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Notice Concerning New Loans (Determination of Conditions and Interest Rates)
and Conclusion of Interest Rate Swap Contracts

With reference to the new loans announced in our press release “Notice Concerning New Loans (Refinancing) and Prepayment of Loans, etc.” (hereinafter called “New Loans”) dated February 24, 2016, Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that part of conditions for the New Loans have been determined as follows.

Please note that among these New Loans, interest rate swap contracts were concluded for 7-year and 8-year loans.

1. Details of the New Loans

Term Loan 21-1 (Term: 3 years)

Lenders	<u>Sumitomo Mitsui Banking Corporation / Mizuho Bank, Ltd. / The Tokyo Star Bank, Limited</u>
Amount of the New Loan	<u>JPY1,760M</u>
Interest Rate	<u>Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.30% (*3) (*4)</u>
Date of Borrowing	<u>March 28, 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 at the end of April 2016. Subsequent interest payment dates shall be at the end of every month and on the maturity date.</u>
Method of Principal Payment	<u>Lump-sum payment on the maturity date</u>
Maturity Date	<u>March 31, 2019</u>
Collateral	Unsecured/Unguaranteed

Term Loan 21-2 (Term: 3 years)

Lenders	<u>The Nomura Trust and Banking Co., Ltd. / Development Bank of Japan Inc. / The Chiba Bank, Ltd. / The Bank of Fukuoka, Ltd.</u>
Amount of the New Loan	<u>JPY1,140M</u>
Interest Rate	<u>Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.30% (*3) (*5)</u>
Date of Borrowing	<u>March 31, 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 at the end of April 2016. Subsequent interest payment dates shall be at the end of every month and on the maturity date.</u>
Method of Principal Payment	<u>Lump-sum payment on the maturity date</u>
Maturity Date	<u>March 31, 2019</u>
Collateral	Unsecured/Unguaranteed

Term Loan 22-1 (Term: 8 years) (*2)

Lenders	<u>Sumitomo Mitsui Banking Corporation / Mizuho Bank, Ltd. / The Tokyo Star Bank, Limited</u>
Amount of the New Loan	<u>JPY3,850M</u>
Interest Rate	<u>Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.60% (*3) (*4)</u>
Date of Borrowing	<u>March 28, 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 at the end of April 2016. Subsequent interest payment dates shall be at the end of every month and on the maturity date.</u>
Method of Principal Payment	<u>Lump-sum payment on the maturity date</u>
Maturity Date	<u>March 31, 2024</u>
Collateral	Unsecured/Unguaranteed

Term Loan 22-2 (Term: 8 years) (*2)

Lenders	<u>The Nomura Trust and Banking Co., Ltd. / Development Bank of Japan Inc. / The Chiba Bank, Ltd. / The Bank of Fukuoka, Ltd.</u>
Amount of the New Loan	<u>JPY2,650M</u>
Interest Rate	<u>Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.60% (*3) (*5)</u>
Date of Borrowing	<u>March 31, 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 at the end of April 2016. Subsequent interest payment dates shall be at the end of every month and on the maturity date.</u>
Method of Principal Payment	<u>Lump-sum payment on the maturity date</u>
Maturity Date	<u>March 31, 2024</u>
Collateral	Unsecured/Unguaranteed

Term Loan 23 (Term: 7 years) (*2)

Lenders	<u>Sumitomo Mitsui Banking Corporation / Shinsei Bank, Limited / Mizuho Bank, Ltd. / Resona Bank, Limited / The Tokyo Star Bank, Limited / The Nomura Trust and Banking Co., Ltd.</u>
Amount of the New Loan	<u>JPY4,700M</u>
Interest Rate	<u>Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.55% (*3) (*5)</u>
Date of Borrowing	<u>March 31, 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 at the end of April 2016. Subsequent interest payment dates shall be at the end of every month and on the maturity date.</u>
Method of Principal Payment	<u>Lump-sum payment on the maturity date</u>
Maturity Date	<u>March 31, 2023</u>
Collateral	Unsecured/Unguaranteed

Term Loan 24 (Term: 8 years) (*2)

Lender	Sumitomo Mitsui Trust Bank, Limited
Amount of the New Loan	<u>JPY800M</u>
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for three months) + 0.50% (*3) (*5)
Date of Borrowing	<u>March 31, 2016</u>
Method of Borrowing	An individual loan contract to be concluded with the lender indicated above based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).
Interest Payment Date	The first interest payment date is at the end of June 2016. Subsequent interest payment dates shall be at the end of every three months and on the maturity date.
Method of Principal Payment	Lump-sum payment on the maturity date
Maturity Date	<u>March 31, 2024</u>
Collateral	Unsecured/Unguaranteed

- (*1) Conditions of the New Loans that have been determined are underlined.
- (*2) New Loans subject to interest rate swap contracts.
- (*3) Please refer to the website of JBA TIBOR Administration for confirming the base interest rate (JBA Japanese Yen TIBOR for one month or JBA Japanese Yen TIBOR for three months) <http://www.jbatibor.or.jp/english/rate/>.
- (*4) The base interest rate for the first compounding interval (March 28, 2016 through April 27, 2016) is 0.07364%.
- (*5) The base interest rate for the first interval will be notified once it is determined.

2. Details of Interest Rate Swap Contracts

Interest rate swap contract linked to Term Loan 22-1 and Term Loan 22-2

Counterparty	SMBC Nikko Securities Inc.
Notional Principal	JPY6,500M
Interest Rate	Fixed interest rate to pay 0.166% Variable interest rate to receive (JBA Japanese Yen TIBOR for one month)
Contract Term	April 28, 2016 through March 31, 2024
Interest Payment Date	The first interest payment date is May 31, 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 22-1 and Term Loan 22-2 will be, in effect, fixed at 0.766% from April 28, 2016.

Interest rate swap contract linked to Term Loan 23

Counterparty	Daiwa Securities Co. Ltd.
Notional Principal	JPY4,700M
Interest Rate	Fixed interest rate to pay 0.1259% Variable interest rate to receive (JBA Japanese Yen TIBOR for one month)
Contract Term	March 31, 2016 through March 31, 2023
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 23 will be, in effect, fixed at 0.6759% from March 31, 2016.

Interest rate swap contract linked to Term Loan 24

Counterparty	Daiwa Securities Co. Ltd.
Notional Principal	JPY800M
Interest Rate	Fixed interest rate to pay 0.1623% Variable interest rate to receive (JBA Japanese Yen TIBOR for three months)
Contract Term	March 31, 2016 through March 31, 2024
Interest Payment Date	The first interest payment date is June 30, 2016. Subsequent interest payment dates shall be at the end of every three months 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 24 will be, in effect, fixed at 0.6623% from March 31, 2016.

*The ratio of debts with fixed interest rates to the total interest-bearing debts (including the purchase of interest rate caps) is expected to be around 88% as of the end of April 2016, after taking out Term Loan 19 as described in the press release “Notice Concerning Prepayment of a Loan and a New Loan (Determination of Conditions)” dated March 23, 2016.

3. Future Prospects

The impact of the New Loans and conclusion of the interest rate swap contracts 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).

4. Other

With respect to the risks of the New Loans, no important change is required for the “Investment Risks” in Securities Report submitted on March 23, 2016.

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