KENEDIX
Residential NEXT Investment Corporation

Translation of Japanese Original

June 30, 2020

To All Concerned Parties

REIT Issuer:
Kenedix Residential Next Investment Corporation
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(Securities Code Number: 3278)

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

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-90	KDX Residence Mitaka	Mitaka-shi, Tokyo	Trust beneficiary interest in real estate	2,530,000

(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 5 Residential Properties and 2 Accommodations)" announced on February 10, 2020.
The Investment Corporation has obtained an appraisal report as of June 1, 2020 and an engineering report, in line with the completion of KDX Residence Mitaka, as shown in the attachment.

Attached Materials

Reference Material (1) Appraisals Report Summary
Reference Material (2) Engineering Report Summary
Reference Material (3) Exterior Photos and Map of Acquired Asset

* 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.

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Reference Material (1) Appraisals Report Summary

Property Name	KDX Residence Mitaka

Appraisal Value	¥2,810,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	June 1, 2020

(Unit: Yen)

Item	Content	Basis
Income Approach Value	2,810,000,000	Estimated by correlating the value obtained by the Direct Capitalization method and the value obtained by the Discounted Cash Flow method.
Value Calculated Using the Direct Capitalization Method	2,840,000,000	Assessed by capitalizing the medium to long-term stable net income with the capitalization rate.
(1) Gross Operating Revenue	139,578,000	
Maximum Gross Operating Revenue	144,239,000	Assessed based on a level of fair rent considered to remain stable over the medium and long term.
Shortfall Attributed to Vacancies	4,661,000	Assessed based on the level of occupancy ratio that can be maintained stably over the medium and long term.
(2) Operating Expenses	19,152,000	
Maintenance Expenses	2,900,000	Assessed by reference to the maintenance and operation expenses based on contract terms, the level of expenses at similar properties, and other factors.
Utility Expenses	1,252,000	Assessed by reference to the past records of similar properties.
Repair Expenses	1,241,000	Assessed with consideration of expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report, and other factors.
Property Management Fees	2,270,000	Assessed by reference to the compensation rate based on contract terms, those at similar properties, and other factors.
Tenant Recruit Expenses, etc.	4,184,000	Assessed by reference to the contract terms、the lease terms at similar properties and other factors.
Taxes and Dues	6,731,000	Assessed based on the fiscal tax base amount for 2020, etc.
Damage Insurance Fees	120,000	Assessed by reference to the insurance premiums based on the current insurance contract, insurance premium rate at similar properties and other factors.
Other Expenses	454,000	internet use fee, etc.
(3) Net Operating Income (NOI= (1)-(2))	120,426,000	
(4) Gain on guarantee deposit investment	86,000	Assessed by estimating an investment return of 1.0%.
(5) Capital Expenditure	1,320,000	Assessed by taking into account the level of capital expenditures at similar properties and the age of the property on the assumption that an equal amount is added to a reserve in each fiscal period.
(6) Net Cash Flow (NCF=(3)+(4)-(5))	119,192,000	
(7) Capitalization Rate	4.2%	Assessed by comprehensively taking into account the property's location, the characteristics of the building and other characteristics.
Value Calculated Using the Discounted Cash Flow Method	2,770,000,000	
Discount Rate	3.9%	Assessed by comprehensively taking into account the Property's unique characteristics, while reflecting investment returns of comparable transactions of properties.

		Terminal Capitalization Rate	4.3%	Assessed by comprehensively taking into account upcoming changes in investment returns, risks associated with the subject property, general prediction of economic growth rate, trends in real estate prices and rent, and all other applicable factor, while reflecting investment returns of comparable transaction of properties.
Value Calculated Using the Cost Approach			2,760,000,000	
		Land to value ratio	71.7%	
		Building to value ratio	28.3%	

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.

※Reference (Appraisal NOI Cap Rate=NOI above described /Acquisition Price)

Property Name	KDX Residence Mitaka
Appraisal NOI Cap Rate (rounded to the first decimal place)	4.8%

Reference Material (2) Engineering Report Summary

(Unit: Yen in thousand)

Property Name	KDX Residence Mitaka
Investigation Company	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Investigation Date	June 2020
Repairs Maintenance and Renovation Expenses Expected to be Required within 12 Years	22,152
Replacement Value	698,000

※The above mentioned investigation company undertakes building assessments for the property as follows.

-Assessment of legal compliance with related laws

-Investigation for building construction and facilities

-Environmental investigation

-Formulation of a short-term and long-term repair and maintenance plan

-Estimates of the replacement value

Reference Material (3)　Exterior Photos and Map of Acquired Asset









