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January 13, 2016

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)

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Notice Concerning Determination of Prices, etc. for Issuance of New Investment Units and Secondary Offering

In relation to the issuance of new investment units and secondary offering resolved at the Board of Directors Meeting of Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) dated January 4, 2016, the Board of Directors of JHR settled the issue price and the selling price, etc. today as follows:

1. Issuance of new investment units through public offering (Primary offering)

- | | |
|--|---|
| (1) Issue price (Offer price) | JPY85,020.- per unit |
| (2) Total issue price (Offer price) | JPY14,453,400,000.- |
| (3) Paid-in amount (Issue value) | JPY82,273.- per unit |
| (4) Total paid-in amount (Issue value) | JPY13,986,410,000.- |
| (5) Subscription period | January 14, 2016 (Thur) through
January 15, 2016 (Fri) |
| (6) Payment date | January 20, 2016 (Wed) |
| (7) Transfer date | January 21, 2016 (Thur) |

Note: The underwriters will buy and underwrite the units at the paid-in amount (issue value) and offer them at the issue price (offer price).

2. Secondary offering (Secondary offering through over-allotment)

- | | |
|--|---|
| (1) No. of investment units to be sold | 8,500 units |
| (2) Selling price | JPY85,020.- per unit |
| (3) Total selling price | JPY722,670,000.- |
| (4) Subscription period | January 14, 2016 (Thur) through
January 15, 2016 (Fri) |
| (5) Transfer date | January 21, 2016 (Thur) |

Note: This document is intended to serve as a press release to make available the information on issuance of new investment units and secondary offering of JHR. This document should not be construed as an offer to sell or solicitation of an offer to purchase any investment units or other investment of JHR. Prospective investors are advised to read JHR's prospectus for issuance of new investment units and secondary offering (and its amendments, if any) and make any investment decisions at their own risk and responsibility.

3. Issuance of new investment units by way of third-party allotment

- | | |
|--|-------------------------|
| (1) Paid-in amount (Issue value) | JPY82,273.- per unit |
| (2) Total paid-in amount (Issue value) (Maximum) | JPY699,320,500.- |
| (3) Subscription period (Subscription date) | February 16, 2016 (Tue) |
| (4) Transfer date | February 17, 2016 (Wed) |

Note: If some or all of the investment units are not subscribed for by the end of the subscription period (subscription date), the issuance of those investment units not subscribed for shall be cancelled.

<Reference>

1. Calculations of the issue price and the selling price

- | | |
|---|------------------------|
| (1) Base date for calculation and the price | January 13, 2016 (Wed) |
| | JPY87,200.- |
| (2) Discount rate | 2.50 % |

2. Syndicate covering transaction period

January 16, 2016 (Sat) through February 12, 2016 (Fri)

3. Use of the procured funds

The proceeds from the primary offering, JPY13,986,410,000.-, will be allocated to cash on hand, as cash on hand was allocated to part of the funds for acquisition (including various expenses concerning the acquisition) of “ACTIVE-INTER CITY HIROSHIMA (Sheraton Hiroshima Hotel)” (*1), a specified asset (the meaning in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent revisions); the same shall apply hereinafter) that JHR acquired on December 18, 2015, in order to compensate the reduced amount in cash on hand due to the allocation. In addition, the proceeds will be allocated to part of the funds for acquisition of a new specified asset by JHR, “CANDEO HOTELS UENO-KOEN” (*2). The residual funds, if any, will be saved for cash on hand together with JPY699,320,500.-, the maximum proceeds from the issuance of new investment units by way of third-party allotment that was resolved on the same date as the primary offering, to be allocated to part of the funds for future acquisition of specified assets, part of the funds for other repayment of loans, or capital expenditure to maintain or improve competitiveness of existing properties.

(*1) See “Notice Concerning Acquisition and Lease of New Asset (ACTIVE-INTER CITY HIROSHIMA “Sheraton Hiroshima Hotel”)” dated December 15, 2015 for details of ACTIVE-INTER CITY HIROSHIMA (Sheraton Hiroshima Hotel).

(*2) See “Notice Concerning Acquisition of New Asset (“CANDEO HOTELS UENO-KOEN”)” dated January 4, 2016 for details of CANDEO HOTELS UENO-KOEN that JHR plans to acquire.

(*3) Procured funds will be deposited to financial institutions until its payment for intended use.

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

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