

This English translation is provided for information purposes only. If any discrepancy is identified between this translation and the Japanese original, the Japanese original shall prevail.

December 12, 2014

REIT Issuer:

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

Asset Management Company:

Japan Hotel REIT Advisors Co., Ltd.
Hisashi Furukawa, Representative Director and President

Contact:

Kazuyuki Udo
Director and Officer
Management & Planning Office
TEL: +81-3-6422-0530

Notice Concerning New Efforts for Wedding Department at Kobe Meriken Park Oriental Hotel

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that regarding one of the assets owned by JHR, Kobe Meriken Park Oriental Hotel (hereinafter called the “Hotel”), the lessee of the Hotel, Hotel Management Japan Co., Ltd. (hereinafter called “HMJ”) and Positive dream persons inc. (hereinafter called “PDP”) have concluded an Operations Support Agreement (hereinafter called “Operations Support Agreement”) for Wedding Department of the Hotel to improve its profit and organizational strength. The summary is as follows.

1. Background of Concluding Operations Support Agreement

The Hotel is situated in an excellent location surrounded by 270 degrees of sea. It has established itself as a resort hotel representing Kobe city. Its Wedding Department has been highly recognized as one of the best wedding facilities in Kobe area.

However, companies specializing in wedding events recently have opened wedding facilities one after another, making Kobe area a highly competitive district for wedding business. Improving the sales of the Wedding Department has been an issue for the Hotel.

Under the circumstances, HMJ has been continuing to implement measures to improve the profit of Wedding Department. JHR has also been tackling to improve the Wedding Department’s profit by renovating banquet facilities among other measures, in collaboration with HMJ.

To further strengthen the efforts and accumulate its know-hows and improve competitiveness in the medium- and long-term, HMJ has opted to engage in a partnership with PDP, which has a proven track record of revitalizing hotel wedding business.

HMJ believes that PDP, a major player in the wedding industry, owns high-level of know-how on operation. PDP also has rich experience in cooperation with hotels such as The Landmark Square Tokyo (former Hotel Pacific Tokyo) and The Marcus Square Fukuoka (former Fukuoka Yamanoue Hotel). HMJ therefore judged that PDP will be the most suitable partner to improve the profit of the Hotel’s Wedding Department and concluded the Operations Support Agreement.

2. Summary of Operations Support

The summary of operations support provided by PDP is as follows.

Period: In principal, 5 years from January 1, 2015

Summary of agreement: A comprehensive operations support focusing on marketing which is a key to wedding business and conclusion of new deals (improvement of close rate).

< Main operations support services >

Marketing support

PDP will be responsible for the whole marketing activities such as product development, proposing and planning bridal fairs, advertising, etc. PDP will appoint staff with rich experience in marketing of wedding and improve marketing approach. By having professional marketing staff that plan and implement strategies, the Hotel plans to increase the number of potential client who visit there.

Conclusion of new deals

In response to diversification of client needs, a high level of hospitality to clients is required. PDP unifies the know-how of customer-care techniques at the headquarters and have an excellent human resource development program. In this Operations Support Agreement, PDP will dispatch top-level staff with customer-care skills to the Hotel to improve close rate.

Consulting

PDP will assign a consultant for the Hotel who will provide comprehensive consulting including the improvement of wedding unit price, product development, and control of cost rates. Through reviewing costs in addition to improving sales, the Hotel will work to realize higher revenue.

By implementing the above measures, the Hotel plans to improve the profit of the Wedding Department, and build an organization that can sustain competitiveness in the medium- and long-term.

3. Summary of PDP

Name	Positive dream persons inc.
Location	15-1, Minami 1-chome, Shibuya-ku, Tokyo
Major business	Planning and operation of hotel facilities, planning and operation of restaurant facilities, planning and operation of wedding facilities, planning and operation of banquet facilities, planning and operation of flower facilities, consulting business.
Name and title of representative	Takamasa Sugimoto, President and CEO
Capital	JPY281,100,000
Establishment	July 1, 1997
Listing on stock exchange	Unlisted
Relationship between JHR or its asset management company	
Capital relationship Human relationship Business relationship	JHR and its asset management company do not have any capital, human, and business relationships that should be statutory reported with the company. The related parties of JHR and its asset management company do not have any capital, human, and business relationships that should be specifically reported with the related parties of the company.
Related parties	The company does not come under the related parties of JHR and its asset management company. Related parties of the company do not come under the related parties of JHR and its asset management company.
Remarks	PDP operates a wedding business as a main business but also operates hotel, restaurant, and flower businesses. It organizes over 3,000 wedding events in 17 venues throughout Japan annually. It also has a proven record of consulting hotels' wedding departments. It is a pioneer company that revitalizes a wedding business in collaboration with hotels.

4. Future prospects

Upon the improvement of revenue due to the Operations Support Agreement, JHR may receive increased variable rent. Since the Operations Support Agreement is effective on January 1, 2015, the operating forecast for the Fiscal Period Ending December 2014 (January 1, 2014 to December 31, 2014) will not be changed.

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