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Issuer

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## **Earnings Forecast Revision for the January 2021 Fiscal Period**

Ichigo Hotel is revising down its January 2021 earnings forecast announced in the March 16, 2020 release “January 2020 Fiscal Period Earnings.”

### 1. January 2021 Earnings Forecast Revision

(JPY million)

	Operating Revenue	Operating Profit	Recurring Profit	Net Income	Dividend per Share (JPY)
Previous Forecast (A)	1,525	797	594	593	2,328
New Forecast (B)	1,107	472	259	259	1,015
Difference (B) - (A)	-418	-325	-335	-334	-1,313
% Change	-27.4%	-40.7%	-56.3%	-56.3%	-56.4%
Reference: January 2020 Actual	3,561	2,334	2,132	2,130	8,356

Reference: Net Income per Share: JPY 1,015

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

Note: Actual operating revenue, operating profit, recurring profit, net income, and the dividend 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 actual operating results.

## 2. January 2021 Earnings Forecast Revision Rationale

The ongoing impact of Covid-19 continues to be deeply uncertain. Although some hotels, including a number of our hotels, have resumed operations upon the lifting of Japan's nationwide state of emergency and the Japanese government has implemented a Go To Travel campaign to stimulate demand, recovery of both Japanese and inbound demand is expected to take some time.

Given these conditions, Ichigo Hotel is revising down its January 2021 fiscal period (August 1, 2020 – January 31, 2021) earnings forecast announced in the March 16, 2020 release "January 2020 Fiscal Period Earnings."

The revised forecast and the below "Preconditions for the January 2021 Fiscal Period Earnings Forecast" assume current Covid-19 impacts. Should an additional forecast revision become necessary, Ichigo Hotel will promptly disclose the details.

Please note that Ichigo Hotel is not revising at this time the July 2020 forecast announced in the release "Earnings Forecast Revision for the July 2020 Fiscal Period" on April 27, 2020. However, Ichigo Hotel is currently discussing the rental outlook with hotel operators that temporarily closed the hotels in response to lowered demand due to Covid-19. Should an additional earnings forecast revision become necessary as a consequence, for example due to impacts that emerge with respect to fixed and minimum guaranteed rents, Ichigo Hotel will promptly disclose the details.

Preconditions for the January 2021 Fiscal Period Earnings Forecast

	Preconditions																																																																																
Period	● August 1, 2020 to January 31, 2021 (184 days)																																																																																
Number of Hotels	● The forecast assumes 23 hotels																																																																																
Operating Revenue	Within operating revenue, rental income is forecast based on current lease contracts taking into consideration such factors as the hotel and market conditions, and Covid-19 impact on hotel demand. <sup>1</sup>  <sup>1</sup> The forecast rental income assumes operators and tenants will fully pay their contractual rents without delay or default.  <u>Details of January 2021 Rental Income Forecast</u> <div>(JPY million)</div> <table><tr><th>Hotel Name</th><th>Fixed Rent/ Minimum Guaranteed Rent</th><th>Variable Rent</th><th>Total</th></tr><tr><td>Smile Hotel Kyoto Shijo</td><td>34</td><td>—</td><td>34</td></tr><tr><td>Nest Hotel Sapporo Ekimae</td><td>32</td><td>—</td><td>32</td></tr><tr><td>Chisun Inn Osaka Hommachi</td><td>39</td><td>—</td><td>39</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>2</td><td>29</td></tr><tr><td>Valie Hotel Tenjin</td><td>32</td><td>—</td><td>32</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><tr><td>Smile Hotel Tokyo Asagaya</td><td>59</td><td>—</td><td>59</td></tr><tr><td>Nest Hotel Matsuyama</td><td>35</td><td>—</td><td>35</td></tr><tr><td>Comfort Hotel Okayama</td><td>37</td><td>1</td><td>38</td></tr><tr><td>Comfort Hotel Kushiro</td><td>18</td><td>—</td><td>18</td></tr><tr><td>Comfort Hotel Suzuka</td><td>15</td><td>—</td><td>15</td></tr><tr><td>Court Hotel Kurashiki</td><td>33</td><td>3</td><td>36</td></tr><tr><td>Nest Hotel Kumamoto</td><td>27</td><td>28</td><td>55</td></tr><tr><td>Valie Hotel Hiroshima</td><td>23</td><td>1</td><td>24</td></tr><tr><td>HOTEL EMIT SHIBUYA</td><td>45</td><td>—</td><td>45</td></tr><tr><td>Other<sup>1</sup></td><td>293</td><td>—</td><td>293</td></tr><tr><td>Total</td><td>1,026</td><td>38</td><td>1,064</td></tr></table>	Hotel Name	Fixed Rent/ Minimum Guaranteed Rent	Variable Rent	Total	Smile Hotel Kyoto Shijo	34	—	34	Nest Hotel Sapporo Ekimae	32	—	32	Chisun Inn Osaka Hommachi	39	—	39	Comfort Hotel Hamamatsu	55	—	55	Nest Hotel Sapporo Odori	26	2	29	Valie Hotel Tenjin	32	—	32	Nest Hotel Osaka Shinsaibashi	65	—	65	Comfort Hotel Central International Airport	151	—	151	Smile Hotel Tokyo Asagaya	59	—	59	Nest Hotel Matsuyama	35	—	35	Comfort Hotel Okayama	37	1	38	Comfort Hotel Kushiro	18	—	18	Comfort Hotel Suzuka	15	—	15	Court Hotel Kurashiki	33	3	36	Nest Hotel Kumamoto	27	28	55	Valie Hotel Hiroshima	23	1	24	HOTEL EMIT SHIBUYA	45	—	45	Other <sup>1</sup>	293	—	293	Total	1,026	38	1,064
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		<sup>1</sup> Figures for Hotel Wing International Nagoya and Hotel Wing International Kobe Shin Nagata Ekimae, which are variable rent hotels, and figures for Hotel Livemax Nihombashi-Hakozaki, Grandpark-Inn Yokohama, Urbain Hiroshima Executive, and Washington Hotel Plaza Shimonoseki Eki Nishi, which are fixed rent hotels are included in																																																																															

	<p>“Other” because the hotel operators did not provide consent to disclose hotel-specific data.</p> <p>Retail: JPY 43 million of rental income from retail tenants at Chisun Inn Osaka Hommachi, Hotel Wing International Kobe Shin Nagata Ekimae, and Smile Hotel Tokyo Asagaya (including utility income)</p>
Operating Expenses	<ul style="list-style-type: none"> <li>• Depreciation: JPY 337 million. Depreciation has been calculated using the straight-line method.</li> <li>• Property and city planning taxes: JPY 108 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> </ul>
Non-Operating Expenses	<ul style="list-style-type: none"> <li>• Interest expenses and other borrowing-related expenses: JPY 212 million</li> <li>• Amortization of expenses related to the establishment of Ichigo Hotel: JPY 100,000</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>• Total borrowings: JPY 25.47 billion as of January 31, 2021</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 through January 31, 2021.</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>