

July 29, 2019

To All Concerned Parties

REIT Issuer:

Kenedix Residential Next Investment Corporation
 Representative: Keisuke Sato, Executive Director
 (Securities Code: 3278)

Asset Management Company:

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Notice Concerning Debt Financing and Execution of Interest Rate Swap Agreements

Kenedix Residential Next Investment Corporation (the “Investment Corporation”) announced today the decision regarding debt financing (total of ¥2.8 billion) 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
33-A-1	Sumitomo Mitsui Banking Corporation	¥1,000	Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.350%	July 29, 2019	July 31, 2019	July 31, 2020	Unsecured, unguaranteed · Repayment of principal in full on maturity date
33-A-2	Sumitomo Mitsui Banking Corporation	¥500	Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.300%				
33-B	Shinsei Bank, Limited	¥500	Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.275%			January 31, 2023	
33-C	Mizuho Bank, Ltd	¥800	Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.300%			July 31, 2023	

(Note 1) The first interest payment is due at the end of October 2019 and on the last day of every three months thereafter with final due on the principal repayment day.

(Note 2) 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.

(Note 3) The Japanese Yen TIBOR of the JBATA is available on the JBATA website (<http://www.jbatibor.or.jp/english/>).

2. Reason for Debt Financing

The proceeds of this debt financing are to be used for the repayment of the borrowing Series 26-A-1,-2 (amount of ¥1.0 billion), Series 27-2 (¥0.8 billion) and the partial repayment (¥1.0 billion) of Series 27-1 (¥1.25 billion) with repayment date of July 31, 2019 ^(Note).

In addition, the remainder after the partial repayment of Series 27-1 (¥0.25 billion) will be repaid with cash on hand on the principal repayment date.

(Note) For detail of Series 26-A-1,-2 and Series 27-1,-2, please refer to the press release “Notice Concerning Debt Financing and Execution of Interest Rate Swap Agreements” announced on July 25, 2018 and “Notice Concerning the Partial Prepayment of Debt Financing” announced on November 16, 2018.

3. Interest Rate Swap Agreements

(1) Reason for Executing the Interest Rate Swap Agreements

For a hedge the risk of increasing interest rates in future for Series 33-A-1,-2, Series 33-B and Series 33-C with floating interest rate, and to raise funds under more favorable conditions in the current interest rate environment.

(2) Details of the Interest Rate Swap Agreements

		Series 33-A-1	Series 33-A-2
Counterparty		Sumitomo Mitsui Banking Corporation	
Notional Amount		¥ 1,000 million	¥ 500 million
Interest Rate	Fixed interest Rate for payment	0.02410%	
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 3 month)	
Commencement Date		July 31, 2019	
Termination Date		July 31, 2020	
Payment Date		The first payment is due at the end of October 2019, and on the last day of every three months thereafter, with the last payment on the principal repayment day. (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 the previous business day will be applied.)	

(Note) By entering into the interest swap agreements, the interest rate for Series33-A-1 is essentially fixed at 0.37410% and Series33-A-2 is essentially fixed at 0.32410%.

		Series 33-B
Counterparty		Sumitomo Mitsui Banking Corporation
Notional Amount		¥ 500 million
Interest Rate	Fixed interest Rate for payment	-0.00290%
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 3 month)
Commencement Date		July 31, 2019
Termination Date		January 31, 2023
Payment Date		The first payment is due at the end of October 2019, and on the last day of every three months thereafter, with the last payment on the principal repayment day. (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 the previous business day will be applied.)

(Note) By entering into the interest swap agreements, the interest rate for Series33-B is essentially fixed at 0.27210%.

		Series 33-C
Counterparty		Nomura Securities Co., Ltd
Notional Amount		¥ 800 million
Interest Rate	Fixed interest Rate for payment	-0.00100%
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 3 month)
Commencement Date		July 31, 2019
Termination Date		July 31, 2023
Payment Date		The first payment is due at the end of October 2019, and on the last day of every three months thereafter, with the last payment on the principal repayment day. (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 the previous business day will be applied.)

(Note) By entering into the interest swap agreements, the interest rate for Series33-C is essentially fixed at 0.29900%.

4. Status of the Interest-bearing Liabilities after the Borrowings (as of July 31, 2018)

(Unit: millions of yen)

Classification	Balance Before the Borrowings	Balance After the Borrowings	Difference
Short-term borrowings ^(Note 1)	3,050	2,500	-550
Current portion of long-term borrowings ^(Note 2)	14,200	13,200	-1,000
Long-term borrowings ^(Note 3)	103,900	105,200	+1,300
Total borrowings	121,150	120,900	-250
Investment corporation bonds	5,000	5,000	—
Total interest-bearing liabilities	126,150	125,900	-250

(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 25, 2019.

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

[Provisional Translation Only]

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