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Upward Earnings Forecast Revision for the January 2025 Fiscal Period

Ichigo Hotel is revising upward its earnings forecast for the January 2025 fiscal period announced in the September 17, 2024 releases "July 2024 Fiscal Period Earnings" and "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)	4,564	3,277	2,951	2,950	9,009
New Forecast (B)	4,812	3,494	3,167	3,167	9,671
Difference (B) - (A)	+247	+216	+216	+216	+662
% Change	+5.4%	+6.6%	+7.3%	+7.4%	+7.3%
Reference: January 2024	2,282	1,250	975	974	2,976

Reference: Net Income per Share: JPY 9,670
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.

2. January 2025 Earnings Forecast Revision Rationale

Ichigo Hotel is selling Valie Hotel Hiroshima on December 2, 2024 as announced in today's release "Hotel Sale (Valie Hotel Hiroshima), and is revising upward its January 2025 fiscal period earnings to reflect an expected gains on sale of c. JPY 230 million from the hotel sale.

Preconditions for the January 2025 Earnings Forecast

<table>
<tr><td></td><td>Preconditions</td></tr>
<tr><td>Period</td><td>• August 1, 2024 to January 31, 2025 (184 days)</td></tr>
<tr><td>Number of Hotels</td><td>• 30 hotels (28 hotels after the sales of Valie Hotel Hiroshima on December 2, 2024 and Nest Hotel Sapporo Ekimae on December 25, 2024)</td></tr>
<tr><td>Operating Revenue</td><td>Within operating revenue, rental income is forecast based on current lease contracts, taking into consideration such factors as hotel and market conditions.[1]

<u>Forecast Operating Performance[2]</u>

<table>
<tr><td></td><td>January 2025 Fiscal Period</td></tr>
<tr><td>Occupancy[3]</td><td>88.4%</td></tr>
<tr><td>ADR[4]</td><td>JPY 9,339</td></tr>
</table>
[1] The forecast rental income assumes operators and tenants will fully pay their contractual rents without delay or default.
[2] 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.
[3] 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)
[4] 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 January 2025 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>32</td><td>30</td><td>62</td></tr>
<tr><td>Nest Hotel Sapporo Ekimae</td><td>28</td><td>75</td><td>103</td></tr>
<tr><td>The OneFive Osaka Sakaisuji</td><td>17</td><td>14</td><td>31</td></tr>
</table>
</td></tr>
</table>

Comfort Hotel Hamamatsu	55	–	55
Nest Hotel Sapporo Odori	26	54	80
The OneFive Fukuoka Tenjin	40	19	60
Nest Hotel Osaka Shinsaibashi	65	98	164
Comfort Hotel Central International Airport	151	–	151
Smile Hotel Tokyo Asagaya	59	71	130
Nest Hotel Matsuyama	35	48	84
The OneFive Okayama	72	18	90
Comfort Hotel Kushiro	18	–	18
Comfort Hotel Suzuka	15	–	15
The OneFive Garden Kurashiki	47	3	51
Nest Hotel Kumamoto	27	47	74
Valie Hotel Hiroshima	30	17	47
The OneFive Tokyo Shibuya	44	94	139
Smile Hotel Nagano	7	45	53
Hotel Sunshine Utsunomiya	64	–	64
HOTEL THE KNOT YOKOHAMA	70	75	145
Quintessa Hotel Ise Shima	20	41	62
Quintessa Hotel Ogaki	15	18	34
THE KNOT SAPPORO	66	48	114
Other[1]	284	115	400
Total	1,299	940	2,239

[1] 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 106 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)" and the sale of Valie Hotel Hiroshima announced in today's release "Hotel Sale (Valie Hotel Hiroshima)": JPY 2,181 million and JPY 233 million (estimates, calculated as the Sale Price less Book Value, IIA performance fee, and estimated sale expenses)

Operating Expenses	• Depreciation: JPY 457 million. Depreciation has been calculated using the straight-line method. • Property and city planning taxes: JPY 170 million. • 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. • Rental expenses, Ichigo Hotel's principal operating expense (other than depreciation, see above), are calculated based on historical data adjusted for anticipated expense variations. • Actual operating expenses may differ significantly from these assumptions due to unforeseeable factors. • SG&A expenses: JPY 390 million for asset management fee, JPY 22 million for appraisal report costs, and JPY 46 million for non-deductible consumption tax.
Non-Operating Expenses	• Interest expenses and other borrowing-related expenses: JPY 322 million • Amortization of share issuance expenses: JPY 3 million
Borrowings	• Total borrowings: JPY 32.47 billion as of January 31, 2025
Number of Shares	• Total 327,489 shares • The forecast assumes there will be no additional new shares issued through January 31, 2025
Dividend	• The dividend forecast assumes that dividends will comply with the dividend distribution policy stipulated in Ichigo Hotel's Articles of Incorporation. • 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.
Dividend in Excess of Earnings	• Ichigo Hotel does not plan on paying any Dividend in Excess of Earnings.
Other	• 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.