Translation of Japanese Original

KENEDIX
Retail REIT Corporation

March 31, 2016

To All Concerned Parties

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

Asset Manager:
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Representative: Ryosuke Homma, CEO and President
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Notice Concerning Issuance of New Investment Units and Secondary Offering

Kenedix Retail REIT Corporation ("KRR") announced today that a resolution was passed at the Board of Directors Meeting held on March 31, 2016, concerning the issuance of new investment units and the secondary offering of investment units as follows.

1. Issuance of new investment units through public offerings
   (1) Number of investment units to be offered
   64,000 units
   (2) Issue price (offer price)
   To be determined
   The issue price shall be determined at a Board of Directors Meeting to be held on a date between Wednesday, April 13, 2016 and Monday, April 18, 2016 (the "Issue Price Determination Date"), taking into consideration the level of demand and other factors, using a tentative price obtained by multiplying the closing price of KRR's investment units for ordinary trading at the Tokyo Stock Exchange, Inc. ("TSE") on the Issue Price Determination Date (in the event of no closing price on such date being available, the closing price on the immediately preceding date) by a number from 0.90 to 1.00 (any fraction of one yen shall be rounded down to the nearest yen).
   (3) Amount to be paid (issue amount)
   To be determined
   The amount to be paid shall be determined at a Board of Directors Meeting to be held on the Issue Price Determination Date. Amount to be paid (issue amount) refers to the amount KRR shall receive from the underwriters (as defined in (5) (b) below) as payment proceeds per investment unit.
   (4) Total amount to be paid (total issue amount)
   To be determined
   (5) Offering method
   Investment units shall be offered simultaneously in Japan and overseas (collectively referred to as "Global offerings", together with the over-allotment explained in "2. Secondary offering of investment units (secondary offering through over-allotment)" below). The joint global coordinators for the Global offerings shall be SMBC Nikko Securities Inc., Nomura Securities Co., Ltd. and UBS Securities Japan Co., Ltd.

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a. Domestic primary offering
The offering in Japan (the "domestic primary offering") shall be a primary offering in which all investment units subject to the domestic primary offering shall be purchased and underwritten by SMBC Nikko Securities Inc., Nomura Securities Co., Ltd., Daiwa Securities Co. Ltd. and UBS Securities Japan Co., Ltd. (collectively referred to as the "domestic joint lead managers"), and Mizuho Securities Co., Ltd., Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. and Monex, Inc. (collectively referred to, together with the domestic joint lead managers, as the "domestic underwriters").

b. International offering
The offering overseas (the international offering and collectively referred to, together with the domestic primary offering, as "this offering") shall be an offering in international markets mainly in the U.S., Europe and Asia (in the U.S., however, only to qualified institutional investors in compliance with Rule 144A under the U.S. Securities Act of 1933) in which all investment units subject to the international offering shall be purchased and underwritten severally and not jointly in the total amount by international underwriters, with Nomura International plc, SMBC Nikko Capital Markets Limited and UBS AG, London Branch (alphabetical order) as joint lead underwriters and joint bookrunners (collectively referred to, together with the domestic underwriters, as the "underwriters").

c. The allocation of investment units offered under a. and b. above is expected to be 33,760 units and 30,240 units, respectively (64,000 units in total), but the final breakdown will be determined on the Issue Price Determination Date, taking into consideration the status of demand and other factors.

(6) Details of underwriting agreement
The underwriters shall pay to KRR the total amount to be paid (total issue amount) for this offering on the payment date stated below under (9), and the difference between the total amount to be paid (total issue amount) and the total amount of issue price (total offer price) shall be retained by the underwriters. KRR shall not pay an underwriting fee to the underwriters.

(7) Subscription unit
One or more units as a single unit

(8) Subscription period (domestic primary offering)
From the business day immediately following the Issue Price Determination Date to the second business day following the Issue Price Determination Date

(9) Payment date
5th business day following the Issue Price Determination Date, between Wednesday, April 20, 2016 and Monday, April 25, 2016

(10) Delivery date
The business day following the Payment Date

(11) The issue price (offer price), the amount to be paid (issue amount), the final allocation of investment units in the domestic primary offering and the international offering, and other matters necessary for the issuance of new investment units will be determined at a future Board of Directors Meeting.

(12) Each of the provisions regarding the domestic primary offering above is subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Act of Japan.

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2. Secondary offering of investment units (secondary offering through over-allotment) (Please refer to 1 of Reference below.)

(1) Number of investment units in the secondary offering
3,200 units
The number of investment units in the secondary offering above is shown as the maximum number of investment units to be distributed in the secondary offering through over-allotment by SMBC Nikko Securities Inc., the leading bookrunner of the domestic primary offering. It is possible that this number may decrease or the secondary offering through over-allotment itself may not take place, depending on demand conditions and other factors in the domestic primary offering. The number of investment units in the secondary offering will be determined at KRR's Board of Directors Meeting to be held on the Issue Price Determination Date, taking into account demand conditions and other factors in the domestic primary offering.

(2) Seller
SMBC Nikko Securities Inc.

(3) Selling price
To be determined
The selling price shall be determined on the Issue Price Determination Date. The selling price shall be the same as the issue price (offer price) for the domestic primary offering.

(4) Total selling price
To be determined

(5) Selling method
SMBC Nikko Securities Inc. shall conduct a domestic secondary offering of the investment units borrowed from Kenedix, Inc., with 3,200 units as the maximum (the "borrowed investment units"), taking into account demand conditions and other factors.

(6) Subscription unit
One or more units as a single unit

(7) Subscription period
The subscription period shall be the same as the subscription period for the domestic primary offering.

(8) Delivery date
The delivery date shall be the same as the delivery date for the domestic primary offering.

(9) The secondary offering through over-allotment will be cancelled if the domestic primary offering is cancelled.

(10) The selling price and other matters relating to the secondary offering will be determined at a future Board of Directors Meeting.

(11) Each provision above is subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Act of Japan.

3. Issuance of new investment units through third-party allotment (Please refer to 1 of "Reference" below.)

(1) Number of investment units to be offered
3,200 units

(2) Amount to be paid (issue amount)
To be determined
The amount to be paid (issue amount) shall be determined at a Board of Directors Meeting to be held on the Issue Price Determination Date. The amount to be paid shall be the same as the amount to be paid (issue amount) for the domestic primary offering.

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(3) Total amount to be paid (total issue amount)
To be determined

(4) Allottee and number of investment units to be allotted
SMBC Nikko Securities Inc. 3,200 units

(5) Subscription unit
One or more units as a single unit

(6) Subscription period (subscription date)
Tuesday, May 17, 2016

(7) Payment date
Wednesday, May 18, 2016

(8) The issuance of new investment units for which no subscription is made by the end of the subscription period (subscription date) as set forth in (6) above will be cancelled.

(9) The issuance of new investment units through third-party allotment will be cancelled if the domestic primary offering is cancelled.

(10) The amount to be paid (issue amount) and other necessary matters relating to the issuance of new investment units will be determined at a future Board of Directors Meeting.

(11) Each provision above is subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Act of Japan.

Reference:

1. About the secondary offering through over-allotment, etc.

(1) The secondary offering through over-allotment is a secondary offering in which SMBC Nikko Securities Inc., the leading bookrunner of the domestic primary offering, may conduct a domestic offering of the investment units that it will borrow from Kenedix, Inc., a unitholder of KRR, up to a maximum of 3,200 units, taking into consideration demand conditions and other factors for the domestic primary offering. The number of investment units allocated for the secondary offering through over-allotment will be 3,200 units. This is the maximum number of investment units to be allocated, and there are cases where the number may decrease or the secondary offering through over-allotment may not take place, depending on the demand conditions and other factors for the domestic primary offering.

In connection with the secondary offering through over-allotment, KRR has resolved at the Board of Directors Meeting held on Thursday, March 31, 2016 to issue 3,200 new investment units, through third-party allotment, to SMBC Nikko Securities, with the payment date on Wednesday, May 18, 2016, so that SMBC Nikko Securities Inc. can return the investment units it borrowed.

The period starting from the day following the end date of the subscription period for the domestic primary offering and the secondary offering through over-allotment and ending on Friday, May 13, 2016 is defined as the syndicate cover transaction period. During the syndicate cover transaction period, SMBC Nikko Securities Inc. may purchase the investment units on the TSE up to the number offered in the secondary offering through over-allotment (the syndicate cover transaction) in order to return the borrowed investment units. SMBC Nikko Securities Inc. may determine that it will not execute the syndicate cover transaction at all or end the syndicate cover transaction before it purchases the entire number of investment units sold in the secondary offering through over-allotment.

In addition, SMBC Nikko Securities Inc. may conduct stabilizing transactions in connection with the domestic primary offering and the secondary offering through over-allotment. The investment units purchased through such stabilizing transactions may be used, in whole or in part, to return the borrowed investment units.

SMBC Nikko Securities Inc. will acquire necessary investment units through the third-party allotment,

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which will be calculated by deducting the number of investment units acquired through any syndicate cover transactions or stabilizing transactions from the number of investment units to be offered through over-allotment.

It is therefore possible that subscriptions will not be made for part or all of the investment units issued through the third-party allotment, and as a result the final maximum number of investment units in the third-party allotment may decrease or the third-party allotment may not be carried out at all due to the forfeiture of subscription rights.

(2) Any transactions explained in (1) above will be conducted by SMBC Nikko Securities Inc. in consultation with Nomura Securities Co., Ltd., Daiwa Securities Co. Ltd. and UBS Securities Japan Co., Ltd.

2. Change in the number of investment units issued and outstanding as a result of the issuance of new investment units

Total number of investment units issued and outstanding at present:	355,250 units	
Increase in the number of investment units due to the issuance of new investment units through this offering:	64,000 units	
Total number of investment units issued and outstanding after the issuance of new investment units through this offering:	419,250 units	
Increase in the number of investment units due to the third-party allotment:	3,200 units	(Note)
Total number of investment units issued and outstanding after the third-party allotment:	422,450 units	(Note)

(Note) These figures represent the number of investment units in the event that the subscription is made by SMBC Nikko Securities Inc. and issuance takes place for all of the new investment units to be issued through the third-party allotment.

3. Objective and rationale for the issuance

KRR has decided to issue new investment units, with due consideration of market trends and the level of distribution per unit and NAV per unit, etc., to fund the acquisitions of specified assets (as defined under Article 2.1 of the Investment Trust and Investment Corporation Law; the same shall apply hereafter) with the aim to further stabilize the revenue base, improve the profitability of its portfolio and strengthen its financial base, and also to fund continued and flexible acquisitions of specified properties in the future.

4. Amount, use and schedule of expenditure of proceeds

(1) Amount of proceeds (estimated net proceeds)

17,015,000,000 yen (maximum)

(Note) This is the sum of 8,548,000,000 yen in proceeds from the domestic primary offering, 7,657,000,000 yen in proceeds from the international offering and 810,000,000 yen (maximum) in proceeds from the third-party allotment; these amounts are the anticipated amounts calculated based on the closing price of KRR's investment units for ordinary trading at TSE on Friday, March 18, 2016.

(2) Use and schedule of expenditure of proceeds

The proceeds from the domestic primary offering and international offering will be used to partially fund the anticipated acquisition of specified assets (the "anticipated assets"). The maximum proceeds from the third-party allotment of new shares will be used to partially fund the repayment of short-term borrowings; the remainder, if any, will be retained as cash on hand to fund part of the acquisition of specified assets or repayment of borrowings in the future.

For details of the anticipated assets, please refer to KRR's press release *"Notice Concerning Acquisition*

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and Leasing of Assets (7 Properties)" released today.

(Note) The proceeds will be deposited to a bank until used.

5. Designation of party to receive allocation

Not applicable

6. Future outlook

Please refer to KRR's press release *"Notice Concerning Revisions to Earnings and Distributions Forecasts for the Fiscal Periods Ended March 31, 2016 and Ending September 30, 2016, and Earnings and Distributions Forecasts for the Fiscal Period Ending March 31, 2017*" released today.

7. Financial Condition during the Three Most Recent Fiscal Periods and Status of Equity Finance

(1) Financial Condition during the Three Most Recent Fiscal Periods (Note 1)

	Fiscal period ended September 2015
Net Income per Unit (Yen)(Note 2)	11,515
Distribution per Unit (Yen)	7,414
Payout Ratio Results (%) (Note 3)	100.0
Unitholders' Equity per Unit (Yen)	229,301

(Notes)

1 KRR's fiscal periods cover every six months, from April 1 through September 30 and October 1 through March 31 of each year, except that the first fiscal period started from October 3, 2014, when KRR was founded through September 30, 2015. The actual operating days for the first fiscal period are 233 days from February 10, 2015 through September 30, 2015

2 "Net Income per Unit" is calculated by dividing the current net income by the weighted average number of investment units for the fiscal period (167,878 units)

3 Given the issuance of new investment units during the first period, the actual payout ratio for the period is calculated using the following formula:

Actual payout ratio = Total dividend amount (excluding distributions in excess of earnings) (1,933 million yen*) / current net income (1,933 million yen*) X 100

* Rounded down to the nearest million yen

(2) Status of Current Investment Unit Prices

a. Status for the most recent three fiscal periods (Note 1)

	Fiscal period ended September 2015
Opening price	¥266,100
Highest price	¥309,500
Lowest price	¥224,500
Closing price	¥230,600

(Notes)

1 No unit price information available for KRR before its listing on Real Estate Investment Trust (REIT) Securities Market of TSE on February 10, 2015

2 Opening price, highest price and lowest price are based on the daily closing price of our investment units at TSE

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b. Status for the most recent six months

	October 2015	November 2015	December 2015	January 2016	February 2016	March 2016 (Note 1)
Opening price	¥241,100	¥233,100	¥250,500	¥254,000	¥253,900	¥282,700
Highest price	¥241,100	¥250,600	¥259,100	¥254,000	¥276,800	¥282,700
Lowest price	¥226,800	¥231,700	¥248,800	¥228,500	¥250,200	¥265,600
Closing price	¥236,500	¥250,600	¥255,200	¥245,000	¥276,800	¥268,800

(Notes)

1 The investment unit price for March 2016 is the price as of March 30, 2016.

2 Opening prices, highest prices and lowest prices are based on the daily closing price of our investment units at TSE.

c. Investment unit prices on the business day immediately prior to the resolution date of the issuance

	As of March 30, 2016
Opening price	¥265,700
Highest price	¥271,900
Lowest price	¥263,900
Closing price	¥268,800

(3) Status of Equity Finance during the Three Most Recent Fiscal Periods

a. Establishment through private placement

Issuance Date	October 3, 2014
Total amount procured	¥150,000,000
Paid-in Value (Issue Price)	¥200,000
Number of Investment Units issued at the time of offering	0
Number of Investment Units issued for the offering	750
Number of Investment Units issued after the offering	750
Initially intended use of proceeds at the time of offering	Establishment
Scheduled outlay period at the time of offering	October 2014
Current allocation status	The entire amount has been allocated during the above outlay period.

b. Public Offering

Issuance Date	February 9, 2015
Total amount procured	¥56,430,787,500
Paid-in Value (Issue Price)	¥221,950
Number of Investment Units issued at the time of offering	750
Number of Investment Units issued for the offering	254,250
Number of Investment Units issued after the offering	255,000
Initially intended use of proceeds at the time of offering	To fund part of the acquisition of specified assets using the entire proceeds
Scheduled outlay period at the time of offering	February 10, 2015
Current allocation status	The entire amount has been allocated during the above outlay period.

c. Third-Party Allotment

Issuance Date	March 11, 2015
Total amount procured	¥1,276,212,500

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Paid-in Value (Issue Price)	¥221,950
Number of Investment Units issued at the time of offering	255,000
Number of Investment Units issued for the offering	5,750
Number of Investment Units issued after the offering	260,750
Initially intended use of proceeds at the time of offering	To repay part of the funds borrowed for acquiring specified assets
Scheduled outlay period at the time of offering	March 2015
Current allocation status	The entire amount has been allocated during the above outlay period.

d. Public Offering

Issuance Date	October 1, 2015
Total amount procured	¥18,547,951,250
Paid-in Value (Issue Price)	¥208,991
Number of Investment Units issued at the time of offering	260,750
Number of Investment Units issued for the offering	88,750
Number of Investment Units issued after the offering	349,500
Initially intended use of proceeds at the time of offering	To fund part of the acquisition of specified assets using the entire proceeds
Scheduled outlay period at the time of offering	October 2015
Current allocation status	The entire amount has been allocated during the above outlay period.

e. Third-Party Allotment

Issuance Date	October 21, 2015
Total amount procured	¥1,201,698,250
Paid-in Value (Issue Price)	¥208,991
Number of Investment Units issued at the time of offering	349,500
Number of Investment Units issued for the offering	5,750
Number of Investment Units issued after the offering	355,250
Initially intended use of proceeds at the time of offering	To repay part of the borrowings; the remainder, if any, was expected to be retained as cash on hand to fund part of the acquisition of specified assets or repayment of borrowings in the future.
Scheduled outlay period at the time of offering	October 2015
Current allocation status	The entire amount has been allocated during the above outlay period.

8. Restriction for sale, follow-on offerings and others (lock-up)

(1) In connection with the Global offerings, Kenedix, Inc. has agreed with the joint global coordinators that without prior written consent from the joint global coordinators, no sale of the investment units (except for lending of investment units in connection with the secondary offering through over-allotment) shall be conducted during the period beginning on the Issue Price Determination Date and ending on the date 180 days after the delivery date of the units.

The joint global coordinators have the right to waive all or part of aforementioned restrictions, or shorten the lock-up period at their discretion.

(2) In connection with the Global offerings, KRR has agreed with the joint global coordinators that without

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prior written consent from the joint global coordinators, no issuance of the investment units (except for new investment units issued through the domestic primary offering, international offering, third-party allotment and splits of investment units) shall be conducted during the period beginning on the Issue Price Determination Date and ending on the date 90 days after the delivery date of the units.
The joint global coordinators have the right to waive all or part of aforementioned restrictions, or shorten the lock-up period at their discretion.

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

This notice is the English translation of the Japanese announcement on March 31, 2016. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

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