KENEDIX
Retail REIT Corporation

Translation of Japanese Original

February 8, 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.
Representative: Ryosuke Homma, CEO and President
Contact: Koichiro Nobata, General Manager of Planning Department, Retail REIT Division
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Notice Concerning Partial Amendment of Construction Management Fees

Kenedix Retail REIT Corporation ("KRR") announced today that Kenedix Real Estate Fund Management, Inc. ("the Asset Manager"), the asset manager for KRR and the property manager for each property that KRR owns, has decided to amend the fees associated with the management of construction projects with construction price of 100 million yen or more.

1. Outline of the amendment

Before the amendment		**After the amendment**	
Construction price	Fee	Construction price	Fee
100 million yen or more	Amount agreed upon by the parties	100 million yen to less than 200 million yen	3,170,000 yen + 2% of the price over 100 million yen
		200 million yen or more	5,170,000 yen + 1% of the price over 200 million yen

2. The reason for the amendment

The Asset Manager provides property management services for all of the properties owned by KRR. By using the same company for both asset management and property management services, KRR aims to build stronger relationships with retail tenants and increase returns from its portfolio. Furthermore, by implementing retail property management that better reflects the tenants' needs, KRR strives to accumulate know-how and improve tenant satisfaction.

Under the property management agreement, the fees associated with the management of construction projects with construction price of 100 million yen or more used to be the amount agreed upon by the parties for each construction. As almost two years passed since the IPO of KRR, the Asset Manager has more occasions to manage constructions over 100 million yen. The Asset Manager believes that the amendment to make the fee table clear will enhance the governance of KRR. The new fee levels for construction projects with price of 100 million yen or more will be less than the fees that KRR paid for the past two construction projects with price over 100 million yen.

In amending the fee table, the Asset Manager has obtained a report from Urban Research Institute Corporation confirming that the amended fee levels should be fair in comparison with the levels set by other J-REITs listed on the Tokyo Stock Exchange. The Asset Manager, pursuant to its Retail REIT Division's Internal Regulations on related party transactions, is required fully to comply with statutory and other regulatory requirements. The Asset Manager submits the amendment for deliberation and resolution by the Compliance Committee. Following the approval by the Compliance Committee, the amendment is submitted to the Retail REIT Division's Asset Management Committee for resolution.

3. Future Outlook

There are no changes to the forecasts of financial results of KRR published in the "Financial Report for the Fiscal Period Ended September 30, 2016" dated November 16, 2016 as the impact on the financial results is minimal.

Reference:

Fees associated with the management of construction projects after the amendment:

Construction price	Fee
Less than 1 million yen	None
1 million yen to less than 2 million yen	6%
2 million yen to less than 5 million yen	120,000 yen + 5% of the price over 2 million yen
5 million yen to less than 10 million yen	270,000 yen + 4% of the price over 5 million yen
10 million yen to less than 100 million yen	470,000 yen + 3% of the price over 10 million yen
100 million yen to less than 200 million yen	3,170,000 yen + 2% of the price over 100 million yen
200 million yen or more	5,170,000 yen + 1% of the price over 200 million yen

Note: There are no changes to fees of construction projects with price less than 100 million yen.

Note: KRR's website address: http://www.krr-reit.com/en/

This notice is the English translation of the Japanese announcement on February 8, 2017. However, no assurance or warranties are given for the completeness or accuracy of this English translation.