KENEDIX
Retail REIT Corporation

Translation of Japanese Original

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To All Concerned Parties

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Kenedix Retail REIT Corporation
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(Securities Code: 3453)

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Notice Concerning Revisions to Earnings and Distributions Forecasts for the Fiscal Period Ended September 30, 2020

Kenedix Retail REIT Corporation ("KRR") announced today revisions to its earnings and distributions forecasts for the fiscal period ended September 30, 2020 (April 1, 2020 to September 30, 2020) announced on July 30, 2020, (the "July Forecasts") as follows.

1. Details of revisions for the fiscal period ended September 30, 2020 (11th fiscal period)

	Operating revenues (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Distributions per unit (excluding distributions in excess of earnings) (yen)	Distributions in excess of earnings per unit (yen)	Distributions per unit (including distributions in excess of earnings) (yen)
Previous forecast (A)	8,151	3,849	3,268	3,267	6,093	10	6,103
Revised forecast (B)	8,398	4,057	3,481	3,480	6,490	10	6,500
Net change (B-A)	247	208	212	212	397	-	397
Change (%)	3.0%	5.4%	6.5%	6.5%	6.5%	-	6.5%

Number of investment units outstanding at the end of the fiscal period: 536,177 units

(Notes)

1. The earnings and distributions forecasts for the fiscal period ended September 30, 2020 above are calculated based on the assumptions listed under *ATTACHMENT "Assumptions for the Earnings and Distributions Forecasts for the Fiscal Periods Ended September 30, 2020"*. Therefore, actual operating revenues, operating income, ordinary income, net income, distributions per unit (excluding distributions in excess of earnings), distributions in excess of earnings per unit and distributions per unit (including distributions in excess of earnings) may vary due to changes in assumptions. In addition, these forecasts do not guarantee the above mentioned distribution amounts.
2. The above forecasts may be revised if the degree of deviation with subsequent estimates exceeds a certain level.
3. The amounts are rounded down to the nearest whole number; the percentages are rounded to the second decimal place.
4. Distributions in excess of earnings account for the distributions in regard to the allowance for temporary adjustment. There is no distribution by decreasing unitholders' capital on taxation. Although effect from the changes in the fair value of swaps is not assumed on the distributions per unit (excluding excess of earnings per unit), actual distributions per unit (excluding excess of earnings per unit) may vary, depending on the fair value, which may change due to the fluctuations in the interest rate market.

2. Reasons for revisions to the forecasts and announcement

KRR had estimated a certain risk regarding the spread of COVID-19 in the "Financial Report for the Fiscal Period Ended March 31, 2020 (REIT)" dated May 18, 2020, taking into account the spread of COVID-19 and the state of emergency declaration, and the impact of discussions with tenants regarding temporary rent reductions/deferrals, a decrease in sales-linked rent, and delayed leasing of vacant spaces.

Subsequently, the state of emergency declaration was lifted earlier than KRR had anticipated in all of Japan by May 25, 2020, and it became clear that the negative impact of COVID-19 was not as large as the initial estimate. As a result, on July 30, 2020, KRR announced the July Forecasts for the fiscal period ended September 30, 2020 (the 11th fiscal period) as more than 5% difference occurred in the distribution per unit forecast from the forecast previously announced on May 18, 2020.

The July Forecasts reflected a certain risk of a decrease in revenues due to impact from further spread of COVID-19 in August and September 2020, such as another state of emergency declaration because the number of cases of COVID-19 was increasing especially in Tokyo at the time of the announcement. However, another state of emergency declaration was not issued, and the negative impact of COVID-19 in August and September was not as large as the estimate. As a result, KRR announces new forecasts for the fiscal period ended September 30, 2020 (the 11th fiscal period) again as more than 5% difference occurred in the distribution per unit forecast from the July Forecasts.

KRR is not making changes to the forecasts for the fiscal period ending March 31, 2021 as of today.

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

This notice is the English translation of the Japanese announcement on October 22, 2020. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

[ATTACHMENT]

Assumptions for the Earnings and Distributions Forecasts for the Fiscal Periods Ended September 30

Item	Assumptions
Calculation period	➢ Fiscal period ended September 30, 2020 (11th fiscal period): April 1, 2020 – September 30, 2020 (183 days)
Portfolio properties	➢ Earnings forecasts for the fiscal period ended September 30, 2020 are based on 63 properties which consist of properties and trust beneficiary interest owned by KRR as of May 18, 2020 ("the Owned Assets"). K's Denki Shin-Moriyama (Land) ("the Disposing Asset") was disposed of on September 30, 2020. ➢
Operating revenues	➢ Operating revenues from the Owned Assets are based on the leasing agreements as of October 22, 2020, and other factors, including expectations based on market trends. ➢ Gains on the sale of 123 million yen is assumed for the fiscal period ended September 30, 2020 by "the Disposing Asset". ➢ Forecasts are based on the assumption that there will be no rent in arrears or non-payments by tenants.
Operating expenses	➢ Property-related operating expenses other than depreciation are calculated based on historic data, etc. and these expenses reflect fluctuations in costs, including leasing costs based on the leasing agreements. ➢ Depreciation expenses of 1,040 million yen are assumed for the fiscal periods ended September 30, 2020 using the straight-line depreciation method. ➢ Property-related taxes are assumed at 739 million yen for the fiscal period ended September 30, 2020. When a property is sold, the purchaser of the property typically reimburses the seller, pursuant to the purchase agreement, for the pro rata portion of the property-related taxes that relates to the period from the acquisition date to the end of the calendar year in which the acquisition occurs. Therefore, for assets acquired on or after January 1, 2020, property-related taxed will be reflected as costs from the fiscal period ended September 2021. ➢ With respect to building repair expenses, the amount assumed to be necessary for each property is based on the repair plan of the asset manager (Kenedix Real Estate Fund Management, Inc.) for each fiscal period. However, repair expenses may be substantially different from the expected amount due to certain unexpected factors.
Non-operating expenses	➢ The amortization of offering-related costs is expected to be expensed 7 million yen for the fiscal periods ended September 30, 2020. It is assumed that the offering-related costs are amortized using the straight-line method over three years. ➢ For interest expenses and other debt-related costs, 571 million yen are expected for the fiscal periods ended September 30, 2020.
Borrowings and investment corporation bonds	➢ As of today, KRR has an outstanding balance of 104,800 million yen in borrowings and 8,000 million yen in investment corporation bonds. ➢ LTV ratio at the end of the period ended September 30, 2020 is estimated to be approximately 45.0% (rounded to the nearest tenth). ➢ LTV ratio is calculated according to the following formula: LTV ratio = (Outstanding borrowings + Outstanding investment corporation bonds) / Total assets
Investment units	➢ The forecasts are based on our assumption of 536,177 units issued as of today.
Distributions per unit (excluding distributions in excess of earnings)	➢ Distributions per unit (excluding distributions in excess of earnings per unit) are calculated in accordance with the distribution policy outlined in KRR's Articles of Incorporation. ➢ KRR assumes that there is no effect from the changes in market value of swaps on the distributions per unit for the fiscal periods ended September 30, 2020. ➢ Actual distributions per unit (excluding distributions in excess of earnings per unit) may fluctuate due to various factors including movements in investment assets, fluctuations in rental revenues caused by tenant replacements or unexpected repairs.
Distributions in excess of earnings per unit	➢ KRR expects to record Allowance for Temporary Adjustment ("ATA") to adjust the temporary differences between treatment of certain transactions under Japanese GAAP and Japanese tax laws in relation to Sunny Noma, which results from the depreciation of fixed term land lease right for business purposes, the expensed interest from asset retirement obligations and depreciation of buildings, during the relevant period (30 years starting from March 16, 2007). Although KRR assumes that there is no effect from the changes in the market value of swaps on the distributions per unit, KRR may not record ATA, depending on the market value, which may change due to the fluctuations in the interest rate market. ➢ KRR has a policy to distribute the amount of increase in ATA, in excess of its earnings. Distributions in excess of earnings are expected to be 10 yen per unit in the period ended September 30, 2020.
Others	➢ Forecasts are based on the assumption that there will be no amendments to the law, taxation system, accounting standards, public listing regulations, requirements of the

	Investment Trusts Association, Japan, etc. which may affect the aforementioned forecast figures. ➢ Forecasts are based on the assumption that there will be no unexpected significant changes in general economic trends and real estate market trends or other conditions.