

KENEDIX

Retail REIT Corporation

Kenedix Retail REIT Corporation

Financial Result

for the 7th Financial Period ended September 30, 2018
November 15, 2018



Contents

Section 1	Adapting to changing environment for sustainable growth	P.3
Section 2	KRR highlights and updates	P.10
Section 3	Implementation of growth strategies	P.16
Section 4	Financial results and forecasts	P.26
Section 5	Shift from GMS to shopping centers for daily needs	P.31
Appendix 1	Key characteristics of KRR	P.36
Appendix 2	Portfolio information	P.45

01

Adapting to changing environment for sustainable growth

Security Code
3453



Progress of measures for sustainable growth

1 Inclusion of distribution centers as investment criteria

- ✓ Information on retail distribution centers accumulating
- ✓ Less competition for acquisition of retail distribution centers compared to large scale logistics centers

2 Asset reshuffle Portfolio quality and yield improvement

- ✓ Disposition of Solala Plaza as a start of asset reshuffle (3.5% NOI yield after depr.)
- ✓ Grow DPU by replacing with assets with higher NOI yield after depr.

3 New asset management fee structure

- ✓ KRR adopted investment unit performance fee, which is linked KRR units' total return
- ✓ KRR's total return during the 7th FP outperformed TSE REIT Total Return Index

4 Framework for unit buyback

- ✓ Framework for unit buyback has been prepared, but acquisition of assets improve DPU more than unit buyback at the current share price level

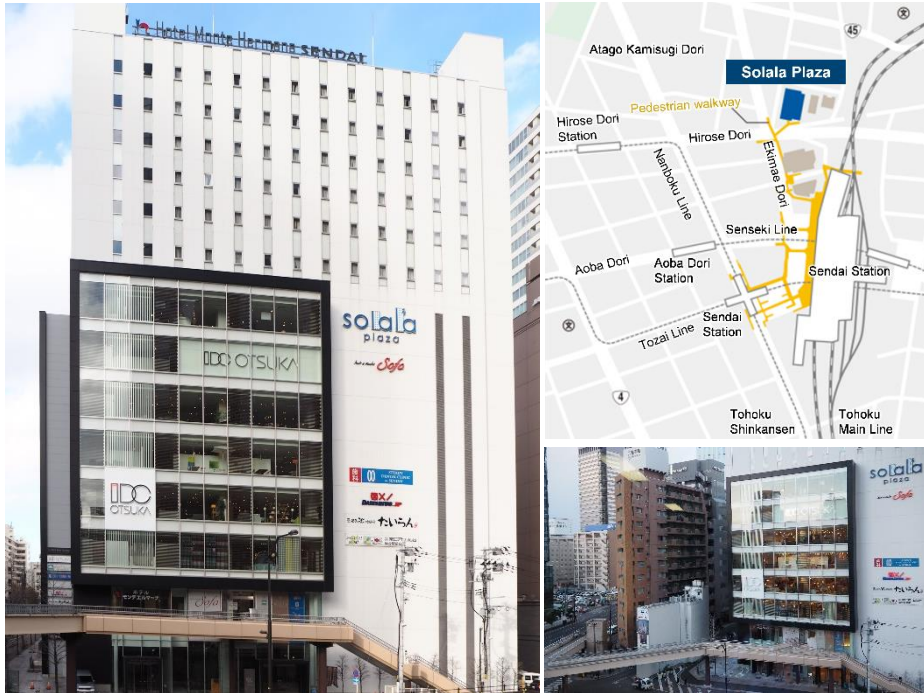
Alleviate concerns on retail properties in the J-REIT market

Asset management focusing even more on DPU and NAV growth



Adapting to changing environment for sustainable growth

Disposition of Solala Plaza for asset reshuffle



Location	Sendai, Miyagi	
Disposition price	5,980 million yen	
Book value	5,595 million yen	
Appraisal value	5,960 million yen	
Tenant	Otsuka Kagu, Ltd.	
Buyer	GK KRF74 (Kenedix's SPC)	
Disposition date	December 21, 2018 (49% of quasi co-ownership interests)	April 5, 2019 (51% of quasi co-ownership interests)
Acquisition date	April 21, 2016	

Reasons for the disposition

Mitigate future risks	Status of the tenant, Otsuka Kagu, Ltd. Conditions of lease term
NOI yield	5.0% appraisal NOI yield and 3.5% NOI yield after depr. both fall below those of portfolio average
Gains on sale	Disposition price exceeding the book value and the appraisal value, leveraging the recent real estate market condition

Aim to replace by SC for daily needs or retail distribution centers

Portfolio quality and yield improvement

List of distribution centers in pipeline as of Nov. 15, 2018 (Note)

	Location	NOI yield	Acquisition price
Retail distribution centers	Kanagawa	NOI yield 5.0-6.5%	Assumed acquisition price approx. JPY 10 bn (total)
	Kanagawa		
	Kanagawa	NOI yield after depreciation 3.7-5.0%	
	Saitama		
	Saitama		

Note: These are the retail distribution centers that KRR is considering to acquire. However, as of November 15, 2018, KRR has not decided to acquire these properties and there is no guarantee that KRR can acquire these properties in the future. NOI yield and acquisition price of these properties may change in the future.

Distribution per unit

Summary

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

- Offsetting temporary decrease in NOI due to renovations at MONA Shin-Urayasu by gain on sale
- Contribution of property acquisitions in the 6th and the 7th fiscal periods to DPU growth
- Conversion to long-term fixed-rate debts by issuing investment corporation bonds and refinancing

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

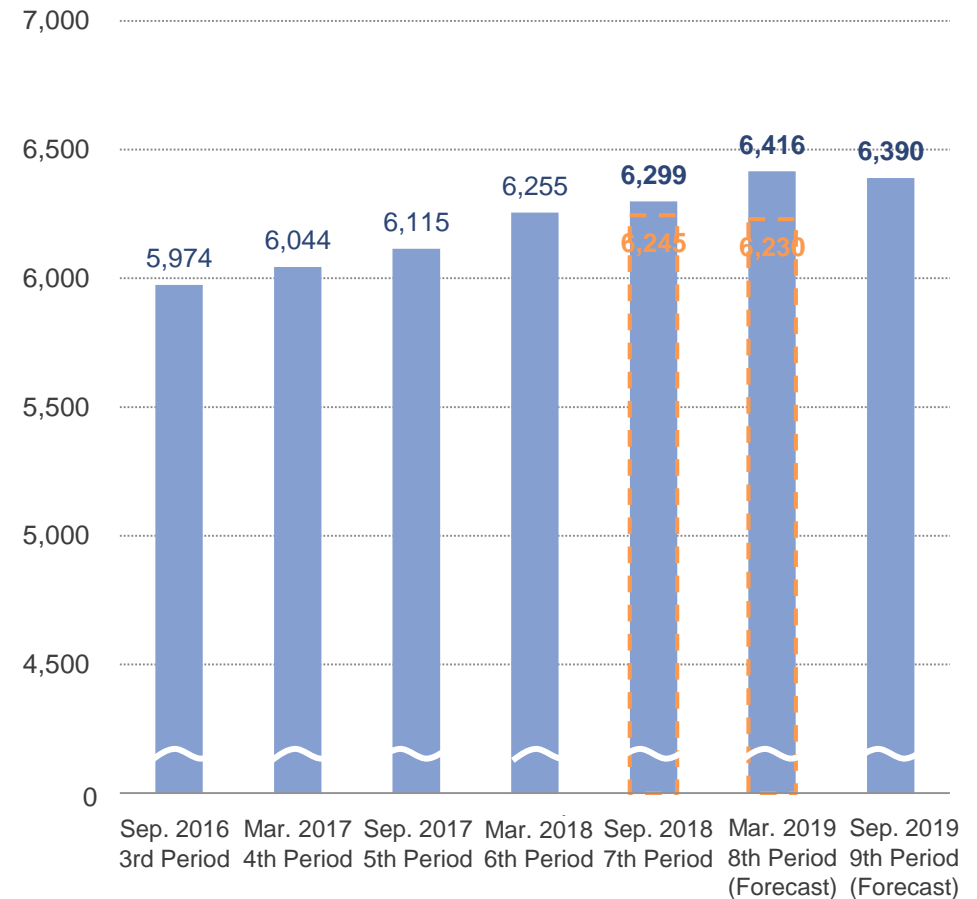
- DPU increase from the gain on sale of Solala Plaza
- Increase in NOI as a result of completion of renovations at MONA Shin-Urayasu
- Full-period contribution of the properties acquired in the 7th fiscal period to DPU growth
- Temporary increase in expenses (restoring cost) at Fululu Garden Yachiyo

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

- DPU increase from the gain on sale of Solala Plaza
- 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

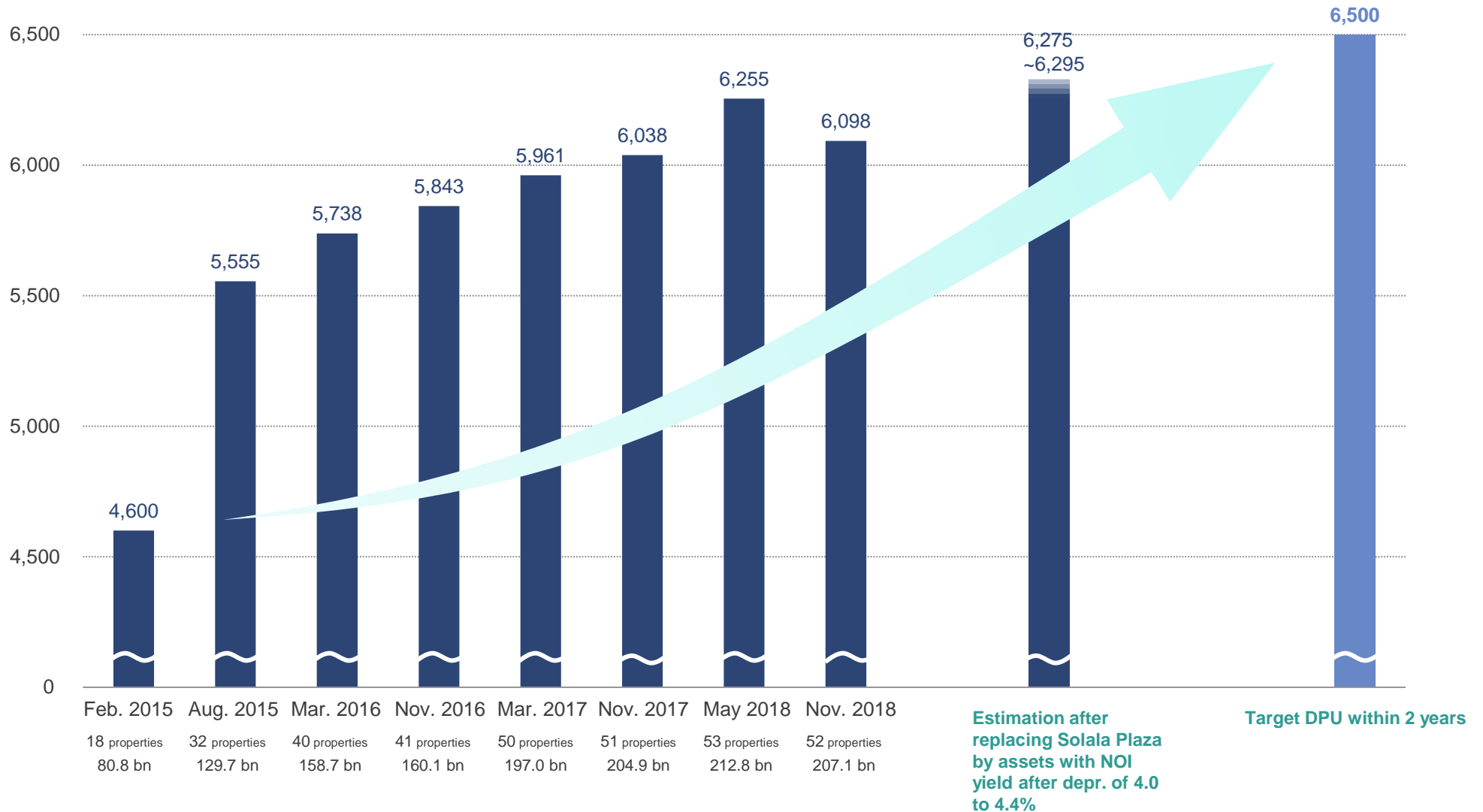
Distribution per unit (JPY)

(The boxes in orange lines indicate the forecasts as of May 17, 2018)



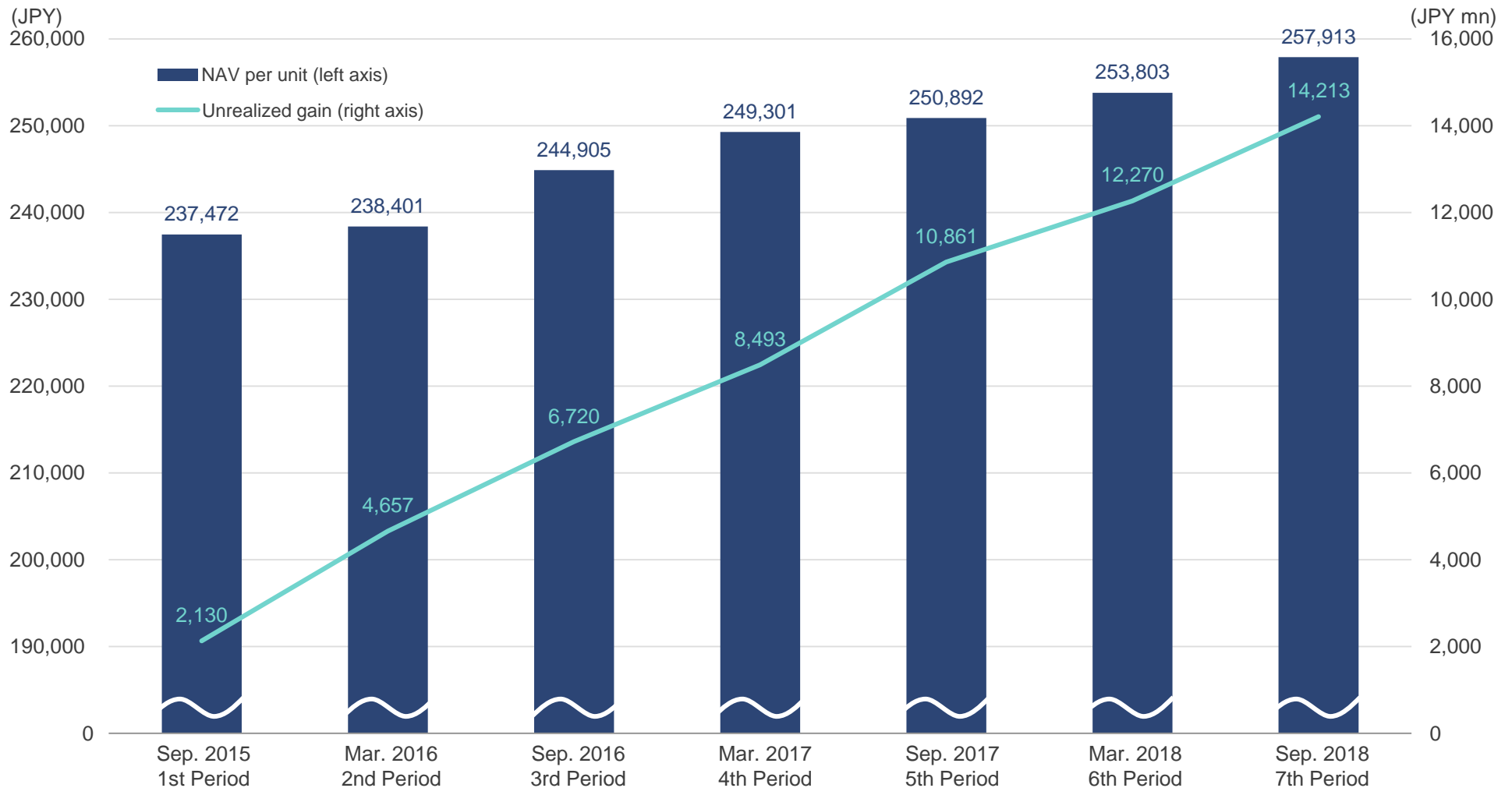
Stabilized distribution per unit (JPY)

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



NAV per unit and unrealized gain

NAV per unit (JPY)



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)

Memo

02

KRR highlights and updates

Security Code
3453

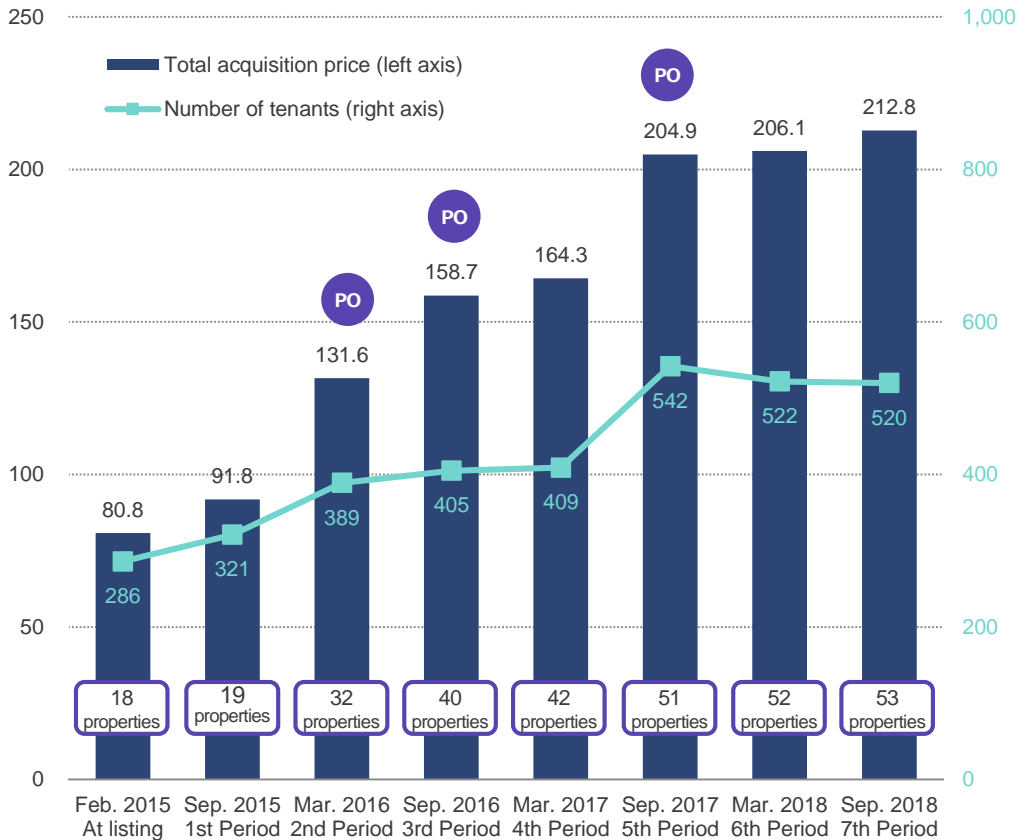


Appraisal value, NOI yield, occupancy rate

Total appraisal value	Appraisal NOI yield	NOI yield after depreciation	Occupancy rate
JPY 229.4 bn	5.3%	4.4%	99.4%

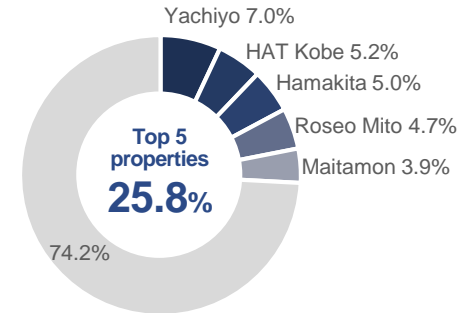
AUM, number of tenants, number of properties

(JPY bn)

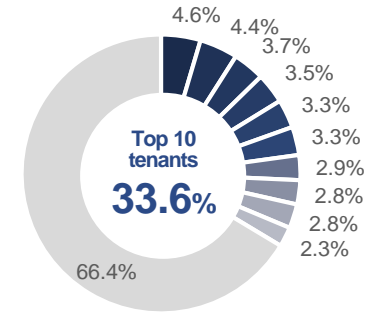


Characteristics of KRR portfolio

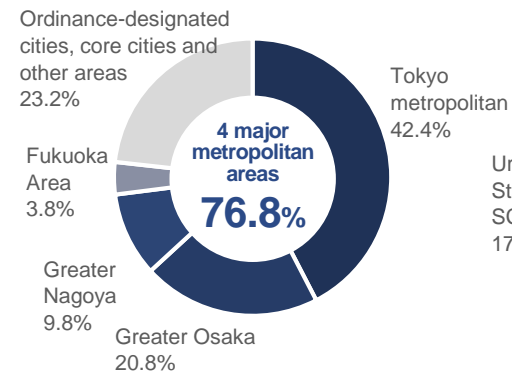
Top 5 properties (by acquisition price)



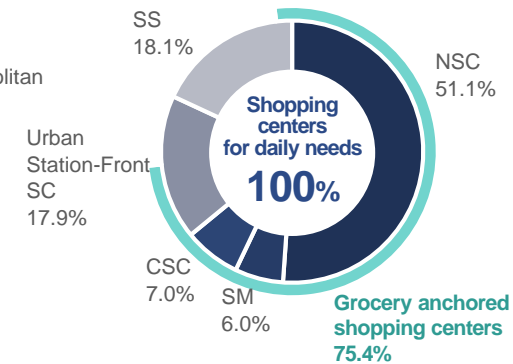
Top 10 tenants (by annual fixed rent)



Location (by acquisition price)



Types of retail property (by acquisition price)



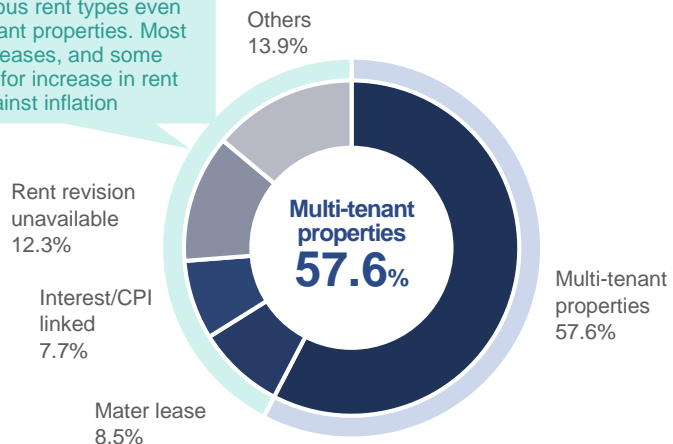
Note 1: "Appraisal value", "NOI yield", "Occupancy rate" and other figures on portfolio are as of Sep. 30, 2018, for the 53 properties acquired by the date of this material.

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 Mar. 31, 2019.

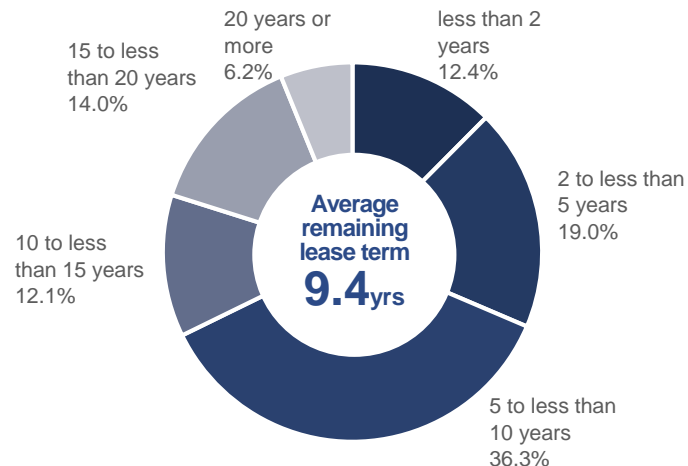
Note 3: "Occupancy rate" and "number of tenants" at listing are figures as of Sep. 30, 2014.

Multi-tenant properties (by acquisition prices)

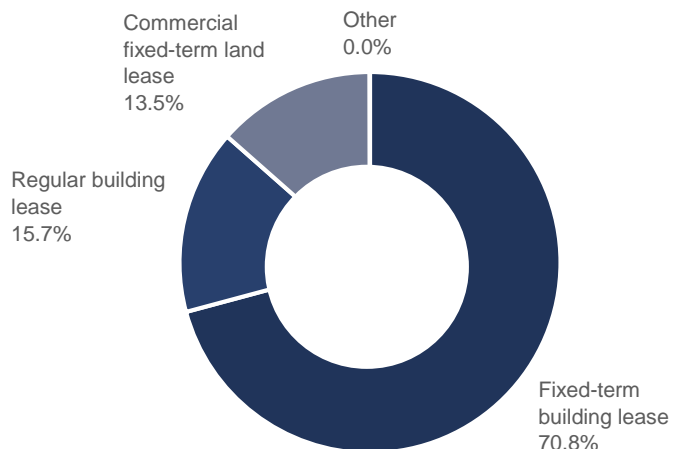
There are various rent types even with single tenant properties. Most are long-term leases, and some have potential for increase in rent and hedge against inflation



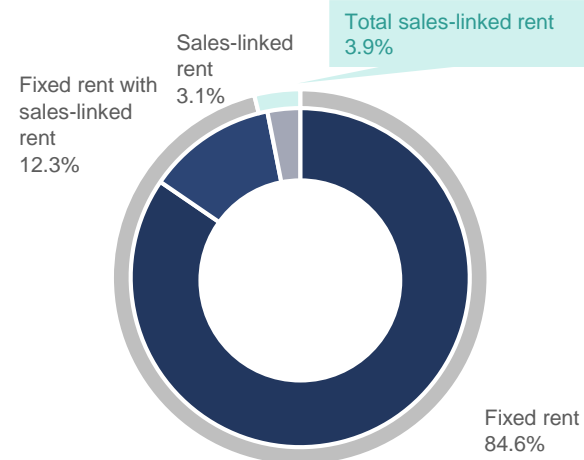
Remaining lease term (by annual fixed rent)



Lease contract type (by annual fixed rent)



Rent type (Apr. 2018 to Sep. 2018)



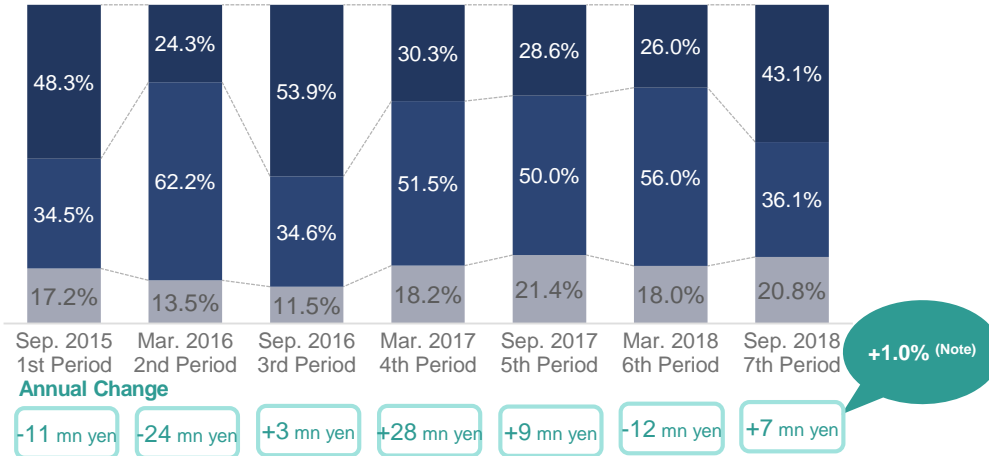
Note 1: The figures are as of Sep. 30, 2018, based on the 53 properties acquired by the date of this material. The figures of "Rent type" is for the 7th fiscal period based on the 53 properties acquired by Sep. 30, 2018.

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

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

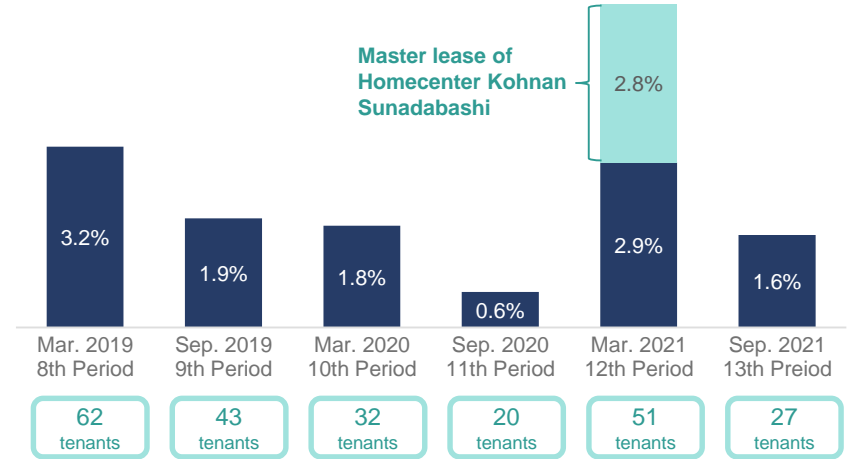
Rent Revisions (based on number of revisions)

■ Downward Revision ■ No Revision ■ Upward Revision



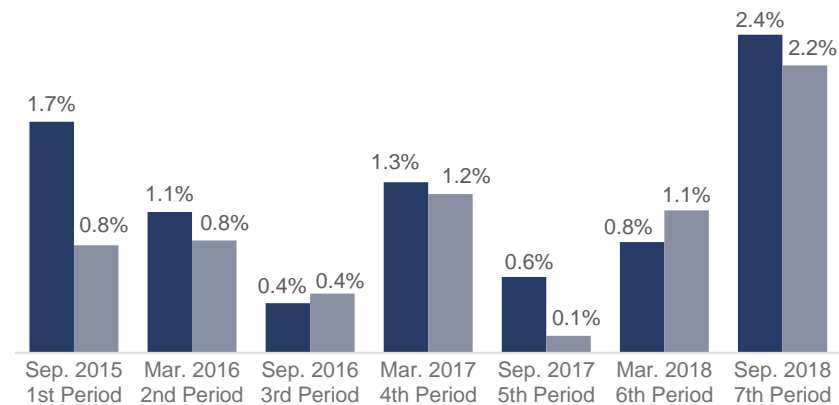
Lease expiry (by annual fixed rent)

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



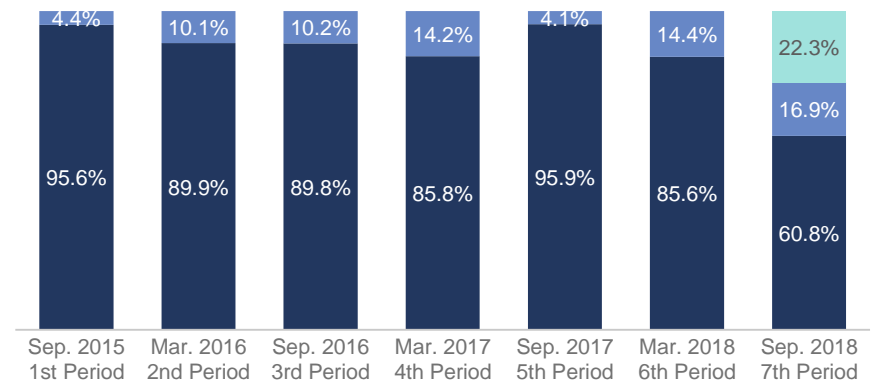
Tenant move-in and move-out (Note 3)

■ Move-in ■ Move-out



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

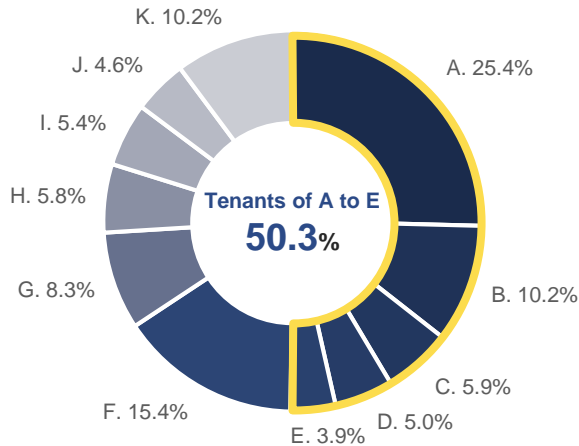
■ Contract renewal ■ Move-out at lease expiry ■ Move-out on Shin-Urayasu renewal



Note 1: Based on the rent including common area charges before revision of the tenants subject to rent revision.
 Note 2: Based on the contractual rent determined in the lease contract, including regular building leases, for properties owned as of Sep. 30, 2018.
 Note 3: Based on the rent revenue of the last month of each fiscal period.

Tenants supported by consumers are less affected by e-commerce

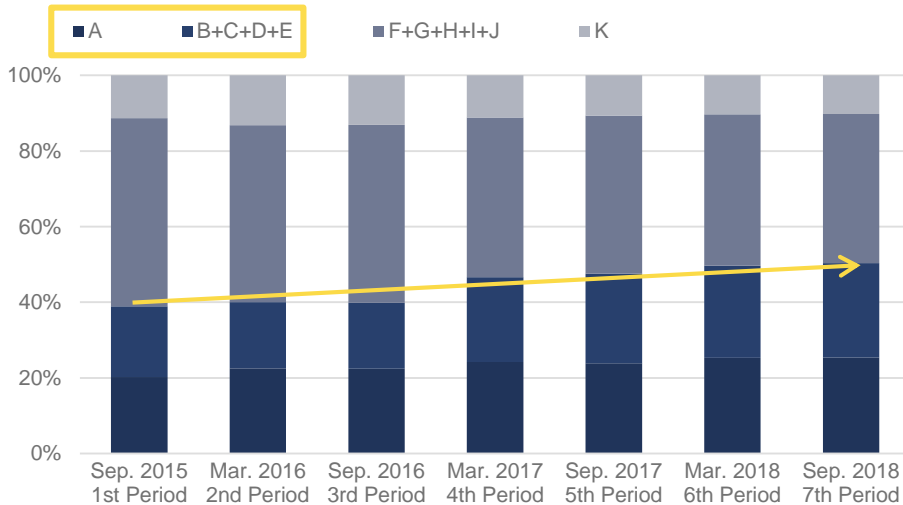
Percentage of tenant category (based on rents)



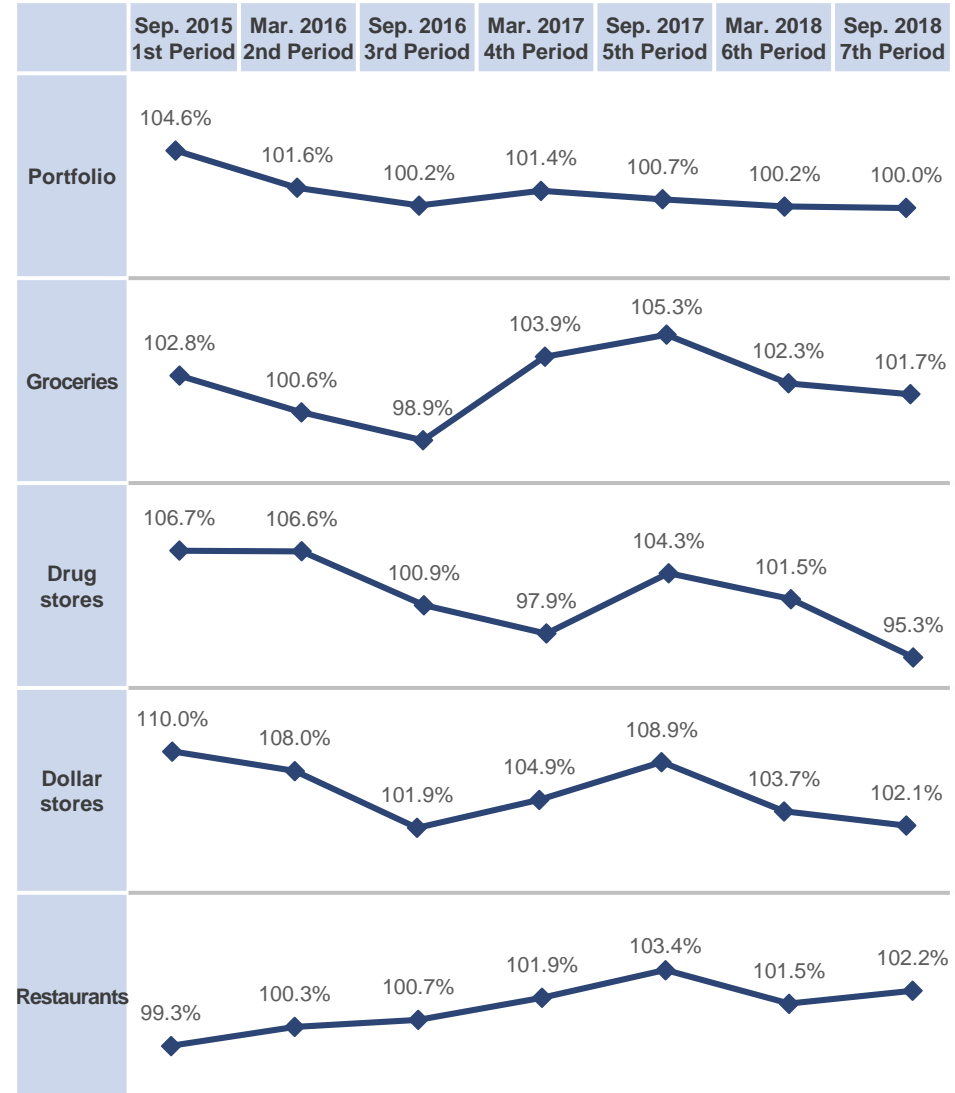
Tenants less affected by e-commerce

A.	Groceries & Costco	25.4%
B.	Service businesses	10.2%
C.	Health clubs	5.9%
D.	Amusement	5.0%
E.	Restaurants	3.9%
F.	Other retailers	15.4%
G.	Home & garden	8.3%
H.	Apparel	5.8%
I.	Consumer electronics	5.4%
J.	GMS	4.6%
K.	Others	10.2%

Changes in percentage of tenant category (based on rents)



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



Note 1: "Costco" refers to Costco Wholesale.

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

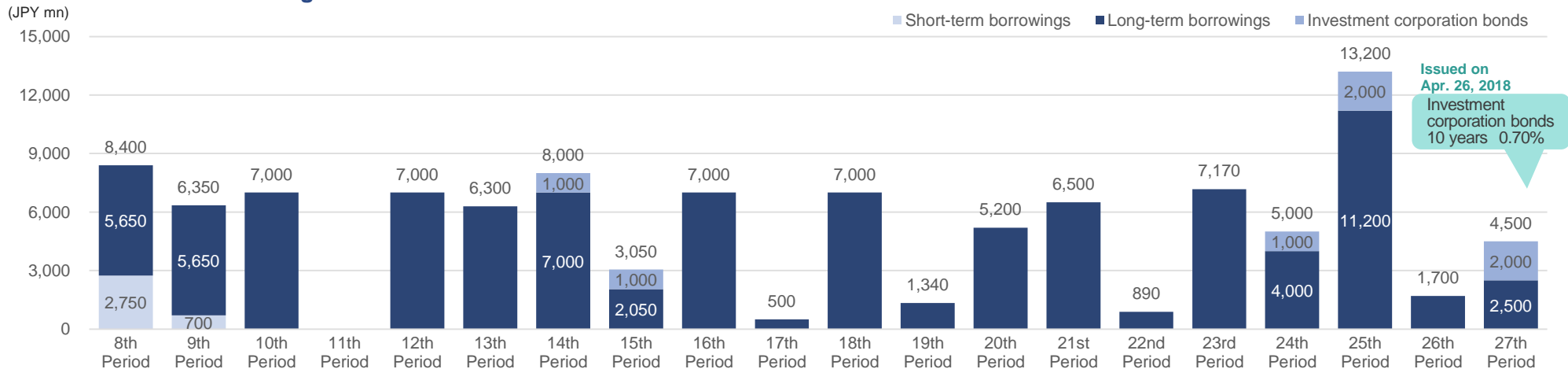
Financial highlights

	6th Period	7th Period (Note)
Average interest rate	0.96%	1.01%
Average remaining years to maturity	4.6 yrs	4.9 yrs
Long-term debt ratio	87.0%	96.7%
Fixed interest debt ratio	85.9%	92.7%
LTV	42.9%	44.5%

Credit rating and commitment lines

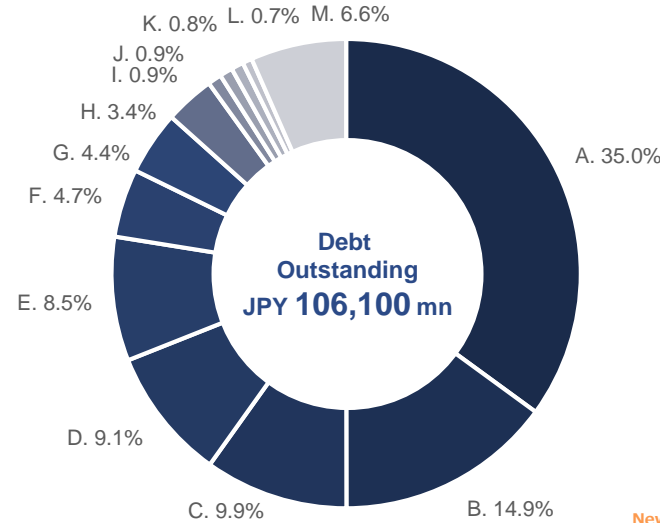
Credit Rating (JCR)	Commitment credit lines
A+(Stable)	JPY 2 bn

Maturities of interest-bearing debts (Note)



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



	Balance (JPY mn)	
A	Sumitomo Mitsui Banking Corp.	37,170
B	MUFG Bank, Ltd.	15,860
C	Development Bank of Japan Inc.	10,490
D	Mizuho Bank, Ltd.	9,670
E	Sumitomo Mitsui Trust Bank, Ltd.	9,070
F	Resona Bank, Ltd.	5,000
G	Mizuho Trust & Banking Co., Ltd.	4,650
H	Aozora Bank, Ltd.	3,640
I	The Bank of Fukuoka, Ltd.	1,000
J	The Musashino Bank, Ltd.	950
K	The Gunma Bank, Ltd.	900
L	Nippon Life Insurance Co. *	700
M	Investment corporation bonds	7,000

*First borrowings from Nippon Life Insurance

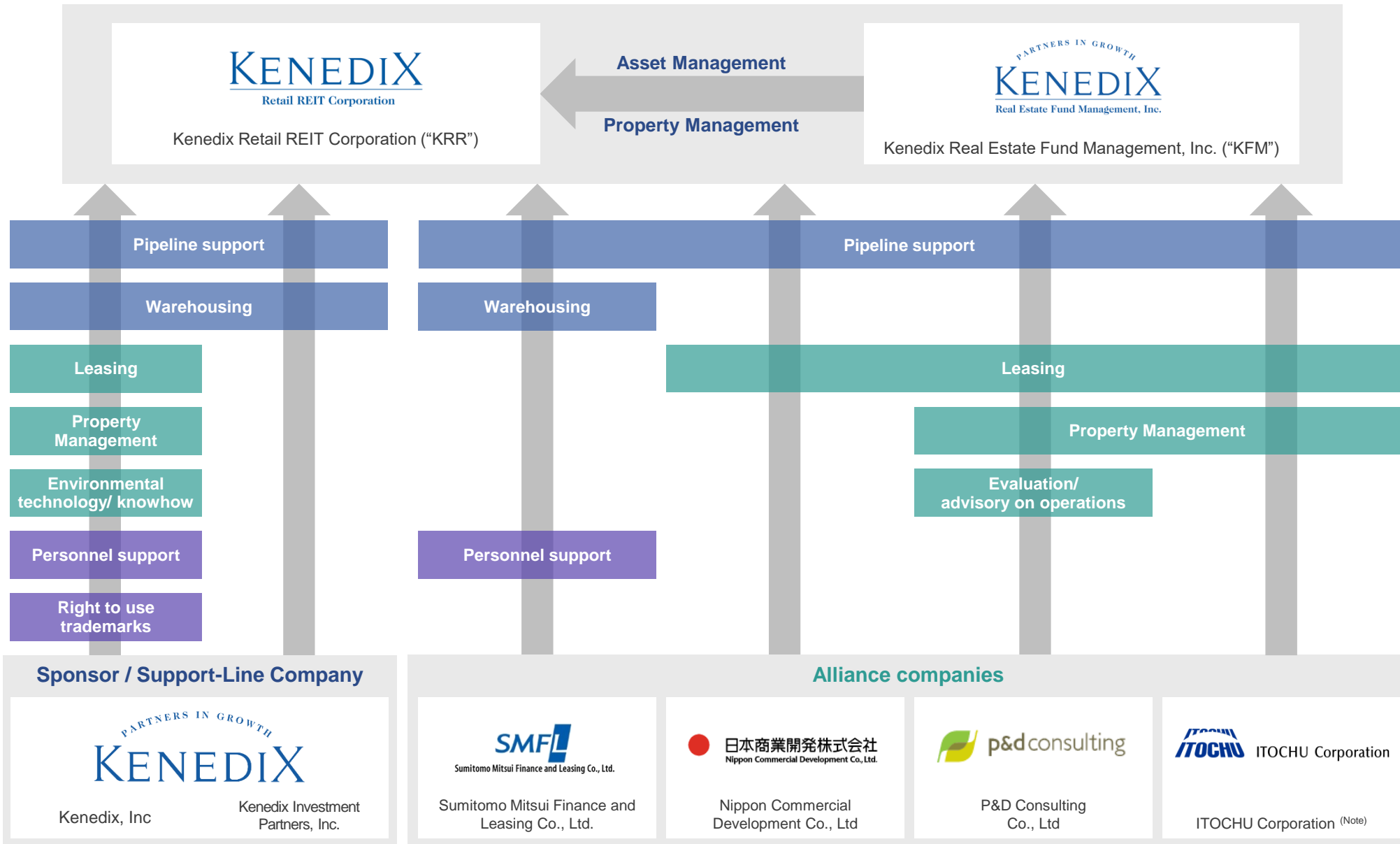
03

Implementation of growth strategies

Security Code
3453



Strong support from the Kenedix Group and Alliance Companies



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

Acquisition of Konami Sports Club Shibuya



Location	Shibuya-ku, Tokyo
Acquisition date	April 27, 2018
Acquisition price	JPY 3,400 mn
Appraisal value^(Note 1)	JPY 3,420 mn
Appraisal NOI yield^(Note 1)	4.0%
Land area	755.71m ²
Floor area	5,019.09m ²
Tenant	Konami Sports Club

Acquisition of Costco Wholesale Sapporo Warehouse



Location	Sapporo, Hokkaido
Acquisition date	May 31, 2018
Acquisition price	JPY 4,210 mn
Appraisal value^(Note 1)	JPY 4,410 mn
Appraisal NOI yield^(Note 1)	4.8%
Land area	24,757.12m ²
Floor area	24,006.16m ²
Tenant	Costco Wholesale Japan

Disposition of K's Denki Nakagawa Tomita (Land)



Location	Nagoya, Aichi
Disposition date	April 27, 2018
Acquisition date	February 10, 2015
Disposition price	JPY 1,128 mn
Book value^(Note 2)	JPY 907 mn
Difference between disposition price and book value	JPY 220 mn
Buyer	Nippon Commercial Development Co., Ltd.

Note 1: As of September 30, 2018
Note 2: As of March 31, 2018

Pipelines from Sponsor and Alliance Companies

Apita Terrace Yokohama Tsunashima

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



Development

Kenedix-ITOCHU Fund

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

Development Project in Fukuoka

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



Development

Kenedix

Land area	3,471.00m ²	GFA	TBD
-----------	------------------------	-----	-----

Unicus Urawamisono (Land)

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



Development

Alliance Company (P&D)

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

Across Plaza Urayasu Higashino (Land)

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



Development

Alliance Company (NCD/SMFL)

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

Development Project in Nagoya (Land)

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



Development

Alliance Company (ITOCHU)

Land area	13,480.42m ²	GFA	---
-----------	-------------------------	-----	-----

Retail distribution center

Location: Saitama



Alliance Company (SMFL)

Land area	---	GFA	---
-----------	-----	-----	-----

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

Note 2: These are the properties which are developed by Kenedix, Inc. or owned by Alliance Companies and confirmed by both our Alliance Companies and 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.

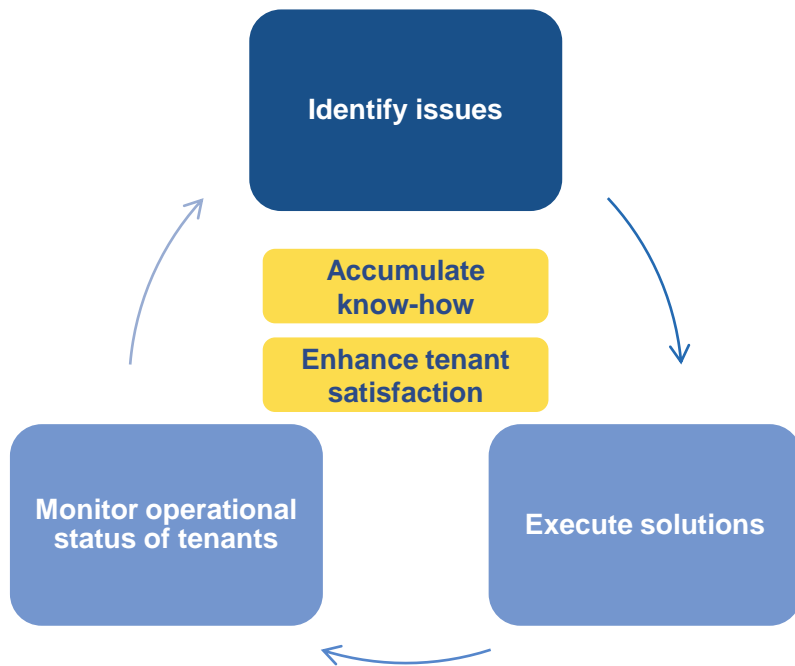
Active management strategies

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



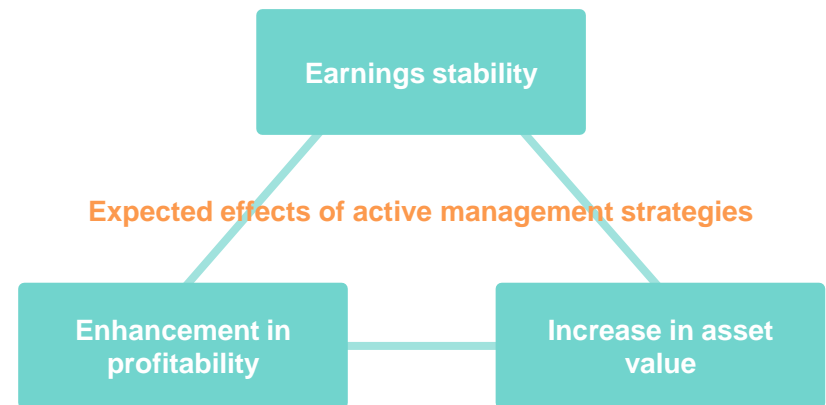
Seek internal growth through property management

Building expansion leveraging unused portions of floor area

Sales-linked rent

Optimization of tenant composition

Effective utilization of CAPEX



Objective of the 2nd phase of the renewal project

Increase attractiveness

- Replacements and relocations of tenants at lease expiry (6 new tenants, 3 expansions in space, 14 relocations)
- Lease to GU, its first store in Urayasu
- Enhance outdoor signboards

Strengthen image of the SC

- Change the designs of floors, walls and roofs
- Install LED lightings
- Install automatic doors

Improve access to shops

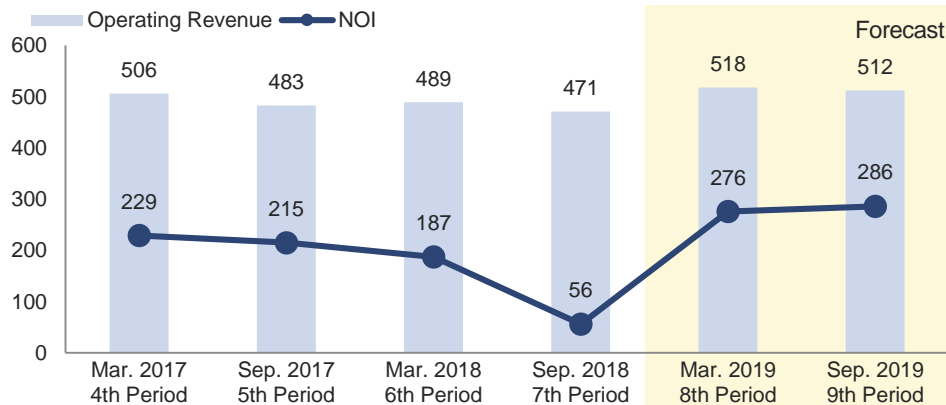
- Renewal of signboards and floor maps

Renovation cost and schedule of the renewal

Renovation cost	JPY 356 mn	Apr. 2018	Start of the renovations
		Sep. 2018	Completion Reopening

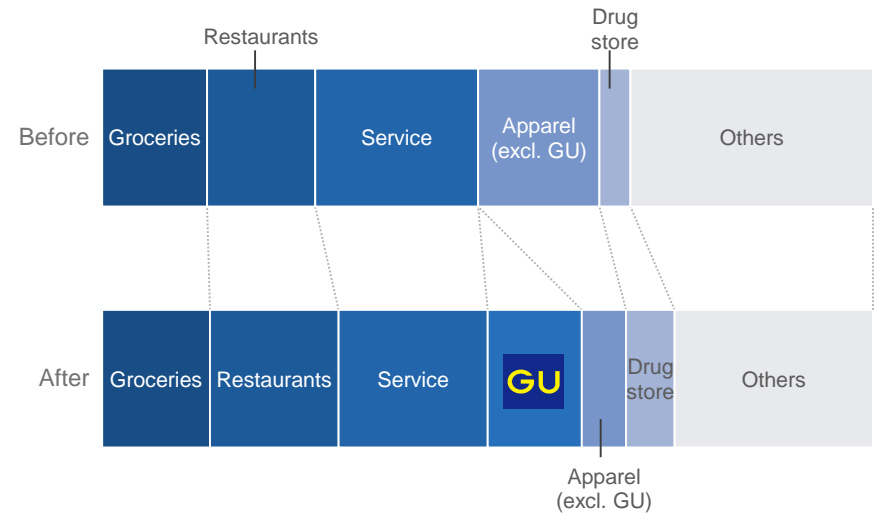
Note: Renovation cost increased since the time of decision-making.

Estimated revenue and NOI after the renovation (mn yen)



Comparison before and after the renovation

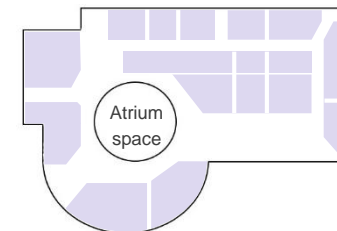
Merchandising that attract customers



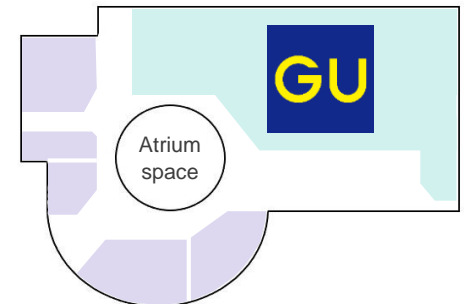
3rd Floor map

- Changed the layout, creating a new large space
- Increased attractiveness of the SC by leasing the large space to a fast fashion retailer, GU

Before



After



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, following 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

About GRESB

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

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

75 investor members have used GRESB to select and dialogue with investment targets (as of Sep. 7, 2018)

903 listed and unlisted real estate companies and funds worldwide participated in 2018 GRESB Real Estate Assessment

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

Acquired DBJ Green Building Certifications

Certified properties: 16 properties (39.0%), Total certified floor area: 462,015.35m² (65.3%)

Properties with outstanding environmental & social awareness



MONA Shin-Urayasu



Fululu Garden Yachiyo



Properties with excellent environmental & social awareness



Passaggio Nishiarai Update!

Daikanyama Address Dixsept

Blumer HAT Kobe

Roseo Mito

Ashico Town Ashikaga

Properties with high environmental & social awareness



Unicus Ina

Unicus Yoshikawa

Gourmet City Chiba-Chuo New!

Yumemachi Narashinodai Mall

Kawamachi Yahagi Mall

Blumer Maitamon

Carino Esaka

Resora Obu Shopping Terrace New!

Sun Street Hamakita



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 (707,294.75m²) (partial ownership and mutual 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 Sep. 30 2018, excluding 12 land-only properties.

ESG initiatives (Sustainability Policies, Initiatives at Unicus Ina)

Sustainability Policies

The Asset Manager has positioned initiatives on ESG (Environmental, Social and Governance) awareness as an important business management issue. To promote initiatives on ESG, the Asset Manager has established the following Sustainability Policies.

1. Contribution to sustainable environment

We make positive contribution to sustainability by reducing the negative impact to the environment through continuously reducing energy and water consumption, CO2 emission and waste; and by eliminating and managing of hazardous materials to carry out the social mission of improving the environmental performance of properties we manage.

2. Commitment to diverse society

We contribute to realize the diverse society, considering the social impact of our properties. We endeavor to deliver built environment where safety, health and wellbeing and diversity of tenants and local community are secured.

3. Stakeholder engagement

We manage our properties as a responsible real estate asset management company by stressing the importance of engagement with our stakeholders such as investors, tenants, business partners, local communities and property management companies.

4. Attractive working environment

We aim to deliver attractive working environment by implementing measures to promote employees' health & wellbeing and diversity & equal opportunities. We develop capabilities of employees to help them achieve the best performance by providing various educational opportunities such as trainings.

5. Responsible organization

We ensure compliance and sound risk management in our entire business activities. We are committed to responsible property investment by a responsible organization by aligning with global ESG initiatives and proactively disclosing ESG information.

Initiatives at Unicus Ina

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.



Solar panel installation

Planned installation of solar panels to decrease CO2 emissions



Community-participating events

Making efforts to enliven local communities (Summer Festival)



ESG initiatives (Solar panel installation at Unicus Ina)

Installation of solar panels

Profitability

NOI yield (Note 1)

7.0%

NOI increase (Note 2)

4.2 mn

Investment

61 mn

Saving energy/ 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)

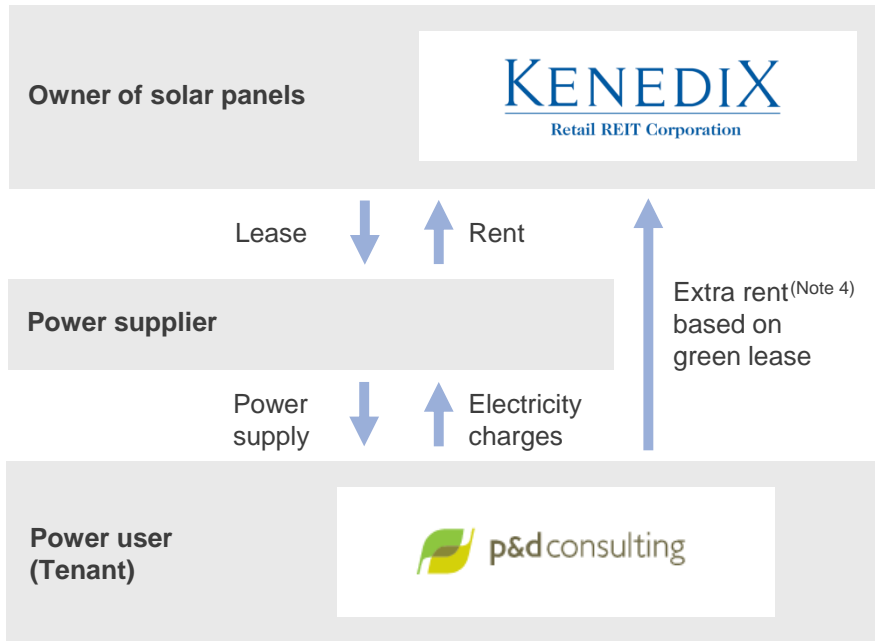
Annual CO2 reduction

164,235kg = 11,731 Cedar trees

Planned schedule (Note 3)

- Nov. 2018 Execution of contract
- Jan. 2019 Installation begins
- Mar. 2019 Completion of installation and beginning of power supply

Structure



Planned installation spaces



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.

Note 3: Schedule may be delayed or suspended due to unexpected factors.

Note 4: Green lease is an agreement specifying that property owners and tenants shall cooperate to reduce environmental burden.

The Kenedix Group's strong commitment to J-REITs

Majority of Kenedix Group AUM is J-REITs

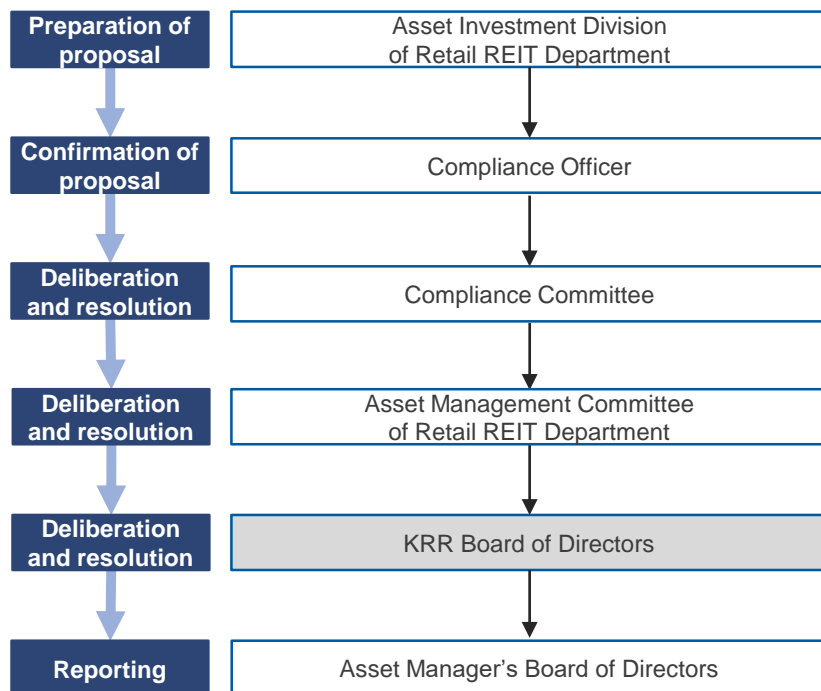


Investment in KRR by Kenedix

(as of September 30, 2018)



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 calculating	
	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 7th FP

(1) KRR's excess return against TSE REIT Total Return Index (Mar. 31, 2018 to Sep. 30, 2018)

KRR's total return: 8.15%
 TSE REIT Total Return Index: 7.28%
 ⇒ KRR's excess return: 0.86%

(2) KRR's market capitalization at Mar. 31, 2018

230,800 yen × 507,700 units ≒ 117,177 mn yen

(3) Expected investment unit performance fee expensed during 8th FP

$\frac{0.86\%}{(1)} \times \frac{117,177 \text{ mn yen}}{(2)} \times 0.1\% \doteq 1,011 \text{ thousand yen}$

04

Financial results and forecasts

Security Code
3453



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

	Mar. 2018	Sep. 2018		Changes		Remarks on changes from forecasts
	6th Period Actual (A)	7th Period Forecast (B)	7th Period Actual (C)	C - A	C - B	
Rent revenue – real estate	6,991	7,051	7,066	+75	+15	Shin-Urayasu (increase in revenue during renewal period) +25, HAT Kobe (cancellation before maturity) -14, Yachiyo (extension of agreement) +3
Other lease business revenue	1,134	1,197	1,298	+163	+100	HAT Kobe (penalty) +51, Daikanyama (parking) +6
Gains on sale	-	214	212	+212	-2	
Operating revenues	8,126	8,463	8,577	+450	+113	
Property related expenses (excl. depreciation)	2,684	2,963	3,012	+328	+49	Shin-Urayasu (restoring) +12, Repairs and maintenance (advance in schedule) +30
NOI	5,441	5,285	5,352	-89	+66	
Depreciation	925	965	971	+46	+6	Advance in schedule of renewal at Shin-Urayasu
NOI after depreciation	4,516	4,320	4,380	-136	+59	
Other operating expenses	748	754	775	+26	+21	
Operating income	3,768	3,780	3,816	+48	+36	
Non-operating income	1	0	0	-1	+0	
Non-operating expenses	589	614	615	+25	+1	
Ordinary income	3,179	3,166	3,201	+21	+34	
Net income	3,175	3,165	3,197	+22	+32	
DPU (JPY)	6,255	6,245	6,299	+44	+54	

Financial forecasts: 8th and 9th fiscal periods (JPY mn)

Key financial information	Sep. 2018 7th Period (Actual)	Mar. 2018 8th Period (Forecast)	Changes
Operating revenues	8,577	8,409	-167
Gain on sales of real estate	212	175	-36
Operating expenses	4,760	4,553	-206
Operating income	3,816	3,854	+37
Non-operating expenses	615	600	-14
Interest expenses & financing-related expenses	548	557	+8
Amortization of investment unit issuance costs	61	38	-23
Ordinary income	3,201	3,253	+52
Net income	3,197	3,252	+54
DPU	6,299	6,416	+117

Mar. 2019 8th Period (Forecast)	Sep. 2019 9th Period (Forecast)	Changes
8,409	8,311	-97
175	197	+22
4,553	4,491	-61
3,854	3,819	-34
600	579	-21
557	555	-1
38	19	-19
3,253	3,240	-13
3,252	3,239	-13
6,416	6,390	-26

Related key indicator	Sep. 2018 7th Period (Actual)	Mar. 2018 8th Period (Forecast)	Changes
NOI	5,352	5,453	+101
NOI yield (%)	5.0%	5.2%	---
Depreciation	971	985	+13
NOI after depreciation	4,380	4,467	+87
NOI yield after depreciation (%)	4.1%	4.3%	---
FFO	4,028	4,110	+81
CAPEX	806	612	-193
LTV (%)	44.5%	44.5%	---

Mar. 2019 8th Period (Forecast)	Sep. 2019 9th Period (Forecast)	Changes
5,453	5,364	-89
5.2%	5.2%	---
985	958	-27
4,467	4,406	-61
4.3%	4.3%	---
4,110	4,027	-82
612	658	+45
44.5%	44.5%	---

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

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

	Assets acquired in	6th FP (Actual)	7th FP (Actual)	8th FP (Forecast)	9th FP (Forecast)	Comparison		Remarks
						Com-parison		
Rent revenue-real estate (excl. sales-linked rent)	Existing	6,699	6,647	6,621	6,468	PoP		8th FP: Shin-Urayasu+57, Solala-54, Yachiyo-12, Nagatsuta-5, Nishiarai-5, K's Nakagawa-3 9th FP: Solala-142, Yachiyo+35, Ashikaga-23, Hamakita-18, Nishiarai+15, Obu-10, HAT Kobe+5, Daikanyama-4, Esaka-3
	6th/7th Period	8	184	236	236			No changes besides full-period contributions
Sales-linked rent	Existing	282	234	251	235	YoY		8th FP: HAT Kobe-11, Yachiyo-10, Shin-Urayasu-10, Obu+4 9th FP: HAT Kobe+10, Shin-Urayasu-4, Yachiyo-2, Obu+2, Maitamon-1, Ashikaga-1, Nishiarai-1
	6th/7th Period	-	-	-	-			
Utility charge reimbursement	Existing	617	710	623	715	YoY		8th FP: Ashikaga+4, Yachiyo+3, Maitamon-2, Mito+2 9th FP: Shin-Urayasu+8, Ashikaga-6, Obu+2
	6th/7th Period	-	-	-	-			
Penalty restoring reimbursement	Existing	47	105	32	0	Break down		8th FP: Ashikaga+23, Daikanyama+9
	6th/7th Period	-	-	-	-			
Other revenues	Existing	469	482	467	457	PoP		8th FP: Shin-Urayasu+17, HAT Kobe-7, Nishiarai-7, Hamakita-5, Maitamon-4, Obu-3, Daikanyama-1 9th FP: Shin-Urayasu-7, Nishiarai+2, Maitamon-2, Obu-1, Hamakita-1
	6th/7th Period	-	0	0	0			
Rental and other operating revenues	Existing	8,117	8,180	7,997	7,877			
	6th/7th Period	8	184	236	236			

Note: "Existing" refers to properties acquired before the end of 5th FP

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

	Assets acquired in	6th FP (Actual)	7th FP (Actual)	8th FP (Forecast)	9th FP (Forecast)	Comparison	Remarks
PM fees facility management fees	Existing	846	841	829	792	PoP	8th FP: Solala-10, Shin-Urayasu-5, Yachiyo+3, Hamakita+2, Maitamon-1 9th FP: Solala-28, Hamakita-2, Nishiarai+2, Yachiyo-1, HAT Kobe-1, Shin-Urayasu-1
	6th/7th Period	0	5	7	6		
Utilities	Existing	597	682	595	677	YoY	8th FP: HAT Kobe-6, Esaka-3, Yachiyo+3, Mito+2, Nishiarai+1, Hamakita+1 9th FP: Maitamon-7, HAT Kobe-7, Yachiyo+4, Obu+2, Daikanyama+1, Hamakita+1
	6th/7th Period	-	-	-	-		
Taxes	Existing	563	690	688	677	PoP	9th FP: Solala-10 9th FP: Sapporo+17, Shibuya+10, Tokiwadai+2
	6th/7th Period	-	-	-	30		
Repairs and maintenance (incl. restoring)	Existing	259	338	235	182	PoP	May be subject to change May be subject to change
	6th/7th Period	-	1	11	4		
Others	Existing	416	452	401	376	PoP	8th FP: Promotion fees-23, Brokerage fees-18, Supply expenses-7 9th FP: Promotion fees-21, Brokerage fees-5
	6th/7th Period	-	1	11	1		
Property-related expenses (excl. depreciation)	Existing	2,683	3,004	2,749	2,706		
	6th/7th Period	-	7	30	43		
NOI	Existing	5,433	5,175	5,247	5,170		
	6th/7th Period	7	177	206	193		

Note: "Existing" refers to properties acquired before the end of 5th FP

05

Shift from GMS to shopping centers for daily needs

Security Code
3453



Investments focusing on shopping center for daily needs

“Daily / Neighborhood” type

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

“Weekend / Destination” type

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

Small

Trade area

Large

High

Frequency of customer visits

Low

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

Large-scale suburban retail properties

RSC (Regional Shopping Center)

GMS (General Merchandise Store)

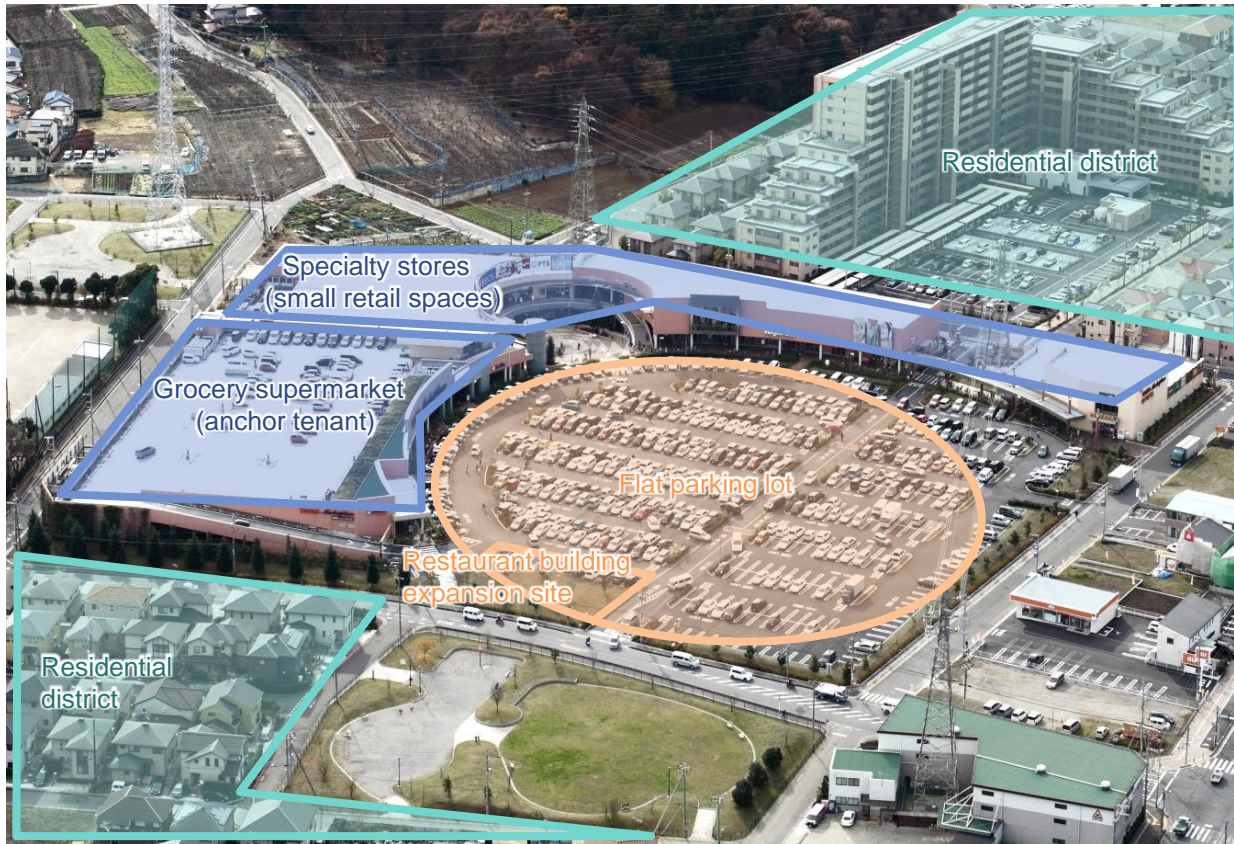
Stand-alone GMS is excluded from our investment criteria

Outlet malls

Urban retail properties featuring

High-end brand shops

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



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



Buying goods at GMS

2007

(JPY bn)

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

Buying goods at specialty stores

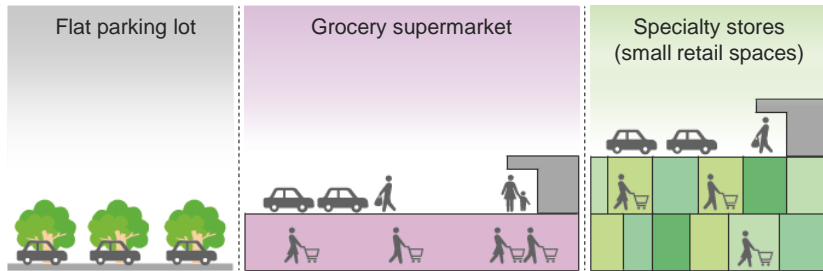
2018

(JPY bn)

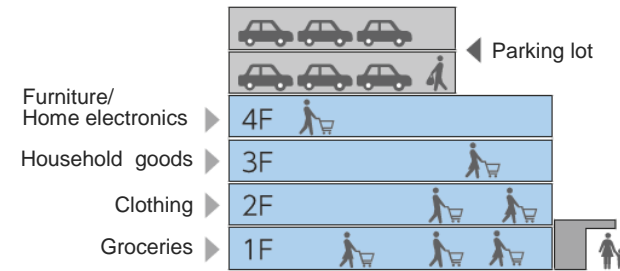
	Type of store	Sales	Change
1	Supermarket	16,300.8	+25.8%
2	Convenience store	10,661.5	+43.8%
3	Drug store	8,106.0	+119.5%
4	Other retailers	7,412.7	+29.1%
5	GMS	7,147.5	-16.9%
6	Department store	6,003.6	-27.5%
7	Apparel	5,531.1	+74.1%
8	Consumer electronics	5,392.6	-5.7%
9	Home and garden	3,446.8	+21.6%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

Security Code
3453



Portfolio strategies

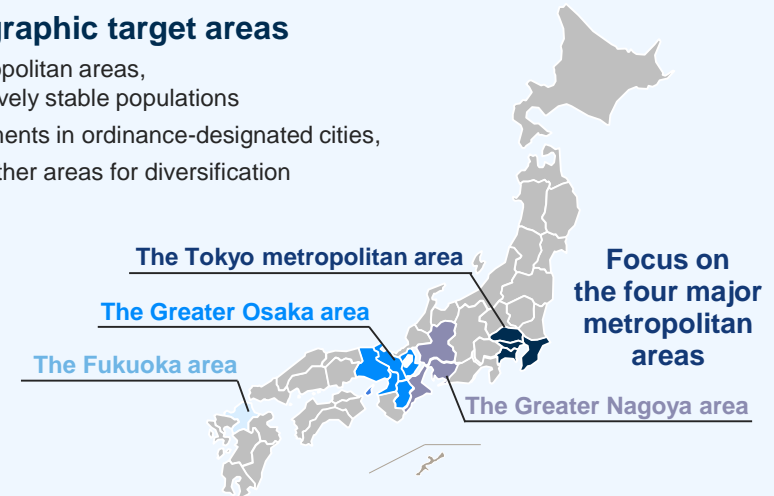
Investment criteria

Focus on the following four elements in making investment decisions:

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

Primary geographic target areas

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



Target portfolio distribution (based on acquisition price)

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 for daily needs 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

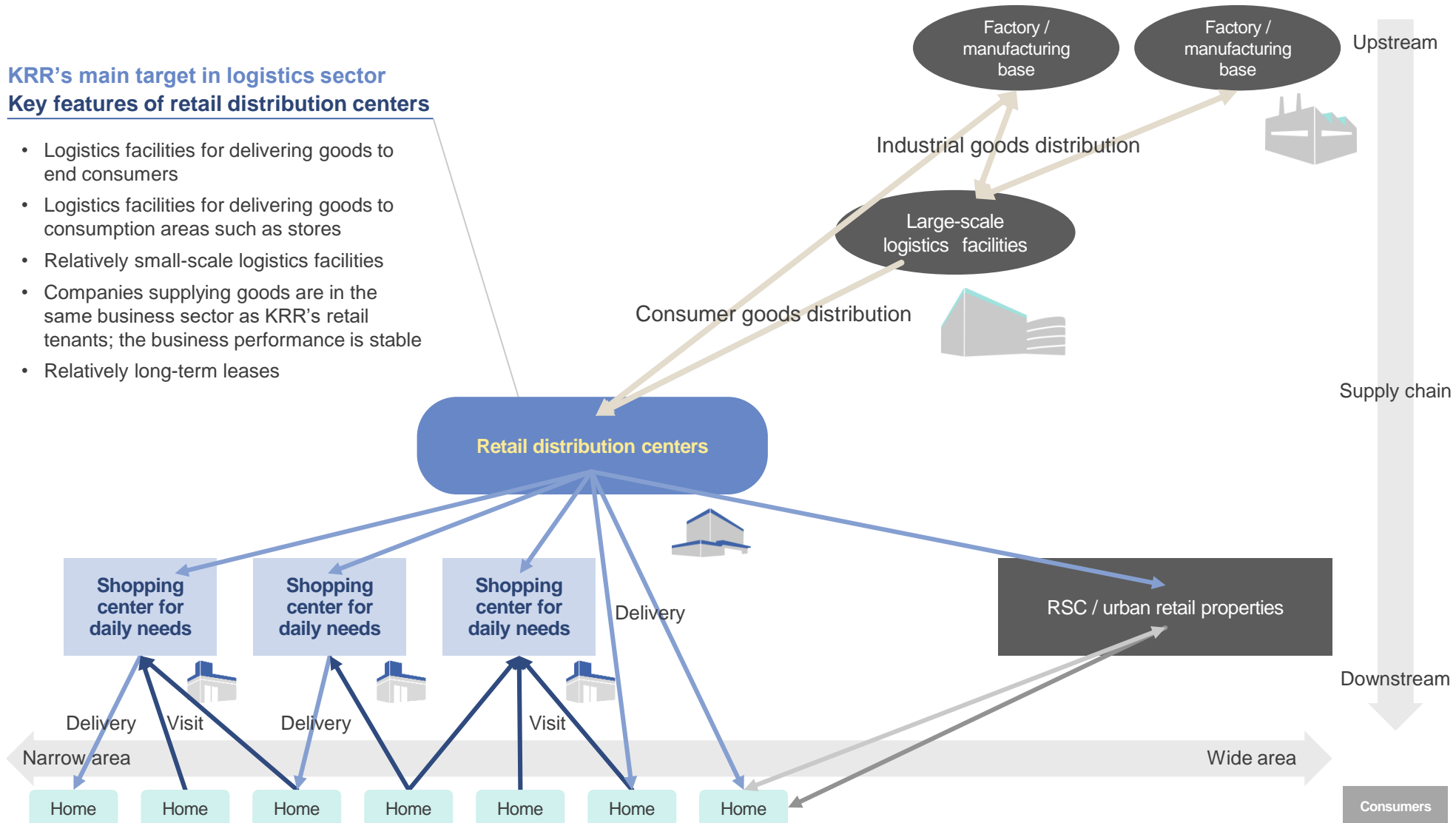
- Tenants that are both the lessee and property owner bear a smaller financial burden when opening a store
- Increased capital efficiency through treatment of land as off balance sheet
- Simplified procedures for interior renovation of buildings

Retail and logistics facilities in supply chains

KRR's main target in logistics sector

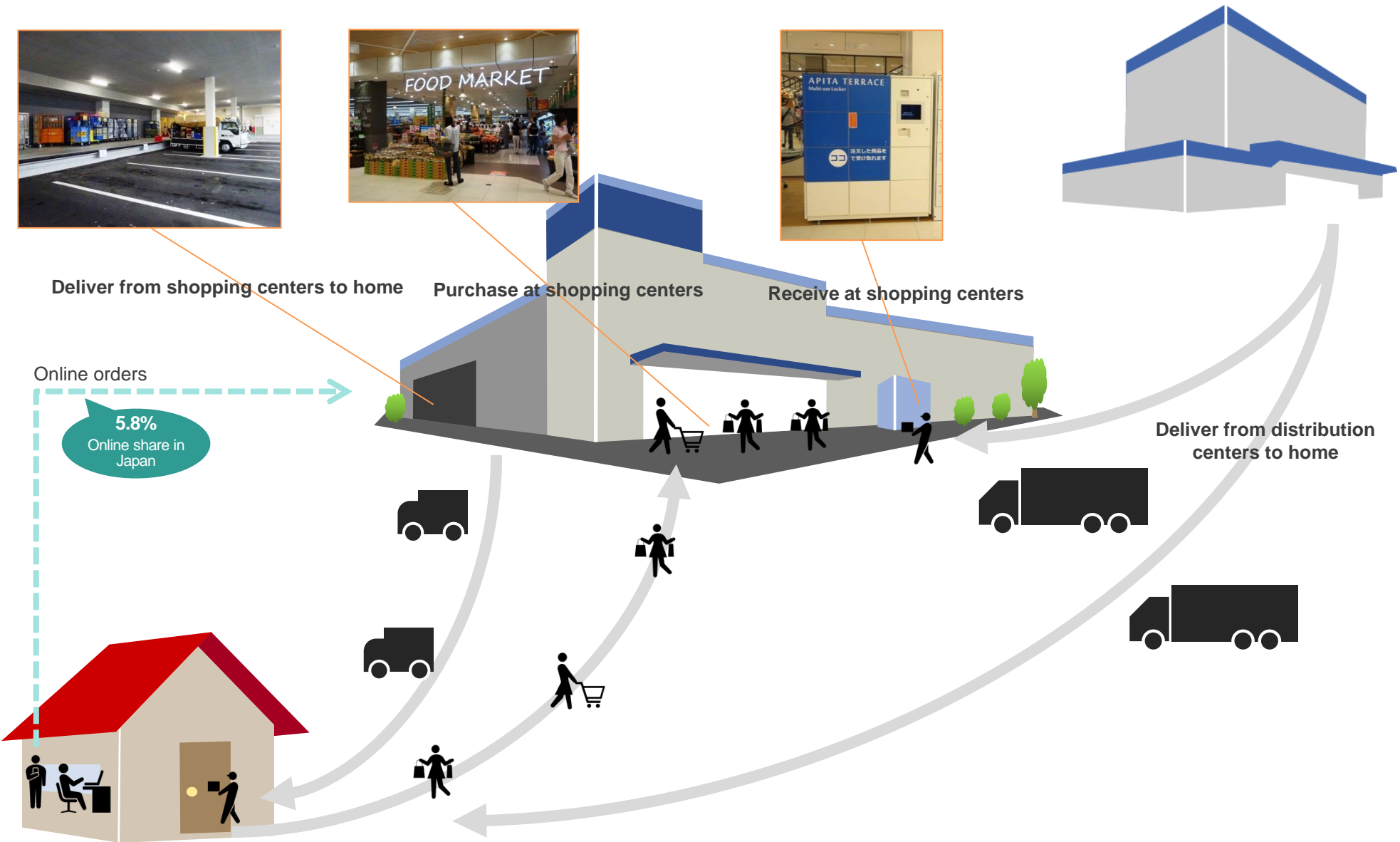
Key features of retail distribution centers

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

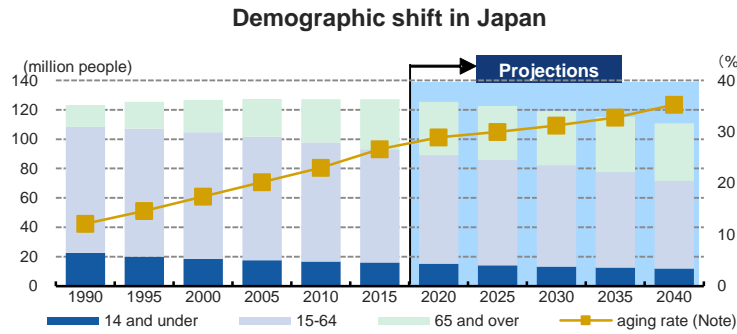


Note: The above shows key features and concept of logistics facilities in which KRR makes an investment. However, not all logistics facilities acquired by KRR are expected to have the above features.

Integration of functions of shopping and distribution centers

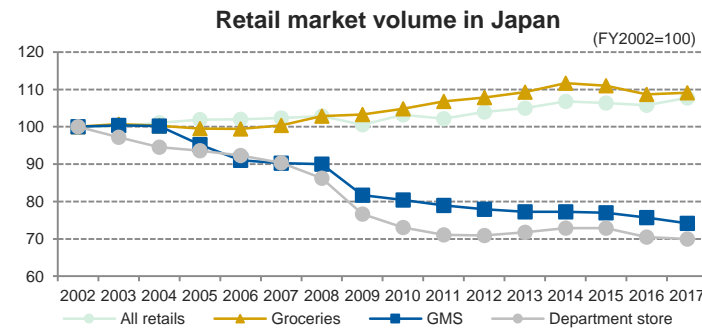


Shrinking retail trade area due to aging and concentrating population in Japan



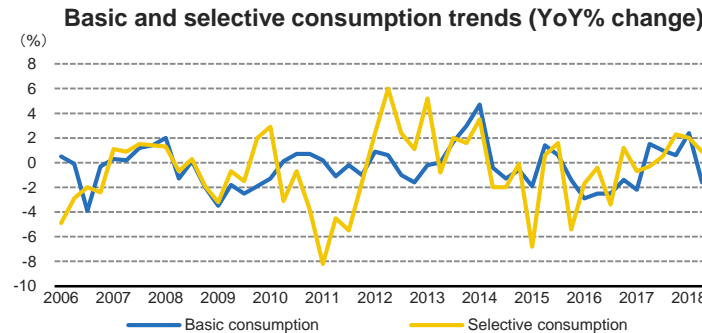
Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research (as of 2017)

Domestic consumption led by the elderly

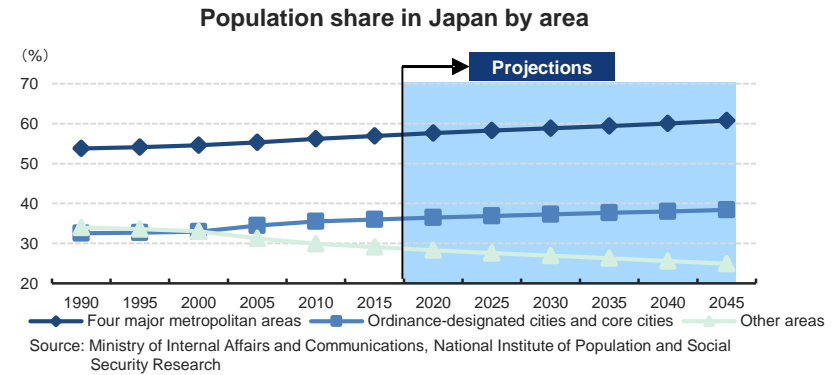


Source: Ministry of Economy, Trade and Industry

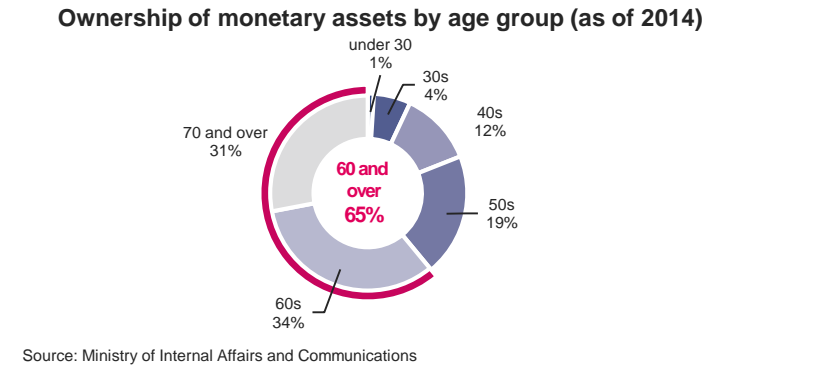
Stable demand for daily necessities



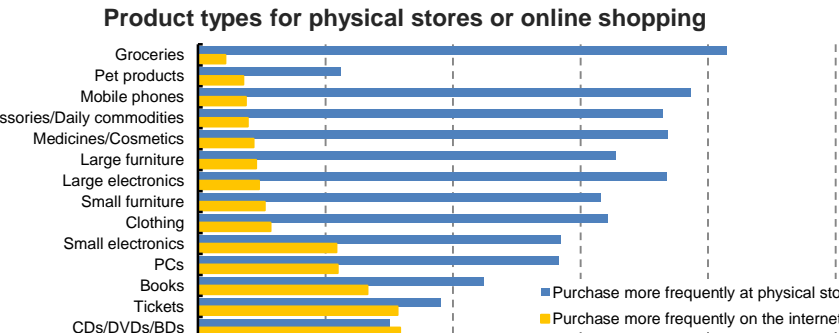
Source: Ministry of Internal Affairs and Communications



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



Source: Ministry of Internal Affairs and Communications



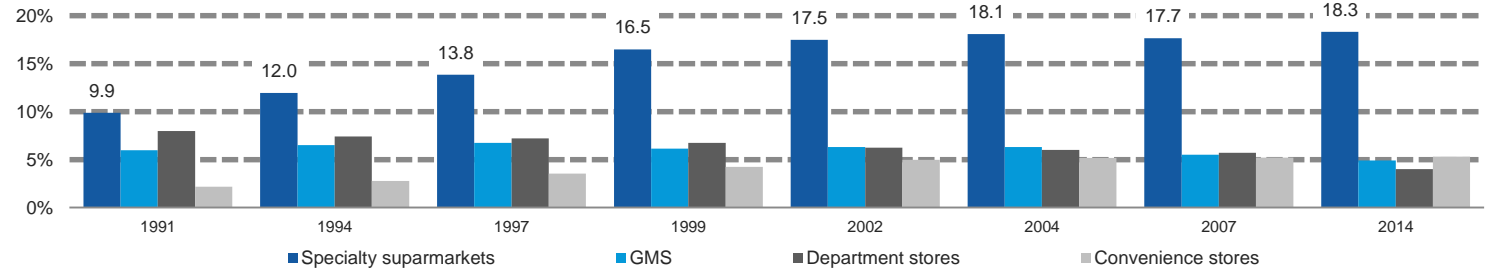
Source: Ministry of Internal Affairs and Communications (2016)

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

Retail property trends and macroeconomic conditions (2)

Increase in specialty supermarket market share

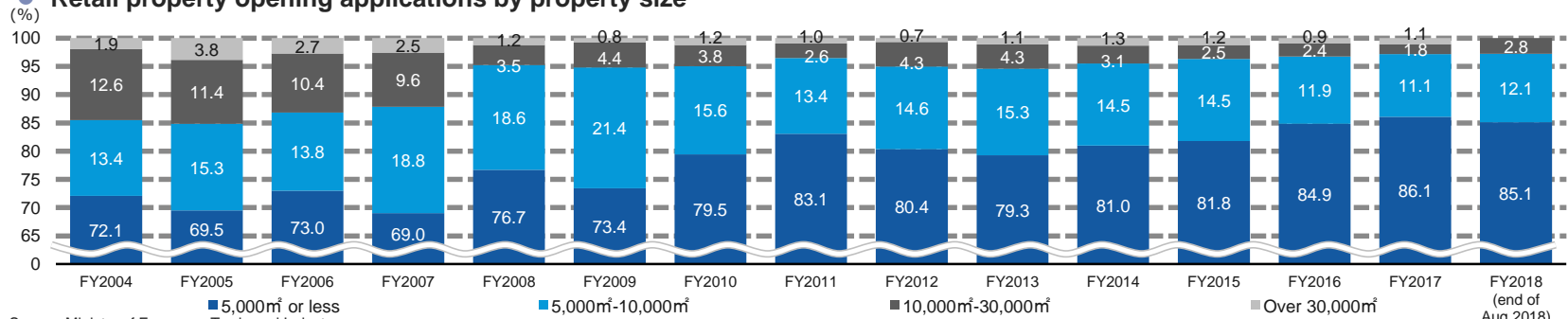
● Retail sales shares by store type



Source: Ministry of Economy, Trade and Industry

Decrease in size of retail properties

● Retail property opening applications by property size



Source: Ministry of Economy, Trade and Industry

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

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

Government promotion of “Compact City”

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

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

	Japan	US	Japan : US
Land area (km²) (Source 1)	377,915	9,833,517	1 : 26
Habitable area (km²) (Source 2)	114,622	6,103,372	1 : 53
Population (thousand) (Source 3)	126,491	328,434	1 : 2.5
Population density (Land area) (persons/km²)	335	33	10 : 1
Population density (Habitable area) (persons/km²)	1,105	53	20 : 1
Number of SC (Source 4)	3,217	47,087	1 : 15
Total floor area for SC (m²) (Source 4)	52,531,060	626,580,000	1 : 12
Number of SC per million people	25	143	1 : 5
Floor area for SC per capita (m²/person)	0.41	1.90	1 : 5
EC share (Source 5)	5.8%	9.1%	-
Grocery EC share (Source 6)	1.9%	1.1%	-
Share of expenses for meats, fishes and fresh vegetables to all food expense (Source 7)	27.9%	19.8%	-
Share of expense for restaurant meals to all food expense (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)

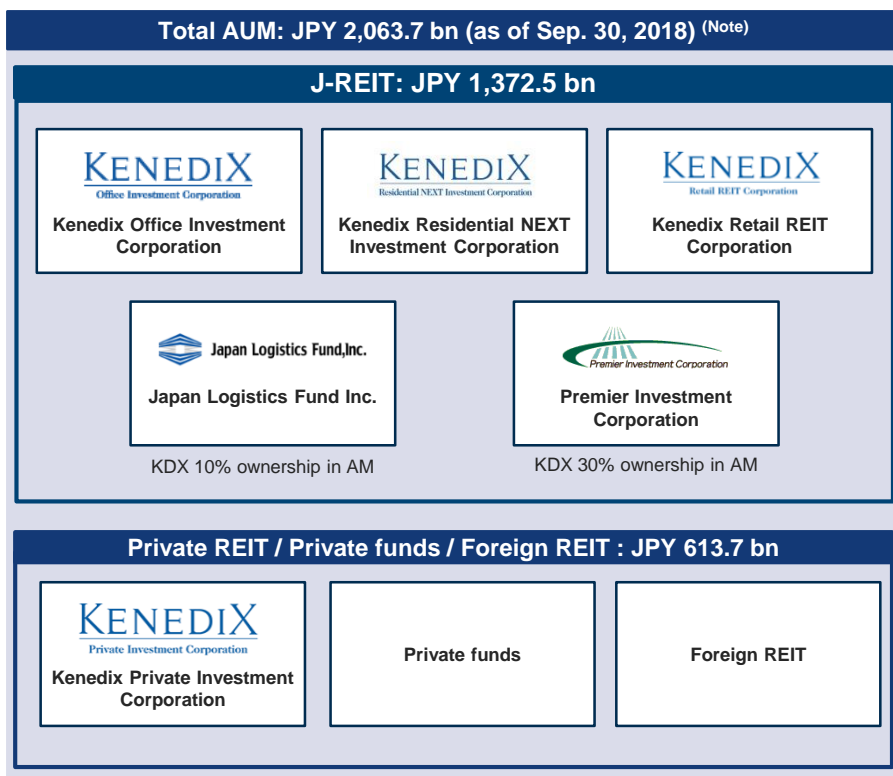
Source 5: The Ministry of Economy, Trade and Industry "Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)" (2018) (Japan), Statista (2017) (US)

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)

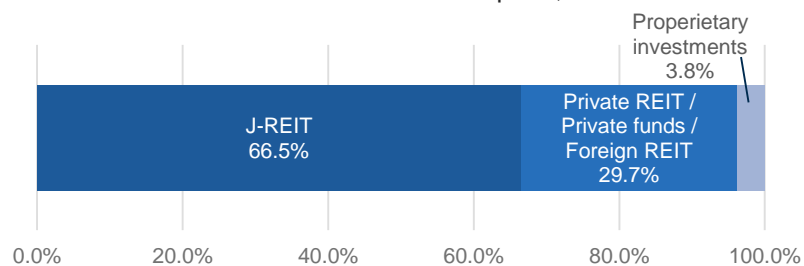
Overview of the Kenedix Group

The Kenedix Group's strong commitment to J-REITs

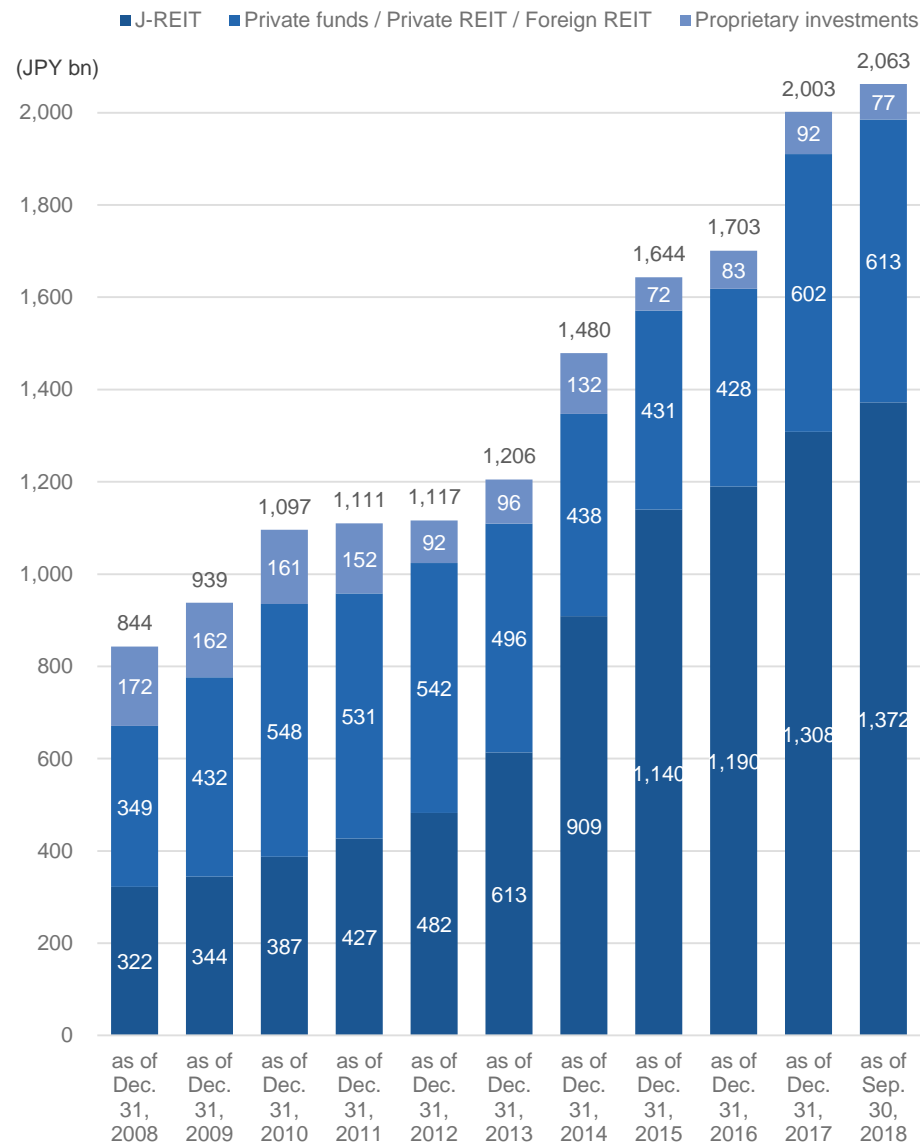


Note: The Kenedix Group's total AUM includes proprietary investments of JPY 77.4 bn.

Breakdown of AUM as of Sep. 30, 2018



The Kenedix Group's total AUM



Sumitomo Mitsui Finance and Leasing Co., Ltd.



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

P&D Consulting Co., Ltd.



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

Nippon Commercial Development Co., Ltd.



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

ITOCHU Corporation



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

07

Portfolio information

Security Code
3453



Appraisal value (properties as of Sep. 30, 2018) (1)

No.	Property name	Appraisal date	Appraisal value (JPY mn)			Income capitalization approach value									
						Direct capitalization method			DCF method						
			Direct cap rate (%)			Discount rate (%)			Terminal cap rate (%)						
			Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	
T-1	Fululu Garden Yachiyo	Sep. 30, 2018	15,200	15,200	0	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0	
T-2	MONA Shin-Urayasu	Sep. 30, 2018	8,890	9,410	520	5.2	4.9	-0.3	4.7	4.6	-0.1	5.2	5.1	-0.1	
T-3	Passaggio Nishiarai	Sep. 30, 2018	6,440	6,710	270	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0	
T-4	Daikanyama Address Dixsept	Sep. 30, 2018	6,130	6,370	240	3.5	3.4	-0.1	3.3	3.2	-0.1	3.7	3.6	-0.1	
T-5	Unicus Ina	Sep. 30, 2018	4,940	5,050	110	4.9	4.8	-0.1	4.6	4.5	-0.1	5.1	5.0	-0.1	
T-6	Yorktown Kita-Kaname	Sep. 30, 2018	4,340	4,350	10	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0	
T-7	Unicus Yoshikawa	Sep. 30, 2018	3,830	3,840	10	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0	
T-8	Sports Club Renaissance Fujimidai	Sep. 30, 2018	2,750	2,760	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)	Sep. 30, 2018	5,420	5,510	90	-	-	-	4.6	4.6	0.0	-	-	-	
T-10	K's Denki Shonan-Fujisawa (Land)	Sep. 30, 2018	3,510	3,510	0	-	-	-	4.3	4.3	0.0	-	-	-	
T-11	Unicus Kamisato (Land)	Sep. 30, 2018	3,050	3,050	0	-	-	-	4.6	4.6	0.0	-	-	-	
T-12	Unicus Konosu (Land)	Sep. 30, 2018	1,780	1,770	-10	-	-	-	4.5	4.5	0.0	-	-	-	
T-13	Inageya Yokohama Minamihonjuku (Land)	Sep. 30, 2018	1,430	1,430	0	-	-	-	4.0	4.0	0.0	4.7	4.7	0.0	
T-14	Gourmet City Chiba-Chuo	Sep. 30, 2018	799	792	-7	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0	
T-15	Nakamachidai Tokyu Store	Sep. 30, 2018	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	Sep. 30, 2018	1,900	1,890	-10	5.0	5.0	0.0	4.8	4.8	0.0	5.2	5.2	0.0	
T-17	Life Kameido	Sep. 30, 2018	1,510	1,520	10	4.2	4.2	0.0	3.9	3.9	0.0	4.4	4.4	0.0	
T-18	Totsuka-Fukaya Shopping Center (Land)	Sep. 30, 2018	4,310	4,310	0	4.7	4.7	0.0	4.6	4.6	0.0	-	-	-	
T-19	Yumemachi Narashinodai Mall	Sep. 30, 2018	3,520	3,510	-10	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0	
T-20	Kawamachi Yahagi Mall	Sep. 30, 2018	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	Sep. 30, 2018	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	Sep. 30, 2018	1,960	1,970	10	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0	
T-23	Ozeki Tokiwadai	Sep. 30, 2018	1,340	1,350	10	4.2	4.2	0.0	4.0	4.0	0.0	4.4	4.4	0.0	
T-24	Konami Sports Club Shibuya	Sep. 30, 2018	3,430	3,420	-10	3.8	3.8	0.0	3.9	3.9	0.0	4.0	4.0	0.0	
O-1	Blumer Maitamon	Sep. 30, 2018	9,350	9,370	20	5.3	5.3	0.0	5.4	5.4	0.0	5.5	5.5	0.0	
O-2	Central Square Takadono (Land)	Sep. 30, 2018	3,090	3,150	60	-	-	-	4.0	3.9	-0.1	-	-	-	
O-3	Piago Kahma Home Center Omihachiman	Sep. 30, 2018	2,430	2,470	40	6.2	6.1	-0.1	5.9	5.8	-0.1	6.4	6.3	-0.1	

Note 1: "Previous" refers to appraisal value at the previous appraisal dated Mar. 31, 2018 for properties acquired by 6th period, and dated Mar. 1, 2018 for Konami Sports Club Shibuya and Costco Wholesale Sapporo Warehouse. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

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

Appraisal value (properties as of Sep. 30, 2018) (2)

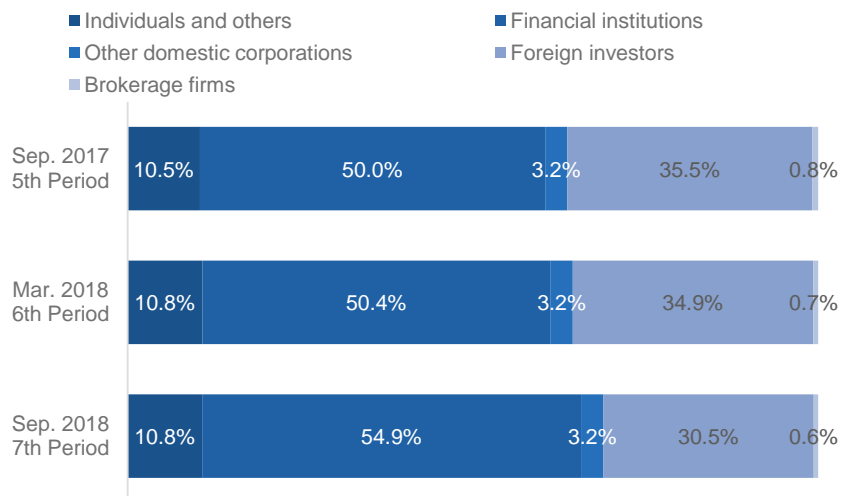
No.	Property name	Appraisal date	Appraisal value (JPY mn)			Income capitalization approach value									
						Direct capitalization method			DCF method						
			Direct cap rate (%)			Discount rate (%)			Terminal cap rate (%)						
			Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	
O-4	Blumer HAT Kobe	Sep. 30, 2018	11,500	11,500	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0	
O-5	Carino Esaka	Sep. 30, 2018	6,910	7,040	130	4.5	4.4	-0.1	4.2	4.1	-0.1	4.7	4.6	-0.1	
O-6	COMBOX Komyoike	Sep. 30, 2018	6,810	6,790	-20	5.2	5.2	0.0	4.8	4.8	0.0	5.3	5.3	0.0	
O-7	Hankyu Oasis Hirakatadeguchi	Sep. 30, 2018	1,330	1,330	0	5.5	5.5	0.0	5.3	5.3	0.0	5.7	5.7	0.0	
O-8	Welcia Kishiwadakamori (Land)	Sep. 30, 2018	488	488	0	-	-	-	4.0	4.0	0.0	4.7	4.7	0.0	
O-9	Life Nishi-Tengachaya	Sep. 30, 2018	1,650	1,690	40	4.7	4.6	-0.1	4.8	4.7	-0.1	4.9	4.8	-0.1	
O-10	Million Town Tsukaguchi (Land)	Sep. 30, 2018	3,870	3,950	80	-	-	-	4.1	4.0	-0.1	-	-	-	
N-1	Kahma Home Center Nakagawa Tomita (Land)	Sep. 30, 2018	2,680	2,700	20	-	-	-	4.3	4.3	0.0	-	-	-	
N-2	Valor Ichinomiya-Nishi	Sep. 30, 2018	2,320	2,330	10	5.1	5.1	0.0	4.8	4.8	0.0	5.3	5.3	0.0	
N-4	Homecenter Kohnan Sunadabashi	Sep. 30, 2018	7,310	7,290	-20	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0	
N-5	K's Denki Shin-moriyama (Land)	Sep. 30, 2018	1,440	1,440	0	-	-	-	3.8	3.8	0.0	4.3	4.3	0.0	
N-6	Resora Obu Shopping Terrace	Sep. 30, 2018	7,950	7,950	0	4.9	4.9	0.0	5.0	5.0	0.0	5.1	5.1	0.0	
F-1	Sunny Noma	Sep. 30, 2018	1,590	1,620	30	4.8	4.7	-0.1	4.6	4.5	-0.1	5.2	5.1	-0.1	
F-2	Round1 Stadium Hakata-Hanmichibashi	Sep. 30, 2018	5,390	5,500	110	5.3	5.2	-0.1	5.0	4.9	-0.1	5.5	5.4	-0.1	
F-3	Kurume-Nishi Shopping Center	Sep. 30, 2018	1,690	1,720	30	5.2	5.1	-0.1	4.9	4.8	-0.1	5.4	5.3	-0.1	
R-1	Roseo Mito	Sep. 30, 2018	11,500	11,700	200	5.1	5.0	-0.1	4.8	4.7	-0.1	5.3	5.2	-0.1	
R-2	K's Denki Aomori Honten	Sep. 30, 2018	1,570	1,580	10	5.5	5.5	0.0	5.2	5.2	0.0	5.7	5.7	0.0	
R-3	Super Sports Xebio Aomori-Chuo	Sep. 30, 2018	936	938	2	5.5	5.5	0.0	5.2	5.2	0.0	5.7	5.7	0.0	
R-4	Ashico Town Ashikaga	Sep. 30, 2018	5,060	5,040	-20	5.3	5.3	0.0	5.1	5.1	0.0	5.5	5.5	0.0	
R-5	Yorktown Shinden-Higashi	Sep. 30, 2018	3,330	3,340	10	5.5	5.5	0.0	5.3	5.3	0.0	5.7	5.7	0.0	
R-6	Kasumi Technopark Sakura	Sep. 30, 2018	874	876	2	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0	
R-7	Solala Plaza	Sep. 30, 2018	5,950	5,960	10	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0	
R-8	P-1 Plaza Tenno	Sep. 30, 2018	4,340	4,350	10	5.1	5.1	0.0	4.8	4.8	0.0	5.3	5.3	0.0	
R-9	Seiyu Rakuichi Moriya (Land)	Sep. 30, 2018	4,220	4,230	10	4.3	4.3	0.0	4.2	4.2	0.0	-	-	-	
R-10	Sun Street Hamakita	Sep. 30, 2018	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	Sep. 30, 2018	4,390	4,410	20	4.5	4.5	0.0	4.2	4.2	0.0	4.7	4.7	0.0	
Total			227,457	229,484	2,027	-	-	-	-	-	-	-	-	-	

Note 1: "Previous" refers to appraisal value at the previous appraisal dated Mar. 31, 2018 for properties acquired by 6th period, and dated Mar. 1, 2018 for Konami Sports Club Shibuya and Costco Wholesale Sapporo Warehouse. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

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

Unitholder information (as of Sep. 30, 2018)

Ownership ratio by investor type



Number of unitholders by investor type

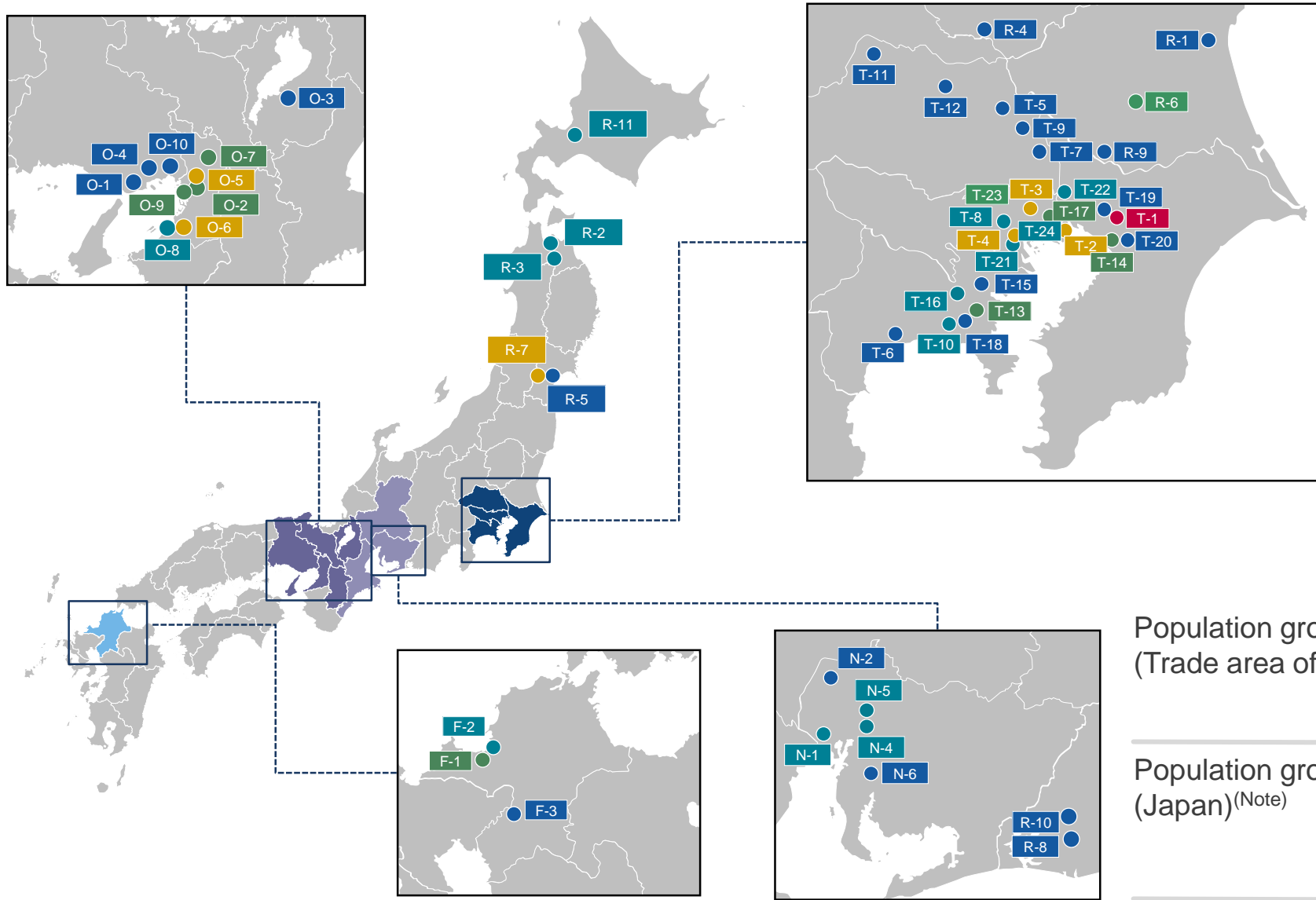
		Sep. 2017 5th Period	Mar. 2018 6th Period	Sep. 2018 7th Period
Individuals and others		11,680	11,916	11,644
Financial institutions	City/ Trust banks	10	12	13
	Regional banks	28	27	27
	Shinkin banks and others	69	71	70
	Life/ Nonlife	6	5	6
	Total	113	115	116
Other domestic corporations		268	264	261
Foreign investors		219	227	222
Brokerage firms		21	23	18
Total		12,301	12,545	12,261

Major unitholders

Rank	Name	# of units held	(%) ^(Note)
1	THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.)	85,789	16.89%
2	JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Acct.)	66,977	13.19%
3	THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.)	23,501	4.62%
4	TRUST & CUSTODY SERVICE BANK, LTD. (Securities Investment Trust Acct.)	14,841	2.92%
5	MIZUHO TRUST & BANKING CO., LTD.	10,519	2.07%
6	MITSUBISHI UFJ TRUST AND BANKING CORPORATION	8,841	1.74%
7	THE BANK OF NEW YORK MELLON SA/NV 10	8,746	1.72%
8	BNYM AS AGT/CLTS 10 PERCENT	8,579	1.68%
9	STATE STREET BANK WEST CLIENT-TREATY 505234	7,338	1.44%
10	DFA INTERNATIONAL REAL ESTATE SECURITIES PORTFOLIO	6,744	1.32%

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

Portfolio map (as of Sep. 30, 2018)



Population growth rate
(Trade area of portfolio)^(Note)
+2.1%

Population growth rate
(Japan)^(Note)
-0.8%

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 properties (one-km or two-km radius for some of the properties).

Portfolio overview (as of Sep. 30, 2018)

T-1 Fululu Garden Yachiyo	T-2 MONA Shin-Urayasu	T-3 Passaggio Nishiirai	T-4 Daikanyama Address Dixsept	T-5 Unicus Ina	T-6 Yorktown Kita-Kaname	T-7 Unicus Yoshikawa	T-8 Sports Club Renaissance Fujimidai	T-9 Super Viva Home Iwatsuki (Land)
T-10 K's Denki Shonan-Fujisawa (Land)	T-11 Unicus Kamisato (Land)	T-12 Unicus Konosu (Land)	T-13 Inageya Yokohama Minamihonjuku (Land)	T-14 Gourmet City Chiba-Chuo	T-15 Nakamachidai Tokyu Store	T-16 Central Wellness Club Nagatsuta Minamidai	T-17 Life Kameido	T-18 Totsuka-Fukaya Shopping Center (Land)
T-19 Yumemachi Narashinodai Mall	T-20 Kawamachi Yahagi Mall	T-21 Prime Square Jiyugaoka	T-22 Round1 Ichikawa-Onitaka	T-23 Ozecki Tokiwadai	T-24 Konami Sports Club Shibuya	O-1 Blumer Maitamon	O-2 Life Takadono (Land)	O-3 Piago Kahma Home Center Omihachiman
O-4 Blumer HAT Kobe	O-5 Carino Esaka	O-6 COMBOX Komyoike	O-7 Hankyu Oasis Hirakatadeguchi	O-8 Welcia Kishiwadakamori (Land)	O-9 Life Nishi-Tengachaya	O-10 Million Town Tsukaguchi (Land)	N-1 Kahma Home Center Nakagawa Tomita (Land)	N-2 Valor Ichinomiya-Nishi
N-4 Homecenter Kohnan Sunadabashi	N-5 K's Denki Shin-Moriyama (Land)	N-6 Resora Obu Shopping Terrace	F-1 Sunny Noma	F-2 Round1 Stadium Hakata-Hanmichibashi	F-3 Kurume-Nishi Shopping Center	R-1 Roseo Mito	R-2 K's Denki Aomori Honten	R-3 Super Sports Xebio Aomori-Chuo
R-4 Ashico Town Ashikaga	R-5 Yorktown Shinden-Higashi	R-6 Kasumi Technopark Sakura	R-7 Solala Plaza	R-8 P-1 Plaza Tenno	R-9 Seiyu Rakuichi Moriya (Land)	R-10 Sun Street Hamakita	R-11 Costco Wholesale Sapporo Warehouse	

Portfolio overview (as of Sep. 30, 2018)

No	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	Number of Tenants
T-1	Fululu Garden Yachiyo	Yachiyo, Chiba	14,848	15,200	5.2	96.6	39
T-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	9,410	6.3	98.3	57
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	6,710	5.1	98.6	41
T-4	Daikanyama Address Dixsept	Shibuya ward, Tokyo	5,390	6,370	4.2	97.9	27
T-5	Unicus Ina	Kitaadachi-gun, Saitama	4,470	5,050	5.6	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	100.0	11
T-8	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	2,760	5.0	100.0	1
T-9	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	4,815	5,510	4.3	100.0	1
T-10	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	3,169	3,510	5.0	100.0	1
T-11	Unicus Kamisato (Land)	Kodama-gun, Saitama	3,000	3,050	4.6	100.0	1
T-12	Unicus Konosu (Land)	Konosu, Saitama	1,700	1,770	4.6	100.0	1
T-13	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	1,442	1,430	4.5	100.0	1
T-14	Gourmet City Chiba-Chuo	Chiba, Chiba	760	792	5.7	100.0	1
T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,810	5.4	100.0	1
T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,890	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	4,310	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	3,420	4.0	100.0	1
O-1	Blumer Maitamon	Kobe, Hyogo	8,389	9,370	6.0	99.7	52
O-2	Life Takadono (Land)	Osaka, Osaka	2,685	3,150	4.8	100.0	1
O-3	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	2,140	2,470	7.1	100.0	2








Note: The figures are as of Sep. 30, 2018.

Portfolio overview (as of Sep. 30, 2018)


No	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	Number of Tenants
O-4	Blumer HAT Kobe	Kobe, Hyogo	11,000	11,500	5.1	98.0	39
O-5	Carino Esaka	Suita, Osaka	6,555	7,040	5.1	99.5	30
O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,790	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	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	2,700	5.0	100.0	1
N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	2,174	2,330	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	7,950	5.2	99.0	42
F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,620	5.4	100.0	1
F-2	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	5,020	5,500	5.7	100.0	1
F-3	Kurume-Nishi Shopping Center	Kurume, Fukuoka	1,515	1,720	6.1	100.0	4
R-1	Roseo Mito	Mito, Ibaraki	10,046	11,700	6.0	99.7	22
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	938	6.4	100.0	1
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	4,180	5,040	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	876	5.6	100.0	1
R-7	Solala Plaza	Sendai, Miyagi	5,720	5,960	5.0	100.0	1
R-8	P-1 Plaza Tenno	Hamamatsu, Shizuoka	4,010	4,350	5.8	100.0	7
R-9	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	4,111	4,230	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
Total / Average			212,897	229,484	5.3	99.4	520

Note: The figures are as of Sep. 30, 2018.

Portfolio highlights (Tokyo metropolitan area) (1)

Name	T-1 Fululu Garden Yachiyo	T-2 MONA Shin-Urayasu	T-3 Passaggio Nishiirai	T-4 Daikanyama Address Dixsept	T-5 Unicus Ina
Photo					
Location	Yachiyo, Chiba	Urayasu, Chiba	Adachi ward, Tokyo	Shibuya ward, Tokyo	Kitaadachi-gun, Saitama
Acquisition price (JPY)	14,848 mn	8,063 mn	5,850 mn	5,390 mn	4,379 mn
Highlights	<ul style="list-style-type: none"> ● CSC in an area with population growth (40 min to Otemachi Sta. by train) ● Approximately 50 stores in the specialty store bldg. ● Ito-Yokado provides online supermarket business delivered from this store 	<ul style="list-style-type: none"> ● Located in front of Shin-Urayasu Sta. (17 min from Tokyo Sta. by train) ● Entrance to highly popular residential areas ● Approx. 70 tenants, including supermarkets and clothing stores 	<ul style="list-style-type: none"> ● The surrounding area has a significant inflow of families due to large developments ● Houses a home appliance store, an apparel store, restaurants, etc. 	<ul style="list-style-type: none"> ● Occupies the retail section of a large complex facility in front of Daikanyama Sta. ● Houses sophisticated and stylish retailers as well as tenants that cater to day-to-day needs of customers 	<ul style="list-style-type: none"> ● Highly competitive by housing supermarket Yaoko among other tenants ● The population in the surrounding area is increasing by continued residential developments ● Constructed a restaurant building in 2017
Name	T-6 Yorktown Kita-Kaname	T-7 Unicus Yoshikawa	T-8 Sports Club Renaissance Fujimidai	T-9 Super Viva Home Iwatsuki (Land)	T-10 K's Denki Shonan-Fujisawa (Land)
Photo					
Location	Hiratsuka, Kanagawa	Yoshikawa, Saitama	Nerima ward, Tokyo	Saitama, Saitama	Fujisawa, Kanagawa
Acquisition price (JPY)	4,000 mn	3,600 mn	2,586 mn	4,815 mn	3,169 mn
Highlights	<ul style="list-style-type: none"> ● Population increase with residential developments ● Plays an important role in the local community by housing tenants including a supermarket, a drug store and a restaurant 	<ul style="list-style-type: none"> ● Conveniently located along a heavily traveled road in a population increasing area ● Houses a supermarket, Life, and a home and garden store, Kohnan, as anchor tenants 	<ul style="list-style-type: none"> ● A well-equipped membership-based health club with a gym, two studios and a swimming pool ● Large housing developments surrounding Fujimidai Sta. (15min from Ikebukuro Sta. by train) 	<ul style="list-style-type: none"> ● Comprises a large home and garden store, a supermarket and a food court ● A number of major routes near the property potentially enlarge trade areas including adjacent cities 	<ul style="list-style-type: none"> ● Faces major routes, which give the property a wide retail trade area ● More than ten years remain on a fixed-term land lease with K's Holdings




Portfolio highlights (Tokyo metropolitan area) (2)

Name	T-11 Unicus Kamisato (Land)	T-12 Unicus Konosu (Land)	T-13 Inageya Yokohama Minamihonjuku (Land)	T-14 Gourmet City Chiba-Chuo	T-15 Nakamachidai Tokyu Store
Photo					
Location	Kodama-gun, Saitama	Konosu, Saitama	Yokohama, Kanagawa	Chiba, Chiba	Yokohama, Kanagawa
Acquisition price (JPY)	3,000 mn	1,700 mn	1,442 mn	760 mn	3,360 mn
Highlights	<ul style="list-style-type: none"> ● Underlying land of the largest NSC in Kamisato developed by P&D ● Competitive due to its concentration of highly recognizable tenants including a supermarket and a cinema complex 	<ul style="list-style-type: none"> ● Underlying land of the largest NSC in Konosu developed by P&D ● Easy access and high visibility by car given its location facing the largest trunk road within the relevant trade area 	<ul style="list-style-type: none"> ● Underlying land of Inageya grocery supermarket opened in Mar. 2015 ● Comprises a trade area that cater daily needs together with a restaurant and a drug store nearby 	<ul style="list-style-type: none"> ● Large daytime population due to the concentration of government offices in the area ● Synergistically consisted of a grocery supermarket and clinics 	<ul style="list-style-type: none"> ● A station-front NSC in an area with high population growth and easy access to central Tokyo ● Houses a supermarket and other retailers that cater daily needs
Name	T-16 Central Wellness Club Nagatsuta Minamidai	T-17 Life Kameido	T-18 Totsuka Fukaya Shopping Center (Land)	T-19 Yumemachi Narashinodai Mall	T-20 Kawamachi Yahagi Mall
Photo					
Location	Yokohama, Kanagawa	Koto ward, Tokyo	Yokohama, Kanagawa	Funabashi, Chiba	Chiba, Chiba
Acquisition price (JPY)	1,724 mn	1,450 mn	4,170 mn	3,416 mn	3,097 mn
Highlights	<ul style="list-style-type: none"> ● Located in an area with high population growth, housing a health club as its core tenant ● Convenient car access due to its roadside location, with good visibility 	<ul style="list-style-type: none"> ● A supermarket located in one of the most densely populated retail trade areas in Tokyo ● "Kameido Residence", a large-scale condominium consisting of approx. 700 residential units in the neighborhood 	<ul style="list-style-type: none"> ● Underlying land of an NSC opened in Mar. 2015 ● NSC houses a grocery supermarket and a home and garden store ● Located in an area with population growth, with new residential development in surrounding areas 	<ul style="list-style-type: none"> ● Located in an area with high population growth, housing a competitive supermarket as the anchor tenant ● The tenants, including the core grocery supermarket, cater to diverse daily needs of consumers 	<ul style="list-style-type: none"> ● A new NSC developed by Kenedix housing tenants with a high level of customer attraction ● Located in an area with significant population growth potential, near a national road and a highway JCT ● Flat parking lot for up to 320 vehicles

Portfolio highlights (Tokyo metropolitan area) (3)

Name	T-21 Prime Square Jiyugaoka	T-22 Round1 Ichikawa-Onitaka	T-23 Ozeki Tokiwadai	T-24 Konami Sports Club Shibuya
Photo				
Location	Meguro ward, Tokyo	Ichikawa, Chiba	Itabashi ward, Tokyo	Shibuya ward, Tokyo
Acquisition price (JPY)	2,820 mn	1,880 mn	1,263 mn	3,400 mn
Highlights	<ul style="list-style-type: none"> ● Located in the neighborhood of Jiyugaoka along the Tokyu Toyoko Line ● Leased to Central Sports Co., Ltd., a leading fitness club operator 	<ul style="list-style-type: none"> ● A road-side amusement facility located in an area with easy access and high population growth ● Attractive occupancy cost and no other Round One stores near the retail trade area 	<ul style="list-style-type: none"> ● New supermarket opened in Sep. 2017, located in one of the most densely populated retail trade areas in Tokyo ● Leased to Ozeki Co., Ltd., which runs many stores in densely populated areas near train stations in Tokyo metropolitan area 	<ul style="list-style-type: none"> ● A sports club located in an upper class residential area, approx. 12 minutes from JR Shibuya Sta. ● Konami Sports Club is the largest sports club operator in Japan, with Shibuya ward as its strategic focus area










Portfolio highlights (Greater Osaka area)

Name	O-1 Blumer Maitamon	O-2 LifeTakadono (Land)	O-3 Piago Kahma Home Center Omihachiman	O-4 Blumer HAT Kobe	O-5 Carino Esaka
Photo					
Location	Kobe, Hyogo	Osaka, Osaka	Omihachiman, Shiga	Kobe, Hyogo	Suita, Osaka
Acquisition price (JPY)	8,389 mn	2,685 mn	2,140 mn	11,000 mn	6,555 mn
Highlights	<ul style="list-style-type: none"> ● Located within a newly developed residential area ● Consists of approx. 45 tenants, including a supermarket, an electronic appliance store and a major clothing store as core tenants 	<ul style="list-style-type: none"> ● A new brand supermarket which Life Corporation opened on the land in 2015 ● Located in a densely populated area bordering central Osaka ● Highly accessible by car as well 	<ul style="list-style-type: none"> ● NSC consisted of two buildings, Piago (supermarket) and Kahma (home and garden store) ● The trade area surrounding Omihachiman Sta. is a residential area with young families 	<ul style="list-style-type: none"> ● Landmark NSC in "HAT Kobe District", a revival symbol project from the Kobe earthquake ● Houses a cinema complex, a grocery store, clothing stores and restaurants 	<ul style="list-style-type: none"> ● Attractively located near Esaka Sta., only 10min from Umeda Sta. ● The retail trade area is popular among young families ● Core tenant is Tokyu Hands
Name	O-6 COMBOX Komyoike	O-7 Hankyu Oasis Hirakatadeguchi	O-8 Welcia Kishiwadakamori (Land)	O-9 Life Nishi-Tengachaya	O-10 Million Town Tsukaguchi (Land)
Photo					
Location	Izumi, Osaka	Hirakata, Osaka	Kishiwada, Osaka	Osaka, Osaka	Amagasaki, Hyogo
Acquisition price (JPY)	6,450 mn	1,280 mn	487 mn	1,505 mn	3,723 mn
Highlights	<ul style="list-style-type: none"> ● The largest retail property in the central area of Komyoike ● Located in the area accessible to Namba Sta. in 30 min by train ● A new condominium project nearby is planned 	<ul style="list-style-type: none"> ● A supermarket located in a highly populated area ● Approx. 100 car parking lots make easy accessibility by car in addition to consumers coming on foot 	<ul style="list-style-type: none"> ● Underlying land of a Welcia store opened in 2015, which also sells groceries ● Surrounded by residential districts, expecting customers on bicycles as well as those by car 	<ul style="list-style-type: none"> ● A supermarket located in a densely populated retail area ● The tenant, Life Corporation, has dominant strategy in Osaka and continues store opening 	<ul style="list-style-type: none"> ● A newly opened NSC located in an area as a part of the large-scale redevelopment project in front of Tsukaguchi Sta. ● Increasing in population in the surrounding area is expected, with the planned development

Portfolio highlights (Greater Nagoya area / Fukuoka)

Name	N-1 Kahma Home Center Nakagawa Tomita (Land)	N-2 Valor Ichinomiya-Nishi	N-4 Homecenter Kohnan Sunadabashi	N-5 K's Denki Shin-Moriyama (Land)	N-6 Resora Obu Shopping Terrace
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"> ● Located near a number of major routes ● Comprises an integrated retail zone in the surrounding area, together with a supermarket and a sporting goods store on the adjacent lot 	<ul style="list-style-type: none"> ● Located in a commuter town for Nagoya (10 min from Nagoya Sta. by train) ● NSC composed of Valor, a successful supermarket chain in the Chubu Region, as its core tenant, in addition to an electronic appliance store and a health club 	<ul style="list-style-type: none"> ● Houses a large home and garden store and a large sporting goods store ● Located in a northern urban area of Nagoya ● The population is expected to further increase in the surrounding area 	<ul style="list-style-type: none"> ● Land on which an electronics retail store resides. Located in a high population growth area, facing a major roadway with heavy traffic ● Many road-side stores along the road and many single-family residences in the surrounding neighborhood 	<ul style="list-style-type: none"> ● The largest NSC in Obu, Aichi, opened in Apr. 2008 as a part of the development project including a medical mall and a condominium ● Yamanaka, a grocery supermarket as its main tenant and over 40 tenants
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"> ● Rebuilt in 2007 after enjoying strong support from the local community for 35 years ● The strongest performing supermarket among other Sunny supermarkets in the surrounding area 	<ul style="list-style-type: none"> ● A large-scale flagship store for Round One that offers a variety of amusement and sporting facilities ● Located in Fukuoka with population growth ● The store ranks high in sales among all Round One stores 	<ul style="list-style-type: none"> ● An NSC located in a residential district near downtown Kurume City ● Tenants include a grocery supermarket, a baby goods store and a drug store ● Facing a national route, providing good visibility 	<ul style="list-style-type: none"> ● Located in a population growing area with many young families ● Houses a supermarket and a home and garden store as core tenants ● Constructed a secondhand shop building in 2015 	<ul style="list-style-type: none"> ● Opened in 2005 in Hamada District in Aomori, which has the highest concentration of retailers in Aomori

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"> ● Also in Hamada district in Aomori, some major routes bring customers from broad retail trade area 	<ul style="list-style-type: none"> ● A large-scale multi-tenant NSC with supermarket as a core tenant ● Easily accessibility by car due to its location along a major local route ● Cinema reopened in Mar. 2016 	<ul style="list-style-type: none"> ● Located in eastern Sendai conveniently commutable to Sendai Sta. ● Houses a supermarket and a home and garden store as core tenants 	<ul style="list-style-type: none"> ● A 24-hour Kasumi supermarket ● The retail trade area includes the college town of Tsukuba University ● Kasumi is headquartered in Tsukuba, and has a dominant presence in the area 	<ul style="list-style-type: none"> ● A retail building directly accessible by a pedestrian walkway from Sendai Sta. ● Houses IDC Otsuka Kagu ● Scheduled to be disposed on Dec. 21, 2018 and Apr. 5, 2019
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"> ● Located in a large scale retail area in northeast Hamamatsu where road-side retail facilities concentrate ● Houses tenants including a local supermarket, a drug store and a relaxation spa 	<ul style="list-style-type: none"> ● Underlying land of an NSC popular among consumers, with a grocery supermarket as the anchor tenant ● Located in a population growing area with the 2005 opening of Tsukuba Express ● Land acquired at a price lower than the official land price 	<ul style="list-style-type: none"> ● Located in an area with high population growth ● Expected to generate synergies among the tenants that offer services and experiences, with Seiyu as the core tenant ● Seiyu focuses on groceries in the trend of “shift from GMS to specialty stores” 	<ul style="list-style-type: none"> ● Costco is a “membership warehouse club” with over 740 warehouse stores worldwide ● Sapporo Warehouse is the only Costco warehouse in Hokkaido and covers Sapporo metropolitan area as its trade area 	

Disclaimer

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

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

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

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

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

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

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

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

Abbreviation of property name

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

KENEDIX

Retail REIT Corporation