

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.

July 20, 2016

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)
Kaname Masuda, Executive Director

Asset Management Company:

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

Contact:

Makoto Hanamura
General Manager
Investor Relations Department, Operations Division
TEL: +81-3-6422-0530

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

In relation to the issuance of new investment units and secondary offering of investment units resolved at the Board of Directors meeting of Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) dated July 7, 2016, the Board of Directors of JHR determined the issue price, the selling price, and other matters today as follows:

1. Issuance of new investment units through public offering

(1)	Number of investment units to be offered	428,260 investment units of JHR (“JHR investment units”) in total of (i) and (ii) below:
		(i) 400,000 JHR investment units to be underwritten and purchased by the domestic underwriters and the overseas underwriters in each of the offering below.
		Domestic public offering 164,260 units
		Overseas offering 235,740 units
		(ii) 28,260 JHR investment units, the maximum number of JHR investment units to be additionally issued subject to a purchase right granted to the overseas underwriters in the overseas offering.
(2)	Issue price (Offer price) ^{(*)1}	¥81,536.-per unit
(3)	Total issue price (Offer price) ^{(*)2}	¥34,918,607,360.-
(4)	Paid-in amount (Issue value) ^{(*)1}	¥78,956.-per unit
(5)	Total paid-in amount (Issue value) ^{(*)2}	¥33,813,696,560.-

Note: This press release has been prepared for the purpose of announcing to the public certain matters relating to the issuance of new investment units and secondary offering of investment units of JHR, and not for the purpose of soliciting any investment. JHR asks that investors make investment decisions only after they have referred to the prospectus for the issuance of new investment units and secondary offering of investment units as well as amendments thereto (if any) prepared by JHR, and that the investment decisions are made at their discretion and responsibility.
This press release does not constitute an offer of securities in the United States. The securities referred to above have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be publicly offered or sold in the United States.

(6)	Subscription period (Domestic public offering)	July 21, 2016 (Thursday) through July 22, 2016 (Friday)
(7)	Payment date	July 27, 2016 (Wednesday)
(8)	Transfer date	July 28, 2016 (Thursday)

(*1) The underwriters will purchase and underwrite the units at the paid-in amount (issue value) and offer them at the issue price (offer price).

(*2) Maximum amount based on the assumption that overseas underwriters have exercised the right described in (1) (ii) above to the fullest extent.

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

(1)	Number of investment units to be sold	11,740 units
(2)	Selling price	¥81,536.-per unit
(3)	Total selling price	¥957,232,640.-
(4)	Subscription period	July 21, 2016 (Thursday) through July 22, 2016 (Friday)
(5)	Transfer date	July 28, 2016 (Thursday)

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

(1)	Paid-in amount (Issue value)	¥78,956.-per unit
(2)	Total paid-in amount (Issue value) (Maximum)	¥926,943,440.-
(3)	Subscription period (Subscription date)	August 22, 2016 (Monday)
(4)	Payment date	August 23, 2016 (Tuesday)

(*) 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. Calculation of the issue price and the selling price

(1)	Base date for calculation and the price	July 20, 2016 (Wednesday)	¥83,200.-
(2)	Discount rate		2.00%

Note: This press release has been prepared for the purpose of announcing to the public certain matters relating to the issuance of new investment units and secondary offering of investment units of JHR, and not for the purpose of soliciting any investment. JHR asks that investors make investment decisions only after they have referred to the prospectus for the issuance of new investment units and secondary offering of investment units as well as amendments thereto (if any) prepared by JHR, and that the investment decisions are made at their discretion and responsibility. This press release does not constitute an offer of securities in the United States. The securities referred to above have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be publicly offered or sold in the United States.

2. Syndicate covering transaction period
July 23, 2016 (Saturday) to August 18, 2016 (Thursday)

3. Use of the proceeds

The proceeds from the domestic public offering of ¥12,969,312,560 and the maximum proceeds from the overseas offering of ¥20,844,384,000 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 “Hotel Centraza Hakata” (*1), a specified asset (the meaning set forth in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended)) that JHR acquired on April 1, 2016, 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 new specified assets by JHR, “HOTEL VISTA GRANDE OSAKA”, “Hilton Nagoya” and “HOTEL ASCENT FUKUOKA” (*2). The residual funds, if any, will be retained as cash on hand together with ¥926,943,440, the maximum proceeds from the issuance of new investment units by way of third-party allotment to be allocated to part of the funds for future acquisition of specified assets, part of the funds for repayment of loans, or repair cost and capital expenditure to maintain or improve competitiveness of existing properties.

(*1) See “Notice Concerning Acquisition of New Asset (Hotel Centraza Hakata)” dated February 18, 2016 for details of Hotel Centraza Hakata.

(*2) See “Notice Concerning Acquisition and Lease of New Assets (HOTEL VISTA GRANDE OSAKA, Hilton Nagoya and HOTEL ASCENT FUKUOKA)” dated July 7, 2016 for details of HOTEL VISTA GRANDE OSAKA, Hilton Nagoya and HOTEL ASCENT FUKUOKA that JHR plans to acquire.

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

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

Note: This press release has been prepared for the purpose of announcing to the public certain matters relating to the issuance of new investment units and secondary offering of investment units of JHR, and not for the purpose of soliciting any investment. JHR asks that investors make investment decisions only after they have referred to the prospectus for the issuance of new investment units and secondary offering of investment units as well as amendments thereto (if any) prepared by JHR, and that the investment decisions are made at their discretion and responsibility.
This press release does not constitute an offer of securities in the United States. The securities referred to above have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “Securities Act”). The securities may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The securities referred to above will not be publicly offered or sold in the United States.