[Provisional Translation Only]
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July 28, 2017

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New Loans and Interest Rate Swaps

Ichigo Hotel REIT decided today to borrow JPY 1.8 billion via new loans and to enter into interest rate swaps to lock-in the interest rates on its new loans.

1. Reason for New Loans and Interest Rate Swaps

Ichigo Hotel REIT is acquiring a Hiroshima hotel on August 1, 2017 as announced in the July 25, 2017 release "Hotel Acquisition (Urbain Hiroshima Executive)," and the new loans will be used to fund the acquisition and related expenses.

2. Loan and Interest Rate Swap Details

Term Loan VII-1 & Swap

Lender	SMBC
Loan Amount	JPY 400 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

Term Loan VII-2 & Swap

Lender	Mizuho Bank
Loan Amount	JPY 300 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

Term Loan VII-3 & Swap

Lender	Shinsei Bank
Loan Amount	JPY 300 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

Term Loan VII-4 & Swap

Lender	Resona Bank
Loan Amount	JPY 200 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

Term Loan VII-5 & Swap

Lender	Bank of Fukuoka
Loan Amount	JPY 300 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

Term Loan VII-6 & Swap

Lender	Nishi-Nippon City Bank
Loan Amount	JPY 300 million
Use of Proceeds	Asset acquisition
Loan Date	August 1, 2017
Principal Repayment Date	January 31, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.65% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be August 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 28, 2017
Fixed Interest Rate	0.78750%[1]

[1] Interest rates for above term loans are fixed at 0.78750%.

Notes:

The base rate for the loans will be JPY TIBOR as published by the Japanese Bankers Association (JBA) two business days before each interest payment date. For current JPY TIBOR rates, please visit the JBA's website: www.jbatibor.or.jp/english/rate

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

3. Earnings Outlook

The impact of the new loans and the interest rate swaps on Ichigo Hotel REIT's January 2018 period earnings is minimal. Therefore, there is no revision to Ichigo Hotel REIT's earnings and dividend forecast announced in the March 15, 2017 release "Earnings Summary for the January 2017 Fiscal Period."

4. Other

Risks related to this loan have no material impact on the "Investment Risks" described in the latest Financial Report submitted on April 27, 2017.

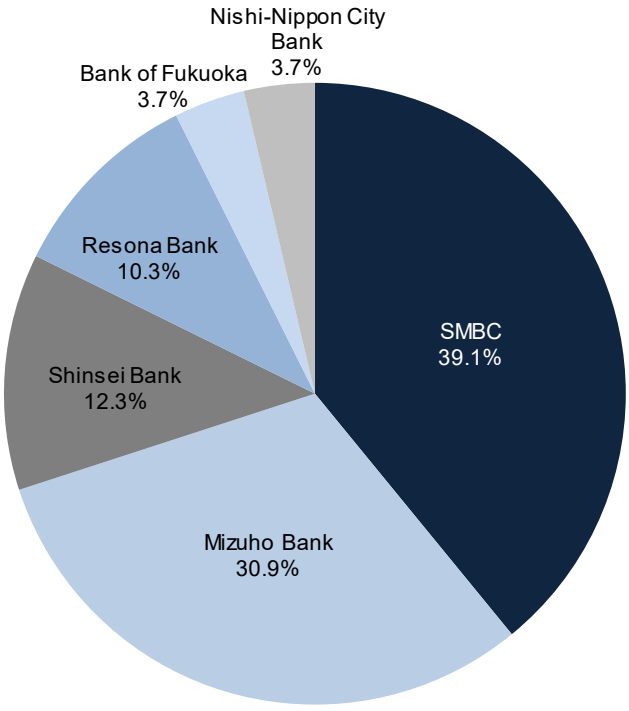
Reference: Ichigo Hotel REIT Loan Details

Outstanding Loan Balance (as of August 1, 2017)

(JPY million)

	Before New Loans (A)	After New Loans (B)	Change (B) - (A)
Short-term bank loans	–	–	–
Long-term bank loans (due within one year)	–	–	–
Long-term bank loans	19,950	21,750	+1,800
Total bank loans	**19,950**	**21,750**	**+1,800**
Bond issuance	–	–	–
Total bank loans and bond issuance	**19,950**	**21,750**	**+1,800**
Other interest-bearing liabilities	–	–	–
Total interest-bearing liabilities	**19,950**	**21,750**	**+1,800**

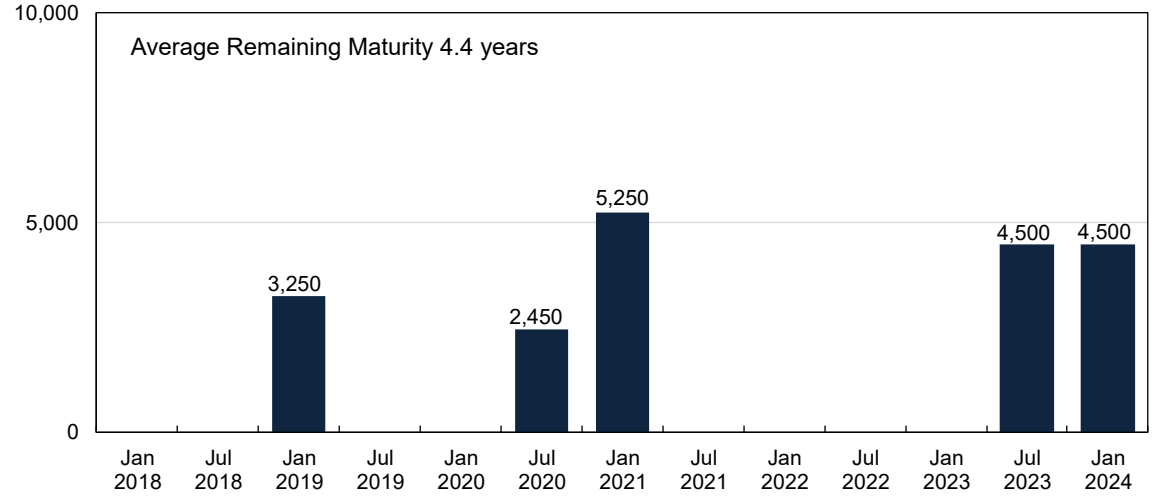
Lender Distribution (as of August 1, 2017)



Loan Term Distribution and Average Remaining Maturity

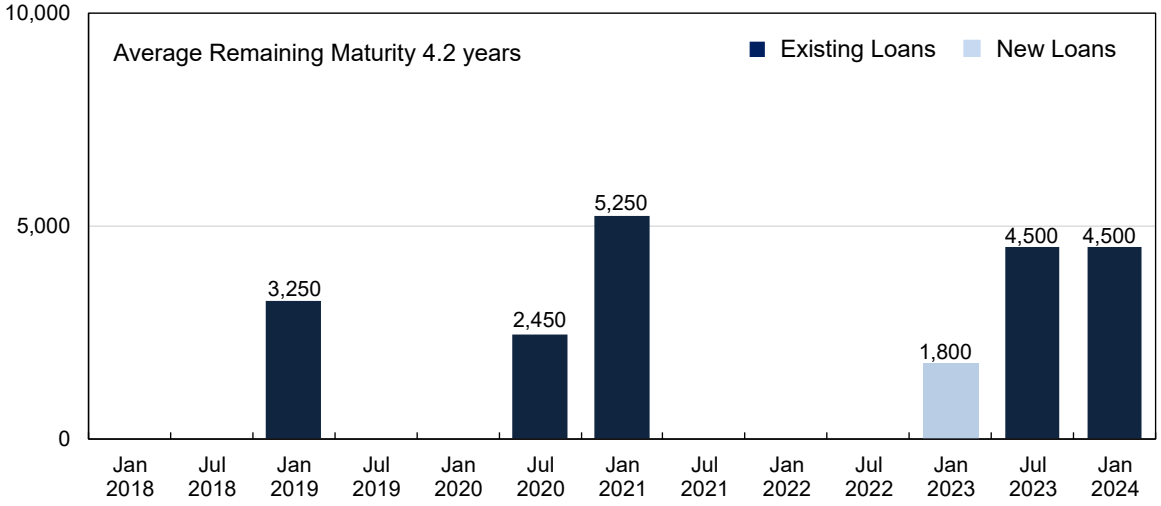
Before Execution (as of March 27, 2017)

(JPY million)



After Execution (as of August 1, 2017)

(JPY million)



Note: Average Remaining Maturity is the weighted average for Ichigo Hotel REIT's loans.