

**Translation of Japanese Original**

September 16, 2022

To All Concerned Parties

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

Asset Management Company  
Kenedix Real Estate Fund Management, Inc.  
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Notice Concerning Acquisition Settlement of Property (Tsukui Sun-shine Adachi)

Kenedix Residential Next Investment Corporation (the “Investment Corporation”) announced today that it completed settlement of the acquisition of the following healthcare facility.

(in thousands of yen)

Property number	Property name	Location (city or ward, prefecture)	Type of Assets	Acquisition Price <small>(note)</small>
H-32	Tsukui Sun-shine Adachi	Adachi-ward, Tokyo	Real estate	830,000

(Note) “Acquisition Price” is the sales amount of the real estate (excluding acquisition costs, settlement of property tax and city planning tax or consumption tax, etc.) indicated in the real estate sales contract concerning the to-be 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 Property (Tsukui Sun-shine Adachi)” announced on June 17, 2022.

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

**Attached Materials**

Reference Material 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 Appraisals Report Summary

Property Name	Tsukui Sun-shine Adachi
Appraisal Value	¥ 894,000,000
Appraiser	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Appraisal Date	July 31, 2022

(Unit: Yen)

Item	Content	Basis
Income Capitalization Approach Value	894,000,000	Treats the value calculated by the Discounted Cash Flow method as a standard and verifies with the value calculated by the Direct Capitalization method.
Value Calculated Using the Direct Capitalization Method	911,000,000	Assessed by capitalizing the medium to long-term stable net income with the capitalization rate.
(1) Gross Operating Revenue	Not disclosed <small>(Note)</small>	
Maximum Gross Operating Revenue	Not disclosed <small>(Note)</small>	
Shortfall Attributed to Vacancies	Not disclosed <small>(Note)</small>	
(2) Operating Expenses	5,491,891	
Maintenance Expenses	0	Not recorded due to lessee burden.
Utility Expenses	0	Not recorded due to lessee burden.
Repair Expenses	543,667	Annual average repair, maintenance and renewal expenses in the engineering report.
Property Management Fees	1,200,000	Assessed based on documents obtained from the client.
Tenant Recruit Expenses, etc.	0	Not recorded because the Investment Corporation does not expect tenant reshuffle.
Taxes and Dues	3,560,700	Assessed based on the fiscal 2021 tax base amount, etc.
Damage Insurance Fees	101,480	Assessed from the replacement cost with reference to the replacement-insurance ratio of similar properties
Other Expenses	86,044	Assessed by maintenance and management costs and other reserve expenses, etc., with reference to the expense levels of similar properties.
(3) Net Operating Income (NOI=(1)-(2))	37,108,109	
(4) Gain on guarantee deposit investment	0	Not recorded because guarantee deposit such as security deposit will not be collected.
(5) Capital Expenditure	2,491,400	Assessed by consideration of CM fee, based on the annual average repair and renewal costs in the engineering report.
(6) Net Cash Flow (NCF=(3)+(4)-(5))	34,616,709	
(7) Capitalization Rate	3.8%	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	887,000,000	
Discount Rate	3.6%	Assessed by comprehensively taking into account the Property's unique characteristics, while reflecting investment returns of similar properties in transaction.
Terminal Capitalization Rate	4.0%	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 Method	873,000,000	
Land	79.4%	
Building	20.6%	

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
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	cost approach as a reference.
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※ Reference (Appraisal NOI Cap Rate=NOI above described /Acquisition Price)

Appraisal NOI Cap Rate (rounded to the first decimal place)	4.5%
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(Note) The actual figures are referred in this valuation. The Investment Corporation has not obtained consent from the tenant for disclosure of part of the actual figures. Disclosure of such figures would create disadvantages with the tenant (e.g., as difficulty to maintain a long-term lease agreement due to undermining of the relations with the tenant) and may eventually undermine unitholder interests. Accordingly, the data remains undisclosed.