

[Provisional Translation Only]

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Sale of Four Hotels

Ichigo today sold four hotels to a third-party Japanese real estate fund. As a result of the sale, the two Ichigo wholly-owned SPCs (special purpose companies) that held the hotels, GK Nagoya Sakae Holdings TK and GK Naha Holdings TK, will be deconsolidated as Ichigo subsidiaries.

1. Hotel Sale Rationale

On today's sale, Ichigo expects to record FY19/2 revenue of JPY 12.5 billion, gross profits of JPY 4.3 billion, and net income of JPY 2.8 billion. Ichigo believes these hotel sales are positive for Ichigo's shareholders and will contribute to the growth in shareholder value.

Via both core and new business growth, Ichigo is working to achieve its Power Up 2019 mid-term business plan, which targets record earnings in the current FY19/2, and drive sustainable earnings growth for its shareholders.

2. Deconsolidated SPC Details

GK Nagoya Sakae Holdings TK

Name	GK Nagoya Sakae Holdings Tokumei Kumiai
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Operator	GK Nagoya Sakae Holdings
Representative	Managing Member: Ippan Shadan Hojin N2 Manager: Yuki Yamamoto
Business	1. Investment in trust beneficiary interests (juekiken) 2. Investment in and management of real estate 3. Other businesses relating to the aforementioned businesses
Paid-In Capital	JPY 1 million
Establishment Date	December 5, 2007
Relationship with Ichigo	The SPC does not have any capital, personnel, or business relationship of note to Ichigo.

Past Three Year Financials	FY16/3 (JPY million)	FY17/3 (JPY million)	FY18/3 (JPY million)
Net Assets	522	544	543
Total Assets	2,387	2,387	2,369
Revenue	–	140	161
Operating Profit	-2	92	116
Recurring Profit	-2	87	106
Net Income	-2	87	106

Note: FY16/3 was a shortened accounting period that ran from January 1, 2016 to March 31, 2016.

GK Naha Holdings TK

Name	GK Naha Holdings Tokumei Kumiai		
Address	1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo		
Operator	GK Naha Holdings		
Representative	Managing Member: Ippan Shadan Hojin Star Holding Manager: Yuki Yamamoto		
Business	1. Investment in trust beneficiary interests (juekiken) 2. Investment in and management of real estate 3. Other businesses relating to the aforementioned businesses		
Paid-In Capital	JPY 100,000		
Establishment Date	August 7, 2015		
Relationship with Ichigo	The SPC does not have any capital, personnel, or business relationship of note to Ichigo.		
Past Three Year Financials	FY15/12 (JPY million)	FY16/12 (JPY million)	FY17/12 (JPY million)
Net Assets	633	701	736
Total Assets	2,916	2,889	2,902
Revenue	3	243	239
Operating Profit	-5	178	161
Recurring Profit	-6	175	164
Net Income	-6	175	164

3. Buyer Overview

The buyer has not provided consent to disclose its name, but is a domestic fund unrelated to Ichigo.

4. Transaction Schedule

Contract Date	October 16, 2018
Settlement Date	November 1, 2018 (expected)

5. Earnings Outlook

On today's sale, Ichigo expects to record FY19/2 revenue of JPY 12.5 billion, gross profits of JPY 4.3 billion, and net income of JPY 2.8 billion. These amounts have already been reflected in Ichigo's FY19/2 consolidated earnings forecast announced on April 18, 2018.