

Translation of Japanese Original

FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED MARCH 31, 2018 (REIT)
(October 1, 2017 to March 31, 2018)

May 17, 2018

Kenedix Retail REIT Corporation (“KRR”) is listed on the Tokyo Stock Exchange with the securities code number 3453.
(URL <http://www.krr-reit.com/en/>)

Representative: Akihiro Asano, Executive Director
Asset Management Company: Kenedix Real Estate Fund Management, Inc.
Representative: Masahiko Tajima, President & CEO
Inquiries: Koichiro Nobata, Head of Planning Division, Retail REIT Department
TEL +81-3-5623-3868

Planned submission of semiannual securities report: June 25, 2018
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Preparing presentation material: Yes
Hold a financial brief meeting: Yes (for analysts and institutional investors)

(Amounts are rounded down to the nearest million yen)

1. PERFORMANCE FOR THE FISCAL PERIOD ENDED MARCH 31, 2018 (October 1, 2017 to March 31, 2018)

(1) Business Results

(Percentages show period-on-period changes)

Fiscal period ended	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2018	8,126	4.1	3,768	2.8	3,179	2.3	3,175	2.3
September 30, 2017	7,803	21.3	3,666	21.3	3,108	21.6	3,104	21.6

Fiscal period ended	Net income per unit	Return on net assets	Ordinary income to total assets	Ordinary income to operating revenues
	Yen	%	%	%
March 31, 2018	6,255	2.7	1.4	39.1
September 30, 2017	6,219	2.9	1.5	39.8

Note: Net income per unit is calculated by dividing the net income by the weighted average number of units.

(2) Distribution

Fiscal period ended	Distributions per unit (including excess of earnings)	Distributions per unit (excluding excess of earnings)	Distributions in excess of earnings per unit	Total distributions (including excess of earnings)	Total distributions (excluding excess of earnings)	Total distributions in excess of earnings	Payout ratio	Distribution ratio to net assets
	Yen	Yen	Yen	Millions of Yen	Millions of Yen	Millions of Yen	%	%
March 31, 2018	6,255	6,255	0	3,175	3,175	0	100.0	2.7
September 30, 2017	6,115	6,115	0	3,104	3,104	0	100.0	2.7

Note: Due to the issuance of new investment units, the payout ratio for the fiscal period ended September 30, 2017 is calculated as follows (rounded to the nearest tenth).
Payout ratio = Total distributions (excluding excess of earnings) / Net income × 100

(3) Financial Position

As of	Total assets	Net assets	Net assets to total assets	Net asset per unit
	Millions of yen	Millions of yen	%	Yen
March 31, 2018	231,107	116,585	50.4	229,633
September 30, 2017	229,628	116,516	50.7	229,498

(4) Cash Flows

Fiscal period ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2018	5,570	(1,400)	(1,903)	19,118
September 30, 2017	3,006	(40,102)	39,651	16,851

This is an English-language translation of the original Japanese announcement on our website released on May 17, 2018. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

2. EARNINGS FORECASTS FOR THE FISCAL PERIODS ENDING SEPTEMBER 30, 2018 (April 1, 2018 to September 30, 2018) AND MARCH 31, 2019 (October 1, 2018 to March 31, 2019)

(Percentages show period-on-period changes)

Fiscal period ending	Operating revenues (Millions of yen)		Operating income (Millions of yen)		Ordinary income (Millions of yen)		Net income (Millions of yen)		Distributions per unit (excluding excess of earnings)	Distributions in excess of earnings per unit	Distributions per unit (including excess of earnings)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen	Yen
September 30, 2018	8,463	4.2	3,780	0.3	3,166	(0.4)	3,165	(0.3)	6,235	10	6,245
March 31, 2019	8,217	(2.9)	3,756	(0.6)	3,158	(0.2)	3,157	(0.2)	6,220	10	6,230

Reference: Forecasted net income per unit (Forecasted net income / Forecasted average number of investment units during the period)
6,235 yen for the fiscal period ending September 30, 2018 and 6,220 yen for the fiscal period ending March 31, 2019

Note: Distributions per unit are calculated based on the number of investment units issued and outstanding totaled 507,700 as of today.

*OTHERS

(1) Changes in Accounting Policies/Changes in Accounting Estimate/Retrospective Restatement

- (a) Changes in accounting policies accompanying revisions to accounting standards: None
- (b) Changes in accounting policies other than (a): None
- (c) Changes in accounting estimates: None
- (d) Retrospective restatement: None

(2) Number of Investment Units Issued and Outstanding (including treasury investment units)

- (a) Number of investment units issued and outstanding at the end of the period (including treasury investment units)

As of March 31, 2018: 507,700 units

As of September 30, 2017: 507,700 units

- (b) Number of treasury investment units at the end of the period

As of March 31, 2018: 0 units

As of September 30, 2017: 0 units

Note: Please refer to "Per Unit Information" on page 27 for the number of investment units used as the basis for calculating net income per unit.

* Status of audit procedures

As of the time of disclosure of this financial report, audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act of Japan are incomplete.

* Remarks on appropriate use of forecasts of performance and other special notes

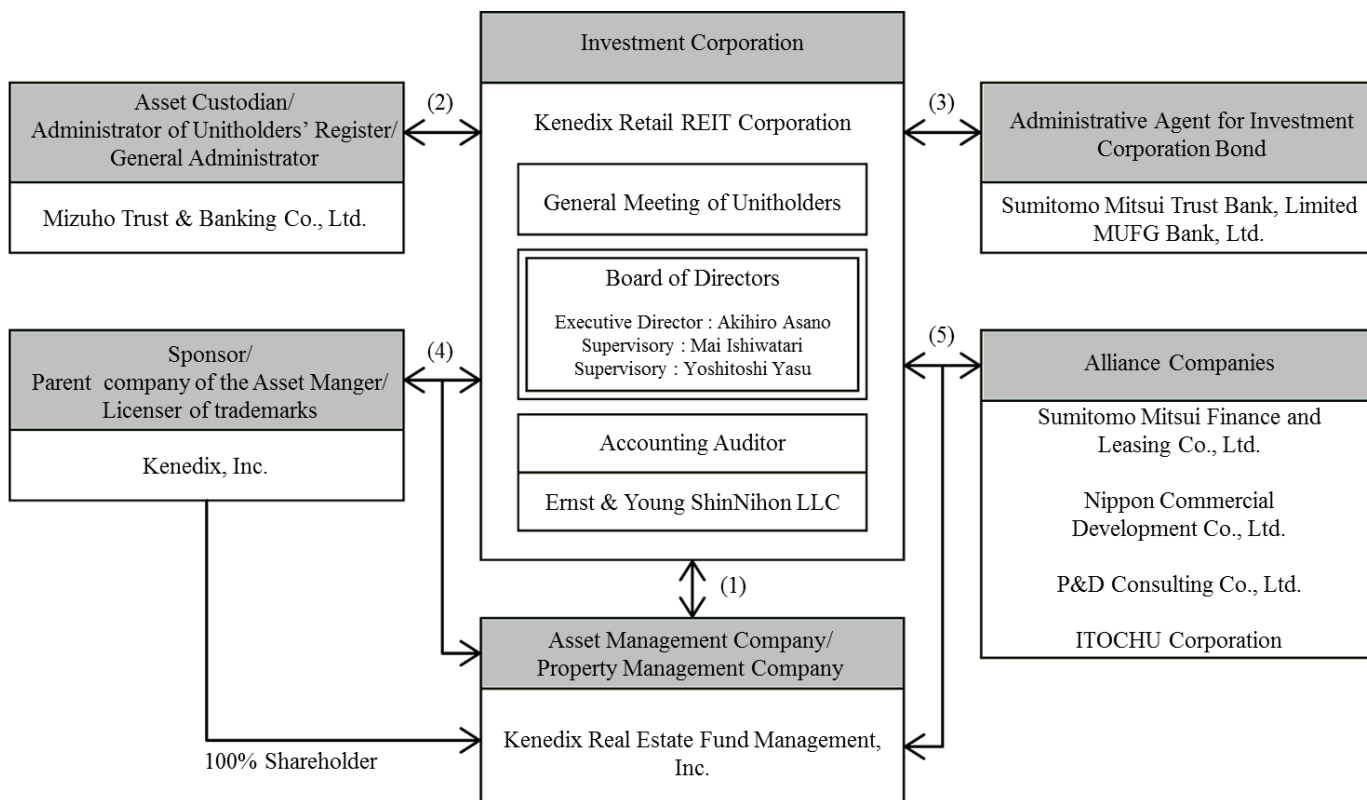
Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to KRR and on certain assumptions KRR deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. The above-mentioned forecasts are based on "Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending September 30, 2018 and March 31, 2019" on page 10 for calculation, and our judgment as of May 17, 2018. Actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may vary according to changes in market conditions. These forecasts do not guarantee the distribution amount.

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1. KRR and Related Corporations

Management structure of KRR as of May 17, 2018 is as follows.



- (i) Asset management agreement/Property management agreement
- (ii) Asset custodian agreement/Unitholder’s registry agreement/ General administration agreement
- (iii) Fiscal agency agreement
- (iv) Memorandum of understanding/Trademark license agreement
- (v) Alliance agreements

Note: Kenedix, Inc. is the parent company (referring to the parent company stipulated in Article 8, paragraph 3 of Ordinance on Terminology, Forms, and Preparation Methods of Financial Statements, etc. (Ordinance of the Ministry of Finance No.59 of the year 1963, including amendments thereafter)) of the Asset Manager. Kenedix, Inc. is deemed a specified related company of KRR (referring to the specified related company stipulated in Article 12, paragraph 3 of the Cabinet Office Ordinance on Disclosure of Information, etc. on Specified Securities (Ordinance of the Ministry of Finance No. 22 of the year 1993, including amendments thereafter)).

2. Investment Policies and Status of Asset Management

(1) Investment Policies

The disclosure is omitted as there have been no other significant changes from policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the Securities Registration Statement (submitted on December 25, 2017; prepared in Japanese only).

(2) Status of Asset Management

(Overview of the Period ended March 31, 2018)

i) Transition of KRR

KRR was established on October 3, 2014, under the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act”). On October 30, 2014, KRR was registered with the Director-General of the Kanto Local Finance Bureau (registration number: Director-General of the Kanto Local Finance Bureau No. 97). KRR was listed on the Real Estate Investment Trust Securities (J-REIT) Market of Tokyo Stock Exchange, Inc. (the Tokyo Stock Exchange) (Securities code: 3453) on February 10, 2015. Subsequently, KRR raised funds through public offerings, including an international offering. As a result, the number of investment units issued at the end of the period ended March 31, 2018 was 507,700 units.

KRR seeks to invest primarily in neighborhood, community and other shopping centers that cater to the day-to-day needs of local area customers and have stable demand from retailers and customers, in order to provide stable investment returns over the long term. Sponsored by Kenedix, Inc., a leading, independent real estate asset management company, KRR entrusts its asset management and investment operations to KFM, with the following strategies.

- Note: For our management purposes and ease of classification, we define neighborhood, community and other shopping centers for daily needs as retail properties that generally have the following characteristics:
- Retail trade area of approximately a one to ten kilometer radius (and generally, a three to five kilometer radius), with customers predominantly from local areas surrounding the retail property
 - Operational capacity to accommodate certain daily local retail needs and strong customer traffic on both weekdays and weekends
 - Composed of various specialty stores to meet a range of day-to-day needs such as groceries, clothing and other daily goods and services

ii) Investment Environment

There were signs of a moderate economic rebound in Japan with recoveries in corporate earnings. Real GDP growth (2nd preliminary estimate) in the fourth quarter of 2017 was positive 1.6% on an annualized basis, indicating positive figures for eight consecutive quarters.

As for Japan’s retail market, consumer spending seems to be stable due to recoveries in employment and income environment, looking at the breakdown of GDP figures.

Looking at the financial environment, the financial market remained unstable due to global market events such as the policies of the U.S. administration and geopolitical risks. In terms of interest rates, there are concerns that interest rates in Japan may rise due to the Federal Reserve rate hike in the U.S., while “Quantitative and Qualitative Monetary Easing with Yield Curve Control” including the negative interest rate policy by the Bank of Japan and the reappointment of Haruhiko Kuroda as Bank of Japan Governor is keeping the interest rates in Japan low. Under these conditions, the J-REIT market remained unstable with many equity finances by J-REITs in the first quarter of 2018. On the other hand, the figures released by the Tokyo Stock Exchange show that foreign investors have been strongly buying J-REITs during the period.

iii) Management Performance

(A) Acquisition of Assets

KRR acquired and started the operations of the following trust beneficiary interest in real estate (one property acquired on February 13, 2018 with acquisition price of 1,263 million yen). As a result, the portfolio at the end of the period under review (March 31, 2018) consists 52 properties with the total acquisition price of 206,176 million yen.

Property number	Property type (Note 1)	Property name	Location (City or Ward, Prefecture)	Acquisition price (million yen) (Note 2)	Acquisition date
T-23	SM	Ozeki Tokiwadai	Itabashi-ku, Tokyo	1,263	February 13, 2018

Note 1: Properties are categorized into the following five types of retail properties for daily needs: NSC (Neighborhood Shopping Center), SM (Supermarket), CSC (Community Shopping Center), Urban Station-Front SC (Urban Station-Front Shopping Center) and SS (Specialty Store).

We categorize these properties generally into five separate groups as follows.

Type of neighborhood, community and other shopping centers for daily needs	Features	Trade area
NSC (Neighborhood Shopping Centers)	Shopping centers with a supermarket as an anchor or core tenant and several specialty store tenants	three to five kilometer

SM (Supermarkets)	Stand-alone stores that primarily provide groceries, with a retail trade area	three kilometer
CSC (Community Shopping Centers)	Larger shopping centers than NSC, which have a supermarket as an anchor or core tenant in addition to specialty store tenants	five to ten kilometer
Urban Station-Front Shopping Centers	Shopping centers that are located in the immediate vicinity of an urban public transportation station, which take advantage of stable foot traffic	three to ten kilometer
SS (Specialty Stores)	Single- or multiple-tenant shopping centers that specialize in a single type of merchandise or service, such as drug stores, convenience stores, health clubs or electronic appliance stores	one to ten kilometer

Note 2: "Acquisition price" represents the purchase price of each trust beneficiary interest specified in purchase agreement in relation to the acquisition of each property (excluding acquisition costs, adjustment in property tax and city-planning tax, and consumption tax; and rounded down to the nearest one million yen).

(B) Management and Operation of Assets

KFM provides property management services for all of the properties owned by KRR at the end of the period under review (March 31, 2018). By using the same company for both asset management and property management services, KRR aims to build stronger relationships with tenants and increase returns from its portfolio. Furthermore, by implementing retail property management that better reflects the needs of our tenants, KRR strives to accumulate know-how and improve tenant satisfaction. KRR invests primarily in neighborhood and community shopping centers that cater to the day-to-day needs of customers. The portfolio is diversified in terms of properties, tenants and other characteristics with a goal to generate consistent long-term cash flows. At the same time, a portion of the rent includes sales-linked rent to explore the upside potential (Note 1) for rental income. By using these measures, we aim to pursue a portfolio that achieves both stability and growth.

As of the end of the period under review, portfolio as a whole performed well with an overall occupancy ratio of 99.5%. Furthermore, the portfolio is diversified in terms of tenants as there are 522 end-tenants (Note 2) in KRR's retail properties.

Note 1: "Upside potential" represents feasibility of rental income or cash flow growth.

Note 2: The number of end-tenants is the sum of the number of end-tenants in a pass-through type master lease and the number of master lessees in a sublease type master lease.

(C) Financing

When financing to acquire properties, KRR seeks to achieve the proper balance between financial stability and the cost of the funds with the objectives to achieve stable medium- to long-term returns and consistent growth of assets under management.

(Debt Finance)

During the fiscal period under review, KRR borrowed 1,200 million yen for the acquisition of properties and 9,750 million yen for refinancing. Consequently, borrowings totaled 94,100 million yen and interest-bearing debt including investment corporation bonds (excluding interest-bearing tenant leasehold and security deposits) totaled 99,100 million yen at the end of the fiscal period under review (March 31, 2018).

When undertaking borrowings, we seek to spread out repayment dates and lengthen borrowing periods. On the other hand, we partially borrowed short-term loans from the point of flexibility under the financing strategy, also controlling financing cost. We may use swaps to fix the interest payments to hedge against the risk of a rise in interest rates.

As a result, the average remaining years to maturity is 4.6 years, the weighted average interest rate is 0.96%, the long-term debt ratio (Note 1) is 87.0% and the LTV ratio (Note 2) is 42.9%.

Note 1: Long-term debt ratio = (Long-term borrowings + Investment corporation bonds) / (Borrowings + Investment corporation bonds)

Note 2: LTV ratio = (Loans payable + Investment corporation bonds) / Total assets

(Credit Ratings)

The status of the credit ratings as of March 31, 2018 is as follows.

Credit rating agency	Details of the ratings	
Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating	A+ (Outlook: Stable)
	Rating on bonds	A+

(Shelf Registration)

KRR filed a shelf registration statement for investment corporation bonds (excluding short-term investment corporation bonds) on September 29, 2016. Details are as follows.

Planned issue amount	100,000,000,000 yen
Planned issuance period	October 7, 2016 to October 6, 2018
Use of funds	Acquisition funds for specified assets (as defined in Article 2, Paragraph 1 of the Investment Trust Law), repayment funds for borrowings, repayment funds for investment corporation bonds (including short-term investment corporation bonds), refund funds for lease and guarantee deposits, funds to pay for repairs and maintenance, working capital, etc.

KRR issued 1st Series Unsecured Investment Corporation Bonds (1,000 million yen) and 2nd Series Unsecured Investment Corporation Bonds (1,000 million yen) on October 31, 2016, 3rd Series Unsecured Investment Corporation Bonds (1,000 million yen) and 4th Series Unsecured Investment Corporation Bonds (2,000 million yen) on August 31, 2017, based on this shelf registration statement.

iv) Results of Operations

For this period, revenue was 8,126 million yen, operating income was 3,768 million yen, ordinary income was 3,179 million yen and net income was 3,175 million yen.

Furthermore, in accordance with the distribution policy in the KRR Articles of Incorporation, KRR made a distribution of 3,175,663,500 yen which is almost equivalent to the earnings for the fiscal period. Cash distributions are paid in accordance with Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957, including subsequent amendments).

Consequently, the distribution per unit was 6,255 yen.

(Outlook)

i) Outlook for Asset Management

The Japanese economy is expected to continue to recover at a moderate pace. However, we should pay attention to uncertainties about the overseas economy and politics regarding the direction of U.S. financial policies, the policies of the U.S. administration, etc. We also need to pay attention to changes in domestic economic environment, such as fluctuation of yen due to a rise in protectionism, effects of “Quantitative and Qualitative Monetary Easing with Yield Curve Control” including the negative interest rate policy and concerns over geopolitical risks.

As for Japan’s retail sector environment, supermarkets and drugstores are performing well, and we anticipate this trend to continue. In addition, while e-commerce has grown to account for a certain share of consumer spending, backed by advances in information technology, we anticipate the integration of “brick and mortar” and the Internet will advance as both retail companies and Internet companies try to adopt to such environment.

In the real estate trading market, we anticipate the high level of transaction volume to continue because of the low interest rate environment under the Bank of Japan’s monetary easing measures. However, investors should keep in mind the risk of changes in banks’ lending attitude towards real estate sector, as amount of banks’ outstanding loans towards real estate sector reached new highs.

From a medium to long-term perspective, to generate a steady stream of rental revenue, consistently increase our assets and establish a suitable financial position, KRR will continue to manage assets based on the following policies.

(A) Investment Strategy for New Properties and Disposition Policy

We receive a variety of support from many sources in order to achieve the steady growth of our assets and increase the value of our assets. One source is the Kenedix Group, including Kenedix, Inc., the parent company of KFM (Note). We also receive support from our Alliance Companies: Sumitomo Mitsui Finance and Leasing Co., Ltd., Nippon Commercial Development Co., Ltd., P&D Consulting Co., Ltd., and ITOCHU Corporation. We are implementing a growth strategy that takes full advantage of the external growth opportunities created by the large and diverse acquisition pipeline made possible by the support of these companies.

When acquiring properties, we make decisions based on all applicable factors with emphasis on four parameters: the retail property’s attractiveness, location, profitability and the tenant mix. By using this selection process, we invest in retail properties with a competitive edge, and good prospects for consistent rental revenue and growth in asset value. We also invest in land ownership interests underlying retail properties. Regarding land-only properties, we make these investments after examining the terms of the land leasing agreement, the characteristics of the tenant, the asset value of the land, and the proportion of land-only properties in our portfolio. We may also consider making an equity investment in a tokumei kumiai (silent partnership) for the acquisition of preferential negotiation rights and opportunities for additional revenues, provided that we are given an opportunity to acquire them in the future.

Regarding disposition of a portfolio property, we make decisions based primarily on the significance of these properties in the context of the portfolio. This is assessed by comprehensive evaluation of the outlook for future profitability and asset value determined based on its current profitability and market trends.

Note : The Kenedix Group consists of Kenedix, Inc. and its subsidiaries and affiliates.

(B) Management Strategy for Existing Properties

KRR is committed to building a portfolio that can pursue both stability and growth. We believe that implementing integrated asset and property management services makes it possible to properly manage retail properties and pursue internal growth. Furthermore, this integrated management framework facilitates activities to enliven local communities where our properties are located, enabling us to aim for medium to long-term growth in asset value.

To accomplish these goals, KFM oversees properties owned by KRR while placing priority on the following themes.

- “One-stop” asset management and property management services
- Continuously implementing a retail property management cycle through our in-house property management services
- Pursuit of internal growth through management of retail properties
- Directing investments and management policies to enliven local communities in the medium to long-term

“One-stop” asset management and property management services

KRR plans to use the integrated asset management and property management services of KFM for strengthening relationships with tenants and making the portfolio more profitable.

Continuously implementing a retail property management cycle through our in-house property management services

KFM provides property management services for all of KRR’s properties. We do this for the purposes of performing retail property management that better reflects the needs of the tenants as well as accumulating know-how and improving tenant satisfaction. Specifically, we use direct contact with tenant companies at our properties in order to strengthen tenant relationships and make properties more profitable. To this end, we maintain periodic communication with tenants and perform questionnaire surveys to customers for monitoring of market conditions, so that we can identify the needs of tenants and the customers visiting their sites. This process makes it possible to find issues that stand in the way of achieving greater satisfaction for tenants and their customers. Once we have discovered points that require attention, we take actions that take full advantage of the resources and knowledge regarding retail properties within the Kenedix Group. Solutions include measures such as the effectively utilizing capital expenditures, optimizing tenant mix, realizing growth in asset value by pursuing property expansions, and cutting costs, to improve tenant satisfaction and acquire more know-how.

Pursuit of internal growth through management of retail properties

KRR seeks to use the proper management of retail properties to achieve the goals of consistent revenue, higher profitability and growth in asset value.

i. Effectively utilize capital expenditure

We will use proper and well-timed capital expenditures to increase the satisfaction of tenants and make our properties more competitive.

ii. Optimize tenant mix

We will constantly work on attracting new tenants that are highly appealing to shoppers and replace tenants with others, optimizing tenant composition, in order to seek stable revenue and higher profitability by attracting more customers.

iii. Realize growth in asset value by pursuing property expansions

We will use the extensive knowledge involving retail properties of the Kenedix Group and our Alliance Companies to utilize the underutilized space (note) at properties and expand properties. These measures will take into account the competitive position of each property, the effect on our financial position and other factors. By increasing space that can be leased, we would like to increase revenue and asset value.

Note: The underutilized space is defined as the area that is calculated by multiplying the floor space ratio, or the ratio of total area of the building to the site area, which is prescribed in Article 52 of the Building Standards Act (Act No. 201 of 1950, including subsequent amendments.) and applied to each retail property in accordance with the Building Standards Act, City Planning Act (Act No. 100 of 1968, including subsequent amendments.) and other laws and regulations, by the land area that is allowed to be used as a retail property site, and subtracting from this figure the actual gross floor area of the building.

Directing investments and management policies to enliven local communities in the medium to long-term

At our retail properties, we seek tenants that provide services, hold community involved events and use other measures to help enliven the local communities where our properties are located. We believe these activities will contribute to the medium to long-term growth in the asset value of these properties.

(C) Financing

We will establish a suitable financial foundation by examining numerous financing methods and selecting the optimum ones. These decisions will reflect interest rates and other elements of the financial environment. Our goal is to select financing methods that result in the optimum balance between financial stability and the financing cost.

(D) Disclosure of Information

Our policy concerning disclosure activities is to use extensive investor relations activities to distribute a broad range of information to investors and other related parties as well as to announce information as soon and as accurately as we can. We also distribute information with awareness on ESG (Environmental, Social and Governance) for sustainable growth of unitholder interest. We use TDnet (Timely Disclosure network) and press releases to meet the timely-disclosure requirements of the Tokyo Stock Exchange. In addition, we proactively post information on our website (<http://www.krr-reit.com/en/>).

(E) Conflicts of Interest

In addition to managing the assets of KRR, KFM provides asset management services to other investment corporations and real estate funds. KFM uses a “preferential right for acquisition opportunities” system for the property acquisition process. KFM has a pipeline committee, which includes a compliance officer, and operates in accordance with rules. This system is structured to prevent improper allocation of acquisition opportunities as well as conflicts of interest among the REIT and funds managed by KFM. Through these measures, KFM is taking suitable actions regarding conflicts of interest.

(F) Important Subsequent Events

Not applicable

(Reference Material)

(A) Acquisition of Assets

KRR acquired one asset.

Property number	Property type	Property name	Location	Seller	Acquisition price (million yen)(Note 1)	Appraisal value (million yen)	Acquisition date
T-24	SS	Konami Sports Club Shibuya	Shibuya-ku, Tokyo	Undisclosed (Note 2)	3,400	3,430	April 27, 2018

Note 1: "Acquisition price" represents the amount specified in the purchase and sale agreement for the trust beneficiary interests, exclusive of the various expenses (acquisition expenses, property tax, city planning tax, consumption tax, etc.) required in the acquisition of the asset.

Note 2: Undisclosed as KRR has not obtained consent from the seller.

KRR has contracted a purchase and sale agreement (note 1) on March 30, 2018 to acquire the following asset.

Property number	Property type	Property name	Location	Seller	Anticipated acquisition price (million yen) (Note 2)	Appraisal value (million yen) (Note 3)	Scheduled date of acquisition
R-11	SS	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	Undisclosed (Note 4)	4,210	4,390	May 31, 2018

Note 1: The purchase and sale agreement with the Seller on the acquisition of the asset falls under the category of forward commitment made by investment corporations as stipulated in the "Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, etc." ruled by the Financial Service Agency of Japan. In case the agreement is terminated, either of the parties responsible for the termination shall compensate for the damage resulted from the termination by paying a penalty corresponding to 20% of the acquisition price (excluding consumption taxes and local consumption taxes) to the other party.

Note 2: "Anticipated acquisition price" represents the amount specified in the purchase and sale agreement for the trust beneficiary interests, exclusive of the various expenses (acquisition expenses, property tax, city planning tax, consumption tax, etc.) required in the acquisition of the asset.

Note 3: "Appraisal value" represents as of March 1, 2018.

Note 4: Undisclosed as KRR has not obtained consent from the seller.

(B) Disposition of Assets

KRR disposed one asset.

Property number	Property type	Property name	Location	Buyer	Sale price (million yen) (Note)	Sale date
N-3	SS	K's Denki Nakagawa Tomita (Land)	Nagoya, Aichi	Nippon Commercial Development Co., Ltd.	1,128	April 27, 2018

Note: "Sale price" represents the amount specified in the sale and purchase agreement for the trust beneficiary interests, exclusive of the various expenses (sale expenses, property tax, etc.) required in the sale of the asset.

(C) Financing

KRR borrowed fund for the acquisition on April 27, 2018 (3,000 million yen for Series 21) and made decision to borrow fund for the acquisition on May 31, 2018 (4,000 million yen for Series 20). Furthermore, KRR borrowed for the repayment of the borrowings on April 19, 2018 (1,200 million yen for Series 22) and on April 23, 2018 (5,570 million yen for Series 23). KRR also partially prepaid 2,000 million yen of 3,400 million yen short-term borrowings (Series 17-A) by issuing investment corporation bonds on April 27, 2018.

KRR also entered into agreements on commitment lines on March 31, 2018 to secure flexibility and stability in financing method, for potential needs of funds as follows.

Counterparty	Limit of maximum amount (million yen)	Contract period	Remarks
Sumitomo Mitsui Banking Corporation	1,000	April 1, 2018 to March 31, 2019	Unsecured, unguaranteed

Besides this commitment line, KRR has already established a 1,000 million yen commitment line with Mizuho Bank, Ltd. The total limit of the commitment lines will remain at 2,000 million yen upon the execution of the new commitment line agreement.

(D) Investment Corporation Bonds

KRR decided to issue investment corporation bonds adopted at the board of directors' meeting held on April 20, 2018 and the payment was completed on April 26, 2018. The details are provided as follows.

Name of investment corporation bonds	Kenedix Retail REIT Corporation 5th Series Unsecured Investment Corporation Bonds (Ranking <i>pari passu</i> among the specified investment corporation bonds) (The aforementioned investment corporation bonds shall hereafter be referred to as the "5th Series Bonds.")
Total amount of the bonds	2.0 billion yen
Interest rate	0.700% per annum
Payment date	April 26, 2018
Collateral / Guarantee	No collateral or guarantee is applicable, and no assets are specifically reserved as collateral for the Investment Corporation Bonds.

Redemption method and maturity	<p>Wednesday, April 26, 2028</p> <p>Investment Corporation Bonds may be purchased and cancelled at any time after the payment date, except for the case of service regulations and other rules that the statutory or depository otherwise stipulates.</p> <p>If the maturity date of the Investment Corporation Bonds falls on the bank holiday, the payment will be brought forward to the previous bank business day.</p>
Ratings	A+ (Japan Credit Rating Agency, Ltd.)
Fiscal agent, issuing agent and paying agent	MUFG Bank, Ltd.
Use of funds	Total amount raised (approximate net balance) was 1,983 million yen. It was used for partial prepayment of borrowings, which was borrowed on October 3, 2017.

ii) Earnings Forecasts

For the fiscal period ending September 30, 2018 (from April 1, 2018 to September 30, 2018) and the fiscal period ending March 31, 2019 (from October 1, 2018 to March 31, 2019), the earnings forecasts are estimated as set forth below.

Fiscal period ending September 30, 2018

Operating revenues	8,463 million yen
Operating Income	3,780 million yen
Ordinary income	3,166 million yen
Net Income	3,165 million yen
Distributions per unit	6,245 yen
Of the above, distributions in excess of earnings	10 yen

Fiscal period ending March 31, 2019

Operating revenues	8,217 million yen
Operating Income	3,756 million yen
Ordinary income	3,158 million yen
Net Income	3,157 million yen
Distributions per unit	6,230 yen
Of the above, distributions in excess of earnings	10 yen

Please refer to “Assumptions for the Earnings Forecasts for the Fiscal Periods Ending September 30, 2018 and March 31, 2019” set forth below for information on current assumptions for the forecasts of operating results.

Note: The above forecasts are based on certain assumptions for calculation, and our judgment as of today. Actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may vary due to changes in market conditions. These forecasts do not guarantee the distribution amount.

Assumptions for the Earnings Forecasts for the Fiscal Periods Ending September 30, 2018 and March 31, 2019

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> The 7th fiscal period: April 1, 2018 to September 30, 2018 (183 days) The 8th fiscal period: October 1, 2018 to March 31, 2019 (182 days)
Property portfolio	<ul style="list-style-type: none"> It is assumed that there will be no changes (any acquisition of new properties or any sale of existing properties, etc.) in property portfolio of 53 assets, which are 51 existing assets (the “existing assets”) as of March 31, 2018, an asset acquired on April 27, 2018 and an asset acquiring on May 31, 2018 (the “assets acquired in seventh fiscal period”) and an asset sold on April 27, 2018 by the end of the fiscal period ending March 31, 2019. The actual property portfolio may change due to the acquisition of new properties other than the asset acquired in the fifth fiscal period or the disposal of owned properties, etc.
Operating revenues	<ul style="list-style-type: none"> Operating revenues of the existing assets are based on leasing agreements as of March 31, 2018, trend of tenants, real estate market trends and other factors. Operating revenues of the assets acquired in the seventh fiscal period are based on operating revenues calculated by the information provided by the sellers, leasing agreements as of March 31, 2018, trend of tenants, real estate market trends and other factors. Gain on the sale of 214 million yen is assumed for the fiscal period ending September 30, 2018 by disposing K’s Denki Nakagawa Tomita (Land) as indicated above. Operating revenues are based on the assumption that there will be no rent in arrears or non-payments by the tenant.
Operating expenses	<ul style="list-style-type: none"> Property-related operating expenses other than depreciation are calculated based on historic data, etc., and these costs reflect fluctuations in the costs, including leasing costs based on the leasing agreements. Depreciation expenses of 965 million yen, and 973 million yen are assumed for the fiscal periods ending September 30, 2018 and March 31, 2019, respectively, using the straight-line depreciation method. 690 million yen and 688 million yen of property related taxes are expected to be expensed during the fiscal periods ending September 30, 2018 and March 31, 2019 respectively. For the properties acquired after January 1, 2018, property-related taxes are not expensed in the fiscal period ending March 31, 2018 because KRR reimbursed the seller, pursuant to the purchase agreement, for the pro rata portion of the property-related taxes. 31 million yen is expected for each fiscal period, when the property related taxes for the properties are expensed. With respect to building repair expenses, the amount assumed to be necessary for each property is based on the repair plan of KFM for each fiscal period. However, repair expenses may be substantially different from the expected amount due to certain unexpected factors.

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> The amortization of offering-related costs are expected to be expensed 61 million yen and 38 million yen for the fiscal periods ending September 30, 2018, and March 31, 2019, respectively. It is assumed that the offering-related costs are amortized using the straight-line method over 3 years. For interest expenses and other debt-related costs, 546 million yen and 553 million yen are expected for the fiscal periods ending September 30, 2018, and March 31, 2019, respectively.
Borrowings and investment corporation bonds	<ul style="list-style-type: none"> As of today, KRR has an outstanding balance of 95,100 million yen in borrowings and 7,000 million yen in investment corporation bonds. It is assumed that KRR will undertake debt financing for a total of 4,000 million yen on May 31, 2018. The LTV ratio is expected to be 44.6% at the end of the period ending September 30, 2018 and March 31, 2019 (rounded to the nearest tenth). The LTV ratio has been calculated according to the following formula: $\text{LTV ratio} = (\text{Loans payable} + \text{Investment corporation bonds}) / \text{Total assets}$
Investment units	<ul style="list-style-type: none"> The forecasts are based on our assumption of 507,700 units issued as of today. It is assumed that there will be no changes in the number of investment units due to the new issuance of units until the end of the fiscal period ending March 31, 2019.
Distributions per unit (excluding excess of earnings per unit)	<ul style="list-style-type: none"> Distributions per unit (excluding excess of earnings per unit) are calculated in accordance with the distribution policy outlined in our Articles of Incorporation. We assume that there is no effect from the changes in market value of swaps on the distributions per unit for the fiscal periods ending September 30, 2018 and March 31, 2019. Actual distributions per unit (excluding excess of earnings per unit) may fluctuate due to various factors including movements in investment assets, fluctuations in rental revenues caused by tenant replacements, or unexpected repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> We expect to record Allowance for Temporary Adjustment (ATA) to adjust the temporary differences between treatment of certain transactions under Japanese GAAP and Japanese tax laws in relation to Sunny Noma, which results from the depreciation of fixed term land lease right for business purposes, the expensed interest from asset retirement obligations and deprecation of buildings, during the relevant period (30 years starting from March 16, 2007). Although we assume no effect from the changes in the fair value of swaps on the distributions per unit, we may not record ATA, depending on the fair value, which may change due to the fluctuations in the interest rate market. KRR has a policy to distribute the amount of increase in ATA, in excess of its earnings. Distributions in excess of earnings are expected to be 10 yen per unit and 10 yen per unit in the periods ending September 30, 2018 and March 31, 2019, respectively.
Others	<ul style="list-style-type: none"> Forecasts are based on the assumption that there will be no amendments to the law, taxation system, accounting standards, public listing regulations, requirements of the Investment Trusts Association, Japan, etc. which may affect the aforementioned forecast figures. Forecasts are based on the assumption that there will be no unexpected significant changes in general economic trends and real estate market trends or other conditions.

iii) Risk Factors

There are no significant changes to the “Investment Risks” in described in the Securities Registration Statement (submitted on December 25, 2017; prepared in Japanese only), the disclosure is omitted.

3. Financial Statements

(1) Balance Sheets

(in thousands of yen)

	Fifth Fiscal Period (As of September 30, 2017)	Sixth Fiscal Period (As of March 31, 2018)
Assets		
Current assets		
Cash and deposits	5,265,120	7,179,463
Cash and deposits in trust	13,908,498	14,045,452
Operating accounts receivable	249,833	231,067
Prepaid expenses	136,375	51,788
Consumption taxes receivable	947,707	-
Other	3,571	4,255
Total current assets	20,511,105	21,512,027
Non-current assets		
Property, plant and equipment		
Buildings in trust	54,528,155	54,980,817
Accumulated depreciation	(3,197,167)	(4,053,797)
Buildings in trust, net	*1 51,330,987	50,927,020
Structures in trust	2,797,067	2,804,224
Accumulated depreciation	(196,396)	(249,855)
Structures in trust, net	*1 2,600,670	2,554,369
Machinery and equipment in trust	214,510	214,510
Accumulated depreciation	(16,977)	(22,623)
Machinery and equipment in trust, net	197,533	191,887
Tools, furniture and fixtures in trust	71,172	79,918
Accumulated depreciation	(15,164)	(20,383)
Tools, furniture and fixtures in trust, net	*1 56,007	59,534
Land in trust	*1 149,241,987	150,317,484
Construction in progress in trust	14,291	378
Total property, plant and equipment, net	203,441,477	204,050,675
Intangible assets		
Leasehold right in trust	4,328,697	4,324,719
Other	2,776	2,331
Total intangible assets	4,331,474	4,327,050
Investments and other assets		
Investment securities	2,790	-
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	60,256	60,256
Long-term prepaid expenses	808,924	780,184
Long-term deposits	157,110	157,110
Other	22,553	19,879
Total investments and other assets	1,061,634	1,027,429
Total non-current assets	208,834,586	209,405,155
Deferred assets		
Organization costs	20,264	15,226
Investment corporation bond issuance costs	38,307	35,396
Investment unit issuance costs	224,185	139,404
Total deferred assets	282,757	190,027
Total assets	229,628,449	231,107,209

(in thousands of yen)

	Fifth Fiscal Period (As of September 30, 2017)	Sixth Fiscal Period (As of March 31, 2018)
Liabilities		
Current liabilities		
Operating accounts payable	574,194	646,507
Short-term loans payable	12,670,000	12,920,000
Current portion of long-term loans payable	3,850,000	5,650,000
Accounts payable-other	339,816	359,858
Accrued expenses	18,164	18,530
Income taxes payable	2,703	3,641
Accrued consumption taxes	41,046	312,160
Advances received	1,104,639	1,121,432
Deposits received	142,780	117,043
Total current liabilities	18,743,344	21,149,173
Non-current liabilities		
Investment corporation bonds	5,000,000	5,000,000
Long-term loans payable	76,380,000	75,530,000
Tenant leasehold and security deposits in trust	*1 12,933,293	12,788,402
Asset retirement obligations	23,482	23,629
Other	31,767	30,895
Total non-current liabilities	94,368,543	93,372,927
Total liabilities	113,111,887	114,522,100
Net assets		
Unitholders' equity		
Unitholders' capital	113,399,022	113,399,022
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*3 (9,754)	(9,754)
Total deduction from unitholders' capital	(9,754)	(9,754)
Unitholders' capital, net	113,389,267	113,389,267
Surplus		
Unappropriated retained earnings	3,104,740	3,175,962
Total surplus	3,104,740	3,175,962
Total unitholders' equity	116,494,008	116,565,229
Valuation and translation adjustments		
Deferred gains or losses on hedges	22,553	19,879
Total valuation and translation adjustments	22,553	19,879
Total net assets	*4 116,516,561	116,585,108
Total liabilities and net assets	229,628,449	231,107,209

(2) Statements of Income and Retained Earnings

(in thousands of yen)

		Fifth Fiscal Period (From April 1, 2017 to September 30, 2017)	Sixth Fiscal Period (From October 1, 2017 to March 31, 2018)
Operating revenues			
Rent revenue-real estate	*1	6,637,179	6,991,591
Other lease business revenue	*1	1,160,494	1,134,746
Dividends income		5,844	-
Total operating revenues		<u>7,803,517</u>	<u>8,126,338</u>
Operating expenses			
Expenses related to rent business	*1	3,468,519	3,609,580
Asset management fees		549,721	628,807
Asset custody fees		7,776	9,411
Administrative service fees		25,791	29,713
Directors' compensation		4,500	4,500
Other operating expenses		81,132	76,233
Total operating expenses		<u>4,137,441</u>	<u>4,358,245</u>
Operating income		<u>3,666,076</u>	<u>3,768,092</u>
Non-operating income			
Interest income		59	63
Interest on refund		-	1,472
Total non-operating income		<u>59</u>	<u>1,535</u>
Non-operating expenses			
Interest expenses		369,045	398,485
Interest expenses on investment corporation bonds		5,414	12,634
Financing-related expenses		80,322	86,123
Amortization of organization costs		5,066	5,038
Amortization of investment corporation bond issuance costs		1,906	2,910
Amortization of investment unit issuance costs		96,175	84,780
Total non-operating expenses		<u>557,930</u>	<u>589,972</u>
Ordinary income		<u>3,108,205</u>	<u>3,179,655</u>
Income before income taxes		<u>3,108,205</u>	<u>3,179,655</u>
Income taxes			
Current		3,681	3,848
Total income taxes		<u>3,681</u>	<u>3,848</u>
Net income		<u>3,104,524</u>	<u>3,175,807</u>
Retained earnings brought forward		216	155
Unappropriated retained earnings		<u>3,104,740</u>	<u>3,175,962</u>

(3) Statements of Changes in Net Assets

Fifth Fiscal Period (From April 1, 2017 to September 30, 2017)

(in thousands of yen)

	Unitholders' equity						
	Unitholders' capital			Surplus			Total unitholders' equity
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings	Total surplus	
Allowance for temporary difference adjustments		Total deduction from unitholders' capital					
Balance at the beginning of the period	94,256,390	(40,593)	(40,593)	94,215,796	2,584,343	2,584,343	96,800,139
Changes of items during the period							
Issuance of new investment units	19,142,631			19,142,631			19,142,631
Dividends from surplus					(2,553,287)	(2,553,287)	(2,553,287)
Reversal of allowance for temporary difference adjustments		30,838	30,838	30,838	(30,838)	(30,838)	-
Net income					3,104,524	3,104,524	3,104,524
Net changes of items other than unitholder's equity							
Total changes of items during the period	19,142,631	30,838	30,838	19,173,470	520,397	520,397	19,693,868
Balance at the end of the period	*1 113,399,022	(9,754)	(9,754)	113,389,267	3,104,740	3,104,740	116,494,008

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	23,395	23,395	96,823,535
Changes of items during the period			
Issuance of new investment units			19,142,631
Dividends from surplus			(2,553,287)
Reversal of allowance for temporary difference adjustments			-
Net income			3,104,524
Net changes of items other than unitholder's equity	(842)	(842)	(842)
Total changes of items during the period	(842)	(842)	19,693,026
Balance at the end of the period	22,553	22,553	116,516,561

	Unitholders' equity						
	Unitholders' capital				Surplus		Total unitholders' equity
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings	Total surplus	
Allowance for temporary difference adjustments		Total deduction from unitholders' capital					
Balance at the beginning of the period	113,399,022	(9,754)	(9,754)	113,389,267	3,104,740	3,104,740	116,494,008
Changes of items during the period							
Dividends from surplus					(3,104,585)	(3,104,585)	(3,104,585)
Net income					3,175,807	3,175,807	3,175,807
Net changes of items other than unitholder's equity							
Total changes of items during the period	-	-	-	-	71,221	71,221	71,221
Balance at the end of the period	*1 113,399,022	(9,754)	(9,754)	113,389,267	3,175,962	3,175,962	116,565,229

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance at the beginning of the period	22,553	22,553	116,516,561
Changes of items during the period			
Dividends from surplus			(3,104,585)
Net income			3,175,807
Net changes of items other than unitholder's equity	(2,674)	(2,674)	(2,674)
Total changes of items during the period	(2,674)	(2,674)	68,547
Balance at the end of the period	19,879	19,879	116,585,108

(4) Statements of Cash Distributions

(in yen)

	Fifth Fiscal Period (From April 1, 2017 to September 30, 2017)	Sixth Fiscal Period (From October 1, 2017 to March 31, 2018)
I. Retained earnings at the end of period	3,104,740,879	3,175,962,601
II. Total distributions	3,104,585,500	3,175,663,500
Distributions per unit	6,115	6,255
III. Retained earnings brought forward to the next period	155,379	299,101
Method of calculating distribution amount	<p>In accordance with the policy described in Article 39-1 of its Articles of Incorporation, KRR determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law and shall be up to its profits as the maximum amount. Following this policy, KRR has decided that it shall distribute ¥3,104,585,500 which is almost the entire amount of retained earnings as the distributions of earnings .</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 39-2 of KRR's Articles of Incorporation. In the fifth fiscal period, KRR has decided not to distribute cash in excess of distributable profit.</p>	<p>In accordance with the policy described in Article 39-1 of its Articles of Incorporation, KRR determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law and shall be up to its profits as the maximum amount. Following this policy, KRR has decided that it shall distribute ¥3,175,663,500 which is almost the entire amount of retained earnings as the distributions of earnings .</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 39-2 of KRR's Articles of Incorporation. In the sixth fiscal period, KRR has decided not to distribute cash in excess of distributable profit.</p>

(5) Statements of Cash Flows

(in thousands of yen)

	Fifth Fiscal Period (From April 1, 2017 to September 30, 2017)	Sixth Fiscal Period (From October 1, 2017 to March 31, 2018)
Net cash provided by (used in) operating activities		
Income before income taxes	3,108,205	3,179,655
Depreciation and amortization	885,529	925,524
Amortization of organization costs	5,066	5,038
Amortization of investment corporation bond issuance costs	1,906	2,910
Amortization of investment unit issuance costs	96,175	84,780
Interest income	(59)	(63)
Interest expenses	374,459	411,119
Decrease (increase) in operating accounts receivable	(66,839)	18,765
Decrease (increase) in consumption taxes receivable	(947,707)	947,707
Decrease (increase) in prepaid expenses	(95,354)	84,586
Increase (decrease) in operating accounts payable	119,319	(324)
Increase (decrease) in accounts payable-other	59,447	18,937
Increase (decrease) in accrued consumption taxes	(204,795)	271,114
Increase (decrease) in advances received	226,397	16,792
Increase (decrease) in deposits received	18,539	(25,736)
Decrease (increase) in long-term prepaid expenses	(160,857)	28,740
Decrease (increase) in long-term deposits	(32,150)	-
Other	(7,011)	14,532
Subtotal	3,380,270	5,984,080
Interest income received	59	63
Interest expenses paid	(370,062)	(410,726)
Income taxes paid	(4,253)	(2,910)
Net cash provided by (used in) operating activities	3,006,014	5,570,507
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(38,122,784)	(1,471,805)
Purchase of intangible assets	(1,141)	-
Purchase of intangible assets in trust	(3,812,078)	-
Proceeds from investment securities	104,744	966
Payments for lease and guarantee deposits in trust	(24,220)	-
Repayments of tenant leasehold and security deposits in trust	(603,958)	(299,385)
Proceeds from tenant leasehold and security deposits in trust	2,141,079	154,494
Proceeds from restricted bank deposits in trust	215,676	215,676
Net cash provided by (used in) investing activities	(40,102,682)	(1,400,052)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	16,270,000	6,150,000
Payments of short-term loans payable	(15,070,000)	(5,900,000)
Proceeds from long-term loans payable	19,000,000	4,800,000
Payments of long-term loans payable	-	(3,850,000)
Proceeds from issuance of investment corporation bonds	2,977,457	-
Proceeds from issuance of investment units	19,027,111	-
Payments of dividends	(2,552,953)	(3,103,480)
Net cash provided by (used in) financing activities	39,651,615	(1,903,480)
Net increase (decrease) in cash and cash equivalents	2,554,947	2,266,973
Cash and cash equivalents at the beginning of the period	14,296,903	16,851,851
Cash and cash equivalents at the end of the period	*1 16,851,851	19,118,825

(6) Notes on Assumption of Going Concern

Not applicable

(7) Summary of Significant Accounting Policies

1. Evaluation standards and evaluation method of assets	Securities Other securities Those with no fair value Cost method through moving-average method Concerning silent partnership equity interests, the method of incorporating the amount of equity equivalent to the portion that corresponds to the net gain or loss of the silent partnership is adopted.
2. Method of depreciation of non-current assets	(1) Property, plant and equipment (including trust assets) The straight-line method is applied. Useful lives of the assets ranging are as follows: Buildings: 2 to 70 years Structures: 8 to 59 years Machinery and equipment: 5 to 25 years Tools, furniture and fixtures: 3 to 15 years (2) Intangible assets (including trust assets) The straight-line method is applied. (3) Long-term prepaid expenses The straight-line method is applied.
3. Accounting for deferred assets	(1) Organization costs Organization costs are amortized over a period of 5 years under the straight-line method. (2) Investment unit issuance costs Investment unit issuance costs are amortized over a period of 3 years under the straight-line method. (3) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized over a maturity period under the straight-line method.
4. Accounting for revenues and expenses	Accounting for property-related taxes Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to said period. Under Japanese tax regulations, the seller of the property is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued property-related tax liabilities. When KRR purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to 137,530 thousand yen as of September 30, 2017. There were no capitalized property-related taxes as of March 31, 2018.
5. Method of hedge accounting	(1) Hedge accounting method Deferral hedge accounting is applied. However, the special treatment is applied for the interest-rate swap agreements that meet the criteria for special treatment. (2) Hedging instruments and hedged items Hedge instruments Interest-rate swap transactions Hedged items Interest payments on debts (3) Hedging policy KRR enters into derivative transactions based on its risk management policies with the objective of hedging risks provided in its Articles of Incorporation. (4) Method of assessing the effectiveness of hedging As for the method of assessment of the effectiveness of the hedge in the period from the inception of the hedge to the time of judgment of its effectiveness, the cumulative changes in cash flow of the hedged items and hedging instruments are compared and a judgment is made based on changed amount, etc. However, an assessment of the effectiveness of hedging activities is omitted in the case of interest rate swaps that meet the requirements for special treatment.
6. Scope of cash and cash equivalents on statements of cash flows	Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of purchase.
7. Other significant accounting policies for the preparation of financial statements	(1) Accounting method for trust beneficiary interests in real estate and other assets The assets and liabilities as well as revenues and expenses of financial assets held in the form of trust beneficiary interests in real estate and other assets are recorded in full in KRR's balance sheet and statement of income and retained earnings. Of the assets in trust accounted for under the respective account items, the following significant items are separately indicated on the balance sheet. 1. Cash and deposits in trust 2. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust, construction in progress in trust 3. Leasehold right in trust 4. Lease and guarantee deposits in trust 5. Tenant leasehold and security deposits in trust (2) Accounting method for consumption taxes Consumption taxes are separately recorded. Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.

(8) Notes to Financial Statements

(Notes to Balance Sheets)

* 1. Assets pledged as collateral and related secured liabilities:

(in thousands of yen)

Assets pledged as collateral	Fifth Fiscal Period As of September 30, 2017	Sixth Fiscal Period As of March 31, 2018
Buildings in trust	2,707,274	2,708,512
Structures in trust	50,764	49,172
Tools, furniture and fixtures in trust	2,359	2,058
Land in trust	7,811,297	7,811,297
Total	10,571,696	10,571,041

Secured liabilities	Fifth Fiscal Period As of September 30, 2017	Sixth Fiscal Period As of March 31, 2018
Tenant leasehold and security deposits in trust	3,023,268	2,800,594
Total	3,023,268	2,800,594

2. Commitment line contracts

KRR has commitment line contracts with the banks with which it does business.

(in thousands of yen)

	Fifth Fiscal Period As of September 30, 2017	Sixth Fiscal Period As of March 31, 2018
Total amount of commitment line contracts	2,000,000	2,000,000
Balance of loans payable outstanding	-	-
Remaining amount	2,000,000	2,000,000

* 3. Allowance for temporary difference adjustments

Fifth Fiscal Period (As of September 30, 2017)

1. Reasons, related assets, initial amount, allowance and reversal

(in thousands of yen)

Related assets, etc.	Reason for allowance	Initial amount	Balance at the beginning of the period	Allowance during the period	Reversal during the period	Balance at the end of the period	Reason for reversal
Buildings in trust, Leasehold right in trust	Amortization of leasehold right in trust and the amount in excess of depreciation	9,754	9,754	-	-	9,754	-
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	30,838	30,838	-	(30,838)	-	Changes in fair value of derivative transactions
Total		40,593	40,593	-	(30,838)	9,754	-

2. Method of reversal

	Method of reversal
Buildings in trust, Leasehold right in trust	Upon sale, the corresponding amount is scheduled to be reversed.
Deferred gains or losses on hedges	Based on changes in the fair value of derivative transactions used as hedging instruments, the corresponding amount is scheduled to be reversed.

Sixth Fiscal Period (As of March 31, 2018)

1. Reasons, related assets, initial amount, allowance and reversal

(in thousands of yen)

Related assets, etc.	Reason for allowance	Initial amount	Balance at the beginning of the period	Allowance during the period	Reversal during the period	Balance at the end of the period	Reason for reversal
Buildings in trust, Leasehold right in trust	Amortization of leasehold right in trust and the amount in excess of depreciation	9,754	9,754	-	-	9,754	-
Total		9,754	9,754	-	-	9,754	-

2. Method of reversal

	Method of reversal
Buildings in trust, Leasehold right in trust	Upon sale, the corresponding amount is scheduled to be reversed.

* 4. Minimum net assets prescribed in Article 67-4 of the Investment Trust Act

(in thousands of yen)

Fifth Fiscal Period As of September 30, 2017	Sixth Fiscal Period As of March 31, 2018
50,000	50,000

(Notes to Statements of Income and Retained Earnings)

* 1. Breakdown of real estate rental revenues and expenses

(in thousands of yen)

	Fifth Fiscal Period From April 1, 2017 to September 30, 2017	Sixth Fiscal Period From October 1, 2017 to March 31, 2018
A. Rental and other operating revenues:		
Rent revenue-real estate:		
Rental revenues	5,361,334	5,697,578
Rental revenues from limited proprietary rights of land	938,809	953,536
Common area charges	337,034	340,476
Subtotal	6,637,179	6,991,591
Other lease business revenue:		
Parking space rental revenues	195,782	201,155
Utility charge reimbursement	661,928	617,448
Miscellaneous	302,783	316,141
Subtotal	1,160,494	1,134,746
Total rental and other operating revenues	7,797,673	8,126,338
B. Property-related expenses:		
Expenses related to rent business:		
Property management fees and facility management fees	808,367	846,915
Utilities	650,115	597,633
Taxes	563,716	563,751
Repairs and maintenance	189,071	259,834
Insurance	13,507	13,954
Trust fees	21,137	22,153
Depreciation	885,100	925,078
Others	337,504	380,258
Total property-related expenses	3,468,519	3,609,580
C. Net operating income from real estate rental business (A-B)	4,329,153	4,516,757

(Notes to Statements of Changes in Net Assets)

* 1. Total number of authorized investment units and total number of investment units issued and outstanding

	Fifth Fiscal Period From April 1, 2017 to September 30, 2017	Sixth Fiscal Period From October 1, 2017 to March 31, 2018
Total number of authorized investment units	5,000,000 units	5,000,000 units
Total number of investment units issued and outstanding	507,700 units	507,700 units

(Notes to Statements of Cash Flows)

* 1. Reconciliation of balance sheet items to cash and cash equivalents at the end of period in the cash flows statements

(in thousands of yen)

	Fifth Fiscal Period From April 1, 2017 to September 30, 2017	Sixth Fiscal Period From October 1, 2017 to March 31, 2018
Cash and deposits	5,265,120	7,179,463
Cash and deposits in trust	13,908,498	14,045,452
Restricted bank deposits in trust (Note)	(2,321,767)	(2,106,090)
Cash and cash equivalents	16,851,851	19,118,825

Note: Restricted bank deposits in trust are retained for repayment of tenant leasehold and security deposits in trust.

(Notes to Lease Transactions)

Operating lease transactions (Lessee)

Future minimum lease payments

(in thousands of yen)

	Fifth Fiscal Period As of September 30, 2017	Sixth Fiscal Period As of March 31, 2018
Due within 1 year	10,500	10,500
Due after 1 year	193,798	188,548
Total	204,298	199,048

Operating lease transactions (Lessor)

Future minimum lease income

(in thousands of yen)

	Fifth Fiscal Period As of September 30, 2017	Sixth Fiscal Period As of March 31, 2018
Due within 1 year	8,424,336	8,798,586
Due after 1 year	63,081,778	61,221,050
Total	71,506,114	70,019,637

(Notes to the Financial Instruments)

1. Overview

(1) Policy for financial instruments

KRR procures funds for asset acquisitions, repairs, payment of distributions, repayment of loans, etc. through loans from financial institutions, issuance of investment corporation bonds, issuance of investment units and other means. With regard to the procurement of interest-bearing debts, KRR ensures that it can effectively combine stable long-term funds with flexible short-term funds. Management of surplus funds is undertaken through various bank deposits focusing on safety, liquidity and effectiveness. KRR uses derivatives for the purpose of hedging its exposure to changes in interest rates and other risks and does not enter into derivative transactions for speculative or trading purposes.

(2) Types of financial instruments and related risk

Bank deposits are for managing KRR's surplus funds and are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited.

Investment securities represent equity investments in a silent partnership and are exposed to credit risk of the issuer, property value fluctuation risk and interest rate fluctuation risk.

Loans payable and investment corporation bonds, which are made or issued primarily for the purpose of procuring funds for the acquisition of real estate and trust beneficiary interests in real estate and have a repayment date of a maximum of 10 years and 6 months for loans payable and also have a redemption date of a maximum of 9 years and 5 months for investment corporation bonds as of March 31, 2018, the end of the sixth fiscal period, are exposed to liquidity risk where alternative funds may not be procured by the repayment date. Also, loans payable with floating interest rates are exposed to interest rate fluctuation risk. Derivatives are used for the purpose of hedging interest rate fluctuation risk for a certain portion of the loans payable.

Tenant leasehold and security deposits are deposits received from tenants, which are exposed to liquidity risks when the tenants vacate the properties.

(3) Risk management for financial instruments

a. Credit risk

While bank deposits are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited, such risk is monitored by deposits in non-interest bearing ordinary savings accounts or with financial institutions with credit ratings above a certain level. Investment securities represent equity investments in a silent partnership and are exposed to credit risk of the issuer. To manage this credit risk, the Investment Corporation regularly evaluates the results of operations and the financial condition of the issuer, etc. In utilizing derivatives, KRR aims to mitigate counterparty risk such as by transacting with financial institutions with favorable ratings.

b. Market risk

While loans payable with floating rates are exposed to interest rate fluctuation risk, such risk is monitored by adjusting the rate of the balance of loans payable with floating rates against the total loans payable according to the financial environment, interest rate forecasts by continuous monitoring, etc. and by using derivatives, etc. While investment securities, which are equity investments in a silent partnership, are exposed to credit risk of the issuer and property value fluctuation risk, the Investment Corporation periodically reviews the value of the property and financial condition of the issuer with regard to these investment securities. A risk management policy is established with regard to the execution and management of derivatives and such transactions are conducted based on this policy.

c. Liquidity risk

Though loans payable are subject to liquidity risk, KRR reduces such risk by spreading out payment due dates and by diversifying financial institutions. Liquidity risk is also managed by such means as regularly checking the balance of cash reserves.

Though tenant leasehold and security deposits are subject to liquidity risk, in principle, KRR reduces such risk by retaining funds that would enable KRR to return necessary amounts to tenants.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in a different fair value.

2. Estimated fair value of financial instruments

The carrying value of financial instruments on the balance sheets and estimated fair value are shown in the following table. Items whose fair values are difficult to determine are not included in the following table (Note 2).

Fifth Fiscal Period

As of September 30, 2017

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	5,265,120	5,265,120	-
(2) Cash and deposits in trust	13,908,498	13,908,498	-
Total	19,173,618	19,173,618	-
(1) Short-term loans payable	12,670,000	12,670,000	-
(2) Current portion of long-term loans payable	3,850,000	3,837,976	(12,023)
(3) Investment corporation bonds	5,000,000	4,976,700	(23,300)
(4) Long-term loans payable	76,380,000	76,284,508	(95,491)
(5) Tenant leasehold and security deposits in trust	2,887,549	2,886,747	(802)
Total	100,787,549	100,655,932	(131,617)
Derivative transactions	22,553	22,553	-

Sixth Fiscal Period

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	7,179,463	7,179,463	-
(2) Cash and deposits in trust	14,045,452	14,045,452	-
Total	21,224,916	21,224,916	-
(1) Short-term loans payable	12,920,000	12,920,000	-
(2) Current portion of long-term loans payable	5,650,000	5,650,527	527
(3) Investment corporation bonds	5,000,000	4,991,400	(8,600)
(4) Long-term loans payable	75,530,000	75,642,540	112,540
(5) Tenant leasehold and security deposits in trust	2,635,158	2,630,225	(4,933)
Total	101,735,158	101,834,693	99,534
Derivative transactions	19,879	19,879	-

Note1: Methods to determine the estimated fair value of financial instruments and matters related to derivative transactions

Assets

(1) Cash and deposits and (2) Cash and deposits in trust

Since these items are settled in a short period of time, their carrying amount approximates fair value.

Liabilities

(1) Short-term loans payable

Since these items are settled in a short period of time with floating interest rates, their carrying amount approximates fair value.

(2) Current portion of long-term loans payable and (4) Long-term loans payable

Among these items, the fair value of loans payable with fixed interest rates is calculated based on the present value, which is the total amount of principal and interest discounted by the estimated interest rate to be applied in the event that KRR conducts new loans of the same type. As for the fair value of loans payable with floating interest rates, it is based on the carrying amount since market interest rates are reflected in the short term and the fair value is believed to approximate the carrying amount as the credit standing of KRR has not changed significantly since the loans were made. (However, the fair value of long-term loans payable subject to the special treatment for interest-rate swaps is based on the present value of the total of principal and interest, accounted for together with the applicable interest-rate swaps, discounted by the estimated interest rate to be applied in the event that KRR conducts new loans payable of the same type.)

(3) Investment corporation bonds

The fair value of investment corporation bonds is based on quoted market prices.

(5) Tenant leasehold and security deposits in trust

The fair value is determined based on the present value of contractual cash flows discounted at the discount rate into which the period to the repayment date and the credit risk are reflected.

Derivative transactions

Please refer to "Notes to Derivative Transactions".

Note2: Financial instruments whose fair values are extremely difficult to determine

	(in thousands of yen)	
Classification	Fifth Fiscal Period As of September 30, 2017	
Investment securities (*1)	2,790	
Tenant leasehold and security deposits in trust (*2)	10,045,743	
Total	10,048,533	

(*1) Fair values of investment securities are not subject to disclosure of fair value as they have no market price and their fair values are recognized to be extremely difficult to grasp.

(*2) It is extremely difficult to determine their fair value based on estimated future cash flows because no quoted market price is available and the repayment dates of those deposits are not certain. Therefore, tenant leasehold and security deposits in trust are not included in the above quantitative information.

(in thousands of yen)

Classification	Sixth Fiscal Period As of March 31, 2018
Tenant leasehold and security deposits in trust (*)	10,153,243
Total	10,153,243

(*) It is extremely difficult to determine their fair value based on estimated future cash flows because no quoted market price is available and the repayment dates of those deposits are not certain. Therefore, tenant leasehold and security deposits in trust are not included in the above quantitative information.

Note 3: Redemption of monetary claims scheduled to be due after the balance sheet date

Fifth Fiscal Period

As of September 30, 2017

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	5,265,120	-	-	-	-	-
Cash and deposits in trust	13,908,498	-	-	-	-	-
Total	19,173,618	-	-	-	-	-

Sixth Fiscal Period

As of March 31, 2018

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	7,179,463	-	-	-	-	-
Cash and deposits in trust	14,045,452	-	-	-	-	-
Total	21,224,916	-	-	-	-	-

Note 4: Redemption of long-term loans payable and other interest-bearing debt scheduled to be due after the balance sheet date

Fifth Fiscal Period

As of September 30, 2017

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	12,670,000	-	-	-	-	-
Investment corporation bonds	-	-	-	-	2,000,000	3,000,000
Long-term loans payable	3,850,000	6,980,000	7,000,000	13,300,000	7,000,000	42,100,000
Tenant leasehold and security deposits in trust	435,430	435,430	435,430	435,430	435,430	110,793
Total	16,955,430	7,415,430	7,435,430	13,735,430	9,435,430	45,210,793

Sixth Fiscal Period

As of March 31, 2018

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	12,920,000	-	-	-	-	-
Investment corporation bonds	-	-	-	1,000,000	1,000,000	3,000,000
Long-term loans payable	5,650,000	9,380,000	7,000,000	13,300,000	9,050,000	36,800,000
Tenant leasehold and security deposits in trust	435,430	435,430	435,430	435,430	224,712	103,796
Total	19,005,430	9,815,430	7,435,430	14,735,430	10,274,712	39,903,796

(Notes to Derivative Transactions)

(1) Transactions not subject to hedge accounting

Fifth Fiscal Period (As of September 30, 2017) and Sixth Fiscal Period (As of March 31, 2018): Not applicable

(2) Transactions subject to hedge accounting

Fifth Fiscal Period
As of September 30, 2017

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Principle method	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	16,940,000	16,940,000	22,553	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	44,900,000	41,050,000	*	-
Total			61,840,000	57,990,000	22,553	

*Interest rate swaps for which the special treatment is applied are accounted for together with the underlying hedged item. As a result, their fair value is included in the fair value of the hedged long-term loans payable. (Please refer to "Notes to Financial Instruments" (Note1) Methods to determine the estimated fair value of financial instruments and matters related to derivative transactions; Liabilities (2) Current portion of long-term loans payable and (4) Long-term loans payable.)

Sixth Fiscal Period
As of March 31, 2018

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Principle method	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	19,490,000	19,490,000	19,879	Based on the amount provided by counterparty financial institutions
Special treatment of interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	41,050,000	35,400,000	*	-
Total			60,540,000	54,890,000	19,879	

*Interest rate swaps for which the special treatment is applied are accounted for together with the underlying hedged item. As a result, their fair value is included in the fair value of the hedged long-term loans payable. (Please refer to "Notes to Financial Instruments" (Note1) Methods to determine the estimated fair value of financial instruments and matters related to derivative transactions; Liabilities (2) Current portion of long-term loans payable and (4) Long-term loans payable.)

(Notes to the Related-Party Transactions)

1. Parent Company, major corporate unitholders and other

Fifth Fiscal Period (From April 1, 2017 to September 30, 2017) and Sixth Fiscal Period (From October 1, 2017 to March 31, 2018): Not applicable

2. Affiliated companies and other

Fifth Fiscal Period (From April 1, 2017 to September 30, 2017) and Sixth Fiscal Period (From October 1, 2017 to March 31, 2018): Not applicable

3. Fellow subsidiary companies and other

Fifth Fiscal Period (From April 1, 2017 to September 30, 2017) and Sixth Fiscal Period (From October 1, 2017 to March 31, 2018): Not applicable

4. Directors, major individual unitholders and other

Fifth Fiscal Period (From April 1, 2017 to September 30, 2017) and Sixth Fiscal Period (From October 1, 2017 to March 31, 2018): Not applicable

(Notes to the Tax-Effect Accounting)

1. The significant components of deferred tax assets and liabilities:

(in thousands of yen)

	Fifth Fiscal Period As of September 30, 2017	Sixth Fiscal Period As of March 31, 2018
Deferred tax assets:		
Enterprise tax payable	222	234
Amortization of leasehold right in trust	6,703	7,959
Depreciation	2,412	2,865
Asset retirement obligations	7,418	7,464
Subtotal deferred tax assets	16,756	18,524
Valuation allowance	(16,756)	(18,524)
Total deferred tax assets	-	-

2. The significant differences between the statutory tax rate and the effective tax rate:

	(unit: %)	
	Fifth Fiscal Period As of September 30, 2017	Sixth Fiscal Period As of March 31, 2018
Statutory tax rate	34.81	34.81
Deductible cash distributions	(34.77)	(34.77)
Others	0.08	0.08
Effective tax rate	0.12	0.12

(Notes to Asset Retirement Obligations)

Asset retirement obligations reported on balance sheets

1. Summary of the asset retirement obligations

KRR has recognized the original state restoration obligations assumed under the fixed-term business-purpose land leasehold agreement as the asset retirement obligations in connection with Sunny Noma acquired on February 10, 2015.

2. Method of calculating asset retirement obligations

Asset retirement obligations are calculated based on a discount rate of 1.256% after the useful life has been estimated to be 22 years and two months based on the time period from the date of acquisition to the expiration of the agreement.

3. Changes in the amount of applicable asset retirement obligations consisted of the following

	(in thousands of yen)	
	Fifth Fiscal Period From April 1, 2017 to September 30, 2017	Sixth Fiscal Period From October 1, 2017 to March 31, 2018
Balance at the beginning of the period	23,335	23,482
Accretion adjustment	146	147
Balance at the end of the period	23,482	23,629

(Notes to the Segment Information)

(Segment information)

Disclosure is omitted because the real estate leasing business is KRR's sole business and it has no reportable segment subject to disclose.

(Related information)

Fifth Fiscal Period (From April 1, 2017 to September 30, 2017)

1. Information about each product and service

Disclosure is omitted because net sales to external customers for a single product/service category account for over 90% of the operating revenue on the statement of income and retained earnings.

2. Information about each geographic area

(1) Net sales

Disclosure is omitted because net sales to external customers in Japan account for over 90% of the operating revenue on the statement of income and retained earnings.

(2) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheets.

3. Information about each major customer

Disclosure is omitted because no net sales to a single external customer accounts for more than 10% of the operating revenue on the statements of income and retained earnings.

Sixth Fiscal Period (From October 1, 2017 to March 31, 2018)

1. Information about each product and service

Disclosure is omitted because net sales to external customers for a single product/service category account for over 90% of the operating revenue on the statement of income and retained earnings.

2. Information about each geographic area

(1) Net sales

Disclosure is omitted because net sales to external customers in Japan account for over 90% of the operating revenue on the statement of income and retained earnings.

(2) Property, plant and equipment

Disclosure is omitted because the amount of property, plant and equipment located in Japan accounts for over 90% of the amount of property, plant and equipment on the balance sheets.

3. Information about each major customer

Disclosure is omitted because no net sales to a single external customer accounts for more than 10% of the operating revenue on the statements of income and retained earnings.

(Notes to Investment and Rental Properties)

KRR owns retail properties for rental purposes mainly in the four major metropolitan areas and other regional areas of Japan. The book value and fair value concerning the above real estate for rental purposes are as follows.

(in thousands of yen)

	Fifth Fiscal Period From April 1, 2017 to September 30, 2017	Sixth Fiscal Period From October 1, 2017 to March 31, 2018
Book value		
Balance at the beginning of the period	166,782,022	207,771,218
Changes during the period	40,989,196	605,105
Balance at the end of the period	207,771,218	208,376,323
Fair value at the end of the period	218,766,000	220,765,000

Note 1: Book value is acquisition cost less accumulated depreciation.

Note 2: Among changes in the amount of real estate for rental purposes that occurred during the fifth fiscal period, the principal increase was acquisitions of real estate trust beneficiary interests in 9 properties totaling 41,517,461 thousand yen and the principal decrease was depreciation amounting to 884,953 thousand yen and during the sixth fiscal period, the principal increase was the acquisitions of real estate trust beneficiary interests in 1 property totaling 1,280,257 thousand yen and the principal decrease was depreciation amounting to 924,931 thousand yen.

Note 3: The fair value at the end of the period is the appraisal value determined by outside appraisers. In addition, the fair value of K's Denki Nakagawa Tomita (Land) as of March 31, 2018, which was sold on April 27, 2018, is based on the sales price (1,128,000 thousand yen) under the trust beneficiary interest sales contracts entered into on November 14, 2017.

The profit or loss for the period under review concerning investment and rental properties is indicated under "Notes to Statements of Income and Retained Earnings."

(Notes to Per Unit Information)

	Fifth Fiscal Period From April 1, 2017 to September 30, 2017	Sixth Fiscal Period From October 1, 2017 to March 31, 2018
Net asset value per unit	229,498 yen	229,633 yen
Net income per unit	6,219 yen	6,255 yen

Note1: Net income per unit is calculated by dividing net income by the day-weighted average number of investment units outstanding during the period. Net income per unit after adjusting for residual units is not included because there were no residual investment units.

Note2: The basis for calculating net income per unit is as follows:

	Fifth Fiscal Period From April 1, 2017 to September 30, 2017	Sixth Fiscal Period From October 1, 2017 to March 31, 2018
Net income (in thousands of yen)	3,104,524	3,175,807
Net income not attributable to ordinary unitholders (in thousands of yen)	-	-
Net income attributable to ordinary unitholders (in thousands of yen)	3,104,524	3,175,807
Weighted average number of units during the period (units)	499,147	

(Notes to Significant Subsequent Events)

Not applicable

(Omission of Disclosure)

Notes to Securities, Equity-Method Income and Retained Earnings, and Retirement Payment are omitted as immaterial to disclose.

(9) Changes in Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and unitholders' capital since its corporation are summarized in the following table.

Date	Type of issue	Total number of units issued and outstanding (units)		Unitholders' capital (in million yen)		Notes
		Increase	Balance	Increase	Balance	
October 3, 2014	Private placement for incorporation	750	750	150	150	(Note 1)
February 9, 2015	Public offering	254,250	255,000	56,430	56,580	(Note 2)
March 11, 2015	Capital increase through third-party allocation	5,750	260,750	1,276	57,857	(Note 3)
October 1, 2015	Public offering	88,750	349,500	18,547	76,404	(Note 4)
October 21, 2015	Capital increase through third-party allocation	5,750	355,250	1,201	77,606	(Note 5)
April 20, 2016	Public offering	64,000	419,250	15,856	93,463	(Note 6)
May 18, 2016	Capital increase through third-party allocation	3,200	422,450	792	94,256	(Note 7)
April 18, 2017	Public offering	81,250	503,700	18,244	112,500	(Note 8)
May 17, 2017	Capital increase through third-party allocation	4,000	507,700	898	113,399	(Note 9)

Note 1: Issued at issue price of 200,000 yen per unit for incorporation.

Note 2: Issued at issue price of 230,000 yen per unit (issue amount of 221,950 yen per unit) for acquisition of new properties.

Note 3: Issued at issue amount of 221,950 yen per unit for repayment of borrowings.

Note 4: Issued at issue price of 216,543 yen per unit (issue amount of 208,991 yen per unit) for acquisition of new properties.

Note 5: Issued at issue amount of 208,991 yen per unit for repayment of borrowings.

Note 6: Issued at issue price of 256,717 yen per unit (issue amount of 247,764 yen per unit) for acquisition of new properties.

Note 7: Issued at issue amount of 247,764 yen per unit for repayment of borrowings.

Note 8: Issued at issue price of 232,537 yen per unit (issue amount of 224,547 yen per unit) for acquisition of new properties.

Note 9: Issued at issue amount of 224,547 yen per unit for repayment of borrowings.

Note 10: Distributions in excess of earnings for the allowance for temporary difference adjustments are not considered.

4. Resignation/Appointment of the Directors

(1) Resignation/Appointment of the Director of KRR

Not applicable

(2) Resignation/Appointment of the Director of KFM

KFM has changed its auditor and director as follows.

Appointed: Auditor (Part-time), Keizo Katayama (as of March 27, 2018)

Director, Jiro Takeda (as of April 1, 2018)

Retired: Auditor (Part-time), Tetsuo Ueda (as of March 27, 2018)

Director, Naokatsu Uchida (as of March 31, 2018)

5. Reference Information

(1) Component of Assets

Type of specified asset	Property type	Areas (Note 1)	Fifth fiscal period as of September 30, 2017		Sixth fiscal period as of March 31, 2018	
			Total amount held (Millions of Yen) (Note 2)	Ratio (%) (Note 3)	Total amount held (Millions of Yen) (Note 2)	Ratio (%) (Note 3)
Trust beneficiary interest in real estate	Neighborhood, community and other shopping centers for daily needs	Tokyo metropolitan area	86,655	37.7	87,734	38.0
		Greater Osaka area	44,945	19.6	44,818	19.4
		Greater Nagoya area	22,162	9.7	22,085	9.6
		Fukuoka area	8,133	3.5	8,092	3.5
	Ordinance-designated cities, core cities and other areas	45,874	20.0	45,645	19.8	
	Other retail properties	-	-	-	-	
Total of trust beneficiary interests in real estate			207,771	90.5	208,376	90.2
Investment securities (Note 4)			2	0.0	-	-
Bank deposits and other assets			21,854	9.5	22,730	9.8
Total assets			229,628	100.0	231,107	100.0

	Fifth fiscal period as of September 30, 2017		Sixth fiscal period as of March 31, 2018	
	Amount (Millions of Yen)	Ratio (%) (Note 3)	Amount (Millions of Yen)	Ratio (%) (Note 3)
Total liabilities (Note 5)	113,111	49.3	114,522	49.6
Total net assets (Note 5)	116,516	50.7	116,585	50.4
Total assets	229,628	100.0	231,107	100.0

Note 1: "Areas" are categorized to the Tokyo metropolitan area, the Greater Osaka area, the Greater Nagoya area, the Fukuoka area and Ordinance-designated cities, core cities and other areas. References to "Tokyo metropolitan area" are to the area that consists of Tokyo, Kanagawa, Saitama and Chiba prefectures. References to the "Greater Osaka area" are to the area that consists of Osaka, Kyoto, Hyogo, Nara and Shiga prefectures. References to the "Greater Nagoya area" are to the area that consists of Aichi, Gifu and Mie prefectures. References to the "Fukuoka area" are to the area that consists of Fukuoka prefecture. "Ordinance-designated cities, core cities and other areas" refers to cities designated by government ordinance, which have populations of 500,000 persons or more, core cities, which have populations of 200,000 persons or more, and to other areas with a population fewer than 200,000 persons, which we believe will have suitable customer traffic from surrounding areas.

Note 2: "Total amount held" is the amount allocated in the balance sheets as of the end of fiscal period (figures are on a net book value basis after deducting depreciation), and is rounded down to the nearest million.

Note 3: "Ratio" is the ratio of the amount allocated in the balance sheets to the total assets rounded to the nearest tenth.

Note 4: "Investment securities" is the silent partnership equity interest of JRP8 GK.

Note 5: "Total liabilities" and "Total net assets" are those on the balance sheets.

(2) Overview of the Portfolio

i) Overview of Assets Owned

The following summarizes the real estate or the real estate properties in trust owned by KRR as of March 31, 2018.

Property number	Property type (Note 1)	Property name	Location (City or Ward, Prefecture) (Note 2)	Ownership form	Book value (in millions)	Evaluation value (in millions) (Note 3)	Acquisition price (in millions) (Note 4)	Share (%) (Note 5)
T-1	CSC	Fululu Garden Yachiyo	Yachiyo, Chiba	Trust beneficiary interest in real estate	14,863	15,200	14,848	7.2
T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	Trust beneficiary interest in real estate	8,513	8,890	8,063	3.9
T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi ward, Tokyo	Trust beneficiary interest in real estate	5,824	6,440	5,850	2.8
T-4	Urban Station-Front SC	Daikanyama Address Dixsept	Shibuya ward, Tokyo	Trust beneficiary interest in real estate	5,405	6,130	5,390	2.6
T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	Trust beneficiary interest in real estate	4,370	4,940	4,470	2.2
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	Trust beneficiary interest in real estate	3,982	4,340	4,000	1.9
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	Trust beneficiary interest in real estate	3,591	3,830	3,600	1.7
T-8	SS	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	Trust beneficiary interest in real estate	2,531	2,750	2,586	1.3
T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	Trust beneficiary interest in real estate	4,890	5,420	4,815	2.3
T-10	SS	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	Trust beneficiary interest in real estate	3,210	3,510	3,169	1.5
T-11	NSC	Unicus Kamisato (Land)	Kodama-gun, Saitama	Trust beneficiary interest in real estate	3,043	3,050	3,000	1.5
T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	Trust beneficiary interest in real estate	1,726	1,780	1,700	0.8
T-13	SM	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	Trust beneficiary interest in real estate	1,462	1,430	1,442	0.7
T-14	SM	Gourmet City Chiba-Chuo	Chiba, Chiba	Trust beneficiary interest in real estate	751	799	760	0.4
T-15	NSC	Nakamachidai Tokyu Store	Yokohama, Kanagawa	Trust beneficiary interest in real estate	3,433	3,810	3,360	1.6
T-16	SS	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	Trust beneficiary interest in real estate	1,779	1,900	1,724	0.8
T-17	SM	Life Kameido	Koto ward, Tokyo	Trust beneficiary interest in real estate	1,464	1,510	1,450	0.7
T-18	NSC	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	Trust beneficiary interest in real estate	4,228	4,310	4,170	2.0
T-19	NSC	Yumemachi Narashinodai Mall	Funabashi, Chiba	Trust beneficiary interest in real estate	3,443	3,520	3,416	1.7
T-20	NSC	Kawamachi Yahagi Mall	Chiba, Chiba	Trust beneficiary interest in real estate	3,121	3,210	3,097	1.5
T-21	SS	Prime Square Jiyugaoka	Meguro-ku, Tokyo	Trust beneficiary interest in real estate	2,916	2,830	2,820	1.4
T-22	SS	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	Trust beneficiary interest in real estate	1,897	1,960	1,880	0.9
T-23	SM	Ozeki Tokiwadai	Itabashi ward, Tokyo	Trust beneficiary interest in real estate	1,279	1,340	1,263	0.6
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	Trust beneficiary interest in real estate	8,316	9,350	8,389	4.1
O-2	SM	Life Takadono (Land)	Osaka, Osaka	Trust beneficiary interest in real estate	2,727	3,090	2,685	1.3
O-3	NSC	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	Trust beneficiary interest in real estate	2,141	2,430	2,140	1.0
O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	Trust beneficiary interest in real estate	11,455	11,500	11,000	5.3
O-5	Urban Station-Front SC	Carino Esaka	Suita, Osaka	Trust beneficiary interest in real estate	6,664	6,910	6,555	3.2
O-6	Urban Station-Front SC	COMBOX Komyoike	Izumi, Osaka	Trust beneficiary interest in real estate	6,370	6,810	6,450	3.1
O-7	SM	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	Trust beneficiary interest in real estate	1,314	1,330	1,280	0.6
O-8	SS	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	Trust beneficiary interest in real estate	497	488	487	0.2
O-9	SM	Life Nishi-Tengachaya	Osaka, Osaka	Trust beneficiary interest in real estate	1,558	1,650	1,505	0.7

Property number	Property type (Note 1)	Property name	Location (City or Ward, Prefecture) (Note 2)	Ownership form	Book value (in millions)	Evaluation value (in millions) (Note 3)	Acquisition price (in millions) (Note 4)	Share (%) (Note 5)
O-10	NSC	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	Trust beneficiary interest in real estate	3,772	3,870	3,723	1.8
N-1	SS	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	2,351	2,680	2,311	1.1
N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	Trust beneficiary interest in real estate	2,154	2,320	2,174	1.1
N-3	SS	K's Denki Nakagawa Tomita (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	907	1,010	889	0.4
N-4	SS	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	Trust beneficiary interest in real estate	7,086	7,310	7,140	3.5
N-5	SS	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	1,390	1,440	1,370	0.7
N-6	NSC	Resora Obu Shopping Terrace	Obu, Aichi	Trust beneficiary interest in real estate	8,195	7,950	7,911	3.8
F-1	SM	Sunny Noma	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	1,457	1,590	1,497	0.7
F-2	SS	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	5,057	5,390	5,020	2.4
F-3	NSC	Kurume-Nishi Shopping Center	Kurume, Fukuoka	Trust beneficiary interest in real estate	1,577	1,690	1,515	0.7
R-1	NSC	Roseo Mito	Mito, Ibaraki	Trust beneficiary interest in real estate	9,937	11,500	10,046	4.9
R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	Trust beneficiary interest in real estate	1,467	1,570	1,469	0.7
R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	Trust beneficiary interest in real estate	888	936	898	0.4
R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	Trust beneficiary interest in real estate	4,322	5,060	4,180	2.0
R-5	NSC	Yorktown Shinden-Higashi	Sendai, Miyagi	Trust beneficiary interest in real estate	3,301	3,330	3,252	1.6
R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	Trust beneficiary interest in real estate	848	874	830	0.4
R-7	Urban Station-Front SC	Solala Plaza	Sendai, Miyagi	Trust beneficiary interest in real estate	5,632	5,950	5,720	2.8
R-8	NSC	P-1 Plaza Tenno	Hamamatsu, Shizuoka	Trust beneficiary interest in real estate	4,155	4,340	4,010	1.9
R-9	NSC	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	Trust beneficiary interest in real estate	4,320	4,220	4,111	2.0
R-10	NSC	Sun Street Hamakita	Hamamatsu, Shizuoka	Trust beneficiary interest in real estate	10,768	11,160	10,746	5.2
Total					208,376	220,647	206,176	100.0

Note 1: Properties are categorized into the following five types of retail properties for daily needs: NSC (Neighborhood Shopping Center), SM (Supermarket), CSC (Community Shopping Center), Urban Station-Front SC (Urban Station-Front Shopping Center) and SS (Specialty Store). For the details of each type of retail properties, please refer "Section 2. Investment Policies and Status of Asset Management, (2) Status of Asset Management (Overview of the Period), iii) Management Performance, (A) Acquisition of Assets".

Note 2: "Location" indicates the residential address. For those without a residential address, the building or land address on the registry is shown.

Note 3: "Evaluation value" shows the appraisal value stated on the real estate appraisal report created by the real estate appraisers of Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute and The Tanizawa Sōgō Appraisal Co., Ltd. in accordance with the methods and standards for asset valuation as stipulated in the KRR Articles of Incorporation as well as the regulations as stipulated by The Investment Trusts Association, Japan.

Note 4: "Acquisition price" indicates the transfer price of the property to be acquired designated in each sale and purchase agreement (excluding the acquisition expenses, property taxes, city planning taxes and consumption taxes, and rounded down to the nearest million yen). (As for the properties with building expansion, the price includes the amount described in the construction contract and construction design/supervision outsourcing contracts (excluding expenses and taxes and rounded down to the nearest million yen)).

Note 5: "Share" represents the percentage of the acquisition price for each property in the total acquisition price, rounded to the nearest tenth.

ii) Overview of tenants as of March 31, 2018

The following summarizes leasable area, leased area, occupancy rate, number of tenants, annual rent, and amount of security deposits

Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (thousands) (Note 5)	Amount of security deposits (millions) (Note 6)
T-1	Fululu Garden Yachiyo	77,057.56	76,148.98	98.8	40	1,110,086	2,910
T-2	MONA Shin-Urayasu	9,592.65	8,421.16	87.8	1(58)	541,528	587
T-3	Passaggio Nishiarai	10,528.25	10,384.55	98.6	1(41)	393,089	240
T-4	Daikanyama Address Dixsept	5,056.39	4,950.90	97.9	1(27)	361,687	318
T-5	Unicus Ina	13,462.71	13,462.71	100.0	1	279,002	141
T-6	Yorktown Kita-Kaname	- (Note 7)	- (Note 7)	100.0	1	- (Note 7)	- (Note 7)
T-7	Unicus Yoshikawa	10,648.27	10,648.27	100.0	1(11)	261,267	203
T-8	Sports Club Renaissance Fujimidai	3,120.87	3,120.87	100.0	1	- (Note 7)	- (Note 7)
T-9	Super Viva Home Iwatsuki (Land)	67,325.95	67,325.95	100.0	1	- (Note 7)	- (Note 7)
T-10	K's Denki Shonan-Fujisawa (Land)	15,578.58	15,578.58	100.0	1	- (Note 7)	141
T-11	Unicus Kamisato (Land)	67,854.47	67,854.47	100.0	1	145,220	70
T-12	Unicus Konosu (Land)	19,329.00	19,329.00	100.0	1	83,014	39
T-13	Inageya Yokohama Minamihonjuku (Land)	4,405.41	4,405.41	100.0	1	- (Note 7)	- (Note 7)
T-14	Gourmet City Chiba-Chuo	3,488.77	3,488.77	100.0	1	- (Note 7)	- (Note 7)
T-15	Nakamachidai Tokyu Store	5,968.71	5,968.71	100.0	1	- (Note 7)	- (Note 7)
T-16	Central Wellness Club Nagatsuta Minamidai	3,996.70	3,996.70	100.0	2	116,400	141
T-17	Life Kameido	2,929.58	2,929.58	100.0	1	- (Note 7)	- (Note 7)
T-18	Totsuka-Fukaya Shopping Center (Land)	14,092.51	14,092.51	100.0	2	- (Note 7)	- (Note 7)
T-19	Yumemachi Narashinodai Mall	7,827.96	7,827.96	100.0	1(14)	227,309	155
T-20	Kawamachi Yahagi Mall	6,397.05	6,397.05	100.0	1(12)	193,105	106
T-21	Prime Sqyare Jiyugaoka	3,512.5	3,512.55	100.0	2	- (Note 7)	- (Note 7)
T-22	Round1 Ichikawa-Onitaka	11,963.61	11,963.61	100.0	1	- (Note 7)	- (Note 7)
T-23	Ozeki Tokiwadai	1,217.02	1,217.02	100.0	1	- (Note 7)	- (Note 7)
O-1	Blumer Maitamon	30,290.55	29,797.70	98.4	51	688,104	417
O-2	Life Takadono (Land)	4,437.07	4,437.07	100.0	1	- (Note 7)	- (Note 7)
O-3	Piago Kahma Home Center Omihachiman	14,313.00	14,313.00	100.0	2	- (Note 7)	- (Note 7)
O-4	Blumer HAT Kobe	23,775.88	23,118.86	97.2	1(39)	678,239	858
O-5	Carino Esaka	7,540.58	7,540.58	100.0	1(31)	305,446	260
O-6	COMBOX Komyoike	25,530.44 (Note 8)	25,530.44	100.0	1	452,310 (Note 9)	423 (Note 10)
O-7	Hankyu Oasis Hirakatadeguchi	2,960.38	2,960.38	100.0	1	- (Note 7)	- (Note 7)
O-8	Welcia Kishiwadakamori (Land)	3,033.45	3,033.45	100.0	1	- (Note 7)	- (Note 7)
O-9	Life Nishi-Tengachaya	2,679.52	2,679.52	100.0	1	89,740	248
O-10	Million Town Tsukaguchi (Land)	8,264.46	8,264.46	100.0	1	- (Note 7)	- (Note 7)

Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (thousands) (Note 5)	Amount of security deposits (millions) (Note 6)
N-1	Kahma Home Center Nakagawa Tomita (Land)	- (Note 7)	- (Note 7)	100.0	1	- (Note 7)	- (Note 7)
N-2	Valor Ichinomiya-Nishi	9,447.48	9,447.48	100.0	1	- (Note 7)	- (Note 7)
N-3	K's Denki Nakagawa Tomita (Land)	- (Note 7)	- (Note 7)	100.0	1	- (Note 7)	- (Note 7)
N-4	Homecenter Kohnan Sunadabashi	20,329.07	20,329.07	100.0	1	- (Note 7)	- (Note 7)
N-5	K's Denki Shin-Moriyama (Land)	- (Note 7)	- (Note 7)	100.0	1	- (Note 7)	- (Note 7)
N-6	Resora Obu Shopping Terrace	19,990.40	19,820.82	99.2	1(42)	485,223	322
F-1	Sunny Noma	2,814.67	2,814.67	100.0	1	- (Note 7)	- (Note 7)
F-2	Round1 Stadium Hakata-Hanmichibashi	28,026.61	28,026.61	100.0	1	- (Note 7)	- (Note 7)
F-3	Kurume-Nishi Shopping Center	4,641.10	4,641.10	100.0	4	104,617	62
R-1	Roseo Mito	48,296.15	48,161.79	99.7	1(22)	691,307	459
R-2	K's Denki Aomori Honten	10,083.41	10,083.41	100.0	1	- (Note 7)	174
R-3	Super Sports Xebio Aomori-Chuo	- (Note 7)	- (Note 7)	100.0	1	- (Note 7)	- (Note 7)
R-4	Ashico Town Ashikaga	65,616.31	65,616.31	100.0	1(29)	399,741	334
R-5	Yorktown Shinden-Higashi	12,768.77	12,768.77	100.0	2	- (Note 7)	- (Note 7)
R-6	Kasumi Technopark Sakura	2,047.65	2,047.65	100.0	1	- (Note 7)	24
R-7	Solala Plaza	- (Note 7)	- (Note 7)	100.0	1	- (Note 7)	- (Note 7)
R-8	P-1 Plaza Tenno	12,030.83	12,030.83	100.0	7	270,720	273
R-9	Seiyu Rakuichi Moriya (Land)	- (Note 7)	- (Note 7)	100.0	1	- (Note 7)	- (Note 7)
R-10	Sun Street Hamakita	49,023.34 (Note 11)	48,619.71 (Note 11)	99.2	1(53)	862,994 (Note 11)	494 (Note 11)
Total		866,425.22	862,238.52	99.5	522	13,443,412	12,788

- Note 1: "Leasable area" is equivalent to gross floor area of space that we consider to be available for lease in each property, rounded to the nearest tenth. For land-only properties, leasable area is equivalent to land area as described in the property registry.
- Note 2: "Leased area" indicates the total leased area based on the lease agreements for each property as of March 31, 2018. As for lease agreements of buildings, the leased area of warehouses and land are excluded. As for pass-through type master leases, the leased area based on the lease agreements between the master lessee and the end-tenants as of September 30, 2017 is shown. As for sublease type master leases, the leased area to the master lessee is shown.
- Note 3: "Occupancy rate" is calculated by dividing leased area by leasable area as of March 31, 2018, rounded to the nearest tenth. The "Total" of "Occupancy rate" represents the average occupancy rate of all properties in the initial portfolio.
- Note 4: "Number of tenants" is based upon the number of lease agreements with respect to the building(s) (or land in the case of land-only properties with leasehold interest) on each such property used mainly as stores and offices, as of March 31, 2018. Where one lessee leases more than one section of the property, the lessee is counted as a tenant for each section leased within the property. Where pass-through type master lease agreements are entered into, the number of master lessees is with the number of end-tenants indicated in parentheses. Where sublease type master lease agreements are entered into, the indicated, number of master lessee is shown. The "Total" of "Number of tenants" shows the total number of tenants. As for pass-through type master leases, the number of end-tenants is used for calculation. As for sublease type master leases, the number of master lessee is used for calculation.
- Note 5: "Annualized fixed rent" is generally calculated by multiplying the monthly fixed rent and common area charges under a leasing contract with tenants at portfolio properties as of March 31, 2018 (excluding warehouses in the case of building lease agreements) by twelve and rounding down to the nearest thousand yen. For master leases, where the master lease company subleases space to other tenants, the fixed monthly rent under the master lease contract is multiplied by twelve, rounded down to the nearest thousand yen.
- Note 6: "Tenant leasehold and security deposits" indicates the outstanding balance of any tenant leasehold and security deposit from the relevant end-tenant(s) set forth in lease agreement(s) effective as of March 31, 2018 (excluding warehouses in the case of building lease agreements), rounded down to the nearest million yen.
- Note 7: We have not obtained consent from the tenant(s) to release this information.
- Note 8: The total area that we own exclusively as a compartmentalized ownership interest (retail space) is shown.
- Note 9: Calculated by multiplying the monthly rent and common area charges for March 2018 under the leasing contract by twelve and also taking into consideration the ownership ratio (93.20%) under the compartmentalized ownership agreement.
- Note 10: Calculated by multiplying the tenant leasehold and security deposits for the whole building as of March 2018 by the ownership ratio (93.20%).
- Note 11: The area that we own exclusively as proportion to the co-ownership interest (co-ownership ratio: 90%) and amount for the proportion are shown.

iii) Overview of the appraisal reports

The following show the summaries of the appraisal reports is the appraisal value of the acquired properties described in each real estate appraisal report prepared by real estate appraisers, including Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute, and The Tanizawa Sōgō Appraisal Co., Ltd. as requested by KRR, based on an important notice concerning real estate appraisal in the context of the Act on Investment Trusts and Investment Corporations, Act on Real Estate Appraisal (Act No. 152 of 1963, including subsequent revisions) and real estate appraisal standards. The appraisal value is the judgment and opinion of the appraiser at a fixed point in time, with no guarantees as to the validity or accuracy of the report, nor to the possibility of transactions at the appraised value. There are no special relations of interest between Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute, and The Tanizawa Sōgō Appraisal Co., Ltd. and KRR or KFM.

Property number	Property name	Appraiser	Evaluation date	Appraisal value (in millions)	Estimated value							Appraisal NOI (in millions) (Note 1)	Appraisal NOI yield (%) (Note 2)
					Cost method (in millions)	Cash flow-based method							
						Direct capitalization method		DCF method					
						Estimated value (in millions)	Capitalization rate (%)	Estimated value (in millions)	Discount rate (%)	Terminal capitalization rate (%)			
T-1	Fululu Garden Yachiyo	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	15,200	20,800	15,300	4.7	15,200	4.5	4.9	770	5.2	
T-2	MONA Shin-Urayasu	Japan Real Estate Institute	Mar. 31, 2018	8,890	6,980	8,990	5.2	8,780	4.7	5.2	517	6.4	
T-3	Passaggio Nishiarai	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	6,440	9,130	6,550	4.3	6,390	4.1	4.5	289	5.0	
T-4	Daikanyama Address Dixsept	Japan Real Estate Institute	Mar. 31, 2018	6,130	5,270	6,250	3.5	6,010	3.3	3.7	224	4.2	
T-5	Unicus Ina	Japan Real Estate Institute	Mar. 31, 2018	4,940	4,000	4,980	4.9	4,900	4.6	5.1	250	5.6	
T-6	Yorktown Kita-Kaname	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	4,340	2,500	4,380	4.9	4,320	4.7	5.1	215	5.4	
T-7	Unicus Yoshikawa	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	3,830	4,660	3,890	4.7	3,810	4.5	4.9	185	5.2	
T-8	Sports Club Renaissance Fujimidai	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	2,750	1,790	2,780	4.6	2,730	4.4	4.8	128	5.0	
T-9	Super Viva Home Iwatsuki (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2018	5,420	-	-	-	5,420	(year 1-15) 4.6 (year 16-34.7) 4.7	-	206	4.3	
T-10	K's Denki Shonan-Fujisawa (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2018	3,510	-	-	-	3,510	(year 1-10) 4.3 (year 11-29.6) 4.4	-	159	5.0	
T-11	Unicus Kamisato (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2018	3,050	-	-	-	3,050	(year 1-13) 4.6 (year 14-28) 4.7 (year 29-37.5) 4.8	-	138	4.6	
T-12	Unicus Konosu (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2018	1,780	-	-	-	1,780	(year 1-13) 4.5 (year 14-28) 4.6 (year 29-37.5) 4.7	-	77	4.6	
T-13	Inageya Yokohama Minamihonjuku (Land)	Japan Real Estate Institute	Mar. 31, 2018	1,430	-	-	-	1,430	4.0	4.7	64	4.5	
T-14	Gourmet City Chiba-Chuo	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	799	991	791	5.1	803	4.9	5.3	43	5.7	
T-15	Nakamachidai Tokyu Store	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	3,810	2,830	3,850	4.6	3,790	4.4	4.8	182	5.4	
T-16	Central Wellness Club Nagatsuta Minamidai	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	1,900	2,360	1,910	5.0	1,900	4.8	5.2	97	5.6	
T-17	Life Kameido	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	1,510	1,970	1,530	4.2	1,500	3.9	4.4	65	4.5	
T-18	Totsuka-Fukaya Shopping Center (Land)	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	4,310	-	4,300	4.7 (Note 4)	4,310	4.6	-	191	4.6	
T-19	Yumemachi Narashinodai Mall	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	3,520	3,260	3,560	4.9	3,500	4.7	5.1	176	5.2	
T-20	Kawamachi Yahagi Mall	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	3,210	3,380	3,270	4.8	3,180	4.6	5.0	158	5.1	
T-21	Prime Sqyare Jiyugaoka	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	2,830	2,720	2,880	3.6	2,810	3.4	3.8	116	4.1	
T-22	Round1 Ichikawa-Onitaka	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	1,960	3,300	1,950	4.8	1,960	4.6	5.0	96	5.2	
T-23	Ozeki Tokiwadai	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	1,340	1,470	1,370	4.2	1,330	4.0	4.4	57	4.6	
O-1	Blumer Maitamon	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2018	9,350	8,920	9,360	5.3	9,350	5.4	5.5	505	6.0	

Property number	Property name	Appraiser	Evaluation date	Appraisal value (in millions)	Estimated value							Appraisal NOI yield (%) (Note 2)
					Cost method (in millions)	Cash flow-based method					Appraisal NOI (in millions) (Note 1)	
						Direct capitalization method		DCF method				
						Estimated value (in millions)	Capitalization rate (%)	Estimated value (in millions)	Discount rate (%)	Terminal capitalization rate (%)		
O-2	Central Square Takadono (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2018	3,090	-	-	-	3,090	(year 1-7) 4.0 (year 8-17) 4.1 (year 18-37.3) 4.2	-	128	4.8
O-3	Piago Kahma Home Center Omihachiman	Japan Real Estate Institute	Mar. 31, 2018	2,430	2,340	2,450	6.2	2,400	5.9	6.4	151	7.1
O-4	Blumer HAT Kobe	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	11,500	15,800	11,600	4.8	11,400	4.6	5.0	565	5.1
O-5	Carino Esaka	Japan Real Estate Institute	Mar. 31, 2018	6,910	6,670	6,950	4.5	6,870	4.2	4.7	336	5.1
O-6	COMBOX Komyoike	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	6,810	7,780	6,960	5.2	6,750	4.8	5.3	385	6.0
O-7	Hankyu Oasis Hirakatadeguchi	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	1,330	876	1,340	5.5	1,320	5.3	5.7	75	5.9
O-8	Welcia Kishiwadakamori (Land)	Japan Real Estate Institute	Mar. 31, 2018	488	-	-	-	488	4.0	4.7	21	4.5
O-9	Life Nishi-Tengachaya	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2018	1,650	1,610	1,670	4.7	1,640	4.8	4.9	78	5.2
O-10	Million Town Tsukaguchi (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2018	3,870	-	-	-	3,870	(year 1-18) 4.1 (year 19-37.9) 4.3	-	157	4.2
N-1	Kahma Home Center Nakagawa Tomita (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2018	2,680	-	-	-	2,680	(year 1-15) 4.3 (year 16-35.2) 4.4	-	118	5.1
N-2	Valor Ichinomiya-Nishi	Japan Real Estate Institute	Mar. 31, 2018	2,320	1,840	2,330	5.1	2,300	4.8	5.3	129	5.9
N-3	K's Denki Nakagawa Tomita (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2018	1,010	-	-	-	1,010	(year 1-15) 4.3 (year 16-35.2) 4.4	-	45	5.1
N-4	Homecenter Kohnan Sunadabashi	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	7,310	7,410	7,440	4.8	7,250	4.6	5.0	368	5.2
N-5	K's Denki Shin-Moriyama (Land)	Japan Real Estate Institute	Mar. 31, 2018	1,440	-	-	-	1,440	3.8	4.3	60	4.4
N-6	Resora Obu Shopping Terrace	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2018	7,950	7,740	8,180	4.9	7,850	5.0	5.1	410	5.2
F-1	Sunny Noma	Japan Real Estate Institute	Mar. 31, 2018	1,590	1,400	1,630	4.8	1,550	4.6	5.2	80	5.4
F-2	Round1 Stadium Hakata-Hanmichibashi	Japan Real Estate Institute	Mar. 31, 2018	5,390	4,930	5,420	5.3	5,350	5.0	5.5	286	5.7
F-3	Kurume-Nishi Shopping Center	Japan Real Estate Institute	Mar. 31, 2018	1,690	1,500	1,700	5.2	1,670	4.9	5.5	92	6.1
R-1	Roseo Mito	Japan Real Estate Institute	Mar. 31, 2018	11,500	9,330	11,500	5.1	11,400	4.8	5.3	597	6.0
R-2	K's Denki Aomori Honten	Japan Real Estate Institute	Mar. 31, 2018	1,570	1,670	1,580	5.5	1,560	5.2	5.7	93	6.3
R-3	Super Sports Xebio Aomori-Chuo	Japan Real Estate Institute	Mar. 31, 2018	936	849	942	5.5	930	5.2	5.7	57	6.4
R-4	Ashico Town Ashikaga	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	5,060	7,910	5,050	5.3 (Building) 5.0 (Land) (Note 3)	5,070	5.1 (Building) 5.0 (Land)	5.5 (Building)	269	6.4
R-5	Yorktown Shinden-Higashi	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	3,330	5,210	3,340	5.5	3,320	5.3	5.7	194	6.0
R-6	Kasumi Technopark Sakura	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	874	745	884	5.1	870	4.9	5.3	46	5.6
R-7	Solala Plaza	Japan Real Estate Institute	Mar. 31, 2018	5,950	4,350	5,990	4.8	5,910	4.5	5.0	286	5.0
R-8	P-1 Plaza Tenno	Japan Real Estate Institute	Mar. 31, 2018	4,340	4,350	4,370	5.1	4,300	4.8	5.3	230	5.7

Property number	Property name	Appraiser	Evaluation date	Appraisal value (in millions)	Estimated value							Appraisal NOI yield (%) (Note 2)
					Cost method (in millions)	Cash flow-based method					Appraisal NOI (in millions) (Note 1)	
						Direct capitalization method		DCF method				
						Estimated value (in millions)	Capitalization rate (%)	Estimated value (in millions)	Discount rate (%)	Terminal capitalization rate (%)		
R-9	Seiyu Rakuichi Moriya (Land)	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2018	4,220	-	4,260	4.3 (Note 4)	4,200	4.2	-	166	4.1
R-10	Sun Street Hamakita (Note 5)	Japan Real Estate Institute	Mar. 31, 2018	11,160	9,820	12,500	5.4	12,200	5.1	5.7	628	5.9
Total/Average				220,647	190,461	195,977	-	220,451	-	-	10,980	5.3

Note 1: "Appraisal NOI" is the Net Operating Income calculated by subtracting the amount of operating expenses from the operating revenues described in relevant appraisal reports, and it is the income before depreciation and differs from NCF (Net Cash Flow) which is calculated by adding investment gains from such as deposits and subtracting capex from NOI. The above appraisal NOI is calculated using the direct capitalization method. However, where the direct capitalization method is not applicable, appraisal NOI indicates the net operating income for the first year based on the DCF method. (Note that Unicus Kamisato (Land) and Unicus Konosu (Land) use NOI for the third year, when ordinary operations are expected to take place.) The amounts are rounded down to the nearest one million yen.

Note 2: "Appraisal NOI yield" indicates the value calculated using the following formula and rounded to the nearest tenth. The "Total/average" of "Appraisal NOI yield" indicates the average appraisal NOI yield which is a weighted average of appraisal NOI yields of the acquired properties (rounded to the nearest tenth).
Appraisal NOI of each property / Acquisition price for each property.

Note 3: Inwood method discount rate is shown for discount rate of land-only portion.

Note 4: Inwood method discount rate is shown for discount rate of land-only properties.

Note 5: "Appraisal value" and "Appraisal NOI" are calculated in proportion to the co-ownership interest (90%). Other figures refer to the entire land and building.

iv) Overview of building condition investigation reports

KRR has obtained engineering reports, containing the diagnosis of building deteriorations, short- and long-term repair and maintenance plans, the assessment of legal compliance with the Building Standard Act and other laws and regulations, the investigation of hazardous substances in a building and soil environment for the acquired properties and the to-be acquired properties. These reports represent judgement and opinion of the appraisers for a fixed point of time, with no guarantees as to the validity or accuracy of the report.

Property Number	Property name	Investigation company	Investigation performed in	Repairs, maintenance and renovation expenses	
				Required over the next 12 years (thousand yen) (Note 1)	Required over the next 12 years (thousand yen) (Note 1)
T-1	Fululu Garden Yachiyo	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	980,970	-
T-2	MONA Shin-Urayasu	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	921,734	16,696
T-3	Passaggio Nishiarai	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	125,949	-
T-4	Daikanyama Address Dixsept	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	145,352	-
T-5	Unicus Ina	HI International Consultant Co., Ltd.	Aug. 2014 (Restaurant building: Dec. 2016)	130,310	1,110
T-6	Yorktown Kita-Kaname	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	13,213	1,775
T-7	Unicus Yoshikawa	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	59,132	-
T-8	Sports Club Renaissance Fujimidai	HI International Consultant Co., Ltd.	Sep. 2014	23,780	400
T-9	Super Viva Home Iwatsuki (Land)	(Note 2)	-	-	-
T-10	K's Denki Shonan-Fujisawa (Land)	(Note 2)	-	-	-
T-11	Unicus Kamisato (Land)	(Note 2)	-	-	-
T-12	Unicus Konosu (Land)	(Note 2)	-	-	-
T-13	Inageya Yokohama Minamihonjuku (Land)	(Note 2)	-	-	-
T-14	Gourmet City Chiba-Chuo	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Aug. 2015	24,669	131
T-15	Nakamachidai Tokyu Store	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2016	28,394	-
T-16	Central Wellness Club Nagatsuta Minamidai	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2016	16,888	-
T-17	Life Kameido	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2016	21,442	-
T-18	Totsuka-Fukaya Shopping Center (Land)	(Note 2)	-	-	-
T-19	Yumemachi Narashinodai Mall	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2017	34,877	-
T-20	Kawamachi Yahagi Mall	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2017	36,737	-
T-21	Prime Sqyare Jiyugaoka	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2017	190,542	91,365
T-22	Round1 Ichikawa-Onitaka	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2017	13,695	-
T-23	Ozeki Tokiwadai	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Oct. 2017	6,968	-
O-1	Blumer Maitamon	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	211,954	-
O-2	Central Square Takadono (Land)	(Note 2)	-	-	-
O-3	Piago Kahma Home Center Omihachiman	HI International Consultant Co., Ltd.	Aug. 2014	56,850	180
O-4	Blumer HAT Kobe	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2015	326,565	3,959
O-5	Carino Esaka	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Aug. 2015	424,506	6,443
O-6	COMBOX Komyoike	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Aug. 2015	355,643	-
O-7	Hankyu Oasis Hirakatadeguchi	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Aug. 2015	57,175	-
O-8	Welcia Kishiwadakamori (Land)	(Note 2)	-	-	-
O-9	Life Nishi-Tengachaya	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Sep. 2015	15,464	2,225
O-10	Million Town Tsukaguchi (Land)	(Note 2)	-	-	-
N-1	Kahma Home Center Nakagawa Tomita (Land)	(Note 2)	-	-	-

Property Number	Property name	Investigation company	Investigation performed in	Repairs, maintenance and renovation expenses	
				Required over the next 12 years (thousand yen) (Note 1)	Required over the next 12 years (thousand yen) (Note 1)
N-2	Valor Ichinomiya-Nishi	HI International Consultant Co., Ltd.	Aug. 2014	177,790	2,690
N-3	K's Denki Nakagawa Tomita (Land)	(Note 2)	-	-	-
N-4	Homecenter Kohnan Sunadabashi	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Dec. 2015	336,943	-
N-5	K's Denki Shin-Moriyama (Land)	(Note 2)	-	-	-
N-6	Resora Obu Shopping Terrace	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Jul. 2017	15,464	2,225
F-1	Sunny Noma	HI International Consultant Co., Ltd.	Aug. 2014	41,960	420
F-2	Round1 Stadium Hakata-Hanmichibashi	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2017	57,758	7,042
F-3	Kurume-Nishi Shopping Center	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2017	68,712	19,811
R-1	Roseo Mito	HI International Consultant Co., Ltd.	Aug. 2014 (Secondhand shop building: Oct. 2015)	238,790	550
R-2	K's Denki Aomori Honten	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	142,764	-
R-3	Super Sports Xebio Aomori-Chuo	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	103,012	-
R-4	Ashico Town Ashikaga	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Aug. 2015	327,264	-
R-5	Yorktown Shinden-Higashi	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Jul. 2015	176,945	4,163
R-6	Kasumi Technopark Sakura	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Aug. 2015	18,155	-
R-7	Solala Plaza	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2016	25,430	-
R-8	P-1 Plaza Tenno	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2016	159,757	28,423
R-9	Seiyu Rakuichi Moriya (Land)	(Note 3)	-	-	-
R-10	Sun Street Hamakita	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2017	494,063 (Note 4)	- (Note 4)
Total				6,816,380	187,383

Note 1: Of the "Repairs, maintenance and renovation expenses," "Required over the next 12 years" indicates the total expenses required during the next 12 years from the date of the investigation report and "Required within one year" indicates the total expenses required within 1 year from the date of the investigation report. All figures are truncated to thousands of yen as in the investigation reports.

Note 2: Since these are land-only properties, KRR did not obtain the engineering report but obtained history survey report on the land use from Field Partners.

Note 3: Since this is a land-only property, KRR did not obtain the engineering report but obtained history survey report on the land use from Tokio Marine & Nichido Risk Consulting Co., Ltd.

Note 4: Amount for the whole building is shown.

v) Overview of seismic PML evaluation report

The following summary is based on the Portfolio Earthquake PML Evaluation Report created by the Sompo Risk Management & Health Care Inc. as of October 2017. However, KRR does not guarantee the accuracy of evaluations in the report. The report only represents judgement and opinion of the appraiser for a fixed point of time, with no guarantees as to the validity or accuracy of the report. There is no special interest between the Sompo Risk Management & Health Care Inc. and KRR or KFM.

Property number	Property name	PML value in seismic review (%) (Note 1)
T-1	Fululu Garden Yachiyo	Specialty store building 10.24 Ito-Yokado building 8.96
T-2	MONA Shin-Urayasu	Retail building 5.98 Parking building 5.97
T-3	Passaggio Nishiarai	3.13
T-4	Daikanyama Address Dixsept	11.11
T-5	Unicus Ina	Mall building 4.51 Restaurant building 6.80
T-6	Yorktown Kita-Kaname	8.72
T-7	Unicus Yoshikawa	3.26
T-8	Sports Club Renaissance Fujimidai	7.09
T-9	Super Viva Home Iwatsuki (Land)	-
T-10	K's Denki Shonan-Fujisawa (Land)	-
T-11	Unicus Kamisato (Land)	-
T-12	Unicus Konosu (Land)	-
T-13	Inageya Yokohama Minamihonjuku (Land)	-
T-14	Gourmet City Chiba-Chuo	1.82
T-15	Nakamachidai Tokyu Store	8.15
T-16	Central Wellness Club Nagatsuta Minamidai	Retail building 7.70 Parking building 6.36
T-17	Life Kameido	3.79
T-18	Totsuka-Fukaya Shopping Center (Land)	-
T-19	Yumemachi Narashinodai Mall	8.15
T-20	Kawamachi Yahagi Mall	Main building 3.83 Uniqlo building 3.88 Holiday building 3.72
T-21	Prime Square Jiyugaoka	6.92
T-22	Round1 Ichikawa-Onitaka	Main / Tenant building 7.22 Parking building 10.53
T-23	Ozeki Tokiwadai	5.93
O-1	Blumer Maitamon	1.52
O-2	Life Takadono (Land)	-
O-3	Piago Kahma Home Center Omihachiman	Piago building 3.95 Kahma Home Center building 5.22
O-4	Blumer HAT Kobe	4.69
O-5	Carino Esaka	3.17
O-6	COMBOX Komyoike	5.04
O-7	Hankyu Oasis Hirakatadeguchi	4.11
O-8	Welcia Kishiwadakamori (Land)	-
O-9	Life Nishi-Tengachaya	6.32
O-10	Million Town Tsukaguchi (Land)	-
N-1	Kahma Home Center Nakagawa Tomita (Land)	-
N-2	Valor Ichinomiya-Nishi	10.18
N-3	K's Denki Nakagawa Tomita (Land)	-
N-4	Homecenter Kohnan Sunadabashi	7.47
N-5	K's Denki Shin-Moriyama (Land)	-
N-6	Resora Obu Shopping Terrace	6.95
F-1	Sunny Noma	1.95
F-2	Round1 Stadium Hakata-Hanmichibashi	Main building 2.17 Parking building 0.48 Tenant building A 0.05

		Tenant building B 0.05
F-3	Kurume-Nishi Shopping Center	M building 2.37 AB building 2.39 C building 4.58
R-1	Roseo Mito	Coffee shop building 7.41 Mall building 6.70 Sports facility building 9.69 Hardware store building 9.68 Secondhand shop building 7.85
R-2	K's Denki Aomori Honten	K's Denki building 1.61 TSUTAYA/ Hard-off building 1.51
R-3	Super Sports Xebio Aomori-Chuo	1.52
R-4	Ashico Town Ashikaga	Shopping mall building 2.16 Extensions 1.91 Cinema building 2.28 Road-side building 2.59
R-5	Yorktown Shinden-Higashi	3.43
R-6	Kasumi Technopark Sakura	6.40
R-7	Solala Plaza	4.46
R-8	P-1 Plaza Tenno	A building 21.66 (Note 2) B building 11.84 C building 12.29 D building 11.12 E building 13.36 F building 16.98 G building 9.07 H building 12.00
R-9	Seiyu Rakuichi Moriya (Land)	-
R-10	Sun Street Hamakita	Main building 10.58 Mall building 19.67 Colore building 9.35 Wing building 9.43
Portfolio PML value (Note 3)		2.18

Note 1: PML is rounded to the nearest hundredth.

Note 2: The building is on earthquake insurance as its PML value is higher than 20%.

Note 3: "Portfolio PML value" is the portfolio PML value of 39 properties that excludes Super Viva Home Iwatsuki (Land), K's Denki Shonan-Fujisawa (Land), Unicus Kamisato (Land), Unicus Konosu (Land), Inageya Yokohama Minamihonjuku (Land), Life Takadono (Land), Welcia Kishiwadakamori (Land), Million Town Tsukaguchi (Land), Kahma Home Center Nakagawa Tomita (Land), K's Denki Nakagawa Tomita (Land), K's Denki Shin-Moriyama (Land), Seiyu Rakuichi Moriya (Land) and Totsuka-Fukaya Shopping Center (Land), which is based on the Portfolio Earthquake PML Evaluation Report created by Sompo Risk Management & Health Care Inc. as of October 2017.

vi) Architect, structural engineer, construction company and construction confirmation authority

Property number	Property name	Architect	Structural engineer	Construction company	Construction confirmation authority
T-1	Fululu Garden Yachiyo	(Ito Yokado Yachiyo) Research Institute of Architecture, Tokyo Branch (Fululu Garden Yachiyo) Research Institute of Architecture, Tokyo Branch	(Ito Yokado Yachiyo) Research Institute of Architecture, Tokyo Branch (Fululu Garden Yachiyo) Research Institute of Architecture, Tokyo Branch	(Ito Yokado Yachiyo) Takenaka Corporation, Higashi-Kanto Branch (Fululu Garden Yachiyo) Takenaka Corporation, Higashi-Kanto Branch	The Building Center of Japan
T-2	MONA Shin-Urayasu	Haseko Corporation, Engineering Division	Haseko Corporation, Engineering Division	Haseko Corporation	Chiba Prefecture
T-3	Passaggio Nishiarai	Yamashita Sekkei Inc.	Yamashita Sekkei Inc.	Nishimatsu Construction Co., Ltd.	Tokyo Prefecture
T-4	Daikanyama Address Dixsept	Nihon Sekkei, Inc.	Nihon Sekkei, Inc.	Kajima Corporation	Tokyo Prefecture
T-5	Unicus Ina	Taisei Corporation, Registered architect office	Taisei Corporation, Registered architect office	Taisei Corporation	Bureau Veritas Japan Co., Ltd.
T-6	Yorktown Kita-Kaname	CB Richard Ellis Asset Services K.K.	Sankyoline Corporation	Asanuma Corporation	K.K. Building Navigation
T-7	Unicus Yoshikawa	Obayashi Corporation	Obayashi Corporation	Obayashi Corporation	Saitama Housing Inspection Center
T-8	Sports Club Renaissance Fujimidai	K.K. Axs Engineering	K.K. Axs Engineering	Ichiken Co., Ltd.	Nerima ward
T-9	Super Viva Home Iwatsuki (Land)	-	-	-	-
T-10	K's Denki Shonan-Fujisawa (Land)	-	-	-	-
T-11	Unicus Kamisato (Land)	-	-	-	-
T-12	Unicus Konosu (Land)	-	-	-	-
T-13	Inageya Yokohama Minamihonjuku (Land)	-	-	-	-
T-14	Gourmet City Chiba-Chuo	Nikken Sekkei Ltd.	Nikken Sekkei Ltd.	Consortium of Taisei Corporation and Shimizu Corporation	The Building Center of Japan
T-15	Nakamachidai Tokyu Store	Kyouritsu Associates Architects & Engineers	Espace Architect Office	Tokyu Construction Co., Ltd. Yokohama Branch	The Japan Building Equipment and Elevator Center Foundation
T-16	Central Wellness Club Nagatsuta Minamidai	(Retail building) Daiwa House Industry Co., Ltd. (Parking building) Daiwa House Industry Co., Ltd.	(Retail building) Konishi Sekkei Co., Ltd., (Parking building) Vega Sekkei Co., Ltd.	(Retail building) Daiwa House Industry Co., Ltd., (Parking building) Daiwa House Industry Co., Ltd.	Japan ERI Co., Ltd.
T-17	Life Kameido	Sumitomo Construction Co., Ltd.	Sumitomo Construction Co., Ltd.	Sumitomo Construction Co., Ltd.	Koto ward
T-18	Totsuka-Fukaya Shopping Center (Land)	-	-	-	-
T-19	Yumemachi Narashinodai Mall	ADX Architects Office	First-Class Architect Office HKT Construction Design Architects Construction Planning Division	Asahi Construction Co., Ltd.	Japan ERI Co., Ltd.
T-20	Kawamachi Yahagi Mall	(Main building) ADX Architects Office (Uniqlo building) Akasaka Architects Office (Holiday building) Akashi architect & associates	(Main building) First-Class Architect Office HKT Construction Design (Uniqlo building) Uerusuton Design Co., Ltd. (Holiday building) Bros., Inc.	(Main building / Uniqlo building) Asahi Construction Co., Ltd. (Holiday building) Fujiko Co., Ltd.	(Main building / Uniqlo building) Japan ERI Co., Ltd. (Holiday building) Japan ERI Co., Ltd.
T-21	Prime Sqyare Jiyugaoka	Daiken Sekkei Inc. Tokyo Office	Daiken Sekkei Inc. Tokyo Office	Toda Corporation	Meguro Ward

Property number	Property name	Architect	Structural engineer	Construction company	Construction confirmation authority
T-22	Round1 Ichikawa-Onitaka	Axxis Inc. First-Class Architect Office	Axxis Inc. First-Class Architect Office	Asanuma Corporation K.K. Tokyo Main Office	Japan ERI Co., Ltd.
T-23	Ozeki Tokiwadai	Choeihands Co., Ltd. First-Class Architect Office	Okamura Kenchikusekkei Ltd.	Choeihands Co., Ltd.	Away Building Evaluation Network Inc.
O-1	Blumer Maitamon	Asanuma Corporation	Asanuma Corporation	Daiwa System Co., Ltd.	Bureau Veritas Japan Co., Ltd.
O-2	Life Takadono (Land)	-	-	-	-
O-3	Piago Kahma Home Center Omihachiman	(Piago building) Kiuchi Construction Co., Ltd. (Kahma Home Center building) Daiken Tosikaihatu Co., Ltd.	(Piago building) Kiuchi Construction Co., Ltd. (Kahma Home Center building) Daiken Tosikaihatu Co., Ltd.	(Piago building) Kiuchi Construction Co., Ltd. (Kahma Home Center building) Aisawa Construction Co., Ltd. (Note2)	K.K. Organization of Confirmation & Inspection Annex
O-4	Blumer HAT Kobe	Obayashi Corporation	Obayashi Corporation	Obayashi Corporation	Center of International Architectural Standard Co., Ltd.
O-5	Carino Esaka	Tokyu Architects & Engineers Inc. (for new building construction) Tokyu Construction Co., Ltd. (for property expansion)	Tokyu Architects & Engineers Inc.	Tokyu Construction Co., Ltd.	Suita City
O-6	COMBOX Komyoike	Daiwa House Industry Co., Ltd.	Daiwa House Industry Co., Ltd.	Daiwa House Industry Co., Ltd.	General Building Research Corporation of Japan
O-7	Hankyu Oasis Hirakatadeguchi	Rui Sekkeishitsu Co., Ltd.	Rui Sekkeishitsu Co., Ltd.	Obara Construction Co., Ltd.	General Building Research Corporation of Japan
O-8	Welcia Kishiwadakamori (Land)	-	-	-	-
O-9	Life Nishi-Tengachaya	KIA Urban Planning and Architects Institute Co., Ltd.	Fujita Corporation	Nihon Kensetsu Co., Ltd.	Center of International Architectural Standard Co., Ltd.
O-10	Million Town Tsukaguchi (Land)	-	-	-	-
N-1	Kahma Home Center Nakagawa Tomita (Land)	-	-	-	-
N-2	Valor Ichinomiya-Nishi	Chubu Sekkei Co., Ltd.	Chubu Sekkei Co., Ltd.	Tsuchiya Corporation	Ichinomiya City
N-3	K's Denki Nakagawa Tomita (Land)	-	-	-	-
N-4	Homecenter Kohnan Sunadabashi	Nankai Sogo Sekkei Co., Ltd.	Nankai Sogo Sekkei Co., Ltd.	Obayashi Corporation	Japan ERI Co., Ltd.
N-5	K's Denki Shin-Moriyama (Land)	-	-	-	-
N-6	Resora Obu Shopping Terrace	Yahagi Construction Co., Ltd. First-Class Architect Office	Structure Nana Co., Ltd.	Yahagi Construction Co., Ltd.	Bureau veritas Japan Co., Ltd.
F-1	Sunny Noma	Nakamuta & Suenaga Designing (JV)	Nakamuta & Suenaga Designing (JV)	Nishimatsu Construction Co., Ltd., Kyushu Branch	Fukuoka City
F-2	Round1 Stadium Hakata-Hanmichibashi	(Main building) Axxis Inc. First-Class Architect Office (Tenant building A) Axxis Inc. First-Class Architect Office (Tenant building B) Axxis Inc. First-Class Architect Office	(Main building) TMH Inc. First-Class Architect Office (Tenant building A) TMH Inc. First-Class Architect Office (Tenant building B) TMH Inc. First-Class Architect Office	Kajima Corporation	General Building Research Corporation of Japan
F-3	Kurume-Nishi Shopping Center	(M building / AB building) Fujita Corporation Kyusyu Branch First-Class	(M building) Fujita Corporation Kyusyu Branch First-Class	(M building) Fujita Corporation Kyushu Branch	(M building) City of Kurume (AB building)

Property number	Property name	Architect	Structural engineer	Construction company	Construction confirmation authority
		Architect Office (C building) Zen Environmental Design First-Class Architect Office	Architect Office (AB building) Fujita Corporation Kyusyu Branch First-Class Architect Office (C building) -	(AB building) Fujita Corporation Kyusyu Branch (C building) Fujita Corporation Kyusyu Branch	City of Kurume (C building) Japan ERI Co., Ltd.
R-1	Roseo Mito	(Coffee shop building) Tetsu Works Architect Office (Mall building) Kurehanishiki Construction Co., Ltd. Change of use: Registered Architect Studio Work House (Sports facility building) Kishi-Sekkei Co., Ltd. (Hardware store building) Nihon Jutaku Corporation, Registered Architect Office (Secondhand shop building) Choeihands Corporation	(Coffee shop building) Tetsu Works Architect Office (Mall building) Sezako Structural Engineering Office (Sports facility building) Individual (Note 3) (Hardware store building) K.K. Dan Structural Engineering Office (Secondhand shop building) Converse Corporation	(Coffee shop building) Kurehanishiki Construction Co., Ltd. (Mall building) Kurehanishiki Construction Co., Ltd. (Sports facility building) Kurehanishiki Construction Co., Ltd. (Hardware store building) Nihon Jutaku Corporation (Secondhand shop building) Choeihands Corporation	(Coffee shop building) (Mall building) (Sports facility building) (Hardware store building) Mito City (Secondhand shop building) Japan ERI Co., Ltd.
R-2	K's Denki Aomori Honten	K.K. Kyoei Planning Design	K.K. Kyoei Planning Design	(K's Denki building) Nihon Kensetsu Co., Ltd., Sendai Branch (TSUTAYA/Hard-off building) Nihon Kensetsu Co., Ltd., Sendai Branch	Aomori City
R-3	Super Sports Xebio Aomori-Chuo	Takenaka Corporation	Individual (Note 3)	Takenaka Corporation	Japan ERI Co., Ltd.
R-4	Ashico Town Ashikaga	Penta-Ocean Construction Co., Ltd. (shopping mall building, cinema building, road-side building) KKHY Architects & Associates (extensions)	Penta-Ocean Construction Co., Ltd. (shopping mall building, cinema building, road-side building) Architecture Form Corporation (extensions)	Penta-Ocean Construction Co., Ltd. (shopping mall building, cinema building, road-side building) Tokyo Bisu Kogyo Corporation (extensions)	Bureau Veritas Japan Co., Ltd.
R-5	Yorktown Shinden-Higashi	MTM International Corporation	MTM International Corporation	Kajima Corporation	Japan ERI Co., Ltd.
R-6	Kasumi Technopark Sakura	Office Okano Kenchikusekkei Co., Ltd.	Office Okano Kenchikusekkei Co., Ltd.	Nakano Corporation Co., Ltd.	Ibaraki Prefecture
R-7	Solala Plaza	Yamashita Sekkei Inc.	Yamashita Sekkei Inc.	Shimizu Corporation	Japan ERI Co., Ltd.
R-8	P-1 Plaza Tenno	(A building) First-Class Architect Office Atelier Zero (for new building construction), Entetsu General Constructor (for building expansion) (B building) Parking Pro Co., Ltd. (C building) Daiwa House Industry Co., Ltd. (D building) Daiwa House Industry Co., Ltd. (E building) Daiwa House Industry Co., Ltd. (F building) DO Design Co., Ltd. (G building) Akou Co., Ltd. (H building) Akou Co., Ltd.	(A building) First-Class Architect Office Atelier Zero (B building) Parking Pro Co., Ltd. (C building) Daiwa House Industry Co., Ltd. (D building) Daiwa House Industry Co., Ltd. (E building) - (F building) Toda Corporation (G building) Akou Co., Ltd. First-Class Architect Office (H building) Akou Co., Ltd. First-Class Architect Office	(A building) Toei Interior Co., Ltd., Iidagumi Co., Ltd. (for new building construction) Entetsu General Constructor (for building expansion) (B building) Parking Pro Co., Ltd. (C building) Daiwa House Industry Co., Ltd. (D building) Daiwa House Industry Co., Ltd. (E building) Daiwa House Industry Co., Ltd. (F building) Toda Corporation (G building) Akou Co., Ltd. (H building) Akou Co., Ltd.	(A building) Hamamatsu City (B building) Kakunin Service Inc. (C building) Shizuokaken Kenchiku Jyuutaku Machizukuri Center (D building) Shizuokaken Kenchiku Jyuutaku Machizukuri Center (E building) Shizuokaken Kenchiku Jyuutaku Machizukuri Center (F building) Shizuokaken Kenchiku Jyuutaku Machizukuri Center (G building) Hamamatsu City (H building) Hamamatsu City
R-9	Seiyu Rakuichi Moriya (Land)	-	-	-	-
R-10	Sun Street Hamakita	(Main building) Kajima Corporation	(Main building) Kajima Corporation	(Main building) Kajima Corporation	(Main building) The Building Center of

Property number	Property name	Architect	Structural engineer	Construction company	Construction confirmation authority
		Architectural Design Division (Mall building) Kajima Corporation Architectural Design Division (Colore building) FPC K.K. First-Class Architect Office (Wing building) Kajima Corporation Architectural Design Division	First-Class Architect Office (Mall building) Kajima Corporation First-Class Architect Office (Colore building) First-Class Architect Office Otsuka Kenchiku Kozo Sekkei (Wing building) Kajima Corporation First-Class Architect Office	Yokohama Branch (Mall building) Kajima Corporation Yokohama Branch (Colore building) Suzuyo Kensetsu (Wing building) Kajima Corporation Yokohama Branch	Japan (Mall building) The Building Center of Japan (Colore building) Bureau Veritas Japan (Wing building) The Building Center of Japan

Note 1: The above company names are names at the time of construction confirmation, completion, or acquiring inspection certificate for respective properties, even in cases of past changes in names.

Note 2: The name of actual construction company is shown, although it was Daiwa System Co., Ltd. at the time of application procedure for building confirmation.

Note 3: Individuals' names are not disclosed because these are personal information.

vii) Overview of portfolio

(A) Distribution by property type

Property type	Number of properties	Acquisition price (in millions)	Percentage of total portfolio acquisition price (%) (Note)
Neighborhood, community and other shopping centers for daily needs	52	206,176	100.0
NSC (Neighborhood Shopping Centers)	23	108,825	52.8
SM (Supermarkets)	9	12,712	6.2
CSC (Community shopping Centers)	1	14,848	7.2
Urban Station-Front Shopping Centers	6	38,028	18.4
SS (Specialty Store)	13	31,763	15.4
Other retail properties	-	-	-
Total	52	206,176	100.0

Note: Percentage of total portfolio acquisition price is rounded to the nearest tenth. Therefore, the sum of the percentage of total acquisition price may differ from the portfolio total.

(B) Distribution by location

Region	Number of properties	Acquisition price (in millions)	Percentage of total portfolio acquisition price (%) (Note)
Four major metropolitan areas	42	160,914	78.0
Tokyo metropolitan area	23	86,873	42.1
Greater Osaka area	10	44,214	21.4
Greater Nagoya area	6	21,795	10.6
Fukuoka area	3	8,032	3.9
Ordinance-designated cities, core cities and other areas	10	45,262	22.0
Total	52	206,176	100.0

Note: Percentage of total portfolio acquisition price is rounded to the nearest tenth. Therefore, the sum of the percentage of total acquisition price may differ from the portfolio total.

(C) Distribution by property age

Property age (Note 1)	Number of properties	Acquisition price (in millions)	Percentage of total portfolio acquisition price (%) (Note 2)
Less than 5 years	3	7,776	4.5
5 years or more but less than 10 years	9	37,685	21.9
10 years or more	27	126,843	73.6
Total	39	172,304	100.0

Note 1: Property age refers to the number of years from the date of the new construction of the property set out in the real estate registry to March 31, 2018. Where multiple buildings exist on the property, the property age is calculated using the average age of those buildings.

Note 2: Percentage of total portfolio acquisition price is rounded to the nearest tenth. Therefore, the sum of the percentage of total portfolio acquisition price may differ from the portfolio total.

(D) Distribution by Lease Term Remaining

Lease term (remaining period) (Note 1)	Annual fixed rent (in millions) (Note 2)	Ratio (%) (Note 3)
Less than 2 years	1,835	13.7
2 to less than 5 years	2,484	18.5
5 to less than 10 years	4,032	30.0
10 to less than 15 years	2,371	17.6
15 to less than 20 years	1,869	13.9
20 years or more	849	6.3
Total	13,443	100.0

Note 1: "Lease term (remaining period)" is based on period until the last date of the lease as set forth in the relevant lease agreements as of March 31, 2018 (excluding warehouses for building lease agreements) for each acquired property and to-be acquired property.

Note 2: "Annual fixed rent" for acquired property is calculated by multiplying the monthly fixed rent and common area charges for the month ended March 31, 2018 (excluding warehouses in the case of building lease agreements) by twelve and rounding down to the nearest million yen. For master leases, where the master lease company subleases space to other tenants, the fixed monthly rent under the master lease contract is multiplied by 12, rounded down to the nearest million yen.

Note 3: "Ratio" is based on the annual fixed rent, rounded to the nearest tenth. As a result, simple aggregation of "ratio" figures may not be the same as the total period.

(E) Distribution by lease contract type

Type of lease contract	Ratio (%) (Note)
Fixed-term building lease	70.6
Regular building lease	15.1
Commercial fixed-term land lease	14.2
Others	0.0
Total	100.0

Note: "Ratio" is based on the annual fixed rent as indicated in Note 2 of (D) above, rounded to the nearest tenth. As a result, simple aggregation of "ratio" figures may not be the same as the total figure.

(F) Rent type (Fixed / Sales-linked rent)

Rent type (Note 1) (Fixed / Sales-linked rent)	Ratio (%) (Note 2)
Fixed rent	83.5
Fixed rent with sales-linked rent	12.9
Sales-linked rent	3.6
Total	100.0

Note 1: "Fixed rent" refers to rent that remains unchanged regardless of actual tenant sales revenues as set forth in the relevant lease agreements. "Fixed rent with sales-linked rent" refers to rent that consist of a portion that remains unchanged regardless of actual tenant sales revenues and a portion that is based on tenant sales as set forth in the relevant lease agreements. "Sales-linked rent" refers to rent that is based on actual tenant sales revenues as set forth in the relevant lease agreements.

Note 2: "Ratio" is calculated according to the actual rent effective between October 1, 2017 and March 31, 2018, rounded to the nearest tenth. As a result, simple aggregation of "ratio" figures may not be the same as the total figure.

viii) Capital expenditures

(A) Planned capital expenditures

The table below shows major capital expenditures (Note) for renovations, repairs and other projects that are planned for the seventh fiscal period ending September 30, 2018. These expenditures are for real estate owned by KRR and real estate in trusts in which KRR owns trust beneficiary rights. These planned projects may include some expenditures that will be recorded as expenses rather than capital expenditures for accounting purposes.

Property number	Property name	Location	Purpose	Schedule	Planned amount of capital expenditure (Millions of yen)		
					Total	Payment for the period	Total amount already paid
T-2	MONA Shin-Urayasu	Urayasu, Chiba	Second phase of renewal	From April 2018 to October 2018	349	-	-
T-2	MONA Shin-Urayasu	Urayasu, Chiba	Air conditioner-related renewal	From April 2018 to September 2018	260	-	-
T-21	Prime Square Jiyugaoka	Meguro-ku, Tokyo	Interior repair	From December 2017 to April 2018	73	-	-
T-5	Unicus Ina	Kobe, Hyogo	Exterior wall repair	From April 2018 to September 2018	47	-	-
O-1	Blumer Maitamon	Kobe, Hyogo	LED installation to common area	From April 2018 to September 2018	46	-	-

(B) Capital expenditures during the period under review

The table below shows major capital expenditures for renovations, repairs and other projects in the period under review.

The amount of capital expenditures in the period under review was 263 million yen. There were also expenditures of 259 million yen that were recorded as repair expenses. In total we spent 523 million yen on the projects.

Property number	Property name	Location	Purpose	Schedule	Capital expenditure (Millions of yen)
T-1	Fululu Garden Yachiyo	Yachiyo, Chiba	Power generator renewal	From January 2018 to March 2018	45
T-6	Yorktown Kita Kaname	Hiratsuka, Kanagawa	Rooftop parking waterproof	From July 2017 to December 2017	41
T-2	MONA Shin-Urayasu	Urayasu, Chiba	Air conditioner renewal	From February 2018 to March 2018	27
N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	Exterior wall repair	From September 2017 to November 2017	25
O-5	Carino Esaka	Suita, Osaka	Escalator renewal	From February 2018 to March 2018	22
Others					101
Total					263

(C) Reserved Amount for Long-Term Repairs, Maintenance and Renovation Plans

Not applicable

(3) Information Concerning Major Tenants

i) Top End-Tenants in Terms of Rent

The following summarizes top ten tenants (end-tenants or sublease type master leasee) as of March 31, 2018

Name of end tenants	Type of business (Note 1)	Property name	Total leased area (m ²)	Ratio (%) (Note 2)	Annual fixed rent (in thousands of yen) (Note 3)	Tenant leasehold and security deposits (in millions of yen) (Note 4)
Ito-Yokado Co., Ltd. (Note 5)	Retail	Fululu Garden Yachiyo	- (Note 5)	- (Note 5)	- (Note 5)	- (Note 5)
P&D Consulting Co., Ltd.	Real estate	A Unicus Ina B Unicus Kamisato (Land) C Unicus Konosu (Land) D Ashico Town Ashikaga	104,810.72	12.1	507,238	251
YorkMart Co., Ltd.	Retail	Yorktown Kita-Kaname	- (Note 5)	- (Note 5)	- (Note 5)	- (Note 5)
Life Corporation	Retail	A Unicus Yoshikawa, B Life Kameido C Life Takadono (Land) D Life Nishi-Tengachaya	12,501.97	1.4	- (Note 5)	- (Note 5)
Lixil Viva Corporation	Retail	A Super Viva Home Iwatsuki (Land) B Roseo Mito	- (Note 5)	- (Note 5)	- (Note 5)	- (Note 5)
Round One Corporation	Service	A Round1 Ichikawa-Onitaka B Round1 Stadium Hakata-Hanmichibashi	39,990.22	4.6	- (Note 5)	- (Note 5)
Daiwaroyal Co., Ltd.	Real estate	COMBOX Komyoike	25,530.44	2.9	452,523	423
Toyota Tsusho Corporation	Wholesale	Homecenter Kohnan Sunadabashi	20,329.07	2.3	- (Note 5)	- (Note 5)
Seiyu GK	Retail	A Sunny Noma B Seiyu Rakuichi Moriya (Land)	- (Note 5)	- (Note 5)	- (Note 5)	- (Note 5)
Otsuka Kagu, Ltd.	Retail	Solala Plaza	- (Note 5)	- (Note 5)	- (Note 5)	- (Note 5)

Note 1: "Type of business" is based on Japan Standard Industrial Classification.

Note 2: "Ratio" is the ratio of leased area of the end-tenant to total leasable area of the portfolio as of March 31, 2018, rounded to the nearest tenth.

Note 3: "Annual fixed-rent" for each property is based on monthly contracted rent (including common area charges) as set forth in the relevant lease agreements effective as of March 31, 2018 (excluding warehouses for building lease agreements) for each property or property in trust, truncated to thousands of yen. In a sublease type master lease, the annual rent (excluding consumption taxes) agreed upon in the master lease agreement or the amount obtained by multiplying the monthly rent (excluding consumption taxes) agreed upon in the master lease agreement by 12, rounded down to the nearest thousand yen, is shown.

Note 4: Indicates the outstanding balance of any tenant leasehold and security deposit from the relevant end-tenant(s) set forth in lease agreement(s) effective as of March 31, 2018, rounded down to the nearest million yen.

Note 5: We have not obtained consent from the tenant to release this information.

ii) Top End-Tenants in Terms of Leased Area

The end-tenants or the sublease type master lessees that cover over 10% of the total leased area of portfolio as of March 31, 2018 are as follows.

Name of end tenants	Type of business	Property name	Total leased area (m ²)	Annual fixed rent (in thousands of yen)	Tenant leasehold and security deposits (in millions of yen)	Lease term end	Lease renewal
P&D Consulting Co., Ltd.	Real estate	A Unicus Ina B Unicus Kamisato (Land) C Unicus Konosu (Land) D Ashico Town Ashikaga	104,810.72	507,238	251	A Sep. 25, 2036 (Note 1) B Oct. 1, 2055 C Oct. 1, 2055 D Mar. 31, 2026	A Not Applicable (Note 1) B Not Applicable C Not Applicable D Not Applicable
Lixil Viva Corporation	Retail	A Super Viva Home Iwatsuki (Land) B Roseo Mito	- (Note 2)	- (Note 2)	- (Note 2)	- (Note 2)	- (Note 2)

Note 1: Based on Mall building's leasing contract.

Note 2: We have not obtained consent from the tenant to release this information.

【Reference】

Earnings Performance for the Individual Properties for the 6th Fiscal Period (October 1, 2017 to March 31, 2018) : 182 days ※As of March 31, 2018

Location		Greater Osaka area									Greater Nagoya area			
Property No.		O-2	O-3	O-4	O-5	O-6	O-7	O-8	O-9	O-10	N-1	N-2	N-3	
Property Name		Life Takadono (Land)	Piago Kahma Home Center Omihachiman	Blumer HAT Kobe	Carino Esaka	COMBOX Komyoike	Hankyu Oasis Hirakatadeguchi	Welcia Kishiwadakamori (Land)	Life Nishi-Tengachaya	Million Town Tsukaguchi (Land)	Kahma Home Center Nakagawa Tomita (Land)	Valor Ichinomiya-Nishi	K's Denki Nakagawa Tomita (Land)	
Acquisition Date		February 10, 2015	February 10, 2015	April 16, 2015	October 2, 2015	October 2, 2015	October 2, 2015	October 2, 2015	January 21, 2016	April 21, 2016	February 10, 2015	February 10, 2015	February 10, 2015	
Price Information	Acquisition price (In millions of yen)	2,685	2,140	11,000	6,555	6,450	1,280	487	1,505	3,723	2,311	2,174	889	
	Percentage of total portfolio	1.3%	1.0%	5.3%	3.2%	3.1%	0.6%	0.2%	0.7%	1.8%	1.1%	1.1%	0.4%	
	Net book value (In millions of yen)	2,727	2,141	11,455	6,664	6,370	1,314	497	1,558	3,772	2,351	2,154	907	
	Appraisal value at the end of period (In millions of yen)	3,090	2,430	11,500	6,910	6,810	1,330	488	1,650	3,870	2,680	2,320	1,010	
	Percentage of total appraisal value	1.4%	1.1%	5.2%	3.1%	3.1%	0.6%	0.2%	0.7%	1.8%	1.2%	1.1%	0.5%	
Lease Information	Number of tenants	1	2	1 (39)	1 (31)	1	1	1	1	1	1	1	1	
	Leasable floor area (㎡)	4,437.07	14,313.00	23,775.88	7,540.58	25,530.44	2,960.38	3,033.45	2,679.52	8,264.46	(Note)	9,447.48	(Note)	
	Leased floor area (㎡)	4,437.07	14,313.00	23,118.86	7,540.58	25,530.44	2,960.38	3,033.45	2,679.52	8,264.46		9,447.48		
	Occupancy ratio													
	As of March 31, 2018	100.0%	100.0%	97.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of September 30, 2017	100.0%	100.0%	98.7%	97.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2017	100.0%	100.0%	99.1%	97.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of September 30, 2016	100.0%	100.0%	99.1%	99.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
As of March 31, 2016	100.0%	100.0%	98.7%	99.1%	100.0%	100.0%	100.0%	100.0%	100.0%	—	100.0%	100.0%	100.0%	
As of September 30, 2015	100.0%	100.0%	99.5%	—	—	—	—	—	—	—	100.0%	100.0%	100.0%	
Income and Retained Earnings Information	Operating periods	182days	182days	182days	182days	182days	182days	182days	182days	182days	182days	182days	182days	
	①Rental and other operating revenues (In thousands of yen)			475,218	320,430	226,155			44,870					
	Rental revenues			367,110	198,327	226,155			44,870					
	Other operating revenues			108,108	122,103	—			—					
	②Property-related expenses (In thousands of yen)			210,792	110,299	33,229			5,636					
	Property management fees	(Note)	(Note)	68,312	41,777	1,800	(Note)	(Note)	1,800	(Note)	(Note)	(Note)	(Note)	
	Taxes			47,189	24,524	30,386			3,376					
	Utilities			63,805	33,885	—			—					
	Repairs and maintenance			5,557	6,140	—			—					
	Insurance			982	649	630			49					
	Trust fees and other expenses			24,945	3,322	413			410					
③NOI (=①-②) (In thousands of yen)	63,872	73,941	264,426	210,131	192,925	37,240	10,697	39,233	78,689	60,037	53,133	22,959		
④Depreciation (In thousands of yen)	—	10,651	54,277	31,988	32,894	5,210	—	4,682	—	—	14,792	—		
⑤Rental operating income (=③-④) (In thousands of yen)	63,872	63,289	210,149	178,143	160,031	32,029	10,697	34,551	78,689	60,037	38,341	22,959		
⑥Capital expenditures (In thousands of yen)	—	14,899	490	46,831	—	1,727	—	—	—	—	25,612	—		
⑦NCF (=⑤-⑥) (In thousands of yen)	63,872	59,042	263,936	163,300	192,925	35,512	10,697	39,233	78,689	60,037	27,521	22,959		
Reference	Expense ratio (=②/①)	7.1%	21.1%	44.4%	34.4%	14.7%	14.4%	19.0%	12.6%	12.6%	9.6%	32.6%	13.0%	
	Property tax for the year 2017 (In thousands of yen)	6,818	29,225	94,379	49,049	60,779	7,804	2,072	6,755	19,690	9,869	19,900	3,949	
	Assets pledged as collateral	—	○	—	—	—	—	—	○	—	—	—	—	

【Reference】

Earnings Performance for the Individual Properties for the 6th Fiscal Period (October 1, 2017 to March 31, 2018) : 182 days ※As of March 31, 2018

Location		Ordinance-designated cities, core cities and other areas				Total of 52 Properties
Property No.		R-7	R-8	R-9	R-10	
Property Name		Solala Plaza	P-1 Plaza Tenno	Seiyu Rakuichi Moriya (Land)	Sun Street Hamakita	
Acquisition Date		April 21, 2016	April 22, 2016	January 31, 2017	April 27, 2017	
Price Information	Acquisition price (In millions of yen)	5,720	4,010	4,111	10,746	
	Percentage of total portfolio	2.8%	1.9%	2.0%	5.2%	100.0%
	Net book value (In millions of yen)	5,632	4,155	4,320	10,768	208,376
	Appraisal value at the end of period (In millions of yen)	5,950	4,340	4,220	11,160	220,647
	Percentage of total appraisal value	2.7%	2.0%	1.9%	5.1%	100.0%
Lease Information	Number of tenants	1	7	1	1 (53)	522
	Leasable floor area (㎡)	(Note)	12,030.83	(Note)	49,023.34	866,425.22
	Leased floor area (㎡)		12,030.83		48,619.71	862,238.52
	Occupancy ratio					
	As of March 31, 2018	100.0%	100.0%	100.0%	99.2%	99.5%
	As of September 30, 2017	100.0%	100.0%	100.0%	98.0%	99.6%
	As of March 31, 2017	100.0%	100.0%	100.0%	—	99.6%
	As of September 30, 2016	100.0%	100.0%	—	—	99.7%
As of March 31, 2016	—	—	—	—	99.6%	
As of September 30, 2015	—	—	—	—	99.6%	
Income and Retained Earnings Information	Operating periods	182days	182days	182days	182days	181days
	①Rental and other operating revenues (In thousands of yen)	(Note)	136,340	(Note)	518,471	8,126,338
	Rental revenues		135,630		436,068	6,991,591
	Other operating revenues		710		82,403	1,134,746
	②Property-related expenses (In thousands of yen)	(Note)	23,812	(Note)	206,205	2,684,501
	Property management fees		3,124		70,767	846,915
	Taxes		14,959		4	563,751
	Utilities		282		46,062	597,633
	Repairs and maintenance		4,666		16,598	259,834
	Insurance		356		1,010	13,954
	Trust fees and other expenses		423		71,763	402,411
③NOI (=①-②) (In thousands of yen)	143,884	112,527	94,223	312,265	5,441,836	
④Depreciation (In thousands of yen)	43,111	16,061	—	69,629	925,078	
⑤Rental operating income (=③-④) (In thousands of yen)	100,773	96,466	94,223	242,636	4,516,757	
⑥Capital expenditures (In thousands of yen)	—	240	—	2,480	263,806	
⑦NCF (=⑤-⑥) (In thousands of yen)	143,884	112,287	94,223	309,785	5,178,030	
Reference	Expense ratio (=②/①)	28.1%	17.5%	1.5%	39.8%	33.0%
	Property tax for the year 2017 (In thousands of yen)	30,730	29,904	22,483	57,576	1,376,649
	Assets pledged as collateral	—	—	—	—	—

*Total: Cost-weighted average operating period (days)

Note:We have not obtained consent from the tenant(s) to release this information.

(Reference) Borrowings

Borrowings on a financial institution basis as of March 31, 2018 are as follows:

Classification	Lender	Balance at the beginning of period (Thousands of yen)	Increase during the period (Thousands of yen)	Decrease during the period (Thousands of yen)	Balance at the end of period (Thousands of yen)	Average interest rate (Note 1) (Note 2) (%)	Payment due date (Note 3)	Use	Remarks		
Short-Term Loans Payable	Sumitomo Mitsui Banking Corporation	3,900,000	-	3,900,000	-	0.485	October 3, 2017	(Note 4)	Unsecured/ Non-guaranteed		
	Sumitomo Mitsui Banking Corporation	450,000	-	450,000	-	0.443	February 10, 2018				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	450,000	-	450,000	-						
	Mizuho Bank, Ltd.	400,000	-	400,000	-						
	Resona Bank, Ltd.	250,000	-	250,000	-						
	Aozora Bank, Ltd.	250,000	-	250,000	-						
	Sumitomo Mitsui Trust Bank, Ltd.	200,000	-	200,000	-						
	Sumitomo Mitsui Banking Corporation	900,000	-	-	900,000	0.447	April 19, 2018				
	Mizuho Bank, Ltd.	300,000	-	-	300,000	0.447	April 21, 2018				
	Sumitomo Mitsui Banking Corporation	2,600,000	-	-	2,600,000						
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	1,070,000	-	-	1,070,000						
	Aozora Bank, Ltd.	640,000	-	-	640,000						
	Resona Bank, Ltd.	400,000	-	-	400,000						
	Mizuho Bank, Ltd.	360,000	-	-	360,000						
	Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000						
	Mitsubishi UFJ Trust and Banking Corporation (Note 8)	200,000	-	-	200,000						
Sumitomo Mitsui Banking Corporation	-	3,400,000	-	3,400,000	0.446	September 30, 2018					
Sumitomo Mitsui Banking Corporation	-	2,750,000	-	2,750,000	0.455	February 13, 2019					
Sub Total	12,670,000	6,150,000	5,900,000	12,920,000							
Current Portion of Long-Term Loans Payable	Sumitomo Mitsui Banking Corporation	2,300,000	-	2,300,000	-	0.545	February 10, 2018	(Note 4)	Unsecured/ Non-guaranteed		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	800,000	-	800,000	-						
	Mizuho Bank, Ltd.	400,000	-	400,000	-						
	Mizuho Trust & Banking Co., Ltd.	350,000	-	350,000	-						
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Notes 6 and 7)	750,000	-	-	750,000	0.534	March 31, 2019				
	Aozora Bank, Ltd. (Note 6)	500,000	-	-	500,000						
	Mizuho Bank, Ltd. (Note 6)	400,000	-	-	400,000						
	Sumitomo Mitsui Trust Bank, Ltd. (Note 6)	200,000	-	-	200,000						
	Resona Bank, Ltd. (Note 6)	200,000	-	-	200,000						
	The Musashino Bank, Ltd. (Note 6)	150,000	-	-	150,000						
	Sumitomo Mitsui Banking Corporation (Note 6)	1,850,000	-	-	1,850,000	0.545	March 31, 2019				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Notes 6 and 7)	550,000	-	-	550,000						
	Sumitomo Mitsui Trust Bank, Ltd. (Note 6)	500,000	-	-	500,000						
	Resona Bank, Ltd. (Note 6)	300,000	-	-	300,000						
The Musashino Bank, Ltd. (Note 6)	250,000	-	-	250,000							
Sub Total	9,500,000	-	3,850,000	5,650,000							
Long-Term Loans Payable	Sumitomo Mitsui Banking Corporation	2,400,000	-	-	2,400,000	0.751	February 10, 2020	(Note 4)	Unsecured/ Non-guaranteed		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	800,000	-	-	800,000						
	Mitsubishi UFJ Trust and Banking Corporation (Note 8)	800,000	-	-	800,000						
	Sumitomo Mitsui Trust Bank, Ltd.	550,000	-	-	550,000						
	Aozora Bank, Ltd.	500,000	-	-	500,000						
	Resona Bank, Ltd.	500,000	-	-	500,000						
	The Gunma Bank, Ltd.	400,000	-	-	400,000						
	The Musashino Bank, Ltd.	400,000	-	-	400,000						
	Mizuho Bank, Ltd.	350,000	-	-	350,000						
	Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000						
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000					0.865	February 10, 2021
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	700,000	-	-	700,000						
	Sumitomo Mitsui Trust Bank, Ltd.	500,000	-	-	500,000						
	Aozora Bank, Ltd.	450,000	-	-	450,000						
	Resona Bank, Ltd.	450,000	-	-	450,000						
	Mizuho Bank, Ltd.	400,000	-	-	400,000						
	Sumitomo Mitsui Banking Corporation	2,600,000	-	-	2,600,000	0.978	February 10, 2022				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	800,000	-	-	800,000						
	Sumitomo Mitsui Trust Bank, Ltd.	600,000	-	-	600,000						
	Aozora Bank, Ltd.	400,000	-	-	400,000						
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000						
	Mizuho Bank, Ltd.	300,000	-	-	300,000						
	Resona Bank, Ltd.	300,000	-	-	300,000	0.925	February 10, 2021				
	Development Bank of Japan Inc. (Note 5)	1,500,000	-	-	1,500,000						
	Development Bank of Japan Inc. (Note 5)	1,600,000	-	-	1,600,000					1.033	February 10, 2022
	Sumitomo Mitsui Banking Corporation	4,600,000	-	-	4,600,000					1.366	April 16, 2025
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	1,000,000	-	-	1,000,000					0.975	March 31, 2023
	Sumitomo Mitsui Trust Bank, Ltd.	600,000	-	-	600,000						
	Mizuho Bank, Ltd.	400,000	-	-	400,000						
	Resona Bank, Ltd.	400,000	-	-	400,000						
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000						
	Mitsubishi UFJ Trust and Banking Corporation (Note 8)	400,000	-	-	400,000						
Development Bank of Japan Inc. (Note 5)	1,500,000	-	-	1,500,000	0.994	March 31, 2023					

Classification	Lender	Balance at the beginning of period (Thousands of yen)	Increase during the period (Thousands of yen)	Decrease during the period (Thousands of yen)	Balance at the end of period (Thousands of yen)	Average interest rate (Note 1) (Note 2) (%)	Payment due date (Note 3)	Use	Remarks
Long-Term Loans Payable	Mitsubishi UFJ Trust and Banking Corporation (Note 8)	450,000	-	-	450,000	0.987	March 31, 2023	(Note 4)	Unsecured/ Non-guaranteed
	Resona Bank, Ltd.	200,000	-	-	200,000				
	The Musashino Bank, Ltd.	150,000	-	-	150,000				
	Development Bank of Japan Inc. (Note 5)	1,500,000	-	-	1,500,000	1.013	March 31, 2023		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000	1.110	March 31, 2024		
	Mizuho Bank, Ltd.	1,150,000	-	-	1,150,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	1,000,000	-	-	1,000,000				
	Mizuho Trust & Banking Co., Ltd.	700,000	-	-	700,000				
	Sumitomo Mitsui Trust Bank, Ltd.	650,000	-	-	650,000				
	Resona Bank, Ltd.	500,000	-	-	500,000				
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	1.243	April 16, 2025		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	400,000	-	-	400,000				
	Mizuho Bank, Ltd.	710,000	-	-	710,000	0.368	September 30, 2019		
	Sumitomo Mitsui Trust Bank, Ltd.	620,000	-	-	620,000				
	Sumitomo Mitsui Trust Bank, Ltd.	450,000	-	-	450,000	0.803	September 30, 2024		
	Development Bank of Japan Inc. (Note 5)	890,000	-	-	890,000	0.760	September 30, 2024		
	Sumitomo Mitsui Banking Corporation	2,670,000	-	-	2,670,000	0.932	April 21, 2026		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	890,000	-	-	890,000	0.888	October 31, 2025		
	The Gunma Bank, Ltd. (Note 5)	500,000	-	-	500,000	0.550	September 30, 2021		
	Development Bank of Japan Inc. (Note 5)	2,000,000	-	-	2,000,000	1.049	January 31, 2027		
	Mizuho Trust & Banking Co., Ltd. (Note 5)	1,000,000	-	-	1,000,000	1.049			
	Resona Bank, Ltd.	500,000	-	-	500,000	1.002	January 31, 2027		
	Sumitomo Mitsui Banking Corporation	2,600,000	-	-	2,600,000	0.485			
	Aozora Bank, Ltd.	500,000	-	-	500,000				
	Mitsubishi UFJ Trust and Banking Corporation (Note 8)	400,000	-	-	400,000				
	Sumitomo Mitsui Trust Bank, Ltd.	300,000	-	-	300,000				
	Resona Bank, Ltd.	300,000	-	-	300,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Notes 5 and 7)	600,000	-	-	600,000	0.400	April 27, 2021		
	Development Bank of Japan Inc. (Note 5)	500,000	-	-	500,000	0.553			
	Mizuho Bank, Ltd. (Note 5)	400,000	-	-	400,000	0.553			
	Mizuho Trust & Banking Co., Ltd. (Note 5)	200,000	-	-	200,000	0.553			
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.772			
	Sumitomo Mitsui Trust Bank, Ltd.	400,000	-	-	400,000				
	Aozora Bank, Ltd.	400,000	-	-	400,000				
	Resona Bank, Ltd.	300,000	-	-	300,000				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Notes 5 and 7)	600,000	-	-	600,000		0.696		
	Mizuho Bank, Ltd. (Note 5)	600,000	-	-	600,000	0.815			
	Development Bank of Japan Inc. (Note 5)	500,000	-	-	500,000	0.814			
	Mizuho Trust & Banking Co., Ltd. (Note 5)	200,000	-	-	200,000	0.814			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Notes 5 and 7)	500,000	-	-	500,000	0.903	October 31, 2026		
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	1.033	May 18, 2027		
	Sumitomo Mitsui Trust Bank, Ltd.	500,000	-	-	500,000				
	Resona Bank, Ltd.	400,000	-	-	400,000				
	Development Bank of Japan Inc. (Note 5)	500,000	-	-	500,000	1.050	May 18, 2027		
	Mizuho Bank, Ltd. (Note 5)	500,000	-	-	500,000	1.049			
	Mizuho Trust & Banking Co., Ltd. (Note 5)	300,000	-	-	300,000	1.050			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Notes 5 and 7)	500,000	-	-	500,000	0.670	September 29, 2023		
	Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	-	-	1,500,000	0.918	September 30, 2026		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Notes 5 and 7)	500,000	-	-	500,000	0.930	September 29, 2027		
	Mizuho Bank, Ltd. (Note 5)	1,500,000	-	-	1,500,000	1.029			
Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	-	-	1,500,000	1.100	September 29, 2028			
Sumitomo Mitsui Banking Corporation	-	500,000	-	500,000	1.035	October 3, 2027			
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Notes 5 and 7)	-	1,200,000	-	1,200,000	1.000	February 10, 2028			
Mizuho Trust & Banking Co., Ltd.	-	350,000	-	350,000	0.480	August 31, 2019			
Aozora Bank, Ltd.	-	250,000	-	250,000					
Resona Bank, Ltd.	-	250,000	-	250,000					
Sumitomo Mitsui Trust Bank, Ltd.	-	200,000	-	200,000					
The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 7)	-	1,250,000	-	1,250,000	0.603	August 31, 2022			
Mizuho Bank, Ltd.	-	800,000	-	800,000					
Sub Total	70,730,000	4,800,000	-	75,530,000					
Total	92,900,000	10,950,000	9,750,000	94,100,000					

Note 1: All debts except for the following Note 5 are borrowings at a floating rate.

Note 2: Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal place. Also, with regard to borrowings for which interest rate swap transactions were implemented in order to hedge the interest rate volatility risk, the weighted average interest rates taking into consideration the effects of the interest rate swaps are indicated.

Note 3: All the repayment methods of debt financing are lump-sum repayments on the due date.

Note 4: All debts were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate (additional expenses are included) and repayment of debts.

Note 5: Borrowings at a fixed rate.

Note 6: Borrowings are listed in the current portion of long-term loans payable from the fiscal period under review, listed in long-term loans payable in the previous fiscal period.

Note 7: The Bank of Tokyo-Mitsubishi UFJ, Ltd. changed its corporate name to MUFG Bank, Ltd. on April 1, 2018.

Note 8: MUFG Bank, Ltd. succeeded to the status of lender from Mitsubishi UFJ Trust and Banking Corporation on April 16, 2018.