

KENEDIX

Retail REIT Corporation

Kenedix Retail REIT Corporation

Financial Results

for the 5th Financial Period ended September 30, 2017

November 15, 2017



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01

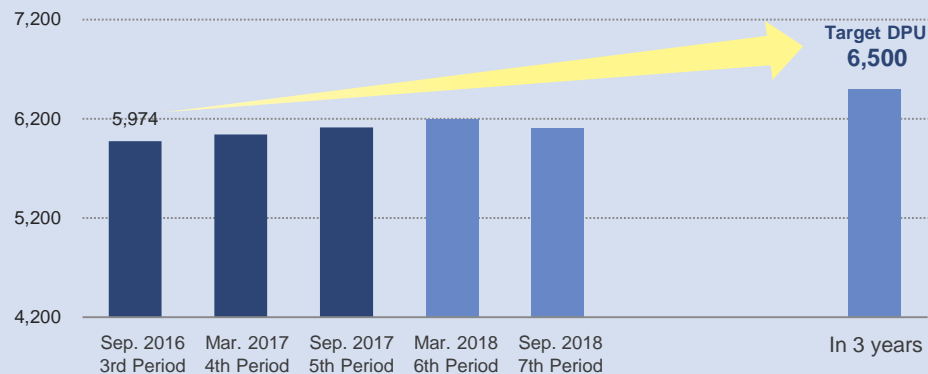
KRR highlights and updates

Security Code
3453

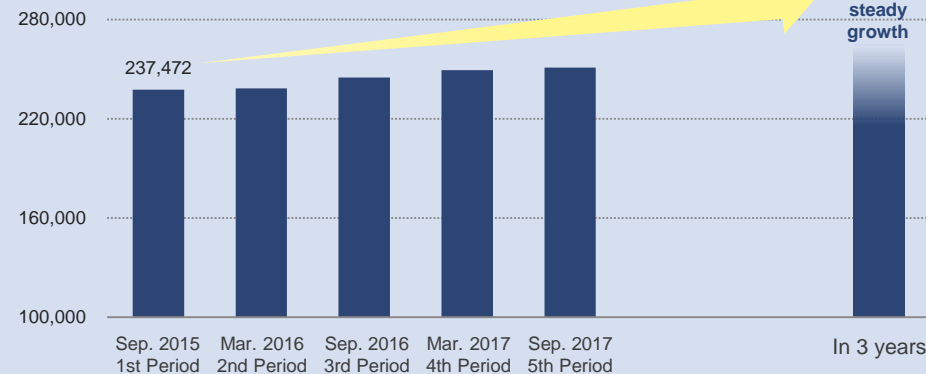


Continued emphasis on increasing unitholder value

Distribution per unit (JPY)



NAV per unit (JPY)



Continued emphasis on increasing unitholder value

1 AUM growth

- Achieved the target AUM of “**JPY 200 bn** in 3 years from the time of IPO”
- Continue to aim for AUM growth (**JPY 300 bn** in 2 to 3 years)
- Give **extra consideration to impact on LTV ratio and unitholder value** when funding for property acquisitions

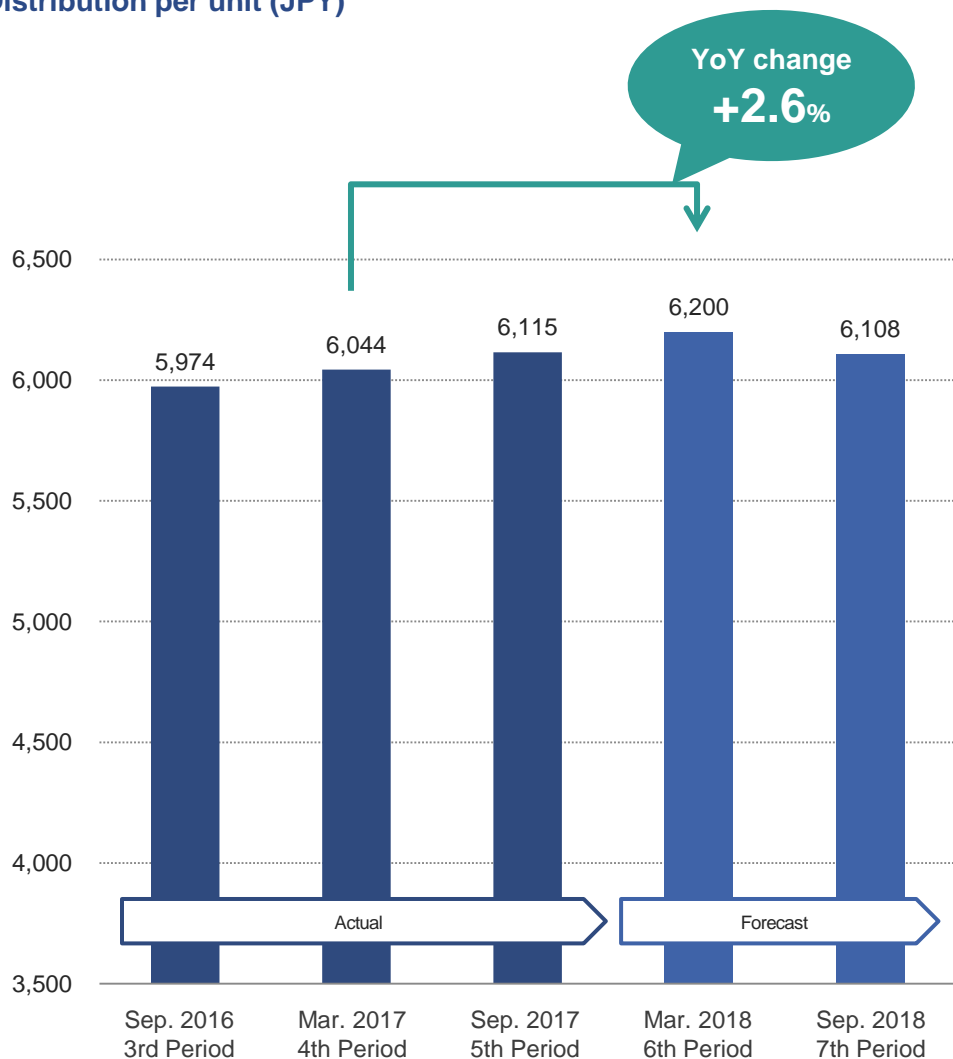
2 LTV control (40% to 45%)

- LTV as of the end of the financial period ended Sep. 2017 is **42.6%**
- Acquisition capacity of **JPY 10 bn** when LTV ratio is raised to 45%
- Expect **DPU to increase to JPY 6,500** when JPY 10 bn properties with the same NOI yield after depreciation as the existing portfolio are acquired with debts at the current average interest rate

3 Property sale and renovations

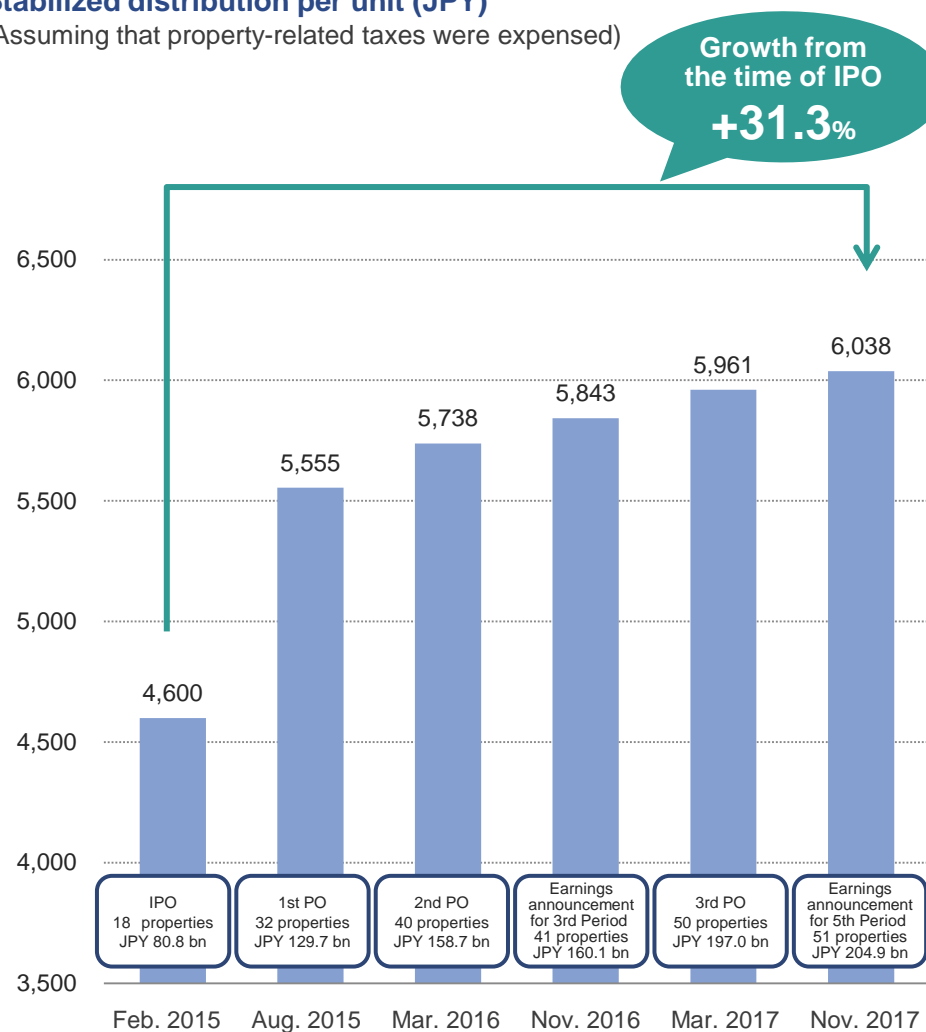
- Decided to **sell K's Denki Nakagawa Tomita (Land)** as it could be sold significantly higher than appraisal value and book value
- Expect to **offset decrease in NOI** resulting from “decrease in revenue due to down-time” and “increase in expenses” related to renovations of MONA Shin-Urayasu by **gain on sale**
- Make a comprehensive decision depending on the conditions of individual properties and the portfolio

Distribution per unit (JPY)

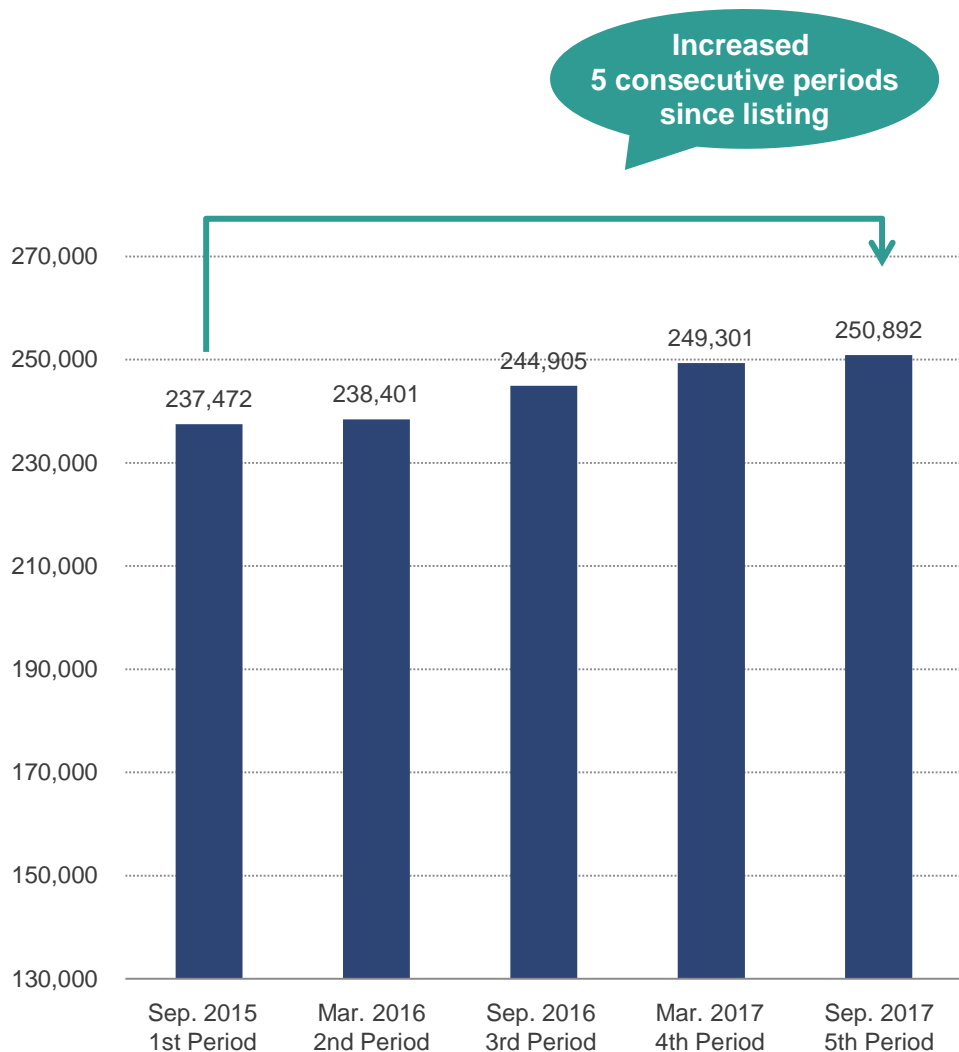


Stabilized distribution per unit (JPY)

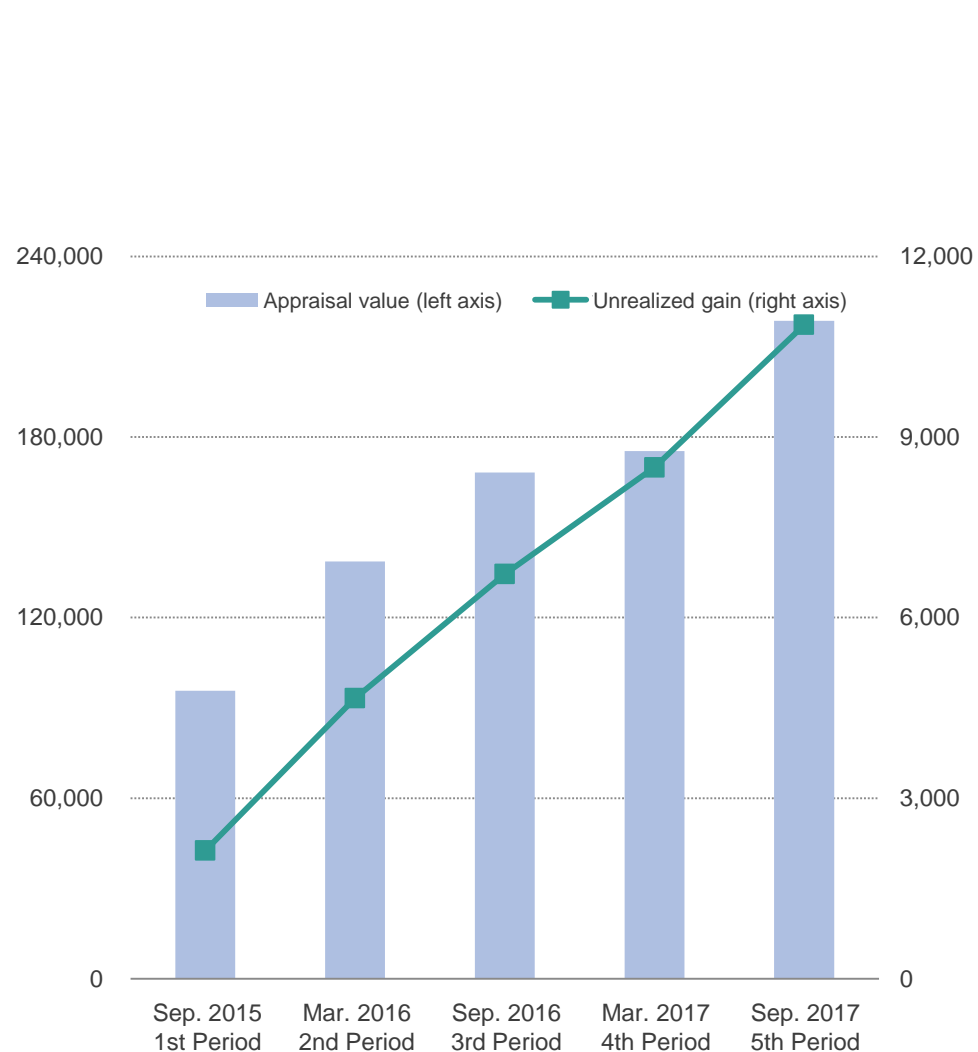
(Assuming that property-related taxes were expensed)



NAV per unit (JPY)



Appraisal value and unrealized gain (JPY mn)

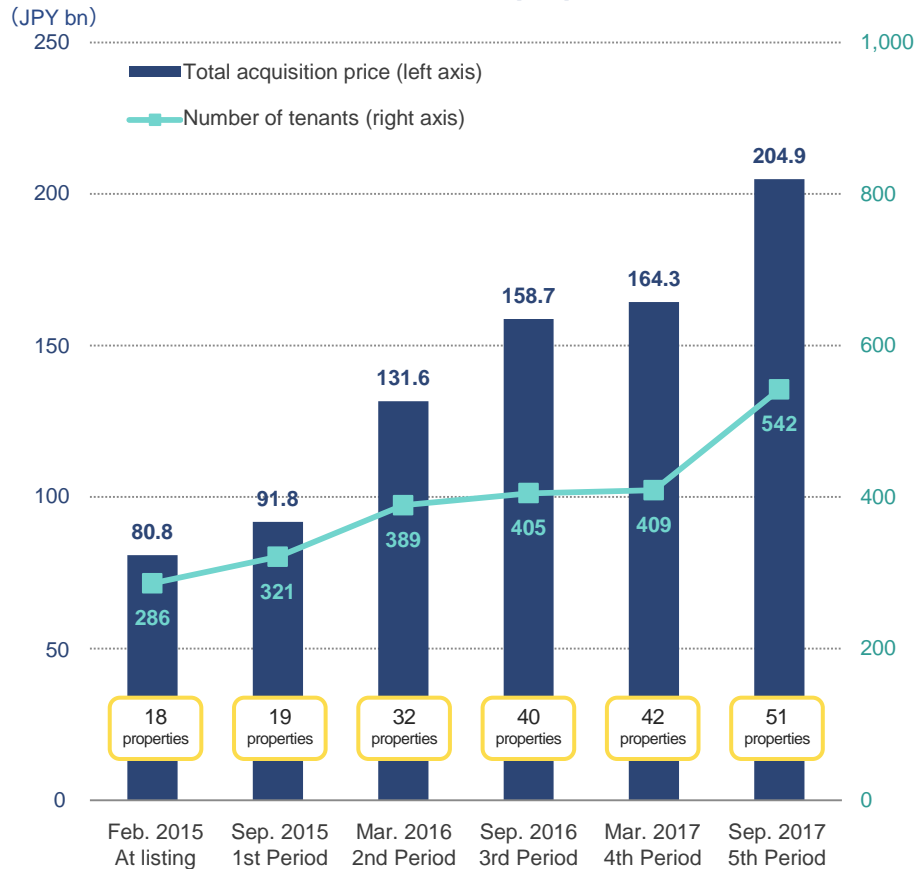


Note: NAV per unit at the end of each fiscal period = (net assets + unrealized appraisal gains/losses on the entire portfolio at the end of each fiscal period) / (total number of investment units issued at the end of each fiscal period)

Appraisal value, NOI yield, occupancy rate

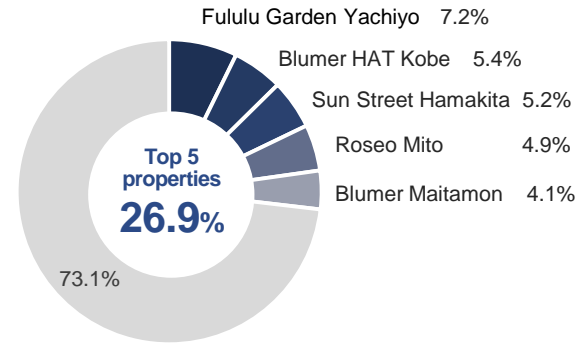
Total appraisal value	Appraisal NOI yield	NOI yield after depreciation	Occupancy rate
JPY 218.6 bn	5.4%	4.4%	99.6%

AUM, number of tenants, number of properties

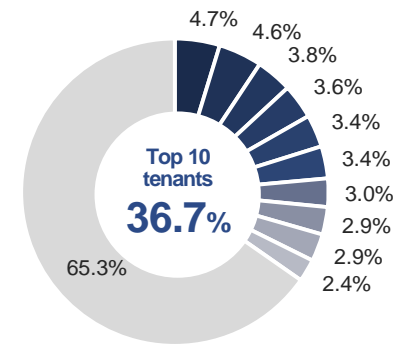


Characteristics of KRR portfolio

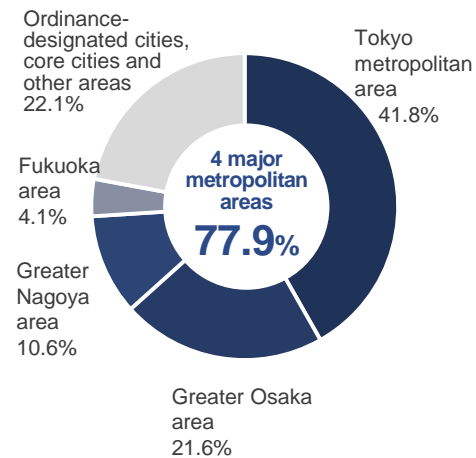
Top 5 properties (by acquisition price)



Top 10 tenants (by annual fixed rent)



Location

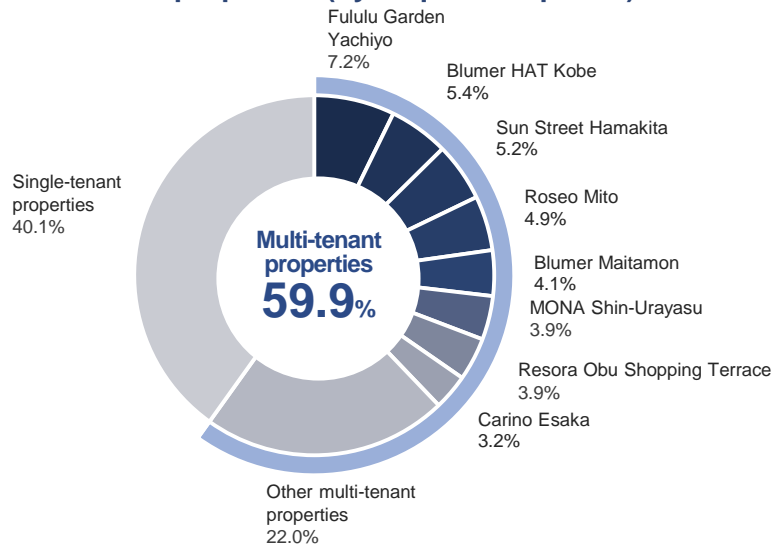


Types of retail property

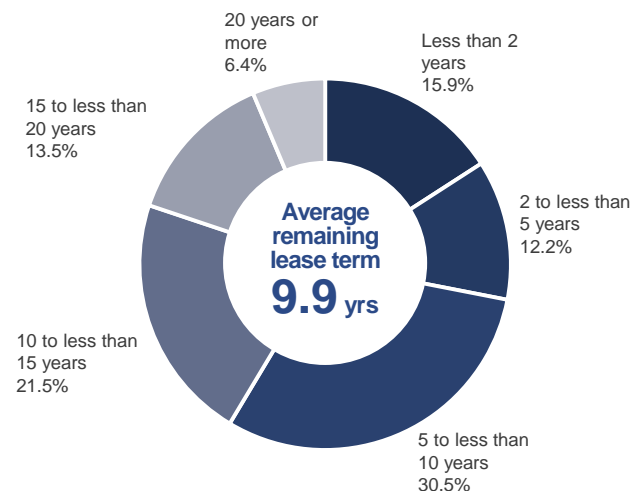


Note 1: "Appraisal value", "NOI yield", "Occupancy rate" and other figures on portfolio are as of Sep. 30, 2017, for the 51 properties acquired by the date of this material.
 Note 2: "Appraisal NOI Yield" is calculated by dividing appraisal NOI from the latest appraisal reports by acquisition price. "NOI yield after depreciation" is based on the forecast for the fiscal period ended Sep. 30, 2017.
 Note 3: "Occupancy rate" and "number of tenants" at listing are figures as of Sep. 30, 2014.

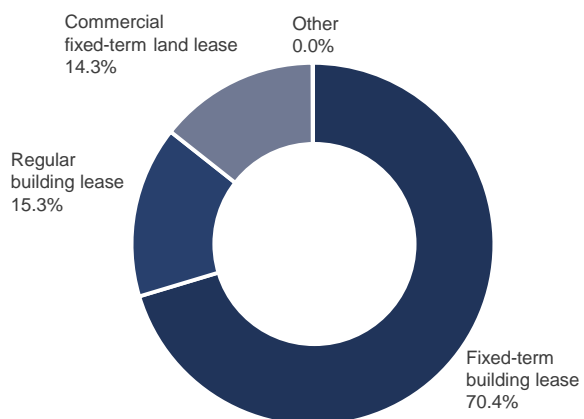
Multi-tenant properties (by acquisition prices)



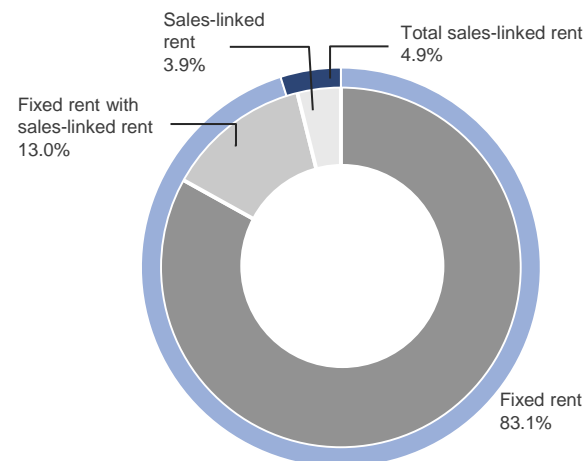
Remaining lease term (by annual fixed rent) (Note 2)



Lease contract type (by annual fixed rent) (Note 2)



Rent type (Apr. 2017-Sep. 2017)

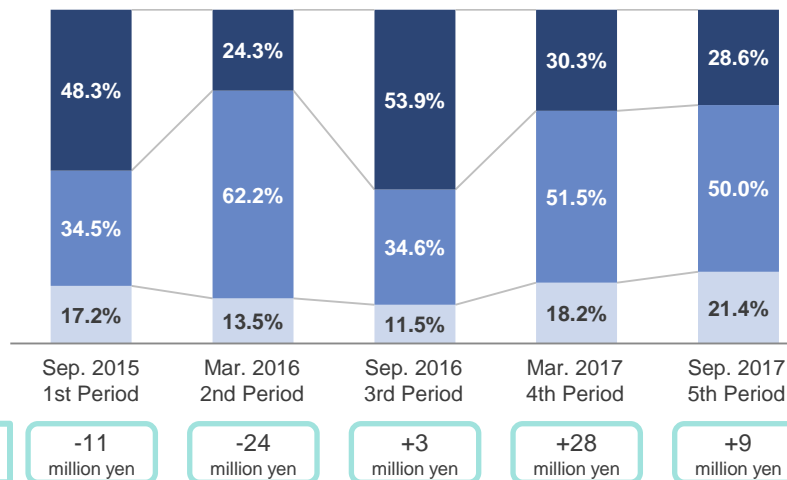


Note 1: The figures are as of Sep. 30, 2017, based on the 51 properties acquired by the date of this material. The figures of "Rent type" is for the 5th fiscal period based on the 51 properties acquired by Sep. 30, 2017.

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

Rent revisions (based on number of revisions)

■ Downward Revision ■ No Revision ■ Upward Revision



+2.0% (Note 1)

Annual change

-11 million yen

-24 million yen

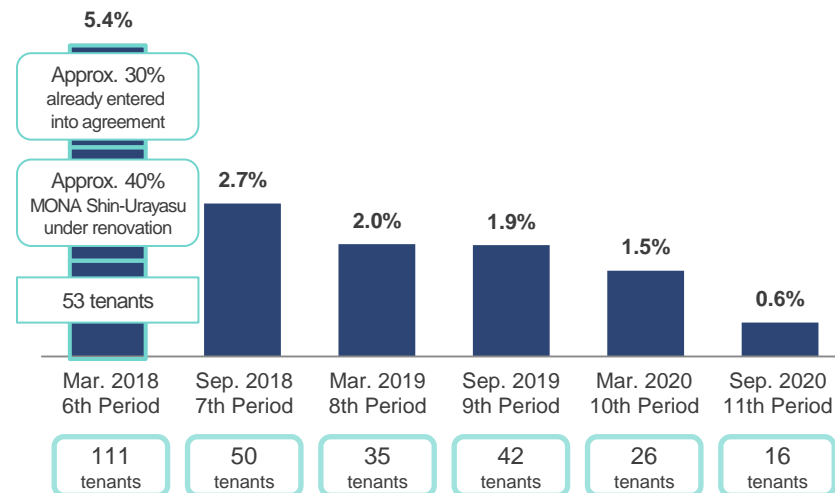
+3 million yen

+28 million yen

+9 million yen

Lease expiry (by annual fixed rent)

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



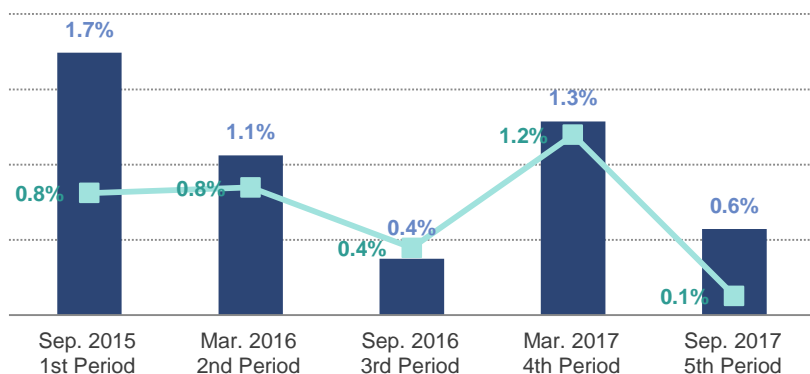
Approx. 30% already entered into agreement

Approx. 40% MONA Shin-Urayasu under renovation

53 tenants

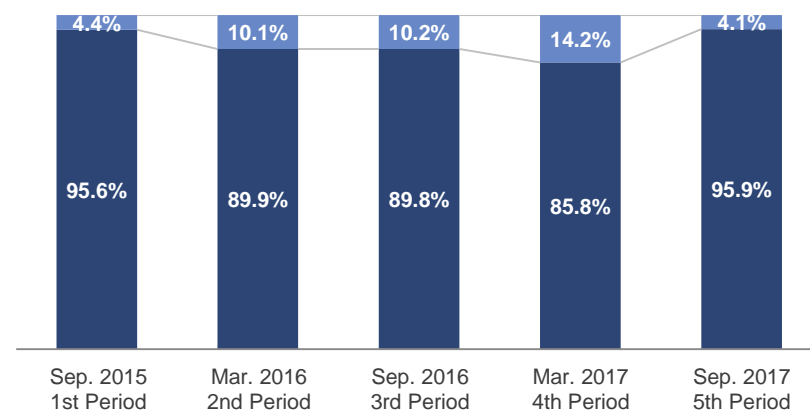
Tenant move-in and move-out (Note 3)

■ Move-in ■ Move-out



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

■ Contract renewal ■ Move-out at lease expiry



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

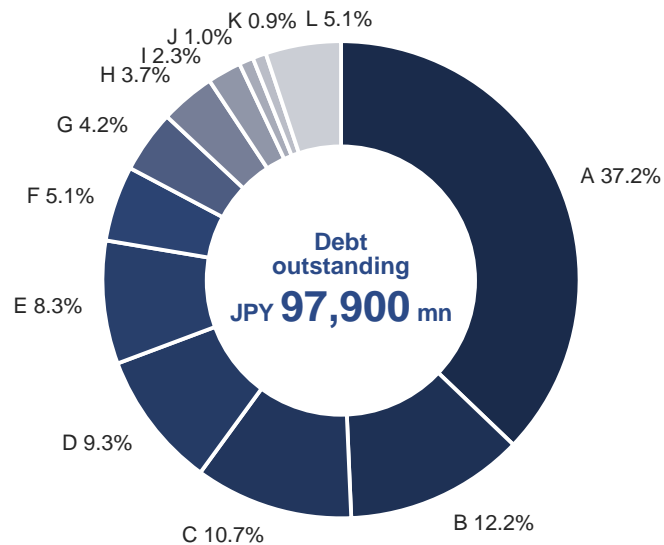
Note 2: Based on the contractual rent determined in the lease contract, including regular building leases, for properties owned as of Sep. 30, 2017.

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

Financial highlights

	4th Period (Note 1)	5th Period (Note 2)
Average interest rate	0.96%	0.96%
Average remaining years to maturity	4.7 years	4.9 years
Long-term debt ratio Fixed interest debt ratio	85.8%	87.6%
LTV	40.4%	42.6%

Breakdown of debt outstanding by lender and investment corporation bonds

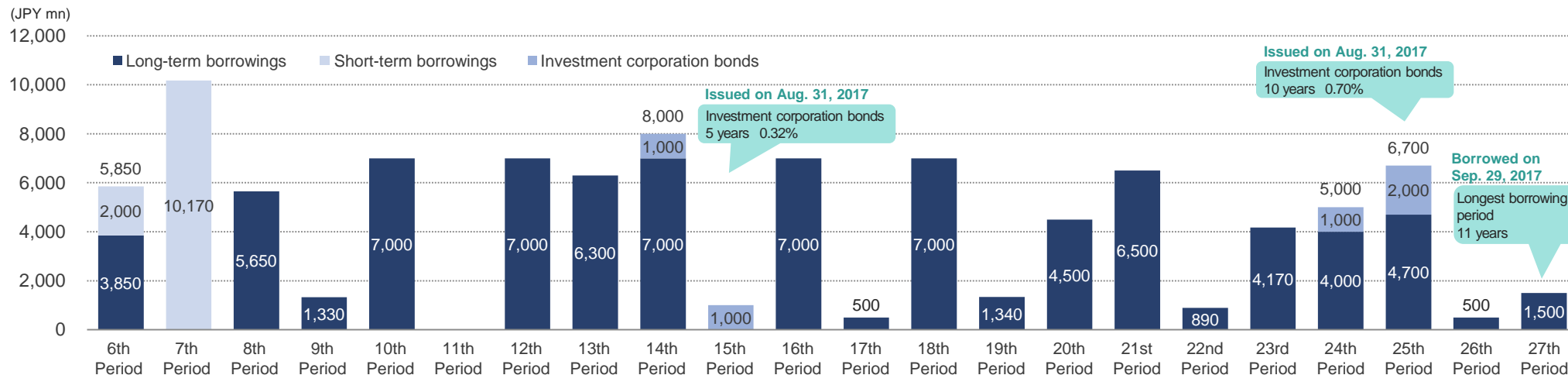


		Balance (JPY mn)
A	Sumitomo Mitsui Banking Corporation	36,370
B	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	11,910
C	Development Bank of Japan Inc.	10,490
D	Sumitomo Mitsui Trust Bank, Ltd.	9,070
E	Mizuho Bank, Ltd.	8,170
F	Resona Bank, Ltd.	5,000
G	Mizuho Trust & Banking Co.,Ltd.	4,150
H	Aozora Bank, Ltd.	3,640
I	Mitsubishi UFJ Trust and Banking Corporation	2,250
J	The Musashino Bank, Ltd.	950
K	The Gunma Bank, Ltd.	900
L	Investment corporation bonds	5,000

Credit rating and commitment lines

Credit Rating (JCR)	Commitment credit lines
A (Positive)	JPY 2.0 bn

Maturities of interest-bearing debts



Note 1: Based on the figures after the prepayment of bank loans on May 31, 2017.
 Note 2: Based on the figures after the refinancing on Oct. 3, 2017.

02

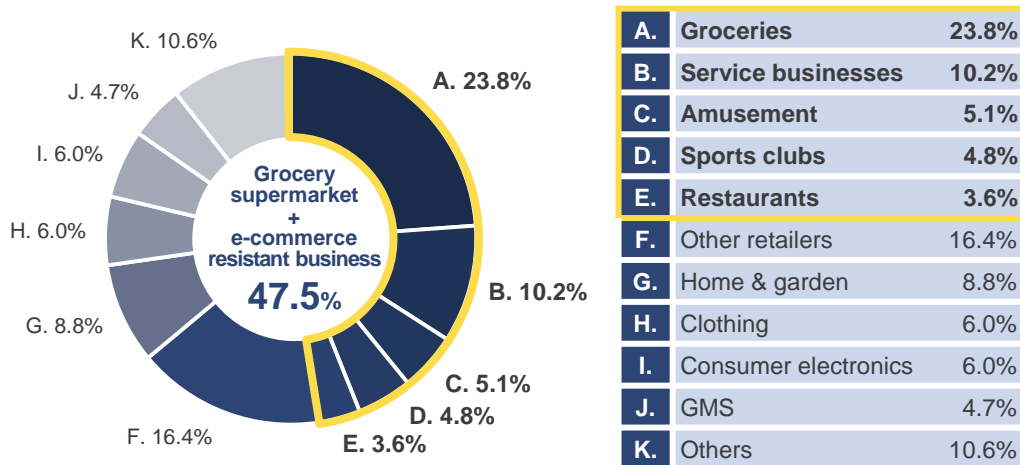
Providing better retail properties for consumers and society

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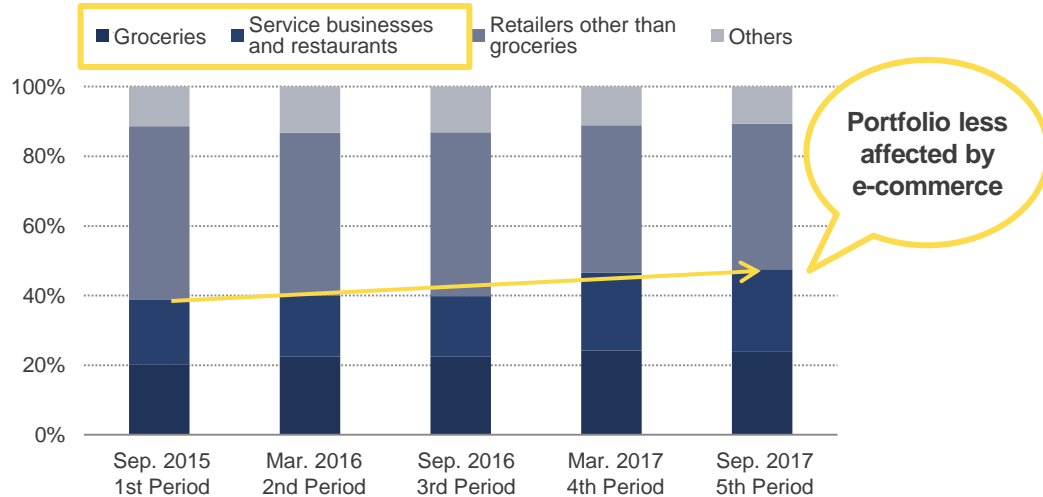


Tenants supported by consumers are less affected by e-commerce

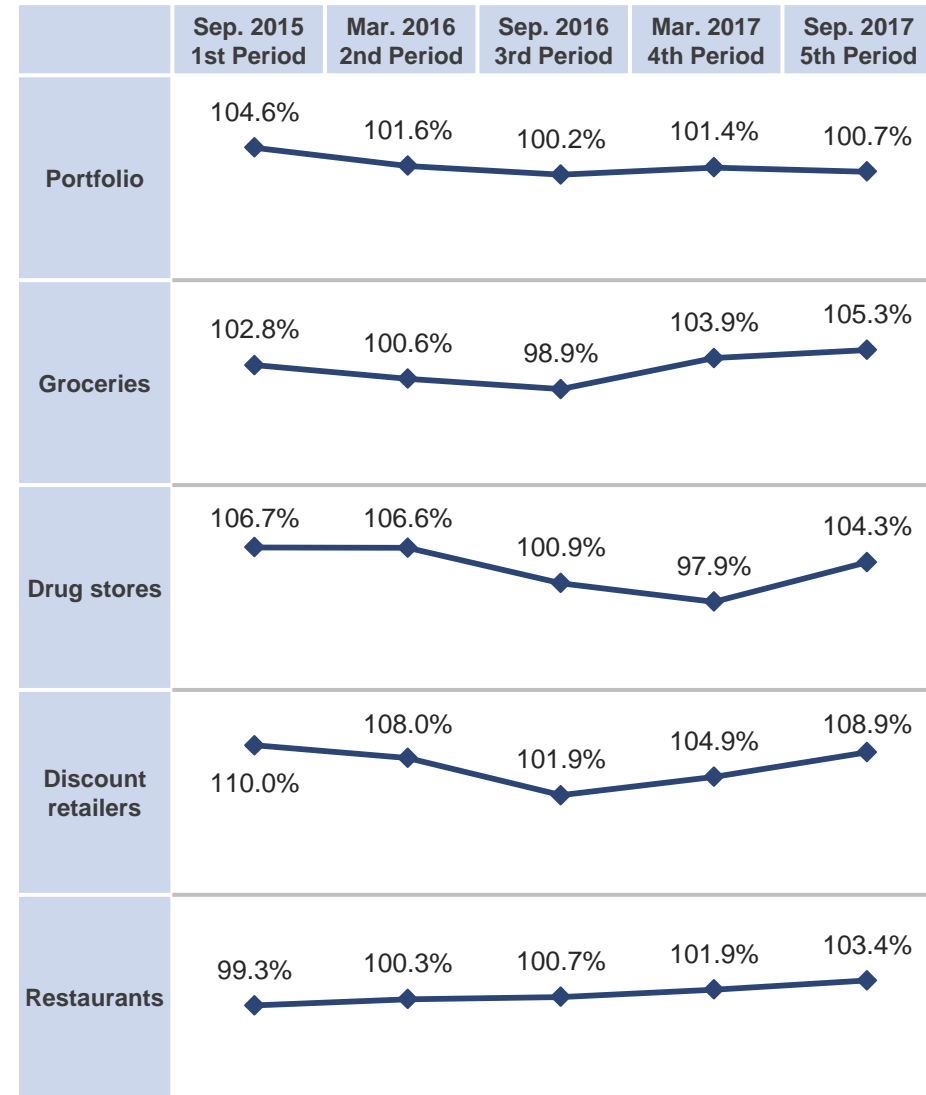
Percentage of tenant category (based on rents)



Changes in percentage of tenant category (based on rents)

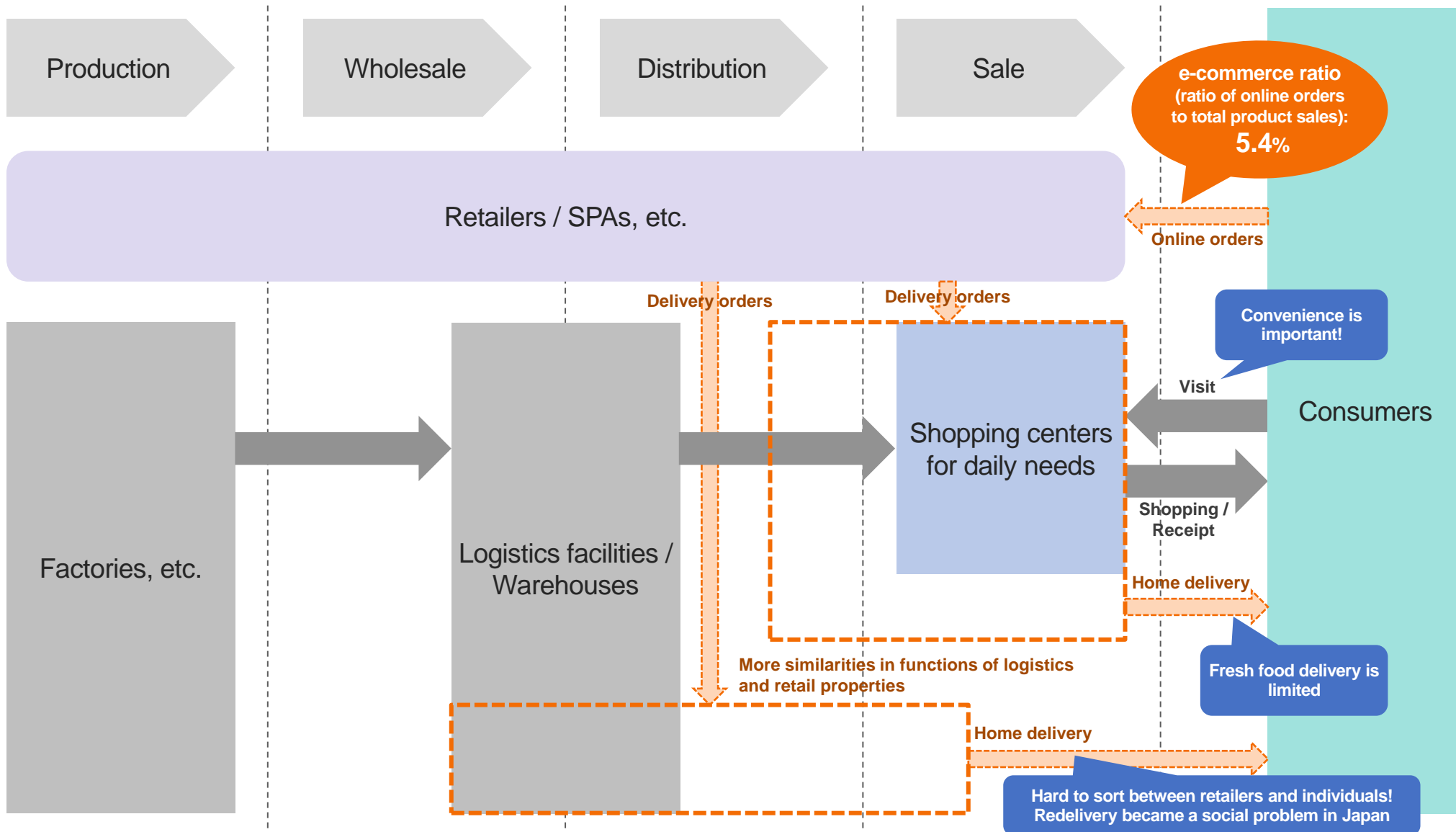


Changes in sales of categories less affected by e-commerce (YoY)^(Note)



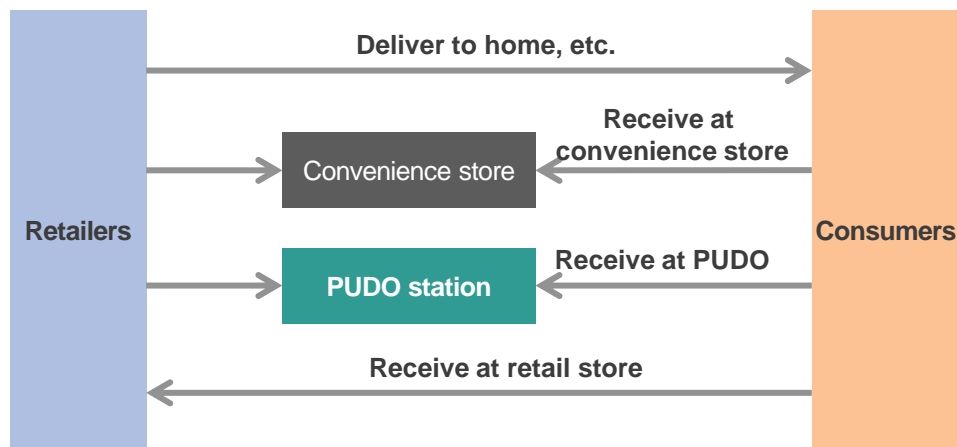
Note: Based on the sales figures available to KRR. The sales of each category take into account the effect of difference in days of the weekends in each period, but those of portfolio do not take into account.

Retail properties with delivery functions



Installation of delivery boxes (PUDO stations)

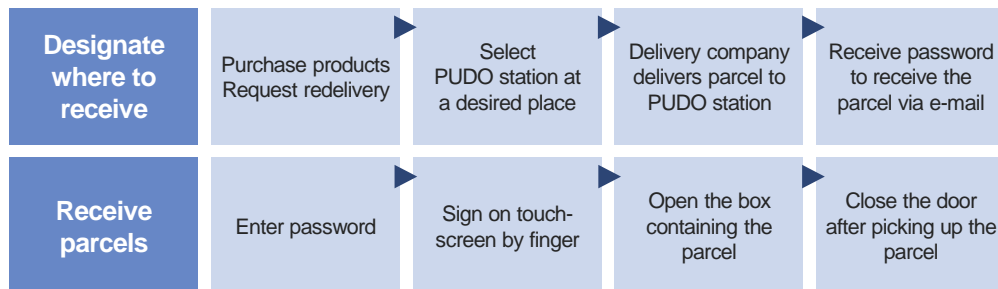
How to receive products ordered through the Internet



What is PUDO?

PUDO (Pick Up & Drop Off) station is a delivery box operated by Packcity Japan, a joint venture between Neopost Shipping (France) and Yamato Transport. Available to any consumer and any delivery company

How to use



Pros and cons from the perspective of consumers

	Pros	Cons
Deliver to home, etc.	<ul style="list-style-type: none"> No need to leave home 	<ul style="list-style-type: none"> Impossible to receive when outside the home Troublesome requesting redelivery Seen by deliveryman
Receive at convenience store	<ul style="list-style-type: none"> Possible to receive parcels at frequently used stores 	<ul style="list-style-type: none"> Address and parcels are seen by deliveryman
Receive at PUDO station	<ul style="list-style-type: none"> Possible to receive parcels on a daily route Secured privacy 	<ul style="list-style-type: none"> Need to carry parcels
Receive at retail store	<ul style="list-style-type: none"> Possible to receive parcels on a daily route Possible to do shopping at the same time 	<ul style="list-style-type: none"> Only goods handled at retail store available

Installation of PUDO station in KRR properties

Install in multi-tenant properties in order after necessary procedures such as compliance review and inspection by Packcity Japan are completed

Some tenants at **single-tenant properties** are also installing PUDO stations

Properties installed

- T-1** Fululu Garden Yachiyo
- T-3** Passaggio Nishiarai
- T-13** Totsuka-Fukaya Shopping Center (Land)
- T-18** Kawamachi Yahagi Mall
- T-20** Inageya Yokohama Minamihonjuku (Land)



PUDO station installed in Fululu Garden Yachiyo

Note: The boxes at Totsuka-Fukaya SC are installed by YorkMart, and the boxes at Inageya Yokohama Minamihonjuku are installed by Inageya.

ESG (Environmental, Social, and Governance) initiatives

Environmental policies

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

Compliance with Environmental Laws and Regulations

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

Promotion of Energy Conservation Measures

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

Reduction of Environmental Burden

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

Disclosure of Environmental Information

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

Environmental Education

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

Installation of LED lighting

O-4 Blumer HAT Kobe



T-1 Fululu Garden Yachiyo

T-2 MONA Shin-Urayasu

T-3 Passaggio Nishiarai

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)



Encouraging greater community interactions

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



Summer Festival (Unicus Ina)



Kamisato Farmer's Market (Unicus Kamisato)

Other initiatives

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



Signing of agreement (Unicus Yoshikawa)

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



Signing of agreement (Fululu Garden Yachiyo)

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



Participated in the GRESB Real Estate Assessment, following its 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. has joined the GRESB Company & Fund Members**

Approx. 40% of properties* (14 out of 38) have acquired the DBJ Green Building Certification

Properties with outstanding environmental & social awareness

T-2 ^{Update!} **MONA Shin-Urayasu**

T-1 **Fululu Garden Yachiyo**

Properties with excellent environmental & social awareness

T-4 ^{New!} **Daikanyama Address Dixsept**

O-4 **Blumer HAT Kobe**
R-1 **Roseo Mito**
R-4 **Ashico Town Ashikaga**

Properties with high environmental & social awareness

T-5 ^{Update!} **Unicus Ina**
T-19 ^{New!} **Yumemachi Narashinodai Mall**
T-20 ^{New!} **Kawamachi Yahagi Mall**
O-5 ^{New!} **Carino Esaka**
R-10 ^{New!} **Sun Street Hamakita**

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

Note: 38 properties, excluding 13 land-only properties from the 51 properties that KRR holds as of the date of this material.

03

Financial results and forecasts

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Summary of balance sheets (JPY mn)

	Mar. 2017	Sep. 2017	Change	
	4th Period	5th Period	JPY mn	%
Current assets	17,061	20,511	+3,449	+20.2%
Property, plant and equipment	166,261	203,411	+37,180	+22.4%
Intangible assets	522	4,331	+3,808	+728.7%
Investments and other assets	944	1,061	+117	+12.4%
Total Non-current assets	167,728	208,834	+41,106	+24.5%
Deferred assets	247	282	+34	+14.1%
Total assets	185,037	229,628	+44,591	+24.1%
Current liabilities	17,380	18,743	+1,362	+7.8%
Non-current liabilities	70,833	94,368	+23,535	+33.2%
Total liabilities	88,213	113,111	+24,897	+28.2%
Total net assets	96,823	116,516	+19,693	+20.3%
Total liabilities and net assets	185,037	229,628	+44,591	+24.1%
LTV	40.4%	42.6%	---	---

Factors in change of current assets

1. Increase in cash and deposits	+2,339
2. Increase in consumption taxes receivable	+947
3. Others	+162

Factors in change of non-current assets

1. Increase in PP&E mainly due to acquisition of assets (net)	+37,180
2. Increase in leasehold rights in trust mainly due to acquisition of assets (net)	+3,808
3. Others	+118

Factors in change of deferred assets

1. Increase in investment unit issuance costs (net)	+19
2. Increase in investment corporation bond issuance costs (net)	+20
3. Other (amortization of organization costs)	-5

Factors in change of current liabilities

1. Increase in short-term loans payable	+1,200
2. Others	+162

Factors in change of non-current liabilities

1. Increase in long-term loans payable	+19,000
2. Issuance of investment corporation bonds	+3,000
3. Increase in deposits in trusts	+1,536

Factors in change of net assets

1. Increase in unitholders' capital mainly due to public offering (net)	+19,173
2. Increase in unappropriated retained earnings	+520

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

	Mar. 2017	Sep. 2017		Changes	
	4th Period Actual (A)	5th Period Forecast (B)	5th Period Actual (C)	C - A	C - B
Rent revenue – real estate	5,524	6,553	6,637	+1,112	+83
Other lease business revenue	902	1,097	1,160	+257	+62
Dividends income	3	5	5	+2	+0
Operating revenues	6,430	7,655	7,803	+1,372	+147
Property related expenses (excl. depreciation)	2,096	2,516	2,583	+487	+67
NOI	4,331	5,134	5,214	+883	+79
Depreciation	721	868	885	+163	+16
NOI after depreciation	3,609	4,266	4,329	+719	+63
Other operating expenses	591	652	668	+77	+16
Operating income	3,021	3,618	3,666	+644	+47
Non-operating income	0	0	0	-0	+0
Non-operating expenses	464	550	557	+93	+7
Ordinary income	2,556	3,067	3,108	+551	+40
Net income	2,552	3,067	3,104	+551	+37
DPU (JPY)	6,044	6,051	6,115	+71	+64

New acquisition of Resora Obu Shopping Terrace: +JPY 83 mn

New acquisition of Resora Obu Shopping Terrace: +JPY 29 mn
Temporary income (penalty and restoring revenues): +JPY 21 mn

New acquisition of Resora Obu Shopping Terrace: +JPY 40 mn
Increase in BM cost mainly due to temporary cleaning: +JPY 10 mn
Temporary expenses (restoring): +JPY 11 mn

Depreciation of Resora Obu Shopping Terrace: +JPY 15 mn

Increase in expenses due to borrowing for acquisition of properties and investment corporation bond issuance
Increase in the amortization of investment unit issuance costs

Financial forecasts: 6th and 7th fiscal periods (JPY mn)

Key financial information	Sep. 2017 5th Period (Actual)	Mar. 2018 6th Period (Forecast)	Changes
Operating revenues	7,803	8,039	+235
Operating expenses	4,137	4,308	+171
Operating income	3,666	3,730	+64
Non-operating expenses	557	586	+28
Interest expenses & financing-related expenses	456	497	+40
Amortization of investment unit issuance costs	96	84	-11
Ordinary income	3,108	3,143	+35
Net income	3,104	3,142	+38
DPU	6,115	6,200	+85

Mar. 2018 6th Period (Forecast)	Sep. 2018 7th Period (Forecast)	Changes
8,039	8,136	+96
4,308	4,473	+165
3,730	3,662	-68
586	565	-21
497	498	+1
84	61	-22
3,143	3,097	-46
3,142	3,096	-46
6,200	6,108	-92

Incl. gain on sales 210 mn

Related key indicator	Sep. 2017 5th Period (Actual)	Mar. 2018 6th Period (Forecast)	Changes
NOI	5,214	5,396	+182
NOI yield (%)	5.0%	5.3%	---
Depreciation	885	927	+42
NOI after depreciation	4,329	4,469	+140
NOI yield after depreciation (%)	4.2%	4.4%	---
FFO	4,093	4,162	+69
CAPEX	367	513	+146
LTV (%)	42.6%	42.6%	---

Mar. 2018 6th Period (Forecast)	Sep. 2018 7th Period (Forecast)	Changes
5,396	5,126	-269
5.3%	5.0%	---
927	929	+2
4,469	4,197	-272
4.4%	4.1%	---
4,162	3,885	-277
513	439	-74
42.6%	42.6%	---

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

	Assets acquired in	4th Period (Actual)	5th Period (Actual)	6th Period (Forecast)	7th Period (Forecast)	Remarks
Rent revenue-real estate (excl. sales-linked rent)	1st-3rd Periods	5,204	5,207	5,230	5,131	7th period: Down-time related to renovations at MONA Shin-Urayasu 7th period: Assumed down-time of three months for tenants at lease expiry
	4th Period	37	129	129	129	
	5th Period	0	1,017	1,318	1,297	
Sales-linked rent	1st-3rd Periods	282	266	266	216	7th period: Down-time related to renovations at MONA Shin-Urayasu 7th period: Assumed down-time of three months for tenants at lease expiry
	4th Period	0	0	0	0	
	5th Period	0	15	17	16	
Utility charge reimbursement	1st-3rd Periods	455	543	471	541	Seasonal factors
	4th Period	0	0	0	0	
	5th Period	0	118	155	173	
Penalty / restoring reimbursement	1st-3rd Periods	48	18	1	0	Assumed no unexpected income
	4th Period	0	0	0	0	
	5th Period	0	2	0	0	
Other revenues	1st-3rd Periods	398	413	395	368	
	4th Period	0	0	0	0	
	5th Period	0	63	52	50	
Rental and other operating revenues (A)	1st-3rd Periods	6,389	6,449	6,366	6,258	
	4th Period	37	129	129	129	
	5th Period	0	1,218	1,543	1,538	
PM fees / facility management fees	1st-3rd Periods	690	704	702	693	
	4th Period	1	2	2	2	
	5th Period	0	101	138	136	
Utilities	1st-3rd Periods	438	540	465	534	Energy cost is increasing on the whole
	4th Period	0	0	0	0	
	5th Period	0	109	146	157	
Taxes	1st-3rd Periods	482	561	561	562	4th period to 5th period: Property-related taxes on the properties acquired in the 3rd period are expensed
	4th Period	0	2	2	13	
	5th Period	0	0	0	115	
Repairs and maintenance (incl. restoring)	1st-3rd Periods	157	175	161	116	Subject to change
	4th Period	0	0	0	0	
	5th Period	0	13	54	30	
Others	1st-3rd Periods	325	298	316	329	Sales and promotion: 4th period: 186, 5th period: 166, 6th period: 182, 7th period: 155 Sales and promotion: 5th period: 17, 6th period: 27, 7th period: 31
	4th Period	0	3	0	0	
	5th Period	0	70	90	106	
Property-related expenses (B) (excl. depreciation)	1st-3rd Periods	2,094	2,280	2,207	2,236	
	4th Period	1	7	5	16	
	5th Period	0	295	430	546	
NOI (A-B)	1st-3rd Periods	4,295	4,168	4,158	4,022	
	4th Period	35	121	124	112	
	5th Period	0	923	1,113	991	

04

Implementing growth strategies

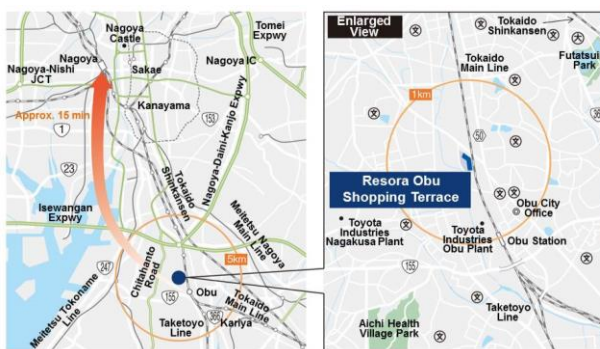
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Acquisition of Resora Obu Shopping Terrace



Acquisition price	JPY 7,911 mn
Location	Obu, Aichi
Appraisal value	JPY 7,990 mn (as of Aug. 1, 2017)
Appraisal NOI yield	5.2%
Main tenant	Premium Support K.K.



Location NCS in the population growing area

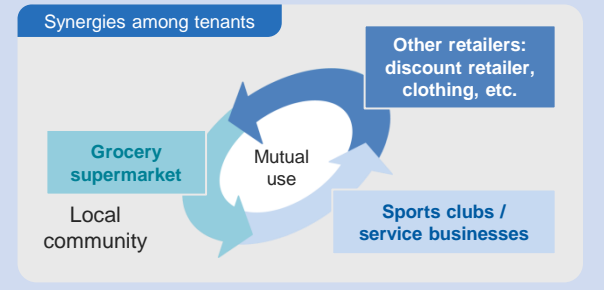
- Population: 14 thousand people within 1-km radius, 89 thousand people within 3-km radius, and 224 thousand people within 5-km radius
 - There are many single-family residences in the surrounding neighborhood, as well as a condominium featuring 130 units developed near the property
 - Obu is a city with population growth as a residential area for those commuting to neighboring City of Nagoya and an industrially developed area mainly with automotive industry, together with neighboring Kariya City, where many of Toyota Group companies have their head offices



Residential area behind the property

Tenant Products and services focusing on daily needs

- The property houses Yamanaka, a grocery supermarket, which promotes "dominant strategy" in Aichi Prefecture, as its main tenant and over 40 tenants such as a sports club, a discount retailer and a large apparel store



Facilities Corresponding to high frequency of customer visits

- Parking space for over 1,000 vehicles
 - Facilities corresponding to high frequency of customer visits including flat parking area



- The largest NSC in Obu, Aichi, opened in 2008 as a part of the development project including a medical mall and a condominium (not to be acquired)



Medical mall and condominium (not to be acquired)

Sale of K's Denki Nakagawa Tomita (Land)

Overview of sale of K's Denki Nakagawa Tomita (Land)

Determined to sell the property for comprehensive reasons such as being able to sell at the price significantly higher than the appraisal value

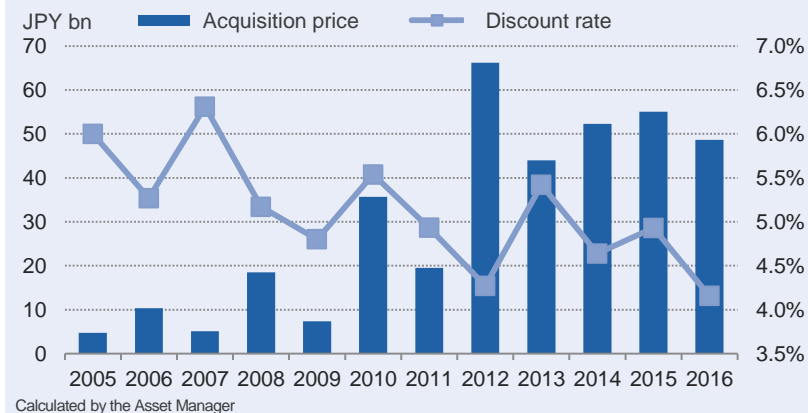


Location	Nagoya, Aichi
Book value	JPY 907 mn
Appraisal value	JPY 995 mn
Sale price	JPY 1,128 mn
Appraisal NOI	JPY 46 mn
Acquisition date	Feb. 10, 2015
Anticipated sale date	Apr. 27, 2018

Liquidity and yield of land (Reference)

In addition to J-REITs, private REITs, private funds, business companies, etc. acquired land-only properties

Acquisition of land-only properties by J-REITs



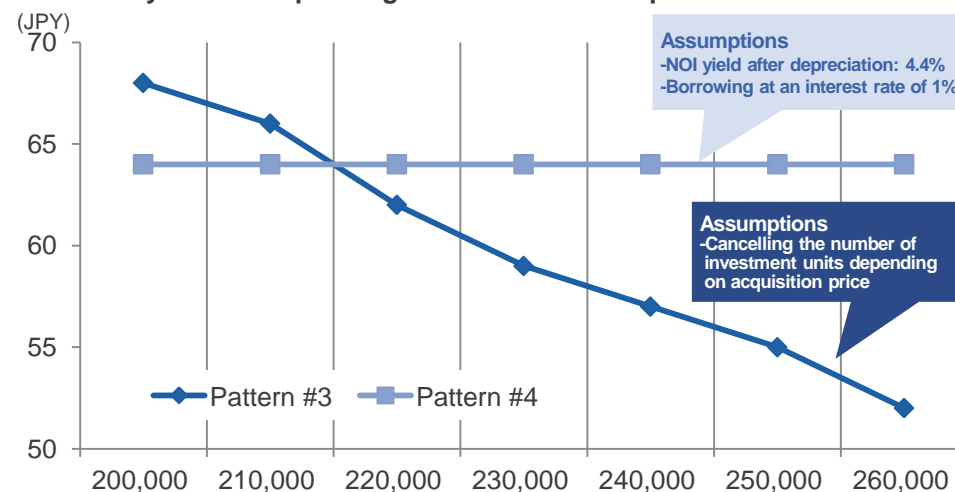
Analysis of scenario on use of proceeds from the sale^(Note 1)

Estimated DPU and LTV

Scenario	DPU	LTV
Pattern #1 Use all proceeds to acquire properties	JPY 41	42.6%
Pattern #2 Use all proceeds to repay loans	JPY 5	42.4%
Pattern #3 Use all proceeds to acquire own investment units ^(Note 2)	JPY 58	42.8%
Pattern #4 Borrow new debt to the LTV level assumed in Pattern #3 and acquire properties together with the proceeds	JPY 64	42.8%

At the same LTV level

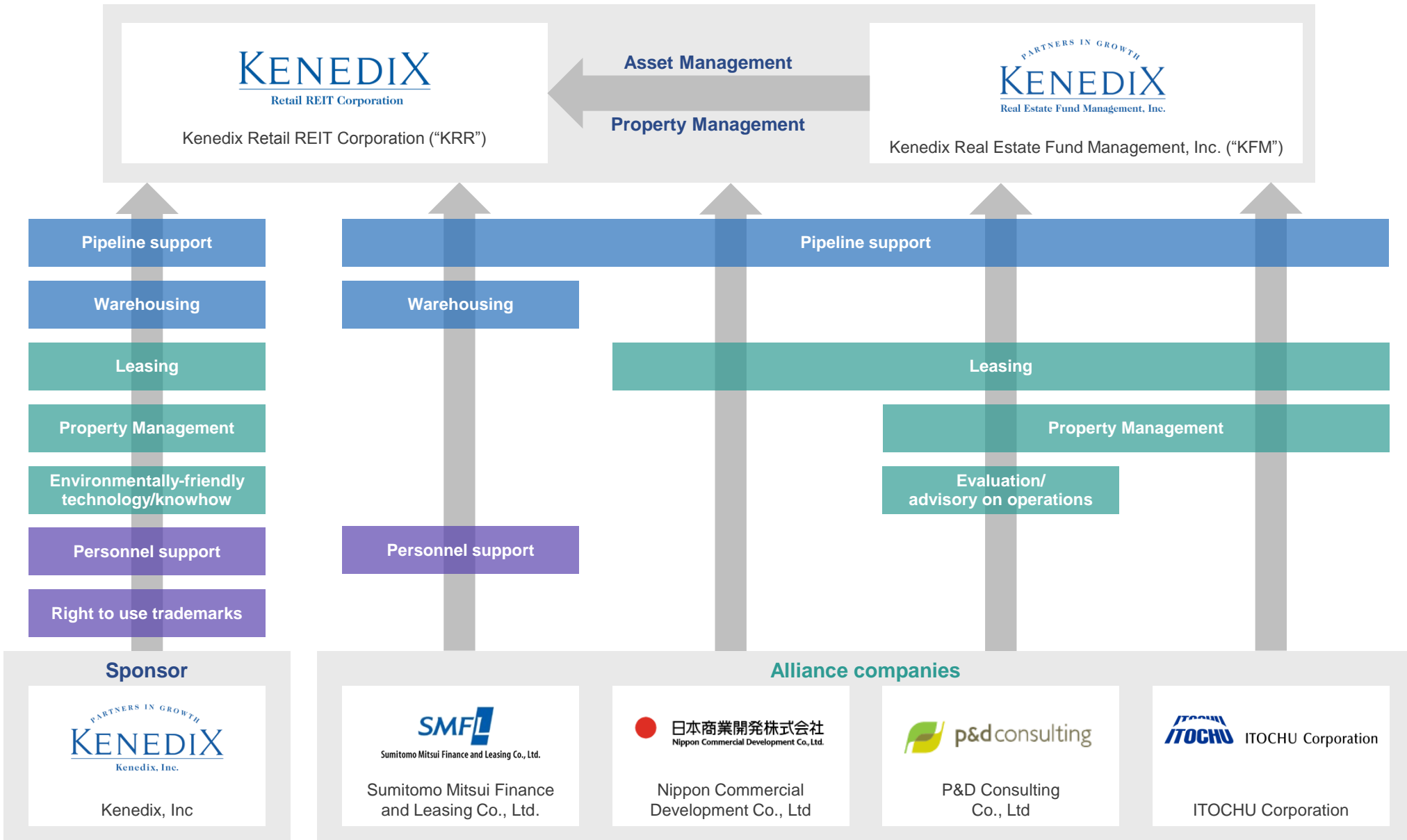
Sensitivity of DPU depending on investment unit prices



Note 1: The above estimate is calculated as examples to consider using the proceeds from the sale of K's Denki Nakagawa Tomita (Land) on certain assumptions. KRR has not decided to implement such measures as of the date of this material, and there is no guarantee that it can implement such measures.

Note 2: Acquisition price of own investment units is assumed in the above calculation based on the closing price of investment units for three months until Oct. 31, 2017.

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.

Pipelines of Sponsor and Alliance Companies

Apita Terrace Yokohama Tsunashima

Location: Yokohama, Kanagawa
(expected to open in spring 2018)



Development

Kenedix-ITOCHU Fund

Land area	18,300.01m ²	GFA	44,562.53m ²
-----------	-------------------------	-----	-------------------------

Ozeki Tokiwadai

Location: Itabashi, Tokyo
(opened in Sep. 2017)



Development

Kenedix

Land area	804.68m ²	GFA	1,217.02m ²
-----------	----------------------	-----	------------------------

Across Plaza Urayasu Higashino (Land)

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



Development

Alliance Company (NCD/SMFL)

Land area	6,229.00m ²	GFA	---
-----------	------------------------	-----	-----

Unicus Urawamisono (Land)

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



Development

Alliance Company (P&D)

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

Development Project in Nagoya (Land)

Location: Nagoya, Aichi
(expected to open in autumn 2018)



Development

Alliance Company (ITOCHU)

Land area	13,480.42m ²	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 Nov. 15, 2017, KRR has no plans to acquire these properties and there is no guarantee that it can acquire these properties in the future.

Note3: 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

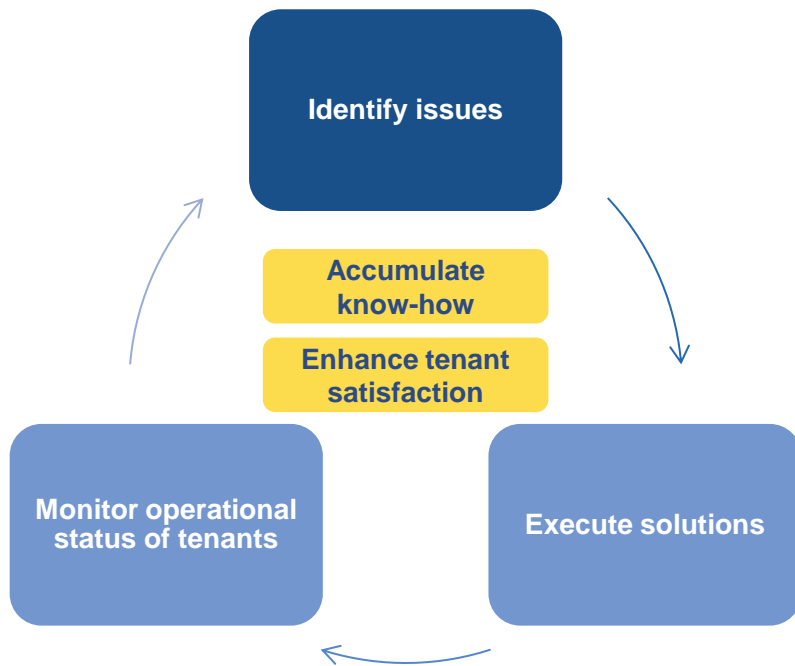
Asset management services

Build and manage a stable/consistent portfolio

Strengthened collaboration

Property management services

Interact directly with tenants



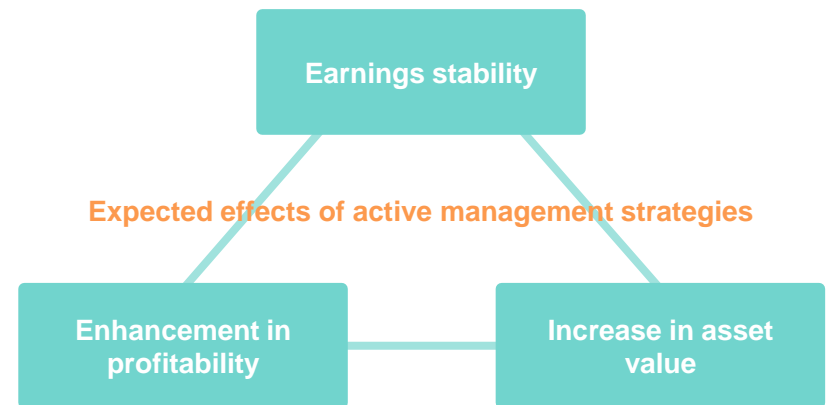
Seek internal growth through property management

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

Estimated renovation cost and planned schedule

Estimated renovation cost
JPY 274 mn (planned)

Apr. 2018	Start of the renovations
Sep. 2018	Completion of the renovations
Oct. 2018	Reopening

Completion of the 1st phase (Jul. 2017)

Improve attractiveness and access to each shop

- Exterior construction around the entrance
- Installation of benches and plants
- Renewal of signboards and floor maps
- Replacement of supermarket (grocery)



Capital expenditure

- JPY 134 mn

Replacement of supermarket (grocery)

- Addition of eating spaces, etc.
- Rent increase by 10.4%



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)

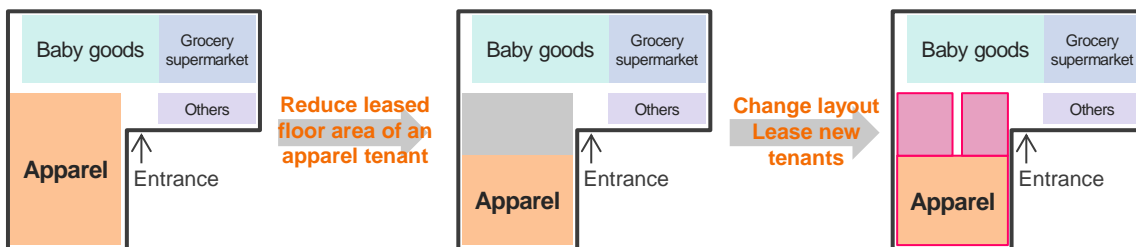


Note: The illustration above is a completion image based on design drawings and may differ from the actual buildings after completion.

Changing in layout at Blumer HAT Kobe

Reduction in the floor of an apparel tenant on the 1st floor and leasing of new tenants (Jun. 2017)

- **Negotiated with an apparel tenant** and **reduced the leased floor area**
- **Created two new leasing spaces** in the reduced floor area
- Leased a tenant selling **groceries and daily goods** to generate synergies with the supermarket
- Leased a **cosmetics** shop that can be segregated from drug stores



Before and after the changing in layout



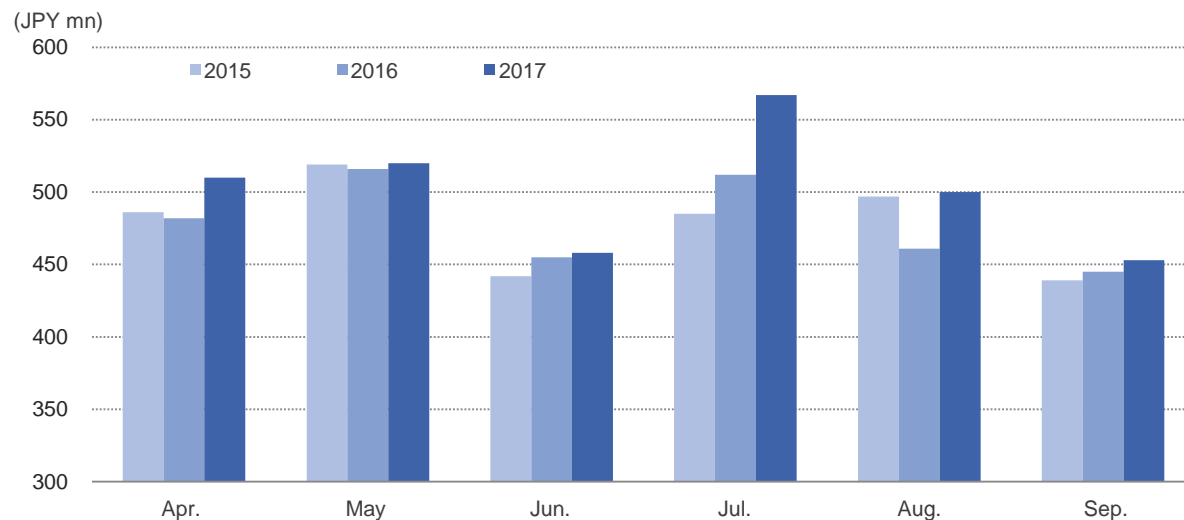
Before



After



Tenant sales at Blumer HAT Kobe



Note: Excludes sales of the cinema complex

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

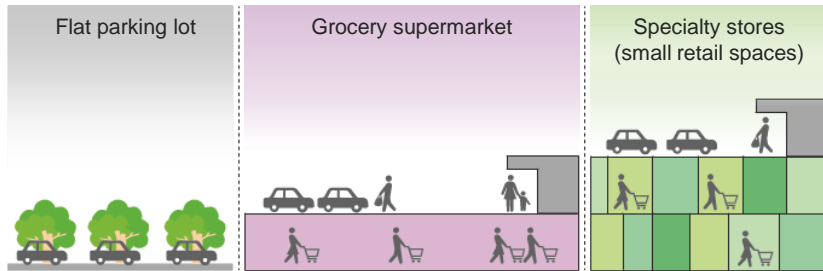
Outlet malls

Urban retail properties featuring

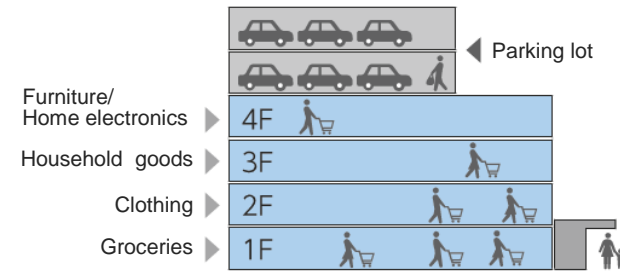
High-end brand shops

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

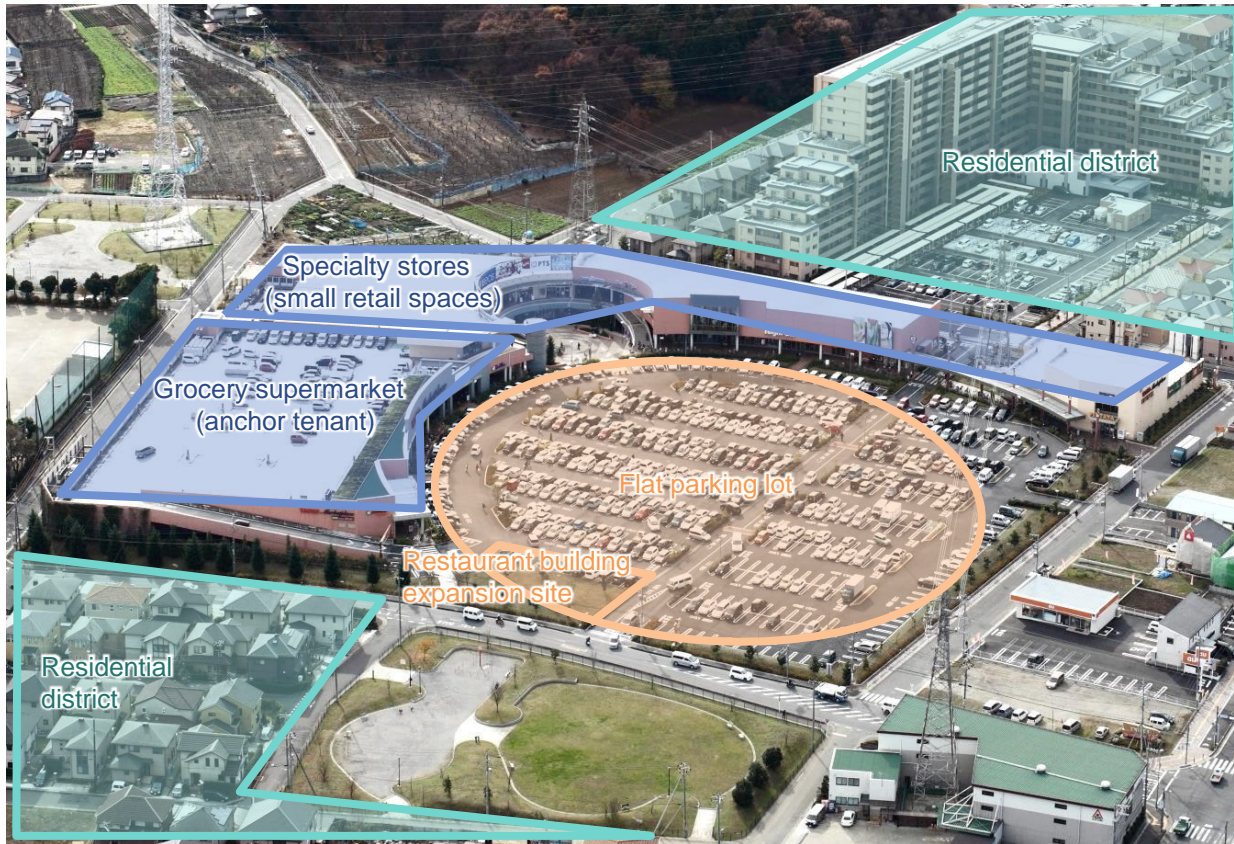
Real estate value of shopping center for daily needs

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 districts

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

Tenants Providing primarily daily necessities

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



An anchor tenant with strong ability to attract customers



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

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

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



Expansion building

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

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

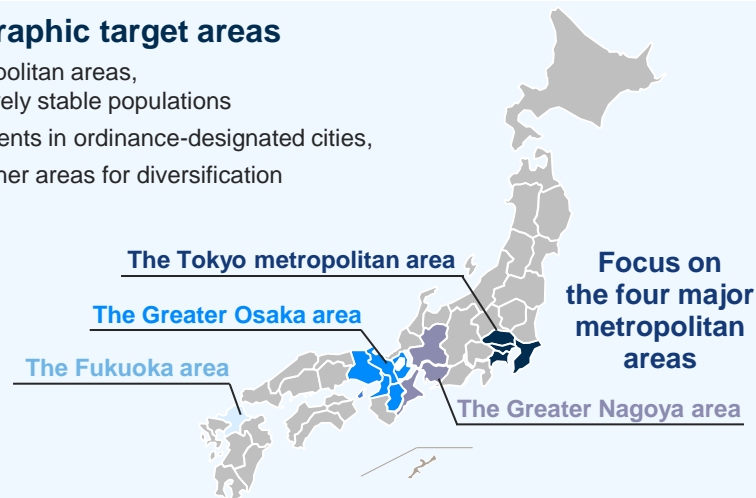
Investment criteria

Focus on the following four elements in making investment decisions:

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

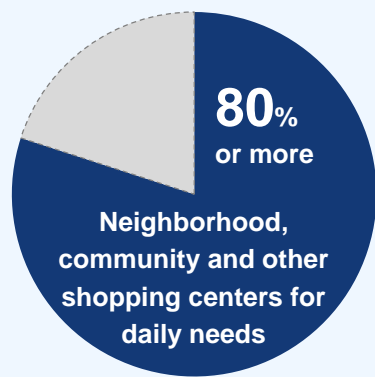
Primary geographic target areas

- 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

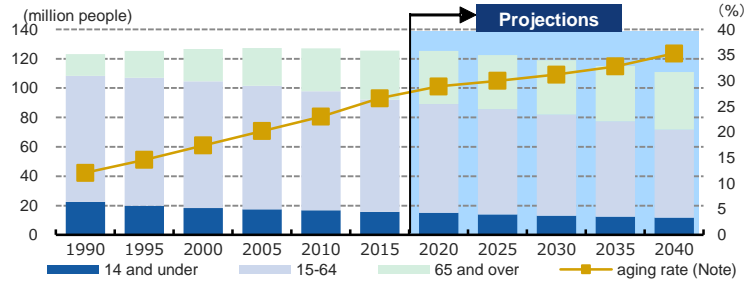
- Generation of long-term stable rents due to a decrease of vacancy risks because tenants will own buildings pursuant to fixed-term land lease agreements
- Stabilization of rent revenue as tenants will pay maintenance costs related to the buildings on such land
- Improvement of payout ratio as depreciation 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

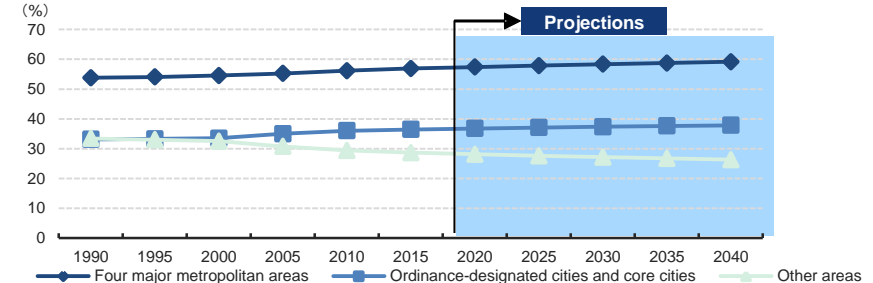
Shrinking retail trade area due to aging and concentrating population in Japan

Demographic shift in Japan



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

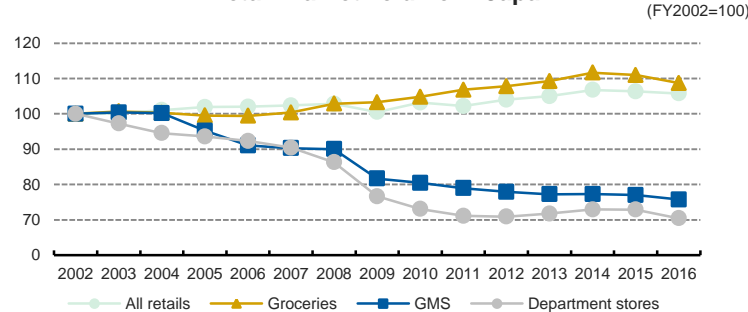
Population share in Japan by area



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

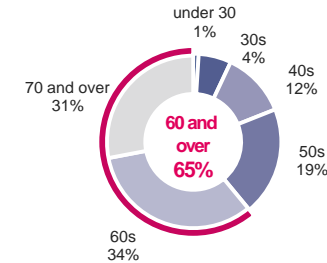
Domestic consumption led by the elderly

Retail market volume in Japan



Source: Ministry of Economy, Trade and Industry

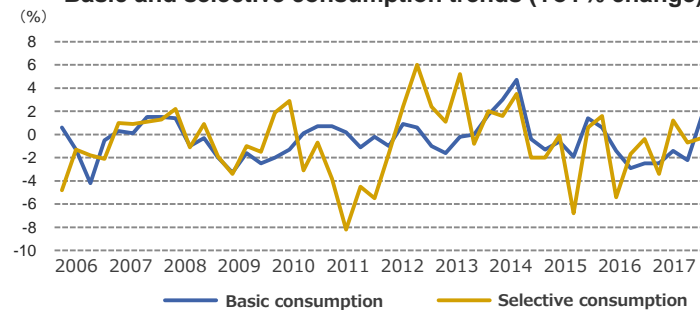
Ownership of monetary assets by age group (as of 2014)



Source: Ministry of Internal Affairs and Communications

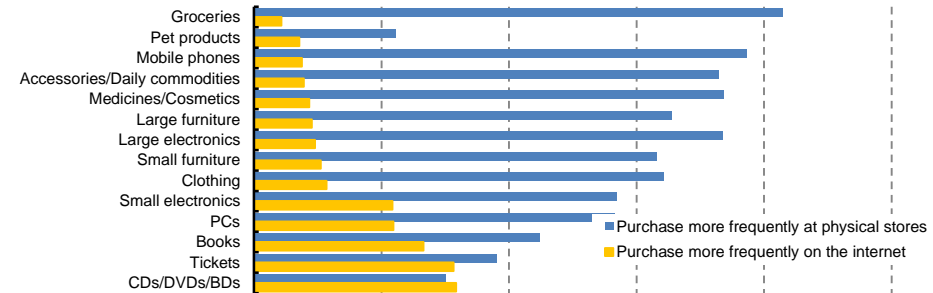
Stable demand for daily necessities

Basic and selective consumption trends (YoY% change)



Source: Ministry of Internal Affairs and Communications

Product types for physical stores or online shopping



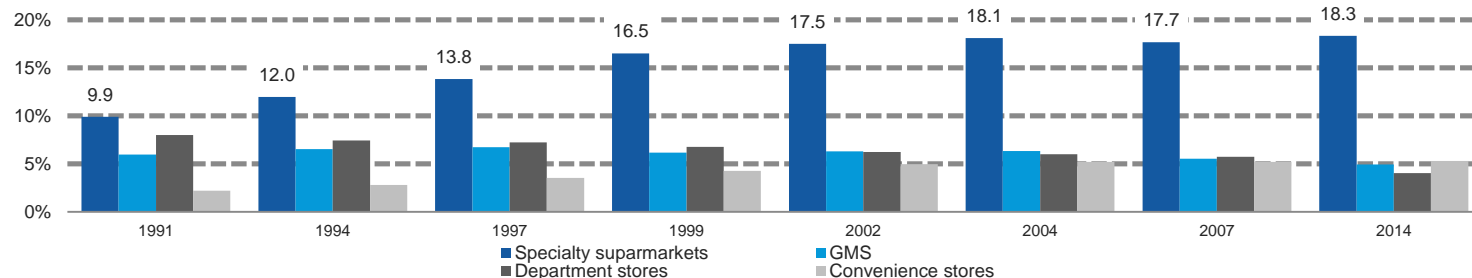
Source: Ministry of Internal Affairs and Communications (2016)

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

Retail property trends and macroeconomic conditions (2)

Increase in specialty supermarket market share

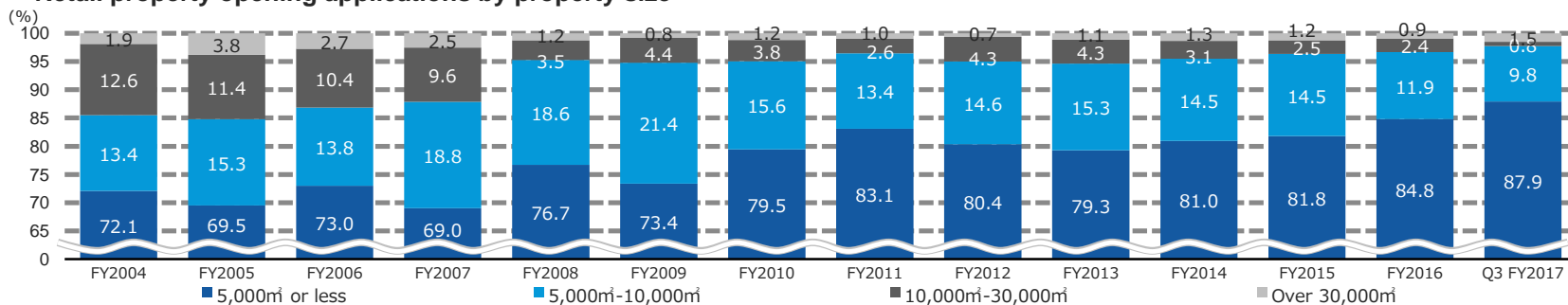
Retail sales shares by store type



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	
Land area (km²) (Source 1)	377,915	9,833,517	
Habitable area (km²) (Source 2)	114,622	6,103,372	
Population (thousand) (Source 3)	126,901	323,298	
Population density (Land area) (persons/km²)	336	33	
Population density (Habitable area) (persons/km²)	1,107	53	
Number of SC (Source 4)	3,211	46,860	
Total floor area for SC (m²) (Source 4)	51,724,612	619,810,000	
Number of SC per million people	25	144	
Floor area for SC per capita (m²/person)	0.41	1.92	
Share of EC (Source 5)	5.8%	7.7%	
Share of expenses for meats, fishes and fresh vegetables to all food expense (Source 6)	27.4%	20.2%	
% 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%	42.8%	

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" (2016)
 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" (2016) (Japan), Bureau of labor statistics (2015) (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 (2015) (US)

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 4.9 tn. The top-class general leasing company in Japan by lease transaction volume (with consolidated operating assets of JPY 600 bn for the real-estate sector (on a book value basis)) (Note) The figures are as of end of Mar. 2017
 - Sourcing transactions through the broad customer base of Sumitomo Mitsui Banking Corporation
- Description of support
 - Sourcing of lease properties (pipeline support)
 - Provision of warehousing services, financing, other services to bridge funds and personnel support
- Shareholders: Sumitomo Mitsui Financial Group, Inc. (60%), Sumitomo Corporation (40%)

P&D Consulting Co., Ltd.



- Founded in Aug. 1998
- Main lines of business: Development and management of retail facilities, retail consulting, etc.
 - Development / management of its own brand “Unicus” (development: 12 locations / management: 11 locations) and development of other retail facilities (9 locations) (as of Mar. 31, 2017)
- Description of support
 - Sourcing of properties developed on its own to Kenedix Retail REIT (pipeline support)
 - PM services, tenant leasing and other services
 - Assessment of operating conditions and advisory on operations
 - Provision of knowhow the company has accumulated through development / management of retail facilities

Nippon Commercial Development Co., Ltd.



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

ITOCHU Corporation



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

Overview of the Kenedix Group

The Kenedix Group's strong commitment to J-REITs

Total AUM: JPY 1,895.7 bn (as of Sep. 30, 2017) (Note)

J-REIT: JPY 1,311.2 bn

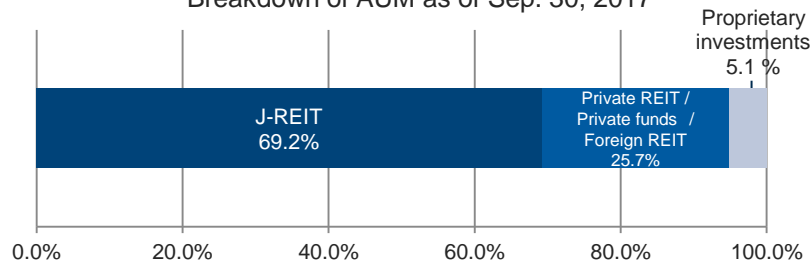


Private REIT / Private funds / Foreign REIT : JPY 488.0 bn



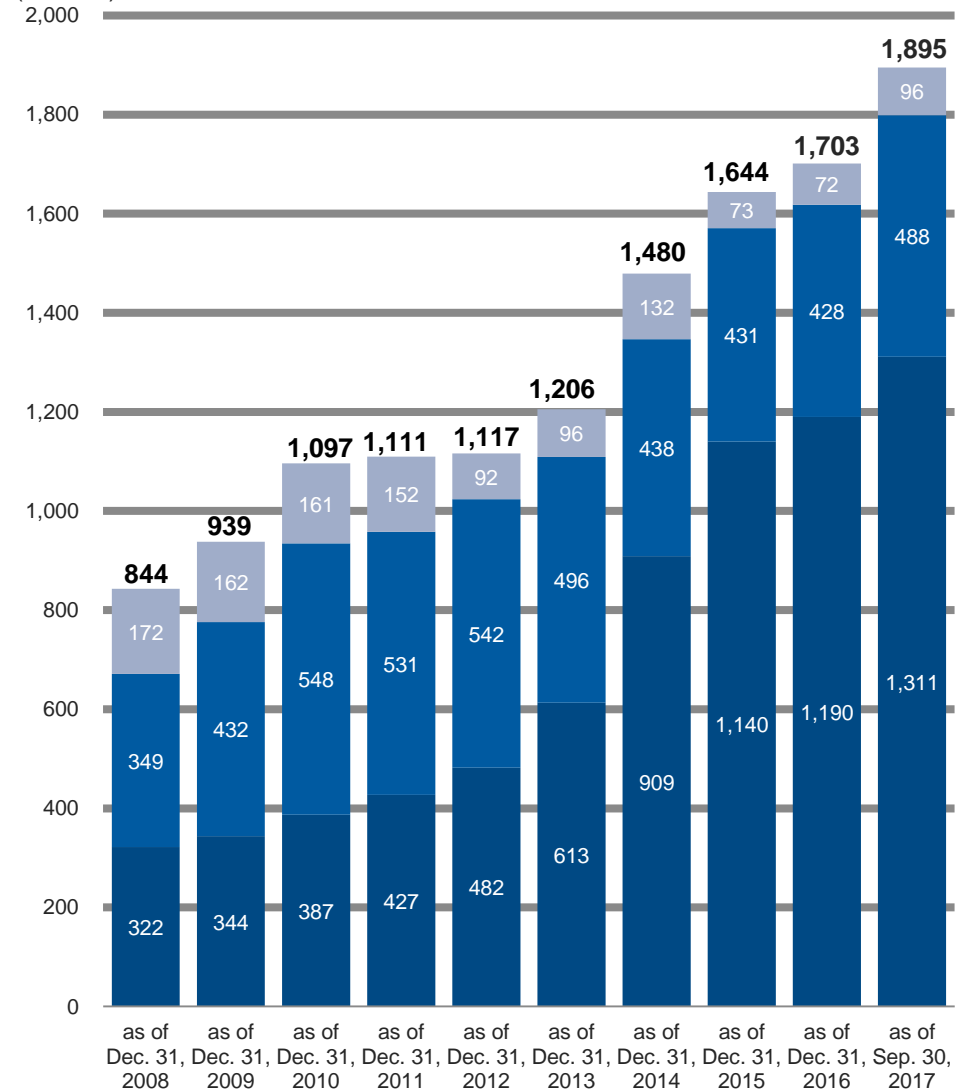
Note: The Kenedix Group's total AUM includes proprietary investments of JPY 96.4 bn.

Breakdown of AUM as of Sep. 30, 2017



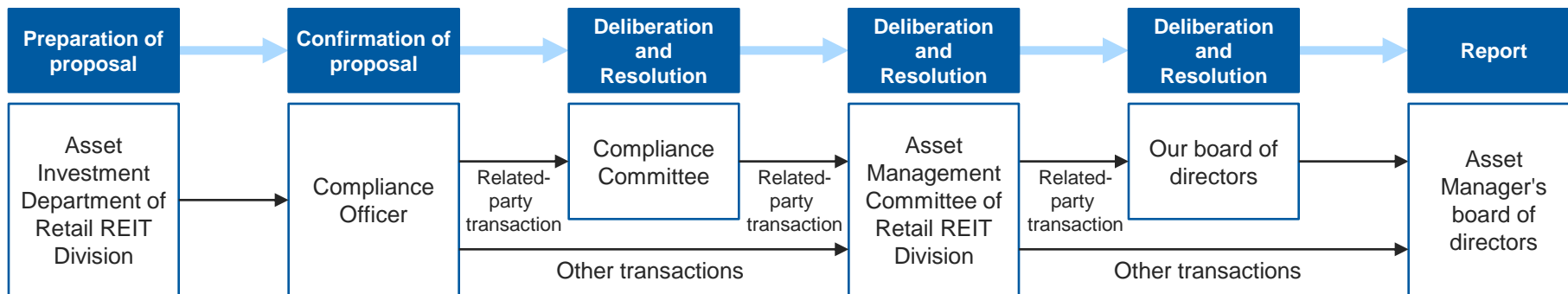
The Kenedix Group's total AUM

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



Governance structure

Decision-making process for acquisition and sale of properties



Investment in Kenedix Retail REIT by the Kenedix Group

As of Sep. 30, 2017, 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.

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

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

Memo

07

Detailed financial results and portfolio information

Security Code
3453



Earnings performance for the individual properties (1)

Location	Tokyo metropolitan area											
Property No.	T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	T-10	T-11	
Property Name	Fululu Garden Yachiyo	MONA Shin-Urayasu	Passaggio Nishiarai	Daikanyama Address Dixsept	Unicus Ina	Yorktown Kita-Kaname	Unicus Yoshikawa	Sports Club Renaissance Fujimidai	Super Viva Home Iwatsuki (Land)	K's Denki Shonan-Fujisawa (Land)	Unicus Kamisato (Land)	
Acquisition Date	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015
Price Information	Acquisition price (JPY mn)	14,848	8,063	5,850	5,390	4,470	4,000	3,600	2,586	4,815	3,169	3,000
	Percentage of total portfolio	7.2%	3.9%	2.9%	2.6%	2.2%	2.0%	1.8%	1.3%	2.3%	1.5%	1.5%
	Net book value (JPY mn)	14,909	8,523	5,852	5,420	4,401	3,961	3,607	2,546	4,890	3,210	3,043
	Appraisal value (JPY mn)	15,200	8,820	6,370	5,940	4,850	4,310	3,840	2,750	5,400	3,530	3,050
	Ratio	7.0%	4.0%	2.9%	2.7%	2.2%	2.0%	1.8%	1.3%	2.5%	1.6%	1.4%
Lease Information	Number of tenants	48	1 (70)	1 (42)	1 (27)	1	1	1 (11)	1	1	1	1
	Leasable floor area (m ²)	77,057.56	9,592.65	10,546.25	5,056.39	13,462.71	-	10,648.27	3,120.87	67,325.95	15,578.58	67,854.47
	Leased floor area (m ²)	75,629.94	9,201.92	10,528.25	4,950.90	13,462.71	(Note)	10,648.27	3,120.87	67,325.95	15,578.58	67,854.47
	Occupancy ratio as of Mar. 31, 2017	99.4%	95.9%	99.8%	97.9%	100.0%	100.0%	100.0%	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	183 days	183 days	183 days
	(1)Rental and other operating revenues (JPY thousands)	733,963	483,459	305,575	268,626	139,635	-	133,096	-	-	-	72,610
	Rental revenues	616,581	341,450	201,738	184,703	139,501	-	130,633	-	-	-	72,610
	Other operating revenues	117,381	142,009	103,837	83,922	133	-	2,463	-	-	-	-
	(2)Property-related expenses (JPY thousands)	356,433	267,818	167,166	141,281	24,415	-	40,011	-	-	-	6,243
	Property management fees	142,813	87,398	51,491	52,326	1,800	(Note)	24,154	(Note)	(Note)	(Note)	1,200
	Taxes	71,034	23,000	34,940	11,879	10,304	-	14,588	-	-	-	4,777
	Utilities	69,583	56,551	40,620	37,204	-	-	-	-	-	-	-
	Repairs and maintenance	21,744	33,181	5,056	3,333	11,475	-	604	-	-	-	-
	Insurance	1,706	754	497	282	308	-	238	-	-	-	-
	Trust fees and other expenses	49,551	66,931	34,559	36,255	526	-	425	-	-	-	266
	(3)NOI=(1)-(2) (JPY thousands)	377,529	215,641	138,408	127,344	115,219	105,340	91,335	63,556	103,427	79,386	66,366
	(4)Depreciation (JPY thousands)	86,401	53,380	32,281	16,014	31,157	20,466	15,614	15,127	-	-	-
	(5)Rental operating income =(3)-(4) (JPY thousands)	291,127	162,261	106,126	111,330	84,061	84,873	75,720	48,428	103,427	79,386	66,366
	(6)Capital expenditures (JPY thousands)	44,136	170,093	495	8,735	-	-	523	-	-	-	-
(7)NCF =(3)-(6) (JPY thousands)	333,393	45,548	137,913	118,609	115,219	105,340	90,811	63,556	103,427	79,386	66,366	

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

Earnings performance for the individual properties (2)

Location		Tokyo metropolitan area									
Property No.		T-12	T-13	T-14	T-15	T-16	T-17	T-18	T-19	T-20	T-21
Property Name		Unicus Konosu (Land)	Inageya Yokohama Minamihonjuku (Land)	Gourmet City Chiba-Chuo	Nakamachidai Tokyu Store	Central Wellness Club Nagatsuta Minamidai	Life Kameido	Totsuka-Fukaya Shopping Center (Land)	Yumemachi Narashinodai Mall	Kawamachi Yahagi Mall	Prime Square Jiyugaoka
Acquisition Date		Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Apr. 21, 2016	Apr. 20, 2016	Apr. 21, 2016	Apr. 19, 2017	Apr. 19, 2017	May 18, 2017	Apr. 19, 2017
Price Information	Acquisition price (JPY mn)	1,700	1,442	760	3,360	1,724	1,450	4,170	3,416	3,097	2,820
	Percentage of total portfolio	0.8%	0.7%	0.4%	1.6%	0.8%	0.7%	2.0%	1.7%	1.5%	1.4%
	Net book value (JPY mn)	1,726	1,462	761	3,453	1,787	1,467	4,228	3,456	3,130	2,905
	Appraisal value (JPY mn)	1,770	1,430	807	3,820	1,910	1,520	4,300	3,520	3,260	2,840
	Ratio	0.8%	0.7%	0.4%	1.7%	0.9%	0.7%	2.0%	1.6%	1.5%	1.3%
Lease Information	Number of tenants	1	1	1	1	2	1	2	1 (14)	1 (12)	2
	Leasable floor area (m ²)	19,329.00	4,405.41	3,488.77	5,968.71	3,996.70	2,929.58	14,092.51	7,827.96	6,937.05	3,512.55
	Leased floor area (m ²)	19,329.00	4,405.41	3,488.77	5,968.71	3,996.70	2,929.58	14,092.51	7,827.96	6,397.05	3,512.55
	Occupancy ratio as of Mar. 31, 2017	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	183 days	183 days	183 days	183 days	183 days	183 days	165 days	165 days	136 days	165 days
	(1)Rental and other operating revenues (JPY thousands)	41,529				59,748			128,328	88,968	
	Rental revenues	41,507				58,200			103,757	69,833	
	Other operating revenues	22				1,548			24,570	19,134	
	(2)Property-related expenses (JPY thousands)	4,595				10,824			38,525	24,203	
	Property management fees	1,200	(Note)	(Note)	(Note)	3,618	(Note)	(Note)	10,442	6,554	(Note)
	Taxes	3,129				6,196			9	10	
	Utilities	–				341			25,522	16,181	
	Repairs and maintenance	–				127			15	–	
	Insurance	–				127			180	119	
	Trust fees and other expenses	266				413			2,355	1,338	
	(3)NOI(=(1)-(2)) (JPY thousands)	36,934	31,851	17,368	88,660	48,923	31,996	90,165	89,802	64,764	62,713
	(4)Depreciation (JPY thousands)	–	–	9,780	20,306	7,745	2,980	–	14,058	7,427	6,886
	(5)Rental operating income (=(3)-(4)) (JPY thousands)	36,934	31,851	7,588	68,354	41,178	29,016	90,165	75,744	57,336	55,827
(6)Capital expenditures (JPY thousands)	–	–	880	–	–	–	–	180	–	–	
(7)NCF (=(5)-(6)) (JPY thousands)	36,934	31,851	16,488	88,660	48,923	31,996	90,165	89,622	64,764	62,713	

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

Earnings performance for the individual properties (3)

Location		Tokyo metropolitan area	Greater Osaka area								
Property No.		T-22	O-1	O-2	O-3	O-4	O-5	O-6	O-7	O-8	O-9
Property Name		Round1 Ichikawa-Onitaka	Blumer Maitamon	Life Takadono (Land)	Piago Kahma Home Center Omihachiman	Blumer HAT Kobe	Carino Esaka	COMBOX Komyoike	Hankyu Oasis Hirakatadeguchi	Welcia Kishiwadakamori (Land)	Life Nishi-Tengachaya
Acquisition Date		Apr. 19, 2017	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Apr. 16, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Jan. 21, 2016
Price Information	Acquisition price (JPY mn)	1,880	8,389	2,685	2,140	11,000	6,555	6,450	1,280	487	1,505
	Percentage of total portfolio	0.9%	4.1%	1.3%	1.0%	5.4%	3.2%	3.1%	0.6%	0.2%	0.7%
	Net book value (JPY mn)	1,908	8,367	2,727	2,137	11,509	6,649	6,403	1,317	497	1,563
	Appraisal value (JPY mn)	1,970	9,340	3,040	2,430	11,600	6,910	6,840	1,330	488	1,650
	Ratio	0.9%	4.3%	1.4%	1.1%	5.3%	3.2%	3.1%	0.6%	0.2%	0.8%
Lease Information	Number of tenants	1	50	1	2	1 (42)	1 (30)	1	1	1	1
	Leasable floor area (m ²)	11,963.61	30,290.55	4,437.07	14,313.00	23,775.88	7,540.58	25,530.44	2,960.38	3,033.45	2,679.52
	Leased floor area (m ²)	11,963.61	29,752.83	4,437.07	14,313.00	23,475.76	7,371.52	25,530.44	2,960.38	3,033.45	2,679.52
	Occupancy ratio as of Mar. 31, 2017	100.0%	98.2%	100.0%	100.0%	98.7%	97.8%	100.0%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	165 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days
	(1)Rental and other operating revenues (JPY thousands)	-	509,247	-	-	489,901	305,930	226,190	-	-	44,870
	Rental revenues	-	361,863	-	-	357,195	195,324	226,190	-	-	44,870
	Other operating revenues	-	147,384	-	-	132,706	110,605	-	-	-	-
	(2)Property-related expenses (JPY thousands)	-	233,373	-	-	241,699	127,795	33,244	-	-	5,639
	Property management fees	(Note)	61,106	(Note)	(Note)	65,728	41,171	1,800	(Note)	(Note)	1,800
	Taxes	-	42,330	-	-	47,190	24,524	30,393	-	-	3,378
	Utilities	-	89,978	-	-	87,313	45,344	-	-	-	-
	Repairs and maintenance	-	15,667	-	-	21,736	12,372	-	-	-	-
	Insurance	-	741	-	-	856	659	637	-	-	50
	Trust fees and other expenses	-	23,550	-	-	18,874	3,723	414	-	-	410
	(3)NOI(=(1)-(2)) (JPY thousands)	59,212	275,874	63,872	66,807	248,202	178,134	192,945	37,238	10,697	39,231
	(4)Depreciation (JPY thousands)	10,888	51,072	-	10,538	53,852	30,965	32,894	5,201	-	4,682
	(5)Rental operating income (=(3)-(4)) (JPY thousands)	48,323	224,802	63,872	56,269	194,350	147,168	160,051	32,037	10,697	34,548
(6)Capital expenditures (JPY thousands)	-	2,034	-	580	73,632	57,755	-	-	-	-	
(7)NCF (=(5)-(6)) (JPY thousands)	59,212	273,839	63,872	66,227	174,569	120,378	192,945	37,238	10,697	39,231	

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

Earnings performance for the individual properties (4)

Location		Greater Osaka area	Greater Nagoya area						Fukuoka area		
Property No.		O-10	N-1	N-2	N-3	N-4	N-5	N-6	F-1	F-2	F-3
Property Name		Million Town Tsukaguchi (Land)	Kahma Home Center Nakagawa Tomita (Land)	Valor Ichinomiya-Nishi	K's Denki Nakagawa Tomita (Land)	Homecenter Kohnan Sunadabashi	K's Denki Shin-Moriyama (Land)	Resora Obu Shopping Terrace	Sunny Noma	Round1 Stadium Hakata-Hanmichibashi	Kurume-Nishi Shopping Center
Acquisition Date		Apr. 21, 2016	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Apr. 21, 2016	Nov. 1, 2016	Aug. 1, 2017	Feb. 10, 2015	Apr. 19, 2017	Apr. 19, 2017
Price Information	Acquisition price (JPY mn)	3,723	2,311	2,174	889	7,140	1,370	7,911	1,497	5,020	1,515
	Percentage of total portfolio	1.8%	1.1%	1.1%	0.4%	3.5%	0.7%	3.9%	0.7%	2.4%	0.7%
	Net book value (JPY mn)	3,772	2,351	2,143	905	7,126	1,390	8,242	1,471	5,079	1,582
	Appraisal value (JPY mn)	3,870	2,630	2,320	995	7,310	1,430	7,990	1,560	5,290	1,630
	Ratio	1.8%	1.2%	1.1%	0.5%	3.3%	0.7%	3.7%	0.7%	2.4%	0.7%
Lease Information	Number of tenants	1	1	1	1	1	1	1 (43)	1	1	4
	Leasable floor area (m ²)	8,264.46	-	9,447.48	-	20,329.07	-	19,990.40	2,814.67	28,026.61	-
	Leased floor area (m ²)	8,264.46	(Note)	9,447.48	(Note)	20,329.07	(Note)	19,878.29	2,814.67	28,026.61	(Note)
	Occupancy ratio as of Mar. 31, 2017	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.4%	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	61 days	183 days	183 days	165 days
	(1)Rental and other operating revenues (JPY thousands)							113,011			46,513
	Rental revenues							83,735			46,513
	Other operating revenues							29,275			-
	(2)Property-related expenses (JPY thousands)							40,866			3,315
	Property management fees	(Note)	(Note)	(Note)	(Note)	(Note)	(Note)	12,802	(Note)	(Note)	1,669
	Taxes							7			8
	Utilities							20,887			-
	Repairs and maintenance							2,463			1,044
	Insurance							193			132
	Trust fees and other expenses							4,512			460
	(3)NOI(=(1)-(2)) (JPY thousands)	78,688	60,036	64,781	22,958	181,447	29,991	72,144	35,265	161,037	43,198
	(4)Depreciation (JPY thousands)	-	-	14,548	-	40,520	-	15,710	14,253	22,004	5,611
	(5)Rental operating income (=(3)-(4)) (JPY thousands)	78,688	60,036	50,232	22,958	140,927	29,991	56,433	21,011	139,033	37,586
	(6)Capital expenditures (JPY thousands)	-	-	1,992	-	638	-	-	-	-	-
(7)NCF (=(5)-(6)) (JPY thousands)	78,688	60,036	62,788	22,958	180,809	29,991	72,144	35,265	161,037	43,198	

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

Earnings performance for the individual properties (5)

Location	Ordinance-designed cities, core cities and other areas										
Property No.	R-1	R-2	R-3	R-4	R-5	R-6	R-7	R-8	R-9	R-10	
Property Name	Roseo Mito	K's Denki Aomori Honten	Super Sports Xebio Aomori-Chuo	Ashico Town Ashikaga	Yorktown Shinden-Higashi	Kasumi Technopark Sakura	Solala Plaza	P-1 Plaza Tenno	Seiyu Rakuichi Moriya (Land)	Sun Street Hamakita	
Acquisition Date	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Apr. 21, 2016	Apr. 22, 2016	Jan. 31, 2017	Apr. 27, 2017	
Price Information	Acquisition price (JPY mn)	10,046	1,469	898	4,180	3,252	830	5,720	4,010	4,111	10,746
	Percentage of total portfolio	4.9%	0.7%	0.4%	2.0%	1.6%	0.4%	2.8%	2.0%	2.0%	5.2%
	Net book value (JPY mn)	9,984	1,474	893	4,351	3,315	851	5,675	4,171	4,320	10,835
	Appraisal value (JPY mn)	11,300	1,580	947	5,060	3,330	876	5,960	4,340	4,220	11,160
	Ratio	5.2%	0.7%	0.4	2.3%	1.5%	0.4%	2.7%	2.0%	1.9%	5.1%
Lease Information	Number of tenants	1 (22)	1	1	1 (29)	2	1	1	7	1	1 (51)
	Leasable floor area (m ²)	48,296.15	10,083.41	-	65,616.31	12,768.77	2,047.65	-	12,030.83	-	49,023.34
	Leased floor area (m ²)	48,161.79	10,083.41	(Note)	65,616.31	12,768.77	2,047.65	(Note)	12,030.83	(Note)	48,023.37
	Occupancy ratio as of Mar. 31, 2017	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	98.0%
Income and Retained Earnings Information	Operating periods	183 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	157 days
	(1)Rental and other operating revenues (JPY thousands)	379,870	-	-	288,207	-	-	-	136,253	-	458,055
	Rental revenues	345,234	-	-	209,632	-	-	-	135,630	-	376,118
	Other operating revenues	34,635	-	-	78,575	-	-	-	623	-	81,937
	(2)Property-related expenses (JPY thousands)	83,981	-	-	149,599	-	-	-	22,747	-	177,689
	Property management fees	19,368	(Note)	(Note)	40,116	(Note)	(Note)	(Note)	3,124	(Note)	61,844
	Taxes	27,238	-	-	25,219	-	-	-	14,945	-	21
	Utilities	28,072	-	-	65,740	-	-	-	230	-	46,844
	Repairs and maintenance	1,239	-	-	9,533	-	-	-	3,667	-	10,108
	Insurance	639	-	-	618	-	-	-	357	-	933
	Trust fees and other expenses	7,424	-	-	8,371	-	-	-	421	-	57,936
	(3)NOI(=(1)-(2)) (JPY thousands)	295,888	46,107	28,430	138,608	87,205	22,799	140,945	113,505	91,892	280,366
	(4)Depreciation (JPY thousands)	47,121	6,365	4,894	29,342	13,632	2,661	43,111	16,058	-	69,536
	(5)Rental operating income (=(3)-(4)) (JPY thousands)	248,767	39,741	23,535	109,265	73,573	20,137	97,833	97,447	91,892	210,829
(6)Capital expenditures (JPY thousands)	-	-	-	686	-	-	-	-	-	-	4,916
(7)NCF (=(5)-(6)) (JPY thousands)	248,767	39,741	23,535	108,579	73,573	20,137	97,833	97,447	91,892	205,913	

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

Appraisal value (properties as of Sep. 30, 2017) (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	Sep. 30, 2017	15,200	15,200	0	4.6	4.7	0.1	4.4	4.5	0.1	4.8	4.9	0.1
T-2	MONA Shin-Urayasu	Sep. 30, 2017	8,470	8,820	350	5.2	5.0	-0.2	4.8	4.7	-0.1	5.3	5.2	-0.1
T-3	Passaggio Nishiarai	Sep. 30, 2017	6,360	6,370	10	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0
T-4	Daikanyama Address Dixsept	Sep. 30, 2017	5,790	5,940	150	3.7	3.6	-0.1	3.5	3.4	-0.1	3.9	3.8	-0.1
T-5	Unicus Ina	Sep. 30, 2017	4,750	4,850	100	5.1	5.0	-0.1	4.8	4.7	-0.1	5.3	5.2	-0.1
T-6	Yorktown Kita-Kaname	Sep. 30, 2017	4,300	4,310	10	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-7	Unicus Yoshikawa	Sep. 30, 2017	3,840	3,840	0	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0
T-8	Sports Club Renaissance Fujimidai	Sep. 30, 2017	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)	Sep. 30, 2017	5,380	5,400	20	-	-	-	4.6	4.6	0.0	-	-	-
T-10	K's Denki Shonan-Fujisawa (Land)	Sep. 30, 2017	3,480	3,530	50	-	-	-	4.4	4.3	-0.1	-	-	-
T-11	Unicus Kamisato (Land)	Sep. 30, 2017	3,050	3,050	0	-	-	-	4.6	4.6	0.0	-	-	-
T-12	Unicus Konosu (Land)	Sep. 30, 2017	1,770	1,770	0	-	-	-	4.5	4.5	0.0	-	-	-
T-13	Inageya Yokohama Minamihonjuku (Land)	Sep. 30, 2017	1,430	1,430	0	-	-	-	4.0	4.0	0.0	4.7	4.7	0.0
T-14	Gourmet City Chiba-Chuo	Sep. 30, 2017	807	807	0	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0
T-15	Nakamachidai Tokyu Store	Sep. 30, 2017	3,820	3,820	0	4.6	4.6	0.0	4.4	4.4	0.0	4.8	4.8	0.0
T-16	Central Wellness Club Nagatsuta Minamidai	Sep. 30, 2017	1,910	1,910	0	5.0	5.0	0.0	4.8	4.8	0.0	5.2	5.2	0.0
T-17	Life Kameido	Sep. 30, 2017	1,520	1,520	0	4.2	4.2	0.0	3.9	3.9	0.0	4.4	4.4	0.0
T-18	Totsuka-Fukaya Shopping Center (Land)	Sep. 30, 2017	4,290	4,300	10	4.7	4.7	0.0	4.6	4.6	0.0	-	-	-
T-19	Yumemachi Narashinodai Mall	Sep. 30, 2017	3,520	3,520	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-20	Kawamachi Yahagi Mall	Sep. 30, 2017	3,220	3,260	40	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-21	Prime Square Jiyugaoka	Sep. 30, 2017	2,850	2,840	-10	3.6	3.6	0.0	3.4	3.4	0.0	3.8	3.8	0.0
T-22	Round1 Ichikawa-Onitaka	Sep. 30, 2017	1,970	1,970	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
O-1	Blumer Maitamon	Sep. 30, 2017	9,230	9,340	110	5.3	5.3	0.0	5.4	5.4	0.0	5.5	5.5	0.0
O-2	Central Square Takadono (Land)	Sep. 30, 2017	2,980	3,040	60	-	-	-	4.2	4.1	-0.1	-	-	-
O-3	Piago Kahma Home Center Omihachiman	Sep. 30, 2017	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	Sep. 30, 2017	11,600	11,600	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0

Note: "Previous" refers to appraisal value at the previous appraisal dated Mar. 31, 2017 for properties acquired by 4th period, dated Feb. 1, 2017 (Mar. 1, 2017 for "Prime Square Jiyugaoka" and Jun. 1, 2017 "Resora Obu Shopping Terrace") for properties acquired in 5th period. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

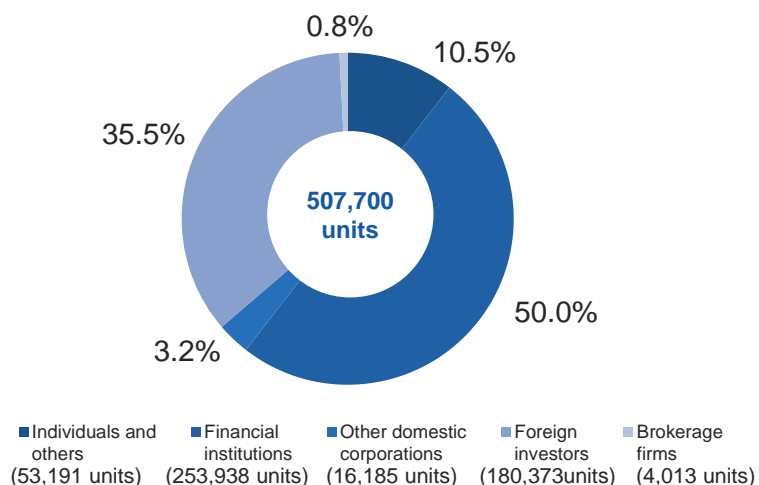
Appraisal value (properties as of Sep. 30, 2017) (2)

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
O-5	Carino Esaka	Sep. 30, 2017	6,770	6,910	140	4.7	4.6	-0.1	4.4	4.3	-0.1	4.9	4.8	-0.1	
O-6	COMBOX Komyoike	Sep. 30, 2017	6,950	6,840	-110	5.1	5.1	0.0	4.8	4.8	0.0	5.3	5.3	0.0	
O-7	Hankyu Oasis Hirakatadeguchi	Sep. 30, 2017	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)	Sep. 30, 2017	488	488	0	-	-	-	4.0	4.0	0.0	4.7	4.7	0.0	
O-9	Life Nishi-Tengachaya	Sep. 30, 2017	1,660	1,650	-10	4.7	4.7	0.0	4.8	4.8	0.0	4.9	4.9	0.0	
O-10	Million Town Tsukaguchi (Land)	Sep. 30, 2017	3,820	3,870	50	-	-	-	4.2	4.2	-0.1	-	-	-	
N-1	Kahma Home Center Nakagawa Tomita (Land)	Sep. 30, 2017	2,590	2,630	40	-	-	-	4.5	4.5	-0.2	-	-	-	
N-2	Valor Ichinomiya-Nishi	Sep. 30, 2017	2,310	2,320	10	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)	Sep. 30, 2017	980	995	15	-	-	-	4.5	4.4	-0.1	-	-	-	
N-4	Homecenter Kohnan Sunadabashi	Sep. 30, 2017	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)	Sep. 30, 2017	1,420	1,430	10	-	-	-	4.0	3.9	-0.1	4.3	4.3	0.0	
N-6	Resora Obu Shopping Terrace	Sep. 30, 2017	7,990	7,990	0	4.9	4.9	0.0	5.0	5.0	0.0	5.1	5.1	0.0	
F-1	Sunny Noma	Sep. 30, 2017	1,530	1,560	30	5.0	4.9	-0.1	4.8	4.7	-0.1	5.4	5.3	-0.1	
F-2	Round1 Stadium Hakata-Hanmichibashi	Sep. 30, 2017	5,190	5,290	100	5.5	5.4	-0.1	5.2	5.1	-0.1	5.7	5.6	-0.1	
F-3	Kurume-Nishi Shopping Center	Sep. 30, 2017	1,600	1,630	30	5.4	5.3	-0.1	5.1	5.0	-0.1	5.6	5.5	-0.1	
R-1	Roseo Mito	Sep. 30, 2017	11,000	11,300	300	5.3	5.2	-0.1	5.0	4.9	-0.1	5.5	5.4	-0.1	
R-2	K's Denki Aomori Honten	Sep. 30, 2017	1,550	1,580	30	5.6	5.5	-0.1	5.3	5.2	-0.1	5.8	5.7	-0.1	
R-3	Super Sports Xebio Aomori-Chuo	Sep. 30, 2017	928	947	19	5.6	5.5	-0.1	5.3	5.2	-0.1	5.8	5.7	-0.1	
R-4	Ashico Town Ashikaga	Sep. 30, 2017	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	Sep. 30, 2017	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	Sep. 30, 2017	873	876	3	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0	
R-7	Solala Plaza	Sep. 30, 2017	5,960	5,960	0	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0	
R-8	P-1 Plaza Tenno	Sep. 30, 2017	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)	Sep. 30, 2017	4,210	4,220	10	4.3	4.3	0.0	4.2	4.2	0.0	-	-	-	
R-10	Sun Street Hamakita	Sep. 30, 2017	10,890	11,160	270	5.5	5.4	-0.1	5.2	5.1	-0.1	5.8	5.7	-0.1	
Total			216,796	218,633	1,837	-	-	-	-	-	-	-	-	-	

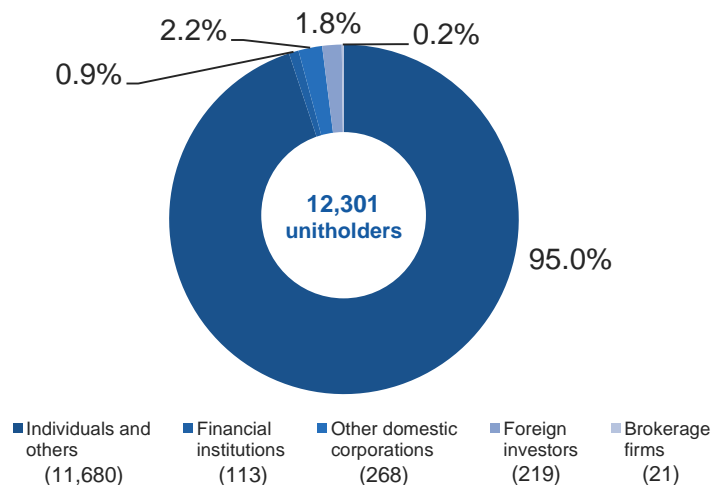
Note: "Previous" refers to appraisal value at the previous appraisal dated Mar. 31, 2017 for properties acquired by 4th period, dated Feb. 1, 2017 (Mar. 1, 2017 for "Prime Square Jiyugaoka" and Jun. 1, 2017 "Resora Obu Shopping Terrace") for properties acquired in 5th period. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

Unitholder information (as of Sep. 30, 2017)

Ownership ratio by investor type



Number of unitholders by investor type

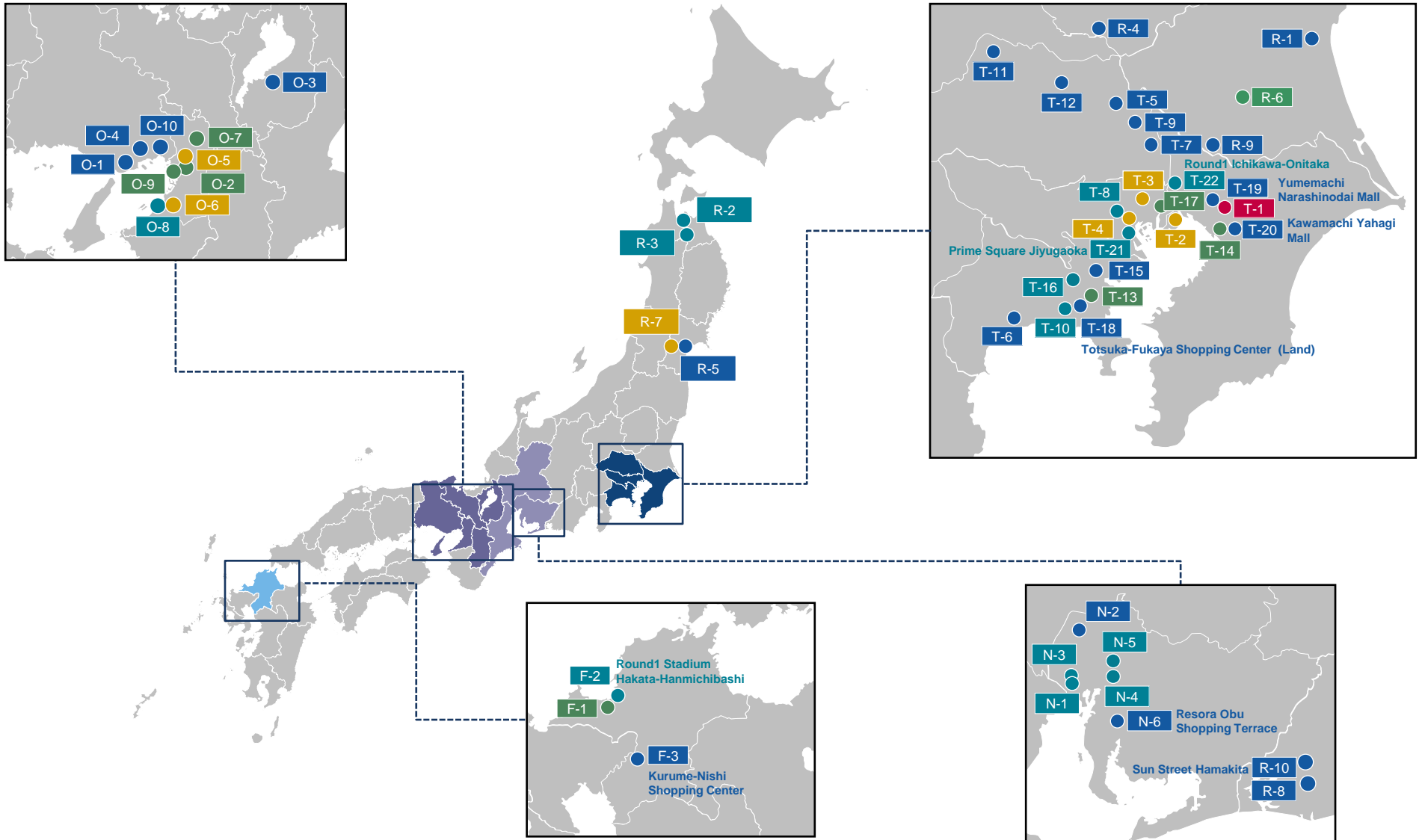


Major unitholders

Rank	Name	# of units held	(%)(Note)
1	JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Acct.)	73,162	14.41%
2	THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.)	72,492	14.27%
3	TRUST & CUSTODY SERVICE BANK, LTD. (Securities Investment Trust Acct.)	24,305	4.78%
4	THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.)	21,021	4.14%
5	THE BANK OF NEW YORK MELLON SA/NV 10	17,015	3.35%
6	JP MORGAN CHASE BANK 385628	16,318	3.21%
7	THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	10,453	2.05%
8	MITSUBISHI UFJ TRUST AND BANKING CORPORATION	8,621	1.69%
9	STATE STREET BANK AND TRUST COMPANY 505223	8,251	1.62%
10	SIX SIS LTD.	7,589	1.49%

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

Portfolio map



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
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



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-3 K's Denki
Nakagawa Tomita
(Land)



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 Seiyu Rakuichi
Moriya (Land)



R-10 Sun Street
Hamakita



Portfolio overview

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	99.4	48
T-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	8,820	6.1	95.9	70
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	6,370	4.9	99.8	42
T-4	Daikanyama Address Dixsept	Shibuya ward, Tokyo	5,390	5,940	4.1	97.9	27
T-5	Unicus Ina	Kitaadachi-gun, Saitama	4,470	4,850	5.6	100.0	1
T-6	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	4,000	4,310	5.4	100.0	1
T-7	Unicus Yoshikawa	Yoshikawa, Saitama	3,600	3,840	5.2	100.0	11
T-8	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	2,750	5.0	100.0	1
T-9	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	4,815	5,400	4.3	100.0	1
T-10	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	3,169	3,530	5.0	100.0	1
T-11	Unicus Kamisato (Land)	Kodama-gun, Saitama	3,000	3,050	4.6	100.0	1
T-12	Unicus Konosu (Land)	Konosu, Saitama	1,700	1,770	4.6	100.0	1
T-13	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	1,442	1,430	4.5	100.0	1
T-14	Gourmet City Chiba-Chuo	Chiba, Chiba	760	807	5.8	100.0	1
T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,840	5.4	100.0	1
T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,910	5.7	100.0	2
T-17	Life Kameido	Koto ward, Tokyo	1,450	1,520	4.5	100.0	1
T-18	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	4,170	4,300	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	3,260	5.2	100.0	12
T-21	Prime Square Jiyugaoka	Meguro ward, Tokyo	2,820	2,840	4.1	100.0	2
T-22	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	1,880	1,970	5.2	100.0	1
O-1	Blumer Maitamon	Kobe, Hyogo	8,389	9,340	6.0	98.2	50
O-2	Life Takadono (Land)	Osaka, Osaka	2,685	3,040	4.8	100.0	1
O-3	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	2,140	2,430	7.1	100.0	2
O-4	Blumer HAT Kobe	Kobe, Hyogo	11,000	11,600	5.1	98.7	42

Note: The figures are as of Sep. 30, 2017.

Portfolio overview


No	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	Number of Tenants
O-5	Carino Esaka	Suita, Osaka	6,555	6,910	5.2	97.8	30
O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,840	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	2,630	5.2	100.0	1
N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	2,174	2,320	5.9	100.0	1
N-3	K's Denki Nakagawa Tomita (Land)	Nagoya, Aichi	889	995	5.2	100.0	1
N-4	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	7,140	7,310	5.2	100.0	1
N-5	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	1,370	1,430	4.4	100.0	1
N-6	Resora Obu Shopping Terrace	Obu, Aichi	7,911	7,990	5.2	99.4	43
F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,560	5.4	100.0	1
F-2	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	5,020	5,290	5.7	100.0	1
F-3	Kurume-Nishi Shopping Center	Kurume, Fukuoka	1,515	1,630	6.0	100.0	4
R-1	Roseo Mito	Mito, Ibaraki	10,046	11,300	6.0	99.7	22
R-2	K's Denki Aomori Honten	Aomori, Aomori	1,469	1,580	6.3	100.0	1
R-3	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	898	947	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	876	5.6	100.0	1
R-7	Solala Plaza	Sendai, Miyagi	5,720	5,960	5.0	100.0	1
R-8	P-1 Plaza Tenno	Hamamatsu, Shizuoka	4,010	4,340	5.7	100.0	7
R-9	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	4,111	4,220	4.1	100.0	1
R-10	Sun Street Hamakita	Hamamatsu, Shizuoka	10,746	11,160	5.8	98.0	51
Total / Average			204,913	218,633	5.4	99.6	542

Note: The figures are as of Sep. 30, 2017.



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
Photo		
Location	Meguro Ward, Tokyo	Ichikawa, Chiba
Acquisition price (JPY)	2,820 mn	1,880 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

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"> ● 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 	<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	
Photo					
Location	Obu, Aichi	Fukuoka, Fukuoka	Fukuoka, Fukuoka	Kurume, Fukuoka	
Acquisition price (JPY)	7,911 mn	1,497 mn	5,020 mn	1,515 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 	

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

Name	R-1 Roseo Mito	R-2 K's Denki Aomori Honten	R-3 Super Sports Xebio Aomori-Chuo	R-4 Ashico Town Ashikaga	R-5 Yorktown Shinden-Higashi
Photo					
Location	Mito, Ibaraki	Aomori, Aomori	Aomori, Aomori	Ashikaga, Tochigi	Sendai, Miyagi
Acquisition price (JPY)	10,046 mn	1,469 mn	898 mn	4,180 mn	3,252 mn
Highlights	<ul style="list-style-type: none"> ● Located in a population growing area with many young families ● Houses a supermarket and a home and garden store as core tenants ● Constructed a secondhand shop building in 2015 	<ul style="list-style-type: none"> ● Opened in 2005 in Hamada District in Aomori, which has the highest concentration of retailers in Aomori 	<ul style="list-style-type: none"> ● 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
Name	R-6 Kasumi Technopark Sakura	R-7 Solala Plaza	R-8 P-1 Plaza Tenno	R-9 Seiyu Rakuichi Moriya (Land)	R-10 Sun Street Hamakita
Photo					
Location	Tsukuba, Ibaraki	Sendai, Miyagi	Hamamatsu, Shizuoka	Moriya, Ibaraki	Hamamatsu, Shizuoka
Acquisition price (JPY)	830 mn	5,720 mn	4,010 mn	4,111 mn	10,746 mn
Highlights	<ul style="list-style-type: none"> ● 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 	<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"

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