

Hoshino Resorts REIT, Inc.

October 28, 2016

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 Conclusion of Interest Rate Swap Agreements

Hoshino Resorts REIT, Inc. (hereinafter the “HRR”) announces the resolution made at its Board of Directors’ Meeting held on October 28, 2016 to conduct debt financing (hereinafter the “Debt Financing”) and to conclude interest swap agreements as follows. It also announces that applicable interest rates for the Debt Financing have been determined on the same day.

1. Detail of Debt Financing

(1) Contract No. 0026

1) Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation
2) Loan Amount	¥1,500,000,000
3) Interest Rate	Base interest rate (Note 1)+0.400% (floating rate)
4) Scheduled Borrowing Date	November 1, 2016
5) Method of Borrowing	To conclude individual loan agreements on October 28, 2016 with the above lenders
6) Final Repayment Date	October 31, 2017 (Note 2)
7) Repayment Method	Lump-sum repayment on repayment date
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 2)
9) Collateral	Non-secured / Non-guaranteed

(2) Contract No. 0027

1) Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Resona Bank Ltd., The Bank of Fukuoka Ltd., The Ashikaga Bank Ltd., The Hokuriku Bank Ltd., The Yamaguchi Bank Ltd. and The Senshu Ikeda Bank Ltd.
2) Loan Amount	¥2,500,000,000
3) Interest Rate	Base interest rate+0.2375% (floating rate) (Note 3)
4) Scheduled Borrowing Date	November 1, 2016
5) Method of Borrowing	To conclude individual loan agreements on October 28, 2016 with the above lenders
6) Final Repayment Date	April 30, 2019 (Note 2)
7) Repayment Method	Lump-sum repayment on repayment date
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 2)
9) Collateral	Non-secured / Non-guaranteed

(3) Contract No. 0028

1) Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Resona Bank Ltd., The Bank of Fukuoka Ltd., The Ashikaga Bank Ltd., The Hokuriku Bank Ltd., The Yamaguchi Bank Ltd. and The Senshu Ikeda Bank Ltd.
2) Loan Amount	¥2,500,000,000
3) Interest Rate	Base interest rate+0.300% (floating rate)(Note 3)
4) Scheduled Borrowing Date	November 1, 2016
5) Method of Borrowing	To conclude individual loan agreements on October 28, 2016 with the above lenders
6) Final Repayment Date	October 30, 2020 (Note 2)
7) Repayment Method	Lump-sum repayment on repayment date
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 2)
9) Collateral	Non-secured / Non-guaranteed

(4) Contract No. 0029

1) Lender	Resona Bank Ltd., The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Bank of Fukuoka Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, The Ashikaga Bank Ltd., The Hokuriku Bank Ltd. and The Yamaguchi Bank Ltd.
2) Loan Amount	¥2,000,000,000
3) Interest Rate	0.54888% (fixed rate)
4) Scheduled Borrowing Date	November 1, 2016
5) Method of Borrowing	To conclude individual loan agreements on October 28, 2016 with the above lenders
6) Final Repayment Date	April 30, 2021 (Note 2)
7) Repayment Method	Lump-sum repayment on repayment date
8) Interest Payment Date	First payment on April 28, 2017 with subsequent payments on the last day of April and October each year and on the final repayment date (Note 2)
9) Collateral	Non-secured / Non-guaranteed

(5) Contract No. 0030

1) Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Development Bank of Japan Inc. and Sumitomo Mitsui Banking Corporation
2) Loan Amount	¥2,500,000,000
3) Interest Rate	0.76832% (fixed rate)
4) Scheduled Borrowing Date	November 1, 2016
5) Method of Borrowing	To conclude individual loan agreements on October 28, 2016 with the above lenders
6) Final Repayment Date	October 31, 2022 (Note 2)
7) Repayment Method	Lump-sum repayment on repayment date
8) Interest Payment Date	First payment on April 28, 2017 with subsequent payments on the last day of April and October each year and on the final repayment date (Note 2)
9) Collateral	Non-secured / Non-guaranteed

(6) Contract No. 0031

1)	Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Development Bank of Japan Inc. and Sumitomo Mitsui Banking Corporation
2)	Loan Amount	¥2,500,000,000
3)	Interest Rate	0.85244% (fixed rate)
4)	Scheduled Borrowing Date	November 1, 2016
5)	Method of Borrowing	To conclude individual loan agreements on October 28, 2016 with the above lenders
6)	Final Repayment Date	April 28, 2023 (Note 2)
7)	Repayment Method	Lump-sum repayment on repayment date
8)	Interest Payment Date	First payment on April 28, 2017 with subsequent payments on the last day of April and October each year and on the final repayment date (Note 2)
9)	Collateral	Non-secured / Non-guaranteed

(7) Contract No. 0032

1)	Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Development Bank of Japan Inc. and Sumitomo Mitsui Banking Corporation
2)	Loan Amount	¥2,500,000,000
3)	Interest Rate	0.93702% (fixed rate)
4)	Scheduled Borrowing Date	November 1, 2016
5)	Method of Borrowing	To conclude individual loan agreements on October 28, 2016 with the above lenders
6)	Final Repayment Date	October 31, 2023 (Note 2)
7)	Repayment Method	Lump-sum repayment on repayment date
8)	Interest Payment Date	First payment on April 28, 2017 with subsequent payments on the last day of April and October each year and on the final repayment date (Note 2)
9)	Collateral	Non-secured / Non-guaranteed

- (Note 1) Base interest rate will be the base interest rate of the number of months corresponding to the relevant interest calculation period among the Japanese Yen TIBOR announced by JBA TIBOR Administration on two business days prior to each interest payment date immediately preceding the respective interest payment date. However, in case interest rate corresponding to the period does not exist, the base interest rate will be calculated using the method stipulated in the loan agreement.
- (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) The interest rate (annual rate) will be substantively fixed by the swap agreements. For details, please refer to “4. Conclusion of Interest Rate Swap Agreements” below.

2. Purpose of Debt Financing

Debt Financing is conducted to raise funds for part of the acquisition (planned acquisition price: 16,000 million yen) of the asset to be acquired (hereinafter the “Asset to be Acquired”) described in “Notice Concerning Acquisition and Leasing of Domestic Real Estate” separately announced today.

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

(1) Total Amount to be Borrowed

¥16,000,000,000 (scheduled)

(2) Detailed Use of Procured Funds

The funds will be allocated to part of the acquisition of the Asset to be Acquired and acquisition related expenses.

(3) Scheduled Expenditure Date

November 1, 2016 (scheduled)

4. Conclusion of Interest Rate Swap Agreements

(1) Purpose of Concluding Interest Rate Swap Agreements

Concerning Contract No. 0027 and 0028 within Debt Financing, interest rate swap agreements will be concluded in order to hedge against risk of interest rate rise by fixing interest rates payable.

(2) Details of Interest Rate Swap Agreements

Contract No.		0027	0028
Counterparty		Nomura Securities Co., Ltd.	Nomura Securities Co., Ltd.
Notional principal		¥2,500,000,000	¥2,500,000,000
Interest rate	Fixed interest rate payable	0.041% (Note)	0.056% (Note)
	Floating interest rate receivable	Base interest rate (JBA 1 month yen TIBOR)	
Commencement date		November 1, 2016	
Termination date		April 30, 2019	October 30, 2020
Interest Payment Date		The first interest payment on November 30, 2016, and on the last day of every month thereafter and the termination date	

(Note) Interest rate for Contract No. 0027 will be substantively fixed at 0.2785% and for Contract No. 0028 at 0.356% by the interest swap agreements.

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

(million yen)

	Before Debt Financing (Note 1)	After Debt Financing	Increase/Decrease
Short-term borrowings (Note 2)	—	1,500	1,500
Long-term borrowings (Note 2)	27,160	41,660	14,500
Total borrowings	27,160	43,160	16,000
Investment corporation bonds	—	—	—
Sum of borrowings and investment corporation bonds	27,160	43,160	16,000
Other interest-bearing debt	—	—	—
Total interest-bearing debt	27,160	43,160	16,000

(Note 1) Before Debt Financing indicates amounts after subtracting scheduled repayment to be made on October 31, 2016 (125,362,000 yen) from borrowed amounts as of today.

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

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 July 28, 2016 with respect to the risks of the Debt Financing.

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