

(REIT) Financial Report for Fiscal Period Ended February 28, 2022

April 13, 2022

REIT Securities Issuer:	Takara Leben Real Estate Investment Corporation	Stock Exchange Listing:	Tokyo Stock Exchange
Securities Code:	3492	URL:	https://takara-reit.co.jp/
Representative:	(Position) Executive Director	(Name)	Tetsuo Saida
Asset Management Company Representative:	Takara PAG Real Estate Advisory Ltd. (Position) President	(Name)	Tetsuo Saida
Contact:	(Position) Director and Chief Financial Officer TEL: +81-3-6435-5264	(Name)	Shinya Ito

Scheduled date of submission of securities report:	May 30, 2022
Scheduled date of commencement of cash distribution payment:	May 16, 2022
Preparation of supplementary financial results briefing materials:	Yes
Holding of financial results briefing session:	Yes (for institutional investors and analysts)

(Amounts are rounded down to the nearest million yen)

1. Financial Results for Fiscal Period Ended February 28, 2022 (September 1, 2021 to February 28, 2022)

(1) Operating Results (% figures are the rate of period-on-period increase (decrease))

	Operating revenues		Operating income		Ordinary income		Net income	
	million yen	%	million yen	%	million yen	%	million yen	%
Fiscal period ended February 28, 2022	4,030	31.6	2,093	13.5	1,806	11.4	1,801	15.2
Fiscal period ended August 31, 2021	3,061	6.5	1,843	8.3	1,621	8.0	1,563	5.9

	Net income per unit	Return on unitholders' equity	Ordinary income to total assets	Ordinary income to operating revenues
	Yen	%	%	%
Fiscal period ended February 28, 2022	3,132	3.4	1.7	44.8
Fiscal period ended August 31, 2021	3,381	3.3	1.7	53.0

(2) Distribution

	Distributions per unit (not including distributions in excess of earnings)	Total distributions (not including distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Distributions per unit (including distributions in excess of earnings)	Total distributions (including distributions in excess of earnings)	Distribution payout ratio	Ratio of distribution to net assets
	Yen	million yen	Yen	million yen	Yen	million yen	%	%
Fiscal period ended February 28, 2022	3,120	1,794	-	-	3,120	1,794	99.6	3.1
Fiscal period ended August 31, 2021	3,156	1,459	-	-	3,156	1,459	93.3	3.1

(Note) The difference between the total amount of dividends (excluding distributions in excess of earnings) and net income for the years ended August 31, 2021, and February 28, 2022, was attributable to the fact that a portion of net income was retained in order to stabilize dividends per unit in the future.

(3) Financial Position

	Total assets	Net assets	Unitholders' equity to total assets	Net assets per unit
	million yen	million yen	%	Yen
Fiscal period ended February 28, 2022	121,319	59,320	48.9	103,166
Fiscal period ended August 31, 2021	94,281	46,784	49.6	101,156

(4) Cash Flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Fiscal period ended February 28, 2022	8,241	(28,741)	24,401	7,360
Fiscal period ended August 31, 2021	6,532	(10,537)	(1,576)	3,458

2. Forecasts of Financial Results for Fiscal Periods Ending August 31, 2022 (from March 1, 2022 to August 31, 2022) and February 28, 2023 (from September 1, 2022 to February 28, 2023)

(% figures are the rate of period-on-period increase (decrease))

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (not including distributions in excess of earnings)	Distributions in excess of earnings per unit	Distributions per unit (including distributions in excess of earnings)
	million yen	%	million yen	%	million yen	%	million yen	%	Yen	Yen	Yen
Fiscal period ending August 31, 2022	3,448	(14.4)	1,980	(5.4)	1,686	(6.7)	1,685	(6.5)	2,930	—	2,930
Fiscal period ending February 28, 2023	3,065	(11.1)	1,692	(14.5)	1,399	(17.0)	1,398	(17.0)	2,700	—	2,700

(Reference) Forecast net income per unit (fiscal period ending August 31, 2022): 2,930 yen; Forecast net income per unit (fiscal period ending February 28, 2023): 2,432 yen

(Note) For the fiscal period ending February 28, 2023, the amount obtained by adding a portion of the retained earnings carried forward from the previous fiscal period to net income is distributed as a profit distribution. Therefore, the projected amount of net income per unit for the fiscal period (excluding distributions in excess of earnings) differs from the projected amount of net income per unit.

*Other

(1) Changes in accounting policies, changes in accounting estimates, and retrospective restatement

- | | |
|--|-----|
| 1) Changes in accounting policies accompanying amendments to accounting standards, etc.: | Yes |
| 2) Changes in accounting policies other than 1): | No |
| 3) Changes in accounting estimates: | No |
| 4) Retrospective restatement: | No |

(2) Total number of investment units issued and outstanding

1) Total number of investment units issued and outstanding (including treasury units) at the end of the period

Fiscal period ended February 28, 2022	575,000units	Fiscal period ended August 31, 2021	462,500units
Fiscal period ended February 28, 2022	0units	Fiscal period ended August 31, 2021	0units

2) Number of treasury units at the end of the period

(Note) For the number of investment units serving as the basis for calculation of net income per unit, please see “Notes on Per Unit Information” on page 33.

(3) Rounding processing

Unless otherwise specified in this document, numerical values such as monetary amounts are rounded down to the nearest unit and % figures are rounded off to the first decimal place.

* Presentation of Status of Implementation of Audit Procedures At the time of disclosure of these financial results, audit procedures for financial statements pursuant to the Financial Instruments and Exchange Act have not been completed.

* Explanation of Appropriate Use of Forecasts of Financial Results, and Other Matters of Special Note

(Notes to forward-looking statements)

This document contains forecasts and other forward-looking statements based on the information currently available and on certain assumptions judged as rational by Takara Leben Real Estate Investment Corporation (hereinafter referred to as the “Investment Corporation”), and the actual operating results and so on may differ significantly from that anticipated by the Investment Corporation due to various factors. Moreover, the forecasts are not intended to guarantee any amount of distribution and distribution in excess of earnings. For notes regarding assumptions underlying these forecasts, please refer to “Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending August 31, 2022, and February 28, 2023” on page 8.

End

Contents

1. Operating Results	4
(1) Operating Results.....	4
1) Overview of the Fiscal Period Under Review	4
a. Key Events of the Investment Corporation	4
b. Investment Environment and Performance.....	4
c. Overview of Funds Procurement	4
d. Overview of Performance and Dividends.....	5
2) Forecast for the Next Fiscal Period	5
a. Future Investment Policy	5
b. Operating Results Forecast.....	6
3) Significant Subsequent Events	6
(2) Investment Risk	9
2. Financial Statements.....	10
(1) Balance Sheets	10
(2) Statements of Income.....	12
(3) Statements of Unitholders' Equity.....	13
(4) Statements of Cash Distribution	15
(5) Statements of Cash Flow	16
(6) Notes on the Going Concern Assumption.....	17
(7) Notes on Matters Concerning Significant Accounting Policies	17
(8) Notes on Changes in Accounting Policies	20
(9) Notes to the Financial Statements	21
(10) Changes in Total Number of Investment Units Issued and Outstanding.....	34
3. Appendix	35
(1) Prices of Assets.....	35
1) Investment Status	35
2) Invested Assets.....	37
a. Major Investment Securities	37
b. Investment Properties	37
c. Other Major Investment Assets.....	37
(a) Summary of Investment Assets	37
(b) Summary of Buildings	40
(c) Individual Property Profit.....	42
(d) Summary of Appraisal Values	47
(e) Engineering, Environmental and Seismic Reviews.....	49
(2) Capital Expenditures for Investment Assets	52
1) Scheduled Capital Expenditures.....	52
2) Capital Expenditures During the Period.....	52
3) Reserves for Long-term Repair Plans.....	52

1. Operating Results

(1) Operating Results

1) Overview of the Fiscal Period Under Review

a. Key Events of the Investment Corporation

The Investment Corporation was established in accordance with the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter, the “Investment Trust Act”) on September 11, 2017, with Takara PAG Real Estate Advisory Ltd. (formerly PAG Real Estate Advisory Ltd.; hereinafter, the “Asset Management Company”) as founding planner, and completed its registration with the Kanto Local Finance Bureau on October 11, 2017 (registration number: Director of Kanto Local Finance Bureau No. 129). Subsequently, on July 27, 2018, the Investment Corporation was listed on the Tokyo Stock Exchange, Inc. (hereinafter, the “Tokyo Stock Exchange”) Real Estate Investment Trust Securities Market (Securities Code: 3492). Subsequently, in September 2019, the Investment Corporation conducted a public offering. In the period under review, in September 2021, new investment units (112,500 units) were issued through public offering, and 12 new properties were acquired with the proceeds. As a result, the total number of investment units issued and outstanding was 575,000 units as of the end of the period under review (February 28, 2022) and unitholders’ capital was 57,382 million yen.

b. Investment Environment and Performance

Investment Environment:

During the period under review, the Japanese economy showed signs of resuming activity due to progress in vaccination against COVID-19. However, this economic environment remained unpredictable amid reimposed quasi-states of emergency to prevent the spread of a highly infectious mutated strain of the virus. However, in the real estate trading market, appetites remained strong for investment in high-quality, income-generating real estate among various market participants, including publicly listed and privately placed REITs, domestic and overseas private funds, real estate agents, and general business corporations, and transaction prices remained high. The real estate leasing market generally trended strongly, with the exception of certain asset types. For office space, although vacancy rates trended upward in the key office space markets of Tokyo, Nagoya, and Osaka with increased corporate needs for cost-cutting due to COVID-19 and other factors, demand for office space is expected to recover if economic activity makes a full-fledged resumption. As for residential properties, COVID-19 had limited impact, and the market remained stable. In retail facilities, lifestyle-oriented retail facilities trended strongly. The outlook for hotels continues to be uncertain due to concerns over greater spread of COVID-19.

Investment Performance:

Amid the aforementioned environment, while keeping the impact of COVID-19 on assets held by the Investment Corporation to limited levels, based on the four investment strategies of “steady expansion of asset size,” “improvement of portfolio quality and stability,” “realization of solid internal growth,” and “implementation of financial strategies and other measures,” the Investment Corporation acquired 12 new properties on September 2, 2021 (total acquisition price: 26,310 million yen) using funds procured from capital increase through public offering. This included two office properties, eight residence properties, and two retail properties. Furthermore, the Investment Company proactively reorganized its portfolio, acquiring Mare Isogo Building (acquisition price: 1,900 million yen) on November 25, 2021, while selling Nagano Central Building on October 20, 2021, SAMTY Shin-Osaka Center Building on November 19, 2021, quasi-co-ownership interest of 37% in Chuo Bakuromachi Building on February 1, 2022, and Shinsaibashi Building and Yamagata Ekimae-dori Building on February 17, 2022, and February 25, 2022, respectively.

As a result of these investment activities, operating revenues were 4,030 million yen, ordinary income was 1,806 million yen, and net income was 1,801 million for the fiscal period under review. Distributions per unit were 3,120 yen, 20 yen higher than the forecast of 3,100 yen per unit for the fiscal period ended February 28, 2022 announced in the “Notification of Revision of Forecast for Operating Results and Distributions for the Fiscal Periods Ending February 28, 2022, and August 31, 2022” issued on October 20, 2021.

c. Overview of Funds Procurement

The Investment Corporation raised funds through a public offering (number of new investment units issued: 112,500 units; total issue price: 12,192 million yen) on September 1, 2021, borrowing 13,900 million yen through a syndicate of lenders arranged by Sumitomo Mitsui Banking Corporation on September 2, 2021, for the primary purpose of using the funds for property acquisition. As a result, the balance of borrowings as of the end of the fiscal period under review (February 28, 2022) was 57,300 million yen, and the ratio of interest-bearing debt to total assets (“LTV”) was 47.2%.

Note that as of the date of this document’s issuance, the Investment Corporation has earned an “A-/Stable” issuer credit rating from Rating and Investment Information, Inc. (R&I), and an “A-/Positive” long-term issuer credit rating from Japan Credit

Rating Agency, Ltd. (JCR).

d. Overview of Performance and Dividends

As a result of the aforementioned investment activities, the Investment Corporation recorded operating revenues of 4,030 million yen, operating income of 2,093 million yen, ordinary income of 1,806 million yen, and net income of 1,801 million yen for the fiscal period under review.

Dividend amounts shall exceed the amount equivalent to 90% of the amount of dividends available to the Investment Corporation as stipulated in Article 36, Paragraph 1 (1) of the Articles of Incorporation and Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation (Act No. 26 of 1957, as amended; the same shall apply hereinafter). In accordance with this policy, the Investment Corporation decided to reserve 156 million yen internally in order to stabilize future distributions, and to distribute as a profit distribution the entire amount of 1,794 million yen after deducting reversal of retained earnings and the reserve for temporary difference adjustment (which is defined in Article 2, Paragraph 2, Item 30 of the Regulation on Accounting at Investment Corporations) from unappropriated retained earnings at the end of the fiscal period under review. In addition, in consideration of the impact of the discrepancy in excess of income tax (as defined in Article 2, Paragraph 2, Item 30(a) of the Regulation on Accounting at Investment Corporations of Japan) on dividends, the Investment Corporation will distribute excess earnings in accordance with Article 36(1)(ii) of the Rules as an amount equivalent to the discrepancy in excess income tax as determined by the Investment Corporation. However, in the fiscal period under review, no distribution in excess of earnings was made due to internal reserves. As a result of the above, distributions for the fiscal period under review totaled 1,794 million yen, with distributions per unit of 3,120 yen (distributions per unit of 3,120 yen and distributions in excess of earnings per unit of 0 yen).

2) Forecast for the Next Fiscal Period

a. Future Investment Policy

In the pursuit of “external growth,” as well as “stable investment and internal growth,” the Investment Corporation’s basic policy is to target achieving external growth through asset acquisitions leveraging PAG Investment Management Limited’s (“PAG”) information collection capabilities and investment decisions and expertise capable of adapting flexibly to the market environment, and leveraging the stable property supply from the Takara Leben Group (refers to Takara Leben Co., Ltd., its subsidiaries and affiliates; the same shall apply hereinafter), an entity with high development capabilities. This basic policy also includes targeting stable investment and internal growth by combining the Takara Leben Group’s value chain with PAG’s asset management expertise in the Japanese real estate market, as well as the unique networks and investment expertise cultivated for individual asset classes of Kyoritsu Maintenance Co. Ltd, and Yamada Holdings Co., Ltd.

Furthermore, based on the four investment strategies of “steady expansion of asset size,” “improvement of portfolio quality and stability,” “realization of solid internal growth,” and “implementation of financial strategies and other measures,” the Investment Corporation will take the measures of “expanding asset size through stronger property acquisition,” “active investment and stable management leveraging comprehensive REIT strengths,” “solid portfolio management amid the COVID-19 pandemic,” and “expanding financing methods and acquiring external evaluations with a focus on medium to long-term strategies” in order to improve unitholder value.

The impact of the spread of COVID-19 will continue to be monitored closely, and a certain degree of impact is also expected on the Investment Corporation’s operating results.

(i) External Growth Strategy

The Investment Corporation aims to grow its property acquisition opportunities and achieve external growth by leveraging the dual axis of the Takara Leben Group’s development capabilities and PAG’s sourcing capabilities, both of which are backed by extensive track records, as well as by utilizing the Asset Management Company’s unique network. Aiming to create a well-balanced portfolio, we will acquire mainly development properties from the Takara Leben Group, and acquire carefully selected properties from PAG in areas and scales undeveloped by the Takara Leben Group. In addition, we will consider asset replacement, etc. in consideration of improving our portfolio quality.

(ii) Internal Growth Strategy

The Investment Corporation will conduct stable investment in real estate by receiving and utilizing expertise on real estate management suited to various asset classes from the sponsors. We will also explore a number of other actions on an ongoing basis, including switching management companies to reduce costs and improve management standards, as well as switching to LEDs and switching power contracts at properties held to reduce costs.

(iii) Financial Strategy

The Investment Corporation's basic policy is to build a stable and sound financial base for the purpose of securing stable earnings over the medium to long term and achieving sustainable growth in the property portfolio. In order to realize this basic policy, the Investment Corporation shall procure and manage funds in accordance with the following policies.

(a) Fund Procurement (Equity Financing)

We may flexibly issue additional investment units for the purpose of property acquisitions, repair of properties, payment of management expenses of the Investment Corporation including repayment of borrowings or other activities, and are mindful of the potential of dilution of our investment units in considering economic conditions and other factors.

(b) Fund Procurement (Debt Financing)

The Investment Corporation may borrow funds or issue investment corporation bonds (including short-term investment corporation bonds) contributing to the steady growth of investment assets and efficient and stable management of the Investment Corporation's assets for the purpose of asset acquisition, payment of repair expenses or distributions, funding required for the Investment Corporation's management, or repayment of debts (including refund of leasehold and security deposits, repayment of borrowings, and redemption of investment corporation bonds).

With regard to lenders, the Investment Corporation will establish a stable bank formation that focuses on procurement from major financial institutions, and will consider various borrowing methods including commitment lines, and give consideration to the fixed and floating ratio and diversification of repayment deadlines.

(c) LTV

LTV (Note) shall be in principle no higher than 60%, with attention paid to securing sufficient funds.

(Note) LTV (%) = (a / b) × 100(%)

a = Balance of interest-bearing debt at end of period

b = Total assets at end of period

b. Operating Results Forecast

The Investment Corporation's operating results for the period ending August 31, 2022 and the period ending February 28, 2023, is forecast as follows. For notes regarding assumptions underlying these forecasts, please refer to "Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending August 31, 2022, and February 28, 2023" on page 8.

	Operating revenues	Operating income	Ordinary income	Net income	Distributions per unit (not including distributions in excess of earnings)	Distributions in excess of earnings per unit	Distributions per unit (including distributions in excess of earnings)
Fiscal period ending August 31, 2022 (9th FP)	3,448 million yen	1,980 million yen	1,686 million yen	1,685 million yen	2,930 yen	— yen	2,930 yen
Fiscal period ending February 28, 2023 (10th FP)	3,065 million yen	1,692 million yen	1,399 million yen	1,398 million yen	2,700 yen	— yen	2,700 yen

(Note) The above forecast figures are calculated based on certain assumptions, and actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may vary due to future acquisitions or sales of real estate, etc., changes in the real estate market, etc., fluctuations in interest rates, changes in other circumstances surrounding the Investment Corporation and other factors, and this forecast is not a guarantee of the figures provided.

3) Significant Subsequent Events

Not applicable.

(Reference Data)

The Investment Corporation made acquisitions and transfers of the following real estate trust beneficiary interests after the date of the fiscal period end.

a) Acquisition of Assets

Category	Property number	Property name	Location	Acquisition date	Acquisition price (Note 1)	Type of asset	Seller
Residence	R-20	B CITY APARTMENT KAWASAKI SOUTH (Note 2)	Kawasaki City, Kanagawa	April 11, 2022	1,346 million yen	Trust beneficiary interest	Undisclosed (Note 3)

(Note 1) "Acquisition price" refers to the purchase price (excluding consumption tax, local consumption tax, and miscellaneous expenses required in acquisition) stated in the real estate trust beneficiary interests purchase agreement.

(Note 2) After the date of this document, the property name of B CITY APARTMENT KAWASAKI SOUTH is to be changed to TLR Residence Kawasaki Daishi.

(Note 3) Though the seller is a domestic operating company, this information is undisclosed as the seller has not provided consent for disclosure.

b) Transfer of Assets

Category	Property number	Property name	Location	Transfer date	Transfer price (Note 1)	Type of asset	Transfer recipient
Office	O-08	Chuo Bakuromachi Building (63% quasi-co-ownership interest)	Osaka City, Osaka	March 1, 2022	1,228 million yen	Trust beneficiary interest	Undisclosed (Note 2)

(Note 1) "Transfer price" refers to the purchase price (excluding consumption tax, local consumption tax, and miscellaneous expenses required in transfer) stated in the real estate trust beneficiary interests purchase agreement.

(Note 2) Though the transfer recipient is a domestic operating company, this information is undisclosed as the recipient has not provided consent for disclosure.

Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending August 31, 2022, and February 28, 2023

Item	Assumptions																														
Calculation period	<ul style="list-style-type: none"> • Fiscal period ending August 31, 2022 (9th Period: from March 1, 2022 to August 31, 2022) (184 days) • Fiscal period ending February 28, 2023 (10th Period: from September 1, 2022 to February 28, 2023) (181 days) 																														
Property portfolio	<ul style="list-style-type: none"> • It is assumed that there will be no changes (acquisition of new assets, disposal of property portfolio, etc.) to the total of 46 properties as of the date of this document (hereinafter, “Owned Assets”) by the end of the fiscal period ending February 28, 2023 (10th Period). • The actual property portfolio may vary due to the acquisition of new properties or the disposal of Owned Assets, etc. 																														
Operating revenues	<ul style="list-style-type: none"> • Operating revenues from Owned Assets are based on the expected occupancy rate and the expected rent fluctuations, in turn based on the assumptions of tenant fluctuation and rent level, the contents of lease agreement that are effective as of the date of this document. • Forecasts are based on the assumption that there will be no delay in payment of rent or non-payments by the tenant. • Leasing business revenues have been calculated with consideration of impact from the spread of COVID-19. 																														
Operating expenses	<ul style="list-style-type: none"> • The main operating expenses are as follows: <table border="0" data-bbox="475 902 1340 1496"> <thead> <tr> <th></th> <th align="center">Fiscal period ending August 31, 2022 (9th FP)</th> <th align="center">Fiscal period ending February 28, 2023 (10th FP)</th> </tr> </thead> <tbody> <tr> <td>Property-related expenses total</td> <td align="right">1,080 million yen</td> <td align="right">1,029 million yen</td> </tr> <tr> <td> Subcontract expenses</td> <td align="right">224 million yen</td> <td align="right">171 million yen</td> </tr> <tr> <td> (Of which, maintenance expenses)</td> <td align="right">176 million yen</td> <td align="right">125 million yen</td> </tr> <tr> <td> (Of which, property management fees)</td> <td align="right">47 million yen</td> <td align="right">46 million yen</td> </tr> <tr> <td> Repair expenses</td> <td align="right">80 million yen</td> <td align="right">58 million yen</td> </tr> <tr> <td> Taxes and dues</td> <td align="right">231 million yen</td> <td align="right">231 million yen</td> </tr> <tr> <td> Depreciation</td> <td align="right">428 million yen</td> <td align="right">447 million yen</td> </tr> <tr> <td>Non-property-related expenses total</td> <td align="right">387 million yen</td> <td align="right">343 million yen</td> </tr> <tr> <td> Asset management fees</td> <td align="right">189 million yen</td> <td align="right">147 million yen</td> </tr> </tbody> </table> • Property-related expenses constituting major operating expenses other than depreciation are calculated based on historical data and these costs reflect expected fluctuations. • Depreciation expenses are calculated using the straight-line depreciation method, including certain ancillary expenses. • In accounting for property tax, city planning tax, etc. (“property tax, etc.”) on Owned Assets, of the tax amount assessed and determined, the amount corresponding to the concerned calculation period is expensed as expenses related to rent business. In general, upon acquisition of real estate, etc., property taxes, etc. are calculated on a pro-rata basis for the period with the previous owner and settled at the time of acquisition. The amount equivalent to this settlement is included in the acquisition cost and is not recorded as an expense. • As for repair expenses, the amount assumed as necessary for each property is based on the repair plan of the Asset Management Company, for each fiscal period. However, the repair expenses may be substantially different from the expected amount during the operating period due to certain unexpected factors, including the fact that amounts generally differ greatly from period to period, and those amounts are not incurred on a regular basis. 		Fiscal period ending August 31, 2022 (9th FP)	Fiscal period ending February 28, 2023 (10th FP)	Property-related expenses total	1,080 million yen	1,029 million yen	Subcontract expenses	224 million yen	171 million yen	(Of which, maintenance expenses)	176 million yen	125 million yen	(Of which, property management fees)	47 million yen	46 million yen	Repair expenses	80 million yen	58 million yen	Taxes and dues	231 million yen	231 million yen	Depreciation	428 million yen	447 million yen	Non-property-related expenses total	387 million yen	343 million yen	Asset management fees	189 million yen	147 million yen
	Fiscal period ending August 31, 2022 (9th FP)	Fiscal period ending February 28, 2023 (10th FP)																													
Property-related expenses total	1,080 million yen	1,029 million yen																													
Subcontract expenses	224 million yen	171 million yen																													
(Of which, maintenance expenses)	176 million yen	125 million yen																													
(Of which, property management fees)	47 million yen	46 million yen																													
Repair expenses	80 million yen	58 million yen																													
Taxes and dues	231 million yen	231 million yen																													
Depreciation	428 million yen	447 million yen																													
Non-property-related expenses total	387 million yen	343 million yen																													
Asset management fees	189 million yen	147 million yen																													

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> • The costs to issue and list the new investment units will be amortized on a monthly basis over three years from the time they are incurred, and are expected to be 11 million yen and 5 million yen for the fiscal periods ending August 31, 2022 (9th Period), and February 28, 2023 (10th Period), respectively. • For interest expenses and other borrowing-related costs, 282 million yen and 287 million yen are expected for the fiscal periods ending August 31, 2022 (9th Period), and February 28, 2023 (10th Period), respectively.
Interest-bearing debt	<ul style="list-style-type: none"> • It is assumed that the total amount of interest-bearing debt will be 57,300 million yen as of the end of each of the fiscal periods ending August 31, 2022 (9th Period), and February 28, 2023 (10th Period), respectively. • The LTV ratio is expected to be around 47.3% and 47.4% as of the end of the fiscal periods ending August 31, 2022 (9th Period) and February 28, 2023 (10th Period), respectively. • The LTV ratio is calculated using the following formula: LTV ratio = (Total amount of interest-bearing debt as of the end of the fiscal period / Total assets as of the end of the fiscal period) × 100
Investment units	<ul style="list-style-type: none"> • It is assumed that there will be no change in the number of investment units issued and outstanding as of the date of this document (575,000) due to no issuance of new investment units by the end of the fiscal period ending February 28, 2023 (10th Period).
Distributions per unit (excluding excess of earnings per unit)	<ul style="list-style-type: none"> • Distributions per unit (excluding distributions in excess of earnings) are calculated based on the cash distribution policy stipulated in the Investment Corporation's Articles of Incorporation. • For the fiscal period ending February 28, 2023 (10th Period), it is assumed that the amount obtained by adding a portion of the reserve carry-forwarded in addition to the net benefit will be distributed as a benefit allotment. • Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in rental revenues, changes in investment assets and tenants, and unexpected repairs and other factors.
Distribution in excess of earnings per unit	<ul style="list-style-type: none"> • Distribution in excess of earnings is not scheduled at this point.
Other	<ul style="list-style-type: none"> • It is assumed that there will be no change in laws and regulations, the taxation system, accounting standards, the Securities Listing Regulations of the Tokyo Stock Exchange, or the rules of the Investment Trust Association, Japan, etc. that could affect the above forecasts. • It is assumed that there will be no unexpected significant change in general economic trends, real estate market conditions, etc.

(2) Investment Risk

Disclosure is omitted as there are no significant changes from "Investment Risk" as provided in the Securities Report (submitted on November 25, 2021).

2. Financial Statements

(1) Balance Sheets

(Unit: thousand yen)

	7th Fiscal Period (As of August 31, 2021)	8th Fiscal Period (As of February 28, 2022)
Assets		
Current assets		
Cash and deposits	4,208,122	7,587,926
Cash and deposits in trust	1,624,896	2,570,032
Operating accounts receivable	94,259	91,074
Prepaid expenses	204,793	340,073
Consumption tax receivable	229,172	99,075
Other	6,672	13,890
Total current assets	6,367,916	10,702,072
Fixed assets		
Tangible fixed assets		
Buildings	4,034,179	4,035,541
Accumulated depreciation	(153,732)	(202,130)
Buildings, net	3,880,446	3,833,411
Structures	28,587	28,587
Accumulated depreciation	(540)	(781)
Structures, net	28,046	27,806
Machinery and equipment	47,540	47,540
Accumulated depreciation	(4,754)	(5,942)
Machinery and equipment, net	42,786	41,598
Tools, furniture and fixtures	32,371	32,371
Accumulated depreciation	(2,461)	(5,081)
Tools, furniture and fixtures, net	29,909	27,289
Land	6,280,425	6,280,425
Buildings in trust	20,274,127	26,777,053
Accumulated depreciation	(1,541,502)	(1,705,859)
Buildings in trust, net	18,732,625	25,071,194
Structures in trust	71,160	135,527
Accumulated depreciation	(3,879)	(5,318)
Structures in trust, net	67,280	130,209
Tools, furniture and fixtures in trust	41,223	59,085
Accumulated depreciation	(7,115)	(10,381)
Tools, furniture and fixtures in trust, net	34,108	48,704
Land in trust	58,343,096	74,244,525
Construction in progress in trust	718	362
Total tangible assets	87,439,443	109,705,526
Intangible assets		
Software	2,475	1,925
Total intangible assets	2,475	1,925
Investments and other assets		
Long-term prepaid expenses	442,788	866,666
Deferred tax assets	4,924	-
Security deposits	11,080	11,000
Other	10	10
Total investments and other assets	458,802	877,676
Total fixed assets	87,900,721	110,585,127
Deferred assets		
Amortization of investment unit issuance costs	13,268	31,898
Total deferred assets	13,268	31,898
Total assets	94,281,906	121,319,099

(Unit: thousand yen)

	7th Fiscal Period (As of August 31, 2021)	8th Fiscal Period (As of February 28, 2022)
Liabilities		
Current liabilities		
Operating accounts payable	312,492	339,756
Current portion of long-term loans payable	9,950,000	9,950,000
Current portion of tenant leasehold and security deposits in trust	50,973	62,103
Accounts payable - other	193,598	220,030
Accrued expenses	16,922	15,585
Income tax payable	60,189	599
Advances received	20,491	23,628
Derivative liabilities	2,909	2,041
Other	8,953	10,922
Total current liabilities	10,616,530	10,624,667
Non-current liabilities		
Long-term loans payable	33,450,000	47,350,000
Tenant leasehold and security deposits	205,535	205,625
Tenant leasehold and security deposits in trust	3,136,223	3,729,323
Asset retirement obligations	88,636	88,970
Total non-current liabilities	36,880,394	51,373,919
Total liabilities	47,496,925	61,998,586
Net assets		
Unitholders' equity		
Unitholders' capital	45,189,272	57,382,134
Deduction from unitholders' capital		
Allowance for temporary difference adjustment	※ 1 (21,279)	※ 1 (11,086)
Total capital deduction	(21,279)	(11,086)
Unitholders' capital, net	45,167,992	57,371,047
Surplus		
Unappropriated retained earnings	1,619,897	1,951,506
Total surplus	1,619,897	1,951,506
Unitholders' capital, net	46,787,890	59,322,554
Valuation and translation adjustments		
Deferred gains or losses on hedges	(2,909)	(2,041)
Total valuation and translation adjustments	(2,909)	(2,041)
Total net assets	※ 2 46,784,980	※ 2 59,320,513
Total liabilities and net assets	94,281,906	121,319,099

(2) Statements of Income

(Unit: thousand yen)

	7th Fiscal Period (from March 1, 2021 to August 31, 2021)	8th Fiscal Period (from September 1, 2021 to February 28, 2022)
Operating revenues		
Lease business revenue	* 1 2,427,281	* 1 3,155,564
Other lease business revenue	* 1 177,464	* 1 154,224
Gain on sales of real estate properties	* 2 457,223	* 2 720,791
Total operating revenue	3,061,968	4,030,579
Operating expenses		
Expenses related to property rental business	* 1 943,498	* 1 1,049,365
Loss on sales of real estate property	-	* 3 555,207
Asset management fees	157,703	168,286
Asset custody and administrative service fees	19,162	25,419
Directors' compensations	2,400	2,400
Taxes and dues	42,830	81,478
Other operating expenses	52,384	55,244
Total operating expenses	1,217,979	1,937,401
Operating income	1,843,988	2,093,178
Non-operating income		
Interest income	44	36
Reversal of accrued distributions	-	207
Refund of property taxes	-	794
Interest on refunds	-	736
Income from insurance claims	1,079	1,111
Other	0	-
Total non-operating income	1,124	2,885
Non-operating expenses		
Interest expenses	138,611	177,228
Borrowing-related expenses	69,943	100,168
Amortization of investment unit issuance costs	15,178	11,687
Total non-operating expenses	223,733	289,084
Ordinary income	1,621,379	1,806,980
Income before income taxes	1,621,379	1,806,980
Income taxes - current	60,196	605
Income taxes - deferred	(2,778)	4,924
Total income taxes	57,417	5,529
Net income	1,563,962	1,801,451
Retained earnings brought forward	55,935	150,055
Unappropriated retained earnings	1,619,897	1,951,506

(3) Statements of Unitholders' Equity

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		Unitholders' capital, net
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings	Total surplus	
		Allowance for temporary difference adjustment	Total capital deduction				
Beginning balance	45,189,272	(36,882)	(36,882)	45,152,389	1,505,288	1,505,288	
Changes during the period							
Dividends of surplus					(1,433,750)	(1,433,750)	(1,433,750)
Reversal of allowance for temporary difference adjustments		15,603	15,603	15,603	(15,603)	(15,603)	-
Net income					1,563,962	1,563,962	1,563,962
Net changes of items other than unitholders' equity							
Total changes during the period	-	15,603	15,603	15,603	114,609	114,609	130,212
Period-end balance	※ 1 45,189,272	(21,279)	(21,279)	45,167,992	1,619,897	1,619,897	46,787,890

(Unit: thousand yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Beginning balance	(13,102)	(13,102)	46,644,575
Changes during the period			
Dividends of surplus			(1,433,750)
Reversal of allowance for temporary difference adjustments			-
Net income			1,563,962
Net changes of items other than unitholders' equity	10,192	10,192	10,192
Total changes during the period	10,192	10,192	140,405
Period-end balance	(2,909)	(2,909)	46,784,980

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

(Unit: thousand yen)

	Unitholders' equity						
	Unitholders' capital				Surplus		Unitholders' capital, net
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings	Total surplus	
		Allowance for temporary difference adjustment	Total capital deduction				
Beginning balance	45,189,272	(21,279)	(21,279)	45,167,992	1,619,897	1,619,897	
Changes during the period							
Issuance of New Investment Units	12,192,862			12,192,862			12,192,862
Dividends of surplus					(1,459,650)	(1,459,650)	(1,459,650)
Reversal of allowance for temporary difference adjustments		10,192	10,192	10,192	(10,192)	(10,192)	-
Net income					1,801,451	1,801,451	1,801,451
Net changes of items other than unitholders' equity							
Total changes during the period	12,192,862	10,192	10,192	12,203,055	331,608	331,608	12,534,663
Period-end balance	※ 1 57,382,134	(11,086)	(11,086)	57,371,047	1,951,506	1,951,506	59,322,554

(Unit: thousand yen)

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Beginning balance	(2,909)	(2,909)	46,784,980
Changes during the period			
Issuance of New Investment Units			12,192,862
Dividends of surplus			(1,459,650)
Reversal of allowance for temporary difference adjustments			-
Net income			1,801,451
Net changes of items other than unitholders' equity	868	868	868
Total changes during the period	868	868	12,535,532
Period-end balance	(2,041)	(2,041)	59,320,513

(4) Statements of Cash Distribution

(Unit: yen)

Category	7th Fiscal Period From: March 1, 2021 To: August 31, 2021	8th Fiscal Period From: September 1, 2021 To: February 28, 2022
I Unappropriated retained earnings	1,619,897,845	1,951,506,436
II Addition of cash distribution in excess of earnings	—	—
Of which, allowance for temporary difference adjustment	—	—
III Total investment amount	10,192,746	868,421
Of which, temporary difference adjustment reserve reversal	10,192,746	868,421
IV Cash distribution	1,459,650,000	1,794,000,000
[Cash distribution per unit]	(3,156)	(3,120)
Of which, cash distribution of earnings	1,459,650,000	1,794,000,000
[Of which, cash distribution of earnings per unit]	(3,156)	(3,120)
Of which, allowance for temporary difference adjustment	—	—
[Of which, cash distribution in excess of earnings per unit (attributable to allowance for temporary difference adjustment)]	(—)	(—)
V Retained earnings carried forward	150,055,099	156,638,015
Method of calculation of amount of cash distribution	<p>The amount shall exceed the amount equivalent to 90% of the amount of dividends available to the Investment Corporation as stipulated in Article 36, Paragraph 1 (1) of the Articles of Incorporation and Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In accordance with this policy, the Company decided to reserve 150,055,099 yen for the profit (excluding distributions in excess of earnings) in order to stabilize future distributions, considering that a 457,223,128 yen gain on sales of real estate, etc. was generated, and to distribute as a profit distribution the entire amount of 1,459,650,000 yen after deducting the reversal of the above retained earnings and the reserve for temporary difference adjustment (as defined in Article 2, Paragraph 2, Item 30 of the Regulation on Accounting at Investment Corporations of Japan) from unappropriated retained earnings for the period. In addition, in consideration of the impact of the discrepancy in excess of income tax (as defined in Article 2, Paragraph 2, Item 30(a) of the Regulation on Accounting at Investment Corporations of Japan) on dividends, the Investment Corporation will distribute excess earnings in accordance with Article 36(1)(ii) of the Rules as an amount equivalent to the discrepancy in excess income tax as determined by the Investment Corporation. However, in the fiscal period under review, no distribution in excess of earnings was made due to internal reserves.</p>	<p>The amount shall exceed the amount equivalent to 90% of the amount of dividends available to the Investment Corporation as stipulated in Article 36, Paragraph 1 (1) of the Articles of Incorporation and Article 67-15, Paragraph 1 of the Act on Special Measures Concerning Taxation. In accordance with this policy and in regard to distributions in excess of earnings, the Investment Corporation decided to reserve 156,638,015 yen internally (excluding distributions in excess of earnings) in order to stabilize future distributions, and to distribute as a profit distribution the entire amount of 1,794,000,000 yen after deducting reversal of retained earnings and the reserve for temporary difference adjustment (which is defined in Article 2, Paragraph 2, Item 30 of the Regulation on Accounting at Investment Corporations) from unappropriated retained earnings at the end of the fiscal period under review. In addition, in consideration of the impact of the discrepancy in excess of income tax (as defined in Article 2, Paragraph 2, Item 30(a) of the Regulation on Accounting at Investment Corporations of Japan) on dividends, the Investment Corporation will distribute excess earnings in accordance with Article 36(1)(ii) of the Rules as an amount equivalent to the discrepancy in excess income tax as determined by the Investment Corporation. However, in the fiscal period under review, no distribution in excess of earnings was made due to internal reserves.</p>

(5) Statements of Cash Flow

(Unit: thousand yen)

	7th Fiscal Period (from March 1, 2021 to August 31, 2021)	8th Fiscal Period (from September 1, 2021 to February 28, 2022)
Net cash provided by (used in) operating activities		
Income before income taxes	1,621,379	1,806,980
Depreciation	334,900	437,070
Amortization of investment unit issuance costs	15,178	11,687
Borrowing-related expenses	63,803	92,730
Interest income	(44)	(36)
Interest expenses	138,611	177,228
Decrease (increase) in operating accounts receivable	(37,593)	13,276
Decrease (increase) in consumption taxes receivable	(229,172)	130,096
Increase (decrease) in accrued consumption taxes	(319,699)	-
Decrease (increase) in prepaid expenses	(43,433)	(94,855)
Decrease (increase) in long-term prepaid expenses	(126,188)	(347,959)
Increase (decrease) in operating accounts payable	51,357	(32,708)
Increase (decrease) in accounts payable	7,665	18,341
Increase (decrease) in advances received	9,295	3,136
Decrease in disposal of property and equipment in trust	5,211,461	6,270,270
Other	(508)	(4,779)
Subtotal	6,697,012	8,480,479
Interest income received	44	36
Interest expenses paid	(137,630)	(178,564)
Income taxes paid	(26,799)	(60,195)
Net cash provided by (used in) operating activities	6,532,626	8,241,756
Net cash provided by (used in) investing activities		
Purchase of property and equipment	(5,825,212)	(37,730)
Purchase of property and equipment in trust	(4,625,153)	(28,862,664)
Proceeds from recovery of tenant leasehold and security deposits	-	80
Payment of tenant leasehold and security deposits	(80)	-
Proceeds from receipt of tenant leasehold and security deposits	27,406	88
Repayments of tenant leasehold and security deposits	(268)	-
Proceeds from receipt tenant leasehold and security deposits in trust	37,725	224,807
Repayments of tenant leasehold and security deposits in trust	(151,929)	(66,197)
Net cash provided by (used in) investing activities	(10,537,511)	(28,741,616)
Net cash provided by (used in) from financing activities		
Proceeds from long-term loans	9,856,825	13,690,102
Repayment of long-term loans	(10,000,000)	-
Proceeds from issuance of investment units	-	12,171,458
Distributions paid	(1,433,027)	(1,459,784)
Net cash provided by (used in) from financing activities	(1,576,202)	24,401,776
Net increase (decrease) in cash and cash equivalents	(5,581,087)	3,901,916
Cash and cash equivalents at beginning of period	9,039,193	3,458,106
Cash and cash equivalents at end of period	* 1 3,458,106	* 1 7,360,022

(6) Notes on the Going Concern Assumption

Not applicable.

(7) Notes on Matters Concerning Significant Accounting Policies

1. Method of Depreciation of Non-Current Assets	<p>(1) Property and equipment (including property and equipment in trust) The straight-line method is adopted. The useful life of primary property and equipment is as follows:</p> <table border="0"><tr><td>Buildings</td><td>5 to 66 years</td></tr><tr><td>Structures</td><td>10 to 65 years</td></tr><tr><td>Machinery and equipment</td><td>20 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>2 to 15 years</td></tr></table> <p>(2) Intangible assets The straight-line method is adopted. The useful life of primary intangible assets is as follows: Software 5 years</p> <p>(3) Long-term prepaid expenses The straight-line method is adopted.</p>	Buildings	5 to 66 years	Structures	10 to 65 years	Machinery and equipment	20 years	Tools, furniture and fixtures	2 to 15 years
Buildings	5 to 66 years								
Structures	10 to 65 years								
Machinery and equipment	20 years								
Tools, furniture and fixtures	2 to 15 years								
2. Accounting for Deferred Assets	<p>Amortization of investment unit issuance costs Investment unit issuance costs are amortized with the straight-line method over three years.</p>								
3. Standards for Revenue and Expense Recognition	<p>1) Standards for Revenue The following is a description of the Investment Corporation's principal performance obligations with respect to revenue arising from contracts with customers and the normal time at which such performance obligations are satisfied (i.e., the normal time at which revenue is recognized).</p> <p>(1) Sale of real estate property For sales of real estate property, revenue is recognized when the customer, who is the buyer, obtains control of the real estate and other assets by the Investment Corporation's fulfilling of the delivery obligations stipulated in the real estate property purchase agreement. Note that in the statements of income, "Gain on sales of real estate property" or "Loss on sales of real estate property" is presented as "Revenue on sales of real estate properties" proceeds from sales of real estate properties" less "Expenses on sales of real estate properties," which is the book value of real estate property sold, and "Other expenses," which are expenses directly related to the sale.</p> <p>(2) Utilities reimbursement For utilities reimbursement, the Investment Corporation provides electricity, water, and other utility services to lessees of real estate property, who are customers, and recognizes revenues based on the content of agreements reached in the real estate leasing agreement or other relevant document.</p> <p>2) Accounting for Property Tax, Etc. Accounting for property tax, city planning tax, depreciable asset tax, etc. ("property tax, etc.") on real estate or beneficiary interest in trust for real estate held is that, of the tax amount assessed and determined, the amount corresponding to the concerned calculation period is expensed as expenses related to rent business. The amount of property tax, etc. paid to the seller as settlement money for the calendar year, including the date of the acquisition of real estate, etc. is not recorded as an expense, but is included in the acquisition cost of real estate, etc. In the fiscal period under review, the amount equivalent to property taxes, etc. included in the acquisition cost of real estate, etc. was 33,611 thousand yen.</p>								

4. Hedge Accounting Method	<p>(1) Hedge accounting method Deferral hedge accounting is adopted.</p> <p>(2) Hedging instruments and hedged items Hedging instrument: Interest rate swap Hedged items: Interest on loans</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging the risks provided in its Articles of Incorporation pursuant to rules and regulations.</p> <p>(4) Method of assessing the effectiveness of hedging The effectiveness of hedging is assessed by comparing the cumulative change in cash flows of the hedging instruments with the cumulative change in cash flows of the hedged items and verifying the ratio of the amount of change in the two.</p>
5. Scope of Cash and Cash Equivalents in the Statements of Cash Flow	Cash on hand and cash in trust, demand deposits and deposits in trust, and short-term investments with a maturity of three months or less from the date of acquisition that are readily convertible to cash and that are subject to an insignificant risk of changes in value.
6. Other Matters Serving as the Basis for Preparation of Financial Statements	<p>(1) Accounting for beneficiary interest in trust for real estate, etc. Concerning beneficiary interest in trust for real estate, etc. held, all accounts of assets and liabilities within trust assets as well as all accounts of revenue and expenses from the trust assets are recognized in the relevant account item of the balance sheet and the statement of income. The following material items of the trust assets recognized in the relevant account item are separately listed on the balance sheet.</p> <p>1) Cash and deposits in trust 2) Buildings, structures, tools, furniture and fixtures, land, and construction in progress in trust 3) Current portion of tenant leasehold and security deposits in trust, tenant leasehold and security deposits in trust</p> <p>(2) Accounting for Consumption Tax, Etc. Consumption tax and local consumption tax are accounted for by the tax-excluded method, and non-deductible consumption taxes are treated as expenses incurred. However, non-deductible consumption taxes related to fixed assets are recorded as long-term prepaid expenses and amortized equally over 5 years.</p>

(Additional Information)

[Allowance for temporary difference adjustment]

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

1. Reasons for Reversal, Assets Accrued and Reversal Amount

(Unit: thousand yen)

Item	Reasons for reversal	Allowance for temporary difference adjustment
Deferred gains or losses on hedges	Fluctuations in the market value of derivative transactions	(10,192)
Total		(10,192)

2. Concrete Method of Reversal

(1) Deferred Gains or Losses on Hedges

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

1. Reasons for Reversal, Assets Accrued and Reversal Amount

(Unit: thousand yen)

Item	Reasons for reversal	Allowance for temporary difference adjustment
Deferred gains or losses on hedges	Fluctuations in the market value of derivative transactions	(868)
Total		(868)

2. Concrete Method of Reversal

(1) Deferred Gains or Losses on Hedges

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

(8) Notes on Changes in Accounting Policies

(1) Application of Accounting Standard for Revenue Recognition

At the beginning of the fiscal period under review, the Investment Corporation adopted the Accounting Standard for Revenue Recognition, etc. (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020; hereinafter the “Accounting Standard for Revenue Recognition”). As a result, revenue is now recognized as the amount expected to be received in exchange for promised goods or services at the time of the transfer of their control to the customer. The adoption of this accounting standard did not have a material impact on the financial statements.

In accordance with transitional treatment as stipulated in Paragraph 89-3 of the Accounting Standard for Revenue Recognition, notes related to revenue recognition for the previous fiscal period are not presented.

(2) Application of Accounting Standard for Fair Value Measurement

At the beginning of the fiscal period under review, the Investment Corporation adopted the Accounting Standard for Fair Value Measurement (Accounting Standards Board of Japan (ASBJ) Statement No. 30, July 4, 2019), and has applied new accounting methods for prospective fair value measurement established by Paragraph 19 of the Accounting Standard for Fair Value Measurement and established by Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019) for transitional treatment. The adoption of this accounting standard did not have a material impact on the financial statements.

In accordance with the provisions of Article 2, Paragraph 5 of the Cabinet Office Ordinance Partially Revising the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements (Cabinet Office Ordinance No. 61, September 24, 2021), matters listed in Article 8-6-2, Paragraph 1, Item 3 of the Regulation on Terminology, Forms, and Preparation Methods of Financial Statements are omitted.

(9) Notes to the Financial Statements

[Notes to the Balance Sheet]

*1 Allowance for Temporary Difference Adjustment

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

1. Reason for Change of Temporary Difference, Item, and Amounts

(Unit: thousand yen)

Item	Reason for change of temporary difference	Initial accrual	Beginning balance	Current period provision amount	Net reversal amount	Period-end balance	Concrete method of reversal
Buildings in trust	Occurrence of the issue of inconsistency between accounting purposes and tax purposes regarding recording of expenses related to asset retirement obligations	105,723 (Note)	8,537	-	-	8,537	-
Deferred gains or losses on hedges	Valuation losses on interest rate swaps	6,625	28,345	-	(15,603)	12,742	Fluctuations in the market value of derivative transactions
Total		112,348	36,882	-	(15,603)	21,279	-

(Note) The initial accrual amount for buildings in trust is the total amount of temporary differences arising from each asset, and reserves and reversals are provided based on this amount.

2. Concrete Method of Reversal

(1) Buildings in trust

The allowance for temporary difference adjustment for expenses related to asset retirement obligation will be reversed in an appropriate amount corresponding to disposal/sale of the buildings at the time loss is recognized.

(2) Deferred gains or losses on hedges

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

1. Reason for Change of Temporary Difference, Item, and Amounts

(Unit: thousand yen)

Item	Reason for change of temporary difference	Initial accrual	Beginning balance	Current period provision amount	Net reversal amount	Period-end balance	Concrete method of reversal
Buildings in trust	Occurrence of the issue of inconsistency between accounting purposes and tax purposes regarding recording of expenses related to asset retirement obligations	105,723 (Note)	8,537	-	-	8,537	-
Deferred gains or losses on hedges	Valuation losses on interest rate swaps	6,625	12,742	-	(10,192)	2,549	Fluctuations in the market value of derivative transactions
Total		112,348	21,279	-	(10,192)	11,086	-

(Note) The initial accrual amount for buildings in trust is the total amount of temporary differences arising from each asset, and reserves and reversals are provided based on this amount.

2. Concrete Method of Reversal

(1) Buildings in trust

The allowance for temporary difference adjustment for expenses related to asset retirement obligation will be reversed in an appropriate amount corresponding to disposal/sale of the buildings at the time loss is recognized.

(2) Deferred gains or losses on hedges

The allowance will be reversed corresponding to future change in values of the hedging derivatives.

*2 Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations

(Unit: thousand yen)

7th Fiscal Period (As of August 31, 2021)	8th Fiscal Period (As of February 28, 2022)
50,000	50,000

[Notes to the Statement of Income]

*1 Breakdown of operating income (loss) from real estate leasing

(Unit: thousand yen)

	7th Fiscal Period From: March 1, 2021 To: August 31, 2021		8th Fiscal Period From: September 1, 2021 To: February 28, 2022	
A. Operating revenue from real estate leasing				
Lease business revenue				
Rental revenue	2,149,964		2,860,611	
Common area charges	190,916		189,800	
Parking revenue	67,745		81,030	
Other rental revenue	18,654	2,427,281	24,121	3,155,564
Other lease business revenue				
Utilities reimbursement	124,139		127,609	
Other revenue	53,325	177,464	26,615	154,224
Total operating revenue from real estate leasing		2,604,745		3,309,788
B. Operating expenses from real estate leasing				
Expenses related to property rental business				
Management fees	189,774		209,743	
Utilities expenses	101,030		117,464	
Taxes and dues	179,812		178,310	
Insurance premiums	4,512		6,663	
Repair expenses	85,719		82,868	
Trust fees	9,929		13,572	
Depreciation	334,350		436,520	
Other lease business expenses	38,367		4,223	
Total operating expenses from real estate leasing		943,498		1,049,365
C. Operating income from real estate leasing (A – B)		1,661,247		2,260,422

*2 Breakdown of gain on sales of real estate property

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

Almost Blue (70% quasi-co-ownership interest) (Unit: thousand yen)

Revenue on sales of real estate property		5,037,636
Cost of sales of real estate property	4,618,120	
Other expenses	3,042	
Gain on sales of real estate properties		416,474

Alpha Space Toritsudai (Unit: thousand yen)

Revenue on sales of real estate property		652,000
Cost of sales of real estate property	593,341	
Other expenses	17,909	
Gain on sales of real estate properties		40,748

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

SAMTY Shin-Osaka Center Building		(Unit: thousand yen)
Revenue on sales of real estate property		4,000,000
Cost of sales of real estate property	3,408,192	
Other expenses	72,631	
Gain on sales of real estate properties		519,175
Chuo Bakuromachi Building (37% quasi-co-ownership interest)		(Unit: thousand yen)
Revenue on sales of real estate property		714,690
Cost of sales of real estate property	546,920	
Other expenses	23,792	
Gain on sales of real estate properties		143,978
Shinsaibashi Building		(Unit: thousand yen)
Revenue on sales of real estate property		848,945
Cost of sales of real estate property	764,298	
Other expenses	27,009	
Gain on sales of real estate properties		57,636

*3 Breakdown of loss on sales of real estate property

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

Not applicable.

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

Nagano Central Building		(Unit: thousand yen)
Revenue on sales of real estate property		778,162
Cost of sales of real estate property	924,295	
Other expenses	12,667	
Loss on sales of real estate property		158,800
Yamagata Ekimae-dori Building		(Unit: thousand yen)
Revenue on sales of real estate property		233,743
Cost of sales of real estate property	626,563	
Other expenses	3,586	
Loss on sales of real estate property		396,406

[Notes to the Statement of Unitholders' Equity]

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

	7th Fiscal Period From: March 1, 2021 To: August 31, 2021	8th Fiscal Period From: September 1, 2021 To: February 28, 2022
Total number of investment units authorized	10,000,000 units	10,000,000 units
Total number of investment units issued and outstanding	462,500 units	575,000 units

[Notes to the Statement of Cash Flows]

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

	7th Fiscal Period From: March 1, 2021 To: August 31, 2021	8th Fiscal Period From: September 1, 2021 To: February 28, 2022
Cash and deposits	4,208,122 thousand yen	7,587,926 thousand yen
Cash and deposits in trust	1,624,896 thousand yen	2,570,032 thousand yen
Payment for restricted bank deposit (Note)	(2,374,912 thousand yen)	(2,797,936 thousand yen)
Cash and cash equivalents	3,458,106 thousand yen	7,360,022 thousand yen

(Note) This indicates a deposit in trust reserved for the repayment of the deposit to a tenant.

[Notes on Lease Transactions]

Disclosure is omitted due to immateriality.

[Notes on Financial Instruments]

1. Our Policy on Financial Instruments

(1) Policy for financial instrument transactions

The Investment Corporation's basic policy is to build a stable and sound financial base for the purpose of securing stable earnings over the medium to long term and achieving sustainable growth in the property portfolio. Based on this basic policy, the Investment Corporation will raise funds by borrowing from financial institutions and issuing new investment units, taking into consideration the bank formation, various borrowing methods, fixed and floating ratio and the dispersion of maturity date etc.

We may flexibly issue additional investment units for the purpose of property acquisitions, repair of properties, payment of management expenses of the Investment Corporation including repayment of borrowings or other activities, and are mindful of the potential of dilution of our investment units in considering economic conditions and other factors. In the case of investment of surplus funds, we shall try to operate with consideration for safety and exchangeability.

In addition, for derivatives transactions, the Investment Corporation carries out such for only hedging purpose of interest rate risk arising from liabilities related to borrowings, etc., not for speculative purpose.

(2) Nature and extent of risks arising from financial instruments and risk management

Borrowings are primarily aimed at acquisition of assets, procurement of debt repayment / redemption funds, and are exposed to risks that the borrowings cannot be refinanced and the Investment Corporation manages the risk by diversification of lenders and issuance of new investment units etc. The Investment Corporation reduces risk of fluctuation in floating interest rates by fixing payment interest rates through such methods as interest rate swaps, with consideration to such factors as interest rate balance.

(3) Supplementary information on fair value, etc. of financial instruments

The fair value of financial instruments includes the value based on the market price, and the value reasonably calculated when there is no market price. Because the certain assumptions are adopted in the calculation of the above value, the value may differ depending on different assumptions etc.

2. Fair Value, Etc. of Financial Instruments

The carrying amount, the fair value, and the difference between them as of August 31, 2021, are as follows. Note that "Cash and deposits" and "Cash and deposits in trust" approximate their carrying amounts due to their nature as cash and settlement in a short period of time, respectively, while "Current portion of tenant leasehold and security deposits in trust," "Tenant leasehold and security deposits" and "Tenant leasehold and security deposits in trust" are immaterial. Notes on these items are therefore omitted.

	Carrying amount (thousand yen)	Fair value (thousand yen)	Amount of difference (thousand yen)
(1) Current portion of long-term loans payable	9,950,000	9,950,000	-
(2) Long-term loans payable	33,450,000	33,605,112	155,112
(3) Derivative transactions (*)	(2,909)	(2,909)	-

(*) Assets and liabilities arising from derivative transactions are offset and presented in the net amount, with the balance shown in parentheses () when in a net liability position.

The carrying amount, the fair value, and the difference between them as of February 28, 2022, are as follows. Note that

“Cash and deposits” and “Cash and deposits in trust” approximate their carrying amounts due to their nature as cash and settlement in a short period of time, respectively, while “Current portion of tenant leasehold and security deposits in trust,” “Tenant leasehold and security deposits” and “Tenant leasehold and security deposits in trust” are immaterial. Notes on these items are therefore omitted.

	Carrying amount (thousand yen)	Fair value (thousand yen)	Amount of difference (thousand yen)
(1) Current portion of long-term loans payable	9,950,000	9,950,000	-
(2) Long-term loans payable	47,350,000	47,250,328	(99,671)
(3) Derivative transactions (*)	(2,041)	(2,041)	-

(*) Assets and liabilities arising from derivative transactions are offset and presented in the net amount, with the balance shown in parentheses () when in a net liability position.

(Note 1) Calculation method of fair value of financial instruments and derivatives transactions

(1) Current portion of long-term loans payable

Since these are settled in a short period of time and have variable interest rates, the fair value is approximately equal to the book value, so the book values are used.

(2) Long-term loans payable

Of long-term loans payable, those with fixed interest rates are calculated by discounting the total amount of principal and interest by the interest rate assumed to be applied if a new loan is taken out corresponding to the remaining period. Those with floating interest rates reflect market interest rates in a short period of time and their fair values are considered to be approximately equal to their book values, so the book values are used.

(3) Derivative transactions

Please refer to “Notes on Derivative Transactions” later in this document.

(Note 2) Amount of repayment of loans scheduled to be due after the date of the fiscal period end (August 31, 2021)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Long-term loans payable	9,950,000	6,000,000	9,550,000	10,050,000	7,850,000	-
Total	9,950,000	6,000,000	9,550,000	10,050,000	7,850,000	-

Amount of repayment of loans scheduled to be due after the date of the fiscal period end (February 28, 2022)

(Unit: thousand yen)

	Not later than 1 year	Later than 1 year and not later than 2 years	Later than 2 years and not later than 3 years	Later than 3 years and not later than 4 years	Later than 4 years and not later than 5 years	Later than 5 years
Long-term loans payable	9,950,000	6,000,000	16,900,000	16,600,000	7,850,000	-
Total	9,950,000	6,000,000	16,900,000	16,600,000	7,850,000	-

[Notes on Securities]

7th Fiscal Period (As of August 31, 2021)

Not applicable.

8th Fiscal Period (As of February 28, 2022)

Not applicable.

[Notes on Derivative Transactions]

1. Derivative Transactions to Which Hedge Accounting Is Not Applied

7th Fiscal Period (As of August 31, 2021)

Not applicable.

8th Fiscal Period (As of February 28, 2022)

Not applicable.

2. Derivative Transactions to Which Hedge Accounting Is Applied

7th Fiscal Period (As of August 31, 2021)

The following is the contract amount, or the notional principal provided in the contract as of the date of fiscal period for each hedge accounting method.

(Unit: thousand yen)

Hedge accounting method	Derivative instruments	Hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, more than one year	
Deferred hedge accounting	Interest rate swap floating receivable; fixed payable	Long-term loans payable	5,000,000	-	(2,909)

(Note 1) Contract amount, etc. is based on notional principal.

(Note 2) Fair value is calculated based on the price quoted by lending financial institutions, etc.

8th Fiscal Period (As of February 28, 2022)

The following is the contract amount, or the notional principal provided in the contract as of the date of fiscal period for each hedge accounting method.

(Unit: thousand yen)

Hedge accounting method	Derivative instruments	Hedged item	Contract amount, etc. (Note 1)		Fair value (Note 2)
				Of which, more than one year	
Deferred hedge accounting	Interest rate swap floating receivable; fixed payable	Long-term loans payable	5,000,000	-	(2,041)

(Note 1) Contract amount, etc. is based on notional principal.

(Note 2) Fair value is calculated based on the price quoted by lending financial institutions, etc.

[Notes on Retirement Benefits]

7th Fiscal Period (As of August 31, 2021)

Not applicable.

8th Fiscal Period (As of February 28, 2022)

Not applicable.

[Notes on Income Taxes]

1. Deferred tax assets and deferred tax liabilities consist of the following:

(Unit: thousand yen)

	7th Fiscal Period August 31, 2021	8th Fiscal Period February 28, 2022
Deferred tax assets		
Non-deductible accrued enterprise tax	4,924	-
Asset retirement obligations	27,884	27,990
Deferred consumption taxes	53	43
Deferred gains or losses on hedges	915	642
Subtotal of deferred tax assets	33,777	28,675
Valuation allowance	(4,989)	(5,344)
Total deferred tax assets	28,788	23,330
Deferred tax liabilities		
Building and equipment corresponding to the asset retirement obligations	23,864	23,330
Total deferred tax liabilities	23,864	23,330
Deferred tax assets, net	4,924	-

2. A reconciliation of the Investment Corporation's effective tax rates and statutory tax rate is as follows:

(Unit: percent)

	7th Fiscal Period August 31, 2021	8th Fiscal Period February 28, 2022
Statutory tax rate	34.59	31.46
(Adjustments)		
Deductible distributions	(31.14)	(31.23)
Other	0.09	0.08
Effective income tax rate	3.54	0.31

[Notes on Related-Party Transactions]

1. Parent Company, Major Corporate Unitholders, Etc.

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

Not applicable.

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

Not applicable.

2. Affiliated Companies, Etc.

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

Not applicable.

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

Not applicable.

3. Fellow Subsidiaries, Etc.

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

Not applicable.

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

Not applicable.

4. Directors, Major Individual Unitholders, Etc.

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

Type	Name of company, person, etc.	Location	Capital stock or investments in capital (million yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) TLR(%)	Relationship		Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
						Concurrent holding of position as officer, etc	Business relations				
Director	Masayuki Ishihara	—	—	Executive director, Takara Leben Real Estate Investment Corporation and Executive Chairman and CEO, Takara PAG Real Estate Advisory Limited	—	Executive director, Takara Leben Real Estate Investment Corporation and Executive Chairman and CEO, Takara PAG Real Estate Advisory Limited		Payment of asset management fee to the Asset Management Company	237,853	Accounts payable - other	173,474

(Note 1) Of the amounts above, the transaction amount does not include consumption tax, while the balance at the end of the period includes consumption tax.

(Note 2) The transaction is one that was conducted by Masayuki Ishihara as Executive Chairman and CEO of a third party (the Asset Management Company), and the transaction amount is based on the terms and conditions provided in the Articles of Incorporation of the Investment Corporation and asset management agreement.

(Note 3) Asset management fee includes the property acquisition fee included in the book value of individual real estate in the amount of 80,150 thousand yen.

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

Type	Name of company, person, etc.	Location	Capital stock or investments in capital (million yen)	Description of business or occupation	Percentage of voting rights, etc. held in (by) TLR(%)	Relationship		Description of transaction	Transaction amount (thousand yen)	Account item	Balance at end of period (thousand yen)
						Concurrent holding of position as officer, etc	Business relations				

Director	Tetsuo Saida	—	—	Executive director, Takara Leben Real Estate Investment Corporation and Representative Director and President, Takara PAG Real Estate Advisory Limited	—	Executive director, Takara Leben Real Estate Investment Corporation and Representative Director and President, Takara PAG Real Estate Advisory Limited	Payment of asset management fee to the Asset Management Company	416,036	Accounts payable - other	185,115
----------	--------------	---	---	--	---	--	---	---------	--------------------------	---------

(Note 1) Of the amounts above, the transaction amount does not include consumption tax, while the balance at the end of the period includes consumption tax.

(Note 2) The transaction is one that was conducted by Tetsuo Saida as Representative Director and CEO of a third party (the Asset Management Company), and the transaction amount is based on the terms and conditions provided in the Articles of Incorporation of the Investment Corporation and asset management agreement.

(Note 3) Asset management fee includes the property acquisition fee included in the book value of individual real estate in the amount of 247,750 thousand yen.

[Notes on Share of Profit (Loss) of Entities Accounted for Using Equity Method, Etc.]

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

Not applicable.

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

Not applicable.

[Notes on Asset Retirement Obligations]

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

1. Asset Retirement Obligation Booked in the Balance Sheet

(1) Overview

The Investment Corporation has booked the asset retirement obligations required by regulations to remove asbestos from Nagoya Center Plaza Building and Sendai Nikko Building, acquired on July 30, 2018, and to eliminate PCB from Nagoya Center Plaza Building.

(2) Method of calculating the amount of the asset retirement obligation

The amount of asset retirement obligations is calculated by estimating the expected period of use based on the useful life of the building in trust and using the following discount rates.

Category	Property name	Expected period of use	Discount rate
Asbestos	Nagoya Center Plaza Building	26 years	0.748%
	Sendai Nikko Building	31 years	0.833%
PCB	Nagoya Center Plaza Building	26 years	0.748%

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

1. Asset Retirement Obligation Booked in the Balance Sheet

(1) Overview

The Investment Corporation has booked the asset retirement obligations required by regulations to remove asbestos from Nagoya Center Plaza Building and Sendai Nikko Building, acquired on July 30, 2018, and to eliminate PCB from Nagoya Center Plaza Building.

(2) Method of calculating the amount of the asset retirement obligation

The amount of asset retirement obligations is calculated by estimating the expected period of use based on the useful life of the building in trust and using the following discount rates.

Category	Property name	Expected period of use	Discount rate
Asbestos	Nagoya Center Plaza Building	26 years	0.748%
	Sendai Nikko Building	31 years	0.833%
PCB	Nagoya Center Plaza Building	26 years	0.748%

(3) Movement of asset retirement obligation

(Unit: thousand yen)

	7th Fiscal Period From: March 1, 2021 To: August 31, 2021	8th Fiscal Period From: September 1, 2021 To: February 28, 2022
Balance at beginning of period	88,298	88,636
Increase due to acquisition of tangible fixed assets	-	-
Decrease due to disposition of tangible fixed assets	-	-
Adjustment for passage of time	338	333
Balance at end of period	88,636	88,970

[Notes on Segment Information]

(Segment information)

Segment information is omitted because the Investment Corporation operates a single segment, which is the real estate leasing business.

(Related information)

7th Fiscal Period (from March 1, 2021 to August 31, 2021)

(1) Information by product and service

This information is omitted because operating revenues from external customers in a single product/service category exceeds 90% of operating revenues in the statement of income.

(2) Information by region

1) Operating revenues

This information is omitted because operating revenues from external customers in Japan exceeds 90% of operating revenues in the statement of income.

2) Tangible fixed assets

This information is omitted because the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheet.

(3) Information by major customer

This information is omitted because there are no customers that account for 10% or more of total operating revenues.

8th Fiscal Period (from September 1, 2021 to February 28, 2022)

(1) Information by product and service

This information is omitted because operating revenues from external customers in a single product/service category exceeds 90% of operating revenues in the statement of income.

(2) Information by region

1) Operating revenues

This information is omitted because operating revenues from external customers in Japan exceeds 90% of operating revenues in the statement of income.

2) Tangible fixed assets

This information is omitted because the amount of tangible fixed assets located in Japan exceeds 90% of the amount of tangible fixed assets on the balance sheet.

(3) Information by major customer

This information is omitted because there are no customers that account for 10% or more of total operating revenues.

[Notes on Investment and Rental Properties]

The Investment Corporation mainly owns Office, Residence, Hotel, Retail and Other for the purpose of obtaining rental income in the four major metropolitan areas and the major regional cities. The amounts recorded in the balance sheet of these real estate for rental, etc., increase / decrease during the period and market value are as follows.

(Unit: thousand yen)

	7th Fiscal Period From: March 1, 2021 To: August 31, 2021	8th Fiscal Period From: September 1, 2021 To: February 28, 2022
Carrying amount		
Balance at beginning of period	82,414,491	87,439,443
Amount of increase (decrease) during period	5,024,952	22,266,082
Balance at end of period	87,439,443	109,705,526
Fair value at end of period	92,880,000	116,223,000

(Note 1) Carrying amount is the amount of the cost of acquisition, less accumulated depreciation.

(Note 2) Among the increases and decreases, the main increase during the previous period was from acquisition of six real estate properties and real estate trust beneficiary interests (10,317,680 thousand yen), with the main decreases during the previous period from transfer of two real estate trust beneficiary interests (5,227,524 thousand yen) and depreciation and amortization expenses (334,350 thousand yen). The main increases during the period under review were from acquisition of 13 real estate trust beneficiary interests (28,726,671 thousand yen), and the main decreases during the period under review were from the transfer of five real estate trust beneficiary interests (6,270,270 thousand yen) and depreciation and amortization expenses (436,520 thousand yen).

(Note 3) The fair value at the end of the period is the appraisal value by an outside real estate appraiser.

The income (loss) concerning investment and rental properties for the fiscal period ended August 31, 2021 (7th Period) and the fiscal period ended February 28, 2022 (8th Period) is as stated in “Notes to the Statement of Income” earlier in this document.

[Notes on Revenue Recognition]

Information on Disaggregation of Revenues Arising from Contracts with Customers

Revenues arising from contracts with major customers are comprised of “Revenue on sales of real estate properties” and “Utilities reimbursement.” For amounts, please refer to “*1 Breakdown of operating income (loss) from real estate leasing,” “*2 Breakdown of gain on sales of real estate property,” and “*3. Breakdown of loss on sales of real estate property” in “Notes to the Statement of Income” above. Lease business revenue and other items subject to Accounting Standard for Lease Transactions (ASBJ Statement No. 13) is not included in revenues arising from contracts with customers because this is not applicable to revenue recognition standards.

[Notes on Per Unit Information]

	7th Fiscal Period From: March 1, 2021 To: August 31, 2021	8th Fiscal Period From: September 1, 2021 To: February 28, 2022
Net assets per unit	101,156 yen	103,166 yen
Net income per unit	3,381 yen	3,132 yen

(Note 1) Net income per unit is calculated by dividing net income by daily weighted average number of investment units. In addition, diluted net income per unit is not stated, because there are no diluted investment units.

(Note 2) The basis for calculation of net income per unit is as follows:

	7th Fiscal Period From: March 1, 2021 To: August 31, 2021	8th Fiscal Period From: September 1, 2021 To: February 28, 2022
Net income (thousand yen)	1,563,962	1,801,451
Amount not attributable to common unitholders (thousand yen)	-	-
Net income attributable to common investment units (thousand yen)	1,563,962	1,801,451
Average number of investment units during the period (units)	462,500	575,000

[Notes on Significant Subsequent Events]

Not applicable.

(10) Changes in Total Number of Investment Units Issued and Outstanding

Note that the changes in unitholders' capital and the total number of investment units issued and outstanding until the end of the fiscal period under review are as follows.

Date	Event	Unitholders' capital (Note 2) (thousand yen)		Total number of investment units issued and outstanding (units)		Remarks
		Increase (Decrease)	Balance	Increase (Decrease)	Balance	
September 11, 2017 (Note 1)	Establishment through private placement	150,000	150,000	150	150	(Note 3)
April 21, 2018	Investment unit split	—	150,000	1,350	1,500	(Note 4)
July 26, 2018	Capital increase through public offering	31,841,672	31,991,672	344,000	345,500	(Note 5)
September 2, 2019	Capital increase through public offering	13,197,600	45,189,272	117,000	462,500	(Note 6)
September 1, 2021	Capital increase through public offering	12,192,862	57,382,134	112,500	575,000	(Note 7)

(Note 1) The Investment Corporation was incorporated on September 11, 2017.

(Note 2) Changes in unitholders' capital due to distributing in excess of earnings from allowance for temporary difference adjustment, etc. have not been taken into account.

(Note 3) New investment units were issued at an offer price of 1,000,000 yen per unit upon the establishment of the Investment Corporation.

(Note 4) The Investment Corporation has conducted a 10-for-1 unit split of its investment units held by unitholders listed or recorded in the final register of unitholders, with April 21, 2018, as the record date and effective date.

(Note 5) New investment units were issued through public offering at an issue price of 96,000 yen (paid-in amount of 92,563 yen) per unit for the purpose of acquisition of new properties, etc.

(Note 6) New investment units were issued through public offering at an issue price of 117,000 yen (paid-in amount of 112,800 yen) per unit for the purpose of acquisition of new properties, repayment of borrowings, etc.

(Note 7) New investment units were issued through public offering at an issue price of 112,417 yen (paid-in amount of 108,381 yen) per unit for the purpose of acquisition of new properties, etc.

3. Appendix

(1) Prices of Assets

1) Investment Status

Type of asset	Primary use	Geographic area (Note 1)	7th Fiscal Period (As of August 31, 2021)		8th Fiscal Period (As of February 28, 2022)		
			Total amount held (millions of yen) (Note 2)	As a percentage of total assets (%)	Total amount held (millions of yen) (Note 2)	As a percentage of total assets (%)	
Real estate	Office	Four major metropolitan areas	712	0.8	713	0.6	
		Major regional cities	-	-	-	-	
	Residence	Four major metropolitan areas	2,759	2.9	2,739	2.3	
		Major regional cities	-	-	-	-	
	Hotel	Four major metropolitan areas	-	-	-	-	
		Major regional cities	2,441	2.6	2,414	2.0	
	Retail and Other	Four major metropolitan areas	505	0.5	504	0.4	
		Major regional cities	3,769	4.0	3,769	3.1	
	Subtotal			10,189	10.8	10,141	8.4
	Real estate in trust	Office	Four major metropolitan areas	42,044	44.6	42,792	35.3
Major regional cities			4,941	5.2	3,388	2.8	
Residence		Four major metropolitan areas	9,242	9.8	22,332	18.4	
		Major regional cities	1,193	1.3	1,188	1.0	
Hotel		Four major metropolitan areas	2,512	2.7	2,501	2.1	
		Major regional cities	4,441	4.7	4,440	3.7	
Retail and Other		Four major metropolitan areas	7,827	8.3	17,896	14.8	
		Major regional cities	5,046	5.4	5,022	4.1	
Subtotal			77,249	81.9	99,563	82.1	
Deposits and other assets			6,842	7.3	11,613	9.6	
Total amount of assets			94,281	100.0	121,319	100.0	

	7th Fiscal Period (As of August 31, 2021)		8th Fiscal Period (As of February 28, 2022)	
	Amount (millions of yen)	As a percentage of total assets (%)	Amount (millions of yen)	As a percentage of total assets (%)
Total amount of liabilities (Note 2)	47,496	50.4	61,998	51.1

Total amount of net assets (Note 2)	46,784	49.6	59,320	48.9
-------------------------------------	--------	------	--------	------

(Note 1) Japan's "four major metropolitan areas" refers to the Tokyo, Nagoya, Osaka, and Fukuoka metropolitan areas. "Tokyo metropolitan area" refers to Tokyo, Kanagawa, Chiba, and Saitama prefectures. "Osaka metropolitan area" refers to Osaka, Kyoto, and Hyogo prefectures. "Nagoya metropolitan area" refers to Aichi, Gifu, and Mie prefectures. "Fukuoka metropolitan area" refers to Fukuoka Prefecture. Japan's "major regional cities" refers to ordinance-designated cities, core cities, specially designated cities and prefectural capital cities, excluding those included in Japan's four major metropolitan areas.

References to Japan's "major regional cities" are to ordinance-designated cities, core cities, specially-designated cities and prefectural capital cities, excluding those included in Japan's four major metropolitan areas. References to "ordinance-designated cities" are to the cities of Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Okayama, Hiroshima, and Kumamoto as of the end of the period. References to "core cities" are to Japanese cities that have a population of at least 200,000 persons and are designated as such under the Local Autonomy Act of Japan. References to "specially-designated cities" are to Japanese cities that had a population of at least 200,000 persons and were designated as such by an ordinance under the same act at the time of the abolishment of the system of specially-designated cities as of April 1, 2015.

(Note 2) "Total amount held," "Total amount of liabilities" and "Total amount of net assets" are based on the balance sheet (for real estate and real estate in trust, the book value after depreciation) as of August 31, 2021 and as of February 28, 2022, respectively, rounded down to the nearest million yen is stated.

2) Invested Assets

a. Major Investment Securities

Not applicable.

b. Investment Properties

As of the end of the fiscal period under review, the Investment Corporation holds real estate and trust beneficiary interests in real estate. Therefore, for convenience of reference, the following “c. Other Major Investment Assets” summarizes the real estate and the trust beneficiary interests in real estate.

c. Other Major Investment Assets

(a) Summary of Investment Assets

The Investment Assets held by the Investment Corporation as of the end of the fiscal period under review (trust beneficiary interests in real estate and real estate as a trust property, hereinafter collectively referred to as “investment assets”), are as follows.

Category	Property number (Note 1)	Property name	Location	Acquisition price (millions of yen) (Note 2)	Percentage of total acquisition price (%) (Note 3)	Book value at period end (millions of yen)	Appraisal value (millions of yen) (Note 4)	Acquisition date
Office	O-01	NT Building	Shinagawa Ward, Tokyo	12,350	11.4	12,399	12,700	July 30, 2018
	O-02	Higashi-Ikebukuro Central Place	Toshima Ward, Tokyo	9,780	9.0	9,869	10,500	July 30, 2018
	O-03	Nagoya Center Plaza Building	Nagoya City, Aichi	4,870	4.5	5,198	5,130	July 30, 2018
	O-05	Omiya NSD Building	Saitama City, Saitama	3,493	3.2	3,536	3,960	July 30, 2018
	O-07	Hakata Gion Building	Fukuoka City, Fukuoka	2,500	2.3	2,475	2,960	July 30, 2018
	O-08	Chuo Bakuromachi Building (Note 5)	Osaka City, Osaka	935	0.9	930	1,230	July 30, 2018
	O-09	L.Biz Jimbocho Building	Chiyoda Ward, Tokyo	1,006	0.9	1,011	1,140	July 30, 2018
	O-11	L.Biz Sendai	Sendai City, Miyagi	1,680	1.5	1,643	1,670	July 30, 2018
	O-12	Sendai Nikko Building	Sendai City, Miyagi	1,740	1.6	1,745	1,760	July 30, 2018
	O-18	Akasaka Kawase Building	Minato Ward, Tokyo	690	0.6	713	753	October 31, 2019
	O-19	Yoyogi 1-chome Building	Shibuya Ward, Tokyo	1,850	1.7	1,928	2,110	April 30, 2021
	O-20	Kawagoe West Building	Kawagoe City, Saitama	2,600	2.4	2,629	2,750	September 2, 2021
	O-21	Hakata Reisenmachi Building	Fukuoka City, Fukuoka	2,700	2.5	2,812	2,810	September 2, 2021
			Subtotal	—	46,195	42.5	46,894	49,473
Residence	R-01	Amare Tokaidori	Nagoya City, Aichi	1,100	1.0	1,061	1,210	July 30, 2018
	R-02	Dormy Ukimafunado	Itabashi Ward, Tokyo	1,080	1.0	1,087	1,110	July 30, 2018
	R-03	Benefis Hakata-Minami Grand Sweet	Fukuoka City, Fukuoka	1,032	0.9	1,002	1,160	July 30, 2018
	R-04	LUXENA HIGASHI-KOENJI	Suginami Ward, Tokyo	1,060	1.0	1,075	1,140	July 30, 2018
	R-06	J City Hatchobori	Hiroshima City, Hiroshima	1,200	1.1	1,188	1,280	July 30, 2018
	R-07	LUXENA HEIWADAI	Nerima Ward, Tokyo	3,910	3.6	3,878	4,430	September 3, 2019
	R-08	LUXENA KACHIDOKI	Chuo Ward, Tokyo	1,120	1.0	1,106	1,300	September 3, 2019
	R-09	LUXENA HONATSUGI	Atsugi City, Kanagawa	705	0.6	716	777	March 17, 2020
	R-10	LUXENA KADOMA	Kadoma City, Osaka	2,000	1.8	2,023	2,180	April 13, 2021
	R-11	LUXENA TODAKOEN	Toda City, Saitama	910	0.8	916	978	September 2, 2021
	R-12	LUXENA TODAKOEN II	Toda City, Saitama	1,200	1.1	1,206	1,260	September 2, 2021
	R-13	LUXENA AKIHABARA	Taito City, Tokyo	2,300	2.1	2,313	2,450	September 2, 2021
	R-14	Fiore Residence Dejima Kaigan Dori	Sakai City, Osaka	560	0.5	570	591	September 2, 2021

Category	Property number (Note 1)	Property name	Location	Acquisition price (millions of yen) (Note 2)	Percentage of total acquisition price (%) (Note 3)	Book value at period end (millions of yen)	Appraisal value (millions of yen) (Note 4)	Acquisition date
	R-15	LUXENA MUSASHI-SHINJO	Kawasaki City, Kanagawa	1,900	1.7	1,909	1,980	September 2, 2021
	R-16	LUXENA NAGAREYAMA OOTAKANOMORI	Nagareyama City, Chiba	2,840	2.6	2,858	3,040	September 2, 2021
	R-17	PRIME SQUARE	Funabashi City, Chiba	620	0.6	628	734	September 2, 2021
	R-18	Winbell Chorus Seiseki Sakuragaoka	Tama City, Tokyo	730	0.7	740	840	September 2, 2021
	R-19	Mare Isogo Building	Yokohama City, Kanagawa	1,900	1.7	1,977	2,130	November 25, 2021
	Subtotal			—	26,167	24.1	26,261	28,590
Hotel	H-01	Dormy Inn Matsuyama	Matsuyama City, Ehime	2,427	2.2	2,309	2,550	July 30, 2018
	H-02	Hotel Sunshine Utsunomiya	Utsunomiya City, Tochigi	2,000	1.8	2,130	2,090	July 30, 2018
	H-03	Dormy Inn Morioka	Morioka City, Iwate	2,520	2.3	2,414	2,570	June 28, 2019
	H-04	ACCESS by LOISIR HOTEL Nagoya	Nagoya City, Aichi	2,500	2.3	2,501	2,190	September 3, 2019
	Subtotal			—	9,447	8.7	9,356	9,400
Retail and Other	C-01	Prio Daimyo II	Fukuoka City, Fukuoka	980	0.9	998	1,120	July 30, 2018
	C-02	Co-op Sapporo Syunko	Asahikawa City, Hokkaido	1,036	1.0	1,016	1,110	July 30, 2018
	C-03	TA Shonan Kugenumakaigan	Fujisawa City, Kanagawa	500	0.5	504	570	March 28, 2019
	C-05	YAMADA web.com Matsuyama Toiyacho (Note 6)	Matsuyama City, Ehime	4,030	3.7	4,005	4,410	September 3, 2019
	C-06	Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)	Kobe City, Hyogo	4,227 (Note 7)	3.9	4,277	4,350	September 3, 2019
	C-07	AEON Style Onomichi (Land)	Onomichi, Hiroshima	900	0.8	929	1,040	March 1, 2021
	C-08	BIGMOTOR Sapporo Kiyota (Land)	Sapporo, Hokkaido	1,610	1.5	1,648	1,790	May 19, 2021
	C-09	DCM Daiki Onomichi (Land)	Onomichi, Hiroshima	1,170	1.1	1,192	1,240	April 1, 2021
	C-10	Cainz Omiya	Saitama City, Saitama	2,520	2.3	2,551	2,590	July 1, 2021
	C-11	APiTA Nagoya South Store	Nagoya City, Aichi	7,800	7.2	7,890	8,250	September 2, 2021
	C-12	(TBC) BIGMOTOR Konosu (Land)	Konosu City, Saitama	2,150	2.0	2,178	2,290	September 2, 2021
	Subtotal			—	26,923	24.8	27,193	28,760
Total			—	108,732	100.0	109,705	116,223	—

(Note 1) The code “O” represents office properties, “R” represents residential properties, “H” represents hotel properties and “C” represents retail and other properties. The same applies hereafter.

(Note 2) “Acquisition price” refers to the purchase price (excluding consumption tax, local consumption tax, and miscellaneous expenses required in acquisition) stated in the real estate trust beneficiary interests purchase agreement or real estate purchase agreement for each investment asset, rounded down to the nearest million yen. Therefore, the total acquisition price of each investment asset may not match the amount shown in the “Total” and “Subtotal” columns.

(Note 3) “Percentage of total acquisition price” is the ratio of the acquisition price of each investment asset to the total acquisition price, rounded off to the first decimal place. Therefore, the sum of the percentages of total acquisition price for each investment asset may not match the percentages shown in the “Total” and “Subtotal” columns.

(Note 4) “Appraisal value” indicates the appraisal value stated in the real estate appraisal report as of February 28, 2022. In addition, the term “real estate appraisal report” generically refers to real estate appraisal reports prepared by the Investment Corporation in accordance with notes on real estate appraisal evaluation based on the Investment Trusts Act, the Act on Real Estate Appraisal (Act No. 152 of 1963, as amended), and the Japanese Real Estate Appraisal Standards by entrusting the appraisal evaluation of each invested asset to a real estate appraiser or an appraisal evaluation institution based on the evaluation standards.

(Note 5) As 37% quasi-co-ownership interest in Chuo Bakuromachi Building was transferred on February 1, 2022, the amounts or percentages relating to the 63% co-ownership interest held as of February 28, 2022 are shown for the “Acquisition price,” “Percentage of total acquisition price,” “Book value at period end” and “Appraisal value” related to the property. The same applies hereafter.

(Note 6) The name of this property has been changed from Kaden Sumairu Kan YAMADA Matsuyama Toiyacho to YAMADA web.com Matsuyama Toiyacho. The same applies hereafter.

(Note 7) Since a portion of the “Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)” land was transferred on June 24, 2020, “Acquisition price” refers to the purchase price stated in the contract (excluding consumption tax, local consumption tax and miscellaneous expenses required in the acquisition) stated in the real estate trust beneficiary interests purchase agreement for the property at the time of the acquisition, subtracting the price commensurate with the share of the transferred area.

(b) Summary of Buildings

The buildings held by the Investment Corporation as of February 28, 2022, are as follows:

Category	Property number	Property name	Date of construction (Note 1)	Number of tenants (Note 2)	Annual contracted rent (millions of yen) (Note 3)	Leasehold and security deposits (millions of yen) (Note 4)	Total leased area (m ²) (Note 5)	Total leasable area (m ²) (Note 6)	Occupancy rate (%) (Note 7)
Office	O-01	NT Building	March 1996	15	553	440	9,195.78 (Note 8)	9,976.36 (Note 8)	92.2
	O-02	Higashi-Ikebukuro Central Place	November 1984	7	473	395	7,793.59	7,793.59	100.0
	O-03	Nagoya Center Plaza Building	November 1978	33	333	276	9,571.13	9,571.13	100.0
	O-05	Omiya NSD Building	March 1993	11	225	157	4,006.68	4,006.68	100.0
	O-07	Hakata Gion Building	November 2007	15	158	75	3,653.70	3,653.70	100.0
	O-08	Chuo Bakuromachi Building (Note 9)	April 1993	17	64	28	2,257.55	2,355.91	95.8
	O-09	L.Biz Jimbocho Building	June 2009	1	53	35	859.82	859.82	100.0
	O-11	L.Biz Sendai	March 1993	27	115	82	3,368.94	3,368.94	100.0
	O-12	Sendai Nikko Building	March 1989	6	115	84	2,540.11	2,540.11	100.0
	O-18	Akasaka Kawase Building	April 1989	8	35	18	511.61	511.61	100.0
	O-19	Yoyogi 1-chome Building	July 2010	1	85	50	810.45	810.45	100.0
	O-20	Kawagoe West Building	September 1996	8	143	128	2,375.04	2,375.04	100.0
	O-21	Hakata Reisenmachi Building	December 2020	3	137	15	2,081.25	2,081.25	100.0
	Subtotal/Average				152	2,495	1,788	49,025.65	49,904.59
Residence	R-01	Amare Tokaidori	July 2007	79	65	7	2,553.06	2,935.38	87.0
	R-02	Dormy Ukimafunado	April 1997	2	62	48	2,462.60	2,462.60	100.0
	R-03	Benefis Hakata-Minami Grand Sweet	March 2009	60	65	2	2,678.56	2,782.51	96.3
	R-04	LUXENA HIGASHI-KOENJI	July 2008	33	59	9	1,341.44	1,405.28	95.5
	R-06	J City Hatchobori	November 2005	58	77	12	2,438.72	2,623.39	93.0
	R-07	LUXENA HEIWADAI	March 2019	100	208	55	5,148.75	5,354.76	96.2
	R-08	LUXENA KACHIDOKI	May 2019	24	56	5	1,041.26	1,121.26	92.9
	R-09	LUXENA HONATSUGI	November 1999	57	50	6	1,424.20	1,482.77	96.0
	R-10	LUXENA KADOMA	October 2020	123	125	0	3,878.73	4,034.10	96.1
	R-11	LUXENA TODAKOEN	March 2021	11	51	3	1,130.50	1,130.50	100.0
	R-12	LUXENA TODAKOEN II	March 2021	35	67	0	1,790.85	1,790.85	100.0
	R-13	LUXENA AKIHABARA	March 2021	53	99	1	1,796.33	1,896.30	94.7
	R-14	Fiore Residence Dejima Kaigan Dori	October 2007	30	33	0	1,173.35	1,380.56	85.0
	R-15	LUXENA MUSASHI-SHINJO	June 2021	14	98	14	2,312.24	2,312.24	100.0
	R-16	LUXENA NAGAREYAMA OOTAKANOMORI	August 2019	74	164	46	4,477.65	4,516.34	99.1
	R-17	PRIME SQUARE	December 2008	1	37	3	1,125.49	1,125.49	100.0
	R-18	Winbell Chorus Seiseki Sakuragaoka	May 1997	48	53	4	1,810.49	1,931.86	93.7
	R-19	Mare Isogo Building	June 1997	21	112	255	2,825.45	2,825.45	100.0

Category	Property number	Property name	Date of construction (Note 1)	Number of tenants (Note 2)	Annual contracted rent (millions of yen) (Note 3)	Leasehold and security deposits (millions of yen) (Note 4)	Total leased area (m ²) (Note 5)	Total leasable area (m ²) (Note 6)	Occupancy rate (%) (Note 7)
Subtotal/Average				823	1,492	479	41,409.67	43,111.64	96.1
Hotel	H-01	Dormy Inn Matsuyama	October 2017	1	153	51	5,119.15	5,119.15	100.0
	H-02	Hotel Sunshine Utsunomiya	February 1991	1	128	31	5,267.16	5,267.16	100.0
	H-03	Dormy Inn Morioka	March 2019	1	149	74	5,046.83	5,046.83	100.0
	H-04	ACCESS by LOISIR HOTEL Nagoya	February 2019	1	-	-	2,478.23	2,478.23	100.0
	Subtotal/Average				4	431	157	17,911.37	17,911.37
Retail and Other	C-01	Prio Daimyo II	April 2002	6	55	40	761.01	761.01	100.0
	C-02	Co-op Sapporo Syunko	August 1994	1	83	83	7,214.92	7,214.92	100.0
	C-03	TA Shonan Kugenumakaigan	February 2017	3	31	15	626.92	626.92	100.0
	C-05	YAMADA web.com Matsuyama Toiyacho	October 2009	1	(Note 10)	(Note 10)	13,616.15	13,616.15	100.0
	C-06	Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)	—	1	(Note 10)	(Note 10)	17,780.00	17,780.00	100.0
	C-07	AEON Style Onomichi (Land)	—	1	(Note 10)	(Note 10)	11,883.74	11,883.74	100.0
	C-08	BIGMOTOR Sapporo Kiyota (Land)	—	1	(Note 10)	(Note 10)	15,026.00	15,026.00	100.0
	C-09	DCM Daiki Onomichi (Land)	—	1	(Note 10)	(Note 10)	7,955.81	7,955.81	100.0
	C-10	Cainz Omiya	December 1998	1	(Note 10)	(Note 10)	11,497.86	11,497.86	100.0
	C-11	APiTA Nagoya South Store	July 1996	1	(Note 10)	(Note 10)	40,935.42	40,935.42	100.0
	C-12	(TBC) BIGMOTOR Konosu (Land)	—	1	(Note 10)	(Note 10)	14,252.81	14,252.81	100.0
	Subtotal/Average				18	1,603	1,571	141,550.64	141,550.64
Total/Average				997	6,022	3,997	249,897.33	252,478.24	99.0

(Note 1) “Date of construction” is of the main building, as described in the property registry.

(Note 2) “Number of tenants” is equal to the aggregate number of end tenants with which valid lease agreements have been entered into as of February 28, 2022.

(Note 3) “Annual contracted rent” is the annualized amount calculated by multiplying the annual rent or monthly rent (limited to rent for space occupied by tenants, including common service fees (if any), and excluding usage fees for warehouses, parking lots and sales-linked rents) indicated in each lease agreements for each asset under management that is valid as of February 28, 2022, by 12. In addition, this amount does not take into account free rent or rent holidays (periods of free or reduced rent for a certain period at the start of the contract or during the contract period), but is calculated based on the amount of annual rent or monthly rent stated in lease agreements.

(Note 4) “Leasehold and security deposits” indicates the total leasehold and security deposits from the relevant tenants set forth in lease agreements effective as of February 28, 2022.

(Note 5) “Total leased area” indicates the total leased area to tenant in each property based on the lease agreements or floor plans for each building as of February 28, 2022, rounded down to the second decimal place. For properties with pass-through master lease agreements, the leased area is quoted from the lease agreement.

(Note 6) “Total leasable area” indicates the gross floor area of leasable space in each property, based on the lease agreements or floor plans for each building.

(Note 7) “Occupancy rate” is calculated by dividing total leased area (as of February 28, 2022) for each property by the total leasable area.

(Note 8) For NT Building, the figures provided are in proportion to our compartmentalized ownership.

(Note 9) As 37% quasi-co-ownership interest in Chuo Bakuromachi Building was transferred on February 1, 2022, figures relating to the 63% co-ownership interest held as of February 28, 2022, are shown for the “Annual contracted rent,” “Leasehold and security deposits,” “Total leased area” and “Total leasable area” related to the property.

(Note 10) Since the tenant has not provided consent to disclose the rent income, it cannot be disclosed due to unavoidable circumstances.

(c) Individual Property Profit

The income and expenditure for individual properties in the fiscal period under review is as follows.

(Unit: thousand yen)

Property number	O-01	O-02	O-03	O-05	O-06
Property name	NT Building	Higashi-Ikebukuro Central Place	Nagoya Center Plaza Building	Omiya NSD Building	SAMTY Shin-Osaka Center Building
(1) Operating revenue from real estate leasing	305,528	267,137	194,806	128,589	43,473
Lease business revenue	283,258	241,381	170,273	121,438	40,889
Other lease business revenue	22,270	25,756	24,532	7,150	2,583
(2) Operating expenses from real estate leasing	76,568	48,082	77,699	33,483	19,039
Management fees	19,999	10,529	27,935	12,816	3,384
Utilities expenses	21,964	15,353	17,860	6,688	2,591
Taxes and dues	24,830	14,512	15,899	7,745	7,111
Insurance premiums	673	400	607	210	110
Repair expenses	8,652	6,803	14,750	5,660	5,643
Trust fees	400	375	300	300	173
Other lease business expenses	47	108	345	61	25
(3) NOI ((1) - (2))	228,960	219,055	117,106	95,106	24,433
(4) Depreciation	39,204	28,500	28,291	7,765	5,648
(5) Operating income (loss) from real estate leasing ((3)-(4))	189,755	190,554	88,814	87,340	18,784

(Unit: thousand yen)

Property number	O-07	O-08	O-09	O-10	O-11
Property name	Hakata Gion Building	Chuo Bakuromachi Building	L.Biz Jimbocho Building	Shinsaibashi Building	L.Biz Sendai
(1) Operating revenue from real estate leasing	92,652	60,620	26,984	25,173	70,143
Lease business revenue	84,784	53,864	26,527	21,435	62,157
Other lease business revenue	7,868	6,756	457	3,738	7,985
(2) Operating expenses from real estate leasing	25,469	23,195	4,216	12,724	19,225
Management fees	7,085	6,171	1,780	3,480	8,127
Utilities expenses	6,203	5,614	—	2,963	5,532
Taxes and dues	7,393	9,814	1,736	5,616	4,909
Insurance premiums	181	201	30	83	173
Repair expenses	4,168	660	339	163	146
Trust fees	400	397	300	370	300
Other lease business expenses	37	335	30	45	35
(3) NOI ((1) - (2))	67,183	37,425	22,768	12,448	50,917
(4) Depreciation	12,053	4,045	2,789	3,725	9,000
(5) Operating income (loss) from real estate leasing ((3)-(4))	55,129	33,379	19,979	8,723	41,917

(Unit: thousand yen)

Property number	O-12	O-14	O-17	O-18	O-19
Property name	Sendai Nikko Building	Nagano Central Building	Yamagata Ekimae-dori Building	Akasaka Kawase Building	Yoyogi 1-chome Building
(1) Operating revenue from real estate leasing	67,272	11,406	27,022	18,735	42,658
Lease business revenue	61,945	10,879	24,563	17,915	42,658
Other lease business revenue	5,327	527	2,459	820	—
(2) Operating expenses from real estate leasing	19,700	7,344	19,131	4,545	1,619
Management fees	5,471	1,794	7,526	2,220	1,182
Utilities expenses	5,352	478	3,944	754	—
Taxes and dues	7,384	2,724	4,498	1,396	—
Insurance premiums	134	51	125	24	49
Repair expenses	826	994	2,697	134	—
Trust fees	450	82	293	—	375
Other lease business expenses	82	1,219	45	16	13
(3) NOI ((1) - (2))	47,572	4,062	7,891	14,190	41,038
(4) Depreciation	5,644	3,552	7,580	967	3,751
(5) Operating income (loss) from real estate leasing ((3)-(4))	41,928	509	311	13,222	37,286

(Unit: thousand yen)

Property number	O-20	O-21	R-01	R-02	R-03
Property name	Kawagoe West Building	Hakata Reisenmachi Building	Amare Tokaidori	Dormy Ukimafunado	Benefis Hakata-Minami Grand Sweet
(1) Operating revenue from real estate leasing	88,487	68,888	34,786	31,851	35,219
Lease business revenue	82,697	68,468	34,504	31,836	34,482
Other lease business revenue	5,790	420	282	14	736
(2) Operating expenses from real estate leasing	12,573	12,371	6,663	3,335	7,517
Management fees	6,570	9,290	3,176	313	2,947
Utilities expenses	5,087	1,779	274	10	285
Taxes and dues	0	0	2,153	1,661	2,597
Insurance premiums	102	101	90	68	86
Repair expenses	399	858	484	950	1,268
Trust fees	397	297	300	300	300
Other lease business expenses	15	42	183	30	32
(3) NOI ((1) - (2))	75,913	56,517	28,122	28,515	27,701
(4) Depreciation	8,370	9,738	9,066	2,975	6,746
(5) Operating income (loss) from real estate leasing ((3)-(4))	67,543	46,779	19,056	25,539	20,955

(Unit: thousand yen)

Property number	R-04	R-06	R-07	R-08	R-09
Property name	LUXENA HIGASHI-KOENJI	J City Hatchobori	LUXENA HEIWADAI	LUXENA KACHIDOKI	LUXENA HONATSUGI
(1) Operating revenue from real estate leasing	29,041	40,588	109,280	26,189	27,243
Lease business revenue	27,737	40,057	105,633	24,753	25,794
Other lease business revenue	1,304	530	3,647	1,436	1,449
(2) Operating expenses from real estate leasing	8,446	8,018	20,728	7,939	7,176
Management fees	3,437	2,449	9,998	4,308	2,472
Utilities expenses	237	304	1,856	230	853
Taxes and dues	1,528	2,885	5,141	1,089	1,038
Insurance premiums	44	86	200	47	62
Repair expenses	2,866	1,959	3,064	1,856	2,734
Trust fees	300	300	375	375	—
Other lease business expenses	31	32	92	31	16
(3) NOI ((1) - (2))	20,595	32,570	88,552	18,250	20,066
(4) Depreciation	3,983	5,009	11,776	4,766	3,388
(5) Operating income (loss) from real estate leasing ((3)-(4))	16,611	27,561	76,775	13,484	16,677

(Unit: thousand yen)

Property number	R-10	R-11	R-12	R-13	R-14
Property name	LUXENA KADOMA	LUXENA TODAKOEN	LUXENA TODAKOEN II	LUXENA AKIHABARA	Fiore Residence Dejima Kaigan Dori
(1) Operating revenue from real estate leasing	68,607	25,741	34,233	49,485	18,608
Lease business revenue	64,794	25,016	33,697	47,644	17,893
Other lease business revenue	3,813	725	535	1,841	715
(2) Operating expenses from real estate leasing	8,603	3,228	3,519	6,603	4,619
Management fees	5,527	2,216	2,663	5,340	1,613
Utilities expenses	2,278	229	308	345	775
Taxes and dues	—	1	1	1	2
Insurance premiums	168	45	71	76	59
Repair expenses	614	424	162	384	1,858
Trust fees	—	297	297	297	297
Other lease business expenses	15	12	12	156	13
(3) NOI ((1) - (2))	60,003	22,512	30,714	42,882	13,988
(4) Depreciation	16,094	5,280	6,343	6,369	3,481
(5) Operating income (loss) from real estate leasing ((3)-(4))	43,909	17,231	24,370	36,512	10,507

(Unit: thousand yen)

Property number	R-15	R-16	R-17	R-18	R-19
Property name	LUXENA MUSASHI-SHINJO	LUXENA NAGAREYAMA OOTAKANOMORI	PRIME SQUARE	Winbell Chorus Seiseki Sakuragaoka	Mare Isogo Building
(1) Operating revenue from real estate leasing	49,201	89,326	18,810	28,020	32,941
Lease business revenue	49,198	82,431	18,810	27,237	32,897
Other lease business revenue	2	6,894	—	782	44
(2) Operating expenses from real estate leasing	4,580	12,147	854	5,073	2,555
Management fees	3,875	8,752	188	3,020	2,061
Utilities expenses	296	1,521	—	630	201
Taxes and dues	5	2	1	1	5
Insurance premiums	89	185	45	72	70
Repair expenses	—	1,305	239	942	55
Trust fees	297	372	372	372	157
Other lease business expenses	14	7	7	33	2
(3) NOI ((1) - (2))	44,621	77,179	17,955	22,947	30,386
(4) Depreciation	8,455	17,702	3,247	3,062	5,977
(5) Operating income (loss) from real estate leasing ((3)-(4))	36,165	59,477	14,708	19,884	24,408

(Unit: thousand yen)

Property number	H-01	H-02	H-03	H-04	C-01
Property name	Dormy Inn Matsuyama	Hotel Sunshine Utsunomiya	Dormy Inn Morioka	ACCESS by LOISIR HOTEL Nagoya	Prio Daimyo II
(1) Operating revenue from real estate leasing	76,500	63,994	74,958	2,473	30,433
Lease business revenue	76,500	63,994	74,958	2,473	27,094
Other lease business revenue	—	—	—	—	3,339
(2) Operating expenses from real estate leasing	9,315	11,070	8,231	7,371	6,601
Management fees	765	364	749	1,144	1,626
Utilities expenses	900	—	—	—	2,340
Taxes and dues	6,849	4,729	7,268	5,713	1,776
Insurance premiums	165	186	198	95	21
Repair expenses	300	5,351	—	—	399
Trust fees	300	400	—	375	400
Other lease business expenses	34	38	15	43	37
(3) NOI ((1) - (2))	67,184	52,924	66,726	-4,898	23,832
(4) Depreciation	19,220	18,909	27,227	10,978	1,320
(5) Operating income (loss) from real estate leasing ((3)-(4))	47,963	34,014	39,499	-15,876	22,512

(Unit: thousand yen)

Property number	C-02	C-03	C-05	C-06	C-07
Property name	Co-op Sapporo Syunko	TA Shonan Kugenumakaigan	YAMADA web.com Matsuyama Toiyacho	Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)	AEON Style Onomichi (Land)
(1) Operating revenue from real estate leasing	41,760	17,498	(Note)	(Note)	28,566
Lease business revenue	41,760	15,816	(Note)	(Note)	28,566
Other lease business revenue	—	1,681	(Note)	(Note)	—
(2) Operating expenses from real estate leasing	4,807	3,397	(Note)	(Note)	157
Management fees	417	1,067	(Note)	(Note)	142
Utilities expenses	—	1,383	(Note)	(Note)	—
Taxes and dues	3,792	914	(Note)	(Note)	—
Insurance premiums	111	16	(Note)	(Note)	—
Repair expenses	155	—	(Note)	(Note)	—
Trust fees	300	—	(Note)	(Note)	—
Other lease business expenses	31	15	(Note)	(Note)	14
(3) NOI ((1) - (2))	36,952	14,101	150,511	103,721	28,408
(4) Depreciation	7,760	1,365	15,654	—	—
(5) Operating income (loss) from real estate leasing ((3)-(4))	29,192	12,735	134,856	103,721	28,408

(Unit: thousand yen)

Property number	C-08	C-09	C-10	C-11	C-12
Property name	BIGMOTOR Sapporo Kiyota (Land)	DCM Daiki Onomichi (Land)	Cainz Omiya	APiTA Nagoya South Store	(TBC) BIGMOTOR Konosu (Land)
(1) Operating revenue from real estate leasing	(Note)	(Note)	(Note)	(Note)	(Note)
Lease business revenue	(Note)	(Note)	(Note)	(Note)	(Note)
Other lease business revenue	(Note)	(Note)	(Note)	(Note)	(Note)
(2) Operating expenses from real estate leasing	(Note)	(Note)	(Note)	(Note)	(Note)
Management fees	(Note)	(Note)	(Note)	(Note)	(Note)
Utilities expenses	(Note)	(Note)	(Note)	(Note)	(Note)
Taxes and dues	(Note)	(Note)	(Note)	(Note)	(Note)
Insurance premiums	(Note)	(Note)	(Note)	(Note)	(Note)
Repair expenses	(Note)	(Note)	(Note)	(Note)	(Note)
Trust fees	(Note)	(Note)	(Note)	(Note)	(Note)
Other lease business expenses	(Note)	(Note)	(Note)	(Note)	(Note)
(3) NOI ((1) - (2))	39,222	(Note)	68,989	234,681	29,039
(4) Depreciation	—	—	9,347	20,375	—
(5) Operating income (loss) from real estate leasing ((3)-(4))	39,222	(Note)	59,642	214,305	29,039

(Note) Since the tenant has not provided consent to disclose the rent income, it cannot be disclosed due to unavoidable circumstances.

(d) Summary of Appraisal Values

The following is a summary of the real estate appraisal report for each asset under management as of February 28, 2022.

Note that the real estate appraisal reports constitute the judgment and opinion of the appraiser as of a certain point in time and do not constitute a guarantee or promise of the validity and accuracy of their contents or the possibility of transactions at the appraisal values. Note that there are no special conflicts of interest between each appraiser, the Investment Corporation, and the Asset Manager.

Category	Property number	Property name	Appraising institution	Appraisal value (millions of yen)	Direct capitalization method		Discounted cash flow method			Appraisal NOI (millions of yen) (Note 1)	Appraisal NOI yield (%) (Note 2)
					Price based on direct capitalization method (millions of yen)	Capitalization rate (%)	Price based on direct capitalization method (millions of yen)	Discount rate (%)	Terminal cap rate (%)		
Office	O-01	NT Building	Japan Real Estate Institute	12,700	12,800	3.9	12,500	3.5	3.9	530	4.3
	O-02	Higashi-Ikebukuro Central Place	Japan Real Estate Institute	10,500	10,600	3.8	10,400	3.6	3.9	414	4.2
	O-03	Nagoya Center Plaza Building	Japan Real Estate Institute	5,130	5,170	4.8	5,090	4.6	4.9	266	5.5
	O-05	Omiya NSD Building	Daiwa Real Estate Appraisal Co., Ltd.	3,960	4,030	4.6	3,930	4.4	4.8	194	5.6
	O-07	Hakata Gion Building	Daiwa Real Estate Appraisal Co., Ltd.	2,960	3,020	4.2	2,940	4.0	4.4	130	5.2
	O-08	Chuo Bakuromachi Building (Note 3)	Daiwa Real Estate Appraisal Co., Ltd.	1,230	1,250	4.1	1,220	3.9	4.3	57	6.2
	O-09	L.Biz Jimbocho Building	Tanizawa Sōgō Appraisal Co., Ltd.	1,140	1,170	3.7	1,130	3.8	3.9	44	4.5
	O-11	L.Biz Sendai	JLL Morii Valuation & Advisory K. K.	1,670	1,700	4.7	1,640	4.5	4.9	92	5.5
	O-12	Sendai Nikko Building	Tanizawa Sōgō Appraisal Co., Ltd.	1,760	1,860	4.3	1,720	4.4	4.5	89	5.2
	O-18	Akasaka Kawase Building	Daiwa Real Estate Appraisal Co., Ltd.	753	775	3.5	744	3.3	3.7	28	4.2
	O-19	Yoyogi 1-chome Building	Tanizawa Sōgō Appraisal Co., Ltd.	2,110	2,170	3.3	2,080	3.2/3.4	3.5	74	4.0
	O-20	Kawagoe West Building	Daiwa Real Estate Appraisal Co., Ltd.	2,750	2,780	4.6	2,740	4.4	4.8	131	5.1
	O-21	Hakata Reisenmachi Building	Daiwa Real Estate Appraisal Co., Ltd.	2,810	2,920	3.9	2,760	3.7	4.1	113	4.2
	Subtotal/Average				49,473	50,245	-	48,894	-	-	2,168
Residence	R-01	Amare Tokaidori	Tanizawa Sōgō Appraisal Co., Ltd.	1,210	1,220	4.5	1,200	4.6	4.7	59	5.4
	R-02	Dormy Ukimafunado	JLL Morii Valuation & Advisory K. K.	1,110	1,130	4.5	1,090	4.3	4.7	57	5.3
	R-03	Benefis Hakata-Minami Grand Sweet	Tanizawa Sōgō Appraisal Co., Ltd.	1,160	1,170	4.4	1,150	4.5	4.6	54	5.3
	R-04	LUXENA HIGASHI-KOENJI	Tanizawa Sōgō Appraisal Co., Ltd.	1,140	1,150	3.7	1,130	3.8	3.9	44	4.2

Category	Property number	Property name	Appraising institution	Appraisal value (millions of yen)	Direct capitalization method		Discounted cash flow method			Appraisal NOI (millions of yen) (Note 1)	Appraisal NOI yield (%) (Note 2)	
					Price based on direct capitalization method (millions of yen)	Capitalization rate (%)	Price based on direct capitalization method (millions of yen)	Discount rate (%)	Terminal cap rate (%)			
R	R-06	J City Hatchobori	Tanizawa Sōgō Appraisal Co., Ltd.	1,280	1,300	4.8	1,270	4.9	5.0	64	5.4	
	R-07	LUXENA HEIWADAI	Daiwa Real Estate Appraisal Co., Ltd.	4,430	4,530	3.8	4,380	3.6	4.0	175	4.5	
	R-08	LUXENA KACHIDOKI	Chuo Real Estate Appraisal Co., Ltd.	1,300	1,310	3.5	1,290	3.3	3.7	46	4.1	
	R-09	LUXENA HONATSUGI	Daiwa Real Estate Appraisal Co., Ltd.	777	785	4.6	773	4.4	4.8	38	5.5	
	R-10	LUXENA KADOMA	Tanizawa Sōgō Appraisal Co., Ltd.	2,180	2,190	4.3	2,170	4.4	4.5	96	4.8	
	R-11	LUXENA TODAKOEN	Daiwa Real Estate Appraisal Co., Ltd.	978	1,000	4.0	969	3.8	4.2	41	4.5	
	R-12	LUXENA TODAKOEN II	Daiwa Real Estate Appraisal Co., Ltd.	1,260	1,280	4.0	1,250	3.8	4.2	52	4.4	
	R-13	LUXENA AKIHABARA	Tanizawa Sōgō Appraisal Co., Ltd.	2,450	2,550	3.3	2,400	3.4	3.5	85	3.7	
	R-14	Fiore Residence Dejima Kaigan Dori	Daiwa Real Estate Appraisal Co., Ltd.	591	598	4.6	588	4.4	4.8	30	5.4	
	R-15	LUXENA MUSASHI-SHINJO	Tanizawa Sōgō Appraisal Co., Ltd.	1,980	2,010	4.0	1,970	4.1	4.2	81	4.3	
	R-16	LUXENA NAGAREYAMA OOTAKANOMORI	Tanizawa Sōgō Appraisal Co., Ltd.	3,040	3,100	4.2	3,010	4.3	4.4	132	4.7	
	R-17	PRIME SQUARE	Chuo Real Estate Appraisal Co., Ltd.	734	744	4.3	729	4.1	4.5	33	5.3	
	R-18	Winbell Chorus Seiseki Sakuragaoka	Japan Real Estate Institute	840	844	4.3	835	4.1	4.4	41	5.6	
	R-19	Mare Isogo Building	Japan Real Estate Institute	2,130	2,150	4.6	2,100	4.4	4.7	103	5.5	
	Subtotal/Average				28,590	29,061	-	28,304	-	-	1,239	4.7
	Hotel	H-01	Dormy Inn Matsuyama	Chuo Real Estate Appraisal Co., Ltd.	2,550	2,510	5.0	2,560	4.8	5.2	131	5.4
		H-02	Hotel Sunshine Utsunomiya	Daiwa Real Estate Appraisal Co., Ltd.	2,090	2,080	5.1	2,090	4.9	5.3	117	5.9
		H-03	Dormy Inn Morioka	Chuo Real Estate Appraisal Co., Ltd.	2,570	2,590	4.9	2,560	4.7	5.1	130	5.2
		H-04	ACCESS by LOISIR HOTEL Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	2,190	2,300	4.2	2,140	4.0	4.4	106	4.3
Subtotal/Average				9,400	9,480	-	9,350	-	-	485	5.1	

Category	Property number	Property name	Appraising institution	Appraisal value (millions of yen)	Direct capitalization method		Discounted cash flow method			Appraisal NOI (millions of yen) (Note 1)	Appraisal NOI yield (%) (Note 2)
					Price based on direct capitalization method (millions of yen)	Capitalization rate (%)	Price based on direct capitalization method (millions of yen)	Discount rate (%)	Terminal cap rate (%)		
Retail and Other	C-01	Prio Daimyo II	Daiwa Real Estate Appraisal Co., Ltd.	1,120	1,140	4.1	1,110	3.9	4.3	47	4.8
	C-02	Co-op Sapporo Syunko	Chuo Real Estate Appraisal Co., Ltd.	1,110	1,100	6.2	1,110	6.0	6.4	72	7.0
	C-03	TA Shonan Kugenumakaigan	Daiwa Real Estate Appraisal Co., Ltd.	570	578	4.7	566	4.5	4.9	27	5.5
	C-05	YAMADA web.com Matsuyama Toiyacho	Japan Real Estate Institute	4,410	4,450	6.8	4,370	6.5	7.0	300	7.5
	C-06	Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)	Japan Real Estate Institute	4,350	4,380	4.8	4,320	4.1	-	208	4.9
	C-07	AEON Style Onomichi (Land)	Japan Real Estate Institute	1,040	1,040	4.7	1,030	4.5	4.8	48	5.4
	C-08	BIGMOTOR Sapporo Kiyota (Land)	JLL Morii Valuation & Advisory K. K.	1,790	(Note 4)	(Note 4)	1,790	4.3	-	73 (Note 5)	4.5
	C-09	DCM Daiki Onomichi (Land)	Japan Real Estate Institute	1,240	1,240	5.3	1,230	4.5	5.8	65	5.6
	C-10	Cainz Omiya	Daiwa Real Estate Appraisal Co., Ltd.	2,590	2,610	4.4	2,580	4.2	4.6	125	5.0
	C-11	APiTA Nagoya South Store	Daiwa Real Estate Appraisal Co., Ltd.	8,250	8,280	4.6	8,230	4.4	4.8	402	5.2
	C-12	(TBC) BIGMOTOR Konosu (Land)	JLL Morii Valuation & Advisory K. K.	2,290	(Note 4)	(Note 4)	2,290	4.3	-	97 (Note 5)	4.5
	Subtotal/Average				28,760	(Note 4)	-	28,626	-	-	1,469
Total/Average				116,223	(Note 4)	-	115,174	-	-	5,362	4.9

(Note 1) "Appraisal NOI" is the net operating income (NOI) based on the direct capitalization method as stated in the real estate appraisal report.

(Note 2) "Appraisal NOI yield" is the figure obtained by dividing the appraisal NOI by the acquisition price. The appraisal NOI yield is calculated by the Asset Management Company and is not the figure stated in the real estate appraisal report.

(Note 3) Chuo Bakuromachi Building was transferred on March 1, 2022.

(Note 4) This information is omitted as the DCF method is the only method applied to BIGMOTOR Sapporo Kiyota (Land) and (TBC) BIGMOTOR Konosu (Land).

(Note 5) For BIGMOTOR Sapporo Kiyota (Land) and (TBC) BIGMOTOR Konosu (Land), net operating income (NOI) based on the DCF method is presented as it is the only method applied to these properties.

(e) Engineering, Environmental and Seismic Reviews

With respect to each property under management, the Investment Corporation has obtained an engineering report regarding building inspections, compliance with related laws and regulations, repair cost assessments and environmental assessments. Information provided in engineering reports are solely the opinions of the respective reporting entities, and the Investment Corporation does not guarantee the validity and accuracy of their contents. Note that there are no special conflicts of interest between the following surveyors, the Investment Corporation, and the Asset Management Company.

In addition, the expected loss ratios due to earthquakes, or PML values, for the buildings associated with each managed asset are as follows. These PML values are based on seismic reviews prepared by Tokio Marine dR Co., Ltd. As of the date of this document, no earthquake insurance has been provided. The contents of the seismic reviews are solely the opinions of the reporting entity, and the Investment Corporation does not guarantee the validity and accuracy of their contents.

Category	Property number	Property name	Surveyor	Survey date	Emergency repair expenses (thousand yen) (Note 1)	Short-term repair expenses (thousand yen) (Note 1)	Long-term repair expenses (annual average) (thousand yen) (Note 2)	Replacement cost (million yen) (Note 3)	PML (%) (Note 4)
Office	O-01	NT Building	Tokio Marine dR Co., Ltd.	May 2021	-	-	50,655	4,855	1.2
	O-02	Higashi-Ikebukuro Central Place	Tokio Marine dR Co., Ltd.	May 2021	-	-	19,390	2,882	2.9
	O-03	Nagoya Center Plaza Building	Daiwa Real Estate Appraisal Co., Ltd.	April 2021	-	-	29,346	4,376	2.2
	O-05	Omiya NSD Building	Daiwa Real Estate Appraisal Co., Ltd.	April 2021	-	-	15,991	1,518	4.8
	O-07	Hakata Gion Building	Daiwa Real Estate Appraisal Co., Ltd.	May 2021	-	-	9,576	1,309	2.3
	O-08	Chuo Bakuromachi Building	Daiwa Real Estate Appraisal Co., Ltd.	April 2021	-	-	15,532	1,375	5.5
	O-09	L.Biz Jimbocho Building	Tokio Marine dR Co., Ltd.	October 2021	-	-	2,586	248	7.2
	O-11	L.Biz Sendai	Tokio Marine dR Co., Ltd.	October 2021	150 (Note 5)	-	19,181	1,404	2.3
	O-12	Sendai Nikko Building	Tokio Marine dR Co., Ltd.	October 2021	-	-	13,331	1,093	2.0
	O-18	Akasaka Kawase Building	Daiwa Real Estate Appraisal Co., Ltd.	September 2019	-	-	2,821	173	9.8
	O-19	Yoyogi 1-chome Building	Tokio Marine dR Co., Ltd.	December 2020	-	-	4,697	365	3.8
	O-20	Kawagoe West Building	Daiwa Real Estate Appraisal Co., Ltd.	May 2021	-	-	6,659	752	5.8
	O-21	Hakata Reisenmachi Building	Daiwa Real Estate Appraisal Co., Ltd.	June 2021	-	-	2,768	746	2.4
Residence	R-01	Amare Tokaidori	Tokio Marine dR Co., Ltd.	November 2021	-	-	6,320	754	6.7
	R-02	Dormy Ukimafunado	Tokio Marine dR Co., Ltd.	October 2021	-	-	9,446	565	6.9
	R-03	Benefis Hakata-Minami Grand Sweet	Tokio Marine dR Co., Ltd.	November 2021	-	-	3,849	706	2.5
	R-04	LUXENA HIGASHI-KOENJI	Tokio Marine dR Co., Ltd.	October 2021	-	-	2,571	368	4.6
	R-06	J City Hatchobori	Tokio Marine dR Co., Ltd.	February 2018	-	-	3,942	686	3.0
	R-07	LUXENA HEIWADAI	Daiwa Real Estate Appraisal Co., Ltd.	June 2019	-	-	4,398	1,471	3.6
	R-08	LUXENA KACHIDOKI	Tokio Marine dR Co., Ltd.	June 2019	-	-	719	346	4.2
	R-09	LUXENA HONATSUGI	Daiwa Real Estate Appraisal Co., Ltd.	February 2020	-	-	4,333	448	12.7
	R-10	LUXENA KADOMA	Daiwa Real Estate Appraisal Co., Ltd.	March 2021	-	-	3,192	1,212	8.5
	R-11	LUXENA TODAKOEN	Daiwa Real Estate Appraisal Co., Ltd.	May 2021	-	-	963	337	5.9
	R-12	LUXENA TODAKOEN II	Daiwa Real Estate Appraisal Co., Ltd.	April 2021	-	-	1,427	527	6.7
	R-13	LUXENA AKIHABARA	Daiwa Real Estate Appraisal Co., Ltd.	June 2021	-	-	1,243	559	3.9
	R-14	Fiore Residence Dejima Kaigan Dori	Daiwa Real Estate Appraisal Co., Ltd.	May 2021	-	-	4,370	434	10.6
	R-15	LUXENA MUSASHI-SHINJO	Daiwa Real Estate Appraisal Co., Ltd.	June 2021	-	-	1,676	660	6.6
	R-16	LUXENA NAGAREYAMA OOTAKANOMORI	Tokio Marine dR Co., Ltd.	June 2021	-	-	3,067	1,361	3.8
	R-17	PRIME SQUARE	Tokio Marine dR Co., Ltd.	June 2021	-	-	2,383	331	4.1
	R-18	Winbell Chorus Seiseki Sakuragaoka	Daiwa Real Estate Appraisal Co., Ltd.	May 2021	-	-	6,792	536	3.9
	R-19	Mare Isogo Building	Deloitte Tohmatsu Property Risk Solution Co., Ltd.	August 2021	-	-	11,988	940	5.3
	Hotel	H-01	Dormy Inn Matsuyama	Tokio Marine dR Co., Ltd.	February 2018	-	-	656	1,314
H-02		Hotel Sunshine Utsunomiya	Daiwa Real Estate Appraisal Co., Ltd.	March 2018	-	-	11,637	1,480	1.4
H-03		Dormy Inn Morioka	Tokio Marine dR Co., Ltd.	May 2019	-	-	665	1,453	5.5

Category	Property number	Property name	Surveyor	Survey date	Emergency repair expenses (thousand yen) (Note 1)	Short-term repair expenses (thousand yen) (Note 1)	Long-term repair expenses (annual average) (thousand yen) (Note 2)	Replacement cost (million yen) (Note 3)	PML (%) (Note 4)
	H-04	ACCESS by LOISIR HOTEL Nagoya	Daiwa Real Estate Appraisal Co., Ltd.	June 2019	-	-	142	700	4.2
Retail and Other	C-01	Prio Daimyo II	Daiwa Real Estate Appraisal Co., Ltd.	March 2018	-	-	1,458	166	4.4
	C-02	Co-op Sapporo Syunko	Tokio Marine dR Co., Ltd.	February 2018	-	-	6,186	882	0.9
	C-03	TA Shonan Kugenmakaigan	Daiwa Real Estate Appraisal Co., Ltd.	March 2019	-	-	448	123	14.5
	C-05	YAMADA web.com Matsuyama Toiyacho	Daiwa Real Estate Appraisal Co., Ltd.	June 2019	-	-	6,865	1,649	2.6
	C-06	Kaden Sumairu Kan YAMADA Kobe Tarumi (Land)	-	-	-	-	-	-	-
	C-07	AEON Style Onomichi (Land)	-	-	-	-	-	-	-
	C-08	BIGMOTOR Sapporo Kiyota (Land)	-	-	-	-	-	-	-
	C-09	DCM Daiki Onomichi (Land)	-	-	-	-	-	-	-
	C-10	Cainz Omiya	Daiwa Real Estate Appraisal Co., Ltd.	April 2021	-	-	17,589	1,472	3.0
	C-11	APiTA Nagoya South Store	Daiwa Real Estate Appraisal Co., Ltd.	January 2021	-	-	42,763	4,335	4.2
	C-12	(TBC) BIGMOTOR Konosu (Land)	-	-	-	-	-	-	-

(Note 1) "Emergency repair expenses" and "short-term repair expenses" are the total of the expenses required in the engineering report as the urgently required expenses and the repair renewal expenses required within approximately one year.

(Note 2) "Long-term repair costs" is based on the engineering report, and indicates repair costs per year (excluding emergency repair costs and short-term repair costs) projected for the next 11 or 12 years.

(Note 3) "Replacement cost," based on the engineering report, is the appropriate total cost price required when newly constructed according to the same design and specifications at the time of the report preparation, rounded down to the nearest million yen.

(Note 4) The PML of the entire portfolio is 1.6%. This is the PML value for the entire portfolio based on the "41 Property Building Earthquake Risk Survey Portfolio Analysis Report" dated March 2022 by Tokio Marine D.R. Co.

(Note 5) Repairs have already been completed.

(2) Capital Expenditures for Investment Assets

1) Scheduled Capital Expenditures

As for the assets held by the Investment Corporation as of February 28, 2022, the major planned amount of capital expenditure accompanying renovation work, etc. for the period ending August 31, 2022, is as follows. In addition, the following planned amount of construction may be partially booked as repair expenses.

Property name	Location	Purpose	Schedule	Planned construction amount (thousand yen)		
				Total	Amount paid during period	Total spending
NT Building	Shinagawa Ward, Tokyo	Renewal work of exclusive areas	From: March 2022 To: August 2022	151,000	-	-
Hakata Gion Building	Fukuoka City, Fukuoka	Air-conditioning equipment renewal work	From: March 2022 To: August 2022	22,000	-	-
Hotel Sunshine Utsunomiya	Utsunomiya City, Tochigi	Air-conditioning EHP construction	From: March 2022 To: August 2022	26,000	-	-
Co-op Sapporo Syunko	Asahikawa City, Hokkaido	Elevator repair work	From: March 2022 To: August 2022	23,650	-	-
APiTA Nagoya South Store	Nagoya City, Aichi	Automatic fire alarm system renewal work	From: March 2022 To: August 2022	34,000	-	-

2) Capital Expenditures During the Period

The major construction work, etc. corresponding to capital expenditure in the fiscal period ended February 28, 2022, are as follows. The construction corresponding to the capital expenditure of the assets managed as a whole in the period under review was 246,557 thousand yen, with a combined total of 329,425 thousand yen of work when adding 82,868 thousand yen of repair expenses charged to expenses in the fiscal period under review.

Property name	Location	Purpose	Scheduled period	Amount (thousand yen)
Nagoya Center Plaza Building	Nagoya City, Aichi	EHP air-conditioning equipment renewal	From: September 2021 To: February 2022	96,205
Hotel Sunshine Utsunomiya	Utsunomiya City, Tochigi	Air conditioner repair work	From: January 2022 To: February 2022	26,000
Omiya NSD Building	Saitama City, Saitama	Halogen cylinder, etc. renewal work	From: February 2022 To: February 2022	9,536
Other			From: September 2021 To: February 2022	114,815
Total				246,557

3) Reserves for Long-term Repair Plans

Not applicable.