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ICHIGO

[Provisional Translation Only]
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Issuer
Ichigo Hotel REIT Investment Corporation ("Ichigo Hotel," 3463)
1-1-1 Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative: Osamu Miyashita, Executive Director
www.ichigo-hotel.co.jp/english

Asset Management Company
Ichigo Investment Advisors Co., Ltd.
Representative: Hiroshi Iwai, President
Inquiries: Hiroto Tajitsu, Head of Administration
Tel: +81-3-3502-4892

New Loan and Interest Rate Swap

Ichigo Hotel decided today to borrow funds via a new loan ("Term Loan 10") and enter into an interest rate swap to lock-in the interest rate on the loan.

1. Reason for New Loan and Interest Rate Swap

The new loan will be used to acquire the Nest Hotel Kumamoto, as announced in today's release "Hotel Acquisition (Nest Hotel Kumamoto)," and fund related expenses.

Ichigo Hotel is fixing the interest rate on the new loan via a swap in order to hedge against any future rise in interest rates.

2. Loan and Interest Rate Swap Details

Term Loan 10

Lender	SMBC, Mizuho Bank, Shinsei Bank, Resona Bank, Nishi-Nippon City Bank
Loan Amount	JPY 2.22 billion
Use of Proceeds	Asset acquisition and related costs
Loan Date	April 25, 2019
Principal Repayment Date	April 30, 2024 (5 year loan term)
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.60% (p.a.)[1]
Interest Payment Date	Final day of each month following the Loan Date (the first payment date will be May 31, 2019 and the last payment date will be the same as the Principal Repayment Date)
Collateralized	No

[1] The swap will fix the interest rate for Term Loan 10 at 0.75450%. However, the interest rate for the payment on the first payment date (from April 25, 2019 through May 31, 2019) will be 0.66147%.

Swap Details

Counterparty	Mizuho Bank
Contract Date	April 23, 2019
Fixed Interest Rate	0.75450%

Notes:

The base rate for the loan 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 previous business day.

3. Earnings Outlook

The impact of the new loan and swap on Ichigo Hotel's July 2019 and January 2020 fiscal period earnings announced on March 14, 2019 is minimal, and therefore the forecasts are unchanged.

4. Other

Risks related to these loans have no material impact on the "Investment Risks" described in the latest Financial Report submitted October 26, 2018.

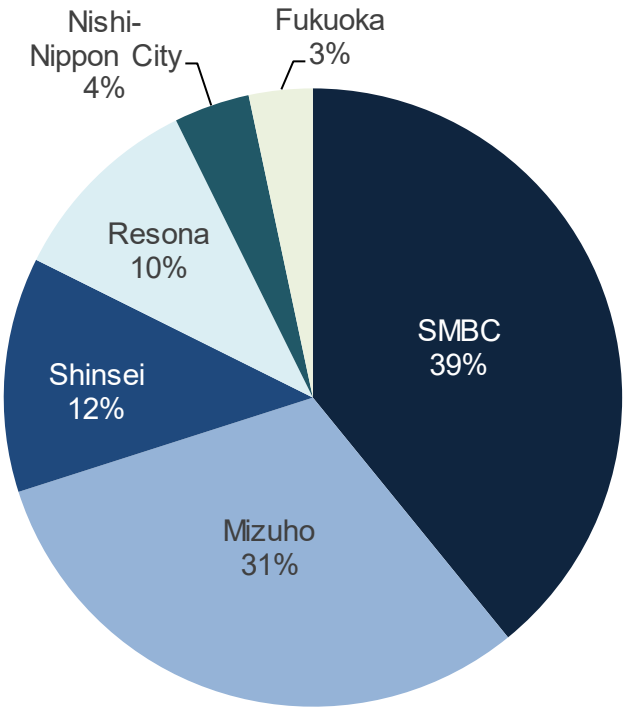
Reference: Loan Composition after New Loan

Outstanding Loan Balance

(JPY million)

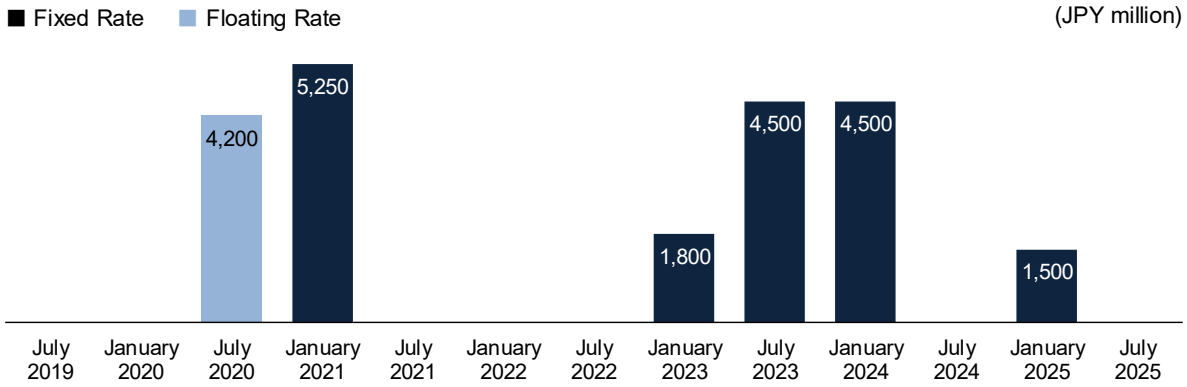
	Before New Loan (A)	After New Loan (B)	Change (B) - (A)
Short-term bank loans	–	–	–
Long-term bank loans (due within one year)	–	–	–
Long-term bank loans	21,750	23,970	+2,220
Total bank loans	**21,750**	**23,970**	**+2,220**
Bonds	–	–	–
Total bank loans and bonds	**21,750**	**23,970**	**+2,220**
Other interest-bearing liabilities	–	–	–
Total interest-bearing liabilities	**21,750**	**23,970**	**+2,220**

Post-Loan Lender Distribution (as of April 25, 2019)

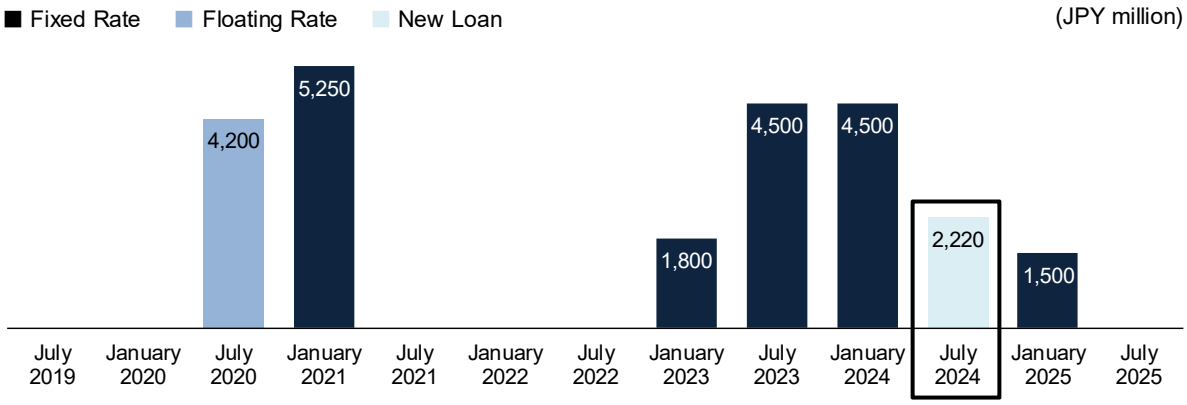


Distribution of Loan Maturities

Before New Loan (as of April 23, 2019)



After New Loan (as of April 25, 2019)



The forecast Post-Loan LTV is 42.1%.

Post-Loan LTV = (Post-Loan Total Interest Bearing Liabilities) / (January 2019 Total Assets – January 2019 Total Dividends + Acquisition Price of Nest Hotel Kumamoto)