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October 13, 2022

Financial Report for the Fiscal Period Ended August 31, 2022 (For the Reporting Period from March 1, 2022 to August 31, 2022)

Hulic Reit, Inc. (“Investment Corporation”)

Listing: Tokyo Stock Exchange
Securities code: 3295
URL: <https://www.hulic-reit.co.jp>
Representative: Kazuaki Chokki, Executive Officer

Asset management company: Hulic Reit Management Co., Ltd.
Representative: Kazuaki Chokki, Representative Director, President and CEO
Contact: Hiroshi Machiba, CFO, Head of Planning and Administration Division and General Manager of Finance and Planning Department
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Scheduled date to file securities report: November 24, 2022
Scheduled date to commence payment of distributions: November 15, 2022
Preparation of supplementary material on financial report: Yes
Holding of financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen, except for the basic earnings per unit)

1. Summary of financial results for the fiscal period ended August 31, 2022 (March 1, 2022 - August 31, 2022)

(1) Operating results

(Percentages show changes from the previous fiscal period)

	Operating revenues		Operating profit		Ordinary profit		Profit	
Fiscal period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2022	11,502	4.5	6,298	2.4	5,567	2.4	5,475	2.4
February 28, 2022	11,006	4.8	6,150	6.7	5,434	7.5	5,345	7.5

	Basic earnings per unit	Return on equity	Ordinary profit on total assets	Ordinary profit on operating revenues
Fiscal period ended	Yen	%	%	%
August 31, 2022	3,802	2.7	1.4	48.4
February 28, 2022	3,784	2.8	1.4	49.4

(Note) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units outstanding during the period (fiscal period ended August 31, 2022: 1,440,000 units; fiscal period ended February 28, 2022: 1,412,480 units).

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
Fiscal period ended	Yen	Millions of yen	Yen	Millions of yen	%	%
August 31, 2022	3,700	5,328	—	—	97.3	2.7
February 28, 2022	3,600	5,184	—	—	96.9	2.6

(Note) The payout ratio is calculated with the following formula and rounded down to nearest one decimal place.

Payout ratio = Total distributions (excluding distributions in excess of earnings) / Profit × 100

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2022	400,230	200,678	50.1	139,360
February 28, 2022	396,983	200,387	50.5	139,158

(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) financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
August 31, 2022	11,180	(2,444)	(2,998)	25,116
February 28, 2022	9,262	(32,772)	21,273	19,380

2. Forecasts of performance for the fiscal period ending February 28, 2023 (September 1, 2022 - February 28, 2023) and the fiscal period ending August 31, 2023 (March 1, 2023 - August 31, 2023)

(Percentages show changes from the previous fiscal period)

	Operating revenues		Operating profit		Ordinary profit		Profit		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Fiscal period ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
February 28, 2023	10,583	(8.0)	5,576	(11.5)	4,833	(13.2)	4,832	(11.7)	3,480	—
August 31, 2023	10,545	(0.4)	5,537	(0.7)	4,761	(1.5)	4,760	(1.5)	3,480	—

(Reference) Forecasted basic earnings per unit (Forecasted profit / Forecasted number of investment units at end of period)

For the fiscal period ending February 28, 2023: ¥3,355

For the fiscal period ending August 31, 2023: ¥3,305

*** Other**

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

- | | |
|---|------|
| a. Changes in accounting policies due to revisions to accounting standards and other regulations: | None |
| b. Changes in accounting policies due to reasons other than a. above: | None |
| c. Changes in accounting estimates: | None |
| d. Retrospective restatement: | None |

(2) Total number of investment units issued

- | | |
|---|-----------------|
| a. Total number of investment units issued at end of period (including treasury investment units) | |
| As of August 31, 2022 | 1,440,000 units |
| As of February 28, 2022 | 1,440,000 units |
| b. Number of treasury investment units at end of period | |
| As of August 31, 2022 | 0 units |
| As of February 28, 2022 | 0 units |

(Note) Please refer to “Notes on Per Unit Information” on pages 33 through 34 for the number of investment units used as the basis for calculating basic earnings per unit.

*** Financial reports are exempt from audit conducted by certified public accountants or an audit corporation.**

*** Special notes**

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. The above-mentioned forecasts are based on “Assumptions for forecasts of performance for the fiscal period ending February 28, 2023 (from September 1, 2022 to February 28, 2023) and the fiscal period ending August 31, 2023 (from March 1, 2023 to August 31, 2023)” (hereinafter “Assumptions for Forecasts”) on pages 9 through 12 for calculation, and our judgment as of this date. Actual operating revenues, operating profit, ordinary profit, profit, distributions per unit and distributions in excess of earnings per unit may vary due to factors such as additional acquisitions or transfers of real estate, etc., fluctuations in the real estate market or other changes in market conditions that may affect the Investment Corporation. These forecasts do not guarantee the distribution amount.

1. Status of Asset Management

(1) Operating results

Summary of results for the reporting period

i) Transition of the Investment Corporation

The Investment Corporation was established on November 7, 2013, with Hulic Reit Management Co., Ltd. (hereinafter referred to as the “Asset Manager”), which is entrusted with the management of the assets of the Investment Corporation, as the organizer under the Act on Investment Trusts and Investment Corporations of Japan (hereinafter referred to as the “Investment Trust Act”). On November 25, 2013, the Investment Corporation was registered with the Director-General of the Kanto Local Finance Bureau (registration number: Director-General of the Kanto Local Finance Bureau No. 88). The Investment Corporation issued new investment units through a public offering with the payment date on February 6, 2014, which were listed on the Real Estate Investment Trust Securities (J-REIT) Market of Tokyo Stock Exchange, Inc. (Securities code: 3295) on February 7, 2014. New investment units were issued through a third-party allotment on March 7, 2014. The Investment Corporation recently carried out capital increases through its eighth public offering after its listing on October 27, 2021 and a third-party allotment on November 22, 2021. As a result, the number of investment units issued as of the end of the reporting period was 1,440,000.

The Investment Corporation primarily invests in and manages office buildings and retail facilities.

ii) Performance for the reporting period

During the reporting period, the Investment Corporation acquired Granda Gakugei Daigaku (acquisition price: ¥2,200 million) in March 2022, and transferred 50.0% trust beneficiary right quasi co-ownership interest and 50.0% partial right of land co-ownership interest of Hulic Shinjuku 3 Chome Building (total transfer price: ¥4,100 million) in the same month. As a result, the number of properties held by the Investment Corporation as of the end of the reporting period was 62, and the total acquisition price was ¥378,957 million (rounded to the nearest ¥1 million). The occupancy rate of the entire portfolio has remained at a high level of 98.7% at the end of the reporting period.

Based on the belief that consideration for the environment, society and governance leads to the maximization of medium- to long-term unitholder value, the Asset Manager formulated the “Sustainability Policy” in March 2016 and has implemented initiatives to reduce environmental impact, improve tenants’ satisfaction and contribute to local communities. The Investment Corporation has participated in the Real Estate Assessment of Global Real Estate Sustainability Benchmark (GRESB) (Note 1) from the fiscal period ended August 31, 2016. In the GRESB Real Estate Assessment conducted in 2021, the Investment Corporation was awarded “5 Stars,” the highest GRESB Rating for the second consecutive year, for its initiatives in environmental awareness and sustainability, having received strong recognition in both the areas of “Management Component” and “Performance Component.” At the same time, the Investment Corporation also received a “Green Star” for the fifth consecutive year. In addition, the Investment Corporation has been working on obtaining external certification relating to energy conservation and environmental performance of its owned properties, and as of August 31, 2022, it has obtained external certification for a total of 46 properties, as follows. Concerning DBJ Green Building Certification (Note 2), the Investment Corporation has acquired certification for six properties, with Ochanomizu Sola City and Hulic Asakusabashi Building obtaining the highest ranking among those properties. As for BELS (Note 3), the Investment Corporation has acquired certification for 17 properties, with HULIC &New SHIBUYA and Hulic Shimura-sakaue obtaining the highest ranking among those properties. Concerning the real estate evaluation certification CASBEE (Note 4), the Investment Corporation has acquired certification for 18 properties (Note 5), with Hulic Kamiyacho Building, Toranomom First Garden, Hulic Kandabashi Building, Hulic Kakigaracho Building, Hulic Higashi Nihonbashi Building, Hulic Kojimachi Building, Oimachi Redevelopment Building (#2)/(#1), Hulic Jingu-Mae Building and Hulic Mejiro obtaining the highest ranking among those properties. Concerning CASBEE-Wellness Office evaluation certification (Note 6), the Investment Corporation has acquired certification for Hulic Toranomom Building. Furthermore, the Investment Corporation has acquired certification for four properties, including Charm Suite Shinjukutoyama and Granda Gakugei Daigaku, from the Japan Habitat Evaluation and Certification Program (JHEP) (Note 7).

In addition, having recognized the importance of disclosing climate-related financial information, the Asset Manager expressed its supports for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in July 2021 and has joined the TCFD Consortium, which is an organization in Japan for companies that support the recommendations. Based on the four items (governance, strategy, risk management, and metrics and targets) of the TCFD recommendations, the Asset Manager analyzes the business risks and opportunities brought about in response to climate change and has been disclosing information concerning its initiatives since April 2022.

- (Note 1) The “Global Real Estate Sustainability Benchmark (GRESB)” is an annual benchmark assessment used to evaluate ESG considerations in the global real estate sector. It was established in 2009 primarily by major European pension fund groups, which led the Principles for Responsible Investment.
- (Note 2) The “DBJ Green Building Certification” is a certification system created by Development Bank of Japan Inc. in April 2011 to support real estate properties with environmental and social awareness (“Green Building”). The certification system is said to evaluate and certify real estate properties in terms of their desirability for society and the economy based on a comprehensive evaluation, which includes not only environmental performance, but also responsiveness to various stakeholder needs such as consideration for emergency preparedness and the community, and to support these efforts.
- (Note 3) The “BELS” is a building energy-efficiency labeling system that was started with the aim of having third-party institutions implement accurate evaluation and labeling of energy-conservation performance of buildings in accordance with the guidelines set forth in October 2013 by the Ministry of Land, Infrastructure, Transport and Tourism in “Evaluation Guidelines for Energy-efficiency Labeling for Non-residential Buildings (2013).”
- (Note 4) “CASBEE” (Comprehensive Assessment System for Built Environment Efficiency) is a method for evaluating and rating the environmental performance of buildings. CASBEE is a system that comprehensively evaluates the quality of buildings by giving consideration not only to the environment in regard to the use of materials that have good energy conservation and small environmental loads, but also to the comfort inside the buildings and to the landscapes. Institute for Building Environment and Energy Conservation (IBEC) promotes the adoption of the system and operates the assessment and certification. The real estate evaluation certification CASBEE evaluates the environmental performance of existing buildings with one or more years of use after completion.
- (Note 5) Oimachi Redevelopment Building (#2)/(#1) are recorded as a single building as they obtained certification as a combined building.
- (Note 6) The “CASBEE-Wellness Office evaluation certification” is a method for evaluating specifications, performance and approaches of buildings that support maintenance and enhancement of the health and comfort of building users. The system evaluates not only the direct impact on the health and comfort of workers who inhabit offices in the building but also other performance factors such as contribution to intellectual productivity improvement as well as security and safety. IBEC promotes the adoption of the system and operates the assessment and certification.
- (Note 7) The Japan Habitat Evaluation and Certification Program (JHEP) is based on the habitat evaluation procedures (HEP) developed by the U.S. Department of the Interior in the 1970s and 1980s to quantitatively evaluate habitats, focused on habitats where living creatures live. JHEP, which was developed and is managed by Ecosystem Conservation Society-Japan, evaluates and certifies initiatives that contribute to the conservation and restoration of biodiversity.

iii) Status of financing

During the reporting period, the Investment Corporation executed long-term borrowings of ¥2,200 million on March 31, 2022 in order to cover the acquisition price of assets. In addition, the Investment Corporation issued investment corporation bonds (green bonds) of ¥2,000 million on May 24, 2022 and used them with cash reserves on May 31, 2022 to make an early repayment of ¥2,000 million in short-term borrowings, and on August 8 and August 31, 2022, refinanced a total of ¥9,060 million in long-term borrowings that were due.

As a result, as of the end of the reporting period, interest-bearing debt totaled ¥178,616 million (comprising ¥23,315 million in current portion of long-term borrowings, ¥138,301 million in long-term borrowings and ¥17,000 million in investment corporation bonds), resulting in a loan-to-value (LTV) ratio of 44.6%.

Issuer credit ratings of the Investment Corporation as of the end of the reporting period are as follows:

Credit rating agency	Contents of credit rating
Japan Credit Rating Agency, Ltd.	Long-term issuer rating: AA, Rating outlook: Stable

iv) Overview of financial results and distributions

As a result of the above asset management, operating revenues for the reporting period were ¥11,502 million (up 4.5% compared with the previous fiscal period), operating profit was ¥6,298 million (up 2.4% compared with the previous fiscal period), ordinary profit after deducting interest expenses for borrowings, etc. was ¥5,567 million (up 2.4% compared with the previous fiscal period), and profit was ¥5,475 million (up 2.4% compared with the previous fiscal period).

Furthermore, in accordance with the distribution policy set forth in the Investment Corporation's Articles of Incorporation, the Investment Corporation has applied special measures for the taxation system for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and decided to pay distributions for the reporting period of an amount of the initially forecasted distribution of ¥5,328,000,000 and keep the amount in excess of that amount in internal reserves. Consequently, distributions per unit came to ¥3,700. The Investment Corporation plans to use internal reserves to ensure stability in distribution payments.

Outlook for the fiscal period ending February 28, 2023

i) Outlook for overall operations

Looking forward, we can expect a pick up in business economic conditions in Japan as society has advanced to a new stage of living with COVID-19, and various governmental measures are proving effective. However, amid fiscal tightening occurring across the globe, we face a risk of weakening business conditions in Japan due to the downturn in overseas economies. In addition, it will be important to pay adequate attention to the rising cost of goods, constraints on the supply-end, fluctuations in financial capital markets, and other factors. Regarding the rental office market amid these conditions, the Investment Corporation will pay close attention to changes in office needs as a result of the reduction in office sizes preferred by customers cutting costs and enabling teleworking. Furthermore, in retail properties and hotels, despite expectations for consumer spending to pick up due to the effects of various measures such as actions to prevent infection, it is necessary to ascertain the business conditions of tenants and respond appropriately.

Against this backdrop, the Investment Corporation will focus on Tokyo Commercial Properties (Note 1), aiming to maximize unitholder value over the medium to long term, and invest in Next-Generation Assets Plus (Note 2), aiming to support stable earnings over the long term. As part of these efforts to maximize unitholder value over the medium to long term, the Investment Corporation will implement efforts combining the Asset Manager's own measures to drive external and internal growth while using the support of the Hulic Group. The Investment Corporation will maintain and grow profits over the medium to long term and increase the size and value of the asset portfolio.

In terms of financing strategy, the Investment Corporation will seek to maintain the LTV ratio at an appropriate level and shift to loans with longer terms with fixed interest rates and staggered repayment dates in order to maintain a stable and healthy financial position.

(Note 1) "Tokyo Commercial Properties" are office properties and retail properties under a concept specific to the Investment Corporation that comprehensively includes properties consistent with the basic philosophy of the Investment Corporation. Specifically, office properties are those that are sufficiently competitive that are in the Tokyo area (Tokyo and cities designated by government ordinance in the surrounding areas) and areas with economic zones comparable to the Tokyo area and in principle located "within a five-minute walking distance from the nearest train station," or "in a particular part of the area that has competitive or advantageous characteristics." Retail properties are those located in Tokyo and major cities in the surrounding areas that are in principle located within a five-minute walking distance from the nearest train station or in areas with a high concentration of retail activities. Such retail properties are also highly visible and have the potential to generate demand from prospective tenants that offer products and services suitable for the characteristics of their respective retail areas. The investment ratio for office properties in the Tokyo area is, in principle, 90% or more of the investment amount (based on acquisition prices) for all of the office properties.

(Note 2) "Next-Generation Assets Plus" are properties specified for investment by the Investment Corporation based on its basic philosophy. Specifically, they are lease properties for which the Investment Corporation deems that firm demand can be anticipated even in the future and stable long-term earnings can be obtained, or that it will contribute to the maximization of unitholder value over the medium to long term, and the Investment Corporation selects investment targets after carefully examining the individual properties' profitability, characteristics of the location and competitiveness of the location. Aside from the areas of

“private nursing homes,” “network centers,” and “hotels,” the Investment Corporation positions properties other than office properties, retail properties, private nursing homes, network centers and hotels, that it determines can expect robust demand well into the future, will bring in stable revenue over the long term, and can contribute to maximizing unitholder value over the medium to long term as “Next-Generation Assets Plus.”

ii) Significant events after the reporting period

Not applicable.

(Reference information)

(A) Acquisitions of properties

On October 13, 2022, the Investment Corporation executed a purchase and sale agreement regarding the acquisition of the beneficial interests in real estate trust shown in the table of <Asset Planned for Acquisition> below (1 property; anticipated acquisition price: ¥6,162 million. Hereinafter referred to as the “Asset Planned for Acquisition”). The anticipated acquisition price provided does not include expenses incurred on the acquisition of such asset (including acquisition expenses, settlement of fixed asset tax and city planning tax and consumption taxes), and is equal to the acquisition price stated on the purchase and sale agreement of beneficial interest in trust.

<Asset Planned for Acquisition>

Property name	Location	Scheduled date of acquisition	Anticipated acquisition price (Millions of yen)	Seller
Hulic Gotanda Building	Shinagawa-ku, Tokyo	October 28, 2022	6,162	Fuyo General Lease Co.,Ltd.

(B) Transfer of properties

The Investment Corporation transferred the below-mentioned beneficial interest in real estate trust (1 property; transfer price: ¥4,830 million). The transfer price provided does not include expenses incurred on the transfer of such transferred asset (including transfer expenses, settlement of fixed asset tax and city planning tax and consumption taxes), and is equal to the transfer price stated on the purchase and sale agreement of beneficial interest in trust.

Property name	Location	Date of transfer	Transfer price (Millions of yen)	Transferee
Yokohama Yamashitacho Building	Yokohama-shi, Kanagawa	September 28, 2022	4,830	List Development Co.,Ltd.

(C) Borrowing of funds

In order to cover the acquisition price stated above in (A), the Investment Corporation decided to execute the following borrowings on October 13, 2022.

Lender	Planned borrowing amount (Millions of yen)	Expected interest rate	Scheduled borrowing date	Scheduled repayment date	Repayment method	Remarks
Resona Bank, Limited	500	To be determined (Note)	October 28, 2022	February 29, 2028	Lump-sum repayment	Unsecured and unguaranteed
Shinsei Bank, Limited	500					
Aozora Bank, Ltd.	500					
Total	1,500	—	—	—	—	—

(Note) The planned borrowings will carry a fixed interest rate.

iii) Operating results (earnings) forecasts

The Investment Corporation's forecasts for the fiscal period ending February 28, 2023 (from September 1, 2022 to February 28, 2023) and the fiscal period ending August 31, 2023 (from March 1, 2023 to August 31, 2023) are as follows:

	Fiscal period ending February 28, 2023	Fiscal period ending August 31, 2023
Operating revenues	¥10,583 million	¥10,545 million
Operating profit	¥5,576 million	¥5,537 million
Ordinary profit	¥4,833 million	¥4,761 million
Profit	¥4,832 million	¥4,760 million
Distributions per unit (excluding distributions in excess of earnings)	¥3,480	¥3,480
Distributions in excess of earnings per unit	¥—	¥—

Information on assumptions for the above forecasts of operating results is as shown in “Assumptions for forecasts of performance for the fiscal period ending February 28, 2023 (from September 1, 2022 to February 28, 2023) and the fiscal period ending August 31, 2023 (from March 1, 2023 to August 31, 2023)” on pages 9 through 12.

(Note) The above-mentioned forecasts are based on certain calculation assumptions and our judgment based on information currently available to the Investment Corporation. Actual operating revenues, operating profit, ordinary profit, profit, distributions per unit and distributions in excess of earnings per unit may vary in response to factors such as additional acquisitions or transfers of real estate, etc., fluctuations in the real estate market or other changes in market conditions that may affect the Investment Corporation. These forecasts do not guarantee the distribution amount.

**Assumptions for forecasts of performance for
the fiscal period ending February 28, 2023 (from September 1, 2022 to February 28, 2023) and
the fiscal period ending August 31, 2023 (from March 1, 2023 to August 31, 2023)**

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> Fiscal period ending February 28, 2023: 181 days from September 1, 2022 to February 28, 2023 Fiscal period ending August 31, 2023: 184 days from March 1, 2023 to August 31, 2023
Portfolio	<ul style="list-style-type: none"> We have based our assumptions on a total of 62 properties consisting of 61 properties we hold as of the date of this report (hereinafter referred to as the “Assets Held” in this table of assumptions) in addition to the Asset Planned for Acquisition. In our forecasts of performance, except for the acquisition of asset scheduled for acquisition on October 28, 2022, we have assumed that there will be no changes in the composition of our portfolio (no acquisitions of new properties, no transfers of Assets Held, etc.) until August 31, 2023 (the end of the 19th fiscal period). There may be changes in the portfolio, however, caused by buying or selling of properties.
Operating revenues	<ul style="list-style-type: none"> Real estate leasing business revenues from Assets Held have been calculated in consideration of trends of the lease market, status of negotiations with tenants and other factors, and taking into account a certain degree of impact from tenants moving in and out, on the basis of lease agreements effective as of the date of this report. Average monthly occupancy rates during period are assumed to be 97.9% and 98.6% for the periods ending February 28, 2023 and August 31, 2023, respectively, although such rates may vary if there is unexpected moving in or out of tenants. Projected amount for a gain on transfer relating to asset transfer (excluding expenses relating to the transfer) is recognized for the fiscal period ending February 28, 2023 (the 18th fiscal period). Operating revenues assume no delinquencies or non-payment of rent by tenants. In addition to the aforementioned, a decline in revenue such as leasing business revenue that is expected from the impact of a resurgence of COVID-19 infections has been factored in to the calculation to a certain extent.

Item	Assumptions
Operating expenses	<ul style="list-style-type: none"> • Of the expenses related to leasing business, the principal component of operating expenses, expenses other than depreciation and amortization expenses for the Assets Held excluding assets acquired in the fiscal period ended August 31, 2022 (the 17th fiscal period) and the Asset Planned for Acquisition in October 2022 have been calculated in such a way as to reflect variable factors in the expenses on the basis of past performance figures. In addition, such expenses other than depreciation and amortization expenses for the assets acquired in the fiscal period ended August 31, 2022 (the 17th fiscal period) and the Asset Planned for Acquisition in October 2022 have been calculated in such a way as to reflect variable factors in the expenses based on information received from the transferors of each asset and others, and also based on past performance figures. • We have calculated depreciation and amortization expenses using the straight-line method, including ancillary expenses, and assumed that we will incur depreciation and amortization expenses of ¥1,302 million for the fiscal period ending February 28, 2023 (the 18th fiscal period) and ¥1,318 million for the fiscal period ending August 31, 2023 (the 19th fiscal period). • In general, fixed asset tax, city planning tax, etc. for the assets we acquire or transfer are settled at the time of acquisition or transfer between the transferor and the transferee based on their respective periods of ownership in relation to the relevant tax year. With respect to the acquired assets, any of these taxes allocated to the transferee are not recognized in expenses at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes in the Investment Corporation. The total amount of fixed asset tax, city planning tax, etc. that will be included in the acquisition cost for the Asset Planned for Acquisition is assumed to be ¥4 million. In addition, the fixed asset tax, city planning tax, etc. for the Asset Planned for Acquisition will not be recognized in expenses in the fiscal period ending February 28, 2023 (the 18th fiscal period) and will instead be recognized in expenses from the fiscal period ending August 31, 2023 (the 19th fiscal period). Fixed asset tax, city planning tax, etc. are assumed at ¥927 million for the fiscal period ending February 28, 2023 (the 18th fiscal period) and ¥983 million for the fiscal period ending August 31, 2023 (the 19th fiscal period). • Repair expenses for buildings are recognized for each fiscal period in amounts assumed as necessary based on the repair plan formulated by the Asset Manager for each property. However, actual repair expenses for each fiscal period may differ substantially from our forecasts, mainly for the following reasons: (i) we may incur expenses for urgent repairs to properties for reasons including damage to buildings resulting from factors that are difficult to foresee, (ii) generally, there is a substantial difference in such expenses incurred between each fiscal period, and (iii) such expenses are not incurred on a regular basis. We expect to post ¥117 million in the fiscal period ending February 28, 2023 (the 18th fiscal period) and ¥108 million in the fiscal period ending August 31, 2023 (the 19th fiscal period). • Operating expenses other than those related to leasing business (asset management fee, asset custody fee, administrative service fees, etc.) are assumed at ¥1,234 million for the fiscal period ending February 28, 2023 (the 18th fiscal period) and ¥1,192 million for the fiscal period ending August 31, 2023 (the 19th fiscal period). These expenses have been calculated based on past performance figures and upon considering variable factors.

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> • Taking into account the interest rate trends, latest performance figures and other factors, we expect to record interest expenses and other borrowing-related expenses of ¥724 million in the fiscal period ending February 28, 2023 (the 18th fiscal period) and ¥757 million in the fiscal period ending August 31, 2023 (the 19th fiscal period). • We expect to record amortization of investment corporation bond issuance costs (amortized by the straight-line method over period until redemption) and amortization of investment unit issuance costs (amortized by the straight-line method over a three-year period) relating to issuance of investment corporation bonds and new investment units, etc. of ¥18 million in the fiscal period ending February 28, 2023 (the 18th fiscal period) and ¥18 million in the fiscal period ending August 31, 2023 (the 19th fiscal period).
Interest-bearing debt	<ul style="list-style-type: none"> • The balance of interest-bearing debt of the Investment Corporation as of the date of this report is ¥178,616 million (comprising ¥23,315 million in current portion of long-term borrowings, ¥138,301 million in long-term borrowings and ¥17,000 million in investment corporation bonds). • For ¥10,305 million in current portion of long-term borrowings, for which repayment is due by February 28, 2023 (the end of the 18th fiscal period) and ¥13,010 million in current portion of long-term borrowings, for which repayment is due by August 31, 2023 (the end of the 19th fiscal period), we assume the refinancing of the entire amounts at the time of the due date. • In order to cover part of the acquisition cost for the Asset Planned for Acquisition, we assume that we will borrow funds in the form of ¥1,500 million in long-term borrowings (hereinafter referred to as the “New Borrowings”). For details on New Borrowings, please refer to the “Notice concerning the Borrowing of Funds” released today. • As a result of the above, we assume that the balance of interest-bearing debt as of each of February 28, 2023 (as of the end of the 18th fiscal period), and August 31, 2023 (as of the end of the 19th fiscal period), will be ¥180,116 million. We estimate LTV ratio (assumed) of approximately 45% as of February 28, 2023 (as of the end of the 18th fiscal period). • The above LTV ratio (assumed) was obtained by the following formula: $\text{LTV (assumed)} = \frac{\text{Interest-bearing debt at end of period (assumed amount)}}{\text{Total assets at end of period (projected amount)}} \times 100$ Total assets at end of period (assumed): Amount obtained by subtracting the book value of the Yokohama Yamashitacho Building transferred on September 28, 2022 (¥4,528 million) and adding the acquisition price of the Asset Planned for Acquisition (¥6,162 million) from and to, respectively, the total assets as stated on the balance sheet dated August 31, 2022 (as of the end of the 17th fiscal period) (¥400,230 million).
Issuance of investment units	<ul style="list-style-type: none"> • We have assumed 1,440,000 total investment units have been issued as of the date of this report, and that there will be no issuance of additional investment units until the end of the fiscal period ending August 31, 2023 (as of the end of the 19th fiscal period).

Item	Assumptions
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> • We have calculated distributions per unit (excluding distributions in excess of earnings) in accordance with the cash distribution policy prescribed in the Investment Corporation's Articles of Incorporation. • Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in the asset portfolio, fluctuations in rent revenues associated with changes in tenants, or unforeseen needs for repairs. • For the period ending February 28, 2023 (18th fiscal period), a reversal of ¥179 million in internal reserves is expected. For the period ending August 31, 2023 (19th fiscal period), a reversal of ¥250 million in internal reserves is expected. The actual amounts of the reversal of internal reserves may change.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • We currently have no plans to pay cash distributions in excess of earnings (regarding distributions in excess of earnings per unit).
Others	<ul style="list-style-type: none"> • We have assumed that no revisions that impact these forecasts will be made to laws and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others. • We have assumed that no significant unforeseeable changes will occur in general economic trends or conditions in the real estate market, and that no unforeseeable state of affairs outside the control of the Investment Corporation such as an event in the geopolitical sphere, etc. will occur.

2. Unaudited Financial Information

(1) Balance Sheets (unaudited)

(Unit: thousands of yen)

	Previous fiscal period (As of February 28, 2022)	Reporting period (As of August 31, 2022)
Assets		
Current assets		
Cash and deposits	11,713,016	16,841,797
Cash and deposits in trust	7,666,991	8,274,936
Operating accounts receivable	28,996	17,124
Prepaid expenses	43,345	51,512
Consumption taxes refund receivable	243,473	–
Other	42,864	–
Total current assets	19,738,687	25,185,370
Noncurrent assets		
Property, plant and equipment		
Buildings	697,432	698,132
Accumulated depreciation	(58,223)	(67,863)
Buildings, net	639,209	630,269
Tools, furniture and fixtures	–	1,831
Accumulated depreciation	–	(25)
Tools, furniture and fixtures, net	–	1,805
Land	1,219,370	589,293
Buildings in trust	77,781,804	78,361,917
Accumulated depreciation	(12,225,629)	(13,454,236)
Buildings in trust, net	65,556,174	64,907,680
Structures in trust	422,548	429,051
Accumulated depreciation	(179,181)	(194,189)
Structures in trust, net	243,366	234,861
Machinery and equipment in trust	530,317	551,444
Accumulated depreciation	(248,284)	(275,822)
Machinery and equipment in trust, net	282,032	275,622
Tools, furniture and fixtures in trust	101,302	113,514
Accumulated depreciation	(48,125)	(55,619)
Tools, furniture and fixtures in trust, net	53,177	57,894
Land in trust	301,037,449	300,916,001
Construction in progress in trust	54,667	4,833
Total property, plant and equipment	369,085,448	367,618,263
Intangible assets		
Leasehold interests in land	2,345,873	2,345,873
Land leasehold interests in trust	4,246,131	3,525,321
Other	7,026	6,046
Total intangible assets	6,599,031	5,877,241
Investments and other assets		
Leasehold and guarantee deposits	360,076	360,076
Long-term prepaid expenses	1,067,374	1,072,144
Deferred tax assets	7,985	–
Total investments and other assets	1,435,435	1,432,220
Total noncurrent assets	377,119,915	374,927,725
Deferred assets		
Investment unit issuance costs	51,560	36,522
Investment corporation bond issuance costs	73,453	81,097
Total deferred assets	125,013	117,619
Total assets	396,983,617	400,230,715

(Unit: thousands of yen)

	Previous fiscal period (As of February 28, 2022)	Reporting period (As of August 31, 2022)
Liabilities		
Current liabilities		
Operating accounts payable	454,480	729,607
Short-term borrowings	2,000,000	–
Current portion of long-term borrowings	19,365,000	23,315,000
Accounts payable - other	1,334,852	1,430,063
Accrued expenses	20,274	20,882
Income taxes payable	88,286	84,174
Accrued consumption taxes	131,460	354,896
Advances received	1,796,550	1,865,763
Deposits received	15,719	–
Total current liabilities	25,206,625	27,800,387
Noncurrent liabilities		
Investment corporation bonds	15,000,000	17,000,000
Long-term borrowings	140,051,000	138,301,000
Leasehold and guarantee deposits received	146,652	146,612
Leasehold and guarantee deposits received in trust	15,906,806	16,018,461
Asset retirement obligations	284,964	285,648
Total noncurrent liabilities	171,389,423	171,751,722
Total liabilities	196,596,048	199,552,109
Net assets		
Unitholders' equity		
Unitholders' capital	194,754,822	194,754,822
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*2 (3,936)	*2 (3,936)
Total deduction from unitholders' capital	(3,936)	(3,936)
Unitholders' capital, net	194,750,886	194,750,886
Surplus		
Unappropriated retained earnings	5,636,682	5,927,719
Total surplus	5,636,682	5,927,719
Total unitholders' equity	200,387,568	200,678,605
Total net assets	*3 200,387,568	*3 200,678,605
Total liabilities and net assets	396,983,617	400,230,715

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

(Unit: thousands of yen)

	Previous fiscal period (From September 1, 2021 to February 28, 2022)	Reporting period (From March 1, 2022 to August 31, 2022)
Operating revenues		
Leasing business revenue	*1, *3 9,836,336	*1, *3 9,981,322
Other leasing business revenues	*1 525,596	*1 873,194
Gain on sale of real estate properties	*2, *3 644,333	*2, *3 647,929
Total operating revenues	11,006,267	11,502,446
Operating expenses		
Expenses related to leasing business	*1 3,490,287	*1 3,753,806
Asset management fees	1,121,174	1,198,641
Asset custody fees	15,522	16,178
Administrative service fees	49,200	51,447
Remuneration for directors (and other officers)	6,000	6,000
Other operating expenses	173,416	177,574
Total operating expenses	4,855,600	5,203,648
Operating profit	6,150,666	6,298,797
Non-operating income		
Interest income	99	106
Gain on forfeiture of unclaimed distributions	307	270
Interest on tax refund	—	553
Total non-operating income	407	931
Non-operating expenses		
Interest expenses	467,743	486,101
Interest expenses on investment corporation bonds	48,550	50,533
Borrowing related expenses	177,692	172,825
Amortization of investment unit issuance costs	15,676	15,037
Amortization of investment corporation bond issuance costs	7,044	8,018
Total non-operating expenses	716,707	732,515
Ordinary profit	5,434,365	5,567,213
Profit before income taxes	5,434,365	5,567,213
Income taxes - current	88,301	84,190
Income taxes - deferred	121	7,985
Total income taxes	88,423	92,176
Profit	5,345,941	5,475,037
Retained earnings brought forward	290,740	452,682
Unappropriated retained earnings	5,636,682	5,927,719

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

Previous fiscal period (From September 1, 2021 to February 28, 2022)

(Unit: thousands of yen)

(Unit: thousands of yen)

	Unitholders' equity							Total net assets
	Unitholders' capital				Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings	Total surplus		
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital					
Balance at the beginning of the period	180,440,016	(3,936)	(3,936)	180,436,080	5,093,890	5,093,890	185,529,970	185,529,970
Changes during the period								
Issuance of new investment units	14,314,806	—	—	14,314,806	—	—	14,314,806	14,314,806
Dividends of surplus	—	—	—	—	(4,803,150)	(4,803,150)	(4,803,150)	(4,803,150)
Profit	—	—	—	—	5,345,941	5,345,941	5,345,941	5,345,941
Total changes during the period	14,314,806	—	—	14,314,806	542,791	542,791	14,857,597	14,857,597
Balance at the end of the period	*1 194,754,822	(3,936)	(3,936)	194,750,886	5,636,682	5,636,682	200,387,568	200,387,568

Reporting period (From March 1, 2022 to August 31, 2022)

(Unit: thousands of yen)

(Unit: thousands of yen)

	Unitholders' equity							Total net assets
	Unitholders' capital				Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings	Total surplus		
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital					
Balance at the beginning of the period	194,754,822	(3,936)	(3,936)	194,750,886	5,636,682	5,636,682	200,387,568	200,387,568
Changes during the period								
Dividends of surplus	—	—	—	—	(5,184,000)	(5,184,000)	(5,184,000)	(5,184,000)
Profit	—	—	—	—	5,475,037	5,475,037	5,475,037	5,475,037
Total changes during the period	—	—	—	—	291,037	291,037	291,037	291,037
Balance at the end of the period	*1 194,754,822	(3,936)	(3,936)	194,750,886	5,927,719	5,927,719	200,678,605	200,678,605

(4) Statements of Cash Distributions (unaudited)

<div>Fiscal period</div> <div>Item</div>	<div>Previous fiscal period</div> <div>(From September 1, 2021 to February 28, 2022)</div>	<div>Reporting period</div> <div>(From March 1, 2022 to August 31, 2022)</div>
I Unappropriated retained earnings	¥5,636,682,601	¥5,927,719,873
II Distribution amount (Distributions per unit)	¥5,184,000,000 (¥3,600)	¥5,328,000,000 (¥3,700)
III Retained earnings carried forward	¥452,682,601	¥599,719,873
Method of calculating distribution amount	<p>Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation decided to pay distributions for the period of an amount of the initially forecasted distribution of ¥5,184,000,000 and keep the amount in excess of that amount in internal reserves for the stabilization of future distributions.</p> <p>In addition, the Investment Corporation shall not distribute cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation.</p>	<p>Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation decided to pay distributions for the period of an amount of the initially forecasted distribution of ¥5,328,000,000 and keep the amount in excess of that amount in internal reserves.</p> <p>In addition, the Investment Corporation shall not distribute cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation.</p>

(5) Statements of Cash Flows (unaudited)

(Unit: thousands of yen)

	Previous fiscal period (From September 1, 2021 to February 28, 2022)	Reporting period (From March 1, 2022 to August 31, 2022)
Cash flows from operating activities		
Profit before income taxes	5,434,365	5,567,213
Depreciation and amortization	1,288,812	1,314,859
Amortization of investment unit issuance costs	15,676	15,037
Amortization of investment corporation bond issuance costs	7,044	8,018
Interest income	(99)	(106)
Interest expenses	516,294	536,634
Decrease (increase) in operating accounts receivable	4,723	11,872
Decrease (increase) in consumption taxes refund receivable	(243,473)	243,473
Decrease (increase) in prepaid expenses	21,158	(8,167)
Increase (decrease) in operating accounts payable	(338,603)	434,719
Increase (decrease) in accounts payable - other	61,980	94,669
Increase (decrease) in accrued consumption taxes	(242,351)	223,435
Increase (decrease) in advances received	62,477	69,212
Increase (decrease) in deposits received	14,524	(15,719)
Decrease (increase) in long-term prepaid expenses	(89,839)	(4,769)
Decrease in property, plant and equipment due to sales	630,076	630,076
Decrease in property, plant and equipment in trust due to sales	2,055,979	2,055,066
Decrease in intangible assets in trust due to sales	715,507	715,507
Other, net	(45,476)	(82,737)
Subtotal	9,868,776	11,808,295
Interest received	99	106
Interest paid	(516,662)	(539,648)
Income taxes (paid) refund	(89,620)	(88,286)
Net cash provided by (used in) operating activities	9,262,592	11,180,466
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,942)	(153)
Purchase of property, plant and equipment in trust	(34,201,029)	(2,685,289)
Refund of leasehold and guarantee deposits received	(19,421)	(40)
Refund of leasehold and guarantee deposits received in trust	(521,168)	(224,596)
Proceeds from leasehold and guarantee deposits received in trust	1,973,653	465,189
Net cash provided by (used in) investing activities	(32,772,908)	(2,444,890)
Cash flows from financing activities		
Proceeds from short-term borrowings	9,592,000	—
Repayments of short-term borrowings	(7,592,000)	(2,000,000)
Proceeds from long-term borrowings	18,350,000	11,260,000
Repayments of long-term borrowings	(8,550,000)	(9,060,000)
Proceeds from issuance of investment corporation bonds	—	1,984,338
Proceeds from issuance of investment units	14,279,362	—
Distributions paid	(4,805,495)	(5,183,189)
Net cash provided by (used in) financing activities	21,273,867	(2,998,850)
Net increase (decrease) in cash and cash equivalents	(2,236,448)	5,736,725
Cash and cash equivalents at beginning of period	21,616,456	19,380,008
Cash and cash equivalents at end of period	*1 19,380,008	*1 25,116,733

(6) Notes on Going Concern Assumption (unaudited)

Not applicable.

(7) Notes on Significant Accounting Policies (unaudited)

1. Method of depreciation and amortization of noncurrent assets	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The estimated useful lives of property, plant and equipment are listed below.</p> <table border="0"> <tr> <td>Buildings</td><td>3 to 64 years</td></tr> <tr> <td>Structures</td><td>4 to 20 years</td></tr> <tr> <td>Machinery and equipment</td><td>3 to 10 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>3 to 15 years</td></tr> </table> <p>(2) Intangible assets The straight-line method is used. Internal use software is amortized over the estimated useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	3 to 64 years	Structures	4 to 20 years	Machinery and equipment	3 to 10 years	Tools, furniture and fixtures	3 to 15 years
Buildings	3 to 64 years								
Structures	4 to 20 years								
Machinery and equipment	3 to 10 years								
Tools, furniture and fixtures	3 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment corporation bond issuance costs Amortized by the straight-line method over period until redemption.</p> <p>(2) Investment unit issuance costs Amortized by the straight-line method over a three-year period.</p>								
3. Recognition of revenue and expenses	<p>(1) Recognition of revenue The content of principal performance obligations regarding revenue from contracts with customers and the normal timing when those obligations are satisfied (normal timing when revenue is recognized) is described below.</p> <p>(i) Sales of real estate properties For sales of real estate properties, revenue is recorded at the timing that control of the real estate property is acquired by the purchaser, which is the customer, through fulfillment of the delivery obligations specified in the contract for the sale of the real estate property.</p> <p>(ii) Revenue from utilities charges For revenue from utilities charges, revenue is recorded commensurately to the supply of electricity, water, etc. to the lessee, which is the customer, based on the lease agreement of the real estate properties, and details of related agreements. Among the revenue from utilities charges, the revenue from a transaction in which the Investment Corporation is considered to be an agent shall be recognized as the net amount calculated by deducting the amount paid to a third party from the amount received as fee income for the electricity, gas, etc. supplied by that third party.</p> <p>(2) Fixed asset tax and related taxes For fixed asset tax, city planning tax, depreciable asset tax, etc. for real estate properties held, the amount of tax levied corresponding to the relevant accounting period is recorded as expenses related to leasing business.</p> <p>The amount equivalent to fixed asset tax and related taxes for the fiscal year that includes the date on which we paid settlement money to the transferor for acquisition of real estate, etc. is not recorded as expenses related to leasing business but included in the acquisition costs for the related properties. The amount equivalent to fixed asset tax included in acquisition costs for properties was ¥22,093 thousand for the previous fiscal period, and ¥6,223 thousand for the reporting period.</p>								

<p>4. Method of hedge accounting</p>	<p>(1) Method of hedge accounting Deferred hedge accounting is used for interest rate swaps. For interest rate swaps that satisfy requirements for special treatments, however, special treatment is used.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of the Investment Corporation pursuant to the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p>
<p>5. Scope of cash and cash equivalents in the statements of cash flows</p>	<p>Cash and cash equivalents in the statement of cash flows are composed of cash on hand, cash in trust, demand deposits, deposits in trust, and short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within 3 months of the date of acquisition.</p>
<p>6. Other information for preparation of financial statements</p>	<p>(1) Accounting method for beneficial interests in trust in real estate With regard to beneficial interests in trust in real estate, all assets and liabilities within assets in trust as well as all revenue and expense items associated with assets in trust are accounted for under the respective account items of the balance sheet and statements of income and retained earnings. Of the assets in trust accounted for under the respective account items, the following significant items are separately indicated on the balance sheet:</p> <ul style="list-style-type: none"> i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; and construction in progress in trust iii) Land leasehold interests in trust iv) Leasehold and guarantee deposits received in trust <p>(2) Accounting method for consumption taxes unqualified for deduction for tax purposes Consumption taxes unqualified for deduction for tax purposes for acquisition of assets are included in acquisition cost for each asset.</p>

Additional information

Notes on Provision and Reversal of Allowance for Temporary Difference Adjustments (unaudited)

Previous fiscal period (From September 1, 2021 to February 28, 2022)

Not applicable.

Reporting period (From March 1, 2022 to August 31, 2022)

Not applicable.

(8) Notes to Financial Information (unaudited)**Notes to Balance Sheet (unaudited)**

1. Commitment line contracts

The Investment Corporation has commitment line contracts with the banks with which it does business.

	Previous fiscal period (As of February 28, 2022)	Reporting period (As of August 31, 2022)
Total amount of commitment line contracts	¥13,500,000 thousand	¥13,500,000 thousand
Balance of borrowings outstanding	—	—
Difference	¥13,500,000 thousand	¥13,500,000 thousand

*2. Allowance for temporary difference adjustments

Previous fiscal period (As of February 28, 2022)

1. Reason for provision and reversal, related assets, etc., and amount provided

(Unit: thousands of yen)

Related assets, etc.	Reason	Initial amount	Balance at the beginning of the period	Amount of provision for the period	Amount of reversal for the period	Balance at the end of the period	Reason for reversal
Buildings in trust	Discrepancies in tax and accounting treatment in connection with the recognition of expenses related to asset retirement obligations	3,936	3,936	—	—	3,936	—

2. Specific method for reversal

At the time of retirement of the asset, etc., the amount to be treated will be reversed.

Reporting period (As of August 31, 2022)

1. Reason for provision and reversal, related assets, etc., and amount provided

(Unit: thousands of yen)

Related assets, etc.	Reason	Initial amount	Balance at the beginning of the period	Amount of provision for the period	Amount of reversal for the period	Balance at the end of the period	Reason for reversal
Buildings in trust	Discrepancies in tax and accounting treatment in connection with the recognition of expenses related to asset retirement obligations	3,936	3,936	—	—	3,936	—

2. Specific method for reversal

At the time of retirement of the asset, etc., the amount to be treated will be reversed.

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

	Previous fiscal period (As of February 28, 2022)	Reporting period (As of August 31, 2022)
	¥50,000 thousand	¥50,000 thousand

Notes to Statements of Income and Retained Earnings (unaudited)

*1. Components of income (loss) from real estate leasing business

	(Unit: thousands of yen)	
	Previous fiscal period (From September 1, 2021 to February 28, 2022)	Reporting period (From March 1, 2022 to August 31, 2022)
A. Real estate leasing business revenues		
Leasing business revenue		
Rent	8,850,429	8,977,380
Land rent	265,029	265,029
Common service fees	720,877	738,912
Total	9,836,336	9,981,322
Other leasing business revenues		
Revenue from utilities charges	327,354	359,441
Other revenue	198,242	513,753
Total	525,596	873,194
Total real estate leasing business revenues	10,361,933	10,854,516
B. Expenses related to real estate leasing business		
Expenses related to leasing business		
Property management fees	625,061	637,886
Utilities expenses	334,838	419,551
Taxes and public dues	826,813	932,578
Insurance expenses	14,214	14,760
Repair expenses	170,661	168,225
Depreciation and amortization	1,287,832	1,313,879
Other expenses related to leasing business	230,864	266,923
Total expenses related to real estate leasing business	3,490,287	3,753,806
C. Income (loss) from real estate leasing business (A – B)	6,871,646	7,100,710

*2. Components of gain (loss) on sale of real estate properties

Previous fiscal period (From September 1, 2021 to February 28, 2022)

Hulic Shinjuku 3 Chome Building (50.0% trust beneficiary right quasi co-ownership interest and 50.0% partial right of land co-ownership interest)		(Unit: thousands of yen)
Proceeds from sale of real estate properties	4,100,000	
Cost of sale of real estate properties	3,401,563	
Other expenses for the sale	54,102	
Gain on sale of real estate properties	644,333	

Reporting period (From March 1, 2022 to August 31, 2022)

Hulic Shinjuku 3 Chome Building (50.0% trust beneficiary right quasi co-ownership interest and 50.0% partial right of land co-ownership interest)		(Unit: thousands of yen)
Proceeds from sale of real estate properties	4,100,000	
Cost of sale of real estate properties	3,400,650	
Other expenses for the sale	51,420	
Gain on sale of real estate properties	647,929	

*3. Transactions with major corporate unitholders

	(Unit: thousands of yen)	
	Previous fiscal period (From September 1, 2021 to February 28, 2022)	Reporting period (From March 1, 2022 to August 31, 2022)
From operating transactions		
Leasing business revenue	795,933	795,933
Gain on sale of real estate properties	644,333	647,929

Notes to Statements of Changes in Net Assets (unaudited)

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

	Previous fiscal period (From September 1, 2021 to February 28, 2022)	Reporting period (From March 1, 2022 to August 31, 2022)
Total number of authorized investment units at end of period	20,000,000 units	20,000,000 units
Total number of investment units issued at end of period	1,440,000 units	1,440,000 units

Notes to Statements of Cash Flows (unaudited)

- *1. Reconciliation between cash and cash equivalents at end of period and relevant amount on the balance sheets

(Unit: thousands of yen)

	Previous fiscal period (From September 1, 2021 to February 28, 2022)	Reporting period (From March 1, 2022 to August 31, 2022)
Cash and deposits	11,713,016	16,841,797
Cash and deposits in trust	7,666,991	8,274,936
Total cash and cash equivalent	19,380,008	25,116,733

Notes on Financial Instruments (unaudited)

1. Matters regarding status of financial instruments

(1) Policy for handling financial instruments

The Investment Corporation procures funds for acquisition of assets, repairs and repayment of debt primarily through borrowings from financial institutions, issuance of investment corporation bonds and issuance of investment units. In procuring interest-bearing debt, the Investment Corporation takes into account a balance between flexibility in procurement of funds and financial stability.

Furthermore, the Investment Corporation conducts derivative transactions only for the purpose of hedging fluctuation risk of interest rates for borrowings and does not conduct any speculative transactions.

(2) Description of financial instruments and associated risks, and risk management structure

Deposits are used for investment of our surplus funds. These deposits are exposed to credit risk such as bankruptcy of the depository financial institutions. Deposits are carried out with safety and redeemability taken into consideration and are limited to those with short-term deposit periods.

Borrowings and investment corporation bonds are mainly for the purpose of acquiring properties and refinancing of existing borrowings. Of these, borrowings with floating interest rates are exposed to interest rate fluctuation risk. To avoid this fluctuation risk, the Investment Corporation uses derivative transactions (interest rate swaps) as hedging instruments, which, in effect, converts fluctuating interest rates into fixed interest rates.

For the method of hedge accounting, hedging instruments and hedged items, hedging policy and the method of assessing hedge effectiveness, please refer to “4. Method of hedge accounting” in “Notes on Significant Accounting Policies” above.

(3) Supplemental explanation on matters regarding fair values, etc. of financial instruments

Since a number of variables are factored into the measurement of fair values of financial instruments, such fair value may vary if different assumptions are used. The contract amounts related to derivatives mentioned in “Notes on Derivative Transactions” below should not be considered indicative of the market risk associated with the derivative transactions.

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

Balance sheet carrying amount, fair value, and the difference between the two values as of February 28, 2022 are shown below. Note that as “cash and deposits,” “cash and deposits in trust” and “short-term borrowings” are settled in cash in a short period of time, the fair value is considered approximate to the book value, and accordingly, notes on fair value for those items are omitted. Moreover, notes on fair value for “leasehold and guarantee deposits received” and “leasehold and guarantee deposits received in trust” are omitted due to immateriality.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Current portion of long-term borrowings	19,365,000	19,412,125	47,125
(2) Investment corporation bonds	15,000,000	15,074,400	74,400
(3) Long-term borrowings	140,051,000	136,120,567	(3,930,432)
Total liabilities	174,416,000	170,607,093	(3,808,906)
Derivative transactions	—	—	—

Balance sheet carrying amount, fair value, and the difference between the two values as of August 31, 2022 are shown below. Note that as “cash and deposits” and “cash and deposits in trust” are settled in cash in a short period of time, the fair value is considered approximate to the book value, and accordingly, notes on fair value for those items are omitted. Moreover, notes on fair value for “leasehold and guarantee deposits received” and “leasehold and guarantee deposits received in trust” are omitted due to immateriality.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Current portion of long-term borrowings	23,315,000	23,363,131	48,131
(2) Investment corporation bonds	17,000,000	17,065,700	65,700
(3) Long-term borrowings	138,301,000	134,445,298	(3,855,701)
Total liabilities	178,616,000	174,874,130	(3,741,869)
Derivative transactions	—	—	—

(Note 1) Measurement of fair values of financial instruments and matters regarding derivative transactions

Liabilities

(1) Current portion of long-term borrowings, and (3) Long-term borrowings

Since long-term borrowings that carry floating interest rates are reviewed on a short-term interval to reflect market interest rates, and the Investment Corporation’s credit standing did not change significantly after the execution of loans, their fair value is considered approximate to the book value. Therefore, the book value is used as the fair value of these liabilities (however, for long-term borrowings with floating interest rates to which special treatment for interest rate swaps is applied (please refer to “Notes on Derivative Transactions” below), the fair value is calculated by discounting the sum of principal and interest, which are treated in combination with such interest rate swap, at a reasonable rate estimated for a similar new loan that is made corresponding to the remaining period). The fair value of long-term borrowings carrying fixed interest rates is calculated by discounting the sum of principal and interest at a reasonable rate estimated for a similar new loan that is made corresponding to the remaining period.

(2) Investment corporation bonds

Fair value has been calculated on the basis of reference quotations of sales-purchase transactions and other such data, as provided by financial institutions and other such entities.

Derivative transactions

Please refer to “Notes on Derivative Transactions” below.

(Note 2) Redemption of investment corporation bonds, long-term borrowings and other interest-bearing debt scheduled to be due after the balance sheet date

Previous fiscal period (As of February 28, 2022)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	—	—	—	5,000,000	1,000,000	9,000,000
Long-term borrowings	19,365,000	22,253,000	24,133,000	19,770,000	20,150,000	53,745,000
Total	19,365,000	22,253,000	24,133,000	24,770,000	21,150,000	62,745,000

Reporting period (As of August 31, 2022)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Investment corporation bonds	—	—	2,000,000	3,000,000	3,000,000	9,000,000
Long-term borrowings	23,315,000	21,077,000	22,069,000	20,070,000	19,145,000	55,940,000
Total	23,315,000	21,077,000	24,069,000	23,070,000	22,145,000	64,940,000

Notes on Derivative Transactions (unaudited)

1. Derivative transactions not applying hedge accounting

Not applicable for the previous fiscal period (as of February 28, 2022) and the reporting period (as of August 31, 2022).

2. Derivative transactions applying hedge accounting

Previous fiscal period (As of February 28, 2022)

The contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method is as follows:

(Unit: thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate / Receipt: floating interest rate	Long-term borrowings	90,373,000	82,462,000	*	—

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term borrowings, a hedged item. Thus, their fair values are included in the fair value of long-term borrowings (please refer to the preceding “Notes on Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) Measurement of fair values of financial instruments and matters regarding derivative transactions, Liabilities (1) Current portion of long-term borrowings, and (3) Long-term borrowings”).

Reporting period (As of August 31, 2022)

The contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method is as follows:

(Unit: thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate / Receipt: floating interest rate	Long-term borrowings	87,017,000	76,675,000	*	—

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term borrowings, a hedged item. Thus, their fair values are included in the fair value of long-term borrowings (please refer to the preceding “Notes on Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) Measurement of fair values of financial instruments and matters regarding derivative transactions, Liabilities (1) Current portion of long-term borrowings, and (3) Long-term borrowings”).

Notes on Tax Effect Accounting (unaudited)

1. Breakdown of significant components of deferred tax assets and deferred tax liabilities

	(Unit: thousands of yen)	
	Previous fiscal period (As of February 28, 2022)	Reporting period (As of August 31, 2022)
Deferred tax assets		
Accrued enterprise tax excluded from expenses	7,985	6,920
Excess depreciation	961	1,177
Asset retirement obligations	88,687	88,687
Total deferred tax assets	97,635	96,785
Valuation allowance	(89,649)	(96,785)
Net deferred tax assets	7,985	—

2. Reconciliation of significant differences between the statutory tax rate and the effective tax rate

	(Unit: %)	
	Previous fiscal period (As of February 28, 2022)	Reporting period (As of August 31, 2022)
Statutory tax rate	34.59	34.59
(Adjustments)		
Distributions paid included in expenses	(33.00)	(33.10)
Others	0.04	0.17
Effective tax rate	1.63	1.66

Notes on Related Party Transactions (unaudited)

1. Parent company and major corporate unitholders

Previous fiscal period (From September 1, 2021 to February 28, 2022)

Type	Name	Location	Share capital or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Nihonbashi Odenma-cho, Chuo-ku, Tokyo	111,609,853	Real estate business	Directly held by related party 10.58%	None	Leasing and management of real estate	Purchase of beneficial interests in real estate trust	33,460,000	—	—
								Transfer of real estate and beneficial interests in real estate trust	4,100,000	—	—
								Keeping of leasehold and guarantee deposits received in trust	1,973,653	Leasehold and guarantee deposits received in trust	13,777,064
								Repayment of leasehold and guarantee deposits received in trust	517,037		
								Earning of rent revenue, etc.	795,933	Advances received	141,504

(Note 1) In the amounts in the above table, consumption taxes are not included in amount of transaction but are included in balance at end of period.

(Note 2) Transaction terms are determined based on current market prices.

Reporting period (From March 1, 2022 to August 31, 2022)

Type	Name	Location	Share capital or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Nihonbashi Odenma-cho, Chuo-ku, Tokyo	111,609,853	Real estate business	Directly held by related party 10.58%	None	Leasing and management of real estate	Purchase of beneficial interests in real estate trust	2,200,000	—	—
								Transfer of real estate and beneficial interests in real estate trust	4,100,000	—	—
								Keeping of leasehold and guarantee deposits received in trust	465,189	Leasehold and guarantee deposits received in trust	13,889,134
								Repayment of leasehold and guarantee deposits received in trust	224,181		
								Earning of rent revenue, etc.	795,933	Advances received	141,504

(Note 1) In the amounts in the above table, consumption taxes are not included in amount of transaction but are included in balance at end of period.

(Note 2) Transaction terms are determined based on current market prices.

2. Subsidiaries and affiliates

Not applicable for the previous fiscal period (from September 1, 2021 to February 28, 2022) and the reporting period (from March 1, 2022 to August 31, 2022).

3. Subsidiaries of parent company

Previous fiscal period (From September 1, 2021 to February 28, 2022)

Type	Name	Location	Share capital or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Company in which major unitholder (corporation) owns a majority of voting rights	Hulic Reit Management Co., Ltd.	2-26-9, Hatcho-bori, Chuo-ku, Tokyo	200,000	Business related to management of investment corporation's assets under management	–	One	Consignment of asset management	Payment of asset management fee (Note 1)	1,215,074	Accounts payable - other	1,233,292

(Note 1) Payment of asset management fee includes the portion of compensation associated with a property acquisition factored into the book value of the individual properties (¥83,650 thousand) and the portion of compensation associated with a property transfer deducted from gain on sale of real estate properties of the individual properties (¥10,250 thousand).

(Note 2) In the amounts in the above table, consumption taxes are not included in amount of transaction but are included in balance at end of period.

(Note 3) Transaction terms are determined based on current market prices.

Reporting period (From March 1, 2022 to August 31, 2022)

Type	Name	Location	Share capital or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Company in which major unitholder (corporation) owns a majority of voting rights	Hulic Reit Management Co., Ltd.	2-26-9, Hatcho-bori, Chuo-ku, Tokyo	200,000	Business related to management of investment corporation's assets under management	–	One	Consignment of asset management	Payment of asset management fee (Note 1)	1,214,391	Accounts payable - other	1,318,505

(Note 1) Payment of asset management fee includes the portion of compensation associated with a property acquisition factored into the book value of the individual properties (¥5,500 thousand) and the portion of compensation associated with a property transfer deducted from gain on sale of real estate properties of the individual properties (¥10,250 thousand).

(Note 2) In the amounts in the above table, consumption taxes are not included in amount of transaction but are included in balance at end of period.

(Note 3) Transaction terms are determined based on current market prices.

4. Officers and major individual unitholders

Previous fiscal period (From September 1, 2021 to February 28, 2022)

Transactions carried out by Kazuaki Chokki, Executive Officer of the Investment Corporation, as the Representative of a third party (Hulic Reit Management Co., Ltd.) are as shown above in transactions with Hulic Reit Management Co., Ltd. in “3. Subsidiaries of parent company.”

Reporting period (From March 1, 2022 to August 31, 2022)

Transactions carried out by Kazuaki Chokki, Executive Officer of the Investment Corporation, as the Representative of a third party (Hulic Reit Management Co., Ltd.) are as shown above in transactions with Hulic Reit Management Co., Ltd. in “3. Subsidiaries of parent company.”

Notes on Asset Retirement Obligations (unaudited)

Asset retirement obligations recorded in the balance sheet

1. Overview of asset retirement obligations

For Hulic Asakusabashi Building acquired on December 20, 2019, the Investment Corporation has restoration obligations under an agreement for establishment of a fixed-term land sublease right for business use and recorded asset retirement obligations.

2. Calculation of the amount of the asset retirement obligations

The expected usable period is estimated to be the period from the acquisition of the asset to the expiry of the agreement, which is 45 years and one month, and the amount of the asset retirement obligations was calculated using the discount rate of 0.48%.

3. Increase or decrease in the total amount of the asset retirement obligations

	Previous fiscal period (From September 1, 2021 to February 28, 2022)	Reporting period (From March 1, 2022 to August 31, 2022)
Balance at beginning of period	284,282	284,964
Increase in connection with the acquisition of property, plant and equipment	—	—
Adjustment due to passage of time	682	683
Balance at end of period	284,964	285,648

(Unit: thousands of yen)

Notes on Investment and Rental Properties (unaudited)

The Investment Corporation owns rental office buildings and other properties in Tokyo and other regions for rent revenue. The balance sheet carrying amounts, changes during the period, and fair values of these rental properties are as follows:

	Previous fiscal period (From September 1, 2021 to February 28, 2022)	Reporting period (From March 1, 2022 to August 31, 2022)
Balance sheet carrying amount		
Balance at beginning of period	346,177,367	375,677,454
Changes during period	29,500,086	(2,187,995)
Balance at end of period	375,677,454	373,489,458
Fair value at end of period	439,331,000	443,711,000

(Unit: thousands of yen)

(Note 1) The balance sheet carrying amount is the acquisition cost less accumulated depreciation.

(Note 2) The main reason for the increase in the investment and rental properties during the previous fiscal period is the acquisition of beneficial interests in real estate trust of 4 properties (¥33,863,418 thousand) and the decrease is mainly due to transfer of real estate and beneficial interests in real estate trust of 1 property (¥3,401,563 thousand) and depreciation and amortization (¥1,287,150 thousand). The main reason for the increase during the reporting period is the acquisition of beneficial interests in real estate trust of 1 property (¥2,261,572 thousand) and the

decrease is mainly due to transfer of real estate and beneficial interests in real estate trust of 1 property (¥3,400,650 thousand) and depreciation and amortization (¥1,313,195 thousand).

(Note 3) The fair value at end of period is the appraisal value provided by an independent real estate appraiser. Concerning the fair value at end of the previous fiscal period, the fair value of Hulic Shinjuku 3 Chome Building therein is based on the transfer price of 50.0% trust beneficiary right quasi co-ownership interest and 50.0% partial right of land co-ownership interest stated on the purchase and sale agreement of beneficial interest in trust and land entered into on October 14, 2021. Concerning the fair value at end of the reporting period, the fair value of Yokohama Yamashitacho Building therein is based on the transfer price stated on the purchase and sale agreement of beneficial interest in trust entered into on September 27, 2022.

The profit or loss concerning investment and rental properties is indicated under “Notes to Statements of Income and Retained Earnings” above.

Notes on Segment and Related Information (unaudited)

Segment information

Disclosure is omitted as the Investment Corporation is comprised of a single reportable segment engaged in the real estate leasing business.

Related information

Previous fiscal period (From September 1, 2021 to February 28, 2022)

1. Information by product and service

Disclosure is omitted as operating revenues from external customers of products and services within a single segment are more than 90% of operating revenues on the statements of income and retained earnings.

2. Information by geographical area

(1) Operating revenues

Disclosure is omitted since operating revenues from external customers in Japan exceeded 90% of operating revenues on the statements of income and retained earnings.

(2) Property, plant and equipment

Disclosure is omitted since the amount of property, plant and equipment located in Japan exceeded 90% of property, plant and equipment on the balance sheet.

3. Information by major customer

(Unit: thousands of yen)

Counterparty	Operating revenues	Related segment
Hulic Co., Ltd.	1,440,267	Real estate leasing business

Reporting period (From March 1, 2022 to August 31, 2022)

1. Information by product and service

Disclosure is omitted as operating revenues from external customers of products and services within a single segment are more than 90% of operating revenues on the statements of income and retained earnings.

2. Information by geographical area

(1) Operating revenues

Disclosure is omitted since operating revenues from external customers in Japan exceeded 90% of operating revenues on the statements of income and retained earnings.

(2) Property, plant and equipment

Disclosure is omitted since the amount of property, plant and equipment located in Japan exceeded 90% of property, plant and equipment on the balance sheet.

3. Information by major customer

(Unit: thousands of yen)

Counterparty	Operating revenues	Related segment
Hulic Co., Ltd.	1,443,862	Real estate leasing business

Notes on Revenue Recognition (unaudited)

1. Information on disaggregation of revenue from contracts with customers

Previous fiscal period (From September 1, 2021 to February 28, 2022)

(Unit: thousands of yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sales of real estate properties	4,100,000	(Note 2) 644,333
Revenue from utilities charges	327,354	327,354
Other	—	10,034,579
Total	4,427,354	11,006,267

(Note 1) Items such as leasing business revenue, to which “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) is applied, and transfers of real estate properties to which the Japanese Institute of Certified Public Accountants (“JICPA”) Accounting Practice Committee Report No. 15 “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special-Purpose Companies” is applied, are outside the scope of application of the Accounting Standard for Revenue Recognition and not included in the above amounts. Note that revenue from contracts with customers is mainly proceeds from sale of real estate properties and utilities revenue.

(Note 2) For sales of real estate properties, the revenue is recorded as gain (loss) on sale of real estate properties in the statement of income and retained earnings, and accordingly, the amount stated is calculated by deducting cost of sale of real estate properties and other expenses for the sale from the proceeds from sale of real estate properties.

Reporting period (From March 1, 2022 to August 31, 2022)

(Unit: thousands of yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sales of real estate properties	4,100,000	(Note 2) 647,929
Revenue from utilities charges	359,441	359,441
Other	—	10,495,075
Total	4,459,441	11,502,446

(Note 1) Items such as leasing business revenue, to which “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) is applied, and transfers of real estate properties to which the Japanese Institute of Certified Public Accountants (“JICPA”) Accounting Practice Committee Report No. 15 “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special-Purpose Companies” is applied, are outside the scope of application of the Accounting Standard for Revenue Recognition and not included in the above amounts. Note that revenue from contracts with customers is mainly proceeds from sale of real estate properties and utilities revenue.

(Note 2) For sales of real estate properties, the revenue is recorded as gain (loss) on sale of real estate properties in the statement of income and retained earnings, and accordingly, the amount stated is calculated by deducting cost of sale of real estate properties and other expenses for the sale from the proceeds from sale of real estate properties.

2. Information as a basis to understand revenue from contracts with customers

Previous fiscal period (From September 1, 2021 to February 28, 2022)

As presented in “Notes on Significant Accounting Policies (unaudited).”

Reporting period (From March 1, 2022 to August 31, 2022)

As presented in “Notes on Significant Accounting Policies (unaudited).”

3. Information on the relationship between the satisfaction of performance obligations based on contracts with customers and cash flows from the contracts, as well as the amounts of revenue expected to be recognized in the following accounting period or later from contracts with customers existing at the end of the current accounting period and the timing of the revenue recognition.

Previous fiscal period (From September 1, 2021 to February 28, 2022)

Transaction price allocated to remaining performance obligations

As of February 28, 2022, the total amount of the transaction price allocated to remaining performance obligations pertaining to the sale of real estate, etc. is ¥4,100,000 thousand due to real estate, etc. for which a sales agreement was concluded on October 14, 2021. The Investment Corporation expects to recognize revenue for these performance obligations due to the transfer of said real estate, etc., which was planned for March 1, 2022.

With regard to revenue from utilities charges, for the portion for which the performance is completed by the end of the period, the Investment Corporation has the right to receive from the customer the amount of consideration corresponding directly to the value to the lessee, who is the customer, and therefore, in accordance with paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenues are recognized for the amount for which the Investment Corporation holds the right to request payment. Accordingly, by applying the provisions of paragraph 80-22 (2) of the “Accounting Standard for Revenue Recognition,” utilities charges are not included in this note to transaction price allocated to remaining performance obligations.

Reporting period (From March 1, 2022 to August 31, 2022)

Transaction price allocated to remaining performance obligations

Not applicable.

With regard to revenue from utilities charges, for the portion for which the performance is completed by the end of the period, the Investment Corporation has the right to receive from the customer the amount of consideration corresponding directly to the value to the lessee, who is the customer, and therefore, in accordance with paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenues are recognized for the amount for which the Investment Corporation holds the right to request payment. Accordingly, by applying the provisions of paragraph 80-22 (2) of the “Accounting Standard for Revenue Recognition,” utilities charges are not included in this note to transaction price allocated to remaining performance obligations.

Notes on Per Unit Information (unaudited)

	Previous fiscal period (From September 1, 2021 to February 28, 2022)	Reporting period (From March 1, 2022 to August 31, 2022)
Net assets per unit	¥139,158	¥139,360
Basic earnings per unit	¥3,784	¥3,802

(Note 1) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period. Fully diluted earnings per unit is not presented, as there is no potential investment unit.

(Note 2) The basis for calculating basic earnings per unit is as follows:

	Previous fiscal period (From September 1, 2021 to February 28, 2022)	Reporting period (From March 1, 2022 to August 31, 2022)
Profit (Thousands of yen)	5,345,941	5,475,037
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	5,345,941	5,475,037
Average number of investment units for the period (Units)	1,412,480	1,440,000

Notes on Significant Subsequent Events (unaudited)

Not applicable.

Omission of Disclosure

Disclosure is omitted for items for notes on securities, share of profit or loss of entities accounted for using the equity method, lease transactions and retirement benefits, since necessity for their disclosure in the financial results report is not deemed to be significant.

(9) Changes in Total Number of Investment Units Issued

A summary of capital increase, etc. over the most recent five calendar years including the reporting period is shown as below.

Date	Event	Total number of investment units issued (Units)		Total unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
October 31, 2017	Capital increase through public offering	61,800	1,106,800	9,190	141,241	(Note 1)
November 20, 2017	Capital increase through third-party allotment	3,200	1,110,000	475	141,717	(Note 2)
October 31, 2018	Capital increase through public offering	134,200	1,244,200	20,068	161,786	(Note 3)
November 19, 2018	Capital increase through third-party allotment	6,800	1,251,000	1,016	162,803	(Note 4)
September 26, 2019	Capital increase through public offering	58,000	1,309,000	10,435	173,238	(Note 5)
October 11, 2019	Capital increase through third-party allotment	3,000	1,312,000	539	173,778	(Note 6)
April 7, 2021	Capital increase through public offering	39,000	1,351,000	6,336	180,115	(Note 7)
April 27, 2021	Capital increase through third-party allotment	2,000	1,353,000	324	180,440	(Note 8)
October 27, 2021	Capital increase through public offering	82,800	1,435,800	13,623	194,063	(Note 9)
November 22, 2021	Capital increase through third-party allotment	4,200	1,440,000	691	194,754	(Note 10)

(Note 1) New investment units were issued through public offering with an issue price per unit of ¥153,757 (issue value: ¥148,710) in order to raise funds for the acquisition of new properties, etc.

(Note 2) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥148,710.

(Note 3) New investment units were issued through public offering with an issue price per unit of ¥154,537 (issue value: ¥149,544) in order to raise funds for the acquisition of new properties, etc.

(Note 4) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥149,544.

(Note 5) New investment units were issued through public offering with an issue price per unit of ¥185,932 (issue value: ¥179,924) in order to raise funds for the acquisition of new properties, etc.

(Note 6) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥179,924.

(Note 7) New investment units were issued through public offering with an issue price per unit of ¥167,895 (issue value: ¥162,470) in order to supplement cash reserves by amount of decrease arising from its allocation for a portion of the purchase price for new properties, etc.

(Note 8) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥162,470.

(Note 9) New investment units were issued through public offering with an issue price per unit of ¥169,942 (issue value: ¥164,538) in order to raise funds for the acquisition of new properties, etc.

(Note 10) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥164,538.

(Note 11) Changes in total unitholders' capital in connection with the implementation of distributions in excess of earnings related to allowance for temporary difference adjustments have not been taken into consideration.

3. Reference Information

(1) Status of Investment

Type of assets	Category	Region (Note 1)	Previous fiscal period (As of February 28, 2022)		Reporting period (As of August 31, 2022)	
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate	Tokyo Commercial Properties	Six central wards of Tokyo	4,204	1.1	3,567	0.9
		Other wards of Tokyo	—	—	—	—
		Other	—	—	—	—
		Total	4,204	1.1	3,567	0.9
	Next-Generation Assets Plus	Six central wards of Tokyo	—	—	—	—
		Other wards of Tokyo	—	—	—	—
		Other	—	—	—	—
		Total	—	—	—	—
	Total real estate		4,204	1.1	3,567	0.9
Real estate in trust	Tokyo Commercial Properties	Six central wards of Tokyo	225,742	56.9	222,503	55.6
		Other wards of Tokyo	45,206	11.4	44,991	11.2
		Other	21,344	5.4	21,311	5.3
		Total	292,292	73.6	288,805	72.2
	Next-Generation Assets Plus	Six central wards of Tokyo	29,352	7.4	29,248	7.3
		Other wards of Tokyo	31,991	8.1	34,132	8.5
		Other	17,836	4.5	17,736	4.4
		Total	79,180	19.9	81,116	20.3
	Total real estate in trust		371,473	93.6	369,922	92.4
Total real estate and real estate in trust			375,677	94.6	373,489	93.3
Deposits and other assets			21,306	5.4	26,741	6.7
Total assets			396,983	100.0	400,230	100.0

	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	196,596	49.5	199,552	49.9
Total net assets	200,387	50.5	200,678	50.1

(Note 1) *Six central wards of Tokyo* refer to Chiyoda ward (Chiyoda-ku), Chuo ward (Chuo-ku), Minato ward (Minato-ku), Shinjuku ward (Shinjuku-ku), Shibuya ward (Shibuya-ku) and Shinagawa ward (Shinagawa-ku).

(Note 2) *Total amount held* represents the balance sheet carrying amount (for real estate and real estate in trust, book value less depreciation expenses), rounded down to the nearest million yen.

(Note 3) *Percentage to total assets* represents the ratios of each asset held, total liabilities and total net assets to total assets, rounded to one decimal place.

(2) Investment Assets

i) Overview of investment assets

(As of August 31, 2022)

(As of August 31, 2022)

Category		Property name	Date of construction (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ guarantee deposits (Millions of yen) (Note 3)	Total leased area (m ²) (Note 4)	Total leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	April 1985	2,639	2,574	30,744.95	32,487.06	94.6
		Hulic Kudan Building (Land)	—	530	265	3,351.07	3,351.07	100.0
		Toranomon First Garden (Note 7)	August 2010	447	342	4,469.15	5,689.97	78.5
		Rapiros Roppongi (Note 8)	August 1997	592	550	6,147.00	6,730.52	91.3
		Hulic Takadanobaba Building	November 1993	314	194	5,369.71	5,369.71	100.0
		Hulic Kanda Building	September 2008	283	231	3,728.36	3,728.36	100.0
		Hulic Kandabashi Building	June 2001	165	130	2,566.95	2,566.95	100.0
		Hulic Kakigaracho Building	March 1993	191	128	2,858.48	2,858.48	100.0
		Ochanomizu Sola City (Note 9)	February 2013	(Note 26)	(Note 26)	13,923.42	13,923.42	100.0
		Hulic Higashi Ueno 1 Chome Building	July 1988	174	135	3,137.09	3,137.09	100.0
		Tokyo Nishi Ikebukuro Building (Note 10)	October 1990	111	190	1,429.74	1,429.74	100.0
		Hulic Toranomon Building	May 2015	891	632	8,574.65	8,574.65	100.0
		Hulic Shibuya 1 chome Building	August 1993	181	213	2,048.21	2,817.65	72.7
		Hulic Higashi Nihonbashi Building	November 1996	193	147	3,681.20	3,681.20	100.0
		Hulic Jimbocho Building	September 1989	76	56	1,561.38	1,561.38	100.0
		Hulic Ginza 7 Chome Building (Note 11)	September 1962	1,022	572	11,405.68	11,405.68	100.0
		Hulic Gotanda Yamate-dori Building	March 1996	200	147	3,276.05	3,276.05	100.0
		Bancho House	August 1989	(Note 26)	132	1,981.83	1,981.83	100.0
		Ebisu Minami Building	September 1992	(Note 26)	(Note 26)	1,629.09	1,629.09	100.0
		Hulic Idabashi Building	February 1991	81	57	1,431.94	1,431.94	100.0
		Hulic Asakusabashi Building (Note 12)	February 2013	354	207	5,280.72	5,280.72	100.0
		Hulic Ebisu Building	February 1992	70	55	1,059.22	1,059.22	100.0
		Hulic Ryogoku Building (Note 13)	January 2010	286	203	4,569.34	4,569.34	100.0
		Hulic Asakusabashi Edo-dori (Note 14)	September 2015	272	130	3,956.73	3,956.73	100.0
		Hulic Nakano Building (Note 15)	October 1994	169	130	2,616.83	2,616.83	100.0
		Hulic Ueno Building (Note 16)	(Bank branch building) April 1986 (Parking lot) March 1986	210	190	3,031.85	3,031.85	100.0
		Hulic Kojimachi Building (Note 17)	October 2010	523	324	5,380.17	5,380.17	100.0
		Kichijoji Fuji Building (Note 18)	October 1980	(Note 26)	(Note 26)	3,958.37	3,958.37	100.0
		Hulic Hachioji Building (Note 19)	(Bank branch building) February 2009 (Parking lot) November 2009	285	193	3,768.00	3,768.00	100.0
		Hulic Kobe Building (Note 20)	October 1990	386	443	4,991.26	5,126.04	97.4
Subtotal		—	—	—	151,928.44	156,379.11	97.2	

Category		Property name	Date of construction (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ guarantee deposits (Millions of yen) (Note 3)	Total leased area (m ²) (Note 4)	Total leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
Tokyo Commercial Properties	Retail properties	Oimachi Redevelopment Building (#2)	September 1989	624	656	14,485.66	14,485.66	100.0
		Oimachi Redevelopment Building (#1) (Note 21)	September 1989	438	529	10,612.67	10,612.67	100.0
		Dining Square Akihabara Building	June 1993	(Note 26)	(Note 26)	2,169.41	2,169.41	100.0
		Hulic Jingu-Mae Building	September 2000	160	82	1,656.24	1,656.24	100.0
		Yokohama Yamashitacho Building	July 1993	(Note 26)	(Note 26)	8,958.70	8,958.70	100.0
		Hulic Todoroki Building	August 1990	94	69	1,676.02	1,676.02	100.0
		HULIC &New SHIBUYA (Note 22)	April 2017	127	114	898.62	898.62	100.0
		HULIC &New SHINBASHI	April 2017	152	135	1,725.35	1,725.35	100.0
		Hulic Shimura-sakaue	(Retail property block) November 2015 (Private nursing home block) February 2016	438	307	11,528.34	11,528.34	100.0
		Hulic Mejiro	October 2018	279	187	3,805.72	3,805.72	100.0
	Subtotal	—	—	—	57,516.73	57,516.73	100.0	
Tokyo Commercial Properties Total		—	—	—	209,445.17	213,895.84	97.9	
Next-Generation Assets Plus	Private nursing homes	Aria Matsubara	September 2005	(Note 26)	(Note 26)	5,454.48	5,454.48	100.0
		Trust Garden Yoganomori	September 2005	(Note 26)	(Note 26)	5,977.75	5,977.75	100.0
		Trust Garden Sakurashinmachi	August 2005	(Note 26)	(Note 26)	3,700.26	3,700.26	100.0
		Trust Garden Suginami Miyamae	April 2005	(Note 26)	(Note 26)	3,975.99	3,975.99	100.0
		Trust Garden Tokiwamatsu	January 2016	(Note 26)	(Note 26)	2,893.82	2,893.82	100.0
		SOMPO Care La vie Re Kita-Kamakura	March 2009	(Note 26)	(Note 26)	4,912.57	4,912.57	100.0
		Charm Suite Shinjukutoyama	June 2015	(Note 26)	(Note 26)	4,065.62	4,065.62	100.0
		Charm Suite Shakujikoen	June 2014	(Note 26)	(Note 26)	4,241.68	4,241.68	100.0
		Hulic Chofu	March 2017	173	144	4,357.58	4,357.58	100.0
		Aristage Kyodo (Note 23)	May 2012	(Note 26)	(Note 26)	13,279.12	13,279.12	100.0
		Granda Gakugei Daigaku	April 2013	(Note 26)	(Note 26)	2,803.79	2,803.79	100.0
		Subtotal	—	—	—	55,662.66	55,662.66	100.0
	Network centers	Ikebukuro Network Center	January 2001	271	136	12,773.04	12,773.04	100.0
		Tabata Network Center	April 1998	90	45	3,832.73	3,832.73	100.0
		Hiroshima Network Center	October 2001	88	44	5,208.54	5,208.54	100.0
		Atsuta Network Center	May 1997	73	37	4,943.10	4,943.10	100.0
		Nagano Network Center	September 1994	33	17	2,211.24	2,211.24	100.0
		Chiba Network Center	June 1995	447	224	23,338.00	23,338.00	100.0
		Sapporo Network Center	January 2002	167	84	9,793.57	9,793.57	100.0
		Keihanna Network Center	May 2001	94	47	9,273.44	9,273.44	100.0
		Subtotal	—	1,265	632	71,373.66	71,373.66	100.0
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome (Note 24)	August 2016	480	480	6,984.32	6,984.32	100.0
		Sotetsu Fresa Inn Tokyo-Roppongi (Note 25)	August 2017	216	54	2,408.45	2,408.45	100.0
		Hulic Tsukiji 3 Chome Building	November 2018	(Note 26)	(Note 26)	4,740.31	4,740.31	100.0
		Subtotal	—	—	—	14,133.08	14,133.08	100.0
Next-Generation Assets Plus Total		—	—	—	141,169.40	141,169.40	100.0	
Portfolio Total		—	—	—	350,614.57	355,065.24	98.7	

(Note 1) *Date of construction* represents the date of construction as described in the property registry. Date of construction is omitted in case of holding of land only.

(Note 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of August 31, 2022) indicated in the relevant lease agreements for buildings of each asset held in effect as of August 31, 2022 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. For properties for which ownership is only for land, it is calculated by multiplying the monthly contracted rent (excluding consumption taxes) as indicated in the lease agreement for such land as of August 31, 2022 by 12 and rounding to the nearest million yen. When a master lease agreement has been executed for the asset held, the amounts provided are the amount for the portion corresponding to the pass-through master lease under which rents are directly received from end-tenants in principle (hereinafter referred to as the “Pass-through Master Lease Agreement”), calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by 12; and the amount for the portion corresponding to the fixed-type master lease under which a certain amount of rent is received regardless of fluctuations in rents for end-tenants (hereinafter referred to as the “Fixed-type Master Lease Agreement”), calculated on an annual basis by multiplying the monthly rent as indicated by the Fixed-type Master Lease Agreement corresponding to that portion by 12.

- (Note 3) *Leasehold/guarantee deposits* indicates the aggregate of the recognized book values for the leasehold and/or guarantee deposit(s) of each asset held as of August 31, 2022, rounded to the nearest million yen.
- (Note 4) *Total leased area* is equivalent to total floor area or similar measurement of leased space set out in the relevant lease agreements or similar contracts for buildings of each asset held as of August 31, 2022. For the portion for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided; and for the portion for which there is a Fixed-type Master Lease Agreement, the total area corresponding to that portion is provided. For the property of which ownership is only for land, the area of the land is provided.
- (Note 5) *Total leasable area* is equivalent to the gross leasable area, based on the lease agreements or floor plans of buildings of each asset held as of August 31, 2022. With respect to properties of which ownership is only for land, leasable area is the leasable area of the land as described in the applicable land lease agreements or land plans.
- (Note 6) *Occupancy rate* shows the proportion of the total leased area to the total leasable area of each asset held as of August 31, 2022, rounded to the nearest tenth. Subtotals, totals and total of the portfolio show the proportion of the total leased area to the total of leasable area for the assets held, rounded to the nearest tenth.
- (Note 7) For Toranomom First Garden, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 8) For Rapiros Roppongi, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 9) For Ochanomizu Sola City, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (21.7%).
- (Note 10) For Tokyo Nishi Ikebukuro Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion).
- (Note 11) For Hulic Ginza 7 Chome Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (95.0%).
- (Note 12) For Hulic Asakusabashi Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 13) For Hulic Ryogoku Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 14) For Hulic Asakusabashi Edo-dori, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 15) For Hulic Nakano Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 16) For Hulic Ueno Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 17) For Hulic Kojimachi Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 18) For Kichijoji Fuji Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 19) For Hulic Hachioji Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 20) For Hulic Kobe Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 21) For Oimachi Redevelopment Building (#1), total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building.
- (Note 22) For HULIC & New SHIBUYA, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).

- (Note 23) For Aristage Kyodo, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (95.0%).
- (Note 24) For Sotetsu Fresa Inn Ginza 7 Chome, total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 25) For Sotetsu Fresa Inn Tokyo-Roppongi, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%). Total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 26) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.
- (Note 27) In the above table, Total contracted rent, Leasehold/guarantee deposits, Total leased area and Occupancy rate may include data of end-tenant lease agreements for which we have received a request for cancellation or termination and end-tenant lease agreements for which rent payment was delinquent as of August 31, 2022, if the lease agreement was valid as of August 31, 2022.

ii) Overview of appraisal report

(As of August 31, 2022)

(As of August 31, 2022)												
Category	Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated price by using cost method (Millions of yen) (Note 5)	Return price (Millions of yen)					
							Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)	
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	D	55,250	55,434	66,900	61,300	68,900	3.1	66,100	2.9	3.3
		Hulic Kudan Building (Land)	N	11,100	11,191	14,100	(Note 6)	14,200	3.2	14,000	2.8	3.3
		Toranomon First Garden	C	8,623	7,987	12,200	16,000	12,400	3.1	12,200	2.8	3.2
		Rapiros Roppongi	N	6,210	6,656	11,000	12,300	11,200	3.2	10,800	2.9	3.4
		Hulic Takadanobaba Building	D	3,900	3,739	4,980	4,240	4,940	3.8	4,990	3.6	4.0
		Hulic Kanda Building	T	3,780	3,485	4,530	4,810	4,680	3.6	4,470	3.7	3.8
		Hulic Kandabashi Building	D	2,500	2,437	2,960	3,160	3,020	3.5	2,940	3.3	3.7
		Hulic Kakigaracho Building	T	2,210	2,138	2,870	2,960	2,860	3.9	2,880	4.0	4.1
		Ochanomizu Sola City	N	38,149	36,047	46,655	36,673	47,306	2.9	46,004	2.7	3.0
		Hulic Higashi Ueno 1 Chome Building	N	2,678	2,756	3,120	2,830	3,130	3.6	3,100	3.4	3.7
		Tokyo Nishi Ikebukuro Building	N	1,580	1,577	2,100	1,540	2,130	3.8	2,060	3.6	4.0
		Hulic Toranomon Building	N	18,310	17,726	22,500	24,700	22,900	2.7	22,100	2.5	2.8
		Hulic Shibuya 1 chome Building	T	5,100	5,088	5,920	5,700	6,090	3.2	5,850	3.3	3.4
		Hulic Higashi Nihonbashi Building	T	3,480	3,522	3,670	4,030	3,820	3.9	3,600	4.0	4.1
		Hulic Jimbocho Building	N	1,460	1,546	1,730	1,420	1,750	3.6	1,710	3.4	3.7
		Hulic Ginza 7 Chome Building	N	21,080	21,090	21,850	25,080	22,040	3.2	21,565	3.0	3.3
		Hulic Gotanda Yamate-dori Building	D	3,450	3,567	3,520	3,140	3,780	3.5	3,410	3.3	3.7
		Bancho House	D	2,750	2,760	3,380	2,490	3,370	3.7	3,390	3.5	3.9
		Ebisu Minami Building (Note 7)	T	2,420	2,430	2,680	2,510	2,780	3.6	2,630	3.6	3.7
		Hulic Iidabashi Building	T	1,450	1,449	1,550	1,490	1,600	3.7	1,530	3.8	3.9
		Hulic Asakusabashi Building (Note 8)	T	4,750	4,583	4,960	4,130	4,950	4.7	4,960	4.7	—
		Hulic Ebisu Building	C	1,275	1,282	1,340	956	1,380	3.7	1,340	3.5	3.8
		Hulic Ryogoku Building	N	5,610	5,487	6,102	5,040	6,156	3.6	6,039	3.4	3.7
		Hulic Asakusabashi Edo-dori	N	5,420	5,392	5,976	5,283	5,985	3.8	5,958	3.4	3.7
		Hulic Nakano Building	N	3,200	3,204	3,609	2,916	3,645	3.7	3,564	3.5	3.8
		Hulic Ueno Building	N	4,100	4,126	4,608	4,284	4,662	3.4	4,554	3.2	3.5
		Hulic Kojimachi Building	D	12,600	12,617	13,500	14,900	14,000	3.0	13,300	2.8	3.2
		Kichijoji Fuji Building	T	5,150	5,172	6,480	6,110	6,580	4.0	6,440	4.1	4.2
		Hulic Hachioji Building	N	4,900	4,842	5,292	4,626	5,328	4.6	5,256	4.4	4.7
		Hulic Kobe Building	D	6,710	6,767	6,930	6,640	6,980	4.1	6,910	3.9	4.3
				Subtotal	—	249,195	246,113	297,012	—	302,562	—	293,650

Category		Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated price by using cost method (Millions of yen) (Note 5)	Return price (Millions of yen)					
								Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)	
Tokyo Commercial Properties		Retail properties	Oimachi Redevelopment Building (#2)	T	9,456	9,388	11,900	11,600	12,100	4.0	11,800	4.1	4.2
			Oimachi Redevelopment Building (#1)	T	6,166	6,319	7,220	6,840	7,280	4.2	7,190	4.3	4.4
			Dining Square Akihabara Building	N	3,200	3,193	4,000	2,710	4,070	3.7	3,920	3.5	3.9
			Hulic Jingu-Mae Building	T	2,660	2,635	3,630	3,740	3,710	3.3	3,590	3.4	3.5
			Yokohama Yamashitacho Building	N	4,850	4,528	4,750	3,880	4,820	4.3	4,680	4.1	4.5
			Hulic Todoroki Building	T	1,200	1,206	1,440	1,590	1,450	4.4	1,430	4.5	4.6
			HULIC & New SHIBUYA	N	3,150	3,078	3,400	2,770	3,485	3.0	3,315	2.8	3.2
			HULIC & New SHINBASHI	N	3,100	2,992	3,310	3,240	3,360	3.6	3,250	3.4	3.8
			Hulic Shimura-sakaue	N	7,556	7,272	7,330	7,710	7,480	4.4	7,180	4.2	4.7
			Hulic Mejiro	N	5,670	5,644	6,290	6,370	6,340	3.6	6,230	3.4	3.7
			Subtotal	—	47,008	46,259	53,270	50,450	54,095	—	52,585	—	—
		Total	—	296,203	292,372	350,282	—	356,657	—	346,235	—	—	
Next-Generation Assets Plus		Private nursing homes	Aria Matsubara	N	3,244	3,057	4,520	3,810	4,520	4.2	4,510	3.8	4.3
			Trust Garden Yoganomori	N	5,390	5,217	7,200	5,830	7,200	4.5	7,200	4.1	4.6
			Trust Garden Sakurashinmachi	N	2,850	2,775	3,850	3,200	3,850	4.4	3,840	4.0	4.5
			Trust Garden Suginami Miyamae	N	2,760	2,683	3,730	2,850	3,730	4.4	3,730	4.0	4.5
			Trust Garden Tokiwamatsu	N	3,030	2,908	3,490	3,130	3,520	4.0	3,460	3.8	4.1
			SOMPO Care La vie Re Kita-Kamakura	N	1,780	1,666	1,860	1,200	1,880	5.2	1,840	5.0	5.4
			Charm Suite Shinjukutoyama	N	3,323	3,317	3,740	3,650	3,770	3.9	3,700	3.7	4.0
			Charm Suite Shakujikkoen	N	3,200	3,180	3,460	3,120	3,490	4.2	3,430	4.0	4.3
			Hulic Chofu	N	3,340	3,393	3,650	3,210	3,680	4.1	3,620	3.9	4.2
			Aristage Kyodo	N	9,000	9,192	9,785	9,206	9,880	3.8	9,690	3.6	3.9
			Granda Gakugei Daigaku	N	2,200	2,252	2,370	2,390	2,390	3.7	2,340	3.5	3.8
			Subtotal	—	40,117	39,645	47,655	41,596	47,910	—	47,360	—	—
		Network centers	Ikebukuro Network Center	N	4,570	4,433	5,500	5,220	5,540	4.2	5,460	3.9	4.3
			Tabata Network Center	N	1,355	1,338	1,600	1,580	1,610	4.7	1,590	4.4	4.8
			Hiroshima Network Center	N	1,080	1,004	1,220	1,200	1,220	5.7	1,210	5.4	5.8
			Atsuta Network Center	N	1,015	956	1,080	1,040	1,080	5.4	1,070	5.1	5.5
			Nagano Network Center	N	305	286	364	279	365	6.9	362	6.7	7.1
			Chiba Network Center	N	7,060	6,800	7,560	4,190	7,590	4.9	7,520	4.6	5.0
			Sapporo Network Center	N	2,510	2,476	2,560	2,570	2,570	5.2	2,550	4.9	5.3
			Keihanna Network Center	N	1,250	1,153	1,350	1,180	1,350	5.3	1,340	5.0	5.4
			Subtotal	—	19,145	18,448	21,234	17,259	21,325	—	21,102	—	—
		Hotels	Sotetsu Fresa Inn Ginza 7 Chome	N	11,520	11,321	12,200	13,900	12,400	3.5	11,900	3.3	3.7
			Sotetsu Fresa Inn Tokyo-Roppongi	N	5,000	4,829	4,950	4,980	5,050	3.7	4,850	3.5	3.9
			Hulic Tsukiji 3 Chome Building	N	6,972	6,871	7,310	6,850	7,450	3.6	7,170	3.4	3.8
			Subtotal	—	23,492	23,022	24,460	25,730	24,900	—	23,920	—	—
			Total	—	82,754	81,116	93,349	84,585	94,135	—	92,382	—	—
		Total		—	378,957	373,489	443,631	—	450,792	—	438,617	—	—

- (Note 1) The letters in the appraisal agency column indicate appraisers as follows:
D: Daiwa Real Estate Appraisal Co., Ltd.
N: Japan Real Estate Institute
C: CBRE K.K.
T: The Tanizawa Sōgō Appraisal Co., Ltd.
- (Note 2) *Acquisition price* represents trading value stipulated in each purchase and sale agreement in relation to each asset held, rounded to the nearest million yen. The trading value does not include consumption tax, local consumption tax and expenses incurred on acquisition.
- (Note 3) *Book value at end of period* represents book value for each property less depreciation expenses as of August 31, 2022, rounded down to the nearest million yen.
- (Note 4) *Appraisal value* represents the appraisal value as of the valuation date of August 31, 2022.
- (Note 5) “Integrated price by using cost method” is presented by rounding the price corresponding to the quasi co-ownership of property held by the Investment Corporation to the nearest million yen.
- (Note 6) For Hulic Kudan Building (Land), this item was not provided due to the Investment Corporation only holding the land.
- (Note 7) Discount rate for Ebisu Minami Building was 3.5% for the 1st fiscal year to the 6th fiscal year, 3.6% for the 7th fiscal year to the 11th fiscal year. The table shows the 7th fiscal year to the 11th fiscal year (3.6%).
- (Note 8) For Hulic Asakusabashi Building, since the calculation method based on the capitalization method over a definite term (modified Inwood method) has been employed as a direct capitalization method based on the consideration that the land lease right acquired is a fixed-term land sublease right for business use, the discount rate in the capitalization method over a definite term (modified Inwood method) is shown in the Capitalization rate. In addition, because terminal capitalization rate is not applied in the DCF method, it has not been provided.

iii) Capital expenditures for assets under management

(A) Schedule of capital expenditures

For each asset held by the Investment Corporation as of August 31, 2022, the main capital expenditures for renovation work, etc. scheduled as of August 31, 2022 (the end of the 17th fiscal period) are as below. Estimated capital expenditure for work mentioned below includes that which is charged to expenses.

Property name	Location	Purpose	Scheduled period	Estimated capital expenditure for work (Millions of yen)
Oimachi Redevelopment Building (#1)	Shinagawa-ku, Tokyo	Renovation work for external wall	From January 2021 to March 2023	144
Oimachi Redevelopment Building (#2)	Shinagawa-ku, Tokyo	Renewal work for air conditioners	From December 2022 to February 2023	79
Hulic Kamiyacho Building	Minato-ku, Tokyo	Conversion of lighting on fifth floor to LED	From January 2023 to February 2023	60

(B) Capital expenditures during the period

An overview of the construction work corresponding to capital expenditures during the reporting period is as below. Capital expenditures during the reporting period were ¥268,905 thousand and repair expenses were ¥168,225 thousand. In aggregate, construction work in the amount of ¥437,131 thousand was carried out during the period.

Property name	Location	Purpose	Period	Capital expenditure for work (Millions of yen)
Oimachi Redevelopment Building (#1)	Shinagawa-ku, Tokyo	Renewal work for escalator control system	From April 2021 to August 2022	46
Hulic Higashi Ueno 1 Chome Building	Taito-ku, Tokyo	Renewal work for the rooms for rent	From March 2022 to August 2022	55
Other				167
Total				268

(3) Major Investment Assets

The following is an overview of the assets held by the Investment Corporation and for which the total contracted rent makes up 10% or more of the total rental income for the entire portfolio as of August 31, 2022.

Property name	Total contracted rent (annual) (Millions of yen) (Note 1)	Total leased area (m ²) (Note 2)	Total leasable area (m ²) (Note 3)	Occupancy rate (%) (Note 4)
Hulic Kamiyacho Building	2,639	30,744.95	32,487.06	94.6

(Note 1) *Total contracted rent (annual)* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of August 31, 2022) as indicated in the relevant lease agreements for the building of the asset held in effect as of August 31, 2022 by 12 (in cases where multiple lease agreements are executed, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. When a master lease agreement has been executed for the asset held, the amount provided is the amount for the portion corresponding to the Pass-through Master Lease Agreement, calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by 12.

(Note 2) *Total leased area* shows the total floor area of leased space set out in the relevant lease agreements for the building of the property held as of August 31, 2022. For the portion for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided.

(Note 3) *Total leasable area* shows the floor area considered leasable based on the lease agreements or floor plans of buildings of the property held as of August 31, 2022.

(Note 4) *Occupancy rate* shows the proportion of the total leased area to the total leasable area for the entire building of the above-mentioned property held as of August 31, 2022, rounded to the nearest tenth.

(4) Overview of Major Tenants

Tenants for which leased area accounted for 10% or more of the total leased area as of August 31, 2022 are shown as below.

Tenant	Business type	Property name	Leased area (m ²) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ guarantee deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate leasing business	Hulic Kamiyacho Building	30,744.95	2,639	2,574	February 6, 2023	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Kudan Building (Land)	3,351.07	530	265	February 6, 2063	Terminated due to the expiry of the agreement
		Toranomon First Garden (Note 6)	4,469.15	447	342	February 6, 2023	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Rapiros Roppongi (Note 7)	6,147.00	592	550		
		Hulic Takadanobaba Building	5,369.71	314	194		
		Hulic Kanda Building	3,728.36	283	231		
		Hulic Kandabashi Building	2,566.95	165	130		
		Hulic Kakigaracho Building	2,858.48	191	128		
		Hulic Higashi Ueno 1 Chome Building	3,137.09	174	135	October 15, 2023	
		Tokyo Nishi Ikebukuro Building (Note 8)	1,429.74	111	190	March 30, 2024	
		Hulic Toranomon Building	8,574.65	891	632	December 24, 2022	
		Hulic Shibuya 1 chome Building	2,048.21	181	213	March 30, 2024	
		Hulic Higashi Nihonbashi Building	3,681.20	193	147		
		Hulic Jimbocho Building	1,561.38	76	56	April 27, 2024	
		Hulic Ginza 7 Chome Building (Note 9)	11,405.68	1,022	572	March 28, 2023	
		Hulic Gotanda Yamate-dori Building	3,276.05	200	147	September 30, 2023	
		Bancho House	1,981.83	(Note 24)	132	October 31, 2023	
		Ebisu Minami Building	1,629.09	(Note 24)	(Note 24)	December 26, 2023	
		Hulic Iidabashi Building	1,431.94	81	57	June 27, 2024	
		Hulic Asakusabashi Building (Note 10)	5,280.72	354	207	December 31, 2064	Terminated due to the expiry of the agreement
		Hulic Ebisu Building	1,059.22	70	55	December 19, 2022	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Ryogoku Building (Note 11)	4,569.34	286	203	March 25, 2023	
		Hulic Asakusabashi Edo-dori (Note 12)	3,956.73	272	130	March 25, 2023	
		Hulic Nakano Building (Note 13)	2,616.83	169	130	October 15, 2023	
		Hulic Ueno Building (Note 14)	3,031.85	210	190	March 30, 2024	
		Hulic Kojimachi Building (Note 15)	5,380.17	523	324	October 31, 2024	
		Kichijoji Fuji Building (Note 16)	3,958.37	(Note 24)	(Note 24)	October 31, 2024	
		Hulic Hachioji Building (Note 17)	3,768.00	285	193	October 15, 2023	
		Hulic Kobe Building (Note 18)	4,991.26	386	443	October 31, 2024	

Tenant	Business type	Property name	Leased area (m ²) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ guarantee deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate leasing business	Oimachi Redevelopment Building (#2)	14,485.66	624	656	February 6, 2023	
		Oimachi Redevelopment Building (#1) (Note 19)	10,612.67	438	529	(Note 25)	Automatically renewed for a term agreed upon unless notified in writing at least 6 months before the expiry of the agreement
		Dining Square Akihabara Building	2,169.41	(Note 24)	(Note 24)	February 6, 2023	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Jingu-Mae Building	1,656.24	160	82		
		Yokohama Yamashitacho Building	8,958.70	(Note 24)	(Note 24)	October 15, 2023	
		Hulic Todoroki Building	1,676.02	94	69	December 26, 2023	
		HULIC &New SHIBUYA (Note 20)	898.62	127	114	June 29, 2024	
		HULIC & New SHINBASHI	1,725.35	152	135	October 31, 2022	
		Hulic Shimura-sakaue	11,528.34	438	307	June 28, 2023	
		Hulic Mejiro	3,805.72	279	187	March 25, 2023	
		Aria Matsubara	5,454.48	(Note 24)	(Note 24)	February 6, 2023	
		Trust Garden Yoganomori	5,977.75	(Note 24)	(Note 24)		
		Trust Garden Sakurashinmachi	3,700.26	(Note 24)	(Note 24)		
		Trust Garden Suginami Miyamae	3,975.99	(Note 24)	(Note 24)		
		Trust Garden Tokiwamatsu	2,893.82	(Note 24)	(Note 24)	August 31, 2023	
		SOMPO Care La vie Re Kita-Kamakura	4,912.57	(Note 24)	(Note 24)	June 29, 2024	
		Charm Suite Shinjukutoyama	4,065.62	(Note 24)	(Note 24)	September 26, 2024	
		Charm Suite Shakujiikoen	4,241.68	(Note 24)	(Note 24)	September 11, 2024	
		Hulic Chofu	4,357.58	173	144	March 30, 2024	
		Aristage Kyodo (Note 21)	13,279.12	(Note 24)	(Note 24)	October 31, 2024	
		Granda Gakugei Daigaku	2,803.79	(Note 24)	(Note 24)	March 30, 2025	
		Sotetsu Fresa Inn Ginza 7 Chome (Note 22)	6,984.32	480	480	October 31, 2022	
		Sotetsu Fresa Inn Tokyo- Roppongi (Note 23)	2,408.45	216	54		
		Hulic Tsukiji 3 Chome Building	4,740.31	(Note 24)	(Note 24)	March 25, 2023	
		Business Total	265,317.49	17,207	14,036	–	–
SoftBank Corp.	Telecommuni- cations business	Ikebukuro Network Center	12,773.04	271	136	September 30, 2030	Terminated due to the expiry of the agreement
		Tabata Network Center	3,832.73	90	45		
		Hiroshima Network Center	5,208.54	88	44		
		Atsuta Network Center	4,943.10	73	37		
		Nagano Network Center	2,211.24	33	17	November 5, 2024	
		Chiba Network Center	23,338.00	447	224	September 30, 2030	
		Sapporo Network Center	9,793.57	167	84		
		Keihanna Network Center	9,273.44	94	47		
		Business Total	71,373.66	1,265	632	–	

- (Note 1) *Leased area* is equivalent to total floor area or similar measurement of leased space set out in the relevant lease agreements or similar contracts for buildings of each property as of August 31, 2022. For the portion for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided. For the portion for which there is a Fixed-type Master Lease Agreement, the total area corresponding to that portion is provided. For the property of which ownership is only for land, the area of the land is provided.
- (Note 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of August 31, 2022) indicated in the relevant lease agreements for buildings of each property in effect as of August 31, 2022 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. For properties for which ownership is only for land, it is calculated by multiplying the monthly contracted rent (excluding consumption taxes) as indicated in the lease agreement for such land as of August 31, 2022 by 12 and rounding to the nearest million yen. The amounts provided are the amount for the portion of property corresponding to a Pass-through Master Lease Agreement for which the tenant is a sublessor as a master lease company, in accordance with the lease agreement with the end-tenant in effect as of August 31, 2022, calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by 12; and the amount for the portion of property corresponding to a Fixed-type Master Lease Agreement, calculated on an annual basis by multiplying the monthly rent as indicated in the master lease agreement corresponding to that portion.
- (Note 3) *Leasehold/guarantee deposits* indicates the aggregate of the recognized book values for the leasehold and/or guarantee deposit(s) of each asset held as of August 31, 2022, rounded to the nearest million yen.
- (Note 4) *Expiration date* is the date provided in the lease agreements for each asset in effect on August 31, 2022 where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.
- (Note 5) *Renewal of agreement, etc.* represents the content of renewal of agreement, etc., provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.
- (Note 6) For Toranomom First Garden, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 7) For Rapiros Roppongi, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 8) For Tokyo Nishi Ikebukuro Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion).
- (Note 9) For Hulic Ginza 7 Chome Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (95.0%).
- (Note 10) For Hulic Asakusabashi Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 11) For Hulic Ryogoku Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 12) For Hulic Asakusabashi Edo-dori, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 13) For Hulic Nakano Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 14) For Hulic Ueno Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 15) For Hulic Kojimachi Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 16) For Kichijoji Fuji Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 17) For Hulic Hachioji Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 18) For Hulic Kobe Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- (Note 19) For Oimachi Redevelopment Building (#1), the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building.
- (Note 20) For HULIC & New SHIBUYA, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 21) For Aristage Kyodo, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (95.0%).

- (Note 22) For Sotetsu Fresa Inn Ginza 7 Chome, total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 23) For Sotetsu Fresa Inn Tokyo-Roppongi, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%). Total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 24) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.
- (Note 25) The lease agreement for Oimachi Redevelopment Building (#1) was renewed as the lease agreement does not specify a term at the last renewal of the agreement.
- (Note 26) In the above table, Total contracted rent, Leasehold/guarantee deposits and Leased area may include data of end-tenant lease agreements for which we have received a request for cancellation or termination and end-tenant lease agreements for which rent payment was delinquent as of August 31, 2022, if the lease agreement was valid as of August 31, 2022.

(5) Top End-Tenants in Terms of Leased Area

The following table shows the top ten end-tenants in terms of leased area in the entire portfolio as of August 31, 2022. The data stated for properties for which there is a Fixed-type Master Lease Agreement reflects the terms of the Fixed-type Master Lease Agreement corresponding to that portion, while the data stated for the properties for which there is a Pass-through Master Lease Agreement reflects the terms of each lease agreement executed with the end tenants.

End-tenant	Property name	Leased area (m ²) (Note 1)	Area ratio (%) (Note 2)	Expiration date (Note 3)	Form of agreement (Note 4)
SoftBank Corp.	Ikebukuro Network Center Tabata Network Center Hiroshima Network Center Atsuta Network Center Nagano Network Center Chiba Network Center Sapporo Network Center Keihanna Network Center	71,373.66	20.4	September 30, 2030 September 30, 2030 September 30, 2030 September 30, 2030 November 5, 2024 September 30, 2030 September 30, 2030 September 30, 2030	Fixed-term building lease agreement
Hulic Co., Ltd.	Hulic Kudan Building (Land) Oimachi Redevelopment Building (#2) Oimachi Redevelopment Building (#1)	28,449.40	8.1	February 6, 2063 February 6, 2023 (Note 6)	Fixed-term business-use land lease agreement Ordinary building lease agreement Ordinary building lease agreement
Mizuho Bank, Ltd.	Hulic Ryogoku Building Hulic Asakusabashi Edo-dori Hulic Nakano Building Hulic Ueno Building Hulic Kojimachi Building Kichijoji Fuji Building Hulic Hachioji Building Hulic Kobe Building	17,551.71	5.0	(Note 7)	Ordinary building lease agreement
HIMEDIC, Inc.	Trust Garden Yoganomori Trust Garden Sakurashinmachi Trust Garden Suginami Miyamae Trust Garden Tokiwamatsu	16,547.82	4.7	January 24, 2028 January 24, 2028 January 24, 2028 February 29, 2036	Ordinary building lease agreement
Keio Corporation	Aristage Kyodo	13,279.12	3.8	May 7, 2042	Ordinary building lease agreement
Charm Care Corporation Co., Ltd.	Charm Suite Shinjuku Toyama Charm Suite Shakuji Koen Hulic Chofu	11,809.15	3.4	October 31, 2045 October 31, 2044 July 20, 2047	Ordinary building lease agreement
Sotetsu Hotel Development Co., Ltd.	Sotetsu Fresa Inn Ginza 7 Chome (Note 5) Sotetsu Fresa Inn Tokyo- Roppongi (Note 5)	9,392.77	2.7	September 30, 2046 October 9, 2047	Fixed-term building lease agreement
(Note 7)	Hulic Ginza 7 Chome Building	9,107.44	2.6	(Note 7)	(Note 7)
Barneys Japan	Yokohama Yamashitacho Building	8,958.70	2.6	(Note 7)	(Note 7)
Benesse Style Care Co., Ltd.	Aria Matsubara Granda Gakugei Daigaku	8,258.27	2.4	September 30, 2030 April 30, 2043	Ordinary building lease agreement

(Note 1) *Leased area* is equivalent to total floor area, or similar measurement of leased space set out in the lease agreements or similar contracts with end-tenants as of August 31, 2022. The pertinent items are as follows.

- The land area is provided for Hulic Kudan Building (Land).
- For the portion for which there is a Fixed-type Master Lease Agreement, the leasable area to end-tenants is provided.
- For Oimachi Redevelopment Building (#1), the figure equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building is shown.

- For Hulic Ryogoku Building, Hulic Asakusabashi Edo-dori, Hulic Nakano Building, Hulic Ueno Building, Hulic Kojimachi Building, Kichijoji Fuji Building, Hulic Hachioji Building and Hulic Kobe Building, the figures are equivalent to the quasi co-ownership interest of property held by the Investment Corporation (90.0%).
- For Aristage Kyodo, the figures are equivalent to the quasi co-ownership interest of property held by the Investment Corporation (95.0%).
- For Sotetsu Fresa Inn Tokyo-Roppongi, the figures are equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- For Hulic Ginza 7 Chome Building, the figures are equivalent to the quasi co-ownership interest of property held by the Investment Corporation (95.0%).

(Note 2) Figures are rounded to the nearest tenth.

(Note 3) *Expiration date* is the expiration date shown on the lease agreement with the end tenant as lessee that is in effect as of August 31, 2022.

(Note 4) *Form of agreement* is the form of agreement described in the lease agreement with the end-tenants as of August 31, 2022.

(Note 5) Sotetsu Fresa Inn Ginza 7 Chome and Sotetsu Fresa Inn Tokyo-Roppongi are sub-leased by Sotetsu Hotel Development Co., Ltd. to a hotel operator.

(Note 6) The lease agreement for Oimachi Redevelopment Building (#1) was renewed as the lease agreement does not specify a term at the last renewal of the agreement.

(Note 7) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

(6) Overview and Income/Loss of Leasing Businesses

Reporting period (From March 1, 2022 to August 31, 2022)

(Unit: thousands of yen)

Property name	Hulic Kamiyacho Building	Hulic Kudan Building (Land)	Toranomon First Garden	Rapiros Roppongi	Hulic Takadanoba Building	Hulic Kanda Building	Hulic Kandabashi Building
Days under management	184	184	184	184	184	184	184
Leasing business revenues	1,379,138	265,002	245,024	319,129	174,287	145,768	79,186
Leasing business revenue	1,282,143	265,002	229,360	296,982	156,884	134,947	73,148
Other leasing business revenues	96,995	—	15,664	22,146	17,403	10,821	6,038
Expenses related to leasing business	362,911	36,825	131,933	149,687	66,934	72,029	36,369
Taxes and public dues	80,488	34,957	40,383	46,941	13,352	4,064	9,874
Utilities expenses	68,023	—	9,823	21,902	12,329	8,835	6,114
Insurance expenses	1,267	37	282	727	266	132	111
Repair expenses	8,686	—	7,473	37	1,772	3,779	938
Property management fees	100,345	1,325	4,153	5,978	14,965	7,658	5,658
Other expenses related to leasing business	22,221	505	29,107	55,609	1,438	28,270	2,939
Depreciation and amortization	81,877	—	40,711	18,490	22,809	19,287	10,732
Income (loss) from leasing business	1,016,227	228,176	113,091	169,441	107,353	73,739	42,817
NOI	1,098,105	228,176	153,802	187,932	130,163	93,027	53,549

(Unit: thousands of yen)

Property name	Hulic Kakigaracho Building	Ochanomizu Sola City	Hulic Higashi Ueno 1 Chome Building	Tokyo Nishi Ikebukuro Building	Hulic Toranomom Building	Hulic Shibuya 1 chome Building	Hulic Higashi Nihonbashi Building
Days under management	184	184	184	184	184	184	184
Leasing business revenues	106,556	(Note 1)	89,317	56,352	438,278	95,740	108,585
Leasing business revenue	95,375	(Note 1)	80,801	55,632	416,276	87,678	97,560
Other leasing business revenues	11,180	(Note 1)	8,515	720	22,001	8,061	11,024
Expenses related to leasing business	40,549	(Note 1)	49,052	20,762	222,864	72,849	48,635
Taxes and public dues	9,812	(Note 1)	7,903	2,424	64,052	9,780	9,503
Utilities expenses	8,517	(Note 1)	6,297	—	20,385	5,618	10,166
Insurance expenses	127	(Note 1)	131	124	359	143	139
Repair expenses	988	(Note 1)	9,095	168	36,088	22,898	1,648
Property management fees	11,013	(Note 1)	10,159	9,777	40,794	7,131	7,077
Other expenses related to leasing business	1,308	(Note 1)	2,244	3,547	7,228	13,276	2,717
Depreciation and amortization	8,781	(Note 1)	13,221	4,719	53,955	14,000	17,382
Income (loss) from leasing business	66,007	(Note 1)	40,264	35,590	215,413	22,891	59,949
NOI	74,788	736,285	53,485	40,310	269,369	36,891	77,332

(Unit: thousands of yen)

Property name	Hulic Jimbocho Building	Hulic Ginza 7 Chome Building	Hulic Gotanda Yamate-dori Building	Bancho House	Ebisu Minami Building	Hulic Iidabashi Building	Hulic Asakusa-bashi Building
Days under management	184	184	184	184	184	184	184
Leasing business revenues	43,720	557,682	112,568	(Note 1)	(Note 1)	42,456	251,796
Leasing business revenue	35,283	526,040	99,586	(Note 1)	(Note 1)	38,199	239,908
Other leasing business revenues	8,437	31,642	12,982	(Note 1)	(Note 1)	4,257	11,887
Expenses related to leasing business	18,842	198,429	58,883	(Note 1)	(Note 1)	16,356	186,821
Taxes and public dues	3,447	83,242	5,988	(Note 1)	(Note 1)	3,844	12,705
Utilities expenses	2,348	35,623	8,615	(Note 1)	(Note 1)	3,944	17,017
Insurance expenses	64	813	161	(Note 1)	(Note 1)	65	427
Repair expenses	1,599	12,147	5,710	(Note 1)	(Note 1)	231	5,432
Property management fees	3,931	38,827	5,891	(Note 1)	(Note 1)	4,001	45,040
Other expenses related to leasing business	2,354	2,462	22,850	(Note 1)	(Note 1)	1,626	15,779
Depreciation and amortization	5,098	25,313	9,665	(Note 1)	(Note 1)	2,642	90,418
Income (loss) from leasing business	24,878	359,252	53,685	(Note 1)	(Note 1)	26,100	64,975
NOI	29,976	384,565	63,351	66,195	44,444	28,743	155,393

(Unit: thousands of yen)

Property name	Hulic Ebisu Building	Hulic Ryogoku Building	Hulic Asakusa-bashi Edo-dori	Hulic Nakano Building	Hulic Ueno Building	Hulic Kojimachi Building	Kichijoji Fuji Building
Days under management	184	184	184	184	184	184	184
Leasing business revenues	37,253	157,230	145,363	96,098	119,387	277,001	(Note 1)
Leasing business revenue	34,805	143,065	136,804	84,803	105,488	261,692	(Note 1)
Other leasing business revenues	2,448	14,165	8,559	11,295	13,898	15,309	(Note 1)
Expenses related to leasing business	10,525	68,772	53,910	30,723	38,980	93,095	(Note 1)
Taxes and public dues	2,785	9,766	8,446	6,709	10,797	27,480	(Note 1)
Utilities expenses	2,242	11,151	5,695	5,380	8,886	13,701	(Note 1)
Insurance expenses	37	221	194	145	144	279	(Note 1)
Repair expenses	474	1,618	1,179	350	2,781	63	(Note 1)
Property management fees	2,916	11,856	9,434	9,651	8,720	22,223	(Note 1)
Other expenses related to leasing business	661	706	965	889	2,557	1,569	(Note 1)
Depreciation and amortization	1,409	33,451	27,995	7,596	5,091	27,777	(Note 1)
Income (loss) from leasing business	26,727	88,458	91,452	65,375	80,407	183,906	(Note 1)
NOI	28,136	121,909	119,447	72,971	85,499	211,683	136,419

(Unit: thousands of yen)

Property name	Hulic Hachioji Building	Hulic Kobe Building	Oimachi Redevelopment Building (#2)	Oimachi Redevelopment Building (#1)	Dining Square Akihabara Building	Hulic Jingu-Mae Building	Yokohama Yamashitacho Building
Days under management	184	184	184	184	184	184	184
Leasing business revenues	156,085	199,841	312,000	218,931	(Note 1)	86,559	(Note 1)
Leasing business revenue	142,312	183,094	312,000	218,931	(Note 1)	80,240	(Note 1)
Other leasing business revenues	13,773	16,746	–	–	(Note 1)	6,318	(Note 1)
Expenses related to leasing business	49,422	60,164	75,283	71,027	(Note 1)	21,635	(Note 1)
Taxes and public dues	6,673	14,339	33,190	35,769	(Note 1)	6,533	(Note 1)
Utilities expenses	9,689	11,589	–	–	(Note 1)	4,514	(Note 1)
Insurance expenses	165	222	431	1,830	(Note 1)	59	(Note 1)
Repair expenses	594	4,099	–	275	(Note 1)	1,664	(Note 1)
Property management fees	8,249	21,112	6,240	4,378	(Note 1)	3,189	(Note 1)
Other expenses related to leasing business	957	2,192	504	7,971	(Note 1)	570	(Note 1)
Depreciation and amortization	23,092	6,609	34,917	20,801	(Note 1)	5,104	(Note 1)
Income (loss) from leasing business	106,663	139,676	236,716	147,903	(Note 1)	64,923	(Note 1)
NOI	129,756	146,286	271,633	168,705	34,176	70,028	112,497

(Unit: thousands of yen)

Property name	Hulic Todoroki Building	HULIC &New SHIBUYA	HULIC &New SHINBASHI	Hulic Shimura-sakaue	Hulic Mejiro	Aria Matsubara	Trust Garden Yoganomori
Days under management	184	184	184	184	184	184	184
Leasing business revenues	53,060	60,426	82,373	577,593	149,751	(Note 1)	(Note 1)
Leasing business revenue	47,159	54,791	75,419	192,264	140,883	(Note 1)	(Note 1)
Other leasing business revenues	5,901	5,634	6,953	385,329	8,868	(Note 1)	(Note 1)
Expenses related to leasing business	21,515	22,708	31,676	139,201	51,964	(Note 1)	(Note 1)
Taxes and public dues	4,277	4,026	5,208	22,472	10,247	(Note 1)	(Note 1)
Utilities expenses	5,024	5,153	5,409	27,692	6,230	(Note 1)	(Note 1)
Insurance expenses	73	50	91	371	178	(Note 1)	(Note 1)
Repair expenses	899	230	1,049	1,009	599	(Note 1)	(Note 1)
Property management fees	4,542	2,902	5,845	30,093	10,603	(Note 1)	(Note 1)
Other expenses related to leasing business	1,115	1,642	1,116	5,604	726	(Note 1)	(Note 1)
Depreciation and amortization	5,582	8,703	12,953	51,958	23,377	(Note 1)	(Note 1)
Income (loss) from leasing business	31,545	37,717	50,697	438,392	97,787	(Note 1)	(Note 1)
NOI	37,128	46,421	63,650	490,350	121,165	97,188	155,672

(Unit: thousands of yen)

Property name	Trust Garden Sakurashin-machi	Trust Garden Suginami Miyamae	Trust Garden Tokiwa-matsu	SOMPO Care La vie Re Kita-Kamakura	Charm Suite Shinjuku-toyama	Charm Suite Shakujii-koen	Hulic Chofu
Days under management	184	184	184	184	184	184	184
Leasing business revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	94,906
Leasing business revenue	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	86,368
Other leasing business revenues	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	8,538
Expenses related to leasing business	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	37,755
Taxes and public dues	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	6,883
Utilities expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	8,089
Insurance expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	118
Repair expenses	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	721
Property management fees	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	2,167
Other expenses related to leasing business	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	546
Depreciation and amortization	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	19,228
Income (loss) from leasing business	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	57,150
NOI	79,788	80,539	70,913	51,229	74,137	74,394	76,379

(Unit: thousands of yen)

Property name	Aristage Kyodo	Granda Gakugei Daigaku	Ikebukuro Network Center	Tabata Network Center	Hiroshima Network Center	Atsuta Network Center	Nagano Network Center
Days under management	184	154	184	184	184	184	184
Leasing business revenues	(Note 1)	(Note 1)	130,176	43,285	42,091	35,273	16,708
Leasing business revenue	(Note 1)	(Note 1)	130,176	43,285	42,091	35,273	16,708
Other leasing business revenues	(Note 1)	(Note 1)	—	—	—	—	—
Expenses related to leasing business	(Note 1)	(Note 1)	28,241	9,064	13,120	12,080	6,092
Taxes and public dues	(Note 1)	(Note 1)	15,921	4,822	5,750	4,742	2,277
Utilities expenses	(Note 1)	(Note 1)	—	—	—	—	—
Insurance expenses	(Note 1)	(Note 1)	200	63	89	76	47
Repair expenses	(Note 1)	(Note 1)	—	—	216	870	—
Property management fees	(Note 1)	(Note 1)	960	720	1,320	971	840
Other expenses related to leasing business	(Note 1)	(Note 1)	504	504	504	504	504
Depreciation and amortization	(Note 1)	(Note 1)	10,655	2,954	5,239	4,916	2,422
Income (loss) from leasing business	(Note 1)	(Note 1)	101,934	34,220	28,971	23,192	10,616
NOI	194,149	41,356	112,589	37,175	34,210	28,109	13,038

(Unit: thousands of yen)

Property name	Chiba Network Center	Sapporo Network Center	Keihanna Network Center	Sotetsu Fresa Inn Ginza 7 Chome	Sotetsu Fresa Inn Tokyo- Roppongi	Hulic Tsukiji 3 Chome Building
Days under management	184	184	184	184	184	184
Leasing business revenues	214,687	80,358	45,166	240,000	108,000	(Note 1)
Leasing business revenue	214,687	80,358	45,166	240,000	108,000	(Note 1)
Other leasing business revenues	—	—	—	—	—	(Note 1)
Expenses related to leasing business	82,090	23,602	20,113	57,347	33,289	(Note 1)
Taxes and public dues	30,576	13,258	8,494	26,234	11,598	(Note 1)
Utilities expenses	—	—	—	—	—	(Note 1)
Insurance expenses	580	228	131	261	109	(Note 1)
Repair expenses	—	25	3,285	—	—	(Note 1)
Property management fees	1,800	780	1,253	2,400	1,080	(Note 1)
Other expenses related to leasing business	504	504	504	604	261	(Note 1)
Depreciation and amortization	48,629	8,805	6,443	27,847	20,240	(Note 1)
Income (loss) from leasing business	132,597	56,755	25,052	182,652	74,710	(Note 1)
NOI	181,226	65,560	31,496	210,500	94,951	(Note 1)

(Note 1) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose relevant information.

(Note 2) NOI is calculated by using the following formula.

NOI = Leasing business revenues - Expenses related to leasing business + Depreciation and amortization