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**Ichigo Inc.** (Tokyo Stock Exchange Prime, 2337)

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## 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 December 2017 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 <sup>2</sup> / 6,114.29m <sup>2</sup> |
| 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 <sup>2</sup> / 5,794.75m <sup>2</sup>       |
| 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 <sup>2</sup> / 11,523.25m <sup>2</sup> |
| 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 <sup>2</sup> / 7,883.29m <sup>2</sup> (Parking Lot 84.51m <sup>2</sup> ) |
| 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 <sup>2</sup> / 5,153.60m <sup>2</sup>            |
| 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.<br>(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<br>Representative of Managing Member: Takehisa Tei   |                         |                         |
| Business (Operator)                  | <ol style="list-style-type: none"> <li>1. Investment in trust beneficiary interests (<i>juekiken</i>)</li> <li>2. Acquisition, development, ownership, disposition, leasing, and management of real estate</li> <li>3. Acquisition and disposition of shares and equity interests of businesses relating to the aforementioned businesses</li> <li>4. Other businesses relating to the aforementioned businesses</li> </ol> |                         |                         |
| 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.<br>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<br>(JPY million)   | FY22/3<br>(JPY million) | FY23/3<br>(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<br>Representative of Managing Member: Takehisa Tei  |
| Business           | 1. Investment in trust beneficiary interests (juekiken)<br>2. Acquisition, development, ownership, disposition, leasing, and management of real estate<br>3. Acquisition and disposition of shares and equity interests of businesses relating to the aforementioned businesses<br>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<br>(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.