

KENEDIX

Residential NEXT Investment Corporation

**Supplemental Material on the
Notice Concerning Issuance of New Investment Units
and Secondary Offering and the other notices
Announced Today**

February 15, 2021

PARTNERS IN GROWTH
KENEDIX
Real Estate Fund Management, Inc.

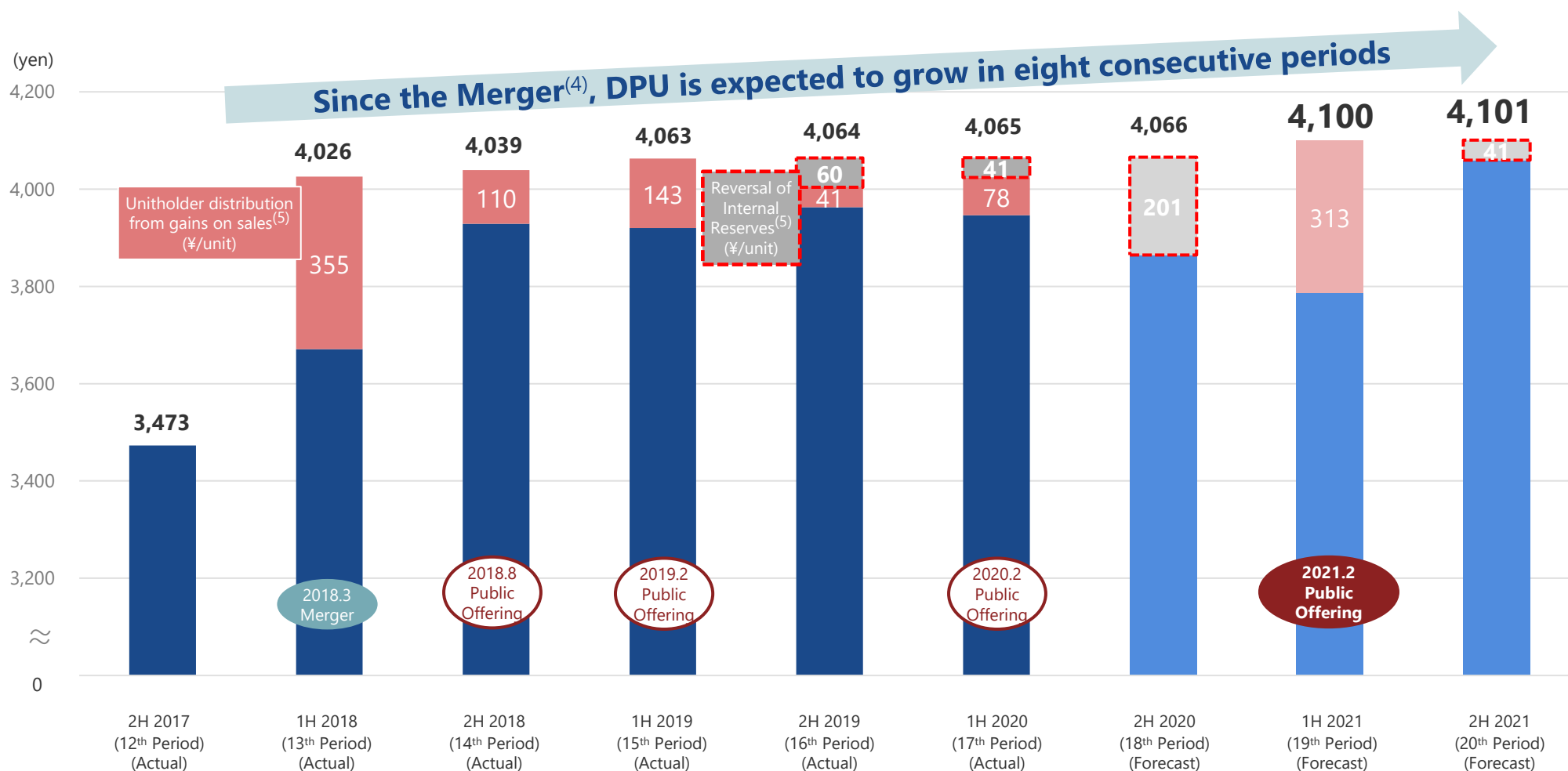
Management of Distribution – Distribution per unit –

- **Flexible DPU management with utilizing accumulated internal reserves as well as gain on sale has achieved stable growth of distribution**
- **Aiming to implement a progressive dividend policy by combining external growth, internal growth and utilizing internal reserves**

Trend of DPU⁽¹⁾

Amount of Internal Reserves
(End of 18th period)(Estimated)⁽²⁾

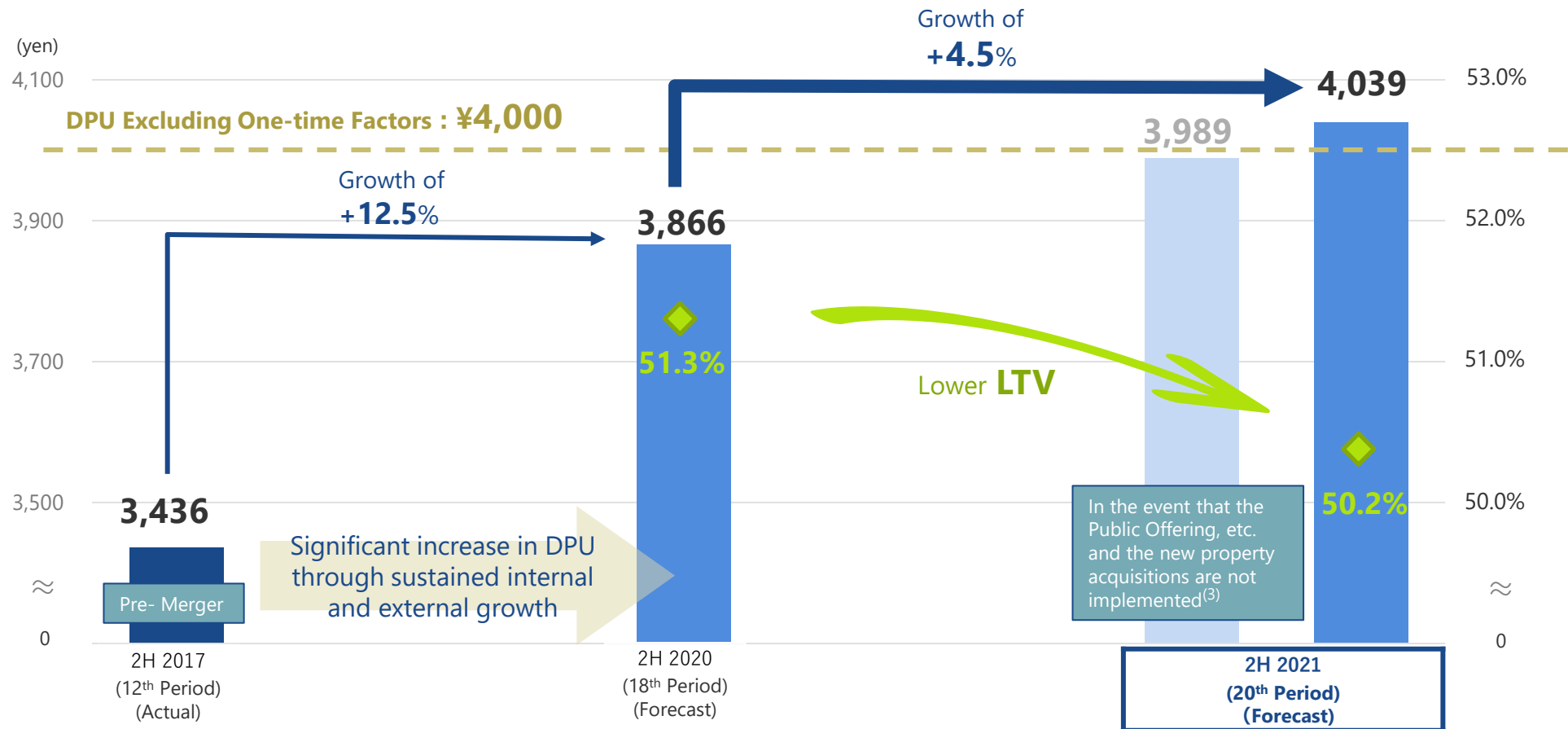
2,073 mln (¥2,082 per unit)
Retaining earnings brought forward ¥173 mln
Balance of RTA⁽³⁾ ¥1,900 mln



Growth of Distributions Per Unit – DPU Excluding One-Time Factors –

- Since the merger, DPU has grown significantly due to the external growth that has taken place alongside three public offerings and continued internal growth
- DPU excluding one-time factors (stabilized level) is expected to exceed 4,000 yen through the Public Offering, etc.

DPU Excluding One-time Factors⁽¹⁾ and Loan to Value (LTV) Ratio⁽²⁾



Explanation of Notes

<Points of consideration for forecast distribution per unit>

- For the fiscal period ending January 31, 2021 (18th fiscal period), calculations assume that the total units issued as of the end of the fiscal period is 951,258 units.
- For the fiscal period ending July 31, 2021 (19th fiscal period) and thereafter, calculation assume that all of the number of investment units planned to be newly issued by the issuance of new investment units (42,500 units) through public offering (the "Public Offering") and by way of issuance of new investment units (maximum: 2,125 units) through third-party allotment in connection with the secondary offering by over-allotment (collectively with the Public Offering, the "Public Offering, etc.") will be issued.
- Distribution per unit for the fiscal period ending January 31, 2021 (18th fiscal period) and thereafter are estimates as of the date of this document. Kenedix Residential Next Investment Corporation (KDR) makes no guarantee that these funds will be distributed to unitholders.

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(Note1)

A two-for-one unit split of investment units (the "Unit Split") was conducted with February 28, 2018 as the record date for the Unit Split and March 1, 2018 as the effective date. As a result, the distribution per unit before the Unit Split is divided by 2 to reflect the impact of the Unit Split. The same shall apply hereinafter.

(Note2)

The internal reserve amount as of the end of the 18th fiscal period is an estimated value as of the date of this document, assuming payments of the total distribution amount for the fiscal period ending January 31, 2021 (18th fiscal period) have been completed. The actual amount may vary due to the financial conditions of KDR and other reasons.

(Note3)

"RTA" is a reserve for temporary difference adjustment of internal reserves resulting from negative goodwill recorded due to the merger (defined below). The basic policy is to reverse this reserve over a period of not more than 50 years (100 fiscal periods) and the policy is to reverse at least 1% of the initial amount of the RTA balance every fiscal period and allocate this amount to distributions.

(Note4)

The "Merger" is an absorption-type merger implemented as of March 1, 2018, with KDR as the surviving corporation and the Japan Senior Living Investment Corporation as the extinct corporation

(Note5)

"Unitholder distribution from gains on sales" and "Reversal of internal reserves" for the fiscal period ending January 31, 2021 (18th fiscal period) and thereafter is the estimated amount as of the date of this presentation and the actual amount may differ from the estimate.

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(Note1)

"DPU excluding one-time factors" = DPU forecast – Gains from property sales (after deducting the increase in Asset Management Fee II attributable to the gain on sale) used for distributions (forecast) – Contribution amounts (forecast) due to the effect of property, city planning and other taxes and other one-time factors (defined below) – Appropriation of reversal of internal reserves (forecast). For points of consideration regarding the forecast distribution per unit, please see "Points of consideration for forecast distribution per unit" above.

(Note2)

The "LTV" ratio is total interest-bearing liabilities (loans and investment corporation bonds) divided by total assets. The estimate of the LTV for the 18th and the 20th fiscal period was calculated using the following method.

LTV on January 31, 2021 (end of 18th fiscal period): The total of interest-bearing liabilities at the end of the 17th fiscal period (July 31, 2020) and changes in interest-bearing liabilities from August 1, 2020 to January 31, 2021 divided by the total of KDR's total assets at the end of the 17th fiscal period (July 31, 2020) and changes in interest-bearing liabilities from August 1, 2020 to January 31, 2021.

LTV on January 31, 2022 (end of 20th fiscal period): The sum of interest-bearing liabilities at the end of the 17th fiscal period (July 31, 2020), changes in interest-bearing liabilities from August 1, 2020 to January 31, 2021 and new debt planned for August 2021 ("planned new debt") (such changes and the planned new debt are collectively referred to as "changes in interest-bearing liabilities since 18th fiscal period") divided by the sum of KDR's total assets at the end of the 17th fiscal period (July 31, 2020), the changes in interest-bearing liabilities since 18th fiscal period, and the estimated total value of units plan to be issued by the Public Offering, etc.(¥7,666 million)

(Note3)

DPU "in the event that the Public Offering, etc. and the new property acquisitions are not implemented" = DPU forecast for the fiscal period ending January 31, 2022 (20th fiscal period), assuming that no properties are acquired after September 2020 following the acquisition of properties in connection with the previous public offering conducted in February 2020, and assuming that the Public Offering, etc. and the planned borrowings are not implemented – Gains from property sales (after deducting the increase in Asset Management Fee II attributable to the gain on sale) used for distributions (forecast) – Contribution amounts (forecast) due to the effect of property, city planning and other taxes and other one-time factors (defined below) – Appropriation of reversal of internal reserves (forecast).

(Note4)

The "effect of property, city planning and other taxes and other one-time factors" refers to a benefit resulting from the delay in the recognition of property taxes, city planning taxes, and other taxes (property and city planning taxes) as an expense to the fiscal period following the acquisition of a property, fluctuations in various fees caused by changes in total assets, fluctuations in Asset Management Fee III linked to the performance of investment unit prices, as well as fluctuations in Asset Management Fee II caused by changes in income due to these factors.

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