

July 27, 2021

To All Concerned Parties

REIT Issuer:

Kenedix Residential 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 Debt Financing and Execution of Interest Rate Swap Agreement

Kenedix Residential Next Investment Corporation (the “Investment Corporation”) announced today the decision regarding debt financing (total of ¥12.45 billion), execution of interest rate swap agreement, and also informs you of borrowing Series 55-A in “1. Details of Debt Financing” below as Social Loan in accordance with the Social Finance Framework defined by the Investment Corporation. Details are as follows.

1. Details of Debt Financing

| Series | Lender | Amount (million) | Interest Rate (Note 1) (Note 2) | Contract Date (Scheduled) | Drawdown Date | Principal repayment Date (Note 2) | Collateral・ Repayment Method |
|--------|--|---------------------|---|---------------------------------|-------------------|---|--|
| 55-A | Shinsei Bank, Limited | ¥1,000 | Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.20000% | July 28, 2021 | July 30, 2021 | July 31, 2024 | Unsecured, unguaranteed ・ Repayment of principal in full on maturity date |
| 55-B | Daishi Hokuetsu Bank, Ltd. | ¥500 | +0.35000% ^(Note 4) (Fixed rate) | | | January 31, 2027 | |
| 55-C | The Bank of Yokohama, Ltd. | ¥1,000 | Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.40000% | | | July 31, 2029 | |
| 55-D | Sumitomo Mitsui Banking Corporation | ¥1,400 | Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.52500% | | | January 31, 2030 | |
| 55-E① | MUFG Bank, Ltd. | ¥1,000 | To be determined ^(Note 5) (Fixed rate) | | | | |
| 55-E② | Nippon Life Insurance Company | ¥1,000 | +0.70000% ^(Note 6) (Fixed rate) | | | | |
| 56① | The Yamaguchi Bank, Ltd. | ¥800 | Base rate ^(Note 3) (JPY TIBOR for 3 month) + 0.30000% | July 29, 2021 | August 2, 2021 | February 28, 2027 | |
| 56② | The Chugoku Bank, Ltd. | ¥500 | Base rate ^(Note 3) (JPY TIBOR for 3 month) + 0.30000% | | | | |
| 56③ | The 77 Bank, Ltd. | ¥500 | Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.30000% | | | | |

| | | | | | | | |
|-------|--|--------|---|-------------------|--------------------|----------------------|--|
| 57-A① | Mizuho Bank, Ltd. | ¥500 | Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.22500% | August 5, 2021 | August 10, 2021 | February 28, 2023 | |
| 57-A② | Mizuho Trust & Banking Co., Ltd. | ¥200 | Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.17500% | | | | |
| 57-B① | Aozora Bank, Ltd. | ¥350 | Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.47500% | | | February 28, 2029 | |
| 57-B② | Resona Bank, Limited | ¥300 | Base rate ^(Note 3) (JPY TIBOR for 3 month) +0.37500% | | | | |
| 57-C | Sumitomo Mitsui Banking Corporation | ¥1,200 | Base rate ^(Note 3) (JPY TIBOR for 3 month) + 0.52500% | | | February 28, 2030 | |
| 57-D | MUFG Bank, Ltd. | ¥1,200 | To be determined ^(Note 7) (Fixed rate) | | | | |
| 57-E | Development Bank of Japan Inc. | ¥1,000 | To be determined ^(Note 7) (Fixed rate) | | | August 31, 2031 | |

- (Note 1) For series 55, the first interest payment is due at the end of October 2021 and on the last day of every three months thereafter with final due on the principal repayment day. For series 56 and series 57, the first interest payment is due at the end of August 2021 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/>).
- (Note 4) The interest rate applicable period is from July 30, 2021 to January 31, 2027.
- (Note 5) Any undecided matters shall be determined on July 28, 2021 and will be announced after the decision is made.
- (Note 6) The interest rate applicable period is from July 30, 2021 to January 31, 2030.
- (Note 7) Any undecided matters shall be determined on August 5, 2021 and will be announced after the decision is made.

2. Reason for Debt Financing

(1) Series 55

The proceeds of this debt financing are to be used for the repayment of the borrowing series 4-B^(note 1), series 26-B^(note 2), series 37-B^(note 3), series 43-A^(note 4) (Total ¥5.9 billion) with the principal repayment date of July 30, 2021.

(2) Series 56

The proceeds of this debt financing are to be used for the funds toward a payment for the acquisition of trust beneficiary interest in real estate (T-100: KDX Residence Kamishakujii II) stated in 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 and associated costs thereof.

(3) Series 57

The proceeds of this debt financing are to be used for the repayment of the borrowing series 7-A^(note 5), series 7-B^(note 5) (Total ¥4.75 billion) with the principal repayment date of August 10, 2021.

- (Note 1) For detail of series 4-B, please refer to the press release “Notice Concerning Debt Financing, Prepayment of Debt Financing and the Execution of Interest-Rate Swap Agreements” announced on January 29, 2014.
- (Note 2) For detail of series 26-B, please refer to the press release “Notice Concerning Debt Financing and Execution of Interest Rate Swap Agreements” announced on July 25, 2018.
- (Note 3) For detail of series 37-B, please refer to the press release “Notice Concerning Debt Financing and Execution of Interest Rate Swap Agreements” announced on January 29, 2020.
- (Note 4) For detail of series 43-A, please refer to the press release “Notice Concerning Debt Financing and Execution of Interest Rate Swap Agreements” announced on July 22, 2020.
- (Note 5) For detail of series 7-A and 7-B, please refer to the press release “Notice Concerning Debt Financing” announced on August 4, 2014.

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 55-A, Series 55-C, Series 55-D, Series 56, Series 57-B and Series 57-C with floating interest rate.

(2) Details of the Interest Rate Swap Agreements

| | | Series 55-A |
|-------------------|------------------------------------|---|
| Counterparty | | To be determined ^(Note) |
| Notional Amount | | ¥ 1,000 million |
| Interest Rate | Fixed interest Rate for payment | To be determined ^(Note) |
| | Floating interest Rate for receipt | Base rate (JPY TIBOR for 3 month) |
| Commencement Date | | July 30, 2021 |
| Termination Date | | July 31, 2024 |
| Payment Date | | The interest payment is due at the end of October 2021, and on the last day of every three months 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.) |

| | | Series 55-C |
|-------------------|------------------------------------|---|
| Counterparty | | To be determined ^(Note) |
| Notional Amount | | ¥ 1,000 million |
| Interest Rate | Fixed interest Rate for payment | To be determined ^(Note) |
| | Floating interest Rate for receipt | Base rate (JPY TIBOR for 3 month) |
| Commencement Date | | July 30, 2021 |
| Termination Date | | July 31, 2029 |
| Payment Date | | The interest payment is due at the end of October 2021, and on the last day of every three months 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.) |

| | | Series 55-D |
|-------------------|------------------------------------|---|
| Counterparty | | To be determined ^(Note) |
| Notional Amount | | ¥ 1,400 million |
| Interest Rate | Fixed interest Rate for payment | To be determined ^(Note) |
| | Floating interest Rate for receipt | Base rate (JPY TIBOR for 3 month) |
| Commencement Date | | July 30, 2021 |
| Termination Date | | January 31, 2030 |
| Payment Date | | The interest payment is due at the end of October 2021, and on the last day of every three months 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) Any undecided matters shall be determined on July 28, 2021 and will be announced after the decision is made.

| | | Series 56① | Series 56② | Series 56③ |
|-------------------|------------------------------------|--|---------------|---------------|
| Counterparty | | To be determined ^(Note) | | |
| Notional Amount | | ¥ 800 million | ¥ 500 million | ¥ 500 million |
| Interest Rate | Fixed interest Rate for payment | To be determined ^(Note) | | |
| | Floating interest Rate for receipt | Base rate (JPY TIBOR for 3 month) | | |
| Commencement Date | | August 2, 2021 | | |
| Termination Date | | February 28, 2027 | | |
| Payment Date | | The interest payment is due at the end of August 2021, and on the last day of every three months 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) Any undecided matters shall be determined on July 29, 2021 and will be announced after the decision is made.

| | | Series 57-B① | Series 57-B② |
|-------------------|------------------------------------|--|---------------|
| Counterparty | | To be determined ^(Note) | |
| Notional Amount | | ¥ 350 million | ¥ 300 million |
| Interest Rate | Fixed interest Rate for payment | To be determined ^(Note) | |
| | Floating interest Rate for receipt | Base rate (JPY TIBOR for 3 month) | |
| Commencement Date | | August 10, 2021 | |
| Termination Date | | February 28, 2029 | |
| Payment Date | | The interest payment is due at the end of August 2021, and on the last day of every three months 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.) | |

| | | Series 57-C |
|-------------------|------------------------------------|--|
| Counterparty | | To be determined ^(Note) |
| Notional Amount | | ¥ 1,200 million |
| Interest Rate | Fixed interest Rate for payment | To be determined ^(Note) |
| | Floating interest Rate for receipt | Base rate (JPY TIBOR for 3 month) |
| Commencement Date | | August 10, 2021 |
| Termination Date | | February 28, 2030 |
| Payment Date | | The interest payment is due at the end of August 2021, and on the last day of every three months 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) Any undecided matters shall be determined on August 5, 2021 and will be announced after the decision is made.

4. Outline of the Social Finance Framework and Social Loan

(1) Reason for Introducing Social Loan

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 procure funds through Social Loan in accordance with the social finance framework defined by the Investment Corporation, with an aim to contribute to the development of the domestic social financial market by further enhancing initiatives for sustainability through the efforts made this time and collaboration with financial institutions who are proactively conducting ESG investment and financing.

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.

(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.

(2) Total Amount to be Procured, Use of Funds and Scheduled Outlay Period

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

1,000 million yen

(ii) Specific use of funds and scheduled outlay period

The funds procured through Social Loan is scheduled to be used to repay the loan (Series 26-B②) on July 30, 2021, which was borrowed for the purpose of appropriation to the acquisition of an asset eligible for social finance^(Note).

(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. |

5. Status of the Interest-bearing Liabilities after the Borrowings (as of August 10, 2021)

(Unit: millions of yen)

| Classification | Balance Before the Borrowings | Balance After the Borrowings | Difference |
|---|-------------------------------|------------------------------|------------|
| Short-term borrowings ^(Note 1) | 500 | 0 | -500 |
| Current portion of long-term borrowings ^(Note 2) | 27,350 | 17,200 | -10,150 |
| Long-term borrowings ^(Note 3) | 110,370 | 122,820 | +12,450 |
| Total borrowings | 138,220 | 140,020 | +1,800 |
| Investment corporation bonds | 8,700 | 8,700 | - |
| Total interest-bearing liabilities | 146,920 | 148,720 | +1,800 |

(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.

6. 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 28, 2021.

* 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.