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New Loans and Interest Rate Swaps

Ichigo Office decided today to borrow funds via new loans 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 two existing loans (total amount of JPY 7,859 million). Details of the loans to be repaid are in Section 4 below.

The terms of the new loans are both 7.8 years, longer than the loans 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 Details

No.	Loan Date	Lender	Loan Amount (JPY million)	Interest Rate	Repayment Date	Repayment Terms	Collateralized
1	Nov 29, 2019	SMBC Mizuho Bank Shinsei Bank MUFG Bank	2,472	3M JPY TIBOR +0.68% (p.a.)[1]	Sep 25, 2027 (7.8 years)	Lump-sum repayment	No
2	Dec 16, 2019	SMBC Mizuho Bank Shinsei Bank MUFG Bank Aozora Bank Resona Bank	5,384	3M JPY TIBOR +0.68% (p.a.)[2]	Sep 25, 2027 (7.8 years)	Lump-sum repayment	No

[1] The swap will fix the interest rate for the loan at 0.84425%. However, the interest rate for the payment on the first payment date (for the period November 29, 2019 to January 27, 2020) will be 0.74727%.

[2] Ichigo Office will also execute an interest rate swap on this loan, and will announce the interest rate for the first period (December 16, 2019 to January 27, 2020) and the swap interest rate once they are determined.

Notes:

The interest payment date is the 25th of every third month following the loan date. (The first payment date will be January 27, 2020 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	Mizuho Bank	2,472	Nov 29, 2019	Sep 25, 2027 (7.8 years)	0.84425%	3M JPY TIBOR +0.68% (p.a.)

4. Existing Loans Being Repaid

No.	Loan Date	Lender	Loan Amount (JPY million)	Interest Rate	Repayment Date	Collateralized
1	Apr 30, 2015	SMBC Mizuho Bank Shinsei Bank MUFG Bank	2,473	1M JPY TIBOR +0.81% (p.a.)	Nov 30, 2019[1] (4.6 years)	No
2	Dec 15, 2014	SMBC Mizuho Bank Shinsei Bank MUFG Bank Aozora Bank Resona Bank	5,386	1M JPY TIBOR +0.80% (p.a.)	Dec 16, 2019 (5.0 years)	No

[1] Because the repayment date is not a business day, the actual repayment date is November 29, 2019.

5. Earnings Outlook

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

6. Other

Risks related to the loans 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 Loans

Outstanding Loan and Bond Balance

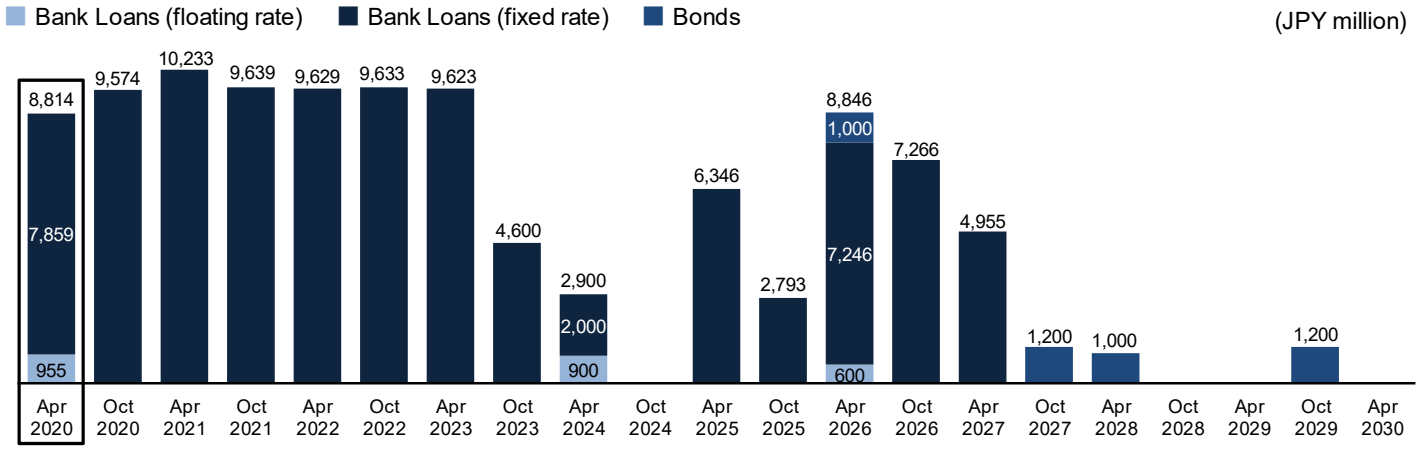
(JPY million)

	Before New Loans (A)	After New Loans (B)[1]	Change (B) - (A)
Short-term bank loans	–	–	–
Long-term bank loans (due within one year)	18,493	10,633	-7,859
Long-term bank loans	85,562	93,418	+7,856
Total bank loans	**104,056**	**104,052**	**-3**
Bonds	4,400	4,400	–
Total bank loans and bonds	**108,456**	**108,452**	**-3**

[1] The amount reflects a JPY 3 million principal repayment using cash-on-hand.

Distribution of Loan and Bond Maturities

Before New Loans



After New Loans

