

October 25, 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 ¥9.5 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
35-A	MUFG Bank, Ltd.	¥ 500	Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.325%	October 25, 2019	October 29, 2019	April 30, 2023	Unsecured, unguaranteed · Repayment of principal in full on maturity date
35-B	Resona Bank, Limited.	¥ 450				April 30, 2024	

(Note 1) For 35-A, the first interest payment is due at the end of January 2020 and on the last day of every three month thereafter with the principal repayment day. For 35-B, the first interest payment is due at the end of October 2019 and on the last day of every three month thereafter with the principal repayment day. The base interest rate for 35-A to be applied for the calculation period for the first interest payment will be the interest rate obtained by using a liner proportional distribution based on three month Japanese yen TIBOR and six month Japanese yen TIBOR.

(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 borrowing above mentioned shall be used to apply the funds toward a payment for the acquisition of trust beneficiary interest in real estate (KDX Residence Asagaya II) stated in the press release “Notice Concerning Acquisition of Property (KDX Residence Asagaya II)” announced September 30, 2019 and associated costs thereof.

3. Interest Rate Swap Agreements

(1) Reason for Executing the Interest Rate Swap Agreements

For a hedge against possible increases in future interest rate for Series 35-A and Series 35-B with floating interest rate.

(2) Details of the Interest Rate Swap Agreements

		Series 35-A	Series 35-B
Counterparty		Nomura Securities Co.,Ltd.	
Notional Amount		¥ 500 million	¥ 450 million
Interest Rate	Fixed interest Rate for payment	0.000%	0.011%
	Floating interest Rate for receipt	Base rate (JPY TIBOR for 3 month) ^(Note 1)	
Commencement Date		October 29, 2019	
Termination Date		April 30, 2023	April 30, 2024
Payment Date		The interest payment for Series 35-A is due at the end of January 2020, for Series 35-B is due at the end of October 2019 and on the last day of every three month thereafter with termination date. (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 1) The base interest rate for 35-A to be applied for the calculation period for the first interest payment will be the interest rate obtained by using a linear proportional distribution based on three month Japanese yen TIBOR and six month Japanese yen TIBOR.

(Note 2) By entering into the interest swap agreements, the interest rate for Series 35-A is essentially fixed at 0.325 % and Series 35-B is essentially fixed at 0.336 %.

4. Status of the Interest-bearing Liabilities after the Borrowings (as of October 29, 2019)

(Unit: millions of yen)

Classification	Balance Before the Borrowings	Balance After the Borrowings	Difference
Short-term borrowings ^(Note 1)	2,500	2,500	—
Current portion of long-term borrowings ^(Note 2)	14,300	14,300	—
Long-term borrowings ^(Note 3)	105,100	106,050	+950
Total borrowings	121,900	122,850	+950
Investment corporation bonds	5,000	5,000	—
Total interest-bearing liabilities	126,900	127,850	+950

(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]

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.