

December 17, 2014

To whom it may concern:

<Investment Corporation>

Japan Real Estate Investment Corporation

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(TSE code: 8952)

<Asset Management Company>

Japan Real Estate Asset Management Co., Ltd.

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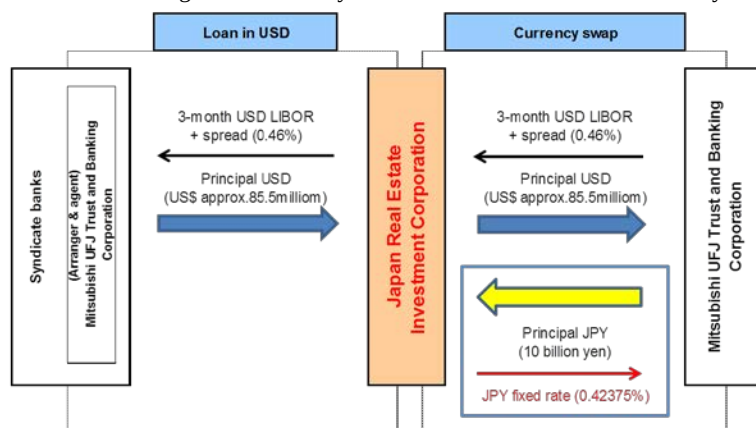
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Notice concerning New Loan and Execution of Currency Swap Agreement

Japan Real Estate Investment Corporation hereby announces its decision on December 17, 2014 to procure funds and enter into a currency swap agreement relating thereto as follows:

This is the first yen-dollar swap scheme (Note1), which combines a US dollar syndicated loan and a currency swap, by a J-REIT.

(Note1) Upon raising US dollar funds through a syndicated loan, the proceeds will be swapped into Japanese yen through currency swap agreement. The Japanese yen amount of the initial exchange under the swap agreement will be identical with the yen principal amount at the final exchange where the yen principal will be converted into US dollar that in turn will be applied to the repayment of the underlying loan. During the tenor of the loan, the US dollar interest payment obligation of the Company will be serviced by the US dollar interest received under the currency swap agreement, and the Company will be left only with the obligation to pay fixed rate interest in Japanese yen (the red arrow in the diagram below). Therefore the net result for the Company is Japanese yen funding at competitive rate without any exposure to the foreign currency or interest rate fluctuation (the box framed in blue). In the current market environment, this will enable funding at economically more favorable terms than an ordinary loan in Japanese yen.



1. New Loan

(1) Reason for drawing down of the loan

To apply the funds to repay of the ¥10,000 million short-term loan. Regarding the pre-payment of existing short-term loan, please refer to “Notice concerning Pre-payment of Loan” announced today.

(2) Details of the loan

<Long-term loan >

- | | |
|---------------------------------|---|
| (1) Start of the loan period: | December 19, 2014 |
| (2) Principal amount: | US\$ 85,513,938.78 (Note2) |
| (3) Arranger: | Mitsubishi UFJ Trust and Banking Corp. |
| (4) Agent: | Mitsubishi UFJ Trust and Banking Corp. |
| (5) Lender: | Mitsubishi UFJ Trust and Banking Corp. (Note3) |
| (6) Interest rate: | Base interest rate (ICE Benchmark Administration (“IBA”) USD LIBOR for 3 month (“IBA” 3-month USD LIBOR hereafter))+ 0.46% (Note4) |
| (7) Borrowing method: | Unsecured/non-guaranteed loan based on the loan agreement concluded with the lender on December 17, 2014 |
| (8) Interest payment dates: | 19th of March, June, September and December of every year until the principal repayment date (Note5) |
| (9) Repayment of the principal: | Payment in full on the principal repayment date |
| (10) Principal repayment date: | December 19, 2023 (pre-payment possible) |

(Note2) Total amount of loan is the amount equivalent to ¥10,000 million converted at today’s USD rate that is transacted in derivative market by Mitsubishi UFJ Trust and Banking Corporation.

(Note3) This is the lender as of today. After the closing of the loan, the bank will form a syndicate to which all or part of the total loan will be assigned.

(Note4) The base interest rate for the applicable rate is calculated based on “IBA” 3-month USD LIBOR which IBA releases at 11:00 am (GMT) on the day two bank business days prior to the interest payment date in London. (The “IBA” 3-month USD LIBOR on December 16, 2014 is 0.24260 %.)

(Note5) In the event that the interest payment date falls on a non-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 business day immediately prior to the interest payment date.

2. Currency Swap Agreement

(1) Reason for execution of currency swap agreement

A currency swap transaction will be executed in order to hedge against risks of currency and interest rate fluctuations on the above loan on December 19, 2014.

(2) Details of the currency swap agreement

< Currency swap agreement for Long-term loan >

- | | |
|--|---|
| (1) Counterparty: | Mitsubishi UFJ Trust and Banking Corp. |
| (2) Amount of initial exchange (Note6) | |
| Principal paid by the Company: | US\$ 85,513,938.78 |
| Principal paid by the counterparty: | ¥10,000 million |
| (3) Amount of final exchange (Note6) | |
| Principal paid by the Company: | ¥10,000 million |
| Principal paid by the counterparty: | US\$ 85,513,938.78 |
| (4) Interest rate, etc: | Fixed interest payment 0.42375% |
| | Variable interest receipt ("IBA" 3-month USD LIBOR) + 0.46 % |
| (5) Contract start date: | December 19, 2014 |
| (6) Contract end date: | December 19, 2023 |
| (7) Interest payment dates: | 19th of March, June, September and December of every year until the contract end date (Note7) |

(Note6) By concluding the currency swap agreement, the proceeds of the USD loan (US\$85,513,938.78 with a 9-year maturity) will be converted into ¥10,000 million at today's USD rate that is transacted in derivative market by Mitsubishi UFJ Trust and Banking Corporation. In addition, the interest rate of the loan will be fixed at 0.42375% in Japanese yen. Therefore, the ensuing fixing of the USD exchange rate and the "IBA" 3-month USD LIBOR will not be announced going forward.

(Note7) In the event that the interest payment date falls on a non-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 business day immediately prior to the interest payment date.

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

(Units: millions of yen)

	Before new loan	After new loan (Note8)	Increase/Decrease
Short-term loans	31,500	21,500	-10,000
Current portion of long-term loans	16,600	16,600	±0
Long-term loans (except for current portion)	255,450	265,450	+10,000
Total loans	303,550	303,550	±0
Current portion of investment corporation bonds	20,000	20,000	±0
Investment corporation bonds (except for current portion)	20,000	20,000	±0
Total investment corporation bonds	40,000	40,000	±0
Total interest-bearing debts	343,550	343,550	±0

(Note8) The balance is the amount after the pre-payment of loan announced in “Notice concerning Pre-payment of Loan” dated December17, 2014.

4. Others

Regarding the loan repayment risk, 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 December 17, 2014.
However, no assurance or warranties are given for the completeness or accuracy of this English translation.