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December 5, 2014

REIT Issuer:

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

Asset Management Company:

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

Contact:

Kazuyuki Udo
Director and Officer
Management & Planning Office
Phone: +81-3-6422-0530

Notice Concerning Issuance of Investment Corporation Bonds

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) has decided to issue investment corporation bonds as below based on the comprehensive resolution of the Board of Directors meeting dated November 19, 2014.

1. Summary of the investment corporation bonds

(1) Name of the investment corporation bonds

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

(2) Total amount of Bonds

JPY1,500,000,000.-

(3) Form of Bonds

Bonds are subject to the application of Act on Book-Entry Transfer of Company Bonds, Shares, etc., therefore, bond certificates will not be issued.

(4) Issue price

JPY100 for JPY100 of each Bond.

(5) Redemption price

JPY100 for JPY100 of each Bond.

(6) Interest rate

0.86% per annum

(7) Amount of each Bond

JPY100,000,000.-

- (8) Offering method
Public offering
 - (9) Subscription date
December 5, 2014 (Fri)
 - (10) Payment date
December 19, 2014 (Fri)
 - (11) Collateral
Neither collateral nor guarantee is provided for Bonds, and no assets have been particularly secured for Bonds.
 - (12) Redemption method and date
The total amount of Bonds will be redeemed on December 17, 2021.
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
A negative pledge clause is applicable.
 - (15) Ratings of Bonds
A (Japan Credit Rating Agency, Ltd.)
 - (16) Fiscal agent, issuing agent and payment agent
Sumitomo Mitsui Trust Bank, Limited
 - (17) Underwriting securities firms
SMBC Nikko Securities Inc.
2. Rationale for issuance
It will be allocated to repayment of the existing loans and acquisition of properties in the future.
3. The procured amount, use, and timing for spending (plan)
- (1) The amount to be procured (ballpark net amount)
JPY1,486,000,000.-

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

It is scheduled to be allocated to repayment of the existing loans and part of funding for the prospective purchase of specific assets (meaning “specific assets” as prescribed in Article 2, paragraph 1 of the Act on Investment Trusts and Investment Corporations).

4. Interest-bearing loans after issuance of Bonds

Category		Before issuance of Bonds	After issuance of Bonds	Fluctuation
	Short-term loan	0	0	0
	Long-term loan to be repaid within one year	12,040	12,040	0
	Long-term loan	64,509	64,509	0
Total loans		76,550	76,550	0
	Investment corporation bonds except for those to be redeemed within one year	4,500	6,000	+1,500
Total investment corporation bonds		4,500	6,000	+1,500
Total interest-bearing debts		81,050	82,550	+1,500

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

5. Other necessary matters that 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” in both the Securities Report for the 14th period submitted on March 20, 2014 and the mid-period Securities Report for the 15th period submitted on September 19, 2014.