

September 28, 2020

To All Concerned Parties

REIT Issuer:

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

Asset Management Company

Kenedix Real Estate Fund Management, Inc.  
Representative: Masahiko Tajima, President & CEO  
Contact: Shin Yamamoto, Head of Planning Division,  
Residential REIT Department  
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## **Notice Concerning Acquisition of Properties (2 Residential Properties)**

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 acquire the following properties (the “Acquisition”). The details are provided as follows.

### 1. Overview of the Acquisition

(1)	To-be acquired Assets	As follows
(2)	Date of Contract	September 28, 2020
(3)	Scheduled Date of Acquisition	September 30, 2020
(4)	Seller	Please refer to “4. Seller’s Profile”
(5)	Funds for Acquisition	Debt financing <sup>(1)</sup> and Cash on hand
(6)	Settlement Method	Payment in full on date of acquisition

<List of To-be Acquired Assets>

(in thousands of yen)

Property Number	Property Name <sup>(2)</sup>	Type of Assets <sup>(3)</sup>	Acquisition Price <sup>(4)</sup>
T-93	KDX Residence Hatchobori	Trust beneficiary interest in real estate	3,000,000
T-94	KDX Residence Nakaitabashi	Trust beneficiary interest in real estate	1,736,432
Total			4,736,432

(Note1) Please refer to “Notice Concerning Debt Financing and Execution of Interest Rate Swap Agreement” disclosed as of today for the detail of debt financing.

(Note2) The Investment Corporation plans to change the name of the asset to be acquired in conjunction with the Acquisition, and consent has not been obtained from the seller to disclose the name of the assets to be acquired as of today. Accordingly, the name after the change is provided. The same shall apply hereafter.

(Note3) The Invest Corporation has agreed with the seller that it will entrust the asset (T-93) to be acquired to Mitsubishi UFJ Trust and Banking Corporation and the asset (T-94) to be acquired to Mizuho Trust & Banking Co., Ltd. as trustees until the time of acquisition and that it will receive the transfer of the trust beneficiary interest of the trust. The same shall apply hereafter.

(Note4) “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 to-be acquired asset and is rounded down to the nearest thousand yen. The same shall apply hereafter.

### 2. Reason for the Acquisition

The Investment Corporation invests in new property in accordance with the scope and policy of asset management as set forth in its Articles of Incorporation to obtain stable earnings through the growth and diversification of its portfolio. With regard to Residential Facilities, the Investment Corporation places importance on investment in the Tokyo metropolitan area with good supply-demand relationships through continuous inflow of population. In the case of other regional areas, the Investment Corporation intends to carry out investment by carefully taking into account the characteristics of properties and the areas. The Investment Corporation decided to acquire the assets because they are expected to earn stable revenues

and because the Acquisition is in line with the above acquisition policy of the Investment Corporation.

The Investment Corporation took the following points in the decision making associated with the Acquisition:  
(T-93) KDX Residence Hatchobori

- Tokyo Metro Hibiya Line and JR Keiyo Line "Hatchobori" station is only about 2 minutes from "Tokyo" station, which is the best terminal station in Tokyo. And excellent access within walking distance from this property to Nihonbashi office district and commercial areas.
- The types range from 2LDK to 3LDK, and this property surrounded by convenient facilities for living such as supermarkets and banks. The property is close to a nursery school, elementary school, park, etc., and has a comfortable living environment. Therefore steady housing demand is expected from couple households and family households commuting to the downtown area. In addition, rental demand due to new lifestyles is expected with the spread of telework, the number of rooms and the Internet environment are becoming more important.

(T-94) KDX Residence Nakaitabashi

- Nakaitabashi Station is only about 6 minutes from Ikebukuro Station, providing convenient access to central business and commercial areas. And this property surrounded by convenient facilities such as shopping street and supermarkets, and therefore steady housing demand is expected from singles.
- All rooms are installed with IoT equipment, and rental demand for seeking new lifestyle is expected. It is possible to remotely control lighting, air conditioners, entrance keys, etc., including indoor cameras, from smartphones, etc.

### 3. Overview of the To-be Acquired Assets

(T-93) KDX Residence Hatchobori

Property name		KDX Residence Hatchobori
Type of assets		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust term		September 30, 2020 through September 30, 2030
Previous owner		Not disclosed according to seller's intention
Location (Address) <sup>(1)</sup>		1-8-5 Irifune Chuo-ku, Tokyo
Land	Type of ownership	Proprietary ownership
	Site area	482.87 m <sup>2</sup>
	Use districts	Commercial districts
	Building coverage <sup>(2)</sup>	80%
	Floor area ratio <sup>(2)</sup>	500%
Building	Type of ownership	Proprietary ownership
	Total floor area	3,528.71 m <sup>2</sup>
	Construction completion	September 2020
	Usage	Apartment building
	Type <sup>(3)</sup>	Family
	Structure / Number of stories	Reinforced concrete structure with flat roof / Thirteen-story building
	Leasable number of units	46 units
Architect		The offices of registered architects, Nishio Architectural Design Co., Ltd.
Constructor		MIKI CORPORATION
Building permit agency		CI Kenchikuu Ninsho Co., Ltd.
Probable maximum loss		8.08% <sup>(i)</sup>
Acquisition price		¥ 3,000,000 thousand
Appraisal value		¥ 3,530,000 thousand <sup>(ii)</sup>
Appraiser		Tanizawa Sogo Appraisal Co., Ltd.
Details of tenant		(as of September 28, 2020)

	Total number of tenants <sup>(4)</sup>	1
	Total rental income <sup>(5)</sup>	¥ 0 thousand
	Security and guarantee deposit <sup>(6)</sup>	¥ 0 thousand
	Total leased units <sup>(7)</sup>	0 units
	Total leased area <sup>(8)</sup>	0 m <sup>2</sup>
	Total leasable area <sup>(9)</sup>	2,821.15 m <sup>2</sup>
	Occupancy ratio <sup>(10)</sup>	0% <sup>(iii)</sup>
Existence of security		None
Property management company <sup>(11)</sup>		Tokyu Housing Lease Corporation (Scheduled)
Master lease company <sup>(12)</sup>		Tokyu Housing Lease Corporation (Scheduled)
Type of master lease <sup>(13)</sup>		Pass through structure
Contract period <sup>(c)</sup>		September 30, 2020 through September 29, 2021
Other special considerations		The property is in an area of Chuo Ward under streetscape promoting district planning (Kyobashi district). The building met the applicable requirements of the district plan at the time of construction and relaxation of floor area ratio thus applied thereto. The district plan has since been revised, meaning that if the building is to be reconstructed, the relaxation of floor area ratio will not be applicable under the same conditions as those at present.
Characteristics of the property		<p>Hatchobori, where this property is located, is said to have been about Hatcho (about 872m) in length of canal from the Kyobashi river to the Sumida river, which was opened for shipping around the Kanei era (1624-1634). Today, here is one of the high-end areas with proximity to the city center and comfortable for living.</p> <p>The property is located within 4 minutes' walk of Hatchobori Station on the Tokyo Metro Hibiya Line and JR Keiyo Line, and newly build a family type property. This property surrounded by convenient facilities for living such as supermarkets and banks. The property is close to a nursery school, elementary school, park, etc., and has a comfortable living environment. Therefore steady housing demand is expected from couple households and family households commuting to the downtown area. In addition, rental demand due to new lifestyles is expected with the spread of telework, the number of rooms and the Internet environment are becoming more important.</p>
(Note i ) The figure described in the earthquake PML valuation report (level 2) prepared for each to-be-acquired asset created by Sompo Risk Management Inc. in September 2020.		
(Note ii ) Appraisal date is September 10, 2020.		
(Note iii) Aiming for a lease-up within 7 months after the acquisition of the property.		

- (Note 1) "Location" is the indication of the residential address. In case there is no indication of the residential address, it is the building address under the lot address or the building location indicated in the registration items certificate (the lot number among such if there are multiple lot addresses). The same shall apply hereafter.
- (Note 2) "Building coverage ratio" and "Floor area ratio" are the designated building-to-land ratio and designated floor-area ratio provided in the city plan. The same shall apply hereafter.
- (Note 3) "Type" is the classification of the principal residential unit of the building, the studio type, the small family type or family type as described below. The same shall apply hereafter.

Studio type (housing mainly for single households)	Small family type (housing mainly for married-couple households and family households with an infant)	Family type (housing mainly for family households of 3 persons or more)
The exclusively owned area per residential unit contains at least 18m <sup>2</sup> , but less than 30m <sup>2</sup> and at least 20 rentable units per property.	The exclusively owned area per residential unit contains at least 30m <sup>2</sup> , but less than 60m <sup>2</sup> and at least 15 rentable units per property.	The exclusively owned area per residential unit contains at least 60m <sup>2</sup> per unit and at least 5 rentable units per property.

- (Note 4) “Total number of tenants” is described the number after the date of acquisition of the property by the Investment Corporation. In the case that there is a master lease contract entered into with a master lease company, “Total number of tenants” is indicated as “1.” The same shall apply hereafter.
- (Note 5) “Total Rent Income” is the sum of the monthly rent according to the lease agreements actually executed with the end tenants (the sum of rent and common area maintenance charges of the residents etc., provided, however, that in case the adjunct facilities fee such as car parking space usage fees are included in the lease agreements, it includes such fees) in the case that the master lease type is pass-through and is the monthly rent according to the lease agreements with rent insurance executed with master lease company (the sum of rent and common area maintenance charges of the residents etc., provided, however, that in case the adjunct facilities fee such as car parking space usage fees are included in the lease agreements, it includes such fees) in the case that the master lease type is rent insurance. Furthermore, the figures are rounded down to the nearest thousand yen. As the lease agreements with end tenants will commence after the Acquisition, this item is marked as “0”. The same shall apply hereafter.
- (Note 6) “Security and Guarantee Deposit” is the sum of the security and guarantee deposits, etc. of each end tenant based on the lease agreement executed with the each end tenant. However, in case there is a part for which returning is unnecessary due to special provision of deduction of security deposits, etc. in each lease agreement, it is the amount after the amount is deducted. In addition, the balance of the security and guarantee deposit, etc. based on the lease agreement with rent insurance executed with a master lease company is displayed in the case that the master lease type is rent insurance. However, it is the sum of pass-through security and guarantee deposits, etc. and rent insurance security and guarantee deposits, etc. in case agreement with a different master lease type has been executed. Furthermore, the figures are rounded down to the nearest thousand yen. As the lease agreements with end tenants will commence after the Acquisition, this item is marked as “0”. The same shall apply hereafter.
- (Note 7) “Total Leased Units” is the number of leased residential units, where the lease agreements are actually executed with end tenants. As the lease agreements with end tenants will commence after the Acquisition, this item is marked as “0”. The same shall apply hereafter.
- (Note 8) “Total Leased Area” is the leased floor area described in the lease agreements which are actually executed with end tenants. As the lease agreements with end tenants will commence after the Acquisition, this item is marked as “0”. The same shall apply hereafter.
- (Note 9) “Total Leasable Area” is the floor area described in the lease agreements that is leasable at the to-be acquired asset (in case the to-be acquired asset contains more than one building, the sum of the leasable floor area of such buildings). The same shall apply hereafter.
- (Note 10) “Occupancy Ratio” is the ratio of the “Total Leased Areas” (based on the lease agreements) to the “Total Leasable Area” of the to-be acquired asset rounded to the first decimal place. As the lease agreements with end tenants will commence after the Acquisition, this item is marked as “0”. The same shall apply hereafter.
- (Note 11) “Property Management Company” is the property management company scheduled to execute the property management agreement for the to-be acquired asset. The same shall apply hereafter.
- (Note 12) “Master Lease Company” is the master lease company scheduled to execute the master lease agreement for the property. The same shall apply hereafter.
- (Note 13) “Type of master lease” is described as following; “Pass through structure” in case of the conclusion of the master lease contract without rent guarantee, “Rent guarantee structure” in case of the conclusion of the master lease contract with rent guarantee, and “-” in case that the owner concludes lease contract with end-tenant directly or there’s no end-tenant. The same shall apply hereafter.

## (T-94) KDX Residence Nakaitabashi

Property name		KDX Residence Nakaitabashi
Type of assets		Trust beneficiary interest in real estate
Trustee		Mizuho Trust & Banking Co., Ltd.
Trust term		September 30, 2020 through September 30, 2030
Previous owner		Not disclosed according to seller’s intention
Location (Address)		68-11 Yayoicho Itabashi-ku, Tokyo
Land	Type of ownership	Proprietary ownership <sup>(i)</sup>
	Site area	782.06 m <sup>2(i)</sup>
	Use districts	Neighborhood commercial districts / Category 1 residential districts
	Building coverage ratio <sup>(2)</sup>	80% / 60%
	Floor area ratio	300% / 300%
Building	Type of ownership	Proprietary ownership <sup>(i)</sup>
	Total floor area	2,354.50 m <sup>2(i)</sup>
	Construction completion	June 2020
	Usage	Apartment, Storage, Garbage storage, Parking, Bicycle parking
	Type	Studio

	Structure / Number of stories	Reinforced concrete structure with flat roof /eight-story building
	Leasable number of units	78 units
Architect		The offices of registered architects, KYORITSU CONSTRUCTION Co., Ltd.
Constructor		KYORITSU CONSTRUCTION Co., Ltd.
Building permit agency		UDI Corporation.
Probable maximum loss		5.21% <sup>(ii)</sup>
Acquisition price		¥ 1,736,432 thousand
Appraisal value		¥ 1,840,000 thousand <sup>(iii)</sup>
Appraiser		Japan Real Estate Institute
Details of tenant		(as of September 28, 2020)
	Total number of tenants	0
	Total rental income	¥ 0 thousand
	Security and guarantee deposit	¥ 0 thousand
	Total leased units	0 units
	Total leased area	0 m <sup>2</sup>
	Total leasable area	1,972.49 m <sup>2</sup>
	Occupancy ratio <sup>l)</sup>	0% <sup>(iv)</sup>
Existence of security		None
Property management company		ITOCHU Urban Community Corporation (Scheduled)
Master lease company		ITOCHU Urban Community Corporation (Scheduled)
Type of master lease		Pass through structure
Contract period		September 30, 2020 through September 30, 2030
Other special considerations		The boundary between the property and some adjacent properties is undetermined.
Characteristics of the property		<p>Nakaitabashi, where this property is located, is said to have been named when Tobu Railway opened "Naka-itabashi Station", it was located between Kamiitabashi Station in "Kami-itabashi-juku" on the Kawagoe Highway and Shimo-Itabashi Station in "Shimo-Itabashi-juku" on the Nakasendo. Naka-itabashi is also known as a famous cherry blossom viewing spot in the ward, which blooms on the Shakujii River that runs north of the station.</p> <p>The property is located within 6 minutes' walk of Nakaitabashi Station on Tobu Railway Tojo Line, and a newly built single type property composed of 1K type rooms. All rooms are installed with IoT equipment, and rental demand for seeking new lifestyle is expected. It is possible to remotely control lighting, air conditioners, entrance keys, etc., including indoor cameras, from smartphones, etc. Nakaitabashi Station is only about 6 minutes from Ikebukuro Station, providing convenient access to central business and commercial areas. And this property surrounded by convenient facilities such as shopping street and supermarkets, and therefore steady housing demand is expected from singles.</p>
(Note i) The asset to be acquired is a comparted ownership building, but this asset own all the comparted ownership of the property. Therefore, "Site area" is the area of land that is the object of the site right, and "Total floor area" is the total floor area of whole building.		
(Note ii) The figure described in the earthquake PML valuation report (level 2) prepared for each to-be-acquired asset created by Sompō Risk Management Inc. in September 2020.		
(Note iii) Appraisal date is August 1, 2020.		
(Note iv) Aiming for a lease-up within 7 months after the acquisition of the property.		

## 4. Seller's Profile

The sellers for above mentioned properties (T-93 and T-94) are in domestic companies in Japan. But details are not disclosed according to seller's intention. The sellers above mentioned are not a special related party with the Investment Corporation or the Asset Management Company.

## 5. Profile of Property Owner, etc.,

This transaction is not an acquisition from a special related party with the Investment Corporation or the Asset Management Company, there are no applicable matters to be disclosed.

## 6. Details of Consulting business (Including Brokerage)

### (T-93) KDX Residence Hatchobori

Name of the firm	Kenedix, Inc.
Location	2-1-6 Uchisaiwaicho Chiyoda-ku, Tokyo
Title and name of representative	President & CEO, Taisuke Miyajima
Business	Consulting business related to real estate transactions and utilization and asset management Real estate sales, leasing, brokerage and appraisal, real estate management, group management etc.
Capital	¥ 40,320 million (as of the end of December, 2019)
Date of establishment	April 17, 1995
Consulting business fee (including brokerage fee)	¥ 90,000 thousand (Consumption tax not included)
Relationship with the Investment Corporation or the Asset Management Company	Kenedix, Inc. is the parent company of the Asset Management Company under the Financial Instruments and Exchange Act, and 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.

### (T-94) KDX Residence Nakaitabashi

The broker is neither a related-party, etc. defined by the Investment Trusts and Investment Corporation Act nor a related party defined by the related-party transaction rules of the Residential REIT Division of the Asset Management Company, and the details are not disclosed according to Broker's intention.

## 7. Related-Party Transactions

Investment Corporation will plan to entrust consulting services for the transactions related to the Acquisition of (T-93) to the related party as described above "6. Details of Consulting business (Including Brokerage)". Therefore, the Asset Management Company has passed a resolution at the Management Committee with the Related-party Transactions Rules of Residential REIT Department of the Asset Management Company through discussion and approval at the meeting of the Compliance Committee.

## 8. Seismic Resistance

A structural calculation conformity judgment has been received from a designated structural calculation conformity assessment institution as specified in the amended Building Standards Act that became effective in June 2007.

## 9. Forecasts

The impact of the acquisitions on the period ending January 2021 (18th fiscal period: August 1, 2020 to January 31, 2021) and the period ending July 2021(19th fiscal period: February 1, 2021 to July 31, 2021) are minimal, the forecasts will not be changed.



## 10. Appraisals Report Summary

Property Name	KDX Hatchobori
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Appraisal Value	¥ 3,530,000,000
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.
Appraisal Date	September 10, 2020

(Unit: Yen)

Item	Content	Basis
Income Capitalization Approach Value	3,530,000,000	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	3,670,000,000	Assess by capitalizing the medium to long-term stable net income with the capitalization rate.
(1) Gross Operating Revenue	167,020,930	
Maximum Gross Operating Revenue	174,588,455	Assessed based on a level of fair rent considered to remain stable over the medium and long term.
Shortfall Attributed to Vacancies	7,567,525	Assessed based on the level of occupancy ratio that can be maintained stably over the medium and long term.
(2) Operating Expenses	25,944,959	
Maintenance Expenses	3,893,187	Assess using the estimation of BM, the level of expenses at similar properties and other factors.
Utility Expenses	1,184,883	Assess using expenses at similar properties and other factors.
Repair Expenses	2,546,796	Assessed using expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report, and other factors..
Property Management Fees	2,863,739	Assess based on the estimation of planned PM contract.
Tenant Recruit Expenses, etc.	4,514,163	Assess by reflecting the rental condition at similar properties and the estimation of planed PM contract.
Taxes and Dues	7,749,700	Assessed based on the similar properties.
Damage Insurance Fees	186,114	Recognize an amount that reflects the insurance brochure.
Other Expenses	3,006,377	Recognize an amount that reflects the expense levels at similar properties and other factors.
(3) Net Operating Income (NOI= (1)-(2))	141,075,971	
(4) Gain on guarantee deposit investment	126,789	Assessed income from investments by using an investment return of 1.0%.
(5) Capital Expenditure	1,680,000	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))	139,522,760	
(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	3,470,000,000	
Discount Rate	3.9%	While reflecting investment returns of similar properties, assess by taking into account the property's unique characteristics.
Terminal Capitalization Rate	4.0%	While reflecting returns associated with acquisitions of similar properties, assess by 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 rent rates, and all other applicable factors.
Value Calculated Using the Cost Method	3,740,000,000	
Land	73.1%	
Building	26.9%	

Items applied to adjustments in approaches to the value and the determination of the appraisal value	Use the income capitalization approach value with the value calculated using the cost method used only for reference if the decision is made that the income capitalization approach value is more persuasive because the price determination process has been accurately reproduced with respect to earnings.
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※Reference (Appraisal NOI Cap Rate=NOI above described /Acquisition Price)

Property Name	KDX Residence Hatchobori
Appraisal NOI Cap Rate (rounded to the first decimal place)	4.7%



Property Name	KDX Nakaitabashi
Appraisal Value	¥ 1,840,000,000
Appraiser	Japan Real Estate Institute
Appraisal Date	August 1, 2020

(Unit: Yen)

Item	Content	Basis
Income Capitalization Approach Value	1,840,000,000	Estimated by treating equally the income capitalization approach value using the Direct Capitalization method and the value calculated using the Discounted Cash Flow method.
Value Calculated Using the Direct Capitalization Method	1,880,000,000	Assessed by using the cap rate based on medium to long-term stable net income.
(1) Gross Operating Revenue	96,074,000	
Maximum Gross Operating Revenue	100,342,000	Assessed based on a level of fair rent believed to remain stable over the medium and long term.
Shortfall Attributed to Vacancies	4,268,000	Assessed based on the level of occupancy ratio that can be maintained stably over the medium and long term.
(2) Operating Expenses	20,028,000	
Maintenance Expenses	4,296,000	Assessed by reflecting the administrative and maintenance expenses based on contract terms, the level of expenses at similar properties, and other factors.
Utility Expenses	931,000	Assessed by reflecting the performance of similar properties.
Repair Expenses	996,000	Assessed using expenses at similar properties, annual average repair, maintenance and renewal expenses in the engineering report, and other factors.
Property Management Fees	1,828,000	Assessed by reflecting the compensation rate based on contract terms, those at similar properties, and other factors.
Tenant Recruit Expenses, etc.	3,486,000	Assessed by reflecting the contract terms, the lease terms at similar properties and other factors.
Taxes and Dues	5,035,000	Assessed based on the fiscal 2020 tax base amount, etc.
Damage Insurance Fees	104,000	Recorded an amount that reflects the insurance premiums based on the insurance contract, insurance premium rate at similar properties and other factors.
Other Expenses	3,352,000	Recorded internet use fee, and IoT platform use fee etc. as other expenses
(3) Net Operating Income (NOI=(1)-(2))	76,046,000	
(4) Gain on guarantee deposit investment	74,000	Assessed income from investments by using an investment return of 1.0%.
(5) Capital Expenditure	932,000	Assessed taking into account the level of capital expenditures at similar properties and the age of the property, assuming that an equal amount is added to a reserve in each fiscal period.
(6) Net Cash Flow (NCF=(3)+(4)-(5))	75,188,000	
(7) Capitalization Rate	4.0%	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	1,800,000,000	
Discount Rate	3.8%	Assessed by comprehensively taking into account the Property's unique characteristics, while reflecting investment returns of similar properties in transaction.
Terminal Capitalization Rate	4.2%	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	2,020,000,000	
Land	72.0%	
Building	28.0%	

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

Property Name	KDX Residence Nakaitabashi
Appraisal NOI Cap Rate (rounded to the first decimal place)	4.4%

## Attached Materials

- Reference Material (1) Outline of Engineering Reports
- Reference Material (2) Exterior Photos and Map of To-be Acquired Asset
- Reference Material (3) List of Property Portfolio (After the Acquisition)
- Reference Material (4) Summary of To-be Acquired Assets

\* 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 (1) Outline of Engineering Reports

(Unit: Yen in thousand)

Property Name	KDX Residence Hatchobori
Investigation Company	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Investigation Date	September 2020
Repairs Maintenance and Renovation Expenses Expected to be Required within 12 Years	26,328
Unit-in-Place	840,000

Property Name	KDX Residence Nakaitabashi
Investigation Company	DAIWA REAL ESTATE APPRAISAL CO., LTD.
Investigation Date	September 2020
Repairs Maintenance and Renovation Expenses Expected to be Required within 12 Years	15,974
Unit-in-Place	553,300

\*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
- analyses of the existence of hazardous substances and the soil environment
- Estimates of the replacement cost

Reference Material (2) Exterior Photos and Map of To-be Acquired Asset

T-93 KDX Residence Hatchobori





T-94 KDX Residence Nakaitabashi



Area/ Property type	Property Name	(Anticipated) Acquisition Price (Thousands yen) <sup>(1)</sup>	Ratio <sup>(1)</sup>	Acquisition Date (Scheduled)
Residence/ Tokyo Metropolitan Area	KDX Daikanyama Residence	4,700,000	1.8	May 1, 2012
	KDX Odemma Residence	1,775,000	0.7	May 1, 2012
	KDX Iwamoto-cho Residence	822,000	0.3	May 1, 2012
	KDX Bunkyo Sengoku Residence	1,488,000	0.6	May 1, 2012
	KDX Azumabashi Residence	650,000	0.3	May 1, 2012
	KDX Shimura Sakaue Residence	2,830,000	1.1	May 1, 2012
	Cosmo Heim Motosumiyoshi (land with leasehold interest) <sup>(2)</sup>	1,750,000	0.7	April 26, 2012
	KDX Musashi Nakahara Residence	637,000	0.2	May 1, 2012
	KDX Chiba Chuo Residence	1,480,000	0.6	May 1, 2012
	KDX Kawaguchi Saiwai-cho Residence	1,150,000	0.5	May 1, 2012
	KDX Residence Shirokane I	3,000,000	1.2	August 7, 2013
	KDX Residence Shirokane II	2,800,000	1.1	August 7, 2013
	KDX Residence Minami-aoyama	2,230,000	0.9	August 7, 2013
	KDX Residence Minami-azabu	2,080,000	0.8	August 7, 2013
	KDX Residence Shiba Koen	1,781,000	0.7	August 7, 2013
	KDX Residence Azabu East	1,560,000	0.6	August 7, 2013
	KDX Residence Takanawa	770,000	0.3	August 7, 2013
	KDX Residence Nishihara	1,450,000	0.6	August 7, 2013
	KDX Residence Daikanyama II	730,000	0.3	August 7, 2013
	KDX Residence Sendagaya	650,000	0.3	August 7, 2013
	KDX Residence Nihombashi Suitengu	3,240,000	1.3	August 7, 2013
	KDX Residence Nihombashi Hakozaiki	1,147,000	0.4	August 7, 2013
	KDX Residence Higashi-shinjuku	3,270,000	1.3	August 7, 2013
	KDX Residence Yotsuya	2,260,000	0.9	August 7, 2013
	KDX Residence Nishi-shinjuku	1,000,000	0.4	August 7, 2013
	KDX Residence Kagurazaka	720,000	0.3	August 7, 2013
	KDX Residence Futako Tamagawa	1,250,000	0.5	August 7, 2013
	KDX Residence Komazawa Koen	920,000	0.4	August 7, 2013
	KDX Residence Misyuku	760,000	0.3	August 7, 2013
	KDX Residence Yoga	700,000	0.3	August 7, 2013
	KDX Residence Shimouma	600,000	0.2	August 7, 2013
	Raffine Minami-magome	1,250,000	0.5	August 7, 2013
	KDX Residence Yukigaya Otsuka	1,050,000	0.4	August 7, 2013
	KDX Residence Denen Chofu	1,000,000	0.4	August 7, 2013
	KDX Residence Tamagawa	776,000	0.3	August 7, 2013
	KDX Residence Monzennakacho	773,000	0.3	August 7, 2013



Residence/ Tokyo Metropolitan Area	KDX Residence Okachimachi	850,000	0.3	August 7, 2013
	KDX Residence Moto-asakusa	800,000	0.3	August 7, 2013
	KDX Residence Itabashi Honcho	620,000	0.2	August 7, 2013
	KDX Residence Azusawa	550,000	0.2	August 7, 2013
	KDX Residence Tobu Nerima	420,000	0.2	August 7, 2013
	KDX Residence Yokohama Kannai	800,000	0.3	August 7, 2013
	KDX Residence Miyamaedaira	999,000	0.4	August 7, 2013
	KDX Residence Machida	1,800,000	0.7	August 7, 2013
	KDX Residence Kinshicho	1,350,000	0.5	March 28, 2014
	KDX Residence Nihombashi Hamacho	996,000	0.4	August 7, 2014
	KDX Residence Nihombashi Ningyocho	530,000	0.2	August 7, 2014
	KDX Residence Jiyugaoka	1,268,000	0.5	August 7, 2014
	KDX Residence Togoshi	3,745,000	1.5	August 7, 2014
	KDX Residence Shinagawa Seaside	2,593,000	1.0	August 7, 2014
	KDX Residence Ojima	1,857,000	0.7	August 7, 2014
	KDX Residence Oyama	2,679,000	1.0	August 7, 2014
	KDX Residence Hanzomon	4,832,000	1.9	February 5, 2015
	B-Site Akihabara	850,000	0.3	February 5, 2015
	KDX Residence Kagurazaka Dori	1,360,000	0.5	February 5, 2015
	KDX Residence Sendagi	2,200,000	0.9	February 5, 2015
	KDX Residence Seijo	1,400,000	0.5	February 5, 2015
	KDX Residence Akihabara	1,250,000	0.5	February 5, 2015
	KDX Residence Iriya	1,062,000	0.4	February 5, 2015
	KDX Residence Tachikawa	3,026,200	1.2	February 5, 2015
	KDX Residence Tsurumi	1,050,000	0.4	February 5, 2015
	KDX Residence Morishita Chitose	1,100,000	0.4	June 1, 2015
	KDX Residence Akasaka	1,150,000	0.5	September 30, 2015
	KDX Residence Kanda	700,000	0.3	September 30, 2015
	KDX Residence Ebisu	2,845,000	1.1	October 30, 2015
	KDX Residence Nishi-magome	1,130,000	0.4	August 30, 2016
	KDX Residence Nishi-azabu	1,224,000	0.5	August 1, 2016
	KDX Residence Azabu Sendaizaka	792,300	0.3	August 1, 2016
	KDX Residence Waseda Tsurumaki	561,000	0.2	August 1, 2016
	KDX Residence Bunkyo Yushima	695,000	0.3	August 1, 2016
	KDX Residence Kamishakujii	648,000	0.3	August 1, 2016
	KDX Residence Shin-otsuka	764,000	0.3	November 1, 2016
	KDX Residence Sakurajosui	894,000	0.4	November 1, 2016
	KDX Residence Ryogoku	842,000	0.3	November 1, 2016

	KDX Residence Toyosu	7,500,000	2.9	August 22, 2017
	KDX Residence Asagaya	1,930,000	0.8	August 2, 2018
	KDX Residence Hiyoshi	2,635,300	1.0	August 2, 2018
	KDX Residence Kamikitazawa	1,360,000	0.5	February 1, 2019
	KDX Residence Kaminoge	1,111,000	0.4	February 1, 2019
	KDX Residence Higashi-Asakusa	687,730	0.3	February 21, 2019
	KDX Residence Nishi-Funabashi	975,350	0.4	September 17, 2019
	KDX Residence Hatagaya	2,500,000	1.0	February 27, 2020
	KDX Residence Asagaya II	939,400	0.4	October 29, 2019
	KDX Residence Gakugeidaigaku	750,000	0.3	February 27, 2020
	KDX Residence Kamata-minami	1,918,300	0.8	March 2, 2020
	KDX Residence Kichijoji	621,000	0.2	March 13, 2020
	KDX Residence Mitaka	2,530,000	1.0	June 30, 2020
	KDX Residence Nakanobu	830,000	0.3	August 3, 2020
	KDX Residence Ichikawa	840,000	0.3	September 24, 2020
	KDX Residence Hatchobori	3,000,000	1.2	September 30, 2020
	KDX Residence Nakaitabashi	1,736,432	0.7	September 30, 2020
	91 properties subtotal	139,146,012	54.5	
Residence/ Other Regional Areas	KDX JozenjiDori Residence	1,015,000	0.4	May 1, 2012
	KDX Izumi Residence	1,120,000	0.4	May 1, 2012
	KDX Chihaya Residence	1,080,000	0.4	May 1, 2012
	KDX Sakaisuji Hommachi Residence	2,910,000	1.1	May 1, 2012
	KDX Takarazuka Residence	1,510,000	0.6	May 1, 2012
	KDX Shimizu Residence	1,680,000	0.7	May 1, 2012
	KDX Residence Odori Koen	765,000	0.3	August 7, 2013
	KDX Residence Kikusui Yoyo	830,000	0.3	August 7, 2013
	KDX Residence Toyohira Koen	445,000	0.2	August 7, 2013
	KDX Residence Ichiban-cho	530,000	0.2	August 7, 2013
	KDX Residence Higashi-sakura I	2,350,000	0.9	August 7, 2013
	KDX Residence Higashi-sakura II	900,000	0.4	August 7, 2013
	KDX Residence Jingumae	840,000	0.3	August 7, 2013
	KDX Residence Nishi-oji	813,000	0.3	August 7, 2013
	KDX Residence Saiin	440,000	0.2	August 7, 2013
	KDX Residence Namba	1,410,000	0.6	August 7, 2013
	KDX Residence Namba-minami	1,350,000	0.5	August 7, 2013
	KDX Residence Ibaraki I・II	1,275,000	0.5	August 7, 2013
	KDX Residence Toyonaka-minami	740,000	0.3	August 7, 2013
	KDX Residence Moriguchi	551,000	0.2	August 7, 2013
	KDX Residence Sannomiya	1,080,000	0.4	August 7, 2013
	Ashiya Royal Homes	1,360,000	0.5	August 7, 2013

	KDX Residence Funairi Saiwai-cho	588,000	0.2	August 7, 2013
	KDX Residence Tenjin-higashi II	680,000	0.3	August 7, 2013
	KDX Residence Nishi Koen	763,000	0.3	August 7, 2013
	KDX Residence Hirao Josui-machi	760,000	0.3	August 7, 2013
	Leopalace Flat Shin-sakae	3,500,000	1.4	November 28, 2014
	KDX Residence Konan Yamate	973,000	0.4	November 14, 2014
	KDX Residence Hommachibashi	3,201,000	1.3	December 18, 2014
	KDX Residence Minami-kusatsu	1,974,666	0.8	February 5, 2015
	KDX Residence Ohori Harbor View Tower	4,606,296	1.8	February 5, 2015
	KDX Residence Minami-sanjo	915,000	0.4	September 30, 2015
	Serenite Kita-kyuhoji	1,290,740	0.5	October 27, 2015
	Serenite Nishinomiya Hommachi	617,048	0.2	December 1, 2016
	KDX Residence Nishijin	1,600,000	0.6	August 1, 2017
	Serenite Kobe Motomachi	2,390,000	0.9	August 2, 2018
	KDX Residence Shukugawa Hills	6,884,800	2.7	August 2, 2018
	KDX Residence Sendai Station East	1,340,000	0.5	February 27, 2020
	38 properties subtotal	57,077,551	22.4	
Residential 129 properties total		196,223,563	76.9	
Healthcare Facility	Irise Kamata/Yuseien	1,120,000	0.4	March 1, 2018
	Nichii Home Nakano-Minamidai	1,780,000	0.7	March 1, 2018
	Joy Stage Hachioji	3,690,000	1.4	March 1, 2018
	Yuimaru Hijirigaoka	1,120,000	0.4	March 1, 2018
	Nichii Home Tama Plaza	2,940,000	1.2	March 1, 2018
	Ten	2,630,000	1.0	March 1, 2018
	Irise Nishioka	858,000	0.3	March 1, 2018
	Izarie Eniwa Building	1,660,000	0.7	March 1, 2018
	Sawayaka Sakura Nibankan	989,000	0.4	March 1, 2018
	Activa Biwa	6,560,000	2.6	March 1, 2018
	Sompo Care LAVIERE Kobe Tarumi	2,110,000	0.8	March 1, 2018
	Granda Mondo Yakujin	1,190,000	0.5	March 1, 2018
	Excellent Nishinomiya	971,000	0.4	March 1, 2018
	Gran Hills Ogawarako	1,380,000	0.5	March 1, 2018
	Excellent Kitano	737,000	0.3	July 6, 2018
	Anesis Teradacho	3,490,000	1.4	August 2, 2018
	Rococo-riha	2,100,000	0.8	August 2, 2018
	Orage Suma	2,810,000	1.1	August 2, 2018
	Canadian Hill	1,830,000	0.7	August 2, 2018

	Anesis Hyogo	1,420,000	0.6	August 2, 2018
	Plaisant Grand Ota tamagawa	3,057,630	1.2	September 28, 2018
	Tsukui Sun-shine Machida	6,934,600	2.7	March 1, 2019
	Serabi Ebisu	1,690,000	0.7	June 3, 2019
	Arute Ishiyagawa	1,061,000	0.4	June 3, 2019
Healthcare 24 properties subtotal		54,128,230	21.2	
	HOTEL LiVEMAX Tokyo-Otsuka-Ekimae	2,390,000	0.9	March 2, 2020
	HOTEL LiVEMAX Yokohamaeki-Nishiguchi	2,570,000	1.0	March 2, 2020
Accommodation 2 properties subtotal		4,960,000	1.9	
155 properties total		255,311,793	100.0	

(Note 1) Any fraction of the acquisition price less than one thousand yen is rounded down, and the ratios are rounded off to the first decimal place.

(Note 2) "Cosmo Heim Motosumiyoshi (land with leasehold interest)" is included in the Residential Facilities.

# Summary for the New Acquire Properties 1/2

## KDX Residence Hatchobori

Primary location  
selection criteria

Jigurai

Property type

Family

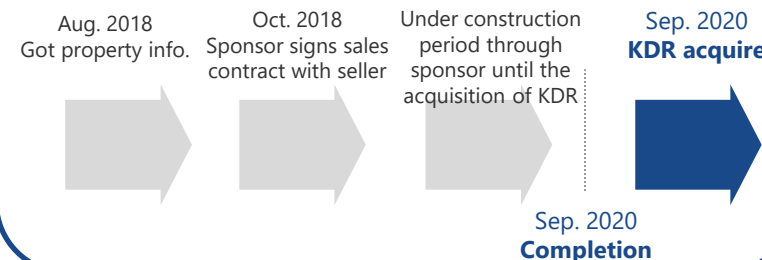


Location	Chuo-ku, Tokyo
Rentable Units	46 units
Acquisition price	¥3,000 million
Appraisal value (Note1)	¥3,530 million
Appraisal NOI cap rate (Note1)	4.7%
Construction completion	September, 2020
Access	4 minutes' walk from Hatchobori Station

- **Acquired newly-built rental housing through sponsor support**
- Tokyo Metro Hibiya Line and JR Keiyo Line "Hatchobori" station is only about 2 minutes from "Tokyo" station, which is the best terminal station in Tokyo. And excellent access within walking distance from this property to Nihonbashi office district and commercial areas.
- The types range from 2LDK to 3LDK, and this property surrounded by convenient facilities for living such as supermarkets and banks. The property is close to a nursery school, elementary school, park, etc., and has a comfortable living environment. Therefore steady housing demand is expected from couple households and family households commuting to the downtown area. In addition, **rental demand due to new lifestyles is expected with the spread of telework, the number of rooms and the Internet environment are becoming more important.** (Note2)

### About this initiative with the sponsor

Working jointly with sponsors on development properties that are difficult to acquire with REITs alone. Then achieved property acquisition at a competitive price compared to the market



Note1: "Appraisal value" is described the appraisal value as of Sep. 10, 2020. "Appraisal NOI cap rate" = NOI described in Appraisal Report / Acquisition Price

Note2: IoT equipment is planned to be installed following the acquisition of the property.



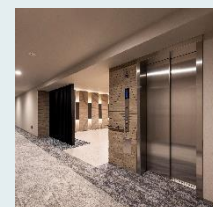
# Summary for the New Acquire Properties 2/2

## KDX Residence Nakaitabashi

Primary location  
selection criteria  
Property type

Convenience

Studio



- **Acquired newly-built rental housing with sourcing route of asset management company**
- Nakaitabashi Station is only about 6 minutes from Ikebukuro Station, providing convenient access to central business and commercial areas. And this property surrounded by convenient facilities such as shopping street and supermarkets, and therefore steady housing demand is expected from singles.
- **All rooms are installed with IoT equipment**, and rental demand for seeking new lifestyle is expected. It is possible to remotely control lighting, air conditioners, entrance keys, etc., including indoor cameras, from smartphones, etc.

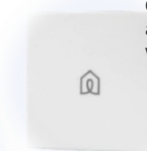


Location	Itabashi-ku, Tokyo
Rentable Units	78 units
Acquisition price	¥1,736 million
Appraisal value (Note)	¥1,840 million
Appraisal NOI cap rate (Note)	4.4%
Construction completion	June, 2020
Access	6 minutes' walk from Nakaitabashi Station

Automation of control  
and operation of smart  
home devices



Operate home  
appliances and lighting  
with just click



Operate infrared remote  
control compatible home  
appliances such as air  
conditioners and TVs



Can be unlocked / locked  
by entering the PIN code



Can be unlocked and  
locked even when you  
are out of home



You can check the  
insight of the room  
even when you are out

Note: "Appraisal value" is described the appraisal value as of Aug. 1, 2020. "Appraisal NOI cap rate" = NOI described in Appraisal Report / Acquisition Price