

## **Translation of Japanese Original**

November 16, 2018

To All Concerned Parties

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

Asset Management Company  
Kenedix Real Estate Fund Management, Inc.  
Representative: Masahiko Tajima, President & CEO  
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### **Notice Concerning the Issuance of the Investment Corporation Bonds**

Kenedix Residential Next Investment Corporation (“the Investment Corporation”) today announced the decision to issue investment corporation bonds through public offering based on the comprehensive resolution adopted at the board of directors’ meeting held on June 25, 2018. The details are provided as follows.

#### **1. Outline of the Investment Corporation Bonds**

(1) Name of investment corporation bonds	<p>Kenedix Residential Next Investment Corporation Fourth Series Unsecured Investment Corporation Bonds (Ranking <i>pari passu</i> among the specified investment corporation bonds) (The aforementioned investment corporation bonds shall hereafter be referred to as “Fourth Series Bonds.”)</p> <p>Kenedix Residential Next Investment Corporation Fifth Series Unsecured Investment Corporation Bonds (Ranking <i>pari passu</i> among the specified investment corporation bonds) (The aforementioned investment corporation bonds shall hereafter be referred to as “Fifth Series Bonds.”)</p> <p>Hereafter, Fourth Series Bonds and Fifth Series Bonds will collectively be referred to as “the Investment Corporation Bonds.” There will be no particular mention as to which bond, if the item is common to Fourth Series Bonds and Fifth Series Bonds.</p>
(2) Total amount of the bonds	<p>Total amount: 2.0 billion yen Breakdown: Fourth Series Bonds: 1.0 billion yen Fifth Series Bonds: 1.0 billion yen</p>
(3) Form of bonds certificate	The Bonds Transfer Act is applicable to the Investment Corporation Bonds, thus investment corporation bond certificates will not be issued.
(4) Issue price	100 per yen value of 100 yen for each bond
(5) Redemption price	100 per yen value of 100 yen for each bond
(6) Interest rate	<p>Fourth Series Bonds: 0.410%per annum Fifth Series Bonds: 0.850%per annum</p>
(7) Denomination of each bond	0.1 billion yen
(8) Offering method	Public offering
(9) Offering period	November 16, 2018 (Friday)
(10) Payment date	November 30, 2018 (Friday)
(11) Collateral / Guarantee	No collateral or guarantee is applicable, and no assets are specifically reserved as collateral for the Investment Corporation Bonds.
(12) Redemption method and maturity	<p>Fourth Series Bonds: November 30, 2023 (Thursday) Fifth Series Bonds: November 30, 2028 (Thursday)</p>

	The Investment Corporation Bonds may be purchased and cancelled at any time after the payment date, except for the case of service regulations and other rules that the statutory or depository otherwise stipulates.
(13) Interest payment dates	The 30th of May and November, every year and the maturity date.
(14) Financial covenants	The negative pledge is applicable to the Investment Corporation Bonds.
(15) Ratings	A + (Japan Credit Rating Agency, Ltd.)
(16) Depository	Japan Securities Depository Center, Inc.
(17) Fiscal agent, issuing agent and paying agent	MUFG Bank, Ltd.
(18) Underwriting securities companies	<p>Fourth Series Bonds</p> <p>SMBC Nikko Securities Inc. Mizuho Securities Co., Ltd. NOMURA SECURITIES CO., LTD. Daiwa Securities Co. Ltd.</p> <p>Fifth Series Bonds</p> <p>SMBC Nikko Securities Inc. NOMURA SECURITIES CO., LTD. Mizuho Securities Co., Ltd. Daiwa Securities Co. Ltd.</p>

## 2. Reason for Bonds Issuance

To apply the fund towards part of the partial prepayment of borrowing with drawdown date of July 31, 2018 and the acquisition of KDX Residence Kamikitazawa on December 20, 2018 or February 1, 2019, which is specified asset (as defined in Article 2, Paragraph 1 of the Act on Investment Trusts and Investment Corporation [Law No. 198 of 1951 and ensuring revisions]), the repayment of the acquisition of specified assets.

The funds for the acquisition of KDX Residence Kamikitazawa announced by the press release “Notice Concerning Acquisition of Properties (Residential Property and Healthcare Property)” on September 25, 2018 have been changed from debt finance and cash on hand to the funds to be procured by the investment corporation bonds.

## 3. Total Amount to be Procured, Use of Funds and Scheduled Outlay Period

(1) Total amount to be procured (approximate net balance)

1,982 million yen

(2) Specific use of funds and scheduled outlay period

¥580 million is planned to be used as a source of funds for partial prepayment of borrowing with drawdown date of November 30, 2018 and ¥1,402 million is planned to be used as a source of funds for the acquisition of KDX Residence Kamikitazawa on December 20, 2018 or February 1, 2019. Concerning the details of the prepayment, please refer to the press release “Notice Concerning the Partial Prepayment of Debt Financing” announced today.

## 4. Status of the Interest-bearing Liabilities after the Issuance of the Investment Corporation Bonds and the Partial Prepayment of Borrowing Announced Today (as of November 30, 2018)

(Unit: millions of yen)

Classification	Balance Before the Issuance of the Investment Corporation Bonds and the Prepayment	Balance After the Issuance of the Investment Corporation Bonds and the Prepayment	Difference
Short-term Loans <sup>(Note 1)</sup>	2,630	2,050	-580
Long-term Loans due within one year <sup>(Note 2)</sup>	4,000	4,000	—
Long-term Loans <sup>(Note 3)</sup>	112,200	112,200	—
Total Loans	118,830	118,250	-580
Investment Corporation Bonds	3,000	5,000	+2,000
Total Interest-bearing Liabilities	121,830	123,250	+1,420

- (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.

## 5. Other

In relation to the risks associated with the issuance and redemption, etc. of the Investment Corporation Bonds, there have been no significant changes to “the Investment Risks” stated in the securities report (*Yuka shoken hokokusyo*) submitted on November 30, 2018.

### 【Reference】

The Investment Corporation submitted Shelf Registration Supplements to the Director of Kanto Local Finance Bureau concerning the Investment Corporation Bonds today.

\* 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.***