



Kenedix Retail REIT Corporation
Financial Results
for the 1st Financial Period ended Sep. 2015
November 13, 2015



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Section 1

Increasing importance of shopping centers for daily needs

KENEDIX



Strong social needs for shopping centers for daily needs

Domestic consumption led by the elderly

Demographic shift in the elderly (65 and over)



% of monetary assets owned by 60 and over



(Source: Cabinet Office, Government of Japan, National Institute of Population and Social Security Research)

Consumer behavior

% of consumers who goes shopping "almost everyday" or "3-4 times a week" ... **50.0%**

% of consumers who recognize supermarkets as "most used type of stores for buying groceries" ... **69.4%**

% of consumers who goes to "most frequently used stores" on foot or by bicycle ... **72.7%**

(Source: Bureau of Industrial and Labor Affairs "Reports on shopping trends of the elderly") (Report on Tokyo Metropolis)

Consumer behavior

% of household with wife as final decision maker for family budget ... **69.4%**

% of people who goes shopping "almost every day" or "3-4 times a week" ... **71.7%**

% of people who goes shopping mainly by private cars ... **63.5%**

(Source(upper row): Cabinet Office, Government of Japan "International comparison on gender-equal society")

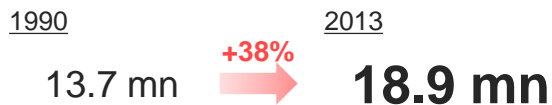
(Source(middle and lower row): Saitama Prefecture Department of Industry and Labor "Saitama Prefecture consumption trends") (Households with a second-year student studying at Saitama public elementary school)

Increase in household income driven by more female participation in the workforce

Total female income (annual)



Total number of female salaried workers(annual)



(Source: National Tax Agency "Results of statistical surveys on the reality of private sector income")

Shopping centers for daily needs

Quick shopping for daily needs

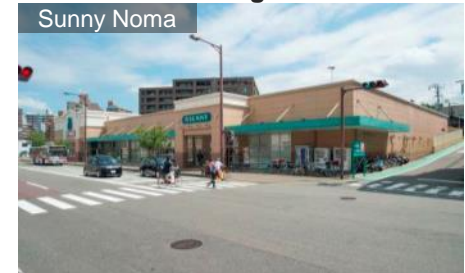
1. Large parking area

Blumer Maitamon



2. Low-rise building

Sunny Noma



3. Easy access by foot or bicycles

Unicus Yoshikawa



"Daily / Neighborhood" type

VS

"Weekend / Destination" type

Small



Large

High



Low

Neighborhood, community and other shopping centers for daily needs

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

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

Large-scale suburban retail properties

RSC (Regional Shopping Center)

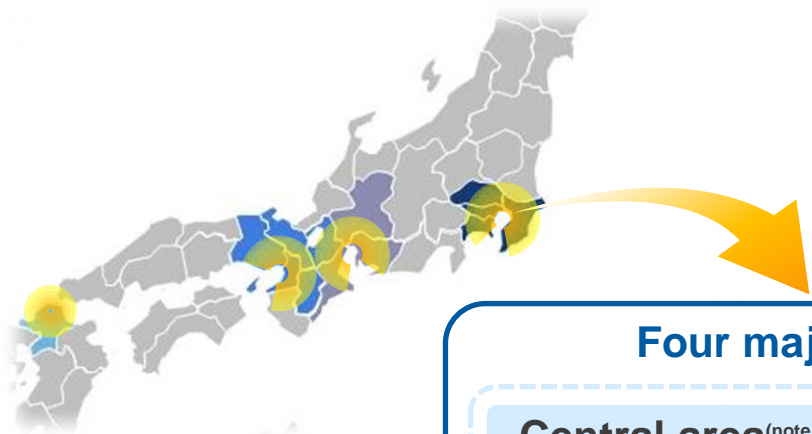
GMS (General Merchandise Store)

Outlet malls

Urban retail properties featuring

High-end brand shops

Primary geographic target areas



Point

- ✓ More population is expected to concentrate in the 4 major metropolitan areas
- ✓ Downtown workers tend to live in suburban areas
- ✓ People live in suburban areas use cars more often for transportation

Four major metropolitan areas

Central area^(note 1)

2040	1.6%
2010	1.4%

Night	1,735
Day	5,594

Modal shares of residents who live within 2 km from the nearest station in the Three metropolitan areas^(note 2)

Suburban area

2040	57.8%
2010	55.2%

Night	70,203
Day	66,509

Car / motor cycle	64%
Train / bus	20%
Walk / others	16%

Other cities

2040	40.6%
2010	43.4%

Night	56,119
Day	55,957

Local cities^(note 3)

Car / motor cycle	75%
Train / bus	7%
Walk / others	18%

Population density

Difference between daytime/night-time population ('000 people)

Modal shares on weekdays

Source:
Population density:
National Institute of Population and Social Security Research
Difference between daytime/night-time population:
Ministry of Internal Affairs and Communications "Consensus 2010"
Modal shares on weekdays:
Ministry of Land, Infrastructure, Transport and Tourism
*Movement of people in city areas:

Note 1: "Central area" refers to Tokyo-to (Chiyoda-ward, Chuo-ward, Minato-ward, Shinjuku-ward, Shibuya-ward), Osaka-fu (Kita-ward, Chuo-ward, Fukushima-ward, Nishi-ward, Naniwa-ward, Tennoji-ward) and Nagoya-shi (Nishi-ward, Chu-ward, Nakamura-ward)
Note 2: "Three metropolitan areas" refers to Saitama-shi, Chiba-shi, Tokyo 23 wards, Yokohama-shi, Kawasaki-shi, Nagoya-shi, Kyoto-shi, Osaka-shi, Kobe-shi, Toride-shi, Tokorozawa-shi, Matsudo-shi, Inagishi-shi, Sakai-shi, Toyonaka-shi, Nara-shi, Aomi-shi, Odawara-shi, Gifu-shi, Toyohashi-shi, Kasugai-shi, Tsushima-shi, Tokai-shi, Yotsuka-shi, Kameyama-shi, Uji-shi, Izumisano-shi, Akashi-shi
Note 3: "Local cities" refers to Sapporo-shi, Sendai-shi, Hiroshima-shi, Kitakyushu-shi, Fukuoka-shi, Otaru-shi, Chitose-shi, Shiogama-shi, Kure-shi, Otake-shi, Dazaifu-shi, Utsunomiya-shi, Kanazawa-shi, Shizuoka-shi, Matsuyama-shi, Kagoshima-shi, Oyabe-shi, Komatsu-shi, Iwata-shi, Soja-shi, Isahaya-shi, Usuki-shi, Hirosaki-shi, Morioka-shi, Koriyama-shi, Matsue-shi, Tokushima-shi, Kochi-shi, Joetsu-shi, Nagato-shi, Imabari-shi, Hitoyoshi-shi

memo

Section 2

Summary of financial results for the fiscal period ended Sep. 30, 2015

KENEDIX

Summary of post-IPO performance

DPU forecast	1st period	JPY6,542	JPY7,127	1st period	JPY7,204
	2nd period	JPY5,434	JPY5,912	2nd period	JPY6,605
	Stabilized DPU ^(note 1)	JPY4,600	JPY5,100	3rd period	JPY5,555

Actual DPU
JPY7,414



External growth

Listed as the first J-REIT specialized in neighborhood, community and other shopping centers for daily needs

Oct.3, 2014 – Establishment of Kenedix Retail REIT

Feb.10, 2015 –Listed on Tokyo Stock Exchange. Started with an AUM of JPY80.8 bn after acquiring 18 properties from the Sponsor and Alliance Companies.

IPO price: JPY230,000
Total offerings size: JPY59.8 bn.
Conservative initial LTV: 33.4%
(as of Mar. 31, 2015)

AUM increased from JPY80.8 bn to JPY 91.8 bn

Acquired Blumer HAT Kobe from the market

The proportion of top 10 tenants declined from 45% to 40%

Flexible use of additional borrowing capacity created at listing

Achieved 60.5% AUM increase 8 months after the listing

Resolved the issuance of new investment units as of August 27, 2015 and acquired 13 properties as of October 2, 2015

AUM grew from JPY91.8 bn to JPY129.7 bn

Progress in the distribution of portfolio. Succeeded in strengthening foundation of profits as well as the DPU growth

Extended maturities and increased fixed-interest rate of debt

Extended debt maturity through refinancing JPY6.9 bn of short-term debt, in connection with acquisition of Blumer HAT Kobe

Internal growth

Seek internal growth opportunities upon maturities of lease contracts

Enlivening local communities by promoting local events

Decided to execute building expansion at Roseo Mito

Enhance portfolio profitability and asset value (anticipated investment return of 11.5%)
Construction on going aiming for completion ahead of schedule

5 properties acquired "DBJ Green Building certificate"

Achieved certificates for high environmental and social awareness

Successfully raised/maintained rent level with more than 80% of tenants upon rent revisions or tenant replacements

Establishment of Environmental Policies as a course of conduct for environment and society

Note 1: "Stabilized DPU" refers to the adjusted DPU after accounting for the impact of factors such as property-related tax, which was stated in the presentation material "Interim Financial Results Presentation for the Fiscal Period Ending September 30, 2015" released on the company website as of May 26, 2015

Our portfolio after acquisition of new properties

	At listing (Feb. 10, 2015)	End of the 1 st period (Sep. 30, 2015)	New properties (13 properties)	After acquisition of new properties
Improving portfolio profitability and stability				
Number of properties	18	19	13	32
Total acquisition price (JPY bn)	80.8	91.8	37.9	129.7
Total appraisal value (JPY bn)	82.3	95.7	40.0	135.7
Portfolio appraisal NOI yield ^(Note 1)	5.5%	5.4%	5.4%	5.4%
NOI yield after depreciation ^(Note 1)	4.3%	4.3%	4.6%	4.4%
Weighted average occupancy rate ^(Note 2)	98.6%	99.6%	98.4%	99.0%
Number of tenants ^(Note 2)	286	321	67	388
% of properties in the four major metropolitan areas	85.1%	86.9%	78.2%	84.4%
Weight of the top 10 tenants ^(Note 2)	45.0%	40.3%	---	38.9%

Leveraging acquisition capacity and increase in NAV

LTV ^(Note 3)	33.4%	40.6%	---	43.0%
NAV per unit ^(Note 4)	227,886	237,472	---	235,826

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. Those figures above are rounded to the 1st decimal place.

Note 2: The figures at listing are as of September 30, 2014 and others are as of September 30, 2015. The figures for "Weighted average occupancy rate" are rounded to the 1st decimal place.

Note 3: "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.

Note 4: NAV per unit at listing = (Unitholder's equity + unrealized profit / loss of the portfolio at listing) / (Number of units outstanding as of February 10, 2015).

NAV per unit as of the end of 1st period = (Total net assets as of September 30, 2015 + unrealized profit / loss of the portfolio as of September 30, 2015) / (Number of units outstanding as of September 30, 2015)

NAV per unit after acquisition of new properties = (Total net assets as of September 30, 2015 + net proceeds from PO in 2015 + unrealized profit / loss of the portfolio as of October 2, 2015) / (Number of units outstanding as of October 30, 2015)

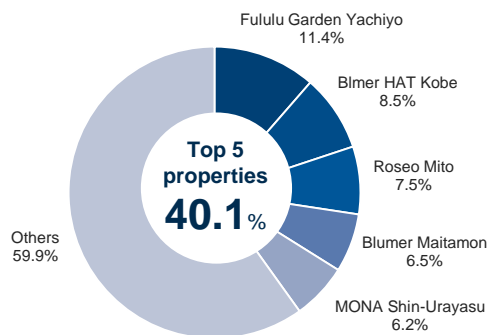
Properties acquired since IPO

Acquisition channels	Acquisition methods			Property overview			
Sponsor 3 properties/ JPY17.1 bn	Acquisitions through Kenedix Group			Property name	Acquisition price (JPY mn)	Appraisal NOI yield	Acquisition highlights
				Carino Esaka	6,555	5.3%	Attractively located near Esaka Station, only 5 stops/10 minutes away from Umeda Station
				COMBOX Komyoike	6,450	6.0%	Largest retail property in the Komyoike Station area, housing multiple large-scale specialty stores
				Ashico Town Ashikaga	4,180	6.4%	Cinema complex wing is scheduled to re-open, with P&D Consulting as sub-PM
Alliance Companies 6 properties / JPY14.6 bn	Sumitomo Mitsui Finance and Leasing	Nippon Commercial Development	P&D Consulting	Property name	Acquisition price (JPY mn)	Appraisal NOI yield	Acquisition highlights
				Super Viva Home Iwatsuki (Land)	4,815	4.3%	Underlying land with strong value growth potential, in the proximity to a national road
				K's Denki Shonan-Fujisawa (Land)	3,169	5.0%	Easy car access and more than ten years remaining on a long-term fixed business lease
				Unicus Kamisato (Land)	3,000	4.6%	Underlying land of a shopping center with a cinema complex in the Kamisato area
				Unicus Konosu (Land)	1,700	4.6%	Underlying land of one of the largest shopping centers in the Konosu area
				Inageya Yokohama Minamihonjuku (Land)	1,442	4.5%	Underlying land of a March 2015-opened supermarket in a highly populated trade area
			Welcia Kishiwadakamori (Land)	487	4.5%	Underlying land of a leading domestic drug store brand newly opened in 2015	
External sources 5 properties / JPY17.1 bn	Acquisitions through third parties			Property name	Acquisition price (JPY mn)	Appraisal NOI yield	Acquisition highlights
				Blumer HAT Kobe	11,000	5.3%	Landmark NSC in "HAT Kobe District", a revival symbol project from the Kobe earthquake
				Yorktown Shinden-Higashi	3,252	6.0%	Located in a rapidly-growing commuting neighborhood close to central Sendai
				Hankyu Oasis Hirakatadeguchi	1,280	5.9%	Supermarket located in a highly populated area, with 10,000 residents within a 500m radius
				Kasumi Technopark Sakura	830	5.6%	A 24-hour operated store of a leading supermarket brand headquartered in Tsukuba
				Gourmet City Chiba-Chuo	760	5.7%	A 24-hour supermarket housing a clinic in the complex

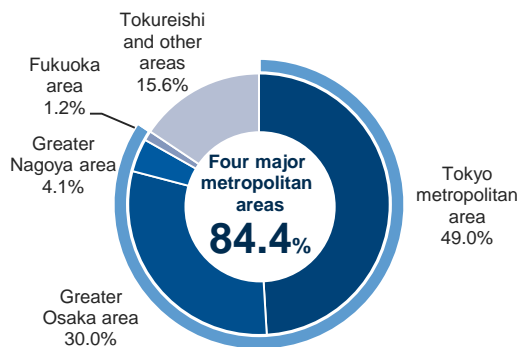
Characteristics of our portfolio

Generating stable cash flow through portfolio diversification

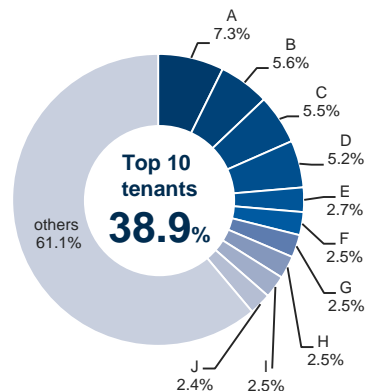
Property distribution



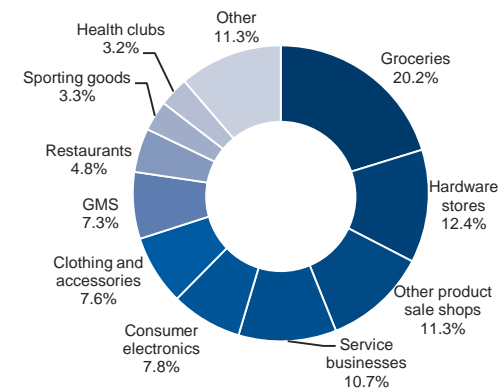
Location



Tenants



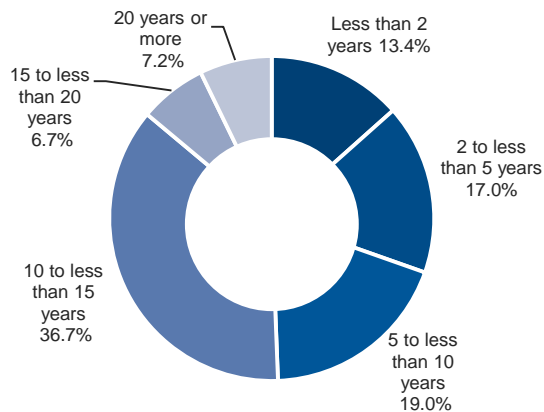
Tenant categories



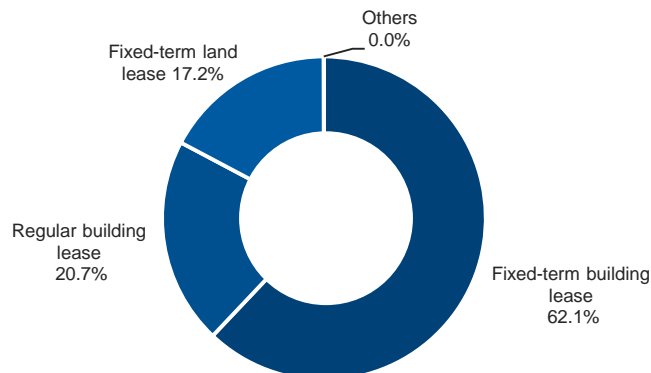
Lease types that secure stability and enable growth potential

E-commerce resistance

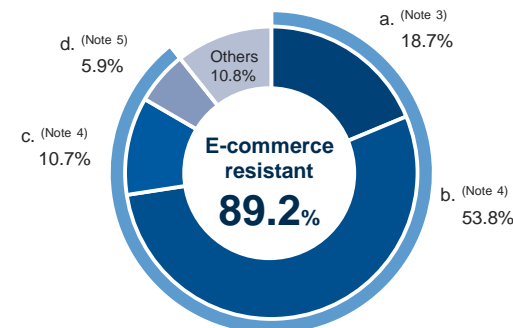
Remaining lease term



Lease types



Tenants with e-commerce resistant business



- a: Businesses difficult to be replaced by e-commerce
- b: Businesses where customers show preference in purchasing products at physical stores
- c: P&D Consulting Co., Ltd. and Daiwa Royal Co., Ltd.
- d: Businesses that require physical visits to stores or handle products that consumers highly desire to evaluate in person

Note 1: The figures are as of September 30, 2015 for the 32 properties acquired by the date of this material.

Note 2: Property distribution and location data are by acquisition price, tenants, tenant categories, remaining lease term and lease type are by annual fixed rent determined in the lease contract.

Note 3: "a" refers to businesses including medical services, hair salons, photography studios, for-profit schools and study centers, restaurants and health clubs that cannot be replaced by e-commerce.

Note 4: "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. "c" refers to P&D Consulting Co., Ltd. and Daiwa Royal Co., Ltd., whose main sub-lessees fall under category "a" or "b".

Note 5: "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).

Highlights of properties acquired upon PO (1)

Urban Station-Front Shopping Center

Carino Esaka

Attractively located near Esaka Station, only 5 stops/10 minutes away from Umeda Station



Overview

- The retail portion of a multi-use shopping complex with shopping centers on its lower floors and a hotel in the upper floors
- One of the landmark shopping centers in the neighborhood of Esaka Station
- The retail trade area is popular among families with young children due to its accessibility to the city center and high-quality living environment

Acquisition Highlights

- When the sponsor acquired the property, it was compartmentalized into shopping center on the lower floors and a hotel on the upper floors. KRR acquired the shopping center on the lower floors. Kenedix Group continues to own the hotel on the upper floors
- Aim for aggressive internal growth by renovating the property regularly such as at the time of expiry of fixed-term lease contracts

Acquisition price JPY6,555 mn

Location Suita, Osaka

Land area 5,830.66 m²

GFA 42,681.56 m²

Core tenant Tokyu Hands Inc.

Appraisal NOI JPY344 mn

Appraisal NOI yield 5.3%



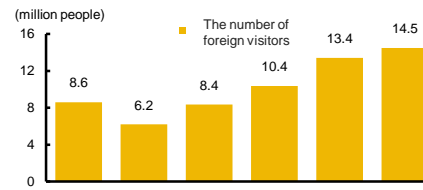
Growth Potential

The largest shopping center in the neighborhood of Esaka Station, and expected to capture inbound tourism demand as well

Growth Potential → Large shopping center with a hotel on top

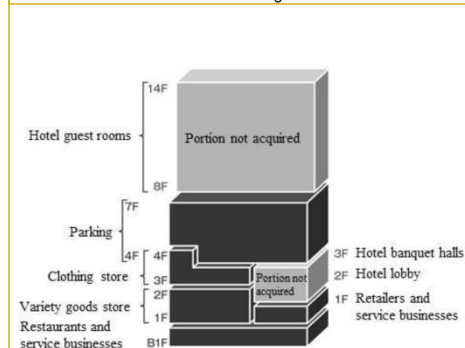
- The property is able to capture various consumer demands with 30 tenants, including its core tenants (a general lifestyle store and a major clothing retailer) as well as restaurants and service businesses
- Expected to indirectly enjoy the benefit of inbound tourism demand with a hotel on the upper floors

Change in the Number of Foreign Visitors to Japan



Source: Japan National Tourism Organization

Relations of rights



Value as Property

Cover a significant population in the trade area with convenient access

Location → Excellent access to the urban central areas

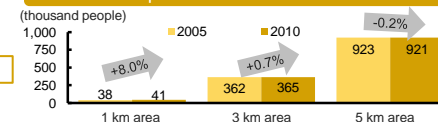
- Located one-minute by foot from Esaka Station
- Excellent access. Five stops or ten minutes by train to Umeda Station

Building → Fully-equipped parking lot for easy car access

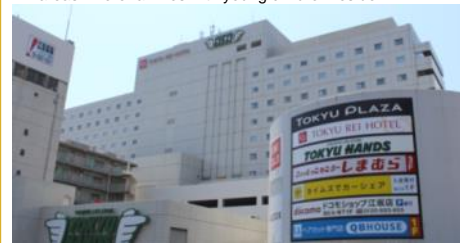
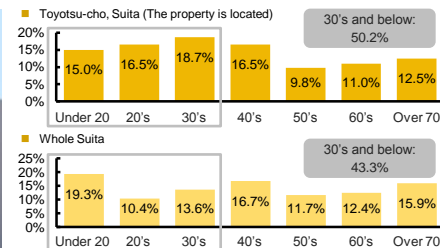
- Parking lot: 355 vehicles
- Attract visitors from a highly-convenient traffic networks linking the northern and southern parts and the surrounding areas where families with young children reside

Location → Trade area population with high growth potential

Population in the Trade Area



Population Ratio by Age



Highlights of properties acquired upon PO (2)

NSC Neighborhood Shopping Center

Ashico Town Ashikaga

Cinema complex wing is scheduled to re-open, with P&D Consulting as sub-property manager



Overview

- A large-scale multi-tenant NSC with thorough renovation conducted in November 2014, consisting of multiple wings, including wings for the shopping mall and cinema complex
- Easily accessible by car due to its location along a major local avenue. Also highly accessible from distant regions with IC of Expressway

Acquisition Highlights

- Concluded a lease agreement with P&D Consulting Co., Ltd. (hereinafter "P&D"), a sub PM, which outsources the operation of the cinema building to United Cinemas Co., Ltd.
- Sales-linked rent for cinema. Aim for internal growth with reopening of cinema complex by attracting a wide range of customers, with ripple effects on other tenants

Acquisition price	JPY4,180 mn
Location	Ashikaga, Tochigi
Land area	101,808.44 m ²
GFA	Shopping mall: 18,101.06m ² ; Expansion: 430.74m ² Cinema complex: 7,200.15m ² ; Road-side wing: 698.31m ²
Core tenant	Cainz Corporation
Appraisal NOI	JPY269 mn
Appraisal NOI yield	6.4%



Profitability/Growth Potential

Improvement in profitability after reopening of cinema complex

Profitability Improvement in profitability after reopening of cinema complex

- Reopening of the cinema complex provides visitors with additional motives
- P&D with a wide experience of running an NSC acts as sub-property manager, to execute new business plans including proper capex

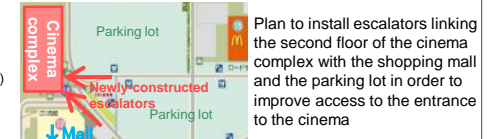
Track Record of P&D

- Business: Development and management of retail facilities, retail consulting
 - Develop and manage "UNICUS", its own brand (10 locations)
 - Develop other commercial facilities (8 locations) (as of Sep. 30, 2015)
 - UNICUS with cinema complex
 - UNICUS Kamisato
 - UNICUS Minami Furuya

UNICUS Kamisato



Improvement of Flow Lines



Schedule

- October 2, 2015 Acquisition of the property
- November 2015 Commencement of construction
- March 2016 Opening of United Cinema

Value as Property

Excellent location and facilities, highly accessible from distant regions

Location Excellent access from the main road and a vast parking lot

- Located 3 km south of Ashikaga Interchange for Kita-Kanto Expressway
 - All routes of Kita-Kanto Expressway connecting Kanetsu Expressway, Tohoku Expressway and Joban Expressway were opened in March 2011 and Ashikaga Interchange was developed

- Excellent continuity of roads with a prefectural road on the west of the property
- Vast and convenient parking space

Parking Facilities

- Parking space: 2,000 vehicles (24 hour parking is also available)
- 3 entrances on the front of the facilities
 - One entrance with a traffic light, making right-turn entry easy
- Other entrances and parking lots on the back side of the facilities



Building Shopping complex with multiple wings



- Shopping complex consist of a two-story mall building and multiple independent buildings surround parking lots for convenient access by car
- The largest shopping complex in the region with many well-known national chain stores in various categories including casual fashion, large home electrical appliance, large sporting equipment store, fitness club, etc.

(2D diagram is excerpted from the website of Ashico Town Ashikaga)

Highlights of properties acquired upon PO (3)

NSC Neighborhood Shopping Center

Super Viva Home Iwatsuki (Land)

Underlying land with strong value growth potential, in the proximity to a national route



Overview

- Underlying land of an NSC which opened in February 2013
- The NSC comprises a large hardware store, a grocery supermarket and a food court
- The target trade areas include adjacent cities, as the property is within a short distance to a number of major routes

Acquisition Highlights

- Stable revenue under a long-term lease contract with the tenant who owns the building, and no depreciation costs contribute to an improvement in the payout ratio
- The price of land (as a vacant lot) is 6.84 billion yen in the appraisal report, which is 40% higher than the acquisition price, because of its excellent location for logistics facilities

Acquisition price JPY4,815 mn

Location Saitama, Saitama

Land area 67,325.95 m²

GFA -

Core tenant LIXIL Viva Corporation

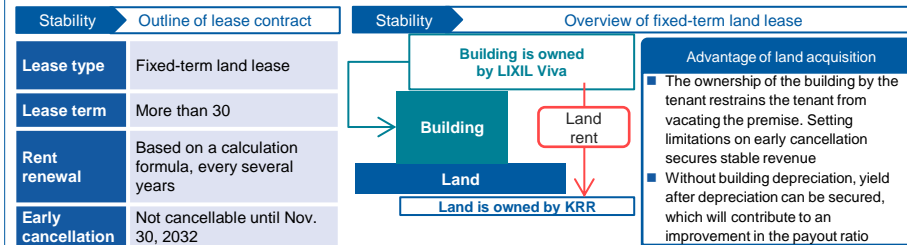
Appraisal NOI JPY207 mn

Appraisal NOI yield 4.3%



Stability

Tenant is likely to remain for long term, yielding stable cash flows



Stability LIXIL Viva Corp. and its hardware store business

- "Super Viva Home" is the main business of LIXIL Viva with the sales of 168.1 billion yen in FY2014
 - "One of the largest next-generation hard ware store in the region" offering community-based services
 - The number of stores is 84 in Japan, with the dominant area developed in Saitama. Stable sales is expected
- Hardware stores in the Trade Area (Floor Space of 5,000 m² or more)
- Viva Home is dominant within a 10 km radius. This property has the largest floor space in the trade area

Area	Store Name	Floor Space (m ²)
The property	Super Viva Home Iwatsuki	17,247
5 km radius	Cainz Home Urawamisono	16,210
	Super Viva Home Kasukabe	13,342
10 km radius	Super Viva Home Saitama Shin-toshin	12,404
	Cainz Home Matsubushi	6,138
	Shimachu Homes Miyahara	5,000

Value as Property

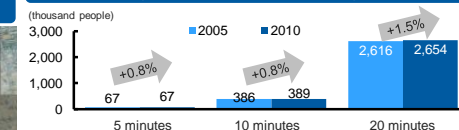
Growth potential as a vacant lot and a high rate of motorization in the surrounding area

- Location** Growth potential as a vacant lot
- Adjacent to National Route 16 with Prefectural Road 325 in the northeast and Prefectural road 45 in the south. Also in proximity to Iwatsuki Interchange
 - A part of the district is a quasi-industrial district. The land has a vast ground floor area with accessibility from distant regions. The property is an excellent location for logistics facilities
- Location** Steady population and a high rate of car ownership
- 20 minute drive covers the 5km radius trade area. Steady population in the trade area is large enough to support hardware store business
 - High rate of motorization in the surrounding area

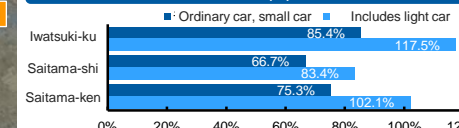
Wide-Area Traffic



Change in Population by Driving Hour



Automobile Ownership per Household



(Prepared by the Asset Management Company)

Highlights of properties acquired upon PO (4)

SM Supermarket

Gourmet City Chiba-Chuo (Land)

A 24-hour supermarket housing a clinic in the complex



Overview

- The retail portion of Qiball, a joint public and private facility located near the Chiba Prefectural Office, comprising Gourmet City, a 24-hour supermarket, on the first floor, and a clinic on the second floor
- Large daytime population given the concentration of government offices in the area
- The population in the east areas rapidly increasing due to development of large-scale condominiums

Acquisition Highlights

- A clinic with rehabilitation facilities grows in importance with the further growing aging population. The property aims to generate stable cash flows over the medium to long-term with its synergistic effect between supermarket and the clinic. The property also works as a flagship infrastructure in the local community

Acquisition price JPY760 mn

Location Chiba, Chiba

Land area 6,614.13 m²

GFA 49,829.47 m²

Core tenant Daiei, Inc.

Appraisal NOI JPY43 mn

Appraisal NOI yield 5.7%



Stability

Capture a wide range of customer base as a community-based 24-hour supermarket in a public and private complex

Stability → Public and private complex as a community base

Stability → Synergy with the clinic on the second floor

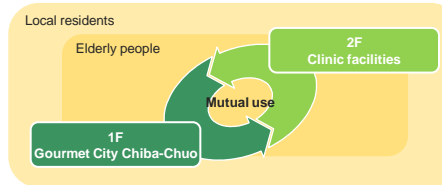
Overview of Qiball

- Designed to generate synergy between public facilities and private facilities
- The property is expected to attract local residents who visit "Child Care Support Center" and "Central Health Welfare Center" as well as businessmen who visit "Business Support Center"



- Synergy from patients of the clinic on the second floor
- Clinic advocates a contribution to community healthcare. It is expected that local residents, particularly elderly people who come for rehabilitation, will use the property
- Tenants include orthopedist, dentist and pharmacy

Synergy between community-based tenants



Value as Property

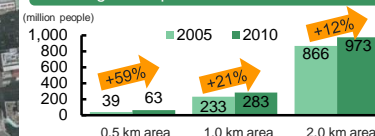
Center of the urban function linking shopping district and administrative district. Located in the area with a substantial growth in population

Location → Areas for shopping, business and residence, and the demographics

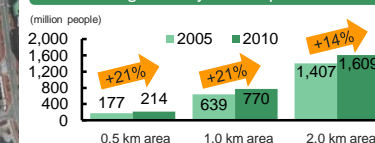
- The property is located in a retail trade area. "Chiba Ginza Shopping Street" is in the north with other stores, offices and residential complexes. Government offices including local government buildings and courts are in the south. This property is located in the center of the urban function
- An expansive residential district with high-rise condominiums including "Chiba Central Tower"
- The population in the trade area is remarkably increasing. Expected to capture demand at lunch time and on the way home with large daytime population as well



Change in Population of the Trade Area



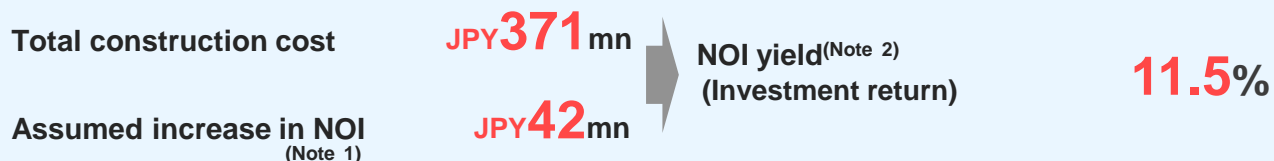
Change in Daytime Population



Internal growth through building expansion (Roseo Mito)

- Enhance asset value and profitability through property expansion
- Completion and delivery to be ahead of schedule, late Nov. 2015 **New!**

Improving asset value



Improving profitability



Anticipated timeline

May 1, 2015	Agreement on, and implementing and executing the succession of, contractual status / rights
June 15, 2015	Commencement of construction
Late November, 2015	Completion of construction and delivery

Perspective drawing^(Note 3)



1. Construction starts...
(photographed on June 20, 2015)



2. Construction continues...
(photographed on August 22, 2015)



3. Almost there...
(photographed on November 6, 2015)



Note 1: Assumed increase in NOI is calculated by deducting assumed annual operating expenses (excluding depreciation) from assumed annual operating revenue of the New Building; however, special items for the first year are excluded, and maintenance expenses, taxes and dues, insurance premium, etc. are included in expenses; as for operating revenue, since the lease contract with the tenant includes a step-up clause for the rent, the average rent for the lease term is used for the calculation.

Note 2: Assumed increase in NOI of the New Building to the construction cost.

Note 3: Perspective drawing is provided for illustrative purposes, and thus, the actual building may differ from the drawing.

Leasing overview

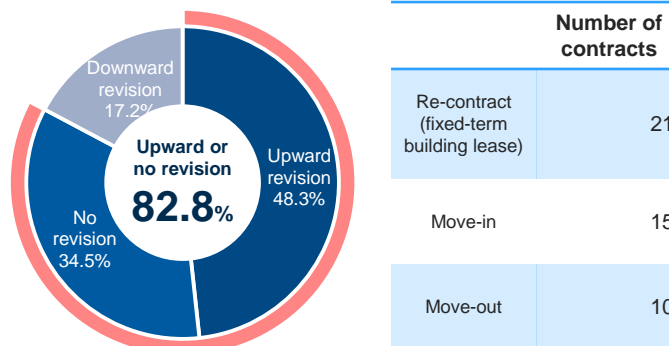
Internal growth strategy: optimization of tenant composition

Stabilize revenues and improve profitability through optimizing tenant composition

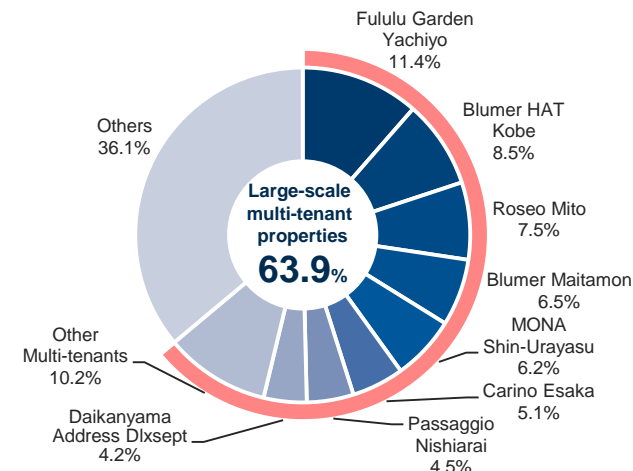
- Seek to raise rents at both re-contract and renewal by taking advantage of the maturities of fixed-term leases as an opportunity for upward rent revisions
- With the tenants hoping for downward rent revisions, reduce rents only in exchange for additional contract terms, such as the extension of leasing and/or irrevocability period

Rent revisions (based on number of revisions)

(February 10, 2015 – September 30, 2015)

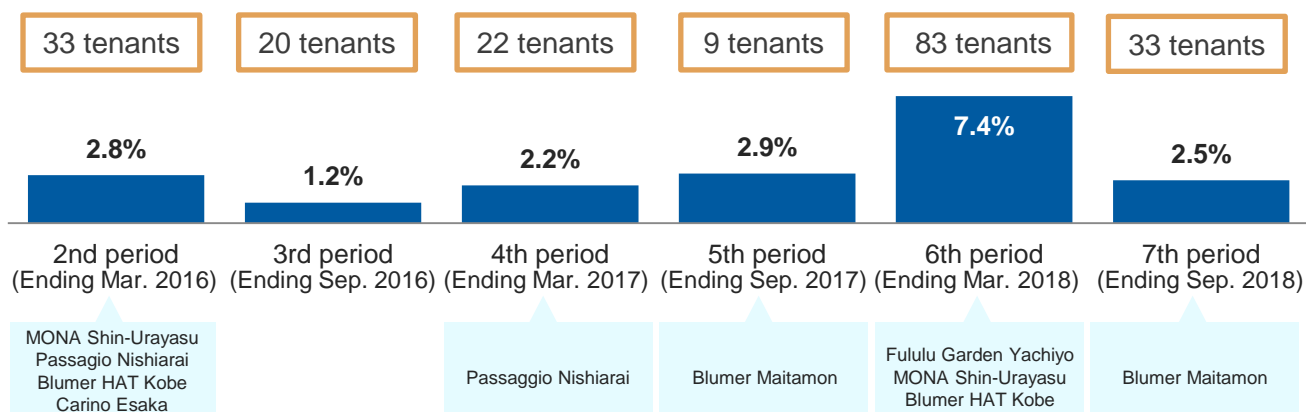


Weight of large-scale multi-tenant properties (based on acquisition prices)



Anticipated timing of rent revisions (based on rent for Fixed-term building lease)

of tenants and % of lease contract for rent revision in each period (Note 1)



Occupancy (Multi-tenant properties) (Note 2)

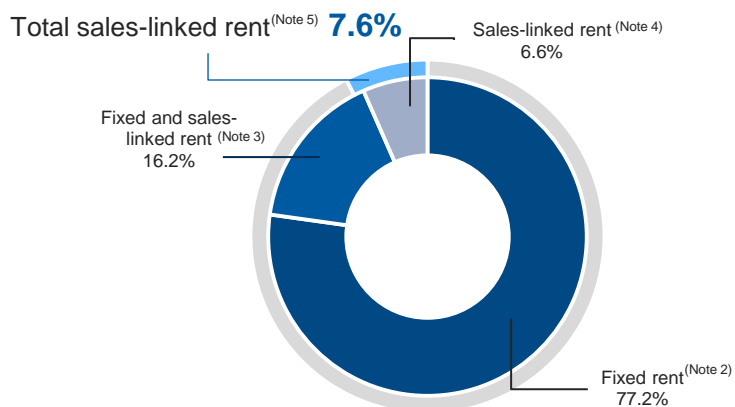
Property name	Mar. 2015	Sep. 2015
Fululu Garden Yachiyo	99.7%	99.5%
MONA Shin-Urayasu	99.5%	98.0%
Passaggio Nishiarai	98.7%	98.3%
Daikanyama Address Dixsept	92.6%	93.9%
Blumer Maitamon	97.2%	99.5%
Blumer HAT Kobe	99.5%	99.5%
Carino Esaka	-	100.0%
Roseo Mito	100.0%	100.0%

Note 2: "Large-scale multi-tenant properties" refers to multi-tenant properties with acquisition prices more than JPY 5 billion

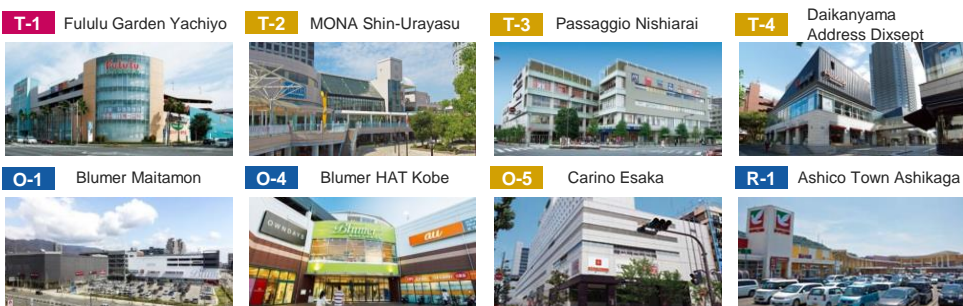
Note 1: Based on the contractual rent determined in the lease contract, including regular building leases.

Optimization of sales-linked rent and effective utilization of CAPEX

Portfolio breakdown by rent type (based on actual rent) (Note 1)



Properties with sales-linked rent



Note 1: "Actual rent" refers to the actual rent from January 1, 2015 to September 30, 2015 for the 32 properties KRR owns as of the date of this material. However, as for Unicus Kamisato (Land), Unicus Kososu (Land) and Super Viva Home Iwatsuki (Land), the rent is based on the lease contract as of October 2, 2015.

Note 2: "Fixed rent" refers to predetermined rent in the leasing contract, which is not linked to the total sales volume of tenants.

Note 3: "Fixed and sales-linked rent" refers to contractual rent with both fixed rent portion and sales-linked rent portion.

Note 4: "Sales-linked rent" refers to contractual rent whose amount is directly linked to tenants' sales volume.

Note 5: "Total sales-linked rent" refers to the sales-linked rent and the sales-linked portion of the "fixed and sales-linked rent".

Effective utilization of CAPEX

Installation of LED lights (Passaggio Nishiarai)



Before

After

CAPEX JPY26 mn

Aim Profitability: Improve NOI by reduction in utility costs
CSR: Reduce environmental burden by energy conservation

Renovation of restroom area (MONA Shin-Urayasu)

Replacement of baby changing stations and setting up of powder room (shown right) for female users



Powder room

CAPEX JPY41 mn

Aim Profitability: Attracting female customers may lead to improvement in tenant sales
Attractiveness: Improve convenience for female customers

CSR and environmental initiatives

■ We proactively participate in local-community-enlivening activities and take environmental initiatives

Establishment of “Environmental Policies”

New!

■ Environmental Policies

The officers and employees of Kenedix Real Estate Fund Management, Inc. ("KFM") will undertake investment management operations in accordance with the following environmental policies.

1. Compliance with Environmental Laws and Regulations

KFM will promote environment-friendly investment management operations by adhering to environmental laws and regulations.

2. Promotion of Energy Conservation Measures

KFM will systematically advance energy conservation measures at its managed properties, maintaining a strong awareness of the importance of natural and energy resources.

3. Reduction of Environmental Burden

KFM will undertake initiatives to reduce CO2 and waste emissions as well as promote recycling at its managed properties, underscoring its commitment to alleviating its environmental burden. In addition, KFM will take sufficient care when handling harmful substances and environmental pollutants.

4. Disclosure of Environmental Information

KFM will work to disclose necessary information to a variety of concerned parties, including investors, tenants and business partners, in such areas as its environmental policies and measures.

5. Environmental Education

KFM will take steps to improve the environmental consciousness of its officers and employees through internal education.

Example of CSR initiatives

New!

We signed an agreement with the City of Yoshikawa to provide part of Unicus Yoshikawa as a temporary gathering area in cases of disaster such as floods



Unicus Yoshikawa
(aerial photo)



Signing of agreement for providing temporary gathering area in cases of disaster

Rating on our environmental initiatives

The following properties have been awarded the “DBJ Green Building Certification” for their environmental initiatives



T-1 Fululu Garden Yachiyo

T-2 MONA Shin-Urayasu



O-1 Blumer Maitamon

T-5 Unicus Ina

T-7 Unicus Yoshikawa

Help enliven local communities

We 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



Minna no Concert
(Fululu Garden Yachiyo)



Roseo Festival
(Roseo Mito)

Financial highlights

Summary of interest-bearing debt

- Conducted debt financing with consideration of the balance between borrowing costs and maturities
- Realized steady growth while maintaining financial health through adequate management of LTV
- Extended maturities and increased the proportion of fixed-interest debt

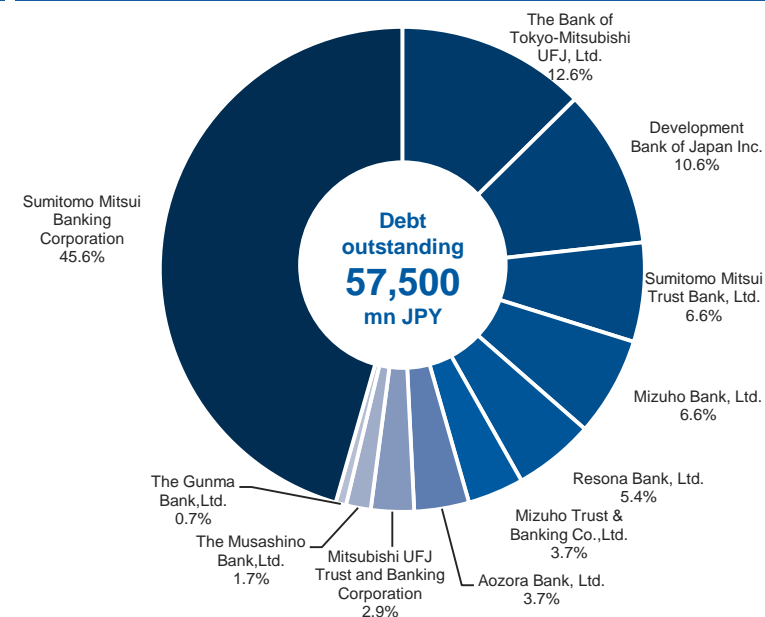
		As of IPO date (Feb. 10, 2015)	End of the 1 st Period (Sep. 30, 2015)	New debt ^(Note1)	After acquisition of New properties (as of Oct. 30, 2015)
Breakdown of borrowings	Total debt outstanding (JPY mn)	28,172.5	38,350.0	19,150.0	57,500.0
	Long-term debt ratio	88.2%	94.8%	76.5%	88.7%
	Fixed-interest debt ratio	88.2%	94.8%	76.5%	88.7%
	Average debt cost ^(Note2)	---	1.07%	---	1.06%
	Average years to debt repayment dates	5.0 years	5.5 years	5.7 years	5.5 years
	Number of lenders	11	11	9	11
Status of interest-bearing debt	Total interest-bearing debt (JPY mn)	---	41,300		60,414
	LTV ^(Note3)	---	40.6%		43.0%

Note 1: New debt excludes the amount of 1,200 million yen that was prepaid on October 30, 2015.

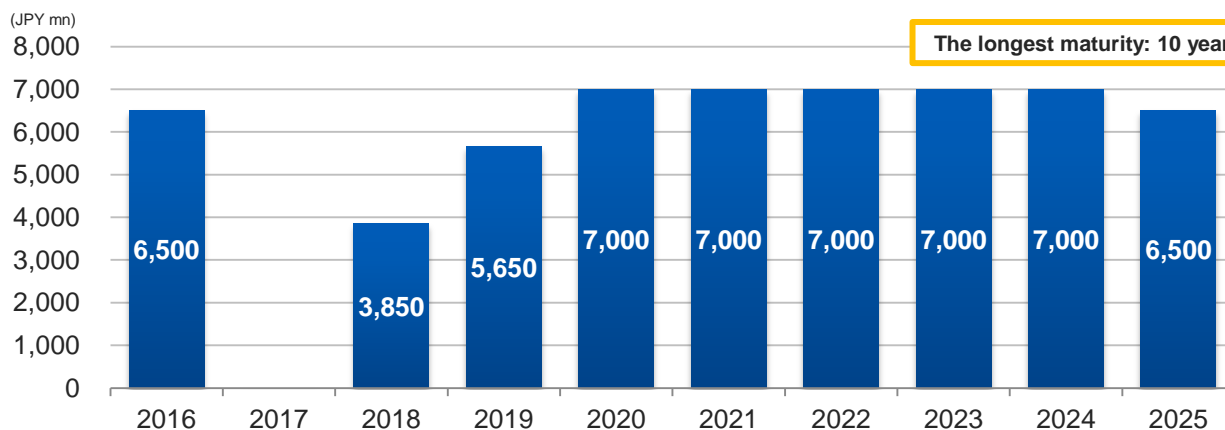
Note 2: "Average debt cost" is calculated as the weighted average interest of debt with upfront cost included, based on the amount outstanding. For variable-interest debt, the debt cost is calculated using the interest rate fixed through interest swap. In the case that there is no interest swap, TIBOR rate for each specific date above is adapted in the calculation.

Note 3: "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.

Breakdown of debt outstanding by lender (as of October 30, 2015)



Staggered maturities of interest-bearing debts (as of October 30, 2015)



Optimum use of security/guarantee deposits

Total amount of security/guarantee deposits (as of Sep. 30, 2015) **JPY8.7bn**
 (Amount kept as cash for deposit repayment) **JPY5.1bn**

After acquisition of New properties **JPY10.5bn**
 (Amount kept as cash for deposit repayment) **JPY7.0bn**

Rating (JCR)

(Long-term issuer rating as of Sep. 30, 2015)

Japan Credit Rating Agency, Ltd. (JCR)

A

Summary of financial results

- Summary of financial result of the 363-day period from Oct. 3, 2014 through Sep. 30, 2015
- Actual operating period: 233 days from Feb. 10, 2015 to Sep. 30, 2015

Balance Sheet (in JPY mn)

	Track record
Current assets	14,043
Total property, plant and equipment, net	93,404
Intangible assets	173
Investments and other assets	558
Total noncurrent assets	94,136
Deferred assets	202
Total assets	108,382
Current Liabilities	3,476
Current Liabilities	45,115
Total liabilities	48,591
Total net assets	59,790
Total liabilities and net assets	108,382
LTV	40.6%

Statement of Income and Retained Earnings (in JPY mn)

	Track record	Difference from forecast	Changes
Rental revenues	4,128	---	---
Other rental revenues	975	---	---
Operating revenue	5,103	+30	+0.6%
Operating expenses	2,639	-15	-0.6%
Operating profit	2,463	+46	+1.9%
Non-operating income	1	---	---
Non-operating expenses	524	---	---
Ordinary income	1,939	+56	+3.0%
Net income	1,933	+54	+2.9%
Total distribution	1,933	---	---
DPU (yen)	7,414	+210	+2.9%

Factors for increase in operating revenue

- One-time revenue from departing tenants
- Extra revenue from providing space for exhibitions

Factors for increase in operating profit

- Decrease operating expenses due to decrease in forecasted utility costs

Factors for increase in ordinary income

- Decrease in non-operating expenses due to decrease in forecasted debt-related expenses for refinancing of short-term debt and financing for new properties

Financial forecasts: 2nd financial period (Mar. 2016)

	1 st Period (Sep. 2015) (Actual)	2 nd Period (Mar. 2016) (Forecast)	Changes
Key financial results (JPY mn)			
Operating revenue	5,103	5,522	+419
Operating expense	2,639	2,753	+113
(Major operating expense)			
Depreciation	560	555	-5
Operating income	2,463	2,769	+306
Non-operating expense	524	426	-98
(Major non-operating expense)			
Financing-related expense (include interest expense)	470	335	-133
Amortization of investment unit issuance and organization expense	53	67	+13
Ordinary income	1,939	2,343	+403
Net income	1,933	2,342	+408
Related information (JPY mn)			
NOI	3,417	3,786	+369
NOI yield (%) ^(Note1)	6.0%	5.8%	---
NOI after depreciation	2,856	3,231	+374
NOI yield after depreciation (%) ^(Note1)	5.1%	5.0%	---
FFO^(Note2)	2,548	2,964	+415
LTV	40.6%	42.8%	---

Factors for changes from previous period

Operating revenue		
Existing assets	...	-1,043 mn
New assets	...	+1,463 mn
Operating expense		
Property-related expenses (existing assets) ^(exclude depreciation)	...	-327 mn
Property-related expenses (New assets) ^(exclude depreciation)	...	+378 mn
AM fees	...	+69 mn
Others	...	-6 mn

*Primary factor
Decrease in
operating days
(233 to 183)

Breakdown of operating income

Operating revenue (A)

Rental revenues	...	4,593 mn
Utility charge reimbursement	...	491 mn
Other revenues	...	438 mn

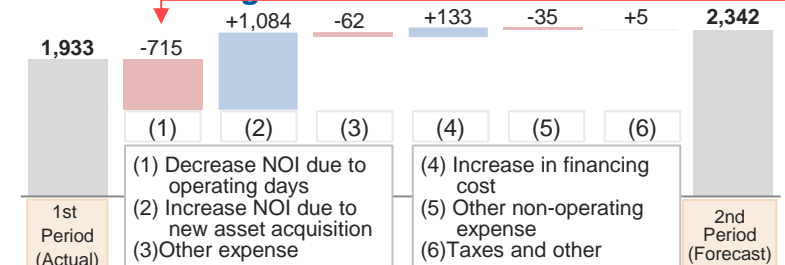
Property-related expenses (B)^(exclude depreciation)

PM fees / facility management fees	...	628 mn
Utility	...	566 mn
Taxes	...	0 mn
Repairs and maintenance	...	149 mn
Sales and promotion	...	195 mn
Others	...	196 mn

NOI (A-B)

3,786 mn

Factors for changes in net income



Note1: Property taxes for the owned properties are not expensed in the 1st and 2nd fiscal periods.

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

Financial forecasts: 3rd financial period (Sep. 2016)

	2 nd Period (Mar. 2016) (Forecast)	3 rd Period (Sep. 2016) (Forecast)	Changes
Key financial results (JPY mn)			
Operating revenue	5,522	5,577	+54
Operating expense	2,753	3,192	+438
<i>(Major operating expense)</i>			
Depreciation	555	566	+11
Operating income	2,769	2,385	-384
Non-operating expense	426	416	-10
<i>(Major non-operating expense)</i>			
Financing-related expense <small>(include interest expense)</small>	335	334	-1
Amortization of investment unit issuance and organization expense	67	67	0
Ordinary income	2,343	1,969	-373
Net income	2,342	1,968	-373
Related information (JPY mn)			
NOI	3,786	3,411	-375
<i>NOI yield (%)^(Note1)</i>	<i>5.8%</i>	<i>5.2%</i>	<i>---</i>
NOI after depreciation	3,231	2,844	-387
<i>NOI yield after depreciation (%)^(Note1)</i>	<i>5.0%</i>	<i>4.4%</i>	<i>---</i>
FFO^(Note2)	2,964	2,601	-362
LTV	42.8%	42.9%	---

Factors for changes from previous period

Operating revenue	
Increase in utility charge reimbursement	... +55 mn
Others	... -1 mn
Operating expense	
Expensing real estate tax (32 properties)	... +477 mn
Increase in utility	... +43 mn
Decrease in repairs and maintenance	... -72 mn
Decrease in sales and promotion	... -16 mn
Others	... +6 mn

Breakdown of operating income

Operating revenue (A)

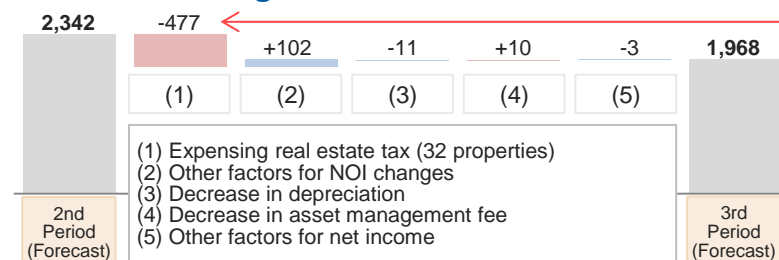
Rental revenues	... 4,594 mn
Utility charge reimbursement	... 546 mn
Others	... 437 mn

Property-related expenses (B) (exclude depreciation)

PM fees / facility management fees	... 630 mn
Utility	... 609 mn
Taxes	... 478 mn
Repairs and maintenance	... 77 mn
Sales and promotion	... 178 mn
Others	... 193 mn

NOI (A-B) ... **3,411 mn**

Factors for changes in net income



Note1: Property taxes for the owned properties are not expensed in the 2nd fiscal periods.

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

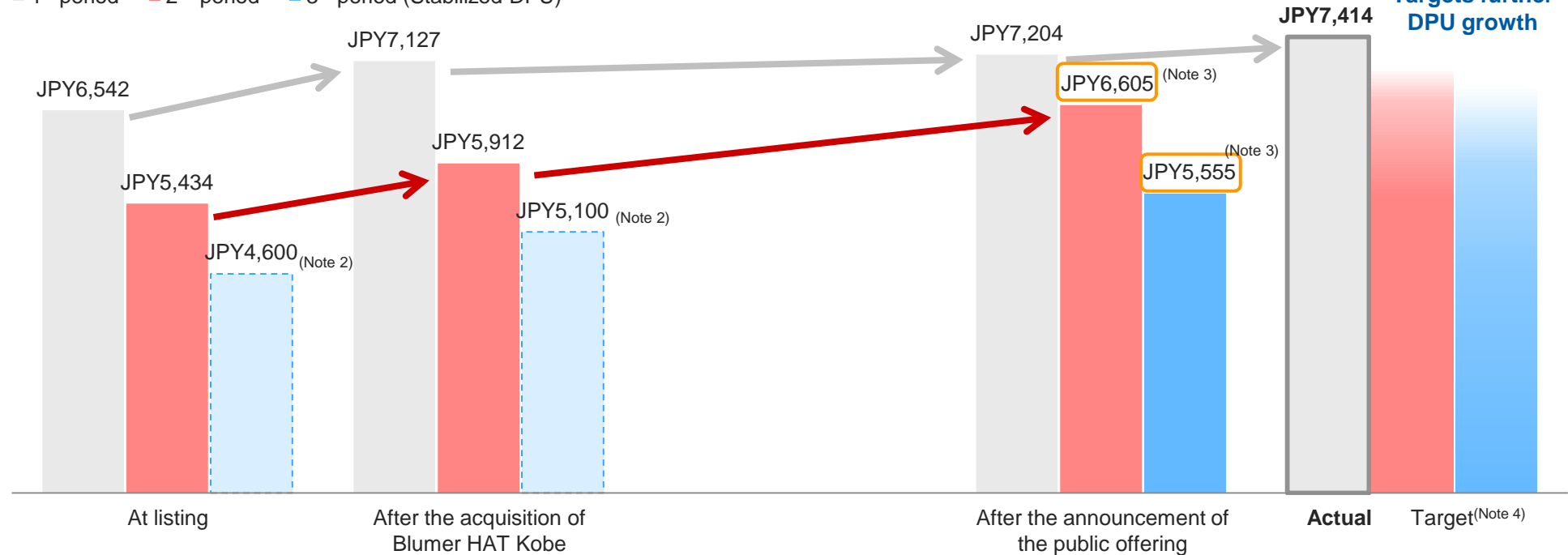
Actual DPU for the 1st period and DPU forecast

Key achievements	Feb. 10, 2015	Mar. 31, 2015	Apr. 30, 2015	Aug. 27, 2015
	Listed on Tokyo Stock Exchange AUM: JPY80.8 bn	Resolved acquisition of Blumer HAT Kobe with debt financing	Resolved building expansion at Rose Mito	Resolved 1st follow-on equity offering AUM: Increased to JPY129.7 bn ^(Note 1)

DPU	
1st Period (Actual)	JPY7,414
2nd Period (Forecast)	JPY6,605
3rd Period (Forecast)	JPY5,555



■ 1st period ■ 2nd period ■ 3rd period (Stabilized DPU)



Targets further DPU growth

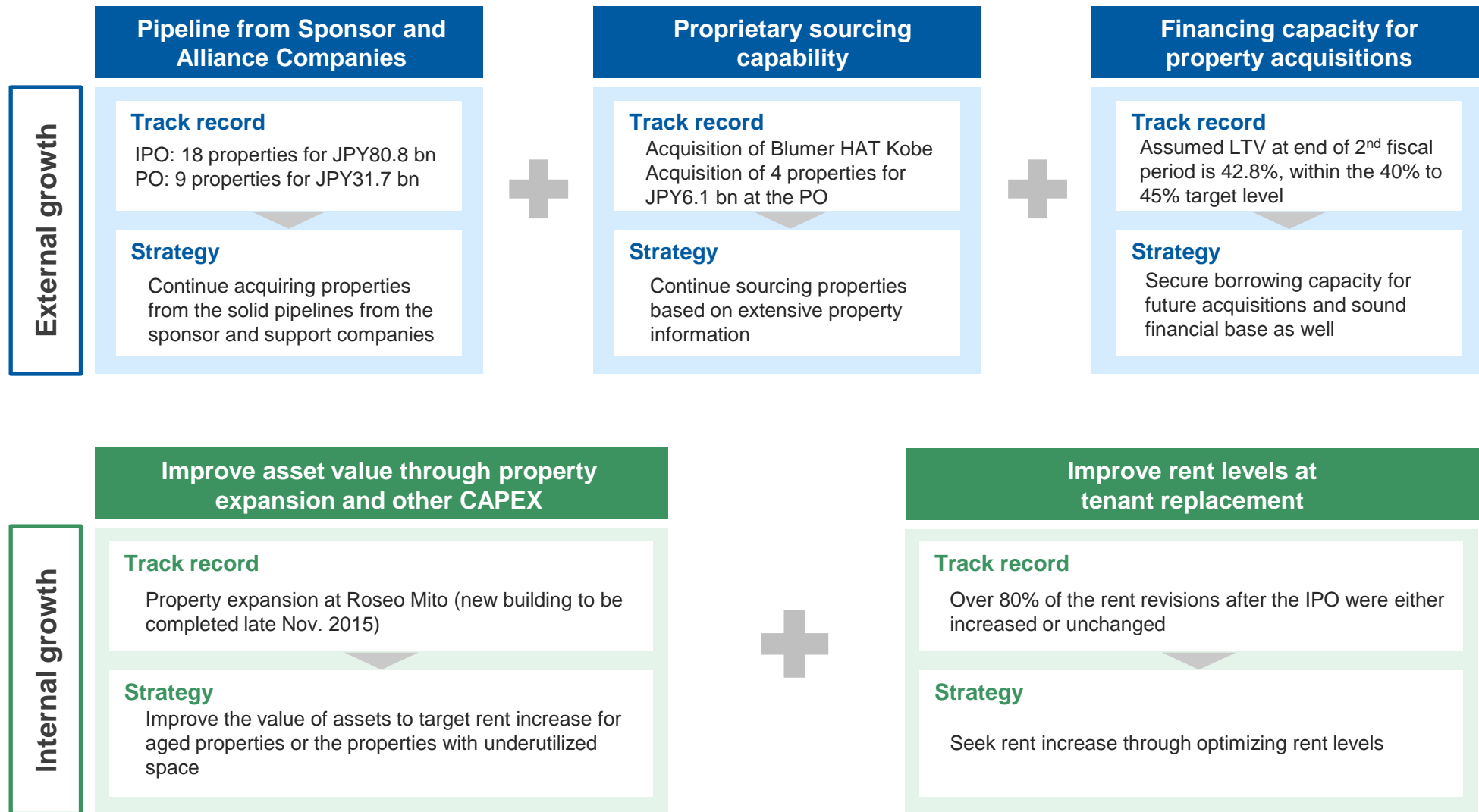
Note 1 : AUM of JPY129.7 bn as of October 2, 2015
 Note 2 : "Stabilized DPU" refers to the adjusted DPU after accounting for the impact of factors such as property-related tax, which was stated in the presentation material "Interim Financial Results Presentation for the Fiscal Period Ending September 30, 2015" released on the company website as of May 26, 2015
 Note 3 : Distribution per unit in excess of earnings of JPY13 and JPY15 are included in the DPU forecast for the 2nd period(ending March 31, 2016) and the 3rd period(ending September 30, 2016), respectively
 Note 4 : Targets DPU growth does not mean we promise the revision up of DPU forecast reported on August 27, 2015

Section 3

Our growth strategies

KENEDIX

Significant growth potential underpinned by solid track record



1

Selective investments in attractive retail properties through the expertise of our Asset Manager

2

Strong acquisition pipeline through opportunities from our Sponsor and Alliance Companies

3

Proprietary opportunities leveraging support from our Sponsor and Alliance Companies, including preferential negotiation rights with our Alliance Companies

4

Leverage multiple acquisition channels to maximize potential acquisition opportunities

Strong acquisition pipeline and preferential negotiation rights

- We seek to achieve external growth by utilizing pipelines from the Kenedix Group, our Sponsor, and taking advantage of preferential negotiation rights with Alliance Companies

Examples of properties owned by our Sponsor and Alliance Companies^(Note)

SS



Home Center Kohnan Sunadabashi
Location: Nagoya, Aichi

SM



Life Nishi-Tengachaya
Location: Osaka, Osaka

SS



Royal Home Center Totsuka-Fukaya
Location: Yokohama, Kanagawa

SM



Yorkmart Totsuka-Fukayacho
Location: Yokohama, Kanagawa

SM



[Mandai Tsukaguchi]
Location: Amagasaki, Hyogo

SM



[Nishi, Osaka Project]
Location: Osaka, Osaka

SM



[Chuo, Osaka Project]
Location: Osaka, Osaka

Note : As of November 13, 2015, 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 only completion images based on design drawings and may differ from actual buildings after completion.

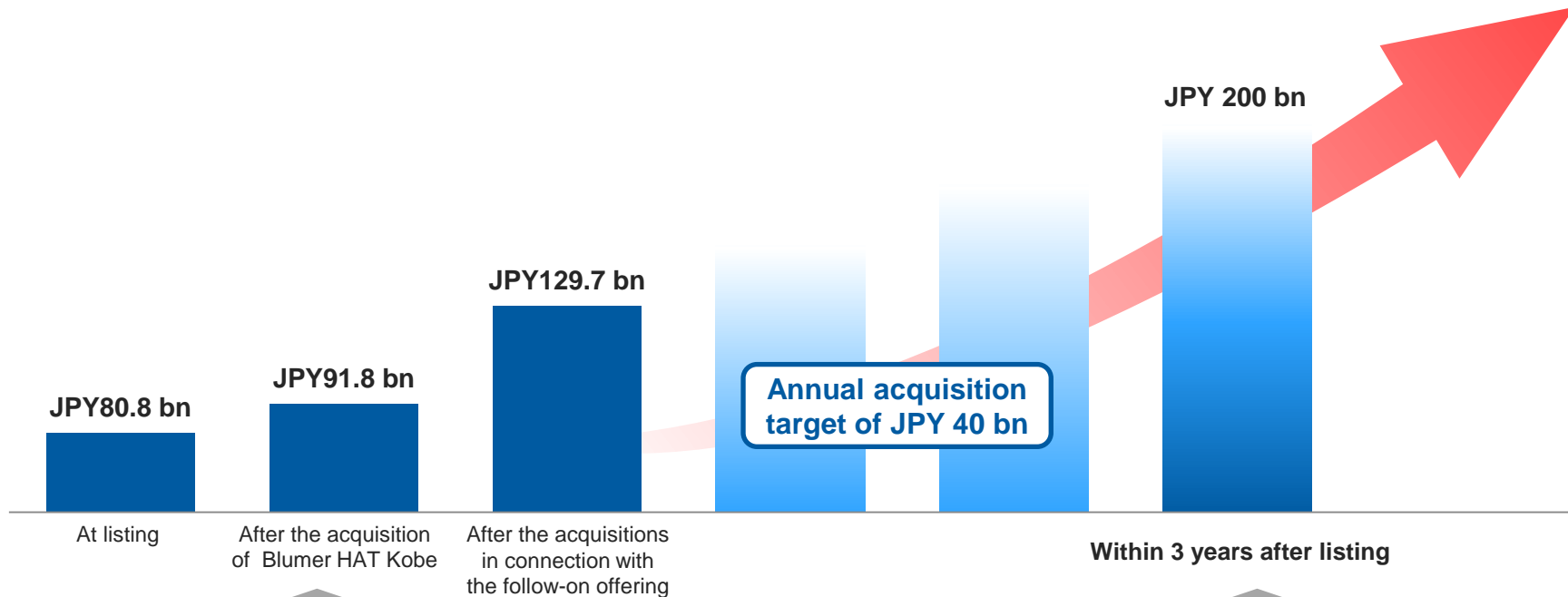
Our growth roadmap

AUM^(Note)

Targets AUM of JPY200.0 bn within 3 years after the listing

Purpose

Achieve steady DPU growth
Enhance portfolio stability
Improve in liquidity of investment units



Abundant external growth opportunities

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



Promotion of external growth strategies

- Solid pipelines from sponsor and support companies
- Diverse acquisition routes and methods
- Selective investments by professionals

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

1 Pursue a portfolio composition that achieves both stability and growth

2 Enhance tenant relationships and profitability through value-added "one-stop" asset management and property management services

3 Continuously implement a retail property management cycle through our in-house property management services

4 Direct investments and management policies to enliven local communities

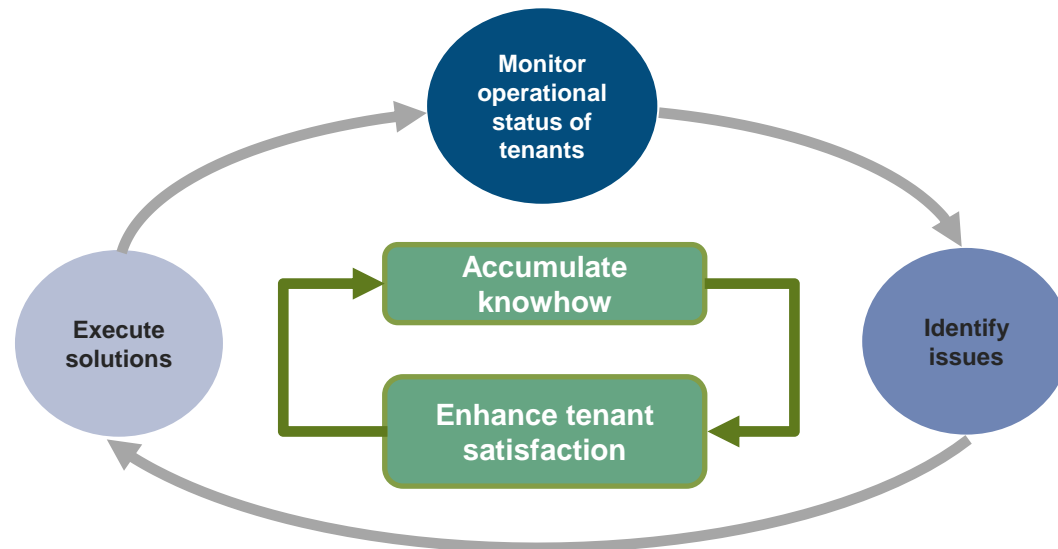
"One-stop" AM and PM services

Strengthen relationships with tenants and enhance portfolio profitability through "one-stop" AM and PM services.



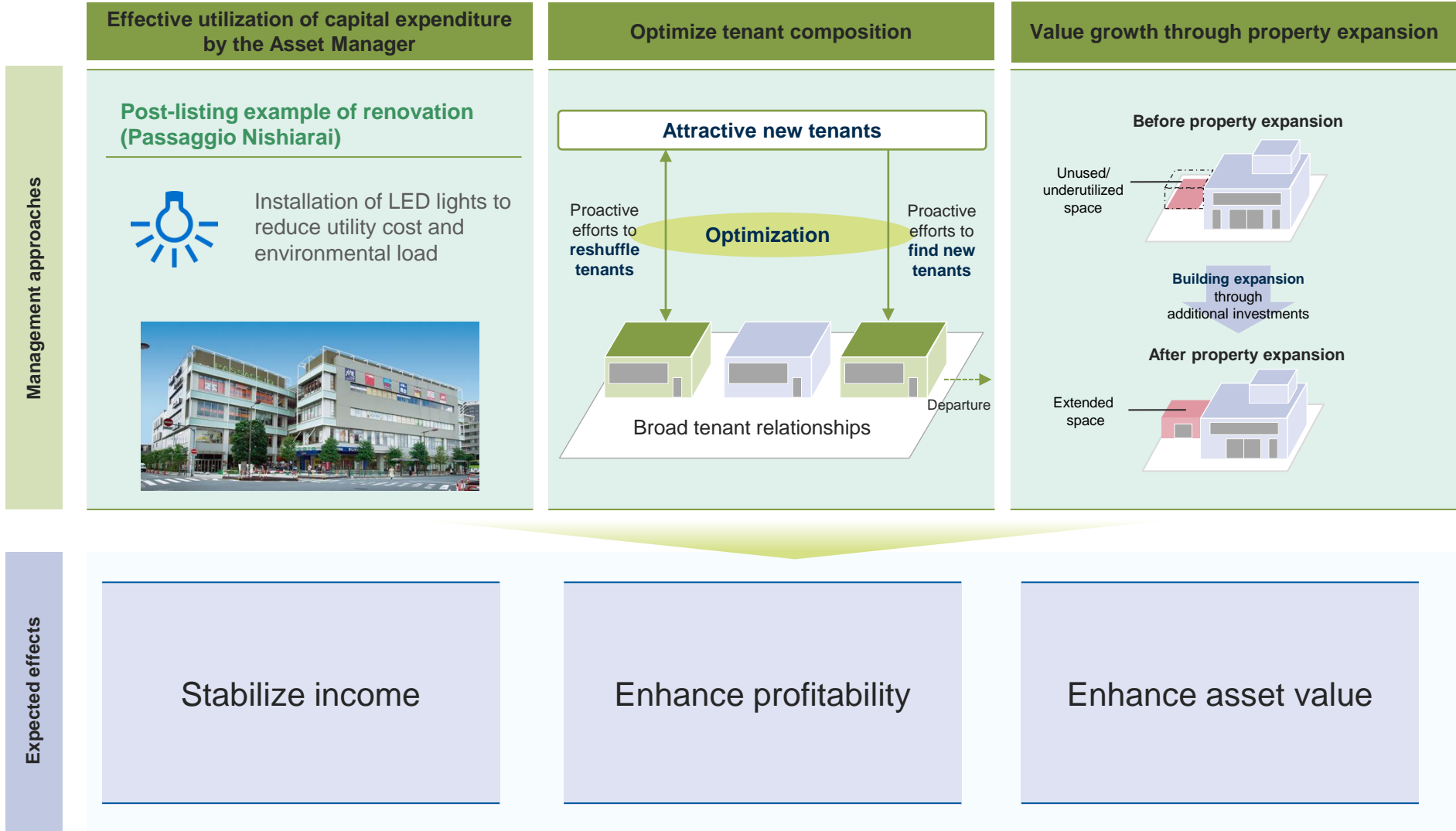
Tenant-oriented retail property management

Seek to realize tenant-oriented property management, accumulate knowhow and improve tenant satisfaction level by entering into property management agreements for our entire portfolio.



Pursuit of internal growth through management of retail properties

Seek to achieve internal growth through management of retail properties



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