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Change in Hotel Operator

Ichigo Investment Advisors ("IIA"), the asset management company of Ichigo Hotel, today decided to appoint a new hotel operator for the Chisun Inn Osaka Honmachi.

1. Change Overview

As part of the operator change, the Chisun Inn Osaka Honmachi is expected to be rebranded and renamed as The OneFive Osaka Sakaisuji.

	New Operator	Former Operator
Operator	Hakata Hotels Inc. ("Hakata Hotels")	SHR Hotel Lease Co., Ltd. ("SHR Hotel")
Lease Contract	Fixed Rent (minimum guaranteed rent) + Variable rent	Fixed Rent + Variable rent
Rent	Minimum guaranteed rent: JPY 7,280,949 p.a.[1] Variable rent: Quarterly GOP less quarterly minimum guaranteed rent, a fixed percentage of quarterly revenue, and a fixed percentage of quarterly GOP	Fixed rent: JPY 6,600,000 per month Variable rent: (a) If Annual Rental Income is between JPY 228,572,000 and JPY 286,000,000, then 35% of the difference between Annual Rental Income and JPY 228,572,000 (b) If Annual Rental Income exceeds JPY 286,000,000, then (a) plus 30% of the difference between Annual Rental Income and JPY 286,000,000
Tenant Leasehold and Security Deposits	None	Tenant Leasehold: JPY 18,000,000 Security Deposit: None

GOP: Gross operating profit

[1] The minimum guaranteed rent period is from February 2022 to January 2023.

2. Reason for Change

IIA is changing the hotel operator because of the upcoming expiration of the current lease contract with SHR Hotel. The new hotel operator will be Hakata Hotels, a consolidated subsidiary of Ichigo, IIA's parent company. Hakata Hotels currently operates 13 hotels, including the HOTEL EMIT SHIBUYA, The OneFive Okayama, and The OneFive Fukuoka Tenjin, which are owned by Ichigo Hotel.

Hakata Hotels was chosen from among several candidate operators based on its competitive price offering. Under the new contract, the Chisun Inn Osaka Honmachi's fixed rent will increase significantly, while the revision of the 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.

3. New Hotel Operator Profile

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	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	・The hotel operator is an operator of the HOTEL EMIT SHIBUYA, The OneFive Okayama, and The OneFive Fukuoka Tenjin, which are owned by Ichigo Hotel. ・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.

4. Date of Operator Change

July 1, 2021 (expected)

5. Related-Party Transaction

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 change on Ichigo Hotel's July 2021 and January 2022 fiscal period earnings has already been reflected in the July 2021 and January 2022 forecasts presented in today's release "January 2021 Fiscal Period Earnings."