

Translation of Japanese Original

August 25, 2015

To All Concerned Parties

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

Asset Management Company:
Kenedix Real Estate Fund Management, Inc.
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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 15-A)

- | | |
|--------------------------|--|
| 1) Lender | Aozora Bank, Ltd. |
| 2) Loan Amount | ¥ 300,000,000 |
| 3) Interest Rate | JBA 1-month Japanese Yen TIBOR ^(Note 1) + 0.45% (Floating interest rate) |
| 4) Drawdown Date | August 31, 2015 |
| 5) Debt Financing Method | The Investment Corporation executed the loan agreement with the lender on August 25, 2015 |
| 6) Repayment Date | August 31, 2020 ^(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 15-B)

- | | |
|--------------------------|--|
| 1) Lender | Resona Bank, Limited. |
| 2) Loan Amount | ¥ 1,100,000,000 |
| 3) Interest Rate | JBA 1-month Japanese Yen TIBOR ^(Note 1) + 0.55% (Floating interest rate) |
| 4) Drawdown Date | August 31, 2015 |
| 5) Debt Financing Method | The Investment Corporation executed the loan agreement with the lender on August 25, 2015 |
| 6) Repayment Date | August 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 |

(3) Long-term Loan (Series 15-C)

- 1) Lender Mizuho Trust & Banking Co., Ltd.
- 2) Loan Amount ¥ 700,000,000
- 3) Interest Rate JBA 1-month Japanese Yen TIBOR ^(Note 1) + 0.55% (Floating interest rate)
- 4) Drawdown Date August 31, 2015
- 5) Debt Financing Method The Investment Corporation executed the loan agreement with the lender on August 25, 2015
- 6) Repayment Date August 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

(4) Long-term Loan (Series 15-D)

- 1) Lender Sumitomo Mitsui Trust Bank, Limited
- 2) Loan Amount ¥ 950,000,000
- 3) Interest Rate JBA 1-month Japanese Yen TIBOR ^(Note 1) + 0.60% (Floating interest rate)
- 4) Drawdown Date August 31, 2015
- 5) Debt Financing Method The Investment Corporation executed the loan agreement with the lender on August 25, 2015
- 6) Repayment Date August 31, 2023 ^(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

(5) Long-term Loan (Series 15-E)

- 1) Lender The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- 2) Loan Amount ¥ 1,700,000,000
- 3) Interest Rate JBA 1-month Japanese Yen TIBOR ^(Note 1) + 0.65% (Floating interest rate)
- 4) Drawdown Date August 31, 2015
- 5) Debt Financing Method The Investment Corporation executed the loan agreement with the lender on August 25, 2015
- 6) Repayment Date August 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

(6) Long-term Loan (Series 15-F)

- 1) Lender Mizuho Bank, Ltd.
- 2) Loan Amount ¥ 950,000,000
- 3) Interest Rate JBA 1-month Japanese Yen TIBOR ^(Note 1) + 0.65% (Floating interest rate)
- 4) Drawdown Date August 31, 2015
- 5) Debt Financing Method The Investment Corporation executed the loan agreement with the lender on August 25, 2015
- 6) Repayment Date August 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

(7) Long-term Loan (Series 15-G)

- 1) Lender Sumitomo Mitsui Banking Corporation
- 2) Loan Amount ¥ 2,000,000,000
- 3) Interest Rate JBA 1-month Japanese Yen TIBOR ^(Note 1) + 0.75% (Floating interest rate)
- 4) Drawdown Date August 31, 2015
- 5) Debt Financing Method The Investment Corporation executed the loan agreement with the lender on August 25, 2015
- 6) Repayment Date August 31, 2025 ^(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

(8) Long-term Loan (Series 15-H)

- 1) Lender Development Bank of Japan Inc.
- 2) Loan Amount ¥ 1,000,000,000
- 3) Interest Rate To be determined (Fixed interest rate)
- 4) Drawdown Date August 31, 2015
- 5) Debt Financing Method The Investment Corporation executed the loan agreement with the lender on August 25, 2015
- 6) Repayment Date August 31, 2024 ^(Note 2)
- 7) Repayment Method Bullet repayment on the Repayment Date
- 8) Interest Payment Date The first payment is at the end of November 2015, and on the last day of every three month thereafter, with the last payment on the Repayment 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 August 25, 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 the funds toward the repayment of Series 3-B (¥5.5 billion), Series 12-A (¥1.6 billion) and Series 12-B (¥1.6 billion) with a repayment date of August 31, 2015.

(Note 1) Regarding the detail of Series 3-B, please refer to the press release “Notice Concerning Debt Financing and Early Repayment of Debt Financing” announced on August 2, 2013. Regarding the details of Series 12-A and Series 12-B, please refer to the press release “Notice Concerning Debt Financing” announced on December 16, 2014, respectively.

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

1) Total Amount of Fund to be Raised

¥ 8,700,000,000

2) Specific Purpose of Use of Fund

The Loans shall be used to apply the funds toward repayment of Series 3-B, Series 12-A and Series 12-B.

3) Scheduled Payment Date

August 31, 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 15-A, Series 15-B, Series 15-C, Series 15-D, Series 15-E, Series 15-F and Series 15-G) 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) Interest-Rate Swap Agreement (Series 15-A)

1) Counterparty	To be determined ^(Note)
2) Notional Principal	¥ 300,000,000
3) Interest Rate	Paying fixed interest rate: To be determined ^(Note) Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR
4) Commencement Date	August 31, 2015
5) Termination Date	August 31, 2020
6) Payment Date	First interest payment at the end of September 2015 and at the end of every month (last interest payment on termination date, thereafter), and the last interest payment on the end of August 2020.

2) Interest-Rate Swap Agreement (Series 15-B)

1) Counterparty	To be determined ^(Note)
2) Notional Principal	¥ 1,100,000,000
3) Interest Rate	Paying fixed interest rate: To be determined ^(Note) Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR
4) Commencement Date	August 31, 2015
5) Termination Date	August 31, 2022
6) Payment Date	First interest payment at the end of September 2015 and at the end of every month (last interest payment on termination date, thereafter), and the last interest payment on the end of August 2022.

3) Interest-Rate Swap Agreement (Series 15-C)

1) Counterparty	To be determined ^(Note)
2) Notional Principal	¥ 700,000,000
3) Interest Rate	Paying fixed interest rate: To be determined ^(Note) Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR
4) Commencement Date	August 31, 2015
5) Termination Date	August 31, 2022
6) Payment Date	First interest payment at the end of September 2015 and at the end of every month (last interest payment on termination date, thereafter), and the last interest payment on the end of August 2022.

4) Interest-Rate Swap Agreement (Series 15-D)

1) Counterparty	To be determined ^(Note)
2) Notional Principal	¥ 950,000,000
3) Interest Rate	Paying fixed interest rate: To be determined ^(Note) Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR
4) Commencement Date	August 31, 2015
5) Termination Date	August 31, 2023
6) Payment Date	First interest payment at the end of September 2015 and at the end of every month (last interest payment on termination date, thereafter), and the last interest payment on the end of August 2023.

5) Interest-Rate Swap Agreement (Series 15-E)

1) Counterparty	To be determined ^(Note)
2) Notional Principal	¥ 1,700,000,000
3) Interest Rate	Paying fixed interest rate: To be determined ^(Note) Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR
4) Commencement Date	August 31, 2015
5) Termination Date	August 31, 2024
6) Payment Date	First interest payment at the end of September 2015 and at the end of every month (last interest payment on termination date, thereafter), and the last interest payment on the end of August 2024.

6) Interest-Rate Swap Agreement (Series 15-F)

1) Counterparty	To be determined ^(Note)
2) Notional Principal	¥ 950,000,000
3) Interest Rate	Paying fixed interest rate: To be determined ^(Note) Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR
4) Commencement Date	August 31, 2015
5) Termination Date	August 31, 2024
6) Payment Date	First interest payment at the end of September 2015 and at the end of every month (last interest payment on termination date, thereafter), and the last interest payment on the end of August 2024.

7) Interest-Rate Swap Agreement (Series 15-G)

1) Counterparty	To be determined ^(Note)
2) Notional Principal	¥ 2,000,000,000
3) Interest Rate	Paying fixed interest rate: To be determined ^(Note) Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR
4) Commencement Date	August 31, 2015
5) Termination Date	August 31, 2025
6) Payment Date	First interest payment at the end of September 2015 and at the end of every month (last interest payment on termination date, thereafter), and the last interest payment on the end of August 2025.

(Note) Any undecided matters shall be determined on August 27, 2015 and will be announced after decision is made.

5. Status of Loans after Debt Financing (as of August 31, 2015)

(Unit: millions of yen)

	Prior to the Drawdown	After the Drawdown	Increase and Decrease
Short-term Loans ^(Note 1)	3,200	0	-3,200
Long-term Loans ^(Note 2) Due Within One Year	9,000	3,500	-5,500
Long-term Loans ^(Note 3)	61,300	70,000	+8,700
Investment Corporation Bonds	—	—	—
Total Interest-bearing Liabilities	73,500	73,500	0

(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.

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

[Provisional Translation Only]

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