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September 14, 2012

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)

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Notice Concerning Borrowing (Determination of the Terms and Conditions and Interest Rate)

In connection with the press release, “Notice Concerning New Loan” dated August 28, 2012 regarding the borrowing (hereinafter called “Borrowing”), Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) has settled the interest-rate and the terms and conditions of the borrowing as follows:

1. Detail of the borrowing:

(1) Facility M

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| (a) Lenders: | Sumitomo Mitsui Trust Bank, Ltd.
Resona Bank, Ltd.
The Nomura Trust and Banking Co., Ltd. |
| (b) Amount of the borrowing: | JPY2,880,000,000.- |
| (c) Interest rate: | Base interest rate (Japanese Yen TIBOR for three months in JBA) + 0.90% (*) |
| (d) Drawdown date: | September 19, 2012 |
| (e) Method of the borrowing: | The Term Loan Agreement (Facility M) which is to be concluded with the lenders indicated in above (a) today based on the written agreement having been concluded with all lenders dated March 30, 2012 and Modification Agreement for the Base Agreement dated today. |
| (f) Interest payment date: | The first interest payment date is September 28, 2012, and it will be paid on the last day of the month every three months thereafter (If the last day of the month was not a business day, the interest is to be paid on the business day immediately before the last day of the month.), and on the maturity date. |
| (g) Method of the principal payment: | Lump-sum payment on the maturity date |
| (h) Maturity date: | September 19, 2015 (If it was not a business day, it will be paid on the following business day.) |
| (i) Collateral: | Mortgage is settled. |

(2) Facility N

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|--------------------------------------|---|
| (a) Lenders: | Sumitomo Mitsui Trust Bank, Ltd.
Shinsei Bank, Limited.
The Tokyo Star Bank, Ltd. |
| (b) Amount of borrowing: | JPY3,120,000,000.- |
| (c) Interest rate: | Base interest rate (Japanese Yen TIBOR for three months in JBA) +1.10% (*) |
| (d) Drawdown date: | September 19, 2012 |
| (e) Method of the borrowing: | The Term Loan Agreement (Facility N) which is to be concluded with the lenders indicated in above (a) today based on the written agreement having been concluded with all lenders dated March 30, 2012 and Modification Agreement for the Base Agreement dated today. |
| (f) Interest payment date: | The first interest payment date is September 28, 2012, and it will be paid on the last day of the month every three months thereafter (If the last day of the month was not a business day, the interest will be paid on the business day immediately before the last day of the month.), and on the maturity date. |
| (g) Method of the principal payment: | Lump-sum payment on the maturity date |
| (h) Maturity date: | September 19, 2017 (If it was not a business day, it will be paid on the following business day.) |
| (i) Collateral | Mortgage is settled. |

* Please refer to the website of Japanese Bankers Association for confirming the base interest rate (Japanese Yen TIBOR for three months in JBA) <http://www.zenginkyo.or.jp/tibor/>.

However, the base rate of the interest at the beginning and the end of the compounding interval is the interest rate (shown as the annual rate) practically settled by the individual agent as the offered rate for the debt-credit transaction in Japanese Yen at 11:00am or immediately before 11:00am (TIBOR) for the period which is the most proximate to the compounding interval of this borrowing. The base rate of the interest for the first compounding interval (September 19, 2012 through September 28, 2012) is 0.18%, therefore, the interest rates of the Facility M and Facility N are 1.08% and 1.28% respectively.

1. Interest-bearing borrowing status before and after the borrowing and pre-payment of the existing loan (plan)

Classification		Before the Borrowing and pre-payment of the existing loan	After the Borrowing and pre-payment of the existing loan (*)	Variance(*)
	Short-term loan	3,950	3,897	-52
	Long-term loan to be repaid within one year	14,560	14,560	0
	Long-term loan	39,774	45,407	+5,632

Total loan	58,284	63,865	+ 5,580
Investment Corporation bond	2,000	2,000	0
Total interest-bearing loan	60,284	65,865	+ 5,580

*With reference to the prepayment of the loan, please refer to “Notice Concerning Pre-payment of Loan” dated August 28, 2012.

*The amount of the contractual repayment on the end of September 2012 is not inclusive.

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