

# Kenedix Retail REIT Corporation

## Financial Result

for the 8th Financial Period ended March 31, 2019

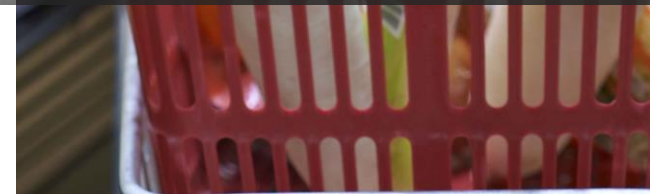


May 17, 2019



# KENEDIX

Retail REIT Corporation



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## Adapting to changing environment for sustainable growth

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# Progress of measures for sustainable growth

**Inclusion of distribution centers as investment criteria**



**Asset reshuffle**  
Portfolio quality and yield improvement



**New asset management fee structure**

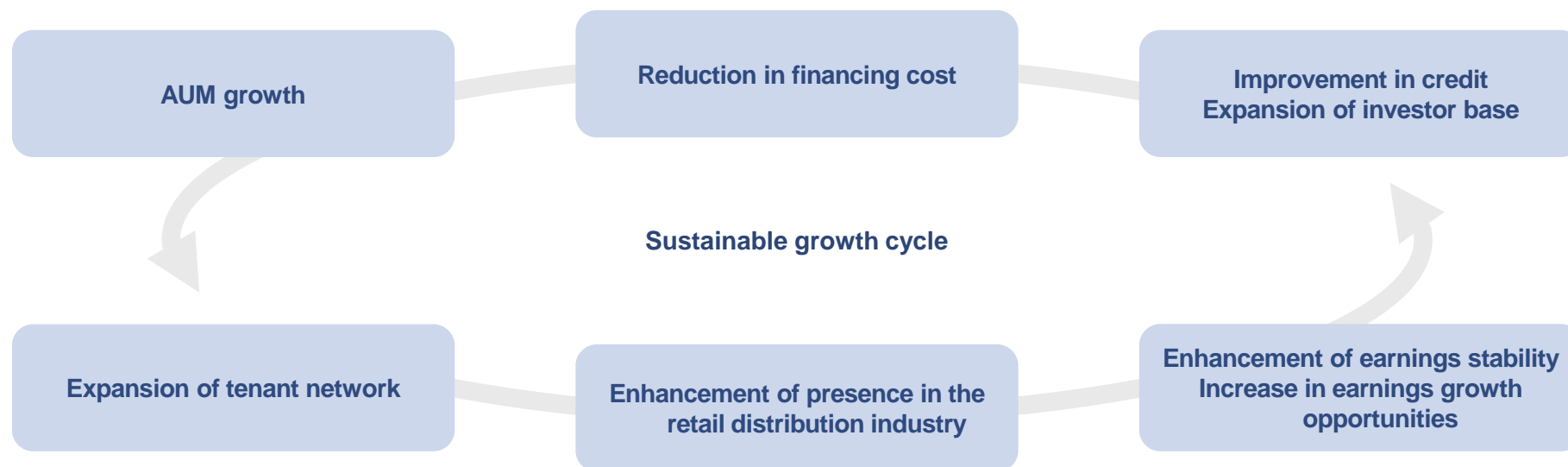


**Framework for unit buyback**



Alleviate concerns on retail properties in the J-REIT market

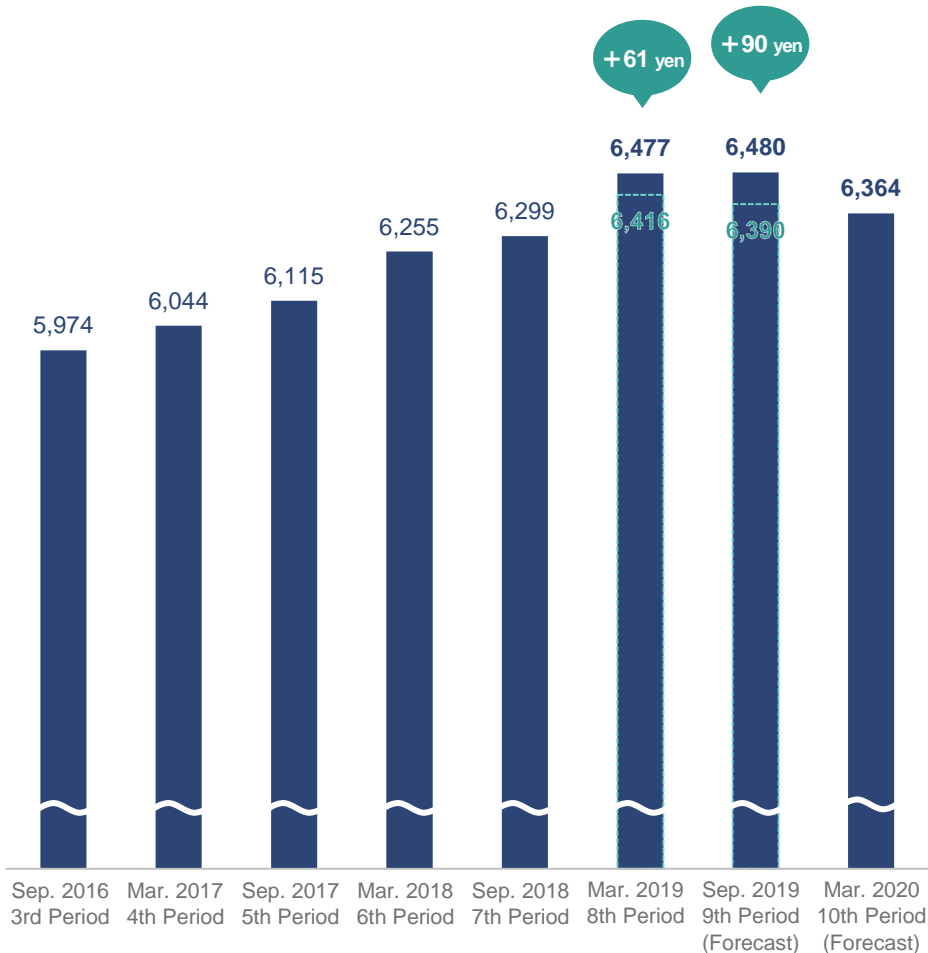
Asset management focusing even more on DPU and NAV growth



# Distribution per unit

## Distribution per unit (JPY)

(The boxes in light sea green lines indicate the forecasts as of Nov. 15, 2018)



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

- DPU increase from the **gain on sale** of Solala Plaza and Gourmet City Chiba-Chuo
- Increase in NOI as a result of **completion of renovations** at MONA Shin-Urayasu
- **Full-period contribution** of the properties acquired in the 7th fiscal period to DPU growth
- Decrease in expenses compared to forecast as a result of postponed restoration work at Fululu Garden Yachiyo

### Key points of the 9th fiscal period ending September 30, 2019

- DPU increase from the **gain on sale** of Solala Plaza
- Increase in NOI as a result of **acquisition** of retail distribution centers
- Decrease in NOI due to **disposition** of Solala Plaza
- Decrease in NOI resulting from **expensing property taxes** on the properties acquired in the 6th and the 7th fiscal period

### Key points of the 10th fiscal period ending March 31, 2020

- DPU increase from the **gain on sale** of Welcia Kishiwadakamori (Land)
- **Full-period contribution** of the properties acquired in the 9th fiscal period to DPU growth
- Decrease in NOI due to **disposition** of Welcia Kishiwadakamori (Land)

\*For details of the increase and decrease in gain on sale, please refer to p.29.

## Stabilized distribution per unit (JPY)

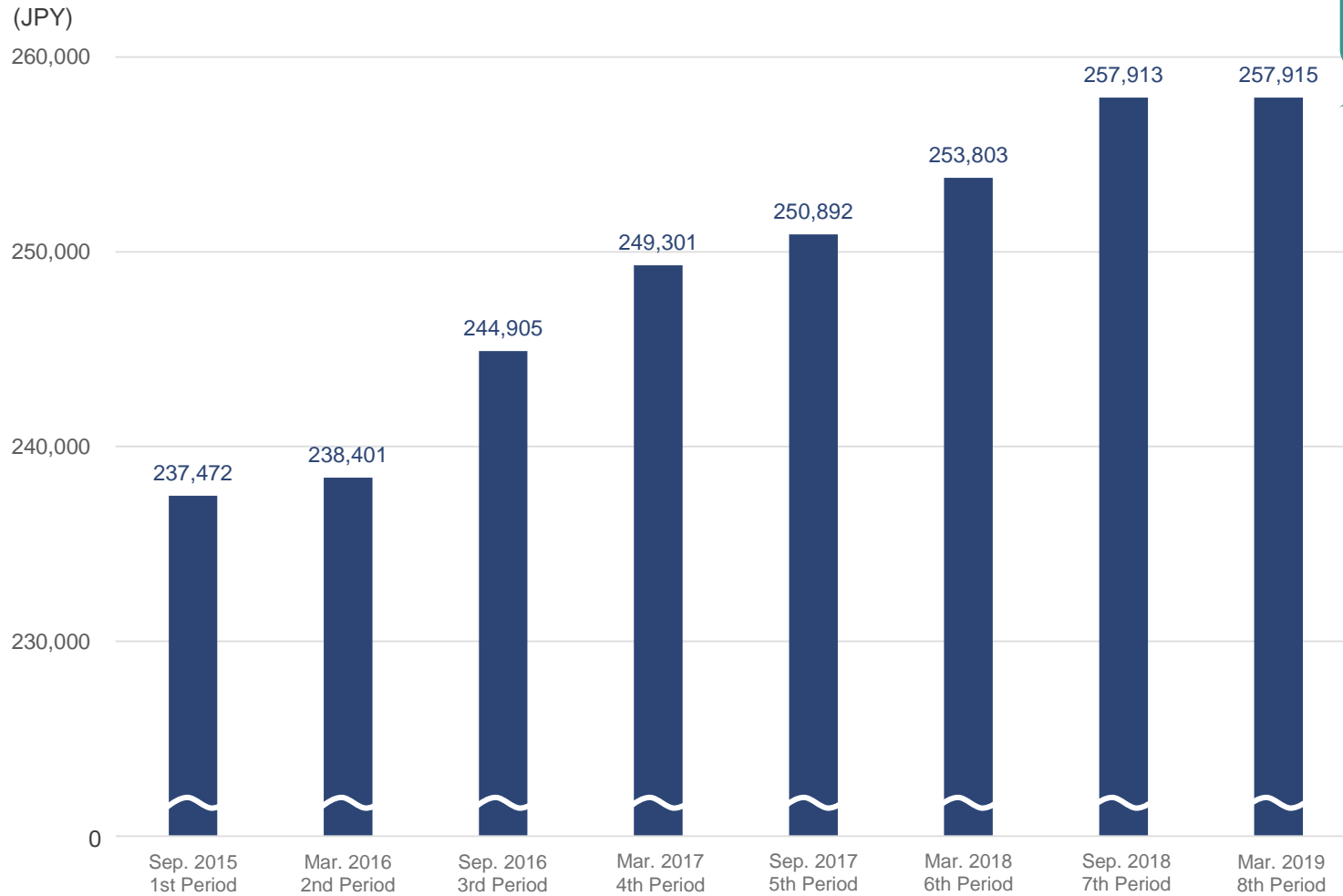
(Assuming that property-related taxes were expensed, and excluding one-time factors such as gain on sale of property)



Note: The dates above indicate the dates of financial announcements. The number of properties and the price indicate those used for the forecasts.

# NAV per unit and unrealized gain

## NAV per unit (JPY)



Deduction of JPY330 in association with interest swap transaction. Refer to p.15 for details

Unrealized gain	JPY 2,130 mn	JPY 4,657 mn	JPY 6,720 mn	JPY 8,493 mn	JPY 10,861 mn	JPY 12,270 mn	JPY 14,213 mn	JPY 14,438 mn
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Note: NAV per unit at the end of each fiscal period = (net assets + unrealized appraisal gains/losses on the entire portfolio at the end of each fiscal period) / (total number of investment units issued at the end of each fiscal period)

**Acquisition assets**



**Zama Distribution Center**



**Oppama Distribution Center**



**Musashi Ranzan Distribution Center**



**Yokohama Kamigo Distribution Center**

Acquisition price	JPY 1,400 mn	JPY 1,300 mn	JPY 3,879 mn	JPY 790 mn
Appraisal value	JPY 1,640 mn	JPY 1,570 mn	JPY 4,000 mn	JPY 840 mn
Appraisal NOI yield	6.0 %	6.5 %	5.7 %	5.0 % (Note 2)
NOI yield after depr.	5.1 %	5.1 %	3.8 %	4.3 % (Note 2)

Acquisition price  
 JPY 7,369mn



**NOI** + 92 mn yen  
**NOI after depr.** + 86 mn yen  
**Gain on sale** 474 mn yen



Disposition price (planned)  
 JPY 7,340mn

**Disposition assets (planned)**



**Solala Plaza**



**Gourmet City Chiba-Chuo**



**Welcia Kishiwadakamori (Land)**

Disposition price (planned)	JPY 5,980 mn	JPY 800 mn	JPY 560 mn
Appraisal value	JPY 5,960 mn	JPY 792 mn	JPY 488 mn
Appraisal NOI yield	5.0 %	5.7 %	4.5 %
NOI yield after depr.	3.5 %	2.1 %	4.5 %

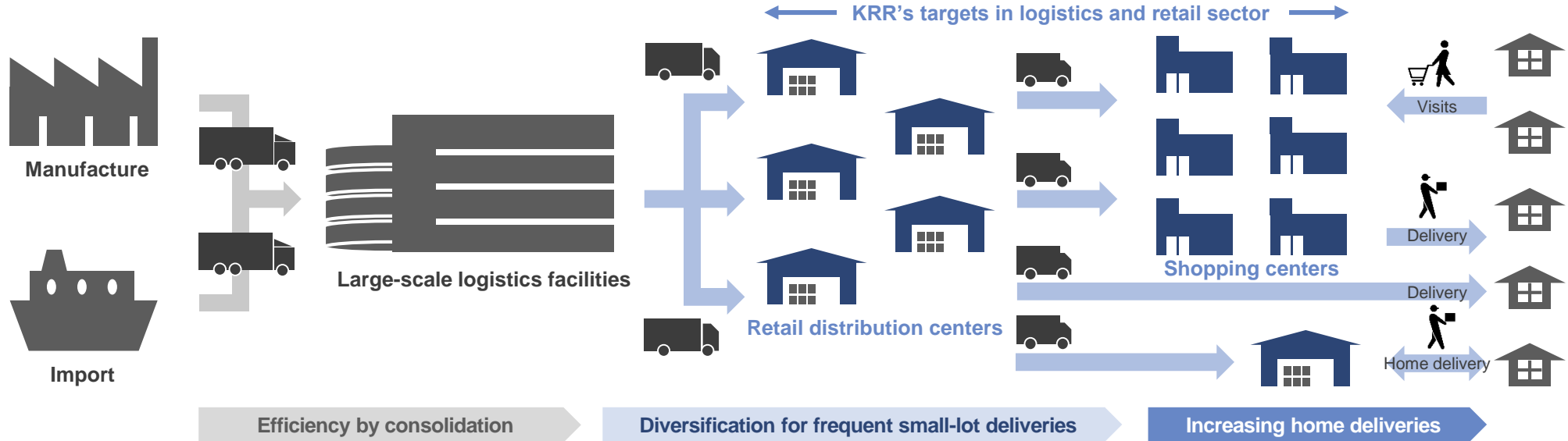
Note 1: Appraisal value is as of March 31, 2019 except as of February 1, 2019 for Yokohama Kamigo Distribution Center and September 30, 2018 for Solala Plaza and Gourmet City Chiba-Chuo.

Note 2: Assumed NOI yield after the assumed property expansion including the operating revenues from the new building is shown for Yokohama Kamigo Distribution Center.



# Retail and logistics facilities in changing environment

## Retail and logistics facilities in supply chains



## Shopping centers adapting to changing environment

Receive at shopping centers



Deliver from shopping centers to home



Logistics and retail within same property



02

## KRR highlights and updates

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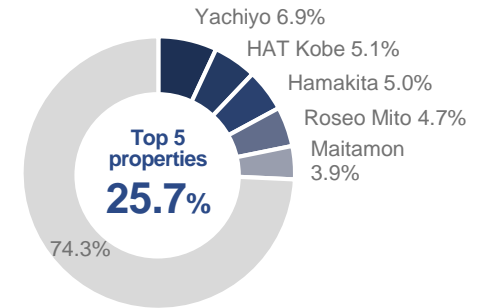
Characteristics of KRR portfolio

Total appraisal value	Appraisal NOI yield	NOI yield after depreciation	Occupancy rate	4 major metropolitan areas	Shopping centers for daily needs	Grocery anchored shopping centers
JPY 230.9 bn	5.3%	4.4%	99.2%	79.5%	96.6%	77.8%

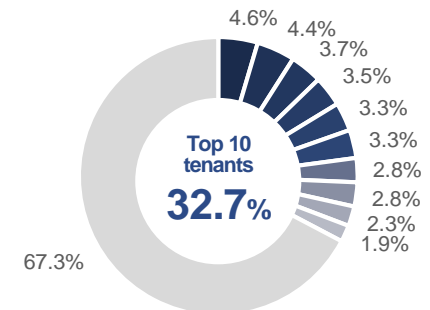
AUM, number of tenants, number of properties



Top 5 properties (by acquisition price)



Top 10 tenants (by annual fixed rent)



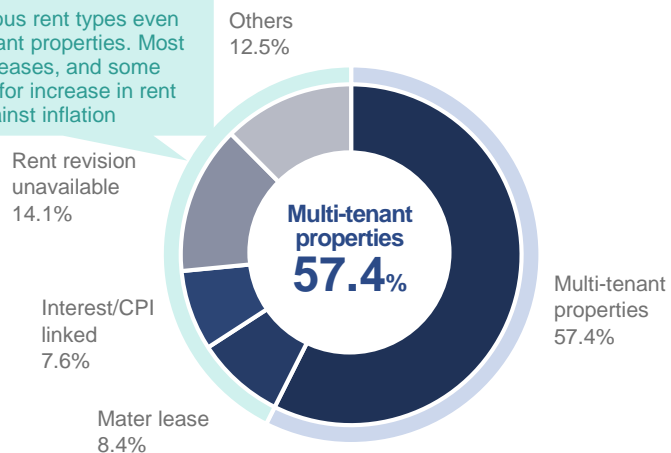
Note 1: "Appraisal value", "NOI yield", "Occupancy rate" and other figures on portfolio are as of Mar. 31, 2019, for the 55 properties acquired by the date of this material.

Note 2: "Appraisal NOI Yield" is calculated by dividing appraisal NOI from the latest appraisal reports by acquisition price. "NOI yield after depreciation" is based on the forecast for the fiscal period ending Sep. 30, 2019.

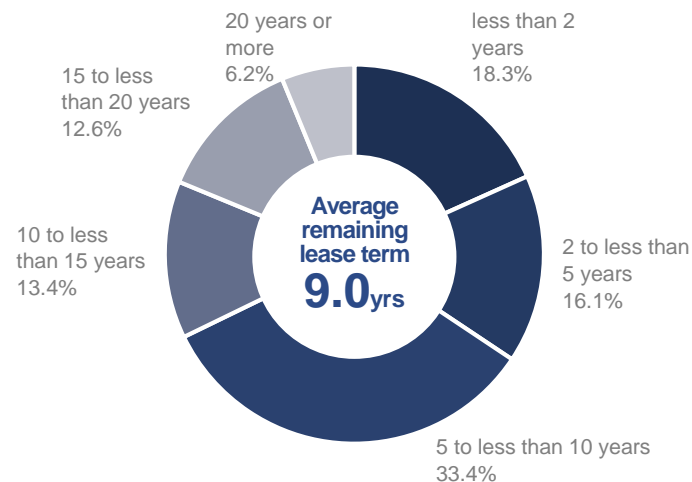
Note 3: "Number of tenants" at listing is figure as of Sep. 30, 2014.

## Multi-tenant properties (by acquisition prices)

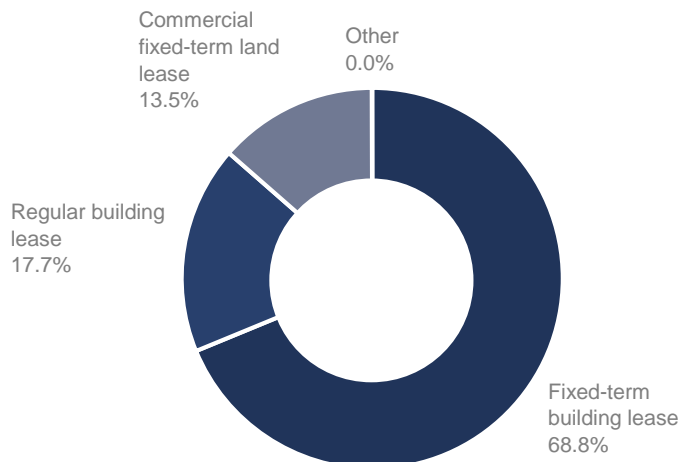
There are various rent types even with single tenant properties. Most are long-term leases, and some have potential for increase in rent and hedge against inflation



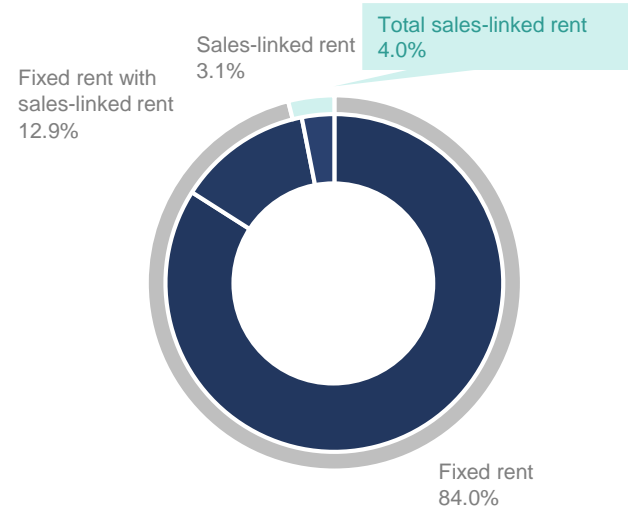
## Remaining lease term (by annual fixed rent)



## Lease contract type (by annual fixed rent)



## Rent type (Oct. 2018 to Mar. 2019)

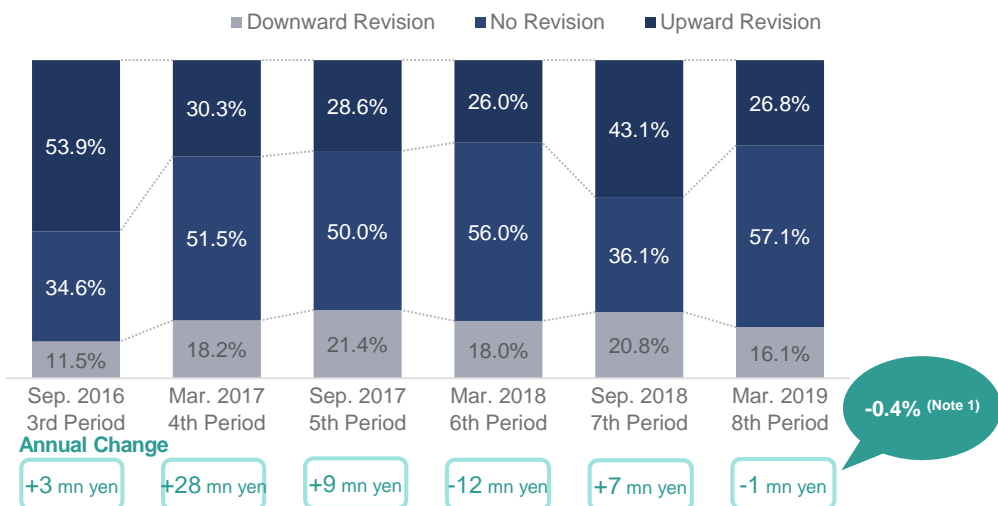


Note 1: The figures are as of Mar. 31, 2019, based on the 55 properties acquired by April 30, 2019. The figures of "Rent type" is for the 8th fiscal period based on the 53 properties acquired by Mar. 31, 2019.

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

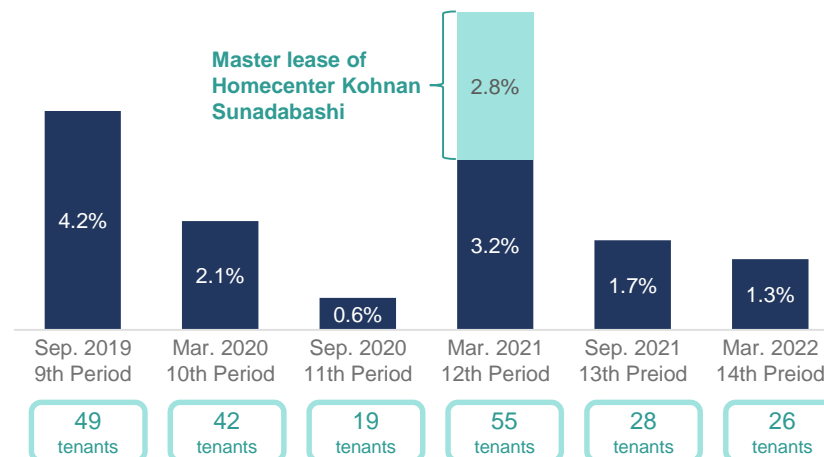
Note 3: "Master lease" indicates tenants where the lessee does not occupy and subleases to a retailer. "Interest/CPI-linked" indicates tenants whose rent contract renews accordingly to the interest rate or CPI.

## Rent revisions (based on number of revisions)

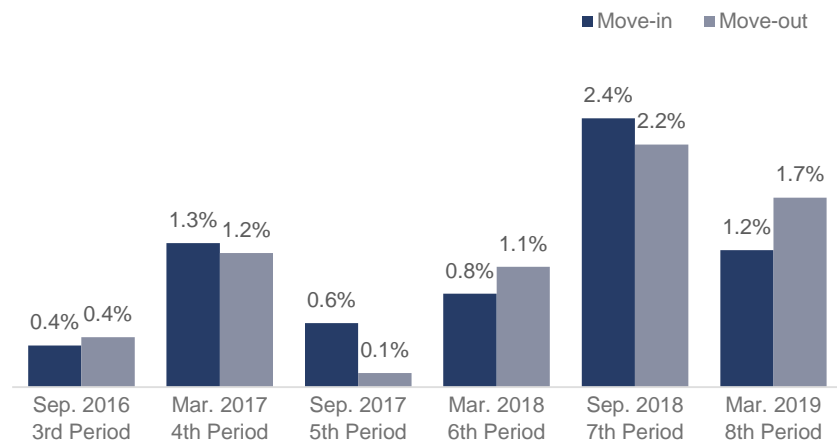


## Lease expiry (by annual fixed rent)

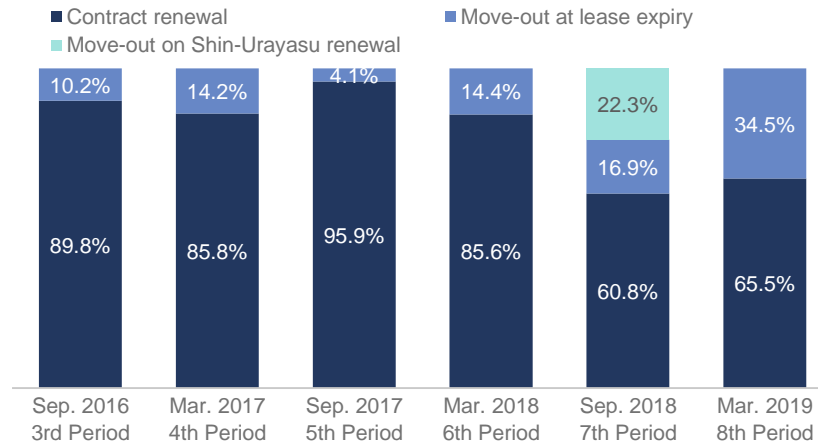
# of tenants and % of lease expiry in each period (Note 2)



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



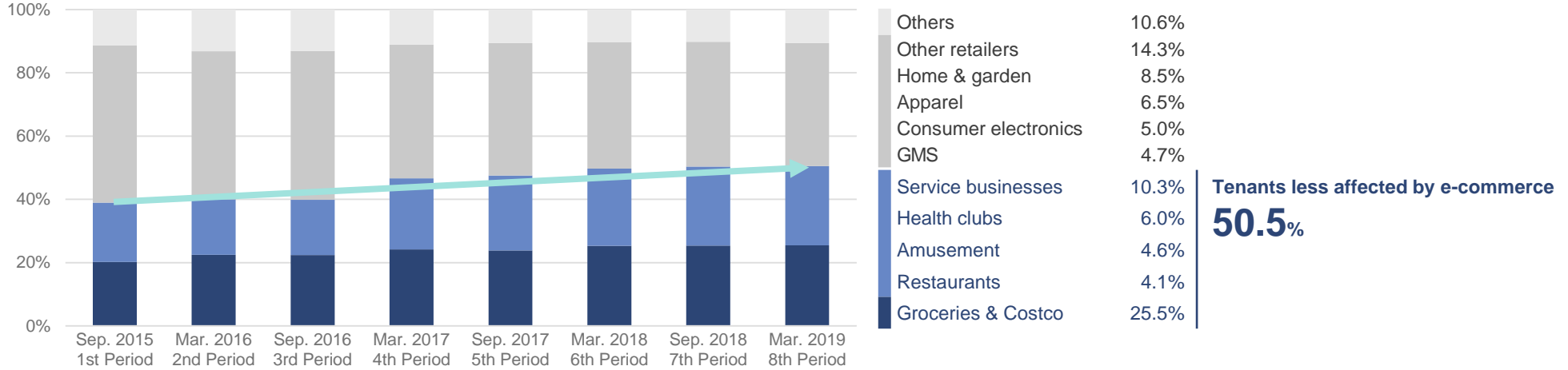
## Contract renewals at lease expiry in each period (Note 3)



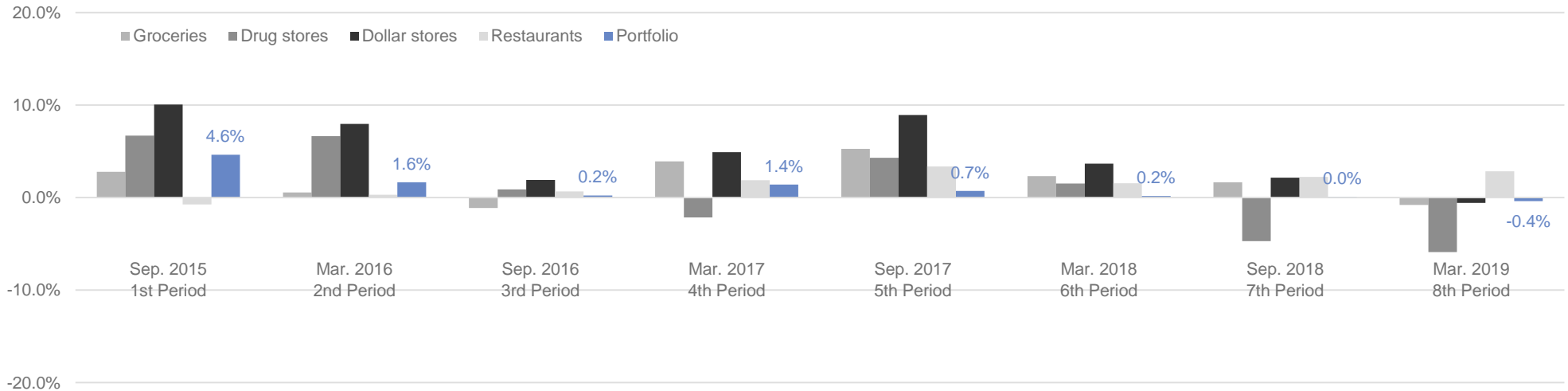
Note 1: Based on the rent including common area charges before revision of the tenants subject to rent revision.  
 Note 2: Based on the contractual rent determined in the lease contract, including regular building leases, for properties owned as of Mar.31, 2019.  
 Note 3: Based on the rent revenue of the last month of each fiscal period.



## Changes in percentage of tenant category (based on rents)



## Changes in sales of categories (YoY)<sup>(Note2)</sup>



Note 1: This page shows the tenant composition of 52 retail properties that KRR owns as of March 31, 2019.

Note 2: "Costco" refers to Costco Wholesale.

Note 3: Based on the sales figures available to KRR. The sales of each category take into account the effect of difference in days of the weekends in each period, but those of portfolio do not take into account.

# Financial highlights (1)

## Financial highlights

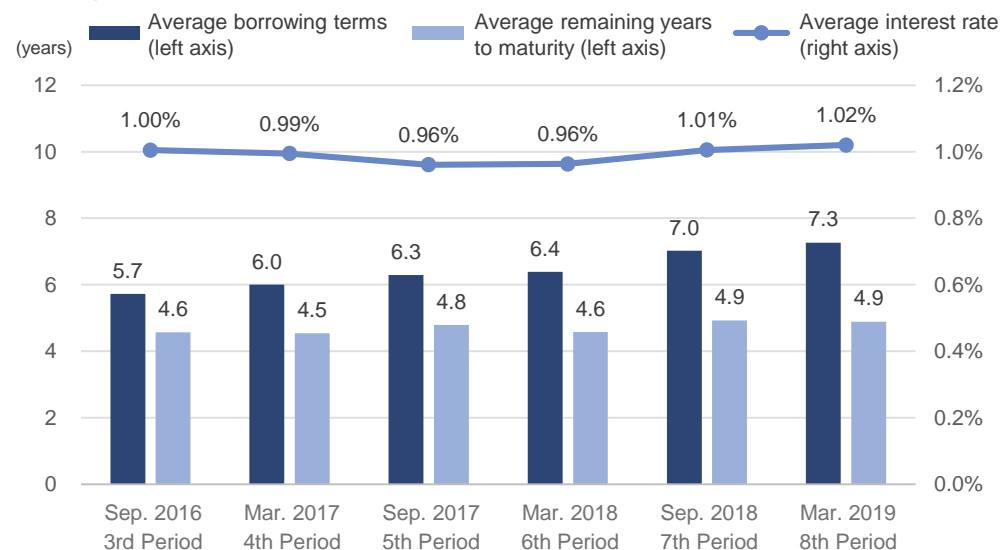
	7th Period	8th Period
Long-term debt ratio <sup>(Note)</sup>	96.7%	96.7%
Fixed interest debt ratio	92.7%	92.7%
LTV	44.5%	44.6%

## Credit rating

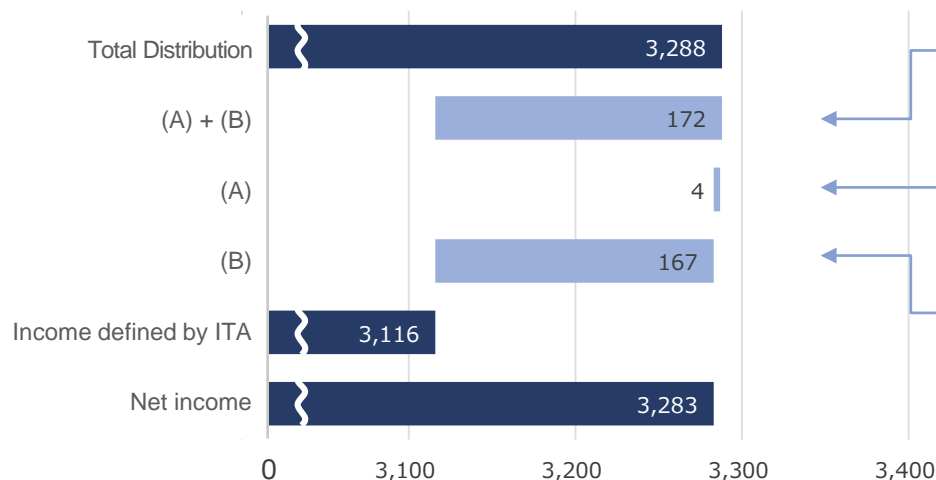
Long-term issuer rating  
(Japan Credit Rating Agency, Ltd.)

**A+ (Stable)**

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



## Distribution in excess of retained earnings (JPY mn)



### Summary of distributions in excess of retained earnings

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

#### A: Japanese GAAP vs. Japanese tax law

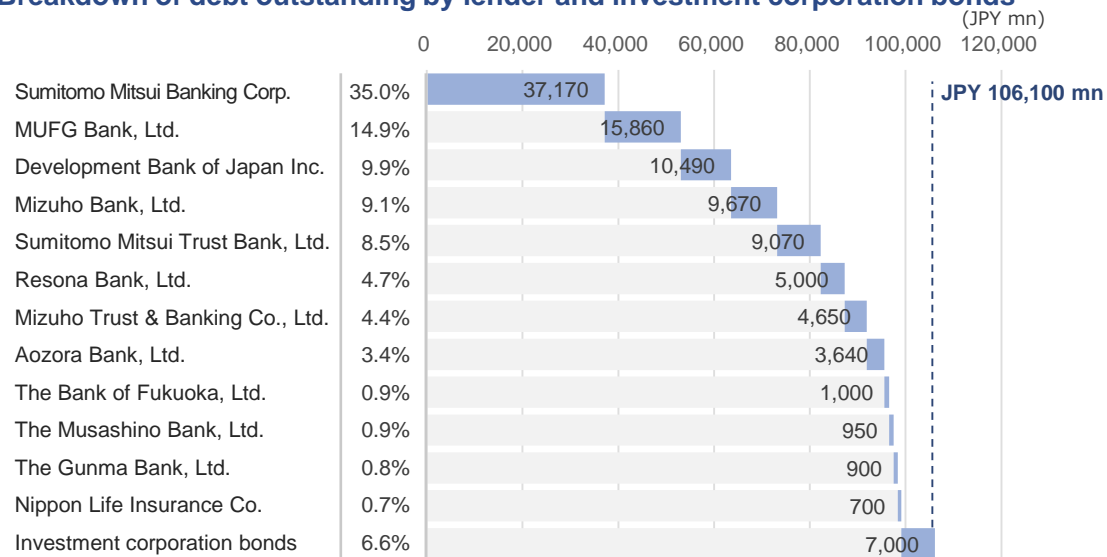
The items in association with certain transaction in relation to the property, Sunny Noma, cause temporary difference between the treatment in Japanese GAAP and Japanese tax law. **As a result, taxable income before distribution was larger than net income.**

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

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

Note: The borrowing Series 24-A on Sep. 28, 2018 is included in short-term borrowings.

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



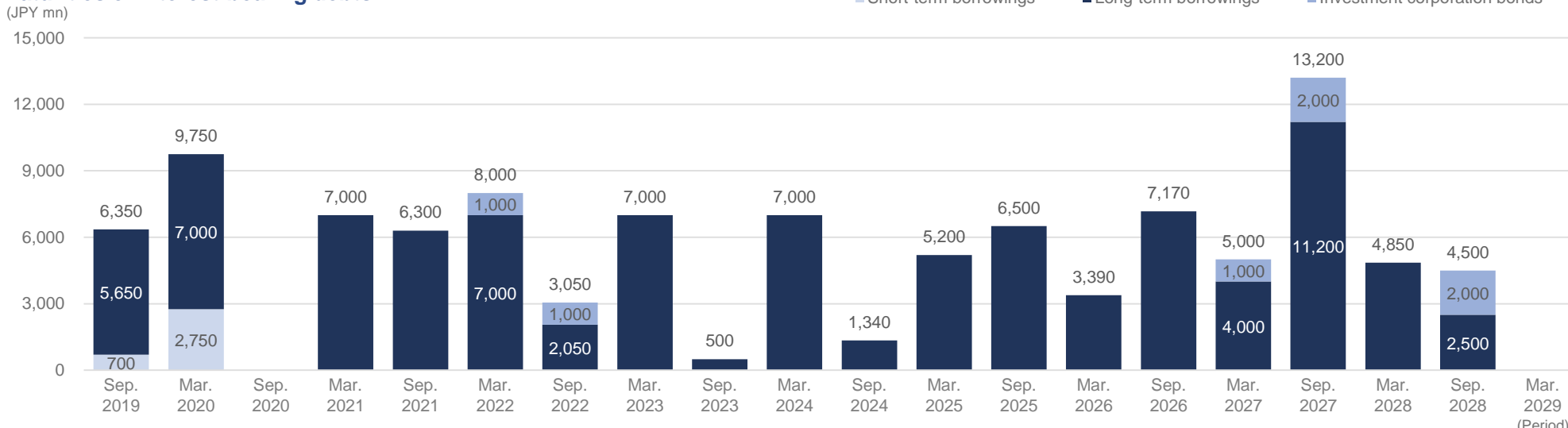
## Commitment credit lines (as of April 1, 2019)

Counterparty	Limit of maximum amount	End of contract term
Sumitomo Mitsui Banking Corp.	JPY 1,000 mn	March 31, 2020
Mizuho Bank, Ltd.	JPY 1,000 mn	March 31, 2021
MUFG Bank, Ltd.	JPY 1,000 mn	March 31, 2020

## Investment corporation bonds

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

## Maturities of interest-bearing debts (Note)



Note: The borrowing Series 24-A on Sep. 28, 2018 is included in short-term borrowings.

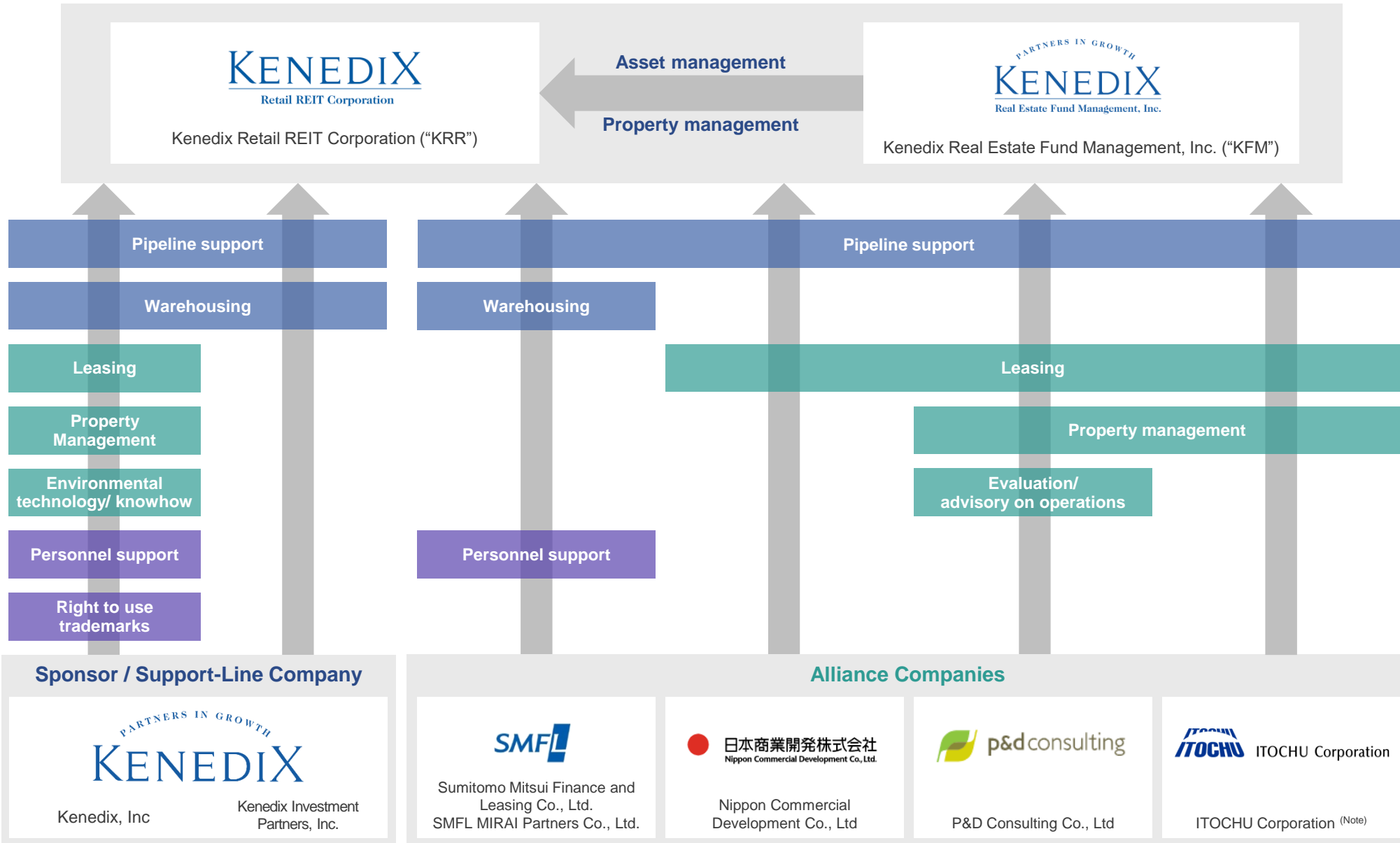
03

## Implementation of growth strategies

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# Strong support from the Kenedix Group and Alliance Companies



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

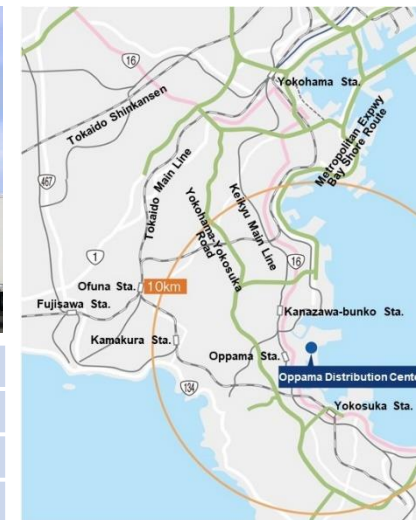


## Zama Distribution Center



<b>Acquisition price</b>	JPY 1,400 mn
<b>Location</b>	Zama, Kanagawa
<b>Appraisal value</b>	JPY 1,640 mn
<b>Appraisal NOI yield</b>	6.0%

## Oppama Distribution Center



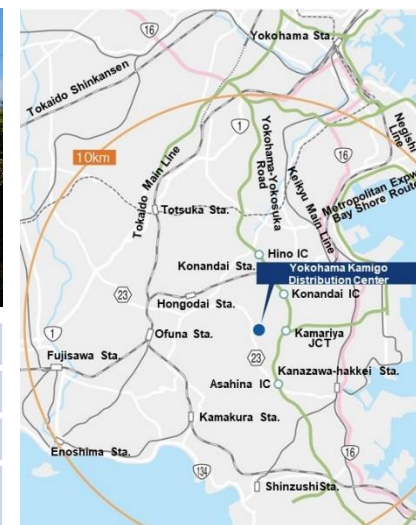
<b>Acquisition price</b>	JPY 1,300 mn
<b>Location</b>	Yokosuka, Kanagawa
<b>Appraisal value</b>	JPY 1,570 mn
<b>Appraisal NOI yield</b>	6.5%

## Musashi Ranzan Distribution Center



<b>Acquisition price</b>	JPY 3,879 mn
<b>Location</b>	Hiki-gun, Saitama
<b>Appraisal value</b>	JPY 4,000 mn
<b>Appraisal NOI yield</b>	5.7%

## Yokohama Kamigo Distribution Center



<b>Acquisition price</b>	JPY 790 mn
<b>Location</b>	Yokohama, Kanagawa
<b>Appraisal value</b>	JPY 849 mn (Note)
<b>Appraisal NOI yield</b>	5.0% (Note)

Note: Based on appraisal report dated February 1, 2019.

## Solala Plaza



<b>Location</b>	Sendai, Miyagi	
<b>Disposition price</b>	JPY 5,980 mn	
<b>Book value</b>	JPY 5,595 mn	
<b>Buyer</b>	GK KRF80 (Kenedix's SPC)	
<b>Disposition date</b>	December 21, 2018 (49% quasi co-ownership interests)	April 5, 2019 (51% quasi co-ownership interests)
<b>Acquisition date</b>	April 21, 2016	

## Gourmet City Chiba-Chuo



<b>Location</b>	Chiba, Chiba
<b>Disposition price</b>	JPY 800 mn
<b>Book value</b>	JPY 741 mn
<b>Buyer</b>	Undisclosed
<b>Disposition date</b>	March 5, 2019
<b>Acquisition date</b>	October 2, 2015

## Welcia Kishiwadakamori (Land)



<b>Location</b>	Kishiwada, Osaka
<b>Disposition price</b>	JPY 560 mn
<b>Book value</b>	JPY 497 mn
<b>Buyer</b>	Nippon Commercial Development Co., Ltd.
<b>Disposition date</b>	October 31, 2019
<b>Acquisition date</b>	October 2, 2015

Note: "Book value" is as of September 30, 2018 for Solala Plaza and Gourmet City Chiba-Chuo, and as of March 31, 2019 for Welcia Kishiwadakamori (Land).



# Pipelines from Sponsor and Alliance Companies

## Apita Terrace Yokohama Tsunashima

Location: Yokohama, Kanagawa  
(opened in March 2018)



Development

Kenedix-ITOCHU Fund

Land area

18,300.01m<sup>2</sup>

GFA

44,562.53m<sup>2</sup>

## Development Project in Fukuoka

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



Development

Kenedix

Land area

3,471.00m<sup>2</sup>

GFA

TBD

## Across Plaza Urayasu Higashino (Land)

Location: Urayasu, Chiba  
(opened in December 2017)



Development

Alliance Company (NCD/SMFL)

Land area

6,229.00m<sup>2</sup>

GFA

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## Valor Nakashidami (Land)

Location: Nagoya, Aichi  
(opened in April 2019)



Development

Alliance Company (ITOCHU)

Land area

13,480.42m<sup>2</sup>

GFA

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## Chofu Center Building (Retail)

Location: Nagoya, Aichi



Kenedix (Brokerage)

Land area

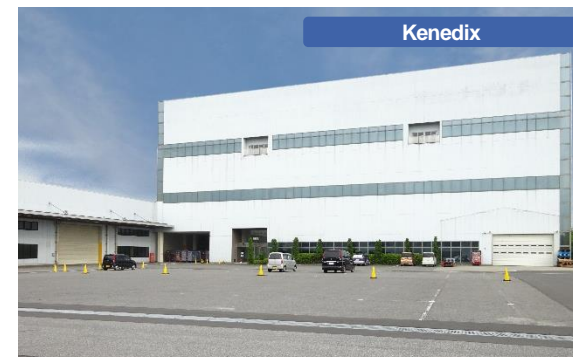
13,265.06m<sup>2</sup>

GFA

18,961.61m<sup>2</sup>

## Gyoda Distribution Center

Location: Gyoda, Saitama



Kenedix

Land area

24,382.98m<sup>2</sup>

GFA

21,961.16m<sup>2</sup>

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

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

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

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

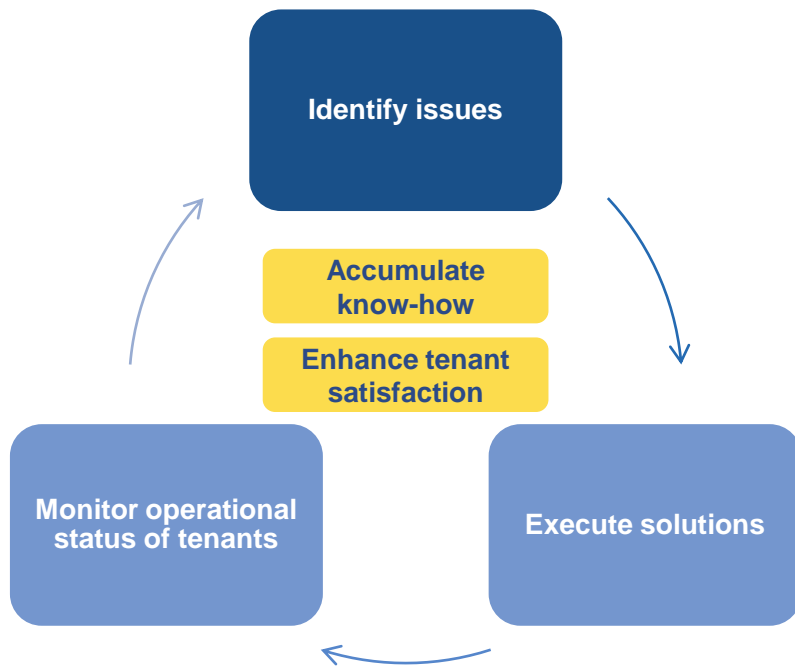
# Active management strategies

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

**Asset management services**  
Build and manage a stable/consistent portfolio

Strengthened collaboration

**Property management services**  
Interact directly with tenants



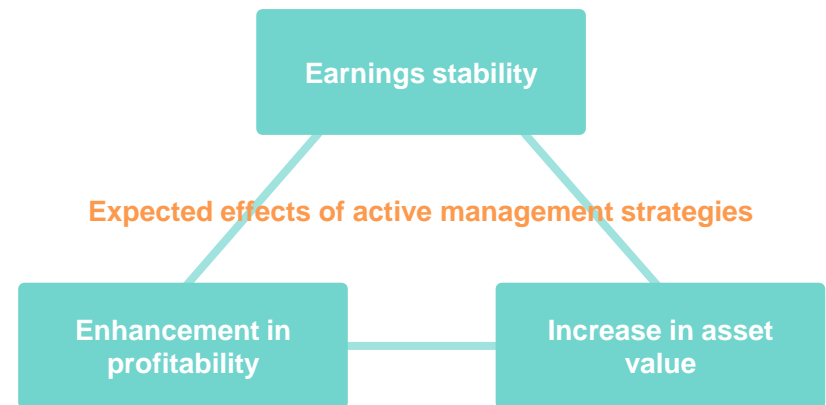
## Seek internal growth through property management

Building expansion leveraging unused portions of floor area

Sales-linked rent

Optimization of tenant composition

Effective utilization of CAPEX



## Examples of internal growth



MONA  
Shin-Urayasu



Passaggio  
Nishiarai



Unicus Ina



Blumer Maitamon



Blumer HAT Kobe



Roseo Mito



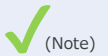
Ashico Town  
Ashikaga



Yokohama Kamigo  
Distribution Center



Property expansion



Renewal



Tenant reshuffling



Cost cut in BM



Reducing utility cost



Note: Assumed property expansion of restaurant building at Yokohama Kamigo Distribution Center.



# Recognitions and certifications on ESG

## Awarded “Green Star” in GRESB Real Estate Assessment for the third consecutive year



Participated in the GRESB Real Estate Assessment in 2018 consecutively from the first participation in 2016  
 Awarded “Green Star” as KRR received high evaluation on both “implementation and measurement” and “management and policy”  
 Earned “Three Star GRESB Rating,” which is relative indication of the global performance  
 Kenedix Real Estate Fund Management, Inc. has joined the GRESB Company & Fund Members in 2017

## Acquired DBJ Green Building Certifications

Certified properties: 15 properties (36.6%), Total certified floor area: 456,910.77m<sup>2</sup> (62.8%)

### Properties with outstanding environmental & social awareness



Fululu Garden Yachiyo



MONA Shin-Urayasu



Blumer Maitamon **Update!**

### Properties with excellent environmental & social awareness



Passaggio Nishiarai



Daikanyama Address Dixsept

Unicus Yoshikawa **Update!**

Blumer HAT Kobe

Roseo Mito

Ashico Town Ashikaga

### Properties with high environmental & social awareness



Unicus Ina

Yumemachi Narashinodai Mall

Kawamachi Yahagi Mall

Carino Esaka

Resora Obu Shopping Terrace

Sun Street Hamakita

## Environmental Considerations Rating from Sumitomo Mitsui Banking Corporation **New!**

Awarded an “A” grade from Sumitomo Mitsui Banking Corporation in recognition of its commitment to environmental initiatives in asset management, based on SMBC Environmental Considerations Lending Program.

## MUFG ESG Rating Certificate for J-REIT supported by JCR **New!**

Awarded the highest rank of “S” in “MUFG ESG Rating Certificate for J-REIT supported by JCR” by Mitsubishi UFJ Research and Consulting Co., Ltd.

## Signing of PRI by Kenedix, Inc. **New!**

Signatory of:

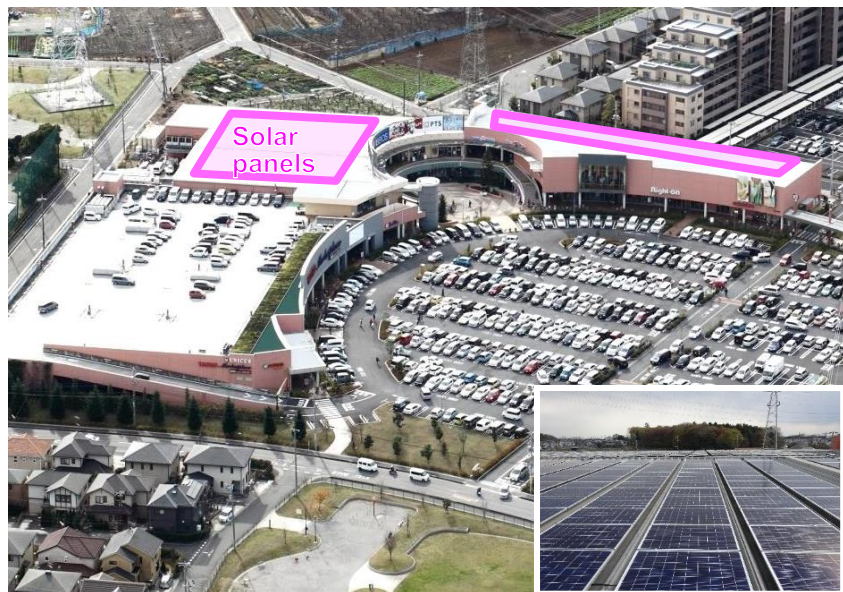


Kenedix, Inc. became a signatory to the United Nations Principles for Responsible Investment (“PRI”) in April 2019.  
 KRR and the Asset Manager promote sustainability initiatives through the practice of PRI as members of the Kenedix Group.

Note: The percentage of total certified floor area is the ratio of the total floor area of DBJ Green Building certified buildings and the total floor area of KRR's portfolio (727,870.92m<sup>2</sup>) (partial ownership and co-ownership properties are calculated according to their ownership ratio). Furthermore, the total number of certifiable properties is 41 properties out of 53 properties owned as of Mar. 31 2019, excluding 12 land-only properties.

## Installation of solar panels

### Planned installation spaces



### Profitability

NOI yield (Note 1)

**7.0%**

NOI increase (Note 2)

**JPY 4.2 mn**

Investment

**JPY 61 mn**

### Energy saving/ BCP (Note 2)

Cooling of the SC by the installation and air conditioning load reduction

Expected reduction in demand **87kW**

BCP through use of electricity from the solar panels in cases of blackouts

### CO2 reduction (Note 2)

Annual CO2 reduction

**164,235kg = 11,731 Cedar trees**

## Cooperation with local communities

Agreed with Ina Town to provide part of facility as a temporary shelter in case of a disaster



## Greening of facilities

Awarded Green Award of Saitama Pref.



## Community-participating events

Making efforts to enliven local communities (Summer Festival)



Note 1: Based on the rent from the power supplier and assumed extra rent from the tenant based on the green lease, divided by the investment to install the solar panels.

Note 2: Based on the assumption by the power supplier.

## 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

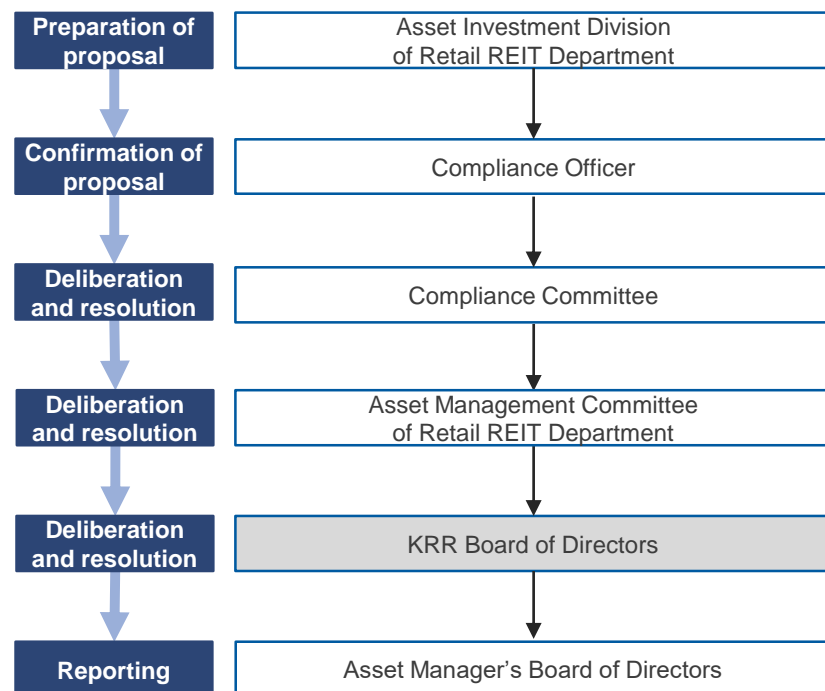


## Investment in KRR by Kenedix, Inc.

(as of March 31, 2019)

Number of units owned	Ownership
5,750 units	1.1%

## Decision-making process for acquisition and sale of properties (Note 1)



Note 1: Transactions within the scope of insignificance criteria are excluded from the decision-making process above.

Note 2: Including acquisition of buildings through expansion or reconstruction.

## Unitholder value-linked management fee structure

Introduction of fee structure to provide incentives to enhance unitholder value

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

## Investment unit performance fee calculation for 8th FP

### (1) KRR's excess return against TSE REIT Total Return Index

(Sep. 30, 2018 to Mar. 31, 2019)

KRR's total return: 13.76%

TSE REIT Total Return Index: 9.61%

⇒ KRR's excess return: 4.15%

### (2) KRR's market capitalization at Sep. 28, 2019

243,300 yen × 507,700 units ≒ 123,523 mn yen

### (3) Expected investment unit performance fee expensed during 9th FP

$\frac{4.15\%}{(1)} \times \frac{123,523 \text{ mn yen}}{(2)} \times 0.1\% \doteq 5,123 \text{ thousand yen}$

04

## Financial results and forecasts

Security Code  
3453





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

	Sep. 2018	Mar. 2019		Changes		Remarks on changes from forecasts
	7th Period Actual (A)	8th Period Forecast (B)	8th Period Actual (C)	C - A	C - B	
Rent revenue – real estate	7,066	7,109	7,068	+1	-41	Fixed rate: Tenant leave (Obu) -19, Late moving-in (Daikanyama) -5, Sales-linked rent (HAT Kobe, Yachiyo, etc.) -12
Other lease business revenue	1,298	1,123	1,128	-169	+4	Reversal of security deposit equivalent to rent (Obu) +37, Utility income -30, Parking (Daikanyama) -6
Gains on sale	212	175	218	+5	+42	
<b>Operating revenues</b>	<b>8,577</b>	<b>8,409</b>	<b>8,415</b>	<b>-161</b>	<b>+5</b>	
Property related expenses (excl. depreciation)	3,012	2,780	2,742	-269	-37	Repairs and maintenance (Maitamon, etc.) -20, Restoring (Yachiyo) -27
NOI	<b>5,352</b>	<b>5,453</b>	<b>5,454</b>	<b>+101</b>	<b>+0</b>	
Depreciation	971	985	990	+19	+5	
<b>NOI after depreciation</b>	<b>4,380</b>	<b>4,467</b>	<b>4,463</b>	<b>+82</b>	<b>-4</b>	
Other operating expenses	775	788	796	+21	+7	
<b>Operating income</b>	<b>3,816</b>	<b>3,854</b>	<b>3,884</b>	<b>+67</b>	<b>+30</b>	
Non-operating income	0	0	1	+1	+1	
Non-operating expenses	615	600	601	-13	+0	
<b>Ordinary income</b>	<b>3,201</b>	<b>3,253</b>	<b>3,284</b>	<b>+83</b>	<b>+31</b>	
<b>Net income</b>	<b>3,197</b>	<b>3,252</b>	<b>3,283</b>	<b>+85</b>	<b>+31</b>	
<b>DPU (JPY)</b>	<b>6,299</b>	<b>6,416</b>	<b>6,477</b>	<b>+178</b>	<b>+61</b>	



## Financial forecasts: 9th and 10th fiscal periods (JPY mn)

Key financial information	Mar. 2019 8th Period (Actual)	Sep. 2019 9th Period (Forecast)	Changes
<b>Operating revenues</b>	<b>8,415</b>	<b>8,586</b>	<b>+171</b>
Gain on sales of real estate	218	200	-17
Operating expenses	4,530	4,710	+180
<b>Operating income</b>	<b>3,884</b>	<b>3,876</b>	<b>-8</b>
Non-operating expenses	601	590	-11
Interest expenses & financing-related expenses	557	566	+8
Amortization of investment unit issuance costs	38	19	-19
<b>Ordinary income</b>	<b>3,284</b>	<b>3,285</b>	<b>+1</b>
<b>Net income</b>	<b>3,283</b>	<b>3,284</b>	<b>+1</b>
<b>DPU</b>	<b>6,477</b>	<b>6,480</b>	<b>+3</b>

Sep. 2019 9th Period (Forecast)	Mar. 2020 10th Period (Forecast)	Changes
<b>8,586</b>	<b>8,298</b>	<b>-287</b>
200	56	-144
4,710	4,488	-221
<b>3,876</b>	<b>3,809</b>	<b>-66</b>
590	583	-7
566	583	-2
19	19	---
<b>3,285</b>	<b>3,226</b>	<b>-58</b>
<b>3,284</b>	<b>3,226</b>	<b>-58</b>
<b>6,480</b>	<b>6,364</b>	<b>-116</b>

Related key indicator	Mar. 2019 8th Period (Actual)	Sep. 2019 9th Period (Forecast)	Changes
<b>NOI</b>	<b>5,454</b>	<b>5,484</b>	<b>+30</b>
NOI yield (%)	5.1%	5.1%	---
Depreciation	990	1,012	+22
NOI after depreciation	4,463	4,471	+8
NOI yield after depreciation (%)	4.2%	4.2%	---
FFO	4,105	4,125	+19
CAPEX	500	873	+372
<b>LTV (%)</b>	<b>44.6%</b>	<b>44.5%</b>	<b>---</b>

Sep. 2019 9th Period (Forecast)	Mar. 2020 10th Period (Forecast)	Changes
<b>5,484</b>	<b>5,542</b>	<b>+58</b>
5.1%	5.2%	---
1,012	1,011	-1
4,471	4,531	+59
4.2%	4.2%	---
4,125	4,204	+78
873	797	-75
<b>44.5%</b>	<b>44.5%</b>	<b>---</b>

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

# Revenues and expenses of ten assets with sales-linked rent (JPY mn)

## Forecast

Period	Yachiyo		Shin-Urayasu		Nishiarai		Daikanyama		Maitamon		HAT Kobe		Esaka		Obu		Ashikaga		Hamakita	
	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th
Rent (fixed)	533	552	326	328	203	210	183	185	351	355	326	318	151	150	186	202	176	177	432	431
Rent (sales-linked)	61	64	37	35	13	13	6	5	15	17	26	28	44	42	14	14	8	9	6	6
Utility charge reimbursement	76	69	47	42	42	37	36	31	104	82	85	70	34	32	51	45	72	55	73	63
Penalty restoring reimbursement	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	70	0	0	0
Other revenues	28	28	103	106	65	59	53	53	28	27	35	33	77	76	15	14	8	7	23	24
<b>Revenues</b>	<b>700</b>	<b>715</b>	<b>514</b>	<b>512</b>	<b>324</b>	<b>321</b>	<b>278</b>	<b>276</b>	<b>499</b>	<b>482</b>	<b>474</b>	<b>451</b>	<b>308</b>	<b>300</b>	<b>267</b>	<b>276</b>	<b>336</b>	<b>249</b>	<b>536</b>	<b>525</b>
PM fees	141	144	78	76	48	46	53	53	64	61	67	65	45	42	37	38	40	41	70	68
Utilities	76	65	68	62	47	43	42	36	73	62	71	58	40	30	52	48	72	63	57	51
Taxes	69	69	22	22	35	35	12	12	41	41	47	47	24	24	26	26	24	24	25	25
Repairs and maintenance	62	32	20	10	4	4	8	2	20	2	3	17	45	3	9	9	52	32	22	4
Others	44	42	59	64	32	31	37	40	26	23	21	20	3	2	21	13	10	10	71	69
<b>Expenses</b>	<b>395</b>	<b>354</b>	<b>249</b>	<b>236</b>	<b>168</b>	<b>159</b>	<b>154</b>	<b>144</b>	<b>226</b>	<b>192</b>	<b>211</b>	<b>210</b>	<b>159</b>	<b>104</b>	<b>147</b>	<b>135</b>	<b>200</b>	<b>171</b>	<b>247</b>	<b>218</b>
<b>NOI</b>	<b>304</b>	<b>360</b>	<b>264</b>	<b>276</b>	<b>156</b>	<b>161</b>	<b>124</b>	<b>132</b>	<b>273</b>	<b>290</b>	<b>262</b>	<b>240</b>	<b>148</b>	<b>196</b>	<b>119</b>	<b>140</b>	<b>135</b>	<b>78</b>	<b>288</b>	<b>306</b>

## Actual

Period	Yachiyo		Shin-Urayasu		Nishiarai		Daikanyama		Maitamon		HAT Kobe		Esaka		Obu		Ashikaga		Hamakita	
	7th	8th	7th	8th	7th	8th	7th	8th	7th	8th	7th	8th	7th	8th	7th	8th	7th	8th	7th	8th
Rent (fixed)	546	534	268	324	197	191	180	177	343	343	332	326	154	153	230	205	200	199	431	434
Rent (sales-linked)	64	65	42	38	13	14	6	5	17	18	18	25	46	43	12	14	8	8	6	6
Utility charge reimbursement	80	64	39	41	43	32	32	28	106	78	84	68	33	28	54	43	69	59	67	60
Penalty restoring reimbursement	14	3	29	0	0	0	2	6	0	0	51	0	0	0	0	0	0	0	0	0
Other revenues	29	31	91	111	67	62	57	48	34	35	42	34	77	77	20	54	8	9	28	25
<b>Revenues</b>	<b>736</b>	<b>699</b>	<b>471</b>	<b>514</b>	<b>321</b>	<b>301</b>	<b>279</b>	<b>267</b>	<b>502</b>	<b>475</b>	<b>529</b>	<b>455</b>	<b>311</b>	<b>302</b>	<b>317</b>	<b>318</b>	<b>286</b>	<b>276</b>	<b>533</b>	<b>526</b>
PM fees	141	143	84	79	47	47	52	52	62	61	68	69	42	41	38	39	40	39	66	68
Utilities	73	66	60	63	44	38	38	33	79	64	77	56	40	30	52	45	64	59	51	47
Taxes	69	69	22	23	35	35	12	12	41	41	47	47	24	24	26	26	24	24	25	25
Repairs and maintenance	43	33	135	7	3	3	5	7	17	10	17	10	7	3	19	4	11	6	15	11
Others	48	50	111	71	41	34	35	47	38	22	22	27	3	3	16	22	11	9	73	68
<b>Expenses</b>	<b>378</b>	<b>364</b>	<b>414</b>	<b>245</b>	<b>171</b>	<b>159</b>	<b>144</b>	<b>153</b>	<b>239</b>	<b>201</b>	<b>234</b>	<b>211</b>	<b>118</b>	<b>103</b>	<b>153</b>	<b>139</b>	<b>153</b>	<b>140</b>	<b>232</b>	<b>222</b>
<b>NOI</b>	<b>358</b>	<b>334</b>	<b>56</b>	<b>269</b>	<b>150</b>	<b>142</b>	<b>135</b>	<b>114</b>	<b>262</b>	<b>274</b>	<b>295</b>	<b>244</b>	<b>193</b>	<b>199</b>	<b>163</b>	<b>179</b>	<b>133</b>	<b>136</b>	<b>301</b>	<b>303</b>

# Revenues and expenses of assets without sales-linked rent (JPY mn)

## Forecast

Period	Existing properties				Properties acquired since 7th period				Disposed/ disposing properties			
	Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties	
	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th
Rent (fixed)	1,330	1,336	2,210	2,210	0	0	462	466	0	0	15	1
Rent (sales-linked)	0	0	0	0	0	0	0	0	0	0	0	0
Utility charge reimbursement	89	80	15	12	0	0	0	0	0	0	0	0
Penalty restoring reimbursement	0	0	0	0	0	0	0	0	0	0	0	0
Other revenues	21	21	0	0	0	0	0	0	0	0	0	0
<b>Revenues</b>	<b>1,441</b>	<b>1,439</b>	<b>2,226</b>	<b>2,223</b>	<b>0</b>	<b>0</b>	<b>463</b>	<b>466</b>	<b>0</b>	<b>0</b>	<b>15</b>	<b>1</b>
PM fees	94	93	52	52	0	0	10	10	0	0	1	0
Utilities	89	81	15	12	0	0	0	0	0	0	0	0
Taxes	128	128	208	208	0	0	27	27	0	0	5	1
Repairs and maintenance	31	48	11	31	0	0	12	20	0	0	0	0
Others	28	29	19	19	0	0	2	4	0	0	0	0
<b>Expenses</b>	<b>373</b>	<b>381</b>	<b>308</b>	<b>325</b>	<b>0</b>	<b>0</b>	<b>53</b>	<b>62</b>	<b>0</b>	<b>0</b>	<b>7</b>	<b>1</b>
<b>NOI</b>	<b>1,068</b>	<b>1,057</b>	<b>1,918</b>	<b>1,898</b>	<b>0</b>	<b>0</b>	<b>409</b>	<b>403</b>	<b>0</b>	<b>0</b>	<b>8</b>	<b>-0</b>

## Actual

Period	Existing properties				Properties acquired since 7th period				Disposed/ disposing properties			
	Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties	
	7th	8th	7th	8th	7th	8th	7th	8th	7th	8th	7th	8th
Rent (fixed)	1,332	1,329	2,206	2,210	0	0	151	207	0	0	253	189
Rent (sales-linked)	0	0	0	0	0	0	0	0	0	0	0	0
Utility charge reimbursement	84	77	15	13	0	0	0	0	0	0	0	0
Penalty restoring reimbursement	5	0	0	0	0	0	0	0	0	0	0	0
Other revenues	24	22	0	7	0	0	0	0	0	0	0	0
<b>Revenues</b>	<b>1,446</b>	<b>1,430</b>	<b>2,222</b>	<b>2,230</b>	<b>0</b>	<b>0</b>	<b>151</b>	<b>207</b>	<b>0</b>	<b>0</b>	<b>253</b>	<b>189</b>
PM fees	92	92	52	52	0	0	2	3	0	0	53	40
Utilities	84	79	15	13	0	0	0	0	0	0	0	0
Taxes	128	128	205	205	0	0	0	0	0	0	23	23
Repairs and maintenance	31	24	28	20	0	0	1	52	0	0	0	3
Others	27	28	19	19	0	0	0	11	0	0	1	1
<b>Expenses</b>	<b>364</b>	<b>352</b>	<b>322</b>	<b>312</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>67</b>	<b>0</b>	<b>0</b>	<b>79</b>	<b>69</b>
<b>NOI</b>	<b>1,081</b>	<b>1,077</b>	<b>1,900</b>	<b>1,918</b>	<b>0</b>	<b>0</b>	<b>146</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>173</b>	<b>120</b>

Note: "Existing properties" refer to properties acquired by the end of 6th FP, excluding disposed/ disposing properties.

05

Shift from GMS to shopping centers for daily needs

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# Investments focusing on shopping center for daily needs

## “Daily / Neighborhood” type

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

## “Weekend / Destination” type

The majority of portfolio properties of 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 Center)**

**GMS (General Merchandise Store)**

Stand-alone GMS is excluded from our investment criteria

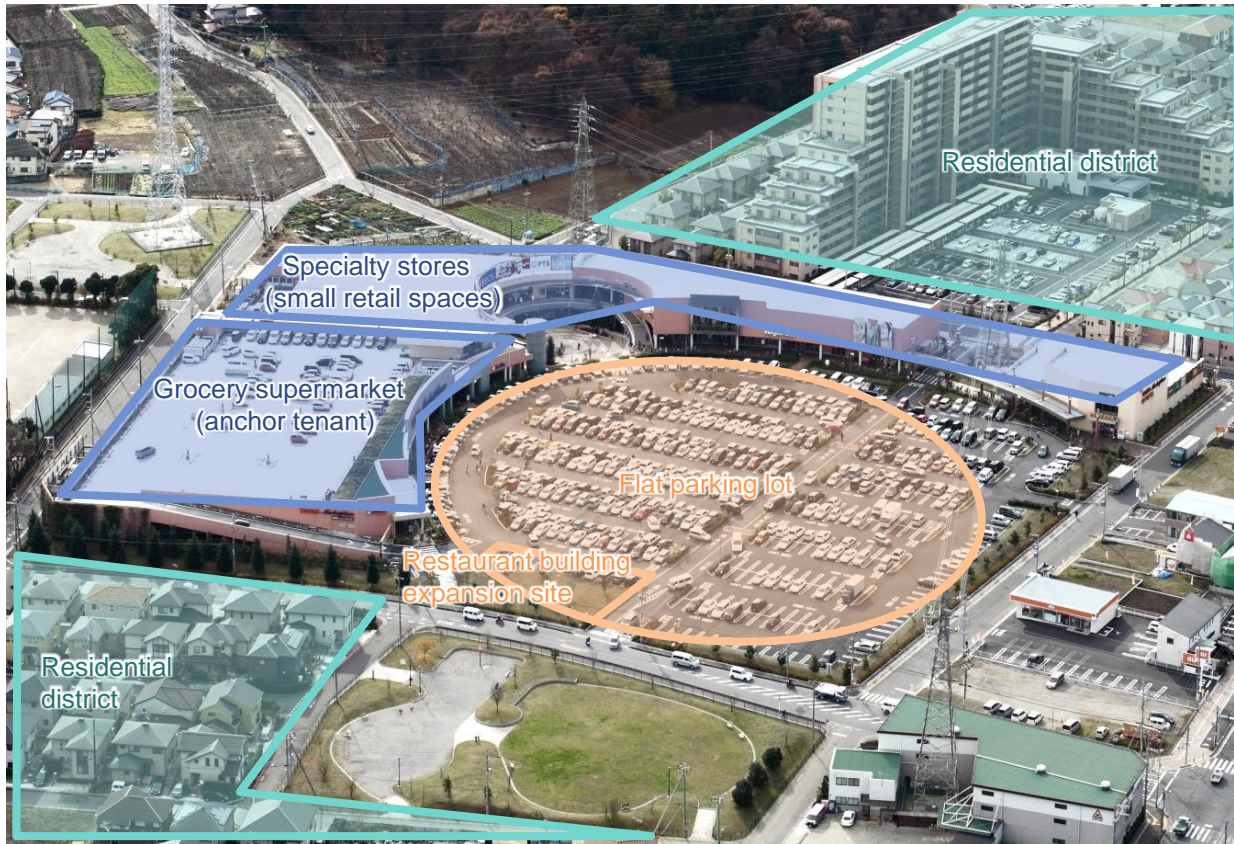
**Outlet malls**

### 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
  - 1km radius: 10,000 people
  - 3km radius: 62,000 people
  - 5km radius: 247,000 people

**Tenants** Providing primarily daily necessities

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



An anchor tenant with strong ability to attract customers



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

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

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



Expansion building

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

## Buying goods at GMS

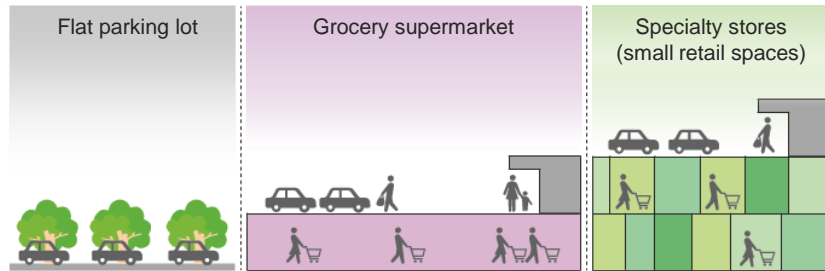
2007		(JPY bn)
	Type of store	Sales
1	Supermarket	12,961.0
2	GMS	8,602.1
3	Department store	8,283.1
4	Convenience store	7,413.9
5	Other retailers	5,743.7
6	Consumer electronics	5,719.1
7	Drug store	3,692.2
8	Apparel	3,177.7
9	Home and garden	2,835.6
10	Consumers' co-operative	2,487.0

## Buying goods at specialty stores

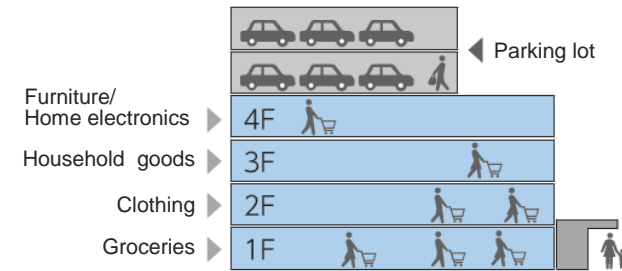
2018		(JPY bn)	
	Type of store	Sales	Change
1	Supermarket	16,300.8	+25.8%
2	Convenience store	10,661.5	+43.8%
3	Drug store	8,106.0	+119.5%
4	Other retailers	7,412.7	+29.1%
5	GMS	7,147.5	-16.9%
6	Department store	6,003.6	-27.5%
7	Apparel	5,531.1	+74.1%
8	Consumer electronics	5,392.6	-5.7%
9	Home and garden	3,446.8	+21.6%
10	Consumers' co-operative	2,453.5	-1.3%

# Advantages of shopping centers for daily needs over GMS

## Typical shopping center for daily needs



## Typical stand-alone GMS



### Facilities of shopping center for daily needs

VS

### Facilities of stand-alone GMS

Small to Medium	Retail trade area	Medium to Large
High (low-rise building)	Ease of getting around	Low (high-rise building)
Large flat parking lot	Parking lot	Multilevel parking lot
Grocery supermarket + Specialty stores	Tenants	GMS stand-alone

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

VS

### Real estate value of stand-alone GMS

Potential rental upside upon tenant replacement or contract renewal	Upside potential	Limited frequency of upward rent revisions
Property expansion leveraging underutilized space		
Relatively easy	Tenant replacement	Relatively difficult
Expanding market share	Potential for investment	A number of stand-alone GMSs owned by real-estate funds exited the market



06

## Key characteristics of KRR

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# Portfolio strategies

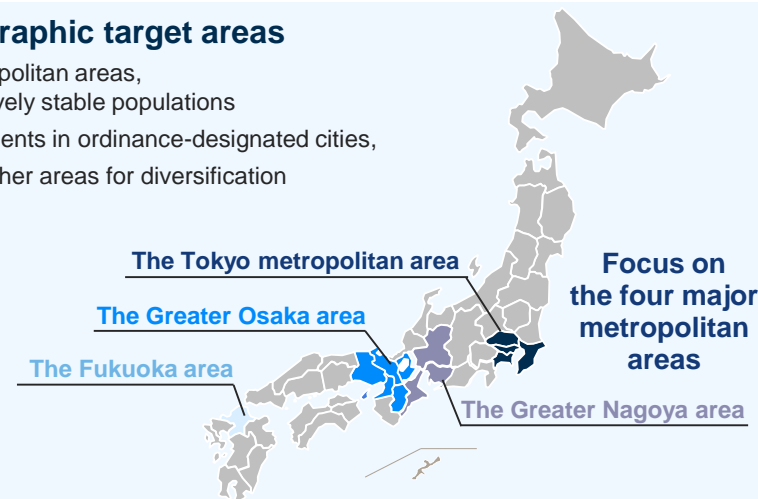
## Investment criteria

Focus on the following four elements in making investment decisions:

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

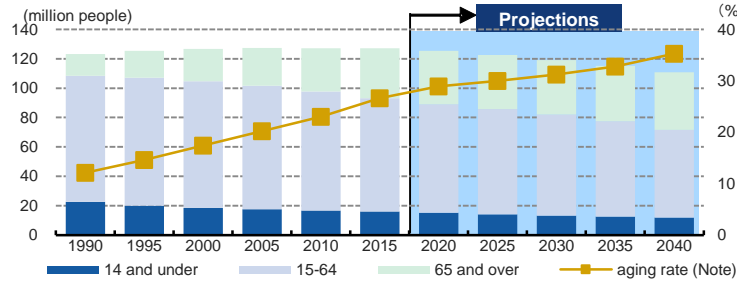


Shrinking retail trade area due to aging and concentrating population in Japan

Domestic consumption led by the elderly

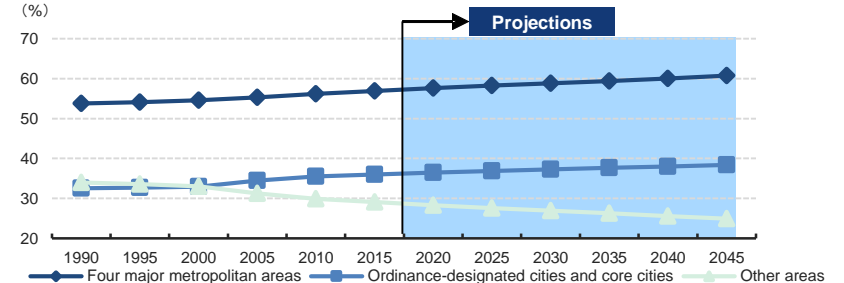
Stable demand for daily necessities

## Demographic shift in Japan



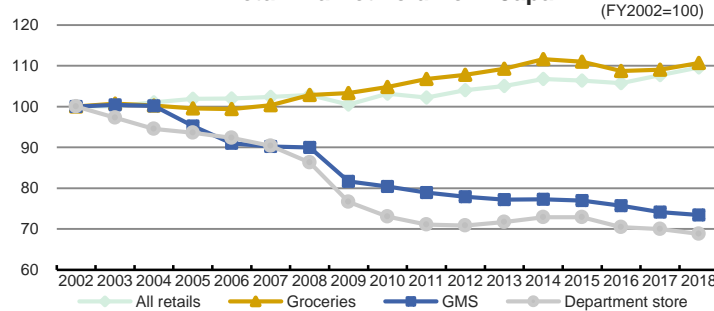
Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research (as of 2017)

## Population share in Japan by area



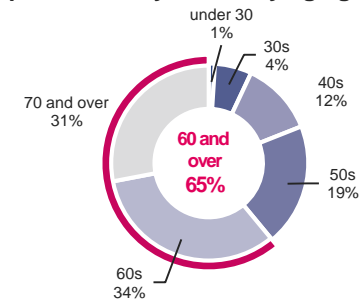
Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research

## Retail market volume in Japan



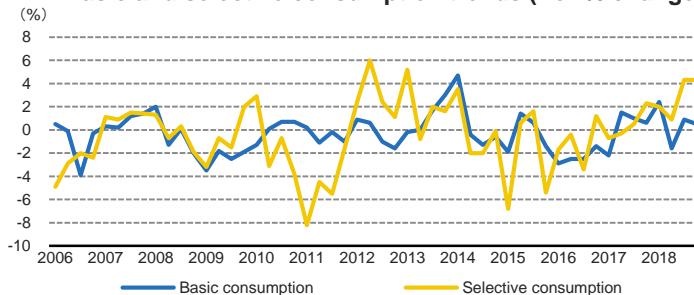
Source: Ministry of Economy, Trade and Industry

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



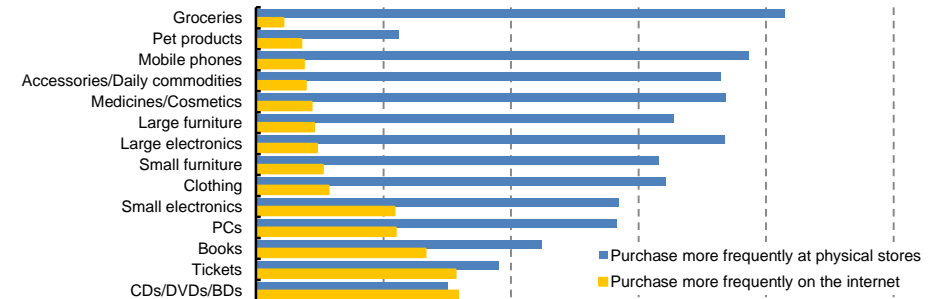
Source: Ministry of Internal Affairs and Communications

## Basic and selective consumption trends (YoY% change)



Source: Ministry of Internal Affairs and Communications

## Product types for physical stores or online shopping

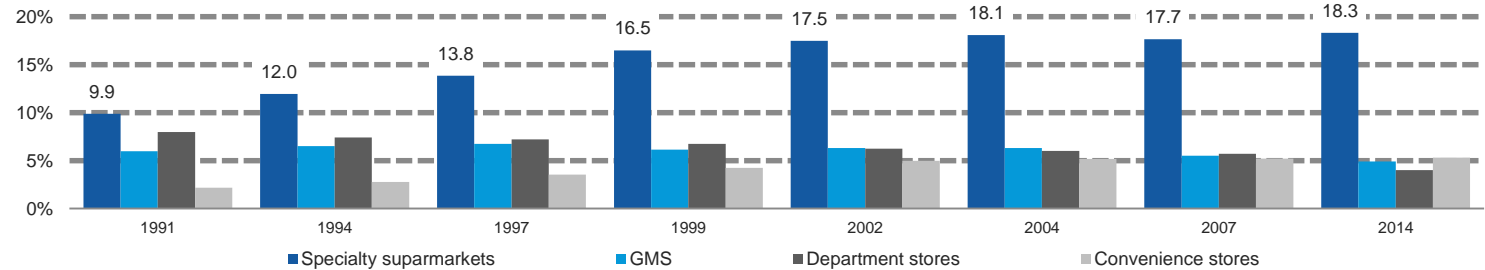


Source: Ministry of Internal Affairs and Communications (2016)

# Retail property trends and macroeconomic conditions (2)

**Increase in specialty supermarket market share**

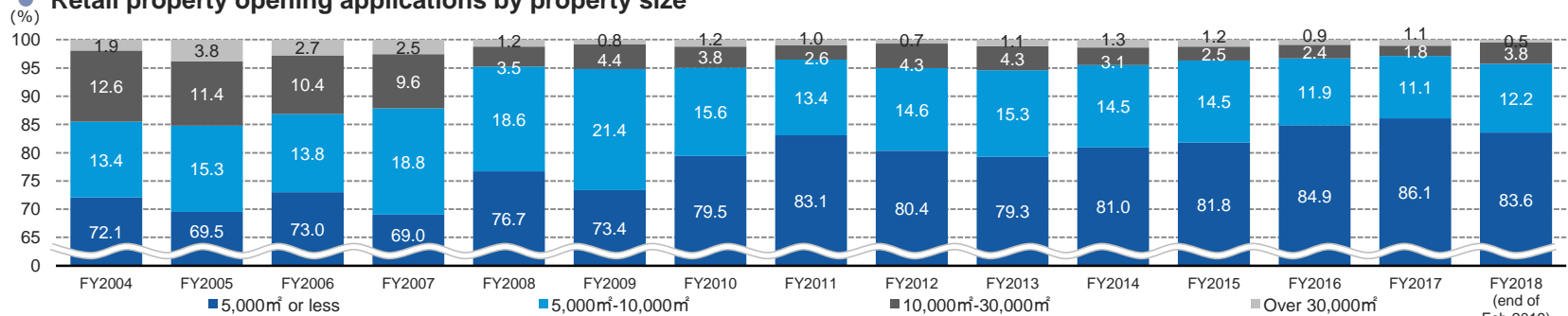
● **Retail sales shares by store type**



Source: Ministry of Economy, Trade and Industry

**Decrease in size of retail properties**

● **Retail property opening applications by property size**



Source: Ministry of Economy, Trade and Industry

**Government promotion of "Compact City"**

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

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

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

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

	Japan	US	Japan : US
<b>Land area (km<sup>2</sup>)</b> (Source 1)	377,915	9,833,517	1 : 26
<b>Habitable area (km<sup>2</sup>)</b> (Source 2)	114,622	6,103,372	1 : 53
<b>Population (thousand)</b> (Source 3)	126,491	328,434	1 : 2.5
<b>Population density (Land area) (persons/km<sup>2</sup>)</b>	335	33	10 : 1
<b>Population density (Habitable area) (persons/km<sup>2</sup>)</b>	1,105	53	20 : 1
<b>Number of SC</b> (Source 4)	3,217	47,087	1 : 15
<b>Total floor area for SC (m<sup>2</sup>)</b> (Source 4)	52,531,060	626,580,000	1 : 12
<b>Number of SC per million people</b>	25	143	1 : 5
<b>Floor area for SC per capita (m<sup>2</sup>/person)</b>	0.41	1.90	1 : 5
<b>EC share</b> (Source 5)	5.8%	9.1%	-
<b>Grocery EC share</b> (Source 6)	1.9%	1.1%	-
<b>Share of expenses for meats, fishes and fresh vegetables to all food expense</b> (Source 7)	27.9%	19.8%	-
<b>Share of expense for restaurant meals to all food expense</b> (Source 7)	17.8%	43.5%	-

Source 1: Central Intelligence Agency "The World Factbook"

Source 2: World Bank, World Development Indicators (2013)

Source 3: International Monetary Fund "World Economic Outlook Database" (2018)

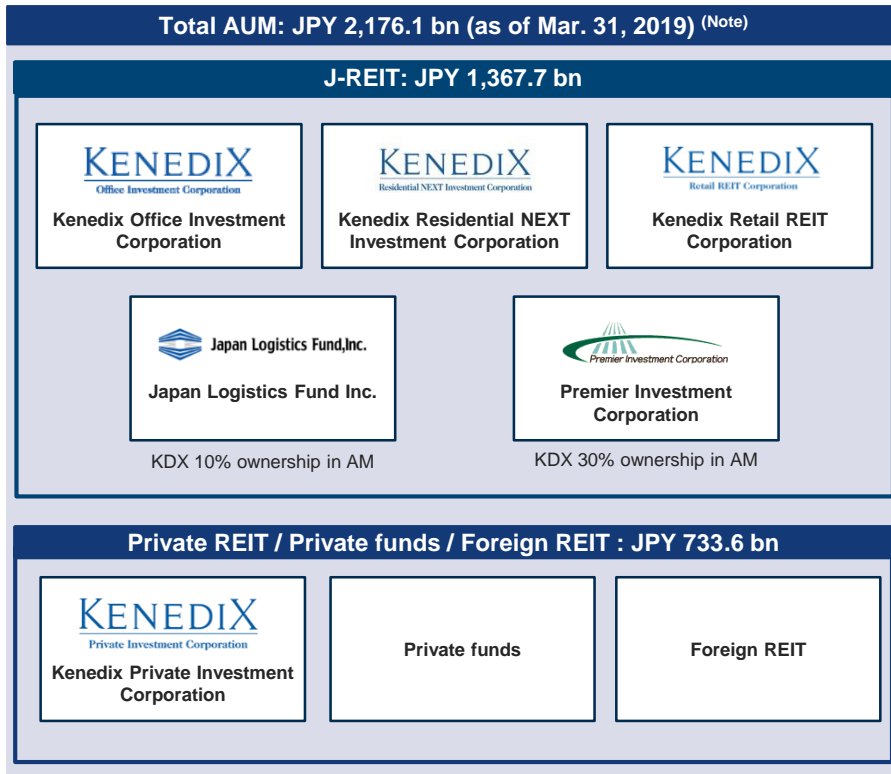
Source 4: Japan Council of Shopping Center (2017) (Japan), Japan Council of Shopping Center "SC White paper" (2017, excluding CVC) (US)

Source 5: The Ministry of Economy, Trade and Industry "Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)" (2018) (Japan), Statista (2017) (US)

Source 6: The Ministry of Agriculture, Forestry and Fisheries "Survey of E-Commerce for Food" (2018)

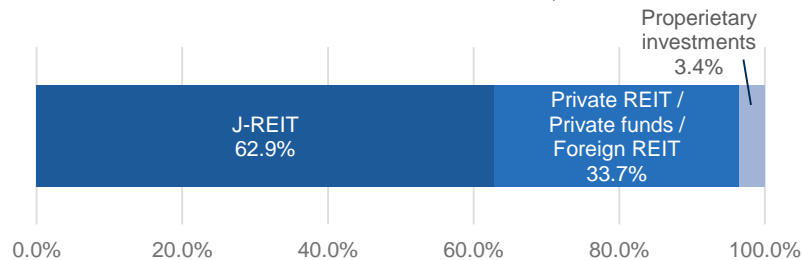
Source 7: The Ministry of Internal Affairs and Communications "Family Budget Survey" (2017) (Japan), Bureau of Labor Statistics (2017) (US)

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

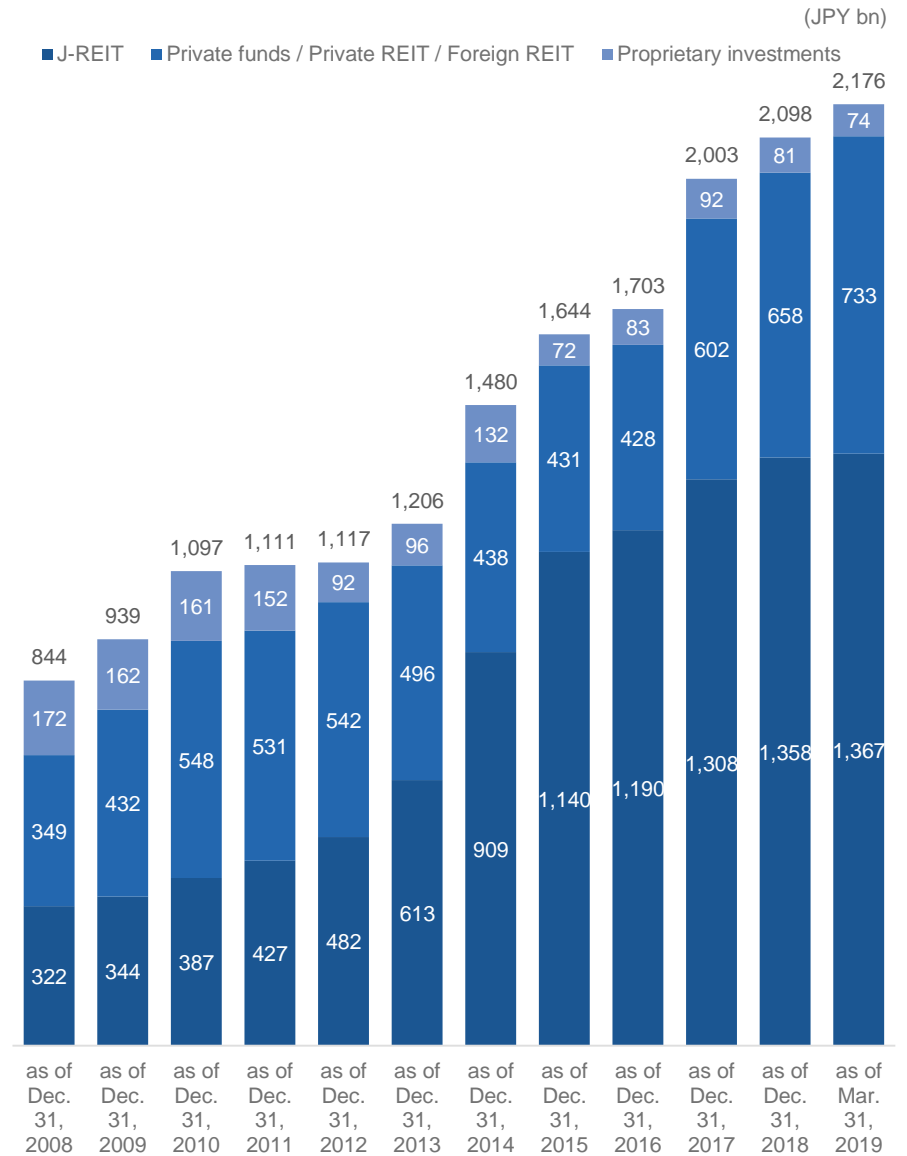


Note: The Kenedix Group's total AUM includes proprietary investments of JPY 74.7 bn.

Breakdown of AUM as of Mar. 31, 2019



## The Kenedix Group's total AUM



## Sumitomo Mitsui Finance and Leasing Co., Ltd. SMFL MIRAI Partners Co., Ltd.



- Main lines of business: Leasing of a variety of equipment and machinery, loans and factoring, etc.
  - Operating assets outstanding of JPY 4.8 tn. The top-class general leasing company in Japan by lease transaction volume (with consolidated operating assets of JPY 800 bn for the real-estate sector (on a book value basis)) (Note) The figures are as of Mar. 31, 2019
- SMFL succeeded a part of its real estate leasing business to SMFL MIRAI Partners. SMFL's support to KRR under Alliance Agreement is partially succeeded to SMFL MIRAI
- Description of support
  - Sourcing of lease properties (pipeline support)
  - Provision of warehousing services, financing, other services to bridge funds and personnel support

## P&D Consulting Co., Ltd.



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

## Nippon Commercial Development Co., Ltd.



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

## ITOCHU Corporation



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



07

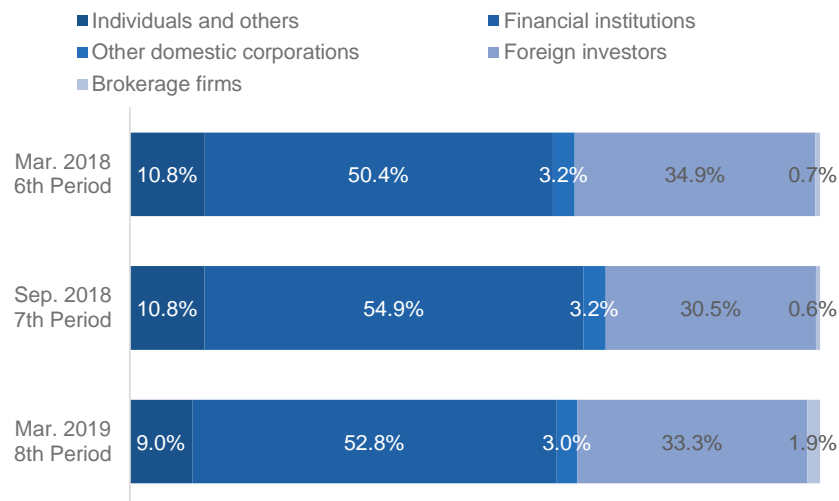
## Portfolio and unitholder information

Security Code  
3453



# Unitholder information (as of Mar. 31, 2019)

## Ownership ratio by investor type



## Number of unitholders by investor type

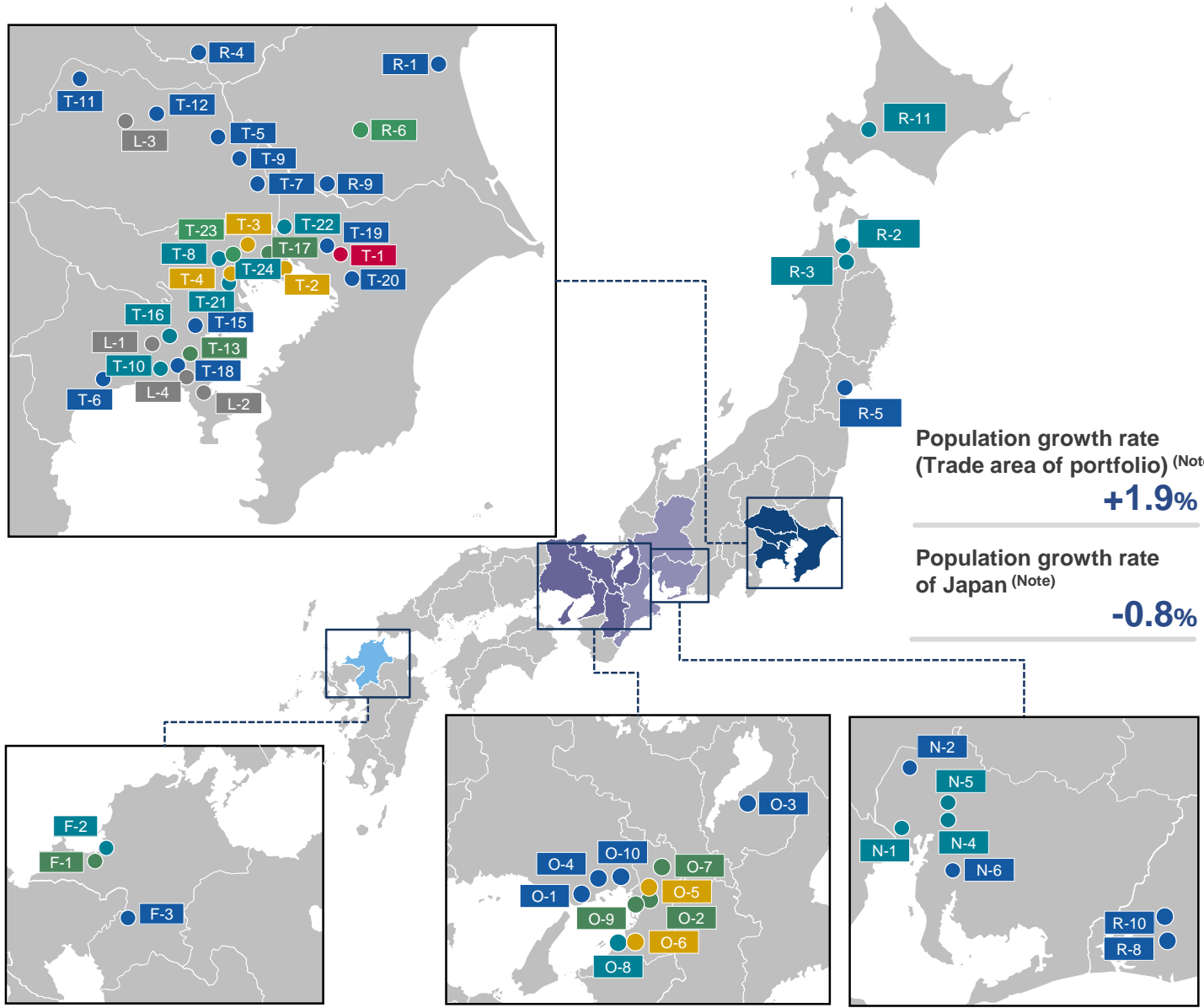
	Mar. 2018 6th Period	Sep. 2018 7th Period	Mar. 2019 8th Period
<b>Individuals and others</b>	11,916	11,644	10,359
<b>Financial institutions</b>	City/ Trust banks	12	13
	Regional banks	27	27
	Shinkin banks and others	71	70
	Life/ Nonlife	5	6
	<b>Total</b>	115	116
<b>Other domestic corporations</b>	264	261	239
<b>Foreign investors</b>	227	222	216
<b>Brokerage firms</b>	23	18	15
<b>Total</b>	12,545	12,261	10,931

## Major unitholders

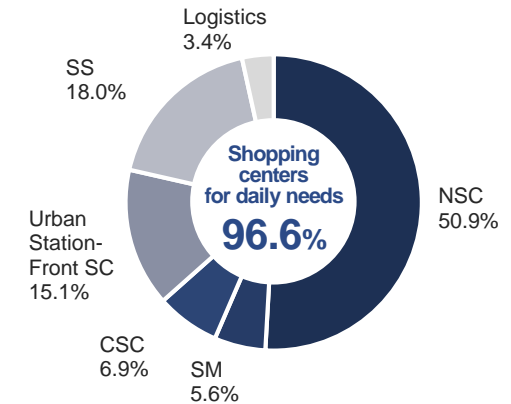
Name	# of units held	Ratio (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.)	85,756	16.89%
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Acct.)	62,622	12.33%
JP MORGAN BANK LUXEMBURG S.A. 384500	24,140	4.75%
THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.)	22,313	4.39%
TRUST & CUSTODY SERVICE BANK, LTD. (Securities Investment Trust Acct.)	15,060	2.96%
BNYM AS AGT/CLTS 10 PERCENT	15,015	2.95%
MIZUHO TRUST & BANKING CO., LTD.	11,202	2.20%
MITSUBISHI UFJ TRUST AND BANKING CORPORATION	8,841	1.74%
STATE STREET BANK WEST CLIENT-TREATY 505234	8,178	1.61%
DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	6,643	1.30%

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

# Portfolio map (as of Apr. 30, 2019)



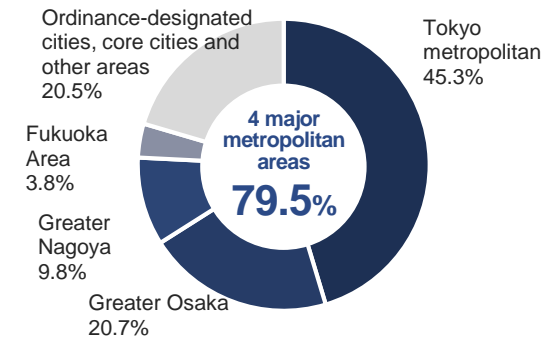
## Types of retail property (by acquisition price)



Population growth rate (Trade area of portfolio) (Note)  
**+1.9%**

Population growth rate of Japan (Note)  
**-0.8%**

## Location (by acquisition price)



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



# Portfolio overview (as of Apr. 30, 2019)

<b>T-1</b> Futulu Garden Yachiyo	<b>T-2</b> MONA Shin-Urayasu	<b>T-3</b> Passaggio Nishiarai	<b>T-4</b> Daikanyama Address Dixsept	<b>T-5</b> Unicus Ina	<b>T-6</b> Yorktown Kita-Kaname	<b>T-7</b> Unicus Yoshikawa	<b>T-8</b> Sports Club Renaissance Fujimidi	<b>T-9</b> Super Viva Home Iwatsuki (Land)
<b>T-10</b> K's Denki Shonan-Fujisawa (Land)	<b>T-11</b> Unicus Kamisato (Land)	<b>T-12</b> Unicus Konosu (Land)	<b>T-13</b> Inageya Yokohama Minamihonjuku (Land)	<b>T-15</b> Nakamachidai Tokyu Store	<b>T-16</b> Central Wellness Club Nagatsuta Minamidai	<b>T-17</b> Life Kameido	<b>T-18</b> Totsuka-Fukaya Shopping Center (Land)	<b>T-19</b> Yumemachi Narashinodai Mall
<b>T-20</b> Kawamachi Yahagi Mall	<b>T-21</b> Prime Square Jiyugaoka	<b>T-22</b> Round1 Ichikawa-Onitaka	<b>T-23</b> Ozecki Tokiwadai	<b>T-24</b> Konami Sports Club Shibuya	<b>O-1</b> Blumer Maitamon	<b>O-2</b> Life Takadono (Land)	<b>O-3</b> DCM Kahma MEGA Don Quijote UNY Omihachiman	<b>O-4</b> Blumer HAT Kobe
<b>O-5</b> Carino Esaka	<b>O-6</b> COMBOX Komyoike	<b>O-7</b> Hankyu Oasis Hirakatadeguchi	<b>O-8</b> Welcia Kishiwadakamori (Land)	<b>O-9</b> Life Nishi-Tengachaya	<b>O-10</b> Million Town Tsukaguchi (Land)	<b>N-1</b> DCM Kahma Nakagawa Tomita (Land)	<b>N-2</b> Valor Ichinomiya-Nishi	<b>N-4</b> Homecenter Kohnan Sunadabashi
<b>N-5</b> K's Denki Shin-Moriyama (Land)	<b>N-6</b> Resora Obu Shopping Terrace	<b>F-1</b> Sunny Noma	<b>F-2</b> Round1 Stadium Hakata-Hanmichibashi	<b>F-3</b> Kurume-Nishi Shopping Center	<b>R-1</b> Roseo Mito	<b>R-2</b> K's Denki Aomori Honten	<b>R-3</b> Super Sports Xebio Aomori-Chuo	<b>R-4</b> Ashico Town Ashikaga
<b>R-5</b> Yorktown Shinden-Higashi	<b>R-6</b> Kasumi Technopark Sakura	<b>R-8</b> P-1 Plaza Tenno	<b>R-9</b> Seiyu Rakuichi Moriya (Land)	<b>R-10</b> Sun Street Hamakita	<b>R-11</b> Costco Wholesale Sapporo Warehouse	<b>L-3</b> Musashi Ranzan Distribution Center		

Note: For the assets acquired in 9th Period, please refer to p.19.

# Portfolio overview (as of Apr. 30, 2019)

No	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	Number of Tenants
T-1	Fululu Garden Yachiyo	Yachiyo, Chiba	14,848	15,000	5.1	96.6	38
T-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	9,760	6.4	98.8	57
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	6,810	5.2	98.6	41
T-4	Daikanyama Address Dixsept	Shibuya ward, Tokyo	5,390	6,440	4.2	97.2	25
T-5	Unicus Ina	Kitaadachi-gun, Saitama	4,470	5,230	5.7	100.0	1
T-6	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	4,000	4,350	5.4	100.0	1
T-7	Unicus Yoshikawa	Yoshikawa, Saitama	3,600	3,840	5.2	99.6	10
T-8	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	2,750	5.0	100.0	1
T-9	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	4,815	5,540	4.3	100.0	1
T-10	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	3,169	3,500	5.0	100.0	1
T-11	Unicus Kamisato (Land)	Kodama-gun, Saitama	3,000	3,050	4.6	100.0	1
T-12	Unicus Konosu (Land)	Konosu, Saitama	1,700	1,780	4.6	100.0	1
T-13	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	1,442	1,410	4.5	100.0	1
T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,810	5.4	100.0	1
T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,890	5.6	81.0	1
T-17	Life Kameido	Koto ward, Tokyo	1,450	1,520	4.5	100.0	1
T-18	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	4,170	4,320	4.6	100.0	2
T-19	Yumemachi Narashinodai Mall	Funabashi, Chiba	3,416	3,510	5.1	100.0	14
T-20	Kawamachi Yahagi Mall	Chiba, Chiba	3,097	3,210	5.1	100.0	12
T-21	Prime Square Jiyugaoka	Meguro ward, Tokyo	2,820	2,830	4.1	100.0	2
T-22	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	1,880	1,970	5.2	100.0	1
T-23	Ozeki Tokiwadai	Itabashi ward, Tokyo	1,263	1,350	4.6	100.0	1
T-24	Konami Sports Club Shibuya	Shibuya ward, Tokyo	3,400	3,410	4.0	100.0	1
O-1	Blumer Maitamon	Kobe, Hyogo	8,389	9,380	6.0	99.7	50
O-2	Life Takadono (Land)	Osaka, Osaka	2,685	3,150	4.8	100.0	1
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	2,140	2,510	7.1	100.0	2
O-4	Blumer HAT Kobe	Kobe, Hyogo	11,000	11,500	5.1	99.3	41
O-5	Carino Esaka	Suita, Osaka	6,555	7,180	5.1	100.0	30

Note: The figures are as of Mar. 31, 2019. "Appraisal value" and "Appraisal NOI yield" are as of Feb. 1, 2019 for Yokohama Kamigo Distribution Center.



# Portfolio overview (as of Apr. 30, 2019)

No	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	Number of Tenants
O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,630	6.0	100.0	1
O-7	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	1,280	1,330	5.9	100.0	1
O-8	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	487	488	4.5	100.0	1
O-9	Life Nishi-Tengachaya	Osaka, Osaka	1,505	1,690	5.2	100.0	1
O-10	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	3,723	3,950	4.2	100.0	1
N-1	DCM Kahma Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	2,700	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	7,290	5.1	100.0	1
N-5	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	1,370	1,440	4.4	100.0	1
N-6	Resora Obu Shopping Terrace	Obu, Aichi	7,911	7,440	4.9	86.3	38
F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,660	5.4	100.0	1
F-2	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	5,020	5,610	5.7	100.0	1
F-3	Kurume-Nishi Shopping Center	Kurume, Fukuoka	1,515	1,760	6.1	100.0	4
R-1	Roseo Mito	Mito, Ibaraki	10,046	11,600	5.9	99.5	21
R-2	K's Denki Aomori Honten	Aomori, Aomori	1,469	1,580	6.4	100.0	1
R-3	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	898	939	6.4	100.0	1
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	4,180	5,030	6.4	100.0	29
R-5	Yorktown Shinden-Higashi	Sendai, Miyagi	3,252	3,340	6.0	100.0	2
R-6	Kasumi Technopark Sakura	Tsukuba, Ibaraki	830	877	5.6	100.0	1
R-8	P-1 Plaza Tenno	Hamamatsu, Shizuoka	4,010	4,350	5.8	100.0	7
R-9	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	4,111	4,240	4.1	100.0	1
R-10	Sun Street Hamakita	Hamamatsu, Shizuoka	10,746	11,160	5.9	99.3	53
R-11	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	4,210	4,410	4.8	100.0	1
L-1	Zama Distribution Center	Zama, Kanagawa	1,400	1,640	6.0	100.0	1
L-2	Oppama Distribution Center	Yokosuka, Kanagawa	1,300	1,570	6.5	100.0	1
L-3	Musashi Ranzan Distribution Center	Hiki-gun, Saitama	3,879	4,000	5.7	100.0	1
L-4	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	790	840	5.0	100.0	1
<b>Total / Average</b>			<b>213,786</b>	<b>230,924</b>	<b>5.3</b>	<b>99.2</b>	<b>513</b>

Note: The figures are as of Mar. 31, 2019. "Appraisal value" and "Appraisal NOI yield" are as of Feb. 1, 2019 for Yokohama Kamigo Distribution Center.

# Appraisal value (properties as of Mar. 31, 2019) (1)

No.	Property name	Appraisal date	Appraisal value (JPY mn)			Income capitalization approach value								
						Direct capitalization method			DCF method					
			Direct cap rate (%)			Discount rate (%)			Terminal cap rate (%)					
			Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes
T-1	Fululu Garden Yachiyo	Mar. 31, 2019	15,200	15,000	-200	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0
T-2	MONA Shin-Urayasu	Mar. 31, 2019	9,410	9,760	350	4.9	4.8	-0.1	4.6	4.5	-0.1	5.1	5.0	-0.1
T-3	Passaggio Nishiarai	Mar. 31, 2019	6,710	6,810	100	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0
T-4	Daikanyama Address Dixsept	Mar. 31, 2019	6,370	6,440	70	3.4	3.4	0.0	3.2	3.2	0.0	3.6	3.6	0.0
T-5	Unicus Ina	Mar. 31, 2019	5,050	5,230	180	4.8	4.7	-0.1	4.5	4.4	-0.1	5.0	4.9	-0.1
T-6	Yorktown Kita-Kaname	Mar. 31, 2019	4,350	4,350	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-7	Unicus Yoshikawa	Mar. 31, 2019	3,840	3,840	0	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0
T-8	Sports Club Renaissance Fujimidai	Mar. 31, 2019	2,760	2,750	-10	4.6	4.6	0.0	4.4	4.4	0.0	4.8	4.8	0.0
T-9	Super Viva Home Iwatsuki (Land)	Mar. 31, 2019	5,510	5,540	30	-	-	-	4.6	4.6	0.0	-	-	-
T-10	K's Denki Shonan-Fujisawa (Land)	Mar. 31, 2019	3,510	3,500	-10	-	-	-	4.3	4.3	0.0	-	-	-
T-11	Unicus Kamisato (Land)	Mar. 31, 2019	3,050	3,050	0	-	-	-	4.6	4.6	0.0	-	-	-
T-12	Unicus Konosu (Land)	Mar. 31, 2019	1,770	1,780	10	-	-	-	4.5	4.5	0.0	-	-	-
T-13	Inageya Yokohama Minamihonjuku (Land)	Mar. 31, 2019	1,430	1,410	-20	-	-	-	4.0	4.0	0.0	4.7	4.8	0.1
T-15	Nakamachidai Tokyu Store	Mar. 31, 2019	3,810	3,810	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	Mar. 31, 2019	1,890	1,890	0	5.0	5.0	0.0	4.8	4.8	0.0	5.2	5.2	0.0
T-17	Life Kameido	Mar. 31, 2019	1,520	1,520	0	4.2	4.2	0.0	3.9	3.9	0.0	4.4	4.4	0.0
T-18	Totsuka-Fukaya Shopping Center (Land)	Mar. 31, 2019	4,310	4,320	10	4.7	4.7	0.0	4.6	4.6	0.0	-	-	-
T-19	Yumemachi Narashinodai Mall	Mar. 31, 2019	3,510	3,510	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-20	Kawamachi Yahagi Mall	Mar. 31, 2019	3,210	3,210	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-21	Prime Square Jiyugaoka	Mar. 31, 2019	2,830	2,830	0	3.6	3.6	0.0	3.4	3.4	0.0	3.8	3.8	0.0
T-22	Round1 Ichikawa-Onitaka	Mar. 31, 2019	1,970	1,970	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-23	Ozeki Tokiwadai	Mar. 31, 2019	1,350	1,350	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	Mar. 31, 2019	3,420	3,410	-10	3.8	3.8	0.0	3.9	3.9	0.0	4.0	4.0	0.0
O-1	Blumer Maitamon	Mar. 31, 2019	9,370	9,380	10	5.3	5.3	0.0	5.4	5.4	0.0	5.5	5.5	0.0
O-2	Central Square Takadono (Land)	Mar. 31, 2019	3,150	3,150	0	-	-	-	3.9	3.9	0.0	-	-	-
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	Mar. 31, 2019	2,470	2,510	40	6.1	6.0	-0.1	5.8	5.7	-0.1	6.3	6.2	-0.1
O-4	Blumer HAT Kobe	Mar. 31, 2019	11,500	11,500	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0

Note 1: "Previous" refers to appraisal value at the previous appraisal dated Sep. 30, 2018 for properties acquired by 7th period, and dated Feb. 1, 2019 for Musashi Ranzan Distribution Center. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

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

Note 3: Appraisal value of Solala Plaza as a whole as of Sep. 30, 2018 was JPY 5,960 mn. KRR owned 51% interest as of Mar. 31, 2019, and corresponding value is shown above.

# Appraisal value (properties as of Mar. 31, 2019) (2)








No.	Property name	Appraisal date	Appraisal value (JPY mn)			Income capitalization approach value								
						Direct capitalization method			DCF method					
			Direct cap rate (%)			Discount rate (%)			Terminal cap rate (%)					
			Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes
O-5	Carino Esaka	Mar. 31, 2019	7,040	7,180	140	4.4	4.3	-0.1	4.1	4.0	-0.1	4.6	4.5	-0.1
O-6	COMBOX Komyoike	Mar. 31, 2019	6,790	6,630	-160	5.2	5.3	0.1	4.8	4.9	0.1	5.3	5.4	0.1
O-7	Hankyu Oasis Hirakatadeguchi	Mar. 31, 2019	1,330	1,330	0	5.5	5.5	0.0	5.3	5.3	0.0	5.7	5.7	0.0
O-8	Welcia Kishiwadadakamori (Land)	Mar. 31, 2019	488	488	0	-	-	-	4.0	4.0	0.0	4.7	4.7	0.0
O-9	Life Nishi-Tengachaya	Mar. 31, 2019	1,690	1,690	0	4.6	4.6	0.0	4.7	4.7	0.0	4.8	4.8	0.0
O-10	Million Town Tsukaguchi (Land)	Mar. 31, 2019	3,950	3,950	0	-	-	-	4.0	4.0	0.0	-	-	-
N-1	DCM Kahma Nakagawa Tomita (Land)	Mar. 31, 2019	2,700	2,700	0	-	-	-	4.3	4.3	0.0	-	-	-
N-2	Valor Ichinomiya-Nishi	Mar. 31, 2019	2,330	2,360	30	5.1	5.1	0.0	4.8	4.8	0.0	5.3	5.3	0.0
N-4	Homecenter Kohnan Sunadabashi	Mar. 31, 2019	7,290	7,290	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
N-5	K's Denki Shin-moriyama (Land)	Mar. 31, 2019	1,440	1,440	0	-	-	-	3.8	3.8	0.0	4.3	4.3	0.0
N-6	Resora Obu Shopping Terrace	Mar. 31, 2019	7,950	7,440	-510	4.9	4.9	0.0	5.0	5.0	0.0	5.1	5.1	0.0
F-1	Sunny Noma	Mar. 31, 2019	1,620	1,660	40	4.7	4.6	-0.1	4.5	4.4	-0.1	5.1	5.0	-0.1
F-2	Round1 Stadium Hakata-Hanmichibashi	Mar. 31, 2019	5,500	5,610	110	5.2	5.1	-0.1	4.9	4.8	-0.1	5.4	5.3	-0.1
F-3	Kurume-Nishi Shopping Center	Mar. 31, 2019	1,720	1,760	40	5.1	5.0	-0.1	4.8	4.7	-0.1	5.3	5.2	-0.1
R-1	Roseo Mito	Mar. 31, 2019	11,700	11,600	-100	5.0	5.0	0.0	4.7	4.7	0.0	5.2	5.2	0.0
R-2	K's Denki Aomori Honten	Mar. 31, 2019	1,580	1,580	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	Mar. 31, 2019	938	939	1	5.5	5.5	0.0	5.2	5.2	0.0	5.7	5.7	0.0
R-4	Ashico Town Ashikaga	Mar. 31, 2019	5,040	5,030	-10	5.3	5.3	0.0	5.1	5.1	0.0	5.5	5.5	0.0
R-5	Yorktown Shinden-Higashi	Mar. 31, 2019	3,340	3,340	0	5.5	5.5	0.0	5.3	5.3	0.0	5.7	5.7	0.0
R-6	Kasumi Technopark Sakura	Mar. 31, 2019	876	877	1	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0
R-7	Solala Plaza	Mar. 31, 2019	3,039	2,820	-219	4.8	4.6	-0.2	4.5	4.1	-0.4	5.0	4.6	-0.4
R-8	P-1 Plaza Tenno	Mar. 31, 2019	4,350	4,350	0	5.1	5.1	0.0	4.8	4.8	0.0	5.3	5.3	0.0
R-9	Seiyu Rakuichi Moriya (Land)	Mar. 31, 2019	4,230	4,240	10	4.3	4.3	0.0	4.2	4.2	0.0	-	-	-
R-10	Sun Street Hamakita	Mar. 31, 2019	11,160	11,160	0	5.4	5.4	0.0	5.1	5.1	0.0	5.7	5.7	0.0
R-11	Costco Wholesale Sapporo Warehouse	Mar. 31, 2019	4,410	4,410	0	4.5	4.5	0.0	4.2	4.2	0.0	4.7	4.7	0.0
L-3	Musashi Ranzan Distribution Center	Mar. 31, 2019	4,000	4,000	0	5.3	5.3	0.0	5.3	5.3	0.0	5.5	5.5	0.0
Total			229,771	229,694	-77	-	-	-	-	-	-	-	-	-

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

Note 3: Appraisal value of Solala Plaza as a whole as of Sep. 30, 2018 was JPY 5,960 mn. KRR owned 51% interest as of Mar. 31, 2019, and corresponding value is shown above.

# Portfolio highlights (Tokyo metropolitan area) (1)

Name	T-1 Fululu Garden Yachiyo	T-2 MONA Shin-Urayasu	T-3 Passaggio Nishiirai	T-4 Daikanyama Address Dixsept	T-5 Unicus Ina
Photo					
Location	Yachiyo, Chiba	Urayasu, Chiba	Adachi ward, Tokyo	Shibuya ward, Tokyo	Kitaadachi-gun, Saitama
Acquisition price (JPY)	14,848 mn	8,063 mn	5,850 mn	5,390 mn	4,379 mn
Highlights	<ul style="list-style-type: none"> <li>● CSC in an area with population growth (40 min to Otemachi Sta. by train)</li> <li>● Approximately 40 stores in the specialty store bldg.</li> <li>● Ito-Yokado provides online supermarket business delivered from this store</li> </ul>	<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 clothing 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>● Occupies the retail section of a large complex facility in front of Daikanyama Sta.</li> <li>● Houses sophisticated and stylish retailers as well as tenants that cater to day-to-day needs of customers</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>
Name	T-6 Yorktown Kita-Kaname	T-7 Unicus Yoshikawa	T-8 Sports Club Renaissance Fujimidai	T-9 Super Viva Home Iwatsuki (Land)	T-10 K's Denki Shonan-Fujisawa (Land)
Photo					
Location	Hiratsuka, Kanagawa	Yoshikawa, Saitama	Nerima ward, Tokyo	Saitama, Saitama	Fujisawa, Kanagawa
Acquisition price (JPY)	4,000 mn	3,600 mn	2,586 mn	4,815 mn	3,169 mn
Highlights	<ul style="list-style-type: none"> <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>	<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>● Faces major routes, which give the property a wide retail trade area</li> <li>● More than ten years remain on a fixed-term land lease with K's Holdings</li> </ul>






# Portfolio highlights (Tokyo metropolitan area) (2)

<b>Name</b>	<b>T-11 Unicus Kamisato (Land)</b>	<b>T-12 Unicus Konosu (Land)</b>	<b>T-13 Inageya Yokohama Minamihonjuku (Land)</b>	<b>T-15 Nakamachidai Tokyu Store</b>	<b>T-16 Central Wellness Club Nagatsuta Minamidai</b>
<b>Photo</b>					
<b>Location</b>	Kodama-gun, Saitama	Konosu, Saitama	Yokohama, Kanagawa	Yokohama, Kanagawa	Yokohama, Kanagawa
<b>Acquisition price (JPY)</b>	3,000 mn	1,700 mn	1,442 mn	3,360 mn	1,724 mn
<b>Highlights</b>	<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>	<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>
<b>Name</b>	<b>T-17 Life Kameido</b>	<b>T-18 Totsuka Fukaya Shopping Center (Land)</b>	<b>T-19 Yumemachi Narashinodai Mall</b>	<b>T-20 Kawamachi Yahagi Mall</b>	<b>T-21 Prime Square Jiyugaoka</b>
<b>Photo</b>					
<b>Location</b>	Koto ward, Tokyo	Yokohama, Kanagawa	Funabashi, Chiba	Chiba, Chiba	Meguro ward, Tokyo
<b>Acquisition price (JPY)</b>	1,450 mn	4,170 mn	3,416 mn	3,097 mn	2,820 mn
<b>Highlights</b>	<ul style="list-style-type: none"> <li>● A supermarket located in one of the most densely populated retail trade areas in Tokyo</li> <li>● "Kameido Residence", 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>	<ul style="list-style-type: none"> <li>● A new NSC developed by Kenedix 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>● Located in the neighborhood of Jiyugaoka along the Tokyo Toyoko Line</li> <li>● Leased to Central Sports Co., Ltd., a leading fitness club operator</li> </ul>



## Portfolio highlights (Tokyo metropolitan area) (3)

Name	T-22 Round1 Ichikawa-Onitaka	T-23 Ozeki Tokiwadai	T-24 Konami Sports Club Shibuya
Photo			
Location	Ichikawa, Chiba	Itabashi ward, Tokyo	Shibuya ward, Tokyo
Acquisition price (JPY)	1,880 mn	1,263 mn	3,400 mn
Highlights	<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 sports club located in an upper class residential area, approx. 12 minutes from JR Shibuya Sta.</li> <li>● Konami Sports Club is the largest sports club operator in Japan, with Shibuya ward as its strategic focus area</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 mn	2,685 mn	2,140 mn	11,000 mn	6,555 mn
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-7 Hankyu Oasis Hirakatadeguchi	O-8 Welcia Kishiwadakamori (Land)	O-9 Life Nishi-Tengachaya	O-10 Million Town Tsukaguchi (Land)
Photo					
Location	Izumi, Osaka	Hirakata, Osaka	Kishiwada, Osaka	Osaka, Osaka	Amagasaki, Hyogo
Acquisition price (JPY)	6,450 mn	1,280 mn	487 mn	1,505 mn	3,723 mn
Highlights	<ul style="list-style-type: none"> <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> <li>● A new condominium project nearby is planned</li> </ul>	<ul style="list-style-type: none"> <li>● A supermarket located in a highly populated area</li> <li>● Approx. 100 car parking lots make easy accessibility by car in addition to consumers coming on foot</li> </ul>	<ul style="list-style-type: none"> <li>● Underlying land of a Welcia store opened in 2015</li> <li>● Surrounded by residential districts, expecting customers on bicycles as well as those by car</li> <li>● Scheduled to be disposed in Oct. 2019</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>● Increasing in population in the surrounding area with the redevelopment</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-5 K's Denki Shin-Moriyama (Land)	N-6 Resora Obu Shopping Terrace
Photo					
Location	Nagoya, Aichi	Ichinomiya, Aichi	Nagoya, Aichi	Nagoya, Aichi	Obu, Aichi
Acquisition price (JPY)	2,311 mn	2,174 mn	7,140 mn	1,370 mn	7,911 mn
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>● Land on which an electronics retail store resides. Located in a high population growth area, facing a major roadway with heavy traffic</li> <li>● Many road-side stores along the road and many single-family residences in the surrounding neighborhood</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>
Name	F-1 Sunny Noma	F-2 Round1 Stadium Hakata-Hanmichibashi	F-3 Kurume-Nishi Shopping Center	R-1 Roseo Mito	R-2 K's Denki Aomori Honten
Photo					
Location	Fukuoka, Fukuoka	Fukuoka, Fukuoka	Kurume, Fukuoka	Mito, Ibaraki	Aomori, Aomori
Acquisition price (JPY)	1,497 mn	5,020 mn	1,515 mn	10,046 mn	1,469 mn
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>● 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>

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

Name	R-3 Super Sports Xebio Aomori-Chuo	R-4 Ashico Town Ashikaga	R-5 Yorktown Shinden-Higashi	R-6 Kasumi Technopark Sakura	R-7 Solala Plaza
Photo					
Location	Aomori, Aomori	Ashikaga, Tochigi	Sendai, Miyagi	Tsukuba, Ibaraki	Sendai, Miyagi
Acquisition price (JPY)	898 mn	4,180 mn	3,252 mn	830 mn	5,720 mn
Highlights	<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>	<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>● Disposed on December 21, 2018 and April 5, 2019</li> </ul>
Name	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	Hamamatsu, Shizuoka	Moriya, Ibaraki	Hamamatsu, Shizuoka	Sapporo, Hokkaido	
Acquisition price (JPY)	4,010 mn	4,111 mn	10,746 mn	4,210 mn	
Highlights	<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</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>● Located in an area with high population growth</li> <li>● Expected to generate synergies among the tenants that offer services and experiences, with Seiyu as the core tenant</li> <li>● Seiyu focuses on groceries in the trend of "shift from GMS to specialty stores"</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
Photo				
Location	Zama, Kanagawa	Yokosuka, Kanagawa	Hiki-gun, Saitama	Yokohama, Kanagawa
Acquisition price (JPY)	1,400 mn	1,300 mn	3,879 mn	790 mn
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> </ul>



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## Abbreviation of property name

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

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