

May 19, 2021

For Immediate Release

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Notice Concerning Debt Financing, Early Repayment of Loan and Interest Rate Swap

Hoshino Resorts REIT, Inc. (hereinafter “HRR”) announces the resolution made at its Board of Directors’ Meeting held on May 19, 2021 to conduct debt financing (hereinafter the “Debt Financing”), the early repayment of an existing borrowing (hereinafter the “Repayment”) and an interest rate swap (hereinafter the “Interest Rate Swap”) as follows.

1. Details of Debt Financing

Contract No. 0068

1) Lenders	MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Development Bank of Japan Inc., Mizuho Bank, Ltd.
2) Amount of the loan	1,000,000,000 yen
3) Interest rate	Base interest rate (Note 1) + 0.405% (floating rate) (Note 2)
4) Scheduled borrowing date	June 1, 2021
5) Method of borrowing	To conclude individual loan agreements on May 28, 2021 with the above lenders
6) Final repayment date	November 28, 2025 (Note 3)
7) Repayment method	Lump-sum repayment at maturity
8) Interest payment date	First payment on August 31, 2021 with subsequent payments on the last day of November, February, May and August each year and on the final repayment date (Note 3)
9) Collateral	Unsecured/Unguaranteed

(Note 1) “Base interest rate” will be the 3-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 (<https://www.jbatibor.or.jp/english>).

(Note 2) The interest rate (annual rate) is scheduled to be substantively fixed by concluding the swap agreement. For details, please refer to “5. 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 Debt Financing

Debt financing will be conducted in order to allocate a part of acquisition funds (planned acquisition price) of 2,750 million yen and related costs (including consumption tax and local consumption tax) for “KAI Nagato,” the asset to be acquired by HRR (hereinafter the “Asset to be Acquired”), as described in “Notice Concerning Acquisition of Domestic Real Estate (KAI Nagato)” announced today, as well as funds for Repayment (Contract No. 0061) with a

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final repayment date of June 30, 2021 of the funds borrowed on June 30, 2020, as described in “Notice Concerning Debt Financing” announced on June 24, 2020. For an overview of the existing borrowing, please refer to “3. Total Amount of the Loan, Use of Proceeds and Scheduled Expenditure Date” and “4. Details of Repayment” below.

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

(1) Total Amount of the Loan

1,000,000,000 yen (scheduled)

(2) Detailed Use of Proceeds

The proceeds from the Debt Financing will be allocated to a part of the acquisition funds, related costs for the Asset to be Acquired and to Repayment (Contract No. 0061) with a final repayment date of June 30, 2021.

(3) Scheduled Expenditure Date

June 1, 2021 (scheduled)

4. Details of Repayment

HRR will make an early repayment of the following existing borrowing on June 1, 2021.

Contract No. 0061

1) Lender	MUFG Bank, Ltd.
2) Amount of the loan	149,000,000 yen
3) Interest rate	Base interest rate (Note 1) + 0.300% (floating rate)
4) Borrowing date	June 30, 2020
5) Method of borrowing	Concluded individual loan agreement on June 26, 2020 with the above lender
6) Final repayment date	June 30, 2021 (Note 2)
7) Repayment method	Lump-sum repayment at maturity
8) Interest payment date	First payment on July 31, 2020 with subsequent payments on the last day of each month and on the final repayment date (Note 2)
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 (<https://www.jbatibor.or.jp/english>).

(Note 2) 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.

(Note 3) HRR shall pay a break funding cost for repayment of the borrowing associated with Contract No. 0061, which shall be treated as an expense incurred for early repayment.

“Break funding cost” is the amount calculated by multiplying (1) the amount of the borrowing’s principal to be repaid as of the date of early repayment by (2) the difference obtained by subtracting the reinvestment rate from the repayment date’s applicable base interest rate and applied to (3) the actual number of days of the period from the early repayment date to the final repayment date.

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5. 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 May 28, 2021.

(2) Details of Interest Rate Swap

Contract No. of loan agreement		0068
Counterparty		TBD (Note)
Notional principal		1,000,000,000 yen
Interest rate	Fixed interest rate payable	TBD (Note)
	Floating interest rate receivable	Base interest rate (JBA 3-month Japanese Yen TIBOR)
Commencement date		June 1, 2021
Termination date		November 28, 2025
Payment date		First payment on August 31, 2021 with subsequent payments on the last day of November, February, May and August each year and the termination date

(Note) Counterparty and fixed interest rate payable are scheduled to be determined on May 28, 2021 and will be announced once they are finalized.

6. Status of Interest-bearing Liabilities After Debt Financing and Repayment (scheduled)

(Unit: millions of yen)

	Before Debt Financing and Repayment	After Debt Financing and Repayment	Amount of Increase / Decrease
Short-term borrowings (Note 1)	1,699	1,550	(149)
Long-term borrowings (Note 1)	64,491	65,491	1,000
Total borrowings	66,190	67,041	851
Investment corporation bonds	1,500	1,500	–
Sum of borrowings and investment corporation bonds	67,690	68,541	851
Other interest-bearing liabilities	–	–	–
Total interest-bearing liabilities	67,690	68,541	851

(Note 1) Short-term borrowings refer to loans with a borrowing period of one year or less, and long-term borrowings refer to loans with a borrowing period over one year.

(Note 2) Amounts have been rounded down to the nearest million yen.

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

The risks associated with the Debt Financing and the Repayment are as described in “Part II. Reference Information, Section 2. Supplementary Information to the Reference Documents, 3. Risks in Investment” in the Securities Registration Statement submitted today.

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

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