

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.

November 2, 2017

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 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

- (1) Name of investment corporation bonds
Ninth unsecured investment corporation bonds of JHR
(with pari passu covenants among investment corporation bonds)
(hereinafter called “Bonds”)
- (2) Total amount of Bonds
JPY1billion
- (3) Form of Bonds
Bond certificates will not be issued. Bonds are subject to the Act on Book Entry of Corporate Bonds and Shares.
- (4) Issue price
JPY100 for JPY100 of each bond
- (5) Redemption price
JPY100 for JPY100 of each bond
- (6) Interest rate
0.530%/year
- (7) Amount of each bond
JPY100 million

- (8) Offering method
Public offering
- (9) Subscription period
November 2, 2017 (Thursday)
- (10) Payment date
November 24, 2017 (Friday)
- (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 November 22, 2024.
Bonds may be repurchased and cancelled any time from the day following the payment date except for case(s) separately determined by the depository.
- (13) Interest payment date
May 26 and November 26 each year
If the payment date falls on a bank holiday, the payment shall be made on the preceding business day.
- (14) Financial covenants
A negative pledge clause is applicable.
- (15) Rating of Bonds
A+ (Japan Credit Rating Agency, Ltd.)
- (16) Finance agent, issuing agent, and paying agent
Mitsubishi UFJ Trust and Banking Corporation
- (17) Underwriters
SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd.
Daiwa Securities Co., Ltd.

2. Rationale for issuance
To allocate proceeds for the funds to repay the existing loans.

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

(1) Amount of proceeds (ballpark net amount)
JPY995 million

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

The entire amount of proceeds are planned to be used to prepay the existing loans by the end of November, 2017.

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	4,100	4,100	0
	Long-term loans (*2)	113,826	113,826	0
Total loans		117,926	117,926	0
Total investment corporation bonds		22,600	23,600	+1,000
Total interest-bearing debts		140,526	141,526	+1,000

(*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 amount before the prepayment of existing loans as described in 3. Amount of proceeds, use, and planned payment schedule. No fluctuation is planned in the balance of interest-bearing debts after the repayment.

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 submitted on March 22, 2017 (including the details amended on the correction report) and the Semiannual Securities Report (Japanese only) submitted on September 20, 2017.

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