KENEDIX
Retail REIT Corporation

Translation of Japanese Original

December 27, 2021

To All Concerned Parties

REIT Issuer:
Kenedix Retail REIT Corporation
Representative: Moyuru Watanabe, Executive Director
(Securities Code: 3453)

Asset Manager:
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Notice Concerning Disposition of Properties (K's Denki Shonan-Fujisawa (Land) and Prime Square Jiyugaoka)

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 dispose the following two properties as follows.

1. Outline of the disposition

(millions of yen)

Property Name	Disposition price (Note 1)	Book value (Note 2)	Difference between disposition price and book value (Note 3)
K's Denki Shonan-Fujisawa (Land)	Undisclosed (Note 4)	3,210	-
Prime Square Jiyugaoka		2,995	-
Total	6,360	6,206	153

(Note 1) Excluding acquisition costs, adjustment amount of property tax and city-planning tax, etc.

(Note 2) Book values are as of September 30, 2021, rounded off to the nearest million yen.

(Note 3) Figure is referential amount, calculated as a difference between disposition price and book value, and is different from gain or loss on sale. It is rounded off to the nearest million yen.

(Note 4) Undisclosed as KRR has not obtained the buyer's consent. The properties are to be acquired by the same buyer. The dispositions are negotiated and agreed as impartible deals.

(1)	Type of asset:	Trust beneficiary interest in real estate
(2)	Buyer:	Please refer to Item 4. Buyer's profile for details
(3)	Date of contract:	December 27, 2021
(4)	Disposition date:	December 27, 2021
(5)	Use of proceeds:	The proceeds from the disposition are to be allocated as cash on hand and used as a portion of funds for future acquisitions of specified assets and related expenses, redemption of investment corporation bonds or repayment of borrowings.
(6)	Settlement method:	Payment in full at settlement
(7)	Method of buyer selection:	The buyer was selected from several potential buyers after verifying the prices and conditions of the disposition.

2. Reason for the disposition

KRR has announced that it will search for opportunities of asset reshuffle as a measure to enhance its unitholder

value, focusing on DPU growth. The decision for the disposition is made with comprehensive considerations on factors such as enhancement of the portfolio, overall real estate market and the characteristics of individual asset.
Prime Square Jiyugaoka is a general health club located between Toritsu-daigaku Station and Jiyugaoka Station on Tokyu Toyoko Line. The property is currently leased to Central Fitness Club, the business sector of which has been severely affected by the Covid-19 pandemic. The appraisal NOI yield to the acquisition price, 3.8%, and the NOI yield after depreciation, 3.1%, are far below the average of our portfolio, which are 5.2% and 4.3%, respectively as of the fiscal period ended September 30, 2021. Moreover, the property is expected to require a certain level of maintenance and capital expenditure constantly as it passed 29 years since its completion. On the other hand, K's Denki Shonan-Fujisawa, which is solely leased to a consumer electronics retailer, has a downside risk considering the remaining period of the fixed-term land lease, lease renewal probability, and its appraised value as a vacant land, which is below its acquisition price and its current appraisal value.
While enhancement on the value of the properties is hard to expect going forward, KRR has reached an agreement with a potential buyer to sell the properties at a price that exceeded the appraisal value and the book value in total. For your reference, the disposition price in the purchase and sales agreement of Prime Square Jiyugaoka is below its book value while that of K's Denki Shonan-Fujisawa is above its book value. However, the dispositions are negotiated and agreed as impartible deals, and thus, each agreement has a clause which enables cancelation of the agreement if the other agreement is canceled. Therefore, KRR determined that disposing of the properties would lead to an increase in unitholder value. KRR will seek to acquire shopping centers for daily needs and retail distribution centers with the proceeds of this property disposition.

2. Details of the properties

T-10 K's Denki Shonan-Fujisawa (Land)

Property name		K's Denki Shonan-Fujisawa (Land)
Property type (Note 1)		SS
Type of specified asset		Trust beneficiary interest in real estate
Trustee		Sumitomo Mitsui Trust Bank, Ltd.
Location		1695-3 Kuzuhara Aza Takiyato, Fujisawa, Kanagawa
Land	Form of ownership	Proprietary ownership
	Land area	15,578.58 m^2
	Zoning	Industrial area
	Building coverage ratio	60%
	Floor-area ratio	200%
Building	Form of ownership	-
	Gross floor area	-
	Date constructed	-
	Use	-
	Structure/No. of floors	-
Acquisition price		3,169 million yen
Appraisal value (as of)		3,450 million yen (September 30, 2021)
Real estate appraiser		The Tanizawa Sōgō Appraisal Co., Ltd
Lease summary		(as of September 30, 2021)
	Number of tenants	1
	Annual rent	Not disclosed (Note 2)
	Tenant deposits	141,375 thousand yen
	Leased area	15,578.58 m^2
	Leasable area	15,578.58 m^2
	Occupancy rate	100.0%

Remarks	None
Others	Notes: 1. Properties are categorized into the following six types of 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). 2. Undisclosed as KRR has not obtained the lessee's consent.

T-21 Prime Square Jiyugaoka

Property name		Prime Square Jiyugaoka
Property type (Note 1)		SS
Type of specified asset		Trust beneficiary interest in real estate
Trustee		Sumitomo Mitsui Trust Bank, Ltd.
Location		1-14-18 Nakane, Meguro-ku, Tokyo
Land	Form of ownership	Proprietary ownership
	Land area	1,290.16 m^2
	Zoning	Category I residential area (partially Category I low-rise exclusive residential area)
	Building coverage ratio	60% (partially 50%)
	Floor-area ratio	300% (partially 100%)
Building	Form of ownership	Proprietary ownership
	Gross floor area	3,512.55 m^2
	Date constructed	June 25, 1992
	Use	Health club
	Structure/No. of floors	RC-structure/6-story building with 1 basement floor and flat roof
Acquisition price		2,820 million yen
Appraisal value (as of)		2,820 million yen (September 30, 2021)
Real estate appraiser		Daiwa Real Estate Appraisal Co., Ltd.
Lease summary		(as of September 30, 2021)
	Number of tenants	2
	Annual rent	Not disclosed (Note 2)
	Tenant deposits	Not disclosed (Note 2)
	Leased area	3,512.55 m^2
	Leasable area	3,512.55 m^2
	Occupancy rate	100.0%
Remarks		None
Others		Notes: 1. Properties are categorized into the following six types of 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). 2. Undisclosed as KRR has not obtained the lessee's consent.

4. Overview of the buyer

The name of the buyer and other information are undisclosed as KRR has not obtained the buyer's consent. There

is no special capital, personnel, or business relationship between KRR / the Asset Manager and the buyer, and the buyer is not deemed a related party under the Investment Trust Law and the Asset Manager's "Retail REIT Department's Internal Regulations on Related Party Transactions".

5. Details of brokerage

The broker is a domestic company, and the name of broker and other information are undisclosed as KRR has not obtained the broker's consent. The broker is not deemed a related party under either the Investment Trust Law or the "Retail REIT Department's Internal Regulations on Related Party Transactions" of the Asset Manager, and there is no special capital, personnel, business relationship between KRR/the Asset Manager and the broker.

6. Transactions with related parties

The disposition of the property does not constitute a related-party transaction.

7. Disposition schedule

Disposition decision date/ contract date/ settlement date	December 27, 2021

8. Future outlook

Gains on sale of the property are assumed for the fiscal period ending March 31, 2022. There are no changes to the forecasts of fiscal period beginning from October 2021 and ending March 31, 2022 as the impact on the disposition is minimal.

9. Summary of real estate appraisal reports

(The numbers are in yen unless otherwise noted)

T-10 K's Denki Shonan-Fujisawa (Land)

Summary of real estate appraisal report		
Appraisal value	3,450,000,000 yen	
Appraiser	The Tanizawa Sōgō Appraisal Co., Ltd	
Date of appraisal	September 30, 2021	
Item	Content	Basis
Income capitalization approach value	3,450,000,000 yen	Calculated by using the income value by DCF method
Value based on direct capitalization method	-	
- Gross operating revenue	-	
- Effective gross operating revenue	-	
- Loss from vacancy, etc.	-	
- Operating expenses	-	
- Maintenance expenses	-	
- Utility expenses	-	
- Repair expenses	-	
- PM fees	-	
- Tenant recruit expenses, etc.	-	
- Taxes and dues	-	
- Insurance premium	-	
- Other expenses	-	
- Net operating income (NOI= (1)-(2))	-	
- Profit from security deposits	-	
- Capital expenditure	-	
- Net cash flow (NCF=(3)+(4)-(5))	-	

- Cap rate	-	
Value based on DCF method	3,450,000,000 yen	
Discount rate	1st fiscal year to 6th fiscal year: 4.3% 7th fiscal year to 26.1th fiscal year:4.4%	Calculated by considering marketability of the property, the contents of the current lease agreement, trends in the real estate investment market etc.
Terminal cap rate	-	
Value based on cost method	-	
Ratio of land	-	
Ratio of building	-	
Adjustments in estimated value and considerations taken into account in determining appraisal value	None	

T-21 Prime Square Jiyugaoka

Summary of real estate appraisal report			
Appraisal value	2,820,000,000 yen		
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.		
Date of appraisal	September 30, 2020		
Item		Content	Basis
Income capitalization approach value		2,820,000,000 yen	Calculated by using the income value by DCF method as a standard and verifying it from the income value by direct capitalization method
Value based on direct capitalization method		2,860,000,000 yen	Calculated by capitalizing standardized net income, which is considered to be stable over the medium term, with a cap rate
(1)	Gross operating revenue	Undisclosed	
	Effective gross operating revenue	Undisclosed	
	Loss from vacancy, etc.	Undisclosed	
(2)	Operating expenses	Undisclosed	
	Maintenance expenses	0 yen	None on assumption that the expenses are borne by lessees
	Utility expenses	0 yen	None on assumption that the expenses are borne by lessees
	Repair expenses	Undisclosed	
	PM fees	3,594,353 yen	Calculated based on the current PM contract amount
	Tenant recruit expenses, etc.	Undisclosed	
	Taxes and dues	Undisclosed	
	Insurance premium	Undisclosed	
	Other expenses	0 yen	
(3)	Net operating income (NOI= (1)-(2))	115,969,197 yen	
(4)	Profit from security deposits	1,346,159 yen	Calculating investment income assuming investment yield is 1.0%
(5)	Capital expenditure	14,305,022 yen	Calculated by taking into account the annual average renewal cost in the engineering report and the construction management fee
(6)	Net cash flow (NCF=(3)+(4)-(5))	103,010,334 yen	
(7)	Cap rate	3.6%	Calculated by comprehensively considering the location, building conditions, and contractual terms of the subject property
Value based on DCF method		2,800,000,000 yen	
	Discount rate	3.4%	Calculated based on discount rates for similar real estate transactions, comparison with yields on other financial

				instruments, etc.
		Terminal cap rate	3.8%	Calculated by taking into account the marketability of the subject property at the end of the holding period against the cap rate
Value based on cost method			2,880,000,000 yen	
	Ratio of land		91.3%	
	Ratio of building		8.7%	
Adjustments in estimated value and considerations taken into account in determining appraisal value			None	

(Note) Figures used in the direct capitalization method include information that KRR has not obtained consent from the lessee for its disclosure. Such information or figures that can make calculation of such information are not disclosed in (1) and (2) above.

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

This notice is the English translation of the Japanese announcement on December 27, 2021. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

Attached materials

Reference material: Property portfolio of KRR

Reference material: Property portfolio of KRR (after the disposition)

No.	Type (Note 1)	Property name	Location	Acquisition date (Note 2)	Acquisition price (million yen) (Note 3)	Appraisal value (million yen) (Note 4)	Share (%) (Note 5)
T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	Feb. 10, 2015	8,063	9,700	3.3
T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi-ku, Tokyo	Feb. 10, 2015	5,850	6,570	2.4
T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	Feb. 10, 2015	3,576	4,216 (Note 6)	1.5
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	Feb. 10, 2015	4,000	4,350	1.6
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	Feb. 10, 2015	3,600	3,870	1.5
T-8	SS	Sports Club Renaissance Fujimidai	Nerima-ku, Tokyo	Feb. 10, 2015	2,586	2,770	1.1
T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	Oct. 2, 2015	4,815	5,560	2.0
T-10	SS	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	Oct. 2, 2015	-	-	-
T-11	NSC	Unicus Kamisato (Land)	Kodama-gun, Saitama	Oct. 2, 2015	3,000	3,050	1.2
T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	Oct. 2, 2015	1,700	1,790	0.7
T-13	SM	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	Oct. 2, 2015	1,442	1,380	0.6
T-15	NSC	Nakamachidai Tokyu Store	Yokohama, Kanagawa	Apr. 21, 2016	3,360	3,740	1.4
T-16	SS	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	Apr. 20, 2016	1,724	1,780	0.7
T-17	SM	Life Kameido	Koto-ku, Tokyo	Apr. 21, 2016	1,450	1,480	0.6
T-18	NSC	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	Apr. 19, 2017	4,170	4,340	1.7
T-19	NSC	Yumemachi Narashinodai Mall	Funabashi, Chiba	Apr. 19, 2017	3,416	3,480	1.4
T-20	NSC	Kawamachi Yahagi Mall	Chiba, Chiba	May 18, 2017	3,097	3,250	1.3
T-21	SS	Prime Square Jiyugaoka	Meguro-ku, Tokyo	Apr. 19, 2017	-	-	-
T-22	SS	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	Apr. 19, 2017	1,880	1,950	0.8
T-23	SM	Ozeki Tokiwadai	Itabashi-ku, Tokyo	Feb. 13, 2018	1,263	1,340	0.5
T-24	SS	Konami Sports Club Shibuya	Shibuya-ku, Tokyo	Apr. 27, 2018	3,400	3,380	1.4
T-25	NSC	Apita Terrace Yokohama Tsunashima	Yokohama, Kanagawa	Nov. 1, 2019	11,567	12,100	4.7
T-26	NSC	Kalsa Hiratsuka	Hiratsuka, Kanagawa	Nov. 1, 2019	5,980	6,050	2.5
T-27	NSC	Monenosato Mall	Yotsukaido, Chiba	Oct. 24, 2019	2,753	2,940	1.1
T-28	NSC	Chofu Center Building (Retail wing)	Chofu, Tokyo	Oct. 24, 2019	2,300	2,410	0.9

No.	Type (Note 1)	Property name	Location	Acquisition date (Note 2)	Acquisition price (million yen) (Note 3)	Appraisal value (million yen) (Note 4)	Share (%) (Note 5)
T-29	NSC	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	Oct. 24, 2019	2,248	2,310	0.9
T-30	SM	Comfort Market Nishi-Magome	Ota-ku, Tokyo	Apr. 15, 2020	1,920	2,040	0.8
T-31	NSC	Kitera Town Chofu	Chofu, Tokyo	Apr. 21, 2021	10,500	11,400	4.3
T-32	NSC	Unicus Urawamisono (Land)	Saitama, Saitama	Apr. 9, 2021	732	817	0.3
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	Feb. 10, 2015	8,389	9,600	3.4
O-2	SM	Life Takadono (Land)	Osaka, Osaka	Feb. 10, 2015	2,685	3,200	1.1
O-3	NSC	DCM Kahma MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	Feb. 10, 2015	2,140	2,590	0.9
O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	Apr. 16, 2015	11,000	11,100	4.5
O-5	Urban Station-Front SC	Carino Esaka	Suita, Osaka	Oct. 2, 2015	6,555	7,320	2.7
O-6	Urban Station-Front SC	COMBOX Komyoike	Izumi, Osaka	Oct. 2, 2015	6,450	6,450	2.6
O-9	SM	Life Nishi-Tengachaya	Osaka, Osaka	Jan. 21, 2016	1,505	1,720	0.6
O-10	NSC	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	Apr. 21, 2016	3,723	4,070	1.5
O-11	NSC	Habikigaoka Shopping Center	Habikino, Osaka	Sep. 27, 2019	2,000	2,020	0.8
O-12	NSC	Merado Daikai	Kobe, Hyogo	Apr. 21, 2021	5,440	5,790	2.2
N-1	SS	DCM Kahma Nakagawa Tomita (Land)	Nagoya, Aichi	Feb. 10, 2015	2,311	2,690	0.9
N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	Feb. 10, 2015	2,174	2,360	0.9
N-4	SS	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	Apr. 21, 2016	7,140	7,510	2.9
N-6	NSC	Resora Obu Shopping Terrace	Obu, Aichi	Aug. 1, 2017	7,911	7,050	3.2
N-7	SM	Valor Nakashidami (Land)	Nagoya, Aichi	Nov. 1, 2019	2,551	2,560	1.0
F-1	SM	Sunny Noma	Fukuoka, Fukuoka	Feb. 10, 2015	1,497	1,650	0.6
F-2	SS	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	Apr. 19, 2017	5,020	5,800	2.1
F-3	NSC	Kurume-Nishi Shopping Center	Kurume, Fukuoka	Apr. 19, 2017	1,515	1,840	0.6
F-4	NSC	Kitera Town Fukuoka Nagahama	Fukuoka, Fukuoka	Oct. 1, 2021	6,000	6,100	2.5
R-1	NSC	Roseo Mito	Mito, Ibaraki	Feb. 10, 2015	10,046	12,000	4.1
R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	Feb. 10, 2015	1,469	1,520	0.6

No.	Type (Note 1)	Property name	Location	Acquisition date (Note 2)	Acquisition price (million yen) (Note 3)	Appraisal value (million yen) (Note 4)	Share (%) (Note 5)
R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	Feb. 10, 2015	898	912	0.4
R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	Oct. 2, 2015	4,180	4,930	1.7
R-5	NSC	Yorktown Shinden-Higashi	Sendai, Miyagi	Oct. 2, 2015	3,252	2,570	1.3
R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	Oct. 2, 2015	830	982	0.3
R-8	NSC	P-1 Plaza Tenno	Hamamatsu, Shizuoka	Apr. 22, 2016	4,010	4,350	1.6
R-9	NSC	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	Jan. 31, 2017	4,111	4,280	1.7
R-10	NSC	Sun Street Hamakita	Hamamatsu, Shizuoka	Apr. 27, 2017	10,746	10,980 (Note 6)	4.4
R-11	SS	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	May 31, 2018	4,210	4,430	1.7
L-1	L	Zama Distribution Center	Zama, Kanagawa	Apr. 5, 2019	1,400	1,750 (Note 6)	0.6
L-2	L	Oppama Distribution Center	Yokosuka, Kanagawa	Apr. 5, 2019	1,300	1,650	0.5
L-3	L	Musashi Ranzan Distribution Center	Hiki-gun, Saitama	Mar. 26, 2019	3,879	4,250	1.6
L-4	L	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	Apr. 11, 2019	918	1,040	0.4
L-5	L	Gyoda Distribution Center	Gyoda, Saitama	Oct. 1, 2019	3,160	3,590	1.3
L-6	L	Shinjuku Nishiochiai Distribution Center	Shinjuku-ku, Tokyo	Jan. 10, 2020	810	842	0.3
L-7	L	Chiba-Kita Distribution Center	Chiba, Chiba	Dec. 25, 2020	1,250	1,340	0.5
L-8	L	Sapporo Shiroishi Distribution Center	Sapporo, Hokkaido	Dec. 24, 2020	800	1,030	0.3
Total/Average					243,668	261,929	100.0

(Note 1) Properties are categorized into the following six types of 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).

(Note 2) "Acquisition date" for the properties with multiple acquisition dates indicates dates that the properties were initially acquired.

(Note 3) "(Anticipated) acquisition price" indicates the purchase price of each property 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, the price includes the amount described in the construction contract and construction design/supervision outsourcing contracts related to construction of the building for the secondhand shop building (excluding expenses and taxes and rounded down to the nearest million yen).

(Note 4) "Appraisal values" are the values as of the end of September 30, 2021 for the properties held as of September 30, 2021, and as of September 1, 2021 for Kitera Town Fukuoka Nagahama.

(Note 5) "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 6) Represents the amount corresponding to the trust beneficiary co-ownership interest.