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## **Ichigo Inc. (JASDAQ, 2337)**

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## **Sale of Nine Hotel Assets and Deconsolidation of Subsidiary**

Ichigo has decided to sell nine hotels owned by its subsidiaries, including GK Sapporo Holdings Tokumei Kumiai (“Sapporo TK”), to Ichigo Hotel REIT Investment Corporation (“Ichigo Hotel REIT”), Ichigo’s newly established hotel J-REIT. Sapporo TK will thus be deconsolidated as an Ichigo subsidiary.

As Ichigo Hotel REIT’s sponsor, Ichigo is working to generate win-win outcomes for both Ichigo and Ichigo Hotel REIT shareholders. Ichigo’s sponsor support includes deploying Ichigo’s network for asset acquisitions, asset warehousing, value-add enhancements to Ichigo Hotel REIT assets, and leasing up assets. Through these activities, Ichigo is expanding its own stable earnings base and further increasing its capital efficiency via the growth of its asset management business.

On today’s asset sales, Ichigo expects to record consolidated revenues of JPY 20.8 billion, consolidated gross profits of JPY 6.0 billion, and pre-tax net income of JPY 5.9 billion.

### **1. Background**

Ichigo is further strengthening its value-add business model and accelerating its asset turnover. These asset sales will support the expansion of Ichigo’s asset management business as well as Ichigo Hotel REIT’s on-going growth.

### **2. Asset Details**

#### Smile Hotel Kyoto Shijo

Location	59 Kasaboko-cho, Shijo-dori Aburanokoji Higashi-Iru, Shimogyo-ku, Kyoto
Access	5-minute walk from Shijo Station on the Karasuma Subway Line and Karasuma Station on the Hankyu Railway Kyoto Line
Land Size	662.83 m <sup>2</sup>
Total Floor Area	4,891.84 m <sup>2</sup>
Zoning	Commercial
Structure	SRC/Steel B1F/10F
Builder	Muramoto Corporation



### Hotel Vista Plemio Kyoto

Location	457 Matsugae-cho, Kawaramachi-dori Rokkaku Nishi-Iru, Nakagyo-ku, Kyoto
Access	5-minute walk from Kyoto City Hall Station on the Tozai Subway Line and 7-minute walk from Kawaramachi Station on the Hankyu Railway Kyoto Line
Land Size	1,004.91 m <sup>2</sup>
Total Floor Area	3,867.66 m <sup>2</sup>
Zoning	Commercial
Structure	Steel/RC B1F/6F
Builder	Daiho Corporation



### Hotel Wing International Nagoya

Location	1-Chome Nishiki, Naka-ku, Nagoya, Aichi Prefecture
Access	2-minute walk from Marunouchi Station on the Nagoya City Railway Sakura-Dori and Tsurumai Line
Land Size	603.37 m <sup>2</sup>
Total Floor Area	5,255.66 m <sup>2</sup>
Zoning	Commercial
Structure	SRC/Steel B1/11F
Builder	Mitsui Construction Co., Ltd.



### Nest Hotel Sapporo Ekimae

Location	2-Chome Kita Nijo Nishi, Chuo-ku, Sapporo, Hokkaido Prefecture
Access	5-minute walk from Sapporo Station on the Namboku Subway Line and 6-minute walk from Sapporo Station on the JR Line
Land Size	897.96 m <sup>2</sup>
Total Floor Area	5,734.93 m <sup>2</sup>
Zoning	Commercial
Structure	SRC B1/11F
Builder	Joint venture of Fujita Engineering Co., Ltd. Ohki Corporation



### Chisun Inn Osaka Honmachi

Location	2-Chome Bakuromachi, Chuo-ku, Osaka
Access	5-minute walk from Sakaisuji Honmachi Station on the Chuo Subway Line
Land Size	596.21 m <sup>2</sup>
Total Floor Area	3,568.32 m <sup>2</sup>
Zoning	Commercial
Structure	SRC B1/10F
Builder	Fujita Engineering Co., Ltd.



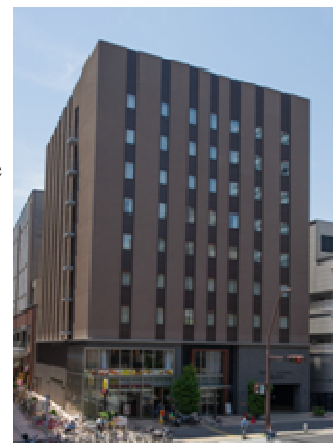
### Comfort Hotel Hamamatsu

Location	353 Sunayama-cho, Naka-ku, Hamamatsu, Shizuoka Prefecture
Access	2-minute walk from Hamamatsu Station on the JR Line
Land Size	835.12 m <sup>2</sup>
Total Floor Area	4,173.92 m <sup>2</sup>
Zoning	Commercial
Structure	Steel 10F
Builder	Nakano Corporation



### Hotel Suave Kobe Asuta

Location	5-Chome Wakamatsu-cho, Nagata-ku, Kobe, Hyogo Prefecture
Access	2-minute walk from Shin-Nagata Station on the JR Line and Seishin-Yamate Subway Line
Land Size	838.88 m <sup>2</sup>
Total Floor Area	4,540.90 m <sup>2</sup>
Zoning	Commercial
Structure	RC B1/9F
Builder	Taisei Corporation



### Nest Hotel Sapporo Odori

Location	5-Chome, Minami Nijo Nishi, Chuo-ku, Sapporo, Hokkaido Prefecture
Access	4-minute walk from Odori Station on the Namboku Subway Line
Land Size	811.69 m <sup>2</sup>
Total Floor Area	5,634.88 m <sup>2</sup>
Zoning	Commercial
Structure	SRC/Steel B1F/15F
Builder	Fuji Kensetsu Co., Ltd.



### Valie Hotel Tenjin

Location	2-Chome, Daimyo, Chuo-ku, Fukuoka
Access	6-minute walk from Tenjin Station on the Kuko Subway Line
Land Size	788.62 m <sup>2</sup>
Total Floor Area	1,910.94 m <sup>2</sup>
Zoning	Commercial
Structure	RC 8F
Builder	Tokai Kogyo Co., Ltd.



## 3. Buyer Overview

Name	Ichigo Hotel REIT Investment Corporation
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Osamu Miyashita, Executive Director
Asset Manager	Ichigo Real Estate Investment Advisors Co., Ltd.

## 4. Sale Prices

Smile Hotel Kyoto Shijo	JPY 4.48 billion
Hotel Vista Premio Kyoto	JPY 3.60 billion
Hotel Wing International Nagoya	JPY 2.67 billion
Nest Hotel Sapporo Ekimae	JPY 2.16 billion
Chisun Inn Osaka Honmachi	JPY 1.63 billion
Comfort Hotel Hamamatsu	JPY 1.55 billion
Hotel Suave Kobe Asuta	JPY 1.49 billion
Nest Hotel Sapporo Odori	JPY 1.45 billion
Valie Hotel Tenjin	JPY 1.38 billion
<u>Total</u>	<u>JPY 20.41 billion</u>

## 5. Schedule

Contract Date:	October 9, 2015
Expected Settlement Date:	TBD

Name	GK Sapporo Holdings Tokumei Kumiai
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	Managing Member: Ippan Shadan Hojin Star Holding Manager: Hiroshi Sasaki
Principal Businesses	1. The acquisition, holding, sale, lease, and management 2. The acquisition, holding, and sale of trust beneficiary interests ( <i>juekiken</i> ) 3. Other businesses related to the above
Capital	JPY 2.98 billion
Establishment Date	December 26, 2014
Equity Holder	Ichigo Inc. (100%)
Relationship to Parent Company	The SPC is a consolidated subsidiary of Ichigo, but does not have any personnel or transactional relationship of note to Ichigo.
Business and Financial Conditions in Past 3 Years	There are no past earnings results as the TK was established less than one year ago.

## 6. Future Outlook

On today's asset sales, Ichigo expects to record consolidated revenues of JPY 20.8 billion, consolidated gross profits of JPY 6.0 billion, and pre-tax net income of JPY 5.9 billion. The transaction has been reflected in today's release "FY16/2 First-Half Earnings Forecast and FY16/2 Full-Year Earnings Forecast Revision."