

**Translation of Japanese Original**

August 27, 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 Interest Rate Determination  
and the Execution of Interest-Rate Swap Agreements

Kenedix Residential Investment Corporation (the “Investment Corporation”) announced today the determination of interest rate for the applicable period of Long-term Loan (Series 15-H) stated in the press release “Notice Concerning Debt Financing and the Execution of Interest-Rate Swap Agreements” dated August 25, 2015, as well as, the decision of the execution of the 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). The details are as follows.

1. Interest Rate

Classification (Note 1)	Lender	Loan Amount (Billions of Yen)	Interest Rate	Scheduled Drawdown Date	Principal Repayment Date
Series 15-H (Long-term loan)	Development Bank of Japan Inc.	1.0	1.19250% (Fixed interest rate) <sup>(Note 2)</sup>	August 31, 2015	August 31, 2024

(Note 1) The “Long-term loan ” shall mean the loan payable with a period of over one year until the repayment date.

(Note 2) The interest rate applicable period is from August 31, 2015 through August 31, 2024.

(Note 3) The abovementioned loan is unsecured and unguaranteed.

For further details concerning Series 15-H, please refer to the press release “Notice Concerning Debt Financing and the Execution of Interest-Rate Swap Agreements” announced on August 25, 2015.

2. 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.

Regarding the detail of Series 15-A, Series 15-B, Series 15-C, Series 15-D, Series 15-E, Series 15-F and Series 15-G, please refer to the press release “Notice Concerning Debt Financing and the Execution of Interest-Rate Swap Agreements” announced on August 25, 2015.

## (2) Details of Interest-Rate Swap Agreements

### 1) Interest-Rate Swap Agreement (Series 15-A)

1) Counterparty	SMBC Nikko Securities Inc.
2) Notional Principal	¥ 300,000,000
3) Interest Rate	Paying fixed interest rate: 0.22750% Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR (Note)
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.

(Note) By entering into the interest-rate swap agreement, the interest rate for Series 15-A is essentially fixed at 0.67750%.

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

1) Counterparty	SMBC Nikko Securities Inc.
2) Notional Principal	¥ 1,100,000,000
3) Interest Rate	Paying fixed interest rate: 0.37275% Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR (Note)
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.

(Note) By entering into the interest-rate swap agreement, the interest rate for Series 15-B is essentially fixed at 0.92275%.

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

1) Counterparty	SMBC Nikko Securities Inc.
2) Notional Principal	¥ 700,000,000
3) Interest Rate	Paying fixed interest rate: 0.37275% Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR (Note)
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.

(Note) By entering into the interest-rate swap agreement, the interest rate for Series 15-C is essentially fixed at 0.92275%.

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

1) Counterparty	Nomura Securities Co., Ltd.
2) Notional Principal	¥ 950,000,000
3) Interest Rate	Paying fixed interest rate: 0.44660% Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR

	(Note)
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.

(Note) By entering into the interest-rate swap agreement, the interest rate for Series 15-D is essentially fixed at 1.04660%.

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

1) Counterparty	Nomura Securities Co., Ltd.
2) Notional Principal	¥ 1,700,000,000
3) Interest Rate	Paying fixed interest rate: 0.51870% Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR (Note)
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.

(Note) By entering into the interest-rate swap agreement, the interest rate for Series 15-E is essentially fixed at 1.16870%.

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

1) Counterparty	Nomura Securities Co., Ltd.
2) Notional Principal	¥ 950,000,000
3) Interest Rate	Paying fixed interest rate: 0.51870% Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR (Note)
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.

(Note) By entering into the interest-rate swap agreement, the interest rate for Series 15-F is essentially fixed at 1.16870%.

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

1) Counterparty	Nomura Securities Co., Ltd.
2) Notional Principal	¥ 2,000,000,000
3) Interest Rate	Paying fixed interest rate: 0.59470% Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR (Note)
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) By entering into the interest-rate swap agreement, the interest rate for Series 15-G is essentially fixed at 1.34470%.

### 3. 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]*

*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.*