

## **Translation of Japanese Original**

October 23, 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.  
Representative: Ryosuke Homma, President and  
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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 16-A)

- |                          |   |
|--------------------------|---|
| 1) Lender                | The Bank of Tokyo-Mitsubishi UFJ, Ltd.  |
| 2) Loan Amount           | ¥ 300,000,000   |
| 3) Interest Rate         | JBA 1-month Japanese Yen TIBOR <sup>(Note 1)</sup> + 0.45% (Floating interest rate)                                     |
| 4) Drawdown Date         | October 27, 2015  |
| 5) Debt Financing Method | The Investment Corporation executed the loan agreement with the lender on October 23, 2015                              |
| 6) Repayment Date        | October 27, 2020 <sup>(Note 2)</sup>  |
| 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 and the Repayment Date <sup>(Note 2)</sup> |
| 9) Collateral/Guarantee  | Unsecured and unguaranteed  |

##### (2) Long-term Loan (Series 16-B)

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|--------------------------|---|
| 1) Lender                | The Bank of Tokyo-Mitsubishi UFJ, Ltd.  |
| 2) Loan Amount           | ¥ 1,000,000,000   |
| 3) Interest Rate         | JBA 1-month Japanese Yen TIBOR <sup>(Note 1)</sup> + 0.675% (Floating interest rate)                                    |
| 4) Drawdown Date         | October 27, 2015  |
| 5) Debt Financing Method | The Investment Corporation executed the loan agreement with the lender on October 23, 2015                              |
| 6) Repayment Date        | April 27, 2025 <sup>(Note 2)</sup>  |
| 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 and the Repayment Date <sup>(Note 2)</sup> |
| 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 October 23, 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 acquisition of trust beneficiary interests in real estate (1 property) scheduled to acquire on October 27, 2015 and associated costs.

(Note 1) Regarding the detail of acquisition, please refer to the press release "Notice Concerning Acquisition of Property (Serenite Kita-kyuhoji)" announced on September 28, 2015.

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

### 1) Total Amount of Fund to be Raised

¥ 1,300,000,000

### 2) Specific Purpose of Use of Fund

The Loans shall be used to apply the funds toward part of the acquisition of trust beneficiary interests in real estate (1 property) and associated costs.

### 3) Scheduled Payment Date

October 27, 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 16-A and Series 16-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) Interest-Rate Swap Agreement (Series 16-A)

1) Counterparty	Nomura Securities Co., Ltd.
2) Notional Principal	¥ 300,000,000
3) Interest Rate	Paying fixed interest rate: 0.17400% Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR
4) Commencement Date	October 27, 2015
5) Termination Date	October 27, 2020
6) Payment Date	First interest payment at the end of October 2015 and at the end of every month (last interest payment on termination date, thereafter), and the last interest payment on October 27, 2020.

(Note) By entering into the interest-rate swap agreement, the interest rate for Series 16-A is essentially fixed at 0.62400%.

#### 2) Interest-Rate Swap Agreement (Series 16-B)

1) Counterparty	Nomura Securities Co., Ltd.
2) Notional Principal	¥ 1,000,000,000
3) Interest Rate	Paying fixed interest rate: 0.48100% Receiving floating interest rate: JBA 1-month Japanese Yen TIBOR
4) Commencement Date	October 27, 2015
5) Termination Date	April 27, 2025

6) Payment Date	First interest payment at the end of October 2015 and at the end of every month (last interest payment on termination date, thereafter), and the last interest payment on April 27, 2025.
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(Note) By entering into the interest-rate swap agreement, the interest rate for Series 16-B is essentially fixed at 1.15600%.

## 5. Status of Loans after Debt Financing (as of October 27, 2015)

(Unit: millions of yen)

	Prior to the Drawdown	After the Drawdown	Increase and Decrease
Short-term Loans <sup>(Note 1)</sup>	0	0	0
Long-term Loans <sup>(Note 2)</sup> Due Within One Year	12,000	12,000	0
Long-term Loans <sup>(Note 3)</sup>	61,500	62,800	+1,300
Investment Corporation Bonds	—	—	—
<b>Total Interest-bearing Liabilities</b>	<b>73,500</b>	<b>74,800</b>	<b>+1,300</b>

(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]***

***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.***