

June 1, 2022

To All Concerned Parties

REIT Issuer:

Kenedix Residential Next Investment Corporation
 Representative: Tetsu Kawashima, Executive Director
 (Securities Code Number: 3278)

Asset Management Company

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Notice Concerning Acquisition Settlement of Property (KDX Residence Hachioji Otsuka)

Kenedix Residential Next Investment Corporation (the “Investment Corporation”) announced today that it completed settlement of the acquisition of the following Residential property.

(in thousands of yen)

Property number	Property name	Location (city or ward, prefecture)	Type of Assets	Acquisition Price (note)
T-105	KDX Residence Hachioji Otsuka	Hachioji-shi, Tokyo	Trust beneficiary interest in real estate	1,490,000

(Note) “Acquisition Price” is the sales amount of the trust beneficiary interest (excluding acquisition costs, property tax, city planning tax or consumption tax, etc.) indicated in the trust beneficiary interest sales contract concerning the acquired asset and is rounded down to the nearest thousand yen.

Regarding the details of the acquired property above, please refer to the press release “Notice Concerning Acquisition of Properties (Total of 4 Residential Facilities and 3 Healthcare Facilities)” announced on February 14, 2022.

The Investment Corporation has obtained an appraisal report as of March 1, 2022 and an engineering report, in line with the completion of KDX Residence Hachioji Otsuka, as shown in the attachment.

Attached Materials

- Reference Material (1) Appraisals Report Summary
- Reference Material (2) Engineering Report Summary
- Reference Material (3) Exterior Photos and Map of Acquired Asset

* 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 (1) Appraisals Report Summary

Property Name	KDX Residence Hachioji Otsuka	
Appraisal Value	¥ 1,580,000,000	
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.	
Appraisal Date	March 1, 2022	
(Unit: Yen)		
Item	Content	Basis
Income Capitalization Approach Value	1,580,000,000	Estimate by setting a standard value on the value calculated using the Discounted Cash Flow method and verifying the value calculated using the Direct Capitalization method.
Value Calculated Using the Direct Capitalization Method	1,630,000,000	Assessed by capitalizing the medium to long-term stable net income with the capitalization rate.
(1) Gross Operating Revenue	Not disclosed ^(Note)	
Maximum Gross Operating Revenue	Not disclosed ^(Note)	
Shortfall Attributed to Vacancies	Not disclosed ^(Note)	
(2) Operating Expenses	8,976,540	
Maintenance Expenses	0	Not recorded due to lessee burden based on the current lease contract.
Utility Expenses	0	Not recorded due to lessee burden based on the current lease contract.
Repair Expenses	747,120	Assessed based on the reconstruction cost of the building, using the repair cost level of similar properties as a reference.
Property Management Fees	792,000	Assessed by referring to the fee rate based on the contract terms, fee rates of similar properties, etc.
Tenant Recruit Expenses, etc.	0	Not recorded as tenant replacement is not expected.
Taxes and Dues	6,787,000	Assessed based on the fiscal 2022 tax base amount and the replacement cost of the building.
Damage Insurance Fees	121,490	Assessed with consideration of the insurance premium rate at similar properties and documents obtained from the client.
Other Expenses	528,930	Assessed by maintenance and management costs and other reserve expenses, etc., with reference to the expense levels of similar properties.
(3) Net Operating Income (NOI=(1)-(2))	70,229,460	
(4) Gain on guarantee deposit investment	132,000	Assessed income from investments by using an investment return of 1.0%.
(5) Capital Expenditure	1,793,088	Assessed by consideration of CM fee, based on the replacement cost of the building with reference to the expense levels of similar properties.
(6) Net Cash Flow (NCF=(3)+(4)-(5))	68,568,372	
(7) Capitalization Rate	4.2%	Assessed by taking into account the property's location, the characteristics of the building and other characteristics.
Value Calculated Using the Discounted Cash Flow Method	156,000,000	
Discount Rate	4.0%	Assessed by comprehensively taking into account the Property's unique characteristics, while reflecting investment returns of similar properties in transaction.
Terminal Capitalization Rate	4.4%	Assessed by comprehensively taking into account upcoming changes in investment returns, risks associated with the property to be acquired, general prediction of economic growth rate, trends in real estate prices and rental rates, and all other applicable factor, while reflecting returns associated with acquisitions of similar properties.
Value Calculated Using the Cost Method	1,880,000,000	
Land	62.0%	
Building	38.0%	

Items applied to adjustments in approaches to the value and the determination of the appraisal value	Adopted income approach value from the judgment that the income approach value is more persuasive because it is the price calculated according to price formation process from the aspect of earnings, while using the value calculated based on the cost approach as a reference.
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※Reference (Appraisal NOI Cap Rate=NOI above described /Acquisition Price)

Property Name	KDX Residence Hachioji Otsuka
Appraisal NOI Cap Rate (rounded to the first decimal place)	4.7%

(Note) The actual figures are referred in this valuation. The Investment Corporation has not obtained consent from the tenant for disclosure of part of the actual figures. Disclosure of such figures would create disadvantages with the tenant (e.g., as difficulty to maintain a long-term lease agreement due to undermining of the relations with the tenant) and may eventually undermine unitholder interests. Accordingly, the data remains undisclosed.

Reference Material (2) Engineering Report Summary

(Unit: Yen in thousand)

Property Name	KDX Residence Hachioji Otsuka
Investigation Company	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Investigation Date	March 2022
Repairs Maintenance and Renovation Expenses Expected to be Required within 12 Years	24,651
Replacement Value	622,600

※The above-mentioned investigation company undertakes building assessments for the property as follows.

- Assessment of legal compliance with related laws
- Investigation for building construction and facilities
- Environmental investigation
- Formulation of a short-term and long-term repair and maintenance plan
- Estimates of the replacement value

Reference Material (3) Exterior Photos and Map of Acquired Asset

