

Hoshino Resorts REIT, Inc.

November 10, 2021

For Immediate Release

REIT Securities Issuer
Hoshino Resorts REIT, Inc.
Representative: Kenji Akimoto, Executive Director
(Code: 3287)

Asset Management Company
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Notice Concerning Issuance of New Investment Units and Secondary Offering of Investment Units

Hoshino Resorts REIT, Inc. (hereinafter "HRR") announces that it has resolved at the Board of Directors' Meeting held on November 10, 2021 concerning the issuance of new investment units and secondary offering of investment units, as follows.

1. Issuance of New Investment Units through Public Offering (Primary Offering)

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| (1) Total number of investment units to be offered: | 19,390 units |
| (2) Paid-in amount (issue value): | To be determined
The amount will be determined at the Board of Directors' Meeting to be held on a date between November 17, 2021 (Wednesday) and November 24, 2021 (Wednesday) (hereinafter the "Pricing Date") in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, Etc. of Securities adopted by the Japan Securities Dealers Association. |
| (3) Total paid-in amount (total issue value): | To be determined |
| (4) Issue price (offer price): | To be determined
The issue price (offer price) will be provisionally calculated by multiplying the closing price of the investment units of HRR (the "Investment Units") in a regular trading session at the Tokyo Stock Exchange, Inc. on the Pricing Date (if the closing price is not available on such date, the closing price on the immediately preceding date) by a factor of 0.90 to 1.00 (amounts less than 1 yen to be rounded down), in accordance with the method stated in Article 25 of the Regulations Concerning Underwriting, Etc. of Securities adopted by the Japan Securities Dealers Association, and then the finalized issue price will be determined on the Pricing Date by taking into consideration demand conditions and other factors. |
| (5) Total issue price (total offer price): | To be determined |

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Hoshino Resorts REIT, Inc.

- (6) Offering method: The offering of the Investment Units will be through primary offering, and will be purchased and underwritten in full by a syndication with Nomura Securities Co., Ltd. and SMBC Nikko Securities Inc. as co-lead managers (hereinafter, collectively referred to as the “Underwriters”).
- (7) Underwriting agreement: The Underwriters will pay the amount equivalent to the total paid-in amount (total issue value) in the primary offering to HRR on the payment date identified in (10) below. The difference between the total issue price (total offer price) and the total paid-in amount (total issue value) will be the proceeds of the Underwriters. HRR shall pay no underwriting fee to the Underwriters.
- (8) Subscription unit: One unit or more in multiples of one unit
- (9) Subscription period: From the business day immediately following the Pricing Date to the second business day following the Pricing Date
- (10) Payment date: A date between November 24, 2021 (Wednesday) and November 30, 2021 (Tuesday). The payment date shall be on the fourth business day following the Pricing Date.
- (11) Transfer date: The following business day of the payment date described in (10) above
- (12) The paid-in amount (issue value), issue price (offer price) and other matters necessary for the issuance of the new investment units shall be determined at a future Board of Directors’ Meeting of HRR.
- (13) Each of the aforementioned items shall be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act of Japan.
- (14) The Underwriters plan to sell 204 units of the Investment Units in the primary offering to Hoshino Resorts Holdings Inc., the parent company of the shareholder of Hoshino Resort Asset Management Co., Ltd., to which HRR entrusts operations pertaining to asset management. HRR has designated Hoshino Resorts Holdings Inc. as the purchaser (hereinafter the “Designee”).

2. Secondary Offering of Investment Units (Over-Allotment) (Please refer to <Reference> 1. Below.)

- (1) Number of investment units to be offered: 969 units
The number indicates the maximum number of investment units to be offered. There may be cases where this number is reduced or the secondary offering (over-allotment) itself does not take place at all, depending on demand conditions of the primary offering and other factors. The number of investment units to be offered through secondary offering will be determined at the Board of Directors’ Meeting of HRR to be held on the Pricing Date taking into consideration the demand conditions of the primary offering and other factors.
- (2) Seller: Nomura Securities Co., Ltd.
- (3) Offer price: To be determined
The offer price is determined on the Pricing Date and shall be same as the issue price (offer price) for the primary offering.
- (4) Total offer price: To be determined
- (5) Offering method: In consideration of the demand conditions of the primary offering and other factors, Nomura Securities Co., Ltd., which is the administrative

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- lead manager for the primary offering, will offer the Investment Units (up to 969 units) borrowed from a unitholder of HRR.
- (6) Subscription unit: One unit or more in multiples of one unit
 - (7) Subscription period: Same as the subscription period for the primary offering
 - (8) Transfer date: Same as the transfer date for the primary offering
 - (9) The offer price and other items necessary for the secondary offering of Investment Units shall be determined at a future Board of Directors' Meeting of HRR.
 - (10) Each of the aforementioned items shall be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act of Japan.

3. Issuance of New Investment Units to be Offered by Way of Third-Party Allotment

(Please refer to <Reference> 1. below.)

- (1) Number of investment units to be offered: 969 units
- (2) Paid-in amount (issue value): To be determined
The paid-in amount (issue value) will be determined at the Board of Directors' Meeting of HRR to be held on the Pricing Date and will be the same as the paid-in amount (issue value) for the primary offering.
- (3) Total paid-in amount (total issue value): To be determined
- (4) Third party allottee: Nomura Securities Co., Ltd.
- (5) Subscription unit: One unit or more in multiples of one unit
- (6) Subscription period (Subscription date): December 20, 2021 (Monday)
- (7) Payment date: December 21, 2021 (Tuesday)
- (8) If there are no subscription for all or a part of the investment units on or before the subscription period (subscription date) described in (6) above, the issuance of such investment units will be canceled.
- (9) The paid-in amount (issue value) and other items necessary for the Third-Party Allotment shall be determined at a future Board of Directors' Meeting of HRR.
- (10) Each of the aforementioned items shall be subject to the effectiveness of the filing of the securities registration statement in accordance with the Financial Instruments and Exchange Act of Japan.

<Reference>

1. Details of the Secondary Offering (Over-Allotment)

In the secondary offering, Nomura Securities Co., Ltd., which is the administrative lead manager for the primary offering, offers the Investment Units (up to 969 units) borrowed from a unitholder of HRR, taking into consideration the demand conditions and other factors upon the primary offering. 969 units are scheduled to be offered in the secondary offering through over-allotment. However, the number may decrease or the secondary offering through over-allotment itself may not take place at all, depending on demand conditions and other factors.

Related to the secondary offering through over-allotment, in order to allow Nomura Securities Co., Ltd. to acquire the Investment Units needed to return the Investment Units borrowed from the above unitholder of HRR (the "Borrowed Investment Units"), HRR has resolved at its Board of Directors' Meeting held on

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November 10, 2021 (Wednesday) to implement the issuance of new investment units by way of third-party allotment (969 units) (hereinafter the “Third Party Allotment”) to Nomura Securities Co., Ltd. as the allottee with the payment date being December 21, 2021 (Tuesday).

For the purpose of returning the Borrowed Investment Units, Nomura Securities Co., Ltd. may also purchase the Investment Units up to the number of units for the secondary offering (over-allotment) at the TSE (hereinafter the “syndicated cover transaction”) during the period from the day following the close of the subscription period for the primary offering and the secondary offering (over-allotment) to December 15, 2021 (Wednesday) (the “syndicated cover transaction period.”). All of the Investment Units purchased by Nomura Securities Co., Ltd. through the syndicated cover transaction shall be used to return the Borrowed Investment Units. There may be cases in which Nomura Securities Co., Ltd. does not conduct the syndicated cover transaction at all or ends the syndicated cover transaction with the number of Investment Units that are smaller than the number of the Investment Units offered through the secondary offering (over-allotment), at its sole discretion during the syndicated cover transaction period.

Moreover, Nomura Securities Co., Ltd. may conduct stabilizing transactions in correlation with the primary offering and the secondary offering (over-allotment). The Investment Units purchased through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Investment Units.

Nomura Securities Co., Ltd. intends to agree to the Third-Party Allotment to acquire the Investment Units for the number of the Investment Units obtained by subtracting the number of Investment Units that are purchased through the stabilizing transactions and the syndicated cover transaction and used to return the Borrowed Investment Units from the number of the Investment Units for the secondary offering (over-allotment). As a result, there may be cases in which there will be no subscription to the Investment Units offered by way of the Third-Party Allotment in whole or in part, and accordingly the final number of the Investment Units issued by way of the Third-Party Allotment will decrease to that extent due to forfeiture of rights, or such issuance itself will not take place at all.

Nomura Securities Co., Ltd. shall conduct the transactions described in the above upon consultation with SMBC Nikko Securities Inc.

2. Changes in Number of Investment Units Outstanding after this Issuance of New Investment Units

Total number of investment units outstanding at present:	224,965 units
Number of new investment units to be issued through public offering:	19,390 units
Total number of investment units outstanding after new issuance through public offering:	244,355 units

Number of new investment units to be issued by way of the Third-Party Allotment:	969 units	(Note)
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Total number of investment units outstanding after the Third-Party Allotment:	245,324 units	(Note)
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(Note) The number is on the assumption that Nomura Securities Co., Ltd. subscribes to all the Investment Units to be issued by the Third-Party Allotment and all such units are issued.

3. Reason for and Purpose of New Issuance

HRR decided to issue new investment units for the purpose of improving revenue stability and improving stability of the financial base through acquisition of new specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations), having examined matters including the trend of the market and the level of distribution per one investment unit.

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4. Amount of Funds to be Procured, Use of Proceeds and Scheduled Expenditure Date

(1) Amount of funds to be procured (approximate net balance HRR will obtain)

13,805,376,823 yen (maximum)

(Note) The amount represents the sum of 13,148,300,830 yen of net proceeds HRR will receive from the primary offering and the maximum amount of 657,075,993 yen HRR will receive from the Third-Party Allotment. Moreover, the amount is an estimate calculated on the basis of the closing price of the Investment Units in a regular trading session at the TSE as of October 26, 2021 (Tuesday).

(2) Specific use of the funds to be procured and scheduled expenditure date

HRR plans to allocate the proceeds from the primary offering of 13,148,300,830 yen as funds for the acquisition of the new specified asset that HRR plans to acquire which is mentioned in the “Notice Concerning Acquisition of Domestic Real Estate (KAI Kirishima and KAI Beppu)” and “Notice Concerning Acquisition of Assets (Mezzanine Loan Receivables) (TLS5 Specified Purpose Company Class D Loan Receivables)” announced today. If there are any remaining funds, HRR plans to keep them as funds in hand along with the maximum amount of proceeds (657,075,993 yen) that HRR will receive from the Third-Party Allotment which was resolved on the same day as the primary offering. These funds will be deposited in financial institutions to be used as part of funds for future acquisition of specified assets or as a portion of repayment of borrowings.

5. Designated Destination of Distribution

The Underwriters plan to sell 204 units of the Investment Units in the primary offering to the Designee, which HRR has designated as the purchaser.

6. Future Outlook

Please refer to “Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2022 and Management Status Forecast and Distribution Forecast for the Fiscal Period Ending October 2022” separately announced today.

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7. Operating Results of the Past Three Fiscal Periods and Status of Equity Financing, etc.

(1) Operating results of the past three fiscal periods

	Fiscal period ended April 2020 (14th FP)	Fiscal period ended October 2020 (15th FP)	Fiscal period ended April 2021 (16th FP)
Net income per unit (Note 1)	13,301 yen	12,860 yen	6,608 yen
Distribution per unit (Note 2)	13,302 yen	12,860 yen	6,406 yen
Of which, distributions of earnings per unit	13,302 yen	12,860 yen	6,406 yen
Of which, distributions in excess of earnings	–	–	–
Actual payout ratio	100.0%	100.0%	96.9%
Net assets per unit	476,373 yen	475,931 yen	469,679 yen

(Note 1) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units.

(Note 2) Distribution per unit is calculated by dividing the amount of distributions (for the fiscal period ended April 2021, unappropriated retained earnings as of April 30, 2021 after deducting the reserve for tax purpose reduction entry of 44 million yen) by the number of outstanding investment units as of the end of the period.

(Note 3) The actual payout ratios of the fiscal periods are calculated using the following formula, and are rounded down to one decimal place.

Actual payout ratio = Distribution per unit (excluding distributions in excess of earnings) / Net income per unit x 100

(2) Recent status of investment unit price

1) Status in the last three fiscal periods

	Fiscal period ended October 2020 (15th FP)	Fiscal period ended April 2021 (16th FP)	Fiscal period ended October 2021 (17th FP)
Opening price	368,000 yen	490,500 yen	645,000 yen
Highest price	554,000 yen	665,000 yen	747,000 yen
Lowest price	341,000 yen	481,500 yen	621,000 yen
Closing price	492,000 yen	642,000 yen	743,000 yen

2) Status in the last six months

	June 2021	July	August	September	October	November
Opening price	646,000 yen	676,000 yen	693,000 yen	710,000 yen	736,000 yen	744,000 yen
Highest price	704,000 yen	715,000 yen	720,000 yen	747,000 yen	745,000 yen	754,000 yen
Lowest price	639,000 yen	667,000 yen	664,000 yen	704,000 yen	702,000 yen	735,000 yen
Closing price	675,000 yen	696,000 yen	711,000 yen	737,000 yen	743,000 yen	743,000 yen

(Note) The investment unit prices for November 2021 show the figures as of November 9, 2021.

3) Investment unit price on the business day preceding day of resolution on issuance

	November 9, 2021
Opening price	753,000 yen
Highest price	753,000 yen
Lowest price	742,000 yen
Closing price	743,000 yen

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(3) Status of equity financing conducted in the past three fiscal periods

• Third-party Allotment

Issue date	May 31, 2021
Total procured amount	1,964,199,000 yen
Paid-in amount (issue value)	633,000 yen
Number of investment units outstanding before the public offering	221,862 units
Number of investment units issued through the public offering	3,103 units
Number of investment units outstanding after the public offering	224,965 units
Third party allottee	Hoshino Resorts Holdings Inc.
Initial use of funds at the time of issuance	Part of acquisition funds of new specified assets
Schedule of expenditure at the time of issuance	On and after May 31, 2021
Status of expenditure to date	Entire amount has been used as part of acquisition funds of specified assets on June 1, 2021.

8. About Lock-up

(1) Concerning the primary offering, HRR will have the Designee agree with the Co-lead Managers that, in principle, it will not sell, etc. the Investment Units without securing agreement from the Co-lead Managers in writing beforehand for a period from the Pricing Date to the day exactly six months after the transfer date for the primary offering. It is planned for the Co-lead Managers to hold the authority to cancel all or part of the agreement at their sole discretion even during the period specified above.

(2) Concerning the primary offering, the incorporated legal persons of the Hoshino Resorts Group^(Note) (limited to entities that own investment units of HRR as of November 10, 2021; provided however, that excludes the Designee) have entered into an agreement with the Co-lead Managers not to sell, etc. the Investment Units (however, that excludes leasing back of Investment Units accompanying the secondary offering by over-allotment or sale, etc. of the Investment Units to a company of which the Designee directly or indirectly holds all voting rights) without securing agreement from the Co-lead Managers in writing beforehand for a period from the Pricing Date to the day exactly six months after the transfer date for the primary offering.

The Co-lead Managers have the authority to cancel all or part of the agreement at their sole discretion even during the period specified above.

(Note) Hoshino Resorts Group collectively refers to Hoshino Resorts Inc., its parent company (the Designee), and its subsidiaries.

(3) Concerning the primary offering, HRR has agreed with the Co-lead Managers that it will not issue Investment Units (except for an issuance in the case of the primary offering, the Third Party Allotment and a split of investment units, etc.) and such for a period from the Pricing Date to three months after the transfer date of the Investment Units through the primary offering without prior written consent of the Co-lead Managers.

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The Co-lead Managers have the authority to cancel all or part of the agreement at its sole discretion even during the period specified above.

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

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