

Hoshino Resorts REIT, Inc.

February 21, 2018

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.

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Notice Concerning Issuance of Investment Corporation Bonds and Early Repayment of Loan

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces that today it has decided to issue investment corporation bonds and conduct early repayment of an existing loan (the "Repayment") as follows.

I. Issuance of Investment Corporation Bonds

1. Outline of the Investment Corporation Bonds

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|---------------------------------|---|
| (1) Name | First Series Unsecured Investment Corporation Bond of Hoshino Resorts REIT, Inc.

(with special pari passu conditions among specified investment corporate bonds) (The aforementioned investment corporation bonds shall hereinafter be referred to as the "Investment Corporation Bonds.") |
| (2) Total issue amount | ¥1.5 billion |
| (3) Form of bond certificate | Under the Act on Book-Entry Transfer of Corporate Bonds and Shares, bond certificates for the Investment Corporation Bonds will not be issued. |
| (4) Issue price | ¥100 per value of ¥100 of each bond |
| (5) Redemption price | ¥100 per value of ¥100 of each bond |
| (6) Interest rate | 0.630% per annum |
| (7) Amount of each bond | ¥100 million |
| (8) Offering method | Public offering |
| (9) Subscription date | February 21, 2018 |
| (10) Payment date | February 28, 2018 |
| (11) Collateral / Guarantee | There is no collateral or guarantee on the Investment Corporation Bonds. There are no assets reserved as security for the Investment Corporation Bonds. |
| (12) Redemption method and date | The Investment Corporation Bonds will be redeemed in a lump sum at 100% on February 28, 2025. The bonds may be purchased and cancelled at any time after the payment date unless laws and regulations or book-entry transfer institutions otherwise stipulate. |

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|---|---|
| (13) Interest payment date | To be paid on February 28 and August 28 every year. However, the day before the payment date may become the payment date if the payment day falls onto bank holidays. |
| (14) Financial covenant | Negative pledge clause is attached. |
| (15) Rating | A- (Japan Credit Rating Agency, Ltd.) |
| (16) Financial agent, issuing agent, and paying agent | Sumitomo Mitsui Banking Corporation |
| (17) Underwriters | SMBC Nikko Securities Inc., Nomura Securities Co., Ltd. |

2. Reason for Issuance

HRR has decided to make a repayment of its outstanding borrowings by fund procured through issuance of the Investment Corporation Bonds in order to diversify and extend the interest-bearing debt maturity date and diversify the financing methods.

3. Total Amount to Be Procured, Use of Funds and Scheduled Expenditure Date

- (1) Total amount to be procured (approximate net amount to be obtained)
¥1,489 million
- (2) Particulars of use of funds and the scheduled expenditure date
Funds will be fully utilized on March 7, 2018, as part of early repayment funds for existing borrowings (short-term loans payable of ¥1,500 million with repayment date of October 31, 2018). For details, please refer to "II. Early Repayment of Borrowings" below.

II. Early Repayment of Borrowings

1. Outline of the Repayment

Lenders	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation
Amount of the loan	¥1,500 million
Interest rate	Base interest rate (JBA 1-month Japanese Yen Tibor) + 0.400% (floating rate)
Borrowing date	October 31, 2017
Method of borrowing	Concluded individual loan agreements on October 27, 2017 with the above lenders
Final repayment date	October 31, 2018
Repayment method	Lump-sum repayment at maturity
Interest payment date	First payment on November 30, 2017 with subsequent payments on the last day of each month and on the principle repayment date
Collateral	Unsecured/Unguaranteed
Repayment amount	¥1,500 million
Repayment date	March 7, 2018

(Note 1) Settlement payment associated with the Repayment will occur, but the impact on HRR will be immaterial.

(Note 2) Please refer to "Notice Concerning Debt Financing (Refinancing)" dated October 26, 2017, for further details of borrowings.

2. Repayment Funds

Net proceeds of approximately ¥1,489 million from the issuance of the Investment Corporation Bonds as described in "I. Issuance of Investment Corporation Bonds" above will be fully used as part of the repayment funds. For the difference from ¥1,500 million, which amounts to ¥11 million, we plan to use cash on hand.

III. Status of Borrowings Before and After Issuance of the Investment Corporation Bonds and Repayment (Plan)

(million yen)

	Before issuance of Investment Corporation Bonds and Repayment (as of February 21, 2018)	After issuance of Investment Corporation Bonds and Repayment (as of March 7, 2018)	Increase /Decrease
Short-term loans payable (Note)	1,500	—	(1,500)
Long-term loans payable (Note)	51,409	51,409	0
Total loans payable	52,909	51,409	(1,500)
Investment corporation bonds	—	1,500	1,500
Total loans payable and investment corporation bonds	52,909	52,909	0
Other interest-bearing debt	—	—	—
Total interest-bearing debt	52,909	52,909	0

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

Impacts on financial indicators

	Before issuance of Investment Corporation Bonds and Repayment (as of February 21, 2018)	After issuance of Investment Corporation Bonds and Repayment (as of March 7, 2018)	Increase /Decrease
Average remaining year (Note 1)	3.49 year	3.63 year	0.14 year extended
Fixed interest rate borrowing ratio (Note 2)	87.6%	90.4%	Up 2.8%

(Note 1) The average remaining year of interest bearing debt is computed using weighted average method according to debt amount. Figures are rounded off to the second decimal place.

(Note 2) This ratio is computed as follows: Outstanding fixed-rate interest-bearing debts divided by total interest-bearing debt multiplied by 100. Figures are rounded off to the first decimal place.

IV. 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 Annual Securities Report submitted on January 29, 2018, with respect to the risks of issuance of the Investment Corporation Bonds and the Repayment.

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