

## Translation of Japanese Original

**FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019 (REIT)**  
**(April 1, 2019 to September 30, 2019)**

November 15, 2019

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/>)

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Preparing presentation material: Yes

Hold a financial brief meeting: Yes (for analysts and institutional investors)

**1. PERFORMANCE FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2019 (April 1, 2019 to September 30, 2019)****(1) Business Results**

(Amounts are rounded down to the nearest million yen)

(Percentages show period-on-period changes)

Fiscal period ended	Operating revenues		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2019	8,609	2.3	3,879	-0.1	3,288	0.1	3,287	0.1
March 31, 2019	8,415	-1.9	3,884	1.8	3,284	2.6	3,283	2.7

Fiscal period ended	Net income per unit	Return on net assets	Ordinary income to total assets	Ordinary income to operating revenues
	Yen	%	%	%
September 30, 2019	6,476	2.8	1.4	38.2
March 31, 2019	6,467	2.8	1.4	39.0

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

**(2) Distribution**

Fiscal period ended	Distributions per unit (including excess of earnings)	Distributions per unit (excluding excess of earnings)	Distributions in excess of earnings per unit	Total distributions (including excess of earnings)	Total distributions (excluding excess of earnings)	Total distributions in excess of earnings	Payout ratio	Distribution ratio to net assets
	Yen	Yen	Yen	Millions of Yen	Millions of Yen	Millions of Yen		
September 30, 2019	6,486	6,242	244	3,292	3,169	123	96.4	2.7
March 31, 2019	6,477	6,138	339	3,288	3,116	172	94.9	2.7

Note 1: Total distributions in excess of earnings account for the distributions in regard to the allowance for temporary adjustment. There is no distribution by decreasing unitholders' capital on taxation. Please refer to “iv) Results of Operations” on page 3 for the distribution in excess of earnings.

Note 2: The payout ratio is 100.1% for the fiscal period ended March 31, 2019 and 100.2% for the fiscal period ended September 30, 2019 when calculated as follows.  
Payout ratio = Total distributions (including excess of earnings) / Net income x 100**(3) Financial Position**

As of	Total assets	Net assets	Net assets to total assets	Net asset per unit
	Millions of yen	Millions of yen	%	Yen
September 30, 2019	236,253	116,386	49.3	229,242
March 31, 2019	237,845	116,505	49.0	229,477

**(4) Cash Flows**

Fiscal period ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
September 30, 2019	22,401	(7,242)	(3,288)	31,319
March 31, 2019	8,008	(4,765)	(3,198)	19,448

This is an English-language translation of the original Japanese announcement on our website released on November 15, 2019. 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, 2020 (October 1, 2019 to March 31, 2020) AND SEPTEMBER 30, 2020 (April 1, 2020 to September 30, 2020)

(Percentages show period-on-period changes)

Fiscal period ending	Operating revenues (Millions of yen)		Operating income (Millions of yen)		Ordinary income (Millions of yen)		Net income (Millions of yen)		Distributions per unit (excluding excess of earnings)	Distributions in excess of earnings per unit	Distributions per unit (including excess of earnings)
	Yen	%	Yen	%	Yen	%	Yen	%	Yen	Yen	Yen
March 31, 2020	8,257	(4.1)	4,087	5.4	3,482	5.9	3,481	5.9	6,491	10	6,501
September 30, 2020	8,414	1.9	4,069	(0.4)	3,484	0.1	3,483	0.1	6,496	10	6,506

Reference: Forecasted net income per unit (Forecasted net income / Forecasted average number of investment units during the period)  
6,493 yen for the fiscal period ending March 31, 2020 and 6,497 yen for the fiscal period ending September 30, 2020

Note: Distributions per unit are calculated based on the number of investment units issued and outstanding totaled 536,177 as of the date of this material.

### \*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, 2019: 507,700 units

As of March 31, 2019: 507,700 units

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

As of September 30, 2019: 0 units

As of March 31, 2019: 0 units

Note: Please refer to "Notes 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 Earnings Forecasts of Financial Results for the Fiscal Periods Ending March 31, 2020 and September 30, 2020" on page 8 for calculation, and our judgment as of November 15, 2019. Actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may vary according to changes in market conditions. These forecasts do not guarantee the distribution amount.

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## 1. Status of Asset Management

### (1) Status of Asset Management

#### (Overview of the Period ended September 30, 2019)

##### 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, 2019 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 Kenedix Real Estate Fund Management, Inc. (“KFM”), with the following strategies.

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

##### ii) Investment Environment

During the fiscal year under review, the Japanese economy continued to recover moderately with the continued improvement in corporate earnings and an increase in capital investment, as well as a recovery in consumer spending backed by continued improvements in the employment and income environment, although exports and some production activities were weak due to the overseas economic trends such as slowdown in the Chinese economy.

Financial conditions have remained unstable due to events in the global market, such as trade frictions between the United States and China and developments within the European Union. Interest rates in Japan remained low and stable against the backdrop of continued monetary easing by the Bank of Japan, monetary easing policy by the U.S. monetary authorities, and unstable global markets.

Under these conditions, the real estate sales market continued to show an upward trend due to active investment demand by domestic and overseas investors. The real estate leasing market also remained robust, making the J-REIT market bullish, with the TSE REIT Index reaching its 12-year high, as the J-REIT defensiveness was evaluated amid unstable equity markets.

##### iii) Management Performance

###### (A) Acquisition of Assets

KRR acquired four assets (Zama Distribution Center with acquisition price (Note 1) of 1,400 million yen, Oppama Distribution Center with acquisition price of 1,300 million yen, Yokohama Kamigo Distribution Center with acquisition price of 790 million yen and Habikigaoka Shopping Center with acquisition price of 2,000 million yen), and disposed two assets (Solala Plaza (51% quasi co-ownership interests) with sale price (Note 2) of 3,049 million yen (acquisition price (Note 3) was 2,917 million yen) and Fululu Garden Yachiyo with sale price of 15,200 million yen (acquisition price was 14,848 million yen)).

As a result, the portfolio at the end of the period under review (September 30, 2019) consists 55 properties with the total acquisition price of 200,938 million yen.

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

Note 2: “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.

Note 3: The acquisition price of Solala Plaza as a whole was 5,720 million yen, and 3,049 million yen represents 51% quasi co-ownership interests.

###### (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, 2019). 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 98.9%. Furthermore, the portfolio is diversified in terms of tenants as there are 480 end-tenants (Note 2) in KRR's retail properties and distribution centers.

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 7,010 million yen for refinancing. 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, 2019).

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 4.6 years, the weighted average interest rate is 1.03%, the long-term debt ratio (Note 1) is 96.2% and the LTV ratio (Note 2) is 44.9%.

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

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

#### (Credit Ratings)

The status of the credit ratings as of September 30, 2019 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 October 1, 2018. Details are as follows.

Planned issue amount	100,000,000,000 yen
Planned issuance period	October 9, 2018 to October 8, 2020
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.

### iv) Results of Operations

For this period, revenue was 8,609 million yen, operating income was 3,879 million yen, ordinary income was 3,288 million yen and net income was 3,287 million yen.

Furthermore, in accordance with the distribution policy in the KRR Articles of Incorporation, KRR made a distribution (excluding excess of earnings) of 3,169,063,400 yen which is almost equivalent to the earnings for the fiscal period. The distribution per unit (excluding excess of earnings) was 6,242 yen. Cash distributions are paid in accordance with Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957, including subsequent amendments).

Furthermore, in accordance with the policy for "Distribution of Money in Excess of Profits" as stated in the KRR Articles of Incorporation, KRR made a distribution in excess of earnings for the 123,878,800 yen allowance for temporary adjustment (as defined in Article 2-2-30 of the Ordinance on Accountings of Investment Corporations (Cabinet Office Ordinance No.47 of 2006, including subsequent amendments.)) for the purpose of reflecting the effect on distributions of the difference in earnings calculated under Japanese GAAP and Japanese tax laws in association with the amortization of fixed-term land lease rights (as defined in Article 2-2-30 (a) of the Ordinance on Accountings of Investment Corporations) and the item deduced from net asset (as defined in Article 2-2-30 (b) of the Ordinance on

Accountings of Investment Corporations) in association with deferred losses on hedges. This resulted in a distribution in excess of earnings per unit of 244 yen.

Consequently, the distribution per unit was 6,486 yen (of which the distribution in excess of earnings per unit was 244 yen).

## **(Outlook)**

### **i) Outlook for Asset Management**

The Japanese economy is expected to continue its moderate recovery, but it is considered necessary to pay attention to the uncertainties surrounding overseas economies and politics, such as the U.S. administration's policy management and the trend of trade frictions between the United States and China. In Japan, attention should also be paid to various factors, including the impact of the U.S.-China trade friction on the domestic economy and the Bank of Japan's stance on monetary easing.

As for Japan's retail environment, specialty stores such as supermarkets and drugstores that meet the diversified tastes of consumers are expected to perform well. 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. On the other hand, attention should be paid to the impacts of the consumption tax hike.

In the real estate market, active real estate transactions are expected to continue against the backdrop of the favorable funding environment due to the Bank of Japan's monetary easing policy. 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.

Under these circumstances, based on the following management policies, KRR will implement appropriate management with the aim of securing stable rental income, steadily growing assets, and building an appropriate financial base from a medium-to long-term perspective.

### **(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 (Note 1), including Kenedix, Inc., the parent company of KFM. We also receive support from our Alliance Companies: Sumitomo Mitsui Finance and Leasing Co., Ltd., SMFL MIRAI Partners Co., Ltd. (Note 2), 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 1: The Kenedix Group consists of Kenedix, Inc. and its subsidiaries and affiliates.

Note 2: Sumitomo Mitsui Finance and Leasing Co., Ltd. ("SMFL") succeeded a part of its real estate leasing business to SMFL MIRAI Partners Co., Ltd. ("SMFL MIRAI Partners") through an absorption-type company split. With this succession, KRR and KFM entered into an agreement on May 16, 2019 with SMFL and SMFL MIRAI Partners to partially succeed the alliance agreement signed on November 17, 2014 from SMFL to SMFL MIRAI Partners. It has been agreed that specifically, services other than providing bridge finance to warehousing SPC's and securing personnel be succeeded to SMFL MIRAI Partners.

### **(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

#### “One-stop” asset management and property management services

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

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

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

#### Pursuit of internal growth through management of retail properties

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

##### i. Effectively utilize capital expenditure

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

##### ii. Optimize tenant mix

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

##### iii. Realize growth in asset value by pursuing property expansions

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

Note: The underutilized space is defined as the area that is calculated by multiplying the floor space ratio, or the ratio of total area of the building to the site area, which is prescribed in Article 52 of the Building Standards Act (Act No. 201 of 1950, including subsequent amendments.) and applied to each 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 managing KRR's assets, we have established Retail REIT Department Related-party Transactions Rules, and we abide by the rules in conducting related-party transactions. 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**

KRR passed resolutions at the Board of Directors Meeting held on October 8, 2019 and October 16, 2019, to issue new investment units to fund the acquisition of specified assets. Payments for the issuance of new investment units through public offering and through third-party allotment have been completed on October 23, 2019 and November 14, 2019, respectively. KRR plans to use the net proceeds through third-party allotment to fund part of the acquisition of specified assets or repayment of borrowings in the future.

As a result, unitholders' capital totaled 121,183,494,770 yen and total number of investment units issued and outstanding increased to 536,177 as of November 14, 2019.

#### Issuance of new investment units through public offerings

Total number of units issued:	27,300 units
Issue price (offer price):	282,847 yen per unit
Total amount of issue price (total offer price):	7,721,723,100 yen
Paid-in amount (issue amount):	273,360 yen per unit
Total paid-in amount (total issue amount):	7,462,728,000 yen
Payment date:	October 23, 2019

#### Issuance of new investment units through third-party allotment

Total number of units issued:	1,177 units
Paid-in amount (issue amount):	273,360 yen per unit
Total paid-in amount (total issue amount):	321,744,720 yen
Payment date:	November 14, 2019
Allottee:	SMBC Nikko Securities Inc.



**(Reference Material)****(A) Acquisition of Assets**

KRR acquired following assets.

Property number	Property type (Note 1)	Property name	Location	Seller	Acquisition price (million yen) (Note 3)	Appraisal value (million yen) (Note 4)	Acquisition date
T-25	NSC	Apita Terrace Yokohama Tsunashima (51% quasi co-ownership interests)	Yokohama, Kanagawa	GK IK Investment Four (Note 5)	5,899	6,220	November 1, 2019
T-26	NSC	Kalsa Hiratsuka	Hiratsuka, Kanagawa	SMFL MIRAI Partners Co., Ltd.	5,980	6,010	November 1, 2019
T-27	NSC	Monenosato Mall	Yotsukaido, Chiba	Undisclosed (Note 2)	2,410	2,510	October 24, 2019
T-28	NSC	Chofu Center Building (Retail wing)	Chofu, Tokyo	Undisclosed (Note 2)	2,300	2,440	October 24, 2019
T-29	NSC	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	SMFL MIRAI Partners Co., Ltd.	2,248	2,300	October 24, 2019
N-7	SM	Valor Nakashidami (Land)	Moriyama-ku, Nagoya, Aichi	SMFL MIRAI Partners Co., Ltd.	2,551	2,560	November 1, 2019
L-5	L	Gyoda Distribution Center	Gyoda, Saitama	GK KRF77	3,160	3,350	October 1, 2019

Note 1: Properties are categorized into the following six types of properties: NSC (Neighborhood Shopping Center), SM (Supermarket), CSC (Community Shopping Center), Urban Station-Front SC (Urban Station-Front Shopping Center), SS (Specialty Store) and L (Logistics facility).

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

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

Note 4: Appraisal values are as of September 1, 2019.

Note 5: Seller holds 49% of quasi co-ownership interests of trust beneficiary right in the property.

**(B) Disposition of Assets**

KRR disposed the following asset.

Property number	Property type	Property name	Location	Buyer	Sale price (million yen) (Note)	Sale date
O-8	SS	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	Nippon Commercial Development Co., Ltd.	560	October 31, 2019

Note: "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.

**(C) Financing**

KRR borrowed 2,740 million yen (Series 29) on October 31, 2019 for the repayment of the borrowings. Furthermore, KRR borrowed 4,800 million yen (Series 30) on November 1, 2019 for the acquisition of assets.

**ii) Earnings Forecasts**

For the fiscal period ending March 31, 2020 (from October 1, 2019 to March 31, 2020) and the fiscal period ending September 30, 2020 (from April 1, 2020 to September 30, 2020), the earnings forecasts are estimated as set forth below.

**Fiscal period ending March 31, 2020**

Operating revenues	8,257 million yen
Operating Income	4,087 million yen
Ordinary income	3,482 million yen
Net Income	3,481 million yen
Distributions per unit	6,501 yen
Of the above, distributions in excess of earnings	10 yen

**Fiscal period ending September 30, 2020**

Operating revenues	8,414 million yen
Operating Income	4,069 million yen
Ordinary income	3,484 million yen
Net Income	3,483 million yen
Distributions per unit	6,506 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, 2020 and September 30, 2020” set forth below for information on current assumptions for the forecasts of operating results.

After the end of the ninth fiscal period, KRR issued new units, made new borrowings and acquired properties. Accordingly, KRR has updated the assumptions for the “Notice Concerning Revisions to Earnings and Distributions Forecast for the Fiscal Period Ending March 31, 2020, and the Earnings and Distributions Forecasts for the Fiscal Period Ending September 30, 2020” released on October 8, 2019, but there are no changes in the forecast figures.

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, 2020 and September 30, 2020**

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>The 10th fiscal period: October 1, 2019 to March 31, 2020 (183 days)</li> <li>The 11th fiscal period: April 1, 2020 to September 30, 2020 (183 days)</li> </ul>
Property portfolio	<ul style="list-style-type: none"> <li>Earnings forecasts for the fiscal period ending March 31, 2020 are based on 61 properties (as of the end of the fiscal period) which consist of properties and trust beneficiary interest (55 properties in total) owned by KRR as of September 30, 2019 (“the Owned Assets”) excluding Welcia Kishiwadakamori (Land) disposed of on October 31, 2019 (“the Disposed Asset”), and including seven assets acquired on October 1, 2019, October 24, 2019 and November 1, 2019 (“the Assets Acquired in the 10th Period”).</li> <li>Forecasts are based on the assumption that portfolio assets other than the above are not subject to change (such as acquisition of new properties and disposition of owned properties).</li> <li>The actual property portfolio may change due to the acquisition of new properties or the disposal of owned properties.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>Operating revenues from the Owned Assets are based on the leasing agreements as of September 30, 2019, and other factors, including expectations based on market trends.</li> <li>Operating revenues from the Assets Acquired in the 10th Period are based on the information provided by the sellers, the leasing agreements on the properties that are effective on the acquisition dates, and other factors, including expectations based on market trends.</li> <li>Gains on the sale of 56 million yen is assumed for the fiscal period ending March 31, 2020 by disposing Welcia Kishiwadakamori (Land).</li> <li>Forecasts are based on the assumption that there will be no rent in arrears or non-payments by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>Property-related operating expenses other than depreciation are calculated based on historic data, etc., and these expenses reflect fluctuations in costs, including leasing costs based on the leasing agreements.</li> <li>Depreciation expenses of 1,014 million yen, and 1,025 million yen are assumed for the fiscal periods ending March 31, 2020 and September 30, 2020, respectively, using the straight-line depreciation method.</li> <li>Property-related taxes are assumed at 630 million yen and 740 million yen for the fiscal periods ending March 31, 2020 and September 30, 2020, respectively. When a property is sold, the purchaser of the property typically reimburses the seller, pursuant to the purchase agreement, for the pro rata portion of the property-related taxes that relates to the period from the acquisition date to the end of the calendar year in which the acquisition occurs. As is customary for property transactions in Japan and in accordance with Japanese GAAP, KRR intends to capitalize the portions of the property-related taxes on the properties to be</li> </ul>

Item	Assumptions
	<p>acquired. Property-related taxes on the Assets Acquired in the 10th Period and properties acquired after January 1, 2019, which will be imposed from their acquisition date through December 31, 2019, are not expensed in the fiscal period ending March 31, 2020. As the imposition of property-related taxes for fiscal period 2020 will be determined in April 2020 onward, property-related taxes on properties owned as of January 1, 2020, which will be imposed from the date through March 31, 2020, will not be expensed for the fiscal period ending March 31, 2020.</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• The amortization of offering-related costs are expected to be expensed 27 million yen and 8 million yen for the fiscal periods ending March 31, 2020 and September 30, 2020. It is assumed that the offering-related costs are amortized using the straight-line method over three years.</li> <li>• For interest expenses and other debt-related costs, 578 million yen and 576 million yen are expected for the fiscal periods ending March 31, 2020 and September 30, 2020, respectively.</li> </ul>
Borrowings and investment corporation bonds	<ul style="list-style-type: none"> <li>• As of today, KRR has an outstanding balance of 103,900 million yen in borrowings and 7,000 million yen in investment corporation bonds.</li> <li>• LTV ratios at the end of the period ending March 31, 2020 and September 30, 2020 are estimated to be approximately 44.5% (rounded to the nearest tenth).</li> <li>• LTV ratios are calculated according to the following formula:  <math display="block">\text{LTV ratio} = (\text{Outstanding borrowings} + \text{Outstanding investment corporation bonds}) / \text{Total assets}</math> </li> </ul>
Investment units	<ul style="list-style-type: none"> <li>• The forecasts are based on our assumption of 536,177 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, 2020.</li> </ul>
Distributions per unit (excluding excess of earnings per unit)	<ul style="list-style-type: none"> <li>• Distributions per unit (excluding excess of earnings per unit) are calculated in accordance with the distribution policy outlined in KRR's Articles of Incorporation.</li> <li>• KRR assumes 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, 2020 and September 30, 2020.</li> <li>• 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.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>• KRR expects 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 depreciation 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.</li> <li>• 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 in the each period ending March 31, 2020 and September 30, 2020.</li> </ul>
Others	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> </ul>

**(2) Risk Factors**

There are no significant changes to the “Investment Risks” in described in the Securities Registration Statement (submitted on October 8, 2019; prepared in Japanese only), the disclosure is omitted.

## 2. Financial Statements

### (1) Balance Sheets

(in thousands of yen)

	Eighth Fiscal Period (As of March 31, 2019)	Ninth Fiscal Period (As of September 30, 2019)
Assets		
Current assets		
Cash and deposits	7,475,785	18,599,690
Cash and deposits in trust	13,647,110	12,974,943
Operating accounts receivable	213,214	230,017
Prepaid expenses	31,307	137,034
Other	9,788	25,002
Total current assets	21,377,208	31,966,688
Non-current assets		
Property, plant and equipment		
Buildings	-	692,529
Accumulated depreciation	-	(14,554)
Buildings, net	-	677,974
Structures	-	37,947
Accumulated depreciation	-	(969)
Structures, net	-	36,978
Land	-	2,115,355
Buildings in trust	59,140,856	53,995,091
Accumulated depreciation	(5,692,853)	(5,698,859)
Buildings in trust, net	*1 53,448,003	48,296,231
Structures in trust	2,999,320	3,055,215
Accumulated depreciation	(359,296)	(410,820)
Structures in trust, net	*1 2,640,023	2,644,394
Machinery and equipment in trust	250,568	220,898
Accumulated depreciation	(30,701)	(33,189)
Machinery and equipment in trust, net	219,866	187,709
Tools, furniture and fixtures in trust	93,286	127,382
Accumulated depreciation	(31,649)	(29,146)
Tools, furniture and fixtures in trust, net	*1 61,636	98,235
Land in trust	*1 154,566,718	144,794,027
Total property, plant and equipment, net	210,936,249	198,850,906
Intangible assets		
Leasehold right in trust	4,316,761	4,312,783
Other	6,282	7,811
Total intangible assets	4,323,044	4,320,594
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	891,506	825,953
Long-term deposits	157,110	157,110
Other	2,194	2,352
Total investments and other assets	1,121,066	1,055,672
Total non-current assets	216,380,360	204,227,173
Deferred assets		
Organization costs	5,121	55
Investment corporation bond issuance costs	44,044	40,329
Investment unit issuance costs	38,506	19,253
Total deferred assets	87,672	59,638
Total assets	237,845,241	236,253,500

(in thousands of yen)

	Eighth Fiscal Period (As of March 31, 2019)	Ninth Fiscal Period (As of September 30, 2019)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	715,187	951,647
Short-term loans payable	2,750,000	4,070,000
Current portion of long-term loans payable	13,350,000	9,120,000
Accounts payable-other	476,092	541,163
Accrued expenses	27,020	24,019
Income taxes payable	1,018	1,108
Accrued consumption taxes	183,075	556,438
Advances received	1,154,552	1,193,590
Deposits received	82,992	71,404
<b>Total current liabilities</b>	<b>18,739,939</b>	<b>16,529,373</b>
<b>Non-current liabilities</b>		
Investment corporation bonds	7,000,000	7,000,000
Long-term loans payable	83,000,000	85,910,000
Tenant leasehold and security deposits	-	128,623
Tenant leasehold and security deposits in trust	*1 12,376,878	9,958,139
Asset retirement obligations	23,927	24,077
Other	198,926	316,840
<b>Total non-current liabilities</b>	<b>102,599,732</b>	<b>103,337,680</b>
<b>Total liabilities</b>	<b>121,339,671</b>	<b>119,867,054</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	113,399,022	113,399,022
<b>Deduction from unitholders' capital</b>		
Allowance for temporary difference adjustments	*3 (9,754)	(181,865)
<b>Total deduction from unitholders' capital</b>	<b>(9,754)</b>	<b>(181,865)</b>
<b>Unitholders' capital, net</b>	<b>113,389,267</b>	<b>113,217,156</b>
<b>Surplus</b>		
Unappropriated retained earnings	3,283,881	3,455,496
<b>Total surplus</b>	<b>3,283,881</b>	<b>3,455,496</b>
<b>Total unitholders' equity</b>	<b>116,673,148</b>	<b>116,672,653</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges	(167,579)	(286,206)
<b>Total valuation and translation adjustments</b>	<b>(167,579)</b>	<b>(286,206)</b>
<b>Total net assets</b>	<b>*4 116,505,569</b>	<b>116,386,446</b>
<b>Total liabilities and net assets</b>	<b>237,845,241</b>	<b>236,253,500</b>

**(2) Statements of Income and Retained Earnings**

		(in thousands of yen)	
		Eighth Fiscal Period (From October 1, 2018 to March 31, 2019)	Ninth Fiscal Period (From April 1, 2019 to September 30, 2019)
Operating revenues			
Rent revenue-real estate	*1	7,068,551	7,129,860
Other lease business revenue	*1	1,128,554	1,237,149
Gain on sale of real estate property	*2	218,061	242,514
Total operating revenues		8,415,167	8,609,524
Operating expenses			
Expenses related to rent business	*1	3,733,705	3,891,696
Asset management fees		661,991	674,397
Asset custody fees		9,722	9,699
Administrative service fees		30,601	30,904
Directors' compensation		4,500	4,500
Other operating expenses		89,835	118,687
Total operating expenses		4,530,355	4,729,884
Operating income		3,884,811	3,879,639
Non-operating income			
Interest income		61	58
Dividends and redemption-prescription		1,160	722
Interest on refund		567	-
Total non-operating income		1,789	780
Non-operating expenses			
Interest expenses		441,044	449,454
Interest expenses on investment corporation bonds		19,653	19,538
Financing-related expenses		93,482	94,397
Amortization of organization costs		5,038	5,066
Amortization of investment corporation bond issuance costs		3,714	3,714
Amortization of investment unit issuance costs		38,906	19,253
Total non-operating expenses		601,840	591,425
Ordinary income		3,284,760	3,288,995
Income before income taxes		3,284,760	3,288,995
Income taxes			
Current		1,027	1,117
Total income taxes		1,027	1,117
Net income		3,283,732	3,287,877
Retained earnings brought forward		149	167,619
Unappropriated retained earnings		3,283,881	3,455,496

**(3) Statements of Changes in Net Assets**

Eighth Fiscal Period (From October 1, 2018 to March 31, 2019)

(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	3,198,151	3,198,151	116,587,418
Changes of items during the period							
Dividends from surplus					(3,198,002)	(3,198,002)	(3,198,002)
Net income					3,283,732	3,283,732	3,283,732
Net changes of items other than unitholder's equity							
Total changes of items during the period	-	-	-	-	85,730	85,730	85,730
Balance at the end of the period	*1 113,399,022	(9,754)	(9,754)	113,389,267	3,283,881	3,283,881	116,673,148

	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	142,159	142,159	116,729,578
Changes of items during the period			
Dividends from surplus			(3,198,002)
Net income			3,283,732
Net changes of items other than unitholder's equity	(309,739)	(309,739)	(309,739)
Total changes of items during the period	(309,739)	(309,739)	(224,009)
Balance at the end of the period	(167,579)	(167,579)	116,505,569



Ninth Fiscal Period (From April 1, 2019 to September 30, 2019)

(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	3,283,881	3,283,881	116,673,148
Changes of items during the period							
Dividends from surplus					(3,116,262)	(3,116,262)	(3,116,262)
Dividend in excess of earnings from allowance for temporary difference adjustment		(172,110)	(172,110)	(172,110)			(172,110)
Net income					3,287,877	3,287,877	3,287,877
Net changes of items other than unitholder's equity							
Total changes of items during the period	-	(172,110)	(172,110)	(172,110)	171,614	171,614	(495)
Balance at the end of the period	*1 113,399,022	(181,865)	(181,865)	113,217,156	3,455,496	3,455,496	116,672,653

	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	(167,579)	(167,579)	116,505,569
Changes of items during the period			
Dividends from surplus			(3,116,262)
Dividend in excess of earnings from allowance for temporary difference adjustment			(172,110)
Net income			3,287,877
Net changes of items other than unitholder's equity	(118,627)	(118,627)	(118,627)
Total changes of items during the period	(118,627)	(118,627)	(119,122)
Balance at the end of the period	(286,206)	(286,206)	116,386,446

**(4) Statements of Cash Distributions**

(in yen)

	Eighth Fiscal Period (From October 1, 2018 to March 31, 2019)	Ninth Fiscal Period (From April 1, 2019 to September 30, 2019)
I. Retained earnings at the end of period	3,283,881,662	3,455,496,659
II. Distributions in excess of earnings	172,110,300	123,878,800
Of which, allowance for temporary difference adjustments	172,110,300	123,878,800
III. Total distributions	3,288,372,900	3,292,942,200
Distributions per unit	6,477	6,486
Of which, distributions of earnings	3,116,262,600	3,169,063,400
Of which, distributions of earnings per unit	6,138	6,242
Of which, allowance for temporary difference adjustments	172,110,300	123,878,800
Of which, distributions in excess of earnings per unit (allowance for temporary difference adjustments)	339	244
IV. Retained earnings brought forward to the next period	167,619,062	286,433,259
Method of calculating distribution amount	<p>In accordance with the policy described in Article 39-1 of its Articles of Incorporation, KRR determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law and shall be up to its profits as the maximum amount. Following this policy, KRR has decided that it shall distribute ¥3,116,262,600 which is almost the entire amount of income as defined in Article 136-1 of the Investment Trust Act.</p> <p>Furthermore, in accordance with the policy for “Distribution of Money in Excess of Profits” as stated in Article 39-2 of KRR’s Articles of Incorporation, KRR made a distribution in excess of earnings of ¥172,110,300 for allowance for temporary difference adjustments (as defined in Article 2-2-30 of the Ordinance on Accountings of Investment Corporations) for the purpose of reflecting the effect on distributions of the difference in earnings calculated under Japanese GAAP and Japanese tax laws (as defined in Article 2-2-30 (a) of the Ordinance on Accountings of Investment Corporations) in association with the amortization of fixed-term land leasehold rights and of the item deducted from net asset (as defined in Article 2-2-30 (b) of the Ordinance on Accountings of Investment Corporations) in association with deferred losses on hedges.</p>	<p>In accordance with the policy described in Article 39-1 of its Articles of Incorporation, KRR determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law and shall be up to its profits as the maximum amount. Following this policy, KRR has decided that it shall distribute ¥3,169,063,400 which is almost the entire amount of income as defined in Article 136-1 of the Investment Trust Act.</p> <p>Furthermore, in accordance with the policy for “Distribution of Money in Excess of Profits” as stated in Article 39-2 of KRR’s Articles of Incorporation, KRR made a distribution in excess of earnings of ¥123,878,800 for allowance for temporary difference adjustments (as defined in Article 2-2-30 of the Ordinance on Accountings of Investment Corporations) for the purpose of reflecting the effect on distributions of the difference in earnings calculated under Japanese GAAP and Japanese tax laws (as defined in Article 2-2-30 (a) of the Ordinance on Accountings of Investment Corporations) in association with the amortization of fixed-term land leasehold rights and of the item deducted from net asset (as defined in Article 2-2-30 (b) of the Ordinance on Accountings of Investment Corporations) in association with deferred losses on hedges.</p>

**(5) Statements of Cash Flows**

	(in thousands of yen)	
	Eighth Fiscal Period (From October 1, 2018 to March 31, 2019)	Ninth Fiscal Period (From April 1, 2019 to September 30, 2019)
Net cash provided by (used in) operating activities		
Income before income taxes	3,284,760	3,288,995
Depreciation and amortization	991,733	1,020,517
Amortization of organization costs	5,038	5,066
Amortization of investment corporation bond issuance costs	3,714	3,714
Amortization of investment unit issuance costs	38,906	19,253
Interest income	(61)	(58)
Interest expenses	460,697	468,993
Decrease (increase) in operating accounts receivable	34,449	(16,802)
Decrease (increase) in consumption taxes receivable	175,068	-
Decrease (increase) in prepaid expenses	120,089	(105,726)
Increase (decrease) in operating accounts payable	(193,175)	9,399
Increase (decrease) in accounts payable-other	67,472	85,880
Increase (decrease) in accrued consumption taxes	130,986	373,363
Increase (decrease) in advances received	(9,048)	39,037
Increase (decrease) in deposits received	5,781	(11,587)
Decrease (increase) in long-term prepaid expenses	(51,043)	65,552
Decrease in net property, plant and equipment held in trust due to sale	3,462,719	17,624,357
Other	(55,494)	5,485
Subtotal	8,472,596	22,875,441
Interest income received	61	58
Interest expenses paid	(460,401)	(472,583)
Income taxes paid	(3,443)	(1,027)
Net cash provided by (used in) operating activities	8,008,812	22,401,889
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-	(2,845,831)
Purchase of property, plant and equipment in trust	(4,619,028)	(3,501,983)
Purchase of intangible assets	(2,039)	(2,500)
Proceeds from tenant leasehold and security deposits	-	128,623
Repayments of tenant leasehold and security deposits in trust	(582,124)	(2,824,940)
Proceeds from tenant leasehold and security deposits in trust	222,061	384,497
Proceeds from restricted bank deposits in trust	215,676	1,419,737
Net cash provided by (used in) investing activities	(4,765,454)	(7,242,397)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	2,750,000	1,320,000
Decrease in short-term loans payable	(2,750,000)	-
Proceeds from long-term loans payable	5,650,000	5,690,000
Repayments of long-term loans payable	(5,650,000)	(7,010,000)
Dividends paid	(3,198,020)	(3,288,016)
Net cash provided by (used in) financing activities	(3,198,020)	(3,288,016)
Net increase (decrease) in cash and cash equivalents	45,336	11,871,475
Cash and cash equivalents at the beginning of the period	19,402,822	19,448,158
Cash and cash equivalents at the end of the period	*1 19,448,158	31,319,634

**(6) Notes on Assumption of Going Concern**

Not applicable

**(7) Summary of Significant Accounting Policies**

1. Method of depreciation of non-current assets	<p>(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</p> <p>(2) Intangible assets (including trust assets) The straight-line method is applied.</p> <p>(3) Long-term prepaid expenses The straight-line method is applied.</p>
2. Accounting for deferred assets	<p>(1) Organization costs Organization costs are amortized over a period of 5 years under the straight-line method.</p> <p>(2) Investment unit issuance costs Investment unit issuance costs are amortized over a period of 3 years under the straight-line method.</p> <p>(3) Investment corporation bond issuance costs Investment corporation bond issuance costs are amortized over a maturity period under the straight-line method.</p>
3. Accounting for revenues and expenses	<p>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.</p> <p>When KRR purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to 18,448 thousand yen and 20,564 thousand yen as of March 31, 2019 and September 30, 2019, respectively.</p>
4. Method of hedge accounting	<p>(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.</p> <p>(2) Hedging instruments and hedged items Hedge instruments Interest-rate swap transactions Hedged items Interest payments on debts</p> <p>(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.</p> <p>(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.</p>
5. 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.
6. Other significant accounting policies for the preparation of financial statements	<p>(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.</p> <ol style="list-style-type: none"> <li>1. Cash and deposits in trust</li> <li>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</li> <li>3. Leasehold right in trust</li> <li>4. Lease and guarantee deposits in trust</li> <li>5. Tenant leasehold and security deposits in trust</li> </ol> <p>(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.</p>

**(Additional Information)**

(Notes to Allowance for Temporary Difference Adjustments Additions and Reversals)

Eighth Fiscal Period (From October 1, 2018 to March 31, 2019)

## 1. Reasons, related assets and allowance

(in thousands of yen)

Related assets, etc.	Reason	Allowance for temporary difference adjustments
Buildings in trust, Leasehold right in trust	Amortization of leasehold right in trust and the amount in excess of depreciation	4,569
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	167,541

## 2. Method of reversal

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

Ninth Fiscal Period (From April 1, 2019 to September 30, 2019)

## 1. Reasons, related assets and allowance

(in thousands of yen)

Related assets, etc.	Reason	Allowance for temporary difference adjustments
Buildings in trust, Leasehold right in trust	Amortization of leasehold right in trust and the amount in excess of depreciation	5,251
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	118,627

## 2. Method of reversal

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

**(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	Eighth Fiscal Period As of March 31, 2019	Ninth Fiscal Period As of September 30, 2019
Buildings in trust	2,715,656	652,282
Structures in trust	45,989	25,193
Tools, furniture and fixtures in trust	2,970	—
Land in trust	7,811,297	2,709,001
Total	10,575,913	3,386,476

  

Secured liabilities	Eighth Fiscal Period As of March 31, 2019	Ninth Fiscal Period As of September 30, 2019
Tenant leasehold and security deposits in trust	2,355,246	482,562
Total	2,355,246	482,562

## 2. Commitment line contracts

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

(in thousands of yen)

	Eighth Fiscal Period As of March 31, 2019	Ninth Fiscal Period As of September 30, 2019
Total amount of commitment line contracts	2,000,000	3,000,000
Balance of loans payable outstanding	-	-
Remaining amount	2,000,000	3,000,000

\* 3. Allowance for temporary difference adjustments

Eighth Fiscal Period (As of March 31, 2019)

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.

Ninth Fiscal Period (As of September 30, 2019)

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	14,324	9,754	4,569	-	14,324	-
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	167,541	-	167,541	-	167,541	-
Total		181,865	9,754	172,110	-	181,865	-

## 2. Method of reversal

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

Eighth Fiscal Period As of March 31, 2019	Ninth Fiscal Period As of September 30, 2019
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)

	Eighth Fiscal Period From October 1, 2018 to March 31, 2019	Ninth Fiscal Period From April 1, 2019 to September 30, 2019
A. Rental and other operating revenues:		
Rent revenue-real estate:		
Rental revenues	5,813,708	5,906,675
Rental revenues from limited proprietary rights of land	929,592	929,686
Common area charges	325,250	293,498
Subtotal	7,068,551	7,129,860
Other lease business revenue:		
Parking space rental revenues	197,311	196,389
Utility charge reimbursement	597,255	686,217
Miscellaneous	333,986	354,542
Subtotal	1,128,554	1,237,149
Total rental and other operating revenues	8,197,106	8,367,009
B. Property-related expenses:		
Expenses related to rent business:		
Property management fees and facility management fees	833,594	812,506
Utilities	598,956	651,605
Taxes	690,559	736,890
Repairs and maintenance	200,684	296,687
Insurance	13,078	12,880
Trust fees	22,900	23,026
Depreciation	990,872	1,019,546
Others	383,060	338,551
Total property-related expenses	3,733,705	3,891,696
C. Net operating income from real estate rental business (A-B)	4,463,400	4,475,313

## \* 2. Gain on sale of real estate property

Eighth Fiscal Period (From October 1, 2018 to March 31, 2019)

(in thousands of yen)

Solala Plaza (49% quasi co-ownership interests)	
Revenue from sale of real estate property	2,930,200
Cost of real estate property	2,730,981
Other sales expenses	19,690
Gain on sale of real estate property	179,528

(in thousands of yen)

Gourmet City Chiba-Chuo	
Revenue from sale of real estate property	800,000
Cost of real estate property	731,737
Other sales expenses	29,729
Gain on sale of real estate property	38,532

Ninth Fiscal Period (From April 1, 2019 to September 30, 2019)

(in thousands of yen)

Solala Plaza (51% quasi co-ownership interests)	
Revenue from sale of real estate property	3,049,800
Cost of real estate property	2,827,727
Other sales expenses	20,455
Gain on sale of real estate property	201,616

(in thousands of yen)

Fululu Garden Yachiyo	
Revenue from sale of real estate property	15,200,000
Cost of real estate property	14,796,629
Other sales expenses	362,472
Gain on sale of real estate property	40,898

(Notes to Statements of Changes in Net Assets)

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

	Eighth Fiscal Period From October 1, 2018 to March 31, 2019	Ninth Fiscal Period From April 1, 2019 to September 30, 2019
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)

	Eighth Fiscal Period From October 1, 2018 to March 31, 2019	Ninth Fiscal Period From April 1, 2019 to September 30, 2019
Cash and deposits	7,475,785	18,599,690
Cash and deposits in trust	13,647,110	12,974,943
Restricted bank deposits in trust (Note)	(1,674,737)	(255,000)
Cash and cash equivalents	19,448,158	31,319,634

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)

	Eighth Fiscal Period From October 1, 2018 to March 31, 2019	Ninth Fiscal Period From April 1, 2019 to September 30, 2019
Due within 1 year	10,500	10,500
Due after 1 year	178,048	172,798
Total	188,548	183,298

Operating lease transactions (Lessor)

Future minimum lease income

(in thousands of yen)

	Eighth Fiscal Period From October 1, 2018 to March 31, 2019	Ninth Fiscal Period From April 1, 2019 to September 30, 2019
Due within 1 year	8,902,131	8,850,474
Due after 1 year	55,971,359	53,231,922
Total	64,873,490	62,082,397



## (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.

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 9 years for loans payable and also have a redemption date of a maximum of 8 years and 7 month for investment corporation bonds as of September 30, 2019, the end of the eighth 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. 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. 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).

Eighth Fiscal Period  
As of March 31, 2019

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	7,475,785	7,475,785	-
(2) Cash and deposits in trust	13,647,110	13,647,110	-
Total	21,122,896	21,122,896	-
(1) Short-term loans payable	2,750,000	2,750,000	-
(2) Current portion of long-term loans payable	13,350,000	13,361,605	11,605
(3) Investment corporation bonds	7,000,000	7,023,800	23,800
(4) Long-term loans payable	83,000,000	83,539,962	539,962
(5) Tenant leasehold and security deposits in trust	2,132,211	2,131,966	(245)
Total	108,232,211	108,807,334	575,122
Derivative transactions	(167,579)	(167,579)	-

\*The value of assets and liabilities arising from derivatives is shown at net value and with the amount in parentheses representing the net liability position.

Ninth Fiscal Period  
As of September 30, 2019

	(in thousands of yen)		
	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	18,599,690	18,599,690	-
(2) Cash and deposits in trust	12,974,943	12,974,943	-
Total	31,574,634	31,574,634	-
(1) Short-term loans payable	4,070,000	4,070,000	-
(2) Current portion of long-term loans payable	9,120,000	9,115,112	(4,887)
(3) Investment corporation bonds	7,000,000	7,084,100	84,100
(4) Long-term loans payable	85,910,000	86,818,747	908,747
(5) Tenant leasehold and security deposits in trust	777,358	758,152	(19,206)
Total	106,877,358	107,846,112	968,753
Derivative transactions	(286,206)	(286,206)	-

\*The value of assets and liabilities arising from derivatives is shown at net value and with the amount in parentheses representing the net liability position.

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	Eighth Fiscal Period As of March 31, 2019
Tenant leasehold and security deposits in trust (*)	10,244,667
Total	10,244,667

(\*) 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	Ninth Fiscal Period As of September 30, 2019
Tenant leasehold and security deposits (*)	128,623
Tenant leasehold and security deposits in trust (*)	9,180,780
Total	9,309,403

(\*) 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 and 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

Eighth Fiscal Period  
As of March 31, 2019

(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	7,475,785	-	-	-	-	-
Cash and deposits in trust	13,647,110	-	-	-	-	-
Total	21,122,896	-	-	-	-	-

Ninth Fiscal Period  
As of September 30, 2019

(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	18,599,690	-	-	-	-	-
Cash and deposits in trust	12,974,943	-	-	-	-	-
Total	31,574,634	-	-	-	-	-

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

Eighth Fiscal Period  
As of March 31, 2019

(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	-	-	1,000,000	1,000,000	-	5,000,000
Long-term loans payable	13,350,000	7,000,000	13,300,000	9,050,000	7,500,000	46,150,000
Tenant leasehold and security deposits in trust	435,430	435,430	435,430	224,712	13,995	89,801
Total	16,535,430	7,435,430	14,735,430	10,274,712	7,513,995	51,239,801

Ninth Fiscal Period  
As of September 30, 2019

(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	4,070,000	-	-	-	-	-
Investment corporation bonds	-	-	2,000,000	-	-	5,000,000
Long-term loans payable	9,120,000	13,300,000	9,050,000	7,500,000	8,990,000	47,070,000
Tenant leasehold and security deposits in trust	13,995	13,995	13,995	13,995	13,995	82,803
Total	13,203,995	13,313,995	11,063,995	7,513,995	9,003,995	52,152,803

## (Notes to Derivative Transactions)

(1) Transactions not subject to hedge accounting

Eighth Fiscal Period (As of March 31, 2019) and Ninth Fiscal Period (As of September 30, 2019): Not applicable

(2) Transactions subject to hedge accounting

Eighth Fiscal Period  
As of March 31, 2019

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Principle method	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	32,340,000	31,010,000	(167,579)	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	38,900,000	31,900,000	*	-
Total			71,240,000	62,910,000	(167,579)	

\*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.)

Ninth Fiscal Period  
As of September 30, 2019

Hedge accounting method	Type of derivative transactions	Hedged items	Contract amount (in thousands of yen)		Fair value (in thousands of yen)	Calculation method for applicable fair value
				Maturing after 1 year		
Principle method	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	33,920,000	33,920,000	(286,206)	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	38,900,000	31,900,000	*	-
Total			72,820,000	65,820,000	(286,206)	

\*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

Eighth Fiscal Period (From October 1, 2018 to March 31, 2019) and Ninth Fiscal Period (From April 1, 2019 to September 30, 2019): Not applicable

2. Affiliated companies and other

Eighth Fiscal Period (From October 1, 2018 to March 31, 2019) and Ninth Fiscal Period (From April 1, 2019 to September 30, 2019): Not applicable

3. Fellow subsidiary companies and other

Eighth Fiscal Period (From October 1, 2018 to March 31, 2019) and Ninth Fiscal Period (From April 1, 2019 to September 30, 2019): Not applicable

4. Directors, major individual unitholders and other

Eighth Fiscal Period (From October 1, 2018 to March 31, 2019) and Ninth Fiscal Period (From April 1, 2019 to September 30, 2019): Not applicable

## (Notes to the Tax-Effect Accounting)

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

	(in thousands of yen)	
	Eighth Fiscal Period As of March 31, 2019	Ninth Fiscal Period As of September 30, 2019
Deferred tax assets:		
Enterprise tax payable	20	24
Amortization of leasehold right in trust	10,473	11,682
Depreciation	3,770	4,205
Asset retirement obligations	7,558	7,574
Deferred gains or losses on hedges	52,938	90,040
Subtotal deferred tax assets	74,761	113,527
Valuation allowance	(74,761)	(113,527)
Total deferred tax assets	-	-

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

	(unit: %)	
	Eighth Fiscal Period As of March 31, 2019	Ninth Fiscal Period As of September 30, 2019
Statutory tax rate	31.51	31.51
Deductible cash distributions	(31.54)	(31.55)
Others	0.06	0.07
Effective tax rate	0.03	0.03

## (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)	
	Eighth Fiscal Period From October 1, 2018 to March 31, 2019	Ninth Fiscal Period From April 1, 2019 to September 30, 2019
Balance at the beginning of the period	23,778	23,927
Accretion adjustment	149	150
Balance at the end of the period	23,927	24,077

## (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)

Eighth Fiscal Period (From October 1, 2018 to March 31, 2019)

## 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.

Ninth Fiscal Period (From April 1, 2019 to September 30, 2019)

## 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 and logistics facility 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)

	Eighth Fiscal Period From October 1, 2018 to March 31, 2019	Ninth Fiscal Period From April 1, 2019 to September 30, 2019
Book value		
Balance at the beginning of the period	215,270,828	215,255,734
Changes during the period	(15,093)	(12,087,205)
Balance at the end of the period	215,255,734	203,168,529
Fair value at the end of the period	229,995,800	217,936,000

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 eighth fiscal period, the principal increase was acquisitions of real estate trust beneficiary interests in 1 property totaling 3,951,173 thousand yen and the principal decrease was the sales of real estate trust beneficiary interests in 2 properties totaling 3,462,719 thousand yen and depreciation of 990,722 thousand yen and during the ninth fiscal period, the principal increase was the acquisition of real estate and real estate trust beneficiary interests in 4 properties totaling 5,765,573 thousand yen and the principal decrease was the sales of real estate trust beneficiary interests in 2 properties totaling 17,624,357 thousand yen and depreciation of 1,019,396 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(51.0% of quasi co-ownership interest) and Welcia Kishiwadakamori (Land) as of March 31, 2019 is based on the sales price (3,049,800 thousand yen and 560,000 thousand yen, respectively) under the trust beneficiary interest sales contracts entered on November 14, 2018 and May 16, 2019, respectively. The fair value of Welcia Kishiwadakamori (Land) as of September 30, 2019 is based on the sales price (560,000 thousand yen) under the trust beneficiary interest sales contracts entered on May 16, 2019.

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)

	Eighth Fiscal Period From October 1, 2018 to March 31, 2019	Ninth Fiscal Period From April 1, 2019 to September 30, 2019
Net asset value per unit	229,477 yen	229,242 yen
Net income per unit	6,467 yen	6,476 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:

	Eighth Fiscal Period From October 1, 2018 to March 31, 2019	Ninth Fiscal Period From April 1, 2019 to September 30, 2019
Net income (in thousands of yen)	3,283,732	3,287,877
Net income not attributable to ordinary unitholders (in thousands of yen)	-	-
Net income attributable to ordinary unitholders (in thousands of yen)	3,283,732	3,287,877
Weighted average number of units during the period (units)	507,700	507,700

## (Notes to Significant Subsequent Events)

## Issuance of new investment units

KRR passed resolutions at the Board of Directors Meeting held on October 8, 2019 and October 16, 2019, to issue new investment units to fund part of the acquisition of specified assets. Payments for the issuance of new investment units through public offering and through third-party allotment have been completed on October 23, 2019 and November 14, 2019, respectively. The proceeds from the third-party allotment of new investment units will be retained and used to fund part of the acquisition of specified assets or repayment of borrowings in the future used the net proceeds through third-party allotment for the repayment of loans payable.

As a result, unitholders' capital totaled ¥121,183,494,770 and total number of investment units issued and outstanding increased to 536,177 as of November 14, 2019.

## (Issuance of new investment units through public offerings)

Total number of units issued	27,300 units
Issue price (offer price)	282,847 yen per unit
Total amount of issue price (total offer price)	7,721,723,100 yen
Paid-in amount (issue amount)	273,360 yen per unit
Total paid-in amount (total issue amount)	7,462,728,000 yen
Payment date	October 23, 2019

## (Issuance of new investment units through third-party allotment)

Total number of units issued	1,177 units
Paid-in amount (issue amount)	273,360 yen per unit
Total paid-in amount (total issue amount)	321,744,720 yen
Payment date	November 14, 2019
Allottee	SMBC Nikko Securities Inc.

**(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.



### 3. Reference Information

#### (1) Information on Price of the Managed Assets

##### i) Component of Assets

Type of specified asset	Property type	Areas (Note 1)	Eighth fiscal period as of March 31, 2019		Ninth fiscal period as of September 30, 2019	
			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	Shopping centers for daily needs	Tokyo metropolitan area	90,678	38.1	75,604	32.0
		Greater Osaka area	44,662	18.8	46,914	19.9
		Greater Nagoya area	21,068	8.9	21,005	8.9
		Fukuoka area	8,011	3.4	7,972	3.4
		Ordinance-designated cities, core cities and other areas	46,890	19.7	44,101	18.7
	Other retail properties	-	-	-	-	
	Logistics facilities	Tokyo metropolitan area	3,945	1.7	4,740	2.0
Total of trust beneficiary interests in real estate			215,255	90.5	200,338	84.8
Real estate	Logistics facilities	Tokyo metropolitan area	-	-	2,830	1.2
Total of real estate			-	-	2,830	1.2
Bank deposits and other assets			22,589	9.5	33,084	14.0
Total assets			237,845	100.0	236,253	100.0

	Eighth fiscal period as of March 31, 2019		Ninth fiscal period as of September 30, 2019	
	Amount (Millions of Yen)	Ratio (%) (Note 3)	Amount (Millions of Yen)	Ratio (%) (Note 3)
Total liabilities (Note 4)	121,339	51.0	119,867	50.7
Total net assets (Note 4)	116,505	49.0	116,386	49.3
Total assets	237,845	100.0	236,253	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.

## ii) Overview of the Portfolio

## (A) Overview of Assets Owned

The following summarizes the real estate or the real estate properties in trust owned by KRR as of September 30, 2019.

Property number	Property type (Note 1)	Property name	Location (Note 2)	Ownership form	Book value (in millions)	Evaluation value (in millions) (Note 3)	Acquisition price (in millions) (Note 4)	Share (%) (Note 5)
T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	Trust beneficiary interest in real estate	8,742	9,820	8,063	4.0
T-3	Urban Station-Front SC	Passaggio Nishiara	Adachi ward, Tokyo	Trust beneficiary interest in real estate	5,745	6,840	5,850	2.9
T-4	Urban Station-Front SC	Daikanyama Address Dixsept	Shibuya ward, Tokyo	Trust beneficiary interest in real estate	5,377	6,140	5,390	2.7
T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	Trust beneficiary interest in real estate	4,406	5,120	4,470	2.2
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	Trust beneficiary interest in real estate	3,921	4,350	4,000	2.0
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	Trust beneficiary interest in real estate	3,548	3,850	3,600	1.8
T-8	SS	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	Trust beneficiary interest in real estate	2,486	2,750	2,586	1.3
T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	Trust beneficiary interest in real estate	4,890	5,580	4,815	2.4
T-10	SS	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	Trust beneficiary interest in real estate	3,210	3,490	3,169	1.6
T-11	NSC	Unicus Kamisato (Land)	Kodama-gun, Saitama	Trust beneficiary interest in real estate	3,043	3,050	3,000	1.5
T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	Trust beneficiary interest in real estate	1,726	1,780	1,700	0.8
T-13	SM	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	Trust beneficiary interest in real estate	1,462	1,410	1,442	0.7
T-15	NSC	Nakamachidai Tokyu Store	Yokohama, Kanagawa	Trust beneficiary interest in real estate	3,372	3,810	3,360	1.7
T-16	SS	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	Trust beneficiary interest in real estate	1,756	1,820	1,724	0.9
T-17	SM	Life Kameido	Koto ward, Tokyo	Trust beneficiary interest in real estate	1,487	1,520	1,450	0.7
T-18	NSC	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	Trust beneficiary interest in real estate	4,228	4,320	4,170	2.1
T-19	NSC	Yumemachi Narashinodai Mall	Funabashi, Chiba	Trust beneficiary interest in real estate	3,403	3,510	3,416	1.7
T-20	NSC	Kawamachi Yahagi Mall	Chiba, Chiba	Trust beneficiary interest in real estate	3,103	3,220	3,097	1.5
T-21	SS	Prime Square Jiyugaoka	Meguro-ku, Tokyo	Trust beneficiary interest in real estate	2,997	2,830	2,820	1.4
T-22	SS	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	Trust beneficiary interest in real estate	1,865	1,970	1,880	0.9
T-23	SM	Ozeki Tokiwadai	Itabashi ward, Tokyo	Trust beneficiary interest in real estate	1,277	1,350	1,263	0.6
T-24	SS	Konami Sports Club Shibuya	Shibuya ward, Tokyo	Trust beneficiary interest in real estate	3,549	3,410	3,400	1.7
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	Trust beneficiary interest in real estate	8,414	9,660	8,389	4.2
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	DCM Kahma MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	Trust beneficiary interest in real estate	2,113	2,550	2,140	1.1
O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	Trust beneficiary interest in real estate	11,357	11,500	11,000	5.5
O-5	Urban Station-Front SC	Carino Esaka	Suita, Osaka	Trust beneficiary interest in real estate	6,825	7,190	6,555	3.3
O-6	Urban Station-Front SC	COMBOX Komyoike	Izumi, Osaka	Trust beneficiary interest in real estate	6,272	6,580	6,450	3.2
O-7	SM	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	Trust beneficiary interest in real estate	1,304	1,330	1,280	0.6
O-8	SS	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	Trust beneficiary interest in real estate	497	488	487	0.2
O-9	SM	Life Nishi-Tengachaya	Osaka, Osaka	Trust beneficiary interest in real estate	1,544	1,690	1,505	0.7
O-10	NSC	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	Trust beneficiary interest in real estate	3,772	3,980	3,723	1.9

Property number	Property type (Note 1)	Property name	Location (Note 2)	Ownership form	Book value (in millions)	Evaluation value (in millions) (Note 3)	Acquisition price (in millions) (Note 4)	Share (%) (Note 5)
O-11	NSC	Habikigaoka Shopping Center	Habikino, Osaka	Trust beneficiary interest in real estate	2,084	2,020	2,000	1.0
N-1	SS	DCM Kahma Nakagawa Tomita (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	2,351	2,700	2,311	1.2
N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	Trust beneficiary interest in real estate	2,127	2,360	2,174	1.1
N-4	SS	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	Trust beneficiary interest in real estate	6,968	7,300	7,140	3.6
N-5	SS	K's Denki Shin-Moriyama (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	1,390	1,440	1,370	0.7
N-6	NSC	Resora Obu Shopping Terrace	Obu, Aichi	Trust beneficiary interest in real estate	8,165	7,060	7,911	3.9
F-1	SM	Sunny Noma	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	1,418	1,630	1,497	0.7
F-2	SS	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	4,993	5,720	5,020	2.5
F-3	NSC	Kurume-Nishi Shopping Center	Kurume, Fukuoka	Trust beneficiary interest in real estate	1,560	1,800	1,515	0.8
R-1	NSC	Roseo Mito	Mito, Ibaraki	Trust beneficiary interest in real estate	9,801	11,800	10,046	5.0
R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	Trust beneficiary interest in real estate	1,448	1,580	1,469	0.7
R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	Trust beneficiary interest in real estate	874	939	898	0.4
R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	Trust beneficiary interest in real estate	4,324	5,030	4,180	2.1
R-5	NSC	Yorktown Shinden-Higashi	Sendai, Miyagi	Trust beneficiary interest in real estate	3,264	3,340	3,252	1.6
R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	Trust beneficiary interest in real estate	841	877	830	0.4
R-8	NSC	P-1 Plaza Tenno	Hamamatsu, Shizuoka	Trust beneficiary interest in real estate	4,146	4,350	4,010	2.0
R-9	NSC	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	Trust beneficiary interest in real estate	4,320	4,240	4,111	2.0
R-10	NSC	Sun Street Hamakita	Hamamatsu, Shizuoka	Trust beneficiary interest in real estate	10,752 (Note 6)	11,160 (Note 6)	10,746 (Note 6)	5.3 (Note 6)
R-11	SS	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	Trust beneficiary interest in real estate	4,326	4,410	4,210	2.1
L-1	L	Zama Distribution Center	Zama, Kanagawa	Real Estate	1,467	1,640	1,400	0.7
L-2	L	Oppama Distribution Center	Yokosuka, Kanagawa	Real Estate	1,362	1,570	1,300	0.6
L-3	L	Musashi Ranzan Distribution Center	Hiki-gun, Saitama	Trust beneficiary interest in real estate	3,907 (Note 6)	4,000 (Note 6)	3,879 (Note 6)	1.9 (Note 6)
L-4	L	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	Trust beneficiary interest in real estate	832	840	790	0.4
Total					203,168	217,844	200,938	100.0

Note 1: Properties are categorized into the following six types of properties: NSC (Neighborhood Shopping Center), SM (Supermarket), CSC (Community Shopping Center), Urban Station-Front SC (Urban Station-Front Shopping Center), SS (Specialty Store) and L (Logistics facility).

We categorize shopping centers for daily needs as follows.

Type of 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.

Note 6: The amount and proportion of quasi co-ownership interests that KRR owns are shown.

## (B) Overview of tenants as of September 30, 2019

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 <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (thousands) (Note 5)	Amount of security deposits (millions) (Note 6)
T-2	MONA Shin-Urayasu	9,953.98	9,953.98	100.0	1(58)	657,774	620
T-3	Passaggio Nishiarai	10,528.25	10,528.25	100.0	1(42)	415,819	258
T-4	Daikanyama Address Dixsept	5,056.39	5,011.37	99.1	1(27)	370,991	321
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	10,605.26	99.6	1(10)	260,642	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	150,595	70
T-12	Unicus Konosu (Land)	19,329.00	19,329.00	100.0	1	86,063	39
T-13	Inageya Yokohama Minamihonjuku (Land)	4,405.41	4,405.41	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 Square 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	30,290.85	30,187.69	99.7	50	708,047	433
O-2	Life Takadono (Land)	4,437.07	4,437.07	100.0	1	- (Note 7)	- (Note 7)
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	14,313.00	14,313.00	100.0	2	- (Note 7)	- (Note 7)
O-4	Blumer HAT Kobe	23,775.88	20,066.58	84.4	1(41)	654,075	841
O-5	Carino Esaka	7,540.58	7,540.58	100.0	1(30)	308,065	250
O-6	COMBOX Komyoike	25,530.44 (Note 8)	25,530.44	100.0	1	452,010 (Note 9)	387 (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	227
O-10	Million Town Tsukaguchi (Land)	8,264.46	8,264.46	100.0	1	- (Note 7)	- (Note 7)
O-11	Habikigaoka Shopping Center	6,447.81	6,447.81	100.0	2	- (Note 7)	- (Note 7)
N-1	DCM Kahma Nakagawa Tomita (Land)	- (Note 7)	- (Note 7)	100.0	1	- (Note 7)	- (Note 7)

Property number	Property name	Leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (thousands) (Note 5)	Amount of security deposits (millions) (Note 6)
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	19,009.91	95.5	1(39)	412,213	247
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	48,296.15	100.0	1(23)	702,215	463
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	62,350.55	95.0	1(28)	350,752	322
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-8	P-1 Plaza Tenno	12,030.83	12,030.83	100.0	7	273,120	260
R-9	Seiyu Rakuichi Moriya (Land)	- (Note 7)	- (Note 7)	100.0	1	- (Note 7)	- (Note 7)
R-10	Sun Street Hamakita	48,697.28 (Note 11)	48,391.13 (Note 11)	99.4	1(50)	859,985 (Note 11)	498 (Note 11)
R-11	Costco Wholesale Sapporo Warehouse	24,006.16	24,006.16	100.0	1	- (Note 7)	- (Note 7)
L-1	Zama Distribution Center	5,479.92	5,479.92	100.0	1	- (Note 7)	- (Note 7)
L-2	Oppama Distribution Center	6,543.87	6,543.87	100.0	1	- (Note 7)	- (Note 7)
L-3	Musashi Ranzan Distribution Center	32,935.55 (Note 11)	32,935.55 (Note 11)	100.0	1	- (Note 7) (Note 11)	- (Note 7) (Note 11)
L-4	Yokohama Kamigo Distribution Center	1,685.77	1,685.77	100.0	1	- (Note 7)	- (Note 7)
Total		850,456.06	841,326.34	98.9	480	12,887,019	10,086

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, 2019. 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, 2019 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, 2019, 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, 2019. 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, 2019 (excluding warehouses in the case of retail 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, 2019 (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 2019 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 2019 by the ownership ratio (93.20%).

Note 11: The area and amount as proportion to the quasi co-ownership interests that KRR owns are shown. The figures are reflected in total even if the figures are undisclosed.

## (C) 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-2	MONA Shin-Urayasu	Japan Real Estate Institute	Sep. 30, 2019	9,820	7,470	9,870	4.6	9,760	4.3	4.8	520	6.5	
T-3	Passaggio Nishiarai	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	6,840	9,700	6,920	4.3	6,810	4.1	4.5	305	5.2	
T-4	Daikanyama Address Dixsept	Japan Real Estate Institute	Sep. 30, 2019	6,140	5,740	6,260	3.4	6,020	3.2	3.6	224	4.2	
T-5	Unicus Ina	Japan Real Estate Institute	Sep. 30, 2019	5,120	4,100	5,170	4.6	5,070	4.3	4.8	251	5.6	
T-6	Yorktown Kita-Kaname	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	4,350	2,340	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, 2019	3,850	4,570	3,900	4.7	3,830	4.5	4.9	186	5.2	
T-8	Sports Club Renaissance Fujimidai	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	2,750	1,890	2,790	4.6	2,730	4.4	4.8	129	5.0	
T-9	Super Viva Home Iwatsuki (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	5,580	-	-	-	5,580	(year 1-13) (year 14-33.2)	4.6 4.7	-	206	4.3
T-10	K's Denki Shonan-Fujisawa (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	3,490	-	-	-	3,490	(year 1-8) (year 9-28.1)	4.3 4.4	-	159	5.0
T-11	Unicus Kamisato (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	3,050	-	-	-	3,050	(year 1-11) (year 12-26) (year 27-36)	4.6 4.7 4.8	-	138	4.6
T-12	Unicus Konosu (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	1,780	-	-	-	1,780	(year 1-11) (year 12-26) (year 27-36)	4.5 4.6 4.7	-	77	4.6
T-13	Inageya Yokohama Minamihonjuku (Land)	Japan Real Estate Institute	Sep. 30, 2019	1,410	-	-	-	1,410	4.0	4.8	64	4.5	
T-15	Nakamachidai Tokyu Store	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	3,810	2,720	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, 2019	1,820	2,340	1,830	5.0	1,810	4.8	5.2	93	5.4	
T-17	Life Kameido	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	1,520	2,050	1,540	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, 2019	4,320	-	4,310	4.7 (Note 4)	4,320	4.6	-	191	4.6	
T-19	Yumemachi Narashinodai Mall	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	3,510	3,230	3,550	4.9	3,490	4.7	5.1	175	5.1	
T-20	Kawamachi Yahagi Mall	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	3,220	3,350	3,280	4.8	3,190	4.6	5.0	159	5.1	
T-21	Prime Square Jiyugaoka	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	2,830	2,830	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, 2019	1,970	3,220	1,960	4.8	1,980	4.6	5.0	97	5.2	
T-23	Ozeki Tokiwadai	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	1,350	1,590	1,380	4.2	1,340	4.0	4.4	57	4.6	
T-24	Konami Sports Club Shibuya	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	3,410	3,720	3,470	3.8	3,390	3.9	4.0	136	4.0	
O-1	Blumer Maitamon	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	9,660	9,350	9,630	5.2	9,670	5.3	5.4	509	6.1	
O-2	Life Takadono (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	3,150	-	-	-	3,150	(year 1-5) (year 6-16) (year 17-35.8)	3.9 4.0 4.1	-	128	4.8

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-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	Japan Real Estate Institute	Sep. 30, 2019	2,550	2,380	2,570	5.9	2,530	5.6	6.1	152	7.1
O-4	Blumer HAT Kobe	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	11,500	17,300	11,600	4.8	11,400	4.6	5.0	562	5.1
O-5	Carino Esaka	Japan Real Estate Institute	Sep. 30, 2019	7,190	8,070	7,240	4.3	7,140	4.0	4.5	334	5.1
O-6	COMBOX Komyoike	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	6,580	7,610	6,830	5.3	6,470	4.9	5.4	385	6.0
O-7	Hankyu Oasis Hirakatadeguchi	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	1,330	875	1,340	5.5	1,320	5.3	5.7	75	5.9
O-8	Welcia Kishiwadakamori (Land)	Japan Real Estate Institute	Sep. 30, 2019	488	-	-	-	488	4.0	4.7	21	4.5
O-9	Life Nishi-Tengachaya	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	1,690	1,760	1,710	4.6	1,680	4.7	4.8	79	5.2
O-10	Million Town Tsukaguchi (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	3,980	-	-	-	3,980	(year 1-16) 4.0 (year 17-36.4) 4.2	-	157	4.2
O-11	Habikigaoka Shopping Center	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	2,020	1,780	2,030	5.1	2,010	5.1	5.3	106	5.3
N-1	DCM Kahma Nakagawa Tomita (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	2,700	-	-	-	2,700	(year 1-14) 4.3 (year 15-33.7) 4.4	-	116	5.0
N-2	Valor Ichinomiyama-Nishi	Japan Real Estate Institute	Sep. 30, 2019	2,360	1,840	2,370	5.1	2,340	4.8	5.3	130	6.0
N-4	Homecenter Kohnan Sunadabashi	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	7,300	7,250	7,420	4.8	7,250	4.6	5.0	367	5.1
N-5	K's Denki Shin-Moriyama (Land)	Japan Real Estate Institute	Sep. 30, 2019	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, 2019	7,060	7,620	7,260	4.9	6,980	5.0	5.1	365	4.6
F-1	Sunny Noma	Japan Real Estate Institute	Sep. 30, 2019	1,630	1,610	1,670	4.5	1,580	4.3	4.9	79	5.3
F-2	Round1 Stadium Hakata-Hanmichibashi	Japan Real Estate Institute	Sep. 30, 2019	5,720	5,190	5,760	5.0	5,680	4.7	5.2	287	5.7
F-3	Kurume-Nishi Shopping Center	Japan Real Estate Institute	Sep. 30, 2019	1,800	1,540	1,810	4.9	1,780	4.6	5.1	92	6.1
R-1	Roseo Mito	Japan Real Estate Institute	Sep. 30, 2019	11,800	9,490	11,900	4.9	11,700	4.6	5.1	597	5.9
R-2	K's Denki Aomori Honten	Japan Real Estate Institute	Sep. 30, 2019	1,580	1,690	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, 2019	939	852	945	5.5	933	5.2	5.7	57	6.4
R-4	Ashico Town Ashikaga	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	5,030	7,460	5,050	5.3 (Building) 5.0 (Land) (Note 3)	5,020	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, 2019	3,340	5,280	3,360	5.5	3,330	5.3	5.7	194	6.0
R-6	Kasumi Technopark Sakura	Daiwa Real Estate Appraisal Co., Ltd.	Sep. 30, 2019	877	741	887	5.1	873	4.9	5.3	46	5.6
R-8	P-1 Plaza Tenno	Japan Real Estate Institute	Sep. 30, 2019	4,350	4,390	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, 2019	4,240	-	4,290	4.3 (Note 4)	4,220	4.2	-	166	4.1
R-10	Sun Street Hamakita (Note 5)	Japan Real Estate Institute	Sep. 30, 2019	11,160	9,730	12,500	5.4	12,200	5.1	5.7	630	5.9
R-11	Costco Wholesale Sapporo Warehouse	Japan Real Estate Institute	Sep. 30, 2019	4,410	3,540	4,440	4.5	4,380	4.2	4.7	203	4.8
L-1	Zama Distribution Center	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	1,640	1,580	1,630	4.8	1,650	4.8	5.0	84	6.0



Property number	Property name	Appraiser	Evaluation date	Appraisal value (in millions)	Estimated value						Appraisal NOI (in millions) (Note 1)	Appraisal NOI yield (%) (Note 2)
					Cost method (in millions)	Cash flow-based method						
						Direct capitalization method		DCF method				
						Estimated value (in millions)	Capitalization rate (%)	Estimated value (in millions)	Discount rate (%)	Terminal capitalization rate (%)		
L-2	Oppama Distribution Center	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	1,570	1,520	1,530	4.9	1,590	5.0	5.1	85	6.5
L-3	Musashi Ranzan Distribution Center (Note 5)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	4,000	4,390	4,440	5.3	4,440	5.3	5.5	221	5.7
L-4	Yokohama Kamigo Distribution Center	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2019	840	860	860	4.5	830	4.5	4.7	45	5.8
Total/Average				217,864	186,558	194,392	-	218,124	-	-	10,694	5.3

Note 1: "Appraisal NOP" 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. 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).  

$$\text{Appraisal NOI yield} = \frac{\text{Appraisal NOI of each property}}{\text{Acquisition price for each property}}$$

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 NOP" are calculated in proportion to the co-ownership interest. Other figures refer to the entire land and building.

## (D) 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-2	MONA Shin-Urayasu	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Sep. 2019	1,193,651	-
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.	Sep. 2019	249,446	-
T-5	Unicus Ina	HI International Consultant Co., Ltd.	Jul. 2019	245,170	750
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.	Sep. 2019	69,782	-
T-8	Sports Club Renaissance Fujimidai	HI International Consultant Co., Ltd.	Jan. 2019	37,340	8,650
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-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 Square 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	DCM Kahma MEGA Don Quijote UNY Omihachiman	HI International Consultant Co., Ltd.	Sep. 2019	64,610	6,310
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)	-	-	-
O-11	Habikigaoka Shopping Center	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Sep. 2019	71,998	-
N-1	DCM Kahma Nakagawa Tomita (Land)	(Note 2)	-	-	-
N-2	Valor Ichinomiya-Nishi	HI International Consultant Co., Ltd.	Jan. 2019	162,380	1,790

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-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.	Sep. 2019	77,860	100
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.	Jan. 2019	321,090	46,630
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-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
L-1	Zama Distribution Center	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Jan. 2019	100,053	-
L-2	Oppama Distribution Center	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Jan. 2019	168,261	-
L-3	Musashi Ranzan Distribution Center	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Jan. 2019	153,587 (Note 5)	27,511 (Note 5)
L-4	Yokohama Kamigo Distribution Center	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Feb. 2019	13,874	-
Total				7,082,203	260,122

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.

Note 5: The figures of the amount as proportion to the quasi co-ownership interests that KRR owns are shown.

## (E) Overview of seismic PML evaluation report

The following summary is based on the Portfolio Earthquake PML Evaluation Report created by Sampo Risk Management Inc. 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 Sampo Risk Management Inc. and KRR or KFM.

Property number	Property name	PML value in seismic review (%) (Note 1)
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-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	DCM Kahma MEGA Don Quijote UNY Omihachiman	MEGA Don Quijote UNY building 3.95 DCM Kahma 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)	-
O-11	Habikigaoka Shopping Center	Sunplaza A building 5.61 Sunplaza B building 5.13 Joshin building 5.33
N-1	DCM Kahma Nakagawa Tomita (Land)	-
N-2	Valor Ichinomiyama-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
F-2	Round1 Stadium Hakata-Hanmichibashi	Main building 2.17 Parking building 0.48 Tenant building A 0.05 Tenant building B 0.05

Property number	Property name	PML value in seismic review (%) (Note 1)
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-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
L-1	Zama Distribution Center	6.83
L-2	Oppama Distribution Center	9.13
L-3	Musashi Ranzan Distribution Center	1.46
L-4	Yokohama Kamigo Distribution Center	9.16
Portfolio PML value (Note 3)		2.26

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 43 properties that KRR owns as of September 30, 2019, excluding 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), DCM Kahma 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 dated April 2019, created by Sompo Risk Management Inc.

## (F) Architect, structural engineer, construction company and construction confirmation authority

Property number	Property name	Architect	Structural engineer	Construction company	Construction confirmation authority
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-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 Square Jiyugaoka	Daiken Sekkei Inc. Tokyo Office	Daiken Sekkei Inc. Tokyo Office	Toda Corporation	Meguro Ward
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

Property number	Property name	Architect	Structural engineer	Construction company	Construction confirmation authority
O-1	Blumer Maitamon	Asanuma Corporation	Asanuma Corporation	Daiwa System Co., Ltd.	Bureau Veritas Japan Co., Ltd.
O-2	Life Takadono (Land)	-	-	-	-
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	(MEGA Don Quijote UNY building) Kiuchi Construction Co., Ltd. (DCM Kahma building) Daiken Tosikaihatu Co., Ltd.	(MEGA Don Quijote UNY building) Kiuchi Construction Co., Ltd. (DCM Kahma building) Daiken Tosikaihatu Co., Ltd.	(MEGA Don Quijote UNY building) Kiuchi Construction Co., Ltd. (DCM Kahma 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)	-	-	-	-
O-11	Habikigaoka Shopping Center	Daiwa House Industry Co., Ltd.	Daiwa House Industry Co., Ltd.	Daiwa House Industry Co., Ltd.	Center of International Architectural Standard Co., Ltd.
N-1	DCM Kahma 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
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.

Property number	Property name	Architect	Structural engineer	Construction company	Construction confirmation authority
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 Kenchikusekai Co., Ltd.	Office Okano Kenchikusekai Co., Ltd.	Nakano Corporation Co., Ltd.	Ibaraki Prefecture
R-8	P-1 Plaza Tenno	(A building) First-Class Architect Office Atelier Zero (for new building construction), Entetsu General Constructor (for building expansion) (B building) Parking Pro Co., Ltd. (C building) Daiwa House Industry Co., Ltd. (D building) Daiwa House Industry Co., Ltd. (E building) Daiwa House Industry Co., Ltd. (F building) DO Design Co., Ltd. (G building) Akou Co., Ltd. (H building) Akou Co., Ltd.	(A building) First-Class Architect Office Atelier Zero (B building) Parking Pro Co., Ltd. (C building) Daiwa House Industry Co., Ltd. (D building) Daiwa House Industry Co., Ltd. (E building) - (F building) Toda Corporation (G building) Akou Co., Ltd. First-Class Architect Office (H building) Akou Co., Ltd. First-Class Architect Office	(A building) Toei Interior Co., Ltd., Iidagumi Co., Ltd. (for new building construction) Entetsu General Constructor (for building expansion) (B building) Parking Pro Co., Ltd. (C building) Daiwa House Industry Co., Ltd. (D building) Daiwa House Industry Co., Ltd. (E building) Daiwa House Industry Co., Ltd. (F building) Toda Corporation (G building) Akou Co., Ltd. (H building) Akou Co., Ltd.	(A building) Hamamatsu City (B building) Kakunin Service Inc. (C building) Shizuokaken Kenchiku Jyuutaku Machizukuri Center (D building) Shizuokaken Kenchiku Jyuutaku Machizukuri Center (E building) Shizuokaken Kenchiku Jyuutaku Machizukuri Center (F building) Shizuokaken Kenchiku Jyuutaku Machizukuri Center (G building) Hamamatsu City (H building) Hamamatsu City
R-9	Seiyu Rakuichi Moriya (Land)	-	-	-	-
R-10	Sun Street Hamakita	(Main building) Kajima Corporation Architectural Design Division (Mall building) Kajima Corporation Architectural Design Division (Colore building) FPC K.K. First-Class Architect Office	(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)	(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



Property number	Property name	Architect	Structural engineer	Construction company	Construction confirmation authority
		(Wing building) Kajima Corporation Architectural Design Division	Kajima Corporation First-Class Architect Office		
R-11	Costco Wholesale Sapporo Warehouse	Taisei Corporation First-Class Architect Office	Taisei Corporation First-Class Architect Office	Taisei Corporation Sapporo Branch	Sapporo City
L-1	Zama Distribution Center	Fujita Corporation, Yokohama Branch First-Class Architect Office	Fujita Corporation, Yokohama Branch First-Class Architect Office	Fujita Corporation, Yokohama Branch	Kanagawa Prefecture
L-2	Oppama Distribution Center	Fujita Corporation, Yokohama Branch First-Class Architect Office	Fujita Corporation, Yokohama Branch First-Class Architect Office	Fujita Corporation, Yokohama Branch	Kanagawa Prefecture
L-3	Musashi Ranzan Distribution Center	Kanto Construction Co., Ltd., Architect Office	Ishii Architect Partners	Kanto Construction Co., Ltd.	Saitama Housing Inspection Center
L-4	Yokohama Kamigo Distribution Center	Daiwa House Industry Co., Ltd.	Daiwa House Industry Co., Ltd.	Daiwa House Industry Co., Ltd.	Bureau Veritas Japan

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

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

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

## (G) Overview of portfolio

## i. Distribution by property type

Property type	Number of properties	Acquisition price (in millions)	Percentage of total portfolio acquisition price (%) (Note)
Shopping centers for daily needs	51	193,569	96.3
NSC (Neighborhood Shopping Centers)	24	110,825	55.2
SM (Supermarkets)	8	11,952	5.9
CSC Community shopping Centers)	-	-	-
Urban Station-Front Shopping Centers	5	32,308	16.1
SS (Specialty Store)	14	38,484	19.2
Other retail properties	-	-	-
Logistics facilities	4	7,369	3.7
Total	55	200,938	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.

## ii. Distribution by location

Region	Number of properties	Acquisition price (in millions)	Percentage of total portfolio acquisition price (%) (Note)
Four major metropolitan areas	45	157,186	78.2
Tokyo metropolitan area	26	82,034	40.8
Greater Osaka area	11	46,214	23.0
Greater Nagoya area	5	20,906	10.4
Fukuoka area	3	8,032	4.0
Ordinance-designated cities, core cities and other areas	10	43,752	21.8
Total	55	200,938	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.

## iii. 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	4.6
5 years or more but less than 10 years	8	31,031	18.5
10 years or more	32	129,148	76.9
Total	43	167,955	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, 2019. 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.

## iv. 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	2,134	16.6
2 to less than 5 years	1,484	11.5
5 to less than 10 years	5,270	40.9
10 to less than 15 years	1,402	10.9
15 to less than 20 years	1,736	13.5
20 years or more	858	6.7
Total	12,887	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, 2019 (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, 2019 (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.

## v. Distribution by lease contract type

Type of lease contract	Ratio (%) (Note)
Fixed-term building lease	72.9
Regular building lease	12.6
Commercial fixed-term land lease	14.5
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.

## vi. Rent type (Fixed / Sales-linked rent)

Rent type (Note 1) (Fixed / Sales-linked rent)	Ratio (%) (Note 2)
Fixed rent	84.3
Fixed rent with sales-linked rent	12.8
Sales-linked rent	2.9
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 April 1, 2019 and September 30, 2019, rounded to the nearest tenth. As a result, simple aggregation of "ratio" figures may not be the same as the total figure.

## (2) Capital Expenditures on the Managed Assets

## i) Planned capital expenditures

The table below shows major capital expenditures (Note) for renovations, repairs and other projects that are planned for the ninth fiscal period ending March 31, 2020. 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
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	Changing of layout	From October 2019 to March 2020	102	-	-
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	Rooftop parking waterproof (YB building)	From October 2019 to March 2020	81	-	-
T-5	Unicus Ina	Kitaadachi-gun, Saitama	Rooftop waterproof	From October 2019 to March 2020	72	-	-
T-20	Kawamachi Yahagi Mall	Chiba, Chiba	Solar panel installation	From October 2019 to March 2020	41	-	-
T-24	Konami Sports Club Shibuya	Shibuya-ku, Tokyo	Water heater replacement	From October 2019 to March 2020	37	-	-
N-2	Valor Ichinomiyanishi	Ichinomiya, Aichi	GHP replacement	From October 2019 to December 2019	31	-	-
T-21	Prime Square Jiyugaoka	Meguro-ku, Tokyo	Exterior wall repair	From October 2019 to March 2020	31	-	-
O-3	DCM Kahma MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	Exterior wall repair	From September 2019 to November 2020	27	-	-

## ii) 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 791 million yen. There were also expenditures of 296 million yen that were recorded as repair expenses. In total, we spent 1,088 million yen on the projects.

Property number	Property name	Location	Purpose	Schedule	Capital expenditure (Millions of yen)
R-10	Sun Street Hamakita	Hamamatsu, Shizuoka	Environmental renewal	From June 2019 to September 2019	162 (Note)
O-5	Carino Esaka	Suita, Osaka	Exterior wall repair	From November 2018 to September 2019	146
O-1	Blumer Maitamon	Kobe, Hyogo	Rooftop waterproof	From February 2019 to June 2019	134
R-4	Ashico Town Ashikaga	Ashikaga, Tochigi	Rooftop waterproof (OM building)	From May 2019 to September 2019	77
O-5	Carino Esaka	Suita, Osaka	Toilet renewal	From April 2019 to July 2019	37
Others					233
Total					791

Note: The amount as proportion to the quasi co-ownership interests that KRR owns are shown.

## iii) 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, 2019.

Name of end tenants	Type of business (Note 1)	Property name	Total leased area (m <sup>2</sup> )	Ratio (%) (Note 2)	Annual fixed rent (in thousands of yen) (Note 3)	Tenant leasehold and security deposits (in millions of yen) (Note 4)
Shimamura Co., Ltd.	Retail	A Passagio Nishiarai B Blumer Maitamon C Carino Esaka D Resora Obu Shopping Terrace E Sun Street Hamakita	11,077.35	1.3	- (Note 5)	- (Note 5)
P&D Consulting Co., Ltd.	Real estate	A Unicus Ina B Unicus Kamisato (Land) C Unicus Konosu (Land) D Ashico Town Ashikaga	104,810.72	12.3	515,662	251
YorkMart Co., Ltd.	Retail	A Yorktown Kita-Kaname B Totsuka-Fukaya Shopping Center (Land)	- (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	1.5	- (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	4.7	- (Note 5)	- (Note 5)
Daiwaroyal Co., Ltd.	Real estate	COMBOX Komyoike	25,530.44	3.0	452,160	387
Toyota Tsusho Corporation	Wholesale	Homecenter Kohnan Sunadabashi	20,329.07	2.4	- (Note 5)	- (Note 5)
Seiyu GK	Retail	A Sunny Noma B Seiyu Rakuichi Moriya (Land)	- (Note 5)	- (Note 5)	- (Note 5)	- (Note 5)
Vantec Corporation	Transportation	Musashi Ranzan Distribution Center	32,935.55	3.9	- (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, 2019, 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, 2019 (excluding warehouses for building lease agreements) for each property or property in trust, truncated to thousands of yen. In a sublease type master lease, the annual rent (excluding consumption taxes) agreed upon in the master lease agreement or the amount obtained by multiplying the monthly rent (excluding consumption taxes) agreed upon in the master lease agreement by 12, rounded down to the nearest thousand yen, is shown.

Note 4: Indicates the outstanding balance of any tenant leasehold and security deposit from the relevant end-tenant(s) set forth in lease agreement(s) effective as of March 31, 2019, rounded down to the nearest million yen.

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

## ii) Top End-Tenants in Terms of Leased Area

The end-tenants or the sublease type master lessees that cover over 10% of the total leased area of portfolio as of March 31, 2019 are as follows.

Name of end tenants	Type of business	Property name	Total leased area (m <sup>2</sup> )	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	515,662	251	A Sep. 25, 2036 (Note 1) B Oct. 1, 2055 C Oct. 1, 2055 D Mar. 31, 2026	A Not Applicable (Note 1) B Not Applicable C Not Applicable D Not Applicable
Lixil Viva Corporation	Retail	A Super Viva Home Iwatsuki (Land) B Roseo Mito	- (Note 2)	- (Note 2)	- (Note 2)	- (Note 2)	- (Note 2)

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

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

Note 2: P&D Consulting Co., Ltd. is a pass-through master leasing company for a portion of the assets held by KRR, in addition to the above. When including the leased area as a pass-through master leasing company, the total leased area to P&D Consulting Co., Ltd. accounts for 14.8% of the total leased area of the portfolio as of September 30, 2019, accounting for 10% or more of the total leased area of the portfolio and making P&D Consulting Co., Ltd. a major tenant. The following is an overview of the lease as a pass-through master lease company, showing the total leased area, annual fixed rent and leasehold deposits to P&D Consulting Co., Ltd., including leases as end-tenants.

	Property name	Total leased area (m <sup>2</sup> )	Annual fixed rent (in thousands of yen)	Tenant leasehold and security deposits (in millions of yen)	Lease term end	Lease renewal
Lease as a pass-through master leasing company	A Unicus Yoshikawa B Ashico Town Ashikaga	25,518.96	294,375	293	A Mar. 31, 2035 B Mar. 31, 2026	A Not Applicable B Not Applicable
Leases to the relevant tenant (total)	-	126,165.14 (Note)	810,037	545	-	-

Note: Regarding "Ashico Town Ashikaga", since the leased area as an end tenant and the leased area as a pass-through master lease company overlap, the figures for "Leases to the relevant tenant (total)" are adjusted to reflect the overlap. Therefore, the total leased area as an end tenant and the total leased area as a pass-through master lease company do not necessarily agree with the total leased area in the "Leases to the relevant tenant (total)" row.

## 【Reference】

## Earnings Performance for the Individual Properties for the 9th Fiscal Period (April 1, 2019 to September 30, 2019): 183 days As of September 30, 2019

Location		Tokyo metropolitan area											
Property No.		T-2	T-3	T-4	T-5	T-6	T-7	T-8	T-9	T-10	T-11	T-12	T-13
Property Name		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)	Inageya Yokohama Minamihonjuku (Land)
Acquisition Date		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	October 2, 2015
Price Information	Acquisition price ( In millions of yen )	8,063	5,850	5,390	4,470	4,000	3,600	2,586	4,815	3,169	3,000	1,700	1,442
	Percentage of total portfolio	4.0%	2.9%	2.7%	2.2%	2.0%	1.8%	1.3%	2.4%	1.6%	1.5%	0.8%	0.7%
	Net book value ( In millions of yen )	8,742	5,745	5,377	4,406	3,921	3,548	2,486	4,890	3,210	3,043	1,726	1,462
	Appraisal value at the end of period ( In millions of yen )	9,820	6,840	6,140	5,120	4,350	3,850	2,750	5,580	3,490	3,050	1,780	1,410
	Percentage of total appraisal value	4.5%	3.1%	2.8%	2.4%	2.0%	1.8%	1.3%	2.6%	1.6%	1.4%	0.8%	0.6%
Lease Information	Number of tenants	1 ( 58 )	1 ( 42 )	1 ( 27 )	1	1	1 ( 10 )	1	1	1	1	1	1
	Leasable floor area (㎡)	9,953.98	10,528.25	5,056.39	13,462.71	(Note 1)	10,648.27	3,120.87	67,325.95	15,578.58	67,854.47	19,329.00	4,405.41
	Leased floor area (㎡)	9,953.98	10,528.25	5,011.37	13,462.71		10,605.26	3,120.87	67,325.95	15,578.58	67,854.47	19,329.00	4,405.41
	Occupancy ratio												
	As of September 30, 2019	100.0%	100.0%	99.1%	100.0%	100.0%	99.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2019	98.8%	98.6%	97.2%	100.0%	100.0%	99.6%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of September 30, 2018	98.3%	98.6%	97.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2018	87.8%	98.6%	97.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of September 30, 2017	95.9%	99.8%	97.9%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2017	95.7%	98.1%	97.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
As of September 30, 2016	95.6%	98.1%	98.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
As of March 31, 2016	96.1%	98.3%	98.7%	100.0%	100.0%	99.2%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
As of September 30, 2015	98.0%	98.3%	93.9%	100.0%	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
	Rental and other operating revenues ( In thousands of yen )	526,257	318,310	270,264	140,603	(Note 1)	178				75,297	43,031	
	Rental revenues	370,126	215,788	188,543	139,501		130,321				75,297	43,031	
	Other operating revenues	156,130	102,522	81,720	1,102		1,860				-	-	
	Property-related expenses ( In thousands of yen )	255,867	162,318	154,209	16,059		50,219				6,243	4,596	
	Property management fees	81,462	50,311	53,844	1,800		24,808		(Note 1)	(Note 1)	1,200	1,200	(Note 1)
	Taxes	23,677	35,248	12,588	10,246		14,144				4,777	3,130	
	Utilities	65,826	42,645	38,602	-		-				-	-	
	Repairs and maintenance	26,741	3,837	11,072	3,192		10,597				-	-	
	Insurance	483	443	246	296		201				-	-	
	Trust fees and other expenses	57,675	29,832	37,854	524		467				266	266	
NOI ( = - ) ( In thousands of yen )	270,390	155,992	116,055	124,544	108,089		81,961	64,481	103,023	79,368	69,054	38,435	31,851
Depreciation ( In thousands of yen )	66,550	32,713	16,742	34,118	20,913	15,783	15,098	-	-	-	-	-	
Rental operating income ( = - ) ( In thousands of yen )	203,839	123,278	99,313	90,425	87,176	66,178	49,382	103,023	79,368	69,054	38,435	31,851	
Capital expenditures ( In thousands of yen )	27,124	2,550	-	11,271	927	2,697	-	-	-	-	-	-	
NCF ( = - ) ( In thousands of yen )	243,265	153,441	116,055	113,272	107,162	79,264	64,481	103,023	79,368	69,054	38,435	31,851	
Reference	Expense ratio ( = / )	48.6%	51.0%	57.1%	11.4%	8.0%	38.0%	11.6%	13.0%	6.4%	8.3%	10.7%	11.4%
	Property tax for the year 2019 ( In thousands of yen )	47,353	70,442	25,177	20,492	13,969	28,288	11,163	27,869	7,981	9,551	6,257	5,284
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-

## 【Reference】

## Earnings Performance for the Individual Properties for the 9th Fiscal Period (April 1, 2019 to September 30, 2019): 183 days As of September 30, 2019

Location		Tokyo metropolitan area										Greater Osaka area	
Property No.		T-15	T-16	T-17	T-18	T-19	T-20	T-21	T-22	T-23	T-24	O-1	O-2
Property Name		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	Blumer Maitamon	Life Takadono (Land)
Acquisition Date		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	February 10, 2015	February 10, 2015
Price Information	Acquisition price ( In millions of yen )	3,360	1,724	1,450	4,170	3,416	3,097	2,820	1,880	1,263	3,400	8,389	2,685
	Percentage of total portfolio	1.7%	0.9%	0.7%	2.1%	1.7%	1.5%	1.4%	0.9%	0.6%	1.7%	4.2%	1.3%
	Net book value ( In millions of yen )	3,372	1,756	1,487	4,228	3,403	3,103	2,997	1,865	1,277	3,549	8,414	2,727
	Appraisal value at the end of period ( In millions of yen )	3,810	1,820	1,520	4,320	3,510	3,220	2,830	1,970	1,350	3,410	9,660	3,150
	Percentage of total appraisal value	1.7%	0.8%	0.7%	2.0%	1.6%	1.5%	1.3%	0.9%	0.6%	1.6%	4.4%	1.4%
Lease Information	Number of tenants	1	1	1	2	1 ( 14 )	1 ( 12 )	2	1	1	1	50	1
	Leasable floor area (㎡)	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 1)	30,290.85	4,437.07
	Leased floor area (㎡)	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		30,187.69	4,437.07
	Occupancy ratio												
	As of September 30, 2019	100.0%	81.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.7%	100.0%
	As of March 31, 2019	100.0%	81.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.7%	100.0%
	As of September 30, 2018	100.0%	81.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.7%	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%	-	98.4%
	As of September 30, 2017	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	98.2%
	As of March 31, 2017	100.0%	100.0%	100.0%	-	-	-	-	-	-	-	-	99.2%
As of September 30, 2016	100.0%	100.0%	100.0%	-	-	-	-	-	-	-	-	99.1%	
As of March 31, 2016	-	-	-	-	-	-	-	-	-	-	-	99.5%	
As of September 30, 2015	-	-	-	-	-	-	-	-	-	-	-	99.5%	
Income and Retained Earnings Information	Operating periods	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days	183days
	Rental and other operating revenues ( In thousands of yen )					145,940	117,415					494,862	
	Rental revenues					115,363	96,552					365,396	
	Other operating revenues					30,577	20,862					129,465	
	Property-related expenses ( In thousands of yen )					57,636	38,078					239,733	
	Property management fees	(Note 1)	(Note 1)	(Note 1)	(Note 1)	12,780	9,026	(Note 1)	(Note 1)	(Note 1)	(Note 1)	68,102	(Note 1)
	Taxes					11,934	9,733					41,592	
	Utilities					30,260	17,153					69,884	
	Repairs and maintenance					1,239	1,350					33,238	
	Insurance					156	122					649	
	Trust fees and other expenses					1,264	692					26,266	
NOI ( = - ) ( In thousands of yen )	87,848	36,406	32,011	95,246	88,304	79,337	50,905	48,166	27,324	65,951	255,128	63,877	
Depreciation ( In thousands of yen )	20,332	7,745	3,416	-	14,369	9,142	9,693	10,888	2,307	6,721	55,360	-	
Rental operating income ( = - ) ( In thousands of yen )	67,516	28,661	28,594	95,246	73,935	70,194	41,211	37,278	25,016	59,230	199,767	63,877	
Capital expenditures ( In thousands of yen )	-	-	-	-	-	1,961	24,467	-	-	8,157	164,774	-	
NCF ( = - ) ( In thousands of yen )	87,848	36,406	32,011	95,246	88,304	77,376	26,438	48,166	27,324	57,794	90,353	63,877	
Reference	Expense ratio ( = / )	26.0%	23.8%	18.2%	6.3%	39.5%	32.4%	26.6%	24.6%	18.0%	19.5%	48.4%	7.1%
	Property tax for the year 2019 ( In thousands of yen )	14,342	12,284	8,654	9,874	23,868	19,464	12,951	20,273	5,831	21,330	83,142	6,806
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-



## 【Reference】

## Earnings Performance for the Individual Properties for the 9th Fiscal Period (April 1, 2019 to September 30, 2019): 183 days As of September 30, 2019

Location		Greater Osaka area									Greater Nagoya area		
Property No.		O-3	O-4	O-5	O-6	O-7	O-8	O-9	O-10	O-11	N-1	N-2	N-4
Property Name		DCM Kahma MEGA Don Quijote UNY Omihachiman	Blumer HAT Kobe	Carino Esaka	COMBOX Komyoike	Hankyu Oasis Hirakatadeguchi	Welcia Kishiwadakamori (Land)	Life Nishi- Tengachaya	Million Town Tsukaguchi (Land)	Habikigaoka Shopping Center	DCM Kahma Nakagawa Tomita (Land)	Valor Ichinomiya-Nishi	Homecenter Kohnan Sunadabashi
Acquisition Date		February 10, 2015	April 16, 2015	October 2, 2015	October 2, 2015	October 2, 2015	October 2, 2015	January 21, 2016	April 21, 2016	September 27, 2019	February 10, 2015	February 10, 2015	April 21, 2016
Price Information	Acquisition price ( In millions of yen )	2,140	11,000	6,555	6,450	1,280	487	1,505	3,723	2,000	2,311	2,174	7,140
	Percentage of total portfolio	1.1%	5.5%	3.3%	3.2%	0.6%	0.2%	0.7%	1.9%	1.0%	1.2%	1.1%	3.6%
	Net book value ( In millions of yen )	2,113	11,357	6,825	6,272	1,304	497	1,544	3,772	2,084	2,351	2,127	6,968
	Appraisal value at the end of period ( In millions of yen )	2,550	11,500	7,190	6,580	1,330	488	1,690	3,980	2,020	2,700	2,360	7,300
	Percentage of total appraisal value	1.2%	5.3%	3.3%	3.0%	0.6%	0.2%	0.8%	1.8%	0.9%	1.2%	1.1%	3.4%
Lease Information	Number of tenants	2	1 ( 41 )	1 ( 30 )	1	1	1	1	1	2	1	1	1
	Leasable floor area (㎡)	14,313.00	23,775.88	7,540.58	25,530.44	2,960.38	3,033.45	2,679.52	8,264.46	6,447.81	(Note 1)	9,447.48	20,329.07
	Leased floor area (㎡)	14,313.00	20,066.58	7,540.58	25,530.44	2,960.38	3,033.45	2,679.52	8,264.46	6,447.81		9,447.48	20,329.07
	Occupancy ratio												
	As of September 30, 2019	100.0%	84.4%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	As of March 31, 2019	100.0%	99.3%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	100.0%	100.0%	100.0%
	As of September 30, 2018	100.0%	98.0%	99.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	100.0%	100.0%
	As of March 31, 2018	100.0%	97.2%	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%	98.7%	97.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	100.0%	100.0%
	As of March 31, 2017	100.0%	99.1%	97.8%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	100.0%	100.0%
As of September 30, 2016	100.0%	99.1%	99.1%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	-	100.0%	100.0%	
As of March 31, 2016	100.0%	98.7%	99.1%	100.0%	100.0%	100.0%	100.0%	100.0%	-	-	100.0%	100.0%	-
As of September 30, 2015	100.0%	99.5%	-	-	-	-	-	-	-	-	100.0%	100.0%	-
Income and Retained Earnings Information	Operating periods	183days	183days	183days	183days	183days	183days	183days	183days	4days	183days	183days	183days
	Rental and other operating revenues ( In thousands of yen )		469,947	312,170	226,030			44,870					
	Rental revenues		349,071	199,398	226,030			44,870					
	Other operating revenues		120,875	112,772	-			-					
	Property-related expenses ( In thousands of yen )		215,793	158,066	35,378			5,571					
	Property management fees	(Note 1)	67,380	44,346	1,800	(Note 1)	(Note 1)	1,800	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
	Taxes		47,823	25,630	30,306			3,316					
	Utilities		67,458	41,560	-			-					
	Repairs and maintenance		3,310	42,387	2,288			-					
	Insurance		757	579	568			45					
	Trust fees and other expenses		29,063	3,561	415			410					
NOI ( = - ) ( In thousands of yen )	75,084	254,153	154,104	190,651	37,285	10,696	39,298	78,701	1,380	58,016	59,614	180,992	
Depreciation ( In thousands of yen )	10,926	56,484	38,996	32,894	5,536	-	4,682	-	1,239	-	15,516	40,737	
Rental operating income ( = - ) ( In thousands of yen )	64,157	197,668	115,107	157,757	31,748	10,696	34,616	78,701	141	58,016	44,098	140,255	
Capital expenditures ( In thousands of yen )	-	19,674	188,009	-	-	-	-	-	-	-	288	-	
NCF ( = - ) ( In thousands of yen )	75,084	234,478	△33,904	190,651	37,285	10,696	39,298	78,701	1,380	58,016	59,326	180,992	
Reference	Expense ratio ( = / )	20.0%	45.9%	50.6%	15.7%	14.3%	19.0%	12.4%	12.6%	3.8%	10.1%	24.4%	11.2%
	Property tax for the year 2019 ( In thousands of yen )	28,692	95,565	51,199	60,608	7,748	2,072	6,630	19,665	16,247	10,161	19,306	40,334
	Assets pledged as collateral	○	-	-	-	-	-	○	-	-	-	-	-

## 【Reference】

## Earnings Performance for the Individual Properties for the 9th Fiscal Period (April 1, 2019 to September 30, 2019): 183 days As of September 30, 2019

Location		Greater Nagoya area		Fukuoka area			Ordinance-designated cities, core cities and other areas							
Property No.		N-5	N-6	F-1	F-2	F-3	R-1	R-2	R-3	R-4	R-5	R-6	R-8	
Property Name		K's Denki Shin-Moriyama (Land)	Resora Obu Shopping Terrace	Sunny Noma	Round1 Stadium Hakata-Hannichibashi	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	P-1 Plaza Tenno	
Acquisition Date		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	April 22, 2016	
Price Information	Acquisition price ( In millions of yen )	1,370	7,911	1,497	5,020	1,515	10,046	1,469	898	4,180	3,252	830	4,010	
	Percentage of total portfolio	0.7%	3.9%	0.7%	2.5%	0.8%	5.0%	0.7%	0.4%	2.1%	1.6%	0.4%	2.0%	
	Net book value ( In millions of yen )	1,390	8,165	1,418	4,993	1,560	9,801	1,448	874	4,324	3,264	841	4,146	
	Appraisal value at the end of period ( In millions of yen )	1,440	7,060	1,630	5,720	1,800	11,800	1,580	939	5,030	3,340	877	4,350	
	Percentage of total appraisal value	0.7%	3.2%	0.7%	2.6%	0.8%	5.4%	0.7%	0.4%	2.3%	1.5%	0.4%	2.0%	
Lease Information	Number of tenants	1	1 ( 39 )	1	1	4	1 ( 23 )	1	1	1 ( 28 )	2	1	1 ( 7 )	
	Leasable floor area (㎡)	(Note 1)	19,909.33	2,814.67	28,026.61	4,641.10	48,296.15	10,083.41	(Note 1)	65,616.31	12,768.77	2,047.65	12,030.83	
	Leased floor area (㎡)		19,009.91	2,814.67	28,026.61	4,641.10	48,296.15	10,083.41		62,350.55	12,768.77	2,047.65	12,030.83	
	Occupancy ratio													
	As of September 30, 2019	100.0%	95.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	95.0%	100.0%	100.0%	100.0%	
	As of March 31, 2019	100.0%	86.3%	100.0%	100.0%	100.0%	99.5%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	As of September 30, 2018	100.0%	99.0%	100.0%	100.0%	100.0%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	As of March 31, 2018	100.0%	99.2%	100.0%	100.0%	100.0%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	As of September 30, 2017	100.0%	99.4%	100.0%	100.0%	100.0%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
	As of March 31, 2017	100.0%	-	100.0%	-	-	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
As of September 30, 2016	-	-	100.0%	-	-	99.7%	100.0%	100.0%	99.1%	100.0%	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	
	Rental and other operating revenues ( In thousands of yen )	(Note 1)	272,950			52,308	384,288			332,463			138,414	
	Rental revenues		207,057			52,308	348,333			186,651			136,830	
	Other operating revenues		65,893			-	35,954			145,811			1,584	
	Property-related expenses ( In thousands of yen )		152,813			6,385	88,349			148,032			23,132	
	Property management fees		37,930	(Note 1)	(Note 1)	1,864	19,502	(Note 1)	(Note 1)	40,150	(Note 1)	(Note 1)	3,150	
	Taxes		26,567			3,467	26,823			24,962			14,675	
	Utilities		50,058			-	30,336			62,382			176	
	Repairs and maintenance		18,170			468	8,853			13,669			4,370	
	Insurance		534			69	574			539			339	
	Trust fees and other expenses		19,551			516	2,259			6,329			420	
NOI ( = - ) ( In thousands of yen )	29,991		120,137	40,211	144,035	45,923	295,939	46,273	28,247	184,430	91,844	22,888	115,281	
Depreciation ( In thousands of yen )	-	49,546	14,252	22,092	5,638	47,219	6,365	4,894	30,445	13,754	2,480	16,855		
Rental operating income ( = - ) ( In thousands of yen )	29,991	70,590	25,959	121,943	40,284	248,719	39,907	23,352	153,985	78,090	20,407	98,426		
Capital expenditures ( In thousands of yen )	-	42,083	3,170	-	-	-	-	-	78,698	-	-	498		
NCF ( = - ) ( In thousands of yen )	29,991	78,053	37,041	144,035	45,923	295,939	46,273	28,247	105,732	91,844	22,888	114,783		
Reference	Expense ratio ( = / )	10.7%	56.0%	22.3%	12.4%	12.2%	23.0%	16.8%	16.1%	44.5%	40.3%	18.8%	16.7%	
	Property tax for the year 2019 ( In thousands of yen )	4,296	53,131	7,830	35,341	6,932	53,644	13,938	6,248	49,924	31,012	3,719	29,349	
	Assets pledged as collateral	-	-	-	-	-	-	-	-	-	-	-	-	

## 【Reference】

## Earnings Performance for the Individual Properties for the 9th Fiscal Period (April 1, 2019 to September 30, 2019): 183 days

As of September 30, 2019

Location		Ordinance-designated cities, core cities and other areas			Tokyo metropolitan area				Total of 55 properties
Property No.	R-9	R-10	R-11	L-1	L-2	L-3	L-4		
Property Name	Seiyu Rakuichi Moriya (Land)	Sun Street Hamakita	Costco Wholesale Sapporo Warehouse	Zama Distribution Center	Oppama Distribution Center	Musashi Ranzan Distribution Center	Yokohama Kamigo Distribution Center		
Acquisition Date	January 31, 2017	April 27, 2017	May 31, 2018	April 5, 2019	April 5, 2019	March 26, 2019	April 11, 2019		
Price Information	Acquisition price ( In millions of yen )	4,111	10,746	4,210	1,400	1,300	3,879	790	200,938
	Percentage of total portfolio	2.0%	5.3%	2.1%	0.7%	0.6%	1.9%	0.4%	100.0%
	Net book value ( In millions of yen )	4,320	10,752	4,326	1,467	1,362	3,907	832	203,168
	Appraisal value at the end of period ( In millions of yen )	4,240	11,160	4,410	1,640	1,570	4,000	840	217,864
	Percentage of total appraisal value	1.9%	5.1%	2.0%	0.8%	0.7%	1.8%	0.4%	100.0%
Lease Information	Number of tenants	1	1 ( 50 )	1	1	1	1	1	480
	Leasable floor area (㎡)	(Note 1)	48,697.28	24,006.16	5,479.92	6,543.87	32,935.55	1,685.77	850,456.06
	Leased floor area (㎡)		48,391.13	24,006.16	5,479.92	6,543.87	32,935.55	1,685.77	841,326.34
	Occupancy ratio								
	As of September 30, 2019	100.0%	99.4%	100.0%	100.0%	100.0%	100.0%	100.0%	98.9%
	As of March 31, 2019	100.0%	99.3%	100.0%	-	-	100.0%	-	99.2%
	As of September 30, 2018	100.0%	99.3%	100.0%	-	-	-	-	99.4%
	As of March 31, 2018	100.0%	99.2%	-	-	-	-	-	99.5%
	As of September 30, 2017	100.0%	98.0%	-	-	-	-	-	99.6%
	As of March 31, 2017	100.0%	-	-	-	-	-	-	99.6%
As of September 30, 2016	-	-	-	-	-	-	-	99.7%	
As of March 31, 2016	-	-	-	-	-	-	-	99.6%	
As of September 30, 2015	-	-	-	-	-	-	-	99.6%	
Income and Retained Earnings Information	Operating periods	183days	183days	183days	179days	179days	183days	173days	180days
	Rental and other operating revenues ( In thousands of yen )	(Note 1)	547,151						7,685,863
	Rental revenues		448,920						6,549,330
	Other operating revenues		98,230						1,136,533
	Property-related expenses ( In thousands of yen )		243,307						2,479,550
	Property management fees		71,710	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	674,010
	Taxes		25,467						629,188
	Utilities		53,249						589,896
	Repairs and maintenance		23,315						250,983
	Insurance		778						11,378
	Trust fees and other expenses		68,785						324,093
NOI ( = - ) ( In thousands of yen )	82,979		303,844	90,388	53,629	57,324	124,219	14,990	5,206,313
Depreciation ( In thousands of yen )	-	71,969	32,767	6,198	9,325	37,035	1,733	921,487	
Rental operating income ( = - ) ( In thousands of yen )	82,979	231,874	57,621	47,430	47,998	87,184	13,257	4,284,826	
Capital expenditures ( In thousands of yen )	-	176,205	14,350	-	-	-	-	766,908	
NCF ( = - ) ( In thousands of yen )	82,979	127,639	76,038	53,629	57,324	124,219	14,990	4,439,404	
Reference	Expense ratio ( = / )	13.3%	44.5%	25.5%	4.2%	3.5%	2.3%	13.3%	32.3%
	Property tax for the year 2019 ( In thousands of yen )	22,483	50,931	33,987	8,181	9,828	24,295	4,085	1,320,051
	Assets pledged as collateral	-	-	-	-	-	-	-	-

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

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

## 【Reference】

## Earnings Performance for the Individual Properties for the 9th Fiscal Period (April 1, 2019 to September 30, 2019): 183 days As of September 30, 2019

Location		Tokyo metropolitan area	Ordinance-designated cities, core cities and other areas	Total of 2 Properties Sold	Total of 57 Properties
Property No.		T-1 (Note 2)	R-7(Note 3)		
Property Name		Fululu Garden Yachiyo	Solala Plaza (51% quasi co-ownership interest)		
Acquisition Date		February 10, 2015	April 21, 2016		
Price Information	Acquisition price ( In millions of yen )	14,848	2,917	17,765	218,704
	Percentage of total portfolio	83.6%	16.4%	100.0%	-
	Revenue from sale of real estate property ( In millions of yen )	15,200	3,049	18,249	-
	Cost of real estate property ( In millions of yen )	14,796	2,827	17,624	-
	Gain on sale of real estate property ( In millions of yen )	40	201	242	-
Lease Information	Number of tenants	-	-	-	-
	Leasable floor area (㎡)	-	-	-	-
	Leased floor area (㎡)	-	-	-	-
	Occupancy ratio				
	As of September 30, 2019	-	-	-	-
	As of March 31, 2019	96.6%	100.0%	-	-
	As of September 30, 2018	96.6%	100.0%	-	-
	As of March 31, 2018	98.8%	100.0%	-	-
	As of September 30, 2017	99.4%	100.0%	-	-
	As of March 31, 2017	98.2%	100.0%	-	-
As of September 30, 2016	99.6%	100.0%	-	-	
As of March 31, 2016	99.4%	-	-	-	
As of September 30, 2015	99.5%	-	-	-	
Income and Retained Earnings Information	Operating periods	179days	4days	150days	178days
	Rental and other operating revenues ( In thousands of yen )	678,878			8,367,009
	Rental revenues	578,262			7,129,860
	Other operating revenues	100,616			1,237,149
	Property-related expenses ( In thousands of yen )	387,996			2,872,149
	Property management fees	138,042	(Note 1)	(Note 1)	812,506
	Taxes	103,564			736,890
	Utilities	61,708			651,605
	Repairs and maintenance	45,704			296,687
	Insurance	1,498			12,880
	Trust fees and other expenses	37,478			361,578
NOI ( = - ) ( In thousands of yen )	290,882	(2,335)	288,546	5,494,860	
Depreciation ( In thousands of yen )	94,379	3,680	98,059	1,019,546	
Rental operating income ( = - ) ( In thousands of yen )	196,503	(6,016)	190,486	4,475,313	
Capital expenditures ( In thousands of yen )	24,450	-	24,450	791,359	
NCF ( = - ) ( In thousands of yen )	266,431	(2,335)	264,095	4,703,500	
Reference	Expense ratio ( = / )	57.2%	203.0%	57.6%	34.3%
	Property tax for the year 2019 ( In thousands of yen )	-	-	-	-
	Assets pledged as collateral	○	-	-	-

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

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

Note 2: Fululu Garden Yachiyo was sold on September 27, 2019.

Note 3: Solala Plaza (51% quasi co-ownership interest) was sold on April 5, 2019.

**(Reference) Borrowings**

Borrowings as of September 30, 2019 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	2,750,000	-	-	2,750,000	0.466	January 31, 2020	(Note 4)	Unsecured/ Unguaranteed
	Sumitomo Mitsui Banking Corporation	-	700,000	-	700,000	0.477	September 30, 2020		
	Sumitomo Mitsui Trust Bank, Ltd.	-	620,000	-	620,000				
	Sub Total	2,750,000	1,320,000	-	4,070,000				
Current Portion of Long-Term Loans Payable	Mizuho Bank, Ltd.	710,000	-	710,000	-	0.368	September 30, 2019	(Note 4)	Unsecured/ Unguaranteed
	Sumitomo Mitsui Trust Bank, Ltd.	620,000	-	620,000	-				
	Mizuho Trust & Banking Co., Ltd.	350,000	-	350,000	-	0.488	August 31, 2019		
	Aozora Bank, Ltd.	250,000	-	250,000	-				
	Resona Bank, Ltd.	250,000	-	250,000	-				
	Sumitomo Mitsui Trust Bank, Ltd.	200,000	-	200,000	-	0.488	August 31, 2019		
	Mizuho Bank, Ltd.	300,000	-	300,000	-				
	MUFG Bank, Ltd.	1,270,000	-	1,270,000	-	0.488	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	-				
	Sumitomo Mitsui Banking Corporation	2,400,000	-	-	2,400,000				
	MUFG Bank, Ltd.	800,000	-	-	800,000	0.751	February 10, 2020		
	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				
	MUFG Bank, Ltd.	-	1,270,000	-	1,270,000				
	Mizuho Bank, Ltd. ( Note 6 )	-	660,000	660,000	-	0.475			
	Mizuho Trust & Banking Co., Ltd.	-	650,000	-	650,000	0.476			
Sumitomo Mitsui Trust Bank, Ltd.	-	200,000	-	200,000					
Sub Total	13,350,000	2,780,000	7,010,000	9,120,000					

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	3,000,000	-	-	3,000,000	0.865	February 10, 2021	(Note 4)	Unsecured/ Unguaranteed
	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	0.978	February 10, 2022		
	Sumitomo Mitsui Banking Corporation	2,600,000	-	-	2,600,000				
	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	0.925	February 10, 2021		
	Resona Bank, Ltd.	300,000	-	-	300,000		February 10, 2022		
	Development Bank of Japan Inc. (Note 5)	1,500,000	-	-	1,500,000	1.033	February 10, 2022		
	Development Bank of Japan Inc. (Note 5)	1,600,000	-	-	1,600,000	1.366	April 16, 2025		
	Sumitomo Mitsui Banking Corporation	4,600,000	-	-	4,600,000	0.975	March 31, 2023		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000				
	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	0.994	March 31, 2023		
	Development Bank of Japan Inc. (Note 5)	1,500,000	-	-	1,500,000	0.987	March 31, 2023		
	MUFG Bank, Ltd.	450,000	-	-	450,000				
	Resona Bank, Ltd.	200,000	-	-	200,000	1.013	March 31, 2023		
	The Musashino Bank, Ltd.	150,000	-	-	150,000				
	Development Bank of Japan Inc. (Note 5)	1,500,000	-	-	1,500,000	1.110	March 31, 2024		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000				
	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	1.243	April 16, 2025		
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000				
	MUFG Bank, Ltd.	400,000	-	-	400,000	0.803	September 30, 2024		
	Sumitomo Mitsui Trust Bank, Ltd.	450,000	-	-	450,000	0.760	September 30, 2024		
	Development Bank of Japan Inc. (Note 5)	890,000	-	-	890,000	0.932	April 21, 2026		
	Sumitomo Mitsui Banking Corporation	2,670,000	-	-	2,670,000				
	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	April 27, 2021			
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	0.400	April 27, 2021			
MUFG Bank, Ltd. (Note 5)	600,000	-	-	600,000					
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					

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	MUFG Bank, Ltd. (Note 5)	600,000	-	-	600,000	0.696	October 31, 2024	(Note 4)	Unsecured/ Unguaranteed
	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	October 31, 2026		
	MUFG Bank, Ltd. (Note 5)	500,000	-	-	500,000	0.903			
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	1.033			
	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			
	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				
	Sumitomo Mitsui Banking Corporation	2,600,000	-	-	2,600,000	0.985	April 30, 2027		
	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	March 31, 2025		
	Nippon Life Insurance Company	700,000	-	-	700,000	0.913			
	Sumitomo Mitsui Trust Bank, Ltd.	700,000	-	-	700,000	0.726			
	Resona Bank, Ltd.	500,000	-	-	500,000	0.676	March 31, 2026		
	Aozora Bank, Ltd.	500,000	-	-	500,000	0.726			
Mizuho Bank, Ltd.	400,000	-	-	400,000	0.726				
The Musashino Bank, Ltd.	400,000	-	-	400,000	0.676	March 31, 2028			
Sumitomo Mitsui Banking Corporation	1,850,000	-	-	1,850,000	0.910				
MUFG Bank, Ltd.	1,300,000	-	-	1,300,000	0.860				
Resona Bank, Ltd.	-	650,000	-	650,000	0.460	August 31, 2024			
Aozora Bank, Ltd.	-	890,000	-	890,000	0.585	August 31, 2026			
Mizuho Bank, Ltd.	-	1,370,000	-	1,370,000	0.718	March 31, 2028			
Sub Total	83,000,000	2,910,000	-	85,910,000					
Total	99,100,000	7,010,000	7,010,000	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

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: Prepayment was made on September 30, 2019.