KENEDIX
Retail REIT Corporation



Kenedix Retail REIT Corporation

Financial Result for the 10th Fiscal Period ended March 31, 2020

May 18, 2020



Contents

Section 1	Impact of COVID-19	P.3
Section 2	Financial results and forecasts	P.10
Section 3	Growth strategies focusing on stability	P.16
Appendix 1	Key characteristics of KRR	P.31
Appendix 2	Portfolio and unitholder information	P.41



01

Impact of COVID-19

3453

Impact of COVID-19 on KRR

Direct impact on NOI

Rent reduction/deferral requests due to tenant sales decline

Some tenants facing sales decline due to the spread of COVID-19 have requested rent reduction/deferral

Decrease in sales-linked rent

Tenant sales decline also led to decrease in sales-linked rent

Total sales-linked rent accounts for 2.6% of rent income for the 10th fiscal period

Delayed leasing of vacant spaces

Prolonged downtime due to delayed leasing, including cancellations of tenant move-in

Other impact

Impact on appraisal values

No significant impact on appraisal values so far as rent reduction is a temporary measure

Closely monitor the possibility of deterioration in the real estate market mainly caused by decline in investment appetite

Changes in lending policies of financial institutions

Financial institutions have not changed their lending policies so far

Attention should be paid to the further spread of COVID-19 and the prolonged situation

Operation of facilities under the state of emergency

KENEDIX Retail REIT Corporation

Operation of KRR's facilities

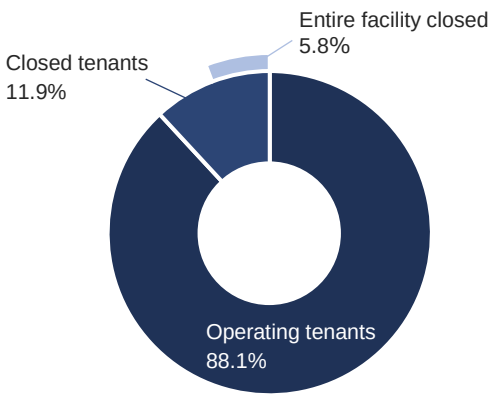
88.1% tenants are operating; 11.9% are closed, 5.8% of which are in the facility entirely closed (as of the end of Apr. 2020)

Retail properties		Number of properties	As of April 30, 2020
Retail facilities in operation	Other than following	51/57 retail properties	As stores selling foods and daily necessities are included, continue to operate and function as a social infrastructure supporting daily life Stores requested to suspend operation are closed, and some stores are also voluntarily closed
Retail facilities entirely closed	Sports Club Renaissance Fujimidai Central Wellness Club Nagatsuta Minamidai Prime Square Jiyugaoka Konami Sports Club Shibuya Round1 Ichikawa-Onitaka Round1 Stadium Hakata-Hanmichibashi	6/57 retail properties	In response to the state of emergency declaration, the entire building is closed at each tenant's discretion

Facilities requested to basically suspend operation by local governments (Tokyo)

- Entertainment facilities: None in KRR's portfolio
- Universities and private cramming schools: Cram schools, English conversation schools
- Health clubs and amusement facilities: Sports clubs, game centers, bowling alleys
- Theaters: Movie theaters
- Assembly and display facilities: None in KRR's portfolio
- Retail stores (individual stores in business): Retail stores selling other than daily necessities, and services that are not necessary for daily life

Operation of tenants (as of the end of Apr. 2020)



Examples of infection prevention measures at facilities in operation

- Antiseptic solution at the facility entrance
- Thorough cleaning of common areas
- Disinfection of areas where people touch, such as handrails and doorknobs
- Thorough ventilation in core tenant areas, common areas, and employee rest areas
- Encouraging tenant employees to wear masks

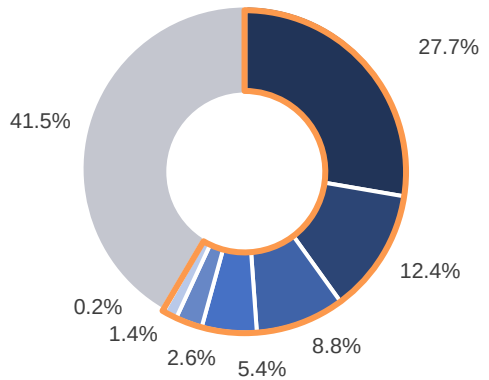
Impact of COVID-19 by tenant category

KENEDIX Retail REIT Corporation

Tenant category	Proportion	Status
Groceries & Costco (Note 2)	27.7%	Demand for daily necessities remains firm even under the state of emergency
Master lease (ML)	12.4%	Retail facilities with grocery supermarkets and home & garden stores as core tenants, and relatively stable owing to the strength of ML
Home & garden	8.8%	Special demand for paper products and gardening supplies. Removed from the list of suspension under the state of emergency
Service oriented	7.8%	While clinics are relatively less affected, massage and barber salons are greatly affected
Other retailers	7.0%	Affected in situations where people refrain from purchasing goods other than daily necessities. If the situation is prolonged, EC will be promoted
Amusement (Note 3)	6.0%	Subject to suspension where unnecessary outings are refrained and activities in closed spaces are restricted, and have a significant impact
Health clubs	5.9%	Subject to suspension where unnecessary outings are refrained and activities in closed spaces are restricted, and have a significant impact
Apparel	5.6%	Longer purchase cycles due to fewer opportunities to go out
Consumer electronics	5.5%	Increased demand for telework-related products, but affected in the situation where people refrain from going out unnecessarily

Tenant category	Proportion	Status
Distribution centers	5.4%	Increase in delivery volume due to expenditures from staying at home
Restaurants	3.8%	Significantly affected where unnecessary outings are refrained and activities in closed spaces are restricted
Drug stores	2.6%	Demand for daily necessities remains firm even under the state of emergency. Special demand for masks and paper products
Dollar shops	1.4%	Increasing demand mainly for masks, sanitary products and daily necessities
Offices	0.2%	The office space is relatively immune to the COVID-19 pandemic

Percentage of tenant category (based on rents)



Tenants relatively immune to the spread of COVID-19

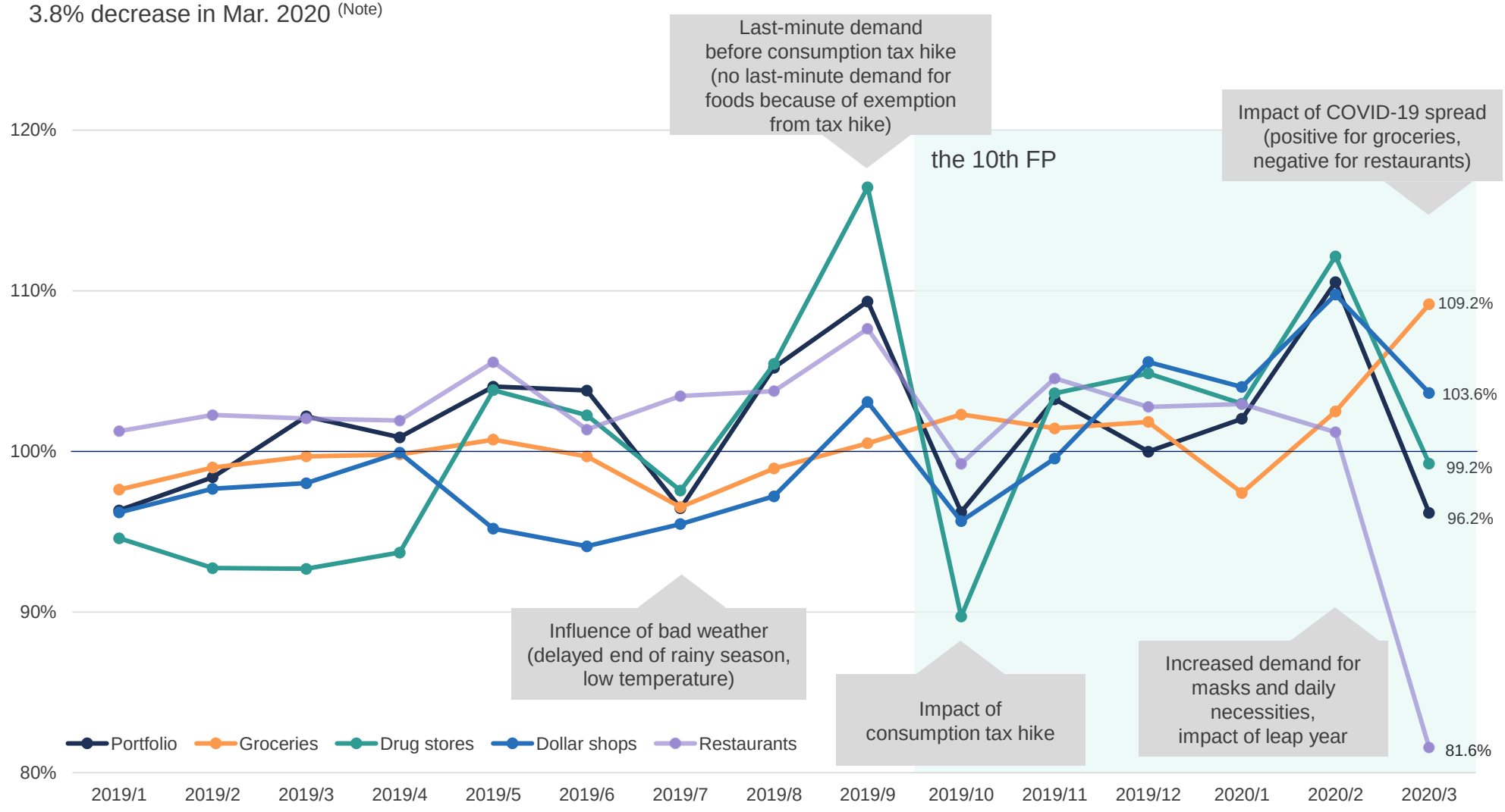
58.5%

Note 1: The figures are as of Mar. 31, 2020, based on the 63 properties acquired by the date of this material.
Note 2: “Costco” refers to Costco Wholesale.
Note 3: “Amusement” includes movie theaters.

Changes in tenant sales

Changes in tenant sales（YoY）

1.0% increase in tenant sales for the 10th FP ended Mar. 2020
3.8% decrease in Mar. 2020 (Note)



Note: “Changes in tenant sales” is based on the sales figures available to KRR. Health clubs and amusement tenants’ sales figures are not available and not included.
The sales figures do not take into account the effect of difference in days of the weekends in each period, and sales by business category are those that take into account the effect of the day of the week.

Impact of COVID-19 on KRR's portfolio

KENEDIX
Retail REIT Corporation

Rent reduction/deferral requests

Many tenants, especially those involved in service-oriented business, are closed under the state of emergency, and some of them have requested for rent reduction/deferral

Rent reduction requests: 109/497 tenants, 111,930.89m^2/946,634.13m^2 rented area; 48 of which are service-oriented and 40 of which are restaurants (as of the end of Apr. 2020)

In order to prevent move-out and bankruptcy of tenants whose sales are declining due to the spread of COVID-19, selectively grant rent reduction/deferral to some tenants with an aim to sustain businesses of both tenants and KRR

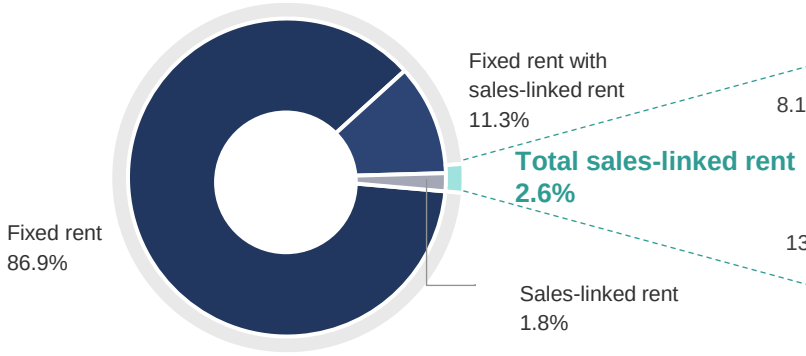
Policy on response to rent reduction requests

Consider the following when accepting rent reduction/deferral requests:

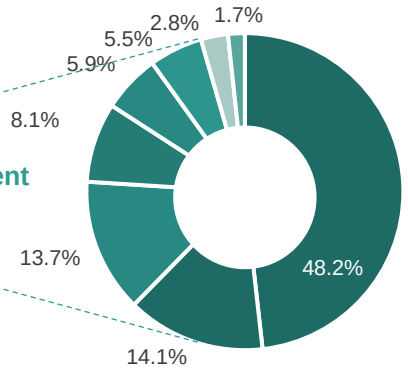
- Performance of tenants
- Rate of decrease in tenant sales
- Financial conditions of tenants
- Lease contract type
- Period of the state of emergency
- Impact on KRR's operation

Status of sales-linked rent (Note)

Rent type (2019/10-2020/3)



Percentage of tenant category of sales-linked rent (based on rents)



Sundry goods	48.2%
Clothing	14.1%
Other retailers	13.7%
Restaurants	8.1%
Drug stores	5.9%
Dollar shops	5.5%
Groceries	2.8%
Service businesses	1.7%

- Non-service-oriented tenants cover over 90% of sales-linked rent

Delayed leasing of vacant spaces

Tenants are cautious about opening new stores, resulting in cancellations of tenant move-in and prolonged downtime

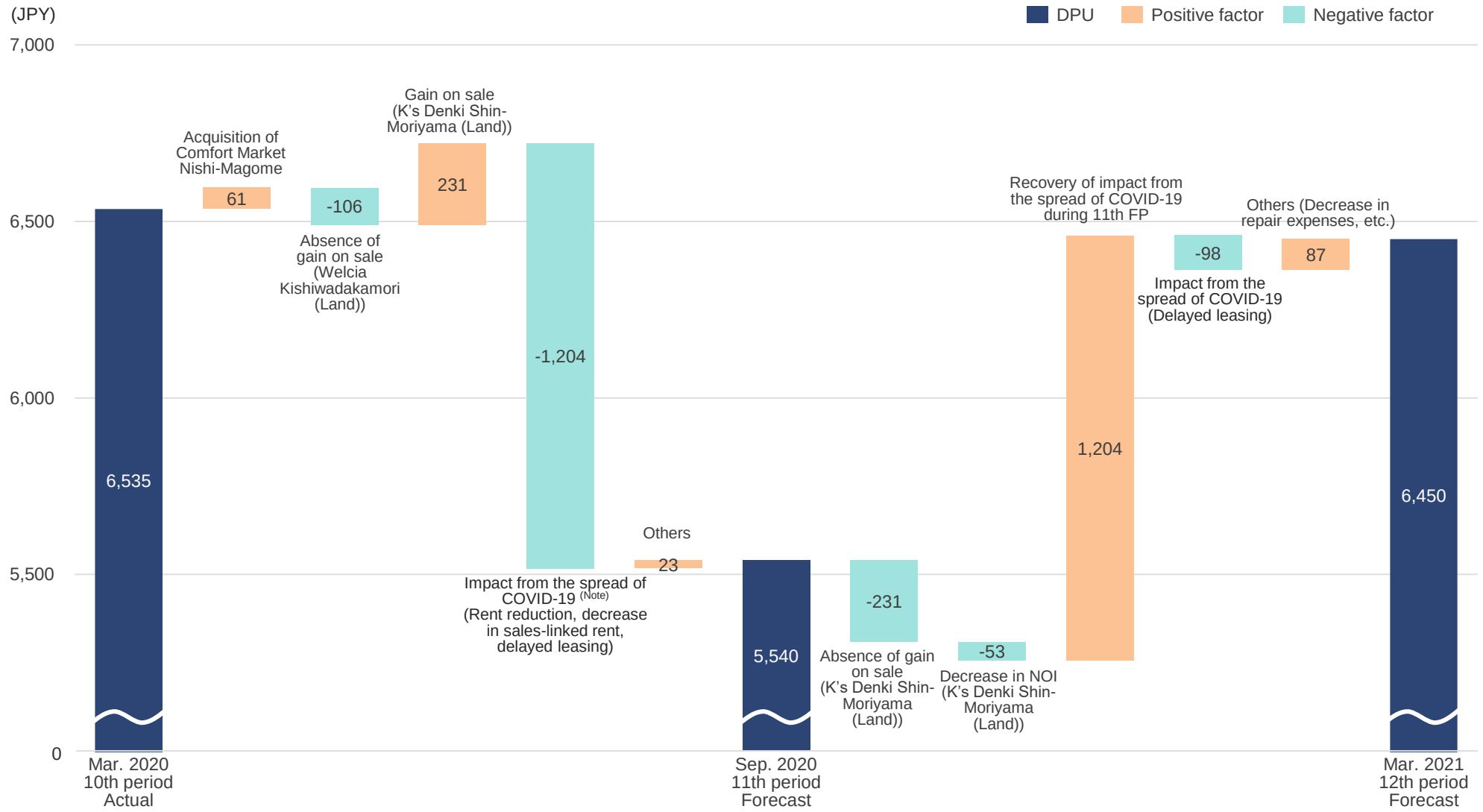
Occupancy rate is 99.4% as of the end of Mar. 2020

Note: The figures of "Rent type" is for the 10th fiscal period.

DPU impact and forecast assumption

KENEDIX Retail REIT Corporation

Variation factors affecting DPU



Note: The impact has been calculated based on certain assumptions, taking into account the matters described in p.8, Policy on response to rent reduction requests.



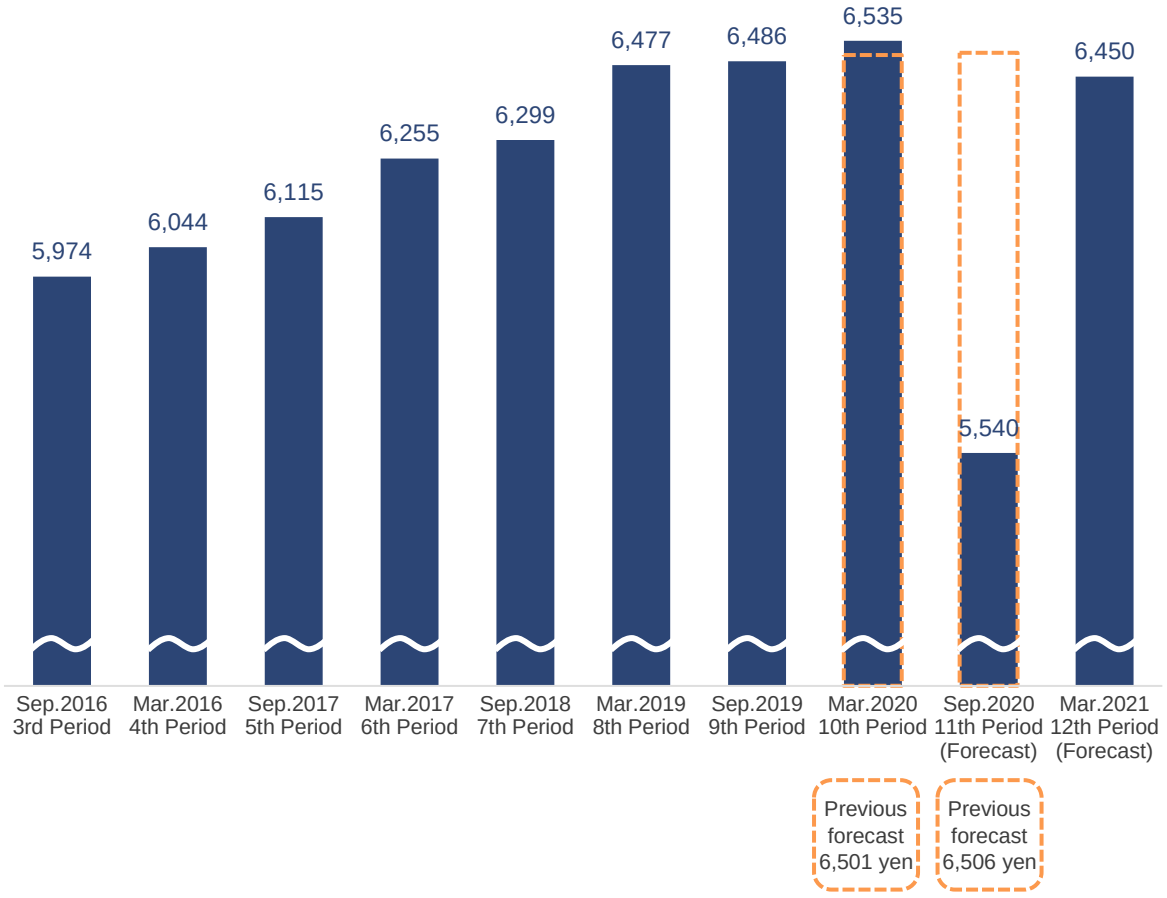
02

Financial results and forecasts

3453

Distribution per unit

Distribution per unit (JPY)
(The boxes in orange lines indicate the forecasts as of Nov. 15, 2019)



Key points of the 10th FP ended March 31, 2020

- Increase in NOI resulting from Asset reshuffling and public offering
- DPU increase from the gain on sale of Welcia Kishiwadakamori (Land)
- Full-period contribution of the properties acquired in the 9th fiscal period to DPU growth

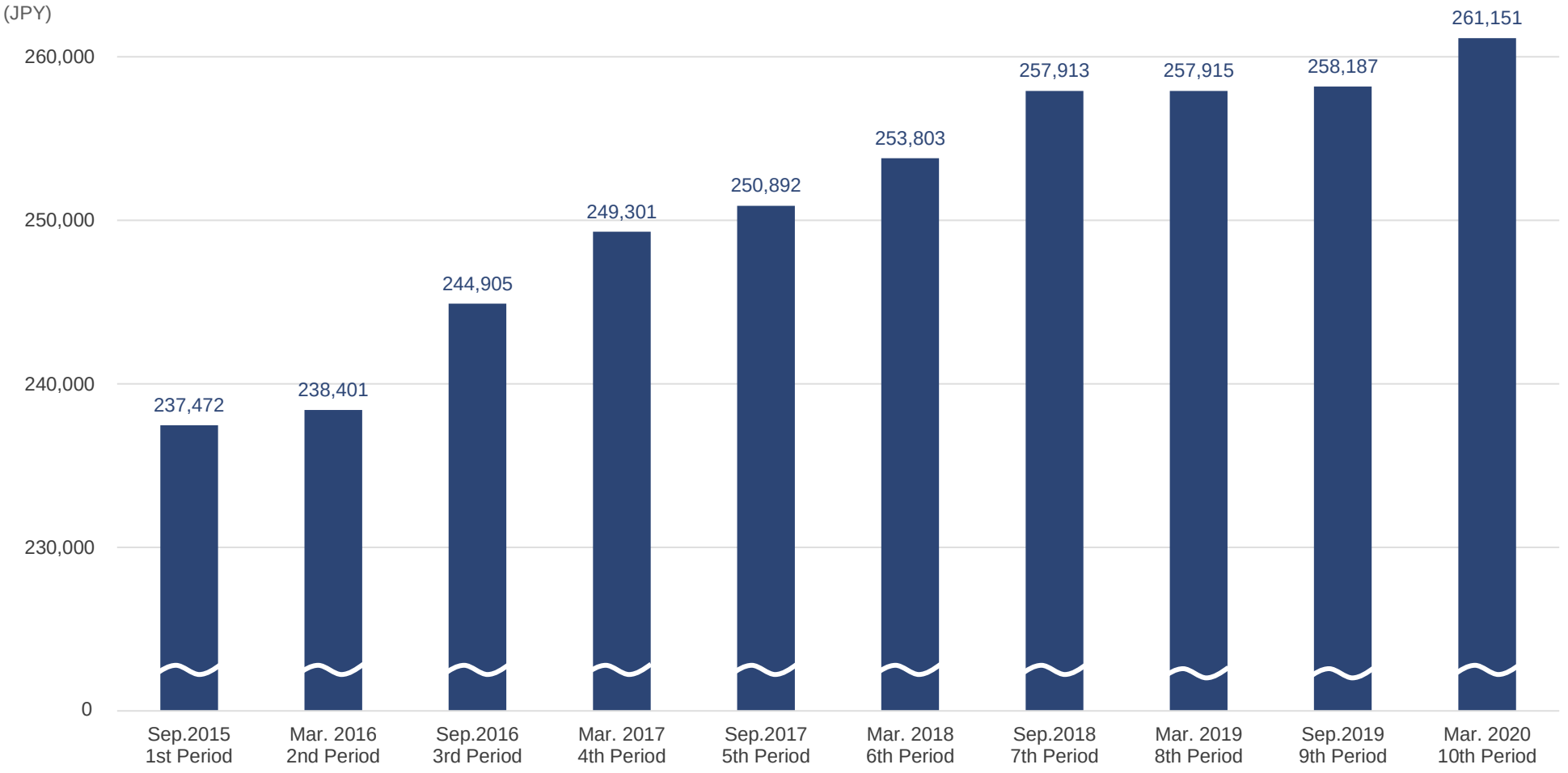
*Please refer to p.9 for details of the key points of the 11th FP ending September 30, 2020 and 12th FP ending March 31, 2021

As the impact of the spread of the COVID-19 is currently unclear, the target stabilized DPU and AUM will be revised based on the previous target (7,000 yen for stabilized DPU and 300 billion yen for AUM) after the COVID-19 crisis

NAV per unit and unrealized gain

KENEDIX
Retail REIT Corporation

NAV per unit



Unrealized gain	JPY 2,130 mn	JPY 4,657 mn	JPY 6,720 mn	JPY 8,493 mn	JPY 10,861 mn	JPY 12,270 mn	JPY 14,213 mn	JPY 14,438 mn	JPY 14,695 mn	JPY 15,572 mn

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

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

KENEDIX Retail REIT Corporation

	Sep. 2019	Mar. 2020		Changes		
	9th Period Actual (A)	10th Period Forecast (B)	10th Period Actual (C)	C - A	C - B	Remarks on changes from forecasts
Rent revenue – real estate	7,129	7,230	7,238	+108	+8	Acquisition of Nishiochiai +8
Other lease business revenue	1,237	971	996	-241	+24	Insurance income (Hakata etc.) +25, restoring (Shin-Urayasu etc.) +7, utility charge -6
Gains on sale	242	56	56	-185	+0	
Operating revenues	**8,609**	**8,257**	**8,291**	**-318**	**+33**	
Property related expenses (excl. depreciation)	2,872	2,347	2,335	-536	-12	Utility charge -22, sales promotion costs -20, restoring (HAT Kobe etc.) +26
NOI	**5,494**	**5,854**	**5,899**	**+404**	**+45**	
Depreciation	1,019	1,014	1,024	+4	+9	
NOI after depreciation	**4,475**	**4,839**	**4,875**	**+399**	**+35**	
Other operating expenses	838	808	830	-8	+21	
Operating income	**3,879**	**4,087**	**4,101**	**+222**	**+14**	
Non-operating income	0	0	0	-0	+0	
Non-operating expenses	591	605	602	+11	-2	
Ordinary income	**3,288**	**3,482**	**3,499**	**+210**	**+17**	
Net income	**3,287**	**3,481**	**3,498**	**+210**	**+16**	
DPU (JPY)	**6,486**	**6,501**	**6,535**	**+49**	**+34**	

Financial forecasts: 11th and 12th fiscal periods (JPY mn)

KENEDIX
Retail REIT Corporation

Key financial information	Mar. 2020 10th Period (Actual)	Sep. 2020 11th Period (Forecast)	Changes	Sep. 2020 11th Period (Forecast)	Mar. 2021 12th Period (Forecast)	Changes
Operating revenues	**8,291**	**7,857**	**-433**	**7,857**	**8,268**	**+410**
Gain on sales of real estate	56	123	+67	123	-	-123
Operating expenses	4,189	4,310	+120	4,310	4,236	-73
Operating income	**4,101**	**3,547**	**-554**	**3,547**	**4,032**	**484**
Non-operating expenses	602	580	-22	580	577	-3
Interest expenses & financing-related expenses	575	573	-2	573	570	-3
Amortization of investment unit issuance costs	26	7	-19	7	7	-
Ordinary income	**3,499**	**2,966**	**-532**	**2,966**	**3,454**	**+487**
Net income	**3,498**	**2,965**	**-532**	**2,965**	**3,453**	**+487**
DPU	**6,535**	**5,540**	**-995**	**5,540**	**6,450**	**+910**

Impact of the COVID-19 pandemic -645

Impact of the COVID-19 pandemic -52

Related key indicator	Mar. 2020 10th Period (Actual)	Sep. 2020 11th Period (Forecast)	Changes	Sep. 2020 11th Period (Forecast)	Mar. 2021 12th Period (Forecast)	Changes
NOI	**5,899**	**5,183**	**-715**	**5,183**	**5,923**	**+739**
NOI yield (%)	5.2%	4.6%	---	4.6%	5.2%	---
Depreciation	1,024	1,046	+22	1,046	1,060	+14
NOI after depreciation	4,875	4,137	-737	4,137	4,862	+725
NOI yield after depreciation (%)	4.3%	3.7%	---	3.7%	4.3%	---
FFO	4,496	3,899	-596	3,899	4,525	+625
CAPEX	475	603	+128	603	908	+304
LTV (%)	**44.5%**	**45.0%**	**---**	**45.0%**	**45.0%**	**---**

Income and expenses of assets (JPY mn)

KENEDIX
Retail REIT Corporation

Revenues and expenses of ten assets with sales-linked rent (JPY mn) (Yachiyo was disposed of on September 27, 2019)

	Shin-Urayasu		Nishiarai		Daikanyama		Maitamon		HAT Kobe		Esaka		Obu		Ashikaga		Hamakita		Yachiyo	
Period	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th
Rent (fixed)	327	328	203	208	183	186	351	354	326	352	152	151	192	206	176	175	430	431	520	-
Rent (sales-linked)	42	40	12	13	4	4	14	14	22	9	46	41	14	14	10	7	18	5	57	-
Utility charge reimbursement	45	41	39	33	33	28	101	80	83	65	31	28	50	42	65	54	67	54	70	-
Penalty restoring reimbursement	-	3	-	-	-	-	-	-	-	2	4	1	-	-	70	-	5	-	2	-
Other revenues	110	114	63	49	48	48	28	29	37	34	77	77	15	15	9	12	25	25	27	-
Revenues	**526**	**528**	**318**	**303**	**270**	**267**	**494**	**478**	**469**	**464**	**312**	**301**	**272**	**278**	**332**	**251**	**547**	**516**	**678**	**-**
PM fees	81	76	50	48	53	53	68	61	67	66	44	41	37	38	40	40	71	69	138	-
Utilities	65	50	42	32	38	31	69	58	67	53	41	29	50	42	62	52	53	44	61	-
Taxes	23	23	35	35	12	12	41	41	47	47	25	25	26	26	24	24	25	25	103	-
Repairs and maintenance	26	21	3	3	11	-	33	2	3	49	42	19	18	9	13	15	23	6	45	-
Others	58	62	30	32	38	41	26	21	29	18	4	3	20	14	6	8	69	69	38	-
Expenses	**255**	**234**	**162**	**152**	**154**	**139**	**239**	**185**	**215**	**235**	**158**	**119**	**152**	**132**	**148**	**142**	**243**	**215**	**387**	**-**
NOI	**270**	**294**	**155**	**151**	**116**	**128**	**255**	**292**	**254**	**229**	**154**	**181**	**120**	**145**	**184**	**108**	**303**	**301**	**290**	**-**

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

	Existing properties				Properties acquired since 9th period				Disposed properties			
	Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties	
Period	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th	9th	10th
Rent (fixed)	1,330	1,333	2,540	2,540	1	326	132	488	-	-	15	2
Rent (sales-linked)	-	-	-	-	-	-	-	-	-	-	-	-
Utility charge reimbursement	82	71	14	12	-	15	-	-	-	-	-	-
Penalty restoring reimbursement	-	-	-	-	-	-	-	-	-	-	-	-
Other revenues	24	21	1	16	-	11	-	1	-	-	-	-
Revenues	**1,436**	**1,426**	**2,557**	**2,569**	**1**	**354**	**132**	**490**	**-**	**-**	**15**	**2**
PM fees	94	93	57	57	-	13	5	13	-	-	1	-
Utilities	83	72	14	12	-	16	-	-	-	-	-	-
Taxes	128	128	236	236	-	-	-	-	-	-	5	-
Repairs and maintenance	46	24	28	42	-	3	-	7	-	-	-	-
Others	28	27	21	22	-	2	-	2	-	-	-	-
Expenses	**380**	**346**	**359**	**370**	**-**	**35**	**6**	**24**	**-**	**-**	**7**	**-**
NOI	**1,056**	**1,080**	**2,197**	**2,198**	**1**	**318**	**125**	**466**	**-**	**-**	**8**	**1**

Note: “Existing properties” refer to properties acquired by the end of 8th FP, excluding disposed properties.



03

Growth strategies focusing on stability

3453

Future strategy

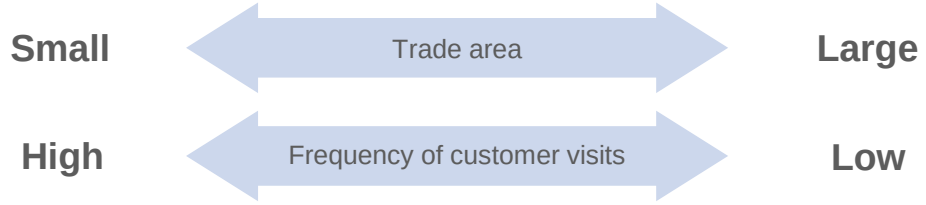
KENEDIX
Retail REIT Corporation

Unchanged demand for shopping centers for daily needs that provide **products essential to the daily lives** of consumers in the surrounding areas, such as food supermarkets, drug stores, and home & garden.

Continue focused investments in shopping centers for daily needs, which has been carried out consistently since the listing, even after the end of the spread of COVID-19

Continue selective investments in retail distribution centers that meet the demand from e-commerce

"Daily / Neighborhood" type	"Weekend / Destination" type
Our focus: Neighborhood, community and other shopping centers for daily needs	The majority of portfolio properties of preceding listed retail-focused J-REITs



Sustainable growth in response to the market conditions with a focus on **maximizing unitholder value**

Crisis period

Prevention of tenant move-out

- **Help sustain tenant business**
  Given the request for business suspension reflecting the spread of COVID-19 and the state of emergency declaration, selectively grant rent reduction/deferral in consideration of the status of tenants and the impact on KRR's operation, and aim to sustain businesses of both tenants and KRR
- **Minimize the impact of COVID-19**
  Minimize the impact of COVID-19 through preventing downtime caused by move-out and bankruptcy of tenants

Recovery period

Increase in investment unit price

- **Asset reshuffle using the sponsor support and proprietary network**
  Improve the portfolio profitability by selling properties with low NOI yield after depreciation
  Invest mainly in supermarkets, NSCs and retail distribution centers to adapt to changing environment
- **Unit buyback policy**
  Comprehensively consider unit price, NAV per unit, and use of cash on hand

After recovery

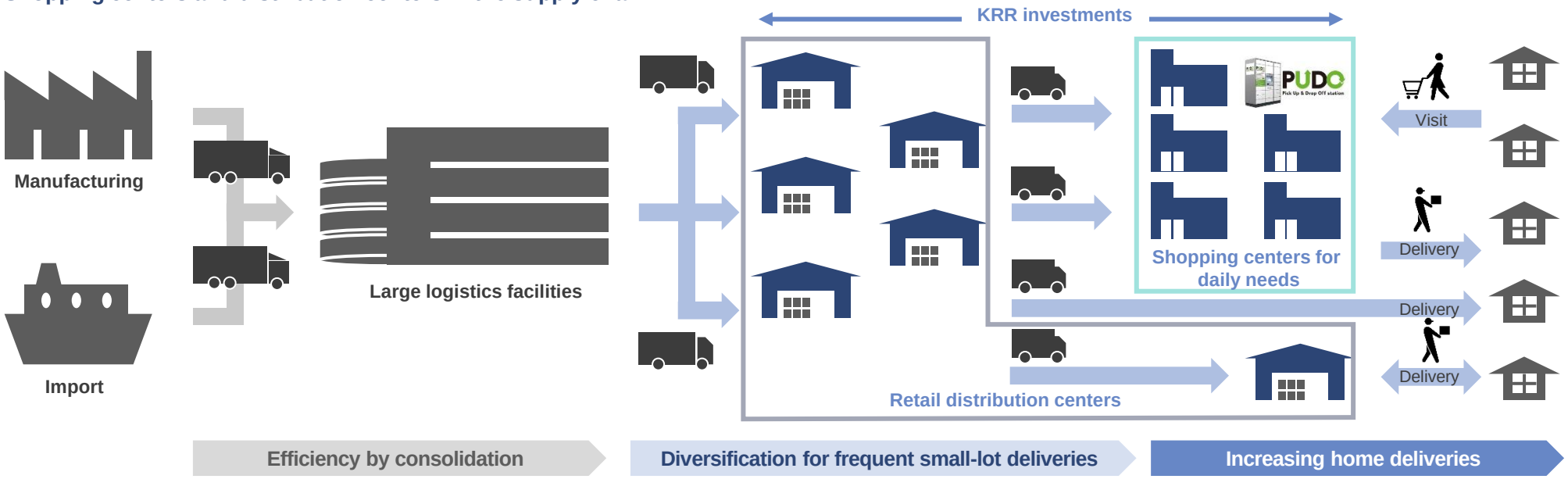
AUM growth and credit improvement

- **Public offering**
  Expand AUM by raising funds through public offering to enhance unitholder value
- **Credit improvement**
  Aim for credit rating upgrade by enhancing earnings stability through AUM growth
  Achieve further growth by reducing funding costs

Similar functions of retail and logistics facilities in providing customers with merchandise

KENEDIX Retail REIT Corporation

Shopping centers and distribution centers in the supply chain



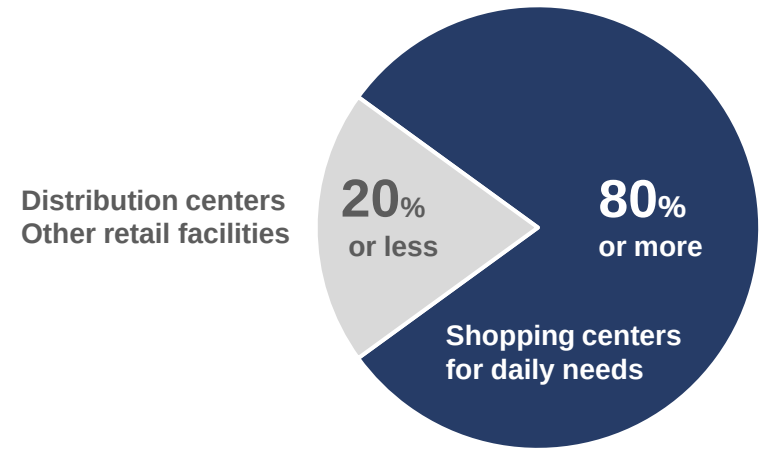
Changes in retail facilities with the rise of e-commerce

- Partnerships between online and brick-and-mortar retailers
- Delivery of products from retail facilities
- Pickup of products at retail facilities
- Integration of logistics and retail facilities

Challenges faced by the logistics sector with the rise of e-commerce

- Frequent small deliveries
- Shorter lead time
- Managing to last mile issue
- Needs for distribution centers close to consumption areas

Target portfolio distribution



Similar functions of retail and logistics facilities in providing customers with merchandise

KENEDIX Retail REIT Corporation

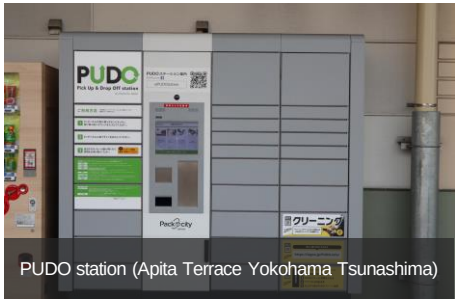
Examples in KRR portfolio

Delivery of products from retail facilities



Kyorindo Net Super delivery vehicles (P-1 Plaza Tenno)

Installation of lockers to pick up products



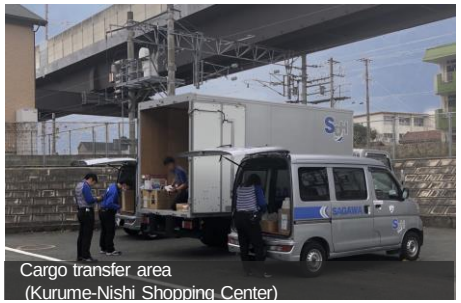
PUDO station (Apita Terrace Yokohama Tsunashima)

Integration of logistics and retail facilities



Conceptual property expansion with a restaurant building (Yokohama Kamigo Distribution Center) (Note 1)

Leasing a portion of the land of retail properties to logistics operators



Cargo transfer area (Kurume-Nishi Shopping Center)

Retail facilities adapting to delivery or receipt of products ordered on the Internet (Note 2)



MONA Shin-Urayasu



Passaggio Nishiarai



Daikanyama Address Dixsept



Unicus Ina



Yorktown Kita-Kaname



Unicus Yoshikawa



K's Denki Shonan-Fujisawa



Unicus Kamisato



Unicus Konosu



Inageya Yokohama Minamihonjuku



Life Kameido



Totsuka-Fukaya Shopping Center



Yumemachi Narashinodai Mall



Kawamachi Yahagi Mall



Apita Terrace YokohamaTsunashima



Monenosato Mall



Blumer Maitamon



Blumer HAT Kobe



Carino Esaka



COMBOX Komyoike



Habikigaoka Shopping Center



Homecenter Kohnan Sunadabashi



K's Denki Aomori Honten



Ashico Town Ashikaga



Kasumi Technopark Sakura



P-1 Plaza Tenno

Note 1: The above image is a conceptual drawing as of the creation of this material. The final appearance may be different
Note 2: As of the date of this document, the retail facilities have been identified by the Asset Manager as retail facilities that can receive products ordered over the Internet or that can deliver products ordered over the Internet through the installation of delivery boxes and pickup counters.

Portfolio summary

KENEDIX
Retail REIT Corporation

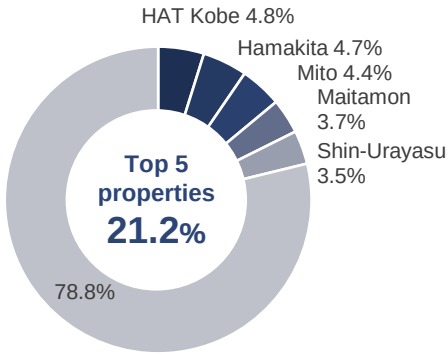
Characteristics of KRR portfolio

Total appraisal value	Appraisal NOI yield	NOI yield after depreciation	Occupancy rate	4 major metropolitan areas	Shopping centers for daily needs	Grocery anchored shopping centers
JPY 245.6 bn	5.2%	4.3%	99.4%	80.8%	95.0%	81.7%

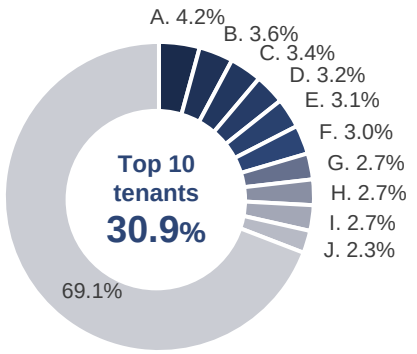
AUM, number of tenants, number of properties



Top 5 properties (by acquisition price)



Top 10 tenants (by annual fixed rent)



Note 1: The figures on portfolio are as of Mar. 31, 2020 for the 63 properties acquired by the date of this material. "Appraisal value" and "Appraisal NOI yield" are as of Mar. 1, 2020 for Comfort Market Nishi-Magome.
Note 2: "Appraisal NOI Yield" is calculated by dividing appraisal NOI from the latest appraisal reports by acquisition price. "NOI yield after depreciation" is based on the performance for the fiscal period ending Mar. 30, 2020.
Note 3: "Grocery anchored shopping centers" ratio is calculated by dividing total acquisition price of grocery anchored shopping centers by total acquisition price of retail properties.
Note 3: "Number of tenants" at listing is figure as of Sep. 30, 2014.

Newly acquired property

KENEDIX Retail REIT Corporation

Acquisition of a last-mile distribution center and grocery store in a dense residential area in the 23 wards of Tokyo

Shinjuku Nishiochiai Distribution Center



Highly scarce urban distribution center for last-mile deliveries in a densely populated area

- Located in a densely-populated area in Shinjuku ward. In the vicinity of the facility, warehouse space suitable for last-mile delivery is scarce.
- The tenant is Yamato Transport Co., Ltd. (Yamato), a major delivery company. Among Yamato Transport's urban distribution centers, there are only a limited number of centers with truck yards, and there are few facilities with such truck yards in the vicinity. Therefore, it is considered to be an important facility for Yamato Transport Co., Ltd.

Location	Shinjuku ward, Tokyo
Acquisition price	JPY 810 mn
Appraisal value	JPY 815 mn
Appraisal NOI yield	4.3%
Acquisition date	Jan. 10, 2020

Comfort Market Nishi-Magome



A new-format grocery supermarket adjacent to Nishi-magome Station, convenient for commuting to central Tokyo

- This property is a grocery supermarket located in Ota ward, Tokyo, with high growth in both population and households. The single-tenant Comfort Market offers a wide range of products in a compact space
- This property is located close to Nishi-magome Station on the Toei Asakusa Line, making it convenient to commuters and neighbors, and is highly visible, being located along National Road 1
- Comfort Market is a new-format grocery supermarket based on the concepts of "convenient and abundant", introducing a convenient store layout and self-checkout machines, and providing a useful and plentiful lineup that includes high quality products and original quick-preparation meal kits
- There is a nursery school on the upper floor, which is convenient for families with young children

Location	Ota ward, Tokyo
Acquisition price	JPY 1,920 mn
Appraisal value	JPY 2,000 mn
Appraisal NOI yield	4.4%
Acquisition date	Apr 15, 2020

Asset reshuffling

K's Denki Shin-Moriyama (Land)



Location	Moriyama-ku, Nagoya, Aichi
Disposition price	JPY 1,527 mn
Book value	JPY 1,390 mn
Buyer	Nippon Commercial Development Co., Ltd.
Disposition NOI yield	3.9%
Disposition date	Sep 30, 2020

Note 1 : Appraisal value are as of March 31, 2020 for Shinjuku Nishiochiai Distribution Center and as of March 1, 2020 for Comfort Market Nishi-Magome.
Note 2 : Appraisal NOI yield is calculated by dividing the appraisal NOI (annual amount) of the property as on latest appraisal report by the acquisition price for the property.
Disposition NOI yield of anticipated disposition property is calculated by dividing the appraisal NOI of the anticipated disposition property as on March 31, 2020 by the anticipated disposition price.
Note 3 : Book value is as of March 31, 2020.

Pipelines from Sponsor and Alliance Companies

KENEDIX
Retail REIT Corporation

Apita Terrace Yokohama Tsunashima (49% quasi-co-ownership interest)

Location: Yokohama, Kanagawa
(opened in March 2018)



Land area	18,300.01m²	GFA	38,442.59m²

Cross Garden Chofu

Location: Chofu, Tokyo



Land area	10,527.17m²	GFA	23,588.18m²

Development Project in Fukuoka

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



Land area	3,471.00m²	GFA	TBD

Monenosato Mall (Expansion buildings)

Location: Yotsukaido, Chiba
(Partially opened in spring 2020)



Land area	---	GFA	625.49m²

Merado Daikai

Location: Kobe, Hyogo



Land area	7,256.34m²	GFA	19,465.69m²

Distribution center

Location: Chiba Prefecture



Land area	---	GFA	---

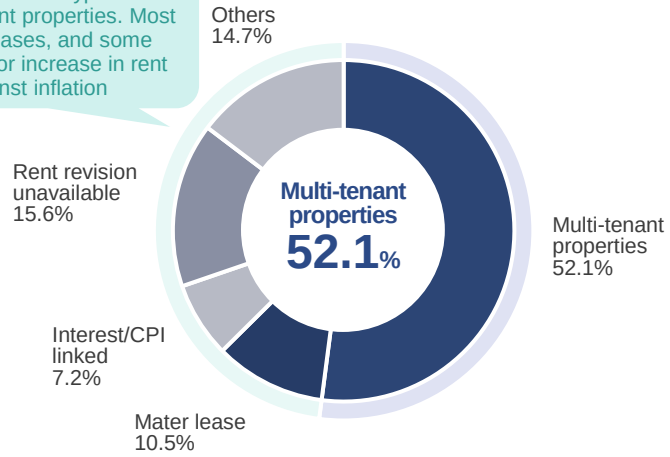
Note 1: The illustrations above are completion images based on design drawings and may differ from the actual buildings after completion. In Monenosato Mall, the pipeline targets are expansion buildings in the red boxes in the completion image.
Note 2: These are the properties which are developed by Kenedix, Inc. or owned by Alliance Companies and confirmed by both our Alliance Companies and KRR as the properties that meet KRR's investment criteria.
As of the date of this material, KRR has not decided to acquire these properties and there is no guarantee that it can acquire these properties in the future.
Note 3: Land area and GFA are based on data available to KFM and may differ from the actual figures.

Leasing overview (1)

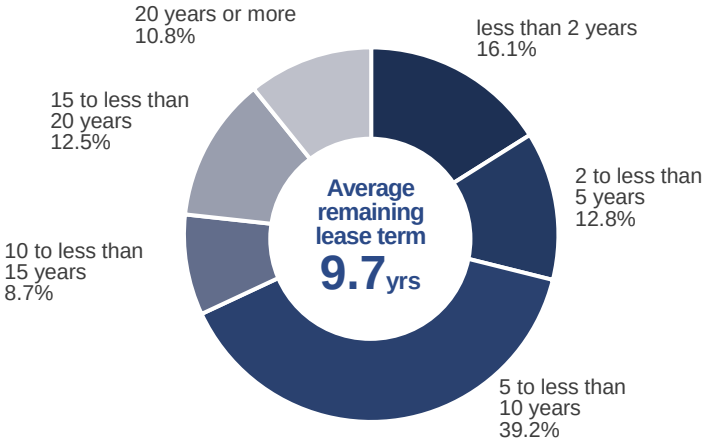
KENEDIX Retail REIT Corporation

Multi-tenant properties (by acquisition prices)

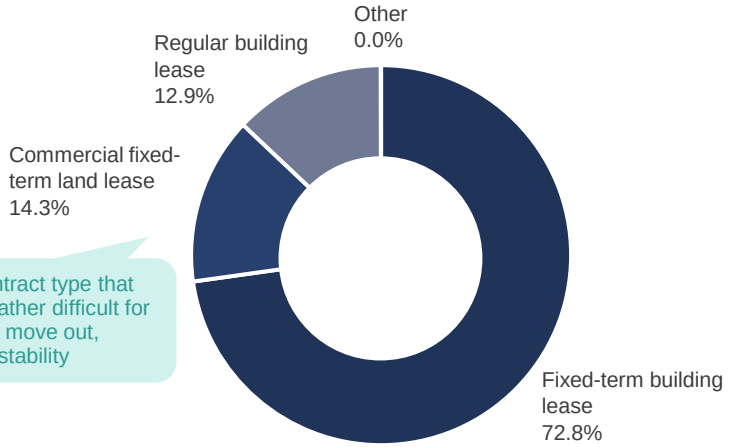
There are various rent types even with single tenant properties. Most are long-term leases, and some have potential for increase in rent and hedge against inflation



Remaining lease term (by annual fixed rent)

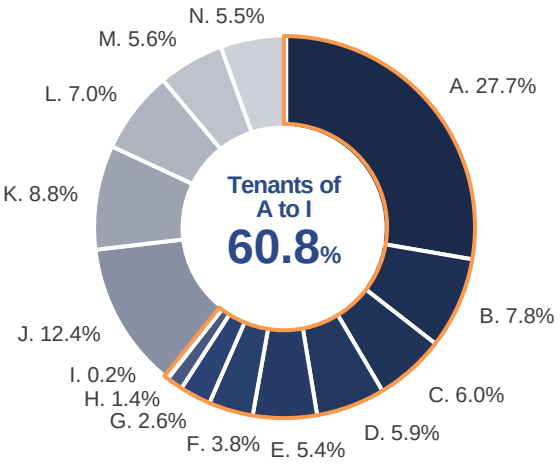


Lease contract type (by annual fixed rent)



Lease contract type that makes it rather difficult for tenants to move out, providing stability

Percentage of tenant categories (based on rents)



Tenants less affected by e-commerce

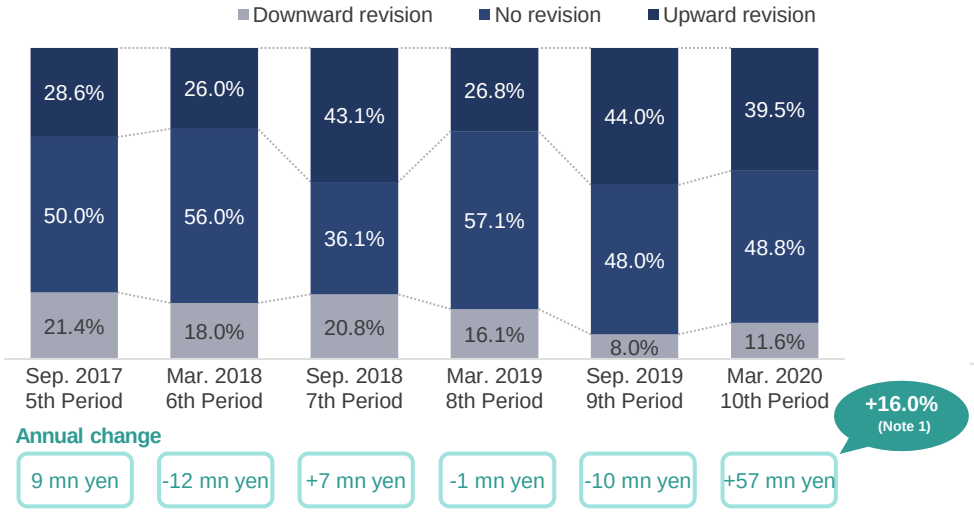
A.	Groceries & Costco	27.7%
B.	Service businesses	7.8%
C.	Amusement	6.0%
D.	Health clubs	5.9%
E.	Logistics facilities	5.4%
F.	Restaurants	3.8%
G.	Drug stores	2.6%
H.	Dollar shops	1.4%
I.	Office	0.2%
J.	Master lease	12.4%
K.	Home & garden	8.8%
L.	Other retailers	7.0%
M.	Apparel	5.6%
N.	Consumer electronics	5.5%

Note 1: The figures are as of Mar. 31, 2020, based on the 63 properties acquired by the date of this material.
Note 2: Based on the contractual rent determined in the lease contract, including regular building leases.
Note 3: “Master lease” indicates tenants where the lessee does not occupy and subleases to a retailer. “Interest/CPI-linked” indicates tenants whose rent contract renews accordingly to the interest rate or CPI.

Leasing overview (2)

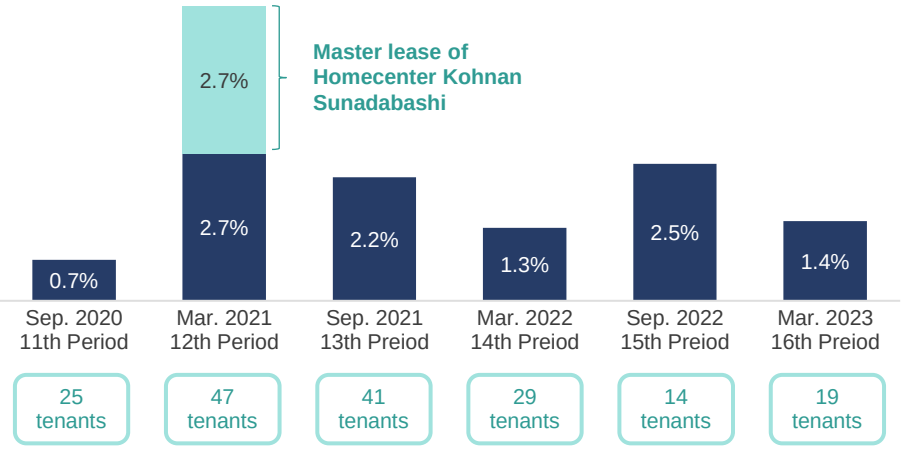
KENEDIX Retail REIT Corporation

Rent revisions (based on number of revisions)

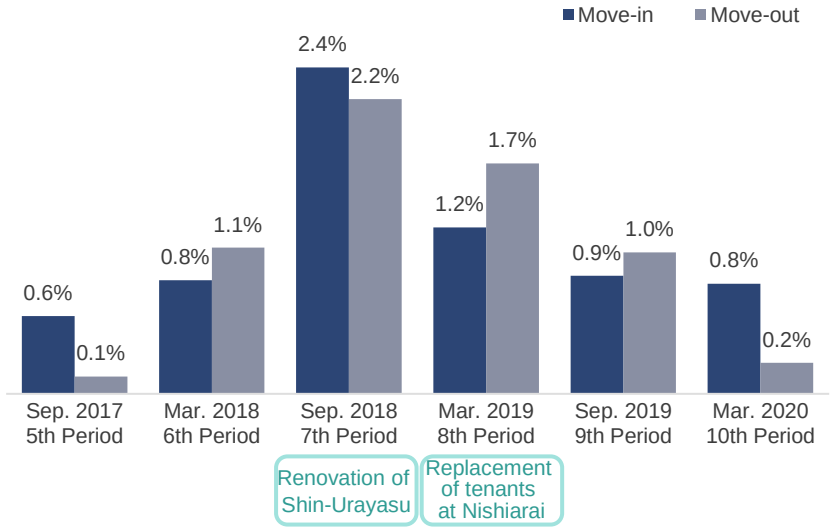


Lease expiry (by annual fixed rent)

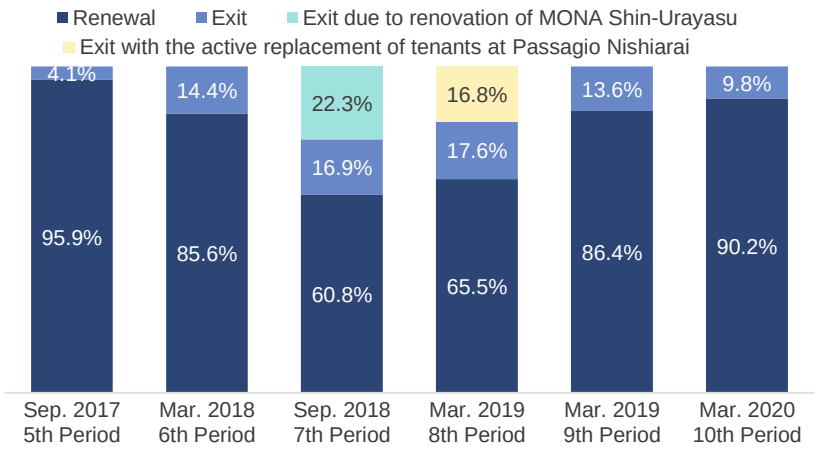
of tenants and % of lease expiry in each period (Note 2)



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



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



Note 1: Based on the rent including common area charges before revision of the tenants subject to rent revision.
Note 2: Based on the contractual rent determined in the lease contract, including regular building leases, for properties owned as of Mar. 31, 2020.
Note 3: Based on the rent revenue of the last month of each fiscal period.

Examples of internal growth initiatives

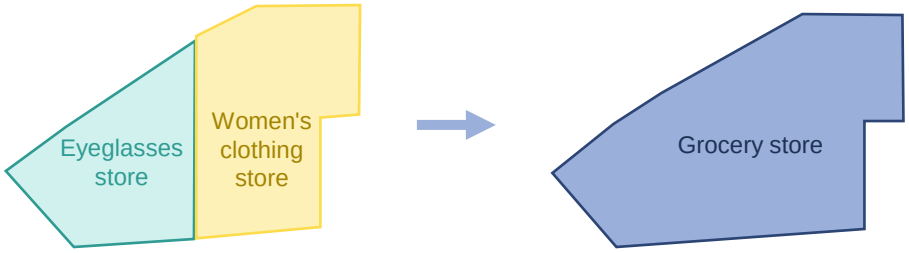
KENEDIX Retail REIT Corporation

Tenant reshuffling and rent increases

Passaggio Nishiarai



- Reshuffled tenants by consolidating the eyeglass store area, which used to have a fixed plus commission contract, and the women's clothing shop area, which had a short-term contract, into a single area.
- KRR have signed a 10-year long-term lease agreement with the successor tenant, a grocery store, with a fixed rent, scheduled to open in late June 2020
- Contributing to improved portfolio quality and stability through long-term fixed rent contracts with KRR's focus on grocery store
- Rent increase for the total space



Blumer HAT Kobe



- As the rent level of the former tenant occupying a large lot under a sales-linked rent contract was lowered, replaced tenant prior to expiration of the contract through negotiations
- Concluded a fixed-rent lease agreement with the succeeding tenant Edion Corporation, opened in late November 2019
- Rent increase compared to the actual sales-linked rent of the former tenant

Property expansion on the underutilized space

Yokohama Kamigo Distribution Center

Assumed construction (expansion) of new building (restaurant building) on the acquired land





Planned schedule	NOI increase	NOI yield
Dec. 2019 Execution of contract for the transfer of status and rights in relation to the construction of the New Building	JPY 17 mn	13.9%
Feb. 2020 Construction starts	**Gross floor area**	**Construction costs**
Sep. 2020 Completion and transfer of the New Building	349.26m²	JPY 123 mn

Unicus Ina

Spent total operating expenses of JPY 95 mn, constructed (expanded) new building (restaurant building) in the area, and additionally acquired in January 2017



Construction cost	Enhancement in profitability	High investment return	Increase in asset value
Total project cost JPY 95 mn	NOI Increase JPY +11 mn	Increased NOI yield +12.0%	Increase in appraisal value JPY +240 mn

Financial highlights (1)

KENEDIX Retail REIT Corporation

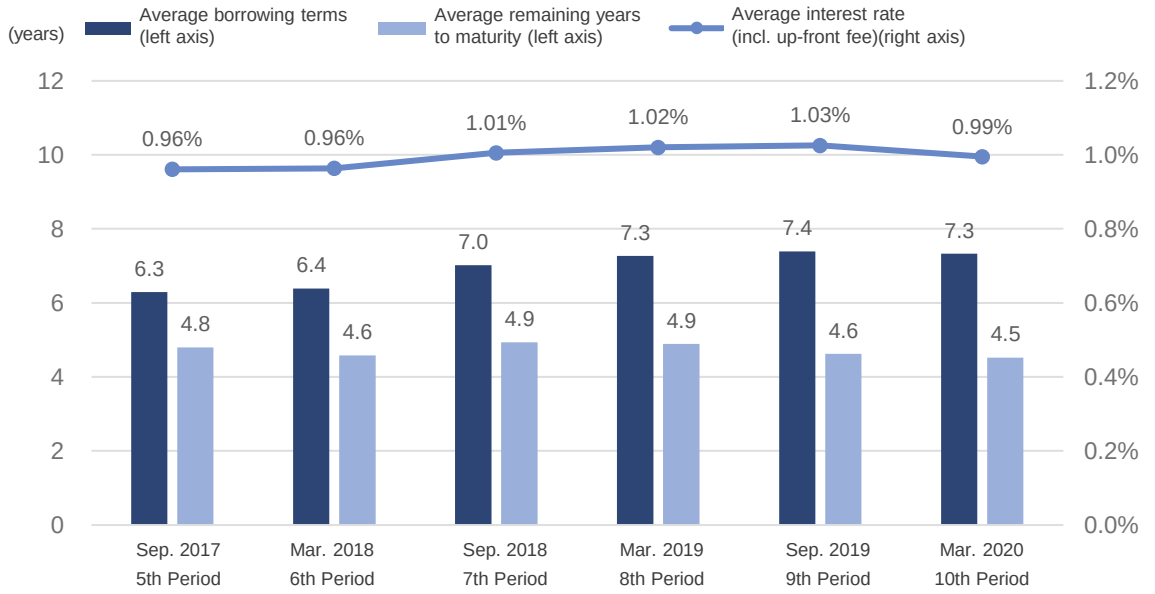
Financial highlights

	8th Period (Note)	9th Period	10th Period
Long-term debt ratio	96.7%	96.2%	96.9%
Fixed interest debt ratio	92.7%	94.2%	91.3%
LTV	44.6%	44.9%	44.5%

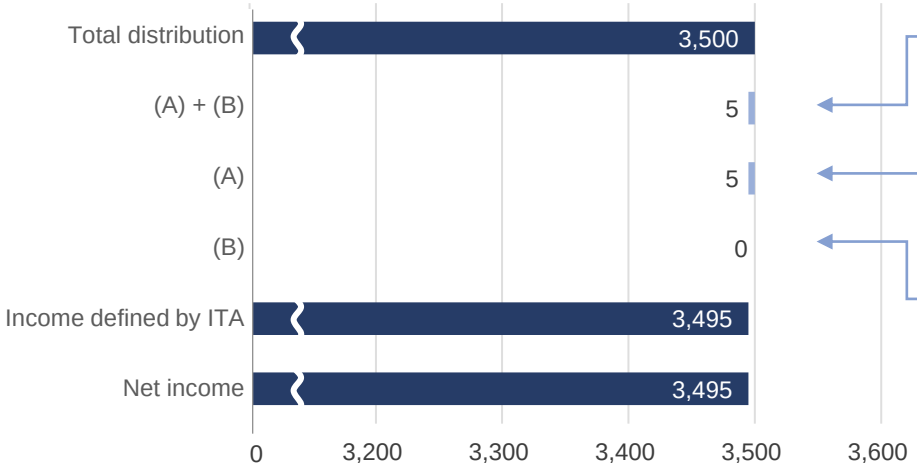
Credit rating and commitment credit lines

Credit rating (JCR)	Commitment credit lines
A+ (Stable)	JPY 3 bn

Average remaining years to maturity, borrowing terms and interest rate



Distribution in excess of retained earnings (JPY mn)



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

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

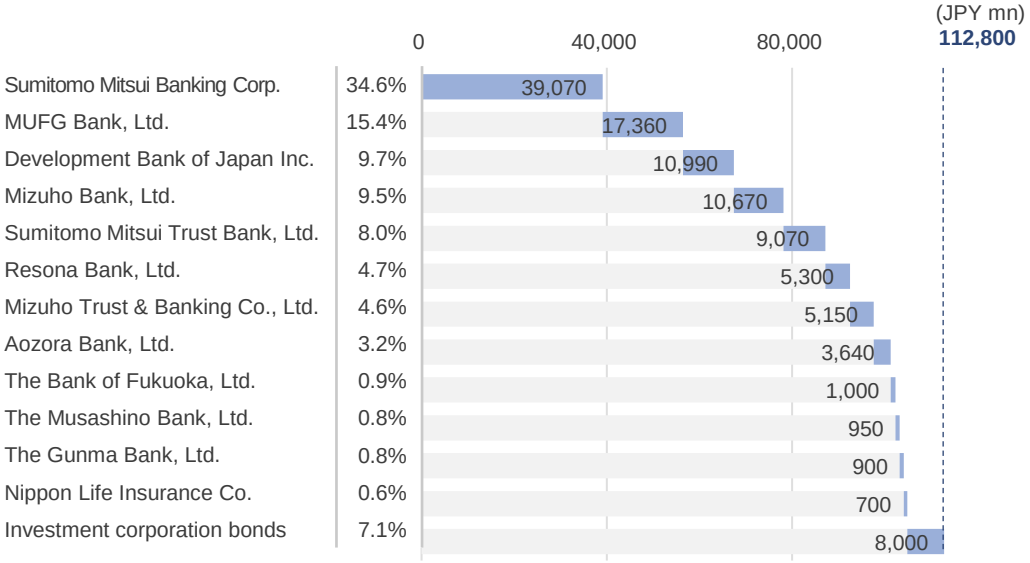
B: Net income vs. income in accordance with Investment Trust Act
The item deducted from net asset in association with some of interest swap transaction causes difference between net income and income defined by Investment Trust Act ("ITA").
As a result, net income was larger than income defined by ITA

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

Financial highlights (2)

KENEDIX Retail REIT Corporation

Breakdown of debt outstanding by lender and investment corporation bonds



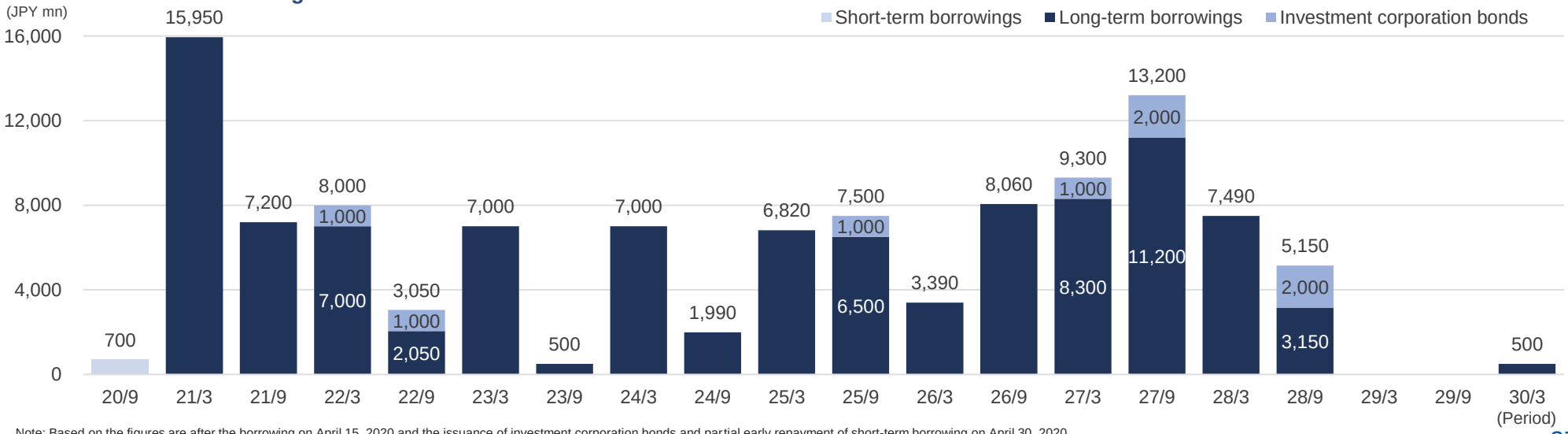
Investment corporation bonds

Bond	Amount of issuance	Rate	Issuance date	Term	
1st Series	JPY 1,000 mn	0.20%	Oct. 2016	5 yrs.	
2nd Series	JPY 1,000 mn	0.60%	Oct. 2016	10 yrs.	
3rd Series	JPY 1,000 mn	0.32%	Aug. 2017	5 yrs.	
4th Series	JPY 2,000 mn	0.70%	Aug. 2017	10 yrs.	
5th Series	JPY 2,000 mn	0.70%	Apr. 2018	10 yrs.	
6th Series	JPY 1,000 mn	0.40%	Apr. 2020	5 yrs.	NEW

Issuance of investment corporation bonds

On April 30, 2020, KRR issued 6th Series Investment Corporation Bonds (1,000 million yen) with a 5year term and an interest rate of 0.40% to undertake partial early repayment of short-term borrowing
Achieved long-term funding in a volatile market environment

Maturities of interest-bearing debts



Note: Based on the figures are after the borrowing on April 15, 2020 and the issuance of investment corporation bonds and partial early repayment of short-term borrowing on April 30, 2020.

Recognitions and certifications on ESG

KENEDIX Retail REIT Corporation

The number of certified properties and certified floor area (m²) (as of March 31, 2020)

The number of properties	Certified floor area (m²)	Ratio (%) (Note)
16 properties	**392,484.57** m²	**54.3** %

Acquired Certification for CASBEE for Real Estate (2 properties)



Homecenter Kohnan Sunadabashi
S rank ★★★★★



Musashi Ranzan Distribution Center
A rank ★★★★

Acquired DBJ Green Building Certifications (14 properties)

★★★★ Properties with outstanding environmental & social awareness

- MONA Shin-Urayasu
- Daikanyama Address Dixsept
- Blumer Maitamon

★★★ Properties with excellent environmental & social awareness

- Passaggio Nishiarai
- Unicus Yoshikawa
- Kawamachi Yahagi Mall
- Carino Esaka
- Roseo Mito
- Ashico Town Ashikaga
- Blumer HAT Kobe
- Sun Street Hamakita

★★ Properties with high environmental & social awareness

- Unicus Ina
- Yumemachi Narashinodai Mall
- Resora Obu Shopping Terrace

Won the first place in the “Eastern Asia - Retail - Listed” category in GRESB

Participated in the GRESB Real Estate Assessment in 2019 consecutively from the first participation in 2016

Awarded “**Green Star**” as KRR received high evaluation on both “implementation and measurement” and “management and policy” for four consecutive years

Earned “**Four Star GRESB Rating**,” which is relative indication of the global performance

Won the first place in the “Eastern Asia - Retail - Listed” category

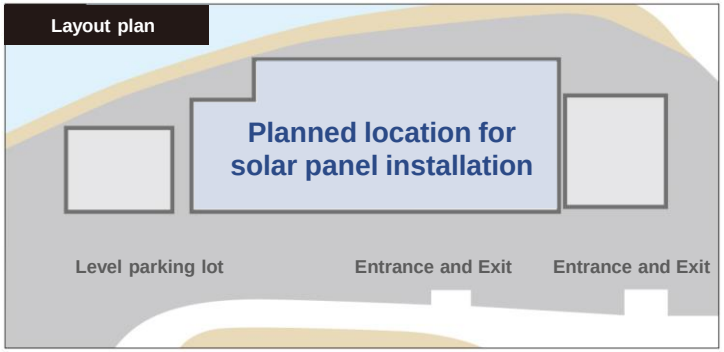
Note: The ratio is the percentage of certified floor area to the gross floor area of properties owned by KRR (723,374.38m2, calculated on a pro-rata basis of ownership ratio for compartmentalized ownership, excluding land-only properties).

ESG initiatives (Environment and Society)

KENEDIX Retail REIT Corporation

Environmental initiatives

Installation of solar panels at Kawamachi Yahagi Mall



Profitability

NOI yield (Note 1)	NOI increase (Note 2)	Investment
11.0%	JPY 4.2 mn	JPY 39 mn

CO_2 reduction (Note 2)

Annual CO_2 reduction
146.4 t =
Annual CO_2 absorption
10,455 Japanese cedar

BCP

During a power outage, the electricity generated can be used as a power source for PCs or for recharging mobile phones (only during daytime power generation), contributing to the BCP response of the facility

Planned schedule (Note 3)

Mar. 2020	Execution of contract
Jun. 2020	Installation begins
Jul. 2020	Completion of installation and beginning of power supply

Agreement of green lease at Blumer HAT Kobe

Installed LEDs into parking lots and concluded green lease agreements with parking lot management company

Investment cost	Estimated annual electricity bill reduction	Annual green lease fee	Investment return
JPY 4.9 mn	JPY -1.9 mn	JPY +1.2 mn	Approx. +25%

Social initiatives

Collaboration with local communities

We entered into agreements with Yoshikawa City, Ina Town can be used as a temporary shelter at times of emergency. In March 2020, we signed a new agreement with Konosu City



Unicus Ina

Supporting Japan for UNHCR

We support the activity of Japan for UNHCR (United Nations High Commissioner for Refugees) by providing common areas of our properties for their fund-raising campaign



Passaggio Nishiarai

©Japan for UNHCR

Local events at our properties

We are making efforts to enliven local communities by holding community-participating events at our properties



Unicus Ina

Note 1: Based on the estimated reduction costs based on the estimated amount of power generation from solar equipment suppliers, divided by the investment to install the solar panels.
Note 2: Based on the assumption by the solar equipment supplier. The figures are calculated by converting CO_2 emission reductions into CO_2 absorption by a 50-year-old Japanese ceder.
Note 3: Schedule may be delayed or suspended due to unexpected factors.

ESG initiatives (Governance)

The Kenedix Group's strong commitment to J-REITs

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

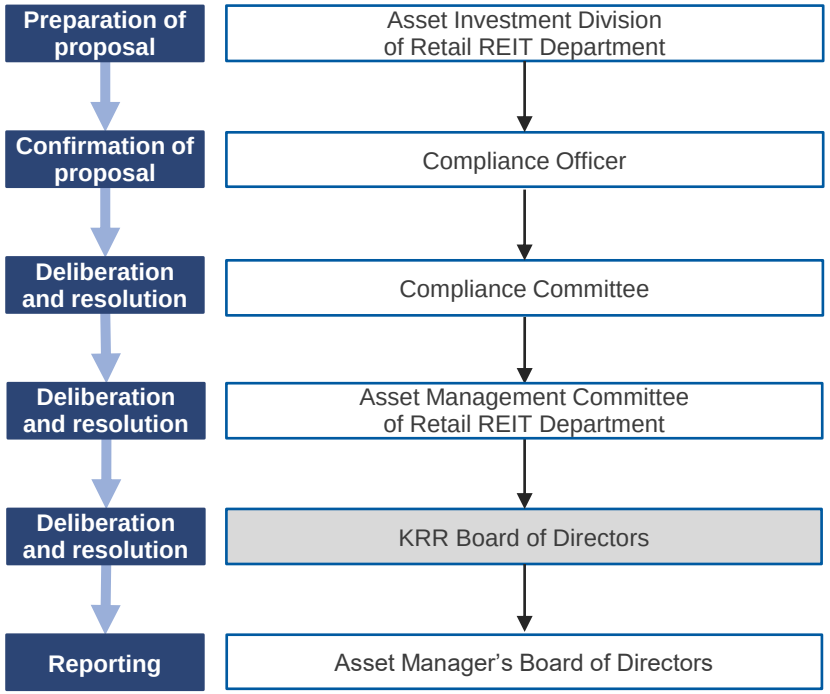


Investment in KRR by Kenedix, Inc.

(as of March 31, 2020)

Number of units owned	Ownership
10,050 units	**1.9%**

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



Unitholder value-linked management fee structure

Introduction of fee structure to provide incentives to enhance unitholder value

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

Investment unit performance fee calculation for 10th FP

KRR's excess return against TSE REIT Total Return Index (Sep. 30, 2019 to Mar. 31, 2020)

KRR's total return: -41.20%
TSE REIT Total Return Index: -25.33%
KRR's total return < TSE REIT Total Return Index
→ In this case, there is no performance fee

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



04

Key characteristics of KRR

Security Code

3453

Investments focusing on shopping centers for daily needs

KENEDIX
Retail REIT Corporation

"Daily / Neighborhood" type

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

"Weekend / Destination" type

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

Small ⟷ Trade area ⟷ **Large**

High ⟷ Frequency of customer visits ⟷ **Low**

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

Large-scale suburban retail properties

RSC (Regional shopping centers**)**

GMS (General merchandise stores**)**

Stand-alone GMS is excluded from our investment criteria

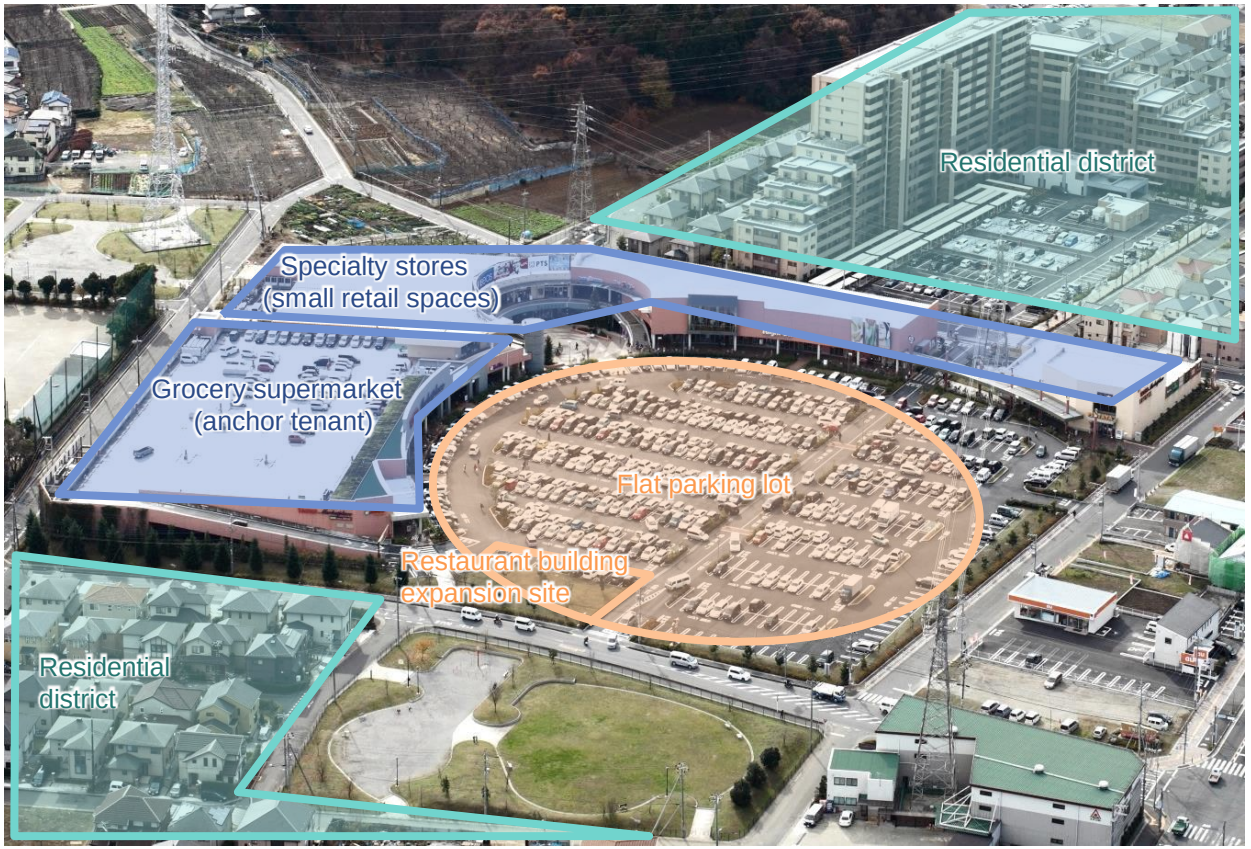
Outlet malls

Urban retail properties featuring

High-end brand shops

Primary characteristics of shopping centers for daily needs

KENEDIX Retail REIT Corporation



Location
Located within residential areas of a metropolitan commuter district

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

Tenants
Providing primarily daily necessities

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



An anchor tenant with strong ability to attract customers



A group of specialty stores selected to satisfy the various needs of local residents (including apparel stores, drug stores, restaurants, a dollar shop and a dentist)

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

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


Expansion building

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

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

Retail market trends: GMS vs. Specialty stores

KENEDIX
Retail REIT Corporation

Buying goods at GMS

2007 (JPY bn)

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

Buying goods at specialty stores

2019 (JPY bn)

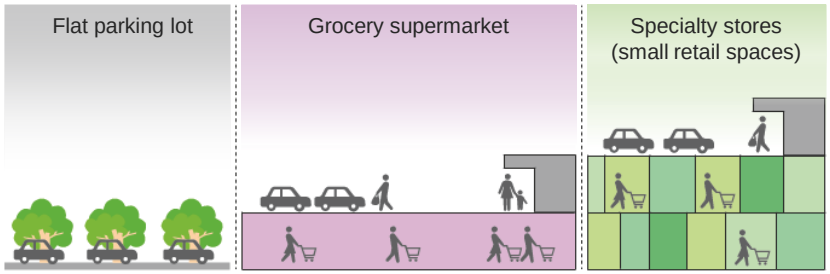
	Type of store	Sales	Change
1	Supermarket	16,507.6	+27.4%
2	Convenience store	10,969.5	+48.0%
3	Drug store	8,683.9	+135.2%
4	Other retailers	7,415.1	+29.1%
5	GMS	7,111.3	**-17.3%**
6	Apparel	5,969.0	+87.8%
7	Department store	5,889.9	**-28.9%**
8	Consumer electronics	5,561.1	-2.8%
9	Home and garden	3,436.1	+21.2%
10	Consumers' co-operative	2,390.4	-3.9%

Source: Data regarding Japanese retailer earning results are based on magazine "Diamond Chain Store" dated Sep. 15, 2016 and Sep. 15, 2019.

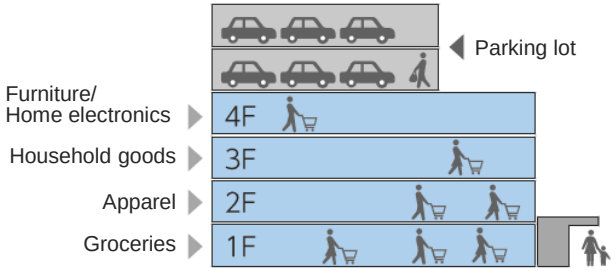
Advantages of shopping centers for daily needs

KENEDIX
Retail REIT Corporation

Typical shopping center for daily needs



Typical stand-alone GMS



Facilities of shopping center for daily needs	VS	Facilities of stand-alone GMS
Small to medium	Retail trade area	Medium to large
High (low-rise building)	Ease of getting around	Low (high-rise building)
Large flat parking lot	Parking lot	Multilevel parking lot
Grocery supermarket + Specialty stores	Tenants	GMS stand-alone

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

Portfolio strategies

Investment criteria

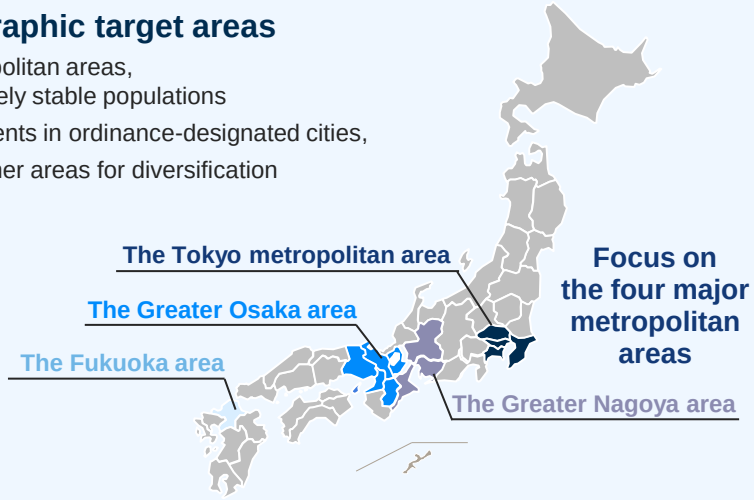
Focus on the following four elements in making investment decisions:

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

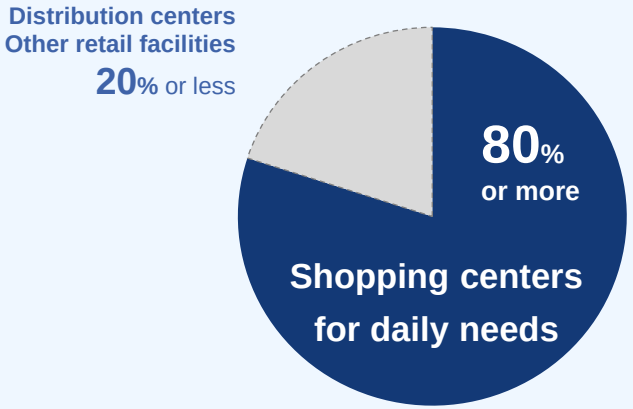
Profitability	Tenant mix
• Occupancy, leasing status, rent level and lease term	• Optimal tenant mix for the property considering tenant credit profiles and retail space usage

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)



Investment in land - Seeking additional growth opportunities

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

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

Beneficial relationship for both Asset Manager and tenants

Advantages to Asset Manager	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

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

Retail property trends and macroeconomic conditions (1)

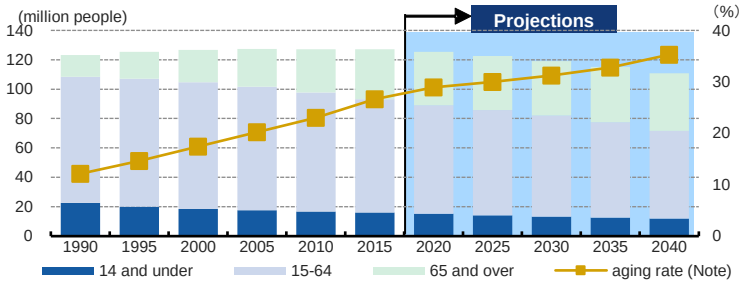
KENEDIX Retail REIT Corporation

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

Changing retail facilities

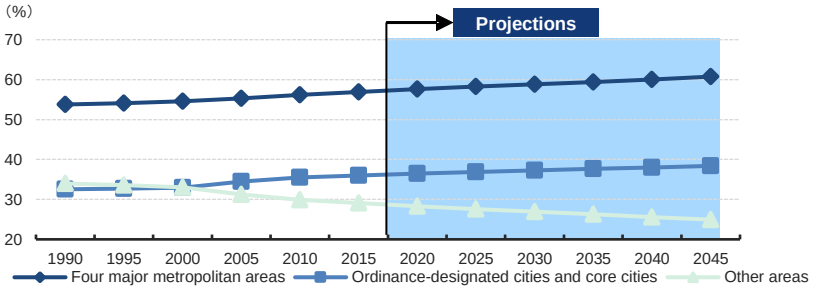
Shopping centers for daily needs are highly resistant to e-commerce

Demographic shift in Japan



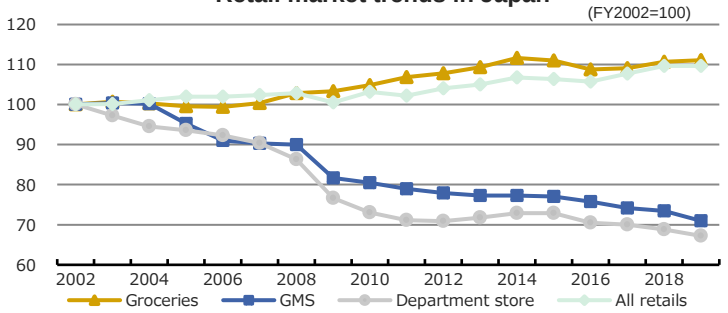
Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research (as of 2017)

Population share in Japan by area



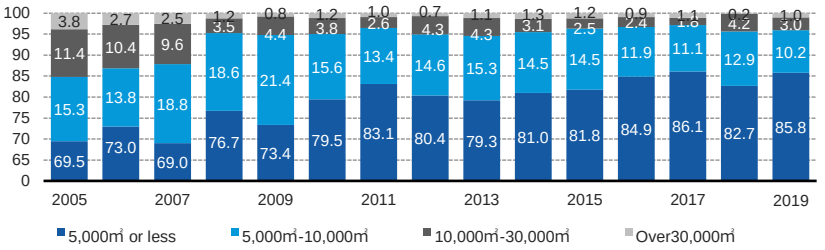
Source: Ministry of Internal Affairs and Communications, National Institute of Population and Social Security Research

Retail market trends in Japan



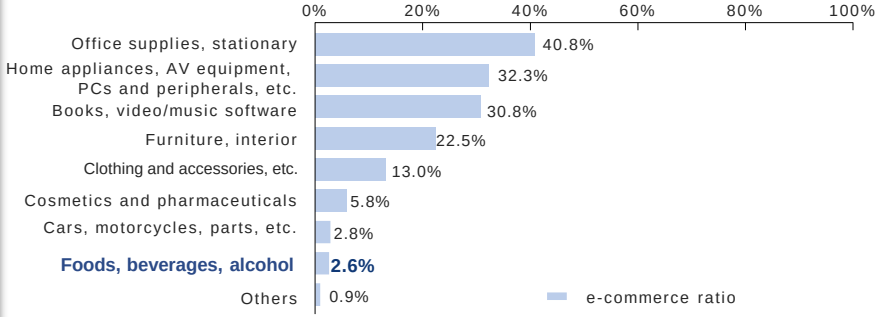
Source: Ministry of Economy, Trade and Industry

Retail property opening applications by property size



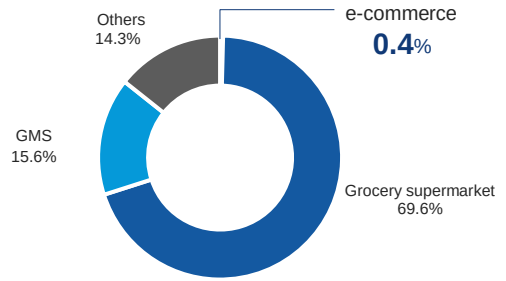
Source: Ministry of Economy, Trade and Industry

Foods, etc. with relatively low e-commerce penetration



Source: FY2018 E-Commerce Market Survey by the Ministry of Economy, Trade and Industry

Low e-commerce penetration in the purchase of fresh foods



Source: 2015 Supermarket White Paper by the National Supermarket Association of Japan

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

KENEDIX Retail REIT Corporation

	Japan	US	Japan : US
Land area (km^2) (Source 1)	377,915	9,833,517	1 : 26
Habitable area (km^2) (Source 2)	122,633	6,101,444	1 : 50
Population (thousand) (Source 3)	125,507	332,639	1 : 2.6
Population density (Land area) (persons/km^2)	332	34	10 : 1
Population density (Habitable area) (persons/km^2)	1,023	55	19 : 1
Number of SC (Source 4)	3,220	47,176	1 : 15
Total floor area for SC (m^2) (Source 4)	53,193,597	624,060,000	1 : 12
Number of SC per million people	25	144	1 : 6
Floor area for SC per capita (m^2/person)	0.42	1.90	1 : 5
EC share (Source 5)	6.2%	11.4%	–
Share of expenses for meats, fishes and fresh vegetables to all food expense (Source 6)	26.5%	19.7%	–
Share of expense for restaurant meals to all food expense (Source 6)	18.3%	43.7%	–

Source 1: Central Intelligence Agency “The World Factbook”
Source 2: Official Statistics of Japan “Statistical Observations of Municipalities 2019” (Japan), Central Intelligence Agency “The World Factbook”(US)
Source 3: Central Intelligence Agency “The World Factbook”
Source 4: Japan Council of Shopping Center (2017) (Japan), Japan Council of Shopping Center “SC White paper” (2018, excluding CVC) (US)
Source 5: The Ministry of Economy, Trade and Industry “Survey of Infrastructure Development Status for Data-driven Society in Japan (E-Commerce Market Survey)” (2019) (Japan), Statista (2019) (US)
Source 6: The Ministry of Internal Affairs and Communications “Family Budget Survey” (2019) (Japan), Bureau od Labor Statistics (2018) (US)

Strong support from the Kenedix Group and Alliance Companies

KENEDIX Retail REIT Corporation

Kenedix Retail REIT Corporation (“KRR”)

Asset management

Property management

PARTNERS IN GROWTH KENEDIX Real Estate Fund Management, Inc.

Kenedix Real Estate Fund Management, Inc. (“KFM”)

- Pipeline support
- Warehousing
- Leasing
- Property Management
- Environmental technology/ knowhow
- Personnel support
- Right to use trademarks

- Pipeline support
- Warehousing
- Financing functions for bridge funds
- Personnel support
- Leasing
- Property management
- Evaluation/ advisory on operations

Sponsor / Support-Line Company

PARTNERS IN GROWTH KENEDIX

Kenedix, Inc

Kenedix Investment Partners, Inc.

Alliance Companies

SMFL

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

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

Nippon Commercial Development Co., Ltd

p&d consulting

P&D Consulting Co., Ltd

ITOCHU Corporation

ITOCHU Corporation (Note)

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

Overview of the Kenedix Group

The Kenedix Group's strong commitment to J-REITs

Total AUM: JPY 2,429.1 bn (as of Mar. 31, 2020) (Note)

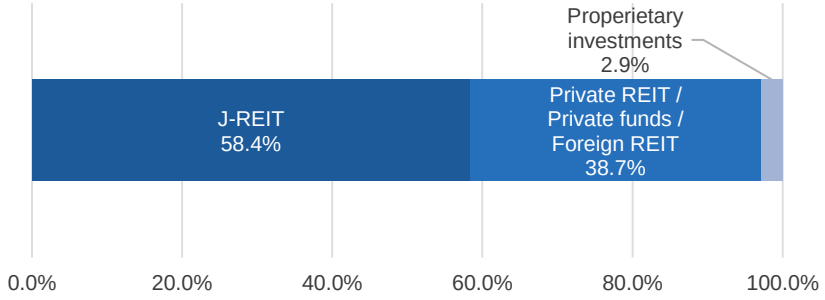
J-REIT: JPY 1,418.8 bn

- Kenedix Office Investment Corporation
- Kenedix Residential NEXT Investment Corporation
- Kenedix Retail REIT Corporation
- Japan Logistics Fund Inc. — KDX 10% ownership in AM
- Premier Investment Corporation — KDX 30% ownership in AM

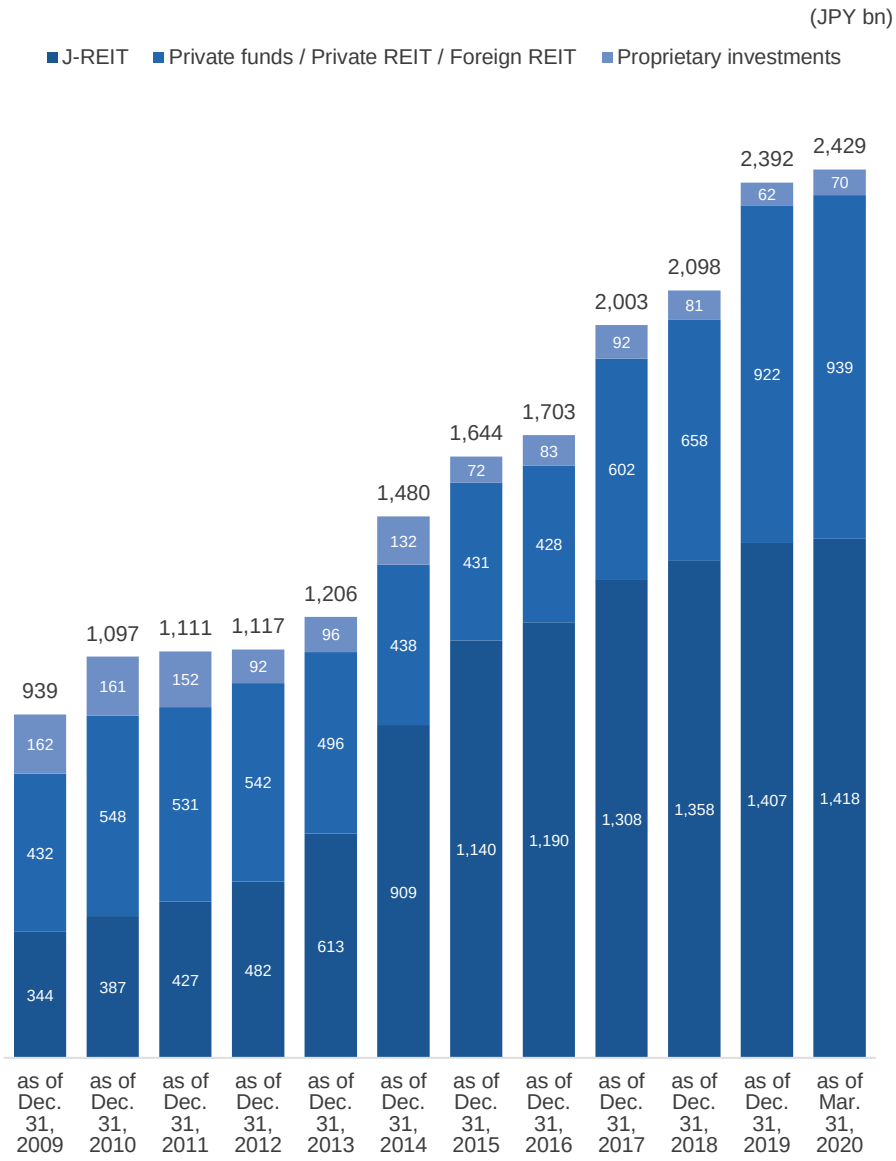
Private REIT / Private funds / Foreign REIT : JPY 939.6 bn

- Kenedix Private Investment Corporation
- Private funds
- Foreign REIT

Breakdown of AUM as of Mar. 31, 2020



The Kenedix Group's total AUM



Note: The Kenedix Group's total AUM includes proprietary investments of JPY 70.6 bn.



05

Portfolio and unitholder information

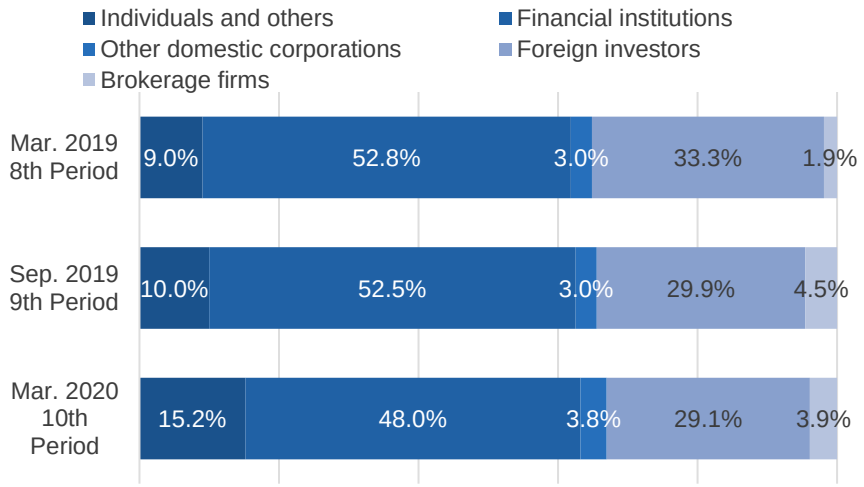
Security Code

3453

Unitholder information (as of Mar. 31, 2020)

KENEDIX Retail REIT Corporation

Ownership ratio by investor type



Number of unitholders by investor type

		Mar. 2019 8th Period	Sep. 2019 9th Period	Mar. 2020 10th Period
Individuals and others		10,359	10,308	12,887
Financial institutions	City/ Trust banks	12	13	13
	Regional banks	24	23	14
	Shinkin banks and others	61	63	69
	Life/ Nonlife	5	5	5
	Total	102	104	101
Other domestic corporations		239	232	306
Foreign investors		216	235	239
Brokerage firms		15	28	25
Total		10,931	10,907	13,558

Major unitholders

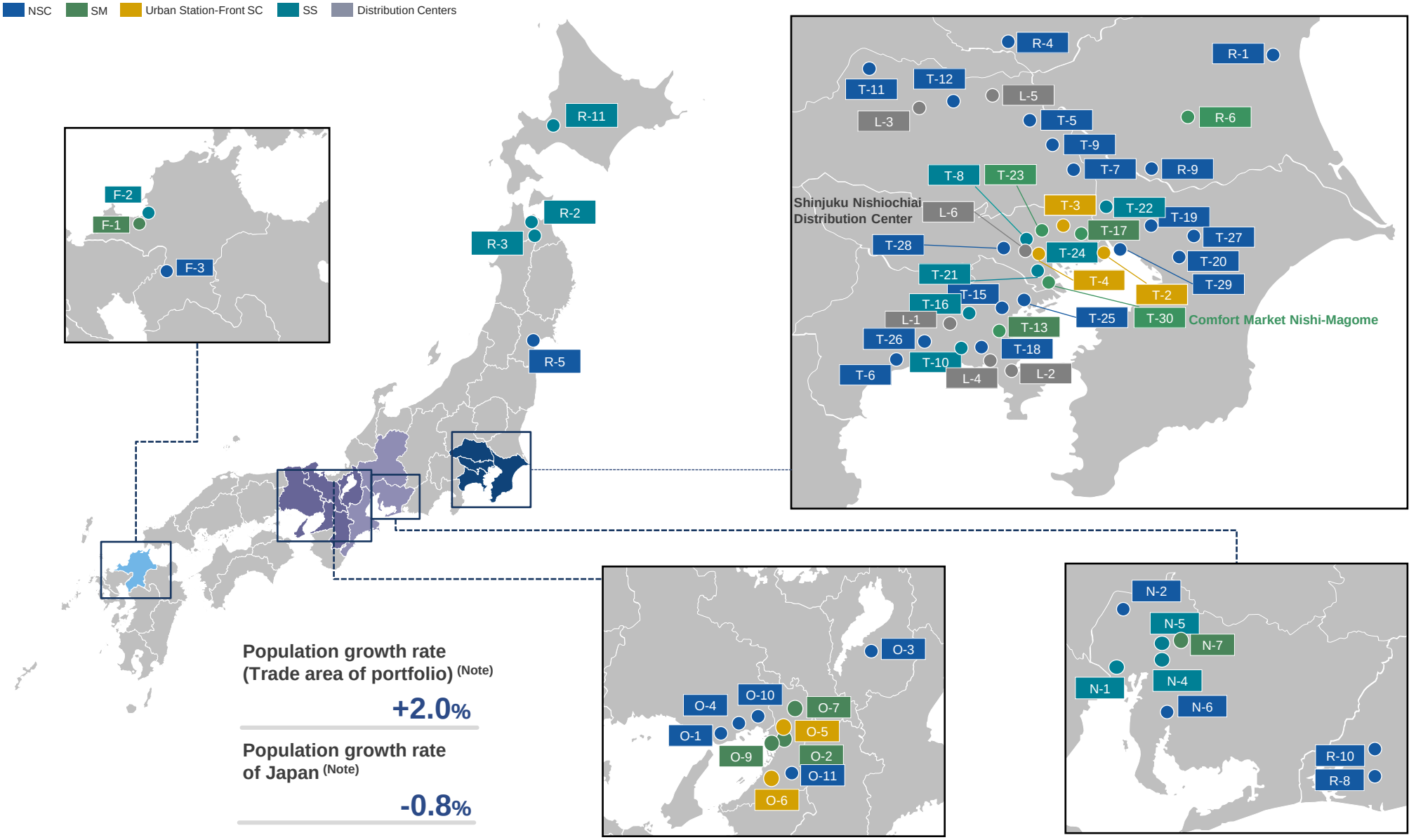
Name	# of units held	Ratio (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.)	72,165	13.45%
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust Acct.)	55,836	10.41%
THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.)	27,458	5.12%
MIZUHO TRUST & BANKING CO., LTD.	14,792	2.75%
TRUST & CUSTODY SERVICE BANK, LTD. (Securities Investment Trust Acct.)	12,407	2.31%
AOZORA BANK, LTD.	11,958	2.23%
JPMC GOLDMAN SACHS TRUST JASDEC LENDING ACCOUNT	10,809	2.01%
J.P. MORGAN BANK LUXEMBOURG S.A. 385576	10,387	1.93%
Kenedix, Inc.	10,050	1.87%
STATE STREET BANK WEST CLIENT-TREATY 505234	8,641	1.61%

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

Portfolio map (as of Apr. 30, 2020)

KENEDIX Retail REIT Corporation

NSC SM Urban Station-Front SC SS Distribution Centers



Population growth rate (Trade area of portfolio) (Note)

+2.0%

Population growth rate of Japan (Note)

-0.8%

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

Portfolio overview (as of Apr. 30, 2020)

KENEDIX Retail REIT Corporation

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-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	10,000	6.6	99.5	57
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	6,750	5.2	100.0	42
T-4	Daikanyama Address Dixsept	Shibuya ward, Tokyo	5,390	6,250	4.1	99.1	27
T-5	Unicus Ina	Kitaadachi-gun, Saitama	4,470	5,240	5.6	100.0	1
T-6	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	4,000	4,350	5.4	100.0	1
T-7	Unicus Yoshikawa	Yoshikawa, Saitama	3,600	3,860	5.2	99.6	10
T-8	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	2,760	5.0	100.0	1
T-9	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	4,815	5,600	4.3	100.0	1
T-10	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	3,169	3,480	5.0	100.0	1
T-11	Unicus Kamisato (Land)	Kodama-gun, Saitama	3,000	3,050	4.6	100.0	1
T-12	Unicus Konosu (Land)	Konosu, Saitama	1,700	1,780	4.6	100.0	1
T-13	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	1,442	1,390	4.5	100.0	1
T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,810	5.4	100.0	1
T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,780	5.3	81.0	1
T-17	Life Kameido	Koto ward, Tokyo	1,450	1,520	4.5	100.0	1
T-18	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	4,170	4,320	4.6	100.0	2
T-19	Yumemachi Narashinodai Mall	Funabashi, Chiba	3,416	3,520	5.1	100.0	14
T-20	Kawamachi Yahagi Mall	Chiba, Chiba	3,097	3,230	5.1	100.0	12
T-21	Prime Square Jiyugaoka	Meguro ward, Tokyo	2,820	2,840	4.1	100.0	2
T-22	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	1,880	1,980	5.2	100.0	1
T-23	Ozeki Tokiwadai	Itabashi ward, Tokyo	1,263	1,350	4.6	100.0	1
T-24	Konami Sports Club Shibuya	Shibuya ward, Tokyo	3,400	3,380	4.0	100.0	1
T-25	Apita Terrace Yokohama Tsunashima	Yokohama, Kanagawa	5,899	6,220	4.8	100.0	1
T-26	Kalsa Hiratsuka	Hiratsuka, Kanagawa	5,980	6,020	4.7	100.0	3
T-27	Monenosato Mall	Yotsukaido, Chiba	2,410	2,570	5.3	100.0	6
T-28	Chofu Center Building (Retail wing)	Chofu, Tokyo	2,300	2,480	5.5	100.0	3
T-29	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	2,248	2,320	4.0	100.0	1
T-30	Comfort Market Nishi-Magome	Ota ward, Tokyo	1,920	2,000	4.4	100.0	1
O-1	Blumer Maitamon	Kobe, Hyogo	8,389	9,630	6.1	99.7	50
O-2	Life Takadono (Land)	Osaka, Osaka	2,685	3,150	4.8	100.0	1
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	2,140	2,590	7.1	100.0	2
O-4	Blumer HAT Kobe	Kobe, Hyogo	11,000	11,500	5.1	99.5	42

Note 1: The figures are as of Mar. 31, 2020. "Appraisal value" and "Appraisal NOI yield" are as of Mar. 1, 2020 for Nishi-Magome.
Note 2: The following formula is used to calculate appraisal NOI yield of Kamigo.
Appraisal NOI yield = Appraisal NOI as stated in the real estate appraisal report for Kamigo with March 31, 2020 as the appraisal date / (Acquisition price + estimated construction cost of the restaurant building (123,015,000 yen) as of the date of this material)

Portfolio overview (as of Apr. 30, 2020)

KENEDIX Retail REIT Corporation

No.	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mn)	Appraisal value (JPY mn)	Appraisal NOI yield (%)	Occupancy rate (%)	Number of tenants
O-5	Carino Esaka	Suita, Osaka	6,555	7,210	5.1	98.8	29
O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,550	6.0	100.0	1
O-7	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	1,280	1,330	5.9	100.0	1
O-9	Life Nishi-Tengachaya	Osaka, Osaka	1,505	1,690	5.2	100.0	1
O-10	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	3,723	3,980	4.2	100.0	1
O-11	Habikigaoka Shopping Center	Habikino, Osaka	2,000	2,020	5.3	100.0	2
N-1	DCM Kahma Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	2,700	5.0	100.0	1
N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	2,174	2,360	6.0	100.0	1
N-4	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	7,140	7,300	5.1	100.0	1
N-5	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	1,370	1,440	4.4	100.0	1
N-6	Resora Obu Shopping Terrace	Obu, Aichi	7,911	7,060	4.6	97.1	39
N-7	Valor Nakashidami (Land)	Nagoya, Aichi	2,551	2,570	4.7	100.0	1
F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,640	5.2	100.0	1
F-2	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	5,020	5,760	5.6	100.0	1
F-3	Kurume-Nishi Shopping Center	Kurume, Fukuoka	1,515	1,840	6.1	100.0	4
R-1	Roseo Mito	Mito, Ibaraki	10,046	12,000	5.9	100.0	23
R-2	K's Denki Aomori Honten	Aomori, Aomori	1,469	1,560	6.4	100.0	1
R-3	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	898	920	6.4	100.0	1
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	4,180	4,880	6.2	95.0	28
R-5	Yorktown Shinden-Higashi	Sendai, Miyagi	3,252	2,660	4.8	100.0	2
R-6	Kasumi Technopark Sakura	Tsukuba, Ibaraki	830	878	5.6	100.0	1
R-8	P-1 Plaza Tenno	Hamamatsu, Shizuoka	4,010	4,350	5.7	100.0	7
R-9	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	4,111	4,260	4.1	100.0	1
R-10	Sun Street Hamakita	Hamamatsu, Shizuoka	10,746	11,250	5.9	99.5	51
R-11	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	4,210	4,420	4.8	100.0	1
L-1	Zama Distribution Center	Zama, Kanagawa	1,400	1,640	6.0	100.0	1
L-2	Oppama Distribution Center	Yokosuka, Kanagawa	1,300	1,570	6.5	100.0	1
L-3	Musashi Ranzan Distribution Center	Hiki-gun, Saitama	3,879	4,010	5.7	100.0	1
L-4	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	790	841	5.0	100.0	1
L-5	Gyoda Distribution Center	Gyoda, Osaka	3,160	3,370	5.7	100.0	1
L-6	Shinjuku Nishiochiai Distribution Center	Shinjuku ward, Tokyo	810	821	4.3	100.0	1
Total / Average			**227,730**	**245,600**	**5.2**	**99.4**	**497**

Note 1: The figures are as of Mar. 31, 2020. “Appraisal value” and “Appraisal NOI yield” are as of Mar. 1, 2020 for Nishi-Magome.
Note 2: The following formula is used to calculate appraisal NOI yield of Kamigo.
Appraisal NOI yield = Appraisal NOI as stated in the real estate appraisal report for Kamigo with March 31, 2020 as the appraisal date / (Acquisition price + estimated construction cost of the restaurant building (123,015,000 yen) as of the date of this material)

Appraisal value (properties as of Mar. 31, 2020) (1)

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-2	MONA Shin-Urayasu	Mar. 31, 2020	9,820	10,000	180	4.6	4.6	0.0	4.3	4.3	0.0	4.8	4.8	0.0
T-3	Passaggio Nishiarai	Mar. 31, 2020	6,840	6,750	-90	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0
T-4	Daikanyama Address Dixsept	Mar. 31, 2020	6,140	6,250	110	3.4	3.3	-0.1	3.2	3.1	-0.1	3.6	3.5	-0.1
T-5	Unicus Ina	Mar. 31, 2020	5,120	5,240	120	4.6	4.5	-0.1	4.3	4.2	-0.1	4.8	4.7	-0.1
T-6	Yorktown Kita-Kaname	Mar. 31, 2020	4,350	4,350	0	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-7	Unicus Yoshikawa	Mar. 31, 2020	3,850	3,860	10	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0
T-8	Sports Club Renaissance Fujimidai	Mar. 31, 2020	2,750	2,760	10	4.6	4.6	0.0	4.4	4.4	0.0	4.8	4.8	0.0
T-9	Super Viva Home Iwatsuki (Land)	Mar. 31, 2020	5,580	5,600	20	-	-	-	4.6	4.6	0.0	-	-	-
T-10	K's Denki Shonan-Fujisawa (Land)	Mar. 31, 2020	3,490	3,480	-10	-	-	-	4.3	4.3	0.0	-	-	-
T-11	Unicus Kamisato (Land)	Mar. 31, 2020	3,050	3,050	0	-	-	-	4.6	4.6	0.0	-	-	-
T-12	Unicus Konosu (Land)	Mar. 31, 2020	1,780	1,780	0	-	-	-	4.5	4.5	0.0	-	-	-
T-13	Inageya Yokohama Minamihonjuku (Land)	Mar. 31, 2020	1,410	1,390	-20	-	-	-	4.0	4.0	0.0	4.8	4.9	0.1
T-15	Nakamachidai Tokyu Store	Mar. 31, 2020	3,810	3,810	0	4.6	4.6	0.0	4.4	4.4	0.0	4.8	4.8	0.0
T-16	Central Wellness Club Nagatsuta Minamidai	Mar. 31, 2020	1,820	1,780	-40	5.0	5.0	0.0	4.8	4.8	0.0	5.2	5.2	0.0
T-17	Life Kameido	Mar. 31, 2020	1,520	1,520	0	4.2	4.2	0.0	3.9	3.9	0.0	4.4	4.4	0.0
T-18	Totsuka-Fukaya Shopping Center (Land)	Mar. 31, 2020	4,320	4,320	0	4.7	4.7	0.0	4.6	4.6	0.0	-	-	-
T-19	Yumemachi Narashinodai Mall	Mar. 31, 2020	3,510	3,520	10	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-20	Kawamachi Yahagi Mall	Mar. 31, 2020	3,220	3,230	10	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-21	Prime Square Jiyugaoka	Mar. 31, 2020	2,830	2,840	10	3.6	3.6	0.0	3.4	3.4	0.0	3.8	3.8	0.0
T-22	Round1 Ichikawa-Onitaka	Mar. 31, 2020	1,970	1,980	10	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-23	Ozeki Tokiwadai	Mar. 31, 2020	1,350	1,350	0	4.2	4.2	0.0	4.0	4.0	0.0	4.4	4.4	0.0
T-24	Konami Sports Club Shibuya	Mar. 31, 2020	3,410	3,380	-30	3.8	3.8	0.0	3.9	3.9	0.0	4.0	4.0	0.0
T-25	Apita Terrace Yokohama Tsunashima	Mar. 31, 2020	6,220	6,220	0	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0
T-26	Kalsa Hiratsuka	Mar. 31, 2020	6,010	6,020	10	4.4	4.4	0.0	4.1	4.1	0.0	4.6	4.6	0.0
T-27	Monenosato Mall	Mar. 31, 2020	2,510	2,570	60	5.0	4.9	-0.1	4.9	4.8	-0.1	5.4	5.3	-0.1
T-28	Chofu Center Building (Retail wing)	Mar. 31, 2020	2,440	2,480	40	4.6	4.6	0.0	4.2	4.2	0.0	4.8	4.8	0.0
T-29	Across Plaza Urayasu Higashino (Land)	Mar. 31, 2020	2,300	2,320	20	4.2	4.2	0.0	4.1	4.1	0.0	-	-	-
O-1	Blumer Maitamon	Mar. 31, 2020	9,660	9,630	-30	5.2	5.2	0.0	5.3	5.3	0.0	5.4	5.4	0.0
O-2	Central Square Takadono (Land)	Mar. 31, 2020	3,150	3,150	0	-	-	-	3.9	3.9	0.0	-	-	-
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	Mar. 31, 2020	2,550	2,590	40	5.9	5.8	-0.1	5.6	5.5	-0.1	6.1	6.0	-0.1
O-4	Blumer HAT Kobe	Mar. 31, 2020	11,500	11,500	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
O-5	Carino Esaka	Mar. 31, 2020	9,820	10,000	180	4.6	4.6	0.0	4.3	4.3	0.0	4.8	4.8	0.0

Note 1: "Previous" refers to appraisal value at the previous appraisal dated Sep. 30, 2019 for properties acquired by 9th period, dated Sep. 1, 2019 for Tsunashima, Hiratsuka, Monenosato, Chofu, Urayasu Higashino, Nakashidami and Gyoda, and dated Dec. 1, 2019 for Nishiochiai. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.
Note 2: "Direct cap rate", "Discount rate" and "Terminal cap rate" for Ashikaga show the rates for the building. "Direct cap rate", "Discount rate" and "Terminal cap rate" for Kamigo show the rates for the distribution center and its site.

Appraisal value (properties as of Mar. 31, 2020) (2)

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
O-5	Carino Esaka	Mar. 31, 2020	7,190	7,210	20	4.3	4.3	0.0	4.0	4.0	0.0	4.5	4.5	0.0
O-6	COMBOX Komyoike	Mar. 31, 2020	6,580	6,550	-30	5.3	5.3	0.0	4.9	4.9	0.0	5.4	5.4	0.0
O-7	Hankyu Oasis Hirakatadeguchi	Mar. 31, 2020	1,330	1,330	0	5.5	5.5	0.0	5.3	5.3	0.0	5.7	5.7	0.0
O-9	Life Nishi-Tengachaya	Mar. 31, 2020	1,690	1,690	0	4.6	4.6	0.0	4.7	4.7	0.0	4.8	4.8	0.0
O-10	Million Town Tsukaguchi (Land)	Mar. 31, 2020	3,980	3,980	0	-	-	-	4.0	4.0	0.0	-	-	-
O-11	Habikigaoka Shopping Center	Mar. 31, 2020	2,020	2,020	0	5.1	5.1	0.0	5.1	5.1	0.0	5.3	5.3	0.0
N-1	DCM Kahma Nakagawa Tomita (Land)	Mar. 31, 2020	2,700	2,700	0	-	-	-	4.3	4.3	0.0	-	-	-
N-2	Valor Ichinomiya-Nishi	Mar. 31, 2020	2,360	2,360	0	5.1	5.1	0.0	4.8	4.8	0.0	5.3	5.3	0.0
N-4	Homecenter Kohnan Sunadabashi	Mar. 31, 2020	7,300	7,300	0	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
N-5	K's Denki Shin-moriyama (Land)	Mar. 31, 2020	1,440	1,440	0	-	-	-	3.8	3.8	0.0	4.3	4.3	0.0
N-6	Resora Obu Shopping Terrace	Mar. 31, 2020	7,060	7,060	0	4.9	4.9	0.0	5.0	5.0	0.0	5.1	5.1	0.0
N-7	Valor Nakashidami (Land)	Mar. 31, 2020	2,560	2,570	10	-	-	-	4.1	4.1	0.0	-	-	-
F-1	Sunny Noma	Mar. 31, 2020	1,630	1,640	10	4.5	4.4	-0.1	4.3	4.2	-0.1	4.9	4.8	-0.1
F-2	Round1 Stadium Hakata-Hanmichibashi	Mar. 31, 2020	5,720	5,760	40	5.0	4.9	-0.1	4.7	4.6	-0.1	5.2	5.1	-0.1
F-3	Kurume-Nishi Shopping Center	Mar. 31, 2020	1,800	1,840	40	4.9	4.8	-0.1	4.6	4.5	-0.1	5.1	5.0	-0.1
R-1	Roseo Mito	Mar. 31, 2020	11,800	12,000	200	4.9	4.8	-0.1	4.6	4.5	-0.1	5.1	5.0	-0.1
R-2	K's Denki Aomori Honten	Mar. 31, 2020	1,580	1,560	-20	5.5	5.5	0.0	5.2	5.2	0.0	5.7	5.7	0.0
R-3	Super Sports Xebio Aomori-Chuo	Mar. 31, 2020	939	920	-19	5.5	5.5	0.0	5.2	5.2	0.0	5.7	5.7	0.0
R-4	Ashico Town Ashikaga	Mar. 31, 2020	5,030	4,880	-150	5.3	5.3	0.0	5.1	5.1	0.0	5.5	5.5	0.0
R-5	Yorktown Shinden-Higashi	Mar. 31, 2020	3,340	2,660	-680	5.5	5.5	0.0	5.3	5.3	0.0	5.7	5.7	0.0
R-6	Kasumi Technopark Sakura	Mar. 31, 2020	877	878	1	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0
R-8	P-1 Plaza Tenno	Mar. 31, 2020	4,350	4,350	0	5.1	5.1	0.0	4.8	4.8	0.0	5.3	5.3	0.0
R-9	Seiyu Rakuichi Moriya (Land)	Mar. 31, 2020	4,240	4,260	20	4.3	4.3	0.0	4.2	4.2	0.0	-	-	-
R-10	Sun Street Hamakita	Mar. 31, 2020	11,160	11,250	90	5.4	5.4	0.0	5.1	5.1	0.0	5.7	5.7	0.0
R-11	Costco Wholesale Sapporo Warehouse	Mar. 31, 2020	4,410	4,420	10	4.5	4.5	0.0	4.2	4.2	0.0	4.7	4.7	0.0
L-1	Zama Distribution Center	Mar. 31, 2020	1,640	1,640	0	4.8	4.8	0.0	4.8	4.8	0.0	5.0	5.0	0.0
L-2	Oppama Distribution Center	Mar. 31, 2020	1,570	1,570	0	4.9	4.9	0.0	5.0	5.0	0.0	5.1	5.1	0.0
L-3	Musashi Ranzan Distribution Center	Mar. 31, 2020	4,000	4,010	10	5.3	5.3	0.0	5.3	5.3	0.0	5.5	5.5	0.0
L-4	Yokohama Kamigo Distribution Center	Mar. 31, 2020	840	841	1	-	-	-	4.5	4.5	0.0	4.7	4.7	0.0
L-5	Gyoda Distribution Center	Mar. 31, 2020	3,350	3,370	20	5.1	5.1	0.0	5.0	5.0	0.0	5.3	5.3	0.0
L-6	Shinjuku Nishiochiai Distribution Center	Mar. 31, 2020	815	821	6	4.1	4.0	-0.1	3.7	3.6	-0.1	4.2	4.1	-0.1
Total			243,581	243,600	19	-	-	-	-	-	-	-	-	-

Note 1: "Previous" refers to appraisal value at the previous appraisal dated Sep. 30, 2019 for properties acquired by 9th period, dated Sep. 1, 2019 for Tsunashima, Hiratsuka, Monenosato, Chofu, Urayasu Higashino, Nakashidami and Gyoda, and dated Dec. 1, 2019 for Nishiochiai. "Latest" refers to the latest appraisal date. Discount rate for DCF method shows the discount rate for the nearest period.
Note 2: "Direct cap rate", "Discount rate" and "Terminal cap rate" for Ashikaga show the rates for the building. "Direct cap rate", "Discount rate" and "Terminal cap rate" for Kamigo show the rates for the distribution center and its site.

Portfolio highlights (Tokyo metropolitan area) (1)

KENEDIX Retail REIT Corporation

Name	T-2 MONA Shin-Urayasu	T-3 Passaggio Nishiarai	T-4 Daikanyama Address Dixsept	T-5 Unicus Ina	T-6 Yorktown Kita-Kaname
Photo					
Location	Urayasu, Chiba	Adachi ward, Tokyo	Shibuya ward, Tokyo	Kitaadachi-gun, Saitama	Hiratsuka, Kanagawa
Acquisition price (JPY)	8,063 mn	5,850 mn	5,390 mn	4,379 mn	4,000 mn
Highlights	● Located in front of Shin-Urayasu Sta. (17 min from Tokyo Sta. by train) ● Approx. 60 tenants, including supermarkets and clothing stores ● Conducted renovations in 2017 and 2018	● The surrounding area has a significant inflow of families due to large developments ● Houses 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 ● Constructed a restaurant building in 2017	● 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

Name	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)
Photo					
Location	Yoshikawa, Saitama	Nerima ward, Tokyo	Saitama, Saitama	Fujisawa, Kanagawa	Kodama-gun, Saitama
Acquisition price (JPY)	3,600 mn	2,586 mn	4,815 mn	3,169 mn	3,000 mn
Highlights	● 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 give the property a wide retail trade area ● More than ten years remain on a fixed-term land lease with K's Holdings	● 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

NSC SM CSC Urban Station-Front SC SS Distribution Centers

Portfolio highlights (Tokyo metropolitan area) (2)

KENEDIX Retail REIT Corporation

Name	T-12 Unicus Konosu (Land)	T-13 Inageya Yokohama Minamihonjuku (Land)	T-15 Nakamachidai Tokyu Store	T-16 Central Wellness Club Nagatsuta Minamidai	T-17 Life Kameido
Photo					
Location	Konosu, Saitama	Yokohama, Kanagawa	Yokohama, Kanagawa	Yokohama, Kanagawa	Koto ward, Tokyo
Acquisition price (JPY)	1,700 mn	1,442 mn	3,360 mn	1,724 mn	1,450 mn
Highlights	● 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 Mar. 2015 ● Comprises a trade area that cater daily needs together with a restaurant and a drug store nearby	● 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	● 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 ● A large-scale condominium consisting of approx. 700 residential units in the neighborhood

Name	T-18 Totsuka Fukaya Shopping Center (Land)	T-19 Yumemachi Narashinodai Mall	T-20 Kawamachi Yahagi Mall	T-21 Prime Square Jiyugaoka	T-22 Round1 Ichikawa-Onitaka
Photo					
Location	Yokohama, Kanagawa	Funabashi, Chiba	Chiba, Chiba	Meguro ward, Tokyo	Ichikawa, Chiba
Acquisition price (JPY)	4,170 mn	3,416 mn	3,097 mn	2,820 mn	1,880 mn
Highlights	● Underlying land of an NSC opened in Mar. 2015 ● NSC houses a grocery supermarket and a home and garden store ● Located in an area with population growth, with new residential development in surrounding areas	● Located in an area with high population growth, housing a competitive supermarket as the anchor tenant ● The tenants, including the core grocery supermarket, cater to diverse daily needs of consumers	● A new NSC housing tenants with a high level of customer attraction ● Located in an area with significant population growth potential, near a national road and a highway JCT ● Flat parking lot for up to 320 vehicles	● Located in the neighborhood of Jiyugaoka along the Tokyu Toyoko Line ● Leased to Central Sports Co., Ltd., a leading fitness club operator	● A road-side amusement facility located in an area with easy access and high population growth ● Attractive occupancy cost and no other Round One stores near the retail trade area

Portfolio highlights (Tokyo metropolitan area) (3)

KENEDIX Retail REIT Corporation

Name	T-23 Ozeki Tokiwadai	T-24 Konami Sports Club Shibuya	T-25 Apita Terrace Yokohama Tsunashima	T-26 Kalsa Hiratsuka	T-27 Monenosato Mall
Photo					
Location	Itabashi ward, Tokyo	Shibuya ward, Tokyo	Yokohama, Kanagawa	Hiratsuka, Kanagawa	Yotsukaido, Chiba
Acquisition price (JPY)	1,263 mn	3,400 mn	5,899mn	5,980mn	2,410mn
Highlights	● New supermarket opened in Sep. 2017, located in one of the most densely populated retail trade areas in Tokyo ● Leased to Ozeki Co., Ltd., which runs many stores in densely populated areas near train stations in Tokyo metropolitan area	● A sports club located in an upper class residential area, approx. 12 minutes from JR Shibuya Sta. ● Konami Sports Club is the largest sports club operator in Japan, with Shibuya ward as its strategic focus area	● NSC that meets diverse customer needs and constitutes a next-generation uraban smart city in an area with a dense and growing population ● Opened in March 2018, located between Tokyu Toyoko Line Tsunashima and Hiyoshi Stations	● NSC with the retail trade area covering Hiratsuka and Chigasaki, the core of the Shonan area ● Tenants include a grocery supermarket, a home & garden store, and a general sporting goods shop	● NSC opened in March 2019 in “Monenosato,” a new town undergoing residential development ● Tenants include a grocery supermarket Yorkmart, a drugstore, an apparel store and a dollar shop

Name	T-28 Chofu Center Building (Retail wing)	T-29 Across Plaza Urayasu Higashino (Land)	T-30 Comfort Market Nishi-Magome
Photo			
Location	Chofu, Tokyo	Urayasu, Chiba	Ota ward, Tokyo
Acquisition price (JPY)	2,300mn	2,248mn	1,920mn
Highlights	● NSC located in the commercial and residential district within walking distance of Chofu Station ● Tenants include grocery supermarket, a dollar shop, a drug store, beauty salon, and a health club	● Underlying land for an NSC opened in December 2017 ● The population of the area has been consistently growing by good accessibility to Tokyo CBD from the nearest Maihama Station	● A new-brand grocery supermarket adjacent to Nishi-magome station, convenient for commuting to central Tokyo ● The building’s first and second floors are used as the store space, while the third and fourth floors are used as a nursery school

Portfolio highlights (Greater Osaka area)

KENEDIX Retail REIT Corporation

Name	O-1 Blumer Maitamon	O-2 LifeTakadono (Land)	O-3 DCM Kahma MEGA Don Quijote UNY Omihachiman	O-4 Blumer HAT Kobe	O-5 Carino Esaka
Photo					
Location	Kobe, Hyogo	Osaka, Osaka	Omihachiman, Shiga	Kobe, Hyogo	Suita, Osaka
Acquisition price (JPY)	8,389 mn	2,685 mn	2,140 mn	11,000 mn	6,555 mn
Highlights	● Located within a newly developed residential area ● Consists of approx. 50 tenants, including a supermarket, an electronic appliance store and a major clothing store as core tenants	● A 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, MEGA Don Quijote UNY and DCM Kahma (home and garden store) ● The trade area surrounding Omihachiman Sta. is a residential area with young families	● 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

Name	O-6 COMBOX Komyoike	O-7 Hankyu Oasis Hirakatadeguchi	O-9 Life Nishi-Tengachaya	O-10 Million Town Tsukaguchi (Land)	O-11 Habikigaoka Shopping Center
Photo					
Location	Izumi, Osaka	Hirakata, Osaka	Osaka, Osaka	Amagasaki, Hyogo	Habikino, Osaka
Acquisition price (JPY)	6,450 mn	1,280 mn	1,505 mn	3,723 mn	2,000mn
Highlights	● The largest retail property in the central area of Komyoike ● Located in the area accessible to Namba Sta. in 30 min by train	● 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	● 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. ● Opened with grocery supermarket Mandai as a core tenant, as well as a drug store and clinics	● NSC located in New Town with housing developments in the southeastern part of Osaka Prefecture ● Consists of Sunplaza, a grocery supermarket, and Joshin, a consumer electronics store, as core tenants

Portfolio highlights (Greater Nagoya area / Fukuoka)

KENEDIX Retail REIT Corporation

Name	N-1 DCM Kahma Nakagawa Tomita (Land)	N-2 Valor Ichinomiya-Nishi	N-4 Homecenter Kohnan Sunadabashi	N-5 K's Denki Shin-Moriyama (Land)	N-6 Resora Obu Shopping Terrace
Photo					
Location	Nagoya, Aichi	Ichinomiya, Aichi	Nagoya, Aichi	Nagoya, Aichi	Obu, Aichi
Acquisition price (JPY)	2,311 mn	2,174 mn	7,140 mn	1,370 mn	7,911 mn
Highlights	● 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	● Houses a large home and garden store and a large sporting goods store ● A large residential property was developed in the neighborhood. A supermarket also opened, generating synergies with the home and garden store	● Scheduled to be disposed on Sep. 30, 2020	● The largest NSC in Obu, Aichi, opened in Apr. 2008 as a part of the development project including a medical mall and a condominium ● Yamanaka, a grocery supermarket as its main tenant and over 40 tenants

Name	N-7 Valor Nakashidami (Land)	F-1 Sunny Noma	F-2 Round1 Stadium Hakata-Hanmichibashi	F-3 Kurume-Nishi Shopping Center
Photo				
Location	Moriyama-ku, Nagoya,Aichi	Fukuoka, Fukuoka	Fukuoka, Fukuoka	Kurume, Fukuoka
Acquisition price (JPY)	2,551mn	1,497 mn	5,020 mn	1,515 mn
Highlights	● Underlying land for a standalone grocery supermarket in the Valor chain ● Valor is a supermarket chain with strong strategic dominance in the Tokai region	● 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	● A large-scale flagship store for Round One that offers a variety of amusement and sporting facilities ● Located in Fukuoka with population growth ● The store ranks high in sales among all Round One stores	● An NSC located in a residential district near downtown Kurume City ● Tenants include a grocery supermarket, a baby goods store and a drug store ● Facing a national route, providing good visibility

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

KENEDIX Retail REIT Corporation

Name	R-1 Roseo Mito	R-2 K's Denki Aomori Honten	R-3 Super Sports Xebio Aomori-Chuo	R-4 Ashico Town Ashikaga	R-5 Yorktown Shinden-Higashi
Photo					
Location	Mito, Ibaraki	Aomori, Aomori	Aomori, Aomori	Ashikaga, Tochigi	Sendai, Miyagi
Acquisition price (JPY)	10,046 mn	1,469 mn	898 mn	4,180 mn	3,252 mn
Highlights	● 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	● Located in Hamada district in Aomori ● Some major routes bring customers from broad retail trade area	● A large-scale multi-tenant NSC with supermarket as a core tenant ● Easily accessibility by car due to its location along a major local route ● Cinema reopened in Mar. 2016	● Located in eastern Sendai conveniently commutable to Sendai Sta. ● Houses a supermarket and a home and garden store as core tenants

Name	R-6 Kasumi Technopark Sakura	R-8 P-1 Plaza Tenno	R-9 Seiyu Rakuichi Moriya (Land)	R-10 Sun Street Hamakita	R-11 Costco Wholesale Sapporo Warehouse
Photo					
Location	Tsukuba, Ibaraki	Hamamatsu, Shizuoka	Moriya, Ibaraki	Hamamatsu, Shizuoka	Sapporo, Hokkaido
Acquisition price (JPY)	830 mn	4,010 mn	4,111 mn	10,746 mn	4,210 mn
Highlights	● 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	● 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	● Underlying land of an NSC with a grocery supermarket as the anchor tenant ● Located in a population growing area with the 2005 opening of Tsukuba Express ● Land acquired at a price lower than the official land price	● Located in an area with high population growth ● Synergies among the tenants that offer services and experiences, with grocery Seiyu as the core tenant ● Seiyu focuses on groceries in the trend of "shift from GMS to specialty stores"	● Costco is a "membership warehouse club" with over 740 warehouse stores worldwide ● Sapporo Warehouse is the only Costco warehouse in Hokkaido and covers Sapporo metropolitan area as its trade area

Portfolio highlights (Distribution Centers)

Name	L-1 Zama Distribution Center	L-2 Oppama Distribution Center	L-3 Musashi Ranzan Distribution Center	L-4 Yokohama Kamigo Distribution Center	L-5 Gyoda Distribution Center
Photo					
Location	Zama, Kanagawa	Yokosuka, Kanagawa	Hiki-gun, Saitama	Yokohama, Kanagawa	Gyoda, Saitama
Acquisition price (JPY)	1,400 mn	1,300 mn	3,879 mn	790 mn	3,160mn
Highlights	● Distribution center for a major convenience store chain that delivers to its stores ● Located within Zama area in Kanagawa Prefecture, with a concentration of logistics facilities ● The tenant is a major convenience store chain	● Core distribution center of a major convenience store chain that delivers to its stores and features a process center function ● Located within Tokyo metropolitan bay area ● Location with high potential for local deliveries as well as wide area distribution	● Distribution center in an area with a concentration of logistics facilities, near a Kan-Etsu Expressway interchange ● The location allows the tenant to make daily deliveries to Tokyo Metropolitan area and 24-hour operation	● Distribution center of a home delivery service firm within a residential district ● Spaces for distribution centers are limited in the area ● Currently leased to a major home delivery service firm	● A highly versatile storage-type distribution center for regional and wider area delivery in the metropolitan area ● Nippon Express Co., Ltd., a major logistics company, is using the distribution center for shippers of food-related and home appliances

Name	L-6 Shinjuku Nishiochiai Distribution Center
Photo	
Location	Shinjuku ward, Tokyo
Acquisition price (JPY)	810mn
Highlights	● This facility is highly scarce and has optimal facility specifications as a last-mile distribution center ● A major delivery company, Yamato Transport Co., Ltd., is the tenant of the facility

Disclaimer

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

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

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

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

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

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

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

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

Abbreviations of property names

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

KENEDIX

Retail REIT Corporation