Translation of Japanese Original

FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2018 (REIT)
(April 1, 2018 to September 30, 2018)

November 14, 2018

Kenedix Retail REIT Corporation ("KRR") is listed on the Tokyo Stock Exchange with the securities code number 3453.
(URL https://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 +81-3-5157-6013

Planned submission of semiannual securities report: December 27, 2018
Planned start of distribution payments: December 14, 2018
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 SEPTEMBER 30, 2018 (October 1, 2017 to September 30, 2018)

(1) Business Results

(Percentages show period-on-period changes)

	Operating revenues		Operating income		Ordinary income		Net income	
Fiscal period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2018	8,577	5.5	3,816	1.3	3,201	0.7	3,197	0.7
March 31, 2018	8,126	4.1	3,768	2.8	3,179	2.3	3,175	2.3

	Net income per unit	Return on net assets	Ordinary income to total assets	Ordinary income to operating revenues
Fiscal period ended	Yen	%	%	%
September 30, 2018	6,298	2.7	1.4	37.3
March 31, 2018	6,255	2.7	1.4	39.1

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

(2) Distribution

	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
Fiscal period ended	Yen	Yen	Yen	Millions of Yen	Millions of Yen	Millions of Yen	%	%
September 30, 2018	6,299	6,299	0	3,198	3,198	0	100.0	2.7
March 31, 2018	6,255	6,255	0	3,175	3,175	0	100.0	2.7

(3) Financial Position

	Total assets	Net assets	Net assets to total assets	Net asset per unit
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2018	238,490	116,729	48.9	229,918
March 31, 2018	231,107	116,585	50.4	229,633

(4) Cash Flows

	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
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2018	4,714	(8,239)	3,808	19,402
March 31, 2018	5,570	(1,400)	(1,903)	19,118

This is an English-language translation of the original Japanese announcement on our website released on November 14, 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 MARCH 31, 2019 (October 1, 2018 to March 31, 2019) AND SEPTEMBER 30, 2019 (April 1, 2019 to September 30, 2019)

(Percentages show period-on-period changes)

	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)
Fiscal period ending		%		%		%		%	Yen	Yen	Yen
March 31, 2019	8,409	(2.0)	3,854	1.0	3,253	1.6	3,252	1.7	6,406	10	6,416
September 30, 2019	8,311	(1.2)	3,819	(0.9)	3,240	(0.4)	3,239	(0.4)	6,380	10	6,390

Reference: Forecasted net income per unit (Forecasted net income / Forecasted average number of investment units during the period)
6,406 yen for the fiscal period ending March 31, 2019 and 6,380 yen for the fiscal period ending September 30, 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 September 30, 2018: 507,700 units

As of March 31, 2018: 507,700 units

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

As of September 30, 2018: 0 units

As of March 31, 2018: 0 units

Note: Please refer to "Per Unit Information" on page 28 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 March 31, 2019 and September 30, 2019" on page 9 for calculation, and our judgment as of November 14, 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.

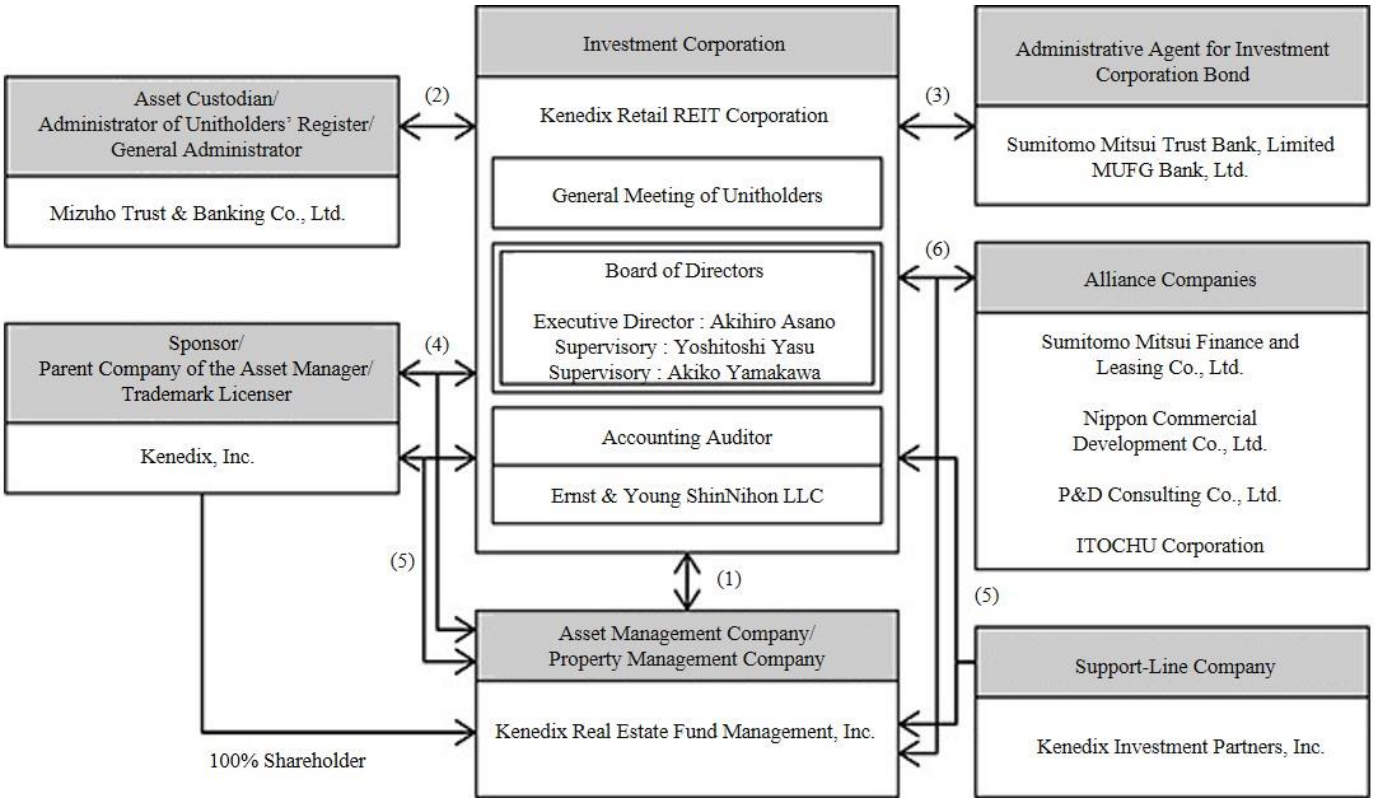
This is an English-language translation of the original Japanese announcement on our website released on November 14, 2018. However, no assurance or warranties are given with respect to the accuracy or completeness of this English-language translation. The Japanese original shall prevail in the case of discrepancies between this translation and the Japanese original.

Contents of Attachments

1. KRR and Related Corporations 2
2. Investment Policies and Status of Asset Management 3
   (1) Investment Policies 3
   (2) Status of Asset Management 3
   (3) Risk Factors 11
3. Financial Statements
   (1) Balance Sheets 13
   (2) Statements of Income and Retained Earnings 15
   (3) Statements of Changes in Net Assets 16
   (4) Statements of Cash Distributions 18
   (5) Statements of Cash Flows 19
   (6) Notes on Assumption of Going Concern 20
   (7) Summary of Significant Accounting Policies 20
   (8) Notes to Financial Statements 21
   (9) Changes in Investment Units Issued and Outstanding 29
4. Resignation/Appointment of the Directors 30
   (1) Resignation/Appointment of the Director of KRR 30
   (2) Resignation/Appointment of the Director of KFM 30
5. Reference Information 31
   (1) Component of Assets 31
   (2) Overview of the Portfolio 32
   (3) Information Concerning Major Tenants 50
   (Reference) Earnings Performance of the Properties 52
   (Reference) Borrowings 58

1. KRR and Related Corporations

Management structure of KRR as of November 14, 2018 is as follows. Kenedix Investment Partners, Inc. ("KIP") was added to the structure as a support-line company on November 1, 2018.



(i) Asset management agreement/ Property management agreement
(ii) Asset custodian agreement/ Unitholder's registry agreement/ General administration agreement
(iii) Fiscal agency agreement
(iv) Trademark license agreement
(v) Support-line memorandum of understanding
(vi) 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)).

The function of KIP is as follows.

Functions	Corporate name	Details of work
Support-line company	Kenedix Investment Partners, Inc.	KRR and the Asset Manager have signed a support-line memorandum of understanding dated November 17, 2014 (including changes and addition of signed party) with Kenedix, Inc. and KIP.

Note: KIP was added on November 1, 2018 to the support-line memorandum of understanding dated November 17, 2014.

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 June 25, 2018; prepared in Japanese only).

(2) Status of Asset Management

(Overview of the Period ended September 30, 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 September 30, 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, and also seeks to invest in distribution centers, which supplement shopping centers in providing goods to consumers, 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:

a. 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
b. Operational capacity to accommodate certain daily local retail needs and strong customer traffic on both weekdays and weekends
c. 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.

Consumer spending seems to be stable due to recoveries in employment and income environment. Real GDP growth was negative in the first quarter of 2018 but rebounded in the second quarter of 2018.

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. Interest rates in Japan rose slightly after the Bank of Japan decided to take more flexible stance on fluctuation of long-term interest rates at its Monetary Policy Meeting in July 2018. However, the Bank of Japan's framework for continuous powerful monetary easing is keeping the interest rates in Japan low.

Under these conditions, the real estate sales market remained strong with high investment demand to invest from domestic and overseas investors. The real estate leasing market is also kept strong, making the J-REIT market stable.

iii) Management Performance

(A) Acquisition of Assets

KRR acquired two assets (Konami Sports Club Shibuya with acquisition price of 3,400 million yen and Costco Wholesale Sapporo Warehouse with acquisition price of 4,210 million yen), and disposed one asset (K's Denki Nakagawa Tomita (Land) with sale price of 1,128 million yen).

As a result, the portfolio at the end of the period under review (September 30, 2018) consists 53 properties with the total acquisition price of 212,897 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 (September 30, 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 and distribution centers 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, KRR aims 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 99.4%. Furthermore, the

portfolio is diversified in terms of tenants as there are 520 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 7,000 million yen for the acquisition of properties and 8,170 million yen for refinancing. KRR also issued investment corporation bonds to partially prepay borrowings of 2,000 million yen. Consequently, borrowings totaled 99,100 million yen and interest-bearing debt including investment corporation bonds (excluding interest-bearing tenant leasehold and security deposits) totaled 106,100 million yen at the end of the fiscal period under review (September 30, 2018).

When undertaking borrowings, KRR seeks to spread out repayment dates and lengthen borrowing periods. KRR may use swaps to fix the interest payments to hedge against the risk of a rise in interest rates.

As a result, the average maturity of debt is 4.9 years, the weighted average interest rate is 1.01%, the long-term debt ratio (Note 1) is 97.4% and the LTV ratio (Note 2) is 44.5%.

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 September 30, 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 proceeds	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, and 5th Series Unsecured Investment Corporation Bonds (2,000 million yen) on April 26, 2018, based on this shelf registration statement.

iv) Results of Operations

For this period, revenue was 8,577 million yen, operating income was 3,816 million yen, ordinary income was 3,201 million yen and net income was 3,197 million yen.

Furthermore, in accordance with the distribution policy in the KRR Articles of Incorporation, KRR made a distribution of 3,198,002,300 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 6,299 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 and the Bank of Japan's interest rate policy.

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 especially 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 carefully selected distribution centers, which supplement retail facilities in providing goods to consumers. In addition, we 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 distribution centers 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
- Implementing distribution center management

<u>"One-stop" asset management and property management services</u>

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.

<u>Continuously implementing a retail property management cycle through our in-house property management services</u>

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 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 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 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.

Implementing distribution center management

Since tenants of distribution centers that we invest may belong to the same business sectors as the tenants occupying our retail properties, we utilize our relationship with our retail tenants in building up our relationship with tenants of distribution centers. We believe these tenant relationships will contribute to the long-term management of these distribution centers.

(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 (https://www.krr-reit.com/en/).

(E) Conflicts of Interests

In addition to managing the assets of KRR, KFM provides asset management services to other REITs, which may incur conflicts of interests in acquisition of assets. In order to prevent the improper allocation of acquisition opportunities, 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, and thus, managing conflicts of interests among the REITs managed by KFM. Through these measures, KFM is taking suitable actions regarding

conflicts of interests.

(F) Important Subsequent Events

Not applicable

(Reference Material)

Disposition of Assets

KRR has contracted a purchase and sale agreement (Note 1) on November 14, 2018 to dispose the following asset.

Property number	Property type (Note 2)	Property name	Location	Buyer	Sale price (million yen) (Note 3)	Sale date
R-7	Urban Station-Front SC	Solala Plaza	Sendai, Miyagi	GK KRF74	5,980	December 21, 2018 (49%) and April 5, 2019 (51%)

Note 1: The purchase and sale agreement with the buyer on the sale 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 sale price (excluding consumption taxes and local consumption taxes) to the other party.

Note 2: For the details of each type of retail properties, please refer "Section 5. Reference Information, (2) Overview of the Portfolio (Note 1).

Note 3: "Sale price" represents the amount specified in the purchase and sale agreement for the trust beneficiary interests, exclusive of the various expenses (sale expenses, property tax, etc.) required in the sale of the asset.

ii) Earnings Forecasts

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

Fiscal period ending March 31, 2019

Operating revenues	8,409 million yen
Operating Income	3,854 million yen
Ordinary income	3,253 million yen
Net Income	3,252 million yen
Distributions per unit	6,416 yen
Of the above, distributions in excess of earnings	10 yen

Fiscal period ending September 30, 2019

Operating revenues	8,311 million yen
Operating Income	3,819 million yen
Ordinary income	3,240 million yen
Net Income	3,239 million yen
Distributions per unit	6,390 yen
Of the above, distributions in excess of earnings	10 yen

Please refer to "Assumptions for the Earnings Forecasts for the Fiscal Periods Ending March 31, 2019 and September 30, 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 March 31, 2019 and September 30, 2019

Item	Assumptions
Calculation period	・The 8th fiscal period: October 1, 2018 to March 31, 2019 (182 days) ・The 9th fiscal period: April 1, 2019 to September 30, 2019 (183 days)
Property portfolio	・The sale of Solala Plaza (49% on December 21, 2018 and 51% on April 5, 2019) from the property portfolio of 53 assets as of September 30, 2018 is assumed for the earnings forecasts. ・Besides the sale of Solala Plaza, no changes (any acquisition of new properties or any sale of existing properties, etc.) in the portfolio are assumed. ・The actual property portfolio may change due to the acquisition of new properties or the disposal of owned properties.
Operating revenues	・Operating revenues of the existing assets are based on leasing agreements as of September 30, 2018, trend of tenants, real estate market trends and other factors. ・Gains on the sale of Solala Plaza are assumed 175 million yen for the fiscal period ending March 31, 2019 and 197 million yen for the fiscal period ending September 30, 2019. ・Operating revenues are based on the assumption that there will be no rent in arrears or non-payments by the tenant.
Operating expenses	・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 985 million yen, and 958 million yen are assumed for the fiscal periods ending March 31, 2019 and September 30, 2019, respectively, using the straight-line depreciation method. ・688 million yen and 707 million yen of property related taxes are expected to be expensed during the fiscal periods ending March 31, 2019 and September 30, 2019 respectively. For the properties acquired after January 1, 2018, property-related taxes are expensed from the fiscal period ending September 30, 2019 because KRR reimbursed the seller, pursuant to the purchase agreement, for the pro rata portion of the property-related taxes. ・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.
Non-operating expenses	・The amortization of offering-related costs are expected to be expensed 38 million yen and 19 million yen for the fiscal periods ending March 31, 2019, and September 30, 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, 557 million yen and 555 million yen are expected for the fiscal periods ending March 31, 2019, and September 30, 2019, respectively.

Item	Assumptions
Borrowings and investment corporation bonds	・As of today, KRR has an outstanding balance of 99,100 million yen in borrowings and 7,000 million yen in investment corporation bonds. ・The LTV ratio is expected to be 44.5% at the end of the period ending March 31, 2019 and September 30, 2019 (rounded to the nearest tenth). ・The LTV ratio has been calculated according to the following formula: LTV ratio = (Loans payable + Investment corporation bonds) / Total assets
Investment units	・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 September 30, 2019.
Distributions per unit (excluding excess of earnings per unit)	・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 March 31, 2019 and September 30, 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	・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 each in the periods ending March 31, 2019 and September 30, 2019.
Others	・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

KFM decided to transfer its asset management business concerning private placement funds ("PPF Asset Management Business") in order to specialize in and focus on asset management business of investment corporations. The PPF Asset Management Business was transferred to KIP and agreements regarding the PPF Asset Management Business were succeeded by KIP on November 1, 2018. Accordingly, the risk factors regarding investment units and investment corporation bonds have been partially modified as follows (the changes from the latest securities report submitted on June 25, 2018 are underlined below). Risk factors not shown below are omitted as there are no important changes from the securities report submitted on June 25, 2018.

(A) Risks concerning dependence on and conflicts of interests with Kenedix, Inc. and Alliance Companies

Kenedix, Inc. owns 100% of the shares of the Asset Manager and is the primary provider of the Asset Manager's full-time employees as of the date of this document. Additionally, KRR and the Asset Manager have concluded a support line memorandum of understanding with Kenedix, Inc. and KIP, which is a subsidiary of Kenedix, Inc., regarding preferential negotiation rights.

Furthermore, KRR and the Asset Manager have entered into alliance agreements with Alliance Companies.

Thus KRR and the Asset Manager maintain close relationships with Kenedix, Inc., KIP and Alliance Companies that significantly affect the securing of stable earnings and growth potential of KRR.

Therefore, if relationships equivalent to the present relationships are no longer able to be maintained, this may have a negative impact on KRR.

Furthermore, in the event that KRR or the Asset Manager conducts a transaction with Kenedix, Inc. or one of the funds that KIP manages through asset management activities or the like, acts which conflict with the profit of KRR's unitholders or creditors may occur in order to secure profit for Kenedix, Inc. or a fund that KIP manages. In such a case, the interests of KRR's unitholders or creditors may be damaged.

(B) Risks concerning the Asset Manager being entrusted with asset management of multiple investment corporations

An asset management company is not prohibited from being entrusted with asset management of multiple investment corporations, etc. under the Financial Instruments and Exchange Act, and the Asset Manager is being entrusted with the asset management of Kenedix Office Investment Corporation ("KDO"), Kenedix Residential Next Investment Corporation ("KDR") and Kenedix Private Investment Corporation ("KPI") in addition to KRR.

As KRR targets investment in retail properties, etc., the investment targets are in competition with other investment corporations.

Therefore, the Asset Manager has established a Pipeline Meeting and adopted rules on "preferential rights to study property information" along with prohibiting concurrently holding positions as a Head of Departments that manage the investment corporations as of the date of this document. This was done to establish rules to decide which investment corporation shall preferentially consider an acquisition when information on the sale of real estate, etc., is obtained by the Asset Manager and has stipulated that it shall conduct management in accordance with the concerned rules.

KRR and the Asset Manager expect that there will be only limited instances of competition actually arising over requests for property acquisitions due to the difference in scale of main investment targets between KRR and other investment corporations as well as the differences in nature of fund procurement, financial strategies and investment return sought by the investors. However, in cases when competition actually arises over requests for property acquisitions beyond such expectations, the investment corporations may preferentially consider property acquisitions according to the abovementioned rules. In addition, the possibility of considering property acquisitions that go against such rules cannot be denied. Furthermore, such rules are subject to change and KRR may not be able to secure the same property acquisition opportunities as of the date of this document due to the concerned changes. In that case, there is a possibility that the property of a portfolio that is considered to be desirable for KRR may be difficult to be realized due to a decrease in its property acquisition opportunities and other factors, and, as a result, this may adversely impact profitability or the asset status of KRR.

(C) Risks concerning quasi co-ownership of beneficiary interests in trust

In cases where the investment assets are real estate beneficiary interests in trusts that are owned under quasi co-ownership with third parties, there may arise various problems regarding their preservation, use and disposal, etc. that are absent when they are owned independently.

First, management of quasi co-owned interests shall be conducted by a majority of the quasi co-owners in accordance with the value of the interests they own, except if otherwise agreed among such quasi co-owners (Article 252 and 264 of the Civil Code). Therefore, in cases where KRR does not own a majority of the quasi co-ownership interests, KRR may not be able to reflect its intentions in the directions by the trust beneficiaries with regard to the management and operations of the real estate. Such other quasi co-owners may possibly be Kenedix, Inc. or investment corporations or other funds for which KIP or the Asset Manager (which is a subsidiary of Kenedix, Inc.) conducts asset management or provides advice. Even so, if such investment corporations or other funds have different

intentions (including management policies) from KRR regarding management and operation of the real estate, KIP or the Asset Manager may be influenced in effect by such intentions or bound by contractual or legal obligations in terms of the relationship with such other investment corporations or funds. As a result, there is a possibility that KRR's intentions cannot be reflected in the directions by the trust beneficiaries with regard to the management and operation of the relevant real estate.

Moreover, the general interpretation is that quasi co-ownership can be disposed of freely in the same manner as solely owned real estate but there are cases where a quasi co-owners bears an obligation to provide other quasi co-owners with preferential rights to purchase its quasi co-ownership interest when selling it to a third party. This is done by agreeing to a preferential purchase right for the quasi co-owned portion to be disposed among the quasi co-owners.

Furthermore, the general interpretation is that the right to demand the trust's principal of the quasi co-owners of trust beneficiary interests in real estate over the real estate trustees is an indivisible credit and that their obligation to pay trust expenses, etc. to the real estate trustees is an indivisible obligation. Therefore, a quasi co-owner is subject to possible impact from the credit risk of other quasi co-owners.

In addition, among the quasi co-owners, there are cases where protocols, etc. are concluded among them, agreement is reached among them on the preferential purchase right of quasi co-ownership interests, agreement is reached that the right to demand for sale or purchase will arise under certain conditions, or agreement is reached on the method to make decisions, etc. (content of such is varied) as beneficiaries. In cases when these agreements are made, there is a possibility that disposal of the quasi co-ownership interests owned by KRR is restricted, that KRR is forced to acquire or transfer quasi co-ownership interests at an unexpected time, or that, regardless of the percentage of its interests, KRR's intentions cannot be reflected in the directions by the trust beneficiaries with regard to management and operation of the real estate.

Such restrictions and risks as stated above exist when real estate beneficiary interests in trust are quasi co-owned with third parties, in contrast to cases where they are owned independently. Accordingly, there is a possibility that more time and expenses are required for acquisition and sale of such interests or that factors causing a decrease in prices will increase.

As stated above, even when other quasi co-owners are Kenedix, Inc. or investment corporations or other funds for which KIP or the Asset Manager (which is a subsidiary of Kenedix, Inc.) conducts asset management or provides advice, if the investment corporations or other funds have intentions that are different from KRR's, Kenedix, Inc., KIP or the Asset Manager may be influenced in effect by such intentions or bound by contractual or legal obligations in terms of the relationship with such other investment corporation or fund. Therefore, such restrictions and risks as stated above that exist when the real estate beneficiary interests in trust are quasi co-owned with third parties cannot necessarily be dissolved or mitigated.

3. Financial Statements

(1) Balance Sheets

(in thousands of yen)

		Sixth Fiscal Period (As of March 31, 2018)	Seventh Fiscal Period (As of September 30, 2018)
Assets			
Current assets			
Cash and deposits		7,179,463	7,582,764
Cash and deposits in trust		14,045,452	13,710,471
Operating accounts receivable		231,067	247,664
Prepaid expenses		51,788	151,397
Consumption taxes receivable		-	175,068
Other		4,255	4,618
Total current assets		21,512,027	21,871,984
Non-current assets			
Property, plant and equipment			
Buildings in trust		54,980,817	57,984,991
Accumulated depreciation		(4,053,797)	(4,955,253)
Buildings in trust, net	*1	50,927,020	53,029,737
Structures in trust		2,804,224	2,872,268
Accumulated depreciation		(249,855)	(304,244)
Structures in trust, net	*1	2,554,369	2,568,023
Machinery and equipment in trust		214,510	214,971
Accumulated depreciation		(22,623)	(28,383)
Machinery and equipment in trust, net		191,887	186,587
Tools, furniture and fixtures in trust		79,918	96,472
Accumulated depreciation		(20,383)	(26,501)
Tools, furniture and fixtures in trust, net	*1	59,534	69,971
Land in trust	*1	150,317,484	155,092,322
Construction in progress in trust		378	378
Total property, plant and equipment, net		204,050,675	210,947,020
Intangible assets			
Leasehold right in trust		4,324,719	4,320,740
Other		2,331	5,103
Total intangible assets		4,327,050	4,325,844
Investments and other assets			
Lease and guarantee deposits		10,000	10,000
Lease and guarantee deposits in trust		60,256	60,256
Long-term prepaid expenses		780,184	840,462
Long-term deposits		157,110	157,110
Other		19,879	142,159
Total investments and other assets		1,027,429	1,209,988
Total non-current assets		209,405,155	216,482,854
Deferred assets			
Organization costs		15,226	10,160
Investment corporation bond issuance costs		35,396	47,759
Investment unit issuance costs		139,404	77,413
Total deferred assets		190,027	135,333
Total assets		231,107,209	238,490,172

(in thousands of yen)

		Sixth Fiscal Period (As of March 31, 2018)	Seventh Fiscal Period (As of September 30, 2018)
Liabilities			
Current liabilities			
Operating accounts payable		646,507	1,118,827
Short-term loans payable		12,920,000	2,750,000
Current portion of long-term loans payable		5,650,000	12,000,000
Accounts payable-other		359,858	367,074
Accrued expenses		18,530	26,751
Income taxes payable		3,641	3,434
Accrued consumption taxes		312,160	52,088
Advances received		1,121,432	1,163,601
Deposits received		117,043	77,211
Total current liabilities		21,149,173	17,558,988
Non-current liabilities			
Investment corporation bonds		5,000,000	7,000,000
Long-term loans payable		75,530,000	84,350,000
Tenant leasehold and security deposits in trust	*1	12,788,402	12,797,802
Asset retirement obligations		23,629	23,778
Other		30,895	30,024
Total non-current liabilities		93,372,927	104,201,604
Total liabilities		114,522,100	121,760,593
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		3,175,962	3,198,151
Total surplus		3,175,962	3,198,151
Total unitholders' equity		116,565,229	116,587,418
Valuation and translation adjustments			
Deferred gains or losses on hedges		19,879	142,159
Total valuation and translation adjustments		19,879	142,159
Total net assets	*4	116,585,108	116,729,578
Total liabilities and net assets		231,107,209	238,490,172

(2) Statements of Income and Retained Earnings

(in thousands of yen)

		Sixth Fiscal Period (From October 1, 2017 to March 31, 2018)	Seventh Fiscal Period (From April 1, 2018 to September 30, 2018)
Operating revenues			
Rent revenue-real estate	*1	6,991,591	7,066,950
Other lease business revenue	*1	1,134,746	1,298,047
Gain on sale of real estate property	*2	-	212,130
Total operating revenues		8,126,338	8,577,129
Operating expenses			
Expenses related to rent business	*1	3,609,580	3,984,558
Asset management fees		628,807	638,549
Asset custody fees		9,411	9,463
Administrative service fees		29,713	29,733
Directors' compensation		4,500	4,500
Other operating expenses		76,233	93,385
Total operating expenses		4,358,245	4,760,189
Operating income		3,768,092	3,816,939
Non-operating income			
Interest income		63	61
Interest on refund		1,472	-
Total non-operating income		1,535	61
Non-operating expenses			
Interest expenses		398,485	434,188
Interest expenses on investment corporation bonds		12,634	18,540
Financing-related expenses		86,123	92,203
Amortization of organization costs		5,038	5,066
Amortization of investment corporation bond issuance costs		2,910	3,714
Amortization of investment unit issuance costs		84,780	61,990
Total non-operating expenses		589,972	615,704
Ordinary income		3,179,655	3,201,296
Income before income taxes		3,179,655	3,201,296
Income taxes			
Current		3,848	3,443
Total income taxes		3,848	3,443
Net income		3,175,807	3,197,852
Retained earnings brought forward		155	299
Unappropriated retained earnings		3,175,962	3,198,151

(3) Statements of Changes in Net Assets

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

Seventh Fiscal Period (From April 1, 2018 to September 30, 2018) (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	113,399,022	(9,754)	(9,754)	113,389,267	3,175,962	3,175,962	116,565,229
Changes of items during the period							
Dividends from surplus					△3,175,663	∆3,175,663	∆3,175,663
Net income					3,197,852	3,197,852	3,197,852
Net changes of items other than unitholder's equity							
Total changes of items during the period	-	-	-	-	22,188	22,188	22,188
Balance at the end of the period	*1 113,399,022	(9,754)	(9,754)	113,389,267	3,198,151	3,198,151	116,587,418

	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	19,879	19,879	116,585,108
Changes of items during the period			
Dividends from surplus			(3,175,663)
Net income			3,197,852
Net changes of items other than unitholder's equity	122,280	122,280	122,280
Total changes of items during the period	122,280	122,280	144,469
Balance at the end of the period	142,159	142,159	116,729,578

(4) Statements of Cash Distributions

(in yen)

	Sixth Fiscal Period (From October 1, 2017 to March 31, 2018)	Seventh Fiscal Period (From April 1, 2018 to September 30, 2018)
I. Retained earnings at the end of period	3,175,962,601	3,198,151,440
II. Total distributions	3,175,663,500	3,198,002,300
Distributions per unit	6,255	6,299
III. Retained earnings brought forward to the next period	299,101	149,140
Method of calculating distribution amount	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. 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.	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 ¥3,198,002,300 which is almost the entire amount of retained earnings as the distributions of earnings. Procedures for the distribution of amounts exceeding distributable income are outlined in Article 39-2 of KRR's Articles of Incorporation. In the seventh fiscal period, KRR has decided not to distribute cash in excess of distributable profit.

(5) Statements of Cash Flows

(in thousands of yen)

		Sixth Fiscal Period (From October 1, 2017 to March 31, 2018)	Seventh Fiscal Period (From April 1, 2018 to September 30, 2018)
Net cash provided by (used in) operating activities			
Income before income taxes		3,179,655	3,201,296
Depreciation and amortization		925,524	972,385
Amortization of organization costs		5,038	5,066
Amortization of investment corporation bond issuance costs		2,910	3,714
Amortization of investment unit issuance costs		84,780	61,990
Interest income		(63)	(61)
Interest expenses		411,119	452,729
Decrease (increase) in operating accounts receivable		18,765	(16,596)
Decrease (increase) in consumption taxes receivable		947,707	(175,068)
Decrease (increase) in prepaid expenses		84,586	(99,609)
Increase (decrease) in operating accounts payable		(324)	162,653
Increase (decrease) in accounts payable-other		18,937	7,007
Increase (decrease) in accrued consumption taxes		271,114	(260,071)
Increase (decrease) in advances received		16,792	42,169
Increase (decrease) in deposits received		(25,736)	(39,832)
Decrease (increase) in long-term prepaid expenses		28,740	(60,278)
Decrease in net property, plant and equipment held in trust due to sale		-	907,424
Other		14,532	(2,207)
Subtotal		5,984,080	5,162,711
Interest income received		63	61
Interest expenses paid		(410,726)	(444,535)
Income taxes paid		(2,910)	(3,650)
Net cash provided by (used in) operating activities		5,570,507	4,714,587
Net cash provided by (used in) investing activities			
Purchase of property, plant and equipment in trust		(1,471,805)	(8,461,827)
Purchase of intangible assets		-	(2,307)
Proceeds from investment securities		966	-
Repayments of tenant leasehold and security deposits in trust		(299,385)	(515,495)
Proceeds from tenant leasehold and security deposits in trust		154,494	524,895
Proceeds from restricted bank deposits in trust		215,676	215,676
Net cash provided by (used in) investing activities		(1,400,052)	(8,239,058)
Net cash provided by (used in) financing activities			
Increase in short-term loans payable		6,150,000	-
Decrease in short-term loans payable		(5,900,000)	(10,170,000)
Proceeds from long-term loans payable		4,800,000	15,170,000
Repayments of long-term loans payable		(3,850,000)	-
Proceeds from issuance of investment corporation bonds		-	1,983,922
Dividends paid		(3,103,480)	(3,175,454)
Net cash provided by (used in) financing activities		(1,903,480)	3,808,468
Net increase (decrease) in cash and cash equivalents		2,266,973	283,996
Cash and cash equivalents at the beginning of the period		16,851,851	19,118,825
Cash and cash equivalents at the end of the period	*1	19,118,825	19,402,822

(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: 2 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. There were no capitalized property-related taxes as of March 31, 2018. Capitalized property-related taxes amounted to 39,223 thousand yen as of September 30, 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	Sixth Fiscal Period As of March 31, 2018	Seventh Fiscal Period As of September 30, 2018
Buildings in trust	2,708,512	2,688,066
Structures in trust	49,172	47,581
Tools, furniture and fixtures in trust	2,058	1,757
Land in trust	7,811,297	7,811,297
Total	10,571,041	10,548,702

Secured liabilities	Sixth Fiscal Period As of March 31, 2018	Seventh Fiscal Period As of September 30, 2018
Tenant leasehold and security deposits in trust	2,800,594	2,577,920
Total	2,800,594	2,577,920

2. Commitment line contracts

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

(in thousands of yen)

	Sixth Fiscal Period As of March 31, 2018	Seventh Fiscal Period As of September 30, 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

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.

Seventh Fiscal Period (As of September 30, 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)

Sixth Fiscal Period As of March 31, 2018	Seventh Fiscal Period As of September 30, 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)

	Sixth Fiscal Period From October 1, 2017 to March 31, 2018	Seventh Fiscal Period From April 1, 2018 to September 30, 2018
A. Rental and other operating revenues:		
Rent revenue-real estate:		
Rental revenues	5,697,578	5,807,967
Rental revenues from limited proprietary rights of land	953,536	929,815
Common area charges	340,476	329,167
Subtotal	6,991,591	7,066,950
Other lease business revenue:		
Parking space rental revenues	201,155	204,954
Utility charge reimbursement	617,448	710,167
Miscellaneous	316,141	382,926
Subtotal	1,134,746	1,298,047
Total rental and other operating revenues	8,126,338	8,364,998
B. Property-related expenses:		
Expenses related to rent business:		
Property management fees and facility management fees	846,915	847,105
Utilities	597,633	682,433
Taxes	563,751	690,135
Repairs and maintenance	259,834	339,258
Insurance	13,954	13,191
Trust fees	22,153	22,846
Depreciation	925,078	971,850
Others	380,258	417,737
Total property-related expenses	3,609,580	3,984,558
C. Net operating income from real estate rental business (A-B)	4,516,757	4,380,440

* 2. Gain on sale of real estate property

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

Seventh Fiscal Period (From April 1, 2018 to September 30, 2018)

(in thousands of yen)

K's Denki Nakagawa Tomita (Land)	
Revenue from sale of real estate property	1,128,000
Cost of real estate property	907,424
Other sales expenses	8,444
Gain on sale of real estate property	212,130

(Notes to Statements of Changes in Net Assets)

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

	Sixth Fiscal Period From April 1, 2017 to March 31, 2018	Seventh Fiscal Period From April 1, 2018 to September 30, 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)

	Sixth Fiscal Period From October 1, 2017 to March 31, 2018	Seventh Fiscal Period From April 1, 2018 to September 30, 2018
Cash and deposits	7,179,463	7,582,764
Cash and deposits in trust	14,045,452	13,710,471
Restricted bank deposits in trust (Note)	(2,106,090)	(1,890,414)
Cash and cash equivalents	19,118,825	19,402,822

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)

	Sixth Fiscal Period As of March 31, 2018	Seventh Fiscal Period As of September 30, 2018
Due within 1 year	10,500	10,500
Due after 1 year	188,548	183,298
Total	199,048	193,798

Operating lease transactions (Lessor)

Future minimum lease income

(in thousands of yen)

	Sixth Fiscal Period As of March 31, 2018	Seventh Fiscal Period As of September 30, 2018
Due within 1 year	8,798,586	9,188,950
Due after 1 year	61,221,050	59,957,431
Total	70,019,637	69,146,381

(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 for loans payable and also have a redemption date of a maximum of 9 years and 7 months for investment corporation bonds as of September 30, 2018, the end of the seventh 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).

Sixth Fiscal Period
As of March 31, 2018

(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	-

Seventh Fiscal Period
As of September 30, 2018

(in thousands of yen)

	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	7,582,764	7,582,764	-
(2) Cash and deposits in trust	13,710,471	13,710,471	-
Total	21,293,236	21,293,236	-
(1) Short-term loans payable	2,750,000	2,750,000	-
(2) Current portion of long-term loans payable	12,000,000	11,985,151	(14,848)
(3) Investment corporation bonds	7,000,000	6,951,700	(48,300)
(4) Long-term loans payable	84,350,000	84,172,853	(177,146)
(5) Tenant leasehold and security deposits in trust	2,383,685	2,376,485	(7,199)
Total	108,483,685	108,236,191	(247,493)
Derivative transactions	142,159	142,159	-

Note 1: 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".

Note 2: Financial instruments whose fair values are extremely difficult to determine

(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.

(in thousands of yen)

Classification	Seventh Fiscal Period As of September 30, 2018
Tenant leasehold and security deposits in trust (*)	10,414,116
Total	10,414,116

(*) 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

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	-	-	-	-	-

Seventh Fiscal Period

(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	7,582,764	-	-	-	-	-
Cash and deposits in trust	13,710,471	-	-	-	-	-
Total	21,293,236	-	-	-	-	-

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

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

Seventh Fiscal Period
As of September 30, 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	2,750,000	-	-	-	-	-
Investment corporation bonds	-	-	-	2,000,000	-	5,000,000
Long-term loans payable	12,000,000	7,000,000	13,300,000	9,050,000	7,500,000	47,500,000
Tenant leasehold and security deposits in trust	435,430	435,430	435,430	435,430	13,995	96,798
Total	15,185,430	7,435,430	13,735,430	11,485,430	7,513,995	52,596,798

(Notes to Derivative Transactions)

(1) Transactions not subject to hedge accounting

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

(2) Transactions subject to hedge accounting

Sixth Fiscal Period
As of March 31, 2018

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)	Maturing after 1 year	Fair value (in thousands of yen)	Calculation method for applicable fair value
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" (Note 1) 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.)

Seventh Fiscal Period
As of September 30, 2018

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)	Maturing after 1 year	Fair value (in thousands of yen)	Calculation method for applicable fair value
Principle method	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	26,690,000	25,360,000	142,159	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	44,550,000	38,900,000	*	-
Total			71,240,000	64,260,000	142,159	

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

2. Affiliated companies and other
Sixth Fiscal Period (From October 1, 2017 to March 31, 2018) and Seventh Fiscal Period (From April 1, 2018 to September 30, 2018): Not applicable

3. Fellow subsidiary companies and other
Sixth Fiscal Period (From October 1, 2017 to March 31, 2018) and Seventh Fiscal Period (From April 1, 2018 to September 30, 2018): Not applicable

4. Directors, major individual unitholders and other
Sixth Fiscal Period (From October 1, 2017 to March 31, 2018) and Seventh Fiscal Period (From April 1, 2018 to September 30, 2018): Not applicable

(Notes to the Tax-Effect Accounting)

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

(in thousands of yen)

	Sixth Fiscal Period As of March 31, 2018	Seventh Fiscal Period As of September 30, 2018
Deferred tax assets:		
Enterprise tax payable	234	210
Amortization of leasehold right in trust	7,959	9,216
Depreciation	2,865	3,317
Asset retirement obligations	7,464	7,511
Subtotal deferred tax assets	18,524	20,256
Valuation allowance	(18,524)	(20,256)
Total deferred tax assets	-	-

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

(unit: %)

	Sixth Fiscal Period As of March 31, 2018	Seventh Fiscal Period As of September 30, 2018
Statutory tax rate	34.81	34.59
Deductible cash distributions	(34.77)	(34.55)
Others	0.08	0.07
Effective tax rate	0.12	0.11

(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)

	Sixth Fiscal Period From October 1, 2017 to March 31, 2018	Seventh Fiscal Period From April 1, 2018 to September 30, 2018
Balance at the beginning of the period	23,482	23,629
Accretion adjustment	147	148
Balance at the end of the period	23,629	23,778

(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)

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.

Seventh Fiscal Period (From April 1, 2018 to September 30, 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)

		Sixth Fiscal Period From October 1, 2017 to March 31, 2018	Seventh Fiscal Period From April 1, 2018 to September 30, 2018
Book value			
	Balance at the beginning of the period	207,771,218	208,376,323
	Changes during the period	605,105	6,894,504
	Balance at the end of the period	208,376,323	215,270,828
Fair value at the end of the period		220,765,000	229,504,000

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 sixth fiscal period, the principal increase was 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 and during the seventh fiscal period, the principal increase was the acquisitions of real estate trust beneficiary interests in 2 properties totaling 7,961,786 thousand yen and the principal decrease was depreciation amounting to 971,702 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 Solala Plaza as of September 30, 2018 is based on the sales price (5,980,000 thousand yen) under the trust beneficiary interest sales contracts entered into on November 14, 2018.

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)

	Sixth Fiscal Period From October 1, 2017 to March 31, 2018	Seventh Fiscal Period From April 1, 2018 to September 30, 2018
Net asset value per unit	229,633 yen	229,918 yen
Net income per unit	6,255 yen	6,298 yen

Note 1: 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.
Note 2: The basis for calculating net income per unit is as follows:

	Sixth Fiscal Period From October 1, 2017 to March 31, 2018	Seventh Fiscal Period From April 1, 2018 to September 30, 2018
Net income (in thousands of yen)	3,175,807	3,197,852
Net income not attributable to ordinary unitholders (in thousands of yen)	-	—
Net income attributable to ordinary unitholders (in thousands of yen)	3,175,807	3,197,852
Weighted average number of units during the period (units)	507,700	507,700

(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

At KRR's Second General Meeting of Unitholders held on June 15, 2018, Mai Ishiwatari resigned as supervisory director and Akiko Yamakawa was appointed as new supervisory director as of July 1, 2018. Furthermore, Akihiro Asano as executive director and Yoshitoshi Yasu as supervisory director were reappointed as of July 1, 2018. In addition, Koichiro Nobata was appointed as alternate executive director in order to avoid the case of having fewer directors than that designated by relevant regulatory requirements.

Appointed: Executive Director, Akihiro Asano (as of July 1, 2018)
Supervisory Director, Yoshitoshi Yasu (as of July 1, 2018)
Supervisory Director, Akiko Yamakawa (as of July 1, 2018)

(2) Resignation/ Appointment of the Director of KFM

Not applicable

5. Reference Information

(1) Component of Assets

Type of specified asset	Property type	Areas (Note 1)	Sixth fiscal period as of March 31, 2018		Seventh fiscal period as of September 30, 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	87,734	38.0	91,497	38.4
		Greater Osaka area	44,818	19.4	44,735	18.8
		Greater Nagoya area	22,085	9.6	21,142	8.9
		Fukuoka area	8,092	3.5	8,052	3.4
		Ordinance-designated cities, core cities and other areas	45,645	19.8	49,842	20.9
	Other retail properties	-	-	-	-	-
Total of trust beneficiary interests in real estate			208,376	90.2	215,270	90.3
Bank deposits and other assets			22,730	9.8	23,219	9.7
Total assets			231,107	100.0	238,490	100.0

	Sixth fiscal period as of March 31, 2018		Seventh fiscal period as of September 30, 2018	
	Amount (Millions of Yen)	Ratio (%) (Note 3)	Amount (Millions of Yen)	Ratio (%) (Note 3)
Total liabilities (Note 5)	114,522	49.6	121,760	51.1
Total net assets (Note 5)	116,585	50.4	116,729	48.9
Total assets	231,107	100.0	238,490	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: "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 September 30, 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	14,820	15,200	14,848	7.0
T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	Trust beneficiary interest in real estate	8,805	9,410	8,063	3.8
T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi ward, Tokyo	Trust beneficiary interest in real estate	5,792	6,710	5,850	2.7
T-4	Urban Station-Front SC	Daikanyama Address Dixsept	Shibuya ward, Tokyo	Trust beneficiary interest in real estate	5,400	6,370	5,390	2.5
T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	Trust beneficiary interest in real estate	4,384	5,050	4,470	2.1
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	Trust beneficiary interest in real estate	3,961	4,350	4,000	1.9
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	Trust beneficiary interest in real estate	3,576	3,840	3,600	1.7
T-8	SS	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	Trust beneficiary interest in real estate	2,516	2,760	2,586	1.2
T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	Trust beneficiary interest in real estate	4,890	5,510	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	1.4
T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	Trust beneficiary interest in real estate	1,726	1,770	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	741	792	760	0.4
T-15	NSC	Nakamachidai Tokyu Store	Yokohama, Kanagawa	Trust beneficiary interest in real estate	3,412	3,810	3,360	1.6
T-16	SS	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	Trust beneficiary interest in real estate	1,771	1,890	1,724	0.8
T-17	SM	Life Kameido	Koto ward, Tokyo	Trust beneficiary interest in real estate	1,494	1,520	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	3,431	3,510	3,416	1.6
T-20	NSC	Kawamachi Yahagi Mall	Chiba, Chiba	Trust beneficiary interest in real estate	3,113	3,210	3,097	1.5
T-21	SS	Prime Square Jiyugaoka	Meguro-ku, Tokyo	Trust beneficiary interest in real estate	2,990	2,830	2,820	1.3
T-22	SS	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	Trust beneficiary interest in real estate	1,886	1,970	1,880	0.9
T-23	SM	Ozeki Tokiwadai	Itabashi ward, Tokyo	Trust beneficiary interest in real estate	1,282	1,350	1,263	0.6
T-24	SS	Konami Sports Club Shibuya	Shibuya ward, Tokyo	Trust beneficiary interest in real estate	3,551	3,420	3,400	1.6
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	Trust beneficiary interest in real estate	8,318	9,370	8,389	3.9
O-2	SM	Life Takadono (Land)	Osaka, Osaka	Trust beneficiary interest in real estate	2,727	3,150	2,685	1.3
O-3	NSC	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	Trust beneficiary interest in real estate	2,130	2,470	2,140	1.0
O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	Trust beneficiary interest in real estate	11,449	11,500	11,000	5.2
O-5	Urban Station-Front SC	Carino Esaka	Suita, Osaka	Trust beneficiary interest in real estate	6,634	7,040	6,555	3.1
O-6	Urban Station-Front SC	COMBOX Komyoike	Izumi, Osaka	Trust beneficiary interest in real estate	6,338	6,790	6,450	3.0
O-7	SM	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	Trust beneficiary interest in real estate	1,312	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

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-9	SM	Life Nishi-Tengachaya	Osaka, Osaka	Trust beneficiary interest in real estate	1,553	1,690	1,505	0.7
O-10	NSC	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	Trust beneficiary interest in real estate	3,772	3,950	3,723	1.7
N-1	SS	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	2,351	2,700	2,311	1.1
N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	Trust beneficiary interest in real estate	2,158	2,330	2,174	1.0
N-4	SS	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	Trust beneficiary interest in real estate	7,045	7,290	7,140	3.4
N-5	SS	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	1,390	1,440	1,370	0.6
N-6	NSC	Resora Obu Shopping Terrace	Obu, Aichi	Trust beneficiary interest in real estate	8,196	7,950	7,911	3.7
F-1	SM	Sunny Noma	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	1,443	1,620	1,497	0.7
F-2	SS	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	5,037	5,500	5,020	2.4
F-3	NSC	Kurume-Nishi Shopping Center	Kurume, Fukuoka	Trust beneficiary interest in real estate	1,571	1,720	1,515	0.7
R-1	NSC	Roseo Mito	Mito, Ibaraki	Trust beneficiary interest in real estate	9,895	11,700	10,046	4.7
R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	Trust beneficiary interest in real estate	1,461	1,580	1,469	0.7
R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	Trust beneficiary interest in real estate	883	938	898	0.4
R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	Trust beneficiary interest in real estate	4,302	5,040	4,180	2.0
R-5	NSC	Yorktown Shinden-Higashi	Sendai, Miyagi	Trust beneficiary interest in real estate	3,289	3,340	3,252	1.5
R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	Trust beneficiary interest in real estate	846	876	830	0.4
R-7	Urban Station-Front SC	Solala Plaza	Sendai, Miyagi	Trust beneficiary interest in real estate	5,595	5,960	5,720	2.7
R-8	NSC	P-1 Plaza Tenno	Hamamatsu, Shizuoka	Trust beneficiary interest in real estate	4,154	4,350	4,010	1.9
R-9	NSC	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	Trust beneficiary interest in real estate	4,320	4,230	4,111	1.9
R-10	NSC	Sun Street Hamakita	Hamamatsu, Shizuoka	Trust beneficiary interest in real estate	10,714	11,160	10,746	5.0
R-11	SS	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	Trust beneficiary interest in real estate	4,378	4,410	4,210	2.0
Total					215,270	229,484	212,897	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).
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: "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 September 30, 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	74,400.60	96.6	39	1,070,467	2,709
T-2	MONA Shin-Urayasu	9,953.98	9,782.30	98.3	1(57)	637,175	599
T-3	Passaggio Nishiarai	10,528.25	10,384.55	98.6	1(41)	394,935	263
T-4	Daikanyama Address Dixsept	5,056.39	4,950.90	97.9	1(27)	362,157	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	3,238.80	81.0	1	- (Note 7)	- (Note 7)
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	3,512.55	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)
T-24	Konami Sports Club Shibuya	- (Note 7)	- (Note 7)	100.0	1	- (Note 7)	- (Note 7)
O-1	Blumer Maitamon	30,290.55	30,187.39	99.7	52	705,117	437
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	23,308.29	98.0	1(39)	656,372	832
O-5	Carino Esaka	7,540.58	7,504.90	99.5	1(30)	302,465	248
O-6	COMBOX Komyoike	25,530.44 (Note 8)	25,530.44	100.0	1	452,160 (Note 9)	411 (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	241

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)
O-10	Million Town Tsukaguchi (Land)	8,264.46	8,264.46	100.0	1	- (Note 7)	- (Note 7)
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-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	19,909.33	19,716.62	99.0	1(42)	456,893	316
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	269
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)	48,678.40 (Note 11)	99.3	1(53)	866,799 (Note 11)	499 (Note 11)
R-11	Costco Wholesale Sapporo Warehouse	24,006.16	24,006.16	100.0	1	- (Note 7)	- (Note 7)
Total		890,152.09	885,037.92	99.4	520	13,796,923	12,797

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 September 30, 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 September 30, 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 September 30, 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 September 30, 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 September 30, 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 September 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 September 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 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 (%)		
T-1	Fululu Garden Yachiyo	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2018	15,200	20,700	15,200	4.7	15,200	4.5	4.9	770	5.2
T-2	MONA Shin-Urayasu	Japan Real Estate Institute	Sep.30, 2018	9,410	6,980	9,440	4.9	9,370	4.6	5.1	511	6.3
T-3	Passaggio Nishiarai	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	6,710	9,160	6,810	4.3	6,670	4.1	4.5	301	5.1
T-4	Daikanyama Address Dixsept	Japan Real Estate Institute	Sep.30, 2018	6,370	5,440	6,500	3.4	6,240	3.2	3.6	226	4.2
T-5	Unicus Ina	Japan Real Estate Institute	Sep.30, 2018	5,050	3,970	5,090	4.8	5,000	4.5	5.0	250	5.6
T-6	Yorktown Kita-Kaname	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	4,350	2,440	4,390	4.9	4,330	4.7	5.1	215	5.4
T-7	Unicus Yoshikawa	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	3,840	4,660	3,900	4.7	3,820	4.5	4.9	185	5.2
T-8	Sports Club Renaissance Fujimidai	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	2,760	1,790	2,800	4.6	2,740	4.4	4.8	129	5.0
T-9	Super Viva Home Iwatsuki (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2018	5,510	-	-	-	5,510	(year 1-14) 4.6 (year 15-34.2) 4.6	-	206	4.3
T-10	K's Denki Shonan-Fujisawa (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2018	3,510	-	-	-	3,510	(year 1-9) 4.3 (year10-29.1) 4.3	-	159	5.0
T-11	Unicus Kamisato (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2018	3,050	-	-	-	3,050	(year 1-12) 4.6 (year 13-27) 4.7 (year 28-37) 4.8	-	138	4.6
T-12	Unicus Konosu (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2018	1,770	-	-	-	1,770	(year 1-12) 4.5 (year 13-27) 4.6 (year 28-37) 4.7	-	77	4.6
T-13	Inageya Yokohama Minamihonjuku (Land)	Japan Real Estate Institute	Sep.30, 2018	1,430	-	-	-	1,430	4.0	4.7	64	4.5
T-14	Gourmet City Chiba-Chuo	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	792	994	784	5.1	796	4.9	5.3	42	5.7
T-15	Nakamachidai Tokyu Store	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	3,810	2,760	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.	Sep.30, 2018	1,890	2,370	1,910	5.0	1,880	4.8	5.2	97	5.6
T-17	Life Kameido	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	1,520	1,970	1,530	4.2	1,510	3.9	4.4	65	4.5
T-18	Totsuka-Fukaya Shopping Center (Land)	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 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.	Sep.30, 2018	3,510	3,270	3,540	4.9	3,490	4.7	5.1	175	5.1
T-20	Kawamachi Yahagi Mall	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	3,210	3,370	3,270	4.8	3,180	4.6	5.0	158	5.1
T-21	Prime Sqyare Jiyugaoka	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	2,830	2,750	2,880	3.6	2,810	3.4	3.8	116	4.1
T-22	Round1 Ichikawa-Onitaka	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	1,970	3,280	1,960	4.8	1,970	4.6	5.0	97	5.2
T-23	Ozeki Tokiwadai	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	1,350	1,510	1,380	4.2	1,330	4.0	4.4	57	4.6
T-24	Konami Sports Club Shibuya	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2018	3,4220	3,700	3,500	3.8	3,380	3.9	4.0	137	4.0

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-1	Blumer Maitamon	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2018	9,370	8,960	9,370	5.3	9,370	5.4	5.5	505	6.0
O-2	Life Takadono (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2018	3,150	-	-	-	3,150	(year 1-6) 3.9 (year 7-17) 4.0 (year 18-36.8) 4.1	-	128	4.8
O-3	Piago Kahma Home Center Omihachiman	Japan Real Estate Institute	Sep.30, 2018	2,470	2,330	2,490	6.1	2,450	5.8	6.3	152	7.1
O-4	Blumer HAT Kobe	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	11,500	16,500	11,600	4.8	11,400	4.6	5.0	564	5.1
O-5	Carino Esaka	Japan Real Estate Institute	Sep.30, 2018	7,040	6,790	7,080	4.4	6,990	4.1	4.6	334	5.1
O-6	COMBOX Komyoike	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	6,790	7,670	6,960	5.2	6,710	4.8	5.3	385	6.0
O-7	Hankyu Oasis Hirakatadeguchi	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 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	Sep.30, 2018	488	-	-	-	488	4.0	4.7	21	4.5
O-9	Life Nishi-Tengachaya	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2018	1,690	1,650	1,710	4.6	1,680	4.7	4.8	78	5.2
O-10	Million Town Tsukaguchi (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2018	3,950	-	-	-	3,950	(year 1-17) 4.0 (year 18-37.4) 4.2	-	157	4.2
N-1	Kahma Home Center Nakagawa Tomita (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2018	2,700	-	-	-	2,700	(year 1-15) 4.3 (year 16-34.7) 4.4	-	116	5.0
N-2	Valor Ichinomiya-Nishi	Japan Real Estate Institute	Sep.30, 2018	2,330	1,830	2,340	5.1	2,310	4.8	5.3	129	6.0
N-4	Homecenter Kohnan Sunadabashi	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	7,290	7,330	7,420	4.8	7,240	4.6	5.0	367	5.1
N-5	K's Denki Shin-Moriyama (Land)	Japan Real Estate Institute	Sep.30, 2018	1,440	-	-	-	1,440	3.8	4.3	60	4.4
N-6	Resora Obu Shopping Terrace	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2018	7,950	7,610	8,230	4.9	7,830	5.0	5.1	412	5.2
F-1	Sunny Noma	Japan Real Estate Institute	Sep.30, 2018	1,620	1,460	1,660	4.7	1,580	4.5	5.1	80	5.4
F-2	Round1 Stadium Hakata-Hanmichibashi	Japan Real Estate Institute	Sep.30, 2018	5,500	5,040	5,530	5.2	5,460	4.9	5.4	287	5.7
F-3	Kurume-Nishi Shopping Center	Japan Real Estate Institute	Sep.30, 2018	1,720	1,500	1,730	5.1	1,710	4.8	5.3	92	6.1
R-1	Roseo Mito	Japan Real Estate Institute	Sep.30, 2018	11,700	9,300	11,800	5.0	11,600	4.7	5.2	598	6.0
R-2	K's Denki Aomori Honten	Japan Real Estate Institute	Sep.30, 2018	1,580	1,680	1,590	5.5	1,570	5.2	5.7	93	6.4
R-3	Super Sports Xebio Aomori-Chuo	Japan Real Estate Institute	Sep.30, 2018	938	850	944	5.5	932	5.2	5.7	57	6.4
R-4	Ashico Town Ashikaga	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	5,040	7,690	5,050	5.3 (Building) 5.0 (Land) (Note 3)	5,030	5.1 (Building) 5.0 (Land)	5.5 (Building)	268	6.4
R-5	Yorktown Shinden-Higashi	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	3,340	5,240	3,350	5.5	3,330	5.3	5.7	194	6.0
R-6	Kasumi Technopark Sakura	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	876	745	886	5.1	872	4.9	5.3	46	5.6
R-7	Solala Plaza	Japan Real Estate Institute	Sep.30, 2018	5,960	4,470	6,000	4.8	5,910	4.5	5.0	286	5.0
R-8	P-1 Plaza Tenno	Japan Real Estate Institute	Sep.30, 2018	4,350	4,350	4,380	5.1	4,310	4.8	5.3	230	5.8
R-9	Seiyu Rakuichi Moriya (Land)	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2018	4,230	-	4,270	4.3 (Note 4)	4,210	4.2	-	166	4.1
R-10	Sun Street Hamakita (Note 5)	Japan Real Estate Institute	Sep.30, 2018	11,160	9,820	12,500	5.4	12,200	5.1	5.7	629	5.9

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						
						Direct capitalization method		DCF method			Appraisal NOI (in millions) (Note 1)	
						Estimated value (in millions)	Capitalization rate (%)	Estimated value (in millions)	Discount rate (%)	Terminal capitalization rate (%)		
R-11	Costco Wholesale Sapporo Warehouse	Japan Real Estate Institute	Sep.30, 2018	4,410	3,560	4,440	4.5	4,370	4.2	4.7	203	4.8
Total/Average				229,484	198,365	205,704	-	229,198	-	-	11,287	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	-
T-24	Konami Sports Club Shibuya	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2018	83,179	-
O-1	Blumer Maitamon	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	211,954	-
O-2	Life 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)	-	-	-

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-1	Kahma Home Center Nakagawa Tomita (Land)	(Note 2)	-	-	-
N-2	Valor Ichinomiya-Nishi	HI International Consultant Co., Ltd.	Aug. 2014	177,790	2,690
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	224,228	-
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)
R-11	Costco Wholesale Sapporo Warehouse	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2018	80,309	3,175
Total				6,979,868	190,558

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 Sompo Risk Management & Health Care Inc. (currently, Sompo Risk Management 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 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
T-24	Konami Sports Club Shibuya	5.80
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-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

Property number	Property name	PML value in seismic review (%) (Note 1)
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
R-11	Costco Wholesale Sapporo Warehouse	1.32
	Portfolio PML value (Note 3)	2.14

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 41 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 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 March 2018.

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 Architechture, Tokyo Branch (Fululu Garden Yachiyo) Research Institute of Architechture,Tokyo Branch	(Ito Yokado Yachiyo) Research Institute of Architechture,Tokyo Branch (Fululu Garden Yachiyo) Research Institute of Architechture,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.
T-24	Konami Sports Club Shibuya	Institute of New Architecture Inc.	Institute of New Architecture Inc.	Okumura Corporation	Tokyo Prefecture
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-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

Property number	Property name	Architect	Structural engineer	Construction company	Construction confirmation authority
F-3	Kurume-Nishi Shopping Center	(M building / AB building) Fujita Corporation Kyusyu Branch First-Class Architect Office (C building) Zen Environmental Design First-Class Architect Office	(M building) Fujita Corporation Kyusyu Branch First-Class Architect Office (AB building) Fujita Corporation Kyusyu Branch First-Class Architect Office (C building) -	(M building) Fujita Corporation Kyushu Branch (AB building) Fujita Corporation Kyusyu Branch (C building) Fujita Corporation Kyusyu Branch	(M building) City of Kurume (AB building) 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 Biso 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) Entestsu 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)	-	-	-	-

Property number	Property name	Architect	Structural engineer	Construction company	Construction confirmation authority
R-10	Sun Street Hamakita	(Main building) Kajima Corporation Architectual Design Division (Mall building) Kajima Corporation Architectual Design Division (Colore building) FPC K.K. First-Class Architect Office (Wing building) Kajima Corporation Architectual Design Division	(Main building) Kajima Corporation 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	(Main building) Kajima Corporation Yokohama Branch (Mall building) Kajima Corporation Yokohama Branch (Colore building) Suzuyo Kensetsu (Wing building) Kajima Corporation Yokohama Branch	(Main building) The Building Center of Japan (Mall building) The Building Center of Japan (Colore building) Bureau Veritas Japan (Wing building) The Building Center of Japan
R-11	Costco Wholesale Sapporo Warehouse	Taisei Corporation First-Class Architect Office	Taisei Corporation First-Class Architect Office	Taisei Corporation Sapporo Branch	Sapporo City

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		53	212,897	100.0
	NSC (Neighborhood Shopping Centers)	23	108,825	51.1
	SM (Supermarkets)	9	12,712	6.0
	CSC Community shopping Centers)	1	14,848	7.0
	Urban Station-Front Shopping Centers	6	38,028	17.9
	SS (Specialty Store)	14	38,484	18.1
Other retail properties		-	-	-
Total		53	212,897	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	163,425	76.8
	Tokyo metropolitan area	24	90,273	42.4
	Greater Osaka area	10	44,214	20.8
	Greater Nagoya area	5	20,906	9.8
	Fukuoka area	3	8,032	3.8
Ordinance-designated cities, core cities and other areas		11	49,472	23.2
Total		53	212,897	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	4.3
5 years or more but less than 10 years	8	35,961	20.0
10 years or more	30	136,177	75.7
Total	41	179,914	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 September 30, 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	1,716	12.4
2 to less than 5 years	2,617	19.0
5 to less than 10 years	5,013	36.3
10 to less than 15 years	1,672	12.1
15 to less than 20 years	1,926	14.0
20 years or more	849	6.2
Total	13,796	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 September 30, 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 September 30, 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	70.8
Regular building lease	15.7
Commercial fixed-term land lease	13.5
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	84.6
Fixed rent with sales-linked rent	12.3
Sales-linked rent	3.1
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 September 30, 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 eighth fiscal period ending March 31, 2019. 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
O-1	Blumer Maitamon	Kobe, Hyogo	Rooftop waterproof	From October 2018 to March 2019	147	-	-
T-1	Fululu Garden Yachiyo	Yachiyo, Chiba	Toilet and partial exterior wall repair	From September 2018 to December 2018	145	-	-
O-5	Carino Esaka	Suita, Osaka	Automatic fire alarm replacement	From December 2018 to February 2019	69	-	-
T-5	Unicus Ina	Kobe, Hyogo	Solar panel installation	From October 2018 to March 2019	63	-	-
N-6	Resora Obu Shopping Terrace	Obu, Aichi	LED installation to common area	From October 2018 to March 2019	31	-	-

(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 806 million yen. There were also expenditures of 339 million yen that were recorded as repair expenses. In total, we spent 1,146 million yen on the projects.

Property number	Property name	Location	Purpose	Schedule	Capital expenditure (Millions of yen)
T-2	MONA Shin-Urayasu	Urayasu, Chiba	Second phase of renewal	From April 2018 to September 2018	303
T-21	Prime Square Jiyugaoka	Meguro-ku, Tokyo	Interior repair	From March 2018 to April 2018	69
T-5	Unicus Ina	Kitaadachi-gun, Saitama	Exterior wall repair	From May 2018 to August 2018	41
O-1	Blumer Maitamon	Kobe, Hyogo	LED installation to common area	From August 2018 to September 2018	40
O-4	Blumer HAT Kobe	Kobe, Hyogo	Changing of layout	From February 2018 to April 2018	37
Others					314
Total					806

(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 September 30, 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	11.8	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	4.5	- (Note 5)	- (Note 5)
Daiwaroyal Co., Ltd.	Real estate	COMBOX Komyoike	25,530.44	2.9	452,160	411
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 September 30, 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 September 30, 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 September 30, 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 September 30, 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) B Oct. 1, 2055 C Oct. 1, 2055 D Mar. 31, 2026	A Not Applicable (Note) B Not Applicable C Not Applicable D Not Applicable

Note: Based on Mall building's leasing contract.

【Reference】 Earnings Performance for the Individual Properties for the 7th Fiscal Period (April 1, 2018 to September 30, 2018): 183 days ※As of September 30, 2018

Location		Tokyo metropolitan area											
Property No.		T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	T-10	T-11	T-12
Property Name		Fululu Garden Yachiyo	MONA Shin-Urayasu	Passaggio Nishiarai	Daikanyama Address Dixsept	Unicus Ina	Yorktown Kita-Kaname	Unicus Yoshikawa	Sports Club Renaissance Fujimidai	Super Viva Home Iwatsuki (Land)	K's Denki Shonan-Fujisawa (Land)	Unicus Kamisato (Land)	Unicus Konosu (Land)
Acquisition Date		February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	October 2, 2015	October 2, 2015	October 2, 2015	October 2, 2015
Price Information	Acquisition price (In millions of yen)	14,848	8,063	5,850	5,390	4,470	4,000	3,600	2,586	4,815	3,169	3,000	1,700
	Percentage of total portfolio	7.0%	3.8%	2.7%	2.5%	2.1%	1.9%	1.7%	1.2%	2.3%	1.5%	1.4%	0.8%
	Net book value (In millions of yen)	14,820	8,805	5,792	5,400	4,384	3,961	3,576	2,516	4,890	3,210	3,043	1,726
	Appraisal value at the end of period (In millions of yen)	15,200	9,410	6,710	6,370	5,050	4,350	3,840	2,760	5,510	3,510	3,050	1,770
	Percentage of total appraisal value	6.6%	4.1%	2.9%	2.8%	2.2%	1.9%	1.7%	1.2%	2.4%	1.5%	1.3%	0.8%
Lease Information	Number of tenants	39	1 (57)	1 (41)	1 (27)	1	1	1 (11)	1	1	1	1	1
	Leasable floor area (㎡)	77,057.56	9,953.98	10,528.25	5,056.39	13,462.71	(Note)	10,648.27	3,120.87	67,325.95	15,578.58	67,854.47	19,329.00
	Leased floor area (㎡)	74,400.60	9,782.30	10,384.55	4,950.90	13,462.71		10,648.27	3,120.87	67,325.95	15,578.58	67,854.47	19,329.00
	Occupancy ratio												
	As of September 30, 2018	96.6%	98.3%	98.6%	97.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2018	98.8%	87.8%	98.6%	97.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of September 30, 2017	99.4%	95.9%	99.8%	97.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2017	98.2%	95.7%	98.1%	97.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of September 30, 2016	99.6%	95.6%	98.1%	98.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2016	99.4%	96.1%	98.3%	98.7%	100.0%	100.0%	99.2%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of September 30, 2015	99.5%	98.0%	98.3%	93.9%	100.0%	100.0%	100.0%	100.0%	—	—	—	—
Income and Retained Earnings Information	Operating periods	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days
	①Rental and other operating revenues (In thousands of yen)	736,208	471,516	321,871	279,896	139,608		134,236				72,610	41,507
	Rental revenues	611,243	310,998	210,802	187,001	139,501		130,633				72,610	41,507
	Other operating revenues	124,965	160,518	111,068	92,894	106		3,603				—	—
	②Property-related expenses (In thousands of yen)	378,189	414,807	171,640	144,548	20,988		44,275				6,243	4,596
	Property management fees	141,794	84,586	47,320	52,934	1,800		24,762				1,200	1,200
	Taxes	69,900	22,946	35,440	12,296	10,297	(Note)	14,219	(Note)	(Note)	(Note)	4,777	3,130
	Utilities	73,881	60,242	44,105	38,186	—		—				—	—
	Repairs and maintenance	43,666	135,528	3,658	5,369	8,070		4,608				—	—
	Insurance	1,620	517	469	262	295		214				—	—
	Trust fees and other expenses	47,326	110,986	40,646	35,500	524		469				266	266
	③NOI (=①-②) (In thousands of yen)	358,019	56,709	150,230	135,347	118,620	103,895	89,961	63,531	103,023	79,368	66,366	36,910
	④Depreciation (In thousands of yen)	89,994	57,338	32,480	16,614	31,296	20,882	15,650	15,098	—	—	—	—
	⑤Rental operating income (=③-④) (In thousands of yen)	268,024	△628	117,750	118,733	87,323	83,013	74,311	48,432	103,023	79,368	66,366	36,910
	⑥Capital expenditures (In thousands of yen)	46,827	349,530	700	10,895	44,563	—	837	—	—	—	—	—
	⑦NCF (=③-⑥) (In thousands of yen)	311,191	△292,821	149,530	124,452	74,056	103,895	89,124	63,531	103,023	79,368	66,366	36,910
Reference	Expense ratio (=②/①)	51.4%	88.0%	53.3%	51.6%	15.0%	11.5%	33.0%	12.3%	13.0%	6.4%	8.6%	11.1%
	Property tax for the year 2018 (In thousands of yen)	139,779	45,832	70,827	24,593	20,593	14,117	28,438	11,253	27,869	7,981	9,551	6,257
	Assets pledged as collateral	○	—	—	—	—	—	—	—	—	—	—	—

【Reference】 Earnings Performance for the Individual Properties for the 7th Fiscal Period (April 1, 2018 to September 30, 2018): 183 days ※As of September 30, 2018

Location		Tokyo metropolitan area											
Property No.		T-13	T-14	T-15	T-16	T-17	T-18	T-19	T-20	T-21	T-22	T-23	T-24
Property Name		Inageya Yokohama Minamihonjuku (Land)	Gourmet City Chiba-Chuo	Nakamachidai Tokyu Store	Central Wellness Club Nagatsuta Minamidai	Life Kameido	Totsuka-Fukaya Shopping Center (Land)	Yumemachi Narashinodai Mall	Kawamachi Yahagi Mall	Prime Square Jiyugaoka	Round1 Ichikawa-Onitaka	Ozeki Tokiwadai	Konami Sports Club Shibuya
Acquisition Date		October 2, 2015	October 2, 2015	April 21, 2016	April 20, 2016	April 21, 2016	April 19, 2017	April 19, 2017	May 18, 2017	April 19, 2017	April 19, 2017	February 13, 2018	April 27, 2018
Price Information	Acquisition price (In millions of yen)	1,442	760	3,360	1,724	1,450	4,170	3,416	3,097	2,820	1,880	1,263	3,400
	Percentage of total portfolio	0.7%	0.4%	1.6%	0.8%	0.7%	2.0%	1.6%	1.5%	1.3%	0.9%	0.6%	1.6%
	Net book value (In millions of yen)	1,462	741	3,412	1,771	1,494	4,228	3,431	3,113	2,990	1,886	1,282	3,551
	Appraisal value at the end of period (In millions of yen)	1,430	792	3,810	1,890	1,520	4,310	3,510	3,210	2,830	1,970	1,350	3,420
	Percentage of total appraisal value	0.6%	0.3%	1.7%	0.8%	0.7%	1.9%	1.5%	1.4%	1.2%	0.9%	0.6%	1.5%
Lease Information	Number of tenants	1	1	1	1	1	2	1（14）	1（12）	2	1	1	1
	Leasable floor area (㎡)	4,405.41	3,488.77	5,968.71	3,996.70	2,929.58	14,092.51	7,827.96	6,397.05	3,512.55	11,963.61	1,217.02	(Note)
	Leased floor area (㎡)	4,405.41	3,488.77	5,968.71	3,238.80	2,929.58	14,092.51	7,827.96	6,397.05	3,512.55	11,963.61	1,217.02	
	Occupancy ratio												
	As of September 30, 2018	100.0%	100.0%	100.0%	81.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2018	100.0%	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%	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%	100.0%	100.0%	100.0%	—	—	—	—	—	—	—
	As of September 30, 2016	100.0%	100.0%	100.0%	100.0%	100.0%	—	—	—	—	—	—	—
	As of March 31, 2016	100.0%	100.0%	—	—	—	—	—	—	—	—	—	—
	As of September 30, 2015	—	—	—	—	—	—	—	—	—	—	—	—
Income and Retained Earnings Information	Operating periods	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days	157days
	①Rental and other operating revenues (In thousands of yen)	(Note)	(Note)	(Note)	59,241	(Note)	(Note)	144,003	119,781	(Note)	(Note)	(Note)	(Note)
	Rental revenues				52,620			115,357	96,552				
	Other operating revenues				6,621			28,645	23,228				
	②Property-related expenses (In thousands of yen)				11,054			55,814	39,528				
	Property management fees				3,978			11,704	8,936				
	Taxes				6,162			12,038	9,863				
	Utilities				300			29,578	18,427				
	Repairs and maintenance				75			1,045	1,413				
	Insurance				122			165	130				
	Trust fees and other expenses				416			1,282	758				
	③NOI（=①-②） (In thousands of yen)	31,851	17,596	87,989	48,187	26,175	95,246	88,188	80,252	54,420	49,052	30,239	66,994
	④Depreciation (In thousands of yen)	—	9,805	20,332	7,745	3,125	—	14,183	8,913	9,149	10,888	2,301	6,476
	⑤Rental operating income（=③-④）(In thousands of yen)	31,851	7,791	67,657	40,441	23,049	95,246	74,005	71,339	45,270	38,164	27,938	60,518
	⑥Capital expenditures (In thousands of yen)	—	—	—	—	33,563	—	2,645	—	83,295	—	—	—
	⑦NCF（=③-⑥） (In thousands of yen)	31,851	17,596	87,989	48,187	△7,388	95,246	85,543	80,252	△28,875	49,052	30,239	66,994
Reference	Expense ratio（=②／①）	11.4%	51.2%	26.1%	18.7%	33.1%	6.3%	38.8%	33.0%	19.8%	23.2%	9.3%	4.4%
	Property tax for the year 2018 (In thousands of yen)	5,284	11,350	14,365	12,320	8,661	9,874	24,076	19,722	12,899	20,315	5,887	20,418
	Assets pledged as collateral	—	—	—	—	—	—	—	—	—	—	—	—

【Reference】 Earnings Performance for the Individual Properties for the 7th Fiscal Period (April 1, 2018 to September 30, 2018): 183 days ※As of September 30, 2018

Location		Greater Osaka area										Greater Nagoya area	
Property No.		O-1	O-2	O-3	O-4	O-5	O-6	O-7	O-8	O-9	O-10	N-1	N-2
Property Name		Blumer Maitamon	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
Acquisition Date		February 10, 2015	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
Price Information	Acquisition price (In millions of yen)	8,389	2,685	2,140	11,000	6,555	6,450	1,280	487	1,505	3,723	2,311	2,174
	Percentage of total portfolio	3.9%	1.3%	1.0%	5.2%	3.1%	3.0%	0.6%	0.2%	0.7%	1.7%	1.1%	1.0%
	Net book value (In millions of yen)	8,318	2,727	2,130	11,449	6,634	6,338	1,312	497	1,553	3,772	2,351	2,158
	Appraisal value at the end of period (In millions of yen)	9,370	3,150	2,470	11,500	7,040	6,790	1,330	488	1,690	3,950	2,700	2,330
	Percentage of total appraisal value	4.1%	1.4%	1.1%	5.0%	3.1%	3.0%	0.6%	0.2%	0.7%	1.7%	1.2%	1.0%
Lease Information	Number of tenants	52	1	2	1 (39)	1 (30)	1	1	1	1	1	1	1
	Leasable floor area (㎡)	30,290.55	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
	Leased floor area (㎡)	30,187.39	4,437.07	14,313.00	23,308.29	7,504.90	25,530.44	2,960.38	3,033.45	2,679.52	8,264.46		9,447.48
	Occupancy ratio												
	As of September 30, 2018	99.7%	100.0%	100.0%	98.0%	99.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2018	98.4%	100.0%	100.0%	97.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of September 30, 2017	98.2%	100.0%	100.0%	98.7%	97.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2017	99.2%	100.0%	100.0%	99.1%	97.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of September 30, 2016	99.1%	100.0%	100.0%	99.1%	99.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2016	99.5%	100.0%	100.0%	98.7%	99.1%	100.0%	100.0%	100.0%	100.0%	—	100.0%	100.0%
	As of September 30, 2015	99.5%	100.0%	100.0%	99.5%	—	—	—	—	—	—	100.0%	100.0%
Income and Retained Earnings Information	Operating periods	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days
	①Rental and other operating revenues (In thousands of yen)	502,328	(Note)	(Note)	529,242	311,764	226,105	(Note)	(Note)	44,870	(Note)	(Note)	(Note)
	Rental revenues	361,051			351,518	201,156	226,105			44,870			
	Other operating revenues	141,276			177,723	110,607	—			—			
	②Property-related expenses (In thousands of yen)	239,628			234,091	118,437	33,166			5,592			
	Property management fees	62,820			68,162	42,190	1,800			1,800			
	Taxes	41,717			47,846	24,643	30,341			3,334			
	Utilities	79,072			77,881	40,803	—			—			
	Repairs and maintenance	17,365			17,851	7,675	—			—			
	Insurance	685			805	623	611			48			
	Trust fees and other expenses	37,966			21,543	2,502	414			410			
	③NOI (=①-②) (In thousands of yen)	262,699	63,877	72,501	295,151	193,326	192,938	37,281	10,696	39,277	78,701	58,756	57,593
	④Depreciation (In thousands of yen)	51,534	—	10,673	55,398	33,200	32,894	5,287	—	4,682	—	—	14,942
	⑤Rental operating income (=③-④) (In thousands of yen)	211,165	63,877	61,827	239,753	160,125	160,043	31,993	10,696	34,595	78,701	58,756	42,650
	⑥Capital expenditures (In thousands of yen)	53,775	—	—	49,570	3,320	—	3,327	—	—	—	—	19,533
	⑦NCF (=③-⑥) (In thousands of yen)	208,924	63,877	72,501	245,581	190,005	192,938	33,954	10,696	39,277	78,701	58,756	38,060
Reference	Expense ratio (=②/①)	47.7%	7.1%	22.7%	44.2%	38.0%	14.7%	14.3%	19.0%	12.5%	12.6%	10.0%	27.0%
	Property tax for the year 2018 (In thousands of yen)	83,408	6,806	28,830	95,692	49,285	60,675	7,720	2,072	6,667	19,665	10,161	19,415
	Assets pledged as collateral	—	—	○	—	—	—	—	—	○	—	—	—

【Reference】 Earnings Performance for the Individual Properties for the 7th Fiscal Period (April 1, 2018 to September 30, 2018): 183 days ※As of September 30, 2018

Location		Greater Nagoya area			Fukuoka area			Ordinance-designated cities, core cities and other areas					
Property No.		N-4	N-5	N-6	F-1	F-2	F-3	R-1	R-2	R-3	R-4	R-5	R-6
Property Name		Homecenter Kohnan Sunadabashi	K's Denki Shin-Moriyama (Land)	Resora Obu Shopping Terrace	Sunny Noma	Round1 Stadium Hakata-Hanmichibashi	Kurume-Nishi Shopping Center	Roseo Mito	K's Denki Aomori Honten	Super Sports Xebio Aomori-Chuo	Ashico Town Ashikaga	Yorktown Shinden-Higashi	Kasumi Technopark Sakura
Acquisition Date		April 21, 2016	November 1, 2016	August 1, 2017	February 10, 2015	April 19, 2017	April 19, 2017	February 10, 2015	February 10, 2015	February 10, 2015	October 2, 2015	October 2, 2015	October 2, 2015
Price Information	Acquisition price (In millions of yen)	7,140	1,370	7,911	1,497	5,020	1,515	10,046	1,469	898	4,180	3,252	830
	Percentage of total portfolio	3.4%	0.6%	3.7%	0.7%	2.4%	0.7%	4.7%	0.7%	0.4%	2.0%	1.5%	0.4%
	Net book value (In millions of yen)	7,045	1,390	8,196	1,443	5,037	1,571	9,895	1,461	883	4,302	3,289	846
	Appraisal value at the end of period (In millions of yen)	7,290	1,440	7,950	1,620	5,500	1,720	11,700	1,580	938	5,040	3,340	876
	Percentage of total appraisal value	3.2%	0.6%	3.5%	0.7%	2.4%	0.7%	5.1%	0.7%	0.4%	2.2%	1.5%	0.4%
Lease Information	Number of tenants	1	1	1 (42)	1	1	4	1 (22)	1	1	1 (29)	2	1
	Leasable floor area (㎡)	20,329.07	(Note)	19,909.33	2,814.67	28,026.61	4,641.10	48,296.15	10,083.41	(Note)	65,616.31	12,768.77	2,047.65
	Leased floor area (㎡)	20,329.07		19,716.62	2,814.67	28,026.61	4,641.10	48,161.79	10,083.41		65,616.31	12,768.77	2,047.65
	Occupancy ratio												
	As of September 30, 2018	100.0%	100.0%	99.0%	100.0%	100.0%	100.0%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2018	100.0%	100.0%	99.2%	100.0%	100.0%	100.0%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of September 30, 2017	100.0%	100.0%	99.4%	100.0%	100.0%	100.0%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2017	100.0%	100.0%	—	100.0%	—	—	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of September 30, 2016	100.0%	—	—	100.0%	—	—	99.7%	100.0%	100.0%	99.1%	100.0%	100.0%
	As of March 31, 2016	—	—	—	100.0%	—	—	100.0%	100.0%	100.0%	99.1%	100.0%	100.0%
	As of September 30, 2015	—	—	—	100.0%	—	—	100.0%	100.0%	100.0%	—	—	—
Income and Retained Earnings Information	Operating periods	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days
	①Rental and other operating revenues (In thousands of yen)	(Note)	(Note)	317,478	(Note)	(Note)	52,384	383,129	(Note)	(Note)	286,958	(Note)	(Note)
	Rental revenues			242,565			52,308	345,653			209,098		
	Other operating revenues			74,913			75	37,475			77,859		
	②Property-related expenses (In thousands of yen)			153,857			6,214	93,318			153,147		
	Property management fees			38,437			1,864	19,334			40,530		
	Taxes			26,710			3,494	26,938			24,997		
	Utilities			52,602			—	30,543			64,993		
	Repairs and maintenance			19,215			264	14,483			11,310		
	Insurance			530			73	607			579		
	Trust fees and other expenses			16,360			518	1,411			10,735		
	③NOI (=①-②) (In thousands of yen)	180,346	29,991	163,621	40,201	143,826	46,169	289,811	46,219	28,215	133,810	99,848	22,860
	④Depreciation (In thousands of yen)	40,576	—	47,659	14,232	22,077	5,637	47,211	6,365	4,894	29,642	13,674	2,659
	⑤Rental operating income (=③-④) (In thousands of yen)	139,769	29,991	115,962	25,969	121,749	40,532	242,599	39,854	23,320	104,168	86,174	20,200
	⑥Capital expenditures (In thousands of yen)	—	—	48,206	—	2,093	302	5,243	—	—	9,388	1,197	—
	⑦NCF (=③-⑥) (In thousands of yen)	180,346	29,991	115,414	40,201	141,733	45,866	284,568	46,219	28,215	124,421	98,651	22,860
Reference	Expense ratio (=②/①)	11.5%	10.7%	48.5%	22.3%	12.5%	11.9%	24.4%	16.9%	16.2%	53.4%	35.1%	18.9%
	Property tax for the year 2018 (In thousands of yen)	40,411	4,296	53,418	7,569	35,556	6,988	53,876	14,024	6,299	49,986	31,212	3,765
	Assets pledged as collateral	—	—	—	—	—	—	—	—	—	—	—	—

【Reference】 Earnings Performance for the Individual Properties for the 7th Fiscal Period (April 1, 2018 to September 30, 2018): 183 days ※As of September 30, 2018

Location		Ordinance-designated cities, core cities and other areas					Total of 53 Properties
Property No.		R-7	R-8	R-9	R-10	R-11	
Property Name		Solala Plaza	P-1 Plaza Tenno	Seiyu Rakuichi Moriya (Land)	Sun Street Hamakita	Costco Wholesale Sapporo Warehouse	
Acquisition Date		April 21, 2016	April 22, 2016	January 31, 2017	April 27, 2017	May 31, 2018	
Price Information	Acquisition price (In millions of yen)	5,720	4,010	4,111	10,746	4,210	212,897
	Percentage of total portfolio	2.7%	1.9%	1.9%	5.0%	2.0%	100.0%
	Net book value (In millions of yen)	5,595	4,154	4,320	10,714	4,378	215,270
	Appraisal value at the end of period (In millions of yen)	5,960	4,350	4,230	11,160	4,410	229,484
	Percentage of total appraisal value	2.6%	1.9%	1.8%	4.9%	1.9%	100.0%
Lease Information	Number of tenants	1	7	1	1 (53)	1	520
	Leasable floor area (㎡)	(Note)	12,030.83	(Note)	49,023.34	24,006.16	890,152.09
	Leased floor area (㎡)		12,030.83		48,678.40	24,006.16	885,037.92
	Occupancy ratio						
	As of September 30, 2018	100.0%	100.0%	100.0%	99.3%	100.0%	99.4%
	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%	—	99.5%
	As of March 31, 2017	100.0%	100.0%	100.0%	—	—	99.6%
	As of September 30, 2016	100.0%	100.0%	—	—	—	99.6%
	As of March 31, 2016	—	—	—	—	—	99.7%
	As of September 30, 2015	—	—	—	—	—	99.6%
Income and Retained Earnings Information	Operating periods	183days	183days	183days	183days	123days	179days
	①Rental and other operating revenues (In thousands of yen)	(Note)	136,697	(Note)	533,941	(Note)	8,361,184
	Rental revenues		135,630		437,771		7,063,137
	Other operating revenues		1,067		96,170		1,298,047
	②Property-related expenses (In thousands of yen)		19,658		232,837		3,011,213
	Property management fees		3,124		66,550		846,932
	Taxes		14,643		25,482		688,860
	Utilities		244		51,137		682,433
	Repairs and maintenance		869		15,831		339,258
	Insurance		353		818		13,191
	Trust fees and other expenses		423		73,016		440,537
	③NOI (=①-②) (In thousands of yen)	143,132	117,039	82,979	301,103	79,813	5,349,971
	④Depreciation (In thousands of yen)	43,143	16,113	—	69,864	27,207	971,850
	⑤Rental operating income (=③-④) (In thousands of yen)	99,989	100,925	82,979	231,238	52,605	4,378,120
	⑥Capital expenditures (In thousands of yen)	5,582	15,605	—	15,878	920	806,803
	⑦NCF (=③-⑥) (In thousands of yen)	137,550	101,433	82,979	285,225	78,893	4,543,168
Reference	Expense ratio (=②／①)	28.5%	14.4%	13.3%	43.6%	2.1%	36.0%
	Property tax for the year 2018 (In thousands of yen)	30,958	29,285	22,483	50,947	34,123	1,437,879
	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】

Earnings Performance for the Individual Properties for the 7th Fiscal Period (April 1, 2018 to September 30, 2018): 183 days ※As of September 30, 2018

Location		Greater Nagoya area	Total of 1 Property Sold	Total of 54 Properties
Property No.		N-3 (Note 2)		
Property Name		K's Denki Nakagawa Tomita (Land)		
Acquisition Date		February 10, 2015		
Price Information	Acquisition price (In millions of yen)	889	889	213,786
	Percentage of total portfolio	100.0%	100.0%	—
	Revenue from sale of real estate property (In millions of yen)	1,128	1,128	—
	Cost of real estate property (In millions of yen)	907	907	—
	Gain on sale of real estate property (In millions of yen)	212	212	—
Lease Information	Number of tenants	—	—	—
	Leasable floor area (㎡)	—	—	—
	Leased floor area (㎡)	—	—	—
	Occupancy ratio			
	As of September 30, 2018	—	—	—
	As of March 31, 2018	100.0%	—	—
	As of September 30, 2017	100.0%	—	—
	As of March 31, 2017	100.0%	—	—
	As of September 30, 2016	100.0%	—	—
	As of March 31, 2016	100.0%	—	—
	As of September 30, 2015	100.0%	—	—
Income and Retained Earnings Information	Operating periods	26days	26days	178days *Total: Cost-weighted average operating period (days)
	①Rental and other operating revenues (In thousands of yen)	(Note 1)	(Note 1)	8,364,998
	Rental revenues			7,066,950
	Other operating revenues			1,298,047
	②Property-related expenses (In thousands of yen)			3,012,707
	Property management fees			847,105
	Taxes			690,135
	Utilities			682,433
	Repairs and maintenance			339,258
	Insurance			13,191
	Trust fees and other expenses			440,583
	③NOI (=①-②) (In thousands of yen)	2,319	2,319	5,352,290
	④Depreciation (In thousands of yen)	—	—	971,850
	⑤Rental operating income (=③-④) (In thousands of yen)	2,319	2,319	4,380,440
	⑥Capital expenditures (In thousands of yen)	—	—	806,803
	⑦NCF (=③-⑥) (In thousands of yen)	2,319	2,319	4,545,487
Reference	Expense ratio (=②／①)	39.2%	39.2%	36.0%
	Property tax for the year 2018 (In thousands of yen)	4,005	4,005	1,441,884
	Assets pledged as collateral	—		

Note 1:We have not obtained consent from the tenant(s) to release this information.

Note 2:K's Denki NakagawaTomita (Land) (N-3) was sold on April 27, 2018

(Reference) Borrowings

Borrowings as of September 30, 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	900,000	-	900,000	-	0.455	April 19, 2018	(Note 4)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.	300,000	-	300,000	-				
	Sumitomo Mitsui Banking Corporation	2,600,000	-	2,600,000	-	0.455	April 21, 2018		
	MUFG Bank, Ltd.	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	-				
	MUFG Bank, Ltd.	200,000	-	200,000	-				
	Sumitomo Mitsui Banking Corporation (Note 7)	3,400,000	-	3,400,000	-	0.455	September 30, 2018		
	Sumitomo Mitsui Banking Corporation	2,750,000	-	-	2,750,000	0.456	February 13, 2019		
	Sub Total	12,920,000	-	10,170,000	2,750,000				
Current Portion of Long-Term Loans Payable	MUFG Bank, Ltd.	750,000	-	-	750,000	0.534	March 31, 2019	(Note 4)	Unsecured/ Unguaranteed
	Aozora Bank, Ltd.	500,000	-	-	500,000				
	Mizuho Bank, Ltd.	400,000	-	-	400,000				
	Sumitomo Mitsui Trust Bank, Ltd.	200,000	-	-	200,000				
	Resona Bank, Ltd.	200,000	-	-	200,000				
	The Musashino Bank, Ltd.	150,000	-	-	150,000				
	Sumitomo Mitsui Banking Corporation	1,850,000	-	-	1,850,000	0.545	March 31, 2019		
	MUFG Bank, Ltd.	550,000	-	-	550,000				
	Sumitomo Mitsui Trust Bank, Ltd.	500,000	-	-	500,000				
	Resona Bank, Ltd.	300,000	-	-	300,000				
	The Musashino Bank, Ltd.	250,000	-	-	250,000				
	Mizuho Bank, Ltd. (Note 6)	710,000	-	-	710,000	0.368	September 30, 2019		
	Sumitomo Mitsui Trust Bank, Ltd. (Note 6)	620,000	-	-	620,000				
	Mizuho Trust & Banking Co., Ltd. (Note 6)	350,000	-	-	350,000	0.481	August 31, 2019		
	Aozora Bank, Ltd. (Note 6)	250,000	-	-	250,000				
	Resona Bank, Ltd. (Note 6)	250,000	-	-	250,000				
	Sumitomo Mitsui Trust Bank, Ltd. (Note 6)	200,000	-	-	200,000				
	Mizuho Bank, Ltd.	-	300,000	-	300,000	0.481	August 31, 2019		
	MUFG Bank, Ltd.	-	1,270,000	-	1,270,000	0.481	August 31, 2019		
	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				
	Sumitomo Mitsui Banking Corporation	-	700,000	-	700,000	0.465	September 30, 2019		
	Sub Total	8,030,000	3,970,000	-	12,000,000				
Long-Term Loans Payable	Sumitomo Mitsui Banking Corporation	2,400,000	-	-	2,400,000	0.751	February 10, 2020	(Note 4)	Unsecured/ Unguaranteed
	MUFG Bank, Ltd.	800,000	-	-	800,000				
	MUFG Bank, Ltd.	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		
	MUFG Bank, Ltd.	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		
	MUFG Bank, Ltd.	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				
	Development Bank of Japan Inc. (Note 5)	1,500,000	-	-	1,500,000	0.925	February 10, 2021		

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	Development Bank of Japan Inc. (Note 5)	1,600,000	-	-	1,600,000	1.033	February 10, 2022	(Note 4)	Unsecured/ Unguaranteed
	Sumitomo Mitsui Banking Corporation	4,600,000	-	-	4,600,000	1.366	April 16, 2025		
	MUFG Bank, Ltd.	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				
	MUFG Bank, Ltd.	400,000	-	-	400,000				
	Development Bank of Japan Inc. (Note 5)	1,500,000	-	-	1,500,000	0.994	March 31, 2023		
	MUFG Bank, Ltd.	450,000	-	-	450,000	0.987	March 31, 2023		
	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				
	MUFG Bank, Ltd.	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		
	MUFG Bank, Ltd.	400,000	-	-	400,000				
	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		
	MUFG Bank, Ltd.	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			
	Sumitomo Mitsui Banking Corporation	2,600,000	-	-	2,600,000	0.485	January 31, 2027		
	Aozora Bank, Ltd.	500,000	-	-	500,000				
	MUFG Bank, Ltd.	400,000	-	-	400,000				
	Sumitomo Mitsui Trust Bank, Ltd.	300,000	-	-	300,000				
	Resona Bank, Ltd.	300,000	-	-	300,000				
	MUFG Bank, Ltd. (Note 5)	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	October 31, 2024		
	Sumitomo Mitsui Trust Bank, Ltd.	400,000	-	-	400,000				
	Aozora Bank, Ltd.	400,000	-	-	400,000				
	Resona Bank, Ltd.	300,000	-	-	300,000				
	MUFG Bank, Ltd. (Note 5)	600,000	-	-	600,000	0.696	October 31, 2024		
	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			
	MUFG Bank, Ltd. (Note 5)	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			
	MUFG Bank, Ltd. (Note 5)	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		
	MUFG Bank, Ltd. (Note 5)	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		
	MUFG Bank, Ltd. (Note 5)	1,200,000	-	-	1,200,000	1.000	February 10, 2028		
	MUFG Bank, Ltd	1,250,000	-	-	1,250,000	0.603	August 31, 2022		
	Mizuho Bank, Ltd.	800,000	-	-	800,000				
	Sumitomo Mitsui Banking Corporation	-	900,000	-	900,000	0.988	April 30, 2027		

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	Sumitomo Mitsui Banking Corporation	-	2,600,000	-	2,600,000	0.985	April 30, 2027	(Note 4)	Unsecured/ Unguaranteed
	Sumitomo Mitsui Banking Corporation	-	2,000,000	-	2,000,000	0.902	April 30, 2026		
	Mizuho Bank, Ltd.	-	1,000,000	-	1,000,000	1.090	April 30, 2028		
	The Bank of Fukuoka, Ltd.	-	1,000,000	-	1,000,000	0.907	May 31, 2026		
	Sumitomo Mitsui Banking Corporation	-	1,500,000	-	1,500,000	0.999	May 31, 2027		
	MUFG Bank, Ltd. (Note 5)	-	500,000	-	500,000	0.900			
	Mizuho Bank, Ltd.	-	500,000	-	500,000	0.999			
	Mizuho Trust & Banking Co., Ltd.	-	500,000	-	500,000	0.999			
	Nippon Life Insurance Company	-	700,000	-	700,000	0.913	March 31, 2025		
	Sub Total	73,150,000	11,200,000	-	84,350,000				
Total		94,100,000	15,170,000	10,170,000	99,100,000				

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: Partial prepayment of 2,000,000 thousand yen was made on April 27, 2018.