

Translation of Japanese Original

August 15, 2013

To All Concerned Parties

REIT Issuer:
Kenedix Realty Investment Corporation
2-2-9 Shimbashi, Minato-ku, Tokyo
Naokatsu Uchida, Executive Director
(Securities Code: 8972)

Asset Management Company:
Kenedix Office Partners, Inc.
Naokatsu Uchida, CEO and President

Inquiries:
Hikaru Teramoto
Director / General Manager, Financial Planning Division
TEL.: +81-3-3519-3491

Notice Concerning Debt Financing (Series 86) and Interest-Rate Swap Agreement

Kenedix Realty Investment Corporation (“the Investment Corporation”) today announced its decision to undertake debt financing (total of ¥6,500 million) and execute Interest-Rate Swap Agreement. Details are provided as follows.

1. Rationale

The Investment Corporation has decided to execute debt financing agreements to support the acquisition of trust beneficiary interests in real estate (Trust Beneficiary Interests) (Two Properties), and part of payment of associated costs.

Furthermore, the Investment Corporation is working to diversify debt providers through conducting debt financing with a period of 5 years from The Bank of Hiroshima, Ltd., a new lender for the Investment Corporation. In addition, the Investment Corporation is working to diversify debt repayment dates and extend borrowing periods through such efforts.

Note: For details, please refer to the press release “Notice Concerning Acquisition of Properties (Itopia Nihonbashi SA Building ・ Ginza 4chome Tower),” dated August 15, 2013 regarding the acquisition of the Trust Beneficiary Interests (Two properties).

2. Details of Debt Financing

(1) Short-Term Borrowing (Series 86-A)

- | | | |
|---------------------------|---|--|
| (a) Lender | : | (1) Mizuho Bank, Ltd.
(2) Mizuho Trust & Banking Co., Ltd. |
| (b) Amount | : | (1) ¥1,000 million
(2) ¥1,000 million |
| (c) Interest Rate | : | (1) Base rate (JPY TIBOR for 1-month in JBA) + 0.40% (Note)
(2) Base rate (JPY TIBOR for 1-month in JBA) + 0.45% (Note) |
| (d) Drawdown Date | : | August 19, 2013 |
| (e) Debt Financing Method | : | The Investment Corporation executed an individual debt financing agreements with the aforementioned lenders on August 15, 2013 |
| (f) Interest Payment Date | : | First interest payment on September 19, 2013, and on the 19th of every month (on the previous business day of each month, if the 19th of each month is a non-business day) thereafter, and last interest payment on November 29, 2013. |
| (g) Repayment Date | : | November 29, 2013 |
| (h) Repayment Method | : | Principal repayment in full on maturity respectively |
| (i) Collateral | : | Unsecured, unguaranteed |

Note: The interest rate for the period commencing August 19, 2013 through September 19, 2013 is

(1) 0.55%, (2) 0.60% (As of August 15, 2013, Japanese Yen TIBOR for 1-month is 0.15%)

Thereafter, the interest rate shall be calculated based on Japanese Yen TIBOR for 1-month which Japanese Bankers Association (JBA) releases two business days before each interest payment date.

However, if the calculation period is less than 1-month, the base rate of this period shall be calculated based on a pro-rata basis accordingly on the agreement.

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

(2) Short-Term Borrowing (Series 86-B)

- (a) Lender : Sumitomo Mitsui Banking Corporation.
- (b) Amount : ¥1,000 million
- (c) Interest Rate : Base rate (JPY TIBOR for 1-month in JBA) + 0.45% (Note)
- (d) Drawdown Date : August 19, 2013
- (e) Debt Financing Method : The Investment Corporation executed an individual debt financing agreement with the aforementioned lender on August 15, 2013
- (f) Interest Payment Date : First interest payment on September 19, 2013, and on the 19th of every month (on the previous business day of each month, if the 19th of each month is a non-business day) thereafter, and last interest payment on February 19, 2014.
- (g) Repayment Date : February 19, 2014
- (h) Repayment Method : Principal repayment in full on maturity
- (i) Collateral : Unsecured, unguaranteed

Note: The interest rate for the period commencing August 19, 2013 through September 19, 2013 is 0.60%.

(As of August 15, 2013, Japanese Yen TIBOR for 1-month is 0.15%)

Thereafter, the interest rate shall be calculated based on Japanese Yen TIBOR for 1-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) Long-Term Borrowing (Series 86-C)

- (a) Lender : (1) Sumitomo Mitsui Banking Corporation.
(2) Aozora Bank, Ltd.
(3) Mizuho Trust & Banking Co., Ltd.
(4) The Bank of Fukuoka, Ltd.
- (b) Amount : (1) ¥1,000 million
(2) ¥1,000 million
(3) ¥500 million
(4) ¥500 million
- (c) Interest Rate : Base rate (JPY TIBOR for 3-month in JBA) + 0.50% (Note)
- (d) Drawdown Date : August 19, 2013
- (e) Debt Financing Method : The Investment Corporation executed individual debt financing agreements with the aforementioned lenders on August 15, 2013
- (f) Interest Payment Date : First interest payment on October 31, 2013, and at the end of every 3-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 August 20, 2018.
- (g) Repayment Date : August 20, 2018
- (h) Repayment Method : Principal repayment in full on maturity respectively
- (i) Collateral : Unsecured, unguaranteed

Note: The interest rate for the period commencing August 19, 2013 through October 31, 2013 is 0.73%.

(As of August 15, 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.

However, if the calculation period is less than 3-month, the base rate of this period shall be calculated based on a pro-rata basis accordingly on the agreement.

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

(4) Long-Term Borrowing (Series 86-D)

- (a) Lender : Hiroshima Bank, Ltd.
- (b) Amount : ¥500 million
- (c) Interest Rate : 0.96875% (Fixed interest rate)
- (d) Drawdown Date : August 19, 2013
- (e) Debt Financing Method : The Investment Corporation executed an individual debt financing agreement with the aforementioned lender on August 15, 2013
- (f) Interest Payment Date : First interest payment on October 31, 2013, and at the end of every 3-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 August 20, 2018.
- (g) Repayment Date : August 20, 2018
- (h) Repayment Method : Principal repayment in full on maturity
- (i) Collateral : Unsecured, unguaranteed

3. Use of Funds

The abovementioned debt financing (total of ¥6,500 million) shall be used as partly, a source of funds to acquire trust beneficiary interests in real estate (Two properties), and part of payment of associated costs. Also, remaining amount shall be paid from cash on hands (including raised funds from disposition of the properties in the past).

4. Interest-Rate Swap Agreement

(1) Purpose

The Investment Corporation has decided to execute an interest-rate swap agreement as a hedge against possible increase in future interest rates for the aforementioned 2. (3) Long-Term Borrowing (Series 86-C).

(2) Summary of an Interest-Rate Swap Agreement (Series 86-C)

- (a) Counterparty : Aozora Bank, Ltd.
- (b) Notional Amount : ¥3,000 million
- (c) Interest Rate : Pay a fixed rate of interest: 0.95%
Receive a floating rate of interest: Base rate (JPY TIBOR for 3-month in JBA) + 0.50% (Note)
- (d) Commencement Date : August 19, 2013
- (e) Termination Date : August 20, 2018
- (f) Payment Date : First reset date on October 31, 2013, and at the end of every 3-month (on the last business day of each month, if the end of each month is a non-business day) thereafter, and on August 20, 2018.

Note: The basically fixed interest rate for Series 86-C is 0.95% by entering the interest-rate swap agreement.

5. Total Debt Financing Balance after Additional Borrowing and Status of Investment Corporation Bonds (as of August 19, 2013)

(Millions of yen)

		Balance Prior to Additional Debt Financing	Balance After Additional Debt Financing	Change
	Short-Term Borrowings (Note 1)	4,200.0	7,200.0	+3,000
	Long-Term Borrowings (Note 2)	132,169.5	135,669.5	+3,500
	Total Borrowings Balance	136,369.5	142,869.5	+6,500
	Investment Corporation Bonds	6,000.0	6,000.0	0
	Total of Debt Financing	142,369.5	148,869.5	+6,500

Notes:

- 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 July 30, 2013) for the 16th fiscal period.

<p>This notice is the English translation of the Japanese announcement on our Web site released on August 15, 2013. However, no assurance or warranties are given for the completeness or accuracy of this English translation.</p>
