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October 24, 2013

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)
Yukio Isa, Executive Director

Asset Management Company:

Japan Hotel REIT Advisors Co., Ltd.
Hiroyuki Suzui, Representative Director

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Notice Concerning Modification of Articles of Incorporation and Appointment of Directors
(Summary)

This is to inform you that Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) has resolved to propose partial modification of the Articles of Incorporation and appointment of Directors as below at the 6th Investors’ Meeting of JHR (hereinafter called “Investors’ Meeting”) to be held on November 28, 2013. The below-mentioned matters will be effective upon approval of the Investors’ Meeting.

1. Partial modification of the Articles of Incorporation

Rationales of modification are as follows:

(1) Matter in relation to Article 6, Article 38 and supplementary provisions

Pursuant to the Act for Partial Revision of the Financial Instruments and Exchange Act, etc. (Law No. 45/2013) promulgated in June 19, 2013, Act on Investment Trusts and Investment Corporations (Law No. 198/1951 and any modifications made thereafter) has been modified and the investment corporation will be able to acquire its investment unit for profit by the mutual agreement between the investment corporation and investors. Preparing for case where the above revision will come into force, JHR will make new regulation that enables JHR to acquire its own investment unit (Article 6, Clause 4), and update the Articles of Incorporation accordingly.
As of today, JHR has no plan to acquire its own investment unit.

(2) Matter in relation to Article 17

New regulation will be made through which Director’s term of office that has been stipulated by the Articles of Incorporation can be shortened by approval of Investors’ Meeting.

(3) Matter in relation to Article 28

Category and sphere of the investment target assets will be clarified and necessary regulation(s) will be updated in accordance with this clarification.

(4) Matter in relation to Article 32

The Investment Trust Association, Japan was changed from incorporated body to general incorporated association in January 4, 2013, and modification is necessary according to this change.

(5) Matter in relation to Article 34

Regulation of The Investment Trust Association, Japan (General incorporated association) has been partially modified concerning dividend. Thus, the regulation concerning dividend from excess of earnings will be mainly modified.

(6) Matter in relation to Article 36

In order to establish the management fee structure through which JHR will be able to pay the utmost attention to the investors' benefit, the management fee structure that links with dividend per unit (Management fee 3*) will be newly implemented. Simultaneously with it, the percentage of the present management fee (Management fee 1*) will be partially reviewed and the major investment target assets that are the computation basis for the asset management fee will be organized.

(*) See Appendix for the Management fee 1 and the Management fee 3.

(7) Other

Wordings will be modified and the numbers of articles and clauses will be updated where necessary.

2. Appointment of Directors

The term of the office of Yukio Isa, Executive Director, Hiroshi Matsuzawa, Supervisory Director and Tetsuya Mishiku, Supervisory Director will be expired on March 31, 2014. However, they have notified us of resignation from their positions on November 30, 2013, and JHR will propose to appoint one Executive Director and two Supervisory Directors at the Investors' Meeting. The term of office of the Executive Director and the Supervisory Director is two years from December 1, 2013 according to the present Articles of Incorporation of JHR.

In addition, JHR will propose to determine the substitute Executive Director just in case the number of Executive Director does not satisfy the number stipulated by Law. The candidate substitute Executive Director, Hiroyuki Suzui, is the Representative Director of Japan Hotel REIT Advisors, Co., Ltd. that has concluded the asset management services agreement with JHR.

- (1) Candidate for the Executive Director
Yukio Isa (Reappointment)
- (3) Candidate for the Supervisory Director
Hiroshi Matsuzawa (Reappointment)
Tetsuya Mishiku (Reappointment)
- (3) Candidate for the substitute Executive Director
Hiroyuki Suzui (New appointment)

3. Schedule of the Investor's Meeting

October 24, 2013:	Board approval for the agenda of Investors' Meeting
November 13, 2013:	Dispatch of the convocation notice of the Investors' Meeting (plan)
November 28, 2013:	Investors' Meeting (plan)
	Time: 10:00am
	Venue: AP Tokyo Yaesu-dori, 13 th floor, KPP Yaesu Building
	10-7, 1-chome, Kyobashi, Chuo-ku, Tokyo

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

Appendix: Drafted modification of Articles of Association (Extract) (Chart in relation to Article 36)

Appendix

1) Fee structure for the Management Fee 1

Before modification	After modification
<p>Management fee 1 shall be the amount calculated by (i) multiplying the balance of the total assets (*) held by the Investment Corporation as of the end of March, June and September during each business period and as of the end of the three months immediately preceding the Settlement Date of each business period (the “Calculation Record Date”) by the annual rate of no more than <u>0.4%</u> separately agreed upon between the Investment Corporation and the Asset Management Company and (ii) then prorated on a per diem basis (fractions less than one yen shall be rounded down), based on a year of three hundred sixty five days, for the period from the previous Calculation Record Date (not including such date) until the relevant Calculation Record Date (including such date). When calculating the management fee 1, which the record date is on the end of June 2012, <u>the applicable number of days shall be ninety-one days starting from April 1, 2012 up to the end of June 2012.</u></p> <p>*The total assets are the total of the cash reserves balance, the securities balance, tangible assets and intangible assets.</p>	<p>Management fee 1 shall be the amount calculated by (i) multiplying the balance of the total assets (*) held by the Investment Corporation as of the end of March, June and September during each business period and as of the end of the three months immediately preceding the Settlement Date of each business period (the “Calculation Record Date”) by the annual rate of no more than <u>0.35%</u> separately agreed upon between the Investment Corporation and the Asset Management Company and (ii) then prorated on a per diem basis (fractions less than one yen shall be rounded down), based on a year of three hundred sixty five days, for the period from the previous Calculation Record Date (not including such date) until the relevant Calculation Record Date (including such date). When calculating management fee 1, which the record date is by the end of December 2013, the applicable annual rate shall be <u>no more than 0.4%.</u></p> <p>(*) The total assets are the total of the cash reserves balance, the securities balance, tangible fixed assets and intangible fixed asset.</p>

2) Fee structure for the Management Fee 3

Before modification	After modification
<p><New></p>	<p>Management fee 3 shall be the amount calculated by (i) dividing the total available dividend amount before deducting management fee 3 (*) for each business period of the Investment Corporation by the total investment units issued at the end of December each year (“Dividend per unit before deducting the management fee 3”) (Fractions less than one yen shall be rounded down.) and (ii) then multiplying the coefficient of no more than 43,000 which separately agreed upon between the Investment Corporation and the Asset Management Company. (In the event that the investment unit is split, 43,000 shall be multiplied by split ratio (**). When the investment unit is split multiple times, the same calculation shall be repeated.)</p> <p>(*) Dividend per unit before deducting the management fee 3 is the available dividend amount for each business period of the Investment Corporation stipulated by Article 34, Clause 1 (before deducting corporate tax, inhabitant tax and business tax, adjustment amount of the corporate tax, management fee 3 and its nondeductible consumption tax, etc.).</p> <p>(**) Split ratio is the ratio calculated by (i) dividing the total investment units issued after split by the total investment units issued before split.</p> <p>This clause shall be effective from the fiscal year December 2014.</p>

2-1) Timing for paying the Management Fee 3

Before modification	After modification
<p><New></p>	<p>The provisional management fee 3(*) shall be paid within three months after the end of June each year, and the balance after deducting the provisional management fee from the management fee 3 shall be paid within three months</p>

	<p>after the end of December. In the event that the amount of the provisional management fee 3 exceeds the amount of the management fee 3, the excess will be refunded within three months after the end of December each year.</p> <p>(*) Provisional management fee 3 is the amount calculated by (i) dividing the midterm net profit before tax for the period of six months ending at the end of June each year (before deducting the provisional management fee 3 and its nondeductible consumption tax) by the total investment units issued as of the end of June above (fractions less than one yen is rounded down), and (ii) then multiplying the coefficient of no more than 43,000 separately agreed upon between the investment corporation and the Asset Management Company. (In the event that the investment unit is split, 43,000 shall be multiplied by split ratio (**). When the investment unit is split multiple times, the same calculation shall be repeated.)</p> <p>(**) Split ratio is the ratio calculated by (i) dividing the total investment units issued after split by the total investment units issued before split.</p>
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