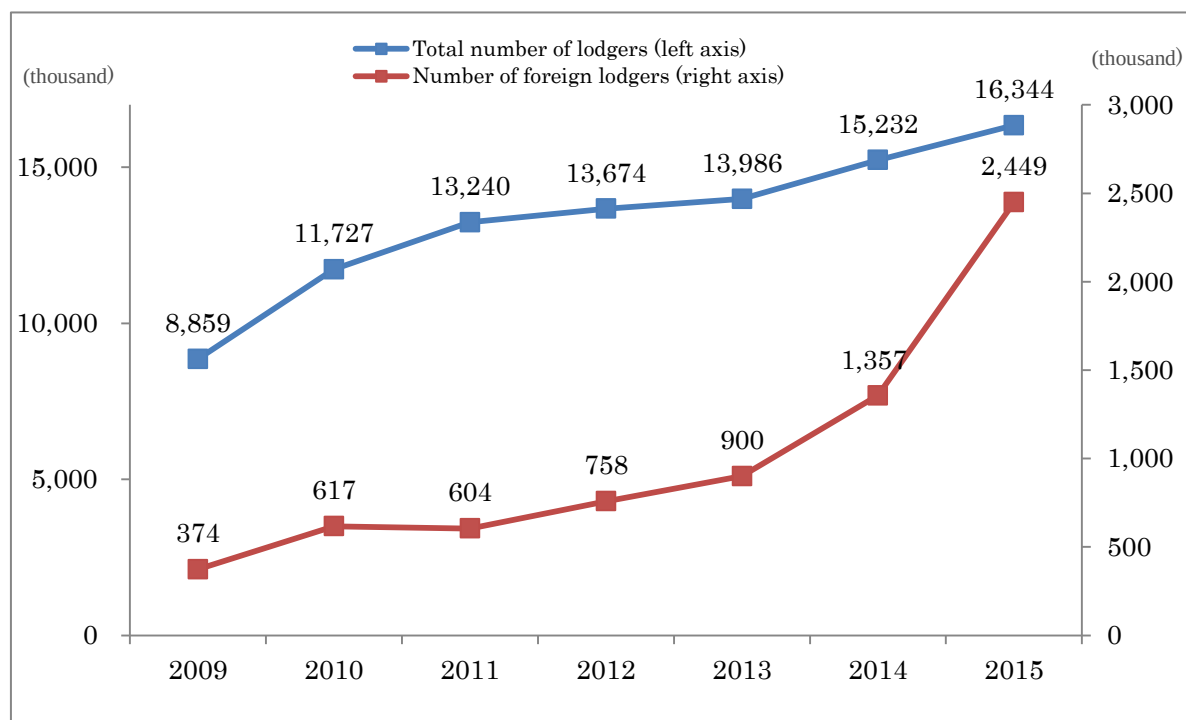
(\*) For detail of amortization of land leasehold right, etc., please refer to our press release "Notice Concerning Revision of Operating Forecast and Forecast of Dividend for Fiscal Year Ending December 2016 (17<sup>th</sup> Period)" dated today.

## (2) Fukuoka Area Accommodation Market Summary

Led by inbound increase, the total number of people staying overnight (lodgers) in Fukuoka Prefecture continues to largely grow. In 2015, with the cumulative total for the period from January to November having increased by 7.3% compared with the same period of the previous year and if December is estimated to also show the same rate of growth, the total number of lodgers is estimated to exceed 16 million persons. Of this, the number of foreigners staying overnight (foreign lodgers) accounts for about 15% of the total number of lodgers, but the rate of increase exceeds 80%. With the rate of increase in the total number of lodgers in Japan in said period being 6.9% and the rate of increase in the total number of foreign lodgers being 49.2%, accommodation demand in Fukuoka Prefecture surpasses the national average and particularly much higher in terms of the rate of increase in the total number of foreign lodgers. Backed also by tourism promotion measures by the Japanese government and Fukuoka prefectural and city governments, the increase in accommodation demand in the Fukuoka area is expected to continue.

In terms of supply, the number of guest rooms of hotels/ryokans in Fukuoka City remains roughly unchanged from slightly over 26,000 rooms in the past few years. In terms of new supply, according to a market report by KPMG, five hotels totaling 821 rooms are in the planning in Fukuoka City in the next two years. The number of existing guest rooms in fiscal 2014 was approximately 26,600 rooms, meaning an increase of roughly 3% is projected. In Fukuoka City where accommodation demand is growing centering on inbound demand, JHR considers the impact of new supply to be limited.

[Change in Number of Lodgers in Fukuoka City]

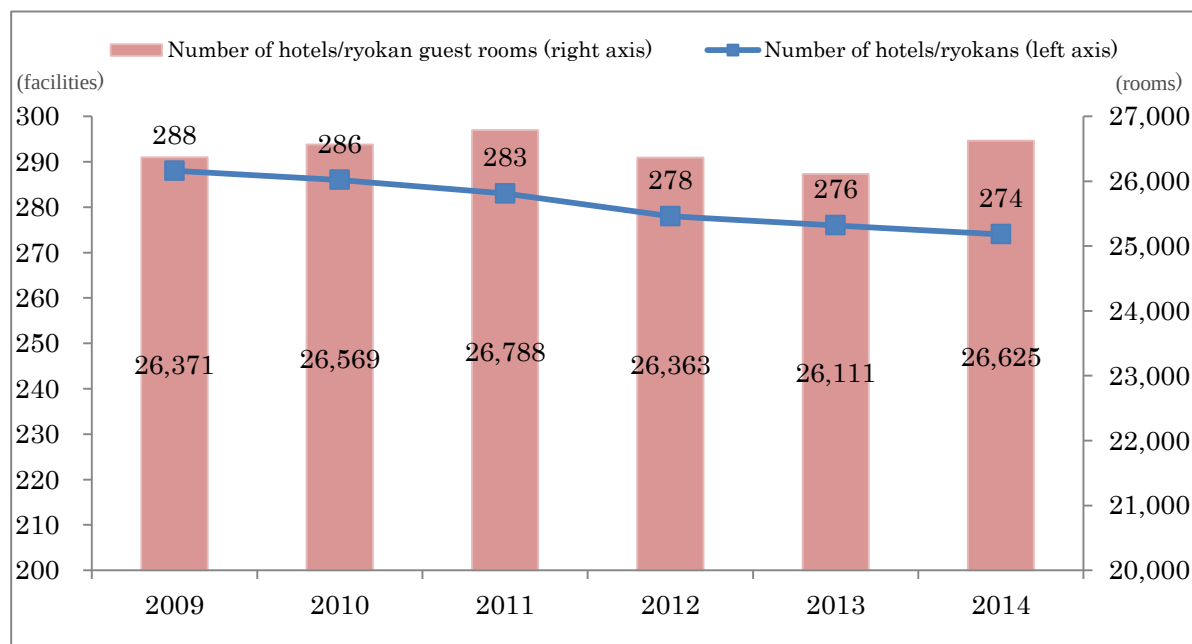


(Source: “Accommodation Survey” by Japan Tourism Agency)

(\*1) Figures for 2015 are estimates based on the rate of increase over the period from January to November (actual)

(\*2) Figures are rounded down to the nearest thousand persons.

[Change in Number of Hotels/Ryokans and Number of Such Guest Rooms in Fukuoka City]



(Source: “Report on Public Health Administration and Services” by Ministry of Health, Labour and Welfare)

#### 4. Details of the New Asset

|                                                                                                                                                                                                                                                                                                                                                                   |                                   |                               |                                                                                                                      |                      |                      |                      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------|----------------------|----------------------|----------------------|
| Property No.                                                                                                                                                                                                                                                                                                                                                      | 46                                | Property name                 | Hotel Centraza Hakata                                                                                                |                      |                      |                      |
| 1. Asset summary (*1)                                                                                                                                                                                                                                                                                                                                             |                                   |                               |                                                                                                                      |                      |                      |                      |
| Asset category                                                                                                                                                                                                                                                                                                                                                    |                                   |                               | Real estate beneficial interest in trust and movable assets attached to the hotel                                    |                      |                      |                      |
| Scheduled acquisition date                                                                                                                                                                                                                                                                                                                                        |                                   |                               | April 1, 2016                                                                                                        |                      |                      |                      |
| Planned acquisition price                                                                                                                                                                                                                                                                                                                                         |                                   |                               | JPY7,197,217,000.-                                                                                                   |                      |                      |                      |
| Appraisal value                                                                                                                                                                                                                                                                                                                                                   |                                   |                               | JPY7,240,000,000.- (See “12. 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                                                                                           |                      |                      |                      |
| Ownership                                                                                                                                                                                                                                                                                                                                                         | Land                              |                               | Fixed-term leasehold of land (duration: until March 30, 2057)                                                        |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Building                          |                               | Ownership                                                                                                            |                      |                      |                      |
| Land                                                                                                                                                                                                                                                                                                                                                              | Plot No.                          |                               | 42 Hakata-eki Chuogai, Hakata-ku, Fukuoka-shi, Fukuoka                                                               |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Address                           |                               | 4-23 Hakata-eki Chuogai, Hakata-ku, Fukuoka-shi, Fukuoka                                                             |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Acreage                           |                               | 2,163.42 m <sup>2</sup>                                                                                              |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Zoning, etc.                      |                               | Commercial district and fire prevention district                                                                     |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Building-to-land ratio            |                               | 80%                                                                                                                  |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Floor area ratio                  |                               | 800%                                                                                                                 |                      |                      |                      |
| Building                                                                                                                                                                                                                                                                                                                                                          | Structures and stories            |                               | SRC; Twelve stories above ground with three stories below ground                                                     |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Intended use                      |                               | Hotel                                                                                                                |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Completion                        |                               | July 1985                                                                                                            |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Total floor area                  |                               | 18,640.55 m <sup>2</sup> (*3)                                                                                        |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Designer                          |                               | Taisei Corporation (Kyushu branch) (first-class registered architect office)                                         |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Constructor                       |                               | Taisei Corporation (Kyushu branch)                                                                                   |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Institute that confirmed building |                               | Fukuoka City building official                                                                                       |                      |                      |                      |
| Trustee                                                                                                                                                                                                                                                                                                                                                           |                                   |                               | Mitsubishi UFJ Trust and Banking Corporation<br>(expiration date of trust period: last day of April 2026)(scheduled) |                      |                      |                      |
| 3. Traffic (*4)                                                                                                                                                                                                                                                                                                                                                   |                                   |                               |                                                                                                                      |                      |                      |                      |
| Approximately one minute on foot from JR Hakata Station (Chikushi Gate)<br>Directly connected to Subway Hakata Station Chikushi Gate Exit East No. 4                                                                                                                                                                                                              |                                   |                               |                                                                                                                      |                      |                      |                      |
| 4. Lease status                                                                                                                                                                                                                                                                                                                                                   |                                   |                               |                                                                                                                      |                      |                      |                      |
| Total number of tenants                                                                                                                                                                                                                                                                                                                                           |                                   | 1                             |                                                                                                                      |                      |                      |                      |
| Rentable area                                                                                                                                                                                                                                                                                                                                                     |                                   | 18,640.55 m <sup>2</sup> (*5) |                                                                                                                      |                      |                      |                      |
| Rented area                                                                                                                                                                                                                                                                                                                                                       |                                   | 18,640.55 m <sup>2</sup> (*5) |                                                                                                                      |                      |                      |                      |
| Annual contractual rent (*6)                                                                                                                                                                                                                                                                                                                                      | Fixed rent                        |                               | JPY400,000,000.-                                                                                                     |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Variable rent                     |                               | In case GOP exceeded GOP base amount JPY425,000,000.-, the amount arrived by multiplying 90% to the exceeded amount  |                      |                      |                      |
| Deposit and guarantee money                                                                                                                                                                                                                                                                                                                                       |                                   | JPY159,563,000.-              |                                                                                                                      |                      |                      |                      |
| 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 |
|                                                                                                                                                                                                                                                                                                                                                                   | 100%                              |                               | 100%                                                                                                                 | 100%                 | 100%                 | 100%                 |
| 5. Related parties for hotel operation (*7)                                                                                                                                                                                                                                                                                                                       |                                   |                               |                                                                                                                      |                      |                      |                      |
| Hotel lessee                                                                                                                                                                                                                                                                                                                                                      |                                   |                               | Hotel Centraza Co., Ltd. (Planned)                                                                                   |                      |                      |                      |
| Property manager                                                                                                                                                                                                                                                                                                                                                  |                                   |                               | Nippon Kanzai Co., Ltd. (Planned)                                                                                    |                      |                      |                      |
| 6. Hotel website (*8)                                                                                                                                                                                                                                                                                                                                             |                                   |                               |                                                                                                                      |                      |                      |                      |
| http://www.centraza.com/index.html                                                                                                                                                                                                                                                                                                                                |                                   |                               |                                                                                                                      |                      |                      |                      |
| 7. Summary of the building inspection report                                                                                                                                                                                                                                                                                                                      |                                   |                               |                                                                                                                      |                      |                      |                      |
| Investigation company                                                                                                                                                                                                                                                                                                                                             |                                   |                               | Tokio Marine & Nichido Risk Consulting Co., Ltd.                                                                     |                      |                      |                      |
| Investigation date                                                                                                                                                                                                                                                                                                                                                |                                   |                               | November 27, 2015                                                                                                    |                      |                      |                      |
| Repair cost                                                                                                                                                                                                                                                                                                                                                       | Urgently required                 |                               | JPY0.-                                                                                                               |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Required within one year          |                               | JPY0.-                                                                                                               |                      |                      |                      |
|                                                                                                                                                                                                                                                                                                                                                                   | Total amount for another 12 years |                               | JPY556,007,000.-                                                                                                     |                      |                      |                      |
| Earthquake PML value (*9)                                                                                                                                                                                                                                                                                                                                         |                                   |                               | 2.4%                                                                                                                 |                      |                      |                      |
| 8. Special remark (*10)                                                                                                                                                                                                                                                                                                                                           |                                   |                               |                                                                                                                      |                      |                      |                      |
| The New Asset is a property under fixed-term leasehold of land as provided in Article 22 of the Act on Land and Building Leases. The land must be returned in the state of a vacant lot by demolishing the building at its own expense in cases where the land lease agreement with the land lessor has ended.<br>Rent for the land is JPY175,000,000.- per year. |                                   |                               |                                                                                                                      |                      |                      |                      |

JHR will succeed prepaid rent in the amount of JPY1,935,192,000.- related to the fixed-term leasehold of land separately. Prepaid rent will be divided proportionately by remaining period of the lease and will be posted as additional rent of the land.

- (\*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 collectively called the "real estate and other assets").
  - Planned acquisition price is the price stated on the purchase and sale agreement of beneficial interest of real estate, etc. and does not include various expenses required to acquire 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 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, 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 and 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) Total floor area
  - Total floor area indicates the area shown in the real estate registry.
- (\*4) Traffic
  - It is according to the information on the website of the current hotel lessee.
- (\*5) Rentable area and rented area
  - Area which has been inspected based on the building lease agreement with the hotel lessee is indicated.
- (\*6) Deposit and guarantee money
  - Contractual rent from April 1, 2016 through December 31, 2016 is as follows.  
 Fixed rent: JPY300,000,000.-  
 Variable rent: In case GOP exceeded GOP base amount JPY318,000,000.-, the amount arrived by multiplying 90% to the exceeded amount
- (\*7) Related parties for hotel operation
  - Hotel lessee indicates the hotel lessee to be leased to by the trustee. Property manager indicates the property manager to be contracted by the trustee.
- (\*8) Hotel website
  - It is the website address of the current hotel lessee.
- (\*9) 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.
- (\*10) Special remark
  - In principle, the following items are stated: (1) Right of the third party except for tenant(s) of the building or restriction based on the right on the real estate and other assets, (2) Important matters stipulated in the management rules, agreements or memoranda concluded with other owners of the condominium ownership of building and/or joint ownership of land, (3) Important restrictions stipulated by administrative laws and regulations on the real estate and other assets.
- (\*11) All amounts are rounded down to JPY1,000.

#### 5. Summary of the Seller

The seller of the New Asset is a domestic limited liability company (Godo Kaisha), but is undisclosed as consent of the seller could not be obtained. There are no capital, human or business relationships to be specifically noted between JHR or the Asset Management Company and the seller. In addition, the seller does not have any special interest relationship with either JHR or the Asset Management Company.

#### 6. Summary of Intermediary

Not applicable.

#### 7. Transaction with Interested Party

HMJ is scheduled to acquire 100% of the shares of the hotel lessee Hotel Centraza 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 Act on Investment Trusts and Investment Corporations as well as Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations, the hotel lessee that HMJ will acquire shares of also falls under the category of interested party, etc. Therefore, in accordance with the Code for Transaction with Sponsor-Related Party, which is a company code of the Asset Management Company, the appropriate procedures stipulated in the Code for Transaction with Sponsor-Related Party such as the obtaining of approval of a compliance committee attended by experts from the outside and of the Board of Directors of JHR have been completed, prior to the conclusion of the fixed-term building lease agreement with the hotel lessee.

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

##### (1) New Asset subject to Forward Commitment, etc.

| Property name         | Conclusion of purchase and sale agreement | Scheduled acquisition date |
|-----------------------|-------------------------------------------|----------------------------|
| Hotel Centraza Hakata | February 18, 2016                         | April 1, 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 sale after a period of one month or more following the conclusion of the contract, or any other similar contracts.”

##### (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 New Asset contains a special condition which stipulates that completion of debt financing (Please refer to today’s press release “Notice Concerning New Loan.”) or other 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.

#### 9. Settlement Method

JHR plans to pay the settlement amounts by using funds to be procured through new loan and cash on hand.

#### 10. Schedule until Settlement Date

|                                           |                           |
|-------------------------------------------|---------------------------|
| Resolution for the acquisition            | February 18, 2016         |
| Conclusion of purchase and sale agreement | February 18, 2016         |
| Settlement and transfer                   | April 1, 2016 (scheduled) |

#### 11. 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 Fiscal Year Ending December 2016 (17th Period)” dated today.

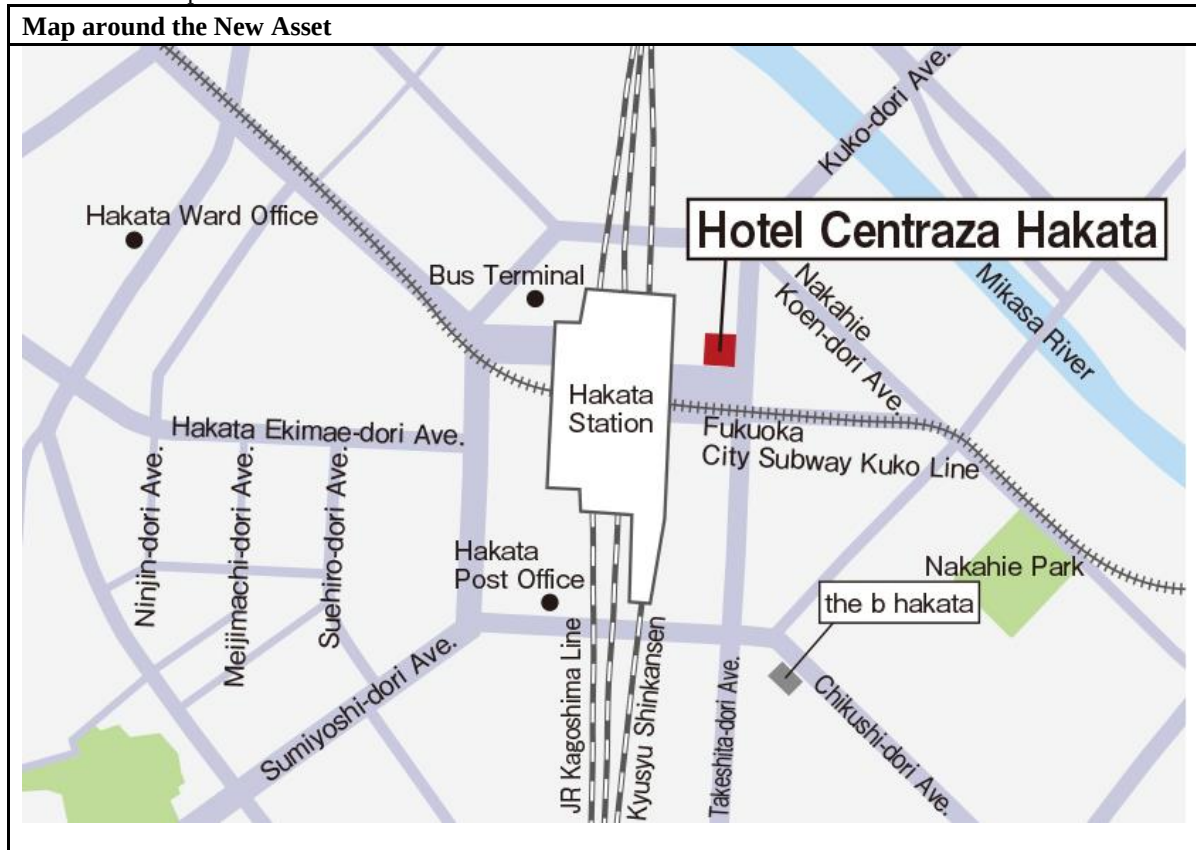
## 12. Appraisal Report Summary

|                                               |                                       |                                                                                                                                                                                                                                                                                                                                             |                                                                           |
|-----------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|
| Property name                                 |                                       | Hotel Centraza Hakata                                                                                                                                                                                                                                                                                                                       |                                                                           |
| Appraisal value                               |                                       | JPY7,240,000,000.-                                                                                                                                                                                                                                                                                                                          |                                                                           |
| Name of appraiser                             |                                       | Daiwa Real Estate Appraisal Co., Ltd.                                                                                                                                                                                                                                                                                                       |                                                                           |
| Date of appraisal                             |                                       | February 1, 2016                                                                                                                                                                                                                                                                                                                            |                                                                           |
| Item                                          |                                       | Details                                                                                                                                                                                                                                                                                                                                     | Summary, etc.                                                             |
| Indicated value by income approach            |                                       | JPY7,240,000,000.-                                                                                                                                                                                                                                                                                                                          |                                                                           |
|                                               | Value by direct capitalization method |                                                                                                                                                                                                                                                                                                                                             | By the method of capitalization over a definite term (Inwood method) (*1) |
|                                               | Operating income                      |                                                                                                                                                                                                                                                                                                                                             | JPY687,234,000.-                                                          |
|                                               |                                       | Potential gross income                                                                                                                                                                                                                                                                                                                      | JPY687,234,000.-                                                          |
|                                               |                                       | Fixed rent                                                                                                                                                                                                                                                                                                                                  | JPY400,000,000.-                                                          |
|                                               |                                       | Variable rent                                                                                                                                                                                                                                                                                                                               | JPY287,234,000.-                                                          |
|                                               | Vacancy loss, etc.                    |                                                                                                                                                                                                                                                                                                                                             | JPY0.-                                                                    |
|                                               | Operating expenses                    |                                                                                                                                                                                                                                                                                                                                             | JPY214,466,000.-                                                          |
|                                               |                                       | Maintenance and management expenses                                                                                                                                                                                                                                                                                                         | JPY0.-                                                                    |
|                                               |                                       | Utilities cost                                                                                                                                                                                                                                                                                                                              | JPY0.-                                                                    |
|                                               | Repair cost                           |                                                                                                                                                                                                                                                                                                                                             | JPY13,900,000.-                                                           |
|                                               | Property management fee               |                                                                                                                                                                                                                                                                                                                                             | JPY3,000,000.-                                                            |
|                                               | Tenant leasing cost, etc.             |                                                                                                                                                                                                                                                                                                                                             | JPY0.-                                                                    |
|                                               | Tax and public dues                   |                                                                                                                                                                                                                                                                                                                                             | JPY21,230,000.-                                                           |
|                                               | Casualty insurance premium            |                                                                                                                                                                                                                                                                                                                                             | JPY1,336,000.-                                                            |
|                                               | Other expenses                        |                                                                                                                                                                                                                                                                                                                                             | JPY175,000,000.-                                                          |
|                                               | Net operating income                  |                                                                                                                                                                                                                                                                                                                                             | JPY472,767,000.-                                                          |
|                                               | Gain on management of deposits        |                                                                                                                                                                                                                                                                                                                                             | JPY0.-                                                                    |
|                                               | Capital expenditures                  |                                                                                                                                                                                                                                                                                                                                             | JPY56,433,000.-                                                           |
|                                               | Net cash flow                         |                                                                                                                                                                                                                                                                                                                                             | JPY416,333,000.-                                                          |
|                                               | Cap rate                              |                                                                                                                                                                                                                                                                                                                                             | 4.8%                                                                      |
|                                               | Value by DCF method                   |                                                                                                                                                                                                                                                                                                                                             | JPY7,220,000,000.-                                                        |
|                                               | Discount rate                         |                                                                                                                                                                                                                                                                                                                                             | 4.6%                                                                      |
|                                               | Terminal cap rate                     |                                                                                                                                                                                                                                                                                                                                             | 5.1%                                                                      |
| Indicated value by cost approach              |                                       | JPY4,310,000,000.-                                                                                                                                                                                                                                                                                                                          |                                                                           |
|                                               | Land ratio                            |                                                                                                                                                                                                                                                                                                                                             | 74.30%                                                                    |
|                                               | Building ratio                        |                                                                                                                                                                                                                                                                                                                                             | 25.70%                                                                    |
| Other matters noted in appraisal by appraiser |                                       | Including movable assets                                                                                                                                                                                                                                                                                                                    |                                                                           |
|                                               |                                       | The appraiser considered that profitability and investment profitability are more properly reflected in the indicated value by income approach. 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. |                                                                           |

(\*) In light of the type of leasehold rights of land scheduled for acquisition being a general fixed-term leasehold rights of land, the value by direct capitalization method is appraised by the calculation method that is on the basis of a limited period of income stream (method of capitalization over a definite term (Inwood method)).

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

<Attachment 1> Map around the New Asset



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

**External Appearance**



**Guest Room**



**Hanakago (Reception Hall)**



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

| No. | Hotel                                  | Type            | Grade        | No. of guest rooms (*1) | Area (*2)               | Completion                                      | Acquisition price (JPY1M) (*3) | Investment ratio (*4) |
|-----|----------------------------------------|-----------------|--------------|-------------------------|-------------------------|-------------------------------------------------|--------------------------------|-----------------------|
| 1   | Kobe Meriken Park Oriental Hotel       | Full-service    | Upper-middle | 319                     | Kansai                  | July 1995                                       | 10,900                         | 4.5%                  |
| 2   | Oriental Hotel Tokyo Bay               | Full-service    | Mid-price    | 503                     | Kanto (excluding Tokyo) | May 1995                                        | 19,900                         | 8.3%                  |
| 3   | Namba Oriental Hotel                   | Limited-service | Mid-price    | 258                     | Kansai                  | March 1996                                      | 15,000                         | 6.3%                  |
| 4   | Hotel Nikko Alivila                    | Resort          | Luxury       | 396                     | Okinawa                 | April 1994                                      | 18,900                         | 7.9%                  |
| 5   | Oriental Hotel Hiroshima               | Full-service    | Upper-middle | 227                     | Other                   | September 1993 (Extended in September 2006)     | 4,100                          | 1.7%                  |
| 6   | Ibis Tokyo Shinjuku                    | Limited-service | Mid-price    | 206                     | Tokyo                   | September 1980                                  | 7,243                          | 3.0%                  |
| 8   | The Beach Tower Okinawa                | Resort          | Mid-price    | 280                     | Okinawa                 | March 2004 (Extended in June 2005 and May 2006) | 7,610                          | 3.2%                  |
| 9   | Hakone Setsugetsuka                    | Resort          | Mid-price    | 158                     | Kanto (excluding Tokyo) | October 2006                                    | 4,070                          | 1.7%                  |
| 10  | Dormy Inn Kumamoto                     | Limited-service | Mid-price    | 294                     | Other                   | January 2008                                    | 2,334                          | 1.0%                  |
| 12  | the b Suidobashi                       | Limited-service | Mid-price    | 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                            | 0.4%                  |
| 14  | Hakata Nakasu Washington Hotel Plaza   | Limited-service | Mid-price    | 247                     | Other                   | March 1995                                      | 2,130                          | 0.9%                  |
| 15  | Nara Washington Hotel Plaza            | Limited-service | Mid-price    | 204                     | Kansai                  | March 2000                                      | 2,050                          | 0.9%                  |
| 16  | R&B Hotel Ueno-Hirokoji                | Limited-service | Economy      | 187                     | Tokyo                   | April 2002                                      | 1,720                          | 0.7%                  |
| 17  | R&B Hotel Higashi-Nihombashi           | Limited-service | Economy      | 202                     | Tokyo                   | March 1998                                      | 1,534                          | 0.6%                  |
| 18  | Comfort Hotel Tokyo Higashi-Nihombashi | Limited-service | Economy      | 259                     | Tokyo                   | January 2008                                    | 3,746                          | 1.6%                  |
| 22  | Smile Hotel Nihombashi-Mitsukoshimae   | Limited-service | Economy      | 164                     | Tokyo                   | March 1997                                      | 2,108                          | 0.9%                  |
| 24  | Toyoko Inn Hakataguchi Ekimae          | Limited-service | Economy      | 257                     | Other                   | September 2001                                  | 1,652                          | 0.7%                  |
| 25  | Hotel Vista Kamata Tokyo               | Limited-service | Economy      | 106                     | Tokyo                   | January 1992                                    | 1,512                          | 0.6%                  |
| 26  | Chisan 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                          | 2.5%                  |
| 30  | Hotel Sunroute Shimbashi               | Limited-service | Mid-price    | 220                     | Tokyo                   | March 2008                                      | 4,800                          | 2.0%                  |
| 31  | Hilton Tokyo Bay                       | Resort          | Luxury       | 818                     | Kanto (excluding Tokyo) | June 1988                                       | 26,050                         | 10.9%                 |
| 32  | Ibis Styles Kyoto Station              | Limited-service | Mid-price    | 215                     | Kansai                  | March 2009                                      | 6,600                          | 2.8%                  |
| 33  | Ibis Styles Sapporo                    | Limited-service | Mid-price    | 278                     | Hokkaido                | July 2010                                       | 6,797                          | 2.8%                  |
| 34  | Mercure Sapporo                        | Limited-service | Mid-price    | 285                     | Hokkaido                | April 2009                                      | 6,000                          | 2.5%                  |
| 35  | Mercure Okinawa Naha                   | Limited-service | Mid-price    | 260                     | Okinawa                 | August 2009                                     | 3,000                          | 1.3%                  |
| 36  | the b Akasaka-Mitsuke                  | Limited-service | Mid-price    | 122                     | Tokyo                   | November 2002                                   | 6,250                          | 2.6%                  |
| 37  | the b Ikebukuro                        | Limited-service | Mid-price    | 175                     | Tokyo                   | June 1982                                       | 6,520                          | 2.7%                  |
| 38  | the b Ochanomizu                       | Limited-service | Mid-price    | 72                      | Tokyo                   | August 1999                                     | 2,320                          | 1.0%                  |
| 39  | the b Hachioji                         | Limited-service | Mid-price    | 196                     | Tokyo                   | August 1986                                     | 2,610                          | 1.1%                  |
| 40  | the b Hakata                           | Limited-service | Mid-price    | 175                     | Other                   | September 1997                                  | 2,300                          | 1.0%                  |
| 41  | Hotel Francs                           | Full-service    | Mid-price    | 222                     | Kanto (excluding Tokyo) | August 1991                                     | 3,105                          | 1.3%                  |
| 42  | Mercure Yokosuka                       | Full-service    | Mid-price    | 160                     | Kanto (excluding Tokyo) | November 1993                                   | 1,650                          | 0.7%                  |
| 43  | Okinawa Marriott Resort & Spa          | Resort          | Upper-middle | 361                     | Okinawa                 | March 2005                                      | 14,950                         | 6.2%                  |
| 44  | ACTIVE-INTER CITY HIROSHIMA            | Full-service    | Luxury       | 238                     | Other                   | August 2010                                     | 17,320                         | 7.2%                  |
| 45  | CANDEO HOTELS UENO-KOEN                | Limited-service | Mid-price    | 268                     | Tokyo                   | December 2009                                   | 6,705                          | 2.8%                  |
| 46  | Hotel Centraza Hakata                  | Full-service    | Mid-price    | 194                     | Other                   | July 1986                                       | 7,197                          | 3.0%                  |
|     | Total                                  | —               | —            | 9,102                   | —                       | —                                               | 239,625                        | 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) Type, grade and total number of guest rooms of ACTIVE-INTER CITY HIROSHIMA are those of the main facility, Sheraton Hiroshima Hotel.
- (\*6) 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.