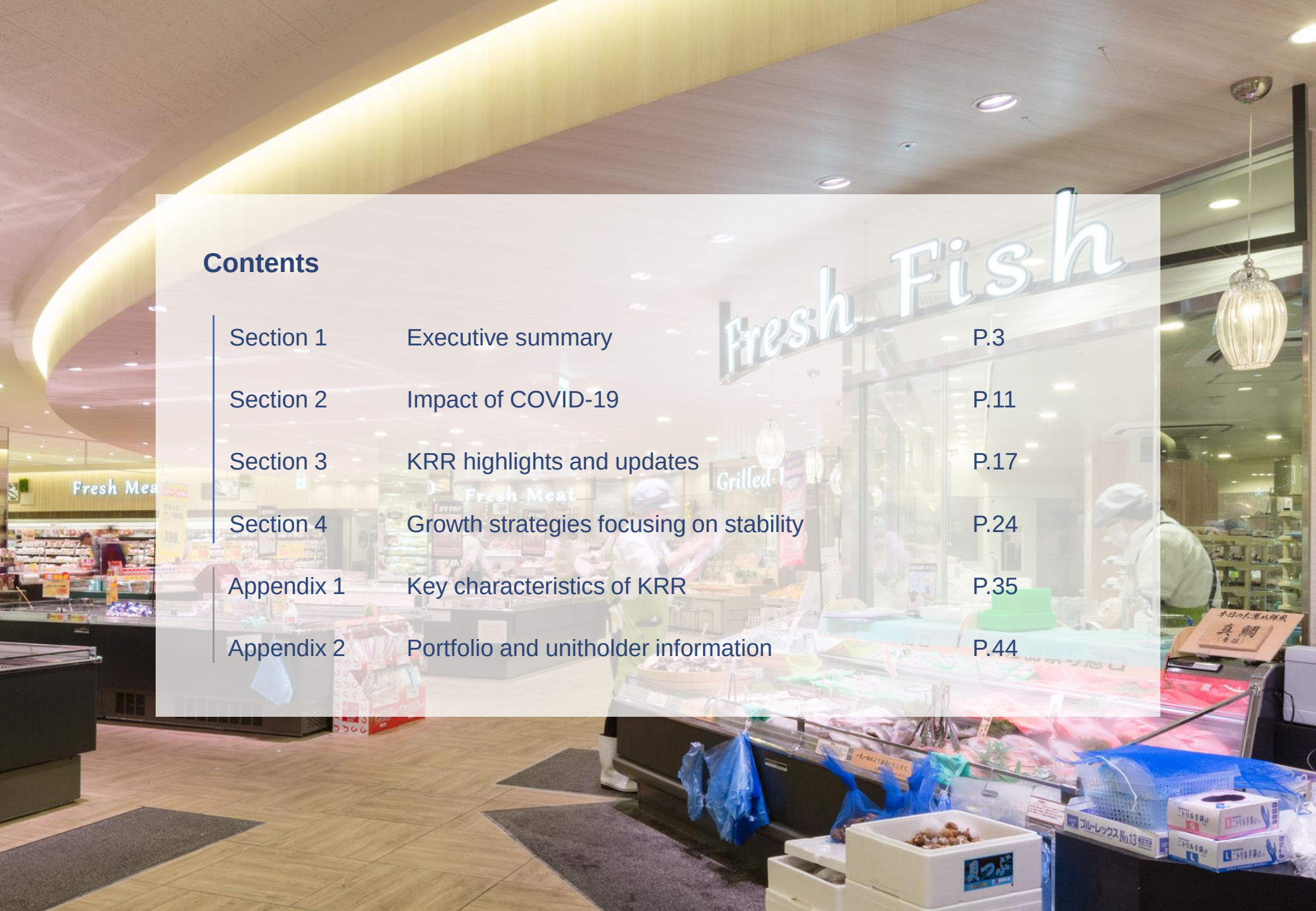
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Kenedix Retail REIT Corporation

Financial Results
for the 13th Fiscal Period ended September 30, 2021

November 16, 2021



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01 Executive summary



Returning to the growth path in with/ post-pandemic era

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Stable asset management amid the pandemic (the 13th FP ended September 2021)

- Continued strong performance of KRR's core tenants that deal with daily necessities, even amid the COVID-19 pandemic
- Acquisition of new properties (4 properties for JPY 22.3 billion) through the 5th public offering conducted at the beginning of the 13th FP also contributed to the increase in revenue and profit
- Achieved a record high of JPY 7,328 DPU(Note 1), due to the limited impact of the pandemic on rents as well as gains on sale of properties and cost reduction

Credit improvement

- Credibility enhanced, mainly due to Kenedix Group affiliated with Sumitomo Mitsui Finance and Leasing Group, diversification driven by AUM growth and stable management amid the pandemic
- Long-term credit rating outlook (JCR) was upgraded to "A+ (Positive)" in January 2021
- Increased the number of lenders from 12 to 18, borrowing from 6 new lenders since the 13th FP
- Borrowing conditions also improved along with the enhanced credibility

Aim for enhanced stability and sustainable growth in anticipation of post-pandemic era

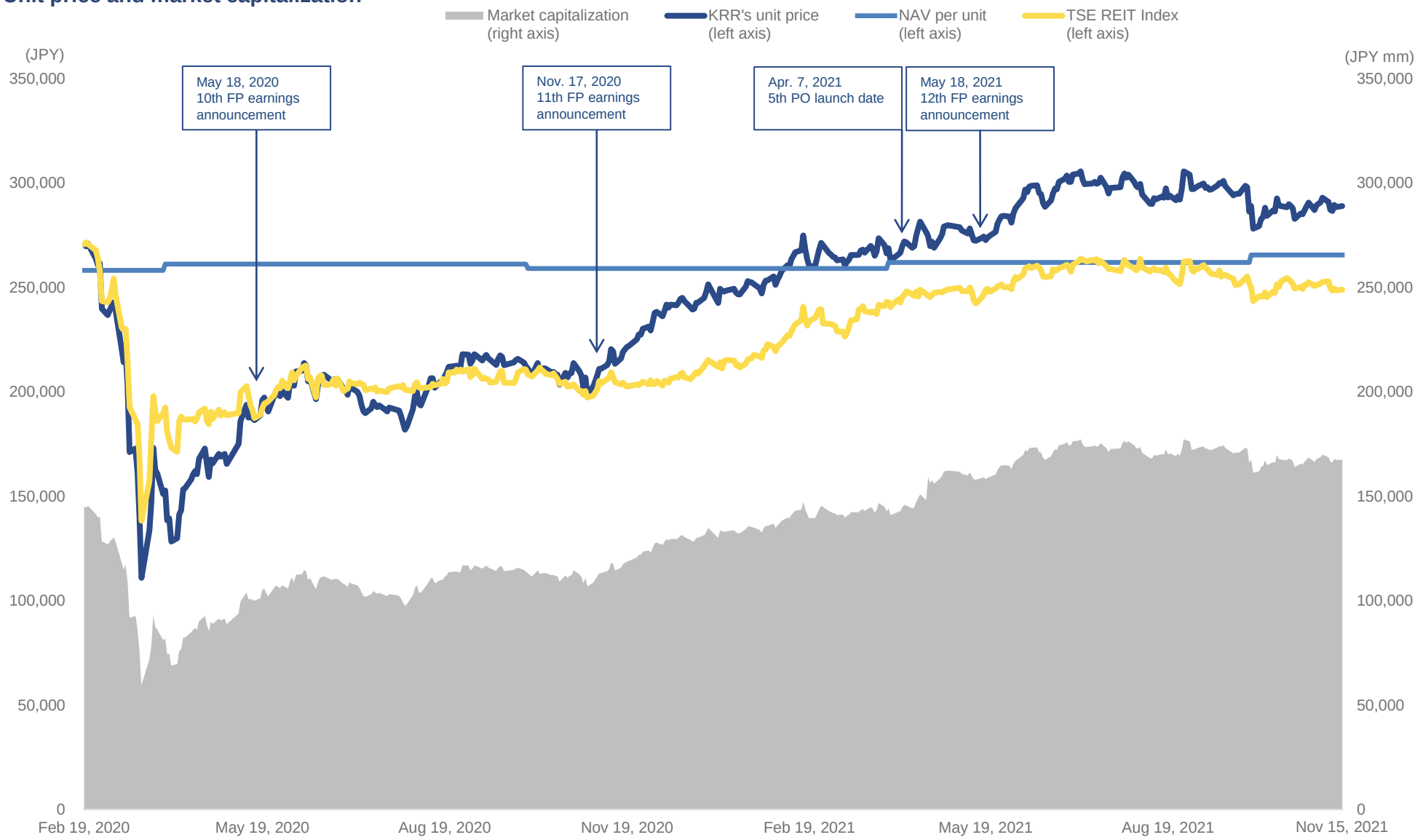
- Some tenants, mainly service-oriented tenants(Note 2), are taking time to recover their sales amid the pandemic; however, there are signs of recovery following the lifted state of emergency
- Seek to improve the quality and profitability of portfolio by continuous asset and tenant reshuffling, and aim for growth through public offering at appropriate timing
- Set mid-term stabilized DPU and AUM targets at JPY 7,000 and JPY 340 billion, respectively, in response to the recovery of unit price to the pre-COVID level
- Aim to reduce funding costs by diversifying financing methods and lenders, in addition to upgrading to "AA-" credit rating
- Newly set up Sustainability Committee and Sustainability Office to further promote ESG initiatives

Note 1: DPU of the first FP was JPY 7,414, but the asset management period covered 233 days.
Note 2: Refer to tenants not engaged in sale of goods, such as restaurants.

Unit price recovery

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Unit price and market capitalization



Note: Calculated using the TSE REIT Index as of Feb. 19, 2020 when the 2020 highest price was recorded for the TSE REIT Index as the closing price for KRR unit price.

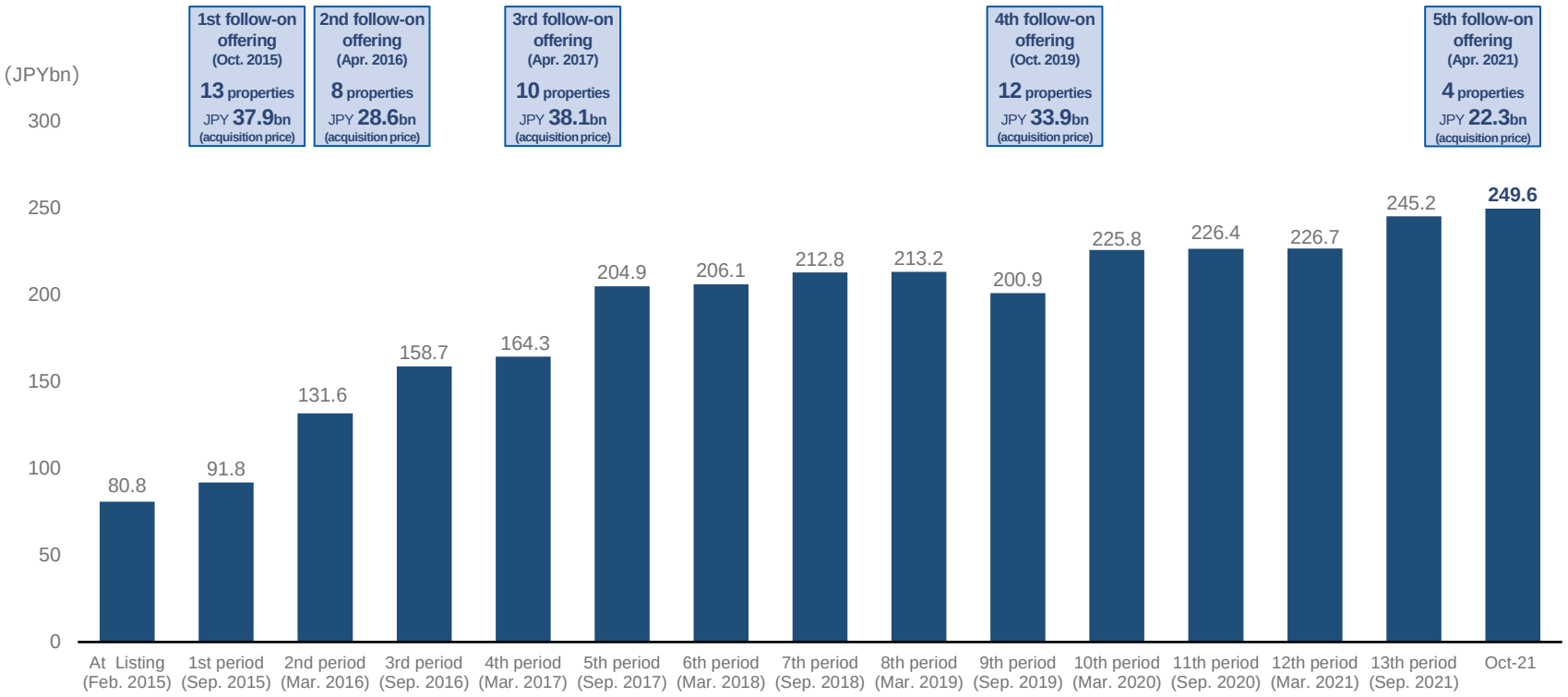
Portfolio summary

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Characteristics of KRR portfolio

Total appraisal value	Appraisal NOI yield	NOI yield after depreciation	Occupancy rate	4 major metropolitan areas	Shopping centers for daily needs	Grocery anchored shopping centers
JPY 268.1 bn	5.2%	4.3%	99.5%	82.2%	94.6%	86.3%

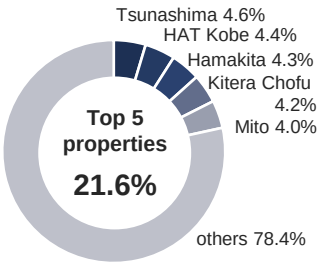
Trend in AUM (based on acquisition price)



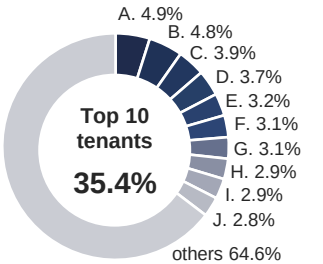
	At Listing (Feb. 2015)	1st period (Sep. 2015)	2nd period (Mar. 2016)	3rd period (Sep. 2016)	4th period (Mar. 2017)	5th period (Sep. 2017)	6th period (Mar. 2018)	7th period (Sep. 2018)	8th period (Mar. 2019)	9th period (Sep. 2019)	10th period (Mar. 2020)	11th period (Sep. 2020)	12th period (Mar. 2021)	13th period (Sep. 2021)	Oct-21
Number of properties	18	19	33	40	42	51	52	53	53	55	62	62	64	66	66
Tenants	286	321	389	405	409	542	522	520	511	480	496	496	502	528	517

Diversification of Portfolio (at the end of Oct. 2021)

Top 5 properties
(based on acquisition price)



Top 10 tenants
(based on rent)

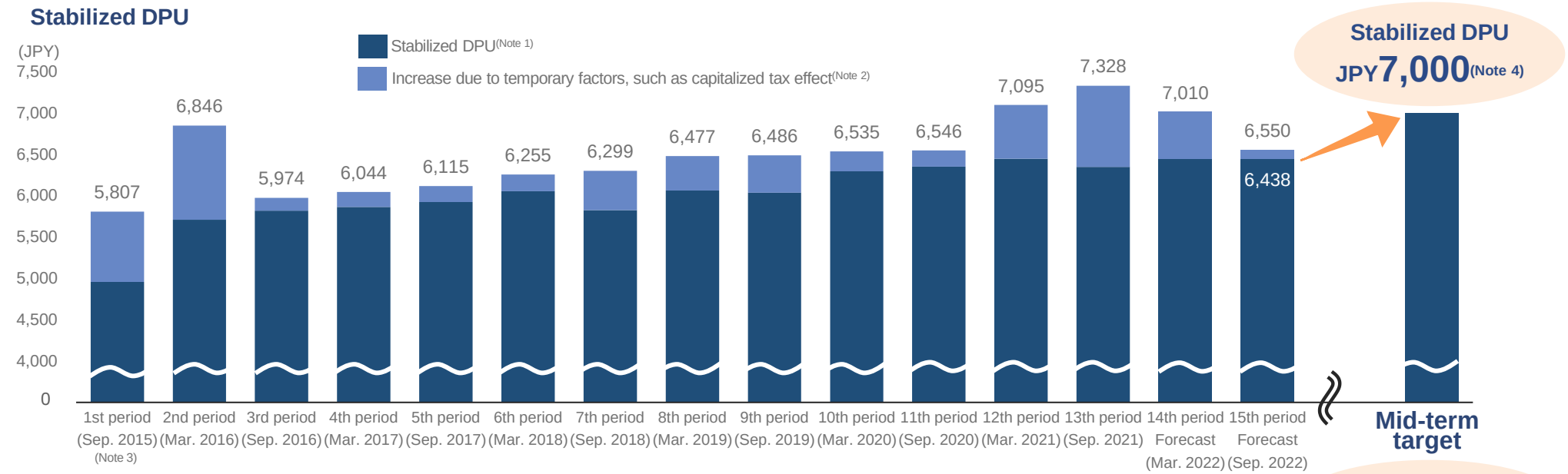


Note 1: Figures on portfolio are as of Sep. 30, 2021 for the properties held as of Sep.30, 2021. As for Kitera Town Fukuoka Nagahama, an appraisal value and a NOI yield of are based on the appraisal reports dated of Sep. 1, 2021.
Note 2: "Appraisal NOI Yield" is calculated by dividing appraisal NOI from the latest appraisal reports by acquisition price. "NOI yield after depreciation" is based on the forecast for the fiscal period ending Sep. 30, 2021.
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 4: "Number of tenants" at listing is figure as of Sep. 30, 2014.

Stabilized DPU and AUM targets

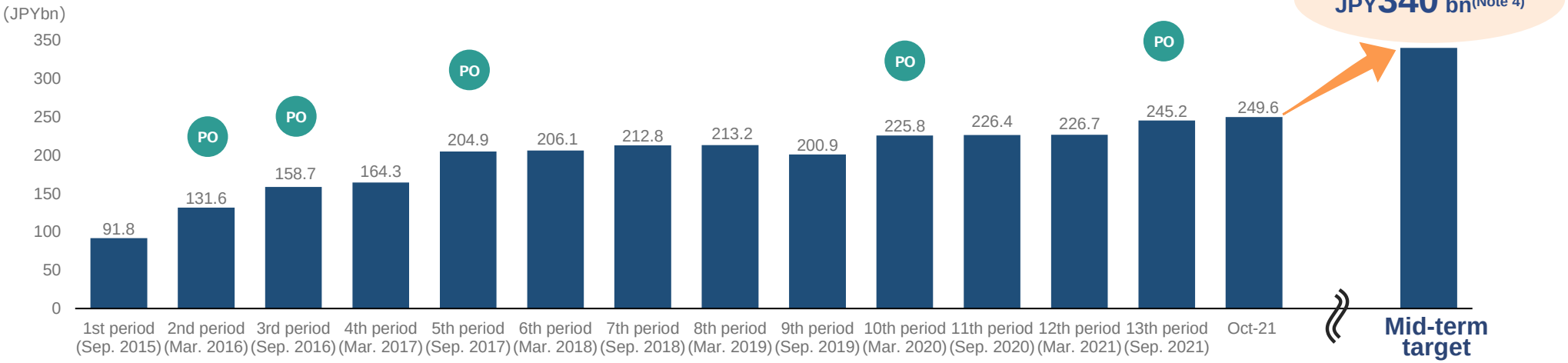
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Stabilized DPU



Stabilized DPU
JPY7,000(Note 4)

AUM

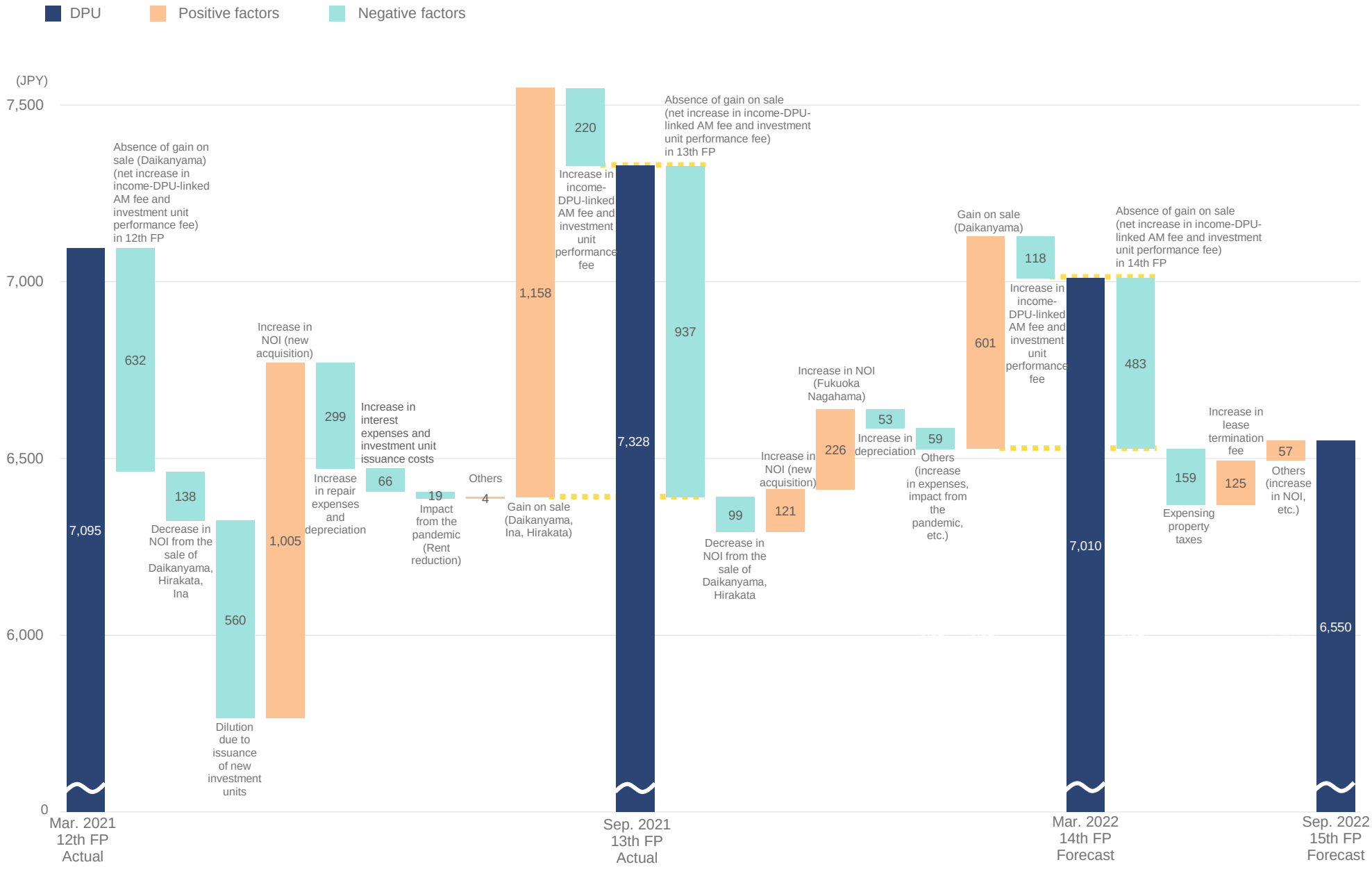


JPY340 bn(Note 4)

Note 1: Stabilized DPU refers to estimated distributions excluding one-time factors, such as profit/loss on sale of property, changes in asset management fee due to such profit/loss, and investment unit performance fee, based on the assumption that property taxes are expensed.
Note 2: Capitalized tax effect refers to the case that the property taxes are not expensed in the first year of acquisition for the reason that the property taxes are settled with the previous owner and such amount is capitalized instead of being expensed.
Note 3: The substantial asset management period for the 1st FP was 233 days, however, it is adjusted to half year.
Note 4: The above targets largely depend on external factors, such as the market environment.

DPU impact and forecast assumptions

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Summary of statements of income and retained earnings

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(JPY mm)

	Mar. 2021	Sep. 2021		Changes		Remarks on changes from forecasts
	12th FP actual (A)	13th FP forecast (B) (Note)	13th FP actual (C)	C - A	C - B	
Rent revenue – real estate	7,336	7,779	7,829	+492	+49	Fixed rent +51 (incl. +30 re forecast vs actual variance of COVID impact: forecast -41, actual -11) Sales-linked rent -1
Other lease business revenue	927	1,066	1,072	+144	+5	
Gain on sale of real estate	454	648	674	+220	+25	
Operating revenues	**8,717**	**9,495**	**9,576**	**+858**	**+80**	
Property related expenses (excl. depreciation)	2,309	2,548	2,495	+186	-52	Utility charge -23, repair costs -14, sales promotion costs -13, property tax, etc. -10
NOI	**5,954**	**6,298**	**6,405**	**+451**	**+107**	
Depreciation	1,068	1,134	1,166	+98	+31	
NOI after depreciation	**4,885**	**5,163**	**5,239**	**+353**	**+75**	
Other operating expenses	961	1,021	1,032	+71	+11	
Operating income	**4,379**	**4,790**	**4,881**	**+502**	**+90**	
Non-operating income	0	0	0	-0	+0	
Non-operating expenses	579	631	619	+39	-12	
Ordinary income	**3,799**	**4,158**	**4,262**	**+462**	**+103**	
Net income	**3,798**	**4,157**	**4,261**	**+462**	**+103**	
DPU (JPY)	**7,095**	**7,150**	**7,328**	**+233**	**+178**	

Note: The 13th FP forecast above is as of May 18, 2021.

Financial forecasts: 14th and 15th fiscal periods

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(JPY mm)

Key financial information	Sep. 2021 13th FP (actual)	Mar. 2022 14th FP (forecast)	Changes	Mar. 2022 14th FP (forecast)	Sep. 2022 15th FP (forecast)	Changes
Operating revenues	**9,576**	**9,308**	**-267**	**9,308**	**9,062**	**-246**
Gain on sale of real estate	674	350	-324	350	-	-350
Operating expenses	4,694	4,606	-88	4,606	4,626	+20
Operating income	**4,881**	**4,702**	**-179**	**4,702**	**4,435**	**-267**
Non-operating expenses	619	624	+5	624	625	+0
Interest expenses & financing-related expenses	603	609	+5	609	610	+0
Amortization of investment unit issuance costs	15	15	-	15	15	-
Ordinary income	**4,262**	**4,077**	**-185**	**4,077**	**3,809**	**-267**
Net income	**4,261**	**4,076**	**-185**	**4,076**	**3,808**	**-267**
DPU	**7,328**	**7,010**	**-318**	**7,010**	**6,550**	**-460**

Possible impact from the pandemic (rent reduction) -20

Related key indicator	Sep. 2021 13th FP (actual)	Mar. 2022 14th FP (forecast)	Changes	Mar. 2022 14th FP (forecast)	Sep. 2022 15th FP (forecast)	Changes
NOI	**6,405**	**6,563**	**+157**	**6,563**	**6,562**	**-0**
NOI yield (%)	5.2%	5.3%	---	5.3%	5.2%	---
Depreciation	1,166	1,197	+31	1,197	1,210	+13
NOI after depreciation	5,239	5,365	+126	5,365	5,351	-14
NOI yield after depreciation (%)	4.3%	4.3%	---	4.3%	4.3%	---
FFO	4,774	4,942	+168	4,942	5,037	+95
CAPEX	628	994	+366	994	990	-4
LTV (%)	**44.1%**	**44.8%**	**---**	**44.8%**	**44.8%**	**---**

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02

Impact of COVID-19



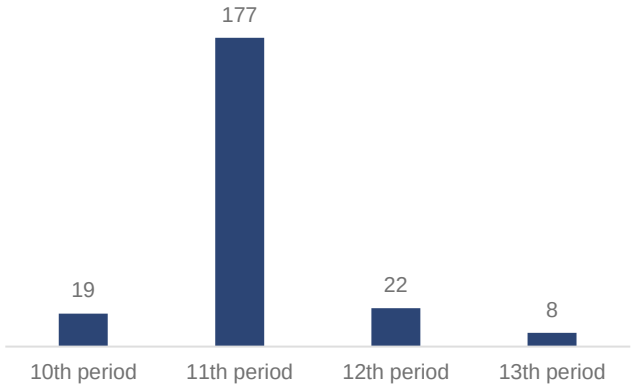
Response to rent reduction requests amid the COVID-19 pandemic

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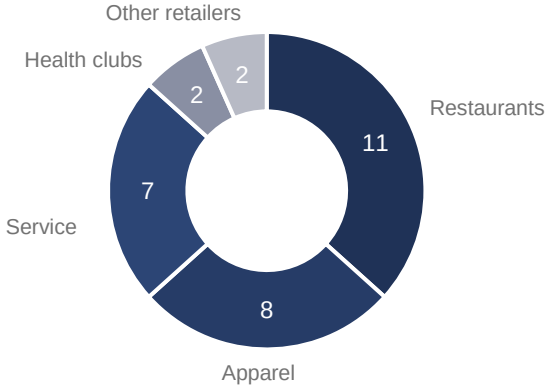
Rent reduction/deferral requests

The number of new requests remained limited during the third and fourth declaration of emergency

Number of requests by fiscal period (10th FP – 13th FP)



Number of relief request (12th FP and 13th FP)



Policy on response to rent reduction requests

Consider the following when accepting rent reduction/deferral requests (unchanged since the first state of emergency declaration)

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

Responding to rent reduction/deferral requests

12th FP ended Mar. 2021

Rent reductions

- ✓ 1 case
- ✓ Total amount of rent reductions: JPY 1.6 mm

Rent deferral

- ✓ 0 case

13th FP ended Sep. 2021

Rent reductions

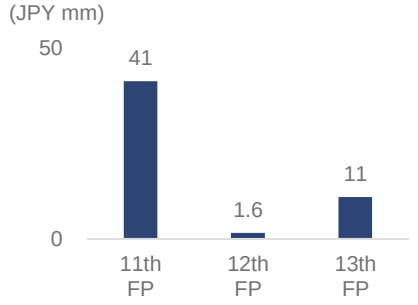
- ✓ 5 cases (incl. 1 case which started from 12th FP)
- ✓ Total amount of rent reductions: JPY 11 mm

(incl. JPY 10mm stemming from the reduction since 12th FP)

Rent deferral

- ✓ 0 case

Total amount of rent reductions

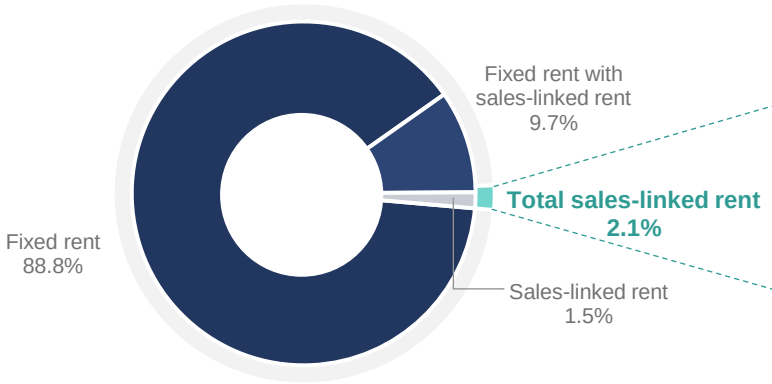


Asset management amid the COVID-19 pandemic

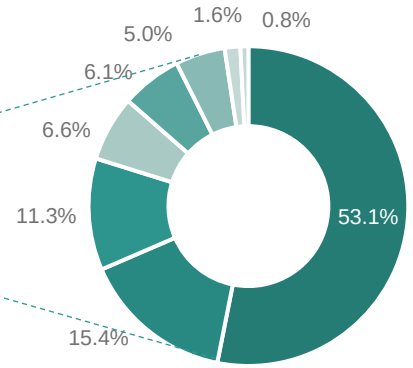
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Sales-linked rent

Rent type (Apr. 2021 – Sep. 2021) (Note)



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



Sundry goods	53.1%
Other retailers	15.4%
Apparel	11.3%
Restaurants	6.6%
Drug stores	6.1%
Dollar shops	5.0%
Groceries	1.6%
Service businesses	0.8%

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

Total amount of sales-linked rent

JPY **124** mm (13th FP)

JPY **+7** mm (vs. 11th FP)

Rent delinquency, tenant move-outs, and tenant bankruptcy

Rent delinquency due to the pandemic		Move-outs		Bankruptcy
1 (12th FP)	0 (13th FP)	7 (13th FP)	-11 (vs. 12th FP)	No tenant bankruptcies in 12th and 13th FP

- The level of rent delinquency, move-outs and bankruptcy in 13th FP have returned to the pre-pandemic level
- Meanwhile, an early termination of a relaxation spa at P-1 Plaza Tenno is expected in 15th FP

Occupancy rate and leasing of vacant spaces

Occupancy rate stayed stable amid the COVID-19 pandemic

99.4% (10th FP end) ▶ 99.7% (11th FP end) ▶ 99.8% (12th FP end) ▶ **99.6% (13th FP end)**

Early termination of relaxation spa at P-1 Plaza Tenno



- The termination will occur in Jun. 2022
  The leased area is 2,689m^2
- Currently negotiating with multiple prospective tenants
- The lease termination fee will be posted in 15th FP

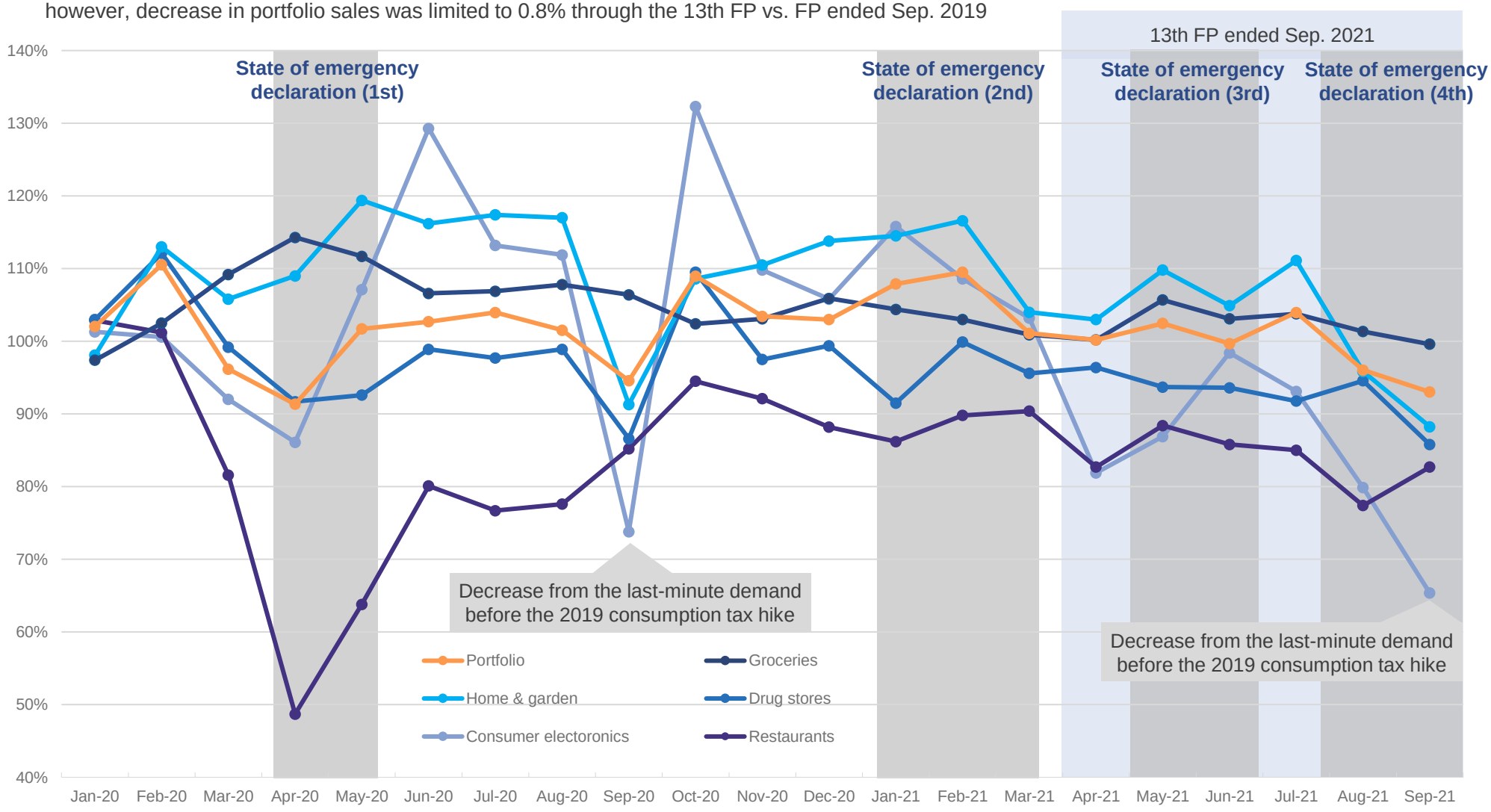
Note: The figures of "Rent type" is for the 13th FP.

Changes in tenant sales (Jan. 2020 – Sep. 2021)

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Changes in tenant sales by business category (Monthly comparison vs. 2019)

The state of emergency was declared two times during the 13th FP, which result in 70% of the FP under the state of emergency; however, decrease in portfolio sales was limited to 0.8% through the 13th FP vs. FP ended Sep. 2019



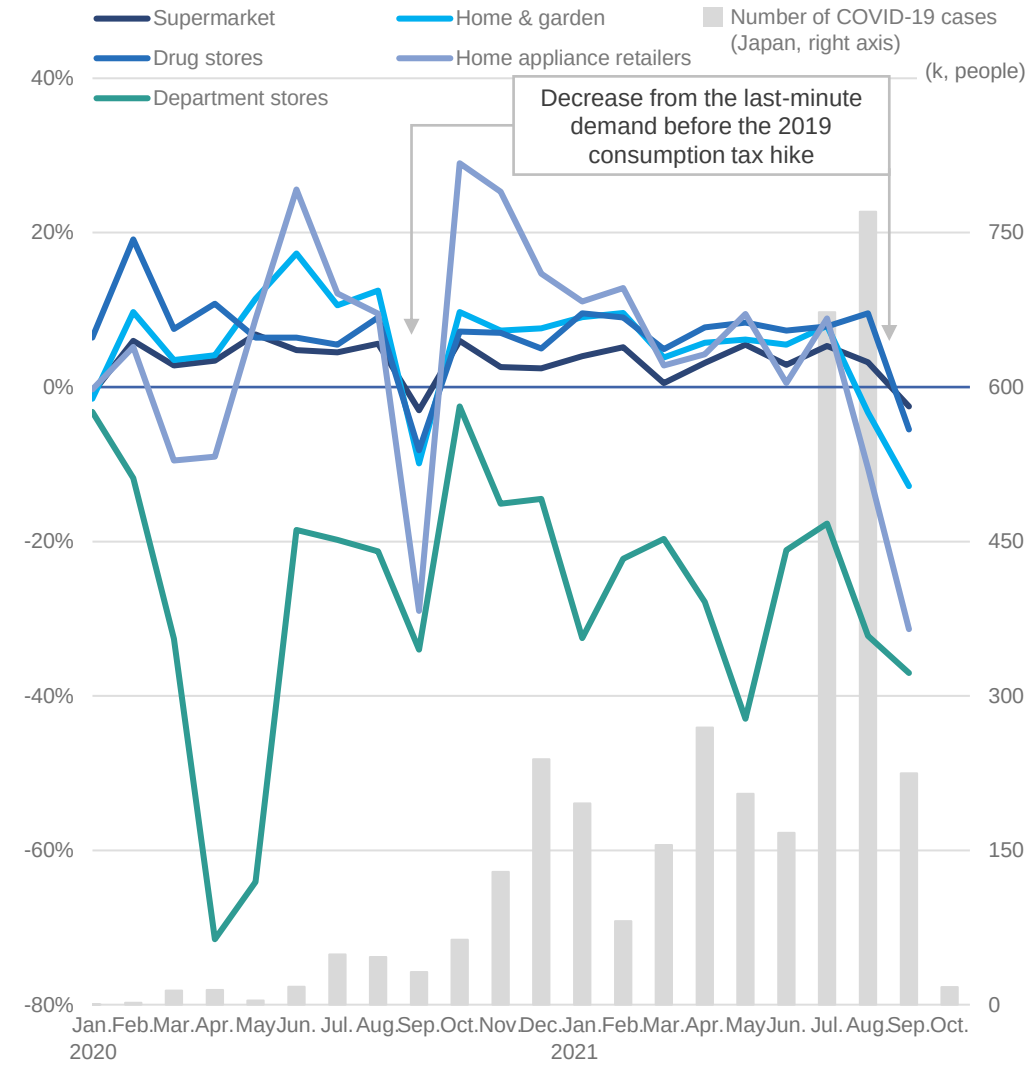
Note: "Changes in tenant sales" is based on the sales figures available to KRR. Sales figures of portfolio do not take into account the effect of difference in days of the weekends in each period while sales figures by business category take into account the effect of the day of the week. Health clubs and some large amusement facilities are not included in aggregate calculation.

Consumption shifting to residential areas amid the COVID-19 pandemic

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Changes in sales by business category (Monthly comparison vs. 2019) (Note)

While department store sales stay stagnant, sales of shopping centers for daily needs remain stable amid the pandemic

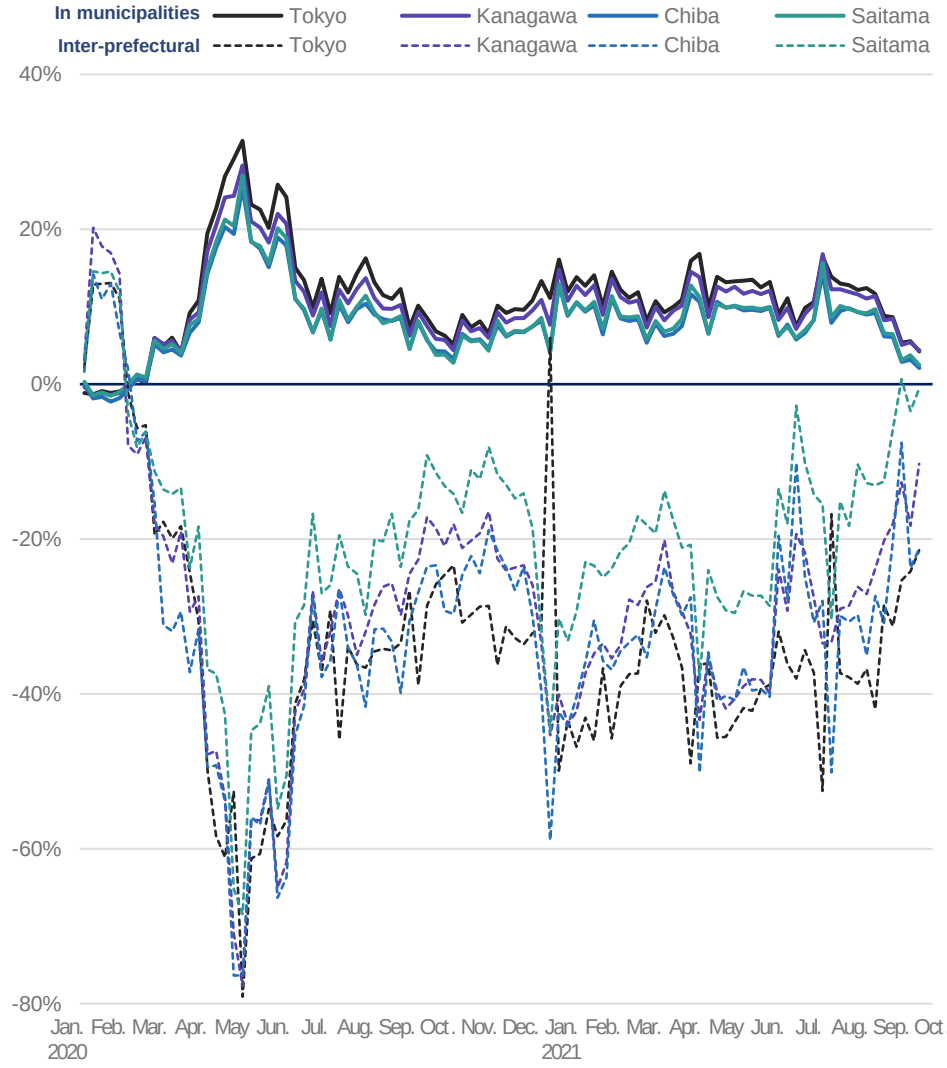


Source: Ministry of Economy, Trade and Industry "the Current Survey of Commerce"

Note: Figures for 2021 are calculated by dividing the 2021 sales figures by the 2019 sales figures which is adjusted by coefficients for continuity in the Ministry of Economy, Trade and Industry's "Current Survey of Commerce" (preliminary report for September 2021).

Change in the number of people staying in residential areas (Weekly comparison vs. 2019)

People staying within residential areas has increased amid the pandemic



Source: V-RESAS (provided by the Office for Promotion of Regional Revitalization, Cabinet office, and Secretariat of Headquarters for Town, People, and Business Development, Cabinet Secretariat)

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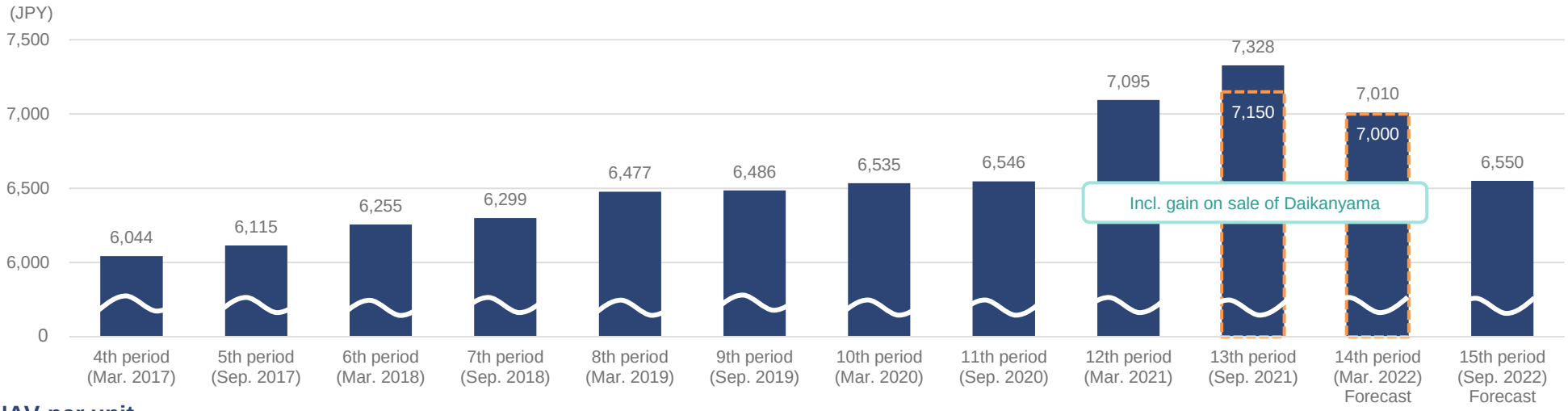
03 KRR highlights and updates



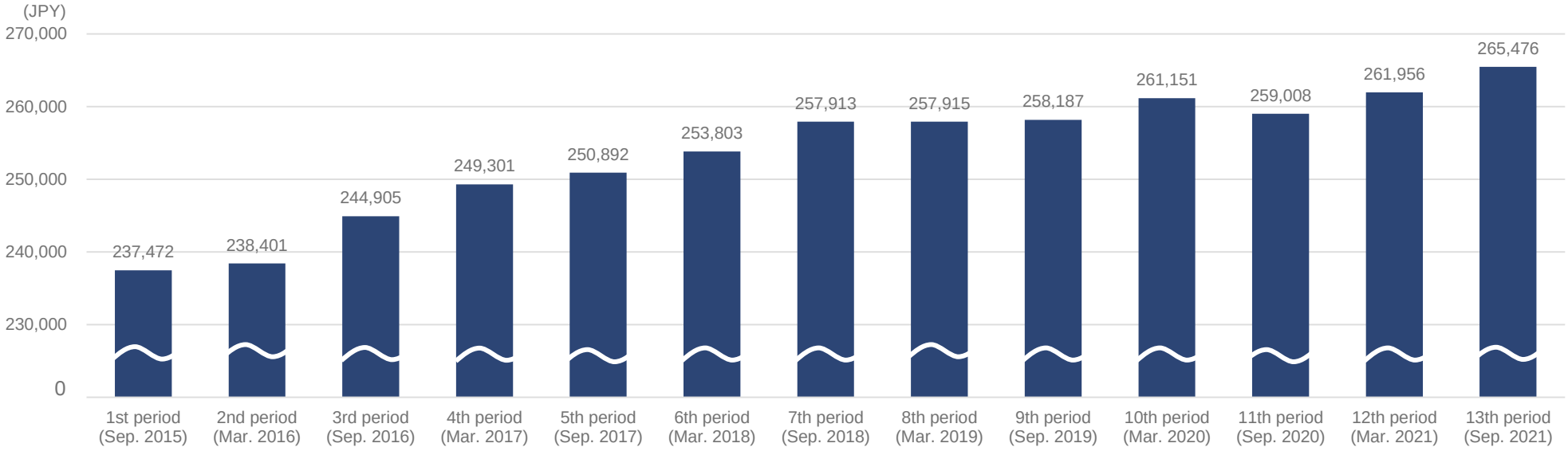
Distribution per unit, NAV per unit and unrealized gain

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Distribution per unit



NAV per unit



Unrealized gain	JPY 2,130 mm	JPY 4,657 mm	JPY 6,720 mm	JPY 8,493 mm	JPY 10,861 mm	JPY 12,270 mm	JPY 14,213 mm	JPY 14,438 mm	JPY 14,695 mm	JPY 15,572 mm	JPY 14,565 mm	JPY 15,753 mm	JPY 17,501 mm

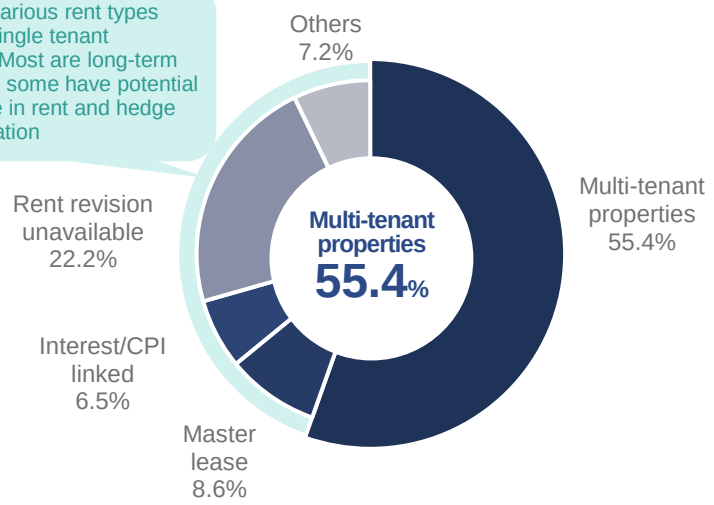
Note 1: The boxes in orange lines indicate the forecasts as of May 18, 2021.
Note 2: NAV per unit at the end of each fiscal period = (net assets + unrealized appraisal gains/losses on the entire portfolio at the end of each fiscal period) / (total number of investment units issued at the end of each fiscal period)

Leasing overview (1)

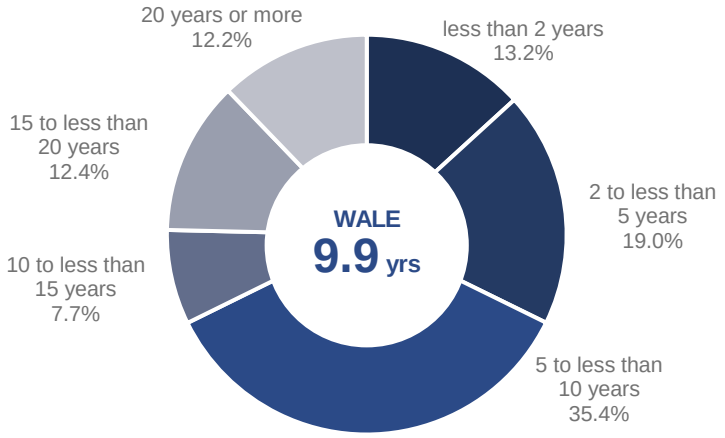
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Multi-tenant properties (by acquisition prices)

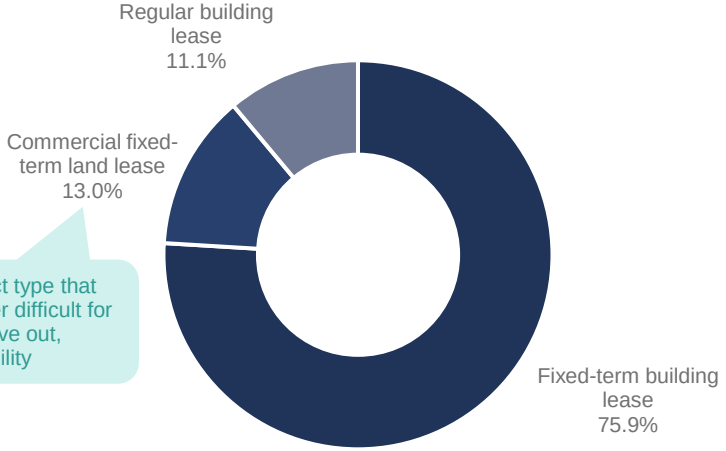
There are various rent types even with single tenant properties. Most are long-term leases, and some have potential for increase in rent and hedge against inflation



Lease expiry profile (by annual fixed rent)

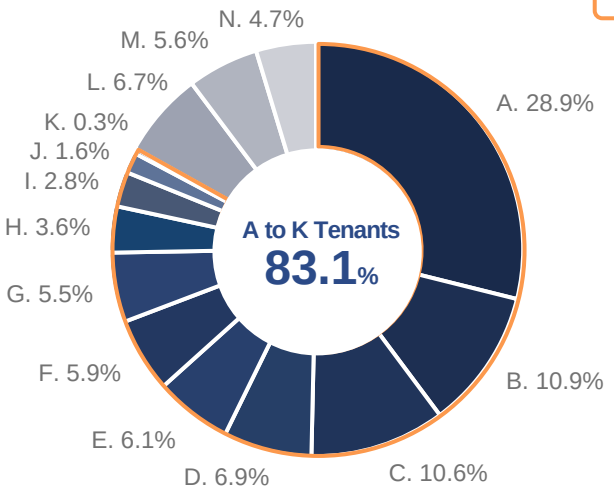


Lease contract type (by annual fixed rent)



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

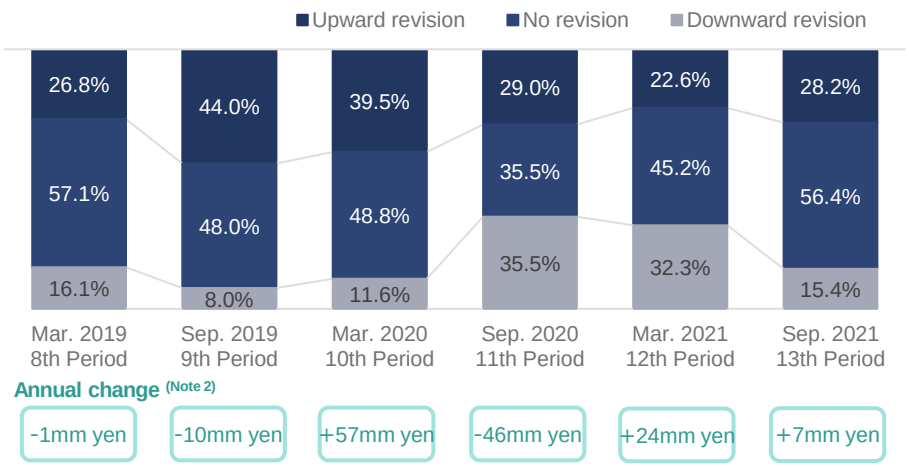
A.	Groceries & Costco	28.9%
B.	Master lease	10.9%
C.	Home & garden	10.6%
D.	Service businesses	6.9%
E.	Amusement	6.1%
F.	Logistics facilities	5.9%
G.	Health clubs	5.5%
H.	Restaurants	3.6%
I.	Drug stores	2.8%
J.	Dollar shops	1.6%
K.	Office	0.3%
L.	Other retailers	6.7%
M.	Consumer electronics	5.6%
N.	Apparel	4.7%

Note 1: The figures are as of Sep. 30, 2021 for the assets owned by KRR as of 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 with sub-lease type master lease agreement (excluding tenants over half of whose shop area KRR considers occupied by areas under direct management). "Interest/CPI-linked" indicates tenants whose rent contract renews accordingly to the interest rate or CPI.

Leasing overview (2)

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Rent revisions (based on number of revisions) (Note 1)

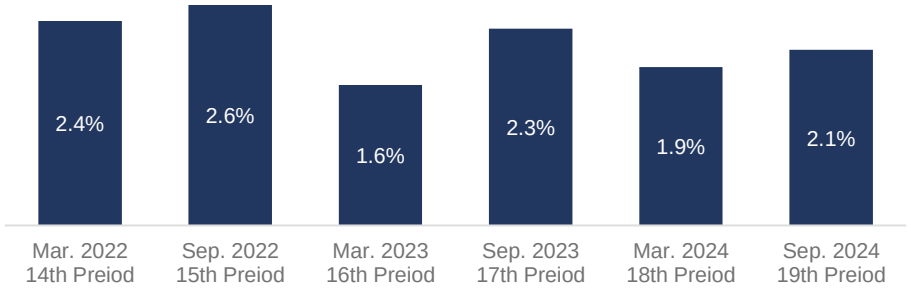


Annual change (Note 2)

Mar. 2019 8th Period	Sep. 2019 9th Period	Mar. 2020 10th Period	Sep. 2020 11th Period	Mar. 2021 12th Period	Sep. 2021 13th Period
-1mm yen	-10mm yen	+57mm yen	-46mm yen	+24mm yen	+7mm yen

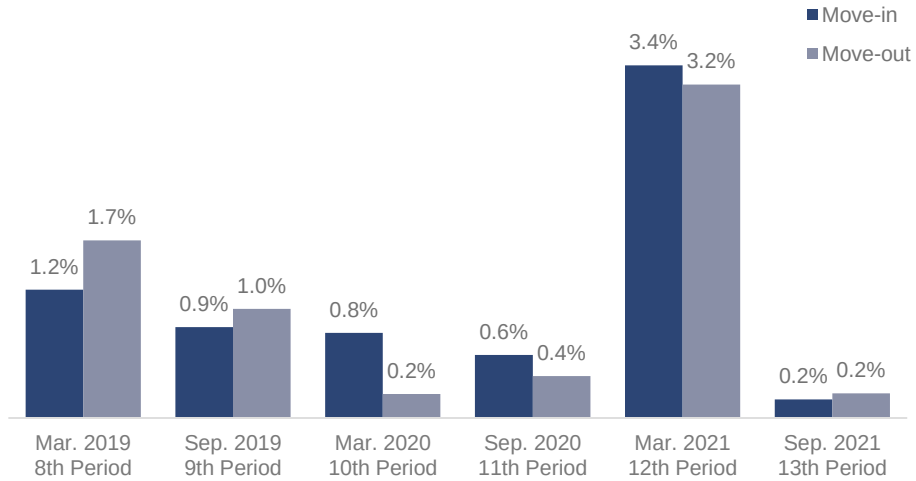
Lease expiry (by annual fixed rent)

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



Mar. 2022 14th Preiod	Sep. 2022 15th Preiod	Mar. 2023 16th Preiod	Sep. 2023 17th Preiod	Mar. 2024 18th Preiod	Sep. 2024 19th Preiod
55 tenants	23 tenants	29 tenants	40 tenants	43 tenants	52 tenants

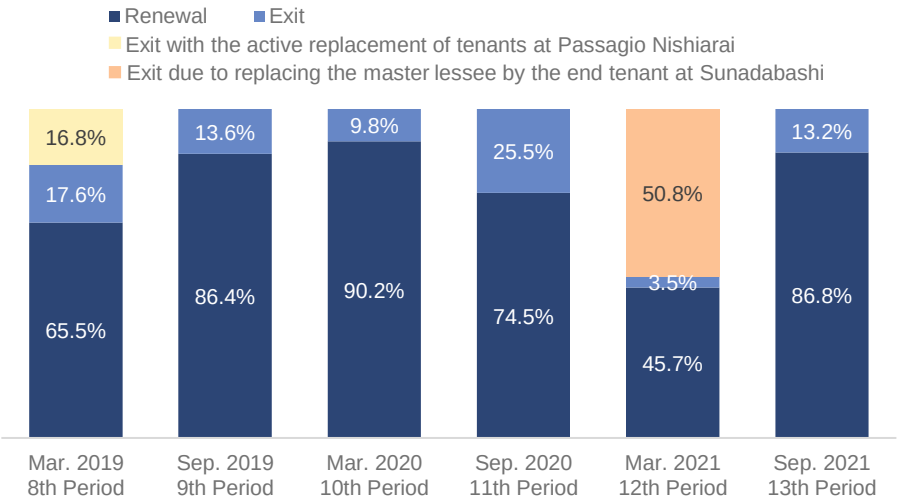
Tenant move-in and move-out (Note 3)



Replacement of tenants at Nishiarai

Direct lease at Sunadabashi

Contract renewals at lease expiry in each period



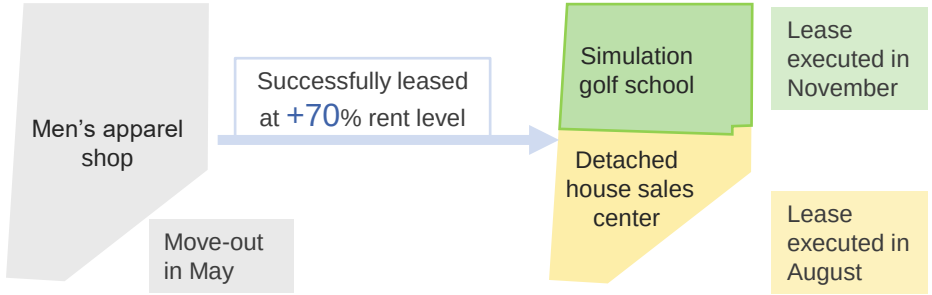
Note 1: Based on the rent including common area charges before revision of the tenants subject to rent revision. Temporal rent reductions/deferrals due to the COVID-19 pandemic are excluded.
Note 2: Based on the contractual rent determined in the lease contract, including regular building leases, for properties owned as of the date of this material. However, disposed assets are excluded.
Note 3: Based on the rent revenue of the last month of each fiscal period.

Internal growth initiatives

Enhancing profitability by installing solar panels



- Men's apparel shop moved out (end of May 2021)
- Divided the space and entered into a lease agreement with a detached house sales company in August
- Executed the lease agreement for the remaining space with a simulation golf school in November
- Achieved 70% increase in rent by the tenant reshuffle



Minimized impact from the pandemic - Konami Sports Club Shibuya



- Conducted negotiations at the expiration of regular building lease agreement in March 2021 and concluded a fixed-term lease agreement for about 20 years
- Management environment remains challenging for sports club amid the pandemic. However, the rent level remains at the same as before, owing to its convenient location

Implementing green leases in distribution centers





Shinjuku Nishiochiai Distribution Center

- Concluded a green lease contract with a transport company after installing LED lighting and upgrading air conditioning equipment
- 8.3% return from the capex

Sapporo Shiroishi Distribution Center

- Concluded a green lease contract with a transport company after installing LED lighting
- 16.5% return from the capex

Increase in revenue from events



Event at Blumer Maitamon

- Conducted events for families, such as a fair selling local specialties
- Revenue from events in 13th FP increased by 9% from that in 9th FP pre-pandemic. Revenue from events in the existing properties, excluding the impact of newly acquired properties, increased by 32% from that in the same FP

Revenue from events and the number of events held

	9th FP (Sep. 2019)	11th FP (Sep. 2020)	13th FP (Sep. 2021)	9th FP (pre-COVID-19) vs. 13th FP
All properties	JPY 16.3 mm	JPY 11.7 mm	JPY 17.8 mm	+9%
Existing properties (Note)	JPY 12.2 mm 205 events	JPY 10.3 mm 142 events	JPY 16.1 mm 198 events	+32% (Revenue basis)

Note: The figures refer to properties continuously held from 9th to 13th FPs.

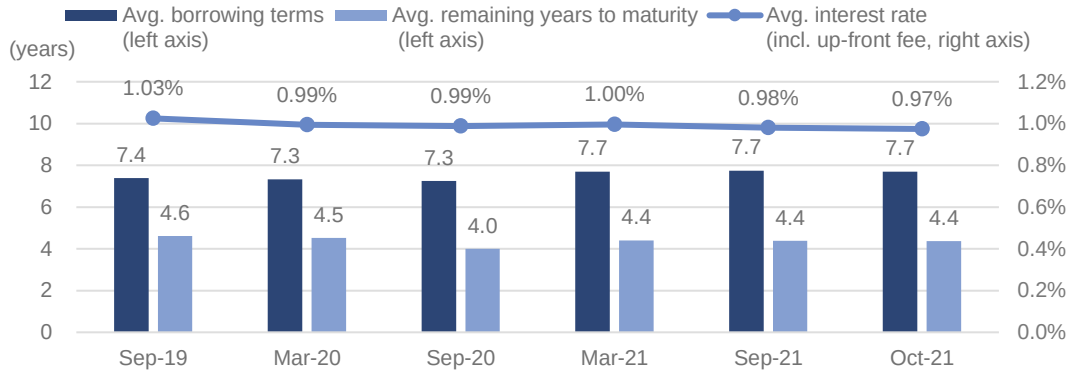
Financial highlights

KENEDIX Retail REIT Corporation

Financial highlights

	12th FP	13th FP	Oct. 2021
Long-term debt ratio	100.0%	100.0%	100.0%
Fixed interest debt ratio	96.8%	97.7%	97.0%
LTV	44.8%	44.1%	44.7%
Number of lenders	12	14	18

Average remaining years to maturity, borrowing terms and interest rate



Credit rating

Credit rating (JCR)

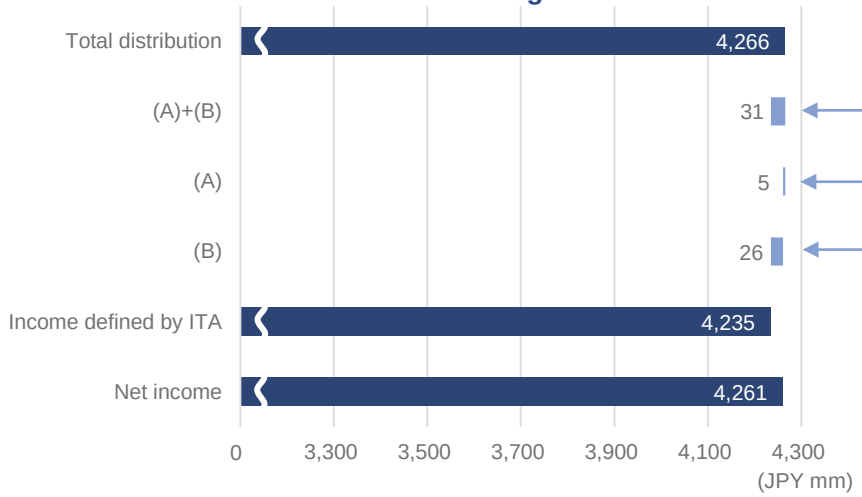
A+ (Positive)

Rating Outlook improved from "Stable" to "Positive" (January 2021)

Improvement in new borrowing terms (including refinances)

	11th and 12th FP	13th and 14th FP
Average borrowing period	5.7 years	5.9 years
Average interest rate	0.77%	0.67%

Distribution in excess of retained earnings



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.
Occurs when taxable income before distribution is larger than net income

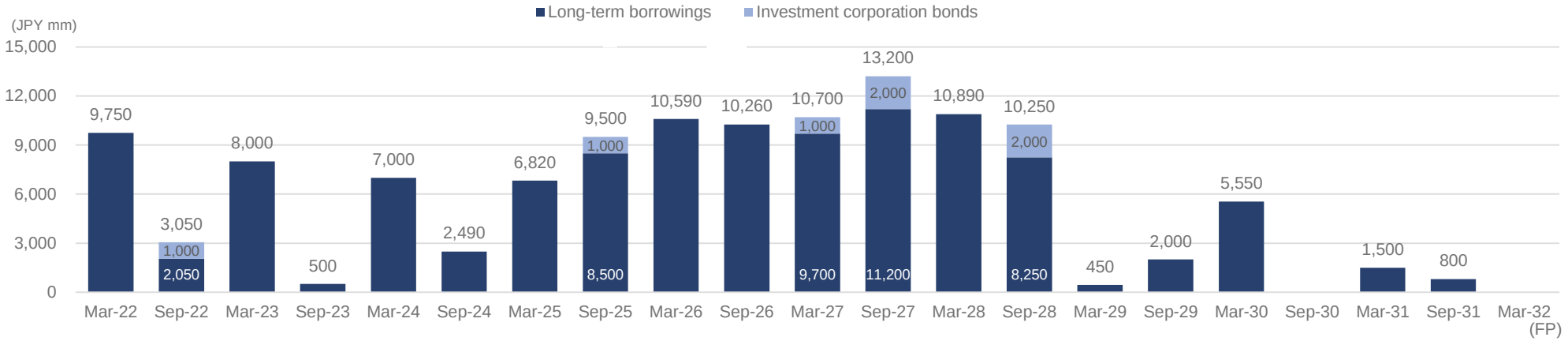
B: Net income vs. income in accordance with Investment Trust Act

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").
Occurs when net income is larger than income defined by ITA

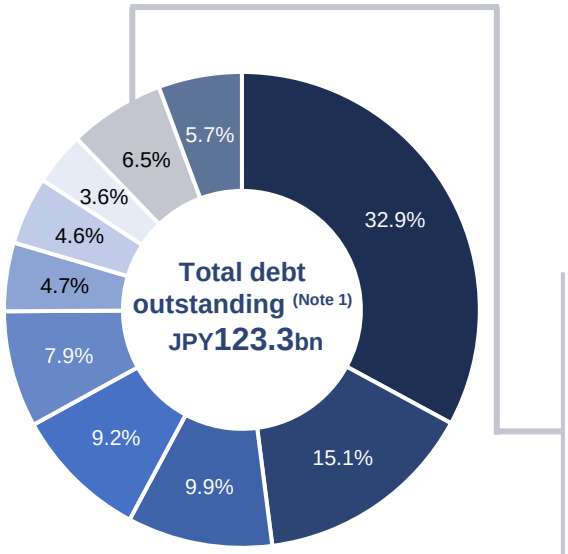
Borrowings and bonds (as of Oct. 31, 2021)

KENEDIX Retail REIT Corporation

Maturities of interest-bearing debts



Breakdown of debt outstanding by lender and investment corporation bonds



(JPY mm)

	Sumitomo Mitsui Banking Corp.	40,570
	MUFG Bank, Ltd.	18,560
	Mizuho Bank, Ltd.	12,170
	Development Bank of Japan Inc.	11,290
	Sumitomo Mitsui Trust Bank, Ltd.	9,770
	Mizuho Trust & Banking Co., Ltd.	5,750
	Resona Bank, Ltd.	5,700
	Aozora Bank, Ltd.	4,440
	The Bank of Fukuoka, Ltd.	1,500
	The Musashino Bank, Ltd.	1,450
	The Gunma Bank, Ltd.	900
New	Shinsei Bank, Ltd.	800
	Nippon Life Insurance Co.	700
New	The Yamaguchi Bank, Ltd.	700
	Sumitomo Life Insurance Co.	500
	The 77 Bank, Ltd.	500
New	The Nishi-Nippon City Bank, Ltd.	500
New	The Higo Bank, Ltd.	500
	Investment corporation bonds	7,000

Commitment credit lines (total of JPY 3,000 mm)

Counterparty	Maximum amount	End of contract term
Sumitomo Mitsui Banking Corp.	JPY 1,000 mm	Mar. 31, 2022
Mizuho Bank, Ltd.	JPY 1,000 mm	Mar. 31, 2022
MUFG Bank, Ltd.	JPY 1,000 mm	Mar. 31, 2022

Investment corporation bonds

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

Note 1: The figure including investment corporation bonds of JPY 7 billion in total.
Note 2: The 1st Series investment corporation bonds were redeemed on Oct. 29, 2021.

Security Code

3453

04 Growth strategies focusing on stability



Growth strategies

- Unchanged demand for shopping centers for daily needs in residential areas that **provide daily necessities**, even amid the pandemic
- **Together with asset reshuffling**, continue **focused investments in shopping centers for daily needs**, which has been carried out since IPO, and **selective investment in retail distribution centers** that meet the demand from e-commerce
- **Unit price recovered NAV per unit** as the market recognized the stability of shopping centers for daily needs, **leading to the growth strategy including public offering**

Strategies in with/ post-pandemic era

Increase in 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
- **Enhance portfolio profitability**
  Aim to enhance portfolio profitability through "one-stop" AM and PM services

AUM expansion

- **Public offering**
  Enhance unitholder value by expanding AUM through public offering to further diversify portfolio
- **Setting AUM and DPU targets**
  Set mid-term AUM and stabilized DPU targets, in response to the recovery of unit price to the pre-COVID level

Credit improvement

- **Aim for credit rating upgrading to AA-**
- **Reduce funding costs**

Promotion of ESG initiatives

- **Establishment of Sustainability Office and Sustainability Committee**
- **Support for TCFD recommendations**
- **Preparation of issuing of green bonds**

Key achievements amid the pandemic

Crisis period (11th period)

Improving occupancy rate

- 99.4% (10th FP end) → 99.7% (11th FP end)

Response to tenants

- 95 rent reductions and 2 rent deferrals in response to 196 requests from tenants during the 11th FP (99 tenant requests agreed with no reduction)

Recovery period (12th period-)

Sale of Daikanyama Address Dixsept in three phases

Acquisition of two logistics facilities

Improvement in credit rating outlook
A+ (Stable) → A+ (Positive)

After recovery in unit price (13th period-)

5th PO and asset acquisition

Acquisition of Kitera Town Fukuoka Nagahama

Improvement in borrowing conditions

Providing consumers with retail infrastructure that grows in importance amid the pandemic

KENEDIX Retail REIT Corporation

The COVID-19 pandemic is accelerating the environment changes where the functions of retail and logistics facilities are getting similar, and the importance of shopping centers for daily needs and retail distribution centers increases as a retail infrastructure

Environment recognition

Medium- to long-term changes in the market environment with the rise of e-commerce

Changes in retail facilities with the rise of e-commerce	Challenges faced by the logistics sector 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 (click-and-collect) • Integration of retail and logistics facilities	• Frequent small deliveries • Shorter lead time • Managing the last mile issue • Expanding needs for distribution centers close to consumption areas

Acceleration of environment changes amid the COVID-19 pandemic Changes in consumer behavior due to the experience of COVID-19

Changes in consumer behavior amid the COVID-19 pandemic	
Change in lifestyles with rising stay-at-home demand	More demand for e-commerce Large increase in home deliveries
Increased bulk purchases with less frequent shopping outside	More people working from home Increased mid-day population in residential areas

Increasing importance of shopping centers for daily needs and retail distribution centers as retail infrastructure

Examples of online merging with offline

Micro-fulfillment center for an online store partnered with a grocery supermarket

(Kitera Town Fukuoka Nagahama)



(Kitera Town Chofu)



An online store opens a physical store in retail facility

(Blumer Maitamon)



Installation of lockers to pick up products in retail facilities

(P-1 Plaza Tenno)



Integration of retail and logistics facilities

(Yokohama Kamigo Distribution Center)



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

(Kurume-Nishi Shopping Center)

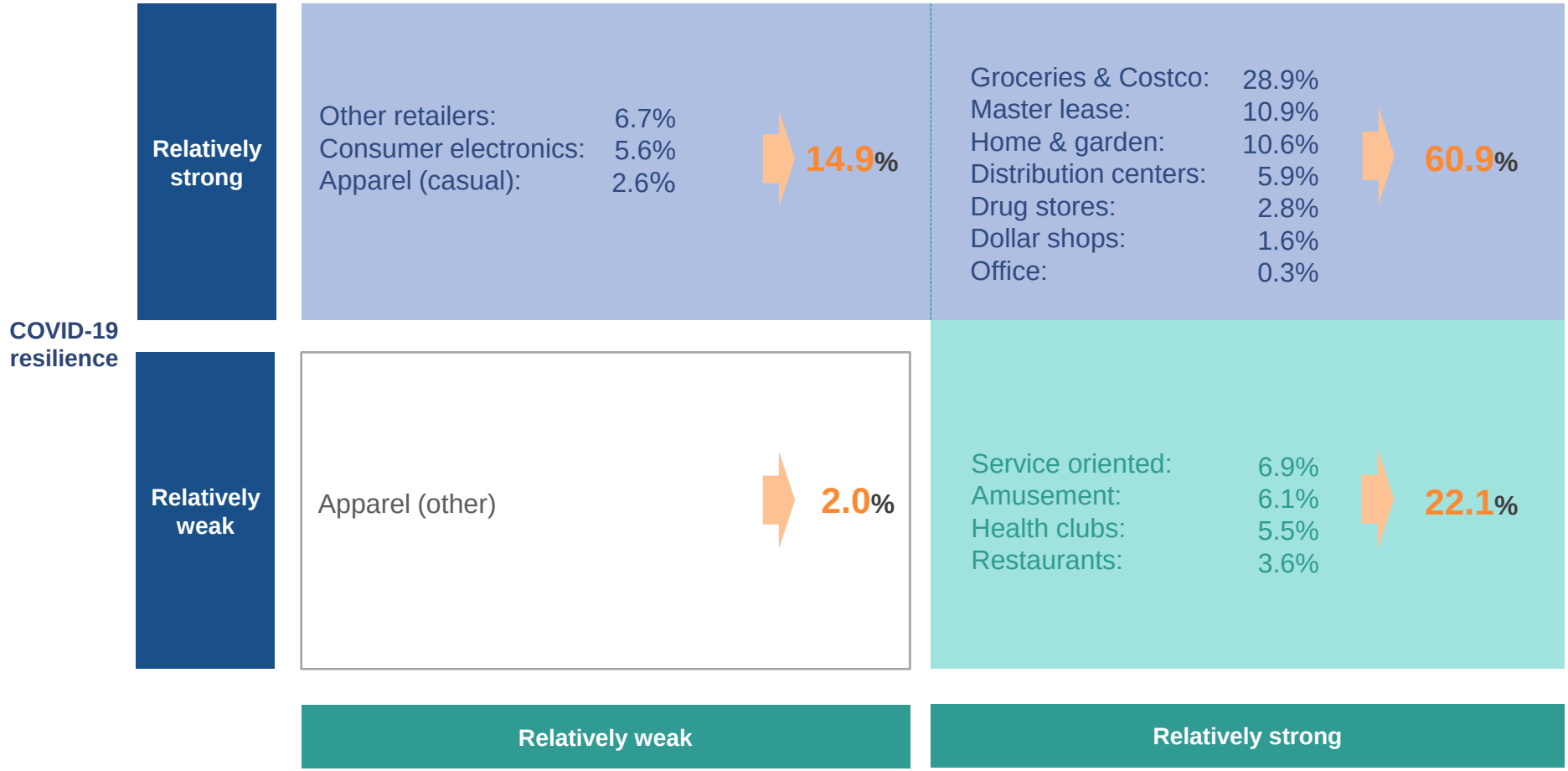


Portfolio composition

KENEDIX
Retail REIT Corporation

Resilience against COVID-19 and e-commerce

75.8% of the portfolio is COVID-19 resilient and 83.1% is e-commerce resilient
More than half of the portfolio is both COVID-19 and e-commerce resilient



Flexible portfolio management adapting to changing market environment

KENEDIX Retail REIT Corporation

Pursuing a portfolio with higher quality and profitability adapting to changing environment by leveraging methods such as asset reshuffling

Reshuffling since 12th FP (based on acquisition / disposition price)

	Properties acquired	Properties disposed of
Number of properties	8	3
Total price (acquisition/disposition)	JPY 32.5bn	JPY 9.1bn
Total appraisal value	JPY 30.7bn	JPY 8.4bn
Average NOI yield	Average appraisal NOI yield 5.0%	Average NOI yield (based on Disposition price)(Note) 3.9%

Daikanyama Address Dixsept

Location	Shibuya-ku, Tokyo		
Date of disposition	Dec. 1, 2020	Apr. 1, 2021	Oct. 1, 2021
Disposition price	JPY 2,657mm (40%)	JPY 1,993mm (30%)	JPY 1,993mm (30%)
	Total JPY 6,644mm		
Book value (Sep. 2020)	JPY 5,363mm		
NOI yield (based on disposition price) (Note)	3.6%		

Kitera Town Fukuoka Nagahama

Location	Fukuoka, Fukuoka
Date of acquisition	Oct. 1, 2021
Disposition price	JPY 6,000mm
Appraisal value (Sep. 2021)	JPY 6,100mm
Appraisal NOI yield (based on acquisition price)	4.7%

12th FP Mar. 2021

3 properties acquired, JPY 2.3bn


Chiba-Kita Distribution Center


Sapporo Shiroishi Distribution Center


Monenosato Mall (2 New Buildings)

1 property disposed of, JPY 2.6bn


Daikanyama Address Dixsept (40% quasi co-ownership interests)

13th FP Sep. 2021

4 properties acquired, JPY 22.3bn


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


Kitera Town Chofu


Unicus Urawamisono (Land)


Merado Daikai

3 properties disposed of, JPY 4.5bn


Daikanyama Address Dixsept (30% quasi co-ownership interests)


Unicus Ina (20% quasi-co-ownership interest)


Hankyu Oasis Hirakatadeguchi

14th FP Sep. 2021

1 property acquired, JPY 6.0bn


Kitera Town Fukuoka Nagahama

1 property disposed of, JPY 1.9bn


Daikanyama Address Dixsept (30% quasi co-ownership interests)

Note: Calculated by dividing the actual NOI (for the 10th and 11th FP for Daikanyama Address Dixsept and for the 11th and 12th FP for Hankyu Oasis Hirakatadeguchi and Unicus Ina. As for Unicus Ina the figure is calculated based on 20% quasi-co-ownership interest.

New acquisition (Kitera Town Fukuoka Nagahama)

KENEDIX Retail REIT Corporation

NSC Neighborhood Shopping Center

Kitera Town Fukuoka Nagahama

An NSC that opened in February 2021 in an area with high population growth, neighboring Tenjin area in Fukuoka







Features of the property

- An NSC opened in February 2021 and located in Nagahama area, approximately 1.5km northwest of Tenjin Station
- The property features a grocery supermarket, Sunny on the first floor. Tenants on the second and third floors include a drugstore, a baby and children's clothing store, a dollar shop, a karaoke lounge and health clubs

Highlights

- The property is located in a convenient area within walking distance of Akasaka Station (approximately 7-minute subway ride to Hakata Station) and Ohorikoen Station on the Airport Line of Fukuoka City Subway
- Sunny, Seiyu's brand in Kyushu region (except Nagasaki prefecture), is open 24-hours and provides delivery service for its online supermarket, meeting the demand of urban consumers and young families working in central business district
- Active housing developments have contributed to the area's recent high population growth, while the area is categorized as a harbor district where Fukuoka City Central Wholesale Market Fresh Fish Market, companies associated with the market, etc. are located





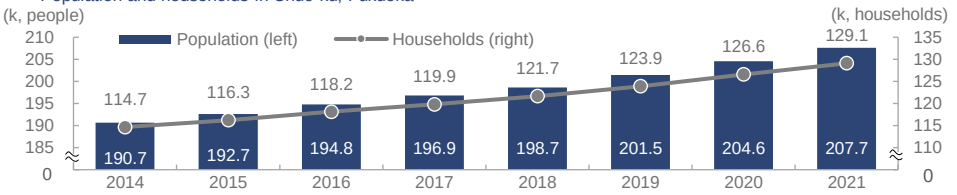
Acquisition price	JPY 6,000 mm	Appraisal value	JPY 6,100 mm
Location	Fukuoka, Fukuoka	Appraisal NOI	JPY 279 mm
Land area	3,471.10m^2	Appraisal NOI yield	4.7%
Gross floor area	10,217.38m^2	Main tenant	Seiyu GK

Location Located in Chuo-ku, Fukuoka, where redevelopment is being carried out mainly in Tenjin area

Trade area — The area with active housing development and high population growth as commercial and residential districts and redevelopment area

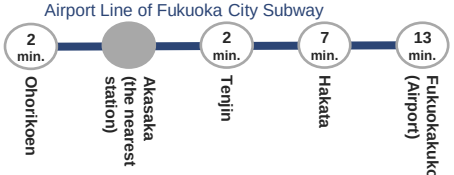
■ Continuously increasing population and households in Chuo-ku, Fukuoka

Population and households in Chuo-ku, Fukuoka

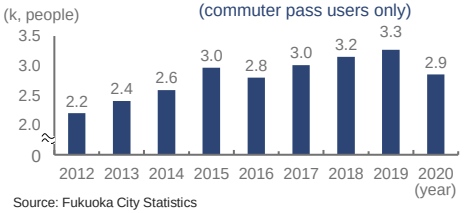


Source: "Basic Resident Register: Trends in Population and Households" by Chuo-ku, Fukuoka (as of September 1 of each year)

■ 7 min. to Hakata Station and 13 min. to Fukuokakuko (Airport) Station from the nearest station



Number of passengers using Akasaka Station (commuter pass users only)



Source: Fukuoka City Statistics

■ Redevelopment in Tenjin area ("Tenjin Big Bang Project")

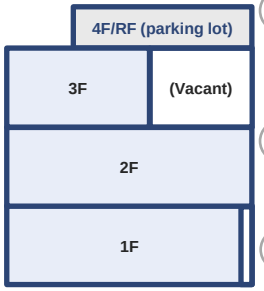


Source: Retouched the aerial photograph of Geospatial Information Authority of Japan by KFM based on the materials issued by Fukuoka

- To create new space and employment, Fukuoka City promotes the reconstruction to advanced earthquake-proof buildings with combination of relaxation of floor-area ratio in Tenjin area
- Residential development is expected in the surrounding area, such as neighboring Nagahama area, along with an increase in the number of workers in Tenjin area
- The property is a 10-minute walk from Akasaka Station, close to the redevelopment area

Tenants A grocery supermarket as its anchor store and several major specialty stores

Competitiveness — Meeting the demand of urban consumers and young families working in central business district



Note: As of September 10, 2021

3F A dollar shop, health clubs, etc. Some spaces remain vacant (17%(Note)) because the property was completed amid the COVID-19 pandemic. Leasing activities are ongoing after KRR acquired the property and reviewed the leasing strategy

2F In addition to stores for daily necessities, such as a drugstore and baby and children's clothing store, there are entertainment facilities, such as a karaoke lounge and an arcade game center

1F Seiyu (Sunny) is open 24-hours, and operates "Rakuten Seiyu Netsuper," an online supermarket, in cooperation with Rakuten Group, Inc. and ships the products for the online supermarket from stores



Products for online supermarket

サニーのお店からお届け。

Rakuten SEIYU ネットスーパー

Leveraging strong support from the Sponsor and Alliance Companies

KRR achieves sustainable growth acquiring properties by utilizing the pipelines of its Sponsor and Alliance Companies
KRR aims to further expand AUM by leveraging strong support from the Kenedix Group and Alliance Companies

Sponsor's enhancement of support capability

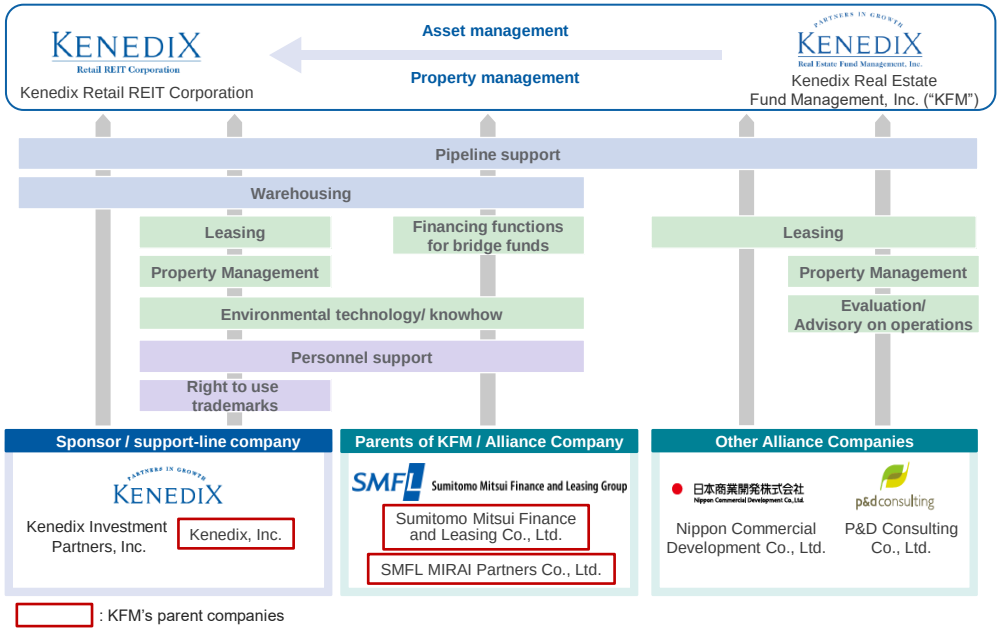
KENEDIX ⟷ 70% equity share / Strategic partnership backed by capital-business alliance ⟷ SMFL Sumitomo Mitsui Finance and Leasing

backed by capital-business alliance

Synergy effects

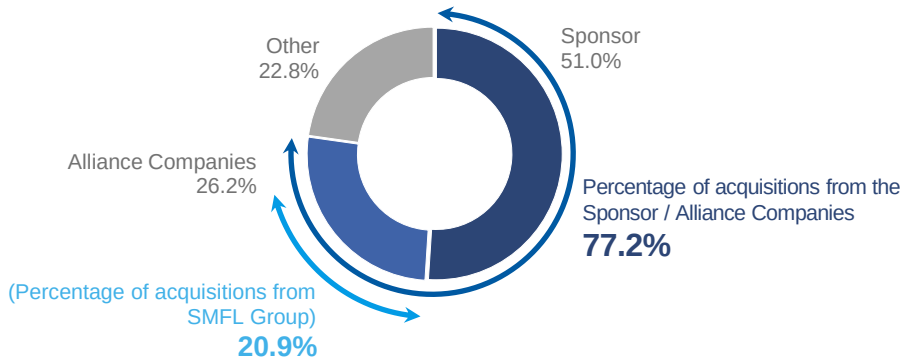
- Strengthening REIT and private placement fund businesses
- Supplementation of creditworthiness and enhancement of fund-raising capacity
- Expansion of new business domains
- Sharing know-how on SDGs management
- Strengthening competitiveness by sharing experience, knowledge, and know-how through mutual exchange of human resources

Strong support from the Kenedix Group and Alliance Companies



External growth by utilizing Sponsor and Alliance Companies pipelines

Breakdown of acquisitions after this offering
(Based on acquisition price, as of the end of Oct. 2021)



Sample pipelines from Sponsor / Alliance Companies



Seiyu Higashimatsuyama



Sun Drug Higashimatsuyama



YorkMart Higashimichinobe

To be converted

Grocery store conversion (Yokohama)

Note: KRR has no plans to acquire the properties shown as "Sample pipelines", and there is no guarantee that KRR can acquire the properties in the future as of the publication date of this document.

ESG initiatives (Certifications)

KENEDIX Retail REIT Corporation

Earned “Four Star GRESB Rating” in the 2021 assessment

GRESB ★★★★☆ 2021

- KRR earned **its third consecutive “Four-Star GRESB Rating”** in the 2021 GRESB Real Estate Assessment
- KRR has participated in the GRESB Real Estate Assessment consecutively since its first participation in 2016. KRR has been awarded **a “Green Star” designation for six consecutive years**, by achieving high performance both in “Management Component” that evaluates policies and organizational structure for ESG promotion, and “Performance Component” that assesses environmental performance and tenant engagement of properties owned

Target rating
4 stars or higher

The number of certified properties and certified floor area (as of Nov. 16, 2021)(Note)

The number of properties	Certified floor area	Ratio	Target ratio
18 properties	**471,976.59** m²	**58.6** %	**60.0** %

DBJ Green Building Certification

DBJ Green Building 2018

Evaluate and certify with environmental and social considerations, based on comprehensive evaluation which taking into account measures taken for various stakeholders

★★★★
Blumer Maitamon

★★★

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

★★
Yumemachi Narashinodai Mall

12 certified properties

Certification for CASBEE for Real Estate

CASBEE 不動産 2021

The system rates the overall environmental performance of buildings from two perspectives; the evaluation of the environmental quality and performance of buildings themselves and the external environmental load buildings apply

S rank ★★★★★
Apita Terrace Yokohama Tsunashima
Homecenter Kohnan Sunadabashi
Resora Obu Shopping Terrace
Kitera Town Chofu

A rank ★★★★
Musashi Ranzan Distribution Center
Costco Wholesale Sapporo Warehouse

6 certified properties

Certification for Building-Housing Energy-efficiency Labeling System (BELS)

BELS

A third-party certification system that grades housing and buildings
In accordance with an obligation to make an effort to indicate energy saving performance stipulated in the Act on the Improvement of Energy Consumption Performance of Buildings

★★★★★
Apita Terrace Yokohama Tsunashima

1 certified property

Note: Apita Terrace Yokohama Tsunashima has acquired both certification for CASBEE for Real Estate and Certification for Building-Housing Energy-efficiency Labeling System (BELS) while it is treated as one property when counting the number of certified properties.

ESG initiatives (Environment and Society)

KENEDIX Retail REIT Corporation

Organizational changes for the purpose of promoting ESG initiative

Sustainability Office	Sustainability Committee	Support for TCFD Recommendations
KFM newly created Sustainability Office, which deals matters relating to sustainability and ESG	KFM newly created Sustainability Committee, which is chaired by the President of KFM, for the purpose of enhancing approaches to sustainability and ESG	KFM has expressed support for the recommendations of TCFD and joined the TCFD consortium. KFM is preparing for new disclosures which follows TCFD policy

Preparation for issuing green bonds

Acquired Green 1 (F) of JCR Green Finance Framework Evaluation

Overall evaluation	**Green 1 (F)**
Greenness evaluation (Use of proceeds)	**g1 (F) (Top of a 5-point scale)**
Management, operation, and transparency evaluation	**m1 (F) (Top of a 5-point scale)**

Green bond eligibility criteria

Eligibility criteria (Funds to acquire green building, funds to repay debt and redeem investment corporation bonds)		
DBJ Green Building Certification "three stars" or higher	Certification for CASBEE for Real Estate "B+ ranking" or more	BELS Assessment "★★★" or higher

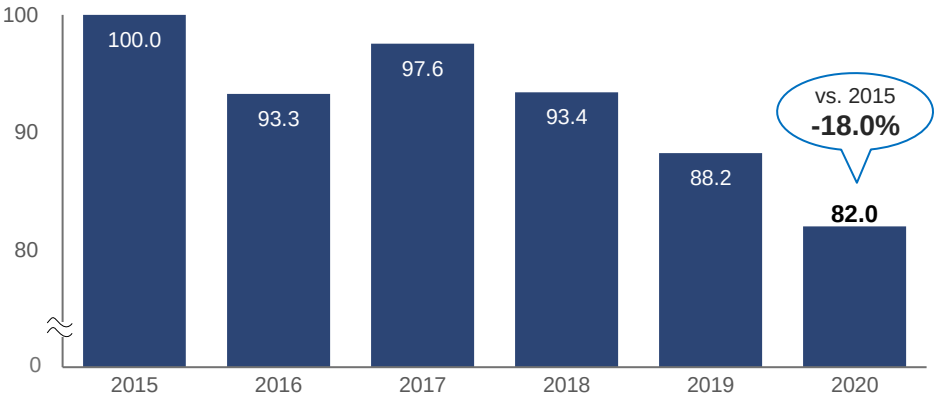
Eligible properties: 17 properties with total acquisition price of JPY120.3 bn as of Nov. 16, 2021

Environment initiatives

Solar panel installation

We installed solar panels at Unicus Ina, Kawamachi Yahagi Mall and Apita Terrace Yokohama Tsunashima to contribute to decrease CO_2 emissions by self-consumption of power generated by them

Track record of GHG emissions (2015 = 100)



Social initiatives

Collaboration with local communities

KRR entered into agreements with Yoshikawa City, Ina Town and Konosu City, allowing the property to be used as a temporary shelter at emergency

Supporting UNICEF

KRR supports the activity of UNICEF (United Nations Children's Fund) by providing common areas of its properties for their fund-raising campaign

SDGs Children Enlightening Event

KRR holding an event featuring essence of SDGs goals such as reduction of waste materials and importance of diversity



Unicus Ina



Blumer Maitamon


Sun Street Hamakita

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

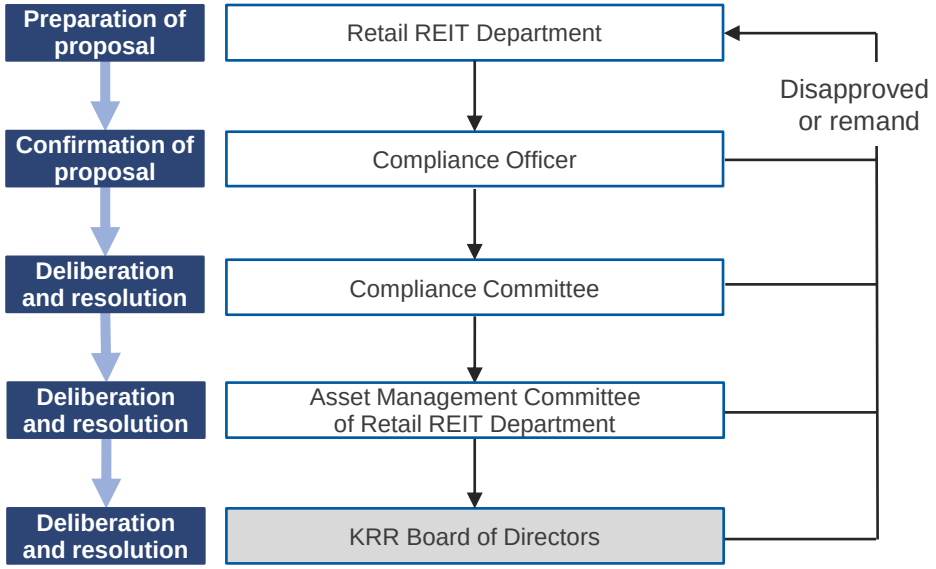


Investment in KRR by Kenedix, Inc.

(as of Sep. 30, 2021)

Number of units owned	Ownership
16,950 units	**2.9%**

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)

Revision to the investment unit performance fee structure (Note 3)

- The purpose of the revision is to increase the linkage between unitholder returns and the asset management fee
- Revised the method of calculation to factor in a case where KRR's investment unit prices underperform the TSE REIT Index

KRR's excess return ✕ KRR's market capitalization ✕ 0.1%

KRR's total return (Growth rate considering dividends) − TSE REIT Total Return Index (Growth rate for the same period considering dividends)

In case of negative excess return

Revised point

- No investment unit performance fee
- Negative performance figures are caried over to the next period (only for one FP)
  If the next period's excess return is positive, the excess return is offset by the previous period's negative performance figure

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.
Note 3: The changes of fee structure is subject to condition precedents including approval by the General Meeting of Unitholders to be held on Dec. 22, 2021.

Security Code

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05 Key characteristics of KRR



Investments focusing on shopping centers for daily needs

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Retail REIT Corporation

"Daily / Neighborhood" type

KRR's 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

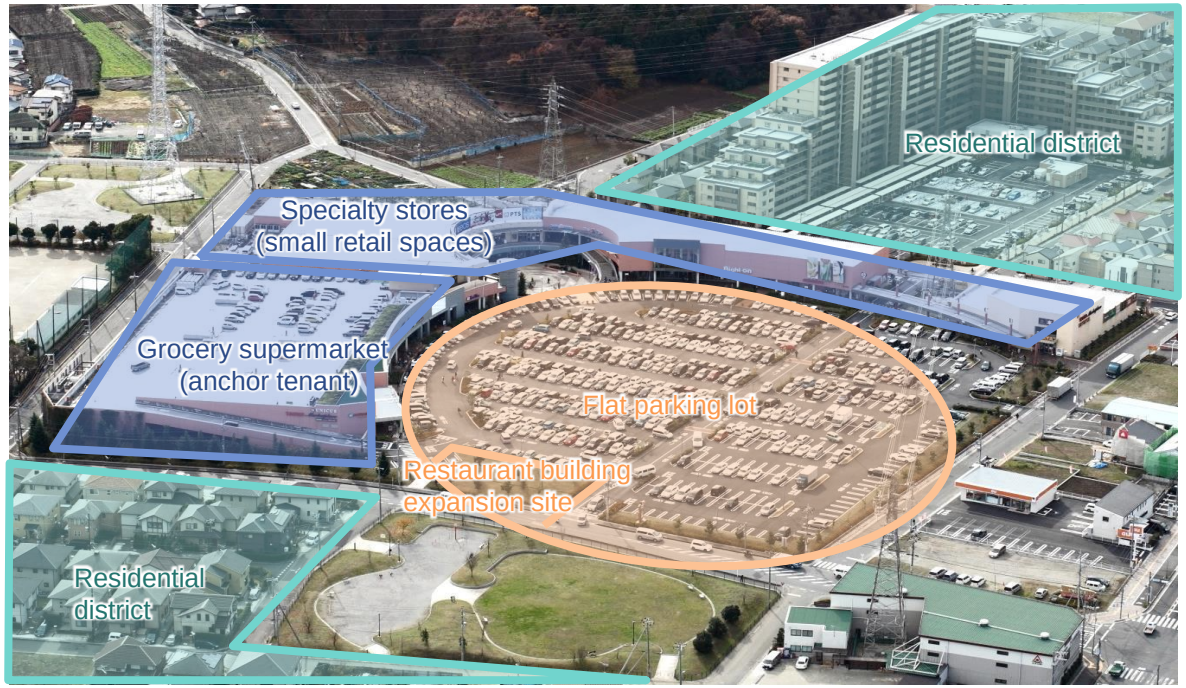
Outlet malls

Urban retail properties featuring

High-end brand shops

Primary characteristics of shopping centers for daily needs

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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

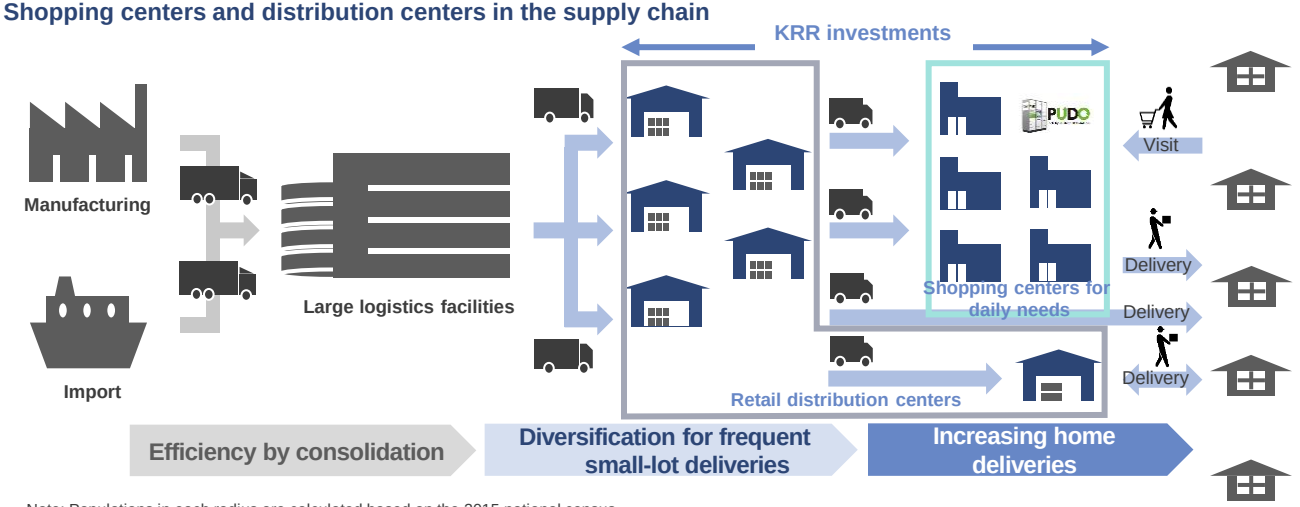
Tenants Providing primarily daily necessities

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

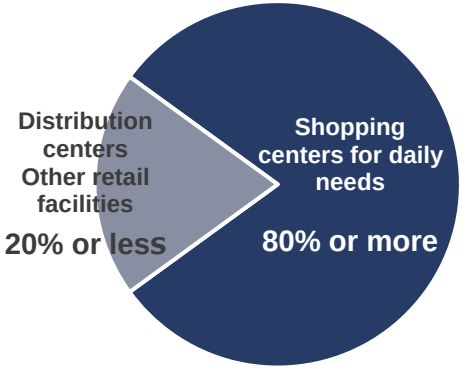
Facilities Capacity to accommodate frequent customer visits and provide revenue upside potential

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

Shopping centers and distribution centers in the supply chain



Target portfolio distribution



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

Retail market trends: GMS vs. Specialty stores

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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

2021 (JPY bn)

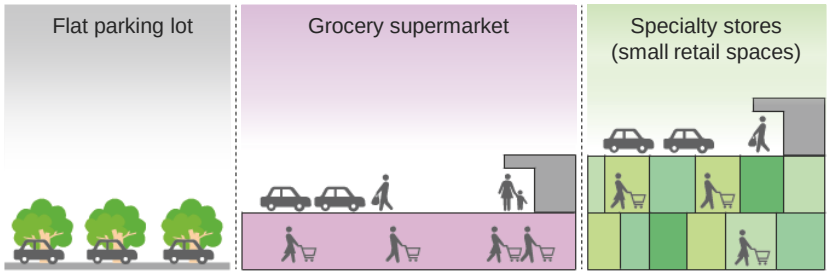
	Type of store	Sales	Change
1	Supermarket	17,418.6	+34.4%
2	Convenience store	10,791.2	+45.6%
3	Drug store	9,481.9	+156.8%
4	GMS	7,110.8	-17.3%
5	Other retailers	6,984.0	+21.6%
6	Consumer electronics	6,091.3	+6.5%
7	Apparel	5,148.2	+62.0%
8	Department store	4,138.7	-50.0%
9	Home and garden	3,726.7	+31.4%
10	Consumers' co-operative	2,720.9	+9.4%

Source: Data regarding Japanese retailer earning results are based on magazine "Diamond Chain Store" dated Sep. 15, 2016 and Sep. 15, 2021.

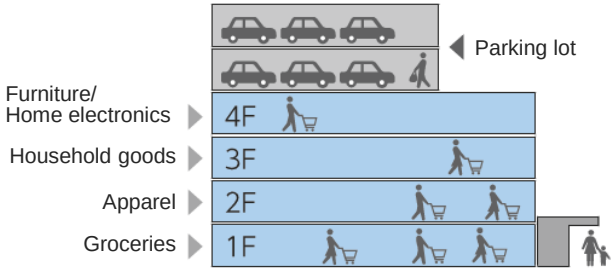
Advantages of shopping centers for daily needs

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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

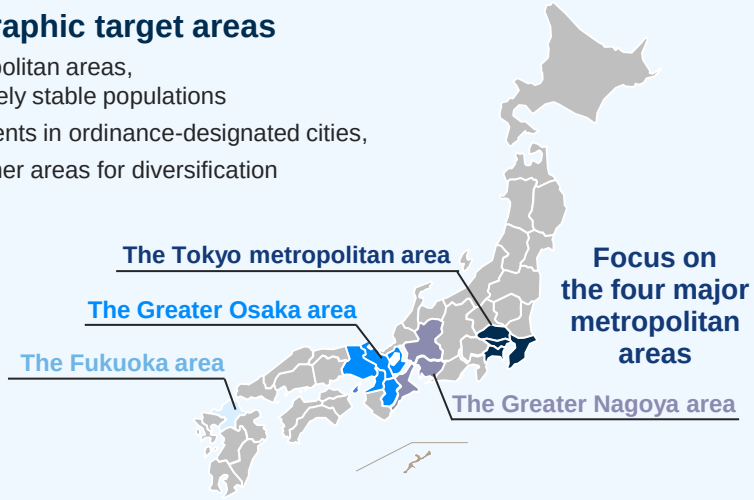
Focus on the following four elements in making investment decisions:

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

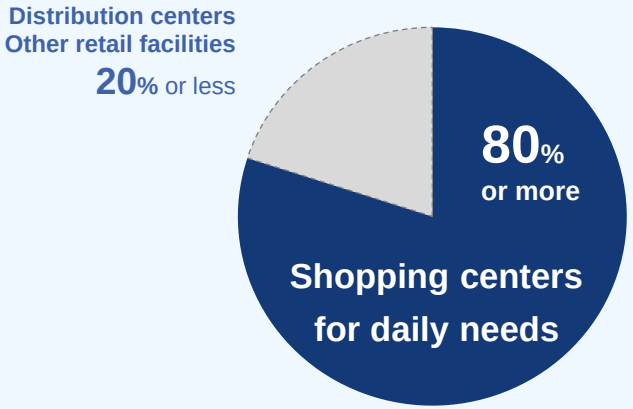
Profitability	Tenant mix
• Occupancy, leasing status, rent level and lease term	• Optimal tenant mix for the property considering tenant credit profiles and retail space usage

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

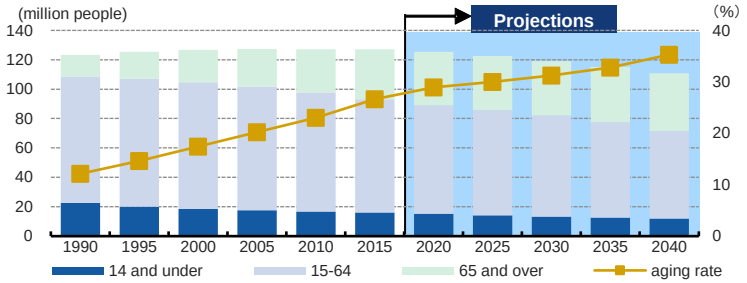
Note: Target areas for distribution centers include locations near expressways or major public highways and easy access to a major metropolitan area or an ordinance-designated city and core city.

Retail property trends and macroeconomic conditions

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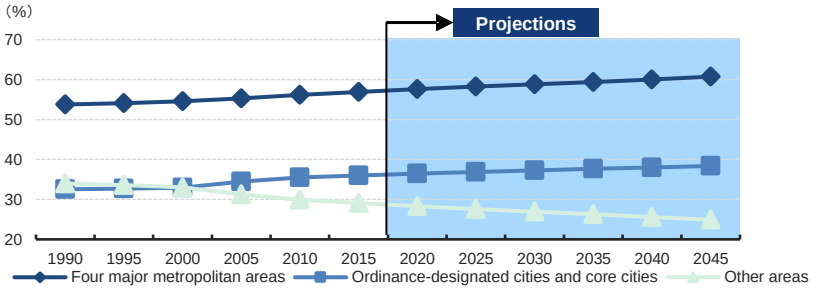
Shrinking retail trade area due to aging and concentrating population in Japan

Demographic shift in Japan



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

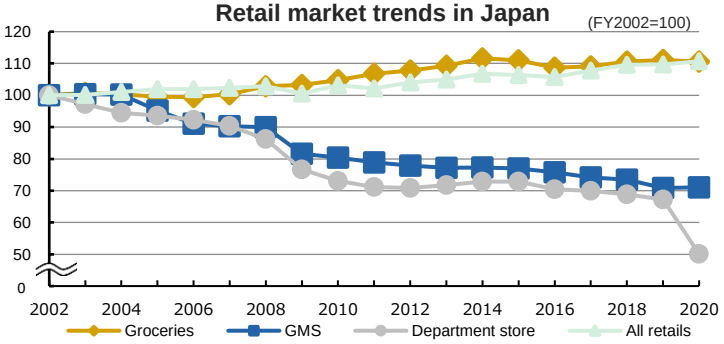
Population share in Japan by area



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

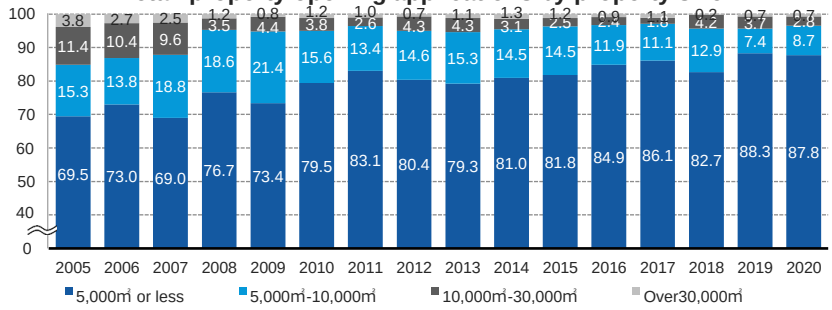
Changing retail facilities

Retail market trends in Japan



Source: Ministry of Economy, Trade and Industry

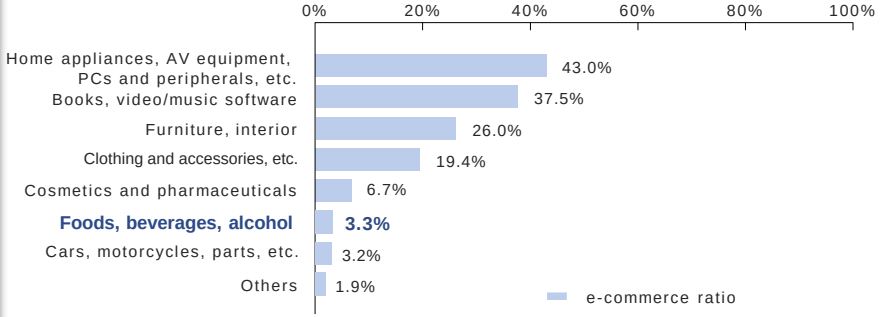
Retail property opening applications by property size



Source: Ministry of Economy, Trade and Industry

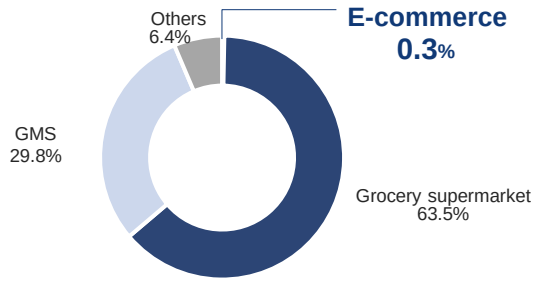
Shopping centers for daily needs are highly resistant to e-commerce

Foods, etc. with relatively low e-commerce penetration



Source: FY2020 E-Commerce Market Survey by the Ministry of Economy, Trade and Industry

Low e-commerce penetration in the purchase of fresh foods



Source: 2021 Supermarket White Paper by the National Supermarket Association of Japan

Overview of the Kenedix Group

The Kenedix Group's strong commitment to J-REITs

Total AUM: JPY 2,488.4 bn (as of Sep. 30, 2021) (Note)

J-REIT: JPY 1,227.0 bn

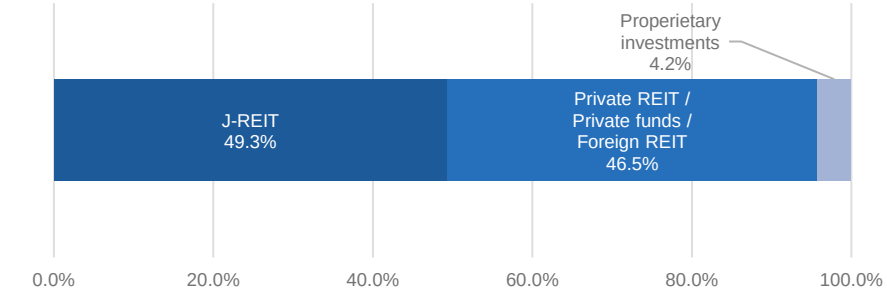
- Kenedix Office Investment Corporation
- Kenedix Residential Next Investment Corporation
- Kenedix Retail REIT Corporation
- Japan Logistics Fund Inc.

KDX 10% ownership in AM

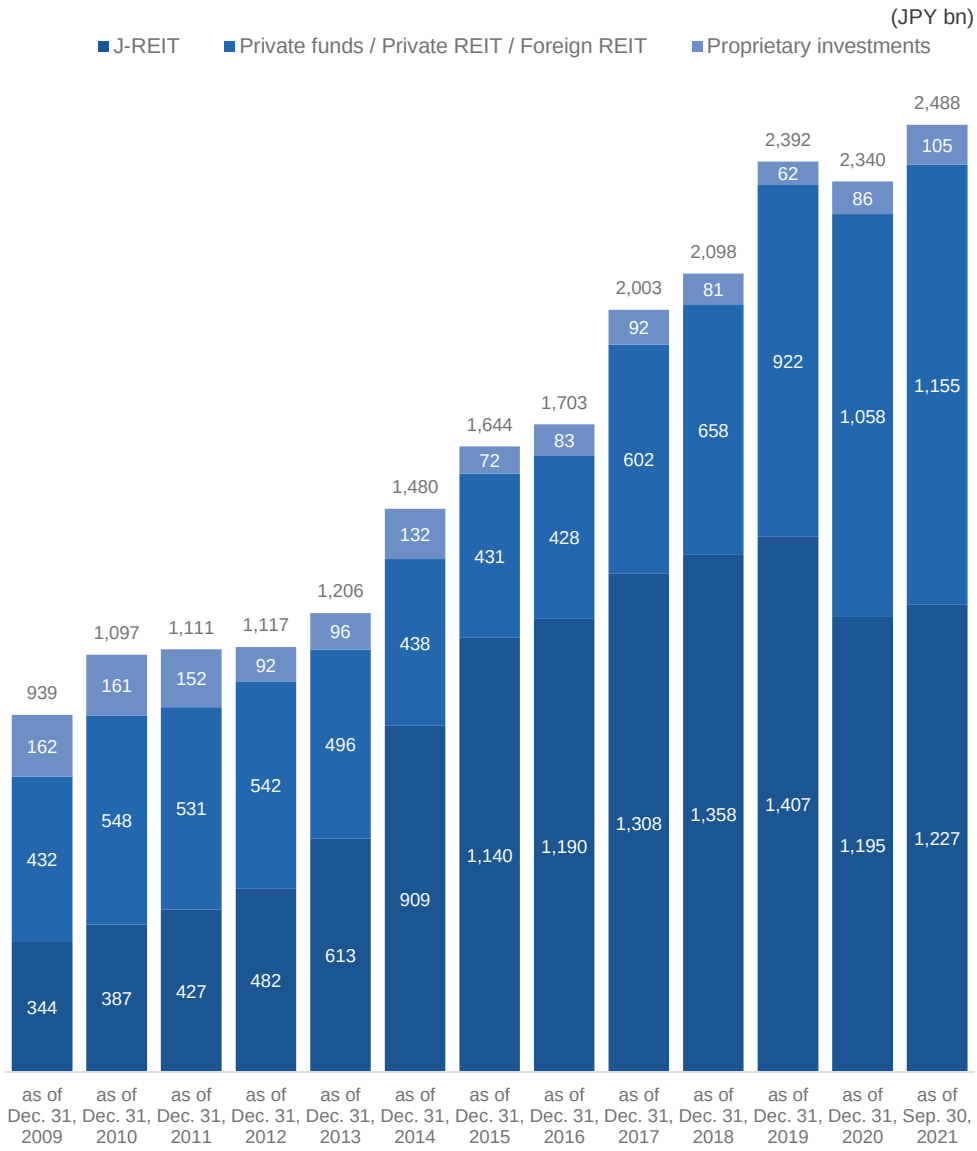
Private REIT / Private funds / Foreign REIT : JPY 1,155.9 bn

- Kenedix Private Investment Corporation
- Private funds
- Foreign REIT

Breakdown of AUM as of Sep. 30, 2021



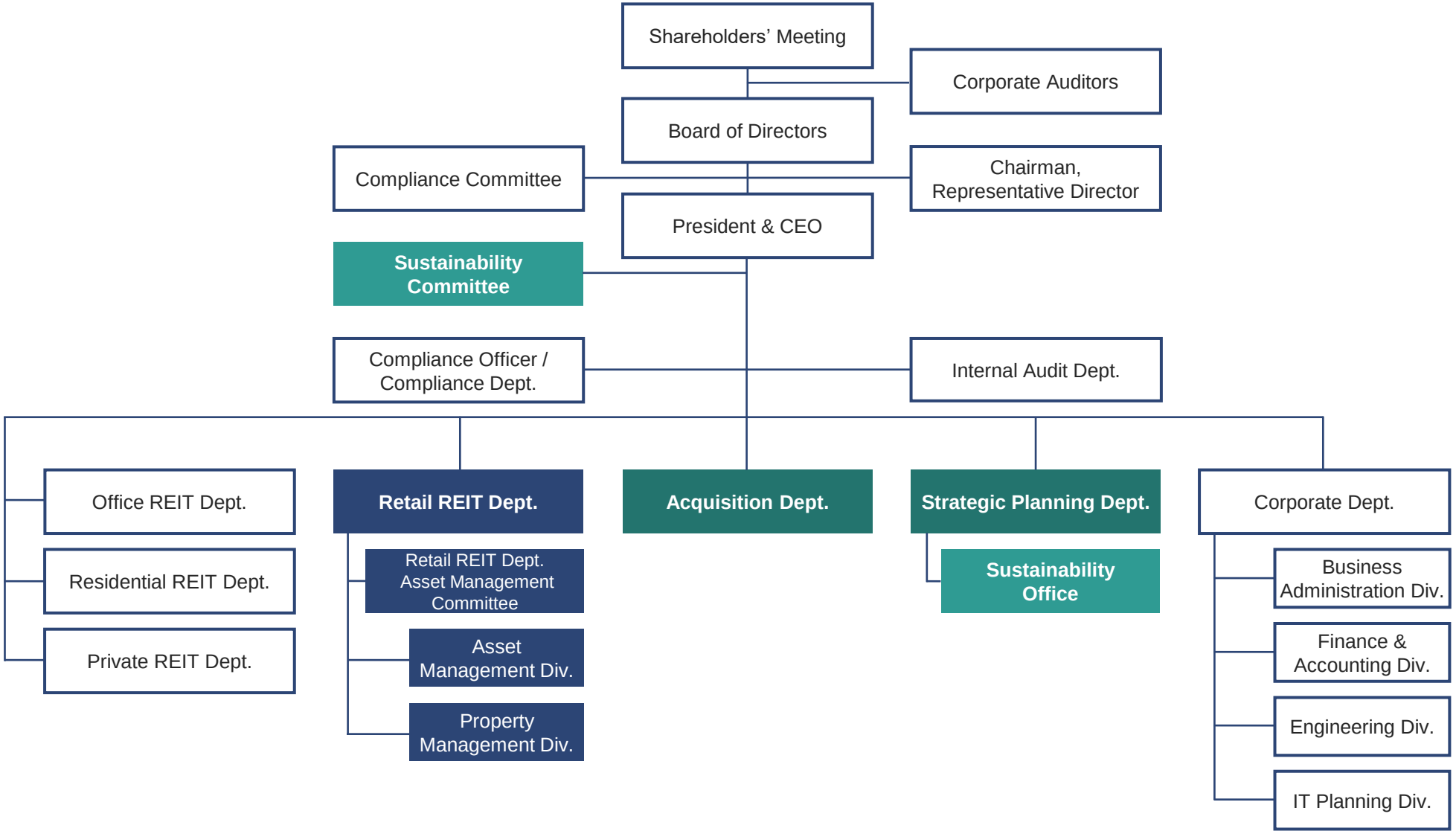
The Kenedix Group's total AUM



Note: The Kenedix Group's total AUM includes proprietary investments of JPY 105.4 bn.

Organization chart of the Asset Manager (since November 1, 2021)

- Consolidated the Acquisition and Planning Departments to strengthen acquisition and planning functions, which previously were dispersed under each REIT department
- Established the Sustainability Committee and the Sustainability Office to expand and strengthen ESG and sustainability initiatives



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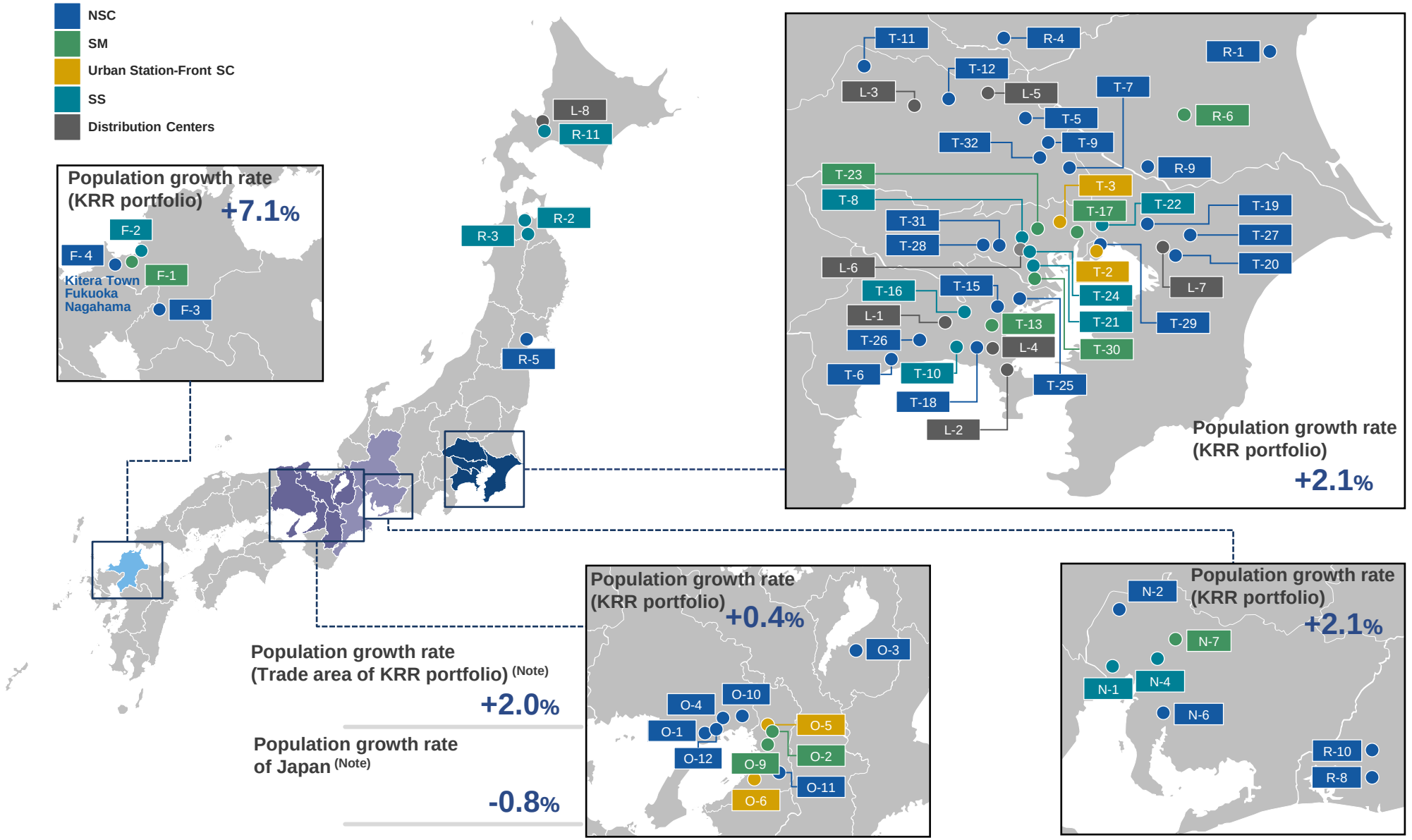
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06 Portfolio and unitholder information



Portfolio map (as of Oct. 31, 2021)

KENEDIX Retail REIT Corporation



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 Oct. 31, 2021)

KENEDIX Retail REIT Corporation

No.	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mm)	Appraisal value (JPY mm)	Appraisal NOI yield (%)	Occupancy rate (%)	Number of tenants
T-2	MONA Shin-Urayasu	Urayasu, Chiba	8,063	9,700	6.4	93.9	1(52)
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	6,570	5.0	98.2	1(41)
T-5	Unicus Ina (80% quasi-co-ownership)	Kitaadachi-gun, Saitama	3,576	4,216	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	3,870	5.2	100.0	1(10)
T-8	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	2,770	5.0	100.0	1
T-9	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	4,815	5,560	4.1	100.0	1
T-10	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	3,169	3,450	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	1,790	4.6	100.0	1
T-13	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	1,442	1,380	4.5	100.0	1
T-15	Nakamachidai Tokyu Store	Yokohama, Kanagawa	3,360	3,740	5.4	100.0	1
T-16	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	1,724	1,780	5.3	100.0	2
T-17	Life Kameido	Koto ward, Tokyo	1,450	1,480	4.4	100.0	1
T-18	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	4,170	4,340	4.6	100.0	2
T-19	Yumemachi Narashinodai Mall	Funabashi, Chiba	3,416	3,480	5.1	100.0	1(14)
T-20	Kawamachi Yahagi Mall	Chiba, Chiba	3,097	3,250	5.2	100.0	1(12)
T-21	Prime Square Jiyugaoka	Meguro ward, Tokyo	2,820	2,820	4.1	100.0	2
T-22	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	1,880	1,950	5.2	100.0	1
T-23	Ozeki Tokiwadai	Itabashi ward, Tokyo	1,263	1,340	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	11,567	12,100	4.7	100.0	1
T-26	Kalsa Hiratsuka	Hiratsuka, Kanagawa	5,980	6,050	4.7	100.0	3
T-27	Monenosato Mall	Yotsukaido, Chiba	2,753	2,940	5.3	100.0	1(11)
T-28	KDX Chofu Building (Retail wing)	Chofu, Tokyo	2,300	2,410	5.4	100.0	3
T-29	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	2,248	2,310	4.0	100.0	1
T-30	Comfort Market Nishi-Magome	Ota ward, Tokyo	1,920	2,040	4.4	100.0	1
T-31	Kitera Town Chofu	Chofu, Tokyo	10,500	11,400	5.2	96.4	1(26)
T-32	Unicus Urawamisono (Land)	Saitama, Saitama	732	817	4.6	100.0	1
O-1	Blumer Maitamon	Kobe, Hyogo	8,389	9,600	6.1	98.9	50
O-2	Life Takadono (Land)	Osaka, Osaka	2,685	3,200	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	11,100	5.1	97.8	1(39)

Note 1: The figures are as of September 30, 2021. "Appraisal value" and "Appraisal NOI yield" are as of September 1, 2021 for Kitera Town Fukuoka Nagahama.
Note 2: In case of a master lessee with pass-through type master lease agreements, the number of end tenants is in parentheses after the number of master lessee. In the case of a master lessee with a sub-lease type master lease agreement, the number of the master lessee is shown.

Portfolio overview (as of Oct. 31, 2021)

KENEDIX Retail REIT Corporation

No.	Name of property	Location (city/ward, prefecture)	Acquisition price (JPY mm)	Appraisal value (JPY mm)	Appraisal NOI yield (%)	Occupancy rate (%)	Number of tenants
O-5	Carino Esaka	Suita, Osaka	6,555	7,320	5.2	98.6	1(29)
O-6	COMBOX Komyoike	Izumi, Osaka	6,450	6,450	6.0	100.0	1
O-9	Life Nishi-Tengachaya	Osaka, Osaka	1,505	1,720	5.3	100.0	1
O-10	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	3,723	4,070	4.2	100.0	1
O-11	Habikigaoka Shopping Center	Habikino, Osaka	2,000	2,020	5.3	100.0	2
O-12	Merado Daikai	Kobe, Hyogo	5,440	5,790	5.4	100.0	7
N-1	DCM Kahma Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	2,690	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	7,510	5.5	100.0	1
N-6	Resora Obu Shopping Terrace	Obu, Aichi	7,911	7,050	4.6	98.6	1(42)
N-7	Valor Nakashidami (Land)	Nagoya, Aichi	2,551	2,560	4.7	100.0	1
F-1	Sunny Noma	Fukuoka, Fukuoka	1,497	1,650	5.3	100.0	1
F-2	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	5,020	5,800	5.7	100.0	1
F-3	Kurume-Nishi Shopping Center	Kurume, Fukuoka	1,515	1,840	6.1	100.0	4
F-4	Kitera Town Fukuoka Nagahama	Fukuoka, Fukuoka	6,000	6,100	4.7	82.8	13
R-1	Roseo Mito	Mito, Ibaraki	10,046	12,000	5.9	100.0	1(23)
R-2	K's Denki Aomori Honten	Aomori, Aomori	1,469	1,520	6.2	100.0	1
R-3	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	898	912	6.3	100.0	1
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	4,180	4,930	6.2	99.2	1(29)
R-5	Yorktown Shinden-Higashi	Sendai, Miyagi	3,252	2,570	4.8	100.0	2
R-6	Kasumi Technopark Sakura	Tsukuba, Ibaraki	830	982	6.2	100.0	1
R-8	P-1 Plaza Tenno	Hamamatsu, Shizuoka	4,010	4,350	5.8	100.0	1(7)
R-9	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	4,111	4,280	4.1	100.0	1
R-10	Sun Street Hamakita (90% quasi-co-ownership)	Hamamatsu, Shizuoka	10,746	10,980	5.8	98.6	1(49)
R-11	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	4,210	4,430	4.8	100.0	1
L-1	Zama Distribution Center	Zama, Kanagawa	1,400	1,750	6.0	100.0	1
L-2	Oppama Distribution Center	Yokosuka, Kanagawa	1,300	1,650	6.6	100.0	1
L-3	Musashi Ranzan Distribution Center (90% quasi-co-ownership)	Hiki-gun, Saitama	3,879	4,250	5.7	100.0	1
L-4	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	918	1,040	5.1	100.0	2
L-5	Gyoda Distribution Center	Gyoda, Saitama	3,160	3,590	5.7	100.0	1
L-6	Shinjuku Nishiochiai Distribution Center	Shinjuku ward, Tokyo	810	842	4.4	100.0	1
L-7	Chiba-kita Distribution Center	Chiba, Chiba	1,250	1,340	4.6	100.0	1
L-8	Sapporo Shiroishi Distribution Center	Sapporo, Hokkaido	800	1,030	7.3	100.0	1
Total / Average			**249,657**	**268,199**	**5.2**	**99.5**	**517**

Note 1: The figures are as of September 30, 2021. “Appraisal value” and “Appraisal NOI yield” are as of September 1, 2021 for Kitera Town Fukuoka Nagahama.
Note 2: In case of a master lessee with pass-through type master lease agreements, the number of end tenants is in parentheses after the number of master lessee. In the case of a master lessee with a sub-lease type master lease agreement, the number of the master lessee is shown.

Appraisal value (properties as of Sep. 30, 2021) (1)

KENEDIX Retail REIT Corporation

No.	Property name	Appraisal date	Appraisal value (JPY mm)			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	Sep. 30, 2021	9,980	9,700	-280	4.6	4.6	0.0	4.3	4.3	0.0	4.8	4.8	0.0
T-3	Passaggio Nishiarai	Sep. 30, 2021	6,530	6,570	40	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0
T-4	Daikanyama Address Dixsept (30%)	Sep. 30, 2021	1,875	1,872	-3	3.3	3.3	0.0	3.1	3.1	0.0	3.5	3.5	0.0
T-5	Unicus Ina (80%)	Sep. 30, 2021	4,216	4,216	0	4.5	4.5	0.0	4.2	4.2	0.0	4.7	4.7	0.0
T-6	Yorktown Kita-Kaname	Sep. 30, 2021	4,340	4,350	10	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-7	Unicus Yoshikawa	Sep. 30, 2021	3,860	3,870	10	4.7	4.7	0.0	4.5	4.5	0.0	4.9	4.9	0.0
T-8	Sports Club Renaissance Fujimidai	Sep. 30, 2021	2,750	2,770	20	4.6	4.6	0.0	4.4	4.4	0.0	4.8	4.8	0.0
T-9	Super Viva Home Iwatsuki (Land)	Sep. 30, 2021	5,530	5,560	30	-	-	-	4.6	4.6	0.0	-	-	-
T-10	K's Denki Shonan-Fujisawa (Land)	Sep. 30, 2021	3,450	3,450	0	-	-	-	4.3	4.3	0.0	-	-	-
T-11	Unicus Kamisato (Land)	Sep. 30, 2021	3,050	3,050	0	-	-	-	4.6	4.6	0.0	-	-	-
T-12	Unicus Konosu (Land)	Sep. 30, 2021	1,780	1,790	10	-	-	-	4.5	4.5	0.0	-	-	-
T-13	Inageya Yokohama Minamihonjuku (Land)	Sep. 30, 2021	1,380	1,380	0	-	-	-	4.0	4.0	0.0	-	-	-
T-15	Nakamachidai Tokyu Store	Sep. 30, 2021	3,740	3,740	0	4.6	4.6	0.0	4.4	4.4	0.0	4.8	4.8	0.0
T-16	Central Wellness Club Nagatsuta Minamidai	Sep. 30, 2021	1,780	1,780	0	5.0	5.0	0.0	4.8	4.8	0.0	5.2	5.2	0.0
T-17	Life Kameido	Sep. 30, 2021	1,480	1,480	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)	Sep. 30, 2021	4,330	4,340	10	4.7	4.7	0.0	4.6	4.6	0.0	-	-	-
T-19	Yumemachi Narashinodai Mall	Sep. 30, 2021	3,500	3,480	-20	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
T-20	Kawamachi Yahagi Mall	Sep. 30, 2021	3,240	3,250	10	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-21	Prime Square Jiyugaoka	Sep. 30, 2021	2,810	2,820	10	3.6	3.6	0.0	3.4	3.4	0.0	3.8	3.8	0.0
T-22	Round1 Ichikawa-Onitaka	Sep. 30, 2021	1,960	1,950	-10	4.8	4.8	0.0	4.6	4.6	0.0	5.0	5.0	0.0
T-23	Ozeki Tokiwadai	Sep. 30, 2021	1,340	1,340	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	Sep. 30, 2021	3,380	3,380	0	3.8	3.8	0.0	3.9	3.8	-0.1	4.0	4.0	0.0
T-25	Apita Terrace Yokohama Tsunashima	Sep. 30, 2021	12,000	12,100	100	4.3	4.3	0.0	4.1	4.1	0.0	4.5	4.5	0.0
T-26	Kalsa Hiratsuka	Sep. 30, 2021	6,010	6,050	40	4.4	4.4	0.0	4.1	4.1	0.0	4.6	4.6	0.0
T-27	Monenosato Mall	Sep. 30, 2021	2,970	2,940	-30	4.9	4.9	0.0	4.7	4.7	0.0	5.2	5.2	0.0
T-28	KDX Chofu Building (Retail wing)	Sep. 30, 2021	2,470	2,410	-60	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)	Sep. 30, 2021	2,310	2,310	0	4.2	4.2	0.0	4.1	4.1	0.0	-	-	-
T-30	Comfort Market Nishi-Magome	Sep. 30, 2021	1,990	2,040	50	4.2	4.1	-0.1	4.2	4.1	-0.1	4.4	4.3	-0.1
T-31	Kitera Town Chofu	Sep. 30, 2021	11,400	11,400	0	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0
T-32	Unicus Urawamisono (Land)	Sep. 30, 2021	817	817	0	4.1	4.1	0.0	4.0	4.0	0.0	4.1	4.1	0.0
O-1	Blumer Maitamon	Sep. 30, 2021	9,580	9,600	20	5.2	5.2	0.0	5.3	5.3	0.0	5.4	5.4	0.0
O-2	Life Takadono (Land)	Sep. 30, 2021	3,140	3,200	60	-	-	-	3.9	3.8	-0.1	-	-	-
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	Sep. 30, 2021	2,590	2,590	0	5.8	5.8	0.0	5.5	5.5	0.0	6.0	6.0	0.0

Note 1: "Previous" refers to appraisal value at the previous appraisal dated Mar. 31, 2021 for properties acquired by 12th period, dated Mar. 1, 2021 for Kitera Town Chofu, Unicus Urawamisono and Merado Daikai. "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.

Appraisal value (properties as of Sep. 30, 2021) (2)

KENEDIX Retail REIT Corporation

No.	Property name	Appraisal date	Appraisal value (JPY mm)			Income capitalization approach value								
						Direct capitalization method			DCF method					
						Direct cap rate (%)			Discount rate (%)			Terminal cap rate (%)		
			Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes	Previous	Latest	Changes
O-4	Blumer HAT Kobe	Sep. 30, 2021	11,000	11,100	100	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
O-5	Carino Esaka	Sep. 30, 2021	7,260	7,320	60	4.3	4.3	0.0	4.0	4.0	0.0	4.5	4.5	0.0
O-6	COMBOX Komyoike	Sep. 30, 2021	6,460	6,450	-10	5.3	5.3	0.0	4.9	4.9	0.0	5.4	5.4	0.0
O-9	Life Nishi-Tengachaya	Sep. 30, 2021	1,690	1,720	30	4.6	4.5	-0.1	4.7	4.6	-0.1	4.8	4.7	-0.1
O-10	Million Town Tsukaguchi (Land)	Sep. 30, 2021	3,990	4,070	80	-	-	-	4.0	3.9	-0.1	-	-	-
O-11	Habikigaoka Shopping Center	Sep. 30, 2021	2,020	2,020	0	5.1	5.1	0.0	5.1	5.1	0.0	5.3	5.3	0.0
O-12	Merado Daikai	Sep. 30, 2021	5,780	5,790	10	4.9	4.9	0.0	4.6	4.6	0.0	5.1	5.1	0.0
N-1	DCM Kahma Nakagawa Tomita (Land)	Sep. 30, 2021	2,680	2,690	10	-	-	-	4.3	4.3	0.0	-	-	-
N-2	Valor Ichinomiya-Nishi	Sep. 30, 2021	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	Sep. 30, 2021	7,540	7,510	-30	4.9	4.9	0.0	4.7	4.7	0.0	5.1	5.1	0.0
N-6	Resora Obu Shopping Terrace	Sep. 30, 2021	7,040	7,050	10	4.9	4.9	0.0	5.0	5.0	0.0	5.1	5.1	0.0
N-7	Valor Nakashidami (Land)	Sep. 30, 2021	2,550	2,560	10	-	-	-	4.1	4.1	0.0	-	-	-
F-1	Sunny Noma	Sep. 30, 2021	1,650	1,650	0	4.4	4.4	0.0	4.2	4.2	0.0	4.8	4.8	0.0
F-2	Round1 Stadium Hakata-Hanmichibashi	Sep. 30, 2021	5,780	5,800	20	4.9	4.9	0.0	4.6	4.6	0.0	5.1	5.1	0.0
F-3	Kurume-Nishi Shopping Center	Sep. 30, 2021	1,840	1,840	0	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0
R-1	Roseo Mito	Sep. 30, 2021	12,000	12,000	0	4.8	4.8	0.0	4.5	4.5	0.0	5.0	5.0	0.0
R-2	K's Denki Aomori Honten	Sep. 30, 2021	1,520	1,520	0	5.5	5.5	0.0	5.2	5.2	0.0	5.7	5.7	0.0
R-3	Super Sports Xebio Aomori-Chuo	Sep. 30, 2021	911	912	1	5.5	5.5	0.0	5.2	5.2	0.0	5.7	5.7	0.0
R-4	Ashico Town Ashikaga	Sep. 30, 2021	4,900	4,930	30	5.3	5.3	0.0	5.1	5.1	0.0	5.5	5.5	0.0
R-5	Yorktown Shinden-Higashi	Sep. 30, 2021	2,600	2,570	-30	5.5	5.55	0.05	5.3	5.35	0.05	5.7	5.75	0.05
R-6	Kasumi Technopark Sakura	Sep. 30, 2021	888	982	94	5.1	5.1	0.0	4.9	4.9	0.0	5.3	5.3	0.0
R-8	P-1 Plaza Tenno	Sep. 30, 2021	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)	Sep. 30, 2021	4,280	4,280	0	4.3	4.3	0.0	4.2	4.2	0.0	-	-	-
R-10	Sun Street Hamakita (90%)	Sep. 30, 2021	11,160	10,980	-180	5.4	5.4	0.0	5.1	5.1	0.0	5.7	5.7	0.0
R-11	Costco Wholesale Sapporo Warehouse	Sep. 30, 2021	4,410	4,430	20	4.5	4.5	0.0	4.2	4.2	0.0	4.7	4.7	0.0
L-1	Zama Distribution Center	Sep. 30, 2021	1,740	1,750	10	4.6	4.5	-0.1	4.6	4.5	-0.1	4.8	4.7	-0.1
L-2	Oppama Distribution Center	Sep. 30, 2021	1,630	1,650	20	4.7	4.6	-0.1	4.8	4.7	-0.1	4.9	4.8	-0.1
L-3	Musashi Ranzan Distribution Center (90%)	Sep. 30, 2021	4,170	4,250	80	5.1	5.0	-0.1	5.1	5.0	-0.1	5.3	5.2	-0.1
L-4	Yokohama Kamigo Distribution Center	Sep. 30, 2021	1,020	1,040	20	4.4	4.3	-0.1	4.5	4.4	-0.1	4.6	4.5	-0.1
L-5	Gyoda Distribution Center	Sep. 30, 2021	3,510	3,590	80	4.9	4.8	-0.1	4.8	4.7	-0.1	5.1	5.0	-0.1
L-6	Shinjuku Nishiochiai Distribution Center	Sep. 30, 2021	821	842	21	4.0	4.0	0.0	3.6	3.6	0.0	4.1	4.1	0.0
L-7	Chiba-kita Distribution Center	Sep. 30, 2021	1,340	1,340	0	4.1	4.1	0.0	3.9	3.9	0.0	4.3	4.3	0.0
L-8	Sapporo Shiroishi Distribution Center	Sep. 30, 2021	1,020	1,030	10	5.4	5.4	0.0	5.2	5.2	0.0	5.6	5.6	0.0
Total			263,488	263,971	483	-	-	-	-	-	-	-	-	-

Note 1: "Previous" refers to appraisal value at the previous appraisal dated Mar. 31, 2021 for properties acquired by 12th period, dated Mar. 1, 2021 for Kitera Town Chofu, Unicus Urawamisono and Merado Daikai. "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.

Income and expenses of assets

KENEDIX Retail REIT Corporation

Revenues and expenses of nine assets with sales-linked rent (40% of Daikanyama disposed of on December 1, 2020 and 30% on April 1, 2021)

(JPY mm)

	Shin-Urayasu		Nishiarai		Daikanyama		Kitera Chofu		Maitamon		HAT Kobe		Esaka		Obu		Ashikaga		Hamakita	
FP	12th	13th	12th	13th	12th	13th	12th	13th	12th	13th	12th	13th	12th	13th	12th	13th	12th	13th	12th	13th
Rent (fixed)	308	303	218	215	131	52	-	288	358	357	358	356	150	152	207	201	193	196	437	429
Rent (sales-linked)	34	31	9	6	3	1	-	5	10	8	9	7	38	34	16	15	8	5	9	6
Utility charge reimbursement	35	37	34	38	16	8	-	52	76	94	59	68	25	28	38	47	49	61	50	55
Penalty restoring reimbursement	4	-	-	4	1	-	-	-	6	-	10	-	-	-	9	1	-	-	10	8
Other revenues	104	106	30	33	33	13	-	18	30	29	35	33	76	77	15	15	9	8	30	24
Revenues	**486**	**478**	**292**	**298**	**186**	**75**	**-**	**364**	**481**	**490**	**473**	**466**	**292**	**293**	**287**	**282**	**260**	**271**	**537**	**525**
PM fees	77	79	48	50	38	15	-	27	64	63	68	68	39	42	38	37	42	37	70	73
Utilities	39	49	24	28	18	9	-	43	53	62	46	55	25	29	35	42	44	55	35	40
Taxes	23	22	35	34	11	5	-	-	41	41	47	47	25	24	26	26	25	24	25	25
Repairs and maintenance	41	51	2	6	4	-	-	2	3	11	16	8	4	25	9	4	2	9	13	11
Others	53	54	13	11	31	10	-	13	23	23	19	13	3	2	15	14	15	7	67	69
Expenses	**235**	**257**	**124**	**132**	**104**	**42**	**-**	**86**	**186**	**203**	**198**	**192**	**98**	**124**	**125**	**125**	**130**	**134**	**212**	**219**
NOI	**250**	**221**	**168**	**165**	**81**	**33**	**-**	**278**	**295**	**286**	**274**	**274**	**193**	**169**	**162**	**156**	**130**	**137**	**324**	**305**

Revenues and expenses of assets without sales-linked rent

	Existing properties				Properties acquired since 12th FP				Disposed properties			
	Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties		Multi-tenant properties		Single-tenant properties	
FP	12th	13th	12th	13th	12th	13th	12th	13th	12th	13th	12th	13th
Rent (fixed)	1,553	1,563	2,959	2,953	73	84	203	519	-	-	43	29
Rent (sales-linked)	-	-	-	-	-	-	-	-	-	-	-	-
Utility charge reimbursement	63	73	10	13	16	20	-	26	-	-	-	-
Penalty restoring reimbursement	-	1	-	-	-	-	-	-	-	-	-	-
Other revenues	31	42	6	2	3	5	-	18	-	-	-	-
Revenues	**1,649**	**1,680**	**2,975**	**2,970**	**92**	**110**	**203**	**564**	**-**	**-**	**43**	**29**
PM fees	109	107	72	73	4	6	1	9	-	-	1	1
Utilities	58	66	10	13	16	20	-	25	-	-	-	-
Taxes	153	152	281	283	8	8	25	30	-	-	3	2
Repairs and maintenance	45	60	40	55	-	-	-	-	-	-	-	-
Others	31	31	25	24	-	-	1	3	-	-	-	-
Expenses	**398**	**417**	**430**	**450**	**29**	**35**	**28**	**68**	**-**	**-**	**6**	**4**
NOI	**1,251**	**1,262**	**2,545**	**2,520**	**63**	**74**	**174**	**496**	**-**	**-**	**37**	**24**

Note: “Existing properties” refer to properties acquired by the end of 11th FP, excluding disposed properties.

Portfolio highlights (Tokyo metropolitan area) (1)

KENEDIX Retail REIT Corporation

Name	T-2 MONA Shin-Urayasu	T-3 Passaggio Nishiarai	T-5 Unicus Ina	T-6 Yorktown Kita-Kaname	T-7 Unicus Yoshikawa
Photo					
Location	Urayasu, Chiba	Adachi ward, Tokyo	Kitaadachi-gun, Saitama	Hiratsuka, Kanagawa	Yoshikawa, Saitama
Acquisition price (JPY)	8,063 mm	5,850 mm	3,576 mm	4,000 mm	3,600 mm
Highlights	● Located in front of Shin-Urayasu Sta. (17 min from Tokyo Sta. by train) ● Approx. 60 tenants, including supermarkets and apparel 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.	● 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	● 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

Name	T-8 Sports Club Renaissance Fujimidai	T-9 Super Viva Home Iwatsuki (Land)	T-10 K's Denki Shonan-Fujisawa (Land)	T-11 Unicus Kamisato (Land)	T-12 Unicus Konosu (Land)
Photo					
Location	Nerima ward, Tokyo	Saitama, Saitama	Fujisawa, Kanagawa	Kodama-gun, Saitama	Konosu, Saitama
Acquisition price (JPY)	2,586 mm	4,815 mm	3,169 mm	3,000 mm	1,700 mm
Highlights	● 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	● 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

NSC SM CSC Urban Station-Front SC SS Distribution Centers

Portfolio highlights (Tokyo metropolitan area) (2)

KENEDIX Retail REIT Corporation

Name	T-13 Inageya Yokohama Minamihonjuku (Land)	T-15 Nakamachidai Tokyu Store	T-16 Central Wellness Club Nagatsuta Minamidai	T-17 Life Kameido	T-18 Totsuka Fukaya Shopping Center (Land)
Photo					
Location	Yokohama, Kanagawa	Yokohama, Kanagawa	Yokohama, Kanagawa	Koto ward, Tokyo	Yokohama, Kanagawa
Acquisition price (JPY)	1,442 mm	3,360 mm	1,724 mm	1,450 mm	4,170 mm
Highlights	● 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	● 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

Name	T-19 Yumemachi Narashinodai Mall	T-20 Kawamachi Yahagi Mall	T-21 Prime Square Jiyugaoka	T-22 Round1 Ichikawa-Onitaka	T-23 Round1 Ichikawa-Onitaka
Photo					
Location	Funabashi, Chiba	Chiba, Chiba	Meguro ward, Tokyo	Ichikawa, Chiba	Itabashi ward, Tokyo
Acquisition price (JPY)	3,416 mm	3,097 mm	2,820 mm	1,880 mm	1,263 mm
Highlights	● 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	● 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

Portfolio highlights (Tokyo metropolitan area) (3)

KENEDIX Retail REIT Corporation

Name	T-23 Konami Sports Club Shibuya	T-25 Apita Terrace Yokoham Tsunashima	T-26 Kalsa Hiratsuka	T-27 Monenosato Mall	T-28 KDX Chofu Building (Retail wing)
Photo					
Location	Shibuya ward, Tokyo	Yokohama, Kanagawa	Hiratsuka, Kanagawa	Yotsukaido, Chiba	Chofu, Tokyo
Acquisition price (JPY)	3,400 mm	11,567 mm	5,980 mm	2,753 mm	2,300 mm
Highlights	● 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 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	● 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

Name	T-29 Across Plaza Urayasu Higashino (Land)	T-30 Comfort Market Nishi-Magome	T-31 Kitera Town Chofu	T-32 Unicus Urawamisono (Land)
Photo				
Location	Urayasu, Chiba	Ota ward, Tokyo	Chofu, Tokyo	Saitama, Saitama
Acquisition price (JPY)	2,248 mm	1,920 mm	10,500 mm	732 mm
Highlights	● 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 first and second floors are used as the store space, while the third and fourth floors are used as a nursery school	● NSC designed for frequent customer visits in the Chofu area, a location experiencing high population growth and large-scale residential and infrastructure development ● Convenient car access due to its location along the Koshu-Kaido Road	● NSC located in a new town close to Urawa-Misono station, the starting station on the Saitama Rapid Railway Line ● There are over 20 end tenants, including Yaoko supermarket as well as a drug store and a dollar shop

Portfolio highlights (Greater Osaka area)

Name	O-1 Blumer Maitamon	O-2 LifeTakadono (Land)	O-3 DCM Kahma MEGA Don Quijote UNY Omihachiman	O-4 Blumer HAT Kobe	O-5 Carino Esaka
Photo					
Location	Kobe, Hyogo	Osaka, Osaka	Omihachiman, Shiga	Kobe, Hyogo	Suita, Osaka
Acquisition price (JPY)	8,389 mm	2,685 mm	2,140 mm	11,000 mm	6,555 mm
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-9 Life Nishi-Tengachaya	O-10 Million Town Tsukaguchi (Land)	O-11 Habikigaoka Shopping Center	O-12 Merado Daikai
Photo					
Location	Izumi, Osaka	Osaka, Osaka	Amagasaki, Hyogo	Habikino, Osaka	Kobe, Hyogo
Acquisition price (JPY)	6,450 mm	1,505 mm	3,723 mm	2,000 mm	5,440 mm
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 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	● Located in an area with high population density in Hyogo-ku, Kobe and convenient within walking distance of 3 stations on 3 lines ● Kansai Supermarket, a grocery supermarket in Osaka and Hyogo region, is the core tenant

Portfolio highlights (Greater Nagoya area / Fukuoka)

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Name	N-1 DCM Kahma Nakagawa Tomita (Land)	N-2 Valor Ichinomiya-Nishi	N-4 Homecenter Kohnan Sunadabashi	N-6 Resora Obu Shopping Terrace	N-7 Valor Nakashidami (Land)
Photo					
Location	Nagoya, Aichi	Ichinomiya, Aichi	Nagoya, Aichi	Obu, Aichi	Nagoya, Aichi
Acquisition price (JPY)	2,311 mm	2,174 mm	7,140 mm	7,911 mm	2,551 mm
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	● 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	● Underlying land for a standalone grocery supermarket in the Valor chain ● Valor is a supermarket chain with strong strategic dominance in the Tokai region

Name	F-1 Sunny Noma	F-2 Round1 Stadium Hakata-Hanmichibashi	F-3 Kurume-Nishi Shopping Center	F-4 Kitera Town Fukuoka Nagahama
Photo				
Location	Fukuoka, Fukuoka	Fukuoka, Fukuoka	Kurume, Fukuoka	Fukuoka, Fukuoka
Acquisition price (JPY)	1,497 mm	5,020 mm	1,515 mm	6,000 mm
Highlights	● 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	● An NSC opened in Feb. 2021 in an area with high population growth, neighboring Tenjin area ● Sunny is open 24-hours and provides delivery service for its online supermarket

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

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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 mm	1,469 mm	898 mm	4,180 mm	3,252 mm
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 mm	4,010 mm	4,111 mm	10,746 mm	4,210 mm
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)

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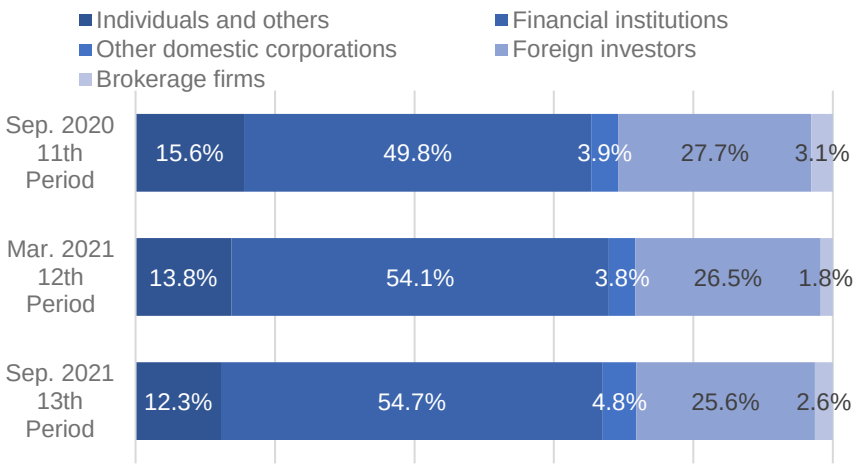
Name	L-1 Zama Distribution Center	L-2 Oppama Distribution Center	L-3 Musashi Ranzan Distribution Center	L-4 Yokohama Kamigo Distribution Center	L-5 Gyoda Distribution Center
Photo					
Location	Zama, Kanagawa	Yokosuka, Kanagawa	Hiki-gun, Saitama	Yokohama, Kanagawa	Gyoda, Saitama
Acquisition price (JPY)	1,400 mm	1,300 mm	3,879 mm	918 mm	3,160 mm
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 ● Newly constructed a restaurant building	● 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	L-7 Chiba-kita Distribution Center	L-8 Sapporo Shiroishi Distribution Center
Photo			
Location	Shinjuku ward, Tokyo	Chiba, Chiba	Sapporo, Hokkaido
Acquisition price (JPY)	810 mm	1,250 mm	800 mm
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	● The property is located adjacent to an interchange on an expressway and National Route 16 ● There is strong demand for logistics facilities in the area because of an easy access to the Tokyo metropolitan area	● The property is located in Sapporo, within the Ryutsu Center District, one of the districts with the highest potential for logistics facilities in the Sapporo area ● The facility is expected to be able to meet the needs of a wide range of tenants

Unitholder information (as of Sep. 30, 2021)

KENEDIX Retail REIT Corporation

Ownership ratio by investor type



Number of unitholders by investor type

		Sep. 2020 11th FP	Mar. 2021 12th FP	Sep. 2021 13th FP
Individuals and others		13,252	13,177	13,648
Financial institutions	City/ Trust banks	11	11	12
	Regional banks	15	20	23
	Shinkin banks and others	67	64	81
	Life/ Nonlife	5	5	6
	Total	98	100	122
Other domestic corporations		310	297	311
Foreign investors		252	252	271
Brokerage firms		29	26	25
Total		13,941	13,852	14,377

Major unitholders

Name	# of units held	Ratio (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Acct.)	127,557	21.91%
CUSTODY BANK OF JAPAN, LTD. (Trust Acct.)	53,805	9.24%
THE NOMURA TRUST AND BANKING CO., LTD. (Investment Trust Acct.)	28,788	4.94%
CUSTODY BANK OF JAPAN, LTD. (Securities Investment Trust Account)	22,396	3.84%
KENEDIX, INC.	16,950	2.91%
SSBTC CLIENT OMNIBUS ACCOUNT	14,321	2.45%
STATE STREET BANK WEST CLIENT-TREATY 505234	10,815	1.85%
AOZORA BANK, LTD.	8,026	1.37%
STATE STREET BANK AND TRUST COMPANY 505103	7,732	1.32%
JP MORGAN CHASE BANK 385781	7,454	1.28%

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

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Abbreviations of property names

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

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