

[Provisional Translation Only]

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Issuer

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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 Comfort Hotel Nagano.

1. Operator Change Overview

As part of the operator change, the Comfort Hotel Nagano is expected to be rebranded as the Smile Hotel Nagano.

	After Change	Before Change
Operator	K.K. Hospitality Operations (“Hospitality Operations”)	Greens Co., Ltd. (“Greens”)
Lease Contract	Fixed Rent (minimum guaranteed rent) + Variable Rent	Fixed Rent
Rent	Minimum guaranteed rent: Forecast GOP – [(2% of Forecast GOR) + (10% of Forecast GOP)] x Rate* *Rate First, Second Years 30% Third Year & onwards 50% Variable rent: Actual GOP – Minimum guaranteed rent – [(2% of Actual GOR) + (10% of Actual GOP)]	The hotel operator did not consent to disclosure.
Tenant Leasehold & Security Deposits	Tenant Leasehold: JPY 10,000,000 Security Deposit: None	Tenant Leasehold: JPY 14,093,273 Security Deposit: None

GOP: Gross operating profit

GOR: Gross operating revenue

2. Reason for Change

IIA is changing the hotel operator because of the upcoming expiration of the current lease contract with Greens. The new hotel operator will be Hospitality Operations, which primarily operates lodging-focused hotels and resort hotels. Hospitality Operations currently operates 74 hotels across Japan, from Hokkaido in the north to Okinawa in the south, including the Smile Hotel Tokyo Asagaya and Smile Hotel Kyoto Shijo, which are owned by Ichigo Hotel.

Hospitality Operations was chosen from among several candidate operators based on its competitive price offering. Under the new contract, Ichigo Hotel will earn a minimum guaranteed rent, and introduce a variable rent component which will increase the potential for upside earnings growth.

3. New Hotel Operator Profile

Name	K.K. Hospitality Operations
Address	2-5-16 Kanda Nishikicho, Chiyoda-ku, Tokyo
Representatives	Akio Tanaka, Representative Director
Capital	JPY 10 million
Establishment Date	July 22, 2005
Principal Business	<ol style="list-style-type: none">1. Operation, preservation, management, planning, restructuring of hotels, restaurants, golf courses, tennis courts, ski resorts, camping facilities, recreational facilities, amusement parks, fishing ponds, go clubs, public baths, saunas, esthetic salons, fitness clubs, nursing homes, hospitals, supermarkets, and other facilities2. Planning, sales, lease, and management of club membership rights related to the abovementioned facilities3. Contracted management of public and private accommodation facilities4. Sales, lease, management, brokerage services, and appraisal services of real estate
Relationship with Ichigo Hotel or IIA	<ul style="list-style-type: none">• The hotel operator is an operator of the Smile Hotel Tokyo Asagaya and Smile Hotel Kyoto Shijo, which are owned by Ichigo Hotel.• The hotel operator does not have any capital, personnel, or business relationship of note with Ichigo Hotel or IIA. In addition, hotel operator is not a related party as defined in the Enforcement Ordinance of the Investment Trust and Investment Corporation Law or IIA's internal rules.

4. Date of Operator Change

December 27, 2022 (expected)

5. Earnings Outlook

The impact of the operator change on Ichigo Hotel's January 2023 and July 2023 fiscal period earnings has already been reflected in the forecasts presented in the September 14, 2022 release "July 2022 Fiscal Period Earnings."