

Translation of Japanese Original

April 20, 2018

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

### Notice Concerning Issuance of Investment Corporation Bonds

Kenedix Retail REIT Corporation (“KRR”) today announced the decision to issue investment corporation bonds through public offering based on the comprehensive resolution adopted at the board of directors’ meeting held on September 29, 2016. The details are provided as follows.

#### 1. Outline of the Investment Corporation Bonds

(1) Name of investment corporation bonds	Kenedix Retail REIT Corporation 5th Series Unsecured Investment Corporation Bonds (Ranking <i>pari passu</i> among the specified investment corporation bonds) (The aforementioned investment corporation bonds shall hereafter be referred to as the “Investment Corporation Bonds.”)
(2) Total amount of the bonds	Total amount: 2.0 billion yen
(3) Form of bonds certificate	The Bonds Transfer Act is applicable to the Investment Corporation Bonds, thus investment corporation bond certificates will not be issued.
(4) Issue price	100 per yen value of 100 yen for each bond
(5) Redemption price	100 per yen value of 100 yen for each bond
(6) Interest rate	0.700% per annum
(7) Denomination of each bond	100 million yen
(8) Offering method	Public offering
(9) Offering period	April 20, 2018
(10) Payment date	April 26, 2018
(11) Collateral / Guarantee	No collateral or guarantee is applicable, and no assets are specifically reserved as collateral for the Investment Corporation Bonds.
(12) Redemption method and maturity	Wednesday, April 26, 2028 Investment Corporation Bonds may be purchased and cancelled at any time after the payment date, except for the case of service regulations and other rules that the statutory or depository otherwise stipulates. If the maturity date of the Investment Corporation Bonds falls on the bank holiday, the payment will be brought forward to the previous bank business day.
(13) Interest payment dates	The end of April and October, every year and the maturity date
(14) Ratings	A+ (Japan Credit Rating Agency, Ltd.)
(15) Financial covenants	Negative pledge clause is applicable to the Investment Corporation Bonds.
(16) Depository	Japan Securities Depository Center, Inc.
(17) Fiscal agent, issuing agent and paying agent	MUFG Bank, Ltd.
(18) Underwriting securities companies	SMBC Nikko Securities Inc. Daiwa Securities Co. Ltd. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Mizuho Securities Co., Ltd.

2. Reason for bonds issuance

KRR intends to diversify its debt maturities, increase average remaining period to maturity and diversify financing methods through issuance of investment corporation bonds.

3. Total amount to be raised, use of proceeds and schedule of disbursement

(1) Total amount to be raised (approximate net balance)

1,983 million yen

(2) Specific use of proceeds and schedule of disbursement

1,983 million yen is planned to be used for partial prepayment of borrowings on April 27, 2018. Please refer to KRR's press release "Notice Concerning Partial Early Repayment of Borrowings" announced today for partial prepayment of borrowings.

4. Status of the interest-bearing debt after the issuance of the Investment Corporation Bonds and the partial prepayment of borrowing (the "Prepayment")

In addition to the Investment Corporation Bonds and the Prepayment, KRR undertook borrowings of JPY 1,200 million on April 19, 2018, and plans to undertake borrowings of JPY 5,570 million on April 23, 2018, JPY 3,000 million on April 27, 2018 and JPY 4,000 million on May 31, 2018. The expected status of borrowings as of April 27, 2018 and May 31, 2018 is shown in the tables below.

For details of the borrowings on April 19, 2018 and April 23, 2018, please refer to KRR's press release "Notice Concerning Debt Financing (Series 22/Series 23) and Execution of Interest Rate Swaps" dated April 17, 2018. For details of the anticipated borrowings on April 27, 2018, please refer to KRR's press release "Notice Concerning Debt Financing (Series 21) and Execution of Interest Rate Swaps" dated April 6, 2018. For details of the anticipated borrowings on May 31, 2018, please refer to KRR's press releases "Notice Concerning Debt Financing (Series 20) and Execution of Interest Rate Swaps" dated March 30, 2018 and "(Correction) Notice Concerning Debt Financing (Series 20) and Execution of Interest Rate Swaps" dated April 2, 2018.

(as of April 27, 2018)

(millions of yen)

	Before the Prepayment (Note 3)	After the Prepayment	Difference
Short-term borrowings (Note 1)	6,150.0	4,150.0	-2,000.0
Long-term borrowings (Note 2)	90,950.0	90,950.0	-
Total borrowings	97,100.0	95,100.0	-2,000.0
Corporate bonds	5,000.0	7,000.0	+2,000.0
Total borrowings and corporate bonds	102,100.0	102,100.0	-
Other interest-bearing debt (Note 4)	2,033.9	2,033.9	-
Total interest-bearing debt	104,133.9	104,133.9	-

(as of May 31, 2018)

	Before the borrowings (Series 20)	After the borrowings (Series 20)	Difference
Short-term borrowings (Note 1)	4,150.0	4,150.0	-
Long-term borrowings (Note 2)	90,950.0	94,950.0	+4,000.0
Total borrowings	95,100.0	99,100.0	+4,000.0
Corporate bonds	7,000.0	7,000.0	-
Total borrowings and corporate bonds	102,100.0	106,100.0	+4,000.0
Other interest-bearing debt (Note 5)	1,997.6	1,997.6	-
Total interest-bearing debt	104,097.6	108,097.6	+4,000.0

(Notes)

1. 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.
2. 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.
3. KRR is scheduled to undertake debt financing (Series 21) on the same date as the Prepayment. “Before the Prepayment” refers to the amount of debt after the Series 21. For details of the Series 21, please refer to “Notice Concerning Debt Financing (Series 21) and Execution of Interest Rate Swaps” dated April 6, 2018.
4. Other interest-bearing debt refers to the amount of interest-bearing tenant security deposits as of April 27, 2018.
5. Other interest-bearing debt refers to the amount of interest-bearing tenant security deposits as of May 31, 2018.

5. Other matters

Risks pertaining to the issuance and redemption, etc. of the Investment Corporation Bonds remain unchanged from those listed in the securities report of KRR submitted on December 25, 2017.

Reference:

KRR submitted shelf registration supplements to the Director of Kanto Local Finance Bureau concerning the Investment Corporation Bonds today.

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

*This notice is the English translation of the Japanese announcement on April 20, 2018. However, no assurance or warranties are given for the completeness or accuracy of this English translation.*