

Hoshino Resorts REIT, Inc.

October 26, 2020

For Immediate Release

REIT Securities Issuer
Hoshino Resorts REIT, Inc.
Representative: Kenji Akimoto, Executive Director
(Code: 3287)

Asset Management Company
Hoshino Resort Asset Management Co., Ltd.
Representative: Kenji Akimoto, President & CEO
Contact: Takahiro Kabuki, General Manager
of Corporate Planning &
Administration Department,
Finance & Administration Division
TEL: +81-3-5159-6338

Notice Concerning Debt Financing (Refinancing) and Interest Rate Swap

Hoshino Resorts REIT, Inc. (hereinafter “HRR”) announces the resolution made at its Board of Directors’ Meeting held on October 26, 2020 to conduct debt financing (hereinafter the “Debt Financing”) with an aim to refinance existing borrowings (hereinafter the “Refinancing”) and interest rate swaps (hereinafter the “Interest Rate Swap”) as follows.

1. Details of Debt Financing

(1) Contract No. 0062

1) Lenders	Resona Bank, Limited, MUFG Bank, Ltd., The Bank of Fukuoka, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd.
2) Amount of the loan	1,100,000,000 yen
3) Interest rate	Base interest rate (Note 1) + 0.300% (floating rate) (Note 2)
4) Scheduled borrowing date	October 30, 2020
5) Method of borrowing	To conclude individual loan agreements on October 28, 2020 with the above lenders
6) Final repayment date	October 29, 2021 (Note 3)
7) Repayment method	Lump-sum repayment at maturity
8) Interest payment date	First payment on November 30, 2020 with subsequent payments on the last day of each month and on the final repayment date (Note 3)
9) Collateral	Unsecured/Unguaranteed

(2) Contract No. 0063

1) Lenders	MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., The Yamaguchi Bank, Ltd., The Senshu Ikeda Bank, Ltd.
2) Amount of the loan	1,400,000,000 yen
3) Interest rate	Base interest rate (Note 1) + 0.300% (floating rate) (Note 2)
4) Scheduled borrowing date	October 30, 2020
5) Method of borrowing	To conclude individual loan agreements on October 28, 2020 with the above lenders
6) Final repayment date	October 31, 2023 (Note 3)
7) Repayment method	Lump-sum repayment at maturity
8) Interest payment date	First payment on November 30, 2020 with subsequent payments on the last day of each month and on the final repayment date (Note 3)
9) Collateral	Unsecured/Unguaranteed

(Note 1) "Base interest rate" will be the 1-month Japanese Yen TIBOR announced by JBA TIBOR Administration two business days prior to each interest payment date immediately preceding the respective interest payment date (scheduled borrowing date for the first interest payment date). However, in the event that the interest rate corresponding to the period does not exist, the base interest rate will be calculated using the method stipulated in the loan agreement. For the JBA Japanese Yen TIBOR, please refer to the website of JBA TIBOR Administration (<http://www.jbatibor.or.jp/english>) (the same shall apply hereinafter).

(Note 2) The interest rate (annual rate) is scheduled to be substantively fixed by concluding the swap agreements. For details, please refer to "4. Interest Rate Swap" below.

(Note 3) If the date falls on a non-business day, it will be the following business day; provided, however, if this subsequent business day is in the following month, the business day immediately preceding the date will be the final repayment date or interest payment date.

2. Purpose of Refinancing

Debt financing will be conducted in order to procure funds to repay the principal components of existing borrowings of which maturity date is arriving. For details of existing borrowings, please refer to "3. Total Amount of the Loan, Use of Proceeds and Scheduled Expenditure Date" below.

3. Total Amount of the Loan, Use of Proceeds and Scheduled Expenditure Date

(1) Total Amount of the Loan

2,500,000,000 yen (scheduled)

(2) Detailed Use of Proceeds

All proceeds from the Debt Financing will be allocated to the repayment of principal of existing borrowings. The targeted existing borrowing is the following existing borrowing.

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Contract No. 0028

1) Lenders	MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, The Bank of Fukuoka, Ltd., The Ashikaga Bank, Ltd., The Hokuriku Bank, Ltd., The Yamaguchi Bank, Ltd., The Senshu Ikeda Bank, Ltd.
2) Amount of the loan	2,500,000,000 yen
3) Interest rate	Base interest rate + 0.300% (floating rate)
4) Borrowing date	November 1, 2016
5) Method of borrowing	Concluded individual loan agreements on October 28, 2016 with the above lenders
6) Final repayment date	October 30, 2020 (Note)
7) Repayment method	Lump-sum repayment at maturity
8) Interest payment date	First payment on November 30, 2016 with subsequent payments on the last day of each month and on the final repayment date (Note)
9) Collateral	Unsecured/Unguaranteed

(Note) If the date falls on a non-business day, it will be the following business day; provided, however, if this subsequent business day is in the following month, the business day immediately preceding the date will be the final repayment date or interest payment date.

(3) Scheduled Expenditure Date
October 30, 2020 (scheduled)

4. Interest Rate Swap

(1) Purpose of Conducting Interest Rate Swap

The Interest Rate Swap will be conducted in order to hedge against risk of an increase in interest rate by fixing interest rates payable for the Debt Financing. Such Interest Rate Swap may not be conducted depending on terms on fixed interest rate payable scheduled to be determined on October 28, 2020.

(2) Details of Interest Rate Swap

Contract No. of loan agreement		0062	0063
Counterparty		TBD (Note)	TBD (Note)
Notional principal		1,100,000,000 yen	1,400,000,000 yen
Interest rate	Fixed interest rate payable	TBD (Note)	TBD (Note)
	Floating interest rate receivable	Base interest rate (JBA 1-month Japanese Yen TIBOR)	
Commencement date		October 30, 2020	October 30, 2020
Termination date		October 29, 2021	October 31, 2023
Payment date		First payment on November 30, 2020 with subsequent payments on the last day of each month and the termination date	

(Note) Counterparty and fixed interest rate payable are scheduled to be determined on October 28, 2020 and will be announced once they are finalized.

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5. Status of Interest-bearing Debt Before and After Debt Financing (scheduled)

(Unit: millions of yen)

	Before Debt Financing (Note 1)	After Debt Financing (Note 1)	Amount of Increase/Decrease
Short-term loans (Note 2)	1,549	2,649	1,100
Long-term loans (Note 2)	64,799	63,699	(1,100)
Total loans	66,348	66,348	0
Investment corporation bonds	1,500	1,500	0
Sum of borrowings and investment corporation bonds	67,848	67,848	0
Other interest-bearing debt	—	—	—
Total interest-bearing debt	67,848	67,848	0

(Note 1) Before Debt Financing and After Debt Financing indicate amounts after subtracting scheduled repayment to be made on October 30, 2020 (58,574,000 yen) from borrowed amounts as of today.

(Note 2) Short-term loans refer to loans with a borrowing period of one year or less, and long-term loans refer to loans with a borrowing period over one year.

(Note 3) Amounts have been rounded down to the nearest million yen.

6. Other Matters Necessary for Investors to Appropriately Understand and Evaluate the Provided Information

There is no change to the content of “Risks in Investment” set forth in HRR’s Securities Report submitted on July 27, 2020 with respect to the risks of the Debt Financing.

* Hoshino Resorts REIT, Inc. website address: <https://www.hoshinoresorts-reit.com/en/>