Translation of Japanese Original

KENEDIX
Retail REIT Corporation

September 26, 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: +81-3-5157-6013

Notice Concerning Debt Financing (Series 24) and Interest Rate Swap Transaction

Kenedix Retail REIT Corporation ("KRR") announced today its decision to undertake debt financing (for a total of 1,400 million yen) and enter into an interest rate swap transaction as follows. KRR also executed an interest swap agreement for the interest rate swap transaction.

1. Purpose of debt financing

   The proceeds of this debt financing are to be used for the repayment of the Borrowing Series 17-A (initial amount JPY 3,400 million, amount outstanding JPY 1,400 million) with the repayment date of September 28, 2018. In addition, KRR intends to diverse its lenders through its first borrowing from Nippon Life Insurance Company. For details of the Series 17-A, please refer to "Notice Concerning Debt Financing (Series 16/Series 17), Execution of Interest Rate Swaps and Early Repayment" dated September 27, 2017.

2. Details of debt financing

Series	Lender	Amount (millions of yen)	Interest rate (Note 1)	Contract date	Drawdown date	Principal repayment date (Note 1)	Collateral / Repayment method
24-A	Sumitomo Mitsui Banking Corporation	700	Base rate (JBA JPY 1-month TIBOR) + 0.40000% (Note 2) (Note 3)	September 26, 2018	September 28, 2018	September 30, 2019	Unsecured, unguaranteed Repayment of principal in full on maturity date
24-B	Nippon Life Insurance Company	700	Base rate (ICE Benchmark Administration Limited ("IBA") JPY 6-month LIBOR) + 0.70000% (Note 4) (Note 5)			March 31, 2025	

(Notes)
1. 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.
2. The first interest payment will be made at the end of October 2018 and on the last day of every month thereafter, with the last interest payment on the principal repayment day.
3. The JBA JPY TIBOR is available on the JBA TIBOR Administration website (http://www. jbatibor.or.jp/english/).
4. The first interest payment will be made at the end of March 2019 and on the last day of every six months thereafter, with the last interest payment on the principal repayment day.
5. The base rate for the applicable rate is 6-month JPY LIBOR which IBA releases at 11:00 a.m. (GMT) two bank business days in London before the interest payment date. (6-month JPY LIBOR released by IBA on September 25, 2018 is 0.01867%).

3. Interest rate swap transaction

(1) Purpose

KRR has decided to enter into an interest rate swap transaction for the Series 24-B as hedges against possible increases in future interest rates. KRR also executed interest swap agreements regarding the interest rate swap transaction today.

(2) Details of expected interest rate swap transaction

Series		24-B
Counterparty		Nomura Securities Co., Ltd.
Notional amount (millions of yen)		700
Interest rates	Fixed interest rate for payment	0.21300%
	Floating interest rate for receipt (Note 1)	Base rate (IBA JPY 6-month LIBOR)
Commencement date		September 28, 2018
Termination date		March 31, 2025
Payment date		The first payment will be made at the end of March 2019, and on the last day of every six months 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.)

(Notes)

1. By entering into the interest rate swap agreement, the interest rate for Series 24-B is essentially fixed at 0.91300%.

4. Status of borrowings and investment corporation bonds after the borrowings (as of September 28, 2018)

(millions of yen)

	Before the borrowings	After the borrowings	Difference
Short-term borrowings (Note 1)	4,150.0	3,450.0	-700.0
Long-term borrowings (Note 2)	94,950.0	95,650.0	+700.0
Total borrowings	99,100.0	99,100.0	–
Investment corporation bonds	7,000.0	7,000.0	–
Total borrowings and investment corporation bonds	106,100.0	106,100.0	–
Other interest-bearing debt (Note 3)	1,852.5	1,852.5	–
Total interest-bearing debt	107,952.5	107,952.5	–

(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.

5. 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 25, 2018.

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

This notice is the English translation of the Japanese announcement on September 26, 2018. However, no assurance or warranties are given for the completeness or accuracy of this English translation.