KENEDIX
Retail REIT Corporation

Translation of Japanese Original

October 8, 2019

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, CEO and President
Contact: Koichiro Nobata, Head of Planning Division, Retail REIT Department
TEL +81-3-5157-6013

# 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 October 8, 2019, 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 (primary offering)
   (1) Number of investment units to be offered
   27,300 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 Wednesday, October 16, 2019 and Wednesday, October 23, 2019 (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 (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 (issue amount) refers to the amount KRR shall receive from the underwriters (as defined in (5) 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 through the primary offering, in which all investment units subject to the primary offering shall be purchased and underwritten by an underwriting syndicate (the "underwriters"). Note that some of the investment units to be offered above are being sold to overseas investors in overseas markets mainly consisting of Europe and Asia (excluding, however, the United States and Canada).
   (6) Details of underwriting agreement
   The underwriters shall pay to KRR the total amount to be paid (total issue amount) for the primary offering

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This press release does not constitute an offer of securities in the United States of America. The investment units have not been, and will not be, registered under the United States Securities Act of 1933 (the "Securities Act"). The investment units may not be offered or sold in the United States absent registration or an exemption from registration under the Securities Act. The investment units referred to above will not be offered, publicly or otherwise, in the United States.

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
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
4th business day following the Issue Price Determination Date, between Wednesday, October 23, 2019 and Tuesday, October 29, 2019

(10) Delivery date
The business day following the Payment Date

(11) The issue price (offer price), the amount to be paid (issue amount), and other matters necessary for the issuance of new investment units through the primary offering will be determined at a future Board of Directors Meeting.

(12) Each of the provisions above is subject to the effectiveness of the Securities Registration Statement in accordance with the Financial Instruments and Exchange Act of Japan.

2. Secondary offering of investment units (secondary offering through over-allotment) (Please refer to "Reference 1. About the secondary offering through over-allotment, etc." below.)

(1) Number of investment units in the secondary offering
1,300 units
The number of investment units in the secondary offering above is shown as the maximum number of investment units to be distributed by an underwriter by conducting the secondary offering through over-allotment, other than the primary offering, after considering demand conditions and other factors for the primary offering. 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 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 primary offering.

(2) Seller
An 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 primary offering.

(4) Total selling price
To be determined

(5) Selling method
Other than the primary offering, the underwriter shall conduct a secondary offering of the investment units borrowed from Kenedix, Inc. (the "designated purchaser"), with 1,300 units as the maximum (the "borrowed investment units"), taking into account demand conditions and other factors for the primary offering.

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

(7) Subscription period

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The subscription period shall be the same as the subscription period for the primary offering.

(8) Delivery date
The delivery date shall be the same as the delivery date for the primary offering.

(9) The secondary offering through over-allotment will be cancelled if the 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 "Reference 1. About the secondary offering through over-allotment, etc." below.)

(1) Number of investment units to be offered
1,300 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 (issue amount) shall be the same as the amount to be paid (issue amount) for the primary offering.

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

(4) Allottee and number of investment units to be allotted
An underwriter 1,300 units

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

(6) Subscription period (subscription date)
Wednesday, November 13, 2019

(7) Payment date
Thursday, November 14, 2019

(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 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) Other than the primary offering, one of the underwriters (the "selling underwriter") may conduct an offering (the secondary offering through over-allotment) of the investment units that it will borrow from the designated purchaser up to a maximum of 1,300 units, taking into consideration demand conditions and other factors for the primary offering. The number of investment units allocated for the secondary offering through over-allotment will be 1,300 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 primary offering.
In connection with the secondary offering through over-allotment, KRR has resolved at the Board of

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Directors Meeting held on Tuesday, October 8, 2019 to issue 1,300 new investment units, through third-party allotment, to the selling underwriter, with the payment date on Thursday, November 14, 2019, so that the selling underwriter can return the investment units it borrowed.

The period starting from the day following the end date of the subscription period for the primary offering and the secondary offering through over-allotment and ending on Tuesday, November 12, 2019 is defined as the syndicate cover transaction period. During the syndicate cover transaction period, the selling 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 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 underwriter may conduct stabilizing transactions in connection with the 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 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.

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 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 underwriter upon consultation with other underwriters serving 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: | 507,700 units | |
| Increase in the number of investment units due to the issuance of new investment units through the primary offering: | 27,300 units | |
| Total number of investment units issued and outstanding after the issuance of new investment units through the primary offering: | 535,000 units | |
| Increase in the number of investment units due to the third-party allotment: | 1,300 units | (Note) |
| Total number of investment units issued and outstanding after the third-party allotment: | 536,300 units | (Note) |

(Note) These figures represent the number of investment units in the event that the subscription is made by an 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 its 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)

7,205,000,000 yen (maximum)

(Note) This is the sum of 6,878,000,000 yen in proceeds from the primary offering and 327,000,000 yen (maximum) in proceeds from the

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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 Friday, September 27, 2019.

(2) Use and schedule of expenditure of proceeds

The proceeds from the primary offering will be used to partially fund the anticipated acquisition of specified properties excluding Apita Terrace Yokohama Tsunashima. (The specified properties except Apita Terrace Yokohama Tsunashima are collectively referred to as the "properties to be acquired through the primary offering, etc.") The maximum proceeds from the third-party allotment of new units will be retained and used to fund part of the acquisition of specified assets or repayment of borrowings in the future.

For details of the properties to be acquired through the primary offering, etc., please refer to KRR's press release *"Notice Concerning Acquisition and Leasing of Assets (5 Properties)*" released today.

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

5. Designation of party to receive allocation

The underwriters plan to sell 4,300 units among the investment units subject to the primary offering to the designated purchaser, which is an existing unitholder of KRR, as a purchaser designated by KRR.

6. Restriction for sale, follow-on offerings and others (lock-up)

(1) In connection with the primary offerings, KRR plans to request the designated purchaser to agree with the joint lead managers that without prior written consent from the joint lead managers, 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 lead managers will 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 primary offerings, KRR has agreed with the joint lead managers that without prior written consent from the joint lead managers, no issuance of the investment units (except for new investment units issued through the primary offering and the 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 lead managers have the right to waive all or part of aforementioned restrictions, or shorten the lock-up period at their discretion.

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

*This notice is the English translation of the Japanese announcement on October 8, 2019. However, no assurance or warranties are given for the completeness or accuracy of this English translation.*

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