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Issuer

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**Earnings Forecast Revision for the January 2025 Fiscal Period**

Ichigo Hotel is revising its earnings forecast for the January 2025 fiscal period announced in the July 31, 2024 release “Upward Earnings Forecast Revision for the January 2025 Fiscal Period.”

1. January 2025 Earnings Forecast Revision

(JPY million)

	Operating Revenue	Operating Profit	Recurring Profit	Net Income	Dividend per Share (JPY)
Previous Forecast (A)	4,607	2,927	2,587	2,586	7,899
New Forecast (B)	4,564	3,277	2,951	2,950	9,009
Difference (B) - (A)	-42	+349	+363	+363	+1,110
% Change	-0.9%	+12.0%	+14.0%	+14.0%	+14.1%
Reference: January 2024	2,282	1,250	975	974	2,976

Reference: Net Income per Share: JPY 9,009

Period-end number of shares outstanding: 327,489 shares

Note: The new forecast is based on the “Preconditions for the January 2025 Earnings Forecast” on page 3. Actual results may vary due to changes in circumstances, so these forecasts should not be construed as a guarantee of such results. Ichigo Hotel will make a forecast revision should a material discrepancy emerge between this forecast and results.

The forecast assumes that Proposal 3. Amendment to the Articles of Incorporation (AOI) is approved at the Sixth Shareholder Meeting to be held on October 26, 2024.

## 2. January 2025 Earnings Forecast Revision Rationale

As announced in today's release "Proposed Amendments to Articles of Incorporation, Director Candidates, Director Compensation, and Independent Auditor Candidate for Shareholder Approval at Sixth Shareholder Meeting," upon approval of Proposal 3. Amendment to the Articles of Incorporation (AOI) at the Sixth Shareholder Meeting on October 26, 2024, the Gains on Sale Performance Fee will decrease if dividend increases as a result of gains on sales.

The amendment will be effective as of October 26, 2024, and the Gains on Sale Performance Fee will decrease from the sale of the Nest Hotel Sapporo Ekimae, announced in the July 31, 2024 release "Hotel Sale (Nest Hotel Sapporo Ekimae)" to be completed on December 25, 2024. In addition, as a result of the hotel sale, Ichigo Hotel will record an expense of non-deductible consumption tax.

Furthermore, although inbound demand remains strong, domestic business and leisure demand is expected to be stagnant in certain areas, and variable rent is forecast to decrease at some hotels.

As a result, Ichigo Hotel is revising its January 2025 operating revenue, operating profit, recurring profit, net income, and dividend by -JPY 42 million (-0.9%), +JPY 349 million (+12.0%), +JPY 363 million (+14.0%), +JPY 363 million (+14.0%), and +JPY 1,110 (+14.1%), respectively, versus the forecast announced in the July 31, 2024 release "Upward Earnings Forecast Revision for the January 2025 Fiscal Period."

Preconditions for the January 2025 Earnings Forecast

	Preconditions																						
Period	<ul style="list-style-type: none"> <li>• August 1, 2024 to January 31, 2025 (184 days)</li> </ul>																						
Number of Hotels	<ul style="list-style-type: none"> <li>• 30 hotels (29 hotels after the sale of Nest Hotel Sapporo Ekimae on December 25, 2024)</li> </ul>																						
Operating Revenue	<p>Within operating revenue, rental income is forecast based on current lease contracts, taking into consideration such factors as hotel and market conditions.<sup>1</sup></p> <p><u>Forecast Operating Performance<sup>2</sup></u></p> <table border="1"> <thead> <tr> <th></th> <th>January 2025 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>Occupancy<sup>3</sup></td> <td>85.9%</td> </tr> <tr> <td>ADR<sup>4</sup></td> <td>JPY 9,296</td> </tr> </tbody> </table> <p><sup>1</sup> The forecast rental income assumes operators and tenants will fully pay their contractual rents without delay or default.</p> <p><sup>2</sup> The 22 variable rent hotels are: Smile Hotel Kyoto Shijo, Hotel Wing International Nagoya, Nest Hotel Sapporo Ekimae, The OneFive Osaka Sakaisuji, Hotel Wing International Kobe Shin Nagata Ekimae, Nest Hotel Sapporo Odori, The OneFive Fukuoka Tenjin, Nest Hotel Osaka Shinsaibashi, Smile Hotel Tokyo Asagaya, Nest Hotel Matsuyama, The OneFive Okayama, Capsule Plus Yokohama, The OneFive Garden Kurashiki, Nest Hotel Kumamoto, Valie Hotel Hiroshima, The OneFive Tokyo Shibuya, Smile Hotel Nagano, Comfort Hotel Osaka Shinsaibashi, HOTEL THE KNOT YOKOKAMA, Quintessa Hotel Ise Shima, Quintessa Hotel Ogaki, and THE KNOT SAPPORO. Data for Capsule Plus Yokohama is excluded from the above forecast because the operator did not give consent to disclose forecasts.</p> <p><sup>3</sup> Occupancy is calculated with the following formula:  Occupancy = Total number of guest rooms occupied during the period / (total number of guest rooms * number of days hotel was in operation during the period)</p> <p><sup>4</sup> ADR or Average Daily Rate is calculated with the following formula:  ADR = Total sales from accommodation (excluding restaurant charges and other service fees) / number of guest rooms occupied during the period</p> <p><u>Details of the January 2025 Rental Income Forecast by Hotel</u>  (JPY million)</p> <table border="1"> <thead> <tr> <th>Hotel Name</th> <th>Fixed Rent/Minimum Guaranteed Rent</th> <th>Variable Rent</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Smile Hotel Kyoto Shijo</td> <td>32</td> <td>31</td> <td>64</td> </tr> <tr> <td>Nest Hotel Sapporo Ekimae</td> <td>28</td> <td>73</td> <td>102</td> </tr> <tr> <td>The OneFive Osaka Sakaisuji</td> <td>17</td> <td>13</td> <td>30</td> </tr> </tbody> </table>		January 2025 Fiscal Period	Occupancy <sup>3</sup>	85.9%	ADR <sup>4</sup>	JPY 9,296	Hotel Name	Fixed Rent/Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	32	31	64	Nest Hotel Sapporo Ekimae	28	73	102	The OneFive Osaka Sakaisuji	17	13	30
	January 2025 Fiscal Period																						
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Comfort Hotel Hamamatsu	55	–	55
Nest Hotel Sapporo Odori	26	54	80
The OneFive Fukuoka Tenjin	40	17	58
Nest Hotel Osaka Shinsaibashi	65	97	163
Comfort Hotel Central International Airport	151	–	151
Smile Hotel Tokyo Asagaya	59	71	130
Nest Hotel Matsuyama	35	49	84
The OneFive Okayama	72	8	80
Comfort Hotel Kushiro	18	–	18
Comfort Hotel Suzuka	15	–	15
The OneFive Garden Kurashiki	47	–	47
Nest Hotel Kumamoto	27	47	74
Valie Hotel Hiroshima	27	16	44
The OneFive Tokyo Shibuya	44	97	142
Smile Hotel Nagano	7	42	50
Hotel Sunshine Utsunomiya	64	–	64
HOTEL THE KNOT YOKOHAMA	70	75	146
Quintessa Hotel Ise Shima	20	42	62
Quintessa Hotel Ogaki	15	18	34
THE KNOT SAPPORO	66	60	126
Other <sup>1</sup>	284	110	395
Total	1,296	930	2,226

<sup>1</sup> Figures for Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Hotel Livemax Nihombashi-Hakozaki, Capsule Plus Yokohama, Urbain Hiroshima Executive, Washington Hotel Plaza Shimonoseki Eki Nishi, and Comfort Hotel Osaka Shinsaibashi are included in “Other” because the hotel operators did not provide consent to disclose hotel-specific data.

- Retail: JPY 105 million of rental income from retail tenants at The OneFive Osaka Sakaisuji, Hotel Wing International Kobe Shin Nagata Ekimae, Smile Hotel Tokyo Asagaya, Nest Hotel Kumamoto, Hotel Sunshine Utsunomiya, Comfort Hotel Osaka Shinsaibashi, HOTEL THE KNOT YOKOHAMA, and THE KNOT SAPPORO.
- Gains on sale from the sale of Nest Hotel Sapporo Ekimae announced in the July 31 2024 release “Hotel Sale (Nest Hotel Sapporo Ekimae)”: JPY 2,181 million (an estimate, calculated as the Sale Price less Book Value, IIA performance fee, and estimated sale expenses)

Operating Expenses	<ul style="list-style-type: none"> <li>• Depreciation: JPY 465 million. Depreciation has been calculated using the straight-line method.</li> <li>• Property and city planning taxes: JPY 170 million.</li> <li>• Building maintenance and repair expenses are based on what Ichigo Investment Advisors, the asset management company of Ichigo Hotel, estimates will be necessary for each hotel during the period. However, actual expenses for the period could differ significantly from these forecast amounts for reasons including the variability of maintenance and repair expenses, one-time costs due to unexpected building damage, etc.</li> <li>• Rental expenses, Ichigo Hotel's principal operating expense (other than depreciation, see above), are calculated based on historical data adjusted for anticipated expense variations.</li> <li>• Actual operating expenses may differ significantly from these assumptions due to unforeseeable factors.</li> <li>• SG&amp;A expenses: JPY 358 million for asset management fee, JPY 22 million for appraisal report costs, and JPY 35 million for non-deductible consumption tax. However, the asset management fee forecast assumes the shareholder approval of Proposal 3. Amendment to the Articles of Incorporation (AOI) at the Sixth Shareholder Meeting on October 26, 2024.</li> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>• Interest expenses and other borrowing-related expenses: JPY 322 million</li> <li>• Amortization of share issuance expenses: JPY 3 million</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>• Total borrowings: JPY 32.47 billion as of January 31, 2025</li> </ul>
Number of Shares	<ul style="list-style-type: none"> <li>• Total 327,489 shares</li> <li>• The forecast assumes there will be no additional new shares issued through January 31, 2025</li> </ul>
Dividend	<ul style="list-style-type: none"> <li>• The dividend forecast assumes that dividends will comply with the dividend distribution policy stipulated in Ichigo Hotel's Articles of Incorporation.</li> <li>• The dividend is subject to change due to factors such as sales of portfolio assets, changes in rental income associated with operator turnover, the occurrence of unexpected maintenance and repair costs, and fluctuations in interest rates.</li> </ul>
Dividend in Excess of Earnings	<ul style="list-style-type: none"> <li>• Ichigo Hotel does not plan on paying any Dividend in Excess of Earnings.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• This forecast assumes that there are no material revisions to laws and regulations, the tax system, accounting standards, listing rules of the Tokyo Stock Exchange, and rules of the Investment Trusts Association, Japan, and no material changes in the state of the economy and real estate market conditions.</li> </ul>