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Issuer

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Issuance of New Shares and Secondary Share Offering

Ichigo Hotel’s Board of Directors decided today to issue new shares via a public offering and conduct an over-allotment secondary share offering (“Greenshoe”) with the underwriters in support of this new share issuance.

1. Issuance of New Shares via Public Offering

- | | |
|------------------------------------|--|
| (1) Number of shares to be offered | 107,620 shares |
| (2) Paid-in amount | The amount will be determined at a Board of Directors meeting held between March 27, 2023 and March 29, 2023 (the “Pricing Date”). |
| (3) Total paid-in amount | To be determined |
| (4) Issue price | To be determined |

The issue price of the public offering will be calculated by multiplying the closing price of Ichigo Hotel’s shares on the Tokyo Stock Exchange (“TSE”) on the Pricing Date (in the event there is no closing price on Pricing Date then the nearest available closing price on a preceding day will be used) by a factor of 0.90~1.00 (rounded off to the nearest one yen), and then adjusted and finalized in consideration of demand and other factors.

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| (5) Total issue amount | To be determined |
| (6) Offering method | The shares will be offered as a public offering and underwritten in full by SMBC Nikko Securities Inc. (“SMBC Nikko Securities”) and Mizuho Securities Co., Ltd. (“Mizuho Securities”) (collectively “Joint Lead Managers” or “Underwriters”).

Part of the offered shares may be sold to overseas investors in Europe and Asia, but not to investors in the United States and Canada. |
| (7) Underwriting agreement | The Underwriters will pay Ichigo Hotel the total paid-in amount on “Payment date” defined below in (11). The difference between the total issue amount and the total paid-in amount shall be the Underwriters’ proceeds. Ichigo Hotel will not pay any underwriting fees to the Underwriters. |
| (8) Subscription period | The business day following the Pricing Date |
| (9) Subscription deposit payment period | From the business day following the Pricing Date to the second business day following the Pricing Date |
| (10) Subscription unit | One share or more in single share multiples |
| (11) Payment date | A date between March 31, 2023 and April 4, 2023 that is at least four business days after the Pricing Date |
| (12) Delivery date | The business day following the payment date |
| (13) The paid-in amount, the issue price, and other necessary items relating to the issuance of new shares will be decided at a future Board of Directors meeting. Any changes prior to final determination will be delegated to the Executive Officers. | |
| (14) The aforementioned items are subject to filings submitted in accordance with the Financial Instruments and Exchange Act coming into effect. | |

2. Over-Allotment Secondary Share Offering (“Greenshoe”)

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|------------------------------------|--------------------------------------|
| (1) Seller | SMBC Nikko Securities |
| (2) Number of shares to be offered | 5,380 shares |
| | This is the maximum number of shares |

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that may be issued through the over-allotment secondary offering. Depending on demand and other factors, there may be cases where this number is reduced or the secondary offering itself is not held at all. The number of shares to be offered through the secondary offering will be determined at a Board of Directors meeting on the Pricing Date.

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| (3) Distribution price | To be determined (The offer price will be determined on the Pricing Date and shall be the same as the issue price for the public offering.) |
| (4) Total distribution amount | To be determined |
| (5) Offering method | SMBC Nikko Securities will offer up to a maximum of 5,380 shares that it will borrow from Ichigo Inc. based on demand and other factors. |
| (6) Subscription period | Same as the subscription period for the public offering as described in Section 1 (8) above |
| (7) Subscription deposit payment period | Same as the subscription deposit payment period for the public offering as described in Section 1 (9) above |
| (8) Subscription units | One share or more in single share multiples |
| (9) Delivery date | Same as the delivery date for the public offering as described in Section 1 (12) above |
| (10) The offer price and other items necessary for the over-allotment secondary share offering will be determined at a future Board of Directors meeting. Any changes prior to final determination will be delegated to the Executive Officers. | |
| (11) The aforementioned items are subject to filings submitted in accordance with the Financial Instruments and Exchange Act coming into effect. | |

3. Issuance of New Shares to be Offered via Third-Party Allotment (“Greenshoe”)

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| (1) Number of shares to be offered | 5,380 shares |
| (2) Allottee and number of shares to be issued to the allottee | SMBC Nikko Securities; 5,380 shares |
| (3) Paid-in amount | To be determined (The paid-in amount will be determined at the Board of Directors meeting to be held on Pricing Date and will be the same as the |

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- paid-in amount for the public offering.)
- (4) Total paid-in amount To be determined
 - (5) Subscription period (Subscription date) April 25, 2023
 - (6) Subscription units One share or more in single share multiples
 - (7) Payment date April 26, 2023
 - (8) The paid-in amount and other items necessary for the third-party allotment of new shares will be determined at a future Board of Directors meeting. Any changes prior to final determination will be delegated to the Executive Officers.
 - (9) If there are no subscriptions for all or a part of the shares on or before the subscription date described in (5) above, the issuance of such shares will be cancelled.
 - (10) If the public offering is cancelled then the third-party allotment of new shares will also be cancelled.
 - (11) The aforementioned items are subject to filings submitted in accordance with the Financial Instruments and Exchange Act coming into effect.

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Reference Information

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

SMBC Nikko Securities (Lead Manager) may conduct a secondary offering of up to a maximum of 5,380 shares that it borrows from Ichigo Inc. based on demand and other factors. While the maximum number of shares that can be sold via the over-allotment secondary offering is 5,380 shares, the actual number of shares sold will vary based on demand and the over-allotment secondary offering itself may be cancelled.

In order for SMBC Nikko Securities to acquire the shares needed to return the borrowed shares, Ichigo Hotel’s Board of Directors resolved today to issue 5,380 new shares via third-party allotment with SMBC Nikko Securities as the allottee and with a payment date set as April 26, 2023.

SMBC Nikko Securities may also purchase shares in the Tokyo Stock Exchange (TSE), up to the number of shares sold via the over-allotment secondary offering (“syndicate covering transactions”), starting the day following the close of the subscription period through April 24, 2023 (“syndicate covering transaction period”) in order to return the borrowed shares. All shares purchased by SMBC Nikko Securities through syndicate covering transactions will be used to return the borrowed shares. SMBC Nikko Securities may choose at its own discretion to not conduct any syndicate covering transactions or to end syndicate covering transactions before it acquires the same number of shares sold via the over-allotment secondary offering.

Moreover, SMBC Nikko Securities may conduct stabilizing transactions in relation to the public offering and the over-allotment secondary offering. The shares purchased through such stabilizing transactions may be used, in whole or in part, to return the borrowed shares.

SMBC Nikko Securities intends to acquire the new shares issued via third-party allotment with the specific number of shares to be acquired equal to the number of shares sold via the over-allotment secondary offering less the number of shares bought in the market via syndicate covering transactions and stabilizing transactions. As a result, there may be cases in which SMBC Nikko Securities does not subscribe for all or part of the shares offered via the third-party allotment, therefore resulting in a reduction in the number of shares issued via third-party allotment or the issuance itself not taking place.

Whether or not the over-allotment secondary offering will be conducted as well as the number of shares offered will be determined on the Pricing Date. If the over-allotment secondary offering will not be conducted, SMBC Nikko Securities will not borrow any shares from Ichigo Inc. In such a situation SMBC Nikko Securities will not subscribe to the shares offered via third-party allotment and therefore no new shares will be issued and there will be no syndicate covering transactions at the TSE.

SMBC Nikko Securities will conduct the aforementioned transactions in consultation with Mizuho Securities.

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2. Change in Number of Shares Outstanding After New Issuance

Current total number of shares outstanding	254,974 shares
Increase from new shares issued via public offering	107,620 shares
Total number of shares outstanding after public offering	362,594 shares
Increase from new shares issued via third-party allotment	5,380 shares ¹
Total number of shares outstanding after third-party allotment	367,974 shares ¹

¹ Assumes that SMBC Nikko Securities subscribes to all shares offered via the third-party allotment and that all such shares are issued.

3. New Issuance Rationale

Ichigo Hotel works to maximize shareholder value via the geographic diversification of its portfolio and driving both the stability and growth of its earnings. Based on a comprehensive assessment of market trends and its level of dividends, Ichigo Hotel is acquiring five hotels in line with the Investment Trust and Investment Corporation Law Article 2, Clause 1 (1951 Law, Act No. 198, including subsequent revisions) using proceeds from the new share issuance, a syndicated loan, and cash-on hand, as announced in today's release "Acquisition of Five Hotel Assets."

Today's acquisitions will grow Ichigo Hotel's portfolio to 30 hotels (total acquisition price JPY 69.8 billion), and contribute to increasing liquidity.

4. Electronic Delivery of Prospectus

The Underwriters will provide prospectuses for the issuance of new shares via public offering and the over-allotment secondary share offering by means of electronic delivery, and no printed copies will be provided.

(Note) Ichigo Hotel refers to the provision of the information stated in prospectuses by electromagnetic means as electronic delivery of prospectuses. The provider of the prospectus is deemed to have delivered the prospectus if information contained in the prospectus is provided by electromagnetic means upon obtaining consent from the recipient (Financial Instruments and Exchange Act Article 27-30-9, Clause 1 and Cabinet Office Order on Disclosure of Information on Regulated Securities Article 32-2, Clause 1). Although prospectuses cannot be delivered electronically if the recipient does not provide consent or consent is withdrawn (Cabinet Office Order on Disclosure of Information on Regulated Securities Article 32-2, Clause 7), the underwriters will sell shares with respect to the public offering and over-allotment secondary share offerings only to those investors who have provided and have not withdrawn their consent.

5. Amount to be Procured & Use of Proceeds and Timing

(1) Amount to be procured (net proceeds) JPY 12,087,000,000 (maximum)

This amount represents the sum of JPY 11,512,000,000 in net proceeds from the public offering and JPY 575,000,000 (maximum) in net proceeds from the third-party allotment of shares, estimated based on the March 8, 2023 closing price of Ichigo Hotel shares at the TSE.

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(2) Use of proceeds and timing

Ichigo Hotel plans to use the net proceeds from the public offering to acquire the five hotels specified in today's release "Acquisition of Five Hotel Assets." The net proceeds from the third-party allotment of shares will be used to repay the loans taken out to finance part of the aforementioned hotel acquisitions or to fund future asset acquisitions.

(Note 1) Proceeds described above are estimates calculated based on the March 8, 2023 closing price of Ichigo Hotel shares at the TSE.

(Note 2) The procured funds will be kept at financial institutions until disbursement.

6. Designated Allocation

Ichigo Hotel has specified for the Underwriters to allocate up to a maximum of 10,000 shares issued via the public offering to Ichigo Inc. (however, if the number of shares allocated multiplied by the issue price exceeds JPY 1,000,000,000, then the number of shares to be allocated will be calculated by dividing JPY 1,000,000,000 by the issue price.)

7. Earnings Impact

Ichigo Hotel's July 2023 and January 2024 fiscal period earnings forecasts are detailed in today's releases "January 2023 Fiscal Period Earnings Results Versus Forecast and Earnings Forecast Revision for the July 2023 Fiscal Period" and "January 2023 Fiscal Period Earnings," respectively.

8. Financial Results for the Past Three Fiscal Periods and Equity Financing History

(1) Financial results for the past three fiscal periods¹

	January 2022	July 2022	January 2023
Net Income per Share	JPY 1,345	JPY 1,417	JPY 2,311
Dividend per Share	JPY 1,345	JPY 1,418	JPY 2,311
Payout Ratio	100%	100.1%	100%
Net Assets per Share	JPY 125,270	JPY 125,342	JPY 126,236

Note: Although the January 2023 fiscal period results have been independently audited pursuant to Article 130 of the Investment Trust and Investment Corporation Law, the independent audit of the January 2023 fiscal period financial statements pursuant to Article 193-2, Clause 1 of the Financial Instruments and Exchange Law is still pending.

(2) Recent share price

(i) Share price during the last three fiscal periods

	January 2022	July 2022	January 2023
Open Price	JPY 89,700	JPY 77,300	JPY 94,600
High Price	JPY 97,500	JPY 98,200	JPY 115,200
Low Price	JPY 73,600	JPY 76,500	JPY 93,500
Close Price	JPY 77,100	JPY 93,900	JPY 114,100

Note: The open price, high price, and low price are based on the close price of Ichigo Hotel's shares at the TSE.

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(ii) Share price during the last six months

(JPY)

	Oct 2022	Nov 2022	Dec 2022	Jan 2023	Feb 2023	Mar 2023 ²
Open Price ¹	102,200	108,600	102,600	106,000	116,400	115,600
High Price ¹	108,300	108,600	110,200	115,200	119,100	117,400
Low Price ¹	99,600	99,900	101,800	104,800	112,100	112,700
Close Price ¹	107,000	102,500	108,000	114,100	119,100	113,100

¹ The open price, high price, and low price are based on the close price of Ichigo Hotel's shares at the TSE.

² The share price for March 2023 is as of March 15, 2023.

(iii) Share price on the business day prior to the day of Board resolution for issuance

	March 15, 2023
Open Price	112,400
High Price	114,900
Low Price	112,400
Close Price	113,100

(3) Equity financing conducted in the past three fiscal periods

N/A

9. Restrictions on Sale and Additional Issuance of Shares (Lock-Up)

(1) The Joint Lead Managers will request Ichigo Inc. to agree that it will not sell the 6,500 shares it owned prior to the public offering and the 10,000 shares (maximum) to be acquired via the public offering during the period starting on the pricing date and until after 180 days from the delivery date without the prior written consent from the Joint Lead Managers (excluding the lending of shares in relation to the over-allotment secondary offering). The Joint Lead Managers reserve the right, at their own discretion, to revoke all or part of the above sale restriction as well as to shorten the duration of the restriction.

(2) Ichigo Trust Pte. Ltd. has agreed with the Joint Lead Managers that it will not sell shares during the period starting on the pricing date and until after 45 days from the delivery date without the prior written consent from the Joint Lead Managers. The Joint Lead Managers reserve the right, at their own discretion, to revoke all or part of the above sale restriction as well as to shorten the duration of the restriction.

(3) Ichigo Hotel has agreed with the Joint Lead Managers that it will not issue shares during the period starting on the pricing date and until after 90 days from the delivery date without the prior written consent from the Joint Lead Managers (excluding the public offering and third-party allotment subject to this release, and issuance of shares related stock-splits). The Joint Lead Managers reserve the right, at their own discretion, to revoke all or part of the above sale restriction as well as to shorten the duration of the restriction.

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