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ICHIGO

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New Loans and Interest Rate Swaps

Ichigo Office decided today to borrow funds via new loans ("Term Loan XIX-A" and "Term Loan XIX-B") and enter into interest rate swaps to lock-in the interest rates on the loans.

1. New Loan and Interest Rate Swap Rationale

The new loans will be used to repay part of an existing loan of JPY 6.37 billion. The remainder of the loan will be repaid from Ichigo Office's bond issuance announced on July 19, 2019. Details of the loan to be repaid are in Section 3 below.

The terms of the new loans are 7.7 years and 6.2 years, respectively, longer than the loan being repaid, further strengthening Ichigo Office's financial position. Ichigo Office is fixing the interest rates on the two loans via swaps in order to hedge against any future rise in interest rates.

2. Loan and Interest Rate Swap Details

Term Loan XIX-A

Lender	SMBC, Mizuho Bank, Shinsei Bank, Aozora Bank, Resona Bank, ORIX Bank
Loan Amount	JPY 4.955 billion
Use of Proceeds	Repayment of existing loan (SMBC Syndicate Loan II (Term Loan 3))
Loan Date	July 31, 2019
Principal Repayment Date	March 25, 2027 (7.7 years)
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.68% (p.a.)[1]
Interest Payment Date	25th of each month following the Loan Date (the first payment date will be August 26, 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 XIX-A at 0.822%. However, the interest rate for the payment on the first payment date (from July 31, 2019 to August 26, 2019) will be 0.73028%.

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 29, 2019
Fixed Interest Rate	0.822%

Term Loan XIX-B

Lender	Kagawa Bank
Loan Amount	JPY 413 million
Use of Proceeds	Repayment of existing loan (SMBC Syndicate Loan II (Term Loan 3))
Loan Date	July 31, 2019
Principal Repayment Date	September 25, 2025 (6.2 years)
Principal Repayment Terms	Repayment will be made in full on the Principal Repayment Date
Interest Rate	1M JPY TIBOR + 0.59% (p.a.)[1]
Interest Payment Date	25th of each month following the Loan Date (the first payment date will be August 26, 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 XIX-B at 0.69825%. However, the interest rate for the payment on the first payment date (from July 31, 2019 to August 26, 2019) will be 0.64028%.

Swap Details

Counterparty	Mizuho Bank
Contract Date	July 29, 2019
Fixed Interest Rate	0.69825%

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 following business day. If the following business day falls into the following month, payment shall be made on the previous business day.

3. Existing Loan Being Repaid

SMBC Syndicate Loan II (Term Loan 3)

Lender	SMBC, Mizuho Bank, Aozora Bank, Shinsei Bank, Resona Bank, Kagawa Bank, ORIX Bank
Outstanding Loan Amount	JPY 6.37 billion
Use of Proceeds	Repayment of existing loan
Loan Date	August 1, 2014
Principal Repayment Date	July 31, 2019
Principal Repayment Terms	JPY 4 million of the principal will be repaid on each Partial Principal Repayment Date; the remainder will be repaid in full on the Principal Repayment Date.
Interest Rate	3M JPY TIBOR + 0.80% (p.a.)
Collateralized	No

4. Earnings Outlook

The impact of the new loans and interest rate swaps on Ichigo Office's October 2019 and April 2020 fiscal period earnings has already been reflected in the forecasts presented in Ichigo Office's June 14, 2019 release "April 2019 Fiscal Period Earnings."

5. Other

Risks related to the loans have no material impact on the "Investment Risks" described in the latest Financial Report submitted today.

Loan and Bond Composition after New Loans

Outstanding Loan and Bond Balance

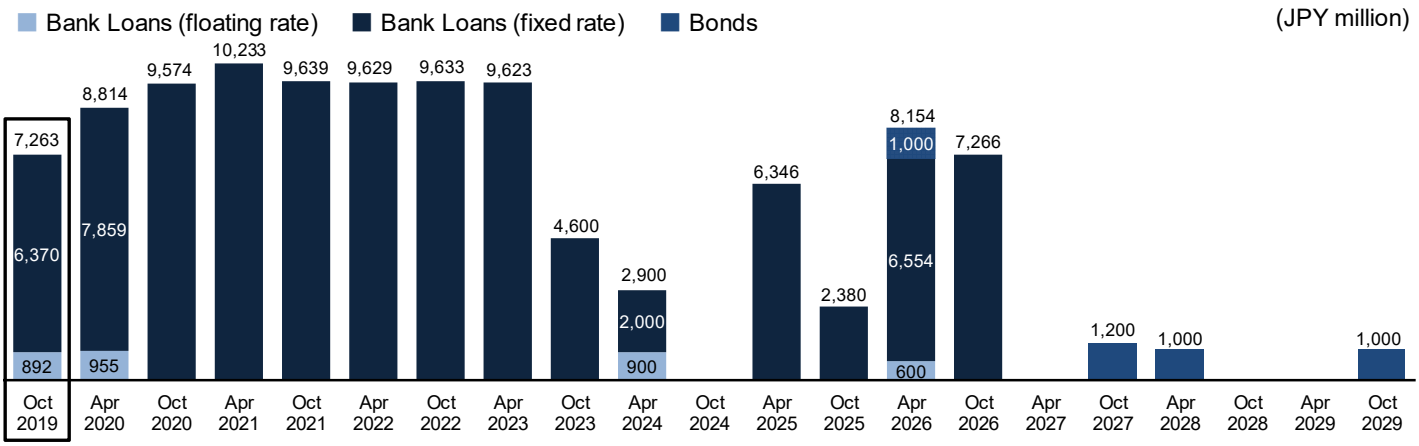
(JPY million)

	Before New Loans (A)	After New Loans (B)[1]	Change (B) - (A)
Short-term bank loans	–	–	–
Long-term bank loans (due within one year)	21,247	14,873	-6,403
Long-term bank loans	84,077	89,445	+5,368
Total bank loans	**105,324**	**104,289**	**-1,035**
Bonds	4,400	4,400	–
Total bank loans and bonds	**109,724**	**108,689**	**-1,035**

[1] The amount reflects a JPY 32 million principal repayment scheduled for July 31, 2019.

Distribution of Loan and Bond Maturities

Before New Loans



After New Loans

