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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.
Representative: Kenji Akimoto, President & CEO
Contact: Takahiro Kabuki, Director & CSO
TEL: +81-3-5159-6338

Notice Concerning Borrowing of Funds (Determination of Terms, etc. / Borrowing of Green Loans and Positive Impact Finance)

Hoshino Resorts, REIT Inc. (hereinafter “HRR”) announces that it has determined today the terms, etc., for the borrowing of funds announced in the “Notice Concerning the Borrowings of Funds” dated December 16, 2024 (hereinafter the “Borrowings”) as follows.

Of the Borrowings, the borrowings under Contract Nos. 0144-A, 0145-A, 0146-A, 0146-B, and 0146-C are loans (green loans) to be made based on the green finance framework formulated by HRR (hereinafter “Green Loans”). Furthermore, of the Borrowings, those under Contract Nos. 0144-B and 0145-B are borrowings that HRR will make using the positive impact finance scheme of Mizuho Bank, Ltd. (hereinafter “Positive Impact Finance”). 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.

In addition, of the funds to be procured through the Borrowings, the respective portions to be financed by Mizuho Bank, Ltd. (Contract Nos. 0144-B and 0145-B) and by Resona Bank, Ltd. (Contract No. 0146-C) correspond to funds that each bank has determined are eligible for the “Financing Operations to Support Responses to Climate Change” (hereinafter “Climate Response Financing Operations”) conducted by the Bank of Japan for financial institutions which it has selected as eligible banks (Note).

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>

Resona Holdings, Inc. website:

<https://www.resona-gr.co.jp/holdings/english/sustainability/sdgs/environment/tcfd.html>

1. Details of the Borrowings

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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
0144-A (Green Loan)	MUFG Bank, Ltd.	350	To be determined (fixed interest rate) (Note 2)	October 31, 2031	December 26, 2024	January 8, 2025	Lump-sum repayment / Unsecured and unguaranteed
0144-B (PIF)	Mizuho Bank, Ltd. (Climate Response Financing Operations)	300	To be determined (fixed interest rate) (Note 2)				
0145-A (Green Loan)	Development Bank of Japan Inc.	300	1.54200% (fixed interest rate)	April 30, 2032			
0145-B (PIF)	Mizuho Bank, Ltd. (Climate Response Financing Operations)	400	To be determined (fixed interest rate) (Note 2)				

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
0146-A (Green Loan)	MUFG Bank, Ltd.	400	To be determined (fixed interest rate) (Note 2)	October 29, 2032	December 26, 2024	January 8, 2025	Lump-sum repayment / Unsecured and unguaranteed
0146-B (Green Loan)	Development Bank of Japan Inc.	400	1.61100% (fixed interest rate)				
0146-C (Green Loan)	Resona Bank, Ltd. (Climate Response Financing Operations)	1,000	Base interest rate +0.65637% (Note 3)				

Note 1: The first interest payment is on April 30, 2025, and subsequently on the last day of April and October of every year 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 fixed interest rate is scheduled to be determined on January 6, 2025, and will be announced as soon as it is determined.

Note 3: The base interest rate shall be the loan rate stipulated such as in the Principal Terms and Conditions of the Funds-Supplying Operations to Support Financing for Climate Change Responses provided by the Bank of Japan (hereinafter “BOJ Base Interest Rate”) for each interest calculation period as of the date two business days prior to the start date of such interest calculation period (hereinafter “Interest Rate Determination Date”; however, for the first interest calculation period, the loan drawdown date), if the underlying asset of the Borrowings meets requirements such as obtaining and maintaining certain Green Building Certifications (hereinafter “Conformance Requirements”). For changes in the BOJ Base Interest Rate, please refer to “Funds-Supplying Operations to Support Financing for Climate Change Responses” (https://www.boj.or.jp/en/mopo/measures/mkt_ofo/ofo_x/index.htm) posted on the BOJ’s website. If (i) the Bank of Japan terminates or discontinues the Climate Response Financing Operations or the Climate Response Financing Operations are not conducted for any reason, for each interest calculation period after the interest calculation period pertaining to the Interest Rate Determination Date that falls immediately thereafter, or (ii) the Conformance Requirements for the individual loan are no longer met, the base interest rate shall be the 6-month Japanese Yen TIBOR (Tokyo Interbank Offered Rate), announced by the JBA TIBOR Administration, as of the Interest Rate Determination Date for each interest calculation period after the interest calculation period pertaining to the Interest Rate Determination Date that falls immediately after the base date, which shall be a point in time reasonably determined by Resona Bank, Ltd. However, if such Japanese Yen TIBOR is not announced, etc., the base interest rate shall be calculated based on the method specified in the agreement. For changes in the JBA Japanese Yen TIBOR, please refer to the JBA TIBOR Administration’s website (<https://www.jbatibor.or.jp/english/>).

Note 4: PIF refers to Positive Impact Finance.

2. Reasons for the Borrowings and Outline of Green Loans and Positive Impact Finance

(1) Reasons for the Borrowings

The Borrowings will be made in order to appropriate them to the acquisition funds (planned acquisition price) of 3,060 million yen and part of related expenses (including consumption tax and local consumption tax; the same shall apply hereinafter) for “KAI Poroto” (hereinafter “Asset to Be Acquired”) in the “Notice Concerning Acquisition of Domestic Real Estate (KAI Poroto)” announced on December 16, 2024.

(2) Outline of Green Loans

Green Loans are green loans to be executed based on the Green Finance Framework formulated by HRR, and the entire amount will be appropriated to the acquisition funds and part of related expenses for the real estate associated with KAI Poroto, which is a property that meets the criteria for eligible green properties under the Green Finance Framework.

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) Outline of Positive Impact Finance

The Positive Impact Finance will be borrowings that HRR will make using Mizuho Bank, Ltd.’s Mizuho Positive Impact Finance scheme.

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.

The 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 HRR considers to be highly knowledgeable about sustainability.

In implementing the Positive Impact Finance, HRR receives a qualitative and quantitative evaluation from Mizuho Bank, Ltd. and Mizuho Research & Technologies, Ltd. on the theme of HRR’s impact on achieving the SDGs (Sustainable Development Goals).

Mizuho Bank, Ltd. will obtain a third-party opinion (Note) 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 implementing the Positive Impact Finance.

For details of the Mizuho Positive Impact Finance, please refer to Mizuho Bank, Ltd.'s website (available only in Japanese).

<https://www.mizuho-bank.co.jp/corporate/sustainability/pif/index.html>

Note: 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.icr.co.jp/en/>).

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

(1) Amount of Funds to Be Procured

3,150,000,000 yen (scheduled)

(2) Specific Use of Funds to Be Procured

Funds will be appropriated to the acquisition cost and part of related expenses for the Assets to Be Acquired.

(3) Timing of Expenditure

January 8, 2025 (scheduled)

4. Status of Borrowings, etc. Before and After the Execution of the Borrowings

(Millions of yen)

	Before executing the Borrowings	After executing the Borrowings	Variance
Short-term borrowings (Note 1)	480	480	-
Long-term borrowings (Note 1)	91,658	94,808	3,150
Total borrowings	92,138	95,288	3,150
(Sustainable Loans) (Note 2)	28,960	32,110	3,150
Investment corporation bonds (Note 3)	3,800	3,800	-
(Sustainable bonds) (Note 2)	2,300	2,300	-
Total borrowings and investment corporation bonds	95,938	99,088	3,150
(Sustainable finance) (Note 2)	31,260	34,410	3,150

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: The balance of the investment corporation bonds states the amount under the assumption that the 1st Series Unsecured Investment Corporation Bonds of 1,500 million yen, which will mature on February 28, 2025, are redeemed by appropriating funds procured from the issuance of the 4th Series Unsecured Investment Corporation Bonds of 1,500 million yen announced in the "Notice Concerning Issuance of Investment Corporation Bonds" on December 5, 2024.

Note 4: Amounts less than the unit are rounded down.

5. 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/>

** We do not provide any guarantees regarding the completeness or accuracy of the English translation of this document. If there is any discrepancy between the English translation and the original Japanese text, the latter shall prevail.*