KENEDIX
Retail REIT Corporation

Translation of Japanese Original

December 15, 2015

To All Concerned Parties

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Kenedix Retail REIT Corporation
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Notice Concerning the Opening of United Cinemas in Ashico Town Ashikaga

Kenedix Retail REIT Corporation ("KRR") announced today that United Cinemas Co., Ltd. announced the overview of the cinema complex, "United Cinemas Ashico Town Ashikaga" in Ashico Town Ashikaga, a property owned by KRR. In Ashico Town Ashikaga, P&D Consulting Co., Ltd., the lessee of the cinema complex wing, outsources running of cinemas to United Cinemas Co., Ltd.

Attached material
Reference material 1. Summary of press release from United Cinemas Co., Ltd.
Reference material 2. Overview of Ashico Town Ashikaga (excerpt from the financial results presentation for the fiscal period ended September 30, 2015)

This notice is the English translation of the Japanese announcement on December 15, 2015. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Reference material 1.　Summary of press release from United Cinemas Co., Ltd.

Opening of United Cinemas Ashico Town Ashikaga, First United Cinemas in Tochigi Prefecture, on Tuesday, March 1, 2016

United Cinemas Co., Ltd. announced that it will open its 36th cinema complex (24 United Cinemas and 12 Cineplex) and first United Cinemas in Tochigi Prefecture in Ashico Town Ashikaga. Kenedix Retail REIT Corporation acquired Ashico Town Ashikaga, and P&D Consulting Co., Ltd., the sub-property manager for the property, outsourced running of the cinema complex to United Cinemas Co., Ltd.

Overview of the cinema complex

Name:	United Cinemas Ashico Town Ashikaga
Location:	3-2 Otsuki-cho, Ashikaga, Tochigi
Planned opening date:	Tuesday, March 1, 2016
Number of screens:	8
Property name:	Ashico Town Ashikaga
	http://ashicotown.com/

Overview of Ashico Town Ashikaga

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NSC Neighborhood Shopping Center

Ashico Town Ashikaga

Cinema complex wing is scheduled to re-open, with P&D Consulting as sub-property manager







Overview

- A large-scale multi-tenant NSC with thorough renovation conducted in November 2014, consisting of multiple wings, including wings for the shopping mall and cinema complex
- Easily accessibly by car due to its location along a major local avenue. Also highly accessible from distant regions with IC of Expressway

Acquisition Highlights

- Concluded a lease agreement with P&D Consulting Co., Ltd. (hereinafter "P&D"), a sub PM, which outsources the operation of the cinema building to United Cinemas Co., Ltd.
- Sales-linked rent for cinema. Aim for internal growth with reopening of cinema complex by attracting a wide range of customers, with ripple effects on other tenants

Acquisition price	JPY4,180 mn
Location	Ashikaga, Tochigi
Land area	101,808.44 m^2
GFA	Shopping mall: 18,101.06m^2 ; Expansion: 430.74m^2 Cinema complex: 7,200.15m^2 ; Road-side wing: 698.31m^2
Core tenant	Cainz Corporation
Appraisal NOI	JPY269 mn
Appraisal NOI yield	6.4%



Profitability/Growth Potential

Improvement in profitability after reopening of cinema complex

Profitability Improvement in profitability after reopening of cinema complex

- Reopening of the cinema complex provides visitors with additional motives
- P&D with a wide experience of running an NSC acts as sub-property manager, to execute new business plans including proper capex

Track Record of P&D

- Business: Development and management of retail facilities, retail consulting
  - Develop and manage "UNICUS", its own brand (10 locations)
    Develop other commercial facilities (8 locations) (as of Sep. 30, 2015)
  - UNICUS with cinema complex
    - UNICUS Kamisato
    - UNICUS Minami Furuya

UNICUS Kamisato



Improvement of Flow Lines



Plan to install escalators linking the second floor of the cinema complex with the shopping mall and the parking lot in order to improve access to the entrance to the cinema

Schedule

October 2, 2015 Acquisition of the property

November 2015 Commencement of construction

March 2016 Opening of United Cinema

Value as Property

Excellent location and facilities, highly accessible from distant regions

Location Excellent access from the main road and a vast parking lot

- Located 3 km south of Ashikaga Interchange for Kita-Kanto Expressway
  - All routes of Kita-Kanto Expressway connecting Kanetsu Expressway, Tohoku Expressway and Joban Expressway were opened in March 2011 and Ashikaga Interchange was developed
- Excellent continuity of roads with a prefectural road on the west of the property
- Vast and convenient parking space

Parking Facilities

- Parking space: 2,000 vehicles (24 hour parking is also available)
- 3 entrances on the front of the facilities
  - One entrance with a traffic light, making right-turn entry easy
- Other entrances and parking lots on the back side of the facilities



Building Shopping complex with multiple wings



- Shopping complex consist of a two-story mall building and multiple independent buildings surround parking lots for convenient access by car
- The largest shopping complex in the region with many well-known national chain stores in various categories including casual fashion, large home electrical appliance, large sporting equipment store, fitness club, etc.

(2D diagram is excerpted from the website of Ashico Town Ashikaga)