KENEDIX
Residential NEXT Investment Corporation

Translation of Japanese Original

February 25, 2020

To All Concerned Parties

REIT Issuer:
Kenedix Residential Next Investment Corporation
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(Securities Code: 3278)

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# Notice Concerning Debt Financing and Execution of Interest Rate Swap Agreements

Kenedix Residential Next Investment Corporation (the "Investment Corporation") announced today the decision regarding debt financing (total of ¥ 6.1 billion) and execution of interest rate swap agreements. Details are as follows.

## 1. Details of Debt Financing

| Series | Lender | Amount (million) | Interest Rate (Note 1) (Note 2) | Contract Date | Drawdown Date | Principal repayment Date (Note 2) | Collateral・Repayment Method |
|---|---|---|---|---|---|---|---|
| 38 | Sumitomo Mitsui Banking Corporation | ¥ 1,000 | Base rate(Note 3) (JPY TIBOR for 1 month) +0.350% | February 25, 2020 | February 28, 2020 | February 28, 2021 | Unsecured, unguaranteed・Repayment of principal in full on maturity date |
| 39-A | Sumitomo Mitsui Banking Corporation | ¥ 500 | | | March 2, 2020 | | |
| 39-B① | Mizuho Bank, Ltd. | ¥ 500 | Base rate(Note 3) (JPY TIBOR for 3 months) +0.300% | | | February 29, 2024 | |
| 39-B② | Sumitomo Mitsui Trust Bank, Limited. | ¥ 500 | | | | | |
| 39-C① | Sumitomo Mitsui Banking Corporation | ¥ 500 | Base rate(Note 3) (JPY TIBOR for 3 months) +0.500% | | | February 28, 2027 | |
| 39-C② | Mizuho Bank, Ltd. | ¥ 500 | Base rate(Note 3) (JPY TIBOR for 3 months) +0.450% | | | | |
| 39-C③ | Resona Bank, Ltd. | ¥ 500 | | | | | |
| 39-C④ | Mizuho Trust & Banking Co., Ltd. | ¥ 500 | | | | | |
| 39-C⑤ | The Bank of Fukuoka, Ltd. | ¥ 400 | | | | | |
| 39-D | MUFG Bank, Ltd. | ¥ 400 | To be determined (Note4) (Fixed rate) | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 39-E | Aozora Bank, Ltd. | ¥ 200 | Base rate(Note 3) (JPY TIBOR for 3 months) +0.550% | | | February 29, 2028 | |
| 40 | MUFG Bank, Ltd. | ¥ 600 | To be determined (Note4) (Fixed rate) | | March 13, 2020 | February 29, 2024 | |

(Note 1) For Series 38, Series 39-A, Series 39-D and Series 40, the first interest payment is due at the end of March 2020 and on the last day of every month thereafter with the principal repayment day. For Series 39-B①②, Series 39-C①②③④⑤ and Series 39-E, the first interest payment is due at the end of May 2020 and on the last day of every three months thereafter with 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) Any undecided matters shall be determined on February 27, 2020 (series 39-D) and March 11, 2020 (series 40), and will be announced after decision is made.

## 2. Reason for Debt Financing

(1) Series 38

The proceed of this debt financing is to be used for the repayment of the borrowing Series 31-A with repayment date of February 28, 2020 (Note).

(Note) Regarding the detail of Series 31-A, please refer to the press release "Notice Concerning Debt Financing" announced on February 26, 2019.

(2) Series 39 and Series 40

The borrowing shall be used to apply the funds toward a payment for the acquisition of trust beneficiary interest in real estate stated in the press release "Notice Concerning Acquisition of Properties and Conclusion of Lease Contracts with New Tenants (Total of 5 Residential Properties and 2 Accommodations)" announced February 10, 2020 and associated costs thereof.

## 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 a part of Series 39 with floating interest rate.

(2) Details of the Interest Rate Swap Agreements

| | | Series 39-B① | Series 39-B② |
|---|---|---|---|
| Counterparty | | To be determined(Note) | |
| Notional Amount | | ¥ 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 | | March 2, 2020 | |
| Termination Date | | February 29, 2024 | |
| Payment Date | | The interest payment is due at the end of May 2020, 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 39-C① | Series 39-C② | Series 39-C③ | Series 39-C④ | Series 39-C⑤ |
|---|---|---|---|---|---|---|
| Counterparty | | To be determined(Note) | | | | |
| Notional Amount | | ¥ 500 million | ¥ 500 million | ¥ 500 million | ¥ 500 million | ¥ 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 | | March 2, 2020 | | | | |
| Termination Date | | February 28, 2027 | | | | |
| Payment Date | | The interest payment is due at the end of May 2020, 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 39-E |
|---|---|---|
| Counterparty | | To be determined(Note) |
| Notional Amount | | ¥ 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 | | March 2, 2020 |
| Termination Date | | February 29, 2028 |
| Payment Date | | The interest payment is due at the end of May 2020, 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 February 27, 2020 and will be announced after decision is made.

## 4. Status of the Interest-bearing Liabilities after the Borrowings (as of March 13, 2020)

(Unit: millions of yen)

| Classification | Balance Before the Borrowings | Balance After the Borrowings | Difference |
|---|---|---|---|
| Short-term borrowings(Note 1) | 3,300 | 3,800 | +500 |
| Current portion of long-term borrowings(Note 2) | 10,100 | 10,100 | — |
| Long-term borrowings(Note 3) | 107,250 | 111,850 | +4,600 |
| Total borrowings | 120,650 | 125,750 | +5,100 |
| Investment corporation bonds | 7,000 | 7,000 | — |
| Total interest-bearing liabilities | 127,650 | 132,750 | +5,100 |

（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.

## 5. Others

In relation to the risks associated with the borrowings, there have been no significant changes to the "Investment Risks" stated in the securities registration statement (*Yuka shoken todokedesyo*) submitted on February 10, 2020.

* Website URL of the Investment Corporation: https://www.kdr-reit.com/en/

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