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September 4, 2024

Company name: INTRANCE CO., LTD.

Stock exchange listing: Tokyo Growth

Stock code number: 3237

Representative: He Tongxi, President and Chief Executive Officer

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Notice Regarding Conclusion of Hotel Management Agreement

Intrance Co., Ltd. (the "Company") hereby announce that our Board of Directors, at a meeting held today, resolved to enter into an agreement ("Agreement") with Tokyu Land Corporation ("Tokyu Land") to operate a hotel (the "Hotel") in Sapporo City, Hokkaido, as follows.

1. Overview of the Agreement

The company aim to expand our business domain and increasing corporate value since accelerating efforts in the hotel management business, a new business domain, in addition to the real estate business, which has been with us since our establishment.

The business model that the company is aiming for is to generate stable earnings from the real estate business and achieve high growth in the hotel management business. The basic strategy is to increase hotel management earnings by promoting "urban apartment hotel development" and "regional hotel investment.

As a result of the above, this agreement will be extremely important in capturing future inbound demand and regional development, and will contribute to earnings growth in the hotel management business conducted by the company.

This hotel development was realized by Tokyu Land after we proposed an urban apartment hotel project and provided land information to Tokyu Land, and the company will continue to promote the hotel branding.

This is the first case in which an urban apartment hotel has been planned and developed by the company, and this project is the first step toward the completion of the business model that we are aiming for.

The hotel is located in the Sapporo city, Hokkaido, which is popular not only among domestic tourists but also among tourists visiting Japan.

The concept of this hotel is to provide high quality services to tourists staying for a medium to long term, especially the wealthy and families.

Therefore, demand for this hotel is also expected to remain stable, as inbound demand and visits by wealthy people to Japan are also expected to increase in the future.

The hotel is scheduled to start construction in May 2025 and to open in the spring of 2027. It will be a 10-story hotel with 126 guest rooms and a total floor area of 7,600 square meter, and will be a multi-occupancy hotel for inbound travelers.

This agreement is for the operation of the hotel. We plan to enter into a Provisional agreement for the operation of the hotel by the time construction begins, and move to a main agreement for the operation (equivalent to a master lease agreement) by the time the hotel opens.

Concurrently, the company plan to acquire an equity interest in an existing or newly established special purpose company (“SPC”), and sublease the hotel from the company to the SPC.

After branding the hotel, the company will sublease the hotel estate to Japan Hotel Operations Corp. (“JHO”), an equity-method affiliate, and JHO will operate the hotel.

The execution of this agreement will result in the deposit of a reservation margin of 10 million yen.

These funds will be used from “investment funds in new hotel investments” as announced in the “Notice of Issuance of 1st Unsecured Convertible Bond and 8th Stock Acquisition Rights by Third Party Allotment” dated April 10, 2023.

Through the above business activities, the company aim to achieve business growth centered on the hotel management business with the aim of steadily building up our track record in hotel operations while aiming to increase earnings.

2. Details of the agreement

(1) Overview of the agreement	Agreement to hotel operation
(2) party to a contract	Lessor: Tokyu Land Corporation
(3) Type of Contract	Agreement to hotel operation (after this agreement, the agreement will be converted to a provisional agreement and main agreement (equivalent to a master lease agreement of the hotel))
(4) Date of Contract	September 9, 2024 (scheduled)
(5) Contract period	20 years after obtaining an inn business license
(6) Rent	Due to confidentiality obligations with the other party to the contract, we are unable to provide detailed amounts. The annual rent payable under the agreement will be at least 30% of the company's group consolidated net assets as of March 31, 2024.

3. overview of Lessor

(1) Company Name	Tokyu Land Corporation
(2) Location	Shibuya Solasta, 1-21-1 Dogenzaka, Shibuya-ku, Tokyo
(3) Representative	Hiroaki Hoshino, President and Representative Director
(4) Business	Real Estate Business
(5) Date of Establishment	December 1953
(6) Paid in Capital	57,551million yen
(7) Net Assets	440,205 million yen (As of March 31, 2024)

(8)	Total Assets	1,992,867million yen (As of March 31, 2024)
(9)	Major shareholders and shareholding ratio	Tokyu Land Holdings 100.0% (As of June 30, 2024)
(10)	Relationship with the Company:	
	Capital relationship	No notable matters.
	Personal relationship	No notable matters.
	Business relationship	No notable matters.

4. Overview of the hotel

Name of the hotel	Hokkaido Sapporo Hotel (tentative name)
Location	Sapporo, Hokkaido
Number of rooms	126 rooms
Scheduled date of operation	Spring 2027 (Scheduled)

5. Schedule

Date of resolution by the Board of Directors	September 4, 2024
Contract date	September 9, 2024 (Scheduled)
date of provisional contract signed	Late March 2025 (after obtaining a building permit and before starting construction) (scheduled)
date of main contract signed	Spring, 2027 (after obtaining building inspection economic certificate) (Scheduled)
Date of acquisition of SPC's equity interest	Spring, 2027 (Scheduled)
Date of execution of the Management Acceptance Agreement	Spring, 2027 (after obtaining sales license) (Scheduled)
Date of commencement of the hotel operation	Spring, 2027 (after obtaining sales license) (Scheduled)

6. Impact on Performance

The impact this agreement will have on the company's consolidated financial results for the fiscal year ending March 2025 will be slight.

As for the future impact, for the fiscal year ending March 31, 2028 and beyond, after the opening of the hotel, the company estimates that the project will have an approximate impact of 1,500 million yen in sales and 60 million yen in operating income on the Company's consolidated figures.