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REIT Issuer:

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Notice Concerning Disposition of Asset (“Hotel Resol Sapporo Minaminijo”)

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

1. Disposition summary

Name of the asset to be disposed	Hotel Resol Sapporo Minaminijo (Sapporo NH Building)
Category of the asset to be disposed	Real estate beneficial interest in trust
Acquisition date	June 15, 2006
Asset category by use	Hotel
Asset type (*1)	Business Hotel
Grade (*2)	Economy
Transfer price (*3)	JPY420,000,000.-
Book value (*4)	JPY824,000,000.-
Estimated loss on transfer(*5)	-JPY411,000,000.-
Conclusion of the Disposition Contract	November 22, 2012
Scheduled transfer date	December 21, 2012
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 fixed property tax and city planning tax, consumption tax and local consumption tax.

(*4) Estimated book value as of the end of December 2012 is indicated. The amount less than JPY1M is rounded down.

(*5) Estimated loss on transfer is calculated based on the following assumptions. Transfer price: JPY420M. Estimated book value as of the end of December 2012: JPY824M. Disposition costs: JPY7M. The amount less than JPY1M is rounded off.

2. Rationale of the dispositions

Based on the growth strategy after the merger on April 1, 2012 (hereinafter called “merger”), JHR has strived for improving the quality of the portfolio through the asset replacement. JHR has determined to dispose of the property above because of its low profitability within the portfolio after the merger and no significant

improvement of the business environment will be difficult to expect going forward.

The loss on the transfer of approximately JPY411M is projected for this disposition. But it will be covered by the increased retained earnings resulted from the negative goodwill of the merger and JHR plans to evade the impact on the dividend for 13th period (FY12/2012). Taking advantage of this negative goodwill, JHR will continuously dispose of the asset whose profitability is low and drastic improvement is difficult to expect for improving the portfolio quality.

3. Intended use of the disposition proceeds

The disposition proceeds will be appropriated for the pre-payment of some loans based on the loan agreement having been concluded with the financial institutions. Please refer to “Notice concerning Pre-Payment of Loan” issued today for detail.

4. Summary of the asset to be disposed

Asset	Beneficial interest in trust	
Location	26-1, Nishi 5-chome, Minaminiho, Chuo-ku, Sapporo-shi, Hokkaido	
Intended use	Hotel	
Area	Land	811.69m ²
	Building	5,638.78m ² (Accessory building (Cylinder room, 3.90 m ²) inclusive)
Ownership	Land	Ownership
	Building	Ownership
Building structure	Steel-reinforced concrete structure and steel-framed building with flat roof. Fifteen stories above ground with one below.	
Building completion	August 1992	
Acquisition price	JPY850,000,000.-	
Appraisal value	JPY479,000,000.- as of March 31, 2012 Appraiser: Morii Appraisal & Investment Consulting Inc.	
Trustee	Sumitomo Mitsui Trust Bank, Limited	
Expiration of the trust period	February 28, 2021	
Number of tenant	1	
Rentable area	5,638.78m ² (Accessory building (Cylinder room, 3.90 m ²) inclusive)	
Area rented	5,638.78m ² (Accessory building (Cylinder room, 3.90 m ²) inclusive)	
Rent	Variable rent system (31% of the sum of monthly room sales, monthly service charge and monthly incidental income is paid.) has been adopted (JPY65M/year has been determined as the minimum guaranteed rent.)	
Security deposit and guarantee money	JPY16M.-	
Occupancy	100%	
Mortgage	Mortgage is settled.	

5. Buyer summary

Name	Godo Kaisha Palladio Hospitality Two
Location	Tokyo Kyodo Accounting Office, 3-1-1 Marunouchi, Chiyoda-ku, Tokyo
Title and name of the representative	Representative Member, Ippann Shadan Hojin Palladio Holdings
Amount of Capital	JPY100,000.-
Establishment	November 2011

Buyer's business	<ol style="list-style-type: none"> 1. Acquisition, disposition, leasing, owning and management of the real estates. 2. Acquisition, owning and disposition of the real estate beneficial interest in trust. 3. Any related works required for the above 1. and 2.
Relationship between the buyer and JHR or its asset management company	<p>Relationships 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.</p> <p>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, which should be specially mentioned. The buyer is not the related parties of JHR or its asset management company. The related parties of the buyer are not the related parties of JHR and its asset management company, either.</p>

6. Summary of the intermediary

There is nothing to specify.

7. Disposition schedule

Approval of Board of Directors	November 22, 2012
Conclusion of disposition contract	November 22, 2012
Settlement and transfer date	December 21, 2012 (plan)

8. Future prospect

The impact on the operating forecast for the 12th period, 2012 (April 1, 2012 through December 31, 2012) is slight and no revision has been scheduled as of today.

<Reference: Portfolio list after disposition of Hotel Resol Sapporo Minaminijo>

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	8.3%
2	Oriental Hotel Tokyo Bay	City	Mid-price	503	Kanto (Tokyo exclusive)	May 1995	19,900	15.2%
3	Namba Oriental Hotel	Business	Mid-price	257	Kansai	March 1996	15,000	11.5%
4	Hotel Nikko Alivila	Resort	Luxury	396	Okinawa	April 1994	18,900	14.4%
5	Oriental Hotel Hiroshima	City	Upper Middle	227	Other	September 1993 (Extended on September 2006)	4,100	3.1%
6	Ibis Tokyo Shinjuku	Business	Mid-price	206	Tokyo	September 1980	7,243	5.5%
8	The Beach Tower Okinawa	Resort	Mid-price	280	Okinawa	March 2004 Extended on June 2005 and May 2006	7,610	5.8%
9	Hakone Setsugetsuka	Resort	Mid-price	158	Kanto (Tokyo exclusive)	October 2006	4,070	3.1%
10	Dormy Inn Kumamoto	Business	Mid-price	294	Other	January 2008	2,334	1.8%
11	Dormy Inn Namba	Business	Economy	105	Kansai	February 1999	1,270	1.0%
12	Dormy Inn Suidobashi	Business	Economy	99	Tokyo	August 1986 Extended on September 1989	1,120	0.9%
13	Dormy Inn Asakusa	Business	Economy	77	Tokyo	March 1997	999	0.8%
14	Hakata Nakasu Washington Hotel Plaza	Business	Mid-price	247	Other	March 1995	2,130	1.6%
15	Nara Washington Hotel Plaza	Business	Mid-price	204	Kansai	March 2000	2,050	1.6%
16	R&B Hotel Ueno-Hirokoji	Business	Economy	187	Tokyo	April 2002	1,720	1.3%
17	R&B Hotel Higashi-Nihombashi	Business	Economy	203	Tokyo	March 1998	1,534	1.2%
18	Comfort Hotel Tokyo Higashi-Nihombashi	Business	Economy	259	Tokyo	January 2008	3,746	2.9%
19	Comfort Hotel Shin Yamaguchi	Business	Economy	139	Other	August 2007	866	0.7%
20	Pearl Hotel Kayabacho	Business	Economy	268	Tokyo	January 1981	3,121	2.4%
21	Daiwa Roynet Hotel Akita	Business	Economy	221	Other	June 2006	1,760	1.3%
22	Smile Hotel Nihonbashi-Mitsukoshimae	Business	Economy	164	Tokyo	March 1997	2,108	1.6%
23	Hotel Sunroute Niigata	Business	Mid-price	231	Other	August 1992	2,105	1.6%
24	Toyoko Inn Hakataguchi Ekimae	Business	Economy	257	Other	September 2001	1,652	1.3%
25	Vista Hotel Kamata	Business	Economy	106	Tokyo	January 1992	1,512	1.2%
26	Chisan Inn Kamata	Business	Economy	70	Tokyo	April 2003	823	0.6%
27	Hotel Vista Hashimoto	Business	Economy	99	Kanto (Tokyo exclusive)	December 1986	1,510	1.2%
29	Hotel Keihan Universal City	Resort	Mid-price	330	Kansai	June 2001	6,000	4.6%
30	Hotel Sunroute Shimbashi	Business	Mid-price	220	Tokyo	March 2008	4,800	3.7%
	Total	-	-	6126	-	-	130,883	100.0%

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

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



(*3) The properties owned by former Nippon Hotel Fund or properties acquired after merger indicate the purchase prices on the Real Estate Purchase Contract or the Real Estate Beneficial Interest in Trust Purchase Contract (Consumption tax and the local consumption tax exclusive). The properties owned by former Japan Hotel and Resort, Inc. indicate the reevaluated prices for the merger. They do not include the incidental cost such as tax or brokerage, etc.

(*4) The purchase price of the properties \div The total acquisition price. The amount less than two decimal places is rounded off.