

Hoshino Resorts REIT, Inc.

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For Immediate Release

REIT Securities Issuer

Hoshino Resorts REIT, Inc.

Representative: Kenji Akimoto, Executive Director
(Code: 3287)

Asset Management Company

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Notice Concerning Debt Financing and Interest Rate Swap

Hoshino Resorts REIT, Inc. (hereinafter “HRR”) announces the resolution made at its Board of Directors’ Meeting held on April 26, 2017 to conduct debt financing (hereinafter the “Debt Financing”) and to conduct an interest rate swap as follows.

1. Detail of Debt Financing

Contract No. 0033

1) Lender	The Bank of Tokyo Mitsubishi UFJ, Ltd., The Ashikaga Bank, Ltd. and The Bank of Fukuoka, Ltd.
2) Loan Amount	¥700,000,000
3) Interest Rate	Base interest rate (Note 1) +0.425% (floating rate) (Note 2)
4) Scheduled Borrowing Date	May 2, 2017
5) Method of Borrowing	To conclude individual loan agreements on April 28, 2017 with the above lenders
6) Maturity Date	May 2, 2022 (Note 3)
7) Repayment Method	Lump-sum repayment on the maturity date
8) Interest Payment Date	First payment on May 31, 2017 with subsequent payments on the last day of each month and on the maturity date (Note 3)
9) Collateral	Unsecured / Unguaranteed

(Note 1) Base interest rate will be the interest rate of the number of months corresponding to the relevant interest calculation period among the 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 repayment date). However, in the case 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/>).

(Note 2) The interest rate (annual rate) will be substantively fixed by concluding the swap agreement. 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 maturity date or interest payment date.

2. Purpose of Debt Financing

Debt financing will be conducted in order to procure funds for repayment of principal of existing borrowings of which maturity date is arriving. For details of existing borrowings, please refer to “3. Total Amount to be Borrowed, Use of Proceeds and Scheduled Expenditure Date” below.

3. Total Amount to be Borrowed, Use of Proceeds and Scheduled Expenditure Date

(1) Total Amount to be Borrowed

¥700,000,000 (scheduled)

(2) Detailed Use of Procured Funds

All proceeds from the Debt Financing will be allocated for the repayment of principal of existing borrowings. The overview of existing borrowings is as follows.

Contract No. 0007

1)	Lender	The Bank of Tokyo Mitsubishi UFJ, Ltd., The Ashikaga Bank, Ltd. and The Shizuoka Bank, Ltd.
2)	Loan Amount	¥700,000,000 (Note 1)
3)	Interest Rate	1.12207% (fixed rate)
4)	Scheduled Borrowing Date	May 2, 2014
5)	Method of Borrowing	Concluded individual loan agreements on April 30, 2014 with the above lenders
6)	Maturity Date	May 2, 2017 (Note 2)
7)	Repayment Method	Lump-sum repayment on the maturity date
8)	Interest Payment Rate	First payment on October 31, 2014 with subsequent payments on the last day of April and October each year and on the maturity date (Note 2)
9)	Collateral	Unsecured (Note 3) / Unguaranteed

(Note 1) The remaining total principal of existing borrowings to be paid with the Debt Financing is 700,000,000 yen.

(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 maturity date or interest payment date.

(Note 3) The collateral has been released with an effective date of August 31, 2016.

(3) Scheduled Expenditure Date

May 2, 2017 (scheduled)

4. Interest Rate Swap

(1) Purpose of Interest Rate Swap

An interest rate swap will be conducted in order to hedge against risk of interest rate rise by fixing interest rates payable concerning 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 28, 2017.

(2) Details of Interest Rate Swap

Contract No. of loan agreement		0033
Counterparty		(Note 1)
Notional Principal		¥700,000,000
Interest Rate	Fixed Interest Rate Payable	TBD (Note 2)
	Floating Interest Rate Receivable	Base interest rate (JBA 1 month Japanese Yen TIBOR)
Commencement Date		May 2, 2017
Termination Date		May 2, 2022
Interest Payment Date		The first interest payment on May 31, 2017, and on the last day of every month thereafter and the termination date

(Note 1) Counterparty will be announced along with fixed interest rate payable scheduled to be decided on April 28, 2017.

(Note 2) Fixed interest rate payable is scheduled to be determined on April 28, 2017 and will be announced as soon as it is finalized.

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5. Status of Interest-bearing Debt before and after Debt Financing (scheduled)

(million yen)

	Before Debt Financing	After Debt Financing	Increase / Decrease
Short-term borrowings (Note)	1,500	1,500	0
Long-term borrowings (Note)	41,534	41,534	0
Total borrowings	43,034	43,034	0
Investment corporation bonds	—	—	—
Sum of borrowings and investment corporation bonds	43,034	43,034	0
Other interest-bearing debt	—	—	—
Total interest-bearing debt	43,034	43,034	0

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

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 ("Securities Registration Statement") submitted on April 7, 2017 with respect to the risks of the Debt Financing.

* Hoshino Resorts REIT, Inc. website address: <http://www.hoshinoresorts-reit.net/>