

October 19, 2017

For Immediate Release

<Investment Corporation>

Japan Real Estate Investment Corporation

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<Asset Management Company>

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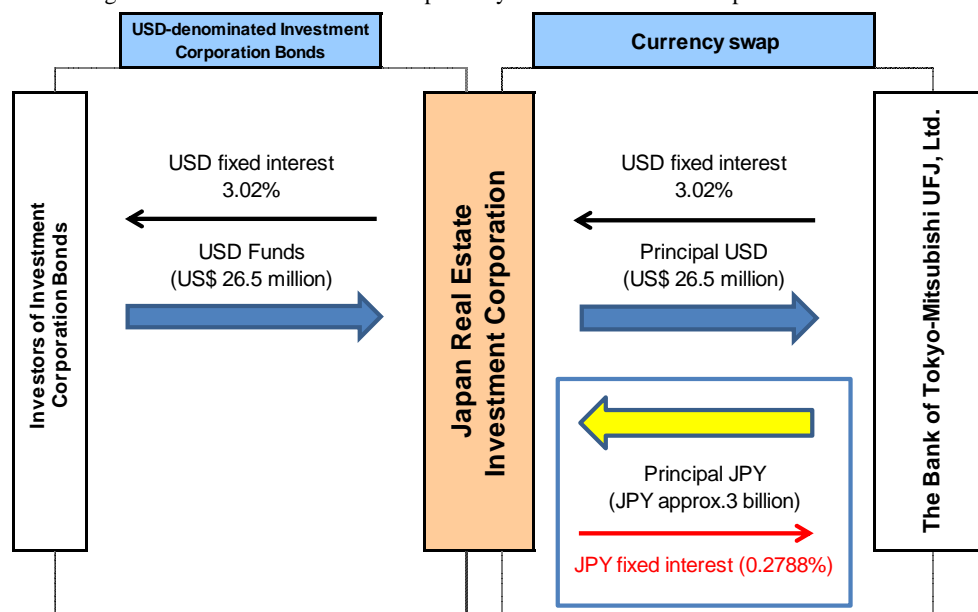
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Announcement of Issuance of U.S. dollar-denominated Investment Corporation Bonds and Execution of Currency Swap Agreement

Announcement is hereby made that Japan Real Estate Investment Corporation (“JRE”) decided to issue U.S. dollar-denominated investment corporation bonds on October 19, 2017 based on the comprehensive resolution announced in “Notice concerning Comprehensive Resolution of Issuance of Investment Corporation Bonds” dated September 26, 2017 and enter into a currency swap agreement relating thereto as follows:

This is the first foreign-currency denominated investment corporation bonds with a currency swap into Japanese yen issued by a J-REIT (Note1).

(Note1) Upon issuance of US Dollar denominated fixed interest investment corporation bonds (hereafter the “Bonds”), the proceeds will be swapped into Japanese yen through currency swap agreement under which the yen principal amount payable of the final exchange is identical with the initial yen principal amount. During the tenor of the Bonds, US Dollar fixed interest payment obligation for the Bonds will be serviced by the US Dollar fixed interest received under the currency swap agreement, and JRE will be left only with the obligation to pay fixed interest in Japanese yen (the red arrow in the diagram below). Therefore the net result for JRE is Japanese yen-denominated fixed interest debt without any exposure to the foreign currency fluctuation (the box framed in blue). Under the current market environment, this resulted in funding at more favorable terms than Japanese yen loans over the same period.



1. Issuance of US dollar-denominated Investment Corporation Bonds

(1) Reason for the Issuance

Repayment of the existing short-term loan. Please refer to the release, “Announcement of Pre-payment of Loan” dated today as for the repayment of the existing short-term loan.

(2) Summary of Investment Corporation Bonds

① Name of the bonds

Japan Real Estate Investment Corporation 11th Unsecured Bond
(Denominated in U.S. dollar and limited to qualified institutional investors)

② Total amount of the bonds to be issued

US\$ 26.5 million

③ Form of bond certificate

“Act on Book Entry of Corporate Bonds and Shares” is applicable to the bonds, thus investment corporation bond certificates will not be issued.

④ Payment amount

US\$100 per face value of US\$100

⑤ Redemption price

US\$100 per face value of US\$100

⑥ Interest rate

3.02% per annum (US\$)

⑦ Interest payment dates

26th of April and October of every year until redemption (Note2)

⑧ Denomination of each bond

US\$ 26.5 million

⑨ Subscription method

Private placement with qualified institutional investors

⑩ Offering period

October 19, 2017

⑪ Payment due date

October 26, 2017

⑫ Collateral

There is no secured mortgage or guarantee on the bonds. There are no assets reserved as security for the bonds.

⑬ Redemption method and date

- a. Final redemption date
October 26, 2027
- b. The bond can be purchased and redeemed by the issuer anytime from the date following the payment date unless otherwise specified by Japan Securities Depository Center, Inc.

⑭ Finance-related special covenants

No finance-related special covenants are attached to the bonds.

- ⑮ **Fiscal agent/Issuing and payment agent**
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- ⑯ **Placement agent**
The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- ⑰ **Use of the funds**
Repayment of the existing short-term loan

(Note2) In the event that the interest payment date falls on a non-business day, the interest shall be paid on the business day 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 fluctuations on the above investment corporation bonds scheduled to be issued on October 26, 2017.

(2) Details of the currency swap agreement

< Currency swap agreement for Investment Corporation Bonds >

- ① Counterparty: The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- ② Amount of initial exchange (Note3)
 - Principal paid by JRE: US\$ 26.5 million
 - Principal paid by the counterparty: ¥2,993,175,000 (Note4)
- ③ Amount of final exchange (Note3)
 - Principal paid by JRE: ¥2,993,175,000 (Note4)
 - Principal paid by the counterparty: US\$ 26.5 million
- ④ Interest rate, etc:

Fixed interest payment in JPY	0.2788%
Fixed interest receipt in USD	3.02 %
- ⑤ Contract start date: October 26, 2017
- ⑥ Contract end date: October 26, 2027
- ⑦ Interest payment dates: 25th of April and October of every year until the contract end date (Note5)

(Note3) By concluding the currency swap agreement, the proceeds (the actual funds) of the USD-denominated investment corporation bonds (US\$26.5 million with a ten-year maturity) will be converted into ¥2,993,175,000 and the interest rate of the funding will be fixed at 0.2788% in Japanese yen.

(Note4) The proceeds will be converted from US\$26.5 million at today's USD rate that is transacted in derivative market by The Bank of Tokyo-Mitsubishi UFJ, Ltd..

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

3. Balance of interest-bearing debt after the issuance of the bonds

(Units: millions of yen)

	Before the issuance	After the issuance (Note6)	Increase/Decrease
Short-term loans	34,500	31,000	-3,500
Current portion of long-term loans	36,000	36,000	±0
Long-term loans (except for current portion)	275,000	275,000	±0
Total loans	345,500	342,000	-3,500
Current portion of investment corporation bonds	10,000	10,000	±0
Investment corporation bonds (except for current portion)	20,000	22,993	+2,993
Total investment corporation bonds	30,000	32,993	+2,993
Total interest-bearing debt	375,500	374,993	-506

(Note6) This is the balance after the pre-payment announced in the release, “Announcement of Pre-payment of Loan” dated today.

4. Others

Regarding risks related to redemption of investment corporation bonds, there is no important change to the “Investment risks” description in the latest securities report submitted on June 26, 2017.

This is the English translation of the announcement in Japanese dated October 19, 2017. However, no assurance or warranties are given for the completeness or accuracy of this English translation.