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REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)  
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Notice Concerning Disposition of Asset (“Hotel Vista Hashimoto”)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) has resolved to dispose of the asset today as follows:

1. Asset summary

Name of the asset to be disposed	Hotel Vista Hashimoto
Category of the asset to be disposed	Real estate beneficial interest in trust
Acquisition date	August 1, 2007
Asset category by use	Hotel
Asset type (*1)	Business Hotel
Grade (*2)	Economy
Transfer price (*3)	JPY380M
Book value (*4)	JPY593M
Estimated loss on transfer (*5)	-JPY223M
Conclusion of the Disposition Contract	May 23, 2013
Scheduled transfer date	June 28, 2013
Buyer	See “5. Buyer summary”.

(\*1) Hotels are categorized into “Business Hotel”, “City Hotel”, and “Resort Hotel” based on the type of operation.

(\*2) JHR has categorized the hotel grade into four categories such as “Luxury class”, “Upper middle class”, “Mid-price class” and “Economy class” based on the average daily rate.

(\*3) The transfer price does not include the transfer cost, settlement of the fixed property tax and city planning tax, consumption tax and local consumption tax.

(\*4) The estimated book value as of the end of June 2013 is indicated. The figures less than JPY1M is rounded down.

(\*5) The estimated loss on transfer of this disposition is calculated based on the transfer price, JPY380M, the estimated book value as of the end of June 2013, JPY593M, and the disposition cost of JPY10M. The figures less than JPY1M is rounded down.

## 2. Rationale of the disposition

As a part of the growth strategy, JHR has strived to improve the portfolio quality through the asset replacement and other efforts. The profitability of aforementioned Hotel Vista Hashimoto has been declining and recovery is no longer expected even with the capital investment and operational improvement in future. Consequently, JHR determined to dispose of the hotel.

The transfer loss of JPY223M (estimate) will be incurred by this disposition but the loss will be covered by the negative goodwill, and the disposition impact on the dividend of the 14<sup>th</sup> period (FY12/2013) will be evaded.

In order to ensure diligent growth of the asset under management and stable profit, JHR will continue to manage the asset from medium to long term perspective. JHR will strive to improve the portfolio quality further by taking advantage of negative goodwill when required.

## 3. Intended use of the disposition proceeds

JHR plans to prepay some loans with the disposition proceeds in accordance with the loan agreements concluded with the financial institutions as of today. Please refer to the “Notice Concerning Prepayment of Loans” dated today for detail.

## 4. Summary of the asset to be disposed

Asset category		Beneficial interest in trust
Location		221-1, 6-chome, Hashimoto, Midori-ku, Sagamihara-shi, Kanagawa prefecture
Intended use		Hotel
Area	Land	623.79m <sup>2</sup>
	Building	2,514.59m <sup>2</sup>
The way of owning	Land	Ownership
	Building	Ownership
Building structure		Steel framed reinforced concrete building with flat roof. Ten stories above ground and two below.
Building completion		December 1976
Acquisition price		JPY1.510B
Appraisal value		JPY612M as of December 31, 2012 Appraiser: Morii Appraisal & Investment Consulting Inc.
Trustee		Sumitomo Mitsui Trust Bank, Limited
Expiration of the trust period		December 17, 2014
No. of tenant		1
Rentable area		2,514.59m <sup>2</sup>
Area rented		2,514.59m <sup>2</sup>
Rent		JPY7M/month
Security deposit and guarantee money		JPY35M
Occupancy (based on the area rented)		100%
Mortgage		Mortgage is settled.

## 5. Buyer summary

Name	APA Mansion Ltd.
Location of the head office	1-5 Daiwa-machi, Kanazawa city, Ishikawa prefecture
Representative	Toshio Motoya
Amount of Capital	JPY90M
Establishment	February 1994

Buyer's business	Real estate leasing business Real estate sales business
Relationships between JHR, its asset management company and the buyer	Relationship that should be statutory reported such as capital relationship, human relationship, and business relationship do not exist between JHR, its asset management company and the buyer. The related parties of JHR and its asset management company do not have any capital and human relationships with the related parties of the buyer and its related company. The buyer is not the related party of JHR and its asset management company. The related parties and related companies of the buyer are not the related parties of JHR and its asset management company.

## 6. Summary of the intermediary

### (1) Summary of the intermediary

Name of the company	Sumitomo Mitsui Trust Bank, Limited
Location of the head office	4-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo
Title and name of the representative director	Hitoshi Tsunekage, Representative Director and President
Amount of Capital	JPY342B (as of March 31, 2013)
Establishment	July 1925
Intermediary's business	Trust bank business
Relationships between JHR, its asset management company and the intermediary	JHR has entrusted the intermediary with the asset custody business thus the intermediary is the related party of JHR.

### (2) Breakdown of the broker's fee and its amount

They are not disclosed, as the intermediary does not agree with disclosure.

## 7. Transfer schedule

Approval of Board of Directors	May 23, 2013
Conclusion of the disposition contract	May 23, 2013
Settlement and transfer	June 28, 2013 (plan)

## 8. Future prospect

The impact on the operating forecast of the fiscal year December 2013 (January 1, 2013 through December 31, 2013) is slight and no change is required as of today.

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

<Reference: Portfolio list after disposition of Hotel Vista Hashimoto>

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	City	Upper middle	319	Kansai	July 1995	10,900	7.0%
2	Oriental Hotel Tokyo Bay	City	Mid-price	503	Kanto (Tokyo exclusive)	May 1995	19,900	12.8%
3	Namba Oriental Hotel	Business	Mid-price	257	Kansai	March 1996	15,000	9.7%
4	Hotel Nikko Alivila	Resort	Luxury	396	Okinawa	April 1994	18,900	12.2%
5	Oriental Hotel Hiroshima	City	Upper Middle	227	Other	September 1993 (Extended in September 2006)	4,100	2.6%
6	Ibis Tokyo Shinjuku	Business	Mid-price	206	Tokyo	September 1980	7,243	4.7%
8	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	March 2004 Extended in June 2005 and May 2006	7,610	4.9%
9	Hakone Setsugetsuka	Resort	Mid-price	158	Kanto (Tokyo exclusive)	October 2006	4,070	2.6%
10	Dormy Inn Kumamoto	Business	Mid-price	294	Other	January 2008	2,334	1.5%
11	Dormy Inn Namba	Business	Economy	105	Kansai	February 1999	1,270	0.8%
12	Dormy Inn Suidobashi	Business	Economy	99	Tokyo	August 1986 Extended in September 1989	1,120	0.7%
13	Dormy Inn Asakusa	Business	Economy	77	Tokyo	March 1997	999	0.6%
14	Hakata Nakasu Washington Hotel Plaza	Business	Mid-price	247	Other	March 1995	2,130	1.4%
15	Nara Washington Hotel Plaza	Business	Mid-price	204	Kansai	March 2000	2,050	1.3%
16	R&B Hotel Ueno-Hirokoji	Business	Economy	187	Tokyo	April 2002	1,720	1.1%
17	R&B Hotel Higashi-Nihombashi	Business	Economy	203	Tokyo	March 1998	1,534	1.0%
18	Comfort Hotel Tokyo Higashi-Nihombashi	Business	Economy	259	Tokyo	January 2008	3,746	2.4%
19	Comfort Hotel Shin Yamaguchi	Business	Economy	139	Other	August 2007	866	0.6%
20	Pearl Hotel Kayabacho	Business	Economy	268	Tokyo	January 1981	3,121	2.0%
21	Daiwa Roynet Hotel Akita	Business	Economy	221	Other	June 2006	1,760	1.1%
22	Smile Hotel Nihonbashi-Mitsukoshimae	Business	Economy	164	Tokyo	March 1997	2,108	1.4%
23	Hotel Sunroute Niigata	Business	Mid-price	231	Other	August 1992	2,105	1.4%
24	Toyoko Inn Hakataguchi Ekimae	Business	Economy	257	Other	September 2001	1,652	1.1%
25	Hotel Vista Kamata Tokyo	Business	Economy	106	Tokyo	January 1992	1,512	1.0%
26	Chisan Inn Kamata	Business	Economy	70	Tokyo	April 2003	823	0.5%
29	Hotel Keihan Universal City	Resort	Mid-price	330	Kansai	June 2001	6,000	3.9%
30	Hotel Sunroute Shimbashi	Business	Mid-price	220	Tokyo	March 2008	4,800	3.1%
31	Hilton Tokyo Bay Hotel	Resort	Luxury	809	Kanto (Tokyo exclusive)	June 1988	26,050	16.8%
	Total	-	-	6,836	-	-	155,423	100.0%

(\*1) No. of rooms available to sell as of today is indicated. (Rooms occupied by the hotel for a long term is excluded.)

(\*2) Kansai means Kyoto, Osaka, Shiga, Hyogo, Nara and Wakayama prefectures. Kanto means Kanagawa, Chiba, Saitama, Ibaragi, Gunma, Tochigi and Yamanashi prefectures (Tokyo exclusive). Tokyo and Okinawa mean Tokyo Metropolitan Area and Okinawa prefecture respectively.

(\*3) The purchase prices stated on the Purchase and Sale Agreement for the Beneficial Interest in Trust or Real Estate are indicated (Consumption tax, local consumption tax and the acquisition cost such as broker's fee are not included.) The acceptance prices are indicated for the assets accepted through the merger.

(\*4) The percentage of each purchase price to the total purchase price is indicated and the figures less than the second decimal place are rounded off.

(\*5) The properties that have already been disposed, No. 7 (Hotel Resol Sapporo Minami-Nijo), No. 28 (Millennia Hotel Matsuyama) and No. 27 (Hotel Vista Hashimoto) are missing numbers.