

## Kenedix Retail REIT Corporation

Financial Results for the 4th Financial  
Period ended Mar. 2017

May 19, 2017



Kawamachi Yahagi Mall

# Contents

## 01

### Summary of 3rd public offering

Summary of the offering	p4
Portfolio summary	p5
Portfolio highlights	p6
Properties related to 3rd PO	p7
Update of new properties	p8
Leasing overview	p9
Financial highlights	p10

## 02

### Financial results and forecasts

Operating highlights	p13
Summary of balance sheets	p14
Summary of statements of income and retained earnings	p15
Financial forecasts: 5th period	p16
Financial forecasts: 6th period	p17

## 03

### Management policies in 2-3 years

Growth road map	p20
Changing of the LTV definition	p21
Target DPU	p22
Views on property sales and renovations	p23

## 04

### Implementation of growth strategies

Sponsor and Alliance Companies	p26
Pipelines	p27
Active management strategies	p28
Relatively large renovations	p29
Limited e-commerce penetration	p30
CSR and environmental initiatives	p31

## 05

### Shift from GMS to SC for daily needs

Focuses on SC for daily needs	p33
Advantages of SC for daily needs	p34
Characteristics of SC for daily needs	p36
Retail market trends	p37



01

## Summary of 3rd public offering

Security Code  
3453

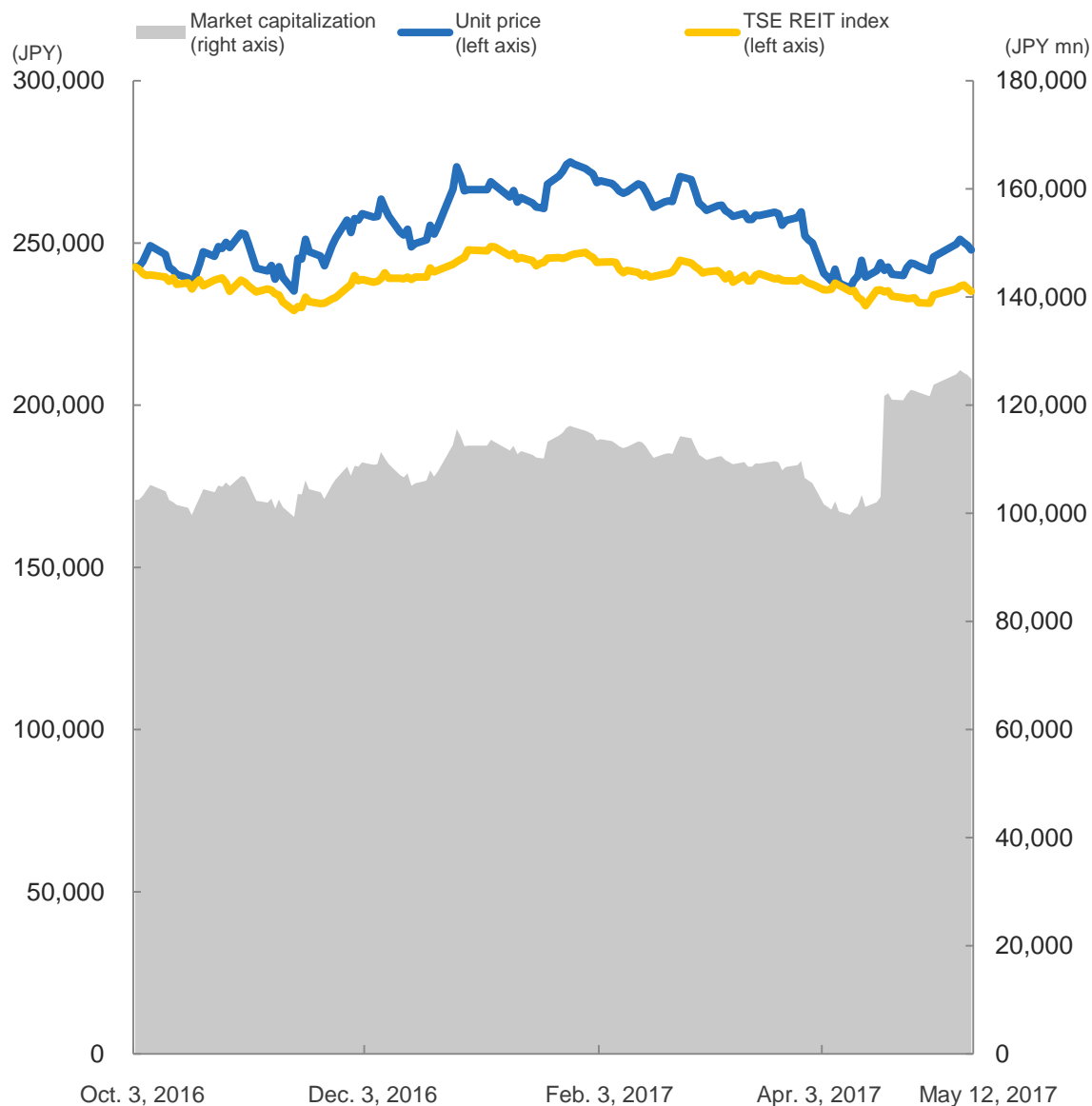


# Summary of the offering

## Overview

<b>Offering structure</b>	Global offering Domestic and international (Reg.S + 144A)
<b>Offering size</b>	Domestic: JPY 10,369 mn International: JPY 8,524 mn Over-allotment (OA): JPY 930 mn
<b>Number of units issued</b>	85,250 units (including OA 4,000 units) Domestic: 48,592 units International: 36,658 units
<b>Total number of units outstanding (after 3rd PO)</b>	507,700 units
<b>Offer price</b>	JPY 232,537
<b>Net proceeds</b>	JPY 19,142 mn
<b>Launch date</b>	March 31, 2017
<b>Pricing date</b>	April 11, 2017
<b>Application period</b>	April 12 to April 13, 2017
<b>Payment date</b>	April 18, 2017

## Unit price and market capitalization

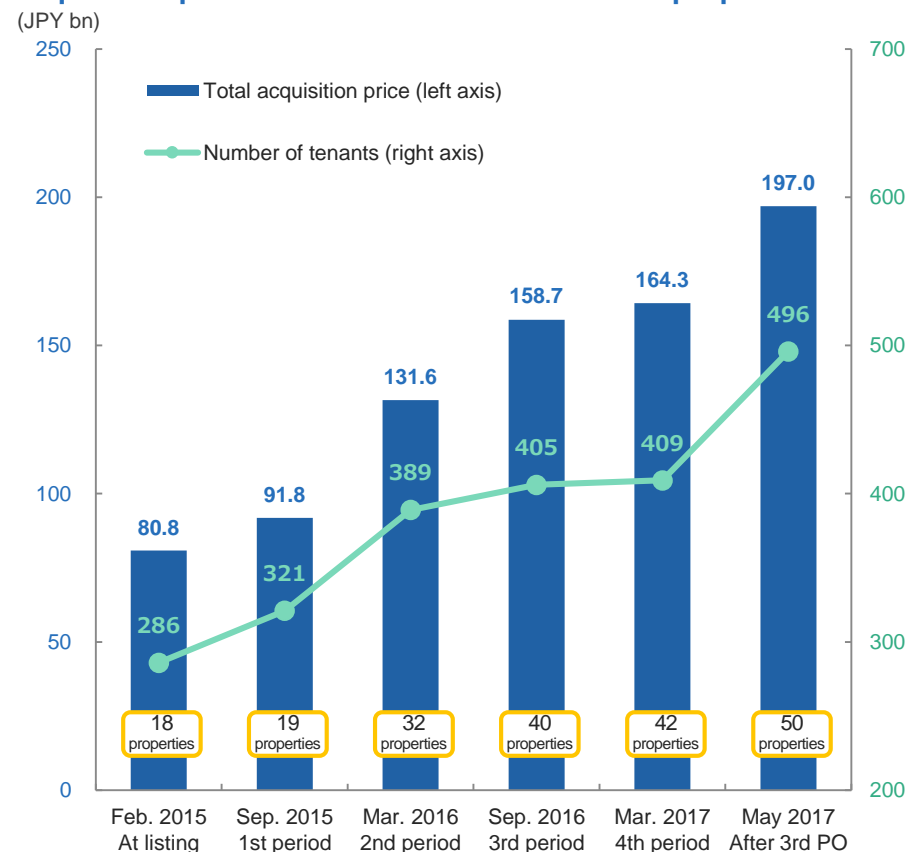


### Appraisal value/NOI yield/occupancy rate

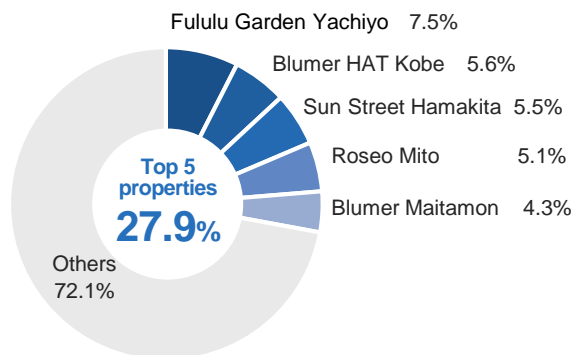
Total appraisal value	Appraisal NOI yield	NOI yield after depreciation	Occupancy rate
<b>JPY 208.8 bn</b>	<b>5.3%</b>	<b>4.4%</b>	<b>99.7%</b>

### Characteristics of KRR's portfolio

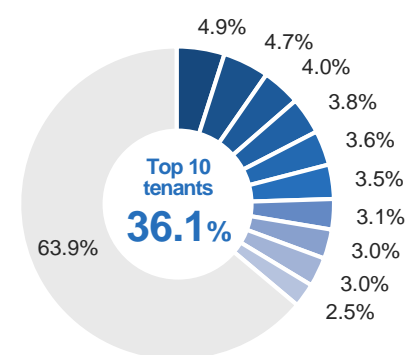
### Acquisition price/number of tenants/number of properties



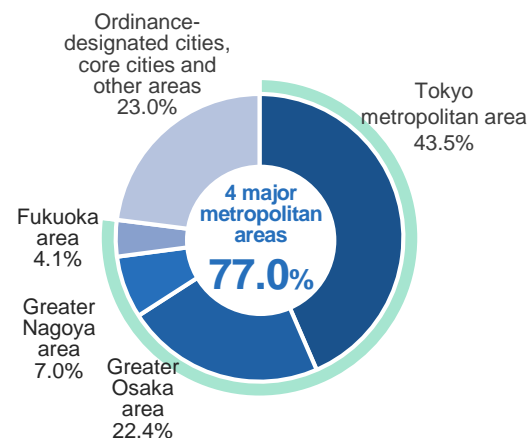
### Top 5 properties (by acquisition price)



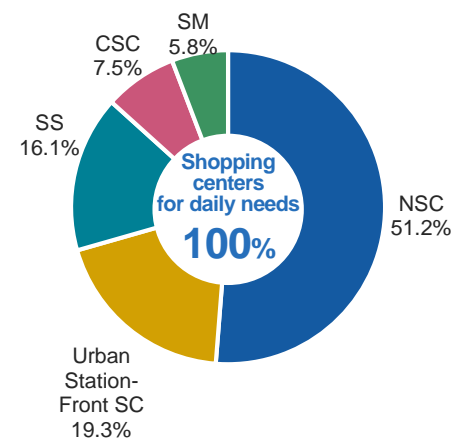
### Top 10 tenants (by annual fixed rent)



### Location



### Types of retail property



Note 1: "Appraisal value", "NOI yield", "Occupancy rate" and other figures on portfolio are as of Mar. 31, 2017, for the 50 properties acquired by the date of this material.

Note 2: "Appraisal NOI Yield" is calculated by dividing appraisal NOI from the latest appraisal reports by acquisition price. "NOI yield after depreciation" is based on the forecast for the fiscal period ending Sep. 30, 2017.

Note 3: "Occupancy rate" and "number of tenants" at listing are figures as of Sep. 30, 2014.

## 1 Retail trade areas that benefit from increases in population

- Densely populated retail trade areas with a large consumer base
- Potential for population growth from nearby large-scale housing development projects

## 2 Located in the four major metropolitan areas or ordinance-designated cities

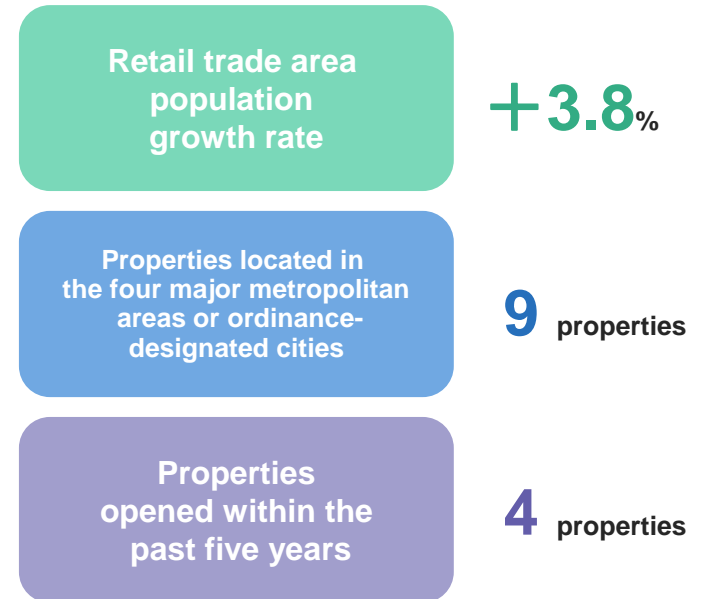
- Our most recently acquired properties are predominantly located in the four major metropolitan areas or ordinance-designated cities, where population movement is relatively stable

## 3 Tenant mix attractive to customers

- Quality tenants at our properties offer a diverse range of goods and services that are closely tied to the day-to-day needs of customers

## 4 Newly-constructed properties

- Acquisition of properties developed by our Sponsor and Alliance Companies



Note: "Retail trade area population growth rate" is calculated as the growth rate of population within a three-km radius of each property from 2005 to 2010, according to the national census in 2010.

## Properties related to 3rd PO

Properties	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Location	Core tenant	Acquisition channels	Retail trade area population increase (%)
Yumemachi Narashinodai Mall	3,416	3,520	5.2	Tokyo metropolitan area (approx. 35 min to Otemachi Station)	Nojima Corporation	Sponsor	+4.2
Sun Street Hamakita	10,746	10,890	5.8	Ordinance-designated cities, core cities and other areas	Seiyu GK	Sponsor	+7.7
Kawamachi Yahagi Mall	3,097	3,220	5.2	Tokyo metropolitan area (approx. 40 min to Tokyo Station)	Landrome Japan, Ltd.	Sponsor	+6.1
Totsuka-Fukaya Shopping Center (Land)	4,170	4,290	4.6	Tokyo metropolitan area (approx. 10 min to Yokohama Station)	Royal Home Center Co., Ltd.	Alliance Company	+1.3
Prime Square Jiyugaoka	2,820	2,850	4.1	Tokyo metropolitan area (approx. 9 min to Shibuya Station)	Central Sports Co., Ltd.	Proprietary	+2.5
Kurume-Nishi Shopping Center	1,515	1,600	6.0	Fukuoka area (approx. 34 min to Hakata Station)	Maxvalu Kyushu Co., Ltd.	Proprietary	+0.1
Round1 Stadium Hakata-Hanmichibashi	5,020	5,190	5.7	Fukuoka area (approx. 3 min to Hakata Station)	Round One Corporation	Alliance Company	+8.4
Round1 Ichikawa-Onitaka	1,880	1,970	5.2	Tokyo metropolitan area (approx. 28 min to Tokyo Station)	Round One Corporation	Alliance Company	+3.5
Seiyu Rakuichi Moriya (Land) (acquired in Jan. 2017)	4,111	4,190	4.1	Ordinance-designated cities, core cities and other areas (approx. 32 min to Akihabara Station)	Seiyu GK	Proprietary	+13.3
K's Denki Shin-Moriyama (Land) (acquired in Nov. 2016)	1,370	1,410	4.4	Greater Nagoya area (approx. 17 min to Nagoya Station)	Undisclosed	Alliance Company	+2.1
<b>Total / Average</b>	<b>38,145</b>	<b>39,130</b>	<b>5.2</b>	<b>---</b>	<b>---</b>	<b>Sponsor : 3 Alliance Companies : 4</b>	<b>+3.8</b>

Note: "Appraisal value" of the properties are based on the appraisal report at the time of acquisition.

# Update of new properties

## Sun Street Hamakita

- Seiyu's transformation from a GMS to a specialized grocery supermarket
- Opening of Home Center Valor (Apr. 27, 2017)



## Kawamachi Yahagi Mall

- Opening with full occupancy (Apr. 20, 2017)
- First acquisition of a SC developed by Kenedix



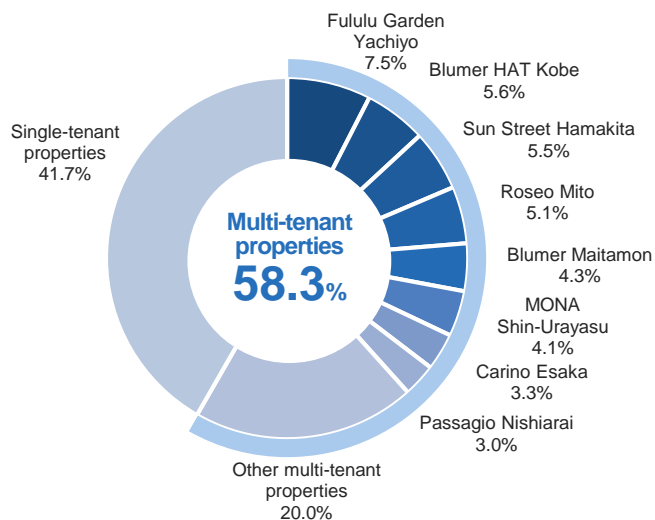
## Seiyu Rakuichi Moriya (Land)

- Renewal of Seiyu, the grocery supermarket
- Replacement of Seiyu's subleasing tenants

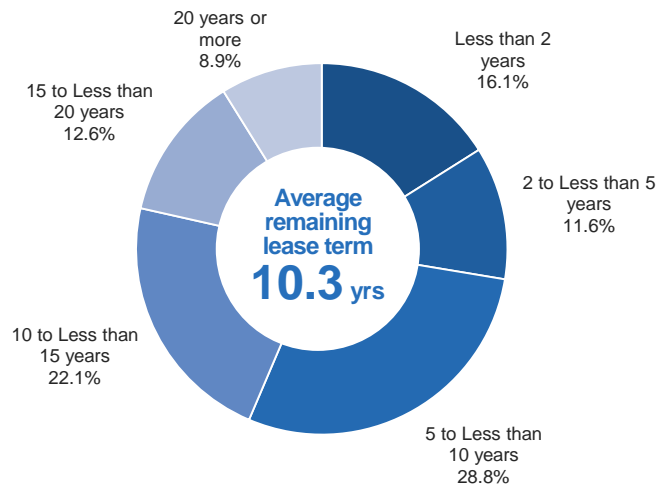




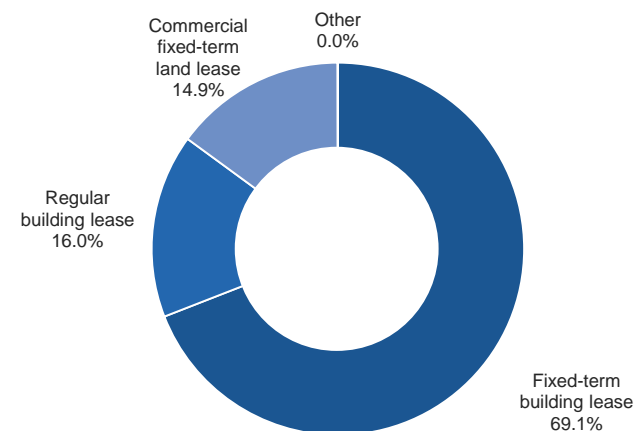
Multi-tenant properties (based on acquisition prices)



Remaining lease term (by annual fixed rent)

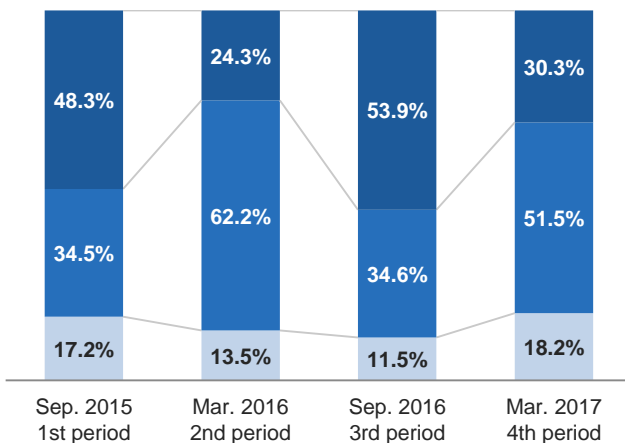


Lease contract type (by annual fixed rent)



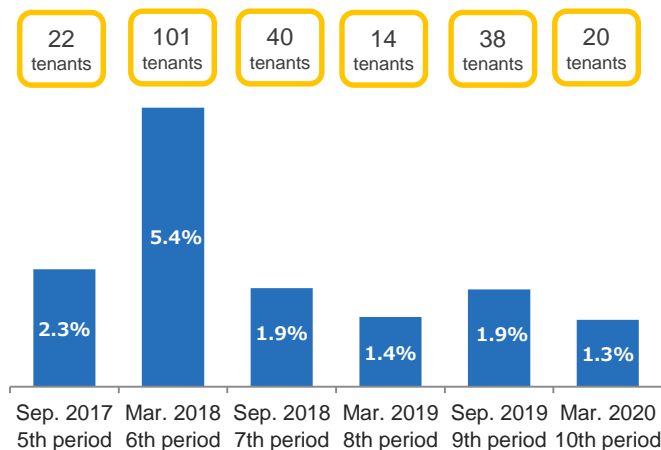
Rent revisions (based on number of revisions)

■ Upward revision ■ No revision ■ Downward revision



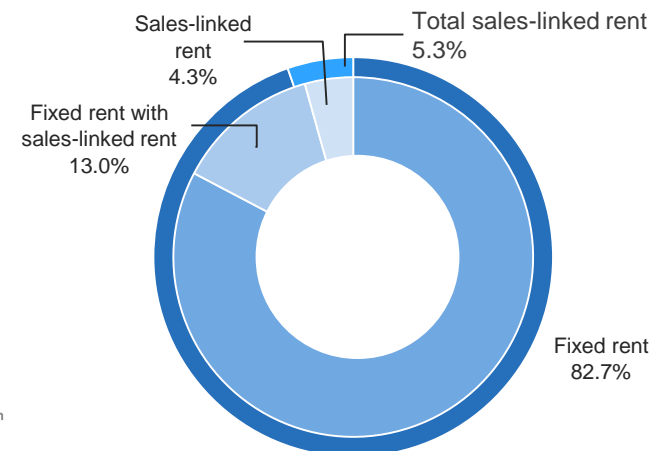
Lease expiry (by annual fixed rent)

# of tenants and % of lease expiry in each period (Note 2)



Rent type (fixed/sales-linked rent)

Based on actual rent (Oct. 2016 – Mar. 2017)



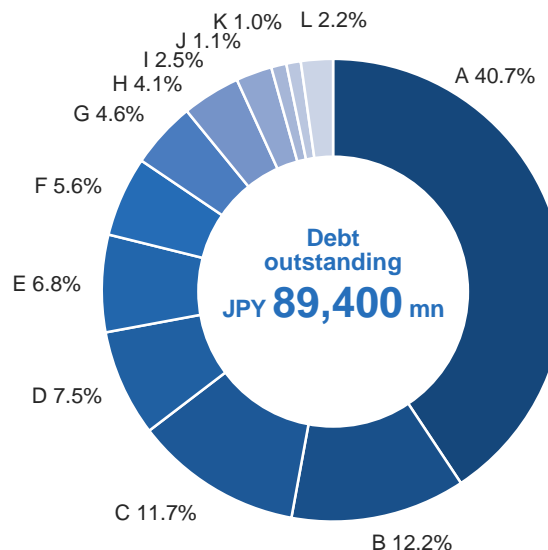
Note 1: The figures are as of Mar. 31, 2017, based on the 50 properties acquired by the date of this material. The figures of "Rent type" and "Rent revisions" are as of 4th period based on the 42 properties acquired by Mar. 31, 2017.  
Note 2: Based on the contractual rent determined in the lease contract, including regular building leases.

# Financial highlights (after prepayment on May 31, 2017)

## Financial highlights

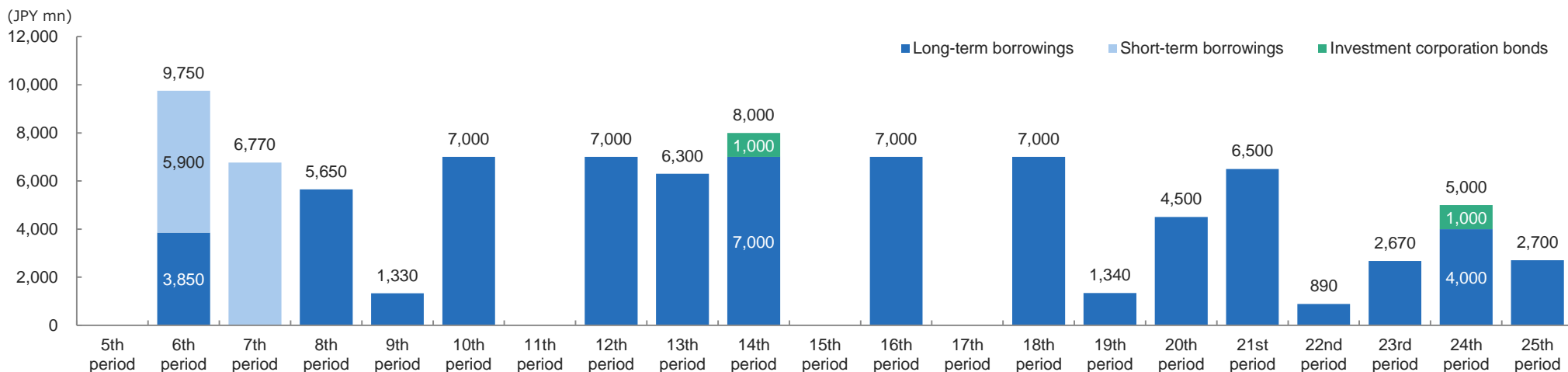
Long-term debt ratio <b>85.8%</b>	Proportion of fixed interest debt <b>85.8%</b>
Average interest rate <b>0.96%</b>	Average remaining years to maturity <b>4.7 years</b>
Japan Credit Rating Agency (JCR) <b>A (Positive)</b>	Commitment credit lines <b>JPY 2.0 bn</b>

## Breakdown of debt outstanding by lender and investment corporation bonds



	Balance (JPY mn)
A Sumitomo Mitsui Banking Corporation	36,370
B The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,910
C Development Bank of Japan Inc.	10,490
D Mizuho Bank, Ltd.	6,670
E Sumitomo Mitsui Trust Bank, Ltd.	6,070
F Resona Bank, Ltd.	5,000
G Mizuho Trust & Banking Co.,Ltd.	4,150
H Aozora Bank, Ltd.	3,640
I Mitsubishi UFJ Trust and Banking Corporation	2,250
J The Musashino Bank, Ltd.	950
K The Gunma Bank, Ltd.	900
L Investment corporation bonds	2,000

## Staggered maturities of interest-bearing debts



Memo

02

## Financial results and forecasts

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**Operating highlights**

**External Growth** **Jan. 2017**  
 Acquisition of Seiyu Rakuichi Moriya (Land)

**Internal Growth** **Jan. 2017**  
 Property expansion at Unicus Ina

**Financial Strategy** **Dec. 2016**  
 Upward revision of long-term issuer credit rating outlook

**External Growth** **Apr. – May 2017**  
 Acquisition of 8 properties

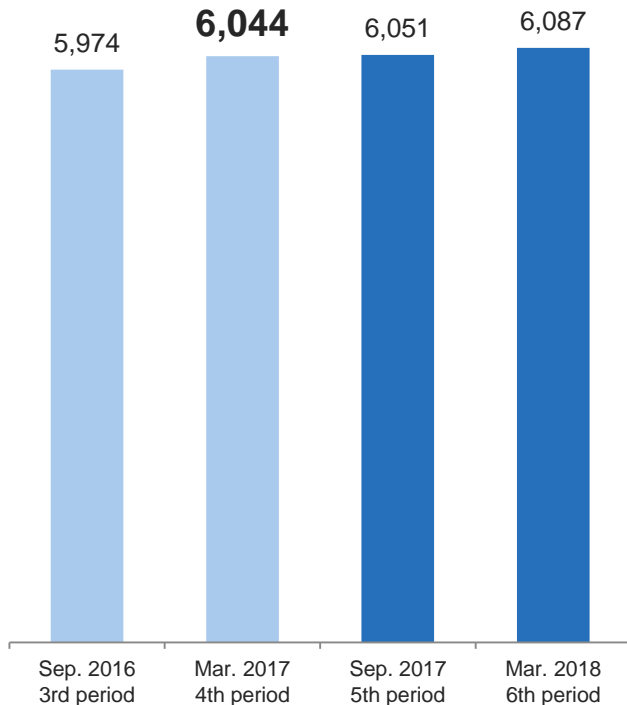
**Internal Growth** **Oct. 2016 – Mar. 2017**  
 1.4% growth in tenants' revenue from the previous year

**Financial Strategy** **Apr. 2017**  
 Established commitment lines

**Financial Strategy** **Apr. – May 2017**  
 3rd PO since IPO

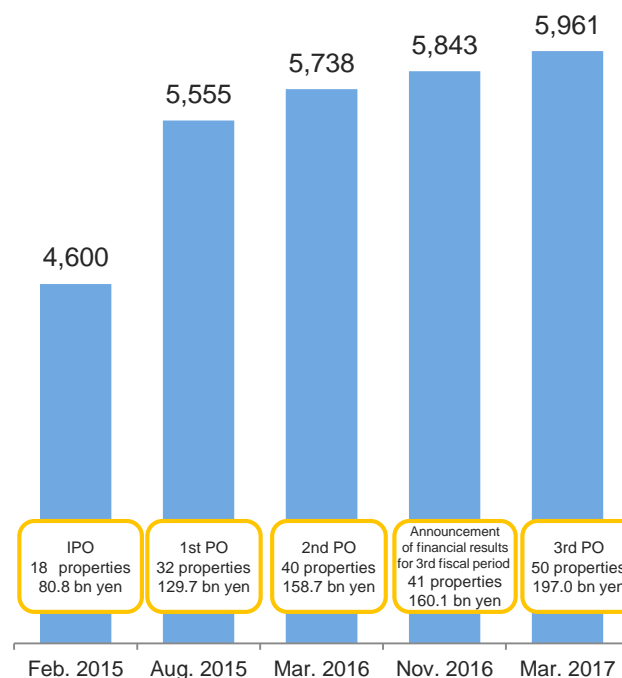
**Distribution per unit (JPY)**

■ Actual ■ Forecast

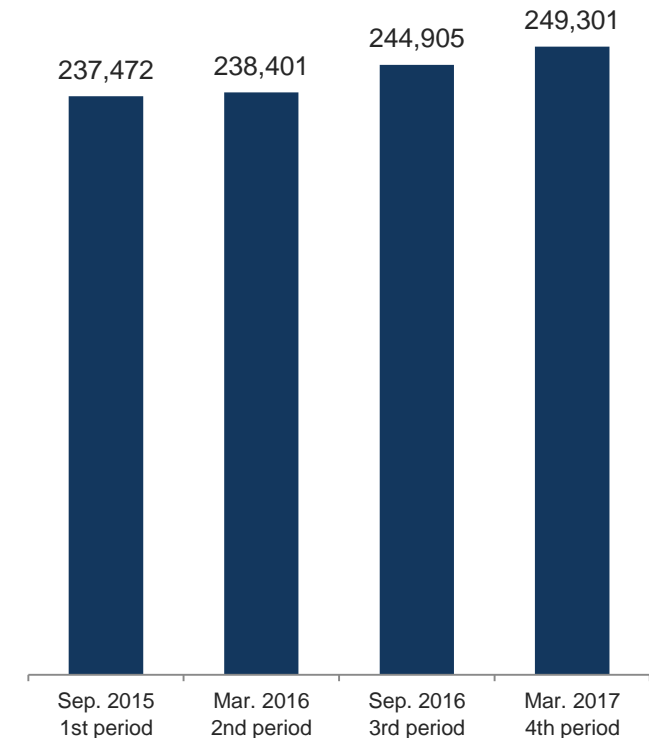


**Distribution per unit (JPY)**

(Assuming that property-related taxes were expensed)



**NAV per unit (JPY)**



Note: NAV per unit at the end of each financial period = (net assets + unrealized 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)

## Summary of balance sheets (JPY mn)

	Sep. 2016 3rd period	Mar. 2017 4th period	Change	
			JPY mn	%
<b>Current assets</b>	16,779	17,061	+281	+1.7%
Property, plant and equipment	160,918	166,261	+5,342	+3.3%
Intangible assets	526	522	-3	-0.7%
Investments and other assets	822	944	+121	+14.7%
<b>Total Non-current assets</b>	162,268	167,728	+5,459	+3.4%
<b>Deferred assets</b>	312	247	-64	-20.6%
<b>Total assets</b>	<b>179,360</b>	<b>185,037</b>	<b>+5,677</b>	<b>+3.2%</b>
Current liabilities	13,781	17,380	+3,599	+26.1%
Non-current liabilities	68,838	70,833	+1,994	+2.9%
<b>Total liabilities</b>	<b>82,620</b>	<b>88,213</b>	<b>+5,593</b>	<b>+6.8%</b>
<b>Total net assets</b>	<b>96,739</b>	<b>96,823</b>	<b>+83</b>	<b>+0.1%</b>
<b>Total liabilities and net assets</b>	<b>179,360</b>	<b>185,037</b>	<b>+5,677</b>	<b>+3.2%</b>
<b>LTV</b>	<b>38.6%</b>	<b>40.4%</b>	---	---

**Factors in change of current assets**

1. Increase in cash and deposits	+85
2. Decrease in consumption taxes receivable	-477
3. Others	-82

**Factors in change of non-current assets**

1. Increase in PP&E mainly due to acquisition of assets (net)	+5,342
2. Increase in investment securities	+101
3. Others	+15

**Factors in change of deferred assets**

1. Decrease in investment unit issuance costs (net)	-76
2. Investment corporation bond issuance costs (net)	+17
3. Other (amortization of organization costs)	-5

**Factors in change of current liabilities**

1. Current portion of long-term loans payable	+3,850
2. Decrease in short-term loans payable	-600
3. Others	+349

**Factors in change of non-current liabilities**

1. Issuance of investment corporation bonds	+2,000
2. Others	-5

**Factors in change of net assets**

1. Increase in allowance for temporary difference adjustment	-36
2. Increase in unappropriated retained earnings	+65
3. Deferred gains or losses on hedges	+54

## Summary of statements of income and retained earnings (JPY mn)

	Sep. 2016	Mar. 2017		Changes	
	3rd period Actual (A)	4th period Forecast (B)	4th period Actual (C)	C - A	C - B
Rent revenue – real estate	5,405	5,520	5,524	+118	+4
Other lease business revenue	968	875	902	-65	+27
Dividends income	–	2	3	+3	+0
<b>Operating revenues</b>	<b>6,374</b>	<b>6,398</b>	<b>6,430</b>	<b>+56</b>	<b>+32</b>
Property related expenses (excl. depreciation)	2,146	2,080	2,096	-49	+15
<b>NOI</b>	<b>4,228</b>	<b>4,315</b>	<b>4,331</b>	<b>+102</b>	<b>+15</b>
Depreciation	714	720	721	+7	+1
<b>NOI after depreciation</b>	<b>3,513</b>	<b>3,595</b>	<b>3,612</b>	<b>+98</b>	<b>+14</b>
Other operating expenses	540	589	591	+51	+1
<b>Operating income</b>	<b>2,973</b>	<b>3,007</b>	<b>3,021</b>	<b>+47</b>	<b>+13</b>
Non-operating income	0	–	0	+0	+0
Non-operating expenses	454	460	464	+10	+3
<b>Ordinary income</b>	<b>2,519</b>	<b>2,547</b>	<b>2,556</b>	<b>+37</b>	<b>+9</b>
<b>Net income</b>	<b>2,518</b>	<b>2,546</b>	<b>2,552</b>	<b>+34</b>	<b>+6</b>
<b>DPU (JPY)</b>	<b>5,974</b>	<b>6,040</b>	<b>6,044</b>	<b>+70</b>	<b>+4</b>

## Factors for changes from forecast

## Operating revenues

Restoring reimbursement	+28
Utility charge reimbursement	-13

## Operating expenses

Repairs and maintenance (incl. restoring)	+38
Brokerage fee	+10
Utilities	-30

## Non-operating expenses

Interest expenses and financing-related expenses	+5
Others	-1

## Distribution per unit (JPY)

DPU (excluding excess of earnings) (JPY)	+17
DPU in excess of earnings (JPY)	-13

## Factors for changes from 3rd period

## Operating revenues

Rent revenue – real estate from 40 properties <sup>(Note)</sup>	+81
Other lease business revenue from 40 properties <sup>(Note)</sup>	-65
Operating revenues from two properties <sup>(Note)</sup>	+37

## Operating expenses

Operating expenses for 40 properties acquired by the end of 3rd period	-51
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Note: "40 properties" are the properties acquired by the end of 3rd period and "two properties" are the properties acquired in 4th period.

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

Key financial information	Mar. 2017 4th period (Actual)	Sep. 2017 5th period (Forecast)	Changes
<b>Operating revenues</b>	<b>6,430</b>	<b>7,655</b>	<b>+1,225</b>
Operating expenses	3,409	4,037	+627
<b>Operating income</b>	<b>3,021</b>	<b>3,618</b>	<b>+597</b>
Non-operating expenses	464	550	+86
Interest expenses & financing-related expenses	382	448	+65
Amortization of investment unit issuance costs	76	96	+19
<b>Ordinary income</b>	<b>2,556</b>	<b>3,067</b>	<b>+510</b>
<b>Net income</b>	<b>2,552</b>	<b>3,067</b>	<b>+514</b>
<b>DPU</b>	<b>6,044</b>	<b>6,051</b>	<b>+7</b>

Related key indicator	Mar. 2017 4th period (Actual)	Sep. 2017 5th period (Forecast)	Changes
<b>NOI</b>	<b>4,331</b>	<b>5,134</b>	<b>+803</b>
NOI yield (%) <sup>(Note1)</sup>	5.3%	5.3%	---
Depreciation	721	868	+146
NOI after depreciation	3,609	4,266	+656
NOI yield after depreciation (%) <sup>(Note1)</sup>	4.4%	4.4%	---
FFO <sup>(Note2)</sup>	3,358	4,038	+680
CAPEX	276	666	+390
<b>LTV (%)</b>	<b>40.4%</b>	<b>40.5%</b>	<b>---</b>

Note 1: Property taxes for the properties acquired in 2016 are not expected to be expensed in the 5th fiscal period.

Note 2: FFO = Net income + Depreciation + Amortization - Gain on sale of property + Loss on sale of property

Factors for changes from previous period (from 4<sup>th</sup> period)

## Operating revenues

Rent revenue – real estate from 40 properties <sup>(Note3)</sup>	.....	-5
Rent revenue – real estate from two properties <sup>(Note3)</sup>	.....	+91
Rent revenue – real estate from eight properties <sup>(Note3)</sup>	.....	+942
Utility charge reimbursement	.....	+194

## Operating expenses

PM fees / facility management fees	.....	+86
Utilities	.....	+190
Taxes	.....	+80
Repairs and maintenance (incl. restoring)	.....	+22
Rent expenses	.....	+41

## Operating income

..... **+596**

## Breakdown of NOI (Net Operating Income)

## Rental and other operating revenues (A)

Rent revenue – real estate	.....	6,553
Utility charge reimbursement	.....	650
Other revenues	.....	447

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

PM fees / facility management fees	.....	777
Utilities	.....	629
Taxes	.....	563
Repairs and maintenance (incl. restoring)	.....	180
Sales and promotion	.....	182
Others	.....	181

## NOI (A-B)

..... **5,134**

Note 3: "40 properties" are the properties acquired by the end of 3rd period, "two properties" are the properties acquired in 4th period, and "eight properties" are the properties acquired in 5th period.



## Financial forecasts: 6th fiscal period (ending Mar. 2018) (JPY mn)

Key financial information	Sep. 2017 5th period (Forecast)	Mar. 2018 6th period (Forecast)	Changes
<b>Operating revenues</b>	<b>7,655</b>	<b>7,682</b>	<b>+26</b>
Operating expenses	4,037	4,050	-12
<b>Operating income</b>	<b>3,618</b>	<b>3,631</b>	<b>+13</b>
Non-operating expenses	550	545	-4
Interest expenses & financing-related expenses	448	454	+6
Amortization of investment unit issuance costs	96	84	-11
<b>Ordinary income</b>	<b>3,067</b>	<b>3,085</b>	<b>+18</b>
<b>Net income</b>	<b>3,067</b>	<b>3,085</b>	<b>+18</b>
<b>DPU</b>	<b>6,051</b>	<b>6,087</b>	<b>+36</b>

Related key indicator	Sep. 2017 5th period (Forecast)	Mar. 2018 6th period (Forecast)	Changes
<b>NOI</b>	<b>5,134</b>	<b>5,220</b>	<b>+85</b>
NOI yield (%) <sup>(Note 1)</sup>	5.3%	5.3%	---
Depreciation	868	871	+2
NOI after depreciation	4,266	4,349	+82
NOI yield after depreciation (%) <sup>(Note 1)</sup>	4.4%	4.4%	---
FFO <sup>(Note 2)</sup>	4,038	4,048	+9
CAPEX	666	513	-152
<b>LTV (%)</b>	<b>40.5%</b>	<b>40.5%</b>	<b>---</b>

Note 1: Property taxes for the properties acquired in 2016 are not expected to be expensed in the 5th and 6th fiscal period.  
 Note 2: FFO = Net income + Depreciation + Amortization - Gain on sale of property + Loss on sale of property

## Factors for changes from previous period (from 5th period)

## Operating revenues

Rent revenue – real estate from 40 properties <sup>(Note 3)</sup>	.....	-21
Rent revenue – real estate from two properties <sup>(Note 3)</sup>	.....	0
Rent revenue – real estate from eight properties <sup>(Note 3)</sup>	.....	+155
Utility charge reimbursement	.....	-79

## Operating expenses

PM fees / facility management fees	.....	+15
Utilities	.....	-56
Repairs and maintenance (incl. restoring)	.....	-38
Brokerage fee	.....	+17

## Operating income

.....	<b>+13</b>
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## Breakdown of NOI (Net Operating Income)

## Rental and other operating revenues (A)

Rent revenue – real estate	.....	6,687
Utility charge reimbursement	.....	570
Other revenues	.....	424

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

PM fees / facility management fees	.....	793
Utilities	.....	572
Taxes	.....	563
Repairs and maintenance (incl. restoring)	.....	141
Sales promotion	.....	186
Others	.....	203

## NOI (A-B)

.....	<b>5,220</b>
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Note 3: "40 properties" are the properties acquired by the end of 3rd period, "two properties" are the properties acquired in 4th period, and "eight properties" are the properties acquired in 5th period.

Memo

03

## Management policies in 2-3 years

Security Code  
3453

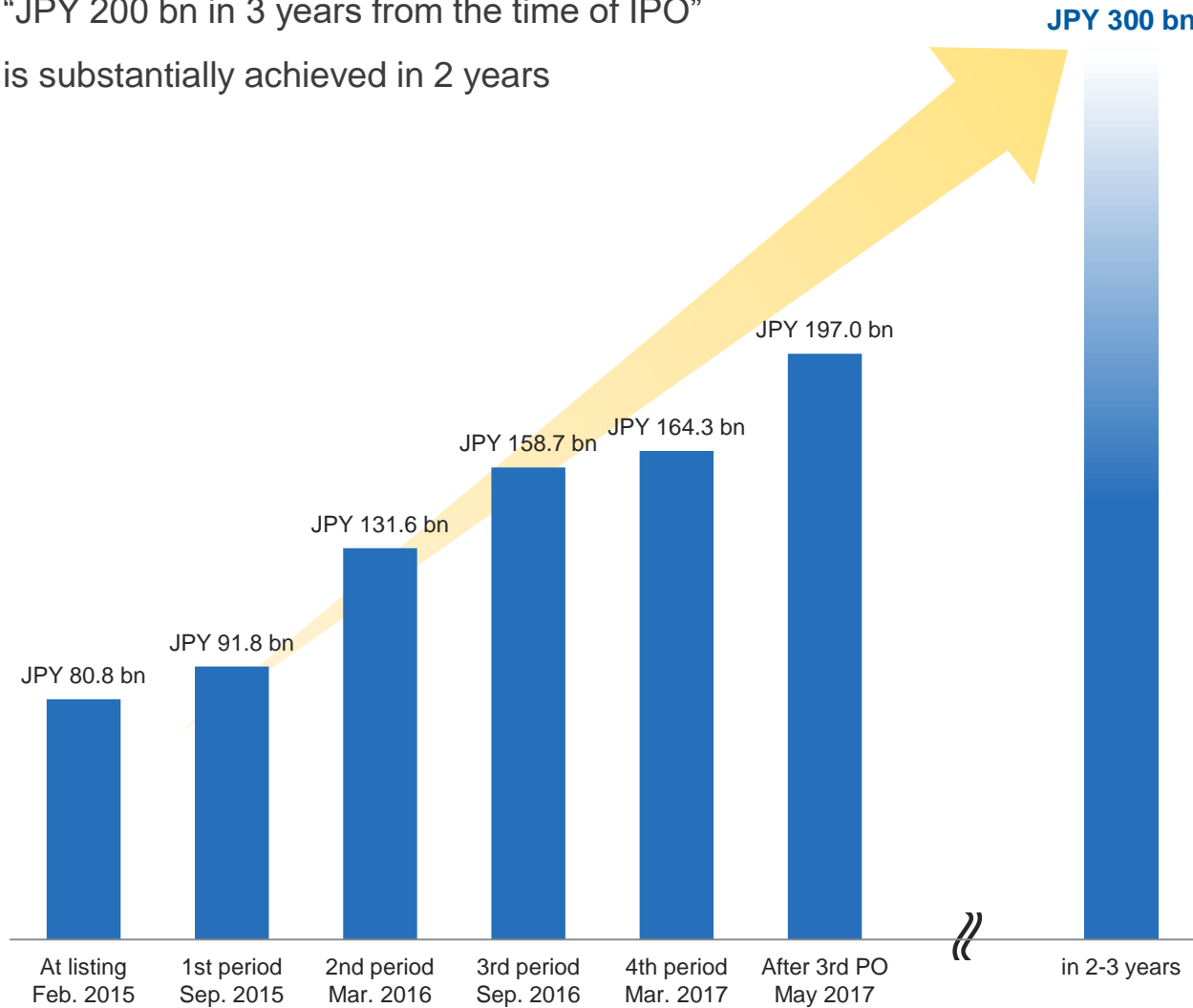


# Growth road map

AUM target of

“JPY 200 bn in 3 years from the time of IPO”

is substantially achieved in 2 years



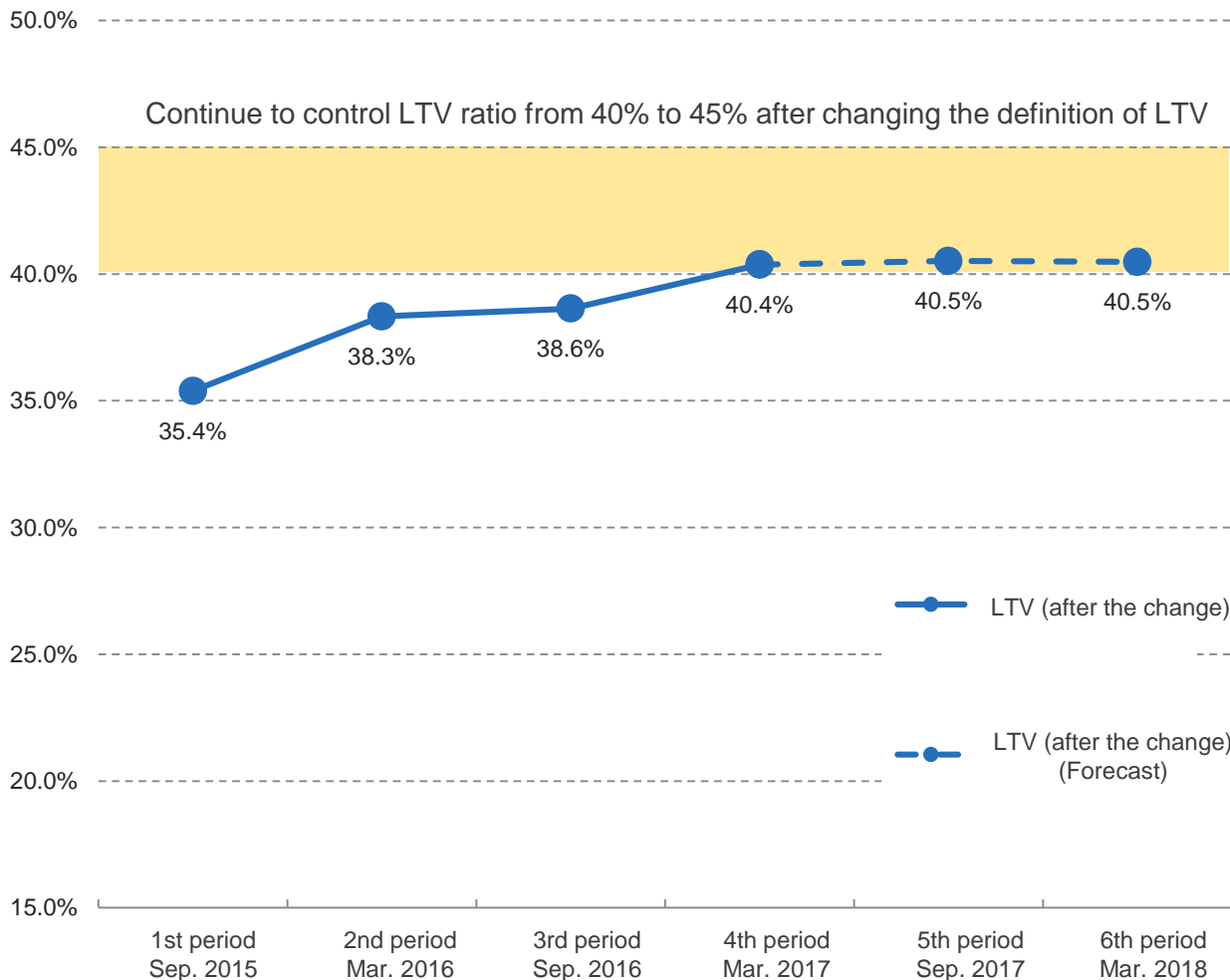
New AUM target of

**300** bn yen

# Changing of the LTV definition

Changed the definition of LTV to adopt the equation used by most other J-REITs

$$\text{LTV ratio} = (\text{Loans payable} + \text{Investment corporation bonds}) / \text{Total assets}$$



## Acquisition capacity of

# 18 bn yen

when LTV ratio is raised to 45%

LTV ratios before and after the definition change from 1st period to 3rd period

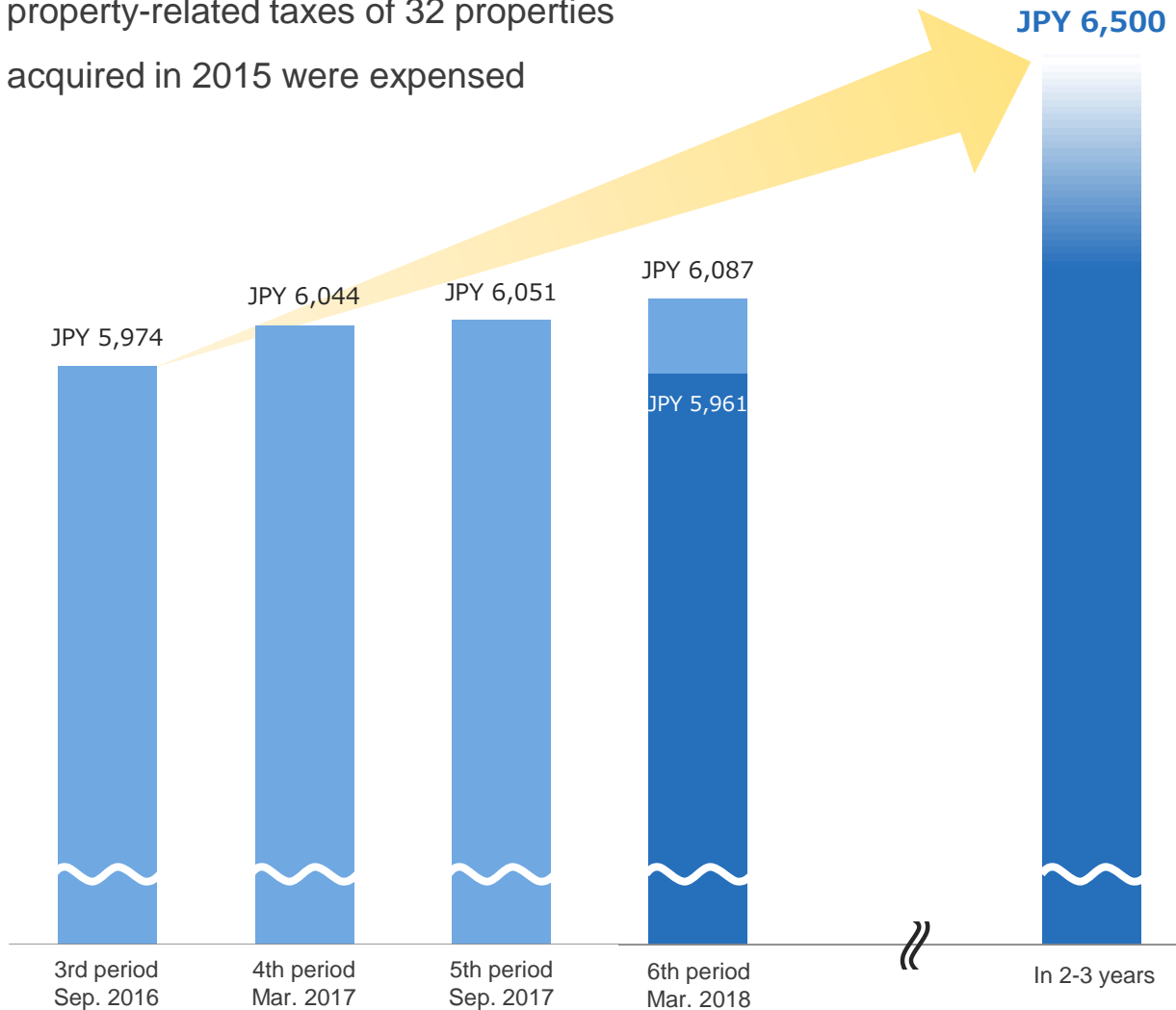
	1st period	2nd period	3rd period
LTV (before the change)	40.6%	42.7%	42.5%
LTV (after the change)	35.4%	38.3%	38.6%

(Definition before the change)

LTV ratio = (Loans payable + Investment corporation bonds + Tenant leasehold and security deposits - Amounts reserved for return of tenant leasehold and security deposits) / (Total assets - Amounts reserved for return of tenant leasehold and security deposits)

# Target DPU

Steady DPU growth after the 3rd period when property-related taxes of 32 properties acquired in 2015 were expensed



Target DPU of

**6,500** yen per fiscal period

Assuming that property-related taxes are expensed and excluding gains on sales of properties

## Views on property sales and renovations

### AUM growth

Continue AUM growth with large and diverse acquisition pipelines

### Flexible property sales

Consider flexible property sales when possibility of sales in good condition is visible

### Strategic renovations

Use gains on property sales for strategic renovation aiming to “maintain competitiveness of properties” to stabilize DPU in mid- to long-term



Focus to achieve

**AUM target**  
and  
**DPU target**

Memo



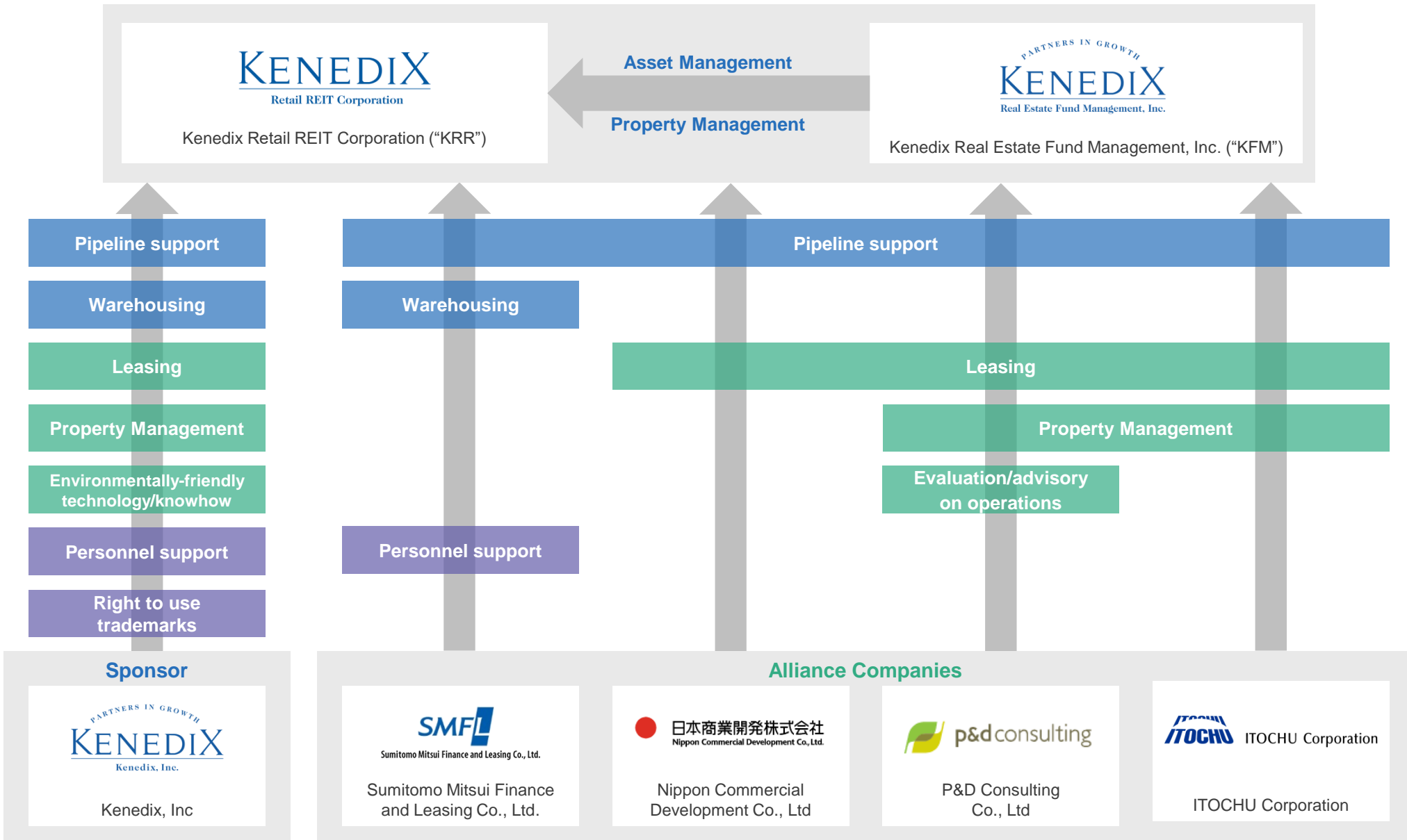
04

## Implementation of growth strategies

Security Code  
3453



# Strong support from the Kenedix Group and our 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.

## 1st Project of the retail property development fund

Location: Kanagawa Pref. (planned completion in autumn 2017)



## Unicus Urawamisono (Land)

Location: Saitama, Saitama (opened in Mar. 2017)



## Supermarket

Location: Itabashi, Tokyo (expected to open in autumn 2017)



## Across Plaza Urayasu Higashino (Land)

Location: Urayasu, Chiba (expected to open in winter 2017)



Note 1: The illustrations above are completion images based on design drawings and may differ from the actual buildings after completion.

Note 2: These are the properties the underlying land of which is owned by Alliance Companies, and confirmed by both our Alliance Companies and Kenedix Retail REIT as the properties that meet our investment criteria.

As of May 19, 2017, we have no plans to acquire these properties and there is no guarantee that we can acquire these properties in the future.

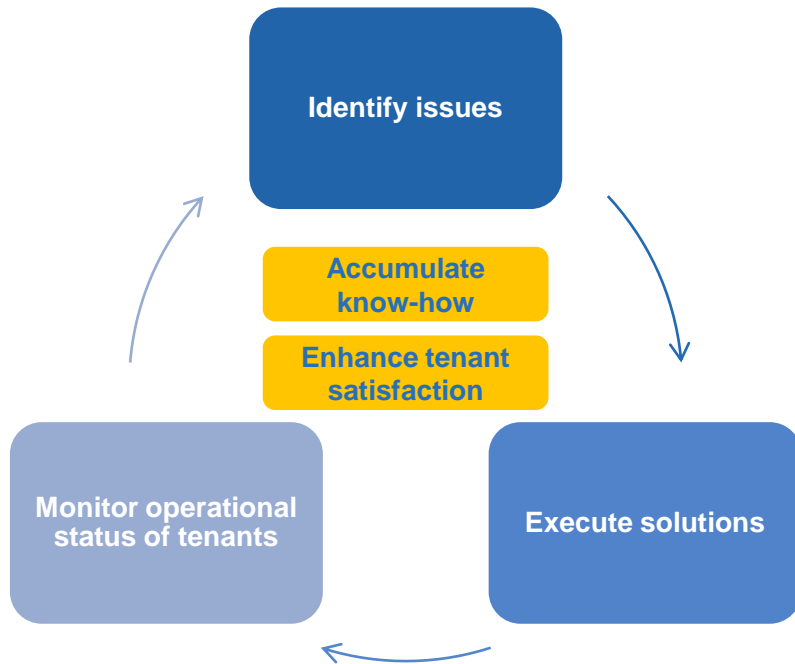
# Active management strategies

## Value added “one-stop” asset management and property management services

**Asset management services**  
Build and manage a stable/consistent portfolio

Strengthened collaboration

**Property management services**  
Interact directly with tenants



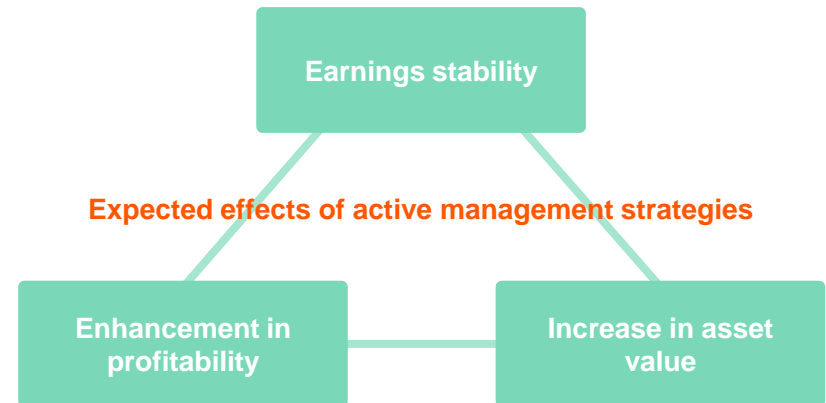
## Seek internal growth through property management

Building expansion leveraging unused portions of floor area

Sales-linked rent

Optimization of tenant composition

Effective utilization of CAPEX



**Jan. 2017 Completion of restaurant building  
Property expansion at Unicus Ina**

- Constructed a building on underutilized space
- Opening of Hamazushi, a sushi restaurant
- Total construction cost: JPY 91 million



**Jul. 2017 Planned for completion  
Renewal project at MONA Shin-Urayasu (1st phase)**

- Increase attractiveness through environmental improvement
- Renewing signboards and floor maps by renewing signboards and floor maps
- Replacement of the supermarket
- Estimated renovation cost: JPY 134 million



**To be considered  
Renewal project at Fululu Garden Yachiyo**

- Changing of tenant composition
- Renewal of interior and exterior
- Estimated renovation cost: To be determined



**Jun. 2017 Planned for completion  
Changing in layout at Blumer HAT Kobe**

- Changing in layout with reduction in the space of the existing tenant with low rent
- Increase rent revenues by contracting of new tenants
- Estimated renovation cost: JPY 85 million

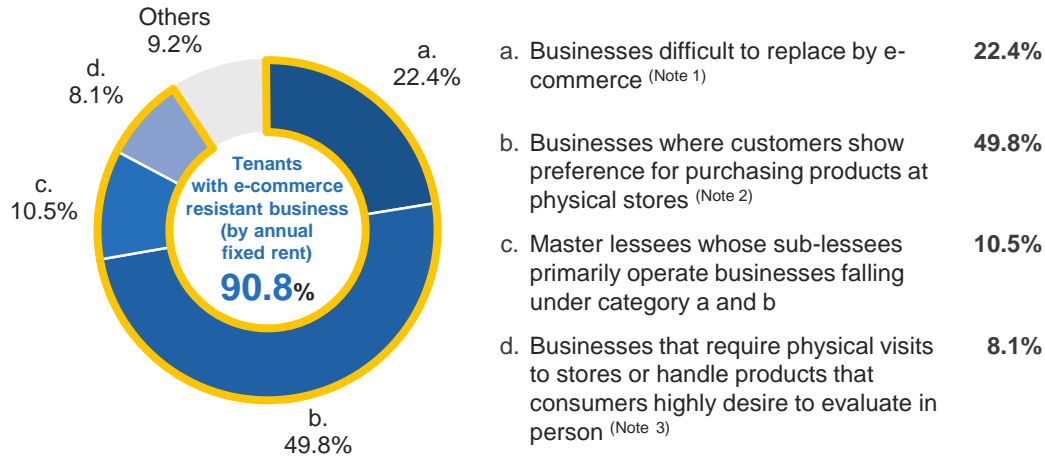


**To be considered  
Renewal project at MONA Shin-Urayasu (2nd phase)**

- Changing of tenant composition
- Renewal of internal environment
- Estimated renovation cost: To be determined

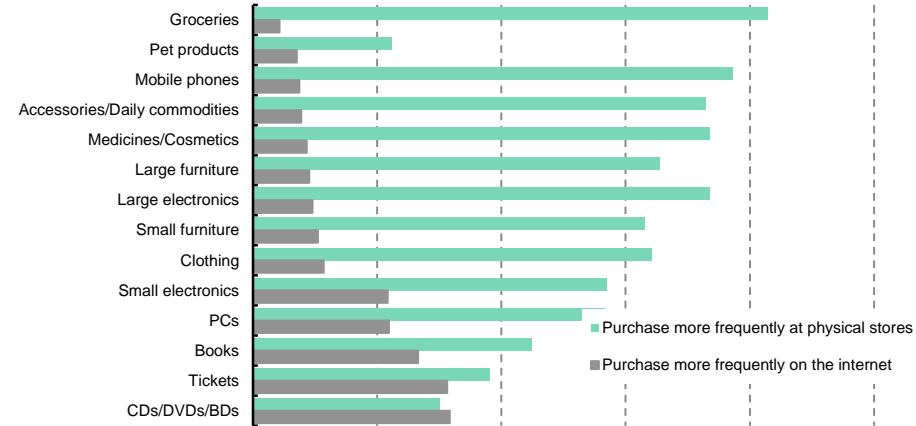
# Limited e-commerce penetration in daily needs market

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



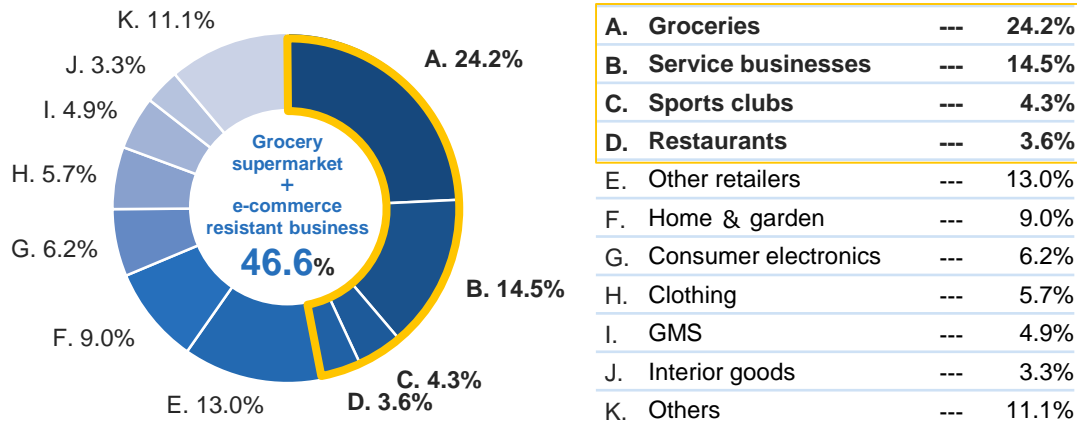
## Tendency to purchase daily needs such as grocery in physical store

### Consumers' preference: physical stores vs. online shopping

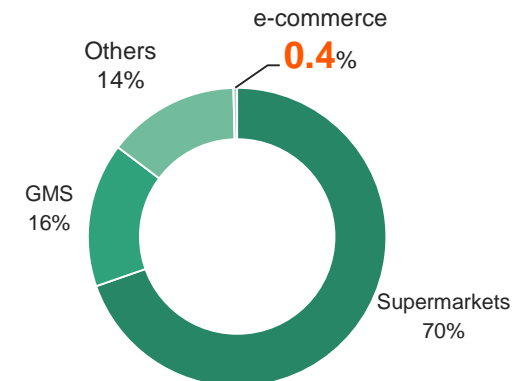


Source: Ministry of Internal Affairs and Communications (2016)

## Percentage of tenants' category (based on rents)



## Low % of online shopping attributed to total expenditure on groceries



Source: New Supermarket Association of Japan (2015)

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)

## DBJ Green Building Certification



**T-1** Fululu Garden Yachiyo



Properties with outstanding environmental and social awareness



- T-2** MONA Shin-Urayasu
- O-4** Blumer HAT Kobe
- R-1** Roseo Mito
- R-4** Ashico Town Ashikaga

Properties with excellent environmental and social awareness



- T-3** Passaggio Nishiarai
- T-5** Unicus Ina
- T-7** Unicus Yoshikawa
- O-1** Blumer Maitamon

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



05

Shift from GMS to shopping centers for daily needs

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3453





# Investments focusing on shopping centers for daily needs

## "Daily / Neighborhood" type

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

## "Weekend / Destination" type

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

**Small**

Trade area

**Large**

**High**

Frequency of customer visits

**Low**

Property types		Characteristics	Trade area
<b>NSC</b>	Neighborhood Shopping Centers	Shopping centers with a supermarket as an anchor or core tenant	3-5km
<b>SM</b>	Supermarkets	Stand-alone stores that primarily provide groceries	3km
<b>CSC</b>	Community Shopping Centers	Larger Shopping centers than NSC, with a supermarket as an anchor or core tenant	5-10km
<b>Urban Station-Front</b>		Shopping centers in the immediate vicinity of an urban public transportation station	3-5km
<b>SS</b>	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

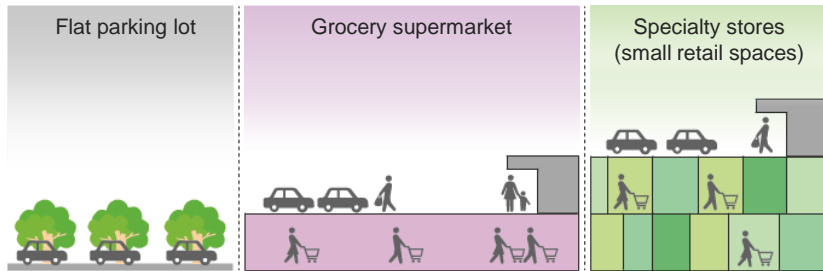
**Outlet malls**

### Urban retail properties featuring

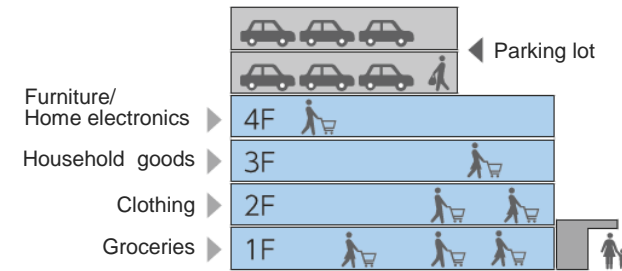
**High-end brand shops**

# Advantages of shopping centers for daily needs over GMS (1)

## Typical shopping center for daily needs



## Typical stand-alone GMS



### Facilities of shopping center for daily needs

VS

### Facilities of stand-alone GMS

Small to Medium	Retail trade area	Medium to Large
High (low-rise building)	Ease of getting around	Low (high-rise building)
Large flat parking lot	Parking lot	Multilevel parking lot
Grocery supermarket + Specialty stores	Tenants	GMS stand-alone

### Real estate value of shopping center for daily needs

VS

### Real estate value of stand-alone GMS

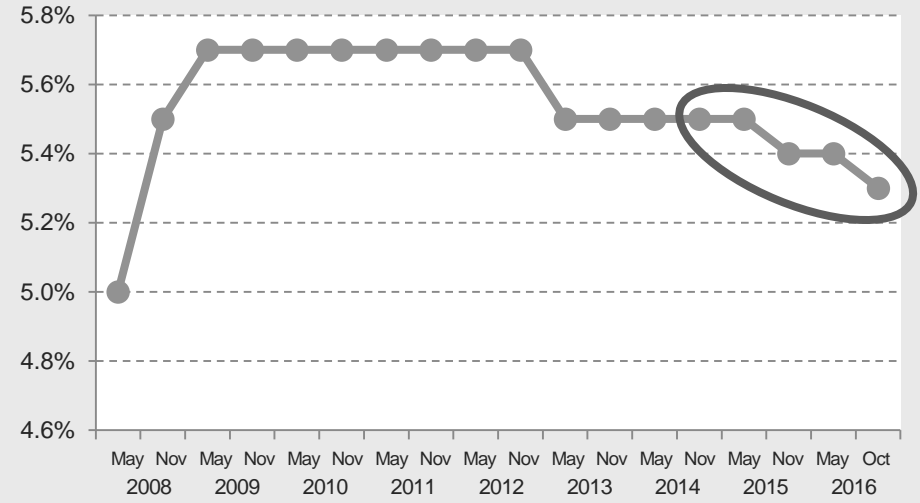
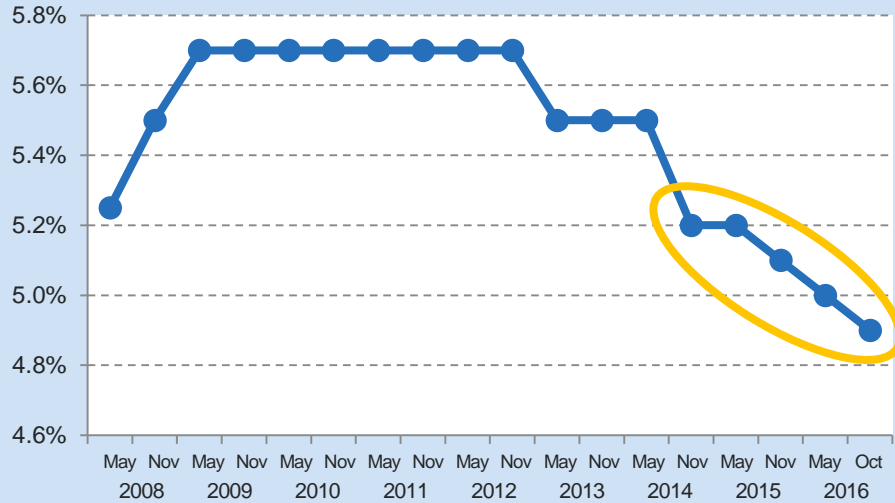
Potential rental upside upon tenant replacement or contract renewal	Upside potential	Limited frequency of upward rent revisions
Property expansion leveraging underutilized space		
Relatively easy	Tenant replacement	Relatively difficult
Expanding market share	Potential for investment	A number of stand-alone GMSs owned by real-estate funds exited the market

# Advantages of shopping centers for daily needs over GMS (2)

**Capitalization rates of NSC (Tokyo metropolitan area)**

VS

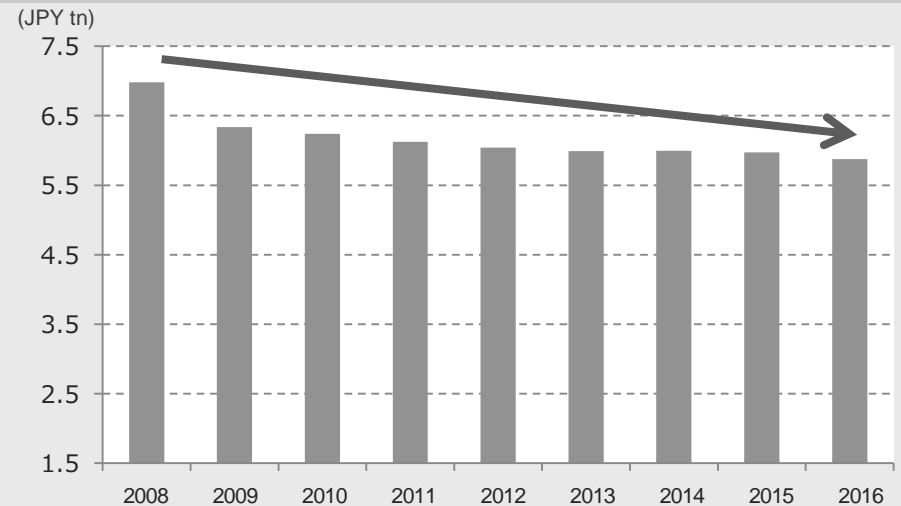
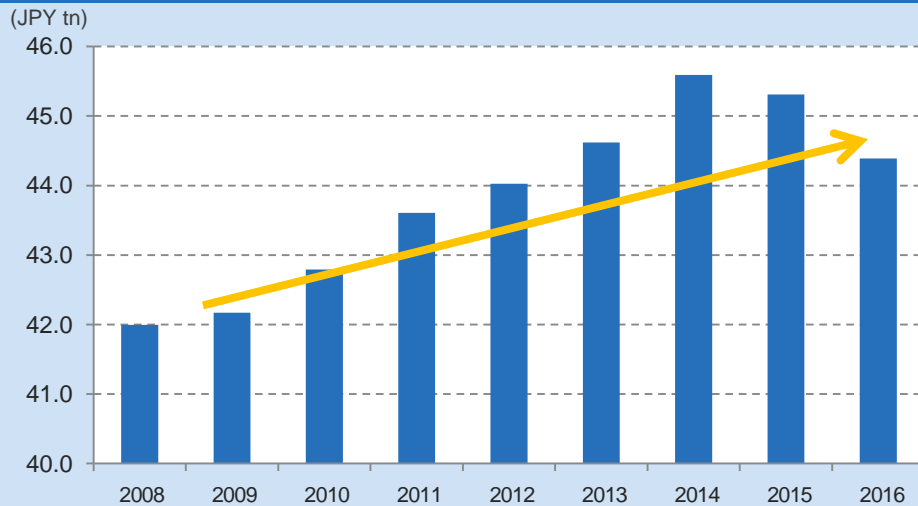
**Capitalization rates of GMS (Tokyo metropolitan area)**



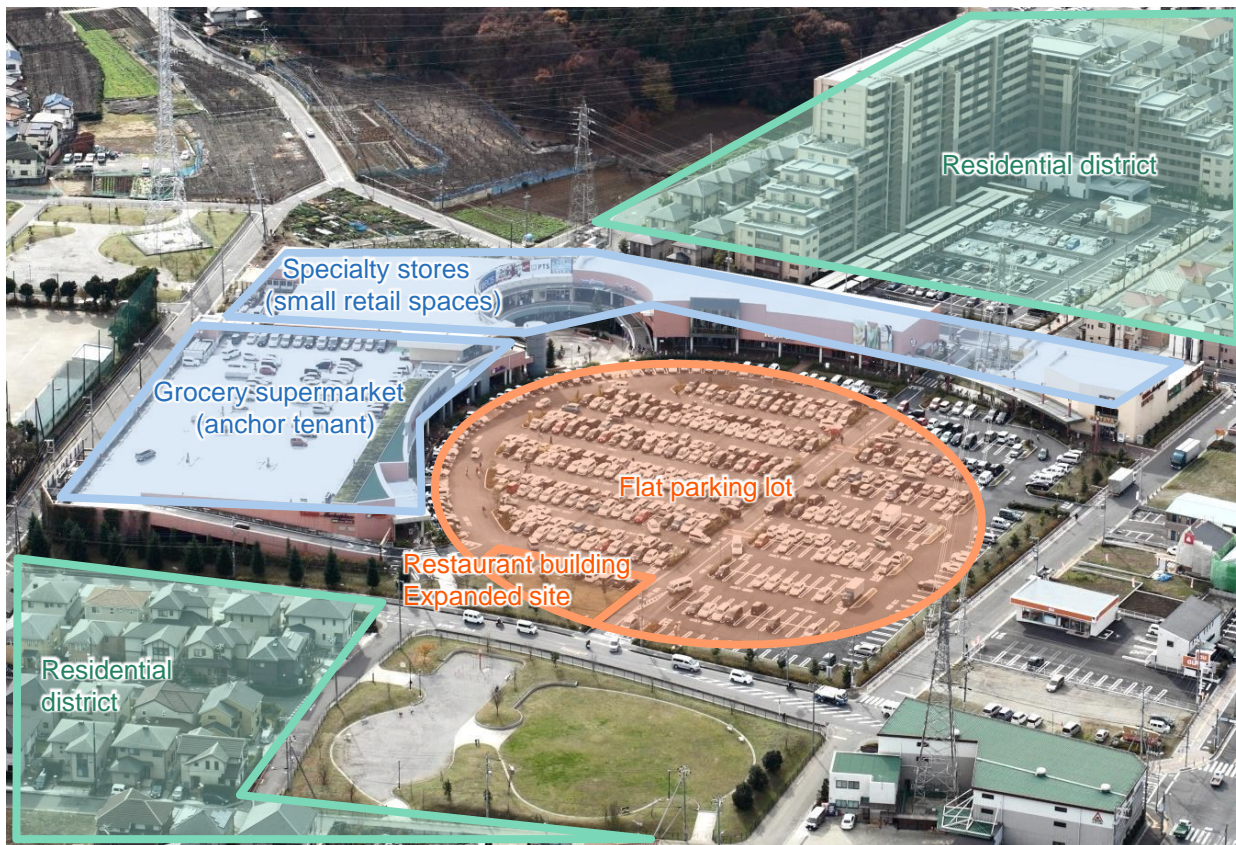
**Total sales values in the Groceries**

VS

**Total sales values in the GMS**



# Primary characteristics of shopping centers for daily needs



## Location Located within residential districts

- Retail trade area population
- 1km radius: 9,600 people
- 3km radius: 60,000 people
- 5km radius: 244,000 people

## Tenants Providing primarily daily necessities

- Housing Yaoko (anchor tenant) and a group of specialty stores (non-anchor tenants)



An anchor tenant with strong ability to attract customers



A group of specialty stores selected to satisfy the various needs of local residents (including clothing stores, drug stores, restaurants, a discount retailer and a dentist)

## Facilities Capacity to accommodate frequent customer visits and provide revenue upside potential

- Flat parking lot to accommodate approximately 480 vehicles
- Constructed a restaurant building on underutilized space



Expansion building

Expansion building	Restaurant building
Acquisition date	Jan. 16, 2017
GFA	397.98 m <sup>2</sup>
Total construction cost	JPY 91 million

## Retail market trends: GMS vs. Specialty stores

## Buying goods at GMS

2007

(JPY bn)

	Type of store	Sales
1	Supermarket	12,961.0
2	GMS	8,602.1
3	Department store	8,283.1
4	Convenience store	7,413.9
5	Other retailers	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	Supermarket	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 retailers	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%

6

## Key characteristics of Kenedix Retail REIT Corporation

Security Code  
3453



# Portfolio strategies

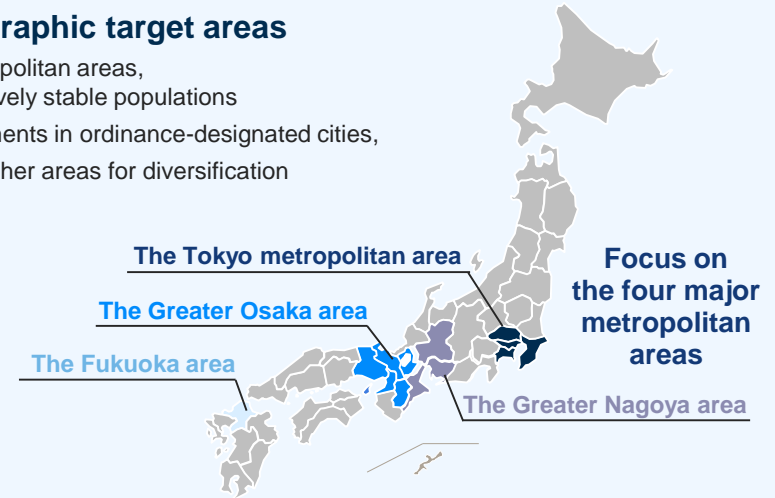
## Investment criteria

Focus on the following four elements in making investment decisions:

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

## 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

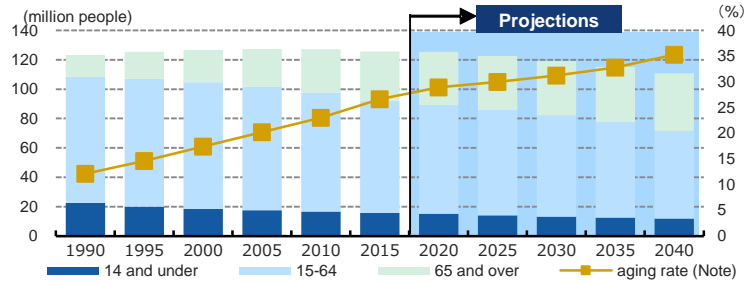
- Tenants that are both the lessee and property owner bear a smaller financial burden when opening a store
- Increased capital efficiency through treatment of land as off balance sheet
- Simplified procedures for interior renovation of buildings

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

Domestic consumption led by the elderly

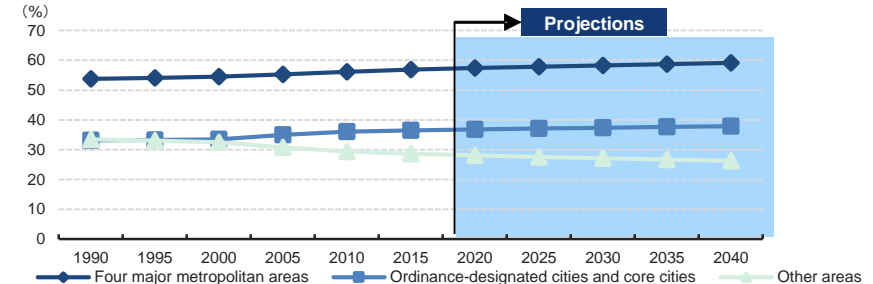
Stable demand for daily necessities

## Demographic shift in Japan



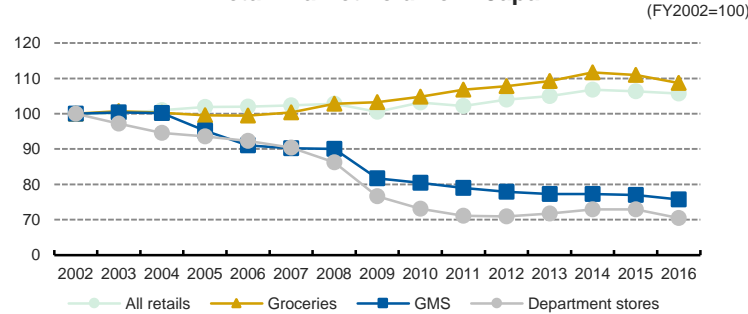
Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research (as of 2017)

## Population share in Japan by area



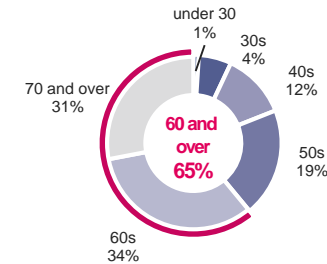
Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research

## Retail market volume in Japan



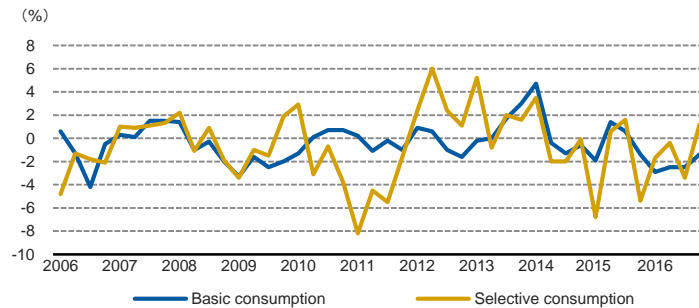
Source: Ministry of Economy, Trade and Industry

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



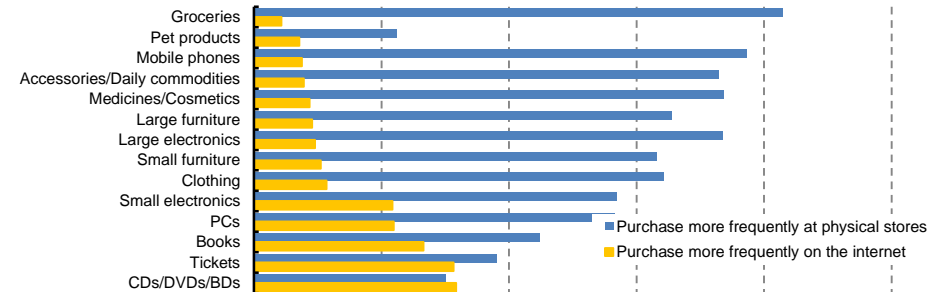
Source: Ministry of Internal Affairs and Communications

## Basic and selective consumption trends (YoY% change)



Source: Ministry of Internal Affairs and Communications

## Product types for physical stores or online shopping



Source: Ministry of Internal Affairs and Communications (2016)

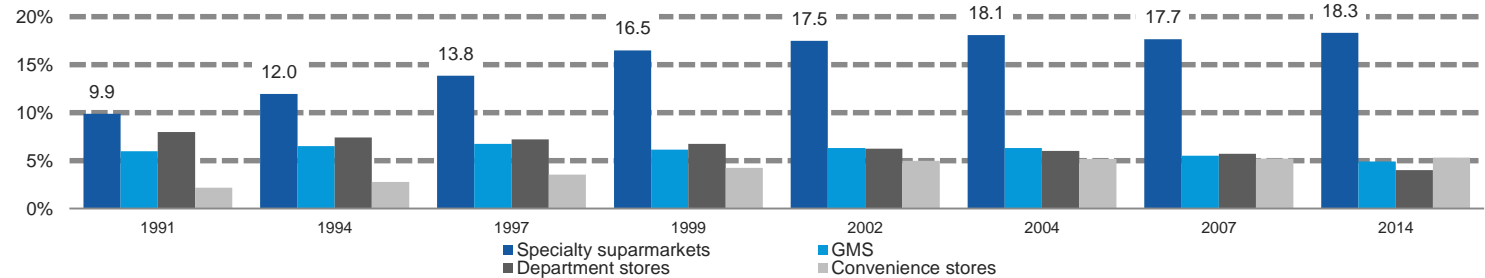
Note: "Aging rate" refers to the percentage of the population aged 65 and older.



# Retail property trends and macroeconomic conditions (2)

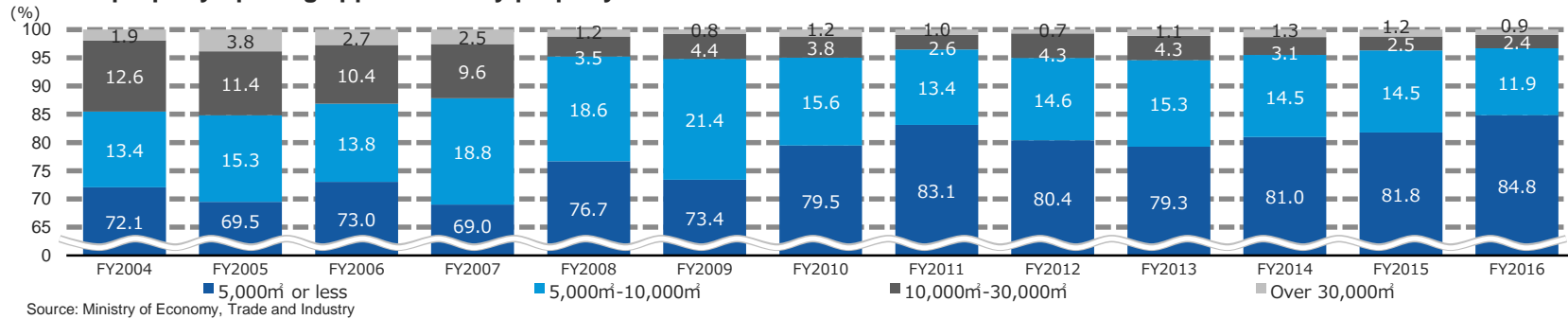
Increase in specialty supermarket market share

## ● 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 JPY4.9 trillion. The top-class general leasing company in Japan by lease transaction volume (with consolidated operating assets of JPY600 bn for the real-estate sector (on a book value basis)) (Note) The figures are as of end of Mar. 2017
  - 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: 12 locations / management: 11 locations) and development of other retail facilities (9 locations) (as of Mar. 31, 2017)
- 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



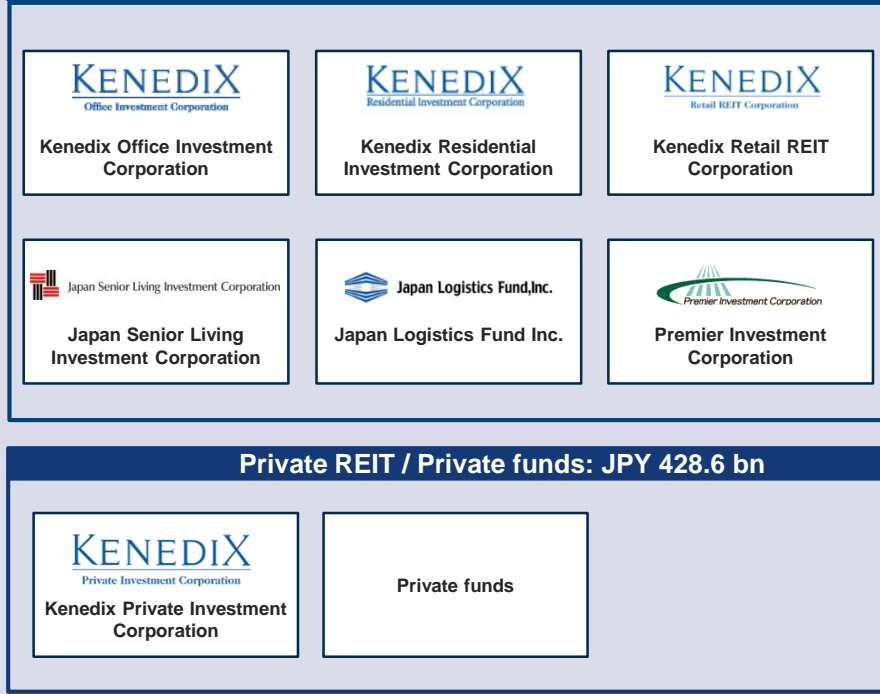
- Founded in Dec. 1949
  - Listed on the Tokyo Stock Exchange 1st Section
- Main lines of business: Domestic trading, import/export, and overseas trading of various products such as textile, machinery, metals, minerals, energy, chemicals, food, general products, realty, information and communications 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

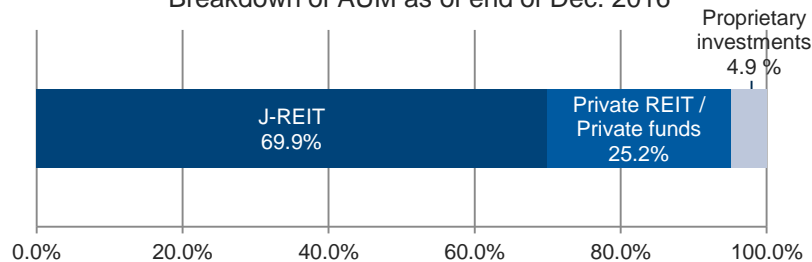
Total AUM: JPY 1,703.0 bn (as of end of Dec. 2016) (Note)

J-REIT: JPY 1,190.6 bn

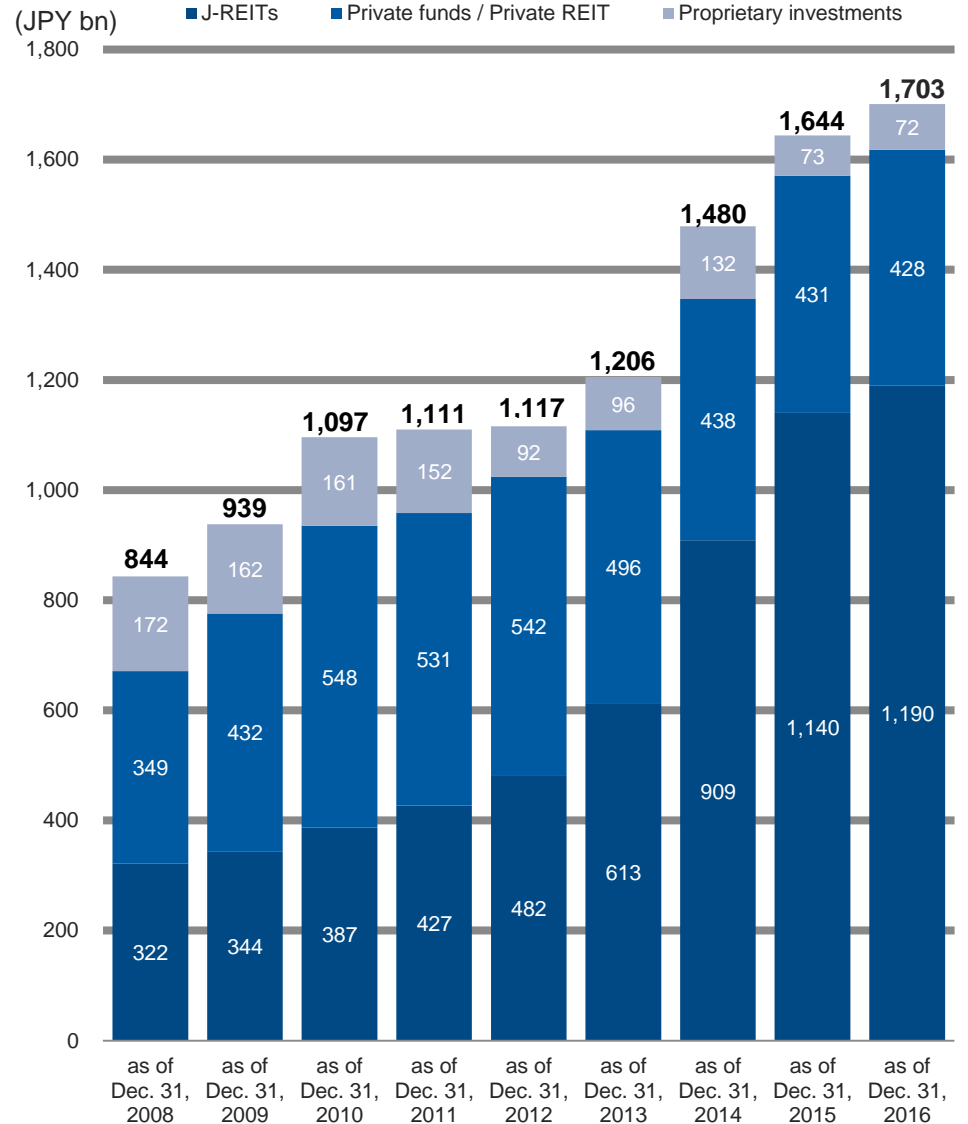


Note: The Kenedix Group's total AUM includes proprietary investments of JPY 83.8 bn.

Breakdown of AUM as of end of Dec. 2016

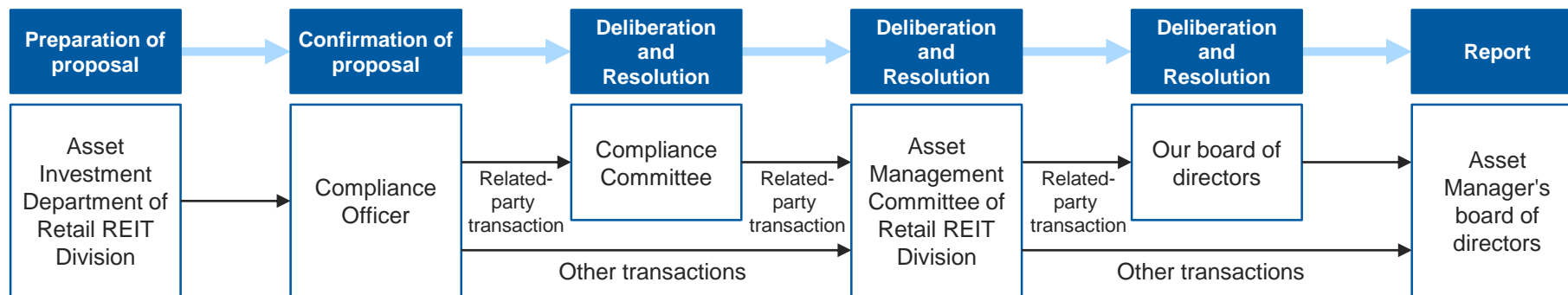


## The Kenedix Group's total AUM



# Governance structure

## Decision-making process for acquisition and sale of properties



## Investment in Kenedix Retail REIT by the Kenedix Group

As of Mar. 31, 2017, 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.

Memo

7

## Detailed financial results and portfolio information

Security Code  
3453



# 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	T-11	
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)	Unicus Kamisato (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	Oct. 2, 2015
Price Information	Acquisition price (In millions of yen)	14,848	8,063	5,850	5,390	4,470	4,000	3,600	2,586	4,815	3,169	3,000
	Percentage of total portfolio	9.0%	4.9%	3.6%	3.3%	2.7%	2.4%	2.2%	1.6%	2.9%	1.9%	1.8%
	Net book value (In millions of yen)	14,948	8,421	5,883	5,427	4,432	3,982	3,622	2,561	4,890	3,210	3,043
	Appraisal value (In millions of yen)	15,200	8,470	6,360	5,790	4,750	4,300	3,840	2,750	5,380	3,480	3,050
	Ratio	8.7%	4.8%	3.6%	3.3%	2.7%	2.5%	2.2%	1.6%	3.1%	2.0%	1.7%
Lease Information	Number of tenants	48	1(70)	1(41)	1(26)	1	1	1(11)	1	1	1	1
	Leasable floor area (m <sup>2</sup> )	77,057.56	9,592.65	10,546.25	5,056.39	13,462.71	-	10,648.27	3,120.87	67,325.95	15,578.58	67,854.47
	Leased floor area (m <sup>2</sup> )	75,694.45	9,180.34	10,342.77	4,905.88	13,462.71	(Note)	10,648.27	3,120.87	67,325.95	15,578.58	67,854.47
	Occupancy ratio as of March 31, 2017	98.2%	95.7%	98.1%	97.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days
	(1)Rental and other operating revenues (In thousands of yen)	744,902	506,235	309,446	258,816	138,718	-	133,096	-	-	-	72,610
	Rental revenues	624,013	340,985	211,431	184,154	135,070	-	130,633	-	-	-	72,610
	Other operating revenues	120,889	165,249	98,014	74,661	3,648	-	2,463	-	-	-	-
	(2)Property-related expenses (In thousands of yen)	357,840	276,741	161,329	147,098	19,051	-	40,011	-	-	-	6,247
	Property management fees	141,924	82,690	47,631	53,460	1,800	(Note)	24,154	(Note)	(Note)	(Note)	1,200
	Taxes	70,946	23,117	35,196	11,880	10,411	-	14,588	-	-	-	4,782
	Utilities	57,184	48,747	34,644	29,960	-	-	-	-	-	-	-
	Repairs and maintenance	34,828	31,890	8,243	13,152	4,592	-	604	-	-	-	-
	Insurance	1,806	795	531	300	320	-	238	-	-	-	-
	Trust fees and other expenses	51,150	89,500	35,082	38,344	1,927	-	425	-	-	-	265
	(3)NOI=(1)-(2) (In thousands of yen)	387,061	229,493	148,116	111,717	119,667	107,206	93,085	63,662	103,421	79,361	66,362
	(4)Depreciation (In thousands of yen)	85,008	49,863	32,278	15,627	30,411	20,370	15,596	15,127	-	-	-
	(5)Rental operating income =(3)-(4) (In thousands of yen)	302,053	179,630	115,837	96,090	89,256	86,836	77,489	48,534	103,421	79,361	66,362
	(6)Capital expenditures (In thousands of yen)	38,505	95,847	633	11,949	8,806	4,589	425	-	-	-	-
(7)NCF =(3)-(6) (In thousands of yen)	348,556	133,645	147,483	99,768	110,860	102,617	92,660	63,662	103,421	79,361	66,362	

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

## Earnings performance for the individual properties (2)

Location		Tokyo metropolitan area						Greater Osaka area				
Property No.		T-12	T-13	T-14	T-15	T-16	T-17	O-1	O-2	O-3	O-4	O-5
Property Name		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	Blumer HAT Kobe	Carino Esaka
Acquisition Date		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	Apr. 16, 2015	Oct. 2, 2015
Price Information	Acquisition price (In millions of yen)	1,700	1,442	760	3,360	1,724	1,450	8,389	2,685	2,140	11,000	6,555
	Percentage of total portfolio	1.0%	0.9%	0.5%	2.0%	1.0%	0.9%	5.1%	1.6%	1.3%	6.7%	4.0%
	Net book value (In millions of yen)	1,726	1,462	770	3,472	1,795	1,470	8,416	2,727	2,147	11,489	6,622
	Appraisal value (In millions of yen)	1,770	1,430	807	3,820	1,910	1,520	9,230	2,980	2,430	11,600	6,770
	Ratio	1.0%	0.8%	0.5%	2.2%	1.1%	0.9%	5.3%	1.7%	1.4%	6.6%	3.9%
Lease Information	Number of tenants	1	1	1	1	2	1	50	1	2	1(41)	1(30)
	Leasable floor area (m <sup>2</sup> )	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	24,185.02	7,540.58
	Leased floor area (m <sup>2</sup> )	19,329.00	4,405.41	3,488.77	5,968.71	3,996.70	2,929.58	29,790.80	4,437.07	14,313.00	23,968.51	7,371.52
	Occupancy ratio as of March 31, 2017	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.2%	100.0%	100.0%	99.1%	97.8%
Income and Retained Earnings Information	Operating periods	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days
	(1)Rental and other operating revenues (In thousands of yen)	41,507	-	-	-	59,734	-	480,332	-	-	482,931	289,459
	Rental revenues	41,507	-	-	-	58,200	-	364,441	-	-	375,391	192,456
	Other operating revenues	-	-	-	-	1,534	-	115,891	-	-	107,540	97,002
	(2)Property-related expenses (In thousands of yen)	4,602	-	-	-	5,674	-	208,413	-	-	209,123	109,208
	Property management fees	1,200	(Note)	(Note)	(Note)	3,553	(Note)	59,159	(Note)	(Note)	65,782	40,767
	Taxes	3,136	-	-	-	8	-	42,615	-	-	47,251	24,574
	Utilities	-	-	-	-	324	-	72,053	-	-	68,681	32,053
	Repairs and maintenance	-	-	-	-	1,223	-	11,175	-	-	2,783	8,234
	Insurance	-	-	-	-	128	-	791	-	-	1,051	702
	Trust fees and other expenses	265	-	-	-	437	-	22,618	-	-	23,573	2,875
	(3)NOI(=(1)-(2)) (In thousands of yen)	36,905	31,846	19,686	95,742	54,059	36,832	271,919	63,864	63,617	273,807	180,251
	(4)Depreciation (In thousands of yen)	-	-	9,768	20,306	7,745	2,980	50,998	-	10,534	52,512	28,271
	(5)Rental operating income (=(3)-(4)) (In thousands of yen)	36,905	31,846	9,918	75,435	46,314	33,852	220,921	63,864	53,083	221,295	151,980
	(6)Capital expenditures (In thousands of yen)	-	-	-	-	-	-	1,935	-	-	3,577	63,148
(7)NCF (=(3)-(6)) (In thousands of yen)	36,905	31,846	19,686	95,742	54,059	36,832	269,984	63,864	63,617	270,229	117,102	

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



# Earnings performance for the individual properties (3)

Location		Greater Osaka area					Greater Nagoya area				
Property No.		O-6	O-7	O-8	O-9	O-10	N-1	N-2	N-3	N-4	N-5
Property Name		COMBOX Komyoike	Hankyu Oasis Hiraakatadeguchi	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)	Homecenter Kohnan Sunadabashi	K's Denki Shin-Moriyama (Land)
Acquisition Date		Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Jan. 21, 2016	Apr. 21, 2016	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Apr. 21, 2016	Nov. 1, 2016
Price Information	Acquisition price (In millions of yen)	6,450	1,280	487	1,505	3,723	2,311	2,174	889	7,140	1,370
	Percentage of total portfolio	3.9%	0.8%	0.3%	0.9%	2.3%	1.4%	1.3%	0.5%	4.3%	0.8%
	Net book value (In millions of yen)	6,436	1,322	497	1,568	3,772	2,351	2,155	907	7,165	1,390
	Appraisal value (In millions of yen)	6,950	1,330	488	1,660	3,820	2,590	2,310	980	7,310	1,420
	Ratio	4.0%	0.8%	0.3%	0.9%	2.2%	1.5%	1.3%	0.6%	4.2%	0.8%
Lease Information	Number of tenants	1	1	1	1	1	1	1	1	1	1
	Leasable floor area (m <sup>2</sup> )	25,530.44	2,960.38	3,033.45	2,679.52	8,264.46	-	9,447.48	-	20,329.07	-
	Leased floor area (m <sup>2</sup> )	25,530.44	2,960.38	3,033.45	2,679.52	8,264.46	(Note)	9,447.48	(Note)	20,329.07	(Note)
	Occupancy ratio as of March 31, 2017	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days	151 days
	(1) Rental and other operating revenues (In thousands of yen)	226,261			44,870						
	Rental revenues	226,261			44,870						
	Other operating revenues	-			-						
	(2) Property-related expenses (In thousands of yen)	33,363			2,270						
	Property management fees	1,800			1,800						
	Taxes	30,476	(Note)	(Note)	8	(Note)	(Note)	(Note)	(Note)	(Note)	(Note)
	Utilities	-			-						
	Repairs and maintenance	-			-						
	Insurance	674			53						
	Trust fees and other expenses	413			408						
	(3) NOI (= (1)-(2)) (In thousands of yen)	192,898	37,207	10,689	42,599	88,527	60,029	62,073	22,951	190,249	26,737
	(4) Depreciation (In thousands of yen)	32,894	5,201	-	4,682	-	-	14,526	-	40,500	-
	(5) Rental operating income (= (3)-(4)) (In thousands of yen)	160,003	32,006	10,689	37,917	88,527	60,029	47,546	22,951	149,749	26,737
(6) Capital expenditures (In thousands of yen)	-	-	-	-	-	-	-	-	-	-	
(7) NCF (= (5)-(6)) (In thousands of yen)	192,898	37,207	10,689	42,599	88,527	60,029	62,073	22,951	190,249	26,737	

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		Fukuoka area	Ordinance-designed cities, core cities and other areas								
Property No.		F-1	R-1	R-2	R-3	R-4	R-5	R-6	R-7	R-8	R-9
Property Name		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	Seiyu Rakuichi Moriya (Land)
Acquisition Date		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	Jan. 31, 2017
Price Information	Acquisition price (In millions of yen)	1,497	10,046	1,469	898	4,180	3,252	830	5,720	4,010	4,111
	Percentage of total portfolio	0.9%	6.1%	0.9%	0.5%	2.5%	2.0%	0.5%	3.5%	2.4%	2.5%
	Net book value (In millions of yen)	1,485	10,031	1,480	898	4,379	3,329	854	5,718	4,187	4,320
	Appraisal value (In millions of yen)	1,530	11,000	1,550	928	5,060	3,330	873	5,960	4,340	4,210
	Ratio	0.9%	6.3%	0.9%	0.5%	2.9%	1.9%	0.5%	3.4%	2.5%	2.4%
Lease Information	Number of tenants	1	1(22)	1	1	1(29)	2	1	1	7	1
	Leasable floor area (m <sup>2</sup> )	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 <sup>2</sup> )	2,814.67	48,161.79	10,083.41	(Note)	65,616.31	12,768.77	2,047.65	(Note)	12,030.83	(Note)
	Occupancy ratio as of March 31, 2017	100.0%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days	182 days	160 days
	(1) Rental and other operating revenues (In thousands of yen)	-	375,123	-	-	270,886	-	-	-	136,260	-
	Rental revenues	-	345,065	-	-	203,746	-	-	-	135,630	-
	Other operating revenues	-	30,058	-	-	67,139	-	-	-	630	-
	(2) Property-related expenses (In thousands of yen)	-	74,688	-	-	139,330	-	-	-	13,392	-
	Property management fees	-	19,014	-	-	38,871	-	-	-	2,843	-
	Taxes	(Note)	27,346	(Note)	(Note)	25,382	(Note)	(Note)	(Note)	8	(Note)
	Utilities	-	23,723	-	-	54,568	-	-	-	264	-
	Repairs and maintenance	-	2,257	-	-	10,251	-	-	-	9,077	-
	Insurance	-	679	-	-	658	-	-	-	721	-
	Trust fees and other expenses	-	1,666	-	-	9,600	-	-	-	477	-
	(3) NOI (= (1)-(2)) (In thousands of yen)	40,385	300,435	46,054	28,394	131,555	98,810	22,726	159,004	122,868	9,212
	(4) Depreciation (In thousands of yen)	14,253	47,286	6,365	4,894	28,348	13,621	2,661	43,111	15,857	-
	(5) Rental operating income (= (3)-(4)) (In thousands of yen)	26,132	253,148	39,688	23,500	103,207	85,188	20,064	115,892	107,010	9,212
	(6) Capital expenditures (In thousands of yen)	-	-	-	-	37,408	368	-	-	8,962	-
(7) NCF (= (5)-(6)) (In thousands of yen)	40,385	300,435	46,054	28,394	94,146	98,442	22,726	159,004	113,905	9,212	

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

# Appraisal value (properties as of March 31, 2017)

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	Mar. 31, 2017	15,200	15,200	0	4.7	4.6	-0.1	4.5	4.4	-0.1	4.9	4.8	-0.1
T-2	MONA Shin-Urayasu	Mar. 31, 2017	8,560	8,470	-90	5.2	5.2	0.0	4.9	4.8	-0.1	5.4	5.3	-0.1
T-3	Passaggio Nishiarai	Mar. 31, 2017	6,370	6,360	-10	4.4	4.3	-0.1	4.2	4.1	-0.1	4.6	4.5	-0.1
T-4	Daikanyama Address Dixsept	Mar. 31, 2017	5,740	5,790	50	3.8	3.7	-0.1	3.6	3.5	-0.1	4.0	3.9	-0.1
T-5	Unicus Ina	Mar. 31, 2017	4,510	4,750	240	5.2	5.1	-0.1	4.8	4.8	0.0	5.3	5.3	0.0
T-6	Yorktown Kita-Kaname	Mar. 31, 2017	4,300	4,300	0	5.0	4.9	-0.1	4.8	4.7	-0.1	5.2	5.1	-0.1
T-7	Unicus Yoshikawa	Mar. 31, 2017	3,800	3,840	40	4.8	4.7	-0.1	4.6	4.5	-0.1	5.0	4.9	-0.1
T-8	Sports Club Renaissance Fujimidai	Mar. 31, 2017	2,720	2,750	30	4.7	4.6	-0.1	4.5	4.4	-0.1	4.9	4.8	-0.1
T-9	Super Viva Home Iwatsuki (Land)	Mar. 31, 2017	5,280	5,380	100	-	-	-	4.7	4.6	-0.1	-	-	-
T-10	K's Denki Shonan-Fujisawa (Land)	Mar. 31, 2017	3,440	3,480	40	-	-	-	4.5	4.4	-0.1	-	-	-
T-11	Unicus Kamisato (Land)	Mar. 31, 2017	3,010	3,050	40	-	-	-	4.7	4.6	-0.1	-	-	-
T-12	Unicus Konosu (Land)	Mar. 31, 2017	1,740	1,770	30	-	-	-	4.6	4.5	-0.1	-	-	-
T-13	Inageya Yokohama Minamihonjuku (Land)	Mar. 31, 2017	1,460	1,430	-30	-	-	-	4.0	4.0	0.0	4.6	4.7	0.1
T-14	Gourmet City Chiba-Chuo	Mar. 31, 2017	799	807	8	5.2	5.1	-0.1	5.0	4.9	-0.1	5.4	5.3	-0.1
T-15	Nakamachidai Tokyu Store	Mar. 31, 2017	3,780	3,820	40	4.7	4.6	-0.1	4.5	4.4	-0.1	4.9	4.8	-0.1
T-16	Central Wellness Club Nagatsuta Minamidai	Mar. 31, 2017	1,900	1,910	10	5.1	5.0	-0.1	4.9	4.8	-0.1	5.3	5.2	-0.1
T-17	Life Kameido	Mar. 31, 2017	1,500	1,520	20	4.3	4.2	-0.1	4.0	3.9	-0.1	4.5	4.4	-0.1
O-1	Blumer Maitamon	Mar. 31, 2017	8,990	9,230	240	5.4	5.3	-0.1	5.5	5.4	-0.1	5.6	5.5	-0.1
O-2	Central Square Takadono (Land)	Mar. 31, 2017	2,930	2,980	50	-	-	-	4.3	4.2	-0.1	-	-	-
O-3	Piago Kahma Home Center Omihachiman	Mar. 31, 2017	2,440	2,430	-10	6.3	6.2	-0.1	6.0	5.9	-0.1	6.5	6.4	-0.1
O-4	Blumer HAT Kobe	Mar. 31, 2017	11,600	11,600	0	4.9	4.8	-0.1	4.7	4.6	-0.1	5.1	5.0	-0.1
O-5	Carino Esaka	Mar. 31, 2017	6,590	6,770	180	4.8	4.7	-0.1	4.5	4.4	-0.1	5.0	4.9	-0.1
O-6	COMBOX Komyoike	Mar. 31, 2017	6,940	6,950	10	5.2	5.1	-0.1	4.9	4.8	-0.1	5.4	5.3	-0.1
O-7	Hankyu Oasis Hirakatadeguchi	Mar. 31, 2017	1,310	1,330	20	5.6	5.5	-0.1	5.4	5.3	-0.1	5.8	5.7	-0.1
O-8	Welcia Kishiwadakamori (Land)	Mar. 31, 2017	500	488	-12	-	-	-	4.0	4.0	0.0	4.6	4.7	0.1
O-9	Life Nishi-Tengachaya	Mar. 31, 2017	1,650	1,660	10	4.8	4.7	-0.1	4.9	4.8	-0.1	5.0	4.9	-0.1
O-10	Million Town Tsukaguchi (Land)	Mar. 31, 2017	3,810	3,820	10	-	-	-	4.3	4.2	-0.1	-	-	-
N-1	Kahma Home Center Nakagawa Tomita (Land)	Mar. 31, 2017	2,540	2,590	50	-	-	-	4.7	4.5	-0.2	-	-	-
N-2	Valor Ichinomiya-Nishi	Mar. 31, 2017	2,280	2,310	30	5.2	5.1	-0.1	4.9	4.8	-0.1	5.4	5.3	-0.1
N-3	K's Denki Nakagawa Tomita (Land)	Mar. 31, 2017	960	980	20	-	-	-	4.7	4.5	-0.2	-	-	-
N-4	Homecenter Kohnan Sunadabashi	Mar. 31, 2017	7,220	7,310	90	4.9	4.8	-0.1	4.7	4.6	-0.1	5.1	5.0	-0.1
N-5	K's Denki Shin-moriyama (Land)	Mar. 31, 2017	1,410	1,420	10	-	-	-	4.1	4.0	-0.1	4.3	4.3	0.0
F-1	Sunny Noma	Mar. 31, 2017	1,520	1,530	10	5.1	5.0	-0.1	4.9	4.8	-0.1	5.5	5.4	-0.1
R-1	Roseo Mito	Mar. 31, 2017	10,900	11,000	100	5.4	5.3	-0.1	5.1	5.0	-0.1	5.6	5.5	-0.1
R-2	K's Denki Aomori Honten	Mar. 31, 2017	1,550	1,550	0	5.7	5.6	-0.1	5.4	5.3	-0.1	5.9	5.8	-0.1
R-3	Super Sports Xebio Aomori-Chuo	Mar. 31, 2017	924	928	4	5.7	5.6	-0.1	5.4	5.3	-0.1	5.9	5.8	-0.1
R-4	Ashico Town Ashikaga	Mar. 31, 2017	5,060	5,060	0	5.4	5.3	-0.1	5.2	5.1	-0.1	5.6	5.5	-0.1
R-5	Yorktown Shinden-Higashi	Mar. 31, 2017	3,310	3,330	20	5.6	5.5	-0.1	5.4	5.3	-0.1	5.8	5.7	-0.1
R-6	Kasumi Technopark Sakura	Mar. 31, 2017	861	873	12	5.2	5.1	-0.1	5.0	4.9	-0.1	5.4	5.3	-0.1
R-7	Solala Plaza	Mar. 31, 2017	5,910	5,960	50	4.9	4.8	-0.1	4.6	4.5	-0.1	5.1	5.0	-0.1
R-8	P-1 Plaza Tenno	Mar. 31, 2017	4,260	4,340	80	5.3	5.1	-0.2	4.9	4.8	-0.1	5.4	5.3	-0.1
R-9	Seiyu Rakuichi Moriya (Land)	Mar. 31, 2017	4,190	4,210	20	4.3	4.3	0.0	4.2	4.2	0.0	4.4	4.4	0.0
Total			173,764	175,276	1,512	-	-	-	-	-	-	-	-	-

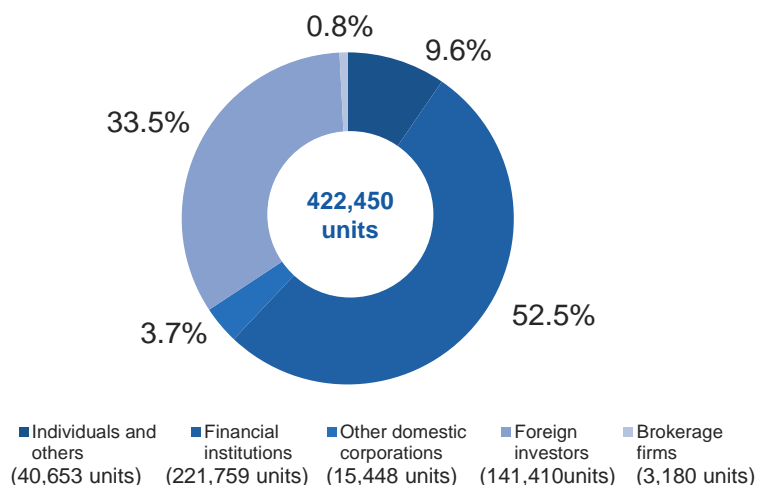
Note: "Previous" refers to appraisal value at the previous appraisal dated Sep. 30, 2016 for properties acquired by 3rd period, dated Oct. 1, 2016 for "K's Denki Shin-moriyama (Land)" and Jan. 1, 2017 "Seiyu Rakuichi Moriya (Land)" properties acquired in 3rd period. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

# Appraisal value (properties newly acquired related to 3rd PO)

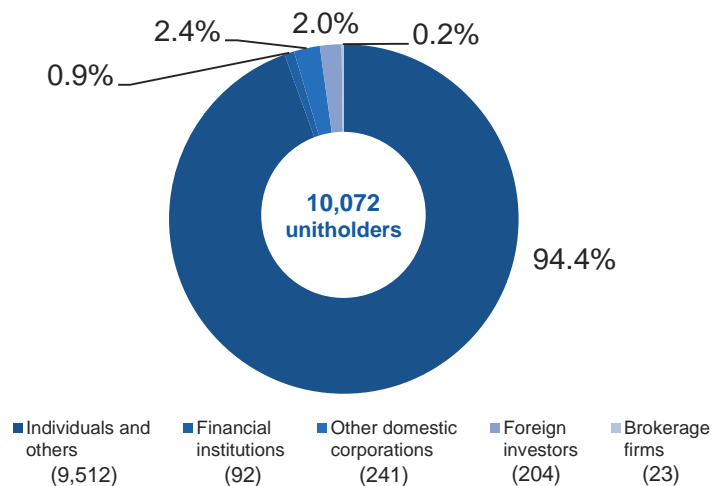
No.	Property name	Appraisal date	Appraisal value (JPY mn)	Income capitalization approach value		
				Direct capitalization method	DCF method	
				Direct cap rate (%)	Discount rate (%)	Terminal cap rate (%)
T-18	Totsuka-Fukaya Shopping Center (Land)	Feb. 1, 2017	4,290	4.7	4.6	4.8
T-19	Yumemachi Narashinodai Mall	Feb. 1, 2017	3,520	4.9	4.7	5.1
T-20	Kawamachi Yahagi Mall	Feb. 1, 2017	3,220	4.8	4.6	5.0
T-21	Prime Square Jiyugaoka	Mar. 1, 2017	2,850	3.6	3.4	3.8
T-22	Round1 Ichikawa-Onitaka	Feb. 1, 2017	1,970	4.8	4.6	5.0
F-2	Round1 Stadium Hakata-Hanmichibashi	Feb. 1, 2017	5,190	5.5	5.2	5.7
F-3	Kurume-Nishi Shopping Center	Feb. 1, 2017	1,600	5.4	5.1	5.6
R-10	Sun Street Hamakita	Feb. 1, 2017	10,890	5.5	5.2	5.8
Total/Average			33,530	-	-	-

# Unitholder information (as of March 31, 2017)

## Ownership ratio by investor type



## Number of unitholders by investor type

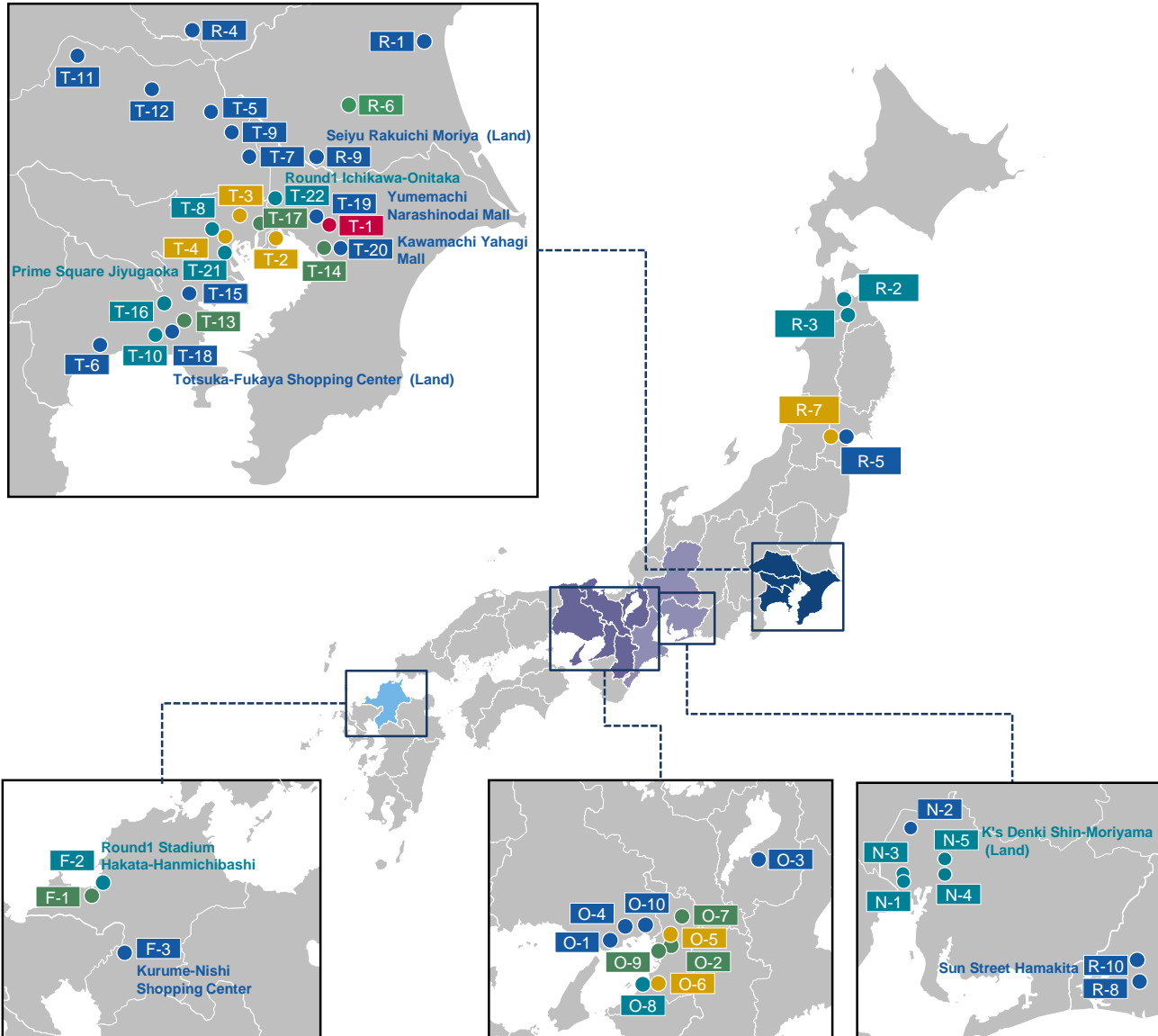


## Major unitholders

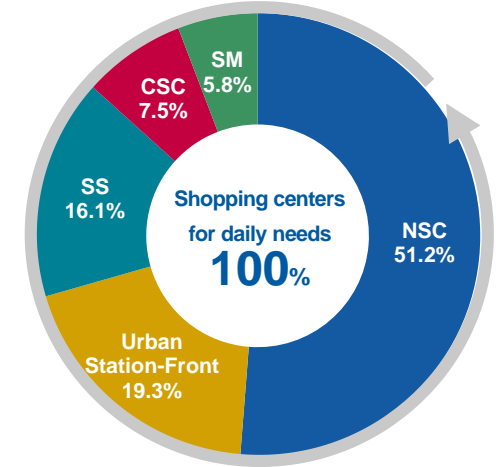
Rank	Name	# of units held	(%)(Note)
1	JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Acct.)	87,101	20.61%
2	THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.)	43,753	10.35%
3	TRUST & CUSTODY SERVICE BANK, LTD. (Securities Investment Trust Acct.)	29,193	6.91%
4	THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.)	16,873	3.99%
5	JP MORGAN CHASE BANK 385628	16,318	3.86%
6	THE BANK OF NEW YORK MELLON SA/NV 10	12,758	3.02%
7	THE BANK OF NEW YORK, NON-TREATY JASDAC ACCOUNT	8,018	1.89%
8	SIX SIS LTD.	5,857	1.38%
9	KENEDIX, INC.	5,750	1.36%
10	GOLDMAN SACHS INTERNATIONAL	5,248	1.24%

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

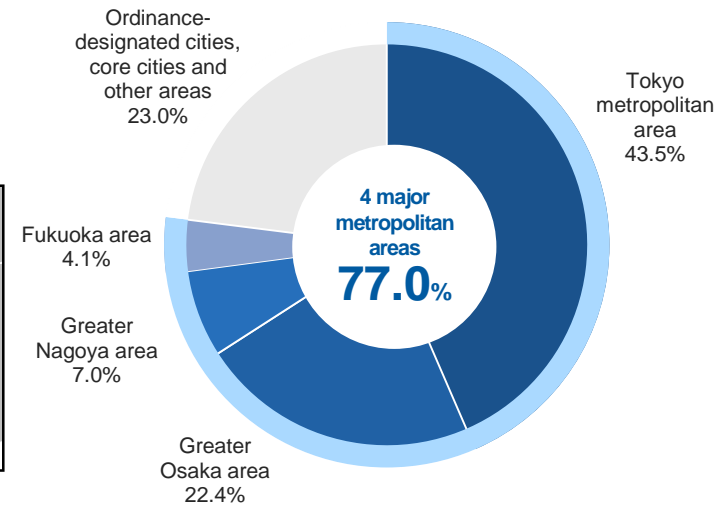
# Portfolio map





















































Types of retail property  
(by acquisition price)



Location  
(by acquisition price)



# Portfolio overview

<b>T-1</b> Fululu Garden Yachiyo	<b>T-2</b> MONA Shin-Urayasu	<b>T-3</b> Passaggio Nishiara	<b>T-4</b> Daikanyama Address Dixsept	<b>T-5</b> Unicus Ina	<b>T-6</b> Yorktown Kita-Kaname	<b>T-7</b> Unicus Yoshikawa	<b>T-8</b> Sports Club Renaissance Fujimaidai	<b>T-9</b> Super Viva Home Iwatsuki (Land)
								
<b>T-10</b> K's Denki Shonan-Fujisawa (Land)	<b>T-11</b> Unicus Kamisato (Land)	<b>T-12</b> Unicus Konosu (Land)	<b>T-13</b> Inageya Yokohama Minamihonjuku (Land)	<b>T-14</b> Gourmet City Chiba-Chuo	<b>T-15</b> Nakamachidai Tokyu Store	<b>T-16</b> Central Wellness Club Nagatsuta Minamidai	<b>T-17</b> Life Kameido	<b>O-1</b> Blumer Maitamon
								
<b>O-2</b> Central Square Takadono (Land)	<b>O-3</b> Piago Kahma Home Center Omihachiman	<b>O-4</b> Blumer HAT Kobe	<b>O-5</b> Carino Esaka	<b>O-6</b> COMBOX Komyoike	<b>O-7</b> Hankyu Oasis Hirakatadeguchi	<b>O-8</b> Welcia Kishiwadakamori (Land)	<b>O-9</b> Life Nishi-Tengachaya	<b>O-10</b> Million Town Tsukaguchi (Land)
								
<b>N-1</b> Kahma Home Center Nakagawa Tomita (Land)	<b>N-2</b> Valor Ichinomiya-Nishi	<b>N-3</b> K's Denki Nakagawa Tomita (Land)	<b>N-4</b> Homecenter Kohnan Sunadabashi	<b>N-5</b> K's Denki Shin-Moriyama (Land)	<b>F-1</b> Sunny Noma	<b>R-1</b> Roseo Mito	<b>R-2</b> K's Denki Aomori Honten	<b>R-3</b> Super Sports Xebio Aomori-Chuo
				 NEW				
<b>R-4</b> Ashico Town Ashikaga	<b>R-5</b> Yorktown Shinden-Higashi	<b>R-6</b> Kasumi Technopark Sakura	<b>R-7</b> Solala Plaza	<b>R-8</b> P-1 Plaza Tenno	<b>R-9</b> Seiyo Rakuichi Moriya (Land)	<b>T-18</b> Totsuka-Fukaya Shopping Center (Land)	<b>T-19</b> Yumemachi Narashinodai Mall	<b>T-20</b> Kawamachi Yahagi Mall
					 NEW	 NEW	 NEW	 NEW
<b>T-21</b> Prime Square Jiyugaoka	<b>T-22</b> Round1 Ichikawa-Onitaka	<b>F-2</b> Round1 Stadium Hakata-Hanmichibashi	<b>F-3</b> Kurume-Nishi Shopping Center	<b>R-10</b> Sun Street Hamakita				
 NEW	 NEW	 NEW	 NEW	 NEW				

# Portfolio overview

Total acquisition price

JPY **197,002** mn

Total appraisal value

JPY **208,806** mn

Average appraisal NOI yield

**5.3%**

Weighted average occupancy rate

**99.5%**

Number of tenants

**496**

No	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	Number of Tenants
<b>Existing properties as of Mar. 31, 2017</b>							
T-1	Fululu Garden Yachiyo	Yachiyo, Chiba	14,848	15,200	5.1	98.2	48
T-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	8,470	6.1	95.7	70
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	6,360	4.9	98.1	41
T-4	Daikanyama Address Dixsept	Shibuya ward, Tokyo	5,390	5,790	4.1	97.0	26
T-5	Unicus Ina	Kitaadachi-gun, Saitama	4,470	4,750	5.6	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	3,840	5.2	100.0	11
T-8	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	2,750	5.0	100.0	1
T-9	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	4,815	5,380	4.3	100.0	1
T-10	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	3,169	3,480	5.0	100.0	1
T-11	Unicus Kamisato (Land)	Kodama-gun, Saitama	3,000	3,050	4.6	100.0	1
T-12	Unicus Konosu (Land)	Konosu, Saitama	1,700	1,770	4.6	100.0	1
T-13	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	1,442	1,430	4.5	100.0	1
T-14	Gourmet City Chiba-Chuo	Chiba, Chiba	760	807	5.8	100.0	1
T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,820	5.4	100.0	1
T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,910	5.7	100.0	2
T-17	Life Kameido	Koto ward, Tokyo	1,450	1,520	4.5	100.0	1
O-1	Blumer Maitamon	Kobe, Hyogo	8,389	9,230	5.9	99.2	50
O-2	Central Square Takadono (Land)	Osaka, Osaka	2,685	2,980	4.8	100.0	1
O-3	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	2,140	2,430	7.1	100.0	2
O-4	Blumer HAT Kobe	Kobe, Hyogo	11,000	11,600	5.1	99.1	41
O-5	Carino Esaka	Suita, Osaka	6,555	6,770	5.2	97.8	30
O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,950	6.0	100.0	1
O-7	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	1,280	1,330	5.9	100.0	1
O-8	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	487	488	4.5	100.0	1
O-9	Life Nishi-Tengachaya	Osaka, Osaka	1,505	1,660	5.3	100.0	1
O-10	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	3,723	3,820	4.3	100.0	1
N-1	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	2,590	5.2	100.0	1
N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	2,174	2,310	5.9	100.0	1
N-3	K's Denki Nakagawa Tomita (Land)	Nagoya, Aichi	889	980	5.2	100.0	1
N-4	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	7,140	7,310	5.2	100.0	1
N-5	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	1,370	1,420	4.4	100.0	1
F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,530	5.4	100.0	1
R-1	Roseo Mito	Mito, Ibaraki	10,046	11,000	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	928	6.4	100.0	1
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	4,180	5,060	6.4	100.0	29
R-5	Yorktown Shinden-Higashi	Sendai, Miyagi	3,252	3,330	6.0	100.0	2
R-6	Kasumi Technopark Sakura	Tsukuba, Ibaraki	830	873	5.6	100.0	1
R-7	Solala Plaza	Sendai, Miyagi	5,720	5,960	5.0	100.0	1
R-8	P-1 Plaza Tenno	Hamamatsu, Shizuoka	4,010	4,340	5.7	100.0	7
R-9	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	4,111	4,210	4.1	100.0	1
<b>Properties acquired in Apr. and May 2017</b>							
T-18	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	4,170	4,290	4.6	100.0	2
T-19	Yumemachi Narashinodai Mall	Funabashi, Chiba	3,416	3,520	5.2	100.0	13
T-20	Kawamachi Yahagi Mall	Chiba, Chiba	3,097	3,220	5.2	100.0	12
T-21	Prime Square Jiyugaoka	Meguro ward, Tokyo	2,820	2,850	4.1	100.0	2
T-22	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	1,880	1,970	5.2	100.0	1
F-2	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	5,020	5,190	5.7	100.0	1
F-3	Kurume-Nishi Shopping Center	Kurume, Fukuoka	1,515	1,600	6.0	100.0	4
R-10	Sun Street Hamakita	Hamamatsu, Shizuoka	10,746	10,890	5.8	97.9	52

Note: The figures are as of Mar. 31, 2017. The figures of "Appraisal value" and "Appraisal NOI yield" of the properties acquired in Apr. and May 2017 are based on the appraisal report as of Feb. 1, 2017 ("Prime Square Jiyugaoka" is as of Mar. 1, 2017).



# Portfolio highlights (1)

Name	T-1 Fululu Garden Yachiyo	T-2 MONA Shin-Urayasu	T-3 Passaggio Nishiirai	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"> <li>● CSC in an area with population growth (40 min to Otemachi Sta. by train)</li> <li>● Approximately 50 stores in the specialty store bldg.</li> <li>● Ito-Yokado provides online supermarket business delivered from this store</li> </ul>	<ul style="list-style-type: none"> <li>● Located in front of Shin-Urayasu Sta. (17 min from Tokyo Sta. by train)</li> <li>● Entrance to highly popular residential areas</li> <li>● Approx. 70 tenants, including supermarkets and clothing stores</li> </ul>	<ul style="list-style-type: none"> <li>● The surrounding area has a significant inflow of families due to large developments</li> <li>● Houses a home appliance store, an apparel store, restaurants, etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Occupies the retail section of a large complex facility in front of Daikanyama Sta.</li> <li>● Houses sophisticated and stylish retailers as well as tenants that cater to day-to-day needs of customers</li> </ul>	<ul style="list-style-type: none"> <li>● Highly competitive by housing supermarket Yaoko among other tenants</li> <li>● The population in the surrounding area is increasing by continued residential developments</li> <li>● Constructed a restaurant building in 2017</li> </ul>
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"> <li>● Population increase with residential developments</li> <li>● Plays an important role in the local community by housing tenants including a supermarket, a drug store and a restaurant</li> </ul>	<ul style="list-style-type: none"> <li>● Conveniently located along a heavily traveled road in a population increasing area</li> <li>● Houses a supermarket, Life, and a home and garden store, Kohnan, as anchor tenants</li> </ul>	<ul style="list-style-type: none"> <li>● A well-equipped membership-based health club with a gym, two studios and a swimming pool</li> <li>● Large housing developments surrounding Fujimidai Sta. (15min from Ikebukuro Sta. by train)</li> </ul>	<ul style="list-style-type: none"> <li>● Comprises a large home and garden store, a supermarket and a food court</li> <li>● A number of major routes near the property potentially enlarge trade areas including adjacent cities</li> </ul>	<ul style="list-style-type: none"> <li>● Faces major routes, which gives the property a wide retail trade area</li> <li>● More than ten years remain on a fixed-term land lease with K's Holdings</li> </ul>

## 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"> <li>● Underlying land of the largest NSC in Kamisato developed by P&amp;D</li> <li>● Competitive due to its concentration of highly recognizable tenants including a supermarket and a cinema complex</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land of the largest NSC in Konosu developed by P&amp;D</li> <li>● Easy access and high visibility by car given its location facing the largest trunk road within the relevant trade area</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land of Inageya grocery supermarket opened in March 2015</li> <li>● Comprises a trade area that cater daily needs together with a restaurant and a drug store nearby</li> </ul>	<ul style="list-style-type: none"> <li>● Large daytime population due to the concentration of government offices in the area</li> <li>● Synergistically consisted of a grocery supermarket and clinics</li> </ul>	<ul style="list-style-type: none"> <li>● A station-front NSC in an area with high population growth and easy access to central Tokyo</li> <li>● Houses a supermarket and other retailers that cater daily needs</li> </ul>
Name	T-16 Central Wellness Club Nagatsuta Minamidai	T-17 Life Kameido	T-18 Totsuka Fukaya Shopping Center (Land)	T-19 Yumemachi Narashinodai Mall	T-20 Kawamachi Yahagi Mall
Photo					
Location	Yokohama, Kanagawa	Koto ward, Tokyo	Yokohama, Kanagawa	Funabashi, Chiba	Chiba, Chiba
Acquisition price (JPY)	1,724 mn	1,450 mn	4,170 mn	3,416 mn	3,097 mn
Highlights	<ul style="list-style-type: none"> <li>● Located in an area with high population growth, housing a health club as its core tenant</li> <li>● Convenient car access due to its roadside location, with good visibility</li> </ul>	<ul style="list-style-type: none"> <li>● A supermarket located in one of the most densely populated retail trade areas in Tokyo</li> <li>● "Kameido Residence", a large-scale condominium consisting of approx. 700 residential units in the neighborhood</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land of an NSC opened in March 2015</li> <li>● NSC houses a grocery supermarket and a home and garden store</li> <li>● Located in an area with population growth, with new residential development in surrounding areas</li> </ul>	<ul style="list-style-type: none"> <li>● Located in an area with high population growth, housing a competitive supermarket as the anchor tenant</li> <li>● The tenants, including the core grocery supermarket, cater to diverse daily needs of consumers</li> </ul>	<ul style="list-style-type: none"> <li>● A new NSC developed by Kenedix housing tenants with a high level of customer attraction</li> <li>● Located in an area with significant population growth potential, near a national road and a highway JCT</li> <li>● Flat parking lot for up to 320 vehicles</li> </ul>

# Portfolio highlights (3)

Name	T-21 Prime Square Jiyugaoka	T-22 Round1 Ichikawa-Onitaka	O-1 Blumer Maitamon	O-2 Central Square Takadono (Land)	O-3 Piago Kahma Home Center Omihachiman
Photo					
Location	Meguro Ward, Tokyo	Ichikawa, Chiba	Kobe, Hyogo	Osaka, Osaka	Omihachiman, Shiga
Acquisition price (JPY)	2,820 mn	1,880 mn	8,389 mn	2,685 mn	2,140 mn
Highlights	<ul style="list-style-type: none"> <li>● Located in the neighborhood of Jiyugaoka along the Tokyu Toyoko Line</li> <li>● Leased to Central Sports Co., Ltd., a leading fitness club operator</li> </ul>	<ul style="list-style-type: none"> <li>● A rode-side amusement facility located in an area with easy access and high population growth</li> <li>● Attractive occupancy cost and no other Round One stores near the retail trade area</li> </ul>	<ul style="list-style-type: none"> <li>● Located within a newly developed residential area</li> <li>● Consists of approx. 45 tenants, including a supermarket, an electronic appliance store and a major clothing store as core tenants</li> </ul>	<ul style="list-style-type: none"> <li>● A new brand supermarket which Life Corporation opened on the land in 2015</li> <li>● Located in a densely populated area bordering central Osaka</li> <li>● Highly accessible by car as well</li> </ul>	<ul style="list-style-type: none"> <li>● NSC consisted of two buildings, Piago (supermarket) and Kahma (home and garden store)</li> <li>● The trade area surrounding Omihachiman Sta. is residential area with young families</li> </ul>
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"> <li>● Landmark NSC in "HAT Kobe District", a revival symbol project from the Kobe earthquake</li> <li>● Houses a cinema complex, a grocery store, clothing stores and restaurants</li> </ul>	<ul style="list-style-type: none"> <li>● Attractively located near Esaka Sta., only 10min from Umeda Sta.</li> <li>● The retail trade area is popular among young families</li> <li>● Core tenant is Tokyu Hands</li> </ul>	<ul style="list-style-type: none"> <li>● The largest retail property in the central area of Komyoike</li> <li>● Located in the area accessible to Namba Sta. in 30 min by train</li> <li>● A new condominium project nearby is planned</li> </ul>	<ul style="list-style-type: none"> <li>● A supermarket located in a highly populated area</li> <li>● Approx. 100 car parking lots make easy accessibility by car in addition to consumers coming on foot</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land of a Welcia store opened in 2015, which also sells groceries</li> <li>● Surrounded by residential districts, expecting customers on bicycles as well as those by car</li> </ul>

# Portfolio highlights (4)

<b>Name</b>	<b>O-9</b> Life Nishi-Tengachaya	<b>O-10</b> Million Town Tsukaguchi (Land)	<b>N-1</b> Kahma Home Center Nakagawa Tomita (Land)	<b>N-2</b> Valor Ichinomiya-Nishi	<b>N-3</b> K's Denki Nakagawa Tomita (Land)
<b>Photo</b>					
<b>Location</b>	Osaka, Osaka	Amagasaki, Hyogo	Nagoya, Aichi	Ichinomiya, Aichi	Nagoya, Aichi
<b>Acquisition price (JPY)</b>	1,505 mn	3,723 mn	2,311 mn	2,174 mn	889 mn
<b>Highlights</b>	<ul style="list-style-type: none"> <li>● A supermarket located in a densely populated retail area</li> <li>● The tenant, Life Corporation, has dominant strategy in Osaka and continues store opening</li> </ul>	<ul style="list-style-type: none"> <li>● A newly opened NSC located in an area as a part of the large-scale redevelopment project in front of Tsukaguchi Sta.</li> <li>● Increasing in population in the surrounding area is expected, with the planned development</li> </ul>	<ul style="list-style-type: none"> <li>● Located near a number of major routes</li> <li>● Comprises an integrated retail zone in the surrounding area, together with a supermarket and a sporting goods store on the adjacent lot</li> </ul>	<ul style="list-style-type: none"> <li>● Located in a commuter town for Nagoya (10 min from Nagoya Sta. by train)</li> <li>● 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</li> </ul>	<ul style="list-style-type: none"> <li>● Located in an area 15min from Nagoya Sta. by train</li> <li>● As Kahma Home Center Nakagawa Tomita, comprises an integrated retail zone in the surrounding area</li> </ul>
<b>Name</b>	<b>N-4</b> Homecenter Kohnan Sunadabashi	<b>N-5</b> K's Denki Shin-Moriyama (Land)	<b>F-1</b> Sunny Noma	<b>F-2</b> Round1 Stadium Hakata-Hanmichibashi	<b>F-3</b> Kurume-Nishi Shopping Center
<b>Photo</b>					
<b>Location</b>	Nagoya, Aichi	Nagoya, Aichi	Fukuoka, Fukuoka	Fukuoka, Fukuoka	Kurume, Fukuoka
<b>Acquisition price (JPY)</b>	7,140 mn	1,370 mn	1,497 mn	5,020 mn	1,515 mn
<b>Highlights</b>	<ul style="list-style-type: none"> <li>● Houses a large home and garden store and a large sporting goods store</li> <li>● Located in a northern urban area of Nagoya</li> <li>● The population is expected to further increase in the surrounding area</li> </ul>	<ul style="list-style-type: none"> <li>● Land on which an electronics retail store resides. Located in a high population growth area, facing a major roadway with heavy traffic</li> <li>● Many road-side stores along the road and many single-family residences in the surrounding neighborhood</li> </ul>	<ul style="list-style-type: none"> <li>● Rebuilt in 2007 after enjoying strong support from the local community for 35 years</li> <li>● The strongest performing supermarket among other Sunny supermarkets in the surrounding area</li> </ul>	<ul style="list-style-type: none"> <li>● A large-scale flagship store for Round One that offers a variety of amusement and sporting facilities</li> <li>● Located in Hakata-ku, Fukuoka with population growth</li> <li>● The store ranks high in sales among all Round One stores</li> </ul>	<ul style="list-style-type: none"> <li>● An NSC located in a residential district near downtown Kurume City</li> <li>● Tenants include a grocery supermarket, a baby goods store and a drug store</li> <li>● Facing a national route, providing good visibility</li> </ul>

# Portfolio highlights (5)

Name	R-1 Roseo Mito	R-2 K's Denki Aomori Honten	R-3 Super Sports Xebio Aomori-Chuo	R-4 Ashico Town Ashikaga	R-5 Yorktown Shinden-Higashi
Photo					
Location	Mito, Ibaraki	Aomori, Aomori	Aomori, Aomori	Ashikaga, Tochigi	Sendai, Miyagi
Acquisition price (JPY)	10,046 mn	1,469 mn	898 mn	4,180 mn	3,252 mn
Highlights	<ul style="list-style-type: none"> <li>● Located in a population growing area with many young families</li> <li>● Houses a supermarket and a home and garden store as core tenants</li> <li>● Constructed a secondhand shop building in 2015</li> </ul>	<ul style="list-style-type: none"> <li>● Opened in 2005 in Hamada District in Aomori, which has the highest concentration of retailers in Aomori</li> </ul>	<ul style="list-style-type: none"> <li>● Also in Hamada district in Aomori, some major routes bring customers from broad retail trade area</li> </ul>	<ul style="list-style-type: none"> <li>● A large-scale multi-tenant NSC with supermarket as a core tenant</li> <li>● Easily accessibility by car due to its location along a major local route</li> <li>● Cinema reopened in March, 2016</li> </ul>	<ul style="list-style-type: none"> <li>● Located in eastern Sendai conveniently commutable to Sendai Sta.</li> <li>● Houses a supermarket and a home and garden store as core tenants</li> </ul>
Name	R-6 Kasumi Technopark Sakura	R-7 Solala Plaza	R-8 P-1 Plaza Tenno	R-9 Seiyu Rakuichi Moriya (Land)	R-10 Sun Street Hamakita
Photo					
Location	Tsukuba, Ibaraki	Sendai, Miyagi	Hamamatsu, Shizuoka	Moriya, Ibaraki	Hamamatsu, Shizuoka
Acquisition price (JPY)	830 mn	5,720 mn	4,010 mn	4,111 mn	10,746 mn
Highlights	<ul style="list-style-type: none"> <li>● A 24-hour Kasumi supermarket</li> <li>● The retail trade area includes the college town of Tsukuba University</li> <li>● Kasumi is headquartered in Tsukuba, and has a dominant presence in the area</li> </ul>	<ul style="list-style-type: none"> <li>● A retail building directly accessible by a pedestrian walkway from Sendai Sta.</li> <li>● Houses IDC Otsuka Kagu, their only shop in Tohoku Region</li> </ul>	<ul style="list-style-type: none"> <li>● Located in a large scale retail area in northeast Hamamatsu where road-side retail facilities concentrate</li> <li>● Houses tenants including a local supermarket, a drug store and a relaxation spa</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land of an NSC popular among consumers, with a grocery supermarket as the anchor tenant</li> <li>● Located in a population growing area with the 2005 opening of Tsukuba Express</li> <li>● Land acquired at a price lower than the official land price</li> </ul>	<ul style="list-style-type: none"> <li>● Located in an area with high population growth</li> <li>● Expected to generate synergies among the tenants that offer services and experiences, with Seiyu as the core tenant</li> <li>● Seiyu focuses on groceries in the trend of "shift from GMS to specialty stores"</li> </ul>

Memo

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