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October 6, 2015

REIT Issuer:

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

Asset Management Company:

Japan Hotel REIT Advisors Co., Ltd.
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Notice Concerning Issuance of Investment Corporation Bonds

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you of its decision to issue investment corporation bonds today as follows.

1. Summary of investment corporation bonds

(1)	Name of investment corporation bonds	Fifth unsecured investment corporation bonds of JHR (with pari passu covenants among investment corporation bonds) (nickname: Hotel REIT Bond) (hereinafter called “Bonds”)
(2)	Total amount of Bonds	JPY6 billion
(3)	Form of Bonds	Bond certificates will not be issued since Bonds are subject to the Act on Book-Entry Transfer of Company Bonds, Shares, etc.
(4)	Issue price	JPY100 for JPY100 of each Bond
(5)	Redemption price	JPY100 for JPY100 of each Bond
(6)	Interest rate	0.82%/year
(7)	Amount of each Bond	JPY1 million
(8)	Offering method	Public offering
(9)	Subscription period	October 7, 2015 (Wednesday) through October 22, 2015 (Thursday)
(10)	Payment date	October 23, 2015 (Friday)
(11)	Collateral	Neither collateral nor guarantee is provided for Bonds, and no assets have been particularly secured for Bonds.
(12)	Redemption method and date	The total amount of Bonds will be redeemed on October 21, 2022. Bonds may be repurchased and cancelled any time from the day

following the payment date except for case(s) separately determined by the depository.

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| (13) | Interest payment date | April 23 and October 23 each year
If the payment date falls on a bank holiday, the payment shall be made on the preceding business day. |
| (14) | Financial covenants | A negative pledge clause and a clause of conversion from unsecured to secured bonds are applicable. |
| (15) | Rating of Bonds | A (Japan Credit Rating Agency, Ltd.) |
| (16) | Bond administrator, issuing agent, and paying agent | Mizuho Bank, Ltd. |
| (17) | Underwriters | SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd. |

2. Rationale for issuance

To use proceeds to repay existing short-term loans.

3. Amount of proceeds, use, and planned payment schedule

(1) Amount of proceeds (ballpark net amount)

JPY5,956M

(2) Intended use of proceeds and planned payment schedule

The proceeds are planned to be used to partially prepay existing short-term loans in the amount of JPY6,000M on October 30, 2015.

4. Interest-bearing debts after issuance of Bonds and repayment of existing loans

(Unit: JPY1M)

Category		Before Issuance of Bonds	After Issuance of Bonds and Repayment of Short-Term Loans	Fluctuation
	Short-term loan	6,000	0	-6,000
	Long-term loan payable within one year	13,913	13,900	-12
	Long-term loan	71,964	71,953	-11
	Total loans	91,878	85,854	-6,023
	Investment corporation bonds except for those to be redeemed within one year	6,000	12,000	+6,000
	Total investment corporation bonds	6,000	12,000	+6,000
	Total interest-bearing debts	97,878	97,854	-23

(*) The amount of total interest-bearing debts as of the end of October 2015 is the number after the contractual repayment. The amount is rounded down to the nearest one million yen.

5. Other necessary matters that investors should know to understand and judge the above information appropriately.

With respect to the risk in relation to redemption of Bonds, etc., no important change is required in “Investment Risk” in both the Securities Report for the 15th period submitted on March 20, 2015 and the Midterm Securities Report for the 16th period submitted on September 18, 2015.

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