

June 15, 2022

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

Please be informed that Hoshino Resorts REIT Inc. (hereinafter referred to as "HRR") passed a resolution concerning the issuance of new Investment Units and secondary offering of the investment units at a meeting of HRR's Board of Directors held on June 15, 2022 as follows.

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

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| (1) | Number of Investment Units offered | 10,670 units |
| (2) | Paid-in amount (Issue value) | To be determined
The paid-in amount shall be decided at a meeting of HRR's Board of Directors to be held on any date between June 21, 2022 (Tuesday) and June 23, 2022 (Thursday) (hereinafter referred to as the "Issue Price Determination Date") in accordance with the method prescribed in Article 25 of the Ordinance on Underwriting of Securities, etc. established 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) shall be determined on the Issue Price Determination Date, taking into consideration demand conditions, etc., based on the provisional condition of the price (rounding down to the nearest 1 yen) obtained by multiplying the closing price (if there is no closing price on the day, the closing price on the day immediately preceding the day) of the ordinary transaction of HRR's Investment Units (hereinafter referred to as "Investment Units") at the Tokyo Stock Exchange, Inc. on the Issue Price Determination Date by 0.90 ~ 1.00, in accordance with the method prescribed in Article 25 of the Ordinance on Underwriting of Securities, etc. established by the Japan Securities Dealers Association. |
| (5) | Total issue price (Total offer price) | To be determined |
| (6) | Method of offering | Issued securities shall be publicly offered, and all Investment Units shall be purchased and underwritten by an underwriting syndicate (hereinafter collectively referred to as "Underwriters") with Nomura Securities Co., Ltd. and SMBC Nikko Securities Inc. as joint lead managers. Nomura Securities Co., Ltd. is the sole bookrunner for the Public Offering. |

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- (7) Details of the underwriting agreement The Underwriters shall pay to HRR the same amount as the total paid-in amount (total issue value) in the Public Offering on the due date of payment set forth in (11) below, and the difference from the total issue price (total offer price) shall be the proceeds of the Underwriters. HRR shall not pay underwriting fees to the Underwriters.
- (8) Offering unit One unit or more in increments of one unit
- (9) Offering period Business day following the Issue Price Determination Date
- (10) Payment period of application money From the business day following the Issue Price Determination Date to the date two business days following the Issue Price Determination Date
- (11) Due date of payment At any day between June 27, 2022 (Monday) and June 29, 2022 (Wednesday). However, date of payment shall be a date four business days after the Issue Price Determination Date.
- (12) Delivery date The delivery date shall be the business day following the due date of payment stated in (11) above.
- (13) 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 meeting of HRR's Board of Directors held in the future.
- (14) Each of the above items shall be subject to the effectuation of the notification under the Financial Instruments and Exchange Act.
- (15) The Underwriters schedule to sell 376 units of the Investment Units in the Public Offering to Hoshino Resorts Holdings Inc., (hereinafter referred to the "Designated Party"), which is the parent company of the shareholders of Hoshino Resort Asset Management Co., Ltd., to which HRR entrusts the business related to asset management, as the purchaser designated by HRR.

2. Secondary offering of Investment Units (secondary offering by way of over-allotment)

(Please refer to < Reference > 1 below.)

- (1) Number of Investment Units to be offered 533 units
The number of Investment Units to be offered indicates the upper limit. The number may decrease due to demand for the Public Offering, etc., and the Secondary Offering by Over-Allotment may not be conducted at all. The number of Investment Units to be offered shall be determined at a meeting of HRR's Board of Directors held on the Issue Price Determination Date, taking into account demand for the Public Offering and other factors.
- (2) Seller Nomura Securities Co., Ltd.
- (3) Selling Price To be determined
To be decided on the Issue Price Determination Date The Selling Price shall be the same as the Issue Price (Offer Price) in the Public Offering.
- (4) Total Selling Price To be determined
- (5) Method of offering In the Public Offering, Nomura Securities Co., Ltd., the administrative lead manager for the Public Offering, will conduct a Secondary Offering of the Investment Units to be borrowed from the unitholders of HRR up to 533 units, taking into account demand conditions and other factors.
- (6) Offering unit One unit or more in increments of one unit
- (7) Offering period The offering period shall be the same as the offering period in the Public Offering.
- (8) Payment period of application money The payment period shall be the same as the payment period of the application money in the Public Offering.
- (9) Delivery date The delivery date shall be the same as the delivery date in the Public Offering.
- (10) The Selling Price and other matters necessary for the Secondary Offering of the Investment Units shall be determined at a meeting of HRR's Board of Directors held in the future.

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(11) Each of the above items shall be subject to the effectuation of the notification under the Financial Instruments and Exchange Act.

3. Issuance of new Investment Units by way of Third-party Allotment (Please refer to < Reference > 1. below.)

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| (1) | Number of Investment Units offered | 533 units |
| (2) | Paid-in amount (Issue value) | To be determined
The paid-in amount shall be determined at a meeting of HRR's Board of Directors to be held on the Issue Price Determination Date. The paid-in amount (Issue value) shall be the same as the paid-in amount (Issue value) in the Public Offering. |
| (3) | Total paid-in amount (Total issue value) | To be determined |
| (4) | Allottee | Nomura Securities Co., Ltd. |
| (5) | Offering unit | One unit or more in increments of one unit |
| (6) | Offering period (Application deadline) | July 25, 2022 (Monday) |
| (7) | Due date of payment | July 26, 2022 (Tuesday) |
| (8) | Issuance shall be cancelled for the Investment Units for which no application has been made by the offering period (application deadline) described in (6) above. | |
| (9) | The paid-in amount (Issue value) and other matters necessary for the issuance of the new Investment Units shall be determined at a meeting of HRR's Board of Directors held in the future. | |
| (10) | Each of the above items shall be subject to the effectuation of the notification under the Financial Instruments and Exchange Act. | |

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1. Secondary Offering by way of Over-Allotment, etc.

The Secondary Offering by way of the Over-Allotment is a Secondary Offering of the Investment Units that Nomura Securities Co., Ltd., the administrative lead manager for the Public Offering, borrows from the unitholders of HRR up to 533 units, taking into consideration demand and other factors, in the Public Offering. The number of Investment Units to be offered in the Secondary Offering by way of the Over-Allotment is planned to be 533 units, and the number of Investment Units for the Secondary Offering is the maximum number of Investment Units for the Secondary Offering. Therefore it may decrease due to demand conditions, etc., and the Secondary Offering by way of the Over-Allotment may not be conducted at all.

In connection with the Secondary Offering by way of the Over-Allotment, in order for Nomura Securities Co., Ltd. to have Nomura Securities Co., Ltd. acquire the Investment Units necessary for the return of the Investment Units borrowed from the unitholders of HRR (hereinafter referred to as the "Borrowed Investment Units"), HRR's Board of Directors resolved at its meeting held on Wednesday, June 15, 2022 to issue new Investment Units through the Third-Party Allotment (hereinafter referred to the "Third-Party Allotment") of 533 Investment Units to be allotted to Nomura Securities Co., Ltd., with Tuesday, July 26, 2022 as the due date of payment.

In addition, Nomura Securities Co., Ltd. may purchase the Investment Units up to the number of units pertaining to the Secondary Offering by way of the Over-Allotment (hereinafter referred to as the "Syndicate Cover Transaction") at Tokyo Stock Exchange, Inc. for the purpose of returning the borrowed Investment Units during the period from the day following the offering period for the Public Offering and the Secondary Offering by way of the Over-Allotment until July 20, 2022 (Wednesday) (hereinafter referred to as the "Syndicate Cover Transaction Period"). All of the Investment Units acquired by Nomura Securities Co., Ltd. through the Syndicate Cover Transaction will be used for the return of the Borrowed Investment Units. During the Syndicate Cover Transaction Period, Nomura Securities Co., Ltd. may decide not to conduct the Syndicate Cover Transaction at all or terminate the Syndicate Cover Transaction at a number of units less than the number of units pertaining to

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the Secondary Offering by way of the Over-Allotment.

Moreover, Nomura Securities Co., Ltd. may conduct stabilizing transactions accompanying the Public Offering and the Secondary Offering by way of the Over-Allotment, and all or part of the Investment Units acquired through such stabilizing transactions may be used to return the Borrowed Investment Units.

Nomura Securities Co., Ltd. plans to acquire the Investment Units in accordance with the allotment under the Third-Party Allotment, with respect to the number of units obtained by subtracting the number of units to be acquired through stabilizing transactions and the Syndicate Cover Transaction and to be appropriated for the return of the Borrowed Investment Units from the number of units relating to the Secondary Offering by way of the Over-Allotment. Therefore, applications may not be made for all or part of the number of Investment Units to be issued in the Third-Party Allotment, and as a result, the final number of Investment Units to be issued in the Third-Party Allotment may be reduced to that extent due to forfeiture, and the issuance may not be made at all.

2. Changes in the total number of Investment Units issued through this issuance of new Investment Units

Total number of Investment Units issued and outstanding at present	244,355 units	
Increase in number of Investment Units due to issuance of new Investment Units through Public Offering	10,670 units	
Total number of Investment Units issued and outstanding after the issuance of new Investment Units through Public Offering	255,025 units	
Increase in number of Investment Units due to the Third-Party Allotment	533 units	(Note)
Total number of Investment Units issued after the Third-Party Allotment	255,558 units	(Note)

(Note) Nomura Securities Co., Ltd. has applied for the total number of Investment Units to be issued in the Third-Party Allotment, and the number of units when issued is shown.

3. Purpose of and Reason for Issuance

With the aim of improving the stability of earnings through the acquisition of "HOSHINOYA Okinawa" (hereinafter referred to as the "Assets to be Acquired"), a new Specified Asset (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations), we have decided to issue new Investment Units as a result of a review of market trends, the level of distributions per unit, and other factors.

4. Amount, use and timing of expenditure of funds to be procured

(1) Amount of funds to be procured (estimated net proceeds)

7,196,739,982 yen (maximum)

(Note) The total amount of the proceeds from the Public Offering of 6,854,343,980 yen and the upper limit of the proceeds from the issuance of new Investment Units by way of the Third-Party Allotment of 342,396,002 yen is shown. The above amount is estimated based on the closing price of the ordinary trading of the Investment Units on the Tokyo Stock Exchange, Inc. as of Wednesday, May 25, 2022.

(2) Specific use and scheduled timing of disbursement of funds to be procured

The net proceeds of 6,854,343,980 yen from the Public Offering shall be used for the acquisition of the Assets to be Acquired and related expenses described in the "Notice Concerning Acquisition and Lease of Domestic Real Estate (HOSHINOYA Okinawa (77.47% co-ownership))" dated today, and in the event of any residual proceeds, the proceeds will be used as cash on hand along with the maximum amount of 342,396,002 yen by the issuance of new Investment Units by way of the Third-Party Allotment resolved on the same date as the Public Offering, and will be deposited with financial institutions until disbursement, and will be used as part of the funds for the acquisition of the Specified Assets in the future or as part of the funds for repayment of the loans.

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5. Designation of allocated party

As the purchaser designated by HRR, the underwriters plan to sell 376 units of the Investment Units in the Public Offering to the designated party .

6. Future Outlook

Please refer to the "(REIT) Financial Report for Fiscal Period Ended April 2022 " announced today.

7. Investment status and equity financing for the last three business periods

(1) Investment status for the last three business periods

	Fiscal period ended April 2021 (16th FP)	Fiscal period ended October 2021 (17th FP)	Fiscal period ended April 2022 (18th FP) (Note 4)
Net income per unit (Note 1)	6,608 yen	6,284 yen	7,282 yen
Distribution per unit (Note 2)	6,406 yen	6,344 yen	7,195 yen
Profit distribution per unit	6,406 yen	6,344 yen	7,195 yen
Distributions in excess of earnings per unit	-	-	-
Actual payout ratio	96.9%	101.2%	99.8%
Net assets per unit	469,679 yen	471,885 yen	487,107 yen

(Note 1) Net income per unit is calculated by dividing net income by the number of day-weighted average Investment Units.

(Note 2) Distributions per unit are calculated by dividing the distributions (For the fiscal period ending April 2021, unappropriated retained earnings for the current period less transfer to reserve for reduction entry of 44,746 thousand yen; for the fiscal period ending October, 2021, unappropriated retained earnings for the current period plus reversal of reserve for reduction entry of 16,396 thousand yen; and for the fiscal period ending April 2022, unappropriated retained earnings for the current period plus reversal of reserve for reduction entry of 287 thousand yen) by the number of Investment Units issued and outstanding as of the end of the period.

(Note 3) Actual payout ratio is calculated using the following formula (figures are rounded to the first decimal place).

$$\text{Actual payout ratio} = \text{distributions per unit (excluding distributions in excess of earnings)} \div \text{net income per unit} \times 100$$

(Note 4) As of today, figures for the fiscal period ended April 2022 have not been audited by an audit corporation in accordance with Article 193, Paragraph 2, Paragraph 1 of the Financial Instruments and Exchange Act.

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(2) Recent status of Investment Unit prices

(i) Status of the last three business periods

	Fiscal period ended April 2021 (16th FP)	Fiscal period ended October 2021 (17th FP)	Fiscal period ended April 2022 (18th FP)
Opening price	490,500 yen	645,000 yen	744,000 yen
High	665,000 yen	747,000 yen	754,000 yen
Low	481,500 yen	621,000 yen	604,000 yen
Closing price	642,000 yen	743,000 yen	669,000 yen

(ii) Situation over the last six months

	January 2022	February	March	April	May	June
Opening price	657,000 yen	659,000 yen	650,000 yen	676,000 yen	666,000 yen	698,000 yen
High	680,000 yen	670,000 yen	702,000 yen	695,000 yen	708,000 yen	706,000 yen
Low	604,000 yen	633,000 yen	613,000 yen	661,000 yen	653,000 yen	672,000 yen
Closing price	648,000 yen	650,000 yen	683,000 yen	669,000 yen	695,000 yen	682,000 yen

(Note) Price of the Investment Units for June 2022 are figures as of June 14, 2022.

(iii) Price of Investment Units on the business day before the date of resolution for issuance

	June 14, 2022
Opening price	691,000 yen
High	691,000 yen
Low	672,000 yen
Closing price	682,000 yen

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(3) Status of equity financing for the last three business periods

- Capital increase through Third-Party Allotment

Date of issue	May 31, 2021
Amount of funds to be procured	1,964,199,000 yen
Paid-in amount (Issue Value)	633,000 yen
Total number of issued Investment Units at the time of Public Offering	221,862 units
The number of Investment Units to be issued for the Public Offering	3,103 units
Total number of issued Investment Units after the Public Offering	224,965 units
Allottee	Hoshino Resorts Holdings Inc.
Initial use of funds at the time of issuance	Use as part of funds to acquire new Specified Assets
Expected disbursement date at the time of issuance	After May 31, 2021
Status of appropriations at present	The full amount was appropriated to a portion of the funds for the acquisition of the Specified Assets on June 1, 2021.

- Capital increase through Public Offering

Date of issue	November 24, 2021
Amount of funds to be procured	12,534,995,130 yen
Paid-in amount (Issue Value)	646,467 yen
Total number of issued Investment Units at the time of Public Offering	224,965 units
The number of Investment Units to be issued for the Public Offering	19,390 units
Total number of issued Investment Units after the Public Offering	244,355 units
Initial use of funds at the time of issuance	Appropriation of funds for the acquisition of new Specified Assets and part of funds for the acquisition of Specified Assets in the future or part of funds for the repayment of borrowings
Expected disbursement date at the time of issuance	After November 24, 2021
Status of appropriations at present	The full amount was appropriated to a portion of the funds for the acquisition of the Specified Assets on December 1, 2021.

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8. Lockups

(1) In connection with the Public Offering, we will request that the Designated Party should not execute the sale, etc. (however, this excludes the sale, etc. of the Investment Units to a company in which the Designated Party directly or indirectly holds all voting rights) of the Investment Units without the prior written consent of the joint lead managers during the period from the Issue Price Determination Date to the corresponding date six months after the delivery date for the Public Offering.

The joint lead managers will have the authority to cancel part or all of the contents of the agreement at their discretion, even during the above period.

(2) In connection with the Public Offering, corporations in the Hoshino Resorts Group (Note) (Limited to those that hold HRR's Investment Units as of June 15, 2022. However, the Designated Party is excluded.) has agreed with Nomura Securities Co., Ltd. that these will not sell the Investment Units (However, this excludes the lending of the Investment Units due to the Secondary Offering through the Over-Allotment and the sale of the Investment Units to a company in which the Designated Party directly or indirectly holds all voting rights.) without the prior written consent of Nomura Securities Co., Ltd. during the period from the Issue Price Determination Date until the date six months after the delivery date for the Public Offering.

Nomura Securities Co., Ltd. has the authority to cancel part or all of the contents of the agreement at its discretion even during the above period.

(Note) "Hoshino Resorts Group" refers to Hoshino Resorts Inc., the Designated Party of its parent company, and its subsidiaries.

(3) In connection with the Public Offering, HRR has agreed with Nomura Securities Co., Ltd. that it will not issue the Investment Units (this however, excludes the issuance of new Investment Units pertinent to the Public Offering, the Third-Party Allotment, and the split of Investment Units) without the prior written consent of Nomura Securities Co., Ltd. during the period from the Issue Price Determination Date to the date after which three months have passed from the delivery date for the Public Offering. Nomura Securities Co., Ltd. has the authority to cancel part or all of the contents of the agreement at its discretion even during the above period.

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

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