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Notice Concerning New Loans (Refinancing) and Prepayment of Loans, etc.

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that the board of directors meeting today resolved as below on new borrowings (hereinafter called the “New Loans”), extension of maturity dates and prepayment, etc. of part of existing loans (hereinafter called the “Repayment”) for the purpose of substantial refinancing of existing loans (hereinafter called the “Refinancing”).

For the overall view of financing to be conducted in February to April 2016, please refer to the last page of this press release.

1. Overview of Refinancing

Refinancing is scheduled for the loans which are due in the period between February and April 2016 and part of loans that are due in November 2016 in total JPY17,214M. These loans will be refinanced with the New Loans of JPY17,100M. In line with this measure, extension of maturity dates and Repayment are scheduled to be conducted for part of these loans.

<Breakdown of refinancing>

(Unit: JPY M)(*1)

Scheduled Date	Repayment	New Loans	Variance
February 29, 2016	1,740	1,700	-40
March 28, 2016	5,648	5,610	-38
March 31, 2015	9,824	9,790	-34
Total	17,214	17,100	-114(*2)

(*1) Rounded down to the nearest million

(*2) The difference between the amounts of Repayment and New Loans (JPY114M) is planned to be appropriated by cash on hand.

For details of Repayment and New Loans, please refer to 2. Rationale of the New Loans and 3. Details of the New Loans below.

2. Rationale of the New Loans

To allocate for the following Repayment.

(1) Repayment amount
JPY17,214M

(2) Loans subject to Repayment

(i) Scheduled to repay on February 29, 2016

(Unit: JPY M)

Name	Individual loans contract
Lender	Sumitomo Mitsui Banking Corporation
Initial Amount of the New Loan	1,797
Date of Borrowing	February 28, 2013
Maturity Date	February 29, 2016
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month+0.80%)
Loan Balance as of February 29, 2016	1,740
Loan Balance after Repayment	0

(ii) Scheduled to repay on March 28, 2016

(Unit: JPY M)

Name	Facility J	Facility K	Facility P
Lender	The Tokyo Star Bank, Ltd.	Sumitomo Mitsui Banking Corporation	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd.
Initial Amount of the New Loan	3,000	2,200	4,653
Date of Borrowing	March 24, 2011	March 26, 2012	November 15, 2012
Maturity Date	March 28, 2016 (*)		
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for three months +1.70%)	1.97% (Fixed interest rate)	Base interest rate (JBA Japanese Yen TIBOR for three months +1.00%)
Loan Balance as of March 28, 2016	2,576	1,081	1,991
Loan Balance after Repayment	0	0	0

(*) Although the initial maturity date for Facility J is March 24, 2016, JHR plans to extend the maturity date to March 28, 2016 and to make repayments.

(iii) Scheduled to repay on March 31, 2016

(Unit: JPY M)

Name	Facility R (*)	Term Loan 17 (*)
Lender	The Nomura Trust and Banking Co., Ltd. The Chiba Bank, Ltd. Development Bank of Japan Inc. The Bank of Fukuoka, Ltd.	Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited Mizuho Bank, Ltd. The Hiroshima Bank, Ltd.
Initial Amount of the New Loan	4,400	9,000
Date of Borrowing	April 26, 2013	December 18, 2015
Maturity Date	April 26, 2016	November 30, 2016
Scheduled Prepayment Date	March 31, 2016	
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for three months +0.70%)	Base interest rate (JBA Japanese Yen TIBOR for one month+0.30%)
Loan Balance as of March 31, 2016	3,824	9,000
Amount of Repayment	3,824	6,000
Loan Balance after Repayment	0	3,000

(*) The maturity date for Facility R is April 26, 2016 and the maturity date for Term Loan 17 is November 30, 2016.

However, JHR plans to make a partial prepayment on March 31, 2016.

JHR plans to extend the loan terms by conducting entire refinancing of Facility R and partial refinancing of Term Loan 17 (JPY6,000M) with the New Loans.

3. Details of the New Loans

Name	Term Loan 20
Lender	Sumitomo Mitsui Banking Corporation
Amount of the New Loan	JPY1,700M (scheduled)
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month+0.30% (*1))
Date of Borrowing	February 29, 2016 (scheduled)
Method of Borrowing	An individual loan contract to be concluded with the lender indicated above on February 25, 2016 based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).
Interest Payment Date	The first interest payment date is March 31, 2016. Subsequent interest payment dates shall be at the end of every month and on the maturity date.
Method of Principal Payment	Lump-sum payment on the repayment due date
Maturity Date	February 28, 2017 (scheduled)
Collateral	Unsecured/Unguaranteed

Name	Term Loan 21-1
Lender	Financial syndicate arranged by Sumitomo Mitsui Banking Corporation
Amount of the New Loan	JPY1,760M (scheduled)
Interest Rate	To be determined
Date of Borrowing	March 28, 2016 (scheduled)
Method of Borrowing	To be determined
Interest Payment Date	To be determined
Method of Principal Payment	To be determined
Maturity Date	March 31, 2019 (scheduled)
Collateral	Unsecured/Unguaranteed

Name	Term Loan 22-1
Lender	Financial syndicate arranged by Sumitomo Mitsui Banking Corporation
Amount of the New Loan	JPY3,850M (scheduled)
Interest Rate	To be determined
Date of Borrowing	March 28, 2016 (scheduled)
Method of Borrowing	To be determined
Interest Payment Date	To be determined
Method of Principal Payment	To be determined
Maturity Date	March 31, 2024 (scheduled)
Collateral	Unsecured/Unguaranteed

Name	Term Loan 21-2
Lender	Financial syndicate arranged by Sumitomo Mitsui Banking Corporation
Amount of the New Loan	JPY1,140M (scheduled)
Interest Rate	To be determined
Date of Borrowing	March 31, 2016 (scheduled)
Method of Borrowing	To be determined
Interest Payment Date	To be determined
Method of Principal Payment	To be determined
Maturity Date	March 31, 2019 (scheduled)
Collateral	Unsecured/Unguaranteed

Name	Term Loan 22-2
Lender	Financial syndicate arranged by Sumitomo Mitsui Banking Corporation
Amount of the New Loan	JPY2,650M (scheduled)
Interest Rate	To be determined
Date of Borrowing	March 31, 2016 (scheduled)
Method of Borrowing	To be determined
Interest Payment Date	To be determined
Method of Principal Payment	To be determined
Maturity Date	March 31, 2024 (scheduled)
Collateral	Unsecured/Unguaranteed

Name	Term Loan 23
Lender	Financial syndicate arranged by Sumitomo Mitsui Banking Corporation
Amount of the New Loan	JPY4,700M (scheduled)
Interest Rate	To be determined
Date of Borrowing	March 31, 2016 (scheduled)
Method of Borrowing	To be determined
Interest Payment Date	To be determined
Method of Principal Payment	To be determined
Maturity Date	March 31, 2023 (scheduled)
Collateral	Unsecured/Unguaranteed

Name	Term Loan 24
Lender	Sumitomo Mitsui Trust Bank, Limited
Amount of the New Loan	JPY800M (scheduled)
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for three months+0.50% (*1) (*2))
Date of Borrowing	March 31, 2016 (scheduled)
Method of Borrowing	An individual loan contract to be concluded with the lender indicated above on February 25, 2016 based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).
Interest Payment Date	The first interest payment date is the last business day of June, 2016. Subsequent interest payment dates shall be at the end of every three month and on the maturity date
Method of Principal Payment	Lump-sum payment on the repayment due date
Maturity Date	March 31, 2024 (scheduled)
Collateral	Unsecured/Unguaranteed

Name	Term Loan 25
Lender	Development Bank of Japan Inc.
Amount of the New Loan	JPY500M (scheduled)
Interest Rate	To be determined
Date of Borrowing	March 31, 2016 (scheduled)
Method of Borrowing	To be determined
Interest Payment Date	To be determined
Method of Principal Payment	Lump-sum payment on the repayment due date
Maturity Date	March 31, 2024 (scheduled)
Collateral	Unsecured/Unguaranteed

(*1) Please refer to the website of JBA TIBOR Administration for confirming the base interest rate (JBA Japanese Yen TIBOR for one month) <http://www.jbatibor.or.jp/english/rate/>. The base interest rate for the first interval will be notified once it is determined.

(*2) JHR plans to fix interest rates for loans with 7 years or more of loan term.

(*3) Items to be determined will be notified once it is determined.

4. Status of the Interest-Bearing Debts Before and After the New Loans and Repayment (Scheduled)

(Unit: JPY M)

Category		Before the New Loans (February 29, 2016)	After the New Loans (March 31, 2016)	Fluctuation
	Short-term loans	9,000	4,700	-4,300
	Long-term loans (*1)	83,748	87,898	4,150
Total loans		92,748	92,598	-150 (*2)
Investment corporation bonds		12,000	12,000	0
Total interest-bearing debts		104,748	104,598	-150

(*1) The amount of the long-term loan includes a new loan of JPY2,000M, which is scheduled to be made on February 29, 2016.

(*2) The amount indicates the total of the amount to decrease due to the refinancing (JPY114M) and the amount of scheduled repayment (JPY36M) on March 31, 2016.

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

5. Future Prospects

The impact of the New Loans and Refinancing is subtle and no change is required for the operating forecast for the fiscal year ending December 2016 (January 1, 2016 through December 31, 2016)

6. Other

With respect to the risks of New Loans, no change is required for the “Investment Risks” on Securities Report submitted on January 4, 2016.

(Reference)

New loans to be made from February to April 2016 are as follows.

(Unit: JPY M)

Scheduled Date for Loans	Planned Loans (Loan Term) (use of funds)	Amount
February 29, 2016	Term Loan 18 (Term: 3 years) (Acquisition of CANDEO HOTELS UENO-KOEN)	2,000
	Term Loan 20 (Term: 1 year) (Refinance)	1,700
March 28, 2016	Term Loan 21-1 (Term: 3 years) Term Loan 22-1 Loan (Term: 8 years) (Refinance)	5,610
March 31, 2016	Term Loan 21-2 (Term: 3 years) Term Loan 22-2 (Term: 8 years) Term Loan 23 (Term: 7 years) Term Loan 24 (Term: 8 years) Term Loan 25 (Term: 8 years) (Refinance)	9,790
April 1, 2016	Term Loan 19 (Term: 1 year) (Acquisition of Hotel Centraza Hakata)	7,000
Total loans		26,100

Of abovementioned loans, when loans with 7 years or more of loan terms are fixed, balance of loans as of April 1, 2016 will be as follows.

(Unit: JPY M)

Total interest-bearing debts		111,598
Breakdown	Loans (scheduled to be concluded from February to April 2016)	26,100
	Loan balance for existing loans with floating rates	8,542
	Balance of existing loans with fixed rates by interest rate cap transaction	5,134 (Cap rate 0.50%)
	Balance of existing debts with fixed rates by interest rate swap and investment corporation bonds	71,822

(*) Ratio of debts with fixed interest rates are expected to be around 80% (including the fixed rates by Cap) and LTV on total assets basis are expected to be 42.3%.

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