



Today's Acquisition of Five Hotels Supplementary Material

August 16, 2023

Ichigo Hotel REIT Investment Corporation (3463)

Ichigo Investment Advisors Co., Ltd.



This material supplements the information on Ichigo Hotel's acquisition of five hotel assets, issuance of new shares via third-party allotment, new loan, & earnings forecast revision detailed in the following releases announced today:

“Issuance of New Shares via Third-Party Allotment”

“Acquisition of Five Hotel Assets”

“New Loan for Acquisition of Hotel Assets”

“Earnings Forecast Revision for the January 2024 Fiscal Period”



**Make The World
More Sustainable**

Significance of Today's Acquisition of Five Hotels

Leveraging Sponsor Support to Drive Growth & Participate in Japan's Accelerating Hotel Market Recovery

Dividend Growth	<ul style="list-style-type: none"> Increasing January 2024 Dividend Previous Forecast JPY 2,134 → Revised Forecast JPY 2,246 (+5.2%)
Increased Portfolio Scale	<ul style="list-style-type: none"> Acquiring Assets with NOI upside (5 Assets, JPY 15B) ✓ Portfolio scale increasing to 30 hotels, JPY 69.8B AUM (Acquisition price basis)
Increased Portfolio Stability & Earnings Upside	<ul style="list-style-type: none"> Increased Portfolio Stability via Geographic Diversification & Ability to Capture Both Leisure & Business Demand Acquiring HOTEL THE KNOT YOKOHAMA & THE KNOT SAPPORO ✓ Ichigo boutique hotels that offer more refined guest services & therefore command higher daily rates
Strong Sponsor Support	<ul style="list-style-type: none"> Acquiring 5 Hotels Initially Scheduled for Acquisition in March 2023 at Same Acquisition Prices, despite Growth in NOI & Appraisal Value since March

Significance of Third-Party Allotment

Best Approach to Minimize Share Price Impact & Share Dilution & Maximize New Share Proceeds on Behalf of Ichigo Hotel Shareholders

1. Issuing shares at previous day's closing price – no Ichigo Hotel share price impact
2. Issuing shares at no discount (unlike J-REIT public offerings, which almost always require a discount)
3. No public offering costs

Overview of New Share Issuance

Number of Shares Being Offered	72,515 shares	
Issue Price	JPY 111,700 per share	
Total Issue Amount	JPY 8,099,925,500	
Offering Method	Third-Party Allotment	
Allottees & Number of Shares	Ichigo Trust	59,087 shares
	Ichigo	13,428 shares

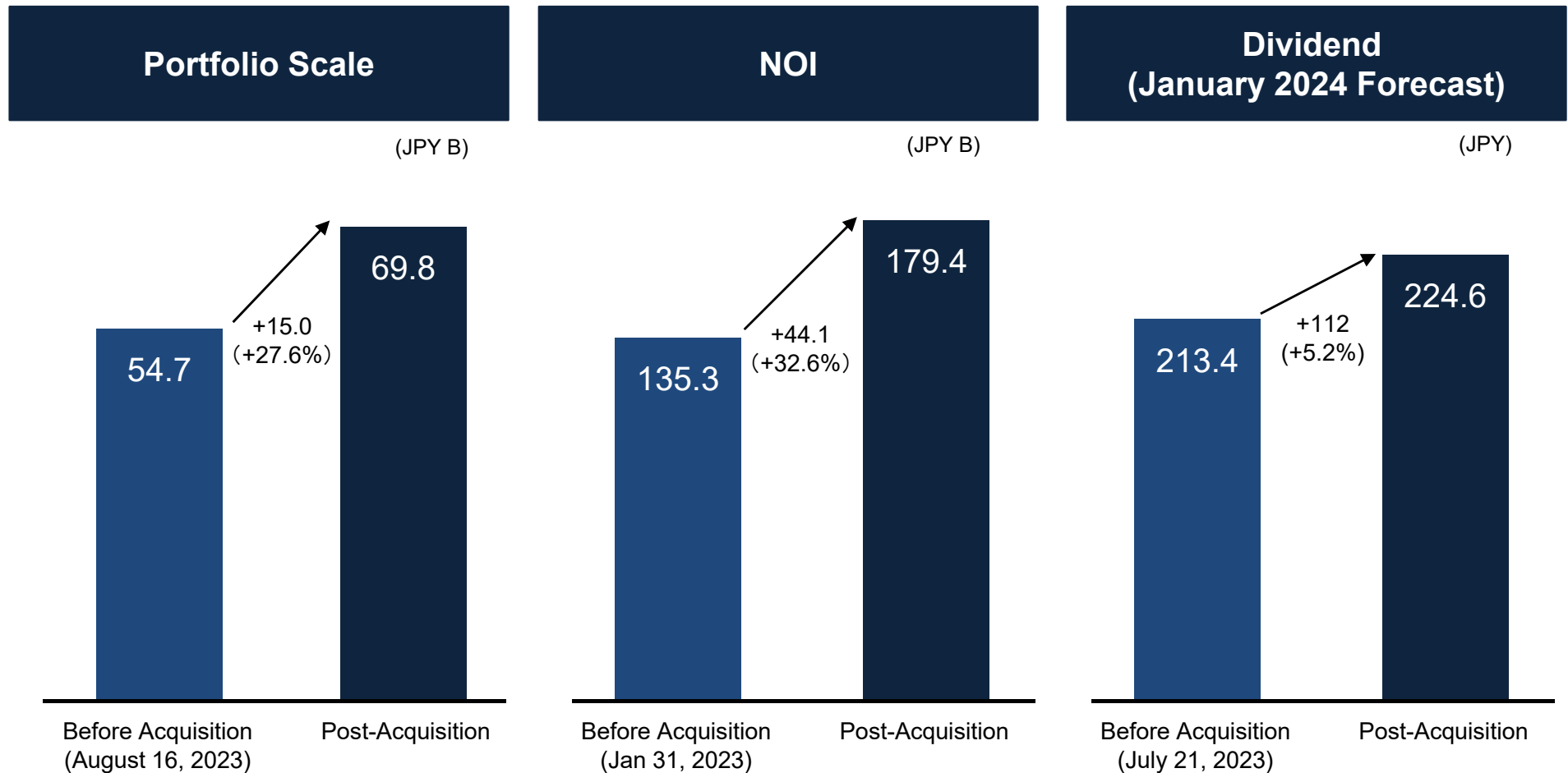
Increased Geographical Diversification & Portfolio Stability

	Before Acquisition	Hotels to be Acquired	Post-Acquisition
Number of Hotels	25	5	30
Acquisition Price	JPY 54.7B	JPY 15.0B	JPY 69.8B
Appraisal Value	JPY 56.6B (as of January 31, 2023)	JPY 16.6B	JPY 73.2
Total Number of Rooms	3,989	747	4,736
Geographic Diversification			

Note: Geographical Diversification is on an acquisition price basis



Increased Portfolio Scale, NOI, & Dividend



Portfolio Scale Before Acquisition: Total Acquisition Price

Post-Acquisition Portfolio Size (Acquisition Price Basis): (Total Before Acquisition + Total Acquisition Price of 5 Hotels)

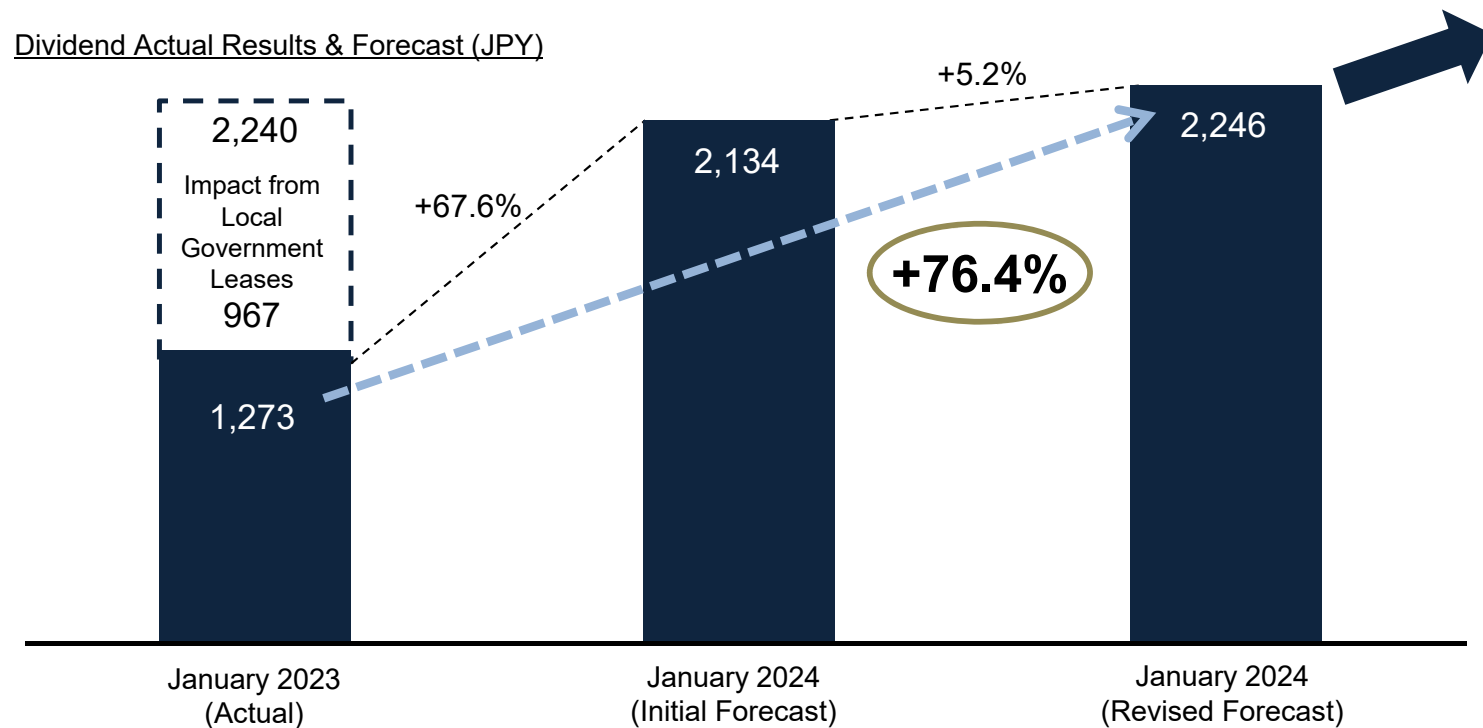
– Total Book Value Estimate of 5 Hotels at Acquisition

Post-Acquisition NOI: NOI at Acquisition (January 2023 Actual NOI) + Total Appraisal NOI of 5 Hotels / 365 x 184 (Number of Days in January 2023 Fiscal Period)



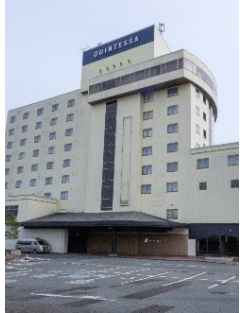




Driving Dividend Growth

- Impact of Acquisition on Jan 2024 Dividend: +JPY 112 (+5.2%)
- Have Grown January Fiscal Period Dividend Every Period Since Jan 2021 (Jan 2021 dividend: JPY 823)
- Jan 2023 Period Had One-Off Rental Income due to Leases to Local Governments during Covid – Excluding These One-Offs, Jan 2024 Dividend +76.4% YOY
- Expecting Further Growth on Lifting of Chinese Ban on Group Tours



Hotels Being Acquired – 5 Hotels (JPY 15B)

Hotel	Comfort Hotel Osaka Shinsaibashi (Ichigo Shinsaibashi Building)	HOTEL THE KNOT YOKOHAMA	Quintessa Hotel Ise Shima	Quintessa Hotel Ogaki	THE KNOT SAPPORO
					
Acquisition Date	August 25, 2023				
Acquisition Price (JPY M)	3,70	4,800	610	1,070	4,900
Appraisal NOI Yield	4.7%	5.7%	11.9%	10.0%	5.0%
Lease Terms	Variable + Fixed				
Acquisition Route	Ichigo (Sponsor)				

Comfort Hotel Osaka Shinsaibashi (Ichigo Shinsaibashi Building)

Centrally Located in Osaka's Major Commercial & Shopping Area

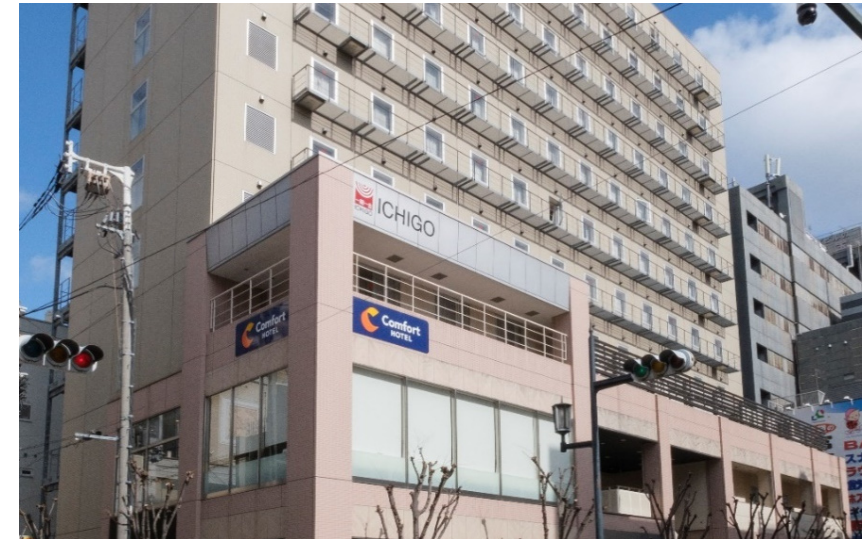
Asset Overview

Acquisition Price	JPY 3,700M
Appraisal Value	JPY 3,900M
Appraisal NOI Yield	4.7%
Location	Chuo-ku, Osaka
Hotel Type	Lodging-focused
Total Floor Area	6,114.29m ²
Structure/Floors/Rooms	S-RC, B1F/11F, 214 rooms
Lease Terms	Variable + Fixed
Operator	Greens Co., Ltd.

Location & Features

- ✓ A lodging-focused hotel located a 5-minute walk from Shinsaibashi Station on the Osaka Metro Midosuji line & the Nagahori Tsurumi-ryokuchi line & from Nagahoribashi Station on the Osaka Metro Sakaisuji line & the Nagahori Tsurumi-ryokuchi line, & a 10-minute walk from Kintetsu Nipponbashi Station on the Kintetsu Railway Nara line
- ✓ The Shinsaibashi district, where the hotel is situated, is one of Osaka's major commercial & shopping areas full of large commercial complexes & restaurants centered around Midosuji, a shopping street lined with department stores & luxury-brand flagship stores, & Shinsaibashi, a shopping street lined with fast fashion stores, drug stores, etc. It is conveniently located to meet business & domestic & inbound leisure demand

Photos & Map



HOTEL THE KNOT YOKOHAMA

Centrally Located in Yokohama's Major Commercial & Shopping Area

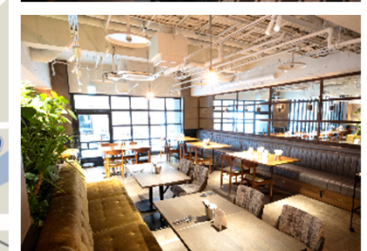
Asset Overview

Acquisition Price	JPY 4,800M
Appraisal Value	JPY 5,610M
Appraisal NOI Yield	5.7%
Location	Nishi-ku, Yokohama, Kanagawa
Hotel Type	Lodging-focused
Total Floor Area	5,794.75m ²
Structure/Floors/Rooms	SRC, 10F, 145 rooms
Lease Terms	Variable + Fixed
Operator	K.K. Hospitality Operations

Location & Features

- ✓ A boutique hotel located a 5-minute walk from the JR Yokohama Station.
- ✓ The area around the west exit of Yokohama Station, where the hotel is located, has a variety of commercial facilities, including large-scale retail stores, & is home to the well-known JR Yokohama Tower.
- ✓ Many shops are located along Palnade Street, a main street in the west exit area, is extremely popular & draws huge crowds. In addition, Yokohama Minamisaiwai District Joint Rebuilding Project is underway in an adjacent area, with the AEON Mall scheduled to open in autumn 2023, which will further enhance the area's attractiveness.

Photos & Map



Quintessa Hotel Ise Shima

Centrally Located to Serve Both Tourism & Business Demand

Asset Overview

Acquisition Price	JPY 610M
Appraisal Value	JPY 644M
Appraisal NOI Yield	11.9%
Location	Shima, Mie
Hotel Type	Lodging-focused
Total Floor Area	11,523.25m ²
Structure/Floors/Rooms	S, B1F/9F, 150 rooms
Lease Terms	Variable + Fixed
Operator	Core Global Management Co., Ltd.

Photos & Map



Location & Features

- ✓ A lodging-focused hotel located a three-minute walk from Shima-Yokoyama Station & a 10-minute walk from Ugata Station on the Kintetsu Railway Shima line
- ✓ The entire area of Shima city is included in Ise-Shima National Park. The City has many scenic areas & is close to Kashikojima, one of the most popular tourist destinations in the Mie prefecture, with many inns & other attractions.

Quintessa Hotel Ogaki

Centrally Located & A Uniquely Positioned Hotel in the Area It Serves, with Both Conference Rooms & Banquet Halls

Asset Overview

Acquisition Price	JPY 1,070M
Appraisal Value	JPY 1,150M
Appraisal NOI Yield	10.0%
Location	Ogaki, Gifu
Hotel Type	Lodging-focused
Total Floor Area	7,883.29m ²
Structure/Floors/Rooms	SRC/RC, B1F/12F, 98 rooms
Lease Terms	Variable + Fixed
Operator	Core Global Management Co., Ltd.

Photos & Map



Location & Features

- ✓ A lodging-focused hotel located a 5-minute walk from Ogaki Station on the JR Tokaido Main line & other lines
- ✓ Ogaki is the second largest city in Gifu prefecture in terms of population. It has been an important transportation hub connecting eastern & western Japan for years & has excellent access to Nagoya & other major cities in the Kanto & Kansai areas.

THE KNOT SAPPORO

Centrally Located in Sapporo's Major Commercial & Entertainment Area

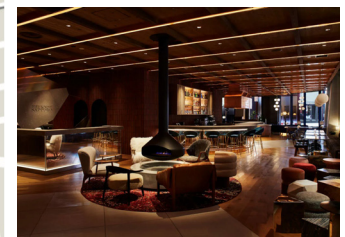
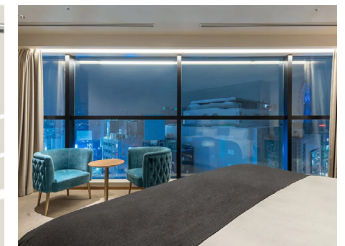
Asset Overview

Acquisition Price	JPY 4,900M
Appraisal Value	JPY 5,300M
Appraisal NOI Yield	5.0%
Location	Chuo-ku, Sapporo, Hokkaido
Hotel Type	Lodging-focused
Total Floor Area	5,153.60m ²
Structure/Floors/Rooms	S/SRC, B1F/13F, 140 rooms
Lease Terms	Variable + Fixed
Operator	OneFive Hotels Inc.

Location & Features

- ✓ A boutique hotel located a 2-minute walk from Susukino Station on the Sapporo Municipal Subway Namboku line
- ✓ Sapporo is the political, economic, & cultural center of Hokkaido, with the fourth largest population in Japan. The city is known for its exceptional food & nature, & attracts many tourists from Japan & abroad, regardless of the season.
- ✓ The hotel is located in an area where many people visit all throughout the day. It is located between Odori Station, which is surrounded by large commercial facilities including Mitsukoshi, & Susukino Station, one of the largest entertainment districts in Japan. It is also close to a tourist spot Tanukikoji Shopping Street.

Photos & Map



Disclaimer

These materials are for informational purposes only, and do not constitute or form a part of, and should not be construed as, an offer to sell or buy securities of Ichigo Hotel REIT Investment Corporation (Ichigo Hotel). All information available on Ichigo Hotel's website and all information available on websites provided as references in the materials on Ichigo Hotel's website, do not constitute or form a part of, and should not be construed as, an offer to sell or buy shares of Ichigo Hotel.

These materials are not disclosures or reports prepared pursuant to the Financial Instruments and Exchange Act (1948 Law, Act No. 25, including subsequent revisions), the Investment Trust and Investment Corporation Law (1951 Law, Act No. 198, including subsequent revisions), and other relevant laws, listing rules of the Tokyo Stock Exchange, and rules of the Investment Trusts Association of Japan.

These materials may contain forward-looking statements regarding the intent, belief or current expectations of Ichigo Hotel with respect to financial condition and future results. These statements are based on certain assumptions founded on currently available information. Accordingly, such statements are subject to risks and uncertainties, and there is no assurance as to actual financial conditions or future results. Actual results may vary from those indicated in the forward-looking statements. These materials also include figures calculated based on previous forecasts as of past disclosure dates, which do not reflect actual results. Please refer to past disclosures for assumptions and preconditions of these figures.

Ichigo Investment Advisors Co., Ltd. (IIA) is a Financial Instruments Business Operator under the Financial Instruments and Exchange Act.

In creating these materials, Ichigo Hotel and IIA have sought to provide accurate information. However, there can be no assurance given as to the accuracy, certainty, validity or fairness of any such information. The content of these materials is also subject to revision or retraction without prior notice.

This document is a translation. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.



**Make The World
More Sustainable**

Contact:

Ichigo Hotel IR Desk (3463)

TEL: +81-3-3502-4892

E-mail: ir_hotel@ichigo.gr.jp

www.ichigo-hotel.co.jp/en