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Notice Concerning New Loans (Refinancing) and Prepayment of Loans

Japan Hotel REIT Investment Corporation (hereinafter called “JHR”) informs you that JHR resolved as below today on prepayment of the existing loans and new borrowings (hereinafter called the “New Loans”) for the purpose of refinancing of the existing loans (hereinafter called the “Prepayment”).

1. Summary of the New Loans and Prepayment

JHR plans to repay the existing loans, which are due on September 30, 2019 (hereinafter called the “Loans Scheduled for Repayment”), partially by cash on hand and substantially refinance them.

2. Details of the New Loans

(1) Total Amount of the New Loans

JPY7,200M

(2) Details of the New Loans

Name of Loan	Term Loan 62
Lender	The Chiba Bank, Ltd., The Hiroshima Bank, Ltd.
Amount of the New Loan	JPY1,600M
Interest Rate	To be determined (fixed) (*1)
Date of Borrowing	September 30, 2019 (plan)
Method of Borrowing	Individual loan contracts to be concluded on September 26, 2019 with the lenders indicated above based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).
Interest Payment Date	The first interest payment date is the end of March, 2020. Subsequent interest payment dates shall be at the end of March, at the end of September every year (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 Prepayment	Lump-sum payment on the maturity date
Maturity Date	September 30, 2024 (borrowing term: 5 years)
Collateral	Unsecured/Unguaranteed

Name of Loan	Term Loan 63
Lender	Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited, Development Bank of Japan Inc., The Bank of Fukuoka, Ltd., The Nomura Trust and Banking Co., Ltd.
Amount of the New Loan	JPY5,600M
Interest Rate	Base interest rate (JBA Japanese Yen TIBOR for one month) + 0.55% (*2) (*3) (*4)
Date of Borrowing	September 30, 2019 (plan)
Method of Borrowing	Individual loan contracts to be concluded on September 26, 2019 with the lenders indicated above based on the Basic Agreement concluded on November 13, 2013 (including subsequent amendments).
Interest Payment Date	The first interest payment date is October 31, 2019. Subsequent interest payment dates shall be at the end of each 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 Prepayment	Lump-sum payment on the maturity date
Maturity Date	September 30, 2027 (borrowing term: 8 years)
Collateral	Unsecured/Unguaranteed

(*1) The undecided items will be announced once it is determined

(*2) The base interest rate of first calculation period for the loan will be announced once it is determined.

(*3) Base interest rate to be applied to the calculation period for the interest to be paid at interest payment dates will be JBA Japanese Yen TIBOR for 1 month at 2 business days prior to preceding interest payment date. Please refer to the website of JBA TIBOR Administration for the JBA Japanese Yen TIBOR (<http://www.jbatibor.or.jp/english/rate/>).

(*4) As for Term Loan 63, JHR plans to enter into an interest rate swap contract and fix interest rates. The details will be announced once they are determined.

3. Summary of the Loans Scheduled for Repayment

(1) Summary of the repayment

JHR plans to repay the loans with using the New Loans and cash on hand.

(2) Total amount of repayment

JPY6,317M

(3) Scheduled date of the repayment

September 30, 2019

(4) Details of the subject individual loans

Loan	Term Loan 5
Lenders	Sumitomo Mitsui Banking Corporation, Shinsei Bank, Limited, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited, Development Bank of Japan Inc., The Bank of Fukuoka, Ltd., The Nomura Trust and Banking Co., Ltd., The Hiroshima Bank, Ltd., Sompo Japan Nipponkoa Insurance Inc.
Date of borrowing	September 30, 2014
Maturity date	September 30, 2019
Borrowing balance	JPY6,317M

4. Summary of the Prepayment

(1) Summary of the prepayment

JHR plans to repay the loans with using the New Loans.

(2) Total amount of prepayment

JPY900M

(3) Scheduled date of the prepayment

September 30, 2019

(4) Details of the subject individual loan

Loan	Term Loan 56
Lender	Sumitomo Mitsui Banking Corporation
Loan balance before repayment	JPY900M
Amount of repayment	JPY900M
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	JPY0

5. Status of the Interest-Bearing Debt Before and After the Refinancing (scheduled)

(Unit: millions of yen)

Category		Before	After	Variance
	Short-term loans	900	0	(900)
	Long-term loans (*2)	126,271	127,154	+883
Total Loans		127,171	127,154	(17)
Total investment corporation bonds		41,600	41,600	0
Total interest-bearing debt		168,771	168,754	(17)

(*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.

* The fixed interest rate ratio to the total interest-bearing debt after the New Loan and the Prepayment (after the interest rate is fixed by conclusion of the interest rate swap contract for Term Loan 63) is forecasted to be around 98%.

6. Future Prospects

The impact 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).

7. Other

With respect to the risks of the New Loans, no important change is required for the “Investment Risks” in the Securities Report submitted on March 20, 2019 and the Semiannual Securities Report (Japanese only) submitted today.

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