

January 26, 2021

To All Concerned Parties

REIT Issuer:

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

Asset Management Company

Kenedix Real Estate Fund Management, Inc.  
 Representative: Masahiko Tajima, President & CEO  
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Notice Concerning Acquisition of Property (KDX Residence Ikebukuro West)  
 and Sale of Property (KDX Residence Sendagaya)

Kenedix Residential Next Investment Corporation (the “Investment Corporation”) announced today that Kenedix Real Estate Fund Management, Inc. (the “Asset Management Company”), the asset management company for the Investment Corporation, has decided to acquire and sell the following properties (respectively the “Acquisition” and the “Sale”, and collectively the “Transaction”). The details are provided as follows.

1. Overview of the Transaction

(1) Overview of the Acquisition

(T-96) KDX Residence Ikebukuro West

(1) Type of the To-be acquired Asset	Trust beneficiary interest in real estate <sup>(1)</sup>
(2) Property Name	KDX Residence Ikebukuro West <sup>(2)</sup>
(3) Acquisition Price <sup>(3)</sup>	¥ 2,237,796 thousand
(4) Seller	Please refer to “5. Seller and Buyer’s Profile”
(5) Date of Contract	January 26, 2021
(6) Scheduled Date of Acquisition	January 29, 2021
(7) Funds for Acquisition	Debt financing <sup>(4)</sup> and Cash on hand
(8) Settlement Method	Payment in full on date of acquisition

(Note1) The Invest Corporation has agreed with the sellers that it will entrust the asset to be acquired to Mizuho Trust & Banking Co., Ltd. as trustees until the time of acquisition and that it will receive the transfer of the trust beneficiary interest of the trust. The same shall apply hereafter.

(Note2) The Investment Corporation plans to change the name of the asset to be acquired in conjunction with the Acquisition, and consent has not been obtained from the seller to disclose the name of the assets to be acquired as of today, Accordingly, the name after the change is provided. The same shall apply hereafter.

(Note3) “Acquisition Price” is the sales amount of the trust beneficiary interest (excluding acquisition costs, settlement of property tax and city planning tax or consumption tax, etc.) indicated in the trust beneficiary interest sales contract concerning the to-be acquired asset and is rounded down to the nearest thousand yen. The same shall apply hereafter.

(Note4) Please refer to “Notice Concerning Debt Financing and Execution of Interest Rate Swap Agreements” disclosed as of today for the detail of debt financing.

(2) Overview of the Sale

(R-23) KDX Residence Sendagaya

(1) Type of the To-be sold Asset	Trust beneficiary interest in real estate
(2) Property Name	KDX Residence Sendagaya
(3) Sale Price <sup>(1)</sup>	¥ 1,110,000 thousand
(4) Book Value <sup>(2)</sup>	¥ 631,892 thousand
(5) Difference between Anticipated Sale Price and Assumed Book Value	¥ 478,108 thousand
(6) Buyer	Please refer to “5. Seller and Buyer’s Profile”

(7)	Date of Contract	January 26, 2021
(8)	Scheduled Date of Sale	February 5, 2021
(9)	Sales Method	Sale of the trust beneficiary interest in real estate
(10)	Settlement Method	Deposit of ¥111,000 thousand at the conclusion of Agreement, Receipt of the balance on date of sale
(11)	Use of Funds	The Investment Corporation plans to keep the proceeds on hand and appropriate it for the future acquisition of properties, repayment of borrowings and others.

(Note1) "Sale Price" is the sale amount of the trust beneficiary interest indicated in the trust beneficiary interest sales contract concerning the to-be sold asset and is rounded down to the nearest thousand yen.

(Note2) "Book Value" is assumed value as of February 5, 2021 and is rounded down to the nearest thousand yen.

## 2. Reason for the Transaction

The Investment Corporation invests in new property in accordance with the scope and policy of asset management as set forth in its Articles of Incorporation to obtain stable earnings through the growth and diversification of its portfolio and improves quality of the portfolio through asset replacements.

The global pandemic of COVID-19, which has continued since last year, has been affecting residential preference criteria through changes in lifestyle and work styles.

Many companies have prompted to introduce telework and satellite offices to adapt to the Corona disaster. As a result, the working styles of office workers have changed, and there has also been a change in preferences for residential areas and residential unit types on the previous premise of commuting to offices in central Tokyo. Due to the decrease in commuting frequency, the movement of relocating from the city center to the suburbs with convenience of transportation and superior environment in the suburbs has been increasing. In the future, the Investment Corporation believes that housing demand, which currently tends to be concentrated in the city center, will strongly tend to be dispersed across diverse areas near urban centers. Based on these signs of a change in the housing lease market, the Investment Corporation will consider acquiring new assets located in areas with superior convenience of transportation and living environment in the suburbs of central Tokyo in addition to the city center. In addition, when replacing owned properties, not only properties in the regional areas, but also properties in the Tokyo metropolitan areas are subject to considering sale after assessing the profitability of individual assets. The Investment Corporation will also consider selling properties in areas where the leasing market is relatively weak, properties in which the building age is older and repair costs are expected to increase, and properties where profitability is expected to decline in the future due to demographics and other factors. The Transaction will be the acquisition of new property and the sale of owned property in accordance with these policies.

The asset to be acquired, "KDX Residence Ikebukuro West," is a highly rare property as it is a newly built rental apartment building located within walking distance from Ikebukuro Station. The Investment Corporation has decided the Acquisition because we can expect stable demand for lease due to superior convenience of transportation, convenience of living, and the latest equipment, even in the changes in the leasing market environment due to the Corona disaster.

"KDX Residence Sendagaya", which is planned to be sold, is a rental apartment building located near Kitasando Station on the Tokyo-Metro Fukutoshin Line.

In central Tokyo, where this property is located, residential rent has been rising in the past under a tight lease supply and demand environment. However, since the Corona disaster, the vacancy rate of rental housing in central Tokyo has been on an uptrend, due to the changes in the market environment mentioned above. Due to an increase in vacancy rates, in some cases, competing properties in the vicinity of this property have begun to lower offering rents in order to keep occupancy rates high. Therefore, the investment Corporation believes there is limited room for further improvement in profitability of this property, whose rent has continued to rise up to this point. In addition, 14 years have passed since the property was built, and capital expenditures and repair costs are expected to increase in the future. Accordingly, the Investment Corporation determined the sale

of the property at this time was the best way to realize unrealized gains and decided on the Sale.

The following points are also considered individually in deciding on the Transaction.

In the Acquisition,

- As the property is conveniently located within about a 15-minute walk to Ikebukuro Station, one of the leading terminal stations in Tokyo, and the surrounding area is full of convenient facilities such as shopping streets and supermarkets, stable rental demand from singles is expected.

- All rooms are equipped with IoT facilities that enable remotely to control indoor cameras, lighting, air conditioners, keys at the entrance, etc. from smartphones, etc., and lease demand for new lifestyles is expected.

- Fixed rent lease contract with the seller is planned to be concluded, and a stable rental revenue is expected.

In the Sale,

- The planned selling price of the asset to be transferred is 75% or more above the book value and 27% or more above the appraisal value as of the end of the previous fiscal period (the end of July 2020), and it is expected that a gain on sale of the property will be secured.

- The market environment for residential property has been booming even in the Corona disaster, and the market is favorable for the sale.

### 3. Overview of the To-be Acquired Asset (T-96) KDX Residence Ikebukuro West

Property name		KDX Residence Ikebukuro West
Type of asset		Trust beneficiary interest in real estate
Trustee		Mizuho Trust & Banking Co., Ltd.
Trust term		January 29, 2021 through January 31, 2031
Location (Address) <sup>(1)</sup>		2-6, Nakamarucho, Itabashi-ku, Tokyo
Land	Type of ownership	Proprietary ownership <sup>(i)</sup>
	Site area	461.65 m <sup>2(i)</sup>
	Use districts	Commercial districts
	Building coverage ratio <sup>(2)</sup>	80%
	Floor area ratio <sup>(2)</sup>	500%
Building	Type of ownership	Proprietary ownership <sup>(i)</sup>
	Total floor area	2,476.11 m <sup>2 (i)</sup>
	Construction completion	July 2020
	Usage	Residence, Storage room, Garbage storage, Parking lot
	Type <sup>(3)</sup>	Studio
	Structure / Number of stories	Reinforced concrete structure with flat roof / fourteen-story building
Leasable number of units		89 units
Architect		INVALANCE Ltd., the offices of registered architects
Constructor		MATSUMURA-GUMI Corporation
Building permit agency		UDI Corporation
Probable maximum loss		3.52% <sup>(ii)</sup>
Anticipated Acquisition price		¥ 2,237,796 thousand
Appraisal value		¥ 2,450,000 thousand <sup>(iii)</sup>
Appraiser		DAIWA REAL ESTATE APPRAISAL CO., LTD.
Details of tenant		(as of January 29, 2021)
	Total number of tenants <sup>(4)</sup>	1
	Total rental income <sup>(5)</sup>	¥ 9,191 thousand
	Security and guarantee	¥ 0

	Total leased units <sup>(7)</sup>	89 units
	Total leased area <sup>(8)</sup>	2,274.70 m <sup>2</sup>
	Total leasable area <sup>(9)</sup>	2,274.70 m <sup>2</sup>
	Occupancy ratio <sup>(10)</sup>	100.0%
Existence of security		None
Property management company <sup>(11)</sup>		Taisei Housy Property Co., Ltd. (Scheduled)
Master lease company <sup>(12)</sup>		Taisei Housy Property Co., Ltd. (Scheduled)
Type of master lease <sup>(13)</sup>		Pass through structure
Master lease term		January 29, 2021 through January 28, 2022
Other special considerations		None
Characteristics of the property		<p>“Ikebukuro”, which is said to have originated from the shape of pond that existed around the west exit of present-day Ikebukuro Station, is one of the three largest subcenters of Yamanote along with Shinjuku and Shibuya and is also known as one of Japan's leading downtown areas. This property is a newly built property consisting of Studio type rooms and located approximately a 15-minute walk from Ikebukuro Station on each line, and approximately a 14-minute walk from Kanamecho Station on the Tokyo Metro Fukutoshin Line and Yurakucho Line. All rooms are equipped with IoT facilities that enable remotely to control interior cameras, lighting, air conditioners, entrance keys, etc. from smartphones, etc., so this property provides residents with a new lifestyle. Ikebukuro Station is a huge terminal station where each railway line runs into, and more than 2.6 million people get on and off a day. It has excellent convenience of transportation to various areas. In addition, commercial facilities such as “Seibu Department Stores”, “Ikebukuro PARCO”, and “Sunshine City”, financial institutions, restaurants, etc. are concentrated in the vicinity of the station. In addition, as there are convenient facilities for daily life such as supermarkets, post offices, etc. in the vicinity of the property, stable demand for lease is expected from singles who focus on the convenience of living.</p>
<p>(Note i) The asset to be acquired is a comparted ownership building, but the subject of the acquisition is all the comparted ownership of the property. Therefore, "Site area" is the area of land that is the object of the site right, and "Total floor area" is the total floor area of whole building.</p> <p>(Note ii) The figure described in the earthquake PML valuation report (level 2) prepared for each to-be-acquired asset created by Sompo Risk Management Inc. in January 2021.</p> <p>(Note iii) Appraisal date is December 31, 2020.</p> <p>(Note iv) The tenant details are those of the lease agreement (fixed rent) scheduled to be concluded between the master lessee and the seller as of the acquisition date for the purpose of leasing the entire property to the seller.</p>		

- (Note 1) “Location” is the indication of the residential address. In case there is no indication of the residential address, it is the building address under the lot address or the building location indicated in the registration items certificate (the lot number among such if there are multiple lot addresses). The same shall apply hereafter.
- (Note 2) “Building coverage ratio” and “Floor area ratio” are the designated building-to-land ratio and designated floor-area ratio provided in the city plan. The same shall apply hereafter.
- (Note 3) “Type” is the classification of the principal residential unit of the building, the studio type, the small family type or family type as described below. The same shall apply hereafter.

Studio type (housing mainly for single households)	Small family type (housing mainly for married-couple households and family households with an infant)	Family type (housing mainly for family households of 3 persons or more)
The exclusively owned area per residential unit contains at least 18m <sup>2</sup> , but less than 30m <sup>2</sup> and at least 20 rentable units per property.	The exclusively owned area per residential unit contains at least 30m <sup>2</sup> , but less than 60m <sup>2</sup> and at least 15 rentable units per property.	The exclusively owned area per residential unit contains at least 60m <sup>2</sup> per unit and at least 5 rentable units per property.

- (Note 4) “Total number of tenants” indicates the total number of tenants after the date of acquisition of the property by the Investment Corporation for the To-be acquired asset. In the case that a master lease contract has been or is scheduled to be concluded with a master lease company, “Total number of tenants” is indicated as “1.” The same shall apply hereafter.
- (Note 5) “Total Rent Income” is the sum of the monthly rent according to the lease agreements actually executed with the end tenants (the sum of rent and common area maintenance charges of the residents etc., provided, however, that in case the adjunct facilities fee such as car parking space usage fees are included in the lease agreements, it includes such fees) in the case that the master lease type is pass-through and is the monthly rent according to the lease agreements with rent insurance executed with master lease company (the sum of rent and common area maintenance charges of the residents etc., provided, however, that in case the adjunct facilities fee such as car parking space usage fees are included in the lease agreements, it includes such fees) in the case that the master lease type is rent insurance. Furthermore, the figures are rounded down to the nearest thousand yen. The same shall apply hereafter.
- (Note 6) “Security and Guarantee Deposit” is the sum of the security and guarantee deposits, etc. of each end tenant based on the lease agreement executed with each end tenant. However, in case there is a part for which returning is unnecessary due to special provision of deduction of security deposits, etc. in each lease agreement, it is the amount after the amount is deducted. In addition, the balance of the security and guarantee deposit, etc. based on the lease agreement with rent insurance executed with a master lease company is displayed in the case that the master lease type is rent insurance. However, it is the sum of pass-through security and guarantee deposits, etc. and rent insurance security and guarantee deposits, etc. in case agreement with a different master lease type has been executed. Furthermore, the figures are rounded down to the nearest thousand yen. The same shall apply hereafter.
- (Note 7) “Total Leased Units” is the number of leased residential units, where the lease agreements are actually executed with end tenants. The same shall apply hereafter.
- (Note 8) “Total Leased Area” is the leased floor area described in the lease agreements which are actually executed with end tenants. The same shall apply hereafter.
- (Note 9) “Total Leasable Area” is the floor area described in the lease agreements that is leasable at the to-be acquired asset (in case the to-be acquired asset contains more than one building, the sum of the leasable floor area of such buildings). The same shall apply hereafter.
- (Note 10) “Occupancy Ratio” is the ratio of the “Total Leased Areas” (based on the lease agreements) to the “Total Leasable Area” of the to-be acquired asset rounded to the first decimal place. The same shall apply hereafter.
- (Note 11) “Property Management Company” is the property management company scheduled to execute the property management agreement for the to-be acquired asset.
- (Note 12) “Master Lease Company” is the master lease company scheduled to execute the master lease agreement for the property.
- (Note 13) “Type of master lease” is described as following; “Pass through structure” in case of the conclusion of the master lease contract without rent guarantee, “Rent guarantee structure” in case of the conclusion of the master lease contract with rent guarantee, and “-” in case that the owner concludes lease contract with end-tenant directly or there’s no end-tenant.

#### 4. Overview of the To-be Sold Asset

##### (R-23) KDX Residence Sendagaya

Property name		KDX Residence Sendagaya
Type of assets		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust term		September 30, 2005 through August 31, 2023
Location (Address)		38-7, Sendagaya 3-chome, Shibuya-ku, Tokyo
Land	Type of ownership	Proprietary ownership
	Site area	348.09 m <sup>2</sup>

	Use districts	Commercial zone / Category 2 mid/high-rise oriented residential zone
	Building coverage ratio	80% / 60%
	Floor area ratio	500% / 300%
Building	Type of ownership	Proprietary ownership
	Total floor area	942.20 m <sup>2</sup>
	Construction completion	January 2007
	Usage	Apartment building
	Type	Small Family
	Structure /Number of stories	Reinforced concrete structure with flat roof / nine-story building
	Leasable number of units	16 units
Probable maximum loss		6.25% <sup>(i)</sup>
Date of Acquisition		August 7, 2013
Acquisition price		650,000 thousand
Appraisal value		870,000 thousand <sup>(ii)</sup>
Appraiser		Japan Real Estate Institute
Existence of security		None
Details of tenant		(as of November 30, 2020)
	Total number of tenants	1
	Total rental income	3,526 thousand
	Security and guarantee	5,215 thousand
	Total leased units	16 units
	Total leased area	748.96 m <sup>2</sup>
	Total leasable area	748.96 m <sup>2</sup>
	Occupancy ratio	100.0%
Other special considerations		None
(Note i) The figure described in the portfolio earthquake PML valuation report by Sompo Risk Management Inc. in January 2021.		
(Note ii) "Appraisal Date" is July 31, 2020.		

## 5. Seller and Buyer's Profile

### (1) Overview of seller

The seller of the To-be acquired asset is a business company in Japan, but details are not disclosed according to the seller's intention. The seller are not special related party of the Investment Corporation or the Asset Management Company.

### (2) Overview of Buyer

The buyer of the To-be sold asset is a business company in Japan, but details are not disclosed according to buyer's intention. The buyer are not special related party of the Investment Corporation or the Asset Management Company.

## 6. Profile of Property seller, etc.

Because the Acquisition is not a transaction with a related party of the Investment Corporation and the Asset Management Company, there are no applicable matters to be disclosed.

## 7. Details of Brokerage

### (1) Overview of the brokerage regarding the Acquisition

The details of brokerage are not disclosed according to the broker's intention. The broker are not special related party of the Investment Corporation or the Asset Management Company.

(2) Overview of the brokerage regarding the Sale

Company name	Toyo Real Estate Co., Ltd.
Location	1-28, Toranomom 1-chome, Minato-ku, Tokyo
Title and name of representative	Representative: Toshimitsu Funaoka
Description of business	1.Ownership, sale and lease of real estate 2.Management and use of real estate 3.Management and leasing of real estate on consignment 4.Real estate brokerage and appraisal 5.Consulting business related to real estate 6.Others
Capital	¥ 320 million (as of December 24, 2020)
Date of incorporation	April 30, 1986
Brokerage fee	Not disclosed according to the broker's intention
Relationship with the Investment Corporation or the Asset Management Company and the concerned company	
Capital relationship	There is no capital relationship to note between the Investment Corporation or the Asset Management Company and the concerned company as of today.
Personnel relationship	There is no special personnel relationship between the Investment Corporation or the Asset Management Company and the concerned company as of today.
Business relationship	There is no special business relationship between the Investment Corporation or the Asset Management Company and the concerned company as of today.
Applicability of related party relationship	The concerned company does not fall under the category of related parties of the Investment Corporation as of today.

8. Seismic Resistance

A structural calculation conformity judgment for the To-be acquired asset has been received from a designated structural calculation conformity assessment institution as specified in the amended Building Standards Act that became effective in June 2007.

9. Forecasts

There are no revisions to the operating forecasts of the Investment Corporation for the fiscal period ending January 2021 (the 18th fiscal period: August 1, 2020 to January 31, 2021), as the impact on the performance from the Transaction will be immaterial.

The Sale is expected to result in a gain on sale of ¥ 435 million for the period ending July 2021 (the 19th fiscal period: February 1, 2021 to July 31, 2021). A portion of this gain may be added to retained earnings, while the remaining balance will be distributed to unitholders.

In the result of taking into account the impact of the transaction and the adjustment of amount of reversal of retained earnings in addition to the current operating status of the properties owned, there are no revisions to the operating forecasts of the Investment Corporation for the fiscal period ending July 2021.



## 10. Appraisals Report Summary

Property Name	KDX Residence Ikebukuro West	
Appraisal Value	¥ 2,450,000,000	
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.	
Appraisal Date	December 31, 2020	
(Unit: Yen)		
Item	Content	Basis
Income Capitalization Approach Value	2,450,000,000	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	2,530,000,000	Assess by capitalizing the medium to long-term stable net income with the capitalization rate.
(1) Gross Operating Revenue	118,721,737	
Maximum Gross Operating Revenue	125,361,758	Assessed based on a level of fair rent considered to remain stable over the medium and long term.
Shortfall Attributed to Vacancies	6,640,021	Assessed based on the level of occupancy ratio that can be maintained stably over the medium and long term.
(2) Operating Expenses	20,977,936	
Maintenance Expenses	4,320,000	Assessed by reflecting the contract fee of similar properties and documents obtained from the client.
Utility Expenses	825,708	Assessed by reflecting the performance of similar properties.
Repair Expenses	1,372,286	Assessed with consideration of expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report.
Property Management Fees	2,064,105	Recognize an amount that reflects the expense levels of similar properties and documents obtained from the client.
Tenant Recruit Expenses, etc.	3,578,454	Assessed by reflecting the annual average amount based on the assumption turnover period of the lessee, with reference to the terms of the contract and the lease terms of similar properties,
Taxes and Dues	5,357,600	Assessed based on the fiscal 2020 tax base amount and the replacement value of the building.
Damage Insurance Fees	128,650	Assessed with consideration of the insurance premium rate at similar properties and documents obtained from the client.
Other Expenses	3,331,133	Assessed by using the contract amount and the actual amount of similar properties as reference, as the spot expenses, internet-related expenses, parking lot expenses in a separate area, and other reserve expenses, etc.
(3) Net Operating Income (NOI= (1)-(2))	97,743,801	
(4) Gain on guarantee deposit investment	95,425	Assessed income from investments by using an investment return of 1.0%.
(5) Capital Expenditure	1,708,128	Assessed taking into account the level of renewal capital expenditures at similar properties and consideration of CM fee in annual average renewal cost in the engineering report.
(6) Net Cash Flow (NCF=(3)+(4)-(5))	96,131,098	
(7) Capitalization Rate	3.8%	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	2,420,000,000	
Discount Rate	3.6%	Assessed by comprehensively taking into account the Property's unique characteristics, while reflecting investment returns of similar properties in transaction.
Terminal Capitalization Rate	4.0%	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	2,460,000,000	



	Land	72.2%	
	Building	27.8%	

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 / Anticipated Acquisition Price)

Property Name	KDX Residence Ikebukuro West
Appraisal NOI Cap Rate (rounded to the first decimal place)	4.4%

Property Name	KDX Residence Sendagaya	
Appraisal Value	¥870,000,000	
Appraiser	Japan Real Estate Institute	
Appraisal Date	July 31, 2020	
(Unit: Yen)		
Item	Content	Basis
Income Capitalization Approach Value	870,000,000	Estimated by treating equally the income capitalization approach value calculated using the Direct Capitalization method and the value calculated using the Discounted Cash Flow method.
Value Calculated Using the Direct Capitalization Method	884,000,000	Assess by capitalizing the medium to long-term stable net income with the capitalization rate.
(1) Gross Operating Revenue	44,579,000	
Maximum Gross Operating Revenue	47,828,000	Assessed based on a level of fair rent considered to remain stable over the medium and long term.
Shortfall Attributed to Vacancies	3,249,000	Assessed based on the level of occupancy ratio that can be maintained stably over the medium and long term.
(2) Operating Expenses	8,423,000	
Maintenance Expenses	1,716,000	.契約条件に基づく維持管理業務費、類似不動産の費用水準等を参考に査定
Utility Expenses	650,000	Assessed by reflecting the performance of similar properties.
Repair Expenses	906,000	Assessed with consideration of expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report.
Property Management Fees	1,075,000	Assessed by reflecting the compensation rate based on contract terms, those at similar properties, and other factors.
Tenant Recruit Expenses, etc.	1,680,000	Assessed by reflecting the terms of the contract and the lease terms of similar properties,
Taxes and Dues	2,318,000	Assessed based on the fiscal 2020 tax base amount, etc.
Damage Insurance Fees	44,000	Assessed by reflecting the insurance premiums based on the insurance contract, insurance premium rate at similar properties and other factors.
Other Expenses	34,000	Recorded CATV usage fee as other expenses.
(3) Net Operating Income (NOI=(1)-(2))	36,156,000	
(4) Gain on guarantee deposit investment	45,000	Assessed income from investments by using an investment return of 1.0%.
(5) Capital Expenditure	1,710,000	Assessed taking into account the level of capital expenditures at similar properties and the age of the property, assuming that an equal amount is added to a reserve in each fiscal period.
(6) Net Cash Flow (NCF=(3)+(4)-(5))	34,491,000	
(7) Capitalization Rate	3.9%	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	855,000,000	
Discount Rate	3.7%	Assessed by comprehensively taking into account the Property's unique characteristics, while reflecting investment returns of similar properties in transaction.
Terminal Capitalization Rate	4.1%	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	752,000,000	
Land	81.7%	
Building	18.3%	

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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## Attached Materials

Reference Material (1) Outline of Engineering Report of To-be Acquired Asset

Reference Material (2) Photos and Map of To-be Acquired Asset

Reference Material (3) List of Property Portfolio (as of February 5, 2021) (After the Transaction)

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

*[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) Outline of Engineering Reports of To-be Acquired Asset

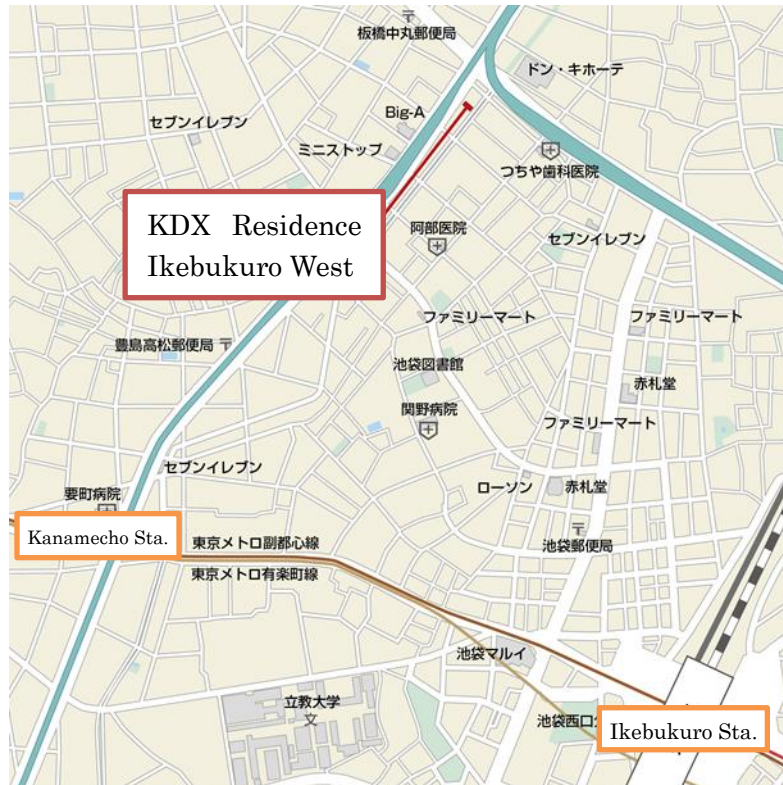
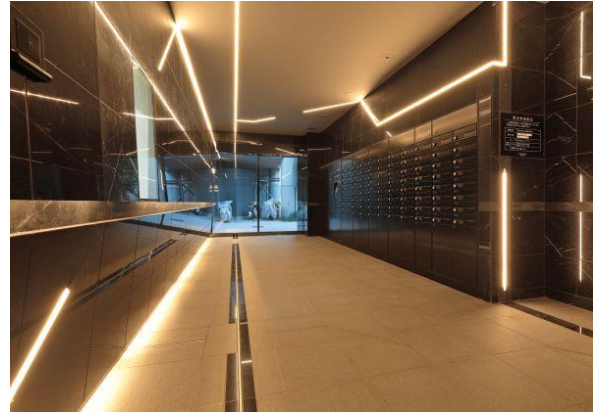
(Unit: Yen in thousand)

Property Name	KDX Residence Ikebukuro West
Investigation Company	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Investigation Date	January 2021
Repairs Maintenance and Renovation Expenses Expected to be Required within 12 Years	16,906
Unit-in-Place	593,100

※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
- analyses of the existence of hazardous substances and the soil environment
- estimates of the replacement cost

## Reference Material (2) Photos and Map of To-be Acquired Asset (T-96) KDX Residence Ikebukuro West



Reference Material (3) List of Property Portfolio (as of February 5, 2021) (After the transaction)

Area/ Property type	Property Name	(Anticipated) Acquisition Price (Thousands yen) <sup>(1)</sup>	Ratio <sup>(1)</sup>	Acquisition Date (Scheduled)
Residence/ Tokyo Metropolitan Area	KDX Daikanyama Residence	4,700,000	1.8	May 1, 2012
	KDX Odemma Residence	1,775,000	0.7	May 1, 2012
	KDX Iwamoto-cho Residence	822,000	0.3	May 1, 2012
	KDX Bunkyo Sengoku Residence	1,488,000	0.6	May 1, 2012
	KDX Azumabashi Residence	650,000	0.3	May 1, 2012
	KDX Shimura Sakaue Residence	2,830,000	1.1	May 1, 2012
	Cosmo Heim Motosumiyoshi <sup>(2)</sup>	2,080,000 <sup>(2)</sup>	0.8	April 26, 2012 November 2, 2020
	KDX Musashi Nakahara Residence	637,000	0.2	May 1, 2012
	KDX Chiba Chuo Residence	1,480,000	0.6	May 1, 2012
	KDX Kawaguchi Saiwai-cho Residence	1,150,000	0.4	May 1, 2012
	KDX Residence Shirokane I	3,000,000	1.2	August 7, 2013
	KDX Residence Shirokane II	2,800,000	1.1	August 7, 2013
	KDX Residence Minami-aoyama	2,230,000	0.9	August 7, 2013
	KDX Residence Minami-azabu	2,080,000	0.8	August 7, 2013
	KDX Residence Shiba Koen	1,781,000	0.7	August 7, 2013
	KDX Residence Azabu East	1,560,000	0.6	August 7, 2013
	KDX Residence Takanawa	770,000	0.3	August 7, 2013
	KDX Residence Nishihara	1,450,000	0.6	August 7, 2013
	KDX Residence Daikanyama II	730,000	0.3	August 7, 2013
	KDX Residence Sendagaya			August 7, 2013
	KDX Residence Nihombashi Suitengu	3,240,000	1.3	August 7, 2013
	KDX Residence Nihombashi Hakozaki	1,147,000	0.4	August 7, 2013
	KDX Residence Higashi-shinjuku	3,270,000	1.3	August 7, 2013
	KDX Residence Yotsuya	2,260,000	0.9	August 7, 2013
	KDX Residence Nishi-shinjuku	1,000,000	0.4	August 7, 2013
	KDX Residence Kagurazaka	720,000	0.3	August 7, 2013
	KDX Residence Futako Tamagawa	1,250,000	0.5	August 7, 2013
	KDX Residence Komazawa Koen	920,000	0.4	August 7, 2013
	KDX Residence Misyuku	760,000	0.3	August 7, 2013
	KDX Residence Yoga	700,000	0.3	August 7, 2013
	KDX Residence Shimouma	600,000	0.2	August 7, 2013
	Raffine Minami-magome	1,250,000	0.5	August 7, 2013
	KDX Residence Yukigaya Otsuka	1,050,000	0.4	August 7, 2013
KDX Residence Denen Chofu	1,000,000	0.4	August 7, 2013	
KDX Residence Tamagawa	776,000	0.3	August 7, 2013	
KDX Residence Monzennakacho	773,000	0.3	August 7, 2013	
KDX Residence Okachimachi	850,000	0.3	August 7, 2013	



Residence/ Tokyo Metropolitan Area	KDX Residence Moto-asakusa	800,000	0.3	August 7, 2013
	KDX Residence Itabashi Honcho	620,000	0.2	August 7, 2013
	KDX Residence Azusawa	550,000	0.2	August 7, 2013
	KDX Residence Tobu Nerima	420,000	0.2	August 7, 2013
	KDX Residence Yokohama Kannai	800,000	0.3	August 7, 2013
	KDX Residence Miyamaedaira	999,000	0.4	August 7, 2013
	KDX Residence Machida	1,800,000	0.7	August 7, 2013
	KDX Residence Kinshicho	1,350,000	0.5	March 28, 2014
	KDX Residence Nihombashi Hamacho	996,000	0.4	August 7, 2014
	KDX Residence Nihombashi Ningyocho	530,000	0.2	August 7, 2014
	KDX Residence Jiyugaoka	1,268,000	0.5	August 7, 2014
	KDX Residence Togoshi	3,745,000	1.4	August 7, 2014
	KDX Residence Shinagawa Seaside	2,593,000	1.0	August 7, 2014
	KDX Residence Ojima	1,857,000	0.7	August 7, 2014
	KDX Residence Oyama	2,679,000	1.0	August 7, 2014
	KDX Residence Hanzomon	4,832,000	1.9	February 5, 2015
	B-Site Akihabara	850,000	0.3	February 5, 2015
	KDX Residence Kagurazaka Dori	1,360,000	0.5	February 5, 2015
	KDX Residence Sendagi	2,200,000	0.9	February 5, 2015
	KDX Residence Seijo	1,400,000	0.5	February 5, 2015
	KDX Residence Akihabara	1,250,000	0.5	February 5, 2015
	KDX Residence Iriya	1,062,000	0.4	February 5, 2015
	KDX Residence Tachikawa	3,026,200	1.2	February 5, 2015
	KDX Residence Tsurumi	1,050,000	0.4	February 5, 2015
	KDX Residence Morishita Chitose	1,100,000	0.4	June 1, 2015
	KDX Residence Akasaka	1,150,000	0.4	September 30, 2015
	KDX Residence Kanda	700,000	0.3	September 30, 2015
	KDX Residence Ebisu	2,845,000	1.1	October 30, 2015
	KDX Residence Nishi-magome	1,130,000	0.4	August 30, 2016
	KDX Residence Nishi-azabu	1,224,000	0.5	August 1, 2016
	KDX Residence Azabu Sendaizaka	792,300	0.3	August 1, 2016
	KDX Residence Waseda Tsurumaki	561,000	0.2	August 1, 2016
	KDX Residence Bunkyo Yushima	695,000	0.3	August 1, 2016
KDX Residence Kamishakujii	648,000	0.3	August 1, 2016	
KDX Residence Shin-otsuka	764,000	0.3	November 1, 2016	
KDX Residence Sakurajosui	894,000	0.3	November 1, 2016	
KDX Residence Ryogoku	842,000	0.3	November 1, 2016	
KDX Residence Toyosu	7,500,000	2.9	August 22, 2017	
KDX Residence Asagaya	1,930,000	0.7	August 2, 2018	

	KDX Residence Hiyoshi	2,635,300	1.0	August 2, 2018
	KDX Residence Kamikitazawa	1,360,000	0.5	February 1, 2019
	KDX Residence Kaminoge	1,111,000	0.4	February 1, 2019
	KDX Residence Higashi-Asakusa	687,730	0.3	February 21, 2019
	KDX Residence Nishi-Funabashi	975,350	0.4	September 17, 2019
	KDX Residence Hatagaya	2,500,000	1.0	February 27, 2020
	KDX Residence Asagaya II	939,400	0.4	October 29, 2019
	KDX Residence Gakugeidaigaku	750,000	0.3	February 27, 2020
	KDX Residence Kamata-minami	1,918,300	0.7	March 2, 2020
	KDX Residence Kichijoji	621,000	0.2	March 13, 2020
	KDX Residence Mitaka	2,530,000	1.0	June 30, 2020
	KDX Residence Nakanobu	830,000	0.3	August 3, 2020
	KDX Residence Ichikawa	840,000	0.3	September 24, 2020
	KDX Residence Hatchobori	3,000,000	1.2	September 30, 2020
	KDX Residence Nakaitabashi	1,736,432	0.7	September 30, 2020
	KDX Residence Shonandai	1,500,000	0.6	November 2, 2020
	KDX Residence Ikebukuro West	2,237,796	0.9	January 29, 2021
	92 properties subtotal	142,570,808	55.1	
Residence/ Other Regional Areas	KDX JozenjiDori Residence	1,015,000	0.4	May 1, 2012
	KDX Izumi Residence	1,120,000	0.4	May 1, 2012
	KDX Chihaya Residence	1,080,000	0.4	May 1, 2012
	KDX Sakaisuji Hommachi Residence	2,910,000	1.1	May 1, 2012
	KDX Takarazuka Residence	1,510,000	0.6	May 1, 2012
	KDX Shimizu Residence	1,680,000	0.6	May 1, 2012
	KDX Residence Odori Koen	765,000	0.3	August 7, 2013
	KDX Residence Kikusui Yojo	830,000	0.3	August 7, 2013
	KDX Residence Toyohira Koen	445,000	0.2	August 7, 2013
	KDX Residence Ichiban-cho	530,000	0.2	August 7, 2013
	KDX Residence Higashi-sakura I	2,350,000	0.9	August 7, 2013
	KDX Residence Higashi-sakura II	900,000	0.3	August 7, 2013
	KDX Residence Jingumae	840,000	0.3	August 7, 2013
	KDX Residence Nishi-oji	813,000	0.3	August 7, 2013
	KDX Residence Saiin	440,000	0.2	August 7, 2013
	KDX Residence Namba	1,410,000	0.5	August 7, 2013
	KDX Residence Namba-minami	1,350,000	0.5	August 7, 2013
	KDX Residence Ibaraki I・II	1,275,000	0.5	August 7, 2013
	KDX Residence Toyonaka-minami	740,000	0.3	August 7, 2013
	KDX Residence Moriguchi	551,000	0.2	August 7, 2013
KDX Residence Sannomiya	1,080,000	0.4	August 7, 2013	
Ashiya Royal Homes	1,360,000	0.5	August 7, 2013	
KDX Residence Funairi Saiwai-cho	588,000	0.2	August 7, 2013	

	KDX Residence Tenjin-higashi II	680,000	0.3	August 7, 2013
	KDX Residence Nishi Koen	763,000	0.3	August 7, 2013
	KDX Residence Hirao Josui-machi	760,000	0.3	August 7, 2013
	Leopalace Flat Shin-sakae	3,500,000	1.4	November 28, 2014
	KDX Residence Konan Yamate	973,000	0.4	November 14, 2014
	KDX Residence Hommachibashi	3,201,000	1.2	December 18, 2014
	KDX Residence Minami-kusatsu	1,974,666	0.8	February 5, 2015
	KDX Residence Ohori Harbor View Tower	4,606,296	1.8	February 5, 2015
	KDX Residence Minami-sanjo	915,000	0.4	September 30, 2015
	Serenite Kita-kyuhoji	1,290,740	0.5	October 27, 2015
	Serenite Nishinomiya Hommachi	617,048	0.2	December 1, 2016
	KDX Residence Nishijin	1,600,000	0.6	August 1, 2017
	Serenite Kobe Motomachi	2,390,000	0.9	August 2, 2018
	KDX Residence Shukugawa Hills	6,884,800	2.7	August 2, 2018
	KDX Residence Sendai Station East	1,340,000	0.5	February 27, 2020
	38 properties subtotal	57,077,551	22.1	
	Residential 130 properties total	199,648,359	77.1	
Healthcare Facility	Irise Kamata/Yuseien	1,120,000	0.4	March 1, 2018
	Nichii Home Nakano-Minamidai	1,780,000	0.7	March 1, 2018
	Joy Stage Hachioji	3,690,000	1.4	March 1, 2018
	Yuimaru Hijirigaoka	1,120,000	0.4	March 1, 2018
	Nichii Home Tama Plaza	2,940,000	1.1	March 1, 2018
	Ten	2,630,000	1.0	March 1, 2018
	Irise Nishioka	858,000	0.3	March 1, 2018
	Izarie Eniwa Building	1,660,000	0.6	March 1, 2018
	Sawayaka Sakura Nibankan	989,000	0.4	March 1, 2018
	Activa Biwa	6,560,000	2.5	March 1, 2018
	Sompo Care LAVIERE Kobe Tarumi	2,110,000	0.8	March 1, 2018
	Rihabili-home Granda Mondo Yakujin	1,253,000 <sup>(2)</sup>	0.5	March 1, 2018 November 2, 2020
	Excellent Nishinomiya	971,000	0.4	March 1, 2018
	Gran Hills Ogawarako	1,380,000	0.5	March 1, 2018
	Excellent Kitano	737,000	0.3	July 6, 2018
	Anesis Teradacho	3,490,000	1.3	August 2, 2018
	Rococo-riha	2,100,000	0.8	August 2, 2018
	Orage Suma	2,810,000	1.1	August 2, 2018
	Canadian Hill	1,830,000	0.7	August 2, 2018
	Anesis Hyogo	1,420,000	0.5	August 2, 2018
Plaisant Grand Ota tamagawa	3,057,630	1.2	September 28, 2018	

	Tsukui Sun-shine Machida	6,934,600	2.7	March 1, 2019
	Serabi Ebisu	1,690,000	0.7	June 3, 2019
	Arute Ishiyagawa	1,061,000	0.4	June 3, 2019
	Healthcare 24 properties subtotal	54,191,230	20.9	
Accommodation	HOTEL LiVEMAX Tokyo-Otsuka-Ekimae	2,390,000	0.9	March 2, 2020
	HOTEL LiVEMAX Yokohamaeki-Nishiguchi	2,570,000	1.0	March 2, 2020
	Accommodation 2 properties subtotal	4,960,000	1.9	
	156 properties total	258,799,589	100.0	

(Note 1) Any fraction of the acquisition price less than one thousand yen is rounded down, and the ratios are rounded off to the first decimal place.

(Note 2) The total of the acquisition price at the time of initial acquisition and the acquisition (planned) price at the time of additional acquisition is described.