

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.

July 27, 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 Contract

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that JHR has concluded an interest rate swap contract for part of existing loans to hedge against the risk of rising interest rates and to reduce the costs of interest-bearing debt using the negative interest rate environment, as follows.

1. Subject Loans

<Contract 1>

Name of Loan	Lenders	Amount of Borrowing	Interest Rate	Date of Borrowing	Maturity Date
Term Loan 21-1	Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. The Tokyo Star Bank, Limited	JPY1,760M	JBA Japanese Yen TIBOR for one month + 0.30%	March 28, 2016	March 31, 2019

<Contract 2>

Name of Loan	Lenders	Amount of Borrowing	Interest Rate	Date of Borrowing	Maturity Date
Term Loan 21-2	The Nomura Trust and Banking Co., Ltd. Development Bank of Japan Inc. The Chiba Bank, Ltd. The Bank of Fukuoka, Ltd.	JPY1,140M	JBA Japanese Yen TIBOR for one month + 0.30%	March 31, 2016	March 31, 2019

2. Details of the Interest Rate Swap Contract

<Interest Rate Swap Contract for Term Loan 21-1 and Term Loan 21-2>

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional principal	JPY2,900M
Interest rate	Fixed interest rate to pay -0.11455% Variable interest rate to receive (JBA Japanese Yen TIBOR for one month)
Contract term	July 29, 2016 through March 31, 2019
Interest payment date	The first interest payment date is August 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 21-1 and Term Loan 21-2 will be, in effect, fixed at 0.18545% for the period from July 29, 2016.

The fixed interest rate ratio (including the purchase of an interest rate cap) to the total interest-bearing debt is forecast to be about 91% as of the end of July 2016.

3. Future Prospects

The impact of concluding the interest rate swap contract 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. Others

With respect to the risks of concluding the interest rate swap contract, no change is required for the “Investment Risks” in Securities Registration Statement submitted on July 7, 2016.

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