

# KENEDIX

Retail REIT Corporation



**Kenedix Retail REIT Corporation** Security Code: 3453

Financial Results

for the 14th Fiscal Period ended March 31, 2022

May 18, 2022



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01 Executive summary





# Promoting growth strategies in an unstable environment

## Achievements since the 14th FP ended March 2022

### Active portfolio management amid the pandemic

- Continued strong performance of KRR's core tenants that deal with daily necessities, even amid the prolonged COVID-19 pandemic. Achieved JPY 7,090 DPU in the 14th FP, JPY 80 higher than forecast
- Conducted asset reshuffling, acquiring 3 assets while selling 3 in the 14th FP. Acquired 3 additional assets in the 15th FP
- Used the sponsor support and proprietary network for acquisition. Moreover, made distinctive efforts to enhance unitholder value, such as acquisition with intention of conversion and property expansion leveraging underutilized space

### Diverse financing leveraging credit improvement

- Credit rating (JCR) upgraded to AA- (Stable), due to Kenedix Group affiliated with Sumitomo Mitsui Finance and Leasing Group, accelerated diversification and stable management amid the pandemic
- Issued the first green bond after upgraded to AA-
- Borrowed the first green loans
- Improved borrowing conditions along with the enhanced credibility

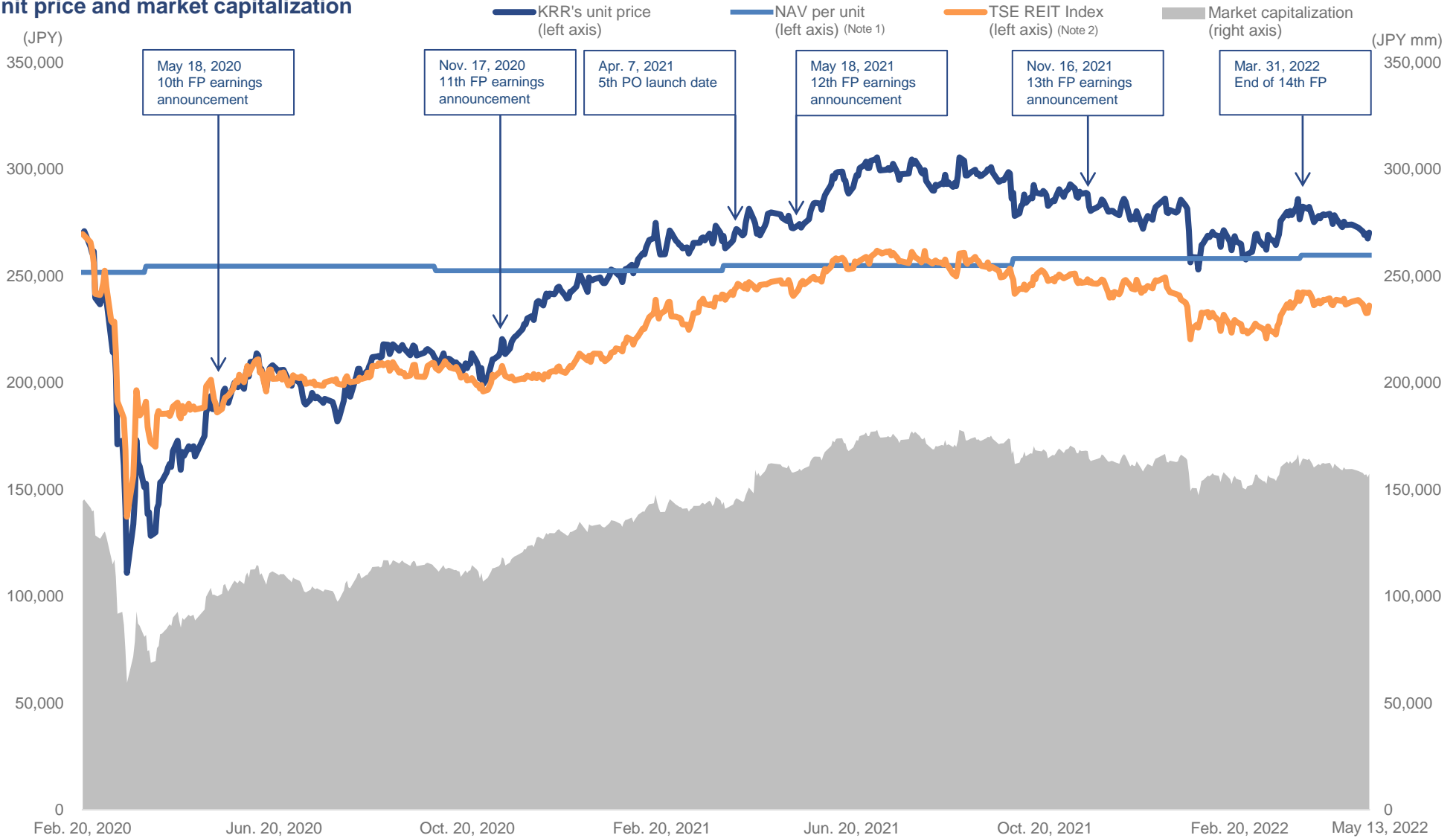
## Aim for enhanced stability and sustainable growth even in the unstable environment

- Seek growth and diversification of portfolio through public offering at appropriate timing
- Enhance stability and profitability of portfolio by reshuffling tenants that are taking time to recover sales amid the pandemic and reshuffling assets
- Aim to reduce funding costs by diversifying financing methods and lenders, leveraging high-credit rating of AA-
- Further promote ESG initiatives through GHG emission reduction targets and disclosures in line with TCFD recommendation

# Unit price performance

KRR's unit price outperformed the TSE REIT Index after the 11th FP earnings announcement amid the pandemic

## Unit price and market capitalization



Note 1: Please refer to page 8 for details of NAV per unit.

Note 2: Calculated using the TSE REIT Index as of Feb. 20, 2020 when the 2020 highest price was recorded for the TSE REIT Index as the closing price for KRR unit price.

# Flexible portfolio management adapting to environmental changes

Pursuing a portfolio with higher quality and profitability by asset reshuffling, adapting to environmental changes

Reshuffling since the 12th FP (based on acquisition / disposition price)

Asset reshuffling considering resilience against e-commerce and COVID-19

12th FP  
Mar. 2021

13th FP  
Sep. 2021

14th FP  
Mar. 2022

15th FP  
Sep. 2022

Acquisitions			
3 properties, JPY 2.3bn			
 Chiba-Kita Distribution Center	 Sapporo Shiroishi Distribution Center	 Moenosato Mall (2 New Buildings)	
4 properties, JPY 22.3bn			
 Apita Terrace Yokohama Tsunashima (Additional interest)	 Kitera Town Chofu	 Unicus Urawamisono (Land)	 Merado Daikai
3 properties, JPY 9.6bn			
 Kitera Town Fukuoka Nagahama	 Tenri Distribution Center	 Kitera Plaza Aobadai ✓ Converting a property vacated due to the pandemic into a shopping center for daily needs, resilient to e-commerce and COVID-19	
3 properties, JPY 6.3bn			
 Higashimatsuyama Shopping Center	 Sun Street Hamakita (Additional interest)	 Prima Meat Packers Kinki Center	

Dispositions					
1 property, JPY 2.6bn					
 Daikanyama Address Dixsept (40% quasi co-ownership interest)	*The asset was disposed of in the 12th, 13th and 14th FPs				
3 properties, JPY 4.5bn					
 Hankyu Oasis Hirakatadeguchi	 Unicus Ina (20% quasi-co-ownership interest)	 Daikanyama Address Dixsept (30% quasi co-ownership interest)			
3 properties, JPY 8.3bn					
 K's Denki Shonan-Fujisawa (Land)	 Prime Square Jiyugaoka	 Daikanyama Address Dixsept (30% quasi co-ownership interest)			
Summary of the properties disposed of in the 14th FP ended Mar. 2022					
Highlight	<ul style="list-style-type: none"> <li>K's Denki Shonan-Fujisawa (Land)</li> <li>✓Property with potential downside risks</li> <li>Prime Square Jiyugaoka</li> <li>✓Property with a health club, the sector relatively affected by the pandemic; expected to require more maintenance and capex constantly due to its age</li> <li>Daikanyama Address Dixsept</li> <li>✓Property with many apparel tenants largely affected by the pandemic, compared to other properties in the portfolio</li> </ul>				
Total disposition price	JPY 8.3bn	Total book value at the end of Sep. 2021	JPY 7.8bn	Avg. NOI yield based on disposition price	4.1%

# Selective investments adapting to trend changes

Acquisitions adapting to trend changes such as demographics in surrounding areas and tenant mix focusing on groceries

## Highlights of the new acquisition

<b>1</b>	<b>Retail trade areas with demographic advantages</b>	Dense population	Growing population
	<ul style="list-style-type: none"> <li>• Areas with abundant retail trade areas owing to population concentration</li> <li>• Locations with potential for population growth where large-scale housing development is planned in the neighborhood</li> </ul>		
<b>2</b>	<b>Located in four major metropolitan areas and ordinance-designated cities</b>	Metropolitan areas	Ordinance-designated
	<ul style="list-style-type: none"> <li>• Locations in 4 major metropolitan areas and ordinance-designated cities with relatively stable demographics</li> </ul>		
<b>3</b>	<b>Tenant mix enabling stable management</b>	Grocery	Logistics
	<ul style="list-style-type: none"> <li>• Retail facilities with grocery supermarket tenants are resilient to the impact of COVID-19 and e-commerce</li> <li>• Retail distribution centers that leverage e-commerce demand</li> </ul>		
<b>4</b>	<b>Strong support from the Kenedix Group and Alliance Companies</b>	Sponsor	Alliance
	<ul style="list-style-type: none"> <li>• Utilizing the pipelines and bridge function provided by Kenedix Group (Sponsor) and Alliance Companies</li> </ul>		

## Change in the portfolio through asset reshuffling

	End of 13th FP (Sep. 2021)	Properties disposed of	The new acquisition	End of Apr. 2022
Number of properties	66	3	6	<b>68</b>
Total acquisition price	JPY 245.2bn	JPY 7.6bn	JPY 15.9bn	<b>JPY 253.6bn</b>
Total appraisal value	JPY 263.9bn	JPY 8.1bn	JPY 17.7bn	<b>JPY 273.7bn</b>
Average appraisal NOI yield	5.2%	4.1% (based on disposition price)	5.2%	<b>5.3%</b>
4 major metropolitan areas	81.8%	100.0%	92.5%	<b>82.0%</b>
Grocery anchored shopping centers (retail only)	86.0%	21.3%	100.0%	<b>88.9%</b>

## List of the new acquisition

The new acquisition	Acquisition price (JPY mm)	Appraisal value (JPY mm)	Appraisal NOI yield	Acquisition route	Highlights
<b>Shopping centers for daily needs</b>					
<b>Kitera Town Fukuoka Nagahama</b> 	Acquired in 14th FP 6,000	6,100	4.7%	Sponsor	Dense Growing Metropolitan Grocery
<b>Kitera Plaza Aobadai</b> 	Acquired in 14th FP 2,553 (Note 1)	3,610	4.7% (Note 2)	Proprietary	Dense Growing Metropolitan Grocery
<b>Sun Street Hamakita</b> (Additional interest) 	Acquired in 15th FP 1,200	1,210	5.7%	Proprietary	Growing Ordinance-designated Grocery
<b>Higashimatsuyama Shopping Center</b> 	Acquired in 15th FP 4,080	4,650	6.4%	Alliance	Growing Metropolitan Grocery
<b>Retail distribution centers</b>					
<b>Tenri Distribution Center</b> 	Acquired in 14th FP 1,070	1,090	5.5%	Proprietary	Metropolitan Logistics
<b>Prima Meat Packers Kinki Center</b> 	Acquired in 15th FP 1,047	1,080	5.2%	Proprietary	Metropolitan Logistics

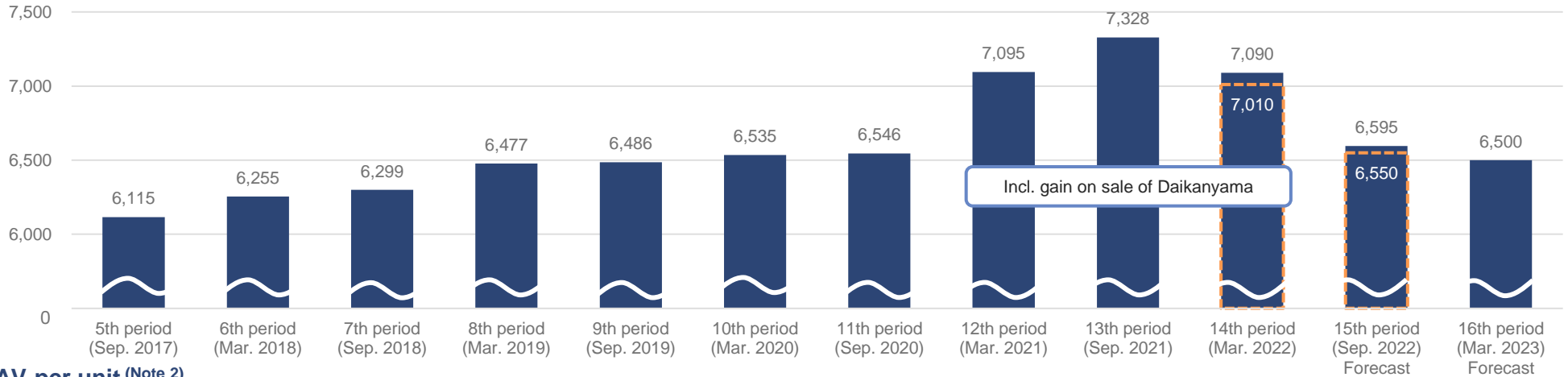
Note 1: The conversion cost will be added to the acquisition price after the completion of the conversion. Assumed cost of the conversion is JPY 880mm, which may increase or decrease.

Note 2: The appraisal NOI is based on the NOI after the completion of the conversion, which is on the appraisal report as of Mar. 31, 2022. The appraisal NOI yield is calculated by dividing the appraisal NOI by the sum of the acquisition price and the assumed costs of the conversion. The same shall apply to the calculation of the average appraisal NOI yield of the portfolio.

# DPU, NAV per unit and unrealized gain

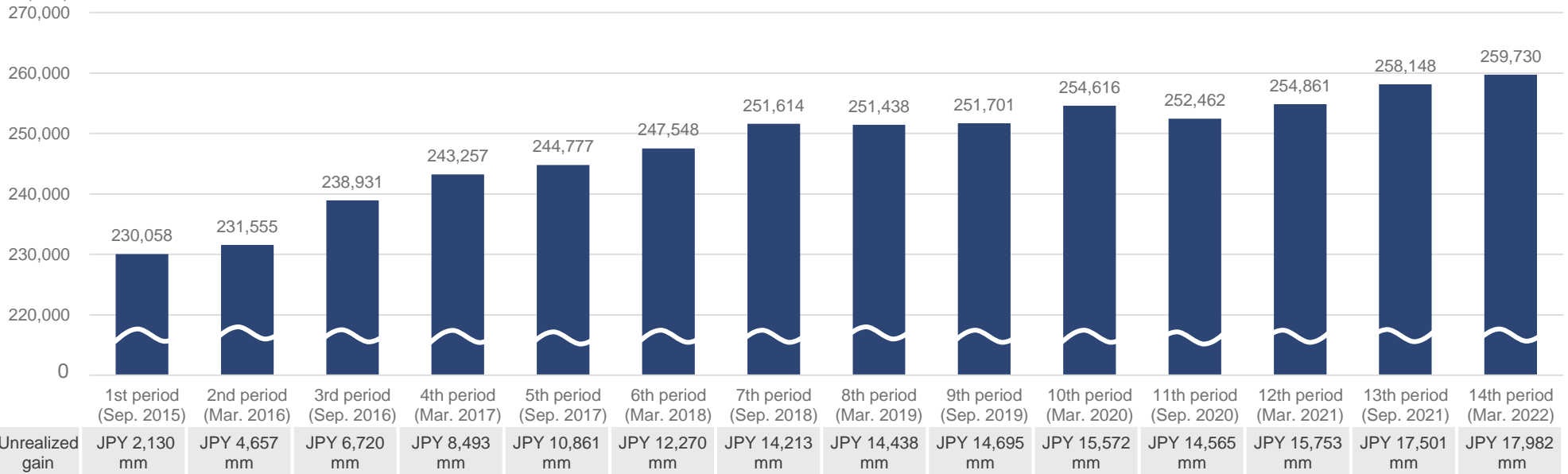
## DPU (Note 1)

(JPY)



## NAV per unit (Note 2)

(JPY)



Unrealized gain	JPY 2,130 mm	JPY 4,657 mm	JPY 6,720 mm	JPY 8,493 mm	JPY 10,861 mm	JPY 12,270 mm	JPY 14,213 mm	JPY 14,438 mm	JPY 14,695 mm	JPY 15,572 mm	JPY 14,565 mm	JPY 15,753 mm	JPY 17,501 mm	JPY 17,982 mm
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Note 1: The boxes in orange lines indicate the forecasts as of Nov. 16, 2021.

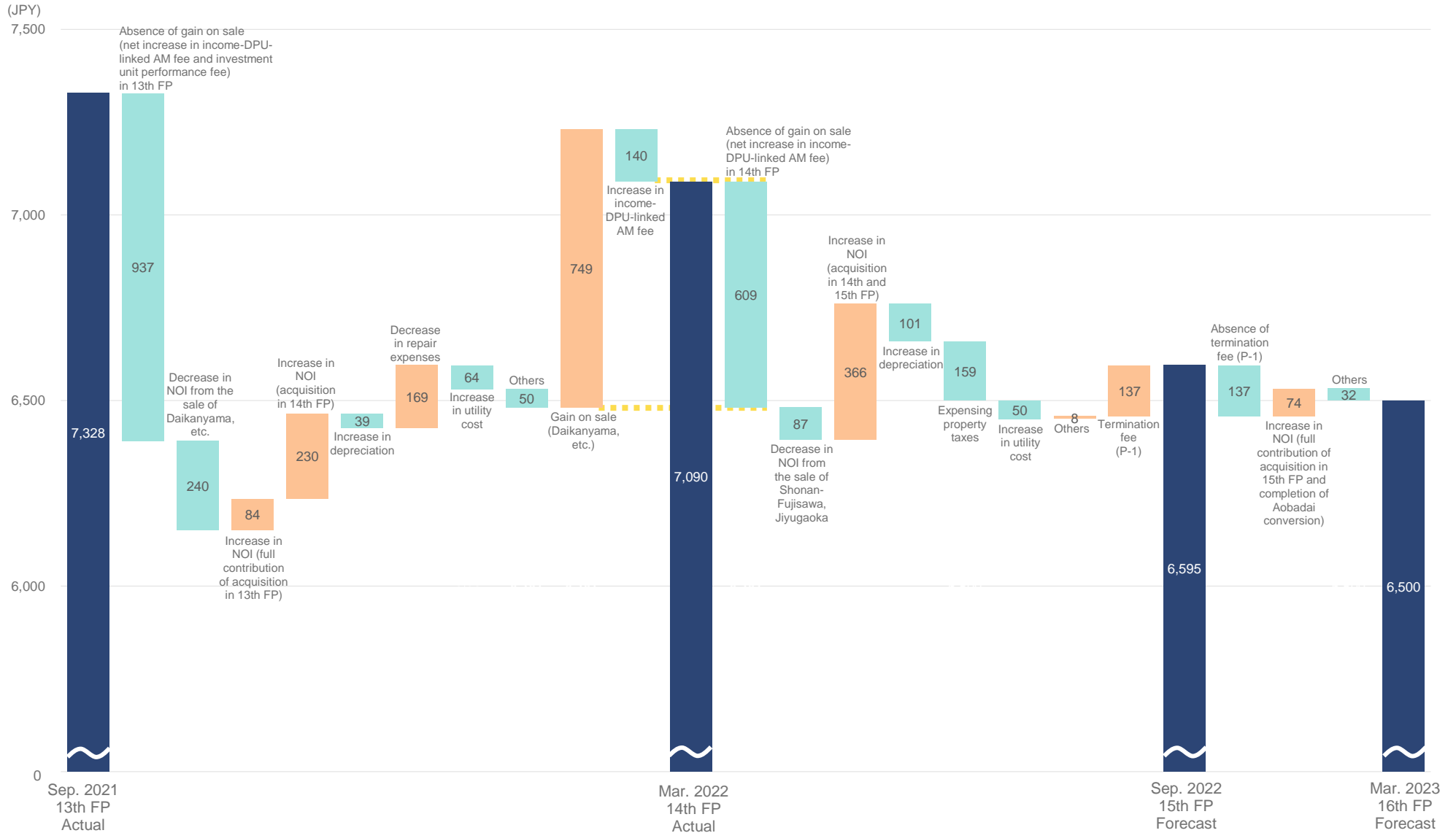
Note 2: NAV per unit at the end of each FP = (net assets + unrealized appraisal gains/losses on the entire portfolio at the end of each FP – total distributions) / (total number of investment units issued at the end of each FP).

Please note that from this disclosure, we have changed the calculation of NAV per unit to deduct total distributions which were included in our previous disclosures. Moreover, the assumed costs of the Kitera Plaza Aobadai conversion is deducted from the calculation of unrealized appraisal gains/losses on the entire portfolio.



# DPU impact and forecast assumptions

■ DPU    ■ Positive factors    ■ Negative factors



## Summary of statements of income and retained earnings: 14th FP

(JPY mm)

	Sep. 2021	Mar. 2022		Changes		Remarks on changes from forecasts
	13th FP actual (A)	14th FP forecast (B) <sup>(Note 1)</sup>	14th FP actual (C)	C - A	C - B	
Rent revenue – real estate	7,829	7,943	7,882	+53	-61	Disposition -76, existing properties +9 (re forecast vs actual variance of COVID impact: forecast -20, actual -11), acquisition +5
Other lease business revenue	1,072	1,014	1,074	+1	+59	Termination fee +27, utility charge reimbursement +16, revenue from events +7, insurance income +7
Gain/loss on sale of real estate	674	350	436	-237	+86	Shonan-Fujisawa & Jiyugaoka +86
<b>Operating revenues</b> <sup>(Note 2)</sup>	<b>9,576</b>	<b>9,308</b>	<b>9,393</b>	<b>-182</b>	<b>+84</b>	
Property related expenses (excl. depreciation)	2,495	2,395	2,399	-96	+4	Utility charge +40, repair costs -23, BM/PM fee -10, sales promotion costs -3
<b>NOI</b>	<b>6,405</b>	<b>6,563</b>	<b>6,557</b>	<b>+151</b>	<b>-5</b>	
Depreciation	1,166	1,197	1,189	+23	-7	
<b>NOI after depreciation</b>	<b>5,239</b>	<b>5,365</b>	<b>5,367</b>	<b>+128</b>	<b>+2</b>	
Other operating expenses	1,032	1,013	1,047	+15	+34	AM fee +22, non-deductible consumption tax +17
<b>Operating income</b>	<b>4,881</b>	<b>4,702</b>	<b>4,756</b>	<b>-124</b>	<b>+54</b>	
Non-operating income	0	0	1	+0	+1	
Non-operating expenses	619	624	626	+7	+1	
<b>Ordinary income</b>	<b>4,262</b>	<b>4,077</b>	<b>4,131</b>	<b>-130</b>	<b>+54</b>	
<b>Net income</b>	<b>4,261</b>	<b>4,076</b>	<b>4,127</b>	<b>-133</b>	<b>+51</b>	
<b>DPU (JPY)</b>	<b>7,328</b>	<b>7,010</b>	<b>7,090</b>	<b>-238</b>	<b>+80</b>	

Note 1: The 14th FP forecast above is as of Nov. 16, 2021.

Note 2: The figures include loss on sale of real estate.



## Financial forecasts: 15th and 16th FPs

(JPY mm)

Key financial information	Mar. 2022 14th FP (actual)	Sep. 2022 15th FP (forecast)	Changes
<b>Operating revenues</b>	<b>9,393</b>	<b>9,250</b>	<b>-142</b>
Gain on sale of real estate	436	-	-436
Operating expenses	4,636	4,791	+154
<b>Operating income</b>	<b>4,756</b>	<b>4,459</b>	<b>-297</b>
Non-operating expenses	626	623	-2
Interest expenses & financing-related expenses	610	608	-2
Amortization of investment unit issuance costs	15	15	-
<b>Ordinary income</b>	<b>4,131</b>	<b>3,835</b>	<b>-296</b>
<b>Net income</b>	<b>4,127</b>	<b>3,834</b>	<b>-293</b>
<b>DPU</b>	<b>7,090</b>	<b>6,595</b>	<b>-495</b>

Sep. 2022 15th FP (forecast)	Mar. 2023 16th FP (forecast)	Changes
<b>9,250</b>	<b>9,135</b>	<b>-115</b>
-	-	-
4,791	4,743	-48
<b>4,459</b>	<b>4,392</b>	<b>-66</b>
623	611	-11
608	604	-4
15	7	-7
<b>3,835</b>	<b>3,780</b>	<b>-54</b>
<b>3,834</b>	<b>3,779</b>	<b>-54</b>
<b>6,595</b>	<b>6,500</b>	<b>-95</b>

Related key indicator	Mar. 2022 14th FP (actual)	Sep. 2022 15th FP (forecast)	Changes
<b>NOI</b>	<b>6,557</b>	<b>6,627</b>	<b>+69</b>
NOI yield	5.3%	5.2%	-
Depreciation	1,189	1,248	+59
NOI after depreciation	5,367	5,378	+10
NOI yield after depreciation	4.4%	4.2%	-
FFO	4,900	5,102	+201
CAPEX	680	592	-88
<b>LTV</b>	<b>44.7%</b>	<b>45.0%</b>	<b>-</b>

Sep. 2022 15th FP (forecast)	Mar. 2023 16th FP (forecast)	Changes
<b>6,627</b>	<b>6,575</b>	<b>-51</b>
5.2%	5.2%	-
1,248	1,278	+29
5,378	5,296	-81
4.2%	4.2%	-
5,102	5,069	-33
592	893	+300
<b>45.0%</b>	<b>45.0%</b>	<b>-</b>



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02 Impact of COVID-19



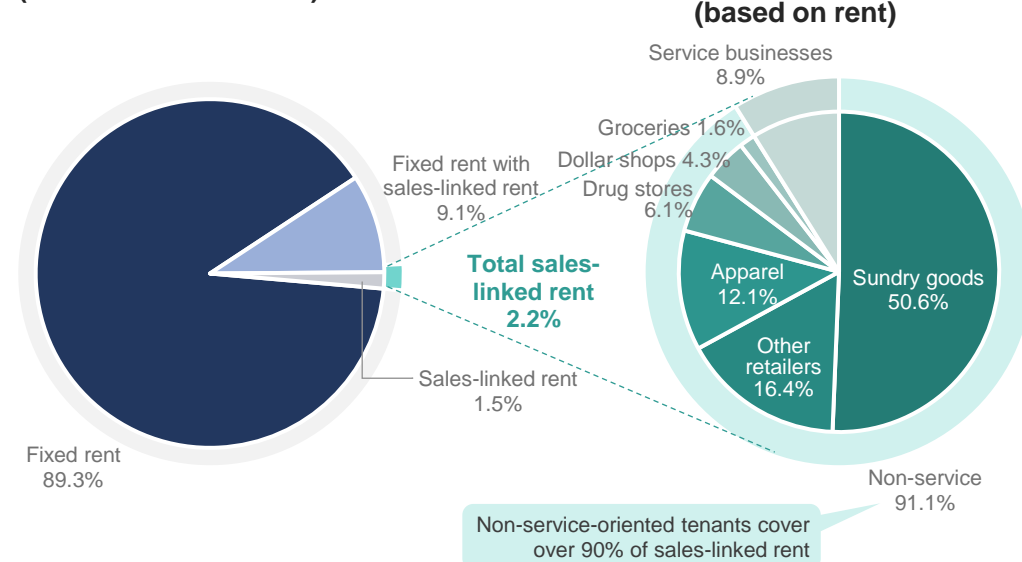


# Response to rent reduction requests amid the pandemic and sales-linked rent

- The number of new requests for rent reduction and rent deferral remained limited even during the declarations of emergency and the quasi-state of emergency. All deferred rents has been collected
- The level of move-outs in 14th FP was pre-pandemic level
- Occupancy rate stayed stable amid the COVID-19 pandemic

	10th FP Mar. 2020	11th FP Sep. 2020	12th FP Mar. 2021	13th FP Sep. 2021	14th FP Mar. 2022
Rent reduction /deferral requests	19	177	22	8	2
Responded rent reduction requests	-	95	1	5 (Note 1)	5 (Note 1)
Amount of rent reductions (JPY mm)	-	41.0	1.6	11.1	10.9
Responded rent deferral requests	-	2	-	-	-
Amount of rent deferral (JPY mm)	-	17.6	-	-	-
Rent delinquency	1	31	1	-	-
Move-outs	7	8	18	7	6
Occupancy rate (end of FP)	99.4%	99.7%	99.8%	99.6%	99.2% (Note 2)

**Rent type**  
(Oct. 2021 – Mar. 2022) (Note 3)



**Sales-linked rent**

	10th FP Mar. 2020	11th FP Sep. 2020	12th FP Mar. 2021	13th FP Sep. 2021	14th FP Mar. 2022
Total amount of sales-linked rent (JPY mm)	152	116	139	124	133

Note 1: The figures include requests KRR has responded since the previous FPs.

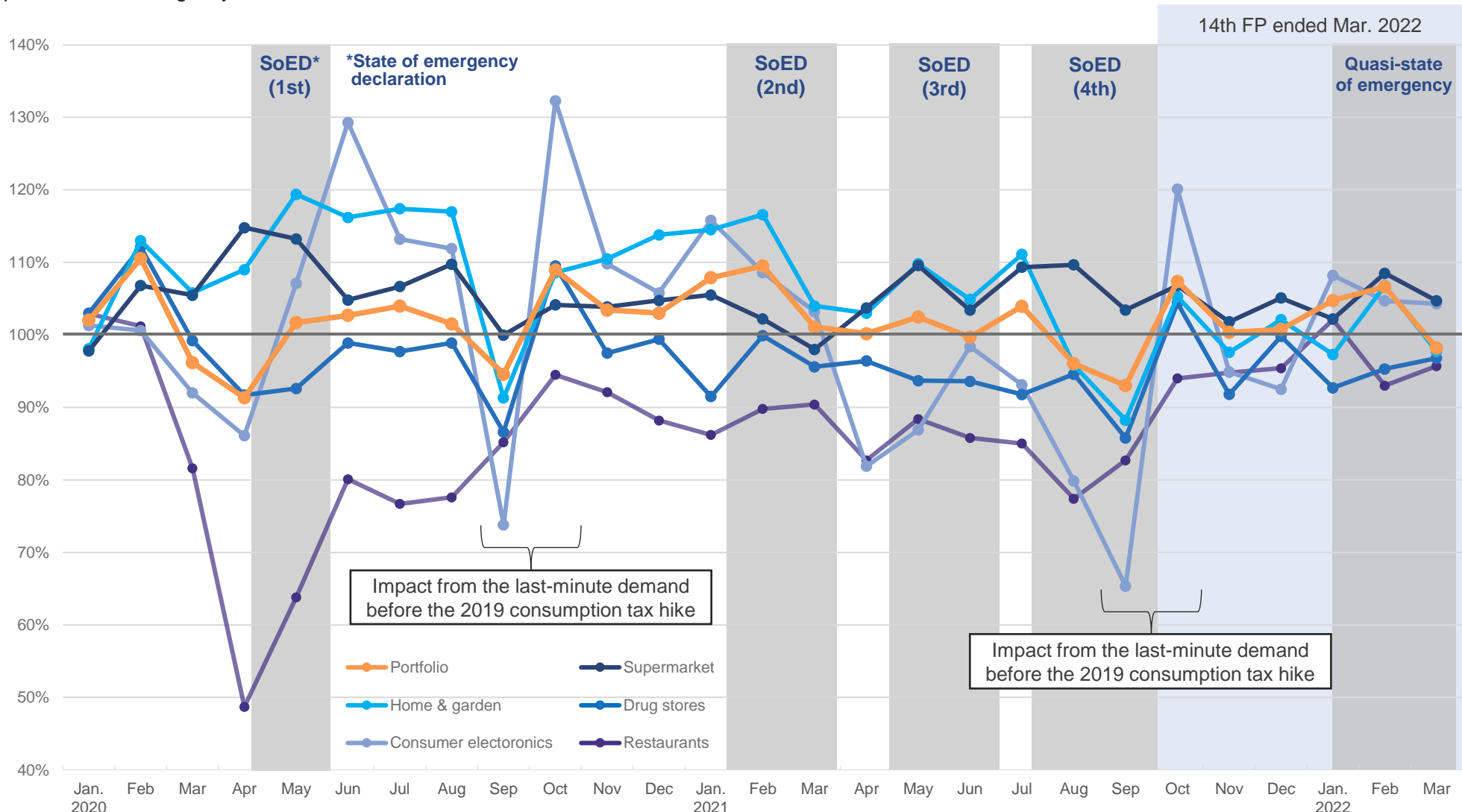
Note 2: As Kitera Plaza Aobadai is under conversion, its occupancy rate is 0% as of Mar. 31, 2022. However, if we exclude this property, the occupancy rate is 99.5%.

Note 3: The figures of "Rent type" is for the 14th FP.

# Changes in tenant sales (Jan. 2020 – Mar. 2022)

## Changes in tenant sales by business category (Monthly comparison vs. 2019)

Portfolio monthly tenant sales remained stable at 103% during the 14th FP (from Oct. 2021 to Mar. 2022) compared to the same period of 2019 even amid the quasi-state of emergency



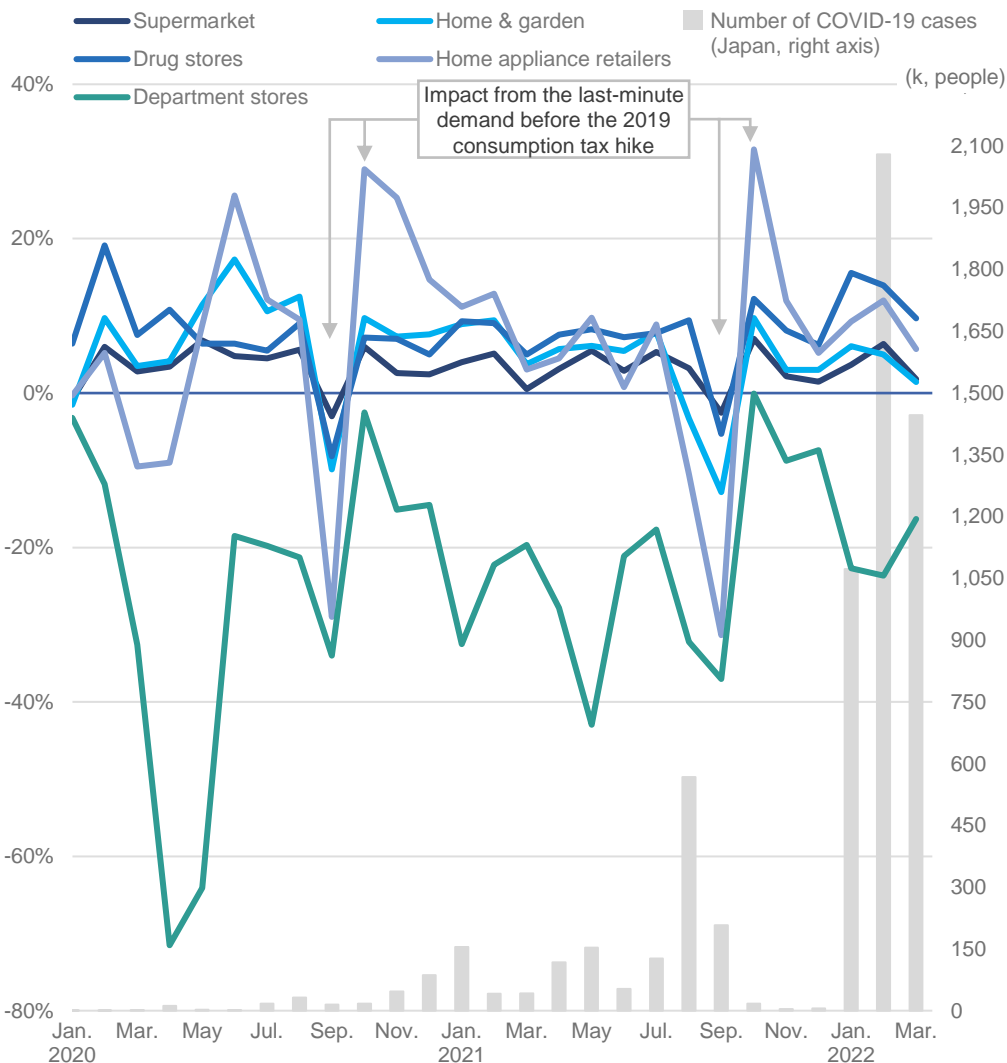
Note: "Changes in tenant sales" is based on the sales figures available to KRR. Sales figures of portfolio do not take into account the effect of difference in days of the weekends in each period while sales figures by business category (excluding supermarket and home & garden) take into account the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



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

## Changes in sales by business category (Monthly comparison vs. 2019) (Note)

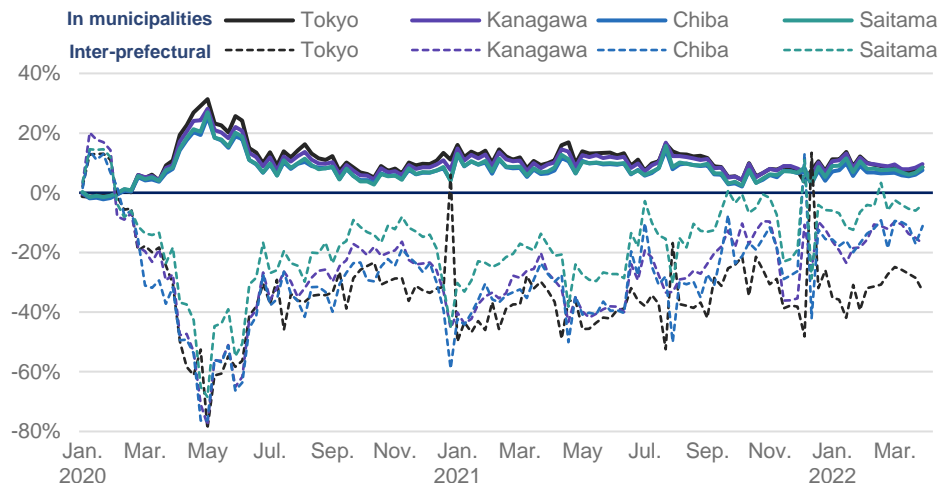
While department store sales stay stagnant, sales of shopping centers for daily needs remain stable amid the pandemic



Source: Ministry of Economy, Trade and Industry "the Current Survey of Commerce"  
 Note: Figures after 2021 are calculated by dividing the actual sales figures by the 2019 sales figures which is adjusted by coefficients for continuity in the Ministry of Economy, Trade and Industry's "Current Survey of Commerce" (preliminary report for March 2022).

## Change in the number of people staying in residential areas (Weekly comparison vs. 2019)

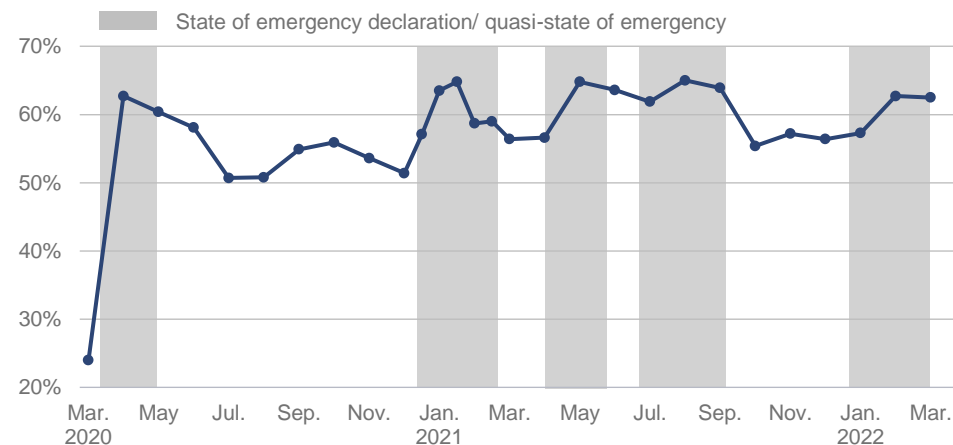
People staying within residential areas has continued amid the pandemic



Source: V-RESAS (provided by the Office for Promotion of Regional Revitalization, Cabinet office, and Secretariat of Headquarters for Town, People, and Business Development, Cabinet Secretariat)

## Percentage of teleworking implementation by companies in Tokyo

The teleworking implementation rate rose amid the pandemic



Source: Tokyo Metropolitan Government



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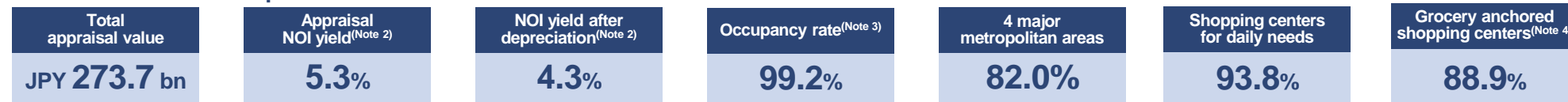
03

## KRR highlights and updates

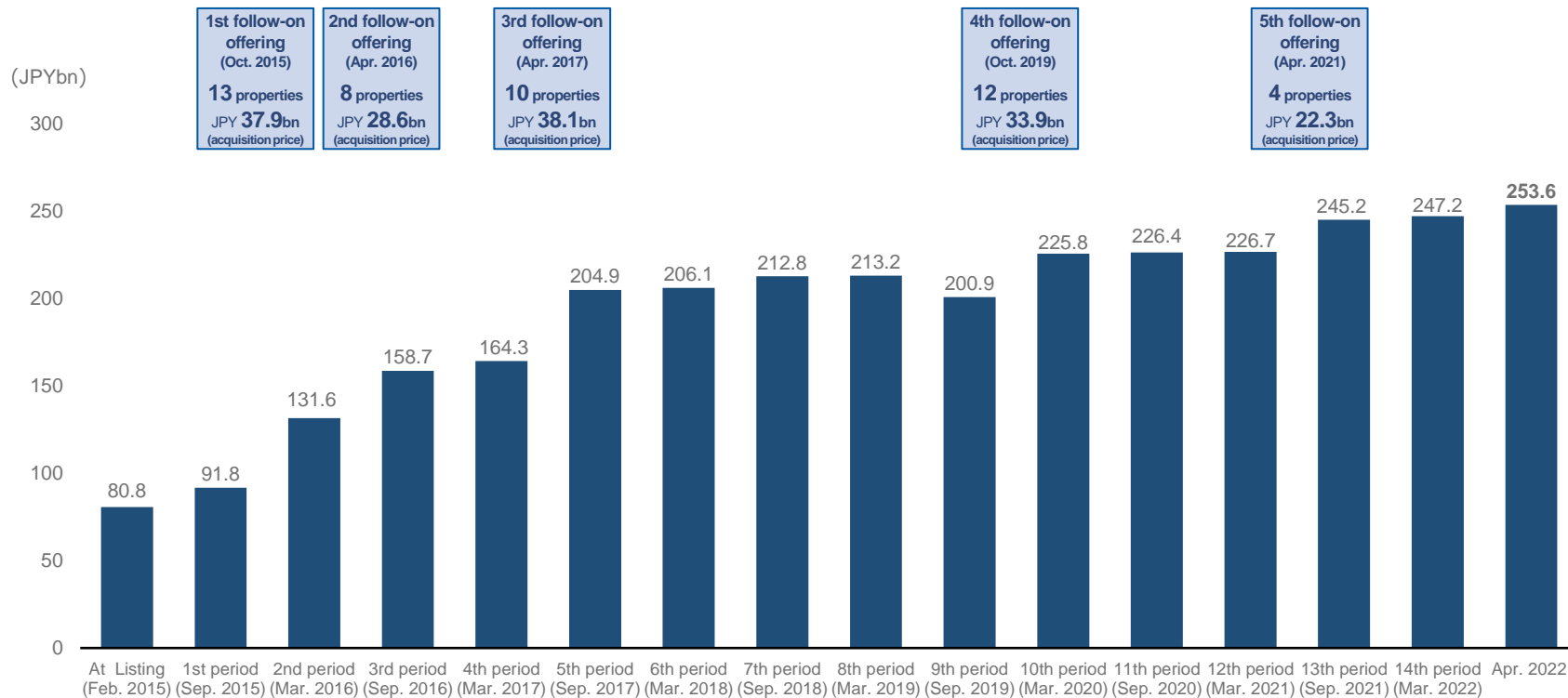




## Characteristics of KRR portfolio<sup>(Note 1)</sup>

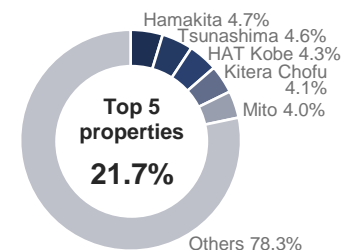


## Trend in AUM (based on acquisition price)

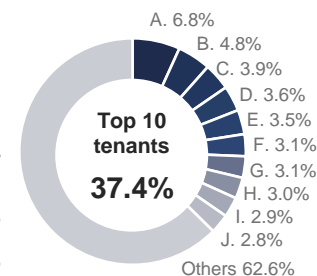


## Diversification of portfolio (at the end of Apr. 2022)

### Top 5 properties (based on acquisition price)



### Top 10 tenants (based on rent)



	At Listing (Feb. 2015)	1st period (Sep. 2015)	2nd period (Mar. 2016)	3rd period (Sep. 2016)	4th period (Mar. 2017)	5th period (Sep. 2017)	6th period (Mar. 2018)	7th period (Sep. 2018)	8th period (Mar. 2019)	9th period (Sep. 2019)	10th period (Mar. 2020)	11th period (Sep. 2020)	12th period (Mar. 2021)	13th period (Sep. 2021)	14th period (Mar. 2022)	Apr. 2022
<b>Number of properties</b>	18	19	33	40	42	51	52	53	53	55	62	62	64	66	66	68
<b>Tenants</b>	286 <sup>(Note 5)</sup>	321	389	405	409	542	522	520	511	480	496	496	502	528	519	522

Note 1: Figures are as of Mar. 31, 2022 for the properties held as of Mar. 31, 2022. As for Higashimatsuyama Shopping Center and Prima Meat Packers Kinki Center, appraisal value and NOI yield are as of Mar. 1, 2021. Furthermore, for Sun Street Hamakita, the values of 90% and 10% quasi-co-ownership interests are as of Mar. 31, 2022 and Mar. 1, 2022, respectively.

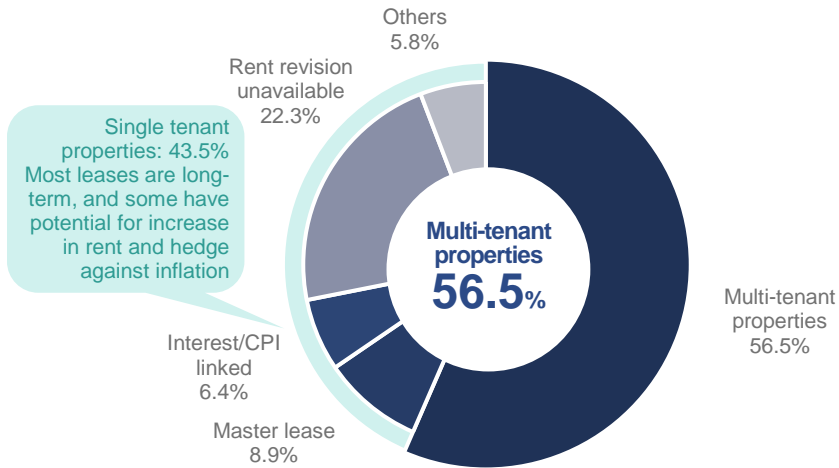
Note 2: "Appraisal NOI Yield" is calculated by dividing appraisal NOI from the latest appraisal reports by acquisition price. Please refer to page 5 for details of the appraisal NOI of Kitera Plaza Aobadai. NOI yield after depreciation is calculated by deducting the depreciation from the aforementioned appraisal NOI and dividing the figure by acquisition price.

Note 3: As Kitera Plaza Aobadai is under conversion, its occupancy rate is 0% as of Mar. 31, 2022. However, if we exclude this property, the occupancy rate is 99.5%.

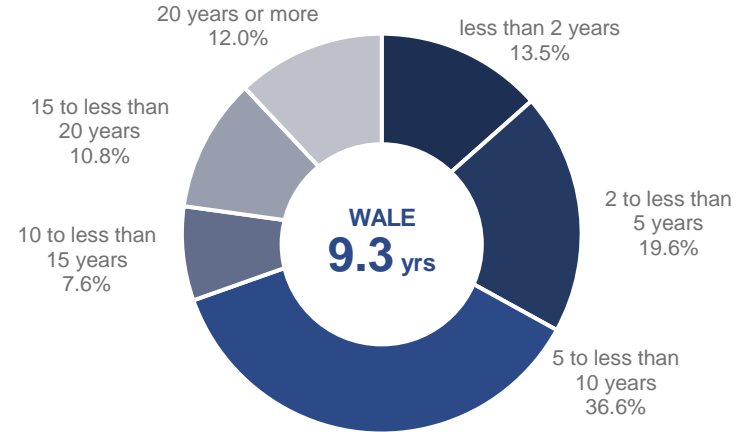
Note 4: "Grocery anchored shopping centers" ratio is calculated by dividing total acquisition price of grocery anchored shopping centers by total acquisition price of retail properties.

Note 5: "Number of tenants" at listing is figure as of Sep. 30, 2014.

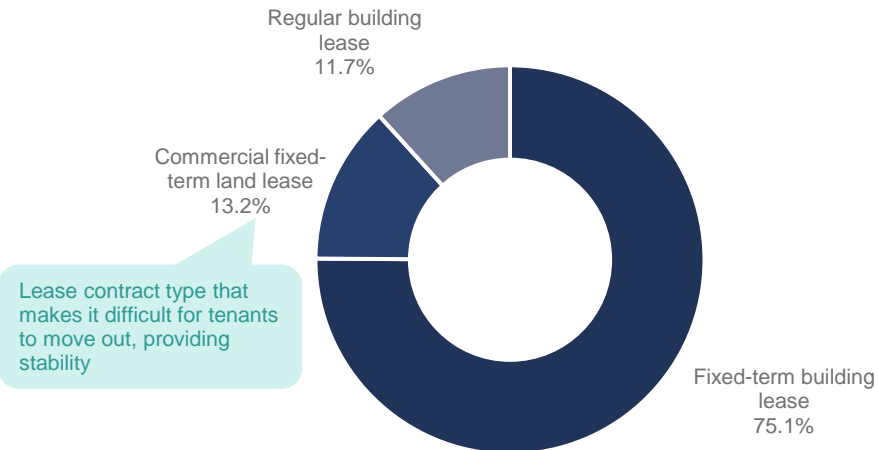
## Multi-tenant properties (by acquisition prices)



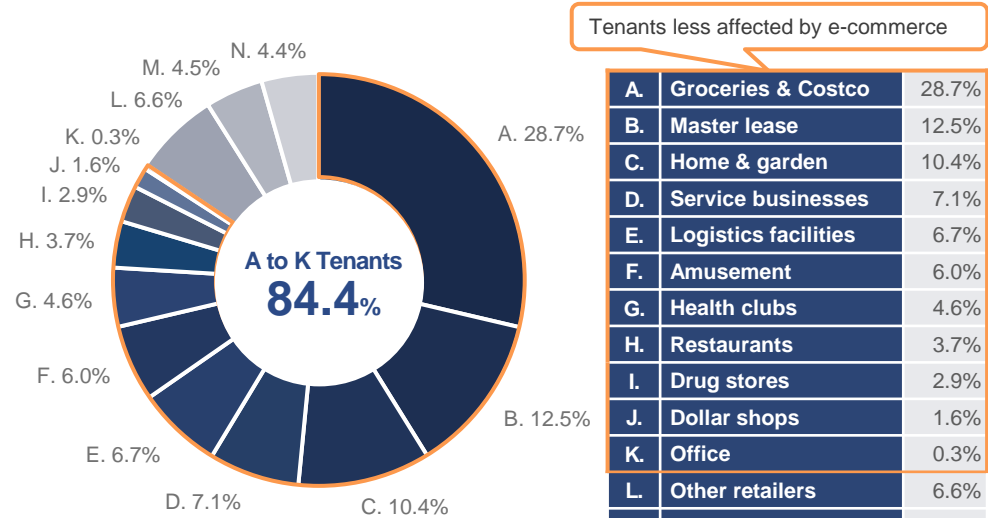
## Lease expiry profile (by annual fixed rent)



## Lease contract type (by annual fixed rent)



## Percentage of tenant categories (based on rents)



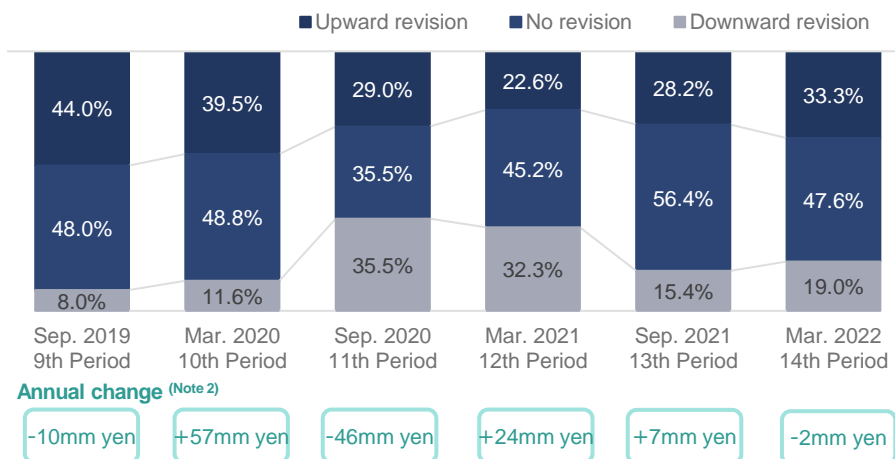
Note 1: The figures are as of Mar. 31, 2022 for the assets owned by KRR as of the date of this material. However, figures for Prima Meat Packers Kinki Center are as of the acquisition date.

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

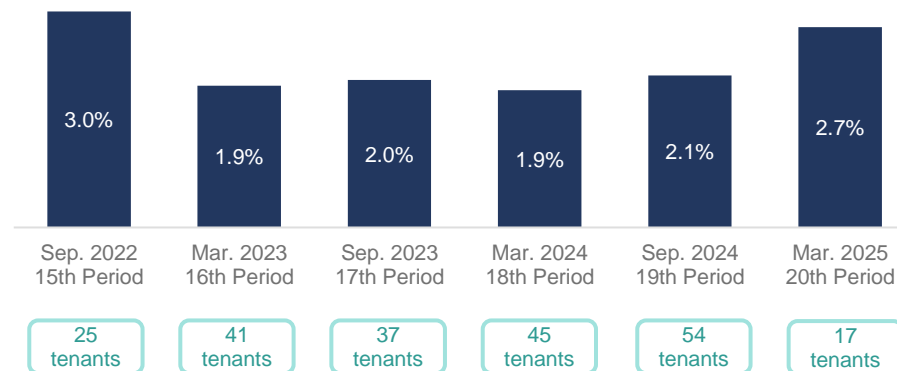
Note 3: "Master lease" indicates tenants with sub-lease type master lease agreement (excluding tenants over half of whose shop area KRR considers occupied by areas under direct management).

"Interest/CPI-linked" indicates tenants whose rent contract renews accordingly to the interest rate or CPI.

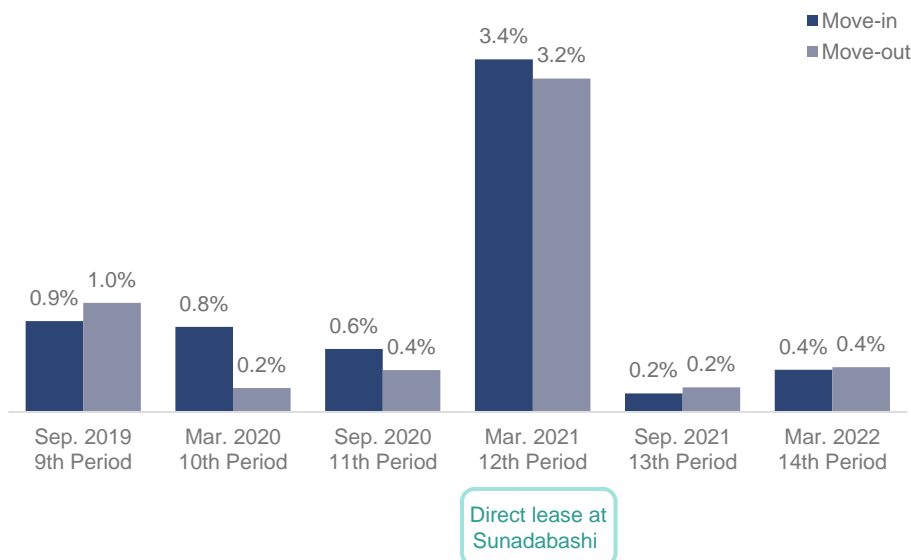
## Rent revisions (based on number of revisions) (Note 1)



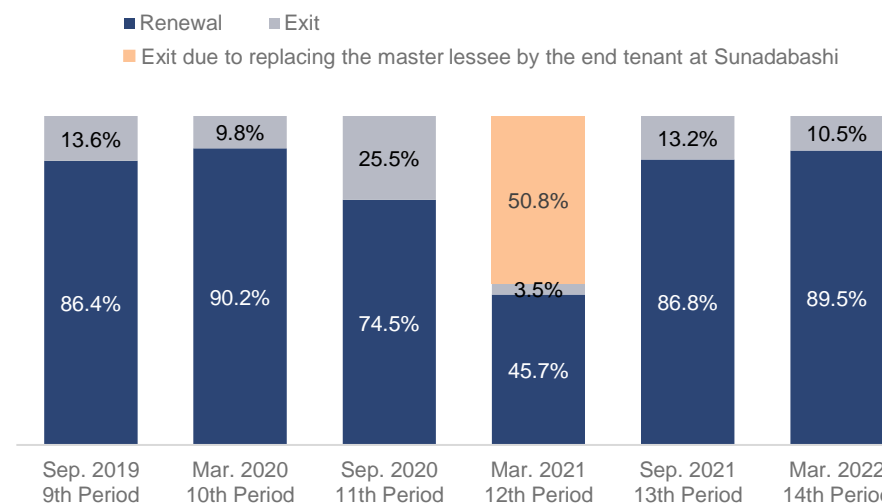
## Lease expiry (by annual fixed rent) # of tenants and % of lease expiry in each period (Note 2)



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



## Contract renewals at lease expiry in each period



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

Note 2: Based on the contractual rent determined in the lease contract, including regular building leases, for properties owned as of the date of this material. However, disposed assets are excluded.

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



# Internal growth initiatives

## Example of expansion leveraging underutilized space – Unicus Ina Restaurant Building B<sup>(Note)</sup>



- The second property expansion at this property, following the completion of Restaurant Building A (leased to a sushi restaurant) in 2017
- McDonald, which has maintained steady growth even amid the COVID-19 pandemic, is planning to open a new store at the Restaurant Building B. The store will offer Table Delivery, Mobile Ordering and a service that enables customers to receive orders placed through Mobile Ordering in parking lots without leaving cars
- As these services are designed to provide customers safe dining environment amid the pandemic and capture demands online, the store is expected to have synergistic effect among other tenants by attracting more families with young children

Construction cost	Profitability enhancement	Investment return
Total expected construction cost approx. JPY <b>169</b> mm	Assumed increase in NOI JPY <b>+16</b> mm	Assumed NOI yield <b>9.6%</b>

## Flexible leasing strategy including attracting tenants in other sectors – Passaggio Nishiarai

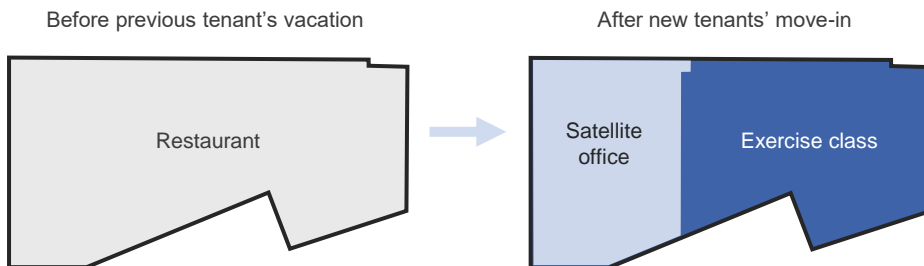
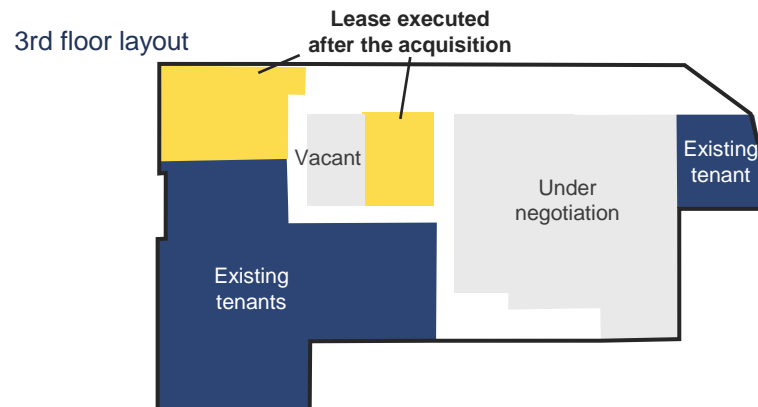


- Restaurant moved out at the end of Jan. 2022
- Executed lease agreement for the vacated space with a satellite office and an exercise class operator
- Achieved 33% increase in rent by the tenant reshuffle. Expecting revitalization of the facilities by attracting tenants in other sectors

## Leasing progress amid the COVID-19 pandemic – Kitera Town Fukuoka Nagahama



- The property was completed in Nov. 2020 amid the COVID-19 pandemic, and the vacancy rate was 17% at the time of acquisition in Oct. 2021
- Executed lease agreement for 4% since the acquisition
- Currently negotiating for 12% of the space (13% vacancy in total)



Note: The exterior image is based on the planned extension as of the date of this material and may differ from the actual completed building. The figures are estimates. The total expected construction cost and assumed increase in NOI represent the amount corresponding to 80% of the quasi-co-ownership interest of the trust beneficiary right in the property accordingly.

## Financial highlights

	13th FP	14th FP	Apr. 2022
Long-term debt ratio	100.0% >>	99.4% >>	98.6%
Fixed interest debt ratio	97.7% >>	98.6% >>	97.8%
LTV(Note)	44.1% >>	44.7% >>	44.9%
Number of lenders	14 >>	18 >>	18

## Credit rating

Credit rating (JCR)  
**AA-** (stable)  
 (from Dec. 2021)

<Key evaluation points>

- Kenedix Group affiliated with Sumitomo Mitsui Finance and Leasing Group
- Diversification driven by AUM growth
- Stable management amid the pandemic

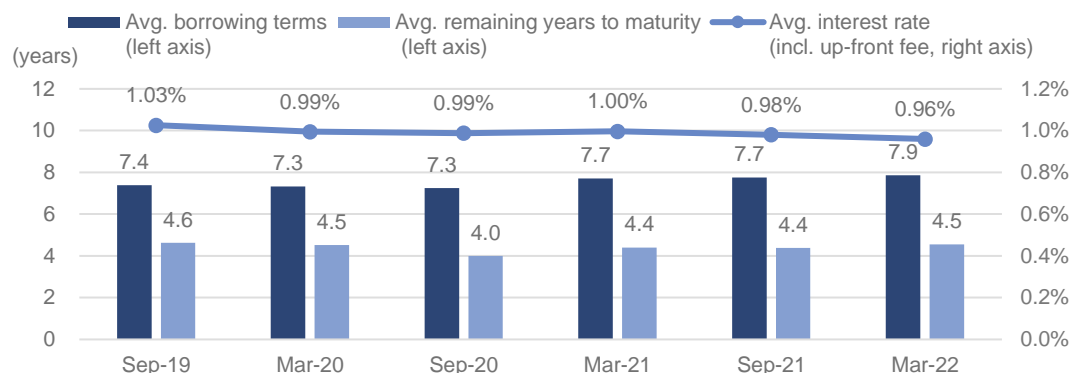
## Green finance

Procured JPY 9.0bn in total

	7th Series Investment Corporation Bonds (Green Bonds)	Debt Financing Series 46 (Green Loans)		
		JPY 4.6bn	JPY 0.8bn	JPY 1.6bn
Funds	JPY 2.0bn	JPY 4.6bn	JPY 0.8bn	JPY 1.6bn
Procurement date	Jan. 28, 2022	Feb. 10, 2022		
Term	10 years	7 years		9 years
Interest rate	0.46%	0.7220%	0.6400%	0.8786%
Use	Refinancing borrowings to acquire an eligible green asset			

Note: LTV = (loan balance + investment corporation bond balance) / total assets

## Average remaining years to maturity, borrowing terms and interest rate



## Improvement in new borrowing terms

(compared with 11th and 12th FP, incl. refinances and investment corporation bonds)

	11th and 12th FP	13th FP	14th and 15th FP
Average borrowing period	5.6 years	6.1 years	6.4 years
Average interest rate	0.75%	0.69%	0.73%

Tighter spreads amid rising interest rate

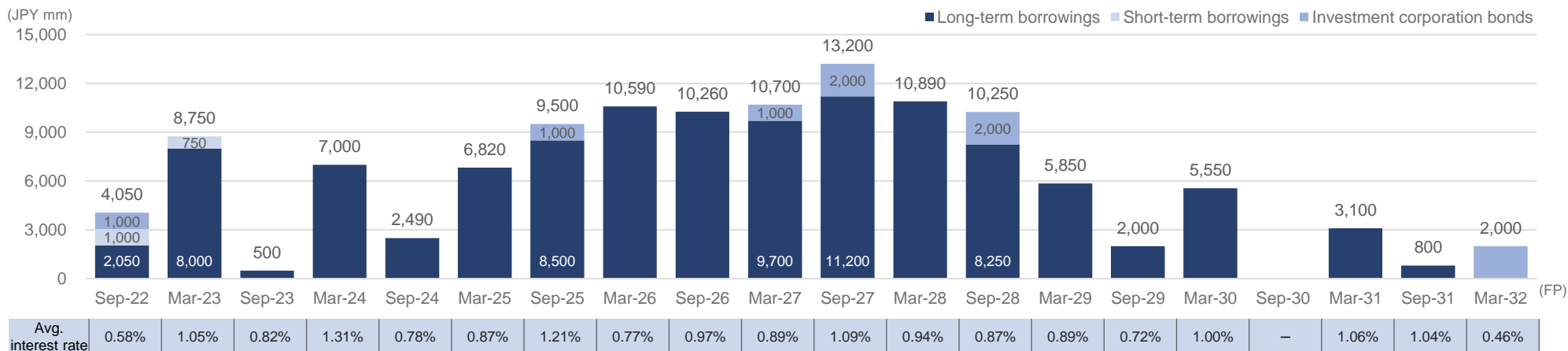
## Eligible green assets

Eligible properties in KRR's portfolio: 19 properties with total acquisition price of JPY133.9 bn (as of Apr. 30, 2022)

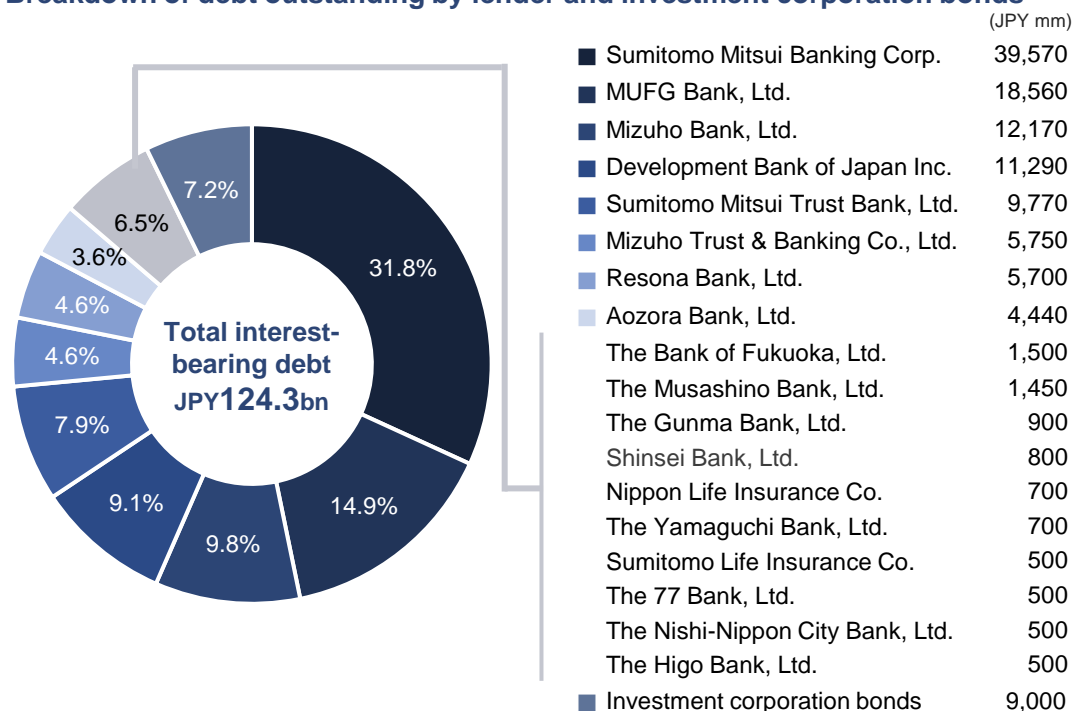
DBJ Green Building Certification "3 stars" or higher	Certification for CASBEE for Real Estate "B+ ranking" or higher	BELS Assessment "★★★" or higher
DBJ Green Building		

# Borrowings and bonds (as of Apr. 30, 2022)

## Maturities of interest-bearing debts



## Breakdown of debt outstanding by lender and investment corporation bonds



## Commitment credit lines (total of JPY 3,000 mm)

Counterparty	Maximum amount	End of contract term
Sumitomo Mitsui Banking Corp.	JPY 1,000 mm	Mar. 31, 2023
Mizuho Bank, Ltd.	JPY 1,000 mm	Mar. 31, 2023
MUFG Bank, Ltd.	JPY 1,000 mm	Mar. 31, 2023

## Investment corporation bonds

Bond	Amount of issuance	Interest rate	Issuance date	Term
2nd Series	JPY 1,000 mm	0.60%	Oct. 2016	10 years
3rd Series	JPY 1,000 mm	0.32%	Aug. 2017	5 years
4th Series	JPY 2,000 mm	0.70%	Aug. 2017	10 years
5th Series	JPY 2,000 mm	0.70%	Apr. 2018	10 years
6th Series	JPY 1,000 mm	0.40%	Apr. 2020	5 years
7th Series (Green bonds)	JPY 2,000 mm	0.46%	Jan. 2022	10 years

-24bps



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04 Growth strategies focusing on stability





# Growth strategies

- Steady operation of shopping centers for daily needs in residential areas that **provide daily necessities**, even amid the prolonged COVID-19 pandemic
- **Unit price recovered NAV per unit** as the market recognized the stability of shopping centers for daily needs, **leading to the growth strategy including public offering**
- However, due to the volatile market conditions, conduct **asset reshuffling** if necessary, and continue **focused investments in shopping centers for daily needs** and **selective investment in retail distribution centers** that meet the demand from e-commerce

## Strategies in with/ post-pandemic era

### Increase in unit price

- Improve the portfolio stability and profitability through asset reshuffling
- Conduct tenant reshuffling and leasing activities amid the prolonged COVID-19 pandemic
- Make distinctive efforts, such as property conversion and expansion
- Reduce the impact of increasing costs, such as energy

### AUM expansion

- Expand AUM through public offering at appropriate timing
- Acquire assets using the sponsor support and proprietary network
- Pursuing a portfolio adapting to environmental changes

### Credit improvement

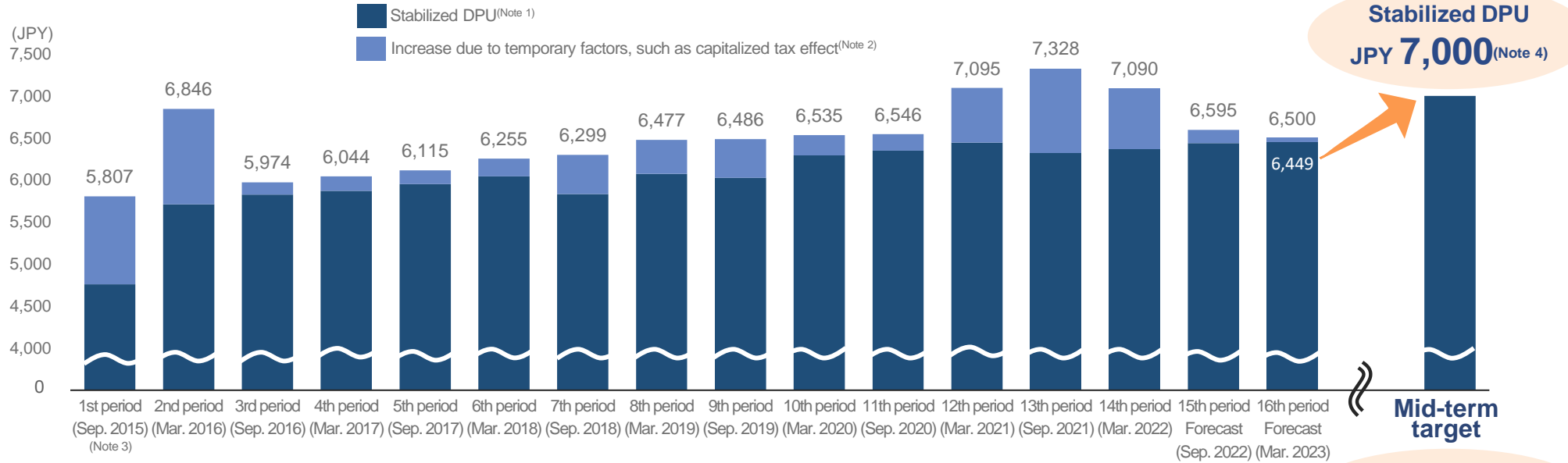
- Reduce funding costs
- Financing leveraging high credit rating (AA-)

### Promotion of ESG initiatives

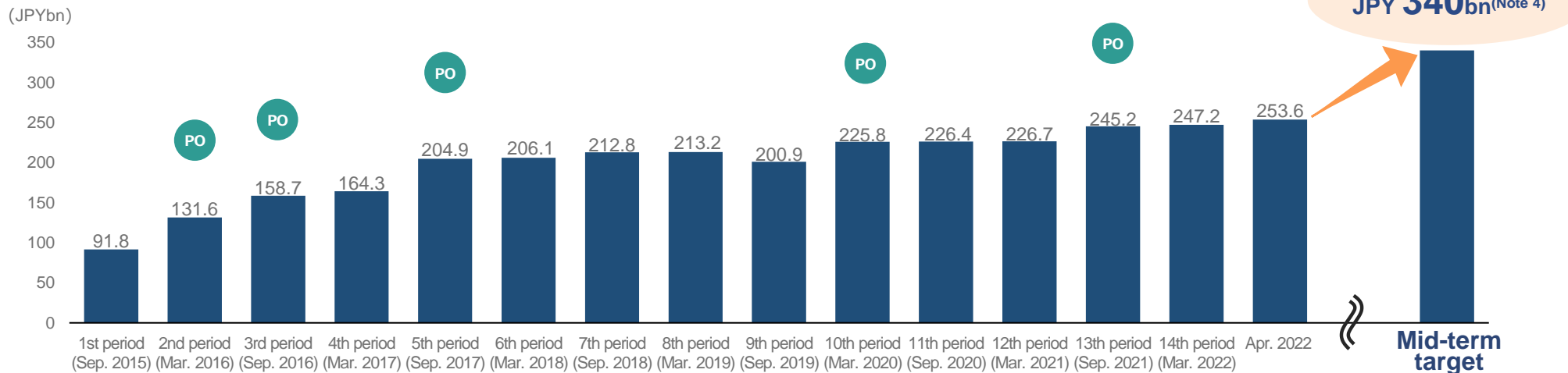
- Strengthen the initiatives to achieve decarbonization targets
- Further enhance disclosures on ESG in line with TCFD recommendations
- Expand green finance

# Stabilized DPU and AUM targets

## Stabilized DPU



## AUM



Note 1: Stabilized DPU refers to estimated distributions excluding one-time factors, such as profit/loss on sale of property, changes in asset management fee due to such profit/loss, and investment unit performance fee, based on the assumption that property taxes are expensed.  
 Note 2: Capitalized tax effect refers to the case that the property taxes are not expensed in the first year of acquisition for the reason that the property taxes are settled with the previous owner and such amount is capitalized instead of being expensed.  
 Note 3: The substantial asset management period for the 1st FP was 233 days, however, it is adjusted to half year.  
 Note 4: The above targets largely depend on external factors, such as the market environment.

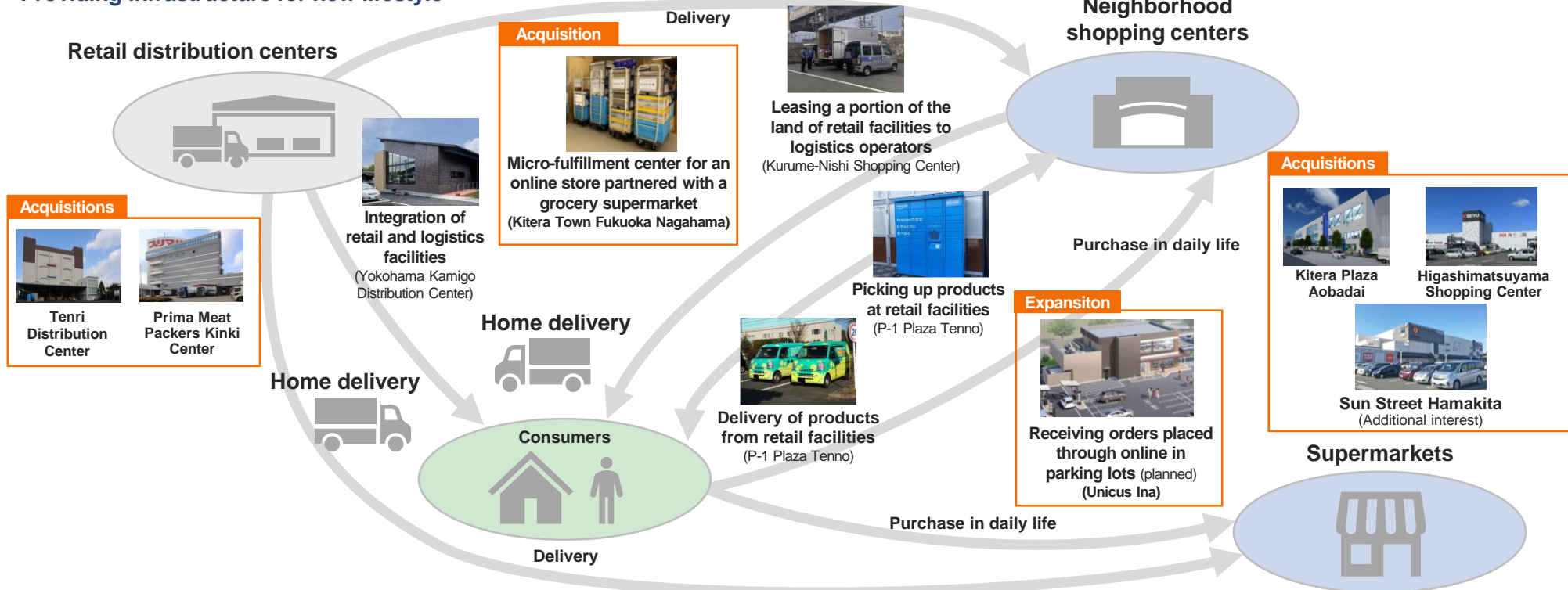


# Providing consumers with retail infrastructure that grows in importance amid the pandemic

- The COVID-19 pandemic is accelerating the environment changes where the functions of retail and logistics facilities are getting similar
- The importance of shopping centers for daily needs and retail distribution centers increases as a retail infrastructure

Medium- to long-term changes in the market environment with the rise of e-commerce		Acceleration of environment changes amid the COVID-19 pandemic Changes in consumer behavior due to the experience of COVID-19	
<b>Changes in retail facilities with the rise of e-commerce</b>	<b>Challenges faced by the logistics sector with the rise of e-commerce</b>	<b>Changes in consumer behavior amid the COVID-19 pandemic</b>	
<ul style="list-style-type: none"> <li>Partnerships between online and brick-and-mortar retailers</li> <li>Delivery of products from retail facilities</li> <li>Pickup of products at retail facilities (click-and-collect, curbside pickup)</li> <li>Integration of retail and logistics facilities</li> </ul>	<ul style="list-style-type: none"> <li>Frequent small deliveries</li> <li>Shorter lead time</li> <li>Managing the last mile issue</li> <li>Expanding needs for distribution centers close to consumption areas</li> </ul>	<ul style="list-style-type: none"> <li>Change in lifestyles with rising stay-at-home demand</li> <li>Increased bulk purchases with less frequent shopping outside</li> </ul>	<ul style="list-style-type: none"> <li>More demand for e-commerce Large increase in home deliveries</li> <li>More people working from home Increased mid-day population in residential areas</li> </ul>

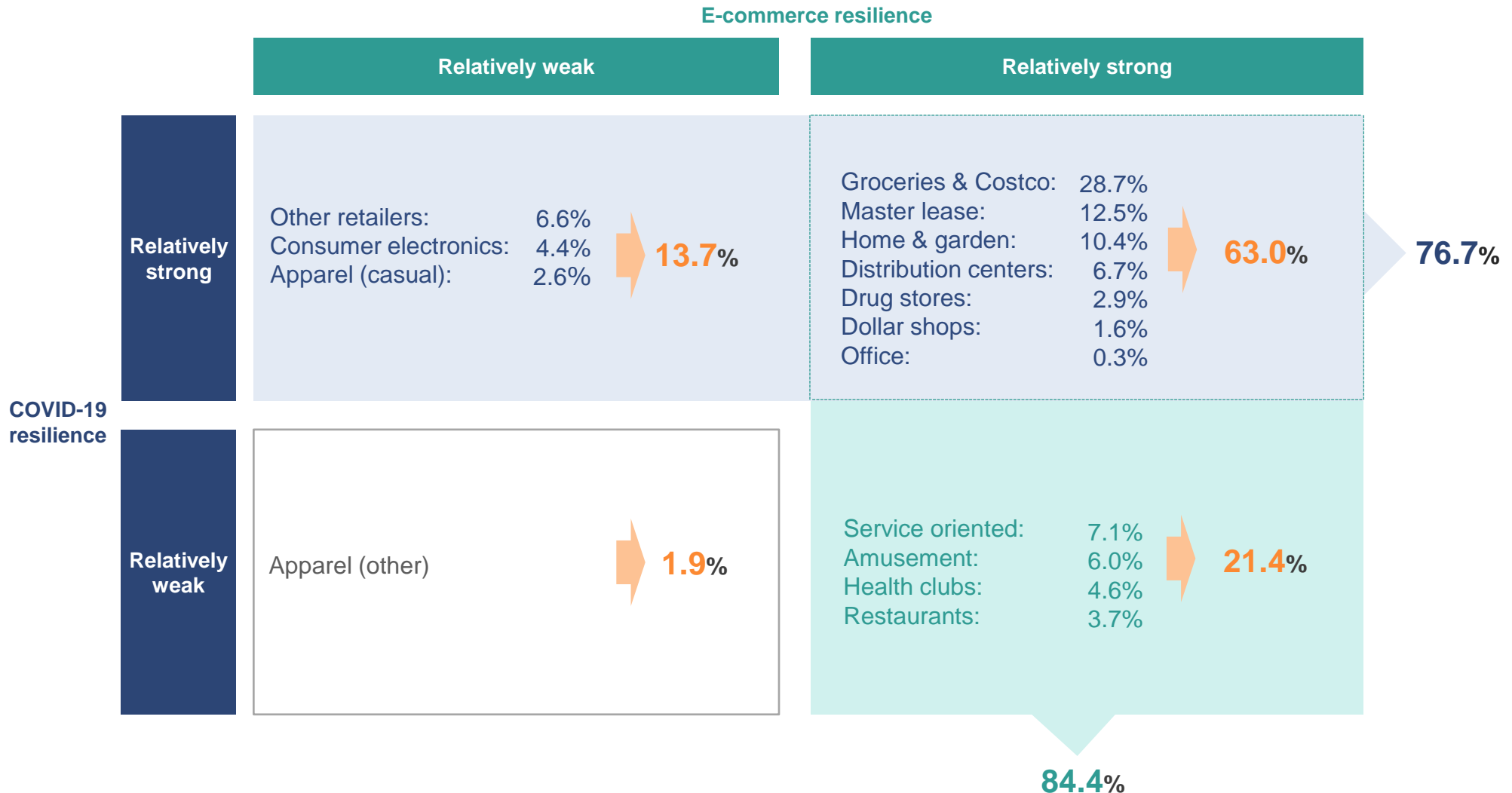
## Providing infrastructure for new lifestyle



# Portfolio composition

## Resilience against COVID-19 and e-commerce

- 76.7% of the portfolio is COVID-19 resilient and 84.4% is e-commerce resilient
- More than half of the portfolio is both COVID-19 and e-commerce resilient



# New acquisition (1)

## NSC Neighborhood Shopping Center

### Kitera Plaza Aobadai

An NSC aiming to revitalize as a shopping center for daily needs with a grocery store and clinics, in an area with high population growth near Aobadai Station



[Before the conversion]



### Highlights

- The property will be converted from a large health club to an NSC. It is located near Tokyu Den-en-toshi Line's Aobadai Station, where express trains stop, and within commuter district of the Tokyo metropolitan area
- The property is approximately 280m or a 4-minute walk from Aobadai Station. The average number of passengers using the station per day was over 110,000 before the COVID-19 pandemic. There is a dense commercial area in front of the station

### Conversion

- KRR's first large-scale conversion project
- KRR have executed fixed-term lease agreement and the occupancy rate based on the contracts is 53.7%.
- The property is expected to be operated as a convenient retail facility featuring tenants that deal with daily necessities and services including the grocery supermarket, OK, which is expected to draw high customer traffic, and clinics



<b>Acquisition price</b> <sup>(Note1)</sup>	JPY 2,553 mm	<b>Land area</b>	1,792.26m <sup>2</sup>	<b>Appraisal value</b>	JPY 3,610 mm	<b>Appraisal NOI yield</b> <sup>(Note2)</sup>	4.7%
<b>Location</b>	Yokohama, Kanagawa	<b>Gross floor area</b>	5,537.46m <sup>2</sup>	<b>Appraisal NOI</b> <sup>(Note2)</sup>	JPY 162 mm	<b>Main tenant</b>	OK Corporation

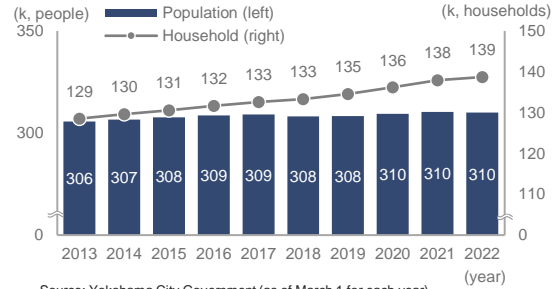
Note 1: The conversion cost will be added to the acquisition price after the completion of the conversion. Assumed cost of the conversion is JPY 880mm, which may increase or decrease.

Note 2: The appraisal NOI is based on the NOI after the completion of the conversion, which is on the appraisal report as of Mar. 31, 2022. The appraisal NOI yield is calculated by dividing the appraisal NOI by the sum of the acquisition price and the assumed costs of the conversion. The same shall apply to the calculation of the average appraisal NOI yield of the portfolio.

## Location Quiet and leafy environment and high transportation convenience with 30-minute direct access to Shibuya

**Trade area** Highly convenient location with 30-minute direct access from Aobadai Station to Shibuya Station  
Leafy area comfortable to live with many university campuses and parks around

### Population and number of households in Aoba-ku



Source: Yokohama City Government (as of March 1 for each year)



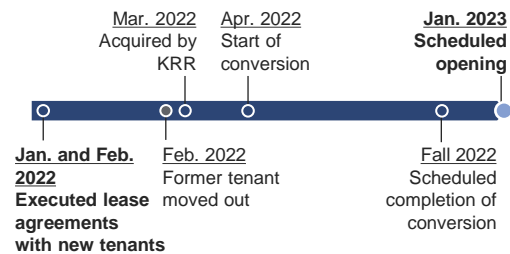
## Tenants Lease to a highly competitive discount supermarket

**Tenants** After the large-scale conversion, lease to OK Corporation, which operates grocery stores mainly in the Kanto region under the management policy of "High Quality / Everyday Low Price"

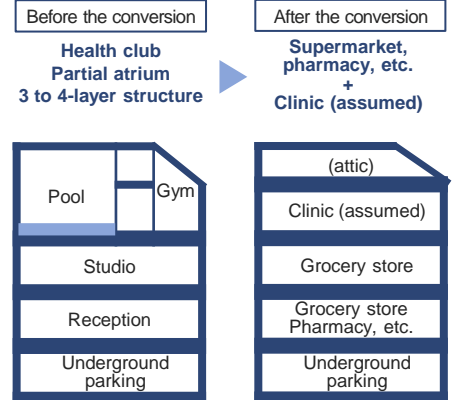
## Conversion Conversion project to reinforce the COVID-19 resilience

**Key point of the project** ✓ Convert into a shopping center for daily needs, which is resilient to COVID-19 and e-commerce

### Schedule for the project



<b>Assumed occupancy rate</b>	Mar. 2023	Sep. 2023	Nov. 2023
	71.2%	94.6%	100.0%



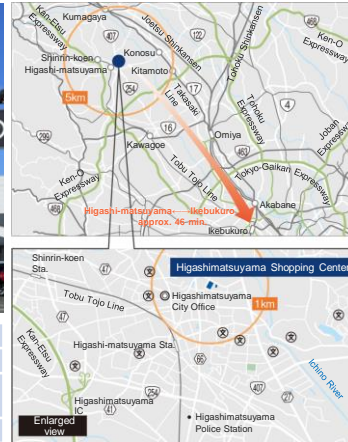


# New acquisition (2)

## NSC Neighborhood Shopping Center

### Higashimatsuyama Shopping Center

An NSC housing a grocery store as the core tenant and specialty stores providing daily necessities with easy access to wide areas including the city center



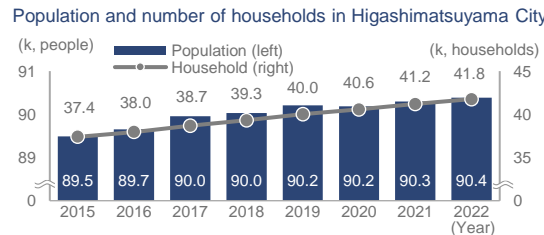
Acquisition price	JPY 4,080 mm	Appraisal value	JPY 4,650 mm
Location	Higashimatsuyama, Saitama	Appraisal NOI	JPY 260 mm
Land area	33,860.98m <sup>2</sup>	Appraisal NOI yield	6.4%
Gross floor area	24,894.94m <sup>2</sup>	Main tenant	Seiyu Co., Ltd.

#### Highlights

Seiyu operates one of the largest grocery supermarkets in the area on the first floor of Seiyu building. The building also features specialty stores including a dollar shop, fast food shops and service-oriented tenants on the first floor and a large apparel store, health clubs, etc. on the second floor, providing convenience to the community

#### Location Located in the residential area in Higashimatsuyama City with steadily increasing population with excellent transportation access

- The property is located in the highly-populated residential area near Higashi-matsuyama Station. There are schools and factories surrounding the area, and the population and the number of households are increasing, mainly among families with young children and working generation
- It has easy access to Route 407, the main road connecting Saitama and Tochigi prefectures, and has the parking spaces for 998 vehicles



Source: Higashimatsuyama City Government (as of Apr. 1 for each year)

#### Tenants Housing a leading grocery supermarket Seiyu and also featuring a drug store as well as specialty stores

- Seiyu building houses Seiyu as the core tenant, which operates more than 300 stores nationwide and has been focusing on online supermarket by Rakuten Seiyu Netsuper, Inc., a group company.
- Sundrug building houses Sundrug, a major drugstore listed on the TSE Prime Market. The property's tenant mix provides high convenience to the community, and is resilient to the COVID-19 as well

## L Logistics Facility Tenri Distribution Center

A distribution center expecting an increase in demand due to expansion of logistics locations in the Greater Osaka area



Acquisition price	JPY 1,070 mm
Location	Tenri, Nara
Land area	3,808.32m <sup>2</sup>
Gross floor area	7,011.86m <sup>2</sup>
Appraisal value	JPY 1,090 mm
Appraisal NOI	JPY 59 mm
Appraisal NOI yield	5.5%
Main tenant	Nippon Express Co., Ltd.



#### Highlights

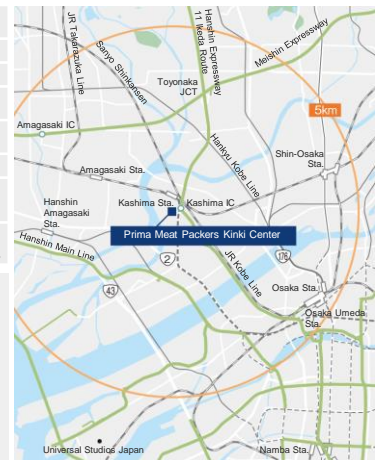
- The area is adjacent to Koriyama Interchange on Nishi-Meihan Expressway and provides easy access to National Route 24 and Prefectural Route 193. The area is expected to become more convenient also for regional distribution and wide area distribution
- Install solar panel on the roof to reduce environmental footprint

## L Logistics Facility Prima Meat Packers Kinki Center

A distribution center with advantages in easy access to CBD in the Greater Osaka area and securing labor force



Acquisition price	JPY 1,047 mm
Location	Osaka, Osaka
Land area	3,201.33m <sup>2</sup>
Gross floor area	6,971.47m <sup>2</sup>
Appraisal value	JPY 1,080 mm
Appraisal NOI	JPY 60 mm
Appraisal NOI yield	5.2%
Main tenant	Fukuda and Partners Co., Ltd.



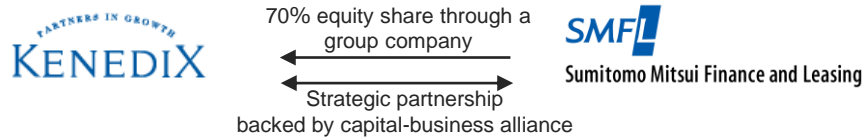
#### Highlights

- The property is located in Nishiyodogawa-ku, where logistics facilities concentrate along Osaka Bay, and approximately 250m from Kashima Interchange of Hanshin Expressway 11 Ikeda Route
- The area is one of the highly valued distribution since it has potential as a delivery base for the two major consumption areas in the Kansai region and the property is in proximity to JR Tozai Line Kashima Station
- Prima Meat Packers, Ltd., a major food company, is the end tenant

# Leveraging strong support from the Sponsor and Alliance Companies

- KRR achieves sustainable growth acquiring properties by utilizing the pipelines of its Sponsor and Alliance Companies
- KRR aims to further expand AUM by leveraging strong support from the Kenedix Group and Alliance Companies

## Sponsor's enhancement of support capability

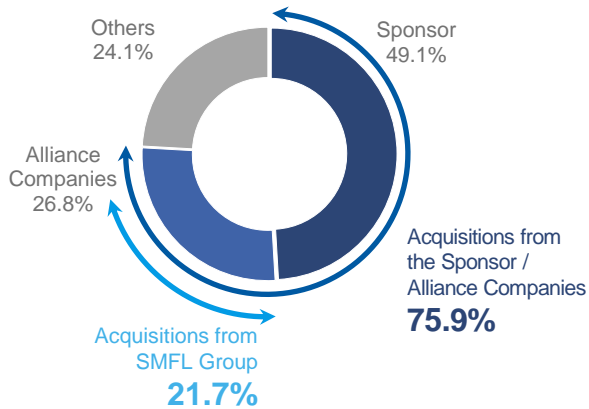


## Synergy effects assumed by Kenedix

- 1 Support for growth toward AUM of 4 trillion yen (in 2025) as set forth in long-term vision "Kenedix Vision 2025"
- 2 Improvement of creditworthiness and fund-raising ability
- 3 Support for implementation of new business
- 4 Acceleration of overseas business development and expansion of overseas client investors
- 5 Strengthening of SDGs management

## External growth by utilizing Sponsor and Alliance Companies pipelines

### Breakdown of acquisitions (Based on acquisition price)



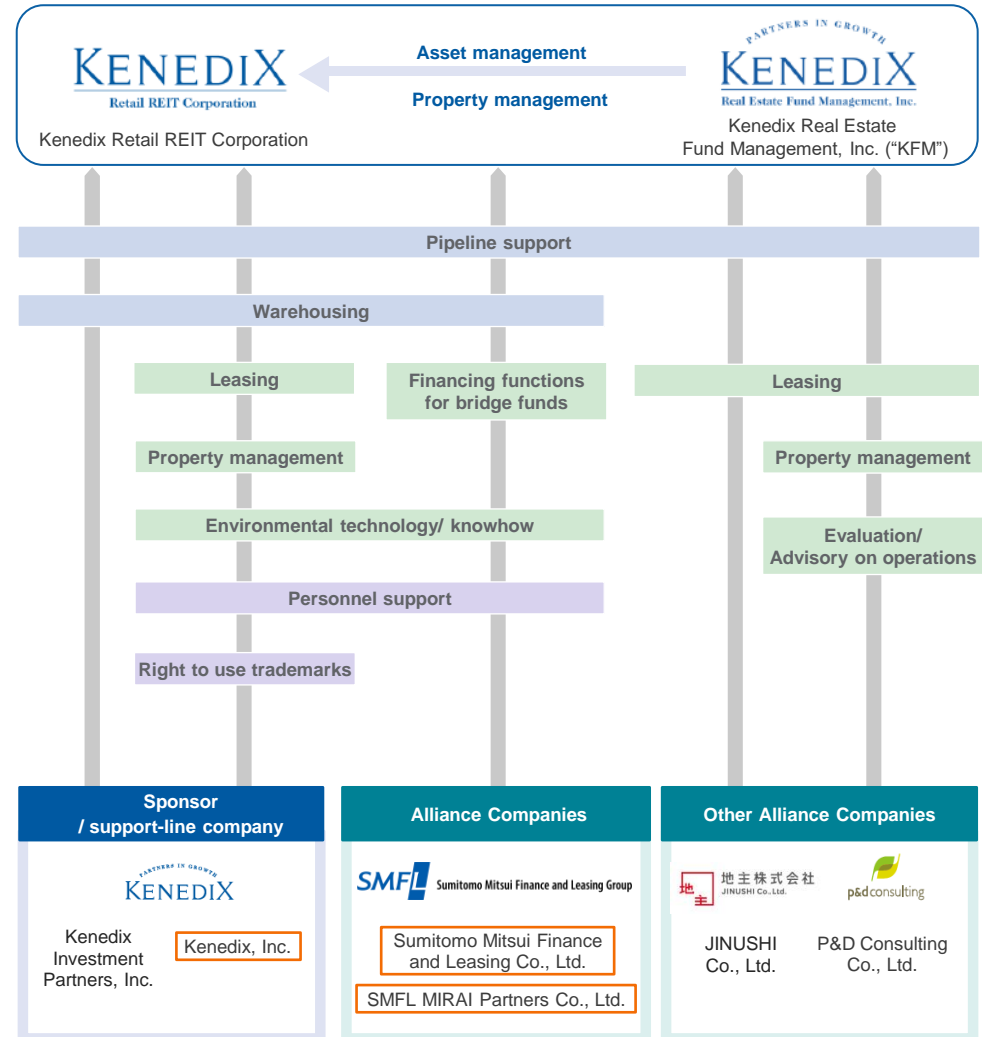
### Sample pipelines<sup>(Note)</sup>



YorkMart Higashimichinobe



## Strong support from the Kenedix Group and Alliance Companies












 : KFM's parent companies

Note: These are the properties which are owned by Alliance Companies and confirmed by both our Alliance Companies and KRR as the properties that meet KRR's investment criteria. As of the date of this material, KRR has not decided to acquire these properties and there is no guarantee that it can acquire these properties in the future.

# Promoting ESG initiative

KRR promotes ESG initiative for the purpose of enhancing unitholder value in medium- to long-term

Key ESG initiatives			
<p><b>E</b> Environment</p>	<p><b>Earned GRESB Rating in the 2021 GRESB Real Estate</b></p>  <p>Earned third consecutive GRESB 4 Star Rating</p>	<p><b>Set GHG emission reduction targets</b> <b>Disclosed analysis on climate change in line with TCFD recommendation</b></p> 	<p><b>Green finance</b></p> <div style="border: 1px solid #43a047; border-radius: 15px; padding: 10px; display: inline-block;"> <p><b>Green bonds</b> (outstanding JPY 2bn) <b>Green loans</b> (outstanding JPY 7bn)</p>  </div>
<p><b>S</b> Social</p>	<div style="border: 1px solid #ff9800; border-radius: 15px; padding: 10px; display: inline-block;"> <p><b>Collaboration with local communities</b></p>  </div>	<div style="border: 1px solid #ff9800; border-radius: 15px; padding: 10px; display: inline-block;"> <p><b>Hosting used clothing collecting event</b></p>  </div>	<div style="border: 1px solid #ff9800; border-radius: 15px; padding: 10px; display: inline-block;"> <p><b>Hosting SDGs enlightening event for children</b></p>  </div>
<p><b>G</b> Governance</p>	<div style="border: 1px solid #3f51b5; border-radius: 15px; padding: 10px; display: inline-block;"> <p><b>Unitholder value-linked management fee structure</b></p>  </div>	<div style="border: 1px solid #3f51b5; border-radius: 15px; padding: 10px; display: inline-block;"> <p><b>Same boat investment by Kenedix, Inc.</b></p>  </div>	<div style="border: 1px solid #3f51b5; border-radius: 15px; padding: 10px; display: inline-block;"> <p><b>Kenedix Group's strong commitment</b></p>  </div>
<p><b>Establishment of Sustainability Office and Sustainability Committee covering REITs managed by KFM</b></p>		<p><b>Sustainability Office</b></p> <ul style="list-style-type: none"> <li>✓ Dealing matters relating to sustainability and ESG in KFM</li> <li>✓ Published the first Sustainability Report of KFM, introducing ESG initiatives of its managing REITs</li> </ul>	<p><b>Sustainability Committee</b></p> <ul style="list-style-type: none"> <li>✓ Chaired by the President of KFM, for the purpose of enhancing approaches to sustainability and ESG</li> </ul>



## Environment initiatives

The number of certified properties and certified floor area (as of Apr. 30, 2022)

The number of properties	Certified floor area	Ratio
<b>20</b>	<b>538,870.72m<sup>2</sup></b>	<b>63.3%</b> (New target: 70%)
<b>DBJ Green Building Certification</b>	<b>Certification for CASBEE for Real Estate</b>	<b>Certification for Building-Housing Energy-efficiency Labeling System (BELS)</b>
 DBJ Green Building 2021 10 certified properties ★★★ MONA Shin-Urayasu Passaggio Nishiarai Unicus Ina Blumer HAT Kobe Kawamachi Yahagi Mall Carino Esaka Roseo Mito Ashico Town Ashikaga Sun Street Hamakita ★★ Yumemachi Narashinodai Mall	 10 certified properties S rank ★★★★★ Apita Terrace Yokohama Tsunashima Homecenter Kohnan Sunadabashi Resora Obu Shopping Terrace Kitera Town Chofu Unicus Yoshikawa Kalsa Hiratsuka Blumer Maitamon COMBOX Komyoike A rank ★★★ Musashi Ranzan Distribution Center Costco Wholesale Sapporo Warehouse	 1 certified property ★★★★★ Apita Terrace Yokohama Tsunashima

## Solar panel installation

Ina  
Yahagi  
Tsunashima  
Monenosato (Newly installed)  
Narashinodai (Newly installed)  
Tenri (Newly acquired)



Monenosato Mall

## LED lights installation

54 of our 56 properties excl. land-only properties installed LED entirely or partially



MONA Shin-Urayasu

## Mid- to long-term GHG emission reduction targets

(compared to fiscal year 2015 (per unit))

In fiscal year 2030	By 2050
<b>40% reduction</b>	<b>Carbon neutrality</b>

## Social initiatives

### Contribution to local communities

Collaboration with local communities  
 ✓ Entering into agreements, allowing the property to be used as a temporary shelter at emergency



Ashico Town Ashikaga

Hosting used clothing collecting event

✓ Hosting an event organized by BRING, a project aimed at recycling used clothing



Blumer Maitamon

SDGs enlightening event for children

✓ Holding an event featuring essence of SDGs



Sun Street Hamakita

### Bicycle sharing

✓ Providing a portion of the properties in order to provide services to users of facilities and residents in the vicinity, and to reduce environmental impact



MONA Shin-Urayasu

### Supporting Japan for UNHCR

✓ Providing common areas of our properties for their fund-raising campaign  
 ✓ In 2021, the campaign locations were provided at the following properties

Property name
Passaggio Nishiarai
Blumer Maitamon
Blumer HAT Kobe
Carino Esaka
COMBOX Komyoike
Resora Obu Shopping Terrace



Passaggio Nishiarai

## Improving tenant satisfaction

Renovation work according to tenant satisfaction survey

✓ Based on the outcome of the annual survey, appropriate replacement of equipment or renewal of facilities being undertaken, securing continuance of current tenancy in a number of leases



MONA Shin-Urayasu



Blumer Maitamon



# ESG initiatives (Governance)

## The Kenedix Group's strong commitment to J-REITs

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

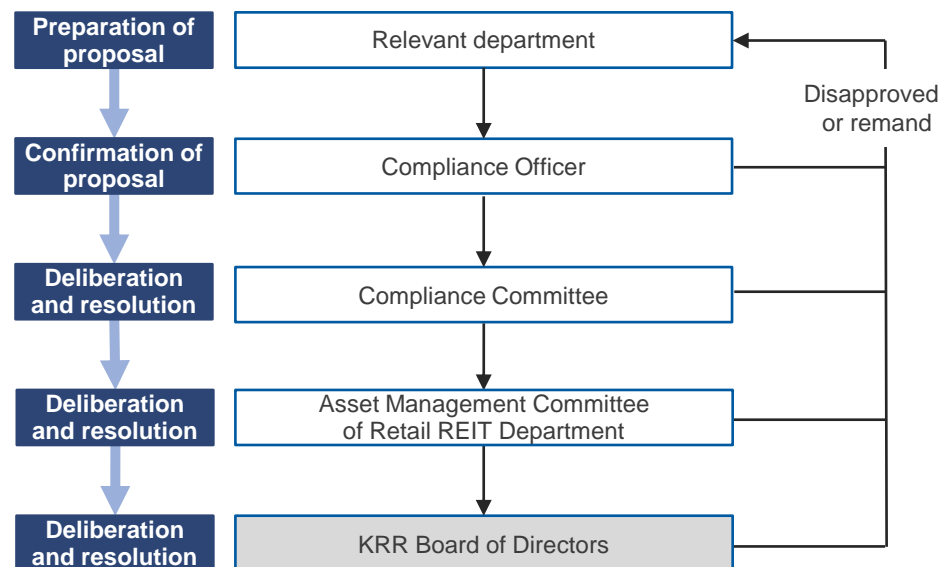


## Investment in KRR by Kenedix, Inc.

(as of Mar. 31, 2022)



## Decision-making process for related-party transactions (Note 1)



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

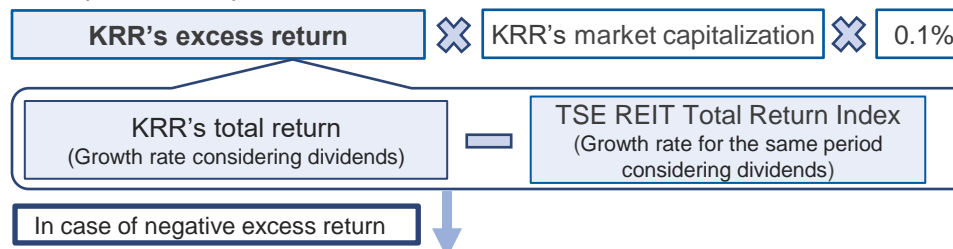
## Unitholder value-linked management fee structure

Introduction of fee structure to provide incentives to enhance unitholder value

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

## Revision to the investment unit performance fee structure

- The purpose of the revision determined in Dec. 2021 is to increase the linkage between unitholder returns and the asset management fee
- Revised the method of calculation to factor in a case where KRR's investment unit prices underperform the TSE REIT Index



- Revised point**
- No investment unit performance fee
  - Negative performance figures are carried over to the next period (only for one FP)  
 If the next period's excess return is positive, the excess return is offset by the previous period's negative performance figure



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3453

05 Key characteristics of KRR





# Investments focusing on shopping centers for daily needs

## “Daily / Neighborhood” type

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

## “Weekend / Destination” type

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

Small

Trade area

Large

High

Frequency of customer visits

Low

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

### Large-scale suburban retail properties

**RSC** (Regional shopping centers)

**GMS** (General merchandise stores)

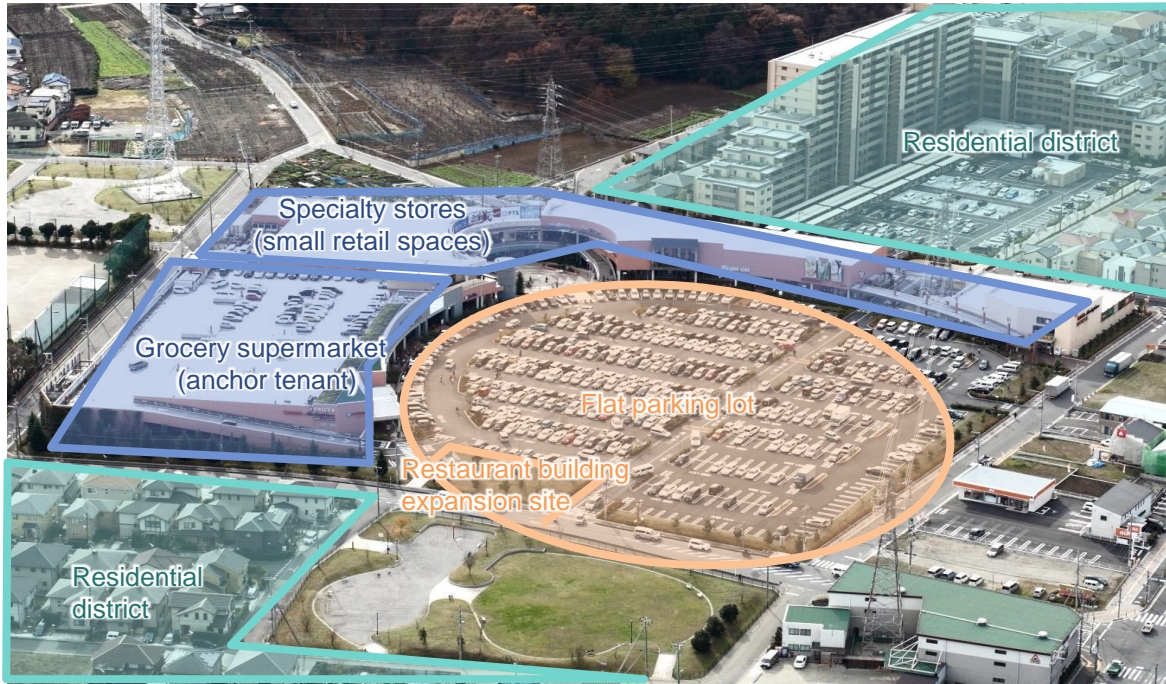
Stand-alone GMS is excluded from our investment criteria

**Outlet malls**

### Urban retail properties featuring

**High-end brand shops**

# Primary characteristics of shopping centers for daily needs



**Location** Located within residential areas of a metropolitan commuter district

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

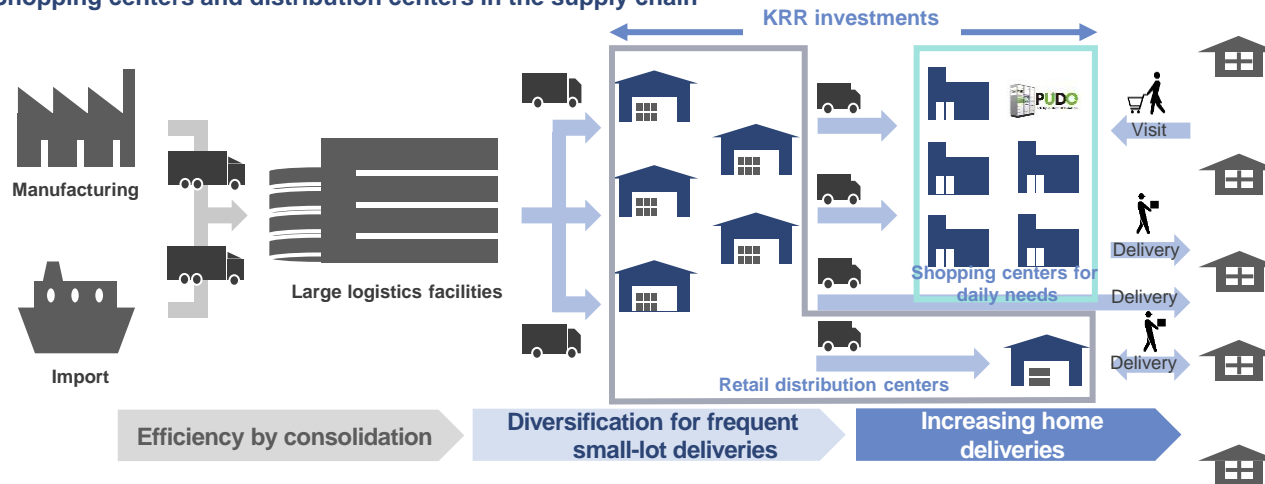
**Tenants** Providing primarily daily necessities

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

**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

## Shopping centers and distribution centers in the supply chain



## Target portfolio distribution



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

## Retail market trends: GMS vs. Specialty stores

## Buying goods at GMS

2007

(JPY bn)

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

## Buying goods at specialty stores

2021

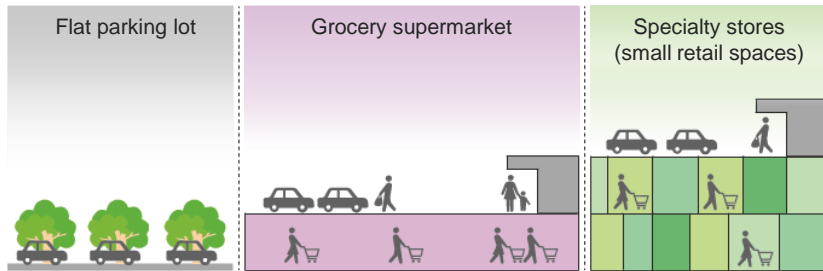
(JPY bn)

	Type of store	Sales	Change
1	Supermarket	17,418.6	+34.4%
2	Convenience store	10,791.2	+45.6%
3	Drug store	9,481.9	+156.8%
4	GMS	7,110.8	-17.3%
5	Other retailers	6,984.0	+21.6%
6	Consumer electronics	6,091.3	+6.5%
7	Apparel	5,148.2	+62.0%
8	Department store	4,138.7	-50.0%
9	Home and garden	3,726.7	+31.4%
10	Consumers' co-operative	2,720.9	+9.4%

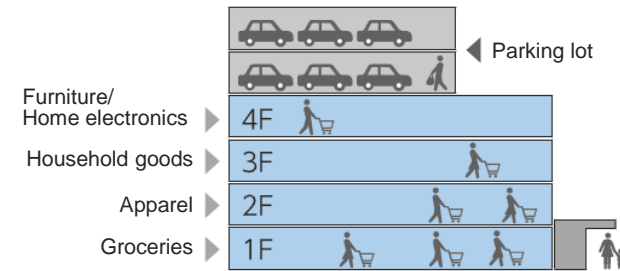


# Advantages of shopping centers for daily needs over GMS

## Typical shopping center for daily needs



## Typical stand-alone GMS



### Facilities of shopping center for daily needs

VS

### Facilities of stand-alone GMS

Small to medium

Retail trade area

Medium to large

High (low-rise building)

Ease of getting around

Low (high-rise building)

Large flat parking lot

Parking lot

Multilevel parking lot

Grocery supermarket + Specialty stores

Tenants

GMS stand-alone

### Real estate value of shopping center for daily needs

VS

### Real estate value of stand-alone GMS

Potential rental upside upon tenant replacement or contract renewal

Upside potential

Limited frequency of upward rent revisions

Property expansion leveraging underutilized space

Relatively easy

Tenant replacement

Relatively difficult

Expanding market share

Potential for investment

A number of stand-alone GMSs owned by real-estate funds exited the market

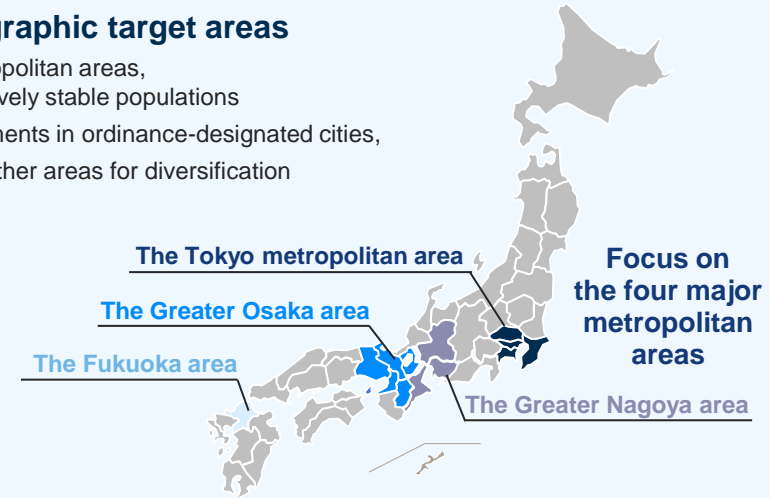
### Investment criteria

Focus on the following four elements in making investment decisions:

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

### Primary geographic target areas

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



### Target portfolio distribution (based on acquisition price)

Distribution centers  
Other retail facilities  
**20% or less**



### Investment in land - Seeking additional growth opportunities

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

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

#### Beneficial relationship for both Asset Manager and tenants

##### Advantages to Asset Manager

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

##### Advantages to tenants

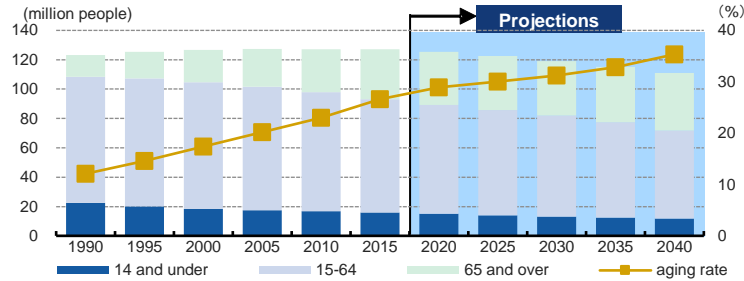
- Tenants that are both the lessee and property owner bear a smaller financial burden when opening a store
- Increased capital efficiency through treatment of land as off-balance sheet
- Simplified procedures for interior renovation of buildings

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

# Retail property trends and macroeconomic conditions

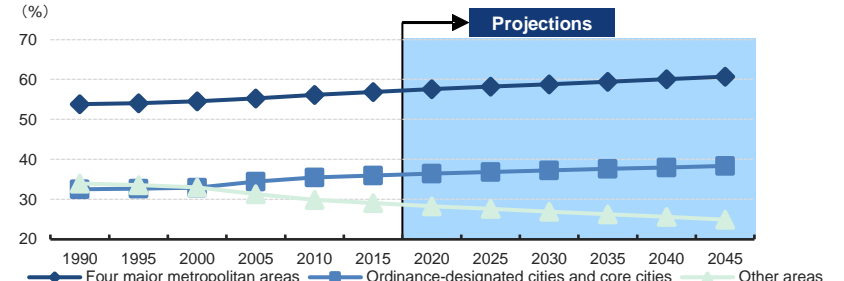
Shrinking retail trade area due to aging and concentrating population in Japan

Demographic shift in Japan



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

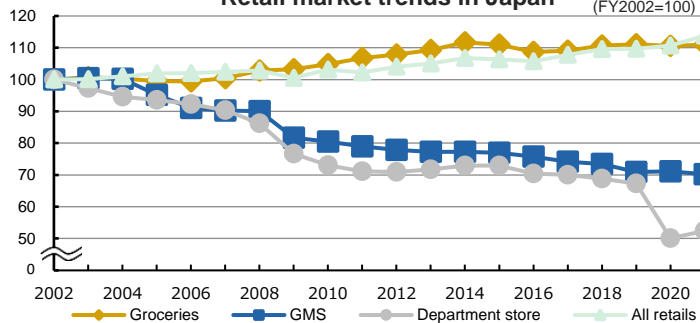
Population share in Japan by area



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

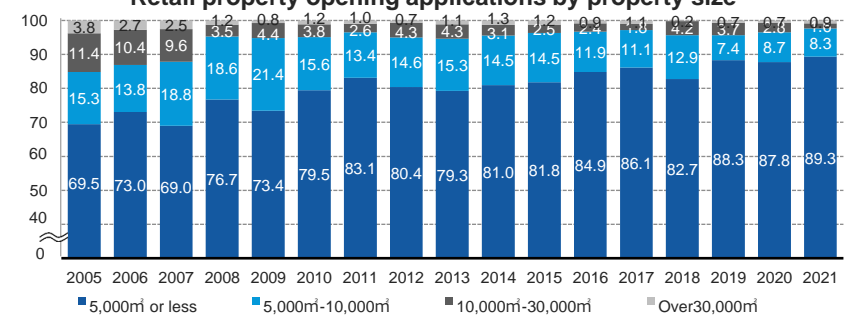
Changing retail facilities

Retail market trends in Japan (FY2002=100)



Source: Ministry of Economy, Trade and Industry

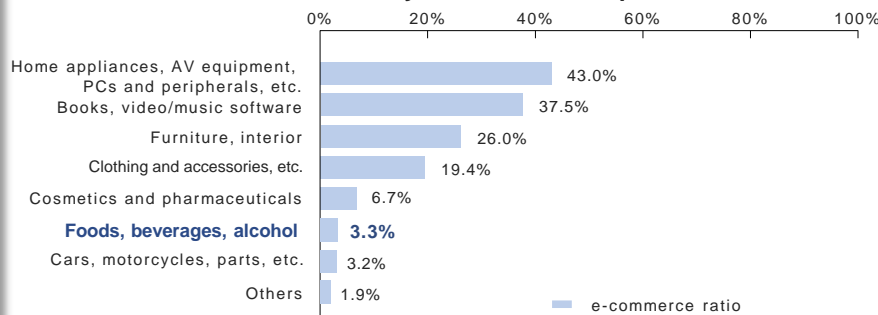
Retail property opening applications by property size



Source: Ministry of Economy, Trade and Industry

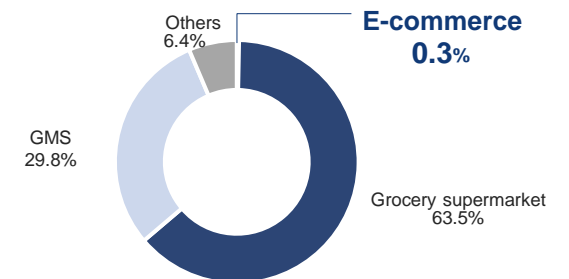
Shopping centers for daily needs are highly resistant to e-commerce

Foods, etc. with relatively low e-commerce penetration



Source: FY2020 E-Commerce Market Survey by the Ministry of Economy, Trade and Industry

Low e-commerce penetration in the purchase of fresh foods



Source: 2021 Supermarket White Paper by the National Supermarket Association of Japan



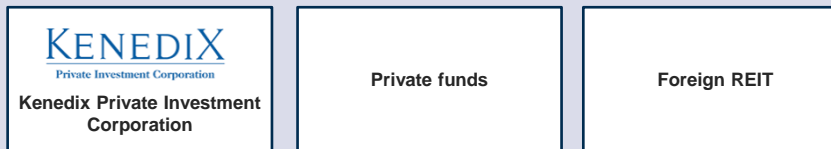
## The Kenedix Group's strong commitment to J-REITs

Total AUM: JPY 2,689.7 bn (as of Mar. 31, 2022) (Note)

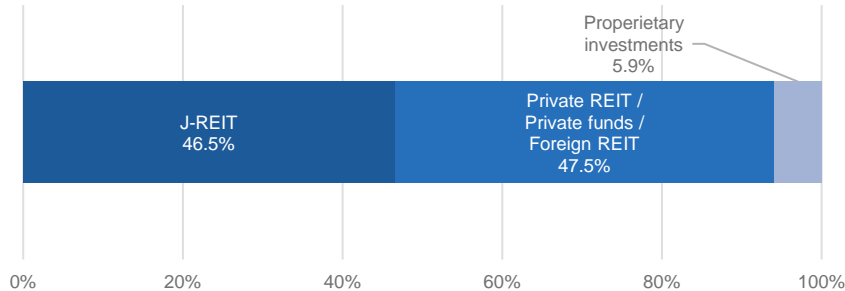
J-REIT: JPY 1,252.0 bn



Private REIT / Private funds / Foreign REIT : JPY 1,278.2 bn



Breakdown of AUM as of Mar. 31, 2022

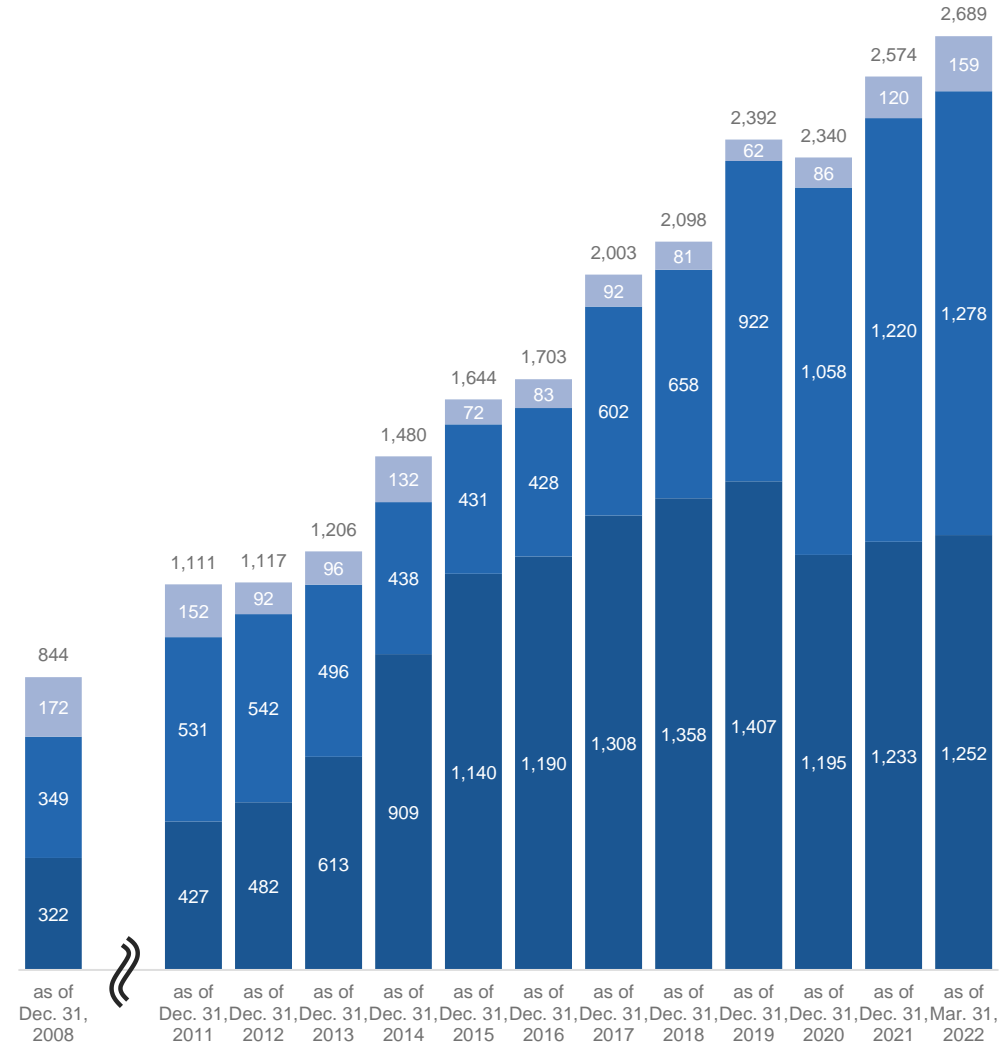


Note: The Kenedix Group's total AUM includes proprietary investments of JPY 159.4 bn.

## The Kenedix Group's total AUM

(JPY bn)

■ J-REIT ■ Private funds / Private REIT / Foreign REIT ■ Proprietary investments





Security Code

3453

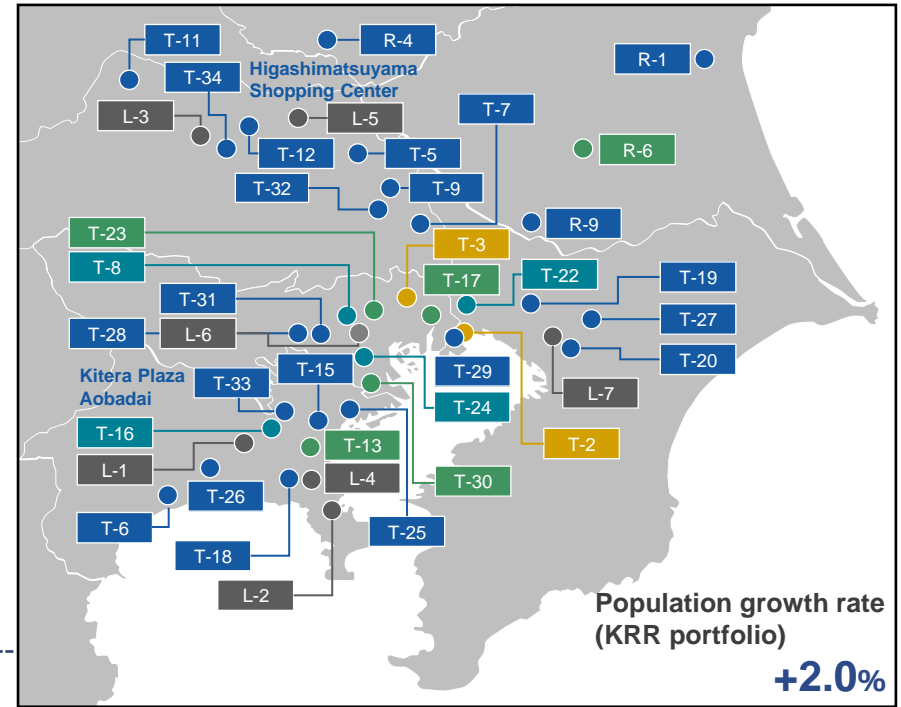
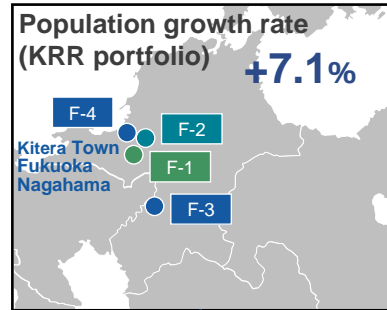
06 Portfolio and unitholder information





# Portfolio map (as of Apr. 30, 2022)

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

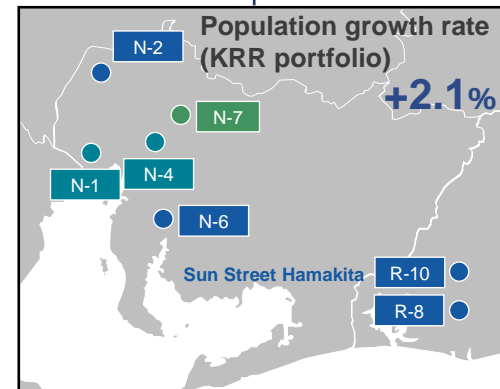
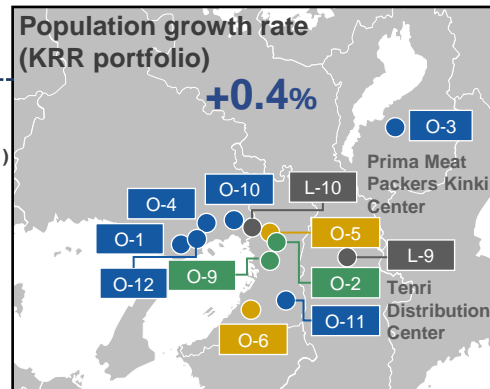


**Population growth rate (Trade area of KRR portfolio) (Note 1)**

**+1.9%**

**Population growth rate of Japan (Note 1)**

**-0.8%**



**Average property age (Note 2)**

**15.3 years**

**Portfolio PML value (Note 3)**

**2.9%**

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

Note 2: "Average property age" is calculated based on the date recorded in the property registry up to Apr. 30, 2022. The figure is rounded to the first decimal place.

Note 3: "Portfolio PML value" is the portfolio PML value of 56 properties that KRR owns as of Apr. 30, 2022, excluding land with leasehold interest, based on the "Portfolio Earthquake PML Evaluation Report" dated Mar. 2022, created by Sompo Risk Management Inc.



## Portfolio overview (as of Apr. 30, 2022) (1)

No.	Property name	Location (city/ward, prefecture)	Acquisition price (JPY mm)	Appraisal value (JPY mm)	Appraisal yield NOI (%)	Occupancy rate (%)	Number of tenants
T-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	9,760	6.5	96.9	1(55)
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	6,570	5.0	98.0	1(41)
T-5	Unicus Ina (80% quasi-co-ownership)	Kitaadachi-gun, Saitama	3,576	4,216	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	3,870	5.2	100.0	1(10)
T-8	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	2,770	5.0	100.0	1
T-9	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	4,815	5,600	4.1	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	1,790	4.6	100.0	1
T-13	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	1,442	1,380	4.5	100.0	1
T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,740	5.4	100.0	1
T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,780	5.3	100.0	2
T-17	Life Kameido	Koto ward, Tokyo	1,450	1,480	4.4	100.0	1
T-18	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	4,170	4,340	4.6	100.0	2
T-19	Yumemachi Narashinodai Mall	Funabashi, Chiba	3,416	3,580	5.2	100.0	1(14)
T-20	Kawamachi Yahagi Mall	Chiba, Chiba	3,097	3,250	5.2	100.0	1(12)
T-22	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	1,880	1,950	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	3,370	4.0	100.0	1
T-25	Apita Terrace Yokohama Tsunashima	Yokohama, Kanagawa	11,567	12,100	4.7	100.0	1
T-26	Kalsa Hiratsuka	Hiratsuka, Kanagawa	5,980	6,050	4.7	100.0	3
T-27	Monenosato Mall	Yotsukaido, Chiba	2,753	2,990	5.4	100.0	1(11)
T-28	KDX Chofu Building (Retail wing)	Chofu, Tokyo	2,300	2,410	5.4	100.0	3
T-29	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	2,248	2,310	4.0	100.0	1
T-30	Comfort Market Nishi-Magome	Ota ward, Tokyo	1,920	2,040	4.4	100.0	1
T-31	Kitera Town Chofu	Chofu, Tokyo	10,500	11,400	5.2	91.4	1(25)
T-32	Unicus Urawamisono (Land)	Saitama, Saitama	732	817	4.6	100.0	1
T-33	Kitera Plaza Aobadai	Yokohama, Kanagawa	2,553	3,610	4.7	0.0	1(0)
T-34	Higashimatsuyama Shopping Center	Higashimatsuyama, Saitama	4,080	4,650	6.4	100.0	2
O-1	Blumer Maitamon	Kobe, Hyogo	8,389	9,600	6.1	98.3	49
O-2	Life Takadono (Land)	Osaka, Osaka	2,685	3,200	4.8	100.0	1
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	2,140	2,590	7.1	100.0	2
O-4	Blumer HAT Kobe	Kobe, Hyogo	11,000	11,100	5.1	99.1	1(41)
O-5	Carino Esaka	Suita, Osaka	6,555	7,330	5.2	98.6	1(29)
O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,430	6.0	100.0	1

Note 1: The figures are as of Mar. 31, 2022 for the properties held as of Apr. 30, 2022. "Appraisal value" and "Appraisal NOI yield" are as of Mar. 1, 2022 for Higashimatsuyama Shopping Center and Prima Meat Packers Kinki Center. Furthermore, for Sun Street Hamakita, the values of 90% and 10% quasi-co-ownership interests are as of Mar. 31, 2022 and Mar. 1, 2022, respectively.

Note 2: As Kitera Plaza Aobadai is under conversion, its occupancy rate is 0% as of Mar. 31, 2022. However, if we exclude this property, the occupancy rate is 99.5%. Please refer to page 28 for details of Kitera Plaza Aobadai.

Note 3: In case of a master lessee with pass-through type master lease agreements, the number of end tenants is in parentheses after the number of master lessee. In the case of a master lessee with a sub-lease type master lease agreement, the number of the master lessee is shown.

## Portfolio overview (as of Apr. 30, 2022) (2)

No.	Property name	Location (city/ward, prefecture)	Acquisition price (JPY mm)	Appraisal value (JPY mm)	Appraisal yield NOI (%)	Occupancy rate (%)	Number of tenants
O-9	Life Nishi-Tengachaya	Osaka, Osaka	1,505	1,710	5.2	100.0	1
O-10	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	3,723	4,080	4.2	100.0	1
O-11	Habikigaoka Shopping Center	Habikino, Osaka	2,000	2,020	5.3	100.0	2
O-12	Merado Daikai	Kobe, Hyogo	5,440	5,780	5.3	100.0	7
N-1	DCM Kahma Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	2,680	5.0	100.0	1
N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	2,174	2,360	6.0	100.0	1
N-4	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	7,140	7,500	5.4	100.0	1
N-6	Resora Obu Shopping Terrace	Obu, Aichi	7,911	6,950	4.5	98.5	1(41)
N-7	Valor Nakashidami (Land)	Nagoya, Aichi	2,551	2,550	4.7	100.0	1
F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,650	5.3	100.0	1
F-2	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	5,020	5,760	5.7	100.0	1
F-3	Kurume-Nishi Shopping Center	Kurume, Fukuoka	1,515	1,830	6.1	100.0	4
F-4	Kitera Town Fukuoka Nagahama	Fukuoka, Fukuoka	6,000	6,140	4.7	84.2	14
R-1	Roseo Mito	Mito, Ibaraki	10,046	12,100	6.0	100.0	1(23)
R-2	K's Denki Aomori Honten	Aomori, Aomori	1,469	1,520	6.2	100.0	1
R-3	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	898	911	6.3	100.0	1
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	4,180	4,930	6.2	99.2	1(29)
R-5	Yorktown Shinden-Higashi	Sendai, Miyagi	3,252	2,580	4.7	100.0	2
R-6	Kasumi Technopark Sakura	Tsukuba, Ibaraki	830	981	6.2	100.0	1
R-8	P-1 Plaza Tenno	Hamamatsu, Shizuoka	4,010	4,050	5.2	100.0	1(7)
R-9	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	4,111	4,300	4.1	100.0	1
R-10	Sun Street Hamakita ①(90% quasi-co-ownership) ②(10% quasi-co-ownership)	Hamamatsu, Shizuoka	①10,746 ②1,200	①10,890 ②1,210	5.7	98.6	1(50)
R-11	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	4,210	4,430	4.8	100.0	1
L-1	Zama Distribution Center	Zama, Kanagawa	1,400	1,790	6.0	100.0	1
L-2	Oppama Distribution Center	Yokosuka, Kanagawa	1,300	1,680	6.6	100.0	1
L-3	Musashi Ranzan Distribution Center (90% quasi-co-ownership)	Hiki-gun, Saitama	3,879	4,330	5.7	100.0	1
L-4	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	918	1,040	5.0	100.0	2
L-5	Gyoda Distribution Center	Gyoda, Saitama	3,160	3,660	5.7	100.0	1
L-6	Shinjuku Nishiochiai Distribution Center	Shinjuku ward, Tokyo	810	842	4.4	100.0	1
L-7	Chiba-Kita Distribution Center	Chiba, Chiba	1,250	1,510	5.0	100.0	1
L-8	Sapporo Shiroishi Distribution Center	Sapporo, Hokkaido	800	1,040	7.3	100.0	1
L-9	Tenri Distribution Center	Tenri, Nara	1,070	1,090	5.5	100.0	1
L-10	Prima Meat Packers Kinki Center (90% quasi-co-ownership)	Osaka, Osaka	1,047	1,080	5.2	100.0	1
<b>Total / Average</b>			<b>253,619</b>	<b>273,777</b>	<b>5.3</b>	<b>99.2</b>	<b>522</b>

Note 1: The figures are as of Mar. 31, 2022 for the properties held as of Apr. 30, 2022. "Appraisal value" and "Appraisal NOI yield" are as of Mar. 1, 2022 for Higashimatsuyama Shopping Center and Prima Meat Packers Kinki Center. Furthermore, for Sun Street Hamakita, the values of 90% and 10% quasi-co-ownership interests are as of Mar. 31, 2022 and Mar. 1, 2022, respectively.

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Note 3: In case of a master lessee with pass-through type master lease agreements, the number of end tenants is in parentheses after the number of master lessee. In the case of a master lessee with a sub-lease type master lease agreement, the number of the master lessee is shown.

## Appraisal value (properties as of Mar. 31, 2022) (1)

No.	Property name	Appraisal value (JPY mm)			Income capitalization approach value								
					Direct capitalization method			DCF method					
		Direct cap rate (%)			Discount rate (%)			Terminal cap rate (%)					
		Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes
T-2	MONA Shin-Urayasu	9,700	9,760	60	4.6	4.6	0.0	4.3	4.3	0.0	4.8	4.8	0.0
T-3	Passaggio Nishiarai	6,570	6,570	0	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0
T-5	Unicus Ina (80%)	4,216	4,216	0	4.5	4.5	0.0	4.2	4.2	0.0	4.7	4.7	0.0
T-6	Yorktown Kita-Kaname	4,350	4,340	-10	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-7	Unicus Yoshikawa	3,870	3,870	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	2,770	2,770	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)	5,560	5,600	40	-	-	-	4.6	4.6	0.0	-	-	-
T-11	Unicus Kamisato (Land)	3,050	3,050	0	-	-	-	4.6	4.6	0.0	-	-	-
T-12	Unicus Konosu (Land)	1,790	1,790	0	-	-	-	4.5	4.5	0.0	-	-	-
T-13	Inageya Yokohama Minamihonjuku (Land)	1,380	1,380	0	-	-	-	4.0	4.0	0.0	-	-	-
T-15	Nakamachidai Tokyu Store	3,740	3,740	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	1,780	1,780	0	5.0	5.0	0.0	4.8	4.8	0.0	5.2	5.2	0.0
T-17	Life Kameido	1,480	1,480	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)	4,340	4,340	0	4.7	4.7	0.0	4.6	4.6	0.0	-	-	-
T-19	Yumemachi Narashinodai Mall	3,480	3,580	100	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-20	Kawamachi Yahagi Mall	3,250	3,250	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-22	Round1 Ichikawa-Onitaka	1,950	1,950	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-23	Ozeki Tokiwadai	1,340	1,340	0	4.2	4.2	0.0	4.0	4.0	0.0	4.4	4.4	0.0
T-24	Konami Sports Club Shibuya	3,380	3,370	-10	3.8	3.8	0.0	3.8	3.8	0.0	4.0	4.0	0.0
T-25	Apita Terrace Yokohama Tsunashima	12,100	12,100	0	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0
T-26	Kalsa Hiratsuka	6,050	6,050	0	4.4	4.4	0.0	4.1	4.1	0.0	4.6	4.6	0.0
T-27	Monenosato Mall	2,940	2,990	50	4.9	4.9	0.0	4.7	4.7	0.0	5.2	5.2	0.0
T-28	KDX Chofu Building (Retail wing)	2,410	2,410	0	4.6	4.6	0.0	4.2	4.2	0.0	4.8	4.8	0.0
T-29	Across Plaza Urayasu Higashino (Land)	2,310	2,310	0	4.2	4.2	0.0	4.1	4.1	0.0	-	-	-
T-30	Comfort Market Nishi-Magome	2,040	2,040	0	4.1	4.1	0.0	4.1	4.1	0.0	4.3	4.3	0.0
T-31	Kitera Town Chofu	11,400	11,400	0	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0
T-32	Unicus Urawamisono (Land)	817	817	0	4.1	4.1	0.0	4.0	4.0	0.0	4.1	4.1	0.0
T-33	Kitera Plaza Aobadai	3,610	3,610	0	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0
O-1	Blumer Maitamon	9,600	9,600	0	5.2	5.2	0.0	5.3	5.3	0.0	5.4	5.4	0.0
O-2	Life Takadono (Land)	3,200	3,200	0	-	-	-	3.8	3.8	0.0	-	-	-
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	2,590	2,590	0	5.8	5.8	0.0	5.5	5.5	0.0	6.0	6.0	0.0
O-4	Blumer HAT Kobe	11,100	11,100	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
O-5	Carino Esaka	7,320	7,330	10	4.3	4.3	0.0	4.0	4.0	0.0	4.5	4.5	0.0
O-6	COMBOX Komyoike	6,450	6,430	-20	5.3	5.3	0.0	4.9	4.9	0.0	5.4	5.4	0.0

Note: "Previous" refers to appraisal value as of Sep. 30, 2021 for properties held as of the end of 13th period, Sep. 1, 2021 for Kitera Town Fukuoka Nagahama, Feb. 1, 2022 for Tenri Distribution Center and Feb. 16, 2022 for Kitera Plaza Aobadai. "Latest" refers to appraisal value as of Mar. 31, 2022. Discount rate for DCF method shows the discount rate for the nearest period.



## Appraisal value (properties as of Mar. 31, 2022) (2)

No.	Property name	Appraisal value (JPY mm)			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-9	Life Nishi-Tengachaya	1,720	1,710	-10	4.5	4.5	0.0	4.6	4.6	0.0	4.7	4.7	0.0	
O-10	Million Town Tsukaguchi (Land)	4,070	4,080	10	-	-	-	3.9	3.9	0.0	-	-	-	
O-11	Habikigaoka Shopping Center	2,020	2,020	0	5.1	5.1	0.0	5.1	5.1	0.0	5.3	5.3	0.0	
O-12	Merado Daikai	5,790	5,780	-10	4.9	4.9	0.0	4.6	4.6	0.0	5.1	5.1	0.0	
N-1	DCM Kahma Nakagawa Tomita (Land)	2,690	2,680	-10	-	-	-	4.3	4.3	0.0	-	-	-	
N-2	Valor Ichinomiya-Nishi	2,360	2,360	0	5.1	5.1	0.0	4.8	4.8	0.0	5.3	5.3	0.0	
N-4	Homecenter Kohnan Sunadabashi	7,510	7,500	-10	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0	
N-6	Resora Obu Shopping Terrace	7,050	6,950	-100	4.9	4.9	0.0	5.0	5.0	0.0	5.1	5.1	0.0	
N-7	Valor Nakashidami (Land)	2,560	2,550	-10	-	-	-	4.1	4.1	0.0	-	-	-	
F-1	Sunny Noma	1,650	1,650	0	4.4	4.4	0.0	4.2	4.2	0.0	4.8	4.8	0.0	
F-2	Round1 Stadium Hakata-Hanmichibashi	5,800	5,760	-40	4.9	4.9	0.0	4.6	4.6	0.0	5.1	5.1	0.0	
F-3	Kurume-Nishi Shopping Center	1,840	1,830	-10	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0	
F-4	Kitera Town Fukuoka Nagahama	6,100	6,140	40	4.5	4.5	0.0	4.1	4.1	0.0	4.7	4.7	0.0	
R-1	Roseo Mito	12,000	12,100	100	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0	
R-2	K's Denki Aomori Honten	1,520	1,520	0	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	912	911	-1	5.5	5.5	0.0	5.2	5.2	0.0	5.7	5.7	0.0	
R-4	Ashico Town Ashikaga	4,930	4,930	0	5.3	5.3	0.0	5.1	5.1	0.0	5.5	5.5	0.0	
R-5	Yorktown Shinden-Higashi	2,570	2,580	10	5.55	5.5	-0.05	5.35	5.3	-0.05	5.75	5.7	-0.05	
R-6	Kasumi Technopark Sakura	982	981	-1	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0	
R-8	P-1 Plaza Tenno	4,350	4,050	-300	5.1	4.9	-0.2	4.8	4.6	-0.2	5.3	5.1	-0.2	
R-9	Seiyu Rakuichi Moriya (Land)	4,280	4,300	20	4.3	4.3	0.0	4.2	4.2	0.0	-	-	-	
R-10	Sun Street Hamakita (90%)	10,980	10,890	-90	5.4	5.3	-0.1	5.1	5.0	-0.1	5.7	5.6	-0.1	
R-11	Costco Wholesale Sapporo Warehouse	4,430	4,430	0	4.5	4.5	0.0	4.2	4.2	0.0	4.7	4.7	0.0	
L-1	Zama Distribution Center	1,750	1,790	40	4.5	4.4	-0.1	4.5	4.4	-0.1	4.7	4.6	-0.1	
L-2	Oppama Distribution Center	1,650	1,680	30	4.6	4.5	-0.1	4.7	4.6	-0.1	4.8	4.7	-0.1	
L-3	Musashi Ranzan Distribution Center (90%)	4,250	4,330	80	5.0	4.9	-0.1	5.0	4.9	-0.1	5.2	5.1	-0.1	
L-4	Yokohama Kamigo Distribution Center	1,040	1,040	0	4.3	4.3	0.0	4.4	4.4	0.0	4.5	4.5	0.0	
L-5	Gyoda Distribution Center	3,590	3,660	70	4.8	4.7	-0.1	4.7	4.6	-0.1	5.0	4.9	-0.1	
L-6	Shinjuku Nishiochiai Distribution Center	842	842	0	4.0	4.0	0.0	3.6	3.6	0.0	4.1	4.1	0.0	
L-7	Chiba-Kita Distribution Center	1,340	1,510	170	4.1	4.0	-0.1	3.9	3.8	-0.1	4.3	4.2	-0.1	
L-8	Sapporo Shiroishi Distribution Center	1,030	1,040	10	5.4	5.3	-0.1	5.2	5.1	-0.1	5.6	5.5	-0.1	
L-9	Tenri Distribution Center	1,090	1,090	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0	
	Total	266,629	266,837	208	-	-	-	-	-	-	-	-	-	

Note 1: "Previous" refers to appraisal value as of Sep. 30, 2021 for properties held as of the end of 13th period, Sep. 1, 2021 for Kitera Town Fukuoka Nagahama, Feb. 1, 2022 for Tenri Distribution Center and Feb. 16, 2022 for Kitera Plaza Aobadai. "Latest" refers to appraisal value as of Mar. 31, 2022. Discount rate for DCF method shows the discount rate for the nearest period.

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

## Income and expenses of assets

## Revenues and expenses of nine assets with sales-linked rent

(JPY mm)

	Shin-Urayasu		Nishiarai		Kitera Chofu		Maitamon		HAT Kobe		Esaka		Obu		Ashikaga		Hamakita		
	FP	13th	14th	13th	14th	13th	14th	13th	14th	13th	14th	13th	14th	13th	14th	13th	14th	13th	14th
Rent (fixed)		303	303	215	218	288	320	357	355	356	356	152	152	201	203	196	196	429	423
Rent (sales-linked)		31	34	6	10	5	5	8	10	7	7	34	35	15	16	5	6	6	7
Utility charge reimbursement		37	35	38	34	52	48	94	77	68	63	28	28	47	42	61	60	55	54
Penalty restoring reimbursement		-	-	4	-	-	27	-	2	-	3	-	-	1	4	-	-	8	13
Other revenues		106	100	33	32	18	18	29	29	33	34	77	78	15	15	8	10	24	30
<b>Revenues</b>		<b>478</b>	<b>473</b>	<b>298</b>	<b>296</b>	<b>364</b>	<b>420</b>	<b>490</b>	<b>474</b>	<b>466</b>	<b>465</b>	<b>293</b>	<b>294</b>	<b>282</b>	<b>283</b>	<b>271</b>	<b>274</b>	<b>525</b>	<b>528</b>
PM fees		79	75	50	48	27	31	63	61	68	70	42	41	37	38	37	36	73	71
Utilities		49	49	28	32	43	48	62	62	55	53	29	27	42	43	55	59	40	42
Taxes		22	22	34	34	-	-	41	41	47	47	24	24	26	26	24	24	25	25
Repairs and maintenance		51	13	6	5	2	1	11	3	8	5	25	7	4	4	9	6	11	11
Others		54	53	11	17	13	14	23	22	13	17	2	3	14	12	7	11	69	67
<b>Expenses</b>		<b>257</b>	<b>214</b>	<b>132</b>	<b>138</b>	<b>86</b>	<b>95</b>	<b>203</b>	<b>192</b>	<b>192</b>	<b>193</b>	<b>124</b>	<b>104</b>	<b>125</b>	<b>125</b>	<b>134</b>	<b>138</b>	<b>219</b>	<b>219</b>
<b>NOI</b>		<b>221</b>	<b>258</b>	<b>165</b>	<b>157</b>	<b>278</b>	<b>325</b>	<b>286</b>	<b>282</b>	<b>274</b>	<b>272</b>	<b>169</b>	<b>190</b>	<b>156</b>	<b>157</b>	<b>137</b>	<b>135</b>	<b>305</b>	<b>309</b>

## Revenues and expenses of assets without sales-linked rent

	Existing properties				Properties acquired since 13th FP				Disposed properties				
	Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties		
	FP	13th	14th	13th	14th	13th	14th	13th	14th	13th	14th	13th	14th
Rent (fixed)		1,599	1,613	3,082	3,053	-	130	320	351	64	28	84	40
Rent (sales-linked)		-	-	-	-	-	-	-	-	-	-	-	-
Utility charge reimbursement		119	125	13	13	-	22	-	-	-	-	-	-
Penalty restoring reimbursement		1	-	-	-	-	-	-	-	-	-	-	-
Other revenues		57	46	3	3	-	10	-	-	8	3	-	-
<b>Revenues</b>		<b>1,777</b>	<b>1,785</b>	<b>3,099</b>	<b>3,069</b>	<b>-</b>	<b>162</b>	<b>320</b>	<b>352</b>	<b>72</b>	<b>32</b>	<b>84</b>	<b>40</b>
PM fees		112	112	78	77	-	11	2	3	1	-	1	-
Utilities		112	113	13	13	-	19	-	-	-	-	-	-
Taxes		143	143	298	294	-	-	25	25	6	6	3	3
Repairs and maintenance		47	31	55	43	-	-	-	-	12	9	-	-
Others		31	29	26	27	-	2	1	1	-	-	-	-
<b>Expenses</b>		<b>447</b>	<b>430</b>	<b>473</b>	<b>456</b>	<b>-</b>	<b>33</b>	<b>29</b>	<b>30</b>	<b>21</b>	<b>16</b>	<b>5</b>	<b>4</b>
<b>NOI</b>		<b>1,330</b>	<b>1,354</b>	<b>2,626</b>	<b>2,613</b>	<b>-</b>	<b>129</b>	<b>290</b>	<b>322</b>	<b>51</b>	<b>15</b>	<b>79</b>	<b>35</b>

Note: "Existing properties" refer to properties acquired by the end of 12th FP, excluding disposed properties.

# Portfolio highlights (Tokyo metropolitan area) (1)

Name	T-2 MONA Shin-Urayasu	T-3 Passaggio Nishiarai	T-5 Unicus Ina	T-6 Yorktown Kita-Kaname	T-7 Unicus Yoshikawa
Photo					
Location	Urayasu, Chiba	Adachi ward, Tokyo	Kitaadachi-gun, Saitama	Hiratsuka, Kanagawa	Yoshikawa, Saitama
Acquisition price (JPY)	8,063 mm	5,850 mm	3,576 mm	4,000 mm	3,600 mm
Highlights	<ul style="list-style-type: none"> <li>● Located in front of Shin-Urayasu Sta. (17 min from Tokyo Sta. by train)</li> <li>● Approx. 60 tenants, including supermarkets and apparel stores</li> <li>● Conducted renovations in 2017 and 2018</li> </ul>	<ul style="list-style-type: none"> <li>● The surrounding area has a significant inflow of families due to large developments</li> <li>● Houses an apparel store, restaurants, etc.</li> </ul>	<ul style="list-style-type: none"> <li>● Highly competitive by housing supermarket Yaoko among other tenants</li> <li>● The population in the surrounding area is increasing by continued residential developments</li> <li>● Constructed a restaurant building in 2017</li> </ul>	<ul style="list-style-type: none"> <li>● Population increase with residential developments</li> <li>● Plays an important role in the local community by housing tenants including a supermarket, a drug store and a restaurant</li> </ul>	<ul style="list-style-type: none"> <li>● Conveniently located along a heavily traveled road in a population increasing area</li> <li>● Houses a supermarket, Life, and a home and garden store, Kohnan, as anchor tenants</li> </ul>
Name	T-8 Sports Club Renaissance Fujimidai	T-9 Super Viva Home Iwatsuki (Land)	T-11 Unicus Kamisato (Land)	T-12 Unicus Konosu (Land)	T-13 Inageya Yokohama Minamihonjuku (Land)
Photo					
Location	Nerima ward, Tokyo	Saitama, Saitama	Kodama-gun, Saitama	Konosu, Saitama	Yokohama, Kanagawa
Acquisition price (JPY)	2,586 mm	4,815 mm	3,000 mm	1,700 mm	1,442 mm
Highlights	<ul style="list-style-type: none"> <li>● A well-equipped membership-based health club with a gym, two studios and a swimming pool</li> <li>● Large housing developments surrounding Fujimidai Sta. (15min from Ikebukuro Sta. by train)</li> </ul>	<ul style="list-style-type: none"> <li>● Comprises a large home and garden store, a supermarket and a food court</li> <li>● A number of major routes near the property potentially enlarge trade areas including adjacent cities</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land of the largest NSC in Kamisato developed by P&amp;D</li> <li>● Competitive due to its concentration of highly recognizable tenants including a supermarket and a cinema complex</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land of the largest NSC in Konosu developed by P&amp;D</li> <li>● Easy access and high visibility by car given its location facing the largest trunk road within the relevant trade area</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land of Inageya grocery supermarket opened in Mar. 2015</li> <li>● Comprises a trade area that cater daily needs together with a restaurant and a drug store nearby</li> </ul>



# Portfolio highlights (Tokyo metropolitan area) (2)

Name	T-15 Nakamachidai Tokyo Store	T-16 Central Wellness Club Nagatsuta Minamidai	T-17 Life Kameido	T-18 Totsuka Fukaya Shopping Center (Land)	T-19 Yumemachi Narashinodai Mall
Photo					
Location	Yokohama, Kanagawa	Yokohama, Kanagawa	Koto ward, Tokyo	Yokohama, Kanagawa	Funabashi, Chiba
Acquisition price (JPY)	3,360 mm	1,724 mm	1,450 mm	4,170 mm	3,416 mm
Highlights	<ul style="list-style-type: none"> <li>● A station-front NSC in an area with high population growth and easy access to central Tokyo</li> <li>● Houses a supermarket and other retailers that cater daily needs</li> </ul>	<ul style="list-style-type: none"> <li>● Located in an area with high population growth, housing a health club as its core tenant</li> <li>● Convenient car access due to its roadside location, with good visibility</li> </ul>	<ul style="list-style-type: none"> <li>● A supermarket located in one of the most densely populated retail trade areas in Tokyo</li> <li>● A large-scale condominium consisting of approx. 700 residential units in the neighborhood</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land of an NSC opened in Mar. 2015</li> <li>● NSC houses a grocery supermarket and a home and garden store</li> <li>● Located in an area with population growth, with new residential development in surrounding areas</li> </ul>	<ul style="list-style-type: none"> <li>● Located in an area with high population growth, housing a competitive supermarket as the anchor tenant</li> <li>● The tenants, including the core grocery supermarket, cater to diverse daily needs of consumers</li> </ul>
Name	T-20 Kawamachi Yahagi Mall	T-22 Round1 Ichikawa-Onitaka	T-23 Ozeki Tokiwadai	T-24 Konami Sports Club Shibuya	T-25 Apita Terrace Yokohama Tsunashima
Photo					
Location	Chiba, Chiba	Ichikawa, Chiba	Itabashi ward, Tokyo	Shibuya ward, Tokyo	Yokohama, Kanagawa
Acquisition price (JPY)	3,097 mm	1,880 mm	1,263 mm	3,400 mm	11,567 mm
Highlights	<ul style="list-style-type: none"> <li>● A new NSC housing tenants with a high level of customer attraction</li> <li>● Located in an area with significant population growth potential, near a national road and a highway JCT</li> <li>● Flat parking lot for up to 320 vehicles</li> </ul>	<ul style="list-style-type: none"> <li>● A road-side amusement facility located in an area with easy access and high population growth</li> <li>● Attractive occupancy cost and no other Round One stores near the retail trade area</li> </ul>	<ul style="list-style-type: none"> <li>● New supermarket opened in Sep. 2017, located in one of the most densely populated retail trade areas in Tokyo</li> <li>● Leased to Ozeki Co., Ltd., which runs many stores in densely populated areas near train stations in Tokyo metropolitan area</li> </ul>	<ul style="list-style-type: none"> <li>● A health club located in an upper-class residential area, approx. 12 minutes from JR Shibuya Sta.</li> <li>● Konami Sports Club is the largest health club operator in Japan, with Shibuya ward as its strategic focus area</li> </ul>	<ul style="list-style-type: none"> <li>● NSC that meets diverse customer needs and constitutes a next-generation urban smart city in an area with a dense and growing population</li> <li>● Opened in March 2018, located between Tsunashima and Hiyoshi Stations</li> </ul>

# Portfolio highlights (Tokyo metropolitan area) (3)

Name	T-26 Kalsa Hiratsuka	T-27 Monenosato Mall	T-28 KDX Chofu Building (Retail wing)	T-29 Across Plaza Urayasu Higashino (Land)	T-30 Comfort Market Nishi-Magome
Photo					
Location	Hiratsuka, Kanagawa	Yotsukaido, Chiba	Chofu, Tokyo	Urayasu, Chiba	Ota ward, Tokyo
Acquisition price (JPY)	5,980 mm	2,753 mm	2,300 mm	2,248 mm	1,920 mm
Highlights	<ul style="list-style-type: none"> <li>● NSC with the retail trade area covering Hiratsuka and Chigasaki, the core of the Shonan area</li> <li>● Tenants include a grocery supermarket, a home &amp; garden store, and a general sporting goods shop</li> </ul>	<ul style="list-style-type: none"> <li>● NSC opened in March 2019 in "Monenosato," a new town undergoing residential development</li> <li>● Tenants include a grocery supermarket Yorkmart, a drugstore, an apparel store and a dollar shop</li> </ul>	<ul style="list-style-type: none"> <li>● NSC located in the commercial and residential district within walking distance of Chofu Station</li> <li>● Tenants include grocery supermarket, a dollar shop, a drug store, beauty salon, and a health club</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land for an NSC opened in December 2017</li> <li>● The population of the area has been consistently growing by good accessibility to Tokyo CBD from the nearest Maihama Station</li> </ul>	<ul style="list-style-type: none"> <li>● A new-brand grocery supermarket adjacent to Nishi-magome station, convenient for commuting to central Tokyo</li> <li>● The first and second floors are used as the store space, while the third and fourth floors are used as a nursery school</li> </ul>
Name	T-31 Kitera Town Chofu	T-32 Unicus Urawamisono (Land)	T-33 Kitera Plaza Aobadai	T-34 Higashimatsuyama Shopping Center	
Photo					
Location	Chofu, Tokyo	Saitama, Saitama	Yokohama, Kanagawa	Higashimatsuyama, Saitama	
Acquisition price (JPY)	10,500 mm	732 mm	2,553 mm	4,080 mm	
Highlights	<ul style="list-style-type: none"> <li>● NSC designed for frequent customer visits in the Chofu area, a location experiencing high population growth and large-scale residential and infrastructure development</li> <li>● Convenient car access due to its location along the Koshu-Kaido Road</li> </ul>	<ul style="list-style-type: none"> <li>● NSC located in a new town close to Urawa-Misono station, the starting station on the Saitama Rapid Railway Line</li> <li>● There are over 20 end tenants, including Yaoko supermarket as well as a drug store and a dollar shop</li> </ul>	<ul style="list-style-type: none"> <li>● The property is aiming to revitalize by conversing a health club to an NSC.</li> <li>● Expected to be operated as a convenient retail facility featuring tenants that deal with daily necessities and services including the grocery supermarket, OK, and clinics</li> </ul>	<ul style="list-style-type: none"> <li>● NSC consisting of Seiyu building providing groceries as well as other daily necessities and Sundrug building</li> <li>● Easy access to wide areas including the city center</li> <li>● Tenants of Seiyu building includes a dollar shop and service-oriented tenants</li> </ul>	

# Portfolio highlights (Greater Osaka area)

Name	O-1 Blumer Maitamon	O-2 LifeTakadono (Land)	O-3 DCM Kahma MEGA Don Quijote UNY Omihachiman	O-4 Blumer HAT Kobe	O-5 Carino Esaka
Photo					
Location	Kobe, Hyogo	Osaka, Osaka	Omihachiman, Shiga	Kobe, Hyogo	Suita, Osaka
Acquisition price (JPY)	8,389 mm	2,685 mm	2,140 mm	11,000 mm	6,555 mm
Highlights	<ul style="list-style-type: none"> <li>● Located within a newly developed residential area</li> <li>● Consists of approx. 50 tenants, including a supermarket, an electronic appliance store and a major clothing store as core tenants</li> </ul>	<ul style="list-style-type: none"> <li>● A supermarket which Life Corporation opened on the land in 2015</li> <li>● Located in a densely populated area bordering central Osaka</li> <li>● Highly accessible by car as well</li> </ul>	<ul style="list-style-type: none"> <li>● NSC consisted of two buildings, MEGA Don Quijote UNY and DCM Kahma (home and garden store)</li> <li>● The trade area surrounding Omihachiman Sta. is a residential area with young families</li> </ul>	<ul style="list-style-type: none"> <li>● Landmark NSC in “HAT Kobe District”, a revival symbol project from the Kobe earthquake</li> <li>● Houses a cinema complex, a grocery store, clothing stores and restaurants</li> </ul>	<ul style="list-style-type: none"> <li>● Attractively located near Esaka Sta., only 10min from Umeda Sta.</li> <li>● The retail trade area is popular among young families</li> <li>● Core tenant is Tokyu Hands</li> </ul>
Name	O-6 COMBOX Komyoike	O-9 Life Nishi-Tengachaya	O-10 Million Town Tsukaguchi (Land)	O-11 Habikigaoka Shopping Center	O-12 Merado Daikai
Photo					
Location	Izumi, Osaka	Osaka, Osaka	Amagasaki, Hyogo	Habikino, Osaka	Kobe, Hyogo
Acquisition price (JPY)	6,450 mm	1,505 mm	3,723 mm	2,000 mm	5,440 mm
Highlights	<ul style="list-style-type: none"> <li>● The largest retail property in the central area of Komyoike</li> <li>● Located in the area accessible to Namba Sta. in 30 min by train</li> </ul>	<ul style="list-style-type: none"> <li>● A supermarket located in a densely populated retail area</li> <li>● The tenant, Life Corporation, has dominant strategy in Osaka and continues store opening</li> </ul>	<ul style="list-style-type: none"> <li>● A newly opened NSC located in an area as a part of the large-scale redevelopment project in front of Tsukaguchi Sta.</li> <li>● Opened with grocery supermarket Mandai as a core tenant, as well as a drug store and clinics</li> </ul>	<ul style="list-style-type: none"> <li>● NSC located in New Town with housing developments in the southeastern part of Osaka Prefecture</li> <li>● Consists of Sunplaza, a grocery supermarket, and Joshin, a consumer electronics store, as core tenants</li> </ul>	<ul style="list-style-type: none"> <li>● Located in an area with high population density in Hyogo-ku, Kobe and convenient within walking distance of 3 stations on 3 lines</li> <li>● Kansai Supermarket, a grocery supermarket in Osaka and Hyogo region, is the core tenant</li> </ul>



# Portfolio highlights (Greater Nagoya area / Fukuoka )

Name	N-1 DCM Kahma Nakagawa Tomita (Land)	N-2 Valor Ichinomiya-Nishi	N-4 Homecenter Kohnan Sunadabashi	N-6 Resora Obu Shopping Terrace	N-7 Valor Nakashidami (Land)
Photo					
Location	Nagoya, Aichi	Ichinomiya, Aichi	Nagoya, Aichi	Obu, Aichi	Nagoya, Aichi
Acquisition price (JPY)	2,311 mm	2,174 mm	7,140 mm	7,911 mm	2,551 mm
Highlights	<ul style="list-style-type: none"> <li>● Located near a number of major routes</li> <li>● Comprises an integrated retail zone in the surrounding area, together with a supermarket and a sporting goods store on the adjacent lot</li> </ul>	<ul style="list-style-type: none"> <li>● Located in a commuter town for Nagoya (10 min from Nagoya Sta. by train)</li> <li>● 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</li> </ul>	<ul style="list-style-type: none"> <li>● Houses a large home and garden store and a large sporting goods store</li> <li>● A large residential property was developed in the neighborhood. A supermarket also opened, generating synergies with the home and garden store</li> </ul>	<ul style="list-style-type: none"> <li>● The largest NSC in Obu, Aichi, opened in Apr. 2008 as a part of the development project including a medical mall and a condominium</li> <li>● Yamanaka, a grocery supermarket as its main tenant and over 40 tenants</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land for a standalone grocery supermarket in the Valor chain</li> <li>● Valor is a supermarket chain with strong strategic dominance in the Tokai region</li> </ul>
Name	F-1 Sunny Noma	F-2 Round1 Stadium Hakata-Hanmichibashi	F-3 Kurume-Nishi Shopping Center	F-4 Kitera Town Fukuoka Nagahama	
Photo					
Location	Fukuoka, Fukuoka	Fukuoka, Fukuoka	Kurume, Fukuoka	Fukuoka, Fukuoka	
Acquisition price (JPY)	1,497 mm	5,020 mm	1,515 mm	6,000 mm	
Highlights	<ul style="list-style-type: none"> <li>● Rebuilt in 2007 after enjoying strong support from the local community for 35 years</li> <li>● The strongest performing supermarket among other Sunny supermarkets in the surrounding area</li> </ul>	<ul style="list-style-type: none"> <li>● A large-scale flagship store for Round One that offers a variety of amusement and sporting facilities</li> <li>● Located in Fukuoka with population growth</li> <li>● The store ranks high in sales among all Round One stores</li> </ul>	<ul style="list-style-type: none"> <li>● An NSC located in a residential district near downtown Kurume City</li> <li>● Tenants include a grocery supermarket, a baby goods store and a drug store</li> <li>● Facing a national route, providing good visibility</li> </ul>	<ul style="list-style-type: none"> <li>● An NSC opened in Feb. 2021 in an area with high population growth, neighboring Tenjin area</li> <li>● Sunny is open 24-hours and provides delivery service for its online supermarket</li> </ul>	

## 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 mm	1,469 mm	898 mm	4,180 mm	3,252 mm
Highlights	<ul style="list-style-type: none"> <li>● Located in a population growing area with many young families</li> <li>● Houses a supermarket and a home and garden store as core tenants</li> <li>● Constructed a secondhand shop building in 2015</li> </ul>	<ul style="list-style-type: none"> <li>● Opened in 2005 in Hamada District in Aomori, which has the highest concentration of retailers in Aomori</li> </ul>	<ul style="list-style-type: none"> <li>● Located in Hamada district in Aomori</li> <li>● Some major routes bring customers from broad retail trade area</li> </ul>	<ul style="list-style-type: none"> <li>● A large-scale multi-tenant NSC with supermarket as a core tenant</li> <li>● Easily accessibility by car due to its location along a major local route</li> <li>● Cinema reopened in Mar. 2016</li> </ul>	<ul style="list-style-type: none"> <li>● Located in eastern Sendai conveniently commutable to Sendai Sta.</li> <li>● Houses a supermarket and a home and garden store as core tenants</li> </ul>
Name	R-6 Kasumi Technopark Sakura	R-8 P-1 Plaza Tenno	R-9 Seiyu Rakuichi Moriya (Land)	R-10 Sun Street Hamakita	R-11 Costco Wholesale Sapporo Warehouse
Photo					
Location	Tsukuba, Ibaraki	Hamamatsu, Shizuoka	Moriya, Ibaraki	Hamamatsu, Shizuoka	Sapporo, Hokkaido
Acquisition price (JPY)	830 mm	4,010 mm	4,111 mm	11,946 mm	4,210 mm
Highlights	<ul style="list-style-type: none"> <li>● 24-hour Kasumi supermarket</li> <li>● The retail trade area includes the college town of Tsukuba University</li> <li>● Kasumi is headquartered in Tsukuba, and has a dominant presence in the area</li> </ul>	<ul style="list-style-type: none"> <li>● Located in a large-scale retail area in northeast Hamamatsu where road-side retail facilities concentrate</li> <li>● Houses tenants including a local supermarket, a drug store and a relaxation spa area</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land of an NSC with a grocery supermarket as the anchor tenant</li> <li>● Located in a population growing area with the 2005 opening of Tsukuba Express</li> <li>● Land acquired at a price lower than the official land price</li> </ul>	<ul style="list-style-type: none"> <li>● An NSC located in a residential area in central Hamamatsu where the population</li> <li>● The property is easily accessible by car due to its location facing National Route 152 and Prefectural Route 391</li> </ul>	<ul style="list-style-type: none"> <li>● Costco is a "membership warehouse club" with over 740 warehouse stores worldwide</li> <li>● Sapporo Warehouse is the only Costco warehouse in Hokkaido and covers Sapporo metropolitan area as its trade area</li> </ul>

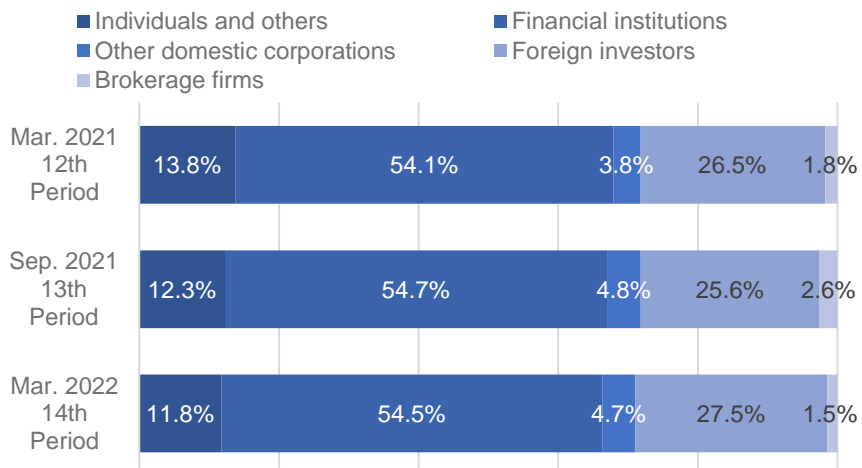
# Portfolio highlights (Distribution centers)

Name	L-1 Zama Distribution Center	L-2 Oppama Distribution Center	L-3 Musashi Ranzan Distribution Center	L-4 Yokohama Kamigo Distribution Center	L-5 Gyoda Distribution Center
Photo					
Location	Zama, Kanagawa	Yokosuka, Kanagawa	Hiki-gun, Saitama	Yokohama, Kanagawa	Gyoda, Saitama
Acquisition price (JPY)	1,400 mm	1,300 mm	3,879 mm	918 mm	3,160 mm
Highlights	<ul style="list-style-type: none"> <li>● Distribution center for a major convenience store chain that delivers to its stores</li> <li>● Located within Zama area in Kanagawa Prefecture, with a concentration of logistics facilities</li> <li>● The tenant is a major convenience store chain</li> </ul>	<ul style="list-style-type: none"> <li>● Core distribution center of a major convenience store chain that delivers to its stores and features a process center function</li> <li>● Located within Tokyo metropolitan bay area</li> <li>● Location with high potential for local deliveries as well as wide area distribution</li> </ul>	<ul style="list-style-type: none"> <li>● Distribution center in an area with a concentration of logistics facilities, near a Kan-Etsu Expressway interchange</li> <li>● The location allows the tenant to make daily deliveries to Tokyo Metropolitan area and 24-hour operation</li> </ul>	<ul style="list-style-type: none"> <li>● Distribution center of a home delivery service firm within a residential district</li> <li>● Spaces for distribution centers are limited in the area</li> <li>● Currently leased to a major home delivery service firm</li> <li>● Newly constructed a restaurant building</li> </ul>	<ul style="list-style-type: none"> <li>● A highly versatile storage-type distribution center for regional and wider area delivery in the metropolitan area</li> <li>● Nippon Express Co., Ltd., a major logistics company, is using the distribution center for shippers of food-related and home appliances</li> </ul>
Name	L-6 Shinjuku Nishiochiai Distribution Center	L-7 Chiba-kita Distribution Center	L-8 Sapporo Shiroishi Distribution Center	L-9 Tenri Distribution Center	L-10 Prima Meat Packers Kinki Center
Photo					
Location	Shinjuku ward, Tokyo	Chiba, Chiba	Sapporo, Hokkaido	Tenri, Nara	Osaka, Osaka
Acquisition price (JPY)	810 mm	1,250 mm	800 mm	1,070 mm	1,047 mm
Highlights	<ul style="list-style-type: none"> <li>● This facility is highly scarce and has optimal facility specifications as a last-mile distribution center</li> <li>● A major delivery company, Yamato Transport Co., Ltd., is the tenant of the facility</li> </ul>	<ul style="list-style-type: none"> <li>● The property is located adjacent to an interchange on an expressway and National Route 16</li> <li>● There is strong demand for logistics facilities in the area because of an easy access to the Tokyo metropolitan area</li> </ul>	<ul style="list-style-type: none"> <li>● The property is located in Sapporo, within the Ryutsu Center District, one of the districts with the highest potential for logistics facilities in the Sapporo area</li> <li>● The facility is expected to be able to meet the needs of a wide range of tenants</li> </ul>	<ul style="list-style-type: none"> <li>● Located in Tenri City, Nara Prefecture, in an area suitable for regional distribution and manufactures' storing and distribution.</li> <li>● Nippon Express Co., Ltd., a major logistics company, is the current end tenant</li> </ul>	<ul style="list-style-type: none"> <li>● Located in Nishiyodogawa-ku, where logistics facilities concentrate along Osaka Bay with advantages in easy access to CBD</li> <li>● Prima Meat Packers, Ltd., a major food company, is the current tenant</li> </ul>



# Unitholder information (as of Mar. 31, 2022)

## Ownership ratio by investor type



## Number of unitholders by investor type

	Mar. 2021 12th FP	Sep. 2021 13th FP	Mar. 2022 14th FP
<b>Individuals and others</b>	13,177	13,648	13,408
<b>Financial institutions</b>	City/ Trust banks	11	12
	Regional banks	20	23
	Shinkin banks and others	64	81
	Life/ Nonlife	5	6
	<b>Total</b>	100	122
<b>Other domestic corporations</b>	297	311	307
<b>Foreign investors</b>	252	271	264
<b>Brokerage firms</b>	26	25	26
<b>Total</b>	13,852	14,377	14,125

## Major unitholders

Name	# of units held	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	123,060	21.13%
Custody Bank of Japan, Ltd. (Trust Acct.)	58,928	10.12%
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	32,175	5.52%
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	26,626	4.57%
Kenedix, Inc.	16,950	2.91%
SSBTC Client Omnibus Account	14,374	2.46%
State Street Bank West Client-Treaty 505234	11,530	1.98%
Aozora Bank, Ltd.	8,424	1.44%
JP Morgan Chase Bank 385781	7,752	1.33%
State Street Bank and Trust Company 505223	6,867	1.17%

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

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## Abbreviations of property names

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

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