KENEDIX
Residential NEXT Investment Corporation

Translation of Japanese Original

June 23, 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 ¥2.3 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
41-A①	Sumitomo Mitsui Trust Bank, Limited	¥1,000	Base rate(Note 3) (JPY TIBOR for 3 month) + 0.500%	June 23, 2020	June 30, 2020	June 30, 2028	Unsecured, unguaranteed・Repayment of principal in full on maturity date
41-A②	Shinsei Bank, Limited	¥800	Base rate(Note 3) (JPY TIBOR for 3 month) + 0.500%				
41－B	Development Bank of Japan Inc.	¥500	To be determined (Note4) (Fixed rate)				

(Note 1) For series 41-A①②, the first interest payment is due at the end of September 2020 and on the last day of every three month thereafter with the principal repayment day. For series 41-B, the first interest payment is due at the end of August 2020 and on the last day of every month 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 June 26, 2020 and will be announced after decision is made.

2. Reason for Debt Financing

The borrowing above mentioned shall be used to apply the funds toward a payment for the acquisition of trust beneficiary interest in real estate (T-90: KDX Residence Mitaka) 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 on February 10, 2020 and associated costs thereof.

Regarding the acquisition of T-90: KDX Residence Mitaka, the Investment Corporation had no intention of borrowing funds as the Investment Corporation initially expected to acquire KDX Residence Mitaka with the proceeds from the issuance of new investment units through the public offering stated in press release "Notice Regarding Issuance of New Investment Units and Distribution of Investment Units" announced on February 10, 2020 and cash on hand.

However, due to uncertainties in the operating environment caused by the spread of COVID-19 and other factors, the Investment Corporation has decided to borrow funds on the basis of the judgment that it is reasonable to enhance cash position at this time.

With this borrowing, the LTV (estimated value) as of the end of August 2020 is expected to be 49.6%.

(Note) The"LTV"ratio is interest-bearing liabilities divided by total assets. The estimate of the LTV at the end of the August is calculated by dividing the total of interest-bearing liabilities at the end of the 16th period (January 31, 2020) plus the sum of the debt for March 2, 2020, March 13, 2020, this debt financing and new debt planned for August, 2020 (hereinafter referred to as " increase in interest-bearing liabilities ") by the sum of total assets at the end of the 16th period (January 31, 2020), the increase in interest-bearing liabilities, and the proceeds from the issuance of new investment units through the public offering stated above.

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 41-A①② with floating interest rate.

(2) Details of the Interest Rate Swap Agreements

		Series 41-A①	Series 41-A②
Counterparty		To be determined(Note)	
Notional Amount		¥ 1,000 million	¥ 800 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		June 30, 2020	
Termination Date		June 30, 2028	
Payment Date		The interest payment is due at the end of September 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 June 26, 2020 and will be announced after decision is made.

4. Status of the Interest-bearing Liabilities after the Borrowings (as of June 30, 2020)

(Unit: millions of yen)

Classification	Balance Before the Borrowings	Balance After the Borrowings	Difference
Short-term borrowings(Note 1)	3,800	3,800	—
Current portion of long-term borrowings(Note 2)	11,450	11,450	—
Long-term borrowings(Note 3)	110,500	112,800	+2,300
Total borrowings	125,750	128,050	+2,300
Investment corporation bonds	7,000	7,000	—
Total interest-bearing liabilities	132,750	135,050	+2,300

（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 report (*Yuka shoken hokokusyo*) submitted on April 28, 2020.

* 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.