

Translation of Japanese Original

December 11, 2019

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.
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Notice Concerning the Issuance of the Investment Corporation Bonds (Social Bond)

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 24, 2019. The details are provided as follows.

1. Outline of the Investment Corporation Bonds (Social Bond)

(1) Name of investment corporation bonds	Kenedix Residential Next Investment Corporation Sixth Series Unsecured Investment Corporation Bonds (Ranking <i>pari passu</i> among the specified investment corporation bonds) (the “social bond”) (nickname: KDR Social Bond) (The aforementioned investment corporation bond shall hereafter be referred to as the “the Investment Corporation Bonds”)
(2) Total amount of the bonds	Total amount:2.0 billion yen
(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	0.750%per annum
(7) Denomination of each bond	0.1 billion yen
(8) Offering method	Public offering
(9) Offering period	December 11, 2019 (Wednesday)
(10) Payment date	December 20, 2019 (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	December 20, 2029 (Thursday) 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 first payment date is June 20, 2020. Thereafter, the 20th day of June and December of each year, and redemption date. (If the date of interest payment falls on a bank holiday, the said payment is moved up to the preceding bank business day.)
(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	SMBC Nikko Securities Inc. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Mizuho Securities Co., Ltd.

2. Reason for Bonds Issuance

The Investment Corporation aims to maximize unitholder value by investing healthcare-related facilities, which will become a social infrastructure, as one of its main investment targets as a bridge connecting the capital market and the healthcare industry as well as by conducting stable management under the basic philosophy of obtaining stable revenue and pursuing sustainable growth through a wide range of investments in “spaces where people live and stay.”

The Investment Corporation decided to issue the social bonds with an aim to contribute to the expansion of a new investor base and the development of the domestic social bond market by further enhancing initiatives for sustainability through the efforts made this time and providing investment opportunities to investors who are proactively conducting ESG investment.

The Investment Corporation received “Social 1(F),” the highest rating in “JCR Social Finance Framework Assessment,” from Japan Credit Rating Agency, Ltd. (JCR) with regard to the eligibility of social finance framework^(Note) (hereafter be referred to as the “Framework”). The Investment Corporation bonds will be issued as social bonds in accordance with the Framework.

(Note) Regarding the detail, please refer to the press release “Notice Concerning Submission of Revised Shelf Registration Statement for the Issuance of Social Bond” announced on November 26, 2019.

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

(1) Total amount to be procured (approximate net balance)
1,983million yen

(2) Specific use of funds and scheduled outlay period

The approximate amount of 1,983 million yen after deducting the estimated amount of issuance expenses of 17 million yen from the total amount to be paid for the Investment Corporation Bonds of 2,000 million yen is scheduled to be used for repayment of borrowings (including prepayment) procured for the purpose of appropriating funds for the acquisition of social eligible assets^(Note).

The repayment of borrowings (including prepayment) will be announced as soon as the decision is made.

(Note) Assets eligible for social finance refer to assets fulfilling the following eligibility criteria.

Senior living facilities	<ul style="list-style-type: none"> • Private senior homes • Serviced senior housing • Apartments for the elderly • Group homes for elderly with cognitive impairment • Small multi-function facilities • Daycare facilities, etc.
Medical facilities	<ul style="list-style-type: none"> • Hospitals • Clinics • Medical malls • Nursing and health facilities, etc.

4. Investors who declared investment in the Investment Corporation Bonds

As of today, 14 investors have expressed their intention to invest in the Investment Corporation Bonds, of which investors who have agreed to disclose their name are listed (companies are listed in Japanese syllabary order).

- UEDA SHINKIN BANK
- KANONJI SHINKIN BANK
- GUNMA MIRAI SHINKUMI
- THE KOMATSUGAWA SHINKIN BANK
- Sawayaka Shinkin Bank
- Daitokyo Shinyokumiai Credit
- Tokyosankyo Shinkin Bank
- Tokushima Shinkin Bank
- Nishihyogo Shinkin Bank
- NIHON DENGI CO., LTD.
- Fuji Shinkin Bank
- Fujinomiya Shinkin Bank
- MATSUMOTO SHINKIN BANK
- Ryoubi Shinkumi

5. Status of the Interest-bearing Liabilities after the Issuance of the Investment Corporation Bonds (as of December 20, 2019)

(Unit: millions of yen)

Classification	Balance Before the Issuance of the Investment Corporation Bonds	Balance After the Issuance of the Investment Corporation Bonds	Difference
Short-term Loans ^(Note 1)	2,500	2,500	—
Long-term Loans due within one year ^(Note 2)	14,800	14,800	—
Long-term Loans ^(Note 3)	105,550	105,550	—
Total Loans	122,850	122,850	—
Investment Corporation Bonds	5,000	7,000	+2,000
Total Interest-bearing Liabilities	127,850	129,850	+2,000

(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. 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 (*15th Yuka shoken hokokusyo*) submitted on October 29, 2019.

【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.