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May 24, 2019

REIT Issuer:

Japan Hotel REIT Investment Corporation (TSE code: 8985)
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Notice Concerning Issuance of Investment Corporation Bonds and Prepayment of Loans

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you of its decision to issue investment corporation bonds (hereinafter called “Bonds”) and to prepay the loans (hereinafter called “Repayment”) today as follows.

I. Issuance of investment corporation bonds

1. Summary of investment corporation bonds

- (1) Name of the investment corporation bonds
Eleventh unsecured investment corporation bonds of JHR
(with pari passu covenants among investment corporation bonds) (nickname: Hotel REIT Bond)
(hereinafter called “Bonds”)
- (2) Total amount of Bonds
JPY8Bn
- (3) Form of Bonds
Bond certificates will not be issued. Bonds are subject to the Act on Book Entry of Corporate Bonds and Shares.
- (4) Issue price
JPY100 for JPY100 of each bond
- (5) Redemption price
JPY100 for JPY100 of each bond
- (6) Interest rate
0.854%/year
- (7) Amount of each bond
JPY1M

- (8) Offering method
Public offering
- (9) Subscription period
May 27, 2019 (Monday) through June 13, 2019 (Thursday)
- (10) Payment date
June 14, 2019 (Friday)
- (11) Collateral
Neither collateral nor guarantee is provided for Bonds, and no assets have been particularly secured for Bonds.
- (12) Redemption method and date
The total amount of Bonds will be redeemed on June 14, 2029.
Bonds may be repurchased and cancelled any time from the day following the payment date except for case(s) separately determined by the book-entry transfer institution.
- (13) Interest payment date
June 14 and December 14 each year
If the payment date falls on a bank holiday, the payment shall be made on the preceding bank business day.
- (14) Financial covenants
A negative pledge clause and a clause of conversion from unsecured to secured bonds are applicable.
- (15) Rating of bonds
A+ (Japan Credit Rating Agency, Ltd.)
- (16) Bond administrator, issuing agent, and paying agent
Resona Bank, Limited
- (17) Underwriters
SMBC Nikko Securities Inc.
Mizuho Securities Co., Ltd.
FPG Securities Co., Ltd.
Nishi-Nippon City Tokai Tokyo Securities Co., Ltd.

2. Rationale for issuance

To diversify financing sources further by issuing the Bonds mainly to individual investors

3. Amount of proceeds, use, and planned payment schedule

- (1) Amount of proceeds (ballpark net amount)
JPY7,950M
- (2) Detail of intended use of proceeds and planned payment schedule
Plan to allocate all net amounts of proceeds for prepayment of the existing loans on June 17, 2019
(* Proceeds are planned to be deposited in financial institutions until its payment for intended use.

II. Prepayment of the loans

1. Summary of Repayment

(1) Details of Repayment

JHR plans to allocate the ballpark net amount of eleventh unsecured investment corporation bonds of JHR mentioned above in “I. Issuance of investment corporation bonds” to fund the Repayment.

(2) Repayment amount

JPY8,000M

(3) Scheduled date of Repayment

June 17, 2019

(4) Details of the individual loans subject to Repayment

Loan name	Term Loan 51
Lender	The Bank of Fukuoka, Ltd.
Loan Balance before Repayment	JPY1,250M
Amount of Repayment	JPY450M
Date of Borrowing	November 30, 2018 (first installment), April 26, 2019 (second installment)
Maturity Date	December 30, 2019
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.275%
Loan Balance after Repayment	JPY800M

Loan name	Term Loan 52
Lender	THE NISHI-NIPPON CITY BANK, LTD.
Loan Balance before Repayment	JPY1,250M
Amount of Repayment	JPY450M
Date of Borrowing	November 30, 2018 (first installment), April 26, 2019 (second installment)
Maturity Date	December 30, 2019
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.275%
Loan Balance after Repayment	JPY800M

Loan name	Term Loan 56
Lender	Sumitomo Mitsui Banking Corporation
Loan Balance before Repayment	JPY2,000M
Amount of Repayment	JPY1,100M
Date of Borrowing	April 8, 2019
Maturity Date	March 31, 2020
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.275%
Loan Balance after Repayment	JPY900M

Loan name	Term Loan 57
Lender	The Bank of Fukuoka, Ltd.
Loan Balance before Repayment	JPY1,000M
Amount of Repayment	JPY1,000M
Date of Borrowing	March 18, 2019
Maturity Date	February 28, 2020
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.275%
Loan Balance after Repayment	JPY0

Loan name	Term Loan 58
Lender	THE NISHI-NIPPON CITY BANK, LTD.
Loan Balance before Repayment	JPY1,000M
Amount of Repayment	JPY1,000M
Date of Borrowing	March 18, 2019
Maturity Date	February 28, 2020
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.275%
Loan Balance after Repayment	JPY0

Loan name	Term Loan 59
Lender	Sumitomo Mitsui Banking Corporation
Loan Balance before Repayment	JPY2,550M
Amount of Repayment	JPY2,550M
Date of Borrowing	March 29, 2019
Maturity Date	June 28, 2019
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.275%
Loan Balance after Repayment	JPY0

Loan name	Term Loan 60
Lender	Mizuho Bank, Ltd
Loan Balance before Repayment	JPY450M
Amount of Repayment	JPY450M
Date of Borrowing	March 29, 2019
Maturity Date	February 28, 2020
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.275%
Loan Balance after Repayment	JPY0

Loan name	Term Loan 61
Lender	The Hiroshima Bank, Ltd.,
Loan Balance before Repayment	JPY1,000M
Amount of Repayment	JPY1,000M
Date of Borrowing	March 29, 2019
Maturity Date	February 28, 2020
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.275%
Loan Balance after Repayment	JPY0

III. Status of interest-bearing debts after the issuance of the Bonds and the Repayment (plan)

(Unit: millions of yen)

Category		Before Issuance of Bonds and Repayment	After Issuance of Bonds and Repayment	Fluctuation
	Short-term loans	8,000	900	(7,100)
	Long-term loans (*2)	128,771	127,871	(900)
Total loans		136,771	128,771	(8,000)
Total investment corporation bonds		31,600	39,600	+8,000
Total interest-bearing debts		168,371	168,371	0

(*1) The amount is rounded down to the nearest one million yen.

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

The fixed interest rate ratio to the total interest-bearing debt after the issuance of the Bonds and the Repayment is forecasted to be around 96%.

IV. Future Prospects

The impact of the issuance of the Bonds and the Repayment is subtle and no change is required for the operating forecast for the fiscal year ending December 2019 (January 1, 2019 through December 31, 2019).

V. Other

With respect to the risks in relation to redemption of Bonds, etc., no important change is required for the “Investment Risks” in the Securities Report submitted on March 20, 2019 (Japanese only).

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