February 14, 2022

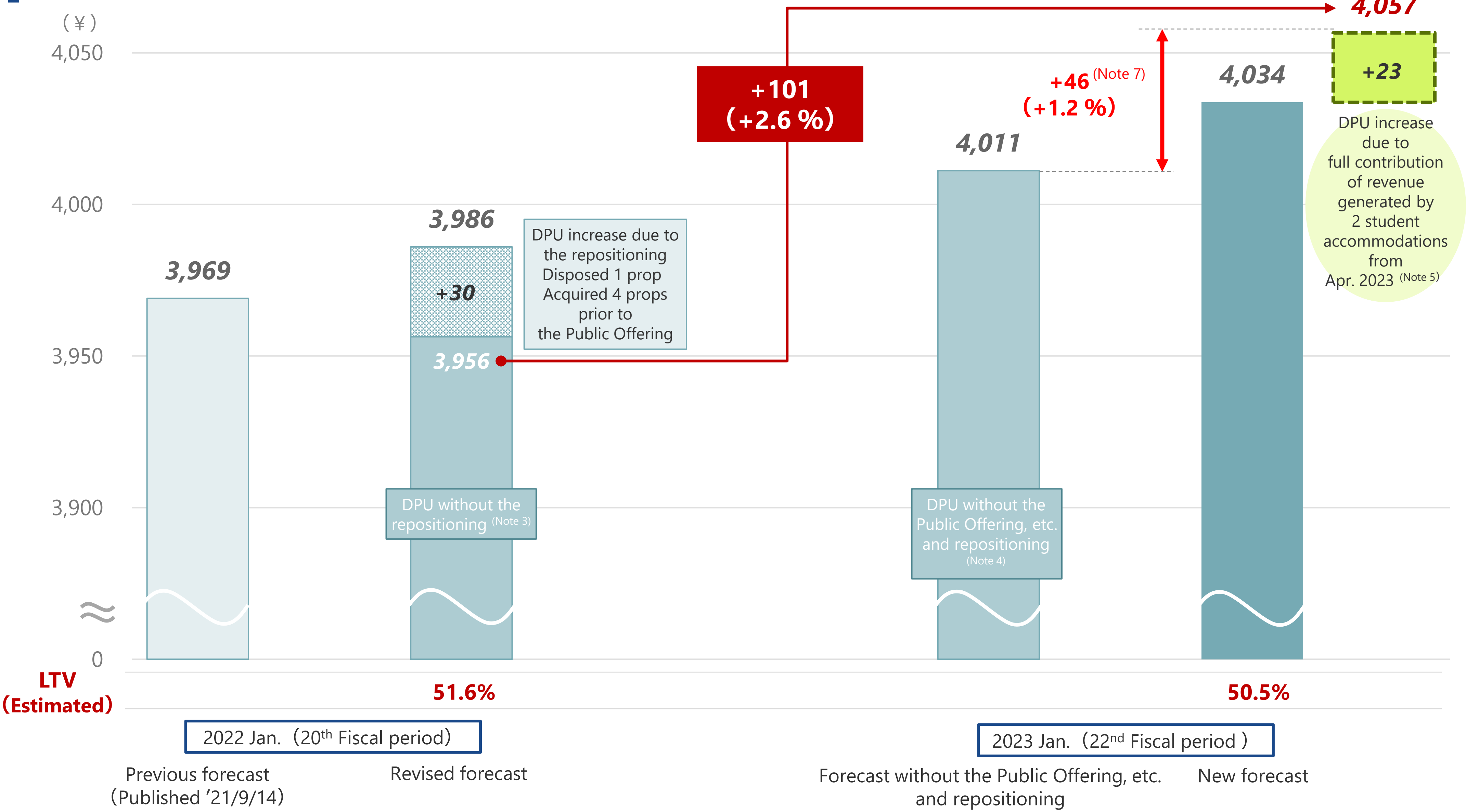
Supplemental Material

for the Notice Concerning Revisions to Operating Forecasts for the Fiscal Period Ending January 31, 2022 and the Fiscal Period Ending July 31, 2022, and Announcements of Operating Forecasts and Cash Distribution Forecasts for the Fiscal Period Ending January 31, 2023

DPU growth – DPU excluding one-time factors（stabilized DPU） –

- DPU excluding one-time factors (Note 1) (stabilized DPU) is expected to increase by **2.6%** through accretive acquisition, continuous internal growth and financial improvement.
- The Public Offering will reduce temporarily raised LTV ratio (Note 2) due to the acquisition prior to the Public Offering, thus resulting in LTV ratio around lower limit of KDR's target range (50-55%)

Growth of DPU excluding one-time factors（stabilized DPU）



Distribution management – DPU –

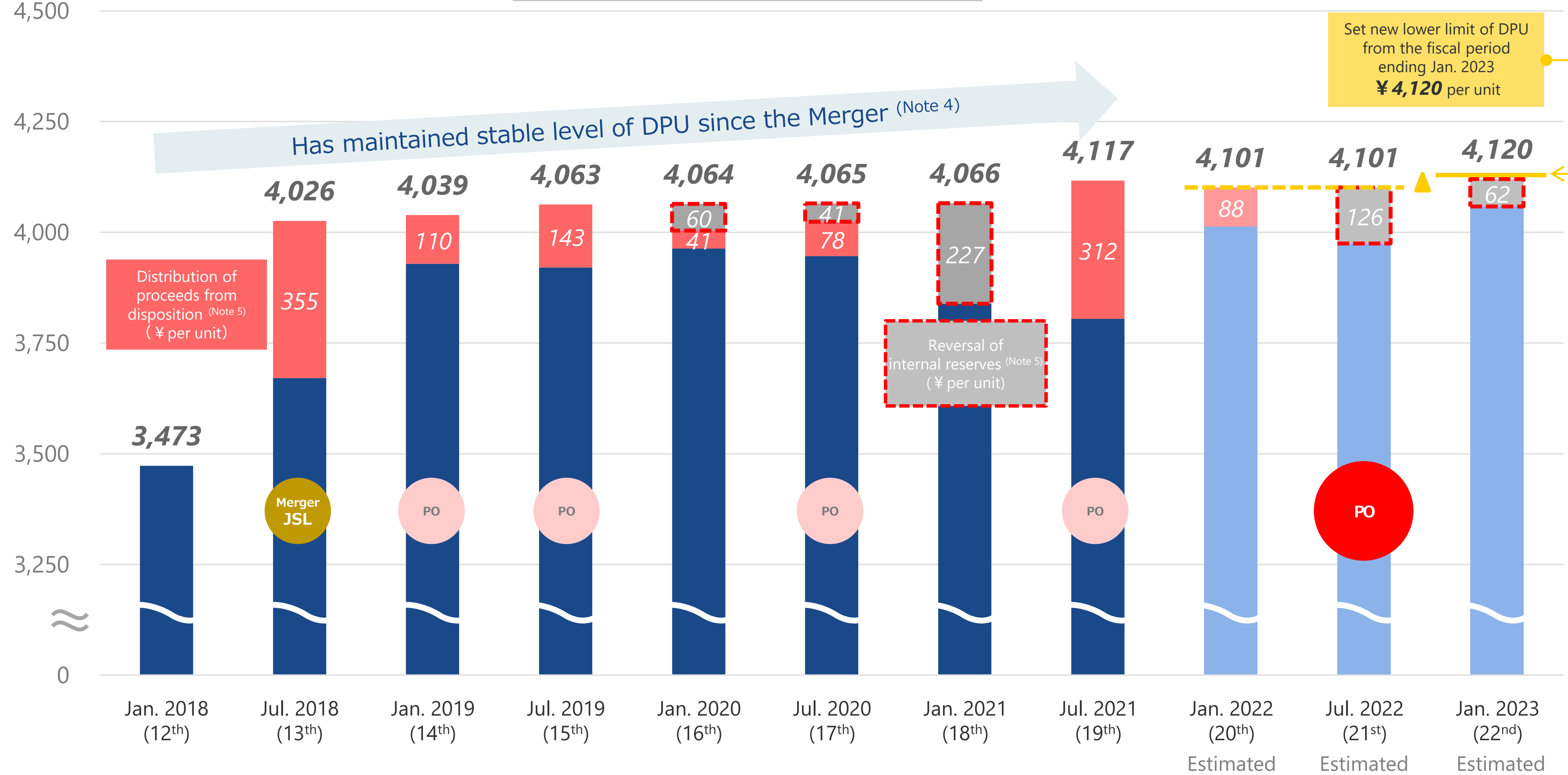
- Has maintained stable level of DPU distributing internal reserves and proceeds from disposition to improve portfolio' quality
- Revised upward the lower limit of DPU from the 22nd fiscal period ending Jan. 2023, based on the growth in stabilized DPU due to the public offering
- Aims the steady growth in stabilized DPU to achieve the mid-term goal of ¥4,300 (Note 6), delivering internal reserves of ¥2,144 mil (as of the end of Jan. 2022, estimated)

Distribution per unit (Note 1)

Internal Reserve (End of 20th Fiscal period, estimated) (Note 2)

¥2,144 mil (¥2,050 per unit)

Balance of RTA (Note 3)	¥1,860 mil
Proceeds from disposition, etc. to internal reserve	¥284 mil



Notes

<Points of consideration for forecast distribution per unit>

- For the fiscal period ending January 31, 2022 (20th fiscal period), calculations assume that the total units issued as of the end of the fiscal period is 995,883 units.
- For the fiscal period ending July 31, 2022 (21st 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 (47,500 units) through public offering (the “Public Offering”) and by way of issuance of new investment units (maximum: 2,375 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, 2022 (20th fiscal period) and thereafter are estimates as of the date of this supplemental material. Kenedix Residential Next Investment Corporation (“KDR”) makes no guarantee that these funds will be distributed to unitholders

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(Note 1)

“DPU excluding one-time factors” = DPU forecast – Contribution amounts (forecast) from gains on 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 in Note 6) – 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

(Note 2)

The “LTV” ratio is total interest-bearing liabilities (loans and investment corporation bonds) divided by total assets. The estimate of the LTV for the 20th and the 22nd fiscal period was calculated using the following method.

LTV on January 31, 2022 (end of 20th fiscal period)

: The total of interest-bearing liabilities at the end of the 19th fiscal period (July 31, 2021) and changes in interest-bearing liabilities from August 1, 2021 to January 31, 2022 (￥8,900mil) divided by the total of KDR’s total assets at the end of the 19th fiscal period (July 31, 2021) and changes in interest-bearing liabilities from August 1, 2021 to January 31, 2022.

LTV on January 31, 2023 (end of 22nd fiscal period)

: The sum of interest-bearing liabilities at the end of the 19th fiscal period (July 31, 2021), changes in interest-bearing liabilities from August 1, 2021 to January 31, 2022 (￥8,900mil) and new debt planned from April 2022 to June 2022 (“planned new debt”, ￥2,900mil) (such changes and the planned new debt are collectively referred to as “changes in interest-bearing liabilities since 20th fiscal period”) divided by the sum of KDR’s total assets at the end of the 19th fiscal period (July 31, 2021), the changes in interest-bearing liabilities since 20th fiscal period, and the estimated total value of units plan to be issued by the Public Offering, etc. (¥ 9,420mil)

(Note 3)

DPU without the repositioning = DPU forecast for the fiscal period ending January 31, 2022 (20th fiscal period), assuming that no properties are acquired or disposed since September 2021 following the acquisition of properties in connection with the previous public offering conducted in February 2021, and assuming the borrowings to acquire properties are not implemented – Contribution amounts (forecast) due to the effect of property, city planning and other taxes and other one-time factors – Appropriation of reversal of internal reserves (forecast)

(Note 4)

DPU without the Public Offering, etc. and repositioning = DPU forecast for the fiscal period ending January 31, 2023 (22nd fiscal period), assuming that no properties are acquired or disposed since September 2021 following the acquisition of properties in connection with the previous public offering conducted in February 2021, and assuming that the Public Offering, etc. and the borrowings to acquire properties including the planned borrowings are not implemented – Contribution amounts (forecast) due to the effect of property, city planning and other taxes and other one-time factors – Appropriation of reversal of internal reserves (forecast)

Notes

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（Note 5）
2 student accommodations are Hulic Residence Tsudanuma and KDX residence Hachioji Otsuka. For the entire building of 2 Properties, a building lease contract has been concluded with Sigma Japan K. K., a subsidiary of NATIONAL STUDENTS INFORMATION CENTER CO., LTD., (excluding a 2DK unit in Hulic residence Tsudanuma) with rent contract based on end tenant occupancy until March 2023 and fixed-rent contract from April 2023. DPU increase due to full contribution of revenue generated by 2 student accommodations stands for the impact of the difference between the fixed-rent revenue – the occupancy-based rent revenue.

（Note 6）
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

（Note 7）
The DPU growth of 1.2% is calculated by dividing the increase in DPU excluding one-time factors（stabilized DPU）as of 22nd fiscal period ending Jan. 2023 of ￥46 by DPU excluding one-time factors（stabilized DPU）without the repositioning as of 20th fiscal period ending Jan. 2022 of ￥3,956.

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（Note 1）
A two-for-one investment unit split (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.

（Note 2）
The internal reserve amount as of the end of the 20th 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, 2022 (20th fiscal period) have been completed. The actual amount may vary due to the financial conditions of KDR and other reasons.

（Note 3）
“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.

（Note 4）
The “Merger” is a merger by absorption implemented as of March 1, 2018, with KDR as the acquiring corporation and the Japan Senior Living Investment Corporation as the absorbed corporation.

（Note 5）
Projected proceeds from disposition to internal reserve and reversal of internal reserves from the 20th fiscal period ending Jan, 2022 are as of the date of this supplemental material. The actual results or outcomes may differ from those discussed in this supplemental material.

（Note 6）
The mid-term goal is an objective formulated as of the fiscal period ending July 2021 to achieve DPU excluding one-time factors（stabilized DPU）of ￥4,300 until 2025. No guarantees or promises are given to achieve the mid-term goal as of the date of this supplemental material.

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