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November 25, 2016

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)

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Notice Concerning a New Loan and Prepayment of a Loan

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that the board of directors meeting today resolved as below on new borrowing (hereinafter called the “New Loan”) and prepayment of the existing loan (hereinafter called the “Repayment”).

1. Summary of the New Loan

(1) Rationale for the New Loan

JHR will take out a new loan from The Higo Bank, Ltd., a new lender for JHR, for the purpose of diversifying lenders. The loan is planned to be used as repair expenses for Dormy Inn Kumamoto (hereinafter called “Hotel”).

The Hotel resumed its operation on August 23, 2016. (*)

(*) For details on repair expenses for the Hotel, please refer to “Notice Concerning Impact of Earthquakes in Kumamoto Region in Kumamoto Prefecture (Third Release)” dated July 7, 2016.

(2) Details of the New Loan

Name of Loan	Term Loan 31
Lender	The Higo Bank, Ltd. (new lender)
Amount of the New Loan	JPY100M
Interest Rate	0.35%/year (Fixed interest rate)
Date of Borrowing	December 2, 2016
Method of Borrowing	An individual loan contract to be concluded on November 30, 2016 with the lender indicated above based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).
Interest Payment Date	May 31, 2017 and November 30, 2017
Method of Principal	Lump-sum payment on the maturity date

Prepayment	
Maturity Date	November 30, 2017
Collateral	Unsecured/Unguaranteed

2. Summary of the Repayment

(1) Details of the repayment

JHR plans to allocate part of proceeds from the seventh and eighth unsecured investment corporation bonds as announced in the press release “Notice Concerning Issuance of Investment Corporation Bonds” dated November 1, 2016 to fund the Repayment.

(2) Repayment amount

¥7,000 million

(3) Scheduled date of Repayment

November 30, 2016

(4) Details of the individual loans subject to Repayment

Name	Term Loan 19
Lenders	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.
Initial Amount of the Loan	JPY7,000M
Date of Borrowing	April 1, 2016
Maturity Date	March 31, 2017
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.30%
Loan Balance after Repayment	0

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

(Unit: millions of yen)

Category		Before (November 1, 2016)	After (*3) (December 2, 2016)	Variance
	Short-term loans	8,700	1,800	-6,900
	Long-term loans (*2)	101,807	101,807	0
Total Loans		110,507	103,607	-6,900
Total investment corporation bonds		15,000	22,600	+ 7,600
Total interest-bearing debt		125,507	126,207	+ 700

(*1) Amounts are rounded down to the nearest millions of yen.

(*2) Long-term loans payable within one year are included in the long-term loans.

(*3) Total investment corporation bonds are the amount after the issuance of the seventh and eighth unsecured investment corporation bonds in the amount of ¥10,100 million as announced in the press release “Notice Concerning Issuance of Investment Corporation Bonds” dated November 1, 2016 and redemption of ¥2,500 million of the second unsecured investment corporation bonds on November 25, 2016.

* LTV on total assets basis is expected to be 40.3% after the New Loan and Repayment (total assets are the amount as of the end of September 2016). The fixed interest rate ratio (including the purchase of the interest rate cap) to the total interest-bearing debt is forecast to be around 98%.

4. Future Prospects

The impact of the New Loan and the 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).

5. Other

With respect to the risks of the New Loan and Repayment, no important change is required for the “Investment Risks” in the Securities Report for the 16th period submitted on March 23, 2016 and Midterm Securities Report for the 17th period submitted on September 21, 2016.

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