[Provisional Translation Only]
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New Loans and Interest Rate Swaps

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

1. Reason for New Loans and Interest Rate Swaps

Ichigo Office REIT is strategically restructuring its portfolio by acquiring three Tokyo office assets and selling four Tokyo non-office assets (three serviced apartments and one retail asset) as announced in the April 26, 2017 release "Acquisition of Three Assets and Sale of Four Assets."

Using the proceeds from the asset sale, Ichigo Office REIT has completed repayment of an existing loan with an interest rate of 1.79%, as announced in the April 28, 2017 release "Loan Repayment." Today's new loans will be used to finance the acquisition of the three office assets and simultaneously lengthen Ichigo Office REIT's loan maturity at a weighted-average interest rate of 0.75%. The interest rate swaps will fix the interest rates on 77% of the new loans (principal value) to hedge against any future rise in interest rates.

2. Loan and Interest Rate Swap Details

Term Loan VIII-A

Lender	SMBC
Loan Amount	JPY 1 billion
Use of Proceeds	Asset acquisition
Loan Date	May 10, 2017
Principal Repayment Date	October 31, 2018
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.33% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be May 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Term Loan VIII-B & Swap

Lender	SMBC
Loan Amount	JPY 1.1 billion
Use of Proceeds	Asset acquisition
Loan Date	May 10, 2017
Principal Repayment Date	November 10, 2024
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.69% (p.a.)[2]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be May 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	May 8, 2017
Fixed Interest Rate	0.8525%[3]

Term Loan VIII-C

Lender	Mizuho Bank
Loan Amount	JPY 400 million
Use of Proceeds	Asset acquisition
Loan Date	May 10, 2017
Principal Repayment Date	October 31, 2018
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.33% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be May 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Term Loan VIII-D & Swap

Lender	Mizuho Bank
Loan Amount	JPY 1 billion
Use of Proceeds	Asset acquisition
Loan Date	May 10, 2017
Principal Repayment Date	November 10, 2024
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.69% (p.a.)[2]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be May 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	May 8, 2017
Fixed Interest Rate	0.8525%[3]

Term Loan VIII-E

Lender	Shinsei Bank
Loan Amount	JPY 200 million
Use of Proceeds	Asset acquisition
Loan Date	May 10, 2017
Principal Repayment Date	October 31, 2018
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.33% (p.a.)[1]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be May 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

Term Loan VIII-F & Swap

Lender	Shinsei Bank
Loan Amount	JPY 900 million
Use of Proceeds	Asset acquisition
Loan Date	May 10, 2017
Principal Repayment Date	November 10, 2024
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.69% (p.a.)[2]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be May 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	May 8, 2017
Fixed Interest Rate	0.8525%[3]

Term Loan VIII-G & Swap

Lender	Resona Bank
Loan Amount	JPY 400 million
Use of Proceeds	Asset acquisition
Loan Date	May 10, 2017
Principal Repayment Date	November 10, 2024
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.69% (p.a.)[2]
Interest Payment Date	Final business day of each month following the Loan Date (the first payment date will be May 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	May 8, 2017
Fixed Interest Rate	0.8525%[3]

Term Loan VIII-H

Lender	Development Bank of Japan
Loan Amount	JPY 2 billion
Use of Proceeds	Asset acquisition
Loan Date	May 10, 2017
Principal Repayment Date	May 10, 2023
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	0.87163% (fixed)
Interest Payment Date	Final business day of January, April, July, and October following the Loan Date (the first payment date will be July 31, 2017 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

[1] The interest rate from May 10, 2017 through May 30, 2017 will be 0.34993%.

[2] The interest rate from May 10, 2017 through May 30, 2017 will be 0.70993%.

[3] As a result of the interest rate swaps, the interest rate for Term Loans VIII-B, D, F, and G is fixed at 0.8525%.

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 Office REIT's October 2017 and April 2018 period earnings is minimal. Therefore, there is no revision to Ichigo Office REIT's earnings and dividend forecast announced in the April 26, 2017 release "Earnings and Dividend Forecast Revisions for the October 2017 Fiscal Period and Forecast for the April 2018 Fiscal Period."

4. Other

Risks related to these loans have no material impact on the "Investment Risks" described in the latest Financial Report submitted January 26, 2017.

Reference: Ichigo Office REIT Loan Details

Repaid Loan vs. New Loans: Interest Rates and Loan Terms

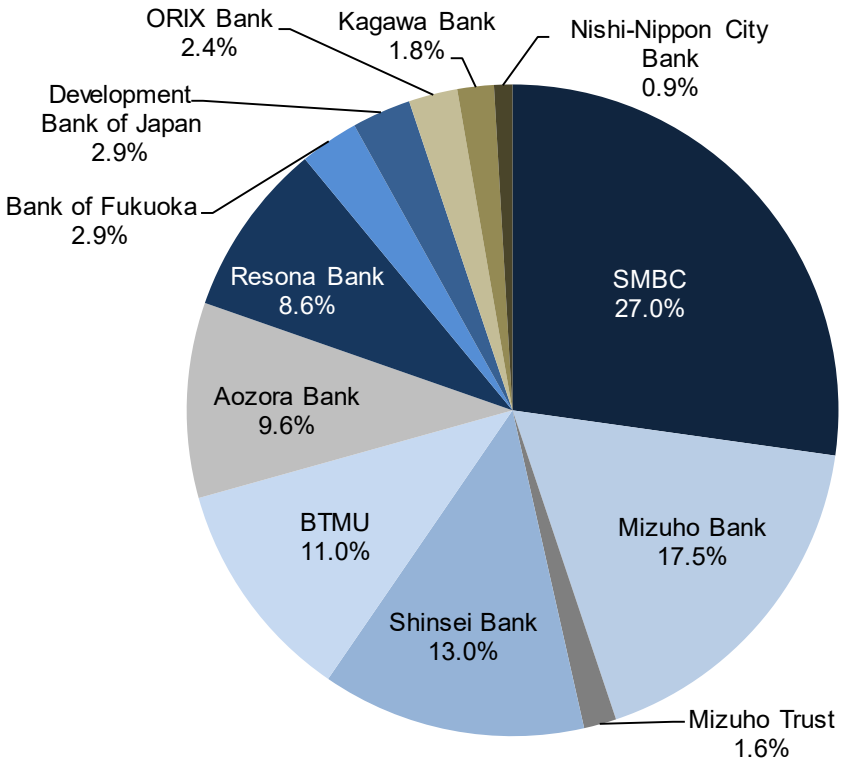
	Repaid Loan	New Loans (Weighted Average)
Interest Rate	1.79%	0.75%
Loan Term	5.0 years	5.7 years

Outstanding Loan Balance (as of May 10, 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)	9,866	9,866	–
Long-term bank loans	86,451	93,451	+7,000
Total bank loans	**96,317**	**103,317**	**+7,000**
Bond issuance	–	–	–
Total bank loans and bond issuance	**96,317**	**103,317**	**+7,000**
Other interest-bearing liabilities	–	–	–
Total interest-bearing liabilities	**96,317**	**103,317**	**+7,000**

Lender Distribution (as of May 10, 2017)



Loan Maturity Distribution (as of May 10, 2017)

(JPY million)

