Translation of Japanese Original

May 12, 2023

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 Ending September 30, 2023 (17th fiscal period)

Kenedix Retail REIT Corporation ("KRR") announced today the following revisions to its earnings and distributions forecasts for the fiscal period ending September 30, 2023 (April 1, 2023 to September 30, 2023), which were released on November 16, 2022 in its "Financial Report for the Fiscal Period Ended September 30, 2022 (REIT),"

1. Details of revisions for the fiscal period ending September 30, 2023 (17th fiscal period)

(1) Fiscal period ending September 30, 2023 (17th 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) | 10,082 | 4,392 | 3,753 | 3,752 | 6,231 | 9 | 6,240 |
| Revised forecast (B) | 10,275 | 4,594 | 3,954 | 3,951 | 6,561 | 9 | 6,570 |
| Net change (B-A) | 192 | 201 | 201 | 198 | 330 | - | 330 |
| Change (%) | 1.9% | 4.6% | 5.4% | 5.3% | 5.3% | - | 5.3% |

Fiscal period ending September 30, 2023: Expected number of investment units outstanding at the end of the fiscal period: 602,177 units

(2) Reference: Fiscal period ended March 31, 2023 (16th fiscal period)

| | Operating revenue (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) | 9,828 | 4,463 | 3,826 | 3,825 | 6,351 | 9 | 6,360 |
| Revised forecast (B) | 9,924 | 4,565 | 3,926 | 3,922 | 6,514 | - | 6,514 |
| Net change (B-A) | 96 | 101 | 99 | 97 | 163 | -9 | 154 |
| Change (%) | 1.0% | 2.3% | 2.6% | 2.5% | 2.6% | - | 2.4% |

Fiscal period ended March 31, 2023: Number of investment units outstanding at the end of the fiscal period: 602,177 units

(Note 1) The above earnings and distributions forecasts for the fiscal period ending September 30, 2023 (17th fiscal period) are current earnings forecasts, calculated based on the assumptions listed in ATTACHMENT 1 "Assumptions for Earnings Forecasts for the Fiscal Period Ending September 30, 2023." Depending on future changes such as additional acquisitions or disposal of properties, changes in tenants or lease conditions and subsequent changes in rent revenues, unexpected repairs or other changes in the management environment, changes in interest rates, ,or additional offerings of new investment units, any of which may create conditions that differ from current assumptions, 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. Also, these forecasts do not guarantee any of these earnings.
(Note 2) These forecasts may be revised if the degree of deviation with subsequent estimates exceeds a certain level.
(Note 3) Amounts in yen are rounded down to the nearest whole number; amounts indicated in millions of yen are rounded down to the nearest million. Ratios are rounded to the first decimal place.

2. Reasons for revisions to the forecasts and announcement

As a result of KRR's review of its methods for invoicing electricity charges to tenants, and due to the change in expectations arising from fuel adjustment costs and renewable energy levies coming in under forecast figures, net utility charges are now expected to improve from the previous forecast figure. Furthermore, in consideration of the current operating environment, KRR expects a deviation of 5% or greater from the distributions forecasts that were announced in the "Financial Report for the Fiscal Period Ended September 30, 2022 (REIT)," released on November 16, 2022, for the fiscal period ending September 30, 2023 (17th fiscal period). It is for these reasons that KRR is announcing the above revisions.

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

*This notice is the English translation of the Japanese announcement on May 12, 2023. However, no assurance or warranties are given for the completeness or accuracy of this English translation.*

[ATTACHMENT 1]

Assumptions for the Earnings and Distributions Forecasts for the fiscal period ending September 30, 2023

| Item | Assumptions |
|---|---|
| Calculation period | ➢ Fiscal period ending September 30, 2023 (17th fiscal period)<br>(April 1, 2023 – September 30, 2023) (183days) |
| Portfolio properties | ➢ Earnings forecasts for the fiscal period ending September 30, 2023 are based on the 68 properties and trust beneficiary interest owned by KRR as of September 30, 2022 to which are added Coop Sapporo Shunko, acquired on October 7, 2022, and iias Kasugai (70% quasi-co-ownership interest), acquired on October 26, 2022 (together, the "Assets Acquired in the 16th fiscal period"), for a total of 70 properties (the "Current Properties in the 16th fiscal period").<br>➢ Forecasts are based on the assumption that portfolio assets other than the above are not subject to change (such as acquisition of new properties and disposition of Current Properties) |
| Operating revenues | ➢ Operating revenues are based on information provided by the sellers of the Assets Acquired in the 16th fiscal period and information possessed by KRR on the Current Properties in the 16th fiscal period, and on the leasing agreements currently in place and other factors such as expectations based on tenant and market trends.<br>➢ 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, reflecting variable costs that include leasing costs based on the leasing agreements on the properties.<br>➢ Depreciation expenses of 1,375 million yen are assumed for the period ending September 30, 2023 using the straight-line depreciation method.<br>➢ Property-related taxes are assumed at 892 million yen for the fiscal period ending September 30, 2023. Property-related taxes on the assets acquired since January 1, 2022 were settled with the seller at the time of sale, and the amount equivalent to the property-related taxes was included in the acquisition price. Due to this and other reasons, this item is expected to be expensed in the fiscal period ending September 30, 2023 or later.<br>➢ 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 for each fiscal period. However, repair expenses may be substantially different from the expected amount due to certain unexpected factors. |
| Non-operating expenses | ➢ Amortization of costs relating to the issuance and offering of new investment units are assumed at 16 million yen for the fiscal period ending September 30, 2023. It is assumed that the costs relating to the issuance and offering of new investment units will be amortized over three years using the straight-line method.<br>➢ Interest expenses and other debt-related expenses are assumed at 623 million yen for the fiscal period ending September 30, 2023. |
| Borrowings and investment corporation bonds | ➢ KRR has outstanding borrowings of 119,300 million yen and outstanding investment corporation bonds of 10,000 million yen as of the date of this announcement.<br>➢ Of its current outstanding borrowings as of today, KRR assumes that the 500 million yen that will come due in the period ending September 30, 2023 will be refinanced in its entirety.<br>➢ Of its current outstanding investment corporation bonds as of today, KRR assumes that none will come due in the period ending September 30, 2023<br>➢ The LTV ratio at the end of the fiscal period ending September 30, 2023 is estimated to be approximately 45.0% (rounded to the first decimal place).<br>➢ LTV ratios are calculated according to the following formula:<br>LTV ratio = (Outstanding borrowings + Outstanding investment corporation bonds)/Total assets. |
| Investment units | ➢ It is assumed that the number of investment units outstanding is 602,177 units, and that there will be no changes in the number of investment units due to new issuance of units until the end of the fiscal period ending September 30, 2023. |
| 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.<br>➢ KRR assumes that changes in the market value of interest rate swaps during the fiscal period ending September 30, 2023 do not affect distributions per unit.<br>➢ Actual distributions per unit (excluding distributions in excess of earnings per unit) may fluctuate due to various factors such as fluctuations in rental revenues caused by asset replacements, tenant replacements, etc. or unexpected repairs. |
| Distributions in excess of earnings per unit | ➢ KRR expects to record an Allowance for Temporary Adjustment ("ATA") to adjust the temporary differences between treatment of certain transactions under Japanese GAAP and |

| Item | Assumptions |
|---|---|
| | Japanese tax laws in relation to Sunny Noma, which result 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 beginning March 16, 2007). Although KRR assumes that distributions per unit are not affected by changes in the market value of interest rate swaps, depending on the market value, which may change due to fluctuations in the interest rate market, KRR may not record an ATA.<br>➢ 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 9 yen per unit for the period ending September 30, 2023. |
| 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.<br>➢ Forecasts are based on the assumption that there will be no unexpected significant changes in general economic trends, real estate market trends or other conditions. |