Translation of Japanese Original

KENEDIX
Retail REIT Corporation

March 31, 2017

To All Concerned Parties

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

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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, 2017, 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
   81,250 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 Tuesday, April 11, 2017 and Friday, April 14, 2017 (the "Issue Price Determination Date"), taking into consideration the status 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) and for which certain of the domestic underwriters (as defined below) and certain securities companies shall serve as joint global coordinators.
      a. Domestic primary offering
      The offering in Japan (the "domestic primary offering") shall be a primary offering in

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which all investment units subject to the domestic primary offering shall be purchased and underwritten by certain domestic underwriters (collectively referred to as the "domestic joint lead managers" and together with other domestic underwriters, 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 certain international underwriters 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 47,150 units and 34,100 units, respectively (81,250 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 Tuesday, April 18, 2017 and Friday, April 21, 2017

(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

4,000 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 a domestic underwriter. 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

A domestic underwriter

(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

The domestic underwriter shall conduct a domestic secondary offering of the investment units borrowed from Kenedix, Inc., with 4,000 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

4,000 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.

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

To be determined

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(4) Allottee and number of investment units to be allotted
A domestic underwriter 4,000 units

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

(6) Subscription period (subscription date)
Tuesday, May 16, 2017

(7) Payment date
Wednesday, May 17, 2017

(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 one of the domestic underwriters (the "selling domestic underwriter") 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 4,000 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 4,000 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 Friday, March 31, 2017 to issue 4,000 new investment units, through third-party allotment, to the selling domestic underwriter, with the payment date on Wednesday, May 17, 2017, so that the selling domestic underwriter 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 12, 2017 is defined as the syndicate cover transaction period. During the syndicate cover transaction period, the selling domestic underwriter 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. The selling domestic underwriter 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, the selling domestic underwriter 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.

The selling domestic underwriter will acquire necessary investment units through the third-party allotment, 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.

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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 the selling domestic underwriter upon consultation with other domestic underwriters serving domestic joint lead managers.

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:	422,450 units	
Increase in the number of investment units due to the issuance of new investment units through this offering:	81,250 units	
Total number of investment units issued and outstanding after the issuance of new investment units through this offering:	503,700 units	
Increase in the number of investment units due to the third-party allotment:	4,000 units	(Note)
Total number of investment units issued and outstanding after the third-party allotment:	507,700 units	(Note)

(Note) These figures represent the number of investment units in the event that the subscription is made by a domestic underwriter 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)

20,342,000,000 yen (maximum)

(Note) This is the sum of 11,251,000,000 yen in proceeds from the domestic primary offering, 8,137,000,000 yen in proceeds from the international offering and 954,000,000 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 Tuesday, March 21, 2017.

(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 and Leasing of Assets (8 Properties)*" released today.

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

5. Designation of party to receive allocation

Not applicable

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6. 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 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, 2017. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

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