

Hoshino Resorts REIT, Inc.

April 23, 2020

For Immediate Release

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

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Notice Concerning Debt Financing (Refinancing), 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 April 23, 2020 to conduct debt financing (hereinafter the “Debt Financing”) with an aim to refinance existing borrowings (hereinafter the “Refinancing”) and to conduct the early repayment of an existing loan (hereinafter the “Repayment”) and interest rate swaps (hereinafter the “Interest Rate Swap”) as follows.

1. Details of Debt Financing

(1) Contract No. 0057

1) Lenders	MUFG Bank, Ltd., The Bank of Fukuoka, Ltd., Resona Bank, Limited, The Yamaguchi Bank, Ltd., The Bank of Kyoto, Ltd.
2) Amount of the loan	1,100,000,000 yen
3) Interest rate	Base interest rate (Note 1) + 0.250% (floating rate) (Note 2)
4) Scheduled borrowing date	April 30, 2020
5) Method of borrowing	To conclude individual loan agreements on April 27, 2020 with the above lenders
6) Final repayment date	April 28, 2023 (Note 3)
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 October, January, April and July each year and on the final repayment date (Note 3)
9) Collateral	Unsecured/Unguaranteed

(2) Contract No. 0058

1) Lenders	Development Bank of Japan Inc., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., The Senshu Ikeda Bank, Ltd.
2) Amount of the loan	2,050,000,000 yen
3) Interest rate	Base interest rate (Note 1) + 0.325% (floating rate) (Note 2)
4) Scheduled borrowing date	April 30, 2020
5) Method of borrowing	To conclude individual loan agreements on April 27, 2020 with the above lenders
6) Final repayment date	October 31, 2024 (Note 3)
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 October, January, April and July each year and on the final repayment date (Note 3)
9) Collateral	Unsecured/Unguaranteed

(3) Contract No. 0059

1) Lenders	Development Bank of Japan Inc., MUFG Bank, Ltd., Sumitomo Mitsui Banking Corporation
2) Amount of the loan	1,750,000,000 yen
3) Interest rate	Base interest rate (Note 1) + 0.425% (floating rate) (Note 2)
4) Scheduled borrowing date	April 30, 2020
5) Method of borrowing	To conclude individual loan agreements on April 27, 2020 with the above lenders
6) Final repayment date	October 31, 2025 (Note 3)
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 October, January, April and July each year and on the final repayment date (Note 3)
9) Collateral	Unsecured/Unguaranteed

(4) Contract No. 0060

1) Lenders	MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation
2) Amount of the loan	1,953,000,000 yen
3) Interest rate	Base interest rate (Note 1) + 0.425% (floating rate) (Note 2)
4) Scheduled borrowing date	April 30, 2020
5) Method of borrowing	To conclude individual loan agreements on April 27, 2020 with the above lenders
6) Final repayment date	October 31, 2025 (Note 3)
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 October, January, April and July 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 (<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 “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 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 and of the Early Repayment. For details of existing borrowings, please refer to “3. Overview of Early Repayment” and “4. Total Amount of the Loan, Use of Proceeds and Scheduled Expenditure Date” below.

3. Overview of Early Repayment

The Company will make early repayments of the following existing loans on April 30, 2020.

(1) Contract No. 0005

1) Lenders	MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation
2) Amount of the loan	1,400,000,000 yen
3) Interest rate	2.45886% (fixed rate)
4) Borrowing date	July 16, 2013
5) Method of borrowing	Concluded individual loan agreements on July 11, 2013 with the above lenders
6) Final repayment date	July 16, 2020 (Note 1)
7) Repayment method	First payment on October 31, 2013, with subsequent payments from principal of 20,001,000 yen (11,838,000 yen in first payment) on the last day of April and October each year (Note 1) and payment of the remaining principal balance of 1,128,149,000 yen on the final repayment date.
8) Interest payment date	First payment on October 31, 2013 with subsequent payments on the last day of April and October each year and on the final repayment date (Note 1)
9) Collateral	Unsecured (Note 2)/Unguaranteed

(2) Contract No. 0009

1) Lenders	MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation
2) Amount of the loan	1,000,000,000 yen
3) Interest rate	1.99816% (fixed rate)
4) Borrowing date	May 2, 2014
5) Method of borrowing	Concluded individual loan agreements on April 30, 2014 with the above lenders
6) Final repayment date	April 30, 2021 (Note 1)
7) Repayment method	First payment on October 31, 2014, with subsequent payments from principal of 14,287,000 yen on the last day of April and October each year (Note 1) and payment of the remaining principal balance of 814,269,000 yen on the final repayment date.
8) Interest payment date	First payment on October 31, 2014 with subsequent payments on the last day of April and October each year and on the final repayment date (Note 1)
9) Collateral	Unsecured (Note 2)/Unguaranteed

(Note 1) 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 2) The collateral has been released with an effective date of August 31, 2016.

(Note 3) HRR shall pay a break funding cost for repayment of borrowings associated with Contract No. 0005 and Contract No. 0009, 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 borrowings’ 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.

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

(1) Total Amount of the Loan

6,853,000,000 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 borrowings consist of the existing borrowings that are the target of the Repayment described in “3. Overview of Early Repayment” above and the following existing borrowings.

Contract No. 0014

1) Lenders	MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation
2) Amount of the loan	1,500,000,000 yen
3) Interest rate	0.82080% (fixed rate)
4) Borrowing date	November 2, 2015
5) Method of borrowing	Concluded individual loan agreements on October 28, 2015 with the above lenders
6) Final repayment date	April 30, 2020 (Note 1)
7) Repayment method	Lump-sum repayment at maturity
8) Interest payment date	First payment on April 28, 2016 with subsequent payments on the last day of April and October each year and on the final repayment date (Note 1)
9) Collateral	Unsecured (Note 2)/Unguaranteed

Contract No. 0020

1) Lenders	Development Bank of Japan Inc., The Hokuriku Bank, Ltd., The Bank of Fukuoka, Ltd., The Bank of Kyoto, Ltd.
2) Amount of the loan	900,000,000 yen
3) Interest rate	0.50313% (fixed rate)
4) Borrowing date	May 2, 2016
5) Method of borrowing	Concluded individual loan agreements on April 27, 2016 with the above lenders
6) Final repayment date	April 30, 2020 (Note 1)
7) Repayment method	Lump-sum repayment at maturity
8) Interest payment date	First payment on October 31, 2016 with subsequent payments on the last day of April and October each year and on the final repayment date (Note 1)
9) Collateral	Unsecured (Note 2)/Unguaranteed

Contract No. 0035

1) Lenders	MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, The Bank of Fukuoka, Ltd., The Hokuriku Bank, Ltd., The Yamaguchi Bank, Ltd., The Bank of Kyoto, Ltd., Mizuho Bank, Ltd., The Senshu Ikeda Bank, Ltd.
2) Amount of the loan	2,500,000,000 yen
3) Interest rate	Base interest rate (Note 3)+ 0.225% (floating rate)
4) Borrowing date	November 1, 2017
5) Method of borrowing	Concluded individual loan agreements on October 30, 2017 with the above lenders
6) Final repayment date	April 30, 2020 (Note 1)
7) Repayment method	Lump-sum repayment at maturity
8) Interest payment date	First payment on November 30, 2017 with subsequent payments on the last day of each month and on the final repayment date (Note 1)
9) Collateral	Unsecured/Unguaranteed

(Note 1) 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 2) The collateral has been released with an effective date of August 31, 2016.

(Note 3) "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. 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.

(3) Scheduled Expenditure Date

April 30, 2020 (scheduled)

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 April 27, 2020.

(2) Details of Interest Rate Swap

Contract No. of loan agreement		0057	0058	0059, 0060
Counterparty		TBD (Note)	TBD (Note)	TBD (Note)
Notional principal		1,100,000,000 yen	2,050,000,000 yen	3,703,000,000 yen
Interest rate	Fixed interest rate payable	TBD (Note)	TBD (Note)	TBD (Note)
	Floating interest rate receivable	Base interest rate (JBA 3-month Japanese Yen TIBOR)		
Commencement date		April 30, 2020	April 30, 2020	April 30, 2020
Termination date		April 28, 2023	October 31, 2024	October 31, 2025
Payment date		First payment on July 31, 2020 with subsequent payments on the last day of October, January, April, and July each year and the termination date		

(Note) Counterparty and fixed interest rate payable are scheduled to be determined on April 27, 2020 and will be announced once they are finalized.

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

(Unit: millions of yen)

	Before Debt Financing and Early Repayment (Note 1)	After Debt Financing and Early Repayment (Note 1)	Amount of Increase / Decrease
Short-term loans (Note 2)	1,400	1,400	0
Long-term loans (Note 2)	64,862	64,858	(3)
Total loans	66,262	66,258	(3)
Investment corporation bonds	1,500	1,500	0
Sum of borrowings and investment corporation bonds	67,762	67,758	(3)
Other interest-bearing debt	—	—	—
Total interest-bearing debt	67,762	67,758	(3)

(Note 1) Before Debt Financing and After Debt Financing indicate amounts after subtracting scheduled repayment to be made on April 30, 2020 (92,862,000 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.

7. 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 January 27, 2020 with respect to the risks of the Debt Financing.

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