

Translation of Japanese Original

March 1, 2018

To All Concerned Parties

REIT Issuer:
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(Securities Code Number: 3278)

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Notice of Completion of Merger with Japan Senior Living Investment Corporation
(Change of Trade Name, the Appraisal Values of Succeeded Assets
and the Amount of Negative Goodwill Accrued upon the Merger)

Kenedix Residential Next Investment Corporation (formerly: Kenedix Residential Investment Corporation) (“KDR”) hereby announces that the merger with Japan Senior Living Investment Corporation (“JSL”) (“the Merger”) announced in the press release “Notice of Conclusion of Merger Agreement Between Kenedix Residential Investment Corporation and Japan Senior Living Investment Corporation” dated November 10, 2017 took effect today and Kenedix Residential Investment Corporation, the surviving corporation of the Merger, changed its name to Kenedix Residential Next Investment Corporation.

KDR also announces that the newly determined appraisal values of real estate related to the beneficiary interests of real estate trusts succeeded from JSL (“the succeeded assets”) at the time of the Merger taking effect and the negative goodwill generated by the Merger has largely been determined based on the investment unit price at the time of the Merger taking effect.

KDR believes that, as a result of the Merger, it will achieve the benefits of (i) an increase in stability resulting from greater asset scale and in liquidity resulting from greater market capitalization that will enable them to capture more growth opportunities, (ii) greater earnings stability stemming from asset type diversification and enhanced ability to pursue external growth and (iii) improvement in asset management efficiency together with enhanced financial health, and further believe that the potential to reap these benefits constitutes the major significance of the Merger. Following the Merger, KDR will evolve into a new investment corporation pursuing stable revenue and sustained growth through wide-ranging investment spanning the “spaces where people live and stay,” extending from residential facilities to healthcare, and accommodation facilities aiming to maximize more than ever before the potential of Kenedix’s knowhow in real estate investment management and continuing its “flexible” and “dynamic” real estate investment management.

1. Outline of the Merger

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|-------------------------------|--|
| (1) The surviving corporation | Kenedix Residential Investment Corporation
(TSE code: 3278) |
| (2) The absorbed corporation | Japan Senior Living Investment Corporation
(TSE code: 3460) |
| (3) Date of the Merger | March 1, 2018 |

2. Change of Name of the Surviving Corporation

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|---|---|
| (1) New name of the surviving corporation | Kenedix Residential Next Investment Corporation
(TSE code: 3278) |
| (2) Date of change | March 1, 2018 |

3. Unitholders' Equity of KDR after the Merger (as of March 1, 2018)

Unitholders equity		
Unitholders capital		80,132 million yen (Note 1)
Retained earnings		13,187 million yen (Note 1)
Total number of investment units authorized		10,000,000 units (Note 2)
Total number of investment units issued and outstanding		782,928 units (Note 3)

(Note 1) There is no increase or decrease in unitholders capital as a result of the Merger, but the acquisition consideration for the Merger (which is the amount arrived at when the investment unit price per KDR investment unit is multiplied by the (iv) Number of investment units allotted and delivered to JSL investment units with the Merger given in (Note 3) below) is scheduled to be recorded as capital surplus.

(Note 2) Proposed partial amendments to the Articles of Incorporation were approved at the Fifth general meeting of unitholders of KDR held on January 25, 2018, and resulted in a change in the total number of investment units of KDR authorized from 5,000,000 investment units to 10,000,000 investment units as of March 1, 2018, by the condition that the Merger takes effect.

(Note 3) Investment units increased from 349,089 to 782,928 units as a result of (i) the division of investment units in conjunction with the Merger (division at a ratio of one (1) KDR investment unit to two (2) investment units) and (ii) the allotment and delivery of post-division JSL investment units to 84,750 JSL investment units.

The increased number of investment units and other details are provided as follows:

i) Number of investment units issued and outstanding of KDR prior to the Merger	:	349,089 units
ii) Increased number of investment units through the division of investment units with the Merger	:	349,089 units
iii) Number of investment units issued and outstanding of KDR after the division	:	698,178 units
iv) Number of investment units allotted and delivered to JSL investment units with the Merger	:	84,750 units
v) Number of investment units issued and outstanding after the Merger	:	782,928 units

4. Appraisal Value (as of March 1, 2018)

No. (Note 1)	Name	Acquisition Price (millions of yen) (Note 2)	Appraisal Value (millions of yen)	Appraiser
H-1	Irise Kamata/Yuseien	1,120	1,120	Daiwa Real Estate Appraisal Co., Ltd.
H-2	Nichii Home Nakano Minamidai	1,780	1,780	Daiwa Real Estate Appraisal Co., Ltd.
H-3	Joy Stage Hachioji	3,690	3,690	The Tanizawa Sogo Appraisal Co., Ltd.
H-4	Yuimaru Hijirigaoka	1,120	1,120	Japan Real Estate Institute
H-5	Nichii Home Tama Plaza	2,940	2,940	Daiwa Real Estate Appraisal Co., Ltd.
H-6	Ten	2,630	2,630	The Tanizawa Sogo Appraisal Co., Ltd.
H-7	Irise Nishioka	858	858	Japan Real Estate Institute
H-8	Alpha Eniwa Sta. Nishiguchi Saikaihatsu Building	1,660	1,660	Japan Real Estate Institute
H-9	Sawayaka Sakura Nibankan	989	989	Daiwa Real Estate Appraisal Co., Ltd.
H-10	Activa Biwa	6,560	6,560	The Tanizawa Sogo Appraisal Co., Ltd.
H-11	Sompo Care LAVIERE Kobe Tarumi	2,110	2,110	The Tanizawa Sogo Appraisal Co., Ltd.
H-12	Granda Mondo Yakujiin	1,190	1,190	Japan Real Estate Institute
H-13	Excellent Nishinomiya	971	971	The Tanizawa Sogo Appraisal Co., Ltd.
H-14	Gran Hills Ogawarako	1,380	1,380	The Tanizawa Sogo Appraisal Co., Ltd.
Total		28,998	28,998	

(Note 1) The property numbers lists are those of KDR.

(Note 2) Under the purchase method of accounting, the appraisal value of the real estate acquired by KDR is equivalent to the total value of the succeeded assets. Therefore, the acquisition price listed in the chart above is the same as the appraisal value of the real estate.

(Note 3) The figures indicated are unaudited figures.

5. The Amount of the Negative Goodwill Accrued upon the Absorption Type Merger

The negative goodwill (Note 1) from the Merger will be recorded in full for the fiscal period ending July 31, 2018 in accordance with the Accounting Standard for Business Combinations (Corporate Accounting Standard No. 21, last amended on September 13, 2013). At present, the amount of negative goodwill accounted for has been calculated at 2,411 million yen (Note 2). This amount is an estimate based on the assumption of 35,475 million yen in total assets acquired of JSL, the corporation being acquired under the Accounting Standard for Business Combinations; 19,876 million yen in assumed liabilities; and 13,187 million yen in Merger acquisition costs. The amount of negative goodwill gain has not been definitively determined and may change from the above amount.

(Note 1) Negative goodwill means, if acquisition costs of an acquirer for accounting purpose (KDR) is inferior to the current net asset value at the time of the merger of an acquiree for accounting purpose (JSL), such deference between those figures.

(Note 2) The figures indicated are unaudited figures.

6. Forecast of Future Management Performance

The impact of this matter on the management performance for 13th fiscal period (from February 1, 2018 to July 31, 2018) and 14th fiscal period (from August 1, 2018 to January 31, 2019) is currently under close scrutiny, but will be disclosed in the announcement of 12th fiscal period's (from August 1, 2017 to January 31, 2018) results scheduled on March 14, 2018.

* The original Japanese version of this material is released today to the Kabuto Club (the press club of the Tokyo Stock Exchange), the Ministry of Land, Infrastructure, Transport and Tourism Press Club, and the Ministry of Land, Infrastructure, Transport and Tourism Press Club for Papers in the Construction Industry.

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

[Provisional Translation Only]

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Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.