

August 2, 2021

To All Concerned Parties

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

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

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-100	KDX Residence Kamishakujii II	Nerima-ku, Tokyo	Trust beneficiary interest in real estate	3,087,014

(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 4 Residential Properties and 2 Healthcare Facilities)” announced on February 15, 2021.

The Investment Corporation has obtained an appraisal report as of July 31, 2021, as shown in the attachment.

Attached Materials

Reference Material (1) Appraisals Report Summary

* 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 Kamishakujii II
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Appraisal Value	¥ 3,280,000,000
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal Date	July 31, 2021

(Unit: Yen)

Item	Content	Basis
Income Approach Value	3,280,000,000	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	3,360,000,000	Assessed by capitalizing the medium to long-term stable net income with the capitalization rate.
(1) Gross Operating Revenue	167,787,990	
Maximum Gross Operating Revenue	175,446,734	Assessed based on a level of fair rent considered to remain stable over the medium and long term.
Shortfall Attributed to Vacancies	7,658,744	Assessed based on the level of occupancy ratio that can be maintained stably over the medium and long term.
(2) Operating Expenses	31,479,596	
Maintenance Expenses	5,024,956	Assessed using the actual figure, the level of expenses at similar properties and other factors as a reference.
Utility Expenses	1,435,702	Assessed using the actual figure, the level of expenses at similar properties and other factors as a reference.
Repair Expenses	3,482,776	Assessed with consideration of expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report.
Property Management Fees	3,204,741	Assessed based on the draft of PM contract.
Tenant Recruit Expenses, etc.	4,184,067	Assessed by reflecting the draft of PM contract and the lease terms of similar properties.
Taxes and Dues	10,220,200	Assessed based on the fiscal tax base amount for 2021.
Damage Insurance Fees	235,818	Assessed based on the insurance brochure.
Other Expenses	3,691,336	Assessed based on the actual figure, the expense level at similar properties and other factors as a reference.
(3) Net Operating Income (NOI=(1)-(2))	136,308,394	
(4) Gain on guarantee deposit investment	122,135	Assessed by estimating an investment return of 1.0%.
(5) Capital Expenditure	2,140,000	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))	134,290,529	
(7) Capitalization Rate	4.0%	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	3,250,000,000	
Discount Rate	4.1%	Assessed by comprehensively taking into account the Property's unique characteristics, while reflecting investment returns of similar properties in transaction.
Terminal Capitalization Rate	4.2%	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 Approach	3,450,000,000	
Land to value ratio	64.2%	
Building to value ratio	35.8%	

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 /Acquisition Price)

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