February 5, 2018
Skylark Co., Ltd
(Code 3197)

Announcement Concerning Execution of Syndicated Loan Agreement and Interest Rate Swap Agreement

Skylark Co., Ltd (the **"Company"**) hereby announces that the Company entered into a syndicated loan agreement (the **"Loan Agreement"**) and four interest rate swap agreements (collectively, the **"Swap Agreement"**) on February 2, 2018 as set forth below.

1. Summary of the Loan Agreement

① Contract type	Loan agreement	
② Classification of Contract	Tranche A	Tranche B
③ Amount of the composition	Total of 107 billion yen	
	8 billion yen	99 billion yen
④ Contract Date	February 2, 2018	
⑤ Execution date of the Loan	June 24, 2019	
⑥ Principal repayment method	Repaid in 11 installments of 411 million yen (except for the final payment of 3.89 billion yen) on the last day of every six months with the initial repayment to be made on December 31, 2019	Repaid in 17 installments of 5.089 billion yen (except for the final payment of 17.576 billion yen) on the last day of every six months with the initial payment to be made on December 31, 2019
⑦ Interest	TIBOR plus spread	
⑧ Interest repayment method	Repaid on the last day of every month with the initial payment to be made on July 31, 2019.	
⑨ Final repayment date	December 31, 2024	December 31, 2027
⑩ Use of funds	Refinancing	
⑪ Collateral	NA	
⑫ Guarantor	Skylark Restaurants Co., Ltd.	
⑬ Arranger and agent	Mizuho Bank, Ltd.	
⑭ Co-arranger	The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation	
⑮ Financial covenant	(1) Maintenance of net assets From the fiscal year ending December 31, 2019, the amount of net assets as shown on the consolidated balance sheet as of the end of each fiscal year shall be at least 75% of the highest amount of net assets as shown on the consolidated balance sheet as of the end of the fiscal year ended December 31, 2016, the end of the fiscal year ended December 31, 2017, or the end of the fiscal year ending December 31, 2018. (2) Maintenance of profits For two consecutive fiscal years after the first fiscal year ending December 31, 2018, the profit and loss before tax as shown in the consolidated profit and loss statements for each fiscal year shall not be loss for two consecutive fiscal years. The first decision as to whether this item is complied with will be made based on financial results of the fiscal year ending December 31, 2019 and the fiscal year immediately before the fiscal year ending December 31, 2019. (3) Upper limit of net leverage ratio (1)	

	The net leverage ratio at the end of each quarter should be as follows: Quarter ending on June 30, 2019 through quarter ending on March 31, 2021≦4.00 Quarter ending on June 30, 2021 through quarter ending on March 31, 2023≦3.75 Quarter ending on June 30, 2023 through quarter ending on March 31, 2025≦3.50 Quarter ending on June 30, 2025 through quarter ending on March 31, 2027≦3.25 Quarter ending on June 30, 2027 and thereafter≦3.00	
15. Participant financial institutions	Sumitomo Mitsui Trust Bank, Ltd.	Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ Sumitomo Mitsui Banking Corporation Development Bank of Japan Inc. The Norinchukin Bank

(1) Net leverage ratio = Consolidated net debt/Consolidated EBITDA for the previous 12 months
"Consolidated EBITDA" under the Loan Agreement refers to the consolidated operating income under the International Financial Reporting Standards as adjusted based on the depreciation, amortization, and non-cash expenditures subtracted in the calculation of consolidated operating income, as well as other items as required under the arrangements with the financial institutions which are the borrowers under the Loan Agreement.

2. The Swap Agreement

(1)Reason for Executing the Swap Agreement

In order to hedge the risk of changes in interest rates under the Loan Agreement, the Company entered into the Swap Agreement that has the same period and amount as the Loan Agreement.

(2)Summary of the Swap Agreement

	Agreement for tranche A	Agreement for tranche B
① Counterparty	The Bank of Tokyo-Mitsubishi UFJ	Mizuho Bank, Ltd. The Bank of Tokyo-Mitsubishi UFJ Sumitomo Mitsui Banking Corporation
② Notional principal amount (1)	8 billion yen	99 billion yen
③ Interest, etc.	Interest expense: Fixed Interest income: JBA TIBOR corresponding to the respective interest periods under the Loan Agreement	
④ Execution date	February 2, 2018	
⑤ Effective date	June 24, 2019	
⑥ Expiration date	December 30, 2024	December 30, 2027
⑦ Interest exchange date	Last day of every month with the first interest exchange date falling on July 31, 2019	

(1) The notional principal amount will be reduced in accordance with the repayment of the principal on the Loan Agreement.

3. Purpose of Execution of the Loan Agreement and the Swap Agreement

The Company entered into the Loan Agreement to refinance its borrowings of ¥107.1 billion yen due on June 24, 2019. Under the Loan Agreement, the Company agreed to repay the principal in installments due by December 2027, and the Company believes that the execution of the Loan Agreement will significantly reduce the risk of having to repay a large amount of principal on a specific future date (repayment date). In addition, the Company entered into the Swap Agreement to hedge the risk of interest rate fluctuations in order to stabilize borrowing costs at a low level over the long term, taking advantage of the current interest rate environment.

4. Future Outlook

Through the execution of the Loan Agreement and the Swap Agreement, it is expected that the borrowing costs recorded in the consolidated financial statements of the Company will be reduced from the execution date of the Loan to the final repayment date.