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Notice Concerning New Loan

(Determination of Conditions and Interest Rates, and Conclusion of Interest Rate Swap Contract)

With reference to the new loans announced by our press release “Notice Concerning New Loans and Prepayment of Loan)” dated January 9, 2015, Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that conditions for the loan to allocate for the acquisition of the real estate trust beneficiary interest of Hotel Francs (hereinafter called “New Loan”) have been determined. JHR also informs you that a swap contract has been concluded to hedge against the risk of rising interest rates for the New Loan.

1. Details of the New Loan (Term Loan 12 <Term: 7 years>)

Lender	Sumitomo Mitsui Banking Corporation
Amount of the new loan	JPY1,500M
Interest rate	Base interest rate (Japanese Yen TIBOR for one month in JBA)+0.55%(*)
Date of borrowing	March 31, 2015
Method of borrowing	An individual loan contract to be concluded with the lender indicated above on March 27, 2015 based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).
Interest payment date	The first interest payment date is April 30, 2015. Subsequent interest payment dates shall be at the end of every month and on the maturity date. (If the payment date is not a business day, it shall be paid on the preceding business day.)
Method of principal repayment	Lump-sum payment on the maturity date
Maturity date	March 31, 2022
Collateral	unsecured, unguaranteed

(*) Please refer to the website of JBA TIBOR Administration for confirming the base interest rate (Japanese Yen TIBOR for one month in JBA) <http://www.jbatibor.or.jp/rate/>.

The base interest for the first compounding interval (March 31, 2015 through April 30, 2015) is 0.13%.

2. Details of the Interest Rate Swap Contract

Counterparty	SMBC Nikko Securities Inc.
Notional principal	JPY1,500M
Interest rate	Fixed interest rate to pay 0.37825% Variable interest rate to receive (Japanese Yen TIBOR for one month in JBA)
Contract term	March 27, 2015 through March 31, 2022
Interest payment date	The first payment date is April 30, 2015. Subsequent interest rate payment dates shall be at the end of every month and on the expiration date of the contract. (If the payment date is not a business day, it shall be paid on the preceding business day.)

*The interest rate for Term Loan 12 will practically be fixed at 0.92825%.

*The interest rate fixation ratio of all interest-bearing borrowings (including the purchase of cap contracts) is expected to be 90%.

3. Status of the Interest-Bearing Debts Before and After the New Loan (Scheduled)

(Unit: JPY M)

Category		Before New Loan	After New Loan (*2)	Fluctuation
	Short-term loan	1,000	1,000	0
	Long-term loan payable within one year	8,804	16,432	+7,628
	Long-term loan	74,380	68,165	-6,215
Total loans		84,185	85,598	+1,412
Investment corporation bonds		6,000	6,000	0
Total interest-bearing debts		90,185	91,598	+1,412
LTV (based on appraisal value)(*3)		39.9%	39.9%	0
LTV (based on acquisition price)		46.6%	46.6%	0

(*1) Numbers less than JPY1M are rounded down.

(*2) The balance after the contractual repayment of JPY87M scheduled to be made on March 31, 2015.

(*3) The appraisal value and acquisition price of LTV after the New Loan have included the appraisal value and acquisition price of Hotel France which is planned to be purchased on March 31, 2015, but they have not included those of Mercure Yokosuka, which is scheduled to be purchased on April 2, 2015.

4. Status of Loans by Financial Institutions Before and After the New Loan

(Unit: JPY M)

Lender	Before New Loan	After New Loan	Percentage	Fluctuation
Sumitomo Mitsui Banking Corporation	21,736	23,225	27.1%	+1,489

Shinsei Bank, Limited	11,865	11,862	13.9%	-2
Mizuho Bank, Ltd.	11,807	11,757	13.7%	-50
Resona Bank, Limited	8,502	8,497	9.9%	-5
The Tokyo Star Bank, Limited	8,496	8,492	9.9%	-3
Sumitomo Mitsui Trust Bank, Limited	8,498	8,490	9.9%	-8
The Nomura Trust and Banking Co., Ltd.	4,095	4,093	4.8%	-2
Development Bank of Japan Inc.	1,877	1,877	2.2%	0
The Chiba Bank, Ltd.	1,829	1,827	2.1%	-2
The Hiroshima Bank, Ltd.	1,492	1,492	1.7%	0
The Bank of Fukuoka, Ltd.	1,487	1,487	1.7%	0
Mitsubishi UFJ Trust and Banking Corporation	1,000	1,000	1.2%	0
Sompo Japan Nipponkoa Insurance Inc.	996	994	1.2%	-2
Aozora Bank, Ltd.	500	500	0.6%	0
Total	84,185	85,598	100.0%	+1,412

(*) Numbers less than JPY1M are rounded down.

5. Future Prospects

The impact of the new loan and interest rate swap is minor and no change is required for the operating forecast for the fiscal year December 2015 (January 1, 2015 through December 31, 2015).

6. Others

With respect to the risks of repayment of the loan, etc., no important change is required for the “Risk in relation to funding by loans and investment corporation bonds” in the “Investment Risks” in the Securities Report for the 15th period submitted on March 20, 2015.

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