KENEDIX
Retail REIT Corporation

Translation of Japanese Original

February 28, 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
TEL: +81-3-5623-3868

Notice Concerning the Changes of Priority Rights of Consideration in the Asset Manager

Kenedix Retail REIT Corporation ("KRR") has announced that Kenedix Real Estate Fund Management, Inc. ("the Asset Manager"), the Asset Manager for KRR, resolved to change ("the Changes") the priority rights of consideration in the Asset Manager at its Board of Directors held today. The Changes will take effect upon approval of the changes to the Articles of Incorporation for the Kenedix Residential Investment Corporation ("KDR") by the General Unitholders' Meeting of KDR to be held on March 28, 2017 ("the General Unitholders' Meeting"). Details are as follows.

Furthermore, the Changes are intended to apply to Private REIT Division, Residential REIT Division and Private Fund Division only and there is no impact on the management structure other than Private REIT Division, Residential REIT Division and Private Fund Division

Changes of Priority Rights of Consideration in the Asset Manager

The Asset Manager has entrusted with the asset management of KRR, Kenedix Office Investment Corporation, KDR, Kenedix Private Investment Corporation and real estate funds, etc. other than those of investment corporations. The Asset Manager has prescribed the rule 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 REITs and real estate funds, etc. The priority rights of consideration regarding Hotels (Note) will be amended as follows. The Changes will take effect upon the approval of the changes to the Articles of Incorporation for KDR by the General Unitholders' Meeting to be held on March 28, 2017.

(Note) "Hotels" defined in the priority rights of consideration in the Asset Manager refers to real estate that provides accommodation facilities where the largest amount of floor space of the building(s) composing the real estate is for hotel use as categorized under the Building Standards Act, is located in an area with high customer appeal and primarily has Western-style structure and facilities, or assets with such underlying real estate.

Priority rights of consideration pertaining to hotels (after the change) (The underlines indicate the changes)

Total floor area per investment property (m^2)	Primary	2nd	3rd
All	Private REIT Division	Residential REIT Division	Private Fund Division

Reporting and notifications with regard to these matters will be conducted in accordance with the Financial Instruments and Exchange Act, the Real Estate Transaction Business Law, and other applicable laws and regulations.

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

This notice is the English translation of the Japanese announcement on February 28, 2017. However, no assurance or warranties are given for the completeness or accuracy of this English translation.