KENEDIX
Residential NEXT Investment Corporation

Translation of Japanese Original

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To All Concerned Parties

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Notice Concerning Implementation of a Green Lease in Healthcare Facility

Kenedix Residential Next Investment Corporation (the "Investment Corporation") announced today that it has agreed on the green lease with the tenant that leases a whole building of the healthcare facility (H-6 Ten) owned by the Investment Corporation today. Details are as follows.

1. Overview of Green lease

A green lease is where building owners and tenants collaborate to reach voluntary agreements with regards to energy saving and other environmental burdens of real estate as well as improvements of indoor environments through contracts, memorandums of understanding and such and implement the contents of these agreements.

The green lease agreement concluded by the Investment Corporation is a “green lease with energy efficiency retrofit” where a tenant returns monetary benefits to a building owner when the benefits of the building owner’s investment in energy-saving retrofit belong to the tenant.

LED lighting implementation work for energy-saving shall be conducted at the expense of the Investment Corporation, and a certain part of the tenant’s benefits of reduction in electricity charges for the lighting equipment and bulb replacement costs resulting from such renovations shall be paid to the Investment Corporation as green lease fees.

Name of property	(H-6) Ten
Tenants	NOTE Social Welfare Corporation
Content of renovation work	All lightning equipment in the building will be changed from fluorescent to LED lighting.
Cost burden	The initial cost of installing LED lighting will be borne entirely by the Investment Corporation
Reduction in annual electricity consumption	84,685 KWh/year (approx. 61% reduction effect before and after LED construction work)
Green lease fees	As of February 1, 2020, rent under the current lease agreement will be increased by a certain amount as a green lease fee. The details of the rent will not be disclosed because the consent of the tenant has not been obtained.

(Note) Renovation for green leases is scheduled to be completed by the end of January 2020.

2. Policies for Future Initiatives

As part of initiatives for sustainability, the Investment Corporation is working to reduce its environmental burden by promoting energy saving measures and improving the efficiency of energy consumption at its owing properties. The green lease is a beneficial initiative for both the Investment Corporation and tenant, as it leads to a reduction in the cost burden on the tenant in addition to a reduction in the environmental burden. The Investment Corporation will continue to actively consider introducing green leases, mainly in healthcare facilities.

3. Forecasts

The impact of the green lease on the period ending January 2020 (16th fiscal period: August 1, 2019 to January 31, 2020) and the period ending July 2020 (17th fiscal period: February 1 2020 to July 31, 2020) are minimal. Therefore, the forecasts of financial results for the period remain unchanged.

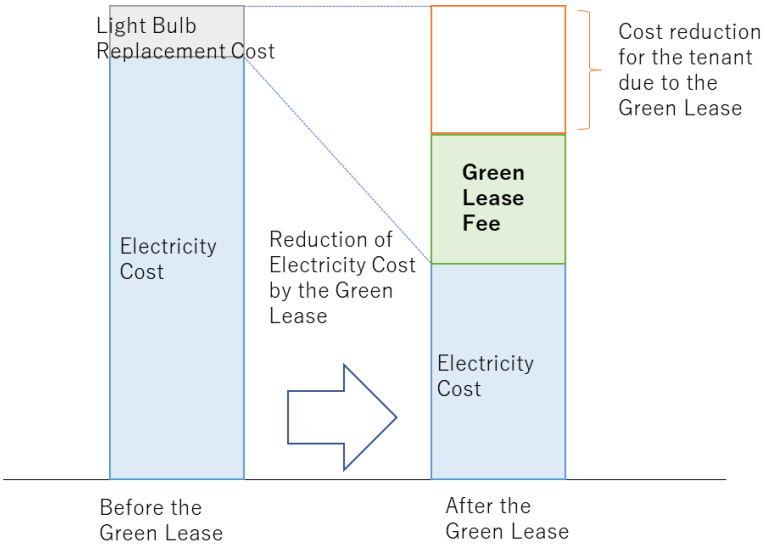
Attached Materials

Reference Material: Effects of Reducing Electricity Cost and tenant cost burden

* Website URL of the Investment Corporation: http://www.kdr-reit.com/english/

[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.

Reference Material: Effects of reducing electricity cost and tenant cost burden



・Based on the consumption of tenant's lighting equipment obtained through interviews, the Investment Corporation estimates that the implementation of LED lighting equipment renovation will reduce electricity consumption by approximately 61%.

・A certain percentage of the economic benefit of the reduction in electricity consumption for lighting equipment enjoyed by tenants and the reduction in the cost of replacing bulbs over the general useful life (12 years) of LED lighting is returned to the Investment Corporation as green lease fees by increasing rents under lease agreement.