

July 30, 2018

For Immediate Release

REIT Issuer:

Takara Leben Real Estate Investment Corporation
Representative: Masayuki Ishihara, Executive Director
(Securities Code:3492)

Asset Manager:

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Notice Concerning Borrowing of Funds and Inter Swap Agreements

Takara Leben Real Estate Investment Corporation (the “Investment Corporation”) announced that today the Investment Corporation closed on debt financing (“Borrowings”) and has entered into an interest swap agreement on July 26, 2018 as detailed below.

1. Details of the Borrowings

Category ¹	Lender	Loan Amount (millions of yen)	Interest rate ^{2,3,4}	Drawdown date	Borrowing method	Repayment date ⁵	Repayment method	Notes
Short-term loans	Sumitomo Mitsui Banking Corporation	1,340	Base interest rate +0.20%	July 30, 2018	Borrowing based on individual loan agreement dated July 26,2018, with the lenders	July 30, 2019	Lump-sum repayment at maturity	Unsecured/unguaranteed
	Sumitomo Mitsui Banking Corporation	3,260						
	Mizuho Bank, Ltd							
Long-term loans	Sumitomo Mitsui Banking Corporation	15,000	Base interest rate +0.30%					
	Mizuho Bank, Ltd							
	Sumitomo Mitsui Trust Bank, Limited							
	Shinsei Bank, Limited							
	Resona Bank, Limited							
	Aozora Bank, Ltd							
	The Daishi Bank, Ltd.							
	THE NISHI-NIPPON CITY BANK, LTD.							
	The Minato Bank, Ltd.							
	The Asahi Shinkin Bank							
	The Bank of Fukuoka, Ltd.							
	The Iyo Bank, Ltd.							
	The Ashikaga Bank, Ltd.							
	The Tochigi Bank, Ltd.							

Note : This press release was prepared to make a public announcement concerning the signing of borrowing of funds and interest swap agreements, and it has not been prepared for the purpose of solicitation of investment.

Category ¹	Lender	Loan Amount (millions of yen)	Interest rate ^{2,3,4}	Drawdown date	Borrowing method	Repayment date ⁵	Repayment method	Notes
Long-term loans	Sumitomo Mitsui Banking Corporation	10,000	Base interest rate +0.40%	July 30, 2018	Borrowing based on individual loan agreement dated July 26, 2018, with the lender	July 30, 2021	Lump-sum repayment at maturity	Unsecured/unguaranteed
	Mizuho Bank, Ltd							
	Sumitomo Mitsui Trust Bank, Limited							
	Shinsei Bank, Limited							
	Resona Bank, Limited							
	Aozora Bank, Ltd							
	The Daishi Bank, Ltd.							
	THE NISHI-NIPPON CITY BANK, LTD.							
	The Minato Bank, Ltd.							
	The Asahi Shinkin Bank							
	The Bank of Fukuoka, Ltd.							
	The Iyo Bank, Ltd.							
	The Ashikaga Bank, Ltd.							
	The Tochigi Bank, Ltd.							
	Sumitomo Mitsui Banking Corporation	5,000	Base interest rate +0.50%			July 30, 2022		
	Mizuho Bank, Ltd							
	Sumitomo Mitsui Trust Bank, Limited							
	Shinsei Bank, Limited							
	Resona Bank, Limited							
	Aozora Bank, Ltd							
	The Daishi Bank, Ltd.							
	THE NISHI-NIPPON CITY BANK, LTD.							
	The Minato Bank, Ltd.							
	The Asahi Shinkin Bank							
	The Bank of Fukuoka, Ltd.							
	The Iyo Bank, Ltd.							
	The Ashikaga Bank, Ltd.							
	The Tochigi Bank, Ltd.							
Total		34,600	—	—	—	—	—	

1: “Short-term” means loans due within one year and “long-term” means loans due after one year. The same applies hereafter.

2: The base interest rate of Short-term Loan is the one-month Japanese yen TIBOR (quoted on a 365-day basis) published by the JBA TIBOR Administration, and the base interest rate of Long-term Loan is the three-month Japanese yen TIBOR (quoted on a 365-day basis) published by the JBA TIBOR Administration. However, when there is no interest rate corresponding to the period, the base interest rate will be calculated using the method stipulated in each loan agreement. In addition, the base rate corresponding to the calculation period of each interest payment date is determined two business days prior to the borrowing date for the first time, and then two business days before the interest payment date immediately before the interest calculation period. Details on the JBA Japanese TIBOR can be checked via the administration’s website (<http://www.jbatibor.or.jp/>). Note that commissions and fees paid to the above lenders are not included.

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- 3: Of the long-term loans will have fixed interest rates by an interest rate swap. For details, please refer to “5. Interest Swap Agreements” presented later in this document.
- 4: The first interest payment date of the short-term loans, shall be the end of August 2018, and subsequent interest payment dates shall be the end of every calendar month thereafter. The first interest payment date of the long-term loans shall be the end of October 2018, and subsequent interest payment dates shall be the final days of January, April, July, and October thereafter. However, if the dates do not fall on a business day, payment will be made on the immediately following business day. If the immediately following business day falls in the next calendar month, payment will be made on the preceding business day.
- 5: We can make an early repayment of all or part of our borrowings subject to certain conditions, such as prior written notice to the relevant financial institutions. However, if the dates do not fall on a business day, payment will be made on the immediately following business day. If the immediately following business day falls in the next calendar month, payment will be made on the preceding business day.

2. Reason for the Borrowings

The borrowing is for use as funds for acquisition of the to-be-acquired assets stated in “Part 2. Fund Information; Section 1. Status of Fund; 2. Investment Policy; (2) Investment Targets; (3) Overview of To- Be-Acquired Assets” in the securities registration statement submitted on June 25, 2018 (as amended; the same shall apply hereinafter) and incidental expenses.

(Note) For an overview of the to-be-acquired assets, please refer to “Notice Concerning Completion of Acquisition of Domestic Real Estate Trust Beneficiary Rights” separately announced today.

3. Amount, Use and Scheduled Disbursement Date of Funds

- (1) Amount of funds to be procured
34,600million
- (2) Specific use of funds to be procured
Fund the acquisition of 27 properties mentioned above and to cover incidental expenses
- (3) Scheduled disbursement date
July 30, 2018

4. Status of Loans, etc. after the Borrowing

	(Millions of yen)		
	Before drawdown	After drawdown	Increase (decrease)
Short-term loans	—	4,600	4,600
Long-term loans	—	30,000	30,000
Total loans	—	34,600	34,600
Investment corporation bonds	—	—	—
Total loans and investment corporation bonds	—	34,600	34,600
Other interest-bearing debt	—	—	—
Total interest-bearing debt	—	34,600	34,600

5. Interest Swap Agreements

- (1) Reason for entering into these agreements
To fix the interest rate payments for the long-term loans discussed in “1. Details of the Borrowings.”
- (2) Details in the Interest Swap Agreements

Counterparty	Nomura Securities Co., Ltd.
Notional principal	15,000 million yen
Interest rate	Fixed payable interest rate: 0.1340% Floating interest rate: JBA three-month Japanese yen TIBOR
Commencement date	July 30, 2018
Termination date	July 30, 2020

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Interest payment date	Payment dates are set to be the final days of January, April, July, and October. The first payment date will be October 31, 2018 while the final payment date will be the expiration date (However, if the dates do not fall on a business day, payment will be made on the immediately following business day. If the immediately following business day falls in the next calendar month, payment will be made on the preceding business day.)
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Note: Owing to the above interest rate swap agreement, the actual borrowing rate on the loan which matures on July 30, 2020 will be fixed at 0.4340%.

Counterparty	Nomura Securities Co., Ltd.
Notional principal	10,000 million yen
Interest rate	Fixed payable interest rate: 0.1480% Floating interest rate: JBA three-month Japanese yen TIBOR
Commencement date	July 30, 2018
Termination date	July 30, 2021
Interest payment date	Payment dates are set to be the final days of January, April, July, and October. The first payment date will be October 31, 2018 while the final payment date will be the expiration date (However, if the dates do not fall on a business day, payment will be made on the immediately following business day. If the immediately following business day falls in the next calendar month, payment will be made on the preceding business day.)

Note: Owing to the above interest rate swap agreement, the actual borrowing rate on the loan which matures on July 30, 2021 will be fixed at 0.5480%.

Counterparty	The Bank of Fukuoka, Ltd.
Notional principal	5,000 million yen
Interest rate	Fixed payable interest rate: 0.1925% Floating interest rate: JBA three-month Japanese yen TIBOR
Commencement date	July 30, 2018
Termination date	July 30, 2022
Interest payment date	Payment dates are set to be the final days of January, April, July, and October. The first payment date will be October 31, 2018 while the final payment date will be the expiration date (However, if the dates do not fall on a business day, payment will be made on the immediately following business day. If the immediately following business day falls in the next calendar month, payment will be made on the preceding business day.)

Note: Owing to the above interest rate swap agreement, the actual borrowing rate on the loan which matures on July 30, 2022 will be fixed at 0.6925%.

6. Other

Concerning the risks associated with the borrowing, etc., there is no significant change from the content of “Part 2. Fund Information; Section 1. Status of Fund; 3. Investment Risks” in the securities registration statement submitted on June 25, 2018.

The original Japanese version of this announcement is being distributed July 30, 2018 to the Kabuto Club, the Ministry of Land, Infrastructure, Transport and Tourism Press Club, and the Ministry of Land, Infrastructure, Transport and Tourism Construction Specialty Publication Press Club.

The Investment Corporation’s website : <https://takara-reit.co.jp/>

This notice is the English translation of the Japanese announcement on July 30, 2018. However, no assurance or warranties are given for the completeness or accuracy of this English translation.