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August 10, 2016

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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” dated July 7, 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 Term Loan 26, Term Loan 27, and Term Loan 28.

1. Details of the New Loans

(1) Term Loan 26 <Term: approximately 9 years>

Lenders	Sumitomo Mitsui Banking Corporation / Shinsei Bank, Limited / Mizuho Bank, Ltd. / Resona Bank, Limited / The Nomura Trust and Banking Co., Ltd. / The Chiba Bank, Ltd. / The Bank of Fukuoka, Ltd.
Amount of the New Loan	<u>JPY9,500M</u>
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.65% (*2)(*3)
Date of Borrowing	<u>September 1, 2016</u>
Method of Borrowing	<u>Individual loan contracts concluded on August 10, 2016 with the lenders indicated above based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).</u>
Interest Payment Date	The first interest payment date is September 30, 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.
Method of Principal Payment	Lump-sum payment on the maturity date

Maturity Date	September 30, 2025
Collateral	Unsecured/Unguaranteed

(2) Term Loan 27 <Period: approximately 8 years>

Lender	Sumitomo Mitsui Trust Bank, Limited
Amount of the New Loan	<u>JPY1,300M</u>
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for three months) + 0.50% (*2)(*3)
Date of Borrowing	<u>September 1, 2016</u>
Method of Borrowing	<u>An individual loan contract concluded on August 10, 2016 with the lender indicated above based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).</u>
Interest Payment Date	The first interest payment date is September 30, 2016. Subsequent interest payment dates shall be at the end of every March, June, September and December (if the payment date is not a business day, it shall be paid on the preceding business day) and on the maturity date.
Method of Principal Payment	Lump-sum payment on the maturity date
Maturity Date	September 30, 2024
Collateral	Unsecured/Unguaranteed

(3) Term Loan 28 <Term: approximately 8 years>

Lender	Mitsubishi UFJ Trust and Banking Corporation
Amount of the New Loan	<u>JPY2,000M</u>
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for three months) + 0.50% (*2)(*3)
Date of Borrowing	<u>September 1, 2016</u>
Method of Borrowing	<u>An individual loan contract concluded on August 10, 2016 with the lender indicated above based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).</u>
Interest Payment Date	The first interest payment date is September 30, 2016. Subsequent interest payment dates shall be at the end of every March, June, September and December (if the payment date is not a business day, it shall be paid on the preceding business day) and on the maturity date.
Method of Principal Payment	Lump-sum payment on the maturity date
Maturity Date	September 30, 2024
Collateral	Unsecured/Unguaranteed

(4) Term Loan 29 <Term: approximately 8 years>

Lender	Development Bank of Japan Inc.
Amount of the New Loan	<u>JPY700M</u>
Interest Rate	<u>0.59%/year</u> (Fixed interest rate)
Date of Borrowing	<u>September 1, 2016</u>
Method of Borrowing	<u>An individual loan contract concluded on August 10, 2016 with the lender indicated above based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).</u>
Interest Payment Date	The first interest payment date is September 30, 2016. Subsequent interest payment dates shall be at the end of every March and September (if the payment date is not a business day, it shall be paid on the preceding business day) and on the maturity date.
Method of Principal Payment	Lump-sum payment on the maturity date
Maturity Date	September 30, 2024
Collateral	Unsecured/Unguaranteed

(5) Term Loan 30 <Term: approximately 8 years>

Lender	Aozora Bank, Ltd.
Amount of the New Loan	<u>JPY500M</u>
Interest Rate	To be determined (Fixed interest rate) (*4)
Date of Borrowing	<u>September 1, 2016</u>
Method of Borrowing	<u>An individual loan contract concluded on August 10, 2016 with the lender indicated above based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).</u>
Interest Payment Date	The first interest payment date is September 30, 2016. Subsequent interest payment dates shall be at the end of every March and September (if the payment date is not a business day, it shall be paid on the preceding business day) and on the maturity date.
Method of Principal Payment	Lump-sum payment on the maturity date
Maturity Date	September 30, 2024
Collateral	Unsecured/Unguaranteed

(*1) The underlined parts are conditions that were determined after they were announced as “planned” conditions in the “Notice Concerning New Loans” dated July 7, 2016.

(*2) Please refer to the website of JBA TIBOR Administration for the base interest rate (JBA Japanese Yen TIBOR for one month and JBA Japanese Yen TIBOR for three months). <http://www.jbatibor.or.jp/english/rate/>

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

(*4) The fixed interest rates will be notified once they are determined.

2. Details of Interest Rate Swap Contracts

<Interest rate swap contract linked to Term Loan 26>

Counterparty	SMBC Nikko Securities Inc.
Notional Principal	JPY9,500M
Interest Rate	Fixed interest rate to pay 0.09% Variable interest rate to receive (JBA Japanese Yen TIBOR for one month)
Contract Term	September 30, 2016 through September 30, 2025
Interest Payment Date	The first interest payment date is October 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 will be, in effect, fixed at 0.74% from September 30, 2016.

<Interest rate swap contract linked to Term Loan 27 and Term Loan 28>

Counterparty	Sumitomo Mitsui Trust Bank, Limited
Notional Principal	JPY3,300M
Interest Rate	Fixed interest rate to pay 0.05525% Variable interest rate to receive (JBA Japanese Yen TIBOR for three months)
Contract Term	September 30, 2016 through September 30, 2024
Interest Payment Date	The first interest payment date is December 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 will be, in effect, fixed at 0.55525% from September 30, 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 92% as of the end of September 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 Registration Statement on July 7, 2016.

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