Japan Retail Fund Investment Corporation

Japan Retail Fund Investment Corporation (Tokyo Stock Exchange Company Code: 8953)
News Release –February 20, 2015

Notice Concerning Debt Financing and Conclusion of Interest Rate Swap Agreements

Japan Retail Fund Investment Corporation (Tokyo Stock Exchange Company Code: 8953) announced today that it has decided to refinance part of its existing borrowings and conclude interest rate swap agreements as described below.

1. Reason for completion of the contract of interest swap

JRF decided to refinance the long-term borrowing (Sumitomo Mitsui Banking Corporation, 24,310 million yen, taken over due to the merger with LaSalle Japan Inc. on March 1, 2010) which reaches maturity on March 2, 2015 with the borrowings (total amount 24,300 million yen) described below and repay the rest of 10 million yen by internal cash. JRF also decided to contract swap agreements to fix interest rates in a part of the new borrowings to further strengthen the financial stability by diversifying maturity, fixing interest rates and extending loan terms.

2. Refinancing

	Lender	Amount outstanding	Debt term	Interest rate (Note 1,2,3,4)		Anticipated borrowing date	Method of borrowing, repayment of principal	Maturity date
Loan 1	Sumitomo Mitsui Banking Corporation	¥1,000 million	14.1 years	Fixed	Base interest rate (JBA 3-month yen TIBOR) +0.65%	March 2, 2015	Unsecured and unguaranteed, lump sum repayment	March 30, 2029
Loan 2		¥7,000 million	10.1 years	Fixed	Base interest rate (JBA 1-month yen TIBOR) +0.42%	March 2, 2015		March 31, 2025
Loan 3		¥6,000 million	9.1 years	Fixed	Base interest rate (JBA 1-month yen TIBOR) +0.35%	March 2, 2015		March 29, 2024
Loan 4		¥6,000 million	8.1 years	Fixed	Base interest rate (JBA 1-month yen TIBOR) +0.27%	March 2, 2015		March 31, 2023
Loan 5		¥4,300 million	1.1 ears	Floating	Base interest rate (JBA 1-month yen TIBOR) +0.15%	March 2, 2015		March 31, 2016
Total / Average		¥24,300 million	7.9 years	0.79420% (*5)				

(Note 1) Regarding Loan 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). Regarding Loan 2, 3, 4 and 5, 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) Regarding Loan 1, base interest rate applied to an interest calculation period is yen TIBOR for 3 month which the Japanese Bankers Association (JBA) releases two business days before the interest payment date thereof. If the calculation period is less than three months, the base interest rate is calculated by the method stipulated in the contract. Regarding Loan 2, 3, 4 and 5, 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 calculation period is less than one month, 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, 2, 3 and 4, we intend to enter into interest rate swap agreements to fix the interest rates. Details are described under "3.Description of interest rate swap agreements" below.

(Note 5) The weighted average interest rate of the above loans is calculated adjusting the effect of the interest rates of Loan 1, 2, 3 and 4 fixed by swap agreements.

<Reference>

Description of debt to be repaid (Out of which, 10 million yen is to be repaid from own cash)

Lender	Amount outstanding	Interest rate	Borrowing date	Method of borrowing, repayment of principal	Repayment date
Sumitomo Mitsui Banking Corporation	¥24,310 million	Base interest rate (JBA 1-month yen TIBOR) +0.80%	Nov 4, 2008	Unsecured and unguaranteed, lump sum repayment	March 2, 2015

(Note) 0.13% as JBA 1 month yen TIBOR released on February 20, 2015.

3. Description of interest rate swap agreements

		Loan 1	Loan 2	Loan 3	Loan 4
1. Guarantor		The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Sumitomo Mitsui Trust Bank, Limited	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	Nomura Securities Co. Ltd.
2. Estimated principal		¥1,000 million	¥7,000 million	¥6,000 million	¥6,000 million
3. Interest rate	Fixed interest payment	0.94175%	0.58975%	0.51550%	0.43700%
	Variable interest receipt	Japanese Banker's Association Japanese Yen TIBOR for 3 months	Japanese Banker's Association Japanese Yen TIBOR for 1 months	Japanese Banker's Association Japanese Yen TIBOR for 1 months	Japanese Banker's Association Japanese Yen TIBOR for 1 months
4. Contract start date		March 2, 2015			
5. Contract end date		March 30, 2029	March 31, 2025	March 29, 2024	March 31, 2023
6. Interest repayment date		Loan 1: Fixed interest payments and variable receipt are due on the 30th of June, September and December and the 31st of March every year 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 March 31, 2015. Loan 2, 3, and 4: Fixed interest payments and variable receipt are due on end of every month 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 March 31, 2015.			

*The variable interest rate will be fixed at 1.59175% for Loan 1, 1.00975% for Loan 2, 0.86550% for Loan 3, 0.70700% for Loan 4, with the interest rate swap agreements.

<Reference>

Changes in fixed interest rate ratio

	As of August 31, 2014	As of February 3, 2015 (Note)	After fixing interest rates *As of March 2, 2015*
Fixed interest rate ratio (including tenant leasehold and security deposit)	73.7%	92.8%	**97.4**%
Fixed interest rate ratio (excluding tenant leasehold and security deposit)	69.1%	91.6%	**97.0**%

(Note) For more details, please refer to "Notice Concerning Completion of the Interest Rate Swap Agreements" dated January 30, 2015.

4. Status of Interest-bearing debt after financing

(millions of yen)

	Before	After	Variation
Short-term Borrowings	0	0	0
Total Short-term Interest-bearing Debt	0	0	0
Long-term Borrowings (Note)	324,801	324,791	-10
Corporate Bond	47,500	47,500	0
Total Long-term Interest-bearing Debt	372,301	372,291	-10
Total Borrowing and Corporate Bonds	372,301	372,291	-10

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

5. 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.

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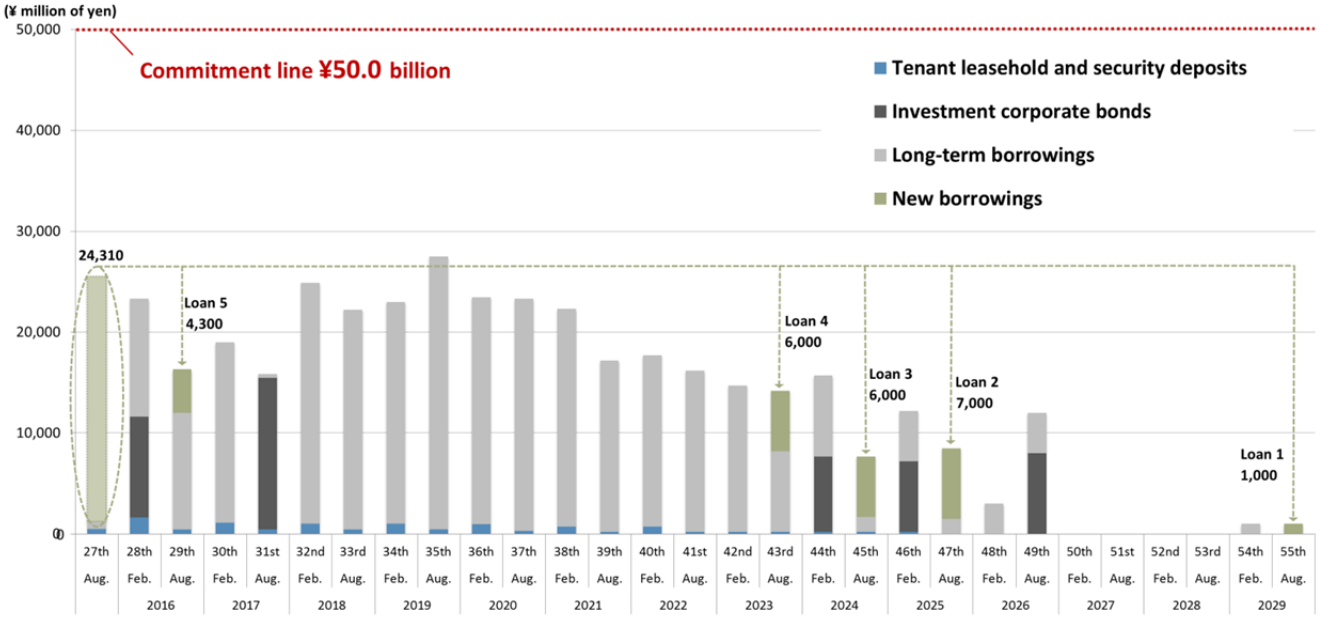
<Reference>



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.