

Translation of Japanese Original

November 14, 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: Masahiko Tajima, President & CEO
Contact: Koichiro Nobata, Head of Planning Division,
Retail REIT Department
TEL: +81-3-5623-3868

Revisions to Asset Management Internal Rules
(Retail REIT Department Asset Management Guidelines)

Kenedix Retail REIT Corporation (“KRR”) announced today that Kenedix Real Estate Fund Management, Inc. (“the Asset Manager”), which is the asset manager for KRR, has decided to revise the internal asset management rules of the Retail REIT Department (“the Asset Management Guidelines”) as follows.

1. Reason for revisions to the Asset Management Guidelines

KRR invests primarily in neighborhood, community and other shopping centers that cater to the day-to-day needs of local customers. KRR seeks to earn a stable medium- to long-term investment return while helping enliven local communities and enhance social infrastructures. KRR has focused on maximizing value for its investors by earning stable income and steadily increasing assets under management.

KRR will continue to operate in accordance with these goals in order to maximize value for its investors. On the other hand, KRR views repurchases of investment units (which became possible following the enactment of amendments to the Act on Investment Trusts and Investment Corporations in 2014) as another way to achieve medium- to long-term growth in value for investors, depending on market conditions and investment unit price level. To provide a framework for considering and implementing investment unit repurchases, a provision concerning the repurchase of investment units will be added to the Asset Management Guidelines of the Asset Manager, as stipulated in Article 8, Paragraph 2 of KRR’s Articles of Incorporation. Although this provision will be added to the Asset Management Guidelines to partially change the equity finance policy component of financial strategies, KRR has made no decision concerning the repurchase of its investment units.

In addition to the provision concerning the repurchase of investment units, the structures of investment properties will be expanded under individual investment standards of the Asset Management Guidelines. KRR has a portfolio comprised of 51 shopping centers for daily needs with a total value of 204.9 billion yen based on the acquisition prices. This type of shopping center, which is the primary category of KRR’s investments, generally has low-rise buildings for a configuration that makes it easy for shoppers to go from one store to another. Most buildings are steel-framed reinforced concrete or steel structures, but there are some wooden buildings. As KRR plans to continue to increase its investment portfolio, wooden buildings will be added to the structures of investment properties under individual investment standards of the Asset Management Guidelines to make it possible to invest in shopping centers with wooden buildings.

2. Effective date of revisions

November 14, 2017

3. Details of the revisions to the Asset Management Guidelines

The details of the revisions to the Asset Management Guidelines are as follows. (Additions and revisions are underlined.) After making the following changes regarding financial strategies, KRR may use surplus cash in order to purchase its investment units.

(1) Changes regarding financial strategies

Equity finance

Investment units will be issued with consideration to the loan-to-value ratio, the timing of the acquisition of a portfolio property and other factors as well as the dilution of investment units. In addition, investment units will be repurchased based on decisions that reflect applicable factors including an analysis of the investment unit price, market conditions and other factors.

(2) Changes regarding structures of investment properties

| | |
|------------|---|
| Structures | Regarding the structure, <u>as a rule</u> , investments will be in properties with <u>main buildings</u> having a steel and reinforced concrete, reinforced concrete, or steel frame structure. <u>However, it is possible to consider investing in a property with main buildings having a wooden structure. When considering an investment in a property with main buildings having a wooden structure, an examination must be performed concerning items involving wooden structure risk factors based on the condition of the buildings, including fire resistance.</u> |
|------------|---|

4. Future Outlook

The impact of the revisions to the Asset Management Guidelines on the financial results is minimal. Please refer to the forecasts of financial results published in the “Financial Report for the Fiscal Period Ended September 30, 2017” dated today.

Note: KRR website address: <http://www.krr-reit.com/en/>

This notice is the English translation of the Japanese announcement on November 14, 2017. However, no assurance or warranties are given for the completeness or accuracy of this English translation.