

September 26, 2014

To whom it may concern:

&lt;Investment Corporation&gt;

Japan Real Estate Investment Corporation

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&lt;Asset Management Company&gt;

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## Notice concerning New Loan and Execution of Interest Rate Swap Agreement

Japan Real Estate Investment Corporation hereby announces its decision on September 26, 2014, to procure funds and enter into interest rate swap agreement for Long-term loan relating thereto as follows:

### 1. New Loans

#### (1) Reason for drawing down of the loans

To apply the funds toward the purchase of domestic real estate (Shinjuku Eastside Square) announced on September 26, 2014.

#### (2) Details of the loans

&lt;Short-term loan &gt;

- (1) Start of the loans period: October 1, 2014
- (2) Amount of loans: ¥13,000 million
- (3) Lender, amount of loan, and principal repayment date:

Lender	Amount of loan	Principal repayment date (pre-payment possible)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥3,500 million	October 1, 2015
Mizuho Bank, Ltd.	¥3,500 million	
Mitsubishi UFJ Trust and Banking Corporation	¥3,000 million	
Shinsei Bank, Limited	¥3,000 million	

- (4) Interest rate: Base interest rate (Japanese Banker's Association ("JBA"))  
JPY TIBOR for 1 month + 0.05% (Note (1))

- (5) Borrowing method: Loan based on overdraft agreement concluded with each lender  
Unsecured/non-guaranteed loan
- (6) Interest payment date: 1st of every month until the principal repayment date (Note (2))
- (7) Repayment of principal: Payment in full on the principal repayment date

(Note1) ・ Base interest rate for applicable rate is calculated based on Japanese Yen TIBOR for one month which JBA releases two business days before the interest payment date. (As of September 26, 2014, Japanese Yen TIBOR for one month is 0.14636 %)

- ・ With regard to Japanese Yen TIBOR of JBA, please refer to the website of JBA TIBOR Administration. (<http://www.jbatibor.or.jp/english/rate/>)

(Note2) In the event that the interest payment date does not fall on a business day, the interest shall be paid on the following business day thereafter. If the next business day, however, falls in the following month, the payment shall be made on the business day immediately prior to the interest payment date.

#### <Long-term loan >

- (1) Amount of loan: ¥1,000 million
- (2) Lender: The Iyo Bank, Ltd.
- (3) Interest rate: Base interest rate (ICE Benchmark Administration (“IBA”)  
EUR/JPY LIBOR for 6 month (“IBA” 6-month EUR/JPY LIBOR  
hereafter) )+ 0.07 % (Note 3)
- (4) Start of the loan period: October 1, 2014
- (5) Borrowing method: Loan agreement concluded with the lender on September 26, 2014  
Unsecured/non-guaranteed loan
- (6) Interest payment date: 1st of April and October of every year until the principal  
repayment date (Note 4)
- (7) Repayment of principal: Payment in full on the principal repayment date
- (8) Principal repayment date: October 1, 2021 (pre-payment possible)

(Note3) The base interest rate for the applicable rate is calculated based on “IBA” 6-month EUR/JPY LIBOR which IBA releases at 11:00 am (GMT) on the two bank business days in London before the interest payment date. (The “IBA” 6-month EUR/JPY LIBOR on September 25, 2014 is 0.16857 %.)

(Note4) In the event that the interest payment date does not fall on a business day, the interest shall be paid on the following business day thereafter. If the following business day, however, falls in the following month, the payment shall be made on the business day immediately prior to the interest payment date.

## **2. Interest Rate Swap Agreement**

### **(1) Reason for execution of interest rate swap agreement**

To hedge against risks of interest rate fluctuations on the above Long-term loan executed on October 1, 2014.

## (2) Details of the interest rate swap agreement

<Interest rate swap agreement for Long-term loan >

- (1) Counterparty: Sumitomo Mitsui Trust Bank, Limited
- (2) Notional Amount : ¥1,000 million
- (3) Interest rate, etc: Fixed interest payment 0.46525 %  
Variable interest receipt ("IBA" 6-month EUR/JPY LIBOR) + 0.07 %
- (4) Contract start date: October 1, 2014
- (5) Contract end date: October 1, 2021
- (6) Interest payment date: 1st of April and October of every year until the contract end date  
Interest rate of the long-term loan (1,000 million yen with 7-year maturity) will be fixed at 0.46525 % by executing the above interest rate swap agreement. Therefore, the ensuring fixing of the "IBA" 6-month EUR/JPY LIBOR will not be announced going forward.

(Note5) In the event that the interest payment date does not fall on a business day, the interest shall be paid on the following business day thereafter. If the following business day, however, falls in the following month, the payment shall be made on the business day immediately prior to the interest payment date.

## 3. Balance of interest-bearing debt after the new loan agreements

(Units: millions of yen)

	Before new loan	After new loan	Increase/Decrease
Short-term loans	31,500	44,500	+13,000
Current portion of long-term loans	19,600	19,600	±0
Long-term loans (except for current portion)	232,450	233,450	+1,000
<b>Total loans</b>	<b>283,550</b>	<b>297,550</b>	<b>+14,000</b>
Current portion of investment corporation bonds	20,000	20,000	±0
Investment corporation bonds (except for current portion)	20,000	20,000	±0
<b>Total investment corporation bonds</b>	<b>40,000</b>	<b>40,000</b>	<b>±0</b>
<b>Total interest-bearing debts</b>	<b>323,550</b>	<b>337,550</b>	<b>+14,000</b>

## 4. Others

Regarding the loan repayment related risks, there is no important change to the "Investment risks" description in the latest securities report submitted on June 25, 2014.

This notice is the English translation of the announcement in Japanese dated September 26, 2014. However, no assurance or warranties are given for the completeness or accuracy of this English translation.