

Translation of Japanese Original  
To All Concerned Parties

July 29, 2013

REIT Issuer:  
Kenedix Realty Investment Corporation  
Naokatsu Uchida, Executive Director  
(Securities Code: 8972)

Asset Management Company:  
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### **Notice Concerning Debt Financing (Series 85) and Purchase of Interest-Rate Cap**

Kenedix Realty Investment Corporation (“the Investment Corporation”) today announced its decision to undertake debt financing (total of ¥2,000 million) and purchase the interest-rate cap. Details are provided as follows.

#### **1. Rationale**

The Investment Corporation has decided to execute debt financing agreements to apply the funds toward the repayment of Series 48-B (total of ¥500 million) and Series 74 (total of ¥1,500 million) with a repayment date of July 31, 2013.

Note: For details, please refer to the press releases “Notice Concerning Debt Financing (Series 48),” dated July 28, 2010 for Series 48 and “Notice Concerning Debt Financing (Series 74),” dated July 27, 2012 for Series 74.

#### **2. Details of Debt Financing**

##### **①Long-Term Borrowing (Series 85-A)**

- (a) Lender : Mitsubishi UFJ Trust and Banking Corporation
- (b) Amount : ¥1,500 million
- (c) Interest Rate : Base rate (JPY TIBOR for 3-month in JBA) + 0.40% (Note)
- (d) Drawdown Date : July 31, 2013
- (e) Debt Financing Method : The Investment Corporation executed an individual debt financing agreement with the aforementioned lender on July 29, 2013
- (f) Interest Payment Date : First interest payment on October 31, 2013, and at the end of every three month (on the last business day of each month, if the end of each month is a non-business day) thereafter, and last interest payment on July 29, 2016.
- (g) Repayment Date : July 29, 2016
- (h) Repayment Method : Principal repayment in full on maturity
- (i) Collateral : Unsecured, unguaranteed

Note: The interest rate for the period commencing July 31, 2013 through October 31, 2013 is 0.63%.

(As of July 29, 2013, Japanese Yen TIBOR for 3-month is 0.23%)

Thereafter, the interest rate shall be calculated based on Japanese Yen TIBOR for 3-month which Japanese Bankers Association (JBA) releases two business days before each interest payment date.

You can find Japanese Yen TIBOR of JBA on website of JBA (<http://www.zenginkyo.or.jp/en/tibor/>)

##### **②Long-Term Borrowing (Series 85-B)**

- (a) Lender : Resona Bank, Ltd.
- (b) Amount : ¥500 million
- (c) Interest Rate : Base rate (JPY TIBOR for 3-month in JBA) + 0.50% (Note)
- (d) Drawdown Date : July 31, 2013

- (e) Debt Financing Method : The Investment Corporation executed an individual debt financing agreement with the aforementioned lender on July 29, 2013
- (f) Interest Payment Date : First interest payment on October 31, 2013, and at the end of every three month (on the last business day of each month, if the end of each month is a non-business day) thereafter, and last interest payment on July 31, 2018.
- (g) Repayment Date : July 31, 2018
- (h) Repayment Method : Principal repayment in full on maturity
- (i) Collateral : Unsecured, unguaranteed

Note: The interest rate for the period commencing July 31, 2013 through October 31, 2013 is 0.73%.

(As of July 29, 2013, Japanese Yen TIBOR for 3-month is 0.23%)

Thereafter, the interest rate shall be calculated based on Japanese Yen TIBOR for 3-month which Japanese Bankers Association (JBA) releases two business days before each interest payment date.

You can find Japanese Yen TIBOR of JBA on website of JBA (<http://www.zenginkyo.or.jp/en/tibor/>)

### 3. Use of Funds

Debt financing shall be used for repayment of Series 48-B and Series 74.

### 4. Purchase of Interest-Rate Cap

#### (1) Purpose

The Investment Corporation has decided to purchase an interest-rate cap as a hedge against possible increases in future interest rates for the aforementioned Long-term borrowing (Series 85-A and Series 85-B).

#### (2) Summary of Interest-Rate Cap

##### ① Summary of an Interest-Rate Cap (Series 85-A)

- (a) Seller : Mitsubishi UFJ Trust and Banking Corporation
- (b) Notional Principal : ¥1,500 million
- (c) Commencement Date : July 31, 2013
- (d) Termination Date : July 29, 2016
- (e) Capped Interest Rate : JPY TIBOR for 3-month in JBA
- (f) Interest Rate Reset Date : First reset date on October 31, 2013, and at the end of every three month (on the last business day of each month, if the end of each month is a non-business day) thereafter, and on July 29, 2016.
- (g) Strike Rate : 0.10%
- (h) Cap fee : ¥11,250,000 (0.75% of the notional principal)

##### ② Summary of an Interest-Rate Cap (Series 85-B)

- (a) Seller : Mizuho Securities Co., Ltd.
- (b) Notional Principal : ¥500 million
- (c) Commencement Date : July 31, 2013
- (d) Termination Date : July 31, 2018
- (e) Capped Interest Rate : JPY TIBOR for 3-month in JBA
- (f) Interest Rate Reset Date : First reset date on October 31, 2013, and at the end of every three month (on the last business day of each month, if the end of each month is a non-business day) thereafter, and on July 31, 2018.
- (g) Strike Rate : 0.10%
- (h) Cap fee : ¥10,200,000 (2.04% of the notional principal)

### 【Reference】

After purchasing the interest rate cap, when the capped interest rate exceeds the strike rate, the seller shall pay the Investment Corporation an amount corresponding to the difference between the capped interest rate and the strike rate. The Investment Corporation will be able to expect to achieve practically the same effect as setting a cap on the interest payments for the subject loan (Series 85-A and Series 85-B).

**5. Total Debt Financing Balance after Additional Borrowing and Status of Investment Corporation Bonds (as of July 31, 2013)**

(Billions of yen)

		Balance Prior to Additional Debt Financing	Balance After Additional Debt Financing	Change
	Short-Term Borrowings (Note 1)	5.7	4.2	-1.5
	Long-Term Borrowings (Note 2)	130.6695	132.1695	+1.5
	Total Borrowings Balance	136.3695	136.3695	+0
	Investment Corporation Bonds	6.0	6.0	+0
	Total of Debt Financing	142.3695	142.3695	+0

Notes:

1. Short-term borrowings refer to debt financing with a period of less than or equal to one year from the drawdown date to the repayment date. However, the borrowings whose period until repayment date have surpassed one year because the repayment date 1 year from the drawdown date is not a business day and for which the repayment date has been moved to the following business day, are included in short-term borrowings.
2. Long-term borrowings refer to debt financing with a period of more than one year from the drawdown date to the repayment date.

**6. Other**

For the risks concerning repayment of the aforementioned borrowing, there are no significant changes in the "Investment Risks" described in the Securities Report (submitted January 30, 2013) for the 15th fiscal period.

This notice is the English translation of the Japanese announcement on our Web site released on July 29, 2013. However, no assurance or warranties are given for the completeness or accuracy of this English translation.