

KENEDIX

Retail REIT Corporation



Kenedix Retail REIT Corporation

Financial Results
for the 11th Fiscal Period
ended September 30, 2020

November 17, 2020

Contents

Section 1	Executive summary	P.3
Section 2	Impact of COVID-19	P.9
Section 3	KRR highlights and updates	P.15
Section 4	Growth strategies focusing on stability	P.22
Appendix 1	Key characteristics of KRR	P.35
Appendix 2	Portfolio and unitholder information	P.43

01

Executive summary

Security Code

3453



□ Asset management amid the COVID-19 pandemic (the 11th fiscal period ended September 2020)

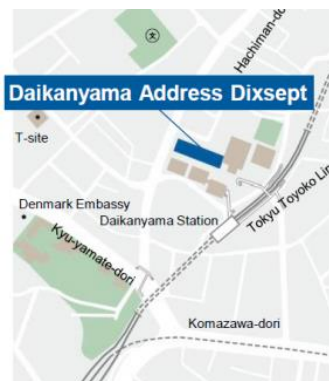
- Strong performance of KRR’s core tenants that deal with daily necessities including grocery supermarkets and home & garden stores, even amid the pandemic
- Temporary rent reductions for certain tenants facing sharp sales decline due to the pandemic
- Achieved JPY 6,546 DPU, surpassing previous period DPU, by gains on sale of a property and cost reduction, despite net income decreased due to the response to rent reduction requests and decrease in sales-linked rent as a result of tenant sales decline

□ Management views

- Overcame the “Crisis Period” caused by the pandemic in the 11th fiscal period and shifted to the “Recovery Period”
- Reaffirmed the stability of shopping centers for daily needs amid the pandemic
- Some tenants, mainly service-oriented such as restaurants, are taking time to recover their sales amid the pandemic; prolonged pandemic may result in additional rent reduction requests or move-outs of tenants
- Gains on sale of Daikanyama Address Dixsept (total of JPY1,137 mn) ^(Note) will contribute to stable distributions over next three fiscal periods until March 2022; meanwhile, seek to improve the quality and profitability of portfolio by asset and tenant reshuffling during these periods

The disposition of Daikanyama Address Dixsept

Summary of the disposition of Daikanyama Address Dixsept



Location	Shibuya ward, Tokyo		
Date of disposition	Dec. 1, 2020	Apr. 1, 2021	Oct. 1, 2021
Disposition price (Note 1)	JPY2,657 mn (40%)	JPY1,993 mn (30%)	JPY1,993 mn (30%)
	JPY6,644 mn		
Book value (as of Sep. 30, 2020)	JPY5,363 mn		
Appraisal price (as of Sep. 30, 2020)	JPY6,120 mn		
NOI yield (based on disposition price) (Note 2)	3.6%		
Date of acquisition	Feb. 10, 2015		

Note 1: The figures are rounded off to the nearest million yen.

Note 2: Calculated by dividing the actual NOI for the fiscal periods ended March 31, 2020 (10th FP) and September 30, 2020 (11th FP) by the disposition price.

Note 3: Calculated by dividing the actual NOI for the fiscal periods ended March 31, 2020 (10th FP) and September 30, 2020 (11th FP) by the acquisition price.

Note 4: The estimated distribution per unit is calculated based on the future book value estimated by KFM as of the date of this document. Please refer to p.6 for details of DPU impact and forecast assumptions.

Aim of the disposition

1. Disposition of a property with relatively low stability

The impact of the COVID-19 pandemic on this property is relatively large among KRR properties

- In this property, the unit price of rent is high and there are many apparel tenants. These characteristics make its NOI relatively volatile, as tenants regularly vacate
- The number of tenants that suspended operations during the state of emergency declaration in this property was the highest among KRR multi-tenant properties. The impact of the COVID-19 pandemic on this property is relatively large among KRR properties

2. Improving portfolio profitability

Disposing asset (based on acquisition price) (Note 3)	Portfolio average	
NOI yield	4.5%	Appraisal NOI yield 5.2%
NOI yield after depreciation	3.9%	NOI yield after depreciation 4.2%

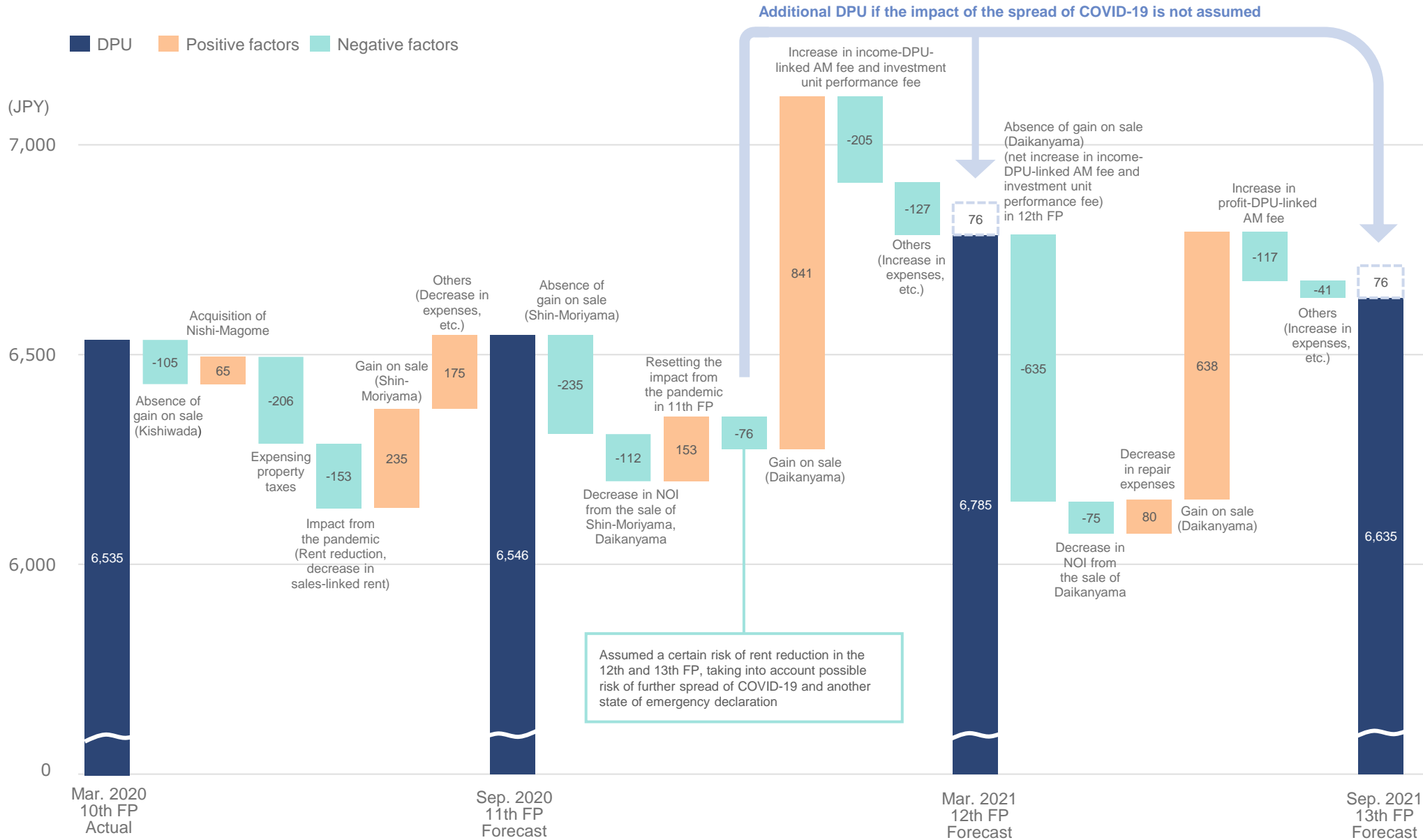
- NOI yield and NOI yield after depreciation of this property are lower than the portfolio average appraisal NOI yield and NOI yield after depreciation, respectively
- Seek to improve the profitability of portfolio by acquiring properties with appraisal NOI yield/NOI yield after depreciation higher than the NOI yield/NOI yield after depreciation of this property

3. Contributing to stable distributions over next three FPs (Note 4)

+JPY 841	+JPY 638	+JPY 642
12th FP	13th FP	14th FP
ending Mar. 2021	ending Sep. 2021	ending Mar. 2022

- The disposition price is 23.9% above the book value and 8.6% above the real estate appraisal value, even amid the COVID-19 pandemic
- Gain on sale (total of JPY 1,137 mn) will be enjoyed over the next three periods

DPU impact and forecast assumptions



Summary of statements of income and retained earnings

(JPY mn)

	Mar. 2020	Sep. 2020	11th FP actual (C)	Changes		Remarks on changes from forecasts
	10th FP actual (A)	11th FP forecast (B)		C - A	C - B	
Rent revenue – real estate	7,238	6,684	7,276	+38	+592	Fixed rent and common area expenses +507 (difference of estimated rent reduction), sales-linked rent +88 (difference of tenant sales)
Other lease business revenue	996	1,049	995	-0	-53	Utility charge reimbursement -58
Gains on sale	56	123	126	+69	+2	
Operating revenues	8,291	7,857	8,398	+107	+540	
Property related expenses (excl. depreciation)	2,335	2,550	2,439	+103	-110	Utility charge -64, repair costs -17
NOI	5,899	5,183	5,833	-66	+649	
Depreciation	1,024	1,046	1,040	+15	-6	
NOI after depreciation	4,875	4,137	4,793	-82	+655	
Other operating expenses	830	713	837	+7	+123	Asset management fee II (linked to net income and DPU) +113
Operating income	4,101	3,547	4,082	-19	+534	
Non-operating income	0	0	3	+2	+3	
Non-operating expenses	602	580	579	-23	-1	
Ordinary income	3,499	2,966	3,505	+6	+539	
Net income	3,498	2,965	3,504	+6	+539	
DPU (JPY)	6,535	5,540	6,546	+11	+1,006	



Note: The 11th period forecast above is as of May 18, 2020.

Financial forecasts: 12th and 13th fiscal periods

(JPY mn)

Key financial information	Sep. 2020 11th FP (actual)	Mar. 2021 12th FP (forecast)	Changes
Operating revenues	8,398	8,606	+207
Gain on sales of real estate	126	451	+324
Operating expenses	4,316	4,385	+68
Operating income	4,082	4,221	+139
Non-operating expenses	579	587	+7
Interest expenses & financing-related expenses	571	579	+7
Amortization of investment unit issuance costs	7	7	-0
Ordinary income	3,505	3,633	+128
Net income	3,504	3,632	+128
DPU	6,546	6,785	+239

Possible impact of the pandemic (rent reduction) -41

Mar. 2021 12th FP (forecast)	Sep. 2021 13th FP (forecast)	Changes
8,606	8,453	-152
451	342	-108
4,385	4,296	-88
4,221	4,156	-64
587	603	+15
579	595	+15
7	7	-
3,633	3,553	-80
3,632	3,552	-80
6,785	6,635	-150

Possible impact of the pandemic (rent reduction) -41

Related key indicator	Sep. 2020 11th FP (actual)	Mar. 2021 12th FP (forecast)	Changes
NOI	5,833	5,752	-80
NOI yield (%)	5.2%	5.1%	---
Depreciation	1,040	1,059	+19
NOI after depreciation	4,793	4,692	-100
NOI yield after depreciation (%)	4.3%	4.2%	---
FFO	4,431	4,252	-179
CAPEX	544	992	+447
LTV (%)	44.8%	44.9%	---

Mar. 2021 12th FP (forecast)	Sep. 2021 13th FP (forecast)	Changes
5,752	5,753	+0
5.1%	5.1%	---
1,059	1,066	+7
4,692	4,686	-6
4.2%	4.2%	---
4,252	4,289	+36
992	891	-100
44.9%	44.9%	---

02

Impact of COVID-19

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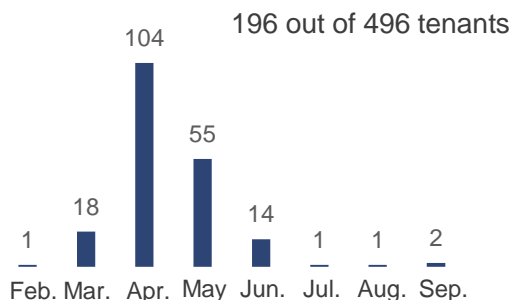


Response to rent reduction requests amid the COVID-19 pandemic

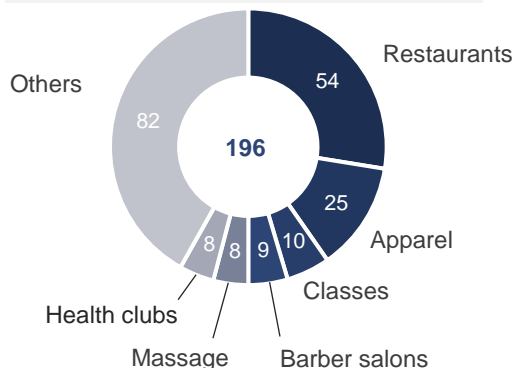
□ Rent reduction/deferral requests

The number of rent reduction/deferral requests peaked in April and May 2020 during the state of emergency declaration (Temporarily closed tenants peaked at 12.9% of tenants during the state of emergency declaration) ^(Note)
 Service oriented tenants including restaurants and apparel tenants tend to request

Number of requests by month (Feb. 2020 – Sep. 2020)



Number of relief request (based on number of requests)



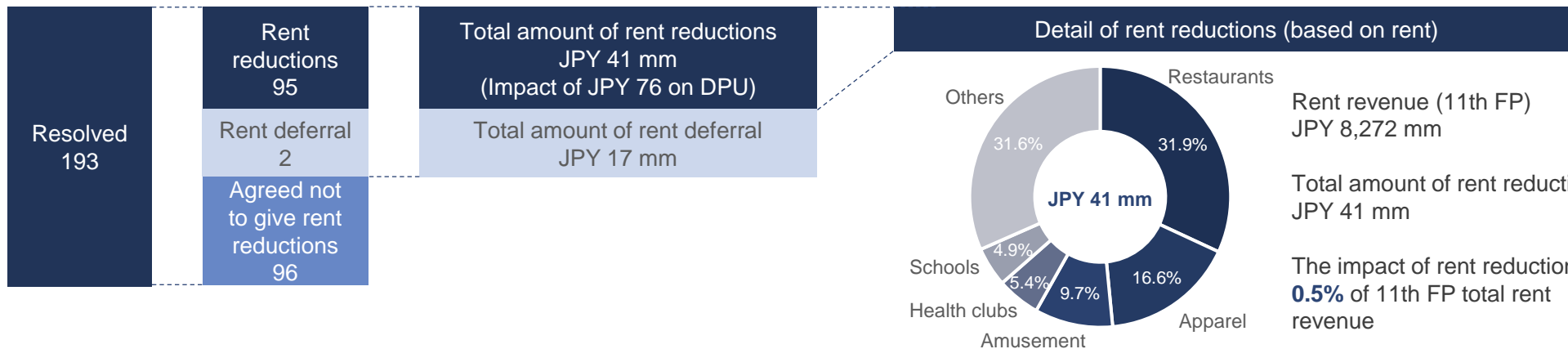
Policy on response to rent reduction requests

Consider the following when accepting rent reduction/deferral requests

- Performance of tenants
- Rate of decrease in tenant sales
- Financial conditions of tenants
- Lease contract type
- Period of the state of emergency
- Application for subsidies
- Impact on KRR's operation

□ Agreement regarding the requests (as of October 31, 2020)

Only 3 out of 196 tenant requests are under discussion

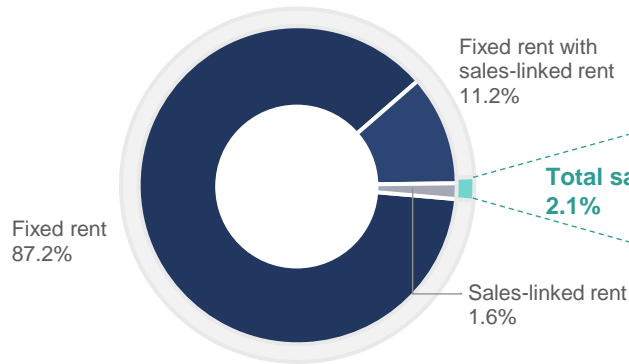


Note: Divided the total floor space of temporarily closed tenants during the state of emergency declaration in April and May 2020 by the total leased area as of Sep. 30, 2020.

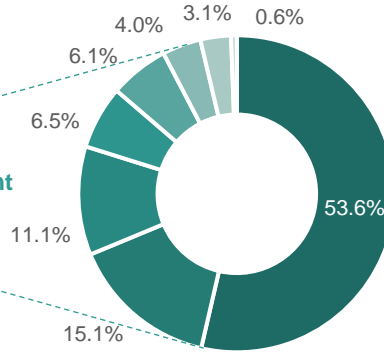
Asset management amid the COVID-19 pandemic

Sales-linked rent

Rent type (Apr. 2020 – Sep. 2020) (Note)



Percentage of tenant category of sales-linked rent (based on rent)



Sundry goods	53.6%
Other retailers	15.1%
Apparel	11.1%
Drug stores	6.5%
Dollar shops	6.1%
Restaurants	4.0%
Groceries	3.1%
Service businesses	0.6%

- Non-service-oriented tenants cover over 90% of sales-linked rent

Total amount of sales-linked rent

JPY 116 mm (11th FP) - JPY 36 mm (vs 10th FP)

Rent delinquency, tenant move-outs, and tenant bankruptcy

Rent delinquency due to the pandemic		Move-outs		Bankruptcy	
31 (11th FP)	2 unresolved (11th FP end)	8 (11th FP)	+1 (vs 10th FP)	1 (11th FP)	+1 (vs 10th FP)
	▶ Within deposit amount (as of Oct. 31, 2020)			▶ Collected from deposit	

▶ The level of rent delinquency at 11th FP end and move-outs, bankruptcy during 11th FP did not change significantly from the pre-pandemic level

Occupancy rate and leasing of vacant spaces

Occupancy rate improved amid the COVID-19 pandemic

99.4% (10th FP end) ▶ 99.7% (11th FP end)

Leasing at Ashico Town Ashikaga



- Divided the space (approx. 1,000 tsubo) into three after the move-out of a sporting goods store
- One of the prospective tenants was cancelled due to the pandemic, but successfully leased an alternative tenant promptly
- Occupancy rate of this property increased from 95.0% to 99.9% (as of Nov. 1, 2020)

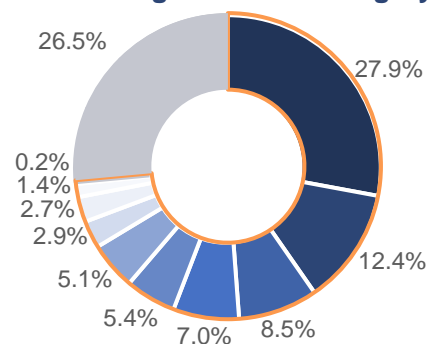
Note: The figures of "Rent type" is for the 11th FP.

Impact of COVID-19 by tenant category

Tenant category	Ratio (Note 1)	During SOED	After SOED	Status
Groceries & Costco (Note 2)	27.9%	↗↗	↗↗	Demand for daily necessities remains firm, receiving tailwind from stay-at-home consumption and increasing demand for eating at home
Master lease (ML)	12.4%	→	→	Stable with grocery supermarkets and home & garden stores as core tenants, and owing to the strength of master lessee
Home & garden	8.5%	↗	↗↗	Special demand for gardening supplies and DIY products due to staying at home
Service-oriented	7.7%	↘↘	↘	Although sales have not returned to the pre-pandemic level, massage and barber salons are seeing sales recovery
Other retailers	7.0%	↘	→	Furniture, bedding, and cookware sales have been strong due to stay-at-home consumption
Amusement (Note 2)	6.2%	↘↘	↘↘	Although business has resumed, sales have been sluggish as prolonged indoor activities have been kept at a distance
Health clubs	5.9%	↘↘	↘	Although business has resumed, sales have been affected by an increase in membership cancellations and a decrease in new membership
Apparel (casual)	2.9%	↘	↗	Strong sales of summer clothing due to record heat wave, and clothing to meet staying at home demand is also firm
Apparel (other)	2.7%	↘	↘	Trend of longer purchase cycle continues due to fewer opportunities to go out. Sales of business wears are struggling with the widespread of work from home

Tenant category	Ratio (Note 1)	During SOED	After SOED	Status
Distribution centers	5.4%	↗↗	↗↗	Increase in delivery volume due to stay-at-home consumption continues
Consumer electronics	5.1%	↘	↗	Strong sales at consumer electronics stores located in residential areas. Special demand due to special cash payments from the government
Restaurants	3.9%	↘↘	↘	Fast food restaurants offering take-out food where customers do not stay long are relatively immune. Restaurants in urban areas and those serving alcohol continue to be affected
Drug stores	2.7%	↗↗	→	Demand for daily necessities remains firm. Stores located in residential areas have not been affected by a decrease in inbound sales. Dispensing pharmacies have been slightly affected
Dollar shops	1.4%	↗	↗	Increasing demand mainly for masks, sanitary products and daily necessities. Sales of reusable bags are also strong due to the charge for plastic shopping bags
Offices	0.2%	→	→	Although there are moves to expand work from home, there have been no cancellations for office spaces of KRR

Percentage of tenant category (based on rent) (Note 1)



Tenants relatively resilient to the COVID-19 pandemic (Sep. 2020)
73.5%

Note 1: The figures are as of Sep. 30, 2020, based on the properties acquired by the date of this material, rounded to the nearest tenth.

Note 2: "Costco" refers to Costco Wholesale.

Note 3: "Amusement" includes movie theaters.

Note 4: Apparel (casual) refers to Shimamura, Uniqlo and G.U.

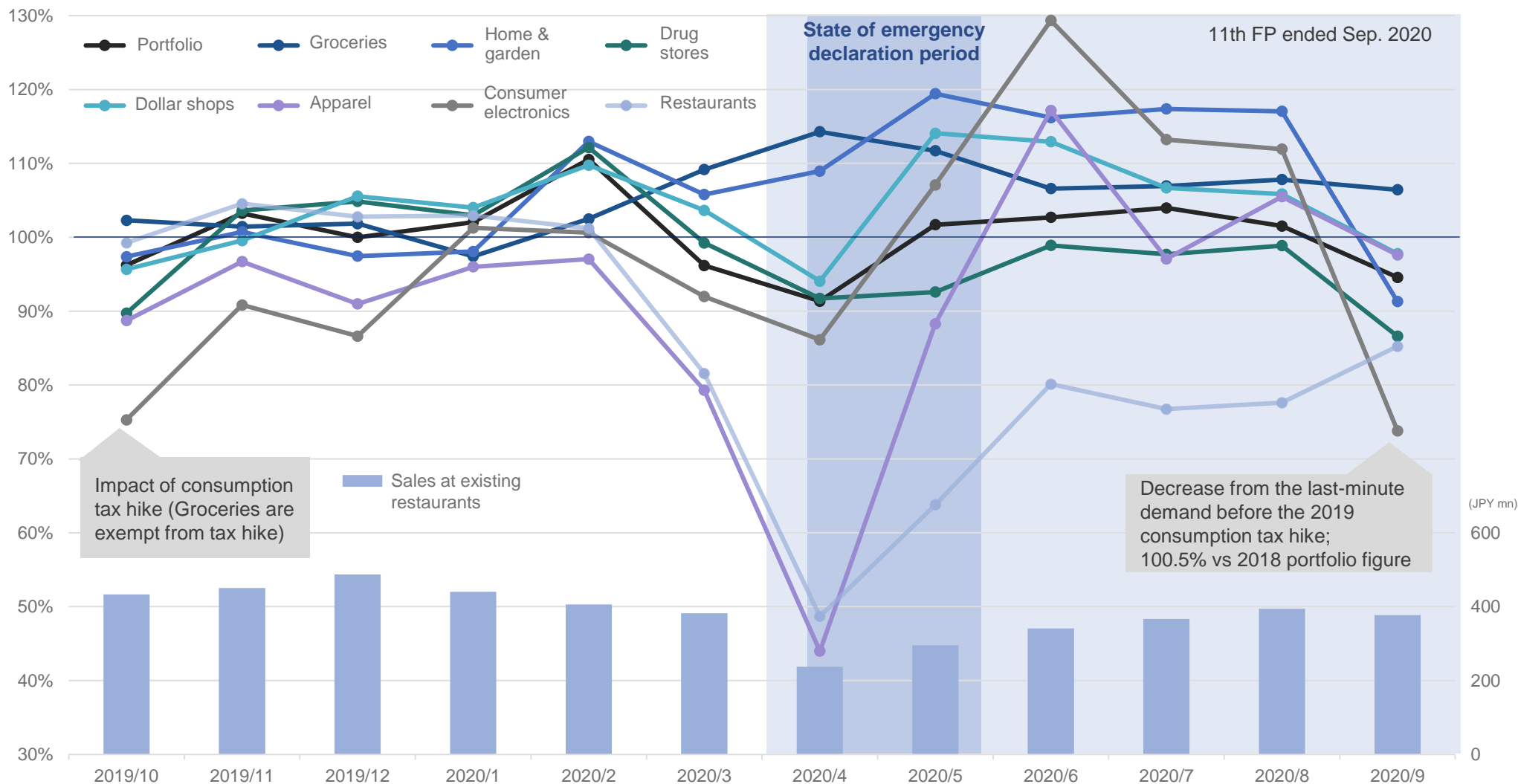
Changes in tenant sales

Changes in tenant sales by business category (YoY)

Service-related and apparel tenants' sales dropped significantly during the period of the state of emergency declaration

Although service-related tenants' sales recovery is slow in the post-declaration period, portfolio sales through the 11th FP remain almost flat at 99.1% YoY

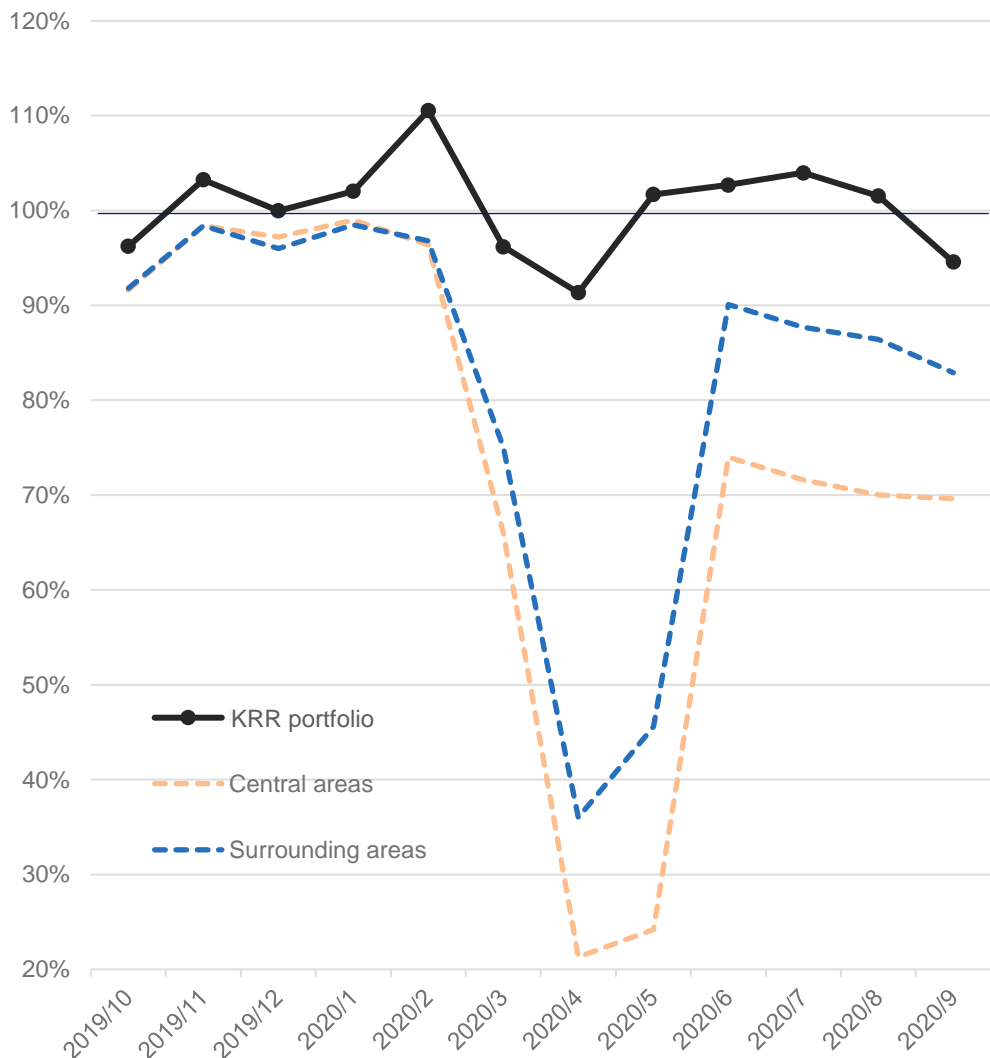
Monthly sales at existing restaurants have recovered to pre-declaration level of March 2020



Note: "Changes in tenant sales" is based on the sales figures available to KRR. Sales figures of portfolio do not take into account the effect of difference in days of the weekends in each period while sales figures by business category take into account the effect of the day of the week. Health clubs and some large amusement facilities are not included in aggregate calculation.

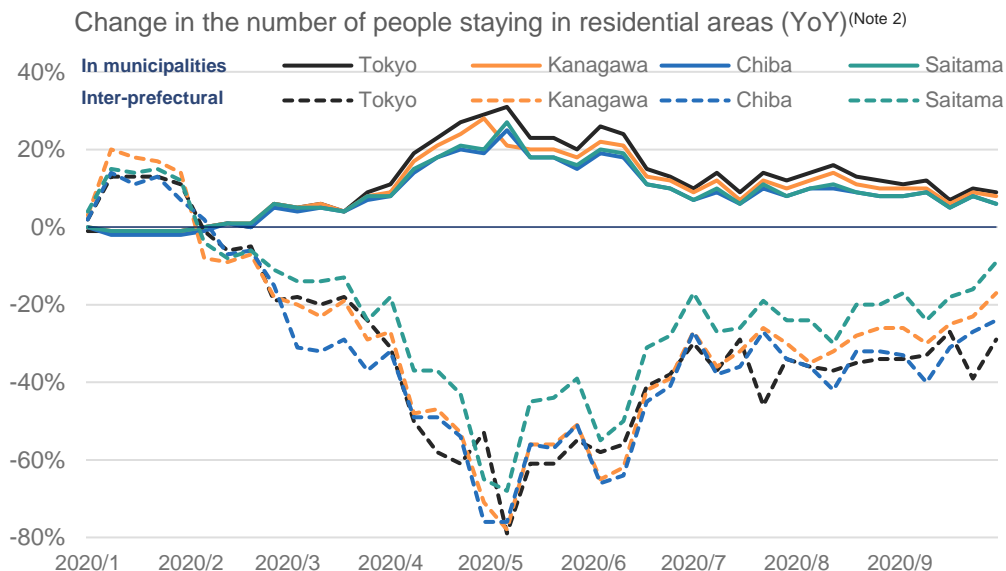
Consumption is shifting to residential areas amid the COVID-19 pandemic

KRR tenant sales remain stable compared to nationwide SCs^(Note 1) (YoY)

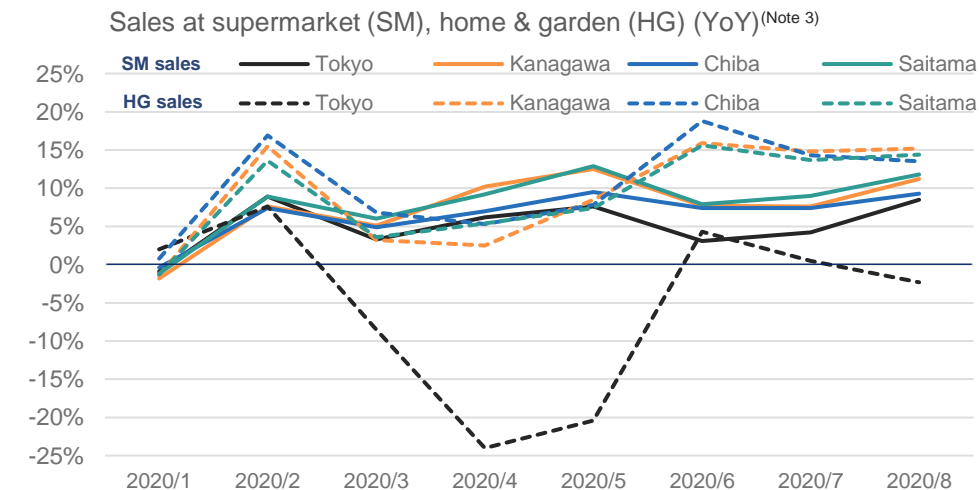


Source: Survey report on SC sales statistics by Japan Council of Shopping Centers

People staying within residential areas has increased amid the pandemic



Steady sales at supermarkets, home & garden mostly in residential areas



Note 1: Based on data from Japan Council of Shopping Centers. Central areas are central cities that have a high concentration of commercial functions with a population of 150,000 or more, including the 23 wards of Tokyo. Surrounding areas are areas other than central areas.
 Note 2: Based on data from V-RESAS (provided by the Office for Promotion of Regional Revitalization, Cabinet Office, and Secretariat of Headquarters for Town, People, and Business Development, Cabinet Secretariat) and Agoop Corp.
 Note 3: Based on data from Ministry of Economy, Trade and Industry. Sales figures of July and August are preliminary figures. Sales at supermarkets are those for all stores, including those that opened within the last twelve months.

03

KRR highlights and updates

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Characteristics of KRR portfolio

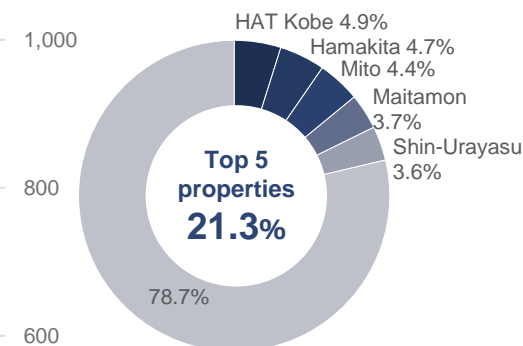
Total appraisal value	Appraisal NOI yield	NOI yield after depreciation	Occupancy rate	4 major metropolitan areas	Shopping centers for daily needs	Grocery anchored shopping centers
JPY 242.8 bn	5.2%	4.2%	99.7%	80.7%	94.9%	84.9%

AUM, number of tenants, number of properties

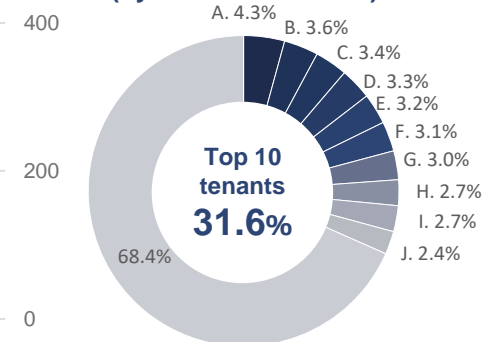
(JPY bn)



Top 5 properties (by acquisition price)



Top 10 tenants (by annual fixed rent)



Note 1: "Appraisal value", "Appraisal NOI yield", "Occupancy rate" and other figures on portfolio are as of Sep. 30, 2020 for the 62 properties acquired by the date of this material.

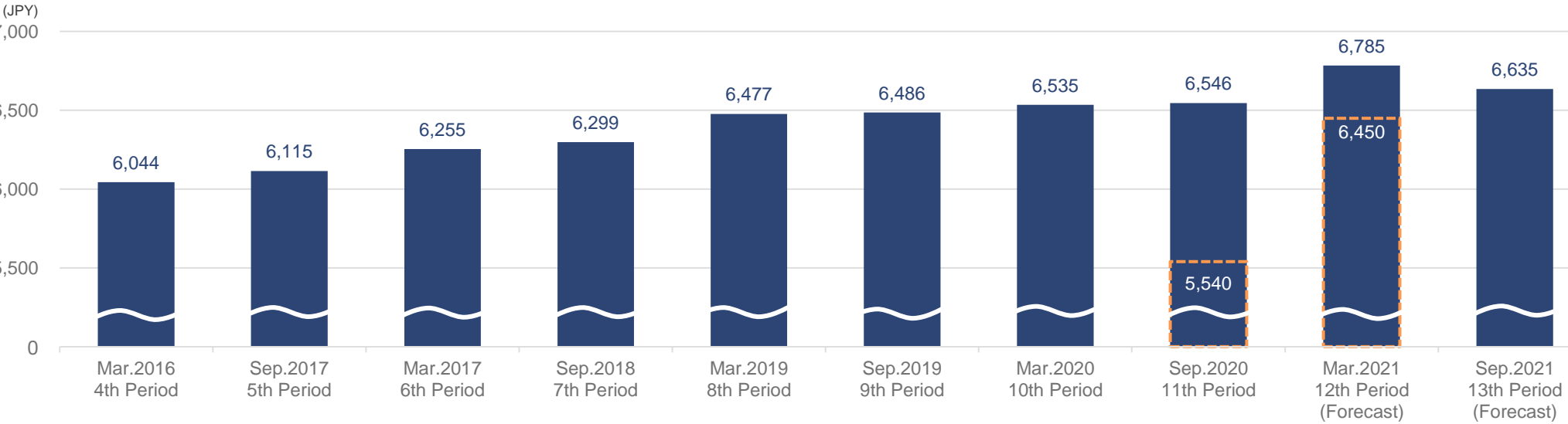
Note 2: "Appraisal NOI Yield" is calculated by dividing appraisal NOI from the latest appraisal reports by acquisition price. "NOI yield after depreciation" is based on the performance for the fiscal period ending Sep. 30, 2020.

Note 3: "Grocery anchored shopping centers" ratio is calculated by dividing total acquisition price of grocery anchored shopping centers by total acquisition price of retail properties.

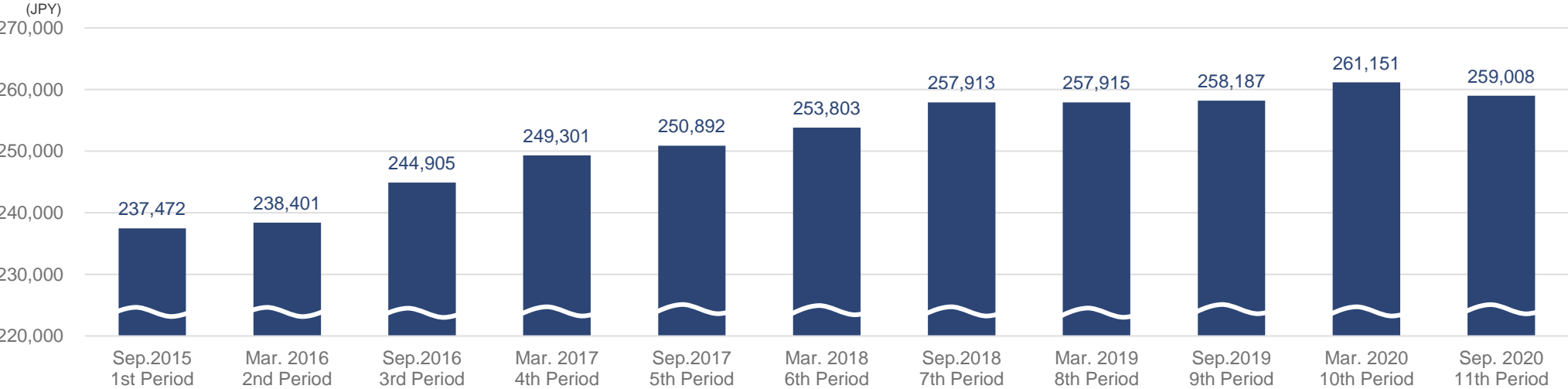
Note 3: "Number of tenants" at listing is figure as of Sep. 30, 2014.

Distribution per unit, NAV per unit and unrealized gain

Distribution per unit



NAV per unit



Unrealized gain	JPY 2,130 mn	JPY 4,657 mn	JPY 6,720 mn	JPY 8,493 mn	JPY 10,861 mn	JPY 12,270 mn	JPY 14,213 mn	JPY 14,438 mn	JPY 14,695 mn	JPY 15,572 mn	JPY 14,565 mn

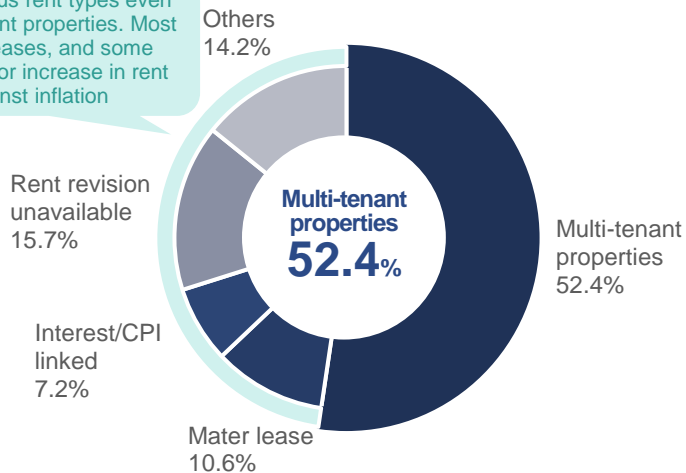
Note 1: The boxes in orange lines indicate the forecasts as of May 18, 2020.

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

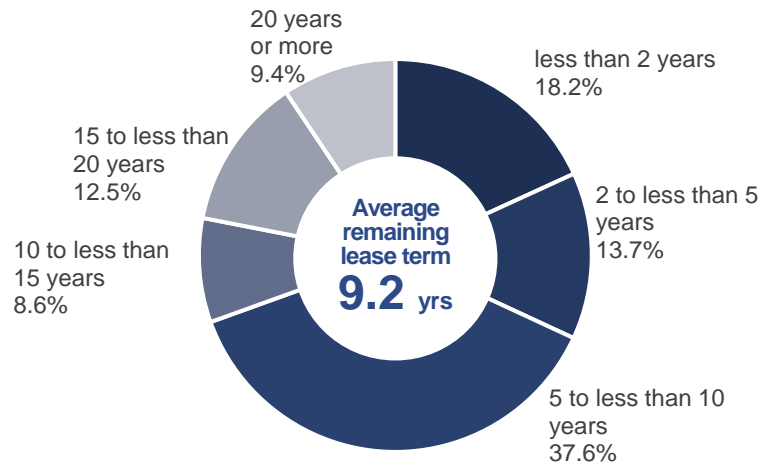
Leasing overview (1)

Multi-tenant properties (by acquisition prices)

There are various rent types even with single tenant properties. Most are long-term leases, and some have potential for increase in rent and hedge against inflation

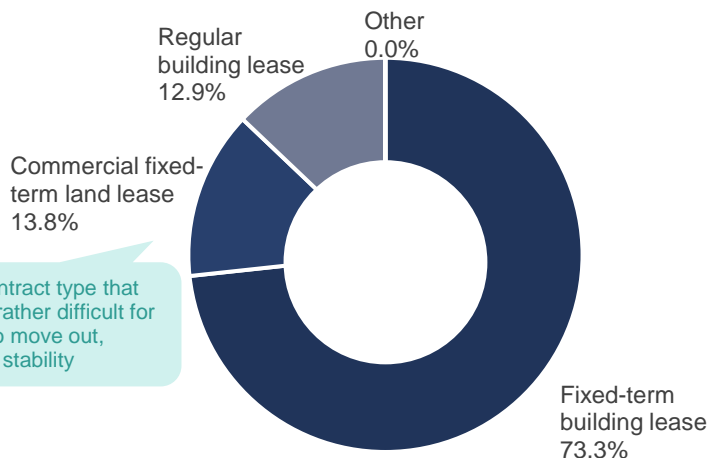


Remaining lease term (by annual fixed rent)



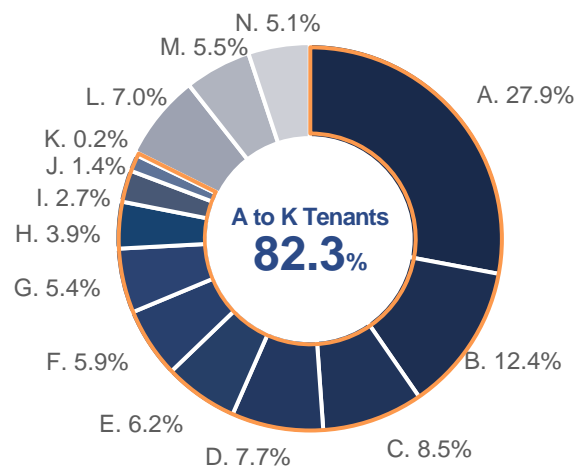
Lease contract type (by annual fixed rent)

Lease contract type that makes it rather difficult for tenants to move out, providing stability



Percentage of tenant categories (based on rents)

Tenants less affected by e-commerce



A.	Groceries & Costco	27.9%
B.	Master lease	12.4%
C.	Home & garden	8.5%
D.	Service businesses	7.7%
E.	Amusement	6.2%
F.	Health clubs	5.9%
G.	Logistics facilities	5.4%
H.	Restaurants	3.9%
I.	Drug stores	2.7%
J.	Dollar shops	1.4%
K.	Office	0.2%
L.	Other retailers	7.0%
M.	Apparel	5.5%
N.	Consumer electronics	5.1%

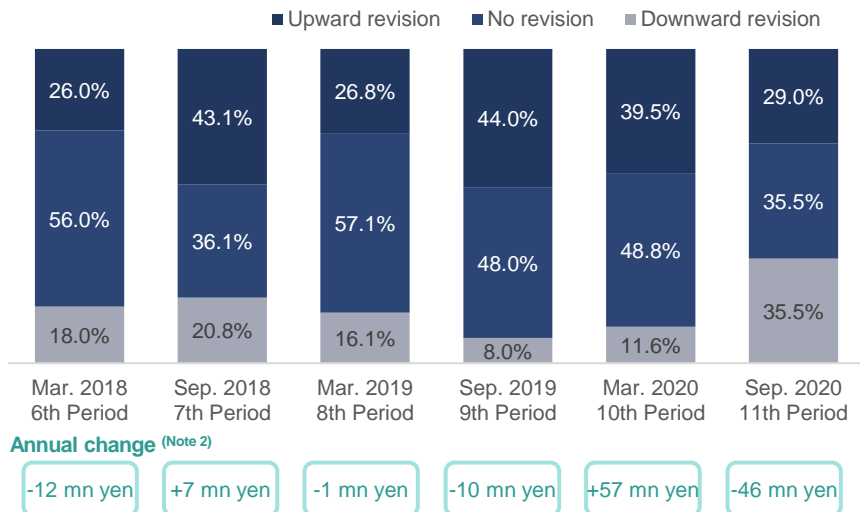
Note 1: The figures are as of Sep. 30, 2020, based on the 62 properties acquired by the date of this material.

Note 2: Based on the contractual rent determined in the lease contract, including regular building leases.

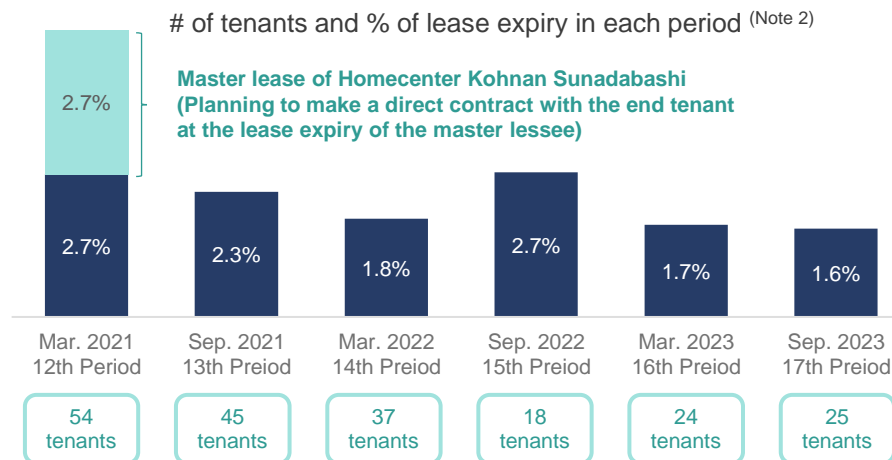
Note 3: "Master lease" indicates tenants where the lessee does not occupy and subleases to a retailer. "Interest/CPI-linked" indicates tenants whose rent contract renews accordingly to the interest rate or CPI.

Note 4: "Tenants less affected by e-commerce" has been reviewed from the previous FP material.

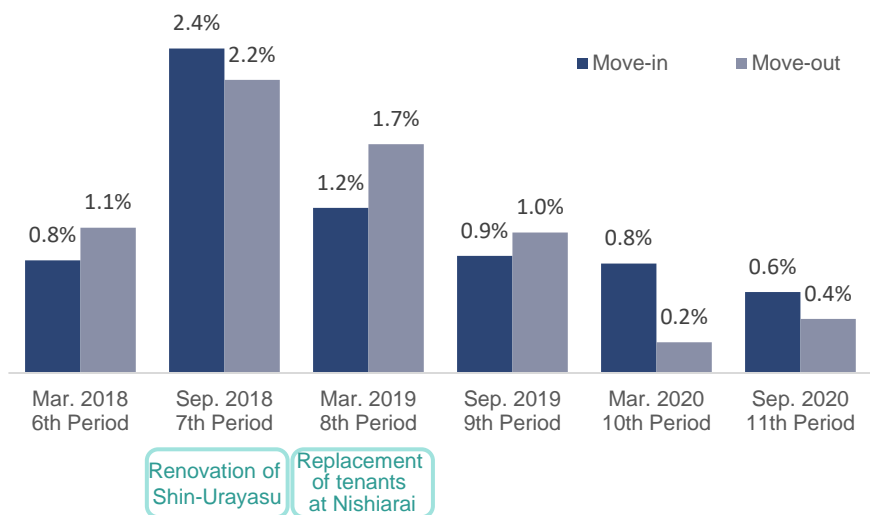
Rent revisions (based on number of revisions) (Note 1)



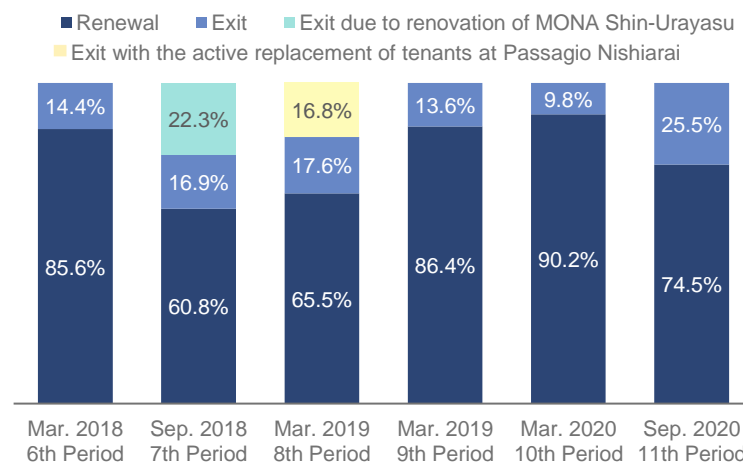
Lease expiry (by annual fixed rent)



Tenant move-in and move-out (Note 3)



Contract renewals at lease expiry in each period (Note 3)



Note 1: Based on the rent including common area charges before revision of the tenants subject to rent revision. Temporal rent reductions/deferrals due to the COVID-19 pandemic are excluded.

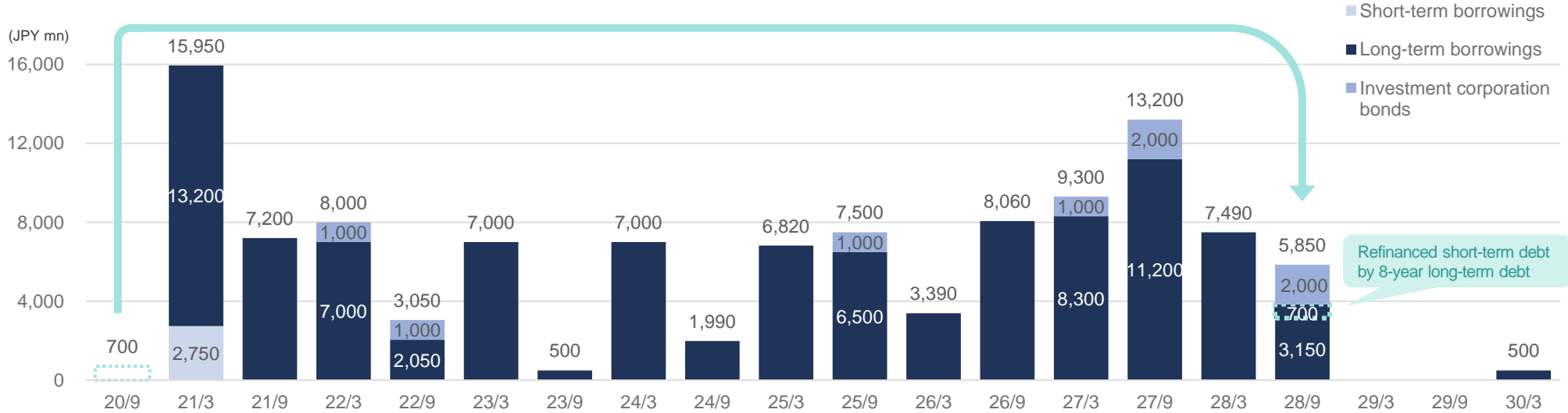
Note 2: Based on the contractual rent determined in the lease contract, including regular building leases, for properties owned as of Sep. 30, 2020.

Note 3: Based on the rent revenue of the last month of each fiscal period.

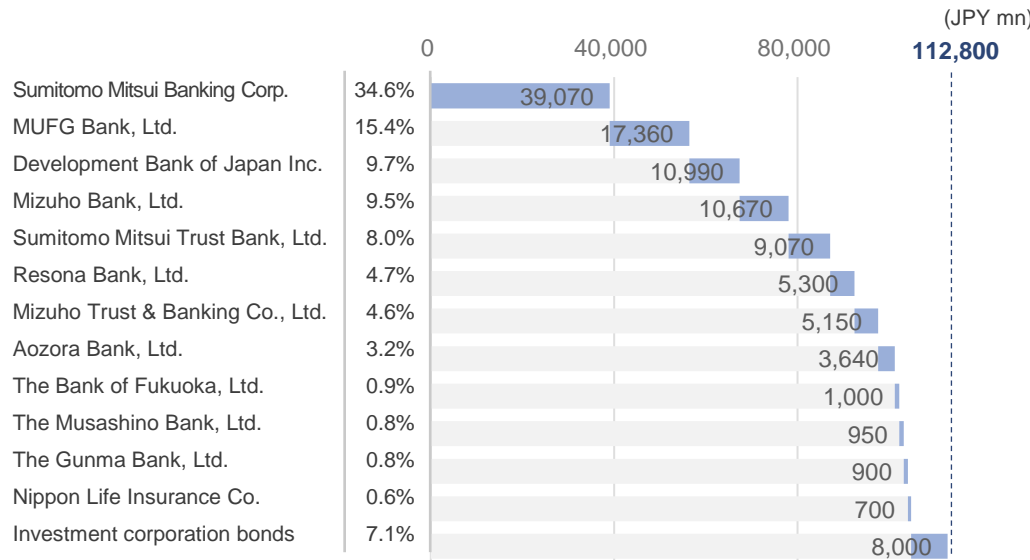
Borrowings and bonds (as of September 30, 2020)

Maturities of interest-bearing debts

Successfully refinanced JPY 700 million short-term debt by 8-year long-term debt in September 2020, amid the COVID-19 pandemic



Breakdown of debt outstanding by lender and investment corporation bonds



Commitment credit lines (total of JPY 3,000 mn)

Counterparty	Maximum amount	End of contract term
Sumitomo Mitsui Banking Corp.	JPY 1,000 mn	Mar. 31, 2021
Mizuho Bank, Ltd.	JPY 1,000 mn	Mar. 31, 2021
MUFG Bank, Ltd.	JPY 1,000 mn	Mar. 31, 2021

Investment corporation bonds

Bond	Amount of issuance	Rate	Issuance date	Term
1st Series	JPY 1,000 mn	0.20%	Oct. 2016	5 yrs.
2nd Series	JPY 1,000 mn	0.60%	Oct. 2016	10 yrs.
3rd Series	JPY 1,000 mn	0.32%	Aug. 2017	5 yrs.
4th Series	JPY 2,000 mn	0.70%	Aug. 2017	10 yrs.
5th Series	JPY 2,000 mn	0.70%	Apr. 2018	10 yrs.
6th Series	JPY 1,000 mn	0.40%	Apr. 2020	5 yrs.

Financial highlights

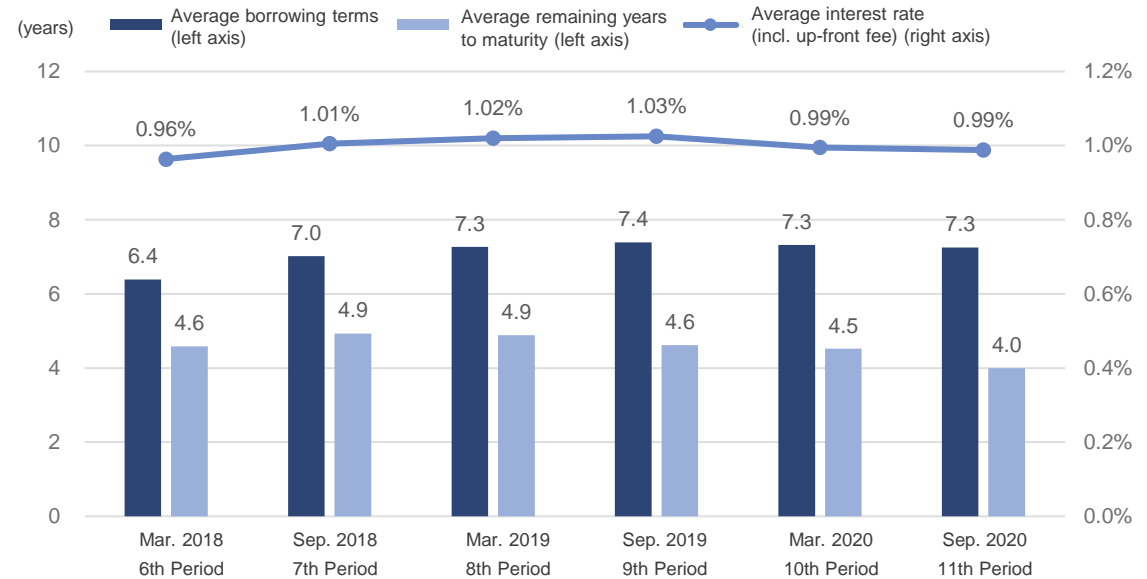
	9th FP	10th FP	11th FP
Long-term debt ratio	96.2%	96.9% >>	97.6%
Fixed interest debt ratio	94.2%	91.3% >>	91.3%
LTV	44.9%	44.5% >>	44.8%

Credit rating

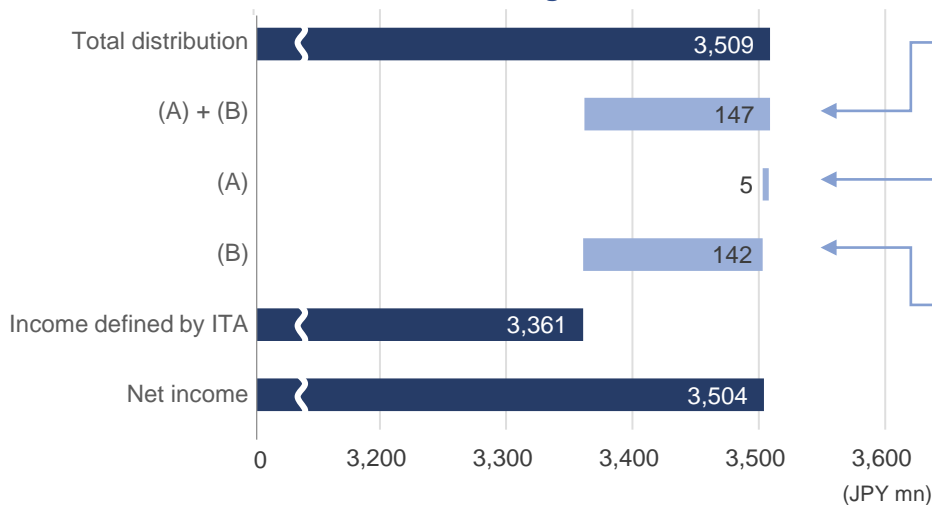
Credit rating (JCR)

A+ (Stable)

Average remaining years to maturity, borrowing terms and interest rate



Distribution in excess of retained earnings



Summary of distributions in excess of retained earnings

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

A: Japanese GAAP vs. Japanese tax law

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

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

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

04

Growth strategies focusing on stability

Security Code

3453



Unchanged demand for shopping centers for daily needs in residential areas that provide **daily necessities**, even amid the pandemic
 Continue **focused investments in shopping centers for daily needs**, which has been carried out since IPO
Selectively invest in retail distribution centers that meet the demand from e-commerce
 Overcame the “Crisis Period” caused by the pandemic in the 11th FP and **shift to the “Recovery Period”**

Shopping centers for daily needs

KRR’s core investment targets

- Providing daily necessities
- Consumption in residential areas
- Sales increase due to stay-at-home consumption

Crisis period

Prevention of tenant move-out

- **Help sustain tenant business**
Given the request for business suspension amid the pandemic and the state of emergency declaration, selectively grant rent reduction/deferral, and aim to sustain businesses of both tenants and KRR
- **Minimize the impact of COVID-19**
Minimize the impact of COVID-19 through preventing downtime caused by move-out and bankruptcy of tenants

▶ Improving occupancy rate

- 99.4% (10th FP end) → 99.7% (11th FP end)

▶ Response to tenants

- 193 of 196 requests resolved (96 tenant requests agreed with no reduction)

Recovery period

Increase in unit price

- **Asset reshuffle using the Sponsor support and proprietary network**
Improve the portfolio profitability by selling properties with low NOI yield after depreciation
Invest mainly in supermarkets, NSCs and retail distribution centers to adapt to changing environment
- **Unit buyback policy**
Comprehensively take into account unit price, NAV per unit, and use of cash on hand

▶ The Sale of Daikanyama Address Dixsept

- Disposition of a property with lower profitability and stability within the portfolio
- Seek to improve the profitability and quality of the portfolio by reshuffling assets using proceeds of the sale
- Stabilize DPU by enjoying gains on sale over next 3 periods

After recovery

AUM growth and credit improvement

- **Public offering**
Expand AUM by raising funds through public offering to enhance unitholder value
- **Credit improvement**
Aim for credit rating upgrade by enhancing earnings stability through AUM growth
Achieve further growth by reducing funding costs

Investments focusing on shopping centers for daily needs

“Daily / Neighborhood” type

KRR’s focus: Neighborhood, community and other shopping centers for daily needs

“Weekend / Destination” type

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

Small

Trade area

Large

High

Frequency of customer visits

Low

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

Large-scale suburban retail properties

RSC (Regional shopping centers)

GMS (General merchandise stores)

Stand-alone GMS is excluded from our investment criteria

Outlet malls

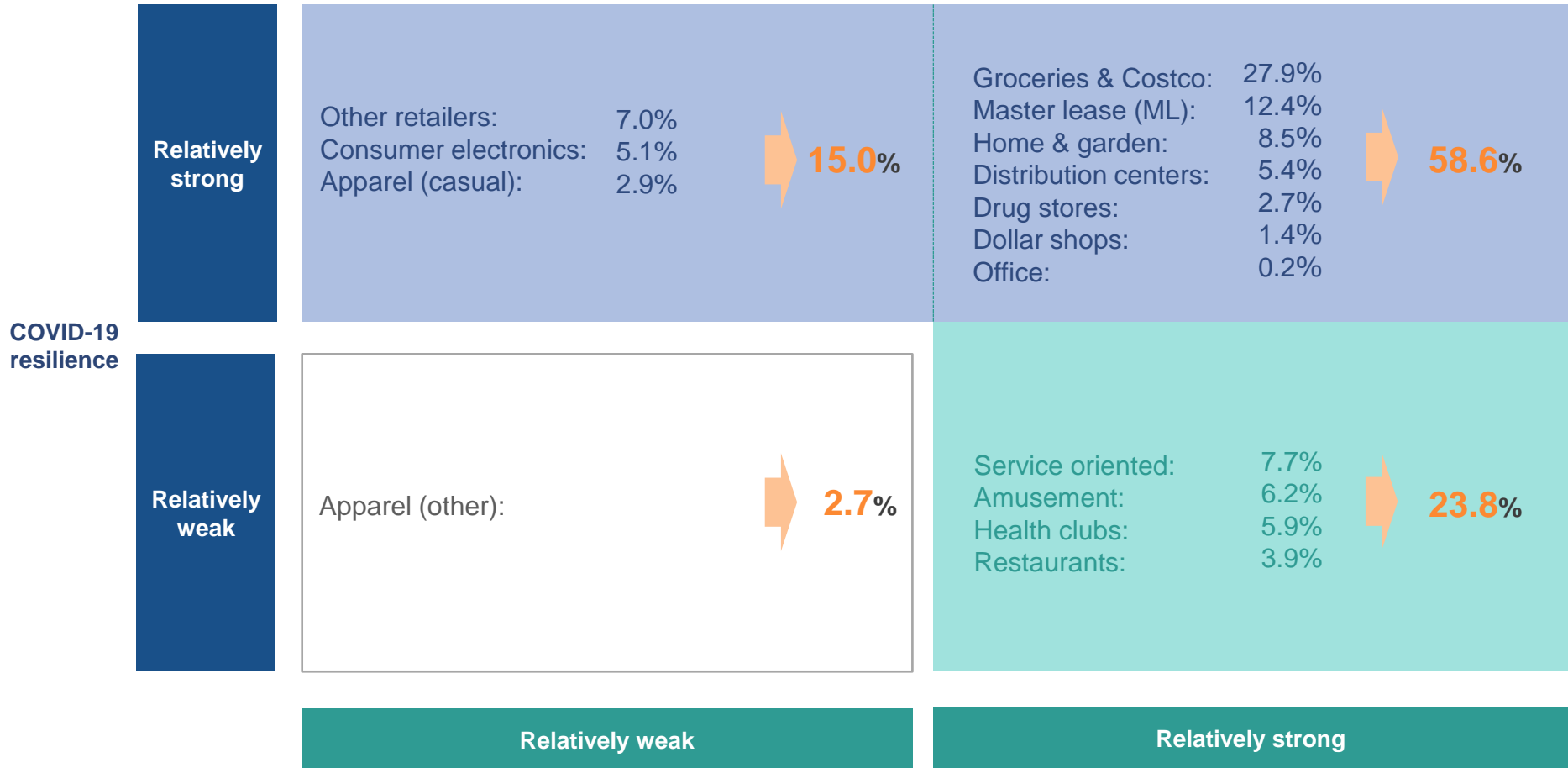
Urban retail properties featuring

High-end brand shops

Portfolio Composition

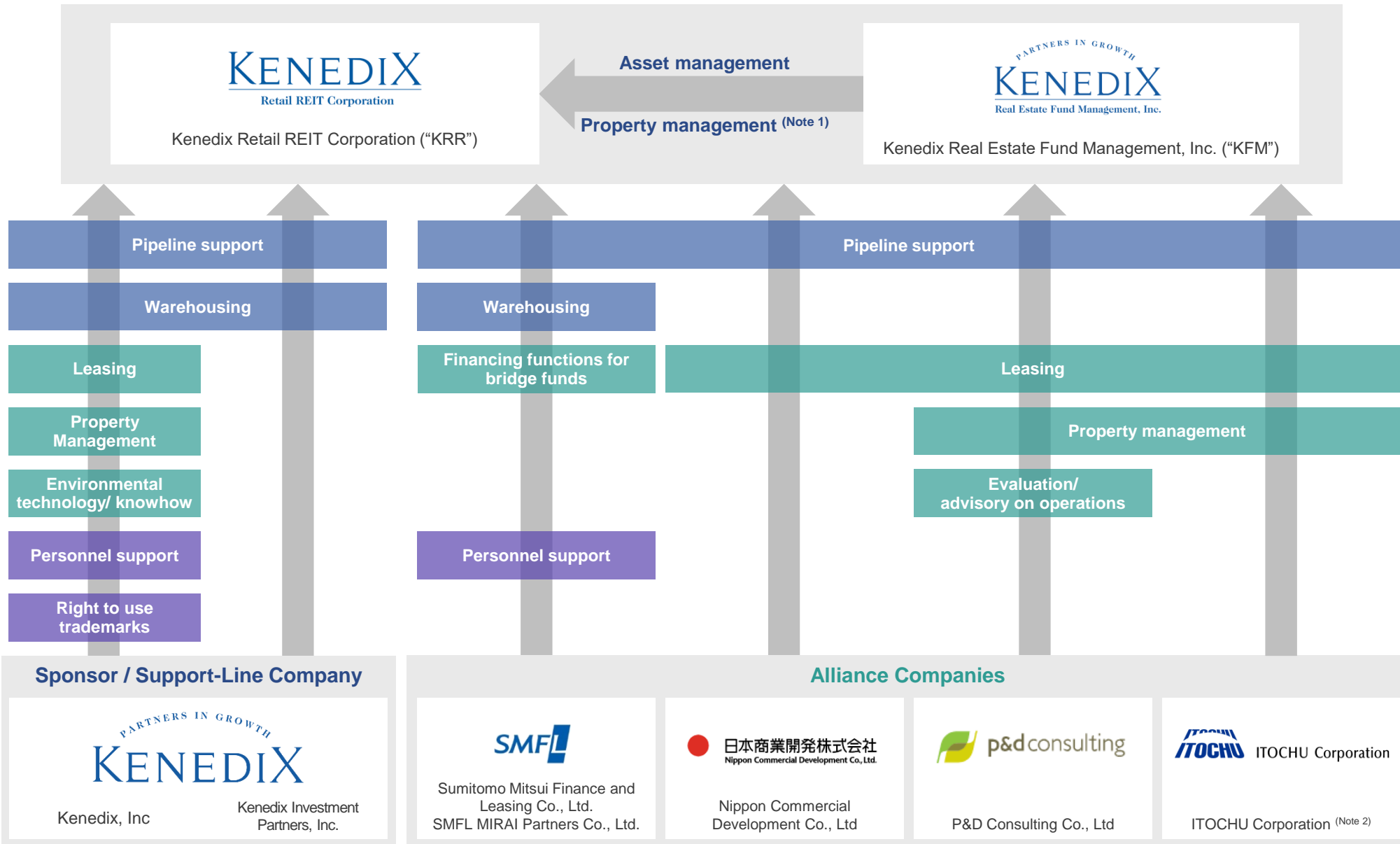
Resilience against COVID-19 and e-commerce

73.5% of the portfolio is COVID-19 resilient and 82.3% is e-commerce resilient
 More than half of the portfolio is both COVID-19 and e-commerce resilient



E-commerce resilience

Strong support from the Kenedix Group and Alliance Companies



Note 1: KFM may not necessarily be the property manager for all KRR properties.

Note 2: 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.

Pipelines from Sponsor and Alliance Companies

Apita Terrace Yokohama Tsunashima (49% quasi-co-ownership interest)
 Location: Yokohama, Kanagawa
 (opened in Mar. 2018)



Kenedix-TOCHU Fund (Note 1)

Land area	18,300.01m ²	GFA	38,442.49m ²
-----------	-------------------------	-----	-------------------------

Kitera Town Chofu
 Location: Chofu, Tokyo



Kenedix (Warehousing)

Land area	10,527.17m ²	GFA	23,588.18m ²
-----------	-------------------------	-----	-------------------------

Kitera Town Fukuoka Nagahama
 Location: Fukuoka, Fukuoka
 (expected to open in spring 2021)



Kenedix (Development)

Land area	3,471.00m ²	GFA	TBD
-----------	------------------------	-----	-----

Unicus Urawamisono (Land)
 Location: Saitama, Saitama
 (opened in Mar. 2017)



Alliance Company (P&D)

Land area	3,533.59m ²	GFA	---
-----------	------------------------	-----	-----

Monenosato Mall (Expansion buildings)
 Location: Yotsukaido, Chiba
 (Fully opened in autumn 2020)



Kenedix (Brokerage)

Land area	---	GFA	625.49m ²
-----------	-----	-----	----------------------

Merado Daikai
 Location: Kobe, Hyogo



Land area	7,256.34m ²	GFA	19,465.69m ²
-----------	------------------------	-----	-------------------------

Distribution center
 Location: Chiba Prefecture



Alliance Company (SMFL)

Land area	---	GFA	---
-----------	-----	-----	-----

Distribution center
 Location: Sapporo, Hokkaido



Land area	---	GFA	---
-----------	-----	-----	-----

Note 1: Apita Terrace Yokohama Tsunashima (49% quasi-co-ownership interest) is currently owned by a special purpose company whose equity is fully invested by the Sponsor.

Note 2: The illustrations of Monenosato Mall is a completion image based on design drawings and may differ from the actual buildings after completion. In Monenosato Mall, the pipeline targets are expansion buildings in the red boxes in the completion image.

Note 3: These are the properties which are developed by Kenedix, Inc. or owned by Alliance Companies and confirmed by both our Alliance Companies and KRR as the properties that meet KRR's investment criteria.

As of the date of this material, KRR has not decided to acquire these properties and there is no guarantee that it can acquire these properties in the future.

Note 4: Land area and GFA are based on data available to KFM and may differ from the actual figures.

Similar functions of retail and logistics facilities in providing customers with merchandise

Examples in KRR portfolio

An online store opens a physical store in KRR property



M-ALL +PLUS Blumer Maitamon (Blumer Maitamon)

- Housed M-ALL+PLUS at Blumer Maitamon, the first physical store of M-ALL, an online shopping mall specializing in eyeglasses and contact lenses
- The store offers new services that can only be provided at a physical store, including pickup, readjustment, and fitting of products purchased on the website

Delivery of products from retail facilities



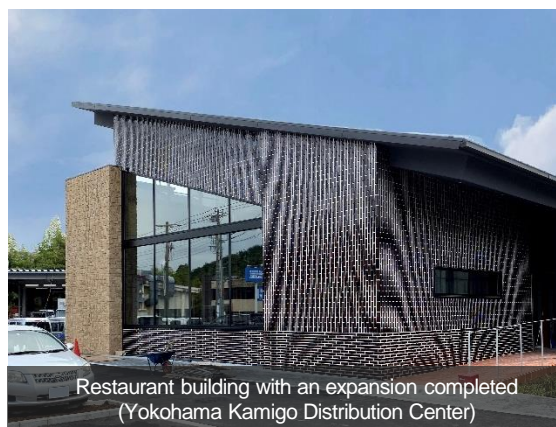
Kyorindo Net Super delivery vehicles
(P-1 Plaza Tenno)

Installation of lockers to pick up products at retail facilities



Amazon Locker (P-1 Plaza Tenno)

Integration of logistics and retail facilities



Restaurant building with an expansion completed
(Yokohama Kamigo Distribution Center)

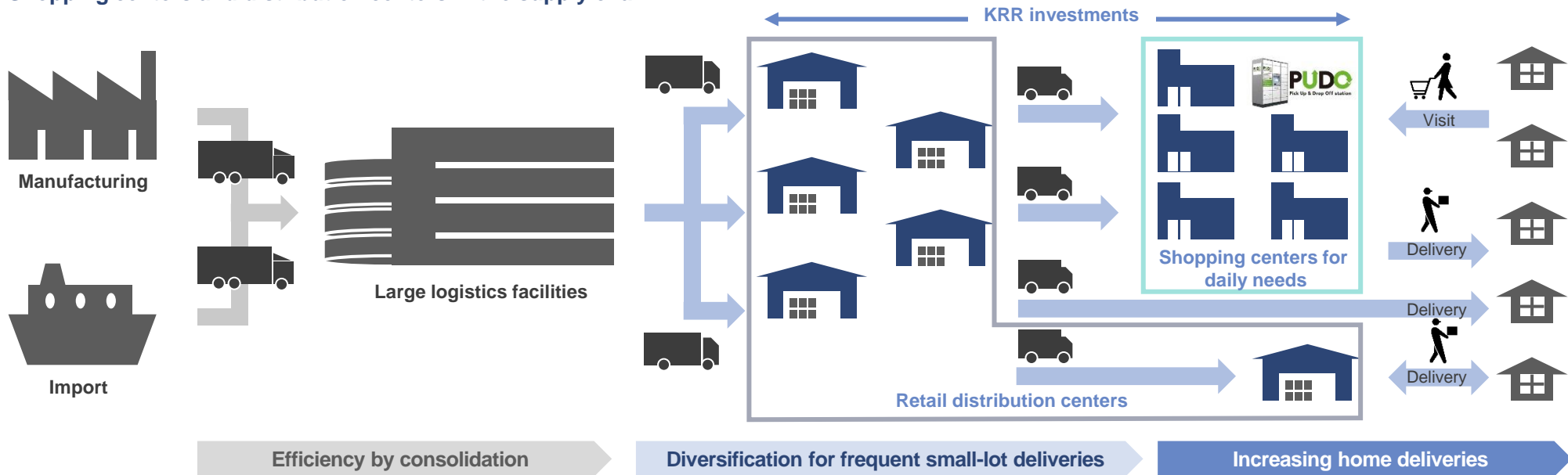
Leasing a portion of the land of retail properties to logistics operators



Cargo transfer area
(Kurume-Nishi Shopping Center)

Similar functions of retail and logistics facilities in providing customers with merchandise

Shopping centers and distribution centers in the supply chain



Changes in retail facilities with the rise of e-commerce

- Partnerships between online and brick-and-mortar retailers
- Delivery of products from retail facilities
- Pickup of products at retail facilities
- Integration of logistics and retail facilities

Challenges faced by the logistics sector with the rise of e-commerce

- Frequent small deliveries
- Shorter lead time
- Managing to last mile issue
- Needs for distribution centers close to consumption areas

Target portfolio distribution



Examples of internal growth initiatives

Property expansion on the underutilized space

Yokohama Kamigo Distribution Center

Additional acquisition of building (restaurant building) newly constructed (expanded) on the acquired land
 Additional building is scheduled to be constructed in the future (details on p.33)



Construction cost	Profit enhancement	Investment return
Total project cost	NOI Increase	NOI yield
JPY 119mn	JPY +17mn	+14.4%

Kasumi Technopark Sakura (Note)

Additional floor space is scheduled to be added to improve profitability. Construction is scheduled to begin in January 2021 and the store to reopen in April 2021



Construction cost	Profit enhancement	Investment return
Total project cost	NOI Increase	NOI yield
JPY 92mn	JPY +5.6mn	+6.2%

Examples of leasing

Ashico Town Ashikaga

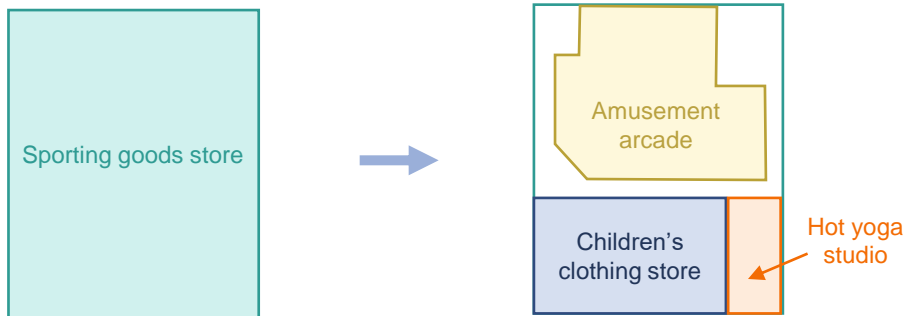


- The space was divided into three to implement leasing activities after a sporting goods store moved out; housed a children's clothing store, an amusement arcade, and a hot yoga studio as successor tenants
- Children's clothing store and amusement arcade opened in September and October 2020, respectively. Hot yoga studio is scheduled to open in January 2021

Homecenter Kohnan Sunadabashi



- The master lessee, a general business company, currently subleases the property to the end tenant. KRR is seeking to enter into a lease agreement directly with the end tenant upon the expiration of the master lease agreement in March 2021
- The intention of the end tenant to continue its business has been confirmed



Note: The exterior image is based on the planned extension as of the date of this material and may differ from the actual completed building. The figures are estimates.

ESG initiatives (new initiatives)

Acquiring Green 1 (F) of Green Finance Framework

Acquired Green 1 (F), the highest rating in JCR Green Finance Framework Evaluation

Overall evaluation	Green 1 (F)
Greenness evaluation (Use of proceeds)	g1 (F) (Top of a 5-point scale)
Management, operation, and transparency evaluation	m1 (F) (Top of a 5-point scale)

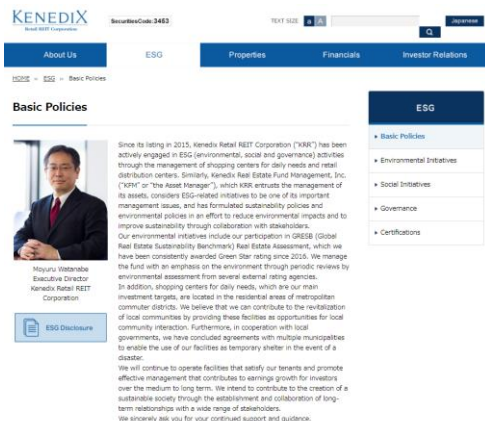
Preparation for issuing green bonds

Green bonds that meet the following eligibility criteria can be issued

Eligibility criteria 1 (Funds to acquire green building, funds to repay debt and redeem investment corporation bonds)			Eligibility criteria 2 (Construction and facilities repair work that contribute to energy conservation and environmental improvement)		
DBJ Green Building Certification "three stars" or higher	Certification for CASBEE for Real Estate "B+ ranking" or higher	BELS Assessment "★★★" or higher	Reduction in energy consumption by 10% or more	Reduction in water consumption by 10% or more	Reduction in other consumption by 10% or more (those contributing to environmental improvement)

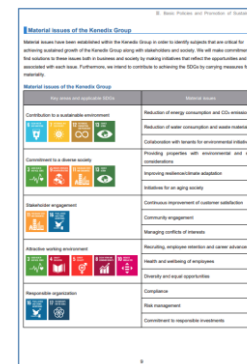
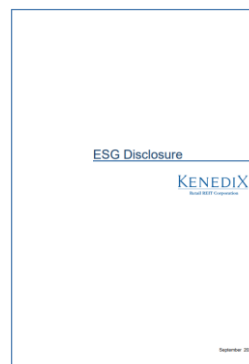
Updated KRR's website

Updated KRR's website expanding ESG sections



Published ESG Disclosure 2020

Published ESG Disclosure 2020 and posted on KRR's website



ESG initiatives (recognitions and certifications)

The number of certified properties and certified floor area (m²) (as of September 30, 2020)

The number of properties	Certified floor area (m ²)	Ratio (%) ^(Note)
16 properties	392,484.56 m ²	54.2%

Acquired DBJ Green Building Certifications (14 properties)

★★★★ Properties with outstanding environmental & social awareness

★★★ Properties with excellent environmental & social awareness

★★ Properties with high environmental & social awareness



Blumer Maitamon

Daikanyama Address Dixsept

MONA Shin-Urayasu

Passaggio Nishiarai

Unicus Ina

Unicus Yoshikawa

Kawamachi Yahagi Mall

Blumer HAT Kobe

Carino Esaka

Roseo Mito

Ashico Town Ashikaga

Sun Street Hamakita

Yumemachi Narashinodai Mall

Resora Obu Shopping Terrace

Acquired Certification for CASBEE for Real Estate (2 properties)



Homecenter Kohnan Sunadabashi
S rank ★★★★★

Musashi Ranzan Distribution Center
A rank ★★★★★

Won the first place in the “Eastern Asia - Retail - Listed” category in GRESB (2019)



Participated in the GRESB Real Estate Assessment in 2019 consecutively from the first participation in 2016

Awarded “**Green Star**” as KRR received high evaluation on both “implementation and measurement” and “management and policy” for four consecutive years

Earned “**Four Star GRESB Rating**,” which is relative indication of the global performance

Won the first place in the “Eastern Asia - Retail - Listed” category

The result of GRESB Real Estate Assessment 2020 will be released in late November

Note: The ratio is the percentage of certified floor area to the gross floor area of properties owned by KRR (724,800.29m², calculated on a pro-rata basis of ownership ratio for compartmentalized ownership, excluding land-only properties).

ESG initiatives (Environment and Society)

Environmental initiatives

Installation of solar panels at Kawamachi Yahagi Mall

Operating from July 30, 2020 (Power generation capacity: 302.40kW)



Actual
(August to September 2020)

Power consumption	312,145kWh
Power generation results	67,047kWh
Power cost reduction (Note 1)	JPY 1,154,000

Recycling of stored rainwater at Yokohama Kamigo Distribution Center (Note 2)

Decided to construct a new building (property expansion) on the acquired land
Installing a rainwater tank to recycle stored rainwater



Planned schedule

Nov. 2020 Execution of contract → Feb. 2021 Completion and transfer of the new building

NOI increase

JPY 1.1 mn

NOI yield

12.5%

Green lease agreements

Green lease is an agreement specifying that property owners and tenants shall cooperate to reduce environmental burden
We have entered into green lease agreements with some of our tenants

Number of tenants with a green lease	Ratio of green lease (Note 3)
171	34.5%

As of August 31, 2020

Social initiatives

Collaboration with local communities

We entered into agreements with Yoshikawa City, Ina Town, Konosu City can be used as a temporary shelter at times of emergency



Unicus Ina

Supporting UNICEF

We support the activity of UNICEF (United Nations Children's Fund) by providing common areas of our properties for their fund-raising campaign



Blumer Maitamon

Local events at our properties (Note 4)

We are making efforts to enliven local communities by holding community-participating events at our properties



Unicus Ina

Note 1: Calculated by multiplying the amount of power generated by solar panels by the unit price for each month received from electric power companies.

Note 2: The illustration is completion images based on design drawings and may differ from the actual buildings after completion.

Note 3: Calculated by dividing the number of tenants with a green lease by the total number of 496 tenants.

Note 4: Some events are restrained or restricted due to the COVID-19 pandemic.

The Kenedix Group's strong commitment to J-REITs

Because of the importance of the J-REIT business to the Kenedix Group, KRR's sound growth is in line with Kenedix's interests

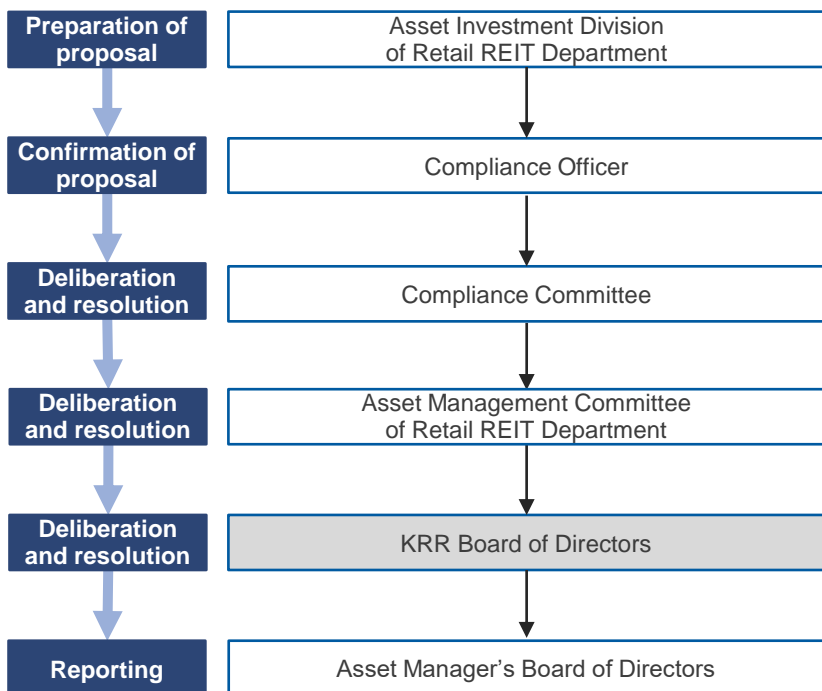


Investment in KRR by Kenedix, Inc.

(as of September 30, 2020)

Number of units owned	10,050 units	Ownership	1.9%
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Decision-making process for acquisition and sale of properties (Note 1)



Note 1: Transactions within the scope of insignificance criteria are excluded from the decision-making process above.
 Note 2: Including acquisition of buildings through expansion or reconstruction.

Unitholder value-linked management fee structure

Introduction of fee structure to provide incentives to enhance unitholder value

	Method for calculation		
	Subject of calculation	Rates	
Asset management fee	I	Total assets	0.27% (annual rate)
	II	Net income × DPU	0.0013%
Investment unit performance fee	KRR's excess return × Market capitalization		0.1%
Acquisition fee (Note 2)	Acquisition price		1.0%
Disposition fee	Disposition price		0.5%
Merger fee	Appraisal value of assets to be succeeded		1.0% (maximum)

Investment unit performance fee calculation for 10th FP

(1) KRR's excess return against TSE REIT Total Return Index (Mar. 31, 2020 to Sep. 30, 2020)

KRR's total return: 42.53%
 TSE REIT Total Return Index: 10.63%
 ⇒ KRR's excess return: 31.90%

(2) KRR's market capitalization at Mar. 31, 2020

JPY152,700 × 536,177 units ≒ JPY81,874 mn

(3) Expected investment unit performance fee expensed during 12th FP

$\frac{31.90\%}{(1)} \times \frac{\text{JPY}81,874 \text{ mn}}{(2)} \times 0.1\% \doteq \text{JPY}26 \text{ mn}$

05

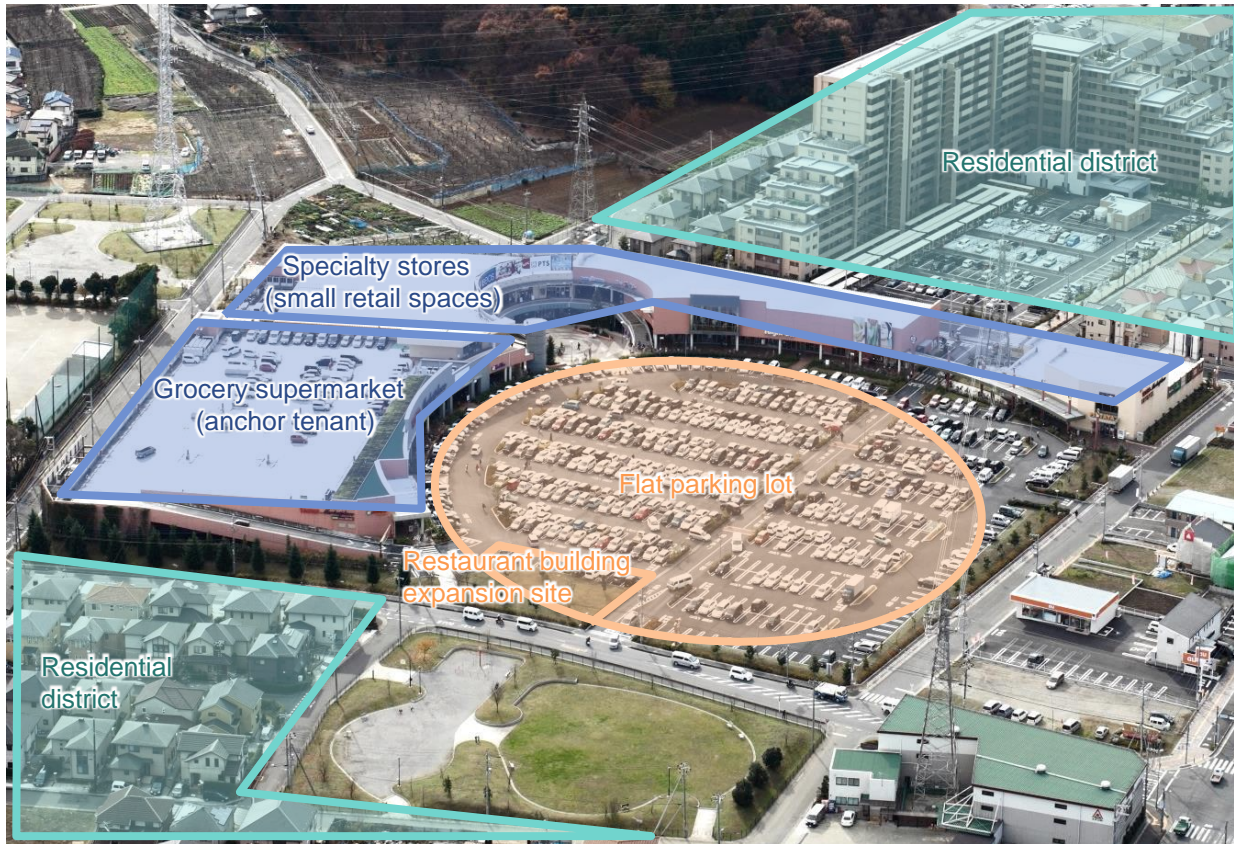
Key characteristics of KRR

Security Code

3453



Primary characteristics of shopping centers for daily needs



Location Located within residential areas of a metropolitan commuter district

- Retail trade area population ^(Note)
 - 1km radius: 10,000 people
 - 3km radius: 62,000 people
 - 5km radius: 247,000 people

Tenants Providing primarily daily necessities

- Housing Yaoko, a grocery supermarket, as the anchor tenant and a group of specialty stores



An anchor tenant with strong ability to attract customers



A group of specialty stores selected to satisfy the various needs of local residents (including apparel stores, drug stores, restaurants, a dollar shop 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 ²
Total construction cost	JPY 91 mn

Note: Populations in each radius are calculated based on the 2015 national census.

Retail market trends: GMS vs. Specialty stores

Buying goods at GMS

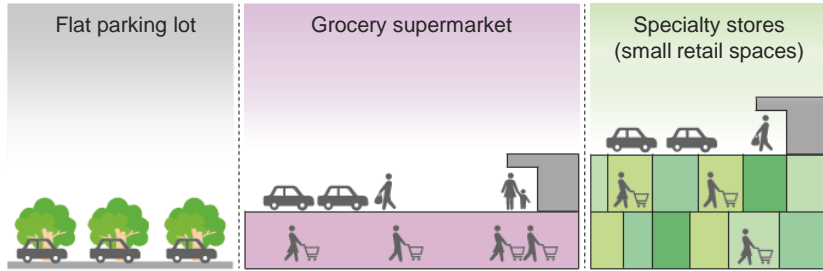
2007		(JPY bn)
	Type of store	Sales
1	Supermarket	12,961.0
2	GMS	8,602.1
3	Department store	8,283.1
4	Convenience store	7,413.9
5	Other retailers	5,743.7
6	Consumer electronics	5,719.1
7	Drug store	3,692.2
8	Apparel	3,177.7
9	Home and garden	2,835.6
10	Consumers' co-operative	2,487.0

Buying goods at specialty stores

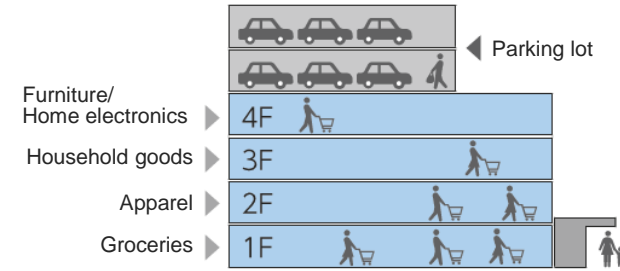
2020		(JPY bn)	
	Type of store	Sales	Change
1	Supermarket	16,338.7	+26.1%
2	Convenience store	11,168.5	+50.6%
3	Drug store	9,213.5	+149.5%
4	Other retailers	7,486.7	+30.3%
5	GMS	7,175.5	-16.6%
6	Apparel	6,084.0	+91.5%
7	Consumer electronics	5,678.8	-0.7%
8	Department store	5,635.1	-32.0%
9	Home and garden	3,457.0	+21.9%
10	Consumers' co-operative	2,455.7	-1.3%

Advantages of shopping centers for daily needs over GMS

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

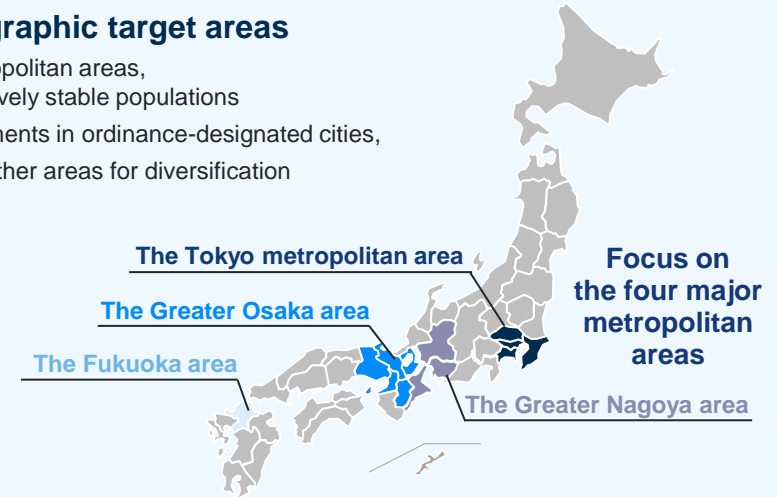
Investment criteria

Focus on the following four elements in making investment decisions:

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

Primary geographic target areas

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



Target portfolio distribution (based on acquisition price)

Distribution centers
Other retail facilities
20% or less



Investment in land - Seeking additional growth opportunities

We also seek investment opportunities in the underlying land of retail properties and distribution centers

- 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

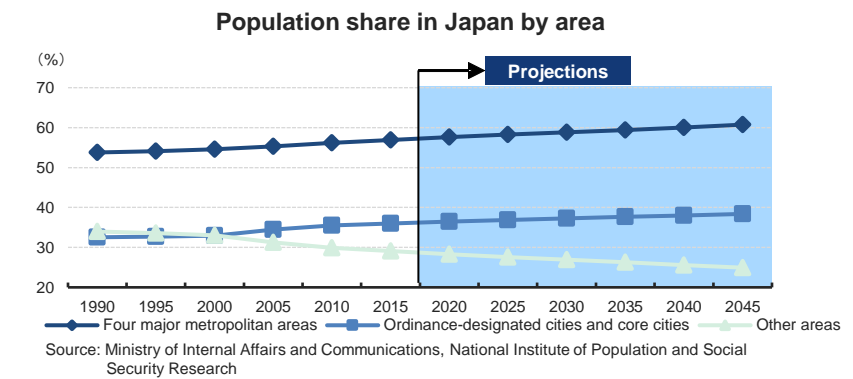
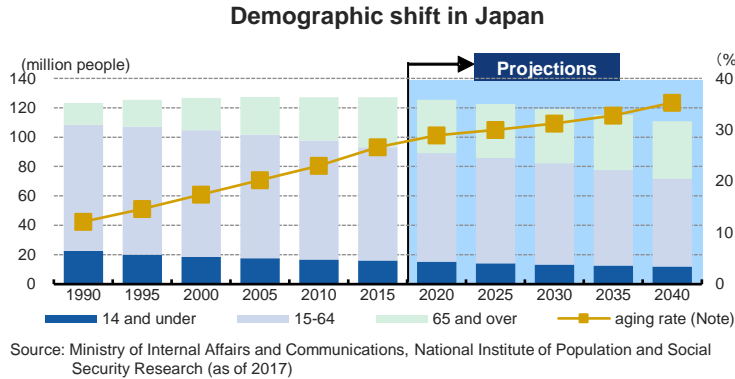
Advantages to tenants

- 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

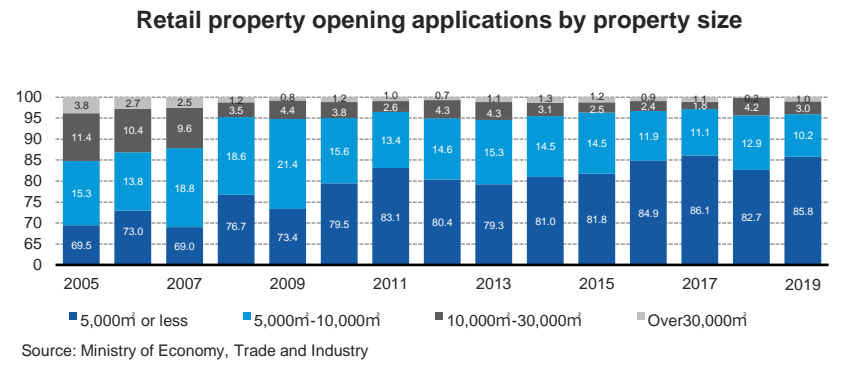
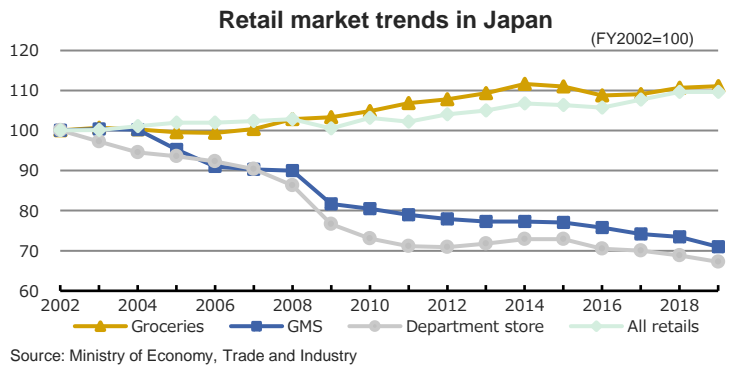
Note: Target areas for distribution centers include locations near expressways or major public highways and easy access to a major metropolitan area or an ordinance-designated city and core city.

Retail property trends and macroeconomic conditions

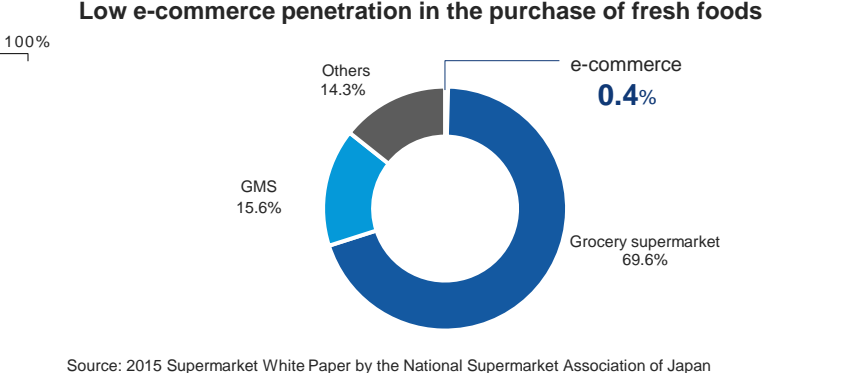
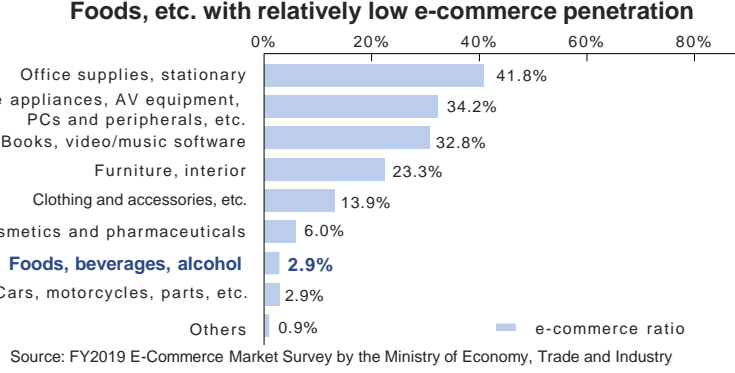
Shrinking retail trade area due to aging and concentrating population in Japan



Changing retail facilities



Shopping centers for daily needs are highly resistant to e-commerce



	Japan	US	Japan : US
Land area (km²) (Source 1)	377,915	9,833,517	1 : 26
Habitable area (km²) (Source 2)	122,633	6,101,444	1 : 50
Population (thousand) (Source 3)	125,507	332,639	1 : 2.6
Population density (Land area) (persons/km²)	332	34	10 : 1
Population density (Habitable area) (persons/km²)	1,023	55	19 : 1
Number of SC (Source 4)	3,220	46,023	1 : 14
Total floor area for SC (m²) (Source 4)	53,651,811	702,730,000	1 : 13
Number of SC per million people	25	138	1 : 5.5
Floor area for SC per capita (m²/person)	0.42	2.08	1 : 5
EC share (Source 5)	6.8%	16.1%	—
Share of expenses for meats, fishes and fresh vegetables to all food expense (Source 6)	26.5%	19.7%	—
Share of expense for restaurant meals to all food expense (Source 6)	18.3%	43.7%	—

Source 1: Central Intelligence Agency "The World Factbook"

Source 2: Official Statistics of Japan "Statistical Observations of Municipalities 2019" (Japan), Central Intelligence Agency "The World Factbook"(US)

Source 3: Central Intelligence Agency "The World Factbook"

Source 4: Japan Council of Shopping Center (2019) (Japan), Japan Council of Shopping Center "SC White paper" (2019, excluding CVC) (US)

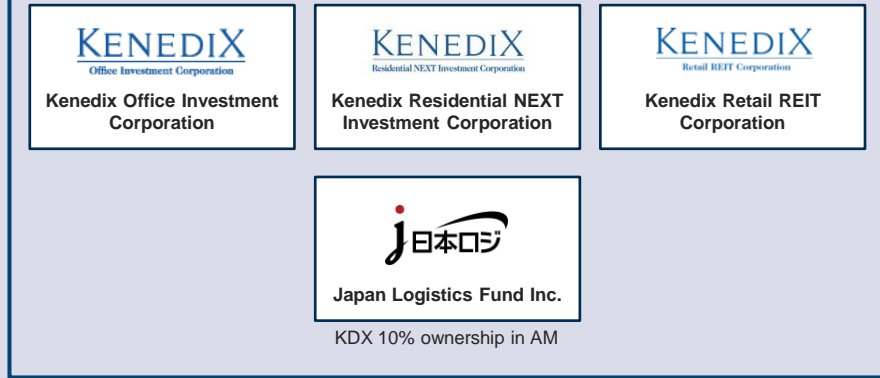
Source 5: The Ministry of Economy, Trade and Industry "Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)" (2020) (Japan), Statista (2019) (US)

Source 6: The Ministry of Internal Affairs and Communications "Family Budget Survey" (2019) (Japan), Bureau of Labor Statistics (2018) (US)

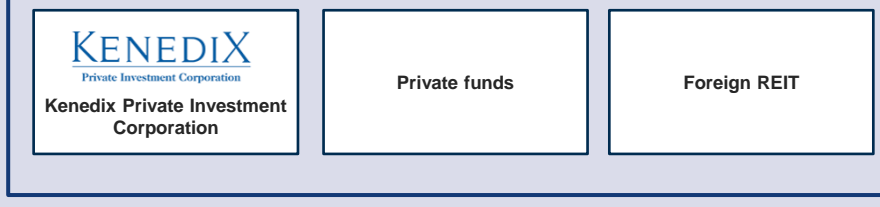
The Kenedix Group's strong commitment to J-REITs

Total AUM: JPY 2,504.6 bn (as of Sep. 30, 2020)

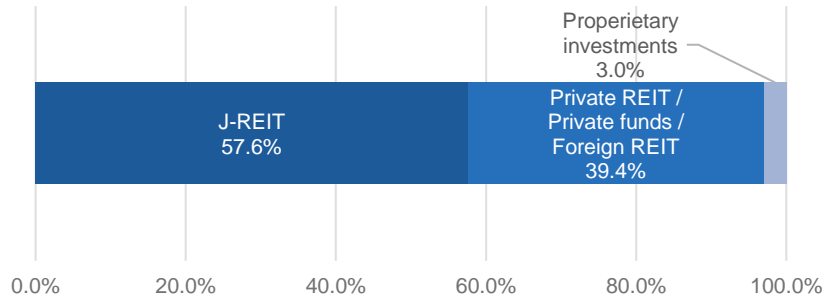
J-REIT: JPY 1,442.9 bn



Private REIT / Private funds / Foreign REIT : JPY 986.6 bn

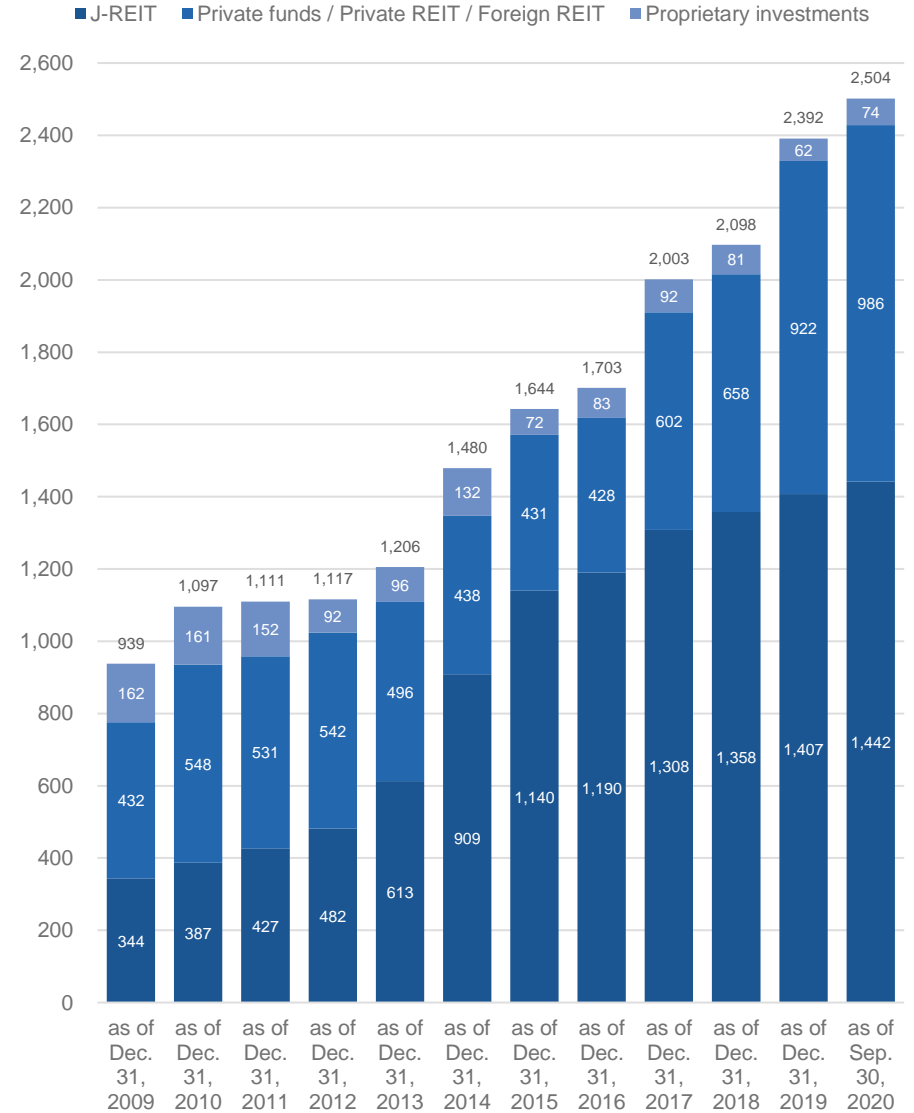


Breakdown of AUM as of Sep. 30, 2020



The Kenedix Group's total AUM

(JPY bn)



Note 1: The Kenedix Group's total AUM includes proprietary investments of JPY 74.9 bn.

Note 2: The Kenedix Group's total AUM as of September 30, 2020 includes Premier Investment Corporation's AUM of JPY 246.7 billion, but this will be excluded from the Kenedix Group's total AUM after October 2020.

06

Portfolio and unitholder information

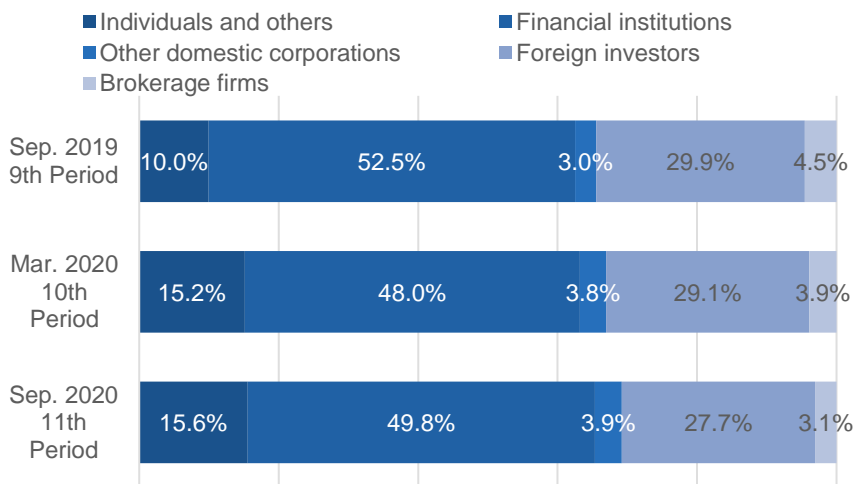
Security Code

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Unitholder information (as of Sep. 30, 2020)

Ownership ratio by investor type



Number of unitholders by investor type

	Sep. 2019 9th FP	Mar. 2020 10th FP	Sep. 2020 11th FP
Individuals and others	10,308	12,887	13,252
Financial institutions	City/ Trust banks	13	13
	Regional banks	23	14
	Shinkin banks and others	63	69
	Life/ Nonlife	5	5
	Total	104	101
Other domestic corporations	232	306	310
Foreign investors	235	239	252
Brokerage firms	28	25	29
Total	10,907	13,558	13,941

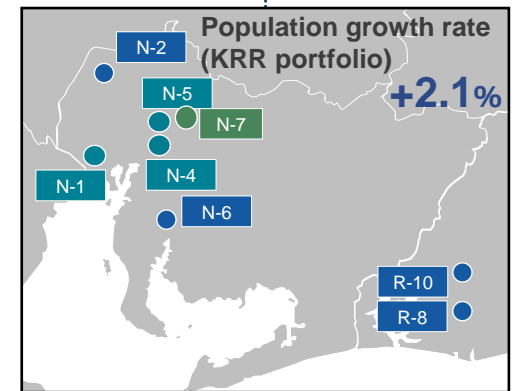
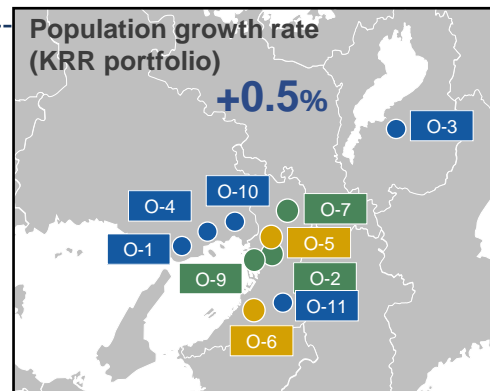
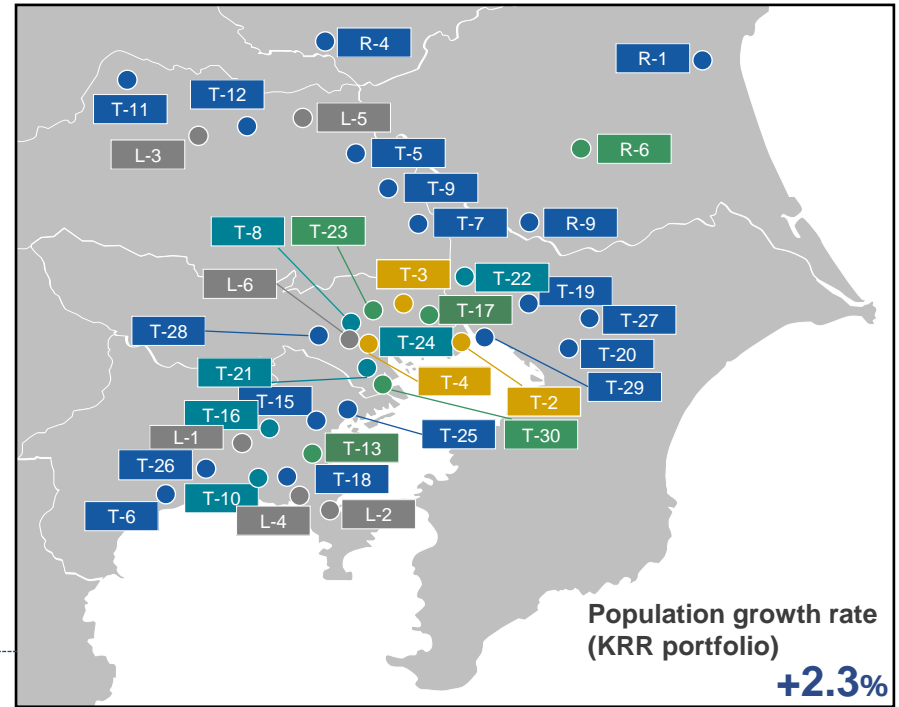
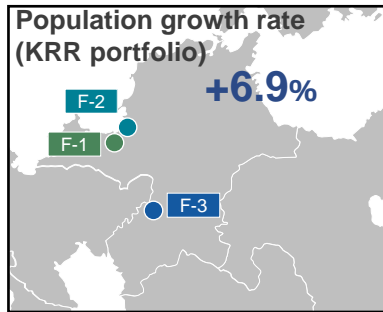
Major unitholders

Name	# of units held	Ratio (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.)	88,383	16.48%
CUSTODY BANK OF JAPAN, LTD. (Trust Acct.)	53,408	9.96%
THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.)	29,471	5.49%
CUSTODY BANK OF JAPAN, LTD. (Securities Investment Trust Account)	14,291	2.66%
MIZUHO TRUST & BANKING CO., LTD.	13,717	2.55%
AOZORA BANK, LTD.	11,958	2.23%
KENEDIX, INC.	10,050	1.87%
STATE STREET BANK WEST CLIENT-TREATY 505234	8,314	1.55%
SSBTC CLIENT OMNIBUS ACCOUNT	8,222	1.53%
J.P. MORGAN BANK LUXEMBOURG S.A. 385576	7,774	1.44%

Note: "Ratio" is based on number of units issued and outstanding, rounded down to the second decimal place.

Portfolio map (as of Sep. 30, 2020)

■ NSC
 ■ SM
 ■ Urban Station-Front SC
 ■ SS
 ■ Distribution Centers



Population growth rate (Trade area of KRR portfolio) (Note)

+2.1%

Population growth rate of Japan (Note)

-0.8%

Note: Population growth rates are based on 2010 and 2015 census. "Population growth rate (Trade area of portfolio)" is calculated as the growth rate of the population within a 3km radius of KRR's retail properties (1km or 2km radius for some of the properties).

Portfolio overview (as of Sep. 30, 2020)

No.	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	Number of tenants
T-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	10,000	6.6	97.6	55
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	6,620	5.1	100.0	41
T-4	Daikanyama Address Dixsept	Shibuya ward, Tokyo	5,390	6,120	4.0	96.0	26
T-5	Unicus Ina	Kitaadachi-gun, Saitama	4,470	5,240	5.6	100.0	1
T-6	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	4,000	4,350	5.4	100.0	1
T-7	Unicus Yoshikawa	Yoshikawa, Saitama	3,600	3,860	5.2	99.6	10
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	5,470	4.1	100.0	1
T-10	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	3,169	3,470	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	1,780	4.6	100.0	1
T-13	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	1,442	1,390	4.5	100.0	1
T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,750	5.4	100.0	1
T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,780	5.3	81.0	1
T-17	Life Kameido	Koto ward, Tokyo	1,450	1,490	4.4	100.0	1
T-18	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	4,170	4,320	4.6	100.0	2
T-19	Yumemachi Narashinodai Mall	Funabashi, Chiba	3,416	3,520	5.2	100.0	14
T-20	Kawamachi Yahagi Mall	Chiba, Chiba	3,097	3,240	5.2	100.0	12
T-21	Prime Square Jiyugaoka	Meguro ward, Tokyo	2,820	2,820	4.1	100.0	2
T-22	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	1,880	1,970	5.2	100.0	1
T-23	Ozeki Tokiwadai	Itabashi ward, Tokyo	1,263	1,340	4.6	100.0	1
T-24	Konami Sports Club Shibuya	Shibuya ward, Tokyo	3,400	3,390	4.0	100.0	1
T-25	Apita Terrace Yokohama Tsunashima	Yokohama, Kanagawa	5,899	6,170	4.7	100.0	1
T-26	Kalsa Hiratsuka	Hiratsuka, Kanagawa	5,980	6,020	4.7	100.0	3
T-27	Monenosato Mall	Yotsukaido, Chiba	2,410	2,530	5.2	100.0	6
T-28	KDX Chofu Building (Retail wing)	Chofu, Tokyo	2,300	2,480	5.5	100.0	3
T-29	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	2,248	2,310	4.0	100.0	1
T-30	Comfort Market Nishi-Magome	Ota ward, Tokyo	1,920	2,000	4.4	100.0	1
O-1	Blumer Maitamon	Kobe, Hyogo	8,389	9,610	6.1	99.7	50
O-2	Life Takadono (Land)	Osaka, Osaka	2,685	3,140	4.8	100.0	1
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	2,140	2,590	7.1	100.0	2
O-4	Blumer HAT Kobe	Kobe, Hyogo	11,000	11,000	5.1	99.1	41

Note 1: The figures are as of Sep. 30, 2020.

Note 2: The acquisition price of the Yokohama Kamigo Distribution Center includes construction costs of 119 million yen for the restaurant building acquired on September 29, 2020.

Portfolio overview (as of Sep. 30, 2020)

No.	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	Number of tenants
O-5	Carino Esaka	Suita, Osaka	6,555	7,190	5.1	97.4	28
O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,490	6.0	100.0	1
O-7	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	1,280	1,330	5.9	100.0	1
O-9	Life Nishi-Tengachaya	Osaka, Osaka	1,505	1,690	5.2	100.0	1
O-10	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	3,723	3,980	4.2	100.0	1
O-11	Habikigaoka Shopping Center	Habikino, Osaka	2,000	2,020	5.3	100.0	2
N-1	DCM Kahma Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	2,690	5.0	100.0	1
N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	2,174	2,360	6.0	100.0	1
N-4	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	7,140	7,280	5.1	100.0	1
N-6	Resora Obu Shopping Terrace	Obu, Aichi	7,911	7,050	4.6	97.2	40
N-7	Valor Nakashidami (Land)	Nagoya, Aichi	2,551	2,560	4.7	100.0	1
F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,640	5.2	100.0	1
F-2	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	5,020	5,760	5.6	100.0	1
F-3	Kurume-Nishi Shopping Center	Kurume, Fukuoka	1,515	1,840	6.1	100.0	4
R-1	Roseo Mito	Mito, Ibaraki	10,046	12,000	5.9	100.0	23
R-2	K's Denki Aomori Honten	Aomori, Aomori	1,469	1,520	6.2	100.0	1
R-3	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	898	912	6.3	100.0	1
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	4,180	4,660	5.9	99.4	30
R-5	Yorktown Shinden-Higashi	Sendai, Miyagi	3,252	2,610	4.8	100.0	2
R-6	Kasumi Technopark Sakura	Tsukuba, Ibaraki	830	879	5.6	100.0	1
R-8	P-1 Plaza Tenno	Hamamatsu, Shizuoka	4,010	4,350	5.8	100.0	7
R-9	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	4,111	4,260	4.1	100.0	1
R-10	Sun Street Hamakita	Hamamatsu, Shizuoka	10,746	11,160	5.9	99.7	53
R-11	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	4,210	4,420	4.8	100.0	1
L-1	Zama Distribution Center	Zama, Kanagawa	1,400	1,690	6.0	100.0	1
L-2	Oppama Distribution Center	Yokosuka, Kanagawa	1,300	1,600	6.5	100.0	1
L-3	Musashi Ranzan Distribution Center	Hiki-gun, Saitama	3,879	4,090	5.7	100.0	1
L-4	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	909	970	5.0	100.0	2
L-5	Gyoda Distribution Center	Gyoda, Osaka	3,160	3,440	5.7	100.0	1
L-6	Shinjuku Nishiochiai Distribution Center	Shinjuku ward, Tokyo	810	821	4.3	100.0	1
Total / Average			226,479	242,832	5.2	99.7	496

Note: The figures are as of Sep. 30, 2020.

Appraisal value (properties as of Sep. 30, 2020) (1)

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-2	MONA Shin-Urayasu	Sep. 30, 2020	10,000	10,000	0	4.6	4.6	0.0	4.3	4.3	0.0	4.8	4.8	0.0
T-3	Passaggio Nishiarai	Sep. 30, 2020	6,750	6,620	-130	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0
T-4	Daikanyama Address Dixsept	Sep. 30, 2020	6,250	6,120	-130	3.3	3.3	0.0	3.1	3.1	0.0	3.5	3.5	0.0
T-5	Unicus Ina	Sep. 30, 2020	5,240	5,240	0	4.5	4.5	0.0	4.2	4.2	0.0	4.7	4.7	0.0
T-6	Yorktown Kita-Kaname	Sep. 30, 2020	4,350	4,350	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-7	Unicus Yoshikawa	Sep. 30, 2020	3,860	3,860	0	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0
T-8	Sports Club Renaissance Fujimidai	Sep. 30, 2020	2,760	2,750	-10	4.6	4.6	0.0	4.4	4.4	0.0	4.8	4.8	0.0
T-9	Super Viva Home Iwatsuki (Land)	Sep. 30, 2020	5,600	5,470	-130	-	-	-	4.6	4.6	0.0	-	-	-
T-10	K's Denki Shonan-Fujisawa (Land)	Sep. 30, 2020	3,480	3,470	-10	-	-	-	4.3	4.3	0.0	-	-	-
T-11	Unicus Kamisato (Land)	Sep. 30, 2020	3,050	3,050	0	-	-	-	4.6	4.6	0.0	-	-	-
T-12	Unicus Konosu (Land)	Sep. 30, 2020	1,780	1,780	0	-	-	-	4.5	4.5	0.0	-	-	-
T-13	Inageya Yokohama Minamihonjuku (Land)	Sep. 30, 2020	1,390	1,390	0	-	-	-	4.0	4.0	0.0	-	-	-
T-15	Nakamachidai Tokyu Store	Sep. 30, 2020	3,810	3,750	-60	4.6	4.6	0.0	4.4	4.4	0.0	4.8	4.8	0.0
T-16	Central Wellness Club Nagatsuta Minamidai	Sep. 30, 2020	1,780	1,780	0	5.0	5.0	0.0	4.8	4.8	0.0	5.2	5.2	0.0
T-17	Life Kameido	Sep. 30, 2020	1,520	1,490	-30	4.2	4.2	0.0	3.9	3.9	0.0	4.4	4.4	0.0
T-18	Totsuka-Fukaya Shopping Center (Land)	Sep. 30, 2020	4,320	4,320	0	4.7	4.7	0.0	4.6	4.6	0.0	-	-	-
T-19	Yumemachi Narashinodai Mall	Sep. 30, 2020	3,520	3,520	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-20	Kawamachi Yahagi Mall	Sep. 30, 2020	3,230	3,240	10	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-21	Prime Square Jiyugaoka	Sep. 30, 2020	2,840	2,820	-20	3.6	3.6	0.0	3.4	3.4	0.0	3.8	3.8	0.0
T-22	Round1 Ichikawa-Onitaka	Sep. 30, 2020	1,980	1,970	-10	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-23	Ozeki Tokiwadai	Sep. 30, 2020	1,350	1,340	-10	4.2	4.2	0.0	4.0	4.0	0.0	4.4	4.4	0.0
T-24	Konami Sports Club Shibuya	Sep. 30, 2020	3,380	3,390	10	3.8	3.8	0.0	3.9	3.9	0.0	4.0	4.0	0.0
T-25	Apita Terrace Yokohama Tsunashima	Sep. 30, 2020	6,220	6,170	-50	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0
T-26	Kalsa Hiratsuka	Sep. 30, 2020	6,020	6,020	0	4.4	4.4	0.0	4.1	4.1	0.0	4.6	4.6	0.0
T-27	Monenosato Mall	Sep. 30, 2020	2,570	2,530	-40	4.9	4.9	0.0	4.8	4.8	0.0	5.3	5.3	0.0
T-28	KDX Chofu Building (Retail wing)	Sep. 30, 2020	2,480	2,480	0	4.6	4.6	0.0	4.2	4.2	0.0	4.8	4.8	0.0
T-29	Across Plaza Urayasu Higashino (Land)	Sep. 30, 2020	2,320	2,310	-10	4.2	4.2	0.0	4.1	4.1	0.0	-	-	-
T-30	Comfort Market Nishi-Magome	Sep. 30, 2020	2,000	2,000	0	4.2	4.2	0.0	4.2	4.2	0.0	4.4	4.4	0.0
O-1	Blumer Maitamon	Sep. 30, 2020	9,630	9,610	-20	5.2	5.2	0.0	5.3	5.3	0.0	5.4	5.4	0.0
O-2	Central Square Takadono (Land)	Sep. 30, 2020	3,150	3,140	-10	-	-	-	3.9	3.9	0.0	-	-	-
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	Sep. 30, 2020	2,590	2,590	0	5.8	5.8	0.0	5.5	5.5	0.0	6.0	6.0	0.0

Note 1: "Previous" refers to appraisal value at the previous appraisal dated Mar. 31, 2020 for properties acquired by 10th period, dated Apr. 15, 2020 for Comfort Market Nishi-Magome. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

Note 2: "Direct cap rate", "Discount rate" and "Terminal cap rate" for Ashikaga show the rates for the building. "Direct cap rate", "Discount rate" and "Terminal cap rate" for Kamigo show the rates for the distribution center and its site.

Appraisal value (properties as of Sep. 30, 2020) (2)

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
O-4	Blumer HAT Kobe	Sep. 30, 2020	11,500	11,000	-500	4.8	4.9	0.1	4.6	4.7	0.1	5.0	5.1	0.1
O-5	Carino Esaka	Sep. 30, 2020	7,210	7,190	-20	4.3	4.3	0.0	4.0	4.0	0.0	4.5	4.5	0.0
O-6	COMBOX Komyoike	Sep. 30, 2020	6,550	6,490	-60	5.3	5.3	0.0	4.9	4.9	0.0	5.4	5.4	0.0
O-7	Hankyu Oasis Hirakatadeguchi	Sep. 30, 2020	1,330	1,330	0	5.5	5.5	0.0	5.3	5.3	0.0	5.7	5.7	0.0
O-9	Life Nishi-Tengachaya	Sep. 30, 2020	1,690	1,690	0	4.6	4.6	0.0	4.7	4.7	0.0	4.8	4.8	0.0
O-10	Million Town Tsukaguchi (Land)	Sep. 30, 2020	3,980	3,980	0	-	-	-	4.0	4.0	0.0	-	-	-
O-11	Habikigaoka Shopping Center	Sep. 30, 2020	2,020	2,020	0	5.1	5.1	0.0	5.1	5.1	0.0	5.3	5.3	0.0
N-1	DCM Kahma Nakagawa Tomita (Land)	Sep. 30, 2020	2,700	2,690	-10	-	-	-	4.3	4.3	0.0	-	-	-
N-2	Valor Ichinomiya-Nishi	Sep. 30, 2020	2,360	2,360	0	5.1	5.1	0.0	4.8	4.8	0.0	5.3	5.3	0.0
N-4	Homecenter Kohnan Sunadabashi	Sep. 30, 2020	7,300	7,280	-20	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
N-6	Resora Obu Shopping Terrace	Sep. 30, 2020	7,060	7,050	-10	4.9	4.9	0.0	5.0	5.0	0.0	5.1	5.1	0.0
N-7	Valor Nakashidami (Land)	Sep. 30, 2020	2,570	2,560	-10	-	-	-	4.1	4.1	0.0	-	-	-
F-1	Sunny Noma	Sep. 30, 2020	1,640	1,640	0	4.4	4.4	0.0	4.2	4.2	0.0	4.8	4.8	0.0
F-2	Round1 Stadium Hakata-Hanmichibashi	Sep. 30, 2020	5,760	5,760	0	4.9	4.9	0.0	4.6	4.6	0.0	5.1	5.1	0.0
F-3	Kurume-Nishi Shopping Center	Sep. 30, 2020	1,840	1,840	0	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0
R-1	Roseo Mito	Sep. 30, 2020	12,000	12,000	0	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0
R-2	K's Denki Aomori Honten	Sep. 30, 2020	1,560	1,520	-40	5.5	5.5	0.0	5.2	5.2	0.0	5.7	5.7	0.0
R-3	Super Sports Xebio Aomori-Chuo	Sep. 30, 2020	920	912	-8	5.5	5.5	0.0	5.2	5.2	0.0	5.7	5.7	0.0
R-4	Ashico Town Ashikaga	Sep. 30, 2020	4,880	4,660	-220	5.3	5.3	0.0	5.1	5.1	0.0	5.5	5.5	0.0
R-5	Yorktown Shinden-Higashi	Sep. 30, 2020	2,660	2,610	-50	5.5	5.5	0.0	5.3	5.3	0.0	5.7	5.7	0.0
R-6	Kasumi Technopark Sakura	Sep. 30, 2020	878	879	1	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0
R-8	P-1 Plaza Tenno	Sep. 30, 2020	4,350	4,350	0	5.1	5.1	0.0	4.8	4.8	0.0	5.3	5.3	0.0
R-9	Seiyu Rakuichi Moriya (Land)	Sep. 30, 2020	4,260	4,260	0	4.3	4.3	0.0	4.2	4.2	0.0	-	-	-
R-10	Sun Street Hamakita	Sep. 30, 2020	11,250	11,160	-90	5.4	5.4	0.0	5.1	5.1	0.0	5.7	5.7	0.0
R-11	Costco Wholesale Sapporo Warehouse	Sep. 30, 2020	4,420	4,420	0	4.5	4.5	0.0	4.2	4.2	0.0	4.7	4.7	0.0
L-1	Zama Distribution Center	Sep. 30, 2020	1,640	1,690	50	4.8	4.7	-0.1	4.8	4.7	-0.1	5.0	4.9	-0.1
L-2	Oppama Distribution Center	Sep. 30, 2020	1,570	1,600	30	4.9	4.8	-0.1	5.0	4.9	-0.1	5.1	5.0	-0.1
L-3	Musashi Ranzan Distribution Center	Sep. 30, 2020	4,010	4,090	80	5.3	5.2	-0.1	5.3	5.2	-0.1	5.5	5.4	-0.1
L-4	Yokohama Kamigo Distribution Center	Sep. 30, 2020	841	970	129	4.5	4.5	0.0	4.5	4.5	0.0	4.7	4.7	0.0
L-5	Gyoda Distribution Center	Sep. 30, 2020	3,370	3,440	70	5.1	5.0	-0.1	5.0	4.9	-0.1	5.3	5.2	-0.1
L-6	Shinjuku Nishiochiai Distribution Center	Sep. 30, 2020	821	821	0	4.0	4.0	0.0	3.6	3.6	0.0	4.1	4.1	0.0
Total			244,160	242,832	-1,328	-	-	-	-	-	-	-	-	-

Note 1: "Previous" refers to appraisal value at the previous appraisal dated Mar. 31, 2020 for properties acquired by 10th period, dated Apr. 15, 2020 for Comfort Market Nishi-Magome. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

Note 2: "Direct cap rate", "Discount rate" and "Terminal cap rate" for Ashikaga show the rates for the building. "Direct cap rate", "Discount rate" and "Terminal cap rate" for Kamigo show the rates for the distribution center and its site.

Income and expenses of assets

Revenues and expenses of nine assets with sales-linked rent

(JPY mn)

Period	Shin-Urayasu		Nishiarai		Daikanyama		Maitamon		HAT Kobe		Esaka		Obu		Ashikaga		Hamakita	
	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th
Rent (fixed)	328	315	208	207	186	171	354	351	352	357	151	145	206	208	175	175	431	429
Rent (sales-linked)	40	30	13	7	4	4	14	9	9	8	41	31	14	14	7	5	5	4
Utility charge reimbursement	41	38	33	37	28	29	80	95	65	72	28	26	42	48	54	62	54	56
Penalty restoring reimbursement	3	12	-	-	-	-	-	-	2	3	1	-	-	-	-	-	-	-
Other revenues	114	101	49	26	48	45	29	29	34	36	77	76	15	15	12	11	25	23
Revenues	528	498	303	279	267	250	478	485	464	477	301	280	278	285	251	255	516	513
PM fees	76	78	48	47	53	53	61	62	66	68	41	42	38	37	40	39	69	68
Utilities	50	54	32	29	31	33	58	63	53	56	29	33	42	42	52	56	44	40
Taxes	23	23	35	35	12	12	41	41	47	47	25	25	26	26	24	24	25	25
Repairs and maintenance	21	27	3	18	-	3	2	6	49	2	19	5	9	22	15	28	6	13
Others	62	39	32	8	41	34	21	20	18	14	3	3	14	10	8	6	69	61
Expenses	234	222	152	139	139	137	185	194	235	190	119	109	132	140	142	155	215	209
NOI	294	276	151	139	128	112	292	290	229	287	181	171	145	145	108	100	301	303

Revenues and expenses of assets without sales-linked rent

Period	Existing properties				Properties acquired since 10th period				Disposed properties			
	Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties	
	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th	10th	11th
Rent (fixed)	1,397	1,365	2,624	2,620	280	326	352	451	-	-	35	33
Rent (sales-linked)	-	-	-	-	-	-	-	-	-	-	-	-
Utility charge reimbursement	71	74	12	14	15	20	-	-	-	-	-	-
Penalty restoring reimbursement	-	1	-	-	-	-	-	-	-	-	-	-
Other revenues	22	19	18	2	11	13	-	-	-	-	-	-
Revenues	1,491	1,461	2,655	2,637	308	361	352	451	-	-	35	33
PM fees	95	95	60	62	13	17	8	10	-	-	1	1
Utilities	72	72	12	14	16	20	-	-	-	-	-	-
Taxes	128	135	233	254	-	40	-	41	-	-	2	3
Repairs and maintenance	24	45	47	45	3	8	2	12	-	-	-	-
Others	28	28	22	22	2	3	1	2	-	-	-	-
Expenses	349	378	375	399	35	89	13	67	-	-	4	4
NOI	1,141	1,083	2,279	2,237	273	271	339	384	-	-	31	28

Note: "Existing properties" refer to properties acquired by the end of 9th FP, excluding disposed properties.

Portfolio highlights (Tokyo metropolitan area) (1)

Name	T-2 MONA Shin-Urayasu	T-3 Passaggio Nishiara	T-4 Daikanyama Address Dixsept	T-5 Unicus Ina	T-6 Yorktown Kita-Kaname
Photo					
Location	Urayasu, Chiba	Adachi ward, Tokyo	Shibuya ward, Tokyo	Kitaadachi-gun, Saitama	Hiratsuka, Kanagawa
Acquisition price (JPY)	8,063 mn	5,850 mn	5,390 mn	4,379 mn	4,000 mn
Highlights	<ul style="list-style-type: none"> ● Located in front of Shin-Urayasu Sta. (17 min from Tokyo Sta. by train) ● Approx. 60 tenants, including supermarkets and clothing stores ● Conducted renovations in 2017 and 2018 	<ul style="list-style-type: none"> ● The surrounding area has a significant inflow of families due to large developments ● Houses an apparel store, restaurants, etc. 	<ul style="list-style-type: none"> ● Scheduled to be disposed of on December 1, 2020, April 1, 2021 and October 1, 2021 	<ul style="list-style-type: none"> ● Highly competitive by housing supermarket Yaoko among other tenants ● The population in the surrounding area is increasing by continued residential developments ● Constructed a restaurant building in 2017 	<ul style="list-style-type: none"> ● Population increase with residential developments ● Plays an important role in the local community by housing tenants including a supermarket, a drug store and a restaurant
Name	T-7 Unicus Yoshikawa	T-8 Sports Club Renaissance Fujimidai	T-9 Super Viva Home Iwatsuki (Land)	T-10 K's Denki Shonan-Fujisawa (Land)	T-11 Unicus Kamisato (Land)
Photo					
Location	Yoshikawa, Saitama	Nerima ward, Tokyo	Saitama, Saitama	Fujisawa, Kanagawa	Kodama-gun, Saitama
Acquisition price (JPY)	3,600 mn	2,586 mn	4,815 mn	3,169 mn	3,000 mn
Highlights	<ul style="list-style-type: none"> ● Conveniently located along a heavily traveled road in a population increasing area ● Houses a supermarket, Life, and a home and garden store, Kohnan, as anchor tenants 	<ul style="list-style-type: none"> ● A well-equipped membership-based health club with a gym, two studios and a swimming pool ● Large housing developments surrounding Fujimidai Sta. (15min from Ikebukuro Sta. by train) 	<ul style="list-style-type: none"> ● Comprises a large home and garden store, a supermarket and a food court ● A number of major routes near the property potentially enlarge trade areas including adjacent cities 	<ul style="list-style-type: none"> ● Faces major routes, which give the property a wide retail trade area ● More than ten years remain on a fixed-term land lease with K's Holdings 	<ul style="list-style-type: none"> ● Underlying land of the largest NSC in Kamisato developed by P&D ● Competitive due to its concentration of highly recognizable tenants including a supermarket and a cinema complex

Portfolio highlights (Tokyo metropolitan area) (2)

Name	T-12 Unicus Konosu (Land)	T-13 Inageya Yokohama Minamihonjuku (Land)	T-15 Nakamachidai Tokyu Store	T-16 Central Wellness Club Nagatsuta Minamidai	T-17 Life Kameido
Photo					
Location	Konosu, Saitama	Yokohama, Kanagawa	Yokohama, Kanagawa	Yokohama, Kanagawa	Koto ward, Tokyo
Acquisition price (JPY)	1,700 mn	1,442 mn	3,360 mn	1,724 mn	1,450 mn
Highlights	<ul style="list-style-type: none"> Underlying land of the largest NSC in Konosu developed by P&D Easy access and high visibility by car given its location facing the largest trunk road within the relevant trade area 	<ul style="list-style-type: none"> Underlying land of Inageya grocery supermarket opened in Mar. 2015 Comprises a trade area that cater daily needs together with a restaurant and a drug store nearby 	<ul style="list-style-type: none"> A station-front NSC in an area with high population growth and easy access to central Tokyo Houses a supermarket and other retailers that cater daily needs 	<ul style="list-style-type: none"> Located in an area with high population growth, housing a health club as its core tenant Convenient car access due to its roadside location, with good visibility 	<ul style="list-style-type: none"> A supermarket located in one of the most densely populated retail trade areas in Tokyo A large-scale condominium consisting of approx. 700 residential units in the neighborhood
Name	T-18 Totsuka Fukaya Shopping Center (Land)	T-19 Yumemachi Narashinodai Mall	T-20 Kawamachi Yahagi Mall	T-21 Prime Square Jiyugaoka	T-22 Round1 Ichikawa-Onitaka
Photo					
Location	Yokohama, Kanagawa	Funabashi, Chiba	Chiba, Chiba	Meguro ward, Tokyo	Ichikawa, Chiba
Acquisition price (JPY)	4,170 mn	3,416 mn	3,097 mn	2,820 mn	1,880 mn
Highlights	<ul style="list-style-type: none"> Underlying land of an NSC opened in Mar. 2015 NSC houses a grocery supermarket and a home and garden store Located in an area with population growth, with new residential development in surrounding areas 	<ul style="list-style-type: none"> Located in an area with high population growth, housing a competitive supermarket as the anchor tenant The tenants, including the core grocery supermarket, cater to diverse daily needs of consumers 	<ul style="list-style-type: none"> A new NSC housing tenants with a high level of customer attraction Located in an area with significant population growth potential, near a national road and a highway JCT Flat parking lot for up to 320 vehicles 	<ul style="list-style-type: none"> Located in the neighborhood of Jiyugaoka along the Tokyu Toyoko Line Leased to Central Sports Co., Ltd., a leading fitness club operator 	<ul style="list-style-type: none"> A road-side amusement facility located in an area with easy access and high population growth Attractive occupancy cost and no other Round One stores near the retail trade area

Portfolio highlights (Tokyo metropolitan area) (3)

Name	T-23 Ozeki Tokiwadai	T-24 Konami Sports Club Shibuya	T-25 Apita Terrace Yokohama Tsunashima	T-26 Kalsa Hiratsuka	T-27 Monenosato Mall
Photo					
Location	Itabashi ward, Tokyo	Shibuya ward, Tokyo	Yokohama, Kanagawa	Hiratsuka, Kanagawa	Yotsukaido, Chiba
Acquisition price (JPY)	1,263 mn	3,400 mn	5,899 mn	5,980 mn	2,410 mn
Highlights	<ul style="list-style-type: none"> ● New supermarket opened in Sep. 2017, located in one of the most densely populated retail trade areas in Tokyo ● Leased to Ozeki Co., Ltd., which runs many stores in densely populated areas near train stations in Tokyo metropolitan area 	<ul style="list-style-type: none"> ● A sports club located in an upper class residential area, approx. 12 minutes from JR Shibuya Sta. ● Konami Sports Club is the largest sports club operator in Japan, with Shibuya ward as its strategic focus area 	<ul style="list-style-type: none"> ● NSC that meets diverse customer needs and constitutes a next-generation urban smart city in an area with a dense and growing population ● Opened in March 2018, located between Tokyu Toyoko Line Tsunashima and Hiyoshi Stations 	<ul style="list-style-type: none"> ● NSC with the retail trade area covering Hiratsuka and Chigasaki, the core of the Shonan area ● Tenants include a grocery supermarket, a home & garden store, and a general sporting goods shop 	<ul style="list-style-type: none"> ● NSC opened in March 2019 in “Monenosato,” a new town undergoing residential development ● Tenants include a grocery supermarket Yorkmart, a drugstore, an apparel store and a dollar shop
Name	T-28 KDX Chofu Building (Retail wing)	T-29 Across Plaza Urayasu Higashino (Land)	T-30 Comfort Market Nishi-Magome		
Photo					
Location	Chofu, Tokyo	Urayasu, Chiba	Ota ward, Tokyo		
Acquisition price (JPY)	2,300 mn	2,248 mn	1,920 mn		
Highlights	<ul style="list-style-type: none"> ● NSC located in the commercial and residential district within walking distance of Chofu Station ● Tenants include grocery supermarket, a dollar shop, a drug store, beauty salon, and a health club 	<ul style="list-style-type: none"> ● Underlying land for an NSC opened in December 2017 ● The population of the area has been consistently growing by good accessibility to Tokyo CBD from the nearest Maihama Station 	<ul style="list-style-type: none"> ● A new-brand grocery supermarket adjacent to Nishi-magome station, convenient for commuting to central Tokyo ● The building’s first and second floors are used as the store space, while the third and fourth floors are used as a nursery school 		

Portfolio highlights (Greater Osaka area)

Name	O-1 Blumer Maitamon	O-2 LifeTakadono (Land)	O-3 DCM Kahma MEGA Don Quijote UNY Omihachiman	O-4 Blumer HAT Kobe	O-5 Carino Esaka
Photo					
Location	Kobe, Hyogo	Osaka, Osaka	Omihachiman, Shiga	Kobe, Hyogo	Suita, Osaka
Acquisition price (JPY)	8,389 mn	2,685 mn	2,140 mn	11,000 mn	6,555 mn
Highlights	<ul style="list-style-type: none"> ● Located within a newly developed residential area ● Consists of approx. 50 tenants, including a supermarket, an electronic appliance store and a major clothing store as core tenants 	<ul style="list-style-type: none"> ● A supermarket which Life Corporation opened on the land in 2015 ● Located in a densely populated area bordering central Osaka ● Highly accessible by car as well 	<ul style="list-style-type: none"> ● NSC consisted of two buildings, MEGA Don Quijote UNY and DCM Kahma (home and garden store) ● The trade area surrounding Omihachiman Sta. is a residential area with young families 	<ul style="list-style-type: none"> ● Landmark NSC in “HAT Kobe District”, a revival symbol project from the Kobe earthquake ● Houses a cinema complex, a grocery store, clothing stores and restaurants 	<ul style="list-style-type: none"> ● Attractively located near Esaka Sta., only 10min from Umeda Sta. ● The retail trade area is popular among young families ● Core tenant is Tokyu Hands
Name	O-6 COMBOX Komyoike	O-7 Hankyu Oasis Hirakatadeguchi	O-9 Life Nishi-Tengachaya	O-10 Million Town Tsukaguchi (Land)	O-11 Habikigaoka Shopping Center
Photo					
Location	Izumi, Osaka	Hirakata, Osaka	Osaka, Osaka	Amagasaki, Hyogo	Habikino, Osaka
Acquisition price (JPY)	6,450 mn	1,280 mn	1,505 mn	3,723 mn	2,000 mn
Highlights	<ul style="list-style-type: none"> ● The largest retail property in the central area of Komyoike ● Located in the area accessible to Namba Sta. in 30 min by train 	<ul style="list-style-type: none"> ● A supermarket located in a highly populated area ● Approx. 100 car parking lots make easy accessibility by car in addition to consumers coming on foot 	<ul style="list-style-type: none"> ● A supermarket located in a densely populated retail area ● The tenant, Life Corporation, has dominant strategy in Osaka and continues store opening 	<ul style="list-style-type: none"> ● A newly opened NSC located in an area as a part of the large-scale redevelopment project in front of Tsukaguchi Sta. ● Opened with grocery supermarket Mandai as a core tenant, as well as a drug store and clinics 	<ul style="list-style-type: none"> ● NSC located in New Town with housing developments in the southeastern part of Osaka Prefecture ● Consists of Sunplaza, a grocery supermarket, and Joshin, a consumer electronics store, as core tenants

Portfolio highlights (Greater Nagoya area / Fukuoka)

Name	N-1 DCM Kahma Nakagawa Tomita (Land)	N-2 Valor Ichinomiya-Nishi	N-4 Homecenter Kohnan Sunadabashi	N-6 Resora Obu Shopping Terrace	N-6 Resora Obu Shopping Terrace
Photo					
Location	Nagoya, Aichi	Ichinomiya, Aichi	Nagoya, Aichi	Obu, Aichi	Moriyama-ku, Nagoya, Aichi
Acquisition price (JPY)	2,311 mn	2,174 mn	7,140 mn	7,911 mn	2,551 mn
Highlights	<ul style="list-style-type: none"> ● Located near a number of major routes ● Comprises an integrated retail zone in the surrounding area, together with a supermarket and a sporting goods store on the adjacent lot 	<ul style="list-style-type: none"> ● Located in a commuter town for Nagoya (10 min from Nagoya Sta. by train) ● NSC composed of Valor, a successful supermarket chain in the Chubu Region, as its core tenant, in addition to an electronic appliance store and a health club 	<ul style="list-style-type: none"> ● Houses a large home and garden store and a large sporting goods store ● A large residential property was developed in the neighborhood. A supermarket also opened, generating synergies with the home and garden store 	<ul style="list-style-type: none"> ● The largest NSC in Obu, Aichi, opened in Apr. 2008 as a part of the development project including a medical mall and a condominium ● Yamanaka, a grocery supermarket as its main tenant and over 40 tenants 	<ul style="list-style-type: none"> ● Underlying land for a standalone grocery supermarket in the Valor chain ● Valor is a supermarket chain with strong strategic dominance in the Tokai region
Name	F-1 Sunny Noma	F-2 Round1 Stadium Hakata-Hanmichibashi	F-3 Kurume-Nishi Shopping Center		
Photo					
Location	Fukuoka, Fukuoka	Fukuoka, Fukuoka	Kurume, Fukuoka		
Acquisition price (JPY)	1,497 mn	5,020 mn	1,515 mn		
Highlights	<ul style="list-style-type: none"> ● Rebuilt in 2007 after enjoying strong support from the local community for 35 years ● The strongest performing supermarket among other Sunny supermarkets in the surrounding area 	<ul style="list-style-type: none"> ● A large-scale flagship store for Round One that offers a variety of amusement and sporting facilities ● Located in Fukuoka with population growth ● The store ranks high in sales among all Round One stores 	<ul style="list-style-type: none"> ● An NSC located in a residential district near downtown Kurume City ● Tenants include a grocery supermarket, a baby goods store and a drug store ● Facing a national route, providing good visibility 		

Portfolio highlights (Ordinance-designed cities, core cities and other areas)

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"> ● Located in a population growing area with many young families ● Houses a supermarket and a home and garden store as core tenants ● Constructed a secondhand shop building in 2015 	<ul style="list-style-type: none"> ● Opened in 2005 in Hamada District in Aomori, which has the highest concentration of retailers in Aomori 	<ul style="list-style-type: none"> ● Located in Hamada district in Aomori ● Some major routes bring customers from broad retail trade area 	<ul style="list-style-type: none"> ● A large-scale multi-tenant NSC with supermarket as a core tenant ● Easily accessibility by car due to its location along a major local route ● Cinema reopened in Mar. 2016 	<ul style="list-style-type: none"> ● Located in eastern Sendai conveniently commutable to Sendai Sta. ● Houses a supermarket and a home and garden store as core tenants
Name	R-6 Kasumi Technopark Sakura	R-8 P-1 Plaza Tenno	R-9 Seiyu Rakuichi Moriya (Land)	R-10 Sun Street Hamakita	R-11 Costco Wholesale Sapporo Warehouse
Photo					
Location	Tsukuba, Ibaraki	Hamamatsu, Shizuoka	Moriya, Ibaraki	Hamamatsu, Shizuoka	Sapporo, Hokkaido
Acquisition price (JPY)	830 mn	4,010 mn	4,111 mn	10,746 mn	4,210 mn
Highlights	<ul style="list-style-type: none"> ● 24-hour Kasumi supermarket ● The retail trade area includes the college town of Tsukuba University ● Kasumi is headquartered in Tsukuba, and has a dominant presence in the area 	<ul style="list-style-type: none"> ● Located in a large-scale retail area in northeast Hamamatsu where road-side retail facilities concentrate ● Houses tenants including a local supermarket, a drug store and a relaxation spa area 	<ul style="list-style-type: none"> ● Underlying land of an NSC with a grocery supermarket as the anchor tenant ● Located in a population growing area with the 2005 opening of Tsukuba Express ● Land acquired at a price lower than the official land price 	<ul style="list-style-type: none"> ● Located in an area with high population growth ● Synergies among the tenants that offer services and experiences, with grocery Seiyu as the core tenant ● Seiyu focuses on groceries in the trend of "shift from GMS to specialty stores" 	<ul style="list-style-type: none"> ● Costco is a "membership warehouse club" with over 740 warehouse stores worldwide ● Sapporo Warehouse is the only Costco warehouse in Hokkaido and covers Sapporo metropolitan area as its trade area

Portfolio highlights (Distribution centers)

Name	L-1 Zama Distribution Center	L-2 Oppama Distribution Center	L-3 Musashi Ranzan Distribution Center	L-4 Yokohama Kamigo Distribution Center	L-5 Gyoda Distribution Center
Photo					
Location	Zama, Kanagawa	Yokosuka, Kanagawa	Hiki-gun, Saitama	Yokohama, Kanagawa	Gyoda, Saitama
Acquisition price (JPY)	1,400 mn	1,300 mn	3,879 mn	909 mn	3,160 mn
Highlights	<ul style="list-style-type: none"> ● Distribution center for a major convenience store chain that delivers to its stores ● Located within Zama area in Kanagawa Prefecture, with a concentration of logistics facilities ● The tenant is a major convenience store chain 	<ul style="list-style-type: none"> ● Core distribution center of a major convenience store chain that delivers to its stores and features a process center function ● Located within Tokyo metropolitan bay area ● Location with high potential for local deliveries as well as wide area distribution 	<ul style="list-style-type: none"> ● Distribution center in an area with a concentration of logistics facilities, near a Kan-Etsu Expressway interchange ● The location allows the tenant to make daily deliveries to Tokyo Metropolitan area and 24-hour operation 	<ul style="list-style-type: none"> ● Distribution center of a home delivery service firm within a residential district ● Spaces for distribution centers are limited in the area ● Currently leased to a major home delivery service firm ● Newly constructed a restaurant building 	<ul style="list-style-type: none"> ● A highly versatile storage-type distribution center for regional and wider area delivery in the metropolitan area ● Nippon Express Co., Ltd., a major logistics company, is using the distribution center for shippers of food-related and home appliances
Name	L-6 Shinjuku Nishiochiai Distribution Center				
Photo					
Location	Shinjuku ward, Tokyo				
Acquisition price (JPY)	810 mn				
Highlights	<ul style="list-style-type: none"> ● This facility is highly scarce and has optimal facility specifications as a last-mile distribution center ● A major delivery company, Yamato Transport Co., Ltd., is the tenant of the facility 				

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Abbreviations of property names

Property name	Abbreviation	Property name	Abbreviation	Property name	Abbreviation
Fululu Garden Yachiyo	Yachiyo	Konami Sports Club Shibuya	Shibuya	Valor Nakashidami (Land)	Nakashidami
MONA Shin-Urayasu	Shin-Urayasu	Apita Terrace Yokohama Tsunashima	Tsunashima	Sunny Noma	Noma
Passaggio Nishiarai	Nishiarai	Kalsa Hiratsuka	Hiratsuka	Round1 Stadium Hakata-Hanmichibashi	Hakata
Daikanyama Address Dixsept	Daikanyama	Monenosato Mall	Monenosato	Kurume-Nishi Shopping Center	Kurume
Unicus Ina	Ina	KDX Chofu Building (Retail wing)	Chofu	Roseo Mito	Mito
Yorktown Kita-Kaname	Kita-Kaname	Across Plaza Urayasu Higashino (Land)	Urayasu Higashino	K's Denki Aomori Honten	K's Aomori
Unicus Yoshikawa	Yoshikawa	Comfort Market Nishi-Magome	Nishi-Magome	Super Sports Xebio Aomori-Chuo	Xebio Aomori
Sports Club Renaissance Fujimidai	Fujimidai	Blumer Maitamon	Maitamon	Ashico Town Ashikaga	Ashikaga
Super Viva Home Iwatsuki (Land)	Iwatsuki	Life Takadono (Land)	Takadono	Yorktown Shinden-Higashi	Shinden-Higashi
K's Denki Shonan-Fujisawa (Land)	Fujisawa	DCM Kahma MEGA Don Quijote UNY Omihachiman	Omihachiman	Kasumi Technopark Sakura	Kasumi Sakura
Unicus Kamisato (Land)	Kamisato	Blumer HAT Kobe	HAT Kobe	Solala Plaza	Solala
Unicus Konosu (Land)	Konosu	Carino Esaka	Esaka	P-1 Plaza Tenno	P-1
Inageya Yokohama Minamihonjuku (Land)	Minamihonjuku	COMBOX Komyoike	Komyoike	Seiyu Rakuichi Moriya (Land)	Moriya
Gourmet City Chiba-Chuo	Chiba	Hankyu Oasis Hirakatadeguchi	Hirakata	Sun Street Hamakita	Hamakita
Nakamachidai Tokyu Store	Nakamachidai	Welcia Kishiwadadakamori (Land)	Kishiwada	Costco Wholesale Sapporo Warehouse	Sapporo
Central Wellness Club Nagatsuta Minamidai	Nagatsuta	Life Nishi-Tengachaya	Tengachaya	Zama Distribution Center	Zama
Life Kameido	Kameido	Million Town Tsukaguchi (Land)	Tsukaguchi	Oppama Distribution Center	Oppama
Totsuka-Fukaya Shopping Center (Land)	Totsuka	Habikigaoka Shopping Center	Habikigaoka	Musashi Ranzan Distribution Center	Ranzan
Yumemachi Narashinodai Mall	Narashinodai	DCM Kahma Nakagawa Tomita (Land)	Kahma Nakagawa	Yokohama Kamigo Distribution Center	Kamigo
Kawamachi Yahagi Mall	Yahagi	Valor Ichinomiya-Nishi	Ichinomiya	Gyoda Distribution Center	Gyoda
Prime Square Jiyugaoka	Jiyugaoka	Homecenter Kohnan Sunadabashi	Sunadabashi	Shinjuku Nishiochiai Distribution Center	Nishiochiai
Round1 Ichikawa-Onitaka	Ichikawa	K's Denki Shin-Moriyama (Land)	Shin-Moriyama		
Ozeki Tokiwadai	Tokiwadai	Resora Obu Shopping Terrace	Obu		

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