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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 Prepayment of a Loan and a New Loan (Determination of Conditions)

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that the board of directors’ meeting today resolved as below on partial prepayment of the existing loan (hereinafter called “Repayment”) and part of conditions which were undetermined in the press release “Notice Concerning New Loan” (hereinafter called “New Loan”) dated February 18, 2016.

1. Details of the Repayment

(1) Summary of the repayment

JHR plans to allocate funds for repayment from proceeds of the sixth unsecured investment corporation bonds as announced in the press release “Notice Concerning Issuance of Investment Corporation Bonds” dated March 11, 2016 and cash in hand.

(2) Repayment amount

JPY3,000M

(3) Scheduled date of repayment

March 31, 2016

2. Details of individual loans repayable to:

Name	Term Loan 17 (*)
Lenders	Sumitomo Mitsui Banking Corporation / Shinsei Bank, Limited / Mizuho Bank, Ltd. / The Hiroshima Bank, Ltd.
Initial Amount of the Loan	JPY9,000M
Date of Borrowing	December 18, 2015
Maturity Date	November 30, 2016
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.30%
Loan Balance after Repayment	0

(*) JPY9,000M is to be repaid, which is the total of partial prepayment of JPY6,000M that was announced in the press release “Notice Concerning New Loans (Refinancing) and Prepayment of Loans, etc.” dated February 24, 2016 and Repayment of JPY3,000M. The loan balance after the Repayment will be zero.

3. Details of the New Loan

Term Loan 19 (Term: 1 year)

Lenders	<u>Sumitomo Mitsui Banking Corporation / Shinsei Bank, Limited / Mizuho Bank, Ltd. / Sumitomo Mitsui Trust Bank, Limited / Mitsubishi UFJ Trust and Banking Corporation / The Bank of Fukuoka, Ltd.</u>
Amount of the New Loan	<u>JPY7,000M</u>
Interest Rate	<u>Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.30% (*)</u>
Date of Borrowing	<u>April 1, 2016</u>
Method of Borrowing	<u>Individual loan contracts to be concluded with the lenders indicated above based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).</u>
Interest Payment Date	<u>The first interest payment date is April 28, 2016. Subsequent interest payment dates shall be at the end of every month (If the payment date is not a business day, it shall be paid on the preceding business day.) and on the maturity date.</u>
Method of Principal Payment	<u>Lump-sum payment on the maturity date</u>
Maturity Date	<u>March 31, 2017</u>
Collateral	Unsecured/Unguaranteed

(*)1 Conditions of the New Loan that have been determined are underlined.

(*)2 The base interest rate for the first interval will be notified once it is determined.

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/>.

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

(Unit: JPY M)

Category		Before the New Loan (March 23, 2016)	After the New Loan (April 1, 2016)	Fluctuation
	Short-term loans	10,700	8,700	-2,000
	Long-term loans	82,007	87,898	(*)1 5,891
Total loans		92,707	96,598	3,891
Investment corporation bonds		15,000	15,000	0
Total interest-bearing debts		107,707	111,598	3,891

(*)1 The numbers reflects the contractual repayment (JPY36M) as of March 31, 2016 and a series of scheduled refinancing. For details on refinancing, please refer to the press release “Notice Concerning New Loans (Refinancing) and Prepayment of Loans, etc.” dated February 24, 2016.

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

5. Future Prospects

The impact of the New Loan and Repayment 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 necessary matters that investors should know to understand and judge the above information appropriately

With respect to the risks of the New Loan, no change is required for the “Investment Risks” on Securities Report submitted today.

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