KENEDIX
Retail REIT Corporation



Kenedix Retail REIT Corporation

Financial Results Appendix

for the 3rd Financial Period ended Sep. 2016

Nov. 17, 2016

Virtual Property Tour of Unicus Yoshikawa →

Appendix 1

Key characteristics of Kenedix Retail REIT Corporation (KRR)

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Portfolio strategies

Investment criteria

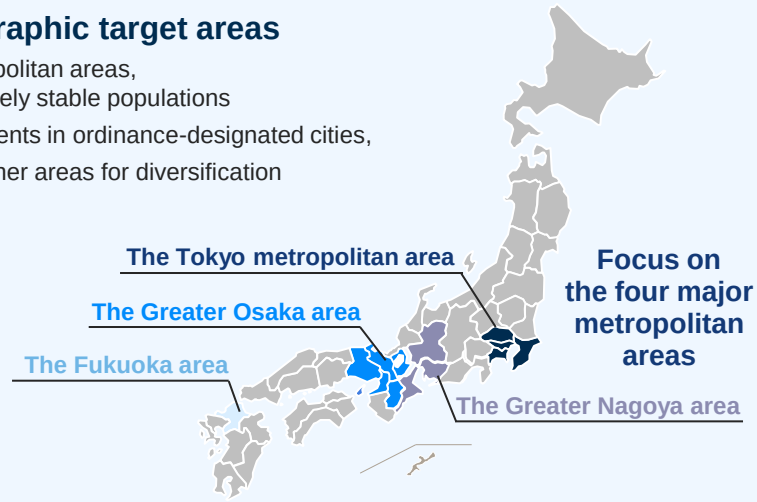
Focus on the following four elements in making investment decisions:

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 ordinance-designated cities, core cities and other areas for diversification



Target portfolio distribution (based on acquisition price)

Retail properties 100%



Investment in land -Seeking additional growth opportunities-

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

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

Beneficial relationship for both Asset Manager and tenants

Advantages to Asset Manager	Advantages to tenants
• 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	• 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

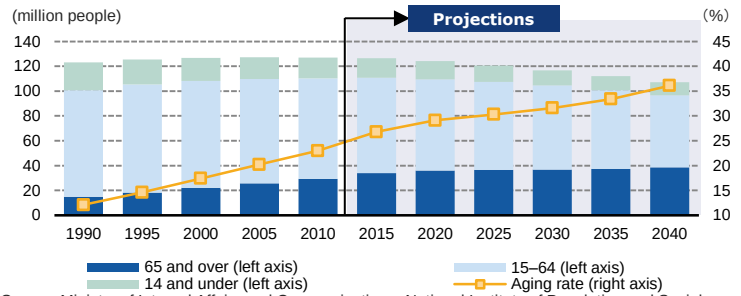
Retail property trends and macroeconomic conditions (1)

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

Domestic consumption led by the elderly

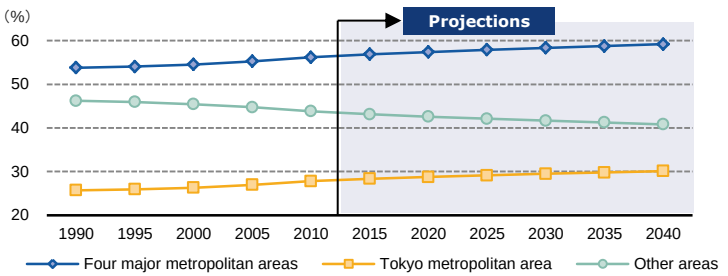
Stable demand for daily necessities

Demographic shift in Japan



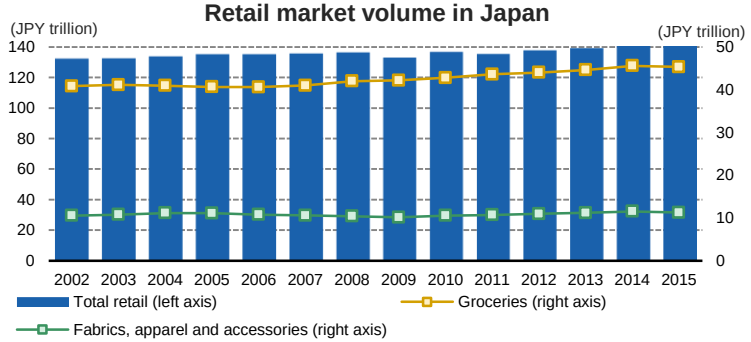
Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research (as of 2012)

Population share in Japan by area



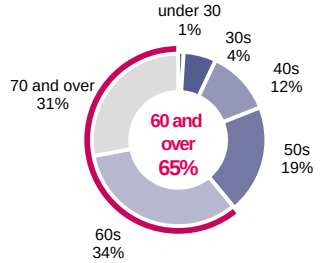
Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research (as of 2013)

Retail market volume in Japan



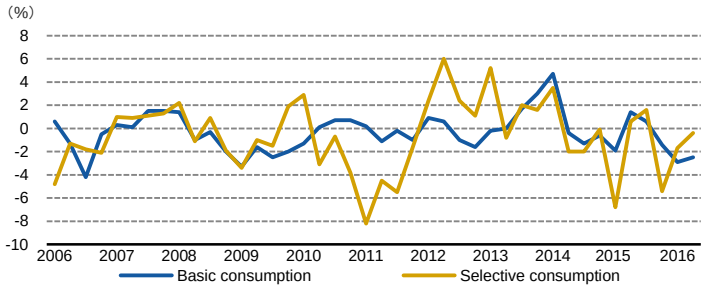
Source: Ministry of Economy, Trade and Industry

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



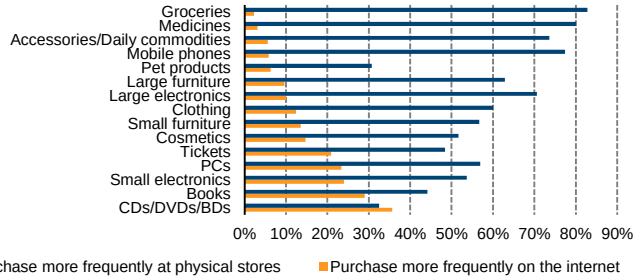
Source: Ministry of Internal Affairs and Communications

Basic and selective consumption trends (YoY% change)



Source: Ministry of Internal Affairs and Communications

Product types for physical stores or online shopping



Source: Ministry of Internal Affairs and Communications (2014)

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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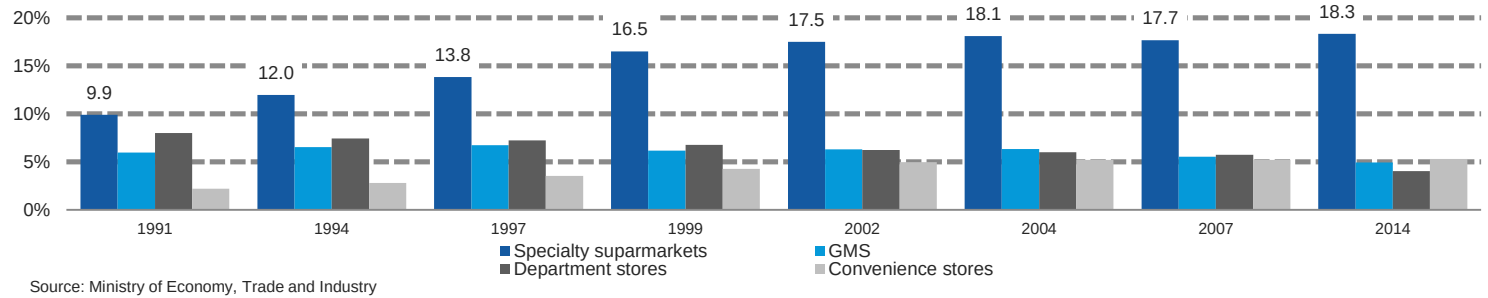
Increase in specialty supermarket market share

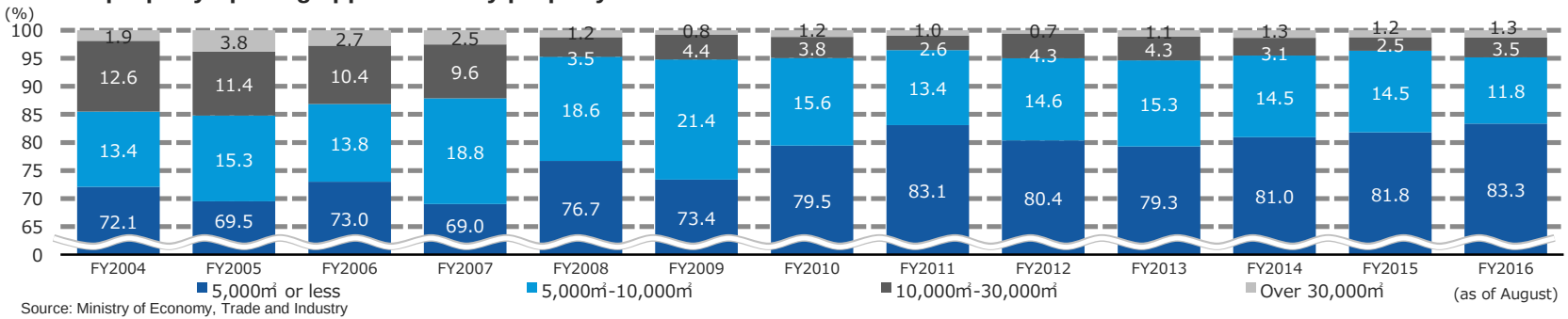
- **Retail sales shares by store type**



Source: Ministry of Economy, Trade and Industry

Decrease in size of retail properties

- **Retail property opening applications by property size**



Source: Ministry of Economy, Trade and Industry

Government promotion of "Compact City"

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

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

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

Overview of Alliance Companies

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 outstanding of JPY4.2 trillion. The top-class general leasing company in Japan by lease transaction volume (with consolidated operating assets of JPY540 bn for the real-estate sector (on a book value basis)) (Note) The figures are as of end of Mar. 2016
  - 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" (development: 11 locations / management: 10 locations) and development of other retail facilities (8 locations) (as of Sep. 30, 2016)
- 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
- 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

ITOCHU ITOCHU Corporation

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

Overview of the Kenedix Group

The Kenedix Group's strong commitment to J-REITs

Total AUM: JPY 1,682.1 bn (as of end of Sep. 2016) (Note)

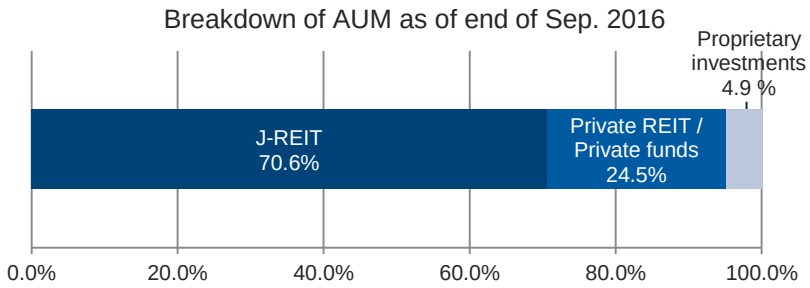
J-REIT: JPY 1,186.8 bn

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

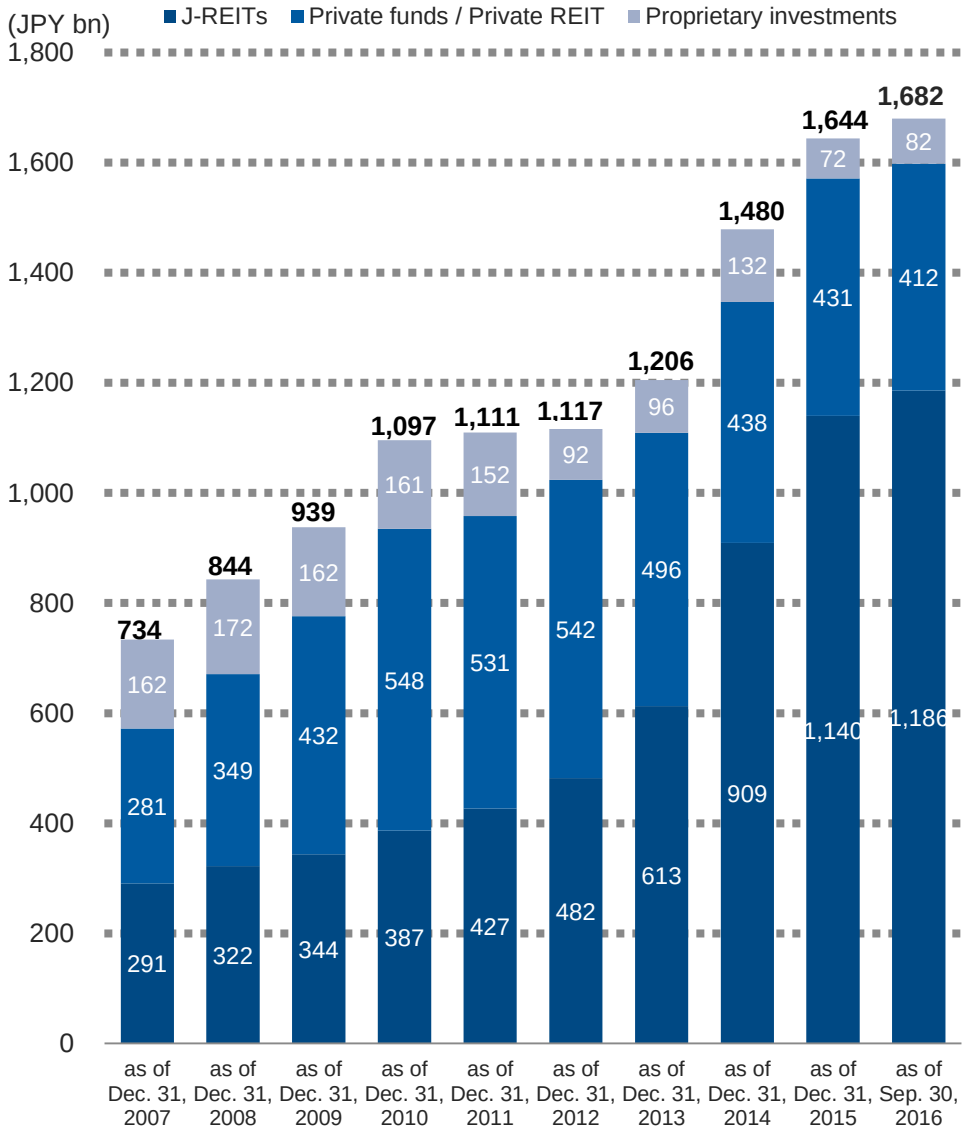
Private REIT / Private funds: JPY 412.9 bn

- Kenedix Private Investment Corporation
- Private funds

Note: The Kenedix Group's total AUM includes proprietary investments of JPY 82.3 bn.

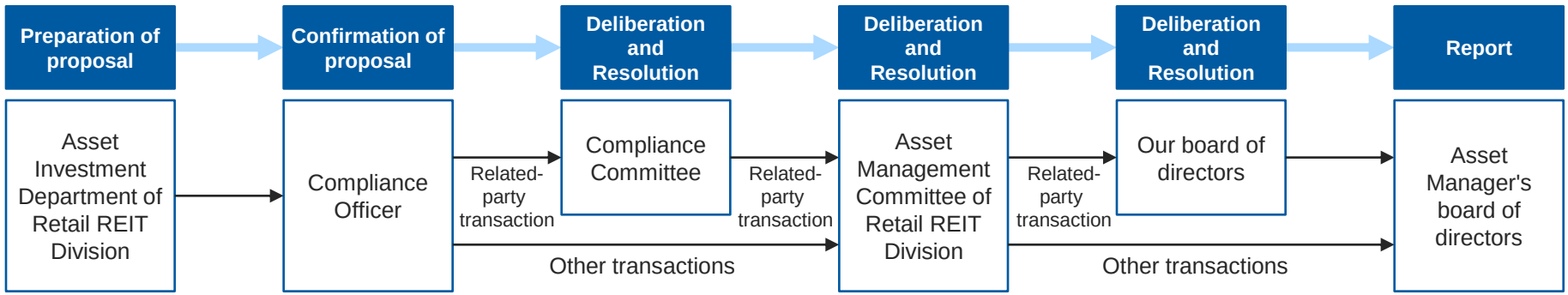


The Kenedix Group's total AUM



Governance structure

Decision-making process for acquisition and sale of properties



Investment in Kenedix Retail REIT by the Kenedix Group

As of Sep. 30, 2016, The Kenedix Group owns about 1.4% (5,750 units) of our total issued units.

Introduction of DPU-linked management fee structure

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

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

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

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	T-9	T-10
Property Name		Fululu Garden Yachiyo	MONA Shin-Urayasu	Passaggio Nishiarai	Daikanyama Address Dixsept	Unicus Ina	Yorktown Kita-Kaname	Unicus Yoshikawa	Sports Club Renaissance Fujimidai	Super Viva Home Iwatsuki (Land)	K's Denki Shonan-Fujisawa (Land)
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	Oct. 2, 2015	Oct. 2, 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	4,815	3,169
	Percentage of total portfolio	9.4%	5.1%	3.7%	3.4%	2.8%	2.5%	2.3%	1.6%	3.0%	2.0%
	Net book value (In millions of yen)	14,984	8,373	5,915	5,431	4,394	3,998	3,637	2,576	4,890	3,210
	Appraisal value (In millions of yen)	15,200	8,560	6,370	5,740	4,510	4,300	3,800	2,720	5,280	3,440
	Ratio	9.0%	5.1%	3.8%	3.4%	2.7%	2.6%	2.3%	1.6%	3.1%	2.0%
Lease Information	Number of tenants	49	1(71)	1(41)	1(26)	1	1	1(11)	1	1	1
	Leasable floor area (m^2)	77,057.56	9,568.31	10,546.25	5,056.39	13,044.37	- (Note)	10,648.27	3,120.87	67,325.95	15,578.58
	Leased floor area (m^2)	76,751.87	9,145.66	10,342.77	4,966.98	13,044.37		10,648.27	3,120.87	67,325.95	15,578.58
	Occupancy ratio as of September 30, 2016	99.6%	95.6%	98.1%	98.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	183 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days
	(1) Rental and other operating revenues (In thousands of yen)	736,676	497,497	326,652	268,784	131,843	- (Note)	130,482	- (Note)	- (Note)	- (Note)
	Rental revenues	624,042	342,898	209,893	188,923	131,736		128,557			
	Other operating revenues	112,633	154,599	116,758	79,861	107		1,925			
	(2) Property-related expenses (In thousands of yen)	357,639	291,741	162,782	146,841	17,382		40,339			
	Property management fees	142,528	84,007	46,928	53,084	1,800		24,122			
	Taxes	70,958	22,947	35,189	11,872	10,426		14,580			
	Utilities	68,764	57,765	39,024	35,379	-		-			
	Repairs and maintenance	20,988	54,587	7,579	8,668	4,308		567			
	Insurance	1,850	813	546	307	322		245			
	Trust fees and other expenses	52,547	71,620	33,514	37,528	525		823			
	(3) NOI (=(1)-(2)) (In thousands of yen)	379,037	205,755	163,869	121,943	114,460	106,777	90,143	64,009	103,418	79,368
	(4) Depreciation (In thousands of yen)	83,358	47,095	31,915	15,210	29,535	20,343	15,512	15,127	-	-
	(5) Rental operating income (=(3)-(4)) (In thousands of yen)	295,678	158,659	131,953	106,732	84,925	86,434	74,631	48,881	103,418	79,368
	(6) Capital expenditures (In thousands of yen)	40,683	138,817	13,357	5,418	7,222	252	10,920	-	-	-
	(7) NCF (=(3)-(6)) (In thousands of yen)	338,353	66,938	150,511	116,525	107,238	106,525	79,222	64,009	103,418	79,368

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

Earnings performance for the individual properties (2)

KENEDIX
Retail REIT Corporation

Location		Tokyo metropolitan area							Greater Osaka area		
Property No.		T-11	T-12	T-13	T-14	T-15	T-16	T-17	O-1	O-2	O-3
Property Name		Unicus Kamisato (Land)	Unicus Konosu (Land)	Inageya Yokohama Minamihonjuku (Land)	Gourmet City Chiba-Chuo	Nakamachidai Tokyu Store	Central Wellness Club Nagatsuta Minamidai	Life Kameido	Blumer Maitamon	Central Square Takadono (Land)	Piago Kahma Home Center Omihachiman
Acquisition Date		Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Apr. 21, 2016	Apr. 20, 2016	Apr. 21, 2016	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015
Price Information	Acquisition price (In millions of yen)	3,000	1,700	1,442	760	3,360	1,724	1,450	8,389	2,685	2,140
	Percentage of total portfolio	1.9%	1.1%	0.9%	0.5%	2.1%	1.1%	0.9%	5.3%	1.7%	1.3%
	Net book value (In millions of yen)	3,043	1,726	1,462	779	3,493	1,802	1,473	8,465	2,727	2,157
	Appraisal value (In millions of yen)	3,010	1,740	1,460	799	3,780	1,900	1,500	8,990	2,930	2,440
	Ratio	1.8%	1.0%	0.9%	0.5%	2.2%	1.1%	0.9%	5.3%	1.7%	1.5%
Lease Information	Number of tenants	1	1	1	1	1	2	1	49	1	2
	Leasable floor area (m^2)	67,854.47	19,329.00	4,405.41	3,488.77	5,968.71	3,996.70	2,929.58	30,037.11	4,437.07	14,313.00
	Leased floor area (m^2)	67,854.47	19,329.00	4,405.41	3,488.77	5,968.71	3,996.70	2,929.58	29,757.73	4,437.07	14,313.00
	Occupancy ratio as of September 30, 2016	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.1%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	183 days	183 days	183 days	183 days	163 days	164 days	163 days	183 days	183 days	183 days
	(1) Rental and other operating revenues (In thousands of yen)	72,606	41,516				53,440		510,350		
	Rental revenues	72,606	41,507				52,056		363,099		
	Other operating revenues	-	9				1,384		147,251		
	(2) Property-related expenses (In thousands of yen)	6,243	4,595				3,929		232,584		
	Property management fees	1,200	1,200	- (Note)	- (Note)	- (Note)	2,838	- (Note)	59,595	- (Note)	- (Note)
	Taxes	4,777	3,129				12		42,616		
	Utilities	-	-				294		91,763		
	Repairs and maintenance	-	-				302		15,025		
	Insurance	-	-				115		812		
	Trust fees and other expenses	266	266				366		22,771		
	(3) NOI (=(1)-(2)) (In thousands of yen)	66,362	36,920	31,859	19,188	84,941	49,511	32,739	277,766	63,872	74,689
	(4) Depreciation (In thousands of yen)	-	-	-	9,734	20,306	7,745	2,980	50,943	-	10,534
	(5) Rental operating income (=(3)-(4)) (In thousands of yen)	66,362	36,920	31,859	9,453	64,634	41,765	29,759	226,822	63,872	64,155
	(6) Capital expenditures (In thousands of yen)	-	-	-	1,184	-	-	-	21,663	-	-
	(7) NCF (=(3)-(6)) (In thousands of yen)	66,362	36,920	31,859	18,004	84,941	49,511	32,739	256,102	63,872	74,689

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

Earnings performance for the individual properties (3)

KENEDIX
Retail REIT Corporation

Location		Greater Osaka area							Greater Nagoya area		
Property No.		O-4	O-5	O-6	O-7	O-8	O-9	O-10	N-1	N-2	N-3
Property Name		Blumer HAT Kobe	Carino Esaka	COMBOX Komyoike	Hankyu Oasis Hirakatadeguchi	Welcia Kishiwadakamori (Land)	Life Nishi-Tengachaya	Million Town Tsukaguchi (Land)	Kahma Home Center Nakagawa Tomita (Land)	Valor Ichinomiya-Nishi	K's Denki Nakagawa Tomita (Land)
Acquisition Date		Apr. 16, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Jan. 21, 2016	Apr. 21, 2016	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015
Price Information	Acquisition price (In millions of yen)	11,000	6,555	6,450	1,280	487	1,505	3,723	2,311	2,174	889
	Percentage of total portfolio	6.9%	4.1%	4.1%	0.8%	0.3%	0.9%	2.3%	1.5%	1.4%	0.6%
	Net book value (In millions of yen)	11,538	6,587	6,469	1,327	497	1,572	3,772	2,351	2,170	907
	Appraisal value (In millions of yen)	11,600	6,590	6,940	1,310	500	1,650	3,810	2,540	2,280	960
	Ratio	6.9%	3.9%	4.1%	0.8%	0.3%	1.0%	2.3%	1.5%	1.4%	0.6%
Lease Information	Number of tenants	1(41)	1(30)	1	1	1	1	1	1	1	1
	Leasable floor area (m^2)	24,185.02	7,540.58	25,530.44	2,960.38	3,033.45	2,679.52	8,264.46	-	9,447.48	-
	Leased floor area (m^2)	23,968.51	7,474.92	25,530.44	2,960.38	3,033.45	2,679.52	8,264.46	(Note)	9,447.48	(Note)
	Occupancy ratio as of September 30, 2016	99.1%	99.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	183 days	183 days	183 days	183 days	183 days	183 days	163 days	183 days	183 days	183 days
	(1) Rental and other operating revenues (In thousands of yen)	491,969	295,046	226,261			44,870				
	Rental revenues	367,890	200,297	226,261			44,870				
	Other operating revenues	124,079	94,749	-			-				
	(2) Property-related expenses (In thousands of yen)	221,096	115,511	33,378			2,264				
	Property management fees	66,115	40,464	1,800	-	-	1,800	-	-	-	-
	Taxes	47,304	24,566	30,473	(Note)	(Note)	-	(Note)	(Note)	(Note)	(Note)
	Utilities	81,859	42,819	-			-				
	Repairs and maintenance	3,044	4,540	-			-				
	Insurance	935	721	690			55				
	Trust fees and other expenses	21,837	2,398	414			408				
	(3) NOI (=(1)-(2)) (In thousands of yen)	270,872	179,535	192,883	36,200	10,697	42,606	78,695	60,036	64,355	22,958
	(4) Depreciation (In thousands of yen)	52,328	27,802	32,894	5,201	-	4,682	-	-	14,526	-
	(5) Rental operating income (=(3)-(4)) (In thousands of yen)	218,544	151,732	159,988	30,999	10,697	37,924	78,695	60,036	49,828	22,958
	(6) Capital expenditures (In thousands of yen)	5,292	2,966	-	-	-	-	-	-	-	-
	(7) NCF (=(3)-(6)) (In thousands of yen)	265,580	176,569	192,883	36,200	10,697	42,606	78,695	60,036	64,355	22,958

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

Earnings performance for the individual properties (4)

KENEDIX Retail REIT Corporation

Location		Greater Nagoya area	Fukuoka area	Ordinance-designed cities, core cities and other areas							
Property No.		N-4	F-1	R-1	R-2	R-3	R-4	R-5	R-6	R-7	R-8
Property Name		Homecenter Kohnan Sunadabashi	Sunny Noma	Roseo Mito	K's Denki Aomori Honten	Super Sports Xebio Aomori-Chuo	Ashico Town Ashikaga	Yorktown Shinden-Higashi	Kasumi Technopark Sakura	Solala Plaza	P-1 Plaza Tennno
Acquisition Date		Apr. 21, 2016	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Feb. 10, 2015	Oct. 2, 2015	Oct. 2, 2015	Oct. 2, 2015	Apr. 21, 2016	Apr. 22, 2016
Price Information	Acquisition price (In millions of yen)	7,140	1,497	10,046	1,469	898	4,180	3,252	830	5,720	4,010
	Percentage of total portfolio	4.5%	0.9%	6.3%	0.9%	0.6%	2.6%	2.0%	0.5%	3.6%	2.5%
	Net book value (In millions of yen)	7,206	1,499	10,079	1,486	903	4,370	3,342	856	5,761	4,193
	Appraisal value (In millions of yen)	7,220	1,520	10,900	1,550	924	5,060	3,310	861	5,910	4,260
	Ratio	4.3%	0.9%	6.5%	0.9%	0.5%	3.0%	2.0%	0.5%	3.5%	2.5%
Lease Information	Number of tenants	1	1	1(22)	1	1	1(26)	2	1	1	7
	Leasable floor area (m^2)	20,329.07	2,814.67	48,296.15	10,083.41	- (Note)	65,616.31	12,768.77	2,047.65	- (Note)	12,030.83
	Leased floor area (m^2)	20,329.07	2,814.67	48,161.79	10,083.41		65,019.74	12,768.77	2,047.65		12,030.83
	Occupancy ratio as of September 30, 2016	100.0%	100.0%	99.7%	100.0%	100.0%	99.1%	100.0%	100.0%	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	163 days	183 days	183 days	183 days	183 days	183 days	183 days	183 days	163 days	162 days
	(1) Rental and other operating revenues (In thousands of yen)	- (Note)	- (Note)	378,055	- (Note)	- (Note)	278,190	- (Note)	- (Note)	- (Note)	127,024
	Rental revenues			345,076			200,955				119,806
	Other operating revenues			32,978			77,234				7,217
	(2) Property-related expenses (In thousands of yen)			83,521			144,389				5,177
	Property management fees			19,028			38,059				2,642
	Taxes			27,340			25,377				14
	Utilities			26,026			61,934				200
	Repairs and maintenance			6,366			9,633				1,047
	Insurance			697			675				766
	Trust fees and other expenses			4,062			8,709				506
	(3) NOI (=(1)-(2)) (In thousands of yen)	183,775	40,154	294,533	46,015	28,380	133,800	95,467	22,736	135,967	121,846
	(4) Depreciation (In thousands of yen)	40,500	14,252	47,089	6,365	4,894	28,143	13,591	2,661	43,111	15,781
	(5) Rental operating income (=(3)-(4)) (In thousands of yen)	143,275	25,902	247,443	39,649	23,486	105,657	81,875	20,075	92,855	106,065
	(6) Capital expenditures (In thousands of yen)	-	-	13,406	-	-	-	3,609	-	-	-
	(7) NCF (=(3)-(6)) (In thousands of yen)	183,775	40,154	281,126	46,015	28,380	133,800	91,857	22,736	135,967	121,846

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

Balance sheets

KENEDIX
Retail REIT Corporation

(in thousands of yen)	Second Fiscal Period (As of Mar. 31, 2016)	Third Fiscal Period (As of Sep. 30, 2016)
Assets		
Current assets		
Cash and deposits	3,882,955	4,367,293
Cash and deposits in trust	10,341,252	11,615,129
Operating accounts receivable	192,030	206,398
Prepaid expenses	33,750	112,712
Consumption taxes receivable	510,522	477,707
Other	-	432
Total current assets	14,960,512	16,779,673
Non-current assets		
Property, plant and equipment		
Construction in progress	-	35,243
Buildings in trust	33,894,083	42,409,745
Accumulated depreciation	-1,043,077	-1,707,093
Buildings in trust, net	32,851,006	40,702,651
Structures in trust	1,584,525	1,808,630
Accumulated depreciation	-68,990	-106,872
Structures in trust, net	1,515,535	1,701,758
Machinery and equipment in trust	29,194	203,295
Accumulated depreciation	-1,720	-6,582
Machinery and equipment in trust, net	27,473	196,712
Tools, furniture and fixtures in trust	47,611	51,813
Accumulated depreciation	-3,413	-6,700
Tools, furniture and fixtures in trust, net	44,198	45,112
Land in trust	99,044,234	118,225,350
Construction in progress in trust	5,583	12,015
Total property, plant and equipment, net	133,488,032	160,918,844
Intangible assets		
Leasehold right in trust	528,555	524,576
Other	2,164	1,883
Total intangible assets	530,719	526,460
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	36,015	36,035
Long-term prepaid expenses	583,023	651,956
Long-term deposits	124,960	124,960
Total investments and other assets	753,998	822,951
Total non-current assets	134,772,750	162,268,256
Deferred assets		
Organization costs	35,435	30,369
Investment unit issuance costs	240,764	281,763
Total deferred assets	276,199	312,132
Total assets	150,009,463	179,360,062

(in thousands of yen)	Second Fiscal Period (As of Mar. 31, 2016)	Third Fiscal Period (As of Sep. 30, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	606,400	453,515
Short-term loans payable	6,500,000	12,070,000
Accounts payable-other	285,470	267,670
Accrued expenses	6,520	7,108
Income taxes payable	932	1,081
Advances received	748,176	859,300
Deposits received	136,468	122,669
Total current liabilities	8,283,968	13,781,345
Non-current liabilities		
Long-term loans payable	51,000,000	57,230,000
Tenant leasehold and security deposits	-	2,500
Tenant leasehold and security deposits in trust	10,633,432	11,518,586
Asset retirement obligations	23,045	23,190
Other	34,382	64,677
Total non-current liabilities	61,690,859	68,838,953
Total liabilities	69,974,828	82,620,298
Net assets		
Unitholders' equity		
Unitholders' capital	77,606,649	94,256,390
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	-	-4,263
Total deduction from unitholders' capital	-	-4,263
Unitholders' capital, net	77,606,649	94,252,127
Surplus		
Unappropriated retained earnings	2,427,985	2,518,802
Total surplus	2,427,985	2,518,802
Total unitholders' equity	80,034,634	96,770,929
Valuation and translation adjustments		
Deferred gains or losses on hedges	-	-31,166
Total valuation and translation adjustments	-	-31,166
Total net assets	80,034,634	96,739,763
Total liabilities and net assets	150,009,463	179,360,062

Statements of income and retained earnings

KENEDIX
Retail REIT Corporation

(in thousands of yen)	Second Fiscal Period (From Oct. 1, 2015 to Mar. 31, 2016)	Third Fiscal Period (From Apr. 1, 2016 to Sep. 30, 2016)
Operating revenues		
Rent revenue-real estate	4,656,391	5,405,789
Other lease business revenue	884,665	968,378
Total operating revenues	5,541,057	6,374,168
Operating expenses		
Expenses related to rent business	2,235,833	2,860,183
Asset management fees	405,144	438,769
Asset custody fees	4,658	6,375
Administrative service fees	16,454	21,792
Directors' compensation	4,500	4,500
Other operating expenses	48,444	69,052
Total operating expenses	2,715,035	3,400,673
Operating income	2,826,021	2,973,494
Non-operating income		
Interest income	937	51
Interest on refund	715	251
Total non-operating income	1,652	303
Non-operating expenses		
Interest expenses	275,159	306,343
Financing-related expenses	59,213	65,780
Amortization of organization costs	5,066	5,066
Amortization of investment unit issuance costs	59,244	76,922
Total non-operating expenses	398,683	454,113
Ordinary income	2,428,991	2,519,684
Income before income taxes	2,428,991	2,519,684
Income taxes		
Current	1,075	1,088
Total income taxes	1,075	1,088
Net income	2,427,915	2,518,595
Retained earnings brought forward	70	206
Unappropriated retained earnings	2,427,985	2,518,802

(in thousands of yen)		Second Fiscal Period (From Oct. 1, 2015 to Mar. 31, 2016)	Third Fiscal Period (From Apr. 1, 2016 to Sep. 30, 2016)
A.	Rental and other operating revenues		
	Rent revenue-real estate		
	Rental revenues	3,761,328	4,393,233
	Rental revenues from limited proprietary rights of land	598,355	680,862
	Common area charges	296,707	331,693
	Subtotal	4,656,391	5,405,789
	Other lease business revenue		
	Parking space rental revenues	162,060	163,358
	Utility charge reimbursement	453,733	540,060
	Miscellaneous	268,871	264,959
	Subtotal	884,665	968,378
	Total rental and other operating revenues	5,541,057	6,374,168
B.	Property-related expenses		
	Expenses related to rent business		
	Property management fees and facility management fees	637,809	684,963
	Utilities	495,520	523,159
	Taxes	216	482,449
	Repairs and maintenance	201,226	150,915
	Insurance	10,531	12,341
	Trust fees	14,499	17,294
	Depreciation	565,861	714,171
	Others	310,168	274,888
	Total property-related expenses	2,235,833	2,860,183
C.	Net operating income from real estate rental business (A-B)	3,305,224	3,513,984

Statements of cash flows

KENEDIX
Retail REIT Corporation

(in thousands of yen)	Second Fiscal Period (From Oct. 1, 2015 to Mar. 31, 2016)	Third Fiscal Period (From Apr. 1, 2016 to Sep. 30, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	2,428,991	2,519,684
Depreciation and amortization	566,142	714,452
Amortization of organization costs	5,066	5,066
Amortization of investment unit issuance costs	59,244	76,922
Interest income	-937	-51
Interest expenses	275,159	306,343
Decrease (increase) in operating accounts receivable	-28,262	-14,367
Decrease (increase) in consumption taxes receivable	1,561,226	32,815
Decrease (increase) in prepaid expenses	-16,987	-78,961
Increase (decrease) in operating accounts payable	94,580	-25,321
Increase (decrease) in accounts payable-other	25,738	-19,393
Increase (decrease) in advances received	229,469	111,123
Increase (decrease) in deposits received	-223,486	-13,799
Decrease (increase) in long-term prepaid expenses	-164,503	-68,932
Other	36,767	-4,103
Subtotal	4,848,210	3,541,476
Interest income received	937	51
Interest expenses paid	-272,051	-305,756
Income taxes paid	-6,464	-940
Net cash provided by (used in) operating activities	4,570,631	3,234,831
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-	-35,243
Purchase of property, plant and equipment in trust	-40,463,688	-28,233,179
Purchase of intangible assets in trust	-361,455	-
Payments for lease and guarantee deposits in trust	-30,695	-20
Proceeds of tenant leasehold and security deposits	-	2,500
Repayments of tenant leasehold and security deposits in trust	-286,205	-314,140
Proceeds from tenant leasehold and security deposits in trust	2,185,372	1,202,094
Proceeds from restricted bank deposits in trust	661,625	215,676
Net cash provided by (used in) investing activities	-38,295,047	-27,162,312

(in thousands of yen)	Second Fiscal Period (From Oct .1, 2015 To Mar. 31, 2016)	Third Fiscal Period (From Apr. 1, 2016 to Sep. 30, 2016)
Net cash provided by (used in) financing activities		
Proceeds in short-term loans payable	7,700,000	6,370,000
Payments in short-term loans payable	-3,200,000	-800,000
Proceeds from long-term loans payable	14,650,000	6,230,000
Proceeds from issuance of investment units	19,611,147	16,531,819
Payments of dividends	-1,931,323	-2,430,448
Net cash provided by (used in) financing activities	36,829,824	25,901,371
Net increase (decrease) in cash and cash equivalents	3,105,407	1,973,891
Cash and cash equivalents at the beginning of period	8,150,002	11,255,410
Cash and cash equivalents at the end of period	11,255,410	13,229,301

Appraisal value

KENEDIX
Retail REIT Corporation

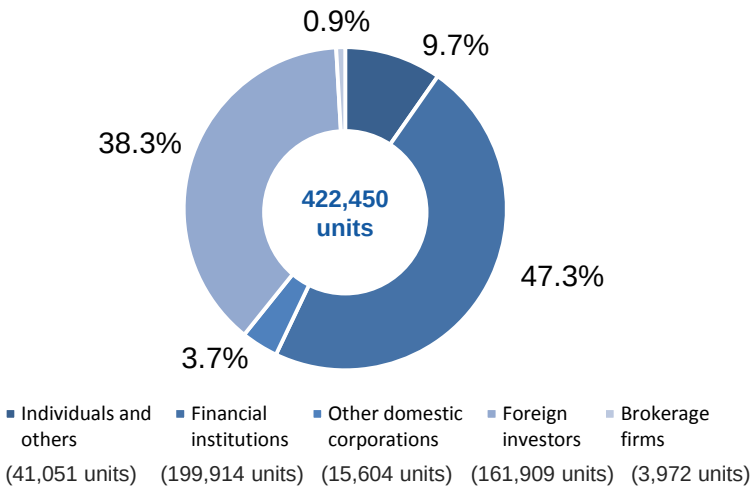
No.	Property name	Appraisal date	Appraisal value (JPY mn)			Income capitalization approach value								
						Direct capitalization method			DCF method					
						Direct cap rate (%)			Discount rate (%)			Terminal cap rate (%)		
			Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes
T-1	Fululu Garden Yachiyo	Sep. 30, 2016	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, 2016	8,500	8,560	60	5.3	5.2	-0.1	5.0	4.9	-0.1	5.5	5.4	-0.1
T-3	Passaggio Nishiarai	Sep. 30, 2016	6,280	6,370	90	4.4	4.4	0.0	4.2	4.2	0.0	4.6	4.6	0.0
T-4	Daikanyama Address Dixsept	Sep. 30, 2016	5,620	5,740	120	3.8	3.8	0.0	3.6	3.6	0.0	4.0	4.0	0.0
T-5	Unicus Ina	Sep. 30, 2016	4,420	4,510	90	5.2	5.2	0.0	4.9	4.8	-0.1	5.4	5.3	-0.1
T-6	Yorktown Kita-Kaname	Sep. 30, 2016	4,300	4,300	0	5.0	5.0	0.0	4.8	4.8	0.0	5.2	5.2	0.0
T-7	Unicus Yoshikawa	Sep. 30, 2016	3,770	3,800	30	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-8	Sports Club Renaissance Fujimidai	Sep. 30, 2016	2,720	2,720	0	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0
T-9	Super Viva Home Iwatsuki (Land)	Sep. 30, 2016	5,260	5,280	20	-	-	-	4.7	4.7	0.0	-	-	-
T-10	K's Denki Shonan-Fujisawa (Land)	Sep. 30, 2016	3,390	3,440	50	-	-	-	4.6	4.5	-0.1	-	-	-
T-11	Unicus Kamisato (Land)	Sep. 30, 2016	3,010	3,010	0	-	-	-	4.7	4.7	0.0	-	-	-
T-12	Unicus Konosu (Land)	Sep. 30, 2016	1,740	1,740	0	-	-	-	4.6	4.6	0.0	-	-	-
T-13	Inageya Yokohama Minamihonjuku (Land)	Sep. 30, 2016	1,460	1,460	0	-	-	-	4.0	4.0	0.0	4.6	4.6	0.0
T-14	Gourmet City Chiba-Chuo	Sep. 30, 2016	799	799	0	5.2	5.2	0.0	5.0	5.0	0.0	5.4	5.4	0.0
T-15	Nakamachidai Tokyu Store	Sep. 30, 2016	3,780	3,780	0	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0
T-16	Central Wellness Club Nagatsuta Minamidai	Sep. 30, 2016	1,880	1,900	20	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0
T-17	Life Kameido	Sep. 30, 2016	1,500	1,500	0	4.3	4.3	0.0	4.0	4.0	0.0	4.5	4.5	0.0
O-1	Blumer Maitamon	Sep. 30, 2016	8,780	8,990	210	5.5	5.4	-0.1	5.6	5.5	-0.1	5.7	5.6	-0.1
O-2	Central Square Takadono (Land)	Sep. 30, 2016	2,870	2,930	60	-	-	-	4.4	4.3	-0.1	-	-	-
O-3	Piago Kahma Home Center Omihachiman	Sep. 30, 2016	2,410	2,440	30	6.4	6.3	-0.1	6.1	6.0	-0.1	6.6	6.5	-0.1
O-4	Blumer HAT Kobe	Sep. 30, 2016	11,600	11,600	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
O-5	Carino Esaka	Sep. 30, 2016	6,590	6,590	0	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0
O-6	COMBOX Komyoike	Sep. 30, 2016	6,920	6,940	20	5.2	5.2	0.0	4.9	4.9	0.0	5.4	5.4	0.0
O-7	Hankyu Oasis Hirakatadeguchi	Sep. 30, 2016	1,310	1,310	0	5.6	5.6	0.0	5.4	5.4	0.0	5.8	5.8	0.0
O-8	Welcia Kishiwadakamori (Land)	Sep. 30, 2016	500	500	0	-	-	-	4.0	4.0	0.0	4.6	4.6	0.0
O-9	Life Nishi-Tengachaya	Sep. 30, 2016	1,620	1,650	30	4.9	4.8	-0.1	5.0	4.9	-0.1	5.1	5.0	-0.1
O-10	Million Town Tsukaguchi (Land)	Sep. 30, 2016	3,730	3,810	80	-	-	-	4.4	4.3	-0.1	-	-	-
N-1	Kahma Home Center Nakagawa Tomita (Land)	Sep. 30, 2016	2,500	2,540	40	-	-	-	4.8	4.7	-0.1	-	-	-
N-2	Valor Ichinomiya-Nishi	Sep. 30, 2016	2,230	2,280	50	5.3	5.2	-0.1	5.0	4.9	-0.1	5.5	5.4	-0.1
N-3	K's Denki Nakagawa Tomita (Land)	Sep. 30, 2016	945	960	15	-	-	-	4.8	4.7	-0.1	-	-	-
N-4	Homecenter Kohnan Sunadabashi	Sep. 30, 2016	7,220	7,220	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
F-1	Sunny Noma	Sep. 30, 2016	1,520	1,520	0	5.1	5.1	0.0	4.9	4.9	0.0	5.5	5.5	0.0
R-1	Roseo Mito	Sep. 30, 2016	10,700	10,900	200	5.5	5.4	-0.1	5.2	5.1	-0.1	5.7	5.6	-0.1
R-2	K's Denki Aomori Honten	Sep. 30, 2016	1,570	1,550	-20	5.8	5.7	-0.1	5.5	5.4	-0.1	6.0	5.9	-0.1
R-3	Super Sports Xebio Aomori-Chuo	Sep. 30, 2016	909	924	15	5.8	5.7	-0.1	5.5	5.4	-0.1	6.0	5.9	-0.1
R-4	Ashico Town Ashikaga	Sep. 30, 2016	5,060	5,060	0	5.4	5.4	0.0	5.2	5.2	0.0	5.6	5.6	0.0
R-5	Yorktown Shinden-Higashi	Sep. 30, 2016	3,310	3,310	0	5.6	5.6	0.0	5.4	5.4	0.0	5.8	5.8	0.0
R-6	Kasumi Technopark Sakura	Sep. 30, 2016	861	861	0	5.2	5.2	0.0	5.0	5.0	0.0	5.4	5.4	0.0
R-7	Solala Plaza	Sep. 30, 2016	5,740	5,910	170	5.0	4.9	-0.1	4.7	4.6	-0.1	5.2	5.1	-0.1
R-8	P-1 Plaza Tennno	Sep. 30, 2016	4,230	4,260	30	5.3	5.3	0.0	4.9	4.9	0.0	5.4	5.4	0.0
Total/Average			166,754	168,164	1,410	-	-	-	-	-	-	-	-	-
N-5	K's Denki Shin-moriyama (Land)	Oct. 1, 2016	-	1,410	-	-	-	-	-	4.1	-	-	4.3	-

Note: "Previous" refers to appraisal value at the previous appraisal dated Mar. 31, 2016 for properties acquired in 1st or 2nd period and dated Feb. 1, 2016 for properties acquired in 3rd period (dated Nov.1, 2015 for Homecenter Kohnan Sunadabashi).
"Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.

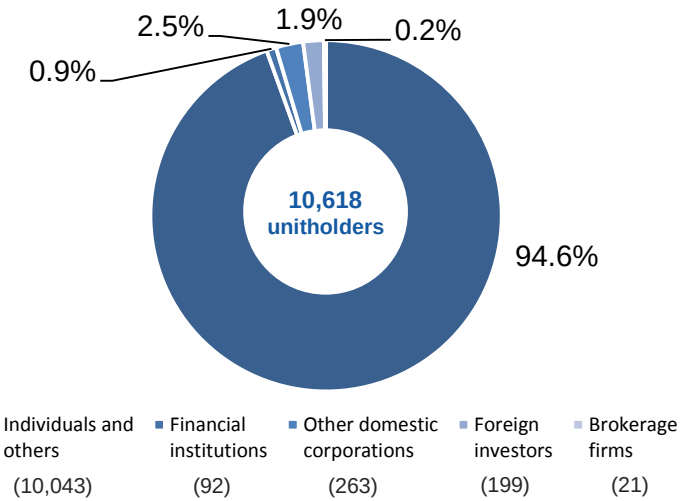
Unitholder information (as of September 30, 2016)

KENEDIX
Retail REIT Corporation

Ownership ratio by investor type



Number of unitholders by investor type

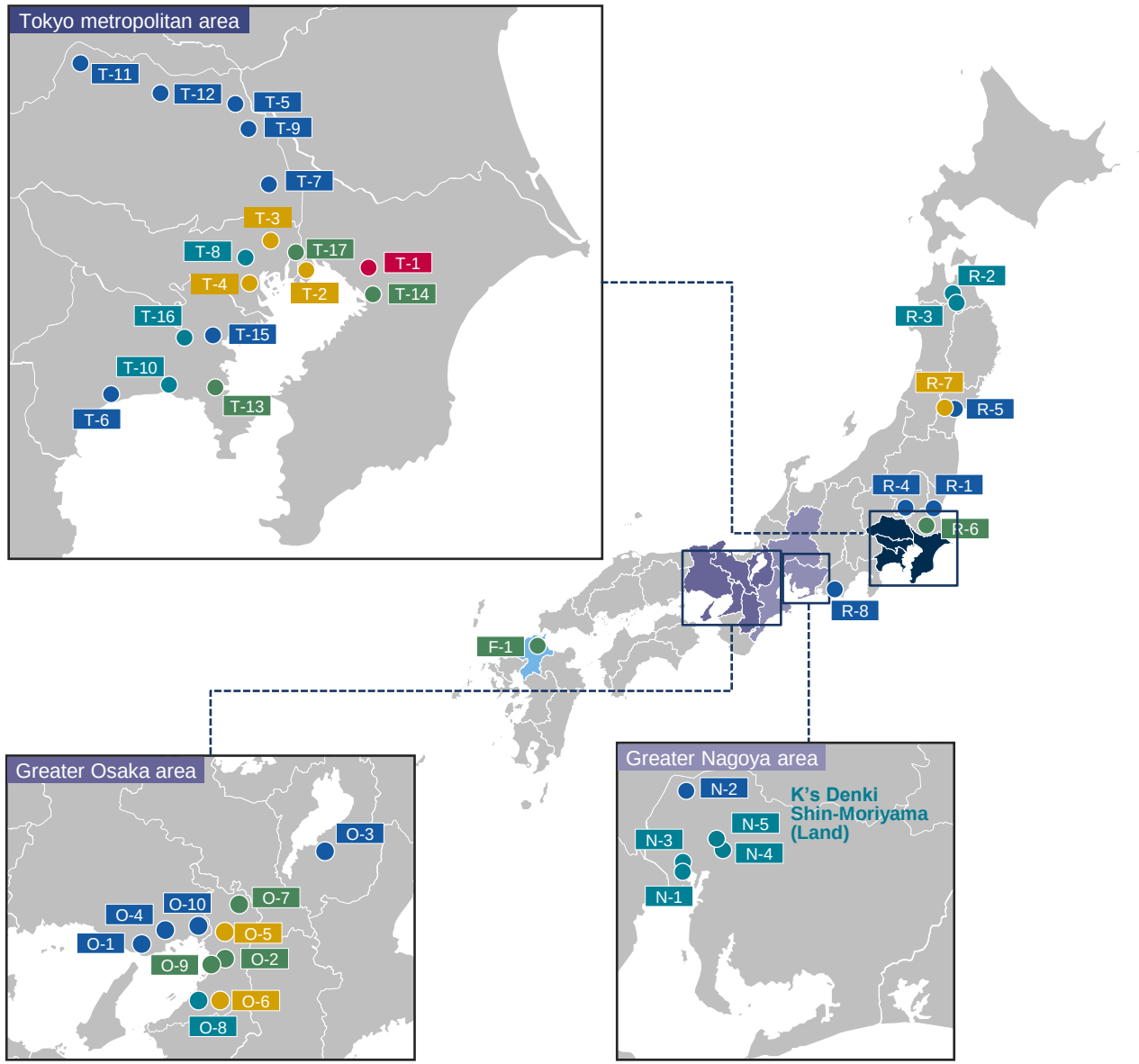


Major unitholders

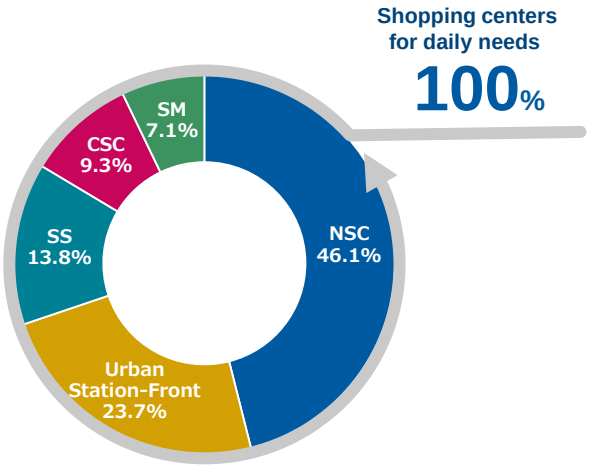
Rank	Name	# of units held	(%)(Note)
1	JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Acct.)	80,441	19.04%
2	THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.)	34,820	8.24%
3	TRUST & CUSTODY SERVICE BANK, LTD. (Securities Investment Trust Acct.)	29,456	6.97%
4	JP MORGAN CHASE BANK 385628	16,318	3.86%
5	THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.)	16,036	3.79%
6	THE BANK OF NEW YORK MELLON SA/NV 10	12,501	2.95%
7	THE BANK OF NEW YORK, NON-TREATY JASDAC ACCOUNT	12,150	2.87%
8	STATE STREET BANK AND TRUST COMPANY	7,029	1.66%
9	SIX SIS LTD.	6,453	1.52%
10	STATE STREET BANK AND TRUST COMPANY 505223	5,798	1.37%

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

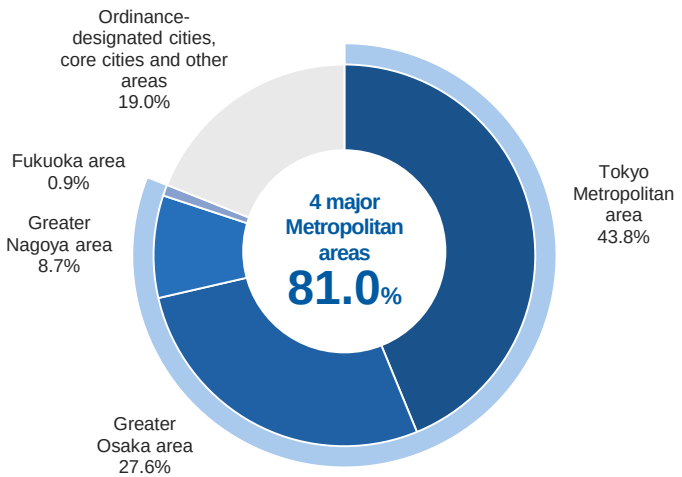
Portfolio map



Types of retail property (by acquisition price)



Location (by acquisition price)



Portfolio overview

KENEDIX
Retail REIT Corporation

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)



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



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



O-6 COMBOX Komyoike



O-7 Hankyu Oasis Hirakatadeguchi



O-8 Welcia Kishiwadakamori (Land)



O-9 Life Nishi-Tengachaya



O-10 Million Town Tsukaguchi (Land)



N-1 Kahma Home Center Nakagawa Tomita (Land)



N-2 Valor Ichinomiya-Nishi



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



N-4 Homecenter Kohnan Sunadabashi



F-1 Sunny Noma



R-1 Roseo Mito



R-2 K's Denki Aomori-Chuo



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



N-5 K's Denki Shin-Moriyama (Land)

Portfolio overview

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Acquisition price (note)

JPY **160,136** mn

Total appraisal value (note)

JPY **169,574** mn

Average appraisal NOI yield (note)

5.4%

Weighted average occupancy rate (note)

99.7%

Number of tenants (note)

406

No	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	# of tenants
Existing Properties as of Sep. 30, 2016							
T-1	Fululu Garden Yachiyo	Yachiyo, Chiba	14,848	15,200	5.1	99.6	49
T-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	8,560	6.1	95.6	71
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	6,370	5.0	98.1	41
T-4	Daikanyama Address Dixsept	Shibuya ward, Tokyo	5,390	5,740	4.2	98.2	26
T-5	Unicus Ina	Kitaadachi-gun, Saitama	4,379	4,510	5.5	100.0	1
T-6	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	4,000	4,300	5.4	100.0	1
T-7	Unicus Yoshikawa	Yoshikawa, Saitama	3,600	3,800	5.2	100.0	11
T-8	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	2,720	5.0	100.0	1
T-9	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	4,815	5,280	4.3	100.0	1
T-10	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	3,169	3,440	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	1,740	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	799	5.8	100.0	1
T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,780	5.4	100.0	1
T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,900	5.7	100.0	2
T-17	Life Kameido	Koto ward, Tokyo	1,450	1,500	4.5	100.0	1
O-1	Blumer Maitamon	Kobe, Hyogo	8,389	8,990	5.8	99.1	49
O-2	Central Square Takadono (Land)	Osaka, Osaka	2,685	2,930	4.8	100.0	1
O-3	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	2,140	2,440	7.1	100.0	2
O-4	Blumer HAT Kobe	Kobe, Hyogo	11,000	11,600	5.2	99.1	41
O-5	Carino Esaka	Suita, Osaka	6,555	6,590	5.2	99.1	30
O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,940	6.0	100.0	1
O-7	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	1,280	1,310	5.9	100.0	1
O-8	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	487	500	4.5	100.0	1
O-9	Life Nishi-Tengachaya	Osaka, Osaka	1,505	1,650	5.3	100.0	1
O-10	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	3,723	3,810	4.6	100.0	1
N-1	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	2,540	5.2	100.0	1
N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	2,174	2,280	5.9	100.0	1
N-3	K's Denki Nakagawa Tomita (Land)	Nagoya, Aichi	889	960	5.2	100.0	1
N-4	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	7,140	7,220	5.2	100.0	1
F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,520	5.4	100.0	1
R-1	Roseo Mito	Mito, Ibaraki	10,046	10,900	5.9	99.7	22
R-2	K's Denki Aomori Honten	Aomori, Aomori	1,469	1,550	6.3	100.0	1
R-3	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	898	924	6.4	100.0	1
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	4,180	5,060	6.5	99.1	26
R-5	Yorktown Shinden-Higashi	Sendai, Miyagi	3,252	3,310	6.0	100.0	2
R-6	Kasumi Technopark Sakura	Tsukuba, Ibaraki	830	861	5.6	100.0	1
R-7	Solala Plaza	Sendai, Miyagi	5,720	5,910	5.0	100.0	1
R-8	P-1 Plaza Tennno	Hamamatsu, Shizuoka	4,010	4,260	5.7	100.0	7
Property acquired in Nov. 2016							
N-5	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	1,370	1,410	4.4	100.0	1

Note: The figures are as of Nov. 2016 (after acquisition of one property). The figures of "weighted average occupancy rate" and "number of tenants" are as of Sep. 30, 2016 (including K's Denki Shin-Moriyama (Land)).

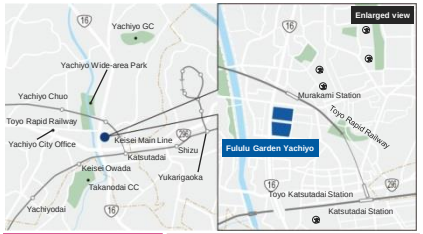
Operating highlights ~ Fululu Garden Yachiyo

CSC Community Shopping Center

Fululu Garden Yachiyo

A CSC easily accessible by both cars and trains, located in an area with population growth





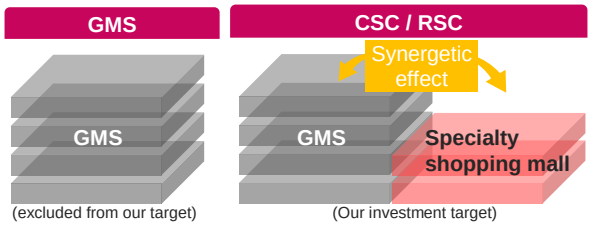




Acquisition price	JPY14,848 mn
Location	Yachiyo, Chiba
GFA	(1) 50,960.84 m^2 (2) 65,698.32 m^2
Core tenant	Ito-Yokado Co., Ltd.
Appraisal NOI	JPY760 mn
Appraisal NOI yield	5.1%

GMS vs. CSC

- Stand alone GMS fall outside KRR's investment targets
- CSC, consisted of specialty stores and GMS, is included as KRR's investment targets
- RSC larger than CSCs is also our investment targets (up to 20% of the entire portfolio)



Tenants' credibility

Nearly 85% of the tenants are listed companies or members of listed corporate groups (on a rent income basis)



Performance of core tenants (listed companies)

(JPY mn)

Company name	Sales	Net income
Xebio HD	210,672	2,084
Fast Retailing	1,681,781	110,027
Aoki HD	183,805	10,185
Honeys	59,020	1,948
Regal Corporation	36,030	1,336

Source: Compiled based on each company's disclosure materials
Note: Legal status suffixes, such as Co., Ltd., are omitted.

Local & retail trade area



Source: Aerial photographs Geospatial Information Authority of Japan

Access

- About 45 minutes to "Otemachi" station from the nearest "Murakami" station
- Facing National Route 16
- Shuttle bus service available from "Katsutadai" station

Population

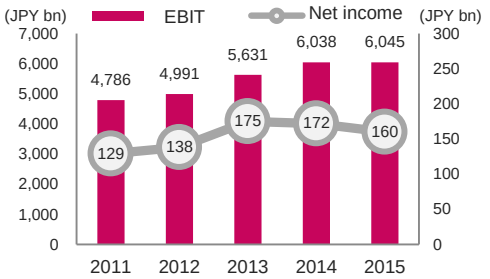
- Within a 5km radius: 335,000 people (up 1.5% from 2005 to 2010)
- Within a 3km radius: 160,000 people (up 2.3% from 2005 to 2010)
- Yachiyo City: 195,000 people (up 3.3% from 2010 to 2015)

Number of visitors

- Stable at 600,000 per month on average

Ito-Yokado

Seven & i HD



Seven & i HD group companies in the property

- Ito-Yokado: Core tenant
- Akachan Honpo: Tenant in the specialty store building
- Mall SC Development: Sub-PM for the entire property

Note: This section is taken from the 2nd period presentation material.

Operating performance of Ito-Yokado Yachiyo

- Ranks in top 30% of all Ito-Yokado stores in terms of annual sales
- Sales have been growing since the store manager was given more authority and the product mix was optimized to better meet the needs of local area customers
- Low occupancy cost ratio: approx. 5% (Occupancy cost ratio: rents divided by sales)

Online supermarket

- Operating an online supermarket where products ordered online are delivered to customers from the Ito-Yokado store in this property
- Customers can also receive products they ordered online at any of the 10 Seven Eleven shops in the neighborhood
- Ito-Yokado is reported to represent nearly half of the entire online supermarket market, which size is approx. JPY100 bn

Operating highlights ~ MONA Shin-Urayasu

Urban Station-Front **MONA Shin-Urayasu**





Acquisition price	JPY8,063 mn
Location	Urayasu, Chiba
Land area(Note)	15,875.86 m²
GFA(Note)	76,767.24 m²
Core tenant	Undisclosed
Appraisal NOI	JPY490 mn
Appraisal NOI yield	6.1%

Note: Although the property is subject to sectional ownership, the total land area and GFA for the entire building are stated

Location & retail trade area



Source: Aerial photographs Geospatial Information Authority of Japan

Access

- About 20 minutes to "Tokyo" station from the nearest "Shin-Urayasu" station
- The property is connected directly to the station via a pedestrian walkway
- Shin-Urayasu station has a daily passenger traffic of over 58,000 people on average
- Tokyo Disney Report is located in Maihama, one station west of Shin-Urayasu station

Population

- Within a 5km radius: 509,000 people (up 3.9% from 2005 to 2010)
- Within a 3km radius: 205,000 people (up 5.3% from 2005 to 2010)
- Urayasu City: 164,000 people (down 0.5% from 2010 to 2015)

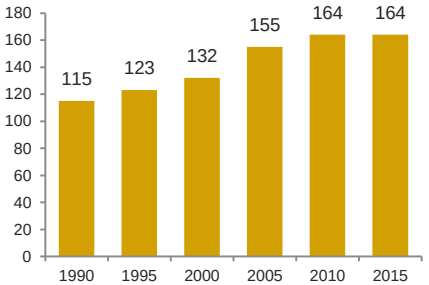
Competitive environment

- AEON Shin-Urayasu (Shoppers Plaza Shin-Urayasu) is located on the south-east of "Shin-Urayasu" station

Growth opportunities

Retail trade area **Steadily growing population**

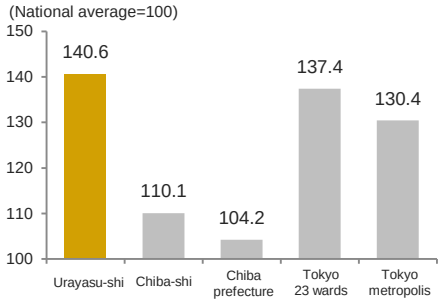
- Population in Urayasu City, where the property is located, had grown until 2010 and has remained stable level since then



Source: 2015 National Census (preliminary report) (Ministry of Internal Affairs and Communications)

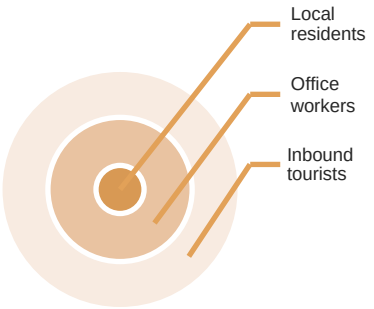
Retail trade area **Higher average income**

- The average income in Urayasu City exceeds that in 23 wards of Tokyo



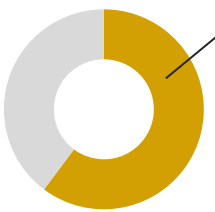
Source: Survey of Taxation for each City/Town/Village by Ministry of Internal Affairs and Communications (2015)

Growth potential **Tenants meeting the needs of broad customer base**



- Tenants include retailers offering convenience goods, including a grocery supermarket and a drugstore
- Provided with highly useful public spaces which can be used for various events
- Financial institution tenants (6 tenants), which help attract heavy traffic into the property
- Restaurant tenants can drive demand from office workers on their way home as well as travelers staying in hotels close to the train station
- A 100-yen shop, a drugstore and sundries stores that are highly popular among foreigners help attract demand from inbound tourists

Leasing maturity



60.1%

Proportion of the tenants whose fixed-term lease contracts will mature by the 6th financial period (ending March 2018)

We seek to achieve cost saving and improved tenant satisfaction through effective utilization of CAPEX in a timely manner upon the maturity of each lease contract, and pursue rental upside upon contract renewal or tenant replacement by optimizing our tenant mix to better meet the needs in the retail trade area

Portfolio highlights (1)

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Retail REIT Corporation

Name	T-1 Fululu Garden Yachiyo	T-2 MONA Shin-Urayasu	T-3 Passaggio Nishiarai	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	● 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	● 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	● The surrounding area has a significant inflow of families due to large developments ● Houses a home appliance store, an apparel store, restaurants, etc.	● 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	● Highly competitive by housing supermarket Yaoko among other tenants ● The population in the surrounding area is increasing by continued residential developments
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	● 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	● 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	● 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)	● 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	● Faces major routes, which gives the property a wide retail trade area ● More than ten years remain on a fixed-term land lease with K's Holdings

NSC SM CSC Urban Station-Front Shopping Centers SS

Portfolio highlights (2)

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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	● 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	● 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	● Underlying land of Inageya grocery supermarket opened in March 2015 ● Comprises a trade area that cater daily needs together with a restaurant and a drug store nearby	● Large daytime population due to the concentration of government offices in the area ● Synergistically consisted of a grocery supermarket and clinics	● 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	O-1 Blumer Maitamon	O-2 Central Square Takadono (Land)	O-3 Piago Kahma Home Center Omihachiman
Photo					
Location	Yokohama, Kanagawa	Koto ward, Tokyo	Kobe, Hyogo	Osaka, Osaka	Omihachiman, Shiga
Acquisition price (JPY)	1,724 mn	1,450 mn	8,389 mn	2,685 mn	2,140 mn
Highlights	● 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	● 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	● 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	● 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	● NSC consisted of two buildings, Piago (supermarket) and Kahma (home and garden store) ● The trade area surrounding Omihachiman Sta. is residential area with young families

Portfolio highlights (3)

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Name	O-4 Blumer HAT Kobe	O-5 Carino Esaka	O-6 COMBOX Komyoike	O-7 Hankyu Oasis Hirakatadeguchi	O-8 Welcia Kishiwadakamori (Land)
Photo					
Location	Kobe, Hyogo	Suita, Osaka	Izumi, Osaka	Hirakata, Osaka	Kishiwada, Osaka
Acquisition price (JPY)	11,000 mn	6,555 mn	6,450 mn	1,280 mn	487 mn
Highlights	● 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	● Attractively located near Esaka Sta., only 10min from Umeda Sta. ● The retail trade area is popular among young families ● Core tenant is Tokyu Hands	● 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	● 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	● 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

Name	O-9 Life Nishi-Tengachaya	O-10 Million Town Tsukaguchi (Land)	N-1 Kahma Home Center Nakagawa Tomita (Land)	N-2 Valor Ichinomiya-Nishi	N-3 K's Denki Nakagawa Tomita (Land)
Photo					
Location	Osaka, Osaka	Amagasaki, Hyogo	Nagoya, Aichi	Ichinomiya, Aichi	Nagoya, Aichi
Acquisition price (JPY)	1,505 mn	3,723 mn	2,311 mn	2,174 mn	889 mn
Highlights	● A supermarket located in a densely populated retail area ● The tenant, Life Corporation, has dominant strategy in Osaka and continues store opening	● 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	● 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	● 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	● Located in an area 15min from Nagoya Sta. by train ● As Kahma Home Center Nakagawa Tomita, comprises an integrated retail zone in the surrounding area

Portfolio highlights (4)

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Name	N-4 Homecenter Kohnan Sunadabashi	F-1 Sunny Noma	R-1 Roseo Mito	R-2 K's Denki Aomori Honten	R-3 Super Sports Xebio Aomori-Chuo
Photo					
Location	Nagoya, Aichi	Fukuoka, Fukuoka	Mito, Ibaraki	Aomori, Aomori	Aomori, Aomori
Acquisition price (JPY)	7,140 mn	1,497 mn	10,046 mn	1,469 mn	898 mn
Highlights	● 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	● 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	● 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	● Opened in 2005 in Hamada District in Aomori, which has the highest concentration of retailers in Aomori	● Also in Hamada district in Aomori, some major routes bring customers from broad retail trade area

Name	R-4 Ashico Town Ashikaga	R-5 Yorktown Shinden-Higashi	R-6 Kasumi Technopark Sakura	R-7 Solala Plaza	R-8 P-1 Plaza Tennno
Photo					
Location	Ashikaga, Tochigi	Sendai, Miyagi	Tsukuba, Ibaraki	Sendai, Miyagi	Hamamatsu, Shizuoka
Acquisition price (JPY)	4,180 mn	3,252 mn	830 mn	5,720 mn	4,010 mn
Highlights	● 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 March, 2016	● Located in eastern Sendai conveniently commutable to Sendai Sta. ● Houses a supermarket and a home and garden store as core tenants	● 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	● A retail building directly accessible by a pedestrian walkway from Sendai Sta. ● Houses IDC Otsuka Kagu, their only shop in Tohoku Region	● 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

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Retail REIT Corporation

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