



Kenedix Retail REIT Corporation

Financial Results

for the 6th Financial Period ended March 31, 2018

May 18, 2018

KENEDIX
Retail REIT Corporation

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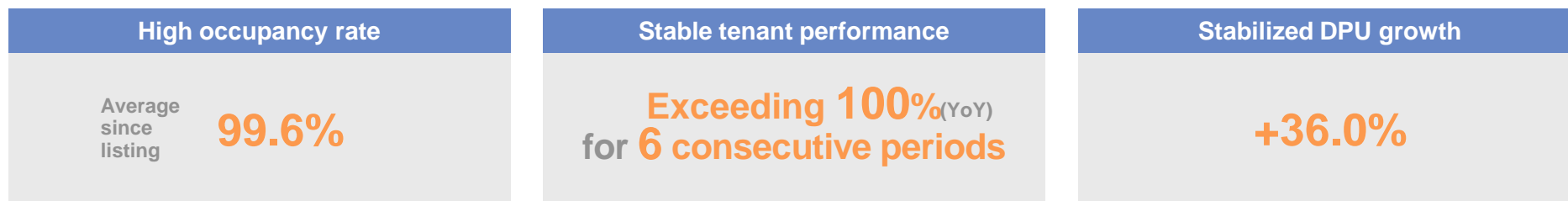
01

Adapting to changing environment for sustainable growth

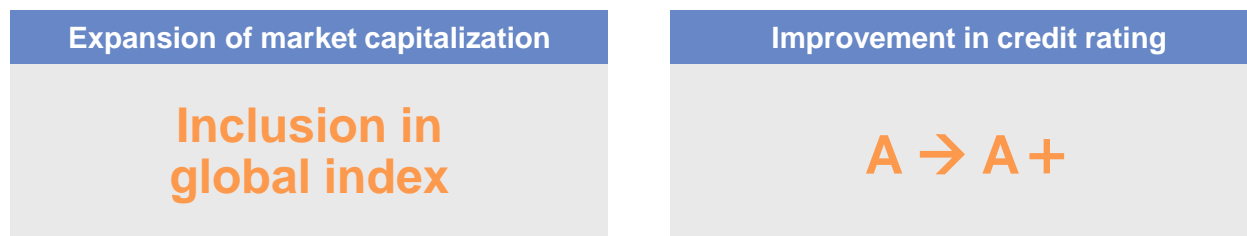
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Growth backed by solid operation and portfolio stability



Evaluation on stability of shopping centers for daily needs



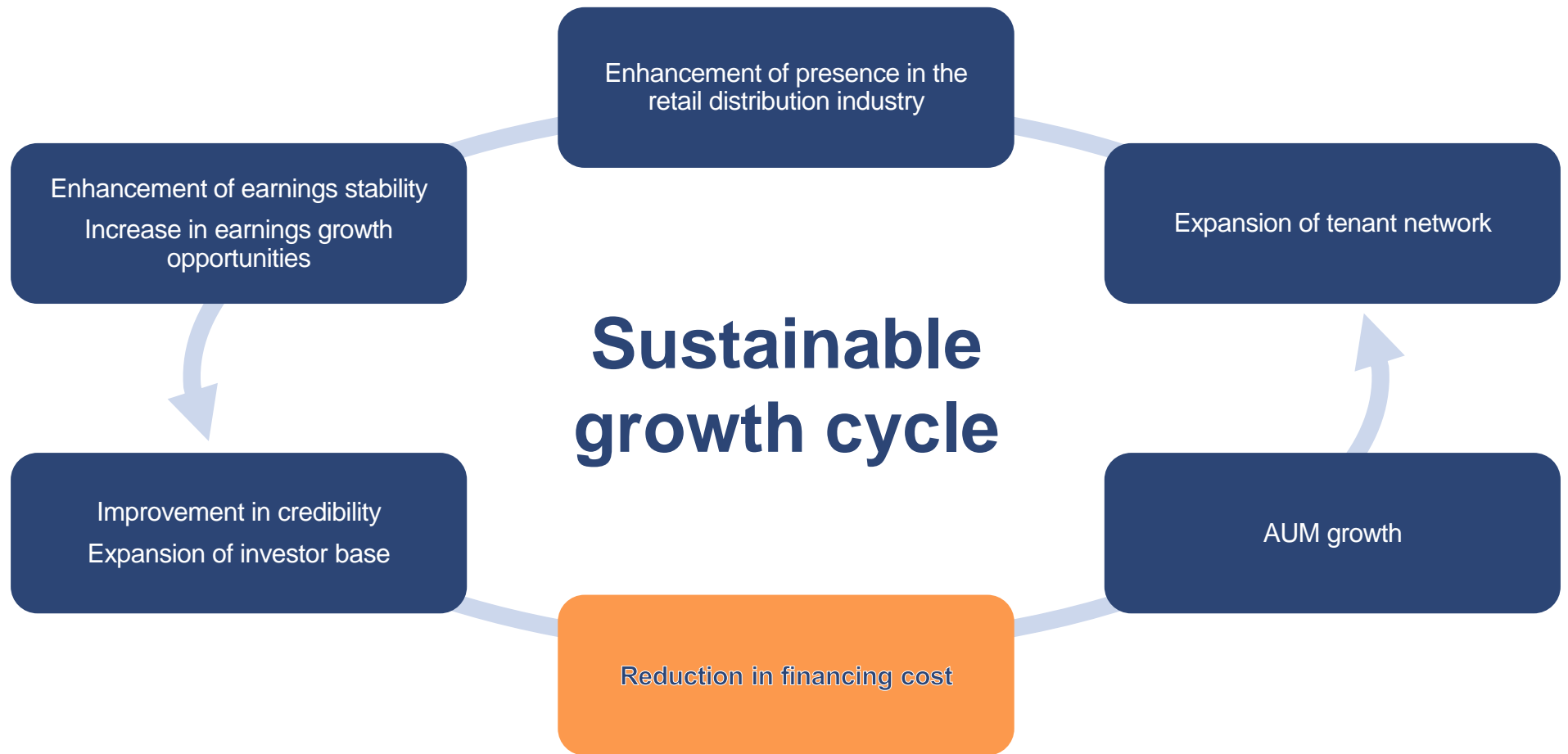
Note 1: Occupancy rate is an average from February 2015 to March 2018.

Note 2: Change in stabilized distribution per unit from February 2015 to May 2018 is shown.

Note 3: "Global index" indicates FTSE EPRA/NAREIT Global Real Estate Index Series.

Note 4: "Credit rating" indicates the credit rating granted by Japan Credit Rating Agency, Ltd.

KRR's sustainable growth cycle



KRR must solve issues toward higher valuation of investment unit

Evolving in response to changing business environment

Evolving in response to changing business environment

Alleviate concerns on retail properties in the J-REIT market

Alleviate excessive concern on e-commerce penetration

Inclusion of logistics facilities as investment criteria

Alleviate the wide gap in concerns over certain properties

Disposition of properties (portfolio quality improvement)

Asset management focusing more on DPU and NAV growth

Replacement of properties with low NOI yield after depreciation

New asset management fee structure

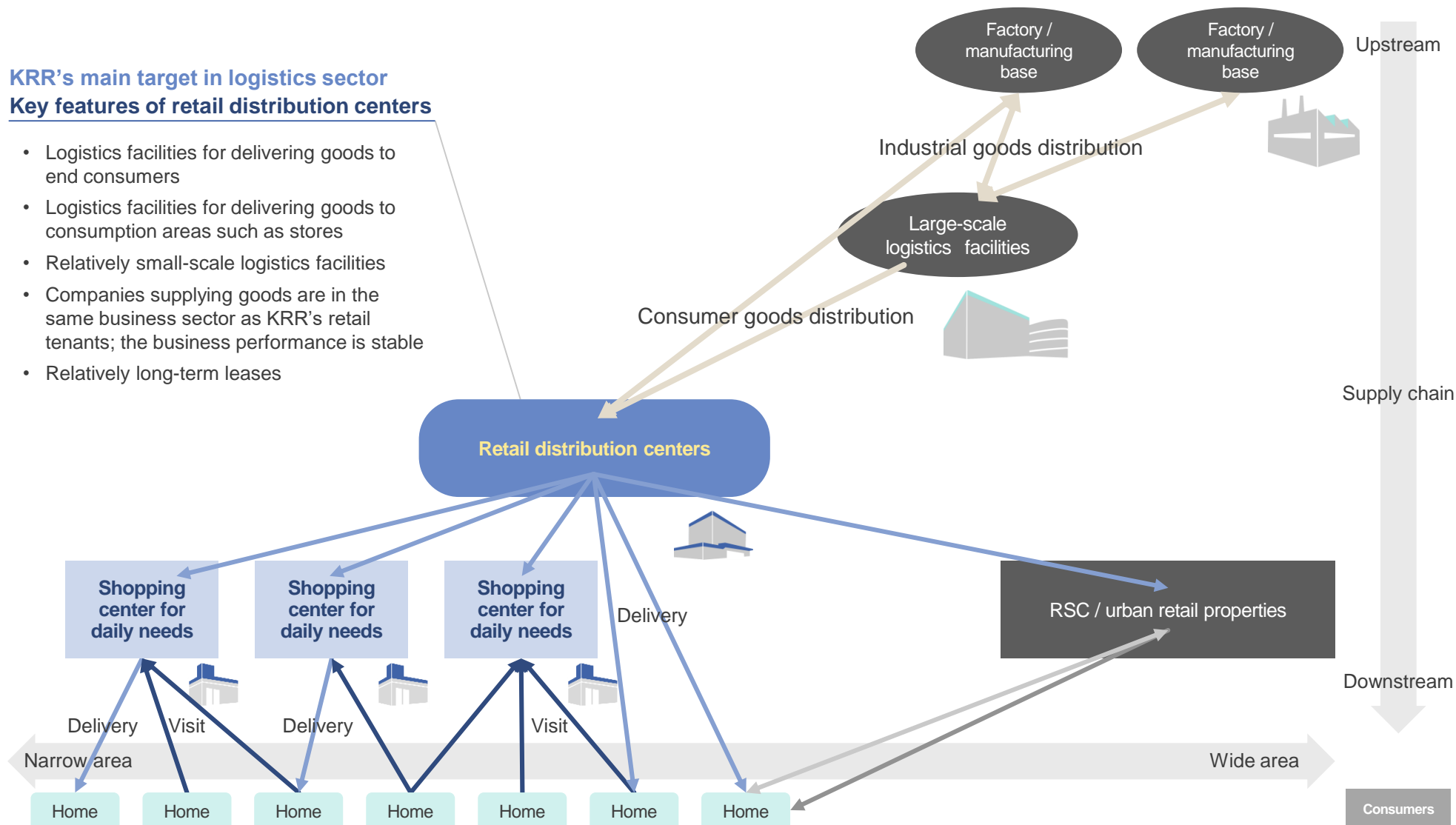
Framework for unit buyback

Retail and logistics facilities in supply chains

KRR's main target in logistics sector

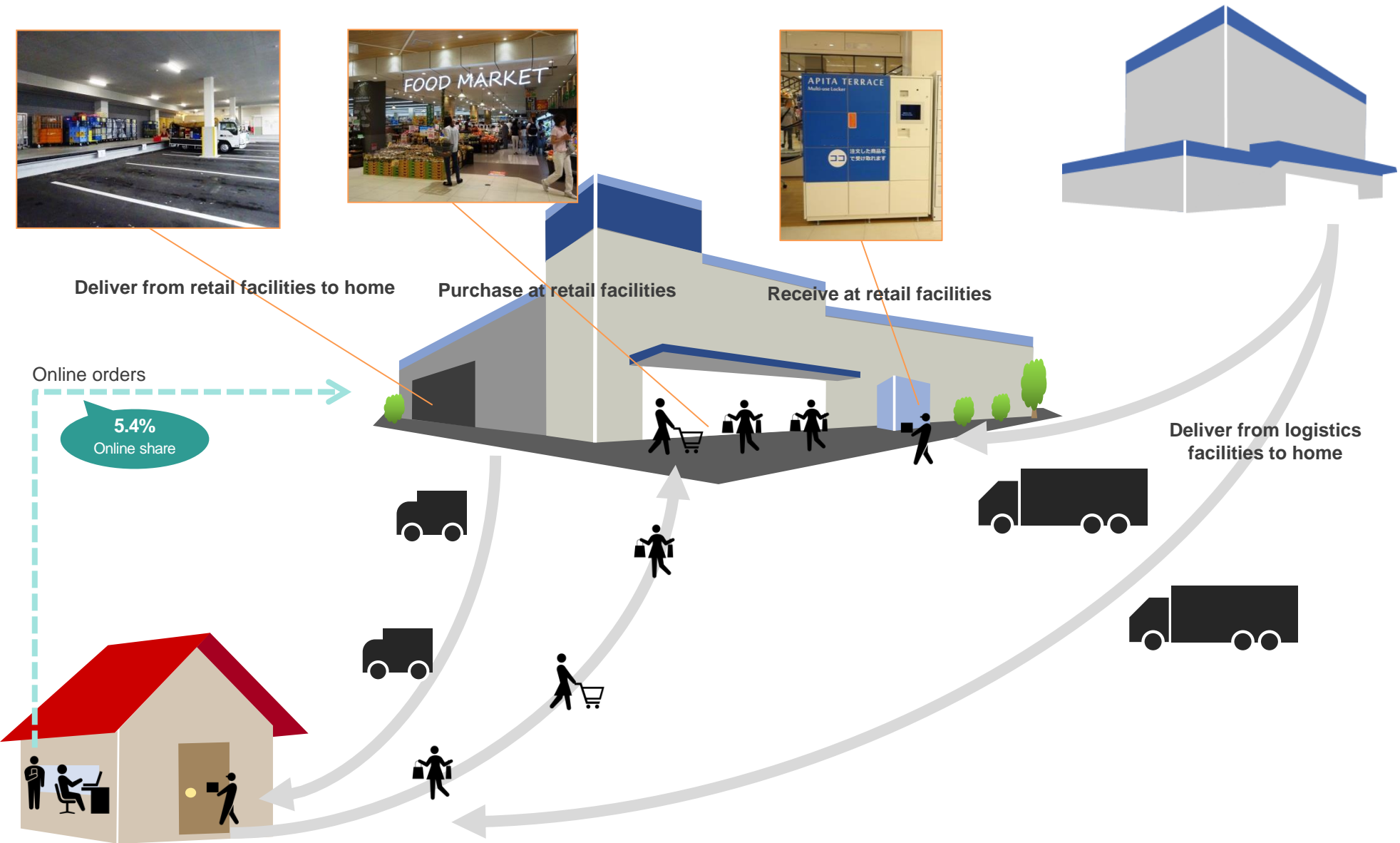
Key features of retail distribution centers

- Logistics facilities for delivering goods to end consumers
- Logistics facilities for delivering goods to consumption areas such as stores
- Relatively small-scale logistics facilities
- Companies supplying goods are in the same business sector as KRR's retail tenants; the business performance is stable
- Relatively long-term leases



Note: The above shows key features and concept of logistics facilities in which KRR makes an investment. However, not all logistics facilities acquired by KRR are expected to have the above features.

Integration of functions of retail and logistics facilities



Background on investment in logistics facilities

Diversified consumer behavior

- E-commerce penetration
- Shift from “goods” to “experiences/services”
- Focus on fresh products
- High frequency of purchasing
- Diversified ways to receive goods

Sophisticated flow of goods

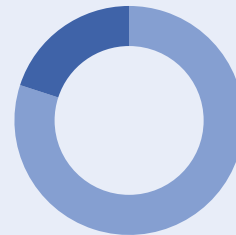
- Frequent small deliveries
- Shorter lead time
- Last-mile issues
- Needs for distribution bases close to consumption areas
- Delivery of goods from stores

Lowered barrier between
retail and logistics facilities

Investment in logistics facilities

Logistics facilities
Other retail facilities
20% or less

Shopping centers
for daily needs
80% or more



Shift from GMS to
shopping centers for daily needs

Opportunities to acquire
newly developed logistics facilities

Management expertise / sponsor support

- Leasing utilizing retail tenant network
- Understanding off-balance needs of tenants
- Development and management track-record of logistics facilities by the Kenedix Group, including involvement in Japan Logistics Fund, Inc.
- Potential conversion of retail facilities to logistics use

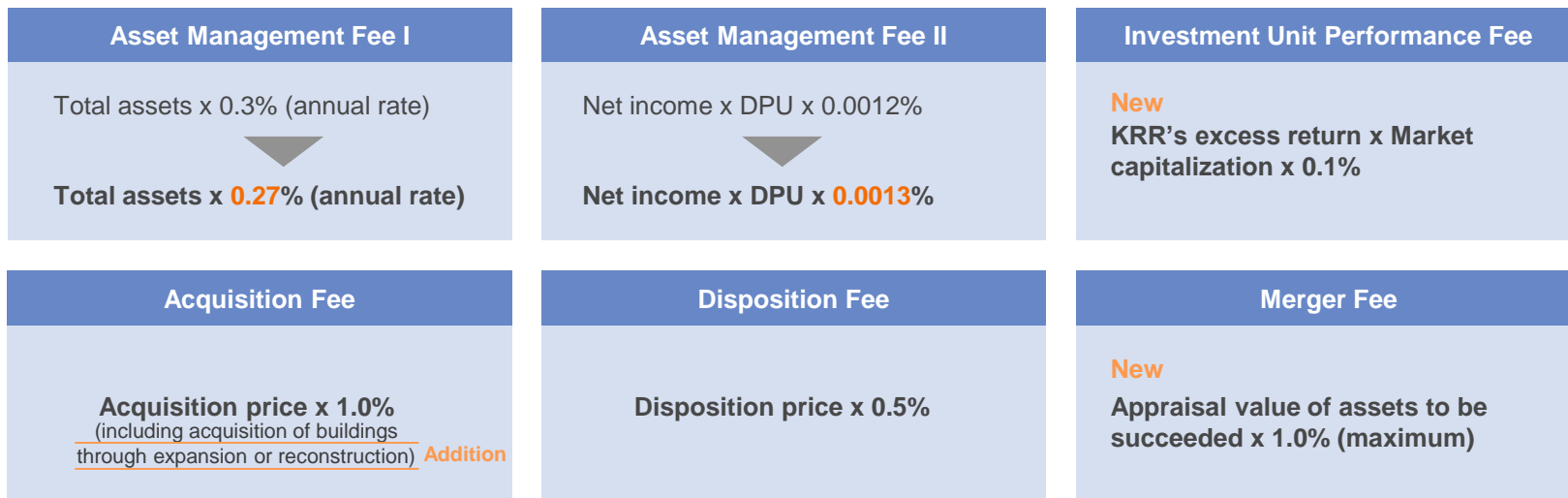
Change of fee structure to provide further incentives to enhance unitholder value

Revision of asset management fee rates and establishment of new fees

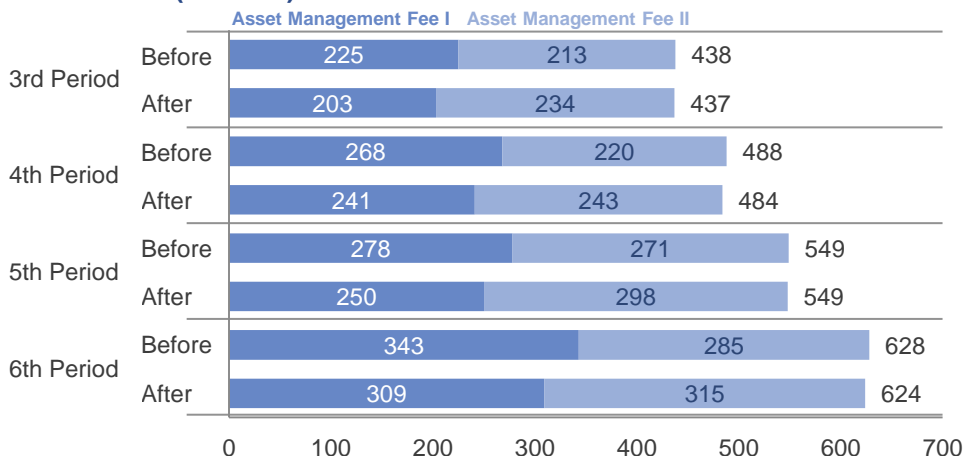
Revise to increase the linkage between the asset management fee and unitholder interests

Establish investment unit performance fee to provide an incentive for the asset manager to focus on the investment unit price

Establish merger fee and revise the acquisition fee

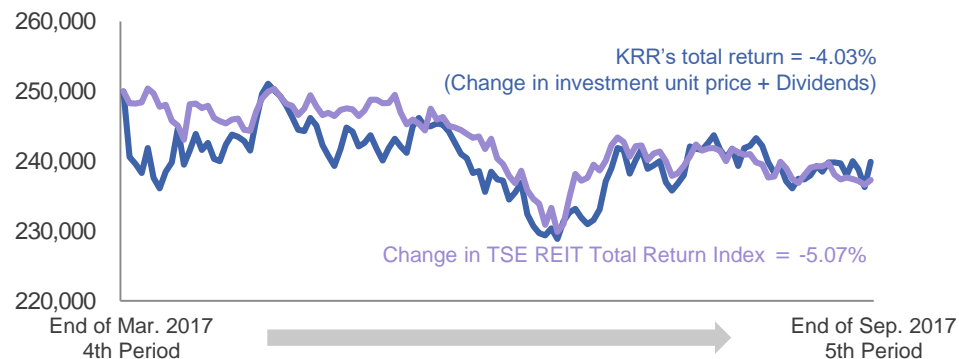


Asset management fee estimates retroactively calculated based on new rates (JPY mn)



Calculation method and the investment unit performance fee estimate

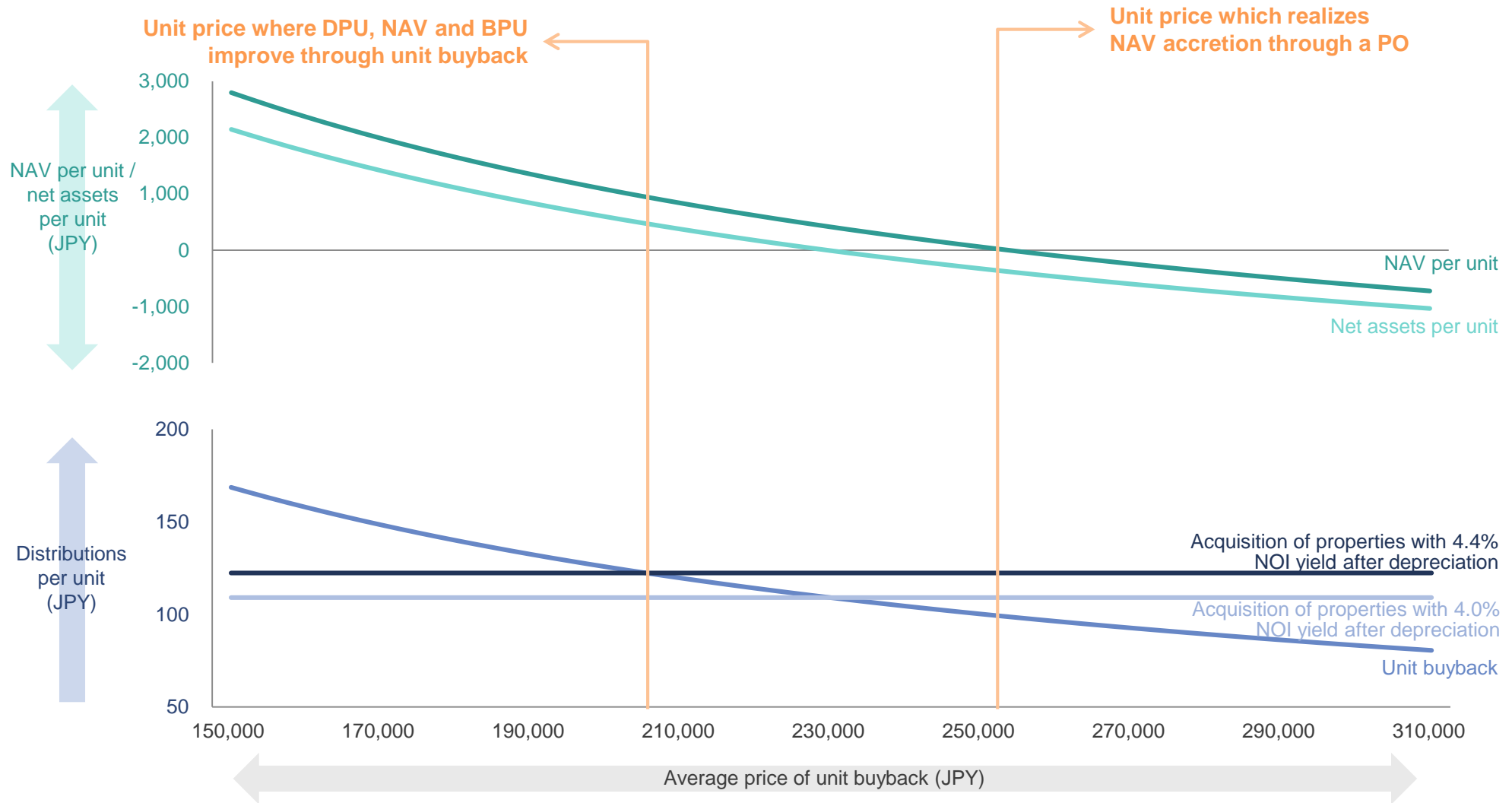
Investment unit performance fee = KRR's excess return x Market cap as of the end of the 4th period x 0.1%
 = 1.04% x JPY 105,612 mn x 0.1%
 = **JPY 1,097,071**
 *Zero when KRR's investment unit underperforms



Sensitivity on unit buyback

Sensitivity on unit buyback

(Assuming that JPY 2.0 billion is used for unit buyback)



Note 1: Difference between accumulated depreciation (JPY 3,810 million) and accumulated capital expenditure (JPY 1,700 million) is JPY 2,110 million.

Note 2: Acquisition of properties reflects increase in LTV as a result of unit buyback.

Memo

02

KRR highlights and updates

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Key points of the 6th fiscal period ended March 31, 2018

- Maintaining [high occupancy rate](#) and continuously [stable tenant sales](#)
- [Full-period contribution](#) of the properties acquired in the 5th fiscal period to continued DPU growth
- Acquisition of Ozeki Tokiwadai located in [one of the most densely populated retail trade areas in Tokyo](#)

Key points of the 7th fiscal period ending September 30, 2018

- [Offsetting temporary decrease in NOI](#) due to renovations at MONA Shin-Urayasu by [gain on sale](#)
- Decrease in NOI resulting from [expensing property-related taxes](#) on the properties acquired in the 5th fiscal period
- Contribution of [property acquisitions](#) in the 6th and the 7th fiscal periods to DPU growth
- [Conversion to long-term fixed-rate debts](#) by issuing investment corporation bonds and refinancing

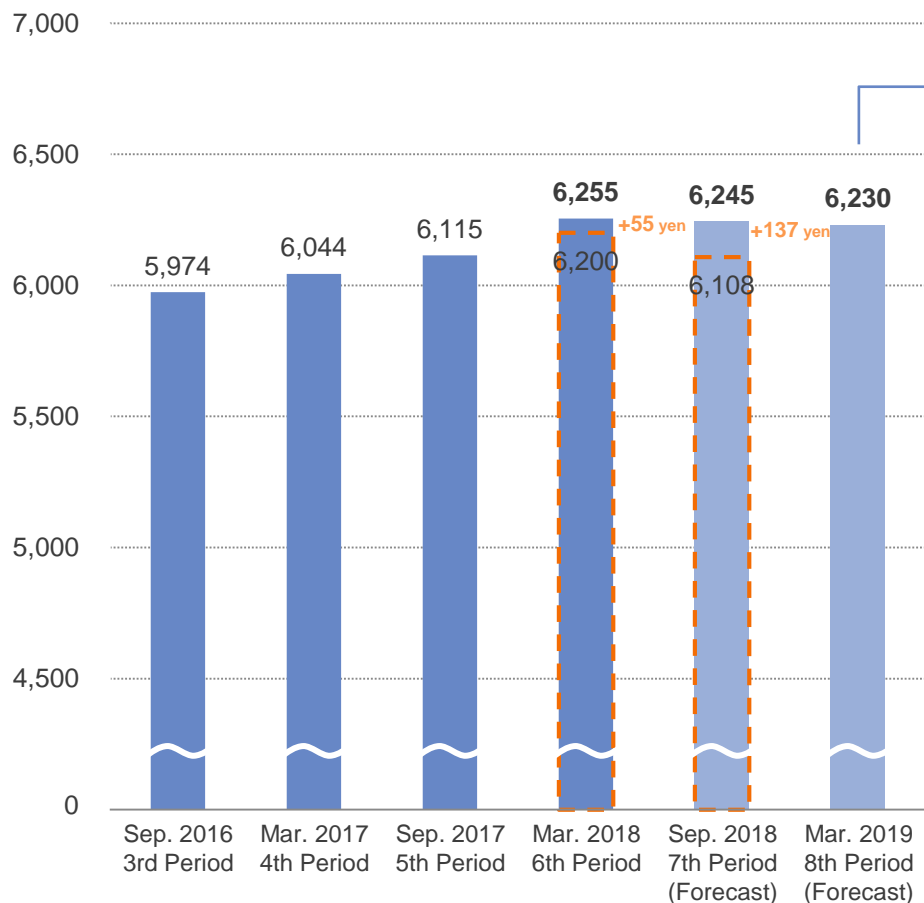
Key points of the 8th fiscal period ending March 31, 2019

- Increase in NOI as a result of [completion of renovations](#) at MONA Shin-Urayasu
- [Full-period contribution](#) of the properties acquired in the 6th and the 7th fiscal periods to DPU growth
- [Temporary increase in expenses](#) (restoring cost) at Fululu Garden Yachiyo

Distribution per unit

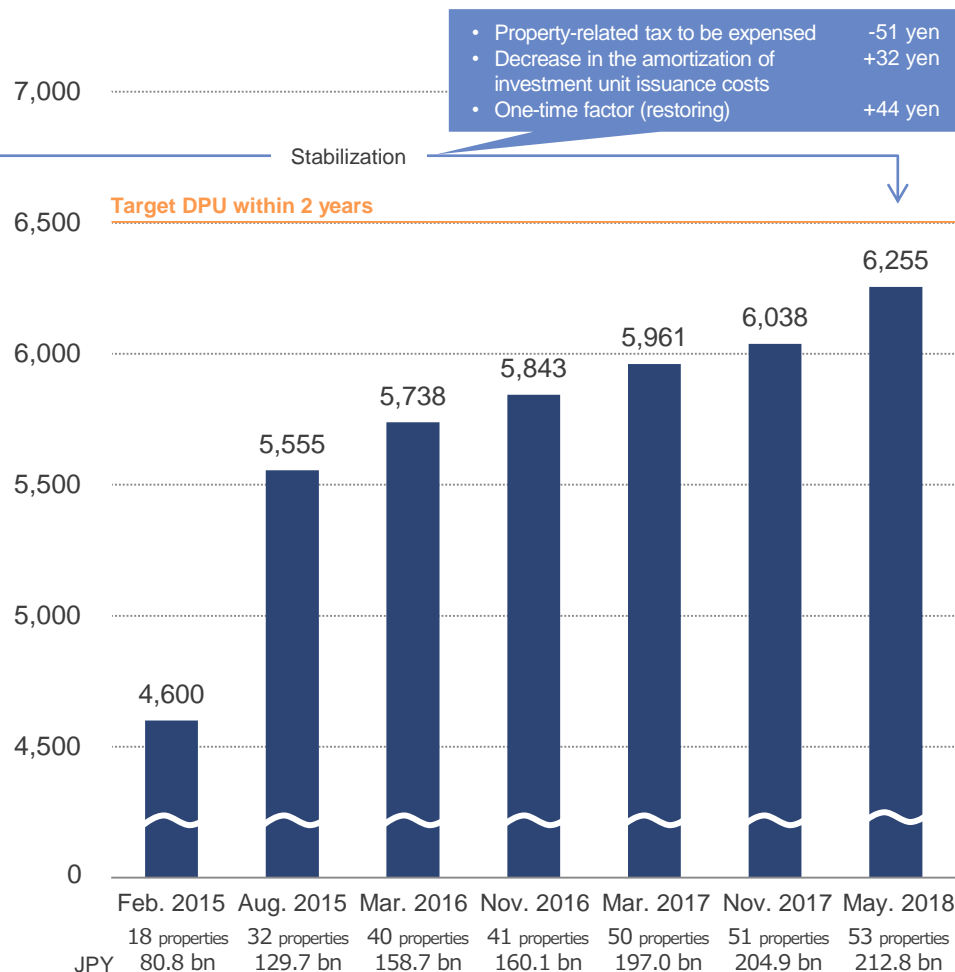
Distribution per unit (JPY)

(The boxes in orange lines indicate the forecasts as of Nov. 14, 2017)



Stabilized distribution per unit (JPY)

(Assuming that property-related taxes were expensed, and excluding one-time factors such as gain on sale of property)

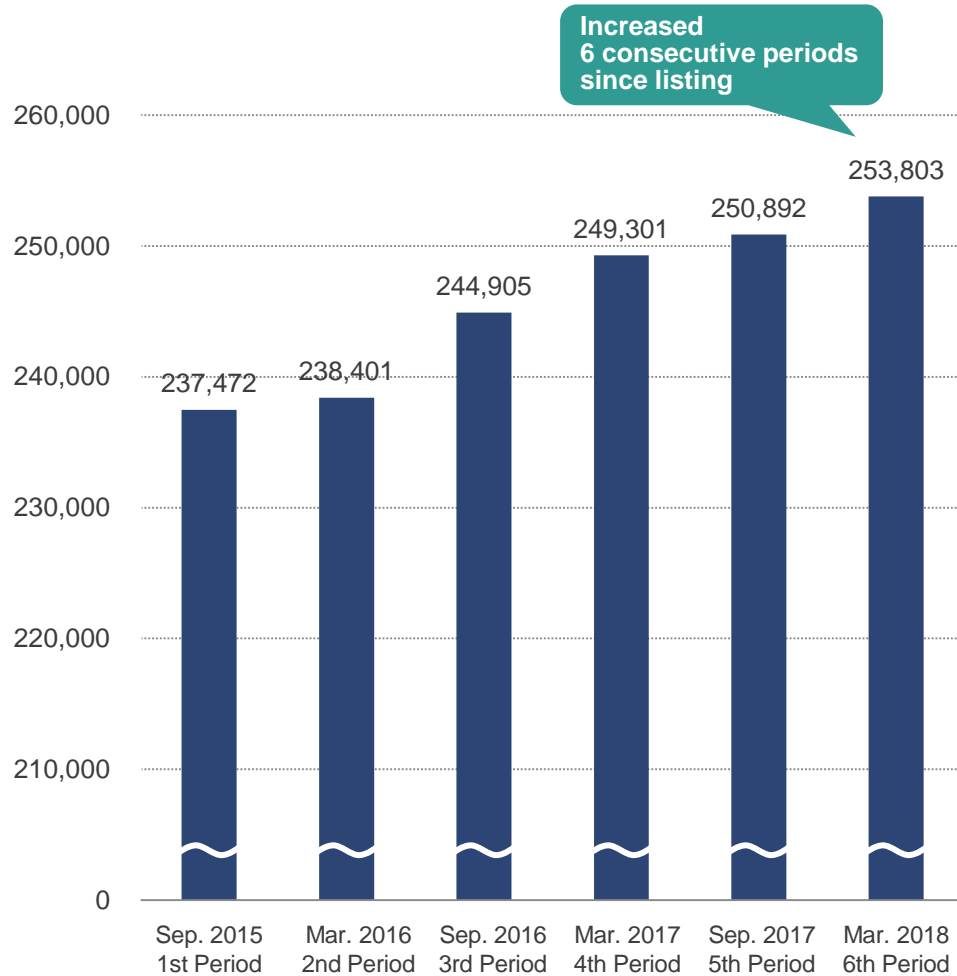


- Property-related tax to be expensed -51 yen
- Decrease in the amortization of investment unit issuance costs +32 yen
- One-time factor (restoring) +44 yen

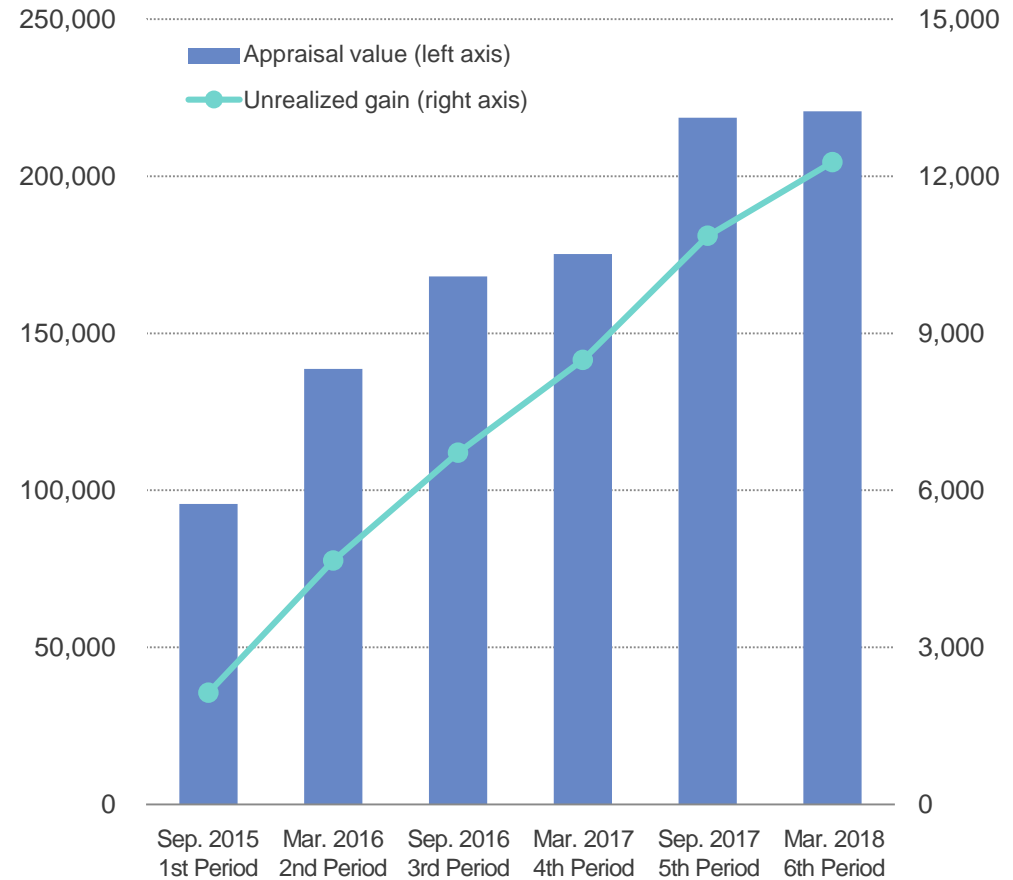
Stabilization

Target DPU within 2 years

NAV per unit (JPY)



Appraisal value and unrealized gain (JPY mn)

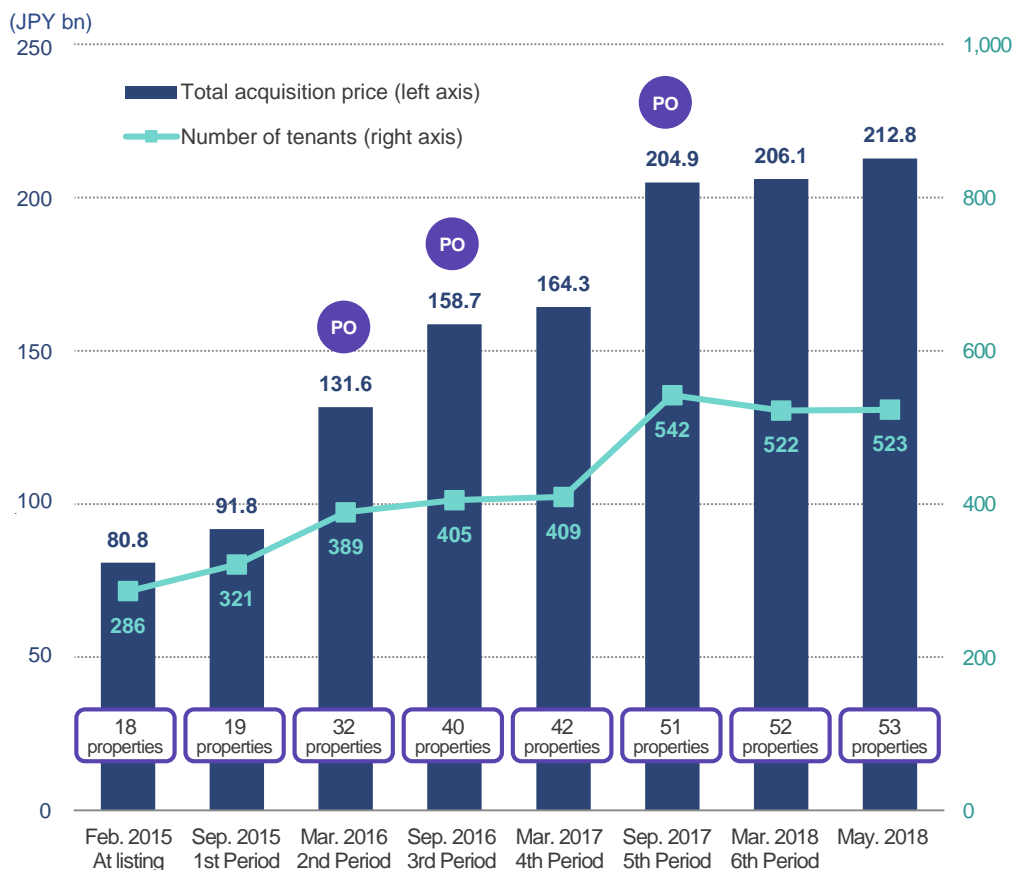


Note: NAV per unit at the end of each fiscal period = (net assets + unrealized appraisal gains/losses on the entire portfolio at the end of each fiscal period) / (total number of investment units issued at the end of each fiscal period)

Appraisal value, NOI yield, occupancy rate

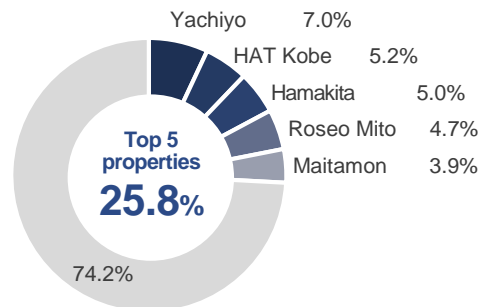
Total appraisal value	Appraisal NOI yield	NOI yield after depreciation	Occupancy rate
JPY 228.4 bn	5.3%	4.4%	99.5%

AUM, number of tenants, number of properties

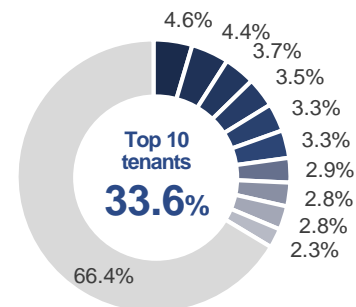


Characteristics of KRR portfolio

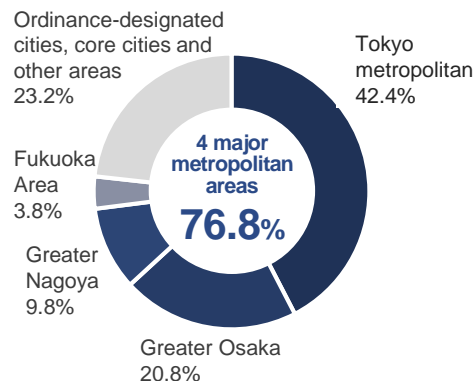
Top 5 properties (by acquisition price)



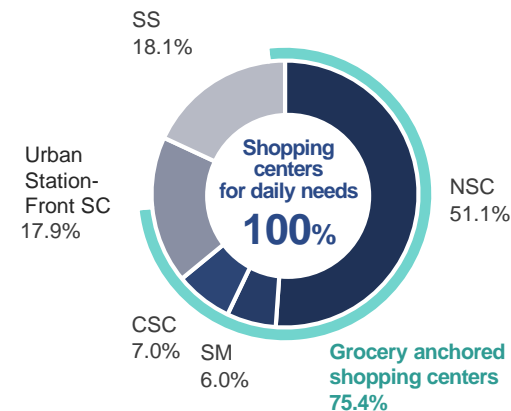
Top 10 tenants (by annual fixed rent)



Location



Types of retail property



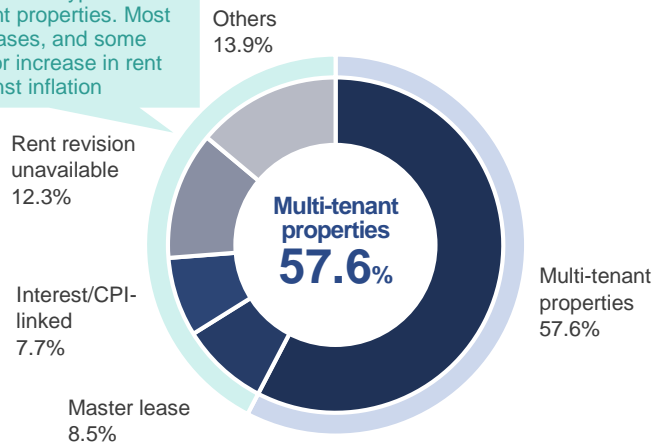
Note 1: "Appraisal value", "NOI yield", "Occupancy rate" and other figures on portfolio are as of Mar. 31, 2018, for the 53 properties acquired by May 31, 2018.

Note 2: "Appraisal NOI Yield" is calculated by dividing appraisal NOI from the latest appraisal reports by acquisition price. "NOI yield after depreciation" is based on the forecast for the fiscal period ended Sep. 30, 2018.

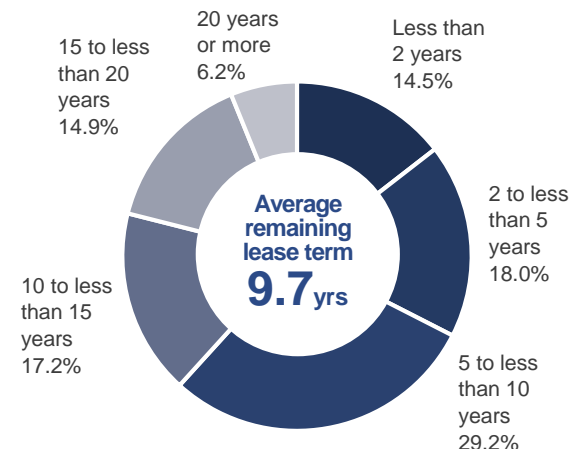
Note 3: "Occupancy rate" and "number of tenants" at listing are figures as of Sep. 30, 2014.

Multi-tenant properties (by acquisition prices)

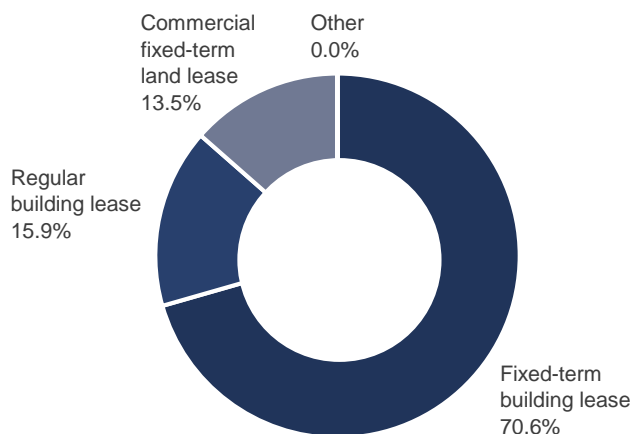
There are various rent types even with single tenant properties. Most are long-term leases, and some have potential for increase in rent and hedge against inflation



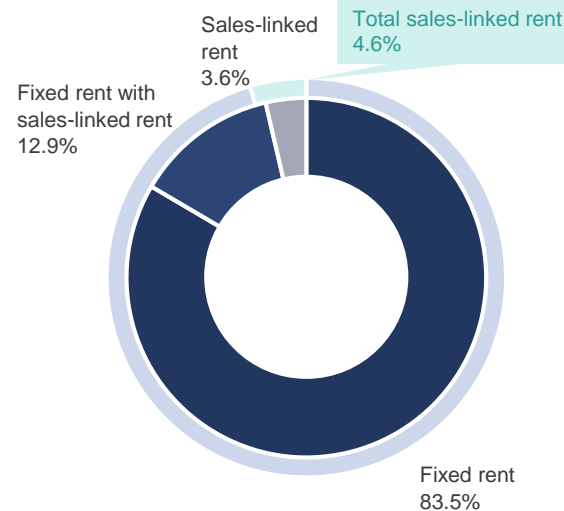
Remaining lease term (by annual fixed rent)



Lease contract type (by annual fixed rent)



Rent type (Sep. 2017-Mar. 2018)

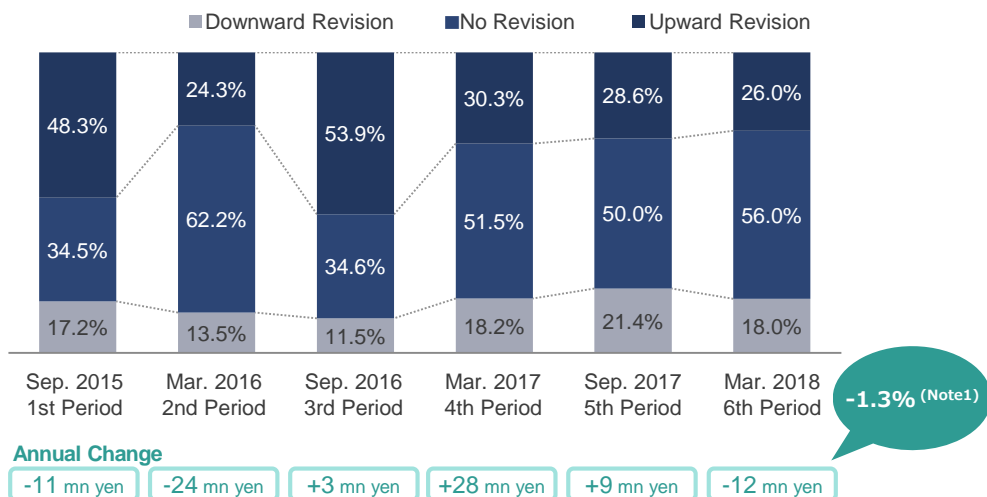


Note 1: The figures are as of Mar. 31, 2018, based on the 53 properties acquired by May 31, 2018. The figures of "Rent type" is for the 6th fiscal period based on the 52 properties acquired by Mar. 31, 2018.

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

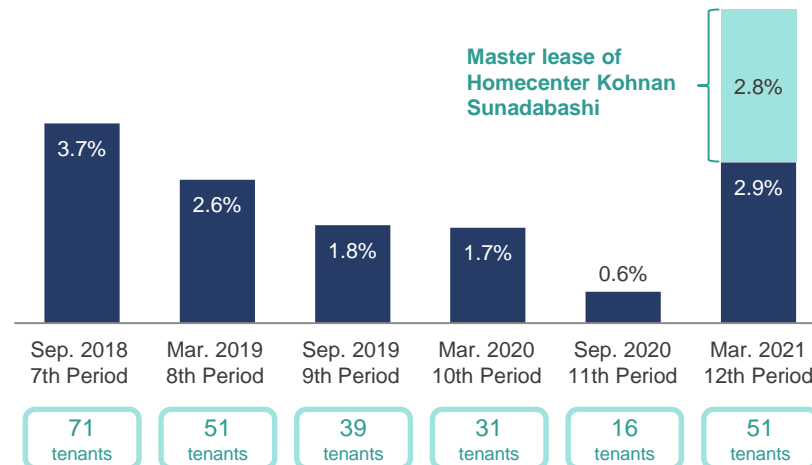
Note 3: "Master lease" indicates tenants where the lessee does not occupy and subleases to a retailer. "Interest/CPI-linked" indicates tenants whose rent contract renews accordingly to the interest rate or CPI.

Rent Revisions (based on number of revisions)

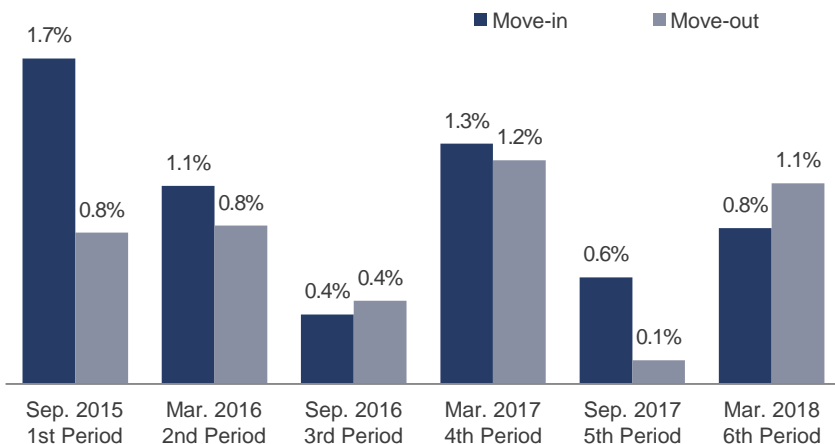


Lease expiry (by annual fixed rent)

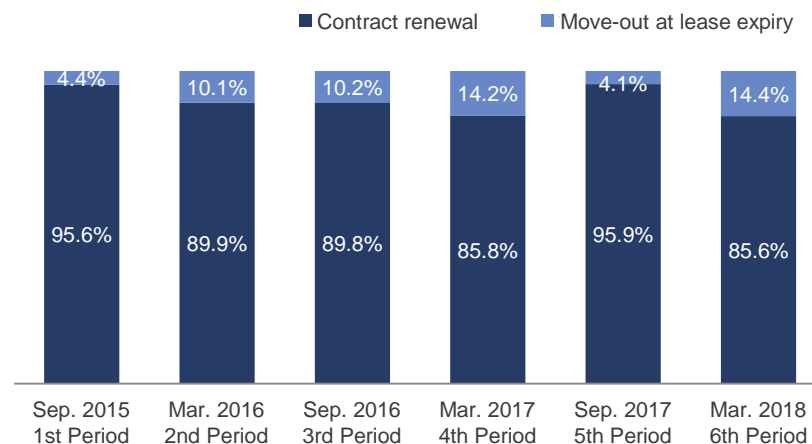
of tenants and % of lease expiry in each period (Note2)



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



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



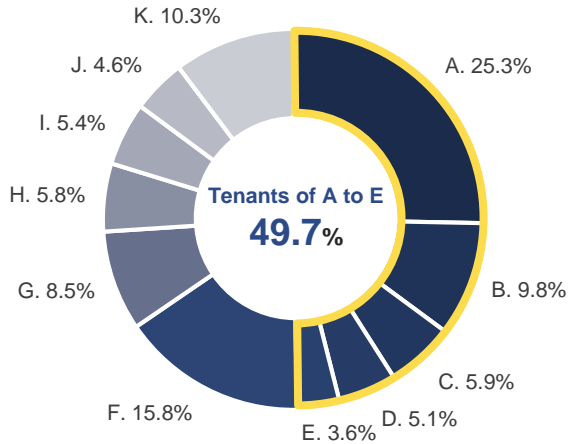
Note 1: Based on the rent including common area charges before revision of the tenants subject to rent revision.

Note 2: Based on the contractual rent determined in the lease contract, including regular building leases, for properties owned as of Mar. 31, 2018.

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

Tenants supported by consumers are less affected by e-commerce

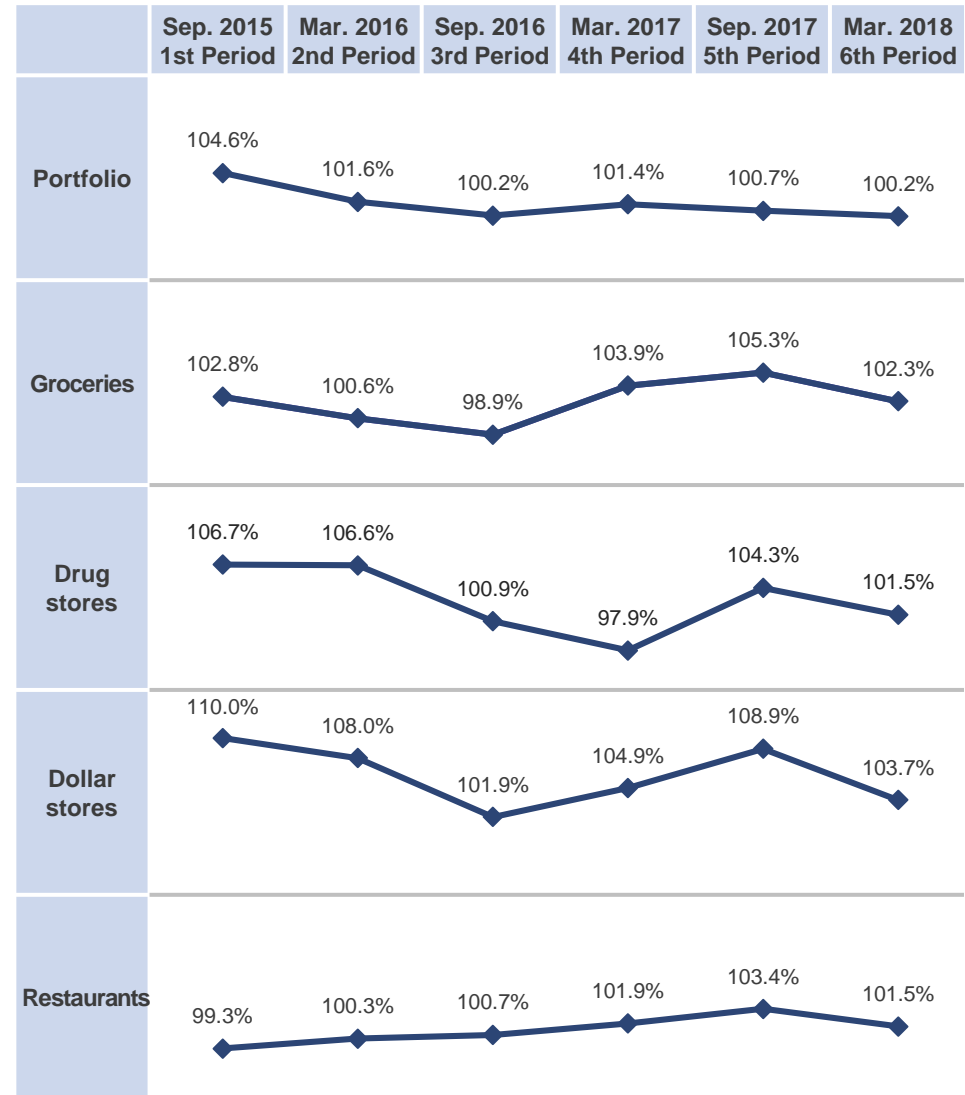
Percentage of tenant category (based on rents)



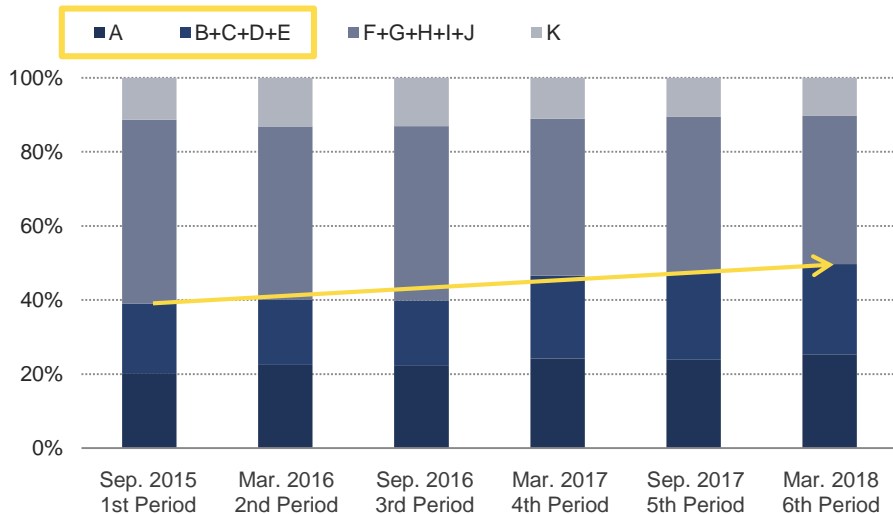
Tenants less affected by e-commerce

A.	Groceries & Costco	25.3%
B.	Service businesses	9.8%
C.	Health clubs	5.9%
D.	Amusement	5.1%
E.	Restaurants	3.6%
F.	Other retailers	15.8%
G.	Home & garden	8.5%
H.	Clothing	5.8%
I.	Consumer electronics	5.4%
J.	GMS	4.6%
K.	Others	10.3%

Changes in sales of categories (YoY)^(Note2)



Changes in percentage of tenant category (based on rents)



Note 1: "Costco" refers to Costco Wholesale.

Note 2: Based on the sales figures available to KRR. The sales of each category take into account the effect of difference in days of the weekends in each period, but those of portfolio do not take into account.

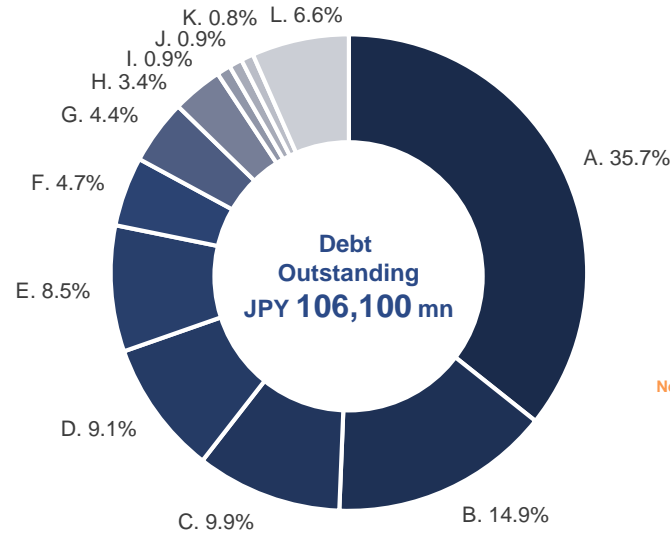
Financial highlights

	5th Period ^(Note 1)	6th Period ^(Note 2)
Average interest rate	0.96%	1.00%
Average remaining years to maturity	4.9 yrs	5.2 yrs
Long-term debt ratio	87.6%	96.1%
Fixed interest debt ratio	87.6%	92.0%
LTV	42.6%	44.5%

Credit rating and commitment lines

Credit Rating (JCR)	Commitment credit lines
A+(Stable)	JPY 2 bn

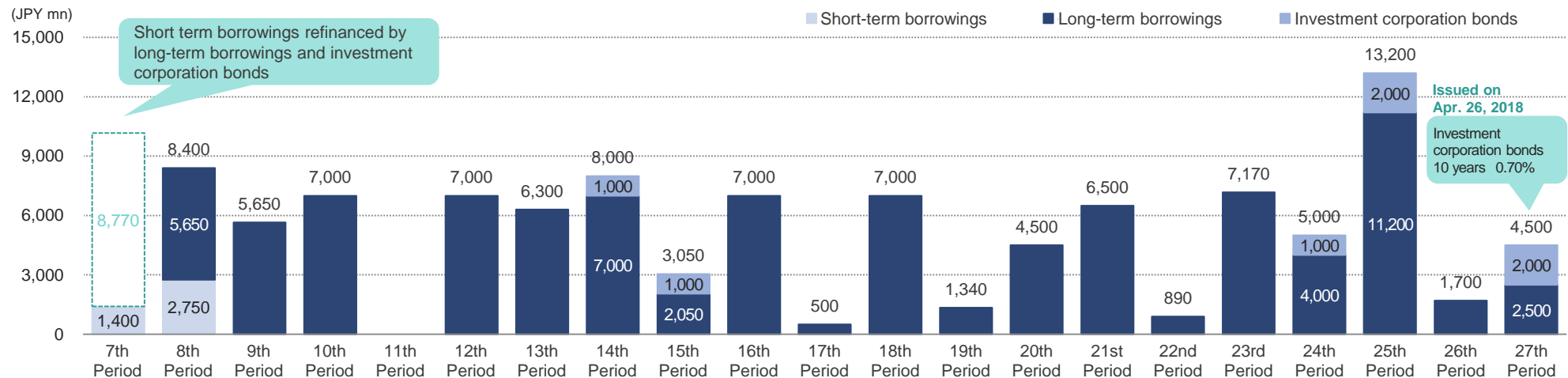
Breakdown of debt outstanding by lender and investment corporation bonds (Note2)



	Balance (JPY mn)	
A	Sumitomo Mitsui Banking Corporation	37,870
B	MUFG Bank, Ltd.	15,860
C	Development Bank of Japan Inc.	10,490
D	Mizuho Bank, Ltd.	9,670
E	Sumitomo Mitsui Trust Bank, Ltd.	9,070
F	Resona Bank, Ltd.	5,000
G	Mizuho Trust & Banking Co., Ltd.	4,650
H	Aozora Bank, Ltd.	3,640
I	The Bank of Fukuoka, Ltd.*	1,000
J	The Musashino Bank, Ltd.	950
K	The Gunma Bank, Ltd.	900
L	Investment corporation bonds	7,000

*First borrowings from The Bank of Fukuoka scheduled on May 31, 2018

Maturities of interest-bearing debts (Note2)



Note 1: Based on the figures after the refinancing on Oct. 3, 2017.

Note 2: Based on the figures after the prepayment of the borrowings on May 31, 2018. The average interest rate is as of after the borrowings on Apr. 27, 2018.

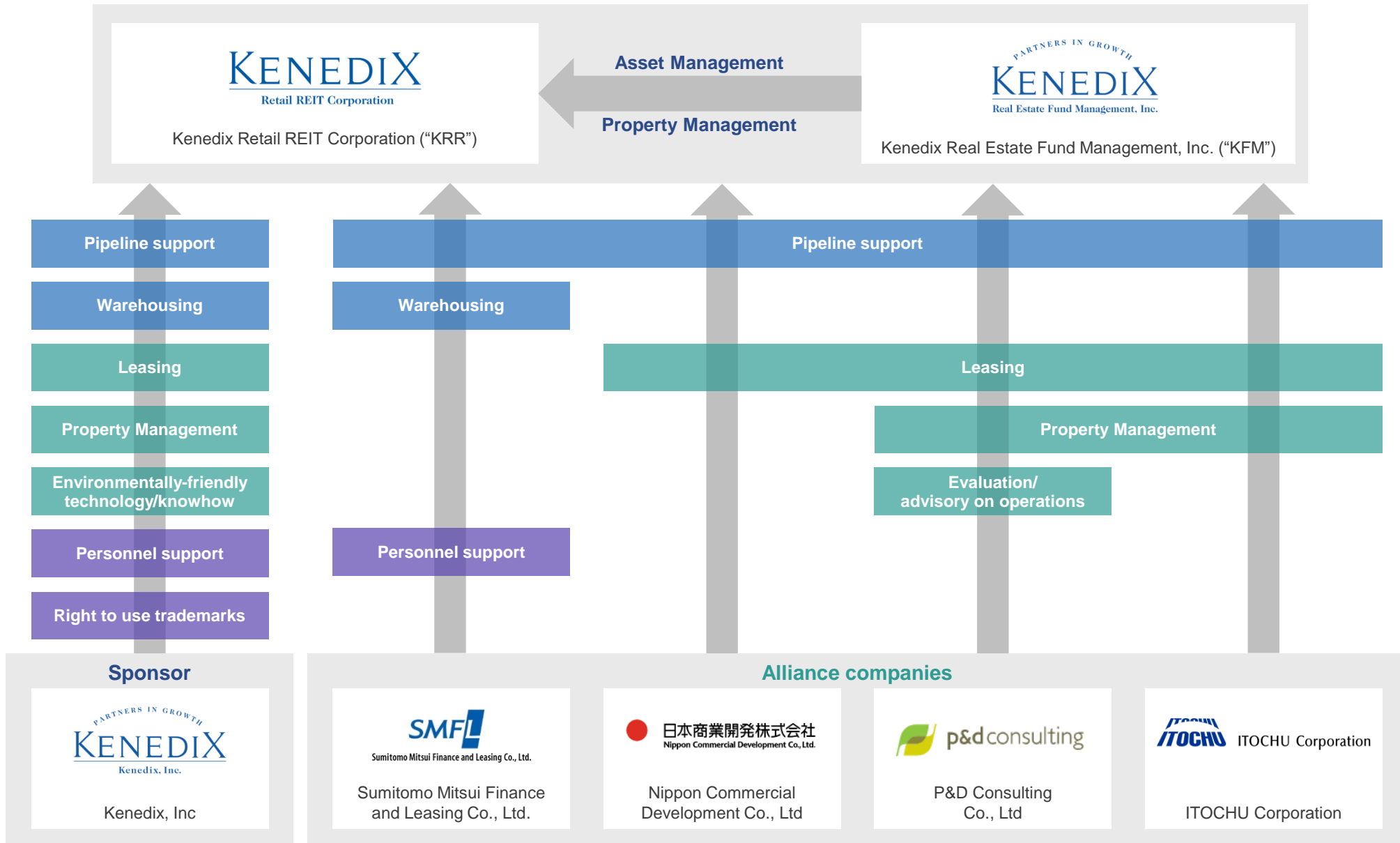
03

Implementation of growth strategies

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Strong support from the Kenedix Group and Alliance Companies



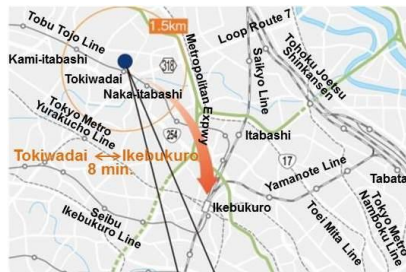
Note: Kenedix, Inc., the asset manager of the retail property development fund jointly created by ITOCHU Corporation ("Kenedix – ITOCHU Fund"), agrees to provide preferential access to potential acquisition opportunities regarding the fund, to KRR and KFM.

Acquisition of Ozeki Tokiwadai

A grocery supermarket located in one of the most densely populated retail trade areas in Tokyo, with 64 thousand residents within a one-kilometer radius



Developed by the Sponsor



Acquisition price	JPY 1,263 mn
Location	Itabashi-ku, Tokyo
Appraisal value	JPY 1,340 mn
Appraisal NOI	4.6%

Acquisition of Costco Wholesale Sapporo Warehouse

The only Costco warehouse in Hokkaido, covering Sapporo metropolitan area as its trade area



Acquisition price	JPY 4,210 mn
Location	Sapporo, Hokkaido
Appraisal value	JPY 4,390 mn
Appraisal NOI	4.8%

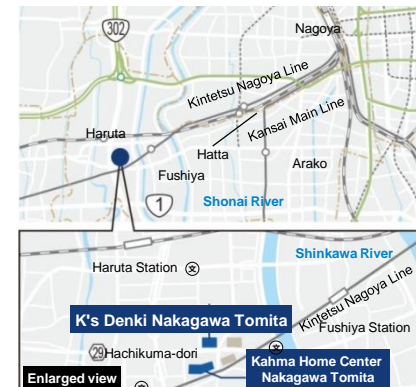
Acquisition of Konami Sports Club Shibuya

A large health club with a wide range of facilities in a densely populated area of central Tokyo



Acquisition price	JPY 3,400 mn
Location	Shibuya-ku, Tokyo
Appraisal value	JPY 3,430 mn
Appraisal NOI	4.0%

Disposition of K's Denki Nakagawa Tomita (Land)



Location	Nagoya, Aichi
Disposition date	April 27, 2018
Acquisition date	February 10, 2015

Disposition price	JPY 1,128 mn
Book value	JPY 907 mn
Appraisal value	JPY 1,010 mn

Pipelines of Sponsor and Alliance Companies

Apita Terrace Yokohama Tsunashima

Location: Yokohama, Kanagawa
(opened in Mar. 2018)



Development

Kenedix-ITOCHU Fund

Land area

18,300.01m²

GFA

44,562.53m²

Development Project in Fukuoka

Location: Fukuoka, Fukuoka
(expected to open in spring 2020)



Development

Kenedix

Land area

3,471.00m²

GFA

TBD

Unicus Urawamisono (Land)

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



Development

Alliance Company (P&D)

Land area

3,533.59m²

GFA

Across Plaza Urayasu Higashino (Land)

Location: Urayasu, Chiba
(opened in Dec. 2017)



Development

Alliance Company (NCD/SMFL)

Land area

6,229.00m²

GFA

Development Project in Nagoya (Land)

Location: Nagoya, Aichi
(expected to open in Jan. 2019)



Development

Alliance Company (ITOCHU)

Land area

13,480.42m²

GFA

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

Note 2: These are the properties which are developed by Kenedix, Inc. or owned by Alliance Companies and confirmed by both our Alliance Companies and Kenedix Retail REIT as the properties that meet our investment criteria.

As of May 18, 2018, KRR has no plans to acquire these properties and there is no guarantee that it can acquire these properties in the future.

Note 3: Land area and GFA are based on data available to KFM and may differ from the actual figures.

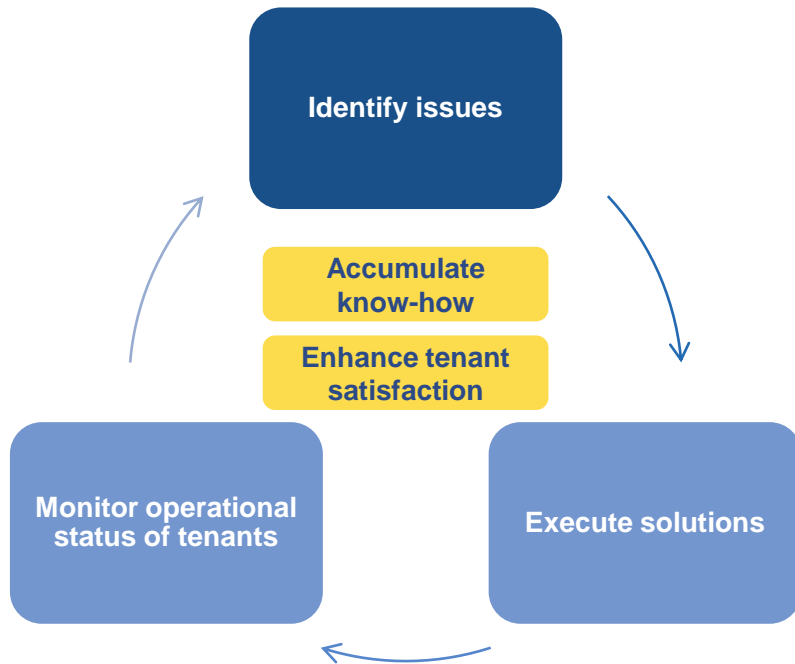
Active management strategies

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

Asset management services
Build and manage a stable/consistent portfolio

Strengthened collaboration

Property management services
Interact directly with tenants



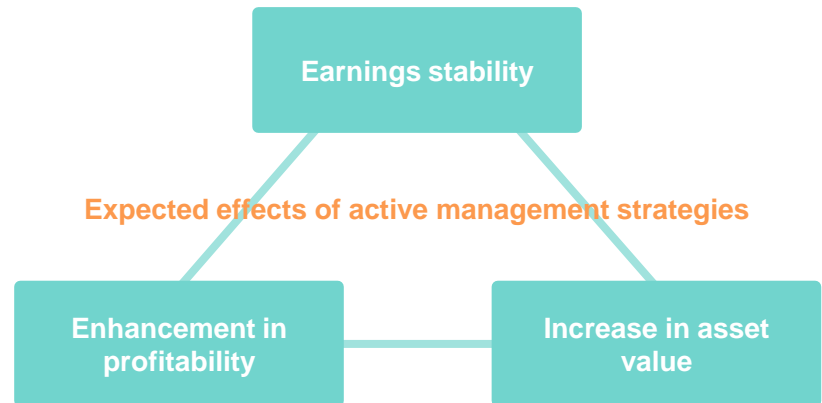
Seek internal growth through property management

Building expansion leveraging unused portions of floor area

Sales-linked rent

Optimization of tenant composition

Effective utilization of CAPEX



Objective of the 2nd phase of the renewal project

Increase attractiveness

- Replacements and relocations of tenants at lease expiry
- Change of floor layout

Improve access to each shop

- Renewal of signboards and floor maps

Strengthen image of the property

- Improve access to each shop through renewal of signboards and floor maps
- Change the designs of floors, walls and roofs
- Install LED lightings
- Install automatic doors

Conceptual drawings after the 2nd phase of the project

2nd floor (in front of escalator)

Before



After^(Note)



Spiral court on the 1st floor

Before



After^(Note)

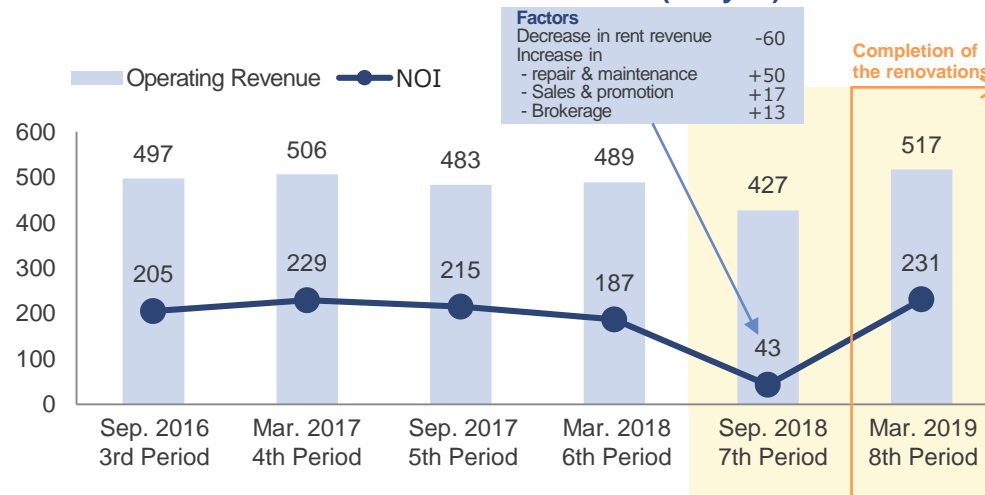


Estimated renovation cost and planned schedule

Estimated renovation cost	JPY 340 mn (planned)	Apr. 2018	Start of the renovations
		Sep. 2018	Completion of the renovations
		Oct. 2018	Reopening

Note: Estimated renovation cost increased since the time of decision-making.

Estimate of revenue and NOI after the renovation (mn yen)



Note: The illustration above is a completion image based on design drawings and may differ from the actual buildings after completion.

Environmental Initiatives

Installation of LED lighting

T-21 Prime Square Jiyugaoka



T-1 Fululu Garden Yachiyo

T-2 MONA Shin-Urayasu

T-3 Passaggio Nishiarai

O-4 Blumer HAT Kobe



T-5 Unicus Ina

O-5 Carino Esaka

R-4 Ashico Town Ashikaga

Greening of facilities

O-1 Blumer Maitamon (Entrance)



T-2 MONA Shin-Urayasu (Rooftop)



Performance

	FY2015	FY2016
Energy intensity (kl)	0.05174	0.04863
Energy intensity (MJ)	1,981	1,862
YonY performance (%)	96.5	94.0

Note: Energy intensity is calculated by dividing total energy use equivalent to crude oil (kl/year) by total occupancy floor area (m2/year) and also converted into MJ per m2/year.

Social Initiatives

Encouraging greater community interactions

Making efforts to enliven local communities by holding community-participating events at our properties



Examples of other CSR activities



©UNHCR

Cooperation with local communities

Agreed with Yoshikawa City to provide part of Unicus Yoshikawa as a temporary shelter in case of a disaster such as floods



Agreed with Yachiyo Police Station to provide coupons to the elderly who voluntarily returned their driver's license



Green lease agreements

Entered into green lease agreements with some of the tenants (Green lease is an agreement specifying that property owners and tenants shall cooperate to reduce environmental burden)

Tenant satisfaction survey

Conducted tenant satisfaction surveys in some of our properties

Recognitions and certifications on ESG

Acquired “Green Star” in GRESB Real Estate Assessment for the second consecutive year



Participated in the GRESB Real Estate Assessment in 2017, following the first participation in 2016

Awarded “Green Star” as it received high evaluation on both “implementation and measurement” and “management and policy”

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

About GRESB

An annual benchmark assessment which measures environmental, social, and governance (ESG) considerations in the real estate sector

Established in 2009 primarily by major European pension fund groups, which led the Principles for Responsible Investment (PRI)

66 investor members have used GRESB to select and dialogue with investment targets (as of Sep. 6, 2017)

850 listed and unlisted real estate companies and funds worldwide participated in 2017 GRESB Real Estate Assessment

Kenedix Real Estate Fund Management, Inc. joined the GRESB Company & Fund Members in 2017

Acquired DBJ Green Building Certifications

Certified properties: 14 properties (35.9%), Total certified floor area: 432,817.34m² (63.8%)

Properties with outstanding environmental & social awareness

T-2 MONA Shin-Urayasu



Properties with excellent environmental & social awareness

T-4 Daikanyama Address Dixsept



Properties with high environmental & social awareness

T-5 Unicus Ina



T-19 Yumemachi Narashinodai Mall

T-20 Kawamachi Yahagi Mall

O-5 Carino Esaka

R-10 Sun Street Hamakita

T-1 Fululu Garden Yachiyo



O-4 Blumer HAT Kobe



R-1 Roseo Mito

R-4 Ashico Town Ashikaga



T-3 Passaggio Nishiarai

T-7 Unicus Yoshikawa

O-1 Blumer Maitamon

Note: The percentage of total certified floor area is the ratio of the total floor area of DBJ Green Building certified buildings and the total floor area of KRR's portfolio (678,269.50m²)(partial ownership and mutual ownership properties are calculated according to their ownership ratio). Furthermore, the total number of certifiable properties is 39 properties out of 52 properties owned as of Mar. 31 2018, excluding 13 land-only properties.

04

Financial results and forecasts

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

	Sep. 2017	Mar. 2018		Changes		Remarks on changes from forecasts
	5th Period Actual (A)	6th Period Forecast (B)	6th Period Actual (C)	C - A	C - B	
Rent revenue – real estate	6,637	6,962	6,991	+354	+28	Shin-Urayasu (sales-linked rent, etc) +10, HAT Kobe (rent renewal, etc) +5, Hamakita (leasing progress) +5, Tokiwadai +8
Other lease business revenue	1,160	1,076	1,134	-25	+58	Yachiyo (restoring and penalty revenues) +27, Nishiarai (other) +5, Daikanyama (parking) +3, Esaka (penalty) +14, Hamakita (other) +2
Dividends income	5	-	-	-5	-	
Operating revenues	7,803	8,039	8,126	+322	+87	
Property related expenses (excl. depreciation)	2,583	2,642	2,684	+101	+41	Yachiyo (restoring)+12, Shin-Urayasu (restoring)+38, Other properties (restoring) -19, Ashikaga (promotion) -4, Yachiyo (restoring) +12
NOI	5,214	5,396	5,441	+227	+45	Utility charge imbursement (net) +5
Depreciation	885	927	925	+39	-2	
NOI after depreciation	4,329	4,469	4,516	+187	+47	
Other operating expenses	668	738	748	+79	+9	Management Fee II +7
Operating income	3,666	3,730	3,768	+102	+37	
Non-operating income	0	0	1	+1	+1	
Non-operating expenses	557	586	589	+32	+3	Increase in interest expenses & financing-related expenses due to acquisition of Ozeki Tokiwadai
Ordinary income	3,108	3,143	3,179	+71	+36	
Net income	3,104	3,142	3,175	+71	+32	
DPU (JPY)	6,115	6,200	6,255	+140	+55	

Financial forecasts: 7th and 8th fiscal periods (JPY mn)

Key financial information	Mar. 2018 6th Period (Actual)	Sep. 2018 7th Period (Forecast)	Changes	Sep. 2018 7th Period (Forecast)	Mar. 2019 8th Period (Forecast)	Changes
Operating revenues	8,126	8,463	+337	8,463	8,217	-245
Operating expenses	4,358	4,683	+324	4,683	4,461	-221
Operating income	3,768	3,780	+12	3,780	3,756	-24
Non-operating expenses	589	614	+24	614	597	-16
Interest expenses & financing-related expenses	500	546	+46	546	553	+6
Amortization of investment unit issuance costs	84	61	-22	61	38	-23
Ordinary income	3,179	3,166	-12	3,166	3,158	-7
Net income	3,175	3,165	-9	3,165	3,157	-7
DPU	6,255	6,245	-10	6,245	6,230	-15

Incl. gain on sales 214 mn

Offsetting decrease in NOI due to renovation at MONA Shin-Urayasu

Related key indicator	Mar. 2018 6th Period (Actual)	Sep. 2018 7th Period (Forecast)	Changes	Sep. 2018 7th Period (Forecast)	Mar. 2019 8th Period (Forecast)	Changes
NOI	5,441	5,285	-156	5,285	5,472	+186
NOI yield (%)	5.3%	5.0%	---	5.0%	5.1%	---
Depreciation	925	965	+40	965	973	+7
NOI after depreciation	4,516	4,320	-196	4,320	4,499	+179
NOI yield after depreciation (%)	4.4%	4.1%	---	4.1%	4.2%	---
FFO	4,194	3,987	-206	3,987	4,178	+191
CAPEX	263	907	+643	907	1,354	+446
LTV (%)	42.9%	44.5%	---	44.5%	44.5%	---

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

Summary of earnings performance of the individual properties (JPY mn)

	Assets acquired in	5th FP (Actual)	6th FP (Actual)	7th FP (Forecast)	8th FP (Forecast)	Remarks
Rent revenue-real estate (excl. sales-linked rent)	Existing	5,339	5,375	5,333	5,371	7th FP (PoP): Shin-Urayasu-27, HAT Kobe+19, K's Nakagawa-22, Yachiyo-6, Daikanyama+5, Nagatsuta-5, Maitamon-5 8th FP (PoP): Shin-Urayasu+61, Yachiyo-9, HAT Kobe-8, Maitamon+4, Nagatsuta-5, K's Nakagawa-3
	5th Period	1,019	1,324	1,315	1,312	7th FP (PoP): Obu-12, Hamakita+2 8th FP (PoP): Obu-6, Hamakita+4
	6th/7th Period	-	8	183	233	
Sales-linked rent	Existing	264	266	201	215	7th FP (PoP): Shin-Urayasu (occupied)-27, HAT Kobe (changed to fixed rent)-21, Yachiyo (occupied)-10 8th FP (PoP): HATKobe-20, Yachiyo-12, Shin-Urayasu-8, Maitamon-5, Ashikaga-2, Esaka-1
	5th Period	14	16	18	21	7th FP (PoP): Obu+10, Hamakita-5 8th FP (PoP): Obu+6, Hamakita-1
	6th/7th Period	-	-	-	-	
Utility charge reimbursement	Existing	543	468	547	467	No significant change by considering seasonality
	5th Period	118	149	165	144	7th FP (YoY): Obu+36, Hamakita+6, Narashinodai+4 8th FP (YoY): Yahagi-2, Hamakita-1
	6th/7th Period	-	-	-	-	
Penalty restoring reimbursement	Existing	18	45	42	0	7th FP: Yachiyo14, Esaka14, Shin-Urayasu1, Nagatsuta5
	5th Period	2	2	-	-	
	6th/7th Period	-	-	-	-	
Other revenues	Existing	413	414	388	397	
	5th Period	63	54	54	52	
	6th/7th Period	-	0	0	0	
Rental and other operating revenues	Existing	6,579	6,569	6,512	6,452	
	5th Period	1,218	1,547	1,553	1,531	
	6th/7th Period	-	8	183	234	

Note: "Existing" refers to properties acquired before the end of 4th FP

Summary of earnings performance of the individual properties (JPY mn)

	Assets acquired in	5th FP (Actual)	6th FP (Actual)	7th FP (Forecast)	8th FP (Forecast)	Remarks
PM fees facility management fees	Existing	707	705	703	698	
	5th Period	101	141	136	139	
	6th/7th Period	-	0	5	6	
Utilities	Existing	540	456	528	455	7th FP (YoY): Maitamon-9, Esaka-4, Ashikaga-3, HAT Kobe-2, Yachiyo+2, Nishiarai+2, Daikanyama+2
	5th Period	109	140	151	140	8th FP (YoY): No major change compared to 6th Period
	6th/7th Period	-	-	-	-	7th FP (YoY): Obu (operation days)+34, Hamakita+5, Yahagi+1, Narashinodai+1 8th FP (YoY): No major change when compared to 6th period
Taxes	Existing	563	563	575	573	7th FP (PoP): Tax for Moriya expensed+11
	5th Period	0	0	115	115	
	6th/7th Period	-	0	0	0	Tax to be expensed for 9th Period and after
Repairs and maintenance (incl. restoring)	Existing	175	216	245	182	May be subject to change
	5th Period	13	43	42	31	May be subject to change
	6th/7th Period	-	-	2	2	May be subject to change
Others	Existing	301	323	355	308	Promotion fees are: 166 (5th FP), 178 (6th FP), 199 (7th FP), 179 (8th FP)
	5th Period	70	92	96	88	Promotion fees are: 17 (5th FP), 27 (6th FP), 32 (7th FP), 26 (8th FP)
	6th/7th Period	-	0	6	1	7th FP: Shibuya (blueprint draw-up)+5
Property-related expenses (excl. depreciation)	Existing	2,288	2,265	2,407	2,219	
	5th Period	295	418	542	515	
	6th/7th Period	-	0	14	10	
NOI	Existing	4,290	4,304	4,105	4,233	
	5th Period	923	1,129	1,011	1,015	
	6th/7th Period	-	7	169	223	

Note: "Existing" refers to properties acquired before the end of 4th FP

05

Shift from GMS to shopping centers for daily needs

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Investments focusing on shopping center for daily needs

“Daily / Neighborhood” type

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

“Weekend / Destination” type

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

Small

Trade area

Large

High

Frequency of customer visits

Low

Property types		Characteristics	Trade area
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 Center)

GMS (General Merchandise Store)

Stand-alone GMS is excluded from our investment criteria

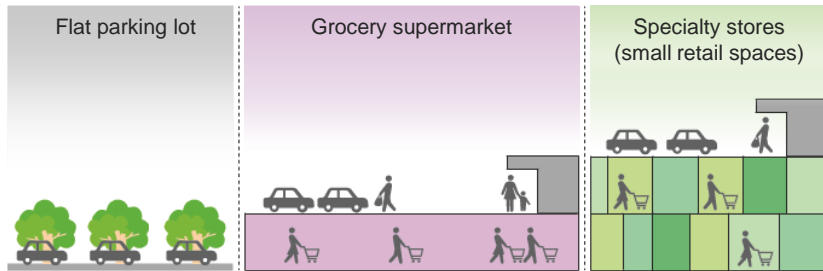
Outlet malls

Urban retail properties featuring

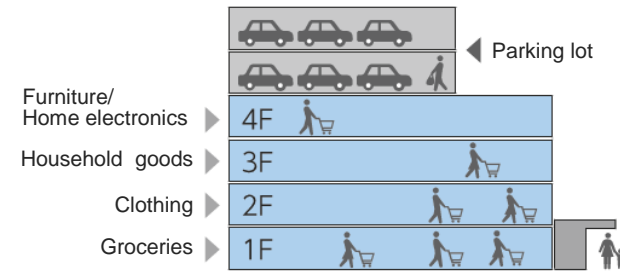
High-end brand shops

Advantages of shopping centers for daily needs over GMS

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

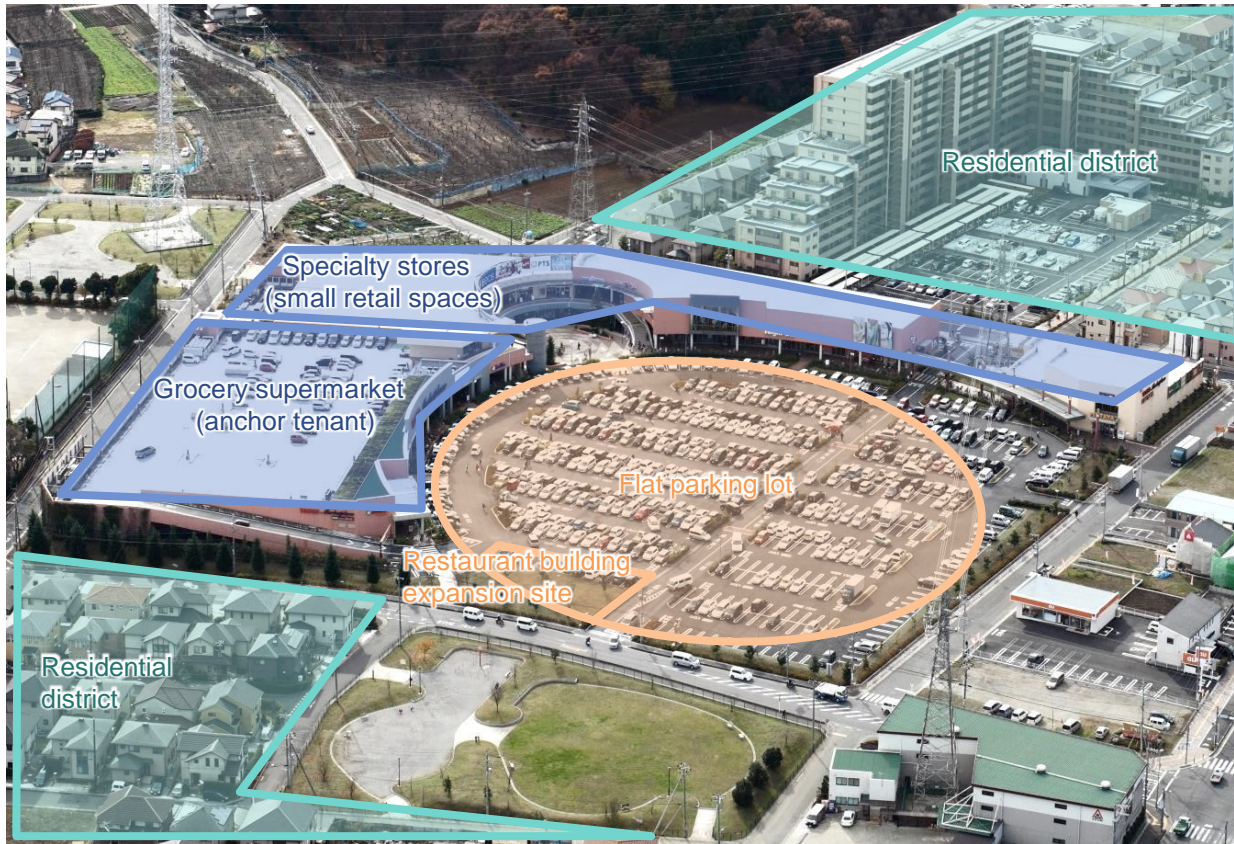
Real estate value of shopping center for daily needs

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

Primary characteristics of shopping centers for daily needs



Location Located within residential areas of a metropolitan commuter district

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

Tenants Providing primarily daily necessities

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



An anchor tenant with strong ability to attract customers



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

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

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



Expansion building

Expansion building	Restaurant building
Acquisition date	Jan. 16, 2017
GFA	397.98 m ²
Total construction cost	JPY 91 mn

Retail market trends: GMS vs. Specialty stores

Buying goods at GMS

2007

(JPY bn)

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

Buying goods at specialty stores

2017

(JPY bn)

	Type of store	Sales	Change
1	Supermarket	15,944.6	+23.0%
2	Convenience store	10,435.3	+40.8%
3	Drug store	7,569.9	+105.0%
4	GMS	7,185.6	-16.5%
5	Other retailers	7,097.4	+23.6%
6	Department store	6,047.2	-27.0%
7	Clothing	5,275.9	+66.0%
8	Consumer electronics	5,251.4	-8.2%
9	Home and garden	3,522.2	+24.2%
10	Consumers' co-operative	2,471.0	-0.6%

06

Key characteristics of Kenedix Retail REIT Corporation

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Portfolio strategies

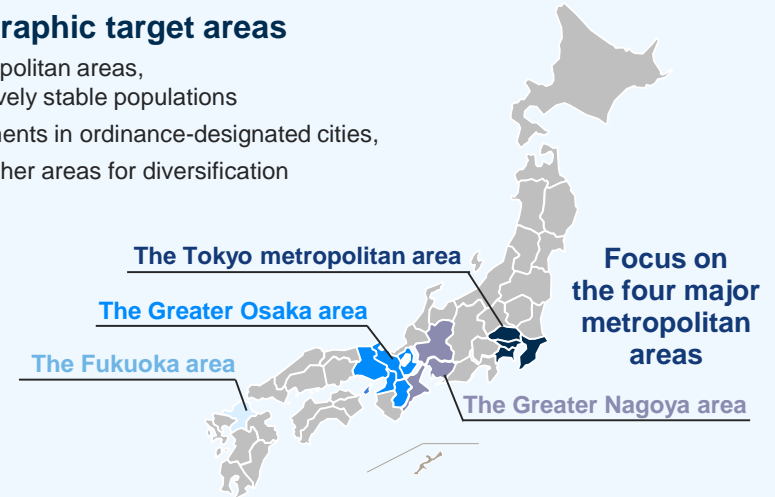
Investment criteria

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

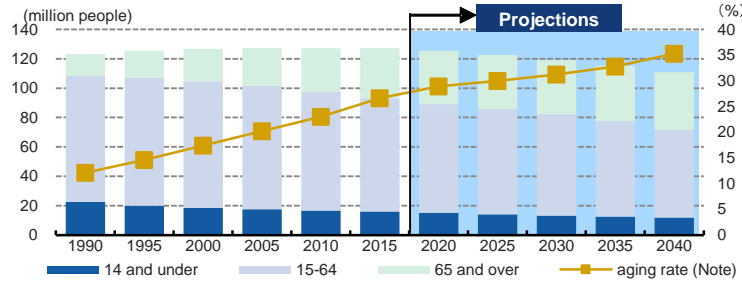
- Tenants that are both the lessee and property owner bear a smaller financial burden when opening a store
- Increased capital efficiency through treatment of land as off balance sheet
- Simplified procedures for interior renovation of buildings

Note: The above target portfolio distribution is as of May 18, 2018. Please refer to p.10 for the new target portfolio distribution after the changes are made for KRR to include logistics facilities in its investment criteria.

Retail property trends and macroeconomic conditions (1)

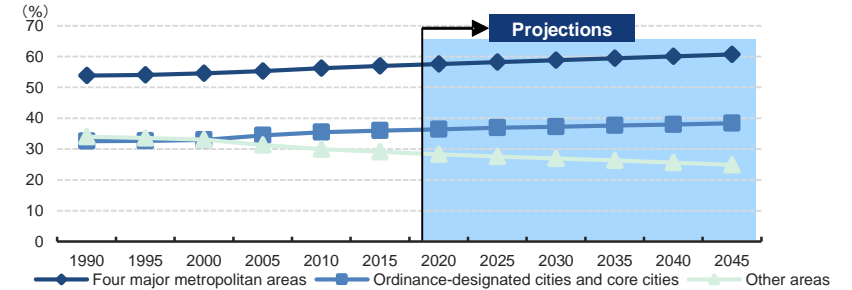
Shrinking retail trade area due to aging and concentrating population in Japan

Demographic shift in Japan



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

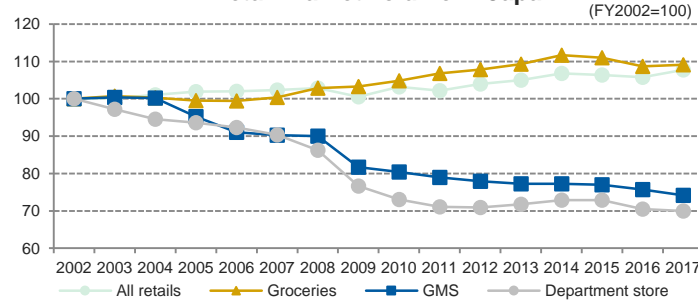
Population share in Japan by area



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

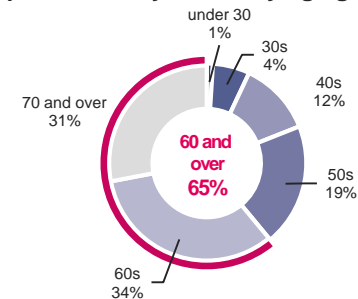
Domestic consumption led by the elderly

Retail market volume in Japan



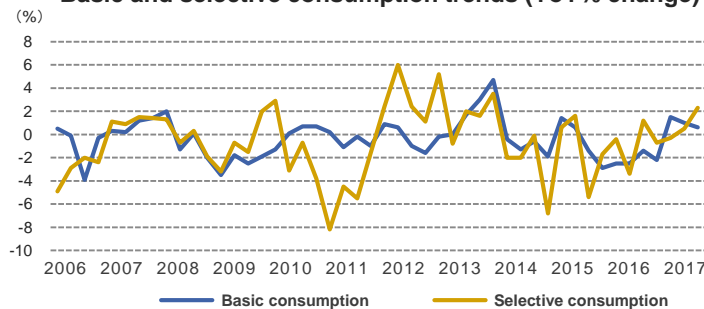
Source: Ministry of Economy, Trade and Industry

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



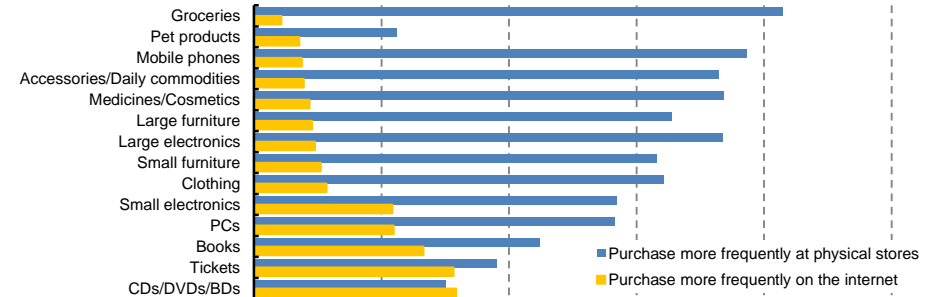
Source: Ministry of Internal Affairs and Communications

Basic and selective consumption trends (YoY% change)



Source: Ministry of Internal Affairs and Communications

Product types for physical stores or online shopping



Source: Ministry of Internal Affairs and Communications (2016)

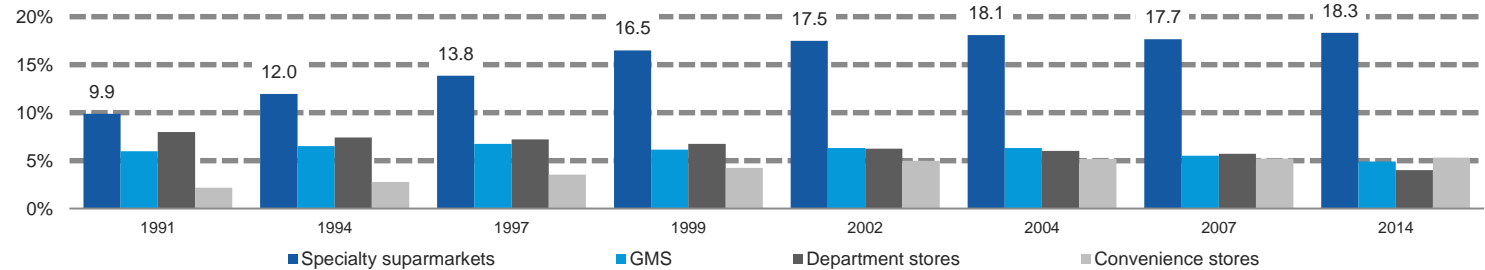
Stable demand for daily necessities

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

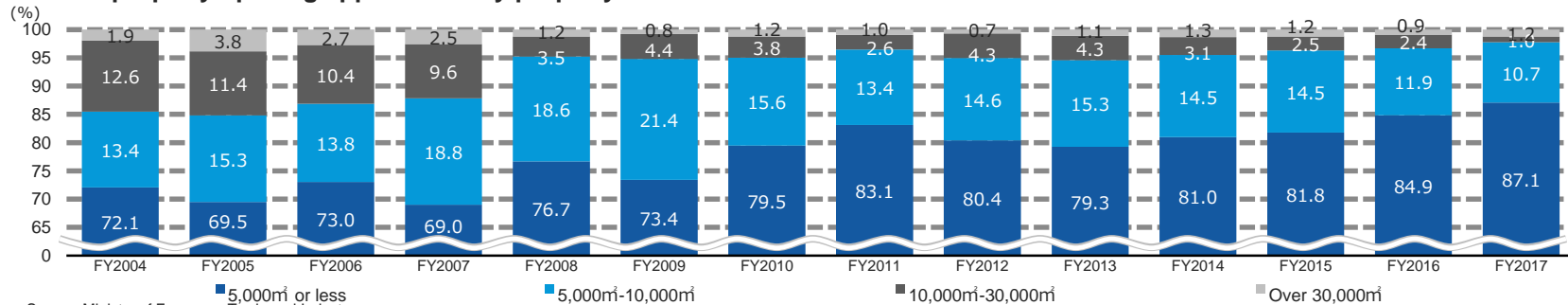
● Retail sales shares by store type



Source: Ministry of Economy, Trade and Industry

Decrease in size of retail properties

● Retail property opening applications by property size



Source: Ministry of Economy, Trade and Industry

Government promotion of "Compact City"

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

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

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

Difference of SC distribution and consumptive behavior between Japan and the US

	Japan	US	Japan : US	
Land area (km²) (Source 1)	377,915	9,833,517	1:26	
Habitable area (km²) (Source 2)	114,622	6,103,372	1:53	
Population (thousand) (Source 3)	126,748	325,886	1:2.5	
Population density (Land area) (persons/km²)	335	33	10:1	
Population density (Habitable area) (persons/km²)	1,105	53	20:1	
Number of SC (Source 4)	3,211	46,860	1:15	
Total floor area for SC (m²) (Source 4)	51,724,612	619,810,000	1:12	
Number of SC per million people	25	143	1:5	
Floor area for SC per capita (m²/person)	0.40	1.90	1:5	
Share of EC (Source 5)	5.8%	7.7%	-	
Share of expenses for meats, fishes and fresh vegetables to all food expense (Source 6)	27.0%	19.3%	-	
% of people who buy twice or more in a week (Source 7)	Meats	48.0%	23.0%	-
	Fishes	44.0%	13.0%	-
	Vegetables	58.0%	32.0%	-
Share of expense for restaurant meals to all food expense (Source 8)	16.9%	43.0%	-	

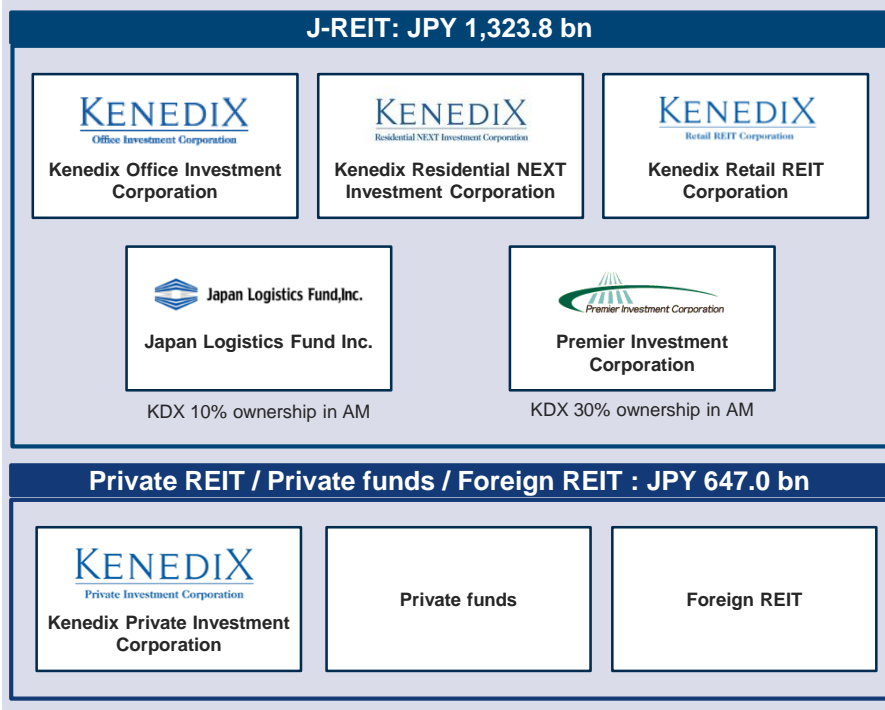
Source 1: Central Intelligence Agency "The World Factbook"
 Source 2: World Bank, World Development Indicators (2013)
 Source 3: International Monetary Fund "World Economic Outlook Database" (2018)
 Source 4: Japan Council of Shopping Center (2016) (Japan), Japan Council of Shopping Center "SC White paper" (2016, excluding CVC) (US)
 Source 5: eMarketer (2016)
 Source 6: The Ministry of Internal Affairs and Communications "Family budget survey" (2017) (Japan), Bureau of labor statistics (2016) (US)
 Source 7: The Nielsen Company Japan "Global survey about fresh food"
 Source 8: The Ministry of Internal Affairs and Communications "Family budget survey" (May 2017) (Japan), Bureau of labor statistics (2016) (US)

Overview of the Kenedix Group

The Kenedix Group's strong commitment to J-REITs

Total AUM: JPY 2,046.0 bn (as of Mar. 31, 2018) (Note)

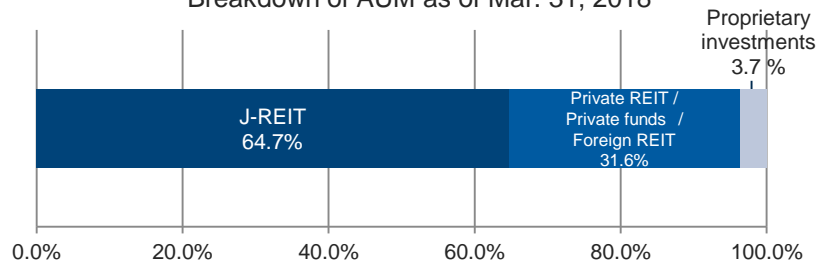
J-REIT: JPY 1,323.8 bn



Note 1: The Kenedix Group's total AUM includes proprietary investments of JPY 75.0 bn.

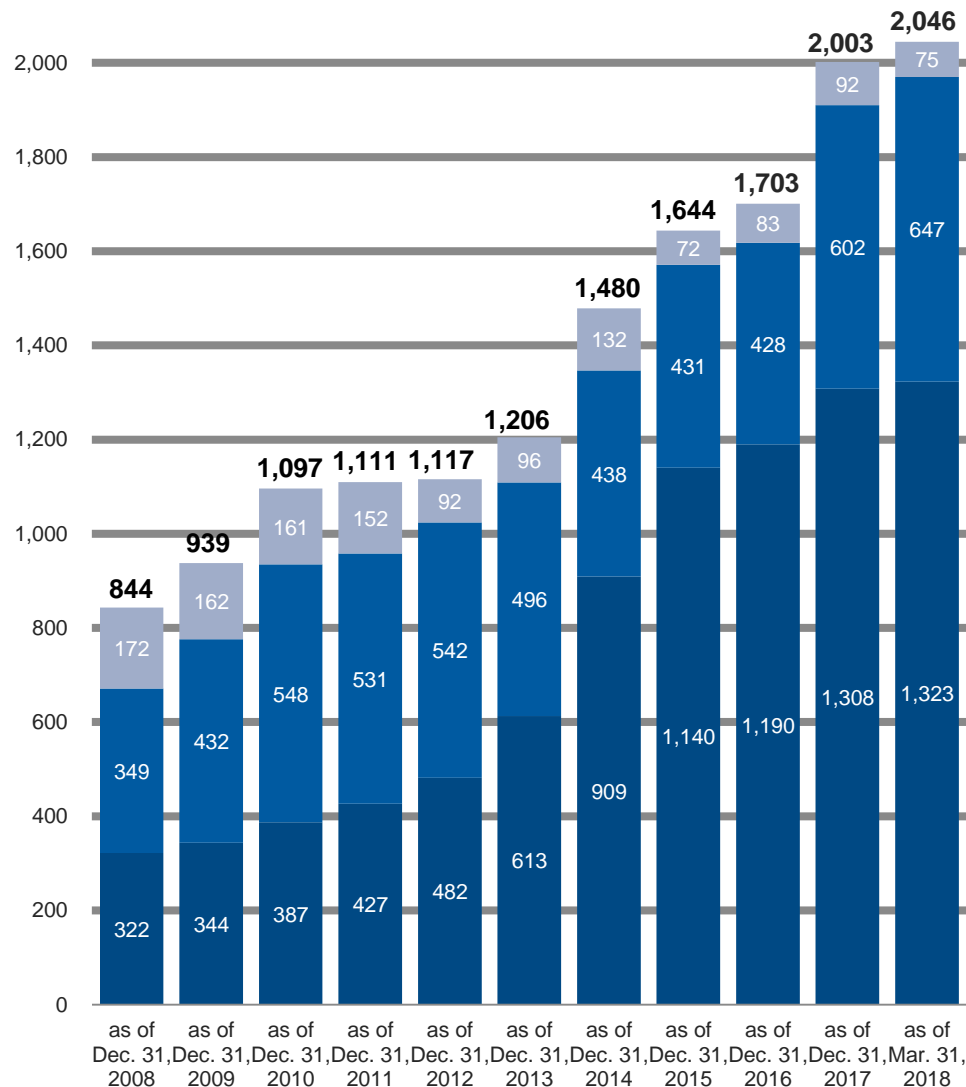
Note 2: Kenedix Residential Investment Corporation and Japan Senior Living Investment Corporation merged and became Kenedix Residential Next Investment Corporation on Mar. 1, 2018.

Breakdown of AUM as of Mar. 31, 2018



The Kenedix Group's total AUM

(JPY bn) ■ J-REITs ■ Private funds / Private REIT / Foreign REIT ■ Proprietary investments



Sumitomo Mitsui Finance and Leasing Co., Ltd.



- Founded in Feb. 1963 (Leasing business since May 1968)
- Main lines of business: Leasing of a variety of equipment and machinery, loans and factoring, etc.
 - Operating assets outstanding of JPY 4.8 tn. The top-class general leasing company in Japan by lease transaction volume (with consolidated operating assets of JPY 680 bn for the real-estate sector (on a book value basis)) (Note) The figures are as of Mar. 31, 2018
 - Sourcing transactions through the broad customer base of Sumitomo Mitsui Banking Corporation
- Description of support
 - Sourcing of lease properties (pipeline support)
 - Provision of warehousing services, financing, other services to bridge funds and personnel support
- Shareholders: Sumitomo Mitsui Financial Group, Inc.,
Sumitomo Corporation

P&D Consulting Co., Ltd.



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

Nippon Commercial Development Co., Ltd.



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

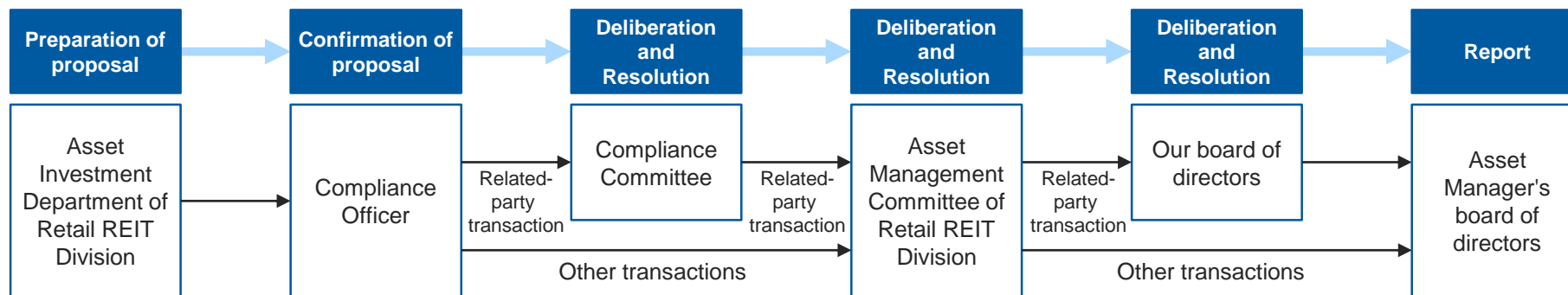
ITOCHU Corporation



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

Governance structure

Decision-making process for acquisition and sale of properties



Investment in Kenedix Retail REIT by the Kenedix Group

As of Mar. 31, 2018, The Kenedix Group owns about 1.1% (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.

*Please refer to p.10 for the new asset management fee structure proposed to the General Meeting of Unitholders.

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.

07

Detailed financial results and portfolio information

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Appraisal value (properties as of Mar. 31, 2018) (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-1	Fululu Garden Yachiyo	Mar. 31, 2018	15,200	15,200	0	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0	
T-2	MONA Shin-Urayasu	Mar. 31, 2018	8,820	8,890	70	5.0	5.2	0.2	4.7	4.7	0.0	5.2	5.2	0.0	
T-3	Passaggio Nishiarai	Mar. 31, 2018	6,370	6,440	70	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0	
T-4	Daikanyama Address Dixsept	Mar. 31, 2018	5,940	6,130	190	3.6	3.5	-0.1	3.4	3.3	-0.1	3.8	3.7	-0.1	
T-5	Unicus Ina	Mar. 31, 2018	4,850	4,940	90	5.0	4.9	-0.1	4.7	4.6	-0.1	5.2	5.1	-0.1	
T-6	Yorktown Kita-Kaname	Mar. 31, 2018	4,310	4,340	30	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0	
T-7	Unicus Yoshikawa	Mar. 31, 2018	3,840	3,830	-10	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0	
T-8	Sports Club Renaissance Fujimidai	Mar. 31, 2018	2,750	2,750	0	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)	Mar. 31, 2018	5,400	5,420	20	-	-	-	4.6	4.6	0.0	-	-	-	
T-10	K's Denki Shonan-Fujisawa (Land)	Mar. 31, 2018	3,530	3,510	-20	-	-	-	4.3	4.3	0.0	-	-	-	
T-11	Unicus Kamisato (Land)	Mar. 31, 2018	3,050	3,050	0	-	-	-	4.6	4.6	0.0	-	-	-	
T-12	Unicus Konosu (Land)	Mar. 31, 2018	1,770	1,780	10	-	-	-	4.5	4.5	0.0	-	-	-	
T-13	Inageya Yokohama Minamihonjuku (Land)	Mar. 31, 2018	1,430	1,430	0	-	-	-	4.0	4.0	0.0	4.7	4.7	0.0	
T-14	Gourmet City Chiba-Chuo	Mar. 31, 2018	807	799	-8	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0	
T-15	Nakamachidai Tokyu Store	Mar. 31, 2018	3,820	3,810	-10	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	Mar. 31, 2018	1,910	1,900	-10	5.0	5.0	0.0	4.8	4.8	0.0	5.2	5.2	0.0	
T-17	Life Kameido	Mar. 31, 2018	1,520	1,510	-10	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)	Mar. 31, 2018	4,300	4,310	10	4.7	4.7	0.0	4.6	4.6	0.0	-	-	-	
T-19	Yumemachi Narashinodai Mall	Mar. 31, 2018	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	Mar. 31, 2018	3,260	3,210	-50	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0	
T-21	Prime Square Jiyugaoka	Mar. 31, 2018	2,840	2,830	-10	3.6	3.6	0.0	3.4	3.4	0.0	3.8	3.8	0.0	
T-22	Round1 Ichikawa-Onitaka	Mar. 31, 2018	1,970	1,960	-10	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0	
T-23	Ozeki Tokiwadai	Mar. 31, 2018	1,340	1,340	0	4.2	4.2	0.0	4.0	4.0	0.0	4.4	4.4	0.0	
O-1	Blumer Maitamon	Mar. 31, 2018	9,340	9,350	10	5.3	5.3	0.0	5.4	5.4	0.0	5.5	5.5	0.0	
O-2	Central Square Takadono (Land)	Mar. 31, 2018	3,040	3,090	50	-	-	-	4.1	4.0	-0.1	-	-	-	
O-3	Piago Kahma Home Center Omihachiman	Mar. 31, 2018	2,430	2,430	0	6.2	6.2	0.0	5.9	5.9	0.0	6.4	6.4	0.0	
O-4	Blumer HAT Kobe	Mar. 31, 2018	11,600	11,500	-100	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0	

Note 1: "Previous" refers to appraisal value at the previous appraisal dated Sep. 30, 2017 for properties acquired by 5th period, and dated Dec. 1, 2017 for Ozeki Tokiwadai. "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 Ashico Town Ashikaga show the rates for the building.

Appraisal value (properties as of Mar. 31, 2018) (2)

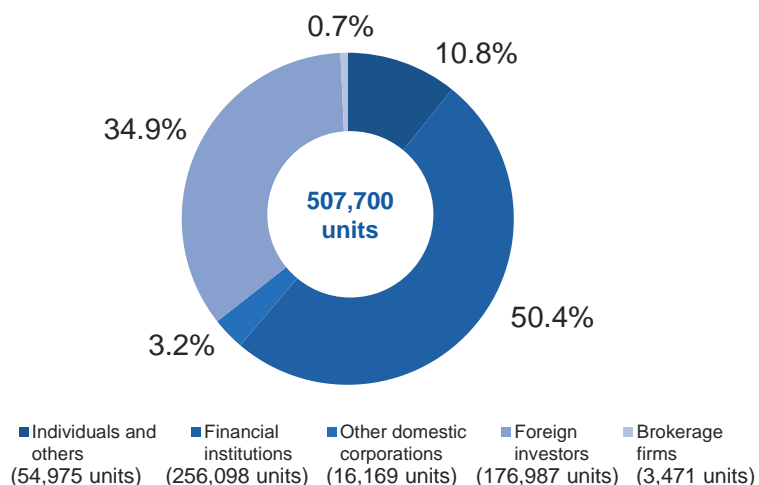
No.	Property name	Appraisal date	Appraisal value (JPY mn)			Income capitalization approach value									
						Direct capitalization method			DCF method						
			Direct cap rate (%)			Discount rate (%)			Terminal cap rate (%)						
			Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	
O-5	Carino Esaka	Mar. 31, 2018	6,910	6,910	0	4.6	4.5	-0.1	4.3	4.2	-0.1	4.8	4.7	-0.1	
O-6	COMBOX Komyoike	Mar. 31, 2018	6,840	6,810	-30	5.1	5.2	0.1	4.8	4.8	0.0	5.3	5.3	0.0	
O-7	Hankyu Oasis Hirakatadeguchi	Mar. 31, 2018	1,330	1,330	0	5.5	5.5	0.0	5.3	5.3	0.0	5.7	5.7	0.0	
O-8	Welcia Kishiwadakamori (Land)	Mar. 31, 2018	488	488	0	-	-	-	4.0	4.0	0.0	4.7	4.7	0.0	
O-9	Life Nishi-Tengachaya	Mar. 31, 2018	1,650	1,650	0	4.7	4.7	0.0	4.8	4.8	0.0	4.9	4.9	0.0	
O-10	Million Town Tsukaguchi (Land)	Mar. 31, 2018	3,870	3,870	0	-	-	-	4.1	4.1	0.0	-	-	-	
N-1	Kahma Home Center Nakagawa Tomita (Land)	Mar. 31, 2018	2,630	2,680	50	-	-	-	4.4	4.3	-0.1	-	-	-	
N-2	Valor Ichinomiya-Nishi	Mar. 31, 2018	2,320	2,320	0	5.1	5.1	0.0	4.8	4.8	0.0	5.3	5.3	0.0	
N-3	K's Denki Nakagawa Tomita (Land)	Mar. 31, 2018	995	1,010	15	-	-	-	4.4	4.3	-0.1	-	-	-	
N-4	Homecenter Kohnan Sunadabashi	Mar. 31, 2018	7,310	7,310	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0	
N-5	K's Denki Shin-moriyama (Land)	Mar. 31, 2018	1,430	1,440	10	-	-	-	3.9	3.8	-0.1	4.3	4.3	0.0	
N-6	Resora Obu Shopping Terrace	Mar. 31, 2018	7,990	7,950	-40	4.9	4.9	0.0	5.0	5.0	0.0	5.1	5.1	0.0	
F-1	Sunny Noma	Mar. 31, 2018	1,560	1,590	30	4.9	4.8	-0.1	4.7	4.6	-0.1	5.3	5.2	-0.1	
F-2	Round1 Stadium Hakata-Hanmichibashi	Mar. 31, 2018	5,290	5,390	100	5.4	5.3	-0.1	5.1	5.0	-0.1	5.6	5.5	-0.1	
F-3	Kurume-Nishi Shopping Center	Mar. 31, 2018	1,630	1,690	60	5.3	5.2	-0.1	5.0	4.9	-0.1	5.5	5.4	-0.1	
R-1	Roseo Mito	Mar. 31, 2018	11,300	11,500	200	5.2	5.1	-0.1	4.9	4.8	-0.1	5.4	5.3	-0.1	
R-2	K's Denki Aomori Honten	Mar. 31, 2018	1,580	1,570	-10	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	Mar. 31, 2018	947	936	-11	5.5	5.5	0.0	5.2	5.2	0.0	5.7	5.7	0.0	
R-4	Ashico Town Ashikaga	Mar. 31, 2018	5,060	5,060	0	5.3	5.3	0.0	5.1	5.1	0.0	5.5	5.5	0.0	
R-5	Yorktown Shinden-Higashi	Mar. 31, 2018	3,330	3,330	0	5.5	5.5	0.0	5.3	5.3	0.0	5.7	5.7	0.0	
R-6	Kasumi Technopark Sakura	Mar. 31, 2018	876	874	-2	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0	
R-7	Solala Plaza	Mar. 31, 2018	5,960	5,950	-10	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0	
R-8	P-1 Plaza Tenno	Mar. 31, 2018	4,340	4,340	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)	Mar. 31, 2018	4,220	4,220	0	4.3	4.3	0.0	4.2	4.2	0.0	-	-	-	
R-10	Sun Street Hamakita	Mar. 31, 2018	11,160	11,160	0	5.4	5.4	0.0	5.1	5.1	0.0	5.7	5.7	0.0	
Total			219,973	220,647	674	-	-	-	-	-	-	-	-	-	

Note 1: "Previous" refers to appraisal value at the previous appraisal dated Sep. 30, 2017 for properties acquired by 5th period, and dated Dec. 1, 2017 for Ozeki Tokiwadai. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

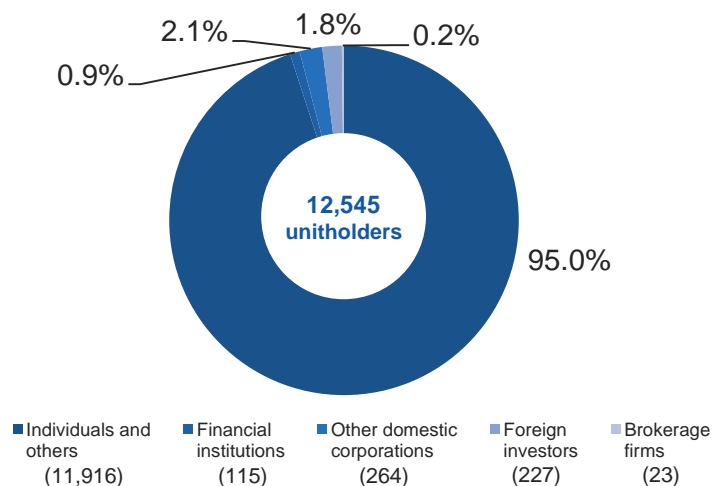
Note 2: "Direct cap rate", "Discount rate" and "Terminal cap rate" for Ashico Town Ashikaga show the rates for the building.

Unitholder information (as of Mar. 31, 2018)

Ownership ratio by investor type



Number of unitholders by investor type

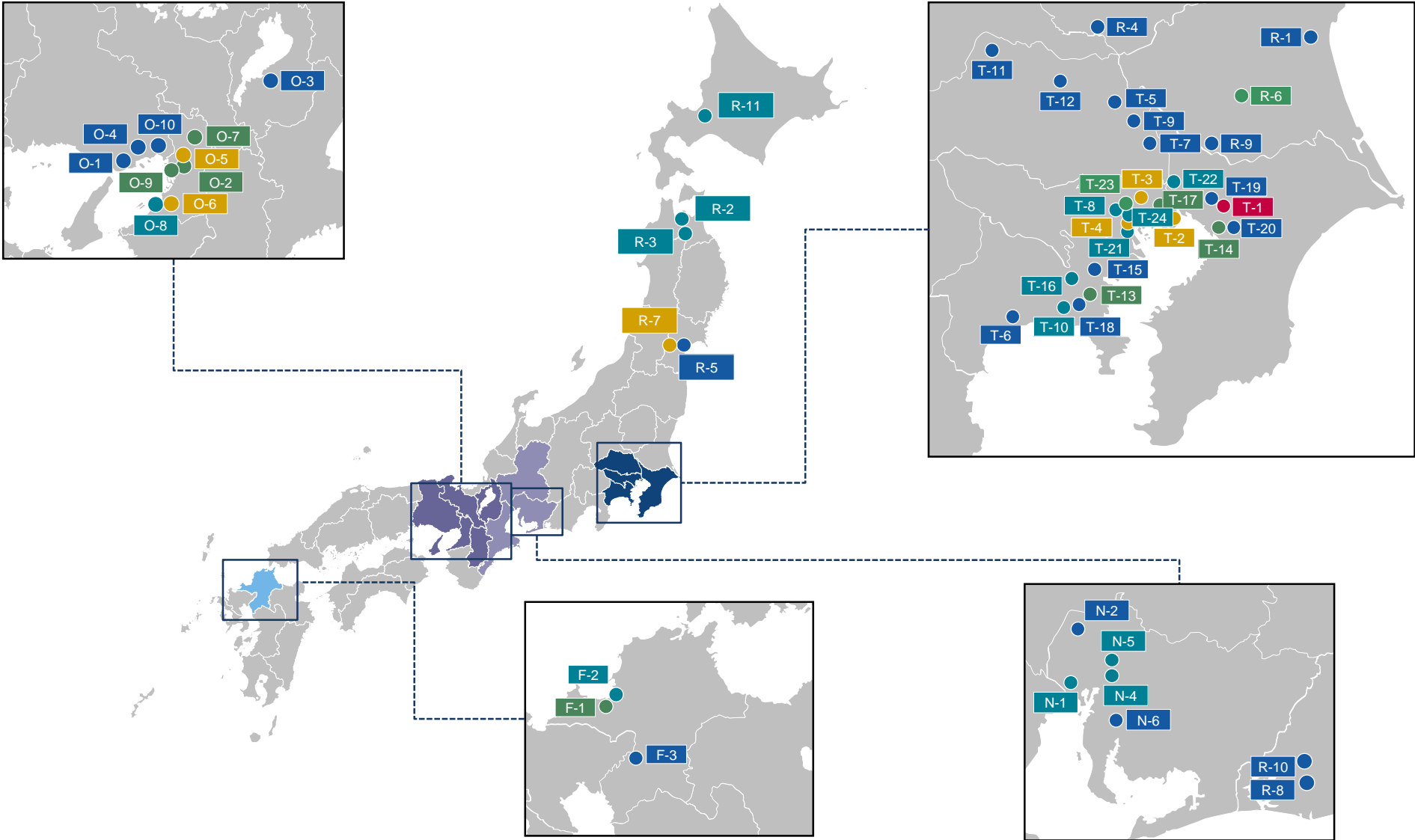


Major unitholders

Rank	Name	# of units held	(%)(Note)
1	THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.)	86,483	17.03%
2	JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Acct.)	66,036	13.00%
3	THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.)	20,704	4.07%
4	JP MORGAN CHASE BANK 385628	16,318	3.21%
5	TRUST & CUSTODY SERVICE BANK, LTD. (Securities Investment Trust Acct.)	16,058	3.16%
6	THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	11,648	2.29%
7	THE BANK OF NEW YORK MELLON SA/NV 10	11,405	2.24%
8	MITSUBISHI UFJ TRUST AND BANKING CORPORATION	8,841	1.74%
9	STATE STREET BANK AND TRUST COMPANY 505223	7,242	1.42%
10	SIX SIS LTD.	6,307	1.24%

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

Portfolio map (as of May 31, 2018)



Portfolio overview (as of May 31, 2018)

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 Fujimaidai	T-9 Super Viva Home Iwatsuki (Land)
T-10 K's Denki Shonan-Fujisawa (Land)	T-11 Unicus Kamisato (Land)	T-12 Unicus Konosu (Land)	T-13 Inageya Yokohama Minamihonjuku (Land)	T-14 Gourmet City Chiba-Chuo	T-15 Nakamachidai Tokyu Store	T-16 Central Wellness Club Nagatsuta Minamidai	T-17 Life Kameido	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	T-23 Ozecki Tokiwadai	T-24 Konami Sports Club Shibuya	O-1 Blumer Maitamon	O-2 Life Takadono (Land)	O-3 Piago Kahma Home Center Omihachiman
O-4 Blumer HAT Kobe	O-5 Carino Esaka	O-6 COMBOX Komyoike	O-7 Hankyu Oasis Hirakatadeguchi	O-8 Welcia Kishiwadakamori (Land)	O-9 Life Nishi-Tengachaya	O-10 Million Town Tsukaguchi (Land)	N-1 Kahma Home Center Nakagawa Tomita (Land)	N-2 Valor Ichinomiya-Nishi
N-4 Homecenter Kohnan Sunadabashi	N-5 K's Denki Shin-Moriyama (Land)	N-6 Resora Obu Shopping Terrace	F-1 Sunny Noma	F-2 Round1 Stadium Hakata-Hanmichibashi	F-3 Kurume-Nishi Shopping Center	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	R-6 Kasumi Technopark Sakura	R-7 Solala Plaza	R-8 P-1 Plaza Tenno	R-9 Seiyou Rakuichi Moriya (Land)	R-10 Sun Street Hamakita	R-11 Costco Wholesale Sapporo Warehouse	

Portfolio overview (as of May 31, 2018)

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-1	Fululu Garden Yachiyo	Yachiyo, Chiba	14,848	15,200	5.2	98.8	40
T-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	8,890	6.4	87.8	58
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	6,440	5.0	98.6	41
T-4	Daikanyama Address Dixsept	Shibuya ward, Tokyo	5,390	6,130	4.2	97.9	27
T-5	Unicus Ina	Kitaadachi-gun, Saitama	4,470	4,940	5.6	100.0	1
T-6	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	4,000	4,340	5.4	100.0	1
T-7	Unicus Yoshikawa	Yoshikawa, Saitama	3,600	3,830	5.2	100.0	11
T-8	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	2,750	5.0	100.0	1
T-9	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	4,815	5,420	4.3	100.0	1
T-10	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	3,169	3,510	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	1,430	4.5	100.0	1
T-14	Gourmet City Chiba-Chuo	Chiba, Chiba	760	799	5.7	100.0	1
T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,810	5.4	100.0	1
T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,900	5.6	100.0	2
T-17	Life Kameido	Koto ward, Tokyo	1,450	1,510	4.5	100.0	1
T-18	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	4,170	4,310	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	3,210	5.1	100.0	12
T-21	Prime Square Jiyugaoka	Meguro ward, Tokyo	2,820	2,830	4.1	100.0	2
T-22	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	1,880	1,960	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	3,430	4.0	100.0	1
O-1	Blumer Maitamon	Kobe, Hyogo	8,389	9,350	6.0	98.4	51
O-2	Life Takadono (Land)	Osaka, Osaka	2,685	3,090	4.8	100.0	1
O-3	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	2,140	2,430	7.1	100.0	2

Note: The figures are as of Mar. 31, 2018. "Appraisal value" and "Appraisal NOI yield" are as of Mar. 1, 2018 for Konami Sports Club Shibuya and Costco Wholesale Sapporo Warehouse.

Portfolio overview (as of May 31, 2018)

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-4	Blumer HAT Kobe	Kobe, Hyogo	11,000	11,500	5.1	97.2	39
O-5	Carino Esaka	Suita, Osaka	6,555	6,910	5.1	100.0	31
O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,810	6.0	100.0	1
O-7	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	1,280	1,330	5.9	100.0	1
O-8	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	487	488	4.5	100.0	1
O-9	Life Nishi-Tengachaya	Osaka, Osaka	1,505	1,650	5.2	100.0	1
O-10	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	3,723	3,870	4.2	100.0	1
N-1	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	2,680	5.1	100.0	1
N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	2,174	2,320	5.9	100.0	1
N-4	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	7,140	7,310	5.2	100.0	1
N-5	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	1,370	1,440	4.4	100.0	1
N-6	Resora Obu Shopping Terrace	Obu, Aichi	7,911	7,950	5.2	99.2	42
F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,590	5.4	100.0	1
F-2	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	5,020	5,390	5.7	100.0	1
F-3	Kurume-Nishi Shopping Center	Kurume, Fukuoka	1,515	1,690	6.1	100.0	4
R-1	Roseo Mito	Mito, Ibaraki	10,046	11,500	6.0	99.7	22
R-2	K's Denki Aomori Honten	Aomori, Aomori	1,469	1,570	6.3	100.0	1
R-3	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	898	936	6.4	100.0	1
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	4,180	5,060	6.4	100.0	29
R-5	Yorktown Shinden-Higashi	Sendai, Miyagi	3,252	3,330	6.0	100.0	2
R-6	Kasumi Technopark Sakura	Tsukuba, Ibaraki	830	874	5.6	100.0	1
R-7	Solala Plaza	Sendai, Miyagi	5,720	5,950	5.0	100.0	1
R-8	P-1 Plaza Tenno	Hamamatsu, Shizuoka	4,010	4,340	5.7	100.0	7
R-9	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	4,111	4,220	4.1	100.0	1
R-10	Sun Street Hamakita	Hamamatsu, Shizuoka	10,746	11,160	5.9	99.2	53
R-11	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	4,210	4,390	4.8	100.0	1
Total / Average			212,897	227,457	5.3	99.5	523

Note: The figures are as of Mar. 31, 2018. "Appraisal value" and "Appraisal NOI yield" are as of Mar. 1, 2018 for Konami Sports Club Shibuya and Costco Wholesale Sapporo Warehouse.





Portfolio highlights (Tokyo metropolitan area) (1)

Name	T-1 Fululu Garden Yachiyo	T-2 MONA Shin-Urayasu	T-3 Passaggio Nishiirai	T-4 Daikanyama Address Dixsept	T-5 Unicus Ina
Photo					
Location	Yachiyo, Chiba	Urayasu, Chiba	Adachi ward, Tokyo	Shibuya ward, Tokyo	Kitaadachi-gun, Saitama
Acquisition price (JPY)	14,848 mn	8,063 mn	5,850 mn	5,390 mn	4,379 mn
Highlights	<ul style="list-style-type: none"> ● 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 ● Constructed a restaurant building in 2017
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 give the property a wide retail trade area ● More than ten years remain on a fixed-term land lease with K's Holdings


Portfolio highlights (Tokyo metropolitan area) (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 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"> ● Large daytime population due to the concentration of government offices in the area ● Synergistically consisted of a grocery supermarket and clinics 	<ul style="list-style-type: none"> ● A station-front NSC in an area with high population growth and easy access to central Tokyo ● Houses a supermarket and other retailers that cater daily needs
Name	T-16 Central Wellness Club Nagatsuta Minamidai	T-17 Life Kameido	T-18 Totsuka Fukaya Shopping Center (Land)	T-19 Yumemachi Narashinodai Mall	T-20 Kawamachi Yahagi Mall
Photo					
Location	Yokohama, Kanagawa	Koto ward, Tokyo	Yokohama, Kanagawa	Funabashi, Chiba	Chiba, Chiba
Acquisition price (JPY)	1,724 mn	1,450 mn	4,170 mn	3,416 mn	3,097 mn
Highlights	<ul style="list-style-type: none"> ● 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"> ● 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 developed by Kenedix 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

Portfolio highlights (Tokyo metropolitan area) (3)

Name	T-21 Prime Square Jiyugaoka	T-22 Round1 Ichikawa-Onitaka	T-23 Ozeki Tokiwadai	T-24 Konami Sports Club Shibuya
Photo				
Location	Meguro ward, Tokyo	Ichikawa, Chiba	Itabashi ward, Tokyo	Shibuya ward, Tokyo
Acquisition price (JPY)	2,820 mn	1,880 mn	1,263 mn	3,400 mn
Highlights	<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 	<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











Portfolio highlights (Greater Osaka area)

Name	O-1 Blumer Maitamon	O-2 LifeTakadono (Land)	O-3 Piago Kahma Home Center 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. 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 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-8 Welcia Kishiwadakamori (Land)	O-9 Life Nishi-Tengachaya	O-10 Million Town Tsukaguchi (Land)
Photo					
Location	Izumi, Osaka	Hirakata, Osaka	Kishiwada, Osaka	Osaka, Osaka	Amagasaki, Hyogo
Acquisition price (JPY)	6,450 mn	1,280 mn	487 mn	1,505 mn	3,723 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 ● 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 	<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

Portfolio highlights (Greater Nagoya area / Fukuoka area)

Name	N-1 Kahma Home Center Nakagawa Tomita (Land)	N-2 Valor Ichinomiya-Nishi	N-3 K's Denki Nakagawa Tomita (Land)	N-4 Homecenter Kohnan Sunadabashi	N-5 K's Denki Shin-Moriyama (Land)
Photo					
Location	Nagoya, Aichi	Ichinomiya, Aichi	Nagoya, Aichi	Nagoya, Aichi	Nagoya, Aichi
Acquisition price (JPY)	2,311 mn	2,174 mn	889 mn	7,140 mn	1,370 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"> ● Completed disposition on April 27, 2018 	<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"> ● Land on which an electronics retail store resides. Located in a high population growth area, facing a major roadway with heavy traffic ● Many road-side stores along the road and many single-family residences in the surrounding neighborhood
Name	N-6 Resora Obu Shopping Terrace	F-1 Sunny Noma	F-2 Round1 Stadium Hakata-Hanmichibashi	F-3 Kurume-Nishi Shopping Center	R-1 Roseo Mito
Photo					
Location	Obu, Aichi	Fukuoka, Fukuoka	Fukuoka, Fukuoka	Kurume, Fukuoka	Mito, Ibaraki
Acquisition price (JPY)	7,911 mn	1,497 mn	5,020 mn	1,515 mn	10,046 mn
Highlights	<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"> ● 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 	<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

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

Name	R-2 K's Denki Aomori Honten	R-3 Super Sports Xebio Aomori-Chuo	R-4 Ashico Town Ashikaga	R-5 Yorktown Shinden-Higashi	R-6 Kasumi Technopark Sakura
Photo					
Location	Aomori, Aomori	Aomori, Aomori	Ashikaga, Tochigi	Sendai, Miyagi	Tsukuba, Ibaraki
Acquisition price (JPY)	1,469 mn	898 mn	4,180 mn	3,252 mn	830 mn
Highlights	<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 	<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 	<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
Name	R-7 Solala Plaza	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	Sendai, Miyagi	Hamamatsu, Shizuoka	Moriya, Ibaraki	Hamamatsu, Shizuoka	Sapporo, Hokkaido
Acquisition price (JPY)	5,720 mn	4,010 mn	4,111 mn	10,746 mn	4,210 mn
Highlights	<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 	<ul style="list-style-type: none"> ● Underlying land of an NSC popular among consumers, 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 ● Expected to generate synergies among the tenants that offer services and experiences, with 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

Memo

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Abbreviations of property names used in this material

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

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