

Translation of Japanese Original

May 25, 2021

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 (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 23, 2020. 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 Seventh 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: 1.7 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	0.720% per annum
(7) Denomination of each bond	0.1 billion yen
(8) Offering method	Public offering
(9) Offering period	May 25, 2021 (Tuesday)
(10) Payment date	May 31, 2021 (Monday)
(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	May 30, 2031 (Friday) 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 November 30, 2021. Thereafter, the last day of May and November 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. 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”) in November, 2019. 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)
1,684 million yen

(2) Specific use of funds and scheduled outlay period

The approximate amount of 1,684 million yen after deducting the estimated amount of issuance expenses of 16 million yen from the total amount to be paid for the Investment Corporation Bonds of 1,700 million yen is scheduled to be used for the acquisition of “Rihabili-home Granda Kobe Kitano”^(Note1), an asset eligible for social finance^(Note2) to be acquired on June 1, 2021.

(Note 1) Regarding the details of “Rihabili-home Granda Kobe Kitano”, please refer to the press release “Notice Concerning Acquisition of Properties and Conclusion of Lease Contracts with New Tenants (Total of 4 Residential Properties and 2 Healthcare Facilities)” announced on February 15, 2021.

(Note 2) 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, 9 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).

- THE AWAJI SHINKIN BANK
- THE IIDA SHINKIN BANK
- THE ECHIZEN SHINKIN BANK
- KANONJI SHINKIN BANK
- The Kita Osaka Shinkin Bank
- Shizuoka Yaizu Shinkin Bank
- Choshi Shinkin Bank
- The Tsuruga Shinkin Bank
- Sumitomo Mitsui Trust Asset Management Co., Ltd.

5. Status of the Interest-bearing Liabilities after the Issuance of the Investment Corporation Bonds (as of May 31, 2021)

(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)	500	500	—
Long-term Loans due within one year ^(Note 2)	22,850	22,850	—
Long-term Loans ^(Note 3)	114,870	114,870	—
Total Loans	138,220	138,220	—
Investment Corporation Bonds	7,000	8,700	+1,700
Total Interest-bearing Liabilities	145,220	146,920	+1,700

(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 (*18th Yuka shoken hokokusyo*) submitted on April 28, 2021.

【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.