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REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)  
Kaname Masuda, Executive Director

Asset Management Company:

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Notice Concerning Issuance of New Investment Units

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that JHR has resolved at the Board of Directors meeting today to issue new investment units as follows:

Issuance of new investment units through public offering

- |     |   |  |
|-----|---|--|
| (1) | Number of investment units to be offered: | 170,000 investment units of JHR (“JHR investment units”)   |
| (2) | Issue price<br>(Offer price):             | To be determined<br>The issue price (offer price) shall be determined in accordance with the method provided in Article 25 of the Rules Concerning Underwriting, etc. of Securities set forth by the Japan Securities Dealers Association based on the provisional pricing obtained by the closing price of JHR investment units for ordinary trading on Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) on any day between September 14, 2023 (Thursday) and September 19, 2023 (Tuesday) (the “Pricing Date”) (when there is no closing price on the Pricing Date, the closing price on the immediately preceding day) multiplied by a range between 0.90 and 1.00 (with any fractions of one yen rounded down to the nearest 1 yen), while taking into consideration the level of demand and other factors. |
| (3) | Total issue price<br>(Offer price):       | To be determined   |
| (4) | Paid-in amount<br>(Issue value):          | To be determined<br>The paid-in amount (issue value) shall be determined on the Pricing Date in accordance with the method provided in Article 25 of the Rules Concerning Underwriting, etc. of Securities set forth by the Japan Securities Dealers Association. Please note that the paid-in amount (issue value) refers to the amount per JHR investment unit that JHR is to receive as the amount paid in for new JHR investment units.  |
| (5) | Total paid-in amount<br>(Issue value):    | To be determined   |
| (6) | Offering method:                          | All of the JHR investment units shall be offered through a primary offering and shall be purchased and underwritten by a group of underwriters (collectively, the “Underwriters”). The target investors of the public offering (primary offering) are the Target Institutional Investors (as defined in “<Reference> 1. Target of the public offering” below). A part of the JHR investment units issued in the public offering may be offered to overseas investors in international markets mainly in Europe and Asia (excluding the United States and Canada).  |

Note: This document is intended to serve as a press release to make available information regarding the issuance of new investment units of JHR. The document should not be considered as an offer to sell or a solicitation of an offer to purchase any investment unit or other investment of JHR. Prospective investors are advised to make any investment decision at their own risk and responsibility.

This press release does not constitute an offer of securities in the United States. Securities may not be offered or sold in the United States without registration or an exemption from registration under the United States Securities Act of 1933 (as amended). Any public offering of securities to be made in the United States will be made by means of an English language prospectus prepared in accordance with the U.S. Securities Act of 1933 that may be obtained from the issuer or distributor of the security and that will contain detailed information about the issuer and its management as well as its financial statements. However, the securities referred to above will not be publicly offered or sold in the United States.

- (7) Underwriting agreement details: The Underwriters shall purchase and underwrite the JHR investment units at the paid-in amount (issue value) determined on the Pricing Date, and conduct the public offering at an amount (at the issue price (offer price)) that differs from the paid-in amount (issue value). JHR shall not pay an underwriting fee to the Underwriters. However, the Underwriters shall pay the total paid-in amount (issue value) to JHR on the payment date stated in (11) below, and the difference between the total issue price (offer price) and total paid-in amount (issue value) of the public offering shall be the proceeds of the Underwriters.
- (8) Subscription unit: 1 unit or more in multiples of 1 unit
- (9) Subscription period: The business day immediately following the Pricing Date.
- (10) Payment period of deposit for subscription: From the business day immediately following the Pricing Date to the second business day following the Pricing Date.
- (11) Payment date: The payment date shall be any day between September 21, 2023 (Thursday) and September 25, 2023 (Monday). However, the date shall be four business days after the Pricing Date.
- (12) Transfer date: The transfer date shall be the business day immediately following the payment date.
- (13) The issue price (offer price), the paid-in amount (issue value) and any other matter required for the issuance of the new JHR investment units shall be determined at a future meeting of JHR's Board of Directors.
- (14) Each of the matters above shall be subject to the condition that the securities registration statement filed in accordance with the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended) (the "FIEA") takes effect.

<Reference>

1. Target of the public offering

The public offering shall be made available only to the following; (i) banks, persons engaged in the investment management business stipulated in Article 28, Paragraph 4 of the FIEA, insurance companies, the Federation of Shinkin Banks (refers to Shinkin Central Bank), the Pension Fund Association, Federation of Shinkumi Banks (refers to The Shinkumi Federation Bank), The Norinchukin Bank, the Federation of Agricultural Cooperative Associations (refers to National Mutual Insurance Federation of Agricultural Cooperatives), the Federation of Mutual Aid Fisheries Cooperative Associations (refers to National Mutual Insurance Federation of Fishery Cooperatives), The Rokinren Banks and The Shoko Chukin Bank, Ltd. that are domestic qualified institutional investors (which shall mean the Qualified Institutional Investors as stipulated in Article 2, Paragraph 3, Item 1 of the FIEA), (ii) persons engaged in the investment advisory and agency business stipulated in Article 28, Paragraph 3 of the FIEA, as well as (iii) overseas institutional investors ((i), (ii) and (iii) shall be collectively referred to as the "Target Institutional Investors"), to form a more appropriate price for the investment units by expanding JHR's institutional investor base. Based on the composition of unitholders of the JHR as of the end of the midterm period for the 24th fiscal period (as of June 30, 2023), JHR believes that increasing the portion of domestic and overseas institutional investors, who are deemed to have a higher impact on the pricing of investment units, will contribute to forming a more appropriate investment unit price, which in turn will lead to the further improvement of unitholder value for all unitholders. JHR has therefore decided to target the Target Institutional Investors for the public offering.

2. Change in total number of investment units issued after new issuance this time

Total number of investment units issued as of today	4,467,006 units
Increase in number of investment units through the public offering	170,000 units
Total number of investment units issued after the public offering	4,637,006 units

3. Purpose and rationale of issuance

JHR aims to build a portfolio that simultaneously pursues "Stability and upside potential". JHR believes the property acquisition announced in "Notice Concerning Acquisition and Lease of New Assets (La'gent Stay Sapporo Odori, Oriental Hotel Kyoto Rokujo and Hotel Oriental Express Fukuoka Nakasukawabata)" dated today will meet with the direction of this policy.

JHR maintains a basic financing policy, under which JHR pursues an appropriate combination of equity and debt financing, when acquiring properties, and JHR plans to raise funds based on this policy at this time as well.

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In order to raise funds for the acquisitions, etc. of the properties described above, JHR determined to issue new investment units considering such factors as securing of financial soundness, market trends and level of dividend per unit, etc.

4. Amount, intended use and payment schedule of funds to be raised

(1) Amount of funds to be raised (estimated net amount JHR will receive)

¥12,196,000,000-

- (\* ) The above figures represent estimated amounts calculated based on the closing price of JHR investment units for ordinary trading on the Tokyo Stock Exchange on August 10, 2023 (Thursday).

(2) Specific use and payment schedule of funds to be raised

The proceeds from the public offering of ¥12,196,000,000- will be allocated to part of the funds for acquisition of new specified assets (which has the meaning set forth in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended); the same shall apply hereinafter), “La’gent Stay Sapporo Odori”, “Oriental Hotel Kyoto Rokujo” and “Hotel Oriental Express Fukuoka Nakasukawabata ” (\*1), by JHR.

The residual funds of the proceeds from the public offering, if any, will be retained as cash on hand to be allocated to part of the funds for future acquisition of specified assets, part of the funds for repayment of loans, or repair expenses and capital expenditures to maintain or improve competitiveness of existing properties.

(\*1) See “Notice Concerning Acquisition and Lease of New Assets (La’gent Stay Sapporo Odori, Oriental Hotel Kyoto Rokujo and Hotel Oriental Express Fukuoka Nakasukawabata)” dated today for details of La’gent Stay Sapporo Odori, Oriental Hotel Kyoto Rokujo and Hotel Oriental Express Fukuoka Nakasukawabata that JHR plans to acquire.

(\*2) Procured funds are planned to be deposited in financial institutions until its payment for intended use.

(\*3) The above figures represent estimated amounts calculated based on the closing price of JHR investment units for ordinary trading on the Tokyo Stock Exchange on August 10, 2023 (Thursday).

5. Designated destination of distribution

None

6. Other (Restrictions on sale, additional issuance of investment units, etc.)

(1) With reference to the public offering, Japan Hotel REIT Advisors Co., Ltd. will agree with the joint lead managers not to sell otherwise dispose of 3,700 units of JHR investment units held before the public offering, for a period of 180 days after the transfer date of the public offering starting from the Pricing Date without written approval of the joint lead managers in advance.

The joint lead managers will have the authority to cancel the restrictions above, in whole or in part, at their discretion.

(2) With reference to the public offering, JHR will agree with the joint lead managers not to conduct issuance, etc. of JHR investment units for a period of 90 days after the transfer date of the public offering starting from the Pricing Date without written approval of the joint lead managers in advance (This excludes the public offering above, issuance of JHR investment units pursuant to splits of investment units and other situations.).

The joint lead managers will have the authority to cancel the restrictions above, in whole or in part, at their discretion.

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

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