

[Provisional Translation Only]

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August 16, 2023

Issuer

Ichigo Hotel REIT Investment Corporation (“Ichigo Hotel,” 3463)

1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo

Representative: Eriko Ishii, Executive Director

www.ichigo-hotel.co.jp/en

Asset Management Company

Ichigo Investment Advisors Co., Ltd.

Representative: Hiroshi Iwai, President

Inquiries: Hidehito Iwasaka, Head of Ichigo Hotel

Tel: +81-3-3502-4892

Issuance of New Shares via Third-Party Allotment

Ichigo Hotel decided today to issue new shares via a third-party allotment.

1. Issuance of New Shares via Third-Party Allotment

- | | |
|--|--|
| (1) Number of shares to be offered | 72,515 shares |
| (2) Issue price | JPY 111,700 per share |
| (3) Total issue amount | JPY 8,099,925,500 |
| (4) Offering method | The shares will be offered as a third-party allotment. |
| (5) Subscription period | August 24, 2023 (Thursday) |
| (6) Payment date | August 25, 2023 (Friday) |
| (7) Allottees and number of shares to be issued to the allottees | Ichigo Trust: 59,087 shares
Ichigo: 13,428 shares |
| (8) Subscription unit | One share or more in single share multiples |
| (9) Administrator | SMBC Nikko Securities |
| (10) The aforementioned items are subject to filings submitted in accordance with the Financial Instruments and Exchange Act (1948 Law, Act No. 25, including subsequent revisions). | |

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 third-party allotment	72,515 shares
Total number of shares outstanding after third-party allotment	327,489 shares

3. New Issuance Rationale

Since the fall of 2022, Covid's impact on Japan's hotel market has begun to subside. Domestic leisure and business demand has been recovering due to the Japanese government's domestic travel subsidy program, and inbound tourism has been robust due to the lifting of Japanese restrictions on inbound travel. Ichigo Hotel has decided to take advantage of this hotel market recovery to maximize shareholder value by growing and further diversifying its portfolio to drive higher earnings growth and stability.

Based on a comprehensive analysis of Ichigo Hotel's share price, financing scale and certainty, financing costs including discounts with respect to the new share issuance, impact on market liquidity after the new share issuance, and share price fluctuation risks associated with determining the terms and conditions, Ichigo Hotel is acquiring five hotel assets 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 shares issuance via third-party allotment, a syndicated loan from partner banks, 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 and JPY 69.8 billion.

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

(1) Amount to be procured (net proceeds)

JPY 8,099,925,500

(2) Use of Proceeds and Timing

Use of Proceeds	Amount (JPY million)	Date
Acquisition of hotel assets	8,099,925,500	August 25, 2023

5. Use of Proceeds

Ichigo Hotel plans to use the proceeds (JPY 8,099,925,500) from the new share issuance via third-party allotment to acquire the five hotel assets, as described in "4. Amount to be Procured & Use of Proceeds and Timing" above.

6. Reasonableness of Terms and Conditions of Share Issuance

(1) Basis for issue price calculation

The paid-in amount is JPY 111,700, the closing price of Ichigo Hotel's shares in regular trading at the Tokyo Stock Exchange ("TSE") on August 15, 2023, the business day prior to the issuance resolution date.

The paid-in amount of the third-party allotment is calculated based on the closing price of Ichigo Hotel's shares in regular trading at the TSE on the business day prior to the issuance resolution date. Ichigo Hotel determined that the market price closest to the time of calculation, the closing price on the business day prior to the issuance resolution date, is a reasonable price for objectively calculating the current price of Ichigo Hotel's shares.

The paid-in amount of JPY 111,700 is at a 3.1% premium on JPY 108,390, the average closing price of Ichigo Hotel's shares of the one month prior to the issuance resolution date (from July 16, 2023 to August 15, 2023), a 7.3% premium on JPY 104,079, the

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average closing price of Ichigo Hotel’s shares of the three months prior to the issuance resolution date (from May 16, 2023 to August 15, 2023), and a 5.3% premium on JPY 106,048, the average closing price of Ichigo Hotel’s shares of the six months prior to the issuance resolution date (from February 16, 2023 to August 15, 2023).

(2) Basis for reasonableness of the number of shares to be issued and the dilution impact

The number of new shares under the third-party allotment is scheduled to be 72,515 shares, resulting in a 28.4% share dilution in Ichigo Hotel’s shares outstanding (254,974 total as of today).

Ichigo Hotel has designated its sponsor Ichigo, which is strengthening its commitment to Ichigo Hotel, as an allottee. In order to flexibly schedule the execution of the new share issuance via third-party allotment, Ichigo Hotel believes it is necessary for the allottees to have a deep understanding of Ichigo Hotel. Upon discussions with Ichigo Asset Management International Pte. Ltd. (“IAMI”), which is the investment manager for Ichigo Trust Pte. Ltd., Ichigo’s largest shareholder and Ichigo Hotel’s fourth largest shareholder as of July 31, 2023, and has a discretionary investment agreement with Ichigo Trust, Ichigo Hotel determined that Ichigo Trust is an appropriate allottee. IAMI has a deep understanding of Ichigo’s commitment to Ichigo Hotel and high expectations for Ichigo Hotel’s further growth and increased shareholder value. Ichigo Hotel believes that the flexible acquisition of the five hotel assets using proceeds from the new share issuance via third-party allotment contributes to its long-term growth.

The hotel assets that will be acquired using proceeds from the new share issuance are valued at JPY 15 billion, and will contribute to increasing portfolio earnings vs. maintaining the current portfolio without the hotel acquisitions, and driving portfolio diversification and stability, as well as the stability of Ichigo Hotel’s share price. By setting the payment date of the third-party allotment close to the start of Ichigo Hotel’s January 2024 fiscal period, Ichigo Hotel is limiting the dilution of Dividend per Share.

7. Allottee Selection Rationale

(1) Overview

Ichigo Trust

(1)	Name	Ichigo Trust	
(2)	Address	Elgin Court, Elgin Avenue, P.O. Box 448, George Town, Grand Cayman, KY1-1106, Cayman Islands	
(3)	Incorporation	Cayman Islands Trust Law	
(4)	Purpose	Asset management specializing in investments in Japanese companies	
(5)	Establishment Date	October 5, 2006	
(6)	Capital	JPY 1,084,090 million (as of June 30, 2023)	
(7)	Major Shareholders and Shareholding Ratio	Primarily university endowments, foundations, and pension funds in the US and Europe. Details cannot be disclosed due to nondisclosure agreements with Ichigo Trust’s clients.	
(8)	Investment Manager	Name	Ichigo Asset Management International, Pte. Ltd.
		Address	1 North Bridge Road, #06-08 High Street Centre Singapore 179094
		Representative	Partner/CEO Navaid Ejaz Farooqi
		Principal Business	Investment Management
		Capital	200,000 SGD

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(9) Domestic Standing Proxy	Name	The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch
	Address	3-11-1 Nihonbashi, Chuo-ku, Tokyo
	Representative	Representative in Japan, Edward Weeks
	Principal Business	Branch of an overseas bank
	Capital	None because it is a branch of an overseas bank
(10) Relationship between Ichigo Trust and Ichigo Hotel/ Ichigo Investment Advisors (“IIA”)	Relationship with Ichigo Trust	<p>Ichigo Asset Management International Pte. Ltd., which has a discretionary investment contract with Ichigo Trust, also has a discretionary investment contract with Ichigo Trust Pte. Ltd., Ichigo Hotel’s sponsor Ichigo’s largest shareholder and Ichigo Hotel’s fourth largest shareholder (as of July 31, 2023).</p> <p>Ichigo Trust does not have any material personnel or transactional relationships with Ichigo Hotel or IIA, Ichigo Hotel’s asset management company.</p>
	Relationship with Investment Manager	<p>Ichigo Asset Management International Pte. Ltd., Ichigo Trust’s investment manager, has a discretionary investment contract with Ichigo Trust Pte. Ltd., Ichigo Hotel’s fourth largest shareholder (as of July 31, 2023).</p> <p>Scott Callon, CEO & Representative Director of Ichigo Asset Management, Ltd., who provides investment advice to the investment manager, is also the Chairman of Ichigo, IIA’s parent company.</p> <p>There are no capital or transactional relationships.</p>
	Relationship with Domestic Standing Proxy	N/A

¹ The above information is as of June 30, 2023 unless stated otherwise.

² Ichigo Hotel has confirmed that Ichigo Trust, its directors, and its major shareholders (investors) do not have any relationships with anti-social forces, and submitted relevant documents to the TSE.

Ichigo

(1)	Name	Ichigo Inc.																							
(2)	Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo																							
(3)	Representative	President & Representative Director Takuma Hasegawa																							
(4)	Principal Businesses	Sustainable Real Estate, Asset Management, and Clean Energy businesses																							
(5)	Capital	JPY 26,888 million (as of February 28, 2023)																							
(6)	Establishment Date	March 17, 2000																							
(7)	Number of Issued Shares	505,381,018 shares (as of May 31, 2023)																							
(8)	Fiscal Year End	February																							
(9)	Number of Employees	462 (as of February 28, 2023)																							
(10)	Main Customers	–																							
(11)	Main Partner Banks	SMBC, Mizuho Bank																							
(12)	Major Shareholders and Shareholding Ratio (as of February 28, 2023)	<table border="0"> <tr> <td>ICHIGO TRUST PTE. LTD. (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)</td> <td style="text-align: right;">49.65%</td> </tr> <tr> <td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td> <td style="text-align: right;">6.10%</td> </tr> <tr> <td>MACQUARIE BANK LIMITED DBU AC (Standing Proxy: Citibank, N.A., Tokyo Branch)</td> <td style="text-align: right;">5.00%</td> </tr> <tr> <td>Morgan Stanley MUFG Securities Co., Ltd.</td> <td style="text-align: right;">4.51%</td> </tr> <tr> <td>BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD (Standing Proxy: MUFG Bank, Ltd.)</td> <td style="text-align: right;">4.47%</td> </tr> <tr> <td>BNYMSANV RE GCLB RE JP RD LMGC (Standing Proxy: Citibank, N.A., Tokyo Branch)</td> <td style="text-align: right;">2.70%</td> </tr> <tr> <td>Custody Bank of Japan, Ltd. (Trust Bank)</td> <td style="text-align: right;">2.10%</td> </tr> <tr> <td>SMBC Nikko Securities Inc.</td> <td style="text-align: right;">2.02%</td> </tr> <tr> <td>MORGAN STANLEY SMITH BARNEY LLC CLIENTS FULLY PAID SEG ACCOUNT (Standing Proxy: Citibank N.A., Tokyo Branch)</td> <td style="text-align: right;">1.79%</td> </tr> <tr> <td>STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON</td> <td></td> </tr> <tr> <td>SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)</td> <td style="text-align: right;">1.05%</td> </tr> </table>		ICHIGO TRUST PTE. LTD. (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	49.65%	The Master Trust Bank of Japan, Ltd. (Trust Account)	6.10%	MACQUARIE BANK LIMITED DBU AC (Standing Proxy: Citibank, N.A., Tokyo Branch)	5.00%	Morgan Stanley MUFG Securities Co., Ltd.	4.51%	BNYM SA/NV FOR BNYM FOR BNY GCM CLIENT ACCOUNTS M LSCB RD (Standing Proxy: MUFG Bank, Ltd.)	4.47%	BNYMSANV RE GCLB RE JP RD LMGC (Standing Proxy: Citibank, N.A., Tokyo Branch)	2.70%	Custody Bank of Japan, Ltd. (Trust Bank)	2.10%	SMBC Nikko Securities Inc.	2.02%	MORGAN STANLEY SMITH BARNEY LLC CLIENTS FULLY PAID SEG ACCOUNT (Standing Proxy: Citibank N.A., Tokyo Branch)	1.79%	STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON		SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM (Standing Proxy: The Hong Kong and Shanghai Banking Corporation Limited, Tokyo Branch)	1.05%
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(13)	Allottee Relationship with Ichigo Hotel and IIA	<table border="1"> <tr> <td rowspan="2">Capital Relationship</td> <td>Number of Ichigo shares owned by Ichigo Hotel</td> <td>N/A</td> </tr> <tr> <td>Number of Ichigo Hotel shares owned by Ichigo (as of July 31, 2023)</td> <td>9,653 shares</td> </tr> <tr> <td></td> <td colspan="2">IIA is a wholly-owned consolidated subsidiary of Ichigo.</td> </tr> <tr> <td>Personnel Relationship</td> <td colspan="2">Ichigo does not have any personnel relationship with Ichigo Hotel. Some IIA employees are seconded from Ichigo.</td> </tr> </table>		Capital Relationship	Number of Ichigo shares owned by Ichigo Hotel	N/A	Number of Ichigo Hotel shares owned by Ichigo (as of July 31, 2023)	9,653 shares		IIA is a wholly-owned consolidated subsidiary of Ichigo.		Personnel Relationship	Ichigo does not have any personnel relationship with Ichigo Hotel. Some IIA employees are seconded from Ichigo.												
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	Transactional Relationship	Ichigo has a sponsor support agreement with Ichigo Hotel. In addition to this agreement, IIA has a memorandum of understanding regarding the priority of information on asset acquisitions within the Ichigo group with Ichigo's subsidiaries, Ichigo Estate, Ichigo ECO Energy, and Ichigo Owners.
	Related Party Treatment	Ichigo is the parent company of IIA and is a related party of IIA as defined under the Investment Trust and Investment Corporation Law.

(14) Past Three Year Financials & Results

Fiscal Year	FY21/2 (JPY million)	FY22/2 (JPY million)	FY23/2 (JPY million)
Consolidated Net Assets	110,255	112,191	114,393
Consolidated Total Assets	347,076	337,887	338,619
Net Assets per Share	JPY 209.81	JPY 215.46	JPY 227.24
Consolidated Revenue	61,368	56,934	68,093
Consolidated Operating Profit	9,668	10,018	12,492
Net Income	5,027	6,473	9,409
EPS	JPY 10.48	JPY 13.81	JPY 20.45
Dividend	JPY 7	JPY 7	JPY 8

¹ Ichigo Hotel was notified on June 8, 2023 by Ichigo that it will be purchasing Ichigo Hotel shares, as detailed below.

Total Purchase Amount	JPY 1B (maximum)
Purchase Period	Up to 120 business days from June 9, 2023 (expected)
Purchase Method	In-market purchases via securities firm

² Ichigo Hotel has confirmed that Ichigo, its directors, and its major shareholders (investors) do not have any relationships with anti-social forces.

(2) Allottee Selection Rationale

Please refer to 3. New Issuance Rationale above for Ichigo Hotel's rationale for selecting Ichigo Trust and Ichigo as the allottees.

(3) Shareholding Policy of Allottees

Ichigo Hotel has confirmed with its sponsor Ichigo that it intends to continue holding the Ichigo Hotel shares acquired via the third-party allotment except under extraordinary circumstances, similar to its currently owned Ichigo Hotel shares. Each allottee has agreed to not sell the shares to be acquired via the third-party allotment until after 180 days from the settlement date without the prior written consent of Ichigo Hotel and IIA. However, this is not applicable to sales or transfers of shares from Ichigo Trust to Ichigo Trust Pte. Ltd. The execution of sales or transfers of shares from Ichigo Trust to Ichigo Trust Pte. Ltd. assumes that Ichigo Trust Pte. Ltd. has submitted a prior written notification to Ichigo Hotel and IIA that it will not sell Ichigo Hotel shares acquired via the third-party allotment until after 180 days from the settlement date without the prior written consent of Ichigo Hotel and IIA.

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8. Major Shareholders and Percentage of Shareholding

(1) Major Shareholders and Percentage of Shareholding Before and After the Subscription Period

Before (as of July 31, 2023)		After*	
The Master Trust Bank of Japan, Trust Account	18.77%	Ichigo Trust	18.04%
Custody Bank of Japan, Ltd., Trust Account	14.15%	The Master Trust Bank of Japan, Trust Account	14.61%
Nomura Trust & Banking Co., Ltd., Investment Trust Account	5.90%	Custody Bank of Japan, Ltd., Trust Account	11.02%
Ichigo Trust Pte. Ltd.	4.27%	Ichigo	7.04%
Ichigo	3.78%	Nomura Trust & Banking Co., Ltd., Investment Trust Account	4.59%
Morgan Stanley MUFG Securities Co., Ltd.	1.68%	Ichigo Trust Pte. Ltd.	3.33%
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	1.57%	Morgan Stanley MUFG Securities Co., Ltd.	1.31%
MSCO CUSTOMER SECURITIES	1.44%	NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	1.22%
Individual Shareholder	1.23%	MSCO CUSTOMER SECURITIES	1.12%
GOLDMAN SACHS INTERNATIONAL	0.76%	Individual Shareholder	0.96%

¹ The composition of major shareholders after the new share issuance is based on the assumption that there are no changes to the major shareholders as of July 31, 2023 and does not necessarily correspond with the actual composition of major shareholders.

² Ichigo Hotel was notified on June 8, 2023 by Ichigo that it will be purchasing Ichigo Hotel shares, as detailed below.

Total Purchase Amount	JPY 1B (maximum)
Purchase Period	Up to 120 business days from June 9, 2023 (expected)
Purchase Method	In-market purchases via securities firm

(2) Matters Relating to Satisfaction of Conduit

N/A

9. Earnings Impact

Ichigo Hotel's January 2024 fiscal period earnings forecast is detailed in today's release "Earnings Forecast Revision for the January 2024 Fiscal Period."

10. Financial Results for the Last Three Fiscal Periods and Equity Financing History

(1) Financial results for the last three fiscal periods

	January 2022	July 2022	January 2023
Net Income per Share	JPY 1,345	JPY 1,417	JPY 2,240
Dividend per Share	JPY 1,345	JPY 1,418	JPY 2,240
Payout Ratio	100%	100.1%	100%
Net Assets per Share	JPY 125,270	JPY 125,342	JPY 126,165

Note: The financial results for the January 2022, July 2022, and January 2023 fiscal periods are provided above because the July 2023 fiscal period earnings have not been announced.

(2) Recent share price

(i) Share price in the last three fiscal periods

	July 2022	January 2023	July 2023
Opening Price	JPY 77,300	JPY 94,600	JPY 116,400
Highest Price	JPY 98,200	JPY 115,200	JPY 119,100
Lowest Price	JPY 76,500	JPY 93,500	JPY 98,900
Closing Price	JPY 93,900	JPY 114,100	JPY 108,400

Note: The opening price, highest price, and lowest price are based on the closing price of Ichigo Hotel's shares in regular trading at the TSE.

(ii) Share price in the last six months

(JPY)

	Mar 2022	Apr 2022	May 2022	Jun 2023	Jul 2023	Aug 2023 ²
Opening Price ¹	115,600	107,300	106,400	99,500	104,900	108,300
Highest Price ¹	117,400	107,300	107,400	104,000	112,600	111,700
Lowest Price ¹	102,100	102,400	99,200	98,900	102,000	107,500
Closing Price ¹	103,600	106,400	100,800	104,000	108,400	111,700

¹ The opening price, highest price, and lowest price are based on the closing price of Ichigo Hotel's shares in regular trading at the TSE.

² The share price for August 2023 is as of August 15, 2023 (Tuesday).

(iii) Share price on the business day prior to the issuance resolution date

	August 15, 2023
Opening Price	JPY 111,700
Highest Price	JPY 111,900
Lowest Price	JPY 110,800
Close Price	JPY 111,700

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

N/A

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