

Translation of Japanese Original

March 10, 2019

To All Concerned Parties

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

Asset Management Company:
 Kenedix Real Estate Fund Management, Inc.
 Representative: Masahiko Tajima, President & CEO
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Notice Concerning Conclusion of Seismic Isolation Material Replacement Agreement and Additional Damage Compensation Agreement with Toyo Tire

Kenedix Residential Investment Corporation (the “Investment Corporation”) and Kenedix Real Estate Fund Management, Inc., the Asset Management Company of the Investment Corporation entered into Seismic Isolation Material Replacement Agreement and Additional Damage Compensation Agreement with Toyo Tire Corporation (formerly Toyo Tire & Rubber Co., Ltd.) (the “TOYO TIRE”) today in connection with the fact that a portion of the seismic isolation rubber (the “Seismic Isolation Rubber”) was used in one property (the “ Property”) among properties the Investment Corporation currently owns did not meet the performance assessment standards under the Ministry of Land, Infrastructure, Transport and Tourism’s certification criteria, which was announced in the April 21, 2015 release titled “Notice Concerning a Property Using Toyo Tire & Rubber Seismic Isolation Materials” and the follow up release of April 30, 2015 titled “Notice Concerning a Property Using Toyo Tire & Rubber Seismic Isolation Materials”. Details are as follows.

1. Background

The Investment Corporation and the Asset Management Company have negotiated with TOYO TIRE regarding the resolution of the problems (the “Problem”) arising from the fact that some of the seismic isolation rubbers used in the Property were found not to conform to the performance assessment standards certified by the Minister of Land, Infrastructure, Transportation and Tourism.

As a result, an agreement was reached concerning replacement of the Seismic Isolation Rubber to respond to the Problem and compensation for losses, etc. incurred by the Investment Corporation due to said replacement. Accordingly, the concerned parties have decided to conclude an agreement on replacement of the Seismic Isolation Rubber and an additional compensation agreement.

(1) Summary of Replacement Agreement

①	Party to the execution	The Investment Corporation, the Asset Management Company and a trust bank who is the trustee of the building (collectively the “Investment Corporation and Others”) and TOYO TIRE, the Construction Company of the property (the “Construction Company”)
②	Contents of the replacement work	Work related to the replacement of the substandard Seismic Isolation Rubber
③	Conductor of the replacement work	TOYO TIRE and Construction Company
④	Person who bears the cost replacement work	TOYO TIRE
⑤	Contract date	May 10, 2019

(2) Summary of Additional Damage Compensation Agreement

①	Party to the execution	The Investment Corporation and Others, TOYO TIRE and Toyo Chemical Industrial Products Co., Ltd
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②	Contents of the compensation	Compensation for damages incurred by the Investment Corporation and Others upon the implementation of the replacement work; and compensation for damages which remained for further discussion when a compensation agreement announced in “Notice Concerning Conclusion of Agreement with Toyo Tire & Rubber on Compensation for Damages” dated September 30, 2015 (the “Existing Compensation Agreement”) was concluded, and for which an agreement has been reached regarding compensation (Note)
③	Contract date	May 10, 2019

(Note) The details of the compensation are undisclosed because disclosure of such may hinder smooth implementation of compensation.

2. Impact of the replacement work etc.,

Considering that the Property is a residential property currently in operation and that there are many residents, TOYO TIRE and the Construction Company have agreed in the above replacement agreement to hold necessary discussions with the Investment Corporation and Others concerning the schedule, method, etc. of the work and to respect the request from the Investment Corporation and Others to the extent possible.

Along with the implementation of the replacement work, some residential units of the Property will be unleaseable. However, the Investment Corporation expects that the impact on the performance of the Investment Corporation will be minimal as compensation agreed in the Existing Compensation Agreement and the above additional compensation agreement will be provided.

*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.