

January 5, 2016

To whom it may concern:

<Investment Corporation>

Japan Real Estate Investment Corporation

Hiroshi Nakajima, Executive Director

(TSE code: 8952)

<Asset Management Company>

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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 January 5, 2016 to procure funds and enter into interest rate swap agreement on the new loan relating thereto as follows:

### **1. Reason for drawing down of the loan**

To apply the funds toward a repayment of the existing short-term loan of ¥1,500 million executed on January 7, 2015.

### **2. Details of the loan**

<Long-term loan >

- |                               |   |
|-------------------------------|---|
| (1) Total amount of loan:     | ¥1,500 million  |
| (2) Lender:                   | The Daishi Bank, Ltd.   |
| (3) Interest rate:            | Base rate (3-month EUR/JPY LIBOR by IBA (ICE Benchmark Administration)) + 0.07% (Note 1)          |
| (4) Start of loan period:     | January 7, 2016   |
| (5) Borrowing method:         | Loan agreement concluded with lender on January 5, 2016<br>Unsecured/unguaranteed loan            |
| (6) Interest payment date:    | 7th of January, April, July and October of every year until the principal repayment date (Note 2) |
| (7) Repayment of principal:   | Payment in full on the principal repayment date   |
| (8) Principal repayment date: | January 10, 2023 (pre-payment possible)   |

(Note 1) Base rate to calculate the interest to pay on an interest payment date is 3-month EUR/JPY LIBOR released two bank business days in London before the interest payment date at 11:00 am (GMT) by IBA (3-month EUR/JPY LIBOR by IBA released on January 4, 2016 is 0.08286%).

(Note 2) 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. If the following business day, however, falls in the following month, the payment shall be made on the preceding business day of the interest payment date.

### **3. 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 that will start from January 7, 2016.

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

<Interest rate swap agreement for the long-term loan >

- |                            |  |
|----------------------------|--|
| (1) Counterparty:          | Mizuho Bank, Ltd.  |
| (2) Notional amount:       | ¥1,500 million   |
| (3) Interest rate, etc.:   | Fixed rate payment:<br>0.2802%<br>Floating rate receipt:<br>(3-month EUR/JPY LIBOR by IBA) + 0.07% |
| (4) Contract start date:   | January 7, 2016  |
| (5) Contract end date:     | January 10, 2023   |
| (6) Interest payment date: | 7th of January, April, July and October of every year<br>until the contract end date (Note 3)      |

Interest rate for the long-term loan (1,500 million yen with 7-year maturity) will be fixed at 0.2802% by executing the above interest rate swap agreement. Therefore, the ensuring fixing of the 3-month EUR/JPY LIBOR by IBA will not be announced going forward.

(Note 3) 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. If the following business day, however, falls in the following month, the payment shall be made on the preceding business day of the interest payment date.

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

(Units: millions of yen)

	Before new loan (Note 4)	After new loan	Increase/Decrease
Short-term loans	33,700	32,200	− 1,500
Current portion of long-term loans	38,100	38,100	±0
Long-term loans (except for current portion)	281,150	282,650	+ 1,500
<b>Total loans</b>	<b>352,950</b>	<b>352,950</b>	<b>±0</b>
Current portion of investment corporation bonds	0	0	±0
Investment corporation bonds (except for current portion)	20,000	20,000	±0
<b>Total investment corporation bonds</b>	<b>20,000</b>	<b>20,000</b>	<b>±0</b>
<b>Total interest-bearing debts</b>	<b>372,950</b>	<b>372,950</b>	<b>±0</b>

(Note 4) This is the balance after the loan announced in the release “Notice concerning New Loan” dated December 25, 2015.

#### 5. Others

Regarding loan repayment related risks, there is no important change to the “Investment risks” description in the latest securities report submitted on December 24, 2015.

This notice is the English translation of the announcement in Japanese dated January 5, 2016.

However, no assurance or warranties are given for the completeness or accuracy of this English translation.