KENEDIX
Retail REIT Corporation

Translation of Japanese Original

December 22, 2017

To All Concerned Parties

REIT Issuer:
Kenedix Retail REIT Corporation
Representative: Akihiro Asano, Executive Director
(Securities Code: 3453)

Asset Manager:
Kenedix Real Estate Fund Management, Inc.
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Notice Concerning the Change of Organization and Company Regulations (Regulations of Pipeline Meeting)

Kenedix Retail REIT Corporation ("KRR") announced today that Board of Directors of Kenedix Real Estate Fund Management, Inc. ("the Asset Manager"), the asset manager for KRR, has decided to change the organization in relation to Residential REIT Department ("the Organizational Change") and change the company regulations (the Regulations of Pipeline Meeting) (hereafter, the Organizational Change and these changes of company regulations are collectively called "the Changes") as follows.
The Changes are subject to the absorption-type merger ("the Merger") pursuant to the merger agreement concluded on November 10, 2017, between Kenedix Residential Investment Corporation ("KDR") and Japan Senior Living Investment Corporation ("JSL"), whereby KDR will be the surviving corporation and JSL will be the dissolving corporation, taking effect.

1. The Organizational Change

(1) Outline of the Organizational Change

"Healthcare Investment Management Division" is newly established in Residential REIT Department in the Asset Manager as a unit dedicated to investment and asset management for healthcare facilities. Asset Investment Division and Asset Management Division in Residential REIT Department continue to be in charge of investment and asset management respectively for KDR's assets excluding healthcare facilities.

(2) The Reason for the Organizational Change

KDR newly establishes Healthcare Investment Management Division as a specialized unit dedicated to investment and asset management for healthcare facilities required expertise because it plans to take on healthcare facilities JSL owns by the Merger scheduled to take effect on March 1, 2018 and invest more healthcare facilities as one of the main investment targets of KDR after the Merger. Healthcare Investment Management Division plans to acquire expertise and experience in investment and asset management of healthcare facilities by taking on staff from Investment Management Department in Japan Senior Living Partners, Inc., the asset manager for JSL, etc. and the Asset Manager plans to strengthen its organizational structure for KDR by the Organizational Change.

(3) Organizational Chart for the Asset Manager after the Organizational Change

Please refer to Reference Material 1.

(4) Separation of Duties for the Residential REIT Department after the Organizational Change

Please refer to Reference Material 2.

(5) Effective Date

Effective date of the Merger (March 1, 2018 (scheduled))

2. Detail of the Regulations of Pipeline Meeting

(1) Change of the Regulations of Pipeline Meeting

The Asset Manager has been entrusted with the asset management of KRR, Kenedix Office Investment Corporation, KDR, Kenedix Private Investment Corporation and real estate funds other than investment corporations. The Asset Manager has prescribed the Regulations of Pipeline Meeting on priority rights of consideration of the real estate sale information obtained by the Asset Manager, which rule is for coordinating conflicts in acquisition opportunities among the Investment Corporations and real estate funds, etc. The Regulations of Pipeline Meeting will be changed to establish the order of priority rights of consideration regarding healthcare facilities because these will be added to KDR's investment target by the Merger. Overview of the change of the Regulations of Pipeline Meeting is as follows.

(i) Establishment of the Order of Priority Rights of Consideration regarding Healthcare Facilities

Healthcare Facilities

Total Floor Area per Investment Property (m^2)	Primary	2nd	3rd
All	Residential REIT Department	Private Fund Department	-

(ii) Changes of Definitions of Assets in Investment Targets (Updated contents are underlined.)

Before the Change	After the Change
"Rental housing and other residential properties" refers to rental housing, serviced apartments, elderly-care housing, company rental housing, student dormitories and apartments, short-term apartments, etc. and other residential properties with facility operators where the largest amount of floor space of the building(s) composing the real estate is for residential use as categorized under the Building Standards Act, or assets with such underlying real estate.	"Residential properties" refers to rental housing, serviced apartments, company rental housing, student dormitories and apartments, short-term apartments, etc. and other residential properties with facility operators (excluding healthcare properties) where the largest amount of floor space of the building(s) composing the real estate is for residential use as categorized under the Building Standards Act, or assets with such underlying real estate.
"Service Properties" refers to real estate where the largest amount of floor space of the building(s) composing the real estate is for store use as categorized under the Building Standards Act and where the largest amount of floor space of the store use is for stores that conduct the service business, etc. (including sports clubs, wedding halls, prep schools, child day-care centers, insurance agencies, travel agencies, massage parlors, beauty parlors, esthetic clinics and public tenants but excluding restaurants, convenience stores, amusement facilities and complex tourism facilities such as theme parks, etc.)	"Service Properties" refers to real estate where the largest amount of floor space of the building(s) composing the real estate is for store use as categorized under the Building Standards Act and where the largest amount of floor space of the store use is for stores that conduct the service business (excluding medical or healthcare service), etc. (including sports clubs, wedding halls, prep schools, child day-care centers, insurance agencies, travel agencies, massage parlors, beauty parlors, esthetic clinics and public tenants but excluding restaurants, convenience stores, amusement facilities and complex tourism facilities such as theme parks, etc.)
(New)	"Healthcare Properties" refers to real estate where the largest amount of floor space of the building(s) composing the real estate is for residential use, welfare use, medical use or healthcare related use

	as categorized under the Building Standards Act and where the largest amount of floor space of the these use is for senior living properties such as fee-based homes for the elderly, serviced housing for the elderly, apartments for the elderly, group homes for elderly with cognitive impairment, small multi-function facilities, daycare facilities, etc. and medical properties such as hospitals, clinics, intermediate nursing homes, etc. or assets with such underlying real estate.

(2) Effective Date
Effective date of the Merger (March 1, 2018 (scheduled))

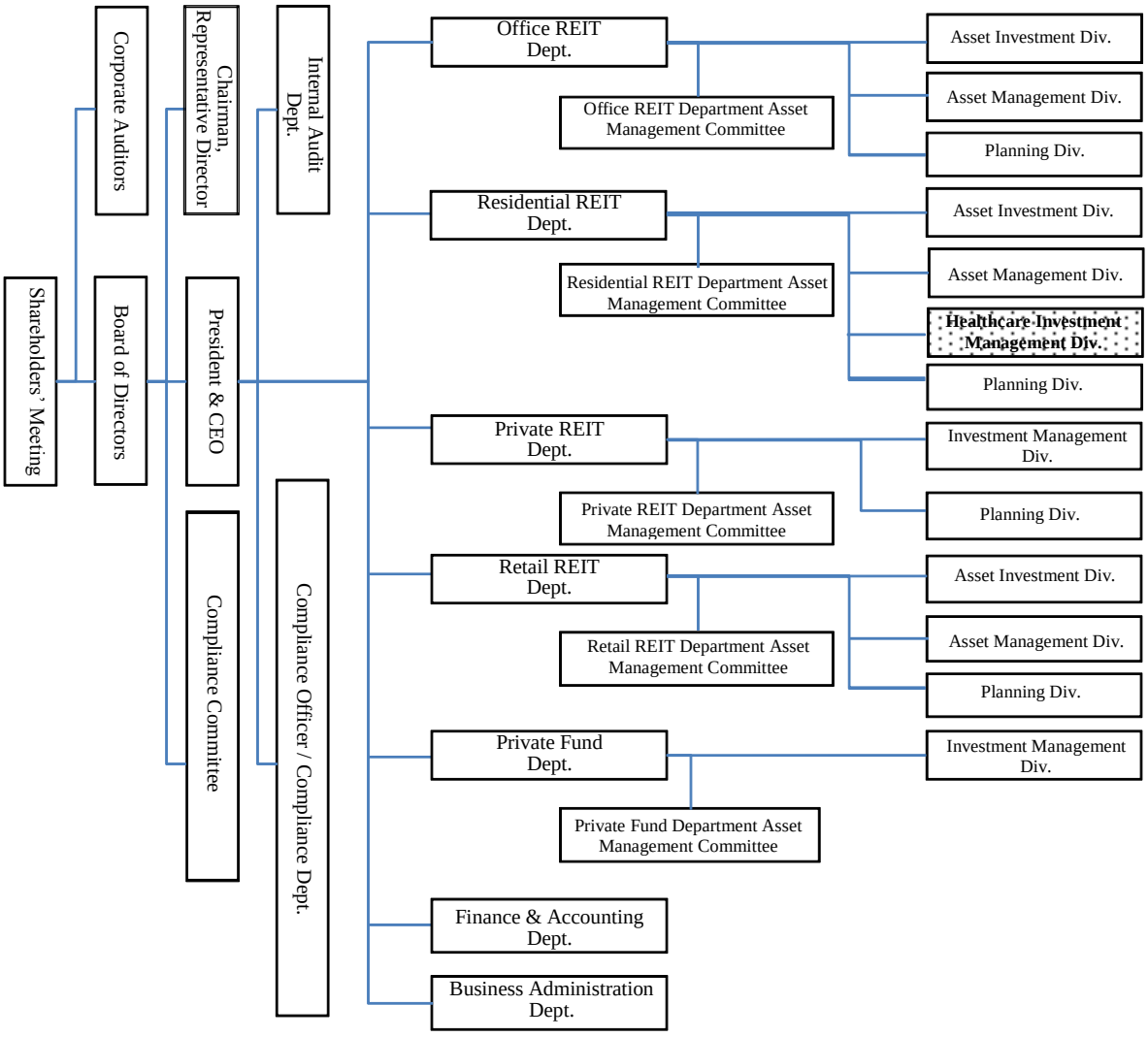
Attached Materials

Reference Material (1) Organizational Chart of the Asset Manager after the Organizational Change
Reference Material (2) Separation of Duties for the Asset Manager after the Organizational Change

Please refer to KRR's website address: http://www.krr-reit.com/en/

This notice is the English translation of the Japanese announcement on December 22, 2017. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Reference Material (1)
Organizational Chart of the Asset Manager after the Organizational Change



Reference Material (2)

Separation of Duties for the Asset Manager after the Organizational Change

(Before)

Name of Department	Separation of Duties
Residential REIT Department	Overall Asset Management Business ("KDR Asset Management Business") for Kenedix Residential Investment Corporation ("KDR") a. Asset Investment Division ・Items related to development and changes of the KDR asset management guidelines ・Items related to the acquisition and disposal of assets concerning the KDR Asset Management Business ・Items related to individual management of KDR's investment management risks (acquisition and disposal of assets) ・Research and analysis on the real estate market (related to KDR) ・Other incidental items above or related items b. Asset Management Division ・Items related to KDR Asset Management Business related asset management ・Items related to development and changes of the KDR property management guidelines ・Items related to the management of budget and performance of real estate owned by KDR, etc. ・Items related to individual management of KDR investment risks (asset management) ・Items related to individual management of the KDR real estate management risks (management) ・Items related to construction management for the KDR real estate, etc. owned by the Investment Corporation ・Items related to individual management of the KDR real estate management risks (construction work) ・Other incidental items above or related items c. Planning Division ・Items related to direct financing such as the issuance of investment units and investment corporation bonds, from items related to fund raising of KDR ・Items related to KDR capital policy ・Items related to development and changes of the KDR medium-term business plan ・Items related to development and changes of the KDR annual business plan ・Items related to KDR IR activities ・Items related to disclosures of KDR (including semi annual report. Only support for Finance & Accounting Department for preparation of securities report and financial report) ・Items related to research and analysis on the real estate investment trust market (related to KDR) ・Items related to KDR's responses to the investors (excluding items related to general unitholders meeting) ・Items related to negotiations, etc. concerning jurisdiction business between regulatory authorities (related to KDR) ・Items related to responses, etc. to related organizations (related to KDR) ・Other incidental items above or related items

(After)

Name of Department	Separation of Duties
Residential REIT Department	Overall Asset Management Business ("KDR Asset Management Business") for Kenedix Residential Next Investment Corporation (Note) ("KDR") a. Asset Investment Division The following items related to residential facilities and accommodation ・Items related to development and changes of the KDR asset management guidelines ・Items related to the acquisition and disposal of assets concerning the KDR Asset Management Business ・Items related to individual management of KDR's investment management risks (acquisition and disposal of assets) ・Research and analysis on the real estate market (related to KDR) ・Other incidental items above or related items b. Asset Management Division The following items related to residential facilities and accommodation ・Items related to KDR Asset Management Business related asset management ・Items related to development and changes of the KDR property management guidelines ・Items related to the management of budget and performance of real estate owned by KDR, etc. ・Items related to individual management of KDR investment risks (asset management) ・Items related to individual management of the KDR real estate management risks (management) ・Items related to construction management for real estate, etc. owned by KDR ・Items related to individual management of the KDR real estate management risks (construction work) ・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 (related to accommodation) ・Other incidental items above or related items c. Healthcare Investment Management Division The following items related to healthcare facilities ・Items related to development and changes of the KDR asset management guidelines ・Items related to the acquisition and disposal of assets concerning the KDR Asset Management Business ・Items related to individual management of KDR's investment management risks (acquisition and disposal of assets) ・Research and analysis on the real estate market (related to KDR) ・Research and analysis on operators ・Items related to KDR Asset Management Business related asset management ・Items related to development and changes of the KDR property management guidelines ・Items related to the management of budget and performance of real estate owned by KDR, etc. ・Items related to individual management of KDR investment risks (asset management) ・Items related to individual management of the KDR real estate management risks (management) ・Items related to construction management for real estate, etc. owned by KDR

	・Items related to individual management of the KDR real estate management risks (construction work) ・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 ・Other incidental items above or related items d. Planning Division ・Items related to direct financing such as the issuance of investment units and investment corporation bonds, from items related to fund raising of KDR ・Items related to KDR capital policy ・Items related to development and changes of the KDR medium-term business plan ・Items related to development and changes of the KDR annual business plan ・Items related to KDR IR activities ・Items related to disclosures of KDR (including semi annual report. Only support for Finance & Accounting Department for preparation of securities report and financial report) ・Items related to research and analysis on the real estate investment trust market (related to KDR) ・Items related to KDR's responses to the investors (excluding items related to general unitholders meeting) ・Items related to negotiations, etc. concerning jurisdiction business between regulatory authorities (related to KDR) ・Items related to responses, etc. to related organizations (related to KDR) ・Other incidental items above or related items

(Note) The trade name of KDR will be changed to Kenedix Residential Next Investment Corporation subject to the Merger taking effect.