

[Provisional Translation Only]

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Creation of Ichigo Office Bridge Fund and Sale of Four Office Assets

Ichigo today decided to create a bridge fund to support Ichigo Office's (8975) growth as its sponsor and sell four office assets (total sale price: JPY 12.3B), owned by its wholly-owned consolidated SPC and consolidated subsidiary, Ichigo Estate, Co., Ltd. ("Ichigo Estate"), to the bridge fund.

The bridge fund is expected to grow value for both Ichigo and Ichigo Office shareholders, and Ichigo expects to record FY22/2 consolidated net income of c. JPY 2.3 billion on the back of today's asset sales.

1. Background and Sale Rationale

As part of its support of Ichigo Office's growth, Ichigo has completed 2.5~6.5 years of long-term value-add work on four office assets located in central Tokyo and the Hakata area of Fukuoka, and is selling these assets to the bridge fund in light of Ichigo Office's acquisition needs.

Ichigo Trust Pte. Ltd. ("Ichigo Trust"), Ichigo Office's major shareholder (holding 21.9% of voting rights as of October 31, 2021) that has a sponsor support agreement with Ichigo Office, will invest 99% of the TK (*tokumei kumiai*) equity to create the bridge fund. Ichigo Office will invest the remaining 1% of TK equity and receive, free of charge, a preferential negotiation right from the bridge fund to acquire the four office assets, thus obtaining the opportunity to acquire high-quality assets.

Ichigo is supporting both Ichigo Office's growth and the further growth of its asset management business via the bridge fund.

For details on the four office assets being sold, please see today's release from Ichigo Office "Acquisition of TK Equity Interest in Four Office Assets and Preferential Negotiation Right Leveraging Sponsor Support."

Ichigo Office website: www.ichigo-office.co.jp/en

2. Buyer/Bridge Fund Operator Overview

Company Name	GK Kizuna1
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Managing Member: Ippan Shadan Hojin IES2 Manager: Kenta Itoi
Business	1. Investment in trust beneficiary interests (<i>juekiken</i>) 2. Ownership, management, and buying/selling of real estate 3. Other businesses relating to the aforementioned businesses
Paid-In Capital	JPY 100,000
Establishment Date	January 4, 2022
Relationship to Ichigo	<p>The buyer does not have any material capital or personnel relationship with Ichigo.</p> <p>The post-sale investment advisory services that will be provided by Ichigo Estate to the buyer will be assessed in accordance with Ichigo Estate's related party transaction rules because Ichigo Estate is Ichigo's wholly-owned subsidiary and Ichigo Office is acquiring a TK equity interest in the buyer.</p> <p>Ichigo Trust's, Ichigo's major shareholder (holding 48.11% of voting rights as of August 31, 2021), acquisition of a 99% TK equity interest in the buyer is a related party transaction as defined in Ichigo's Corporate Governance Code, and has been carried out in accordance with Ichigo's related party transaction rules.</p> <p>Ichigo Office's, to which Ichigo provides asset management services, acquisition of a 1% TK equity interest in the buyer has been carried out in accordance with Ichigo Office's related party transaction rules, and Ichigo Office will receive, free of charge, a preferential negotiation right to acquire the four office assets.</p>
Business and Financial Conditions in Past Three Years	Since the bridge fund operator is newly established, there are no past earnings and financial data.

3. Buyer/Bridge Fund Operator Selection Rationale

In creating the bridge fund and selling the four office assets to the bridge fund, Ichigo is supporting Ichigo Office's growth and providing Ichigo Office with the opportunity to acquire high-quality assets. In line with this objective, the buyer is a GK (*Godo Kaisha*) set up to be a bridge fund via TK equity investments from Ichigo Trust, which has a sponsor support agreement with Ichigo Office, and Ichigo Office.

The appropriateness of the sale price has been confirmed based on a comparison of recent transactions in the market and by obtaining third-party appraisals.

Because Ichigo Estate is Ichigo's wholly-owned subsidiary and Ichigo Office is acquiring TK equity interest in the buyer, the post-sale investment advisory services that will be provided to the buyer by Ichigo Estate will be assessed in accordance with Ichigo Estate's related party transaction rules and will be carried out upon approval from Ichigo Estate's Business Review Committee and Board of Directors.

Given that Ichigo Trust's, Ichigo's major shareholder (holding 48.11% of voting rights as of August 31, 2021), acquisition of a 99% TK equity interest in the buyer is a related party transaction as defined in Ichigo's Corporate Governance Code, Ichigo's Audit Committee, comprised exclusively of its Independent Directors, has reviewed the purpose of the transaction, the negotiation process, the appropriateness of the sale price, and whether the transaction contributes to an increase in shareholder value. Based on this review and together with legal opinion received from a third-party law firm, Ichigo has comprehensively confirmed the appropriateness of the asset sales.

Ichigo does not have any personnel relationship with Ichigo Trust or Ichigo Trust's asset manager, and Ichigo and Ichigo Trust do not influence each other's decision making processes.

4. Transaction Schedule

Contract Date	January 27, 2022
Settlement Date	January 31, 2022

5. Earnings Outlook

The creation of the bridge fund is expected to grow value for Ichigo and Ichigo Office shareholders. On the back of today's asset sales, Ichigo expects to record FY22/2 consolidated net income of c. JPY 2.3 billion.