KENEDIX
Retail REIT Corporation

Translation of Japanese Original

October 6, 2022

To All Concerned Parties

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

Asset Manager:
Kenedix Real Estate Fund Management, Inc.
Representative: Masahiko Tajima, President & CEO
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Notice Concerning Acquisition of Properties and Contract of New Leases (iias Kasugai and Coop Sapporo Shunko)

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 the following properties ("the Acquisition") and subsequently, enter into contract of new leases.

1. Outline of the acquisition

Property type (Note 1)	Property name	Location	(Anticipated) Acquisition price (million yen) (Note 2)	Appraisal NOI yield (%) (Note 3)	Brokerage
NSC	iias Kasugai (70% quasi-co-ownership interest)	Kasugai, Aichi	14,490	4.6	Y
NSC	Coop Sapporo Shunko	Asahikawa, Hokkaido	1,110	6.3	Y
Total acquisition price /Average NOI yield			15,600	4.7	-

(1)	Contract date:	October 6, 2022
(2)	(Anticipated) Acquisition date:	October 7, 2022 (Coop Sapporo Shunko) October 26, 2022 (iias Kasugai)
(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 6, 2022, borrowings and cash on hand (Note 4) (Note 5)
(5)	Settlement method:	Payment in full at settlement

Notes:

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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. Excluding acquisition costs, adjustment amount of property tax and city-planning tax, and consumption tax, etc. The same applies to other references to anticipated acquisition price below.
3. "Appraisal NOI yield" is calculated by dividing the appraisal NOI of each anticipated property as on the appraisal report as of September 1, 2022 by the (anticipated) acquisition price for each property and rounded to the first decimal place.
"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.
4. For details of the issuance of new investment units, please refer to the press release "Notice Concerning Issuance of New Investment Units" dated today.
5. Matters concerning new borrowings shall be announced after details decided.

2. Reasons for the Acquisition and leasing

We have decided to acquire the two additional properties based on KRR's "Investment Targets and Policies," to diversify and enhance our portfolio by investing primarily in shopping centers for daily needs, which KRR believes will ensure both the growth of and steady revenue-generation from our portfolio. The (anticipated) acquisition price of each property is at or lower than its appraisal value and hence KRR believes it is fair and reasonable. Following the acquisitions, KRR's portfolio will grow to 70 properties worth a total of 269.2 billion yen based on an (anticipated) acquisition prices.

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 financial report dated June 23, 2022. KRR believes the tenants for each of the two anticipated properties satisfy these criteria. Please refer to "3. Details of the acquisition" below for the assessments of each property we anticipate acquiring.

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:

- "Type of specified asset" indicates the type of 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 the type of rights in the property owned by a trustee if KRR owns or anticipates owning the trust beneficiary interest or its quasi-co-ownership.
- "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

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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.
- "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 (the agreement for the purpose or premise of sub-leasing to a third party) 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 based on the "Portfolio PML Report as of September 2022 prepared by Sompo Risk Management Inc." 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 Inc. 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 Inc.
- "Anticipated acquisition price" indicates the transfer price of each trust beneficiary interest or its quasi-co-ownership interest designated in each sale and purchase agreement regarding each property to be acquired (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. and Japan Real Estate Institute as requested by KRR based on the Operational Considerations for Real Estate Appraisal Standards, the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951; as amended) based on the Act on Real Estate Appraisal and the Real Estate Appraisal Standards (Act No. 152 of 1963; as amended). 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.
- "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 June 2022. 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

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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 June 2022 (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 June 2022 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 June 2022 are reflected).
- "Tenant deposits" represents the total amount of tenant leasehold and security deposits agreed upon in the lease agreement (excluding lease agreements for warehouses in respect of lease agreements of buildings for retail properties) for each property as of the end of June 2022.
- "Leased area" indicates the total leased area based on the lease agreement for each property as of the end of June 2022. However, as for the lease agreements of building for retail facilities, the leased area of warehouses and land (including flat parking lots) are excluded and as for the lease agreements of buildings for logistics, the leased area of 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 June 2022 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 June 2022, rounded off 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.

N-8 iias Kasugai

Acquisition highlights:

One of the largest NSCs, newly built in Kasugai, Aichi, with a stable retail trade area and diversified tenants.

(1) Features of the property

This property is a roadside NSC located along National Road 19 in Kasugai, adjacent to the northeastern part of Nagoya. The property rebuilt on the site of The Mall Kasugai and opened in October 2021. In addition to Seiyu, which is open 24 hours a day and specializing in groceries, have reopened and Round1, Uniqlo, GU and Muji, which has one of the largest sales floor areas in Japan, have opened new stores, bringing together large stores with unique ability to attract customers and making the facility competitive. It is also a property that takes sustainability into consideration, taking actions such as using renewable energy in the common areas.

(2) Overview of the trade area

a. Location and access

The property is located near National Road 19, a major thoroughfare in Kasugai that provides access to the NSC from a wide area including the city of Nagoya. An overpass provides smooth access to and from National Road 19, and there is parking for 2,122 cars. The area has a major concentration of roadside stores and services; they

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help to make the property site an appropriate location for a retail facility capable of attracting customers from a wide area.

b. Characteristics of the trade area

According to the 2015 Population Census, the population in the trade area is approximately 19,000 people in a 1 km radius, approximately 124,000 people in a 3 km radius, and approximately 291,000 people in a 5 km radius. Change in the population from 2010 was 98.7% in the 1 km radius, 101.3% in the 3 km radius, and 102.3% in the 5 km radius. There are many residential areas around the NSC, thanks to the excellent access: it is approximately 22 minutes from Kasugai Station to Nagoya Station on the JR Chuo Line. The NSC's trade area extends along Road 19; the northern suburbs of Nagoya fall within the 5 km radius. The NSC is able to draw from a stable population in its trade area.

R-12 Coop Sapporo Shunko

Acquisition highlights:

An NSC for daily needs of local residents, housing Coop Sapporo as the core tenant, located in Asahikawa, Hokkaido's second-largest city.

(1) Features of the property

The property is an NSC located in a residential area in northern Asahikawa, Hokkaido's second-largest-population city. The core tenant is Coop Sapporo with end tenants including drug store, dollar shop, bakery, apparel shops and dental clinic, comprising of shops and services for daily needs of local residents. Due to the high household Coop membership rate exceeding 80% in Asahikawa which is high compared to the national average, the store is able to maintain a stable customer base despite the presence of multiple competing stores.

(2) Overview of the trade area

a. Location and access

The property is located near Suehiro-takadai-dori Avenue, which can be accessed from National Road 40; shoppers can easily access the NSC by car, thanks to the neat grid of roads, typical in Hokkaido. Both National Road 40 and National Road 39, which runs parallel to National Road 40 a little further east, are major thoroughfares that run across the greater part of Asahikawa. As such, both roads are lined with big-box stores. There are also bus routes with stops on Suehiro-takadai-dori Avenue, so this road is convenient for area residents.

b. Characteristics of the trade area

According to the 2015 Population Census, the population in the trade area is approximately 16,000 people in a 1 km radius, approximately 79,000 people in a 3 km radius, and approximately 173,000 people in a 5 km radius. Change in the population from 2010 was 98.3% in the 1 km radius, 97.3% in the 3 km radius, and 97.7% in the 5 km radius. The property is located in a residential area with many households comprising elderly couples, so the market is maturing. But because it is also close to the center of the city, many families also live in the area.

N-8 iias Kasugai

Property name		iias Kasugai
Type of specified asset		Trust beneficiary interest in real estate (70% trust beneficiary quasi-co-ownership interest) (Note 1)
Trustee		Sumitomo Mitsui Trust Bank, Ltd. (planned)
Trust period		October 26, 2022 to September 30, 2036 (planned)
Location		22 Tokyu, Rokkenyacho, Kasugai, Aichi
Land (Note 2)	Form of ownership	Proprietary ownership and subleasehold (planned)
	Land area	64,844.79m^2

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	Zoning	Neighborhood trade area
	Building coverage ratio	80%
	Floor-area ratio	200%
Building (Note 2) (Note 3)	Form of ownership	Proprietary ownership
	Gross floor area	a. 50,906.81m^2 b. 18,915.97m^2
	Date constructed	a. August 16, 2021 b. October 30, 1991
	Use	a. Retail stores, amusement centers b. Parking area
	Structure/No. of floors	a. 3-story reinforced concrete, roofed with alloy coated steel sheets b. 3-story reinforced concrete, flat roof
Master lessee		Daiwa House Realty Mgt. Co., Ltd. (planned)
Type of master lease		Pass-through
PM		Kenedix Real Estate Fund Management, Inc. (planned)
Sub-PM		Daiwa House Realty Mgt. Co., Ltd. (planned)
Earthquake PML (Note 3)		a. 3.0% b. 2.7%
Anticipated acquisition price		14,490 million yen
Appraised value (effective date)		14,490 million yen (as of September 1, 2022) (Note 4)
Real estate appraiser		Japan Real Estate Institute
Collateral		None
Lease summary		(as of June 30, 2022)
	Number of tenants	1 (65)
	Annual rent	684,102 thousand yen (Note 4)
	Tenant deposits	441,386 thousand yen (Note 4)
	Leased area	26,859.87m^2 (Note 4)
	Leasable area	27,772.12m^2 (Note 4)
	Occupancy rate	96.7%
Remarks		• Upon acquiring 70% quasi-co-ownership interest in this property, KRR will execute a quasi-co-ownership agreement with quasi-co-owner. The beneficial interest quasi-co-owner agreement will provide for the method of decision making relating to the property, when each quasi-co-owner transfers his or her quasi-co-ownership interest, he or she shall give priority to the other quasi-co-owner in making an offer of transfer, etc. • The seller has leased a portion of the property (30,756.37m^2) from several individuals. Upon acquiring the 70% quasi-co-ownership interest in the property, the seller plans to sublease the property to the trustee. • Although some of the boundaries between the property and the adjacent land have not been confirmed in writing, as of today, no dispute has arisen between the property owner and the property owner. • An easement has been established covering a portion of the land of the property, including the use of other land for transit purposes. In addition, an easement has been established for a portion of the property's land for the purpose of installing power transmission lines and other purposes. • With regard to a part of the building of the property, there are an attatched buillding whose compliance with the Building Standards Act

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	has not been confirmed, and facilities which are in conflict with the Building Standards Act and the Fire Service Act and are subject to remedial measures, but we have agreed with the seller to remedy it at the seller's responsibility and expense. • It has been agreed that the overpass of the property will continue to be held by the seller after the acquisition of the 70% quasi-co-ownership interest in the property and will be maintained and managed at the seller's responsibility and expense.
Others	Notes: 1. KRR intends to acquire quasi-co-ownership (70% trust beneficiary quasi-co-ownership interest) in the trust beneficiary interest for this property. 2. Although KRR will acquire the quasi-co-ownership interest, it refers to the entire land and buildings of the property. 3. a. above lists the features of the main building; b. above lists the features of the existing parking structure. 4. The values and area listed correspond to the 70% trust beneficiary quasi-co-ownership interest that KRR intends to acquire.

R-12 Coop Sapporo Shunko

Property name		Coop Sapporo Shunko
Type of specified asset		Trust beneficiary interest in real estate
Trustee		Sumitomo Mitsui Trust Bank, Ltd.
Trust period		July 30, 2018 to September 30, 2042
Location		1-452 Suehiro-shijou, Asahikawa, Hokkaido
Land	Form of ownership	Proprietary ownership
	Land area	10,007.76m^2
	Zoning	Category 1 exclusively low-rise residential zone, category 2 mid/high-rise oriented residential zone, category 2 residential zone
	Building coverage ratio	60%, 50%
	Floor-area ratio	200%, 80%
Building	Form of ownership	Proprietary ownership
	Gross floor area	7,162.46m^2
	Date constructed	August 22, 1994
	Use	Retail stores
	Structure/No. of floors	3-story reinforced concrete, flat roof
Master lessee		-
Type of master lease		-
PM		Kenedix Real Estate Fund Management, Inc.
Sub-PM		Xymax Hokkaido Corporation
Earthquake PML		0.4%
Acquisition price		1,110 million yen
Appraised value (effective date)		1,220 million yen (September 1, 2022)
Real estate appraiser		Daiwa Real Estate Appraisal Co., Ltd.
Collateral		None
Lease summary		(as of June 30, 2022)
	Number of tenants	1
	Annual rent	Not disclosed (Note)
	Tenant deposits	Not disclosed (Note)

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	Leased area	7,214.92m^2
	Leasable area	7,214.92m^2
	Occupancy rate	100.0%
Remarks		• A part of the building of the property is in conflict with the Building Standards Act and the Fire Service Act and is subject to remedial measures but we have agreed with the seller to remedy it at the seller's responsibility and expense.
Other		Note: Not disclosed as the consent of tenants has not been obtained.

4. Overview of sellers

N-8 iias Kasugai

The seller is a Japanese company, and the name of the seller and other information are not disclosed, as KRR has not obtained its consent. There is no special capital, personnel, or business relationship between KRR/the Asset Manager and the seller.

R-12 Coop Sapporo Shunko

Name		Takara Leben Real Estate Investment Corporation
Address		1-14-15 Akasaka, Minato-ku, Tokyo
Name and title of representative		Tetsuo Saida, Executive Director
Description of business		Management of assets, mainly as investments in real estate and other assets
Capital		63,801 million yen
Incorporation		September 11, 2017
Net assets		59,320 million yen (as of February 28, 2022)
Total assets		121,319 million yen (as of February 28, 2022)
Relationship between KRR/the Asset Manager and the above investment corporation		
	Capital relationship	No special capital relationship between KRR / the Asset Manager and the seller.
	Personnel relationship	No special personnel relationship between KRR / the Asset Manager and the seller.
	Business relationship	No special business relationship between KRR / the Asset Manager and the seller.
	Related party transactions	The seller is not deemed a related party with special interests relating to KRR or the Asset Manager.

*As of September 1, 2022

5. Broker profile

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Broker name	Kenedix, Inc.
Address	2-1-6 Chiyoda-ku Uchisaiwaicho, Tokyo
Name and title of representative	Taisuke Miyajima, President & CEO
Description of business	Asset management business, real estate related business, and real estate investment business, etc.
Capital	10,020 million yen (as of December 31, 2021)
Incorporation	April 17, 1995
Brokerage fee	434,700 thousand yen (excluding consumption taxes, etc.)
Payment timing of brokerage fee	Acquisition date
Relationship between KRR/the Asset Manager and the broker	Kenedix Inc., the parent company, etc. under the FIEA, is deemed a related party under both the Investment Trust Law and the "Retail REIT Division Related-Party Transactions Rules" of the Asset Manager.

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As the broker is not special related parties under either the Investment Trusts Law or the "Retail REIT Division Related-Party Transactions Rules" of the Asset Manager, the description including the company name of the broker is omitted.

6. Schedule of the Acquisition

Acquisition decision date / Contract date	October 6, 2022
iias Kasugai payment date / Acquisition date	October 26, 2022 (planned)
Coop Sapporo Shunko payment date / Acquisition date	October 7, 2022

7. Outlook

Please refer to the press release "Notice Concerning Revisions to Forecasts for the Fiscal Periods Ended September 30, 2022 and Ending March 31, 2023, and Forecasts for the Fiscal Period Ending September 30, 2023" dated today.

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8. Summary of real estate appraisal reports

N-8 iias Kasugai

Summary of real estate appraisal report			
Appraised value	14,490,000,000 yen (Note)		
Appraiser	Japan Real Estate Institute		
Date of appraisal	September 1, 2022		
Item		Breakdown	Basis
Income capitalization approach value		20,700,000,000 yen	Calculated based on the DCF method in conjunction with the value based on direct capitalization method.
Value based on direct capitalization method		20,900,000,000 yen	Calculated by dividing the NCF that is expected to remain stable over the medium term by the cap rate.
(1)	Gross operating revenue (a)－b))	2,026,022,000 yen	
	a) General operating revenue	2,087,112,000 yen	Calculated based on the leasing terms and conditions and the rent levels for similar real estates.
	b) Vacancy-related loss	61,090,000 yen	Calculated 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.
(2)	Operating expenses	1,079,290,000 yen	
	Maintenance fees	270,000,000 yen	Calculated by taking the uniqueness of the property into account, referring to results in the previous fiscal year, income and expenditure plan and maintenance fees for similar real estates.
	Utility expenses	220,000,000 yen	Calculated based on results from the previous fiscal year and income and expenditure plan.
	Repairs	4,557,000 yen	Calculated based on the average annual repair expenses described in the engineering report.
	PM fees	135,000,000 yen	Calculated by taking the uniqueness of the property into account, referring to results in the previous fiscal year, income and expenditure plan and PM fees for similar real estates.
	Tenant marketing expenses	10,783,000 yen	Calculate based on the average annual fee that was assessed based on results from the previous fiscal year and income and expenditure plan.
	Real estate taxes	126,652,000 yen	Calculate by taking standard tax amounts and tax burden adjustment measures from tax documents into account.
	Insurance expenses	2,463,000 yen	Calculated based on insurance expenses based on contract of insurance and actual insurance premium rates for comparable properties.
	Other property-related expenses	309,835,000 yen	Land rent and promotional expenses, etc. are included as other property related expenses.
(3)	Net operating income (NOI＝(1)－(2))	946,732,000 yen	
(4)	One-time gain	6,635,000 yen	The gain is calculated based on a 1.0% investment yield.
(5)	Capital expenditure	10,846,000 yen	Calculated based on the average annual renewal fee described in the engineering report.
(6)	Net cash flow (NCF＝(3)＋(4)－(5))	942,521,000 yen	

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		(7) Cap rate	4.5%	Calculated based on overall evaluation of the location, building specifications and contract terms for the property.
	Value based on DCF method		20,500,000,000 yen	
		Discount rate	4.2%	Calculated based on the investment yield of comparable properties, taking into account the unique features of the property.
		Terminal cap rate	4.7%	Calculated by taking into account the transaction yield of comparable properties and the future uncertainties/liquidity/marketability of the property.
Value based on cost method			20,000,000,000 yen	
	Ratio of land		60.4%	
	Ratio of building		39.6%	
Adjustments in estimated value and considerations taken into account in determining appraised value	None			

Note: The appraised value represents the value of the 70% quasi-co-ownership interest that KRR intends to acquire, while other figures and amounts represent the figures and amounts for the entire land and buildings of the property. The total of the appraised value for the entire land and buildings of the property is 20,700,000,000 yen.

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Summary of real estate appraisal report			
Appraised value	1,220,000,000 yen		
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.		
Date of appraisal	September 1, 2022		
Item		Breakdown	Basis
Income capitalization approach value		1,220,000,000 yen	Calculated based on the DCF method in conjunction with the value based on the direct capitalization method.
Value based on direct capitalization method		1,210,000,000 yen	Calculated by dividing the standardized NCF that is expected to remain stable over the medium term by the cap rate.
(1)	Gross operating revenue (Note) (a)－b))	Not disclosed	
	a) General operating revenue	Not disclosed	
	b) Vacancy-related loss	0 yen	Not calculated, as the property is a single-lease property and tenant reshuffling is not assumed.
(2)	Operating expenses (Note)	Not disclosed	
	Maintenance fees	Not disclosed	
	Utility expenses	Not disclosed	
	Repairs	Not disclosed	
	PM fees	3,600,000 yen	Calculated based on the contents of lease agreements, considering PM fee rates for comparable properties.
	Tenant marketing expenses	0 yen	Not calculated, as tenant reshuffling is not assumed.
	Real estate taxes	Not disclosed	
	Insurance expenses	Not disclosed	
	Other property-related expenses	Not disclosed	
(3)	Net operating income (NOI＝(1)－(2))	70,441,307 yen	
(4)	One-time gain	835,200 yen	The gain is calculated based on a 1.0% investment yield.
(5)	Capital expenditure	4,582,897 yen	Calculated by adding the renewal fee calculated by referring to the engineering report and the renewal fee of comparable properties to the construction management fees.
(6)	Net cash flow (NCF＝(3)＋(4)－(5))	66,693,610 yen	
(7)	Cap rate	5.5%	Calculated based on overall evaluation of the location, building specifications and contractual terms for the property.
Value based on DCF method		1,220,000,000 yen	
	Discount rate	5.3%	Calculated based on the past transactions of comparable properties and the investment yield on financial assets, taking into account the unique features of this property.
	Terminal cap rate	5.7%	Calculated by taking into account the characteristics of the NCF used for the capitalization rate and the future uncertainties/liquidity/marketability of the property.
Value based on cost method		698,000,000 yen	
Ratio of land		69.6%	
Ratio of building		30.4%	

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Adjustments in estimated value and considerations taken into account in determining appraised value	None

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 or which enables one to calculate such information. 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.

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

This notice is the English translation of the Japanese announcement on October 6, 2022. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

<Attached materials>
Reference material 1. Property photographs and maps
Reference material 2. Property portfolio of KRR (following anticipated acquisitions)

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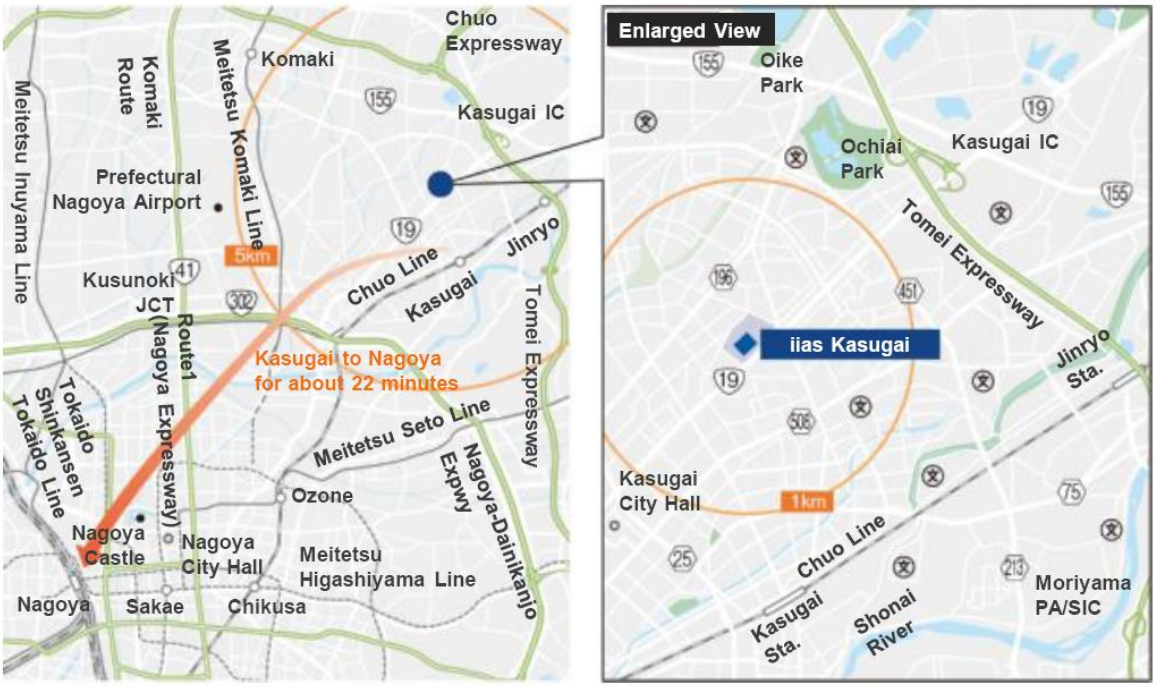
Reference material 1. Property photographs and maps

N-8 iias Kasugai





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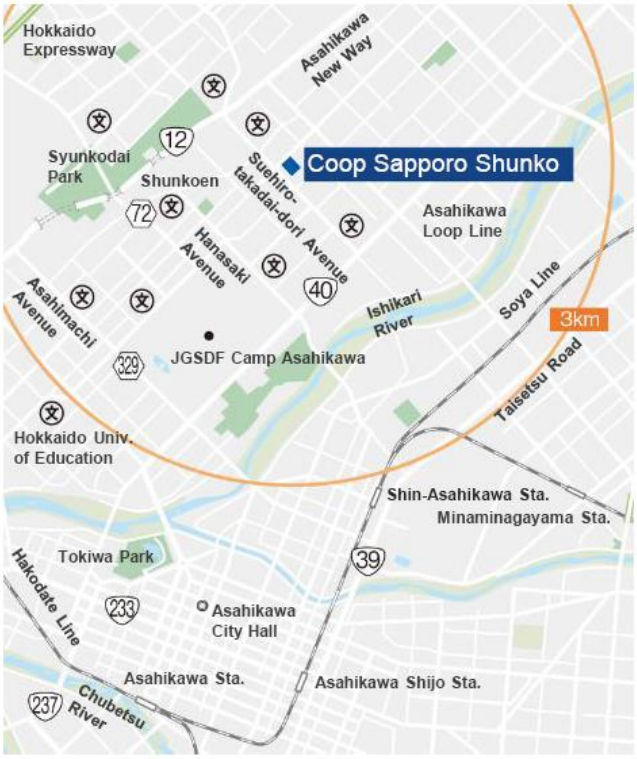

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Reference material 2. Property portfolio of KRR (following anticipated acquisitions)

No.	Type (Note 1)	Property name	Location	(Anticipated) acquisition date (Note 2)	(Anticipated) 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	9,760	3.0
T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi-ku, Tokyo	Feb. 10, 2015	5,850	6,570	2.2
T-5	NSC	Unicus Ina	Ina-cho, Kitaadachi-gun, Saitama	Feb. 10, 2015 (Note 6)	3,576	4,216 (Note 7)	1.3
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	Feb. 10, 2015	4,000	4,340	1.5
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	Feb. 10, 2015	3,600	3,870	1.3
T-8	SS	Sports Club Renaissance Fujimidai	Nerima-ku, Tokyo	Feb. 10, 2015	2,586	2,770	1.0
T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	Oct. 2, 2015	4,815	5,600	1.8
T-11	NSC	Unicus Kamisato (Land)	Kamisato-cho, Kodama-gun, Saitama	Oct. 2, 2015	3,000	3,050	1.1
T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	Oct. 2, 2015	1,700	1,790	0.6
T-13	SM	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	Oct. 2, 2015	1,442	1,380	0.5
T-15	NSC	Nakamachidai Tokyu Store	Yokohama, Kanagawa	Apr. 21, 2016	3,360	3,740	1.2
T-16	SS	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	Apr. 20, 2016	1,724	1,780	0.6
T-17	SM	Life Kameido	Koto-ku, Tokyo	Apr. 21, 2016	1,450	1,480	0.5
T-18	NSC	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	Apr. 19, 2017	4,170	4,340	1.5
T-19	NSC	Yumemachi Narashinodai Mall	Funabashi, Chiba	Apr. 19, 2017	3,416	3,580	1.3
T-20	NSC	Kawamachi Yahagi Mall	Chiba, Chiba	May 18, 2017	3,097	3,250	1.2
T-22	SS	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	Apr. 19, 2017	1,880	1,950	0.7
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	3,370	1.3

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No.	Type (Note 1)	Property name	Location	(Anticipated) acquisition date (Note 2)	(Anticipated) acquisition price (million yen) (Note 3)	Appraisal value (million yen) (Note 4)	Share (%) (Note 5)
T-25	NSC	Apita Terrace Yokohama Tsunashima	Yokohama, Kanagawa	Nov. 1, 2019	11,567	12,100	4.3
T-26	NSC	Kalsa Hiratsuka	Hiratsuka, Kanagawa	Nov. 1, 2019	5,980	6,050	2.2
T-27	NSC	Monenosato Mall	Yotsukaido, Chiba	Oct. 24, 2019 (Note 8)	2,753	2,990	1.0
T-28	NSC	KDX Chofu Building (Retail wing)	Chofu, Tokyo	Oct. 24, 2019	2,300	2,410	0.9
T-29	NSC	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	Oct. 24, 2019	2,248	2,310	0.8
T-30	SM	Comfort Market Nishi-Magome	Ota-ku, Tokyo	Apr. 15, 2020	1,920	2,040	0.7
T-31	NSC	Kitera Town Chofu	Chofu, Tokyo	Apr. 21, 2021	10,500	11,400	3.9
T-32	NSC	Unicus Urawamisono (Land)	Saitama, Saitama	Apr. 9, 2021	732	817	0.3
T-33	NSC	Kitera Plaza Aobadai	Yokohama, Kanagawa	Mar. 1, 2022	2,553	3,610	0.9
T-34	NSC	Higashimatsuyama Shopping Center	Higashimatsuyama, Saitama	Apr. 28, 2022	4,080	4,650	1.5
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	Feb. 10, 2015	8,389	9,600	3.1
O-2	SM	Life Takadono (Land)	Osaka, Osaka	Feb. 10, 2015	2,685	3,200	1.0
O-3	NSC	DCM MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	Feb. 10, 2015	2,140	2,590	0.8
O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	Apr. 16, 2015	11,000	11,100	4.1
O-5	Urban station-front	Carino Esaka	Suita, Osaka	Oct. 2, 2015	6,555	7,330	2.4
O-6	Urban station-front	COMBOX Komyoike	Izumi, Osaka	Oct. 2, 2015	6,450	6,430	2.4
O-9	SM	Life Nishi-Tengachaya	Osaka, Osaka	Jan. 21, 2016	1,505	1,710	0.6
O-10	NSC	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	Apr. 21, 2016	3,723	4,080	1.4
O-11	NSC	Habikigaoka Shopping Center	Habikino, Osaka	Sep. 27, 2019	2,000	2,020	0.7
O-12	NSC	Merado Daikai	Kobe, Hyogo	Apr. 21, 2021	5,440	5,780	2.0
N-1	SS	DCM Nakagawa Tomita (Land)	Nagoya, Aichi	Feb. 10, 2015	2,311	2,680	0.9

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N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	Feb. 10, 2015	2,174	2,360	0.8
N-4	SS	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	Apr. 21, 2016	7,140	7,500	2.7
N-6	NSC	Resora Obu Shopping Terrace	Obu, Aichi	Aug. 1, 2017	7,911	6,950	2.9
N-7	SM	Valor Nakashidami (Land)	Nagoya, Aichi	Nov. 1, 2019	2,551	2,550	0.9
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	5,760	1.9
F-3	NSC	Kurume-Nishi Shopping Center	Kurume, Fukuoka	Apr. 19, 2017	1,515	1,830	0.6
F-4	NSC	Kitera Town Fukuoka Nagahama	Fukuoka, Fukuoka	Oct. 1, 2021	6,000	6,140	2.2
R-1	NSC	Roseo Mito	Mito, Ibaraki	Feb. 10, 2015 (Note 9)	10,046	12,100	3.7
R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	Feb. 10, 2015	1,469	1,520	0.5
R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	Feb. 10, 2015	898	911	0.3
R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	Oct. 2, 2015	4,180	4,930	1.6
R-5	NSC	Yorktown Shinden-Higashi	Sendai, Miyagi	Oct. 2, 2015	3,252	2,580	1.2
R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	Oct. 2, 2015	830	981	0.3
R-8	NSC	P-1 Plaza Tenno	Hamamatsu, Shizuoka	Apr. 22, 2016	4,010	4,050	1.5
R-9	NSC	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	Jan. 31, 2017	4,111	4,300	1.5
R-10	NSC	Sun Street Hamakita	Hamamatsu, Shizuoka	Apr. 27, 2017	11,946	12,100	4.4
R-11	SS	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	May 31, 2018	4,210	4,430	1.6
L-1	L	Zama Distribution Center	Zama, Kanagawa	Apr. 5, 2019	1,400	1,790	0.5
L-2	L	Oppama Distribution Center	Yokosuka, Kanagawa	Apr. 5, 2019	1,300	1,680	0.5
L-3	L	Musashi Ranzan Distribution Center	Hiki-gun, Saitama	Mar. 26, 2019	3,879	4,330 (Note 7)	1.4
L-4	L	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	Apr. 11, 2019 (Note 10)	918	1,040	0.3

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L-5	L	Gyoda Distribution Center	Gyoda, Saitama	Oct. 1, 2019	3,160	3,660	1.2
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	1,510	0.5
L-8	L	Sapporo Shiroishi Distribution Center	Sapporo, Hokkaido	Dec. 24, 2020	800	1,040	0.3
L-9	L	Tenri Distribution Center	Tenri, Nara	Mar. 1, 2022	1,070	1,090	0.4
L-10	L	Prima Meat Packers Kinki Center	Osaka, Osaka	Apr. 28, 2022	1,047	1,080 (Note 7)	0.4
Anticipated properties							
N-8	NSC	iias Kasugai	Kasugai, Aichi	Oct. 26, 2022	14,490	14,490 (Note 7)	5.4
R-12	NSC	Coop Sapporo Shunko	Asahikawa, Hokkaido	Oct. 7, 2022	1,110	1,220	0.4
Total					269,219	289,487	100.0

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 facilities).
2. For properties that have multiple acquisition dates due to additional acquisitions etc., the initial acquisition date is indicated.
3. "(Anticipated) acquisition price" indicates the purchase price of each trust beneficiary interest or property specified in the purchase agreement for acquisition of each trust beneficiary interest or property (excluding acquisition costs, adjustment amounts 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 additionally were acquired additionally, 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).)
4. "Appraisal values" are the values as of March 31, 2022 for the properties held (as of March 31, 2022), March 1, 2022 for Higashimatsuyama Shopping Center and Prima Meat Packers Kinki Center, September 1, 2022 for iias Kasugai and Coop Sapporo Shunko. The appraisal value of Sun Street Hamakita represents the value corresponding to the 90% quasi-co-ownership interest KRR acquired on April 27, 2017 (as of March 31, 2022) plus the 10% quasi-co-ownership interest KRR acquired on April 27, 2022 (as of March 1, 2022).
5. "Share" indicates the percentage of the (anticipated) acquisition price for each property in the total (anticipated) acquisition price, rounded off to the first decimal place.
6. A restaurant building A was additionally acquired on January 16, 2017.
7. Represents the amount corresponding to the quasi-co-ownership interest KRR holds or is to acquire.
8. Two extended buildings were additionally acquired on March 29, 2021.
9. A second-hand store building was additionally acquired on November 26, 2015.
10. A restaurant building and a lounge building were additionally acquired on September 29, 2020 and March 1, 2021, respectively.

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