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Issuer

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Change in Hotel Operators

Ichigo Investment Advisors (“IIA”), the asset management company of Ichigo Hotel, decided today to appoint new hotel operators for the Valie Hotel Tenjin and Grandpark-Inn Yokohama.

1. Change Overview

As part of the operator change, the Valie Hotel Tenjin is expected to be rebranded as The OneFive Fukuoka Tenjin. The Grandpark-Inn Yokohama will be rebranded as well, with the new hotel name to be determined.

Valie Hotel Tenjin

	New Operator	Former Operator
Operator	Hakata Hotels Inc.	The COURT Co., Ltd.
Lease Contract	Variable rent	Variable rent
Rent	Minimum guaranteed rent: JPY 40,807,620 p.a. ¹ Variable rent: Quarterly GOP less the quarterly minimum guaranteed rent, a fixed percentage of quarterly revenue, and a fixed percentage of quarterly GOP	Minimum guaranteed rent: JPY 46,416,444 p.a. ¹ Variable rent: Monthly GOP less the minimum guaranteed rent and a fixed percentage of monthly GOP
Tenant Leasehold and Security Deposits	None	None

GOP: Gross operating profit

¹ The minimum guaranteed rent period is February 2021 to January 2022. The minimum guaranteed rent for October 2020 to January 2021 is zero.

Grandpark-Inn Yokohama

	New Operator	Former Operator
Operator	nine hours Inc.	Middlewood Co., Ltd.
Lease Contract	Variable rent	Fixed rent
Rent	GOP-linked Monthly GOP < JPY 8 million: Monthly GOP – JPY 1 million Monthly GOP > JPY 8 million: JPY 7 million + 50% of (Monthly GOP – JPY 8 million) Monthly GOP < JPY 1 million: No rent payment (If GOP is negative, the operator will bear the loss and Ichigo Hotel will bear no expenses)	The operator has not consented to disclosure.
Tenant Leasehold and Security Deposits	None	The operator has not consented to disclosure.

GOP: Gross operating profit

2. Reason for Change

Valie Hotel Tenjin

IIA is changing the hotel operator due to the upcoming expiration of the current lease contract with The COURT. The new hotel operator will be Hakata Hotels, a consolidated subsidiary of Ichigo, IIA’s parent company. Hakata Hotels currently operates twelve hotels, including the HOTEL EMIT SHIBUYA and Comfort Hotel Okayama, which will be rebranded as The OneFive Okayama in October 2020.

Hakata Hotels was chosen from among several candidate operators based on its competitive price offering. Under the new contract, the Valie Hotel Tenjin’s fixed rent will increase significantly, while the revision of a variable rent component will increase the potential for upside earnings growth. Hakata Hotels will deploy PROPERA, an AI-based revenue management system developed by Ichigo, to maximize earnings and increase guest satisfaction.

Grandpark-Inn Yokohama

IIA is changing the hotel operator due to the upcoming expiration of the current fixed-term lease contract with Middlewood. The new hotel operator will be nine hours, which currently operates 16 capsule hotels under the brand 9h ninehours, as well as six other hotels.

nine hours was chosen from among several candidate operators based on its competitive price offering. Under the new contract, the introduction of a GOP-linked variable rent will increase the potential for upside earnings growth.

3. New Hotel Operator Profiles

Valie Hotel Tenjin

Name	Hakata Hotels Inc.
Address	3-13-1 Haruyoshi, Chuo-ku, Fukuoka
Representative	Minoru Ishihara, Representative Director & Chairman Takanobu Kitazaki, Representative Director & President
Capital	JPY 10 million
Date of Incorporation	March 11, 2019
Principal Business	<ol style="list-style-type: none"> 1. Development, operation, lease, and management of retail buildings, hotels and restaurants 2. Lease and management of real estate 3. Design and construction of buildings and interior designs 4. Consulting services related to retail buildings, retail facilities, and restaurants
Relationship with Ichigo Hotel or IIA	<ul style="list-style-type: none"> • The hotel operator is an operator of the HOTEL EMIT SHIBUYA and Comfort Hotel Okayama, which are owned by Ichigo Hotel.¹ • The hotel operator is a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law, and is a related party as defined in IIA's internal rules, given that the hotel operator is a consolidated subsidiary of Ichigo, IIA's 100% shareholder.

¹ Comfort Hotel Okayama is expected to be rebranded as The OneFive Okayama in October 2020.

Grandpark-Inn Yokohama

Name	nine hours Inc.
Address	3-19-1 Kanda Nishikicho, Chiyoda-ku, Tokyo
Representative	Keisuke Yui, Representative Director & Founder Takahiro Matsui, Representative Director & CEO
Capital	JPY 45 million
Date of Incorporation	August 6, 2013
Principal Business	Planning, development, and operations of capsule hotels and related consulting services
Relationship with Ichigo Hotel or IIA	The hotel operator does not have any capital, personnel, or transactional relationship of note with Ichigo Hotel or IIA. In addition, the hotel operator is not a related party of Ichigo Hotel.

4. Date of Operator Change

Valie Hotel Tenjin	October 1, 2020 (expected)
Grandpark-Inn Yokohama	February 1, 2021 (expected)

5. Related-Party Transaction (Valie Hotel Tenjin)

Hakata Hotels is a consolidated subsidiary of Ichigo, IIA's parent company. Because Hakata Hotels is a related party as defined in the Ordinance of the Investment Trust and Investment Corporation Law and IIA's internal rules, Ichigo Hotel obtained prior approval for a lease contract as a related-party transaction from IIA's Board of Directors.

6. Earnings Outlook

The impact of the operator changes on Ichigo Hotel's January 2021 fiscal period earnings has already been reflected in today's announcement "July 2020 Fiscal Period Earnings Results Versus Forecast and Earnings Forecast Revision for the January 2021 Fiscal Period." (N.B. Because the operator change for Grandpark-Inn Yokohama will not occur until February 1, 2021, the change does not impact January 2021 fiscal period earnings.)

The impact of the operator changes on Ichigo Hotel's July 2021 fiscal period earnings has already been reflected in the July 2021 forecast presented in today's release "July 2020 Fiscal Period Earnings."