

[Provisional Translation Only]

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Issuer

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New Loan and Interest Rate Swap

Ichigo Hotel decided today to borrow funds via a new loan (“Term Loan 11”) 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 Valie Hotel Hiroshima, as announced in today’s release “Hotel Acquisition (Valie Hotel Hiroshima),” 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 11

Lender	SMBC, Mizuho Bank, Shinsei Bank, Resona Bank, Aozora Bank (New)
Loan Amount	JPY 1.5 billion
Use of Proceeds	Asset acquisition and related costs
Loan Date	July 19, 2019
Principal Repayment Date	November 29, 2024 (5.3 year loan term)
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.637% (p.a.) ¹
Interest Payment Date	Final day of each month following the Loan Date (the first payment date will be July 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 11 at 0.73575%. However, the interest rate for the payment on the first payment date (from July 19, 2019 through July 31, 2019) will be 0.62544%.

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 17, 2019
Fixed Interest Rate	0.73575%

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 April 25, 2019.

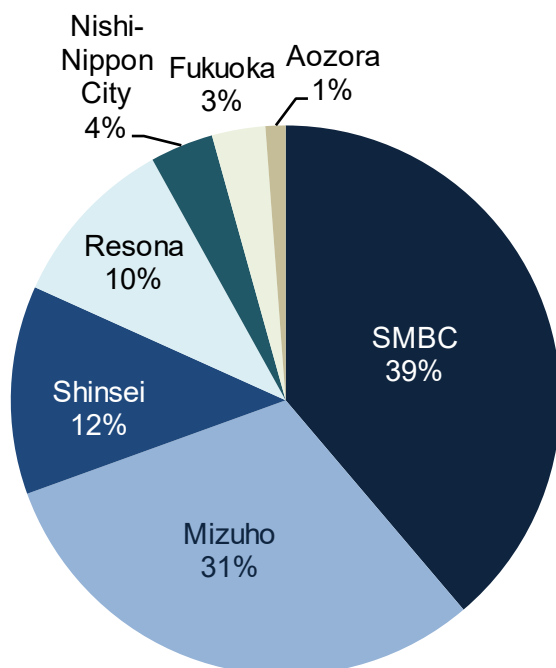
Loan Composition after New Loan

Outstanding Loan Balance

(JPY million)

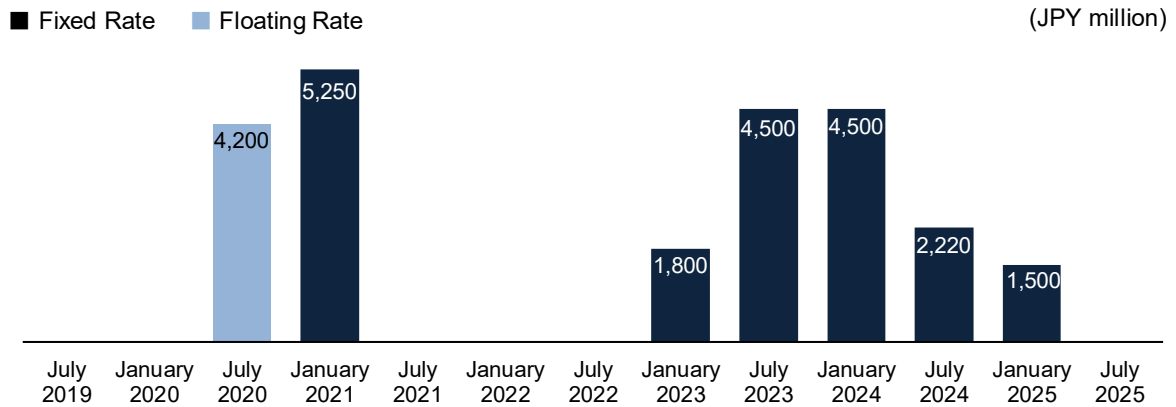
	Before New Loan (A)	After New Loan (B)	Change (B) - (A)
Short-term bank loans	–	–	–
Long-term bank loans (due within one year)	4,200	4,200	–
Long-term bank loans	19,770	21,270	+1,500
Total bank loans	23,970	25,470	+1,500
Bonds	–	–	–
Total bank loans and bonds	23,970	25,470	+1,500
Total interest-bearing liabilities	23,970	25,470	+1,500

Post-Loan Lender Distribution (as of July 19, 2019)

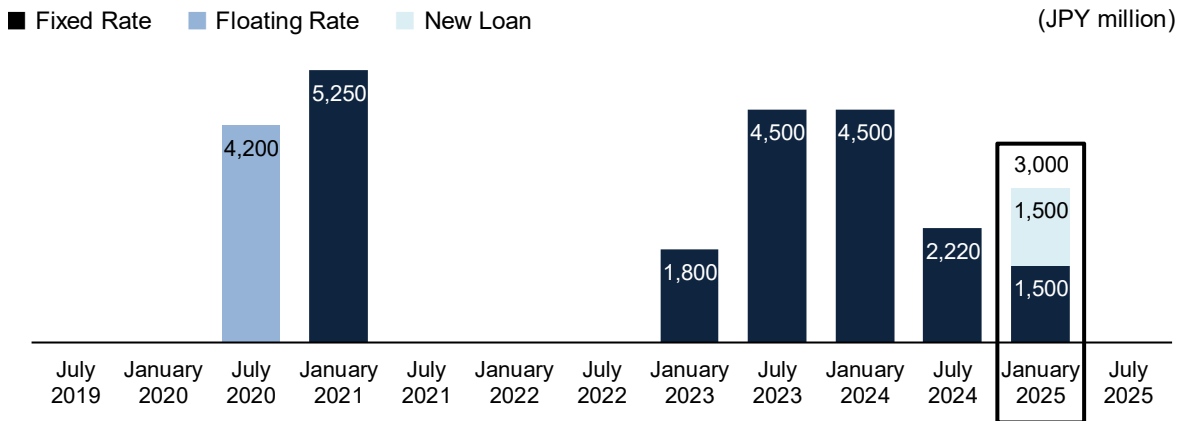


Distribution of Loan Maturities

Before New Loan (as of July 17, 2019)



After New Loan (as of July 19, 2019)



The forecast Post-Loan LTV is 43.6%.

Post-Loan LTV = (Post-Loan Total Interest Bearing Liabilities) / (January 2019 Total Assets – January 2019 Total Dividends + Acquisition Price of Nest Hotel Kumamoto acquired on April 25, 2019 + Acquisition Price of Valie Hotel Hiroshima to be acquired on July 19, 2019)