

Translation of Japanese Original

August 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 and Execution of Interest Rate Swap Agreements

Kenedix Residential Investment Corporation (“the Investment Corporation”) announced today the decision regarding debt financing and execution of interest rate swap agreements. 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
24-A-1	Sumitomo Mitsui Banking Corporation	¥1,000	Base rate ^(Note 3) (JPY TIBOR for 1 month) +0.425%	August 18, 2017	August 22, 2017	February 28, 2019	Unsecured, unguaranteed · Repayment of principal in full on maturity date
24-A-2	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥500					
24-B-1	Resona Bank, Limited.	¥1,000	Base rate ^(Note 3) (JPY TIBOR for 1 month) +0.650%				
24-B-2	Sumitomo Mitsui Trust Bank, Limited	¥1,000					
24-B-3	Shinsei Bank, Limited	¥1,000					
24-C-1	Mizuho Trust & Banking Co., Ltd.	¥1,200	0.92750% (Fixed rate)				
24-C-2	Development Bank of Japan Inc.	¥1,000					
24-C-3	Mizuho Bank, Ltd.	¥500					
24-C-4	The Bank of Fukuoka, Ltd.	¥500					
25-A-1	Sumitomo Mitsui Banking Corporation	¥1,500	Base rate ^(Note 3) (JPY TIBOR for 1 month) +0.425%		August 31, 2017	February 28, 2023	
25-A-2	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥1,500					
25-B-1	Aozora Bank, Ltd.	¥1,500	Base rate ^(Note 3) (JPY TIBOR for 1 month) +0.475%				
25-B-2	Sumitomo Mitsui Banking Corporation	¥1,000					
25-B-3	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	¥1,000					
25-C	Mizuho Bank, Ltd.	¥500	Base rate ^(Note 3) (JPY TIBOR for 1 month) +0.500%				
25-D	Mizuho Trust & Banking Co., Ltd.	¥500	To be determined ^(Note 4) (Fixed rate)				

25-E	Sumitomo Mitsui Banking Corporation	¥1,500	Base rate ^(Note 3) (JPY TIBOR for 1 month) +0.525%			February 28, 2025
25-F-1	Resona Bank, Limited.	¥1,000	Base rate ^(Note 3) (JPY TIBOR for 1 month) +0.575%			February 28, 2026
25-F-2	Sumitomo Mitsui Trust Bank, Limited	¥1,000				

(Note1) The first interest payment is due at the end of August 2017 for Series 24 (excluding Series 24-C-2) and due at the end of September 2017 for Series 25, respectively, and on the last day of every month thereafter, with the principal repayment day. Regarding Series 24-C-2, the first interest payment is due at the end of August 2017, and on the last day of every three months 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/>).

(Note4) Any undecided matters shall be determined on August 29, 2017 and will be announced after decision is made.

2. Reason for Debt Financing

(1) Series 24

Series 24 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 Toyosu)” announced on June 15, 2017 and associated costs thereof.

(2) Series 25

Series 25 shall be used to apply the funds toward the repayment of Series 3-D (¥11.0 billion) with repayment date of August 31, 2017^(Note 1).

(Note 1) Regarding the detail of Series 3-D, please refer to the press release “Notice Concerning Debt Financing and Early Repayment of Debt Financing” announced on August 2, 2013 and “Notice Concerning Debt Financing Interest Rate Determination and Interest-Rate Swap Agreement” announced on August 5, 2013

3. Interest Rate Swap Agreements

(1) Reason for Executing the Interest Rate Swap Agreements

For a hedge against possible increases in future interest rate for Series 24-B-1, -2, -3, Series 25-A-1, -2, Series 25-B-1, -2, -3, Series 25-C, Series 25-E and Series 25-F-1, -2 with floating interest rate.

(2) Details of the Interest Rate Swap Agreements

		Series 24-B-1	Series 24-B-2	Series 24-B-3
Counterparty		Sumitomo Mitsui Trust Bank, Limited.		
Notional Amount		¥1,000 million	¥1,000 million	¥1,000 million
Interest Rate	Fixed interest Rate for payment	0.25000%		
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 1 month)		
Commencement Date		August 22, 2017		
Termination Date		August 22, 2027		
Payment Date		The interest payment is due at the end of August 2017, and on the last day of every month thereafter, with termination date. (If each payment day is a non-business day, then the payment will be due on the next business day and if the next business day is in the next month, then previous business day will be applied.)		

(Note 1) By entering into the interest rate swap agreements, the interest rate for Series 24-B-1, -2, -3 are essentially fixed at 0.90000%.

		Series 25-A-1	Series 25-A-2
Counterparty		To be determined ^(Note 2)	
Notional Amount		¥1,500 million	¥1,500 million
Interest Rate	Fixed interest Rate for payment	To be determined ^(Note 2)	
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 1 month)	
Commencement Date		August 31, 2017	

Termination Date	February 28, 2023
Payment Date	The interest payment is due at the end of September 2017, and on the last day of every month thereafter, with termination date. (If each payment day is a non-business day, then the payment will be due on the next business day and if the next business day is in the next month, then previous business day will be applied.)

	Series 25-B-1	Series 25-B-2	Series 25-B-3
Counterparty	To be determined ^(Note 2)		
Notional Amount	¥1,500 million	¥1,000 million	¥1,000 million
Interest Rate	Fixed interest Rate for payment	To be determined ^(Note 2)	
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 1 month)	
Commencement Date	August 31, 2017		
Termination Date	February 29, 2024		
Payment Date	The interest payment is due at the end of September 2017, and on the last day of every month thereafter, with termination date. (If each payment day is a non-business day, then the payment will be due on the next business day and if the next business day is in the next month, then previous business day will be applied.)		

	Series 25-C	
Counterparty	To be determined ^(Note 2)	
Notional Amount	¥500 million	
Interest Rate	Fixed interest Rate for payment	To be determined ^(Note 2)
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 1 month)
Commencement Date	August 31, 2017	
Termination Date	August 31, 2024	
Payment Date	The interest payment is due at the end of September 2017, and on the last day of every month thereafter, with termination date. (If each payment day is a non-business day, then the payment will be due on the next business day and if the next business day is in the next month, then previous business day will be applied.)	

	Series 25-E	
Counterparty	To be determined ^(Note 2)	
Notional Amount	¥1,500 million	
Interest Rate	Fixed interest Rate for payment	To be determined ^(Note 2)
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 1 month)
Commencement Date	August 31, 2017	
Termination Date	February 28, 2025	
Payment Date	The interest payment is due at the end of September 2017, and on the last day of every month thereafter, with termination date. (If each payment day is a non-business day, then the payment will be due on the next business day and if the next business day is in the next month, then previous business day will be applied.)	

	Series 25-F-1	Series 25-F-2
Counterparty	To be determined ^(Note 2)	
Notional Amount	¥1,000 million	¥1,000 million
Interest Rate	Fixed interest Rate for payment	To be determined ^(Note 2)
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 1 month)
Commencement Date	August 31, 2017	
Termination Date	February 28, 2026	
Payment Date	The interest payment is due at the end of September 2017, and on the last day of every month thereafter, with termination date. (If each payment day is a non-business day, then the payment will be due on the next business day and if the next business day is in the next month, then previous business day will be applied.)	

(Note 2) Any undecided matters shall be determined on August 29, 2017 and will be announced after decision is made.

4. Status of the Interest-bearing Liabilities after the Borrowings (as of August 31, 2017)

(Unit: millions of yen)

Classification	Balance Before the Borrowings	Balance After the Borrowings	Difference
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Short-term borrowings ^(Note 1)	2,630	2,630	0
Current portion of long-term borrowings ^(Note 2)	22,000	11,000	-11,000
Long-term borrowings ^(Note 3)	55,800	74,500	+18,700
Total borrowings	80,430	88,130	+7,700
Investment corporation bonds	3,000	3,000	0
Total interest-bearing liabilities	83,430	91,130	+7,700

(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.

5. 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]

English translation of the original Japanese document is provided solely for information purposes.

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