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For immediate release

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Notice Concerning Borrowing of Funds (Refinancing by Sustainability Loan, Green Loans and Others) and Interest Rate Swap Transactions (Yield Curve Swaps)

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces that it resolved, at the Board of Directors' Meeting held on October 16, 2023, 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 borrowing under Contract number 0120 is a loan (sustainability loan) made based on the sustainability finance framework formulated by HRR (hereinafter the "Sustainability Loan"), and the borrowings under Contract Nos. 0111, 0114, and 0117 are loans (green loans) made based on the green finance framework formulated by HRR (hereinafter the "Green Loans").

Furthermore, of the funds to be procured through the Borrowings, the portion to be financed by MUFG Bank, Ltd. and Mizuho Bank, Ltd. corresponds to funds that these banks have determined are eligible for the "Fund-Supplying Operations to Support Financing for Climate Change Responses (Climate Response Financing Operations)" conducted by the Bank of Japan for private financial institutions (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.

Mitsubishi UFJ Financial Group, Inc. website:
<https://www.mufg.jp/english/csr/groupcsr/index.html>

Mizuho Financial Group, Inc. website:
<https://www.mizuhogroup.com/sustainability/environment/business/financing>

1. Details of the Borrowings

(1) Contract No. 0111 * **Green Loan** (Note 1)

Lender	MUFG Bank, Ltd.
Borrowing amount	400,000,000 yen
Interest rate	To be determined (fixed interest rate) (Note 2)
Borrowing date	October 31, 2023
Borrowing method	Conclusion of an individual lending agreement with the above lender on October 20, 2023
Final repayment date	October 31, 2029 (Note 3)
Repayment method	Lump-sum repayment
Interest payment dates	First payment on January 31, 2024, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
Collateral	Unsecured and unguaranteed

(2) Contract No. 0112

Lender	Development Bank of Japan Inc.
Borrowing amount	900,000,000 yen
Interest rate	1.467% (fixed interest rate)
Borrowing date	October 31, 2023
Borrowing method	Conclusion of an individual lending agreement with the above lender on October 20, 2023
Final repayment date	October 31, 2029 (Note 3)
Repayment method	Lump-sum repayment
Interest payment dates	First payment on January 31, 2024, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
Collateral	Unsecured and unguaranteed

(3) Contract No. 0113

Lender	Sumitomo Mitsui Banking Corporation, The Bank of Fukuoka, Ltd., The Yamaguchi Bank, Ltd., and The Senshu Ikeda Bank, Ltd.
Borrowing amount	1,300,000,000 yen
Interest rate	Base interest rate (Note 4) + 0.493% (floating interest rate) (Note 5)
Borrowing date	October 31, 2023
Borrowing method	Conclusion of an individual lending agreement with the above lender on October 20, 2023
Final repayment date	October 31, 2029 (Note 3)
Repayment method	Lump-sum repayment
Interest payment dates	First payment on January 31, 2024, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
Collateral	Unsecured and unguaranteed

(4) Contract No. 0114 * **Green Loan** (Note 1)

Lender	MUFG Bank, Ltd.
Borrowing amount	900,000,000 yen
Interest rate	To be determined (fixed interest rate) (Note 2)
Borrowing date	October 31, 2023
Borrowing method	Conclusion of an individual lending agreement with the above lender on October 20, 2023
Final repayment date	April 30, 2031 (Note 3)
Repayment method	Lump-sum repayment
Interest payment dates	First payment on January 31, 2024, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
Collateral	Unsecured and unguaranteed

(5) Contract No. 0115

Lender	Development Bank of Japan Inc.
Borrowing amount	250,000,000 yen
Interest rate	1.733% (fixed interest rate)
Borrowing date	October 31, 2023
Borrowing method	Conclusion of an individual lending agreement with the above lender on October 20, 2023
Final repayment date	April 30, 2031 (Note 3)
Repayment method	Lump-sum repayment
Interest payment dates	First payment on January 31, 2024, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
Collateral	Unsecured and unguaranteed

(6) Contract No. 0116

Lender	Sumitomo Mitsui Banking Corporation
Borrowing amount	250,000,000 yen
Interest rate	Base interest rate (Note 4) + 0.617% (floating interest rate) (Note 5)
Borrowing date	October 31, 2023
Borrowing method	Conclusion of an individual lending agreement with the above lender on October 20, 2023
Final repayment date	April 30, 2031 (Note 3)
Repayment method	Lump-sum repayment
Interest payment dates	First payment on January 31, 2024, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
Collateral	Unsecured and unguaranteed

(7) Contract No. 0117 * **Green Loan** (Note 1)

Lender	MUFG Bank, Ltd.
Borrowing amount	600,000,000 yen
Interest rate	To be determined (fixed interest rate) (Note 2)
Borrowing date	October 31, 2023
Borrowing method	Conclusion of an individual lending agreement with the above lender on October 20, 2023
Final repayment date	April 30, 2032 (Note 3)
Repayment method	Lump-sum repayment
Interest payment dates	First payment on January 31, 2024, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
Collateral	Unsecured and unguaranteed

(8) Contract No. 0118

Lender	Development Bank of Japan Inc.
Borrowing amount	600,000,000 yen
Interest rate	1.863% (fixed interest rate)
Borrowing date	October 31, 2023
Borrowing method	Conclusion of an individual lending agreement with the above lender on October 20, 2023
Final repayment date	April 30, 2032 (Note 3)
Repayment method	Lump-sum repayment
Interest payment dates	First payment on January 31, 2024, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
Collateral	Unsecured and unguaranteed

(9) Contract No. 0119

Lender	Sumitomo Mitsui Banking Corporation and Resona Bank, Ltd.
Borrowing amount	900,000,000 yen
Interest rate	Base interest rate (Note 4) + 0.696% (floating interest rate) (Note 5)
Borrowing date	October 31, 2023
Borrowing method	Conclusion of an individual lending agreement with the above lender on October 20, 2023
Final repayment date	April 30, 2032 (Note 3)
Repayment method	Lump-sum repayment
Interest payment dates	First payment on January 31, 2024, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
Collateral	Unsecured and unguaranteed

(10) Contract No. 0120 *Sustainability Loan (Note 1)

Lender	Mizuho Bank, Ltd.
Borrowing amount	300,000,000 yen
Interest rate	To be determined (fixed interest rate) (Note 2)
Borrowing date	October 31, 2023
Borrowing method	Conclusion of an individual lending agreement with the above lender on October 20, 2023
Final repayment date	October 29, 2032 (Note 3)
Repayment method	Lump-sum repayment
Interest payment dates	First payment on January 31, 2024, with subsequent payments on the last day of April, July, October and January each year and on the final repayment date (Note 3)
Collateral	Unsecured and unguaranteed

(Note 1) Please refer to “(2) Outline of Sustainability Loan and Green Loans under 2. Reasons for Refinancing and Outline of Sustainability Loan and Green Loans” below.

(Note 2) The fixed interest rates are scheduled to be determined on October 27, 2023 and will be announced as soon as they are determined.

(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) “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 (<http://www.jbatibor.or.jp/english/>).

(Note 5) 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.

2. Reasons for Refinancing and Outline of Sustainability Loan and Green Loans

(1) Reasons for the Refinancing

Upon the maturity of the existing borrowings, we will procure funds to finance repayment of the principals. For an overview of the existing borrowings, please refer to “3. Amount, Use and Timing of Expenditure of Funds to be Procured” below.

(2) Outline of Sustainability Loan and Green Loans

The entire amount of the Sustainability Loan will be used to refinance the borrowings associated with the initial acquisition of HOSHINOYA Taketomi Island, which meets the criteria for eligible sustainability properties under the Sustainability Framework.

The entire amount of the Green Loans will be used to refinance the borrowings associated with the initial acquisition of Quintessa Hotel Osaka Shinsaibashi, which meets the criteria for eligible green properties under the Framework.

For details of the Sustainability Framework and the Green Framework, please refer to the "Sustainability 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

6,400,000,000 yen (scheduled)

(2) Specific Use of Funds to be Procured

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

I. Contract No. 0032

Lender	MUFG Bank, Ltd., Development Bank of Japan Inc. and Sumitomo Mitsui Banking Corporation
Borrowing amount	2,500,000,000 yen
Interest rate	0.93702% (fixed interest rate)
Borrowing date	November 1, 2016
Final repayment date	October 31, 2023
Repayment method	Lump-sum repayment

II. Contract No. 0037

Lender	MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd., The Bank of Fukuoka, Ltd. and Mizuho Bank, Ltd.
Borrowing amount	2,500,000,000 yen
Interest rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.475% (floating interest rate)
Borrowing date	November 1, 2017
Final repayment date	October 31, 2023
Repayment method	Lump-sum repayment

III. Contract No. 0063

Lender	MUFG Bank, Ltd., Development Bank of Japan Inc., Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., The Yamaguchi Bank, Ltd. and The Senshu Ikeda Bank, Ltd.
Borrowing amount	1,400,000,000 yen
Interest rate	Base interest rate (JBA 1-month Japanese Yen TIBOR) + 0.300% (floating interest rate)
Borrowing date	October 30, 2020
Final repayment date	October 31, 2023
Repayment method	Lump-sum repayment

(3) Timing of Expenditure

October 31, 2023 (scheduled)

4. Interest Rate Swap Transactions

(1) Reasons for the Interest Rate Swap Transactions

This is to hedge the risk of interest rate increases by fixing the interest rate payable for the Borrowings. Of the Interest Rate Swaps, the swap transactions for 0113 and 0119 are the first J-REITs to adopt the yield curve swap, developed by the participating bidders based on the initiative of Goki Ashitate, Finance Department, Finance & Accounting Division, Hoshino Resort Asset Management Co., Ltd., HRR's asset management company.

Depending on the terms of the fixed interest rate payable to be determined on October 20, 2023, such interest rate swap transactions may not be conducted.

(2) Details of the Interest Rate Swap Transactions

Contract Number of the Borrowings		0113	0116	0119
Counterparty (Note 1)		To be determined	To be determined	To be determined
Notional principal		1,300,000,000 yen	250,000,000 yen	900,000,000 yen
Interest rate	Fixed interest rate payable (Note 1) (Note 2)	To be determined (Note 3)	To be determined	To be determined (Note 4)
	Floating interest rate receivable	Base interest rate (JBA 3-month Japanese Yen TIBOR)		
Commencement date		October 31, 2023		
Termination date		October 31, 2029	April 30, 2031	April 30, 2032
Payment date		First payment on January 31, 2024, with subsequent payments on the last day of April, July, October and January each year and on the termination date.		

(Note 1) The counterparties and the fixed interest rates payable for 0116 are scheduled to be determined on October 20, 2023 and will be announced as soon as they are determined.

(Note 2) The fixed interest rates payable for the initial periods ending on October 31, 2025 for 0113 and on April 30, 2026 for 0119 are scheduled to be determined on October 20, 2023, and will be announced as soon as they are decided.

(Note 3) Interest rates after the end of the initial period are revised every two years. In reference to the two-year yen swap rate published by Refinitiv Benchmark Services (UK) Limited around 10:30 a.m. Tokyo time, the rate will be revised by adding the prescribed rate to the relevant rate two business days prior to October 31, 2025 for the calculation period from October 31, 2025 (excluding the same day) to October 31, 2027 (including the same day). The same will be applied two business days prior to October 31, 2027 for the calculation period from October 31, 2027 (excluding the same day) to the final deadline of October 31, 2029 (including the same day). Further details will be determined on October 20, 2023 and we will inform you as soon as they are decided.

(Note 4) Interest rates after the end of the initial period are revised every two years. In reference to the two-year yen swap rate published by Refinitiv Benchmark Services (UK) Limited around 10:30 a.m. Tokyo time, the rate will be revised by adding the prescribed rate to the relevant rate two business days prior to April 30, 2026 for the calculation period from April 30, 2026 (excluding the same day) to April 30, 2028 (including the same day). The same will be applied two business days prior to April 30, 2028 for the calculation period from April 30, 2028 (excluding the same day) to April 30, 2030 (including the same day), and two business days prior to April 30, 2030 for the calculation period from April 30, 2030 (excluding the same day) to the final deadline (including the same day). Further details will be determined on October 20, 2023 and we will inform you as soon as they are decided.

5. Status of borrowings, etc. Before and After the Borrowings (scheduled)

(millions of yen)

	Before the Borrowings (Note 1)	After the Borrowings	Change
Short-term borrowings (Note 2)	950	950	-
Long-term borrowings (Note 2)	79,548	79,548	-
Total borrowings	80,498	80,498	-
(Sustainability Loan)	510	810	300
(Green Loans)	15,800	17,700	1,900
Investment corporation bonds	3,800	3,800	-
(Sustainability bonds)	-	-	-
(Green bonds)	2,300	2,300	-
Total borrowings and investment corporation bonds	84,298	84,298	-
(Sustainability finance)	510	810	300
(Green finance)	18,100	20,000	1,900

(Note 1) The contracted repayment amount (30,001,000 yen) scheduled to be made on October 31, 2023 is deducted from the borrowing amount as of today.

(Note 2) 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 3) 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, 2023 with respect to the risks involved in the Borrowings.

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

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