

[Provisional Translation Only]

This English translation of the original Japanese document is provided solely for information purposes.

Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.

August 16, 2023

Ichigo Inc. (Tokyo Stock Exchange Prime, 2337)

Representative: Scott Callon, Chairman

Inquiries: Takanori Sakamatsu, Senior Statutory Executive Officer

Telephone: +81-3-3502-4818 www.ichigo.gr.jp/en

Sale of Five Hotel Assets to Ichigo Hotel

Ichigo decided today to sell a hotel asset owned by its wholly-owned consolidated SPC, GK Shinsaibashi Jisho Tokumei Kumiai, to Ichigo Hotel (3463), a TSE-listed REIT managed by Ichigo's wholly-owned subsidiary, Ichigo Investment Advisors ("IIA").

Ichigo is Ichigo Hotel's sponsor, and the hotel sale will support Ichigo Hotel's growth and drive shareholder value for Ichigo Hotel shareholders. Following the sale, GK Shinsaibashi Jisho Tokumei Kumiai will be deconsolidated as an Ichigo subsidiary.

Ichigo also decided to sell four hotel assets owned by its wholly-owned consolidated subsidiary, Ichigo Estate, to Ichigo Hotel on August 10, 2023. A total of five hotel assets thus are being sold by Ichigo's consolidated subsidiaries to Ichigo Hotel.

1. Background and Sale Rationale

As Ichigo Hotel's sponsor, Ichigo has decided to sell five hotel assets to Ichigo Hotel in order to support Ichigo Hotel's growth.

These five hotel assets were initially scheduled to be sold to Ichigo Hotel via a public offering earlier this year, as announced in Ichigo Hotel's March 16, 2023 release "Issuance of New Shares and Secondary Share Offering." However, the hotel sale was cancelled due to the cancellation of an Ichigo Hotel public offering of new shares.

Ichigo has now decided to sell the five hotel assets after receiving an offer from Ichigo Hotel to purchase the hotels. Although hotel prices have increased since the initially scheduled hotel sale due to a significant recovery in hotel demand, as Ichigo Hotel's sponsor Ichigo has decided not to increase the sale price in order to support value creation at Ichigo Hotel. Today's sale will generate c. JPY 1.9 billion of gains on sales for Ichigo.

Two of the five hotels being sold are Ichigo's THE KNOT boutique hotels. HOTEL THE KNOT YOKOHAMA was redeveloped and reopened in August 2018 with an Ichigo investment of JPY 1.3 billion, and THE KNOT SAPPORO was newly developed and opened in August 2020.

Ichigo is strengthening its asset management business to achieve its Ichigo 2030 KPI of increasing its stock earnings. In line with this policy, Ichigo is increasing its support to Ichigo Hotel ("IHR"), Ichigo Office ("IOR," 8975), and Ichigo Green ("IGI," 9282).

When Ichigo acquires assets that meet IHR, IOR, and IGI investment criteria, Ichigo will work to provide them to IHR, IOR, and IGI after completing value-add activities to deliver stable earnings, including via the use of dedicated IHR, IOR, and IGI bridge funds. In turn, IHR, IOR, and IGI will leverage Ichigo's value-add capabilities to drive organic growth that contributes to their long-term dividend growth.

Ichigo views IHR, IOR, and IGI's growth as important drivers of Ichigo shareholder value. Ichigo's sponsor support will contribute to an increase in Ichigo's assets under management and to IHR, IOR, and IGI's dividend growth, increasing shareholder value for Ichigo, IHR, IOR, and IGI shareholders. As the sponsor of the only J-REITs implementing a no fixed fee, performance-fee only structure that fully aligns with value creation for J-REIT shareholders, Ichigo believes today's sales will contribute to increased shareholder value for both Ichigo and Ichigo Hotel shareholders.

2. Details of Hotel Assets Being Sold

Ichigo Shinsaibashi Building (Comfort Hotel Osaka Shinsaibashi)

Location	1-15-15 Higashi Shinsaibashi, Chuo-ku, Osaka
Land Area / Total Floor Area	1,276.87m ² / 6,114.29m ²
Form of Ownership	Freehold
Hotel Operator	Greens Co., Ltd.

HOTEL THE KNOT YOKOHAMA

Location	2-16-28 Minami-Saiwai, Nishi-ku, Yokohama, Kanagawa
Land Area / Total Floor Area	854.06m ² / 5,794.75m ²
Form of Ownership	Freehold
Hotel Operator	K.K. Hospitality Operations

Quintessa Hotel Ise Shima

Location	1210-1, Ugata, Agocho, Shima City, Mie
Land Area / Total Floor Area	4,341.37m ² / 11,523.25m ²
Form of Ownership	Freehold
Hotel Operator	Core Global Management Co., Ltd.

Quintessa Hotel Ogaki

Location	1-13 Miyamachi, Ogaki City, Gifu
Land Area / Total Floor Area	2,284.18m ² / 7,883.29m ² (Parking Lot 84.51m ²)
Form of Ownership	Freehold
Hotel Operator	Core Global Management Co., Ltd

THE KNOT SAPPORO

Location	3-16-2, Minami Sanjo Nishi 3, Chuo-ku, Sapporo, Hokkaido
Land Area / Total Floor Area	609.26m ² / 5,153.60m ²
Form of Ownership	Land: Freehold / Leasehold, Building: Freehold
Hotel Operator	OneFive Hotels Inc. (formerly Hakata Hotels Inc.)

3. Buyer Overview

Name	Ichigo Hotel REIT Investment Corporation
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Executive Director, Eriko Ishii
Asset Management Company	Ichigo Investment Advisors Co., Ltd. (wholly-owned subsidiary of Ichigo)

4. Deconsolidated Subsidiary Details

Following the sale of assets, GK Shinsaibashi Jisho Tokumei Kumiai will be deconsolidated as an Ichigo subsidiary. (Ichigo's TK investment: JPY 2.7 billion)

Name	GK Shinsaibashi Jisho Tokumei Kumiai		
Address (Operator)	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo		
Operator	GK Shinsaibashi Jisho		
Representative	Managing Member: Ippan Shadan Hojin IES2 Representative of Managing Member: Takehisa Tei		
Business (Operator)	<ol style="list-style-type: none"> 1. Investment in trust beneficiary interests (<i>juekiken</i>) 2. Acquisition, development, ownership, disposition, leasing, and management of real estate 3. Acquisition and disposition of shares and equity interests of businesses relating to the aforementioned businesses 4. Other businesses relating to the aforementioned businesses 		
Paid-In Capital (Operator)	JPY 100,000		
Establishment Date (Operator)	March 26, 2010		
Relationship with Ichigo	The operator does not have any material capital, personnel, or transactional relationship with Ichigo. The SPC receives asset management advice from Ichigo's wholly-owned subsidiary and is therefore treated as an Ichigo subsidiary.		
Past Three Year Financials & Results	FY21/3 (JPY million)	FY22/3 (JPY million)	FY23/3 (JPY million)
Net Assets	2,795	2,794	2,794
Total Assets	3,001	3,005	3,005
Revenue	215	221	239
Operating Profit	44	42	43
Recurring Profit	44	43	43
Net Income	44	43	43

5. Seller Details

Seller of Ichigo Shinsaibashi Building (Comfort Hotel Osaka Shinsaibashi)

Name	GK Shinsaibashi Jisho
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Managing Member: Ippan Shadan Hojin IES2 Representative of Managing Member: Takehisa Tei
Business	1. Investment in trust beneficiary interests (juekiken) 2. Acquisition, development, ownership, disposition, leasing, and management of real estate 3. Acquisition and disposition of shares and equity interests of businesses relating to the aforementioned businesses 4. Other businesses relating to the aforementioned businesses
Paid-In Capital	JPY 100,000
Establishment Date	March 26, 2010

Seller of HOTEL THE KNOT YOKOHAMA, Quintessa Hotel Ise Shima, Quintessa Hotel Ogaki, and THE KNOT SAPPORO

Name	Ichigo Estate Co., Ltd.
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	President & Representative Director, Yasuhide Hosono
Business	Preserving and improving existing real estate via value-add
Paid-In Capital	JPY 500 million (as of February 28, 2023)
Establishment Date	November 10, 2005

6. Sale Prices

Ichigo Shinsaibashi Building (Comfort Hotel Osaka Shinsaibashi)	JPY 3,700 million
HOTEL THE KNOT YOKOHAMA	JPY 4,800 million
Quintessa Hotel Ise Shima	JPY 610 million
Quintessa Hotel Ogaki	JPY 1,070 million
THE KNOT SAPPORO	JPY 4,900 million

7. Transaction Schedule

Contract Date	August 16, 2023
Settlement Date	August 25, 2023

8. Earnings Impact

Although there is no change to Ichigo's FY24/2 consolidated earnings forecast announced on April 19, 2023 as a result of today's sale, this transaction will contribute to the growth of Ichigo's asset management business and will drive Ichigo's long-term stock earnings.