

Disclaimers

This document has been prepared solely for the purpose of providing U.K. and Dutch investors with certain information under Article 23 of the European Alternative Investment Fund Managers Directive (European Directive 2011/61/EU) (the “AIFMD”) as implemented in their respective jurisdictions. Accordingly, you should not use this document for any other purpose.

Prohibition of Sales to EEA Retail Investors

In addition to the restrictions under the AIFMD, the units of Ichigo Hotel REIT Investment Corporation (“IHR” or the “AIF”) are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the “EEA”). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU, as amended (the “MiFID II”), including any client, beneficiary, principal, or similar of any person acting as a trustee, agent, nominee, or similar; or (ii) a customer within the meaning of Directive (EU) 2016/97, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129, as amended (the “Prospectus Regulation”). Consequently no key information document has been prepared required by Regulation (EU) No 1286/2014 (the “PRIIPs Regulation”) for offering or selling the units of IHR or otherwise making them available to retail investors in the EEA. Therefore offering or selling the units of IHR, or otherwise making them available, to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Prohibition of Sales to UK Retail Investors

In addition to the restrictions under the AIFMD, as retained by the United Kingdom in its domestic laws, the units of IHR are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom. For these purposes of this provision, a “retail investor” means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of the Prospectus Regulation as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (“EUWA”); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the “FSMA”) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU)

No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129, as it forms part of domestic law by virtue of the EUWA; and the expression “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the units to be offered so as to enable an investor to decide to purchase or subscribe the international units. Consequently no key information document required by Regulation (EU) No 1286/2014, as it forms part of domestic law by virtue of the EUWA (the “UK PRIIPs Regulation”), for offering or selling the units or otherwise making them available to retail investors in the United Kingdom has been prepared and therefore offering or selling the units or otherwise making them available to any retail investor in the United Kingdom may be unlawful under the UK PRIIPs Regulation.

United Kingdom

The units of IHR are being marketed in the United Kingdom pursuant to Article 59 of the United Kingdom Alternative Investment Fund Managers Regulations 2013. In accordance with this provision, Ichigo Investment Advisors Co., Ltd. (the “AIFM” or the “Asset Manager”) has notified the Financial Conduct Authority (the “FCA”) of its intention to offer these units in the United Kingdom. For the purposes of the FSMA, IHR is an unregulated collective investment scheme which has not been authorized by the FCA. Accordingly, any communications of an invitation or inducement to invest in IHR may be made only to: (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, or “the Order”; (ii) high net worth companies, unincorporated associations or other entities falling within Articles 49(2)(a) to (d) of the Order; or (iii) other persons to whom it may lawfully be communicated (all such persons together being referred to as “Relevant Persons”). In the United Kingdom, this document and its contents are directed only at Relevant Persons and must not be acted on or relied on by persons who are not Relevant Persons. The transmission of this document and its contents in the United Kingdom to any person other than a Relevant Person is unauthorized and may contravene the FSMA and other United Kingdom securities laws and regulations.

European Economic Area and United Kingdom Investors

The AIFMD was adopted on June 8, 2011 and was required to be implemented by each Member State of the EEA into its national legislation by July 22, 2013. The units of IHR may not be marketed (within the meaning given to the term “marketing” under the AIFMD), and the Communication may not be conducted, to prospective investors domiciled or with

a registered office in any Member State of the EEA or the United Kingdom unless: (i) the units of IHR may be marketed under any national private placement regime (including under the AIFMD) or other exemption in that Member State or the United Kingdom (as applicable); or (ii) the units of IHR can otherwise be lawfully marketed or sold in that Member State or the United Kingdom (as applicable) in circumstances in which the AIFMD does not apply, provided that any such offer or sale is not made to a retail investor as described above. We have made a notification to each of the Netherlands Authority for the Financial Markets (Autoriteit Financiële Markten, the “AFM”) and the United Kingdom Financial Conduct Authority pursuant to Article 42 of the AIFMD in order to market the units of IHR in the Netherlands and the United Kingdom, respectively.

Netherlands

The units of IHR are being marketed in the Netherlands under Section 1:13b of the Netherlands Financial Supervision Act (*Wet op het financieel toezicht*, or the “Wft”). In accordance with this provision, the AIFM has notified the AFM of its intention to offer these units in the Netherlands. The units of IHR will not, directly or indirectly, be offered, sold, transferred or delivered in the Netherlands, except to or by individuals or entities that are qualified investors (*gekwalificeerde beleggers*) within the meaning of Article 1:1 of the Wft. As a consequence, neither the AIFM nor IHR is subject to the license requirement for investment institutions (*beleggingsinstellingen*) or their managers pursuant to the Wft. Consequently, the AIFM and IHR are only subject to the supervision of the Dutch Central Bank (De Nederlandsche Bank) or the AFM for the compliance with the ongoing regulatory requirements as referred to in the Dutch law implementation of Article 42 of the AIFMD. According to Article 23 of the AIFMD the prospectus is not subject to approval by the AFM. No approved prospectus is required to be published in the Netherlands pursuant to Article 3 of the Prospectus Regulation as applicable in the Netherlands.

Article 23 (1)(a)	
Objectives of the AIF	IHR is an investment corporation (<i>toshi hojin</i>) that invests in hotel properties in Japan, aiming to secure stable earnings in mid- to long-term. IHR seeks to establish a portfolio of properties that generates stable revenues as well as potential income growth through increased demands by hotel users.
Investment strategy	IHR primarily invests in hotel properties in Japan with a focus on what we call “lodging-focused hotel properties”, hotel properties that are located at high customer traffic areas such as areas around terminal train stations, business centers and shopping centers, and serve simply as convenient places for customers to stay at attractive rates with minimal services and facilities. Once the performance of the portfolio stabilizes, IHR also plans to invest in full-service hotels and resort hotels with high growth potentials. Leveraging know-hows and sourcing capabilities as well as value-add capabilities of Ichigo Inc., IHR’s sponsor and the parent of the AIFM, IHR aims to actively manage and grow IHR’s portfolio both externally and organically. IHR’s decision-making process when investing in a hotel asset is based on its valuation of the expected total cash flow from hotel operations, estimates of future hotel rates, and holistic analysis of the profitability of the investment opportunity.
Types of assets the AIF may invest in	Real estate, leasehold rights, and surface rights (<i>chijō-ken</i>) to real estate, including trust beneficiary interests therein, real estate-backed securities, equity interests in corporations holding overseas real estate, specified assets and other assets.
Techniques it may employ and all associated risks	IHR primarily invests in real estate assets used for hotels and aims to establish a portfolio for which stable cash flow and future growth by increased demands for hotel usage is expected. The principal risks with respect to investment in IHR are as follows: <ul style="list-style-type: none"> • any adverse conditions in the Japanese economy and hotel industry could adversely affect IHR; • IHR may not be able to close acquisitions or disposition of properties; • IHR may not be able to acquire properties to execute the growth and investment strategy in a manner that is accretive to earnings; • illiquidity in the real estate market may limit the ability to grow or adjust the portfolio; • IHR’s reliance on IHR’s related parties, the AIFM and its related parties could have a material adverse effect on its business;

- IHR's reliance on its directors and the AIFM's personnel could have a material adverse effect on IHR's business;
- IHR's reliance on tenants (hotel operators) and other third parties could have a material adverse effect on its business;
- IHR's policy to utilize CAPEX for increasing the value of hotel properties may not be successful, and costs for maintenance and renewal of FF&E could have a material adverse impact on IHR's operations;
- IHR may change its detailed investment policy without a formal amendment of the Articles of Incorporation;
- there are potential conflicts of interest between IHR, the AIFM and its related parties, including those arising among the AIF and private funds or other investors, to which the AIFM provides investment management or advisory services;
- IHR's revenues largely consist of leasing revenues from the portfolio properties, which may be negatively affected by factors such as vacancies, decreases in rent or sales (including decrease of variable rent due to decline of tenants' sales), and late or missed payments by tenants;
- a number of IHR's hotel properties are generally expected to cater to a single tenant and are typically designed for a specific use, which may make it difficult to find substitute tenants;
- IHR may find difficulty finding suitable tenants because of the specific know-hows and management capabilities to be able to operate hotels and ancillary facilities;
- increases in interest rates may increase the interest expense and may result in a decline in dividends and market price of the units;
- IHR may suffer large losses if any of the properties incurs damage from a natural or man-made disaster;
- any inability to obtain financing or refinancing from issuance of investments units, loan and issuance of investment corporation bonds for future acquisitions could adversely affect the growth of the portfolio;
- IHR's failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify IHR from certain taxation benefits and significantly reduce the cash distributions to its unitholders;

- the ownership rights in some of the properties may be declared invalid or limited; and
- support from IHR's related parties may not achieve the anticipated results.

In addition, IHR is subject to the following risks:

- risks related to operation of hotels and ancillary facilities;
- risks related to specialization in investment in hotels and ancillary facilities;
- risks related to seasonality of its performance;
- risks related to maintenance of facilities and infrastructure;
- risks related to increasing operating costs;
- risks related to franchise arrangements and brand licensing agreements;
- risks related to IHR's dependence on the efforts of the AIFM's key personnel;
- risks related to the restrictive covenants under debt financing arrangement;
- risks related to entering into forward commitment contracts;
- risks related to third party leasehold interests in the land underlying IHR's properties;
- risks related to holding the property in the form of compartmentalized ownership (*kubun shoyū*) interests or co-ownership interests (*kyōyū-mochibun*);
- risks related to holding the properties through trust beneficiary interests;
- risks related to properties not in operation (including properties under development);
- risks related to the defective title, ground, design, construction or other defects, problems or nonconformity to contracts with respect to the properties;
- risks related to suffering impairment losses relating to the properties;
- risks related to decreasing tenant leasehold deposits and/or security deposits;
- risks related to lease termination, decreased lease renewals, and defaults of tenants as a result of financial difficulty or insolvency;
- risks related to relying on expert appraisals and engineering, environmental and seismic reports;

	<ul style="list-style-type: none"> • risks related to COVID-19 pandemic; • risks related to the presence of hazardous or toxic substances in the properties, or the failure to properly eliminate such substances; • risks related to the strict environmental liabilities for the properties; • risks related to the amendment of the applicable administrative laws and local ordinances; • risks related to investments in anonymous associations (<i>tokumei kumiai</i>) interests; • risks related to the tight supervision by the regulatory authorities; • risks related to the tax authority’s disagreement with the AIF’s understanding of Japanese tax laws and regulations; • risks related to being unable to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs; • risks related to changes in Japanese tax laws; and • the risk of dilution as a result of further issuances of units.
Any applicable investment restrictions	<p>IHR is subject to investment restrictions under Japanese laws and regulations (e.g., the Act on Investment Trusts and Investment Corporations (the “ITA”), the Financial Instruments and Exchange Act (the “FIEA”)) as well as its Articles of Incorporation.</p> <p>IHR must invest primarily in specified assets as defined in the ITA. Specified assets include, but are not limited to, securities, real estate, leaseholds of real estate, surface rights (<i>chijō-ken</i>) (i.e., right to use land for the purpose of having a structure on it) or trust beneficiary interests for securities, real estate, leaseholds of real estate or surface rights.</p> <p>Furthermore, a listed J-REIT must invest substantially all of its assets in real estate, real estate-related assets and liquid assets as provided by the listing requirements. Real estate in this context includes, but is not limited to, real estate, leaseholds of real estate, surface rights, and trust beneficiary interests for these assets, and real estate-related assets in this context include, but are not limited to, anonymous association (<i>tokumei kumiai</i>) interests for investment in real estate.</p> <p>Pursuant to the ITA, investment corporations may not independently develop land for housing or to construct buildings, but may outsource such activities in certain circumstances.</p>

Circumstances in which the AIF may use leverage	IHR may borrow funds or issue long-term or short-term investment corporation bonds for the purpose of investing in properties, paying various costs, including for repair, or cash distributions, obtaining operating funds, repaying obligations (including repayment of tenant leasehold or security deposits, and obligations related to loans or long-term or short-term investment corporation bonds) and other activities.
The types and sources of leverage permitted and associated risks	<p>IHR currently has outstanding loans and investment corporation bonds. IHR currently does not have any outstanding guarantees, but may be subject to restrictive covenants in connection with any future indebtedness that may restrict the operations and limit the ability to make cash distributions to unitholders, to dispose of the properties or to acquire additional properties.</p> <p>Furthermore, IHR may violate restrictive covenants contained in the loan agreements IHR executes, for example with regard to the maintenance of debt service coverage or loan-to-value ratios, which may entitle the lenders or bondholders to require IHR to collateralize the properties or demand that the entire outstanding balance be paid ahead of scheduled payments.</p> <p>Further, in the event of an increase in interest rates, to the extent that IHR has any debt with unhedged floating interest rates or IHR incurs new debt, interest payments may increase, which in turn could reduce the amount of cash available for distributions to unitholders. Higher interest rates may also limit the capacity for short- and long-term borrowings, which would in turn limit the ability to acquire properties, and could cause the market price of the units to decline.</p>
Any restrictions on leverage	The maximum permitted amount of each loan and investment corporation bond issuance is one trillion yen, and the aggregate amount of all such debt may not exceed one trillion yen.
Any restrictions on collateral and asset reuse arrangements	No applicable arrangements.
Maximum level of leverage which the AIFM is entitled to employ on behalf of the AIF	IHR has set an upper limit of 60% as a general rule for its loan-to-value, or LTV, ratio in order to operate with a stable financial condition. IHR may, however, temporarily exceed such levels as a result of property acquisitions or other events.

Article 23(1) (b)	
<p>Procedure by which the AIF may change its investment strategy / investment policy</p>	<p>Changes to IHR’s basic investment policy require an amendment to the Articles of Incorporation. Such amendment requires a quorum of a majority of the total issued units and at least a two-thirds vote of the voting rights represented at a general meeting of unitholders. Unitholders should note, however, that under the ITA and the Articles of Incorporation, unitholders who do not attend and exercise their voting rights at a general meeting of unitholders are deemed to have agreed with the proposals submitted at the meeting and be counted towards affirmative votes, except in cases:</p> <ul style="list-style-type: none"> (a) where proposals that are in conflict with the proposals are also being submitted; or (b) where with respect to proposals on (i) appointment or dismissal of an executive director or supervisory director, (ii) execution or termination of the asset management agreement with the Asset Manager, (iii) dissolution of IHR, (iv) reverse unit split, (v) exemption of liability for an executive director, supervisory director or accounting auditor and/or (vi) consent to an agreement for merger, <ul style="list-style-type: none"> a. unitholder(s) who have continued to hold 1/100 or more of the total investment units of IHR for more than six months notifies IHR (or both of IHR and the convener of the meeting of the general meeting of unitholders if the convener is not an executive director or supervisory director of IHR) of its opposition to the proposals within two weeks from the day IHR announces such proposal(s) on its website or the date the convener of the general meeting of unitholders announced of such proposal(s) in an equivalent manner; or b. IHR expresses its opposition to the proposal(s) on the notice of general meeting of unitholders or through the website. <p>Additionally, the investment guidelines of the AIFM, which provide more detailed policies based on IHR’s basic investment strategy and policy, can be modified without such formal amendment of the Articles of Incorporation or the unitholders’ approval.</p>
Article 23(1) (c)	
<p>Description of the main legal implications of the contractual</p>	<p>IHR has entered into an asset management agreement with the Asset Manager. Also, IHR has entered into a sponsor support agreement with Ichigo Inc., pursuant to which Ichigo Inc. provides IHR with various kinds of support, including introduction of IHR to its network of financial</p>

<p>relationship entered into for the purpose of investment, including jurisdiction, applicable law, and the existence or not of any legal instruments providing for the recognition and enforcement of judgments in the territory where the AIF is established</p>	<p>institutions which may provide debt financing to IHR, and potential investors, provision of advice and information regarding potential property acquisition / disposition opportunities, and other consulting services. These contracts are governed by Japanese law.</p> <p>IHR is not involved in or threatened by any lawsuits, arbitrations, administrative or other proceedings, the results of which would, individually or in the aggregate, be material.</p> <p>IHR is a corporate-type investment trust in the form of investment corporation (<i>toshi hojin</i>) provided for under the ITA. Therefore, the relationship between IHR and its unitholders is governed by the Articles of Incorporation (as opposed to individual agreements), which can be amended from time to time upon resolution of a general meeting of unitholders. The Articles of Incorporation stipulate rules relating to general meetings of unitholders, including the convocation, setting of record date, exercise of voting rights, resolutions and election of IHR's directors.</p> <p>The relationship between IHR and its unitholders is also governed by, and is subject to the provisions of, Japanese law, including the ITA.</p> <p>The courts in Japan would recognize as a valid and final judgment any final and conclusive civil judgment for monetary claims (which, for this purpose, are limited to those of a purely civil nature and do not include monetary claims of the nature of criminal or administrative sanction, such as punitive damages, even though they take the form of civil claims) against IHR obtained in a foreign court provided that (i) the jurisdiction of such foreign court is admitted under the laws of Japan, (ii) IHR has received service of process for the commencement of the relevant proceedings, otherwise than by a public notice or any method comparable thereto, or has appeared without any reservation before such foreign court, (iii) neither such judgment nor the relevant proceeding is repugnant to public policy as applied in Japan, (iv) there exists reciprocity as to the recognition by such foreign court of a final judgment obtained in a Japanese court and (v) there is no conflicting judgement on the subject matter by any Japanese court.</p>
<p>Article 23(1) (d)</p>	
<p>The identity of the AIFM, AIF's depository, auditor</p>	<ul style="list-style-type: none"> • <u>AIFM (Asset Manager)</u>: Ichigo Investment Advisors Co., Ltd. The AIFM provides services related to asset management, financing of the AIF, reporting to the AIF, and other matters delegated by the AIF.

and any other service providers and a description of their duties and the investors' rights thereto

- Auditor: Grant Thornton Taiyo LLC

The Auditor audits financial statements, prepares audit reports, and reports to the supervisory directors if it finds any misconduct or any material fact that is in violation of laws and regulations or the Articles of Incorporation with regard to execution of the duties of the executive director.

- Asset Custodian, Administrative Agent for Unitholders' Register and General Administrative Agent: Mizuho Trust & Banking Co., Ltd.

The Asset Custodian provides administrative services related to custody of IHR's assets.

The Administrative Agent for Unitholders' Register provides administrative services related to preparation and maintenance of the unitholders' register, issuance of the investment units, payments of cash distributions or refunds to unitholders, and unitholders' exercise of rights or any other requests from unitholders.

The General Administrative Agent provides administrative services related to administration of board of directors' meetings and general meetings of unitholders, accounting matters, preparation of accounting books and tax-related services.

- General Administrator (for investment corporation bonds): Sumitomo Mitsui Banking Corporation

The General Administrator (for investment corporation bonds) provides administrative services in connection with the AIF's investment corporation bonds.

Service providers owe contractual obligations to the AIF under their respective agreements with the AIF, as the case may be. In addition, the FIEA provides that the Asset Manager owes the AIF a fiduciary duty and must conduct its activities as the asset manager in good faith.

The FIEA also prohibits the Asset Manager from engaging in certain specified conduct, including entering into transactions outside the ordinary course of business or with related parties of the Asset Manager that are contrary to or violate the AIF's interests.

	Pursuant to the ITA, the unitholders have the right to approve the execution or termination of the asset management agreement at a general meeting of unitholders.
Article 23(1) (e)	
Description of how the AIFM complies with the requirements to cover professional liability risks (own funds / professional indemnity insurance)	Not applicable.
Article 23(1) (f)	
Description of any delegated management function such as portfolio management or risk management and of any safekeeping function delegated by the depositary, the identification of the delegate and any conflicts of interest that may arise from such delegations	Not applicable. There is no delegation of such functions beyond the AIFM, which is responsible for portfolio and risk management, and the Asset Custodian, which is responsible for safekeeping activities.
Article 23(1) (g)	
Description of the AIF's valuation procedure and pricing methodology,	IHR makes investment decisions in accordance with its Articles of Incorporation and based on its investment strategies and the results of due diligence, which includes the valuation of properties and consideration of the property appraisal value.

<p>including the methods used in valuing hard-to-value assets</p>	<p>IHR values assets in accordance with its Articles of Incorporation. The methods and standards that IHR uses for the valuation of assets are based on the Ordinance on Accountings of Investment Corporations, as well as the Regulations Concerning Real Estate Investment Trusts and Real Estate Investment Corporations and other regulations stipulated by the Investment Trusts Association, Japan, in addition to the ITA and Japanese GAAP.</p> <p>The rules of the Investment Trusts Association, Japan, emphasize the importance of market price valuation.</p>
<p>Article 23(1) (h)</p>	
<p>Description of the AIF's liquidity risk management, including redemption rights in normal and exceptional circumstances and existing redemption arrangements with investors</p>	<p>IHR takes the financial strategy that aims to secure stable revenues for a mid- to long term as well as steady growth in portfolio size and stable asset management. IHR manages liquidity risk by implementing debt financing, seeking optimal combination of short and long-term borrowing and fixed and floating interest rate borrowing, and diversifying lenders and financing methods.</p> <p>As IHR is a closed-end investment corporation, unitholders are not entitled to request the redemption of their investment.</p>
<p>Article 23(1) (i)</p>	
<p>Description of all fees, charges and expenses and a maximum amount which is directly / indirectly borne by the investors</p>	<p><u>Director:</u></p> <ul style="list-style-type: none"> • Director Compensation: The Articles of Incorporation provide that IHR may pay each of its executive directors and supervisory directors up to 800,000 yen per month and up to 500,000 yen per month, respectively. The board of directors is responsible for determining a reasonable compensation amount for the executive and supervisory directors. <p><u>Asset Manager:</u></p> <ul style="list-style-type: none"> • Asset Management Fees: IHR pays the Asset Manager asset management fees as follows: A. NOI & Dividend Performance Fee IHR pays to the Asset Manager a NOI & Dividend Performance Fee for each fiscal period. The NOI & Dividend Performance Fee

is calculated by multiplying the Dividend Performance per Unit (DPU)¹ by Net Operating Income (NOI)², multiplied by 0.0036%.

- 1 DPU is calculated by dividing IHR's distributable earnings in the relevant fiscal period by the total number of outstanding units at the end of the same period. For this purpose, distributable earnings mean the amount of total distributions calculated pursuant to the provisions of the Articles of Incorporation and declared by the board of directors of IHR for the relevant fiscal period (before the deduction of the NOI & Dividend Performance Fee, corporate taxes and non-deductible consumption taxes, etc.), minus the amount of any return of capital (excluding deemed dividends), subject to certain adjustments.
- 2 NOI is calculated by subtracting the total rent-related expenses (excluding depreciation and losses on retirement of fixed assets) of the relevant fiscal period from the total rental income of the same fiscal period.

The payment date of the NOI & Dividend Performance Fee shall be within 3 months from the end of the relevant fiscal period.

B. Disposition Fee

For each real estate related asset that IHR disposes of, the Asset Manager receives a disposition fee in the amount calculated by multiplying the gains from the sale (before deduction of the Disposition Fee) by 15%; provided, however that if the cumulative sum of gains on sales of real estate assets minus the sum of cumulative losses from such sales in the relevant fiscal period is negative, the Asset Manager would receive no such fee.

The payment date of the Disposition Fee shall be within 3 months from the end of the relevant fiscal period.

C. Merger Performance Fee

If IHR merges with another investment corporation in response to a proposal from such investment corporation (including either case where IHR is a surviving entity or a dissolved entity), the Asset Manager receives the Merger Performance Fee in the amount, calculated by multiplying the Unrealized Gains Realized

Through the Merger per unit¹ by the number of units outstanding at the time of the resolution of the general meeting of unitholders approving the merger agreement, multiplied by 15%; provided, however, if the amount of the Unrealized Gains Realized Through the Merger is negative, there would be no Merger Performance Fee to be paid to the Asset Manager.

- 1 The Unrealized Gains Realized Through the Merger per unit is calculated by subtracting the Net Asset Value per unit² at the time of the merger from the value of IHR unit, which is equal to the closing price of the unit of the other investment corporation (i.e., the counterparty of the merger) immediately before the date of IHR unitholders' approval for the merger multiplied by the merger ratio stipulated in the merger agreement.
- 2 Net Asset Value per unit at the time of the merger refers to net assets (based on the book value) of IHR as of the date to which the closing price of the units set out in 1. above relates.

The Merger Performance Fee is incurred on the date the merger is approved at the general meeting of unitholders, and the payment date shall be within one month of the merger date.

D. REIT TOB Sale Performance Fee

If IHR is acquired by a third party through a TOB, the Asset Manager receives the REIT TOB Sale Performance Fee in the amount, calculated by multiplying the Unrealized Gains Realized Through the TOB per unit¹ by the number of units purchased by the third-party via the TOB, multiplied by 15%; provided, however, if the amount of the Unrealized Gains Realized Through the TOB is negative, there would be no Merger Performance Fee to be paid to the Asset Manager.

- 1 The Unrealized Gains Realized Through the TOB per unit is calculated by subtracting the Net Asset Value per unit² at the time of the TOB from the offer price of the TOB.
- 2 Net Asset Value per unit at the time of the TOB refers to net assets (based on the book value) at the end of the tender offer period divided by the number of units outstanding at that time.

The REIT TOB Sale Performance Fee is incurred on the last date of the tender offer period, and the payment date shall be within one month of such date.

Asset Custodian:

- Asset Custodian Fee:

IHR shall pay to the Asset Custodian an asset custodian fee for each fiscal period in the amount agreed by the parties, up to the amount as described in the following table, calculated based on IHR's total assets as stated in its balance sheet at the end of the immediately preceding fiscal period. If IHR's assets include fee properties, additional fee of up to 100,000 yen per property shall be added to the asset custodian fee for each month. The fee is paid by the end of the month immediately following the end of the relevant fiscal period.

Total Assets:	Fee Percentage (for six months)
First 100 billion yen or less	0.010%
Portion over 100 billion yen and 200 billion yen or less	0.008%
Portion over 200 billion yen and 300 billion yen or less	0.006%
Portion over 300 billion yen	0.005%

General Administrative Agent:

- General Administration Fee:

IHR shall pay to the Asset Custodian an asset custodian fee for each fiscal period in the amount agreed by the parties, up to the amount as described in the following table, calculated based on IHR's total assets as stated in its balance sheet at the end of the immediately preceding fiscal period. Also, if IHR's assets include fee properties, additional fee of up to 100,000 yen per property shall be added to the general administrative fee for each month. The fee is paid by the end of the month immediately following the end of the relevant fiscal period.

Total Assets:	Fee Percentage (for six months)
First 100 billion yen or less	0.030%
Portion over 100 billion yen and 200 billion yen or less	0.024%
Portion over 200 billion yen and 300 billion yen or less	0.018%
Portion over 300 billion yen	0.015%

Administrative Agent for Unitholders' Register:

- Administration for Unitholders' Register Fees (Standard Fee):

IHR pays to the Administrative Agent for Unitholders' Register a fee for administrative services related to the management of unitholders' list. The monthly management fee is one-sixth of the sum of the fees calculated per unitholder set out below based on the total number of unitholders as of the latest notification to all the unitholders, provided that the minimum monthly amount is 200,000 yen.

Number of Unitholders:	Fees per Unitholder
Not more than 5,000 unitholders	480 yen
5,001 to 10,000	420 yen
10,001 to 30,000	360 yen
30,001 to 50,000	300 yen
50,001 to 100,000	260 yen
more than 100,000	225 yen

- Administration of Distributions Fees:

IHR pays fees for (i) administrative services such as the preparation of the distributions register, distributions receipts, specified bank account deposit slips, deposit notices; book-keeping, which includes keeping record of distribution amounts paid, determining outstanding distribution amounts, keeping payment records; paying stamp taxes; as well as (ii) payment of distributions and management of the distributions register after the bank handling period. The fees paid are determined by calculating the total number of unitholders receiving distributions falling under each of the sections as shown below, provided that the minimum amount is set at ¥350,000.

Number of Unitholders:	Fees per Unitholder
Not more than 5,000 unitholders	120 yen
5,001 to 10,000	110 yen
10,001 to 30,000	100 yen
30,001 to 50,000	80 yen
50,001 to 100,000	60 yen
more than 100,000	50 yen

	<p>With respect to distributions made to a specified bank account, IHR pays an additional charge of 130 yen per distribution made. IHR also pays an additional fee for overdue payments to unitholders in the amount of 450 yen per payment for unpaid distributions as of each payment date.</p> <ul style="list-style-type: none"> • Other fees: IHR pays the transfer agent other fees for various other services, including in connection with the general meeting of unitholders. <p><u>Auditor:</u></p> <ul style="list-style-type: none"> • Auditor Fee: IHR may pay the independent auditor up to 15 million yen per fiscal period . The board of directors is responsible for determining the actual compensation amount. <p>IHR may also incur other miscellaneous fees in connection with property management, issuance of units, investment corporation bonds and the operation, acquisition or disposition of properties.</p>
Article 23(1) (j)	
Description of the AIFM's procedure to ensure fair treatment of investors and details of any preferential treatment received by investors, including detailing the type of investors and their legal or economic links with the AIF or AIFM	Under Article 77 paragraph 4 of the ITA, which applies the requirements of Article 109 paragraph 1 of the Companies Act of Japan to investment corporations, investment corporations are required to treat unitholders equally depending on the number and content of units held. In addition, upon liquidation, the allotment of residual assets to unitholders is required to be made equally depending on the number of units held under Article 77 paragraph 2 item 2 and Article 158 of the ITA.
Article 23(1) (k)	
The latest annual report referred to in Article 22(1)	Not applicable.

Article 23(1) (l)																									
The procedure and conditions for the issue and sale of the units	<p>IHR is authorized under the Articles of Incorporation to issue up to 10,000,000 units. Its units have been listed on the Tokyo Stock Exchange since November 30, 2015.</p> <p>Secondary market sales and transfers of units will be conducted in accordance with the rules of the Tokyo Stock Exchange. Unit prices on the Tokyo Stock Exchange are determined on a real-time basis by the equilibrium between bids and offers. The Tokyo Stock Exchange sets daily price limits, which limit the maximum range of fluctuation within a single trading day. Daily price limits are set according to the previous day's closing price or special quote.</p>																								
Article 23(1) (m)																									
Latest net asset value of the AIF or latest market price of the unit or share of the AIF	<p>IHR's unit's latest market price is publicly available at the Tokyo Stock Exchange or from financial information vendors (including Reuters, which can be viewed at https://www.reuters.com/markets/companies/3463.T).</p>																								
Article 23(1) (n)																									
Details of the historical performance of the AIF, where available	<p>The units of IHR were listed on the Tokyo Stock Exchange on November 30, 2015.</p> <p>The most recent five fiscal periods' performance of the units is as follows.</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 25%;">Fiscal period (six months ended)</th> <th style="width: 25%;">Total Assets (JPY million)</th> <th style="width: 25%;">Net Assets (JPY million)</th> <th style="width: 25%;">Net Assets per unit (JPY)</th> </tr> </thead> <tbody> <tr> <td>January 31, 2023</td> <td>59,792</td> <td>32,186</td> <td>126,236</td> </tr> <tr> <td>July 31, 2022</td> <td>59,356</td> <td>31,959</td> <td>125,342</td> </tr> <tr> <td>January 31, 2022</td> <td>59,393</td> <td>31,940</td> <td>125,270</td> </tr> <tr> <td>July 31, 2021</td> <td>58,929</td> <td>31,866</td> <td>124,979</td> </tr> <tr> <td>January 31, 2021</td> <td>58,802</td> <td>31,807</td> <td>124,748</td> </tr> </tbody> </table>	Fiscal period (six months ended)	Total Assets (JPY million)	Net Assets (JPY million)	Net Assets per unit (JPY)	January 31, 2023	59,792	32,186	126,236	July 31, 2022	59,356	31,959	125,342	January 31, 2022	59,393	31,940	125,270	July 31, 2021	58,929	31,866	124,979	January 31, 2021	58,802	31,807	124,748
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Article 23(1) (o)	
Identity of the prime broker, any material arrangements of the AIF with its prime brokers, how conflicts of interest are managed with the prime broker and the provision in the contract with the depositary on the possibility of transfer and reuse of AIF assets, and information about any transfer of liability to the prime broker that may exist	No applicable prime broker.
Article 23(1) (p)	
Description of how and when periodic disclosures will be made in relation to leverage, liquidity and risk profile of the assets, pursuant to Articles 23(4) and 23(5)	The AIFM will disclose the matters described in Articles 23(4) and 23(5) periodically through the AIF Internet website and other public disclosures.
Article 23(2)	
The AIFM shall inform the investors before	Not applicable.

<p>they invest in the AIF of any arrangement made by the depository to contractually discharge itself of liability in accordance with Article 21(13)</p>	
<p>The AIFM shall also inform investors of any changes with respect to depository liability without delay</p>	<p>Not applicable.</p>
<p>Article 23(4)(a)</p>	
<p>Percentage of the AIF's assets which are subject to special arrangements arising from their illiquid nature. The percentage shall be calculated as the net value of those assets subject to special arrangements divided by the net asset value of the AIF concerned</p>	<p>There are no assets that are subject to special arrangements arising from their illiquid nature.</p>

Overview of any special arrangements, including whether they relate to side pockets, gates or other arrangements	There are no such special arrangements.
Valuation methodology applied to assets which are subject to such arrangements	There are no such special arrangements.
How management and performance fees apply to such assets	There are no such special arrangements.
Article 23(4)(b)	
Any new arrangements for managing the liquidity of the AIF	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
For each AIF that the AIFM manages that is not an unleveraged closed-end AIF, notify to investors whenever they make changes to its liquidity management systems (which enable an AIFM to monitor the	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.

<p>liquidity risk of the AIF and to ensure the liquidity profile of the investments of the AIF complies with its underlying obligations) that are material in accordance with Article 106(1) of Regulation (EU) No 231/2013 (i.e., there is a substantial likelihood that a reasonable investor, becoming aware of such information, would reconsider its investment in the AIF, including because such information could impact an investor's ability to exercise its rights in relation to its investment, or otherwise prejudice the interests of one or more investors in the AIF).</p>	
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Immediately notify investors where they activate gates, side pockets or similar special arrangements or where they decide to suspend redemptions	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Overview of changes to liquidity arrangements, even if not special arrangements	Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.
Terms of redemption and circumstances where management discretion applies, where relevant	IHR is a closed-end investment corporation, and unitholders are not entitled to request the redemption of their investment.
Also any voting or other restrictions exercisable, the length of any lock-up or any provision concerning 'first in line' or 'pro-rating' on gates and suspensions shall be included	There are no voting or other restrictions on the rights attaching to units.
Article 23(4)(c)	
The current risk profile of the AIF and the risk	IHR uses funds from loans and investment corporation bonds to acquire assets and to repay debt. On the repayment/maturity dates of such financing methods, IHR is exposed to liquidity risk. It manages and limits

<p>management systems employed by the AIFM to manage those risks</p>	<p>liquidity risk by diversifying fund procurement sources and repayment/maturity dates.</p> <p>In addition, IHR is exposed to the risk of being impacted by interest rate hikes at the time of the borrowing or issuance of bonds and throughout the life of its floating rate loans. IHR limits the potential damage from rising interest rates by closely monitoring and controlling the LTV ratio and the ratio of long-term and fixed-rate loans to total assets.</p>
<p>Measures to assess the sensitivity of the AIF's portfolio to the most relevant risks to which the AIF is or could be exposed</p>	<p>No such measures have been implemented.</p>
<p>If risk limits set by the AIFM have been or are likely to be exceeded and where these risk limits have been exceeded a description of the circumstances and the remedial measures taken</p>	<p>No such situation has occurred.</p>
<p>Article 23(5)(a)</p>	
<p>Any changes to the maximum amount of leverage which the AIFM may employ on behalf of the AIF, calculated in accordance with the gross and commitment</p>	<p>Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.</p>

<p>methods. This shall include the original and revised maximum level of leverage calculated in accordance with Articles 7 and 8 of Regulation (EU) No 231/2013, whereby the level of leverage shall be calculated as the relevant exposure divided by the net asset value of the AIF.</p>	
<p>Any right of the reuse of collateral or any guarantee granted under the leveraging agreement, including the nature of the rights granted for the reuse of collateral and the nature of the guarantees granted</p>	<p>No such right or guarantee exists.</p>
<p>Details of any change in service providers relating to the above.</p>	<p>Any new arrangements or change in applicable arrangements will be disclosed at an appropriate time.</p>
<p>Article 23(5)(b)</p>	
<p>Information on the total amount of leverage employed</p>	<p>The aggregate amount of debt with interest is JPY 26,340 million as of January 31, 2023 .</p>

by the AIF calculated in accordance with the gross and commitment methods	
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PROMOTION OF ENVIRONMENTAL AND/OR SOCIAL CHARACTERISTICS – SFDR PRE-CONTRACTUAL DISCLOSURE

Product Name: Ichigo Hotel REIT Investment Corporation

Ichigo Hotel REIT Investment Corporation (“Ichigo Hotel”) promotes environmental and social characteristics, but does not have as its objective a sustainable investment within the meaning of Article 9(1) of Regulation (EU) 2019/2088 (“SFDR”). Ichigo Hotel has no employees in accordance with the prohibition on having employees under the Act on Investment Trusts and Investment Corporations of Japan and relies on Ichigo Investment Advisors Co., Ltd. (the “Asset Management Company”) to manage and operate the properties in its portfolio. Ichigo Hotel and the Asset Management Company are hereinafter referred to collectively as “we,” “us” or “our,” unless noted otherwise. References to “fiscal year” or “FY” herein are to the 12 months began or beginning on March 1 of the year specified, in line with the fiscal year of the Asset Management Company, unless noted otherwise.

Does this financial product have a sustainable investment objective?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<input type="checkbox"/> It will make a minimum of sustainable investments with an environmental objective: __% <ul style="list-style-type: none"> <input type="checkbox"/> in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy 	<input type="checkbox"/> It promotes Environmental/Social (E/S) characteristics and while it does not have as its objective a sustainable investment, it will have a minimum proportion of __% of sustainable investments <ul style="list-style-type: none"> <input type="checkbox"/> with an environmental objective in economic activities that qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with an environmental objective in economic activities that do not qualify as environmentally sustainable under the EU Taxonomy <input type="checkbox"/> with a social objective
<input type="checkbox"/> It will make a minimum of sustainable investments with a social objective: __%	<input checked="" type="checkbox"/> It promotes E/S characteristics, but will not make any sustainable investments

What environmental and/or social characteristics are promoted by Ichigo Hotel?

Ichigo Hotel is a Japanese real estate investment trust, commonly known as J-REIT, which specializes in investing in hotel properties in Japan, and seeks to increase value to unitholders by acquiring assets that offer both stable revenues and the potential for income growth. The Asset Management Company closely monitors the impact of Ichigo Hotel’s portfolio and its management and operations on environmental factors such as preservation and renovation of existing real estate, energy conservation and efficiency, CO₂ emissions reduction, recycling, renewable energy usage, presence of harmful substances including asbestos and PCB, and soil contamination as well as social factors such as employee mental health surveys, workplace harassment prevention rules and trainings, flexible work hours and leaves, extended retirement age. Such factors are considered for every investment and operational decision, along with the profitability of the property.

Ichigo Inc. (the “Sponsor” or “Ichigo”), the sponsor of Ichigo Hotel and also the parent company of the Asset Management Company, is a sustainable infrastructure company in Japan, dedicated to contributing to a sustainable society. The Sponsor operates three core businesses: sustainable real estate business (focusing adding value to existing real estate assets by improving them as highly functional real estate assets and extending their useful lives without destructive demolition and resource-intensive redevelopment), clean energy business (developing and operating renewable power plants such as solar and wind power plants) and asset management business (providing value-add capabilities to assets under management by drawing upon Ichigo group’s expertise and offering stability and growth potential to investors from a long-term perspective by not only responding to market needs but also pursuing to promote environmentally sound initiatives). With its corporate mission to “Make the World More Sustainable”, the Sponsor believes that companies exist to serve society and is committed to contributing to a sustainable society while growing long-term value for its stakeholders. The Sponsor has made sustainability a key business priority across all of its businesses and has established the Ichigo Sustainability Policy to further reduce Ichigo’s environmental impact and support sustainable growth. As members of Ichigo group, we have adopted the Ichigo Sustainability Policy:

- *Harmony with the environment.* We actively monitor and minimize the environmental impact of Ichigo Hotel’s properties and real estate operations.
 - *Energy conservation, CO₂ emissions reduction and recycling.* We seek to contribute to a low-carbon, low-waste society by lowering energy consumption at Ichigo Hotel’s properties, extending the useful life of Ichigo Hotel’s properties, actively transitioning to electricity sourced from renewable sources at Ichigo Hotel’s properties and promoting recycling.
 - *Regulatory and environmental compliance.* We comply with environmental laws and regulations. We also carefully monitor and comply with all applicable changes in such laws and regulations.
 - *Training and awareness.* We promote understanding of the Ichigo Sustainability Policy and work to increase sustainability awareness among all of the Asset Management Company’s employees. We also promote sustainability awareness in coordination with our stakeholders, seeking understanding and cooperation on sustainability from our partner companies and tenants.
 - *Sustainability performance communication and disclosure.* We disclose the Ichigo Sustainability Policy and our sustainability initiatives to the public on Ichigo Hotel’s website at <https://www.ichigo-hotel.co.jp/en/esg/>. We also obtain certifications for our sustainability activities on an ongoing basis as applicable.
- ✓ ***What sustainability indicators are used to measure the attainment of the environmental or social characteristics promoted by Ichigo Hotel?***

We implement and use the following initiatives and indicators to measure the attainment of the environmental or social characteristics Ichigo Hotel promotes:

- *Preservation and renovation of existing real estate.* Ichigo’s sustainable real estate business has a proven track record of preserving and renovating existing real estate as highly functional real estate, instead of demolishing and redeveloping real estate, a common practice in Japan’s real estate industry. Ichigo, along with the Asset Management Company and Ichigo Hotel, firmly believes that, instead of this wasteful cycle of demolition and redevelopment, improving and renovating existing buildings can extend useful lives of the buildings and add value while minimizing resources and contributing to building a more sustainable society. The renovations include, but are not limited to, improvement of aesthetics and tenant comfort, seismic reinforcements, regulatory compliance and increase in energy efficiency. In principle, Ichigo Hotel exclusively invests in renovated hotel properties, either by Ichigo or other third-party developers, instead of newly developed or

redeveloped hotel properties. As of January 31, 2023, all 25 properties in Ichigo Hotel's portfolio were such renovated hotel properties, of which 18 properties were renovated by Ichigo.

- *Environmental certification of individual buildings.* To track the environmental performance of Ichigo Hotel's properties, we rely on building-level certifications issued by third-party organizations such as Building Energy-efficiency Labeling System ("BELS") certification and other equivalent certifications. As of January 31, 2023, one property, The OneFive Tokyo Shibuya, has acquired four stars out of the five-star ranking system of BELS certification.
- *External sustainability evaluation.* GRESB is an annual benchmarking assessment to measure environmental, social and governance ("ESG") integration of real estate companies and funds, as well as the name of organization which runs the assessment. It was founded by a group of major European pension funds who played leading roles in launching Principles for Responsible Investment (PRI). It is used by major institutional investors in Japan and overseas when selecting targets for investment. In the 2022 GRESB Real Estate Assessment, Ichigo Hotel received for the second consecutive year two out of five stars in GRESB Rating, which is based on GRESB Overall Score and its quintile position relative to global participants. Ichigo Hotel also won the "Green Star" designation for the second consecutive year by achieving high performance both in the management component, which evaluates policies and organizational structure for ESG promotion, and in the performance component, which assesses environmental performance and tenant engagement. In 2022, Ichigo Hotel also received the second highest "B Level" for GRESB Public Disclosure, which assesses the breadth of ESG disclosure, for the second consecutive year.
- *RE100 and transition to renewable energy.* In February 2021, Ichigo joined RE100, a global initiative bringing together businesses committed to 100% transition to electricity from renewable sources, including solar, wind, hydro and biomass energy. Ichigo has set a target to source 100% of electricity from renewable sources across all of its operations and businesses, including Ichigo Hotel's properties, by the end of 2025. In line with this target, we proactively pursue 100% transition to electricity from renewable sources at Ichigo Hotel's properties. As of January 31, 2023, nine out of 25 properties in Ichigo Hotel's portfolio have completed transition to 100% of electricity from renewable sources. During the fiscal period ending July 31, 2023, we plan to revert transition to electricity from renewable sources at certain properties but maintain our target to complete transition to 100% of electricity from renewable sources for all of the properties in Ichigo Hotel's portfolio by the end of 2024, ahead of Ichigo's target of 2025.
- *Tracking of ESG data and setting of reduction targets.* We track and monitor energy consumption, greenhouse gas ("GHG") emissions and water usage of Ichigo Hotel's properties.
 - *Energy consumption.* Energy consumption data tracked and monitored includes electricity and gas consumption at Ichigo Hotel's properties and is measured in MWh. The total energy consumption amount of Ichigo Hotel's properties (including properties acquired or disposed during the fiscal year indicated) was 28,433.56 MWh in FY2021 (a total of 23 properties), 25,224.34 MWh in FY2020 (a total of 23 properties) and 44,174.54 MWh in FY2019 (a total of 22 properties).
 - *GHG emissions.* We track and monitor GHG emissions, calculated from electricity and gas consumption at Ichigo Hotel's properties. We calculate GHG emissions from electricity and gas consumption by converting electricity and gas consumption amounts to CO₂ emissions based on the national average conversion factors for the relevant period published by the Ministry of the Environment of Japan. The total aggregate amount of GHG emissions of Ichigo Hotel's properties (including properties acquired or disposed during the fiscal year indicated) was 12,174.21 t-CO₂ (with Scope 1 and Scope 2 GHG emissions being 8,434.19 t-CO₂) in FY2021, 11,267.12 t-CO₂ (with Scope 1 and Scope 2

GHG emissions being 7,733.69 t-CO₂) in FY2020 and 16,270.26 t-CO₂ (with Scope 1 and Scope 2 GHG emissions being 12,200.66 t-CO₂) in FY2019. We aim to reduce Scope 1 and Scope 2 GHG emissions by 50% from the level in FY2019 by FY2030 and Scope 3 GHG emissions by 30% from the level in FY2019 to FY2023, and to achieve net zero GHG emissions by FY2050.

- *Water usage.* The total water usage amount of Ichigo Hotel's properties (including properties acquired or disposed during the fiscal year indicated) was 270,436.00 m³ in FY2021 (a total of 23 properties), 213,526.30 m³ in FY2020 (a total of 23 properties) and 349,430.24 m³ in FY2019 (a total of 22 properties).
- *Energy and resource efficiency improvements.* As part of our initiatives to reduce energy and resource consumption and improve efficiency of Ichigo Hotel's properties, we have been installing LED lighting and water-saving equipment at Ichigo Hotel's properties. As of January 31, 2023, we have fully completed installation of LED lighting and water-saving equipment at three and nine, respectively, out of 25 properties in Ichigo Hotel's portfolio, and have started the installation of LED lighting and water-saving equipment at 17 and 11, respectively, out of 25 properties in Ichigo Hotel's portfolio. In addition, as of January 31, 2023, we have engaged third party organizations to independently assess energy efficiency and potential measures to improve energy efficiency at two properties in Ichigo Hotel's portfolio. We plan to install LED lighting and water-saving equipment in all 25 properties in Ichigo Hotel's portfolio by the end of 2024.
- *Employee mental health surveys.* Ichigo group offers annual mental health lecture hosted by external experts for all of its employees, including the employees of the Asset Management Company, and conducts annual mental health survey. The Asset Management Company works to create a pleasant and stress-free working environment and provides internal and external resources and opportunities for its employees to consult with counselors and/or doctors based on the survey results.
- *Workplace harassment prevention rules and trainings.* Ichigo has established harassment prevention guidelines, including grievance reporting and escalation procedures, which have been adopted by the Asset Management Company. In line with the guidelines, the Asset Management Company strictly prohibits any and all kinds of workplace harassment, and proactively works to identify and resolve any incident of harassment while taking utmost care to protect the rights of reporting or grieved employees. Confidentiality is strictly observed so that employees are not deterred from raising or reporting any incident of harassment. In addition, the Ichigo group offers annual training on prevention of workplace harassment for all of its employees, including the employees of the Asset Management Company, and conducts annual harassment survey.
- *Flexible work hours and leaves.* The Asset Management Company provides its employees with flexible work hours where employees have control over when they start and finish work each day, in order to provide employees with a better work-life balance and to accommodate their individual needs and schedules. To further accommodate employees' individual needs and schedules, and increase their engagement and satisfaction, the Asset Management Company's employees are allowed to use five consecutive additional paid leave days per year. For FY2022, all of the Asset Management Company's employees have used all of the five consecutive additional paid leave days.
- *Extended retirement age.* The retirement age in Japan is generally considered to be the age of 65 years when the eligibility for Japan's national pension benefits starts. In order to provide employees with more flexibility in retirement planning and to support older employees in light of the aging population in Japan, Ichigo group, including the Asset Management Company, allows its employees to work full time beyond the traditional retirement age of 65 years until the age of 70 years if they choose to do so.

- ✓ ***What are the objectives of the sustainable investments that Ichigo Hotel partially intends to make and how does the sustainable investment contribute to such objectives?***

Not applicable.

- ✓ ***How do the sustainable investments that Ichigo Hotel partially intends to make, not cause significant harm to any environmental or social sustainable investment objective?***

Not applicable.

Principle adverse impacts

Does Ichigo Hotel consider principal adverse impacts on sustainability factors?

Yes, we collect on an ongoing basis select information on our existing portfolio regarding the principal adverse impact indicators, including exposure to fossil fuels through investment assets, exposure to energy-inefficient investment assets, GHG emissions and energy consumption intensity. We aim to manage the risk connected to principal adverse impacts from our investment decisions in several ways, including general screening criteria and due diligence.

- ***Exposure to fossil fuels through assets.*** We do not invest in real estate assets involved in the extraction, storage, transport or manufacture of fossil fuels.
- ***Exposure to energy-inefficient investment assets.*** We consider properties which do not have environmental certifications to be energy-inefficient. As of January 31, 2023, 93.3% of Ichigo Hotel's properties based on acquisition price did not have any environmental certification. As described in more detail above, Ichigo Hotel in principle exclusively invests in renovated properties, of which renovations include measures to improve energy efficiency, and implement as appropriate measures to reduce the environmental impact of these properties, including by obtaining environmental certifications.
- ***GHG emissions.*** We track and monitor GHG emissions, calculated from electricity and gas consumption of tenants at Ichigo Hotel's properties. We calculate our tenants' GHG emissions from electricity and gas consumption by converting electricity and gas consumption amounts to CO₂ emissions based on the national average conversion factors for the relevant period published by the Ministry of the Environment of Japan. The total aggregate amount of GHG emissions was 12,174.21 t-CO₂ (with Scope 1 and Scope 2 GHG emissions being 8,434.19 t-CO₂) in FY2021, 11,267.12 t-CO₂ (with Scope 1 and Scope 2 GHG emissions being 7,733.69 t-CO₂) in FY2020 and 16,270.26 t-CO₂ (with Scope 1 and Scope 2 GHG emissions being 12,200.66 t-CO₂) in FY2019.
- ***Energy consumption intensity.*** Energy consumption intensity at Ichigo Hotel's real estate assets was 0.480 MWh/m² in FY 2021, 0.536 MWh/m² in FY 2020 and 0.569 MWh/m² in FY 2019.

We believe that investment decisions that negatively affect climate or other environment-related resources, or have negative implications for society, can have a significant impact to risk and value creation for our unitholders. To this end, we consider the principal adverse impacts of our investment decisions on the above sustainability factors throughout all major steps of the investment decision and management process throughout the lifecycle of the properties in our portfolio.

We consider, both at the entity-level (i.e., the Asset Management Company) and at the fund-level (i.e., Ichigo Hotel), principal adverse impacts of our investment decisions on sustainability factors. Under the Act on Investment Trusts and Investment Corporations of Japan, Ichigo Hotel is prohibited from having any employees and is required to outsource the asset management function to a third party. Accordingly, as discussed in detail

elsewhere, any consideration at the fund-level of principal adverse impacts of our investment decisions on sustainability is principally conducted by the Asset Management Company, subject to approval of Ichigo Hotel's Board of Directors. In addition to the Asset Management Company's contractual obligations to Ichigo Hotel under the asset management agreement, the Financial Instruments and Exchange Act of Japan provides that the Asset Management Company owes Ichigo Hotel a fiduciary duty in conducting its activities, including making investment decisions based on sustainability considerations.

More information related to principal adverse impacts on sustainability factors can be found on the website: <https://www.ichigo-hotel.co.jp/en/esg/>

Investment Strategy

What investment strategy does Ichigo Hotel follow?

Ichigo Hotel invests directly or indirectly through trust beneficiary interests in real estate. Therefore, the investment strategy (including due diligence) in relation to investee companies is not applicable.

- *Basic strategy.* We primarily invest in hotel properties in Japan with a focus on what we call “lodging-focused hotel properties”, hotel properties that are located at high customer traffic areas such train stations, business centers and shopping centers, and serve primarily as places to stay at very attractive rates without extraneous services and facilities. Leveraging Ichigo's know-hows and sourcing capabilities as well as value-add capabilities, we aim to actively manage and grow Ichigo Hotel's portfolio both externally and internally.
- *Initial investment target research.* Our initial investment research includes understanding how preserving and renovating our target real estate has extended useful lives and increased tenant satisfaction without the wasteful cycle of demolition and redevelopment. The renovations include improvement of aesthetics and tenant comfort, seismic reinforcements, regulatory compliance and increase in energy efficiency. Our investment research analyzes various factors such as how we can reduce our environmental load through post-acquisition improvements, coexist with local communities where Ichigo Hotel invests and operates the properties, contribute to solving social issues and achieve healthy growth for all stakeholders.
- *Due diligence.* Prior to Ichigo Hotel's investment in a property, the Asset Management Company conducts due diligence on the property, including ESG due diligence, building review and regulatory environmental due diligence. Our ESG due diligence on a property considers, among others, the following ESG factors: (i) susceptibility to earthquakes (including the probable maximum loss (“PML”) analysis); (ii) generation and discharge of untreated wastewater into the environment, and air pollutant emissions; (iii) use of hazardous or toxic chemicals such as asbestos and PCB; (iv) generation and storage of hazardous waste; and (v) litigation or media coverage related to land, labor, public interest, worker compensation, regulatory agencies or protest against the property. For our regulatory environmental due diligence, we engage experts to conduct a soil and environmental contamination survey and review soil and environmental reports in accordance with the Soil Contamination Countermeasure Act of Japan. The due diligence findings related to risks and opportunities (including ESG-related risks and opportunities) are reported and reviewed by the Risk & Compliance Committee prior to their submission to the Investment Committee. During the review, the Risk & Compliance Committee considers risks and opportunities for the target property and creates action plans to reduce risks and/or capitalize on opportunities presented. In particular, we consider the following ESG-related risks and opportunities:
 - *Environmental certification of buildings.* As a part of our due diligence review, we consider current ESG-related certifications of the building and the potential for ESG enhancements to the building. To such ends, when engaging in new construction, renovation, or repairs, we consider and

- implement options that will decrease the environmental load such as in energy consumption, renewable energy usages, CO₂ emissions, water consumption, and waste reduction.
- *ESG-related measures by existing tenants.* The tenants of Ichigo Hotel's properties are hotel operators. As a part of our due diligence review, we consider ESG-related measures and initiatives already in place at the target property by the existing hotel operator and the potential for ESG enhancements to the hotel operation in the future after acquisition by Ichigo Hotel.
 - *Post-acquisition improvements and Ichigo's Regeneration Group.* We consider ESG factors throughout a property's lifecycle even after acquisition or investment decision by Ichigo Hotel by analyzing how to prioritize, act, track and monitor the sustainability performance of the property and collaborate with the tenant and local communities. Once a property is acquired, we proactively communicate with the tenant, a hotel operator, to assess, discuss and implement various measures to improve sustainability performance such as energy efficiency while concurrently increasing tenant satisfaction and improve the value of the property

In addition, Ichigo has established a dedicated working group named "Regeneration Group", to implement ESG-related initiatives and monitor progress thereof across its group companies, including the Asset Management Company. The Asset Management Company and the Regeneration Group meets at least once every quarter to discuss the implementation and progress of ESG-related initiatives and improvements for the properties in Ichigo Hotel's portfolio.

- ✓ ***What are the binding elements of the investment strategy used to select the investments to attain each of the environmental or social characteristics promoted by Ichigo Hotel?***

When the Investment Committee of the Asset Management Company submits its final proposal to invest in a property to Ichigo Hotel's Board of Directors, the Risk & Compliance Committee's reports and action plans based on due diligence findings for the property are incorporated into the overall investment proposal. To the extent possible, the Investment Committee excludes investment proposals with the following issues discovered during the due diligence process: (i) presence of asbestos and PCB onsite; (ii) significant level of soil contamination in accordance with the Soil Contamination Countermeasure Act of Japan; and (iii) lack of feasible remedies and/or preventive measures for (i) and (ii) above.

- ✓ ***What is the committed minimum rate to reduce the scope of the investments considered prior to the application of that investment strategy?***

The Asset Management Company's investment decision-making process involves assessment of material ESG related risks and opportunities to ensure that Ichigo Hotel's sustainable investment strategy is implemented on a continuous basis. We carefully consider the status of compliance with various related laws and regulations, and investigate the presence of hazardous substances, the history of past land usages and the soil contamination when investing in properties. We also maintain PML at 20% or less for each property Ichigo Hotel acquires and at 10% or less for Ichigo Hotel's portfolio, and consider purchasing earthquake insurance on any property with a PML of more than 20%. As of January 31, 2022, none of the properties in Ichigo Hotel's portfolio exceeds a PML of 20%.

- ✓ ***What is the policy to assess good governance practices of the investee companies and Ichigo Hotel?***

Ichigo Hotel invests directly or indirectly through trust beneficiary interests in real estate. Therefore, due diligence (including the assessment of good governance practices) in relation to investee companies is not applicable.

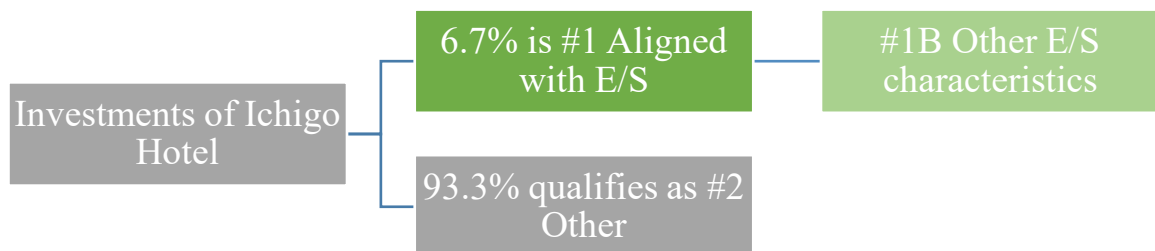
Ichigo Hotel, along with the Asset Management Company, has introduced the following measures to assess and enhance our governance systems:

- *Adoption of 100% performance-linked asset management fees.* In February 2019, Ichigo Hotel became the first listed J-REIT to adopt 100% performance-linked asset management fees without fixed asset management fees, aligning the interests of Ichigo Hotel's unitholders with those of the Asset Management Company and the Sponsor, and supporting value creation for Ichigo Hotel's unitholders. The asset management fees that Ichigo Hotel pays to the Asset Management Company are fully linked to distributions per unit and net operating income for the relevant fiscal period.
- *Independent directors at both Ichigo Hotel and the Asset Management Company.* All of Ichigo Hotel's Directors, including the Executive Director, and a majority of the Asset Management Company's Directors, three out of five Directors, are independent directors. As of January 31, 2023, Ichigo Hotel is one of the only three J-REITs of which its executive director does not concurrently serve as the president of the asset management company and the asset management company's board of directors has a majority of independent directors. Ichigo Hotel stipulates in its Rules of the Board of Directors that meetings of its Board of Directors are to be held at least once every three months. Ichigo Hotel's Board of Directors meetings are attended by the Executive Director and two Supervisory Directors, currently one lawyer and one certified accountant, each of whom uses their experience and expertise to provide multifaceted supervision of the Executive Director's job execution, as well as asset management performance of the Asset Management Company. The Executive Director of Ichigo Hotel actively leads the Boards of Directors meetings and reports the business execution status of the Asset Management Company, thereby ensuring that active dialogue and internal controls are implemented through the Board of Directors meetings.
- *Compliance-focused management of the Asset Management Company.* The Asset Management Company, as a member of the Ichigo group, considers compliance to be a key priority, and shares the Ichigo's robust Codes of Corporate Ethics and Code of Conduct. As a decision-making body for policies and related matters regarding the promotion of compliance, the Risk & Compliance Committee reports directly to the Representative Director of the Asset Management Company, who takes responsibility in monitoring and reviewing any critical compliance matters and proper execution asset management. For each fiscal year, a compliance program is formulated by the head of the Risk & Compliance Committee, serving as the Compliance Officer, and the progress thereof is reported to the Board of Directors every quarter. The Asset Management Company also ensures objectivity in assessing compliance matters by including third-party independent lawyers and accountants in the Risk & Compliance Committee. Internal audits are generally conducted on all departments at least once a year, of which results are reported directly to the Representative Director, and special internal audits may be conducted when the Representative Director, the Corporate Auditor or the Board of Directors of the Asset Management Company deems it necessary.
- *Prevention of conflicts of interests and internal rules for related party transactions.* In order to prevent conflicts of interests when transacting with related parties, the Asset Management Company adopts Ichigo group's Policy for Managing Conflicts of Interest and Internal Rules for Related Party, in compliance with the Financial Instruments and Exchange Act of Japan and the Act on Investment Trusts and Investment Corporations of Japan. Transactions that involve acquisitions from (and sales to) related parties are required to be made below (in case of sales, above) appraisal value as determined by an independent, third-party appraiser. Furthermore, acquisitions require that the Compliance Officer independently assess the transaction price by obtaining a second opinion appraisal and that the transaction be deliberated at the Risk & Compliance Committee, which in turn need to be approved by Ichigo Hotel's Board of Directors. In addition, to further prevent conflicts among business divisions, the Asset Management Company's internal rules require that asset acquisition information obtained by any business division in the Asset Management Company be mechanically distributed to other business divisions based on an objective, pre-determined rules to ensure fairness and avoid any element of discretion.

Asset Allocation

What is the asset allocation planned for Ichigo Hotel?

As of January 31, 2023, 6.7% of Ichigo Hotel's portfolio based on acquisition price had the environmental certifications described above. We plan to increase the percentage of the properties with environmental certifications in Ichigo Hotel's portfolio.



#1 Aligned with E/S characteristics includes the investments of the financial product used to attain the environmental or social characteristics promoted by the financial product.

The sub-category **#1B Other E/S characteristics** covers investments aligned with the environmental or social characteristics that do not qualify as sustainable investments.

#2 Other includes the remaining investments of the financial product which are neither aligned with the environmental or social characteristics, nor are qualified as sustainable investments.

- ✓ *How does the use of derivatives attain the environmental or social characteristics promoted by Ichigo Hotel?*

Not applicable.

To what minimum extent are sustainable investments with an environmental objective aligned with the EU Taxonomy?

Not applicable.

- ✓ *Does Ichigo Hotel invest in fossil gas and/or nuclear energy related activities that comply with the EU Taxonomy?*

Not applicable. Ichigo Hotel does not invest in real estate assets involved in fossil gas and/or nuclear energy-related activities.

- ✓ *What is the minimum share of investments in transitional and enabling activities?*

Not applicable.

What is the minimum share of sustainable investments with an environmental objective that are not aligned with the EU Taxonomy?

Not applicable.

What is the minimum share of socially sustainable investments?

Not applicable

What investments are included under “#2 Other”, what is their purpose and are there any minimum environmental or social safeguards?

As of January 31, 2023, 93.3% of Ichigo Hotel’s portfolio based on acquisition price did not have any environmental certification. While we have invested in such properties in accordance with our investment guidelines, there were circumstances that prevented us from obtaining environmental certifications prior to our acquisitions, and we will do our best to obtain appropriate environmental certifications in due course. As described above, we retain third party experts to investigate the status of compliance with various related laws and regulations, including the presence of hazardous chemicals and substances such as asbestos and PCB, the history of past land usages and the soil contamination when investing in properties. We also maintain PML at 20% or less for each property Ichigo Hotel acquires and at 10% or less for Ichigo Hotel’s portfolio, and consider purchasing earthquake insurance on any property with a PML of more than 20%. As of January 31, 2022, none of the properties in Ichigo Hotel’s portfolio exceeds a PML of 20%.

Index as Reference Benchmark

Is a specific index designated as a reference benchmark to determine whether Ichigo Hotel is aligned with the environmental or social characteristics that it promotes?

Not applicable. No specific index has been designated as reference benchmark to determine whether Ichigo Hotel is aligned with the environmental and/or social characteristics that it promotes.

- ✓ ***How is the reference benchmark continuously aligned with each of the environmental or social characteristics promoted by Ichigo Hotel?***

Not applicable.

- ✓ ***How is the alignment of the investment strategy with the methodology of the index ensured on a continuous basis?***

Not applicable.

- ✓ ***How does the designated index differ from a relevant broad market index?***

Not applicable.

- ✓ ***Where can the methodology used for the calculation of the designated index be found?***

Not applicable.

More Product-specific Information

Where can I find more product-specific information online?

More product-specific information can be found on the website: <https://www.ichigo-hotel.co.jp/en/esg/>. The information on the website is not incorporated by reference into this offering circular.

Note Regarding the EU Taxonomy Regulation

As set out above, Ichigo Hotel promotes certain environmental characteristics.

The Asset Management Company is required, under Regulation (EU) 2020/852 (the “EU Taxonomy Regulation”), to disclose whether its assets are aligned with the environmental objectives formulated in the EU Taxonomy regulation. The EU Taxonomy Regulation is to be complemented by technical standards and screening criteria which are currently developed. The technical screening criteria for the first two environmental objectives (climate change mitigation and climate change adaptation) were adopted in December 2021. They apply as of January 1, 2022.

Ichigo Hotel invests in economic activities that are eligible under the EU Taxonomy Regulation in respect of climate change mitigation and/or climate change adaptation. This means that screening criteria for these investments have been or will be developed. The Asset Management Company expressly states that in view of the fact that the regulations are still under development or have only recently been adopted and the fact that, as a result thereof, data on alignment of Ichigo Hotel’s investments with these environmental objectives and climate related goals in line with EU Taxonomy Regulation are not sufficiently available, the Asset Management Company is not currently in a position to disclose on an accurate and reliable basis to what extent Ichigo Hotel’s investments technically qualify as Taxonomy-aligned or “environmentally sustainable” within the specific meaning of the EU Taxonomy Regulation. Ichigo Hotel’s investments may have a positive contribution to these environmental objectives and may therefore eventually be considered Taxonomy-aligned, but at this stage, the Asset Management Company is required to state that there is no minimum proportion of Ichigo Hotel’s investments that qualify as such.

The Asset Management Company further states that the “do no significant harm” principle applies only to those investments underlying the financial product that takes into account the EU criteria for environmentally sustainable economic activities. The investments underlying the other portion of this financial product do not take into account the EU criteria for environmentally sustainable economic activities.

INTEGRATION OF SUSTAINABILITY RISKS IN THE INVESTMENT DECISIONS, AND THE IMPACT OF SUCH RISKS ON THE RETURNS OF Ichigo Hotel (SFDR ARTICLE 6 DISCLOSURE)

Ichigo has established a dedicated working group named “Regeneration Group”, to implement ESG-related initiatives and monitor progress thereof across its group companies, including the Asset Management Company. The Asset Management Company and the Regeneration Group meets at least once every quarter to discuss the implementation and progress of ESG-related initiatives and improvements for the properties in Ichigo Hotel’s portfolio.

In addition, the Asset Management Company has established the Risk & Compliance Committee, which meets periodically in order to discuss various risks and compliance-related issues including prevention of conflicts of interests and compliance with laws and internal rules for related party transactions.

In order to realize sustainability in our asset management while maximizing our portfolio value, we consider ESG factors in our investment and asset management processes, including post-acquisition improvements.

As stated above, we have instituted a number of initiatives, at both the portfolio level and the property level, to promote environmental and/or social characteristics. Such initiatives include energy-saving initiatives and transition to renewable energy.

While sustainability issues will severely impact our business activities, we believe that such issues may also become potential business opportunities to create new value for sustainable growth. Accordingly, we position our commitment to sustainability as a top priority in our management strategies. We also believe that integrating sustainability factors alongside traditional financial and operational metrics in our investment decision process helps us make a more holistic assessment of a property’s risks and opportunities and is commensurate with the pursuit of superior risk-adjusted returns.