KENEDIX
Retail REIT Corporation

Translation of Japanese Original

October 8, 2019

To All Concerned Parties

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Kenedix Retail REIT Corporation
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(Securities Code: 3453)

Asset Manager:
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Notice Concerning Acquisition and Leasing of Assets (5 Properties)

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 acquire and lease assets as follows.

1. Outline of the Acquisition

Property number	Property name	Location	Type of acquisition	Anticipated acquisition price (million yen) (Note 1)	Appraisal NOI yield (%) (Note 2)
T-26	Kalsa Hiratsuka	Hiratsuka, Kanagawa	Trust beneficiary interest in real estate	5,980	4.7
T-27	Monenosato Mall	Yotsukaido, Chiba	Trust beneficiary interest in real estate	2,410	5.3
T-28	Chofu Center Building (Retail wing)	Chofu, Tokyo	Trust beneficiary interest in real estate	2,300	5.5
T-29	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	Trust beneficiary interest in real estate	2,248	4.0
N-7	Valor Nakashidami (Land)	Moriyama-ku, Nagoya, Aichi	Trust beneficiary interest in real estate	2,551	4.7
Total Acquisition price /Average NOI yield (%)				15,489	4.8

(1) Date of contract: October 8, 2019
(2) Anticipated acquisition date: October 24, 2019 (Property numbers T-27, T-28, T-29)
November 1, 2019 (Property number T-26, N-7)
(3) Seller: Please refer to "4. Overview of Sellers" for details
(4) Acquisition funds: The proceeds from the issuance of new investment units, resolved at the board of directors meeting on October 8, 2019, borrowings and own funds (Note 3) (Note 4)
(5) Settlement method: Payment in full at settlement

(Note 1) Excluding acquisition costs, adjustment amount of property tax, city-planning tax and consumption tax, etc.
(Note 2) The "appraisal NOI yield" is calculated and rounded to the second decimal place using the following formula:
Appraisal NOI yield is calculated by dividing the Appraisal NOI of each anticipated property as on appraisal report as of September 1, 2019 by

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the anticipated acquisition price for each property. Appraisal NOI refers to the net operating income before depreciation expenses, which is calculated by deducting the operating expenses from the operating revenues described in the appraisal report, and thus, differs from NCF (Net Cash Flow) which is calculated by adding the profit from the investment of tenant deposits to and deducting capital expenditures from NOI. The appraisal NOI here is the NOI calculated using the direct capitalization method. Net operating income for the first fiscal year calculated using the DCF method is used in the cases where the direct capitalization method is not applicable.

(Note 3) Please refer to "Notice Concerning Issuance of New Investment Units and Secondary Offering" as of today for details of the issuance of new investment units.

(Note 4) Matters concerning the new borrowings shall be announced after details decided.

2. Reasons for the acquisition and leasing

We have decided to acquire the 5 additional properties, based on KRR's "Investment Targets and Policies," to diversify and enhance our portfolio by investing primarily in neighborhood, community and other shopping centers that cater to the day-to-day needs of local area customers, which KRR believes will ensure both the growth of and steady revenue-generation from our portfolio.

The anticipated acquisition price of each property is lower than its appraisal value and hence KRR believes it is fair and reasonable. After the acquisition of the 5 additional properties and the disposition of Welcia Kishiwadakamori (Land) to be disposed on October 31, 2019, KRR's portfolio will consist of 61 properties worth a total of 225.0 billion yen based on an (anticipated) acquisition price.

In addition, KRR selects tenants based on an overall assessment of the set criteria, including the tenant's category, credit profile, sector, use, leasing terms and conditions and the probability of tenant turnover, as stated in the Report on the Management Structure and System of the Issuer of Real Estate Investment Trust Units and Related Parties dated June 27, 2019. KRR believes the tenants for each of the 5 properties satisfy these criteria. Please refer to "3. Details of the Acquisition" below for the assessment of each anticipated property.

3. Details of the Acquisition

Overview of individual anticipated properties

The following tables provide an overview of each anticipated property. Definitions of the terms used in the tables are as follows:

- "Anticipated acquisition date" indicates the date in each sale and purchase agreement of trust beneficiary interest or trust beneficiary quasi-co-ownership interest as of today and is subject to change based on the agreement between KRR and the Seller.
- "Property type" indicates one of the following six types of retail properties: NSC (Neighborhood Shopping Center), SM (Supermarket), CSC (Community Shopping Center), Urban Station-Front SC (Urban Station-Front Shopping Center), SS (Specialty Store) and L (Logistics facility).
- "Type of specified asset" indicates the type of the asset KRR will acquire.
- "Trustee" indicates the trustee or anticipated to be trustee for each of the acquired assets which is a trust beneficiary interest in real estate.
- "Trust period" indicates the trust establishment date and the trust maturity date set forth or anticipated to be set forth in the trust agreement for the trust beneficiary interest in the property.
- "Location" indicates the residential address. For properties without residential addresses, the building or land address on the registry is shown (only one address is shown for properties with multiple addresses).
- "Form of ownership" of "Land" or "Building" indicates either the type of rights in the property owned by KRR if KRR owns or anticipates owning such property, or the type of rights in the property owned by trustee if KRR owns or anticipates owning the trust beneficiary interest or its quasi-co-ownership.

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- "Land area" of "Land" is based on what is described in the registry and may not necessarily be identical to the actual area. Moreover, "Land area" indicates the total Land area regardless of sectional ownership of buildings.
- "Zoning" of "Land" indicates the type of zoning as set forth in Article 8-1-1 of the City Planning Act (Act No. 100 of 1968; as amended).
- "Building coverage ratio" of "Land" indicates either the ratio of the building area to the land area as set forth in Article 53-1 of the Building Standards Act(Act No. 201 of 1950; as amended) or the upper limit of the building coverage ratio designated in the City Planning Act in accordance with the zoning.
- "Floor-area ratio" of "Land" indicates either the ratio of a building's total floor area to the land area as set forth in Article 52-1 of the Building Standards Act or the upper limit of the floor-area ratio designated in the City Planning Act in accordance with the zoning.
- "Gross floor area" of "Building" indicates the gross floor area of a building and is based on the building description in the registry (excluding annex buildings). Moreover, as for the building or the trust building with sectional ownership, "Gross floor area" indicates the area of whole buildings.
- "Date constructed" of "Building" indicates either the registered completion date or the inspection date for completion of the main building.
- "Use" of "Building" is based on the description in the registry of the main building. Moreover, as for the building with sectional ownership of buildings, "Use" indicates that of KRR's proprietary area.
- "Structure/No. of floors" of "Building" is based on what is described in the registry of the main building. Moreover, as for the building with sectional ownership of buildings, "Structure/No. of floors" indicates that of whole building.
- "Architect", "Construction company" and "Construction confirmation authorities" represent those companies or institutions that provide relevant services to each of the properties. The company name included for each property shall be the company's name at the time of construction confirmation, completion of construction, or receipt of inspection certification, even if the name has been changed since.
- "Master lessee" indicates the master lessee with which KRR has entered or plans to enter into the Master Lease Agreement.
- "Type of master lease" indicates the type of the master lease agreement concluded or to be concluded as of today, which include (i) the "pass-through type" where the rent received by the lessor is in principle the same amount as the rent received by the master lessee from end tenants, and (ii) the "sublease type" where a fixed amount of rent is received from the master lessee.
- "PM" indicates the property manager with which a property management agreement has been or will be concluded.
- "Sub-PM" indicates the sub-property manager with which a sub-property management agreement has been or will be concluded.
- "PML" indicates the probable maximum loss that can arise from an earthquake and is rounded down to the second decimal place based on the "Portfolio PML Report as of September 2019 prepared by Sompo Risk Management & Health Care." KRR, however, does not guarantee the accuracy of such report. Also, the content of the Portfolio PML Report is based on the opinions and judgments by Sompo Risk Management & Health Care at a specific point in time and neither its validity nor accuracy is guaranteed. KRR/the Asset Manager has no special interest with Sompo Risk Management & Health Care.
- "Anticipated acquisition price" indicates the transfer price of the property to be acquired designated in each sale and purchase agreement (excluding the acquisition expenses, property taxes, city planning taxes and consumption taxes, and rounded down to the nearest million yen).
- "Appraised value (as of the effective date of appraisal)" indicates the appraised value described in each real estate appraisal report prepared by real estate appraisers, including Daiwa Real Estate Appraisal Co., Ltd.,

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Japan Real Estate Institute and The Tanizawa Sogo Appraisal Co., Ltd. as requested by KRR. The values are estimated by the real estate appraisers at one point in time, and KRR does not give any representation or other assurance with respect to the accuracy or completeness of the appraised values and other information they provided to us.

- "Appraisal NOI yield" is calculated by dividing the appraisal NOI of each property by the anticipated acquisition price for each property and rounding off the number to the first decimal place.
  The appraisal NOI for each of the anticipated properties used in the calculation is as described in the real estate appraisal report as of September 1, 2019.
- "Appraisal NOI" is the net operating income before depreciation expenses, which is calculated by deducting the operating expenses from the operating revenues described in the appraisal report, and thus, differs from NCF (Net Cash Flow) which is calculated by adding the profit from the investment of tenant deposits to and deducting capital expenditures from NOI. The appraisal NOI here is the NOI calculated using the direct capitalization method. Net operating income for the first fiscal year calculated using the DCF method is used in cases where the direct capitalization method is not applicable.
- "Collateral" indicates the collateral that remains effective after the acquisition by KRR, if any.
- "Number of tenants" indicates the total number of tenants in each of the anticipated properties as of the end of July 2019. As for the office/retail tenants, if they occupy multiple spaces, each space is counted as one tenant. In a pass-through-type master lease contract, the number of master lessees is followed by the number of end-tenants in parentheses. In a sub-lease-type master lease, only the number of master lessees is shown.
- "Annual rent" indicates the amount obtained by multiplying the monthly rent agreed upon in the lease agreement with each tenant as of the end of July 2019 (including common area charges and excluding the retail facility's rent for warehouses and consumption taxes) by 12 and rounding the number down to the nearest thousand yen (any changes in rents expected before acquisition dates agreed upon in Memorandum of Understanding ("MoU"), etc. as of the end of July 2019 are reflected). In a sub-lease-type master lease, the annual rent (excluding consumption taxes) agreed upon in the master lease agreement or the amount obtained by multiplying the monthly rent (excluding consumption taxes) agreed upon in the master lease agreement by 12, rounded down to the nearest thousand yen, is shown (any changes in rents planned before the acquisition dates agreed upon in MoU, etc. as of the end of July 2019 are reflected).
- "Tenant deposits" represents the total amount of tenant leasehold and security deposits agreed upon in the lease agreement (excluding those of retail facilities for warehouses) for each property as of the end of July 2019, rounded down to the nearest thousand yen.
- "Leased area" indicates the total leased area based on the lease agreement for each property as of the end of July 2019. As for the lease agreements for retail facility, the leased area of warehouses and land (including flat parking lots) are excluded. As for the lease agreements for logistics facility, land (including flat parking lots) are excluded. As for pass-through-type master leases, the leased area based on the lease agreements between the master lessee and end-tenants as of the end of July 2019 is shown. As for sub-lease type leases, the leased area to the master lessee is shown.
- "Leasable area" indicates the gross floor area (or the land area for a land-only property) that KRR considers to be available for lease in each property.
- "Occupancy rate" indicates the ratio of the leased area to the leasable area for each anticipated property as of the end of July 2019, rounded to the first decimal place.
- "Remarks" indicates the items that are believed to be important in relation to the rights and uses of each property as well as the items that are believed to be important in terms of their impact on the appraisal value, profitability and marketability, as of today.

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T-26 Kalsa Hiratsuka

Property name		Kalsa Hiratsuka
Anticipated acquisition date		November 1, 2019
Property type		NSC
Type of specified asset		Trust beneficiary interest in real estate
Trustee		SMBC Trust Bank, Ltd.
Trust period		January 31, 2019 to September 30, 2039
Seller (former beneficiary)		SMFL MIRAI Partners Co., Ltd
Location		3-5-1 Tamura, Hiratsuka, Kanagawa
Land	Form of ownership	Proprietary ownership
	Land area	20,287.56m^2
	Zoning	Quasi-industrial area
	Building coverage ratio	60%
	Floor-area ratio	200%
Building	Form of ownership	Compartmentalized ownership (Note 1)
	Gross floor area	19,189.97m^2
	Date constructed	July 6, 2011
	Use	Retail store
	Structure/No. of floors	3-story steel-framed flat-roofed construction
Architect		MOVE Architects & Structure
Construction company		Daiwa Odakyu Construction Co., Ltd.
Construction confirmation authority		Center for International Architectural Standard
Master lessee		–
Type of master lease		–
PM		Kenedix Real Estate Fund Management, Inc. (planned)
Sub-PM		Japan Property Solutions Co., Ltd. (planned)
PML		8.81%
Anticipated acquisition price		5,980 million yen
Appraised value		6,010 million yen (as of September 1, 2019)
Real estate appraiser		Japan Real Estate Institute
Appraisal NOI yield		4.7%
Collateral		None
Lease summary		(As of the end of July 2019)
	Number of tenants	3
	Annual rent	Undisclosed (Note 2)
	Tenant deposits	Undisclosed (Note 2)
	Leased area	14,195.00m^2
	Leasable area	14,195.00m^2
	Occupancy rate	100.0%
Remarks		・ Groundwater of the land in this property contains soil contaminant, which exceed the standard values stipulated in the Soil Contamination Countermeasures Law. KRR commissioned Tokio Marine & Nichido Risk Consulting Co., Ltd. to conduct soil contamination risk surveys. According to them, the current use of the property, groundwater is not used for drinking, and almost the entire site is covered or planted. In conclusion, the risks of damage to health posed by this property are evaluated low. ・ Part of this property is not in compliance with the Building Standards Act and the Fire Service Act. KRR, however, has agreed with the seller that renovation and improvement will be completed at the expense and responsibility of the seller, other than any part for which the tenant is responsible for the renovation and improvement.

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	・ In a fixed-term building lease agreement with the lessee, if the lessor transfers the Property to a third party, the lessee has the right to purchase the Property in preference to other third parties.
Others	(Note 1) The building consists of compartmentalized ownership buildings, but the entire building is owned by a trustee. (Note 2) Undisclosed as KRR has not obtained consent from the lessee.

Features of the property

Neighborhood Shopping Center ("NSC") located in the retail trade area covering Hiratsuka City and Chigasaki City, the core of the Shonan area

1. Features of the property
   - ・ This property is a retail facility opened in 2011. The tenants include Sanwa, a grocery supermarket which has high customer traffic in Tama region and Kanagawa Prefecture, DCM Kahma, a home center, and Sports Depo, a general sporting goods shop, etc.
   - ・ The property is a located along National Route 129, the north-south artery of Hiratsuka City, where roadside commercial facilities are concentrated, and has excellent visibility.
2. Overview of the trading area
   (1) Location and access
   - ・ The property is highly accessible from the wider area, being located on the southern side of the Tamura Crossroads of National Route 129, which is known as a busy roadside shopping district in the Hiratsuka area, and the Prefectural Route129 (Isehara-Fujisawa street).

   (2) Characteristics of the trade area
   - ・ Based on the 2015 Population Census, the population in the catchment area was approximately 12,000 people in the 1kilometer radius, approximately 82,000 people in the 3kilometer radius, and approximately 287,000 people in the 5kilometer radius. The southern side of this area is a dense metropolitan commuter district along the JR Tokaido Main Line.
   - ・ Growth is expected in the surrounding area due to the opening of Ebina Minami Junction, the invitation of a new Tokaido Shinkansen station, and the land readjustment project of the Twin City Ogami district.

T-27 Monenosato Mall

Property name		Monenosato Mall
Anticipated acquisition date		October 24, 2019
Property type		NSC
Type of specified asset		Trust beneficiary interest in real estate
Trustee		Mizuho Trust and Banking Corporation
Trust period		October 31, 2018 to September 30, 2039
Seller (former beneficiary)		Undisclosed (Note 1)
Location		6-10-3 Monenosato, Yotsukaido, Chiba, etc.
Land	Form of ownership	Proprietary ownership
	Land area	25,433.55 m^2
	Zoning	Quasi-industrial area
	Building coverage ratio	60%
	Floor-area ratio	200%
Building (Note 2)	Form of ownership	Proprietary ownership
	Gross floor area	A: 6,112.26 m^2 B: 166.37 m^2
	Date constructed	A: March 10, 2019 B: August 23, 2019
	Use	A: Retail store B: Retail store
	Structure/No. of floors	A: S-Structure with flat roof B: S-Structure with flat roof
Architect		ADX Architects Office
Construction company		Asahi Construction Corporate
Construction confirmation authority		Japan ERI Co., Ltd.
Master lessee		Parco Space Systems Co., Ltd. (planned)

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Type of master lease		Pass-through type
PM		Kenedix Real Estate Fund Management, Inc. (planned)
Sub-PM		Parco Space Systems Co., Ltd. (planned)
PML		A: 6.76%　B: 6.85% (Note 2)
Anticipated acquisition price		2,410 million yen
Appraised value		2,510 million yen (as of September 1, 2019)
Real estate appraiser		Japan Real Estate Institute
Appraisal NOI yield		5.3%
Collateral		None
Lease summary		(As of the end of July 2019)
	Number of tenants	1 (5)
	Annual rent	142,096 thousand yen
	Tenant deposits	89,994 thousand yen
	Leased area	6,172.55 m^2
	Leasable area	6,255.19 m^2
	Occupancy rate	98.7%
Remarks		・ As of September 26, 2019, the seller owns 2 wings of the property, and KRR and the seller agree that the seller incorporate the Service wing of the property into the trust asset at the seller's responsibility and expense, which makes it possible for KRR to acquire the trust beneficiary interest in the entire of the land and the building of the property. ・ Upon acquisition of the property, the trustee and the seller plan to execute a land use lease contract with the following contents Subject: Part of the land of the property Lessor: Trustee Lessee: Seller Purpose: Construction of building Period: From October 31, 2018 to the earliest of: (i) End of May 2020; (ii) The date KRR acquires 2 new buildings; or (iii) The first date the lease period, which is provided in the lease agreement executed between the trustee and the seller, commences. Fee: None
Others		(Note 1) Undisclosed, as consent has not been gained from the previous owner (previous beneficiary), a Japanese business corporation. (Note 2) Each item is divided into entries for A the main wing, and B the service wing. (Note 3) In connection with the acquisition of the property, a prior negotiation right is given by the seller to KRR concerning the acquisition of the 2 new buildings to be built by the seller.

Features of the property

NSC located in "Monenosato," a new town undergoing residential development, with the YorkMart grocery supermarket as its core tenant

1. Features of the property
   - This property is an NSC opened in March 2019 in a land readjustment area in the Monenosato district, a new town undergoing residential development.
   - As of April 2019, the shopping center held the YorkMart grocery supermarket, a drug store, an apparel store, a dollar shop, and a laundromat, but restaurants and service stores are planned to open in a new building scheduled for construction from 2020 in this land, making it a facility with ten stores to serve the local community.

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2. Overview of the trade area

(1) Location and access

・ This property is located in the commercial zone of Berry Town Monenosato, a new town district being developed by Urban Renaissance Agency and planned to have a population of around 10,000 people, with 2,905 households. The closest train station is Monoi Station, on the JR Sobu Main Line.

・ This property is situated in a location with good access from roads, being surrounded by roads created in urban planning projects, and has a flat parking lot for visitors capable of holding 282 vehicles (and parking lot for employees capable of holding 76 vehicles).

(2) Characteristics of the trade area

・ Based on the 2015 Population Census, the population in the catchment area was approximately 6,400 people in the 1kilometer radius, approximately 50,000 people in the 3kilometer radius, and approximately 172,000 people in the 5kilometer radius. In particular, the 1kilometer radius new town has many detached houses, and lots being sold for new home construction.

・ Compared to population of 2010, the population in 2015 has grown to 115.0% in the 1kilometer radius, dropped slightly to 99.9% in the 3kilometer radius, and rose slightly to 101.6% in the 5kilometer radius, growing in the 1kilometer and 5kilometer radius. An inflow of families with young children is particularly prominent in this area.

T-28 Chofu Center Building (Retail wing)

Property name		Chofu Center Building (Retail wing)
Anticipated acquisition date		October 24, 2019
Property type		NSC
Type of specified asset		Trust beneficiary interest in real estate
Trustee		Mizuho Trust and Banking Corporation
Trust period		May 24, 2019 to September 30, 2039
Seller (former beneficiary)		Undisclosed (Note 1)
Location		1-18-1 Chofugaoka, Chofu, Tokyo
Land (Note 2)	Form of ownership	Proprietary ownership (co-ownership interest: 38.82%)
	Land area	13,265.06 m^2
	Zoning	Quasi-industrial area
	Building coverage ratio	60%
	Floor-area ratio	200%
Building (Note 3)	Form of ownership	Compartmentalized ownership and co-ownership interest of compartmentalized ownership (Note 4)
	Gross floor area	A: 31,536.86 m^2 B: 18.00 m^2 (Note 5)
	Date constructed	A: July 18, 1988 B: October 12, 1994 (Note 5)
	Use	A: Retail store, pool, parking lot, offices B: Retail store (Note 5)
	Structure/No. of floors	A: S, SRC-structure / 1 underground and 7 above-ground floors B: single-story concrete block structure with a flat roof (Note 5)
Architect		A: Nihon Sekkei, Inc. B: Tomei First-Class Architect Office (Note 5)
Construction company		A: Nishimatsu Construction Co., Ltd. B: Tomei Co., Ltd. (Note 5)
Construction confirmation authority		Tokyo Metropolitan Government
Master lessee		–
Type of master lease		–
PM		Kenedix Real Estate Fund Management, Inc. (planned)
Sub-PM		Kenedix property management, Inc. (planned)
PML		11.14%
Anticipated acquisition price		2,300 million yen
Appraised value		2,440 million yen (as of September 1, 2019)
Real estate appraiser		Japan Real Estate Institute
Appraisal NOI yield		5.5%

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Collateral		None
Lease summary		(As of the end of July 2019)
	Number of tenants	3
	Annual rent	150,419 thousand yen
	Tenant deposits	56,249 thousand yen
	Leased area	12,119.00 m^2
	Leasable area	12,119.00 m^2
	Occupancy rate	100.0%
Remarks		・ This asset is a compartmentalized ownership building; the agreement with co-owners in other proprietary parts in the property stipulates limitation of use of the property and that any existing co-owners hoping to sell their ownership interest (or any beneficiary with proprietary parts as the trust property hoping to sell their trust beneficiary right) must notify desired transfer price to other co-owners, and sell their interest (or their trust beneficiary right) preferentially to the other co-owners (or third party) in the event that other co-owner wish to acquire by himself or through a third party at its desired transfer price. ・ Part of this property is not in compliance with the Building Standards Act and the Fire Service Act. KRR, however, has agreed with the seller that renovation and improvement will be completed at the expense and responsibility of the seller, other than any part for which the tenant is responsible for the renovation and improvement.
Others		(Note 1) Undisclosed, as consent has not been obtained from the previous owner (previous beneficiary), a Japanese company. (Note 2) The building consists of compartmentalized ownership buildings, and the asset for acquisition represents 38.82% co-ownership interest in the occupied area (515,033/1,326,506), but the area of the site for the entire building is listed. (Note 3) The building consists of compartmentalized ownership buildings, but the above details are for the entire building (total floor area contains the areas occupied by other owners as well as areas for common use). The gross floor area KRR anticipates to acquire totals 12,127.20m^2, including the ATM wing. (Note 4) KRR plans to acquire 79.63% co-ownership interest in the parking lot. (Note 5) A represents the retail wing, and B represents the ATM wing.

Features of the property

NSC that serves the needs of its neighborhood, located in the commercial and residential district within walking distance of Chofu Station, and with the Maruetsu grocery supermarket as its core tenant

1. Features of the property
   - ・ This property is a shopping center for daily needs located around 500m to the north of Chofu Station on the Keio Line, in a commercial and residential district. The first floor houses the Maruetsu grocery supermarket, a dollar shop, a drug store, and a beauty salon and other service-provider tenants, while the second floor houses a health club.
2. Overview of the trade area
   (1) Location and access
   - ・ The property is located within walking distance from Chofu Station, an area currently undergoing redevelopment, and the area is densely-populated, so customers often visit on foot or by bicycle, making this a suitable area for grocery supermarkets and other stores serving the local community.

   (2) Characteristics of the trade area
   - ・ Based on the 2015 Population Census, the population in the catchment area was approximately 11,000 people in the 0.5kilometer radius, approximately 42,000 people in the 1kilometer radius, and approximately 143,000 people in the 2kilometer radius, making it a dense market.
   - ・ Compared to population of 2010, the population in 2015 has grown to 104.7% in the 0.5kilometer radius,

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103.7% in the 1kilometer radius, and 102.9% in the 2kilometer radius. Showing consistent growth and the surrounding area has many condominiums and popular among families with children. A condominium complex with around 300 units is being developed south of the property, so the population in the catchment area is expected to grow.

※ This property combines a retail area, an office area, and a parking area. The office area was acquired by Kenedix Office Investment Corporation ("KDO"), another REIT managed by the Asset Manager, on June 14, 2019. (The ownership of the parking area is planned to be shared between the retail area's owner and the office area's owner.) After the acquisition of Chofu Center Building (Retail wing), the property will be a joint investment by KRR and KDO. The joint investment was made possible by our Sponsor, the Kenedix Group, which manages multiple REITs based on asset class. KRR sees this as an example of utilizing the Sponsor Group's comprehensive capabilities.

T-29 Across Plaza Urayasu Higashino (Land)

Property name		Across Plaza Urayasu Higashino (Land)
Anticipated acquisition date		October 24, 2019
Property type		NSC
Type of specified asset		Trust beneficiary interest in real estate
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Trust period		March 17, 2017 to September 30, 2039
Seller (former beneficiary)		SMFL MIRAI Partners Co., Ltd
Location		3-4-1 Higashino, Urayasu, Chiba
Land	Form of ownership	Proprietary ownership
	Land area	6,229.00 m^2
	Zoning	Category I residential area, Category I low-rise exclusive residential area
	Building coverage ratio	60%
	Floor-area ratio	200%, 150%
Building	Form of ownership	–
	Gross floor area	–
	Date constructed	–
	Use	–
	Structure/No. of floors	–
Architect		–
Construction company		–
Construction confirmation authority		–
Master lessee		–
Type of master lease		–
PM		Kenedix Real Estate Fund Management, Inc. (planned)
Sub-PM		–
PML		–
Anticipated acquisition price		2,248 million yen
Appraised value		2,300 million yen (as of September 1, 2019)
Real estate appraiser		Daiwa Real Estate Appraisal Co., Ltd.
Appraisal NOI yield		4.0%
Collateral		None
Lease summary		(As of the end of July 2019)
	Number of tenants	1
	Annual rent	Undisclosed (Note)
	Tenant deposits	Undisclosed (Note)
	Leased area	6,229.32m^2
	Leasable area	6,229.32m^2

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	Occupancy rate	100.0%
Remarks		None
Others		(Note) Undisclosed as KRR has not obtained consent from tenants.

Features of the property

The underlying land for a relatively new NSC opened in December 2017 along a major road in a residential area in Urayasu City, an area with continued population growth

1. Features of the property
   - This property is the underlying land for a NSC opened in December 2017, which faces the intersection of Chuo-Koen-Dori street and Shiyakusho-Dori street in Urayasu City, an area with continued population growth.
   - KRR has concluded a long-term business lease agreement with Daiwa Information Service Co., Ltd. for the lease of the land, while Daiwa Information Service Co., Ltd. owns the building and leases it to end tenants.
   - End tenants are the R-Genki grocery supermarket (core tenant), multiple restaurants, a clinic, a drug store, a small health club, an insurance agency, and an elderly daycare service and other service providers. Most of these tenants are serving the daily needs of the local community.
2. Overview of the trade area
   (1) Location and access
   - This property faces the intersection of Chuo-Koen-Dori street and Shiyakusho-Dori street in Urayasu City, making it an advantageous roadside location.
   - The surrounding area is a commuter town which has seen progressive development centered on detached houses since 1970s, and has good accessibility, taking only about 13 minutes by rapid train between Maihama Station and Tokyo Station. The population of the area has been consistently growing. This property seeks to serve needs of the local community, leveraging its easily-accessible location along the two major streets of Chuo-Koen-Dori and Shiyakusho-Dori to meet lifestyle needs.
   - A project to construct a "smart wellness" base consisting of a senior housing complex, a hospital, and senior condominiums to the south of the property is underway, so there is expected to be increased needs for services catering to seniors.

   (2) Characteristics of the trade area
   - Based on the 2015 Population Census, the population in the catchment area was approximately 13,000 people in the 0.5kilometer radius, approximately 39,000 people in the 1kilometer radius, and approximately 138,000 people in the 2kilometer radius.
   - Compared to population of 2010, the population in 2015 has grown to 101.5% in the 0.5kilometer radius and 101.6% in the 1kilometer radius.

N-7 Valor Nakashidami (Land)

Property name		Valor Nakashidami (Land)
Anticipated acquisition date		November 1, 2019
Property type		SM
Type of acquisition		Trust beneficiary interest in real estate
Trustee		Sumitomo Mitsui Trust Bank, Ltd.
Trust period		September 1, 2017 to September 30, 2039
Seller (former beneficiary)		SMFL MIRAI Partners Co., Ltd
Location		Nakashidami, Moriyama-ku, Nagoya, Aichi
Land	Form of ownership	Rights to retained land (Note 1)
	Land area	13,480.42 m^2 (Note 2)
	Zoning	Category I residential area, category II residential area, neighboring commercial area
	Building coverage ratio	60%, 80%
	Floor-area ratio	200%, 300%
Building	Form of ownership	–
	Gross floor area	–
	Date constructed	–
	Use	–

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	Structure/No. of floors	–
Architect		–
Construction company		–
Construction confirmation authority		–
Master lessee		–
Type of master lease		–
PM		Kenedix Real Estate Fund Management, Inc. (planned)
Sub-PM		–
PML		–
Anticipated acquisition price		2,551 million yen
Appraised value		2,560 million yen (as of September 1, 2019)
Real estate appraiser		The Tanizawa Sogo Appraisal Co., Ltd.
Appraisal NOI yield		4.7%
Collateral		None
Lease summary		(As of the end of July 2019)
	Number of tenants	1
	Annual rent	Undisclosed (Note 3)
	Tenant deposits	Undisclosed (Note 3)
	Leased area	13,480.42 m^2
	Leasable area	13,480.42 m^2
	Occupancy rate	100.0%
Remarks		・ The property is retained land located in the Nakashidami Designated Land Readjustment Project in Nagoya City being conducted by a union as defined in the Land Readjustment Act, and the right of land to be acquired by the trustee is the right to retained land. The trustee will receive ownership of the retained land on the day following the date of announcement of replotting disposition.
Others		(Note 1) Rights to retained land refer to the right of usufruct for the retained land, and the right to receive ownership of the retained land on the day following the date of announcement of replotting disposition. (Note 2) Based on the land area in the ledger of retained land. (Note 3) Undisclosed as KRR has not obtained consent from tenants.

Features of the property

The underlying land for a relatively new grocery supermarket in Moriyama-ku, Nagoya City, an area undergoing continued development, with a land readjustment project underway.

1. Features of the property
   - ・ This property is the underlying land for a standalone grocery supermarket in the Valor chain, opened in April 2019 in an area designated for a land readjustment project in Moriyama-ku, Nagoya City.
   - ・ As of March 2019, Valor is a supermarket chain with strong strategic dominance in the Tokai region, operating 59 stores in Nagoya City and the surrounding region.
2. Overview of the trade area
   (1) Location and access
   - ・ This property is located in the Shidami district, an area undergoing a land readjustment project, spreading out to the east and west from the Tomei Expressway Moriyama Smart Interchange, at the northern edge of Moriyama-ku located in the northeastern part of Nagoya City.
   - ・ The northern edge of the property is adjacent to Prefectural Route 15, making this roadside store easily accessible by road.

   (2) Characteristics of the trade area
   - ・ Based on the 2015 Population Census, the population in the catchment area was approximately 8,300 people in the 1kilometer radius, approximately 36,000 people in the 2kilometer radius, and approximately 88,000 people in the 3kilometer radius. The 1kilometer radius encompasses a new town undergoing residential subdivision that accounts for the majority of the Shidami district.

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・ Compared to population of 2010, the population in 2015 has grown to 111.6% in the 1kilometer radius, 114.5% in the 2kilometer radius, and 107.5% in the 3kilometer radius. It shows high population growth with the progress of the land readjustment project.

4. Overview of Sellers' profile

T-26 Kalsa Hiratsuka

T-29 Across Plaza Urayasu Higashino (Land)

N-7 Valor Nakashidami (Land)

Name	SMFL MIRAI Partners Co., Ltd.
Address	1-5-1 Otemachi, Chiyoda-ku, Tokyo
Name and title of representative	Tatsurou Terada, President
Description of business	1. Sale/acquisition, exchange, development, leasing and management of real estate and facility operations 2. Sale/acquisition of trust beneficiary interest in real estate 3. Businesses related to the power generation business and the supply, sale and purchase of electricity, gas and other resources or energy, as well as the provision of products and services in the environmental and energy fields 4. Acquisition and leasing of a range of equipment and facilities, including ships, vehicles, industrial machinery, machine tools, electronic computers, office appliance, medical equipment, commercial equipment property, real estate, etc. 5. Acquisition of and investment in stocks and other securities 6. Marketing of life insurance policies 7. Brokerage, agency, survey and consulting of the businesses relating to the preceding items 8. All kinds of services ancillary/related to the above businesses
Capital	200 million yen
Incorporation	October 1, 2018
Net assets	Undisclosed, as KRR has not obtained consent from the seller
Total assets	Undisclosed, as KRR has not obtained consent from the seller
Major shareholders (Shareholding ratios)	Sumitomo Mitsui Finance and Leasing Co., Ltd. 100.0% As of the end of April 2019, excluding treasury stock)
Relationship between KRR/the Asset Manager and the seller	
Capital relationship	No special capital relationship between KRR/the Asset Manager and the seller. Also, no special capital relationship between the related parties/affiliates of KRR/the Asset Manager and the related parties/affiliates of the seller.
Personnel relationship	No special personnel relationship between KRR/the Asset Manager and the seller. However, as of today, the Asset Manager has one staff member seconded from Sumitomo Mitsui Finance and Leasing Co., Ltd., the parent company of the seller.
Business relationship	Sumitomo Mitsui Finance and Leasing Co., Ltd., the parent company of the seller, as an Alliance Company for KRR, provides services and property information preferentially to KRR in accordance with an alliance agreement.
Related party transactions	The seller is not deemed a related party under either the Investment Trust Law or the "Retail REIT Division's Internal Regulations on Related Party Transactions" of the Asset Manager.

* as of June 5, 2019

T-27 Monenosato Mall

T-28 Chofu Center Building (Retail wing)

The seller is a Japanese company, and the name of the seller and other information is undisclosed, as KRR has not

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obtained its consent. There is no special capital, personnel, or business relationship between KRR/the Asset Manager and the seller.

5. Transaction with Related Parties

KRR plans to make the following transactions with related parties or the Asset Manager in relation to the acquisition of the anticipated properties. For these transactions, the Asset Manager, pursuant to Investment Trust Act and its "Retail REIT Division's Internal Regulations on Related Party Transactions," is required fully to comply with statutory and other regulatory requirements. The Asset Manager submits all transactions for deliberation and resolution by the Compliance Committee. Following the approval by the Compliance Committee, each transaction is submitted to the Retail REIT Division's Asset Management Committee for resolution. Then the approval of each transaction is resolved at KRR's Board of Directors Meeting held on October 8, 2019 and agreed upon by the executive officers of KRR based on such resolution.

(1) Delegation of broker business

The broker profile is as stated in the following "7. Broker profile"

(2) Delegation of property management to the Asset Manager

With respect to the individual properties, KRR will conclude property management agreements with trustees and the Asset Manager. Fees to the Assets Manager under each property management agreement consist of the components as follows:

Property management fees for three multi-tenant retail properties:

Services provided by	Property name	Services provided	Property management fee (annual)
Kenedix Real Estate Fund Management, Inc.	Kalsa Hiratsuka Monenosato Mall Chofu Center Building (Retail wing)	Property management	Income from properties × 1.5% + on-site personnel expenses

Property management fees for two land-only properties:

Services provided by	Property name	Services provided	Property management fee (annual)
Kenedix Real Estate Fund Management, Inc.	Across Plaza Urayasu Higashino (Land) Valor Nakashidami (Land)	Property management	4.8 million yen *2.4 million yen for each property

Fees associated with the management of construction projects:

Construction price	Fees
Less than 1 million yen	None
1 million yen to less than 2 million yen	6%
2 million yen to less than 5 million yen	120,000 yen + 5% on the portion exceeding 2 million yen
5 million yen to less than 10 million yen	270,000 yen +4% on the portion exceeding 5 million yen
10 million yen to less than 100 million yen	470,000 yen + 3% on the portion exceeding 10 million yen
100 million yen to less than 200 million yen	3,170,000 yen + 2% on the portion exceeding 100 million yen
200 million yen or more	5,170,000 yen + 1% on the portion exceeding 200 million yen

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6. Status of Property Acquirer

Not applicable, as this acquisition was not from a related party to either KRR or the Asset Manager.

7. Broker Profile

T-27 Monenosato Mall

T-28 Chofu Center Building (Retail wing)

Name	Kenedix, Inc.
Location	2-1-6, Uchisaiwaicho, Chiyoda-ku, Tokyo
Representative	President & CEO Taisuke Miyajima
Business	1. Consulting regarding real estate transactions and use, and asset management 2. Purchase, sale, leasing, brokerage, and appraisal of real estate 3. Real estate management, group management, Type II Financial Instruments Business, Specified Joint Real Estate Ventures, etc.
Capital	40,305 million yen (as of the end of December, 2018)
Established	April 17, 1995
Breakdown and amount of broker fees	141,300 thousand yen (not including consumption tax and other taxes)
Relationship with KRR and the Asset Manager	Kenedix, Inc. is the Parent Juridical Person of the Asset Manager as defined by the Financial Instruments and Exchange Act, and is deemed a related party under both the Investment Trust Law and the "Retail REIT Division's Internal Regulations on Related Party Transactions" of the Asset Manager.

8. Acquisition schedule

No.	Property name	Acquisition decision date Contract date	Payment date (anticipated) Acquisition date (anticipated)
T-26	Kalsa Hiratsuka	October 8, 2019	November 1, 2019
T-27	Monenosato Mall		October 24, 2019
T-28	Chofu Center Building (Retail wing)		October 24, 2019
T-29	Across Plaza Urayasu Higashino (Land)		October 24, 2019
N-7	Valor Nakashidami (Land)		November 1, 2019

9. Outlook

Please refer to "Notice Concerning Revisions to Earnings, and Distributions Forecasts for the Fiscal Period Ending March 31, 2020, and Earnings and Distributions Forecasts for the Fiscal Period Ending September 30, 2020."

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10. Summary of Real Estate Appraisal Report

T-26 Kalsa Hiratsuka

Summary of real estate appraisal report			
Appraised value	6,010,000,000 yen		
Appraiser	Japan Real Estate Institute		
Date of appraisal	September 1, 2019		
Item		Breakdown	Basis
Income capitalization approach value		6,010,000,000 yen	Calculated by the DCF method, with the results verified using the direct-capitalization method
Value based on direct capitalization method		6,080,000,000 yen	Calculated by dividing the stabilized NCF by the cap rate
(1)	Gross operating revenue (Note) (a)－b))	Undisclosed	
	a) General operating revenue	Undisclosed	
	b) Vacancy-related loss	0 yen	Vacancy-related loss is not calculated, in light of the current occupancy rates of other real estate for each use, the supply and demand balance, and the contents of the current agreement. Furthermore, other revenue is being calculated based on estimates, so vacancy-related loss is not calculated.
(2)	Operating expenses (Note)	Undisclosed	
	Maintenance fees	Undisclosed	
	Utility expenses	0 yen	Not applicable, as expenses will be borne by tenants
	Repairs	0 yen	Not applicable, as expenses will be borne by tenants
	PM fees	6,028,000 yen	Calculated based on the anticipated PM contract for the property and the PM contracts for comparable properties
	Tenant marketing expenses	0 yen	None assuming long-term tenancy
	Real estate taxes	Undisclosed	
	Insurance expenses	Undisclosed	
	Other property-related expenses	Undisclosed	
(3)	Net operating income (NOI＝(1)－(2))	279,013,000 yen	
(4)	One-time gain	4,464,000 yen	The gain is calculated based on a 1.0% investment yield
(5)	Capital expenditure	15,800,000 yen	Calculated by adding construction management fees to the annual average renewal fee in the engineering report
(6)	Net cash flow (NCF＝(3)＋(4)－(5))	267,677,000 yen	
(7)	Cap rate (Note 2)	4.4%	Calculated based on overall evaluation of the location, building specifications and contract terms for the property
Value based on DCF method		5,940,000,000 yen	
	Discount rate	4.1%	Calculated based on the past 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	4.6%	Calculated by taking into account the characteristics of the NCF used for the capitalization rate and future uncertainties/liquidity/marketability of the property
Value based on cost method		6,260,000,000 yen	
Ratio of land		75.6%	
Ratio of building		24.4%	

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Adjustments in estimated value and considerations taken into account in determining appraised value	The subject property faces National Route 129, a road with high traffic, and is able to attract customers from a wide area, so the land has competitive advantage as a metropolitan commuter district-based roadside service facility. The primary uses for each floor of the target building are stores (grocery supermarket, home & garden store) for the first floor, a store (sporting goods store) and parking lot for the second floor, and a parking lot for the third floor, making the building very versatile. In addition, the building is visible from National Route 129, and access to the first floor as well as the main parking lot on the second floor is good, giving this building strong competitiveness as a metropolitan commuter district-based retail facility. Furthermore, stable medium- to long-term net revenue can be expected in light of the characteristics of the tenants, lease conditions, current rent levels, etc.

(Note) Figures used in the direct capitalization method ((1) and (2)) include information for which KRR has not obtained consent for disclosure from the lessee. If such figures are disclosed, due to loss of confidential relationship between the lessee and KRR, claims for damages or request for termination may be brought against KRR for breach of confidentiality obligation, or it may become difficult to renew the agreement over a long term, causing disadvantages and in turn causing damage to the investors' interests. Therefore, information and figures are disclosed in (1) and (2) above only if it is determined that such disclosure causes no harm.

T-27 Monenosato Mall

Summary of real estate appraisal report			
Appraised value	2,510,000,000 yen		
Appraiser	Japan Real Estate Institute		
Date of appraisal	September 1, 2019		
Item		Breakdown	Basis
Income capitalization approach value		2,510,000,000 yen	Calculated by the DCF method, with the results verified using the direct-capitalization method
Value based on direct capitalization method		2,540,000,000 yen	Calculated by dividing the stabilized NCF by the cap rate
(1) Gross operating revenue (a)−b))		147,664,000 yen	
a) General operating		147,727,000 yen	Calculated based on the fair rent level that is expected to remain stable over the medium term
b) Vacancy-related loss		63,000 yen	Calculated based on the constant occupancy rate based on occupancy rates and supply-demand trends of similar properties that have replacement competition relationships and other relationships in similar areas in the same supply-demand area, the occupancy rates of the property in the past, and expected future trends and posted losses from vacancies. As for parking lot and other, since the amount of revenues is assessed based on medium- to long-term projections, loss on vacancy, etc. is not calculated
(2) Operating expenses		20,769,000 yen	
Maintenance fees		1,300,000 yen	Calculated based on the BM fee estimate obtained from the requestor
Utility expenses		0 yen	Not applicable, as expenses will be borne by tenants
Repairs		339,000 yen	Calculated based on fees for similar real estate and the average annual repair/renewal expenses described in the engineering report
PM fees		3,865,000 yen	Calculated based on the anticipated PM fees for the property and the information on PM fees for comparable properties from the requestor
Tenant marketing expenses		52,000 yen	Calculated based on the average annual amount of brokerage fee and advertising expenses, etc. that was assessed based on the anticipated turnover period of the tenant
Real estate taxes		15,041,000 yen	Calculated based on tax documents.
Insurance expenses		172,000 yen	Calculated based on the levels of insurance expenses for comparable properties
Other property-related expenses		0 yen	There are no particular expenses to be included under other property-related expenses.

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(3) Net operating income (NOI=(1)−(2))	126,895,000 yen	
(4) One-time gain	922,000 yen	Calculated on assumption that the investment yield is 1.0%
(5) Capital expenditure	792,000 yen	Calculated based on the average annual renovation expenses described in the engineering report plus CM fees
(6) Net cash flow (NCF=(3)+(4)−(5))	127,025,000 yen	
(7) Cap rate	5.0%	Calculated based on overall evaluation of the location, building specifications and contract terms for the property
Value based on DCF method	2,480,000,000 yen	
Discount rate	4.9%	Calculated based on the past 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	5.4%	Calculated by taking into account the characteristics of the NCF used for the capitalization rate and future uncertainties/liquidity/marketability of the property
Value based on cost method	2,440,000,000 yen	
Ratio of land	69.0%	
Ratio of building	31.0%	
Adjustments in estimated value and considerations taken into account in determining appraised value	While the subject property is somewhat distant from the closest train station, Monoi Station on the JR Sobu Main Line, being located approximately 1.2kilometer to the northwest of the station, it is a competitive location for a retail facility, as most people use their cars for shopping in this region and the surrounding population is increasing due to it being a new residential area. The property has a strong ability to attract customers, as the building was recently opened in March 2019, the key tenant, YorkMart Monenosato, has the largest retail floor area in the region, has a high customer capacity, and the parking lot for visitors is large, capable of holding 282 vehicles. In addition, small-scale construction on the land is planned for the future (Note), and tenants are thus expected to increase, thereby generating synergies (Note). Furthermore, stable medium- to long-term net revenue can be expected in light of the characteristics of the tenants, lease conditions, current rent levels, etc.	

(Note) This construction plan is the current plan of the seller of this property as of today, and is not determined or executed by KRR. As of today, KRR has not made a decision to acquire the relevant building plan, and there is no guarantee that KRR will acquire the plan in the future.

T-28 Chofu Center Building (Retail wing)

Summary of real estate appraisal report	
Appraised value	2,440,000,000 yen
Appraiser	Japan Real Estate Institute
Date of appraisal	September 1, 2019

Item	Breakdown	Basis
Income capitalization approach value	2,440,000,000 yen	Calculated by the DCF method, with the results verified using the direct-capitalization method
Value based on direct capitalization method	2,450,000,000 yen	Calculated by dividing the stabilized NCF by the cap rate
(1) Gross operating revenue (Note) (a)−b))	164,845,000 yen	
a) General operating revenue	164,845,000 yen	Calculated based on the fair rent level that is expected to remain stable over the mid- and long-term
b) Vacancy-related loss	0 yen	Vacancy-related loss is not calculated in light of the status of the tenants, the property's competitiveness as a retail facility, and the contents of lease agreements, etc.
(2) Operating expenses (Note)	38,920,000 yen	
Maintenance fees	3,926,000 yen	Calculated based on the BM fee estimate obtained from the requestor

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		Utility expenses	0 yen	Not applicable, as expenses will be borne by tenants.
		Repairs	5,850,000 yen	Calculated based on the average annual repair expenses described in the engineering report
		PM fees	5,473,000 yen	Calculated based on the anticipated PM fees for the property and the information on PM fees for comparable properties from the requestor
		Tenant marketing expenses	0 yen	As the property is leased long-term for store facilities, no broker, advertising, etc. fees associated with searches for new tenants are calculated.
		Real estate taxes	23,113,000 yen	Calculated based on tax documents.
		Insurance expenses	558,000 yen	Calculated based on actual insurance premium rates for comparable properties
		Other property-related expenses	0 yen	There are no particular expenses to be included under other property-related expenses.
	(3)	Net operating income (NOI=(1)−(2))	125,925,000 yen	
	(4)	One-time gain	563,000yen	Calculated on assumption that the investment yield is 1.0%
	(5)	Capital expenditure	13,956,000yen	Calculated based on the average annual renovation expenses described in the engineering report plus CM fee
	(6)	Net cash flow (NCF=(3)+(4)−(5))	112,532,000 yen	
	(7)	Cap rate	4.6%	Calculated based on overall evaluation of the location, building specifications and contract terms for the property
Value based on DCF method			2,430,000,000 yen	
		Discount rate	4.2%	Calculated based on the past 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	4.8%	Calculated by taking into account the characteristics of the NCF used for the capitalization rate and future uncertainties/liquidity/marketability of the property
Value based on cost method			2,470,000,000yen	
	Ratio of land		82.3%	
	Ratio of building		17.7%	
Adjustments in estimated value and considerations taken into account in determining appraised value			The subject property is located in a residential area approximately 9 minutes by foot from the closest train station, Chofu Station, and has a large population in its catchment area. The area around Chofu Station has many competitors, including Tokyu Store, Seiyu, Parco's basement foods area, and Trié, but the subject property is the only large store on the north side of the station past National Route 20, so it is very convenient for the surrounding residents. The subject building was constructed in 1988 and thus has significant wear and tear and has somewhat deteriorated, but it has the features of modern retail facilities, such as large floors, the store (grocery supermarket) portions not located in the basement or mid-levels, and a generous amount of parking space, so this property has significant competitiveness compared to similarly-aged properties. Furthermore, stable medium- to long-term net revenue can be expected in light of the characteristics of the tenants, lease conditions, current rent levels, etc.	

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T-29 Across Plaza Urayasu Higashino (Land)

Summary of real estate appraisal report			
Appraised value	2,300,000,000 yen		
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.		
Date of appraisal	September 1, 2019		
Item		Breakdown	Basis
Income capitalization approach value		2,300,000,000 yen	Calculated by the DCF method, with the results verified using the inwood capitalization (term capitalization method)
Value based on direct capitalization method (term capitalization).		2,320,000,000 yen	Calculated by multiplying the stabilized NCF by compound present value factor, adjusted by the value sale of the land at the end of the lease contract discounted to its present value
(1)	Gross operating revenue (Note) (a)−b))	Undisclosed	
	a) General operating revenue	Undisclosed	
	b) Vacancy-related loss	0 yen	Not calculated, as long-term continuation of current lease agreements is expected
(2)	Operating expenses (Note)	Undisclosed	
	Maintenance fees	0 yen	Not applicable as the property is land
	Utility expenses	0 yen	Not applicable as the property is land
	Repairs	0 yen	Not applicable as the property is land
	PM fees	2,400,000 yen	Calculated based on the anticipated PM fees for the property
	Tenant marketing expenses, etc.	0 yen	Not calculated, as long-term continuation of current lease agreements is expected
	Real estate taxes	Undisclosed	
	Insurance premium expenses	0 yen	Not applicable as the property is land
	Other property-related expenses	0 yen	
(3)	Net operating income (NOI=(1)−(2))	90,972,840 yen	
(4)	One-time gain	508,777 yen	Calculated on assumption that the investment yield is 1.0%
(5)	Capital expenditure	0 yen	Not applicable as the property is land
(6)	Net cash flow (NCF=(3)+(4)−(5))	91,481,617 yen	
(7)	Cap rate (Note 2)	4.2%	Calculated based on overall evaluation of the location and contract terms for the property
Value based on DCF method		2,290,000,000 yen	
	Discount rate	4.1%	Calculated based on the past 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	4.3%	Calculated by taking into account the characteristics of the NCF used for the capitalization rate and future uncertainties/liquidity/marketability of the property
Value based on cost method		–	
Ratio of land		–	
Ratio of building		–	
Adjustments in estimated value and considerations taken	The property is highly visible, located at the crossing of wide Chuo-Koen-Dori street and Shiyakusho-Dori street. The above-ground structure is a neighborhood shopping center (NSC) with a grocery supermarket (SM) as its core tenant, as well as other restaurant and service-providing tenants. Due to the composition of the tenants, we believe that the target catchment area is		

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into account in determining appraised value	relatively small, but while there are competing facilities nearby, the current population has sufficient volume to support multiple supermarkets. Furthermore, the property is land with a business-use fixed-term leasehold, and while the land rent is somewhat high in light of market standards and the profitability of the subject structure, it should still be in an acceptable range for tenants, so it has been judged that stable revenue can be expected.

(Note 1) Figures used in the direct capitalization method ((1) and (2)) include information for which KRR has not obtained consent for disclosure from the lessee. If such figures are disclosed, due to loss of confidential relationship between the lessee and KRR, claims for damages or request for termination may be brought against KRR for breach of confidentiality obligation, or it may become difficult to renew the agreement over a long term, causing disadvantages and in turn causing damage to the investors' interests. Therefore, information and figures are disclosed in (1) and (2) above only if it is determined that such disclosure causes no harm.

(Note 2) Cap rate indicates the discount rate for inwood capitalization method.

N-7 Valor Nakashidami (Land)

Summary of real estate appraisal report			
Appraised value	2,560,000,000 yen		
Appraiser	The Tanizawa Sogo Appraisal Co., Ltd.		
Date of appraisal	September 1, 2019		
Item		Breakdown	Basis
Income capitalization approach value		2,560,000,000 yen	Calculated by the DCF method,
Value based on direct capitalization method		—	
(1)	Gross operating revenue (Note) (a)−b))	—	
	a) General operating revenue	—	
	b) Vacancy-related loss	—	
(2)	Operating expenses (Note)	—	
	Maintenance fees	—	
	Utility expenses	—	
	Repairs	—	
	PM fees	—	
	Tenant marketing expenses	—	
	Real estate taxes	—	
	Insurance expenses	—	
	Other property-related expenses	—	
(3)	Net operating income (NOI=(1)−(2))	—	
(4)	One-time gain	—	
(5)	Capital expenditure	—	
(6)	Net cash flow (NCF=(3)+(4)−(5))	—	
(7)	Cap rate	—	
Value based on DCF method		2,560,000,000 yen	
	Discount rate	4.1%	Calculated based on the past 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		—	

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Adjustments in estimated value and considerations taken into account in determining appraised value	The property is retained land in a commercial area in a land readjustment project containing roadside stores and offices along a main street, located in the northeast of Moriyama-ku , around 2.0kilometer southeast of Jinryo Station on the JR Chuo Main Line. As this region is located in the Nakashidami Designated Land Readjustment Project being conducted by a union as defined in the Land Readjustment Act, the current population density within the catchment area is not high, but an increase in catchment area population can be expected in light of the status of the neighboring Kamishidami and Shimoshidami districts, where more progress in land readjustment has been made. Furthermore, property tax and city-planning tax are currently not charged in light of the progress of the land readjustment project as of the date of appraisal, and while KRR expects that the tax-free status will continue for some time, it has fully considered the fact that taxation will start in line with the progress of the project. All these factors have been taken into account in the appraisal.

KRR 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.

<Attached materials>
Reference material 1. Summary of building condition investigation reports
Reference material 2. Property photographs and maps
Reference material 3. Property portfolio of KRR (after the acquisition of the anticipated properties and the disposition of Welcia Kishiwadakamori (Land))

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Reference material 1. Summary of building condition investigation reports

KRR has obtained engineering reports, containing the diagnosis of building deteriorations, a short-and long-term repair and maintenance plan, the assessment of legal compliance with the Building Standard Laws, the investigation of hazardous substances in a building and soil environment, from Tokio Marine & Nichido Risk Consulting Co., Ltd. Those engineering reports reflect the conclusions and views of the above company at a certain time point, and hence, KRR cannot guarantee the accuracy and appropriateness of the description in the reports.

No.	Property name	Investigation company	Document date	Repairs, maintenance and renovation expenses	
				Required over the next 12 years (thousand yen) (Note 1)	Required within one year (thousand yen) (Note 1)
T-26	Kalsa Hiratsuka	Tokio Marine & Nichido Risk Consulting Co., Ltd.	September 2019	182,100	−
T-27	Monenosato Mall	Tokio Marine & Nichido Risk Consulting Co., Ltd.	September 2019	13,569	−
T-28	Chofu Center Building (Retail wing)	Tokio Marine & Nichido Risk Consulting Co., Ltd.	September 2019	233,991	−
Total				429,660	−

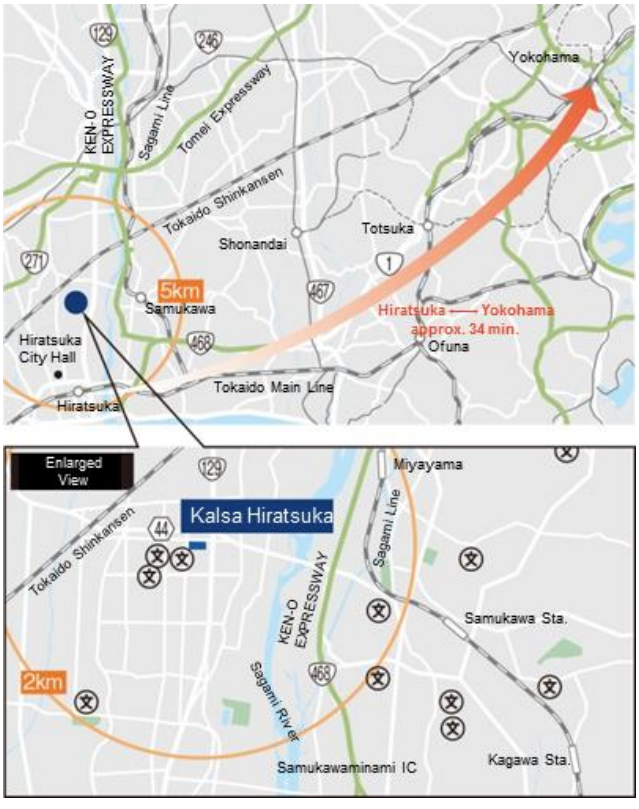
(Note 1) Of the "Repairs, maintenance and renovation expenses," "Required over the next 12 years" indicates the total expenses required during the next 12 years from the date of the investigation report and "Required within one year" indicates the total expenses required within 1 year from the date of the investigation report. All figures are truncated to thousands of yen as in the investigation reports.

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Reference material 2. Property photographs and maps

T-26 Kalsa Hiratsuka





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T-27　Monenosato Mall





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T-28　Chofu Center Building (Retail wing)





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T-29 Across Plaza Urayasu Higashino (Land)





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N-7 Valor Nakashidami (Land)





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Reference material 3. Property portfolio of KRR (after the acquisition of the Anticipated properties and the disposition of Welcia Kishiwadakamori (Land))

The type, location, (anticipated) acquisition date, (anticipated) acquisition price, appraisal value, and share of each of the properties acquired or anticipated to be acquired, etc. are as follows:

No.	Type (Note 1)	Property name	Location	(Anticipated) acquisition date	(Anticipated) acquisition price (million yen) (Note 2)	Appraisal value (million yen) (Note 3)	Share (%) (Note 4)
Acquired properties							
T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	10-Feb-15	8,063	9,760	3.6
T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi-ku,Tokyo	10-Feb-15	5,850	6,810	2.6
T-4	Urban Station-Front SC	Daikanyama Address Dixsept	Shibuya-ku, Tokyo	10-Feb-15	5,390	6,440	2.4
T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	10-Feb-15 (Note 5)	4,470	5,230	2.0
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	10-Feb-15	4,000	4,350	1.8
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	10-Feb-15	3,600	3,840	1.6
T-8	SS	Sports Club Renaissance Fujimidai	Nerima-ku, Tokyo	10-Feb-15	2,586	2,750	1.1
T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	2-Oct-15	4,815	5,540	2.1
T-10	SS	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	2-Oct-15	3,169	3,500	1.4
T-11	NSC	Unicus Kamisato (Land)	Kodama-gun, Saitama	2-Oct-15	3,000	3,050	1.3
T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	2-Oct-15	1,700	1,780	0.8
T-13	SM	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	2-Oct-15	1,442	1,410	0.6
T-15	NSC	Nakamachidai Tokyu Store	Yokohama, Kanagawa	21-Apr-16	3,360	3,810	1.5
T-16	SS	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	20-Apr-16	1,724	1,890	0.8
T-17	SM	Life Kameido	Koto-ku, Tokyo	21-Apr-16	1,450	1,520	0.6
T-18	NSC	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	19-Apr-17	4,170	4,320	1.9
T-19	NSC	Yumemachi Narashinodai Mall	Funabashi, Chiba	19-Apr-17	3,416	3,510	1.5
T-20	NSC	Kawamachi Yahagi Mall	Chiba, Chiba	18-Mar-17	3,097	3,210	1.4

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No.	Type (Note 1)	Property name	Location	(Anticipated) acquisition date	(Anticipated) acquisition price (million yen) (Note 2)	Appraisal value (million yen) (Note 3)	Share (%) (Note 4)
T-21	SS	Prime Square Jiyugaoka	Meguro-ku, Tokyo	19-Apr-17	2,820	2,830	1.3
T-22	SS	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	19-Apr-17	1,880	1,970	0.8
T-23	SM	Ozeki Tokiwadai	Itabashi-ku, Tokyo	13-Feb-18	1,263	1,350	0.6
T-24	SS	Konami Sports Club Shibuya	Shibuya-ku, Tokyo	27-Apr-18	3,400	3,410	1.5
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	10-Feb-15	8,389	9,380	3.7
O-2	SM	Life Takadono (Land)	Osaka, Osaka	10-Feb-15	2,685	3,150	1.2
O-3	NSC	DCM Kahma MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	10-Feb-15	2,140	2,510	1.0
O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	16-Apr-15	11,000	11,500	4.9
O-5	Urban Station-Front SC	Carino Esaka	Suita, Osaka	2-Oct-15	6,555	7,180	2.9
O-6	Urban Station-Front SC	COMBOX Komyoike	Izumi, Osaka	2-Oct-15	6,450	6,630	2.9
O-7	SM	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	2-Oct-15	1,280	1,330	0.6
O-8	SS	Welcia Kishiwadakamori (Land) (Note 6)	Kishiwada, Osaka	2-Oct-15	-	-	-
O-9	SM	Life Nishi-Tengachaya	Osaka, Osaka	21-Jan-16	1,505	1,690	0.7
O-10	NSC	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	21-Apr-16	3,723	3,950	1.7
O-11	NSC	Habikigaoka Shopping Center	Habikino, Osaka	27-Sep-19	2,000	2,020	0.9
N-1	SS	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	10-Feb-15	2,311	2,700	1.0
N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	10-Feb-15	2,174	2,360	1.0
N-4	SS	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	21-Apr-16	7,140	7,290	3.2
N-5	SS	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	1-Nov-16	1,370	1,440	0.6
N-6	NSC	Resora Obu Shopping Terrace	Obu, Aichi	1-Aug-17	7,911	7,440	3.5
F-1	SM	Sunny Noma	Fukuoka, Fukuoka	10-Feb-15	1,497	1,660	0.7
F-2	SS	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	19-Apr-17	5,020	5,610	2.2

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F-3	NSC	Kurume-Nishi Shopping Center	Kurume, Fukuoka	19-Apr-17	1,515	1,760	0.7
R-1	NSC	Roseo Mito	Mito, Ibaraki	10-Feb-15 (Note 7)	10,046	11,600	4.5
R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	10-Feb-15	1,469	1,580	0.7
R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	10-Feb-15	898	939	0.4
R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	2-Oct-15	4,180	5,030	1.9
R-5	NSC	Yorktown Shinden-Higashi	Sendai, Miyagi	2-Oct-15	3,252	3,340	1.4
R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	2-Oct-15	830	877	0.4
R-8	NSC	P-1 Plaza Tenno	Hamamatsu, Shizuoka	22-Apr-16	4,010	4,350	1.8
R-9	NSC	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	31-Jan-17	4,111	4,240	1.8
R-10	NSC	Sun Street Hamakita	Hamamatsu, Shizuoka	27-Apr-17	10,746	11,160 (Note 8)	4.8
R-11	SS	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	31-May-18	4,210	4,410	1.9
L-1	L	Zama Distribution Center	Zama, Kanagawa	5-Apr-19	1,400	1,640	0.6
L-2	L	Oppama Distribution Center	Yokosuka, Kanagawa	5-Apr-19	1,300	1,570	0.6
L-3	L	Musashi Ranzan Distribution Center	Hiki-gun, Saitama	26-Mar-19	3,879	4,000 (Note 8)	1.7
L-4	L	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	11-Apr-19	790	840	0.4
L-5	L	Gyoda Distribution Center	Gyoda, Saitama	1-Oct-19	3,160	3,350	1.4
Anticipated properties							
T-25	NSC	Apita Terrace Yokohama Tsunashima	Yokohama, Kanagawa	1-Nov-19	5,899	6,220 (Note 9)	2.6
T-26	NSC	Kalsa Hiratsuka	Hiratsuka, Kanagawa	1-Nov-19	5,980	6,010	2.7
T-27	NSC	Monenosato Mall	Yotsukaido, Chiba	24-Oct-19	2,410	2,510	1.1
T-28	NSC	Chofu Center Building (Retail wing)	Chofu, Tokyo	24-Oct-19	2,300	2,440	1.0
T-29	NSC	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	24-Oct-19	2,248	2,300	1.0
N-7	SM	Valor Nakashidami (Land)	Ichikawa, Chiba	1-Nov-19	2,551	2,560	1.1

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No.	Type (Note 1)	Property name	Location	(Anticipated) acquisition date	(Anticipated) acquisition price (million yen) (Note 2)	Appraisal value (million yen) (Note 3)	Share (%) (Note 4)
Total/Average					225,000	242,846	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) , SS (Specialty Store) and L(Logisitcs).

(Note 2) "(Anticipated) 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 which were additionally acquired, the price includes the amount described in the construction contract and construction design/supervision outsourcing contracts related to construction (expansion) of the building which is additionally acquired part (excluding expenses and taxes and rounded down to the nearest million yen).

(Note 3) "Appraisal values" are the values as of March 31, 2019 for the properties held (as of March 31, 2019), Zama Distribution Center, and Oppama Distribution Center as of March 31, 2019, as of February 1, 2019 for Yokohama Kamigo Distribution Center, and as of September 1, 2019 for Habikigaoka Shopping Center, Gyoda Distribution Center, and the anticipated properties.

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

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

(Note 6) Please refer to the May 16, 2019 press release "Notice Concerning Disposition of Property (Welcia Kishiwadakamori (Land))" for details on the disposition of Welcia Kishiwadakamori (Land).

(Note 7) A second-hand store building additionally acquired on November 26, 2015.

(Note 8) Represents the amount corresponding to the trust beneficiary quasi-co-ownership interest (a trust beneficiary quasi-co-ownership interest of 90%).

(Note 9) Represents the amount corresponding to the trust beneficiary quasi-co-ownership interest (a trust beneficiary quasi-co-ownership interest of 51%). Please refer to the September 11, 2019 press release "Notice Concerning Acquisition of Assets (3 Properties), and Disposition and Lease Termination of a Property (Fululu Garden Yachiyo)" for details on the acquisition of Apita Terrace Yokohama Tsunashima.

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