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ICHIGO

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New Loan and Interest Rate Swap

Ichigo Office decided today to borrow funds via a new loan and enter into an interest rate swap to lock in the interest rate on the loan.

1. New Loan and Interest Rate Swap Rationale

The new loan will be used to repay part of an existing loan of JPY 692.8 million. Details of the loan to be repaid are in Section 4 below.

The term of the new loan is 6.5 years, longer than the loan being repaid, further strengthening Ichigo Office's financial position. Ichigo Office is fixing the interest rate on the loan via a swap in order to hedge against any future rise in interest rates.

2. Loan Details

No.	Loan Date	Lender	Loan Amount (JPY million)	Interest Rate	Repayment Date	Repayment Terms	Collateralized
1	Sep 30, 2019	SMBC	692	3M JPY TIBOR +0.59% (p.a.)[1]	Mar 25, 2026 (6.5 years)	Lump-sum repayment	No

[1] The swap will fix the interest rate for the loan at 0.726%. However, the interest rate for the payment on the first payment date (from September 30, 2019 to October 25, 2019) will be 0.64773%.

Notes:
The interest payment date is the 25th of every third month following the loan date. (The first payment date will be October 25, 2019 and the last payment date will be the same as the principal repayment date.) 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.

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

3. Swap Details

No.	Counterparty	Notional (JPY million)	Contract Date	Termination Date	Fixed Interest Rate (Pay)	Floating Interest Rate (Receive)
1	SMBC	692	Sep 30, 2019	Mar 25, 2026 (6.5 years)	0.726%	3M JPY TIBOR +0.59% (p.a.)

4. Existing Loan Being Repaid

No.	Loan Date	Lender	Loan Amount (JPY million)	Interest Rate	Repayment Date	Repayment Terms	Collateralized
1	Sep 30, 2015	SMBC	692.8	1M JPY TIBOR +0.55% (p.a.)	Sep 30, 2019 (4.0 years)	Footnote 1	No

[1] JPY 450,000 of the principal repaid on each partial principal repayment date, and the remainder to be repaid in full on the principal repayment date.

5. Earnings Outlook

The impact of the new loan and interest rate swap 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."

6. Other

Risks related to the loan have no material impact on the "Investment Risks" described in the latest Financial Report submitted on July 29, 2019.

Loan and Bond Composition after New Loan

Outstanding Loan and Bond Balance

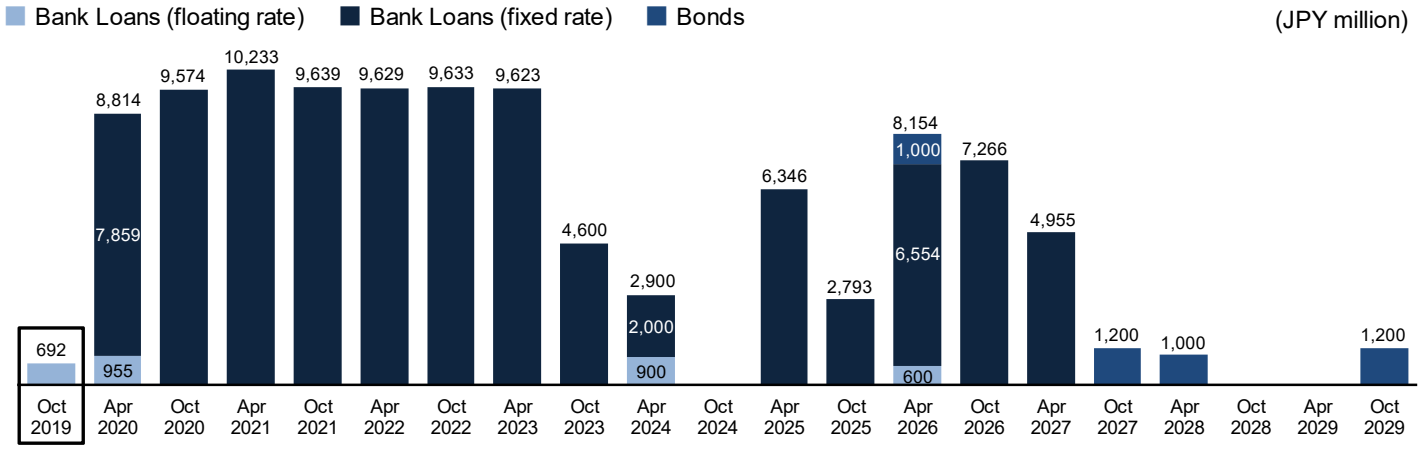
(JPY million)

	Before New Loan (A)	After New Loan (B)[1]	Change (B) - (A)
Short-term bank loans	–	–	–
Long-term bank loans (due within one year)	19,193	18,501	-692
Long-term bank loans	84,895	85,587	+692
Total bank loans	**104,089**	**104,088**	**–**
Bonds	4,400	4,400	–
Total bank loans and bonds	**108,489**	**108,488**	**–**

[1] The amount reflects a JPY 0.8 million principal repayment using cash-on-hand.

Distribution of Loan and Bond Maturities

Before New Loan



After New Loan

