

October 30, 2015

To All Concerned Parties

REIT Issuer:
Kenedix Residential Investment Corporation
Representative: Akira Tanaka, Executive Director
(Securities Code Number: 3278)

Asset Management Company:
Kenedix Real Estate Fund Management, Inc.
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Notice Concerning Acquisition Settlement of Property (KDX Residence Ebisu)

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

Property Number	Property Name ^(Note 1)	Location (city or ward, prefecture)	Type of Assets	Acquisition Price (in thousands of yen) ^(Note 2)
T-68	KDX Residence Ebisu	Shibuya-ku, Tokyo	Trust beneficiary interest in real estate	2,845,000

(Note1) The Investment Corporation has decided to change the name of the acquired asset in conjunction with the acquisition of the acquired assets, and the name of the acquired asset is after change have been made.

(Note2) “Acquisition Price” is the sales amount of trust beneficiary interest (excluding acquisition costs, property tax, city planning tax or consumption tax, etc.) indicated in trust beneficiary interest sales contract concerning the acquired asset and is rounded down to the nearest thousand yen.

For details of the acquired asset above, please refer to the press release “Notice Concerning Acquisition of Properties (Total of 4 Residential Properties)” dated September 28, 2015.

Attached Materials

Reference Material (1) Appraisals Reports Summary

Reference Material (2) Outline of Engineering Reports

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

Reference Material (1) Appraisal Reports Summary

Property Name	KDX Residence Ebisu
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Appraisal Value	¥3,460,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	October 1, 2015

(Unit: Yen)

Item	Content	Basis
Income Capitalization Approach Value	3,460,000,000	Estimate by treating equally the value calculated using the Direct Capitalization method and the Value Calculated Using the Discounted Cash Flow method.
Value Calculated Using the Direct Capitalization Method	3,520,000,000	Assess by using the cap rate based on medium to long-term stable net income
(1) Gross Operating Revenue	179,291,000	
Maximum Gross Operating Revenue	187,141,000	Assess based on a level of fair rent that is believed to remain stable over the medium and long term
Shortfall Attributed to Vacancies	7,850,000	Assess based on the premise of an occupancy ratio that can be maintained over the medium and long term
(2) Operating Expenses	25,832,000	
Maintenance Expenses	2,500,000	Assess by reflecting the scheduled administrative and maintenance expenses, the level of expenses at similar properties, and other factors
Utility Expenses	1,000,000	Assess by reflecting the performance of similar properties
Repair Expenses	1,803,000	Assess using expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report and other factors
Property Management Fees	3,104,000	Assess by reflecting the expected compensation rate, compensation rates at similar properties, and other factors
Tenant Recruit Expenses, etc.	7,524,000	Recognize the average annual amount that was determined based on the anticipated turnover period of the tenant
Taxes and Dues	9,106,000	Recognize an amount based on the fiscal 2015 tax base amount, etc.
Damage Insurance Fees	257,000	Recognize an amount that reflects the insurance premium rate at similar properties and other factors
Other Expenses	538,000	Recognize the internet service fee, etc.
(3) Net Operating Income (NOI=(1)-(2))	153,459,000	
(4) Gain on guarantee deposit investment	437,000	Assess income from investments by using an investment return of 2.0%
(5) Capital Expenditure	2,440,000	Assuming that an equal amount is added to a reserve in each fiscal period, assess by taking into account the level of capital expenditures at similar properties, the age of the property
(6) Net Cash Flow (NCF=(3)+(4)-(5))	151,456,000	
(7) Capitalization Rate	4.3%	Assess by taking into account the property's location, the characteristics of the building and other characteristics
Value Calculated Using the Discounted Cash Flow Method	3,390,000,000	
Discount Rate	4.1%	While reflecting investment returns of similar properties, assess by taking into account the property's unique characteristics
Terminal Capitalization Rate	4.5%	While reflecting returns associated with acquisitions of similar properties, assess by 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 rent rates, and all other applicable factors
Value Calculated Using the Cost Method	3,330,000,000	
Land	73.1%	
Building	26.9%	

Items applied to adjustments in approaches to the value and the determination of the appraisal value	Use the Income Capitalization Approach Value with the Value Calculated Using the Cost Method used only for reference if the decision is made that the Income Capitalization Approach Value is more persuasive because the price determination process has been
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	accurately reproduced with respect to earnings.
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※Reference (Appraisal NOI Cap Rate=NOI above described /Acquisition Price)

Property Name	KDX Residence Ebisu
Appraisal NOI Cap Rate (rounded to the first decimal place)	5.4%

(Note) Appraisal Reports Summary after the completion of the property is described. In the press release “Notice Concerning Acquisition of Properties (Total of 4 Residential Properties)” on September 28, 2015, “appraisal for non-completed buildings etc.” was described since the building was under construction.

Reference Material (2) Outline of Engineering Reports

(Unit: Yen in thousand)

Property Name	T-68 KDX Residence Ebisu
Investigation Company	Tokio Marine & Nichido Risk Consulting Co., Ltd.
Investigation Date	October 2015
Repairs Maintenance and Renovation Expenses Required over the Next Year	0
Repairs Maintenance and Renovation Expenses Expected to be Required within 2-12 Years	17,121
Unit-in-Place	814,900

※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