

KENEDIX

Retail REIT Corporation



Kenedix Retail REIT Corporation

Financial Results for the 3rd Financial Period ended Sep. 2016

November 17, 2016



Virtual Property Tour of Unicus Yoshikawa →



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01

Increasing presence of SC for daily needs

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Investments focusing on shopping center for daily needs

Our focus: Neighborhood, community and other shopping centers for daily needs

The majority of portfolio properties of other listed retail-focused J-REITs

"Daily / Neighborhood" type

"Weekend / Destination" type

Small

Trade area

Large

High

Frequency of customer visits

Low

Property types	Characteristics	Trade area
NSC Neighborhood Shopping Centers	Shopping centers with a supermarket as an anchor or core tenant	3-5km
SM Supermarkets	Stand-alone stores that primarily provide groceries	3km
CSC Community Shopping Centers	Larger Shopping centers than NSC, with a supermarket as an anchor or core tenant	5-10km
Urban Station-Front	Shopping centers in the immediate vicinity of an urban public transportation station	3-5km
SS Specialty Stores	Specialty stores such as drug stores, convenience stores, health clubs or electronic appliance stores	1-10km

Large-scale suburban retail properties

RSC (Regional Shopping Center)

GMS (General Merchandise Store)

Stand-alone GMS is excluded from our investment criteria

Outlet malls

Urban retail properties featuring

High-end brand shops

Ample investment opportunities in shopping centers for daily needs



Tenants with high demand from consumers

77.2%

Share of frequently purchased items for daily needs^(Note 4) as a % of total household expenditure on consumer products



Properties located in areas with high population density

55.4%

% of Japan's total population living in suburban areas within the four major metropolitan areas^(Note 5)



Ample investment opportunities

92.3%

% of medium- or small-sized retail facilities in "retail property opening applications"

Note 1: The share of frequently purchased items for daily needs as a % of total household expenditure on consumer products according to a survey conducted by the Statistics Bureau of the Ministry of Internal Affairs and Communications in 2014.
Note 2: % of Japan's total population living in suburban areas within the four major metropolitan areas, according to a survey conducted by the Statistics Bureau of the Ministry of Internal Affairs and Communications in 2015 based on preliminary census data.
Note 3: % of applications submitted to develop new retail properties with a total floor area of 10,000 m² or less from 2005 to 2014.
Note 4: "Frequently purchased items for daily needs" refers to items that can be selected quickly, such as convenience foods and household commodities.
Note 5: "Suburban areas within the four major metropolitan areas" refers to the four major metropolitan areas excluding Tokyo (Chiyoda ward, Chuo ward, Minato ward, Shinjuku ward and Shibuya ward), Osaka (Kita-ku, Chuo-ku, Fukushima-ku, Nishi-ku, Naniwa-ku and Tennoji-ku) and Nagoya (Nishi-ku, Naka-ku and Nakamura-ku).

Trend in retail market and positioning of SC for daily needs



Purchase goods at specialty stores nearby

Purchase daily necessities at supermarkets nearby



Retail Market Trends: GMS vs. Specialty Store

Buying Goods at GMS

2007

(JPY bn)

	Type of Store	Sales
1	Super Market	12,961.0
2	GMS	8,602.1
3	Department Store	8,283.1
4	Convenience Store	7,413.9
5	Other Retailer	5,743.7
6	Consumer Electronics	5,719.1
7	Drug Store	3,692.2
8	Clothing	3,177.7
9	Home and Garden	2,835.6
10	Consumers' Co-operative	2,487.0

Buying Goods at Specialty Stores

2016

(JPY bn)

	Type of Store	Sales	Change
1	Super Market	15,517.4	+19.7%
2	Convenience Store	10,105.8	+36.6%
3	GMS	7,348.3	-14.6%
4	Drug Store	7,271.5	+96.9%
5	Other Retailer	7,143.6	24.4%
6	Department Store	6,223.4	-24.9%
7	Consumer Electronics	5,438.0	-4.9%
8	Clothing	5,223.9	+64.4%
9	Home and Garden	3,492.0	+23.1%
10	Consumers' Co-operative	2,360.3	-5.1%

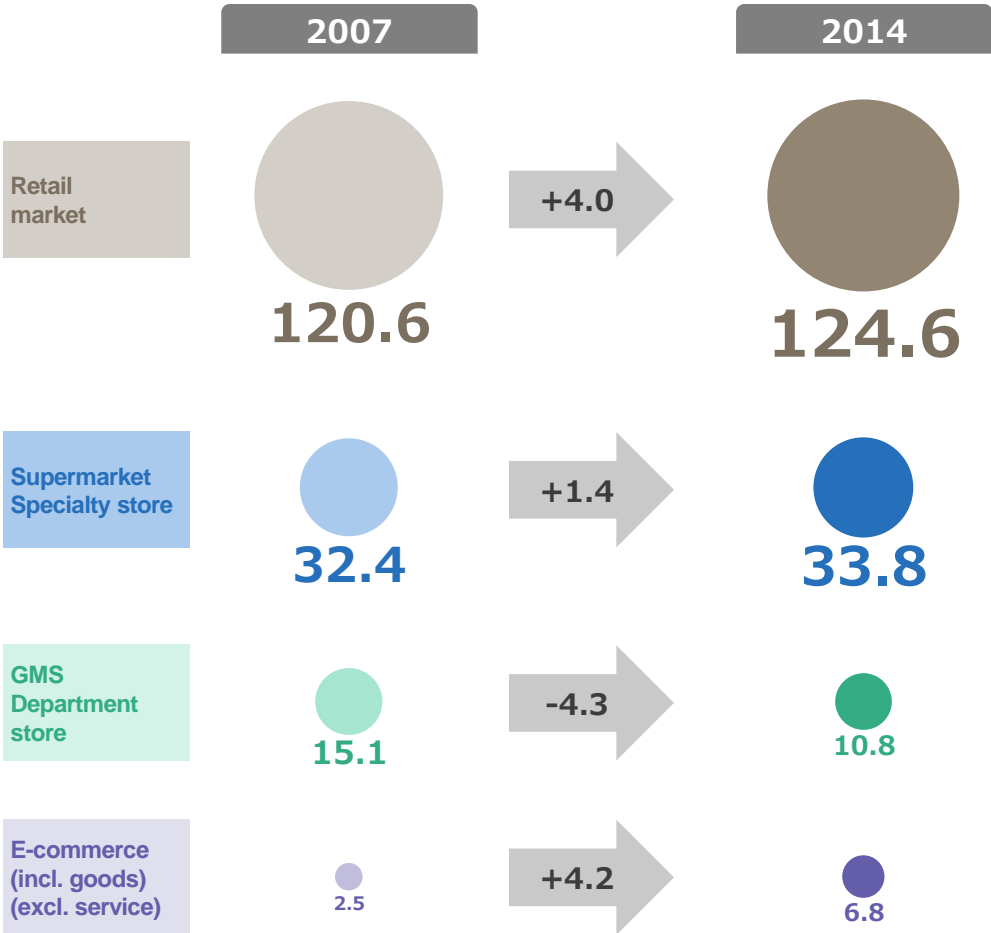
Source: Data regarding Japanese retailer earning results based on magazine "Diamond Chain Store (September 15, 2016)"

Limited e-commerce penetration in daily needs market

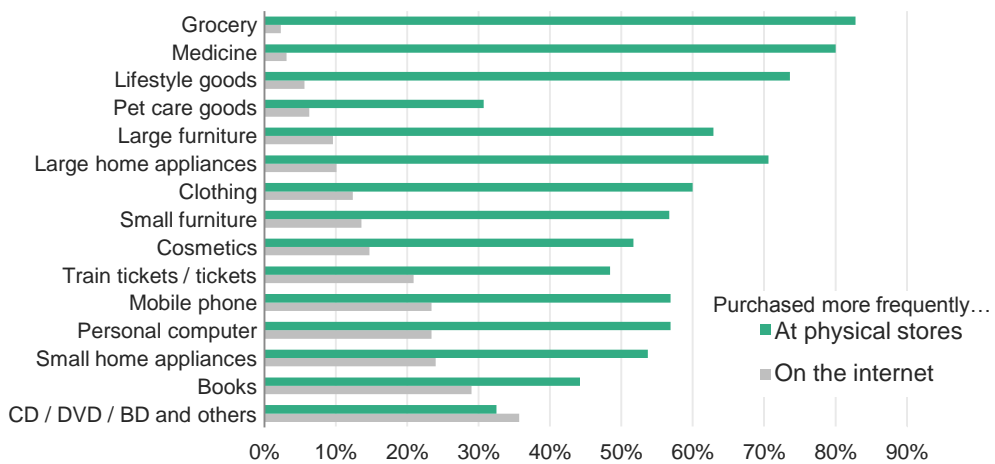
E-commerce market is still small compared to overall retail market

Tendency to purchase daily needs such as grocery in physical store

Market size comparison in types of stores (JPY trillion)

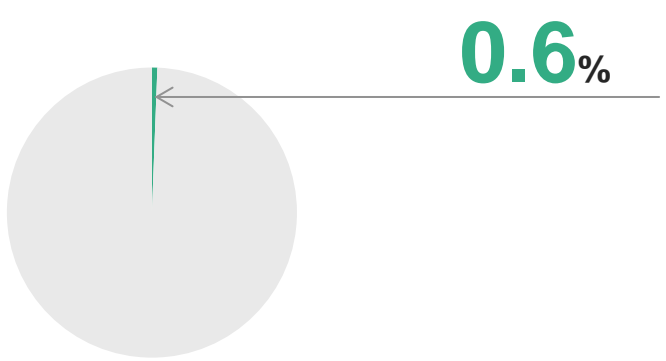


Consumers' preference: physical stores vs. online shopping



Source: White Paper Information and Communications in Japan by Ministry of Internal Affairs and Communications

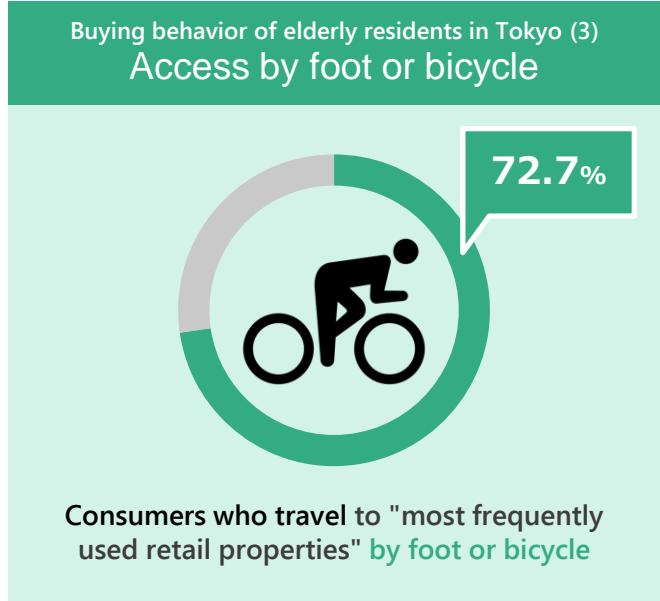
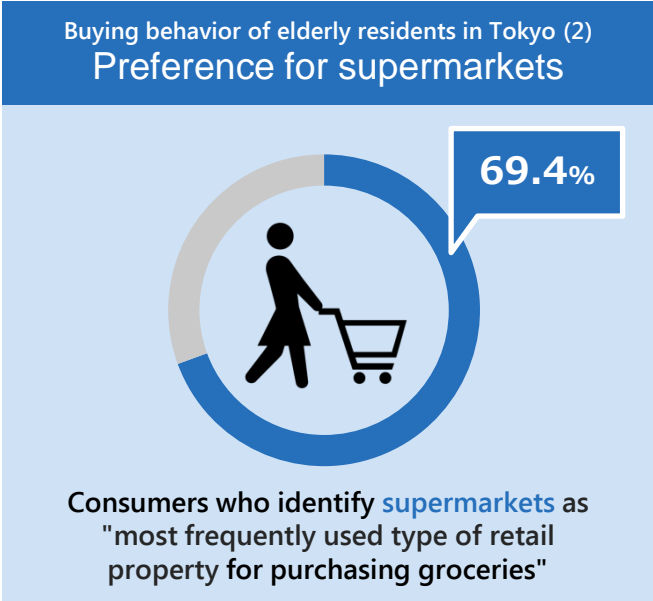
Low % of online shopping attributed to total expenditure on groceries



Source: "National Survey of Family Income and Expenditure 2014" by Ministry of Internal Affairs and Communications Bureau of Statistics

Source: Ministry of Economy, Trade, and Industry ("MITI")
 "Retail market" is based on dynamic statistics on commerce. The figure is the sum of retailer's sales excluding from car seller.
 "Super market/ Specialty store refers to the sum of specialty super market, convenience store, and drug store based on commerce census
 "GMS/ Department store refers to the sum of GMS and department store based on commerce census .
 "E-commerce in 2007" is based on market size of B to C e-commerce of retailer on the report regarding to research about national IT use in 2007.
 "E-commerce in 2014" is based on the market size of B to C e-commerce of goods seller on the report regarding to information and service infrastructure for national economy and society in 2015.

Convenient shopping experience at shopping centers



Source: Bureau of Industrial and Labor Affairs of the Tokyo Metropolitan Government "Reports on shopping trends of the elderly" (Dec. 2011)

02

Financial results for the fiscal period
ended Sep.30, 2016

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External Growth

NEW!
Alliance agreement with ITOCHU Corporation

NEW!
Acquisition of K's Denki Shin-Moriyama (Land)

Acquisition price: JPY 1,370 mn
 Appraisal value: JPY 1,410 mn
 Appraisal NOI yield (= after depreciation): 4.4%
 Located in a high population growth area
 Increasing population (5km radius +2.9%)

NEW!
Obtaining investment opportunities

Acquisition of silent partnership equity interest
 Real estate in trust: Yumemachi Narashinodai Mall
 Located in a high-population-growth area
 Increasing population (5km radius +3.7%)

Internal Growth

Property expansions on underutilized space
 Work in progress at Unicus Ina

Rent revisions for 3rd fiscal period
 Unchanged or raised in 88.5% of all

Trend of tenants' revenue
 Change from previous year: 100.2% in average

NEW!
Environmental initiatives

Awarded a "Green Star" Rating in GRESB Real Estate Assessment 2016
 Received DBJ Green Building Certification for four properties

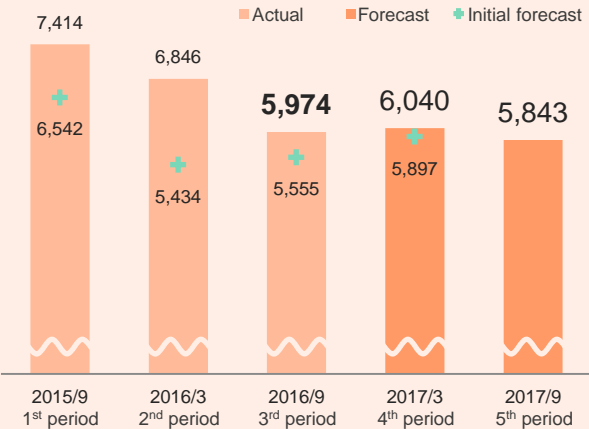
Financial Strategy

Market cap rose as shares outstanding increased
 Included in FTSE EPRA/NAREIT Global Real Estate Index Series

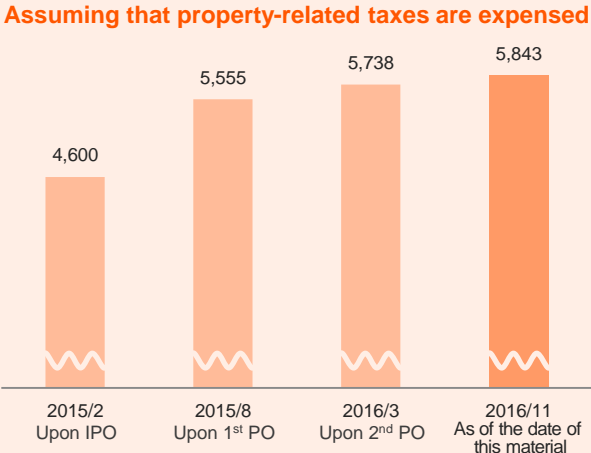
NEW!
Diversification of source of funding
 Issuance of investment corporation bonds
 Total JPY 2,000 mn
 5 years: JPY 1,000 mn, interest rate 0.20%
 10 years: JPY 1,000 mn, interest rate 0.60%

Strengthen the financial position
 Average interest rate: 0.99% (as of Oct. 31, 2016)
 LTV: 42.9% (Forecast as of Mar. 31, 2017)
 Acquisition capacity (up to LTV45%): JPY 6.6 bn

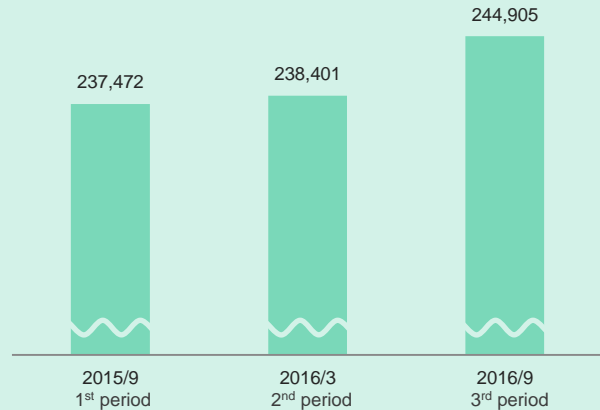
Distribution Per Unit (JPY)



Stabilized DPU (JPY)



NAV per unit (JPY)



Note 1: "LTV" refers to "loan-to-value ratio", which is calculated as the ratio of the total amount of short-term debt, long-term debt, corporate bonds and tenant leasehold and security deposits (net amounts reserved for return of tenant leasehold and security deposits) divided by total assets as of the end of the previous fiscal period minus amounts reserved for return of tenant leasehold and security deposits. (same for below)

Note 2: NAV per unit at the end of each financial period = (NAV + appraisal gains/losses on the entire portfolio at the end of each financial period) / (total number of investment units issued at the end of each financial period)

Note 3: Initial forecast represents the DPU estimate for each financial period stated in the material which we first announced earnings estimation after our listing

Summary of Balance Sheets (JPY mn)

	Mar. 2016	Sep. 2016	Change	
	2 nd period	3 rd period	JPY mn	%
Current assets	14,960	16,779	+1,819	+12.2%
Property, plant and equipment	133,488	160,918	+27,430	+20.5%
Intangible assets	530	526	-4	-0.8%
Investments and other assets	753	822	+68	+9.1%
Total Non-current assets	134,772	162,268	+27,495	+20.4%
Deferred assets	276	312	+35	+13.0%
Total assets	150,009	179,360	+29,350	+19.6%
Current liabilities	8,283	13,781	+5,497	+66.4%
Non-current liabilities	61,690	68,838	+7,148	+11.6%
Total liabilities	69,974	82,620	+12,645	+18.1%
Total net assets	80,034	96,739	+16,705	+20.9%
Total liabilities and net assets	150,009	179,360	+29,350	+19.6%
LTV	42.7%	42.5%	---	---

Factors in change of current assets

(JPY mn)

1. Increase in cash and deposits	+484
2. Increase in cash and deposits in trust mainly due to increase in tenant lease hold and deposits in trust	+1,273
3. Others	+60

Factors in change of non-current assets

1. Increase in PP&E mainly due to acquisition of assets (net)	+27,430
2. Increase in long-term prepaid expenses due to payment of upfront fee related to debt financing (net)	+68
3. Others	-4

Factors in change of deferred assets

1. Increase in investment unit issuance costs related to 2 nd PO (net)	+40
2. Other (amortization of organization costs)	-5

Factors in change of current liabilities

1. Increase in short-term loans payable due to acquisition of assets in connection with 2 nd PO	+5,570
2. Other	-72

Factors in change of non-current liabilities

1. Increase in long-term loans payable due to acquisition of assets in connection with 2 nd PO	+6,230
2. Increase in tenant lease hold and deposits in trust due to acquisition of assets	+885
3. Other	+32

Factors in change of net assets

1. Increase in unitholder's capital due to 2 nd PO	+16,649
2. Allowance for temporary difference adjustment	-4
3. Increase in unappropriated retained earnings	+90
4. Deferred gains or losses on hedges	-31

Summary of Statements of Income and Retained Earnings (JPY mn)

	Mar. 2016	Sep. 2016		Changes	
	2 nd period Actual (A)	3 rd period Forecast (B)	3 rd period Actual (C)	C - A	C - B
Rent revenue – real estate	4,656	5,406	5,405	+749	-0
Other lease business revenue	884	986	968	+83	-17
Operating revenues	5,541	6,392	6,374	+833	-18
Property related expenses (excl. depreciation)	1,669	2,200	2,146	+476	-54
NOI	3,871	4,192	4,228	+357	+36
Depreciation	565	711	714	+148	+2
NOI after depreciation	3,305	3,480	3,513	+208	+33
Other operating expenses	479	537	540	+61	+3
Operating income	2,826	2,943	2,973	+147	+30
Non-operating income	1	1	0	-1	-0
Non-operating expenses	398	468	454	+55	-14
Ordinary income	2,428	2,475	2,519	+90	+44
Net income	2,427	2,472	2,518	+90	+46
DPU (JPY)	6,846	5,865	5,974	-872	+109

Factors for changes from forecast

Operating revenues

Utility charge reimbursement Due to decline in electricity charges	-28
Others	+10

Operating expenses

Repairs and maintenance (incl. restoring)	+19
Utilities Due to cost-cut ting and decline in electricity charges	-69

Non-operating expenses

Interest expenses and financing-related expenses	-11
Amortization of investment unit issuance costs	-2

Factors for changes from 2nd period

NOI

32 properties acquired in 2015	-356
[Property taxes (expense) of the 32 properties +482]	+482
8 properties acquired in 2016	+713

Depreciation

32 properties acquired in 2015	+15
8 properties acquired in 2016	+132

Non-operating expenses

Interest expenses and financing-related expenses	+37
Amortization of investment unit issuance costs	+17

Financial forecasts: 4th fiscal period (Mar. 2017) (JPY mn)

Key financial information	Sep. 2016 3 rd period (Actual)	Mar. 2017 4 th period (Forecast)	Changes
Operating revenues	6,374	6,398	+24
Operating expenses	3,400	3,390	-10
Operating income	2,973	3,007	+34
Non-operating expenses	454	460	+6
Interest expenses & financing-related expenses	372	378	+5
Amortization of investment unit issuance costs & organization costs	81	81	---
Ordinary income	2,519	2,547	+27
Net income	2,518	2,546	+27
DPU	5,974	6,040	+66

Related key indicator	Sep. 2016 3 rd period (Actual)	Mar. 2017 4 th period (Forecast)	Changes
NOI	4,228	4,315	+87
NOI yield (%) ^(Note1)	5.4%	5.4%	---
Depreciation	714	720	+5
NOI after depreciation	3,513	3,595	+81
NOI yield after depreciation (%) ^(Note1)	4.5%	4.5%	---
FFO ^(Note2)	3,315	3,350	+35
CAPEX	264	549	+284
LTV (%)	42.5%	42.9%	---

Note1: Property taxes for the properties acquired in 2016 is not expected to be expensed in the 4th fiscal period.
 Note2: FFO = Net income + Depreciation + Amortization - Gain on sale of property + Loss on sale of property

Factors for changes from previous period (from 3rd period)

Operating revenues	
Rental revenue – real estate from properties acquired in Apr. 2016	+77
Rental revenue – real estate from properties acquired in Nov. 2016	+28
Utility charge reimbursement	-70
Others	-10
Operating expenses	
Utilities	-53
Repairs and maintenance (incl. restoring)	-31
Sales and promotion	+17
Asset management fee	+47
Others	+9
Operating income	+34

Breakdown of NOI (Net Operating Income)

Rental and other operating revenues (A)	
Rent revenue – real estate	5,520
Utility charge reimbursement	469
Other revenues	406
Property-related expenses (B) (excl. depreciation)	
PM fees / facility management fees	690
Utilities	469
Taxes	482
Repairs and maintenance (incl. restoring)	119
Sales and promotion	191
Others	127
NOI (A-B)	4,315

Financial forecasts: 5th fiscal period (Sep. 2017) (JPY mn)

Key financial information	Mar. 2017 4 th period (Forecast)	Sep. 2017 5 th period (Forecast)	Changes
Operating revenues	6,398	6,451	+52
Operating expenses	3,390	3,525	+135
Operating income	3,007	2,925	-82
Non-operating expenses	460	461	+0
Interest expenses & financing-related expenses	378	378	+0
Amortization of investment unit issuance costs & organization costs	81	81	---
Ordinary income	2,547	2,464	-82
Net income	2,546	2,463	-82
DPU	6,040	5,843	-197

Related key indicator	Mar. 2017 4 th period (Forecast)	Sep. 2017 5 th period (Forecast)	Changes
NOI	4,315	4,224	-90
NOI yield (%) ^(Note1)	5.4%	5.3%	---
Depreciation	720	724	+4
NOI after depreciation	3,595	3,500	-95
NOI yield after depreciation (%) ^(Note1)	4.5%	4.4%	---
FFO ^(Note2)	3,350	3,272	-78
CAPEX	549	307	-241
LTV (%)	42.9%	42.9%	---

 Note1: Property taxes for the properties acquired by Nov.17, 2016 is expected to be expensed in the 5th fiscal period.

Note2: FFO = Net income + Depreciation + Amortization - Gain on sale of property + Loss on sale of property

Factors for changes from previous period (from 4th period)
Operating revenues

Rent revenue – real estate	-19
Parking space rental revenues	+13
Utility charge reimbursement	+73
Others	-14

Operating expenses

Utilities	+52
-----------	-----

Taxes **+81**

Repairs and maintenance (incl. restoring)	+17
Sales and promotion	-17
Asset management fee	-11
Others	+12

Operating income **-82**
Breakdown of NOI (Net Operating Income)
Rental and other operating revenues (A)

Rent revenue – real estate	5,500
Utility charge reimbursement	542
Other revenues	402

Property-related expenses (B) (excl. depreciation)

PM fees / facility management fees	690
Utilities	521
Taxes	563
Repairs and maintenance (incl. restoring)	136
Sales and promotion	174
Others	134

NOI (A-B) **4,224**

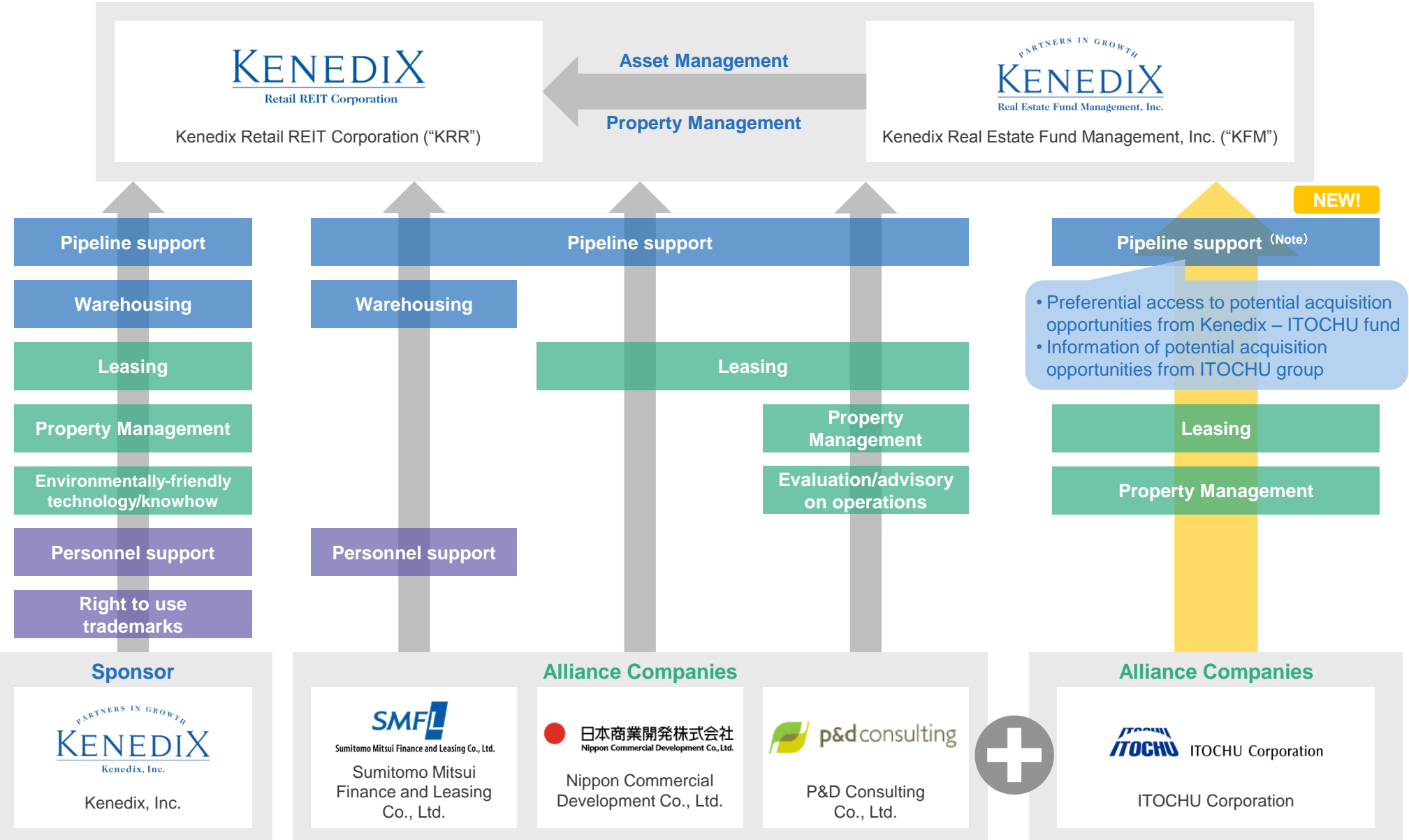
03

Implementation of growth strategies (1 of 2)
(External growth)

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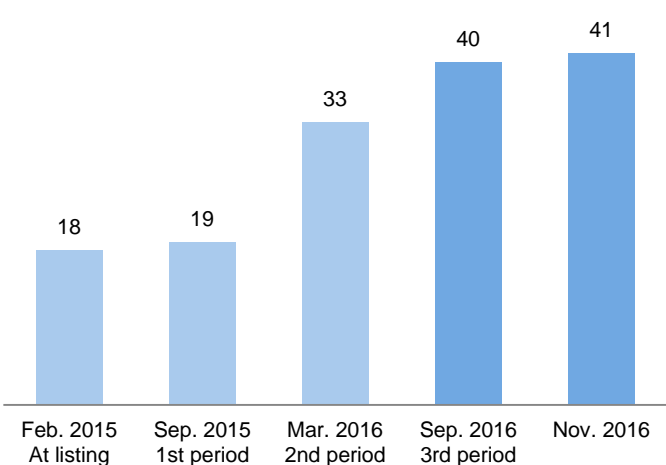
ITOCHU Corporation joined Alliance Companies



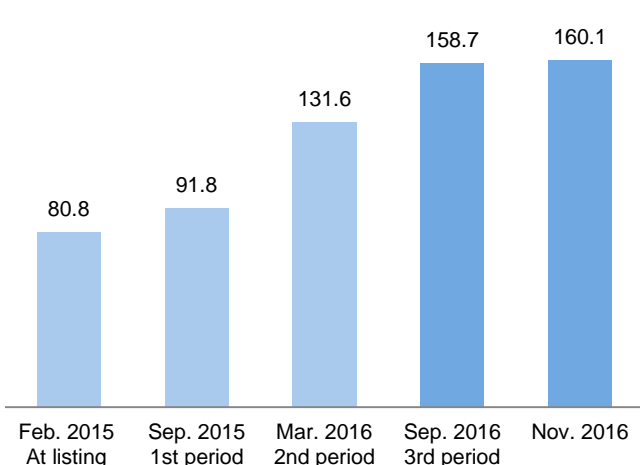
Note: Kenedix, Inc., the asset manager of the retail property development fund jointly created by ITOCHU Corporation ("Kenedix – ITOCHU Fund"), agrees to provide preferential access to potential acquisition opportunities regarding the fund, to KRR and KFM.

Summary of KRR's portfolio

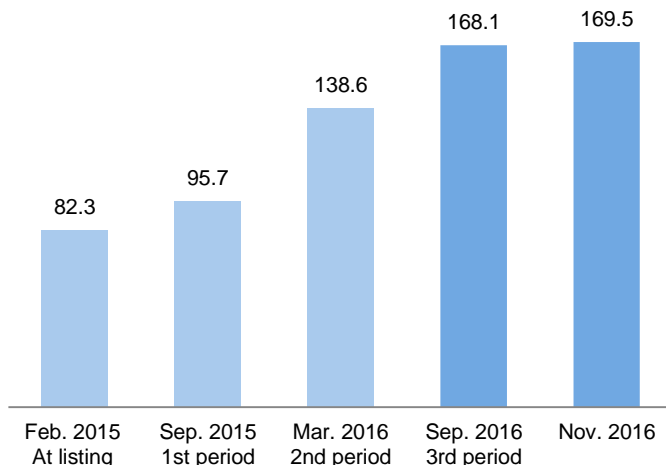
1 Number of properties



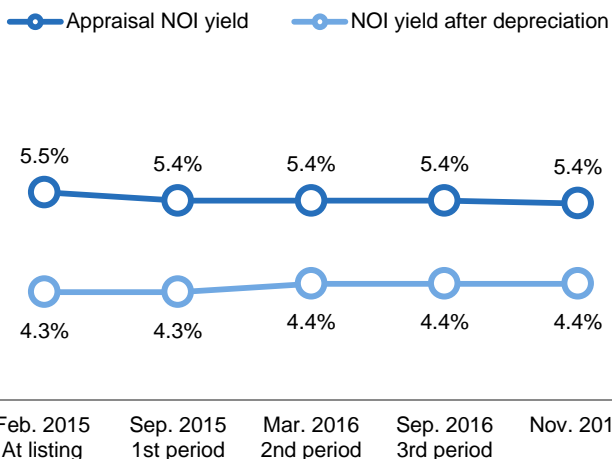
2 Total acquisition price (JPY bn)



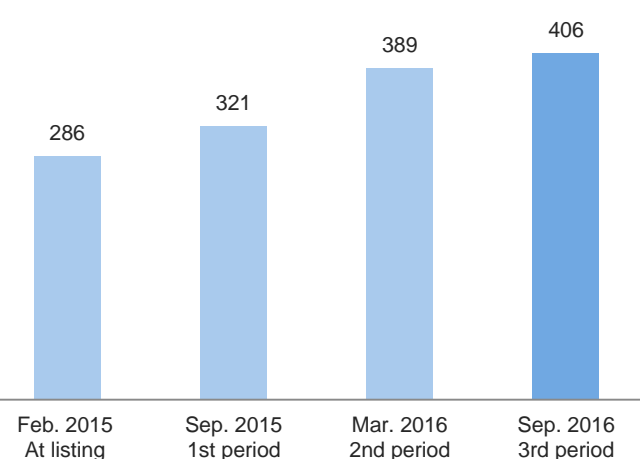
3 Total appraisal value (JPY bn)



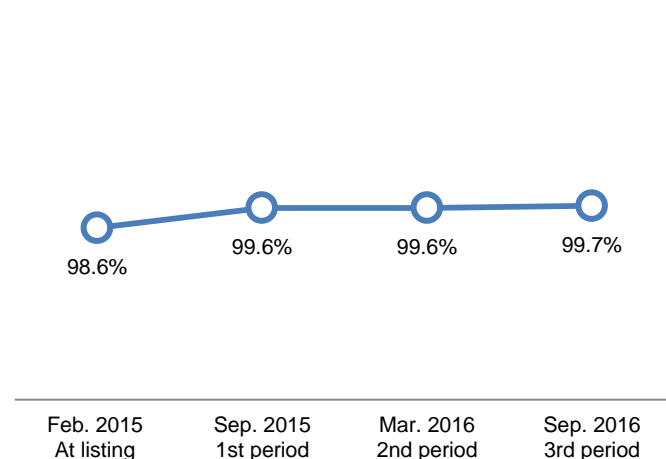
4 Portfolio appraisal NOI yield (Note1)



5 Number of tenants (Note2)



6 Weighted average occupancy rate (Note2)

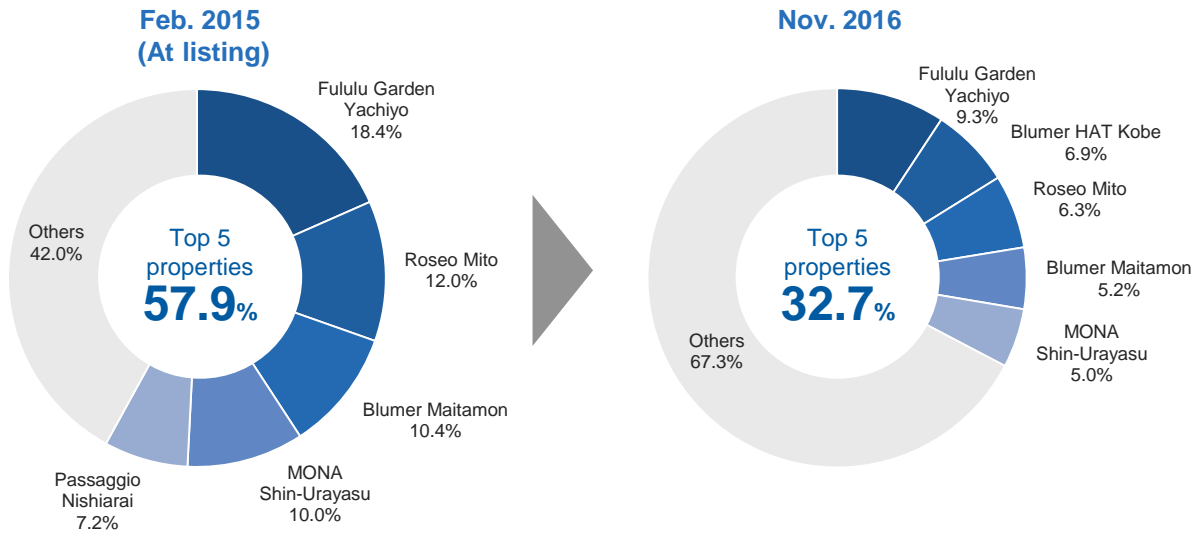


Note 1: "Appraisal NOI yield" refers to the annual net operating income assumed by the appraiser of the relevant property for the direct capitalization analysis in the latest appraisal reports at the acquisition date. "NOI yield after depreciation" based on the forecast for fiscal period ending September 30, 2016.

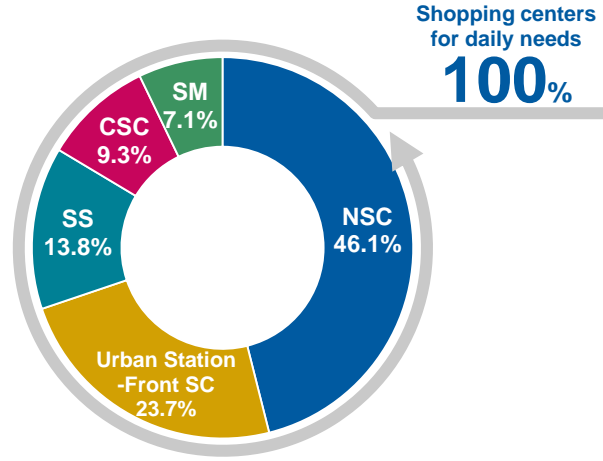
Note 2: The figures at listing are as of September 30, 2014 and those for Sep. 2016 include K's Denki Shin-Moriyama (Land)

Characteristics of KRR's portfolio

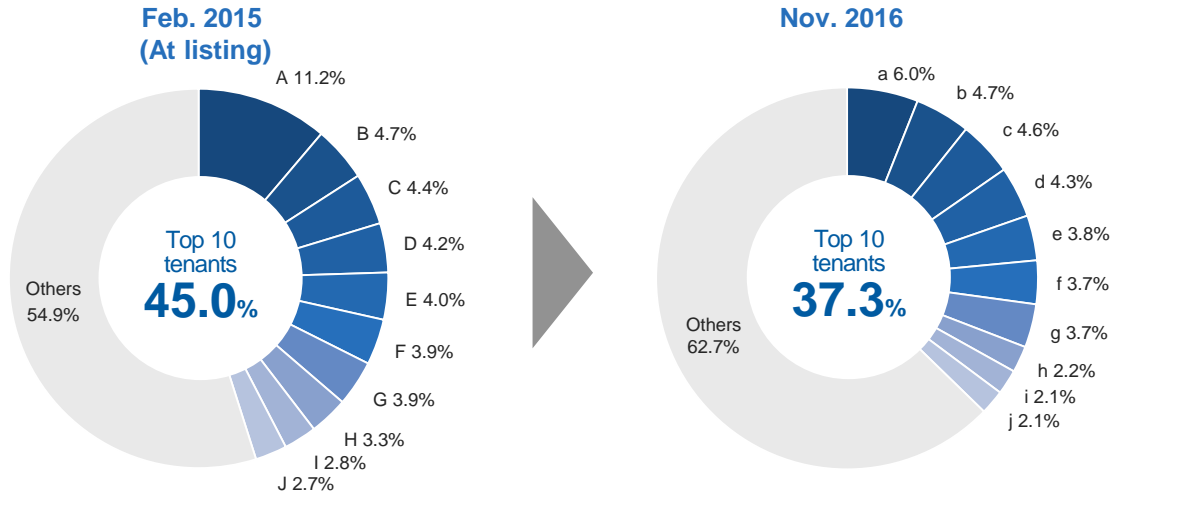
Changes in property distribution (by acquisition price)



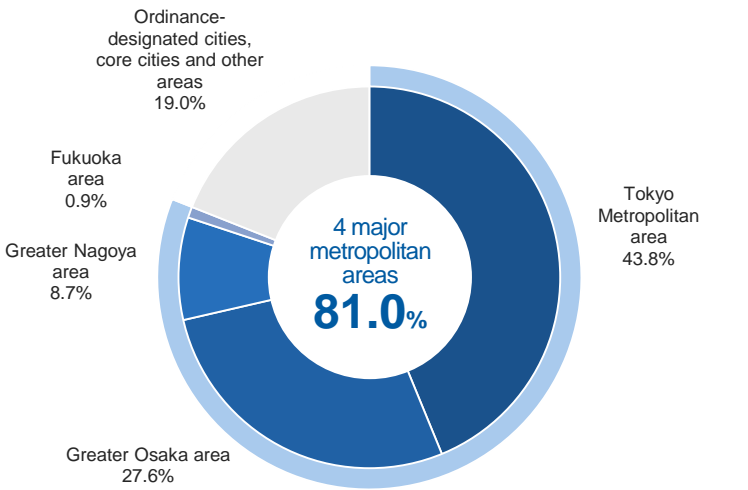
Types of retail property (by acquisition price)



Changes in share of top 10 tenants (by annual fixed rent)

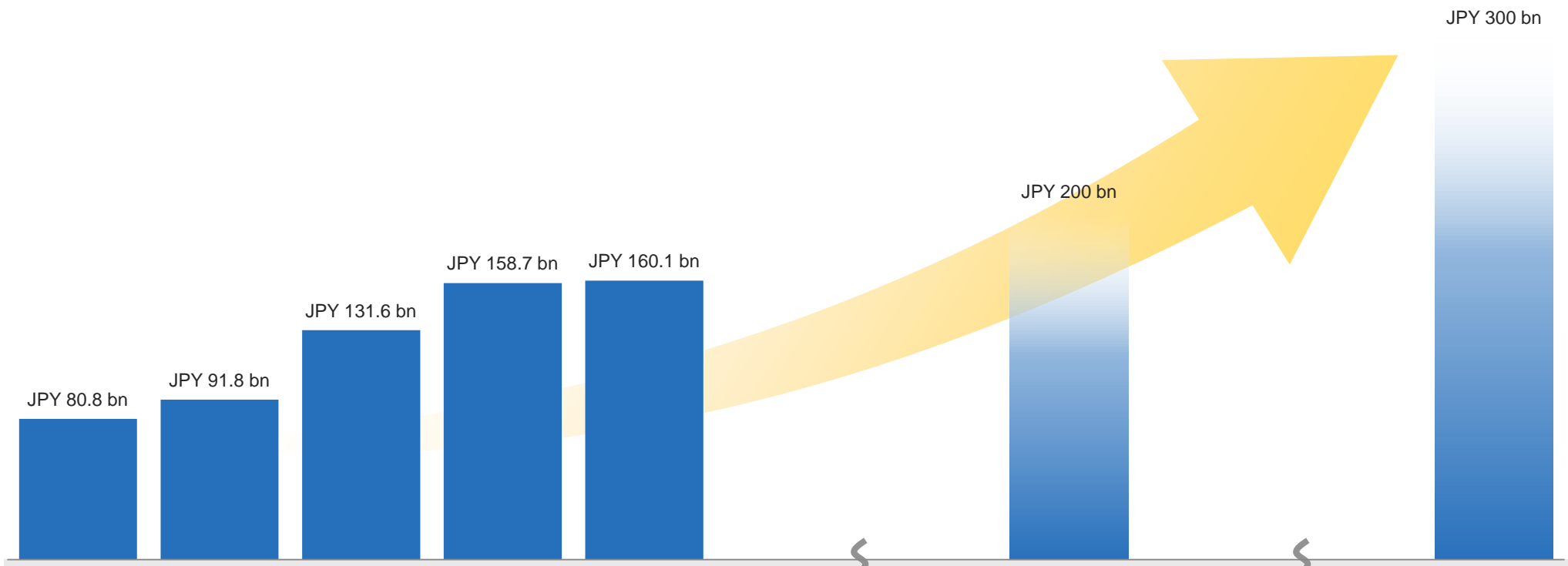


Location (by acquisition price)



Note: The figures are as of September 30, 2016 for the properties acquired by the date of this material.

Growth roadmap



Abundant external growth opportunities

- Size of acquisition universe
- Increasing proportion of our investment target among domestic retail facilities



Promotion of external growth strategies

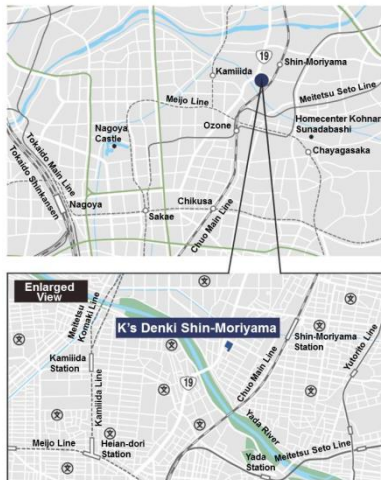
- Increasing pipelines by development from sponsor and alliance companies
- Diverse acquisition channels and methods
- Selective investments by professionals

Note: "AUM" represents the total acquisition price of all properties in the portfolio.

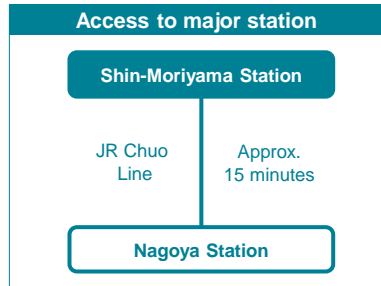
Acquisition of K's Denki Shin-Moriyama (land)

SS Specialty Store K's Denki Shin-Moriyama (Land)

Land on which an electronic retail store resides. Located in a high population growth area facing a trunk road with heavy car traffic with easy car access



Acquisition price	JPY1,370 mn
Location	Nagoya, Aichi
Land area	5,512.78m ²
GFA	-
Core tenant	Undisclosed
Appraisal NOI	JPY60 mn
Appraisal NOI yield	4.4%



- Highlights**
- The land for K's Denki Shin-Moriyama opened in Nov. 2013, facing National Route 19, an inter-regional trunk road
 - National Route 19, a six-lane road (3 lanes on each side), is extremely busy with car traffic and lined with road-side grocery supermarkets and restaurants
 - The store, surrounded by condominiums, retail stores and office buildings along the inter-regional trunk road, is easily accessible by car
 - The property is expected to generate stable cash flows over a long term as the remaining period of the fixed-term land lease contract is longer than 15 years

Retail trade area population

- Population has been increasing in all radii of the retail trade area

Trade area	Population (1000)	Change
1km	25	+0.9%
3km	239	+2.1%
5km	625	+2.9%

(Note) Based on 2005 and 2010 national census data

Location A new store located along a major road in a retail trade area with high population growth

Trade area High population growth potential

Access Easily accessible location

- Located on the National Route 19, a major trunk road within the subject retail trade area
- Easily accessible by car with high visibility due to its location on a corner lot facing an intersection
- Easy to enter / exit from the parking as the property is facing roads on all four sides

Facilities Land convertible to other uses

Landscape Comparably new-built

Check! Limited competition within the same retail trade area

Year opened (vs. Competitors)

Trade area	Name of store	opened
	K's Denki Shin-Moriyama	2013
3km radius	Edion Mets Ozone Store	2002
5km radius	Edion Shonai-dori Miyuki Mall	1998
	Yamada Denki Tech Land Nagoya Chikusa	2012

Historical residential land prices (2006 figures=100)

K's Denki K's Holdings, operating K's Denki stores across Japan

Competitiveness Overview of K's Holdings Corporation

Business	Home electronics, etc.
Facilities	470 stores nationwide (as of May 2016)
Employees	13,739 (as of Mar. 2016)
Listing venue	Tokyo Stock Exchange
Revenue	JPY644.2 bn (consolidated, FY Mar. 2016)

Trend of net profits

Year	Net Profit (JPY mn)
2012	13,265
2013	17,493
2014	15,030
2015	16,305
2016*	17,500

* Earnings estimates

Reference: Benefits from investing in land-only properties

- Generation of long-term stable rents due to a decrease of vacancy risks because tenants will own buildings pursuant to fixed-term land lease agreements
- Stabilization of rent revenue as tenants will pay maintenance costs related to the buildings on such land
- Improvement of payout ratio as depreciation costs of buildings are borne by tenants
- Limited downside risk related to their asset value caused by external factors, such as fires

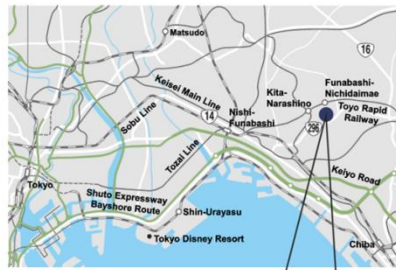
(Note) The above represents the benefits that KRR expect to enjoy by investing in land-only properties. KRR, however, neither guarantees nor promises that these benefits result from its investments in lands

Yumemachi Narashinodai Mall (bridge fund property)

NSC Neighborhood Shopping Center

Yumemachi Narashinodai Mall

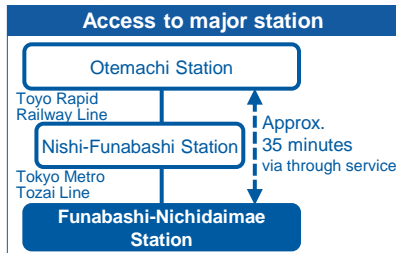
A relatively new NSC located in a high-population-growth area with a highly competitive grocery supermarket as the core tenant (opened in April 2016)



Appraisal value	JPY3,520 mn as of October 1, 2016
Location	Funabashi, Chiba
Land area	16,633.58m ²
GFA	(Main bldg.) 7,889.24m ² (GU bldg.) 909.85 m ²
Core tenant	Lopia Co., Ltd.
Appraisal NOI	JPY176 mn

Highlights

- An NSC opened in April 2016 and housing Lopia, a grocery supermarket which is competitive especially in meat products and popular among consumers, as its core tenant. Other tenants include retailers such as home electronics, clothing and drug stores, and service outlets
- Located on the National Route 296 in the northeastern part of Funabashi City where the population has been growing rapidly
- Consists of a 2-story main building and a GU building
- Provided with a flat parking for 343 cars



Retail trade area population

Population has been increasing in all radii of the subject retail trade area

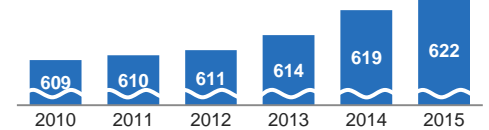
Trade area	Population (1000)	Percentage change
1km	21	+7.7%
3km	215	+4.2%
5km	541	+3.7%

(Note) Based on 2005 and 2010 national census data

Location

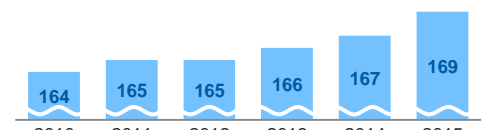
Retail trade area → High population growth potential Trade area → High-income population

Trend of population in Funabashi City (1,000)

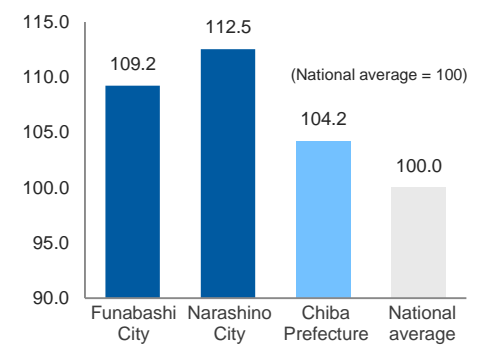


Source: Funabashi City Government "Residential Population" (as of October 1 of each year)

Trend of population in Narashino City (1,000)

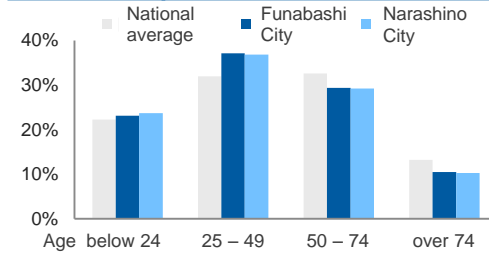


Source: Narashino City Government "Residential Population" (as of the end of September of each year)



Source: Survey on municipal taxation 2015 (MIC)

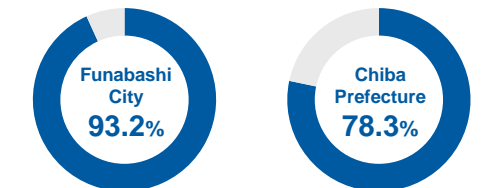
Trade area → More younger households



Source: Statistics Bureau, Ministry of Internal Affairs and Communications (MIC) "National Population by Five-Year Age Group and by Sex" Funabashi City "Population by Town and Age - by Each Age and Five-Year Age Group" Narashino City "Population by Sex and Age Based on Resident Register" (as of end of Mar.2016 for Narashino City and as of Apr.1, 2016 for others)

Shopping behavior → Strong local demand

The proportion of consumers shopping groceries at local stores in Funabashi City, where the property resides, far exceeds the average of Chiba Prefecture

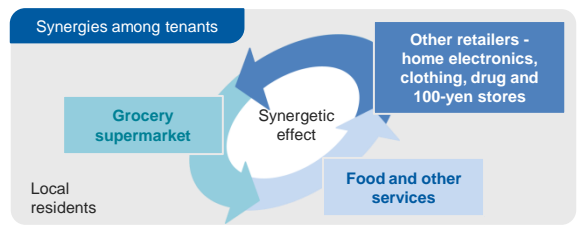


Source: Chiba Prefecture, Business Support Division "Retail Trade Areas in Chiba Prefecture (Research Report on Consumer Shopping Behavior 2012)" Proportion of consumers shopping at local stores: Consumers shopping at local stores divided by # of Respondents

Tenant

Attractiveness to consumers → Tenant mix to satisfy diverse consumer needs

- A grocery supermarket with strength in meat products and highly popular among consumers
- Retailers (home electronics, drug, clothing and 100-yen stores)
- Service business store (a dental clinic and a laundry)



Pipelines (1 of 2): Pipeline expansion due to development

Example of properties under development by Kenedix

Kawamachi Yahagi Mall

Location: Chiba, Chiba (Expected to open in Spring 2017)



Supermarket

Location: Itabashi, Tokyo (Expected to open in Autumn 2017)



Development fund jointly created by Kenedix and ITOCHU ("Kenedix – ITOCHU Fund")



ITOCHU Corporation

- Land to be developed
- Retailer network
- Funding



Kenedix, Inc.

- Land to be developed
- Retailer network
- Funding



Preferential negotiation rights

1st project

Location: Kanagawa Pref. (Expected to open in Autumn 2017)



Note: As of Nov. 17, 2016, we have no plans to acquire these properties and there is no guarantee that we can acquire these properties in the future. The illustrations above are completion images based on design drawings and may differ from the actual buildings after completion.

Alliance Company pipeline

Totsuka-Fukaya Shopping Center (Land)

Location: Yokohama, Kanagawa



NSC



NSC

Round One

Location: Tokyo Metropolitan Area



Round One

Location: Fukuoka Area



Unicus Urawamisono (Land)

Location: Saitama, Saitama (Expected to open in Spring 2017)



NSC



NSC

These are the properties which are owned by Alliance Companies, and confirmed by both the Alliance Companies and Kenedix Retail REIT as the properties that meet our investment criteria. As of Nov. 17, 2016, we have no plans to acquire these properties and there is no guarantee that we can acquire these properties in the future. We may acquire only the underlying land of these properties. The illustration of Unicus Urawamisono (Land) above is a completion image based on design drawings and may differ from the actual building after completion.

Asset Manager's network

Market Environment

Cap rate has begun to compress in accordance with higher evaluation to SC for daily needs in real estate market, while GMS is suffering from competition with specialty stores in retail market.



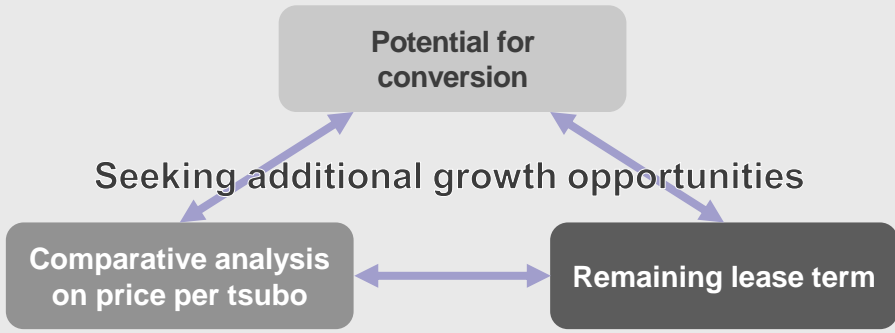
Counter-measure

In order to seek growth opportunities avoiding too much cap rate compression, Asset Manager's network is fully leveraged, and one-on-one negotiation such as sale-and-lease back transaction is expected to strengthen the network.

Investments in land

Strong demand from retailer

The majority of buildings on land-only properties held by J-REITs are retail facilities



03

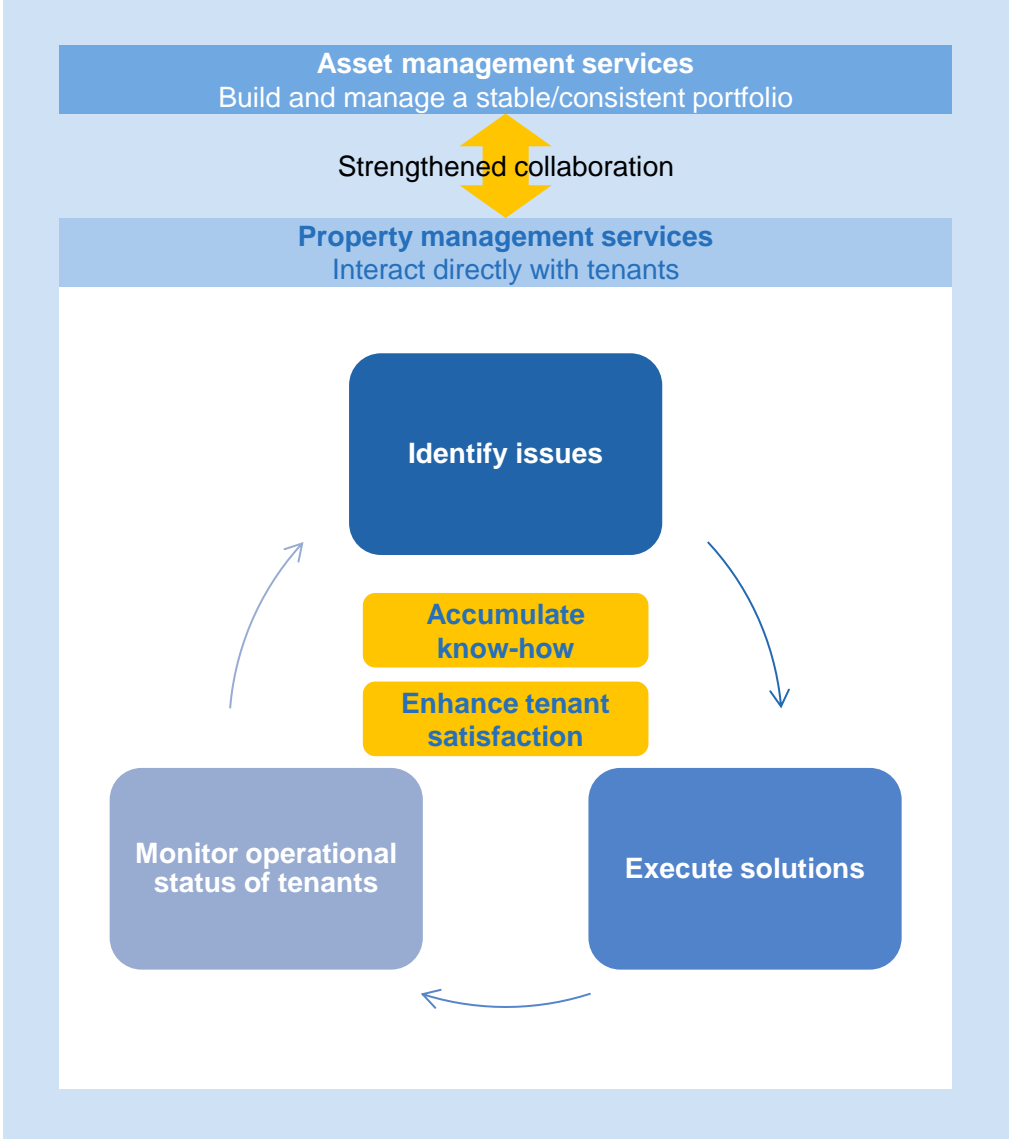
Implementation of growth strategies (2 of 2)
(Internal growth/Financial strategy/Others)

証券コード
Security Code

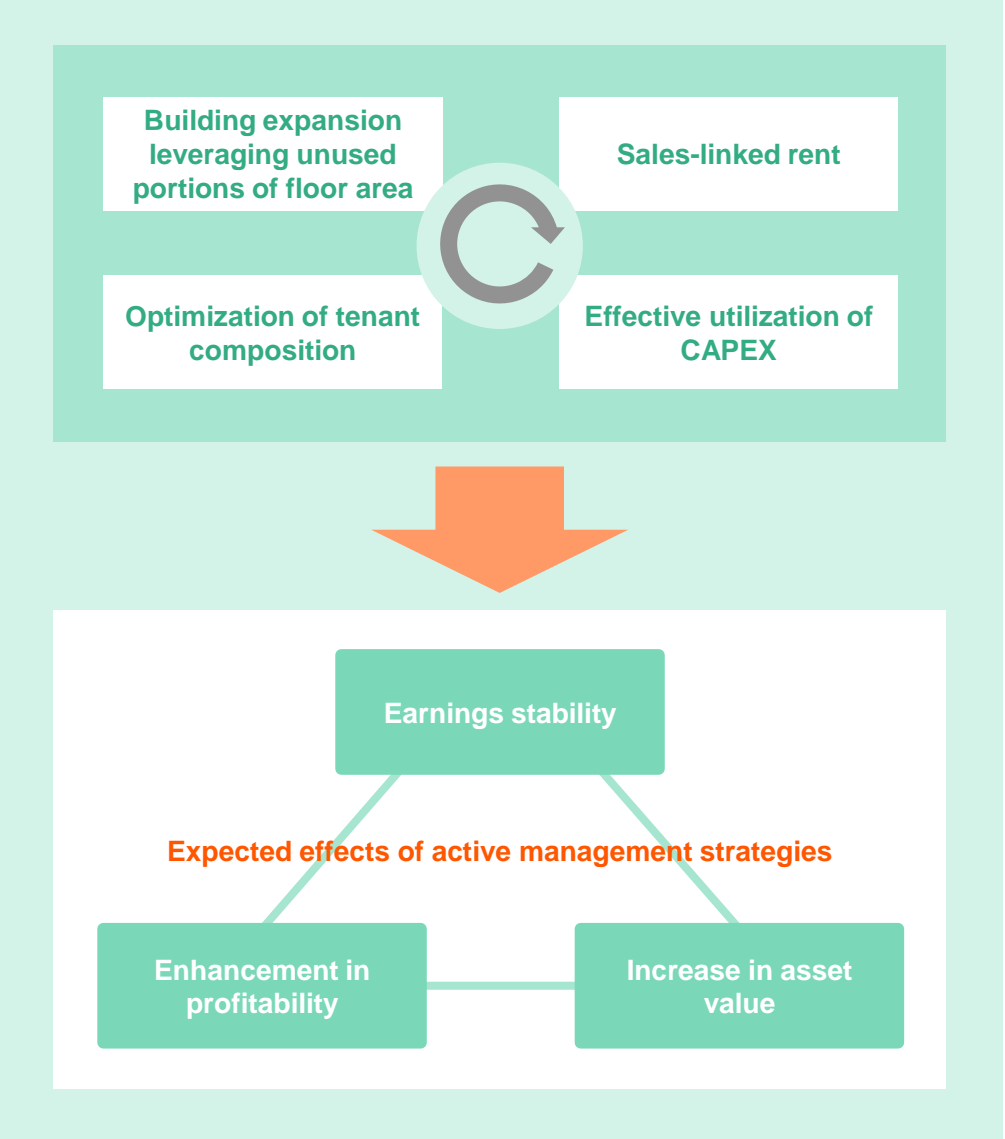
3453

Active management strategies

Value added "one-stop" asset management and property management services



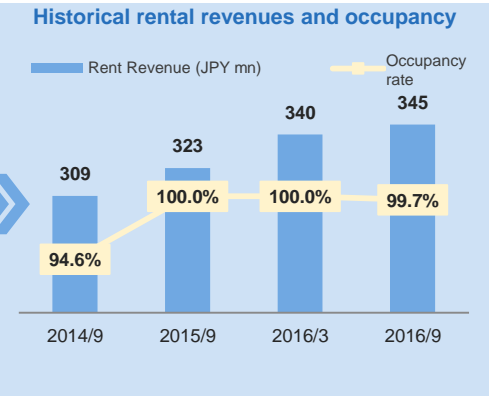
Seek internal growth through property management



Operating highlights - Roseo Mito



- ### Leasing of a large space in Roseo Mito
- Departure of a sports good store occupying a large space due to the Earthquake in 2011
 - Leased the vacated space to a bowling operator
 - Bankruptcy of the bowling operator
 - IPO of Kenedix Retail REIT Corporation
 - Divided the space into two sections and leased to a sports goods store and a discount store



Awarded the "DBJ Green Building Certification"



DBJ Green Building 2016
Property with excellent environmental & Social awareness

Highlight of property

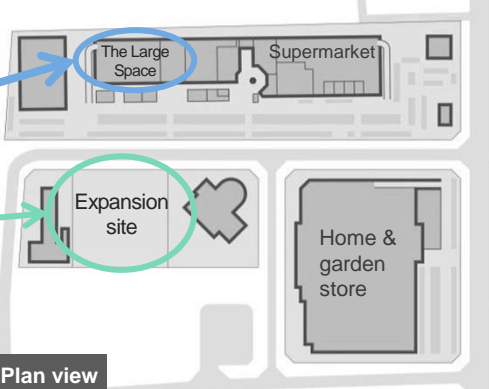
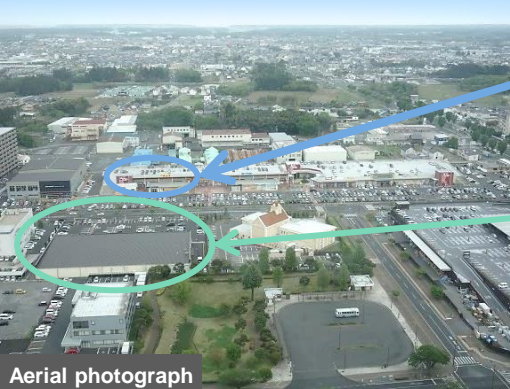
- An NSC with a supermarket and a home & garden store as its core tenants
- Facing a main road with convenient car-accessibility
- Located in an area with increasing population where families concentrate

trade area	Population change (2005-2010)
1km	115.1%
3km	105.3%
5km	105.0%

- Stronger tenant revenue according to our statistics:
 - FP ending Mar.2016: 128.0%
 - FP ending Sep.2016: 109.6%

Other information on Roseo Mito

	Upon acquisition	As of Sep. 2016
GFA	45,654.67 m ²	48,296.15 m ²
Acquisition price	JPY 9,675 mn	JPY 10,046 mn
Appraisal value	JPY 9,780 mn	JPY 10,900 mn
Appraisal NOI	JPY 554 mn	JPY 596 mn
Appraisal NOI Yield	5.7%	5.9%



Enliven local communities

Further strengthen our relationship with local community by increasing the frequency of Roseo Festival to twice a year

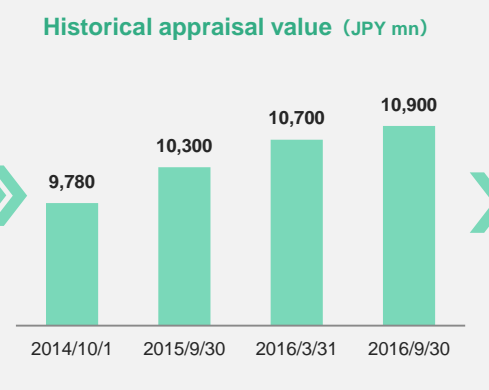


Property expansion (Secondhand shop building)

NOI yield (ROI) 11%

NOI yield (ROI) is calculated by NOI (deducting assumed annual operating expenses (excluding depreciation) from assumed annual operating revenue of the New building) divided by construction cost

Total leasable area	2,641.48 m ²
Acquisition price	JPY 371 mn



Property expansion (restaurant building) planned at Unicus Ina

Improve profitability^(Note 1)

12%

NOI yield (return on investment)

Calculated using the following formula:
 Estimated increase in NOI (Estimated annual rent from the new restaurant building - Estimated annual expenses excluding depreciation) / Total project cost

Estimated increase in NOI

12 mn

Total construction cost

90 mn

Enhance asset value^(Note 1)

+240 mn

Increase in Appraisal value

Difference between the appraisal value of Unicus Ina (as of March 31, 2016) and its appraisal value assuming the completion of the property expansion, both of which are provided by Japan Real Estate Institute

Appraisal value
(As of Mar 31, 2016)

4,420 mn

Appraisal value
(Assuming the completion of the property expansion)

4,660 mn

Schedule ^(Note 2)

July 2016:
Application for building approval

September 2016:
Begin building construction

January 2017 (planned):
Completion & delivery of building

Planned construction site



Rendering ^(Note 3)



Rendering ^(Note 3)

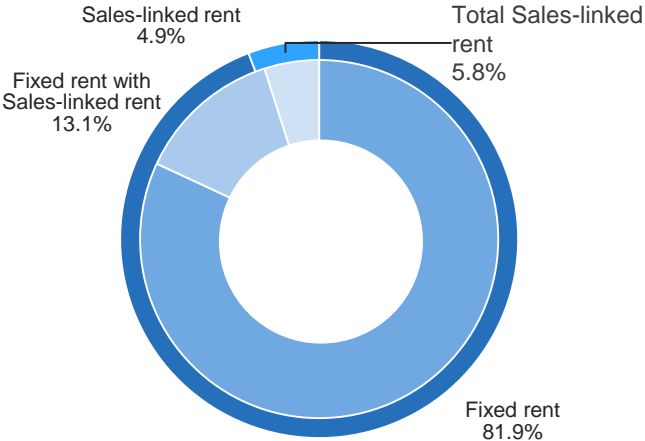


Note 1: These figures (except the total construction cost) are those at the time of the decision of property expansion, and may change, including total construction cost
 Note 2: We cannot guarantee that the building extension will be completed as scheduled; the construction may be cancelled or delayed in the future
 Note 3: This rendering may differ from the actual building to be completed

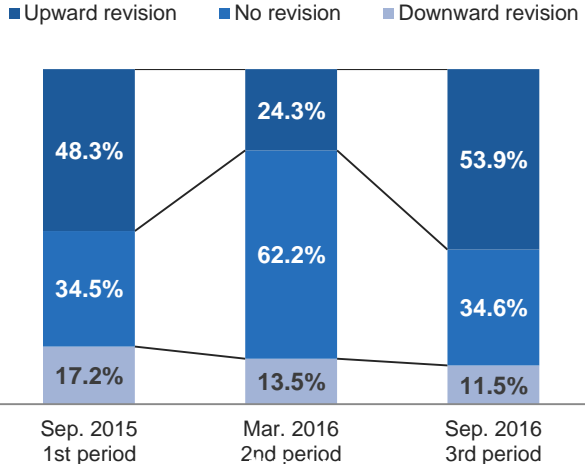
Leasing overview

Rent type (fixed/sales-linked rent)

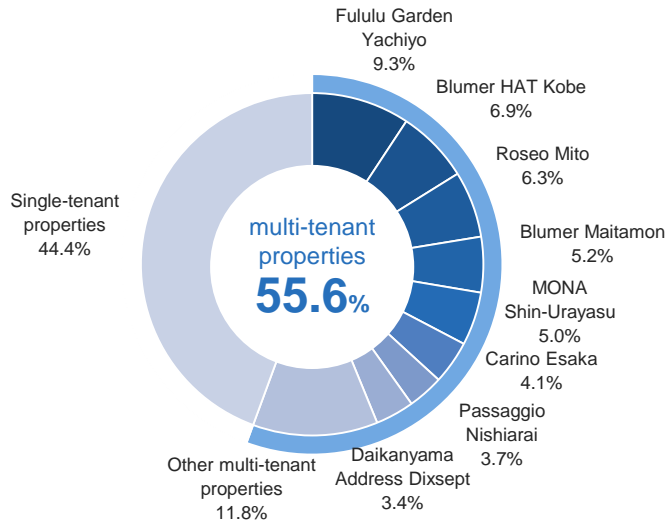
Based on actual rent (Apr. 2016 - Sep. 2016)



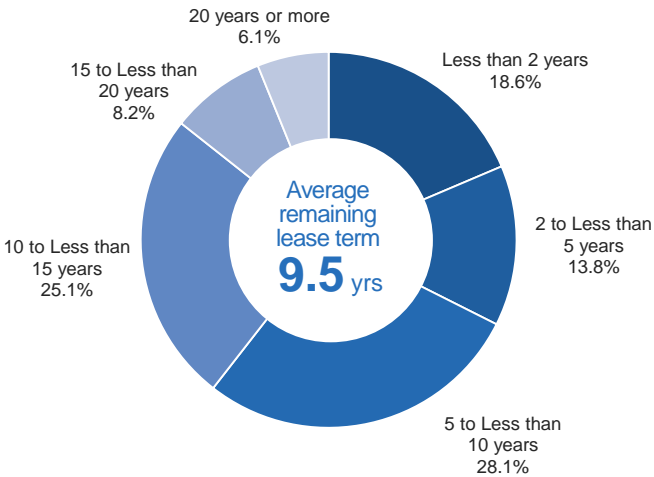
Rent revisions (based on number of revisions)



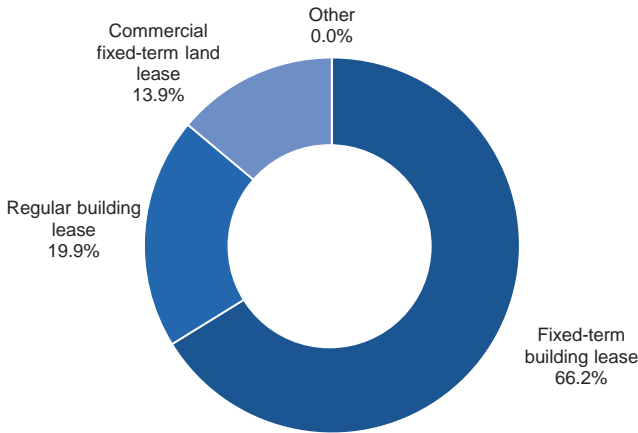
Multi-tenant properties (based on acquisition prices)



Remaining lease term (by annual fixed rent)

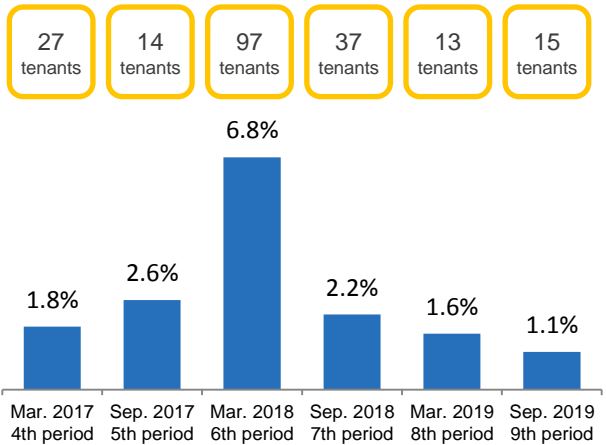


Lease contract type (by annual fixed rent)



Lease expiry (by annual fixed rent)

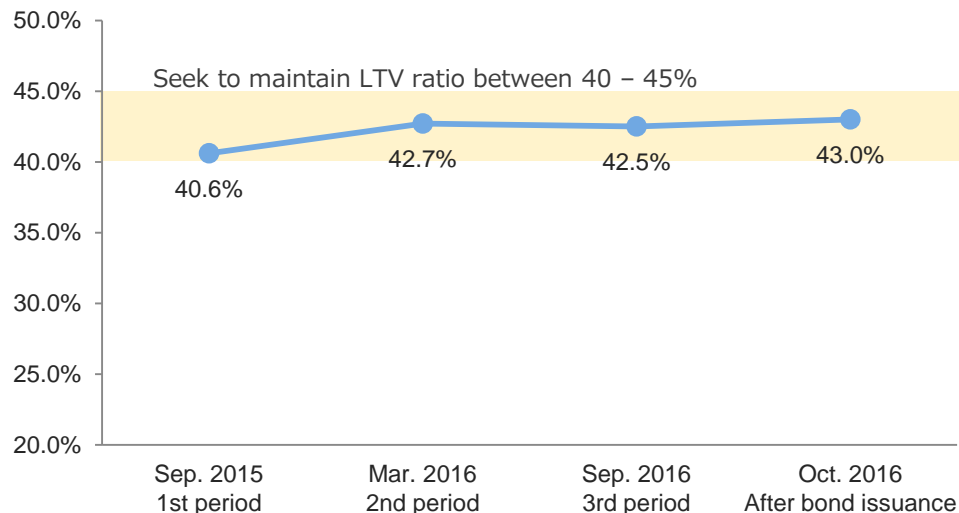
of tenants and % of lease expiry in each period (Note2)



Note 1: The figures are as of September 30, 2016. The figures except rent type and rent revisions are based on the 41 properties acquired by the date of this material.
 Note 2: Based on the contractual rent determined in the lease contract, including regular building leases.

Financial key indicator and credit rating

LTV



Credit rating (JCR)

Credit rating agency	Japan Credit Rating Agency, Ltd.
Long-term issuer rating	A (Stable)

Summary of distributions in excess of retained earnings

Background and summary

As Japanese tax law changes, distributions in excess of retained earnings that are accounted as allowance for temporary difference adjustment (“ATA”) enables cash distributions to be treated as profits distribution and deductible for tax purpose.

A: Japanese GAAP vs. Japanese tax law

The items in association with certain transaction in relation to the property, Sunny Noma, cause temporary difference between the treatment in Japanese GAAP and Japanese tax law. **As a result, taxable income before distribution was larger than net income.**

B: Net income vs. income in accordance with Investment Trust Act

The item deducted from net asset in association with some of interest swap transaction causes difference between net income and income defined by Investment Trust Act (“ITA”). **As a result, Net income was larger than income defined by ITA.**

NOTE:

This summary is translation of Japanese Original and describes Japanese tax implications. Please ask your own tax adviser regarding taxation of your jurisdiction.

Average debt cost and average years to debt repayment dates

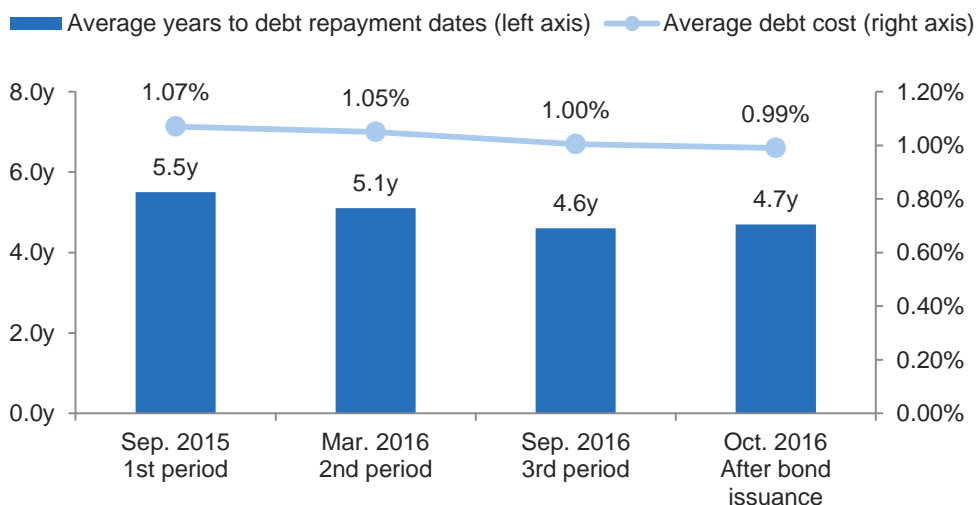
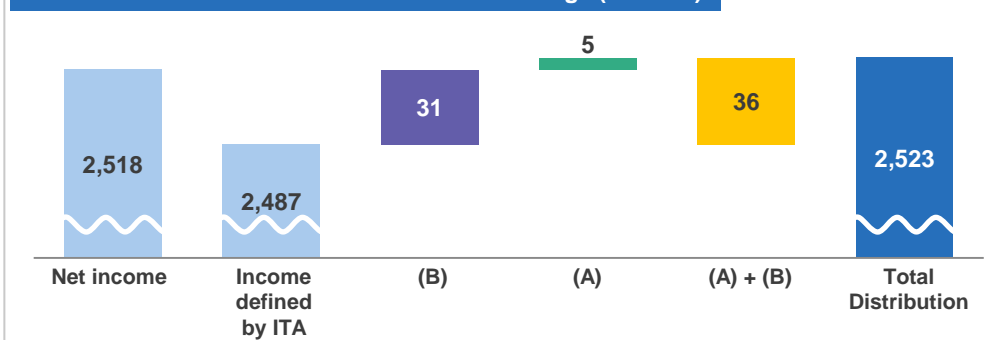
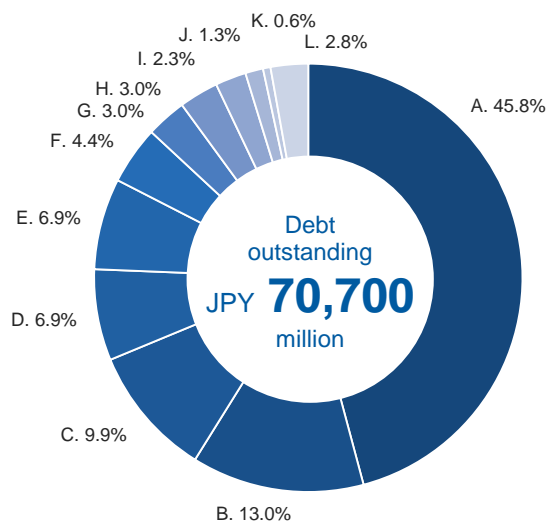


Chart: Distribution in excess of retained earnings (JPY mn)



Note: "Average debt cost" is calculated as the weighted average interest of borrowings with upfront cost included and investment corporation bond, based on the amount outstanding. For floating interest debt hedged by interest swap, the debt cost is calculated using the interest rate fixed. For floating interest debt without interest swap, the cost is based on TIBOR rate on the day at the end of period.

Breakdown of debt outstanding by lender and investment corporation bonds



(After prepayment on Oct. 31, 2016)

Name of lender	Balance (JPY mn)
A Sumitomo Mitsui Banking Corporation	32,410
B The Bank of Tokyo-Mitsubishi UFJ, Ltd.	9,210
C Development Bank of Japan Inc.	6,990
D Sumitomo Mitsui Trust Bank, Ltd.	4,870
E Mizuho Bank, Ltd.	4,870
F Resona Bank, Ltd.	3,100
G Mizuho Trust & Banking Co., Ltd.	2,150
H Aozora Bank, Ltd.	2,100
I Mitsubishi UFJ Trust and Banking Corporation	1,650
K The Musashino Bank, Ltd.	950
J The Gunma Bank, Ltd.	400
L Investment corporation bonds	2,000

Issuance of investment corporation bonds

	Amount of issuance	Term	Interest rate
1 st series	JPY 1,000 mn	5 years	0.20%
2 nd series	JPY 1,000 mn	10 years	0.60%

Optimum use of security/guarantee deposits

Total amount of security/guarantee deposits

(As of Sep. 30, 2016) JPY 11.5 bn

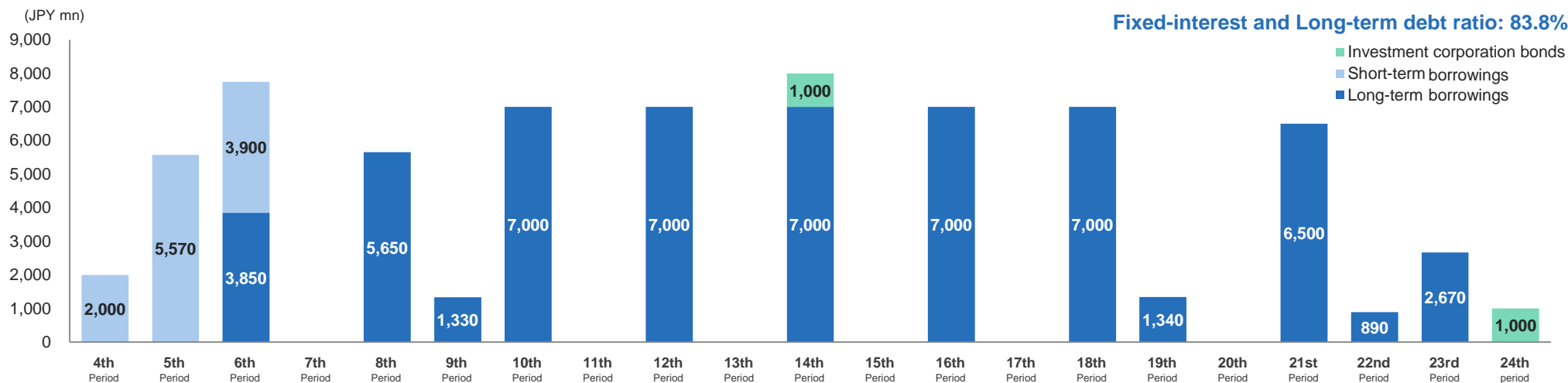
(Amount kept as cash for deposit repayment) JPY 7.9 bn

(As of Nov. 1, 2016) ^(note) JPY 11.5 bn

(Amount kept as cash for deposit repayment) JPY 7.9 bn

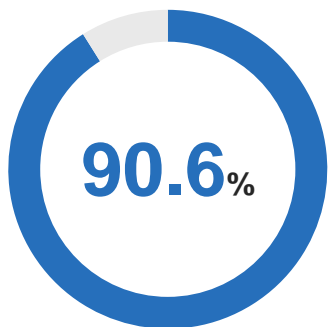
Note: Security/guarantee deposits as of Nov. 1, 2016 is sum of security/guarantee deposits as of Oct. 31, 2016 and security/guarantee deposits of K's Denki Shin-Moriyama (Land)

Staggered maturities of interest-bearing debts (After prepayment on Oct. 31, 2016)



E-commerce resistance

Tenants with e-commerce resistant business (by annual fixed rent)

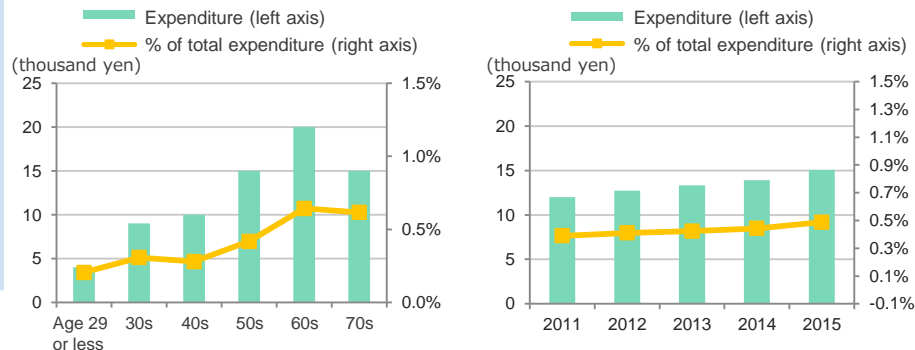


a. Businesses difficult to replace by e-commerce (Note 1)	17.4%
b. Businesses where customers show preference for purchasing products at physical stores (Note2)	50.7%
c. Master lessees whose sub-lessees primarily operate businesses falling under category a and b	12.8%
d. Businesses that require physical visits to stores or handle products that consumers highly desire to evaluate in person (Note 3)	9.7%

Trend to prioritize experiences/ services over goods

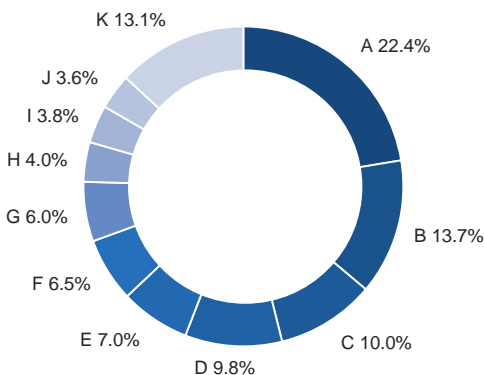
Seek to adapt trend to spend money on experiences or services rather than goods, as the number of elderly people, who are relatively free to spend time and/or money, are increasing.

Household expenditure on sporting facilities by age group and by year



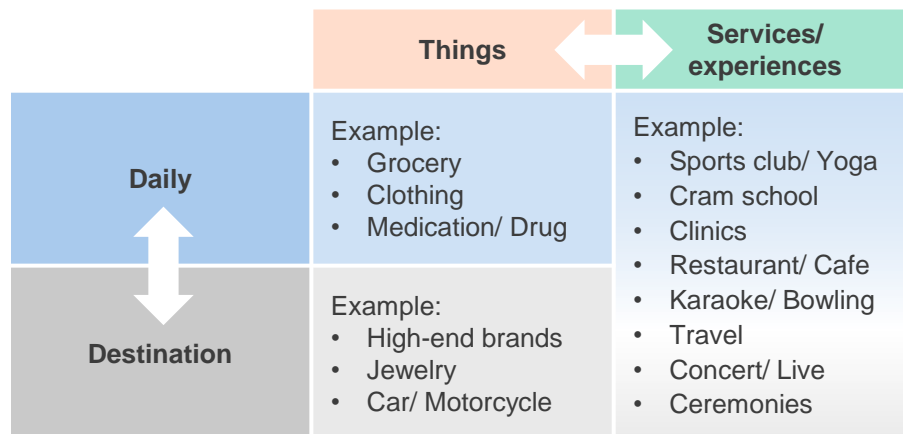
Source: Ministry of Internal Affairs and Communications "Family Income and Expenditure Survey"

Percentage of tenants' category (based on rents)



A Grocery	---	22.4%
B Other retailer	---	13.7%
C Service	---	10.0%
D Home & garden	---	9.8%
E Consumer electronics	---	7.0%
F Clothing	---	6.5%
G GMS	---	6.0%
H Interior goods	---	4.0%
I Restaurants	---	3.8%
J Sports club	---	3.6%
K Others	---	13.1%

Example of each type of business



Note 1: "a" refers to businesses including medical services, hair salons, photography studios, for-profit schools and study centers, leisure facilities, restaurants and health clubs that cannot be replaced by e-commerce.

Note 2: "b" refers to businesses where 50% or more of the respondents to the survey conducted by the Ministry of Internal Affairs and Communications titled "Product types for online shopping or physical stores" indicated their preference for purchasing products at a physical store and where 15% or fewer indicated their preference for purchasing such products on the internet.

Note 3: "d" refers to businesses that require physical visits to stores or handle products that consumers highly desire to evaluate in person (sporting goods, prescription eyewear, second-hand products, shoes, musical instruments and interior products).

Introducing mobile app “LINE@” to Bulmer Maitamon and Fululu Garden Yachiyo



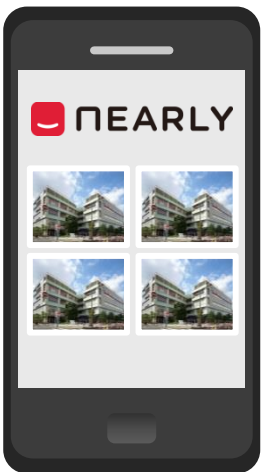
What’s in it for customers?

- Provide customers to good deals such as bargain sales
- Enable customers to communicate/ message with favorite store (tenant)

Why introducing the App?

- Intend to increase the number of repeat customers within radius of retail trade area

Introducing mobile app “NEARLY” to Passaggio Nishiarai



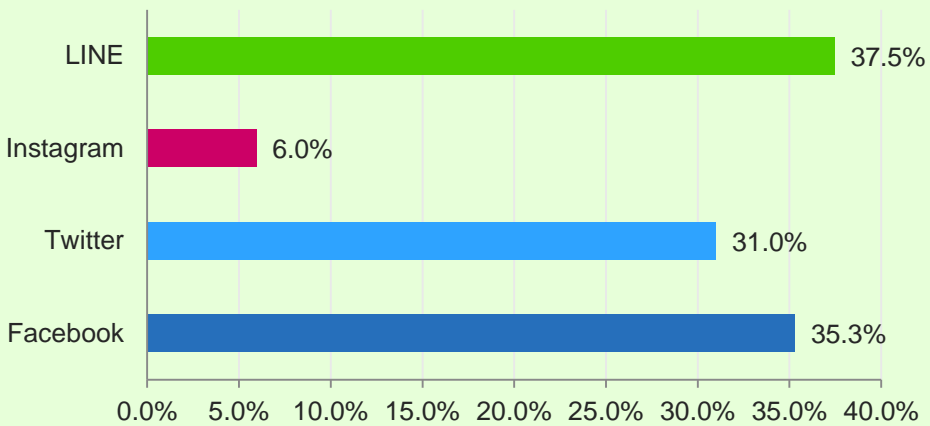
What’s in it for customers?

- Follow favorite stores and SCs
- When you get close to the stores or the SCs physically, it lets you know good deals

Why introducing the App?

- Push marketing within the trade area
- Improve conversion rate to purchase goods and services

LINE app is as popular app as Facebook in Japan



Source: Ministry of Internal Affairs and Communications “Research on ICT services and technology for solution to social issue (2015)”

A large number of visits to Passaggio Nishiarai due to its location between train station and residence area



Number of visitor
4.6 million

of people purchased
1.9 million

CSR and environmental initiatives

DBJ Green Building Certification

Received DBJ Green Building Certification for Blumer HAT Kobe, Roseo Mito, Ashiko Town Ashikaga, and Passaggio Nishiarai. Accordingly, the number of accumulated DBJ Green Building Certification became nine.



DBJ Green Building
2016

Properties with excellent environmental and social awareness



DBJ Green Building
2016

Properties with high environmental and social awareness



GRESB Real Estate Assessment 2016



Awarded a “Green Star” Rating at its first participation in 2016

Received high evaluation on both “implementation and measurement” and “management and policy”

Earned three star (out of five star)

Help enliven local communities

Seek to enhance the medium to long term asset value of our retail properties by attracting tenants engaged in service businesses and holding local events at our properties to enliven the local community.



CSR initiatives

We agreed to provide part of Unicus Yoshikawa as a temporary gathering area in cases of disaster such as floods.



Appendix 1

Key characteristics of Kenedix Retail REIT Corporation (KRR)

KENEDIX

Portfolio strategies

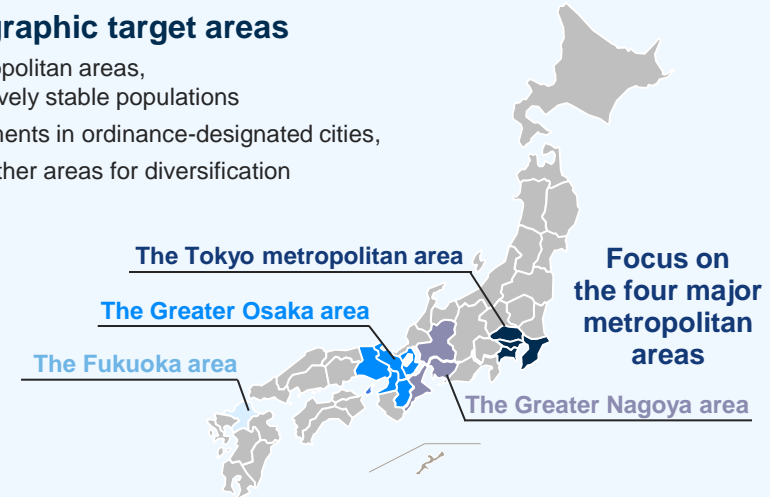
Investment criteria

Focus on the following four elements in making investment decisions:

<p>Attractiveness</p> <ul style="list-style-type: none"> Ability to serve particular day-to-day needs of local area customers 	<p>Location</p> <ul style="list-style-type: none"> Demographic composition, number of households, competing facilities in local retail trade area
<p>Profitability</p> <ul style="list-style-type: none"> Occupancy, leasing status, rent level and lease term 	<p>Tenant mix</p> <ul style="list-style-type: none"> Optimal tenant mix for the property considering tenant credit profiles and retail space usage

Primary geographic target areas

- Four major metropolitan areas, which have relatively stable populations
- Selective investments in ordinance-designated cities, core cities and other areas for diversification



Target portfolio distribution (based on acquisition price)

Retail properties **100%**



Investment in land -Seeking additional growth opportunities-

We also seek investment opportunities in the underlying land of retail properties for daily needs

- Strong demand from retail tenants (the majority of buildings on land-only properties held by J-REITs are retail facilities)
- Maintain maximum value upon termination of lease term, as the land is expected to be returned in its original state
- Investment in lands would be limited to 20% of the portfolio (based on acquisition price) as our general policy

Beneficial relationship for both Asset Manager and tenants

Advantages to Asset Manager

- Generation of long-term stable rents due to a decrease of vacancy risks because tenants will own buildings pursuant to fixed-term land lease agreements
- Stabilization of rent revenue as tenants will pay maintenance costs related to the buildings on such land
- Improvement of payout ratio as depreciation costs of buildings are borne by tenants
- Limited downside risk related to their asset value caused by external factors, such as fires

Advantages to tenants

- Tenants that are both the lessee and property owner bear a smaller financial burden when opening a store
- Increased capital efficiency through treatment of land as off balance sheet
- Simplified procedures for interior renovation of buildings

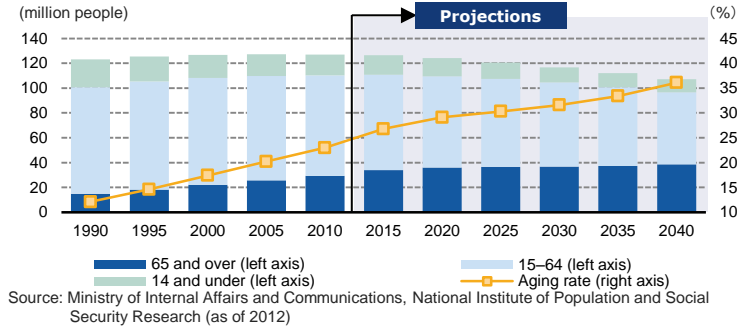
Retail property trends and macroeconomic conditions (1)

Shrinking retail trade area due to aging population and concentrated population in the four major metropolitan areas

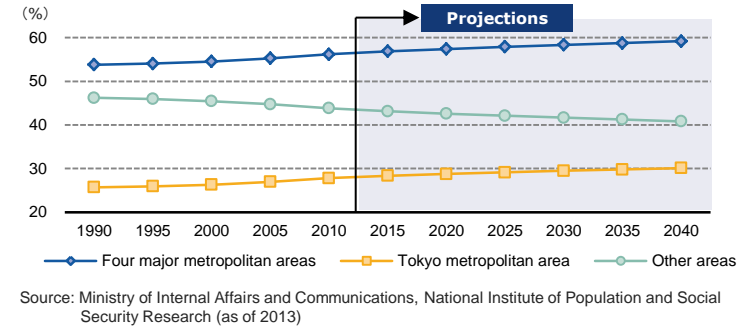
Domestic consumption led by the elderly

Stable demand for daily necessities

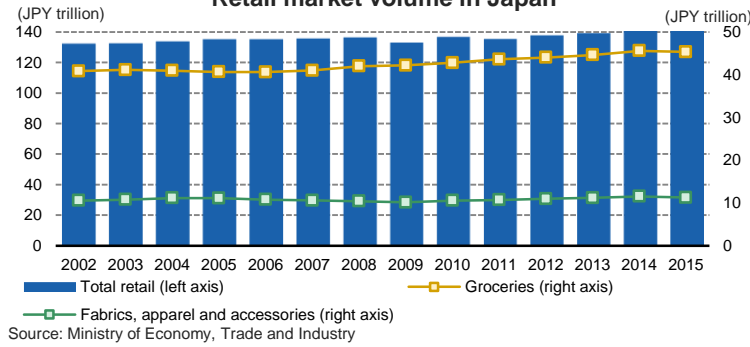
Demographic shift in Japan



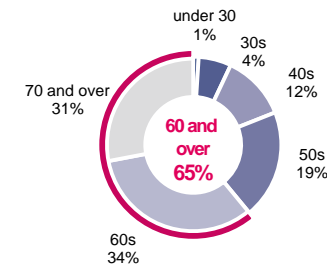
Population share in Japan by area



Retail market volume in Japan

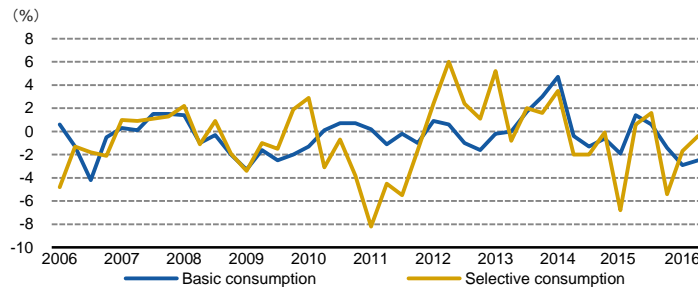


Ownership of monetary assets by age group (as of 2014)

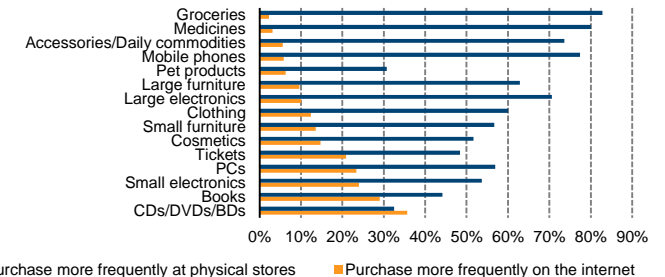


Source: Ministry of Internal Affairs and Communications

Basic and selective consumption trends (YoY% change)



Product types for physical stores or online shopping

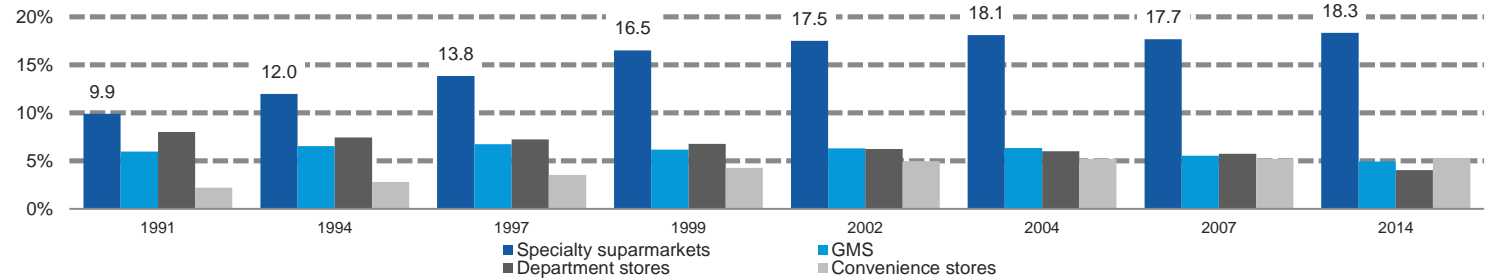


Note: "Aging rate" refers to the percentage of the population aged 65 and older.

Retail property trends and macroeconomic conditions (2)

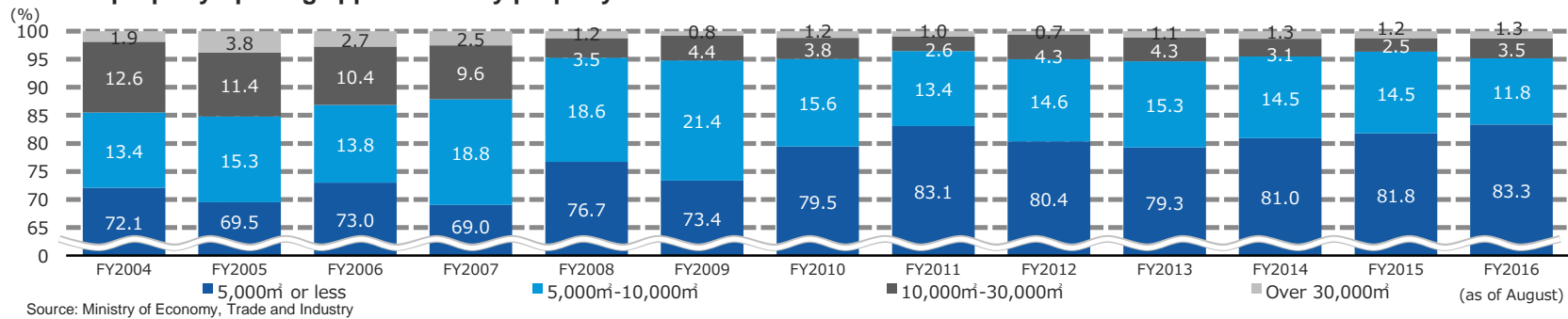
Increase in specialty supermarket market share

● Retail sales shares by store type



Decrease in size of retail properties

● Retail property opening applications by property size



Government promotion of "Compact City"

"Compact City" policy promoted by the Japanese government through Urban Planning Guidelines

Due to factors such as an aging society, the Japanese government has promoted the "Compact City" policy that encourages the formation of highly compact and convenient neighborhoods with high population concentrations

We believe that the importance of neighborhood, community and other shopping centers that cater to the day-to-day needs will increase going forward

Sumitomo Mitsui Finance and Leasing Co., Ltd.



- Founded in Feb. 1963 (Leasing business since May 1968)
- Main lines of business: Leasing of a variety of equipment and machinery, loans and factoring, etc.
 - Operating assets outstanding of JPY4.2 trillion. The top-class general leasing company in Japan by lease transaction volume (with consolidated operating assets of JPY540 bn for the real-estate sector (on a book value basis)) (Note) The figures are as of end of Mar. 2016
 - Sourcing transactions through the broad customer base of Sumitomo Mitsui Banking Corporation
- Description of support
 - Sourcing of lease properties (pipeline support)
 - Provision of warehousing services, financing, other services to bridge funds and personnel support
- Shareholders: Sumitomo Mitsui Financial Group, Inc. (60%), Sumitomo Corporation (40%)

P&D Consulting Co., Ltd.



- Founded in Aug. 1998
- Main lines of business: Development and management of retail facilities, retail consulting, etc.
 - Development / management of its own brand "Unicus" (development: 11 locations / management: 10 locations) and development of other retail facilities (8 locations) (as of Sep. 30, 2016)
- Description of support
 - Sourcing of properties developed on its own to Kenedix Retail REIT (pipeline support)
 - PM services, tenant leasing and other services
 - Assessment of operating conditions and advisory on operations
 - Provision of knowhow the company has accumulated through development / management of retail facilities

Nippon Commercial Development Co., Ltd.



- Founded in Apr. 2000
 - Listed on the Tokyo Stock Exchange 1st Section and the Nagoya Stock Exchange 1st Section
- Main lines of business: Real estate investment, sub-leasing / leasing / fund fee businesses
 - "JINUSHI BUSINESS" to invest in land ownership interests
- Description of support
 - Sourcing of land acquisition opportunities (pipeline support)
 - PM services and tenant leasing services
- JINUSHI BUSINESS
 - Nippon Commercial Development's "JINUSHI BUSINESS" is a business model whereby they invest in land ownership interests and lease the land to tenants based on commercial fixed-term land lease agreements to generate stable cash flow (rent) in the long term

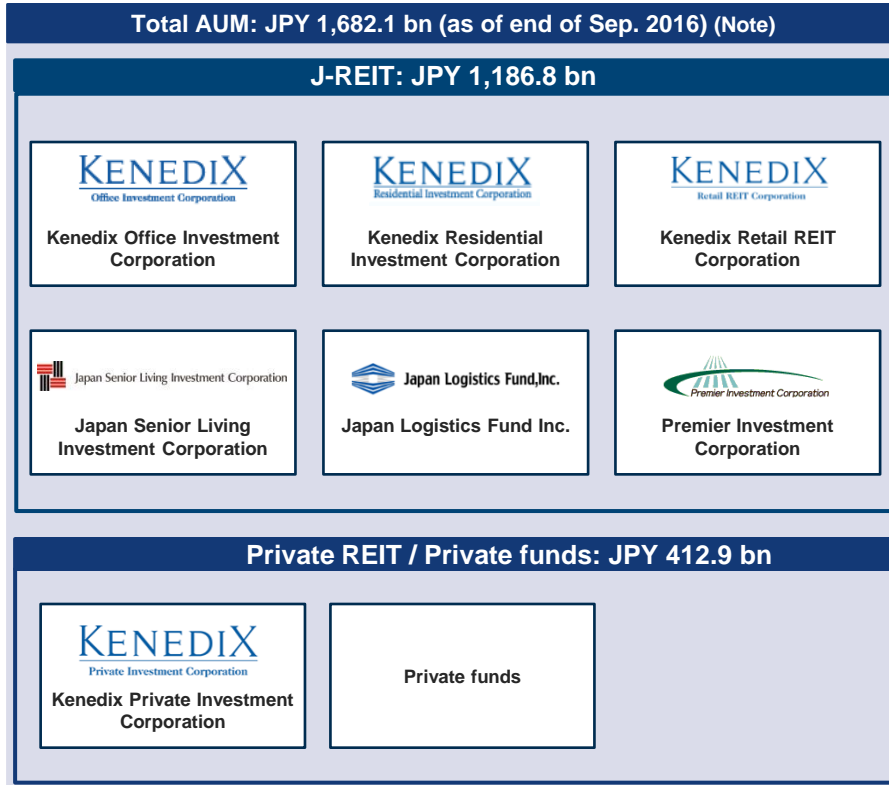
ITOCHU Corporation



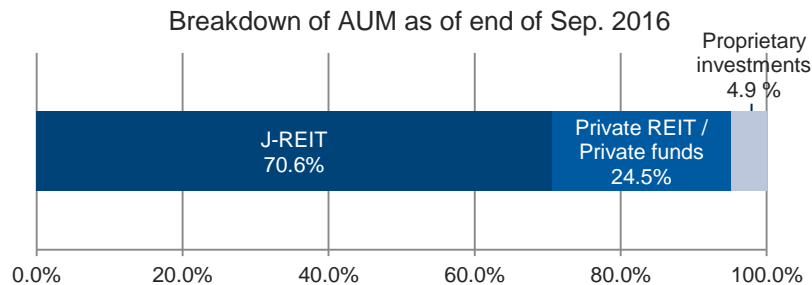
- Founded in Dec. 1949
 - Listed on the Tokyo Stock Exchange 1st Section
- Main lines of business: Domestic trading, import/export, and overseas trading of various products such as textile, machinery, metals, minerals, energy, chemicals, food, general products, realty, information and communications technology, and finance, as well as business investment in Japan and overseas
- Description of support
 - Preferential access to potential acquisition opportunities from the retail property development fund, which will be jointly created by ITOCHU and Kenedix, Inc. (pipeline support)
 - Providing information of potential acquisition opportunities to KRR and the Asset Manager, when ITOCHU or its affiliate tries to dispose a property
 - PM services and tenant leasing services

Overview of the Kenedix Group

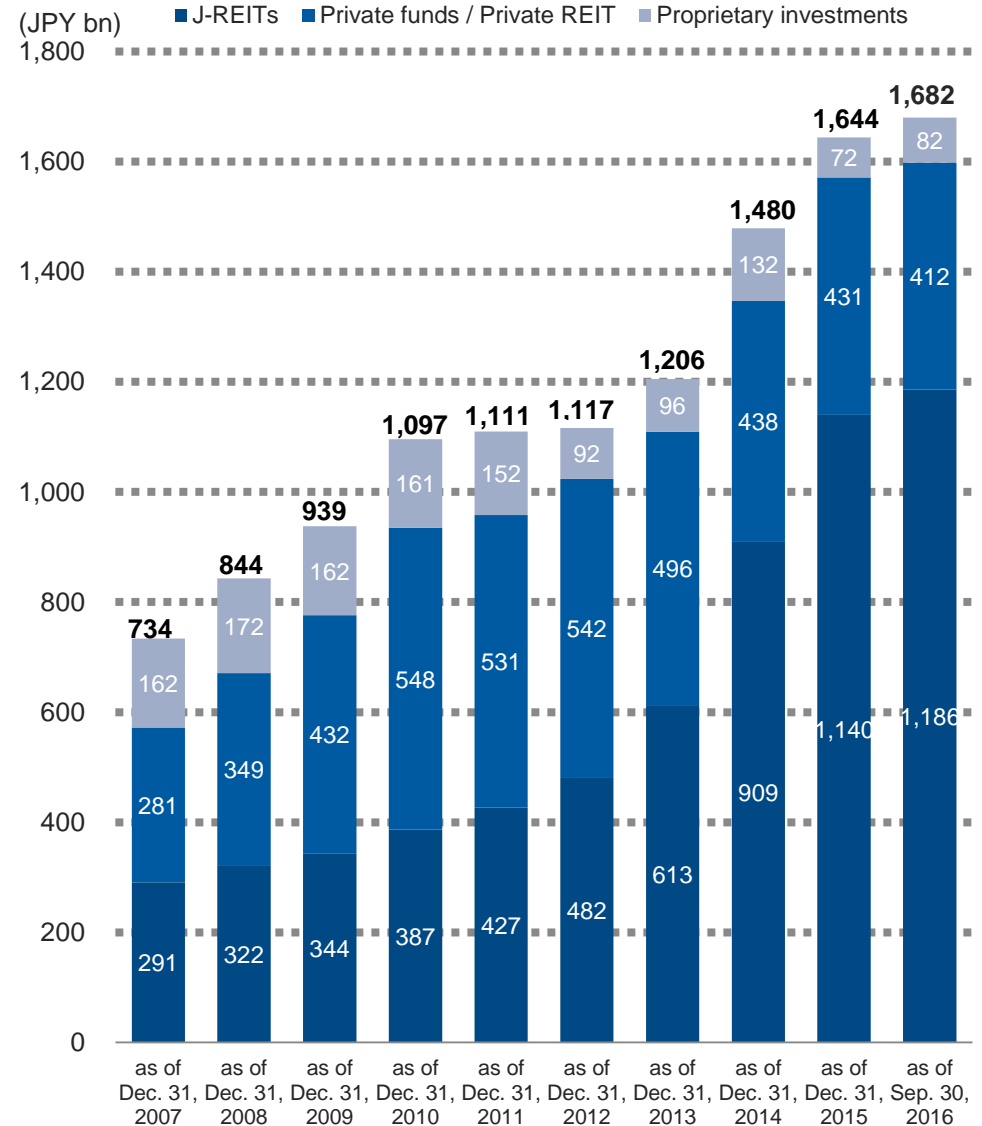
The Kenedix Group's strong commitment to J-REITs



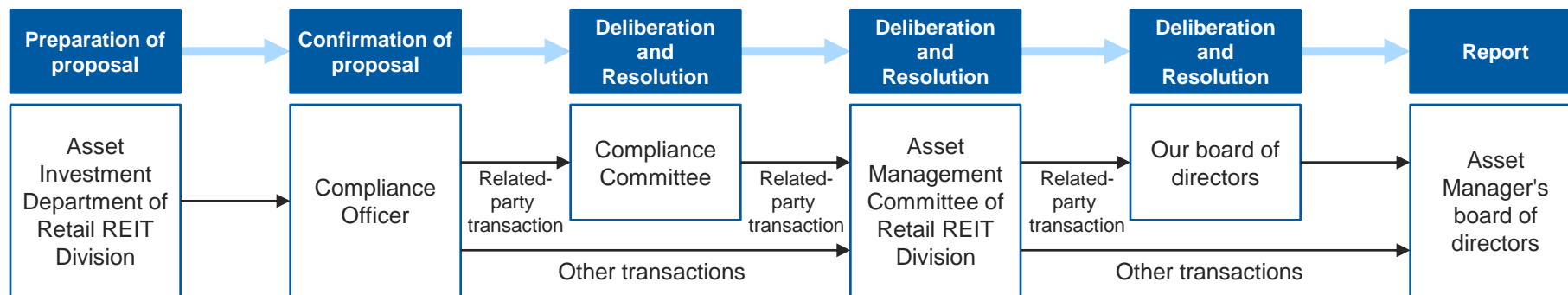
Note: The Kenedix Group's total AUM includes proprietary investments of JPY 82.3 bn.



The Kenedix Group's total AUM



Decision-making process for acquisition and sale of properties



Investment in Kenedix Retail REIT by the Kenedix Group

As of Sep. 30, 2016, The Kenedix Group owns about 1.4% (5,750 units) of our total issued units.

Introduction of DPU-linked management fee structure

Fee linked with distribution per unit

We believe the DPU-linked asset management fee structure will encourage the Asset Manager to place utmost emphasis on the growth of income from portfolio properties.

The Kenedix Group's business model that benefits from our growth

Because of the importance of the J-REIT business to the Kenedix Group, we believe that our sound growth is in line with their interests.

Appendix 2

Detailed financial results and portfolio information

KENEDIX

Earnings performance for the individual properties (1)

Location	Tokyo metropolitan area										
Property No.	T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	T-10	
Property Name	Fululu Garden Yachiyo	MONA Shin-Urayasu	Passaggio Nishiarai	Daikanyama Address Dixsept	Unicus Ina	Yorktown Kita-Kaname	Unicus Yoshikawa	Sports Club Renaissance Fujimidai	Super Viva Home Iwatsuki (Land)	K's Denki Shonan-Fujisawa (Land)	
Acquisition Date	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Oct. 2, 2015	Oct. 2, 2015
Price Information	Acquisition price (In millions of yen)	14,848	8,063	5,850	5,390	4,379	4,000	3,600	2,586	4,815	3,169
	Percentage of total portfolio	9.4%	5.1%	3.7%	3.4%	2.8%	2.5%	2.3%	1.6%	3.0%	2.0%
	Net book value (In millions of yen)	14,984	8,373	5,915	5,431	4,394	3,998	3,637	2,576	4,890	3,210
	Appraisal value (In millions of yen)	15,200	8,560	6,370	5,740	4,510	4,300	3,800	2,720	5,280	3,440
	Ratio	9.0%	5.1%	3.8%	3.4%	2.7%	2.6%	2.3%	1.6%	3.1%	2.0%
Lease Information	Number of tenants	49	1(71)	1(41)	1(26)	1	1	1(11)	1	1	1
	Leasable floor area (m ²)	77,057.56	9,568.31	10,546.25	5,056.39	13,044.37	-	10,648.27	3,120.87	67,325.95	15,578.58
	Leased floor area (m ²)	76,751.87	9,145.66	10,342.77	4,966.98	13,044.37	(Note)	10,648.27	3,120.87	67,325.95	15,578.58
	Occupancy ratio as of September 30, 2016	99.6%	95.6%	98.1%	98.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	183 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days
	(1) Rental and other operating revenues (In thousands of yen)	736,676	497,497	326,652	268,784	131,843	-	130,482	-	-	-
	Rental revenues	624,042	342,898	209,893	188,923	131,736	-	128,557	-	-	-
	Other operating revenues	112,633	154,599	116,758	79,861	107	-	1,925	-	-	-
	(2) Property-related expenses (In thousands of yen)	357,639	291,741	162,782	146,841	17,382	-	40,339	-	-	-
	Property management fees	142,528	84,007	46,928	53,084	1,800	-	24,122	-	-	-
	Taxes	70,958	22,947	35,189	11,872	10,426	(Note)	14,580	(Note)	(Note)	(Note)
	Utilities	68,764	57,765	39,024	35,379	-	-	-	-	-	-
	Repairs and maintenance	20,988	54,587	7,579	8,668	4,308	-	567	-	-	-
	Insurance	1,850	813	546	307	322	-	245	-	-	-
	Trust fees and other expenses	52,547	71,620	33,514	37,528	525	-	823	-	-	-
	(3) NOI (= (1)-(2)) (In thousands of yen)	379,037	205,755	163,869	121,943	114,460	106,777	90,143	64,009	103,418	79,368
	(4) Depreciation (In thousands of yen)	83,358	47,095	31,915	15,210	29,535	20,343	15,512	15,127	-	-
	(5) Rental operating income (= (3)-(4)) (In thousands of yen)	295,678	158,659	131,953	106,732	84,925	86,434	74,631	48,881	103,418	79,368
	(6) Capital expenditures (In thousands of yen)	40,683	138,817	13,357	5,418	7,222	252	10,920	-	-	-
(7) NCF (= (5)-(6)) (In thousands of yen)	338,353	66,938	150,511	116,525	107,238	106,525	79,222	64,009	103,418	79,368	

Note: We have not obtained consent from the tenants of the relevant property to release the information.

Earnings performance for the individual properties (2)

Location		Tokyo metropolitan area							Greater Osaka area		
Property No.		T-11	T-12	T-13	T-14	T-15	T-16	T-17	O-1	O-2	O-3
Property Name		Unicus Kamisato (Land)	Unicus Konosu (Land)	Inageya Yokohama Minamihonjuku (Land)	Gourmet City Chiba-Chuo	Nakamachidai Tokyu Store	Central Wellness Club Nagatsuta Minamidai	Life Kameido	Blumer Maitamon	Central Square Takadono (Land)	Piago Kahma Home Center Omihachiman
Acquisition Date		Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Apr. 21, 2016	Apr. 20, 2016	Apr. 21, 2016	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015
Price Information	Acquisition price (In millions of yen)	3,000	1,700	1,442	760	3,360	1,724	1,450	8,389	2,685	2,140
	Percentage of total portfolio	1.9%	1.1%	0.9%	0.5%	2.1%	1.1%	0.9%	5.3%	1.7%	1.3%
	Net book value (In millions of yen)	3,043	1,726	1,462	779	3,493	1,802	1,473	8,465	2,727	2,157
	Appraisal value (In millions of yen)	3,010	1,740	1,460	799	3,780	1,900	1,500	8,990	2,930	2,440
	Ratio	1.8%	1.0%	0.9%	0.5%	2.2%	1.1%	0.9%	5.3%	1.7%	1.5%
Lease Information	Number of tenants	1	1	1	1	1	2	1	49	1	2
	Leasable floor area (m ²)	67,854.47	19,329.00	4,405.41	3,488.77	5,968.71	3,996.70	2,929.58	30,037.11	4,437.07	14,313.00
	Leased floor area (m ²)	67,854.47	19,329.00	4,405.41	3,488.77	5,968.71	3,996.70	2,929.58	29,757.73	4,437.07	14,313.00
	Occupancy ratio as of September 30, 2016	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.1%	100.0%
Income and Retained Earnings Information	Operating periods	183 days	183 days	183 days	183 days	163 days	164 days	163 days	183 days	183 days	183 days
	(1) Rental and other operating revenues (In thousands of yen)	72,606	41,516				53,440		510,350		
	Rental revenues	72,606	41,507				52,056		363,099		
	Other operating revenues	-	9				1,384		147,251		
	(2) Property-related expenses (In thousands of yen)	6,243	4,595				3,929		232,584		
	Property management fees	1,200	1,200	-	-	-	2,838	-	59,595	-	-
	Taxes	4,777	3,129	(Note)	(Note)	(Note)	12	(Note)	42,616	(Note)	(Note)
	Utilities	-	-				294		91,763		
	Repairs and maintenance	-	-				302		15,025		
	Insurance	-	-				115		812		
	Trust fees and other expenses	266	266				366		22,771		
	(3) NOI (= (1)-(2)) (In thousands of yen)	66,362	36,920	31,859	19,188	84,941	49,511	32,739	277,766	63,872	74,689
	(4) Depreciation (In thousands of yen)	-	-	-	9,734	20,306	7,745	2,980	50,943	-	10,534
	(5) Rental operating income (= (3)-(4)) (In thousands of yen)	66,362	36,920	31,859	9,453	64,634	41,765	29,759	226,822	63,872	64,155
(6) Capital expenditures (In thousands of yen)	-	-	-	1,184	-	-	-	21,663	-	-	
(7) NCF (= (5)-(6)) (In thousands of yen)	66,362	36,920	31,859	18,004	84,941	49,511	32,739	256,102	63,872	74,689	

Note: We have not obtained consent from the tenants of the relevant property to release the information.

Earnings performance for the individual properties (3)

Location		Greater Osaka area							Greater Nagoya area		
Property No.		O-4	O-5	O-6	O-7	O-8	O-9	O-10	N-1	N-2	N-3
Property Name		Blumer HAT Kobe	Carino Esaka	COMBOX Komyoike	Hankyu Oasis HiraKatadeguchi	Welcia Kishiwadakamori (Land)	Life Nishi-Tengachaya	Million Town Tsukaguchi (Land)	Kahma Home Center Nakagawa Tomita (Land)	Valor Ichinomiya-Nishi	K's Denki Nakagawa Tomita (Land)
Acquisition Date		Apr. 16, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Jan. 21, 2016	Apr. 21, 2016	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015
Price Information	Acquisition price (In millions of yen)	11,000	6,555	6,450	1,280	487	1,505	3,723	2,311	2,174	889
	Percentage of total portfolio	6.9%	4.1%	4.1%	0.8%	0.3%	0.9%	2.3%	1.5%	1.4%	0.6%
	Net book value (In millions of yen)	11,538	6,587	6,469	1,327	497	1,572	3,772	2,351	2,170	907
	Appraisal value (In millions of yen)	11,600	6,590	6,940	1,310	500	1,650	3,810	2,540	2,280	960
	Ratio	6.9%	3.9%	4.1%	0.8%	0.3%	1.0%	2.3%	1.5%	1.4%	0.6%
Lease Information	Number of tenants	1 (41)	1 (30)	1	1	1	1	1	1	1	1
	Leasable floor area (m ²)	24,185.02	7,540.58	25,530.44	2,960.38	3,033.45	2,679.52	8,264.46	-	9,447.48	-
	Leased floor area (m ²)	23,968.51	7,474.92	25,530.44	2,960.38	3,033.45	2,679.52	8,264.46	(Note)	9,447.48	(Note)
	Occupancy ratio as of September 30, 2016	99.1%	99.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	183 days	183 days	183 days	183 days	183 days	183 days	163 days	183 days	183 days	183 days
	(1) Rental and other operating revenues (In thousands of yen)	491,969	295,046	226,261			44,870				
	Rental revenues	367,890	200,297	226,261			44,870				
	Other operating revenues	124,079	94,749	-			-				
	(2) Property-related expenses (In thousands of yen)	221,096	115,511	33,378			2,264				
	Property management fees	66,115	40,464	1,800	-	-	1,800	-	-	-	-
	Taxes	47,304	24,566	30,473	(Note)	(Note)	-	(Note)	(Note)	(Note)	(Note)
	Utilities	81,859	42,819	-			-				
	Repairs and maintenance	3,044	4,540	-			-				
	Insurance	935	721	690			55				
	Trust fees and other expenses	21,837	2,398	414			408				
	(3) NOI (= (1)-(2)) (In thousands of yen)	270,872	179,535	192,883	36,200	10,697	42,606	78,695	60,036	64,355	22,958
	(4) Depreciation (In thousands of yen)	52,328	27,802	32,894	5,201	-	4,682	-	-	14,526	-
	(5) Rental operating income (= (3)-(4)) (In thousands of yen)	218,544	151,732	159,988	30,999	10,697	37,924	78,695	60,036	49,828	22,958
(6) Capital expenditures (In thousands of yen)	5,292	2,966	-	-	-	-	-	-	-	-	
(7) NCF (= (5)-(6)) (In thousands of yen)	265,580	176,569	192,883	36,200	10,697	42,606	78,695	60,036	64,355	22,958	

Note: We have not obtained consent from the tenants of the relevant property to release the information.

Earnings performance for the individual properties (4)

Location		Greater Nagoya area	Fukuoka area	Ordinance-designed cities, core cities and other areas								
Property No.		N-4	F-1	R-1	R-2	R-3	R-4	R-5	R-6	R-7	R-8	
Property Name		Homecenter Kohnan Sunadabashi	Sunny Noma	Roseo Mito	K's Denki Aomori Honten	Super Sports Xebio Aomori-Chuo	Ashico Town Ashikaga	Yorktown Shinden-Higashi	Kasumi Technopark Sakura	Solala Plaza	P-1 Plaza Tenno	
Acquisition Date		Apr. 21, 2016	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Apr. 21, 2016	Apr. 22, 2016	
Price Information	Acquisition price (In millions of yen)	7,140	1,497	10,046	1,469	898	4,180	3,252	830	5,720	4,010	
	Percentage of total portfolio	4.5%	0.9%	6.3%	0.9%	0.6%	2.6%	2.0%	0.5%	3.6%	2.5%	
	Net book value (In millions of yen)	7,206	1,499	10,079	1,486	903	4,370	3,342	856	5,761	4,193	
	Appraisal value (In millions of yen)	7,220	1,520	10,900	1,550	924	5,060	3,310	861	5,910	4,260	
	Ratio	4.3%	0.9%	6.5%	0.9%	0.5%	3.0%	2.0%	0.5%	3.5%	2.5%	
Lease Information	Number of tenants	1	1	1(22)	1	1	1(26)	2	1	1	7	
	Leasable floor area (m ²)	20,329.07	2,814.67	48,296.15	10,083.41	-	65,616.31	12,768.77	2,047.65	-	12,030.83	
	Leased floor area (m ²)	20,329.07	2,814.67	48,161.79	10,083.41	(Note)	65,019.74	12,768.77	2,047.65	(Note)	12,030.83	
	Occupancy ratio as of September 30, 2016	100.0%	100.0%	99.7%	100.0%	100.0%	99.1%	100.0%	100.0%	100.0%	100.0%	
Income and Retained Earnings Information	Operating periods	163 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	163 days	162 days	
	(1) Rental and other operating revenues (In thousands of yen)			378,055			278,190				127,024	
	Rental revenues			345,076			200,955				119,806	
	Other operating revenues			32,978			77,234				7,217	
	(2) Property-related expenses (In thousands of yen)			83,521			144,389				5,177	
	Property management fees	-	-	19,028	-	-	38,059	-	-	-	-	2,642
	Taxes	(Note)	(Note)	27,340	(Note)	(Note)	25,377	(Note)	(Note)	(Note)	(Note)	14
	Utilities			26,026			61,934					200
	Repairs and maintenance			6,366			9,633					1,047
	Insurance			697			675					766
	Trust fees and other expenses			4,062			8,709					506
	(3) NOI (= (1)-(2)) (In thousands of yen)	183,775	40,154	294,533	46,015	28,380	133,800	95,467	22,736	135,967	121,846	
	(4) Depreciation (In thousands of yen)	40,500	14,252	47,089	6,365	4,894	28,143	13,591	2,661	43,111	15,781	
	(5) Rental operating income (= (3)-(4)) (In thousands of yen)	143,275	25,902	247,443	39,649	23,486	105,657	81,875	20,075	92,855	106,065	
	(6) Capital expenditures (In thousands of yen)	-	-	13,406	-	-	-	3,609	-	-	-	-
(7) NCF (= (5)-(6)) (In thousands of yen)	183,775	40,154	281,126	46,015	28,380	133,800	91,857	22,736	135,967	121,846		

Note: We have not obtained consent from the tenants of the relevant property to release the information.

Balance sheets

(in thousands of yen)	Second Fiscal Period (As of Mar. 31, 2016)	Third Fiscal Period (As of Sep. 30, 2016)
Assets		
Current assets		
Cash and deposits	3,882,955	4,367,293
Cash and deposits in trust	10,341,252	11,615,129
Operating accounts receivable	192,030	206,398
Prepaid expenses	33,750	112,712
Consumption taxes receivable	510,522	477,707
Other	-	432
Total current assets	14,960,512	16,779,673
Non-current assets		
Property, plant and equipment		
Construction in progress	-	35,243
Buildings in trust	33,894,083	42,409,745
Accumulated depreciation	-1,043,077	-1,707,093
Buildings in trust, net	32,851,006	40,702,651
Structures in trust	1,584,525	1,808,630
Accumulated depreciation	-68,990	-106,872
Structures in trust, net	1,515,535	1,701,758
Machinery and equipment in trust	29,194	203,295
Accumulated depreciation	-1,720	-6,582
Machinery and equipment in trust, net	27,473	196,712
Tools, furniture and fixtures in trust	47,611	51,813
Accumulated depreciation	-3,413	-6,700
Tools, furniture and fixtures in trust, net	44,198	45,112
Land in trust	99,044,234	118,225,350
Construction in progress in trust	5,583	12,015
Total property, plant and equipment, net	133,488,032	160,918,844
Intangible assets		
Leasehold right in trust	528,555	524,576
Other	2,164	1,883
Total intangible assets	530,719	526,460
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	36,015	36,035
Long-term prepaid expenses	583,023	651,956
Long-term deposits	124,960	124,960
Total investments and other assets	753,998	822,951
Total non-current assets	134,772,750	162,268,256
Deferred assets		
Organization costs	35,435	30,369
Investment unit issuance costs	240,764	281,763
Total deferred assets	276,199	312,132
Total assets	150,009,463	179,360,062

(in thousands of yen)	Second Fiscal Period (As of Mar. 31, 2016)	Third Fiscal Period (As of Sep. 30, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	606,400	453,515
Short-term loans payable	6,500,000	12,070,000
Accounts payable-other	285,470	267,670
Accrued expenses	6,520	7,108
Income taxes payable	932	1,081
Advances received	748,176	859,300
Deposits received	136,468	122,669
Total current liabilities	8,283,968	13,781,345
Non-current liabilities		
Long-term loans payable	51,000,000	57,230,000
Tenant leasehold and security deposits	-	2,500
Tenant leasehold and security deposits in trust	10,633,432	11,518,586
Asset retirement obligations	23,045	23,190
Other	34,382	64,677
Total non-current liabilities	61,690,859	68,838,953
Total liabilities	69,974,828	82,620,298
Net assets		
Unitholders' equity		
Unitholders' capital	77,606,649	94,256,390
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	-	-4,263
Total deduction from unitholders' capital	-	-4,263
Unitholders' capital, net	77,606,649	94,252,127
Surplus		
Unappropriated retained earnings	2,427,985	2,518,802
Total surplus	2,427,985	2,518,802
Total unitholders' equity	80,034,634	96,770,929
Valuation and translation adjustments		
Deferred gains or losses on hedges	-	-31,166
Total valuation and translation adjustments	-	-31,166
Total net assets	80,034,634	96,739,763
Total liabilities and net assets	150,009,463	179,360,062

Statements of income and retained earnings

(in thousands of yen)	Second Fiscal Period (From Oct. 1, 2015 to Mar. 31, 2016)	Third Fiscal Period (From Apr. 1, 2016 to Sep. 30, 2016)
Operating revenues		
Rent revenue-real estate	4,656,391	5,405,789
Other lease business revenue	884,665	968,378
Total operating revenues	5,541,057	6,374,168
Operating expenses		
Expenses related to rent business	2,235,833	2,860,183
Asset management fees	405,144	438,769
Asset custody fees	4,658	6,375
Administrative service fees	16,454	21,792
Directors' compensation	4,500	4,500
Other operating expenses	48,444	69,052
Total operating expenses	2,715,035	3,400,673
Operating income	2,826,021	2,973,494
Non-operating income		
Interest income	937	51
Interest on refund	715	251
Total non-operating income	1,652	303
Non-operating expenses		
Interest expenses	275,159	306,343
Financing-related expenses	59,213	65,780
Amortization of organization costs	5,066	5,066
Amortization of investment unit issuance costs	59,244	76,922
Total non-operating expenses	398,683	454,113
Ordinary income	2,428,991	2,519,684
Income before income taxes	2,428,991	2,519,684
Income taxes		
Current	1,075	1,088
Total income taxes	1,075	1,088
Net income	2,427,915	2,518,595
Retained earnings brought forward	70	206
Unappropriated retained earnings	2,427,985	2,518,802

(in thousands of yen)	Second Fiscal Period (From Oct. 1, 2015 to Mar. 31, 2016)	Third Fiscal Period (From Apr. 1, 2016 to Sep. 30, 2016)
A. Rental and other operating revenues		
Rent revenue-real estate		
Rental revenues	3,761,328	4,393,233
Rental revenues from limited proprietary rights of land	598,355	680,862
Common area charges	296,707	331,693
Subtotal	4,656,391	5,405,789
Other lease business revenue		
Parking space rental revenues	162,060	163,358
Utility charge reimbursement	453,733	540,060
Miscellaneous	268,871	264,959
Subtotal	884,665	968,378
Total rental and other operating revenues	5,541,057	6,374,168
B. Property-related expenses		
Expenses related to rent business		
Property management fees and facility management fees	637,809	684,963
Utilities	495,520	523,159
Taxes	216	482,449
Repairs and maintenance	201,226	150,915
Insurance	10,531	12,341
Trust fees	14,499	17,294
Depreciation	565,861	714,171
Others	310,168	274,888
Total property-related expenses	2,235,833	2,860,183
C. Net operating income from real estate rental business(A-B)	3,305,224	3,513,984

Statements of cash flows

(in thousands of yen)	Second Fiscal Period (From Oct. 1, 2015 to Mar. 31, 2016)	Third Fiscal Period (From Apr. 1, 2016 to Sep. 30, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	2,428,991	2,519,684
Depreciation and amortization	566,142	714,452
Amortization of organization costs	5,066	5,066
Amortization of investment unit issuance costs	59,244	76,922
Interest income	-937	-51
Interest expenses	275,159	306,343
Decrease (increase) in operating accounts receivable	-28,262	-14,367
Decrease (increase) in consumption taxes receivable	1,561,226	32,815
Decrease (increase) in prepaid expenses	-16,987	-78,961
Increase (decrease) in operating accounts payable	94,580	-25,321
Increase (decrease) in accounts payable-other	25,738	-19,393
Increase (decrease) in advances received	229,469	111,123
Increase (decrease) in deposits received	-223,486	-13,799
Decrease (increase) in long-term prepaid expenses	-164,503	-68,932
Other	36,767	-4,103
Subtotal	4,848,210	3,541,476
Interest income received	937	51
Interest expenses paid	-272,051	-305,756
Income taxes paid	-6,464	-940
Net cash provided by (used in) operating activities	4,570,631	3,234,831
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-	-35,243
Purchase of property, plant and equipment in trust	-40,463,688	-28,233,179
Purchase of intangible assets in trust	-361,455	-
Payments for lease and guarantee deposits in trust	-30,695	-20
Proceeds of tenant leasehold and security deposits	-	2,500
Repayments of tenant leasehold and security deposits in trust	-286,205	-314,140
Proceeds from tenant leasehold and security deposits in trust	2,185,372	1,202,094
Proceeds from restricted bank deposits in trust	661,625	215,676
Net cash provided by (used in) investing activities	-38,295,047	-27,162,312

(in thousands of yen)	Second Fiscal Period (From Oct. 1, 2015 To Mar. 31, 2016)	Third Fiscal Period (From Apr. 1, 2016 to Sep. 30, 2016)
Net cash provided by (used in) financing activities		
Proceeds in short-term loans payable	7,700,000	6,370,000
Payments in short-term loans payable	-3,200,000	-800,000
Proceeds from long-term loans payable	14,650,000	6,230,000
Proceeds from issuance of investment units	19,611,147	16,531,819
Payments of dividends	-1,931,323	-2,430,448
Net cash provided by (used in) financing activities	36,829,824	25,901,371
Net increase (decrease) in cash and cash equivalents	3,105,407	1,973,891
Cash and cash equivalents at the beginning of period	8,150,002	11,255,410
Cash and cash equivalents at the end of period	11,255,410	13,229,301

Appraisal value

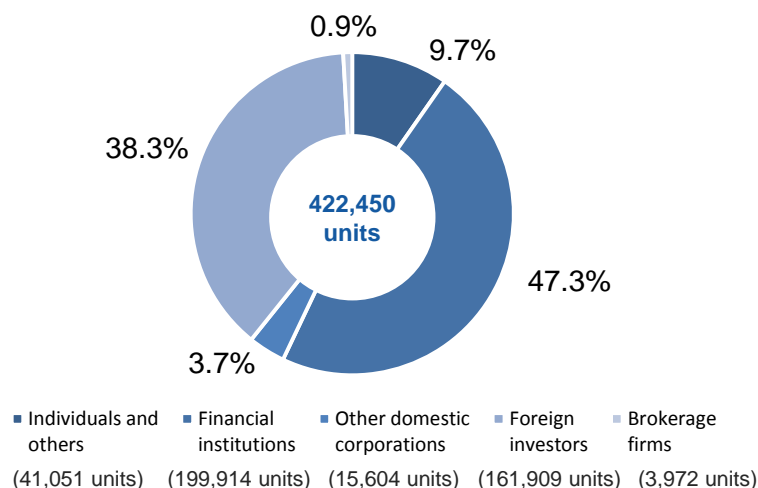
No.	Property name	Appraisal date	Appraisal value (JPY mn)			Income capitalization approach value								
						Direct capitalization method			DCF method					
			Direct cap rate (%)			Discount rate (%)			Terminal cap rate (%)					
			Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes
T-1	Fululu Garden Yachiyo	Sep. 30, 2016	15,200	15,200	0	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0
T-2	MONA Shin-Urayasu	Sep. 30, 2016	8,500	8,560	60	5.3	5.2	-0.1	5.0	4.9	-0.1	5.5	5.4	-0.1
T-3	Passaggio Nishiarai	Sep. 30, 2016	6,280	6,370	90	4.4	4.4	0.0	4.2	4.2	0.0	4.6	4.6	0.0
T-4	Daikanyama Address Dixsept	Sep. 30, 2016	5,620	5,740	120	3.8	3.8	0.0	3.6	3.6	0.0	4.0	4.0	0.0
T-5	Unicus Ina	Sep. 30, 2016	4,420	4,510	90	5.2	5.2	0.0	4.9	4.8	-0.1	5.4	5.3	-0.1
T-6	Yorktown Kita-Kaname	Sep. 30, 2016	4,300	4,300	0	5.0	5.0	0.0	4.8	4.8	0.0	5.2	5.2	0.0
T-7	Unicus Yoshikawa	Sep. 30, 2016	3,770	3,800	30	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-8	Sports Club Renaissance Fujimidai	Sep. 30, 2016	2,720	2,720	0	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0
T-9	Super Viva Home Iwatsuki (Land)	Sep. 30, 2016	5,260	5,280	20	-	-	-	4.7	4.7	0.0	-	-	-
T-10	K's Denki Shonan-Fujisawa (Land)	Sep. 30, 2016	3,390	3,440	50	-	-	-	4.6	4.5	-0.1	-	-	-
T-11	Unicus Kamisato (Land)	Sep. 30, 2016	3,010	3,010	0	-	-	-	4.7	4.7	0.0	-	-	-
T-12	Unicus Konosu (Land)	Sep. 30, 2016	1,740	1,740	0	-	-	-	4.6	4.6	0.0	-	-	-
T-13	Inageya Yokohama Minamihonjuku (Land)	Sep. 30, 2016	1,460	1,460	0	-	-	-	4.0	4.0	0.0	4.6	4.6	0.0
T-14	Gourmet City Chiba-Chuo	Sep. 30, 2016	799	799	0	5.2	5.2	0.0	5.0	5.0	0.0	5.4	5.4	0.0
T-15	Nakamachidai Tokyu Store	Sep. 30, 2016	3,780	3,780	0	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0
T-16	Central Wellness Club Nagatsuta Minamidai	Sep. 30, 2016	1,880	1,900	20	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0
T-17	Life Kameido	Sep. 30, 2016	1,500	1,500	0	4.3	4.3	0.0	4.0	4.0	0.0	4.5	4.5	0.0
O-1	Blumer Maitamon	Sep. 30, 2016	8,780	8,990	210	5.5	5.4	-0.1	5.6	5.5	-0.1	5.7	5.6	-0.1
O-2	Central Square Takadono (Land)	Sep. 30, 2016	2,870	2,930	60	-	-	-	4.4	4.3	-0.1	-	-	-
O-3	Piago Kahma Home Center Omihachiman	Sep. 30, 2016	2,410	2,440	30	6.4	6.3	-0.1	6.1	6.0	-0.1	6.6	6.5	-0.1
O-4	Blumer HAT Kobe	Sep. 30, 2016	11,600	11,600	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
O-5	Carino Esaka	Sep. 30, 2016	6,590	6,590	0	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0
O-6	COMBOX Komyoike	Sep. 30, 2016	6,920	6,940	20	5.2	5.2	0.0	4.9	4.9	0.0	5.4	5.4	0.0
O-7	Hankyu Oasis Hirakatadeguchi	Sep. 30, 2016	1,310	1,310	0	5.6	5.6	0.0	5.4	5.4	0.0	5.8	5.8	0.0
O-8	Welcia Kishiwadadakamori (Land)	Sep. 30, 2016	500	500	0	-	-	-	4.0	4.0	0.0	4.6	4.6	0.0
O-9	Life Nishi-Tengachaya	Sep. 30, 2016	1,620	1,650	30	4.9	4.8	-0.1	5.0	4.9	-0.1	5.1	5.0	-0.1
O-10	Million Town Tsukaguchi (Land)	Sep. 30, 2016	3,730	3,810	80	-	-	-	4.4	4.3	-0.1	-	-	-
N-1	Kahma Home Center Nakagawa Tomita (Land)	Sep. 30, 2016	2,500	2,540	40	-	-	-	4.8	4.7	-0.1	-	-	-
N-2	Valor Ichinomiyama-Nishi	Sep. 30, 2016	2,230	2,280	50	5.3	5.2	-0.1	5.0	4.9	-0.1	5.5	5.4	-0.1
N-3	K's Denki Nakagawa Tomita (Land)	Sep. 30, 2016	945	960	15	-	-	-	4.8	4.7	-0.1	-	-	-
N-4	Homecenter Kohnan Sunadabashi	Sep. 30, 2016	7,220	7,220	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
F-1	Sunny Noma	Sep. 30, 2016	1,520	1,520	0	5.1	5.1	0.0	4.9	4.9	0.0	5.5	5.5	0.0
R-1	Roseo Mito	Sep. 30, 2016	10,700	10,900	200	5.5	5.4	-0.1	5.2	5.1	-0.1	5.7	5.6	-0.1
R-2	K's Denki Aomori Honten	Sep. 30, 2016	1,570	1,550	-20	5.8	5.7	-0.1	5.5	5.4	-0.1	6.0	5.9	-0.1
R-3	Super Sports Xebio Aomori-Chuo	Sep. 30, 2016	909	924	15	5.8	5.7	-0.1	5.5	5.4	-0.1	6.0	5.9	-0.1
R-4	Ashico Town Ashikaga	Sep. 30, 2016	5,060	5,060	0	5.4	5.4	0.0	5.2	5.2	0.0	5.6	5.6	0.0
R-5	Yorktown Shinden-Higashi	Sep. 30, 2016	3,310	3,310	0	5.6	5.6	0.0	5.4	5.4	0.0	5.8	5.8	0.0
R-6	Kasumi Technopark Sakura	Sep. 30, 2016	861	861	0	5.2	5.2	0.0	5.0	5.0	0.0	5.4	5.4	0.0
R-7	Solala Plaza	Sep. 30, 2016	5,740	5,910	170	5.0	4.9	-0.1	4.7	4.6	-0.1	5.2	5.1	-0.1
R-8	P-1 Plaza Tennno	Sep. 30, 2016	4,230	4,260	30	5.3	5.3	0.0	4.9	4.9	0.0	5.4	5.4	0.0
Total/Average			166,754	168,164	1,410	-	-	-	-	-	-	-	-	-
N-5	K's Denki Shin-moriyama (Land)	Oct. 1, 2016	-	1,410	-	-	-	-	-	4.1	-	-	4.3	-

Note: "Previous" refers to appraisal value at the previous appraisal dated Mar. 31, 2016 for properties acquired in 1st or 2nd period and dated Feb. 1, 2016 for properties acquired in 3rd period (dated Nov. 1, 2015 for Homecenter Kohnan Sunadabashi).

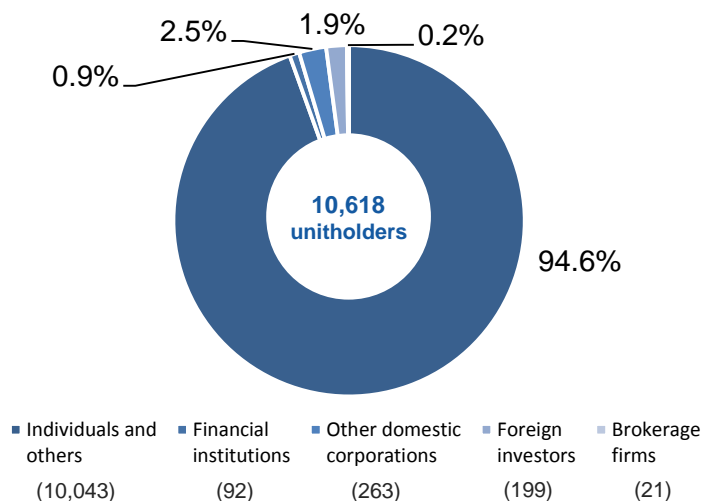
"Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

Unitholder information (as of September 30, 2016)

Ownership ratio by investor type



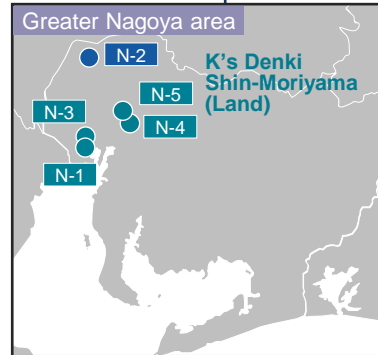
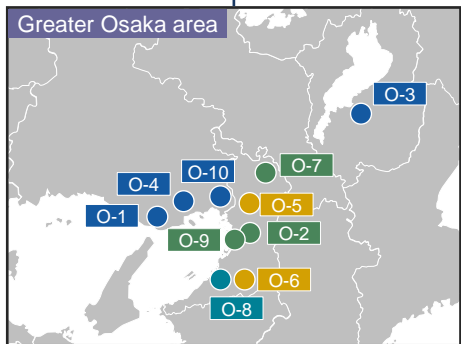
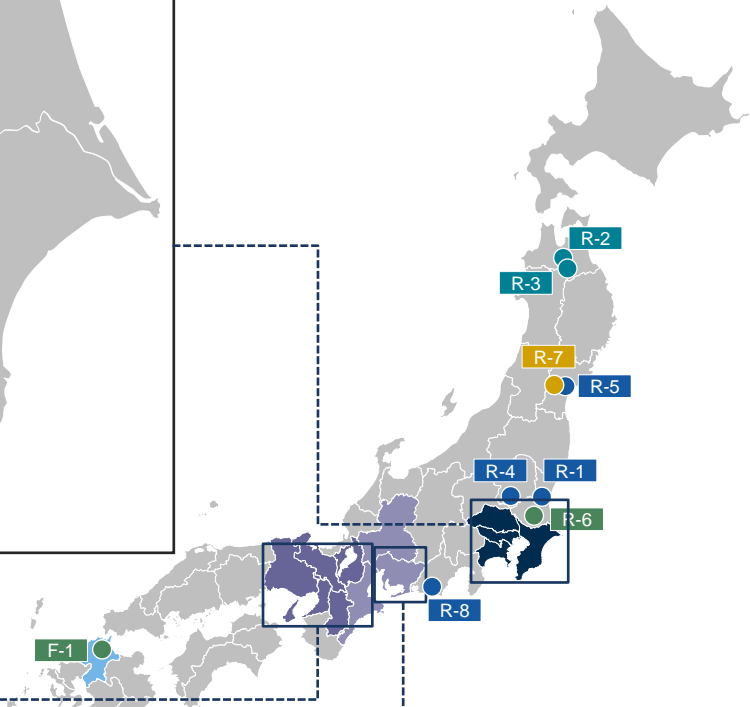
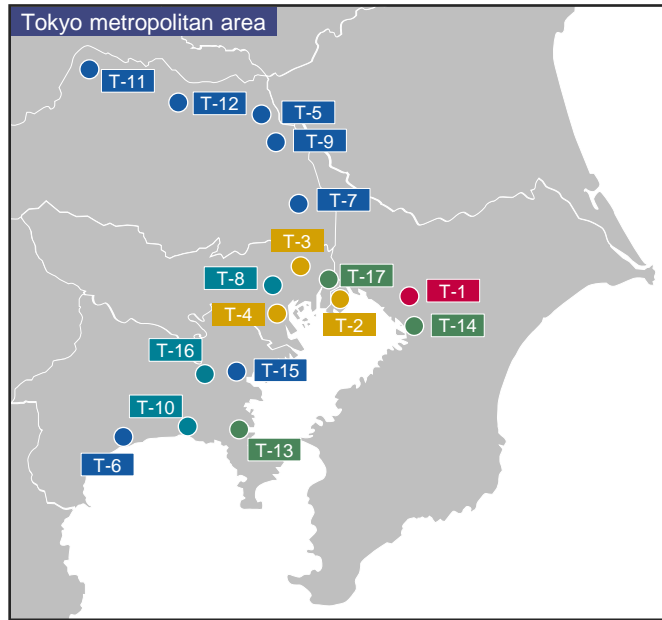
Number of unitholders by investor type



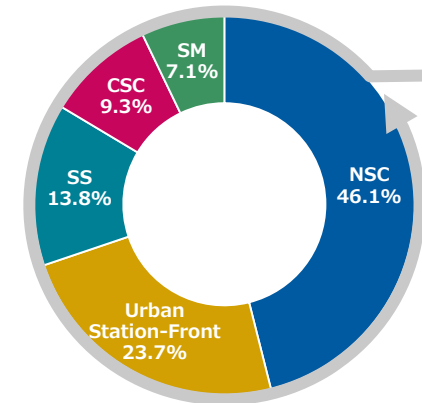
Major unitholders

Rank	Name	# of units held	(%)(Note)
1	JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Acct.)	80,441	19.04%
2	THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.)	34,820	8.24%
3	TRUST & CUSTODY SERVICE BANK, LTD. (Securities Investment Trust Acct.)	29,456	6.97%
4	JP MORGAN CHASE BANK 385628	16,318	3.86%
5	THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.)	16,036	3.79%
6	THE BANK OF NEW YORK MELLON SA/NV 10	12,501	2.95%
7	THE BANK OF NEW YORK, NON-TREATY JASDAC ACCOUNT	12,150	2.87%
8	STATE STREET BANK AND TRUST COMPANY	7,029	1.66%
9	SIX SIS LTD.	6,453	1.52%
10	STATE STREET BANK AND TRUST COMPANY 505223	5,798	1.37%

Note: Figures are based on # of units and rounded down to the 2nd decimal place.

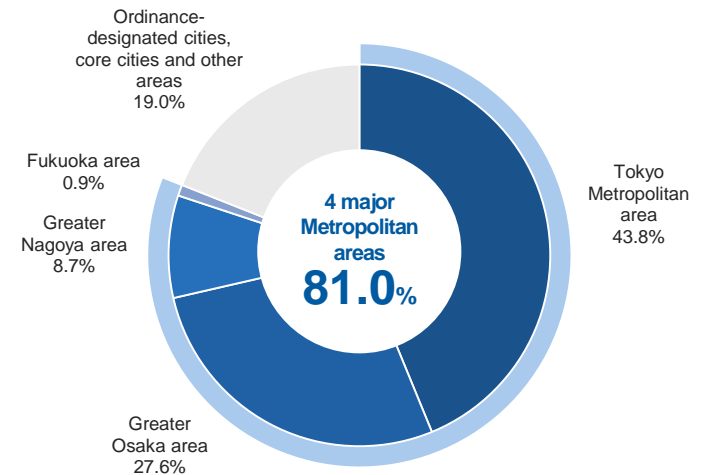


Types of retail property (by acquisition price)



Shopping centers for daily needs
100%

Location (by acquisition price)



Portfolio overview

T-1 Fululu Garden Yachiyo



T-2 MONA Shin-Urayasu



T-3 Passaggio Nishiari



T-4 Daikanyama Address Dixsept



T-5 Unicus Ina



T-6 Yorktown Kita-Kaname



T-7 Unicus Yoshikawa



T-8 Sports Club Renaissance Fujimidai



T-9 Super Viva Home Iwatsuki (Land)



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



T-11 Unicus Kamisato (Land)



T-12 Unicus Konosu (Land)



T-13 Inageya Yokohama Minamihonjuku (Land)



T-14 Gourmet City Chiba-Chuo



T-15 Nakamachidai Tokyu Store



T-16 Central Wellness Club Nagatsuta Minamidai



T-17 Life Kameido



O-1 Blumer Maitamon



O-2 Central Square Takadono (Land)



O-3 Piago Kahma Home Center Omihachiman



O-4 Blumer HAT Kobe



O-5 Carino Esaka



O-6 COMBOX Komyoike



O-7 Hankyu Oasis Hirakatadeguchi



O-8 Welcia Kishiwadakamori (Land)



O-9 Life Nishi-Tengachaya



O-10 Million Town Tsukaguchi (Land)



N-1 Kahma Home Center Nakagawa Tomita (Land)



N-2 Valor Ichinomiya-Nishi



N-3 K's Denki Nakagawa Tomita (Land)



N-4 Homecenter Kohnan Sunadabashi



F-1 Sunny Noma



R-1 Roseo Mito



R-2 K's Denki Aomori-Chuo



R-3 Super Sports Xebio Aomori-Chuo



R-4 Ashico Town Ashikaga



R-5 Yorktown Shinden-Higashi



R-6 Kasumi Technopark Sakura



R-7 Solala Plaza



R-8 P-1 Plaza Tenno



N-5 K's Denki Shin-Moriyama (Land)



Portfolio overview

Acquisition price
(note)

JPY 160,136
mn

Total appraisal value
(note)

JPY 169,574
mn

Average appraisal NOI yield
(note)

5.4%

Weighted average occupancy rate
(note)

99.7%

Number of tenants
(note)

406

No	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	# of tenants
Existing Properties as of Sep. 30, 2016							
T-1	Fululu Garden Yachiyo	Yachiyo, Chiba	14,848	15,200	5.1	99.6	49
T-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	8,560	6.1	95.6	71
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	6,370	5.0	98.1	41
T-4	Daikanyama Address Dixsept	Shibuya ward, Tokyo	5,390	5,740	4.2	98.2	26
T-5	Unicus Ina	Kitaadachi-gun, Saitama	4,379	4,510	5.5	100.0	1
T-6	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	4,000	4,300	5.4	100.0	1
T-7	Unicus Yoshikawa	Yoshikawa, Saitama	3,600	3,800	5.2	100.0	11
T-8	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	2,720	5.0	100.0	1
T-9	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	4,815	5,280	4.3	100.0	1
T-10	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	3,169	3,440	5.0	100.0	1
T-11	Unicus Kamisato (Land)	Kodama-gun, Saitama	3,000	3,010	4.6	100.0	1
T-12	Unicus Konosu (Land)	Konosu, Saitama	1,700	1,740	4.6	100.0	1
T-13	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	1,442	1,460	4.5	100.0	1
T-14	Gourmet City Chiba-Chuo	Chiba, Chiba	760	799	5.8	100.0	1
T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,780	5.4	100.0	1
T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,900	5.7	100.0	2
T-17	Life Kameido	Koto ward, Tokyo	1,450	1,500	4.5	100.0	1
O-1	Blumer Maitamon	Kobe, Hyogo	8,389	8,990	5.8	99.1	49
O-2	Central Square Takadono (Land)	Osaka, Osaka	2,685	2,930	4.8	100.0	1
O-3	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	2,140	2,440	7.1	100.0	2
O-4	Blumer HAT Kobe	Kobe, Hyogo	11,000	11,600	5.2	99.1	41
O-5	Carino Esaka	Suita, Osaka	6,555	6,590	5.2	99.1	30
O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,940	6.0	100.0	1
O-7	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	1,280	1,310	5.9	100.0	1
O-8	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	487	500	4.5	100.0	1
O-9	Life Nishi-Tengachaya	Osaka, Osaka	1,505	1,650	5.3	100.0	1
O-10	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	3,723	3,810	4.6	100.0	1
N-1	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	2,540	5.2	100.0	1
N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	2,174	2,280	5.9	100.0	1
N-3	K's Denki Nakagawa Tomita (Land)	Nagoya, Aichi	889	960	5.2	100.0	1
N-4	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	7,140	7,220	5.2	100.0	1
F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,520	5.4	100.0	1
R-1	Roseo Mito	Mito, Ibaraki	10,046	10,900	5.9	99.7	22
R-2	K's Denki Aomori Honten	Aomori, Aomori	1,469	1,550	6.3	100.0	1
R-3	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	898	924	6.4	100.0	1
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	4,180	5,060	6.5	99.1	26
R-5	Yorktown Shinden-Higashi	Sendai, Miyagi	3,252	3,310	6.0	100.0	2
R-6	Kasumi Technopark Sakura	Tsukuba, Ibaraki	830	861	5.6	100.0	1
R-7	Solala Plaza	Sendai, Miyagi	5,720	5,910	5.0	100.0	1
R-8	P-1 Plaza Tennenno	Hamamatsu, Shizuoka	4,010	4,260	5.7	100.0	7
Property acquired in Nov. 2016							
N-5	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	1,370	1,410	4.4	100.0	1

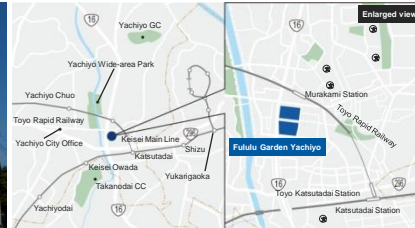
Note: The figures are as of Nov. 2016 (after acquisition of one property). The figures of "weighted average occupancy rate" and "number of tenants" are as of Sep. 30, 2016 (including K's Denki Shin-Moriyama (Land)).

Operating highlights ~ Fululu Garden Yachiyo

CSC Community Shopping Center

Fululu Garden Yachiyo

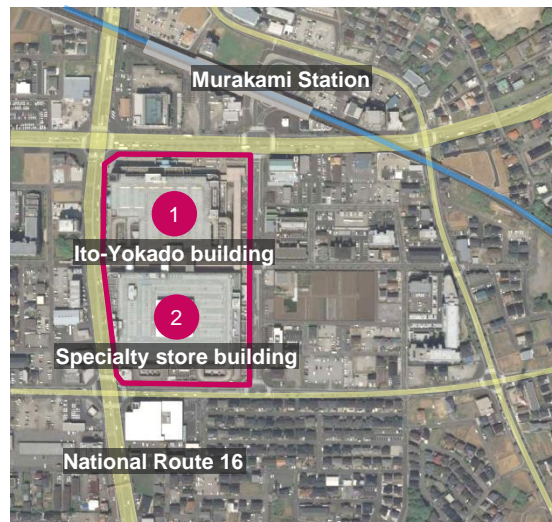
A CSC easily accessible by both cars and trains, located in an area with population growth



Acquisition price	JPY14,848 mn
Location	Yachiyo, Chiba
GFA	(1) 50,960.84 m ² (2) 65,698.32 m ²
Core tenant	Ito-Yokado Co., Ltd.
Appraisal NOI	JPY760 mn
Appraisal NOI yield	5.1%



Local & retail trade area



Source: Aerial photographs Geospatial Information Authority of Japan

Access

- About 45 minutes to "Otemachi" station from the nearest "Murakami" station
- Facing National Route 16
- Shuttle bus service available from "Katsutadai" station

Population

- Within a 5km radius: 335,000 people (up 1.5% from 2005 to 2010)
- Within a 3km radius: 160,000 people (up 2.3% from 2005 to 2010)
- Yachiyo City: 195,000 people (up 3.3% from 2010 to 2015)

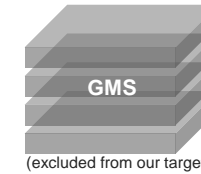
Number of visitors

- Stable at 600,000 per month on average

GMS vs. CSC

- Stand alone GMS fall outside KRR's investment targets
- CSC, consisted of specialty stores and GMS, is included as KRR's investment targets
- RSC larger than CSCs is also our investment targets (up to 20% of the entire portfolio)

GMS



CSC / RSC



Tenants' credibility

Nearly 85% of the tenants are listed companies or members of listed corporate groups (on a rent income basis)



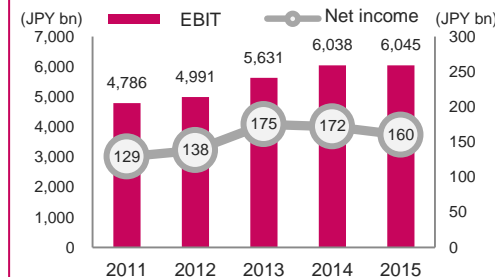
Performance of core tenants (listed companies)

Company name	Sales	Net income
Xebio HD	210,672	2,084
Fast Retailing	1,681,781	110,027
Aoki HD	183,805	10,185
Honeys	59,020	1,948
Regal Corporation	36,030	1,336

Source: Compiled based on each company's disclosure materials
Note: Legal status suffixes, such as Co., Ltd., are omitted.

Ito-Yokado

Seven & i HD



Seven & i HD group companies in the property

- Ito-Yokado: Core tenant
- Akachan Honpo: Tenant in the specialty store building
- Mall SC Development: Sub-PM for the entire property

Note: This section is taken from the 2nd period presentation material.

Operating performance of Ito-Yokado Yachiyo

- Ranks in top 30% of all Ito-Yokado stores in terms of annual sales
- Sales have been growing since the store manager was given more authority and the product mix was optimized to better meet the needs of local area customers
- Low occupancy cost ratio: approx. 5% (Occupancy cost ratio: rents divided by sales)

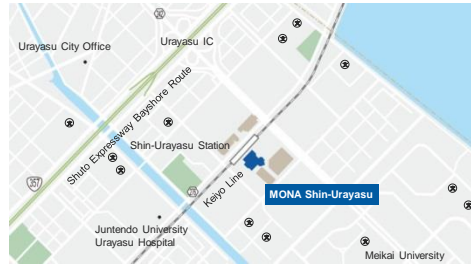
Online supermarket

- Operating an online supermarket where products ordered online are delivered to customers from the Ito-Yokado store in this property
- Customers can also receive products they ordered online at any of the 10 Seven Eleven shops in the neighborhood
- Ito-Yokado is reported to represent nearly half of the entire online supermarket market, which size is approx. JPY100 bn

Operating highlights ~ MONA Shin-Urayasu

Urban Station-Front

MONA Shin-Urayasu



Acquisition price	JPY8,063 mn
Location	Urayasu, Chiba
Land area^(Note)	15,875.86 m ²
GFA^(Note)	76,767.24 m ²
Core tenant	Undisclosed
Appraisal NOI	JPY490 mn
Appraisal NOI yield	6.1%

Note: Although the property is subject to sectional ownership, the total land area and GFA for the entire building are stated

Location & retail trade area



Source: Aerial photographs Geospatial Information Authority of Japan

Access

- About 20 minutes to "Tokyo" station from the nearest "Shin-Urayasu" station
- The property is connected directly to the station via a pedestrian walkway
- Shin-Urayasu station has a daily passenger traffic of over 58,000 people on average
- Tokyo Disney Report is located in Maihama, one station west of Shin-Urayasu station

Population

- Within a 5km radius: 509,000 people (up 3.9% from 2005 to 2010)
- Within a 3km radius: 205,000 people (up 5.3% from 2005 to 2010)
- Urayasu City: 164,000 people (down 0.5% from 2010 to 2015)

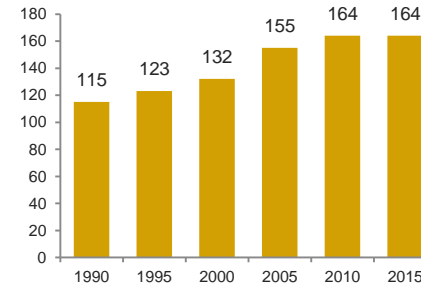
Competitive environment

- AEON Shin-Urayasu (Shoppers Plaza Shin-Urayasu) is located on the south-east of "Shin-Urayasu" station

Growth opportunities

Retail trade area Steadily growing population

- Population in Urayasu City, where the property is located, had grown until 2010 and has remained stable level since then

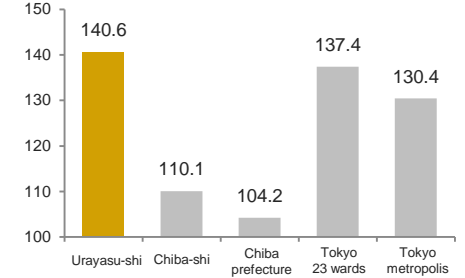


Source: 2015 National Census (preliminary report) (Ministry of Internal Affairs and Communications)

Retail trade area Higher average income

- The average income in Urayasu City exceeds that in 23 wards of Tokyo

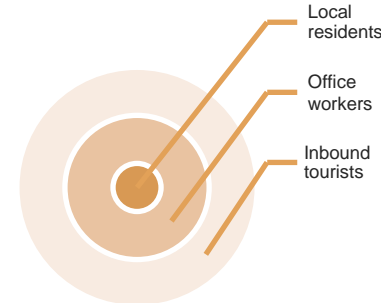
(National average=100)



Source: Survey of Taxation for each City/Town/Village by Ministry of Internal Affairs and Communications (2015)

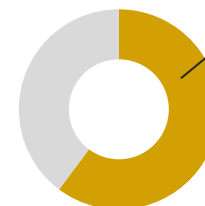
Growth potential

Tenants meeting the needs of broad customer base



- Tenants include retailers offering convenience goods, including a grocery supermarket and a drugstore
- Provided with highly useful public spaces which can be used for various events
- Financial institution tenants (6 tenants), which help attract heavy traffic into the property
- Restaurant tenants can drive demand from office workers on their way home as well as travelers staying in hotels close to the train station
- A 100-yen shop, a drugstore and sundries stores that are highly popular among foreigners help attract demand from inbound tourists

Leasing maturity



60.1%

Proportion of the tenants whose fixed-term lease contracts will mature by the 6th financial period (ending March 2018)

We seek to achieve cost saving and improved tenant satisfaction through effective utilization of CAPEX in a timely manner upon the maturity of each lease contract, and pursue rental upside upon contract renewal or tenant replacement by optimizing our tenant mix to better meet the needs in the retail trade area

Portfolio highlights (1)

Name	T-1 Fululu Garden Yachiyo	T-2 MONA Shin-Urayasu	T-3 Passaggio Nishiarai	T-4 Daikanyama Address Dixsept	T-5 Unicus Ina
Photo					
Location	Yachiyo, Chiba	Urayasu, Chiba	Adachi ward, Tokyo	Shibuya ward, Tokyo	Kitaadachi-gun, Saitama
Acquisition price (JPY)	14,848 mn	8,063 mn	5,850 mn	5,390 mn	4,379 mn
Highlights	<ul style="list-style-type: none"> ● CSC in an area with population growth (40 min to Otemachi Sta. by train) ● Approximately 50 stores in the specialty store bldg. ● Ito-Yokado provides online supermarket business delivered from this store 	<ul style="list-style-type: none"> ● Located in front of Shin-Urayasu Sta. (17 min from Tokyo Sta. by train) ● Entrance to highly popular residential areas ● Approx. 70 tenants, including supermarkets and clothing stores 	<ul style="list-style-type: none"> ● The surrounding area has a significant inflow of families due to large developments ● Houses a home appliance store, an apparel store, restaurants, etc. 	<ul style="list-style-type: none"> ● Occupies the retail section of a large complex facility in front of Daikanyama Sta. ● Houses sophisticated and stylish retailers as well as tenants that cater to day-to-day needs of customers 	<ul style="list-style-type: none"> ● Highly competitive by housing supermarket Yaoko among other tenants ● The population in the surrounding area is increasing by continued residential developments
Name	T-6 Yorktown Kita-Kaname	T-7 Unicus Yoshikawa	T-8 Sports Club Renaissance Fujimidai	T-9 Super Viva Home Iwatsuki (Land)	T-10 K's Denki Shonan-Fujisawa (Land)
Photo					
Location	Hiratsuka, Kanagawa	Yoshikawa, Saitama	Nerima ward, Tokyo	Saitama, Saitama	Fujisawa, Kanagawa
Acquisition price (JPY)	4,000 mn	3,600 mn	2,586 mn	4,815 mn	3,169 mn
Highlights	<ul style="list-style-type: none"> ● Population increase with residential developments ● Plays an important role in the local community by housing tenants including a supermarket, a drug store and a restaurant 	<ul style="list-style-type: none"> ● Conveniently located along a heavily traveled road in a population increasing area ● Houses a supermarket, Life, and a home and garden store, Kohnan, as anchor tenants 	<ul style="list-style-type: none"> ● A well-equipped membership-based health club with a gym, two studios and a swimming pool ● Large housing developments surrounding Fujimidai Sta. (15min from Ikebukuro Sta. by train) 	<ul style="list-style-type: none"> ● Comprises a large home and garden store, a supermarket and a food court ● A number of major routes near the property potentially enlarge trade areas including adjacent cities 	<ul style="list-style-type: none"> ● Faces major routes, which gives the property a wide retail trade area ● More than ten years remain on a fixed-term land lease with K's Holdings

Portfolio highlights (2)

Name	T-11 Unicus Kamisato (Land)	T-12 Unicus Konosu (Land)	T-13 Inageya Yokohama Minamihonjuku (Land)	T-14 Gourmet City Chiba-Chuo	T-15 Nakamachidai Tokyu Store
Photo					
Location	Kodama-gun, Saitama	Konosu, Saitama	Yokohama, Kanagawa	Chiba, Chiba	Yokohama, Kanagawa
Acquisition price (JPY)	3,000 mn	1,700 mn	1,442 mn	760 mn	3,360 mn
Highlights	<ul style="list-style-type: none"> ● Underlying land of the largest NSC in Kamisato developed by P&D ● Competitive due to its concentration of highly recognizable tenants including a supermarket and a cinema complex 	<ul style="list-style-type: none"> ● Underlying land of the largest NSC in Konosu developed by P&D ● Easy access and high visibility by car given its location facing the largest trunk road within the relevant trade area 	<ul style="list-style-type: none"> ● Underlying land of Inageya grocery supermarket opened in March 2015 ● Comprises a trade area that cater daily needs together with a restaurant and a drug store nearby 	<ul style="list-style-type: none"> ● Large daytime population due to the concentration of government offices in the area ● Synergistically consisted of a grocery supermarket and clinics 	<ul style="list-style-type: none"> ● A station-front NSC in an area with high population growth and easy access to central Tokyo ● Houses a supermarket and other retailers that cater daily needs
Name	T-16 Central Wellness Club Nagatsuta Minamidai	T-17 Life Kameido	O-1 Blumer Maitamon	O-2 Central Square Takadono (Land)	O-3 Piago Kahma Home Center Omihachiman
Photo					
Location	Yokohama, Kanagawa	Koto ward, Tokyo	Kobe, Hyogo	Osaka, Osaka	Omihachiman, Shiga
Acquisition price (JPY)	1,724 mn	1,450 mn	8,389 mn	2,685 mn	2,140 mn
Highlights	<ul style="list-style-type: none"> ● Located in an area with high population growth, housing a health club as its core tenant ● Convenient car access due to its roadside location, with good visibility 	<ul style="list-style-type: none"> ● A supermarket located in one of the most densely populated retail trade areas in Tokyo ● "Kameido Residence", a large-scale condominium consisting of approx. 700 residential units in the neighborhood 	<ul style="list-style-type: none"> ● Located within a newly developed residential area ● Consists of approx. 45 tenants, including a supermarket, an electronic appliance store and a major clothing store as core tenants 	<ul style="list-style-type: none"> ● A new brand supermarket which Life Corporation opened on the land in 2015 ● Located in a densely populated area bordering central Osaka ● Highly accessible by car as well 	<ul style="list-style-type: none"> ● NSC consisted of two buildings, Piago (supermarket) and Kahma (home and garden store) ● The trade area surrounding Omihachiman Sta. is residential area with young families

Portfolio highlights (3)

Name	O-4 Blumer HAT Kobe	O-5 Carino Esaka	O-6 COMBOX Komyoike	O-7 Hankyu Oasis Hirakatadeguchi	O-8 Welcia Kishiwadakamori (Land)
Photo					
Location	Kobe, Hyogo	Suita, Osaka	Izumi, Osaka	Hirakata, Osaka	Kishiwada, Osaka
Acquisition price (JPY)	11,000 mn	6,555 mn	6,450 mn	1,280 mn	487 mn
Highlights	<ul style="list-style-type: none"> ● Landmark NSC in "HAT Kobe District", a revival symbol project from the Kobe earthquake ● Houses a cinema complex, a grocery store, clothing stores and restaurants 	<ul style="list-style-type: none"> ● Attractively located near Esaka Sta., only 10min from Umeda Sta. ● The retail trade area is popular among young families ● Core tenant is Tokyu Hands 	<ul style="list-style-type: none"> ● The largest retail property in the central area of Komyoike ● Located in the area accessible to Namba Sta. in 30 min by train ● A new condominium project nearby is planned 	<ul style="list-style-type: none"> ● A supermarket located in a highly populated area ● Approx. 100 car parking lots make easy accessibility by car in addition to consumers coming on foot 	<ul style="list-style-type: none"> ● Underlying land of a Welcia store opened in 2015, which also sells groceries ● Surrounded by residential districts, expecting customers on bicycles as well as those by car
Name	O-9 Life Nishi-Tengachaya	O-10 Million Town Tsukaguchi (Land)	N-1 Kahma Home Center Nakagawa Tomita (Land)	N-2 Valor Ichinomiya-Nishi	N-3 K's Denki Nakagawa Tomita (Land)
Photo					
Location	Osaka, Osaka	Amagasaki, Hyogo	Nagoya, Aichi	Ichinomiya, Aichi	Nagoya, Aichi
Acquisition price (JPY)	1,505 mn	3,723 mn	2,311 mn	2,174 mn	889 mn
Highlights	<ul style="list-style-type: none"> ● A supermarket located in a densely populated retail area ● The tenant, Life Corporation, has dominant strategy in Osaka and continues store opening 	<ul style="list-style-type: none"> ● A newly opened NSC located in an area as a part of the large-scale redevelopment project in front of Tsukaguchi Sta. ● Increasing in population in the surrounding area is expected, with the planned development 	<ul style="list-style-type: none"> ● Located near a number of major routes ● Comprises an integrated retail zone in the surrounding area, together with a supermarket and a sporting goods store on the adjacent lot 	<ul style="list-style-type: none"> ● Located in a commuter town for Nagoya (10 min from Nagoya Sta. by train) ● NSC composed of Valor, a successful supermarket chain in the Chubu Region, as its core tenant, in addition to an electronic appliance store and a health club 	<ul style="list-style-type: none"> ● Located in an area 15min from Nagoya Sta. by train ● As Kahma Home Center Nakagawa Tomita, comprises an integrated retail zone in the surrounding area

Portfolio highlights (4)

Name	N-4 Homecenter Kohnan Sunadabashi	F-1 Sunny Noma	R-1 Roseo Mito	R-2 K's Denki Aomori Honten	R-3 Super Sports Xebio Aomori-Chuo
Photo					
Location	Nagoya, Aichi	Fukuoka, Fukuoka	Mito, Ibaraki	Aomori, Aomori	Aomori, Aomori
Acquisition price (JPY)	7,140 mn	1,497 mn	10,046 mn	1,469 mn	898 mn
Highlights	<ul style="list-style-type: none"> ● Houses a large home and garden store and a large sporting goods store ● Located in a northern urban area of Nagoya ● The population is expected to further increase in the surrounding area 	<ul style="list-style-type: none"> ● Rebuilt in 2007 after enjoying strong support from the local community for 35 years ● The strongest performing supermarket among other Sunny supermarkets in the surrounding area 	<ul style="list-style-type: none"> ● Located in a population growing area with many young families ● Houses a supermarket and a home and garden store as core tenants ● Constructed a secondhand shop building in 2015 	<ul style="list-style-type: none"> ● Opened in 2005 in Hamada District in Aomori, which has the highest concentration of retailers in Aomori 	<ul style="list-style-type: none"> ● Also in Hamada district in Aomori, some major routes bring customers from broad retail trade area
Name	R-4 Ashico Town Ashikaga	R-5 Yorktown Shinden-Higashi	R-6 Kasumi Technopark Sakura	R-7 Solala Plaza	R-8 P-1 Plaza Tenno
Photo					
Location	Ashikaga, Tochigi	Sendai, Miyagi	Tsukuba, Ibaraki	Sendai, Miyagi	Hamamatsu, Shizuoka
Acquisition price (JPY)	4,180 mn	3,252 mn	830 mn	5,720 mn	4,010 mn
Highlights	<ul style="list-style-type: none"> ● A large-scale multi-tenant NSC with supermarket as a core tenant ● Easily accessibility by car due to its location along a major local route ● Cinema reopened in March, 2016 	<ul style="list-style-type: none"> ● Located in eastern Sendai conveniently commutable to Sendai Sta. ● Houses a supermarket and a home and garden store as core tenants 	<ul style="list-style-type: none"> ● A 24-hour Kasumi supermarket ● The retail trade area includes the college town of Tsukuba University ● Kasumi is headquartered in Tsukuba, and has a dominant presence in the area 	<ul style="list-style-type: none"> ● A retail building directly accessible by a pedestrian walkway from Sendai Sta. ● Houses IDC Otsuka Kagu, their only shop in Tohoku Region 	<ul style="list-style-type: none"> ● Located in a large scale retail area in northeast Hamamatsu where road-side retail facilities concentrate ● Houses tenants including a local supermarket, a drug store and a relaxation spa

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