

Translation of Japanese Original

February 25, 2021

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  
Contact: Koichiro Nobata, Head of Planning Division,  
Retail REIT Department  
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Notice Concerning Disposition of Property (Hankyu Oasis Hirakatadeguchi)

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 property as follows.

1. Outline of the disposition

- |      |  |   |
|------|--|---|
| (1)  | Type of asset:                                       | Trust beneficiary interest in real estate   |
| (2)  | Property name:                                       | Hankyu Oasis Hirakatadeguchi  |
| (3)  | Disposition price (Note):                            | 1,500 million yen   |
| (4)  | Book value:  | 1,295 million yen<br>(Book value is as of September 30, 2020, rounded off to the nearest million yen.)  |
| (5)  | Difference between disposition price and book value: | 204 million yen<br>(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.)                             |
| (6)  | Buyer:   | Please refer to Item 4. Buyer’s profile for details   |
| (7)  | Date of contract:                                    | February 25, 2021   |
| (8)  | Disposition date:                                    | August 10, 2021   |
| (9)  | 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. |
| (10) | Settlement method:                                   | Received a deposit of 150 million yen on the date of contract<br>Receive the remaining amount on the disposition date   |
| (11) | Method of buyer selection:                           | The buyer was selected from several potential buyers after verifying the prices and conditions of the disposition.  |

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

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, the characteristics of individual asset, etc. As the lease contract of the property expiring in July 2021, KRR had been in discussions with the current tenant

for a new contract. However, since there was a large discrepancy with the current tenant regarding the terms of the new lease contract, KRR had been considering the possibility of tenant replacement and asset disposition. As a result, KRR reached an agreement with a potential buyer to sell the property at a price that exceeded the appraisal value of the property by more than 12% and the book value by more than 15%. As the asset value of the property is expected to decline if KRR continues to hold the property, KRR determined that disposing of the property would lead to an increase in unitholder value.

### 3. Details of the property

Property name		Hankyu Oasis Hirakatadeguchi
Property type (Note 1)		SM
Type of specified asset		Trust beneficiary interest in real estate
Trustee		Sumitomo Mitsui Trust Bank, Ltd.
Location		1-17-20 Deguchi, Hirakata, Osaka
Land	Form of ownership	Proprietary ownership
	Land area	4,978.38 m <sup>2</sup>
	Zoning	Industrial area
	Building coverage ratio	60%
	Floor-area ratio	200%
Building	Form of ownership	Proprietary ownership
	Gross floor area	2,961.02 m <sup>2</sup>
	Date constructed	August 9, 2006
	Use	Retail store
	Structure/No. of floors	S-structure / 2-story building
Acquisition price		1,280 million yen
Appraisal value (as of)		1,330 million yen (September 30, 2020)
Real estate appraiser		Daiwa Real Estate Appraisal Co., Ltd.
Lease summary		(as of September 30, 2020)
	Number of tenants	1
	Annual rent	Not disclosed (Note 2)
	Tenant deposits	Not disclosed (Note 2)
	Leased area	2,960.38 m <sup>2</sup>
	Leasable area	2,960.38 m <sup>2</sup>
	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 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	February 25, 2021
Scheduled settlement date	August 10, 2021 (planned)

Note: The purchase and sale agreement with the buyer on the sale of the asset falls under the category of forward commitment made by investment corporations as stipulated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." ruled by the Financial Service Agency of Japan. In case the agreement is terminated, either of the parties responsible for the termination shall compensate for the damage resulted from the termination by paying a penalty corresponding to 20% of the sale price (excluding consumption taxes and local consumption taxes) to the other party. However, since KRR is the seller in this transaction and there is no concern such as financing in execution the sale, KRR believes that the risk of KRR paying the penalty and making an important impact on its financial condition is small.

8. Future outlook

Gains on sale of the property are assumed for the fiscal period ending September 30, 2021. There are no changes to the forecasts of fiscal periods ending March 31, 2021 and September 30, 2021 as the impact on the disposition is minimal.

9. Summary of real estate appraisal report

(The numbers are in yen unless otherwise noted)

Summary of real estate appraisal report		
Appraisal value	1,330,000,000 yen	
Appraiser	Daiwa Real Estate Appraisal Co., Ltd.	
Date of appraisal	September 30, 2020	
Item	Content	Basis
Income capitalization approach value	1,330,000,000 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	1,340,000,000 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	0 yen	None on assumption that the expenses are borne by lessees
PM fees	3,600,000 yen	Calculated based on the current PM contract amount
Tenant recruit expenses, etc.	0 yen	None on assumption
Taxes and dues	Undisclosed	
Insurance premium	Undisclosed	

	Other expenses	Undisclosed	
(3)	Net operating income (NOI= (1)-(2))	75,614,200 yen	
(4)	Profit from security deposits	435,120 yen	Calculating investment income assuming investment yield is 1.0%
(5)	Capital expenditure	2,569,000 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))	73,480,320 yen	
(7)	Cap rate	5.5%	Calculated by comprehensively considering the location, building conditions, and contractual terms of the subject property
Value based on DCF method		1,320,000,000 yen	
	Discount rate	5.3%	Calculated based on discount rates for similar real estate transactions, comparison with yields on other financial instruments, etc.
	Terminal cap rate	5.7%	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		867,000,000 yen	
	Ratio of land	78.2%	
	Ratio of building	21.8%	
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 February 25, 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 of Hankyu Oasis Hirakatadeguchi and Daikanyama Address Dixsept)

No.	Type (Note 1)	Property name	Location	(Anticipated) acquisition date	(Anticipated) acquisition price (million yen) (Note 2)	Appraisal value (million yen) (Note 3)	Share (%) (Note 4)
T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	February 10, 2015	8,063	10,000	3.6
T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi-ku, Tokyo	February 10, 2015	5,850	6,620	2.6
T-4	Urban Station-Front SC	Daikanyama Address Dixsept (Note 5)	Shibuya-ku, Tokyo	February 10, 2015	-	-	-
T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	February 10, 2015 (Note 6)	4,470	5,240	2.0
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	February 10, 2015	4,000	4,350	1.8
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	February 10, 2015	3,600	3,860	1.6
T-8	SS	Sports Club Renaissance Fujimidai	Nerima-ku, Tokyo	February 10, 2015	2,586	2,750	1.2
T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	October 2, 2015	4,815	5,470	2.2
T-10	SS	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	October 2, 2015	3,169	3,470	1.4
T-11	NSC	Unicus Kamisato (Land)	Kodama-gun, Saitama	October 2, 2015	3,000	3,050	1.4
T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	October 2, 2015	1,700	1,780	0.8
T-13	SM	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	October 2, 2015	1,442	1,390	0.6
T-15	NSC	Nakamachidai Tokyu Store	Yokohama, Kanagawa	April 21, 2016	3,360	3,750	1.5
T-16	SS	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	April 20, 2016	1,724	1,780	0.8
T-17	SM	Life Kameido	Koto-ku, Tokyo	April 21, 2016	1,450	1,490	0.7
T-18	NSC	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	April 19, 2017	4,170	4,320	1.9
T-19	NSC	Yumemachi Narashinodai Mall	Funabashi, Chiba	April 19, 2017	3,416	3,520	1.5
T-20	NSC	Kawamachi Yahagi Mall	Chiba, Chiba	May 18, 2017	3,097	3,240	1.4
T-21	SS	Prime Square Jiyugaoka	Meguro-ku, Tokyo	April 19, 2017	2,820	2,820	1.3
T-22	SS	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	April 19, 2017	1,880	1,970	0.8
T-23	SM	Ozeki Tokiwadai	Itabashi-ku, Tokyo	February 13, 2018	1,263	1,340	0.6
T-24	SS	Konami Sports Club Shibuya	Shibuya-ku, Tokyo	April 27, 2018	3,400	3,390	1.5
T-25	NSC	Apita Terrace Yokohama Tsunashima	Kohoku-ku, Yokohama, Kanagawa	November 1, 2019	5,899	6,170 (Note 7)	2.7

No.	Type (Note 1)	Property name	Location	(Anticipated) acquisition date	(Anticipated) acquisition price (million yen) (Note 2)	Appraisal value (million yen) (Note 3)	Share (%) (Note 4)
T-26	NSC	Kalsa Hiratsuka	Hiratsuka, Kanagawa	November 1, 2019	5,980	6,020	2.7
T-27	NSC	Monenosato Mall	Yotsukaido, Chiba	October 24, 2019	2,410	2,530	1.1
T-28	NSC	KDX Chofu Building (Retail wing)	Chofu, Tokyo	October 24, 2019	2,300	2,480	1.0
T-29	NSC	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	October 24, 2019	2,248	2,310	1.0
T-30	SM	Comfort Market Nishi-magome	Ota-ku, Tokyo	April 15, 2020	1,920	2,000	0.9
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	February 10, 2015	8,389	9,610	3.8
O-2	SM	Life Takadono (Land)	Osaka, Osaka	February 10, 2015	2,685	3,140	1.2
O-3	NSC	DCM Kahma MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	February 10, 2015	2,140	2,590	1.0
O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	April 16, 2015	11,000	11,000	5.0
O-5	Urban station- front SC	Carino Esaka	Suita, Osaka	October 2, 2015	6,555	7,190	3.0
O-6	Urban station- front SC	COMBOX Komyoike	Izumi, Osaka	October 2, 2015	6,450	6,490	2.9
O-7	SM	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	October 2, 2015	-	-	-
O-9	SM	Life Nishi-Tengachaya	Osaka, Osaka	January 21, 2016	1,505	1,690	0.7
O-10	NSC	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	April 21, 2016	3,723	3,980	1.7
O-11	NSC	Habikigaoka Shopping Center	Habikino, Osaka	September 27, 2019	2,000	2,020	0.9
N-1	SS	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	February 10, 2015	2,311	2,690	1.0
N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	February 10, 2015	2,174	2,360	1.0
N-4	SS	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	April 21, 2016	7,140	7,280	3.2
N-6	NSC	Resora Obu Shopping Terrace	Obu, Aichi	August 1, 2017	7,911	7,050	3.6
N-7	SM	Valor Nakashidami (Land)	Moriyama-ku, Nagoya, Aichi	November 1, 2019	2,551	2,560	1.1
F-1	SM	Sunny Noma	Fukuoka, Fukuoka	February 10, 2015	1,497	1,640	0.7
F-2	SS	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	April 19, 2017	5,020	5,760	2.3
F-3	NSC	Kurume-Nishi Shopping Center	Kurume, Fukuoka	April 19, 2017	1,515	1,840	0.7
R-1	NSC	Roseo Mito	Mito, Ibaraki	February 10, 2015 (Note 8)	10,046	12,000	4.5

No.	Type (Note 1)	Property name	Location	(Anticipated) acquisition date	(Anticipated) acquisition price (million yen) (Note 2)	Appraisal value (million yen) (Note 3)	Share (%) (Note 4)
R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	February 10, 2015	1,469	1,520	0.7
R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	February 10, 2015	898	912	0.4
R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	October 2, 2015	4,180	4,660	1.9
R-5	NSC	Yorktown Shinden-Higashi	Sendai, Miyagi	October 2, 2015	3,252	2,610	1.5
R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	October 2, 2015	830	879	0.4
R-8	NSC	P-1 Plaza Tenno	Hamamatsu, Shizuoka	April 22, 2016	4,010	4,350	1.8
R-9	NSC	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	January 31, 2017	4,111	4,260	1.9
R-10	NSC	Sun Street Hamakita	Hamamatsu, Shizuoka	April 27, 2017	10,746	11,160 (Note 7)	4.8
R-11	SS	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	May 31, 2018	4,210	4,420	1.9
L-1	L	Zama Distribution Center	Zama, Kanagawa	April 5, 2019	1,400	1,690	0.6
L-2	L	Oppama Distribution Center	Yokosuka, Kanagawa	April 5, 2019	1,300	1,600	0.6
L-3	L	Musashi Ranzan Distribution Center	Hiki-gun, Saitama	March 26, 2019	3,879	4,090 (Note 7)	1.7
L-4	L	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	April 11, 2019 (Note 9)	909	970	0.4
L-5	L	Gyoda Distribution Center	Gyoda, Saitama	October 1, 2019	3,160	3,440	1.4
L-6	L	Shinjuku Nishiochiai Distribution Center	Shinjuku-ku, Tokyo	January 10, 2020	810	821	0.4
L-7	L	Chiba-Kita Distribution Center	Chiba, Chiba	December 25, 2020	1,250	1,340	0.6
L-8	L	Sapporo Shiroishi Distribution Center	Sapporo, Hokkaido	December 24, 2020	800	1,020	0.4
Total					221,859	237,742	100.0

(Note 1) Properties are categorized into the following five types of retail properties for daily needs: 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) “(Anticipated) acquisition price” indicates the purchase price of each trust beneficiary interest 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 which were additionally acquired, 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).

(Note 3) “Appraisal values” are the values as of the end of September 2020 for the properties held as of September 30, 2020, as of December 1, 2020 for Chiba-Kita Distribution Center and Sapporo Shiroishi Distribution Center.

(Note 4) “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 5) For details of the disposition of Daikanyama Address Dixsept, please refer to “Notice Concerning Disposition of Property (Daikanyama Address Dixsept)” dated November 17, 2020.

(Note 6) A restaurant building additionally acquired on January 16, 2017.

(Note 7) Represents the amount corresponding to the trust beneficiary quasi-co-ownership.

- (Note 8) A second-hand store building additionally acquired on November 26, 2015.
- (Note 9) A restaurant building additionally acquired on September 29, 2020.