Translation of Japanese Original

KENEDIX
Retail REIT Corporation

September 27, 2017

To All Concerned Parties

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

Asset Manager:
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# Notice Concerning Debt Financing (Series 16/Series 17), Execution of Interest Rate Swaps and Early Repayment

Kenedix Retail REIT Corporation ("KRR") announced today its decision to undertake debt financing (for a total of 9,400 million yen) and the execution of interest rate swap transactions, as well as its decision to undertake early repayment of short-term borrowings to extend and diversify its debt maturities as follows. KRR also executed interest swap agreements for some of the borrowings.

1. Series 16

(1) Purpose of debt financing

The proceeds of this debt financing are to be used towards the repayment of the Borrowing Series 15 (amount of JPY 5,500 million). KRR believes that the debt financing will contribute to the extension and diversification of KRR's debt maturities. It is notable that the Series 16-D will be the first borrowing over ten years for KRR. For details of the Series 15, please refer to "4. Early repayment of borrowing" below.

(2) Details of debt financing

| Series | Lender | Amount (millions of yen) | Interest rate (Note 1) (Note 2) | Contract date | Drawdown date | Principal repayment date (Note 2) | Collateral / Repayment method |
|---|---|---|---|---|---|---|---|
| 16-A | Mitsubishi UFJ Trust and Banking Corporation | 500 | 0.67000% (Fixed rate) | September 27, 2017 | September 29, 2017 | September 29, 2023 | Unsecured, unguaranteed<br>Repayment of principal in full on maturity date |
| 16-B | Sumitomo Mitsui Trust Bank, Ltd. | 1,500 | Base rate (Note 3) (JBA JPY 1-month TIBOR) +0.70000% | | | September 30, 2026 | |
| 16-C-1 | Mitsubishi UFJ Trust and Banking Corporation | 500 | 0.93000% (Fixed rate) | | | September 29, 2027 | |
| 16-C-2 | Mizuho Bank, Ltd. | 1,500 | 1.02880% (Fixed rate) | | | | |
| 16-D | Sumitomo Mitsui Trust Bank, Ltd. | 1,500 | Base rate (Note 3) (JBA JPY 1-month TIBOR) +0.80000% | | | September 29, 2028 | |

(Notes)
1. The first interest payment will be made at the end of October 2017 and on the last day of every month thereafter, with the last interest payment on the principal repayment day.

2. 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.
3. The JBA JPY TIBOR is available on the JBA TIBOR Administration website (http://www. jbatibor.or.jp/english/).

2. Series 17

(1) Purpose of debt financing

The proceeds of this debt financing are to be used towards the repayment of the Borrowing Series 8 (amount of JPY 3,900 million) with a repayment date of October 3, 2017. For details of the Series 8, please refer to KRR's press release "Notice Concerning the Borrowings (Series 8)" dated September 29, 2016.

(2) Details of debt financing

| Series | Lender | Amount (millions of yen) | Interest rate (Note 1)(Note 2) | Contract date | Drawdown date | Principal repayment date (Note 2) | Collateral / Repayment method |
|---|---|---|---|---|---|---|---|
| 17-A | Sumitomo Mitsui Banking Corporation | 3,400 | Base rate (Note 3) (JBA JPY 1-month TIBOR) ＋0.40000% | September 27, 2017 | October 3, 2017 | September 30, 2018 | Unsecured, unguaranteed<br>Repayment of principal in full on maturity date |
| 17-B | Sumitomo Mitsui Banking Corporation | 500 | Base rate (Note 3) (JBA JPY 1-month TIBOR) ＋0.75000% | | | October 3, 2027 | |

(Notes)
1. The first interest payment will be made at the end of October, 2017 and on the last day of every month thereafter, with the last interest payment on the principal repayment day.
2. 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.
3. The JBA JPY TIBOR is available on the JBA TIBOR Administration website (http://www. jbatibor.or.jp/english/).

3. Interest rate swap transactions

(1) Purpose

KRR has decided to execute interest rate swap transactions for the Series 16-B, 16-D and 17-B as hedges against possible increases in future interest rates. KRR also executed interest swap agreements regarding the Series 16-B and 16-D today.

(2) Details of expected interest rate swap transactions

| Series | | 16-B |
|---|---|---|
| Counterparty | | Nomura Securities Co., Ltd. |
| Notional amount (millions of yen) | | 1,500 |
| Interest rates | Fixed interest rate for payment | 0.21825% |
| | Floating interest rate for receipt | Base rate (JBA JPY 1-month TIBOR) |
| Commencement date | | September 29, 2017 |
| Termination date | | September 30, 2026 |
| Payment date | | The first payment will be made at the end of October 2017, and on the last day of every month thereafter, with the last payment on the principal repayment day. (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) By entering into the interest rate swap agreement, the interest rate for Series 16-B is essentially fixed at 0.91825%.

| Series | | 16-D |
|---|---|---|
| Counterparty | | Sumitomo Mitsui Trust Bank, Ltd. |
| Notional amount (millions of yen) | | 1,500 |
| Interest rates | Fixed interest rate for payment | 0.30005% |
| | Floating interest rate for receipt | Base rate (JBA JPY 1-month TIBOR) |
| Commencement date | | September 29, 2017 |
| Termination date | | September 29, 2028 |
| Payment date | | The first payment will be made at the end of October 2017, and on the last day of every month thereafter, with the last payment on the principal repayment day. (The interest payment will be made on the following business day incase 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) By entering into the interest rate swap agreement, the interest rate for Series 16-D is essentially fixed at 1.10005%.

| Series | | 17-B |
|---|---|---|
| Counterparty | | To be determined (Note) |
| Notional amount (millions of yen) | | 500 |
| Interest rates | Fixed interest rate for payment | To be determined (Note) |
| | Floating interest rate for receipt | Base rate (JBA JPY 1-month TIBOR) |
| Commencement date | | October 3, 2017 |
| Termination date | | October 3, 2027 |
| Payment date | | The first payment will be made at the end of October 2017, and on the last day of every month thereafter, with the last payment on the principal repayment day. (The interest payment will be made on the following business day incase 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) Any undecided matters shall be determined on September 29, 2017 and will be announced after the decision is made.

4. Early repayment of borrowing

(1) Details of early repayment (Short-term borrowing: Series 15)

① Lender: Sumitomo Mitsui Trust Bank, Ltd.
② Amount outstanding: 5,500 million yen
③ Repayment amount: 5,500 million yen
④ Amount outstanding after repayment: -
⑤ Interest rate: JBA JPY 1-month TIBOR + 0.40%
⑥ Borrowing date: April 1, 2017
⑦ Maturity date: July 31, 2018
⑧ Collateral: Unsecured, unguaranteed

(2) Date of prepayment: September 29, 2017

(3) Funds for repayment

The repayment will be made using all of debt financing as stated in "1. Series 16".

5. Status of borrowings and investment corporation bonds after the borrowings (as of October 3, 2017)

(millions of yen)

| | Before the borrowings | After the borrowings | Difference |
|---|---|---|---|
| Short-term borrowings (Note 1) | 18,170.0 | 12,170.0 | -6,000.0 |
| Long-term borrowings (Note 2) | 74,730.0 | 80,730.0 | +6,000.0 |
| Total borrowings | 92,900.0 | 92,900.0 | – |
| Investment corporation bonds | 5,000.0 | 5,000.0 | – |
| Total borrowings and investment corporation bonds | 97,900.0 | 97,900.0 | – |

| | | | |
|---|---|---|---|
| Other interest-bearing debt (Note 3) | 2,287.9 | 2,287.9 | – |
| Total interest-bearing debt | 100,187.9 | 100,187.9 | – |

(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. Other interest-bearing debt refers to the amount of interest-bearing tenant security deposits.

6. Other matters

Risks pertaining to the prepayment of the borrowed funds remain unchanged from those listed in the securities report of KRR submitted on June 29, 2017.

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

*This notice is the English translation of the Japanese announcement on September 27, 2017. However, no assurance or warranties are given for the completeness or accuracy of this English translation.*