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Issuer

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**Earnings Forecast Revision for the January 2023 Fiscal Period**

Ichigo Hotel is revising upward its January 2023 fiscal period earnings forecast announced in the September 14, 2022 release “July 2022 Fiscal Period Earnings.”

1. January 2023 Earnings Forecast Revision

(JPY million)

	Operating Revenue	Operating Profit	Recurring Profit	Net Income	Dividend per Share (JPY)
Previous Forecast (A)	1,205	514	283	282	1,106
New Forecast (B)	1,323	597	374	373	1,465
Difference (B) - (A)	+118	+83	+91	+91	+359
% Change	+9.8%	+16.2%	+32.3%	+32.4%	+32.5%
Reference: January 2022	1,125	472	274	342	1,345

Reference: Net Income per Share: JPY 1,465

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.

## 2. January 2023 Earnings Forecast Revision Rationale

Ichigo Hotel is revising up its January 2023 fiscal period earnings forecast (announced on September 14, 2022) on the back of domestic leisure and business demand recovering as a result of the lifting of Covid restrictions and a domestic travel subsidy program by the government.

Ichigo Hotel expects to record greater than expected variable rent at the Valie Hotel Hiroshima due to Hiroshima Prefecture temporarily leasing all rooms starting in mid-February 2021 and at the Nest Hotel Kumamoto due to Kumamoto Prefecture temporarily leasing all rooms starting on February 1, 2022. Both prefectures are continuing the temporary leasing of rooms.

As a result, the forecast for January 2023 operating revenue, operating profit, recurring profit, net income, and dividend per share are expected to increase by JPY 118 million (+9.8%), JPY 83 million (+16.2%), JPY 91 million (+32.3%), JPY 91 million (+32.4%), and JPY 359 (+32.5%) respectively, versus the previous forecast.

Business and leisure demand has been gradually recovering on the back of the lifting of Covid restrictions, and Ichigo Hotel's January 2023 RevPAR based on actual August to October 2022 results for its 15 variable rent hotels is JPY 5,387 (+93.5% YOY).

There is no revision to the July 2023 fiscal period earnings forecast.

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	• August 1, 2022 to January 31, 2023 (184 days)																																										
Number of Hotels	• 25 hotels																																										
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>82.4%</td> </tr> <tr> <td>ADR<sup>4</sup></td> <td>JPY 5,791</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, Nest Hotel Sapporo Ekimae, The OneFive Osaka Sakaisuji, Nest Hotel Sapporo Odori, The OneFive Fukuoka Tenjin, Nest Hotel Osaka Shinsaibashi, Smile Hotel Tokyo Asagaya, Nest Hotel Matsuyama, The OneFive Garden Kurashiki, Hotel Wing International Nagoya, Hotel Wing International Kobe Shin Nagata Ekimae, Nest Hotel Kumamoto, Valie Hotel Hiroshima, The OneFive Tokyo Shibuya, The OneFive Okayama, and Capsule Plus Yokohama. 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></p> <p style="text-align: right;">(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>46</td> <td>78</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>18</td> <td>44</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>	82.4%	ADR <sup>4</sup>	JPY 5,791	Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	34	–	35	Nest Hotel Sapporo Ekimae	32	46	78	The OneFive Osaka Sakaisuji	5	–	6	Comfort Hotel Hamamatsu	55	–	55	Nest Hotel Sapporo Odori	26	18	44	The OneFive Fukuoka Tenjin	40	–	40	Nest Hotel Osaka Shinsaibashi	65	–	65	Comfort Hotel Central International Airport	151	–	151
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Operating Expenses	<ul style="list-style-type: none"> <li>• Depreciation: JPY 374 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 0.3 million for environmental certification costs.</li> </ul>																																																
Non-Operating Expenses	<ul style="list-style-type: none"> <li>• Interest expenses and other borrowing-related expenses: JPY 223 million</li> </ul>																																																
Borrowings	<ul style="list-style-type: none"> <li>• Total borrowings: JPY 26.34 billion as of January 31, 2023, including loans and bonds.</li> </ul>																																																

Number of Shares	<ul style="list-style-type: none"> <li>• 254,974 shares issued and outstanding as of today. 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>