

August 15, 2016

REIT Issuer

Ichigo Hotel REIT Investment Corporation (3463)

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Representative: Osamu Miyashita, Executive Director

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Asset Management Company

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New Loans and Interest Rate Swaps

Ichigo Hotel REIT decided today to borrow funds via new loans and is entering into interest rate swap agreements to fix and lock-in the low interest rates on the loans.

1. Reason for New Loans

Ichigo Hotel REIT is committed to maximizing shareholder value for Ichigo Hotel REIT shareholders by executing upon Ichigo Hotel REIT's growth strategy and action plans and taking full advantage of Ichigo's value-add capabilities.¹

Consistent with these action plans, Ichigo Hotel REIT is acquiring ten assets as announced in the July 22, 2016 release "Acquisition of Ten Hotel Assets" using funds from the recent public offering, today's borrowings, and cash-on-hand.

¹ Growth outcomes may differ from the action plans and are not guaranteed.

2. Loan Details

Term Loan III

Lender	Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; Shinsei Bank, Limited; Resona Bank, Limited; The Bank of Fukuoka; Nishi-Nippon City Bank, Ltd.
Loan Amount	2,000 million yen
Loan Date	August 17, 2016
Use of Proceeds	Asset acquisition and related costs
Principal Repayment Date	February 29, 2020 ¹
Principal Repayment Terms	Lump sum repayment on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.55% (p.a.) ²
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2016 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

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Term Loan IV

Lender	Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; Shinsei Bank, Limited; Resona Bank, Limited; The Bank of Fukuoka; Nishi-Nippon City Bank, Ltd.
Loan Amount	4,500 million yen
Loan Date	August 17, 2016
Use of Proceeds	Asset acquisition and related costs
Principal Repayment Date	February 28, 2023 ¹
Principal Repayment Terms	Lump sum repayment on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.75% (p.a.) ²
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2016 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Term Loan V

Lender	Sumitomo Mitsui Banking Corporation; Mizuho Bank, Ltd.; Shinsei Bank, Limited; Resona Bank, Limited; The Bank of Fukuoka; Nishi-Nippon City Bank, Ltd.
Loan Amount	4,500 million yen
Loan Date	August 17, 2016
Use of Proceeds	Asset acquisition and related costs
Principal Repayment Date	August 31, 2023 ¹
Principal Repayment Terms	Lump sum repayment on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.80% (p.a.) ²
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2016 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

¹ In the event the date is not a business day, repayment shall be made on the next business day. If the next business day is the following month, then the repayment shall be made on the previous business day.

² From August 17, 2016 until August 31, 2016, the interest rate of Term Loan III is 0.56836%, that of Term Loan IV is 0.76836%, and that of Term Loan V is 0.81836%. As described in Section 3 below, the interest rates of Term Loan IV and Term Loan V are fixed as a result of the interest rate swaps.

3. Interest Rate Swap

(a) Reason

To fix the interest payment amount of Term Loan IV and Term Loan V and hedge against a rise in interest rates.

(b) Swap Details

Term Loan IV

Counterparty	Mizuho Bank, Ltd.
Notional Principal	4,500 million yen
Contract Date	August 15, 2016
Commencement Date	August 17, 2016
Termination Date	February 28, 2023 ¹
Interest Rate	Fixed Interest Rate: 0.90750% ² Floating Interest Rate: 1M JPY TIBOR + 0.75%
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2016 and the last payment date will be the same as the Principal Repayment Date)

Term Loan V

Counterparty	Sumitomo Mitsui Banking Corporation
Notional Principal	4,500 million yen
Contract Date	August 15, 2016
Commencement Date	August 17, 2016
Termination Date	August 31, 2023 ¹
Interest Rate	Fixed Interest Rate: 0.98500% ² Floating Interest Rate: 1M JPY TIBOR + 0.80%
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2016 and the last payment date will be the same as the Principal Repayment Date)

¹ In the event the date is not a business day, repayment shall be made on the next business day. If the next business day is the following month, then the repayment shall be made on the immediate previous business day.

² As a result of the interest rate swaps, the interest rate of Term Loan IV is 0.90750% and that of Term Loan V is fixed at 0.98500%.

4. Earnings Outlook

The impact of the new loans on Ichigo Hotel REIT's earnings and dividend forecasts for the January 2017 and July 2017 fiscal periods is minimal. Therefore, Ichigo Hotel REIT's earnings and dividend forecast announced on July 22, 2016 remains unchanged.

5. Other

Risks related to this loan have no material impact on the "Investment Risks" described in "Chapter 3 Investment Risks, Section 1 Situation of the Fund, Part 2 Fund Information" of the latest Securities Report submitted on July 22, 2016.

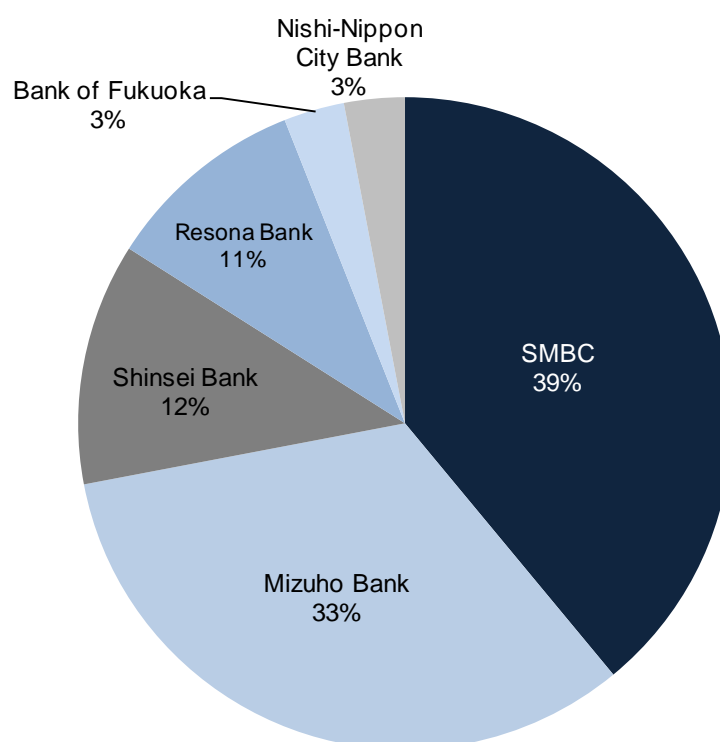
Reference: Ichigo Hotel REIT Loan Details

Outstanding Loan Balance

(million yen)

	Before Today's Transactions	After Today's Transactions	Change
Short-term bank borrowings	0	0	0
Long-term bank borrowings (due within one year)	0	0	0
Long-term bank borrowings	8,500	19,500	11,000
Total bank borrowings	8,500	19,500	11,000
Bond issuance	0	0	0
Total bank borrowings and bond issuance	8,500	19,500	11,000
Other interest-bearing liabilities	0	0	0
Total interest-bearing liabilities	8,500	19,500	11,000

Lender Distribution (as of August 17, 2016)

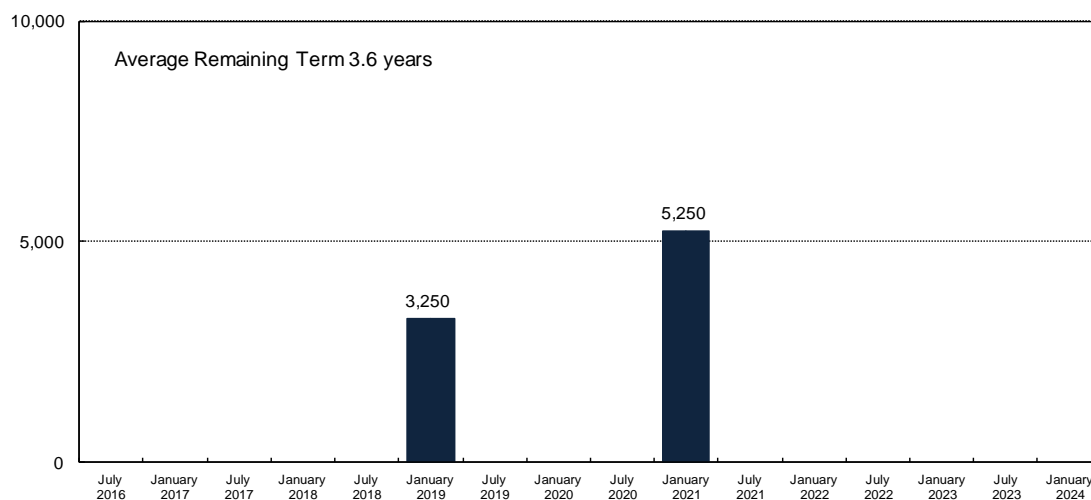


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Loan Repayment Date Distribution

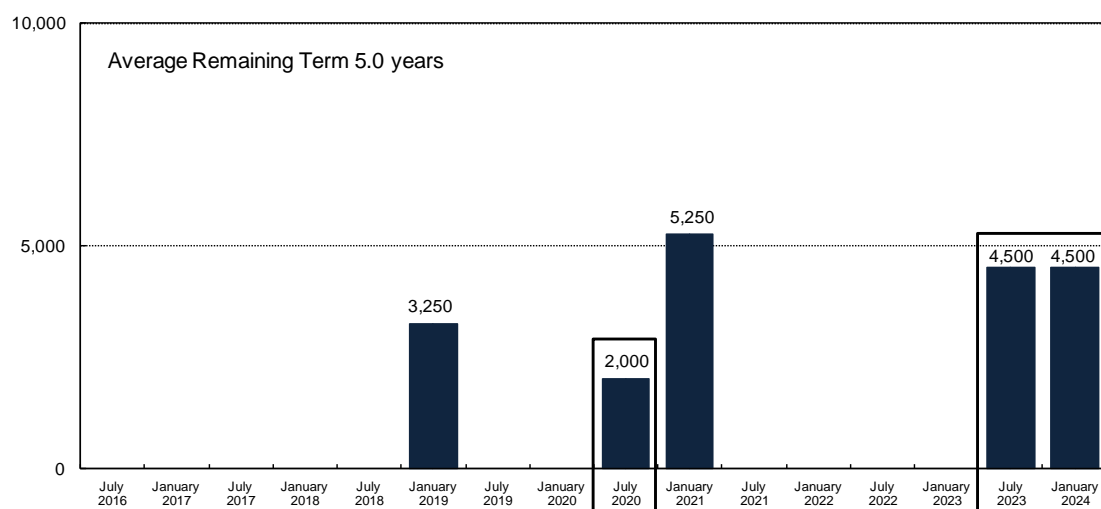
Before Today's Transactions (as of July 31, 2016)

(million yen)



After Today's Transactions (expected as of August 17, 2016)

(million yen)



(Note) Average Remaining Term is the weighted average remaining term for Ichigo Hotel REIT's borrowings, rounded to the nearest decimal place.

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Ichigo Hotel REIT Growth Strategy Roadmap

	Stage I	Stage II
	Continuous Dividend Growth via External Growth, Organic Growth, and Strong Financial Base	
External Growth	<ul style="list-style-type: none"> Quickly achieve JPY100B total asset size by taking full advantage of Ichigo's sponsor support Invest primarily in stay-only hotels Acquisition of conversion-feasible assets and lodging facilities such as serviced apartments Asset acquisitions via SPCs 	<ul style="list-style-type: none"> Construct a diversified portfolio to pursue both income stability and earnings growth Acquire prime-location full-service hotels and resort hotels in addition to stay-only hotels Increase portfolio size and generate scale efficiencies via acquisitions of newly built hotels in addition to value-add of existing hotels
Organic Growth	<ul style="list-style-type: none"> Improve operational efficiency by monitoring operations and providing advice to partner hotel operators Carry out value-add capex to drive higher rents 	
	<ul style="list-style-type: none"> Minimize expenses via collaboration with operators 	<ul style="list-style-type: none"> Further increase earnings via more favorable lease terms, rebranding, etc.
Financing	<ul style="list-style-type: none"> Maintain a strong lender base Control LTV Manage interest rate risk Prepare to acquire credit rating Prepare to enter global REIT indices 	<ul style="list-style-type: none"> Acquire credit rating Diversify financing Continue to control LTV and manage interest rate risk Enter global REIT indices
	Lay Foundation for Growth via Increased Portfolio Scale	Pursue Portfolio Diversification, Stability, and Growth

(Note) Ichigo Hotel REIT seeks to be strategic and cost-effective in its capex (capital expenditures), and its capex is thus generally expected to be less than or equal to depreciation in each period.

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