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Issuer

Ichigo Hotel REIT Investment Corporation (“Ichigo Hotel,” 3463)

1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo

Representative: Osamu Miyashita, Executive Director

www.ichigo-hotel.co.jp/english

Asset Management Company

Ichigo Investment Advisors Co., Ltd.

Representative: Hiroshi Iwai, President

Inquiries: Hidehito Iwasaka, Head of Ichigo Hotel

Tel: +81-3-3502-4892

**Proposed Amendments to Articles of Incorporation
and Election of Directors**

Ichigo Hotel’s Board of Directors has decided to submit the following proposals to amend its Articles of Incorporation (AOI) and elect Directors at its October 24, 2020 Shareholder Meeting. The amended AOI and the election of Directors will become effective upon shareholder approval at the Shareholder Meeting.

1. Purpose of the Proposed Amendments to the AOI

a. Pursuant to Article 93, Clause 1 of the Act on Investment Trusts and Investment Corporations, Ichigo Hotel has a “Deemed Approval” provision in Article 15 of its Articles of Incorporation (AOI), under which if a shareholder does not vote at a shareholder meeting, the shareholder will be deemed to have approved proposals submitted at the shareholder meeting (excluding cases where there are competing proposals with respect to the same agenda item).

However, because it is difficult to submit alternative proposals under a Deemed Approval system, and proposals that significantly impact shareholders and the Investment Corporation’s governance structure or that may pose conflicts of interests between shareholders and Ichigo Hotel’s directors and asset management company may be approved under a Deemed Approval system without sufficient shareholder deliberation and support from a majority of shareholders, and given the current debate with respect to shareholder proposals by minority shareholders, Ichigo Hotel proposes amendments to limit the scope of the Deemed Approval system such that it will not apply to certain proposals that have been clearly opposed in advance by minority shareholders or the Investment Corporation.

Such proposals include: 1) the appointment or dismissal of the Executive Director or Supervisory Directors; 2) the execution or termination of asset management agreements with the asset management company; 3) the dissolution of the Investment Corporation; 4) reverse share splits; 5) the waiving of liability of the Executive Director, Supervisory Directors, or External Auditors; and 6) the approval of absorption-type and consolidation-type (new entity) mergers.

To ensure fairness and transparency in the application of these rules, both minority shareholders and the Investment Corporation will be able to register opposition to shareholder meeting proposals. Minority shareholders can submit a notice of opposition to the Investment Corporation (or if the convener of the shareholder meeting is not the

Executive Director or Supervisory Directors, then to the Investment Corporation and the shareholder meeting convener), and the Investment Corporation can notify its opposition in shareholder meeting materials or on its website.

In summary, Ichigo Hotel thus proposes to:

Define exceptions to the Deemed Approval system, and amend the Deemed Approval system rules to reflect the necessary changes. (Article 15)

b. Amend the current no fixed fee, performance-fee only asset management structure to further drive shareholder value creation (effective date February 1, 2021, the beginning of Ichigo Hotel's July 2021 fiscal period).
(Article 41 and Attachments).

Specifically, Ichigo Hotel proposes to:

- (1) Calculate the NOI & Dividend Performance Fee based on Dividend payments instead of Net Income to more strongly align with shareholder interests.
- (2) Introduce a "Gains on Merger Performance Fee" of 15% directly linked to shareholder value creation. (The fee has a high-water mark, such that it will only be paid if the merger share price is higher than net assets per share.)
- (3) Introduce a "Gains on REIT TOB Sale Performance Fee" of 15% directly linked to shareholder value creation. (The fee has a high-water mark, such that it will only be paid if the merger share price is higher than net assets per share.)

Proposed Amendments to Asset Management Fee Structure

AM Fee Structure			Fee		
			Before	After	
Earnings-Based	NOI & Dividend Performance Fee	DPS * NOI * Fee	0.0036%	0.0036%	Unchanged
	Gains on Sale Performance Fee	Gains on Sale * Fee	15.0%	15.0%	
	Gains on Merger Performance Fee	Gains on Merger per Share (Merger Price — Net Assets per Share) * No. of Shares Outstanding * Fee	—	15.0%	New
	Gains on REIT TOB Sale Performance Fee	Gains on REIT TOB Sale per Share (TOB Price — Net Assets per Share) * No. of Shares Purchased in TOB * Fee	—	15.0%	

Proposed Amendments to Articles of Incorporation (AOI)

(Amended areas underlined)

Current	After Amendment
Article 15 Deemed Approval	Article 15 Deemed Approval
1. – 2. (omitted)	1. – 2. (no change)
(NEW)	3. <u>Clause 2 above is not applicable to proposals regarding the following if (i) a minority shareholder owning at least 1% of total shares outstanding for at least six consecutive months submits a notice of opposition to the Investment Corporation (or if the convener of the shareholder meeting is not the Executive Director or a Supervisory Director, then to the Investment Corporation and the shareholder meeting convener) within two weeks of the earlier of the date that the Investment Corporation announces the proposals on its website or the date the convener announces the proposal; or (ii) the Investment Corporation expresses opposition to the proposals in shareholder meeting materials or on its website.</u>
	(1) <u>the appointment or dismissal of the Executive Director or Supervisory Directors;</u>
	(2) <u>the execution or termination of asset management agreements with the Asset Management Company;</u>
	(3) <u>the dissolution of the Investment Corporation;</u>
	(4) <u>reverse share splits;</u>
	(5) <u>the waiving of the liability of the Executive Director, Supervisory Directors, or External Auditors; and</u>
	(6) <u>approval for absorption-type and consolidation-type (new entity) mergers.</u>
(NEW)	4. <u>Clauses 1 and 2 above are not applicable to proposals regarding amendments to Article 15.</u>
(NEW)	<u>Supplement</u>
	<u>Article 41 Effective Date of Amendments</u>
	<u>The amendments in the Attachments will take effect on February 1, 2021. This Article shall be deleted after the amendments take effect.</u>

Current	After Amendment
<p>Attachments</p> <p>1. NOI & Dividend Performance Fee</p> <p>The NOI & Dividend Performance Fee is calculated by: 1) dividing the Investment Corporation's distributable earnings³ (before the deduction of the NOI & Dividend Performance Fee) in the relevant fiscal period by total shares outstanding in the same period to generate the Dividend per Share (DPS); 2) multiplying the DPS in 1) by Net Operating Income (NOI), calculated as total rental income minus total rent-related expenses (excluding depreciation and losses on disposal of fixed assets) of the relevant fiscal period; and 3) multiplying the amount in 2) by 0.0036%.</p> <p>NOI & Dividend Performance Fee = DPS (before the deduction of the NOI & Dividend Performance Fee) * NOI * 0.0036%</p> <p>³ <u>Distributable earnings (before the deduction of the NOI & Dividend Performance Fee) is pre-tax net income (before the deduction of the NOI & Dividend Performance Fee and applicable consumption taxes) calculated in compliance with generally accepted accounting standards, and with the addition of losses carried forward, if any.</u></p> <p>When the Investment Corporation holds treasury shares during the relevant fiscal period, the total number of shares outstanding shall be reduced by the number of treasury shares held; in the event that a stock split or a</p>	<p>Attachments</p> <p>1. NOI & Dividend Performance Fee</p> <p>The NOI & Dividend Performance Fee is calculated by: 1) dividing the Investment Corporation's distributable earnings³ (before the deduction of the NOI & Dividend Performance Fee) in the relevant fiscal period by total shares outstanding in the same period to generate the Dividend per Share (DPS); 2) multiplying the DPS in 1) by Net Operating Income (NOI), calculated as total rental income minus total rent-related expenses (excluding depreciation and losses on disposal of fixed assets) of the relevant fiscal period; and 3) multiplying the amount in 2) by 0.0036%.</p> <p>NOI & Dividend Performance Fee = DPS (before the deduction of the NOI & Dividend Performance Fee) * NOI * 0.0036%</p> <p><u>“DPS (before the deduction of the NOI & Dividend Performance Fee)” is the DPS as approved by the Investment Corporation’s Board of Directors. However, if the NOI & Dividend Performance Fee need be calculated before calculating the DPS (i.e., if there are reserves, allowances, or other retained amounts that would require doing so), it will be calculated using a reasonably estimated DPS in line with this provision’s objectives. (No adjustment will be made to reconcile differences between this calculated amount and the final amount, if any.)</u></p> <p>³ <u>Per the dividend policy specified in Article 37, distributable earnings are calculated as pre-tax net income (before the deduction of the NOI & Dividend Performance Fee and applicable consumption taxes, and excluding the portion of the dividend exceeding earnings pursuant to Article 37, Clause 2 that is treated as a return of capital for tax purposes (excluding deemed dividends)), plus any reversal of reserves and allowances, minus any reserves, allowances, and retained amounts.</u></p> <p>When the Investment Corporation holds treasury shares during the relevant fiscal period, the total number of shares outstanding shall be reduced by the number of treasury shares held; in the event that a stock split or a</p>

Current	After Amendment
<p>reverse stock split has been implemented, the total number of shares outstanding in subsequent periods shall be adjusted by the ratio of the stock split or of the reverse stock split.</p> <p>Payment shall be made within three months of the end of the Investment Corporation's relevant fiscal period.</p> <p>2. (omitted)</p> <p>(NEW)</p>	<p>reverse stock split has been implemented, the total number of shares outstanding in subsequent periods shall be adjusted by the ratio of the stock split or of the reverse stock split.</p> <p>Payment shall be made within three months of the end of the Investment Corporation's relevant fiscal period.</p> <p>2. (no change)</p> <p><u>3. Gains on Merger Performance Fee</u></p> <p><u>When the Investment Corporation merges with another investment corporation (the "Merging Entity"), the Gains on Merger Performance Fee shall be calculated by multiplying the Gains per Share at the time of the merger (as defined below) by the number of shares outstanding and multiplying by 15%.</u></p> <p><u>Gains on Merger Performance Fee = Gains per Share (Merger Price per Share – Net Assets per Share) * Number of Shares Outstanding * 15%</u></p> <p><u>However, where the Gains per Share is negative, the Gains on Merger Performance Fee shall be zero.</u></p> <p><u>The Gains on Merger Performance Fee arises when the Investment Corporation merges with another investment corporation either via a new merged entity or absorption-type merger, in response to a merger proposal from the other investment corporation (including cases both where the Investment Corporation is surviving entity or the extinguished entity in an absorption-type merger). The Investment Corporation's Merger Price per Share is calculated by multiplying the closing price of the Merging Entity on the day before the merger is approved at the Shareholder Meeting by the merger ratio. "Net Assets per Share at the time of the merger" refers to net assets (book value) at the time the merger is approved at the Shareholder Meeting divided by the number of shares outstanding at that time.</u></p> <p><u>Note that the underlying philosophy of the Gains on Merger Performance Fee is that it be calculated in recognition of the appraised value of the real estate assets of the</u></p>

Current	After Amendment
(NEW)	<p><u>Investment Corporation used in the calculation of the merger ratio at the time of the merger. When the above (before deduction of the Gains on Merger Performance Fee) exceeds the value of the real estate assets on the Investment Corporation's balance sheet at the time of the merger, 15% of the excess amount is deemed appropriate as a fee to the Asset Management Company. The calculation shall be made with due consideration of such purpose.</u></p> <p><u>The Gains on Merger Performance Fee will arise on the date the merger is approved at the shareholder meeting, and the payment date shall be within one month of the merger date.</u></p> <p><u>4. Gains on REIT TOB Sale Performance Fee</u></p> <p><u>When the Investment Corporation is acquired by a third party via a TOB, the Gains on REIT TOB Sale Performance Fee shall be calculated by multiplying the Gains per Share at the time of the TOB by the number of shares purchased by the third-party via the TOB and multiplying by 15%.</u></p> <p><u>Gains on REIT TOB Sale Performance Fee = Gains per Share (TOB Price – Net Assets per Share) * Number of Shares Purchased in TOB * 15%</u></p> <p><u>However, where the Gains per Share is negative, the Gains on REIT TOB Sale Performance Fee shall be zero.</u></p> <p><u>The Gains on REIT TOB Sale Performance Fee arises when the Investment Corporation's shares are acquired by a third party via a TOB. "Net Assets per Share at the time of the acquisition" refers to net assets (book value) at the time the acquisition is approved at the Shareholder Meeting divided by the number of shares outstanding at that time.</u></p> <p><u>The Gains on REIT TOB Sale Performance Fee will arise on the date the acquisition is approved at the shareholder meeting, and the payment date shall be within one month of the acquisition date.</u></p>

2. Election of Directors

Due to the expiration of the Directors' current terms of office as of this Shareholder Meeting, Ichigo Hotel's Board of Directors is proposing the re-election of Executive Director Osamu Miyashita and Supervisory Directors Masaru Iida and Satoko Suzuki.

To ensure the availability of the minimum number of Directors required by law, Ichigo Hotel's Board of Directors is also proposing the election of a new Alternative Executive Director and a new Alternative Supervisory Director.

Career Summaries of Director Candidates

Title	Name (Birth Date)	Career Summary, Positions, Responsibilities, and Important Concurrent Positions	
Executive Director (Candidate)	Osamu Miyashita (June 13, 1949)	<p>April 1974 March 1976 April 1984 December 1986 October 1991 December 1996 June 2000 June 2005 April 2011 June 2014 July 2014 July 2015</p>	<p>Joined Imperial Hotel, Ltd. Sales Department, Imperial Hotel, Ltd. HR Department, Imperial Hotel, Ltd. Corporate Planning Department, Imperial Hotel, Ltd. Seconded to Imperial Hotel Enterprises (Tsudanuma Crest Hotel) Tenant Affairs Manager, Imperial Hotel, Ltd. Head of Real Estate Division, Imperial Hotel, Ltd. Director, Head of Real Estate Division, Imperial Hotel, Ltd. President and Representative Director, Imperial Hotel Hire K.K. Representative, Miyashita Associates LLC (current) Advisor, Endo Research Institute, Ltd. (current) Executive Director, Ichigo Hotel (current)</p>

Title	Name (Birth Date)	Career Summary, Positions, Responsibilities, and Important Concurrent Positions	
Supervisory Director (Candidate)	Masaru Iida (February 15, 1967)	<p>April 1989</p> <p>May 1993</p> <p>April 2001</p> <p>April 2008</p> <p>December 2009</p> <p>January 2010</p> <p>June 2011</p> <p>July 2011</p> <p>May 2013</p> <p>March 2015</p> <p>July 2015</p> <p>August 2015</p> <p>June 2016</p> <p>February 2019</p> <p>June 2019</p> <p>April 2020</p>	<p>Joined The Sumitomo Bank, Limited (Now Sumitomo Mitsui Banking Corporation)</p> <p>LL.M. degree, University of Pennsylvania Law School</p> <p>Vice President Planning Dept. Treasury Unit, Sumitomo Mitsui Banking Corporation</p> <p>J.D., Hitotsubashi University School of Law</p> <p>Qualified as Attorney at Law</p> <p>Joined Masuda & Partners Law Office</p> <p>External Corporate Auditor, DeNA Co., Ltd.</p> <p>Founded Iida Business Law Office (current)</p> <p>External Director, Stats Investment Management Co., Ltd.</p> <p>External Corporate Auditor, Archaea Energy Co., Ltd.</p> <p>Supervisory Director, Ichigo Hotel (current)</p> <p>Corporate Auditor, Nishi-Tokyo Recycle Center Co., Ltd. (current)</p> <p>External Corporate Auditor, Medicare Life Insurance Co., Ltd. (current)</p> <p>Auditor, Stats Investment Management Co., Ltd.</p> <p>External Corporate Auditor, ExaWizards Inc. (current)</p> <p>External Director, Archaea Energy Co., Ltd. (current)</p>
Supervisory Director (Candidate)	Satoko Suzuki (November 22, 1973)	<p>October 1996</p> <p>September 2000</p> <p>August 2005</p> <p>July 2006</p> <p>September 2010</p> <p>September 2012</p> <p>July 2015</p> <p>June 2019</p>	<p>Joined Tohmatsu & Co. (Now Deloitte Touche Tohmatsu LLC)</p> <p>Director, Yurakusha Y.K.</p> <p>Representative, Suzuki Satoko CPA Office (current)</p> <p>Auditor, PlaNet Finance Japan, NPO (Now Positive Planet Japan) (current)</p> <p>Auditor, Machizukuri Information Center Kanagawa, NPO (current)</p> <p>Director, NPO Accounting & Tax Professional Network, NPO</p> <p>Supervisory Director, Ichigo Hotel (current)</p> <p>External Director, BULL-DOG SAUCE CO., LTD. (current)</p>

Title	Name (Birth Date)	Career Summary, Positions, Responsibilities, and Important Concurrent Positions	
Alternative Executive Director (Candidate)	Hiromi Yamaguchi (March 6, 1954)	<p>April 1977</p> <p>April 1984</p> <p>April 1987</p> <p>September 1989</p> <p>May 1994</p> <p>April 1996</p> <p>January 2000</p> <p>January 2005</p> <p>July 2007</p> <p>October 2008</p> <p>July 2013</p>	<p>Tokyu Hotels International Corporation (Now Pan Pacific Hotels and Resorts)</p> <p>Head of Operations & Development Division, Tokyu Hotels International Corporation</p> <p>Seconded to Pan Pacific Properties Ltd. as Controller, Administration & Finance</p> <p>Vice President & Financial Controller, Alpha U.S.A. Inc.</p> <p>Assistant Controller, Westin Hotel Tokyo</p> <p>Director of Finance, Pan Pacific Yokohama</p> <p>Assistant General Manager, Finance, People Innovation/Education, and Facilities Development & Maintenance, Pan Pacific Yokohama</p> <p>Head of Accounting & Finance, Mandarin Oriental Tokyo K.K.</p> <p>Director, Archon Hospitality K.K. (Now Abilitas Hospitality Co., Ltd.)</p> <p>Chief Operating Officer, Archon Hospitality K.K.</p> <p>Representative Director, Hospitality Directions Co., Ltd. (current)</p>
Alternative Supervisory Director (Candidate)	Eriko Ishii (January 3, 1981)	<p>October 2004</p> <p>December 2007</p> <p>August 2010</p> <p>October 2010</p> <p>February 2011</p> <p>April 2016</p> <p>July 2016</p> <p>June 2018</p> <p>May 2019</p>	<p>Qualified as Attorney at Law</p> <p>Mori Hamada & Matsumoto LPC</p> <p>Seconded to Planning and Coordination Bureau, Corporate Accounting and Disclosure Division, Financial Services Agency</p> <p>LL.M. degree, Columbia Law School</p> <p>Seconded to Legal Department, Itochu Europe PLC (London)</p> <p>Admitted as lawyer in New York</p> <p>Visiting Lecturer, Keio University Law School (current)</p> <p>Partner, Shin Saiwai Law Office (current)</p> <p>External Director, Sophia Holdings Co., Ltd. (current)</p> <p>Supervisory Director, Canadian Solar Infrastructure Fund, Inc. (current)</p>

Note: The Director candidates are not related parties of Ichigo Hotel or its asset management company, and they hold no Ichigo Hotel shares.

3. Schedule

September 14, 2020	Board of Directors Resolution
October 5, 2020	Distribution of Shareholder Meeting Materials (expected)
October 24, 2020	Shareholder Meeting (expected)