

Translation of Japanese Original

July 18, 2017

To All Concerned Parties

REIT Issuer:
Kenedix Residential Investment Corporation
Representative: Keisuke Sato, Executive Director
(Securities Code Number: 3278)

Asset Management Company
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Notice Concerning Debt Financing

Kenedix Residential Investment Corporation (the “Investment Corporation”) announced today the decision regarding debt financing. Details are as follows.

1. Details of Debt Financing

Series	Lender	Amount (million)	Interest Rate (Note 1) (Note 2)	Contract Date	Drawdown Date	Principal repayment Date (Note 2)	Collateral · Repayment Method
22-1	Sumitomo Mitsui Banking Corporation	¥830	Base rate ^(Note 3) (JPY TIBOR for 1 month) +0.40%	July 18, 2017	August 1, 2017	July 31, 2018	Unsecured, unguaranteed · Repayment of principal in full on maturity date
22-2	Mizuho Bank, Ltd.	¥800					

(Note1) The first interest payment is due at the end of August 2017, and on the last day of every month thereafter, with the principal repayment day.

(Note2) If the interest payment date or the principal repayment date is a non-business day, the date shall be the next business day and if such next business day falls under the next month, the date shall be the preceding business day.

(Note3) The Japanese Yen TIBOR of the JBATA is available on the JBATA website (<http://www.jbatibor.or.jp/english/>).

2. Reason for Debt Financing

Series 22 shall be used to apply the funds towards a payment for the acquisition of trust beneficiary interest in real estate (1 property) stated in the press release “Notice Concerning Acquisition of Property (KDX Residence Nishijin)” announced on June 27, 2017 and associated costs thereof.

3. Status of the Interest-bearing Liabilities after the Borrowings (as of August 1, 2017)

(Unit: millions of yen)

Classification	Balance Before the Borrowings	Balance After the Borrowings	Difference
Short-term borrowings ^(Note 1)	1,000	2,630	+1,630
Current portion of long-term borrowings ^(Note 2)	11,000	11,000	0
Long-term borrowings ^(Note 3)	66,800	66,800	0
Total borrowings	78,800	80,430	+1,630
Investment corporation bonds	3,000	3,000	0
Total interest-bearing liabilities	81,800	83,430	+1,630

(Note1) The “Short-term borrowings” shall mean the borrowings with a period of less than or equal to one year from the borrowing date to the repayment date. However, if the first anniversary of the date of borrowings fall under a non-business day, the repayment date shall be the next business day and even if, as a result, the borrowing period exceeds one year, the borrowings shall be categorized as short-term borrowings.

(Note2) The “Current portion of long-term borrowings” shall mean the long term borrowings due within one year.

(Note3) The “Long-term borrowings” shall mean the borrowings with a period of more than one year from the borrowing date to the repayment date.

4. Others

In relation to the risks associated with the borrowings, there have been no significant changes to the "Investment Risks" stated in the securities report (*Yuka shoken hokokusyo*) submitted on April 27, 2017.

* Website URL of the Investment Corporation: <http://www.kdr-reit.com/english/>

[Provisional Translation Only]

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Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.