

March 13, 2020

To All Concerned Parties

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

Asset Management Company
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Notice Concerning Acquisition Settlement of Property (KDX Residence Kichijoji)

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-89	KDX Residence Kichijoji	Musashino-shi, Tokyo	Trust beneficiary interest in real estate	621,000

(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 and Conclusion of Lease Contracts with New Tenants (Total of 5 Residential Properties and 2 Accommodations)” announced on February 10, 2020.

The Investment Corporation has obtained an Appraisal report as of March 6, 2020 and an Engineering Report, in line with the completion of KDX Residence Kichijoji, 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 Kichijoji
Appraisal Value	¥ 650,000,000
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal Date	March 6, 2020

(Unit: Yen)

Item	Content	Basis
Income Capitalization Approach Value	650,000,000	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	666,000,000	Assess by using the cap rate based on medium to long-term stable net income
(1) Gross Operating Revenue	34,087,076	
Maximum Gross Operating Revenue	35,269,692	Assess based on a level of fair rent that is believed to remain stable over the medium and long term
Shortfall Attributed to Vacancies	1,182,616	Assess based on the premise of an occupancy ratio that can be maintained over the medium and long term
(2) Operating Expenses	6,397,540	
Maintenance Expenses	1,604,921	Assess using the agreement of PM (draft), the level of expenses at similar properties and other factors
Utility Expenses	239,540	Assess using expenses at similar properties and other factors
Repair Expenses	621,853	Assessed using expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report, and other factors.
Property Management Fees	586,510	Assess based on the agreement of PM (draft)
Tenant Recruit Expenses, etc.	1,111,286	Assess by reflecting the rental condition at similar properties and the agreement of PM (draft)
Taxes and Dues	1,687,500	Recognize an amount based on the fiscal 2019 tax base amount, etc.
Damage Insurance Fees	34,624	Recognize an amount that reflects the insurance brochure
Other Expenses	511,306	Recognize an amount that reflects the expense levels at similar properties and other factors.
(3) Net Operating Income (NOI= (1)-(2))	27,689,536	
(4) Gain on guarantee deposit investment	26,142	Assess income from investments by using an investment return of 1.0%
(5) Capital Expenditure	427,500	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))	27,288,178	
(7) Capitalization Rate	4.1%	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	643,000,000	
Discount Rate	4.2%	While reflecting investment returns of similar properties, assess by taking into account the property's unique characteristics
Terminal Capitalization Rate	4.3%	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	733,000,000	
Land	72.0%	
Building	28.0%	

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 accurately reproduced with respect to earnings.
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※Reference (Appraisal NOI Cap Rate=NOI above described /Acquisition Price)

Property Name	KDX Residence Kichijoji
Appraisal NOI Cap Rate (rounded to the first decimal place)	4.5%

Reference Material (2) Engineering Report Summary

(Unit: Yen in thousand)

Property Name	KDX Residence Kichijoji
Investigation Company	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Investigation Date	March 2020
Repairs Maintenance and Renovation Expenses Expected to be Required within 12 Years	7,148
Replacement Value	171,400

※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

