

Translation of Japanese Original

FINANCIAL REPORT FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2015 (REIT)
(October 3, 2014 to September 30, 2015)

November 12, 2015

Kenedix Retail REIT Corporation (“KRR”) is listed on the Tokyo Stock Exchange with the securities code number 3453.

(URL <http://www.krr-reit.com/en/>)

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Planned submission of semiannual securities report: December 24, 2015

Planned start of distribution payments: December 11, 2015

Preparing presentation material: Yes

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

(Amounts are rounded down to the nearest million of yen)

1. PERFORMANCE FOR THE FISCAL PERIOD ENDED SEPTEMBER 30, 2015 (October 3, 2014 to September 30, 2015)

(1) Business Results

(Percentages show period-on-period changes)

Fiscal period ended	Operating Revenues		Operating Income		Ordinary Income		Net Income	
	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%	Millions of Yen	%
September 30, 2015	5,103	—	2,463	—	1,939	—	1,933	—

Fiscal period ended	Net Income per Unit	Return on Net Assets	Ordinary Income to Total Assets	Ordinary Income to Operating Revenues
	Yen	%	%	%
September 30, 2015	11,515	3.3	2.0	38.0

(Note 1) Although the accounting period for KRR’s fiscal period ended September 30, 2015 includes 363 days from October 3, 2014 to September 30, 2015, its substantial asset management period covers only 233 days from February 10, 2015 to September 30, 2015.

(Note 2) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units outstanding during the period (167,878 units). Net income per unit was ¥7,434, if calculated based on the day-weighted average number of investment units outstanding during the period assuming the beginning date of the fiscal period is February 10, 2015, the day that the asset management actually commenced (260,034 units).

(Note 3) Return on net assets and ordinary income to total assets are calculated using the average amount of net assets and total assets as of February 10, 2015, the day that the asset management actually started, and as of September 30, 2015.

(Note 4) The purpose of the percentages of operating revenues, operating income, ordinary income and net income is to show changes from the previous period. However, no applicable figures are shown for the period under review, as the reporting period was the KRR’s first fiscal period.

(2) Distribution

Fiscal period ended	Distributions per Unit (Excluding Excess of Earnings)	Total Distributions (Excluding Excess of Earnings)	Distributions in Excess of Earnings per Unit	Total Distributions in Excess of Earnings	Payout Ratio	Distribution Ratio to Net Assets
	Yen	Millions of Yen	Yen	Millions of Yen	%	%
September 30, 2015	7,414	1,933	0	0	100.0	3.5

(Note) Due to the issuance of new investment units, the payout ratio is calculated as following method (rounded to the nearest tenth).

$$\text{Payout Ratio} = \text{Total Distributions (Excluding Excess of Earnings)} / \text{Net Income} \times 100$$

(3) Financial Position

As of	Total Assets	Net Assets	Net Assets to Total Assets	Net Asset Value per Unit
	Millions of Yen	Millions of Yen	%	Yen
September 30, 2015	108,382	59,790	55.2	229,301

(4) Cash Flows

Fiscal period ended	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at the End of the period
	Millions of Yen	Millions of Yen	Millions of Yen	Millions of Yen
September 30, 2015	1,152	(88,993)	95,991	8,150

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2. FORECAST OF RESULTS FOR THE FISCAL PERIOD ENDING MARCH 31, 2016 (October 1, 2015 to March 31, 2016) AND SEPTEMBER 30, 2016 (April 1, 2016 to September 30, 2016)

(Percentages show period-on-period changes)

	Operating Revenues (Millions of Yen)		Operating Income (Millions of Yen)		Ordinary Income (Millions of Yen)		Net Income (Millions of Yen)		Distributions per Unit (Excluding Excess of Earnings)	Distributions in Excess of Earnings per Unit	Distributions per Unit (Including Excess of Earnings)
	Yen	%	Yen	%	Yen	%	Yen	%	Yen	Yen	Yen
Fiscal period ending											
March 31, 2016	5,522	8.2	2,769	12.4	2,343	20.8	2,342	21.1	6,592	13	6,605
September 30, 2016	5,577	1.0	2,385	(13.9)	1,969	(16.0)	1,968	(16.0)	5,540	15	5,555

(Reference) Forecasted net income per unit (Forecasted net income / Forecasted average number of investment units during period)
For the fiscal period ending March 31, 2016: ¥6,604 For the fiscal period ending September 30, 2016: ¥5,540

(Note) Distributions per unit are calculated based on the number of investment units issued and outstanding totaled 355,250 as of today.

***OTHER**

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

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

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

- (a) Number of investment units issued and outstanding at the end of the period (including treasury investment units)
As of September 30, 2015: 260,750 units
- (b) Number of treasury investment units at the end of the period
As of September 30, 2015: 0 units

(Note) Please refer to "Per Unit Information" on page 25 for the number of investment units used as the basis for calculating net income per unit.

* Status of audit procedures

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

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

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to KRR and on certain assumptions KRR deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. The above-mentioned forecasts are based on "Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending March 31, 2016 and September 30, 2016" on page 11 for calculation, and our judgment as of September 30, 2015. Actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may vary according to changes in market conditions. These forecasts do not guarantee the distribution amount.

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1. KRR and Related Corporations

As there have been no significant changes from the “Management structure of KRR” described in the Securities Registration Statement (submitted on August 27, 2015; prepared in Japanese only), the disclosure is omitted.

2. Investment Policies and Status of Asset Management

(1) Investment Policies

As there have been no significant changes from policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the Securities Registration Statement (submitted on August 27, 2015; prepared in Japanese only), the disclosure is omitted.

(2) Status of Asset Management

(Overview of the Period ending September 30, 2015)

i) Transition of KRR

KRR was established on October 3, 2014, with unitholders’ capital of ¥150 million (750 units) and with Kenedix Real Estate Fund Management Inc. (“KFM”) as the organizer 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 issued new investment units (254,250 units) through a public offering with the payment due date on February 9, 2015, which were 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. In addition, new investment units (5,750 units) were issued through a third-party allotment on March 11, 2015. As a result, the number of investment units issued at the end of the period ending September 30, 2015 was 260,750 units.

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

(Note) For our management purposes and ease of classification, we define neighborhood, community and other shopping centers for daily needs as retail properties that generally have the following characteristics:

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

ii) Investment Environment

There were signs of an economic rebound in Japan following a sluggish period mainly due to the impact of the April 2014 consumption tax hike to 8%. However, real GDP growth (2nd preliminary estimate) in the second quarter of 2015 was negative 0.3%, the first decline from the previous year in three quarters primarily due to weak consumer spending and exports. Since consumer spending was affected by temporary factors such as soft seasonal purchases due to unfavorable weather in June and the tax increase on light vehicles, the drop in the real GDP growth rate may also be transient. On the other hand, corporate earnings are increasing and employment statistics are improving. The real wage index of the Monthly Labour Statistics Survey of the Ministry of Health, Labour and Welfare was higher than one year earlier in July 2015 for the first time in about two years and increased again in August. The Bank of Japan Regional Economic Report (October 2015) also states that domestic demand is either “slowly recovering” or “recovering” in all regions due to firm consumer spending backed largely by steady improvements in the number of jobs and personal income.

In this financial environment, interest rates have been declining following the additional monetary easing by the Bank of Japan in October 2014. As funds flowed into the J-REIT market, especially through J-REIT mutual funds, the TSE REIT Index rallied to the 2,000 level in January 2015 based on highest prices. Subsequently, the index fell sharply due to an oversupply of investment units as J-REITs raised equity at a fast pace, the Greek debt problem, the stock market plunge in China and concerns over a U.S. interest rate hike, and slipping once below 1,500 in September. Although the index has been rebounding as investors are attracted by lower prices, cautiousness remains over J-REIT market. In the real estate market, J-REITs continue to purchase a substantial number of properties because of monetary easing and brisk equity raising activities by J-REITs.

iii) Management Performance

(A) Acquisition of Assets

KRR acquired and started the operations of the following trust beneficiary interests in real estate (18 properties; total acquisition price: ¥80,843 million) on February 10, 2015. In addition, KRR acquired a property (acquisition price: ¥11,000 million) on April 16, 2015.

The below is property portfolio of KRR as of September 30, 2015.

Property number	Property Type (Note 1)	Property name	Location (City or Ward, Prefecture)	Acquisition Price (million yen) (Note 2)	Acquisition Date
T-1	CSC	Fululu Garden Yachiyo	Yachiyo, Chiba	14,848	February 10, 2015
T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	8,063	February 10, 2015
T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi ward, Tokyo	5,850	February 10, 2015
T-4	Urban Station-Front SC	Daikanyama Address Dixsept	Shibuya ward, Tokyo	5,390	February 10, 2015
T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	4,379	February 10, 2015
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	4,000	February 10, 2015
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	3,600	February 10, 2015
T-8	SS	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	2,586	February 10, 2015
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	8,389	February 10, 2015
O-2	SM	Central Square Takadono (Land)	Osaka, Osaka	2,685	February 10, 2015
O-3	NSC	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	2,140	February 10, 2015
O-4	NSC	Bulmer HAT Kobe	Kobe, Hyogo	11,000	April 16, 2015
N-1	SS	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	2,311	February 10, 2015
N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	2,174	February 10, 2015
N-3	SS	K's Denki Nakagawa Tomita (Land)	Nagoya, Aichi	889	February 10, 2015
F-1	SM	Sunny Noma	Fukuoka, Fukuoka	1,497	February 10, 2015
R-1	NSC	Roseo Mito	Mito, Ibaraki	9,675	February 10, 2015
R-2	SM	K's Denki Aomori Honten	Aomori, Aomori	1,469	February 10, 2015
R-3	NSC	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	898	February 10, 2015
Total				91,843	

(Note1) Properties are categorized into the following five types of retail properties for daily needs: NSC (Neighborhood Shopping Center), SM (Supermarket), CSC (Community Shopping Center), Urban Station-Front SC (Urban Station-Front Shopping Center) and SS (Specialty Store).

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

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

(Note2) "Acquisition price" represents the purchase price of each trust beneficiary interest specified in purchase agreement in relation to the acquisition of each property (excluding acquisition costs, adjustment in property tax and city-planning tax, and consumption tax; and rounded down to the nearest one million yen).

(Note3) We have changed the property name as follows:

Property number	Current Name	Previous Name	Date
O-2	Central Square Takadono (Land)	Life Takadono (Land)	July 27, 2015

(B) Management and Operation of Assets

KFM provides property management services for all of the properties owned by KRR at the end of the period under review (September 30, 2015). By using the same company for both asset management and property management services, KRR aims to build stronger relationships with tenants and increase returns from its portfolio. Furthermore, by implementing retail property management that better reflects the needs of our tenants, KRR strives to accumulate know-how and improve tenant satisfaction. KRR invests primarily in neighborhood and community shopping centers that cater to the day-to-day needs of customers. The portfolio is diversified in terms of properties, tenants and other characteristics with a goal to generate consistent long-term cash flows. At the same time, a portion of the rent includes sales-linked rent to explore the upside potential for rental income. By using these measures, we aim to pursue a portfolio that achieves both stability and growth.

As of the end of the period under review, portfolio as a whole performed well with an overall occupancy ratio of 99.6%. Furthermore, the portfolio is diversified in terms of tenants as there are 321 end-tenants in our retail properties.

(C) Financing

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

(Equity Finance)

In the current fiscal period, KRR was listed on the Tokyo Stock Exchange on February 10, 2015. In regard to this initial public offering, KRR sold 254,250 newly issued units, of which 168,825 units were offered in Japan and 85,425 units were offered overseas, and raised 56,430 million yen. In addition, 5,750 units were issued through third-party allotment on March 11, 2015, raising 1,276 million yen that was used to prepay a portion of borrowing for acquisition of properties. Due to these activities, unitholders' capital increased to 57,857 million yen on September 30, 2015.

(Debt Finance)

During the fiscal period under review, KRR borrowed for the acquisition of properties and used the proceeds from the issuance of newly issued units through third-party allotment for the early repayment of debt. Consequently, debt totaled 38,350 million yen at the end of the fiscal period under review. When undertaking borrowings, we combine a number of loans, spreading out repayment dates as shown below, considering the interest rate trends and other financial environment. We use swaps to fix the interest payments to hedge against the risk of a rise in interest rates. The below are borrowings at the end of the fiscal period.

Series	Lender	Amount (in thousands of yen)	Interest rate	Drawdown date	Repayment date (Note 1)	Repayment method	Remarks
1-A	Sumitomo Mitsui Banking Corporation	2,000,000	JBA 1-month Japanese Yen TIBOR+0.30%	February 10, 2015	February 10, 2016	Full on maturity	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
	Mizuho Bank, Ltd.						
	Aozora Bank, Ltd.						
	Resona Bank, Ltd.						
	Sumitomo Mitsui Trust Bank, Ltd.						
1-B	Sumitomo Mitsui Banking Corporation	3,850,000	0.54500% (Note2)	February 10, 2015	February 10, 2018	Full on maturity	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
	Mizuho Bank, Ltd.						
	Mizuho Trust & Banking Co., Ltd.						
1-C	Sumitomo Mitsui Banking Corporation	7,000,000	0.75125% (Note2)	February 10, 2015	February 10, 2020	Full on maturity	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
	Mitsubishi UFJ Trust and Banking Corporation						
	Sumitomo Mitsui Trust Bank, Ltd.						
	Aozora Bank, Ltd.						
	Resona Bank, Ltd.						
	The Gunma Bank, Ltd.						
	The Musashino Bank, Ltd.						
	Mizuho Bank, Ltd.						
	Mizuho Trust & Banking Co., Ltd.						
1-D	Sumitomo Mitsui Banking Corporation	5,500,000	0.86475% (Note2)	February 10, 2015	February 10, 2021	Full on maturity	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
	Sumitomo Mitsui Trust Bank, Ltd.						
	Aozora Bank, Ltd.						
	Resona Bank, Ltd.						
	Mizuho Bank, Ltd.						
1-E	Sumitomo Mitsui Banking Corporation	5,400,000	0.97750%	February	February 10,	Full on	Unsecured/

	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		(Note2)	10, 2015	2022	maturity	Unguaranteed
	Sumitomo Mitsui Trust Bank, Ltd.						
	Aozora Bank, Ltd.						
	Mizuho Trust & Banking Co., Ltd.						
	Mizuho Bank, Ltd.						
	Resona Bank, Ltd.						
1-F	Development Bank of Japan Inc.	1,500,000	0.92500% (Note3)	February 10, 2015	February 10, 2021	Full on maturity	Unsecured/ Unguaranteed
1-G	Development Bank of Japan Inc.	1,600,000	1.03250% (Note3)	February 10, 2015	February 10, 2022	Full on maturity	Unsecured/ Unguaranteed
1-H (Note4)	Sumitomo Mitsui Banking Corporation	1,322,500	JBA 1-month Japanese Yen TIBOR+0.50%	February 10, 2015	February 10, 2016 (Note3)	Full on maturity	Unsecured/ Unguaranteed
2-A (Note4)	Sumitomo Mitsui Banking Corporation	6,900,000	JBA 1-month Japanese Yen TIBOR+0.30%	April 16, 2015	April 16, 2016	Full on maturity	Unsecured/ Unguaranteed
2-B	Sumitomo Mitsui Banking Corporation	4,600,000	1.36600% (Note2)	April 16, 2015	April 16, 2025	Full on maturity	Unsecured/ Unguaranteed
3-A	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,200,000	0.53375% (Note2)	September 30, 2015	March 31, 2019	Full on maturity	Unsecured/ Unguaranteed
	Aozora Bank, Ltd.						
	Mizuho Bank, Ltd.						
	Sumitomo Mitsui Trust Bank, Ltd.						
	Resona Bank, Ltd.						
The Musashino Bank, Ltd.							
3-B	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,200,000	0.97500% (Note2)	September 30, 2015	March 31, 2023	Full on maturity	Unsecured/ Unguaranteed
	Sumitomo Mitsui Trust Bank, Ltd.						
	Mizuho Bank, Ltd.						
	Resona Bank, Ltd.						
	Mizuho Trust & Banking Co., Ltd.						
Mitsubishi UFJ Trust and Banking Corporation							
3-C	Development Bank of Japan Inc.	1,500,000	0.99438% (Note3)	September 30, 2015	March 31, 2023	Full on maturity	Unsecured/ Unguaranteed

(Note 1) The repayment date will be the following business day in case such date falls on a day that is not a business day or the preceding business day in case such date falls in the next calendar month.

(Note 2) These borrowings are floating interest rates. However, we have entered into interest rate swap agreements to hedge the risks of interest rate volatility. These rates are the interest rates including the effect of the swaps (i.e., fixed interest rates).

(Note 3) These borrowings are fixed rates.

(Note 4) As for Series 1-H, there was no balance as of September 30, 2015 as it was prepaid in full on March 16, 2015. The repayment of Series 1-H was funded by net proceeds from the sale of new investment units through a third-party allotment with a March 11, 2015 payment date and cash on hands. As for Series 2-A, there was no balance as of September 30, 2015 because it was prepaid in full on September 30, 2015 using the proceeds of the Series 3-A, 3-B and 3-C borrowings.

As a result, the average remaining years to maturity is 5.5 years, the weighted average interest rate is 0.87%, the long-term debt ratio is 94.8% and the LTV ratio (note), is 40.6%.

(Note) The LTV ratio, or loan-to-value ratio, is the ratio of the total amount of borrowings, corporate bonds and tenant leasehold and security deposits (net of amounts reserved for return of tenant leasehold and security deposits), to the total assets minus amounts reserved for return of tenant leasehold and security deposits.

(Credit ratings)

The status of the credit ratings as of September 30, 2015 is as follows:

Credit Rating Agency	Details of the Ratings	
Japan Credit Rating Agency, Ltd. (JCR)	Long-Term Issuer Rating	A (Outlook: Stable)

iv) Results of Operations

For this period, revenue was 5,103 million yen, operating income was 2,463 million yen, ordinary income was 1,939 million yen and net income was 1,933 million yen.

Furthermore, in accordance with the distribution policy in the KRR Articles of Incorporation, the distribution for the fiscal period was 1,933,200,500 yen, which is an integral multiple of 260,750, the number of investment units outstanding at the end of the fiscal period and does not exceed the unappropriated retained earnings of the fiscal period. Cash distributions are paid out to the application of Article 67-15 of the Special Taxation Measures Law (Law No. 26 of 1957, including subsequent amendments). Consequently, the distribution per unit was 7,414 yen.

(Outlook)

i) Outlook for Asset Management

The Japanese economy is expected to continue to recover at a moderate pace owing to increasing corporate earnings and other positive factors. However, we should pay attention to uncertainties about the overseas economy regarding the direction of U.S. financial policies, the health of emerging economies and other events.

As for Japan's retail sector environment, household sentiment is recovering with the improvement in employment condition and rising wages, as well as the economic stimulus measures by the government. As a result, the negative effects of the April 2014 consumption tax hike are expected to weaken.

In the real estate trading market, we anticipate the high level of transaction volume to continue because of the strong appetite of J-REIT and other investors to acquire properties. The Bank of Japan's aggressive monetary easing measures will help provide continuous supply of adequate funds in the real estate market. However, investors should also keep in mind the risk of rise in interest rates in the future.

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

(A) Investment Strategy for New Properties and Disposition Policy

We receive a variety of support from many sources in order to achieve the steady growth of our assets and increase the value of our assets. One source is the Kenedix Group, including Kenedix, Inc., the parent company of KFM (note). We also receive support from our Alliance Companies: Sumitomo Mitsui Finance and Leasing Co., Ltd., Nippon Commercial Development Co., Ltd., 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, its location, the property's profitability and the tenant mix. By using this selection process results, we invest in retail properties with a competitive edge, and good prospects for consistent rental revenue and growth in asset value. We also invest in land ownership interests underlying retail properties. While many of the land-only properties are selected from the "JINUSHI BUSINESS" portfolio held by Nippon Commercial Development Co., Ltd. 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 warehousing properties, provided that we are given an opportunity to acquire them in the future.

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

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

(B) Management Strategy for Existing Properties

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

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

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

"One-stop" asset management and property management services

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

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

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

Pursuit of internal growth through management of retail properties

KRR seeks to use the proper management of retail properties to achieve the goals of consistent revenue, higher

profitability and growth in asset value.

i. Effectively utilize capital expenditure

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

ii. Optimize tenant mix

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

iii. Realize growth in asset value by pursuing property expansions

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

(Note) The underutilized space is defined as the area that is calculated by multiplying the floor space ratio, or the ratio of total area of the building to the site area, which is prescribed in Article 52 of the Building Standards Act and applied to each retail property in accordance with the Building Standards Act, City Planning Act and other laws and regulations, by the land area that is allowed to be used as a retail property site, and subtracting from this figure the actual gross floor area of the building.

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

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

(C) Financing

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

(D) Disclosure of Information

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

(E) Conflicts of Interest

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

(F) Important Subsequent Events

Issuance of new investment units

KRR passed resolutions at the Board of Directors Meeting held on August 27, 2015 and September 15, 2015, to issue new investment units to fund the acquisition of specified assets. Payments for the issuance of new investment units through public offering and through third-party allotment have been completed on October 1, 2015 and October 21, 2015, respectively. KRR used the net proceeds through third-party allotment for the partial repayment, 1,200,000 thousand yen, of short-term borrowings.

As a result, unitholders' capital totaled 77,606,649,500 yen and total number of investment units issued and outstanding increased to 355,250 as of October 21, 2015.

Issuance of new investment units through public offerings

Total number of units issued	88,750 units (Domestic 50,950 units, International 37,800 units)
Issue price (offer price)	216,543 yen per unit
Total amount of issue price (total offer price)	19,218,191,250 yen
Paid-in amount (issue amount)	208,991 yen per unit
Total paid-in amount (total issue amount)	18,547,951,250 yen
Payment date	October 1, 2015

Issuance of new investment units through third-party allotment

Total number of units issued	5,750 units
Paid-in amount (issue amount)	208,991 yen per unit
Total paid-in amount (total issue amount)	1,201,698,250 yen
Payment date	October 21, 2015
Allottee	SMBC Nikko Securities Inc.

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

KRR acquired 13 assets (acquisition price of 37,920 million yen) on October 2, 2015.

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

Property number	Property type	Property name	Location	Seller	Acquisition price (million yen)	Appraisal value (million yen)	Acquisition date
T-9	NSC	Super Viva Home Iwatsuki (Land)	Saitama, Saitama	Sumitomo Mitsui Finance and Leasing Co., Ltd.	4,815	5,210	October 2, 2015
T-10	SS	K's Denki Shonan-Fujisawa (Land)	Fujisawa, Kanagawa	Sumitomo Mitsui Finance and Leasing Co., Ltd.	3,169	3,410	October 2, 2015
T-11	NSC	Unicus Kamisato (Land)	Kodamagun, Saitama	P&D Consulting Co., Ltd.	3,000	3,010	October 2, 2015
T-12	NSC	Unicus Konosu (Land)	Konosu, Saitama	P&D Consulting Co., Ltd.	1,700	1,730	October 2, 2015
T-13	SM	Inageya Yokohama Minamihonjuku (Land)	Yokohama, Kanagawa	Nippon Commercial Development Co., Ltd.	1,442	1,460	October 2, 2015
T-14	SM	Gourmet City Chiba-Chuo	Chiba, Chiba	G.K. Properties 1	760	780	October 2, 2015
O-5	Urban Station-Front SC	Carino Esaka	Suita, Osaka	JRP4 G.K.	6,555	6,580	October 2, 2015
O-6	Urban Station-Front SC	COMBOX Komyoike	Izumi, Osaka	JRP5 G.K.	6,450	6,840	October 2, 2015
O-7	SM	Hankyu Oasis Hirakatadeguchi	Hirakata, Osaka	G.K. Properties 1	1,280	1,290	October 2, 2015
O-8	SS	Welcia Kishiwadakamori (Land)	Kishiwada, Osaka	Nippon Commercial Development Co., Ltd.	487	500	October 2, 2015
R-4	NSC	Ashico Town Ashikaga	Ashikaga, Tochigi	G.K. JPN1	4,180	5,050	October 2, 2015
R-5	NSC	Yorktown Shinden-Higashi	Sendai, Miyagi	Undisclosed (Note)	3,252	3,320	October 2, 2015
R-6	SM	Kasumi Technopark Sakura	Tsukuba, Ibaraki	Undisclosed (Note)	830	847	October 2, 2015
Total			—	—	37,920	40,027	—

(Note) We have not obtained the seller's consent.

(B) Asset under construction

A new building with 2,641.48m² gross floor area (hereinafter the “secondhand shop building”) is under construction on the underutilized site of Roseo Mito, a property owned by KRR. KRR expects the total construction cost for the secondhand shop building to be 371 million yen and plans to complete the construction by late November 2015.

(C) Financing

KRR borrowed funds for the acquisition on October 2, 2015.

Series	Lender	Amount (in thousands of yen)	Interest rate	Drawdown date	Repayment date (Note 1)	Repayment method	Remarks
4-A	Sumitomo Mitsui Banking Corporation	2,050,000	JBA 1-month Japanese Yen TIBOR+0.50%	October 2, 2015	October 2, 2016	Full on maturity	Unsecured/ Unguaranteed
4-B	Sumitomo Mitsui Banking Corporation	3,450,000	0.54510% (Note2)	October 2, 2015	March 31, 2019	Full on maturity	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
	Sumitomo Mitsui Trust Bank, Ltd.						
	Resona Bank, Ltd.						
4-C	Mitsubishi UFJ Trust and Banking Corporation	800,000	0.98675% (Note2)	October 2, 2015	March 31, 2023	Full on maturity	Unsecured/ Unguaranteed
	Resona Bank, Ltd.						
	The Musashino Bank, Ltd.						
4-D	Development Bank of Japan Inc.	1,500,000	1.01262% (Note3)	October 2, 2015	March 31, 2023	Full on maturity	Unsecured/ Unguaranteed
4-E	Sumitomo Mitsui Banking Corporation	7,000,000	1.11010% (Note2)	October 2, 2015	March 31, 2024	Full on maturity	Unsecured/ Unguaranteed
	Mizuho Bank, Ltd.						
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
	Mizuho Trust & Banking Co., Ltd.						
	Sumitomo Mitsui Trust Bank, Ltd.						
4-F	Sumitomo Mitsui Banking Corporation	1,900,000	1.24300% (Note2)	October 2, 2015	April 16, 2025	Full on maturity	Unsecured/ Unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.						
4-G (Note4)	Sumitomo Mitsui Banking Corporation	3,650,000	JBA 1-month Japanese Yen TIBOR+0.50%	October 2, 2015	October 2, 2016	Full on maturity	Unsecured/ Unguaranteed

(Note 1) The repayment date will be the following business day in case such date falls on a day that is not a business day or the preceding business day in case such date falls in the next calendar month.

(Note 2) These borrowings are floating interest rates. However, we have entered into interest rate swap agreements to hedge the risks of interest rate volatility. These rates are the interest rates including the effect of the swaps (i.e., fixed interest rates).

(Note 3) These borrowings are fixed interest rates.

(Note 4) As for Series 4-G, amount outstanding as of October 30, 2015 is 2,450 million yen as it was prepaid by 1,200 million yen on October 30, 2015. The repayment of Series 4-G was funded by net proceeds from the sale of new investment units through a third-party allotment with a October 21, 2015 payment date and cash on hands.

ii) Forecasts of Operating Results (Earnings)

For the fiscal period ending March 31, 2016 (From October 1, 2015 to March 31, 2016) and the fiscal period ending September 30, 2016 (From April 1, 2016 to September 30, 2016), the forecasts of financial results are estimated as set forth below.

Fiscal period ending March 31, 2016

Operating revenues	¥5,522 million
Operating Income	¥2,769 million
Ordinary income	¥2,343 million
Net Income	¥2,342 million
Distributions per unit	¥6,605
Of the above, distributions in excess of earnings	¥13

Fiscal period ending September 30, 2016

Operating revenues	¥5,577 million
Operating Income	¥2,385 million
Ordinary income	¥1,969 million
Net Income	¥1,968 million
Distributions per unit	¥5,555
Of the above, distributions in excess of earnings	¥15

Please refer to “Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending March 31, 2016 and September 30, 2016” set forth below for information on current assumptions for the forecasts of operating results.

After the end of the first fiscal period, KRR issued new units, made new borrowings and acquired properties. Accordingly, KRR has updated the “Forecasts of Financial Results and Distributions for the Fiscal Periods Ending September 30, 2015 and March 31, 2016, and the Forecast of Financial Results and Distributions for the Fiscal Period Ending September 30, 2016” released on August 27, 2015, but there are no changes in the forecast figures.

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

Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending March 31, 2016 and September 30, 2016

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> The 2nd fiscal period: October 1, 2015 to March 31, 2016 (183 days) The 3rd fiscal period: April 1, 2016 to September 30, 2016 (183 days)
Property portfolio	<ul style="list-style-type: none"> It is assumed that there will be no changes (any acquisition of new properties or any sale of existing properties, etc.) in property portfolio of 32 assets, which are 19 existing assets (the “existing assets”) and 13 assets acquired on October 2, 2015 (the “assets acquired in the second fiscal period”), by the end of the fiscal period ending September 30, 2016. The actual property portfolio may change due to the acquisition of new properties other than assets acquired in the second fiscal period or the disposal of owned properties, etc.
Operating revenues	<ul style="list-style-type: none"> Operating revenues of the existing assets are based on leasing agreements as of September 30, 2015, trend of tenants, real estate market trends and other factors. Operating revenues of the assets acquired in the second fiscal period are based on its operating revenues calculated by the information provided by the sellers, leasing agreements as of September 30, 2015, trend of tenants, real estate market trends and other factors. Operating revenues are based on the assumption that there will be no rent in arrears or non-payments by the tenant.
Operating Expenses	<ul style="list-style-type: none"> Property-related operating expenses other than depreciation are calculated based on historic data, etc. and these costs reflect fluctuations in the costs, including leasing costs based on the leasing agreements. Depreciation expenses of 555 million yen, and 566 million yen are assumed for the fiscal periods ending March 31, 2016 and September 30, 2016 respectively, using the straight-line depreciation method. When a property is sold, the purchaser of the property typically reimburses the seller, pursuant to the purchase agreement, for the pro rata portion of the property-related taxes that relates to the period from the acquisition date to the end of the calendar year in which the acquisition occurs. As is customary for property transactions in Japan and in accordance with Japanese GAAP, KRR intends to capitalize the portions of the real estate taxes on the assets acquired, and not expensed in the fiscal period ending September 30, 2015, when the acquisition occurs. In addition, they are not expensed in the fiscal period ending March 31, 2016 because the amount to be expensed for such costs may not be decided by March 31, 2016. Accordingly,

Item	Assumptions
	<p>such costs for the existing assets and the assets acquired in the second fiscal period are not expensed for the fiscal periods ending March 31, 2016. 478 million yen of property related tax is expected to be expensed in the fiscal period ending September 30, 2016.</p> <ul style="list-style-type: none"> • With respect to building repair expenses, the amount assumed to be necessary for each property is based on the repair plan of KFM for each fiscal period. However, repair expenses may be substantially different from the expected amount due to certain unexpected factors.
Non-operating expenses	<ul style="list-style-type: none"> • The offering-related costs will be amortized using the straight-line method over 3years. Together with the amortization of initial start-up costs, the related costs are assumed to be 61 million yen and 61 million yen for the fiscal periods ending March 31, 2016, and September 30, 2016, respectively. • For interest expenses and other debt-related costs, 335 million yen and 334 million yen are expected for the fiscal periods ending March 31, 2016, and September 30, 2016, respectively.
Borrowings	<ul style="list-style-type: none"> • As of today, We have outstanding balance of 57,500 million yen in borrowings. • The LTV ratio is expected to be 42.8% and 42.9% at the end of the period ending March 31, 2016 and September 30, 2016, respectively. (rounded to the nearest tenth) • The LTV ratio has been calculated according to the following formula: $\text{LTV ratio} = \frac{\text{Borrowings} + \text{Corporate bonds} + \text{Tenant leasehold and security deposits} - \text{Amounts reserved for return of tenant leasehold and security deposits}}{\text{Total assets} - \text{Amounts reserved for return of tenant leasehold and security deposits}}$
Investment units	<ul style="list-style-type: none"> • The forecasts are based on our assumption of 355,250 units issued as of today. It is assumed that there will be no changes in the number of investment units due to the new issuance of units until the end of the fiscal period ending September 30, 2016.
Distributions per unit (excluding excess of earnings per unit)	<ul style="list-style-type: none"> • Distributions per unit (excluding excess of earnings per unit) are calculated in accordance with the distribution policy outlined in our Articles of Incorporation. • Actual distributions per unit (excluding excess of earnings per unit) may fluctuate due to various factors including movements in investment assets, fluctuations in rental revenues caused by tenant replacements, or unexpected repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • We expects to record Allowance for Temporary Adjustment (ATA) to adjust the temporary differences between treatment of certain transactions under Japanese GAAP and Japanese tax laws in relation to Sunny Noma, which results from the depreciation of fixed term land lease right for business purposes, the expensed interest from asset retirement obligations and deprecation of buildings, during the relevant period (30 years starting from March 16, 2007). • KRR has a policy to distribute the amount of increase in ATA, in excess of its earnings. Distributions in excess of earnings is expected to be 13 yen per unit and 15 yen per unit in the periods ending March 31, 2016 and September 30, 2016, respectively.
Other	<ul style="list-style-type: none"> • Forecasts are based on the assumption that there will be no amendments to the law, taxation system, accounting standards, public listing regulations, requirements of the Investment Trusts Association, Japan, etc. that may affect the aforementioned forecast figures. • Forecasts are based on the assumption that there will be no unexpected. Significant changes in general economic trends and real estate market trends or other conditions.

iii) Risk Factors

There are no significant changes to the “Investment Risks” in described in the Securities Registration Statement (submitted on August 27, 2015; prepared in Japanese only), the disclosure is omitted.

3. Financial Statements

(1) Balance Sheet

	(in thousands of yen)
	Reporting Period
	(As of September 30, 2015)
Assets	
Current assets	
Cash and deposits	3,950,551
Cash and deposits in trust	7,829,874
Operating accounts receivable	163,767
Prepaid expenses	16,763
Consumption taxes receivable	2,071,748
Other	10,783
Total current assets	<u>14,043,489</u>
Non-current assets	
Property, plant and equipment	
Construction in progress	96,745
Buildings in trust	25,766,439
Accumulated depreciation	(518,285)
Buildings in trust, net	*1 <u>25,248,154</u>
Structures in trust	1,118,727
Accumulated depreciation	(35,074)
Structures in trust, net	*1 <u>1,083,653</u>
Machinery and equipment in trust	29,194
Accumulated depreciation	(869)
Machinery and equipment in trust, net	<u>28,324</u>
Tools, furniture and fixtures in trust	26,211
Accumulated depreciation	(1,231)
Tools, furniture and fixtures in trust, net	<u>24,979</u>
Land in trust	*1 <u>66,910,436</u>
Construction in progress in trust	<u>12,025</u>
Total property, plant and equipment, net	<u>93,404,319</u>
Intangible assets	
Leasehold right in trust	171,078
Other	2,445
Total intangible assets	<u>173,523</u>
Investments and other assets	
Lease and guarantee deposits	10,000
Lease and guarantee deposits in trust	5,320
Long-term prepaid expenses	418,520
Long-term deposits	124,960
Total investments and other assets	<u>558,800</u>
Total non-current assets	<u>94,136,642</u>
Deferred assets	
Deferred organization expenses	40,501
Investment unit issuance costs	161,506
Total deferred assets	<u>202,008</u>
Total assets	<u>108,382,141</u>

(in thousands of yen)

	Reporting Period	
	(As of September 30, 2015)	
Liabilities		
Current liabilities		
Operating accounts payable		330,055
Short-term loans payable		2,000,000
Accounts payable-other		257,854
Accrued expenses		3,412
Income taxes payable		6,321
Advances received		518,706
Deposits received		359,954
Total current liabilities		<u>3,476,305</u>
Non-current liabilities		
Long-term loans payable		36,350,000
Tenant leasehold and security deposits		20,000
Tenant leasehold and security deposits in trust	*1	8,722,663
Asset retirement obligations		22,901
Total non-current liabilities		<u>45,115,565</u>
Total liabilities		<u>48,591,870</u>
Net assets		
Unitholders' equity		
Unitholders' capital		57,857,000
Surplus		
Unappropriated retained earnings		1,933,270
Total surplus		<u>1,933,270</u>
Total unitholders' equity		<u>59,790,270</u>
Total net assets	*2	<u>59,790,270</u>
Total liabilities and net assets		<u>108,382,141</u>

(2) Statement of Income and Retained Earnings

		(in thousands of yen)
		Reporting Period
		(From October 3, 2014 to September 30, 2015)
Operating revenues		
Rent revenue-real estate	*1	4,128,035
Other lease business revenue	*1	975,033
Total operating revenues		<u>5,103,069</u>
Operating expenses		
Expenses related to rent business	*1	2,246,179
Asset management fees		313,577
Asset custody fees		5,761
Administrative service fees		20,258
Directors' compensation		8,931
Other operating expenses		45,112
Total operating expenses		<u>2,639,820</u>
Operating income		<u>2,463,248</u>
Non-operating income		
Interest income		1,071
Total non-operating income		<u>1,071</u>
Non-operating expenses		
Interest expenses		208,576
Financing-related expenses		262,279
Amortization of deferred organization expenses		10,049
Amortization of investment unit issuance costs		43,605
Total non-operating expenses		<u>524,510</u>
Ordinary income		<u>1,939,809</u>
Income before income taxes		<u>1,939,809</u>
Income taxes		
Current		6,539
Total income taxes		<u>6,539</u>
Net income		<u>1,933,270</u>
Unappropriated retained earnings		<u>1,933,270</u>

(3) Statement of Changes in Net Assets

Reporting Period (From October 3, 2014 to September 30, 2015)

(in thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of the period	—	—	—	—	—
Changes of items during the period					
Issuance of new investment units	57,857,000			57,857,000	57,857,000
Net income		1,933,270	1,933,270	1,933,270	1,933,270
Total changes of items during the period	57,857,000	1,933,270	1,933,270	59,790,270	59,790,270
Balance at the end of the period	*1 57,857,000	1,933,270	1,933,270	59,790,270	59,790,270

(4) Statement of Cash Distributions

(yen)

	Reporting Period (From October 3, 2014 to September 30, 2015)
I. Retained earnings at the end of period	1,933,270,617
II. Total distributions	1,933,200,500
(Distribution per unit)	(7,414)
III. Retained earnings brought forward to the next period	70,117
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 ¥1,933,200,500 which is the maximum integral multiple of 260,750 units issued and outstanding as the distribution of earnings. Procedures for the distribution of amounts exceeding distributable income are outlined in Article 39-2 of KRR's Articles of Incorporation. In the first fiscal period, KRR has decided not to distribute cash in excess of distributable profit.

(5) Statement of Cash Flows

	(in thousands of yen)
	Reporting Period
	(From October 3, 2014 to September 30, 2015)
Net cash provided by (used in) operating activities	
Income before income taxes	1,939,809
Depreciation and amortization	561,321
Amortization of deferred organization expenses	10,049
Amortization of investment unit issuance costs	43,605
Interest income	(1,071)
Interest expenses	208,576
Decrease (increase) in operating accounts receivable	(163,767)
Decrease (increase) in consumption taxes refund receivable	(2,071,748)
Decrease (increase) in prepaid expenses	(16,763)
Increase (decrease) in operating accounts payable	304,096
Increase (decrease) in accounts payable-other	257,854
Increase (decrease) in advances received	518,706
Increase (decrease) in deposits received	359,954
Decrease (increase) in long-term prepaid expenses	(418,520)
Decrease (increase) in long-term deposits	(124,960)
Payments of deferred organization expenses	(50,551)
Subtotal	<u>1,356,591</u>
Interest income received	1,071
Interest expenses paid	(205,164)
Income taxes paid	(217)
Net cash provided by (used in) operating activities	<u>1,152,280</u>
Net cash provided by (used in) investing activities	
Purchase of property, plant and equipment	(96,745)
Purchase of property, plant and equipment in trust	(93,814,364)
Purchase of intangible assets	(2,809)
Purchase of intangible assets in trust	(176,383)
Payments for lease and guarantee deposits	(10,000)
Payments for lease and guarantee deposits in trust	(5,320)
Proceeds of tenant leasehold and security deposits	20,000
Repayments of tenant leasehold and security deposits in trust	(393,751)
Proceeds from tenant leasehold and security deposits in trust	9,116,415
Payments of restricted bank deposits in trust	(3,917,992)
Proceeds from restricted bank deposits in trust	287,569
Net cash provided by (used in) investing activities	<u>(88,993,382)</u>
Net cash provided by (used in) financing activities	
Increase in short-term loans payable	10,222,500
Decrease in short-term loans payable	(8,222,500)
Proceeds from long-term loans payable	36,350,000
Proceeds from issuance of investment units	57,651,888
Other	(10,783)
Net cash provided by (used in) financing activities	<u>95,991,104</u>
Net increase (decrease) in cash and cash equivalents	<u>8,150,002</u>
Cash and cash equivalents at the beginning of period	—
Cash and cash equivalents at the end of period	<u>*1 8,150,002</u>

(6) Notes on Assumption of Going Concern

Not applicable

(7) Summary of Significant Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including trust assets) The straight-line method is applied. Useful lives of the assets ranging are as follows: Buildings: 2 to 64 years Structures: 8 to 59 years Machinery and equipment: 10 to 25 years Tools, furniture and fixtures: 5 to 10 years</p> <p>(2) Intangible assets (including trust assets) The straight-line method is applied.</p> <p>(3) Long-term prepaid expenses The straight-line method is applied.</p>
2. Accounting for deferred assets	<p>(1) Deferred organization expenses Deferred organization expenses are amortized over a period of 5 years under the straight-line method.</p> <p>(2) Unit issuance costs Unit issuance costs are amortized over a period of 3 years under the straight-line method.</p>
3. Accounting for revenues and expenses	<p>Accounting for property-related taxes Property-related taxes including property taxes, city planning taxes and depreciable property taxes are imposed on properties on a calendar year basis. These taxes are generally charged to operating expenses for the period, for the portion of such taxes corresponding to said period. Under Japanese tax regulations, the seller of the property is liable for these taxes on the property from the date of disposal to the end of the calendar year in which the property is disposed. The seller, however, is reimbursed by the purchaser for these accrued property-related tax liabilities. 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 ¥600,480 thousand as of September 30, 2015.</p>
4. Method of hedge accounting	<p>(1) Hedge accounting method Deferral hedge accounting is applied. However, the special treatment is applied for the interest-rate swap agreements that meet the criteria for special treatment.</p> <p>(2) Hedging instruments and hedged items Hedge instruments Interest-rate swap transactions Hedged items Interest payments on debts</p> <p>(3) Hedging policy KRR enters into derivative transactions based on its risk management policies with the objective of hedging risks provided in its Articles of Incorporation.</p> <p>(4) Method of assessing the effectiveness of hedging The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p>
5. Scope of cash and cash equivalents on statement of cash flows	<p>Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments which are highly liquid, readily convertible to cash and with insignificant risk of market value fluctuation, with maturities of three months or less from the date of purchase.</p>
6. Other significant accounting policies for the preparation of financial statements	<p>(1) Accounting method for trust beneficiary interests in real estate and other assets The assets and liabilities as well as revenues and expenses of financial assets held in the form of trust beneficiary interests in real estate and other assets are recorded in full in KRR's balance sheet and statement of income and retained earnings. Of the assets in trust accounted for under the respective account items, the following significant items are separately indicated on the balance sheet. 1. Cash and deposits in trust 2. Buildings in trust, structures in trust, machinery and equipment in trust, tools, furniture and fixtures in trust, land in trust, construction in progress in trust 3. Leasehold right in trust 4. Lease and guarantee deposits in trust 5. Tenant leasehold and security deposits in trust</p> <p>(2) Accounting method for consumption taxes Consumption taxes are separately recorded. Non-deductible consumption taxes applicable to the acquisition of assets are included in the cost of acquisition for each asset.</p>

(8) Notes to Financial Statements

(Notes to Balance Sheet)

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

(in thousands of yen)	
Assets pledged as collateral	Reporting Period As of September 30, 2015
Buildings in trust	2,475,636
Structures in trust	48,748
Land in trust	6,595,863
Total	9,120,248
Secured liabilities	Reporting Period As of September 30, 2015
Tenant leasehold and security deposits in trust	3,630,423
Total	3,630,423

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

(in thousands of yen)	
Reporting Period As of September 30, 2015	
	50,000

(Notes to Statement of Income and Retained Earnings)

* 1. Breakdown of real estate rental revenues and expenses

(in thousands of yen)	
	Reporting Period From October 3, 2014 to September 30, 2015
A. Rental and other operating revenues:	
Rent revenue-real estate:	
Rental revenues	3,643,804
Rental revenues from limited proprietary rights of land	220,680
Common area charges	263,549
Subtotal	4,128,035
Other lease business revenue:	
Parking space rental revenues	126,629
Utility charge reimbursement	500,044
Miscellaneous	348,360
Subtotal	975,033
Total rental and other operating revenues	5,103,069
B. Property-related expenses:	
Expenses related to rent business:	
Property management fees and facility management fees	655,263
Utilities	548,099
Taxes	1,280
Repairs and maintenance	144,732
Insurance	9,662
Trust fees	12,214
Depreciation	560,957
Others	313,968
Total property-related expenses	2,246,179
C. Net operating income from real estate rental business (A-B)	2,856,889

(Notes to Statement of Changes in Net Assets)

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

	Reporting Period From October 3, 2014 to September 30, 2015
Total number of authorized investment units	5,000,000 units
Total number of investment units issued and outstanding	260,750 units

(Notes to Statement of Cash Flows)

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

	(in thousands of yen)
	Reporting Period As of September 30, 2015
Cash and deposits	3,950,551
Cash and deposits in trust	7,829,874
Restricted bank deposits in trust (Note)	(3,630,423)
Cash and cash equivalents	8,150,002

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

(Notes to Lease Transactions)

Operating lease transactions (Lessee)

Future minimum lease payments

	(in thousands of yen)
	Reporting Period As of September 30, 2015
Due in 1 year	10,500
Due after 1 year	214,798
Total	225,298

Operating lease transactions (Lessor)

Future minimum lease income

	(in thousands of yen)
	Reporting Period As of September 30, 2015
Due in 1 year	2,080,978
Due after 1 year	17,941,367
Total	20,022,345

(Notes to the Financial Instruments)

1. Matters regarding status of financial instruments

(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 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.

Borrowings, which are made 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 7 months as of September 30, 2015, the end of the first fiscal period, are exposed to liquidity risk where alternative funds may not be procured by the repayment date. Also, borrowings 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 borrowings.

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 borrowings with floating rates are exposed to interest rate volatility risk, such risk is monitored by adjusting the rate of the balance of borrowings with floating rates against the total borrowings 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 borrowings are subject to liquidity risk, KRR reduces such risk by spreading out payment due dates and by diversifying financial institutions. Liquidity risk is also managed by such means as regularly checking the balance of cash reserves.

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

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

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

2. Matters regarding fair value, etc. of financial instruments

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

Reporting Period

As of September 30, 2015

(in thousands of yen)

	Carrying amount	Estimated fair value	Difference
(1) Cash and deposits	3,950,551	3,950,551	—
(2) Cash and deposits in trust	7,829,874	7,829,874	—
Total	11,780,426	11,780,426	—
(1) Short-term loans payable	2,000,000	2,000,000	—
(2) Long-term loans payable	36,350,000	35,739,489	(610,510)
(3) Tenant leasehold and security deposits in trust	3,344,264	3,376,087	31,823
Total	41,694,264	41,115,576	(578,687)
Derivative transactions	—	—	—

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

Assets

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

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

Liabilities

(1) Short-term loans payable

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

(2) 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 of the same type.)

(3) Tenant leasehold and security deposits in trust

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

Derivative transactions

Please refer to “Notes to Derivative Transactions”.

Note2: Financial instruments whose fair values are difficult to determine

(in thousands of yen)

Classification	Reporting Period As of September 30, 2015
Tenant leasehold and security deposits	20,000
Tenant leasehold and security deposits in trust	5,378,399
Total	5,398,399

The above are not publicly traded, and it is difficult to determine their fair value based on estimated future cash flows because the repayment dates of those deposits are not certain. Therefore, these financial instruments are not included in the above quantitative information.

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

Reporting Period

As of September 30, 2015

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Cash and deposits	3,950,551	—	—	—	—	—
Cash and deposits in trust	7,829,874	—	—	—	—	—
Total	11,780,426	—	—	—	—	—

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

Reporting Period

As of September 30, 2015

(in thousands of yen)

	Due in 1 year or less	Due after 1 year through 2 years	Due after 2 years through 3 years	Due after 3 years through 4 years	Due after 4 years through 5 years	Due after 5 years
Short-term loans payable	2,000,000	—	—	—	—	—
Long-term loans payable	—	—	3,850,000	2,200,000	7,000,000	23,300,000
Tenant leasehold and security deposits in trust	421,435	421,435	421,435	421,435	421,435	842,870
Total	2,421,435	421,435	4,271,435	2,621,435	7,421,435	24,142,870

(Notes to Derivative Transactions)

(1) Transactions not subject to hedge accounting

Reporting Period (As of September 30, 2015): Not applicable

(2) Transactions subject to hedge accounting

Reporting Period

As of September 30, 2015

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		
Special treatment of interest-rate swaps	Interest rate swap transaction: Receive/floating and pay/fixed	Long-term loans payable	31,750,000	31,750,000	*	—

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

(Notes to the Related-Party Transactions)

1. Parent Company, major corporate unitholders and other

Reporting Period (October 3, 2014 to September 30, 2015): Not applicable

2. Affiliated companies and other

Reporting Period (October 3, 2014 to September 30, 2015): Not applicable

3. Fellow subsidiary companies and other

Reporting Period (October 3, 2014 to September 30, 2015): Not applicable

4. Directors, major individual unitholders and other

Reporting Period (October 3, 2014 to September 30, 2015): Not applicable

(Notes to the Tax-Effect Accounting)

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

	(in thousands of yen)
	Reporting Period
	As of September 30, 2015
Deferred tax assets:	
Enterprise tax payable	360
Amortization of leasehold right in trust	1,713
Depreciation	391
Asset retirement obligations	7,399
Subtotal deferred tax assets	9,866
Valuation allowance	(9,866)
Total deferred tax assets	—

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

	(unit: %)
	Reporting Period
	As of September 30, 2015
Statutory tax rate	37.11
Deductible cash distributions	(36.98)
Others	0.21
Effective tax rate	0.34

(Notes to Asset Retirement Obligations)

Asset retirement obligations reported on balance sheet

1. Summary of the asset retirement obligations

KRR has booked asset retirement obligations as it has original state restoration obligations in the fixed-term business-purpose land leasehold agreement accompanying regarding 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% and with the period of use from the date of acquisition to the completion of the agreement of 22 years and two months.

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

	(in thousands of yen)
	Reporting Period
	From October 3, 2014
	to September 30, 2015
Balance at the beginning of the period	—
Increase due to acquisition of properties	22,711
Adjustment for passage of time	190
Balance at the end of the period	22,901

(Notes to the Segment Information)

(Segment information)

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

(Related information)

Reporting Period (From October 3, 2014 to September 30, 2015)

1. Information about each product and service

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

2. Information about each geographic area

(1) Net sales

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

(2) Property, plant and equipment

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

3. Information about each major customer

Disclosure is omitted because net sales to a single external customer account for less than 10% of the operating revenue on the statement of income and retained earnings.

(Notes to Investment and Rental Properties)

KRR owns retail properties for rental purposes mainly in the four major metropolitan areas and other regional areas.

The book value and fair value concerning the above real estate for rental purposes are as follows.

(in thousands of yen)

		Reporting Period From October 3, 2014 to September 30, 2015
Book value		
	Balance at the beginning of the period	—
	Changes during the period	93,575,397
	Balance at the end of the period	93,575,397
Fair value at the end of the period		95,706,000

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

Note 2: Among changes in the amount of real estate for rental purposes that occurred during the reporting period, principal increases were the acquisition of real estate trust beneficiary interests in 19 properties totaling ¥93,873,555 thousand and the principal decrease was depreciation amounting to ¥560,766 thousand.

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

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

(Notes to Per Unit Information)

	Reporting Period From October 3, 2014 to September 30, 2015
Net asset value per unit	¥229,301
Net income per unit	¥11,515 (¥7,434)

Note1: Net income per unit is calculated by dividing net income by the day-weighted average number of investment units outstanding during the period (167,878 units). The figure in brackets shows net income per unit based on the day-weighted average number of investment units outstanding during the period (260,034 units) assuming the beginning date of the fiscal period is February 10, 2015, the day that the asset management actually started.

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

	Reporting Period From October 3, 2014 to September 30, 2015
Net income (in thousands of yen)	1,933,270
Net income not available to ordinary unitholders (in thousands of yen)	—
Net income available to ordinary unitholders (in thousands of yen)	1,933,270
Weighted average number of units during the period (units)	167,878

(Notes to Significant Subsequent Events)**Issuance of new investment units**

KRR passed resolutions at the Board of Directors Meeting held on August 27, 2015 and September 15, 2015, to issue new investment units to fund the acquisition of specified assets. Payments for the issuance of new investment units through public offering and through third-party allotment have been completed on October 1, 2015 and October 21, 2015, respectively. KRR used the net proceeds through third-party allotment for the partial repayment, 1,200,000 thousand yen, of short-term borrowings.

As a result, unitholders' capital totaled 77,606,649,500 yen and total number of investment units issued and outstanding increased to 355,250 as of October 21, 2015.

Issuance of new investment units through public offerings

Total number of units issued	88,750 units (Domestic 50,950 units, International 37,800 units)
Issue price (offer price)	216,543 yen per unit
Total amount of issue price (total offer price)	19,218,191,250 yen
Paid-in amount (issue amount)	208,991 yen per unit
Total paid-in amount (total issue amount)	18,547,951,250 yen
Payment date	October 1, 2015

Issuance of new investment units through third-party allotment

Total number of units issued	5,750 units
Paid-in amount (issue amount)	208,991 yen per unit
Total paid-in amount (total issue amount)	1,201,698,250 yen
Payment date	October 21, 2015
Allottee	SMBC Nikko Securities Inc.

(Omission of Disclosure)

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

(9) Movements in Investment Units Issued and Outstanding

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

Date	Type of issue	Total Number of Units Issued and Outstanding (units)		Unitholders' Capital (in million yen)		Notes
		Increase	Balance	Increase	Balance	
October 3, 2014	Private placement for incorporation	750	750	150	150	(Note 1)
February 9, 2015	Public offering	254,250	255,000	56,430	56,580	(Note 2)
March 11, 2015	Capital increase through third-party allocation	5,750	260,750	1,276	57,857	(Note 3)

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

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

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

4. Resignation/Appointment of the Directors

- (1) Resignation/Appointment of the Director of the Investment Corporation
Not applicable
- (2) Resignation/Appointment of the Director of the Asset Management Company
Not applicable

5. Reference Information

(1) Component of Assets

Type of Specified Asset	Property type	Areas (Note 1)	First fiscal period as of September 30, 2015	
			Total Amount Held (Millions of Yen) (Note 2)	Ratio (%) (Note 3)
Trust Beneficiary Interest in Real Estate	Neighborhood, community and other shopping centers for daily needs	Tokyo metropolitan area	49,405	45.6
		Greater Osaka area	24,898	23.0
		Greater Nagoya area	5,458	5.0
		Fukuoka area	1,527	1.4
	Tokureishi and other areas	12,188	11.2	
	Other retail properties	—	—	—
Total of Trust Beneficiary Interests in Real Estate			93,478	86.2
Bank Deposits and Other Assets			14,903	13.8
Total Assets			108,382	100.0

	First fiscal period as of September 30, 2015	
	Amount (Millions of Yen)	Ratio (%) (Note 3)
Total Liabilities (Note 4)	48,591	44.8
Total Net Assets (Note 4)	59,790	55.2
Total Assets	108,382	100.0

Note1: "Areas" are categorized to the Tokyo metropolitan area, the Greater Osaka area, the Greater Nagoya area, the Fukuoka area and Tokureishi 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. "Tokureishi and other areas" refers to cities designated by government ordinance, which have a population of 200,000 persons or more, and to other area with a population of fewer than 200,000 persons, which we believe will have suitable customer traffic from surrounding area.

Note2: "Total Amount Held" is the amount allocated in the balance sheets as of September 30, 2015 (figures are on a net book value basis after deducting depreciation), and is rounded down to the nearest million.

Note3: "Ratio" is the ratio of the amount allocated in the balance sheets to the total assets rounded to the nearest tenth.

Note4: "Total Liabilities" and "Total Net Assets" are those on the balance sheets.

(2) Overview of the Portfolio

i) Overview of Assets Owned

The following summarizes the real estate or the real estate properties in trust owned by KRR as of September 30, 2015.

Property number	Property type (Note 1)	Property name	Location (City or Ward, Prefecture) (Note 2)	Ownership form	Book value (in millions)	Evaluation value (in millions) (Note 3)	Acquisition price (in millions)	Share (%) (Note 4)
T-1	CSC	Fululu Garden Yachiyo	Yachiyo, Chiba	Trust beneficiary interest in real estate	15,048	15,100	14,848	16.2
T-2	Urban Station-Front SC	MONA Shin-Urayasu	Urayasu, Chiba	Trust beneficiary interest in real estate	8,223	8,360	8,063	8.8
T-3	Urban Station-Front SC	Passaggio Nishiarai	Adachi ward, Tokyo	Trust beneficiary interest in real estate	5,964	6,200	5,850	6.4
T-4	Urban Station-Front SC	Daikanyama Address Dixsept	Shibuya ward, Tokyo	Trust beneficiary interest in real estate	5,454	5,450	5,390	5.9
T-5	NSC	Unicus Ina	Kitaadachi-gun, Saitama	Trust beneficiary interest in real estate	4,411	4,430	4,379	4.8
T-6	NSC	Yorktown Kita-Kaname	Hiratsuka, Kanagawa	Trust beneficiary interest in real estate	4,038	4,220	4,000	4.4
T-7	NSC	Unicus Yoshikawa	Yoshikawa, Saitama	Trust beneficiary interest in real estate	3,657	3,690	3,600	3.9
T-8	SS	Sports Club Renaissance Fujimidai	Nerima ward, Tokyo	Trust beneficiary interest in real estate	2,607	2,640	2,586	2.8
O-1	NSC	Blumer Maitamon	Kobe, Hyogo	Trust beneficiary interest in real estate	8,498	8,820	8,389	9.1
O-2	SM	Central Square Takadono (Land)	Osaka, Osaka	Trust beneficiary interest in real estate	2,727	2,870	2,685	2.9
O-3	NSC	Piago Kahma Home Center Omihachiman	Omihachiman, Shiga	Trust beneficiary interest in real estate	2,178	2,390	2,140	2.3
O-4	NSC	Blumer HAT Kobe	Kobe, Hyogo	Trust beneficiary interest in real estate	11,494	11,600	11,000	12.0
N-1	SS	Kahma Home Center Nakagawa Tomita (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	2,351	2,500	2,311	2.5
N-2	NSC	Valor Ichinomiya-Nishi	Ichinomiya, Aichi	Trust beneficiary interest in real estate	2,199	2,200	2,174	2.4
N-3	SS	K's Denki Nakagawa Tomita (Land)	Nagoya, Aichi	Trust beneficiary interest in real estate	907	945	889	1.0
F-1	SM	Sunny Noma	Fukuoka, Fukuoka	Trust beneficiary interest in real estate	1,527	1,500	1,497	1.6
R-1	NSC	Roseo Mito	Mito, Ibaraki	Trust beneficiary interest in real estate	9,871	10,300	9,675	10.5
R-2	SS	K's Denki Aomori Honten	Aomori, Aomori	Trust beneficiary interest in real estate	1,499	1,590	1,469	1.6
R-3	SS	Super Sports Xebio Aomori-Chuo	Aomori, Aomori	Trust beneficiary interest in real estate	913	901	898	1.0
Total					93,575	95,706	91,843	100.0

Note1: Properties are categorized into the following five types of retail properties for daily needs: NSC (Neighborhood Shopping Center), SM (Supermarket), CSC (Community Shopping Center), Urban Station-Front SC (Urban Station-Front Shopping Center) and SS (Specialty Store). For the details of each type of retail properties, please refer "Section 2. Investment Policies and Status of Asset Management, (2) Status of Asset Management (Overview of the Period), iii) Management Performance, (A) Acquisition of Assets".

Note2: "Location" indicates the residential address. For those without a residential address, the building or land address on the registry (one of the addresses for those that have multiple addresses) is shown.

Note3: "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.

Note4: "Share" represents the percentage of the acquisition price for each property in the total acquisition price, rounded to the nearest tenth.

ii) Overview of tenants as of September 30, 2015

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

Property number	Property name	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Number of tenants (Note 4)	Annual rent (Thousand) (Note 5)	Amount of security deposits (millions) (Note 6)
T-1	Fululu Garden Yachiyo	77,057.56	76,707.48	99.5	49	1,085,412	4,024
T-2	MONA Shin-Urayasu	9,568.31	9,376.34	98.0	1(72)	602,706	621
T-3	Passaggio Nishiarai	10,546.25	10,366.25	98.3	1(40)	401,353	235
T-4	Daikanyama Address Dixsept	5,056.39	4,748.56	93.9	1(26)	343,241	315
T-5	Unicus Ina	13,044.37	13,044.37	100.0	1	263,472	136
T-6	Yorktown Kita-Kaname	— (Note 7)	— (Note 7)	100.0	1	— (Note 7)	— (Note 7)
T-7	Unicus Yoshikawa	10,620.04	10,620.04	100.0	1(11)	260,485	201
T-8	Sports Club Renaissance Fujimidai	3,120.87	3,120.87	100.0	1	— (Note 7)	— (Note 7)
O-1	Blumer Maitamon	30,037.11	29,888.11	99.5	48	690,772	420
O-2	Central Square Takadono (Land)	4,437.07	4,437.07	100.0	1	— (Note 7)	— (Note 7)
O-3	Piago Kahma Home Center Omihachiman	14,313.00	14,313.00	100.0	2	— (Note 7)	— (Note 7)
O-4	Blumer HAT Kobe	24,185.02	24,055.88	99.5	1(41)	667,593	832
N-1	Kahma Home Center Nakagawa Tomita (Land)	— (Note 7)	— (Note 7)	100.0	1	— (Note 7)	— (Note 7)
N-2	Valor Ichinomiya-Nishi	9,447.48	9,447.48	100.0	1	— (Note 7)	— (Note 7)
N-3	K's Denki Nakagawa Tomita (Land)	— (Note 7)	— (Note 7)	100.0	1	— (Note 7)	— (Note 7)
F-1	Sunny Noma	2,814.67	2,814.67	100.0	1	— (Note 7)	— (Note 7)
R-1	Roseo Mito	45,654.67	45,654.67	100.0	1(22)	652,967	421
R-2	K's Denki Aomori Honten	10,083.41	10,083.41	100.0	1	— (Note 7)	174
R-3	Super Sports Xebio Aomori-Chuo	— (Note 7)	— (Note 7)	100.0	1	— (Note 7)	— (Note 7)
	Total	306,225.83	304,917.81	99.6	321	6,299,105	8,722

Note 1: "Leasable area" is equivalent to gross floor area of space that we consider to be available for lease in each property, rounded to the nearest tenth. For land-only properties, leasable area is equivalent to land area as described in the property registry. The construction site within Roseo Mito is excluded from leasable area.

Note 2: "Leased area" indicates the total leased area based on the lease agreements for each property as of September 30, 2015. As for lease agreements of buildings, the leased area of warehouses and land are excluded. As for pass-through type master leases (the master lease in which rent received by the lessor is in principle the same amount as the rent received by the master lessee from end-tenants), the leased area based on the lease agreements between the master lessee and the end-tenants as of September 30, 2015 is shown. As for sublease type master leases (the master lease in which a fixed amount of rent is received from the master lessee.), the leased area to the master lessee is shown.

Note 3: The occupancy rate is calculated by dividing leased area by leasable area as of September 30, 2015, rounded to the nearest tenth. The "Total" of "Occupancy rate" represents the average occupancy rate of all properties in the initial portfolio.

Note 4: Number of tenants is based upon the number of lease agreements with respect to the building(s) (or land in the case of land-only properties with leasehold interest) on each such property used mainly as stores and offices, as of September 30, 2015. Where one lessee leases more than one section of the property, the lessee is counted as a tenant for each section leased within the property. Where pass-through type master lease agreements are entered into, the number of master lessees is with the number of end-tenants indicated in parentheses. Where sublease type master lease agreements are entered into, the indicated, number of master lessee is shown. The "Total" of "Number of tenants" shows the total number of tenants. As for pass-through type master leases, the number of end-tenants is used for calculation. As for sublease type master leases, the number of master lessee is used for calculation.

Note 5: "Annualized fixed rent" is generally calculated by multiplying the monthly fixed rent and common area charges under a leasing

contract with tenants at portfolio properties as of September 30, 2015 (excluding warehouses in the case of building lease agreements) by twelve and rounding down to the nearest thousand yen. For master leases, where the master lease company sub-leases space to other tenants, the fixed monthly rent under the master lease contract is multiplied by 12, rounded down to the nearest thousand yen.

Note 6: "Tenant leasehold and security deposits" indicates the outstanding balance of any tenant leasehold and security deposit from the relevant end-tenant(s) set forth in lease agreement(s) effective as of September 30, 2015 (excluding warehouses in the case of building lease agreements), rounded to the nearest million yen.

Note 7: We have not obtained consent from the tenant(s) to release this information.

iii) Overview of the appraisal reports

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

Property number	Property name	Appraiser	Evaluation date	Appraisal value (in millions)	Estimated value						Appraisal NOI (in millions) (Note 1)	Appraisal NOI yield (%) (Note 2)
					Cost method (in millions)	Cash flow-based method						
						Direct capitalization method		DCF method				
						Estimated value (in millions)	Capitalization rate (%)	Estimated value (in millions)	Discount rate (%)	Terminal capitalization rate (%)		
T-1	Fululu Garden Yachiyo	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2015	15,100	21,100	15,200	4.8	15,000	4.6	5.0	770	5.2
T-2	MONAShin-Urayasu	Japan Real Estate Institute	Sep.30, 2015	8,360	6,790	8,410	5.4	8,310	5.1	5.6	497	6.2
T-3	Passaggio Nishiarai	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2015	6,200	8,830	6,340	4.5	6,140	4.3	4.7	290	5.0
T-4	Daikanyama Address Dixsept	Japan Real Estate Institute	Sep.30, 2015	5,450	4,510	5,540	3.9	5,360	3.7	4.1	218	4.1
T-5	Unicus Ina	Japan Real Estate Institute	Sep.30, 2015	4,430	4,050	4,460	5.2	4,390	4.9	5.4	236	5.4
T-6	Yorktown Kita-Kaname	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2015	4,220	2,620	4,260	5.1	4,200	4.9	5.3	215	5.4
T-7	Unicus Yoshikawa	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2015	3,690	4,900	3,750	4.9	3,660	4.7	5.1	184	5.1
T-8	Sports Club Renaissance Fujimidai	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2015	2,640	1,690	2,680	4.8	2,620	4.6	5.0	127	4.9
O-1	Blumer Maitamon	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2015	8,820	9,470	8,780	5.5	8,830	5.6	5.7	487	5.8
O-2	Central Square Takadono (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep.30, 2015	2,870	—	—	—	2,870	(year 1-9) 4.4 (year 10-20) 4.5 (year 21-39.8) 4.6	4.6	128	4.8
O-3	Piagio Kahma Home Center Omihachiman	Japan Real Estate Institute	Sep.30, 2015	2,390	2,350	2,420	6.5	2,350	6.2	6.7	152	7.1
O-4	Blumer HAT Kobe	Daiwa Real Estate Appraisal Co., Ltd.	Sep.30, 2015	11,600	14,600	11,700	5.0	11,600	4.8	5.2	584	5.3
N-1	Kahma Home Center Nakagawa Tomita (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2015	2,500	—	—	—	2,500	(year 1-18) 4.8 (year 19-37.7) 4.9	4.9	120	5.2
N-2	Valor Ichinomiya-Nishi	Japan Real Estate Institute	Sep. 30, 2015	2,200	1,900	2,210	5.4	2,190	5.1	5.6	129	6.0
N-3	K's Denki Nakagawa Tomita (Land)	The Tanizawa Sōgō Appraisal Co., Ltd.	Sep. 30, 2015	945	—	—	—	945	(year 1-18) 4.8 (year 19-37.7) 4.9	4.9	46	5.2
F-1	Sunny Noma	Japan Real Estate Institute	Sep. 30, 2015	1,500	1,220	1,530	5.2	1,460	5.0	5.6	81	5.4
R-1	Roseo Mito	Japan Real Estate Institute	Sep. 30, 2015	10,300	9,180	10,400	5.7	10,200	5.3	5.8	595	6.2
R-2	K's Denki Aomori Honten	Japan Real Estate Institute	Sep. 30, 2015	1,590	1,710	1,600	5.9	1,580	5.6	6.1	98	6.7
R-3	Super Sports Xebio Aomori-Chuo	Japan Real Estate Institute	Sep. 30, 2015	901	878	905	5.9	896	5.6	6.1	58	6.5
Total/Average				95,706	—	—	—	95,101	—	—	5,024	5.5

- (Note 1) "Appraisal NOI" is the Net Operating Income calculated by subtracting the amount of operating expenses from the operating revenues described in relevant appraisal reports, and it is the income before depreciation and differs from NCF (Net Cash Flow) which is calculated by adding investment gains from such as deposits and subtracting capex from NOI. The above appraisal NOI is calculated using the direct capitalization method. However, where the direct capitalization method is not applicable, appraisal NOI indicates the net operating income for the first year based on the DCF method. The amounts are rounded down to the nearest one million yen.
- (Note 2) "Appraisal NOI yield" indicates the value calculated using the following formula and rounded to the nearest tenth. The "Total/average" of "Appraisal NOI yield" indicates the average appraisal NOI yield which is a weighted average of appraisal NOI yields of the acquired properties (rounded to the nearest tenth): $\text{Appraisal NOI of each property} / \text{Acquisition price for each property}$.

iv) Overview of building condition investigation reports

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

Property Number	Property name	Investigation company	Investigation performed in	Repairs, maintenance and renovation expenses	
				Required over the next 12 years (thousand yen) (Note)	Required within one year (thousand yen) (Note)
T-1	Fululu Garden Yachiyo	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	980,970	0
T-2	MONA Shin-Urayasu	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	921,734	16,696
T-3	Passaggio Nishiara	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	125,949	0
T-4	Daikanyama Address Dixsept	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	145,352	0
T-5	Unicus Ina	HI International Consultant Co., Ltd.	Aug. 2014	118,760	1,110
T-6	Yorktown Kita-Kaname	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	13,213	1,775
T-7	Unicus Yoshikawa	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	59,132	0
T-8	Sports Club Renaissance Fujimidai	HI International Consultant Co., Ltd.	Sep. 2014	23,780	400
O-1	Blumer Maitamo	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	211,954	0
O-2	Central Square Takadono (Land)	—	—	—	—
O-3	Piagio Kahma Home Center Omihachiman	HI International Consultant Co., Ltd.	Aug. 2014	56,850	180
O-4	Blumer HAT Kobe	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Mar. 2015	326,565	3,959
N-1	Kahma Home Center Nakagawa Tomita(Land)	—	—	—	—
N-2	Valor Ichinomiya-Nishi	HI International Consultant Co., Ltd.	Aug. 2014	177,790	2,690
N-3	K's Denki Nakagawa Tomita (Land)	—	—	—	—
F-1	Sunny Noma	HI International Consultant Co., Ltd.	Aug. 2014	41,960	420
R-1	Roseo Mito	HI International Consultant Co., Ltd.	Aug. 2014	211,410	550
R-2	K's Denki Aomori Honten	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	142,764	0
R-3	Super Sports Xebio Aomori-Chuo	Tokio Marine & Nichido Risk Consulting Co., Ltd.	Nov. 2014	103,012	0
Total				3,661,195	27,780

(Note) Of the “repairs, maintenance and renovation expenses,” “required over the next 12 years” indicates the total expenses required during the next 12 years from the date of each engineering report and “required within one year” indicates the total expenses required within one year from the date of each engineering report. All figures are rounded down to the nearest one thousand yen as indicated in the engineering reports.

v) Overview of seismic PML evaluation report

The following summary is based on the Portfolio Earthquake PML Evaluation Report created by the Sompo Japan Nipponkoa Risk Management Inc. as of August 2015. However, KRR does not guarantee the accuracy of evaluations in the report. The report only represents judgement and opinion of the appraiser for a fixed point of time, with no guarantees as to the validity or accuracy of the report. There is no special interest between the Sompo Japan Nipponkoa Risk Management Inc. and KRR or KFM.

Property number	Property name	PML value in seismic review (%) (Note)
T-1	Fululu Garden Yachiyo	Specialty store building 10.24 Ito-Yokado building 8.96
T-2	MONA Shin-Urayasu	Retail building 5.98 Parking lot building 5.97
T-3	Passaggio Nishiarai	3.13
T-4	Daikanyama Address Dixsept	11.11
T-5	Unicus Ina	4.51
T-6	Yorktown Kita-Kaname	8.72
T-7	Unicus Yoshikawa	3.26
T-8	Sports Club Renaissance Fujimidai	7.09
O-1	Blumer Maitamon	1.52
O-2	Central Square Takadono (Land)	—
O-3	Piago Kahma Home Center Omihachiman	Piago building 3.95 Kahama Home Center building 5.22
O-4	Blumer HAT Kobe	4.69
N-1	Kahma Home Center Nakagawa Tomita (Land)	—
N-2	Valor Ichinomiya-Nishi	10.18
N-3	K's Denki Nakagawa Tomita (Land)	—
F-1	Sunny Noma	1.95
R-1	Roseo Mito	Coffee shop building 7.41 Mall building 6.70 Sports facility building 9.69 Hardware store building 9.68
R-2	K's Denki Aomori Honten	K's denki building 1.61 TSUTAYA/Hard-off building 1.51
R-3	Super Sports Xebio Aomori-Chuo	1.52
Portfolio PML value (Note2)		3.37

(Note 1) PML is rounded to the nearest hundredth.

(Note 2) "Portfolio PML value" is the portfolio PML value of 16 properties that excludes Central Square Takadono (Land), Kahma Home Center Nakagawa Tomita (Land), and K's Denki Nakagawa Tomita (Land) and is based on the Portfolio Earthquake PML Evaluation Report created by Sompo Japan Nipponkoa Risk Management Inc. as of March 2015.

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

Property number	Property name	Architect	Structural engineer	Construction company	Construction confirmation authority
T-1	Fululu Garden Yachiyo	(Ito Yokado Yachiyo) Research Institute of Architecture, Tokyo Branch (Fululu Garden Yachiyo) Research Institute of Architecture, Tokyo Branch	(Ito Yokado Yachiyo) Research Institute of Architecture, Tokyo Branch (Fululu Garden Yachiyo) Research Institute of Architecture, Tokyo Branch	(Ito Yokado Yachiyo) Takenaka Corporation, Higashi-Kanto Branch (Fululu Garden Yachiyo) Takenaka Corporation, Higashi-Kanto Branch	The Building Center of Japan
T-2	MONA Shin-Urayasu	Haseko Corporation, Engineering Division	Haseko Corporation, Engineering Division	Haseko Corporation	Chiba Prefecture
T-3	Passaggio Nishiarai	Yamashita Sekkei Inc.	Yamashita Sekkei Inc.	Nishimatsu Construction Co., Ltd.	Tokyo Prefecture
T-4	Daikanyama Address Dixsept	Nihon Sekkei, Inc.	Nihon Sekkei, Inc.	Kajima Corporation	Tokyo Prefecture
T-5	Unicus Ina	Taisei Corporation, Registered architect office	Taisei Corporation, Registered architect office	Taisei Corporation	Bureau Veritas Japan Co., Ltd.
T-6	Yorktown Kita-Kaname	CB Richard Ellis Asset Services K.K.	Sankyoline Corporation	Asanuma Corporation	K.K. Building Navigation
T-7	Unicus Yoshikawa	Obayashi Corporation	Obayashi Corporation	Obayashi Corporation	Saitama Housing Inspection Center
T-8	Sports Club Renaissance Fujimidai	K.K. Axs Engineering	K.K. Axs Engineering	Ichiken Co., Ltd.	Nerima ward
O-1	Blumer Maitamon	Asanuma Corporation	Asanuma Corporation	Daiwa System Co., Ltd.	Bureau Veritas Japan Co., Ltd.
O-2	Central Square Takadono (Land)	—	—	—	—
O-3	Piago Kahma Home Center Omihachiman	(Piago building) Kiuchi Construction Co., Ltd. (Kahama Home Center building) Daiken Tosikaihatu Co., Ltd.	(Piago building) Kiuchi Construction Co., Ltd. (Kahama Home Center building) Daiken Tosikaihatu Co., Ltd.	(Piago building) Kiuchi Construction Co., Ltd. (Kahama Home Center building) Aisawa Construction Co., Ltd. (Note2)	K.K. Organization of Confirmation & Inspection Annex
O-4	Blumer HAT Kobe	Obayashi Corporation	Obayashi Corporation	Obayashi Corporation	Center of International Architectural Standard Co., Ltd.
N-1	Kahma Home Center Nakagawa Tomita (Land)	—	—	—	—
N-2	Valor Ichinomiya-Nishi	Chubu Sekkei Co.,Ltd.	Chubu Sekkei Co.,Ltd.	Tsuchiya Corporation	Ichinomiya City
N-3	K's Denki Nakagawa Tomita (Land)	—	—	—	—
F-1	Sunny Noma	Nakamuta & Suenaga Designing (JV)	Nakamuta & Suenaga Designing (JV)	Nishimatsu Construction Co., Ltd., Kyushu Branch	Fukuoka City
R-1	Roseo Mito	(Coffee shop building) Tetsu Works Architect Office (Mall building) Kurehanishiki Construction Co., Ltd. Change of use: Registered Architect Studio Work House (Sports facility building) Kishi-Sekkei Co., Ltd. (Hardware store building) Nihon Jutaku Corporation, Registered Architect Office	(Coffee shop building) Tetsu Works Architect Office (Mall building) Sezako Structural Engineering Office (Sports facility building) Individual (Note 3) (Hardware store building) K.K. Dan Structural Engineering Office	(Coffee shop building) Kurehanishiki Construction Co., Ltd. (Mall building) Kurehanishiki Construction Co., Ltd. (Sports facility building) Kurehanishiki Construction Co., Ltd. (Hardware store building) Nihon Jutaku Corporation	Mito City
R-2	K's Denki Aomori Honten	K.K. Kyoei Planning Design	K.K. Kyoei Planning Design	(K's Denki building) Nihon Kensetsu Co., Ltd., Sendai Branch (TSUTAYA/Hard-off building) Nihon Kensetsu Co., Ltd., Sendai Branch	Aomori City
R-3	Super Sports Xebio Aomori-Chuo	Takenaka Corporation	Individual (Note 3)	Takenaka Corporation	Japan ERI Co., Ltd.

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

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

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

vii) Overview of portfolio

(A) Distribution by Property Type

Property type	Number of properties	Acquisition price (in millions Yen)	Percentage of total portfolio acquisition price (%) (Note)
Neighborhood, community and other shopping centers for daily needs	19	91,843	100.0
NSC (Neighborhood Shopping Centers)	8	45,357	49.4
SM (Super Markets)	2	4,182	4.6
CSC Community shopping Centers)	1	14,848	16.1
Urban Station-Front Shopping Centers	3	19,303	21.0
SS (Specialty Store)	5	8,153	8.9
Other retail properties	—	—	—
Total	19	91,843	100.0

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

(B) Distribution by Location

Region	Number of properties	Acquisition price (in millions Yen)	Percentage of total portfolio acquisition price (%)
Four major metropolitan areas	16	79,801	86.9
Tokyo metropolitan area	8	48,716	53.0
Greater Osaka area	4	24,214	26.4
Greater Nagoya area	3	5,374	5.9
Fukuoka area	1	1,497	1.6
Tokureishi and other areas	3	12,042	13.1
Total	19	91,843	100.0

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

(C) Distribution by Property Age

Property age (Note 1)	Number of properties	Acquisition price (in millions)	Percentage of total portfolio acquisition price (Note 2)
Less than 5 years	1	3,600	4.2
5 years or more but less than 10 years	9	38,743	45.1
10 years or more	6	43,615	50.7
Total	16	85,958	100.0

(Note 1) Property age refers to the number of years from the date of the new construction of the property set out in the real estate registry to September 30, 2015. Where multiple buildings exist on the property, the property age is calculated using the average age of those buildings.

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

(D) Distribution by Lease Term Remaining

Lease term (remaining period) (Note 1)	Annual fixed rent (in millions) (Note 2)	Ratio (%) (Note 3)
Less than 2 years	1,011	16.1

2 to less than 5 years	1,237	19.6
5 to less than 10 years	1,089	17.3
10 to less than 15 years	2,301	36.5
15 to less than 20 years	555	8.8
20 years or more	103	1.6
Total	6,299	100.0

(Note 1) "Lease term (remaining period)" is based on period until the last date of the lease as set forth in the relevant lease agreements as of September 30, 2015 (excluding warehouses for building lease agreements) for each acquired property and to-be acquired property.

(Note 2) "Annual fixed rent" for acquired property is calculated by multiplying the monthly fixed rent and common area charges for the month ended September 30, 2015 (excluding warehouses in the case of building lease agreements) by twelve and rounding down to the nearest million yen. For master leases, where the master lease company sub-leases space to other tenants, the fixed monthly rent under the master lease contract is multiplied by 12, rounded down to the nearest million yen.

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

(E) Distribution by lease contract type

Type of lease contract	Ratio (%) (Note)
Fixed-term building lease	67.6
Regular building lease	26.2
Commercial fixed-term land lease	6.2
Other	0.0
Total	100.0

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

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

Rent type (Fixed / Sales-linked rent)	Ratio (%) (Note)
Fixed rent	73.3
Fixed + sales-linked rent.	20.6
Sales linked fixed	6.1
Total	100.0

(Note) "Ratio" is calculated according to the actual rent effective between April 1, 2015 and September 30, 2015, rounded to the nearest tenth. As a result, simple aggregation of "ratio" figures may not be the same as the total figure.

viii) Capital expenditures

(A) Planned capital expenditures

The table below shows major capital expenditures for renovations, repairs and other projects that are planned for the second fiscal period ending March 31, 2016. These expenditures are for real estate owned by KRR and real estate in trusts in which KRR owns trust beneficiary rights. These planned projects may include some expenditures that will be recorded as expenses rather than capital expenditures for accounting purposes.

Property number	Property name	Location	Purpose	Schedule	Planned amount of capital expenditure (Millions of yen)		
					Total	Payment for the period	Total amount already paid
R-1	Roseo Mito	Mito, Ibaraki	building construction (Secondhand shop)	From June to November 2015	378	96	96
O-4	Blumer HAT Kobe	Kobe, hyogo	Renewal	From December 2015 To April 2016	89	—	—
T-2	MONA Shin-Urayasu	Urayasu, Chiba	PMAC replacement	From June 2015 to January 2016	65	—	—
T-1	Fululu Garden Yachiyo	Yachiyo, Chiba	Replacing to LED lights for common areas	From December 2015 to March 2016	55	—	—
O-1	Blumer Maitamon	Kobe, Hyogo	Flooring replacement	From February to April 2016	47	—	—

(B) Capital expenditures during the period under review

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

The amount of capital expenditures in the period under review was 131 million yen. There were also expenditures of 144 million yen that were recorded as repair expenses. In total we spent 275 million yen on the projects.

Property number	Property name	Location	Purpose	Schedule	Capital expenditure (Millions of yen)
T-2	MONA Shin-Urayasu	Urayasu, Chiba	Rest room remodeling	From April to June 2015	41
T-3	Passaggio Nishiarai	Adachi ward, Tokyo	Replacing to LED lights for common areas	From June to June 2015	26
T-2	MONA Shin-Urayasu	Urayasu, Chiba	Painting of exterior Stairways	From July to September 2015	15
Other					47
Total					131

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

Not applicable

ix) Major portfolio properties

The table below shows the major properties owned by KRR as of September 30, 2015. Major properties are defined as those that account for 10% or more of our total rental revenue generated from all assets held by KRR.

Property number	Property name	Number of tenants	Annual rent (Millions of yen) (Note)	Leased area (m ²)	Leasable area (m ²)
T-1	Fululu Garden Yachiyo	49	1,085	76,707.48	77,057.56
O-1	Blumer Maitamon	48	690	29,888.11	30,037.11
O-4	Blmer HAT Kobe	1(41)	667	24,055.88	24,185.02
R-1	Roseo Mito	1(22)	652	45,654.67	45,654.67

Note: Annual rent is 12 times the fixed monthly rent (including a common service charge) under a leasing contract with tenants at portfolio properties as of September 30, 2015 (excluding building leasing contracts for warehouses), rounded down to the nearest million yen. For master leases, where the master lease company sub-leases space to other tenants, the fixed monthly rent under the master lease contract is multiplied by 12, rounded down to the nearest million yen.

(3) Information Concerning Major Tenants

The following summarizes top 10 tenants (end-tenants or sub-lease type master lease) as of September 30, 2015

Name of end tenants	Type of business (Note 1)	Property name	Total leased area (m ²)	Ratio (%) (Note 2)	Annual fixed rent (in thousands of yen) (Note 3)	Tenant leasehold and security deposits (in millions of yen) (Note 4)	Lease term end	Lease type	Lease renewal
Ito-Yokado Co., Ltd. (Note 5)	Retail	Fululu Garden Yachiyo	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)
XEBIO Co., Ltd.	Retail	A Fululu Garden Yachiyo, B Super Sports Xebio Aomori-Chuo	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)
P&D Consulting Co., Ltd.	Real estate	Unicus Ina	13,044.37	4.3	263	136	September 25, 2026	Regular building lease	Not applicable
YorkMart Co., Ltd.	Retail	Yorktown Kita-Kaname	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)
LIFE Corporation	Retail	A Unicus Yoshikawa, B Central Square Takadono (Land)	6,892.87	2.3	— (Note 6)	— (Note 6)	A August 29, 2031 B July 29, 2035	A Fixed-term building lease B Commercial fixed-term land lease	— (Note 6)
EDION Corporation	Retail	Blumer Maitamon	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)
Kansai Super Market Ltd.	Retail	A Blumer Maitamon B Blumer HAT Kobe	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)
DCM KAHMA Co., Ltd.	Retail	A Piago Kahma Home Center Omihachiman, B Kahma Home Center Nakagawa Tomita (Land)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)
Tokyu Recreation Co., Ltd.	Retail	Blumer HAT Kobe	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	October 25, 2025	Fixed-term building lease	— (Note 6)
LIXIL Viva Corporation	Retail	Roseo Mito	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)	— (Note 6)

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

(Note 2) "Ratio" is the ratio of leased area of the end tenant to total leasable area of the portfolio as of September 30, 2015, rounded to the nearest tenth.

(Note 3) "Annual fixed-rent" for each property is based on monthly contracted rent (including common area charges) as set forth in the relevant lease agreements effective as of September 30, 2015 (excluding warehouses for building lease agreements) for each property or property in trust, truncated to thousands of yen.

(Note 4) Indicates the outstanding balance of any tenant leasehold and security deposit from the relevant end-tenant(s) set forth in lease agreement(s) effective as of September 30, 2015, rounded down to the nearest million yen.

(Note 5) Of our ten largest tenants by anticipated annual fixed rent, Ito-Yokado Co., Ltd. is a major tenant, which we define as a tenant that occupies more than 10% of our total leased area in our anticipated initial portfolio.

(Note 6) We have not obtained consent from the tenant to release this information.

(Reference)

Earnings Performance for the Individual Properties for the 1st Fiscal Period (October 3, 2014 to September 30, 2015) : 363 days (Note1) ※As of September 30, 2015

Location		Tokyo metropolitan area								Greater Osaka area			
Property No.		T-1	T-2	T-3	T-4	T-5	T-6	T-7	T-8	O-1	O-2	O-3	O-4
Property Name		Fululu Garden Yachiyo	MONA Shin-Urayasu	Passaggio Nishiarai	Daikanyama Address Dixsept	Unicus Ina	Yorktown Kita-Kaname	Unicus Yoshikawa	Sports Club Renaissance Fujimidai	Blumer Maitamon	Central Square Takadono (Land)	Piago Kahma Home Center Omihachiman	Blumer HAT Kobe
Acquisition Date		February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	April 16, 2015
Price Information	Acquisition price (In millions of yen)	14,848	8,063	5,850	5,390	4,379	4,000	3,600	2,586	8,389	2,685	2,140	11,000
	Percentage of total portfolio	16.2%	8.8%	6.4%	5.9%	4.8%	4.4%	3.9%	2.8%	9.1%	2.9%	2.3%	12.0%
	Net book value (In millions of yen)	15,048	8,223	5,964	5,454	4,411	4,038	3,657	2,607	8,498	2,727	2,178	11,494
	Appraisal value at the end of period (In millions of yen)	15,100	8,360	6,200	5,450	4,430	4,220	3,690	2,640	8,820	2,870	2,390	11,600
	Percentage of total appraisal value	15.8%	8.7%	6.5%	5.7%	4.6%	4.4%	3.9%	2.8%	9.2%	3.0%	2.5%	12.1%
Lease Information	Number of tenants	49	1 (72)	1 (40)	1 (26)	1	1	1 (11)	1	48	1	2	1 (41)
	Leasable floor area (㎡)	77,057.56	9,568.31	10,546.25	5,056.39	13,044.37	-	10,620.04	3,120.87	30,037.11	4,437.07	14,313.00	24,185.02
	Leased floor area (㎡)	76,707.48	9,376.34	10,366.25	4,748.56	13,044.37	(Note 2)	10,620.04	3,120.87	29,888.11	4,437.07	14,313.00	24,055.88
	Occupancy ratio As of September 30, 2015	99.5%	98.0%	98.3%	93.9%	100.0%	100.0%	100.0%	100.0%	99.5%	100.0%	100.0%	99.5%
Income and Retained Earnings Information	Operating periods	233days	233days	233days	233days	233days	233days	233days	233days	233days	233days	233days	168days
	①Rental and other operating revenues (In thousands of yen)	978,001	672,980	404,875	324,660	169,248	-	167,013	-	630,766	-	-	473,998
	Rental revenues	811,299	455,106	265,884	228,139	168,590	-	163,317	-	456,479	-	-	347,234
	Other operating revenues	166,701	217,873	138,991	96,521	657	-	3,695	-	174,286	-	-	126,763
	②Property-related expenses (In thousands of yen)	396,759	323,537	177,631	176,144	14,282	-	33,313	-	251,684	-	-	194,174
	Property management fees	183,801	108,392	59,760	67,224	2,303	-	30,854	-	78,705	-	-	78,791
	Taxes	21	8	14	8	120	(Note 2)	209	(Note 2)	33	(Note 2)	(Note 2)	3
	Utilities	106,108	90,869	60,688	50,921	-	-	-	-	123,290	-	-	78,362
	Repairs and maintenance	37,462	25,716	7,269	10,892	10,779	-	1,344	-	17,580	-	-	19,441
	Insurance	2,423	1,056	705	396	420	-	320	-	1,059	-	-	900
	Trust fees and other expenses	66,941	97,493	49,192	46,701	658	-	584	-	31,013	-	-	16,675
③NOI (=①-②) (In thousands of yen)	581,241	349,442	227,244	148,515	154,966	143,055	133,699	83,144	379,081	54,744	119,519	279,824	
④Depreciation (In thousands of yen)	106,010	52,094	41,615	19,508	38,276	26,327	20,526	19,757	65,995	-	13,654	48,200	
⑤Rental operating income (=③-④) (In thousands of yen)	475,231	297,348	185,628	129,007	116,689	116,728	113,172	63,386	313,086	54,744	105,864	231,623	
⑥Capital expenditures (In thousands of yen)	21,569	70,767	26,814	1,085	-	-	-	-	10,231	-	-	658	
⑦NCF (=⑤-⑥) (In thousands of yen)	559,672	278,674	200,430	147,430	154,966	143,055	133,699	83,144	368,850	54,744	119,519	279,166	
Reference	Expense ratio (=②/①)	40.6%	48.1%	43.9%	54.3%	8.4%	4.8%	19.9%	6.8%	39.9%	3.4%	3.8%	41.0%
	Property tax for the year 2015 (In thousands of yen)	141,857	45,819	70,832	23,587	20,165	13,770	29,435	10,567	82,277	6,852	28,359	94,620
	Assets pledged as collateral	○	-	-	-	-	-	-	-	-	-	○	-

Note 1:Although the accounting period for the Investment Corporation's period ended September 30, 2015 includes 363 days from October 3, 2014 to September 30, 2015, its substantial asset management period covers only 233 days from February 10, 2015 to September 30, 2015.

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

(Reference)

Earnings Performance for the Individual Properties for the 1st Fiscal Period (October 3, 2014 to September 30, 2015) : 363 days (Note1) ※As of September 30, 2015

Location		Greater Nagoya area			Fukuoka area	Tokureishi and other areas			Total of 19 Properties
Property No.		N-1	N-2	N-3	F-1	R-1	R-2	R-3	
Property Name		Kahma Home Center Nakagawa Tomita (Land)	Valor Ichinomiya-Nishi	K's Denki Nakagawa Tomita (Land)	Sunny Noma	Roseo Mito	K's Denki Aomori Honten	Super Sports Xebio Aomori-Chuo	
Acquisition Date		February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	February 10, 2015	
Price Information	Acquisition price (In millions of yen)	2,311	2,174	889	1,497	9,675	1,469	898	91,843
	Percentage of total portfolio	2.5%	2.4%	1.0%	1.6%	10.5%	1.6%	1.0%	100.0%
	Net book value (In millions of yen)	2,351	2,199	907	1,527	9,871	1,499	913	93,575
	Appraisal value at the end of period (In millions of yen)	2,500	2,200	945	1,500	10,300	1,590	901	95,706
	Percentage of total appraisal value	2.6%	2.3%	1.0%	1.6%	10.8%	1.7%	0.9%	100.0%
Lease Information	Number of tenants	1	1	1	1	1 (22)	1	1	321
	Leasable floor area (㎡)	-	9,447.48	-	2,814.67	45,654.67	10,083.41	-	306,225.83
	Leased floor area (㎡)	(Note 2)	9,447.48	(Note 2)	2,814.67	45,654.67	10,083.41	(Note 2)	304,917.81
	Occupancy ratio As of September 30, 2015	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	99.6%
Income and Retained Earnings Information	Operating periods	233days	233days	233days	233days	233days	233days	233days	225日
	①Rental and other operating revenues (In thousands of yen)					456,990			5,103,069
	Rental revenues					410,834			4,128,035
	Other operating revenues					46,155			975,033
	②Property-related expenses (In thousands of yen)					70,036			1,685,222
	Property management fees	-	-	-	-	23,645	-	-	655,263
	Taxes	(Note 2)	(Note 2)	(Note 2)	(Note 2)	12	(Note 2)	(Note 2)	1,280
	Utilities					37,857			548,099
	Repairs and maintenance					3,043			144,732
	Insurance					841			9,662
Trust fees and other expenses					4,635			326,183	
③NOI (=①-②) (In thousands of yen)	83,082	96,380	31,865	55,040	386,953	69,655	40,389	3,417,847	
④Depreciation (In thousands of yen)	-	19,321	-	18,978	55,745	8,444	6,498	560,957	
⑤Rental operating income (=③-④) (In thousands of yen)	83,082	77,059	31,865	36,062	331,207	61,210	33,890	2,856,889	
⑥Capital expenditures (In thousands of yen)	-	-	-	-	-	-	-	131,125	
⑦NCF (=③-⑥) (In thousands of yen)	83,082	96,380	31,865	55,040	386,953	69,655	40,389	3,286,721	
Reference	Expense ratio (=②/①)	2.3%	4.8%	5.7%	16.9%	15.3%	6.2%	7.1%	33.0%
	Property tax for the year 2015 (In thousands of yen)	9,869	19,552	3,949	7,086	51,787	13,821	6,088	680,303
	Assets pledged as collateral	-	-	-	-	-	-	-	-

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

Note 1: Although the accounting period for the Investment Corporation's period ended September 30, 2015 includes 363 days from October 3, 2014 to September 30, 2015, its substantial asset management period covers only 233 days from February 10, 2015 to September 30, 2015.

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

(Reference) Borrowings

Borrowings on a financial institution basis as of September 30, 2015 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 (Note2) (Note3) (%)	Payment due date (Note4)	Use	Remarks		
Short-Term Payable	Sumitomo Mitsui Banking Corporation	-	450,000	-	450,000	0.430	February 10, 2016	(Note5)	Unsecured/ Non-guaranteed		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	450,000	-	450,000						
	Mizuho Bank, Ltd.	-	400,000	-	400,000						
	Aozora Bank, Ltd.	-	250,000	-	250,000						
	Resona Bank, Ltd.	-	250,000	-	250,000						
	Sumitomo Mitsui Trust Bank, Ltd.	-	200,000	-	200,000						
	Sumitomo Mitsui Banking Corporation (Note6)	-	1,322,500	1,322,500	-					0.630	February 10, 2016
	Sumitomo Mitsui Banking Corporation (Note7)	-	6,900,000	6,900,000	-					0.430	April 16, 2016
Sub Total	-	10,222,500	8,222,500	2,000,000							
Long-Term Payable	Sumitomo Mitsui Banking Corporation	-	2,300,000	-	2,300,000	0.545	February 10, 2018	(Note5)	Unsecured/ Non-guaranteed		
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	800,000	-	800,000						
	Mizuho Bank, Ltd.	-	400,000	-	400,000						
	Mizuho Trust & Banking Co., Ltd.	-	350,000	-	350,000						
	Sumitomo Mitsui Banking Corporation	-	2,400,000	-	2,400,000	0.751	February 10, 2020				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	800,000	-	800,000						
	Mitsubishi UFJ Trust and Banking Corporation	-	800,000	-	800,000						
	Sumitomo Mitsui Trust Bank, Ltd.	-	550,000	-	550,000						
	Aozora Bank, Ltd.	-	500,000	-	500,000						
	Resona Bank, Ltd.	-	500,000	-	500,000						
	The Gunma Bank, Ltd.	-	400,000	-	400,000						
	The Musashino Bank, Ltd.	-	400,000	-	400,000						
	Mizuho Bank, Ltd.	-	350,000	-	350,000						
	Mizuho Trust & Banking Co., Ltd.	-	300,000	-	300,000						
	Sumitomo Mitsui Banking Corporation	-	3,000,000	-	3,000,000					0.865	February 10, 2021
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	700,000	-	700,000						
	Sumitomo Mitsui Trust Bank, Ltd.	-	500,000	-	500,000						
	Aozora Bank, Ltd.	-	450,000	-	450,000						
	Resona Bank, Ltd.	-	450,000	-	450,000						
	Mizuho Bank, Ltd.	-	400,000	-	400,000						
	Sumitomo Mitsui Banking Corporation	-	2,600,000	-	2,600,000	0.978	February 10, 2022				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	800,000	-	800,000						
	Sumitomo Mitsui Trust Bank, Ltd.	-	600,000	-	600,000						
	Aozora Bank, Ltd.	-	400,000	-	400,000						
	Mizuho Trust & Banking Co., Ltd.	-	400,000	-	400,000						
	Mizuho Bank, Ltd.	-	300,000	-	300,000						
	Resona Bank, Ltd.	-	300,000	-	300,000						
	Development Bank of Japan Inc. (Note8)	-	1,500,000	-	1,500,000	0.925	February 10, 2021				
	Development Bank of Japan Inc. (Note8)	-	1,600,000	-	1,600,000	1.033	February 10, 2022				
	Sumitomo Mitsui Banking Corporation	-	4,600,000	-	4,600,000	1.366	April 16, 2025				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	750,000	-	750,000	0.534	March 31, 2019				
	Aozora Bank, Ltd.	-	500,000	-	500,000						
	Mizuho Bank, Ltd.	-	400,000	-	400,000						
	Sumitomo Mitsui Trust Bank, Ltd.	-	200,000	-	200,000						
	Resona Bank, Ltd.	-	200,000	-	200,000						
	The Musashino Bank, Ltd.	-	150,000	-	150,000	0.975	March 31, 2023				
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	-	1,000,000	-	1,000,000						
	Sumitomo Mitsui Trust Bank, Ltd.	-	600,000	-	600,000						
	Mizuho Bank, Ltd.	-	400,000	-	400,000						
	Resona Bank, Ltd.	-	400,000	-	400,000						
Mizuho Trust & Banking Co., Ltd.	-	400,000	-	400,000							
Mitsubishi UFJ Trust and Banking Corporation	-	400,000	-	400,000							
Development Bank of Japan Inc. (Note8)	-	1,500,000	-	1,500,000	0.994	March 31, 2023					
Sub Total	-	36,350,000	-	36,350,000							
Total	-	46,572,500	8,222,500	38,350,000							

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:

(Thousands of yen)

	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
Long-term loans payable	-	3,850,000	2,200,000	7,000,000	23,300,000

Note 2: All debts except for the following Note8 are borrowing 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 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 4: All the repayment methods of debt financing except for the following Note6 and Note7 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: Prepayment was made on March 16, 2015.

Note 7: Prepayment was made on September 30, 2015.

Note 8: Borrowings at a fixed rate.