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For Immediate Release

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Notice Concerning Green Finance Framework Evaluation Results <Acquisition of Overall Evaluation of Green 1 (F)>

Hoshino Resorts REIT, Inc. (hereinafter “HRR”) announces that it has acquired an <Overall Evaluation of Green 1 (F)> today, which is the highest evaluation, from Japan Credit Rating Agency, Ltd. (hereinafter “JCR”) in regard to HRR’s Green Finance Framework (hereinafter the “Framework”).

1. Details of the Evaluation Acquired and Overview of the Framework

Evaluating Agency	Evaluating Subject	Evaluation
JCR	Green Finance Framework	Overall Evaluation: Green 1 (F)
		Greenness Evaluation (Use of Proceeds): g1 (F)
		Management, Operation and Transparency Evaluation: m1 (F)

(Note) “JCR Green Finance Framework Evaluation” is a third-party evaluation carried out by JCR regarding conformity with the “Green Bond Principles (2018 edition),” the “Green Loan Principles (2020 edition),” the “Green Bond Guidelines (2020 edition)” and the “Green Loan Guidelines and the Sustainability Linked Loan Guidelines (2020 edition).” In this evaluation, “Greenness Evaluation,” which is an evaluation of whether the project breakdown described in the green finance policy of the issuer or the borrower falls under the category of a green project, and “Management, Operation and Transparency Evaluation,” which is an evaluation of the management, operational organization, and transparency of the issuer or the borrower, are conducted, and the JCR Green Finance Framework Evaluation is decided as an overall evaluation of these evaluations.

This evaluation pertains to the green finance policies of issuers, etc., and does not undertake the greenness, management, operation, and transparency evaluations of the use of individual proceeds implemented in accordance with this policy. In the event that green finance evaluations are granted for individual bonds or individual borrowings, such evaluations need to be conducted separately. Please refer to the JCR website for details regarding the JCR Green Finance Framework Evaluation. (<https://www.jcr.co.jp/en/greenfinance/>)

(1) Use of proceeds procured from green finance

HRR plans to appropriate the proceeds procured from green finance to the acquisition or refinancing to the acquisition of green buildings or the expenditures which meet the following eligibility criteria.

(2) Eligibility criteria

① Green Building

The property for which meets any of the following criteria of a. to d. from third-party certificate organization (for criteria a., additionally one of (i) to (v) must be met) that has been acquired or is scheduled to be acquired in the future

a. Two stars for BELS certification and one or more of the following initiatives are being undertaken by HRR or operators at the relevant property.

<Additional initiatives that contribute to the environment>

(i) Procurement of energies through EIMY ^(Note) (hydroelectric power, etc.)

(ii) Renewable energy procurement other than that defined in (i) above

(iii) Implementation of 3R through “Zero Emissions Activities”

(iv) To reduce the use of plastic products

- Switch from individual packaging soap to pump bottle
- Implementation of toothbrush recycling
- Abolishment of the use of small size PET bottles, etc.

(v) Conservation activity

b. Three stars or the higher in BELS certification

c. Silver or the higher in LEED certification

d. B+ or the higher in CASBEE certification

(Note) “EIMY” is an acronym for Energy In My Yard, and refers to the self-sufficient systems used in HOSHINOYA Karuizawa. It is a mechanism developed with the purpose of minimizing the burden on the rich nature of Karuizawa. It realizes the procurement of about 7.0% of the energy used in HOSHINOYA Karuizawa through the use of two private hydroelectric power plants on the site, hot spring drainage, and underground heat. The average annual output of hydroelectric power generation in the last four years is about 760,000 kWh.

② Energy-saving performance

Costs related to the introduction of energy-saving equipment, such as the replacement of air-conditioning equipment, use of LEDs for lighting equipment, and the introduction of power storage systems (which are expected to reduce consumption or emissions by 10% or more compared to the previous level)

③ Renovation

a. Construction that can be beneficially improved in terms of the environment, such as reducing the consumption or emissions of CO₂, energy, water, etc., through renovation work related to owned assets (which are expected to reduce consumption or emissions by 10% or more compared to the previous level).

b. Construction aimed at acquiring environmental certification, re-acquiring certification, or improving at least one stage

④ Renewable Energy facilities

Acquisition or installation of renewable energy power generation facilities

Please refer to the JCR website for details regarding the Framework and the above evaluation.
(<https://www.jcr.co.jp/en/ratinglist/sf/3287>)

2. Purpose and background of the formulation of the Framework

HRR believes it is important to engage in investment and asset management in a manner that is mindful of ESG considerations, while also maximizing unitholder value and heightening HRR’s sustainability.

HRR has inherited initiatives for environmental friendliness that have been implemented since almost 100 years ago by HRR’s sponsor Hoshino Resorts, and has been striving to minimize the burden it poses on its natural surroundings as initiatives for the “Environment.” To such ends, in recent years, HRR has been striving to become

more resilient when it comes to addressing future risks by managing its properties in a manner that enlists a green building approach. One example of this is HOSHINOYA Karuizawa, which is equipped with unique technologies that enable nearly 70% energy self-sufficiency given that it generates electricity derived from hydropower and geothermal sources, harnesses hot spring runoff for heating, and hosts building structures featuring energy-efficient design.

Furthermore, as measures for ESG, HRR and Hoshino Resort Asset Management Co., Ltd., which is the asset management company that HRR entrusts its assets to, will continue to participate in the GRESB Real Estate Assessment (first participated in 2020, acquired a GRESB 2 Star rating), and work to promote initiatives to increase the effectiveness of environmental and energy efficient measures at owned properties and energy usage as well as initiatives for sustainability through the acquisition of BELS certification.

Based on this policy, HRR has formulated the Framework as a basic policy to implement green finance that conforms with each kind of principle, such as Green Bond Principles, and guidelines. HRR will aim to implement, evaluate and manage green finance based on the Framework, and to provide ESG investment opportunities to wide range of investors that are conscious to sustainability.

For details regarding HRR's sustainability policy and initiatives thus far, please refer to the following website (<https://www.hoshinoresorts-reit.com/en/sustainability/index.html>).

* Hoshino Resorts REIT, Inc. website address: <https://www.hoshinoresorts-reit.com/en/>