*[Provisional Translation Only]*
*This English translation of the original Japanese document is provided solely for information purposes. Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.*

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# Loan Repayment

Ichigo Office today completed partial repayment (JPY 250 million) of SMBC Syndicate Loan III (Term Loan 1-A) using proceeds from the sale of Ichigo Daimyo Balcony, announced in the March 16, 2018 release "Sale of Two Retail Assets (Ichigo Sapporo Minami 2 Nishi 3 Building, Ichigo Daimyo Balcony)."

## 1. Reason for Repayment

Reduce overall interest expense by repaying a loan with a relatively high interest rate.

## 2. Repayment Details

SMBC Syndicate Loan III (Term Loan 1-A)

| | |
|---|---|
| Lenders | SMBC, Shinsei Bank, Mizuho Bank, MUFG Bank |
| Outstanding Balance before Repayment | JPY 2,733 million |
| Repayment Amount | JPY 250 million |
| Outstanding Balance after Repayment | JPY 2,483 million |
| Date of Repayment | April 25, 2018 |
| Interest Rate | 1M JPY TIBOR + 0.81% (p.a.) |
| Collateralized | No |
| Original Date of Loan | April 30, 2015 |
| Loan Maturity Date | November 30, 2019 |

To hedge against any future rise in interest rates, the interest rate on this loan is fixed at 1.148% via an interest rate swap. The notional value of the swap has been reduced to match the new outstanding loan balance of JPY 2,483 million.

## 3. Earnings Outlook

The impact of this repayment on Ichigo Office's earnings has already been reflected in the March 29, 2018 release "Earnings Forecast Revision for the April 2018 Fiscal Period" and today's release "Earnings Forecast Revision for the October 2018 Fiscal Period and Earnings Forecast for the April 2019 Fiscal Period."

**Reference: Loan and Bond Composition after Repayment**

Outstanding Loan and Bond Balance (as of April 27, 2018)

(JPY million)

| | Before Repayment (A)[1] | After Repayment (B)[2] | Change (B) - (A) |
|---|---|---|---|
| Short-term bank loans | – | – | – |
| Long-term bank loans (due within one year) | 13,539 | 11,575 | -1,964 |
| Long-term bank loans | 88,345 | 89,012 | +667 |
| **Total bank loans** | **101,885** | **100,587** | **-1,297** |
| Bonds | 2,200 | 2,200 | – |
| **Total bank loans and bonds** | **104,085** | **102,787** | **-1,297** |
| Other interest-bearing liabilities | – | – | – |
| **Total interest-bearing liabilities** | **104,085** | **102,787** | **-1,297** |

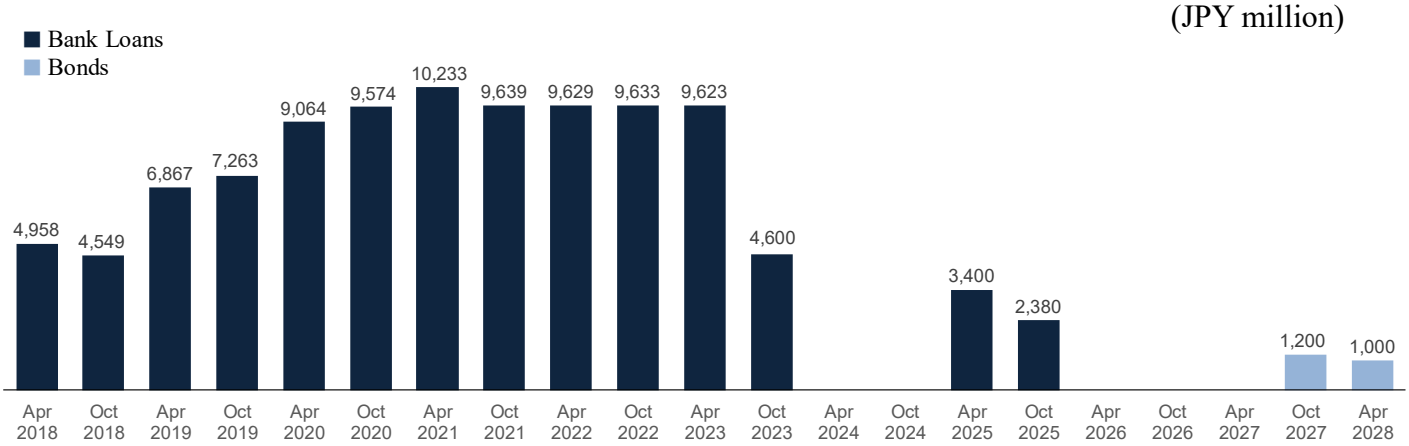
[1] The amount includes JPY 1 billion of the Ichigo Office Second Unsecured Investment Corporation Bonds that were announced in the April 20, 2018 release "Bond Issuance."

[2] The amount:
(a) excludes today's JPY 250 million repayment;
(b) includes the new loan (JPY 3.954 billion) and excludes the existing loan to be repaid (JPY 4.958 billion) as per today's release "New Loan and Interest Rate Swap";
(c) excludes a JPY 43 million partial principal repayment scheduled on April 27, 2018.

Distribution of Loan and Bond Maturities (as of April 27, 2018)

Before Repayment

(JPY million)




After Repayment

(JPY million)

