

[Provisional Translation Only]

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

November 14, 2024

Issuer

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

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Asset Management Company

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Acquisitions (Two Hotel Assets) and Sale (One Hotel Asset)

Ichigo Hotel decided today to acquire The OneFive Marine Fukuoka and Nest Hotel Hakata Ekimae and sell the Nest Hotel Osaka Shinsaibashi.

Of the two assets to be acquired, because the seller of The OneFive Marine Fukuoka is a related party as defined under the Investment Trust and Investment Corporation Law (1951 Law, Act No. 198, including subsequent revisions), Ichigo Hotel received approval for the acquisition of the hotel at today’s Board of Directors meeting. Hakata Hotels, the hotel operator of The OneFive Marine Fukuoka, is a related party as defined in the Investment Trust and Investment Corporation Law (with limited impact on the assets of registered investment corporation defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law Article 245-2), and the lease contract with Hakata Hotels is a related party transaction as defined in Ichigo Investment Advisor (“IIA”)’s internal rules, Ichigo Hotel received approval at the Board of Directors meeting.

1. Acquisition Summary

(Total Appraisal Value JPY 9,190,000,000; Total Acquisition Price: JPY 9,100,000,000)

Hotel Name	The OneFive Marine Fukuoka	Nest Hotel Hakata Ekimae
Hotel No. ¹	G-4 034	G-5 035
Hotel Type ²	Lodging-focused	
Date Built	March 1993	January 2018
Form of Ownership	Trust beneficiary interest in real estate (<i>juekiken</i>)	
Appraisal Value ^{3,4}	JPY 2,610,000,000	JPY 6,580,000,000
Acquisition Price ⁵	JPY 2,600,000,000	JPY 6,500,000,000
Seller	Ichigo Estate	GK Hakata
Broker	N/A	
Contract Date	November 14, 2024	
Transaction Date	January 10, 2025	February 4, 2025
Financing Method ⁶	Cash-on-hand	Cash-on-hand, Loan (expected)
Settlement Method	Lump-sum payment	

- ¹ The initial letter (A, B, etc.) is a region code which identifies the area in which the hotel is located. G indicates hotels located in the Kyushu/Okinawa regions.
- ² Lodging-focused hotels are hotels specialized in lodging with a limited or minimum amount of related facilities located near train stations, airports, tourist sites, business and commercial districts, and other key transport infrastructure such as major train stations and highway interchanges.
- ³ The Appraisal Value of The OneFive Marine Fukuoka is as calculated by Tanizawa Sogo Appraisal Co., Ltd. as of October 1, 2024, and is compliant with the appraisal guidelines of IIA as well as the rules of The Investment Trusts Association, Japan.
- ⁴ The Appraisal Value of the Nest Hotel Hakata Ekimae is as calculated by Daiwa Real Estate Appraisal Co., Ltd. as of October 1, 2024, and is compliant with the appraisal guidelines of IIA as well as the rules of The Investment Trusts Association, Japan.
- ⁵ Acquisition Price excludes incidental expenses such as fees and property, city planning, and consumption taxes.
- ⁶ Details of the new loan will be announced as soon as they are available.

2. Sale Summary

Hotel No. ¹	E-05 010
Hotel Name	Nest Hotel Osaka Shinsaibashi
Hotel Type	Lodging-focused
Date Built	August 1984
Form of Ownership	Trust beneficiary interest in real estate (<i>juekiken</i>)
Acquisition Date	August 17, 2016
Buyer ²	Third-Party Japanese SPC
Broker	N/A
Sale Price ³	JPY 7,750 million
Book Value ⁴	JPY 7,403 million
Sale Price less Book Value	JPY 346 million
Gains on Sale ⁵	JPY 291 million
Appraisal Value ⁶	JPY 6,030 million
Contract Date	November 14, 2024
Transaction Date	February 3, 2025
Closing Date	February 3, 2025

- ¹ The initial letter (A, B, etc.) is a region code which identifies the area in which the hotel is located. E indicates hotels located in the Kinki region.
- ² The buyer, a third-party Japanese SPC, did not provide consent to disclose its name.
- ³ Sale Price excludes incidental expenses such as fees and property, city planning, and consumption taxes.
- ⁴ Book Value is an estimate based on the most recent book value (July 2024 fiscal period-end), adjusted for expected capital expenditures and depreciation through the Transaction Date.
- ⁵ Gains on Sale is an estimate calculated by Ichigo Investment Advisors (“IIA”) as the Sale Price less Book Value and forecast sale expenses, and is subject to change.
- ⁶ Appraisal Value is as calculated by Daiwa Real Estate Appraisal Co., Ltd. as of July 31, 2024, and is compliant with the appraisal guidelines of IIA as well as the rules of The Investment Trusts Association, Japan.

3. Acquisitions and Sale Rationale

Ichigo Hotel continues to execute on its strategy to build a stable, diversified portfolio and drive shareholder value. As part of this strategy, Ichigo Hotel diversified its portfolio via the acquisition of five hotels in August 2023, i.e., Comfort Hotel Osaka Shinsaibashi (Ichigo Shinsaibashi Building), HOTEL THE KNOT YOKOHAMA, Quintessa Hotel Ise Shima, Quintessa Hotel Ogaki, and THE KNOT SAPPORO, from sponsor Ichigo. Ichigo Hotel also announced the sales of the Nest Hotel Sapporo Ekimae and Valie Hotel Hiroshima on July 31, 2024 and October 31, 2024, respectively, distributing the gains on sales to shareholders and securing funds for new investments.

By acquiring two hotels in Fukuoka City and selling one hotel located in Osaka City, Ichigo Hotel is building a stable, diversified portfolio and capturing diverse hotel demand.

The two hotels being acquired are lodging-focused hotels located in central Fukuoka City, where there is robust inbound demand, particularly from Asia. Both hotels offer many twin and triple rooms catering to diverse traveler needs.

The hotel being sold is Ichigo's flagship lodging-focused hotel located a six-minute walk from the Osaka Municipal Subway Shinsaibashi Station, with over 300 guest rooms.

The buyer offered a price greater than the hotel's book value and appraisal value, recognizing the hotel's location in one of Osaka's prime CBD.

IIA decided that it is in the best interest of shareholders to sell the hotel after determining that value-add capex costs and maintenance costs will potentially increase to maintain the hotel's competitiveness, and in light of the hotel's lease agreement with the current tenant ending on December 16, 2025.

As a result of the sale, Ichigo Hotel is forecast to record c. JPY 290 million in gains on sale during the July 2025 fiscal period, which will be distributed to shareholders as dividend. Ichigo Hotel will strategically use the proceeds from the sale to fund growth investments including hotel acquisitions and value-add execution.

4. Hotel Lease Status

(1) Lessees

Hotel No.	Hotel Name	Lessee
G-4 034	The OneFive Marine Fukuoka	OneFive Hotels Inc.
G-5 035	Nest Hotel Hakata Ekimae	Nest Hotel Japan Corporation

(2) Date of Change in Lease Contracts

The OneFive Marine Fukuoka	January 10, 2025 (Expected)
Nest Hotel Hakata Ekimae	February 4, 2025 (Expected)

(3) For details on the lease terms, please see 5. Acquisition Details below.

(4) If Ichigo Hotel is the lessee under a master lease contract, then the tenant refers to the sub-lessee.

5. Acquisition Details

Notes to Acquisition Details

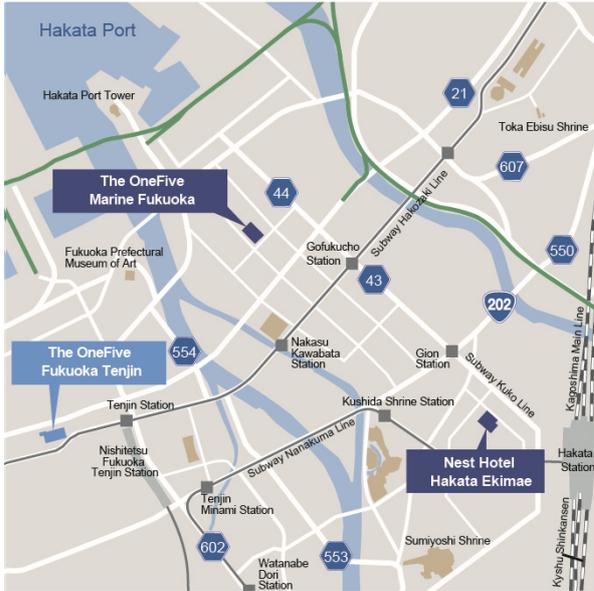
- Names of the architect, builder, structural designer, and inspection agency are those as of when the building was built.
- Rental Income refers to the tenant lease contracts for each hotel.
- Appraisal NOI Yield = Appraisal NOI (Net Operating Income) in the real estate appraisal report divided by the Acquisition Price. This figure is independently calculated by IIA based upon the above data, and is therefore not in the real estate appraisal report itself and may differ from the actual NOI Yield.
- Post-Depreciation NOI Yield = Appraisal NOI in the real estate appraisal report minus Depreciation, divided by the Acquisition Price. Depreciation is independently calculated by IIA using the straight-line method, and the Post-Depreciation NOI Yield is calculated by IIA based upon the above data and are therefore not in the real estate appraisal report itself, and may differ from the actual post-depreciation NOI Yield.
- Building Structure refers to the structure mentioned in the real estate registry. The following abbreviations are used with regards to structure: RC stands for reinforced concrete; SRC for steel-reinforced concrete; F for number of floors; and B for basement.

(1) Description and Location of the The OneFive Marine Fukuoka

The OneFive Marine Fukuoka is a lodging-focused hotel located within an eight-minute walk from the Nakasu Kawabata Station on the Kuko Line and Gofukucho Station on the Hakozaki Line.

Fukuoka, Kyushu's largest city, is an area with high domestic leisure and business demand, and the hotel is located in Hakata, one of Fukuoka's prime CBD, which attracts both tourists and business travelers.

Narayamachi, where the hotel is located, is close to large event halls and offers convenient access to the Nakasu district, driving high business and leisure demand.



Hotel Details						
Legal Form of Asset		Trust beneficiary interest in real estate (<i>juekiken</i>)				
Trustee		Mitsubishi UFJ Trust and Banking Corporation				
Period of Trust Contract		January 10, 2025 – January 31, 2035 (Expected)				
Location		10-21 Narayamachi, Hakata-ku, Fukuoka				
Land	Property Right	Freehold				
	Area	495.89m ²				
	Zoning	Commercial				
	Coverage Ratio Floor Area Ratio	80% 400%				
Building	Property Right	Freehold				
	Use	Hotel				
	Structure	SRC/RC, 10F				
	Total Floor Area	1,921.55m ²				
	Date Built	March 10, 1993				
Appraiser		Tanizawa Sogo Appraisal Co., Ltd.				
Appraisal Value		JPY 2,610,000,000				
Appraisal Date		October 1, 2024				
Value by Direct Capitalization Method		JPY 2,690,000,000				
Number of Guest Rooms		103				
Architect		Kojima Sekkei First-Class Registered Architects Office				
Builder		Marushin Construction Co., Ltd.				
Structural Designer		Ai Kozo Sekkei LLC				
Inspection Agency		Fukuoka City				
PML (Assessor)		0.9% (Sompo Risk Management Inc.)				
Collateral		None				
Lease Details						
Tenant Overview						
Number of Tenants		1				
Rental Income		Minimum Guaranteed Rent: JPY 60,177,007 p.a. Variable Rent: Monthly GOP (Gross Operating Profit) – (Monthly Minimum Guaranteed Rent + Percentage of Monthly Revenue + Percentage of Monthly GOP)				
Deposit		No lease or guarantee deposits.				
Leasable Area		1,921.55m ²				
Leased Area		1,921.55m ²				
Occupancy		June 2024	July 2024	August 2024	September 2024	October 2024
		100%	100%	100%	100%	100%

Property Management Company	Undecided
Master Lease Company	Undecided
Master Lease Type	–
Appraisal NOI Yield	4.8%
Post-Depreciation NOI Yield	4.5%
Special Items	
<ol style="list-style-type: none"> 1. The coverage ratio is relaxed to 90% from 80% because the property is a corner property. 2. The seller has agreed to rectify the following by January 10, 2025 at the seller's expense: <ul style="list-style-type: none"> - The air supply damper on the elevator machine room door does not have a fuse. - The elevator water tank and antenna located within 1.5 meters of the lightning rods do not have a ground connection. - The pressure fans in the elevator machine room do not function. 	

Appraisal Details		
Hotel Name	The OneFive Marine Fukuoka	
Appraisal Value	JPY 2,610,000,000	
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.	
Appraisal Date	October 1, 2024	
	Amount	Note
Appraisal Value	JPY 2,610,000,000	Calculated using a DCF valuation derived from expected net profit as a basis
Value by Direct Capitalization Method	JPY 2,690,000,000	
Income	JPY 133,044,168	Based on expected income and reference to similar assets
Maximum Obtainable Rental Income	JPY 133,044,168	
Vacancy Loss	–	
Expenses	JPY 8,424,724	
Administrative & Maintenance Expenses	–	Borne by tenant
Utility Expenses	–	Borne by tenant
Repair Expenses	JPY 2,640,000	Based on engineering reports, reference to similar assets, and a 3:7 (Repair Expenses: Capital Expenditure) allocation
PM Fee	JPY 1,560,000	Based on the contract amount
Leasing Brokerage Fees	–	
Taxes	JPY 3,837,100	Based on FY2024 tax reports
Insurance Premiums	JPY 254,580	Based on insurance documents
Other Expenses	JPY 133,044	0.1% of rental income (accounted for as a variable expense)
Net Operating Income (NOI)	JPY 124,619,444	
Income on Investment of Deposits Received	JPY 26,000	Based on 1.0% investment yield for deposits
Capital Expenditure	JPY 6,600,000	Based on engineering reports, reference to similar assets, and a 3:7 (Repair Expenses: Capital Expenditure) allocation

		FF&E Reserve	JPY 5,150,000	
		Net Profit	JPY 112,895,444	
		Cap Rate	4.2%	Based on transactions of similar assets located in nearby areas and similar locations
		Value via DCF Method	JPY 2,580,000,000	
		Discount Rate	4.3%	Based on the asset's location and adjusted for individual risks
		Terminal Cap Rate	4.4%	Cap rate adjusted for uncertainties
		Value via Cost Approach	JPY 2,050,000,000	
		Ratio of Land	90.3%	
		Ratio of Building	9.7%	Sum of building and Furniture, Fixtures, & Equipment (FF&E) values divided by sum of building, FF&E, and land values
Notes				
None				

(2) Description and Location of the Nest Hotel Hakata Ekimae

The Nest Hotel Hakata Ekimae is a lodging-focused hotel located a five-minute walk from Hakata Station on the JR lines and the Fukuoka City Subway Kuko and Nanakuma Lines.

Fukuoka City, Kyushu's largest city, is an area with strong domestic leisure and business demand. The hotel is located in the Hakata area, a prime CBD attracting tourists and business travelers.

The hotel has four guest room types, single, double, twin, and triple rooms, accommodating solo travelers, groups, and families. The hotel's facilities, including Simmons brand beds, bathtubs, bidet toilets, air conditioning units, televisions, refrigerators, and VOD systems, meet guest needs.



Hotel Details						
Legal Form of Asset		Trust beneficiary interest in real estate (<i>juekiken</i>)				
Trustee		Mitsubishi UFJ Trust and Banking Corporation				
Period of Trust Contract		March 15, 2018 – February 28, 2035 (Expected)				
Location		2-11-27 Hakata Ekimae, Hakata-ku, Fukuoka				
Land	Property Right	Freehold				
	Area	590.56m ²				
	Zoning	Commercial				
	Coverage Ratio Floor Area Ratio	80% 600%				
Building	Property Right	Freehold				
	Use	Hotel				
	Structure	RC, 12F				
	Total Floor Area	3,669.22m ²				
	Date Built	January 22, 2018				
Appraiser		Daiwa Real Estate Appraisal Co., Ltd.				
Appraisal Value		JPY 6,580,000,000				
Appraisal Date		October 1, 2024				
Value by Direct Capitalization Method		JPY 6,680,000,000				
Number of Guest Rooms		160				
Architect		Nakano Corporation, Kyushu Branch, First-Class Registered Architects Office				
Builder		Nakano Corporation, Kyushu Branch				
Structural Designer		Nakano Corporation, Kyushu Branch, First-Class Registered Architects Office				
Inspection Agency		Bureau Veritas Japan Co., Ltd.				
PML (Assessor)		Less than 0.1% (Sompo Risk Management Inc.)				
Collateral		None				
Lease Details						
Tenant Overview						
Number of Tenants		1				
Rental Income		Minimum Guaranteed Rent: JPY 105,360,095 p.a. Variable Rent: Monthly GOP (Gross Operating Profit) – (Monthly Minimum Guaranteed Rent + Percentage of Monthly Revenue + Percentage of Monthly GOP)				
Deposit		Lease deposit: JPY 35,200,000. No guarantee deposit.				
Leasable Area		3,669.22m ²				
Leased Area		3,669.22m ²				
Occupancy		June 2024	July 2024	August 2024	September 2024	October 2024
		100%	100%	100%	100%	100%

Property Management Company	Undecided
Master Lease Company	Undecided
Master Lease Type	–
Appraisal NOI Yield	4.6%
Post-Depreciation NOI Yield	3.4%
Special Items	
<ol style="list-style-type: none"> 1. The coverage ratio is relaxed to 100% from 80% because the property complies with fire prevention zoning. 2. The seller has agreed to rectify the following items indicated in the building evaluation report by the closing date at the seller’s expense: <ul style="list-style-type: none"> - The August 2024 specified building inspection report indicates efflorescence on the bottom side of the balconies, loose exterior tiles, fireproof putty not used to fill the wall holes of the pipe spaces on each floor, and cracks and loose parts in the staircases. - The August 2024 building facility inspection report indicates insufficient ventilation in the first-floor kitchen. 3. The seller has agreed to rectify the following items indicated in the building evaluation report by March 2025 at the seller’s expense: <ul style="list-style-type: none"> - The April 2024 annual electric facility inspection report indicates a faulty outdoor floor lighting circuit within the LM-1 electrical distribution. The seller has outsourced the repair work to a third-party specialist, who has indicated the repair is scheduled to be completed by March 2025. 	

Appraisal Details		
Hotel Name	Nest Hotel Hakata Ekimae	
Appraisal Value	JPY 6,580,000,000	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Appraisal Date	October 1, 2024	
	Amount	Note
Appraisal Value	JPY 6,580,000,000	Based on a DCF valuation, which is more relevant than accounting value, and verified using a direct capitalization valuation
Value by Direct Capitalization Method	JPY 6,680,000,000	
Income	JPY 326,400,000	Based on expected income and reference to similar assets
Maximum Obtainable Rental Income	JPY 326,400,000	
Vacancy Loss	–	
Expenses	JPY 28,302,787	
Administrative & Maintenance Expenses	–	Borne by tenant
Utility Expenses	–	Borne by tenant
Repair Expenses	JPY 2,016,917	Based on the average of past 12 years of engineering reports
PM Fee	JPY 1,800,000	Based on documents submitted by Ichigo Hotel
Leasing Brokerage Fees	–	
Taxes	JPY 22,328,600	Based on FY2024 tax reports
Insurance Premiums	JPY 525,270	Based on insurance documents
Other Expenses	JPY 1,632,000	0.5% of rental income (accounted for as a variable expense)
Net Operating Income (NOI)	JPY 298,097,213	
Income on Investment of Deposits Received	JPY 352,000	Based on 1.0% investment yield for deposits
Capital Expenditure	JPY 24,505,848	Based on the average renewal expenses of past 12 years of engineering reports and FF&E reserve
FF&E Reserve	–	
Net Profit	JPY 273,943,365	
Cap Rate	4.1%	Based on transactions of similar assets located in nearby areas and similar locations

	Value via DCF Method	JPY 6,540,000,000	
	Discount Rate	3.9%	Based on the asset's location and adjusted for individual risks
	Terminal Cap Rate	4.3%	Cap rate adjusted for uncertainties
	Value via Cost Approach	JPY 3,430,000,000	
	Ratio of Land	73.2%	
	Ratio of Building	26.8%	Sum of building and Furniture, Fixtures, & Equipment (FF&E) values divided by sum of building, FF&E, and land values
Notes			
None			

6. Seller Profiles

(1) The OneFive Marine Fukuoka

Name	Ichigo Estate
Address	2-6-1 Marunouchi, Chiyoda-ku, Tokyo
Representative	Yasuhide Hosono, Representative Director & President
Capital	JPY 500 million
Establishment Date	November 10, 2005
Principal Business	Sustainable real estate, preserving and improving existing real estate
Net Assets	JPY 27,789 million (as of February 29, 2024)
Total Assets	JPY 130,195 million (as of February 29, 2024)
Major Shareholder and Shareholding Ratio	Ichigo 100% (as of February 29, 2024)
Relationship with Ichigo Hotel or IIA	
Personnel Relationship	Ichigo Estate does not have any personnel relationships with Ichigo Hotel or IIA. However, IIA and Ichigo Estate employees are seconded from their parent company, Ichigo.
Transactional Relationship	Ichigo Hotel will sell the Nest Hotel Sapporo Ekimae to Ichigo Estate on December 25, 2024.
Related Party Treatment	Ichigo Estate is a wholly-owned subsidiary of Ichigo, IIA's parent company, and is a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law and IIA's internal rules.

Note: Because Ichigo Estate is a related party as defined in the Investment Trust and Investment Corporation Law, Ichigo Hotel fully implemented its related party transaction procedures and received approval from its Board of Directors, and has obtained third-party appraisals on the acquired hotels and has cross-checked the third-party appraisals with additional third-party second opinion appraisals.

(2) Nest Hotel Hakata Ekimae

Name	GK Hakata
Address	2-6-1 Marunouchi, Chiyoda-ku, Tokyo
Representative	Managing Member: Ippan Shadan Hojin IES2 Manager: Takafumi Inaba
Principal Business	1. Investment in trust beneficiary interests (<i>juekiken</i>) 2. Acquisition, holding, disposition, and management of real estate 3. Other businesses relating to the above businesses
Capital	JPY 100,000
Establishment Date	February 1, 2018
Shareholder	Ippan Shadan Hojin IES2
Relationship with Ichigo Hotel or IIA	Although the seller is not a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law, it is a related party as defined in IIA's internal rules because Ichigo, IIA's 100% shareholder, a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law, is a silent partner, and the seller receives asset management advice from Ichigo Estate, a related party.

Note: Because GK Hakata is a related party as specified in IIA's internal rules, Ichigo Hotel fully implemented its related party transaction procedures and received approval from its Board of Directors. Ichigo is a 100% shareholder of GK Hakata. Ichigo Hotel has obtained third-party appraisals on the acquired hotels and has cross-checked the third-party appraisals with additional third-party second opinion appraisals.

7. Ownership History

Hotel Name	The OneFive Marine Fukuoka	
Overview	Current Owner	Previous Owner
Name	Ichigo Estate	Unrelated Party
Relationship to Ichigo Hotel	Please refer to Section 6. Seller Profiles above.	—
Acquisition Rationale	Investment	—
Acquisition Price	Omitted because the asset was held for more than one year	—
Acquisition Date	February 28, 2019	—

Hotel Name	Nest Hotel Hakata Ekimae	
Overview	Current Owner	Previous Owner
Name	GK Hakata	Unrelated Party
Relationship to Ichigo Hotel	Please refer to Section 6. Seller Profiles above.	—
Acquisition Rationale	Investment	—
Acquisition Price	Omitted because the asset was held for more than one year	—
Acquisition Date	March 15, 2018	—

8. Hotel Sale Overview

Hotel Overview						
Hotel Name		Nest Hotel Osaka Shinsaibashi				
Form of Ownership		Trust beneficiary interest in real estate (<i>juekiken</i>)				
Address		2-4-10 Minamisenba, Chuo-ku, Osaka				
Trustee		Mitsubishi UFJ Trust and Bank Corporation				
Period of Trust Contract		January 30, 2004 – August 31, 2026				
Land	Property Right	Freehold				
	Area	1,072.78 m ²				
	Zoning	Commercial				
	Coverage Ratio Floor Area Ratio	80% 800%				
Building	Property Right	Freehold				
	Use	Hotel				
	Structure	SRC ² 13 Floors				
	Total Floor Area	7,968.49m ²				
	Date Built	August 28, 1984				
Number of Tenants		1 (as of October 31, 2024)				
Monthly Rental Income ¹		Minimum guaranteed rent: JPY 131,778,886 p.a. Variable rent: Monthly GOP – (Minimum guaranteed rent + percentage of monthly revenue + percentage of monthly GOP)				
Deposit		Deposit: JPY 32,200,000, no guarantee deposit				
Leasable Area		8,057.26m ²				
Leased Area		8,057.26m ²				
Occupancy		Jun 2024	Jul 2024	Aug 2024	Sep 2024	Oct 2024
		100%	100%	100%	100%	100%
Acquisition Price		JPY 7,600 million				
Appraisal	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.				
	Date	July 31, 2024				
	Value	JPY 6,030 million				

¹ Minimum guaranteed rent is the annual minimum guaranteed rent covering the 12-month period from August 2023 to July 2024.

² SRC = Steel-Reinforced Concrete

Appraisal Details		
Hotel Name	Nest Hotel Osaka Shinsaibashi	
Appraisal Value	JPY 6,030,000,000	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Appraisal Date	July 31, 2024	
	Amount (JPY)	Notes
Appraisal Value	6,030,000,000	Based on a DCF valuation derived from expected net profit as a basis
Value by Direct Capitalization Method	6,130,000,000	
Income	340,464,000	Based on expected income and reference to similar assets
Maximum Obtainable Rental Income	340,464,000	
Vacancy Loss	–	
Expenses	44,389,667	
Administrative and Maintenance Expenses	–	Borne by tenant
Utility Expenses	–	Borne by tenant
Repair Expenses	3,360,917	Based on the average of past 12 years of engineering reports
PM Fees	2,400,000	Based on the contractual amount
Leasing Brokerage Fees	–	
Taxes	36,194,100	Based on FY2024 tax reports
Insurance Premiums	732,330	Based on the insurance documents
Other Expenses	1,702,320	0.5% of rental income (accounted for as a variable expense)
Net Operating Income (NOI)	296,074,333	
Income on Investment of Deposits Received	322,000	Based on 1.0% investment yield for deposits
Capital Expenditures	32,784,143	Based on the average renewal expenses of past 12 years of engineering reports and FF&E reserve
FF&E Reserve	–	
Net Profit	263,612,190	
Cap Rate	4.3%	Based on transactions of similar assets located in nearby areas and similar locations
Value via DCF Method	5,980,000,000	
Discount Rate	4.1%	Based on the asset's location and adjusted for individual risks
Terminal Cap Rate	4.5%	Cap rate adjusted for uncertainties

	Amount (JPY)	Notes
Value via Cost Approach	3,530,000,000	
Land	91.0%	
Building	9.0%	Sum of building and Furniture, Fixtures, & Equipment (FF&E) values divided by sum of building, FF&E, and land values
Notes		
None		

9. Buyer Profile

Name	The buyer, a third-party Japanese SPC, did not provide consent to disclose its name.
Relationship with Ichigo Hotel or IIA	The buyer does not have any material capital, personnel, or transactional relationship with Ichigo Hotel or IIA. In addition, the buyer is not a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or the internal rules of IIA.

10. Broker Profile

N/A

11. Forward Commitment

The Transaction Dates for the sale of Nest Hotel Osaka Shinsaibashi (the “Sale”), and the acquisitions of The OneFive Marine Fukuoka and Nest Hotel Hakata Ekimae (the “Acquisitions”) constitute “forward commitments” by Ichigo Hotel as stipulated in the “Comprehensive Guidelines for Supervision of Financial Instruments Business Operators” by the Financial Services Agency.¹

In the event of a violation of the provisions of the Sale by Ichigo Hotel or the buyer, the other party shall have the right to terminate the Sale and claim an amount equivalent to 10% of the purchase price as penalty.

As Ichigo Hotel is the seller, it is highly unlikely that Ichigo Hotel will not be able to fulfill its obligations under the Sale.

In addition, in the event that either Ichigo Hotel or either of the sellers violate the provisions of the Acquisitions, the other party shall have the right to terminate the Acquisitions and claim an amount equivalent to 10% of the acquisition price. Since the financing of the acquisition costs is a condition precedent to the fulfillment of the obligation in the Acquisitions, it is highly unlikely that Ichigo Hotel will incur damages and have a material impact on its finances.

¹ Forward commitment refers to a post-dated purchase and sales agreement under which payment and property delivery shall be made at least one month after the conclusion of the agreement, or any other agreement similar thereto.

12. Settlement Method

Lump-sum payment on contract date

13. Use of Sale Proceeds

Ichigo Hotel will distribute the gains on sale of c. JPY 290 million to shareholders as July 2025 dividend, and use the remainder as cash-on-hand for future use, including asset acquisition this time and value-add capex, to maximize shareholder value.

14. Acquisition and Sales Schedule

Ichigo Hotel Board Resolution Date	November 14, 2024
Contract Date	November 14, 2024
Acquisition and Settlement Dates	The OneFive Marine Fukuoka January 10, 2025 (Expected) Nest Hotel Hakata Ekimae February 4, 2025 (Expected)
Sale and Settlement Date	February 3, 2025 (Expected)

15. Earnings Impact

The impact of the acquisitions and sale on the July 2025 fiscal period is detailed in today's release "Upward Earnings Forecast Revision for the July 2025 Fiscal Period." There is no change to the January 2025 fiscal period earnings forecast.

Appendix A: Engineering Report Summary

Hotel No.	Hotel Name	Inspector Name	Inspection Date	Short-Term Repair Expenses ¹ (JPY thousand)	Long-Term Repair Expenses ² (JPY thousand)
034	The OneFive Marine Fukuoka	Tokyo Marine dR Co., Ltd.	November 2024	40	8,177
035	Nest Hotel Hakata Ekimae		October 2024	–	9,460

¹ Short-Term Repair Expenses are defined as repair expenses considered necessary beyond the scope of ordinary maintenance within a year from the time of inspection.

² Long-Term Repair Expenses are defined as cumulative repair expenses considered necessary for the maintenance of the hotel within twelve years from the time of inspection.

Appendix B: Post-Transaction Portfolio¹

Hotel No. ²	Hotel Name	Prefecture	Lease Terms	Acquisition Price ³ (JPY million)	% of Portfolio ⁴
A-2 008	Nest Hotel Sapporo Odori	Hokkaido	Variable Rent	1,450	2.1
A-3 018	Comfort Hotel Kushiro	Hokkaido	Fixed Rent	300	0.4
A-4 033	THE KNOT SAPPORO	Hokkaido	Variable Rent	4,900	7.2
B-1 020	Capsule Plus Yokohama	Kanagawa	Variable Rent	1,490	2.2
B-2 027	Smile Hotel Nagano	Nagano	Variable Rent	670	1.0
B-3 028	Hotel Sunshine Utsunomiya	Tochigi	Fixed Rent	2,200	3.2
B-4 030	HOTEL THE KNOT YOKOHAMA	Kanagawa	Variable Rent	4,800	7.1
C-1 012	Smile Hotel Tokyo Asagaya	Tokyo	Variable Rent	3,910	5.8
C-3 016	Hotel Livemax Nihombashi-Hakozaki	Tokyo	Fixed Rent	1,360	2.0
C-4 025	The OneFive Tokyo Shibuya	Tokyo	Variable Rent	3,700	5.5
D-1 006	Comfort Hotel Hamamatsu	Shizuoka	Fixed Rent	1,550	2.3
D-2 003	Hotel Wing International Nagoya	Aichi	Variable Rent	2,670	3.9
D-3 011	Comfort Hotel Central International Airport	Aichi	Fixed Rent	5,308	7.8
D-4 019	Comfort Hotel Suzuka	Mie	Fixed Rent	300	0.4
D-5 031	Quintessa Hotel Ise Shima	Mie	Variable Rent	610	0.9
D-6 032	Quintessa Hotel Ogaki	Gifu	Variable Rent	1,070	1.6
E-1 001	Smile Hotel Kyoto Shijo	Kyoto	Variable Rent	4,480	6.6
E-3 005	The OneFive Osaka Sakaisuji	Osaka	Variable Rent	1,630	2.4
E-4 007	Hotel Wing International Kobe Shin Nagata Ekimae	Hyogo	Variable Rent	1,490	2.2
E-6 029	Comfort Hotel Osaka Shinsaibashi (Ichigo Shinsaibashi Building)	Osaka	Variable Rent	3,700	5.5
F-1 017	The OneFive Okayama	Okayama	Variable Rent	1,200	1.8
F-2 015	Nest Hotel Matsuyama	Ehime	Variable Rent	1,610	2.4
F-3 021	Urbain Hiroshima Executive	Hiroshima	Fixed Rent	1,800	2.7
F-4 022	The OneFive Garden Kurashiki	Okayama	Variable Rent	1,725	2.5
F-6 026	Washington Hotel Plaza Shimonoseki Eki Nishi	Yamaguchi	Fixed Rent	1,080	1.6
G-1 009	The OneFive Fukuoka Tenjin	Fukuoka	Variable Rent	1,380	2.0
G-3 023	Nest Hotel Kumamoto	Kumamoto	Variable Rent	2,220	3.3
G-4 034	The OneFive Marine Fukuoka	Fukuoka	Variable Rent	2,600	3.8
G-5 035	Nest Hotel Hakata Ekimae	Fukuoka	Variable Rent	6,500	9.6
Total 29 Hotels				67,703	100

¹ Excludes the Valie Hotel Hiroshima (F-5 024) and Nest Hotel Sapporo Ekimae (A-1 001) scheduled to be sold on December 2, 2024 and December 25, 2024, respectively. For details on the asset sales, please see the July 31, 2024 release “Hotel Sale (Nest Hotel Sapporo Ekimae)” and the October 31,

2024 release “Hotel Sale (Valie Hotel Hiroshima)”

² The initial letter (A, B, etc.) is a region code which identifies the area in which the hotel is located.

Code	Region	Prefectures
A	Hokkaido/Tohoku	Hokkaido, Aomori, Iwate, Miyagi, Akita, Yamagata, Fukushima
B	Kanto	Ibaraki, Tochigi, Gunma, Saitama, Chiba, Kanagawa, Yamanashi, Nagano, Niigata
C	Tokyo	Tokyo
D	Hokuriku/Tokai	Toyama, Ishikawa, Fukui, Gifu, Shizuoka, Aichi, Mie
E	Kinki	Osaka, Hyogo, Kyoto, Shiga, Nara, Wakayama
F	Chugoku/Shikoku	Tottori, Shimane, Okayama, Hiroshima, Yamaguchi, Kagawa, Tokushima, Kochi, Ehime
G	Kyushu/Okinawa	Fukuoka, Saga, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, Okinawa

³ Acquisition Price is the price as indicated in the purchase and sales agreement for the hotel (excluding fees and incidental expenses such as property, city planning, and consumption taxes). The assets to be acquired may include personal property.

⁴ % of Portfolio is the Acquisition Price of each hotel as a percentage of the Total Acquisition Price for the portfolio, rounded to the nearest tenth.