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Issuer

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**July 2022 Fiscal Period Earning Results Versus Forecast  
and Earnings Forecast Revision for the January 2023 Fiscal Period**

Because Ichigo Hotel’s July 2022 earnings results announced today differed from its forecast in the July 21, 2022 release, “Earnings Forecast Revision for the July 2022 Fiscal Period,” Ichigo Hotel is detailing the difference between the results and the forecast below.

Ichigo Hotel is revising upward its January 2023 fiscal period earnings forecast announced in the March 17, 2022 release “January 2022 Fiscal Period Earnings.”

1. July 2022 Earnings Results vs. Forecast

(JPY million)

	Operating Revenue	Operating Profit	Recurring Profit	Net Income	Dividend per Share (JPY)
Forecast (A)	1,197	515	312	311	1,220
Results (B)	1,248	566	362	361	1,418
Difference (B) - (A)	+51	+51	+50	+50	+198
% Change	+4.3%	+10.0%	+16.1%	+16.1%	+16.2%
Reference: July 2021 Actual	1,117	465	269	268	1,055

Reference: Net Income per Share: JPY 1,417

Period-end number of shares outstanding: 254,974 shares

## 2. January 2023 Earnings Forecast Revision

(JPY million)

	Operating Revenue	Operating Profit	Recurring Profit	Net Income	Dividend per Share (JPY)
Previous Forecast (A)	1,093	451	219	218	858
New Forecast (B)	1,205	514	283	282	1,106
Difference (B) - (A)	+111	+63	+63	+63	+248
% Change	+10.2%	+14.0%	+28.8%	+28.9%	+28.9%
Reference: January 2022 Actual	1,125	472	274	342	1,345

Reference: Net Income per Share: JPY 1,106

Period-end number of shares outstanding: 254,974 shares

Note: The new forecast is based on the “Preconditions for the January 2023 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.

## 3. July 2022 Earnings Results and January 2023 Earnings Forecast Revision Rationale

### July 2022 Earnings Results

July 2022 fiscal period earnings was higher than forecast on the back of greater than expected variable rent due to Hiroshima, Kumamoto, and Aichi Prefectures continuing to lease all rooms of Valie Hotel Hiroshima, Nest Hotel Kumamoto, and Hotel Wing International Nagoya, respectively.

As a result, July 2022 operating revenue, operating profit, recurring profit, net income, and divided per share increased by JPY 51 million (+4.3%), JPY 51 million (+10.0%), JPY 50 million (+16.1%), JPY 50 million (+16.1%), and JPY 198 (+16.2%), respectively, versus the forecast announced on July 21, 2022.

### January 2023 Earnings Forecast Revision Rationale

Domestic leisure and business demand has been gradually recovering since March 2022. Although a full-blown recovery of hotel demand, including inbound demand, is expected to take time, the recovery trend is expected to continue.

Although property tax, repair expenses, and borrowing-related expenses are expected to increase as a result of the Comfort Hotel Nagano acquisition in May 2022 and the acquisition of the Hotel Sunshine Utsunomiya announced today, fixed rent is expected to increase as a result of the hotel acquisitions and variable rent is expected to increase as a result of local governments continuing to lease all rooms of multiple hotels.

As a result, January 2023 operating revenue, operating profit, recurring profit, net income, and divided per share is expected to increase by JPY 111 million (+10.2%), JPY 63 million (+14.0%), JPY 63 million (+28.8%), JPY 63 million (28.9%), and JPY 248 (+28.9%), respectively, versus the forecast announced on March 17, 2022.

Should any further change to the outlook for operating results arise, Ichigo Hotel will promptly disclose the details.

Preconditions for the January 2023 Earnings Forecast

	Preconditions																																										
Period	<ul style="list-style-type: none"> <li>• August 1, 2022 to January 31, 2023 (184 days)</li> </ul>																																										
Number of Hotels	<ul style="list-style-type: none"> <li>• 24 hotels as of September 14, 2022 and Hotel Sunshine Utsunomiya to be acquired.</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 2023 Fiscal Period</th> </tr> </thead> <tbody> <tr> <td>Occupancy<sup>3</sup></td> <td>76.8%</td> </tr> <tr> <td>ADR<sup>4</sup></td> <td>JPY 5,505</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 16 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, and HOTEL EMIT SHIBUYA. However, 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 2023 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>34</td> <td>–</td> <td>35</td> </tr> <tr> <td>Nest Hotel Sapporo Ekimae</td> <td>32</td> <td>30</td> <td>62</td> </tr> <tr> <td>The OneFive Osaka Sakaisuji</td> <td>5</td> <td>–</td> <td>6</td> </tr> <tr> <td>Comfort Hotel Hamamatsu</td> <td>55</td> <td>–</td> <td>55</td> </tr> <tr> <td>Nest Hotel Sapporo Odori</td> <td>26</td> <td>4</td> <td>30</td> </tr> <tr> <td>The OneFive Fukuoka Tenjin</td> <td>40</td> <td>–</td> <td>40</td> </tr> <tr> <td>Nest Hotel Osaka Shinsaibashi</td> <td>65</td> <td>–</td> <td>65</td> </tr> <tr> <td>Comfort Hotel Central International Airport</td> <td>151</td> <td>–</td> <td>151</td> </tr> </tbody> </table>		January 2023 Fiscal Period	Occupancy <sup>3</sup>	76.8%	ADR <sup>4</sup>	JPY 5,505	Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	34	–	35	Nest Hotel Sapporo Ekimae	32	30	62	The OneFive Osaka Sakaisuji	5	–	6	Comfort Hotel Hamamatsu	55	–	55	Nest Hotel Sapporo Odori	26	4	30	The OneFive Fukuoka Tenjin	40	–	40	Nest Hotel Osaka Shinsaibashi	65	–	65	Comfort Hotel Central International Airport	151	–	151
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	Smile Hotel Tokyo Asagaya	59	6	65
	Nest Hotel Matsuyama	35	7	42
	The OneFive Okayama	72	–	72
	Comfort Hotel Kushiro	18	–	18
	Comfort Hotel Suzuka	15	–	15
	The OneFive Garden Kurashiki	1	1	3
	Nest Hotel Kumamoto	27	40	68
	Valie Hotel Hiroshima	22	50	73
	HOTEL EMIT SHIBUYA	44	–	45
	Other <sup>1</sup>	264	37	302
	Total	974	180	1,155
	<p><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, Comfort Hotel Nagano, and Hotel Sunshine Utsunomiya are included in “Other” because the hotel operators did not provide consent to disclose hotel-specific data.</p> <ul style="list-style-type: none"> <li>• Retail: JPY 33 million of rental income from retail tenants at The OneFive Osaka Sakaisuji, Hotel Wing International Kobe Shin Nagata Ekimae, Smile Hotel Tokyo Asagaya, and Hotel Sunshine Utsunomiya, and from banquet rooms at Nest Hotel Kumamoto.</li> </ul>			
Operating Expenses	<ul style="list-style-type: none"> <li>• Depreciation: JPY 371 million. Depreciation has been calculated using the straight-line method.</li> <li>• Property and city planning taxes: JPY 123 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 1.5 million for engineering report costs.</li> </ul>			
Non-Operating Expenses	<ul style="list-style-type: none"> <li>• Interest expenses and other borrowing-related expenses: JPY 231 million</li> </ul>			
Borrowings	<ul style="list-style-type: none"> <li>• Total borrowings: JPY 26.34 billion as of January 31, 2023 based on the assumption that JPY 7 billion of short-term borrowing due November 30, 2022 and JPY 1.8 billion of long-term borrowing due January 31, 2023 will be refinanced.</li> </ul>			

Number of Shares	<ul style="list-style-type: none"> <li>• 254,974 shares issued and outstanding as of September 14, 2022. The forecast assumes there will be no additional new issuance of shares and/or cancellation of shares through January 31, 2023.</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> <li>• Given ongoing Covid uncertainty, these earnings forecasts are subject to change.</li> </ul>