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November 1, 2016

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)
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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

A. Seventh unsecured investment corporation bonds of JHR (with pari passu covenants among investment corporation bonds) (nickname: Hotel REIT Bond) (hereinafter called “7th Bonds”)

- (1) Total amount of investment corporation bonds
¥9 billion
- (2) Form of bonds
Bond certificates for 7th Bonds will not be issued. 7th Bonds are subject to the Act on Book Entry of Corporate Bonds and Shares.
- (3) Issue price
¥100 for ¥100 of each bond
- (4) Redemption price
¥100 for ¥100 of each bond
- (5) Interest rate
0.600%/year
- (6) Amount of each bond
¥1 million
- (7) Offering method
Public offering

- (8) Subscription period
November 2, 2016 (Wednesday) through November 28, 2016 (Monday)
- (9) Payment date
November 29, 2016 (Tuesday)
- (10) Collateral
Neither collateral nor guarantee is provided for 7th Bonds, and no assets have been particularly secured for 7th Bonds.
- (11) Redemption method and date
The total amount of 7th Bonds will be redeemed on November 27, 2026.
7th Bonds may be repurchased and cancelled any time from the day following the payment date except for case(s) separately determined by the depository.
- (12) Interest payment date
May 29 and November 29 each year
If the payment date falls on a bank holiday, the payment shall be made on the preceding business day.
- (13) Financial covenants
A negative pledge clause and a clause of conversion from unsecured to secured bonds are applicable.
- (14) Rating of bonds
A + (Japan Credit Rating Agency, Ltd.)
- (15) Bond trustee, issuing agent, and paying agent
Resona Bank, Limited
- (16) Underwriters
SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd.

B. Eighth unsecured investment corporation bonds of JHR (with pari passu covenants among specified investment corporation bonds) (hereinafter called “8th Bonds”). Combined 7th Bonds and 8th Bonds shall hereinafter be called “Bonds.”

- (1) Total amount of investment corporation bonds
¥1.1 billion
- (2) Form of bonds
Bond certificates for 8th Bonds will not be issued. 8th Bonds are subject to the Act on Book Entry of Corporate Bonds and Shares.
- (3) Issue price
¥100 for ¥100 of each bond
- (4) Redemption price
¥100 for ¥100 of each bond

- (5) Interest rate
0.600%/year
- (6) Amount of each bond
¥100 million
- (7) Offering method
Public offering
- (8) Subscription period
November 1, 2016 (Tuesday)
- (9) Payment date
November 29, 2016 (Tuesday)
- (10) Collateral
Neither collateral nor guarantee is provided for 8th Bonds, and no assets have been particularly secured for 8th Bonds.
- (11) Redemption method and date
The total amount of 8th Bonds will be redeemed on November 27, 2026.
8th Bonds may be repurchased and cancelled any time from the day following the payment date except for case(s) separately determined by the depository.
- (12) Interest payment date
May 29 and November 29 each year
- (13) Financial covenants
A negative pledge clause is applicable.
- (14) Rating of bonds
A+ (Japan Credit Rating Agency, Ltd.)
- (15) Finance agent, issuing agent, and paying agent
Mitsubishi UFJ Trust and Banking Corporation
- (16) Underwriters
SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd.

2. Rationale for issuance

Plan to complement a decrease in cash on hand used to fund the repayment of ¥2.5 billion for the second unsecured investment corporation bonds on the redemption date, November 25, 2016. Also plan to allocate for funds for the prepayment of the existing ¥7 billion short-term loan. Remaining proceeds are planned to be allocated for future acquisitions of real estate, etc.

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

- (1) Amount of proceeds (ballpark net amount)
¥10,023 million

(2) Detail of intended use of proceeds and planned payment schedule

Plan to complement a decrease in cash on hand used to fund the repayment of ¥2.5 billion for the second unsecured investment corporation bonds on the redemption date, November 25, 2016. Also plan to allocate for funds for the prepayment of the existing ¥7 billion short-term loan. Remaining proceeds are planned to be allocated for future acquisitions of real estate, etc.

(*) Proceeds are planned to be deposited in the financial institution until the payments are made.

4. Interest-bearing debts after issuance of Bonds (Plan)

(Unit: millions of yen)

Category		Before Issuance of Bonds	After Issuance of Bonds (*3)	Fluctuation
	Short-term loans	8,700	8,700	0
	Long-term loans (*2)	101,807	101,807	0
Total loans		110,507	110,507	0
Total investment corporation bonds		15,000	22,600	+7,600
Total interest-bearing debts		125,507	133,107	+7,600

(*1) The amount is rounded down to the nearest one million yen.

(*2) Long-term loans payable within one year are included in the long-term loans.

(*3) The balance of interest-bearing debts after the issuance of Bonds is the total loans before the prepayment of existing ¥7 billion short-term loan and the total amount of investment corporation bonds after the repayment of ¥2.5 billion for the second unsecured investment corporation bonds as described in 3. Amount of proceeds, use, and planned payment schedule. Therefore, the balance of interest-bearing debts after the issuance of the Bonds will increase by ¥600 million compared with before the issuance of investment corporation bonds.

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 16th period submitted on March 23, 2016 and the Midterm Securities Report for the 17th period submitted on September 21, 2016.

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