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For immediate release

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Notice Concerning Borrowing of Funds (Refinancing by Positive Impact Finance, Green Loans and Others) and Interest Rate Swap Transactions

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces that it resolved, at the Board of Directors' Meeting held today, to borrow funds (hereinafter the "Borrowings"), and conduct interest rate swap transactions (hereinafter the "Interest Rate Swap Transactions" for the purpose of refinancing existing borrowings (hereinafter the "Refinancing") as follows:

Of the Borrowings, the borrowings under Contract Nos. 0138-B, 0141-B, and 0142-B are borrowings that HRR will make using the positive impact finance scheme of Mizuho Bank, Ltd. (hereinafter "Mizuho Bank"). For details, please refer to "3. Initiatives through Positive Impact Finance" below. If the terms and conditions of the Positive Impact Finance are not fulfilled by the Borrowing Date, the borrowings will be made as conventional loans.

Furthermore, of the Borrowings, those under Contract Nos. 0139-B and 0141-C are loans (green loans) to be made based on the green finance framework formulated by HRR (hereinafter "Green Loans").

In addition, of the funds to be procured through the Borrowings, part of the portion to be financed by Mizuho Bank (Contract Nos. 0141-B and 0142-B) correspond to funds that the bank has determined are eligible for the "Financing Operations to Support Responses to Climate Change (Climate Response Financing Operations)" conducted by the Bank of Japan for financial institutions which it has selected as eligible banks (Note).

Of the Borrowings, the Borrowing Date for the borrowing under Contract number 0143 is March 31, 2025.

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 details of the Climate Response Financing Operations, please see below.
Mizuho Financial Group, Inc. website:
https://www.mizuhogroup.com/sustainability/environment/business/financing

1. Details of the Borrowings

Contract No.	Lender(s)	Borrowing amount (Millions of yen)	Interest rate (Note 1)	Final Repayment Date (Note 1)	Contract Date	Borrowing Date	Repayment Method / Collateral
0138-A	MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Resona Bank, Ltd.	310	Base interest rate +0.3000% (Note 2)	October 31, 2025	October 24, 2024	October 31, 2024	Lump-sum repayment / Unsecured and unguaranteed
0138-B **(PIF)**	Mizuho Bank, Ltd.	170					
0139-A	The Hokuriku Bank, Ltd. THE NISHI-NIPPON CITY BANK, LTD.	450	Base interest rate +0.2500% (Note 2) (Note 3)	October 29, 2027			
0139-B **(Green Loan)**	Development Bank of Japan Inc.	250	0.7750%				
0140	MUFG Bank, Ltd. The Ashikaga Bank, Ltd. The Bank of Fukuoka, Ltd. The Yamaguchi Bank, Ltd. The Senshu Ikeda Bank, Ltd. The Higo Bank, Ltd.	1,500	Base interest rate +0.2750% (Note 2) (Note 3)	April 28, 2028			
0141-A	MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Resona Bank, Ltd.	1,700	Base interest rate +0.6250% (Note 2) (Note 3)	April 30, 2032			
0141-B **(PIF)**	Mizuho Bank, Ltd.	800	To be determined (fixed interest rate) (Note 4)				
0141-C **(Green Loan)**	Development Bank of Japan Inc.	550	1.3900%				
0142-A	MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Resona Bank, Ltd.	340	Base interest rate +0.6750% (Note 2) (Note 3)	October 29, 2032			
0142-B **(PIF)**	Mizuho Bank, Ltd.	180	To be determined (fixed interest rate) (Note 4)				
0143	Sumitomo Mitsui Banking Corporation	750	Base interest rate +0.5339% (Note 2) (Note 3)	October 31, 2031		March 31, 2025	

Note 1: Interest payment dates for Contract Nos. 0138-A and 0138-B are April 30, 2025, and the final repayment date. For Contract Nos. 0139-A, 0140, 0141-A, and 0142-A, the first interest payment date is on November 29, 2024, and subsequently on the last day of every month thereafter and the final repayment date. For Contract Nos. 0139-B, 0141-B, 0141-C, and 0142-B, the first interest payment date is on January 31, 2025, and subsequently on the last day of January, April, July, and October every year thereafter, and the final repayment date. For Contract number 0143, the first interest payment date is on April 30, 2025, and subsequently on the last day of every month thereafter, and the final repayment date. However, if the interest payment date or the final repayment date does not fall on a business day, it will be the next business day. If such a date falls in the following month, it will be the immediately preceding business day.

Note 2: The "Base interest rate" for Contract Nos. 0138-A and 0138-B shall be the 6-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, and the rate for Contract Nos. 0139-A, 0140, 0141-A, 0142-A, and 0143 shall be the 1-month Japanese Yen TIBOR. However, if there is no corresponding rate for the period, the base 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 3: The interest rate (annual rate) will be substantively fixed by entering into an interest rate swap agreement. For details, please refer to "5. Interest Rate Swap Transactions" below.

Note 4: The fixed interest rate is scheduled to be determined on October 29, 2024, and will be announced as soon as it is determined.

Note 5: PIF refers to Positive Impact Finance.

2. Reasons for Refinancing and Outline of Green Loans

(1) Reasons for the Refinancing

Upon the maturity of the existing borrowings, we will procure funds to finance repayment of the principal. For an overview of the existing borrowings, please refer to "4. Amount, Use and Timing of Expenditure of Funds to Be Procured" below.

(2) Outline of Green Loans

The entire amount of the Green Loans will be used to refinance the borrowings associated with the initial acquisition of HOSHINOYA Karuizawa, which meets the criteria for eligible green properties under the Green Finance Framework formulated by HRR.

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

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

3. Initiatives through Positive Impact Finance

Of the Borrowings, Contract Nos. 0138-B, 0141-B, and 0142-B are borrowings that HRR will make using Mizuho Bank's Mizuho Positive Impact Finance (hereinafter "Mizuho PFI") scheme.

(1) Outline of Positive Impact Finance

Positive Impact Finance is a loan executed by a financial institution to provide ongoing support for corporate activities. The institution does this by comprehensively analyzing and evaluating the environmental, social, and economic impact (positive and negative impact) of such activities based on the "Principles for Positive Impact Finance" (Note 2) stipulated in the "United Nations Environmental Programme Finance Initiative (UNEP FI)" (sometimes hereinafter "UNEP FI") (Note 1), and procedures in line with the implementation guidelines of the said principles. The financial institution is required to develop a framework to analyze/evaluate the impact and monitor the situation after executing the loan.

(2) Outline of Mizuho Positive Impact Finance

Mizuho Positive Impact Finance identifies the development status of a company's sustainability management system and the impact that the company will have. It evaluates the set KPIs and targets using an evaluation framework developed by Mizuho Research & Technologies, Ltd., which is highly knowledgeable about sustainability.

In implementing the Mizuho PFI, HRR will receive a qualitative and quantitative evaluation from Mizuho Bank and Mizuho Research & Technologies, Ltd. on the theme of HRR's impact on achieving the SDGs (Sustainable Development Goals). Mizuho Bank will obtain a third-party opinion (Note 3) from Japan Credit Rating Agency, Ltd. on compliance of the evaluation procedure with the Principles for Positive Impact Finance and the rationality of the evaluation indicators applied upon such implementation.

Note 1: United Nations Environmental Programme Finance Initiative (UNEP FI)
The United Nations Environment Programme (UNEP) (hereinafter "UNEP"), a sub-agency of the United Nations, was established in 1972 as an agency to implement the Declaration on the Human Environment and the International Environmental Action Plan. UNEP FI is a broad and close partnership between UNEP and more than 200 global financial institutions. Since its establishment in 1992, UNEP FI has been working to shift to a financial system that integrates economic development and ESG (environmental, social, and corporate governance) considerations through cooperation with financial institutions and policy/regulatory authorities.

Note 2: Principles for Positive Impact Finance is a financial framework developed by UNEP FI in January 2017 to achieve the Sustainable Development Goals (SDGs). By having companies disclose their contribution to achieving the SDGs through KPIs to allow banks to evaluate the positive impact and finance, the framework guides the fund-receiving companies to increase the positive impact and work to reduce the negative impact. As a responsible financial institution, banks that execute loans are required to ensure ongoing impact by monitoring the indicators.

Note 3: For the third-party opinion on the compliance with the Principles for Positive Impact Finance and the rationality of the evaluation indicators, please refer to the website of Japan Credit Rating Agency, Ltd. (https://www.jcr.co.jp/en/).

4. Amount, Use and Timing of Expenditure for Funds to Be Procured

(1) Amount of Funds to Be Procured

Borrowing Date October 31, 2024 portion : 6,250,000,000 yen (scheduled)
Borrowing Date March 31, 2025 portion : 750,000,000 yen (scheduled)
Total : 7,000,000,000 yen (scheduled)

(2) Specific Use of Funds to Be Procured

The entire amount of the Borrowings will be appropriated to repay the principal of the existing borrowings. The existing borrowings to be refinanced are as follows.

Contract No.	Lender(s)	Borrowing amount (Millions of yen)	Interest rate	Final Repayment Date/Timing of Expenditure	Contract Date	Borrowing Date	Repayment Method / Collateral
0046	The Bank of Fukuoka, Ltd. The Hokuriku Bank, Ltd. The Ashikaga Bank, Ltd. The Yamaguchi Bank, Ltd. The Senshu Ikeda Bank, Ltd.	800	0.56100%	October 31, 2024	April 24, 2019	April 26, 2019	Lump-sum repayment at maturity / Unsecured loan unguaranteed
0050_01	Resona Bank, Ltd. Mizuho Bank, Ltd.	1,100	0.49800%		May 23, 2019	May 31, 2019	
0050_02	MUFG Bank, Ltd.	600	0.46800%		May 23, 2019	May 31, 2019	
0054_01	Mizuho Bank, Ltd. THE NISHI-NIPPON CITY BANK, LTD. Development Bank of Japan Inc. The Yamaguchi Bank, Ltd. The Senshu Ikeda Bank, Ltd.	900	0.41000%		January 29, 2020	January 31, 2020	
0054_02	MUFG Bank, Ltd.	100	0.41700%		January 29, 2020	January 31, 2020	
0058	Development Bank of Japan Inc. MUFG Bank, Ltd. Sumitomo Mitsui Banking Corporation Mizuho Bank, Ltd. The Senshu Ikeda Bank, Ltd.	2,050	0.39800%		April 27, 2020	April 30, 2020	
0070	Resona Bank, Ltd. The Ashikaga Bank, Ltd. The Yamaguchi Bank, Ltd. The Higo Bank, Ltd.	700	0.39950%		October 27, 2021	October 29, 2021	
0019	Sumitomo Mitsui Banking Corporation	1,000	1.51809%	March 31, 2025	March 29, 2016	March 31, 2016	(Note 1) (Note 2)

Note 1: Repayment shall be made by repaying the principal amount of 14,286,000 yen (however, 2,427,000 yen for the first repayment), with the first repayment date on April 28, 2016, and subsequently on the last day of April and October every year thereafter, and the remaining principal amount of 754,711,000 yen on the final repayment date. However, if the repayment date does not fall on a business day, it will be the next business day. If such a date falls in the following month, it will be the immediately preceding business day.

Note 2: Of assets owned by HRR, a general mortgage is established as collateral on the building of HOSHINOYA Karuizawa and a general lien on the insurance claim relating to the insurance set on the said building. Of land and buildings owned by HRR in HOSHINOYA Kyoto, RISONARE Yatsugatake, RISONARE Atami, KAI Matsumoto, KAI Tamatsukuri, KAI Ito, KAI Hakone, KAI Aso, KAI Kinugawa, Comfort Inn Shiojiri Kita IC, Comfort Inn Sano Fujioka IC, Comfort Inn Chiba Hamano R16, Comfort Inn Utsunomiya Kanuma, Comfort Inn Hitachinaka, Comfort Inn Tsuchiura Ami, Comfort Inn Karuizawa, Comfort Inn Kurashiki Mizushima, and ANA Crowne Plaza Hiroshima, a general mortgage is established as collateral and a general lien on the insurance claim relating to the insurance set on the buildings concerned.

5. Interest Rate Swap Transactions

(1) Reasons for Conducting the Interest Rate Swap Transactions

This is to hedge the risk of interest rate increases by fixing the interest rate payable for the Refinancing. By fixing the interest rate payable corresponding to approximately 95% of the loan principal concerned, the interest rate swap transactions satisfy the hedge accounting requirements and reduce the fixing cost of interest rates. Depending on the terms of the fixed interest rate, the Interest Rate Swap Transactions may not be conducted.

(2) Details of the Interest Rate Swap Transactions

Contract No.	Counterparty	Notional principal (Millions of yen)	Interest rate		Commencement date	Termination date
			Fixed interest rate payable	Floating interest rate receivable		
0139-A (Note 1)	To be determined	430	To be determined	Base interest rate (JBA 1-month Japanese Yen TIBOR)	October 31, 2024	October 29, 2027
0140 (Note 1)	To be determined	1,430	To be determined			April 28, 2028
0141-A (Note 1)	To be determined	1,620	To be determined			April 30, 2032
0142-A (Note 1)	To be determined	330	To be determined			October 29, 2032
0143 (Note 2)	To be determined	720	To be determined		March 31, 2025	October 31, 2031

Note 1: The counterparties and the fixed interest rates payable will be determined on October 25, 2024, and will be announced as soon as they are determined.

Note 2: The counterparties and the fixed interest rates payable will be determined in March 2025 and will be announced as soon as they are determined.

6. Status of Borrowings, etc. Before and After the Execution of the Borrowings (scheduled)

(Millions of yen)

	Before executing the Borrowings	After executing the Borrowings	Variance
Short-term borrowings (Note 1)	-	480	480
Long-term borrowings (Note 1)	92,168	91,654	(514)
Total borrowings	92,168	92,134	(34)
(Sustainable Loans) (Note 2)	27,010	28,960	1,950
Investment corporation bonds	3,800	3,800	-
(Sustainable bonds) (Note 2)	2,300	2,300	-
Total borrowings and investment corporation bonds	95,968	95,934	(34)
(Sustainable finance) (Note 2)	29,310	31,260	1,950

Note 1: Short-term borrowings refer to loans with original maturities of one year or less, and long-term borrowings refer to loans with original maturities of more than one year.

Note 2: The outstanding balance of sustainable loans states the total outstanding balance of sustainability loans, green loans, blue loans, and positive impact finance. The outstanding balance of sustainable bonds states the total outstanding balance of sustainability bonds and green bonds. The outstanding balance of sustainable finance states the total outstanding balance of sustainable loans and sustainable bonds.

Note 3: Amounts less than the unit are rounded down.

7. Sustainable Finance Initiatives of HRR
   HRR and Hoshino Resort Asset Management Co., Ltd. (asset management company) believe that it is important to maximize investor value by enhancing the sustainability of HRR through ESG-conscious investment and asset management. Based on this belief, HRR has formulated the Sustainability Finance Framework and the Green Finance Framework, issued green bonds, and procured funds through green loans and sustainability loans as part of its sustainability initiatives.
   Going forward, HRR is committed to contributing to the future not just by procuring funds through sustainable finance, etc., but also through unique investments and asset management while achieving CSV (Creating Shared Value) to solve social issues.

8. Other Matters Necessary for Investors to Appropriately Understand and Evaluate the Provided Information
   There is no change to the "Investment Risks" description in the Securities Report submitted on July 26, 2024, with respect to the risks involved in the Borrowings.

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

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