KENEDIX
Retail REIT Corporation

Translation of Japanese Original

November 14, 2017

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
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Notice Concerning Disposition of Property (K's Denki Nakagawa Tomita (Land))

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 dispose the following property as follows.

1. Outline of the disposition

(1)	Type of asset:	Trust beneficiary interest in real estate
(2)	Property name:	K's Denki Nakagawa Tomita (Land)
(3)	Disposition price:	1,128 million yen (Excluding acquisition costs, adjustment amount of property tax and city-planning tax, etc.)
(4)	Book value:	907 million yen (Book value is as of Sep. 30, 2017, rounded off to the nearest million yen.)
(5)	Difference between disposition price and book value:	220 million yen (Figure is referential amount, calculated as a difference between disposition price and book value, and is different from profit or loss on sale. It is rounded off to the nearest million yen.)
(6)	Buyer:	Please refer to Item 4. Buyer's profile for details
(7)	Date of contract:	November 14, 2017
(8)	Disposition date:	April 27, 2018
(9)	Use of proceeds:	The proceeds from the disposition are to be allocated as cash on hand and used as a portion of funds for future acquisition of specified assets and related expenses, redemption of investment corporation bonds or repayment of borrowings.
(9)	Settlement method:	Payment in full at settlement
(10)	Method of buyer selection:	The buyer was selected from several potential buyers after verifying the prices and conditions of the disposition and other factors.

2. Reason for the disposition

The acquisition is made with comprehensive considerations on factors such as return on profit on sale, enhancement of the portfolio, overall real estate market, the characteristics of individual asset, etc., with focus to enhance KRR unitholder value.

In disposing the property, KRR especially considered the following points.

(1) The disposition price of the property exceeds the book value as of September 30, 2017 by over 20% and

also the most recent appraisal value by over 10%. Gain on sale is likely to be realized.

(2) The property is one of the three land-only properties in Nagoya City. In addition, the share of K's Denki, a consumer electronics store, is relatively high in KRR portfolio.

(3) The acquisition price of the property was less than 1 billion yen, which is relatively small in KRR portfolio.

3. Details of the property

Property name		K's Denki Nakagawa Tomita (Land)
Property type (Note 1)		SS
Type of specified asset		Trust beneficiary interest in real estate
Trustee		Sumitomo Mitsui Trust Bank, Ltd.
Location		436-8 Nunobeta, Yonokizu, Tomidacho, Nakagawa-ku, Nagoya, Aichi
Land	Form of ownership	Proprietary ownership
	Land area	5,560.23 m^2
	Zoning	Category II residential area (up to 30 m from south) Category I residential area (beyond 30 m from south)
	Building coverage ratio	60%
	Floor-area ratio	200%
Building	Form of ownership	-
	Gross floor area	-
	Date constructed	-
	Use	-
	Structure/No. of floors	-
Acquisition price		889 million yen
Appraisal value (as of)		995 million yen (September 30, 2017)
Real estate appraiser		The Tanizawa Sōgō Appraisal Co., Ltd.
Lease summary		(as of September 30, 2017)
	Number of tenants	1
	Annual rent	Not disclosed (Note 2)
	Tenant deposits	Not disclosed (Note 2)
	Leased area	Not disclosed (Note 2)
	Leasable area	Not disclosed (Note 2)
	Occupancy rate	100.0%
Remarks		None
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. Undisclosed as KRR has not obtained lessee's consent.

4. Overview of the buyer

Company name	Nippon Commercial Development Co., Ltd.
Address	4-1-1 Imahashi, Chuo-ku, Osaka, Osaka
Name and title of representative	Tetsuya Matsuoka, President
Description of business	1. Investment in real estate properties

		2. Subleasing, leasing and fund management of real estate 3. Brokerage of real estate properties 4. All kinds of services ancillary/related to the above businesses
Capital		2,794 million yen
Incorporation		April 7, 2000
Net assets		13,871 million yen
Total assets		43,865 million yen
Relationship between KRR/the Asset Manager and the buyer		
	Capital relationship	No special capital relationship between KRR/the Asset Manager and the buyer. Also, no special capital relationship between the related parties/ affiliates of KRR/the Asset Manager and the related parties/affiliates of the buyer.
	Personnel relationship	No special personnel relationship between KRR/the Asset Manager and the buyer. Also, no special personal relationship between the related parties/ affiliates of KRR/the Asset Manager and the related parties/affiliates of the buyer.
	Business relationship	The buyer is an Alliance Company for KRR and has provided services and property information preferentially to KRR in accordance with an alliance agreement.
	Related party transactions	The buyer is not deemed a related party under either the Investment Trust Law or the "Retail REIT Department's Internal Regulations on Related Party Transactions" of the Asset Manager.

As of March 31, 2017

5. Details of brokerage

Not applicable.

6. Transactions with related parties

The disposition of the property does not constitute the related-party transaction.

8. Disposition schedule

Disposition decision date /contract date	November 14, 2017
Scheduled settlement date	April 27, 2018 (Note)

Note : The purchase and sale agreement with the buyer on the sale of the asset falls under the category of forward commitment made by investment corporations as stipulated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." ruled by the Financial Service Agency of Japan. In case the agreement is terminated, either of the parties responsible for the termination shall compensate for the damage resulted from the termination by paying a penalty corresponding to 20% of the sale price (excluding consumption taxes and local consumption taxes) to the other party. However, since KRR is the seller in this transaction and there is no concern such as financing in executing the sale, KRR believes that the risk of KRR paying the penalty and making an important impact on its financial condition is small.

9. Future Outlook

The impact of the property disposition will be on the fiscal period ending September 30, 2018. Please refer to the forecasts of financial results published in the "Financial Report for the Fiscal Period Ended September 30, 2017" dated today.

10. Summary of real estate appraisal report

(The numbers are in yen unless otherwise noted)

Summary of real estate appraisal report	
Appraisal value	995,000,000 yen

Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd.		
Date of appraisal	September 30, 2017		
Item		Content	Basis
Income capitalization approach value		995,000,000 yen	Calculated by the DCF method
Value based on direct capitalization method		-	
(1)	Gross operating revenue	-	
	Effective gross operating revenue	-	
	Loss from vacancy, etc.	-	
(2)	Operating expenses	-	
	Maintenance expenses	-	
	Utility expenses	-	
	Repair expenses	-	
	PM fees	-	
	Tenant recruit expenses, etc.	-	
	Taxes and dues	-	
	Insurance premium	-	
	Other expenses	-	
(3)	Net operating income (NOI= (1)-(2))	-	
(4)	Profit from security deposits	-	
(5)	Capital expenditure	-	
(6)	Net cash flow (NCF=(3)+(4)-(5))	-	
(7)	Cap rate	-	
Value based on DCF method		995,000,000 yen	
	Discount rate	FY1 – FY16: 4.4% FY17 – FY35.7: 4.5%	Calculated based on 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	-	
Value based on cost method		-	
Ratio of land		-	
Ratio of building		-	
Adjustments in estimated value and considerations taken into account in determining appraisal value	The subject property is located on a prefectural road (called "Yaguma-dori") which is one of the major trunk roads, and has high visibility and accessibility. In addition, besides the electronic appliance store building, the concentration of retail stores such as a grocery supermarket, a home and garden store and a sporting goods store that were developed and opened around the same time, has helped generate significant synergies among these stores. 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 November 14, 2017. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Attached materials

Reference material: Property portfolio of KRR (after the acquisition)

Reference material: Property portfolio of KRR (after the disposition)

No.	Type (Note1)	Property name	Location	Acquisition date	Acquisition price (million yen) (Note 2)	Appraisal value (million yen) (Note 3)	Share (%) (Note 4)
T-1	CSC	Fululu Garden Yachiyo	Yachiyo, Chiba	February 10, 2015	14,848	15,200	7.3
T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	February 10, 2015	8,063	8,820	4.0
T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi-ku, Tokyo	February 10, 2015	5,850	6,370	2.9
T-4	Urban Station-Front SC	Daikanyama Address Dixsept	Shibuya-ku, Tokyo	February 10, 2015	5,390	5,940	2.6
T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	February 10, 2015 (Note 5)	4,470	4,850	2.2
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	February 10, 2015	4,000	4,310	2.0
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	February 10, 2015	3,600	3,840	1.8
T-8	SS	Sports Club Renaissance Fujimidai	Nerima-ku, Tokyo	February 10, 2015	2,586	2,750	1.3
T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	October 2, 2015	4,815	5,400	2.4
T-10	SS	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	October 2, 2015	3,169	3,530	1.6
T-11	NSC	Unicus Kamisato (Land)	Kodama-gun, Saitama	October 2, 2015	3,000	3,050	1.5
T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	October 2, 2015	1,700	1,770	0.8
T-13	SM	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	October 2, 2015	1,442	1,430	0.7
T-14	SM	Gourmet City Chiba-Chuo	Chiba, Chiba	October 2, 2015	760	807	0.4
T-15	NSC	Nakamachidai Tokyu Store	Yokohama, Kanagawa	April 21, 2016	3,360	3,820	1.6
T-16	SS	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	April 20, 2016	1,724	1,910	0.8
T-17	SM	Life Kameido	Koto-ku, Tokyo	April 21, 2016	1,450	1,520	0.7
T-18	NSC	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	April 19, 2017	4,170	4,300	2.0
T-19	NSC	Yumemachi Narashinodai Mall	Funabashi, Chiba	April 19, 2017	3,416	3,520	1.7
T-20	NSC	Kawamachi Yahagi Mall	Chiba, Chiba	May 18, 2017	3,097	3,260	1.5
T-21	SS	Prime Square Jiyugaoka	Meguro-ku, Tokyo	April 19, 2017	2,820	2,840	1.4
T-22	SS	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	April 19, 2017	1,880	1,970	0.9
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	February 10, 2015	8,389	9,340	4.1
O-2	SM	Life Takadono (Land)	Osaka, Osaka	February 10, 2015	2,685	3,040	1.3

No.	Type (Note1)	Property name	Location	Acquisition date	Acquisition price (million yen) (Note 2)	Appraisal value (million yen) (Note 3)	Share (%) (Note 4)
O-3	NSC	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	February 10, 2015	2,140	2,430	1.0
O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	April 16, 2015	11,000	11,600	5.4
O-5	Urban Station-Front SC	Carino Esaka	Suita, Osaka	October 2, 2015	6,555	6,910	3.2
O-6	Urban Station-Front SC	COMBOX Komyoike	Izumi, Osaka	October 2, 2015	6,450	6,840	3.2
O-7	SM	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	October 2, 2015	1,280	1,330	0.6
O-8	SS	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	October 2, 2015	487	488	0.2
O-9	SM	Life Nishi-Tengachaya	Osaka, Osaka	January 21, 2016	1,505	1,650	0.7
O-10	NSC	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	April 21, 2016	3,723	3,870	1.8
N-1	SS	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	February 10, 2015	2,311	2,630	1.1
N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	February 10, 2015	2,174	2,320	1.1
N-3	SS	K's Denki Nakagawa Tomita (Land)	Nagoya, Aichi	February 10, 2015	-	-	-
N-4	SS	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	April 21, 2016	7,140	7,310	3.5
N-5	SS	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	November 1, 2016	1,370	1,430	0.7
N-6	NSC	Resora Obu Shopping Terrace	Obu, Aichi	August 1, 2017	7,911	7,990	3.9
F-1	SM	Sunny Noma	Fukuoka, Fukuoka	February 10, 2015	1,497	1,560	0.7
F-2	SS	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	April 19, 2017	5,020	5,290	2.5
F-3	NSC	Kurume-Nishi Shopping Center	Kurume, Fukuoka	April 19, 2017	1,515	1,630	0.7
R-1	NSC	Roseo Mito	Mito, Ibaraki	February 10, 2015 (Note 6)	10,046	11,300	4.9
R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	February 10, 2015	1,469	1,580	0.7
R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	February 10, 2015	898	947	0.4
R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	October 2, 2015	4,180	5,060	2.0
R-5	NSC	Yorktown Shinden-Higashi	Sendai, Miyagi	October 2, 2015	3,252	3,330	1.6
R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	October 2, 2015	830	876	0.4
R-7	Urban Station-Front SC	Solala Plaza	Sendai, Miyagi	April 21, 2016	5,720	5,960	2.8
R-8	NSC	P-1 Plaza Tenno	Hamamatsu, Shizuoka	April 22, 2016	4,010	4,340	2.0

No.	Type (Note1)	Property name	Location	Acquisition date	Acquisition price (million yen) (Note 2)	Appraisal value (million yen) (Note 3)	Share (%) (Note 4)
R-9	NSC	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	January 31, 2017	4,111	4,220	2.0
R-10	NSC	Sun Street Hamakita	Hamamatsu, Shizuoka	April 27, 2017	10,746	11,160 (Note 7)	5.3
Total/Average					204,024	218,633	100.0

(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) "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). (As for the properties with building expansion, the price includes the amount described in the construction contract and construction design/supervision outsourcing contracts related to construction of the building for the secondhand shop building (excluding expenses and taxes and rounded down to the nearest million yen).

(Note 3) "Appraisal values" are the values as of the end of September 2017.

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

(Note 5) A restaurant building additionally acquired on January 16, 2017.

(Note 6) A secondhand shop building additionally acquired on November 26, 2015.

(Note 7) Represents the amount corresponding to the trust beneficiary co-ownership interest (a trust beneficiary co-ownership interest of 90%).