

July 26, 2022

To All Concerned Parties

REIT Issuer:

Kenedix Residential Investment Corporation

Representative: Tetsu Kawashima, 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 ¥ 4.5 billion), execution of interest rate swap agreement, and also informs you of borrowing Series 68-D 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)	Application /Contract Date (Scheduled)	Drawdown Date	Principal repayment Date (Note 2)	Collateral /Repayment Method
68-A①	Sumitomo Mitsui Banking Corporation (Note 3)	¥1,200	Base rate (Note 4) (JPY TIBOR for 1 month) + 0.25000%	July 26, 2022	July 29, 2022	June 30, 2023	Unsecured, unguaranteed / Repayment of principal in full on maturity date
68-A②	Mizuho Bank, Ltd. (Note 3)	¥300					
68-B	MUFG Bank, Ltd.	¥900	To be determined (Note 5) (Fixed rate)	July 27, 2022		January 31, 2024	
68-C	Sompo Japan Insurance Inc.	¥1,000	0.38000% (Note 6) (Fixed rate)			August 31, 2025	
68-D	Shinsei Bank, Limited	¥1,100	Base rate (Note 4) (JPY TIBOR for 3 month) + 0.30000%			July 31, 2027	

(Note1) For series 68-A, the first interest payment is due at the end of August 2022 and on the last day of every month thereafter with final due on the principal repayment day. For series 68-B, 68-C and series 68-D, the first interest payment is due at the end of October 2022 and on the last day of every three months thereafter with final due on the principal repayment day.

(Note2) 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.

(Note3) Please refer to the press release “Notice Concerning Execution of Uncommitted Revolving Credit Facility Agreement” announced on March 22, 2022

(Note4) The Japanese Yen TIBOR of the JBATA is available on the JBATA website (<http://www.jbatibor.or.jp/english/>).

(Note5) Any undecided matters shall be determined on July 27, 2022 and will be announced after the decision is made.

(Note6) The interest rate applicable period is from July 29, 2022 to August 31, 2025.

2. Reason for Debt Financing

The proceeds of this debt financing are to be used for the repayment of the borrowing series 1-D (¥4.5billion)^(note) with the principal repayment date of July 29, 2022.

(Note) For detail, please refer to the press release “Notice Concerning Debt Financing and Execution of Interest Rate Swap Agreement” announced by former Japan Senior Living Investment Corporation on July 29, 2015.

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 68-D with floating interest rate.

(2) Details of the Interest Rate Swap Agreements

		Series 68-D
Counterparty		To be determined ^(Note)
Notional Amount		¥ 1,100 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 29, 2022
Termination Date		July 31, 2027
Payment Date		The interest payment is due at the end of October 2022, 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 27, 2022 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 basic philosophy of the Investment Corporation is to obtain stable return and pursue sustainable growth through investments in various assets, what we call “spaces where people live and stay.” The Investment Corporation connecting the capital market and the healthcare industry aims to maximize unitholder value by investing in healthcare-related facilities considered to be social infrastructures, one of the main investment targets as well as by bringing operational stability.

The Investment Corporation decided to procure funds through Social Loan in accordance with its social finance framework. The objective is to contribute to the development of the domestic social financial market by further enhancing initiatives for sustainability through this funding and collaboration with financial institutions who are proactively engaging into 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)
1,100 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 borrowing (Series 1-D) on July 29, 2022, 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 July 29, 2022)

(Unit: millions of yen)

Classification	Balance Before the Borrowings	Balance After the Borrowings	Difference
Short-term borrowings ^(Note 1)	2,900	4,400	1,500
Current portion of long-term borrowings ^(Note 2)	16,450	11,950	-4,500
Long-term borrowings ^(Note 3)	132,570	135,570	3,000
Total borrowings	151,920	151,920	—
Investment corporation bonds	7,700	7,700	—
Total interest-bearing liabilities	159,620	159,620	—

(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 26, 2022.

* 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.