

Translation of Japanese Original

January 6, 2015

To All Concerned Parties

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

Asset Manager:  
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Representative: Ryosuke Homma, CEO and President  
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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 January 6, 2015, concerning the issuance of new investment units and the secondary offering of investment units to be listed on the Tokyo Stock Exchange, Inc. (“TSE”) as follows.

1. Issuance of new investment units through public offering

- (1) Number of investment units to be offered  
254,250 units
- (2) Amount to be paid (issue amount)  
To be determined  
The amount to be paid (issue amount) shall be determined at the Board of Directors Meeting to be held on February 2, 2015 (Monday) (the “pricing date”).
- (3) Total amount to be paid (total issue amount)  
To be determined
- (4) Issue price (offering price)  
To be determined  
The issue price (offering price) shall be determined on the pricing date through the book-building process (the method of determining the issue price, etc., by presenting to investors the indicative price range pertaining to the issue price at the time of solicitation of applications for acquisition of investment units and understanding such factors as the status of investor demand pertaining to the investment units) as provided in Rule 1210 of the Enforcement Rules for Securities Listing Regulations set forth by the TSE.
- (5) Total amount of issue price (total offering price)  
To be determined
- (6) Offering method  
The method shall be an offering in Japan and overseas simultaneously. The joint global coordinators of the domestic primary offering, international offering and secondary offering through over-allotment

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noted in 2. below shall be SMBC Nikko Securities Inc., Nomura Securities Co., Ltd. and UBS Securities Japan Co., Ltd. (the “joint global coordinators”).

a. Domestic primary offering

The offering in Japan (the “domestic primary offering”) shall be a primary offering in which all investment units subject to the domestic primary offering shall be purchased and underwritten by SMBC Nikko Securities Inc., Nomura Securities Co., Ltd., Daiwa Securities Co., Ltd. and UBS Securities Japan Co., Ltd. (collectively referred to as the “domestic joint lead managers”), and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., Mizuho Securities Co., Ltd. and Monex, Inc. (collectively referred to, together with the domestic joint lead managers, 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 in mainly the U.S. and Europe (however, within the U.S., only to be sold to qualified institutional investors in reliance on 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 international underwriters with UBS AG, London Branch, Nomura International plc and SMBC Nikko Capital Markets Limited as co-lead underwriters and joint book runners (collectively referred to as the “international underwriters” and together with the domestic underwriters as the “underwriters”).

c. The allocation of investment units offered under a. and b. above is expected to be 177,750 units and 76,500 units, respectively (254,250 units in total), but the final breakdown will be determined on the pricing date, taking into consideration the status of demand and other factors.

(7) 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 (11), and the difference between the total amount to be paid (total issue amount) and the total amount of issue price (total offering price) shall be the retained by the underwriters. KRR shall not pay an underwriting fee to the underwriters.

(8) Book-building period

From January 26, 2015 (Monday) to January 30, 2015 (Friday)

(9) Subscription unit

One or more units as a single unit

(10) Subscription period (domestic primary offering)

From February 3, 2015 (Tuesday) to February 6, 2015 (Friday)

(11) Payment date

February 9, 2015 (Monday)

(12) Delivery date

February 10, 2015 (Tuesday)

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

(14) Each of the provisions above is subject to the effectiveness of the filing of the Securities Registration

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Statement in accordance with the Financial Instruments and Exchange Act of Japan.

2. Secondary offering of investment units (secondary offering through over-allotment)

- (1) Number of units in the secondary offering

5,750 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 SMBC Nikko Securities Inc., the bookrunner of the domestic 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 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 pricing date, taking into account demand conditions and other factors in the domestic primary offering.

- (2) Seller

SMBC Nikko Securities Inc.

- (3) Selling price

To be determined

The selling price shall be determined on the pricing date. The selling price shall be the same as the issue price (offering price) in the domestic primary offering.

- (4) Total selling price

To be determined

- (5) Selling method

SMBC Nikko Securities Inc., the bookrunner of the domestic primary offering, shall conduct a domestic secondary offering with investment units to be borrowed from Kenedix, Inc. with 5,750 units as the maximum, taking into account demand conditions and other factors. However, the borrowing shall be subject to the condition that the 5,000 units shall be sold to Kenedix, Inc. in the domestic primary offering.

- (6) Subscription unit

One or more units as a single unit

- (7) Subscription period

From February 3, 2015 (Tuesday) to February 6, 2015 (Friday)

- (8) Delivery date

February 10, 2015 (Tuesday)

- (9) The selling price and other matters relating to the secondary offering will be determined at a future Board of Directors Meeting.

- (10) Each provision above is subject to the effectiveness of the filing 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

- (1) Number of units to be offered

5,750 units

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- (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 pricing date. The amount to be paid shall be the same as the amount to be paid (issue amount) of the domestic primary offering.
- (3) Total amount to be paid (issue amount)  
To be determined
- (4) Allottee  
SMBC Nikko Securities Inc.
- (5) Subscription unit  
One or more units as a single unit
- (6) Subscription period (subscription date)  
March 10, 2015 (Tuesday)
- (7) Payment date  
March 11, 2015 (Wednesday)
- (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 amount to be paid (issue amount) and other necessary matters relating to the issuance of new investment units will be determined at future Board of Directors Meetings.

[Reference]

1. KRR investment units are scheduled for listing on the TSE on February 10, 2015 (Tuesday).
2. About the secondary offering through over-allotment, etc.

The secondary offering through over-allotment is a secondary offering in which SMBC Nikko Securities Inc., the bookrunner of the domestic primary offering, will conduct a domestic offering for the investment units, which it will borrow from Kenedix, Inc. up to a maximum of 5,750 units, taking into consideration demand conditions and other factors from the domestic primary offering. (This borrowing will be conditional upon 5,000 units being sold to Kenedix, Inc. in the domestic primary offering.) The number of investment units allocated for the secondary offering through over-allotment will be 5,750 units. This is the maximum number of units to be allocated, and there are cases where the number may decrease or the secondary offering through over-allotment itself may not take place at all, depending on the demand conditions and other factors of the domestic primary offering.

In connection with the secondary offering through over-allotment, KRR passed a resolution at the Board of Directors Meeting held on Tuesday, January 6, 2015 to issue new investment units through third-party allotment to SMBC Nikko Securities Inc. (the “third-party allotment”) with a payment date of Wednesday, March 11, 2015, in order for SMBC Nikko Securities Inc. to acquire the necessary investment units for return of the units it borrowed.

During the period from Tuesday, February 10, 2015 to Friday, March 6, 2015 (the “syndicate cover transaction period”), SMBC Nikko Securities Inc. may purchase the investment units on the TSE up to the number in the secondary offering through over-allotment (the “syndicate cover transaction”) in order to return the borrowed investment units. During the syndicate cover transaction period, SMBC Nikko Securities Inc.

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may determine that it will not execute the syndicate cover transaction or that it will end the syndicate cover transaction at a number of units that is less than the number of units issued in the secondary offering through over-allotment.

SMBC Nikko Securities Inc. will acquire the necessary investment units through the third-party allotment, which will be calculated by deducting the number of units acquired through any syndicate cover transaction from the number of units to be offered through over-allotment. Therefore, it is possible that subscriptions will not be made for part of all of the issued investment units 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.

Any syndicate cover transaction will be conducted by SMBC Nikko Securities Inc. in consultation with Nomura Securities Co., Ltd., Daiwa Securities Co., Ltd. and UBS Securities Japan Co., Ltd.

3. 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:	750 units	
Increase in number of investment units due to the issuance of new investment units through this offering:	254,250 units	
Total number of investment units issued and outstanding after the issuance of new investment units through this offering:	255,000 units	
Increase in number of investment units due to the third-party allotment:	5,750 units	(Note)
Total number of investment units issued and outstanding after the third-party allotment:	260,750 units	(Note)

(Note) These figures represent the number of units in the event that the application is filed by SMBC Nikko Securities Inc. and issuance takes place for all of the new investment units to be issued through the third-party allotment.

4. Amount, use and schedule of expenditure of proceeds

(1) Amount of proceeds (estimated net proceeds)

52,000,000,000 yen (maximum)

(Note) This is the sum of 35,550,000,000 yen in proceeds from the domestic primary offering, 15,300,000,000 yen in proceeds from the international offering and 1,150,000,000 yen (maximum) in proceeds from the third-party allotment. These amounts are the anticipated amounts as of today.

(2) Use and schedule of expenditure of proceeds

The proceeds from the domestic primary offering and international offering will be allocated partially to fund the acquisition of anticipated assets. The proceeds from the issuance of new investment units by the third-party allotment will be used to repay part of borrowings.

5. Designation of party to receive allocation

The domestic underwriters will sell 5,000 units of the investment units in the domestic primary offering to Kenedix, Inc., a purchaser designated by KRR and the shareholder of KRR's asset manager.

6. Future outlook

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Please see “Notice Concerning Forecasts of Financial Results for the Fiscal Periods Ending September 30, 2015 and March 31, 2016” released today.

7. Status of past equity financing

Date	Issuance amount (million yen)	Unitholders’ capital after issuance (million yen)	Description
October 3, 2014	150	150	Establishment through private placement

8. Restriction for sales, follow-on offerings and others (Lock-up)

(1) In connection with the global offering, KRR plans to request Kenedix, Inc. to agree with the joint global coordinators and the domestic joint lead managers to the effect that, without the prior written consent of the joint global coordinators and the domestic joint lead managers, no sale of the investment units (other than lending of the investment units in connection with the secondary offering through over-allotment) shall be conducted during the period beginning on the pricing date and ending on the date 180 days after the delivery date of the units.

The joint global coordinators and the domestic joint lead managers are expected to have the authority to cancel the agreement, in whole or in part, or shorten the lock-up period at their discretion.

(2) In connection with the global offering, KRR has entered into an agreement with the joint global coordinators to the effect that, without the prior written consent of the joint global coordinators, no issuance of the investment units (other than 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 pricing date and ending on the date 90 days after the delivery date of the units.

The joint global coordinators will have the authority to cancel the agreement, in whole or in part, or shorten the lock-up period at their discretion.

(3) Furthermore, in addition to the restrictions described in (1) above, upon listing the investment units on the TSE, Kenedix, Inc. has made a commitment to KRR to continue holding its investment units that it holds as of today for at least one year from October 3, 2014, pursuant to the regulations of TSE.

*This notice is the English translation of the Japanese announcement on January 6, 2015. However, no assurance or warranties are given for the completeness or accuracy of this English translation.*

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