

*[Provisional Translation Only]*

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*Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.*

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Issuer

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**Upward Earnings Forecast Revision for the July 2024 Fiscal Period**

Ichigo Hotel is revising upward its earnings forecast for the July 2024 fiscal period announced in the March 15, 2024 release “January 2024 Fiscal Period Earnings.”

There is no change to the January 2025 fiscal period earnings forecast.

1. July 2024 Earnings Forecast Revision

(JPY million)

	Operating Revenue	Operating Profit	Recurring Profit	Net Income	Dividend per Share (JPY)
Previous Forecast (A)	2,394	1,246	924	923	2,820
New Forecast (B)	2,433	1,302	984	983	3,002
Difference (B) - (A)	+38	+56	+59	+59	+182
% Change	+1.6%	+4.5%	+6.4%	+6.4%	+6.5%
Reference: July 2023	1,796	933	722	721	2,831

Reference: Net Income per Share: JPY 3,001

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

Note: The new forecast is based on the “Preconditions for the July 2024 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.

## 2. July 2024 Earnings Forecast Revision Rationale

Inbound demand growth has been steady, with the number of tourists reaching a record 17.77 million people in the first half of 2024 (January – June, estimates), according to the Japan National Tourism Organization (JNTO).

On the back of the inbound tourism boom, Ichigo Hotel saw stable hotel demand driven by domestic business demand and events in the July 2024 fiscal period, despite a decrease at some of Ichigo Hotel's hotels due to the end of the Japanese government's domestic travel subsidy program.

Ichigo Hotel recorded variable rent exceeding the previous forecast at its variable rent hotels and less-than-forecast repair expenses, and as a result, July 2024 operating revenue, operating profit, recurring profit, net income, and dividend increased by JPY 38 million (+1.6%), JPY 56 million (+4.5%), JPY 59 million (+6.4%), JPY 59 million (+6.4%), and JPY 182 (+6.5%), respectively, versus the forecast announced in the March 15, 2024 release "January 2024 Fiscal Period Earnings."

# Preconditions for the July 2024 Earnings Forecast

	Preconditions															
Period	● February 1, 2024 to July 31, 2024 (182 days)															
Number of Hotels	● 30 hotels															
Operating Revenue	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>															
	<u>Forecast Operating Performance<sup>2</sup></u>															
	<table><tr><td></td><td>July 2024 Fiscal Period</td></tr><tr><td>Occupancy<sup>3</sup></td><td>88.4%</td></tr><tr><td>ADR<sup>4</sup></td><td>JPY 9,314</td></tr></table>		July 2024 Fiscal Period	Occupancy <sup>3</sup>	88.4%	ADR <sup>4</sup>	JPY 9,314									
		July 2024 Fiscal Period														
	Occupancy <sup>3</sup>	88.4%														
	ADR <sup>4</sup>	JPY 9,314														
	<sup>1</sup> The forecast rental income assumes operators and tenants will fully pay their contractual rents without delay or default.															
	<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.															
	<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)															
	<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															
<u>Details of the July 2024 Rental Income Forecast by Hotel</u>																
(JPY million)																
<table><tr><td>Hotel Name</td><td>Fixed Rent/ Minimum Guaranteed Rent</td><td>Variable Rent</td><td>Total</td></tr><tr><td>Smile Hotel Kyoto Shijo</td><td>38</td><td>41</td><td>79</td></tr><tr><td>Nest Hotel Sapporo Ekimae</td><td>31</td><td>97</td><td>128</td></tr><tr><td>The OneFive Osaka Sakaisuji</td><td>11</td><td>31</td><td>42</td></tr></table>	Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	38	41	79	Nest Hotel Sapporo Ekimae	31	97	128	The OneFive Osaka Sakaisuji	11	31	42
Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total													
Smile Hotel Kyoto Shijo	38	41	79													
Nest Hotel Sapporo Ekimae	31	97	128													
The OneFive Osaka Sakaisuji	11	31	42													

	Comfort Hotel Hamamatsu	55	–	55
	Nest Hotel Sapporo Odori	27	59	86
	The OneFive Fukuoka Tenjin	34	29	63
	Nest Hotel Osaka Shinsaibashi	66	98	165
	Comfort Hotel Central International Airport	151	–	151
	Smile Hotel Tokyo Asagaya	61	79	141
	Nest Hotel Matsuyama	36	42	78
	The OneFive Okayama	62	9	71
	Comfort Hotel Kushiro	18	–	18
	Comfort Hotel Suzuka	15	–	15
	The OneFive Garden Kurashiki	39	–	40
	Nest Hotel Kumamoto	25	37	63
	Valie Hotel Hiroshima	29	38	67
	The OneFive Tokyo Shibuya	47	75	123
	Hotel Sunshine Utsunomiya	64	–	64
	Smile Hotel Nagano	6	33	39
	HOTEL THE KNOT YOKOHAMA	68	96	165
	Quintessa Hotel Ise Shima	20	35	56
	Quintessa Hotel Ogaki	15	6	22
	THE KNOT SAPPORO	74	83	157
	Other <sup>1</sup>	284	112	397
	Total	1,284	1,008	2,293
	<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.			
	<ul style="list-style-type: none"> <li>• Retail: JPY 89 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.</li> </ul>			

Operating Expenses	<ul style="list-style-type: none"> <li>• Depreciation: JPY 469 million. Depreciation has been calculated using the straight-line method.</li> <li>• Property and city planning taxes: JPY 171 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 303 million for asset management fee and JPY 14 million for appraisal report costs.</li> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>• Interest expenses and other borrowing-related expenses: JPY 316 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 July 31, 2024</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 July 31, 2024</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>