

Translation of Japanese Original

April 14, 2021

To All Concerned Parties

REIT Issuer:

Kenedix Retail REIT Corporation

Representative: Moyuru Watanabe, Executive Director
(Securities Code: 3453)

Asset Manager:

Kenedix Real Estate Fund Management, Inc.

Representative: Masahiko Tajima, CEO and President

Contact: Koichiro Nobata, Head of
Planning Division, Retail REIT Department
TEL: +81-3-5157-6013

Notice Concerning Debt Financing (Series 38) and Execution of Interest Rate Swaps

Kenedix Retail REIT Corporation (“KRR”) announced today its decision to undertake debt financing (for a total of 2,000 million yen) and the execution of interest rate swap transactions as follows.

1. Purpose of debt financing

The proceeds of this debt financing are to be used for the acquisition of 4 properties described in the press release “Notice Concerning Acquisition and Leasing of 4 Properties and Disposition of Property (Unicus Ina (20% quasi-co-ownership interest))” dated April 7, 2021 (total anticipated acquisition price of 22,340 million yen) (hereinafter referred to as “Properties to be Acquired”) and certain related costs pertaining to the acquisitions. For details of the Properties to be Acquired, please refer to the press release “Notice Concerning Acquisition and Leasing of 4 Properties and Disposition of Property (Unicus Ina (20% quasi-co-ownership interest))” dated April 7, 2021.

2. Details of debt financing

Series	Lender	Amount (millions of yen)	Interest rate	Contract date	Drawdown date	Principal repayment date (Note 1)	Collateral / Repayment method
38-A-1	Sumitomo Mitsui Banking Corporation	600	Base rate (JBA JPY 3-month TIBOR)	April 19, 2021	April 21, 2021	April 30, 2025	Unsecured, unguaranteed Repayment of principal in full on maturity date
38-A-2	Mizuho Bank, Ltd.	500	+0.35000%				
38-A-3	Resona Bank, Ltd.	400	(Note 2) (Note 3)				
38-B	MUFG Bank, Ltd.	500	To be determined (Fixed rate) (Note 2) (Note 4)				

(Notes)

- The interest payment and the principal repayment will be made on the following business day in case such date falls on a day that is not a business day and the preceding business day in case such date falls in the next calendar month.
- The first interest payment will be made at the end of July 2021 and on the last day of every three months thereafter, with the last interest payment on the principal repayment day.
- The JBA JPY TIBOR is available on the JBA TIBOR Administration website (<http://www.jbatibor.or.jp/english/>).
- The undecided matter will be announced after the decision is made.

Disclaimer: This press release is intended to disclose to the public KRR’s debt financing and execution of interest rate swaps, and is not an offer to sell or a solicitation of any offer to buy the securities of KRR in the United States or elsewhere. Please undertake any investment upon your own investigation and responsibility.
This press release does not constitute an offer of securities in the United States of America. The investment units have not been, and will not be, registered under the United States Securities Act of 1933 (the “Securities Act”). The investment units may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The investment units referred to above will not be offered, publicly or otherwise, in the United States.

3. Interest rate swap transactions

(1) Purpose

KRR has decided to execute interest rate swap transactions for the Series 38-A as hedges against possible increases in future interest rates.

(2) Details of expected interest rate swap transactions

Series		38-A-1	38-A-2	38-A-3
Counterparty		To be determined (Note)		
Notional amount (millions of yen)		600	500	400
Interest rates	Fixed interest rate for payment	To be determined (Note)		
	Floating interest rate for receipt	Base rate (JBA JPY 3-month TIBOR)		
Commencement date		April 21, 2021		
Termination date		April 30, 2025		
Payment date		The first payment will be made at the end of July 2021, and the rest of the payments will be made on the last day of every three months thereafter, with the last payment on the principal repayment date. (The interest payment will be made on the following business day in case such date falls on a day that is not a business day and the preceding business day in case such date falls in the next calendar month)		

(Note) The undecided matter will be announced after the decision is made.

4. Status of borrowings and investment corporation bonds after the debt financing and the early repayment (as of April 21, 2021)

(millions of yen)

	Before the debt financing	After the debt financing	Difference
Short-term borrowings (Note 1)	—	—	—
Long-term borrowings (Note 2)	104,800.0	106,800.0	+2,000.0
Total borrowings	104,800.0	106,800.0	+2,000.0
Investment corporation bonds	8,000.0	8,000.0	—
Total borrowings and investment corporation bonds	112,800.0	114,800.0	+2,000.0

(Notes)

- Short-term borrowings refer to the amount of debt financing with a period of less than or equal to one year from the borrowing date to the maturity date. However, in the case where the maturity date has been moved to a different business day because the maturity date of one year from the borrowing date is not a business day, and as a result the borrowing period surpasses one year, the borrowings are included in short-term borrowings.
- Long-term borrowings refer to the amount of debt financing with a period of more than one year from the borrowing date to the maturity date.

5. Other matters

For risks pertaining to the debt financing, please refer to “Chapter 2 Reference – Part 2 Supplementary Information 2. Investment Risks” of the securities registration statement submitted on April 7, 2021.

KRR’s website address: <https://www.krr-reit.com/en/>

This notice is the English translation of the Japanese announcement on April 14, 2021. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Disclaimer: This press release is intended to disclose to the public KRR’s debt financing and execution of interest rate swaps, and is not an offer to sell or a solicitation of any offer to buy the securities of KRR in the United States or elsewhere. Please undertake any investment upon your own investigation and responsibility.
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