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Issuer

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Acquisition of Two Hotel Assets (Smile Hotel Miyakojima, Hotel Enoe Toyama)

Ichigo Hotel decided today to acquire Smile Hotel Miyakojima and Hotel Enoe Toyama.

1. Acquisition Summary

(Total Appraisal Value: JPY 6,640,000,000; Total Acquisition Price: JPY 5,700,000,000)

Hotel Name	Smile Hotel Miyakojima	Hotel Enoe Toyama
Hotel No. ¹	G-6 036	D-7 037
Hotel Type ²	Lodging-focused	
Date Built	July 1992 (Main Building) May 2021 (New Building)	March 2004
Form of Ownership	Trust beneficiary interest in real estate (<i>juekiken</i>)	
Appraisal Value ^{3,4}	JPY 2,750,000,000	JPY 3,890,000,000
Acquisition Price ⁵	JPY 2,300,000,000	JPY 3,400,000,000
Seller	First Brothers Capital Co., Ltd.	Third-Party Japanese Company ⁶
Broker	N/A	
Contract Date	July 28, 2025	
Transaction Date	July 28, 2025	August 29, 2025
Financing Method ⁷	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, and D indicates hotels located in the Hokuriku/Tokai 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 Smile Hotel Miyakojima is as calculated by Daiwa Real Estate Appraisal Co., Ltd. as of July 1, 2025, 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 Hotel Enoe Toyama is as calculated by Tanizawa Sogo Appraisal Co., Ltd. as of July 1, 2025, 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 The seller, a third-party Japanese company, did not provide consent to disclose its name.

⁷ Details of the new loan will be announced as soon as they are available.

2. Acquisition Rationale

Ichigo Hotel continues to execute on its strategy to build a stable, diversified portfolio and drive shareholder value.

The number of tourists in Miyakojima City, Okinawa Prefecture, where the Smile Hotel Miyakojima is located, reached a record high of approximately 1.19 million (+27% year-on-year) in 2024, and has been increasing every year since the end of Covid. With access via both sea and air routes, the city has many tourist attractions such as one of the world's clearest and most beautiful seas and spectacular natural and historical landscapes. Hotel revenues are expected to grow due to increased leisure demand both domestically and internationally. The hotel is located along the main street in the center of the downtown area, and is a rare lodging-focused hotel in Miyakojima City. The rarity is expected to increase due to rising construction costs which make it difficult to build lodging-focused hotels in the area. The hotel was rebranded and opened in April this year.

Toyama City, where Hotel Enoe Toyama is located, is surrounded by a rich natural environment and is the starting point of the Tateyama Kurobe Alpine Route. The city has many tourist attractions such as the highly popular Toyama Canal Water Park, museums, and a rich food culture centered on seafood from Toyama Bay. Following its selection as one of the "52 Places to Go in 2025" by a major U.S. media outlet, Toyama City expects further growth in inbound demand. In addition, Toyama City has one of the largest industrial clusters on the Sea of Japan side, with many manufacturing bases, and has been growing as a major industrial center in the Hokuriku area on the back of growing business demand in the pharmaceutical, machinery, and metal industries since the opening of the JR Hokuriku Shinkansen Line. The Enoe hotel brand is the latest offering from Hospitality Operations, which also operates Smile Hotel. The hotel is scheduled to be reopened upon acquisition by Ichigo Hotel.

Ichigo Hotel sold one hotel asset in February 2025, recording JPY 290 million in gains on sale during the July 2025 fiscal period. The proceeds from the sale will be distributed to shareholders as dividend and partially used as proceeds for this hotel acquisition.

Ichigo Hotel will continue to conduct comprehensive analyses of its hotels with respect to cash flow, earnings, and potential sale price, and grow its portfolio to include hotels with earnings upside via selective assets sales.

3. Hotel Lease Status

(1) Lessees

Hotel No.	Hotel Name	Lessee
G-6 036	Smile Hotel Miyakojima	K.K. Hospitality Operations
D-7 037	Hotel Enoe Toyama	

(2) Date of Change in Lease Contracts

Smile Hotel Miyakojima	July 28, 2025
Hotel Enoe Toyama	August 29, 2025

(3) For details on the lease terms, please see Section 4. Acquisition Details below.

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

4. Acquisition Details

Notes to Acquisition Details

- Names of the architect, builder, 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 Smile Hotel Miyakojima

Smile Hotel Miyakojima is a lodging-focused hotel located within a 13-minute drive from the Miyako Airport.

Miyakojima City, a city in Okinawa Prefecture, consists of Miyako Island (Miyakojima) and other remote islands including Irabu Island, Shimoji Island, Ogami Island, and Kurima Island, creating an integrated resort area. The beaches in Miyakojima boast some of the clearest waters in the world, and attract many tourists for swimming and sightseeing its emerald blue sea.

The hotel is located along Nishizato Dori, a historic tourist hub lined with restaurants and souvenir shops. The area offers convenient access as one of the liveliest areas on the island.



Hotel Details						
Legal Form of Asset		Trust beneficiary interest in real estate (<i>juekiken</i>)				
Trustee		Sumitomo Mitsui Trust Bank, Ltd.				
Period of Trust Contract		June 30, 2022 – July 31, 2035				
Location		225 Hirara Nishizato, Miyakojima City, Okinawa				
Land	Property Right	Freehold				
	Area	1,282.18m ²				
	Zoning	Commercial				
	Coverage Ratio Floor Area Ratio	80% 400%				
Building	Property Right	Freehold				
	Use	Hotel				
	Structure	RC, 10F				
	Total Floor Area	3,731.50m ²				
	Date Built	July 5, 1992 (Main Building), May 6, 2021 (New Building)				
Appraiser		Daiwa Real Estate Appraisal Co., Ltd.				
Appraisal Value		JPY 2,750,000,000				
Appraisal Date		July 1, 2025				
Value by Direct Capitalization Method		JPY 2,790,000,000				
Number of Guest Rooms		135				
Architect		Asabuki Sekkei Architects Office (Main Building), Nagahama Building Studio (New Building)				
Builder		Sakishima Construction Co., Ltd. (Main Building), Kyowa Sangyo Corporation (New Building)				
Inspection Agency		Okinawa Prefecture				
PML (Assessor)		5.2% (Sompo Risk Management Inc.)				
Collateral		None				
Lease Details						
Tenant Overview						
Number of Tenants		1				
Rental Income		Minimum Guaranteed Rent: JPY 21,848,090 p.a. (August 1, 2025 to July 31, 2026) Variable Rent: Monthly GOP (Gross Operating Profit) – (Monthly Minimum Guaranteed Rent + Percentage of Monthly GOP) *Rental Income for July 28, 2025 to July 31, 2025 will be adjusted with the seller at the time of payment				
Deposit		No lease or guarantee deposits.				
Leasable Area / Leased Area		3,731.50m ² / 3,731.50m ²				
Occupancy		March 2025	April 2025	May 2025	June 2025	July 2025
		0%	100%	100%	100%	100%

Property Management Company	Sun Frontier Fudousan Co., Ltd.
Master Lease Company	Ichigo Hotel Investment Corporation
Master Lease Type	Pass-through
Appraisal NOI Yield	6.5%
Post-Depreciation NOI Yield	5.0%
Special Items	
None	

Appraisal Details		
Hotel Name	Smile Hotel Miyakojima	
Appraisal Value	JPY 2,750,000,000	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Appraisal Date	July 1, 2025	
	Amount	Note
Appraisal Value	JPY 2,750,000,000	Calculated using an income approach, with a DCF valuation as a basis and verified using a direct capitalization valuation
Value by Direct Capitalization Method	JPY 2,790,000,000	
Income	JPY 166,404,000	Based on expected income and reference to similar assets
Maximum Obtainable Rental Income	JPY 166,404,000	
Vacancy Loss	—	
Expenses	JPY 16,346,903	
Administrative & Maintenance Expenses	—	Borne by tenant
Utility Expenses	—	Borne by tenant
Repair Expenses	JPY 6,450,083	Based on the average of past 12 years of engineering reports
PM Fee	JPY 1,440,000	Based on the contract amount
Leasing Brokerage Fees	—	
Taxes	JPY 6,914,100	Based on FY2025 tax reports
Insurance Premiums	JPY 710,700	0.05% of replacement costs
Other Expenses	JPY 832,020	0.5% of rental income (accounted for as a variable expense)
Net Operating Income (NOI)	JPY 150,057,097	
Income on Investment of Deposits Received	—	
Capital Expenditure	JPY 24,443,305	Based on the average renewal expenses of the past 12 years of engineering reports and Furniture, Fixtures, & Equipment (FF&E) reserve

	Net Profit	JPY 125,613,792	
	Cap Rate	4.5%	Based on transactions of similar assets located in nearby areas and similar locations
	Value via DCF Method	JPY 2,730,000,000	
	Discount Rate	4.3%	Based on the asset's location and adjusted for individual risks
	Terminal Cap Rate	4.7%	Cap rate adjusted for uncertainties
	Value via Cost Approach	JPY 1,720,000,000	
	Ratio of Land	60.4%	
	Ratio of Building	39.6%	Sum of building and FF&E values divided by sum of building, FF&E, and land values
Notes			
None			

(2) Description and Location of the Hotel Enoe Toyama

The Hotel Enoe Toyama is a lodging-focused hotel located within a 15-minute walk from Toyama Station on the JR Takayama Main Line and a one-minute walk from Aramachi Station on the Toyama City Tram Line.

Since the opening of the JR Hokuriku Shinkansen Line, Toyama City has benefited from greater transportation convenience and advanced urban functions due to improved access from Tokyo and an expanded public transportation network. With its historic streetscapes, natural resources, expansive wilderness including mountains, and abundant seafood, the city is expected to attract strong demand from both tourists and business travelers.

As the second Enoe brand hotel by operator K.K. Hospitality Operations, the hotel is expected to be a strong competitor in the market.



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		August 29, 2025 – August 31, 2035 (expected)				
Location		6-1 Aramachi, Toyama City, Toyama				
Land	Property Right	Freehold				
	Area	1,635.99m ²				
	Zoning	Commercial				
	Coverage Ratio Floor Area Ratio	80% 600%				
Building	Property Right	Freehold				
	Use	Hotel				
	Structure	S, 11F				
	Total Floor Area	7,211.04m ²				
	Date Built	March 11, 2004				
Appraiser		Tanizawa Sogo Appraisal Co., Ltd.				
Appraisal Value		JPY 3,890,000,000				
Appraisal Date		July 1, 2025				
Value by Direct Capitalization Method		JPY 3,970,000,000				
Number of Guest Rooms		227				
Architect		Daiwa House Industry Co., Ltd.				
Builder		Daiwa House Industry Co., Ltd.				
Inspection Agency		Toyama City				
PML (Assessor)		1.3% (Sompo Risk Management Inc.)				
Collateral		None				
Lease Details						
Tenant Overview						
	Number of Tenants	1				
	Rental Income	Minimum Guaranteed Rent: JPY 42,579,603 p.a. (September 1, 2025 to August 31, 2026) Variable Rent: Monthly GOP (Gross Operating Profit) – (Monthly Minimum Guaranteed Rent + Percentage of Monthly Revenue + Percentage of Monthly GOP) *Rental Income for August 29, 2025 to August 31, 2025 will be adjusted with the seller at the time of payment				
	Deposit	Lease deposit: JPY 10,000,000. No guarantee deposit.				
	Leasable Area / Leased Area	7,211.04m ² / 7,211.04m ²				
	Occupancy	April 2025	May 2025	June 2025	July 2025	August 2025
	0%	0%	0%	0%	100%	

Property Management Company	Undecided
Master Lease Company	Ichigo Hotel Investment Corporation (expected)
Master Lease Type	Pass-through (expected)
Appraisal NOI Yield	6.3%
Post-Depreciation NOI Yield	4.8%
Special Items	
None	

Appraisal Details		
Hotel Name	Hotel Enoe Toyama	
Appraisal Value	JPY 3,890,000,000	
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.	
Appraisal Date	July 1, 2025	
	Amount	Note
Appraisal Value	JPY 3,890,000,000	Calculated using an income approach, with a DCF valuation as a basis and verified using a direct capitalization valuation
Value by Direct Capitalization Method	JPY 3,970,000,000	
Income	JPY 235,263,084	Based on expected income and reference to similar assets
Maximum Obtainable Rental Income	JPY 235,263,084	
Vacancy Loss	—	
Expenses	JPY 22,312,251	
Administrative & Maintenance Expenses	—	Borne by tenant
Utility Expenses	—	Borne by tenant
Repair Expenses	JPY 4,080,000	0.15% of replacement cost minus depreciation
PM Fee	JPY 2,400,000	Based on documents submitted by Ichigo Hotel
Leasing Brokerage Fees	—	
Taxes	JPY 12,489,300	Based on FY2025 tax reports
Insurance Premiums	JPY 990,320	Based on the insurance documents
Other Expenses	JPY 2,352,631	1.0% of rental income (accounted for as a variable expense)
Net Operating Income (NOI)	JPY 212,950,833	
Income on Investment of Deposits Received	JPY 100,000	Based on 1.0% investment yield for deposits
Capital Expenditure	JPY 9,520,000	0.35% of replacement costs minus depreciation
FF&E Reserve	JPY 9,080,000	Based on reference to similar assets
Net Profit	JPY 194,450,833	
Cap Rate	4.9%	Based on transactions of similar assets located in nearby areas and similar locations

	Value via DCF Method	JPY 3,860,000,000	
	Discount Rate	5.0%	Based on the asset's location and adjusted for individual risks
	Terminal Cap Rate	5.1%	Cap rate adjusted for uncertainties
Value via Cost Approach		JPY 3,400,000,000	
	Ratio of Land	63.5%	
	Ratio of Building	36.5%	Sum of building and FF&E values divided by sum of building, FF&E, and land values
Notes			
None			

5. Seller Profiles

(1) Smile Hotel Miyakojima

Name	First Brothers Capital Co., Ltd.
Address	2-4-1 Marunouchi, Chiyoda-ku, Tokyo
Representative	Masaki Minemura, Representative Director
Capital	JPY 100 million
Establishment Date	June 22, 2007
Principal Business	Investing
Net Assets	JPY 1,939 million (as of November 30, 2024)
Total Assets	JPY 43,590 million (as of November 30, 2024)
Major Shareholder and Shareholding Ratio	First Brothers Co., Ltd. 100% (as of July 28, 2025)
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.

(2) Hotel Enoe Toyama

Name	The buyer, a third-party Japanese company, 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.

6. Broker Profile

N/A

7. Forward Commitment

The Transaction Date for the acquisition of Hotel Enoe Toyama (the “Acquisition”) 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 Acquisition by Ichigo Hotel or the seller, the other party shall have the right to terminate the Acquisition and claim an amount equivalent to 20% of the purchase price as penalty.

Since the financing of the acquisition costs is a condition precedent to the fulfillment of the obligation in the Acquisition, 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.

8. Acquisition Schedule

Ichigo Hotel Board Resolution Date	July 28, 2025
Contract Date	July 28, 2025
Acquisition and Settlement Dates	Smile Hotel Miyakojima July 28, 2025 Hotel Enoe Toyama August 29, 2025

9. Earnings Impact

There is no change to the July 2025 and January 2026 fiscal period earnings forecast. Both hotels are located in areas where hotel demand is expected to grow, and will contribute to driving Ichigo hotel's long-term earnings and dividends.

Ichigo Hotel revised upwards its earnings forecast for the July 2025 fiscal period forecast. Please refer to the July 25, 2025 release for details.

www.ichigo-hotel.co.jp/ir/news/news_file/file/IchigoHotel_20250725_Earnings_Forecast_Revision_ENG.pdf

Appendix A: Engineering Report Summary

Hotel No.	Hotel Name	Inspector Name	Inspection Month/Year	Short-Term Repair Expenses ¹ (JPY thousand)	Long-Term Repair Expenses ² (JPY thousand)
036	Smile Hotel Miyakojima	Tokyo Marine dR Co., Ltd.	July 2025	—	253,252
037	Hotel Enoe Toyama		July 2025	—	49,967

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-Acquisition Portfolio

Hotel No. ¹	Hotel Name	Prefecture	Lease Terms	Acquisition Price ² (JPY million)	% of Portfolio ³
A-2 008	Nest Hotel Sapporo Odori	Hokkaido	Variable Rent	1,450	2.0
A-3 018	Comfort Hotel Kushiro	Hokkaido	Fixed Rent	300	0.4
A-4 033	THE KNOT SAPPORO	Hokkaido	Variable Rent	4,900	6.7
B-1 020	Capsule Plus Yokohama	Kanagawa	Variable Rent	1,490	2.0
B-2 027	Smile Hotel Nagano	Nagano	Variable Rent	670	0.9
B-3 028	Hotel Sunshine Utsunomiya	Tochigi	Fixed Rent	2,200	3.0
B-4 030	HOTEL THE KNOT YOKOHAMA	Kanagawa	Variable Rent	4,800	6.5
C-1 012	Smile Hotel Tokyo Asagaya	Tokyo	Variable Rent	3,910	5.3
C-3 016	Hotel Livemax Nihombashi-Hakozaki	Tokyo	Fixed Rent	1,360	1.9
C-4 025	The OneFive Tokyo Shibuya	Tokyo	Variable Rent	3,700	5.0
D-1 006	Comfort Hotel Hamamatsu	Shizuoka	Fixed Rent	1,550	2.1
D-2 003	Hotel Wing International Nagoya	Aichi	Variable Rent	2,670	3.6
D-3 011	Comfort Hotel Central International Airport	Aichi	Variable Rent	5,308	7.2
D-4 019	Comfort Hotel Suzuka	Mie	Fixed Rent	300	0.4
D-5 031	Quintessa Hotel Ise Shima	Mie	Variable Rent	610	0.8
D-6 032	Quintessa Hotel Ogaki	Gifu	Variable Rent	1,070	1.5
D-7 037	Hotel Enoe Toyama	Toyama	Variable Rent	3,400	4.6
E-1 001	Smile Hotel Kyoto Shijo	Kyoto	Variable Rent	4,480	6.1
E-3 005	The OneFive Osaka Sakaisuji	Osaka	Variable Rent	1,630	2.2
E-4 007	Hotel Wing International Kobe Shin Nagata Ekimae	Hyogo	Variable Rent	1,490	2.0
E-6 029	Comfort Hotel Osaka Shinsaibashi (Ichigo Shinsaibashi Building)	Osaka	Variable Rent	3,700	5.0
F-1 017	The OneFive Okayama	Okayama	Variable Rent	1,200	1.6
F-2 015	Nest Hotel Matsuyama	Ehime	Variable Rent	1,610	2.2
F-3 021	Urbain Hiroshima Executive	Hiroshima	Fixed Rent	1,800	2.5
F-4 022	The OneFive Garden Kurashiki	Okayama	Variable Rent	1,725	2.4
F-6 026	Washington Hotel Plaza Shimonoseki Eki Nishi	Yamaguchi	Fixed Rent	1,080	1.5
G-1 009	The OneFive Fukuoka Tenjin	Fukuoka	Variable Rent	1,380	1.9
G-3 023	Nest Hotel Kumamoto	Kumamoto	Variable Rent	2,220	3.0
G-4 034	The One Five Marine Fukuoka	Fukuoka	Variable Rent	2,600	3.5
G-5 035	Nest Hotel Hakata Ekimae	Fukuoka	Variable Rent	6,500	8.9
G-6 036	Smile Hotel Miyakojima	Okinawa	Variable Rent	2,300	3.1
Total 31 Hotels				73,403	100

¹ 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

² 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.

³ % 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.