

February 3, 2015

To All Concerned Parties

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

Asset Management Company:
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Notice Concerning Debt Financing and the Execution of Interest-Rate Swap Agreements

Kenedix Residential Investment Corporation (the “Investment Corporation”) announced today the decision regarding debt financing and the execution of interest-rate swap agreements. The details are as follows.

1. Details of Debt Financing

(1) Long-term Loan (Series 13-A)

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|--------------------------|--|
| 1) Lender | Sumitomo Mitsui Banking Corporation |
| 2) Loan Amount | ¥ 1,200,000,000 |
| 3) Interest Rate | JBA 1-month Japanese Yen TIBOR ^(Note 1) + 0.55% (Floating interest rate) |
| 4) Drawdown Date | February 5, 2015 |
| 5) Debt Financing Method | The Investment Corporation executed the loan agreement with the lender on February 3, 2015 |
| 6) Repayment Date | January 31, 2022 ^(Note 2) |
| 7) Repayment Method | Bullet repayment on the Repayment Date |
| 8) Interest Payment Date | The last day of every month until the Repayment Date after the Drawdown Date ^(Note 2) |
| 9) Collateral/Guarantee | Unsecured and unguaranteed |

(2) Long-term Loan (Series 13-B)

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|--------------------------|--|
| 1) Lender | The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| 2) Loan Amount | ¥ 1,200,000,000 |
| 3) Interest Rate | JBA 1-month Japanese Yen TIBOR ^(Note 1) + 0.65% (Floating interest rate) |
| 4) Drawdown Date | February 5, 2015 |
| 5) Debt Financing Method | The Investment Corporation executed the loan agreement with the lender on February 3, 2015 |

This press release is not an offer to sell or a solicitation of any offer to buy the securities of Kenedix Residential Investment Corporation in the United States or elsewhere. Investment units may not be offered or sold in the United States without registration or an exemption from registration under the United States Securities Act of 1933 (the “Securities Act”). Any public offering of investment units to be made in the United States will be made by means of an English language prospectus prepared in accordance with the Securities Act that may be obtained from the Investment Corporation or the securities holders and that will contain detailed information about the Investment Corporation and its management, as well as the Investment Corporation’s financial statements. However, the Investment Corporation will not undertake a public offering and sale of investment units in the United States or Canada, and the investment units have not been and will not be registered under the Securities Act.

- 6) Repayment Date January 31, 2024 ^(Note 2)
7) Repayment Method Bullet repayment on the Repayment Date
8) Interest Payment Date The last day of every month until the Repayment Date after the Drawdown Date ^(Note 2)
9) Collateral/Guarantee Unsecured and unguaranteed
- (Note 1) Please refer to General Incorporated Association JBA TIBOR Administration website (<http://www.jbatibor.or.jp/english/rate/>) for the Japanese Yen TIBOR (As of February 3, 2015, JBA 1-month Japanese Yen TIBOR is 0.13000%).

(Note 2) If such date is a non-business day, the Repayment Date shall be the next business day or if such next business day falls under the next month, the Repayment Date shall be the preceding business day.

2. Reason for Debt Financing

The loans shall be used to apply as funds toward part of the acquisition of trust beneficiary interests in real estate (11 properties) stated as “to-be acquired assets” in the press release “Notice Concerning Acquisition of Properties and Conclusion of Lease Contracts with New Tenants (Total of 11 Residential Properties),” announced on January 15, 2015 and associated costs.

(Note 1) Regarding the detail of acquisition, please refer to the press release “Notice Concerning Acquisition of Properties and Conclusion of Lease Contracts with New Tenants (Total of 11 Residential Properties)” announced on January 15, 2015

3. Amount, Use and Scheduled Payment Date of Fund to be Raised

- 1) Total Amount of Fund to be Raised

¥2,400,000,000

- 2) Specific Purpose of Use of Fund

The Loan shall be used to apply as funds toward part of the acquisition of trust beneficiary interests in real estate (11 property) stated as “to-be acquired assets” in the press release “Notice Concerning Acquisition of Properties and Conclusion of Lease Contracts with New Tenants (Total of 11 Residential Properties),” announced on January 15, 2015 and associated costs.

- 3) Scheduled Payment Date

February 5, 2015

4. Interest-Rate Swap Agreements

- (1) Reason for Interest-Rate Swap Agreements

The Investment Corporation has decided to execute interest-rate swap agreements for Long-term Loan (Series 13-A and Series 13-B) after considering the hedging effect and the costs for the purpose of reducing the risk of interest payment increase caused by future increase of interest rates.

- (2) Details of Interest-Rate Swap Agreements

- 1) Long-term Loan (Series 13-A)

1) Counterparty	Nomura Securities Co., Ltd.
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2) Notional Principal	¥ 1,200,000,000
3) Interest Rate	Paying fixed interest rate: 0.32460% Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR (Note)
4) Commencement Date	February 5, 2015
5) Termination Date	January 31, 2022
6) Payment Date	First interest payment at the end of February 2015 and at the end of every month (last interest payment on termination date, thereafter), and the last interest payment on January 31, 2022.

(Note) By entering into the interest-rate swap agreement, the interest rate for Series 13-A is essentially fixed at 0.87460%.

2) Long-term Loan (Series 13-B)

1) Counterparty	Aozora Bank, Ltd.
2) Notional Principal	¥ 1,200,000,000
3) Interest Rate	Paying fixed interest rate: 0.45500% Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR (Note)
4) Commencement Date	February 5, 2015
5) Termination Date	January 31, 2024
6) Payment Date	First interest payment at the end of February 2015 and at the end of every month (last interest payment on termination date, thereafter), and the last interest payment on January 31, 2024.

(Note) By entering into the interest-rate swap agreement, the interest rate for Series 13-B is essentially fixed at 1.10500%.

5. Status of Loans after Debt Financing (as of February 5, 2015)

(Unit: millions of yen)

	Prior to the Drawdown	After the Drawdown	Increase and Decrease
Short-term Loans ^(Note 1)	3,200	3,200	0
Long-term Loans ^(Note 2) Due Within One Year	12,000	12,000	0
Long-term Loans ^(Note 3)	55,900	58,300	+2,400
Investment Corporation Bonds	—	—	—
Total Interest-bearing Liabilities	71,100	73,500	+2,400

(Note 1) The "Short-term Loans" shall mean the loan with repayment date occurring no later than one year. However, if the first anniversary of the date of loan falls under a non-business day, the repayment date shall be the next business day and such loan of which term exceeds one year, shall be categorized as short-term loan.

(Note 2) The "Long-term Loans Due Within One Year" shall mean the long term loans maturing within one year.

(Note 3) The "Long-term Loans" shall mean the loan with repayment date occurring later than one year.

6. Others

In relation to the risks associated with the Loan, there have been no significant changes to the "Investment Risks" stated in the securities registration statement (*Yuka shoken todokedesyo*) submitted on January 15, 2015.

7. Future Outlook

The impact on the management situation of the Investment Corporation for the fiscal period ending July

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2015 (February 1, 2015 through July 31, 2015) and the fiscal period ending January 2016 (August 1, 2015 through January 31, 2016) are taken into consideration and no change has been made to the performance forecast for the fiscal period.

- * The original Japanese version of this material is released today to the Kabuto Club (the press club of the Tokyo Stock Exchange), the Ministry of Land, Infrastructure, Transport and Tourism Press Club, and the Ministry of Land, Infrastructure, Transport and Tourism Press Club for Papers in the Construction Industry.
- * 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.

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