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July 1, 2013

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)

Yukio Isa, Executive Director

Asset Management Company:

Japan Hotel REIT Advisors Co., Ltd.

Hiroyuki Suzui, Representative Director

Contact:

Kazuyuki Udo

Director and Officer

Management & Planning Office

Phone: +81-3-6422-0530

Notice Concerning Purchase of Interest Rate Cap

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) has purchased the interest rate cap for the borrowings below to limit the interest rate rising risk in future.

1. The borrowings for which the interest rate cap is purchased:

| | Lenders | Loan balance (JPY1M) | Interest rate | Date of borrowing | Final payment due date |
|--------|---|-------------------------|---|-------------------|------------------------|
| Loan 1 | The Nomura Trust and Banking Co., Ltd. The Chiba Bank, Ltd. Development Bank of Japan Inc. The Bank of Fukuoka, Ltd. | 4,400.00 | Japanese Yen TIBOR for 3 months in JBA + 0.70% | April 26, 2013 | April 26, 2016 |
| Loan 2 | Sumitomo Mitsui Banking Corporation The Tokyo Star Bank, Limited Shinsei Bank, Limited | 4,500.00 | Japanese Yen TIBOR for 3 months in JBA + 0.90% | April 26, 2013 | April 26, 2018 |
| Loan 3 | Sumitomo Mitsui Trust Bank, Limited | 879.75 | Japanese Yen TIBOR for 3 months in JBA + 0.80% | March 29, 2013 | March 31, 2017 |

2. Detail of the Interest Rate Cap

<The interest rate cap for the Loan 1>

| | |
|----------------------|---|
| 1. Seller | SMBC Nikko Securities Inc. |
| 2. Assumed principal | JPY4.279B (Balance on the final payment due date) |
| 3. Interest rate | Japanese Yen TIBOR in JBA (3 months) |
| 4. Starting date | July 31, 2013 |
| 5. End date | April 26, 2016 |

| | |
|-------------------------------|---|
| 6. Interest rate renewal date | The last day of January, April, July and October every year (If the last day of the month is not a business day, it will be the next business day. If it falls into the next month, it will be the preceding business day.) |
| 7. Strike price | 0.5% |
| 8. Cap fee | JPY16,788,100.- (0.392% to the assumed principal) |

<The interest rate cap for the Loan 2>

| | |
|-------------------------------|---|
| 1. Seller | SMBC Nikko Securities Inc. |
| 2. Assumed principal | JPY4,28625B (Balance on the final payment due date) |
| 3. Interest rate | Japanese Yen TIBOR in JBA (3 months) |
| 4. Starting date | July 31, 2013 |
| 5. End date | April 26, 2018 |
| 6. Interest rate renewal date | The last day of January, April, July and October every year (If the last day of the month is not a business day, it will be the next business day. If it falls into the next month, it will be the preceding business day.) |
| 7. Strike price | 0.5% |
| 8. Cap fee | JPY63,107,875.- (1.472% to the assumed principal) |

<The interest rate cap for the Loan 3 >

| | |
|-------------------------------|--|
| 1. Seller | Daiwa Securities Co. Ltd. |
| 2. Assumed principal | JPY848.25M (Balance on the final payment due date) |
| 3. Interest rate | Japanese Yen TIBOR in JBA (3 months) |
| 4. Starting date | September 30, 2013 |
| 5. End date | March 31, 2017 |
| 6. Interest rate renewal date | The last day of March, June, September and December every year (If the last day of the month is not a business day, it will be the next business day. If it falls into the next month, it will be the preceding business day.) |
| 7. Strike price | 0.5% |
| 8. Cap fee | JPY6,700,000.- (0.790% to the assumed principal) |

<Reference>

In the event that the interest rate of the loans listed in 1 above exceeds the strike price, the seller will pay the difference to JHR and the upper limit of the interest rate will be virtually set by the strike price to the principal amount. For instance, if the interest rate is 2%, JHR will pay 2% to the lender, and the difference between the interest rate (2%) and the strike price (0.5%), 1.5%, will be paid by the seller to JHR. Therefore, the virtual interest rate of JHR will be 0.5%.

3. Future prospect

The impact on the operating forecast for the fiscal year December 2013 (January 1, 2013 through December 31, 2013) will be slight and no change is required.

4. Other

With reference to the repayment risk in relation to the above, no important change is required for the “Investment Risk” of the Registration Statement submitted in April 2, 2013.

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