

November 25, 2022

For immediate release

REIT Securities Issuer
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Notice Concerning Borrowing of Funds (Borrowing by Green Loans) and Interest Rate Swap Transactions

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces that it resolved, at the Board of Directors' Meeting held on November 25, 2022, to execute the borrowings of funds (hereinafter the "Borrowings") and interest rate swap transactions (hereinafter the "Interest Rate Swap Transactions") as follows: The Borrowings are loans (green loans) to be executed based on the Green Finance Framework formulated by HRR. For details, please refer to "(2) Outline of Green Loans under 2. Reasons for the Borrowings and Outline of Green Loans" below. Of the funds to be procured through the Borrowings, the portion for which MUFG Bank, Ltd. and Mizuho Bank, Ltd. will provide loan support are funds that the two banks have determined to be eligible for the Bank of Japan's "Funds-Supplying Operations to Support Financing for Climate Change Responses (Climate Change Response Operations)" (Note) for private financial institutions. HRR will continue to further promote sustainability initiatives and aim to strengthen its funding base by expanding the number of investors interested in ESG investment and financing.

(Note) For more information on Funds-Supplying Operations to Support Financing for Climate Change Responses (Climate Change Response Operations), please visit the websites of MUFG Bank Ltd. (https://www.mufg.jp/dam/csr/sustainable/finance/CRoperations_bk.pdf) and The Mizuho Bank, Ltd. website (<https://www.mizuho-fg.co.jp/csr/environment/business/pdf/mizuhobank.pdf>)
*Only available in Japanese

1. Details of the Borrowings

(1) Contract No. 0089

(i) Lenders	Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.
(ii) Borrowing amount	670,000,000 yen
(iii) Interest rate	Base interest rate (Note 1) +0.534% (floating interest rate) (Note 2)
(iv) Borrowing date	November 30, 2022
(v) Borrowing method	Individual lending agreements were concluded with the above lenders on November 25, 2022.
(vi) Final repayment date	October 31, 2029 (Note 3)
(vii) Repayment method	Lump-sum repayment
(viii) Interest payment dates	First payment on January 31, 2023, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
(ix) Collateral	Unsecured and unguaranteed

(2) Contract No. 0090

(i) Lenders	MUFG Bank, Ltd.
(ii) Borrowing amount	330,000,000 yen
(iii) Interest rate	Undecided (Fixed interest rate)(Note 4)
(iv) Borrowing date	November 30, 2022
(v) Borrowing method	Individual lending agreements were concluded with the above lenders on November 25, 2022.
(vi) Final repayment date	October 31, 2029 (Note 3)
(vii) Repayment method	Lump-sum repayment
(viii) Interest payment dates	First payment on January 31, 2023, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
(ix) Collateral	Unsecured and unguaranteed

(3) Contract No. 0091

(i) Lenders	Sumitomo Mitsui Banking Corporation and Mizuho Bank, Ltd.
(ii) Borrowing amount	720,000,000 yen
(iii) Interest rate	Base interest rate (Note 1) +0.660% (floating interest rate) (Note 2)
(iv) Borrowing date	November 30, 2022
(v) Borrowing method	Individual lending agreements were concluded with the above lenders on November 25, 2022.
(vi) Final repayment date	April 30, 2031 (Note 3)
(vii) Repayment method	Lump-sum repayment
(viii) Interest payment dates	First payment on January 31, 2023, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
(ix) Collateral	Unsecured and unguaranteed

(4) Contract No. 0092

(i) Lenders	MUFG Bank, Ltd.
(ii) Borrowing amount	370,000,000 yen
(iii) Interest rate	Undecided (Fixed interest rate) (Note 4)
(iv) Borrowing date	November 30, 2022
(v) Borrowing method	Individual lending agreements were concluded with the above lenders on November 25, 2022.
(vi) Final repayment date	April 30, 2031 (Note 3)
(vii) Repayment method	Lump-sum repayment
(viii) Interest payment dates	First payment on January 31, 2023, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
(ix) Collateral	Unsecured and unguaranteed

(Note 1) "Base interest rate" shall be the 3-month Japanese Yen TIBOR announced by the JBA TIBOR Administration at a prescribed time two business days prior to the immediately preceding interest payment date (or the borrowing date for the first interest payment) for each interest payment date. However, if there is no corresponding rate for the period, the base interest rate shall be calculated based on the method specified in the agreement. The JBA Japanese Yen TIBOR can be found on the JBA TIBOR Administration website (<https://www.jbatibor.or.jp/english>).

(Note 2) The interest rate (annual rate) will be substantially fixed upon the conclusion of the Interest Rate Swap Agreement. For details, please refer to "4. Interest Rate Swap Transactions" below.

(Note 3) If the date is not a business day, it shall be the following business day. If the following business day falls in the following month, it shall be the immediately preceding business day.

(Note 4) The fixed interest rates payable are scheduled to be determined on November 28, 2022 and will be announced as soon as they are determined.

2. Reasons for the Borrowings and Outline of Green Loans

(1) Reasons for the Borrowings

The Borrowings are carried out to use as part of the funds for the acquisition of Comfort Hotel Takamatsu (hereinafter the "Asset to be Acquired") (planned acquisition price: 2,050 million yen) and related expenses (including consumption tax and local consumption tax, the same shall apply hereinafter) as informed in the "Notice Concerning Acquisition of Domestic Real Estate (Comfort Hotel Takamatsu)" released today.

(2) Outline of Green Loans

The Borrowings are green loans (hereinafter the "Green Loans") executed based on the Green Finance Framework (hereinafter the "Framework") established by HRR.

The Green Loans will be fully allocated to fund the acquisition of Comfort Hotel Takamatsu, which meets the criteria for green eligible properties under the Framework, and related expenses.

For details of the Framework, please refer to the "Sustainable Finance" page on HRR's website.

<https://www.hoshinoresorts-reit.com/en/sustainability/finance.html>

3. Amount, Use and Timing of Expenditure of Funds to be Procured

(1) Amount of Funds to be Procured

2,090,000,000 yen

(2) Specific Use of Funds to be Procured

The entire amount of the Borrowings will be allocated to fund the acquisition of the Asset to be Acquired and a portion of related expenses.

(3) Timing of Expenditure

November 30, 2022

4. Interest Rate Swap Transactions

(1) Reasons for the Interest Rate Swap

This is to hedge the risk of interest rate increases by fixing the interest rate payable for the Borrowings. Depending on the terms of the fixed interest rate payable to be determined on November 28, 2022, such interest rate swap transactions may not be conducted.

(2) Details of the Interest Rate Swap Transactions

I. Contract No. 0089

Counterparty		To be determined (Note)
Notional principal		670,000,000 yen
Interest rate	Fixed interest rate payable	To be determined (Note)
	Floating interest rate receivable	Base interest rate (JBA 3-month Japanese Yen TIBOR)
Commencement date		November 30, 2022
Termination date		October 31, 2029
Payment date		First payment on January 31, 2023, with subsequent payments on the last day of April, July, October and January each year and on the termination date.

II. Contract No. 0091

Counterparty		To be determined (Note)
Notional principal		720,000,000 yen
Interest rate	Fixed interest rate payable	To be determined (Note)
	Floating interest rate receivable	Base interest rate (JBA 3-month Japanese Yen TIBOR)
Commencement date		November 30, 2022
Termination date		April 30, 2031
Payment date		First payment on January 31, 2023, with subsequent payments on the last day of April, July, October and January each year and on the termination date.

(Note) The counterparty and the fixed interest rate payable are scheduled to be determined on November 28, 2022 and will be announced as soon as they are determined.

5. Status of Borrowings, etc. Before and After Executing the Borrowings

(millions of yen)

	Before executing the Borrowings	After executing the Borrowings	Change
Short-term borrowings (Note 1)	-	-	-
Long-term borrowings (Note 1)	71,785	73,875	+2,090
Total borrowings	71,785	73,875	+2,090
(Green loans)	5,120	7,210	+2,090
Investment corporation bonds	2,800	2,800	-
(Green bonds)	1,300	1,300	-
Total borrowings and investment corporation bonds	74,585	76,675	+2,090
(Green finance)	6,420	8,510	+2,090

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

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

6. Other Matters Necessary for Investors to Appropriately Understand and Judge the Said Information

There is no change to the "Investment Risks" description in the Securities Report submitted on July 27, 2022 with respect to the risks associated with the Borrowings.

* The HRR website address: <https://www.hoshinoresorts-reit.com/en/>