

October 25, 2018

To All Concerned Parties

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

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**Notice Concerning Seismic Isolation/Mitigation Oil Dampers manufactured
by KYB Corporation and Kayaba System Machinery Co., Ltd.**

Kenedix Residential Next Investment Corporation (“the Investment Corporation”) announces that, in response to “Non-compliance with the standards under the certification of the Minister of Land, Infrastructure, Transport and Tourism of the seismic isolation/mitigation oil dampers manufactured by KYB Corporation and Kayaba System Machinery Co., Ltd.” announced by the Ministry of Land, Infrastructure, Transport and Tourism (the “MLIT”) on October 16, 2018, the Investment Corporation has investigated the properties that it currently owns. As a result, the Investment Corporation has discovered that one property (“Property”) among the properties the Investment Corporation currently owns uses the seismic isolation oil dampers manufactured by KYB Corporation (“KYB”) and Kayaba System Machinery Co., Ltd. (“Kayaba System Machinery”) with product certification number(s) for which the performance inspection data was considered to be falsified.

The investment corporation has received a report from KYB and Kayaba System Machinery that seismic isolation oil dampers used for the Property meet the performance standards of MLIT, but a part of the seismic isolation oil dampers fail to meet the performance standard based on the contract with the customers.

KYB has also announced that it will immediately exchange the seismic isolation oil dampers that fail to meet the performance standards of MLIT and fail to meet the performance standard based on the contract with the customers (Including the seismic isolation oil dampers for which it is unknown whether or not it has been falsified)

The Investment Corporation will make an announcement if it finds any new fact that would have a major impact on the Investment Corporation’s operating results.

*Website URL of the Investment Corporation: <https://www.kdr-reit.com/en/>

[Provisional Translation Only]

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Should there be any discrepancies between this translation and the Japanese original, the latter shall prevail.