

Notice Concerning Issuance of Investment Corporation Bonds, Debt Financing and Completion of the Contract of Interest Swap, and Early Repayment

Japan Retail Fund Investment Corporation (“JRF”) announces that it has decided to issue publicly offered investment corporation bonds (totaling 7,000 million yen) in accordance with the Shelf Registration Statement dated April 15, 2013, and to borrow new long-term debts (totaling 8,000 million yen) to refinance the existing investment corporation bonds (totaling 15,000 million yen) which will come to maturity on February 9, 2015.

In addition, in order to diversify the lenders and extend debt term, JRF has decided to borrow new long-term debt (totaling 1,200 million yen, 10 years debt term) and conduct early repayment of existing long-term debt (totaling 1,200 million yen, 44 months remaining to maturity).

Key Points of the Proposed Measures

- Issuance of the corporate bonds in the amount of 7,000 million yen and procurement of new borrowings in total of 8,000 million yen (interest rate is to be fixed with interest rate swap agreement) for early repayment of the corporate bonds in the amount of 15,000 million yen, maturing on February 9, 2015
- For the purpose of extending loan terms and diversifying lenders: procure new debt financing of 10 years from a new lender, Japan Post Insurance Co., Ltd. and other lender to repay the long-term debt (48 months debt term) of 1,200 million yen, which was borrowed at the time of public offering from Sumitomo Mitsui Trust Bank, Limited on October 1, 2014.

Measure 1: Issuance of Investment Corporation Bonds

Total amount to be issued: 7,000 million yen
Term: 10 years
Interest rate: 0.765%

Measure 2: Debt Financing

Total amount: 8,000 million yen
(Loan 1: 4,000 million yen, Loan 2: 4,000 million yen)

Measure 3: Contract of Interest Swap

Interest rate for Loan 1: 0.67130%*
Interest rate for Loan 2: 0.82290%*

Redemption of the 2nd Unsecured Investment Corporation Bonds

Amount: 15,000 million yen
Term: 10 years
Interest rate: 1.73%
Redemption date: February 9, 2015

Measure 4: New Long-term Debt

Amount (Loan3): 1,200 million yen
Term: 10 years
Interest rate: 0.96%

Measure 5: Early Repayment of Long-term Debt

Amount: 1,200 million yen
Term: 4 years
(Remaining term of 44 months)
Interest rate: 0.40%

*Interest rates indicated above are fixed rate based on the interest rate swap agreements.

1. Issuance of the Investment Corporation Bonds [Measure 1]

(1) Investment corporation bonds to be issued

(1) Name	Japan Retail Fund Investment Corporation The 9 th Unsecured Investment Corporation Bonds (hereinafter called the “Bonds”) (Special pari passu conditions among specified investment corporation bonds)
(2) Total amount to be issued	7,000 million yen
(3) Form of bond certificate	Subject to the provisions of the Act on Book-Entry Transfer of Company Bonds, Shares, etc., JRF will not issue investment corporation bond certificates for the Bonds.
(4) Total amount to be paid in or minimum amount	100 yen per 100 yen of each Bond
(5) Redemption price	100 yen per 100 yen of each Bond
(6) Interest rate	0.765% per annum
(7) Denomination price	100 million yen
(8) Offering method	Public offering
(9) Subscription period	January 29, 2015
(10) Payment date	February 5, 2015
(11) Collateral	The Bonds are neither secured by mortgage nor guaranteed, and no asset is particularly reserved as security for the Bonds.
(12) Redemption date and method	The total amount of the Bonds will be redeemed on February 5, 2025.
(13) Interest payment date	February 5 th and August 5 th every year
(14) Financial covenant	Negative pledge clause is attached.
(15) Rating	Rating and Investment Information, Inc. : AA- Moody's Japan K.K. : A3 Standard & Poor's Ratings Japan K.K. : A
(16) Fiscal agent, issuing agent and payment agent	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
(17) Underwriter	Mizuho Securities Co., Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. SMBC Nikko Securities Inc.

(2) Reasons for the issuance

The funds to be raised through the issuance of the Bonds will be used to refinance the corporate bonds that are maturing on February 9, 2015.

(3) Amount of funds to be raised, use of proceeds and scheduled timing of expenditure

- (i) Amount of funds to be raised (estimated amount of net proceeds: deducting issuance related expenses from the payment amount, and rounding down the amounts less than 1 million.)

6,953 million yen

- (ii) Specific use of proceeds and scheduled timing of expenditure

JRF will use the proceeds to partially fund its repayment of corporate bonds, which will mature on February 9, 2015.

2. Debt Financing

(1) Description of debts to be procured

	Lender	Amount outstanding	Debt term	Interest rate (Note 1, 2, 3, 4)		Borrowing date	Method of borrowing, repayment of principal	Maturity date
Loan 1	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited	¥4,000 million	8 years	Fixed	Base interest rate (JBA 1 months yen TIBOR)+0.27%	February 5, 2015	Unsecured and unguaranteed, lump sum repayment	February 3, 2023
Loan 2	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Mitsubishi UFJ Trust and Banking Corporation Sumitomo Mitsui Trust Bank, Limited	¥4,000 million	9 years	Fixed	Base interest rate (JBA 1 months yen TIBOR)+0.35%	February 5, 2015		February 5, 2024

(Note 1) Interest payment dates are the end of every month and on the principal repayment date (or immediately preceding business day if the date is not a business day).

(Note 2) Base interest rate applied to an interest calculation period is yen TIBOR for 1 month which the Japanese Bankers Association (JBA) releases two business days before the interest payment date thereof. If the calculating term is less than three months, the base interest rate is calculated by the method stipulated in the contract.

(Note 3) You can find JBA yen TIBOR on the JBA website (<http://www.zenginkyo.or.jp/en/tibor/>).

(Note 4) For Loan 1 and Loan 2, we intend to enter into interest rate swap agreements to fix the interest rates.

(2) Reason for procuring debt

The funds to be raised from Loan 1 and Loan 2 will be used to refinance the corporate bonds that are maturing on February 9, 2015.

3. Execution of Interest Rate Swap Agreement [Measure 3]

【Interest rate swap agreement in connection with Loan 1】

1. Guarantor	Nomura Securities Co., Ltd.
2. Estimated principal	4,000 million yen
3. Interest rate	Fixed interest payment: 0.40130% Variable interest receipt: Japanese Bankers Association Japanese Yen TIBOR (1-month)
4. Contract period	February 5, 2015 – February 3, 2023
5. Interest repayment date	Fixed interest payment and variable interest receipt are due on every month end and on the principal repayment date (if any of such dates is not a business day, the immediately preceding business day). The first payment date is February 28, 2015.

* The variable interest rate will be effectively fixed at 0.67130% with the interest rate swap agreement in connection with Loan 1.

【Interest rate swap agreements in connection with Loan 2】

1. Guarantor	Sumitomo Mitsui Trust Bank, Limited
2. Estimated principal	4,000 million yen
3. Interest rate	Fixed interest payment: 0.47290% Variable interest receipt: Japanese Bankers Association Japanese Yen TIBOR (1-month)
4. Contract period	February 5, 2015 – February 5, 2024
5. Interest repayment date	Fixed interest payment and variable interest receipt are due on every month end and on the principal repayment date (if any of such dates is not a business day, the immediately preceding business day). The first payment date is February 28, 2015.

* The variable interest rate will be effectively fixed at 0.82290% with the interest rate swap agreement in connection with Loan 2.

4. Debt Financing [Measure 4]

(1) Description of debts to be procured

	Lender	Amount Outstanding	Debt term	Interest rate (Note 1)		Borrowing date	Method of borrowing, repayment of principal	Maturity date
Loan 3	Japan Post Insurance Co., Ltd. Sumitomo Mitsui Trust Bank, Limited	¥1,200 million	10 years	Fixed	0.96%	February 2, 2015	Unsecured and unguaranteed, lump sum repayment	January 31, 2025

(Note 1) Interest payment dates are the end of March, June, September and December of every year and on the principal repayment date (or immediately preceding business day if the date is not a business day).

(2) Reason for procuring debt

JRF will allocate the funding for early repayment of the long-term debt described under item 5 below.

5. Early Repayment [Measure 5]

(1) Description of Debt to be repaid in advance

Lender	Amount of repayment	Interest rate (Note 1)		Borrowing date	Maturity date	Advance repayment date	Method of borrowing, repayment of principal
Sumitomo Mitsui Trust Bank, Limited	¥1,200 million	Fixed	0.40%	October 1, 2014	October 1, 2018	February 2, 2015 (scheduled)	Unsecured and unguaranteed, lump sum repayment

(2) Funds for repayment

JRF will repay the loan using the debt financing described under item 4 above.

6. Status of Interest-bearing Debt after Refinancing (as of February 9, 2015)

(millions of yen)

	Before refinancing	After refinancing	Variation
Short-term borrowings	0	0	0
Long-term borrowings (Note)	316,801	324,801	+8,000
Total borrowings	316,801	324,801	+8,000
Investment corporation bonds	55,500	47,500	-8,000
Total borrowings and investment corporation bonds	372,301	372,301	±0

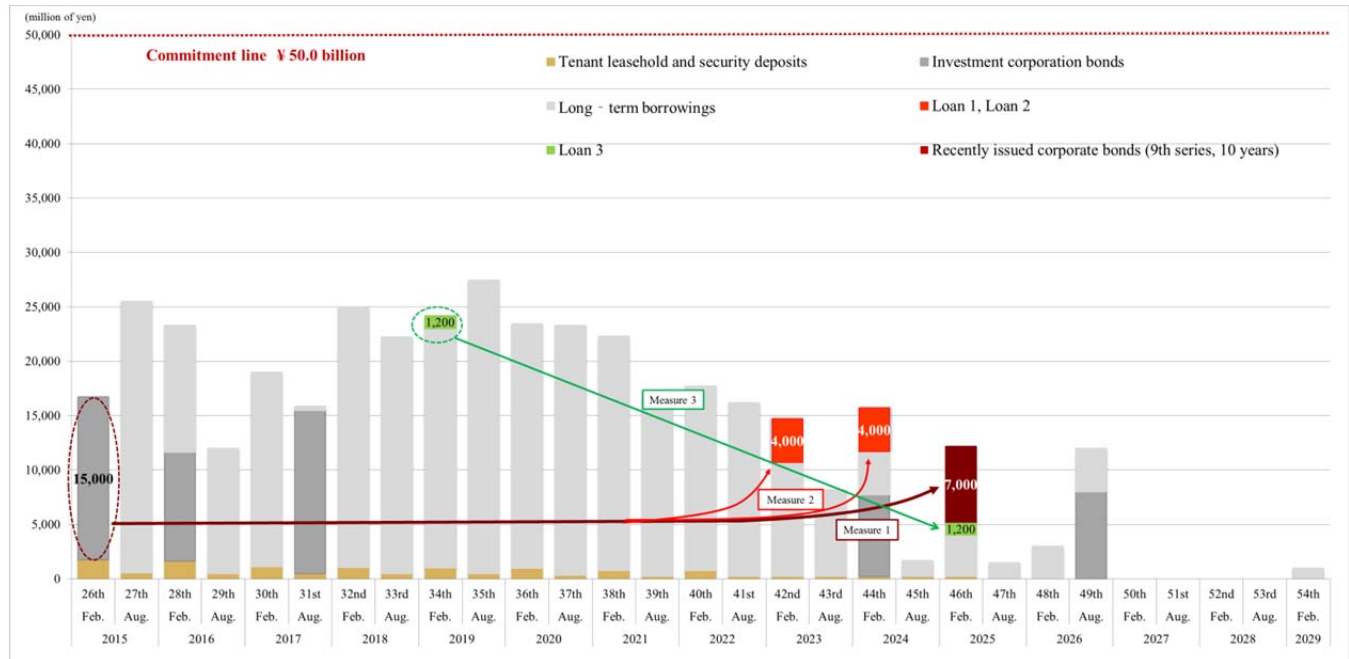
(Note) The current portion of long-term borrowings is included.

7. Future outlook of JRF

There will be minimal impact on our operating results for the February 2015 fiscal period (from September 1, 2014 to February 28, 2015) and the August 2015 fiscal period (from March 1, 2015 to August 31, 2015); thus, our forecasts will not be revised.

[Reference]

Maturity Ladder after Completion of above Measures



About JRF: JRF is the third listed Japanese Real Estate Investment Trust ("J-REIT") and the first J-REIT to focus exclusively on retail properties. As of the date of this release, JRF owns 88 properties containing approximately 3.1 million square meters of leasable space.

Please refer to our website at <http://www.jrf-reit.com/english/index.html> for further details.

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This translation is for informational purposes only, and the Japanese language release should be referred to as the original.