

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.

March 8, 2016

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 Conclusion of Interest Rate Swap Contracts

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that JHR has concluded interest rate swap contracts to hedge against the risk of rising interest rates as follows.

1. Subject Loans

<Contract 1>

Name of Loan	Lenders	Amount of Borrowing	Interest Rate	Date of Borrowing	Maturity Date
Term Loan 10	Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited Mizuho Bank, Ltd. Resona Bank, Limited Sumitomo Mitsui Trust Bank, Limited The Chiba Bank, Ltd.	JPY4,700M	JBA Japanese Yen TIBOR for one month + 0.45%	January 30, 2015	January 31, 2020

<Contract 2>

Name of Loan	Lenders	Amount of Borrowing	Interest Rate	Date of Borrowing	Maturity Date
Term Loan 18	Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited Mizuho Bank, Ltd. The Hiroshima Bank, Ltd.	JPY2,000M	JBA Japanese Yen TIBOR for one month + 0.30%	February 29, 2016	March 31, 2019

2. Details of the Interest Rate Swap Contracts

<Interest Rate Swap Contract for Term Loan 10>

Counterparty	SMBC Nikko Securities Inc.
Notional principal	JPY4,700M
Interest rate	Fixed interest rate to pay -0.07% Variable interest rate to receive (JBA Japanese Yen TIBOR for one month)
Contract term	March 31, 2016 through January 31, 2020
Interest payment date	The first interest payment date is April 30, 2016. 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.)

*The interest rate for Term Loan 10 will be, in effect, fixed at 0.38% for the period from March 31, 2016.

<Interest Rate Swap Contract for Term Loan 18>

Counterparty	SMBC Nikko Securities Inc.
Notional Principal	JPY2,000M
Interest rate	Fixed interest rate to pay -0.09% Variable interest rate to receive (JBA Japanese Yen TIBOR for one month)
Contract term	March 31, 2016 through January 31, 2019
Interest payment date	The first interest payment date is April 30, 2016. 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.)

*The interest rate for Term Loan 18 will be, in effect, fixed at 0.21% for the period from March 31, 2016.

*The interest rate fixation ratio (including the purchase of an interest rate cap) to the total interest-bearing debt is forecast to be about 90%.

3. Future Prospect

The impact of concluding the interest rate swap contracts is subtle and no change is required for the operation forecast for the fiscal year ending December 2016 (January 1, 2016 through December 31, 2016).

4. Others

With respect to the risks of concluding the interest rate swap contracts, no change is required for the “Investment Risks” in Securities Registration Statement submitted on January 4, 2016.

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