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REIT Issuer

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## **Issuance of New Shares and Secondary Share Offering**

The Board of Directors of Ichigo Hotel REIT Investment Corporation (“Ichigo Hotel REIT”) decided today to issue new shares for an initial public offering (IPO) on the Tokyo Stock Exchange (“TSE”) and conduct an over-allotment secondary share offering with the underwriters in support of this new share issuance.

### 1. Issuance of New Shares through Public Offering

- |                                                |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (1) Number of shares to be offered:            | 129,000 shares                                                                                                                                                                                                                                                                                                                                                                                                                      |
| (2) Paid-in amount (issue amount):             | The amount will be determined at a Board of Directors meeting held on November 19, 2015 (the “Pricing Date”).                                                                                                                                                                                                                                                                                                                       |
| (3) Total paid-in amount (total issue amount): | To be determined                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (4) Issue price:                               | The price will be determined on the Pricing Date through book building process (through which the issue price, etc., are determined after assessing demand conditions for the shares and other factors by providing the indicative range for the issue price to the investors during the solicitation for subscription of the shares) in accordance with TSE Rule 1210 of the Enforcement Rules for Securities Listing Regulations. |
| (5) Total issue amount:                        | To be determined                                                                                                                                                                                                                                                                                                                                                                                                                    |
| (6) Offering method:                           | The shares will be offered as a public offering and underwritten in full by SMBC Nikko Securities Inc. (“Lead Manager”) as well as by Mizuho Securities Co., Ltd. (“Underwriters” collectively with Lead Manager).                                                                                                                                                                                                                  |

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- (7) Underwriting agreement: The Underwriters will pay Ichigo Hotel REIT the total paid-in amount on the “Payment date” below. The difference between the issue price total and the paid-in total shall be the Underwriters’ proceeds. Ichigo Hotel REIT will pay no commission to the Underwriters.
- (8) Book building period: November 12, 2015 to November 18, 2015
- (9) Subscription units: One share or more in single share multiples
- (10) Subscription period: November 20, 2015 to November 26, 2015
- (11) Payment date: November 27, 2015
- (12) Delivery date: November 30, 2015
- (13) The issue price, the paid-in amount, and other necessary items relating to the issuance of new shares will be decided at a future Board of Directors meeting.
- (14) The aforementioned items will be subject to the effectiveness of the procedures in accordance with the Financial Instruments and Exchange Act of Japan.

## 2. Over-Allotment Secondary Share Offering

- (1) Seller: SMBC Nikko Securities Inc.
- (2) Number of shares to be offered: 6,500 shares  
These are the maximum number of shares that may be issued through the secondary offering (over-allotment). Depending on demand and other factors, there may be cases where this number is reduced or the secondary offering (over-allotment) itself is not held at all. The number of shares to be offered through the secondary offering will be determined at the Board of Directors meeting on the Pricing Date.
- (3) Offer price: The offer price will be determined on the Pricing Date and shall be the same as the issue price for the public offering.
- (4) Total offer price: To be determined
- (5) Offering method: SMBC Nikko Securities Inc. will offer the shares (maximum: 6,500 shares) borrowed from Ichigo Inc. (“Designated Party”), depending on demand and other factors, provided that 3,500 shares are sold to the Designated Party, as described in Reference Information 5.

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- (6) Subscription units: One share or more in single share multiples
- (7) Subscription period: Same as the subscription period for the public offering as described in section 1 (10).
- (8) Delivery date: Same as the delivery date for the public offering as described in section 1 (12).
- (9) The offer price and other items necessary for the over-allotment will be determined at a future Board of Directors meeting.
- (10) Each of the aforementioned items shall be subject to procedures in accordance with the Financial Instruments and Exchange Act of Japan.

### 3. Issuance of New Shares to be Offered to Underwriter by Way of Third-Party Allotment

- (1) Number of shares to be offered: 6,500 shares
- (2) Third-party allottee and number of shares to be issued to the third party: SMBC Nikko Securities Inc. 6,500 shares
- (3) Paid-in amount (issue amount): The paid-in amount will be determined on the Pricing Date at the Board of Directors meeting and will be the same as the paid-in amount for the public offering.
- (4) Total paid-in amount (total issue amount): To be determined
- (5) Subscription units: One share or more in single share multiples
- (6) Subscription period (Subscription date): December 21, 2015
- (7) Payment date: December 22, 2015
- (8) If there are no subscriptions for all or a part of the shares on or before the subscription period described in (6), the issuance of such shares will be canceled.
- (9) The paid-in amount and other items necessary for the underwriter third-party allotment will be determined at a future Board of Directors meeting.

### Reference Information

1. Ichigo Hotel REIT will list its shares on the TSE on November 30, 2015 (Listing Date).
2. Details of the Secondary Offering (Over-Allotment)

Taking into account demand as well as other factors, SMBC Nikko Securities may implement a secondary offering of the borrowed shares (up to a maximum of 6,500 shares) borrowed from Ichigo Inc. as the Designated Party (provided that 3,500 shares via public share offering are sold to the Designated Party). Depending on demand as well as other factors, the number may decrease or the secondary offering through over-allotment itself may not be held at all.

In order for SMBC Nikko Securities to acquire the shares needed to return the borrowed shares upon the secondary offering through over-allotment, Ichigo Hotel REIT's Board of

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Directors has resolved to issue the 6,500 shares via underwriter third-party allotment, with SMBC Nikko Securities as the allottee and the payment date designated as December 22, 2015.

In order to return the borrowed shares, SMBC Nikko Securities may also purchase shares up to the number in the secondary offering (over-allotment) at the TSE (the “syndicated cover transaction”) from the Listing Date to December 17, 2015 (the “syndicated cover transaction period”). All of the shares purchased by SMBC Nikko Securities through the syndicated cover transaction will be used to return the borrowed shares. At its own discretion, SMBC Nikko Securities Inc. may choose not to conduct the syndicated cover transaction or to end the syndicated cover transaction with a total of shares that is smaller than the number offered through the secondary offering (over-allotment).

SMBC Nikko Securities intends to agree to the underwriter third-party allotment in order to acquire the necessary shares to cover the number obtained by subtracting the shares purchased through the syndicated cover transaction from the shares for the secondary offering (over-allotment). As a result, there may be cases in which there will be no subscription either in whole or in part to the shares offered by the underwriter third-party allotment and, accordingly, the final number of shares issued by way of the underwriter third-party allotment will decrease due to forfeiture of rights or such issuance itself will not take place at all.

### 3. Change in Number of Shares Outstanding After New Issuance

Total number of shares outstanding at present: 3,000 shares

Number of increased shares through public offering: 129,000 shares

Total number of shares outstanding after public offering: 132,000 shares

Number of shares from the Underwriter Third-Party Allotment: 6,500 shares<sup>1</sup>

Total number of shares after the Underwriter Third-Party Allotment: 138,500 shares<sup>1</sup>

<sup>1</sup> The number is based on the assumption that SMBC Nikko Securities Inc. subscribes to all the shares issued by the underwriter third-party allotment and that all such shares are issued.

### 4. Amount of Funds to be Procured, Use of Proceeds, and Scheduled Expenditure Date

(1) Amount of funds to be procured (approximate net proceeds): 13,550,000,000 yen (maximum)

(Note) This amount represents the sum of 12,900,000,000 yen in net proceeds Ichigo Hotel REIT will receive from the public offering and the maximum amount of 650,000,000 yen Ichigo Hotel REIT will receive from the issuance of new shares via the underwriter third-party allotment. This sum is an estimate as of today.

(2) Specific use of the funds to be procured and the scheduled expenditure date

Ichigo Hotel REIT plans to use the net proceeds from the public offering for the acquisition of new specific assets defined in Clause 2-(1) of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, including subsequent amendments) (“To-be Acquired Assets”). Furthermore, the proceeds Ichigo Hotel REIT will receive from the underwriter third-party allotment will be used for loan repayment for the To-be

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Acquired Assets and future asset acquisitions.

#### 5. Purchase Designated Party

The Underwriters plan to sell 3,500 shares via public share offering to Ichigo Inc. as the Designated Party (the share purchaser designated by Ichigo Hotel REIT).

#### 6. Future Outlook

Please refer to today's release "Earnings Forecasts for the January 2016, July 2016, and January 2017 Fiscal Periods."

#### 7. Equity Financing History

Issuance date: July 22, 2015

Total issue amount: 300 million yen

Total equity after issuance: 300 million yen

Type of fundraising: Private placement

#### 8. Restrictions on Sale and Additional Issuance of Shares (Lock-Up)

(1) The Designated Party has agreed with the Lead Manager not to engage in the issuance of shares and certain other transactions without the prior written consent of the Lead Manager during the period starting from the Pricing Date to the date 180 days from the delivery date (excluding borrowing shares from the over-allotment secondary offering). The Lead Manager retains the right to terminate a part or all of the aforementioned agreement under its own discretion during the restriction period thereof or to shorten the restriction period thereof.

(2) Ichigo Hotel REIT has agreed with the Lead Manager not to engage in the issuance of shares and certain other transactions without the prior written consent of the Lead Manager during the period starting from the Pricing Date to the date 90 days from the delivery date (excluding the public offering, the underwriter third-party allotment, or the issuance of shares via stock-split). The Lead Manager retains the right to terminate a part or all of the aforementioned agreement under its own discretion during the restriction period thereof or to shorten the restriction period thereof.

(3) In addition to the restrictions set forth in (1) above, the Designated Party has agreed with Ichigo Hotel REIT upon listing the shares on the TSE in accordance with the TSE's rules to keep holding the number of shares which the Designated Party is currently holding until one year after July 21, 2015.

\* Distribution of this material: the Kabuto Club, the press club of the Ministry of Land, Infrastructure, Transport, and Tourism, and the press club for construction industry newspapers at the Ministry of Land, Infrastructure, Transport, and Tourism.

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