

[Provisional Translation Only]

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March 29, 2018

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AI Hotel System Development Alliance with Fujitsu Kyushu Systems

One of Ichigo's initiatives in its Power Up 2019 Mid-Term Business Plan is to launch new REtech (real estate & technology) businesses that leverage Ichigo's real estate and IT capabilities.

Consistent with this strategy, Ichigo today signed an agreement to ally with Fujitsu Kyushu Systems Limited ("Fujitsu Kyushu Systems"), a major hotel systems developer and member of the Fujitsu Group with deep expertise in AI (artificial intelligence) and IoT (Internet of Things).

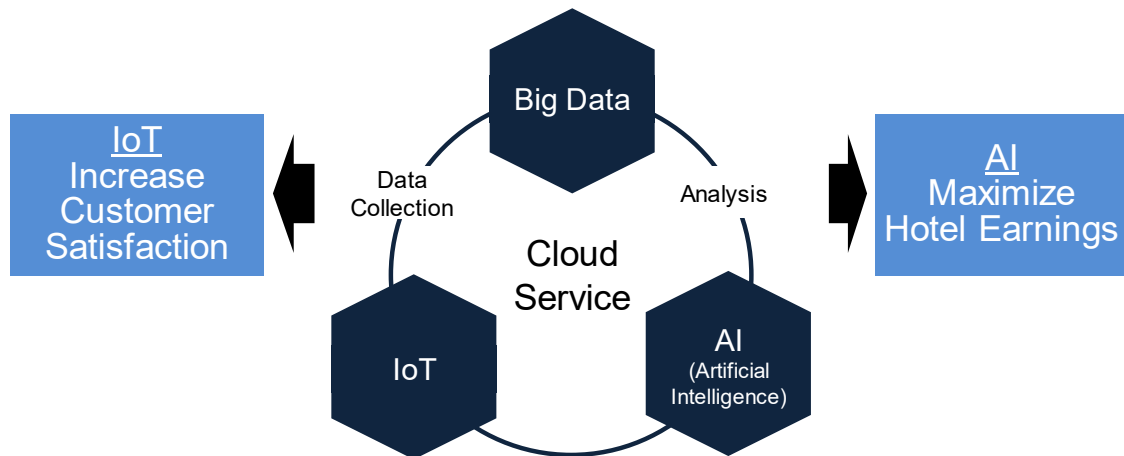
1. Overview

Ichigo directly owns 26 hotels and manages an additional 21 hotels for Ichigo Hotel REIT (3463). While Japan's hotel market is growing on the back of increasing inbound demand, anticipation of the 2020 Tokyo Olympic Games, and the government's tourism promotion initiatives, competition in Japan's hotel market is also intensifying given the growth in new hotel supply and the introduction of "minpaku" private accommodations.

Consistent with its mission to preserve and improve real estate and contribute to a sustainable society, Ichigo's goal in this alliance is to leverage AI to develop technology solutions that increase guest satisfaction, increase hotel values, and drive higher earnings.

Specifically, Big Data collected through Fujitsu Kyushu Systems' IoT platform will be stored in the cloud and processed via AI deploying a new AI hotel system developed using Ichigo's accumulated experience and knowledge in hotel revenue management. The new AI hotel system is expected to both increase hotel revenues and help hotel staff more promptly identify and respond to issues in real time, allowing them to focus on customer service and hospitality. In addition, the system will better serve the needs of hotel guests, as they will also be able to acquire relevant hotel information in real time, both prior to and during their stay.

AI Hotel System Schematic



2. Alliance Details

- (a) Integrate Ichigo's revenue management system with Fujitsu Kyushu Systems' hotel operation system
- (b) Integrate Fujitsu Kyushu Systems' hotel operation and smart lock systems, and deploy at Ichigo hotels
- (c) Integrate Fujitsu Kyushu Systems' hotel operation system with automated check-in devices, and deploy at Ichigo hotels
- (d) OEM sale of Ichigo's revenue management system by Fujitsu Kyushu Systems
- (e) OEM sale of Fujitsu Kyushu Systems' hotel operation system by Ichigo
- (f) Conduct data analysis and optimize algorithms using Big Data gathered by Ichigo's revenue management system and Fujitsu Kyushu Systems' and Ichigo's AI capabilities

3. Fujitsu Kyushu Systems Overview

| | |
|--------------------------|---|
| Name | Fujitsu Kyushu Systems Limited |
| Address | 1-5-13 Higashihie, Hakata-ku, Fukuoka |
| Representative | Kazuo Matsui, President |
| Principal Business | Research & Development, System Integration, Support Services, Consulting & Training |
| Capital | JPY 300 million (as of February 28, 2018) 100% subsidiary of Fujitsu Limited |
| Establishment Date | July 20, 1981 |
| Relationship with Ichigo | The company does not have any capital, personnel, or business relationship of note with Ichigo. |

4. Agreement Date

March 29, 2018

5. Earnings Outlook

The impact of the alliance will be reflected in Ichigo's FY19/2 consolidated earnings forecast to be announced on April 18, 2018. Ichigo expects its alliance with Fujitsu Kyushu Systems will support increased hotel guest satisfaction, drive higher earnings, and create a new highly capital-efficient, non-asset earnings stream.

Reference: Fujitsu Kyushu Systems' announcement about the alliance is also available at the following URL (Japanese only):

www.fujitsu.com/jp/group/kyushu/resources/news/press-releases/2018/0329.html