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REIT Issuer:

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Notice Concerning Issuance of New investment Units and Secondary Offering

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) has resolved to issue new investment units and secondary offering as follows:

1. Issuance of New Investment Units through Public Offering (Primary Offering)

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|-----|---|---|
| (1) | Number of investment units to be offered: | 240,000 units |
| (2) | Issue price
(Offer price): | <p>To be determined</p> <p>The issue price (offer price) shall be determined by taking the price arrived at when the closing price in regular trading of the investment units of Japan Hotel REIT Investment Corporation (the “JHR investment units”) on the Tokyo Stock Exchange, Inc. on any day between September 5, 2012 and September 10, 2012 (the “Pricing Date”) (when there is no closing price on that day, the closing price on the most recent day preceding that day) is multiplied by a factor between 0.90 and 1.00 (price shall be rounded down to the nearest 1 yen) as the provisional condition, in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association, then taking the demand conditions and other factors into account.</p> |
| (3) | Paid-in amount
(Issue value): | <p>To be determined</p> <p>The paid-in amount (issue value) shall be determined on the Pricing Date in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, etc. of Securities provided by the Japan Securities Dealers Association. Please note that the paid-in amount (issue value) refers to the amount per JHR investment unit that Japan Hotel REIT Investment Corporation (“JHR”) is to</p> |

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

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|------|---|--|
| | | receive as the amount paid in for new investment units. |
| (4) | Total paid-in amount (issue value): | To be determined |
| (5) | Offering method: | The offering shall be a primary offering in which all JHR investment units subject to the primary offering shall be purchased and underwritten by an underwriting syndicate of which Daiwa Securities Co. Ltd., and SMBC Nikko Securities Inc. (collectively referred to as the “Underwriters”). |
| (6) | Underwriting agreement details: | The Underwriters shall purchase and underwrite JHR investment units at the issue value determined on the Pricing Date, and conduct a primary offering at an amount that differs to the concerned issue value (issue price). JHR shall not pay an underwriting fee to the Underwriters. However, the Underwriters shall pay in the total paid-in amount (issue value) on the payment date stated in (9) below, and the difference between the total issue price (offer price) and total paid-in amount (issue value) shall be the proceeds of the Underwriters. |
| (7) | Subscription unit: | 1 unit or more in multiples of 1 unit |
| (8) | Subscription period: | The subscription period shall be between the business day following the Pricing Date and the date that marks two business days after the Pricing Date. |
| (9) | Payment date: | The payment date shall be any day between September 12, 2012 (Wed) and September 18, 2012 (Tue). However, the date shall be five business days after the Pricing Date. |
| (10) | Transfer date: | The transfer date shall be the business day following the payment date. |
| (11) | The issue price (offer price), paid-in amount (issue value) and other matters necessary for this issuance of new investment units shall be determined at a future meeting of the board of officers. | |
| (12) | Each of the items above is subject to the condition that the securities registration statement filed in accordance with the Financial Instruments and Exchange Act takes effect. | |

2. Secondary offering (Secondary offering through over-allotment) (See <Reference 1> below)

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|-----|--|---|
| (1) | Seller: | Daiwa Securities Co. Ltd. |
| (2) | Number of investment units to be sold: | 12,000 units
The number of investment units to be sold above indicates the maximum number of investment units of the secondary offering through over-allotment. There may be cases where the number is reduced in light of demand conditions and other factors, or there may be cases where the secondary offering through over-allotment itself does not take place at all. The number of investment units to be sold shall be determined on the Pricing Date, taking the demand conditions and other factors into account. |
| (3) | Selling price: | To be determined.
The selling price shall be determined on the Pricing Date. The selling price shall be the same price as the issue price (offer price) of the primary offering. |
| (4) | Total selling price: | To be determined |

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- (5) Offering method: Upon the primary offering, taking the demand conditions and other factors of the primary offering into account, Daiwa Securities Co. Ltd. will conduct, separate from the primary offering, a secondary offering of JHR investment units that it is to borrow from JHR unit holder 12,000 units as the maximum number.
- (6) Subscription unit: 1 unit or more in multiples of 1 unit
- (7) Subscription period: The subscription period is to the same as the subscription period of the primary offering.
- (8) Transfer date: The transfer date shall be the same as the transfer date of the primary offering.
- (9) When the primary offering is suspended, the secondary offering through over-allotment is also suspended.
- (10) The number of investment units to be sold, selling price and other matters necessary for this secondary offering of investment units shall be determined at a future meeting of the board of officers.
- (11) Each of the items above is subject to the condition that the securities registration statement filed in accordance with the Financial Instruments and Exchange Act takes effect.

3. Issuance of New Investment Units by Way of Third-Party Allotment

- (1) Number of investment units to be offered: 12,000 units
- (2) Paid-in amount (Issue value): To be determined
The paid-in amount (issue value) is to be determined on the Pricing Date. The paid-in amount (issue value) shall be the same as the paid-in amount (issue value) of the primary offering.
- (3) Total paid-in amount (issue value): To be determined
- (4) Allottee and number of investment units to be allotted: Daiwa Securities Co. Ltd.
12,000 units
- (5) Subscription unit: 1 unit or more in multiples of 1 unit
- (6) Subscription period (Subscription date): October 10, 2012
- (7) Payment date: October 11, 2012
- (8) If some or all of the investment units are not applied for by the end of the subscription period (subscription date set forth in (6) above, the issuance of those units not applied for shall be cancelled.
- (9) When the primary offering is suspended, the issuance of new investment units by way of third-party allotment is also to be suspended.
- (10) The paid-in amount (issue value) and other matters necessary for this issuance of new investment units shall be determined at a future meeting of the board of directors.
- (11) Each of the items above is subject to the condition that the securities registration document filed in accordance with the Financial Instruments and Exchange Act takes effect.

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<Reference>

1. Secondary offering through Over-allotment

Upon the primary offering, taking the demand conditions and other factors of the primary offering into account, Daiwa Securities Co., Ltd. may offer the investment units borrowed from the unit holders of JHR (hereinafter called “borrowed investment units”), the maximum units of 12,000 units (secondary offering through over-allotment). 12,000 units have been currently scheduled for the offering through the over-allotment but this is the maximum number of issuance and it may decrease or issuance will not take place at all depending on the condition.

In association with this secondary offering through over-allotment, JHR has resolved to issue new investment units of 12,000 by way of the third party allotment (hereinafter called “third party allotment”) separate from the primary offering, by the Board of Directors meeting on August 28, 2012 to grant Daiwa Securities Co., Ltd. an option to purchase new investment units by way of over-allotment to return the borrowed investment units. The payment date of this third party allotment is October 11, 2012.

Daiwa Securities Co., Ltd. may be required to conduct stabilizing transaction in relation to the public offering and issuance of the investment units by the over-allotment. The all or a part of the investment units purchased through such stabilizing transaction may possibly be used for returning the borrowed investment units.

In order to return the borrowed investment units, there may be cases where Daiwa Securities Co., Ltd. may also acquire the investment units up to the number of investment units for the secondary offering through the over-allotment at the Tokyo Stock Exchange (hereinafter called “syndicated cover transaction”) during the period from the day following the close of the subscription period for the primary offering and the secondary offering through over-allotment until October 5, 2012 (hereinafter called “syndicated cover transaction period”). All of the investment units acquired by Daiwa Securities Co. Ltd. through the syndicated cover transaction will be used for returning the borrowed investment units. There may be cases where Daiwa Securities Co. Ltd. does not conduct the syndicated cover transaction at all or completes the syndicated cover transaction with the number of investment units which are less than the number of investment units offered through the secondary offering through over-allotment, at its own discretion.

For the number of investment units as a result of reducing the number of investment units acquired through the syndicated cover transaction and stabilizing transactions and used to return the borrowed investment units from the number of investment units for the secondary offering through over-allotment, Daiwa Securities Co. Ltd. intends to acquire the investment units depending on the third-party allotment. Thus, there may be cases where there will be no subscription to the investment units offered in the third-party allotment in whole or in part, and the final number of investment units placed by the third party allotment decrease to that extent due to forfeiture, or such allotment itself will not take place at all.

Whether the offering of the investment units through over-allotment or not, or the number of the investment units through the over-allotment if offering through the over-allotment takes place will be determined on the pricing day. If offering through the over-allotment does not take place, Daiwa Securities Co. Ltd. does not borrow the investment units from the unit holders. As a result, Daiwa Securities Co. Ltd. neither copes with the issuance of the investment units through the third-party allotment nor makes application, and the new investment units through the third-party allotment will not take place at all due to forfeiture. Moreover, the syndicated cover transaction will not take place at the Tokyo Stock Exchange.

The foregoing transaction will be conducted upon consultation between Daiwa Securities Co. Ltd. and SMBC Nikko Securities Inc.

2. Total number of issued investment units after new issue

Total number of issued investment units

1,859,281 units

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Number of new investment units to be issued in the offering	240,000 units
Total number of issued investment units after the offering	2,099,281 units
Increase in number of investment units through third-party allotment	(*)12,000 units
Total number of issued investment units after third-party allotment	(*)2,111,281 units

(*The total number of investment units through the third-party allotment is the number of investment units when Daiwa Securities Co. Ltd. applies and issue the investment units.)

3. Purpose and rationale of issuance

JHR (previously called Nippon Hotel Fund Investment Corporation) is the only J-REIT specifying in hotels born from merger (hereinafter called “merger”) with Japan Hotel and Resort, Inc. effective on April 1, 2012. Aiming for coping with both stability and upside-potential, JHR has made the first step along the growth strategy following the merger. In order to improve profitability and stability of the portfolio as well as expand the size of the asset, JHR has determined to acquire the new assets and issue new investment units based on the financial soundness, market trend and dividend level per investment unit.

4. Amount of fund to be procured, intended use and payment schedule

(1) Amount of fund to be procured (Ballpark net amount JHR will receive)

JPY4,964,400,000.- (maximum)

(Note: The sum of the total net amount JHR will receive from the public offering, JPY4,728,000,000.- and the amount to be received from the issuance of new investment units through the third party allotment, JPY236,400,000.- is indicated above. The amount is the forecast calculated with the closing price of the regular transaction at Tokyo Stock Exchange dated August 20, 2012.

(2) Concrete intended use of the fund to be procured and payment schedule

The net amount to be received by the public offering, JPY4,728,000,000.- will be appropriated for the new acquisition fund notified by “Notice Concerning Acquisition of New Assets (“Hotel Keihan Universal City” and “Hotel Sunroute Shinbashi”) dated today. The maximum net amount to be procured by the issuance of the new investment units through the third-party allotment, JPY236,400,000.- will be appropriated for the repayment of loan.

5. Designated destination of distribution

None

6. Future prospect

Please refer to “Notice Concerning the Revision of the Operating Forecast for the fiscal year December 2012 (13th period)”.

7. Operating results of the last three fiscal terms and status of the equity finance

(1) Operating result of the past three fiscal terms

	Fiscal year March 2011	Fiscal year September 2011	Fiscal year March 2012
Current net profit per unit (*1)	JPY8,079.-	JPY713.-	JPY680.-
Dividend per unit	JPY8,080.-	JPY8,502.-	JPY8,166.-
Actual payment ratio (*2)	100.0%	99.3%	100.0%
Net asset per unit(*1)	JPY471,629	JPY33,969.-	JPY33,941.-

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*1) JHR has divided one investment unit into twelve effective on April 1, 2012. The current net profit has been calculated based on the premise that the investment unit was divided at the beginning of the fiscal year September 2011.

*2) Rounded off to two decimal places.

(2) Recent price of the investment unit

a) Status of the recent three fiscal terms

	FY03/2011	FY09/2011 (*2)	FY03/2012 (*2)
Opening price	JPY250,600.-	JPY21,083.-	JPY16,208.-
High	JPY277,000.-	JPY24,166.-	JPY19,550.-
Low	JPY204,800.-	JPY16,583.-	JPY15,008.-
Closing price	JPY248,800.0	JPY16,583.-	JPY18,700.-

*1) Opening price, high price, low price and closing price are JHR's regular trading prices of the Tokyo Stock Exchange and they are indicated for comparison.

*2) JHR has divided a unit into twelve effective on April 1, 2012. The above was made based on the premise that the investment unit was divided at the beginning of the fiscal year September 2011.

b) Status of the recent six months

	March 2012 (*2)	April 2012	May 2012	June 2012	July 2012	August 2012 (*3)
Opening price	JPY18,325.-	JPY18,670.-	JPY19,930.-	JPY19,860.-	JPY21,500.-	JPY21,130.-
High	JPY19,550.-	JPY19,700.-	JPY20,350.-	JPY21,800.-	JPY21,500.-	JPY22,280.-
Low	JPY17,833.-	JPY17,830.-	JPY19,010.-	JPY18,150.-	JPY20,720.-	JPY21,060.-
Closing price	JPY18,770.-	JPY19,480.-	JPY20,350.-	JPY21,250.-	JPY20,930.-	JPY22,280.-

*1) Opening price, high price, low price and closing price are JHR's regular trading prices of the Tokyo Stock Exchange and they are indicated for comparison.

*2) JHR has divided a unit into twelve effective on April 1, 2012. The above was made based on the premise that the investment unit was divided at the beginning of FY09/2011.

*3) The price of the investment unit for August 2012 is for that of August 27, 2012.

c) Investment unit price on the business day preceding the resolution day of the issuance.

	August 27, 2012
Opening price	JPY21,920.-
High	JPY22,300.-
Low	JPY21,840.-
Closing price	JPY22,280.-

(3) Status of the equity finance for the recent three fiscal terms

a) Public offering

None

b) Capital increase through the third-party allotment

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Date of issuance	April 6, 2011
Procured amount	JPY3,599,969,400.- (Ballpark net amount)
Market value of the issuance	JPY227,400 per unit
Investment units already issued at offering	42,200 units
Units issued for offering	15,831 units
No. of units issued after offering	58,031 units
Allottee and No. of investment units allotted	Umi Investment Special Purpose Company 14,450 units Opal Paramount Sdn Bhd 1,381 units
Intended use of the fund at offering	It has been appropriated for acquiring the new assets.
Payment schedule at offering	April 2011
How the amount has been appropriated as of today	The all amount has been appropriated for the initial purpose.

*1) See “Notice Concerning Acquisition of New Assets (“Nihonbashi Bakurocho NH Building “Comfort Hotel Tokyo Higashi Nihonbashi” and Kumamoto NH Building “Dormy Inn Kumamoto”) dated March 22, 2011.

8. Other (Restrictions on disposition and additional issuance of new investment units)

- (1) Upon the offering, the investors of JHR such as Taiyo Investment Specified Purpose Company, Umi Investment Specified Purpose Company and Opal Paramount Sdn Bhd have agreed with the joint underwriters not to sell the investment units they own as of today, for the period of forty five days after the transfer date of the offering starting from the pricing date, without written approval of the underwriters in advance. The above-mentioned investors belong to RECAP Group, the major sponsor of the asset management company of JHR.

The number of investment units each investor owns as of April 1, 2012 is as follows:

Name of the investor	No. of investment units owned
Taiyo Investment Specified Purpose Company	257,059
Umi Investment Specified Purpose Company	173,400
Opal Paramount Sdn Bhd	16,572
Total	447,031

- (2) JHR has agreed with the underwriters not to issue new investment unit (the third-party allotment exclusive) for the period of ninety days after the transfer date of the offering starting from the pricing date, without written approval of the underwriters in advance.

The underwriters have been authorized to remove restriction partially or entirely in their own discretion.

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

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