# Kenedix Retail REIT Corporation

## Financial Results Appendix
## for the 1st Financial Period ended Sep. 2015

November 13, 2015

**We seek to invest primarily in neighborhood, community and other shopping centers that cater to the day-to-day needs of local area customers with stable demand from both customers and retailers, in order to provide stable investment returns over the long term**




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## Appendix 1

# Key characteristics of Kenedix Retail REIT Corporation (KRR)

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# Portfolio strategies

## Investment criteria

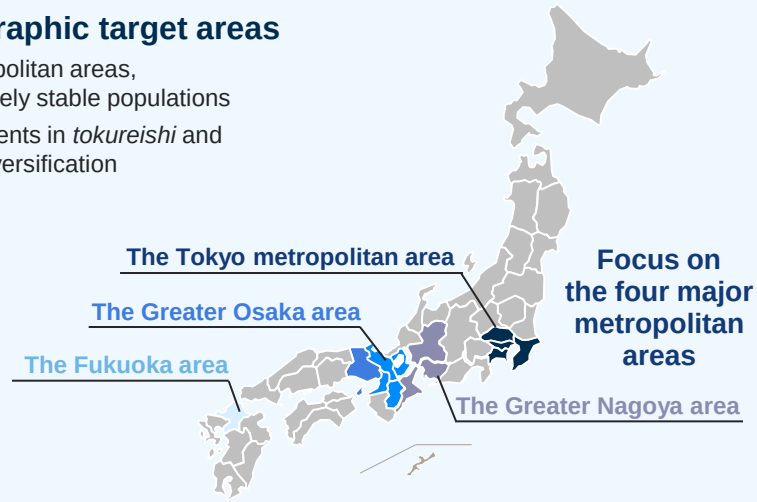
Focus on the following four elements in making investment decisions:

| Attractiveness | Location |
|---|---|
| • Ability to serve particular day-to-day needs of local area customers | • Demographic composition, number of households, competing facilities in local retail trade area |

| Profitability | Tenant mix |
|---|---|
| • Occupancy, leasing status, rent level and lease term | • 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 *tokureishi* and other areas for diversification




## Target portfolio distribution (based on acquisition price)

**Retail properties 100%**




## Investment in land ~Seeking growth opportunities~

**We also seek investment opportunities in land of retail properties for daily needs**

- Strong demand from retail tenants to lands (Most land-only properties owned by J-REITs are retail properties)
- Maintain maximum value upon termination of lease term, as the land is expected to be returned as vacant lot
- Investment in lands would be limited to 20% of the portfolio

**Long-term stable cash flows** | **Better payout ratio** | Win-win with tenants | **Flexibility in layout design** | **Optimize capital efficiency**

| Merits to KRR | Merits to tenants |
|---|---|
| • Limited risk of contract termination due to the fixed term land lease contract as the building is owned by the tenant<br>• Stable revenues as tenants cover the repairs and maintenance expenses<br>• No depreciation expense<br>• Limited value-depreciation risk upon disaster | • Reduced initial cost upon store opening<br>• Enhanced capital efficiency by not owning land on BS (Improved ROE)<br>• Easier procedure for renovation |

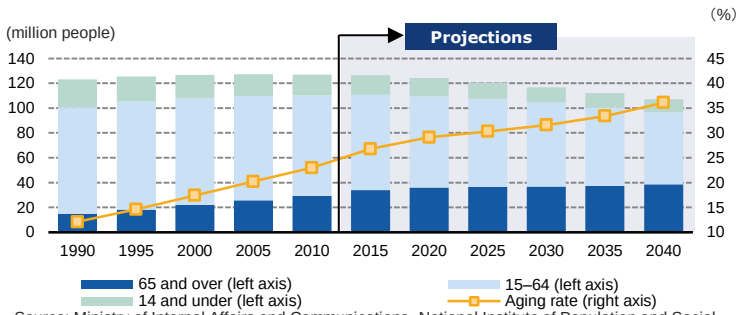
# Retail property trends and macroeconomic conditions (1)

**Shrinking retail trade area due to aging population and concentrated population in the four major metropolitan areas**

**Domestic consumption led by the elderly**

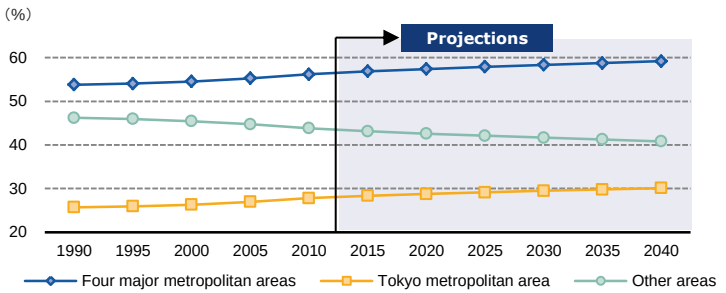
**Stable demand for daily necessities**

## Demographic shift in Japan



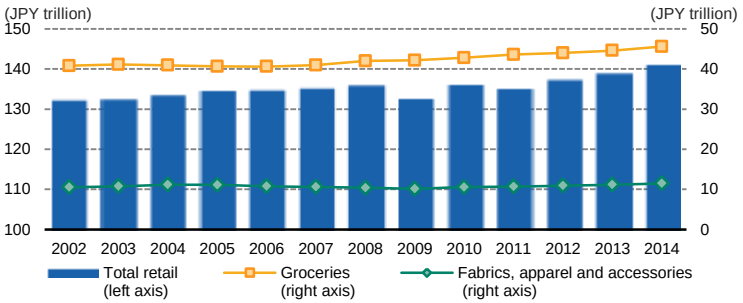

Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research

## Population share in Japan by area



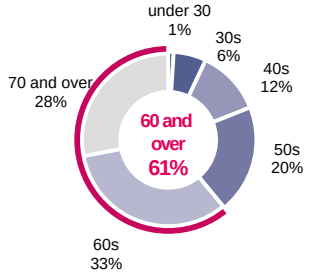

Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research

## Retail market volume in Japan



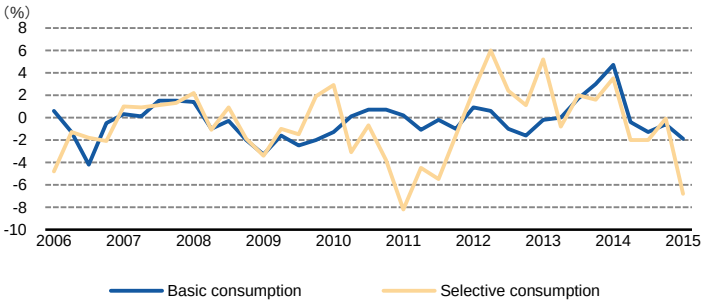

Source: Ministry of Economy, Trade and Industry

## Ownership of monetary assets by age group (as of 2009)



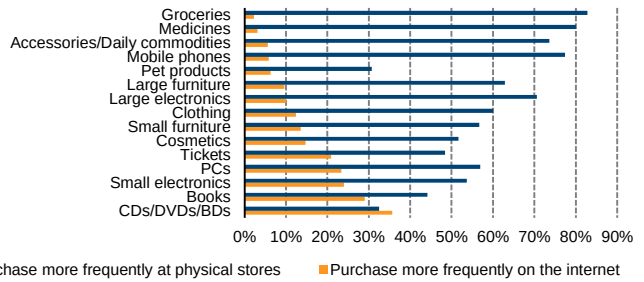

Source: Ministry of Internal Affairs and Communications

## 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

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

# Retail property trends and macroeconomic conditions (2)

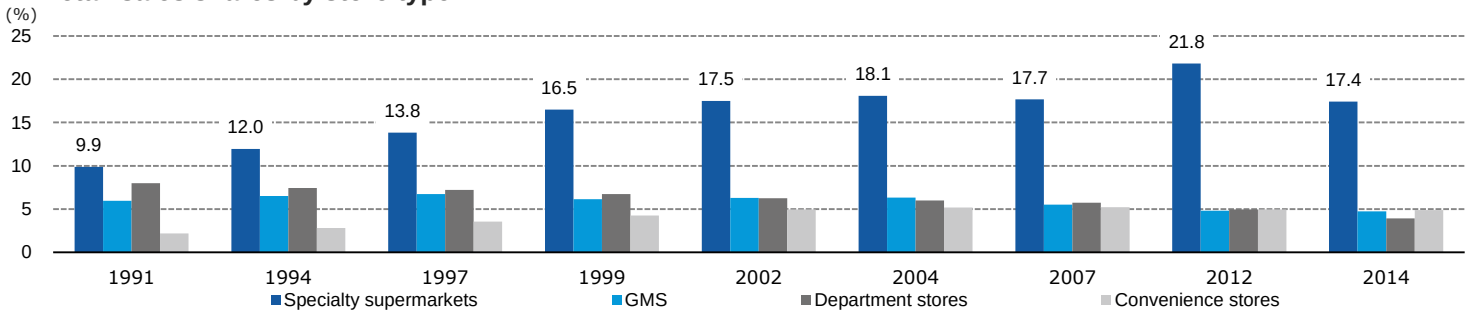
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**Increase in specialty supermarket market share**

**Decrease in size of retail properties**

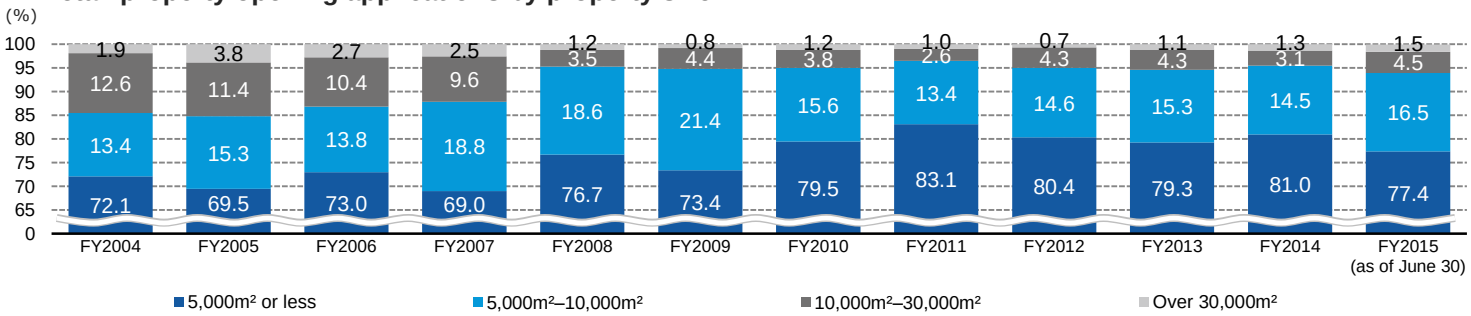
**Government promotion of "Compact City"**

## Retail sales shares by store type




Source: Ministry of Economy, Trade and Industry

## 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

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

# Leveraging extensive support from Sponsor and Alliance Companies

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- We seek leveraging extensive support from our Sponsor, Kenedix, Inc., and Alliance Companies for our external and internal growth

| Type of support | | Sponsor | Alliance Companies | | |
|---|---|---|---|---|---|
| | | KENEDIX | SMFL Sumitomo Mitsui Finance and Leasing Co., Ltd. | 日本商業開発株式会社 Nippon Commercial Development Co, Ltd. | p&d consulting |
| Support for external growth | Pipeline support | ● | ● | ● | ● |
| | Warehousing services | ● | ● | | |
| Support for internal growth | Leasing services | ● | | ● | ● |
| | PM services | ● | | ● | ● |
| | Environmentally-friendly technology/ knowhow | ● | | | |
| | Evaluation of operating conditions and advisory on operations | | | | ● |
| Other support | Personnel support | ● | ● | | |
| | Right to use trademarks | ● | | ● | |

# Overview of the Kenedix Group

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

**Total AUM: JPY1,638.9 bn (as of end of Sep. 2015)(Note)**

**J-REIT: JPY1,100.3 bn**

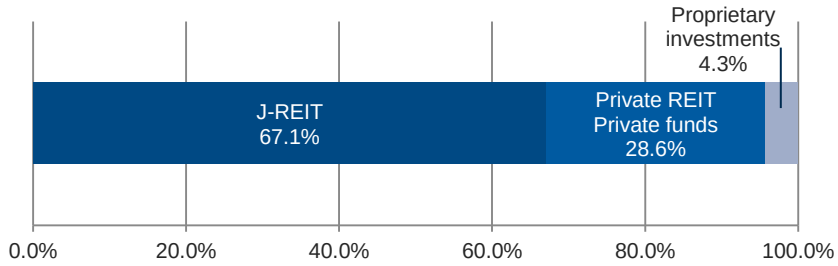
- Kenedix Office Investment Corporation
- Kenedix Residential Investment Corporation
- Kenedix Retail REIT Corporation
- Japan Senior Living Investment Corporation
- Japan Logistics Fund Inc.
- Premier Investment Corporation

**Private REIT / Private funds JPY468.7 bn**

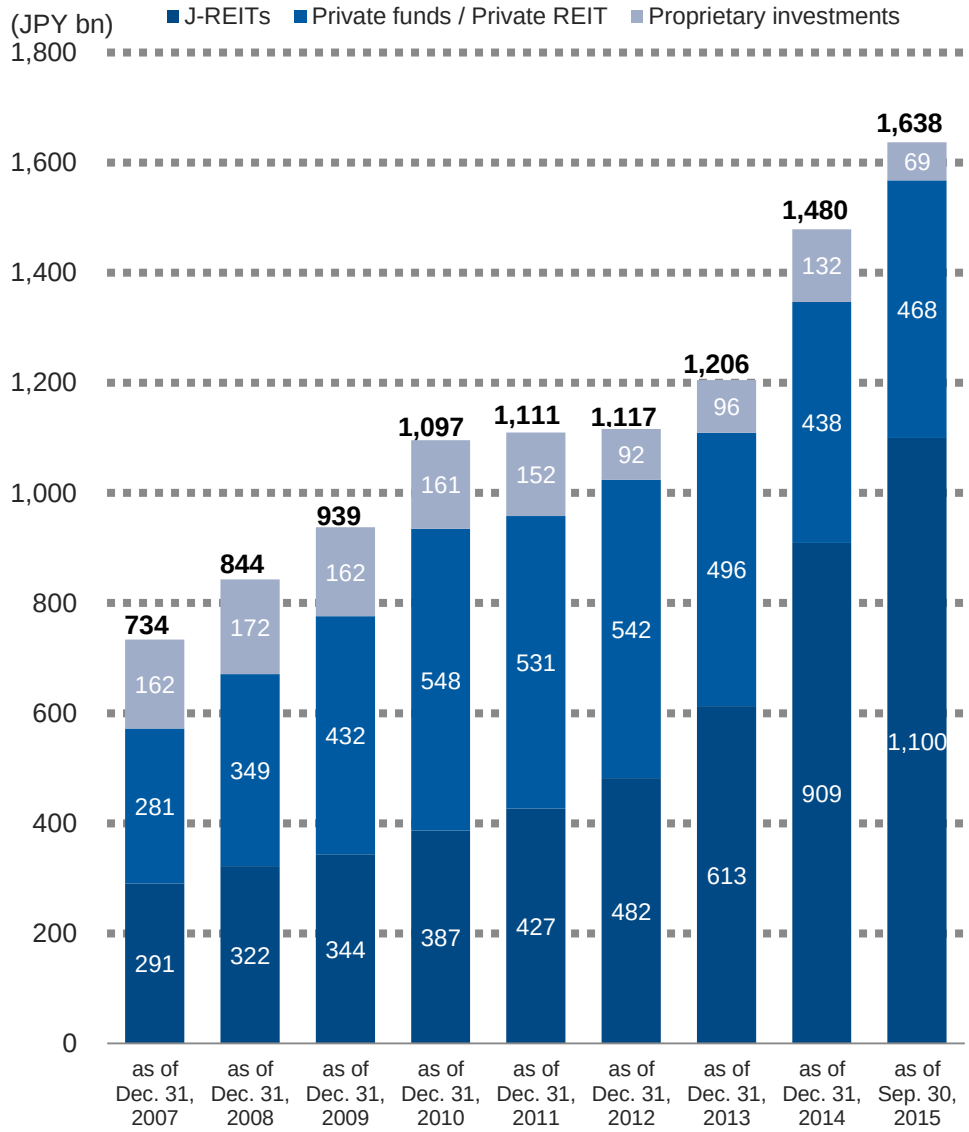
- Kenedix Private Investment Corporation
- Private funds

Note: The Kenedix Group's total AUM includes proprietary investments of JPY699 mn.

Breakdown of AUM as of end of Sep. 2015




## The Kenedix Group's total AUM



# Overview of Alliance Companies

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## Sumitomo Mitsui Finance and Leasing Co., Ltd.

SMFL 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 of JPY3.9 trillion (on a book value basis, as of March 31, 2015). The largest general leasing company in Japan for fiscal year 2014 by lease transaction volume (with consolidated operating assets of JPY500 bn for the real-estate sector (on a book value basis))
  - Sourcing transactions through the broad customer base of Sumitomo Mitsui Banking Corporation
- Description of support
  - Sourcing of lease properties (pipeline support)
  - Provision of warehousing services, financing, other services to bridge funds and personnel support
- Shareholders: Sumitomo Mitsui Financial Group, Inc. (60%), Sumitomo Corporation (40%)

## P&D Consulting Co., Ltd.

p&d consulting

- Founded in Aug. 1998
- Main lines of business: Development and management of retail facilities, retail consulting, etc.
  - Development / management of its own brand "Unicus" (10 locations) and development of other retail facilities (8 locations) (as of Sep. 30, 2015)
- 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.

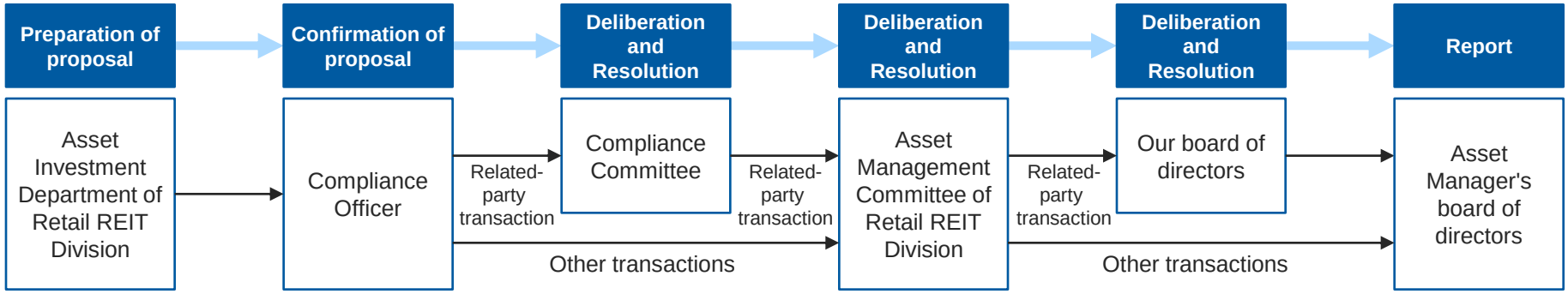
日本商業開発株式会社
Nippon Commercial Development Co., Ltd.

- 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
  - Successful track record of JINUSHI projects (as of July 31, 2015): 53 projects, approx. 550,000 $m^2$ (land area) and JPY87.0 bn (book value)
- Description of support
  - Sourcing of land acquisition opportunities through "JINUSHI BUSINESS" (pipeline support)
  - Connections with broad tenants, developed through the "JINUSHI BUSINESS"
  - PM services and tenant leasing services
  - Right to use "JINUSHI"-related trademarks
- 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
- Characteristics of Nippon Commercial Development's "JINUSHI BUSINESS"

| | |
|---|---|
| Investments in land assets which can be converted to residential use | Seek long-term stable cash flow |

# Governance structure

## Decision-making process for acquisition and sale of properties




## Investment in Kenedix Retail REIT by the Kenedix Group

As of October 31, 2015, The Kenedix Group owns about 1.6% (5,750 units) of our total issued units.

## Introduction of DPU-linked management fee structure

| | |
|---|---|
| **Fee linked with distribution per unit** | We believe the DPU-linked asset management fee structure will encourage the Asset Manager to place utmost emphasis on the growth of income from portfolio properties. |

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

As of Sep. 30, 2015, the Kenedix Group is the only real estate investment manager in Japan whose J-REIT assets constitute the majority of their AUM. Because of the importance of the J-REIT business to the Kenedix Group, we believe that our sound growth is in line with their interests.

## Appendix 2

# Detailed financial results and portfolio information

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# Earnings performance for the individual properties (1)

KENEDIX Retail REIT Corporation

| Location | | Tokyo metropolitan area | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Property No. | | T-1 | T-2 | T-3 | T-4 | T-5 | T-6 | T-7 | T-8 |
| Property Name | | Fululu Garden Yachiyo | MONA Shin-Urayasu | Passaggio Nishiarai | Daikanyama Address Dixsept | Unicus Ina | Yorktown Kita-Kaname | Unicus Yoshikawa | Sports Club Renaissance Fujimidai |
| Acquisition Date | | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 |
| Price Information | Acquisition price (In millions of yen) | 14,848 | 8,063 | 5,850 | 5,390 | 4,379 | 4,000 | 3,600 | 2,586 |
| | Percentage of total portfolio | 16.2% | 8.8% | 6.4% | 5.9% | 4.8% | 4.4% | 3.9% | 2.8% |
| | Net book value (In millions of yen) | 15,048 | 8,223 | 5,964 | 5,454 | 4,411 | 4,038 | 3,657 | 2,607 |
| | Appraisal value (In millions of yen) | 15,100 | 8,360 | 6,200 | 5,450 | 4,430 | 4,220 | 3,690 | 2,640 |
| | Ratio | 15.8% | 8.7% | 6.5% | 5.7% | 4.6% | 4.4% | 3.9% | 2.8% |
| Lease Information | Number of tenants | 49 | 1(72) | 1(40) | 1(26) | 1 | 1 | 1(11) | 1 |
| | Leasable floor area ($m^2$) | 77,057.56 | 9,568.31 | 10,546.25 | 5,056.39 | 13,044.37 | - (Note) | 10,620.04 | 3,120.87 |
| | Leased floor area ($m^2$) | 76,707.48 | 9,376.34 | 10,366.25 | 4,748.56 | 13,044.37 | | 10,620.04 | 3,120.87 |
| | Occupancy ratio as of March 31, 2015 | 99.5% | 98.0% | 98.3% | 93.9% | 100.0% | 100.0% | 100.0% | 100.0% |
| Income and Retained Earnings Information for the 1st Fiscal Period | Operating periods | 233 days | 233 days | 233 days | 233 days | 233 days | 233 days | 233 days | 233 days |
| | (1)Rental and other operating revenues (In thousands of yen) | 978,001 | 672,980 | 404,875 | 324,660 | 169,248 | - (Note) | 167,013 | - (Note) |
| | Rental revenues | 811,299 | 455,106 | 265,884 | 228,139 | 168,590 | | 163,317 | |
| | Other operating revenues | 166,701 | 217,873 | 138,991 | 96,521 | 657 | | 3,695 | |
| | (2)Property-related expenses (In thousands of yen) | 396,759 | 323,537 | 177,631 | 176,144 | 14,282 | | 33,313 | |
| | Property management fees | 183,801 | 108,392 | 59,760 | 67,224 | 2,303 | | 30,854 | |
| | Taxes | 21 | 8 | 14 | 8 | 120 | | 209 | |
| | Utilities | 106,108 | 90,869 | 60,688 | 50,921 | - | | - | |
| | Repairs and maintenance | 37,462 | 25,716 | 7,269 | 10,892 | 10,779 | | 1,344 | |
| | Insurance | 2,423 | 1,056 | 705 | 396 | 420 | | 320 | |
| | Trust fees and other expenses | 66,941 | 97,493 | 49,192 | 46,701 | 658 | | 584 | |
| | (3)NOI(=(1)-(2)) (In thousands of yen) | 581,241 | 349,442 | 227,244 | 148,515 | 154,966 | 143,055 | 133,699 | 83,144 |
| | (4)Depreciation (In thousands of yen) | 106,010 | 52,094 | 41,615 | 19,508 | 38,276 | 26,327 | 20,526 | 19,757 |
| | (5)Rental operating income (=(3)-(4)) (In thousands of yen) | 475,231 | 297,348 | 185,628 | 129,007 | 116,689 | 116,728 | 113,172 | 63,386 |
| | (6)Capital expenditures (In thousands of yen) | 21,569 | 70,767 | 26,814 | 1,085 | - | - | - | - |
| | (7)NCF (=(3)-(6)) (In thousands of yen) | 559,672 | 278,674 | 200,430 | 147,430 | 154,966 | 143,055 | 133,699 | 83,144 |

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

# Earnings performance for the individual properties (2)

KENEDIX
Retail REIT Corporation

| Location | | Greater Osaka area | | | | Greater Nagoya area | | | Fukuoka area | *Tokureishi* and other areas | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Property No. | | O-1 | O-2 | O-3 | O-4 | N-1 | N-2 | N-3 | F-1 | R-1 | R-2 | R-3 |
| Property Name | | Blumer Maitamon | Central Square Takadono (Land) | Piago Kahma Home Center Omihachiman | Blumer HAT Kobe | Kahma Home Center Nakagawa Tomita (Land) | Valor Ichinomiya-Nishi | K's Denki Nakagawa Tomita (Land) | Sunny Noma | Roseo Mito | K's Denki Aomori Honten | Super Sports Xebio Aomori-Chuo |
| Acquisition Date | | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 | Apr. 16, 2015 | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 | Feb. 10, 2015 |
| Price Information | Acquisition price (In millions of yen) | 8,389 | 2,685 | 2,140 | 11,000 | 2,311 | 2,174 | 889 | 1,497 | 9,675 | 1,469 | 898 |
| | Percentage of total portfolio | 9.1% | 2.9% | 2.3% | 12.0% | 2.5% | 2.4% | 1.0% | 1.6% | 10.5% | 1.6% | 1.0% |
| | Net book value (In millions of yen) | 8,498 | 2,727 | 2,178 | 11,494 | 2,351 | 2,199 | 907 | 1,527 | 9,871 | 1,499 | 913 |
| | Appraisal value (In millions of yen) | 8,820 | 2,870 | 2,390 | 11,600 | 2,500 | 2,200 | 945 | 1,500 | 10,300 | 1,590 | 901 |
| | Ratio | 9.2% | 3.0% | 2.5% | 12.1% | 2.6% | 2.3% | 1.0% | 1.6% | 10.8% | 1.7% | 0.9% |
| Lease Information | Number of tenants | 48 | 1 | 2 | 1(41) | 1 | 1 | 1 | 1 | 1(22) | 1 | 1 |
| | Leasable floor area ($m^2$) | 30,037.11 | 4,437.07 | 14,313.00 | 24,185.02 | - (Note) | 9,447.48 | - (Note) | 2,814.67 | 45,654.67 | 10,083.41 | - (Note) |
| | Leased floor area ($m^2$) | 29,888.11 | 4,437.07 | 14,313.00 | 24,055.88 | | 9,447.48 | | 2,814.67 | 45,654.67 | 10,083.41 | |
| | Occupancy ratio as of March 31, 2015 | 99.5% | 100.0% | 100.0% | 99.5% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |
| Income and Retained Earnings Information for the 1st Fiscal Period | Operating periods | 233 days | 233 days | 233 days | 168 days | 233 days | 233 days | 233 days | 233 days | 233 days | 233 days | 233 days |
| | (1)Rental and other operating revenues (In thousands of yen) | 630,766 | - (Note) | - (Note) | 473,998 | - (Note) | - (Note) | - (Note) | - (Note) | 456,990 | - (Note) | - (Note) |
| | Rental revenues | 456,479 | | | 347,234 | | | | | 410,834 | | |
| | Other operating revenues | 174,286 | | | 126,763 | | | | | 46,155 | | |
| | (2)Property-related expenses (In thousands of yen) | 251,684 | | | 194,174 | | | | | 70,036 | | |
| | Property management fees | 78,705 | | | 78,791 | | | | | 23,645 | | |
| | Taxes | 33 | | | 3 | | | | | 12 | | |
| | Utilities | 123,290 | | | 78,362 | | | | | 37,857 | | |
| | Repairs and maintenance | 17,580 | | | 19,441 | | | | | 3,043 | | |
| | Insurance | 1,059 | | | 900 | | | | | 841 | | |
| | Trust fees and other expenses | 31,013 | | | 16,675 | | | | | 4,635 | | |
| | (3)NOI(=(1)-(2)) (In thousands of yen) | 379,081 | 54,744 | 119,519 | 279,824 | 83,082 | 96,380 | 31,865 | 55,040 | 386,953 | 69,655 | 40,389 |
| | (4)Depreciation (In thousands of yen) | 65,995 | - | 13,654 | 48,200 | - | 19,321 | - | 18,978 | 55,745 | 8,444 | 6,498 |
| | (5)Rental operating income (=(3)-(4)) (In thousands of yen) | 313,086 | 54,744 | 105,864 | 231,623 | 83,082 | 77,059 | 31,865 | 36,062 | 331,207 | 61,210 | 33,890 |
| | (6)Capital expenditures (In thousands of yen) | 10,231 | - | - | 658 | - | - | - | - | - | - | - |
| | (7)NCF (=(3)-(6)) (In thousands of yen) | 368,850 | 54,744 | 119,519 | 279,166 | 83,082 | 96,380 | 31,865 | 55,040 | 386,953 | 69,655 | 40,389 |

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

# Balance sheet

KENEDIX
Retail REIT Corporation

(in thousands of yen)

| | Reporting Period (As of Sep. 30, 2015) |
|---|---|
| Assets | |
| Current assets | |
| Cash and deposits | 3,950,551 |
| Cash and deposits in trust | 7,829,874 |
| Operating accounts receivable | 163,767 |
| Prepaid expenses | 16,763 |
| Consumption taxes receivable | 2,071,748 |
| Other | 10,783 |
| Total current assets | 14,043,489 |
| Noncurrent assets | |
| Property, plant and equipment | |
| Construction in progress | 96,745 |
| Buildings in trust | 25,766,439 |
| Accumulated depreciation | -518,285 |
| Buildings in trust, net | 25,248,154 |
| Structures in trust | 1,118,727 |
| Accumulated depreciation | -35,074 |
| Structures in trust, net | 1,083,653 |
| Machinery and equipment in trust | 29,194 |
| Accumulated depreciation | -869 |
| Machinery and equipment in trust, net | 28,324 |
| Tools, furniture and fixtures in trust | 26,211 |
| Accumulated depreciation | -1,231 |
| Tools, furniture and fixtures in trust, net | 24,979 |
| Land in trust | 66,910,436 |
| Construction in progress in trust | 12,025 |
| Total property, plant and equipment, net | 93,404,319 |
| Intangible assets | |
| Leasehold right trust | 171,078 |
| Other | 2,445 |
| Total intangible assets | 173,523 |
| Investments and other assets | |
| Lease and guarantee deposits | 10,000 |
| Lease and guarantee deposits in trutst | 5,320 |
| Long-term prepaid expenses | 418,520 |
| Long-term deposits | 124,960 |
| Total investments and other assets | 558,800 |
| Total noncurrent assets | 94,136,642 |
| Deferred assets | |
| Deferred organization expenses | 40,501 |
| Investment unit issuance costs | 161,506 |
| Total deferred assets | 202,008 |
| Total assets | 108,382,141 |

(in thousands of yen)

| | Reporting Period (As of Sep. 30, 2015) |
|---|---|
| Liabilities | |
| Current liabilities | |
| Operating accounts payable | 330,055 |
| Short-term loans payable | 2,000,000 |
| Accounts payable-other | 257,854 |
| Accrued expenses | 3,412 |
| Income taxes payable | 6,321 |
| Advances received | 518,706 |
| Deposits received | 359,954 |
| Total current liabilities | 3,476,305 |
| Noncurrent liabilities | |
| Long-term loans payable | 36,350,000 |
| Tenant leasehold and security deposits | 20,000 |
| Tenant leasehold and security deposits in trust | 8,722,663 |
| Asset retirement obligations | 22,901 |
| Total noncurrent liabilities | 45,115,565 |
| Total liabilities | 48,591,870 |
| Net assets | |
| Unitholders' equity | |
| Unitholders' capital | 57,857,000 |
| Surplus | |
| Unappropriated retained earnings | 1,933,270 |
| Total surplus | 1,933,270 |
| Total unitholders' equity | 59,790,270 |
| Total net assets | 59,790,270 |
| Total liabilities and net assets | 108,382,141 |

# Statement of income and retained earnings

KENEDIX
Retail REIT Corporation

(in thousands of yen)

| | Reporting Period (From October 3, 2014 to September 30, 2015) |
|---|---|
| Operating revenues | |
| Rent revenue-real estate | 4,128,035 |
| Other lease business revenue | 975,033 |
| **Total operating revenue** | **5,103,069** |
| Operating expenses | |
| Expenses related to rent business | 2,246,179 |
| Asset management fees | 313,577 |
| Asset custody fees | 5,761 |
| Administrative service fees | 20,258 |
| Directors' compensation | 8,931 |
| Other operating expenses | 45,112 |
| Total operating expenses | 2,639,820 |
| **Operating income** | **2,463,248** |
| Non-operating income | |
| Interest income | 1,071 |
| Total non-operating income | 1,071 |
| Non-operating expenses | |
| Interest expenses | 208,576 |
| Borrowing related expenses | 262,279 |
| Amortization of deferred organization expenses | 10,049 |
| Amortization of investment unit issuance costs | 43,605 |
| Total ono-operating expenses | 524,510 |
| **Ordinary income** | **1,939,809** |
| Income before income taxes | 1,939,809 |
| Current | 6,539 |
| Total income taxes | 6,539 |
| **Net income** | **1,933,270** |
| **Unappropriated retained earnings** | **1,933,270** |

(in thousands of yen)

| | | Reporting Period (From October 3, 2014 to September 30, 2015) |
|---|---|---|
| A. | Rental and other operating revenues | |
| | Rental and other operating revenues | |
| | Rental revenues | 3,643,804 |
| | Rental revenues from limited proprietary rights of land | 220,680 |
| | Common area charges | 263,549 |
| | Subtotal | 4,128,035 |
| | Others | |
| | Parking space rental revenues | 126,629 |
| | Utility charge reimbursement | 500,044 |
| | Miscellaneous | 348,360 |
| | Subtotal | 975,033 |
| | Total rental and other operating revenues | 5,103,069 |
| B. | Property-related expenses | |
| | Expenses related to rent business | |
| | Property management fees and facility management fees | 655,263 |
| | Utilities | 548,099 |
| | Taxes | 1,280 |
| | Repairs and maintenance | 144,732 |
| | Insurance | 9,662 |
| | Trust fees | 12,214 |
| | Depreciation | 560,957 |
| | Others | 313,968 |
| | Total property-related expenses | 2,246,179 |
| C. | Net operating income from real estate rental business(A-B) | 2,856,889 |

# Statement of cash flows

KENEDIX
Retail REIT Corporation

(in thousands of yen)

| | Reporting Period (From October 3, 2014 to September 30, 2015) |
|---|---|
| Net cash provided by (used in) operating activities | |
| Income before income taxes | 1,939,809 |
| Depreciation and amortization | 561,321 |
| Amortization of deferred organization expenses | 10,049 |
| Amortization of investment unit issuance costs | 43,605 |
| Interest income | -1,071 |
| Interest expenses | 208,576 |
| Decrease (increase) in operating accounts receivable | -163,767 |
| Decrease (increase) in consumption taxes refund receivable | -2,071,748 |
| Decrease (increase) in prepaid expenses | -16,763 |
| Increase (decrease) in operating accounts payable | 304,096 |
| Increase (decrease) in accounts payable-other | 257,854 |
| Increase (decrease) in advances received | 518,706 |
| Increase (decrease) in deposits received | 359,954 |
| Decrease (increase) in long-term prepaid expenses | -418,520 |
| Decrease (increase) in long-term deposits | -124,960 |
| Payment of organization expenses | -50,551 |
| Subtotal | 1,356,591 |
| Interest income received | 1,071 |
| Interest expenses paid | -205,164 |
| Income taxes paid | -217 |
| Net cash provided by (used in) operating activities | 1,152,280 |
| Net cash provided by (used in) investing activities | |
| Purchase of property, plant and equipment | -96,745 |
| Purchase of property, plant and equipment in trust | -93,814,364 |
| Purchase of intangible assets | -2,809 |
| Purchase of intangible assets in trust | -176,383 |
| Payments for lease and guarantee deposits | -10,000 |
| Payments for lease and guarantee deposits in trust | -5,320 |
| Proceeds of tenant leasehold and security deposits | 20,000 |
| Repayments of tenant leasehold and security deposits in trust | -393,751 |
| Proceeds from tenant leasehold and security deposits in trust | 9,116,415 |
| Payments of restricted bank deposits in trust | -3,917,992 |
| Proceeds from restricted bank deposits in trust | 287,569 |
| Net cash provided by (used in) investing activities | -88,993,382 |
| Net cash provided by (used in) financing activities | |
| Increase in short-term loans payable | 10,222,500 |
| Decrease in short-term loans payable | -8,222,500 |
| Proceeds from long-term loans payable | 36,350,000 |
| Proceeds from issuance of investment units | 57,651,888 |
| Other | -10,783 |
| Net cash provided by (used in) financing activities | 95,991,104 |
| Net increase (decrease) in cash and cash equivalents | 8,150,002 |
| Cash and cash equivalents at the beginning of period | – |
| Cash and cash equivalents at the end of period | 8,150,002 |

# Appraisal value (properties as of September 30, 2015)

KENEDIX
Retail REIT Corporation

| No. | Property name | Appraisal date | Appraisal value (JPY mn) | | | Applicable valuation rate | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 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, 2015 | 15,000 | 15,100 | 100 | 4.9 | 4.8 | -0.1 | 4.7 | 4.6 | -0.1 | 5.1 | 5.0 | -0.1 |
| T-2 | MONA Shin-Urayasu | Sep. 30, 2015 | 8,340 | 8,360 | 20 | 5.4 | 5.4 | 0.0 | 5.1 | 5.1 | 0.0 | 5.6 | 5.6 | 0.0 |
| T-3 | Passaggio Nishiarai | Sep. 30, 2015 | 6,020 | 6,200 | 180 | 4.6 | 4.5 | -0.1 | 4.4 | 4.3 | -0.1 | 4.8 | 4.7 | -0.1 |
| T-4 | Daikanyama Address Dixsept | Sep. 30, 2015 | 5,400 | 5,450 | 50 | 4.2 | 3.9 | -0.3 | 4.0 | 3.7 | -0.3 | 4.4 | 4.1 | -0.3 |
| T-5 | Unicus Ina | Sep. 30, 2015 | 4,410 | 4,430 | 20 | 5.2 | 5.2 | 0.0 | 4.9 | 4.9 | 0.0 | 5.4 | 5.4 | 0.0 |
| T-6 | Yorktown Kita-Kaname | Sep. 30, 2015 | 4,120 | 4,220 | 100 | 5.2 | 5.1 | -0.1 | 5.0 | 4.9 | -0.1 | 5.4 | 5.3 | -0.1 |
| T-7 | Unicus Yoshikawa | Sep. 30, 2015 | 3,630 | 3,690 | 60 | 5.0 | 4.9 | -0.1 | 4.8 | 4.7 | -0.1 | 5.2 | 5.1 | -0.1 |
| T-8 | Sports Club Renaissance Fujimidai | Sep. 30, 2015 | 2,600 | 2,640 | 40 | 4.9 | 4.8 | -0.1 | 4.7 | 4.6 | -0.1 | 5.1 | 5.0 | -0.1 |
| O-1 | Blumer Maitamon | Sep. 30, 2015 | 8,520 | 8,820 | 300 | 5.7 | 5.5 | -0.2 | 5.8 | 5.6 | -0.2 | 5.9 | 5.7 | -0.2 |
| O-2 | Central Square Takadono (Land) | Sep. 30, 2015 | 2,700 | 2,870 | 170 | - | - | - | 4.6 | 4.4 | -0.2 | 4.8 | 4.6 | -0.2 |
| O-3 | Piago Kahma Home Center Omihachiman | Sep. 30, 2015 | 2,390 | 2,390 | 0 | 6.9 | 6.5 | -0.4 | 6.6 | 6.2 | -0.4 | 7.1 | 6.7 | -0.4 |
| O-4 | Blumer HAT Kobe | Sep. 30, 2015 | 11,200 | 11,600 | 400 | 5.1 | 5.0 | -0.1 | 4.9 | 4.8 | -0.1 | 5.3 | 5.2 | -0.1 |
| N-1 | Kahma Home Center Nakagawa Tomita (Land) | Sep. 30, 2015 | 2,380 | 2,500 | 120 | - | - | - | 5.1 | 4.8 | -0.3 | 5.2 | 4.9 | -0.3 |
| N-2 | Valor Ichinomiya-Nishi | Sep. 30, 2015 | 2,190 | 2,200 | 10 | 5.4 | 5.4 | 0.0 | 5.1 | 5.1 | 0.0 | 5.6 | 5.6 | 0.0 |
| N-3 | K's Denki Nakagawa Tomita (Land) | Sep. 30, 2015 | 903 | 945 | 42 | - | - | - | 5.1 | 4.8 | -0.3 | 5.2 | 4.9 | -0.3 |
| F-1 | Sunny Noma | Sep. 30, 2015 | 1,500 | 1,500 | 0 | 5.2 | 5.2 | 0.0 | 5.0 | 5.0 | 0.0 | 5.6 | 5.6 | 0.0 |
| R-1 | Roseo Mito | Sep. 30, 2015 | 9,780 | 10,300 | 520 | 5.6 | 5.7 | 0.1 | 5.3 | 5.3 | 0.0 | 5.8 | 5.8 | 0.0 |
| R-2 | K's Denki Aomori Honten | Sep. 30, 2015 | 1,590 | 1,590 | 0 | 5.9 | 5.9 | 0.0 | 5.6 | 5.6 | 0.0 | 6.1 | 6.1 | 0.0 |
| R-3 | Super Sports Xebio Aomori-Chuo | Sep. 30, 2015 | 901 | 901 | 0 | 5.9 | 5.9 | 0.0 | 5.6 | 5.6 | 0.0 | 6.1 | 6.1 | 0.0 |
| Total / Average | | | 93,574 | 95,706 | 2,132 | | | | | | | | | |

Note: "Previous" refers to appraisal value at the previous appraisal dated October 1, 2014, except for Blumer HAT Kobe, dated March 1, 2015. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

# Appraisal value (properties newly acquired related to PO)

KENEDIX
Retail REIT Corporation

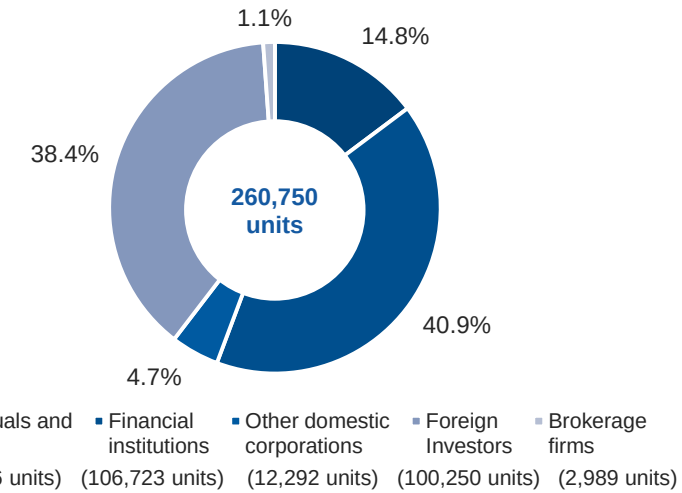
| No. | Property name | Appraisal date | Appraisal value (JPY mn) | Income capitalization approach value | | |
|---|---|---|---|---|---|---|
| | | | | Direct capitalization method | DCF method | |
| | | | | Direct cap rate (%) | Discount rate (%) | Terminal cap rate (%) |
| T-9 | Super Viva Home Iwatsuki (Land) | Jul. 1, 2015 | 5,210 | – | 4.7 | – |
| T-10 | K's Denki Shonan-Fujisawa (Land) | Jul. 1, 2015 | 3,410 | – | 4.6 | – |
| T-11 | Unicus Kamisato (Land) | Jul. 1, 2015 | 3,010 | – | 4.7 | – |
| T-12 | Unicus Konosu (Land) | Jul. 1, 2015 | 1,730 | – | 4.6 | – |
| T-13 | Inageya Yokohama Minamihonjuku (Land) | Jul. 1, 2015 | 1,460 | – | 4.0 | 4.6 |
| T-14 | Gourmet City Chiba-Chuo | Jul. 1, 2015 | 780 | 5.3 | 5.1 | 5.5 |
| O-5 | Carino Esaka | Jul. 1, 2015 | 6,580 | 4.9 | 4.6 | 5.1 |
| O-6 | COMBOX Komyoike | Jul. 1, 2015 | 6,840 | 5.3 | 5.0 | 5.5 |
| O-7 | Hankyu Oasis Hirakatadeguchi | Jul. 1, 2015 | 1,290 | 5.7 | 5.5 | 5.9 |
| O-8 | Welcia Kishiwadakamori (Land) | Jul. 1, 2015 | 500 | – | 4.0 | 4.6 |
| R-4 | Ashico Town Ashikaga | Jul. 1, 2015 | 5,050 | 5.4 (Building)<br>5.0 (Land) | 5.2 (Building)<br>5.0 (Land) | 5.6 (Building) |
| R-5 | Yorktown Shinden-Higashi | Jul. 1, 2015 | 3,320 | 5.6 | 5.4 | 5.8 |
| R-6 | Kasumi Technopark Sakura | Jul. 1, 2015 | 847 | 5.3 | 5.1 | 5.5 |
| Total / Average | | | 40,027 | – | – | – |

Note: Discount rate for DCF method shows the discount rate for the nearest period.

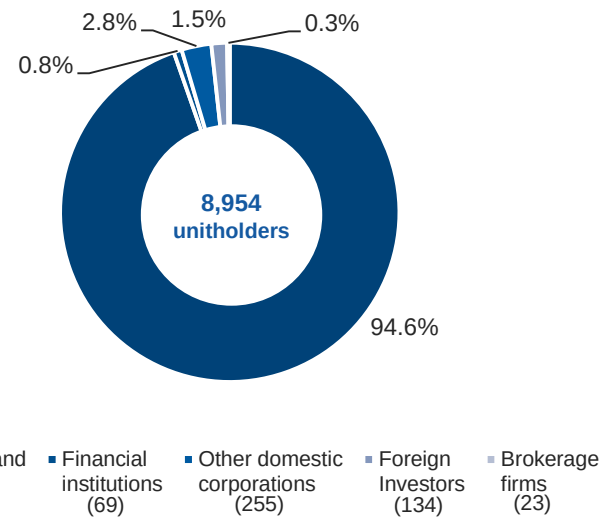
# Unitholder information (as of Sep. 30, 2015)

KENEDIX
Retail REIT Corporation

## Ownership ratio by investor type




## Number of unitholders by investor type




## Major unitholders

| Rank | Name | # of units held | (%)(Note) |
|---|---|---|---|
| 1 | JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Acct.) | 38,222 | 14.65% |
| 2 | THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.) | 24,577 | 9.42% |
| 3 | TRUST & CUSTODY SERVICE BANK, LTD. (Securities Investment Trust Acct.) | 16,332 | 6.26% |
| 4 | THE BANK OF NEW YORK MELLON SA/NV 10 | 9,242 | 3.54% |
| 5 | BARCLAYS BANK PLC A/C CLIENT SEGREGATED A/C PB CAYMAN CLIENTS | 7,976 | 3.05% |
| 6 | STATE STREET BANK AND TRUST COMPANY 505225 | 6,620 | 2.53% |
| 7 | CBLDN-STICHTING PGGM DEPOSITARY – LISTED REAL ESTATE PF FUND | 6,388 | 2.44% |
| 8 | THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.) | 6,102 | 2.34% |
| 9 | KENEDIX, INC. | 5,750 | 2.20% |
| 10 | NORTHERN TRUST CO. (AVFC) RE COLONIAL FIRST STATE INVESTMENTS LIMITED | 5,748 | 2.20% |

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

# Portfolio overview

## Tokyo metropolitan area

**T-1 Fululu Garden Yachiyo**



**T-2 MONA Shin-Urayasu**



**T-3 Passaggio Nishiarai**



**T-4 Daikanyama Address Dixsept**



**T-5 Unicus Ina**



**T-6 Yorktown Kita-Kaname**



**T-7 Unicus Yoshikawa**




**T-8 Sports Club Renaissance Fujimidai**



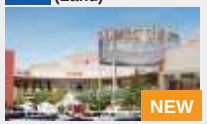
**T-9 Super Viva Home Iwatsuki (Land)** NEW



**T-10 K's Denki Shonan-Fujisawa (Land)** NEW



**T-11 Unicus Kamisato (Land)** NEW



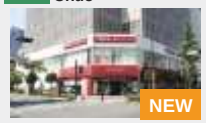
**T-12 Unicus Konosu (Land)** NEW



**T-13 Inageya Yokohama Minamihonjuku (Land)** NEW



**T-14 Gourmet City Chiba-Chuo** NEW



## Greater Osaka area

**O-1 Blumer Maitamon**



**O-2 Central Square Takadono (Land)**



**O-3 Piago Kahma Home Center Omihachiman**



**O-4 Blumer HAT Kobe**



**O-5 Carino Esaka** NEW



**O-6 COMBOX Komyoike** NEW



**O-7 Hankyu Oasis Hirakatadeguchi** NEW



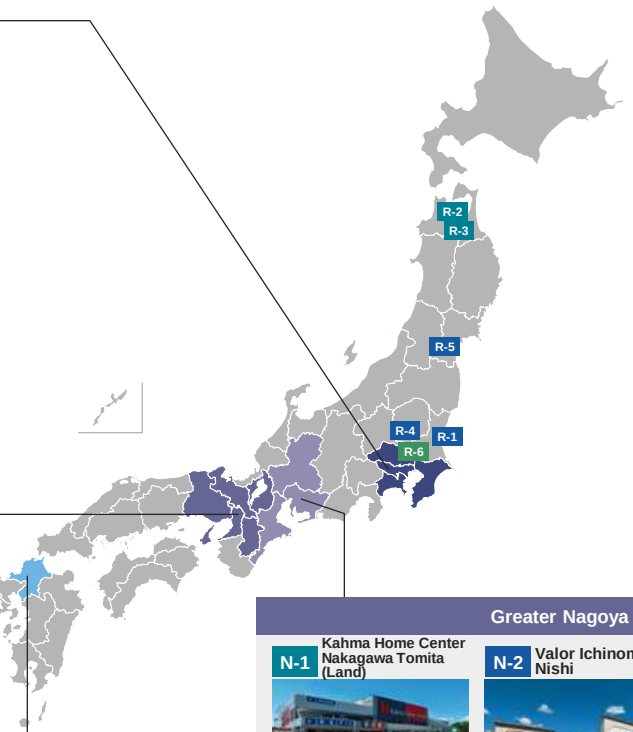
**O-8 Welcia Kishiwadakamori (Land)** NEW



## Fukuoka area

**F-1 Sunny Noma**






## Greater Nagoya area

**N-1 Kahma Home Center Nakagawa Tomita (Land)**



**N-2 Valor Ichinomiya-Nishi**



**N-3 K's Denki Nakagawa Tomita (Land)**



## Tokureishi and other areas

**R-1 Roseo Mito**



**R-2 K's Denki Aomori Honten**



**R-3 Super Sports Xebio Aomori-Chuo**



**R-4 Ashico Town Ashikaga** NEW



**R-5 Yorktown Shinden-Higashi** NEW



**R-6 Kasumi Technopark Sakura** NEW



NSC SM CSC Urban Station-Front SC SS

# Portfolio list

KENEDIX
Retail REIT Corporation

| Total acquisition price | Total appraisal value | Portfolio appraisal NOI yield | Weighted average occupancy rate | Number of tenants |
|---|---|---|---|---|
| JPY129,763 mn | JPY135,733 mn | 5.4% | 99.0% | 388 |

| 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 | 15,100 | 5.2 | 99.5 | 49 |
| T-2 | MONA Shin-Urayasu | Urayasu, Chiba | 8,063 | 8,360 | 6.1 | 98.0 | 72 |
| T-3 | Passaggio Nishiarai | Adachi ward, Tokyo | 5,850 | 6,200 | 5.0 | 98.3 | 40 |
| T-4 | Daikanyama Address Dixsept | Shibuya ward, Tokyo | 5,390 | 5,450 | 4.3 | 93.9 | 26 |
| T-5 | Unicus Ina | Kitaadachi-gun, Saitama | 4,379 | 4,430 | 5.4 | 100.0 | 1 |
| T-6 | Yorktown Kita-Kaname | Hiratsuka, Kanagawa | 4,000 | 4,220 | 5.4 | 100.0 | 1 |
| T-7 | Unicus Yoshikawa | Yoshikawa, Saitama | 3,600 | 3,690 | 5.1 | 100.0 | 11 |
| T-8 | Sports Club Renaissance Fujimidai | Nerima ward, Tokyo | 2,586 | 2,640 | 4.9 | 100.0 | 1 |
| O-1 | Blumer Maitamon | Kobe, Hyogo | 8,389 | 8,820 | 5.8 | 99.5 | 48 |
| O-2 | Central Square Takadono (Land) | Osaka, Osaka | 2,685 | 2,870 | 4.8 | 100.0 | 1 |
| O-3 | Piago Kahma Home Center Omihachiman | Omihachiman, Shiga | 2,140 | 2,390 | 7.5 | 100.0 | 2 |
| N-1 | Kahma Home Center Nakagawa Tomita (Land) | Nagoya, Aichi | 2,311 | 2,500 | 5.2 | 100.0 | 1 |
| N-2 | Valor Ichinomiya-Nishi | Ichinomiya, Aichi | 2,174 | 2,200 | 5.9 | 100.0 | 1 |
| N-3 | K's Denki Nakagawa Tomita (Land) | Nagoya, Aichi | 889 | 945 | 5.2 | 100.0 | 1 |
| F-1 | Sunny Noma | Fukuoka, Fukuoka | 1,497 | 1,500 | 5.4 | 100.0 | 1 |
| R-1 | Roseo Mito | Mito, Ibaraki | 9,675 | 10,300 | 5.7 | 100.0 | 22 |
| R-2 | K's Denki Aomori Honten | Aomori, Aomori | 1,469 | 1,590 | 6.7 | 100.0 | 1 |
| R-3 | Super Sports Xebio Aomori-Chuo | Aomori, Aomori | 898 | 901 | 6.4 | 100.0 | 1 |
| O-4 | Blumer HAT Kobe | Kobe, Hyogo | 11,000 | 11,600 | 5.3 | 99.5 | 41 |
| NEW T-9 | Super Viva Home Iwatsuki (Land) | Saitama, Saitama | 4,815 | 5,210 | 4.3 | 100.0 | 1 |
| T-10 | K's Denki Shonan-Fujisawa (Land) | Fujisawa, Kanagawa | 3,169 | 3,410 | 5.0 | 100.0 | 1 |
| T-11 | Unicus Kamisato (Land) | Kodama-gun, Saitama | 3,000 | 3,010 | 4.6 | 100.0 | 1 |
| T-12 | Unicus Konosu (Land) | Konosu, Saitama | 1,700 | 1,730 | 4.6 | 100.0 | 1 |
| T-13 | Inageya Yokohama Minamihonjuku (Land) | Yokohama, Kanagawa | 1,442 | 1,460 | 4.5 | 100.0 | 1 |
| T-14 | Gourmet City Chiba-Chuo | Chiba, Chiba | 760 | 780 | 5.7 | 100.0 | 1 |
| O-5 | Carino Esaka | Suita, Osaka | 6,555 | 6,580 | 5.3 | 99.1 | 30 |
| O-6 | COMBOX Komyoike | Izumi, Osaka | 6,450 | 6,840 | 6.0 | 100.0 | 1 |
| O-7 | Hankyu Oasis Hirakatadeguchi | Hirakata, Osaka | 1,280 | 1,290 | 5.9 | 100.0 | 1 |
| O-8 | Welcia Kishiwadakamori (Land) | Kishiwada, Osaka | 487 | 500 | 4.5 | 100.0 | 1 |
| R-4 | Ashico Town Ashikaga | Ashikaga, Tochigi | 4,180 | 5,050 | 6.4 | 92.7 | 25 |
| R-5 | Yorktown Shinden-Higashi | Sendai, Miyagi | 3,252 | 3,320 | 6.0 | 100.0 | 2 |
| R-6 | Kasumi Technopark Sakura | Tsukuba, Ibaraki | 830 | 847 | 5.6 | 100.0 | 1 |

Note: “Appraisal value” of 18 assets properties acquired at the listing and Blumer HAT Kobe, “Occupancy rate” and “number of tenants” are as of September 30, 2015. “Appraisal value” of 13 properties acquired at October 2, 2015 is as of July 1, 2015.
“Appraisal NOI yield” is based on the latest appraisal report at the acquisition date..

CSC Community Shopping Center

# Fululu Garden Yachiyo



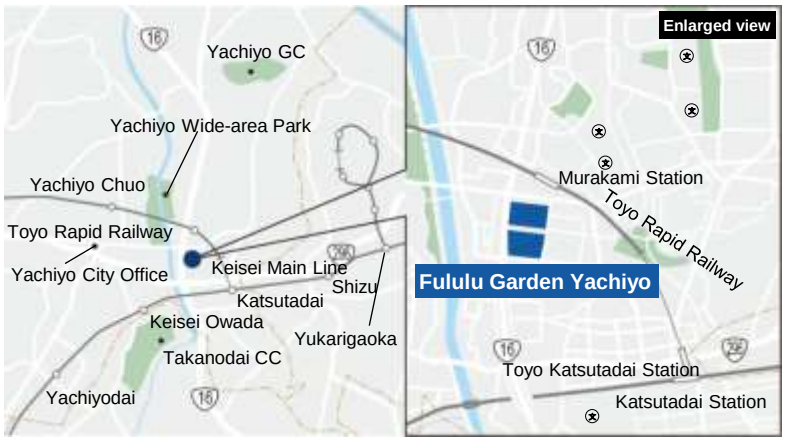
| | |
|---|---|
| Acquisition price | JPY14,848 mn |
| Location | Yachiyo, Chiba |
| Land area | Ito-Yokado building: 22,207.34 m$^2$<br>Specialty store building: 23,292.14 m$^2$ |
| GFA | Ito-Yokado building: 50,960.84 m$^2$<br>Specialty store building: 65,698.32 m$^2$ |
| Core tenant | Ito-Yokado Co., Ltd. |
| Appraisal NOI | JPY773 mn |
| Appraisal NOI yield | 5.2% |

## 1. Property features

- Opened in October 2002
- Competitive tenants include a major casual clothing store, sporting goods store, a baby goods store and a specialty discount retailer
- The top retail facility within a 3 km radius
- Conveniently located on National Route 16 with easy car access

## 2. Overview of retail trade area

- An 8% increase in population within a 1 km radius from 2005 to 2010




"Appraisal NOI" and "Appraisal NOI yield", herein after are based on the latest appraisal report at the acquisition date.

**NSC** Neighborhood Shopping Center

# Blumer Maitamon



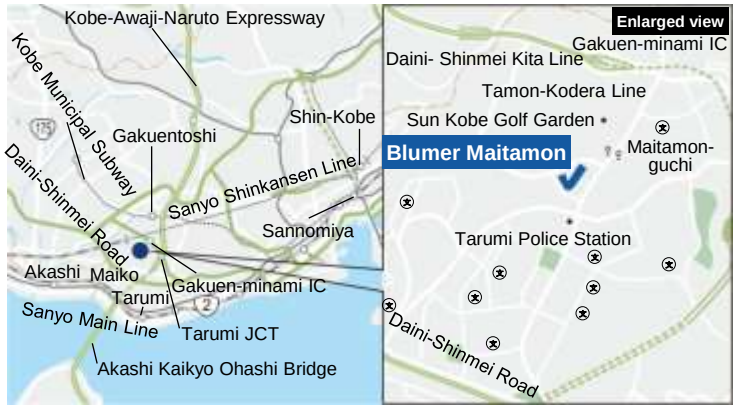
| | |
|---|---|
| **Acquisition price** | JPY8,389 mn |
| **Location** | Kobe, Hyogo |
| **Land area** | 54,838.70 $m^2$ |
| **GFA** | 36,349.60 $m^2$ |
| **Core tenant** | EDION Corporation |
| **Appraisal NOI** | JPY490 mn |
| **Appraisal NOI yield** | 5.8% |

## 1. Property features

- Consists of approximately 45 tenants, including a supermarket (grocery), an electronic appliance store, a major clothing store and a baby goods store as the core tenants
- Large parking area encircled by a two-story retail building

## 2. Overview of retail trade area

- Population in the surrounding retail trade area:
  - 1 km radius: 18,000 people
  - 3 km radius: 179,000 people
  - 5 km radius: 414,000 people
- The surrounding area encompasses the corner of a new residential development and the property continues to benefit from such expansions



**NSC** Neighborhood Shopping Center

# Unicus Ina



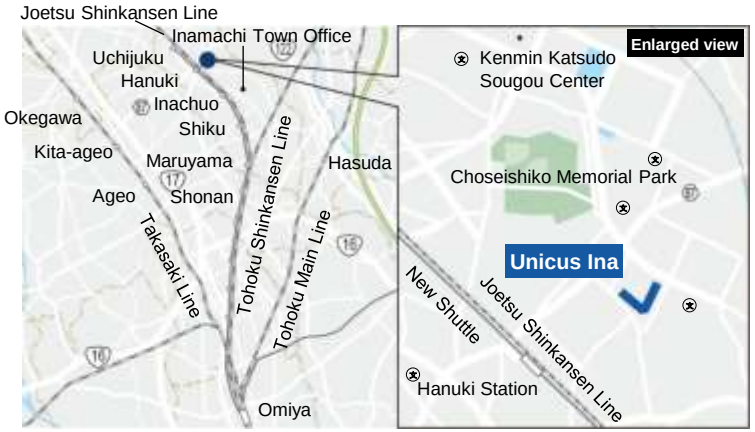
| | |
|---|---|
| **Acquisition price** | JPY4,379 mn |
| **Location** | Kitaadachi-gun, Saitama |
| **Land area** | 32,553.16 $m^2$ |
| **GFA** | 14,160.04 $m^2$ |
| **Core tenant** | P&D Consulting |
| **Appraisal NOI** | JPY235 mn |
| **Appraisal NOI yield** | 5.4% |

## 1. Property features

- Opened in April 2006
- Core tenants: a supermarket (grocery), a drug store, a specialty discount retailer, clothing stores and a movie rental store

## 2. Overview of retail trade area

- The surrounding area is within a land readjustment project area designated for urbanization
- The population in the surrounding areas has continued to increase on the back of continued development and sale of residential properties
- A marked increase in Ina city's population relative to its surrounding cities with a 5.8% population increase during the years 2009–2014



Urban Station-Front Shopping Center

# MONA Shin-Urayasu



| | |
|---|---|
| Acquisition price | JPY8,063 mn |
| Location | Urayasu, Chiba |
| Land area(Note) | 15,875.86 m$^2$ (for a single building) |
| GFA(Note) | 76,767.24 m$^2$ (for a single building) |
| Core tenant | Undisclosed |
| Appraisal NOI | JPY493 mn |
| Appraisal NOI yield | 6.1% |

## 1. Property features

- Opened in November 1990
- Directly accessible by a pedestrian walkway from Shin-Urayasu Station which has a daily passenger traffic of over 100,000 people
- Approximately 70 tenants, ranging from supermarkets (grocery), clothing stores, restaurants, commercial goods stores to service businesses

## 2. Overview of retail trade area

- Population in the surrounding retail trade area:
  - 1 km radius: 33,000 people
  - 3 km radius: 205,000 people
  - 5 km radius: 510,000 people
  - 4–5% of population increase in 3–5 km radius from 2005 to 2010
- 17 minute train-ride from Tokyo Station and only 1 station from Maihama station, where Tokyo Disney Resort is located
- The area surrounding Shin-Urayasu Station, an entrance to highly popular residential areas, has significant growth potential as a commercial district



## NSC Neighborhood Shopping Center Unicus Yoshikawa




- Opened in September 2011
- A supermarket (grocery) and a hardware store are its core tenants, in addition to 8 specialty and service stores such as a dental office, a dry cleaner, a beauty salon, a music school and a veterinary clinic
- Conveniently located on a heavily traveled road that runs across Yoshikawa city

| | |
|---|---|
| **Acquisition price** | JPY3,600 mn |
| **Location** | Yoshikawa, Saitama |
| **Land area** | 22,239.94 m$^2$ |
| **GFA** | 11,450.70 m$^2$ |
| **Core tenant** | Kohnan Shoji Co., Ltd. |
| **Appraisal NOI** | JPY184 mn |
| **Appraisal NOI yield** | 5.1% |




## NSC Neighborhood Shopping Center Roseo Mito




- Opened in April 2009, with a supermarket (grocery) and a hardware store as its core tenants
- Located in a highly accessible area by car
- Families with young children in the surrounding area are increasing due to the abundance of new residential developments

| | |
|---|---|
| **Acquisition price** | JPY9,675 mn |
| **Location** | Mito, Ibaraki |
| **Land area** | 73,940.62 m$^2$ |
| **GFA** | A: 138.32 m$^2$<br>B: 9,684.79 m$^2$<br>C: 4,549.60 m$^2$<br>D: 13,047.79 m$^2$<br>E: 330.75 m$^2$<br>F: 265.65 m$^2$ |
| **Core tenant** | LIXIL Viva Corporation |
| **Appraisal NOI** | JPY554 mn |
| **Appraisal NOI yield** | 5.7% |



Urban Station-Front Shopping Center

## Passaggio Nishiarai



- Opened in April 2010
- Highly stylish building with an atrium at the center and retail stores located from the basement floor to the fourth floor
- The surrounding area has recently experienced a significant inflow of families with young children due to large-scale residential development

| | |
|---|---|
| Acquisition price | JPY5,850 mn |
| Location | Adachi ward, Tokyo |
| Land area | 5,079.68 m$^2$ |
| GFA | 21,996.90 m$^2$ |
| Core tenant | Undisclosed |
| Appraisal NOI | JPY289 mn |
| Appraisal NOI yield | 5.0% |




Urban Station-Front Shopping Center

## Daikanyama Address Dixsept



- Opened in August 2000 as a landmark property in Daikanyama
- The property occupies the retail section of a large multi-complex facility in Daikanyama
- In addition to sophisticated and stylish retailers typically found in Daikanyama, the property also houses tenants that cater to day-to-day needs of customers, such as a supermarket (grocery), a drug store and a variety goods store

| | |
|---|---|
| Acquisition price | JPY5,390 mn |
| Location | Shibuya ward, Tokyo |
| Land area | 17,262.00 m$^2$ (for a single building) |
| GFA | 92,064.43 m$^2$ (for a single building) |
| Core tenant | Undisclosed |
| Appraisal NOI | JPY232 mn |
| Appraisal NOI yield | 4.3% |



## NSC Neighborhood Shopping Center — Yorktown Kita-Kaname




- Opened in April 2009 with York Mart, a supermarket (grocery), as its core tenant, in addition to an electronics appliance store, a drug store, a specialty discount retailer and restaurant
- The property plays an important role in the local community due to its central location and the synergy between the tenants, which cater to the needs of local area customers

| | |
|---|---|
| Acquisition price | JPY4,000 mn |
| Location | Hiratsuka, Kanagawa |
| Land area | 9,996.36 m$^2$ |
| GFA | 8,528.68 m$^2$ |
| Core tenant | YorkMart Co., Ltd. |
| Appraisal NOI | JPY214 mn |
| Appraisal NOI yield | 5.4% |




Enlarged view

## SS Specialty Store — Sports Club Renaissance Fujimidai




- A well-equipped membership-based health club with a gym, two studios and a pool on the basement to the second floors

| | |
|---|---|
| Acquisition price | JPY2,586 mn |
| Location | Nerima ward, Tokyo |
| Land area | 1,729.24 m$^2$ |
| GFA | 3,109.74 m$^2$ |
| Core tenant | Renaissance Inc. |
| Appraisal NOI | JPY127 mn |
| Appraisal NOI yield | 4.9% |



## SM Supermarket — Central Square Takadono (Land)



- Central Square Takadono, a supermarket, opened on the land in July 2015. Life Corporation, the tenant, operates numerous other stores in the surrounding area based on the "dominant strategy"
- Located in a densely populated area bordering central Osaka, which is serviced extensively by multiple major train lines

| | |
|---|---|
| Acquisition price | JPY2,685 mn |
| Location | Osaka, Osaka |
| Land area | 4,437.07 m$^2$ |
| GFA | - |
| Core tenant | Life Corporation |
| Appraisal NOI | JPY127 mn |
| Appraisal NOI yield | 4.8% |







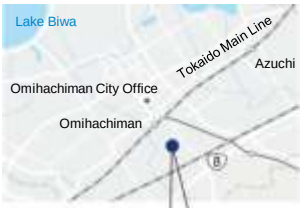
Enlarged view

## NSC Neighborhood Shopping Center — Piago Kahma Home Center Omihachiman



- Opened in 2005 and consists of two buildings, Piago Omihachiman, a UNY Group Holdings supermarket, and Kahma Home Center Omihachiman
- The property's retail trade area surrounding Omihachiman Station consists primarily of residential properties including condominiums, with a high concentration of families with young children within a 1 km radius

| | |
|---|---|
| Acquisition price | JPY2,140 mn |
| Location | Omihachiman, Shiga |
| Land area | 29,410.00 m$^2$ |
| GFA | 12,283.85 m$^2$ (aggregate of 2 buildings) |
| Core tenant | UNY Co., Ltd. |
| Appraisal NOI | JPY161 mn |
| Appraisal NOI yield | 7.5% |







Enlarged view
Piago Kahma Home Center Ohmihachiman

## SS Specialty Store

**Kahma Home Center Nakagawa Tomita (Land)**
**K's Denki Nakagawa Tomita (Land)**






- An integrated retail zone is formed in the surrounding area, together with a supermarket (grocery) and a sporting goods store on the adjacent lot
- All stores in this zone were opened in 2013 and create synergy with each other

| Kahma Home Center Nakagawa Tomita (Land) | |
|---|---|
| Acquisition price | JPY2,311 mn |
| Location | Nagoya, Aichi |
| Land area | 17,431.00 m$^2$ |
| GFA | - |
| Core tenant | DCM KAHMA CO.,LTD. |
| Appraisal NOI | JPY120 mn |
| Appraisal NOI yield | 5.2% |

| K's Denki Nakagawa Tomita (Land) | |
|---|---|
| Acquisition price | JPY889 mn |
| Location | Nagoya, Aichi |
| Land area | 5,560.23 m$^2$ |
| GFA | - |
| Core tenant | Undisclosed |
| Appraisal NOI | JPY46 mn |
| Appraisal NOI yield | 5.2% |




## NSC Neighborhood Shopping Center

# Valor Ichinomiya-Nishi




- Opened in 2002, with Valor, a successful supermarket chain in the Chubu region, as its core tenant, in addition to an electronic appliance store and a health club operated by Valor Group
- Located 1.1 km from major train stations which are a 10-minute train-ride from Nagoya
- The residential area surrounding Owari Ichinomiya Station, conveniently serviced by various railways and roads, is a commuter town for Nagoya

| | |
|---|---|
| Acquisition price | JPY2,174 mn |
| Location | Ichinomiya, Aichi |
| Land area | 16,736.18 m$^2$ |
| GFA | 9,447.48 m$^2$ |
| Core tenant | Valor Co., Ltd. |
| Appraisal NOI | JPY128 mn |
| Appraisal NOI yield | 5.9% |



## SM Supermarket — Sunny Noma




- The supermarket which was originally built in 1970 and enjoyed strong support from the local community, was rebuilt in 2007
- Sunny Noma is the strongest performing supermarket among other Sunny supermarkets that operate in the surrounding area
- The closest station to the property is 3 train stops, or a 5 minute ride, from the central urban areas of Fukuoka
- The area is popular among single people and families with young children

| | |
|---|---|
| Acquisition price | JPY1,497 mn |
| Location | Fukuoka, Fukuoka |
| Land area | 5,973.03 m$^2$ (including leasehold interest) |
| GFA | 2,814.67 m$^2$ |
| Core tenant | Seiyu GK |
| Appraisal NOI | JPY81 mn |
| Appraisal NOI yield | 5.4% |




## SS Specialty Store — K's Denki Aomori Honten / Super Sports Xebio Aomori-Chuo









- Opened in 2005 in Hamada District in Aomori, which has the highest concentration of retail properties with a significant inflow of suburban retailers, including Ito-Yokado, since a land readjustment project launched in 1996
- With National Route 103 on the east and Route 120 on the west running through the city and National Route 7 (Aomori Kanjo Bypass) on the south, the district brings customers from a broad retail trade area that covers the entire Aomori city area

| K's Denki Aomori Honten | |
|---|---|
| Acquisition price | JPY1,469 mn |
| Location | Aomori, Aomori |
| Land area | Tsutaya/Hard Off: 8,872.04 m$^2$<br>K's Denki: 8,296.06 m$^2$ |
| GFA | Tsutaya/Hard Off: 3,644.72 m$^2$<br>K's Denki: 6,346.50 m$^2$ |
| Core tenant | Denkodo Co., Ltd. |
| Appraisal NOI | JPY98 mn |
| Appraisal NOI yield | 6.7% |

| Super Sports Xebio Aomori-Chuo | |
|---|---|
| Acquisition price | JPY898 mn |
| Location | Aomori, Aomori |
| Land area | 7,725.42 m$^2$ |
| GFA | 4,684.12 m$^2$ |
| Core tenant | XEBIO Corporation |
| Appraisal NOI | JPY57 mn |
| Appraisal NOI yield | 6.4% |

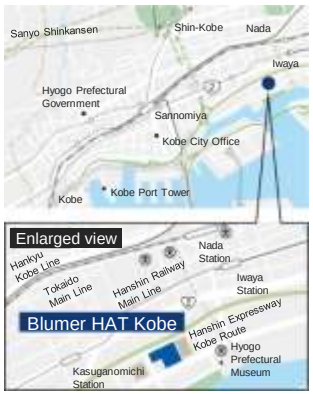
## NSC Neighborhood Shopping Center — Blumer HAT Kobe

**Landmark NSC in "HAT Kobe District", a revival symbol project from the Kobe earthquake**



- Opened in October 2005 as a landmark in the "HAT Kobe District," an area redeveloped as a symbol of reconstruction from the Kobe earthquake
- Tenants include a cinema complex, a grocery store, clothing stores and restaurants
- Accessible from Nada Station (1 stop from Sannomiya) and Iwaya Station (2 stops from Kobe Sannomiya). Also easily accessible by car from Hanshin Expressway Route 3 and National Route 2
- Residential population in the surrounding retail trade area has been on the rise since 2005

| | |
|---|---|
| Acquisition price | JPY11,000 mn |
| Location | Kobe, Hyogo |
| Land area | 19,116.12 m$^2$ |
| GFA | 50,538.47 m$^2$ |
| Core tenant | Tokyu Recreation Co., Ltd. |
| Appraisal NOI | JPY577 mn |
| Appraisal NOI yield | 5.3% |




## Urban Station-Front Shopping Center — Carino Esaka

**Attractively located near Esaka Station, only 5 stops/10 minutes away from Umeda Station**



- The retail portion of a multi-use shopping complex with shopping centers on its lower floors and a hotel in the upper floors
- One of the landmark shopping centers in the neighborhood of Esaka Station with a well-known variety goods store as the anchor tenant
- 1-minute walk from Esaka Station, which is only 5 stops or 10 minutes away from Umeda Station. The retail trade area is popular among families with young children due to its accessibility to the city center and high-quality living environment

| | |
|---|---|
| Acquisition price | JPY6,555 mn |
| Location | Suita, Osaka |
| Land area | 5,830.66 m$^2$ (*) |
| GFA | 42,681.56 m$^2$ (*) |
| Core tenant | Tokyu Hands Inc. |
| Appraisal NOI | JPY344 mn |
| Appraisal NOI yield | 5.3% |



Urban Station-Front Shopping Center

## COMBOX Komyoike

**Largest retail property in the Komyoike Station area, housing multiple large-scale specialty stores**





- Located in the central commercial area of Senboku New Town Komyoike
- Houses approximately 40 stores, including a grocery store, a home electronic wholesaler, a general sporting goods store, a furniture and interior store, a baby and children's store and casual clothing stores
- Connected to Komyoike Station by a pedestrian deck, further accessible to Namba Station in the heart of Osaka in approximately 30 minutes by train
- Single-lot houses, condominiums and residences spans from the north and south in the surrounding area, and a new condominium project is planned near the property

| | |
|---|---|
| Acquisition price | JPY6,450 mn |
| Location | Izumi, Osaka |
| Land area | 17,027.63 m$^2$ (*) |
| GFA | 44,737.41 m$^2$ (*) |
| Core tenant | Daiwa Royal Co., Ltd. |
| Appraisal NOI | JPY388 mn |
| Appraisal NOI yield | 6.0% |




NSC Neighborhood Shopping Center

## Ashico Town Ashikaga

**Cinema complex wing is scheduled to re-open, with P&D Consulting as sub-property manager**






- A large-scale multi-tenant NSC with thorough renovation conducted in November 2014, consisting of multiple wings, including wings for the shopping mall and cinema complex
- Tenants feature highly recognizable national chain stores, including a grocery store, a sporting goods store, clothing retailers, a specialty discount retailer, and a bookstore
- Easily accessibly by car due to its location along a major local avenue. Also highly accessible from distant regions with IC of Expressway located within 3km to the north

| | |
|---|---|
| Acquisition price | JPY4,180 mn |
| Location | Ashikaga, Tochigi |
| Land area | 101,808.44 m$^2$ |
| GFA | Shopping mall: 18,101.06m$^2$ ; Expansion: 430.74m$^2$<br>Cinema complex: 7,200.15m$^2$ ; Road-side wing: 698.31m$^2$ |
| Core tenant | Cainz Corporation |
| Appraisal NOI | JPY269 mn |
| Appraisal NOI yield | 6.4% |




(*) Figures for the whole building are shown in the table

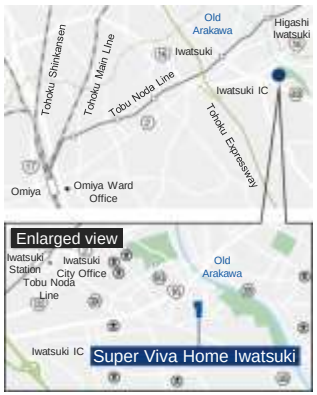
## NSC Neighborhood Shopping Center — Super Viva Home Iwatsuki (Land)

**Underlying land with strong value growth potential, in the proximity to a national route**




- Underlying land of an NSC which opened in February 2013
- The NSC comprises a large hardware store, a grocery supermarket and a food court
- The target trade areas include adjacent cities, as the property is within a short distance to a number of major routes

| | |
|---|---|
| Acquisition price | JPY4,815 mn |
| Location | Saitama, Saitama |
| Land area | 67,325.95 m$^2$ |
| GFA | - |
| Core tenant | LIXIL Viva Corporation |
| Appraisal NOI | JPY207 mn |
| Appraisal NOI yield | 4.3% |




## SS Specialty store — K's Denki Shonan-Fujisawa (Land)

**Easy car access and more than ten years remaining on a long-term fixed business lease**




- Land-only property houses a stand-alone store for K's Denki, which opened in July 2008
- More than ten years remain on a long-term fixed business land lease with K's Holdings
- Faces major routes, which give the property a wide retail trade area, including a dense mixture of single-family homes and logistics and other facilities in the nearby area

| | |
|---|---|
| Acquisition price | JPY3,169 mn |
| Location | Fujisawa, Kanagawa |
| Land area | 15,578.58 m$^2$ |
| GFA | - |
| Core tenant | K's Holdings Corporation |
| Appraisal NOI | JPY159 mn |
| Appraisal NOI yield | 5.0% |



## NSC Neighborhood Shopping Center — Unicus Kamisato (Land)

**Underlying land of a shopping center with a cinema complex in the Kamisato area**




- Underlying land of an NSC developed by P&D with a total store floor area of 13,000 m$^2$
- The NSC is competitive due to its concentration of highly recognizable tenants including a supermarket as the core tenant, a drug stores, and a cinema complex
- Located close to major prefectural road and national roads with high accessibility by car from all directions

| | |
|---|---|
| Acquisition price | JPY3,000 mn |
| Location | Kodama-gun, Saitama |
| Land area | 67,854.47 m$^2$ |
| GFA | - |
| Core tenant | P&D Consulting Co., Ltd. |
| Appraisal NOI | JPY138 mn |
| Appraisal NOI yield | 4.6% |




## NSC Neighborhood Shopping Center — Unicus Konosu (Land)

**Underlying land of one of the largest shopping centers in the Konosu area**




- Underlying land of an NSC developed by P&D which opened in September 2010, with a total store floor area of 6,400 m$^2$
- The NSC comprises a grocery supermarket as the anchor tenant
- Easy access by car given its location facing the largest trunk road within the relevant trade area, and highly visible due to the wide store front

| | |
|---|---|
| Acquisition price | JPY1,700 mn |
| Location | Konosu, Saitama |
| Land area | 19,329 m$^2$ (provisional replotting) |
| GFA | - |
| Core tenant | P&D Consulting Co., Ltd. |
| Appraisal NOI | JPY77 mn |
| Appraisal NOI yield | 4.6% |



## NSC Neighborhood Shopping Center — Yorktown Shinden-Higashi

**Located in a rapidly-growing commuting neighborhood close to central Sendai**




- An NSC opened in November 2004 with a supermarket and a hardware store as core tenants
- Located in eastern Sendai, 10 minutes by train to Sendai Station from the nearest Kozuru-Shinden Station
- Development of residential areas is underway in the surrounding area, particularly of single-family houses

| | |
|---|---|
| Acquisition price | JPY3,252 mn |
| Location | Sendai, Miyagi |
| Land area | 33,081.87 m$^2$ (partly on leasehold) |
| GFA | 12,272.42 m$^2$ |
| Core tenant | York-Benimaru Co., Ltd. |
| Appraisal NOI | JPY196 mn |
| Appraisal NOI yield | 6.0% |



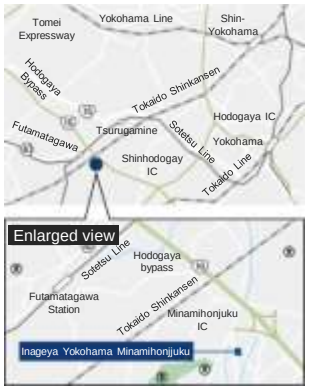

## SM Supermarket — Inageya Yokohama Minamihonjuku (Land)

**Underlying land of a March 2015-opened supermarket in a highly populated trade area**




- Underlying land of Inageya grocery supermarket opened in March 2015
- Community-based supermarket attracting customers from the highly populated residential district to the northeast and southeast of the property
- Approx. 14 minutes by train to Yokohama Station from the nearest Futamatagawa Station, which has about 80,000 daily passengers on average

| | |
|---|---|
| Acquisition price | JPY1,442 mn |
| Location | Yokohama, Kanagawa |
| Land area | 4,405.41 m$^2$ |
| GFA | - |
| Core tenant | Inageya Corporation |
| Appraisal NOI | JPY64 mn |
| Appraisal NOI yield | 4.5% |



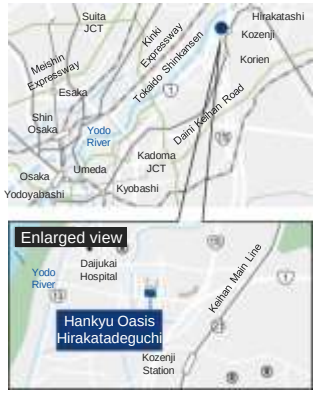
## SM Supermarket Hankyu Oasis Hirakatadeguchi

**Supermarket located in a highly populated area, with 10,000 residents within a 500m radius**




- A Hankyu Oasis grocery supermarket combining a bakery and a specialty discount store, opened in August 2006
- 25 minutes from the nearest Kozenji Station to Yodoyabashi Station in central Osaka, making it highly convenient for commuters
- Many single-family houses and relatively new condominiums located nearby, with young families

| | |
|---|---|
| Acquisition price | JPY1,280 mn |
| Location | Hirakata, Osaka |
| Land area | 4,978.38 m$^2$ |
| GFA | 2,961.02 m$^2$ |
| Core tenant | Hanshoku Co., Ltd. |
| Appraisal NOI | JPY75 mn |
| Appraisal NOI yield | 5.9% |




## SM Supermarket Kasumi Technopark Sakura

**A 24-hour operated store of a leading supermarket brand headquartered in Tsukuba**




- A 24-hour Kasumi supermarket opened in May 1997, with a sales floor area of 1,563 m$^2$
- Kasumi is headquartered in Tsukuba, and has a dominant presence in the area
- The retail trade area includes the college town of Tsukuba University, with Tsukuba University's campus located to the west of the property
- A major development of single-family residences planned in a nearby site

| | |
|---|---|
| Acquisition price | JPY830 mn |
| Location | Tsukuba, Ibaraki |
| Land area | 5,157.72 m$^2$ |
| GFA | 2,047.65 m$^2$ |
| Core tenant | Kasumi Co., Ltd. |
| Appraisal NOI | JPY46 mn |
| Appraisal NOI yield | 5.6% |



## SM Supermarket — Gourmet City Chiba-Chuo

**A 24-hour supermarket housing a clinic in the complex**



- The retail portion of Qiball, a joint public and private facility located near the Chiba Prefectural Office
- Opened in September 2007, comprising Gourmet City, a 24-hour supermarket, on the first floor, and a clinic on the second floor
- Large daytime population given the concentration of government offices in the area
- The areas to the east of the property dominated by residential districts with condominiums and single-family houses, with the population in the surrounding retail trade area rapidly increasing due to development of large-scale condominiums

| | |
|---|---|
| Acquisition price | JPY760 mn |
| Location | Chiba, Chiba |
| Land area | 6,614.13 m$^2$ |
| GFA | 49,829.47 m$^2$ |
| Core tenant | Daiei, Inc. |
| Appraisal NOI | JPY43 mn |
| Appraisal NOI yield | 5.7% |




## SS Specialty Store — Welcia Kishiwadakamori (Land)

**Underlying land of a leading domestic drug store brand newly opened in 2015**




- Underlying land of a Welcia store opened in March 2015, which also sells groceries and features a boxed lunch store on its premises
- Welcia has many stores in the local area and has a dominant presence in the area
- 30 minutes by train from the nearest Izumi-Omiya Station to Namba Station in central Osaka
- Surrounded by residential districts dominated by single-family houses, expecting customers on bicycles as well as those coming to the property by car

| | |
|---|---|
| Acquisition price | JPY487 mn |
| Location | Kishiwada, Osaka |
| Land area | 3,033.45 m$^2$ |
| GFA | - |
| Core tenant | Welcia Yakkyoku Co., Ltd. |
| Appraisal NOI | JPY21 mn |
| Appraisal NOI yield | 4.5% |



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