

June 18, 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  
Contact: Shin Yamamoto, Head of Planning  
Division, Residential REIT Department  
TEL: +81-3-5157-6011

Notice Concerning the organizational change of Residential REIT Department of the Asset Management Company and changes in internal rules (the rules of Asset Management Committee in Residential REIT Department and the rules of pipeline meeting)

Kenedix Real Estate Fund Management, Inc. (the “Asset Management Company”), which is entrusted with asset management by Kenedix Residential Next Investment Corporation (the “Investment Corporation”), would like to inform you of its decision at its Board of Directors meeting on the date of this press release to carry out an organizational change of Residential REIT Department and to change the internal rules of the Asset Management Company as of the date of such organizational change (scheduled on July 1, 2019) as follows.

1. Details of the Organizational Change

With regard to the business of Healthcare Investment Management Division in Residential REIT Department of the Asset Management Company, the business pertaining to acquisition and disposal of healthcare facilities will be integrated into the Asset Investment Division in Residential REIT Department and the business pertaining to management of healthcare facilities will be integrated into the Asset Management Division in Residential REIT Department (the “Organizational Change”).

2. Reasons of the Organizational Change

A merger between the Investment Corporation and Japan Senior Living Investment Corporation (“JSL”) was implemented on March 1, 2018. At the time of the merger, the Healthcare Investment Management Division, which is in charge of investment and management of healthcare facilities, was created in the Residential REIT Department of the Asset Management Company, and the persons in charge who have expertise were introduced from Japan Senior Living Partners, Inc., which was the asset management company of JSL, and the management system of healthcare facilities was succeeded in order to develop the management system of healthcare facilities which requires expertise and to continue the steady management of healthcare facilities without hindrance. As of now, more than 1 year after the commencement of management in conjunction with the merger, the management of healthcare facilities has been growing steadily and the assets of healthcare facilities grew from 28.9 billion yen at the time of the merger to 54.1 billion yen. We are of the opinion that it is essential to enhance the management ability of healthcare facilities further and to promote the management ability of the whole portfolio as well as to further enhance the ability to acquire properties for a further growth of the entire portfolio of the Investment Corporation including healthcare facilities, residential facilities and accommodation facilities in the future. From this

perspective, we decided to implement organizational change of the Residential REIT Department of the Asset Management Company and enhance the management system as follows.

Firstly, as to acquisition of information on investment properties related to healthcare facilities, since the source of such information is generally the same with those of information on investment properties related to residential facilities and accommodation facilities (except for the information provided by operators), we will conduct effective collection and centralized control of the information regarding investment properties, which leads to opportunities for property acquisition, by integrating business pertaining to acquisition and disposal of healthcare facilities into Asset Investment Division, and aim to enhance the ability to acquire properties.

Secondly, we aim to enhance the ability to manage healthcare facilities further and management ability of the whole portfolio by integrating the business pertaining to asset management in the Healthcare Investment Management Division into the Asset Management Division and realizing fusion of know-how in management which was dispersed in both divisions and sharing of human resources.

3. Organizational Chart of the Asset Management Company after the Organizational Change  
Please refer to Reference Material (1).

4. Separation of Duties for the Asset Management Company after the Organizational Change  
Please refer to Reference Material (2).

5. Change of the rules of Asset Management Committee in Residential REIT Department

In conjunction with the Organizational Change, the Head of Healthcare Investment Management Division in Residential REIT Department and the Deputy Head of Healthcare Investment Management Division in Residential REIT Department will no longer be the members of the Asset Management Committee of the Residential REIT Department, and the Deputy Head of Healthcare of the Asset Investment Division in the Residential REIT Department will take over as member of the Asset Management Committee of the Residential REIT Department. Committee members and proceedings of meeting of the Asset Management Committee of the Residential REIT Department after the change are as follows. There is no change in matters to be discussed by the Asset Management Committee of the Residential REIT Department.

Committee Members	Head of Residential REIT Department (Head of Committee), Head of Asset Investment Division in Residential REIT Department, Head of Asset Management Division in Residential REIT Department, Deputy Head of Healthcare of the Asset Investment Division in Residential REIT Department, Head of Planning Division in Residential REIT Department, Compliance Officer, Head of Finance & Accounting Department and external members
Proceedings of Meeting	<p style="text-align: center;">(...)</p> <ul style="list-style-type: none"> <li>• As to resolutions, Deputy Head of Healthcare of the Asset Investment Division in the Residential REIT Department shall only have the voting rights pertaining to matters related to healthcare facilities. In this case, such member shall not be included in the number of committee members and the number of members present with regard to the matters for which such member does not have voting rights.</li> </ul> <p style="text-align: center;">(...)</p>

6. Change of the rules of pipeline meeting

In conjunction with the Organizational Change, the Head of Healthcare Investment Management Division in Residential REIT Department will no longer be a committee member of pipeline meeting. Committee members and the proceedings of meeting of pipeline meeting after the change are as follows. There is no change in the matters to be discussed at pipeline meeting.

Committee Members	Compliance Officer (Chairperson), Head of Asset Investment Division in Residential REIT Department, Head of Asset Investment Division in Office REIT Department, Head of Investment Management Division in Private REIT Department and Head of Asset Investment Division in Retail REIT Department <sup>(Note)</sup>
Proceedings of Meeting	<ul style="list-style-type: none"> <li>• Meeting must be attended by at least two-thirds of the members. The Compliance Officer and the Heads of Investment Management Division and the Heads of Asset Investment Division of each Department (excluding the Head of Investment Management Division and the Head of Asset Investment Division in such Department, if only the matters related to each department which they do not belong to or matters incidental to or related to those matters are discussed or resolved) must be present (including presence by proxy).</li> <li>• Resolutions shall be passed by a two-thirds majority of the members present including the Compliance Officer.</li> </ul>

(Note) If it is difficult for the Head of Asset Investment Division in Residential REIT Department, the Head of Asset Investment Division in Office REIT Department, the Head of Investment Management Division in Private REIT Department and the Head of Asset Investment Division in Retail REIT Department to be present, they may appoint another member in their division to be present on behalf of them.

Concerning the Organizational Change and change of the internal rules, we will take necessary procedures such as making notifications, etc. in accordance with the Financial Instruments and Exchange Act, the Real Estate Brokerage Act and other applicable laws, regulations and rules.

The Organizational Change complies with the “Guideline for Utilizing Healthcare REIT for Senior Housings, etc.” of the Ministry of Land, Infrastructure, Transport and Tourism.

<Attached materials>

- Reference Material (1) “Organizational Chart of the Asset Management Company after the Organizational Change”
- Reference Material (2) “Separation of Duties for the Asset Management Company after the Organizational Change”

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

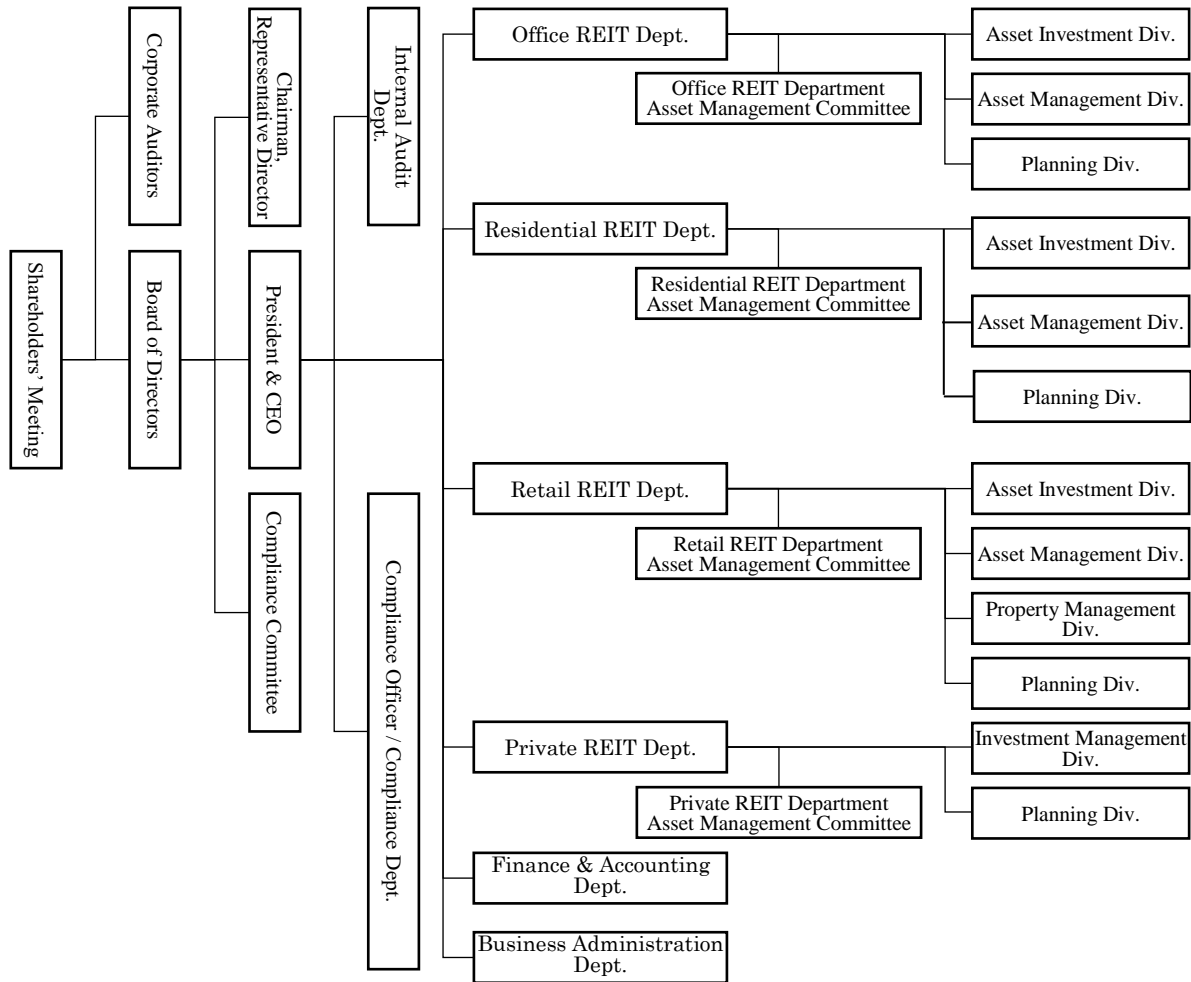
***[Provisional Translation Only]***

***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.***

Reference Material (1)

Organizational Chart of the Asset Management Company after the Organizational Change



Reference Material (2)

Separation of Duties for the Asset Management Company after the Organizational Change

(The underlined parts are changes)

(Before)

Residential REIT Department	<p>Overall Asset Management Business (“KDR Asset Management Business”) for Kenedix Residential Next Investment Corporation (“KDR”)</p> <p>a. Asset Investment Division</p> <p><u>The following items related to residential facilities and accommodation</u></p> <ul style="list-style-type: none"> <li>• Items related to development and changes of the KDR asset management guidelines</li> <li>• Items related to the acquisition and disposal of assets concerning the KDR Asset Management Business</li> <li>• Items related to individual management of KDR’s investment management risks (acquisition and disposal of assets)</li> <li>• Research and analysis on the real estate market (related to KDR)</li> <li>• Other incidental items above or related items</li> </ul> <p>b. Asset Management Division</p> <p><u>The following items related to residential facilities and accommodation</u></p> <ul style="list-style-type: none"> <li>• Items related to KDR Asset Management Business related asset management</li> <li>• Items related to development and changes of the KDR property management guidelines</li> <li>• Items related to the management of budget and performance of real estate owned by KDR, etc.</li> <li>• Items related to individual management of KDR investment risks (asset management)</li> <li>• Items related to individual management of the KDR real estate management risks (management)</li> <li>• Items related to construction management for the KDR real estate, etc. owned by the Investment Corporation</li> <li>• Items related to individual management of the KDR real estate management risks (construction work)</li> <li>• Other incidental items above or related items</li> <li>• Items related to monitoring of the operation of facilities and credit information such as financial status, etc. of operators for real estate, etc. owned by KDR <u>(related to accommodation)</u></li> <li>• Other incidental items above or related items</li> </ul> <p>c. <u>Healthcare Investment Management Division</u></p> <p><u>The following items related to healthcare facilities</u></p> <ul style="list-style-type: none"> <li>• <u>Items related to development and changes of the KDR asset management guidelines</u></li> <li>• <u>Items related to the acquisition and disposal of assets concerning the KDR Asset Management Business</u></li> <li>• <u>Items related to individual management of KDR’s investment management risks (acquisition and disposal of assets)</u></li> <li>• <u>Research and analysis on the real estate market (related to KDR)</u></li> <li>• <u>Research and analysis on operators</u></li> <li>• <u>Items related to KDR Asset Management Business related asset management</u></li> <li>• <u>Items related to development and changes of the KDR property management guidelines</u></li> <li>• <u>Items related to the management of budget and performance of real estate owned by KDR, etc.</u></li> </ul>
-----------------------------	--

	<ul style="list-style-type: none"> <li>• <u>Items related to individual management of KDR investment risks (asset management)</u></li> <li>• <u>Items related to individual management of the KDR real estate management risks (management)</u></li> <li>• <u>Items related to construction management for real estate, etc. owned by KDR</u></li> <li>• <u>Items related to individual management of the KDR real estate management risks (construction work)</u></li> <li>• <u>Items related to monitoring of the operation of facilities and credit information such as financial status, etc. of operators for real estate, etc. owned by KDR</u></li> <li>• <u>Other incidental items above or related items</u></li> </ul> <p>d. Planning Division</p> <ul style="list-style-type: none"> <li>• Items related to direct financing such as the issuance of investment units and investment corporation bonds, from items related to fund raising of KDR</li> <li>• Items related to KDR capital policy</li> <li>• Items related to development and changes of the KDR medium-term business plan</li> <li>• Items related to development and changes of the KDR annual business plan</li> <li>• Items related to KDR IR activities</li> <li>• Items related to disclosures of KDR (including semi annual report. Only support for Finance &amp; Accounting Department for preparation of securities report and financial report)</li> <li>• Items related to research and analysis on the real estate investment trust market (related to KDR)</li> <li>• Items related to KDR's responses to the investors (excluding items related to general unitholders meeting)</li> <li>• Items related to negotiations, etc. concerning jurisdiction business between regulatory authorities (related to KDR)</li> <li>• Items related to responses, etc. to related organizations (related to KDR)</li> <li>• Other incidental items above or related items</li> </ul>
--	--

(After)

Residential REIT Department	<p>Overall Asset Management Business (“KDR Asset Management Business”) for Kenedix Residential Next Investment Corporation (“KDR”)</p> <p>a. Asset Investment Division</p> <ul style="list-style-type: none"> <li>• Items related to development and changes of the KDR asset management guidelines</li> <li>• Items related to the acquisition and disposal of assets concerning the KDR Asset Management Business</li> <li>• Items related to individual management of KDR’s investment management risks (acquisition and disposal of assets)</li> <li>• Research and analysis on the real estate market (related to KDR)</li> <li>• Other incidental items above or related items</li> </ul> <p>b. Asset Management Division</p> <ul style="list-style-type: none"> <li>• Items related to KDR Asset Management Business related asset management</li> <li>• Items related to development and changes of the KDR property management guidelines</li> <li>• Items related to the management of budget and performance of real estate owned by KDR, etc.</li> <li>• Items related to individual management of KDR investment risks (asset management)</li> <li>• Items related to individual management of the KDR real estate management risks (management)</li> <li>• Items related to construction management for the KDR real estate, etc. owned by the Investment Corporation</li> <li>• Items related to individual management of the KDR real estate management risks (construction work)</li> <li>• Other incidental items above or related items</li> <li>• Items related to monitoring of the operation of facilities and credit information such as financial status, etc. of operators for real estate, etc. owned by KDR</li> <li>• Other incidental items above or related items</li> </ul> <p>c. Planning Division</p> <ul style="list-style-type: none"> <li>• Items related to direct financing such as the issuance of investment units and investment corporation bonds, from items related to fund raising of KDR</li> <li>• Items related to KDR capital policy</li> <li>• Items related to development and changes of the KDR medium-term business plan</li> <li>• Items related to development and changes of the KDR annual business plan</li> <li>• Items related to KDR IR activities</li> <li>• Items related to disclosures of KDR (including semi annual report. Only support for Finance &amp; Accounting Department for preparation of securities report and financial report)</li> <li>• Items related to research and analysis on the real estate investment trust market (related to KDR)</li> <li>• Items related to KDR’s responses to the investors (excluding items related to general unitholders meeting)</li> <li>• Items related to negotiations, etc. concerning jurisdiction business between regulatory authorities (related to KDR)</li> <li>• Items related to responses, etc. to related organizations (related to KDR)</li> <li>• Other incidental items above or related items</li> </ul>
-----------------------------	--