

February 15, 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 Issuance of New Investment Units and Secondary Offering

Kenedix Residential Next Investment Corporation (the “Investment Corporation”) announced today that it resolved at the Board of Directors’ meeting held on February 15, 2021 to issue new investment units and to conduct a secondary offering. Details are as follows.

1. Issuance of new investment units through public offering (the public offering)

- (1) Total number of units to be offered : 42,500 units
- (2) Issue price (offer price) : To be determined
(The issue price (offer price) shall be determined at the Board of Directors’ meeting to be held on any of the days between February 18, 2021 (Thursday) to February 24, 2021 (Wednesday) (the “Pricing Date”) , after taking into account demand conditions and other factors with using a tentative price (rounding down to the nearest yen) obtained by multiplying the closing price of the investment units of the Investment Corporation in regular trading on the Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) on the Pricing Date (when there is no closing price on that day, then the closing price on the day immediately preceding that day) by a number between 0.90 to 1.00.)
- (3) Amount to be paid in (issue amount) : To be determined
(The amount to be paid in (issue amount) shall be determined at the Board of Directors’ meeting to be held on the Pricing Date. The amount to be paid in (issue amount) means the amount of money the Investment Corporation receives from the underwriters mentioned in (5) below, as the amount to be paid in per investment unit.)
- (4) Total amount to be paid in (issue amount) : To be determined
- (5) Offering method : Investment units shall be offered through the public offering in Japan and all investment units for the Public Offering shall be purchased and underwritten by SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Daiwa Securities Co., Ltd. and Tokai Tokyo Securities Co., Ltd.(collectively referred to as the “Underwriters”). SMBC Nikko Securities Inc., Mizuho Securities Co., Ltd. and Nomura Securities Co., Ltd. shall be the joint lead managers.
- (6) Details of underwriting agreement : The Underwriters shall pay the Investment Corporation the total amount to be paid in (issue amount) on the payment date stated in (10) below, and the difference between the total amount of issue price (offer price) and the total amount to be paid (issue amount) in the public offering shall be the proceeds of

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Underwriters. The Investment Corporation shall not pay an underwriting commission to the Underwriters.

- (7) Subscription unit : One or more units in multiples of one unit
- (8) Subscription period : The business day following the Pricing Date
- (9) Period for credit of application margin : Beginning of the business day immediately following the Pricing Date and ending on the second business day immediately following the Pricing Date.
- (10) Payment date : Any of the days between February 25, 2021 (Thursday) and March 2, 2021 (Tuesday), which shall be fourth business day after the Pricing Date.
- (11) Delivery date : The business day following the Payment Date.
- (12) The issue price (offer price), the amount to be paid in (issue amount), and other matters necessary for the issuance of new investment units through the public offering shall be determined at a Board of Directors' meeting to be held in the future.
- (13) Each provision above shall be subject to the condition that the filing under the Financial Instruments and Exchange Act takes effect.

2. Secondary offering of investment units (over-allotment)

- (1) Seller and total number of units to be sold : SMBC Nikko Securities Inc. 2,125 units
The above number of investment units to be sold, is the number of investment units to be sold by secondary offering through over-allotment performed by SMBC Nikko Securities Inc., the lead manager of the clerical work of the public offering, in consideration of demand condition for the public offering and other factors.
The above number of investment units to be sold is the maximum number of investment units to be sold in the secondary offering through over-allotment, and the number may decrease or the secondary offering through over-allotment itself may not take place at all depending on the condition of demand and other factors. The number of investment units to be sold shall be determined at a Board of Directors' meeting to be held on the Pricing Date, taking into consideration the condition of demand for the public offering and other factors.
- (2) Selling price : To be determined
(The price shall be determined at the Board of Directors' meeting to be held on the Pricing Date. Furthermore, the selling price shall be the same price as the issue price (offer price) for the public offering.)
- (3) Total amount of selling price : To be determined
- (4) Offering method : SMBC Nikko Securities Inc. shall conduct a secondary offering of the Investment Corporation's investment units, which it shall borrow from Kenedix, Inc. (the "designated purchaser") up to a maximum of 2,125 units (the "Borrowed Investment Units") at the time of the public offering but separately from the public offering, taking into consideration the condition of demand for the public offering and other factors.
- (5) Subscription unit : One or more units in multiples of one unit
- (6) Period for credit of application margin : Same as period for credit of application margin for the public offering
- (7) Subscription period : Same as the subscription period for the public offering.
- (8) Delivery date : Same as the delivery date for the public offering.
- (9) This secondary offering through over-allotment shall be canceled upon the cancelation of the public offering.
- (10) The selling price and other matters necessary for the secondary offering through over-allotment shall be determined at a Board of Directors' meeting to be held in the future.
- (11) Each provision above shall be subject to the condition that the filing under the Financial Instruments and Exchange Act takes effect.

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3. Issuance of new investment units through third-party allotment (the third-party allotment)

- (1) Total number of units to be offered : 2,125 units
- (2) Amount to be paid in (issue amount) : To be determined
(The amount to be paid in (issue amount) shall be determined at the Board of Directors' meeting to be held on the Pricing Date. Furthermore, the amount to be paid in (issue amount) shall be the same as the amount to be paid in (issue amount) for the public offering.)
- (3) Total amount to be paid in (issue amount) : To be determined
- (4) Allottee : SMBC Nikko Securities Inc.
- (5) Subscription unit : One or more units in multiples of one unit
- (6) Subscription period (subscription date) : March 8, 2021 (Monday)
- (7) Payment date : March 9, 2021 (Tuesday)
- (8) If there is no subscription for investment units to be offered during the subscription period (subscription date) mentioned in (6), the issuance of such investment units shall be canceled.
- (9) The amount to be paid in (issue amount) and other items required for the issuance of new investment units through the Third-Party Allotment shall be determined at a Board of Directors' meeting to be held in the future.
- (10) The issuance of new investment units through the third-party allotment shall be canceled upon the cancelation of the issuance of new investment units through the public offering.
- (11) Each provision above shall be subject to the condition that the filing under the Financial Instruments and Exchange Act takes effect.

<Reference>

1. Details of the secondary offering through over-allotment

- (1) The secondary offering in Japan (secondary offering via over-allotment) may be conducted with SMBC Nikko Securities Inc., the lead manager of clerical work of the public offering, borrowing from the designated purchaser, the unitholder of the Investment Corporation, up to a maximum amount of 2,125 units, in conjunction with the public offering but separately from the public offering, taking demand condition and other factors into consideration. The number of investment units to be sold by the secondary offering through over-allotment is the maximum number of units to be sold and, depending on the demand conditions and other factors, this number may decrease, or the secondary offering through over-allotment itself may be canceled. In connection with the secondary offering through over-allotment, the Investment Corporation resolved at the Board of Directors' meeting held on February 15, 2021 (Monday) that the Investment Corporation will issue 2,125 investment units through the third-party allotment to SMBC Nikko Securities Inc. as an allottee with the payment date of March 9, 2021 (Tuesday) so that SMBC Nikko Securities can return the Borrowed Investment Units.

Furthermore, SMBC Nikko Securities Inc. may also purchase investment units on the Tokyo Stock Exchange up to the number of investment units sold by over-allotment ("Syndicate Cover Transactions") to return the Borrowed Investment Units. All investment units purchased by SMBC Nikko Securities Inc. through Syndicate Cover Transactions shall be used to return the Borrowed Investment Units. Such Syndicate Cover Transactions would be made during the period beginning on the day immediately following the subscription period for the public offering and secondary offering through over-allotment and ending on March 5, 2021 (Friday) ("the Syndicate Cover Transaction Period"). At its discretion during the Syndicate Cover Transaction Period, SMBC Nikko Securities Inc. may not conduct any Syndicate Cover Transactions or may terminate any Syndicate Cover Transactions before the number of investment units purchased reaches the number of investment units sold in the secondary offering through over-allotment.

In addition, SMBC Nikko Securities Inc. may conduct stabilizing transactions in connection with the public

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offering and secondary offering through over-allotment. The investment units purchased through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Investment Units.

SMBC Nikko Securities Inc. plans to acquire the new investment units through the third-party allotment, the number of which shall be calculated by deducting the number of investment units purchased through stabilizing transactions and Syndicate Cover Transactions that are to be used to return the Borrowed Investment Units, from the number of investment units sold in the second offering through over-allotment. Accordingly, the subscription may not be made for all or a part of the investment units planned to be issued through the third-party allotment, and as a result the final number of investment units to be issued through the third-party allotment may decrease or the entire issuance through the third-party allotment may be cancelled due to the forfeiture of the subscription rights.

Whether or not the secondary offering through over-allotment will be conducted and the number of investment units to be sold in the secondary offering will be determined on the Pricing Date. If the secondary offering through over-allotment does not take place, SMBC Nikko Securities Inc. will not borrow investment units from the designated purchaser. Consequently, SMBC Nikko Securities Inc. would not subscribe for the third-party allotment and the issuance of new investment units through the third-party allotment would not be conducted at all due to the forfeiture. Syndicate Cover Transaction at the Tokyo Stock Exchange would not be conducted either.

- (2) The transactions in (1) above will be conducted by SMBC Nikko Securities Inc. in consultation with Mizuho Securities Co., Ltd. and Nomura Securities Co., Ltd.

2. Change in the total number of investment units outstanding after the issuance of the new investment units

Total number of investment units outstanding at present	951,258 units	
Increase in investment units following the issuance of new investment units in the public offering	42,500 units	
Total number of investment units outstanding following the issuance of new investment units in the public offering	993,758 units	
Increase in investment units following the issuance of new investment units through the third-party allotment	2,125 units	(Note)
Total number of investment units outstanding following the issuance of new investment units through the third-party allotment	995,883 units	(Note)

(Note) These figures are based on the assumption that the new investment units to be issued by the third-party allotment are all subscribed for by SMBC Nikko Securities Inc. and issued.

3. Purpose and reason for issuance

The Investment Corporation plans to acquire new specified assets (as defined in Article 2.1 of the Act on Investment Trusts and Investment Corporations, the same applies hereinafter) to enhance stability of its profit through progressed expansion and diversification of portfolio assets, and has decided to procure funds through the issuance of new investment units after considering the fund procurement method for acquiring the new specified assets with taking into account market trends, financial soundness, liquidity of investment units and impact on the level of dividend per unit.

4. Amount to be procured, Use of proceeds and scheduled expenditure date

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- (1) Amount of funds to be procured (approximate net proceeds)
¥ 7,666,000,000 (maximum)

(Note) This amount indicates the sum of the proceeds from the public offering of ¥7,301,000,000 and the maximum proceeds from the issuance of new investment units through the third-party allotment of ¥ 365,000,000. In addition, the above-mentioned amount is an estimated amount calculated based on the closing price for regular trading of the Investment Corporation's investment unit at the Tokyo Stock Exchange as of January 29, 2021 (Friday).

- (2) Details on the use of funds to be procured and scheduled expenditure date
The proceeds from the public offering (¥7,301,000,000) and the maximum proceeds from the issuance of new investment units through the third-party allotment (¥365,000,000) will be allocated to a part of the funds for acquisition of the specified assets in "Notice Concerning Acquisition of Properties and Conclusion of Lease Contracts with New Tenants (Total of 4 Residential Properties and 2 Healthcare Facilities)" announced on today, and the remaining, if any, will be kept as cash on hand and allocated to future acquisitions of specified assets or repayment of borrowings.

(Note) The proceeds will be deposited into bank accounts until spending.

5. Designation of party to receive allocation

The Underwriters plan to sell 6,375 units among the investment units subject to the public offering to the designated purchaser, which is a purchaser designated by the Investment Corporation.

6. Future Outlook

Please refer to the press release "Notice Concerning Revisions to Operating Forecasts for the Fiscal Period Ended January 31, 2021 and Revisions to Operating Forecasts and Cash Distribution Forecasts for the Fiscal Period Ending July 31, 2021, and Announcements of Operating Forecasts and Cash Distribution Forecasts for the Fiscal Period Ending January 31, 2022" announced on today.

7. Management results and status of equity finance for the three most recent fiscal periods

- (1) Management results for the three most recent fiscal periods ^(Note 1)

	Fiscal period ended July 2019	Fiscal period ended January 2020	Fiscal period ended July 2020
Net income per unit ⁽²⁾	¥ 4,142	¥ 3,981	¥ 4,028
Distribution per unit	¥ 4,063	¥ 4,064	¥ 4,065
Actual distribution payout ratio ⁽³⁾	98.5%	102.1%	101.5%
Net assets per unit	¥ 130,630	¥ 130,584	¥ 133,988

(Note 1) As the financial results for the fiscal period ended January 2021 have not been determined as of the date of this document, the fiscal periods ended July 2019, January 2020 and July 2020 are indicated as comparable fiscal periods in "(1) Management results for the three most recent fiscal periods".

(Note 2) Net income per unit is calculated by dividing net income by day-weighted average number of investment units during the period.

(Note 3) Actual distribution payout ratio is calculated by the following. The figures are rounded off to the first decimal place.

Actual distribution payout ratio = total amount of distribution (excluding distribution in excess of earnings) / net income × 100

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(2) Status of current investment unit prices

i) Status for the three most recent fiscal periods

	Fiscal period ended January 2020	Fiscal period ended July 2020	Fiscal period ended January 2021
Opening price	¥ 192,600	¥ 212,300	¥ 193,300
Highest price	¥ 226,000	¥ 218,400	¥ 199,000
Lowest price	¥ 188,700	¥ 100,000	¥ 165,700
Closing price	¥ 215,200	¥ 193,300	¥ 182,100

② ii) Status for the most recent six months

	September 2020	October	November	December	January 2021	February
Opening price	¥ 188,600	¥ 185,900	¥ 168,300	¥ 179,100	¥ 189,300	¥ 182,500
Highest price	¥ 190,700	¥ 186,800	¥ 179,600	¥ 190,200	¥ 189,600	¥ 189,800
Lowest price	¥ 174,100	¥ 168,700	¥ 165,700	¥ 172,100	¥ 177,200	¥ 177,200
Closing price	¥ 185,900	¥ 170,700	¥ 178,100	¥ 189,500	¥ 182,100	¥ 189,000

(Note) The investment unit price of February 2021 is the price as of February 12, 2021.

iii) Investment unit price on the business day immediately prior to the issuance resolution date

	February 12, 2021
Opening price	¥ 188,000
Highest price	¥ 189,800
Lowest price	¥ 186,800
Closing price	¥ 189,000

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(3) Status of equity finance during the three most recent fiscal periods

Public Offering

Issue date	February 26, 2020
Procured amount	¥ 8,818,779,600 (approximate net proceeds)
Issue amount	¥ 201,342 per unit
Number of investment units issued and outstanding before the offering	907,458 units
Number of investment units issued through public offering	43,800 units
Total number of investment units issued and outstanding after the offering	951,258 units
Initial use of funds at the time of issuance	The amount is to be used as a part of the acquisitions, and remaining funds, if any, will be kept as cash on hand and will be allocated to future acquisitions of specified assets.
Scheduled expenditure date at the time of issuance	After February 2020
Status of expenditure to date	The entire amount of procured funds has already been allocated to initial use of funds.

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8. Other (restriction on sale and additional issue of investment units)

- (1) Concerning the public offering, the Investment Corporation plans to request the designated purchaser to agree with the joint lead managers that the designated purchaser could not sell the investment units during the period from Pricing Date until 180 days after the delivery date without the prior written consent of the joint lead managers (excluding, however, lending, etc. of the investment units accompanying the secondary offering through over-allotment).

In the above case, joint lead managers are planned to hold the right to cancel the restriction in part or in whole or shorten the restriction period at their discretion.

- (2) Concerning the public offering, the Investment Corporation intends to agree with the joint lead managers that the Investment Corporation could issue new investment units during the period from Pricing Date until 90 days after the delivery date without the prior written consent of the joint lead managers (excluding, however, issuance, etc. of the investment units through the public offering, the third-party allotment, or investment split).

In the above case, the joint lead managers are planned to hold the right to cancel the restriction in part or in whole or shorten the restriction period at their discretion.

*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.

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