

Translation of Japanese Original

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To All Concerned Parties

REIT Issuer:

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Notice Concerning Earnings Forecast and Distribution Forecast for the Fiscal Period Ending February 28, 2018

Japan Senior Living Investment Corporation (“JSL”) hereby announces that it has revised as below its earnings forecast and distribution forecast for the fiscal period ending February 28, 2018 (September 1, 2017 to February 28, 2018), which were previously released on October 16, 2017.

1. Revisions to earnings forecast and distribution forecast for the fiscal period ending February 28, 2018

	Operating revenue	Operating income	Ordinary income	Net income	Distributions per unit (excluding excess of earnings)	Distributions in excess of earnings per unit
	(million yen)	(million yen)	(million yen)	(million yen)	(yen)	(yen)
Previous forecast (A)	987	369	297	296	3,500	—
Revised forecast (B)	987	387	283	282	3,334	—
Amount of change (B) – (A)	—	18	(14)	(14)	(166)	—
Ratio of change	—%	4.9%	(4.7%)	(4.7%)	(4.7%)	—

(Note 1) The forecast figures are current figures calculated based on the assumptions set forth in the attached “Assumptions for Earnings Forecasts for the fiscal period ending February 28, 2018” and thus actual operating revenue, operating income, ordinary income, net income and distribution per unit (excluding excess of earnings) may differ depending on future movements including acquisitions or sales of real estate, etc., changes in the real estate market, etc., fluctuations of interest rates and changes in other circumstances surrounding JSL. Furthermore, the forecasts do not guarantee future distribution amounts.

(Note 2) Revisions to the forecasts may be made if a certain degree of discrepancy from the foregoing forecasts is anticipated.

(Note 3) Amounts less than the indicated unit are rounded down and percentage figures are rounded off to the nearest first decimal place. The same applies hereinafter.

2. Background of Revision

As set forth in the “Notice of Conclusion of Merger Agreement Between Kenedix Residential Investment Corporation and Japan Senior Living Investment Corporation” released today, JSL, at its Board of Directors meetings held today, approved the implementation of an absorption-type merger (“Merger”) on March 1, 2018 with Kenedix Residential Investment Corporation (“KDR”), having KDR as the surviving corporation and JSL as the dissolving corporation, and executed a merger agreement today.

In conjunction with the foregoing, since expenses related to the Merger are expected to be recorded, JSL has revised the earnings forecast and distribution forecast for the fiscal period ending February 28, 2018 (September 1, 2017 to February 28, 2018).

* This announcement is being distributed to the Kabuto Club; the Ministry of Land, Infrastructure, Transport and Tourism Press Club; and the Ministry of Land, Infrastructure, Transport and Tourism Construction Specialty Publication Press Club

*Website: <http://www.jsl-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.

Assumptions for Earnings Forecasts for the fiscal period ending February 28, 2018

Item	Conditions Precedent
Calculation periods	<ul style="list-style-type: none"> The fiscal period ending February 28, 2018 (the 5th Fiscal Period): from September 1, 2017 to February 28, 2018 (181 days)
Assets under management	<ul style="list-style-type: none"> With regard to the 14 properties owned through trust beneficial interests by JSL (“Currently Owned Assets”) as of November 10, 2017, it is assumed that there will be no changes to the assets under management (acquisition of new assets, disposal of properties, etc.) through February 28, 2018. There may be changes due to acquisition of new assets or disposal of properties, other than the Currently Owned Assets.
Operating revenues	<ul style="list-style-type: none"> Rental and other operating revenues from the Currently Owned Assets are calculated based on the rents and such indicated in the lease agreements in effect as of November 10, 2017. Operating revenues were calculated on the assumption that there are no lessees who are late or delinquent in rent payments.
Operating expenses	<ul style="list-style-type: none"> Of rental and other operating revenues from the Currently Owned Assets, which is the main operating expense, those other than depreciation are calculated based on historic data reflecting fluctuation factors of the expenses. As to the amount equivalent to fixed asset taxed and city planning taxes (“Fixed Asset Taxes, etc.”), which is adjusted at a time of acquisition of real estate, etc. by prorating the pro forma taxes with the previous owner, JSL includes such in the acquisition costs in the fiscal year the acquisition is made. Repair and maintenance expenses of buildings are forecast to be 12 million yen based on the repair plans drawn up by the asset management company. As to the 14 million yen of repair and maintenance expenses which was under discussion with some lessees as of the date of announcement (October 16, 2017), repair plans have been reviewed as implementation of such repairs became less likely. However, given the possibility of expenses for repairs and maintenance due to damage to building arising urgently from unforeseen factors, expenses for repairs and maintenance may change significantly from the anticipated amounts. Depreciation, including incidental expenses, is calculated using the straight-line method, and is forecast to be 306 million yen.
Non-operating expenses	<ul style="list-style-type: none"> Interest and other financing-related expenses are forecast to be 71 million yen. Expenses arising temporarily in association with the Merger are forecast to be 32 million yen.
Interest-bearing debt	<ul style="list-style-type: none"> The outstanding debt of 15,000 million yen as of November 10, 2017 is assumed.
Investment units	<ul style="list-style-type: none"> The total number of outstanding investment units of 84,750 as of November 10, 2017 is assumed. It is assumed that there will be no change to the number of investment units through the end of the fiscal period ending February 28, 2018 with the issuance of new investment units, etc.
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> Distribution per unit (excluding distributions in excess of earnings) are calculated in accordance with the policy regarding cash distributions provided in the Articles of Incorporation of JSL. Distributions per unit (excluding distributions in excess of earnings) may change due to various factors, including changes in rent revenues resulting from changes in assets under management or in tenants, etc., and unforeseen repairs and maintenance.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> Distributions in excess of earnings per unit are not planned at the present time.
Other	<ul style="list-style-type: none"> It is assumed that no amendments affecting the above forecasts will be made to laws and regulations, the tax system, accounting standards, listing regulations or the rules of the Investment Trusts Association, Japan or other laws or rules. It is assumed that no unforeseen material changes will occur with respect to general economic trends and real property prices and other factors.