KENEDIX
Residential NEXT Investment Corporation

Translation of Japanese Original

August 3, 2020

To All Concerned Parties

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

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

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-91	KDX Residence Nakanobu	Shinagawa-ku, Tokyo	Trust beneficiary interest in real estate	830,000

(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. In addition, the Investment Corporation have newly acquired an Appraisal Report with price point as of July 31, 2020.

Attached Materials

Reference Material : Appraisals Report Summary

* 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.

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Reference Material : Appraisals Report Summary

Property Name	KDX Residence Nakanobu

Appraisal Value	¥ 901,000,000
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.
Appraisal Date	July 31, 2020

(Unit: Yen)

Item	Content	Basis
Income Approach Value	901,000,000	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	928,000,000	Assess by capitalizing the medium to long-term stable net income with the capitalization rate
(1) Gross Operating Revenue	47,811,452	
Maximum Gross Operating Revenue	49,792,419	Assess based on a level of fair rent considered to remain stable over the medium and long term
Shortfall Attributed to Vacancies	1,980,967	Assess based on the premise of an occupancy ratio that can be maintained over the medium and long term
(2) Operating Expenses	9,349,917	
Maintenance Expenses	2,405,398	Assess using the estimation of BM, the level of expenses at similar properties and other factors
Utility Expenses	405,974	Assess by reference to expenses at similar properties and other factors
Repair Expenses	1,090,574	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	835,487	Assess based on the draft version of PM contract
Tenant Recruit Expenses, etc.	1,451,175	Assess by reflecting the rental condition at similar properties and the draft version of PM contract
Taxes and Dues	2,156,100	Assessed based on the fiscal tax base amount for 2020, etc.
Damage Insurance Fees	48,980	Recognize an amount that reflects the insurance brochure
Other Expenses	956,229	Recognize an amount that reflects the expense levels at similar properties and other factors.
(3) Net Operating Income (NOI= (1)-(2))	38,461,535	
(4) Gain on guarantee deposit investment	125,592	Assess by estimating using an investment return of 1.0%
(5) Capital Expenditure	1,464,000	Assuming that an equal amount is added to a reserve in each fiscal period, assess by taking into account the level of capital expenditures at similar properties, the age of the property
(6) Net Cash Flow (NCF=(3)+(4)-(5))	37,123,127	
(7) Capitalization Rate	4.0%	Assess 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	889,000,000	
Discount Rate	4.1%	Assessed by comprehensively taking into account the Property's unique characteristics, while reflecting investment returns of comparable transactions of properties
Terminal Capitalization Rate	4.2%	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	894,000,000	

	Land to value ratio	85.2%	
	Building to value ratio	14.8%	

Items applied to adjustments in approaches to the value and the determination of the appraisal value	Adopted income approach value with the 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 Nakanobu
Appraisal NOI Cap Rate (rounded to the first decimal place)	4.6%