

Kenedix Retail REIT Corporation
Financial Results Appendix
for the 2nd Financial Period
ended Mar. 2016
May 20, 2016

We seek to invest primarily in shopping centers for daily needs of local area customers, in order to provide stable investment returns over the long term

KENEDIX
Retail REIT Corporation



Appendix 1

Key characteristics of Kenedix Retail REIT Corporation (KRR)

KENEDIX

Portfolio strategies

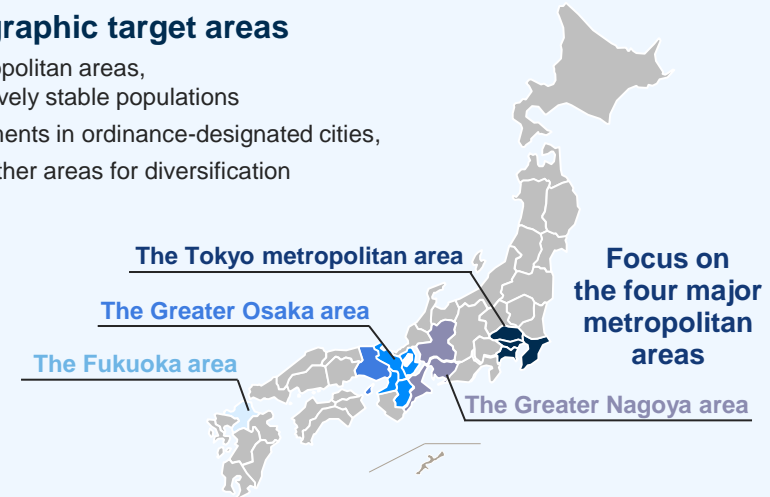
Investment criteria

Focus on the following four elements in making investment decisions:

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)

Retail properties **100%**



Investment in land ~Seeking additional growth opportunities~

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

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

Beneficial relationship for both Asset Manager and tenants

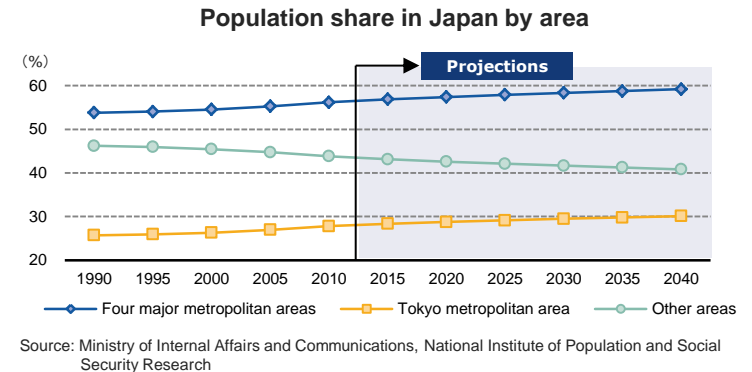
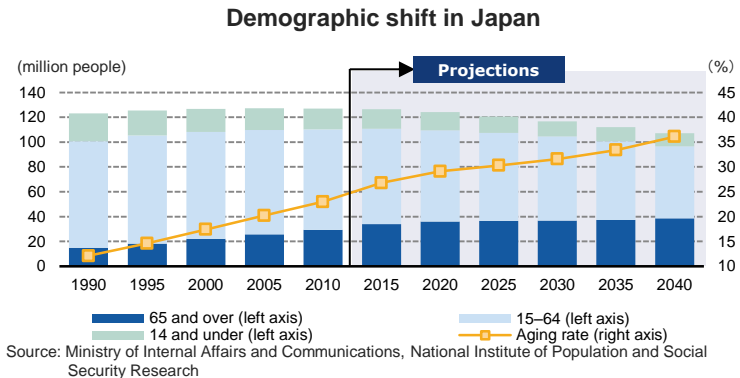
Advantages to Asset Manager

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

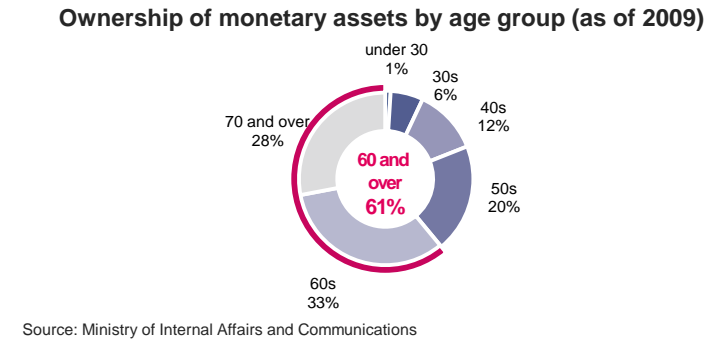
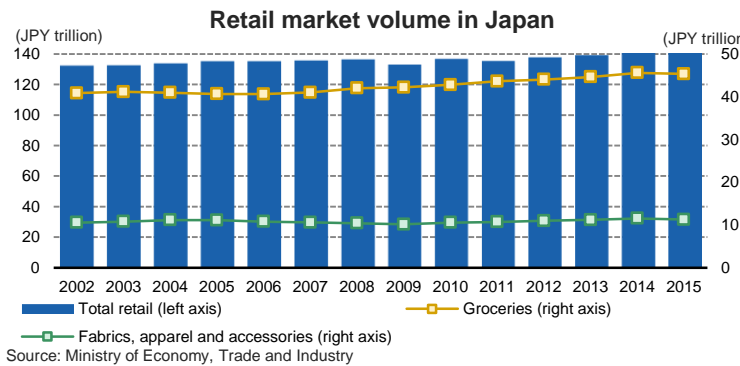
Advantages to tenants

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

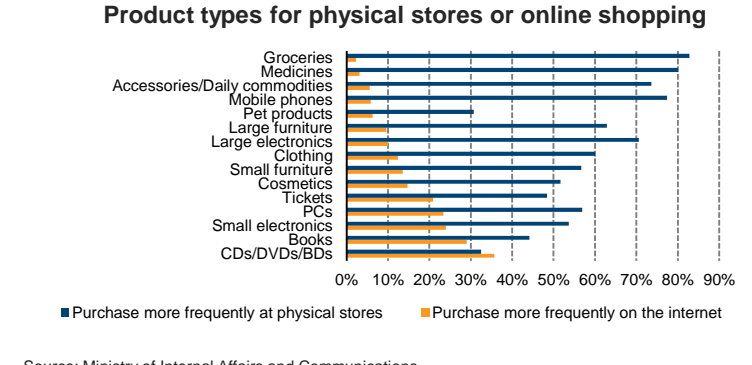
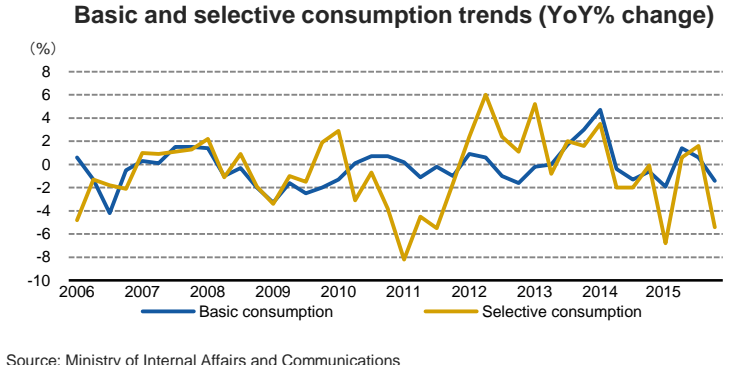
Shrinking retail trade area due to aging population and concentrated population in the four major metropolitan areas



Domestic consumption led by the elderly



Stable demand for daily necessities

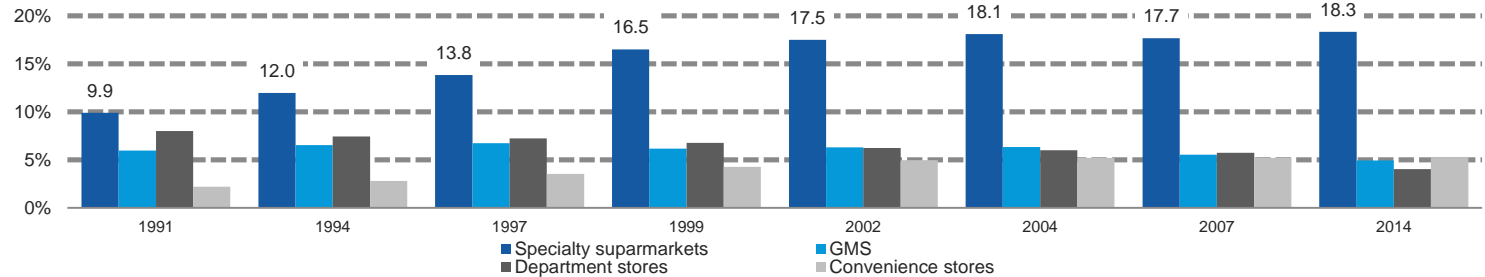


Note: "Aging rate" refers to the percentage of the population aged 65 and older.

Retail property trends and macroeconomic conditions (2)

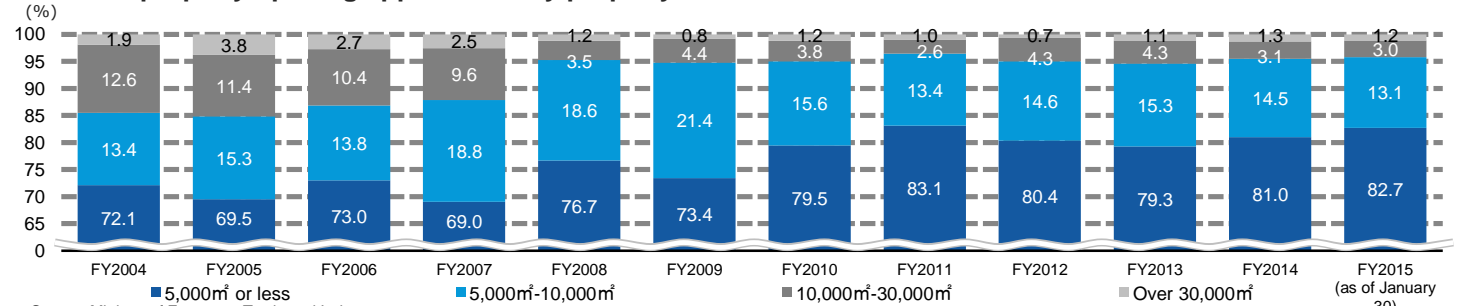
Increase in specialty supermarket market share

● Retail sales shares by store type



Source: Ministry of Economy, Trade and Industry

● Retail property opening applications by property size



Source: Ministry of Economy, Trade and Industry

Decrease in size of retail properties

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

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

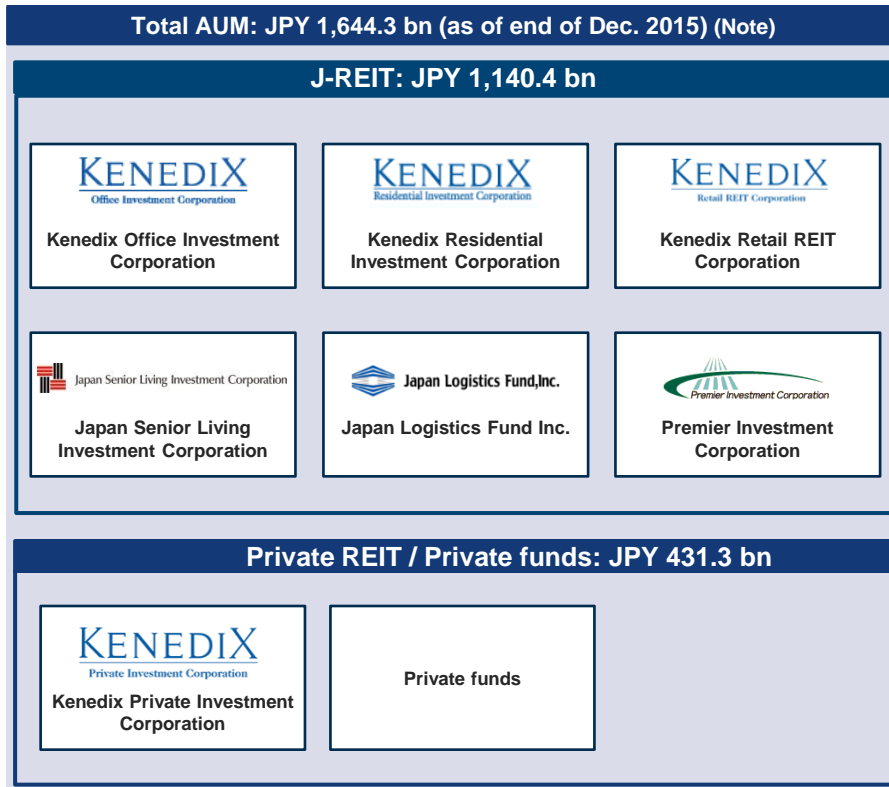
Government promotion of "Compact City"

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

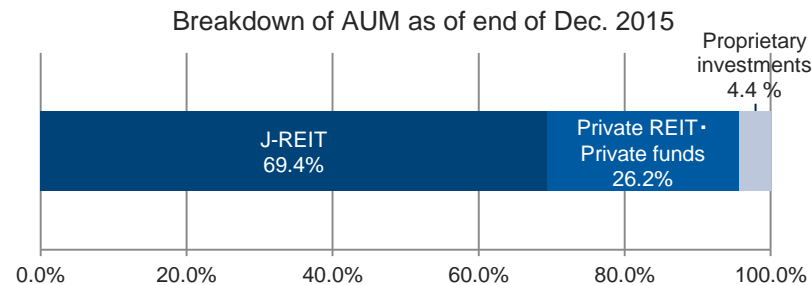
- Leveraging extensive support from Sponsor and Alliance Companies

Type of support		Sponsor	Alliance Companies		
		 <small>ケネディクス株式会社</small>	 <small>Sumitomo Mitsui Finance and Leasing Co., Ltd.</small>	 <small>日本商業開発株式会社</small> <small>Nippon Commercial Development Co., Ltd.</small>	 <small>p&d consulting</small>
Support for external growth	Pipeline support	●	●	●	●
	Warehousing services	●	●		
Support for internal growth	Leasing services	●		●	●
	PM services	●		●	●
	Environmentally-friendly technology/ knowhow	●			
	Evaluation of operating conditions and advisory on operations				●
Other support	Personnel support	●	●		
	Right to use trademarks	●		●	

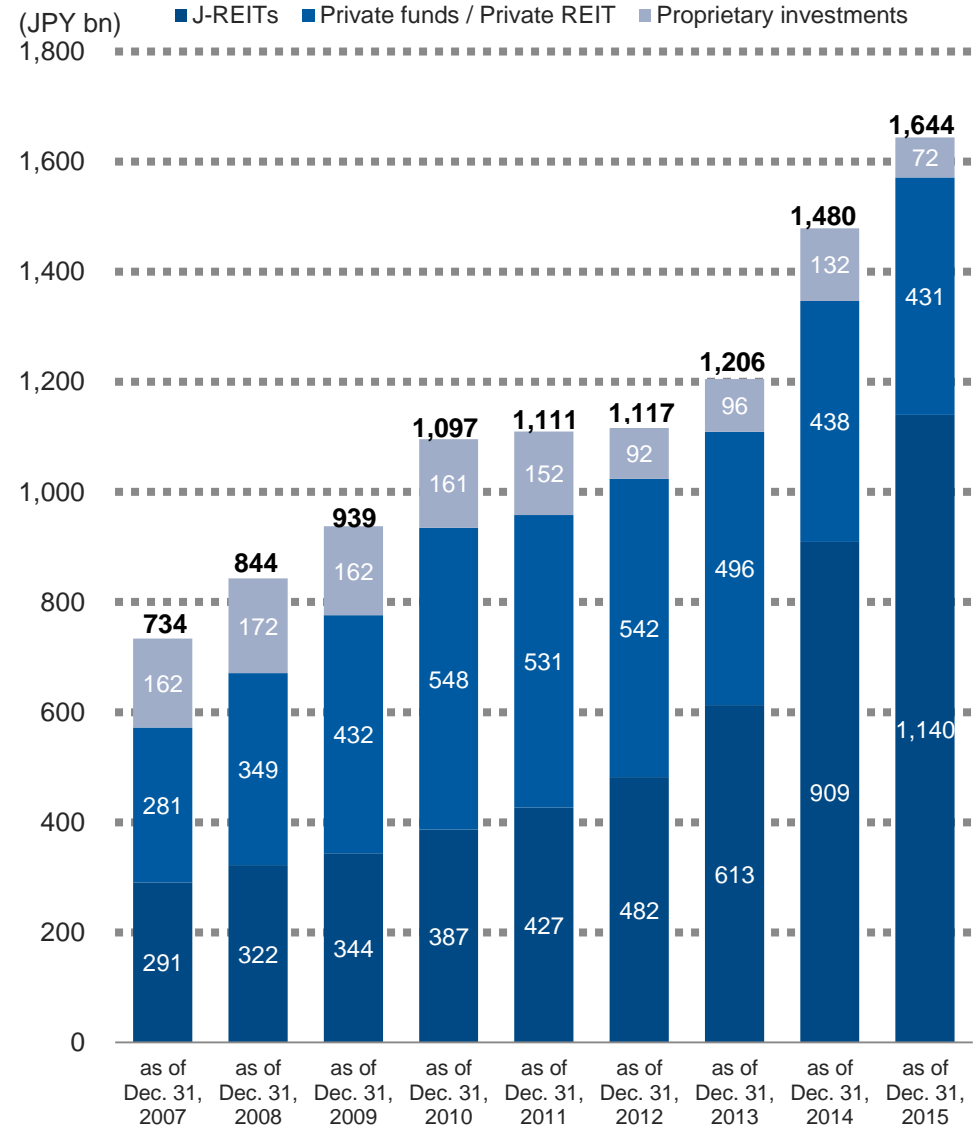
The Kenedix Group's strong commitment to J-REITs



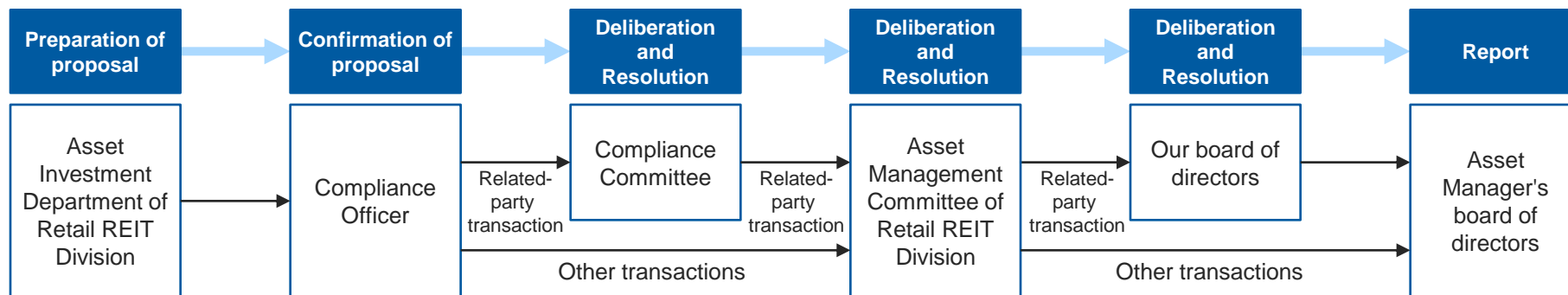
Note: The Kenedix Group's total AUM includes proprietary investments of JPY 72.5 bn.



The Kenedix Group's total AUM



Decision-making process for acquisition and sale of properties



Investment in Kenedix Retail REIT by the Kenedix Group

As of May 19, 2016, The Kenedix Group owns about 1.4% (5,750 units) of our total issued units.

Introduction of DPU-linked management fee structure

Fee linked with distribution per unit

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

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

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

Appendix 2

Detailed financial results and portfolio information

KENEDIX

Earnings performance for the individual properties (1)

Location		Tokyo metropolitan area										
Property No.		T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	T-10	T-11
Property Name		Fululu Garden Yachiyo	MONA Shin-Urayasu	Passaggio Nishiarai	Daikanyama Address Dixsept	Unicus Ina	Yorktown Kita-Kaname	Unicus Yoshikawa	Sports Club Renaissance Fujimidai	Super Viva Home Iwatsuki (Land)	K's Denki Shonan-Fujisawa (Land)	Unicus Kamisato (Land)
Acquisition Date		Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Oct. 2, 2015	Oct. 2, 2015
Price Information	Acquisition price (In millions of yen)	14,848	8,063	5,850	5,390	4,379	4,000	3,600	2,586	4,815	3,169	3,000
	Percentage of total portfolio	11.3%	6.1%	4.4%	4.1%	3.3%	3.0%	2.7%	2.0%	3.7%	2.4%	2.3%
	Net book value (In millions of yen)	15,026	8,275	5,934	5,441	4,381	4,018	3,642	2,591	4,890	3,210	3,043
	Appraisal value (In millions of yen)	15,200	8,500	6,280	5,620	4,420	4,300	3,770	2,720	5,260	3,390	3,010
	Ratio	11.0%	6.1%	4.5%	4.1%	3.2%	3.1%	2.7%	2.0%	3.8%	2.4%	2.2%
Lease Information	Number of tenants	48	1(72)	1(40)	1(27)	1	1	1(10)	1	1	1	1
	Leasable floor area (m ²)	77,057.56	9,568.31	10,546.25	5,056.39	13,044.37	-	10,620.04	3,120.87	67,325.95	15,578.58	67,854.47
	Leased floor area (m ²)	76,563.55	9,191.77	10,366.25	4,991.03	13,044.37	(Note)	10,537.19	3,120.87	67,325.95	15,578.58	67,854.47
	Occupancy ratio as of March 31, 2016	99.4%	96.1%	98.3%	98.7%	100.0%	100.0%	99.2%	100.0%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	183 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	182 days	182 days	182 days
	(1)Rental and other operating revenues (In thousands of yen)	741,920	503,887	309,117	263,572	132,793	-	138,554	-	-	-	72,301
	Rental revenues	632,247	346,747	213,882	183,696	131,736	-	132,587	-	-	-	72,115
	Other operating revenues	109,673	157,139	95,234	79,875	1,057	-	5,967	-	-	-	186
	(2)Property-related expenses (In thousands of yen)	290,144	248,827	136,431	151,805	10,560	-	24,967	-	-	-	1,454
	Property management fees	142,752	83,654	47,042	52,596	1,800	-	24,198	-	-	-	1,193
	Taxes	20	121	5	-	-	(Note)	-	(Note)	(Note)	(Note)	0
	Utilities	66,721	57,361	38,207	33,367	-	-	-	-	-	-	-
	Repairs and maintenance	20,146	25,236	13,490	19,705	7,912	-	89	-	-	-	-
	Insurance	1,885	823	550	309	327	-	249	-	-	-	-
	Trust fees and other expenses	58,619	81,630	37,136	45,825	520	-	430	-	-	-	259
	(3)NOI=(1)-(2) (In thousands of yen)	451,776	255,059	172,685	111,767	122,233	111,222	113,587	71,568	116,549	82,924	70,847
	(4)Depreciation (In thousands of yen)	81,340	41,671	31,751	15,093	29,420	20,335	15,495	15,127	-	-	-
	(5)Rental operating income =(3)-(4) (In thousands of yen)	370,435	213,388	140,934	96,673	92,812	90,886	98,091	56,440	116,549	82,924	70,847
	(6)Capital expenditures (In thousands of yen)	59,788	99,580	996	2,124	-	-	-	-	-	-	-
(7)NCF =(3)-(6) (In thousands of yen)	391,988	155,479	171,689	109,642	122,233	111,222	113,587	71,568	116,549	82,924	70,847	

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

Earnings performance for the individual properties (2)

Location		Tokyo metropolitan area			Greater Osaka area							
Property No.		T-12	T-13	T-14	O-1	O-2	O-3	O-4	O-5	O-6	O-7	O-8
Property Name		Unicus Konosu (Land)	Inageya Yokohama Minamihonjuku (Land)	Gourmet City Chiba-Chuo	Blumer Maitamon	Central Square Takadono (Land)	Piago Kahma Home Center Omihachiman	Blumer HAT Kobe	Carino Esaka	COMBOX Komyoike	Hankyu Oasis Hiramakatadeguchi	Welcia Kishiwadakamori (Land)
Acquisition Date		Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Apr. 16, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015
Price Information	Acquisition price (In millions of yen)	1,700	1,442	760	8,389	2,685	2,140	11,000	6,555	6,450	1,280	487
	Percentage of total portfolio	1.3%	1.1%	0.6%	6.4%	2.0%	1.6%	8.4%	5.0%	4.9%	1.0%	0.4%
	Net book value (In millions of yen)	1,726	1,462	788	8,494	2,727	2,168	11,585	6,612	6,502	1,333	497
	Appraisal value (In millions of yen)	1,740	1,460	799	8,780	2,870	2,410	11,600	6,590	6,920	1,310	500
	Ratio	1.3%	1.1%	0.6%	6.3%	2.1%	1.7%	8.4%	4.8%	5.0%	0.9%	0.4%
Lease Information	Number of tenants	1	1	1	48	1	2	1(40)	1(30)	1	1	1
	Leasable floor area (m ²)	19,329.00	4,405.41	3,488.77	30,037.11	4,437.07	14,313.00	24,185.02	7,540.58	25,530.44	2,960.38	3,033.45
	Leased floor area (m ²)	19,329.00	4,405.41	3,488.77	29,888.11	4,437.07	14,313.00	23,871.33	7,474.92	25,530.44	2,960.38	3,033.45
	Occupancy ratio as of March 31, 2016	100.0%	100.0%	100.0%	99.5%	100.0%	100.0%	98.7%	99.1%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	182 days	182 days	182 days	183 days	183 days	183 days	183 days	182 days	182 days	182 days	182 days
	(1)Rental and other operating revenues (In thousands of yen)	41,296			487,461			491,148	302,490	225,045		
	Rental revenues	41,284			368,394			379,213	198,509	225,045		
	Other operating revenues	12			119,066			111,935	103,980	-		
	(2)Property-related expenses (In thousands of yen)	1,454			192,904			182,762	103,616	2,878		
	Property management fees	1,193	-	-	61,669	-	-	68,565	40,096	1,790	-	-
	Taxes	0	(Note)	(Note)	18	(Note)	(Note)	-	20	0	(Note)	(Note)
	Utilities	-			84,392			72,654	56,830	-		
	Repairs and maintenance	-			21,409			16,621	3,485	-		
	Insurance	-			825			1,030	712	678		
	Trust fees and other expenses	259			24,589			23,891	2,471	408		
	(3)NOI(=(1)-(2)) (In thousands of yen)	39,842	34,313	25,271	294,557	67,278	90,471	308,385	198,873	222,166	38,054	11,674
	(4)Depreciation (In thousands of yen)	-	-	9,718	50,140	-	10,534	49,183	27,756	32,894	5,201	-
	(5)Rental operating income (=(3)-(4)) (In thousands of yen)	39,842	34,313	15,553	244,416	67,278	79,937	259,202	171,116	189,271	32,853	11,674
	(6)Capital expenditures (In thousands of yen)	-	-	-	47,062	-	-	140,865	-	-	-	-
(7)NCF (=(5)-(6)) (In thousands of yen)	39,842	34,313	25,271	247,494	67,278	90,471	167,520	198,873	222,166	38,054	11,674	

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

Earnings performance for the individual properties (3)

Location		Greater Osaka area	Greater Nagoya area			Fukuoka area	Ordinance-designed cities, core cities and other areas						
Property No.		O-9	N-1	N-2	N-3	F-1	R-1	R-2	R-3	R-4	R-5	R-6	
Property Name		Life Nishi-Tengachaya	Kahma Home Center Nakagawa Tomita (Land)	Valor Ichinomiya-Nishi	K's Denki Nakagawa Tomita (Land)	Sunny Noma	Roseo Mito	K's Denki Aomori Honten	Super Sports Xebio Aomori-Chuo	Ashico Town Ashikaga	Yorktown Shinden-Higashi	Kasumi Technopark Sakura	
Acquisition Date		Jan. 21, 2016	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015
Price Information	Acquisition price (In millions of yen)	1,505	2,311	2,174	889	1,497	10,046	1,469	898	4,180	3,252	830	
	Percentage of total portfolio	1.1%	1.8%	1.7%	0.7%	1.1%	7.6%	1.1%	0.7%	3.2%	2.5%	0.6%	
	Net book value (In millions of yen)	1,577	2,351	2,184	907	1,513	10,112	1,493	908	4,398	3,352	859	
	Appraisal value (In millions of yen)	1,620	2,500	2,230	945	1,520	10,700	1,570	909	5,060	3,310	861	
	Ratio	1.2%	1.8%	1.6%	0.7%	1.1%	7.7%	1.1%	0.7%	3.6%	2.4%	0.6%	
Lease Information	Number of tenants	1	1	1	1	1	1 (23)	1	1	1 (26)	2	1	
	Leasable floor area (m ²)	2,679.52	-	9,447.48	-	2,814.67	48,296.15	10,083.41	-	65,616.31	12,768.77	2,047.65	
	Leased floor area (m ²)	2,679.52	(Note)	9,447.48	(Note)	2,814.67	48,296.15	10,083.41	(Note)	65,019.74	12,768.77	2,047.65	
	Occupancy ratio as of March 31, 2016	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.1%	100.0%	100.0%	
Income and Retained Earnings Information	Operating periods	71 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	182 days	182 days	182 days	
	(1)Rental and other operating revenues (In thousands of yen)	17,610	-	-	-	-	371,865	-	-	260,731	-	-	
	Rental revenues	17,610	-	-	-	-	340,409	-	-	198,987	-	-	
	Other operating revenues	-	-	-	-	-	31,456	-	-	61,743	-	-	
	(2)Property-related expenses (In thousands of yen)	893	-	-	-	-	56,326	-	-	158,689	-	-	
	Property management fees	706	-	-	-	-	19,273	-	-	40,329	-	-	
	Taxes	7	(Note)	(Note)	(Note)	(Note)	10	(Note)	(Note)	1	(Note)	(Note)	
	Utilities	-	-	-	-	-	25,163	-	-	55,043	-	-	
	Repairs and maintenance	-	-	-	-	-	6,859	-	-	50,166	-	-	
	Insurance	22	-	-	-	-	692	-	-	671	-	-	
	Trust fees and other expenses	157	-	-	-	-	4,327	-	-	12,477	-	-	
	(3)NOI(=(1)-(2)) (In thousands of yen)	16,716	64,954	76,279	24,929	43,438	315,539	53,366	31,631	102,041	106,463	24,612	
	(4)Depreciation (In thousands of yen)	2,341	-	14,526	-	14,251	46,194	6,365	4,894	25,399	13,560	2,661	
	(5)Rental operating income (=(3)-(4)) (In thousands of yen)	14,375	64,954	61,752	24,929	29,186	269,344	47,000	26,736	76,642	92,903	21,950	
	(6)Capital expenditures (In thousands of yen)	-	-	-	-	-	-	-	-	180,171	-	-	
(7)NCF (=(3)-(6)) (In thousands of yen)	16,716	64,954	76,279	24,929	43,438	315,539	53,366	31,631	△78,129	106,463	24,612		

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

Balance sheets

(in thousands of yen)	First Fiscal Period (As of Sep. 30, 2015)	Second Fiscal Period (As of Mar. 31, 2016)
Assets		
Current assets		
Cash and deposits	3,950,551	3,882,955
Cash and deposits in trust	7,829,874	10,341,252
Operating accounts receivable	163,767	192,030
Prepaid expenses	16,763	33,750
Consumption taxes receivable	2,071,748	510,522
Other	10,783	-
Total current assets	14,043,489	14,960,512
Non-current assets		
Property, plant and equipment		
Construction in progress	96,745	-
Buildings in trust	25,766,439	33,894,083
Accumulated depreciation	-518,285	-1,043,077
Buildings in trust, net	25,248,154	32,851,006
Structures in trust	1,118,727	1,584,525
Accumulated depreciation	-35,074	-68,990
Structures in trust, net	1,083,653	1,515,535
Machinery and equipment in trust	29,194	29,194
Accumulated depreciation	-869	-1,720
Machinery and equipment in trust, net	28,324	27,473
Tools, furniture and fixtures in trust	26,211	47,611
Accumulated depreciation	-1,231	-3,413
Tools, furniture and fixtures in trust, net	24,979	44,198
Land in trust	66,910,436	99,044,234
Construction in progress in trust	12,025	5,583
Total property, plant and equipment, net	93,404,319	133,488,032
Intangible assets		
Leasehold right trust	171,078	528,555
Other	2,445	2,164
Total intangible assets	173,523	530,719
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	5,320	36,015
Long-term prepaid expenses	418,520	583,023
Long-term deposits	124,960	124,960
Total investments and other assets	558,800	753,998
Total non-current assets	94,136,642	134,772,750
Deferred assets		
Organization costs	40,501	35,435
Investment unit issuance costs	161,506	240,764
Total deferred assets	202,008	276,199
Total assets	108,382,141	150,009,463

(in thousands of yen)	First Fiscal Period (As of Sep. 30, 2015)	Second Fiscal Period (As of Mar. 31, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	330,055	606,400
Short-term loans payable	2,000,000	6,500,000
Accounts payable-other	257,854	285,470
Accrued expenses	3,412	6,520
Income taxes payable	6,321	932
Advances received	518,706	748,176
Deposits received	359,954	136,468
Total current liabilities	3,476,305	8,283,968
Non-current liabilities		
Long-term loans payable	36,350,000	51,000,000
Tenant leasehold and security deposits	20,000	-
Tenant leasehold and security deposits in trust	8,722,663	10,633,432
Asset retirement obligations	22,901	23,045
Other	-	34,382
Total non-current liabilities	45,115,565	61,690,859
Total liabilities	48,591,870	69,974,828
Net assets		
Unitholders' equity		
Unitholders' capital	57,857,000	77,606,649
Surplus		
Unappropriated retained earnings	1,933,270	2,427,985
Total surplus	1,933,270	2,427,985
Total unitholders' equity	59,790,270	80,034,634
Total net assets	59,790,270	80,034,634
Total liabilities and net assets	108,382,141	150,009,463

Statements of income and retained earnings

(in thousands of yen)	First Fiscal Period (From Oct. 3, 2014 to Sep. 30, 2015)	Second Fiscal Period (From Oct. 1, 2015 to Mar. 30, 2016)	(in thousands of yen)	First Fiscal Period (From Oct. 3, 2014 to Sep. 30, 2015)	Second Fiscal Period (From Oct. 1, 2015 to Mar. 30, 2016)
Operating revenues			A. Rental and other operating revenues		
Rent revenue-real estate	4,128,035	4,656,391	Rental and other operating revenues		
Other lease business revenue	975,033	884,665	Rental revenues	3,643,804	3,761,328
Total operating revenues	5,103,069	5,541,057	Rental revenues from limited proprietary rights of land	220,680	598,355
Operating expenses			Common area charges	263,549	296,707
Expenses related to rent business	2,246,179	2,235,833	Subtotal	4,128,035	4,656,391
Asset management fees	313,577	405,144	Other lease business revenue		
Asset custody fees	5,761	4,658	Parking space rental revenues	126,629	162,060
Administrative service fees	20,258	16,454	Utility charge reimbursement	500,044	453,733
Directors' compensation	8,931	4,500	Miscellaneous	348,360	268,871
Other operating expenses	45,112	48,444	Subtotal	975,033	884,665
Total operating expenses	2,639,820	2,715,035	Total rental and other operating revenues	5,103,069	5,541,057
Operating income	2,463,248	2,826,021	B. Property-related expenses		
Non-operating income			Expenses related to rent business		
Interest income	1,071	937	Property management fees and facility management fees	655,263	637,809
Interest on refund	-	715	Utilities	548,099	495,520
Total non-operating income	1,071	1,652	Taxes	1,280	216
Non-operating expenses			Repairs and maintenance	144,732	201,226
Interest expenses	208,576	275,159	Insurance	9,662	10,531
Financing-related expenses	262,279	59,213	Trust fees	12,214	14,499
Amortization of organization costs	10,049	5,066	Depreciation	560,957	565,861
Amortization of investment unit issuance costs	43,605	59,244	Others	313,968	310,168
Total non-operating expenses	524,510	398,683	Total property-related expenses	2,246,179	2,235,833
Ordinary income	1,939,809	2,428,991	C. Net operating income from real estate rental business(A-B)	2,856,889	3,305,225
Income before income taxes	1,939,809	2,428,991			
Income taxes					
Current	6,539	1,075			
Total income taxes	6,539	1,075			
Net income	1,933,270	2,427,915			
Retained earnings brought forward	-	70			
Unappropriated retained earnings	1,933,270	2,427,985			

Statements of cash flows

(in thousands of yen)	First Fiscal Period (From Oct. 3, 2014 to Sep. 30, 2015)	Second Fiscal Period (From Oct. 1, 2015 to Mar. 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	1,939,809	2,428,991
Depreciation and amortization	561,321	566,142
Amortization of organization costs	10,049	5,066
Amortization of investment unit issuance costs	43,605	59,244
Interest income	-1,071	-937
Interest expenses	208,576	275,159
Decrease (increase) in operating accounts receivable	-163,767	-28,262
Decrease (increase) in consumption taxes refund receivable	-2,071,748	1,561,226
Decrease (increase) in prepaid expenses	-16,763	-16,987
Increase (decrease) in operating accounts payable	304,096	94,580
Increase (decrease) in accounts payable-other	257,854	25,738
Increase (decrease) in advances received	518,706	229,469
Increase (decrease) in deposits received	359,954	-223,486
Decrease (increase) in long-term prepaid expenses	-418,520	-164,503
Decrease (increase) in long-term deposits	-124,960	-
Payment of organization costs	-50,551	-
Other	-	36,767
Subtotal	1,356,591	4,848,210
Interest income received	1,071	937
Interest expenses paid	-205,164	-272,051
Income taxes paid	-217	-6,464
Net cash provided by (used in) operating activities	1,152,280	4,570,631
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-96,745	-
Purchase of property, plant and equipment in trust	-93,814,364	-40,463,688
Purchase of intangible assets	-2,809	-
Purchase of intangible assets in trust	-176,383	-361,455
Payments for lease and guarantee deposits	-10,000	-
Payments for lease and guarantee deposits in trust	-5,320	-30,695
Proceeds of tenant leasehold and security deposits	20,000	-
Repayments of tenant leasehold and security deposits in trust	-393,751	-286,205
Proceeds from tenant leasehold and security deposits in trust	9,116,415	2,185,372
Payments of restricted bank deposits in trust	-3,917,992	-
Proceeds from restricted bank deposits in trust	287,569	661,625
Net cash provided by (used in) investing activities	-88,993,382	-38,295,047

(in thousands of yen)	First Fiscal Period (From Oct. 3, 2014 to Sep. 30, 2015)	Second Fiscal Period (From Oct. 1, 2015 to Mar. 31, 2016)
Net cash provided by (used in) financing activities		
Proceeds in short-term loans payable	10,222,500	7,700,000
Payments in short-term loans payable	-8,222,500	-3,200,000
Proceeds from long-term loans payable	36,350,000	14,650,000
Proceeds from issuance of investment units	57,651,888	19,611,147
Dividends paid	-	-1,931,323
Other	-10,783	-
Net cash provided by (used in) financing activities	95,991,104	36,829,824
Net increase (decrease) in cash and cash equivalents	8,150,002	3,105,407
Cash and cash equivalents at the beginning of period	-	8,150,002
Cash and cash equivalents at the end of period	8,150,002	11,255,410

Appraisal value (properties as of March 31, 2016)

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
T-1	Fululu Garden Yachiyo	Mar. 31, 2016	15,100	15,200	100	4.8	4.7	-0.1	4.6	4.5	-0.1	5.0	4.9	-0.1	
T-2	MONA Shin-Urayasu	Mar. 31, 2016	8,360	8,500	140	5.4	5.3	-0.1	5.1	5.0	-0.1	5.6	5.5	-0.1	
T-3	Passaggio Nishiarai	Mar. 31, 2016	6,200	6,280	80	4.5	4.4	-0.1	4.3	4.2	-0.1	4.7	4.6	-0.1	
T-4	Daikanyama Address Dixsept	Mar. 31, 2016	5,450	5,620	170	3.9	3.8	-0.1	3.7	3.6	-0.1	4.1	4.0	-0.1	
T-5	Unicus Ina	Mar. 31, 2016	4,430	4,420	-10	5.2	5.2	0.0	4.9	4.9	0.0	5.4	5.4	0.0	
T-6	Yorktown Kita-Kaname	Mar. 31, 2016	4,220	4,300	80	5.1	5.0	-0.1	4.9	4.8	-0.1	5.3	5.2	-0.1	
T-7	Unicus Yoshikawa	Mar. 31, 2016	3,690	3,770	80	4.9	4.8	-0.1	4.7	4.6	-0.1	5.1	5.0	-0.1	
T-8	Sports Club Renaissance Fujimidai	Mar. 31, 2016	2,640	2,720	80	4.8	4.7	-0.1	4.6	4.5	-0.1	5.0	4.9	-0.1	
T-9	Super Viva Home Iwatsuki (Land)	Mar. 31, 2016	5,210	5,260	50	-	-	-	4.7	4.7	0.0	-	-	-	
T-10	K's Denki Shonan-Fujisawa (Land)	Mar. 31, 2016	3,410	3,390	-20	-	-	-	4.6	4.6	0.0	-	-	-	
T-11	Unicus Kamisato (Land)	Mar. 31, 2016	3,010	3,010	0	-	-	-	4.7	4.7	0.0	-	-	-	
T-12	Unicus Konosu (Land)	Mar. 31, 2016	1,730	1,740	10	-	-	-	4.6	4.6	0.0	-	-	-	
T-13	Inageya Yokohama Minamihonjuku (Land)	Mar. 31, 2016	1,460	1,460	0	-	-	-	4.0	4.0	0.0	4.6	4.6	0.0	
T-14	Gourmet City Chiba-Chuo	Mar. 31, 2016	780	799	19	5.3	5.2	-0.1	5.1	5.0	-0.1	5.5	5.4	-0.1	
O-1	Blumer Maitamon	Mar. 31, 2016	8,820	8,780	-40	5.5	5.5	0.0	5.6	5.6	0.0	5.7	5.7	0.0	
O-2	Central Square Takadono (Land)	Mar. 31, 2016	2,870	2,870	0	-	-	-	4.4	4.4	0.0	-	-	-	
O-3	Piago Kahma Home Center Omihachiman	Mar. 31, 2016	2,390	2,410	20	6.5	6.4	-0.1	6.2	6.1	-0.1	6.7	6.6	-0.1	
O-4	Blumer HAT Kobe	Mar. 31, 2016	11,600	11,600	0	5.0	4.9	-0.1	4.8	4.7	-0.1	5.2	5.1	-0.1	
O-5	Carino Esaka	Mar. 31, 2016	6,580	6,590	10	4.9	4.8	-0.1	4.6	4.5	-0.1	5.1	5.0	-0.1	
O-6	COMBOX Komyoike	Mar. 31, 2016	6,840	6,920	80	5.3	5.2	-0.1	5.0	4.9	-0.1	5.5	5.4	-0.1	
O-7	Hankyu Oasis Hirakatadeguchi	Mar. 31, 2016	1,290	1,310	20	5.7	5.6	-0.1	5.5	5.4	-0.1	5.9	5.8	-0.1	
O-8	Welcia Kishiwadakamori (Land)	Mar. 31, 2016	500	500	0	-	-	-	4.0	4.0	0.0	4.6	4.6	0.0	
O-9	Life Nishi-Tengachaya	Mar. 31, 2016	1,620	1,620	0	4.9	4.9	0.0	5.0	5.0	0.0	5.1	5.1	0.0	
N-1	Kahma Home Center Nakagawa Tomita (Land)	Mar. 31, 2016	2,500	2,500	0	-	-	-	4.8	4.8	0.0	-	-	-	
N-2	Valor Ichinomiya-Nishi	Mar. 31, 2016	2,200	2,230	30	5.4	5.3	-0.1	5.1	5.0	-0.1	5.6	5.5	-0.1	
N-3	K's Denki Nakagawa Tomita (Land)	Mar. 31, 2016	945	945	0	-	-	-	4.8	4.8	0.0	-	-	-	
F-1	Sunny Noma	Mar. 31, 2016	1,500	1,520	20	5.2	5.1	-0.1	5.0	4.9	-0.1	5.6	5.5	-0.1	
R-1	Roseo Mito	Mar. 31, 2016	10,300	10,700	400	5.7	5.5	-0.2	5.3	5.2	-0.1	5.8	5.7	-0.1	
R-2	K's Denki Aomori Honten	Mar. 31, 2016	1,590	1,570	-20	5.9	5.8	-0.1	5.6	5.5	-0.1	6.1	6.0	-0.1	
R-3	Super Sports Xebio Aomori-Chuo	Mar. 31, 2016	901	909	8	5.9	5.8	-0.1	5.6	5.5	-0.1	6.1	6.0	-0.1	
R-4	Ashico Town Ashikaga	Mar. 31, 2016	5,050	5,060	10	5.4	5.4	0.0	5.2	5.2	0.0	5.6	5.6	0.0	
R-5	Yorktown Shinden-Higashi	Mar. 31, 2016	3,320	3,310	-10	5.6	5.6	0.0	5.4	5.4	0.0	5.8	5.8	0.0	
R-6	Kasumi Technopark Sakura	Mar. 31, 2016	847	861	14	5.3	5.2	-0.1	5.1	5.0	-0.1	5.5	5.4	-0.1	
Total/Average			137,353	138,674	1,321	5.3	5.2	-0.1	4.9	4.8	-0.1	5.4	5.3	-0.1	

Note: "Previous" refers to appraisal value at the previous appraisal dated September 30 on properties acquainted in 1st period and dated July 1, 2015 on properties acquainted on 2nd period (dated Sep.1, 2015 on Life Nishi-Tengachaya).
"Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

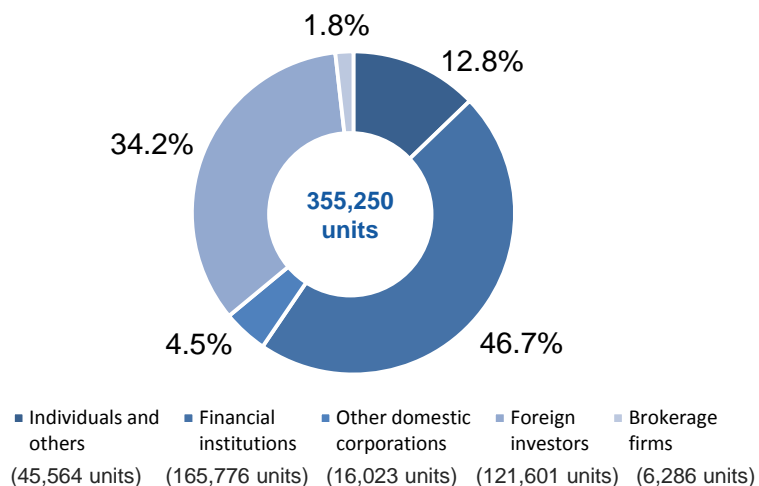
Appraisal value (properties newly acquired related to 2nd PO)

No.	Property name	Appraisal date	Appraisal value (JPY mn)	Income capitalization approach value		
				Direct capitalization method	DCF method	
				Direct cap rate (%)	Discount rate (%)	Terminal cap rate (%)
T-15	Nakamachidai Tokyu Store	Feb. 1, 2016	3,780	4.7	4.5	4.9
T-16	Central Wellness Club Nagatsuta Minamida	Feb. 1, 2016	1,880	5.1	4.9	5.3
T-17	Life Kameido	Feb. 1, 2016	1,500	4.3	4.0	4.5
O-10	Million Town Tsukaguchi (Land)	Feb. 1, 2016	3,730	-	4.4	-
N-4	Homecenter Kohnan Sunadabashi	Nov. 1, 2015	7,220	4.9	4.7	5.1
R-7	Solala Plaza	Feb. 1, 2016	5,740	5.0	4.7	5.2
R-8	P-1 plaza Tennno	Feb. 1, 2016	4,230	5.3	4.9	5.4
Total/Average			28,080	4.8	4.6	5.1

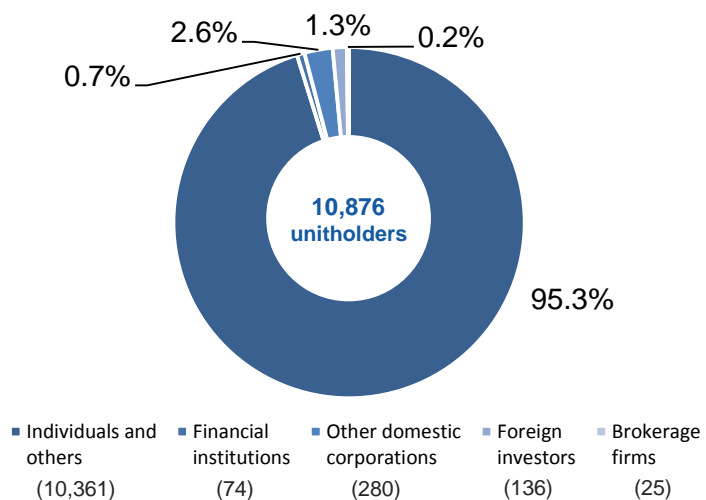
Note: Discount rate for DCF method shows the discount rate for the nearest period.

Unitholder information (as of March 31, 2016)

Ownership ratio by investor type



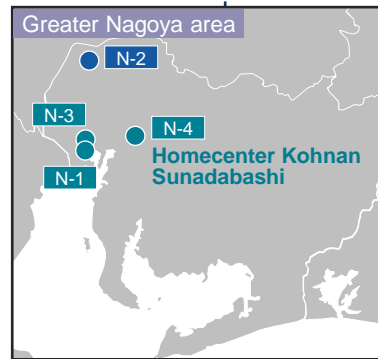
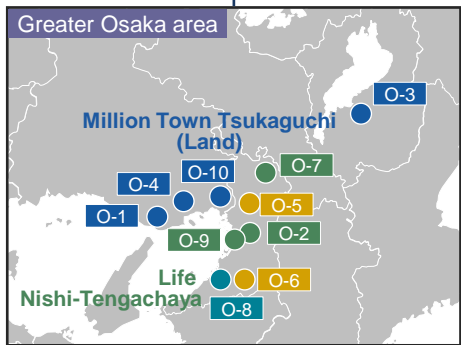
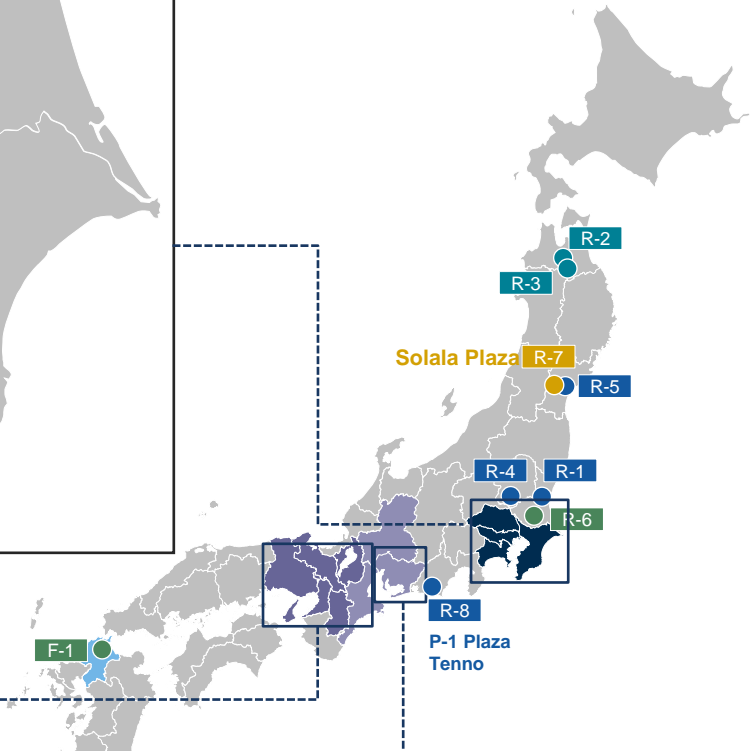
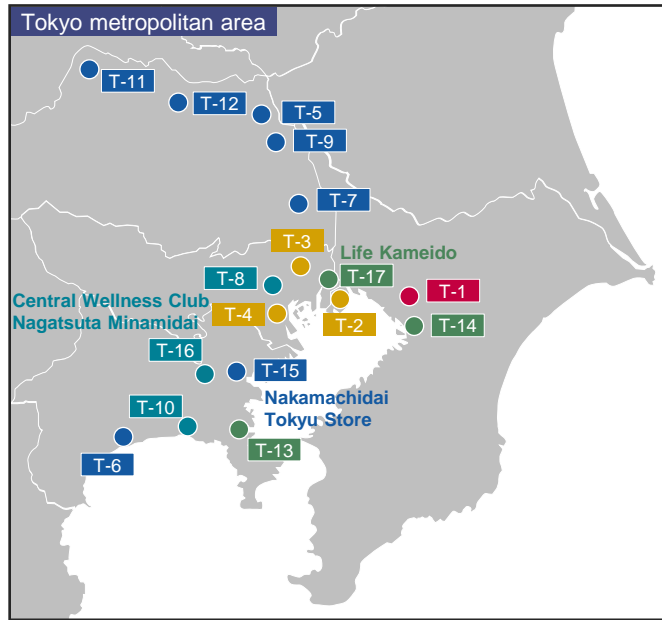
Number of unitholders by investor type



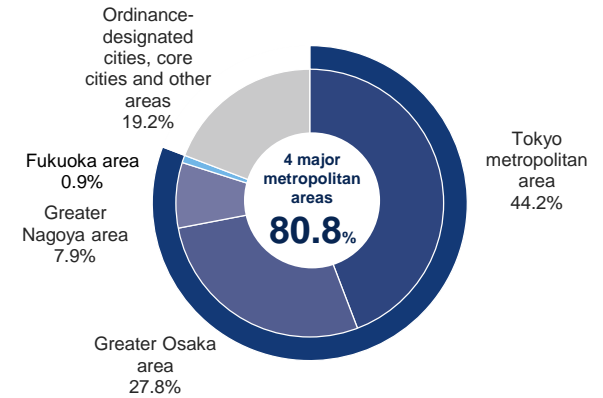
Major unitholders

Rank	Name	# of units held	(%)(Note)
1	JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Acct.)	66,161	18.62%
2	THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.)	33,069	9.30%
3	TRUST & CUSTODY SERVICE BANK, LTD. (Securities Investment Trust Acct.)	27,319	7.69%
4	THE BANK OF NEW YORK, NON-TREATY JASDAC ACCOUNT	15,185	4.27%
5	THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.)	12,099	3.40%
6	JP MORGAN CHASE BANK 385628	11,288	3.17%
7	STATE STREET BANK AND TRUST COMPANY 505225	10,497	2.95%
8	THE BANK OF NEW YORK MELLON SA/NV 10	5,934	1.67%
9	KENEDIX, INC.	5,750	1.61%
10	STATE STREET BANK AND TRUST COMPANY 505223	4,811	1.35%

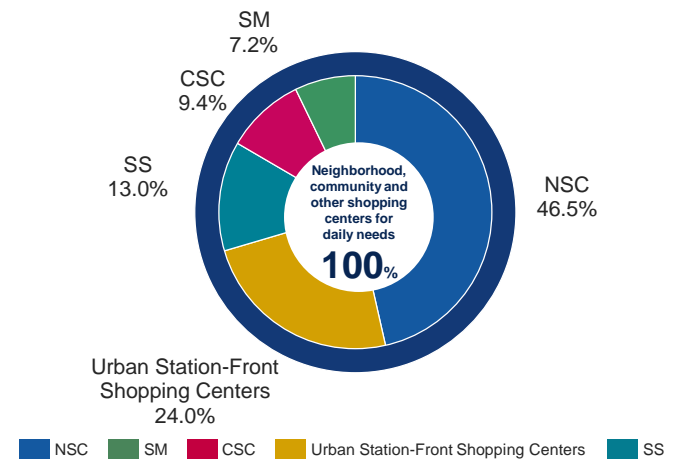
Note: figures are based on # of units and rounded down to the 2nd decimal place



Location (by acquisition price)



Types of retail property (by acquisition price)



Portfolio overview

T-1 Fululu Garden Yachiyo



T-2 MONA Shin-Urayasu



T-3 Passaggio Nishiirai



T-4 Daikanyama Address Dixsept



T-5 Unicus Ina



T-6 Yorktown Kita-Kaname



T-7 Unicus Yoshikawa



T-8 Sports Club Renaissance Fujimidai



T-9 Super Viva Home Iwatsuki (Land)



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



T-11 Unicus Kamisato (Land)



T-12 Unicus Konosu (Land)



T-13 Inageya Yokohama Minamihonjuku (Land)



T-14 Gourmet City Chiba-Chuo



O-1 Blumer Maitamon



O-2 Central Square Takadono (Land)



O-3 Piago Kahma Home Center Omihachiman



O-4 Blumer HAT Kobe



O-5 Carino Esaka



O-6 COMBOX Komyoike



O-7 Hankyu Oasis Hirakatadeguchi



O-8 Welcia Kishiwadakamori (Land)



O-9 Life Nishi-Tengachaya



N-1 Kahma Home Center Nakagawa Tomita (Land)



N-2 Valor Ichinomiya-Nishi



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



F-1 Sunny Noma



R-1 Roseo Mito



R-2 Super Sports Xebio Aomori-Chuo



R-3 Super Sports Xebio Aomori-Chuo



R-4 Ashico Town Ashikaga



R-5 Yorktown Shinden-Higashi



R-6 Kasumi Technopark Sakura



T-15 Nakamachidai Tokyu Store



T-16 Central Wellness Club Nagatsuta Minamidai



T-17 Life Kameido



O-10 Million Town Tsukaguchi (Land)



N-4 Homecenter Kohnan Sunadabashi



R-7 Solala Plaza



R-8 P-1 Plaza Tenno

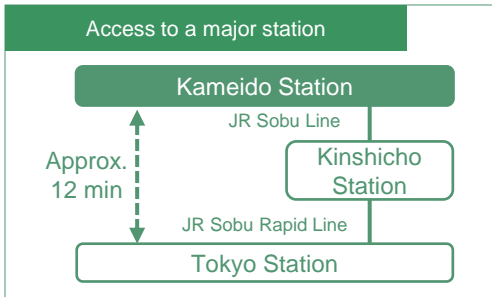


Portfolio overview

		No	Name of property	Location (city/ward, prefecture)	Acquisition price (before tax, JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	# of tenants		
Acquisition price JPY 158,766 mn	Existing properties as of Mar. 31, 2016	T-1	Fululu Garden Yachiyo	Yachiyo, Chiba	14,848	15,200	5.2	99.4	48		
		T-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	8,500	6.2	96.1	72		
		T-3	Passaggio Nishiirai	Adachi ward, Tokyo	5,850	6,280	5.0	98.3	40		
		T-4	Daikanyama Address Dixsept	Shibuya ward, Tokyo	5,390	5,620	4.1	98.7	27		
		T-5	Unicus Ina	Kitaadachi-gun, Saitama	4,379	4,420	5.4	100.0	1		
		T-6	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	4,000	4,300	5.4	100.0	1		
		T-7	Unicus Yoshikawa	Yoshikawa, Saitama	3,600	3,770	5.1	99.2	10		
		T-8	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	2,720	4.9	100.0	1		
		T-9	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	4,815	5,260	4.3	100.0	1		
		T-10	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	3,169	3,390	5.0	100.0	1		
		T-11	Unicus Kamisato (Land)	Kodama-gun, Saitama	3,000	3,010	4.6	100.0	1		
		T-12	Unicus Konosu (Land)	Konosu, Saitama	1,700	1,740	4.6	100.0	1		
		T-13	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	1,442	1,460	4.5	100.0	1		
		T-14	Gourmet City Chiba-Chuo	Chiba, Chiba	760	799	5.7	100.0	1		
Total appraisal value JPY 166,754 mn	Existing properties as of Mar. 31, 2016	O-1	Blumer Maitamon	Kobe, Hyogo	8,389	8,780	5.8	99.5	48		
		O-2	Central Square Takadono (Land)	Osaka, Osaka	2,685	2,870	4.8	100.0	1		
		O-3	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	2,140	2,410	7.1	100.0	2		
		O-4	Blumer HAT Kobe	Kobe, Hyogo	11,000	11,600	5.3	98.7	40		
		O-5	Carino Esaka	Suita, Osaka	6,555	6,590	5.3	99.1	30		
		O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,920	6.0	100.0	1		
		O-7	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	1,280	1,310	5.9	100.0	1		
		O-8	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	487	500	4.5	100.0	1		
		O-9	Life Nishi-Tengachaya	Osaka, Osaka	1,505	1,620	5.2	100.0	1		
		N-1	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	2,500	5.2	100.0	1		
		N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	2,174	2,230	6.0	100.0	1		
		N-3	K's Denki Nakagawa Tomita (Land)	Nagoya, Aichi	889	945	5.2	100.0	1		
		F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,520	5.4	100.0	1		
		Average appraisal NOI yield 5.4%	Existing properties as of Mar. 31, 2016	R-1	Roseo Mito	Mito, Ibaraki	10,046	10,700	5.9	100.0	23
R-2	K's Denki Aomori Honten			Aomori, Aomori	1,469	1,570	6.7	100.0	1		
R-3	Super Sports Xebio Aomori-Chuo			Aomori, Aomori	898	909	6.5	100.0	1		
R-4	Ashico Town Ashikaga			Ashikaga, Tochigi	4,180	5,060	6.4	99.1	26		
R-5	Yorktown Shinden-Higashi			Sendai, Miyagi	3,252	3,310	6.0	100.0	2		
R-6	Kasumi Technopark Sakura			Tsukuba, Ibaraki	830	861	5.6	100.0	1		
Weighted average occupancy rate 99.7%	Existing properties as of Mar. 31, 2016			T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,780	5.4	100.0	1
				T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,880	5.7	100.0	2
				T-17	Life Kameido	Koto ward, Tokyo	1,450	1,500	4.5	100.0	1
				O-10	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	3,723	3,730	4.6	100.0	1
				N-4	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	7,140	7,220	5.2	100.0	1
				R-7	Solala Plaza	Sendai, Miyagi	5,720	5,740	5.0	100.0	1
				R-8	P-1 Plaza Tennno	Hamamatsu, Shizuoka	4,010	4,230	5.7	100.0	7
				Number of tenants 403	Properties acquired in Apr. 2016						

Properties related to 2nd PO - Life Kameido (1)

A grocery supermarket located in one of the most densely populated retail trade areas in Tokyo, with 71,000 residents within a 1 km radius



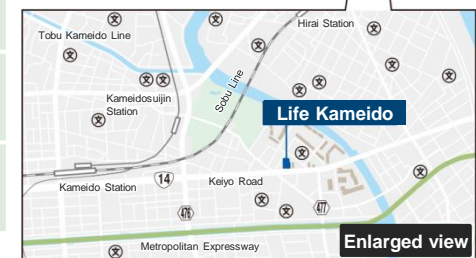
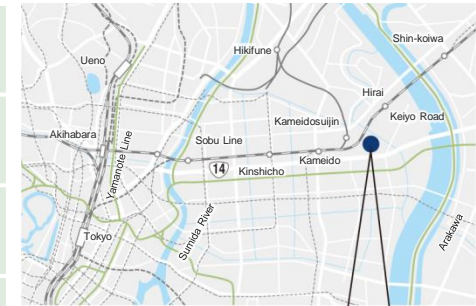
Overview

- Located approx. 1.2 km away from JR Kameido Station, which connects to Tokyo Station in approx. 12 minutes, and approx. 0.8 km away from Kameidosujin Station
- A relatively new 2-story (one floor + one basement floor) store opened in 2000, with a gross floor area of approx. 3,000 m²
- Rooftop parking capable of holding 24 vehicles

Acquisition Highlights

- Located in one of the most populated trade areas, with 71,000 residents within a 1 km radius
- "Kameido Residence", a large-scale condominium consisting of approx. 700 residential units is in the neighborhood
- Highly accessible by car due to its location along the National Route 14

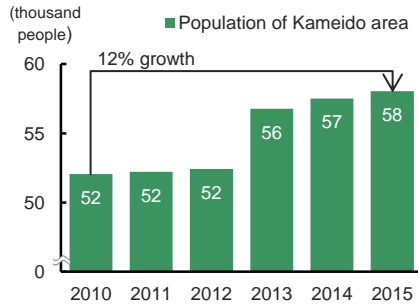
Acquisition price	JPY1,450 mn
Location	Koto ward, Tokyo
Land area	2,185.63 m ²
Gross floor area	2,929.58 m ²
Core tenant	Life Corporation
Appraisal NOI yield	4.5%



Properties related to 2nd PO - Life Kameido (2)

Location

Trade area High growth potential



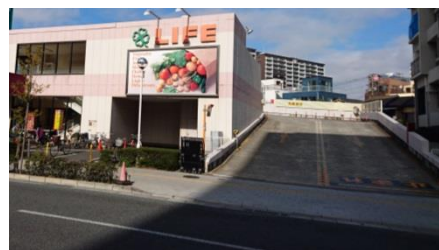
Source: Koto Ward (Jan. 1 in each year)

Trade area High population density

Area	Population density (people/km ²)
Kameido ^(Note)	21,494.0
Tokyo average	6,015.7

Source: Ministry of Internal Affairs and Communications Statistics Bureau

Access Rooftop parking



Facilities Low floor-area ratio and potential of conversion to other uses

This property has a significant upside potential through reconstruction to residential facilities, etc. given its location surrounded by densely populated residential districts



(Note) "Kameido area" refers to 1~9 Kameido, Koto ward, Tokyo.

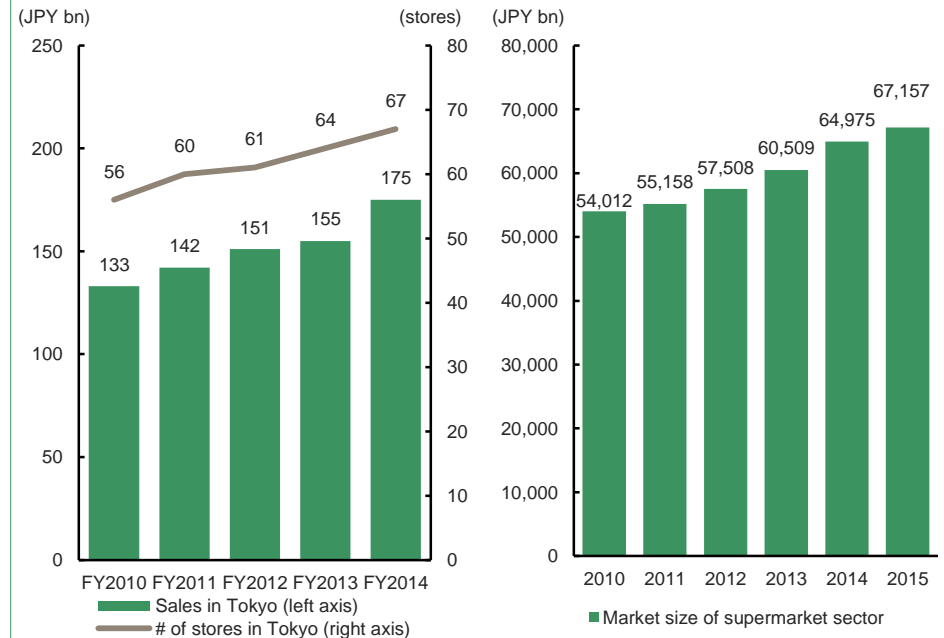
Tenant

Overview Tenant's overview

Company name	Life Corporation
Foundation	Oct. 1956
Sales	JPY584.9 bn (FY Feb. 2015)
# of employees	22,198 (as of the end of Feb. 2015)
Business	Supermarket chain
Listing	1st Section of Tokyo Stock Exchange

Store opening trend Continued expansion of # of stores and sales

Industry trend Expanding supermarket market

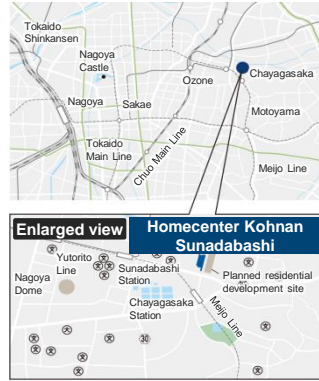


Source: Life Corporation

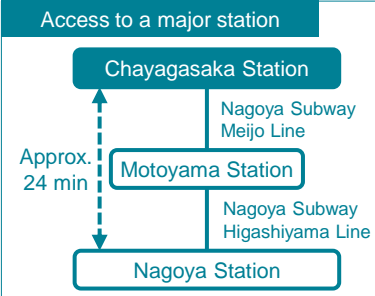
Source: Japan Supermarkets Association

Properties related to 2nd PO - Homecenter Kohnan Sunadabashi

A retail property consisting of a large home and garden store and a large sporting goods store, located in a northern urban area of Nagoya City



Acquisition price	JPY7,140 mn
Location	Nagoya, Aichi
Land area	15,118.47 m ²
Gross floor area	20,329.07 m ²
Core tenant	Kohnan Shoji Co., Ltd.
Appraisal NOI yield	5.2%



Acquisition Highlights

- A retail property consisting of Kohnan, a home and garden store chain operating 300 shops nationwide and a large sporting goods store
- Population in the retail trade area has been on the rise compared to 2005 (1km radius: 102.9%; 3km radius: 102.5%; 5km radius: 102.8%)
- The population is expected to further increase in the surrounding area, due to planned construction of a large-scale condominium in the neighborhood
- Benefits from easy car access, given high car ownership rate in the subject area

Location

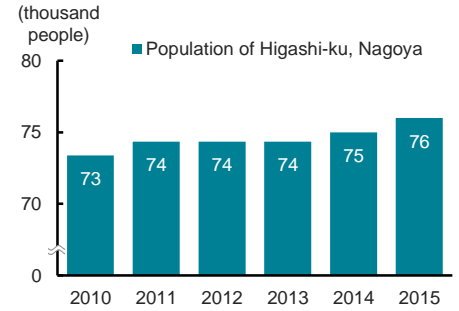
Neighborhood A large residential property under development

- A large residential property, consisting of about 550 residential units, is currently under development in the neighborhood
- Planned opening of a supermarket (grocery) in the development site is expected to generate synergies with the home and garden store of the property in terms of customer traffic

Property vicinity



Trade area Growing population



Source: Nagoya City Government (Dec. 1 in each year)

Access A large parking area (713 cars)



Tenant Kohnan Shoji Co., Ltd.

Foundation	Sep. 1978
Sales	JPY280.3 bn (Third ranked home and garden store chain for FY Feb. 2015)
# of employees	2,652 (as of the end of Feb. 2015)
Business	Operation of home and garden stores
Listing	1st Section of Tokyo Stock Exchange

Properties related to 2nd PO - Solala Plaza

A retail building directly accessible by a pedestrian walkway from Sendai Station



Acquisition price	JPY5,720 mn
Location	Sendai, Miyagi
Land area ^(Note)	3,694.05 m ²
Gross floor area ^(Note)	24,768.42 m ²
Core tenant	Otsuka Kagu, Ltd.
Appraisal NOI yield	5.0%

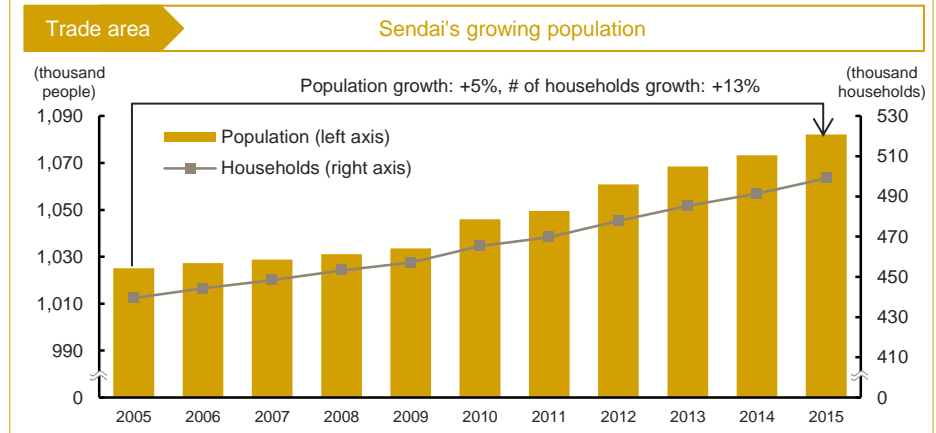


Acquisition Highlights

- A 15-story retail building (14 floors above ground and 1 basement floor) connected directly to the west exit of Sendai Station via a pedestrian walkway
- The property is subject to compartmentalized ownership and the portion to be acquired is the 3rd to 8th floors, occupied by a major furniture retailer, and the spaces leading traffic to stores on the 1st and 2nd floors
- The core tenant is IDC Otsuka Kagu's only shop in Tohoku, and along with other retail tenants, can attract customers by capitalizing on the property's locational advantages

(Note) For Solala Plaza, the land area and gross floor area for the entire property is shown, although we have compartmentalized ownership interests in these properties.

Location



Source: Sendai City Government

Access

Easy access to Sendai Station

- Located only a 3-minute walk from Sendai Station, connected directly to the west exit of the station via a pedestrian walkway
- Located in an area dominated by retail and office properties

Tenant

IDC Otsuka Kagu's only shop in Tohoku

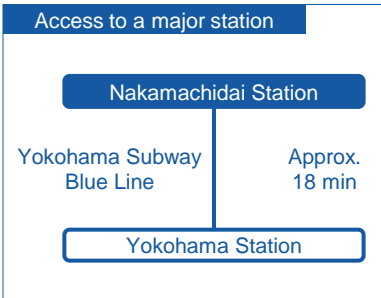
Company name	Otsuka Kagu, Ltd.
Foundation	Aug. 1972
Sales	JPY58.0 bn (FY Dec. 2015)
# of employees	1,744 (as of the end of Dec. 2015)
Business	Furniture sales
Listing	JASDAQ

Properties related to 2nd PO - Nakamachidai Tokyu Store

A station-front NSC in an area with high population growth and easy access to central Tokyo



Acquisition price	JPY3,360 mn
Location	Yokohama, Kanagawa
Land area ^(Note)	2,619.34 m ²
Gross floor area ^(Note)	12,585.63 m ²
Core tenant	Tokyu Store Corporation
Appraisal NOI yield	5.4%



Acquisition Highlights

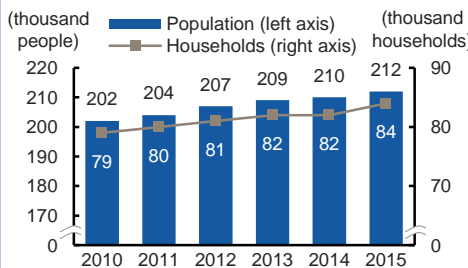
- The portion to be acquired is the retail portion, housing a grocery supermarket and other retail tenants, of a complex consisting of retail spaces on lower floors and residential units on upper floors
- The property is conveniently located approx. 1 minute by foot from Nakamachidai Station, which connects to Yokohama Station in approx. 18 minutes
- The population in the surrounding areas has been increasing: up approx. 10% in 500m, 1km and 2km radius from 2005 to 2010

(Note) For Nakamachidai Tokyu Store the land area and gross floor area for the entire property is shown, although we have compartmentalized ownership interests in these properties

Location

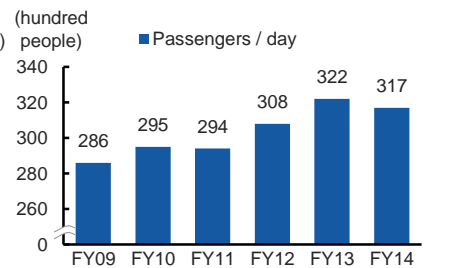
Trade area Significant population and passenger growth potential

Growth of population / # of households in Tsuzuki-ku



Source: Yokohama City Government

Solid growth in passengers using "Nakamachidai" Station



Source: Yokohama City Government

Access

Traffic convenience due to location in front of a station



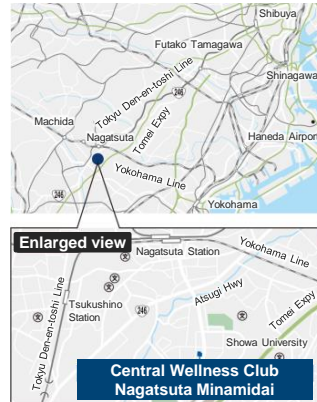
Tenant

Stability An NSC with Tokyu Group as a core tenant

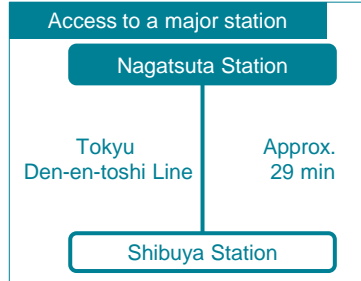
- A total of 4 floors (two basement floors, 1st and 2nd floors) are leased to Tokyu Store which sells grocery, taking advantage of its location in front of a railway station
- Subleased to other tenants, including a restaurant, a specialty discount retailer, a laundry and a dental clinic, etc., to meet diverse consumer needs
- Rent revenues from stabilized lease contracts with tenants longer than 10 years

Properties related to 2nd PO - Central Wellness Club Nagatsuta Minamidai

Roadside SS located in an area with high population growth, housing a health club as its core tenant



Acquisition price	JPY1,724 mn
Location	Yokohama, Kanagawa
Land area	2,876.11 m ²
Gross floor area	3,994.17 m ²
Core tenant	Central Sports Co., Ltd.
Appraisal NOI yield	5.7%



Location

Trade area → High growth potential of Nagatsuta Minamidai

Access → Good visibility and access

- Convenient car access due to its roadside location, with a separate parking structure space capable of holding 139 vehicles
- Shuttle buses service the health club for customers located in the surrounding areas

(people)

(households)

Year	Population (people)	Households (right axis)
2005	~7,500	~3,500
2007	~9,500	~3,800
2009	~10,000	~4,000
2011	~10,500	~4,200
2013	~11,000	~4,400
2015	~11,500	~4,600

Source: Yokohama City Government (Nov. 30 in each year)

Tenant

Competitiveness → Central Sports Co., Ltd.

Lines of business	Operation of Central Sports Clubs
# of facilities	208 (as of Mar. 31, 2015)
# of employees	1,114 (as of Mar. 31, 2015)
Listing	1st Section of Tokyo Stock Exchange
Revenue	JPY50.9 bn (FY Mar. 2015, consolidated)

Competitiveness → Treasure Factory Co., Ltd.

Lines of business	Operation of secondhand shops
# of shops	82 (as of Feb. 28, 2015)
# of employees	384 (as of Feb. 28, 2015)
Listing	1st Section of Tokyo Stock Exchange
Revenue	JPY10.6 bn (FY Feb. 2015, consolidated)

- Acquisition Highlights**
- Located on the roadside in an area enjoying high population growth, with other retail facilities such as a sushi restaurant and a convenience store along the same road
 - Houses a health club as its main tenant in addition to a secondhand shop
 - Single-lot houses and condominiums concentrate in the surrounding area, including a condominium housing 160 units next to the property

Properties related to 2nd PO - P-1 Plaza Tenno (1)

An NSC located in a large scale retail area in northeast Hamamatsu where road-side retail facilities concentrate



Overview

- An NSC located in a large-scale retail area in northeast Hamamatsu where road-side retail facilities concentrate
- Houses tenants such as a local supermarket, a drug store, a relaxation spa, a footwear shop, a software rental shop, an eyeglass store, a mobile phone store and other retails stores
- The retail stores surround a large parking lot capable of holding 595 vehicles, making it highly convenient for customers visiting by car

Acquisition Highlights

- The property is located nearby other larger retail properties that we believe will be synergistic with the well-known tenants of this property that provide daily conveniences
- Faces a main road and benefits from good car traffic

Acquisition price JPY4,010 mn

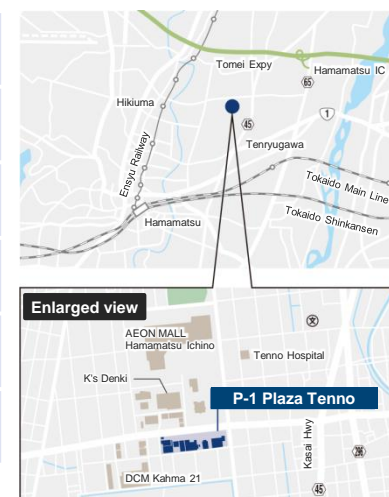
Location Hamamatsu, Shizuoka

Land area 36,218.55 m²

Gross floor area 14,467.54 m²

Core tenant Kyorindo Co., Ltd.

Appraisal NOI yield 5.7%



Properties related to 2nd PO - P-1 Plaza Tenno (2)

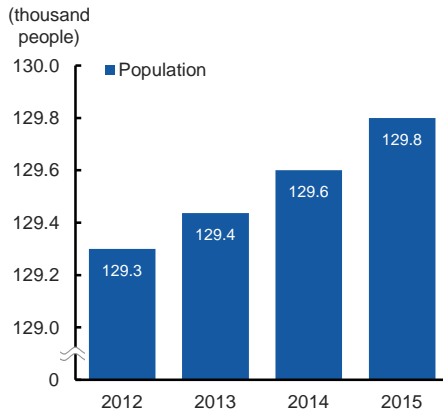
Location

Stable population and convenient access

Trade area → Stable population growth

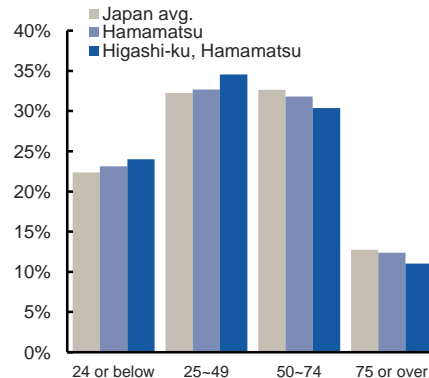
- Hamamatsu, where headquarters/factories of major listed manufacturers such as Suzuki Motor Corporation, Yamaha Corporation and Hamamatsu Photonics K.K. are located, has seen stable population growth

Population growth in Higashi-ku, Hamamatsu



Source: Hamamatsu City government (Oct. 1 in each year)

High ratio of young families in Hamamatsu

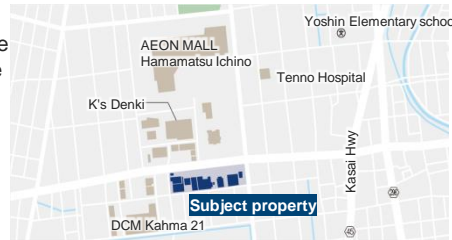


Source: Ministry of Internal Affairs and Communications Statistic Bureau

Location → Concentration of retail facilities

- Located in a large retail area where large retail shops such as Aeon Mall (RSC), a home appliance store and a home and garden store concentrate
- Facing a main road and benefits from good car access
- Limited competition with Aeon Mall by catering to different consumer needs

Surrounding areas



Tenants

Diversified tenant mix with a competitive drug store that also sells groceries

Attractiveness → Diversified tenant mix

- Attractive to consumers with a diversified tenant mix including a leisure facility (relaxation spa) in addition to a grocery store and a drug store

Competitiveness → Competitive drug store

- Tenant: Kyorindo Co., Ltd.
- Established in 1900
- Offers groceries, cosmetics and other daily necessities in addition to medicines

Entetsu Store

- Grocery supermarket focusing on Hamamatsu area
- High brand awareness in local community



Online shopping business

- Operates an online shopping business to leverage the rise of e-commerce covering a broad area in Hamamatsu
- Offers a wide range of goods, including groceries, daily necessities and medicines



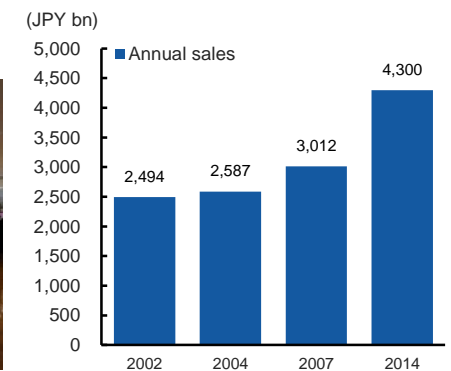
Hamamatsu Onsen Kitanoyu

- Relaxation spa brand with 6 facilities in Aichi, Gifu and Shizuoka Prefectures



Entrance

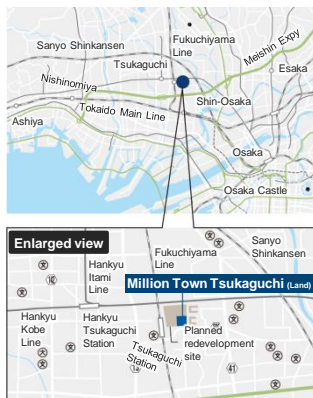
Growing market size of drug stores



Source: Ministry of Economy, Trade and Industry

Properties related to 2nd PO - Million Town Tsukaguchi (Land)

A newly opened NSC located in a retail area as a part of the large-scale redevelopment project in front of JR Tsukaguchi Station



Acquisition price	JPY3,723 mn
Location	Amagasaki, Hyogo
Land area	8,264.46 m ²
Gross floor area	-
Core tenant	Mandai Co., Ltd.
Appraisal NOI yield	4.6%

Access to a major station

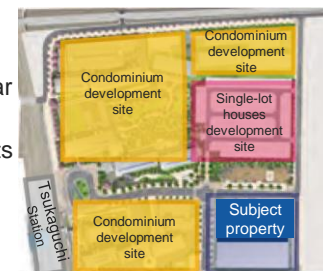


Acquisition highlights

- Opened in Feb. 2016
- Located in a retail area as a part of the large-scale redevelopment project in front of JR Tsukaguchi Station
- Houses a supermarket (grocery) as its main tenant, in addition to a drug store and a medical clinic
- The surrounding area contains existing condominiums and single-lot houses in addition to the redevelopment project

Location

- Increase in population in the surrounding area is expected, with the planned development of over 1,200 new single-lot houses and condominiums near the east exit of the station.
- Existing residential area comprises approx. 540 units of condominiums or single-family homes
- Convenient car access with parking area able to accommodate 255 vehicles



Tenant

Convenience

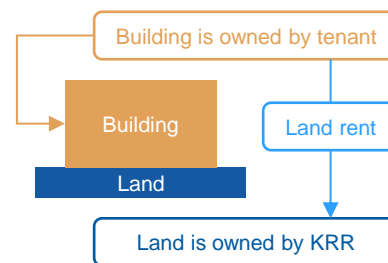
Synergistic effects among tenants

- Synergistic effects in customer accumulation expected among tenants such as grocery supermarket, drug store and medical clinic
- Grocery supermarket opens until midnight



Stability

Over-20-year commercial fixed-term land lease with building owners



(Reference) Benefits from investing in land-only properties

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

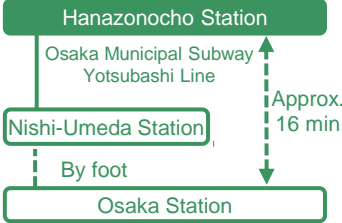
Properties related to 2nd PO - Life Nishi-Tengachaya

Grocery supermarket located in a densely populated retail area, with approx. 16,000 people living in a 500-meter radius



Acquisition price	JPY1,505 mn
Location	Osaka, Osaka
Land area	2,933.51 m ²
Gross floor area	2,401.77 m ²
Core tenant	Life Corporation
Appraisal NOI yield	5.2%

Access to a major station



Acquisition highlights

- Opened in Aug. 2010
- Located in a densely populated retail area, with approx. 16,000 people living in a 500-meter radius
- Faces a major route running through Osaka, benefiting from accessing advantage compared to other grocery stores in the surrounding area, with rooftop parking capable of holding 47 vehicles

Location

Trade area → High population density

The 6th most densely populated ward in Osaka's 24 wards

Access → Convenient access

Conveniently accessible by car due to its location facing a main route and a roof-top parking, in addition to easy subway access

Area	Population density (people//km ²)
Nishinari-ku	16,594.8
Osaka 24 wards average	11,980.6

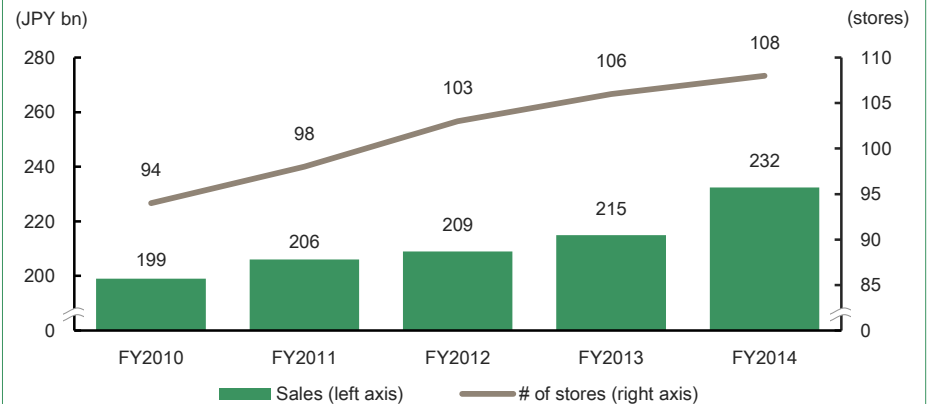


Source: Ministry of Internal Affairs and Communications Statistics Bureau

Tenant


Trend of store-opening → Dominant strategy in Osaka continued store opening

Promote dominant store opening strategy in Tokyo metropolitan area and Greater Osaka area



Source: Life Corporation

Portfolio highlights (1)

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

Portfolio highlights (2)

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

Portfolio highlights (3)

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

Portfolio highlights (4)

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

The contents in this document are provided solely for informational purposes and not intended for the purpose of soliciting investment in, or as a recommendation to purchase or sell, any specific products.

This document contains charts/diagrams/tables/data and others Kenedix Real Estate Fund Management ("KFM") created based on data, indices, etc. published by third parties, in addition to the information related to Kenedix Retail REIT Corporation ("KRR"). This document also contains the current analyses/judgments/other opinions of KFM.

KFM is a financial instruments business operator under the Financial Instruments and Exchange Act.

The information provided herein is unaudited and hence no assurance or warranties are given with respect to the accuracy or completeness thereof. Also, please be aware that the analyses/judgments/other opinions provided by KFM may change or cease to exist without prior notice of any kind as they are based on current assumptions and beliefs of KFM.

Neither KRR nor KFM shall be liable for any errors/inaccuracies of the data/indices/other information published by third parties (including the data based on the appraisal report).

This document also contains forward-looking statements and anticipation of future results for KRR. However, no guarantees are given with respect to the accuracy of these statements/anticipation.

Revised editions of this document will be posted on our website (<http://www.krr-reit.com/en>) should there be major corrections going forward.

Unless otherwise explicitly stated, the figures such as percentage, ratio, and year(s) are rounded off to largest decimal place shown in this document, the amount of money such as JPY, Japanese Yen, is truncated at the one tenth of the number shown in this document.