

March 28, 2017

To whom it may concern:

<Investment Corporation>
Japan Real Estate Investment Corporation
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<Asset Management Company>
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Notice concerning Issuance of Investment Corporation Bonds (Issuance of Private placement bonds with DBJ Green Building Certification)

Announcement is hereby made that Japan Real Estate Investment Corporation (“JRE”) decided to issue investment corporation bonds as follows based on the comprehensive resolution announced in the release “Notice concerning Comprehensive Resolution of Issuance of Investment Corporation Bonds” dated March 10, 2017.

The investment corporation bonds are the first private placement bonds with DBJ Green Building Certification (Note 1) by J-REIT.

(Note 1) Private placement bonds with DBJ Green Building Certification are private placement investment corporation bonds issued along with the assessment level result of “DBJ Green Building Certification” developed by the Development Bank of Japan which is a system of certifying “green buildings”, real estate properties evincing high environmental and social awareness.

1. Summary of Investment Corporation Bonds

- (1) Name of the bonds**
Japan Real Estate Investment Corporation 10th Unsecured Bond
(Limited to qualified institutional investors)
- (2) Total amount of the bonds to be issued**
¥10 billion
- (3) Form of bond certificate**
Investment corporation bond certificates will not be issued. In addition, “Act on Book Entry of Corporate Bonds and Shares” is not applicable to the bonds.
- (4) Payment amount**
¥100 per face value of ¥100
- (5) Redemption price**
¥100 per face value of ¥100

- (6) **Interest rate**
0.3975% per annum
- (7) **Denomination of each bond**
¥100 million
- (8) **Subscription method**
Private placement limited to qualified institutional investors
- (9) **Offering period**
March 28, 2017
- (10) **Payment due date**
March 30, 2017
- (11) **Collateral**
There is no secured mortgage or guarantee on the bonds.
There are no assets reserved as security for the bonds.
- (12) **Redemption method and date**
(1) Final redemption date
March 30, 2027
(2) Redemption by purchase for investment corporation bonds may be performed anytime by notifying to bondholders. However, in such cases, break funding costs (if any) along with accrued interests shall be borne to each of the bondholders subject to redemption. Therefore, payments shall be made to the relevant bondholders.
- (13) **Interest payment dates**
March 30th and September 30th of every year
- (14) **Finance-related special covenants**
No finance-related special covenants are attached to the bonds.
- (15) **Ratings**
Not acquired
- (16) **Bond manager/Fiscal agent**
Not appointed
(However, as stipulated in Article 166, paragraph 2, item 8 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the “Investment Trust Act”), Japan Real Estate Investment Corporation appointed DBJ Securities Co., Ltd. as the Administrator of the Investors’ Registry, etc. and entrusted to DBJ Securities Co., Ltd. the affairs related to the Investment Corporation Bonds based on Article 117, paragraphs 2 and 3 of the Investment Trust Act and based on Article 169, paragraph 2, items 4 and 5 of the Ordinance for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Ordinance No. 129 of 2000, as amended), which are referenced in Article 117, paragraph 6 of the Investment Trust Act.)
- (17) **Agent handling private placement**
DBJ Securities Co., Ltd.
- (18) **Use of the funds**
Acquisition funds for specified assets (meaning “specified assets” as defined in the Article 2 (1) of the Act on Investment Trusts and Investment Corporations)

2. Reason for the issuance of the bonds

Shiodome Building, a building which JRE owns 45.0% share of the quasi-co-ownership of a trust beneficially right in trust (as of March 28, 2017), received the highest certification rank as “Properties with the best class environmental and social awareness” based on the DBJ Green Building Certification today.

With the acquisition of the Certification, JRE decided to issue its investment corporation bonds as private placement bonds with DBJ Green Building Certification for the purpose of allocating a part of the funds for the payment of additional acquisition of 5% share of the quasi-co-ownership of a trust beneficially right in trust of Shiodome Building.



Exterior appearance of Shiodome Building



3. Balance of interest-bearing debt after the issuance of the bonds (as of March 31, 2017)

(Units: millions of yen)

	Before the issuance	After the issuance (Note 2)	Increase/Decrease
Short-term loans	36,000	36,000	±0
Current portion of long-term loans	51,500	46,500	− 5,000
Long-term loans	246,500	256,500	+10,000
Total loans	334,000	339,000	+5,000
Current portion of investment corporation bonds	0	0	±0
Investment corporation bonds (except for current portion)	20,000	30,000	+10,000
Total investment corporation bonds	20,000	30,000	+10,000
Total interest-bearing debt	354,000	369,000	+15,000

(Note 2) This is the balance after the loans in the release “Notice concerning New Loans” announced 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 December 26, 2016.

This notice is the English translation of the announcement in Japanese dated March 28, 2017. However, no assurance or warranties are given for the completeness or accuracy of this English translation.