Translation of Japanese Original

June 13, 2023

To All Concerned Parties

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(Securities Code: 3453)

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Notice Concerning Forecasts for Operating Results for the Fiscal Period Ending October 31, 2023 (from April 1, 2023 to October 31, 2023) and Payment Upon the Merger

As announced in the press release "Notice Concerning Execution of the Merger Agreement by and among Kenedix Office Investment Corporation, Kenedix Residential Next Investment Corporation and Kenedix Retail REIT Corporation" dated today, Kenedix Retail REIT Corporation ("KRR") has executed a merger agreement (the "Merger Agreement") as of today, and plans to execute an absorption-type merger (the "Merger") effective on November 1, 2023, whereby Kenedix Office Investment Corporation ("KDO") is the surviving corporation and Kenedix Residential Next Investment Corporation ("KDR") and KRR are the dissolving corporations. In relation to the Merger, KRR intends to submit a proposal to its General Meeting of Unitholders, which is scheduled to be held on August 21, 2023, regarding an amendment of its articles of incorporation to change the ends of its fiscal period from the last days of March and September to the last days of April and October. Subject to the approval of the proposal of such amendment of the articles of incorporation at the General Meeting of Unitholders, KRR's final fiscal period prior to the effective date of the Merger is scheduled to be the seven-month period from April 1, 2023 to October 31, 2023 (the "Fiscal Period Ending October 31, 2023"). KRR hereby announces the following details regarding forecasts for operating results for the Fiscal Period Ending October 31, 2023, which will be its final fiscal period if the Merger comes into effect, and the forecasted payment upon the Merger to be paid instead of cash distributions for the final fiscal period.

1. Forecasts for Operating Results for the Fiscal Period Ending October 31, 2023 (from April 1, 2023 to October 31, 2023) and Payment Upon the Merger

	Operating revenue (million yen)	Operating income (million yen)	Ordinary income (million yen)	Net income (million yen)	Payment upon the Merger per unit (yen)
Fiscal Period Ending October 31, 2023	11,969	5,353	4,608	4,607	7,660

(Note 1) Number of forecasted investment units issued and outstanding at the end of the fiscal period is 602,177 units.

(Note 2) The period for the forecasts for operating results for the Fiscal Period Ending October 31, 2023 and payment upon the Merger is the seven-month period from April 1, 2023 to October 31, 2023.

(Note 3) The figures above are forecasts as of this moment, which is calculated based on the assumptions stated in ATTACHMENT "Assumptions for the Forecasts for Operating Results for the Fiscal Period Ending October 31, 2023 and Payment Upon the Merger" on the assumption that the Merger will take effect, and the actual operating revenue, operating income, ordinary income, net income and payment upon the Merger per unit may vary due to transition in property market, etc., changes in the operating environment or other circumstances surrounding KRR, status of exercise of the right to demand purchase of investment units relating to the Merger, expenses related to the Merger, etc. In addition, these forecasts do not guarantee the amount of the payment upon the Merger.

(Note 4) After the Merger, instead of cash distributions to the unitholders of KRR for KRR's final fiscal period, KDO (following the Merger, the corporate name is scheduled to be changed to "KDX Realty Investment Corporation". The surviving corporation after the Merger is referred to as the "New REIT", hereinafter), the surviving corporation, will, based on the amount of distributable profit of KRR and within a reasonable period after the effective date of the Merger, make a payment upon the Merger (distributions of profits) to the unitholders listed or recorded on the final unitholders register of KRR as of October 31, 2023, the day immediately prior to the effective date of the Merger (excluding KDO, KDR, KRR and the unitholders of KRR who have demanded the purchase of their investment units pursuant to the provisions of Article 149-3 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (excluding the unitholders of KRR who have withdrawn such purchase demands)) (hereinafter the "Allotted Unitholders"), in an amount equivalent to the cash distributions for the final fiscal period (the payment will be the amount of distributable profit of KRR as of the day immediately prior to the effective date of the Merger divided by the number of investment units that is obtained by deducting the number of investment units held by the unitholders other than the Allotted Unitholders from the total number of investment units of KRR issued and outstanding as of the day immediately prior to the effective date of the Merger (such calculated amount being rounded down to the nearest whole yen)). As a result, the amount of payment upon the Merger will vary depending on the status of exercise of the right to demand purchase of investment units. Because the status of such exercise cannot be confirmed at present, the forecasted figures above assume that the right to demand purchase of investment units will not be exercised.

(Note 5) Forecasts may be revised if results are expected to deviate from the above forecasts beyond a certain level.

(Note 6) Figures less than one unit are rounded down.

2. Reasons for Announcement

Forecasts for operating results for the fiscal period ending September 30, 2023 (from April 1, 2023 to September 30, 2023) were announced in "FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED MARCH 31, 2023 (REIT)" released on May 17, 2023. However, in connection with the execution of the Merger Agreement, KRR intends to submit a proposal to its General Meeting of Unitholders, which is scheduled to be held on August 21, 2023, regarding an amendment of its articles of incorporation to change the ends of its fiscal period from the last days of March and September to the last days of April and October. Subject to the approval of such amendment of the articles of incorporation at the General Meeting of Unitholders, the seven months from April 1, 2023 to October 31, 2023 will be KRR's final fiscal period before the Merger comes into effect. As KRR plans to record expenses in connection with the Merger and to acquire properties in connection with the Merger, KRR hereby announces the forecasts for operating results for the Fiscal Period Ending October 31, 2023 (from April 1, 2023 to October 31, 2023) which will be the final fiscal period of KRR, and forecasted payment upon the Merger to be paid instead of cash distributions for the final fiscal period.

Forecasts for operating results for the Fiscal Period Ending October 31, 2023 (from April 1, 2023 to October 31, 2023) and payment upon the Merger assume that the proposal pertaining to the approval of the Merger Agreement and change in the ends of fiscal period, etc. will be adopted and approved at the general meeting of unitholders scheduled to be held on August 21, 2023.

For details concerning forecasts for operating results and distributions for the New REIT, the surviving corporation after the Merger, please refer to the press release "Notice Concerning Operating Results and Distributions Forecasts for the Fiscal Period Ending April 30, 2024, Following the Merger of Kenedix Office Investment Corporation, Kenedix Residential Next Investment Corporation and Kenedix Retail REIT Corporation" announced by KDO, KDR and KRR today.

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

This notice is the English translation of the Japanese announcement on June 13, 2023. However, no assurance or warranties are given for the completeness or accuracy of this English translation.

ATTACHMENT

Assumptions for the Forecasts for Operating Results
for the Fiscal Period Ending October 31, 2023 and Payment Upon the Merger

Item	Assumptions
Calculation period	➢ Fiscal Period Ending October 31, 2023 (17th fiscal period) (from April 1, 2023 to October 31, 2023) (214 days)
Portfolio assets	➢ Earnings forecasts for the Fiscal Period Ending October 31, 2023 are based on 71 properties (the "Assets held at the end of the 17th fiscal period"), which are the 70 real estate and trust beneficiary interest in real estate owned by KRR as of March 31, 2023 (the "Assets held at the end of the 16th fiscal period") and York Mart Higashi-Michinobe which is scheduled to be acquired on September 25, 2023 (the "Assets to be Acquired in the 17th fiscal period"). ➢ 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 to be Acquired in the 17th fiscal period and information possessed by the asset manager of KRR on the Assets held at the end of the 16th fiscal period, and on the leasing agreements currently in place and other factors such as expectations based on tenant and market trends. ➢ 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. ➢ Depreciation is calculated by the straight-line method including incidental expenses, etc., and is assumed to be 1,610 million yen. ➢ Taxes and public dues (fixed property tax and city planning tax, etc. (the "property-related taxes")) are assumed to be 1,021 million yen. Property-related taxes on the assets acquired since January 1, 2023 were settled with the seller at the time of sale, and the amount equivalent to such settled amount is expected to be included in the acquisition price. ➢ Repair expenses are recorded as expenses for each property in the amount that the asset manager assumes to be necessary for each fiscal period. However, actual repair expenses for each fiscal period may differ significantly from the forecasted amounts due to various reasons, including increased or additional repair expenses caused by unforeseeable factors, the fact that repair expenses generally vary widely from year to year, and the fact that such expenses are not incurred on a regular basis. ➢ One-time cost relevant to the Merger is assumed to be 64 million yen. ➢ It is assumed that the General Meeting of Unitholders will approve the amendment to the articles of incorporation to change the current calculation method of the Asset Management Fee II, which is based on a six-month operating period, so that the amount of the Asset Management Fee II for the period ending October 31, 2023 (17th fiscal period) will not be excessive as such fiscal period will be a seven-month period.
Non-operating	➢ Amortization of costs relating to the issuance and offering of new investment units

Item	Assumptions
expenses	are assumed to be 16 million yen. 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. ➢ Interest expenses and other debt-related expenses are assumed to be 727 million yen.
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. ➢ Of its current outstanding borrowings as of today, KRR assumes that the 500 million yen and 1,000 million yen that will become due in the Fiscal Period Ending October 31, 2023 will be refinanced in its entirety. ➢ It is assumed that, in connection with the acquisition of the Assets to be Acquired in the 17th fiscal period scheduled on September 25, 2023, KRR will borrow 4,600 million yen on the same date. ➢ Of its current outstanding investment corporation bonds as of today, KRR assumes that none will become due in the Fiscal Period Ending October 31, 2023. ➢ The LTV ratio at the end of the Fiscal Period Ending October 31, 2023 is estimated to be approximately 45.7% (rounded to the first decimal place). ➢ LTV ratios are calculated according to the following formula: LTV ratio = (Outstanding borrowings + Outstanding investment corporation bonds)/Total assets
Investment units	➢ It is assumed that the number of investment units issued and outstanding as of the date of this announcement is 602,177 units, and that there will be no changes in the number of investment units, among others, due to new issuance of units until the end of the Fiscal Period Ending October 31, 2023.
Payment upon the Merger per unit	➢ Payment upon the Merger (payment upon the Merger per unit) is made in lieu of cash distributions for the Fiscal Period Ending October 31, 2023 (from April 1, 2023 to October 31, 2023) and is calculated based on the cash distribution policy set forth in the articles of incorporation of KRR. ➢ Payment upon the Merger per unit may change due to various factors, including the status of exercise of the rights to purchase units in relation to the Merger, changes in assets under management, fluctuations in rental income resulting from changes in tenants, etc. or occurrence of unexpected repairs.
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, real estate market trends or other conditions.