

Semi-annual Report  
for the 14th Period  
(From October 1, 2021  
to March 31, 2022)



## Focused Investment in Shopping Centers for Daily Needs



The 14th fiscal period ended March 31, 2022

Distributions per unit

JPY 7,090

Forecast DPU  
for the 15th fiscal period

JPY 6,595

Forecast DPU  
for the 16th fiscal period

JPY 6,500

Total assets (by acquisition price) /  
Number of properties

JPY 247.2<sub>bn</sub> / 66

Number of tenants

519

Occupancy rate  
at the end of period (Note)

99.2%

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## From the Executive Director



I would like to take this opportunity to express my sincere gratitude to our shareholders for your continued support to Kenedix Retail REIT Corporation (“KRR”).

Thanks to your support, KRR has reported its results of operations for the 14th fiscal period (from October 1, 2021 to March 31, 2022).

During the 14th fiscal period, we faced another challenging period amid the COVID-19 pandemic with number of cases reaching record high in Japan, and accompanying quasi-state of emergency in many regions including Tokyo.

Despite these circumstances, shopping centers for daily needs with grocery supermarkets as core tenants have continued to act as vital retail infrastructure providing fundamental functions to maintain day-to-day life of consumers. Therefore, impact of the pandemic remained limited for KRR in the 14th fiscal period.

In the 14th fiscal period, we have reshuffled some tenants and assets which have taken time to recover sales under the COVID-19 pandemic to improve the stability and profitability of our portfolio. With regard to asset reshuffle, we sold three properties, including a property occupied by a large health club, while acquiring three properties, including newly built NSC in Fukuoka and Kitera Plaza Aobadai aiming to revitalize by conversing a large health club to a shopping center for daily needs with a grocery store and clinics. As a result, KRR's portfolio totaled 247,291 million yen for 66 properties at the end of the 14th fiscal period. Gain on sale of properties was also recorded, resulting in operating revenue of 10,254 million yen, operating income of 4,756 million yen, ordinary income of 4,131 million yen and net income of 4,127 million yen in the 14th fiscal period. Distribution per unit was 7,090 yen. Due to the acquisition of three additional properties at the beginning of the 15th fiscal period, the asset size grew to 253,619 million yen with 68 properties.

In March of this year, the government completely lifted quasi-state of emergency, and there are signs of resumption in the economy. However, the business environment remains uncertain due to the inflation and rising interest rates in the United States and other countries, signs of rise in domestic prices and geopolitical risks overseas. We dedicate ourselves to promote the operation of retail and logistics facilities in order to respond to the confidence and expectations of investors even under the current environment.

We respectfully look forward to your continued support.

Moyuru Watanabe

渡辺 萌

Executive Director, Kenedix Retail REIT Corporation  
Director & COO, Head of Retail REIT Department,  
Kenedix Real Estate Fund Management, Inc.



Note: As Kitera Plaza Aobadai is under conversion, its occupancy rate is 0% as of March 31, 2022. However, if we exclude this property, the occupancy rate is 99.5%.

# Overview of Portfolio

## 1 Assets acquired in the 14th fiscal period

### F-4 Kitera Town Fukuoka Nagahama

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



Location	Fukuoka, Fukuoka
Acquisition price	JPY 6,000 mm
Appraisal value	JPY 6,140 mm
Appraisal NOI yield	4.7%

### T-33 Kitera Plaza Aobadai

An NSC aiming to revitalize as a shopping center for daily needs with a grocery store and clinics, in an area with high population growth near Aobadai Station



Location	Yokohama, Kanagawa
Acquisition price	JPY 2,553 mm (Note 1)
Appraisal value	JPY 3,610 mm
Appraisal NOI yield	4.7% (Note 2)

### L-9 Tenri Distribution Center

A distribution center expecting an increase in demand due to expansion of logistics locations in the Greater Osaka area



Location	Tenri, Nara
Acquisition price	JPY 1,070 mm
Appraisal value	JPY 1,090 mm
Appraisal NOI yield	5.5%

## 2 Leading assets of KRR

### T-2 MONA Shin-Urayasu

Urban Station-Front SC



Location	Urayasu, Chiba	Acquisition price	JPY 8,063 mm
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### T-19 Yumemachi Narashinodai Mall



Location	Funabashi, Chiba	Acquisition price	JPY 3,416 mm
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### O-1 Blumer Maitamon



Location	Kobe, Hyogo	Acquisition price	JPY 8,389 mm
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### T-5 Unicus Ina (80% quasi-co-ownership interest)



Location	Kitaadachi-gun, Saitama	Acquisition price	JPY 3,576 mm
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### T-25 Apita Terrace Yokoham Tsunashima



Location	Yokohama, Kanagawa	Acquisition price	JPY 11,567 mm
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### R-1 Roseo Mito



Location	Mito, Ibaraki	Acquisition price	JPY 10,046 mm
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Note 1: The conversion cost will be added to the acquisition price after the completion of the conversion.

Note 2: The appraisal NOI is based on the NOI after the completion of the conversion, which is on the appraisal report as of March 31, 2022. The appraisal NOI yield is calculated by dividing the appraisal NOI by the sum of the acquisition price and the assumed costs of the conversion. The same shall apply to the calculation of the average appraisal NOI yield of the portfolio.



### T-31 NSC Kitera Town Chofu

An NSC with a retail trade area of over 40,000 people within a 1-km radius and solid sales even amid the COVID-19 pandemic

Kitera Town Chofu is a relatively new neighborhood shopping center (NSC) that opened in April 2017. It is located roughly halfway between Keio Line's Shibasaki and Tsutsujigaoka stations, and is about 2-km away from Chofu Station. The center is located along National Road 20 (Koshu-Kaido Road) and can accommodate 400 cars and 415 bicycles in its parking spaces. The center is conveniently located not only for neighboring consumers, but also for vehicles from a wide catchment area. Based on the 2015 census, the population in the catchment area is approximately 43,000 people in the 1-km radius, approximately 163,000 people in the 2-km radius, and approximately 336,000 people in the 3-km radius. Detached houses are expanding in the 1-km radius, and the population is as dense as that of the Tokyo metropolitan area. Compared to the population in 2010, the population in 2015 has grown by 0.5% in the 1-km radius, 1.8% in the 2-km radius, and 1.8% in the 3-km radius. The area also has many families with young children.

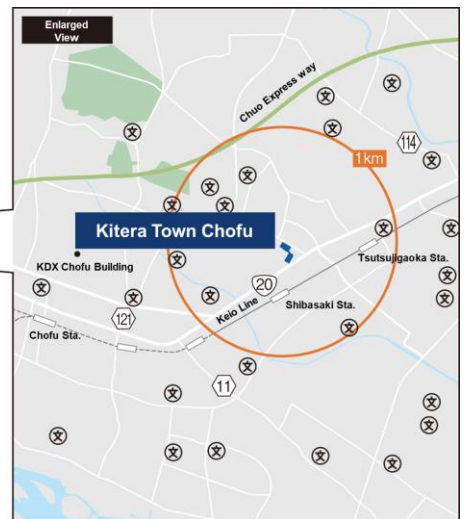
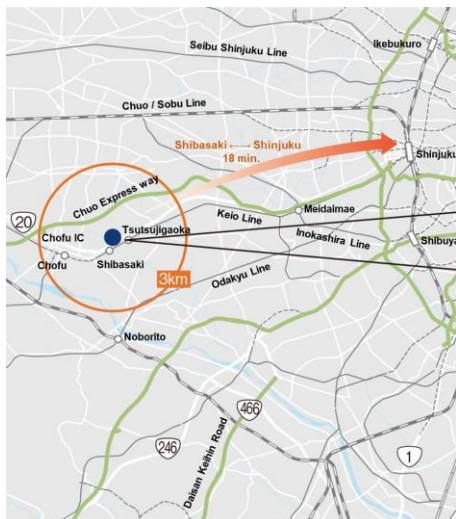
The core tenant of the center is Life, the largest grocery supermarket chain in Japan. Other tenants include Nojima, a consumer electronics store, Sun Drug, a drugstore, other specialty stores such as 100-yen shop Daiso, lifestyle service-oriented stores and restaurants. The center can appeal to a wide range of customers, including child-rearing families. Even amid the COVID-19 pandemic, sales of the center as a whole in 2021 have been steady exceeding both 2019 and 2020 sales since most tenants handle daily necessities and are in industries that meet robust "stay-at-home" demand.

In addition, Life partnered with an online store to provide products online, delivering a wide range of products from fresh foods, beverages, alcohol to daily necessities, baby goods and general merchandise in at least two hours from the facility. This business has been well received by users amid the pandemic.

Regarding the environmental initiatives, the center has a space on the side facing the Koshu-Kaido Road with trees planted. In addition to achieving harmony with the trees along the Koshu-Kaido Road, the greenery is given consideration to the surrounding environment. Moreover, regarding environmental certification, we have received CASBEE Real Estate Assessment Certification for the property (rating: S-rank, which is the highest of four ratings) in November 2021, in recognition of our efforts to conserve energy and resources, such as utilization of LED lightings and installation of water-saving toilets in the property.

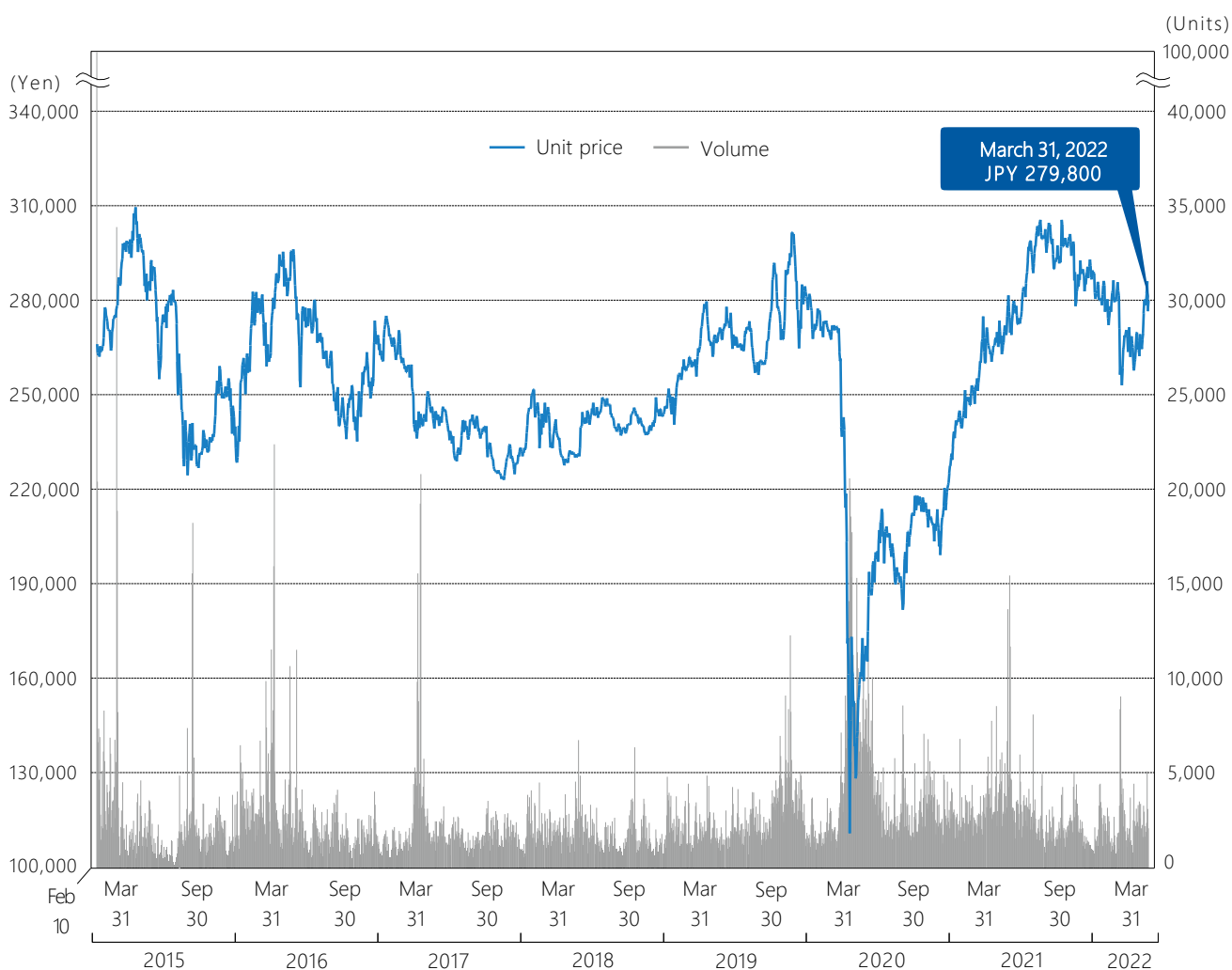
Going forward, we will continue to focus on the operation of the neighborhood shopping center, which is closely linked to local communities, and will work to promote further environmental and social considerations in the operation of center.

Acquisition price	JPY 10,500 mm
Location	Chofu, Tokyo
Land area	10,527.17m <sup>2</sup>
Gross floor area	23,588.18m <sup>2</sup>
Core tenant	Life Corporation



# Summary of Investment Unit

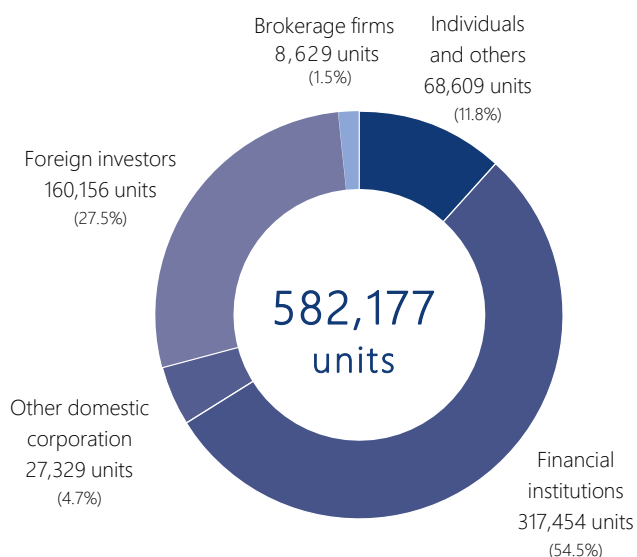
## Unit price and trading volume



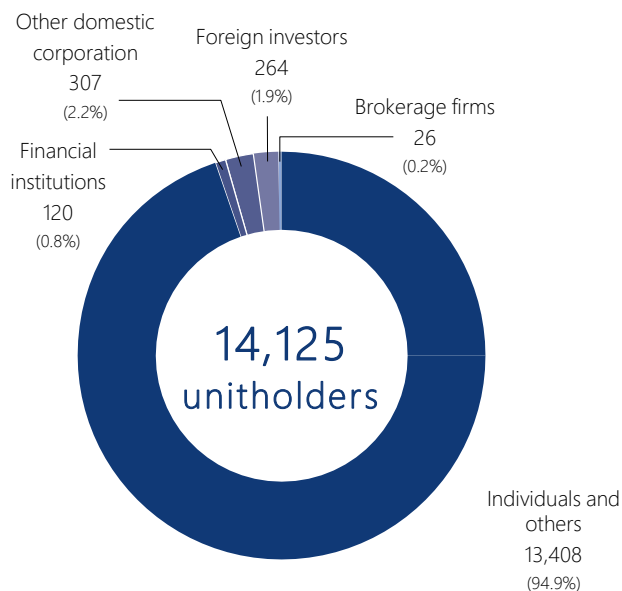
## General breakdown of unitholders

As of March 31, 2022

Ownership ratio by investor type



Number of unitholders by investor type



## II. ASSET MANAGEMENT REPORT

### Overview of Asset Management

#### (1) Trends in Key Indicators

Fiscal period		10th fiscal period (From October 1, 2019 to March 31, 2020)	11th fiscal period (From April 1, 2020 to September 30, 2020)	12th fiscal period (From October 1, 2020 to March 31, 2021)	13th fiscal period (From April 1, 2021 to September 30, 2021)	14th fiscal period (From October 1, 2021 to March 31, 2022)
Operating revenues	Millions of yen	8,291	8,398	8,717	9,576	10,254
Of which, property-related revenues	Millions of yen	8,234	8,272	8,263	8,901	8,956
Operating expenses	Millions of yen	4,189	4,316	4,338	4,694	5,497
Of which, property-related expenses	Millions of yen	3,359	3,479	3,377	3,662	3,588
Operating income	Millions of yen	4,101	4,082	4,379	4,881	4,756
Ordinary income	Millions of yen	3,499	3,505	3,799	4,262	4,131
Net income	Millions of yen	3,498	3,504	3,798	4,261	4,127
Total assets	Millions of yen	249,246	251,655	251,773	272,622	275,833
[Period-on-period changes]	%	(+5.5)	(+1.0)	(+0.0)	(+8.3)	(+1.2)
Total net assets	Millions of yen	124,450	124,308	124,701	137,052	137,354
[Period-on-period changes]	%	(+6.9)	(-0.1)	(+0.3)	(+9.9)	(+0.2)
Unitholders' capital <sup>(Note 2)</sup>	Millions of yen	121,183	121,183	121,183	133,103	133,103
Number of investment units issued and outstanding	Units	536,177	536,177	536,177	582,177	582,177
Net assets per unit	Yen	232,107	231,842	232,575	235,414	235,932
Distributions	Millions of yen	3,503	3,509	3,804	4,266	4,127
Distributions per unit	Yen	6,535	6,546	7,095	7,328	7,090
Of which, distributions of earnings	Yen	6,525	6,270	7,085	7,274	7,090
Of which, distributions in excess of retained earnings	Yen	10	276	10	54	-
Ordinary income to total assets <sup>(Note 3)</sup>	%	1.4	1.4	1.5	1.6	1.5
[Annualized] <sup>(Note 4)</sup>	%	(2.9)	(2.8)	(3.0)	(3.2)	(3.0)
Return on net assets <sup>(Note 5)</sup>	%	2.9	2.8	3.1	3.3	3.0
[Annualized] <sup>(Note 4)</sup>	%	(5.8)	(5.6)	(6.1)	(6.5)	(6.0)
Net assets to total assets <sup>(Note 6)</sup>	%	49.9	49.4	49.5	50.3	49.8
[Period-on-period changes]	%	(+0.7)	(-0.5)	(+0.1)	(+0.7)	(-0.5)
Operating days	Days	183	183	182	183	182
Payout ratio <sup>(Note 7)</sup>	%	100.0	95.9	100.0	99.4	100.0
Number of properties		62	62	64	66	66
Leasable area	m <sup>2</sup>	945,177.87	941,020.65	956,496.64	997,493.50	993,677.76
Number of tenants <sup>(Note 8)</sup>		496	496	502	528	519
Occupancy ratio	%	99.4	99.7	99.8	99.6	99.2
Depreciation	Millions of yen	1,024	1,040	1,068	1,166	1,189
Capital expenditures	Millions of yen	475	544	543	628	680
Rental NOI (Net operating income) <sup>(Note 9)</sup>	Millions of yen	5,899	5,833	5,954	6,405	6,557
FFO (Funds from operation) <sup>(Note 10)</sup>	Millions of yen	4,498	4,431	4,426	4,774	4,900
FFO per unit <sup>(Note 11)</sup>	Yen	8,389	8,265	8,254	8,200	8,418

Note 1: Figures above are rounded down for monetary amounts and rounded to the nearest tenth for ratios.

Note 2: Distributions in excess of earnings for the allowance for temporary difference adjustments are not considered. The same applies hereafter.

Note 3: Ordinary income to total assets = Ordinary income / {(Total assets at beginning of period + Total assets at end of period) / 2} × 100

Note 4: Annualized values for the 10th fiscal period are calculated based on a period of 183 days, 183 days for 11th fiscal period, 182 days for 12th fiscal period, 183 days for 13th fiscal period and 182 days for 14th fiscal period.

Note 5: Return on net assets = Net income / {(Net assets at beginning of period + Net assets at end of period) / 2} × 100

Note 6: Net assets to total assets = Net assets at end of period / Total assets at end of period × 100

Note 7: Payout ratio = Total distributions (excluding excess of earnings) / Net income × 100

When calculated as follows, the payout ratio is 100.2% for the 10th fiscal period, 100.1% for the 11th fiscal period, 100.1% for the 12th fiscal period and 100.1% for the 13th fiscal period.

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

Note 8: As for number of tenants, if a tenant leases multiple spaces in a building, each space is counted as one tenant. In a pass-through type master lease, the number of end-tenants is shown in parentheses. In a sublease type master lease, the number of master lessee is shown.

Note 9: Rental NOI = Property-related revenues - Property-related expenses + Depreciation

Note 10: FFO = Net income + Depreciation + Amortization - Gain on sale of property + Loss on sale of property

Note 11: FFO per unit = FFO / Number of investment units issued and outstanding

## **(2) Status of Asset Management**

### **(Overview of the Fiscal Period ended March 31, 2022)**

#### **i) Transition of KRR**

KRR was established on October 3, 2014, under the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act”). On October 30, 2014, KRR was registered with the Director-General of the Kanto Local Finance Bureau (registration number: Director-General of the Kanto Local Finance Bureau No. 97). KRR was listed on the Real Estate Investment Trust Securities (“J-REIT”) Market of Tokyo Stock Exchange, Inc. (the “Tokyo Stock Exchange”) (Securities code: 3453) on February 10, 2015. Subsequently, KRR raised funds through public offerings. As a result, the number of investment units issued at the end of the fiscal period ended March 31, 2022 was 582,177 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, in order to provide stable investment returns over the long term. Sponsored by Kenedix, Inc., a leading, independent real estate asset management company, KRR entrusts its asset management and investment operations to Kenedix Real Estate Fund Management, Inc. (“KFM”), with the following strategies.

Note: For KRR’s management purposes and ease of classification, KRR defines shopping centers for daily needs as retail properties that generally have the following characteristics:

- a. Retail trade area of approximately a one to ten kilometer radius (and generally, a three to five kilometer radius), with customers predominantly from local areas surrounding the retail property
- b. Operational capacity to accommodate certain daily local retail needs and strong customer traffic on both weekdays and weekends
- c. Composed of various specialty stores to meet a range of day-to-day needs such as groceries, clothing and other daily goods and services

#### **ii) Investment Environment**

During the fiscal year under review, the Japanese economy remained challenging with weak consumer spending, particularly in service spending, due to the impact of rapid spread of COVID-19 variant since the beginning of 2022 and the accompanying quasi-state of emergency.

Shopping centers for daily needs, in which KRR focuses its investment, sales of service-oriented tenants including restaurants and some apparel stores have been declining amid the COVID-19 pandemic, but specialty stores such as supermarkets and home & garden stores that cater to the day-to-day needs of customers are expected to maintain steady demand.

The financial environment remains unstable due to the global economic trends affected by soaring resource prices, the emergence of geopolitical risks, and the shift to a tighter monetary policy in the United States and other countries.

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 active transactions are taking place.

#### **iii) Management Performance**

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

KRR acquired three properties (Kitera Town Fukuoka Nagahama with acquisition price (Note 1) of 6,000 million yen, Kitera Plaza Aobadai with acquisition price of 2,553 million yen and Tenri Distribution Center with acquisition price of 1,070 million yen), and disposed of three properties (Daikanyama Address Dixsept (30% trust beneficiary quasi co-ownership interests) with sale price (Note 2) of 1,993 million yen (acquisition price was 1,617 million yen), K’s Denki Shonan-Fujisawa (Land) and Prime Square Jiyugaoka with total sale price of 6,360 million yen (total acquisition price was 5,989 million yen)).

As a result, the portfolio at the end of the period under review (March 31, 2022) consists of 66 properties with the total acquisition price of 247,291 million yen. Portfolio as a whole performed well with an overall occupancy ratio of 99.2% (Note 3). Furthermore, the portfolio is diversified in terms of tenants as there are 519 end-tenants (Note 4) in KRR’s retail properties and distribution centers.

Note 1: “Acquisition price” indicates the transfer price of the property to be acquired designated sale and purchase agreement (excluding the acquisition expenses, property taxes, city planning taxes and consumption taxes, and rounded down to the nearest million yen). (As for the properties with building expansion, the price includes the amount described in the construction contract and construction design/supervision outsourcing contracts (excluding expenses and taxes and rounded down to the nearest million yen)). The same applies hereafter.

Note 2: “Sale price” represents the amount specified in the purchase and sale agreement for the trust beneficiary interests, exclusive of the various expenses (sale expenses, property tax, etc.) required in the sale of the asset. The same applies hereafter.

Note 3: As Kitera Plaza Aobadai is under conversion, its occupancy rate is 0.0% as of March 31, 2022. However, if we exclude this property, the occupancy rate is 99.5%.

Note 4: 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 the proper balance between financial stability and the cost of the funds with the objectives to achieve stable medium- to long-term returns and consistent growth of assets under management.

##### **(Debt Finance)**

During the fiscal period under review, KRR borrowed 3,000 million yen for the acquisition of properties and 8,750 million yen for refinancing and redemption of investment corporation bonds. Consequently, borrowings totaled 114,300 million yen and interest-bearing debt including investment corporation bonds (excluding interest-bearing tenant leasehold and security deposits) totaled 123,300 million yen at the end of the fiscal period under review (March 31, 2022). Furthermore, KRR has procured its first green loan for the portion of the borrowing (7,000 million yen) for the purpose of refinancing existing borrowings.



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

### (Investment Corporation Bonds)

The status of the credit ratings as of March 31, 2022 is as follows.

Bonds	Issuance date	Total issue amount (Millions of yen)	Interest rate (%)	Maturity date	Redemption method	Remarks
7th Series Unsecured Investment Corporation Bonds (Green Bonds)	January 28, 2022	2,000	0.460	January 28, 2032	Full on maturity	(Note)

Note: Ranking pari passu among the specified investment corporation bonds

As a result, the average maturity of debt is 4.5 years, the weighted average interest rate is 0.96%, the long-term debt ratio (Note 1) is 99.4% and the LTV ratio (Note 2) is 44.7%.

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, 2022 is as follows.

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

### (Shelf Registration)

KRR filed a shelf registration statement for investment corporation bonds (excluding short-term investment corporation bonds) on October 1, 2020. Details are as follows.

Planned issue amount	100,000,000,000 yen
Planned issuance period	October 9, 2020 to October 8, 2022
Use of funds	Acquisition funds for specified assets (as defined in Article 2, Paragraph 1 of the Investment Trust Law), repayment funds for borrowings, repayment funds for investment corporation bonds (including short-term investment corporation bonds), refund funds for lease and guarantee deposits, funds to pay for repairs and maintenance, working capital, etc.

KRR issued 7th Series Unsecured Investment Corporation Bonds (Green Bonds) (2,000 million yen) based on the shelf registration statement on January 28, 2022.

### iv) Results of Operations

For this period, revenue was 10,254 million yen, operating income was 4,756 million yen, ordinary income was 4,131 million yen and net income was 4,127 million yen.

Furthermore, in accordance with the distribution policy in the KRR Articles of Incorporation, KRR made a distribution of 4,127,634,930 yen which is almost equivalent to the earnings (as defined in Article 136-1 of Act of Investment Trust and Investment Corporation) excluding the reversals of allowance for temporary adjustment (as defined in Article 2-2-30 of the Ordinance on Accountings of 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 distributions per unit was 7,090 yen.

### (3) 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, 2022 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	
April 18, 2017	Public offering	81,250	503,700	18,244	112,500	(Note 2)
May 17, 2017	Capital increase through third-party allocation	4,000	507,700	898	113,399	(Note 3)
October 23, 2019	Public offering	27,300	535,000	7,462	120,861	(Note 4)
November 14, 2019	Capital increase through third-party allocation	1,177	536,177	321	121,183	(Note 5)
April 20, 2021	Public offering	43,800	579,977	11,350	132,533	(Note 6)
May 18, 2021	Capital increase through third-party allocation	2,200	582,177	570	133,103	(Note 7)

Note 1: Distributions in excess of earnings for the allowance for temporary difference adjustments are not considered.

Note 2: Issued at issue price of 232,537 yen per unit (issue amount of 224,547 yen per unit) for acquisition of new properties.

Note 3: Issued at issue amount of 224,547 yen per unit for repayment of borrowings.

Note 4: Issued at issue price of 282,847 yen per unit (issue amount of 273,360 yen per unit) for acquisition of new properties.

Note 5: Issued at issue amount of 273,360 yen per unit for part of future purchase funds for specified assets or repayment of borrowings.

Note 6: Issued at issue price of 267,930 yen per unit (issue amount of 259,136 yen per unit) for acquisition of new properties.

Note 7: Issued at issue amount of 259,136 yen per unit for part of future purchase funds for specified assets or repayment of borrowings.

### (Changes in Unit Price at Tokyo Stock Exchange)

The highest and lowest closing prices of the investment units listed on J-REIT section of the Tokyo Stock Exchange for each fiscal period are as follows.

Fiscal period For the period ended	(Yen)				
	10th fiscal period March 31, 2020	11th fiscal period September 30, 2020	12th fiscal period March 31, 2021	13th fiscal period September 30, 2021	14th fiscal period March 31, 2022
Highest	301,500	218,000	274,900	305,500	292,900
Lowest	110,900	128,300	199,200	262,900	253,000

#### (4) Distributions

The distributions of earnings for the 14th fiscal period is 7,090 yen per unit. In order to maintain KRR's favorable tax treatment, which is available to J-REITs under Article 67-15 of the Special Taxation Measures Act, KRR intends to distribute most of KRR's retained earnings excluding the reversals of allowance for temporary adjustment.

(Thousands of yen)

Fiscal period For the period ended	10th fiscal period March 31, 2020	11th fiscal period September 30, 2020	12th fiscal period March 31, 2021	13th fiscal period September 30, 2021	14th fiscal period March 31, 2022
Unappropriated retained earnings	3,784,993	3,716,853	4,153,672	4,511,908	4,404,711
Retained earnings carried forward	212,121	355,023	250,664	277,152	221
Total distributions	3,503,916	3,509,814	3,804,175	4,266,193	4,127,634
[Distributions per unit]	[6,535 yen]	[6,546 yen]	[7,095 yen]	[7,328 yen]	[7,090 yen]
Of which, distributions of earnings	3,498,554	3,361,829	3,798,814	4,234,755	4,127,634
[Distributions of earnings per unit]	[6,525 yen]	[6,270 yen]	[7,085 yen]	[7,274 yen]	[7,090 yen]
Of which, distributions in excess of retained earnings	5,361	147,984	5,361	31,437	—
[Distributions in excess of retained earnings per unit]	[10 yen]	[276 yen]	[10 yen]	[54 yen]	[—]
Total distributions in excess of earnings for the allowance for temporary adjustment	5,361	147,984	5,361	31,437	—
[Distributions per unit]	[10 yen]	[276 yen]	[10 yen]	[54 yen]	[—]
Total distributions in excess of earnings from the unitholders' capital for tax purposes	—	—	—	—	—
[Distributions per unit]	[—]	[—]	[—]	[—]	[—]

## **(5) Management Policy and Issues to be Addressed**

### **Outlook for Asset Management**

#### **(A) Investment Strategy for New Properties and Disposition Policy**

We receive a variety of support from many sources in order to achieve the steady growth of our assets and increase the value of our assets. One source is the Kenedix Group (Note 1), including Kenedix, Inc., the parent company of KFM. We also receive support from our Alliance Companies: Sumitomo Mitsui Finance and Leasing Co., Ltd., SMFL MIRAI Partners Co., Ltd., both of which are also KFM's parent companies, JINUSHI Co., Ltd. (Note 2) 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 comprehensive evaluation of the outlook for future profitability and asset value determined based on its current profitability and market trends.

Note 1: The Kenedix Group consists of Kenedix, Inc. and its subsidiaries and affiliates.

Note 2: Nippon Commercial Development has changed its name to JINUSHI Co., Ltd. as of January 10, 2022.

#### **(B) Management Strategy for Existing Properties**

KRR is committed to building a portfolio that can pursue both stability and growth. KRR believes 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 KRR's 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**

KRR 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. KRR's goal is to select financing methods that result in the optimum balance between financial stability and the financing cost.

## (6) Important Subsequent Events

Not applicable

### (Reference Material)

#### (A) Acquisition of Assets

KRR acquired following asset.

Property number	Property type (Note 1)	Property name	Location	Seller	Acquisition price (Millions of yen)	Appraisal value (Millions of yen) (Note 2)	Acquisition date
R-10	NSC	Sun Street Hamakita (10% quasi-co-ownership interest)	Hamamatsu, Shizuoka	Sojitz Commerce Development Corporation	1,200	1,210	April 15, 2022
T-34	NSC	Higashimatsuyama Shopping Center	Higashimatsuyama, Saitama	SMFL MIRAI Partners Company, Limited	4,080	4,650	April 28, 2022
L-10	L	Prima Meat Packers Kinki Center	Osaka, Osaka	Fukuda & Partners, Co., Ltd.	1,047	1,080	April 28, 2022

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

Type of shopping centers for daily needs	Features	Trade area
NSC (Neighborhood Shopping Centers)	Shopping centers with a supermarket as an anchor or core tenant and several specialty store tenants	3km-5km
SM (Supermarkets)	Stand-alone stores that primarily provide groceries, with a retail trade area	3km
CSC (Community Shopping Centers)	Larger shopping centers than NSC, which have a supermarket as an anchor or core tenant in addition to specialty store tenants	5km-10km
Urban Station-Front Shopping Centers	Shopping centers that are located in the immediate vicinity of an urban public transportation station, which take advantage of stable foot traffic	3km-10km
SS (Specialty Stores)	Single- or multiple-tenant shopping centers that specialize in a single type of merchandise or service, such as drug stores, convenience stores, health clubs or electronic appliance stores	1km-10km

Note 2: Appraisal values are as of March 1, 2022.

#### (B) Property under Construction

A new building with approximately 666.57 m<sup>2</sup> gross floor area (Note 1) is being constructed (the "New Building") on the underutilized site of Unicus Ina, a property owned by KRR. KRR expects the total construction cost (Note 2) to be approximately 169 million yen and plans to complete the construction by late November 2022.

Note 1: Gross floor area shown is the entire figure of the New Building indicated on the construction confirmation certificate without taking into account the ratio of quasi-co-ownership interest of the trust beneficiary right to be held by KRR. Construction plan and other matters related to the New Building construction may change and accordingly gross floor area may increase or decrease.

Note 2: Total construction cost is based on the construction confirmation certificate and represents the amount corresponding to the ratio of quasi-co-ownership interest of the trust beneficiary right to be held by KRR. Construction plan and other matters related to the New Building construction may change and accordingly construction cost may increase or decrease.

#### (C) Financing

KRR borrowed 1,000 million yen (Series 47) on April 15, 2022 for the purpose to acquire additional interest (Sun Street Hamakita (10% quasi-co-ownership interest)).

## Profile of KRR

### (1) Status of Unitholders' Capital

Fiscal period	10th fiscal period (From October 1, 2019 to March 31, 2020)	11th fiscal period (From April 1, 2020 to September 30, 2020)	12th fiscal period (From October 1, 2020 to March 31, 2021)	13th fiscal period (From April 1, 2021 to September 30, 2021)	14th fiscal period (From October 1, 2021 to March 31, 2022)
Total number of authorized investment units	5,000,000 units	5,000,000 units	5,000,000 units	5,000,000 units	5,000,000 units
Total number of investment units issued and outstanding	536,177 units	536,177 units	536,177 units	582,177 units	582,177 units
Unitholders' capital	121,183 million yen	121,183 million yen	121,183 million yen	133,103 million yen	133,103 million yen
Number of unitholders	13,558	13,941	13,852	14,377	14,125

### (2) Matters Concerning Investment Units

The following is a list of major unitholders as of March 31, 2022.

Name	Address	Number of units held (Units)	Ratio (%) (Note)
The Master Trust Bank of Japan, Ltd. (Trust Acct.)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	123,060	21.13
Custody Bank of Japan, Ltd. (Trust Acct.)	1-8-12 Harumi, Chuo-ku, Tokyo	58,928	10.12
The Nomura Trust and Banking Co., Ltd. (Investment Trust Acct.)	2-2-2 Otemachi, Chiyoda-ku, Tokyo	32,175	5.52
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	1-8-12 Harumi, Chuo-ku, Tokyo	26,626	4.57
Kenedix, Inc.	2-1-6 Uchisaiwaicho, Chiyoda-ku, Tokyo	16,950	2.91
SSBTC Client Omnibus Account	3-11-1 Nihonbashi, Chuo-ku, Tokyo Standing proxy: The Hongkong and Shanghai Banking Corporation Ltd.	14,374	2.46
State Street Bank West Client-Treaty 505234	Shinagawa Intercity Tower A 2-15-1 Kohnan, Minato-ku, Tokyo Standing proxy: Mizuho Bank, Ltd.	11,530	1.98
Aozora Bank, Ltd.	6-1-1 Kojimachi, Chiyoda-ku, Tokyo	8,424	1.44
JP Morgan Chase Bank 385781	Shinagawa Intercity Tower A 2-15-1 Kohnan, Minato-ku, Tokyo Standing proxy: Mizuho Bank, Ltd.	7,752	1.33
State Street Bank and Trust Company 505223	Shinagawa Intercity Tower A 2-15-1 Kohnan, Minato-ku, Tokyo Standing proxy: Mizuho Bank, Ltd.	6,867	1.17
Total		306,686	52.67

Note: "Ratio" is the ratio to total number of units issued and outstanding, rounded down to the second decimal place.

### (3) Matters Concerning Directors and Auditor

#### i) Executive Director, Supervisory Director, and Independent Auditor as of March 31, 2022

Position	Name	Other concurrent title	Total amount of fees paid during the period (Thousands of yen)
Executive Director	Moyuru Watanabe	Director & COO, Head of Retail REIT Department, KFM	750
Supervisory Director (Note 1)	Yoshitoshi Yasu	Yoshitoshi Yasu Certified Public Accountant / Tax Accountant Office Director and audit committee member (outside director) of Loop Inc. Outside director of YOKU MOKU Holdings Co., Ltd.	1,500
	Akiko Yamakawa	Partner of Vanguard Lawyers Tokyo External Audit & Supervisory Board Member of TIS Inc.	1,500
Independent Auditor	Ernst & Young ShinNihon LLC	—	14,000 (Note 2)

Note 1: Although supervisory directors are concurrently officers in corporations other than the ones stated above, there are no conflicts of interest between KRR and any other corporations, including those stated above.

Note 2: Compensation for independent auditors includes compensation for preparing a comfort letter for the issuance of investment corporation bonds.

#### ii) Policy on Decisions to Terminate or not Reappoint the Accounting Auditor

The KRR Board of Directors will consider the termination of the Accounting Auditor pursuant to the provisions of the Investment Trust Act of Japan. The directors will also consider not reappointing the Accounting Auditor after examining the quality of audits, compensation for auditing and other applicable items.

### (4) Matters Concerning Directors and Auditor

Classification	Summary of Insurance Policy
All of Executive Directors and Supervisory Directors	(Outline of the insured accident to be covered) KRR has concluded a directors' liability insurance policy as set forth in Article 116-3, Paragraph 1 of the Act on Investment Trust and Investment Corporation, with an insurance company and KRR shall compensate for damages, litigation expenses, and other damages incurred by the insured as a result of receiving a claim for damages arising from an act performed by the insured in connection with its business as a director of KRR to a certain extent under the insurance contract. (Burden ratio of insurance premiums) Premiums for all insured persons is wholly paid by KRR. (Measures to ensure that the appropriateness of the execution of duties by directors is not impaired) There is no deductible for a series of liability for damages, but the maximum amount payable is 1 billion yen.

### (5) Asset Manager, the Custodian and Administrators

Asset manager, the custodian and administrators as of March 31, 2022 are as follows.

Operational role	Name
Asset manager	Kenedix Real Estate Fund Management, Inc.
Asset custodian	Mizuho Trust & Banking Co., Ltd.
Unitholders' register agent	Mizuho Trust & Banking Co., Ltd.
Accounting business	Mizuho Trust & Banking Co., Ltd.
General administrator	Mizuho Trust & Banking Co., Ltd.
Financial agent for investment corporation bonds	Sumitomo Mitsui Trust Bank, Ltd. MUFG Bank, Ltd.

## Status on Investment Properties

### (1) Component of Assets

Type of specified asset	Property type	Areas (Note 1)	13th fiscal period as of September 30, 2021		14th fiscal period as of March 31, 2022	
			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	109,236	40.1	104,084	37.7
		Greater Osaka area	50,227	18.4	50,054	18.1
		Greater Nagoya area	21,859	8.0	21,767	7.9
		Fukuoka area	7,815	2.9	13,823	5.0
		Ordinance-designated cities, core cities and other areas	43,671	16.0	43,466	15.8
	Other retail properties	—	—	—	—	
	Distribution centers	—	9,983	3.7	11,110	4.0
Total of trust beneficiary interests in real estate			242,793	89.1	244,307	88.6
Real estate	Distribution centers	—	3,675	1.3	3,667	1.3
Total of real estate			3,675	1.3	3,667	1.3
Bank deposits and other assets			26,152	9.6	27,858	10.1
Total assets			272,622	100.0	275,833	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 KRR believes 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 yen.

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



## (2) Major Assets Owned

The following are major assets owned (the ten largest properties by book value) by KRR as of March 31, 2022.

Property Number	Property name	Book value (Millions of yen)	Leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	Ratio to total rental revenue (%) (Note 4)	Primary use
T-25	Apita Terrace Yokohama Tunasima	11,546	44,568.05	44,568.05	100.0	— (Note 6)	Retail
O-4	Blumer HAT Kobe	11,105	23,775.88	23,566.77	99.1	5.2	Retail
T-31	Kitera Town Chofu	10,580	10,665.73	9,748.06	91.4	4.7	Retail
R-10	Sun Street Hamakita	10,512	48,697.31 (Note 5)	47,996.90 (Note 5)	98.6	5.9	Retail
R-1	Roseo Mito	9,580	48,296.76	48,296.76	100.0	4.3	Retail
T-2	MONA Shin-Urayasu	9,340	9,961.48	9,651.53	96.9	5.3	Retail
O-1	Blumer Maitamon	8,316	30,290.85	29,784.32	98.3	5.3	Retail
N-6	Resora Obu Shopping Terrace	7,974	19,909.33	19,610.98	98.5	3.2	Retail
O-5	Carino Esaka	6,869	7,542.69	7,440.84	98.6	3.3	Retail
N-4	Homecenter Kohnan Sunadabashi	6,765	20,329.07	20,329.07	100.0	— (Note 6)	Retail
Total		92,591	264,037.15	260,993.28	98.8	— (Note 6)	

Note 1: "Leasable area" is equivalent to gross floor area of space that KRR considers to be available for lease in each property, rounded to the nearest tenth. For land-only properties, leasable area is equivalent to land area as described in the property registry.

Note 2: "Leased area" indicates the total leased area based on the lease agreements for each property as of March 31, 2022. 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, 2022 is shown. As for sublease type master leases, the leased area to the master lessee is shown.

Note 3: "Occupancy rate" is calculated by dividing leased area by leasable area as of March 31, 2022, rounded to the nearest tenth.

Note 4: "Ratio to total rental revenue" is calculated by rental revenue each property divided by total rental revenue.

Note 5: The area that KRR owns exclusively as proportion to the co-ownership interest (co-ownership ratio: 90%).

Note 6: KRR has not obtained consent from the tenant(s) to release this information.

### (3) Overview of the Portfolio

[Overview of Assets Owned]

The following summarizes the real estate or the real estate properties in trust owned by KRR as of March 31, 2022.

Area	Property number	Property type	Property name	Location (City/ward, prefecture) (Note 1)	Ownership form	Book value (Millions of yen)	Evaluation value (Millions of yen) (Note 2)
T	T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	Trust beneficiary interest in real estate	9,340	9,760
	T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi ward, Tokyo	Trust beneficiary interest in real estate	5,626	6,570
	T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	Trust beneficiary interest in real estate	3,446 (Note 3)	4,216 (Note 3)
	T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	Trust beneficiary interest in real estate	3,818	4,340
	T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	Trust beneficiary interest in real estate	3,474	3,870
	T-8	SS	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	Trust beneficiary interest in real estate	2,414	2,770
	T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	Trust beneficiary interest in real estate	4,890	5,600
	T-11	NSC	Unicus Kamisato (Land)	Kodama-gun, Saitama	Trust beneficiary interest in real estate	3,043	3,050
	T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	Trust beneficiary interest in real estate	1,726	1,790
	T-13	SM	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	Trust beneficiary interest in real estate	1,462	1,380
	T-15	NSC	Nakamachidai Tokyu Store	Yokohama, Kanagawa	Trust beneficiary interest in real estate	3,270	3,740
	T-16	SS	Central Wellness Club Nagatsuta Minamidai	Yokohama, Kanagawa	Trust beneficiary interest in real estate	1,717	1,780
	T-17	SM	Life Kameido	Koto ward, Tokyo	Trust beneficiary interest in real estate	1,472	1,480
	T-18	NSC	Totsuka-Fukaya Shopping Center (Land)	Yokohama, Kanagawa	Trust beneficiary interest in real estate	4,228	4,340
	T-19	NSC	Yumemachi Narashinodai Mall	Funabashi, Chiba	Trust beneficiary interest in real estate	3,340	3,580
	T-20	NSC	Kawamachi Yahagi Mall	Chiba, Chiba	Trust beneficiary interest in real estate	3,094	3,250
	T-22	SS	Round1 Ichikawa-Onitaka	Ichikawa, Chiba	Trust beneficiary interest in real estate	1,816	1,950
	T-23	SM	Ozeki Tokiwadai	Itabashi ward, Tokyo	Trust beneficiary interest in real estate	1,266	1,340
	T-24	SS	Konami Sports Club Shibuya	Shibuya ward, Tokyo	Trust beneficiary interest in real estate	3,609	3,370
	T-25	NSC	Apita Terrace Yokohama Tsunashima	Yokohama, Kanagawa	Trust beneficiary interest in real estate	11,546	12,100
	T-26	NSC	Kalsa Hiratsuka	Hiratsuka, Kanagawa	Trust beneficiary interest in real estate	5,953	6,050
	T-27	NSC	Monenosato Mall	Yotsukaido, Chiba	Trust beneficiary interest in real estate	2,892	2,990
	T-28	NSC	KDX Chofu Building (Retail wing)	Chofu, Tokyo	Trust beneficiary interest in real estate	2,394	2,410
	T-29	NSC	Across Plaza Urayasu Higashino (Land)	Urayasu, Chiba	Trust beneficiary interest in real estate	2,283	2,310
	T-30	SM	Comfort Market Nishi-Magome	Ota ward, Tokyo	Trust beneficiary interest in real estate	1,993	2,040
	T-31	NSC	Kitera Town Chofu	Chofu, Tokyo	Trust beneficiary interest in real estate	10,580	11,400
	T-32	NSC	Unicus Urawamisono (Land)	Saitama, Saitama	Trust beneficiary interest in real estate	748	817
	T-33	NSC	Kitera Plaza Aobadai	Yokohama, Kanagawa	Trust beneficiary interest in real estate	2,631	3,610 (Note 4)

Area	Property number	Property Type	Property name	Location (City/ward, prefecture) (Note 1)	Ownership form	Book value (Millions of yen)	Evaluation value (Millions of yen) (Note 2)	
O	O-1	NSC	Blumer Maitamon	Kobe, Hyogo	Trust beneficiary interest in real estate	8,316	9,600	
	O-2	SM	Life Takadono (Land)	Osaka, Osaka	Trust beneficiary interest in real estate	2,727	3,200	
	O-3	NSC	DCM Kahma MEGA Don Quijote UNY Omihachiman	Omihachiman, Shiga	Trust beneficiary interest in real estate	2,090	2,590	
	O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	Trust beneficiary interest in real estate	11,105	11,100	
	O-5	Urban Station-Front SC	Carino Esaka	Suita, Osaka	Trust beneficiary interest in real estate	6,869	7,330	
	O-6	Urban Station-Front SC	COMBOX Komyoike	Izumi, Osaka	Trust beneficiary interest in real estate	6,107	6,430	
	O-9	SM	Life Nishi-Tengachaya	Osaka, Osaka	Trust beneficiary interest in real estate	1,521	1,710	
	O-10	NSC	Million Town Tsukaguchi (Land)	Amagasaki, Hyogo	Trust beneficiary interest in real estate	3,772	4,080	
	O-11	NSC	Habikigaoka Shopping Center	Habikino, Osaka	Trust beneficiary interest in real estate	2,047	2,020	
	O-12	NSC	Merado Daikai	Kobe, Hyogo	Trust beneficiary interest in real estate	5,495	5,780	
	N	N-1	SS	DCM Kahma Nakagawa Tomita (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	2,351	2,680
		N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	Trust beneficiary interest in real estate	2,088	2,360
N-4		SS	Homecenter Kohnan Sunadabashi	Nagoya, Aichi	Trust beneficiary interest in real estate	6,765	7,500	
N-6		NSC	Resora Obu Shopping Terrace	Obu, Aichi	Trust beneficiary interest in real estate	7,974	6,950	
N-7		SM	Valor Nakashidami (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	2,587	2,550	
F	F-1	SM	Sunny Noma	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	1,353	1,650	
	F-2	SS	Round1 Stadium Hakata-Hanmichibashi	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	4,887	5,760	
	F-3	NSC	Kurume-Nishi Shopping Center	Kurume, Fukuoka	Trust beneficiary interest in real estate	1,533	1,830	
	F-4	NSC	Kitera Town Fukuoka Nagahama	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	6,049	6,140	
R	R-1	NSC	Roseo Mito	Mito, Ibaraki	Trust beneficiary interest in real estate	9,580	12,100	
	R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	Trust beneficiary interest in real estate	1,417	1,520	
	R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	Trust beneficiary interest in real estate	849	911	
	R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	Trust beneficiary interest in real estate	4,377	4,930	
	R-5	NSC	Yorktown Shinden-Higashi	Sendai, Miyagi	Trust beneficiary interest in real estate	3,198	2,580	
	R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	Trust beneficiary interest in real estate	916	981	
	R-8	NSC	P-1 Plaza Tenno	Hamamatsu, Shizuoka	Trust beneficiary interest in real estate	4,111	4,050	
	R-9	NSC	Seiyu Rakuichi Moriya (Land)	Moriya, Ibaraki	Trust beneficiary interest in real estate	4,320	4,300	
	R-10	NSC	Sun Street Hamakita	Hamamatsu, Shizuoka	Trust beneficiary interest in real estate	10,512 (Note 3)	10,890 (Note 3)	
	R-11	SS	Costco Wholesale Sapporo Warehouse	Sapporo, Hokkaido	Trust beneficiary interest in real estate	4,180	4,430	
	-	L-1	L	Zama Distribution Center	Zama, Kanagawa	Real estate	1,460	1,790
L-2		L	Oppama Distribution Center	Yokosuka, Kanagawa	Real estate	1,338	1,680	
L-3		L	Musashi Ranzan Distribution Center	Hiki-gun, Saitama	Trust beneficiary interest in real estate	3,724 (Note 3)	4,330 (Note 3)	
L-4		L	Yokohama Kamigo Distribution Center	Yokohama, Kanagawa	Trust beneficiary interest in real estate	960	1,040	
L-5		L	Gyoda Distribution Center	Gyoda, Saitama	Trust beneficiary interest in real estate	3,220	3,660	
L-6		L	Shinjuku Nishiochiai Distribution Center	Shinjuku ward, Tokyo	Real estate	868	842	
L-7		L	Chiba-Kita Distribution Center	Chiba, Chiba	Trust beneficiary interest in real estate	1,249	1,510	
L-8		L	Sapporo Shiroishi Distribution Center	Sapporo, Hokkaido	Trust beneficiary interest in real estate	834	1,040	
L-9		L	Tenri Distribution Center	Tenri, Nara	Trust beneficiary interest in real estate	1,120	1,090	
Total						247,974	266,837	

- Note 1: “Location” indicates the residential address. For those without a residential address, the building or land address on the registry is shown.
- Note 2: “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 3: The amount and proportion of quasi co-ownership interests that KRR owns are shown.
- Note 4: The appraisal value is based on the appraisal value after the completion of the conversion.

[Earnings Performance for the Individual Properties]

Area	Property number	Property type	Property name	13th fiscal period as of September 30, 2021				14th fiscal period as of March 31, 2022			
				Number of tenants (Note 1)	Occupancy rate (%)	Rental revenue (Millions of yen) (Note 2)	Ratio to total rental revenue (%)	Number of tenants (Note 1)	Occupancy rate (%)	Rental revenue (Millions of yen) (Note 2)	Ratio to total rental revenue (%)
T	T-2	Urban Station-Front SC	MONA Shin-Urayasu	1(52)	93.9	478	5.4	1(55)	96.9	473	5.3
	T-3	Urban Station-Front SC	Passaggio Nishiarai	1(41)	98.2	298	3.3	1(41)	98.0	296	3.3
	T-4	Urban Station-Front SC	Daikanyama Address Dixsept (Note 4)	1(24)	93.8	75	0.8	—	—	1	0.0
	T-5	NSC	Unicus Ina (Note 5)	1	100.0	115	1.3	1	100.0	113	1.3
	T-6	NSC	Yorktown Kita-Kaname	1	100.0	— (Note 3)	— (Note 3)	1	100.0	— (Note 3)	— (Note 3)
	T-7	NSC	Unicus Yoshikawa	1(10)	100.0	132	1.5	1(10)	100.0	133	1.5
	T-8	SS	Sports Club Renaissance Fujimidai	1	100.0	— (Note 3)	— (Note 3)	1	100.0	— (Note 3)	— (Note 3)
	T-9	NSC	Super Viva Home Iwatsuki (Land)	1	100.0			1	100.0		
	T-10	SS	K's Denki Shonan-Fujisawa (Land) (Note 5)	1	100.0			—	—		
	T-11	NSC	Unicus Kamisato (Land)	1	100.0	75	0.8	1	100.0	75	0.8
	T-12	NSC	Unicus Konosu (Land)	1	100.0	43	0.5	1	100.0	43	0.5
	T-13	SM	Inageya Yokohama Minamihonjuku (Land)	1	100.0	— (Note 3)	— (Note 3)	1	100.0	— (Note 3)	— (Note 3)
	T-15	NSC	Nakamachidai Tokyu Store	1	100.0			1	100.0		
	T-16	SS	Central Wellness Club Nagatsuta Minamidai	2	100.0			2	100.0		
	T-17	SM	Life Kameido	1	100.0			1	100.0		
	T-18	NSC	Totsuka-Fukaya Shopping Center (Land)	2	100.0			2	100.0		
	T-19	NSC	Yumemachi Narashinodai Mall	1(14)	100.0	149	1.7	1(14)	100.0	144	1.6
	T-20	NSC	Kawamachi Yahagi Mall	1(12)	100.0	114	1.3	1(12)	100.0	114	1.3
	T-21	SS	Prime Square Jiyugaoka (Note 5)	2	100.0	— (Note 3)	— (Note 3)	—	—	— (Note 3)	— (Note 3)
	T-22	SS	Round1 Ichikawa-Onitaka	1	100.0			1	100.0		
	T-23	SM	Ozeki Tokiwadai	1	100.0			1	100.0		
	T-24	SS	Konami Sports Club Shibuya	1	100.0			1	100.0		
	T-25	NSC	Apita Terrace Yokohama Tsunashima	1	100.0			1	100.0		
	T-26	NSC	Kalsa Hiratsuka	3	100.0			3	100.0		
	T-27	NSC	Monenosato Mall	1(11)	100.0	110	1.2	1(11)	100.0	109	1.2
	T-28	NSC	KDX Chofu Building (Retail wing)	3	100.0	85	1.0	3	100.0	84	0.9
	T-29	NSC	Across Plaza Urayasu Higashino (Land)	1	100.0	— (Note 3)	— (Note 3)	1	100.0	— (Note 3)	— (Note 3)
	T-30	SM	Comfort Market Nishi-Magome	1	100.0	48	0.5	1	100.0	48	0.5
	T-31	NSC	Kitera Town Chofu	1(26)	96.4	364	4.1	1(25)	91.4	420	4.7
	T-32	NSC	Unicus Urawamisono (Land)	1	100.0	18	0.2	1	100.0	19	0.2
	T-33	NSC	Kitera Plaza Aobadai	—	—	—	—	1(0)	0.0	—	—

Area	Property number	Property type	Property name	13th fiscal period as of September 30, 2021				14th fiscal period as of March 31, 2022			
				Number of tenants (Note 1)	Occupancy rate (%)	Rental revenue (Millions of yen) (Note 2)	Ratio to total rental revenue (%)	Number of tenants (Note 1)	Occupancy rate (%)	Rental revenue (Millions of yen) (Note 2)	Ratio to total rental revenue (%)
O	O-1	NSC	Blumer Maitamon	50	98.9	490	5.5	49	98.3	474	5.3
	O-2	SM	Life Takadono (Land)	1	100.0	—	—	1	100.0	—	—
	O-3	NSC	DCM Kahma MEGA Don Quijote UNY Omihachiman	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
	O-4	NSC	Blumer HAT Kobe	1(39)	97.8	466	5.2	1(41)	99.1	465	5.2
	O-5	Urban Station-Front SC	Carino Esaka	1(29)	98.6	293	3.3	1(29)	98.6	294	3.3
	O-6	Urban Station-Front SC	COMBOX Komyoike	1	100.0	226	2.5	1	100.0	226	2.5
	O-7	SM	Hankyu Oasis Hirakatadeguchi (Note 5)	—	—	(Note 3)	(Note 3)	—	—	—	—
	O-9	SM	Life Nishi-Tengachaya	1	100.0	44	0.5	1	100.0	44	0.5
	O-10	NSC	Million Town Tsukaguchi (Land)	1	100.0	—	—	1	100.0	—	—
	O-11	NSC	Habikigaoka Shopping Center	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
	O-12	NSC	Merado Daikai	7	100.0	177	2.0	7	100.0	195	2.2
	N	N-1	SS	DCM Kahma Nakagawa Tomita (Land)	1	100.0	—	—	1	100.0	—
N-2		NSC	Valor Ichinomiya-Nishi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
N-4		SS	Homecenter Kohnan Sunadabashi	1	100.0	—	—	1	100.0	—	—
N-6		NSC	Resora Obu Shopping Terrace	1(42)	98.6	282	3.2	1(41)	98.5	283	3.2
N-7		SM	Valor Nakashidami (Land)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
F	F-1	SM	Sunny Noma	1	100.0	—	—	1	100.0	—	—
	F-2	SS	Round1 Stadium Hakata-Hanmichibashi	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
	F-3	NSC	Kurume-Nishi Shopping Center	4	100.0	52	0.6	4	100.0	52	0.6
	F-4	NSC	Kitera Town Fukuoka Nagahama	—	—	—	—	1(14)	84.2	162	1.8
R	R-1	NSC	Roseo Mito	1(23)	100.0	386	4.3	1(23)	100.0	384	4.3
	R-2	SS	K's Denki Aomori Honten	1	100.0	—	—	1	100.0	—	—
	R-3	SS	Super Sports Xebio Aomori-Chuo	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
	R-4	NSC	Ashico Town Ashikaga	1(29)	99.2	271	3.1	1(29)	99.2	274	3.1
	R-5	NSC	Yorktown Shinden-Higashi	2	100.0	—	—	2	100.0	—	—
	R-6	SM	Kasumi Technopark Sakura	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
	R-8	NSC	P-1 Plaza Tenno	1(7)	100.0	133	1.5	1(7)	100.0	133	1.5
	R-9	NSC	Seiyu Rakuichi Moriya (Land)	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
	R-10	NSC	Sun Street Hamakita	1(49)	98.6	525	5.9	1(50)	98.6	528	5.9
	R-11	SS	Costco Wholesale Sapporo Warehouse	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
	—	L-1	L	Zama Distribution Center	1	100.0	—	—	1	100.0	—
L-2		L	Oppama Distribution Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)
L-3		L	Musashi Ranzan Distribution Center	1	100.0	—	—	1	100.0	—	—
L-4		L	Yokohama Kamigo Distribution Center	2	100.0	(Note 3)	(Note 3)	2	100.0	(Note 3)	(Note 3)
L-5		L	Gyoda Distribution Center	1	100.0	—	—	1	100.0	—	—
L-6		L	Shinjuku Nishiochiai Distribution Center	1	100.0	(Note 3)	(Note 3)	1	100.0	(Note 3)	(Note 3)

Area	Property number	Property type	Property name	13th fiscal period as of September 30, 2021				14th fiscal period as of March 31, 2022			
				Number of tenants (Note 1)	Occupancy rate (%)	Rental revenue (Millions of yen) (Note 2)	Ratio to total rental revenue (%)	Number of tenants (Note 1)	Occupancy rate (%)	Rental revenue (Millions of yen) (Note 2)	Ratio to total rental revenue (%)
—	L-7	L	Chiba-Kita Distribution Center	1	100.0	— (Note 3)	— (Note 3)	1	100.0	— (Note 3)	— (Note 3)
	L-8	L	Sapporo Shiroishi Distribution Center	1	100.0			1	100.0		
	L-9	L	Tenri Distribution Center	—	—			1	100.0		
Total				528	99.6	8,901	100.0	519	99.2	8,956	100.0

Note 1: 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, 2022. 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. As for the "Total" of "Number of tenants", the number of end-tenants is used for pass-through type master leases and the number of master lessee is used for sublease type master leases.

Note 2: Rental revenue is based on total rental and other operating revenues of each property.

Note 3: KRR has not obtained consent from the tenant(s) to release this information.

Note 4: Daikanyama Address Dixsept (30% a quasi-co-ownership interest) was disposed of on April 1, 2021 and (30% a quasi-co-ownership interest) on October 1, 2021, respectively.

Note 5: Unicus Ina (20% a quasi-co-ownership interest) was disposed of on April 9, 2021, Hankyu Oasis HiraKatadeguchi was disposed of on August 2, 2021, K's Denki Shonan-Fujisawa (Land) and Prime Square Jiyugaoka were disposed of on December 27, 2021.

**(4) Specified Transaction**

As of March 31, 2022, the contract amount and fair value of the outstanding transaction under the specified transaction account of KRR are as follows.

	Type	Contract amount (Millions of yen) <sup>(Note 1)</sup>		Fair value (Millions of yen) <sup>(Note 2) (Note 3)</sup>
			Due after one year <sup>(Note 1)</sup>	
OTC	Interest rate swaps: Receive floating / pay fixed	87,410	81,360	163
Total		87,410	81,360	163

Note 1: The contract amount of interest rate swaps is based on its notional principal.

Note 2: For the financial reporting purpose, the transaction is not measured at fair value but accounted for under special treatment for interest rate swaps based on "Accounting Standards for Financial Instruments" under Japanese GAAP.

Note 3: Based on the amount provided by counterparty financial institutions.

**(5) Other Assets**

Real estate or beneficiary rights of real estate in trust owned by KRR are disclosed in "(3) Overview of the Portfolio". KRR has no other specified assets.

**(6) Asset in Geographic Area**

KRR owns no asset in specified area other than Japan.



## Capital Expenditures

### (1) Planned Capital Expenditures

The table below shows major capital expenditures for renovations, repairs and other projects that are planned for the 15th fiscal period ending September 30, 2022. 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 expenditure that will be recorded as expenses rather than capital expenditures for accounting purposes.

Property number	Property name	Location	Purpose	Schedule	Planned amount of capital expenditure (Millions of yen)		
					Total	Payment for the period	Total amount already paid
T-2	MONA Shin-Urayasu	Urayasu, Chiba	Air Conditioning equipment replacement (phase 5)	From April 2022 to September 2022	145	-	-
O-4	Blumer HAT Kobe	Kobe, Hyogo	Exterior wall repair work	From April 2022 to September 2022	83	-	-
R-1	Roseo Mito	Mito, Ibaraki	Rooftop waterproof (HC building) (phase 1)	From April 2022 to August 2022	54	-	-
R-8	P-1 Plaza Tenno	Hamamatsu, Shizuoka	Spa equipment replacement and repair work	From April 2022 to September 2022	47	-	-
T-19	Yumemachi Narashinodai Mall	Funabashi, Chiba	Solar panel installation	From April 2022 to May 2022	33	-	-

Note: The property expansion at Unicus Ina is not included in the above list because it involves a new acquisition. Furthermore, construction work related to the conversion at Kitera Plaza Aobadai is not included as well because it is a series of construction work with the acquisition.

### (2) Capital Expenditures during the Fiscal Period under Review

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

The amount of capital expenditures in the fiscal period under review was 680 million yen. There were also expenditures of 146 million yen that were recorded as repair expenses. In total KRR spent 827 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 4)	From October 2021 to March 2022	276
L-5	Gyoda Distribution Center	Gyoda, Saitama	Air conditioning equipment replacement	From October 2021 to March 2022	66
T-27	Monenosato Mall	Yotsukaido, Chiba	Solar panel installation	From February 2022 to March 2022	65
L-8	Sapporo Shiroishi Distribution Center	Sapporo, Hokkaido	Elevator renewal	From March 2022 to March 2022	10
L-8	Sapporo Shiroishi Distribution Center	Sapporo, Hokkaido	Cubicle replacement	From September 2021 to October 2021	10
Others					251
Total					680

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

Not applicable

## Expenses and Liabilities

### (1) Expenses related to Asset Management

(Thousands of yen)

	13th fiscal period (From April 1, 2021 to September 30, 2021)	14th fiscal period (From October 1, 2021 to March 31, 2022)
Asset management fees <sup>(Note)</sup>	873,967	864,525
Asset custody fees	10,182	10,860
Administrative service fees	33,936	34,822
Directors' compensation	4,500	3,750
Other operating expenses	109,945	133,883
Total	1,032,531	1,047,841

Note: In addition to above, the amount of asset management fees capitalized are 223,401 thousand yen for the 13th fiscal period and 96,235 thousand yen for the 14th fiscal period related to the acquisition of properties that entered the book value of the properties. The amount of asset management fees related to the disposition of properties are 22,706 thousand yen for the 13th fiscal period and 41,766 thousand yen for the 14th fiscal period.

## (2) Status of Borrowings

Borrowings on a financial institution basis as of March 31, 2022 are as follows.

Classification	Lender	Balance at the beginning of period (Thousands of yen)	Increase during the period (Thousands of yen)	Decrease during the period (Thousands of yen)	Balance at the end of period (Thousands of yen)	Average interest rate (Note 1) (Note 2) (%)	Payment due date (Note 3)	Use	Remarks
Short-Term Loans Payable	Sumitomo Mitsui Banking Corporation	—	750,000	—	750,000	0.476	January 31, 2023	(Note 4)	Unsecured/Unguaranteed
	Sub Total	—	750,000	—	750,000				
Current Portion of Long-Term Loans Payable	Sumitomo Mitsui Banking Corporation	2,600,000	—	2,600,000	—	0.978	February 10, 2022	(Note 4)	Unsecured/Unguaranteed
	MUFG Bank, Ltd.	800,000	—	800,000	—				
	Sumitomo Mitsui Trust Bank, Ltd.	600,000	—	600,000	—				
	Aozora Bank, Ltd.	400,000	—	400,000	—				
	Mizuho Trust & Banking Co., Ltd.	400,000	—	400,000	—				
	Mizuho Bank, Ltd.	300,000	—	300,000	—				
	Resona Bank, Ltd.	300,000	—	300,000	—	1.033	February 10, 2022		
	Development Bank of Japan Inc. (Note 5)	1,600,000	—	1,600,000	—				
	Sumitomo Mitsui Banking Corporation	2,750,000	—	2,750,000	—	0.480	January 31, 2022		
	MUFG Bank, Ltd.	1,250,000	—	—	1,250,000	0.603	August 31, 2022		
	Mizuho Bank, Ltd.	800,000	—	—	800,000				
	MUFG Bank, Ltd. (Note 6)	1,000,000	—	—	1,000,000	0.975	March 31, 2023		
	Sumitomo Mitsui Trust Bank, Ltd. (Note 6)	600,000	—	—	600,000				
	Mizuho Bank, Ltd. (Note 6)	400,000	—	—	400,000				
	Resona Bank, Ltd. (Note 6)	400,000	—	—	400,000				
	Mizuho Trust & Banking Co., Ltd. (Note 6)	400,000	—	—	400,000				
	MUFG Bank, Ltd. (Note 6)	400,000	—	—	400,000				
	Development Bank of Japan Inc. (Note 5) (Note 6)	1,500,000	—	—	1,500,000	0.994	March 31, 2023		
	MUFG Bank, Ltd. (Note 6)	450,000	—	—	450,000	0.987	March 31, 2023		
	Resona Bank, Ltd. (Note 6)	200,000	—	—	200,000				
The Musashino Bank, Ltd. (Note 6)	150,000	—	—	150,000					
Development Bank of Japan Inc. (Note 5) (Note 6)	1,500,000	—	—	1,500,000	1.013	March 31, 2023			
Sumitomo Mitsui Banking Corporation	—	1,000,000	—	1,000,000	0.461	October 31, 2022			
Sub Total	18,800,000	1,000,000	9,750,000	10,050,000					
Long-Term Loans Payable	Sumitomo Mitsui Banking Corporation	4,600,000	—	—	4,600,000	1.366	April 16, 2025	(Note 4)	Unsecured/Unguaranteed
	Sumitomo Mitsui Banking Corporation	3,000,000	—	—	3,000,000	1.110	March 31, 2024		
	Mizuho Bank, Ltd.	1,150,000	—	—	1,150,000				
	MUFG Bank, Ltd.	1,000,000	—	—	1,000,000				
	Mizuho Trust & Banking Co., Ltd.	700,000	—	—	700,000				
	Sumitomo Mitsui Trust Bank, Ltd.	650,000	—	—	650,000				
	Resona Bank, Ltd.	500,000	—	—	500,000				
	Sumitomo Mitsui Banking Corporation	1,500,000	—	—	1,500,000	1.243	April 16, 2025		
	MUFG Bank, Ltd.	400,000	—	—	400,000	0.803	September 30, 2024		
	Sumitomo Mitsui Trust Bank, Ltd.	450,000	—	—	450,000				
	Development Bank of Japan Inc. (Note 5)	890,000	—	—	890,000	0.760	September 30, 2024		
	Sumitomo Mitsui Banking Corporation	2,670,000	—	—	2,670,000	0.932	April 21, 2026		
	MUFG Bank, Ltd.	890,000	—	—	890,000	0.888	October 31, 2025		
	Development Bank of Japan Inc. (Note 5)	2,000,000	—	—	2,000,000	1.049	January 31, 2027		
	Mizuho Trust & Banking Co., Ltd. (Note 5)	1,000,000	—	—	1,000,000	1.049			
	Resona Bank, Ltd.	500,000	—	—	500,000	1.002			
	Sumitomo Mitsui Banking Corporation	1,500,000	—	—	1,500,000	0.772	October 31, 2024		
	Sumitomo Mitsui Trust Bank, Ltd.	400,000	—	—	400,000				
Aozora Bank, Ltd.	400,000	—	—	400,000					
Resona Bank, Ltd.	300,000	—	—	300,000					

Classification	Lender	Balance at the beginning of period (Thousands of yen)	Increase during the period (Thousands of yen)	Decrease during the period (Thousands of yen)	Balance at the end of period (Thousands of yen)	Average interest rate (Note 1) (Note 2) (%)	Payment due date (Note 3)	Use	Remarks
Long-Term Loans Payable	MUFG Bank, Ltd. (Note 5)	600,000	—	—	600,000	0.696	October 31, 2024	(Note 4)	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd. (Note 5)	600,000	—	—	600,000	0.815			
	Development Bank of Japan Inc. (Note 5)	500,000	—	—	500,000	0.814			
	Mizuho Trust & Banking Co., Ltd. (Note 5)	200,000	—	—	200,000	0.814			
	MUFG Bank, Ltd. (Note 5)	500,000	—	—	500,000	0.903	October 31, 2026		
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000	1.033	May 18, 2027		
	Sumitomo Mitsui Trust Bank, Ltd.	500,000	—	—	500,000				
	Resona Bank, Ltd.	400,000	—	—	400,000				
	Development Bank of Japan Inc. (Note 5)	500,000	—	—	500,000	1.050	May 18, 2027		
	Mizuho Bank, Ltd. (Note 5)	500,000	—	—	500,000	1.049			
	Mizuho Trust & Banking Co., Ltd. (Note 5)	300,000	—	—	300,000	1.050			
	MUFG Bank, Ltd. (Note 5)	500,000	—	—	500,000	0.670	September 29, 2023		
	Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	—	—	1,500,000	0.918	September 30, 2026		
	MUFG Bank, Ltd. (Note 5)	500,000	—	—	500,000	0.930	September 29, 2027		
	Mizuho Bank, Ltd. (Note 5)	1,500,000	—	—	1,500,000	1.029			
	Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	—	—	1,500,000	1.100	September 29, 2028		
	Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000	1.035	October 3, 2027		
	MUFG Bank, Ltd. (Note 5)	1,200,000	—	—	1,200,000	1.000	February 10, 2028		
	Sumitomo Mitsui Banking Corporation	900,000	—	—	900,000	0.988	April 30, 2027		
	Sumitomo Mitsui Banking Corporation	2,600,000	—	—	2,600,000	0.985	April 30, 2027		
	Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.902	April 30, 2026		
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	1.090	April 30, 2028		
	The Bank of Fukuoka, Ltd.	1,000,000	—	—	1,000,000	0.907	May 31, 2026		
	Sumitomo Mitsui Banking Corporation	1,500,000	—	—	1,500,000	0.999	May 31, 2027		
	MUFG Bank, Ltd. (Note 5)	500,000	—	—	500,000	0.900			
	Mizuho Bank, Ltd.	500,000	—	—	500,000	0.999			
	Mizuho Trust & Banking Co., Ltd.	500,000	—	—	500,000	0.999	March 31, 2025		
	Nippon Life Insurance Company	700,000	—	—	700,000	0.913			
	Sumitomo Mitsui Trust Bank, Ltd.	700,000	—	—	700,000	0.726			
	Resona Bank, Ltd.	500,000	—	—	500,000	0.676			
	Aozora Bank, Ltd.	500,000	—	—	500,000	0.726			
	Mizuho Bank, Ltd.	400,000	—	—	400,000	0.726	March 31, 2026		
	The Musashino Bank, Ltd.	400,000	—	—	400,000	0.676			
	Sumitomo Mitsui Banking Corporation	1,850,000	—	—	1,850,000	0.910			
	MUFG Bank, Ltd.	1,300,000	—	—	1,300,000	0.860	March 31, 2028		
	Resona Bank, Ltd.	650,000	—	—	650,000	0.460			
	Aozora Bank, Ltd.	890,000	—	—	890,000	0.585	August 31, 2026		
	Mizuho Bank, Ltd.	1,370,000	—	—	1,370,000	0.718	March 31, 2028		
	Sumitomo Mitsui Trust Bank, Ltd.	820,000	—	—	820,000	0.550	October 31, 2024		
	MUFG Bank, Ltd.	1,270,000	—	—	1,270,000	0.750	January 31, 2028		
	Mizuho Trust & Banking Co., Ltd. (Note 5)	650,000	—	—	650,000	0.670	April 30, 2028		
	MUFG Bank, Ltd. (Note 5)	1,500,000	—	—	1,500,000	0.520	October 31, 2026		
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000	0.644			
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.644			
	Mizuho Trust & Banking Co., Ltd. (Note 5)	500,000	—	—	500,000	0.550			
Resona Bank, Ltd.	300,000	—	—	300,000	0.644				
Development Bank of Japan Inc. (Note 5)	500,000	—	—	500,000	0.830				
The Gunma Bank, Ltd.	400,000	—	—	400,000	0.498	January 31, 2025			
The Musashino Bank, Ltd. (Note 5)	400,000	—	—	400,000	0.478	January 31, 2025			
Sumitomo Mitsui Banking Corporation	700,000	—	—	700,000	0.758	September 30, 2028			
Aozora Bank, Ltd.	450,000	—	—	450,000	0.725	January 31, 2029			
Sumitomo Mitsui Banking Corporation	3,000,000	—	—	3,000,000	0.809	January 31, 2030			
MUFG Bank, Ltd.	700,000	—	—	700,000					
Sumitomo Mitsui Trust Bank, Ltd.	500,000	—	—	500,000					
Resona Bank, Ltd.	450,000	—	—	450,000					
Mizuho Bank, Ltd.	400,000	—	—	400,000					

Classification	Lender	Balance at the beginning of period (Thousands of yen)	Increase during the period (Thousands of yen)	Decrease during the period (Thousands of yen)	Balance at the end of period (Thousands of yen)	Average interest rate (Note 1) (Note 2) (%)	Payment due date (Note 3)	Use	Remarks
Long-Term Loans Payable	Development Bank of Japan Inc. (Note 5)	1,500,000	—	—	1,500,000	0.888	January 31, 2031	(Note 4)	Unsecured/ Unguaranteed
	Sumitomo Mitsui Banking Corporation	2,400,000	—	—	2,400,000	0.535	February 28, 2026		
	MUFG Bank, Ltd.	1,600,000	—	—	1,600,000				
	Sumitomo Mitsui Trust Bank, Ltd.	550,000	—	—	550,000				
	Resona Bank, Ltd.	500,000	—	—	500,000				
	Aozora Bank, Ltd.	500,000	—	—	500,000				
	Mizuho Bank, Ltd.	350,000	—	—	350,000				
	Mizuho Trust & Banking Co., Ltd.	300,000	—	—	300,000				
	Sumitomo Mitsui Banking Corporation	600,000	—	—	600,000	0.407	April 30, 2025		
	Mizuho Bank, Ltd.	500,000	—	—	500,000				
	Resona Bank, Ltd.	400,000	—	—	400,000				
	MUFG Bank, Ltd. (Note 5)	500,000	—	—	500,000	0.400	April 30, 2025		
	Aozora Bank, Ltd.	500,000	—	—	500,000	0.461	April 30, 2026		
	Mizuho Trust & Banking Co., Ltd.	200,000	—	—	200,000				
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000	0.490	October 31, 2026		
	MUFG Bank, Ltd. (Note 5)	400,000	—	—	400,000	0.475	October 31, 2026		
	Sumitomo Mitsui Banking Corporation	1,600,000	—	—	1,600,000	0.548	October 31, 2027		
	Mizuho Bank, Ltd.	400,000	—	—	400,000				
	Sumitomo Mitsui Trust Bank, Ltd.	300,000	—	—	300,000				
	Resona Bank, Ltd.	300,000	—	—	300,000				
	MUFG Bank, Ltd. (Note 5)	600,000	—	—	600,000	0.525	October 31, 2027		
	Development Bank of Japan Inc. (Note 5)	500,000	—	—	500,000	0.856	April 30, 2031		
	The 77 Bank, Ltd.	500,000	—	—	500,000	0.426	April 30, 2026		
	The Musashino Bank, Ltd. (Note 5)	500,000	—	—	500,000	0.350	April 30, 2026		
	Sumitomo Mitsui Banking Corporation	800,000	—	—	800,000				
	Sumitomo Mitsui Trust Bank, Ltd.	700,000	—	—	700,000	0.601	April 30, 2028		
	Mizuho Trust & Banking Co., Ltd.	600,000	—	—	600,000				
	Aozora Bank, Ltd.	600,000	—	—	600,000				
	Mizuho Bank, Ltd.	500,000	—	—	500,000				
	MUFG Bank, Ltd. (Note 5)	500,000	—	—	500,000	0.550	April 30, 2028		
	SUMITOMO LIFE INSURANCE COMPANY (Note 5)	500,000	—	—	500,000	0.824	April 30, 2031		
	Development Bank of Japan Inc. (Note 5)	300,000	—	—	300,000				
	Mizuho Bank, Ltd.	500,000	—	—	500,000	0.357	April 30, 2024		
	MUFG Bank, Ltd. (Note 5)	200,000	—	—	200,000	0.525	October 31, 2027		
	Aozora Bank, Ltd.	200,000	—	—	200,000	0.601	April 30, 2028		
	The Gunma Bank, Ltd. (Note 5)	500,000	—	—	500,000	0.450	September 30, 2026		
	The Bank of Fukuoka, Ltd.	—	500,000	—	500,000	0.387	March 31, 2026		
	The Nishi-Nippon City Bank, Ltd.	—	500,000	—	500,000				
	Shinsei Bank, Ltd.	—	800,000	—	800,000				
	The Yamaguchi Bank, Ltd.	—	700,000	—	700,000	0.599	September 30, 2029		
The Higo Bank, Ltd.	—	500,000	—	500,000					
Sumitomo Mitsui Banking Corporation	—	2,600,000	—	2,600,000	0.722	January 31, 2029			
Sumitomo Mitsui Trust Bank, Ltd.	—	600,000	—	600,000					
Mizuho Trust & Banking Co., Ltd.	—	400,000	—	400,000					
Aozora Bank, Ltd.	—	400,000	—	400,000					
Mizuho Bank, Ltd.	—	300,000	—	300,000					
Resona Bank, Ltd.	—	300,000	—	300,000					
MUFG Bank, Ltd. (Note 5)	—	800,000	—	800,000					
Development Bank of Japan Inc.	—	1,600,000	—	1,600,000					
Sub Total	93,500,000	10,000,000	—	103,500,000					
Total	112,300,000	11,750,000	9,750,000	114,300,000					

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

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

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

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

Note 5: Borrowings at a fixed rate.

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

**(3) Status of Investment Corporation Bonds**

Bonds	Issuance date	Balance as of October 1, 2021 (Millions of yen)	Balance as of March 31, 2022 (Millions of yen)	Interest rate (%)	Maturity date	Redemption method	Use	Remarks	
1st Series Unsecured Investment Corporation Bonds	October 31, 2016	1,000	-	0.200	October 29, 2021	Full on maturity	(Note 1)	(Note 4)	
2nd Series Unsecured Investment Corporation Bonds	October 31, 2016	1,000	1,000	0.600	October 30, 2026				
3rd Series Unsecured Investment Corporation Bonds	August 31, 2017	1,000	1,000	0.320	August 31, 2022		(Note 2)		
4th Series Unsecured Investment Corporation Bonds	August 31, 2017	2,000	2,000	0.700	August 31, 2027				
5th Series Unsecured Investment Corporation Bonds	April 26, 2018	2,000	2,000	0.700	April 26, 2028				
6th Series Unsecured Investment Corporation Bonds	April 30, 2020	1,000	1,000	0.400	April 30, 2025				(Note 5)
7th Series Unsecured Investment Corporation Bonds (Green Bonds)	January 28, 2022	-	2,000	0.460	January 28, 2032				(Note 3)
Total		8,000	9,000						

Note 1: "Use" is acquisition funds for specified assets, repayment funds for borrowings, etc.

Note 2: "Use" is repayment funds for borrowings.

Note 3: For repayment of borrowings that were borrowed for the purpose to acquire the eligible green asset.

Note 4: Ranking *pari passu* among the specified investment corporation bonds.

Note 5: Ranking *pari passu* among the specified investment corporation bonds and small private placement with restrictions on splits of denomination of each bond.

**(4) Status of Short-Term Investment Corporation Bonds**

Not applicable

**(5) Status of Subscription Rights to New Investment Units**

Not applicable

## Acquisition and Disposition

### (1) Acquisition and Disposition of Real Estate Properties & Asset-Backed Securities and Infrastructure & Infrastructure Related Assets

Ownership form	Property number	Property name	Acquisition		Disposition			
			Acquisition date	Acquisition price (Millions of yen)	Disposition date	Disposition price (Millions of yen)	Book value (Millions of yen)	Gain / loss (Millions of yen)
Trust beneficiary interest in real estate	F-4	Kitera Town Fukuoka Nagahama	October 1, 2021	6,000	—	—	—	—
Trust beneficiary interest in real estate	T-33	Kitera Plaza Aobadai	March 1, 2022	2,553	—	—	—	—
Trust beneficiary interest in real estate	L-9	Tenri Distribution Center	March 1, 2022	1,070	—	—	—	—
Trust beneficiary interest in real estate	T-4	Daikanyama Address Dixsept (30% quasi co-ownership interest)	—	—	October 1, 2021	1,993	1,602 (Note 1)	350
Trust beneficiary interest in real estate	T-10	K's Denki Shonan-Fujisawa (Land)	—	—	December 27, 2021	6,360 (Note 2)	3,210	86 (Note 2)
Trust beneficiary interest in real estate	T-21	Prime Square Jiyugaoka	—	—	December 27, 2021		2,998	

Note 1: The amount equivalent to 30% quasi co-ownership interest is shown.

Note 2: Each of revenue from sale of real estate property is not disclosed as KRR has not obtained the buyer's consent. The properties were acquired by the same buyer. The dispositions were negotiated and agreed as impartible deals.

### (2) Acquisition and Disposition of Other Assets

Other assets except real estate properties and asset-backed securities mentioned above mostly consist of cash and deposits and cash and deposits in trust.

### (3) Appraisal Values of Specific Assets

#### i) Real Estate

Acquisition /disposition	Ownership form	Property number	Property name	Acquisition/ disposition date	Acquisition/ disposition price (Millions of yen)	Appraisal value (Millions of yen) (Note 1)	Appraiser	Evaluation date
Acquisition	Trust beneficiary interest in real estate	F-4	Kitera Town Fukuoka Nagahama	October 1, 2021	6,000	6,100	Japan Real Estate Institute	September 1, 2021
	Trust beneficiary interest in real estate	T-33	Kitera Plaza Aobadai	March 1, 2022	2,553	3,610	Daiwa Real Estate Appraisal Co., Ltd.	February 16, 2022
	Trust beneficiary interest in real estate	L-9	Tenri Distribution Center	March 1, 2022	1,070	1,090	Daiwa Real Estate Appraisal Co., Ltd.	February 1, 2022
Disposition	Trust beneficiary interest in real estate	T-4	Daikanyama Address Dixsept (30% quasi co-ownership interest)	October 1, 2021	1,993	1,872 (Note 2)	Japan Real Estate Institute	September 30, 2021
	Trust beneficiary interest in real estate	T-10	K's Denki Shonan-Fujisawa (Land)	December 27, 2021	6,360 (Note 3)	3,450	The Tanizawa Sōgō Appraisal Co., Ltd.	September 30, 2021

Acquisition/disposition	Ownership form	Property number	Property name	Acquisition/disposition date	Acquisition/disposition price (Millions of yen)	Appraisal value (Millions of yen) (Note 1)	Appraiser	Evaluation date
	Trust beneficiary interest in real estate	T-21	Prime Square Jiyugaoka	December 27, 2021	(Note 3)	2,820	Daiwa Real Estate Appraisal Co., Ltd.	September 30, 2021

Note 1: "Appraisal value" of specific assets above was calculated in accordance with the guideline of "Real Estate Appraisal Standards, Chapter 3, Appraisal of Securitized Real Estate."

Note 2: The amount equivalent to 30% quasi co-ownership interest is shown.

Note 3: Each of revenue from sale of real estate property is not disclosed as KRR has not obtained the buyer's consent. The properties were acquired by the same buyer. The dispositions were negotiated and agreed as impartible deals.

## ii) Others

### (A) Investigator regarding values of certain assets

FRIQ Audit Corporation

### (B) Result and method of investigation

With regard to transactions and contracts entered by KRR whose values shall be investigated based on the Act on Investment Trusts and Investment Corporations, FRIQ Audit Corporation performed an investigation of transactions. For the fiscal period from October 1, 2021 to March 31, 2022, the transactions subject to such investigation were 7 interest rate swap transaction, for which KRR received reports from FRIQ Audit Corporation. For this purpose, investigation was performed with respect to details of the interest swap contracts, such as the name of counter parties, contract amounts, or the period of transactions. This survey is not a part of the audit for financial statements, and there is no guarantee of fairness of the price and internal management system.

## (4) Related-Party Transactions

### i) Transactions

Not applicable.

### ii) Amounts of Fees Paid

Not applicable.

Note: A related party, etc. is defined as a related party, etc. of the asset manager having an asset management agreement with KRR as prescribed in Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations of Japan and in Article 26-27 of the Regulations for Asset Investment Reports by Investment Trusts and Investment Corporations of the Investment Trusts Association, Japan.

## (5) Transactions with Asset Manager in Connection with Concurrent Business Conducted by the Asset Manager

There is no transaction with the Asset Manager, KFM, regarding to the Type II Financial Instruments Business, and Building Lots and Buildings Transaction Business. Furthermore, KFM does not concurrently engage in any of Type I Financial Instruments Business, Real Estate Specified Joint Business.



## Accounting

### (1) Status on Assets, Liabilities, Principals, and Income and Losses

Please refer to the “Balance Sheets”, “Statements of Income and Retained Earnings”, “Statements of Changes in Net Assets” and “Notes to Financial Statements” presented later in this report.

### (2) Change in Calculation of Depreciation

Not applicable

### (3) Change in Valuation of Real Estate Properties and Infrastructure Assets

Not applicable

### (4) Disclosure of Beneficiary Certificates of Investment Trust Established by Self

#### i) Acquisition of Beneficiary Certificates of Investment Trust Established by Self

Not applicable

#### ii) Ownership of Beneficiary Certificates of Investment Trust Established by Self

Not applicable

### (5) Disclosure of Companies Owning Real Estate Overseas

Not applicable

### (6) Disclosure of Real Estate Owned by Companies Owning Real Estate Overseas

Not applicable

## Others

### (1) Notice

#### i) General Meeting of Unitholders

The 4th General Meeting of Unitholders of the Investment Corporation was held on December 22, 2021.

The main outlines of the matters approved by the unitholders’ general meeting are as follows.

Agenda	Summary
Agenda No. 1: Partial Changes to Articles of Incorporation	The changes of the Articles of Incorporation are as follows. (1) A provision is added with regard to the investment unit performance fee, which was introduced with the purpose of linking the asset management fees received by the Asset Management Company more closely with unitholder interest. By this addition, negative excess return will be carried over to one business period following the business period when the total return on the Investment Corporation’s investment units falls below the total shareholder return of the Tokyo Stock Exchange REIT Total Return Index during a particular business period and the excess return on the Investment Corporation’s investment units becomes a negative figure (concerning Attachment of the current Articles of Incorporation). (2) We will revise the relevant provisions in accordance with the changes to the fair valuation method for the securities and the rights pertaining to derivative transactions due to the publication of ASBJ Statement No. 30 “Accounting Standard for Fair Value Measurement” and ASBJ Statement No. 10 “Accounting Standard for Financial Instruments” (including newly established or amended accounting standards, guidelines, etc. relating thereto) and other reasons (Article 36, Paragraph 1, Item 6 and Item 9 of the current Articles of Incorporation). (3) In addition to the above, expressions, and words and phrases will be modified and revised for the preparation of provisions, clarification of the contents of provisions, correction of errors or otherwise.
Agenda No. 2: Election of One (1) Executive Director	The agenda was approved as drafted, and Moyuru Watanabe was appointed as Executive Director. The term of office of an Executive Director shall be two years, commencing January 1, 2022.
Agenda No. 3: Election of One (1) Alternate Executive Director	The agenda was approved as drafted, and Koichiro Nobata was appointed as Alternate Executive Director. The period during which the resolution on the appointment of one Alternate Executive Director remains effective shall be until December 31, 2023, when the term of office of the Executive Director under Agenda No. 2 expires.
Agenda No. 4: Election of Two (2) Supervisory Directors	The agenda was approved as drafted, and Yoshitoshi Yasu and Akiko Yamakawa were appointed as Supervisory Directors. The term of office of Supervisory Directors shall be two years commencing January 1, 2022.
Agenda No. 5: Election of One (1) Alternate Supervisory Director	The agenda was approved as drafted, and Satoshi Hiyama was appointed as Alternate Supervisory Director. The period during which the resolution on the appointment of one Alternate Supervisory Director remains effective shall be until December 31, 2023, when the term of office of the Supervisory Director under Agenda No. 4 expires.

**ii) Board of Directors**

Date	Agenda	Summary
November 10, 2021	Conclusion of a memorandum of amendment to the asset management agreement	A provision was approved with subject to suspension of approval at the general meeting of unitholders with regard to the investment unit performance fee, which was introduced with the purpose of linking the asset management fees received by the Asset Management Company more closely with unitholder interest. By this addition, negative excess return will be carried over to one business period following the business period when the total return on the KRR's investment units falls below the total shareholder return of the Tokyo Stock Exchange REIT Total Return Index during a particular business period and the excess return on KRR's investment units becomes a negative figure.

**(2) Others**

In this report, any fraction is rounded down for monetary amounts and rounded off for ratios unless otherwise stated.

## Independent Auditor's Report

The Board of Directors  
Kenedix Retail REIT Corporation

### Opinion

We have audited the accompanying financial statements of Kenedix Retail REIT Corporation (the Company), which comprise the balance sheet as at March 31, 2022, and the statement of income and retained earnings, changes in net assets, and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Other Information

The other information comprises the information included in the Semiannual Report that contains audited financial statements but does not include the financial statements and our audit report thereon. Management is responsible for preparation and disclosure of the other information. The Supervisory Director are responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and Supervisory Director for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



Building a better  
working world

Ernst & Young ShinNihon LLC  
Tokyo, Japan  
June 23, 2022

吉田 雅彦

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Masahiko Yoshida  
Designated Engagement Partner  
Certified Public Accountant

八幡 正博

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Masahiro Yawata  
Designated Engagement Partner  
Certified Public Accountant

## Financial Statements

(14th Fiscal Period: from October 1, 2021 to March 31, 2022)

Independent Auditor's Report

Balance Sheet

Statement of Income and Retained Earnings

Statement of Changes in Net Assets

Statement of Cash Flows

Notes to Financial Statements

## Kenedix Retail REIT Corporation

### Balance Sheet

As of March 31, 2022

	As of March 31, 2022	As of September 30, 2021
	(in thousands of yen)	
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits (Notes 9 and 11)	¥11,738,047	¥10,026,355
Cash and deposits in trust (Notes 9 and 11)	14,487,445	14,309,262
Operating accounts receivable	174,355	181,400
Prepaid expenses	24,748	153,774
Consumption taxes receivable	-	343,985
Other	1,912	6,645
<b>Total current assets</b>	<b>26,426,509</b>	<b>25,021,425</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment (Notes 18 and 21)</b>		
Buildings	764,808	755,598
Accumulated depreciation	(93,931)	(77,533)
Buildings, net	670,877	678,064
Structures	46,777	46,777
Accumulated depreciation	(6,827)	(5,425)
Structures, net	39,949	41,351
Land	2,956,465	2,956,465
Buildings in trust	70,054,703	67,921,666
Accumulated depreciation	(10,272,226)	(9,332,397)
Buildings in trust, net (Note 3)	59,782,476	58,589,268
Structures in trust	3,495,870	3,491,894
Accumulated depreciation	(705,818)	(644,494)
Structures in trust, net (Note 3)	2,790,051	2,847,400
Machinery and equipment in trust	308,571	248,014
Accumulated depreciation	(61,564)	(58,898)
Machinery and equipment in trust, net	247,007	189,115
Tools, furniture and fixtures in trust	183,512	179,449
Accumulated depreciation	(86,187)	(75,697)
Tools, furniture and fixtures in trust, net	97,325	103,751
Land in trust (Note 3)	176,940,236	176,754,774
Construction in progress in trust	153,057	7,254
<b>Total property, plant and equipment, net</b>	<b>243,677,447</b>	<b>242,167,446</b>
<b>Intangible assets (Note 21)</b>		
Leasehold right in trust (Note 18)	4,292,890	4,296,869
Other	5,695	6,938
<b>Total intangible assets</b>	<b>4,298,585</b>	<b>4,303,807</b>
<b>Investments and other assets</b>		
Lease and guarantee deposits	10,000	10,000
Lease and guarantee deposits in trust	60,236	60,236
Long-term prepaid expenses	998,151	870,267
Long-term deposits	95,680	102,079
Other	186,275	3,602
<b>Total investments and other assets</b>	<b>1,350,342</b>	<b>1,046,184</b>
<b>Total non-current assets</b>	<b>249,326,375</b>	<b>247,517,438</b>
<b>Deferred assets</b>		
Investment corporation bond issuance costs	42,327	29,851
Investment unit issuance costs	38,429	53,832
<b>Total deferred assets</b>	<b>80,757</b>	<b>83,683</b>
<b>Total assets</b>	<b>¥275,833,642</b>	<b>272,622,547</b>

See accompanying notes to financial statements.



	As of March 31, 2022	As of September 30, 2021
	(in thousands of yen)	
<b>Liabilities</b>		
<b>Current liabilities</b>		
Operating accounts payable	¥972,907	¥815,139
Short-term loans payable (Notes 11 and 22)	750,000	-
Current portion of investment corporation bonds (Notes 11 and 23)	1,000,000	2,000,000
Current portion of long-term loans payable (Notes 11 and 22)	10,050,000	11,800,000
Accounts payable-other	603,279	631,767
Accrued expenses	64,266	58,268
Income taxes payable	4,045	1,177
Accrued consumption taxes	296,493	53,674
Advances received	1,413,214	1,420,317
Deposits received	18,709	22,202
Other	-	563
<b>Total current liabilities</b>	<b>15,172,916</b>	<b>16,803,109</b>
<b>Non-current liabilities</b>		
Investment corporation bonds (Notes 11 and 23)	8,000,000	6,000,000
Long-term loans payable (Notes 11 and 22)	103,500,000	100,500,000
Tenant leasehold and security deposits	148,083	148,083
Tenant leasehold and security deposits in trust (Note 3)	11,586,510	11,789,113
Asset retirement obligations (Note 15)	24,843	24,688
Other	46,800	304,728
<b>Total non-current liabilities</b>	<b>123,306,238</b>	<b>118,766,613</b>
<b>Total liabilities</b>	<b>138,479,155</b>	<b>135,569,722</b>
<b>Net assets</b>		
<b>Unitholders' equity</b>		
Unitholders' capital	133,103,750	133,103,750
<b>Deduction from unitholders' capital</b>		
Allowance for temporary difference adjustments (Note 5)	(317,378)	(285,940)
<b>Total deduction from unitholders' capital</b>	<b>(317,378)</b>	<b>(285,940)</b>
<b>Unitholders' capital, net</b>	<b>132,786,372</b>	<b>132,817,810</b>
<b>Surplus</b>		
Unappropriated retained earnings	4,404,711	4,511,908
<b>Total surplus</b>	<b>4,404,711</b>	<b>4,511,908</b>
<b>Total unitholders' equity</b>	<b>137,191,084</b>	<b>137,329,718</b>
<b>Valuation and translation adjustments</b>		
Deferred gains or losses on hedges (Notes 11 and 12)	163,403	(276,894)
<b>Total valuation and translation adjustments</b>	<b>163,403</b>	<b>(276,894)</b>
<b>Total net assets (Note 6)</b>	<b>137,354,487</b>	<b>137,052,824</b>
<b>Total liabilities and net assets</b>	<b>¥275,833,642</b>	<b>¥272,622,547</b>

See accompanying notes to financial statements.

## Kenedix Retail REIT Corporation

### Statement of Income and Retained Earnings

For the period from October 1, 2021 to March 31, 2022

	From October 1, 2021 to March 31, 2022	From April 1, 2021 to September 30, 2021
(in thousands of yen)		
Operating revenues		
Rent revenue-real estate (Note 7)	¥7,882,731	¥7,829,366
Other lease business revenue (Note 7)	1,074,082	1,072,230
Gain on sales of real estate property (Note 7)	1,297,793	674,513
<b>Total operating revenues</b>	<b>10,254,608</b>	<b>9,576,109</b>
Operating expenses		
Expenses related to rent business (Note 7)	3,588,893	3,662,177
Loss on sale of real estate property (Note 7)	861,164	-
Asset management fees	864,525	873,967
Asset custody fees	10,860	10,182
Administrative service fees	34,822	33,936
Directors' compensation	3,750	4,500
Other operating expenses	133,883	109,945
<b>Total operating expenses</b>	<b>5,497,899</b>	<b>4,694,708</b>
<b>Operating income</b>	<b>4,756,708</b>	<b>4,881,401</b>
Non-operating income		
Interest income	65	58
Gain on forfeiture of unclaimed dividends	376	343
Interest on refund	856	-
<b>Total non-operating income</b>	<b>1,297</b>	<b>402</b>
Non-operating expenses		
Interest expenses	476,880	470,736
Interest expenses on investment corporation bonds	22,389	21,540
Financing-related expenses	107,871	107,352
Amortization of investment corporation bond issuance costs	3,847	4,340
Amortization of investment unit issuance costs	15,402	15,402
<b>Total non-operating expenses</b>	<b>626,392</b>	<b>619,373</b>
<b>Ordinary income</b>	<b>4,131,614</b>	<b>4,262,430</b>
<b>Income before income taxes</b>	<b>4,131,614</b>	<b>4,262,430</b>
Income taxes		
Current	4,055	1,186
<b>Total income taxes</b>	<b>4,055</b>	<b>1,186</b>
<b>Net income</b>	<b>4,127,558</b>	<b>4,261,244</b>
Retained earnings brought forward	277,152	250,664
<b>Unappropriated retained earnings</b>	<b>¥4,404,711</b>	<b>¥4,511,908</b>

See accompanying notes to financial statements.

**Kenedix Retail REIT Corporation**  
**Statement of Changes in Net Assets**

For the period from October 1, 2021 to March 31, 2022

	Unitholders' equity						
	Unitholders' capital			Surplus			
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings	Total surplus	Total unitholders' equity
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital				
(in thousands of yen)							
Balance as of March 31, 2021 (Note 8)	¥121,183,494	¥ (384,773)	¥(384,773)	¥120,798,721	¥4,153,672	¥4,153,672	¥124,952,393
Changes of items during the period							
Issuance of new investment units	¥11,920,256			11,920,256			11,920,256
Dividends from surplus					(3,798,814)	(3,798,814)	(3,798,814)
Distributions in excess of earnings from allowance for temporary difference adjustments		(5,361)	(5,361)	(5,361)			(5,361)
Reversal of allowance for temporary difference adjustments		104,194	104,194	104,194	(104,194)	(104,194)	-
Net income					4,261,244	4,261,244	4,261,244
Net changes of items other than unitholders' equity							
Total changes of items during the period	11,920,256	98,832	98,832	12,019,088	358,235	358,235	12,377,324
Balance as of September 30, 2021 (Note 8)	¥133,103,750	¥ (285,940)	¥(285,940)	¥132,817,810	¥4,511,908	¥4,511,908	¥137,329,718
Changes of items during the period							
Dividends from surplus					(4,234,755)	(4,234,755)	(4,234,755)
Distributions in excess of earnings from allowance for temporary difference adjustments		(31,437)	(31,437)	(31,437)			(31,437)
Net income					4,127,558	4,127,558	4,127,558
Net changes of items other than unitholders' equity							
Total changes of items during the period	-	(31,437)	(31,437)	(31,437)	(107,196)	(107,196)	(138,634)
Balance as of March 31, 2022 (Note 8)	¥133,103,750	¥ (317,378)	¥(317,378)	¥132,786,372	¥4,404,711	¥4,404,711	¥137,191,084

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments (in thousands of yen)	
Balance as of March 31, 2021 (Note 8)	¥(250,501)	¥(250,501)	¥124,701,892
Changes of items during the period			
Issuance of new investment units			11,920,256
Dividends from surplus			(3,798,814)
Distributions in excess of earnings from allowance for temporary difference adjustments			(5,361)
Reversal of allowance for temporary difference adjustments			-
Net income			4,261,244
Net changes of items other than unitholders' equity	(26,392)	(26,392)	(26,392)
Total changes of items during the period	(26,392)	(26,392)	12,350,932
Balance as of September 30, 2021 (Note 8)	¥(276,894)	¥(276,894)	¥137,052,824
Changes of items during the period			
Dividends from surplus			(4,234,755)
Distributions in excess of earnings from allowance for temporary difference adjustments			(31,437)
Net income			4,127,558
Net changes of items other than unitholders' equity	440,297	440,297	440,297
Total changes of items during the period	440,297	440,297	301,663
Balance as of March 31, 2022 (Note 8)	¥163,403	¥163,403	¥137,354,487

See accompanying notes to financial statements.

## Kenedix Retail REIT Corporation

### Statement of Cash Flows

For the period from October 1, 2021 to March 31, 2022

	From October 1, 2021 to March 31, 2022	From April 1, 2021 to September 30, 2021
	(in thousands of yen)	
Net cash provided by (used in) operating activities		
Income before income taxes	¥4,131,614	¥4,262,430
Depreciation and amortization	1,190,803	1,167,650
Amortization of investment corporation bond issuance costs	3,847	4,340
Amortization of investment unit issuance costs	15,402	15,402
Interest income	(65)	(58)
Interest expenses	499,270	492,277
Decrease (increase) in operating accounts receivable	7,044	(34,523)
Decrease (increase) in consumption taxes receivable	343,985	(343,985)
Decrease (increase) in prepaid expenses	129,026	(124,170)
Increase (decrease) in operating accounts payable	(43,882)	60,978
Increase (decrease) in accounts payable-other	(28,915)	85,723
Increase (decrease) in accrued consumption taxes	242,818	(24,041)
Increase (decrease) in advances received	(7,102)	99,530
Increase (decrease) in deposits received	(3,492)	5,591
Decrease (increase) in long-term prepaid expenses	(127,883)	(46,218)
Decrease (increase) in long-term deposits	6,399	6,399
Decrease in net property, plant and equipment held in trust due to sale	7,812,059	3,765,046
Other	3,450	(155,716)
<b>Subtotal</b>	<b>14,174,380</b>	<b>9,236,657</b>
Interest income received	65	58
Interest expenses paid	(493,232)	(478,202)
Income taxes paid	(1,187)	(882)
<b>Net cash provided by (used in) operating activities</b>	<b>13,680,026</b>	<b>8,757,631</b>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(9,028)	(8,026)
Purchase of property, plant and equipment in trust	(10,296,807)	(23,312,613)
Repayments of tenant leasehold and security deposits in trust	(480,882)	(262,886)
Proceeds from tenant leasehold and security deposits in trust	278,278	1,151,556
Proceeds from restricted bank deposits in trust	15,000	15,000
<b>Net cash provided by (used in) investing activities</b>	<b>(10,493,439)</b>	<b>(22,416,969)</b>
Net cash provided by (used in) financing activities		
Proceeds of short-term loans payable	750,000	-
Proceeds from long-term loans payable	11,000,000	14,700,000
Repayments of long-term loans payable	(9,750,000)	(7,200,000)
Proceeds from issuance of investment corporation bonds	1,983,675	-
Redemption of investment corporation bonds	(1,000,000)	-
Proceeds from issuance of investment units	-	11,874,201
Dividends paid	(4,265,387)	(3,802,528)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,281,712)</b>	<b>15,571,672</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,904,874</b>	<b>1,912,335</b>
Cash and cash equivalents at the beginning of the period	24,143,118	22,230,783
<b>Cash and cash equivalents at the end of the period (Note 9)</b>	<b>¥26,047,993</b>	<b>¥24,143,118</b>

See accompanying notes to financial statements.

# Kenedix Retail REIT Corporation

## Notes to Financial Statements

For the period from October 1, 2021 to March 31, 2022

### 1. ORGANIZATION AND BASIS OF PRESENTATION

#### Organization

Kenedix Retail REIT Corporation (“KRR”) was established on October 3, 2014, under the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act”). On February 10, 2015, 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). Subsequently, KRR raised funds through public offerings, including international offerings. As a result, the number of investment units issued as of March 31, 2022 was 582,177 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 management purposes and ease of classification, KRR defines neighborhood, community and other shopping centers for daily needs as retail properties that generally have the following characteristics:

- a. Retail trade area of an approximate radius of one to ten kilometers (and generally, a radius of three to five kilometers), with customers predominantly from local areas surrounding the retail property
- b. Operational capacity to accommodate certain daily local retail needs and strong customer traffic on both weekdays and weekends
- c. Composed of various specialty stores to meet a range of day-to-day needs such as groceries, clothing and other daily goods and services

KRR acquired four assets (Unicus Urawamisono (Land) with acquisition price of 732 million yen, Kitera Town Chofu with acquisition price of 10,500 million yen, Merado Daikai with acquisition price of 5,440 million yen and Apita Terrace Yokohama Tsunashima (49% trust beneficiary quasi co-ownership interests) with acquisition price of 5,667 million yen). KRR disposed of three assets (Daikanyama Address Dixsept (30% trust beneficiary quasi co-ownership interests) with sale price of 1,993 million yen (acquisition price was 1,617 million yen), Unicus Ina (20% trust beneficiary quasi co-ownership interests) with sale price of 1,048 million yen (acquisition price was 894 million yen) and Hankyu Oasis Hirakatadeguchi with sale price of 1,500 million yen (acquisition price was 1,280 million yen)). For the period ended September 30, 2021, the portfolio of 66 properties (total acquisition price of 245,274 million yen) as a whole performed well with an overall occupancy ratio of 99.6% as of September 30, 2021.

KRR acquired three assets (Kitera Town Fukuoka Nagahama with acquisition price of 6,000 million yen, Kitera Plaza Aobadai with acquisition price of 2,553 million yen and Tenri Distribution Center with acquisition price of 1,070 million yen), and disposed of three properties (Daikanyama Address Dixsept (30% trust beneficiary quasi co-ownership interests) with sale price of 1,993 million yen (acquisition price was 1,617 million yen), K’s Denki Shonan-Fujisawa (Land) and Prime Square Jiyugaoka with total sale price of 6,360 million yen (total acquisition price was 5,989 million yen)). For the period ended March 31, 2022, the portfolio of 66 properties (total acquisition price of 247,291 million yen) as a whole performed well with an overall occupancy ratio of 99.2% as of March 31, 2022.

Furthermore, the portfolio was diversified in terms of tenants as there were 528 and 519 end-tenants as of September 30, 2021 and March 31, 2022 in KRR’s properties, respectively.

#### Basis of Presentation

KRR maintains its accounting records and prepares its financial statements in accordance with accounting principles generally accepted in Japan (Japanese GAAP), including provisions set forth in the Investment Trust Act, the Companies Act of Japan, the Financial Instruments and Exchange Act of Japan and related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

The accompanying financial statements are basically a translation of the financial statements of KRR, which were prepared in accordance with Japanese GAAP and were presented in the Semiannual Securities Report of KRR filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan. In addition, the notes to financial statements include certain information that might not be required under Japanese GAAP but is presented herein as additional information.

KRR’s fiscal period is a six-month period which ends at the end of March or September. KRR does not prepare consolidated financial statements because it has no subsidiaries.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(A) Property, Plant and Equipment (including trust assets)

Property, plant and equipment are stated at cost. Depreciation of property and equipment is calculated on a straight-line method over the estimated useful lives of the assets ranging as stated below:

	From October 1, 2021 to March 31, 2022	From April 1, 2021 to September 30, 2021
Buildings	2-70 years	2-70 years
Structures	8-59 years	8-59 years
Machinery and equipment	2-25 years	2-25 years
Tools, furniture and fixtures	3-15 years	3-15 years

(B) Intangible Assets (including trust assets)

Intangible assets are amortized by the straight-line method.

(C) Long-term Prepaid Expenses

Long-term prepaid expenses are amortized by the straight-line method.

(D) Investment Unit Issuance Costs

Investment unit issuance costs are amortized over a period of 3 years under the straight-line method.

(E) Investment Corporation Bond Issuance Costs

Investment corporation bond issuance costs are amortized over a maturity period under the straight-line method.

(F) Accounting Treatment of Trust Beneficiary Interests in Real Estate

For trust beneficiary interests in real estate, which are commonly utilized in the ownership of commercial properties in Japan, all relevant assets and liabilities in trust are recorded on the balance sheets and the statements of income and retained earnings.

(G) Revenue Recognition

Operating revenues consist of rental revenues including base rents, common area charges and other operating revenues, which include utility charge reimbursements, parking space rental revenues and other miscellaneous revenues. Rental revenues are generally recognized on an accrual basis over the life of each lease. Utility charge reimbursements are recognized when earned and their amounts can be reasonably estimated. Reimbursements from tenants including utility charge reimbursements are recorded on a gross basis and such amounts are recorded both as revenues and expenses during the fiscal period.

(H) Taxes on Property and Equipment

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 generally 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 ¥106,958 thousand and ¥26,508 thousand as of September 30, 2021 and March 31, 2022, respectively.

(I) Accounting for Revenues

The details of main performance obligations concerning revenue generated from contracts between KRR and its customers and the general timing of the fulfillment of said performance obligations (general timing of revenue recognition) are as follows.

1. Sale of real estate property

Revenue from sale of real estate properties is recorded as revenue when a buyer who is a customer obtains control over a real estate property following the seller's fulfillment of its obligation to hand over the property which is stipulated in the contract associated with the sale of real estate property.

2. Utility charge reimbursements

Revenue from utility charge reimbursements is recorded revenue according to the supply of electric power, water, etc. to lessees who are customers

based on lease agreements and other terms related to the real estate properties.

With regard to utility charge reimbursements which KRR deems to fall under that for an agent, the net amount after deducting the amount paid to another party from the amount that is received as charges for electric power, gas, etc. which is supplied by another concerned party is recognized as revenue.

**(J) Income Taxes**

Deferred tax assets and liabilities are computed based on the difference between the financial statements and income tax bases of assets and liabilities using the statutory tax rates.

**(K) Non-deductible Consumption Taxes**

Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.

**(L) Derivative Financial Instruments**

KRR utilizes interest-rate swap contracts as derivative financial instruments only for the purpose of hedging its exposure to changes in interest rates. KRR deferred recognition of gains or losses resulting from changes in fair value of interest-rate swap contracts because these contracts met the criteria for deferral hedge accounting. However, KRR adopted the special treatment for interest-swap contracts if they met the criteria for hedge accounting under this treatment. An assessment of the effectiveness of hedging is omitted for interest rate swaps because they fulfill the requirements for the special treatment.

**(M) Cash and Cash Equivalents**

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.

**(N) Presentation of Amounts**

Amounts have been truncated in the Japanese financial statements prepared in accordance with Japanese GAAP and filed with regulatory authorities in Japan. Unless otherwise noted, amounts are rounded down and ratios are rounded off in the accompanying financial statements. Totals shown in the accompanying financial statements do not necessarily agree with the sums of the individual amounts.

**3. COLLATERAL**

Assets pledged as collateral and related secured liabilities are as follows:

Assets pledged as collateral	As of March 31, 2022	As of September 30, 2021
	(in thousands of yen)	
Buildings in trust	¥630,987	¥640,897
Structures in trust	19,175	20,379
Land in trust	2,709,001	2,709,001
Total	¥3,359,164	¥3,370,278
<hr/>		
Secured liabilities	As of March 31, 2022	As of September 30, 2021
Tenant leasehold and security deposits in trust	¥370,075	¥392,072
Total	¥370,075	¥392,072

**4. COMMITMENT LINE CONTRACTS**

KRR has commitment line contracts with the following financial institutions.

	As of March 31, 2022	As of September 30, 2021
	(in thousands of yen)	
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



## 5. ALLOWANCE FOR TEMPORARY DIFFERENCE ADJUSTMENTS

The following summarizes allowance for temporary difference adjustments as of March 31, 2022

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

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
(in thousands of yen)							
Buildings in trust, Leasehold right in trust	Amortization of leasehold right in trust and the amount in excess of depreciation	¥40,522	¥35,477	¥5,045	¥ -	¥40,522	-
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	276,855	250,463	26,392	-	276,855	
Total		¥317,378	¥285,940	¥31,437	¥ -	¥317,378	-

### 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.

The following summarizes allowance for temporary difference adjustments as of September 30, 2021

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

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
(in thousands of yen)							
Buildings in trust, Leasehold right in trust	Amortization of leasehold right in trust and the amount in excess of depreciation	¥35,477	¥30,115	¥5,361	¥ -	¥35,477	-
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	354,657	354,657	-	(104,194)	250,463	Changes in fair value of derivative transactions
Total		¥390,135	¥384,773	¥5,361	¥(104,194)	¥285,940	-

### 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.

## 6. NET ASSETS

KRR issues only non-par value units in accordance with the Investment Trust Act. The entire amount of the issue price of new units is designated as stated capital. KRR is required to maintain net assets of at least ¥50 million as required by the Investment Trust Act.

## 7. BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES AND GAIN ON SALES OF REAL ESTATE PROPERTY

Rental and other operating revenues and property-related expenses for the periods from October 1, 2021 to March 31, 2022 and April 1, 2021 to September 30, 2021 from consist of the following:

	From October 1, 2021 to March 31, 2022	From April 1, 2021 to September 30, 2021
(in thousands of yen)		
Rental and other operating revenues:		
Rent revenue-real estate:		
Rental revenues	¥6,654,040	¥6,572,739
Rental revenues from limited proprietary rights of land	964,805	1,008,625
Common area charges	263,886	248,000
Subtotal	7,882,731	7,829,366
Other lease business revenue:		
Parking space rental revenues	186,834	197,192
Utility charge reimbursement	606,713	625,364
Miscellaneous	280,534	249,673
Subtotal	1,074,082	1,072,230
Total rental and other operating revenues	8,956,814	8,901,596
Property-related expenses:		
Expenses related to rent business:		
Property management fees and facility management fees	681,763	693,617
Utilities	565,594	543,389
Taxes	722,391	729,881
Repairs and maintenance	146,170	247,928
Insurance	16,783	14,642
Trust fees	25,705	26,482
Depreciation	1,189,560	1,166,365
Others	240,923	239,869
Total property-related expenses	3,588,893	3,662,177
Net operating income from real estate rental business	¥5,367,920	¥5,239,419

Gain on sales of real estate property:

From October 1, 2021 to March 31, 2022

(in thousands of yen)

Daikanyama Address Dixsept (30.0% quasi co-ownership interest)	
Revenue from sale of real estate property	¥1,993,200
Cost of real estate property	1,602,750
Other sales expenses	40,391
Gain on sale of real estate property	¥350,057

K's Denki Shonan-Fujisawa (Land) and Prime Square Jiyugaoka *	
Revenue from sale of real estate property	¥6,360,000
Cost of real estate property	6,209,308
Other sales expenses	64,118
Gain on sale of real estate property	¥86,572

\* Each of revenue from sale of real estate property is not disclosed as KRR has not obtained the buyer's consent. The properties were acquired by the same buyer. The dispositions were negotiated and agreed as impartible deals. Gain on sale of real estate property includes both of gain and loss on sales of real estate property.

From April 1, 2021 to September 30, 2021

(in thousands of yen)

Daikanyama Address Dixsept (30.0% quasi co-ownership interest)	
Revenue from sales of real estate property	¥1,993,200
Cost of real estate property	1,607,332
Other sales expenses	40,216
Gain on sales of real estate property	¥345,651
Unicus Ina (20.0% quasi co-ownership interest)	
Revenue from sales of real estate property	¥1,048,000
Cost of real estate property	872,862
Other sales expenses	7,443
Gain on sales of real estate property	¥167,694
Hankyu Oasis Hirakatadeguchi	
Revenue from sales of real estate property	¥1,500,000
Cost of real estate property	1,284,851
Other sales expenses	53,981
Gain on sales of real estate property	¥161,167

## 8. UNITHOLDERS' EQUITY

Total number of authorized investment units and total number of investment units issued and outstanding are as follows:

	From October 1, 2021 to March 31, 2022	From April 1, 2021 to September 30, 2021
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	582,177 units

## 9. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following as of March 31, 2022 and September 30, 2021:

	As of March 31, 2022	As of September 30, 2021
	(in thousands of yen)	
Cash and deposits	¥11,738,047	¥10,026,355
Cash and deposits in trust	14,487,445	14,309,262
Restricted bank deposits in trust *	(177,500)	(192,500)
Cash and cash equivalents	¥26,047,993	¥24,143,118

\*Restricted bank deposits in trust are retained for repayment of tenant leasehold and security deposits in trust.

## 10. LEASES

(As lessee)

Future minimum lease payments under non-cancelable operating leases as of March 31, 2022 and September 30, 2021 are as follows:

	As of March 31, 2022	As of September 30, 2021
	(in thousands of yen)	
Due within 1 year	¥10,500	¥10,500
Due after 1 year	146,548	151,798
<b>Total</b>	<b>¥157,048</b>	<b>¥162,298</b>

(As lessor)

Future minimum lease income under the non-cancelable operating leases as of March 31, 2022 and September 30, 2021 are as follows:

	As of March 31, 2022	As of September 30, 2021
	(in thousands of yen)	
Due within 1 year	¥9,999,070	¥10,388,223
Due after 1 year	55,719,923	59,556,245
<b>Total</b>	<b>¥65,718,993</b>	<b>¥69,944,468</b>

## 11. FINANCIAL INSTRUMENTS

(A). Overview

(1) Policy for financial instruments

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

(2) Types of financial instruments and related risk

Bank deposits are for managing KRR's surplus funds and are exposed to credit risk such as the bankruptcy of financial institutions at which funds are deposited. Loans payable and investment corporation bonds, which are made or issued primarily for the purpose of procuring funds for the acquisition of real estate and trust beneficiary interests in real estate and have a repayment date of a maximum of 9 years and 1 month for loans payable and also have a redemption date of a maximum of 9 years and 10 months for investment corporation bonds as of March 31, 2022, the end of the 14th 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.

(B). 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 carrying value. Also, "tenant leasehold and security deposits in trust" is omitted as it is immaterial.

As of March 31, 2022

	Carrying amount	Estimated fair value	Difference
(in thousands of yen)			
(1) Current portion of investment corporation bonds	¥1,000,000	¥999,600	¥ (400)
(2) Current portion of long-term loans payable	10,050,000	10,083,678	33,678
(3) Investment corporation bonds	8,000,000	7,930,500	(69,500)
(4) Long-term loans payable	103,500,000	103,615,372	115,372
<b>Total</b>	<b>122,550,000</b>	<b>122,629,151</b>	<b>79,151</b>
Derivative transactions	¥163,403	¥163,403	¥ -

(Note) 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.

As of September 30, 2021

	Carrying amount	Estimated fair value	Difference
(in thousands of yen)			
(1) Current portion of investment corporation bonds	¥2,000,000	¥1,998,700	¥ (1,300)
(2) Current portion of long-term loans payable	11,800,000	11,798,045	(1,954)
(3) Investment corporation bonds	6,000,000	5,991,000	(9,000)
(4) Long-term loans payable	100,500,000	100,837,304	337,304
<b>Total</b>	<b>120,300,000</b>	<b>120,625,049</b>	<b>325,049</b>
Derivative transactions	¥(276,894)	¥(276,894)	¥ -

(Note) 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.

\*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 Note “12. DERIVATIVE TRANSACTIONS”.

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

As of March 31, 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
	(in thousands of yen)					
Investment corporation bonds	¥1,000,000	¥ -	¥ -	¥1,000,000	¥1,000,000	¥6,000,000
Long-term loans payable	10,050,000	7,500,000	9,310,000	19,090,000	19,960,000	47,640,000
Total	¥11,050,000	¥7,500,000	¥9,310,000	¥20,090,000	¥20,960,000	¥53,640,000

As of September 30, 2021

	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
	(in thousands of yen)					
Investment corporation bonds	¥2,000,000	¥ -	¥ -	¥1,000,000	¥ -	¥5,000,000-
Long-term loans payable	11,800,000	7,500,000	9,490,000	15,320,000	19,850,000	48,340,000
Total	¥13,800,000	¥7,500,000	¥9,490,000	¥16,320,000	¥19,850,000	¥53,340,000

## 12. DERIVATIVE TRANSACTIONS

The contract amount and the fair value of interest-rate swap transactions as of March 31, 2022 are shown in the following table.

(1) Transactions not subject to hedge accounting

Not applicable

(2) Transactions subject to hedge accounting

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	after 1 year		
Principle method	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	¥66,410,000	¥64,360,000	¥163,403	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			¥87,410,000	¥81,360,000	¥163,403	

\*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 Note “11. FINANCIAL INSTRUMENTS” (\*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.)

The contract amount and the fair value of interest-rate swap transactions as of September 30, 2021 are shown in the following table.

(1) Transactions not subject to hedge accounting

Not applicable

(2) Transactions subject to hedge accounting

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	after 1 year		
Principle method	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	¥60,210,000	¥58,160,000	¥(276,894)	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	26,400,000	21,000,000	*	-
Total			¥86,610,000	¥79,160,000		¥(276,894)

\*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 Note "11. FINANCIAL INSTRUMENTS" (\*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.)

### 13. RELATED PARTY TRANSACTIONS

1. Parent Company, major corporate unitholders and other

14th Fiscal Period (October 1, 2021 to March 31, 2022) and 13th Fiscal Period (April 1, 2021 to September 30, 2021) : Not applicable

2. Affiliated companies and other

14th Fiscal Period (October 1, 2021 to March 31, 2022) and 13th Fiscal Period (April 1, 2021 to September 30, 2021) : Not applicable

3. Fellow subsidiary companies and other

14th Fiscal Period (October 1, 2021 to March 31, 2022) and 13th Fiscal Period (April 1, 2021 to September 30, 2021) : Not applicable

4. Directors, major individual unitholders and other

14th Fiscal Period (October 1, 2021 to March 31, 2022) and 13th Fiscal Period (April 1, 2021 to September 30, 2021) : Not applicable

### 14. INCOME TAXES

KRR is subject to corporate income taxes at a regular statutory rate of approximately 31%. However, KRR may deduct from its taxable income amounts distributed to its unitholders, provided the requirements under the Special Taxation Measures Law of Japan are met, including a requirement that it currently distributes in excess of 90% of its net income for the fiscal period in order to be able to deduct such amounts. If KRR does not satisfy all of the requirements, the entire taxable income of KRR will be subject to regular corporate income taxes. Since KRR distributed in excess of 90% of its distributable income in the form of cash distributions totaling ¥4,127 million and ¥4,266 million for the periods ended March 31, 2022 and September 30, 2021, respectively, the distributions were treated as deductible distributions for purposes of corporate income taxes. The effective tax rates on KRR's income were 0.10% and 0.02% for the periods ended March 31, 2022 and September 30, 2021, respectively. The following table summarizes the significant differences between the statutory tax rate and the effective tax rate:

	As of March 31, 2022	As of September 30, 2021
Statutory tax rate	31.46%	31.46%
Deductible cash distributions	(31.43)	(31.49)
Others	0.07	0.05
Effective tax rate	0.10%	0.02%

The significant components of deferred tax assets and liabilities:

	As of March 31, 2022	As of September 30, 2021
(in thousands of yen)		
Deferred tax assets:		
Enterprise tax payable	¥ 252	¥ 27
Amortization of leasehold right in trust	17,940	16,688
Depreciation	6,457	6,007
Asset retirement obligations	7,815	7,767
Deferred gains or losses on hedges	-	87,110
Subtotal deferred tax assets	32,466	117,601
Valuation allowance	(32,466)	(117,601)
Total deferred tax assets	¥ -	¥ -

## 15. 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 2 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:

	From October 1, 2021 to March 31, 2022	From April 1, 2021 to September 30, 2021
	(in thousands of yen)	
Balance at the beginning of the period	¥24,688	¥24,534
Accretion adjustment	155	154
Balance at the end of the period	¥24,843	¥24,688

## 16. REVENUE RECOGNITION

### 1. Disaggregation of revenue from contracts with customers

14th Fiscal Period (From October 1, 2021 to March 31, 2022)

	Revenues generated from contracts with customers *1	Sales to external customers
	(in thousands of yen)	
Revenue from sale of real estate property	¥6,360,000	*2 ¥86,572
Utility charge reimbursements	606,713	606,713
Other	-	9,561,322
Total	¥6,966,713	¥10,254,608

\*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 is 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. Revenue generated from contracts with major customers include of revenue from sale of real estate properties and utility charge reimbursements.

\*2 As proceeds from sale of real estate property are recorded as gain on sale of real estate property in the statements of income and retained earnings, the amount calculated by deducting the cost of real estate property sales and other sales expenses from proceeds from sale of real estate property is indicated.

13th Fiscal Period (From April 1, 2021 to September 30, 2021)

	Revenues generated from contracts with customers *1	Sales to external customers
	(in thousands of yen)	
Revenue from sale of real estate property	¥2,548,000	*2 ¥328,862
Utility charge reimbursements	625,364	625,364
Other	-	8,621,883
Total	¥3,173,364	¥9,576,109

\*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 is 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. Revenue generated from contracts with major customers include of revenue from sale of real estate properties and utility charge reimbursements.

\*2 As proceeds from sale of real estate property are recorded as gain on sale of real estate property in the statements of income and retained earnings, the amount calculated by deducting the cost of real estate property sales and other sales expenses from proceeds from sale of real estate property is indicated.

## 2. Basis for understanding revenues generated from contracts with customers

14th Fiscal Period (October 1, 2021 to March 31, 2022) and 13th Fiscal Period (April 1, 2021 to September 30, 2021)

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 and 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.

14th Fiscal Period (From October 1, 2021 to March 31, 2022)

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

	From October 1, 2021 to March 31, 2022
(in thousands of yen)	
Receivables generated from contracts with customers (balance at beginning of fiscal period)	¥138,197
Receivables generated from contracts with customers (balance at end of fiscal period)	124,784
Contract assets (balance at beginning of fiscal period)	-
Contract assets (balance at end of fiscal period)	-
Contract liabilities (balance at beginning of fiscal period)	-
Contract liabilities (balance at end of fiscal period)	¥ -

### (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.

13th Fiscal Period (From April 1, 2021 to September 30, 2021)

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

	From April 1, 2021 to September 30, 2021
(in thousands of yen)	
Receivables generated from contracts with customers (balance at beginning of fiscal period)	¥95,208
Receivables generated from contracts with customers (balance at end of fiscal period)	138,197
Contract assets (balance at beginning of fiscal period)	-
Contract assets (balance at end of fiscal period)	-
Contract liabilities (balance at beginning of fiscal period)	-
Contract liabilities (balance at end of fiscal period)	¥ -

### (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.

## 17. SEGMENT INFORMATION

Segment information for the periods from October 1, 2021 to March 31, 2022 and April 1, 2021 to September 30, 2021 is as follows:

### (A) Segment information

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

### (B) Related information

#### (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 statements of income and retained earnings.

#### (2) Information about each geographic area

##### (a) Net sales

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

##### (b) 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.

## 18. 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.

	From October 1, 2021 to March 31, 2022	From April 1, 2021 to September 30, 2021
	(in thousands of yen)	
Book value		
Balance at the beginning of the period	¥246,469,699	¥228,086,747
Changes during the period	1,505,042	18,382,952
Balance at the end of the period	247,974,742	246,469,699
Fair value at the end of the period	¥266,837,000	¥264,092,200

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 fiscal period ended March 31, 2022, the principal increase was the acquisition of real estate trust beneficiary interest in 3 properties totaling 9,680,298 thousand yen and the principal decrease was the sales of real estate trust beneficiary interests in 3 properties totaling 7,812,059 thousand yen and depreciation of 1,189,405 thousand yen and during the fiscal period ended September 30, 2021, the principal increase was the acquisition of real estate trust beneficiary interest in 3 properties totaling 16,922,833 thousand yen and additional acquisition of 1 real estate trust beneficiary interests amounting to 5,761,375 thousand yen and the principal decrease was the sales of real estate trust beneficiary interests in 3 properties totaling 3,765,046 thousand yen and depreciation of 1,167,191 thousand yen.

Note 3: The fair value at the end of the period is the appraisal value determined by outside appraisers. The fair value of Daikanyama Address Dixsept(30.0%

quasi co-ownership interest) as of September 30, 2021 is based on the sales price (1,993,200 thousand yen) under the trust beneficiary interest sales contracts entered on November 17, 2020.

The profit or loss for the periods ended March 31, 2022 and September 30, 2021 concerning investment and rental properties is included in Note “7. BREAKDOWN OF RENTAL AND OTHER OPERATING REVENUES, PROPERTY-RELATED EXPENSES AND GAIN ON SALES OF REAL ESTATE PROPERTY.”

## 19. PER UNIT INFORMATION

	From October 1, 2021 to March 31, 2022	From April 1, 2021 to September 30, 2021
Net asset value per unit	¥235,932	¥235,414
Net income per unit	¥7,089	¥7,384

Net income per unit is calculated by dividing net income by the day-weighted average number of investment units outstanding during the fiscal period ended March 31, 2022 (582,177 units) and during the fiscal period ended September 30, 2021 (577,064 units). Net income per unit after adjusting for residual units is not included because there were no residual investment units.

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

	From October 1, 2021 to March 31, 2022	From April 1, 2021 to September 30, 2021
Net income (in thousands of yen)	¥4,127,558	¥4,261,244
Net income not attributable to ordinary unitholders (in thousands of yen)	-	-
Net income attributable to ordinary unitholders (in thousands of yen)	¥4,127,558	¥4,261,244
Weighted average number of units during the period (units)	582,177	577,064

## 20. SIGNIFICANT SUBSEQUENT EVENTS

Not applicable.

## 21. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Property, plant and equipment and intangible assets consist of the following as of March 31, 2022

Type of asset	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Depreciation		Net balance at the end of the period	Remarks	
					Accumulated depreciation	Depreciation for the period			
(in thousands of yen)									
Buildings	¥755,598	¥9,210	¥ -	¥764,808	¥93,931	¥16,397	¥670,877		
Structures	46,777	-	-	46,777	6,827	1,402	39,949		
Land	2,956,465	-	-	2,956,465	-	-	2,956,465		
Subtotal	3,758,841	9,210	-	3,768,051	100,759	17,799	3,667,291		
Property, plant and equipment	Buildings in trust	67,921,666	2,947,995	814,958	70,054,703	10,272,226	1,081,548	59,782,476	*1
	Structures in trust	3,491,894	19,175	15,199	3,495,870	705,818	65,023	2,790,051	
	Machinery and equipment in trust	248,014	65,647	5,089	308,571	61,564	7,180	247,007	
	Tools, furniture and fixtures in trust	179,449	10,043	5,980	183,512	86,187	13,875	97,325	
	Land in trust	176,754,774	7,309,613	7,124,151	176,940,236	-	-	176,940,236	*1,2
	Construction in progress in trust	7,254	146,880	1,076	153,057	-	-	153,057	
	Subtotal	248,603,053	10,499,354	7,966,456	251,135,951	11,125,796	1,167,627	240,010,155	
Total	252,361,894	10,508,564	7,966,456	254,904,002	11,226,555	1,185,427	243,677,447		
Intangible assets	Leasehold right in trust	4,349,916	-	-	4,349,916	57,026	3,978	4,292,890	
	Other	16,719	-	-	16,719	11,024	1,242	5,695	
Total	¥4,366,636	¥ -	¥ -	¥4,366,636	¥68,050	¥5,211	¥4,298,585		

\*1 The amount of increase during the period is primarily attributable to the acquisition of the real estate properties and capital expenditures.

\*2 The amount of decrease during the period is primarily attributable to the sales of the real estate properties.

Property, plant and equipment and intangible assets consist of the following as of September 30, 2021:

Type of asset	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Depreciation		Net balance at the end of the period	Remarks	
					Accumulated depreciation	Depreciation for the period			
(in thousands of yen)									
Buildings	¥746,570	¥9,028	¥ -	¥755,598	¥77,533	¥16,089	¥678,064		
Structures	46,777	-	-	46,777	5,425	1,402	41,351		
Land	2,956,465	-	-	2,956,465	-	-	2,956,465		
Subtotal	3,749,812	9,028	-	3,758,841	82,959	17,491	3,675,881		
Property, plant and equipment	Buildings in trust	62,521,244	6,393,544	993,122	67,921,666	9,332,397	1,058,576	58,589,268	*1
	Structures in trust	3,491,216	75,710	75,032	3,491,894	644,494	65,679	2,847,400	
	Machinery and equipment in trust	261,479	-	13,464	248,014	58,898	7,160	189,115	
	Tools, furniture and fixtures in trust	166,797	15,436	2,784	179,449	75,697	13,325	103,751	
	Land in trust	162,816,625	16,820,393	2,882,244	176,754,774	-	-	176,754,774	*1,2
	Construction in progress in trust	6,177	1,076	-	7,254	-	-	7,254	
	Subtotal	229,263,541	23,306,161	3,966,649	248,603,053	10,111,489	1,144,741	238,491,564	
Total	233,013,354	23,315,189	3,966,649	252,361,894	10,194,448	1,162,233	242,167,446		
Intangible assets	Leasehold right in trust	4,349,916	-	-	4,349,916	53,047	3,978	4,296,869	
	Other	16,719	-	-	16,719	9,781	1,284	6,938	
Total	¥4,366,636	¥ -	¥ -	¥4,366,636	¥62,829	¥5,263	¥4,303,807		

\*1 The amount of increase during the period is primarily attributable to the acquisition of the real estate properties and capital expenditures.

\*2 The amount of decrease during the period is primarily attributable to the sales of the real estate properties.

## 22. SHORT-TERM LOANS PAYABLE AND LONG-TERM LOANS PAYABLE

The following summarizes short-term loans payable and long-term loans payable outstanding as of March 31, 2022:

Classification	Lender	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2) (Note 3)	Payment due date (Note 4)	Use	Remarks
		(in thousands of yen)				(%)			
Short-Term Loans Payable	Sumitomo Mitsui Banking Corporation	-	750,000	-	750,000	0.476	January 31, 2023	(Note 5)	Unsecured/ Unguaranteed
	Sub Total	-	750,000	-	750,000				
	Sumitomo Mitsui Banking Corporation	2,600,000	-	2,600,000	-				
	MUFG Bank, Ltd.	800,000	-	800,000	-				
	Sumitomo Mitsui Trust Bank, Ltd.	600,000	-	600,000	-	0.978	February 10, 2022		
	Aozora Bank, Ltd.	400,000	-	400,000	-				
	Mizuho Trust & Banking Co., Ltd.	400,000	-	400,000	-				
	Mizuho Bank, Ltd.	300,000	-	300,000	-				
	Resona Bank, Ltd.	300,000	-	300,000	-				
	Development Bank of Japan Inc.(Note 6)	1,600,000	-	1,600,000	-	1.033	February 10, 2022		
	Sumitomo Mitsui Banking Corporation	2,750,000	-	2,750,000	-	0.480	January 31, 2022		
	MUFG Bank, Ltd.	1,250,000	-	-	1,250,000	0.603	August 31, 2022		
	Mizuho Bank, Ltd.	800,000	-	-	800,000				
	MUFG Bank, Ltd. (Note 7)	1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Trust Bank, Ltd. (Note 7)	600,000	-	-	600,000				
Current Portion of Long-Term Loans Payable	Mizuho Bank, Ltd. (Note 7)	400,000	-	-	400,000	0.975	March 31, 2023	(Note 5)	Unsecured/ Non-guaranteed
	Resona Bank, Ltd. (Note 7)	400,000	-	-	400,000				
	Mizuho Trust & Banking Co., Ltd. (Note 7)	400,000	-	-	400,000				
	MUFG Bank, Ltd. (Note 7)	400,000	-	-	400,000				
	Development Bank of Japan Inc. (Note 6) (Note 7)	1,500,000	-	-	1,500,000	0.994	March 31, 2023		
	MUFG Bank, Ltd. (Note 7)	450,000	-	-	450,000				
	Resona Bank, Ltd. (Note 7)	200,000	-	-	200,000	0.987	March 31, 2023		
	The Musashino Bank, Ltd. (Note 7)	150,000	-	-	150,000				
	Development Bank of Japan Inc.(Note 6)(Note 7)	1,500,000	-	-	1,500,000	1.013	March 31, 2023		
	Sumitomo Mitsui Banking Corporation	-	1,000,000	-	1,000,000	0.461	October 31, 2022		
	Sub Total	18,800,000	1,000,000	9,750,000	10,050,000				
Long-Term	Sumitomo Mitsui Banking Corporation	4,600,000	-	-	4,600,000	1.366	April 16, 2025		Unsecured/ Non-guaranteed

Classification		Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2) (Note 3)	Payment due date (Note 4)	Use	Remarks
Lender		(in thousands of yen)				(%)			
Loans Payable	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000				(Note 5)
	Mizuho Bank, Ltd.	1,150,000	-	-	1,150,000				
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000	1.110	March 31, 2024		
	Mizuho Trust & Banking Co., Ltd.	700,000	-	-	700,000				
	Sumitomo Mitsui Trust Bank, Ltd.	650,000	-	-	650,000				
	Resona Bank, Ltd.	500,000	-	-	500,000				
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	1.243	April 16, 2025		
	MUFG Bank, Ltd.	400,000	-	-	400,000				
	Sumitomo Mitsui Trust Bank, Ltd.	450,000	-	-	450,000	0.803	September 30, 2024		
	Development Bank of Japan Inc.(Note 6)	890,000	-	-	890,000	0.760	September 30, 2024		
	Sumitomo Mitsui Banking Corporation	2,670,000	-	-	2,670,000	0.932	April 21, 2026		
	MUFG Bank, Ltd.	890,000	-	-	890,000	0.888	October 31, 2025		
	Development Bank of Japan Inc. (Note 6)	2,000,000	-	-	2,000,000	1.049			
	Mizuho Trust & Banking Co., Ltd. (Note 6)	1,000,000	-	-	1,000,000	1.049	January 31, 2027		
	Resona Bank, Ltd.	500,000	-	-	500,000	1.002			
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000				
	Sumitomo Mitsui Trust Bank, Ltd.	400,000	-	-	400,000	0.772	October 31, 2024		
	Aozora Bank, Ltd.	400,000	-	-	400,000				
	Resona Bank, Ltd.	300,000	-	-	300,000				
	MUFG Bank, Ltd. (Note 6)	600,000	-	-	600,000	0.696			
Mizuho Bank, Ltd. (Note 6)	600,000	-	-	600,000	0.815				
Development Bank of Japan Inc. (Note 6)	500,000	-	-	500,000	0.814	October 31, 2024			
Mizuho Trust & Banking Co., Ltd. (Note 6)	200,000	-	-	200,000	0.814				
MUFG Bank, Ltd. (Note 6)	500,000	-	-	500,000	0.903	October 31, 2026			
Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000					
Sumitomo Mitsui Trust Bank, Ltd.	500,000	-	-	500,000	1.033	May 18, 2027			
Resona Bank, Ltd.	400,000	-	-	400,000					
Development Bank of Japan Inc. (Note 6)	500,000	-	-	500,000	1.050				
Mizuho Bank, Ltd. (Note 6)	500,000	-	-	500,000	1.049	May 18, 2027			
Mizuho Trust & Banking Co., Ltd. (Note 6)	300,000	-	-	300,000	1.050				
MUFG Bank, Ltd. (Note 6)	500,000	-	-	500,000	0.670	September 29, 2023			
Sumitomo Mitsui Trust Bank, Ltd.	1,500,000	-	-	1,500,000	0.918	September 30, 2026	(Note 5)	Unsecured/ Non-guaranteed	

Classification	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2) (Note 3)	Payment due date (Note 4)	Use	Remarks
Lender	(in thousands of yen)				(%)			
MUFG Bank, Ltd. (Note 6)	500,000	-	-	500,000	0.930	September 29, 2027		
Mizuho Bank, Ltd. (Note 6)	1,500,000	-	-	1,500,000	1.029			
Sumitomo Trust Bank, Ltd.	1,500,000	-	-	1,500,000	1.100	September 29, 2028		
Sumitomo Banking Corporation	500,000	-	-	500,000	1.035	October 3, 2027		
MUFG Bank, Ltd. (Note 6)	1,200,000	-	-	1,200,000	1.000	February 10, 2028		
Sumitomo Banking Corporation	900,000	-	-	900,000	0.988	April 30, 2027		
Sumitomo Banking Corporation	2,600,000	-	-	2,600,000	0.985	April 30, 2027		
Sumitomo Banking Corporation	2,000,000	-	-	2,000,000	0.902	April 30, 2026		
Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000	1.090	April 30, 2028		
The Bank of Fukuoka, Ltd.	1,000,000	-	-	1,000,000	0.907	May 31, 2026		
Sumitomo Banking Corporation	1,500,000	-	-	1,500,000	0.999			
MUFG Bank, Ltd. (Note 6)	500,000	-	-	500,000	0.900	May 31, 2027		
Mizuho Bank, Ltd.	500,000	-	-	500,000	0.999			
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.999			
Nippon Life Insurance Company	700,000	-	-	700,000	0.913	March 31, 2025		
Sumitomo Trust Bank, Ltd.	700,000	-	-	700,000	0.726			
Resona Bank, Ltd.	500,000	-	-	500,000	0.676			
Aozora Bank, Ltd.	500,000	-	-	500,000	0.726	March 31, 2026		
Mizuho Bank, Ltd.	400,000	-	-	400,000	0.726			
The Musashino Bank, Ltd.	400,000	-	-	400,000	0.676			
Sumitomo Banking Corporation	1,850,000	-	-	1,850,000	0.910	March 31, 2028		
MUFG Bank, Ltd.	1,300,000	-	-	1,300,000	0.860			
Resona Bank, Ltd.	650,000	-	-	650,000	0.460	August 31, 2024		
Aozora Bank, Ltd.	890,000	-	-	890,000	0.585	August 31, 2026		
Mizuho Bank, Ltd.	1,370,000	-	-	1,370,000	0.718	March 31, 2028		
Sumitomo Trust Bank, Ltd.	820,000	-	-	820,000	0.550	October 31, 2024		
MUFG Bank, Ltd.	1,270,000	-	-	1,270,000	0.750	January 31, 2028		
Mizuho Trust & Banking Co., Ltd. (Note 6)	650,000	-	-	650,000	0.670	April 30, 2028		
MUFG Bank, Ltd. (Note 6)	1,500,000	-	-	1,500,000	0.520			
Sumitomo Banking Corporation	1,000,000	-	-	1,000,000	0.644			
Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000	0.644	October 31, 2026		
Mizuho Trust & Banking Co., Ltd. (Note 6)	500,000	-	-	500,000	0.550			
Resona Bank, Ltd.	300,000	-	-	300,000	0.644			

Long-term loans payable

(Note 5) Unsecured/ Non-guaranteed

Classification	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2) (Note 3)	Payment due date (Note 4)	Use	Remarks
Lender	(in thousands of yen)				(%)			
Development Bank of Japan Inc. (Note 6)	500,000	-	-	500,000	0.830	October 31, 2029		
The Gunma Bank, Ltd.	400,000	-	-	400,000	0.498	January 31, 2025		
The Musashino Bank, Ltd. (Note 6)	400,000	-	-	400,000	0.478	January 31, 2025		
Sumitomo Mitsui Banking Corporation	700,000	-	-	700,000	0.758	September 30, 2028		
Aozora Bank, Ltd.	450,000	-	-	450,000	0.725	January 31, 2029		
Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000				
MUFG Bank, Ltd.	700,000	-	-	700,000	0.809	January 31, 2030		
Sumitomo Mitsui Trust Bank, Ltd.	500,000	-	-	500,000				
Resona Bank, Ltd.	450,000	-	-	450,000				
Mizuho Bank, Ltd.	400,000	-	-	400,000				
Development Bank of Japan Inc. (Note 6)	1,500,000	-	-	1,500,000	0.888	January 31, 2031		
Sumitomo Mitsui Banking Corporation	2,400,000	-	-	2,400,000				
MUFG Bank, Ltd.	1,600,000	-	-	1,600,000				
Sumitomo Mitsui Trust Bank, Ltd.	550,000	-	-	550,000	0.535	February 28, 2026		
Resona Bank, Ltd.	500,000	-	-	500,000				
Aozora Bank, Ltd.	500,000	-	-	500,000				
Mizuho Bank, Ltd.	350,000	-	-	350,000				
Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000				
Sumitomo Mitsui Banking Corporation	600,000	-	-	600,000	0.407	April 30, 2025		
Mizuho Bank, Ltd.	500,000	-	-	500,000				
Resona Bank, Ltd.	400,000	-	-	400,000				
MUFG Bank, Ltd. (Note 6)	500,000	-	-	500,000	0.400	April 30, 2025		
Aozora Bank, Ltd.	500,000	-	-	500,000				
Mizuho Trust & Banking Co., Ltd.	200,000	-	-	200,000	0.461	April 30, 2026		
Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.490	October 31, 2026		
MUFG Bank, Ltd. (Note 6)	400,000	-	-	400,000	0.475	October 31, 2026		
Sumitomo Mitsui Banking Corporation	1,600,000	-	-	1,600,000				
Mizuho Bank, Ltd.	400,000	-	-	400,000	0.548	October 31, 2027		
Sumitomo Mitsui Trust Bank, Ltd.	300,000	-	-	300,000				
Resona Bank, Ltd.	300,000	-	-	300,000				
MUFG Bank, Ltd. (Note 6)	600,000	-	-	600,000	0.525	October 31, 2027		
Development Bank of Japan Inc. (Note 6)	500,000	-	-	500,000	0.856	April 30, 2031		
The 77 Bank, Ltd.	500,000	-	-	500,000	0.426	April 30, 2026		Unsecured/ Non-guaranteed
The Musashino Bank, Ltd. (Note 6)	500,000	-	-	500,000	0.350	April 30, 2026	(Note 5)	

Long-term loans payable



Classification	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2) (Note 3)	Payment due date (Note 4)	Use	Remarks
Lender	(in thousands of yen)				(%)			
Sumitomo Mitsui Banking Corporation	800,000	-	-	800,000				
Sumitomo Mitsui Trust Bank, Ltd.	700,000	-	-	700,000	0.601	April 30, 2028		
Mizuho Trust & Banking Co., Ltd.	600,000	-	-	600,000				
Aozora Bank, Ltd.	600,000	-	-	600,000				
Mizuho Bank, Ltd.	500,000	-	-	500,000				
MUFG Bank, Ltd. (Note 6)	500,000	-	-	500,000				
SUMITOMO LIFE INSURANCE COMPANY (Note 6)	500,000	-	-	500,000	0.550	April 30, 2028		
Development Bank of Japan Inc. (Note 6)	300,000	-	-	300,000	0.824	April 30, 2031		
Mizuho Bank, Ltd.	500,000	-	-	500,000	0.357	April 30, 2024		
MUFG Bank, Ltd. (Note 6)	200,000	-	-	200,000	0.525	October 31, 2027		
Aozora Bank, Ltd.	200,000	-	-	200,000	0.601	April 30, 2028		
The Gunma Bank, Ltd. (Note 6)	500,000	-	-	500,000	0.450	September 30, 2026		
The Bank of Fukuoka, Ltd.	-	500,000	-	500,000	0.387	March 31, 2026		
The Nishi-Nippon City Bank, Ltd.	-	500,000	-	500,000				
Shinsei Bank, Ltd.	-	800,000	-	800,000				
The Yamaguchi Bank, Ltd.	-	700,000	-	700,000	0.599	September 30, 2029		
The Higo Bank, Ltd.	-	500,000	-	500,000				
Sumitomo Mitsui Banking Corporation	-	2,600,000	-	2,600,000				
Sumitomo Mitsui Trust Bank, Ltd.	-	600,000	-	600,000				
Mizuho Trust & Banking Co., Ltd.	-	400,000	-	400,000	0.722	January 31, 2029		
Aozora Bank, Ltd.	-	400,000	-	400,000				
Mizuho Bank, Ltd.	-	300,000	-	300,000				
Resona Bank, Ltd.	-	300,000	-	300,000				
MUFG Bank, Ltd. (Note 6)	-	800,000	-	800,000	0.640	January 31, 2029		
Development Bank of Japan Inc.	-	1,600,000	-	1,600,000	0.879	January 31, 2031		
Sub Total	93,500,000	10,000,000	-	103,500,000				
<b>Total</b>	<b>¥ 112,300,000</b>	<b>¥11,750,000</b>	<b>¥ 9,750,000</b>	<b>¥114,300,000</b>				

Note 1: Annual repayments of long-term loans payable (except for current portion of long-term loans payable) scheduled after the balance sheet date are as follows:

	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
	(in thousands yen)				
Long-term loans payable	¥ 7,500,000	¥ 9,310,000	¥ 19,090,000	¥ 19,960,000	¥ 47,640,000

Note 2: All debts except for the following Note 6 are loans payable at a floating rate.

Note 3: Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal place. Also, with regard to loans payable for which interest rate swap transactions were implemented in order to hedge the interest rate volatility risk, the weighted average interest rates taking into consideration the effects of the interest rate swaps are indicated.

Note 4: All the repayment methods of debt financing are lump-sum repayments on the due date.

Note 5: All debts were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate (additional expenses are included) and repayment of debts.

Note 6: Loans payable at a fixed rate.

Note 7: Borrowings are listed in the current portion of long-term loans payable from the fiscal period under review, listed in long-term loans payable in the previous fiscal period.

The following summarizes short-term loans payable and long-term loans payable outstanding as of September 30, 2021:

Classification	Lender	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate	Payment due date (Note 4)	Use	Remarks
						(Note 2) (Note 3)			
(in thousands of yen)						(%)			
Current portion of long-term loans payable	The Gunma Bank, Ltd. (Note 6)	500,000	-	500,000	-	0.550	September 30, 2021		
	Sumitomo Mitsui Banking Corporation	2,600,000	-	2,600,000	-				
	Aozora Bank, Ltd.	500,000	-	500,000	-				
	MUFG Bank, Ltd.	400,000	-	400,000	-	0.485	April 27, 2021		
	Sumitomo Mitsui Trust Bank, Limited	300,000	-	300,000	-				
	Resona Bank, Limited	300,000	-	300,000	-				
	MUFG Bank, Ltd. (Note 6)	600,000	-	600,000	-	0.400			
	Development Bank of Japan Inc. (Note 6)	500,000	-	500,000	-	0.553			
	Mizuho Bank, Ltd. (Note 6)	400,000	-	400,000	-	0.553	April 27, 2021		
	Mizuho Trust & Banking Co., Ltd. (Note 6)	200,000	-	200,000	-	0.553			
	Sumitomo Mitsui Banking Corporation	900,000	-	900,000	-	0.477	April 30, 2021	(Note 5)	Unsecured/ Non-guaranteed
	Sumitomo Mitsui Banking Corporation	2,750,000	-	-	2,750,000	0.484	January 31, 2022		
	Sumitomo Mitsui Banking Corporation	2,600,000	-	-	2,600,000				
	MUFG Bank, Ltd.	800,000	-	-	800,000				
	Sumitomo Mitsui Trust Bank, Limited	600,000	-	-	600,000				
	Aozora Bank, Ltd.	400,000	-	-	400,000	0.978	February 10, 2022		
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000				
	Mizuho Bank, Ltd.	300,000	-	-	300,000				
	Resona Bank, Limited	300,000	-	-	300,000				
	Development Bank of Japan Inc. (Note 6)	1,600,000	-	-	1,600,000	1.033	February 10, 2022		
MUFG Bank, Ltd. (Note 7)	1,250,000	-	-	1,250,000	0.603	August 31, 2022			
Mizuho Bank, Ltd. (Note 7)	800,000	-	-	800,000					
Subtotal	19,000,000	-	7,200,000	11,800,000					
Long-term loans payable	Sumitomo Mitsui Banking Corporation	4,600,000	-	-	4,600,000	1.366	April 16, 2025		
	MUFG Bank, Ltd.	1,000,000	-	-	1,000,000				
	Sumitomo Mitsui Trust Bank, Limited	600,000	-	-	600,000				
	Mizuho Bank, Ltd.	400,000	-	-	400,000	0.975	March 31, 2023		
	Resona Bank, Limited	400,000	-	-	400,000				
	Mizuho Trust & Banking Co., Ltd.	400,000	-	-	400,000				
	MUFG Bank, Ltd.	400,000	-	-	400,000				
	Development Bank of Japan Inc. (Note 6)	1,500,000	-	-	1,500,000	0.994	March 31, 2023	(Note 5)	Unsecured/ Non-guaranteed
	MUFG Bank, Ltd.	450,000	-	-	450,000				
	Resona Bank, Limited	200,000	-	-	200,000	0.987	March 31, 2023		
	The Musashino Bank, Ltd.	150,000	-	-	150,000				
	Development Bank of Japan Inc. (Note 6)	1,500,000	-	-	1,500,000	1.013	March 31, 2023		
	Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000				
Mizuho Bank, Ltd.	1,150,000	-	-	1,150,000	1.110	March 31, 2024			
MUFG Bank, Ltd.	1,000,000	-	-	1,000,000					

Classification	Lender	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate	Payment due date	Use	Remarks
						(Note 2) (Note 3)			
						(in thousands of yen)	(%)		
Long-term loans payable	Mizuho Trust & Banking Co., Ltd.	700,000	-	-	700,000				
	Sumitomo Mitsui Trust Bank, Limited	650,000	-	-	650,000				
	Resona Bank, Limited	500,000	-	-	500,000				
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	1.243	April 16, 2025		
	MUFG Bank, Ltd.	400,000	-	-	400,000				
	Sumitomo Mitsui Trust Bank, Limited	450,000	-	-	450,000	0.803	September 30, 2024		
	Development Bank of Japan Inc. (Note 6)	890,000	-	-	890,000	0.760	September 30, 2024		
	Sumitomo Mitsui Banking Corporation	2,670,000	-	-	2,670,000	0.932	April 21, 2026		
	MUFG Bank, Ltd.	890,000	-	-	890,000	0.888	October 31, 2025		
	Development Bank of Japan Inc. (Note 6)	2,000,000	-	-	2,000,000	1.049			
	Mizuho Trust & Banking Co., Ltd. (Note 6)	1,000,000	-	-	1,000,000	1.049	January 31, 2027		
	Resona Bank, Limited	500,000	-	-	500,000	1.002			
	Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000				
	Sumitomo Mitsui Trust Bank, Limited	400,000	-	-	400,000	0.772	October 31, 2024		
	Aozora Bank, Ltd.	400,000	-	-	400,000				
	Resona Bank, Limited	300,000	-	-	300,000				
	MUFG Bank, Ltd. (Note 6)	600,000	-	-	600,000	0.696			
	Mizuho Bank, Ltd. (Note 6)	600,000	-	-	600,000	0.815			
	Development Bank of Japan Inc. (Note 6)	500,000	-	-	500,000	0.814	October 31, 2024	(Note 5)	Unsecured/ Non-guaranteed
	Mizuho Trust & Banking Co., Ltd. (Note 6)	200,000	-	-	200,000	0.814			
	MUFG Bank, Ltd. (Note 6)	500,000	-	-	500,000	0.903	October 31, 2026		
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	-	-	500,000	1.033	May 18, 2027		
	Resona Bank, Limited	400,000	-	-	400,000				
	Development Bank of Japan Inc. (Note 6)	500,000	-	-	500,000	1.050			
	Mizuho Bank, Ltd. (Note 6)	500,000	-	-	500,000	1.049	May 18, 2027		
	Mizuho Trust & Banking Co., Ltd. (Note 6)	300,000	-	-	300,000	1.050			
	MUFG Bank, Ltd. (Note 6)	500,000	-	-	500,000	0.670	September 29, 2023		
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	-	-	1,500,000	0.918	September 30, 2026		
	MUFG Bank, Ltd. (Note 6)	500,000	-	-	500,000	0.930	September 29, 2027		
	Mizuho Bank, Ltd. (Note 6)	1,500,000	-	-	1,500,000	1.029			
	Sumitomo Mitsui Trust Bank, Limited	1,500,000	-	-	1,500,000	1.100	September 29, 2028		
	Sumitomo Mitsui Banking Corporation	500,000	-	-	500,000	1.035	October 3, 2027		
	MUFG Bank, Ltd. (Note 6)	1,200,000	-	-	1,200,000	1.000	February 10, 2028		
	Sumitomo Mitsui Banking Corporation	900,000	-	-	900,000	0.988	April 30, 2027		
	Sumitomo Mitsui Banking Corporation	2,600,000	-	-	2,600,000	0.985	April 30, 2027		

Classification	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2) (Note 3)	Payment due date (Note 4)	Use	Remarks
Lender	(in thousands of yen)				(%)			
Sumitomo Mitsui Banking Corporation	2,000,000	-	-	2,000,000	0.902	April 30, 2026		
Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000	1.090	April 30, 2028		
The Bank of Fukuoka, Ltd.	1,000,000	-	-	1,000,000	0.907	May 31, 2026		
Sumitomo Mitsui Banking Corporation	1,500,000	-	-	1,500,000	0.999			
MUFG Bank, Ltd. (Note 6)	500,000	-	-	500,000	0.900	May 31, 2027		
Mizuho Bank, Ltd.	500,000	-	-	500,000	0.999			
Mizuho Trust & Banking Co., Ltd.	500,000	-	-	500,000	0.999			
Nippon Life Insurance Company	700,000	-	-	700,000	0.913	March 31, 2025		
Sumitomo Mitsui Trust Bank, Limited	700,000	-	-	700,000	0.726			
Resona Bank, Limited	500,000	-	-	500,000	0.676			
Aozora Bank, Ltd.	500,000	-	-	500,000	0.726	March 31, 2026		
Mizuho Bank, Ltd.	400,000	-	-	400,000	0.726			
The Musashino Bank, Ltd.	400,000	-	-	400,000	0.676			
Sumitomo Mitsui Banking Corporation	1,850,000	-	-	1,850,000	0.910	March 31, 2028		
MUFG Bank, Ltd.	1,300,000	-	-	1,300,000	0.860			
Resona Bank, Limited.	650,000	-	-	650,000	0.460	August 31, 2024		
Aozora Bank, Ltd.	890,000	-	-	890,000	0.585	August 31, 2026		
Mizuho Bank, Ltd.	1,370,000	-	-	1,370,000	0.718	March 31, 2028		
Sumitomo Mitsui Trust Bank, Limited	820,000	-	-	820,000	0.550	October 31, 2024	(Note 5)	Unsecured/ Non-guaranteed
MUFG Bank, Ltd.	1,270,000	-	-	1,270,000	0.750	January 31, 2028		
Mizuho Trust & Banking Co., Ltd. (Note 6)	650,000	-	-	650,000	0.670	April 30, 2028		
MUFG Bank, Ltd. (Note 6)	1,500,000	-	-	1,500,000	0.520			
Sumitomo Mitsui Banking Corporation	1,000,000	-	-	1,000,000	0.644			
Mizuho Bank, Ltd.	1,000,000	-	-	1,000,000	0.644	October 31, 2026		
Mizuho Trust & Banking Co., Ltd. (Note 6)	500,000	-	-	500,000	0.550			
Resona Bank, Limited	300,000	-	-	300,000	0.644			
Development Bank of Japan Inc. (Note 6)	500,000	-	-	500,000	0.830	October 31, 2029		
The Gunma Bank, Ltd.	400,000	-	-	400,000	0.498	January 31, 2025		
The Musashino Bank, Ltd. (Note 6)	400,000	-	-	400,000	0.478	January 31, 2025		
Sumitomo Mitsui Banking Corporation	700,000	-	-	700,000	0.758	September 30, 2028		
Aozora Bank, Ltd.	450,000	-	-	450,000	0.725	January 31, 2029		
Sumitomo Mitsui Banking Corporation	3,000,000	-	-	3,000,000				
MUFG Bank, Ltd.	700,000	-	-	700,000				
Sumitomo Mitsui Trust Bank, Ltd.	500,000	-	-	500,000	0.809	January 31, 2030		
Resona Bank, Ltd.	450,000	-	-	450,000				
Mizuho Bank, Ltd.	400,000	-	-	400,000				
Development Bank of Japan Inc. (Note 6)	1,500,000	-	-	1,500,000	0.888	January 31, 2031		

Classification	Balance at the beginning of the period	Increase during the period	Decrease during the period	Balance at the end of the period	Average interest rate (Note 2) (Note 3)	Payment due date (Note 4)	Use	Remarks
Lender	(in thousands of yen)				(%)			
Sumitomo Mitsui Banking Corporation	2,400,000	-	-	2,400,000				
MUFG Bank, Ltd.	1,600,000	-	-	1,600,000				
Sumitomo Mitsui Trust Bank, Ltd.	550,000	-	-	550,000				
Resona Bank, Ltd.	500,000	-	-	500,000	0.535	February 28, 2026		
Aozora Bank, Ltd.	500,000	-	-	500,000				
Mizuho Bank, Ltd.	350,000	-	-	350,000				
Mizuho Trust & Banking Co., Ltd.	300,000	-	-	300,000				
Sumitomo Mitsui Banking Corporation	-	600,000	-	600,000				
Mizuho Bank, Ltd.	-	500,000	-	500,000	0.407	April 30, 2025		
Resona Bank, Ltd.	-	400,000	-	400,000				
MUFG Bank, Ltd. (Note 6)	-	500,000	-	500,000	0.400	April 30, 2025		
Aozora Bank, Ltd.	-	500,000	-	500,000				
Mizuho Trust & Banking Co., Ltd.	-	200,000	-	200,000	0.461	April 30, 2026		
Sumitomo Mitsui Banking Corporation	-	1,000,000	-	1,000,000	0.490	October 31, 2026		
MUFG Bank, Ltd. (Note 6)	-	400,000	-	400,000	0.475	October 31, 2026		
Sumitomo Mitsui Banking Corporation	-	1,600,000	-	1,600,000				
Mizuho Bank, Ltd.	-	400,000	-	400,000				
Sumitomo Mitsui Trust Bank, Ltd.	-	300,000	-	300,000	0.548	October 31, 2027		
Resona Bank, Ltd.	-	300,000	-	300,000			(Note 5)	Unsecured/ Non-guaranteed
MUFG Bank, Ltd. (Note 6)	-	600,000	-	600,000	0.525	October 31, 2027		
Development Bank of Japan Inc. (Note 6)	-	500,000	-	500,000	0.856	April 30, 2031		
The 77 Bank, Ltd.	-	500,000	-	500,000	0.426	April 30, 2026		
The Musashino Bank, Ltd. (Note 6)	-	500,000	-	500,000	0.350	April 30, 2026		
Sumitomo Mitsui Banking Corporation	-	800,000	-	800,000				
Sumitomo Mitsui Trust Bank, Ltd.	-	700,000	-	700,000				
Mizuho Trust & Banking Co., Ltd.	-	600,000	-	600,000	0.601	April 30, 2028		
Aozora Bank, Ltd.	-	600,000	-	600,000				
Mizuho Bank, Ltd.	-	500,000	-	500,000				
MUFG Bank, Ltd. (Note 6)	-	500,000	-	500,000				
SUMITOMO LIFE INSURANCE COMPANY (Note 6)	-	500,000	-	500,000	0.550	April 30, 2028		
Development Bank of Japan Inc. (Note 6)	-	300,000	-	300,000	0.824	April 30, 2031		
Mizuho Bank, Ltd.	-	500,000	-	500,000	0.357	April 30, 2024		
MUFG Bank, Ltd. (Note 6)	-	200,000	-	200,000	0.525	October 31, 2027		
Aozora Bank, Ltd.	-	200,000	-	200,000	0.601	April 30, 2028		
The Gunma Bank, Ltd. (Note 6)	-	500,000	-	500,000	0.450	September 30, 2026		
Subtotal	85,800,000	14,700,000	-	100,500,000				
Total	¥ 104,800,000	¥ 14,700,000	¥ 7,200,000	¥ 112,300,000				

Note 1: Annual repayments of long-term loans payable (except for current portion of long-term loans payable) scheduled after the balance sheet date are as follows:

	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
	(in thousands yen)				
Long-term loans payable	¥ 7,500,000	¥ 9,490,000	¥ 15,320,000	¥ 19,850,000	¥ 48,340,000

Note 2: All debts except for the following Note 6 are loans payable at a floating rate.

Note 3: Average interest rates are the weighted average during the period and figures are rounded to the nearest third decimal place. Also, with regard to loans payable for which interest rate swap transactions were implemented in order to hedge the interest rate volatility risk, the weighted average interest rates taking into consideration the effects of the interest rate swaps are indicated.

Note 4: All the repayment methods of debt financing are lump-sum repayments on the due date.

Note 5: All debts were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate (additional expenses are included) and repayment of debts.

Note 6: Loans payable at a fixed rate.

Note 7: Borrowings are listed in the current portion of long-term loans payable from the fiscal period under review, listed in long-term loans payable in the previous fiscal period.

### 23. INVESTMENT CORPORATION BONDS

Outstanding investment corporation bonds as of March 31, 2022 are as follows.

Series	Date of issue	Balance at the beginning of period	Decrease during the period	Balance at the end of period	Interest rate (%)	Repayment date	Use	Remarks
		(in thousands of yen)						
First series of unsecured investment corporation bonds (Note 1)	October 31, 2016	¥1,000,000	¥1,000,000	¥ -	0.200	October 29, 2021	(Note3)	Unsecured
Second series of unsecured investment corporation bonds (Note 1)	October 31, 2016	1,000,000	-	1,000,000	0.600	October 30, 2026		
Third series of unsecured investment corporation bonds (Note 1)	August 31, 2017	1,000,000	-	1,000,000	0.320	August 31, 2022		
Fourth series of unsecured investment corporation bonds (Note 1)	August 31, 2017	2,000,000	-	2,000,000	0.700	August 31, 2027	(Note4)	
Fifth series of unsecured investment corporation bonds (Note 1)	April 26, 2018	2,000,000	-	2,000,000	0.700	April 26, 2028		
Sixth series of unsecured investment corporation bonds (Note 2)	April 30, 2020	1,000,000	-	1,000,000	0.400	April 30, 2025		
Seventh Series Unsecured Investment Corporation Bonds (Green Bonds) (Note 1)	January 28, 2022	-	-	2,000,000	0.460	January 28, 2032	(Note5)	
<b>Total</b>		<b>¥8,000,000</b>	<b>¥1,000,000</b>	<b>¥9,000,000</b>				

Note 1: Ranking pari passu among the specified investment corporation bonds.

Note 2: Ranking pari passu among the specified investment corporation bonds and small private placement with restrictions on splits of denomination of each bond.

Note 3: Investment corporation bonds were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate and repayment of debts.

Note 4: Investment corporation bonds were used as the funds for repayment of debts.

Note 5: Investment corporation bonds were used as the funds for repayment of debts that were borrowed for the purpose to acquire the eligible green assets.

Note 6: Annual repayments of investment corporation bonds scheduled for the next five years after the balance sheet date are as follows.

	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
	(in thousands of yen)				
Investment corporation bonds	¥1,000,000	¥ -	¥ -	¥1,000,000	¥1,000,000

Outstanding investment corporation bonds as of September 30, 2021 are as follows.

Series	Date of issue	Balance at the beginning of period	Decrease during the period	Balance at the end of period	Interest rate (%)	Repayment date	Use	Remarks
		(in thousands of yen)						
First series of unsecured investment corporation bonds (Note 1)	October 31, 2016	¥1,000,000	¥ -	¥1,000,000	0.200	October 29, 2021	(Note3)	Unsecured
Second series of unsecured investment corporation bonds (Note 1)	October 31, 2016	1,000,000	-	1,000,000	0.600	October 30, 2026		
Third series of unsecured investment corporation bonds (Note 1)	August 31, 2017	1,000,000	-	1,000,000	0.320	August 31, 2022		
Fourth series of unsecured investment corporation bonds (Note 1)	August 31, 2017	2,000,000	-	2,000,000	0.700	August 31, 2027	(Note4)	
Fifth series of unsecured investment corporation bonds (Note 1)	April 26, 2018	2,000,000	-	2,000,000	0.700	April 26, 2028		
Sixth series of unsecured investment corporation bonds (Note 2)	April 30, 2020	1,000,000	-	1,000,000	0.400	April 30, 2025		
<b>Total</b>		<b>¥8,000,000</b>	<b>¥ -</b>	<b>¥8,000,000</b>				

Note 1: Ranking pari passu among the specified investment corporation bonds.

Note 2: Ranking pari passu among the specified investment corporation bonds and small private placement with restrictions on splits of denomination of each bond.

Note 3: Investment corporation bonds were used as the funds for acquiring real estate properties or trust beneficiary interest in real estate and repayment of debts.

Note 4: Investment corporation bonds were used as the funds for repayment of debts.

Note 5: Annual repayments of investment corporation bonds scheduled for the next five years after the balance sheet date are as follows.



	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
			(in thousands of yen)		
Investment corporation bonds	¥2,000,000	¥ -	¥ -	¥1,000,000	¥ -

## 24. DISTRIBUTIONS

	From October 1, 2021 to March 31, 2022	From April 1, 2021 to September 30, 2021
I. Retained earnings at the end of period	¥4,404,711,898	¥4,511,908,436
II. Distributions in excess of earnings	¥ -	¥31,437,558
Of which, allowance for temporary difference adjustments	¥ -	¥31,437,558
III. Incorporation into unitholders' capital	¥ 276,855,799	¥ -
Of which, reversal of allowance for temporary difference adjustments	¥ 276,855,799	¥ -
IV. Total distributions	¥4,127,634,930	¥4,266,193,056
Distributions per unit	¥7,090	¥7,328
Of which, distributions of earnings	¥4,127,634,930	¥4,234,755,498
Of which, distributions of earnings per unit	¥7,090	¥7,274
Of which, allowance for temporary difference adjustments	¥ -	¥31,437,558
Of which, distributions in excess of earnings per unit (allowance for temporary difference adjustments)	¥ -	¥54
V. Retained earnings brought forward to the next period	¥221,169	¥277,152,938

### Method of calculating distribution amount

In accordance with the policy described in Article 39-1 of its Articles of Incorporation, KRR determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law and shall be up to its profits as the maximum amount. Following this policy, KRR has decided that it shall distribute ¥4,127,634,930 which is almost the entire amount of income as defined in Article 136-1 of the Investment Trust Act after deduction of reversal of allowance for temporary difference adjustments (as defined in Article 2-2-30 of the Ordinance on Accountings of Investment Corporations). Procedures for the distribution of amounts exceeding distributable income are outlined in Article 39-2 of KRR's Articles of Incorporation. In the 14th fiscal period, KRR has decided not to distribute cash in excess of distributable profit.

In accordance with the policy described in Article 39-1 of its Articles of Incorporation, KRR determines that the amount of distribution shall exceed the amount equivalent to 90% of its distributable profit as stipulated in Article 67-15 of the Special Taxation Measures Law and shall be up to its profits as the maximum amount. Following this policy, KRR has decided that it shall distribute ¥4,234,755,498 which is almost the entire amount of income as defined in Article 136-1 of the Investment Trust Act.

Furthermore, in accordance with the policy for "Distribution of Money in Excess of Profits" as stated in Article 39-2 of KRR's Articles of Incorporation, KRR made a distribution in excess of earnings of ¥31,437,558 for allowance for temporary difference adjustments (as defined in Article 2-2-30 of the Ordinance on Accountings of Investment Corporations) for the purpose of reflecting the effect on distributions of the difference in earnings calculated under Japanese GAAP and Japanese tax laws (as defined in Article 2-2-30 (a) of the Ordinance on Accountings of Investment Corporations) in association with the amortization of fixed-term land leasehold rights and of the item deducted from net asset (as defined in Article 2-2-30 (b) of the Ordinance on Accountings of Investment Corporations) in association with deferred losses on hedges.

14th Fiscal Period (October 1, 2021 to March 31, 2022)

1. Reasons, related assets and allowance

(in thousands of yen)

Related assets, etc.	Reason	Reversal of allowance for temporary difference adjustments
Deferred gains or losses on hedges	Changes in the fair value of derivative instruments	¥276,855

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.

13th Fiscal Period (From April 1, 2021 to September 30, 2021)

1. Reasons, related assets and allowance

(in thousands of yen)

Related assets, etc.	Reason	Allowance for temporary difference adjustments
Buildings in trust, Leasehold right in trust	Amortization of leasehold right in trust and the amount in excess of depreciation	¥5,045
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	¥26,392

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.



# KENEDIX

Retail REIT Corporation

