KENEDIX
Residential NEXT Investment Corporation

Translation of Japanese Original

August 27, 2019

To All Concerned Parties

REIT Issuer:
Kenedix Residential Next Investment Corporation
Representative: Keisuke Sato, Executive Director
(Securities Code: 3278)

Asset Management Company:
Kenedix Real Estate Fund Management, Inc.
Representative: Masahiko Tajima, President & CEO
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Notice Concerning Conclusions of Fixed-term Building Lease Agreement and Property Management Agreement (Transactions with Related-Party, etc.)

Kenedix Residential Next Investment Corporation (the "Investment Corporation") announced today that Kenedix Real Estate Fund Management, Inc. (the "Asset Management Company"), the asset management company for the Investment Corporation, has decided to re-conclude a fixed-term building lease agreement and property management agreement (the "Transaction") for B-Site Akihabara (the "Property"), with Space Design Inc. (the "Space design") which is a related party, etc. as defined in the Act on Investment Trusts and Investment Corporations of Japan ("the Investment Trust Act"). Details are as follows.

1. Overview of the Transaction

As the current fixed-term building lease agreement will expire on February 4, 2020, the Investment Corporation will enter into a new fixed-term building lease agreement with space design (the "New lease agreement").

In addition, since the property management agreement has been concluded with Space Design for the Property and this property management agreement will also expire on February 4, 2020, therefore, the Asset Management Company will conclude a new property management agreement (the "New PM agreement") with Space Design.

(1) Overview of the New lease agreement

Lessee	Space Design Inc.
Scheduled Contract Date of Lease Agreement	August 30, 2019
Rental Period	February 5, 2020 to February 4, 2022
Leased area	1,254.50 ㎡
Rent	4,140,000 yen per month (Rent is about 4% higher than the Current lease agreement) However, the rent for the nine-month period from March 2020 to November 2020 will be 4,590,000 yen per month.
Security deposit	None
Contract format	Fixed-term Building Lease Agreement

(2) Overview of the New PM agreement

Outsourcee	Space Design Inc.
Scheduled Contract Date of Lease Agreement	August 30, 2019
Leasing Contract period	February 5, 2020 to February 4, 2022
Main Business Activities	Lease management, Building management
Fee	There is no fee other than the construction supervision fee. Construction supervision fee is at the same level for other properties owned

	by the Investment Corporation.

2. Reason for the Transaction

Space design rents the Property and operates service apartments based on the current lease agreement.

Due to the expiration of the current lease agreement, the Investment Corporation discussed the new lease terms with the Space design . As a result, the Investment Corporation and Space design agreed about increases in rent based on the surrounding rental market trends and additional rent increases during a certain period in which the strong demand is expected for the Tokyo Olympics. Therefore, the Investment Corporation decided to conclude the new lease agreement with Space design as mentioned above.

In addition, as a result of continuing the leasing to the Space Design, the Investment Corporation decided to outsource the lease management and the building management of the Property to the Space Design.

The investment corporation believes that space design will be able to stably operate and appropriately manage the Property by utilizing their customer base and facility management know-how acquired through about 14 years of operation of the service apartment in the Property.

3. Transactions with Related-party, etc.

Since the Space Design is a related party, etc. as defined under the Investment Trust Act, furthermore is a related party as defined in "the Related-party Transaction Rules of Residential REIT Department" of the Asset Management Company. The Asset Management Company conducted the screening procedures stipulated in the Related-party Transaction Rules when deciding on the transaction.

4. Profile of the Related-Party

Company Name	Space Design Inc.
Head Office Address	2-2-9 Shimbashi, Minato-ku, Tokyo
Representative	President: Akira Komoda
Capital	90 million yen
Establishment	May 1978
Main Business Activities	・Real estate lease management and consulting services ・Entrusted management operations related to real estate such as hotels, office buildings, and rental apartments ・Services related to the provision of real estate information
Relationship with the Investment Corporation or the Asset Management Company	The company is a subsidiary of Kenedix, Inc., which is the parent company of the Asset Management Company. And the company is a related party, etc. as defined under the Investment Trust Act, furthermore, is a related party as defined in "the Related-party Transaction Rules of Residential REIT Department" of the Asset Management Company.

5. Outlook

This related party transaction has no impact on the operation of the Investment Corporation for the fiscal period ending January 31, 2020 (from August 1, 2019, to January 31, 2020).

* 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.