

October 11, 2017

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.  
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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 October 11, 2017 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)

- |   |  |
|---|--|
| (1) Total number of investment units to be offered: | 38,160 units   |
| (2) Paid-in amount (issue value):                   | To be determined<br>The amount will be determined at the Board of Directors' meeting to be held on a date between October 24, 2017 (Tuesday) and October 27, 2017 (Friday) (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<br>The issue price (offer price) will be provisionally calculated by subtracting planned distribution per unit of 11,863 yen from 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), and multiplying the amount by a factor of 0.90 to 1.00 (amounts less than one yen to be rounded down), when the Pricing date is one of the days between October 24, 2017 (Tuesday) and October 26, 2017 (Thursday), and provisionally calculated by subtracting the above planned distribution per unit from the closing price of the Investment Units in a regular |

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# Hoshino Resorts REIT, Inc.

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), and multiplying the amount by a factor of 0.90 to 1.00 (amounts less than one yen to be rounded down), when the Pricing Date is October 27, 2017 (Friday), 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 will be determined on the Pricing Date by taking into consideration demand conditions and other factors.

- (5) Total issue price (offer price): To be determined
- (6) Offering method: The offering of the Investment Units will be through primary offering, and 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 the Investment Corporation 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 1, 2017 (Wednesday) and November 6, 2017 (Monday). However, it will be on November 1, 2017 (Wednesday) when the Pricing Date is either October 24, 2017 (Tuesday) or October 25, 2017 (Wednesday), November 2, 2017 (Thursday) when the Pricing Date is October 26, 2017 (Thursday) and November 6, 2017 (Monday) when the Pricing Date is October 27, 2017 (Friday).
- (11) Transfer date: The business day immediately following 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.

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

- (1) Number of investment units to be offered: 1,908 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

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- 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 lead manager for the primary offering, will offer the Investment Units (up to 1,908 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 subscription period for the primary offering
  - (9) The offer price and other items necessary for the secondary offering of investment units are 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: 1,908 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): November 27, 2017 (Monday)
- (7) Payment date: November 28, 2017 (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 will 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.

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## <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 1,908 units) borrowed from a unitholder of HRR, taking into consideration the demand conditions and other factors upon the primary offering. 1,908 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 October 11, 2017 (Wednesday) to implement the issuance of new investment units by way of third-party allotment (1,908 units) (hereinafter (the) "this Issuance of New Investment Units) to Nomura Securities Co., Ltd. as the allottee with the payment date being November 28, 2017 (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 November 20, 2017 (Monday) (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:	172,670 units
Number of new Investment Units to be issued through public offering:	38,160 units
Total number of Investment Units outstanding after new issuance through public offering:	210,830 units
Number of new Investment Units to be issued by way of the Third-Party Allotment:	1,908 units (Note)

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Total number of Investment Units outstanding after the Third-Party Allotment: 212,738 units (Note)  
(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

As a result of discussions aiming to improve stability of earnings through the acquisition of new specified assets (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporations. The same shall apply hereinafter.), while paying attention to market trends, the level of distribution per unit and other factors, HRR has decided to implement the issuance of new investment units.

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

(1) Amount of funds to be procured (approximate net balance the Investment Corporation will obtain)  
20,710,708,452 yen (maximum)

(Note) The amount represents the sum of 19,724,484,240 yen of net proceeds the Investment Corporation will receive from the primary offering and the maximum amount of 986,224,212 yen the Investment Corporation 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 September 29, 2017 (Friday).

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

The net proceeds of 19,724,484,240 yen HRR will receive from the primary offering will be used as part of acquisition funds of new specified assets which HRR plans to acquire described in “Notice Concerning Acquisition and Leasing of Domestic Real Estate” separately announced today. The maximum amount of proceeds (986,224,212yen) HRR will receive from the Third-Party Allotment will be retained as cash on hand, deposited in financial institutions, and will be used as part of funds for future acquisition of specified assets or a portion of repayment of borrowings.

### 5. Designated Destination of Distribution

None

### 6. Future Outlook

Please refer to “Notice Concerning Revisions to Management Status Forecast and Distribution Forecast for the Fiscal Period Ending April 2018 and Management Status Forecast and Distribution Forecast for the Fiscal Period Ending October 2018” separately announced today.

### 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 2016 (6th FP)	Fiscal period ended October 2016 (7th FP)	Fiscal period ended April 2017 (8th FP)
Net income per unit (Note 1) (Note 2)	10,303 yen	11,110 yen	11,620 yen
Distribution per unit (Note 3)	20,520 yen	22,209 yen	11,621 yen
Of which, distributions of earnings per unit	20,520 yen	22,209 yen	11,621 yen
Of which, distributions in excess of earnings	—	—	—

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Actual payout ratio (Note 4)	100.0%	100.0%	100.0%
Net assets per unit (Note 1)	445,516 yen	455,052 yen	455,568 yen

(Note 1) A 2-for-1 split of investment units was implemented with a record date of October 31, 2016 and an effective date of November 1, 2016. Net income per unit and net assets per unit are calculated based on the assumption that the split of investment unit was implemented at the beginning of the 6th FP.

(Note 2) Net income per unit is calculated by dividing net income by the daily weighted average number of investment units.

(Note 3) Distribution per unit is calculated by dividing the amount of distribution by the number of investment units issued and outstanding at the end of the fiscal period.

(Note 4) The actual payout ratios of the fiscal periods have changed due to the implementation of issuance of new investment units during the fiscal period, causing a change in the number of investment units outstanding during the fiscal period and thus are calculated using the following formula, and are rounded down to one decimal place.

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

## (2) Recent status of investment unit price

### 1) Status in the last three fiscal periods

	Fiscal period ended April 2016 (6th FP)	Fiscal period ended October 2016 (7th FP) (Note)	Fiscal period ended April 2017 (8th FP)
Opening price	1,316,000 yen	1,291,000 yen □623,000 yen	616,000 yen
Highest price	1,412,000 yen	1,331,000 yen □628,000 yen	626,000 yen
Lowest price	1,094,000 yen	1,111,000 yen □610,000 yen	557,000 yen
Closing price	1,314,000 yen	1,277,000 yen □615,000 yen	566,000 yen

(Note) A 2-for-1 split of investment units was implemented with a record date of October 31, 2016 and an effective date of November 1, 2016. In line with the split, investment units have been traded with the investment unit price after the ex-rights since October 27, 2016. The table indicates status of investment units before the ex-rights, but status of investment units after the ex-rights is also shown with "□."

### 2) Status in the last six months

	May 2017	June	July	August	September	October
Opening price	567,000 yen	569,000 yen	578,000 yen	569,000 yen	570,000 yen	560,000 yen
Highest price	580,000 yen	598,000 yen	581,000 yen	573,000 yen	573,000 yen	565,000 yen
Lowest price	563,000 yen	569,000 yen	551,000 yen	555,000 yen	550,000 yen	555,000 yen
Closing price	572,000 yen	577,000 yen	568,000 yen	572,000 yen	560,000 yen	555,000 yen

(Note) The investment unit prices for October 2017 show the figures as of October 10, 2017.

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

	October 10, 2017
Opening price	557,000 yen
Highest price	559,000 yen
Lowest price	555,000 yen
Closing price	555,000 yen

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

- Public Offering

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Issue date	November 2, 2015
Total procured amount	30,279,030,210 yen
Paid-in amount (issue value)	1,122,693 yen
Number of Investment Units outstanding before the public offering	49,689 units
Number of Investment Units issued through the public offering	26,970 units
Number of Investment Units outstanding after the public offering	76,659 units
Initial use of funds at the time of issuance	Part of acquisition funds of new specified assets and part of funds for future acquisition of specified assets or a portion of future repayment of borrowings
Schedule of expenditure at the time of issuance	On and after November 2, 2015
Status of expenditure to date	Entire amount has been used as part of acquisition funds of specified assets on the above scheduled time of expenditure

• Third-party Allotment

Issue date	November 25, 2015
Total procured amount	1,514,512,857 yen
Paid-in amount (issue value)	1,122,693 yen
Number of Investment Units outstanding before the public offering	76,659 units
Number of Investment Units issued through the public offering	1,349 units
Number of Investment Units outstanding after the public offering	78,008 units
Third party allottee	Nomura Securities Co., Ltd.
Initial use of funds at the time of issuance	Part of acquisition funds of new specified assets and part of funds for future acquisition of specified assets or a portion of future repayment of borrowings
Schedule of expenditure at the time of issuance	On and after November 25, 2015
Status of expenditure to date	Entire amount has been used as part of acquisition funds of specified assets on March 31, 2016

• Public Offering

Issue date	May 2, 2016
Total procured amount	4,461,050,580 yen
Paid-in amount (issue value)	1,249,594 yen
Number of Investment Units outstanding	78,008 units

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before the public offering	
Number of Investment Units issued through the public offering	3,570 units
Number of Investment Units outstanding after the public offering	81,578 units
Initial use of funds at the time of issuance	Part of acquisition funds of new specified assets and a portion of repayment of borrowings, and part of funds for future acquisition of specified assets or a portion of future repayment of borrowings
Schedule of expenditure at the time of issuance	On and after May 2, 2016
Status of expenditure to date	Entire amount has been used as part of acquisition funds of specified assets and a portion of repayment of borrowings on the above scheduled time of expenditure.

• Third-party Allotment

Issue date	May 24, 2016
Total procured amount	223,677,326 yen
Paid-in amount (issue value)	1,249,594 yen
Number of Investment Units outstanding before the public offering	81,578 units
Number of Investment Units issued through the public offering	179 units
Number of Investment Units outstanding after the public offering	81,757 units
Third party allottee	Nomura Securities Co., Ltd.
Initial use of funds at the time of issuance	Part of acquisition funds of new specified assets and a portion of repayment of borrowings, and part of funds for future acquisition of specified assets or a portion of future repayment of borrowings
Schedule of expenditure at the time of issuance	On and after May 24, 2016
Status of expenditure to date	Entire amount has been used as part of acquisition funds of specified assets on November 1, 2016.

• Public Offering

Issue date	May 1, 2017
Total procured amount	4,705,163,760 yen
Paid-in amount (issue value)	539,583 yen
Number of Investment Units outstanding before the public offering	163,514 units

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Number of Investment Units issued through the public offering	8,720 units
Number of Investment Units outstanding after the public offering	172,234 units
Initial use of funds at the time of issuance	Acquisition fund of new specified assets and part of funds for future acquisition of specified assets or a portion of future repayment of borrowings
Schedule of expenditure at the time of issuance	On and after May 1, 2017
Status of expenditure to date	A part of the procured amount has been used as a part of acquisition funds of specified assets and a portion of repayment of borrowings on the above scheduled time of expenditure.

• Third-party Allotment

Issue date	May 23, 2017
Total procured amount	235,258,188 yen
Paid-in amount (issue value)	539,583 yen
Number of Investment Units outstanding before the public offering	172,234 units
Number of Investment Units issued through the public offering	436 units
Number of Investment Units outstanding after the public offering	172,670 units
Third party allottee	Nomura Securities Co., Ltd.
Initial use of funds at the time of issuance	Part of funds for future acquisition of specified assets or a portion of future repayment of borrowings
Schedule of expenditure at the time of issuance	On and after May 23, 2017
Status of expenditure to date	An entire amount has been retained as capital and will be allocated as a part of acquisition funds of new specified assets which HRR plans to acquire described in "Notice Concerning Acquisition and Leasing of Domestic Real Estate" separately announced today.

### 8. About Lock-up

- (1) Concerning the primary offering, Hoshino Resorts Inc. has agreed with the Co-lead Managers that it will not sell the Investment Units (except for lending of the Investment Units in line with the secondary offering through over-allotment, 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.

- (2) 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 delivery date of the Investment Units through the primary offering without prior written consent of the Co-lead Managers.

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: <http://www.hoshinoresorts-reit.net/>

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