

Translation of Japanese Original

FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED MARCH 31, 2023 (REIT)
(October 1, 2022 to March 31, 2023)

May 17, 2023

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:	No (Cancelled to prevent the spread of COVID-19 infection. Presentation video of financial results is scheduled to be webcasted.)

1. PERFORMANCE FOR THE FISCAL PERIOD ENDED MARCH 31, 2023 (October 1, 2022 to March 31, 2023)

(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	%
March 31, 2023	9,924	6.1	4,565	3.6	3,926	3.9	3,922	3.9
September 30, 2022	9,357	-8.7	4,406	-7.4	3,778	-8.5	3,774	-8.5

Fiscal period ended	Net income per unit	Return on net assets	Ordinary income to total assets	Ordinary income to operating revenues
	Yen	%	%	%
March 31, 2023	6,535	2.8	1.4	39.6
September 30, 2022	6,484	2.7	1.4	40.4

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

(2) Distribution

Fiscal period ended	Distributions per unit (including excess of earnings)	Distributions per unit (excluding excess of earnings)	Distributions in excess of earnings per unit	Total distributions (including excess of earnings)	Total distributions (excluding excess of earnings)	Total distributions in excess of earnings	Payout ratio	Distribution ratio to net assets
	Yen	Yen	Yen	Millions of yen	Millions of yen	Millions of yen	%	%
March 31, 2023	6,514	6,514	-	3,922	3,922	-	100.0	2.8
September 30, 2022	6,484	6,484	-	3,774	3,774	-	100.0	2.7

Note: Due to the issuance of new investment units, the payout ratio for the fiscal period ended March 31, 2023, is calculated as follows (rounded to the nearest tenth).

Payout ratio = Total distributions (excluding excess of earnings) / Net income × 100

(3) Financial Position

As of	Total assets	Net assets	Net assets to total assets	Net asset per unit
	Millions of yen	Millions of yen	%	Yen
March 31, 2023	287,569	142,566	49.6	236,751
September 30, 2022	276,699	137,428	49.7	236,059

(4) Cash Flows

Fiscal period ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2023	5,004	-17,421	6,139	14,396
September 30, 2022	4,742	-6,974	-3,141	20,674

2. EARNINGS FORECASTS FOR THE FISCAL PERIODS ENDING SEPTEMBER 30, 2023 (April 1, 2023 to September 30, 2023) AND MARCH 31, 2024 (October 1, 2023 to March 31, 2024)

(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
September 30, 2023	10,275	3.5	4,594	0.6	3,954	0.7	3,951	0.7	6,561	9	6,570
March 31, 2024	10,195	-0.8	4,600	0.1	3,960	0.2	3,957	0.2	6,571	9	6,580

Reference: Forecasted net income per unit (Forecasted net income / Forecasted average number of investment units during the period)
6,561 yen for the fiscal period ending September 30, 2023 and 6,571 yen for the fiscal period ending March 31, 2024

Note: Distributions per unit are calculated based on the number of investment units issued and outstanding totaled 602,177 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 March 31, 2023: 602,177 units

As of September 30, 2022: 582,177 units

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

As of March 31, 2023: 0 units

As of September 30, 2022: 0 units

Note: Please refer to "Notes to Per Unit Information" on page 23 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 for the Fiscal Periods Ending September 30, 2023 and March 31, 2024" on page 6 for calculation, and our judgment as of May 17, 2023. 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 March 31, 2023)

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 3, 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. As a result, the number of investment units issued at the end of the period ended March 31, 2023 was 602,177 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., 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 km radius (and generally, a three to five km 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 saw improvement in consumer spending and corporate revenue as socioeconomic restrictions in response to the spread of COVID-19 was eased, and economic activity normalized. However, the business environment remains uncertain due to soaring resource prices impacted by the war in Ukraine, rapid inflation and rising interest rates in the United States and other countries and the emergence of geopolitical risks, so we need to pay close attention to the effect of price rises, including resource prices. The financial environment remains unstable due to the aforementioned factors, but in the real estate trading market, investors continue to be eager to invest in real estate against the backdrop of monetary easing policies in Japan, and transactions remain active.

Even in these circumstances, among shopping centers for daily needs, in which KRR focuses its investment, specialty stores such as supermarkets and home & garden stores that cater to the day-to-day needs of customers have maintained steady demand.

iii) Status of Asset Management

(A) Management Performance

KRR acquired two properties, iias Kasugai (70% quasi-co-ownership interest) with an acquisition price (Note 1) of 14,490 million yen and Coop Sapporo Shunko with an acquisition price of 1,110 million yen. In addition, KRR expanded Unicus Ina with an acquisition price of 172 million yen.

As a result, the portfolio at the end of the period under review (March 31, 2023) consists of 70 properties with the total acquisition price of 270,381 million yen. The portfolio as a whole performed well with an overall occupancy ratio of 99.5%. Furthermore, the portfolio is diversified in terms of tenants as there are 608 end-tenants (Note 2) in KRR’s retail properties and distribution centers.

Note 1: “Acquisition price” indicates the purchase price of properties specified in sale and purchase agreements (excluding acquisition expenses, property taxes, city planning taxes and consumption taxes, and is rounded down to the nearest million yen). The same applies hereafter.

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.

(B) Financing

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

(Issuance of New Investment Units)

During the fiscal period under review, KRR issued 20,000 investment units through public offering with an aim to partially fund the acquisition of specified assets on October 19, 2022, and procured 4,954 million yen of funds.

As a result, unitholders’ capital totaled 138,058 million yen at the end of the fiscal period under review (March 31, 2023).

(Debt Finance)

During the fiscal period under review, KRR borrowed 5,000 million yen for the acquisition of properties and 8,750 million yen for refinancing. Consequently, borrowings totaled 119,300 million yen and interest-bearing debt including investment corporation bonds (excluding interest-bearing tenant leasehold and security deposits) totaled 129,300 million yen at the end of the fiscal period under review

(March 31, 2023). Furthermore, the borrowings (7,750 million yen) for refinancing were procured as green loan. Borrowings procured as green loan totaled 16,800 million yen.

When undertaking borrowings, KRR seeks to spread out repayment dates and lengthen borrowing periods. While doing so, KRR undertook borrowings from the point of agility and flexibility in financial strategy. Furthermore, for some of the long-term borrowings, KRR has used swaps to fix the interest payments to hedge against the risk of a rise in interest rates.

As a result, the average debt maturity is 4.0 years, the weighted average debt cost is 0.93%, the long-term debt ratio (Note 1) is 97.6% and the LTV ratio (Note 2) is 45.0%.

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

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

(Credit Ratings)

The status of the credit ratings as of March 31, 2023 is as follows.

Credit rating agency	Details of the ratings	
	Japan Credit Rating Agency, Ltd. (JCR)	Long-term issuer rating
Rating on bonds		AA-

(Shelf Registration)

KRR filed a shelf registration statement for investment corporation bonds (excluding short-term investment corporation bonds) on November 24, 2022. Details are as follows.

Planned issue amount	100,000,000,000 yen
Planned issuance period	December 2, 2022 to December 1, 2024
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 the fiscal period under review, operating revenue was 9,924 million yen, operating income was 4,565 million yen, ordinary income was 3,926 million yen and net income was 3,922 million yen.

Furthermore, in accordance with the distribution policy in the KRR Articles of Incorporation, KRR made a distribution of 3,922,580,978 yen which is almost equivalent to the earnings (as defined in Article 136-1 of the Act on Investment Trusts and Investment Corporations) for the fiscal period. Cash distributions are paid in accordance with Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957, including subsequent amendments).

Consequently, the distribution per unit was 6,514 yen.

(Outlook)

i) Outlook for Asset Management

(A) Investment Policy 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), 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., both of which are also KFM's parent companies, JINUSHI Co., Ltd., and P&D Consulting Co., Ltd. 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 a comprehensive evaluation of the outlook for future profitability and asset value determined based on its current profitability and market trends.

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

(B) Management Strategy for Existing Properties

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

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

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

(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) Important Subsequent Events

Not applicable

ii) Earnings Forecasts

For the fiscal periods ending September 30, 2023 (from April 1, 2023 to September 30, 2023) and March 31, 2024 (from October 1, 2023 to March 31, 2024), the earnings forecasts are estimated as set forth below.

Fiscal period ending September 30, 2023

Operating revenues	10,275 million yen
Operating Income	4,594 million yen
Ordinary income	3,954 million yen
Net Income	3,951 million yen
Distributions per unit	6,570 yen
Of the above, distributions in excess of earnings	9 yen

Fiscal period ending March 31, 2024

Operating revenues	10,195 million yen
Operating Income	4,600 million yen
Ordinary income	3,960 million yen
Net Income	3,957 million yen
Distributions per unit	6,580 yen
Of the above, distributions in excess of earnings	9 yen

Please refer to “Assumptions for the Earnings Forecasts for the Fiscal Periods Ending September 30, 2023 and March 31, 2024” set forth below for information on current assumptions for the forecasts of operating results.

Furthermore, KRR has updated the assumptions mentioned in “Notice Concerning Revisions to Earnings and Distributions Forecasts for the Fiscal Period Ending September 30, 2023 (17th fiscal period)” released on May 12, 2023. However, 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 September 30, 2023 and March 31, 2024

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> The 17th fiscal period: April 1, 2023 to September 30, 2023 (183 days) The 18th fiscal period: October 1, 2023 to March 31, 2024 (183 days)
Property portfolio	<ul style="list-style-type: none"> Earnings forecasts for the fiscal periods ending September 30, 2023, and March 31, 2024, are based on a total of 70 properties which consist of properties and trust beneficiary interest owned by KRR as of March 31, 2023 (the "Properties Owned as of the End of 16th Fiscal Period"). 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). The actual property portfolio may change due to the acquisition of new properties or the disposal of owned properties.
Operating revenues	<ul style="list-style-type: none"> Operating revenues are calculated based on the information held by KFM for the Properties Owned as of the End of 16th Fiscal Period, taking into account the effective leasing agreements, movements of tenants, market trends, and other factors. Forecasts are based on the assumption that there will be no rent in arrears or non-payments by tenants.
Operating expenses	<ul style="list-style-type: none"> 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. Depreciation expenses of 1,375 million yen, and 1,382 million yen are assumed for the fiscal periods ending September 30, 2023, and March 31, 2024, respectively, using the straight-line depreciation method. Property-related taxes are assumed at 892 million yen and 891 million yen for the fiscal periods ending September 30, 2023, and March 31, 2024, 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 acquired. Property-related taxes on the assets acquired on or after January 1, 2023, were settled with the seller at the time of sale, and the amount equivalent to the property-related taxes was included in the acquisition price. Due to this and other reasons, the property-related taxes to be expensed are expected to be expensed in the fiscal period ending September 30, 2024, or later. With respect to building repair expenses, the amount assumed to be necessary for each property is based on the repair plan of KFM for each fiscal period. However, repair expenses may be substantially different from the expected amount due to certain unexpected factors.
Non-operating expenses	<ul style="list-style-type: none"> The amortization of offering-related costs are expected to be 16 million yen and 15 million yen for the fiscal periods ending September 30, 2023, and March 31, 2024, respectively. It is assumed that the offering-related costs are amortized using the straight-line method over three years. For interest expenses and other debt-related costs, 623 million yen and 623 million yen are expected for the fiscal periods ending September 30, 2023, and March 31, 2024, respectively.
Borrowings and investment corporation bonds	<ul style="list-style-type: none"> As of today, KRR has an outstanding balance of 119,300 million yen in borrowings and 10,000 million yen in investment corporation bonds. It is assumed that KRR will fully refinance 500 million yen and 10,150 million yen which are due for repayment during the fiscal periods ending September 30, 2023, and March 31, 2024, respectively. There are no investment corporation bonds maturing during the fiscal period ending September 30, 2023, or March 31, 2024. LTV ratios are estimated to be approximately 45.0% at the end of both fiscal periods ending September 30, 2023, and March 31, 2024. LTV ratios are calculated according to the following formula: $\text{LTV ratio} = (\text{Outstanding borrowings} + \text{Outstanding investment corporation bonds}) / \text{Total assets}$
Investment units	<ul style="list-style-type: none"> The forecasts are based on our assumption of 602,177 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 March 31, 2024.
Distributions per unit (excluding excess of earnings per unit)	<ul style="list-style-type: none"> Distributions per unit (excluding excess of earnings per unit) are calculated in accordance with the distribution policy outlined in KRR's Articles of Incorporation. 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 September 30, 2023, and March 31, 2024. Actual distributions per unit (excluding excess of earnings per unit) may fluctuate due to various factors including movements in investment assets, fluctuations in rental revenues caused by tenant replacements or unexpected repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> 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 deprecation of buildings, during the relevant period (30 years starting from March 16, 2007). Although we assume no effect from the changes in the fair value of swaps on the distributions per unit, we may not record ATA, depending on the fair value, which may change due to the fluctuations in the interest rate market. KRR has a policy to distribute the amount of increase in ATA, in excess of its earnings. Distributions in excess of earnings are expected to be 9 yen per unit in each period ending September 30, 2023, and March 31, 2024.

Item	Assumptions
Others	<ul style="list-style-type: none"> • Forecasts are based on the assumption that there will be no amendments to the law, taxation system, accounting standards, public listing regulations, requirements of the Investment Trusts Association, Japan, etc. which may affect the aforementioned forecast figures. • Forecasts are based on the assumption that there will be no unexpected significant changes in general economic trends and real estate market trends or other conditions.

(2) Investment Risks

There are no significant changes to the Securities Report (submitted on December 22, 2022; prepared in Japanese only). The disclosure is omitted.

2. Financial Statements

(1) Balance Sheets

(in thousands of yen)

	15th Fiscal Period (As of September 30, 2022)	16th Fiscal Period (As of March 31, 2023)
Assets		
Current assets		
Cash and deposits	10,003,221	4,800,305
Cash and deposits in trust	10,833,639	9,743,638
Operating accounts receivable	238,068	253,117
Prepaid expenses	149,376	36,795
Consumption taxes receivable	–	563,310
Other	1,907	1,907
Total current assets	21,226,213	15,399,074
Non-current assets		
Property, plant and equipment		
Buildings	773,703	788,457
Accumulated depreciation	(109,983)	(126,563)
Buildings, net	663,720	661,894
Structures	46,777	46,777
Accumulated depreciation	(8,230)	(9,632)
Structures, net	38,547	37,144
Land	2,956,465	2,956,465
Construction in progress	20,666	–
Buildings in trust	72,000,294	79,948,559
Accumulated depreciation	(11,403,948)	(12,636,690)
Buildings in trust, net	*1 60,596,346	67,311,868
Structures in trust	3,646,089	3,940,441
Accumulated depreciation	(774,128)	(846,266)
Structures in trust, net	*1 2,871,961	3,094,175
Machinery and equipment in trust	339,316	367,914
Accumulated depreciation	(70,931)	(81,196)
Machinery and equipment in trust, net	268,384	286,718
Tools, furniture and fixtures in trust	191,805	200,960
Accumulated depreciation	(99,843)	(114,079)
Tools, furniture and fixtures in trust, net	91,961	86,881
Land in trust	*1 181,272,334	191,218,540
Construction in progress in trust	238,915	–
Total property, plant and equipment, net	249,019,303	265,653,689
Intangible assets		
Leasehold right in trust	4,713,944	4,709,965
Other	4,558	4,106
Total intangible assets	4,718,502	4,714,071
Investments and other assets		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	62,927	62,927
Long-term prepaid expenses	900,180	861,843
Long-term deposits	98,080	140,010
Other	590,363	633,129
Total investments and other assets	1,661,551	1,707,910
Total non-current assets	255,399,357	272,075,670
Deferred assets		
Investment corporation bond issuance costs	50,674	45,943
Investment unit issuance costs	23,027	48,587
Total deferred assets	73,702	94,530
Total assets	276,699,273	287,569,276

(in thousands of yen)

	15th Fiscal Period (As of September 30, 2022)	16th Fiscal Period (As of March 31, 2023)
Liabilities		
Current liabilities		
Operating accounts payable	823,979	916,863
Short-term loans payable	750,000	3,150,000
Current portion of long-term loans payable	8,500,000	7,500,000
Accounts payable-other	487,701	512,462
Accrued expenses	71,705	70,109
Income taxes payable	3,705	3,599
Accrued consumption taxes	126,797	54,327
Advances received	1,450,130	1,531,599
Deposits received	22,708	96,051
Total current liabilities	12,236,728	13,835,013
Non-current liabilities		
Investment corporation bonds	10,000,000	10,000,000
Long-term loans payable	105,050,000	108,650,000
Tenant leasehold and security deposits	156,083	148,083
Tenant leasehold and security deposits in trust	*1 11,779,677	12,315,282
Asset retirement obligations	24,999	25,156
Other	23,554	29,185
Total non-current liabilities	127,034,315	131,167,708
Total liabilities	139,271,043	145,002,721
Net assets		
Unitholders' equity		
Unitholders' capital	133,103,750	138,058,250
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*3 (40,522)	(40,522)
Total deduction from unitholders' capital	(40,522)	(40,522)
Unitholders' capital, net	133,063,228	138,017,728
Surplus		
Unappropriated retained earnings	3,775,141	3,922,702
Total surplus	3,775,141	3,922,702
Total unitholders' equity	136,838,369	141,940,430
Valuation and translation adjustments		
Deferred gains or losses on hedges	589,860	626,123
Total valuation and translation adjustments	589,860	626,123
Total net assets	*4 137,428,230	142,566,554
Total liabilities and net assets	276,699,273	287,569,276

(2) Statements of Income and Retained Earnings

(in thousands of yen)

		15th Fiscal Period (From April 1, 2022 to September 30, 2022)	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
Operating revenues			
Rent revenue-real estate	*1	8,011,772	8,530,802
Other lease business revenue	*1	1,346,195	1,394,083
Total operating revenues		<u>9,357,967</u>	<u>9,924,885</u>
Operating expenses			
Expenses related to rent business	*1	3,949,838	4,445,452
Asset management fees		765,048	780,079
Asset custody fees		10,964	10,992
Administrative service fees		34,966	35,778
Directors' compensation		3,000	3,000
Other operating expenses		187,889	83,788
Total operating expenses		<u>4,951,708</u>	<u>5,359,091</u>
Operating income		<u>4,406,259</u>	<u>4,565,794</u>
Non-operating income			
Interest income		63	44
Gain on forfeiture of unclaimed dividends		258	284
Interest on refund		2	-
Total non-operating income		<u>324</u>	<u>328</u>
Non-operating expenses			
Interest expenses		471,585	483,162
Interest expenses on investment corporation bonds		27,635	28,615
Financing-related expenses		108,498	109,287
Amortization of investment corporation bond issuance costs		4,826	4,731
Amortization of investment unit issuance costs		15,402	14,322
Total non-operating expenses		<u>627,948</u>	<u>640,119</u>
Ordinary income		<u>3,778,636</u>	<u>3,926,003</u>
Income before income taxes		<u>3,778,636</u>	<u>3,926,003</u>
Income taxes			
Current		3,715	3,606
Total income taxes		<u>3,715</u>	<u>3,606</u>
Net income		<u>3,774,920</u>	<u>3,922,396</u>
Retained earnings brought forward		221	305
Unappropriated retained earnings		<u>3,775,141</u>	<u>3,922,702</u>

(3) Statements of Changes in Net Assets

15th Fiscal Period (From April 1, 2022 to September 30, 2022)

(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	133,103,750	(317,378)	(317,378)	132,786,372	4,404,711	4,404,711	137,191,084
Changes of items during the period							
Dividends from surplus					(4,127,634)	(4,127,634)	(4,127,634)
Reversal of allowance for temporary difference adjustments		276,855	276,855	276,855	(276,855)	(276,855)	-
Net income					3,774,920	3,774,920	3,774,920
Net changes of items other than unitholder's equity							
Total changes of items during the period	-	276,855	276,855	276,855	(629,570)	(629,570)	(352,714)
Balance at the end of the period	*1 133,103,750	(40,522)	(40,522)	133,063,228	3,775,141	3,775,141	136,838,369

	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	163,403	163,403	137,354,487
Changes of items during the period			
Dividends from surplus			(4,127,634)
Reversal of allowance for temporary difference adjustments			-
Net income			3,774,920
Net changes of items other than unitholder's equity	426,457	426,457	426,457
Total changes of items during the period	426,457	426,457	73,742
Balance at the end of the period	589,860	589,860	137,428,230

16th Fiscal Period (From October 1, 2022 to March 31, 2023)

(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	133,103,750	(40,522)	(40,522)	133,063,228	3,775,141	3,775,141	136,838,369
Changes of items during the period							
Issuance of new investment units	4,954,500			4,954,500			4,954,500
Dividends from surplus					(3,774,835)	(3,774,835)	(3,774,835)
Net income					3,922,396	3,922,396	3,922,396
Net changes of items other than unitholder's equity							
Total changes of items during the period	4,954,500	-	-	4,954,500	147,560	147,560	5,102,060
Balance at the end of the period	*1 138,058,250	(40,522)	(40,522)	138,017,728	3,922,702	3,922,702	141,940,430

	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	589,860	589,860	137,428,230
Changes of items during the period			
Issuance of new investment units			4,954,500
Dividends from surplus			(3,774,835)
Net income			3,922,396
Net changes of items other than unitholder's equity	36,263	36,263	36,263
Total changes of items during the period	36,263	36,263	5,138,324
Balance at the end of the period	626,123	626,123	142,566,554

(4) Statements of Cash Distributions

(in yen)

	15th Fiscal Period (From April 1, 2022 to September 30, 2022)	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
I. Retained earnings at the end of period	3,775,141,552	3,922,702,444
II. Total distributions	3,774,835,668	3,922,580,978
Distributions per unit	6,484	6,514
III. Retained earnings brought forward to the next period	305,884	121,466
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 3,774,835,668 yen which is almost the entire amount of retained earnings as the distributions of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 39-2 of KRR's Articles of Incorporation. In the 15th fiscal period, KRR has decided not to distribute cash in excess of distributable profit.</p>	<p>In accordance with the policy described in Article 39-1 of its Articles of Incorporation, KRR determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law and shall be up to its profits as the maximum amount. Following this policy, KRR has decided that it shall distribute 3,922,580,978 yen which is almost the entire amount of retained earnings as the distributions of earnings.</p> <p>Procedures for the distribution of amounts exceeding distributable income are outlined in Article 39-2 of KRR's Articles of Incorporation. In the 15th fiscal period, KRR has decided not to distribute cash in excess of distributable profit.</p>

(5) Statements of Cash Flows

(in thousands of yen)

	15th Fiscal Period (From April 1, 2022 to September 30, 2022)	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
Net cash provided by (used in) operating activities		
Income before income taxes	3,778,636	3,926,003
Depreciation and amortization	1,245,780	1,352,642
Amortization of investment corporation bond issuance costs	4,826	4,731
Amortization of investment unit issuance costs	15,402	14,322
Interest income	(63)	(44)
Interest expenses	499,221	511,777
Decrease (increase) in operating accounts receivable	(63,712)	(15,048)
Decrease (increase) in consumption taxes receivable	–	(563,310)
Decrease (increase) in prepaid expenses	(124,628)	112,580
Increase (decrease) in operating accounts payable	31,418	74,870
Increase (decrease) in accounts payable-other	(114,574)	24,929
Increase (decrease) in accrued consumption taxes	(169,696)	(72,470)
Increase (decrease) in advances received	36,915	81,469
Increase (decrease) in deposits received	3,999	73,343
Decrease (increase) in long-term prepaid expenses	97,970	38,337
Decrease (increase) in long-term deposits	(2,400)	(41,930)
Other	(1,089)	(1,195)
Subtotal	5,238,004	5,521,009
Interest income received	63	44
Interest expenses paid	(491,822)	(513,333)
Income taxes paid	(4,055)	(3,712)
Net cash provided by (used in) operating activities	4,742,191	5,004,007
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(34,327)	(19,198)
Purchase of property, plant and equipment in trust	(6,728,384)	(17,944,538)
Purchase of intangible assets	–	(690)
Purchase of intangible assets in trust	(425,032)	–
Repayments of lease and guarantee deposits in trust	(2,691)	–
Proceeds from tenant leasehold and security deposits	8,000	–
Repayments of tenant leasehold and security deposits in trust	(177,584)	(93,736)
Proceeds from tenant leasehold and security deposits in trust	370,751	621,341
Proceeds from restricted bank deposits in trust	15,000	15,000
Net cash provided by (used in) investing activities	(6,974,268)	(17,421,822)
Net cash provided by (used in) financing activities		
Proceeds from short-term loans payable	1,000,000	3,150,000
Repayments of short-term loans payable	(1,000,000)	(750,000)
Proceeds from long-term loans payable	2,050,000	10,600,000
Repayments of long-term loans payable	(2,050,000)	(8,000,000)
Proceeds from issuance of investment corporation bonds	1,986,826	–
Redemption of investment corporation bonds	(1,000,000)	–
Proceeds from issuance of investment units	–	4,914,617
Dividends paid	(4,128,380)	(3,774,720)
Net cash provided by (used in) financing activities	(3,141,554)	6,139,897
Net increase (decrease) in cash and cash equivalents	(5,373,632)	(6,277,917)
Cash and cash equivalents at the beginning of the period	26,047,993	20,674,361
Cash and cash equivalents at the end of the period	*1 20,674,361	14,396,443

(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 65 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) Investment unit issuance costs Investment unit issuance costs are amortized over a period of 3 years under the straight-line method.</p> <p>(2) 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>(1) Accounting for property-related taxes Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to said period. Under Japanese tax regulations, the seller of the property is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued property-related tax liabilities. When KRR purchases properties, it typically allocates the portion of the property-related taxes related to the period following the purchase date of each property through the end of the calendar year. The amounts of those allocated portions of the property-related taxes are capitalized as part of the acquisition costs of the related properties. Capitalized property-related taxes amounted to 22,301 thousand yen and 24,236 thousand yen as of September 30, 2022 and March 31, 2023, respectively.</p> <p>(2) Accounting for revenues The main content of the performance obligation regarding the revenue from contracts with the customers of KRR and the normal point of time when satisfying the said performance obligation (normal point of time when recognizing revenue) are as follows.</p> <p>1. Sale of real estate property For the revenue from sale of real estate, etc., revenue is recorded when the buyer who is a customer gains control of the real estate by performing the obligation of handover stipulated in the contract for real estate sales.</p> <p>2. Utility charge reimbursements For utility charge reimbursement, revenue is recorded in accordance with the supply of electricity, tap water, etc. to the lessee who is a customer based on the lease agreement of real estate, etc. and the content of agreement incidental to it. Of the utility charge reimbursement, for those that are determined to fall under the category of an agent by the Investment Corporation, the net amount obtained by deducting the amount paid to other related parties supplying electricity, gas, etc. from the amount received as the fee of electricity, gas, etc. is recognized as revenue.</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	<p>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.</p>
6. Other 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> <p>1. Cash and deposits in trust 2. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust, construction in progress in trust 3. Leasehold right in trust 4. Lease and guarantee deposits in trust 5. Tenant leasehold and security deposits in trust</p> <p>(2) Accounting method for non-deductible consumption taxes Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.</p>

(8) Notes to Financial Statements

(Notes to Balance Sheets)

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

Assets pledged as collateral are as follows.

(in thousands of yen)

	15th Fiscal Period (As of September 30, 2022)	16th Fiscal Period (As of March 31, 2023)
Buildings in trust	628,385	618,238
Structures in trust	17,972	16,769
Land in trust	2,709,001	2,709,001
Total	3,355,359	3,344,009

Secured liabilities are as follows.

	15th Fiscal Period (As of September 30, 2022)	16th Fiscal Period (As of March 31, 2023)
Tenant leasehold and security deposits in trust	348,077	326,080
Total	348,077	326,080

2. Commitment line contracts

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

(in thousands of yen)

	15th Fiscal Period (As of September 30, 2022)	16th Fiscal Period (As of March 31, 2023)
Total amount of commitment line contracts	3,000,000	3,000,000
Balance of loans payable outstanding	-	-
Remaining amount	3,000,000	3,000,000

* 3. Allowance for temporary difference adjustments

15th Fiscal Period (As of September 30, 2022)

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	40,522	40,522	-	-	40,522	-
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	276,855	276,855	-	(276,855)	-	Changes in fair value of derivative transactions
Total		317,378	317,378	-	(276,855)	40,522	-

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.

16th Fiscal Period (As of March 31, 2023)

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	40,522	40,522	-	-	40,522	-
Total		40,522	40,522	-	-	40,522	-

2. Method of reversal

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

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

(in thousands of yen)

15th Fiscal Period (As of September 30, 2022)	16th Fiscal Period (As of March 31, 2023)
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)

	15th Fiscal Period (From April 1, 2022 to September 30, 2022)	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
A. Rental and other operating revenues:		
Rent revenue-real estate:		
Rental revenues	6,820,886	7,322,312
Rental revenues from limited proprietary rights of land	928,021	929,433
Common area charges	262,864	279,056
Subtotal	8,011,772	8,530,802
Other lease business revenue:		
Parking space rental revenues	178,905	198,616
Utility charge reimbursement	810,240	857,547
Miscellaneous	357,049	337,919
Subtotal	1,346,195	1,394,083
Total rental and other operating revenues	9,357,967	9,924,885
B. Property-related expenses:		
Expenses related to rent business:		
Property management fees and facility management fees	687,655	808,884
Utilities	824,618	970,172
Taxes	806,828	806,828
Repairs and maintenance	104,105	134,573
Insurance	22,564	24,458
Trust fees	27,351	27,301
Depreciation	1,244,644	1,351,499
Others	232,070	321,733
Total property-related expenses	3,949,838	4,445,452
C. Net operating income from real estate rental business (A-B)	5,408,129	5,479,433

(Notes to Statements of Changes in Net Assets)

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

	15th Fiscal Period (From April 1, 2022 to September 30, 2022)	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
Total number of authorized investment units	5,000,000 units	5,000,000 units
Total number of investment units issued and outstanding	582,177 units	602,177 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)

	15th Fiscal Period (From April 1, 2022 to September 30, 2022)	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
Cash and deposits	10,003,221	4,800,305
Cash and deposits in trust	10,833,639	9,743,638
Restricted bank deposits in trust (Note)	(162,500)	(147,500)
Cash and cash equivalents	20,674,361	14,396,443

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)

	15th Fiscal Period (From April 1, 2022 to September 30, 2022)	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
Due within 1 year	10,500	10,500
Due after 1 year	141,298	136,048
Total	151,798	146,548

Operating lease transactions (Lessor)

Future minimum lease income

(in thousands of yen)

	15th Fiscal Period (From April 1, 2022 to September 30, 2022)	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
Due within 1 year	10,389,207	10,838,715
Due after 1 year	52,938,573	53,175,672
Total	63,327,781	64,014,387

(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 8 years and 1 months for loans payable and also have a redemption date of a maximum of 8 years and 10 months for investment corporation bonds as of March 31, 2023, the end of the 16th 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

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. Furthermore, “cash and deposits”, “cash and deposits in trust” and “short-term loans payable” are omitted as they are settled with cash and in a short span of time and are therefore similar in fair value to the book value. Also, “tenant leasehold and security deposits in trust” is omitted as it lacks in significance.

15th Fiscal Period (As of September 30, 2022)

	Carrying amount	Estimated fair value	(in thousands of yen) Difference
(1) Current portion of investment corporation bonds	-	-	-
(2) Current portion of long-term loans payable	8,500,000	8,497,359	(2,640)
(3) Investment corporation bonds	10,000,000	9,874,800	(125,200)
(4) Long-term loans payable	105,050,000	104,897,191	(152,808)
Total	123,550,000	123,269,351	(280,648)
Derivative transactions	589,860	589,860	-

*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.

16th Fiscal Period (As of March 31, 2023)

	Carrying amount	Estimated fair value	(in thousands of yen) Difference
(1) Current portion of investment corporation bonds	-	-	-
(2) Current portion of long-term loans payable	7,500,000	7,540,755	40,755
(3) Investment corporation bonds	10,000,000	9,866,800	(133,200)
(4) Long-term loans payable	108,650,000	108,241,668	(408,331)
Total	126,150,000	125,649,223	(500,776)
Derivative transactions	626,123	626,123	-

*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

Liabilities

(1) Current portion of investment corporation bonds and (3) Investment corporation bonds

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

(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.)

Derivative transactions

Please refer to “Notes to Derivative Transactions”.

Note 2: Redemption of long-term loans payable and other interest-bearing debt scheduled to be due after the balance sheet date

15th Fiscal Period (As of September 30, 2022)

	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
Investment corporation bonds	-	-	1,000,000	-	3,000,000	6,000,000
Long-term loans payable	8,500,000	9,490,000	15,320,000	20,850,000	21,500,000	37,890,000
Total	8,500,000	9,490,000	16,320,000	20,850,000	24,500,000	43,890,000

16th Fiscal Period (As of March 31, 2023)

	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
Investment corporation bonds	-	-	1,000,000	1,000,000	4,000,000	4,000,000
Long-term loans payable	7,500,000	10,510,000	19,590,000	23,310,000	22,090,000	33,150,000
Total	7,500,000	10,510,000	20,590,000	24,310,000	26,090,000	37,150,000

(Notes to Derivative Transactions)

(1) Transactions not subject to hedge accounting

15th Fiscal Period (As of September 30, 2022) and 16th Fiscal Period (As of March 31, 2023) : Not applicable

(2) Transactions subject to hedge accounting

15th Fiscal Period (As of September 30, 2022)

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	64,360,000	64,360,000	589,860	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	21,000,000	17,000,000	*	-
Total			85,360,000	81,360,000	589,860	

*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.)

16th Fiscal Period (As of March 31, 2023)

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	66,560,000	66,560,000	626,123	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	17,000,000	10,000,000	*	-
Total			83,560,000	76,560,000	626,123	

*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

15th Fiscal Period (From April 1, 2022 to September 30, 2022) and 16th Fiscal Period (From October 1, 2022 to March 31, 2023) : Not applicable

2. Affiliated companies and other

15th Fiscal Period (From April 1, 2022 to September 30, 2022) and 16th Fiscal Period (From October 1, 2022 to March 31, 2023) : Not applicable

3. Fellow subsidiary companies and other

15th Fiscal Period (From April 1, 2022 to September 30, 2022) and 16th Fiscal Period (From October 1, 2022 to March 31, 2023) : Not applicable

4. Directors, major individual unitholders and other

15th Fiscal Period (From April 1, 2022 to September 30, 2022) and 16th Fiscal Period (From October 1, 2022 to March 31, 2023) : Not applicable

(Notes to the Tax-Effect Accounting)

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

	(in thousands of yen)	
	15th Fiscal Period (As of September 30, 2022)	16th Fiscal Period (As of March 31, 2023)
Deferred tax assets:		
Enterprise tax payable	224	215
Amortization of leasehold right in trust	19,192	20,443
Depreciation	6,908	7,358
Asset retirement obligations	7,864	7,914
Subtotal deferred tax assets	34,189	35,932
Valuation allowance	(34,189)	(35,932)
Total deferred tax assets	-	-

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

	(unit: %)	
	15th Fiscal Period (As of September 30, 2022)	16th Fiscal Period (As of March 31, 2023)
Statutory tax rate	31.46	31.46
Deductible cash distributions	(31.43)	(31.43)
Others	0.07	0.06
Effective tax rate	0.10	0.09

(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)	
	15th Fiscal Period From April 1, 2022 to September 30, 2022	16th Fiscal Period From October 1, 2022 to March 31, 2023
Balance at the beginning of the period	24,843	24,999
Accretion adjustment	156	157
Balance at the end of the period	24,999	25,156

(Notes on Revenue Recognition)

1. Disaggregation of revenue from contracts with customers

15th Fiscal Period (From April 1, 2022 to September 30, 2022)

	(in thousands of yen)	
	Revenues generated from contracts with customers *1	Sales to external customers
Revenue from sale of real estate property	-	-
Utility charge reimbursements	810,240	810,240
Other	-	8,547,727
Total	810,240	9,357,967

*1 Rental revenues, etc. which are subject to Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and the transfer of real estate properties which are subject to the "Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies" (Accounting System Committee Report No.15 of the Japanese Institute of Certified Public Accountants) are not included in the above amounts as they are excluded from revenue recognition accounting standards. Furthermore, revenue generated from contracts with major customers comprise of revenue from sale of real estate properties and utility charge reimbursements.

16th Fiscal Period (From October 1, 2022 to March 31, 2023)

	(in thousands of yen)	
	Revenues generated from contracts with customers *1	Sales to external customers
Revenue from sale of real estate property	-	-
Utility charge reimbursements	857,547	857,547
Other	-	9,067,337
Total	857,547	9,924,885

*1 Rental revenues, etc. which are subject to Accounting Standard for Lease Transactions (ASBJ Statement No. 13) and the transfer of real estate properties which are subject to the "Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special Purpose Companies" (Accounting System Committee Report No.15 of the Japanese Institute of Certified Public Accountants) are not included in the above amounts as they are excluded from revenue recognition accounting standards. Furthermore, revenue generated from contracts with major customers comprise of revenue from sale of real estate properties and utility charge reimbursements.

2. Basis for understanding revenues generated from contracts with customers

15th Fiscal Period (From April 1, 2022 to September 30, 2022) and 16th Fiscal Period (From October 1, 2022 to March 31, 2023)

The basis for understanding revenues generated from contracts with customers is as indicated in the Summary of Significant Accounting Policies.

3. Information on relationship of fulfillment of performance obligations based on contracts with customers with cashflow generated from said contracts along with amount and period of revenue expected to be recognized in the next fiscal period or thereafter from contracts with customers existing at the end of the fiscal period

15th Fiscal Period (From April 1, 2022 to September 30, 2022)

(1) Balance of contract assets and contract liabilities, etc.

(in thousands of yen)

	15th Fiscal Period (From April 1, 2022 to September 30, 2022)
Receivables generated from contracts with customers (balance at beginning of fiscal year)	124,784
Receivables generated from contracts with customers (balance at end of fiscal year)	192,333
Contract assets (balance at beginning of fiscal year)	-
Contract assets (balance at end of fiscal year)	-
Contract liabilities (balance at beginning of fiscal year)	-
Contract liabilities (balance at end of fiscal year)	-

(2) Transaction price allocated to remaining performance obligations

Not applicable.

With regard to utility charge reimbursements, as KRR has the right to receive from customers an amount directly corresponding to the value for the lessees who are customers of sections for which performance is complete by the end of the fiscal period, the amount it has the right to claim according to Paragraph 19 of the Implementation Guidelines of the Accounting Standard for Revenue Recognition is recognized as revenue. Accordingly, such is not included in the note on transaction value allocated to remaining performance obligations through application of the provisions of Paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition.

16th Fiscal Period (From October 1, 2022 to March 31, 2023)

(1) Balance of contract assets and contract liabilities, etc.

(in thousands of yen)

	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
Receivables generated from contracts with customers (balance at beginning of fiscal year)	192,333
Receivables generated from contracts with customers (balance at end of fiscal year)	167,894
Contract assets (balance at beginning of fiscal year)	-
Contract assets (balance at end of fiscal year)	-
Contract liabilities (balance at beginning of fiscal year)	-
Contract liabilities (balance at end of fiscal year)	-

(2) Transaction price allocated to remaining performance obligations

Not applicable.

KRR does not include contracts whose terms are initially expected to be one year or less.

Also, with regard to utility charge reimbursements, as KRR has the right to receive from customers an amount directly corresponding to the value for the lessees who are customers of sections for which performance is complete by the end of the fiscal period, the amount it has the right to claim according to Paragraph 19 of the Implementation Guidelines of the Accounting Standard for Revenue Recognition is recognized as revenue. Accordingly, such is not included in the note on transaction value allocated to remaining performance obligations through application of the provisions of Paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition.

(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)

15th Fiscal Period (From April 1, 2022 to September 30, 2022)

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.

16th Fiscal Period (From October 1, 2022 to March 31, 2023)

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)	
		15th Fiscal Period (From April 1, 2022 to September 30, 2022)	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
Book value	Balance at the beginning of the period	247,974,742	253,736,770
	Changes during the period	5,762,028	16,630,209
	Balance at the end of the period	253,736,770	270,366,979
Fair value at the end of the period		274,185,000	291,694,000

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 15th fiscal period, the principal increase was the acquisition of real estate trust beneficiary interest in 2 properties totaling 5,221,986 thousand yen and the additional acquisition of 1 real estate trust beneficiary interest amounting to 1,221,185 thousand yen and the principal decrease was the depreciation of 1,244,488 thousand yen and during the 16th fiscal period, the principal increase was the acquisition of real estate trust beneficiary interest in 2 properties totaling 16,300,622 thousand yen and additional acquisition of 1 real estate trust beneficiary interests amounting to 182,058 thousand yen and conversion work for 1 real estate trust amounted to 1,238,127 thousand yen and the principal decrease was the depreciation of 1,351,341 thousand yen.

Note 3: The fair value at the end of the period is the appraisal value determined by outside appraisers.

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)

	15th Fiscal Period (From April 1, 2022 to September 30, 2022)	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
Net asset value per unit	236,059 yen	236,751 yen
Net income per unit	6,484 yen	6,535 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:

	15th Fiscal Period (From April 1, 2022 to September 30, 2022)	16th Fiscal Period (From October 1, 2022 to March 31, 2023)
Net income (in thousands of yen)	3,774,920	3,922,396
Net income not attributable to ordinary unitholders (in thousands of yen)	-	-
Net income attributable to ordinary unitholders (in thousands of yen)	3,774,920	3,922,396
Weighted average number of units during the period (units)	582,177	600,199

(Notes to Significant Subsequent Events)

Not applicable.

(Omission of Disclosure)

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

(9) Changes in Investment Units Issued and Outstanding

Changes in the number of investment units issued and outstanding and unitholders' capital for the most recent five years until March 31, 2023, are summarized in the following table.

Date	Type of issue	Total number of units issued and outstanding (units)		Unitholders' capital (Millions of yen) (Note 1)		Notes
		Increase	Balance	Increase	Balance	
October 23, 2019	Public offering	27,300	535,000	7,462	120,861	(Note 2)
November 14, 2019	Capital increase through third-party allocation	1,177	536,177	321	121,183	(Note 3)
April 20, 2021	Public offering	43,800	579,977	11,350	132,533	(Note 4)
May 18, 2021	Capital increase through third-party allocation	2,200	582,177	570	133,103	(Note 5)

October 19, 2022	Public offering	20,000	602,177	4,954	138,058	(Note 6)
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- Note 1: Distributions in excess of earnings for the allowance for temporary difference adjustments are not considered.
- Note 2: Issued at issue price of 282,847 yen per unit (issue amount of 273,360 yen per unit) for acquisition of new properties.
- Note 3: Issued at issue amount of 273,360 yen per unit for part of future purchase funds for specified assets or repayment of borrowings.
- Note 4: Issued at issue price of 267,930 yen per unit (issue amount of 259,136 yen per unit) for acquisition of new properties.
- Note 5: Issued at issue amount of 259,136 yen per unit for part of future purchase funds for specified assets or repayment of borrowings.
- Note 6: Issued at issue price of 256,132 yen per unit (issue amount of 247,725 yen per unit) for acquisition of new properties.

3. Reference Information

(1) Information on Price of the Managed Assets

i) Component of Assets

Type of specified asset	Property type	Areas (Note 1)	15th fiscal period as of September 30, 2022		16th fiscal period as of March 31, 2023	
			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	108,093	39.1	109,023	37.9
		Greater Osaka area	49,941	18.0	49,768	17.3
		Greater Nagoya area	21,660	7.8	36,650	12.7
		Fukuoka area	13,764	5.0	13,702	4.8
		Ordinance- designated cities, core cities and other areas	44,513	16.1	45,513	15.8
	Other retail properties	-	-	-	-	
	Logistics facilities	-	12,083	4.4	12,053	4.2
Total of trust beneficiary interests in real estate			250,057	90.4	266,711	92.7
Real estate	Logistics facilities	-	3,658	1.3	3,655	1.3
Total of real estate			3,658	1.3	3,655	1.3
Bank deposits and other assets			22,983	8.3	17,202	6.0
Total assets			276,699	100.0	287,569	100.0

	15th fiscal period as of September 30, 2022		16th fiscal period as of March 31, 2023	
	Amount (Millions of yen)	Ratio (%) (Note 3)	Amount (Millions of yen)	Ratio (%) (Note 3)
Total liabilities (Note 4)	139,271	50.3	145,002	50.4
Total net assets (Note 4)	137,428	49.7	142,566	49.6
Total assets	276,699	100.0	287,569	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 properties owned by KRR as of March 31, 2023.

Property number	Property type	Property name	Location	Ownership form	Book value (Millions of yen)	Evaluation value (Millions of yen) (Note 1)	Acquisition price (Millions of yen)	Share (%) (Note 2)
T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	Trust beneficiary interest in real estate	9,497	9,210	8,063	3.0
T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi ward, Tokyo	Trust beneficiary interest in real estate	5,590	6,630	5,850	2.2
T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	Trust beneficiary interest in real estate	3,583 (Note 3)	4,696 (Note 3)	3,748 (Note 3)	1.4 (Note 3)
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	Trust beneficiary interest in real estate	3,776	4,350	4,000	1.5
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	Trust beneficiary interest in real estate	3,450	3,890	3,600	1.3
T-8	SS	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	Trust beneficiary interest in real estate	2,386	2,710	2,586	1.0
T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	Trust beneficiary interest in real estate	4,890	5,880	4,815	1.8
T-11	NSC	Unicus Kamisato (Land)	Kodama-gun, Saitama	Trust beneficiary interest in real estate	3,043	3,090	3,000	1.1
T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	Trust beneficiary interest in real estate	1,726	1,830	1,700	0.6
T-13	SM	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	Trust beneficiary interest in real estate	1,462	1,380	1,442	0.5
T-15	NSC	Nakamachidai Tokyu Store	Yokohama, Kanagawa	Trust beneficiary interest in real estate	3,229	3,750	3,360	1.2
T-16	SS	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	Trust beneficiary interest in real estate	1,702	1,780	1,724	0.6
T-17	SM	Life Kameido	Koto ward, Tokyo	Trust beneficiary interest in real estate	1,466	1,480	1,450	0.5
T-18	NSC	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	Trust beneficiary interest in real estate	4,228	4,350	4,170	1.5
T-19	NSC	Yumemachi Narashinodai Mall	Funabashi, Chiba	Trust beneficiary interest in real estate	3,342	3,650	3,416	1.3
T-20	NSC	Kawamachi Yahagi Mall	Chiba, Chiba	Trust beneficiary interest in real estate	3,073	3,290	3,097	1.1
T-22	SS	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	Trust beneficiary interest in real estate	1,794	1,960	1,880	0.7
T-23	SM	Ozeki Tokiwadai	Itabashi ward, Tokyo	Trust beneficiary interest in real estate	1,261	1,350	1,263	0.5
T-24	SS	Konami Sports Club Shibuya	Shibuya ward, Tokyo	Trust beneficiary interest in real estate	3,590	3,300	3,400	1.3
T-25	NSC	Apita Terrace Yokohama Tsunashima	Yokohama, Kanagawa	Trust beneficiary interest in real estate	11,434	12,100	11,567	4.3
T-26	NSC	Kalsa Hiratsuka	Hiratsuka, Kanagawa	Trust beneficiary interest in real estate	5,909	6,190	5,980	2.2
T-27	NSC	Monenosato Mall	Yotsukaido, Chiba	Trust beneficiary interest in real estate	2,859	3,040	2,753	1.0
T-28	NSC	KDX Chofu Building (Retail wing)	Chofu, Tokyo	Trust beneficiary interest in real estate	2,386	2,250	2,300	0.9
T-29	NSC	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	Trust beneficiary interest in real estate	2,283	2,320	2,248	0.8
T-30	SM	Comfort Market Nishi-Magome	Ota ward, Tokyo	Trust beneficiary interest in real estate	1,987	2,140	1,920	0.7
T-31	NSC	Kitera Town Chofu	Chofu, Tokyo	Trust beneficiary interest in real estate	10,499	11,400	10,500	3.9
T-32	NSC	Unicus Urawamisono (Land)	Saitama, Saitama	Trust beneficiary interest in real estate	748	837	732	0.3
T-33	NSC	Kitera Plaza Aobadai	Yokohama, Kanagawa	Trust beneficiary interest in real estate	3,712	3,680	3,543	1.3
T-34	NSC	Higashimatsuyama Shopping Center	Higashimatsuyama, Saitama	Trust beneficiary interest in real estate	4,104	4,650	4,080	1.5
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	Trust beneficiary interest in real estate	8,260	10,100	8,389	3.1
O-2	SM	Life Takadono (Land)	Osaka, Osaka	Trust beneficiary interest in real estate	2,727	3,340	2,685	1.0
O-3	NSC	DCM MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	Trust beneficiary interest in real estate	2,074	2,630	2,140	0.8
O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	Trust beneficiary interest in real estate	11,090	11,100	11,000	4.1

Property number	Property type	Property name	Location	Ownership form	Book value (Millions of yen)	Evaluation value (Millions of yen) (Note 1)	Acquisition price (Millions of yen)	Share (%) (Note 2)
O-5	Urban Station-Front SC	Carino Esaka	Suita, Osaka	Trust beneficiary interest in real estate	6,790	6,810	6,555	2.4
O-6	Urban Station-Front SC	COMBOX Komyoike	Izumi, Osaka	Trust beneficiary interest in real estate	6,041	6,070	6,450	2.4
O-9	SM	Life Nishi-Tengachaya	Osaka, Osaka	Trust beneficiary interest in real estate	1,511	1,790	1,505	0.6
O-10	NSC	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	Trust beneficiary interest in real estate	3,772	4,260	3,723	1.4
O-11	NSC	Habikigaoka Shopping Center	Habikino, Osaka	Trust beneficiary interest in real estate	2,035	2,020	2,000	0.7
O-12	NSC	Merado Daikai	Kobe, Hyogo	Trust beneficiary interest in real estate	5,464	5,780	5,440	2.0
N-1	SS	DCM Nakagawa Tomita (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	2,351	2,790	2,311	0.9
N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	Trust beneficiary interest in real estate	2,096	2,410	2,174	0.8
N-4	SS	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	Trust beneficiary interest in real estate	6,684	7,500	7,140	2.6
N-6	NSC	Resora Obu Shopping Terrace	Obu, Aichi	Trust beneficiary interest in real estate	7,873	6,630	7,911	2.9
N-7	SM	Valor Nakashidami (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	2,587	2,630	2,551	0.9
N-8	NSC	iias Kasugai	Kasugai, Aichi	Trust beneficiary interest in real estate	15,057 (Note 3)	14,490 (Note 3)	14,490 (Note 3)	5.4 (Note 3)
F-1	SM	Sunny Noma	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	1,323	1,660	1,497	0.6
F-2	SS	Round1 Stadium Hakata-Hannichibashi	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	4,842	5,880	5,020	1.9
F-3	NSC	Kurume-Nishi Shopping Center	Kurume, Fukuoka	Trust beneficiary interest in real estate	1,522	1,870	1,515	0.6
F-4	NSC	Kitera Town Fukuoka Nagahama	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	6,012	6,270	6,000	2.2
R-1	NSC	Roseo Mito	Mito, Ibaraki	Trust beneficiary interest in real estate	9,572	12,300	10,046	3.7
R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	Trust beneficiary interest in real estate	1,404	1,550	1,469	0.5
R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	Trust beneficiary interest in real estate	840	928	898	0.3
R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	Trust beneficiary interest in real estate	4,315	4,890	4,180	1.5
R-5	NSC	Yorktown Shinden-Higashi	Sendai, Miyagi	Trust beneficiary interest in real estate	3,179	2,600	3,252	1.2
R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	Trust beneficiary interest in real estate	911	980	830	0.3
R-8	NSC	P-1 Plaza Tenno	Hamamatsu, Shizuoka	Trust beneficiary interest in real estate	4,135	4,060	4,010	1.5
R-9	NSC	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	Trust beneficiary interest in real estate	4,320	4,320	4,111	1.5
R-10	NSC	Sun Street Hamakita	Hamamatsu, Shizuoka	Trust beneficiary interest in real estate	11,558	12,100	11,946	4.4
R-11	SS	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	Trust beneficiary interest in real estate	4,116	4,620	4,210	1.6
R-12	NSC	Coop Sapporo Shunko	Asahikawa, Hokkaido	Trust beneficiary interest in real estate	1,158	1,220	1,110	0.4
L-1	L	Zama Distribution Center	Zama, Kanagawa	Real estate	1,456	1,870	1,400	0.5
L-2	L	Oppama Distribution Center	Yokosuka, Kanagawa	Real estate	1,332	1,780	1,300	0.5
L-3	L	Musashi Ranzan Distribution Center	Hiki-gun, Saitama	Trust beneficiary interest in real estate	3,659 (Note 3)	4,540 (Note 3)	3,879 (Note 3)	1.4 (Note 3)
L-4	L	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	Trust beneficiary interest in real estate	953	1,080	918	0.3
L-5	L	Gyoda Distribution Center	Gyoda, Saitama	Trust beneficiary interest in real estate	3,222	3,840	3,160	1.2
L-6	L	Shinjuku Nishiochiai Distribution Center	Shinjuku ward, Tokyo	Real estate	866	886	810	0.3
L-7	L	Chiba-Kita Distribution Center	Chiba, Chiba	Trust beneficiary interest in real estate	1,230	1,590	1,250	0.5
L-8	L	Sapporo Shiroishi Distribution Center	Sapporo, Hokkaido	Trust beneficiary interest in real estate	816	1,080	800	0.3
L-9	L	Tenri Distribution Center	Tenri, Nara	Trust beneficiary interest in real estate	1,103	1,140	1,070	0.4

Property number	Property type	Property name	Location	Ownership form	Book value (Millions of yen)	Evaluation value (Millions of yen) (Note 1)	Acquisition price (Millions of yen)	Share (%) (Note 2)
L-10	L	Prima Meat Packers Kinki Center	Osaka, Osaka	Trust beneficiary interest in real estate	1,066 (Note 3)	1,107 (Note 3)	1,047 (Note 3)	0.4 (Note 3)
Total					270,366	291,694	270,381	100.0

Note 1: "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 2: "Share" represents the percentage of the acquisition price for each property in the total acquisition price, rounded to the nearest tenth.

Note 3: The amount and proportion of quasi co-ownership interests that KRR owns are shown.

(B) Overview of Tenants as of March 31, 2023

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

Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (Thousands of yen) (Note 5)	Tenant leasehold and security deposits (Millions of yen) (Note 6)
T-2	MONA Shin-Urayasu	9,961.48	9,782.07	98.2	1(56)	646,040	612
T-3	Passaggio Nishiarai	10,527.40	10,527.40	100.0	1(43)	444,033	271
T-5	Unicus Ina	11,303.42 (Note 7)	11,303.42 (Note 7)	100.0	1	240,408 (Note 7)	121 (Note 7)
T-6	Yorktown Kita-Kaname	(Note 8)	(Note 8)	100.0	1	(Note 8)	(Note 8)
T-7	Unicus Yoshikawa	10,648.27	10,648.27	100.0	1(10)	263,076	205
T-8	Sports Club Renaissance Fujimidai	3,120.87	3,120.87	100.0	1	(Note 8)	(Note 8)
T-9	Super Viva Home Iwatsuki (Land)	67,325.95	67,325.95	100.0	1		
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		
T-15	Nakamachidai Tokyu Store	5,968.71	5,968.71	100.0	1		
T-16	Central Wellness Club Nagatsuta Minamidai	3,996.68	3,996.68	100.0	2	(Note 8)	(Note 8)
T-17	Life Kameido	2,929.58	2,929.58	100.0	1		
T-18	Totsuka-Fukaya Shopping Center (Land)	14,092.51	14,092.51	100.0	2		
T-19	Yumemachi Narashinodai Mall	7,827.96	7,662.41	97.9	1(13)	218,129	151
T-20	Kawamachi Yahagi Mall	6,397.05	6,397.05	100.0	1(12)	193,105	106
T-22	Round1 Ichikawa-Onitaka	11,963.61	11,963.61	100.0	1		
T-23	Ozeki Tokiwadai	1,217.02	1,217.02	100.0	1		
T-24	Konami Sports Club Shibuya	(Note 8)	(Note 8)	100.0	1	(Note 8)	(Note 8)
T-25	Apita Terrace Yokohama Tsunashima	44,568.05	44,568.05	100.0	1		
T-26	Kalsa Hiratsuka	14,195.00	14,195.00	100.0	3		
T-27	Monenosato Mall	6,861.59	6,861.59	100.0	1(11)	168,496	104
T-28	KDX Chofu Building (Retail wing)	12,119.00	12,101.00	99.9	2	149,699	74
T-29	Across Plaza Urayasu Higashino (Land)	6,229.32	6,229.32	100.0	1	(Note 8)	(Note 8)
T-30	Comfort Market Nishi-Magome	1,456.86	1,456.86	100.0	1	96,000	80
T-31	Kitera Town Chofu	10,665.73	9,858.98	92.4	1(26)	625,673	616
T-32	Unicus Urawamisono (Land)	3,533.59	3,533.59	100.0	1	38,629	19
T-33	Kitera Plaza Aobadai	3,030.58	2,363.53	78.0	1(11)	158,656	83
T-34	Higashimatsuyama Shopping Center	36,490.48	36,490.48	100.0	2	(Note 8)	(Note 8)
O-1	Blumer Maitamon	30,290.85	29,784.32	98.3	49	706,783	430
O-2	Life Takadono (Land)	4,437.07	4,437.07	100.0	1	(Note 8)	(Note 8)
O-3	DCM MEGA Don Quijote UNY Omihachiman	14,313.00	14,313.00	100.0	2		
O-4	Blumer HAT Kobe	23,775.88	23,286.14	97.9	1(39)	702,151	802
O-5	Carino Esaka	7,542.69	7,542.69	100.0	1(31)	321,178	236

Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (Thousands of yen) (Note 5)	Tenant leasehold and security deposits (Millions of yen) (Note 6)		
O-6	COMBOX Komyoike	25,530.44 (Note 9)	25,530.44	100.0	1	452,434 (Note 10)	303 (Note 11)		
O-9	Life Nishi-Tengachaya	2,679.52	2,679.52	100.0	1	89,740	178		
O-10	Million Town Tsukaguchi (Land)	8,264.46	8,264.46	100.0	1	(Note 8)	(Note 8)		
O-11	Habikigaoka Shopping Center	6,447.81	6,447.81	100.0	2				
O-12	Merado Daikai	11,922.77	11,922.77	100.0	7	297,906	312		
N-1	DCM Nakagawa Tomita (Land)	(Note 8)	(Note 8)	100.0	1	(Note 8)	(Note 8)		
N-2	Valor Ichinomiya-Nishi	9,447.48	9,447.48	100.0	1				
N-4	Homecenter Kohnan Sunadabashi	20,329.07	20,329.07	100.0	1				
N-6	Resora Obu Shopping Terrace	19,909.33	19,781.31	99.4	1(41)	429,055	268		
N-7	Valor Nakashidami (Land)	13,480.42	13,480.42	100.0	1	(Note 8)	(Note 8)		
N-8	iiias Kasugai	27,772.12 (Note 7)	27,350.13 (Note 7)	98.5	1(71)	712,722 (Note 7)	460 (Note 7)		
F-1	Sunny Noma	2,814.67	2,814.67	100.0	1	(Note 8)	(Note 8)		
F-2	Round1 Stadium Hakata-Hanmichibashi	28,026.61	28,026.61	100.0	1				
F-3	Kurume-Nishi Shopping Center	4,641.10	4,641.10	100.0	4	104,617	62		
F-4	Kitera Town Fukuoka Nagahama	6,355.66	5,906.20	92.9	1(16)	299,570	161		
R-1	Roseo Mito	48,296.76	48,296.76	100.0	1(23)	705,820	464		
R-2	K's Denki Aomori Honten	10,083.41	10,083.41	100.0	1	(Note 8)	174		
R-3	Super Sports Xebio Aomori-Chuo	(Note 8)	(Note 8)	100.0	1		(Note 8)		
R-4	Ashico Town Ashikaga	65,181.05	64,646.98	99.2	1(29)	393,664	332		
R-5	Yorktown Shinden-Higashi	12,768.77	12,768.77	100.0	2	(Note 8)	(Note 8)		
R-6	Kasumi Technopark Sakura	2,228.04	2,228.04	100.0	1		31		
R-8	P-1 Plaza Tenno	12,030.83	12,030.83	100.0	1(7)	238,320	210		
R-9	Seiyu Rakuichi Moriya (Land)	(Note 8)	(Note 8)	100.0	1	(Note 8)	(Note 8)		
R-10	Sun Street Hamakita	54,108.12	53,205.67	98.3	1(49)	900,128	521		
R-11	Costco Wholesale Sapporo Warehouse	24,006.16	24,006.16	100.0	1	(Note 8)	(Note 8)		
R-12	Coop Sapporo Shunko	7,214.92	7,214.92	100.0	1				
L-1	Zama Distribution Center	5,479.92	5,479.92	100.0	1				
L-2	Oppama Distribution Center	6,543.87	6,543.87	100.0	1	(Note 8)	(Note 8)		
L-3	Musashi Ranzan Distribution Center	32,935.54 (Note 7)	32,935.54 (Note 7)	100.0	1			(Note 7) (Note 8)	(Note 7) (Note 8)
L-4	Yokohama Kamigo Distribution Center	2,040.05	2,040.05	100.0	2				
L-5	Gyoda Distribution Center	21,956.09	21,956.09	100.0	1				
L-6	Shinjuku Nishiochiai Distribution Center	790.52	790.52	100.0	1				
L-7	Chiba-Kita Distribution Center	5,684.13	5,684.13	100.0	1				
L-8	Sapporo Shiroishi Distribution Center	11,181.15	11,181.15	100.0	1				
L-9	Tenri Distribution Center	7,393.08	7,393.08	100.0	1				

Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (Thousands of yen) (Note 5)	Tenant leasehold and security deposits (Millions of yen) (Note 6)
L-10	Prima Meat Packers Kinki Center (Note 5)	6,274.32 (Note 7)	6,274.32 (Note 7)	100.0	1	(Note 7) (Note 8)	(Note 7) (Note 8)
Total		1,077,363.72	1,072,094.70	99.5	608	16,865,610	12,463

- 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. The same applies hereafter.
- Note 2: "Leased area" indicates the total leased area based on the lease agreements for each property as of March 31, 2023. 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 March 31, 2023, is shown. As for sublease type master leases, the leased area to the master lessee is shown. The same applies hereafter.
- Note 3: "Occupancy rate" is calculated by dividing leased area by leasable area as of March 31, 2023, rounded to the nearest tenth. The "Total" of "Occupancy rate" represents the average occupancy rate of all properties in the initial portfolio. The same applies hereafter.
- Note 4: "Number of tenants" is based upon the number of lease agreements with respect to the building(s) (or land in the case of land-only properties with leasehold interest) on each such property used mainly as stores and offices, as of March 31, 2023. 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. The same applies hereafter.
- Note 5: "Annual rent" is generally calculated by multiplying the monthly fixed rent and common area charges under a leasing contract with tenants at portfolio properties as of March 31, 2023 (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 March 31, 2023 (excluding warehouses in the case of building lease agreements), rounded down to the nearest million yen.
- Note 7: 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. The same applies hereafter.
- Note 8: We have not obtained consent from the tenant(s) to release this information.
- Note 9: The total area that we own exclusively as a compartmentalized ownership interest (retail space) is shown.
- Note 10: Calculated by multiplying the monthly rent and common area charges for March 2023 under the leasing contract by twelve and also taking into consideration the ownership ratio (93.20%) under the compartmentalized ownership agreement.
- Note 11: Calculated by multiplying the tenant leasehold and security deposits for the whole building as of March 2023 by the ownership ratio (93.20%).

(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 (Millions of yen)	Estimated value							Appraisal NOI yield (%) (Note 2)
					Cost method (Millions of yen)	Cash flow-based method					Appraisal NOI (Millions of yen) (Note 1)	
						Direct capitalization method		DCF method				
Estimated value (Millions of yen)	Cap rate (%)	Estimated value (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)								
T-2	MONA Shin-Urayasu	Japan Real Estate Institute	Mar. 31, 2023	9,210	8,120	9,300	4.5	9,120	4.2	4.7	485	6.0
T-3	Passaggio Nishiarai	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	6,630	10,300	6,660	4.3	6,610	4.1	4.5	294	5.0
T-5	Unicus Ina (Note 5)	Japan Real Estate Institute	Mar. 31, 2023	4,696	4,520	5,890	4.4	5,840	4.1	4.6	218	5.8
T-6	Yorktown Kita-Kaname	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	4,350	2,160	4,380	4.9	4,340	4.7	5.1	216	5.4
T-7	Unicus Yoshikawa	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	3,890	4,220	3,930	4.7	3,870	4.5	4.9	187	5.2
T-8	Sports Club Renaissance Fujimidai	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	2,710	1,910	2,740	4.7	2,690	4.5	4.9	129	5.0
T-9	Super Viva Home Iwatsuki (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	5,880	—	—	—	5,880	(year 1-10) 4.5 (year 11-29.7) 4.6	—	202	4.2
T-11	Unicus Kamisato (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	3,090	—	—	—	3,090	(year 1-8) 4.5 (year 9-23) 4.6 (year 24-32.5) 4.7	—	138	4.6
T-12	Unicus Konosu (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	1,830	—	—	—	1,830	(year 1-8) 4.4 (year 9-23) 4.5 (year 24-32.5) 4.6	—	77	4.6
T-13	Inageya Yokohama Minamihonjuku (Land)	Japan Real Estate Institute	Mar. 31, 2023	1,380	—	—	—	1,380	4.0	—	64	4.5
T-15	Nakamachidai Tokyu Store	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	3,750	2,730	3,780	4.6	3,730	4.4	4.8	181	5.4
T-16	Central Wellness Club Nagatsuta Minamidai	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	1,780	2,360	1,780	5.0	1,780	4.8	5.2	91	5.3
T-17	Life Kameido	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	1,480	2,120	1,500	4.2	1,470	3.9	4.4	63	4.4
T-18	Totsuka-Fukaya Shopping Center (Land)	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	4,350	4,750	4,330	4.7 (Note 3)	4,360	4.6	—	191	4.6
T-19	Yumemachi Narashinodai Mall	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	3,650	3,210	3,640	4.9	3,650	4.7	5.1	179	5.3
T-20	Kawamachi Yahagi Mall	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	3,290	3,500	3,310	4.8	3,280	4.6	5.0	159	5.2
T-22	Round I Ichikawa-Onitaka	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	1,960	3,530	1,950	4.8	1,970	4.6	5.0	97	5.2
T-23	Ozeki Tokiwadai	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	1,350	1,570	1,370	4.2	1,340	4.0	4.4	57	4.6
T-24	Konami Sports Club Shibuya	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	3,300	3,890	3,360	3.7	3,280	3.7	3.9	132	3.9
T-25	Apita Terrace Yokohama Tsunashima	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	12,100	15,600	12,200	4.3	12,100	4.1	4.5	543	4.7
T-26	Kalsa Hiratsuka	Japan Real Estate Institute	Mar. 31, 2023	6,190	6,130	6,260	4.3	6,120	4.0	4.5	280	4.7
T-27	Monenosato Mall	Japan Real Estate Institute	Mar. 31, 2023	3,040	2,820	3,090	4.9	2,980	4.7	5.2	151	5.5
T-28	KDX Chofu Building (Retail wing)	Japan Real Estate Institute	Mar. 31, 2023	2,250	2,200	2,250	4.6	2,240	4.2	4.8	116	5.1
T-29	Across Plaza Urayasu Higashino (Land)	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	2,320	—	2,340	4.2 (Note 3)	2,310	4.1	—	89	4.0

Property number	Property name	Appraiser	Evaluation date	Appraisal value (Millions of yen)	Estimated value							Appraisal NOI yield (%) (Note 2)	
					Cost method (Millions of yen)	Cash flow-based method					Appraisal NOI (Millions of yen) (Note 1)		
						Direct capitalization method		DCF method					
						Estimated value (Millions of yen)	Cap rate (%)	Estimated value (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)			
T-30	Comfort Market Nishi-Magome	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	2,140	2,020	2,170	3.9	2,130	(year 1-10) 3.9 (year 11) 4.0	4.1	84	4.4	
T-31	Kitera Town Chofu	Japan Real Estate Institute	Mar. 31, 2023	11,400	11,200	11,500	4.6	11,200		4.3	4.8	528	5.0
T-32	Unicus Urawamisono (Land)	Japan Real Estate Institute	Mar. 31, 2023	837	—	842	4.0	832		3.9	4.0	33	4.6
T-33	Kitera Plaza Aobadai (Note 6)	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	3,680	3,400	3,740	4.3	3,660		4.1	4.5	162	4.6
T-34	Higashimatsuyama Shopping Center	Daiwa Real Estate Appraisal Co.,	Mar. 31, 2023	4,650	4,770	4,680	4.8	4,640		4.6	5.0	259	6.4
O-1	Blumer Maitamon	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	10,100	9,460	9,950	5.0	10,100		5.1	5.2	510	6.1
O-2	Life Takadono (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	3,340	—	—	—	3,340	(year 1-2) 3.6 (year 3-12) 3.7 (year 13-32.3) 3.8	—	—	128	4.8
O-3	DCM MEGA Don Quijote UNY Omihachiman	Japan Real Estate Institute	Mar. 31, 2023	2,630	2,310	2,650	5.7	2,610		5.4	5.9	152	7.1
O-4	Blumer HAT Kobe	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	11,100	17,000	11,200	4.9	11,000		4.7	5.1	558	5.1
O-5	Carino Esaka	Japan Real Estate Institute	Mar. 31, 2023	6,810	6,910	6,870	4.3	6,750		4.0	4.5	319	4.9
O-6	COMBOX Komyoike	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	6,070	7,350	6,370	5.3	5,940		4.9	5.4	363	5.6
O-9	Life Nishi-Tengachaya	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	1,790	1,770	1,820	4.3	1,780		4.4	4.5	78	5.2
O-10	Million Town Tsukaguchi (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	4,260	—	—	—	4,260	(year 1-13) 3.7 (year 14-32.9) 3.9	—	—	157	4.2
O-11	Habikigaoka Shopping Center	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	2,020	1,690	2,030	5.1	2,020	(year 1-6) 5.1 (year 7+) 5.2	5.3	5.3	106	5.3
O-12	Merado Daikai	Japan Real Estate Institute	Mar. 31, 2023	5,780	5,680	5,820	4.9	5,740		4.6	5.1	290	5.3
N-1	DCM Nakagawa Tomita (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	2,790	—	—	—	2,790	(year 1-10) 4.1 (year 11-30.2) 4.2	—	—	116	5.0
N-2	Valor Ichinomiya-Nishi	Japan Real Estate Institute	Mar. 31, 2023	2,410	1,830	2,420	5.0	2,390		4.7	5.2	130	6.0
N-4	Homecenter Kohnan Sunadabashi	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	7,500	7,310	7,610	4.9	7,450		4.7	5.1	389	5.5
N-6	Resora Obu Shopping Terrace	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	6,630	7,440	6,780	4.9	6,570		5.0	5.1	344	4.4
N-7	Valor Nakashidami (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	2,630	—	—	—	2,630		3.9	—	119	4.7
N-8	iias Kasugai	Japan Real Estate Institute	Mar. 31, 2023	14,490	20,000	20,900	4.5	20,500		4.2	4.7	660	4.6
F-1	Sunny Noma	Japan Real Estate Institute	Mar. 31, 2023	1,660	1,660	1,700	4.4	1,610		4.2	4.8	78	5.3
F-2	Round1 Stadium Hakata-Hanmichibashi	Japan Real Estate Institute	Mar. 31, 2023	5,880	5,760	5,920	4.8	5,840		4.5	5.0	285	5.7
F-3	Kurume-Nishi Shopping Center	Japan Real Estate Institute	Mar. 31, 2023	1,870	1,580	1,880	4.7	1,850		4.4	4.9	92	6.1
F-4	Kitera Town Fukuoka Nagahama	Japan Real Estate Institute	Mar. 31, 2023	6,270	6,200	6,260	4.4	6,280		4.0	4.5	277	4.6
R-1	Roseo Mito	Japan Real Estate Institute	Mar. 31, 2023	12,300	9,110	12,400	4.7	12,200		4.4	4.9	598	6.0
R-2	K's Denki Aomori Honten	Japan Real Estate Institute	Mar. 31, 2023	1,550	1,680	1,550	5.4	1,540		5.1	5.6	91	6.2
R-3	Super Sports Xebio Aomori-Chuo	Japan Real Estate Institute	Mar. 31, 2023	928	853	933	5.4	922		5.1	5.6	56	6.3

Property number	Property name	Appraiser	Evaluation date	Appraisal value (Millions of yen)	Estimated value						Appraisal NOI (Millions of yen) (Note 1)	Appraisal NOI yield (%) (Note 2)
					Cost method (Millions of yen)	Cash flow-based method						
						Direct capitalization method		DCF method				
						Estimated value (Millions of yen)	Cap rate (%)	Estimated value (Millions of yen)	Discount rate (%)	Terminal capitalization rate (%)		
R-4	Ashico Town Ashikaga	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	4,890	7,020	4,840	5.4 (Building) 5.0 (Land) (Note 4)	4,910	5.2 (Building) 5.0 (Land)	5.6	259	6.2
R-5	Yorktown Shinden-Higashi	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	2,600	4,030	2,600	5.5	2,600	5.3	5.7	154	4.7
R-6	Kasumi Technopark Sakura	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	980	899	990	5.1	976	4.9	5.3	51	6.2
R-8	P-1 Plaza Tenno	Japan Real Estate Institute	Mar. 31, 2023	4,060	4,470	4,090	4.9	4,020	4.6	5.1	207	5.2
R-9	Seiyu Rakuichi Moriya (Land)	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	4,320	—	4,350	4.3 (Note 3)	4,300	4.2	—	166	4.1
R-10	Sun Street Hamakita (Note 5)	Japan Real Estate Institute	Mar. 31, 2023	12,100	10,000	12,200	5.1	11,900	4.8	5.4	649	5.4
R-11	Costco Wholesale Sapporo Warehouse	Japan Real Estate Institute	Mar. 31, 2023	4,620	3,950	4,650	4.4	4,590	4.1	4.6	207	4.9
R-12	Coop Sapporo Shunko	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	1,220	678	1,210	5.5	1,230	5.3	5.7	70	6.3
L-1	Zama Distribution Center	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	1,870	1,760	1,870	4.2	1,870	4.2	4.4	84	6.1
L-2	Oppama Distribution Center	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	1,780	1,650	1,760	4.3	1,790	4.4	4.5	86	6.6
L-3	Musashi Ranzan Distribution Center (Note 5)	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	4,540	4,670	5,030	4.7	5,040	(year 1) 4.7 (year 2-11) 4.8	4.9	222	5.7
L-4	Yokohama Kamigo Distribution Center	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	1,080	1,030	1,100	4.1	1,070	4.2	4.3	46	5.0
L-5	Gyoda Distribution Center	The Tanizawa Sōgō Appraisal Co., Ltd.	Mar. 31, 2023	3,840	3,650	3,780	4.5	3,860	(year 1-5) 4.4 (year 6-11) 4.5	4.7	180	5.7
L-6	Shinjuku Nishiochiai Distribution Center	Japan Real Estate Institute	Mar. 31, 2023	886	874	891	3.8	880	3.4	3.9	35	4.4
L-7	Chiba-Kita Distribution Center	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	1,590	1,000	1,600	3.8	1,580	3.6	4.0	62	5.0
L-8	Sapporo Shiroishi Distribution Center	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	1,080	395	1,100	5.1	1,070	4.9	5.3	57	7.2
L-9	Tenri Distribution Center	Daiwa Real Estate Appraisal Co., Ltd.	Mar. 31, 2023	1,140	838	1,170	4.7	1,120	4.5	4.9	59	5.5
L-10	Prima Meat Packers Kinki Center	Japan Real Estate Institute	Mar. 31, 2023	1,107	1,180	1,250	4.3	1,210	4.0	4.6	54	5.2
Total (Simple Average)				291,694	—	—	—	297,850	—	—	13,988	5.2

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

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

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

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

Note 5: “Appraisal value” and “Appraisal NOI” are calculated in proportion to the co-ownership interest. Other figures refer to the entire land and building.

(D) Overview of Seismic PML Evaluation Report

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

Property number	Property name	PML value in seismic review (%)
T-2	MONA Shin-Urayasu	Retail building 12.0 Parking building 9.5
T-3	Passaggio Nishiarai	8.8
T-5	Unicus Ina	Mall building 4.2 Restaurant A building 6.6 Restaurant B building 5.2
T-6	Yorktown Kita-Kaname	7.8
T-7	Unicus Yoshikawa	6.6
T-8	Sports Club Renaissance Fujimidai	6.7
T-9	Super Viva Home Iwatsuki (Land)	-
T-11	Unicus Kamisato (Land)	-
T-12	Unicus Konosu (Land)	-
T-13	Inageya Yokohama Minamihonjuku (Land)	-
T-15	Nakamachidai Tokyu Store	9.1
T-16	Central Wellness Club Nagatsuta Minamidai	Retail building 8.5 Parking building 7.2
T-17	Life Kameido	6.7
T-18	Totsuka-Fukaya Shopping Center (Land)	-
T-19	Yumemachi Narashinodai Mall	7.2
T-20	Kawamachi Yahagi Mall	Main building 7.3 Uniqlo building 7.4 Holiday building 7.3
T-22	Round1 Ichikawa-Onitaka	Main / Tenant building 8.3 Parking building 9.0
T-23	Ozeki Tokiwadai	7.0
T-24	Konami Sports Club Shibuya	5.3
T-25	Apita Terrace Yokohama Tsunashima	11.3
T-26	Kalsa Hiratsuka	9.4
T-27	Monenosato Mall	Main building 5.6 Service building 5.7 Restaurant building 5.4 Clinic building 5.6
T-28	KDX Chofu Building (Retail wing)	6.3
T-29	Across Plaza Urayasu Higashino (Land)	-
T-30	Comfort Market Nishi-Magome	8.5
T-31	Kitera Town Chofu	8.0
T-32	Unicus Urawamisono (Land)	-
T-33	Kitera Plaza Aobadai	7.2
T-34	Higashimatsuyama Shopping Center	Seiyu building 5.5 Sundrug building 6.3
O-1	Blumer Maitamon	2.0
O-2	Life Takadono (Land)	-
O-3	DCM MEGA Don Quijote UNY Omihachiman	MEGA Don Quijote UNY building 3.1 DCM building 3.2
O-4	Blumer HAT Kobe	3.6
O-5	Carino Esaka	1.7
O-6	COMBOX Komyoike	4.3
O-9	Life Nishi-Tengachaya	5.5
O-10	Million Town Tsukaguchi (Land)	-
O-11	Habikigaoka Shopping Center	Sunplaza A building 3.6 Sunplaza B building 3.4 Joshin building 3.5
O-12	Merado Daikai	South wing 2.3 North wing 2.8

Property number	Property name	PML value in seismic review (%)
N-1	DCM Nakagawa Tomita (Land)	-
N-2	Valor Ichinomiya-Nishi	4.8
N-4	Homecenter Kohnan Sunadabashi	5.2
N-6	Resora Obu Shopping Terrace	8.9
N-7	Valor Nakashidami (Land)	-
N-8	iiias Kasugai	Main building 3.0 New parking building 3.2 Existing parking building 2.7
F-1	Sunny Noma	1.1
F-2	Round1 Stadium Hakata-Hanmichibashi	Main building 0.4 Parking building 0.3 Tenant building A 0.1 Tenant building B 0.1
F-3	Kurume-Nishi Shopping Center	M building 1.6 AB building 1.6 C building 2.5
F-4	Kitera Town Fukuoka Nagahama	0.4
R-1	Roseo Mito	A building (Coffee shop building) 5.4 B building (Mall building) 4.7 C building (Sports facility building) 5.9 D building (Hardware store building) 5.8 E building (Secondhand shop building) 5.5
R-2	K's Denki Aomori Honten	K's Denki building 1.6 TSUTAYA/ Hard-off building 1.5
R-3	Super Sports Xebio Aomori-Chuo	1.6
R-4	Ashico Town Ashikaga	Shopping mall building 1.8 Extensions 1.7 Cinema building 1.5 Road-side building 2.1
R-5	Yorktown Shinden-Higashi	2.9
R-6	Kasumi Technopark Sakura	4.2
R-8	P-1 Plaza Tenno	A building 12.1 B building 6.1 C building 10.9 D building 6.9 E building 8.9 F building 8.7 G building 9.6 H building 8.7
R-9	Seiyu Rakuichi Moriya (Land)	-
R-10	Sun Street Hamakita	Main building 7.0 Mall building 9.6 Colore building 6.2 Wing building 6.2
R-11	Costco Wholesale Sapporo Warehouse	1.8
R-12	Coop Sapporo Shunko	0.4
L-1	Zama Distribution Center	6.2
L-2	Oppama Distribution Center	8.6
L-3	Musashi Ranzan Distribution Center	1.0
L-4	Yokohama Kamigo Distribution Center	Distribution center building 5.3 Restaurant building 7.7 Employee Lounge building 4.8
L-5	Gyoda Distribution Center	3.7
L-6	Shinjuku Nishiochiai Distribution Center	4.7
L-7	Chiba-Kita Distribution Center	6.6
L-8	Sapporo Shiroishi Distribution Center	Building 1 2.1 Building 2 2.5
L-9	Tenri Distribution Center	Warehouse building 3.3 Office building 3.3
L-10	Prima Meat Packers Kinki Center	4.3
Portfolio PML value (Note)		2.8

Note: "Portfolio PML value" is the portfolio PML value of 58 properties that KRR owns as of March 31, 2023, excluding land with leasehold interest, based on the Portfolio Earthquake PML Evaluation Report dated April 2023, created by Sampo Risk Management Inc.

(E) Overview of Portfolio

i. Distribution by Property Type

Property type	Number of properties	Acquisition price (Millions of yen)	Percentage of total portfolio acquisition price (%) (Note)
Shopping centers for daily needs	60	254,746	94.2
NSC (Neighborhood Shopping Centers)	37	182,047	67.3
SM (Supermarkets)	9	15,143	5.6
CSC (Community shopping Centers)	—	—	—
Urban Station-Front Shopping Centers	4	26,918	10.0
SS (Specialty Store)	10	30,638	11.3
Other retail properties	—	—	—
Logistics facilities	10	15,635	5.8
Total	70	270,381	100.0

Note: The 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 (Millions of yen)	Percentage of total portfolio acquisition price (%) (Note)
Four major metropolitan areas	58	223,519	82.7
Tokyo metropolitan area	36	120,906	44.7
Greater Osaka area	12	52,004	19.2
Greater Nagoya area	6	36,577	13.5
Fukuoka area	4	14,032	5.2
Ordinance-designated cities, core cities and other areas	12	46,862	17.3
Total	70	270,381	100.0

Note: The 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 (Millions of yen)	Percentage of total portfolio acquisition price (%) (Note 2)
Less than 5 years	3	10,673	4.5
5 years or more but less than 10 years	7	45,251	19.1
10 years or more	48	180,969	76.4
Total	58	236,893	100.0

Note 1: Property age refers to the number of years from the date of the new construction of the property set out in the real estate registry to March 31, 2023. Where multiple buildings exist on the property, the property age is calculated using the average age of those buildings.

Note 2: The 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 Expiry

Lease expiry (remaining period) (Note 1)	Annual fixed rent (Millions of yen) (Note 2)	Ratio (%) (Note 3)
Less than 2 years	2,507	14.9
2 to less than 5 years	4,547	27.0
5 to less than 10 years	4,673	27.7
10 to less than 15 years	2,200	13.0
15 to less than 20 years	1,184	7.0
20 years or more	1,752	10.4
Total	16,863	100.0

Note 1: "Lease expiry (remaining period)" is based on period until the last date of the lease as set forth in the relevant lease agreements as of March 31, 2023 (excluding warehouses for building lease agreements) for each acquired property and to-be acquired property.

Note 2: "Annual fixed rent" for acquired property is calculated by multiplying the monthly fixed rent and common area charges for the month ended March 31, 2023 (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. The same applies hereafter.

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 figure.

v. Distribution by Lease Contract Type

Type of lease contract	Ratio (%) (Note)
Fixed-term building lease	76.0
Regular building lease	12.9
Commercial fixed-term land lease	11.1
Others	—
Total	100.0

Note: "Ratio" is based on the annual fixed rent as indicated in Note 2 of iv. 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	86.7
Fixed rent with sales-linked rent	11.2
Sales-linked rent	2.1
Total	100.0

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

Note 2: "Ratio" is calculated according to the actual rent effective between October 1, 2022 and March 31, 2023, 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 17th fiscal period ending September 30, 2023. These expenditures are for real estate owned by KRR and real estate in trusts in which KRR owns trust beneficiary rights. These planned projects may include some expenditures that will be recorded as expenses rather than capital expenditures for accounting purposes.

Property number	Property name	Location	Purpose	Schedule	Planned amount of capital expenditure (Millions of yen)		
					Total	Payment for the period	Total amount already paid
O-1	Blumer Maitamon	Kobe, Hyogo	Toilet repair work (phase 2)	From April 2023 to September 2023	61	-	-
T-5	Unicus Ina	Kitaadachi-gun, Saitama	Exterior wall repainting work	From May 2023 to September 2023	57	-	-
R-1	Roseo Mito	Mito, Ibaraki	Rooftop waterproof work (HC building) (phase 3)	From April 2023 to September 2023	60	-	-
T-31	Kitera Town Chofu	Chofu, Tokyo	Tenant section formation work (2nd floor)	From July 2023 to September 2023	51	-	-
F-1	Sunny Noma	Fukuoka, Fukuoka	Exterior wall repair work	From April 2023 to June 2023	19	-	-

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 521 million yen. There were also expenditures of 134 million yen that were recorded as repair expenses. In total, we spent 655 million yen on the projects.

Property number	Property name	Location	Purpose	Schedule	Capital expenditure (Millions of yen)
T-2	MONA Shin-Urayasu	Urayasu, Chiba	Air conditioning equipment replacement (phase 6)	From October 2022 to March 2023	171
O-1	Blumer Maitamon	Kobe, Hyogo	Toilet repair work (phase 1)	From December 2022 to March 2023	57
L-5	Gyoda Distribution Center	Gyoda, Saitama	Exterior wall repair work (Building A) and rooftop waterproof work (Building B)	From October 2022 to December 2022	53
R-1	Roseo Mito	Mito, Ibaraki	Rooftop waterproof work (HC building) (phase 2)	From October 2022 to March 2023	41
N-2	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	Rooftop waterproof work	From November 2022 to March 2023	40
Others					155
Total					521

Note: The property expansion at Unicus Ina is not included in the above list since it involves a new acquisition. Furthermore, construction work related to the conversion and air conditioning equipment installment work at Kitera Plaza Aobadai are not included as well since they were a series of construction work with the acquisition.

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 lessee) as of March 31, 2023.

Name of end tenants	Type of business (Note 1)	Property name	Total leased area (m ²)	Ratio (%) (Note 2)	Annual fixed rent (Thousands of yen)	Tenant leasehold and security deposits (Millions of yen) (Note 3)
P&D Consulting Co., Ltd.	Real estate	A Unicus Ina B Unicus Kamisato (Land) C Unicus Konosu (Land) D Unicus Urawamisino (Land) E Ashico Town Ashikaga	106,185.01	9.9	515,697	250
York Co., Ltd.	Retail	A Yorktown Kita-Kaname B Totsuka-Fukaya Shopping Center (Land) C Monenosato Mall D Comfort Market Nishi-Magome	(Note 4)	(Note 4)	(Note 4)	(Note 4)
Life Corporation	Retail	A Unicus Yoshikawa, B Life Kameido C Kitera Town Chofu D Life Takadono (Land) E Life Nishi-Tengachaya	16,185.56	1.5	(Note 4)	(Note 4)
Kohnan Shoji Co., Ltd.	Retail	A Unicus Yoshikawa B Homecenter Kohnan Sunadabashi	27,819.27	2.6	(Note 4)	(Note 4)
Arclands Corporation	Retail	A Super Viva Home Iwatsuki (Land) B Roseo Mito	(Note 4)	(Note 4)	(Note 4)	(Note 4)
Round One Corporation	Service	A Round1 Ichikawa-Onitaka B Round1 Stadium Hakata-Hanmichibashi C iias Kasugai	46,389.79	4.3	(Note 4)	(Note 4)
UNY Co., Ltd.	Retail	A Apita Terrace Yokohama Tsunashima B DCM MEGA Don Quijote UNY Omihachiman	52,910.05	4.9	(Note 4)	(Note 4)
Daiwa House Realty Mgt. Co., Ltd.	Real estate	A Across Plaza Urayasu Higashino (Land) B COMBOX Komyoike	31,759.76	2.9	(Note 4)	(Note 4)
Kansai Super Market Ltd.	Retail	A Blumer Maitamon B Blumer HAT Kobe C Merado Daikai	(Note 4)	(Note 4)	(Note 4)	(Note 4)
Seiyu Co., Ltd.	Retail	A Sunny Noma B Kitera Town Fukuoka Nagahama C Seiyu Rakuichi Moriya (Land) D Sun Street Hamakita E Higashimatsuyama Shopping Center F iias Kasugai	(Note 4)	(Note 4)	(Note 4)	(Note 4)

Note 1: "Type of business" is based on Japan Standard Industrial Classification. The same applies hereafter.

Note 2: "Ratio" is the ratio of leased area of the end-tenant to total leasable area of the portfolio as of March 31, 2023, rounded to the nearest tenth.

Note 3: Indicates the outstanding balance of any tenant leasehold and security deposit from the relevant end-tenant(s) set forth in lease agreement(s) effective rounded down to the nearest million yen. The same applies hereafter.

Note 4: We have not obtained consent from the tenant to release this information.

ii) Top End-tenants in Terms of Leased Area

The top five end-tenants or the sublease type master lessees in terms of total leased area of portfolio as of March 31, 2023 are as follows.

Name of end tenants	Type of business	Property name	Total leased area (m ²)	Annual fixed rent (Thousands of yen)	Tenant leasehold and security deposits (Millions of yen)	Lease term end	Lease renewal
P&D Consulting Co., Ltd. (Note 3)	Real estate	A Unicus Ina B Unicus Kamisato (Land) C Unicus Konosu (Land) D Unicus Urawamisino (Land) E Ashico Town Ashikaga	106,185.01	515,697	250	A Sep. 25, 2042 (Note 1) B Oct. 1, 2055 C Oct. 1, 2055 D Apr. 8, 2061 E Mar. 31, 2026	A Not Applicable (Note 1) B Not Applicable C Not Applicable D Not Applicable E Not Applicable
Seiyu Co., Ltd.	Retail	A Sunny Noma B Kitera Town Fukuoka Nagahama C Seiyu Rakuichi Moriya (Land) D Sun Street Hamakita E Higashimatsuyama Shopping Center F iias Kasugai	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)
ARCLANDS Co., Ltd.	Retail	A Super Viva Home Iwatsuki (Land) B Roseo Mito	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)
UNY Co., Ltd.	Retail	A Apita Terrace Yokohama Tsunashima B DCM MEGA Don Quijote UNY Omihachiman	52,910.05	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)
ROUND ONE Corporation	Service	A Round1 Ichikawa-Onitaka B Round1 Stadium Hakata-Hanmichibashi C iias Kasugai	46,389.79	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)	Not disclosed (Note 2)

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

Note 2: Not disclosed as the lessees' consent has not been obtained.

Note 3: 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. 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 ²)	Annual fixed rent (Thousands of yen)	Tenant leasehold and security deposits (Millions of yen)	Lease term end	Lease renewal
Lease as a pass-through master leasing company	Unicus Yoshikawa	702.27	31,202	25	Mar. 31, 2035	Not Applicable
Leases to the relevant tenant (total)	-	106,887.28	546,899	276	-	-