Translation of Japanese Original

October 20, 2016

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 Acquisition of Asset (Silent Partnership Equity Interest)

Kenedix Retail REIT Corporation ("KRR") announced today that Kenedix Real Estate Fund Management, Inc. ("the Asset Manager"), the asset manager for KRR, has decided to acquire the following asset consisting of a silent partnership equity interest.

1. Overview of the Acquisition

(1)	Type of Acquisition:	Equity interest in silent partnership investing in trust beneficiary interest in real estate (Note 1)
(2)	Asset Name:	Silent Partnership Equity Interest of JRP8 G.K.
(3)	Real Estate in Trust:	Yumemachi Narashinodai Mall (Note 2)
(4)	Investment Amount:	100 million yen (approx. 6.7% of total net assets including silent partnership equity interest)
(5)	Scheduled Date of Conclusion of the Contract:	October 28, 2016
(6)	Scheduled Date of Acquisition:	October 31, 2016
(7)	Funds for Acquisition:	Cash on hand
(8)	Settlement method:	Payment in full at settlement

(Note 1) The asset is a silent partnership interest in a silent partnership operated by JRP8 G.K.

(Note 2) JRP8 G.K. is planning to acquire the beneficiary interest of the property on November 1, 2016. Please refer to Item 4. Details of the Real Estate in Trust

The above acquisition shall hereafter be referred to as the "Silent Partnership Equity Interest."

2. Reason for Acquisition

The acquisition is made to secure flexible growth opportunities in the future as well as opportunities for additional revenues, in accordance with KRR's investment targets and policies as set forth in its Articles of Incorporation.

In addition to the Sponsor and Alliance Companies' property pipelines, KRR aims to obtain flexible investment opportunities by acquiring the Silent Partnership Equity Interest by leveraging the Asset Manager's own proprietary network and the Sponsor support.

With the acquisition of the Silent Partnership Equity Interest, KRR will obtain preferential negotiation rights for the acquisition of the real estate in trust or its trust beneficiary interest (together to be referred to as the "Real Estate in Trust"). While KRR is not obliged to acquire the Real Estate in Trust by obtaining these preferential negotiation rights, it believes that these rights will contribute to an expansion of its asset size and an increase in profitability from a mid- to long-term perspective as the execution of the preferential negotiation rights will secure opportunities for flexible acquisitions of KRR's investment targets ("focused investment in neighborhood, community and other shopping centers for daily needs").
Additionally, KRR will receive profits in the form of dividends, backed by rents and other income from the real estate in trust and therefore additional investment revenues are expected.
In the decision to acquire the Silent Partnership Equity Interest, the following points of the real estate in trust were evaluated.

Acquisition highlight: NSC with a popular supermarket as a core tenant, located along a national route in an area with population growth

(1) Features of the property

The property is a neighborhood shopping center (NSC) opened in April 2016, with Ropia, a popular supermarket (grocery) with competitive prices, as a core tenant along with a drug store, an electronic appliance store, a clothing store and a specialty discount retailer as well as service business stores such as a dental clinic, a laundry, and a restaurant. It is located in an area with rapidly growing population in the northeastern Funabashi and is along National Route 296. It is consisted of a main two-story building and a one-story building for the clothing store, with a parking area for 343 vehicles.

(2) Overview of the surrounding area

a. Location and access

The population has been growing rapidly in the area where the property is located, after the opening of Toyo Rapid Railway, which has mutual extension operation with Tokyo Metro Tozai Line. (It takes about 35 minutes to Otemachi Station from Funabashi-Nichidaimae Station by express train.) It is located along National Route 26, providing high accessibility by car. National Route 296 branches off to Prefectural Route 57 and Prefectural Route 61 in the north and these two roads lead to the residential area of Yachiyo-Midorigaoka in the north.

b. Characteristics of the surrounding area

According to the national census in 2010, the surrounding retail trade area has a residential population of approximately 21,000 people within a one-kilometer radius, 215,000 people within a three-kilometer radius and 541,000 people within a five-kilometer radius, with many relatively young families. Compared to the population in 2005, the population in 2010 within a one-kilometer radius is 107.7%, the population within a three-kilometer radius is 104.2%, and the population within a five-kilometer radius is 103.7%, showing an upward trend. The number of households has also grown to 112.7% within a one-kilometer radius, 109.0% within a three-kilometer radius and 108.7% within a five-kilometer radius.

3. Outline of the Silent Partnership

Name of Operator	JRP8 G.K.
Silent Partnership Agreement Valid Until	October 31, 2020
Total Amount of Net Assets Including Silent Partnership Equity Interest	100 million yen

<table>
<tr>
<td>Overview of the Silent Partnership Agreement</td>
<td>
<table>
<tr><td colspan="2">JRP8 G.K.</td></tr>
<tr><td rowspan="2">(Asset)
Trust beneficiary interest in real estate, etc. (Note 1):
3,472 million yen</td><td>(Liabilities)
Limited recourse loan:
1,980 million yen</td></tr>
<tr><td>(Equity)
Net assets including silent partnership equity interest (Note 2):
1,492 million yen</td></tr>
</table>
(Note 1) The price of trust beneficiary interest in real estate is undisclosed as KRR has not obtained the consent from the related parties of the acquisition. Trust beneficiary interest in real estate, etc. includes setup costs and consumption tax for buildings. The appraisal value of the underlining real estate is 3,520 million yen.
(Note 2) KRR is scheduled to invest 100 million yen (approx. 6.7%) of the total amount of net assets including silent partnership equity interest of JRP8 G.K.

Calculation period:
For every 12 months, the three months commencing February 1 through April 30, May 1 through July 31, August 1 through October 31 and November 1 through January 31 of the following year. However, the first calculation period shall commence from October 28, 2016 through January 31, 2017 and the last date of the final calculation period shall be the confirmation date of debt regarding the silent partnership operation.

Distribution of profit and loss:
The operator will distribute profits and losses that arise from the silent partnership operation to the silent partners in each calculation period according to the division ratios of profit and loss. Furthermore, the limit of loss to be borne by the operator shall be the amount of investment of the silent partners. However, if profit has arisen from the silent partnership operation and if there is untreated cumulative loss borne by silent partners, the profits shall firstly be allotted to the cumulative loss.

Kenedix, Inc. (“KDX”) will be entrusted with the asset management of JRP8 G.K. on the same date as KRR’s conclusion of silent partnership agreement. KDX is deemed a related party under both the Investment Trust Law and Retail REIT Division’s Internal Regulations on Related Party Transactions of the Asset Manager.
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<tr>
<td>Overview of Preferential Negotiation Rights</td>
<td>Period:
From October 28, 2016 to October 31, 2018 (the “Preferential Negotiation Period”)
However, the period may be extended when agreed between the operator and the investors of the silent partnership, with prior written consent from the lender.</td>
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</table>

	Outline of Preferential Negotiation Right: KRR has a preferential negotiation right with the operator with regard to the acquisition of the Real Estate in Trust during the Preferential Negotiation Period. (The preferential negotiation right makes it necessary for KRR's acquisition price to be at or above a certain price. The price is undisclosed as KRR has not obtained the consent from the related parties of the acquisition.) During the Preferential Negotiation Period, the operator does not negotiate and conduct sales of the Real Estate in Trust to third parties without prior written consent. Other: The preferential negotiation right is held by KRR as a right and does not bear any obligation to acquire the Real Estate in Trust in the future. Furthermore, consent of the operator will be the condition for the acquisition of the Real Estate in Trust based on the preferential negotiation right. Upon acquiring the Real Estate in Trust in the future, KRR will make an investment decision by going through due diligence investigations.

4. Details of the Real Estate in Trust

Property name		Yumemachi Narashinodai Mall
Anticipated acquisition date		November 1, 2016
Property type (Note 1)		NSC
Type of specified asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust period		March 31, 2016 to September 30, 2036 (planned)
Seller		ORIX Corporation
Location		8-58-1 Narashinodai, Funabashi, Chiba
Land	Form of ownership	Proprietary ownership
	Land area	16,633.58 m^2
	Zoning	Quasi-industrial area
	Building coverage ratio	60%
	Floor-area ratio	200%
Building	Form of ownership	Proprietary ownership
	Gross floor area	(Main building) 7,889.24 m^2 (GU building) 909.85 m^2
	Date constructed	(Main building) March 31, 2016 (GU building) March 31, 2016
	Use	(Main building) Retail stores (GU building) Retail store, Trash enclosure
	Structure/No. of floors	(Main building) S-structure/2-story building (GU building) S-structure/1-story building, Concrete block structure/1-story building
Architect		(Main building) ADX Architects Office (GU building) Akasaka Architects Office
Construction company		Asahi Construction Co., Ltd.
Construction confirmation authority		Japan ERI Co., Ltd.
Master lessee		ORIX Corporation

Type of master lease		Pass-through type
PM		ORIX Corporation
PML		8.15%
Appraisal value (as of)		3,520 million yen (October 1, 2016)
Real estate appraiser		Daiwa Real Estate Appraisal Co., Ltd.
Collateral		None
Lease summary		(As of August 31, 2016)
	Number of tenants	1 (11) (Note 2)
	Annual rent	230,066 thousand yen (Note 3)
	Tenant deposits	153,905 thousand yen (Note 4)
	Leased area	7,817.46 m^2
	Leasable area	7,817.46 m^2
	Occupancy rate	100%
Remarks		Not applicable
Others		Notes: 1. Properties are categorized into the following five types of retail properties: NSC (Neighborhood Shopping Center), SM (Supermarket), CSC (Community Shopping Center), Urban Station-Front SC (Urban Station-Front Shopping Center) and SS (Specialty Store). 2. The number of tenants as of August 31, 2016 is shown. Since the master lease is a pass-through type, the number of end-tenants is shown in parentheses. 3. Annual rent indicates the monthly fixed rent (excluding rents for warehouse) and common area charges (including some variable charges) as of August 31, 2016 multiplied by 12 and rounded down to the nearest thousand yen. 4. The amount of tenant deposits is as of August 31, 2016, rounded down to the nearest million yen.

5. Profile of Operator of Silent Partnership (As of October 19, 2016)

Company name		JRP8 G.K.
Location		6-5 Nihombashi Kabutocho, Chuo-ku, Tokyo
Name and title of representative		Representative partner: Ippan Shadan Hojin JRP8 Kazumasa Iizuka, Director
Description of business		1. Acquisition, holding, disposition, leasing and management of real estate properties 2. Acquisition, holding and disposition of trust beneficiary interests in real estate 3. All kinds of services ancillary to the above businesses
Capital		1,000,000 yen
Incorporation		October 3, 2016
Relationship between KRR/the Asset Manager and the operator		
	Capital relationship	No special capital relationship between KRR/the Asset Manager and the operator.
	Personnel relationship	No special personnel relationship between KRR/the Asset Manager and the operator. Also, no special personnel relationship between the related parties/affiliates of KRR/the Asset Manager and the related parties/affiliates of the operator.
	Business relationship	No special business relationship between KRR/the Asset Manager and the operator. Also, no special business relationship between the related parties/affiliates of KRR/the Asset Manager and the related parties/affiliates of the operator. However, KDX, the parent company of the Asset Manager, will be

	entrusted with asset management by the operator.
Related party transactions	The operator is deemed a related party under the "Retail REIT Division's Internal Regulations on Related Party Transactions" of the Asset Manager but is not deemed a related party under the Investment Trust Law.

6. Related-party Transactions

JRP8 G.K. is a related party as set forth in the Related-party Transaction Rules of Residential REIT Division, the Asset Manager, since JRP8 G.K. is scheduled to entrust the asset management to KDX, which is the shareholder (100%) of the Asset Manager.

7. Acquisition Schedule

Date of decision of acquisition	October 20, 2016
Scheduled date of conclusion of silent partnership agreement	October 28, 2016
Scheduled date of silent partnership equity interest investment	October 31, 2016
Delivery of trust beneficiary interest in real estate to operator of silent partnership	November 1, 2016

8. Outlook

The impact of the acquisition of the Silent Partnership Equity Interest on the financial results is minimal, and there are no changes to the forecasts of financial results of KRR published in the "Financial Report for the Fiscal Period Ended March 31, 2016 (REIT) (October 1, 2015 to March 31, 2016)" dated May 19, 2016.

9. Summary of Real Estate Appraisal Report

Summary of real estate appraisal report			
Appraisal value	3,520,000,000		
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.		
Date of appraisal	October 1, 2016		
Item		Content	Basis
Income capitalization approach value		3,520,000,000	Calculated using DCF method, with result checked by using direct-capitalization method
Value based on direct capitalization method		3,550,000,000	Calculated by dividing the stabilized NCF by the cap rate
(1)	Gross operating revenue	230,376,926	
	Effective gross operating revenue	233,820,936	Calculated based on the fair rent level that is expected to remain stable over the medium term
	Loss from vacancy, etc.	3,444,010	Calculated based on the occupancy rate level that is expected to remain stable over the medium term
(2)	Operating expenses	54,294,737	
	Maintenance expenses	11,500,000	Calculated based on the estimated BM fee obtained from the client
	Utility expenses	7,661,822	Calculated based on the utility expenses in the past years and those for comparable properties
	Repair expenses	1,433,640	Calculated based on the replacement cost with reference to annual repair levels of comparable properties
	PM fees	9,215,077	Calculated based on anticipated PM fees for the property and the PM fees for comparable properties
	Tenant recruit expenses, etc.	879,598	Calculated based on tenant recruit expense levels for comparable properties

		Taxes and dues	21,067,600	Calculated based on standard real estate taxes for FY2016 (estimated for depreciable property tax)
		Insurance premium	537,000	Calculated based on actual insurance premium rates for comparable properties
		Other expenses	2,000,000	Calculated based on materials obtained from the client for other expenses such as advertisement, with reference to comparable properties
	(3)	Net operating income (NOI= (1)-(2))	176,082,189	
	(4)	Profit from security deposits	1,539,311	Calculated on assumption that the investment yield is 1.0%
	(5)	Capital expenditure	3,604,100	Calculated based on the replacement cost with reference to comparable properties, plus CM fees
	(6)	Net cash flow (NCF=(3)+(4)-(5))	174,017,400	
	(7)	Cap rate	4.9%	Calculated based on overall evaluation of the location, building specifications and contract terms of the property
Value based on DCF method			3,500,000,000	
		Discount rate	4.7%	Calculated based on the past transactions of comparable properties and by taking into account the uniqueness of real estate properties as financial assets in terms of investment yield
		Terminal cap rate	5.1%	Calculated by taking into account the characteristics of the NCF used for the cap rate and future uncertainties/liquidity/ marketability of the property
Value based on cost method			3,200,000,000	
	Ratio of land		69.3%	
	Ratio of building		30.7%	
Adjustments in estimated value and considerations taken into account in determining appraisal value	The subject property is located approximately 1.2 km south of Funabashi-Nichidaimae Station of Toyo Rapid Railway and it is located along National Route 296 which connects Chiba with the center of Tokyo and has comparatively heavy traffic. There are residential areas surrounding the property, and the property can attract residents in the neighborhood as well as car users accessing from the national route. Additionally, the population of the surrounding area is increasing with many relatively young families. All these factors were taken into account in determining the appraisal value.			

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

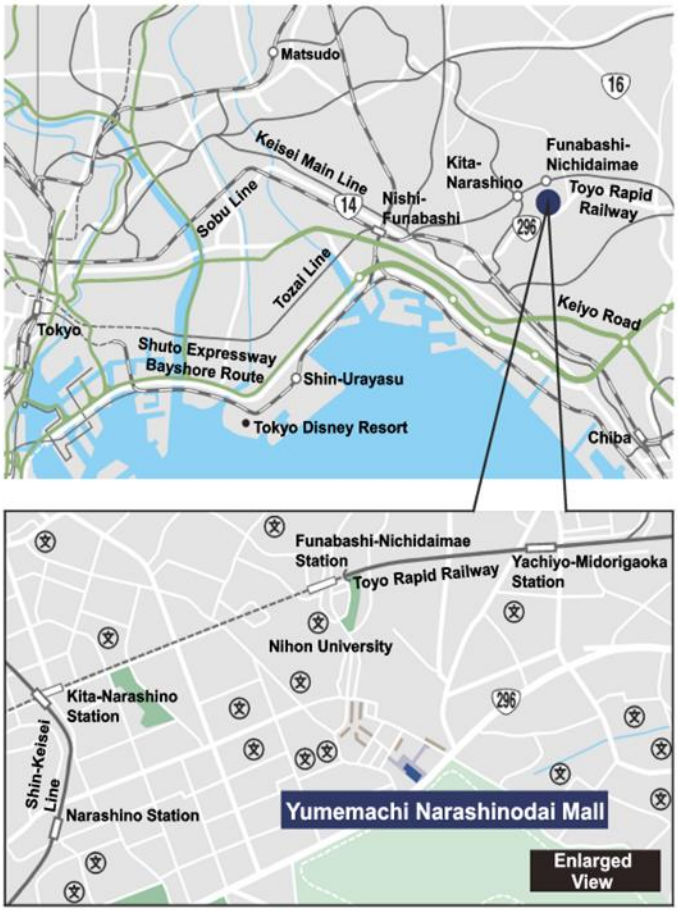
This notice is the English translation of the Japanese announcement on October 20, 2016. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Attached materials

Reference material 1. Photograph and map of Real Estate in Trust
Reference material 2. Property portfolio of KRR (after the acquisition of the Silent Partnership Equity Interest)

Reference material 1. Property photograph and map





Reference material 2. Property portfolio of KRR

No.	Type (Note1)	Property name	Location	(Anticipated) acquisition date	(Anticipated) acquisition price (million yen) (Note2)	Appraisal value (million yen) (Note 3)	Share (%) (Note 4)
T-1	CSC	Fululu Garden Yachiyo	Yachiyo, Chiba	February 10, 2015	14,848	15,100	9.3
T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	February 10, 2015	8,063	8,360	5.0
T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi-ku, Tokyo	February 10, 2015	5,850	6,200	3.7
T-4	Urban Station-Front SC	Daikanyama Address Dixsept	Shibuya-ku, Tokyo	February 10, 2015	5,390	5,450	3.4
T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	February 10, 2015	4,379	4,430	2.7
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	February 10, 2015	4,000	4,220	2.5
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	February 10, 2015	3,600	3,690	2.2
T-8	SS	Sports Club Renaissance Fujimidai	Nerima-ku, Tokyo	February 10, 2015	2,586	2,640	1.6
T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	October 2, 2015	4,815	5,210	3.0
T-10	SS	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	October 2, 2015	3,169	3,410	2.0
T-11	NSC	Unicus Kamisato (Land)	Kodama-gun, Saitama	October 2, 2015	3,000	3,010	1.9
T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	October 2, 2015	1,700	1,730	1.1
T-13	SM	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	October 2, 2015	1,442	1,460	0.9
T-14	SM	Gourmet City Chiba-Chuo	Chiba, Chiba	October 2, 2015	760	780	0.5
T-15	NSC	Nakamachidai Tokyu Store	Tsuzuki-ku, Yokohama, Kanagawa	April 21, 2016	3,360	3,780	2.1
T-16	SS	Central Wellness Club Nagatsuta Minamidai	Midori-ku, Yokohama, Kanagawa	April 20, 2016	1,724	1,880	1.1
T-17	SM	Life Kameido	Koto-ku, Tokyo	April 21, 2016	1,450	1,500	0.9
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	February 10, 2015	8,389	8,820	5.2
O-2	SM	Central Square Takadono (Land)	Osaka, Osaka	February 10, 2015	2,685	2,870	1.7
O-3	NSC	Piago Kahma Home Center Omihachiman	Omihachiman, Chiba	February 10, 2015	2,140	2,390	1.3
O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	April 16, 2015	11,000	11,600	6.9
O-5	Urban Station-Front SC	Carino Esaka	Suita, Osaka	October 2, 2015	6,555	6,580	4.1

No.	Type (Note1)	Property name	Location	(Anticipated) acquisition date	(Anticipated) acquisition price (million yen) (Note2)	Appraisal value (million yen) (Note 3)	Share (%) (Note 4)
O-6	Urban Station-Front SC	COMBOX Komyoike	Izumi, Osaka	October 2, 2015	6,450	6,840	4.0
O-7	SM	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	October 2, 2015	1,280	1,290	0.8
O-8	SS	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	October 2, 2015	487	500	0.3
O-9	SM	Life Nishi-Tengachaya	Nishinari-ku, Osaka, Osaka	January 21, 2016	1,505	1,620	0.9
O-10	NSC	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	April 21, 2016	3,723	3,730	2.3
N-1	SS	Kama Home Center Nakagawa Tomita (Land)	Nakagawa-ku, Nagoya, Aichi	February 10, 2015	2,311	2,500	1.4
N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	February 10, 2015	2,174	2,200	1.4
N-3	SS	K's Denki Nakagawa Tomita (Land)	Nagoya, Aichi	February 10, 2015	889	945	0.6
N-4	SS	Homecenter Kohnan Sunadabashi	Higashi-ku, Nagoya, Aichi	April 21, 2016	7,140	7,220	4.5
N-5	SS	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	November 1, 2016	1,370	1,410	0.9
F-1	SM	Sunny Noma	Fukuoka, Fukuoka	February 10, 2015	1,497	1,500	0.9
R-1	NSC	Roseo Mito	Mito, Ibaraki	February 10, 2015 (Note 7)	10,046 (Note 5)	10,300	6.3
R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	February 10, 2015	1,469	1,590	0.9
R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	February 10, 2015	898	901	0.6
R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	October 2, 2015	4,180	5,050	2.6
R-5	NSC	York Town Shinden-Higashi	Sendai, Miyagi	October 2, 2015	3,252	3,320	2.0
R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	October 2, 2015	830	847	0.5
R-7	Urban Station-Front SC	Solala Plaza	Aoba-ku, Sendai, Miyagi	April 21, 2016	5,720	5,740	3.6
R-8	NSC	P-1 Plaza Tenno	Higashi-ku, Hamamatsu, Shizuoka	April 22, 2016	4,010	4,230	2.5
Total/Average					160,136	168,164	100.0

Investment Securities	Silent partnership equity interest in JRP8 G.K.	October 31, 2016	100	—	—
	1 security subtotal		100	—	—

(Note 1) Properties are categorized into the following five types of retail properties for daily needs: NSC (Neighborhood Shopping Center), SM (Supermarket), CSC (Community Shopping Center), Urban Station-Front SC (Urban Station-Front Shopping Center) and SS (Specialty Store).

(Note 2) "(Anticipated) acquisition price" indicates the purchase price of each trust beneficiary interest specified in purchase agreement in relation to the acquisition of each property (excluding acquisition costs, adjustment in property tax and city-planning tax, and consumption tax; and

rounded down to the nearest one million yen). In addition, for Roseo Mito, anticipated acquisition price includes 371 million yen (excluding expenses and taxes and rounded down to the nearest million yen) on the construction contract and construction design/supervision outsourcing contracts related to construction of the building for the secondhand shop building (building expansion).

(Note 3) "Appraisal values" is as of March 31, 2016 for the properties in our portfolio as of March 31, 2016, as of February 1, 2016 for the properties acquired in April, 2016 (except for Homecenter Kohnan Sunadabashi which is as of November 1, 2015) and as of October 1, 2016 for K's Denki Shin-Moriyama.

(Note 4) "Share" indicates the percentage of the (anticipated) acquisition price for each property in the total (anticipated) acquisition price, rounded down to the first decimal point.

(Note 5) KRR acquired the secondhand shop building on November 26, 2015.