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March 7, 2014

REIT Issuer:

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

Asset Management Company:

Japan Hotel REIT Advisors Co., Ltd.
Hiroyuki Suzui, Representative Director

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Notice Concerning Issuance of Investment Corporation Bonds

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) decided to issue the investment corporation bonds as below based on the comprehensive resolution of the Board of Directors meeting dated September 3, 2013.

1. Summary of the investment corporation bonds

(1) Name of the investment corporation bonds

Third unsecured investment corporation bonds of JHR (Pari Passu covenants between specified investment corporation bonds are attached.) (Hereinafter called “Bonds”).

(2) Total amount of Bonds

JPY2,000,000,000.-

(3) Form of Bonds

Abiding by applicable Act on Book-Entry Transfer of Company Bonds, Shares, etc., JHR will not issue the bonds certificate.

(4) Issue price

JPY100 for JPY100 of each Bond.

(5) Redemption price

JPY100 for JPY100 of each Bond.

(6) Interest rate

0.92% per annum

(7) Amount of each Bond

JPY100,000,000.-

- (8) Offering method
Public offering
 - (9) Subscription date
March 7, 2014 (Fri)
 - (10) Payment date
March 19, 2014 (Wed)
 - (11) Collateral
Neither collateral nor guarantee is provided for Bonds, and no asset has been particularly secured for Bonds.
 - (12) Redemption method and date
The total amount of Bonds will be redeemed on March 19, 2019.
Redemption by purchase will be available any time from the next date of the payment date except for the case separately determined by the depository.
 - (13) Interest payment date
May 26 and November 26 each year
 - (14) Financial covenants
Negative pledge clause is applicable.
 - (15) Ratings of JHR
A (Japan Credit Rating Agency, Ltd.)
A- (Rating and Investment Information, Inc.)
 - (16) Fiscal agent, issuing agent and payment agent
Sumitomo Mitsui Banking Corporation
 - (17) Underwriting securities firms
SMBC Nikko Securities Inc.
Daiwa Securities Co., Ltd.
2. Rationale for issuance
It will be allocated to repayment of the existing loans.
3. The procured amount, use and timing for spending (plan)
 - (1) The amount to be procured (ballpark net amount)
JPY1,982,000,000.-

(2) Intended use of the procured amount and timing for spending (plan)

It is scheduled to be allocated to repayment of the existing loans, due on March 31, 2014.

4. Interest-bearing loans after issuance of Bonds

(Unit: JPY M)

Category		Before issuance of Bonds	After issuance of Bonds	Fluctuation
	Short-term loan	2,663	2,663	0
	Long-term loan to be repaid within one year	20,528	20,528	0
	Long-term loan	48,538	48,538	0
Total loans		71,731	71,731	0
	Investment corporation bonds except for those to be redeemed within one year	2,500	4,500	+ 2,000
Total investment corporation bonds		2,500	4,500	+ 2,000
Total interest-bearing debts		74,231	76,231	+ 2,000

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

5. Other necessary matters that the investors ought to know for understanding and judging the above information appropriately

With respect to the risk in relation to redemption of Bonds, etc. no important change is required in “Investment Risk” of both the Securities Report for the 13th period and the mid-period Securities Report for the 14th period submitted on March 22, 2013 and September 20, 2013, respectively.