

Nomura Real Estate Master Fund, Inc.

The Report on Financial Results
and Operational Status

for the six-month period ended February 28, 2025

Nomura Real Estate Master Fund, Inc.

19th Fiscal Period Report on Financial Results and Operational Status

BALANCE SHEET

Thousands of Yen

	As of August 31, 2024	As of February 28, 2025
ASSETS		
Current Assets:		
Cash and bank deposits	45,672,669	51,835,083
Rental receivables	945,972	897,293
Income taxes receivable	646	3,188
Other current assets	1,674,712	1,677,814
Total current assets	48,294,000	54,413,379
Property and Equipment:		
Land	756,016,759	749,833,798
Buildings and structures	384,442,670	391,713,168
Machinery and equipment	2,613,869	2,760,673
Tools, furniture and fixtures	2,668,987	3,101,563
Leased assets	10,869	10,869
Construction in progress	183,762	1,215,147
Subtotal	1,145,936,920	1,148,635,220
Less accumulated depreciation	(92,040,070)	(97,399,435)
Net property and equipment	1,053,896,849	1,051,235,784
Investments and Other Assets:		
Goodwill	59,364,552	56,742,309
Leasehold rights	17,972,736	21,001,972
Intangible assets	28,399	21,270
Long-term prepaid expenses	2,017,284	1,860,109
Long-term deposits	307,918	312,829
Security deposits	1,144,372	1,172,144
Deferred investment corporation bond issuance costs	149,473	181,174
Total investments and other assets	80,984,737	81,291,809
Total Assets	1,183,175,587	1,186,940,974

The accompanying notes to financial statements are an integral part of these statements.

Thousands of Yen

	As of August 31, 2024	As of February 28, 2025
LIABILITIES		
Current Liabilities:		
Trade accounts payable	2,837,079	2,427,239
Short-term debt	1,000,000	6,500,000
Current portion of investment corporation bonds	9,000,000	-
Current portion of long-term debt	61,362,000	65,994,200
Lease obligations in trust	3,330	1,809
Other accounts payable	3,697,460	3,694,157
Accrued expenses	383,156	338,378
Accrued income taxes	605	605
Accrued consumption taxes	540,589	396,527
Rent received in advance	5,576,859	5,693,606
Other current liabilities	6,906	18,328
Total current liabilities	84,407,988	85,064,853
Long-term Liabilities:		
Investment corporation bonds	29,400,000	35,900,000
Long-term debt	420,530,000	420,340,000
Lease obligations in trust	217	-
Security deposits from tenants	42,149,878	41,781,158
Asset retirement obligations	485,153	769,113
Total long-term liabilities	492,565,248	498,790,271
Total Liabilities	576,973,237	583,855,124
NET ASSETS		
Unitholders' Equity:		
Unitholders' capital	245,127,776	245,148,642
Surplus		
Capital surplus	394,012,959	394,012,959
Allowance for temporary difference adjustment	(26,021,128)	(26,000,261)
Other deductions from capital surplus	(24,607,962)	(27,628,753)
Total deductions from capital surplus	(50,629,090)	(53,629,015)
Net capital surplus	343,383,868	340,383,943
Retained earnings	17,690,705	17,553,263
Total surplus	361,074,573	357,937,207

Thousands of Yen

	As of August 31, 2024	As of February 28, 2025
Total unitholders' equity	606,202,350	603,085,849
Total Net Assets	606,202,350	603,085,849
Total Liabilities and Net Assets	1,183,175,587	1,186,940,974

The accompanying notes to financial statements are an integral part of these statements.

STATEMENT OF INCOME AND RETAINED EARNINGS

Thousands of Yen

	For the period from March 1, 2024 to August 31, 2024	For the period from September 1, 2024 to February 28, 2025
OPERATING REVENUES AND EXPENSES		
Operating Revenues:		
Real estate rental revenues	39,789,047	39,842,558
Gain on sales of real estate	5,292,522	3,274,704
	45,081,569	43,117,263
Operating Expenses:		
Real estate rental expenses	18,007,498	17,781,259
Asset management fees	3,715,189	3,625,890
Asset custody fees	57,450	57,384
Administrative service fees	171,333	158,078
Amortization of goodwill	2,622,242	2,622,242
Other operating expenses	566,578	535,461
	25,140,293	24,780,317
Operating Income	19,941,276	18,336,945
NON-OPERATING REVENUES AND EXPENSES		
Non-Operating Revenues:		
Interest income	4,486	20,911
Reversal of dividends payable	2,716	3,493
Other non-operating revenues	99	655
	7,302	25,060
Non-Operating Expenses:		
Interest expenses	1,628,538	1,742,511
Interest expenses on investment corporation bonds	186,978	179,359
Amortization of investment corporation bonds issuance costs	10,061	11,601
Loan arrangement fees	412,853	432,999
Other non-operating expenses	21,145	8,823
	2,259,577	2,375,295
Ordinary Income	17,689,001	15,986,710

Thousands of Yen

	For the period from March 1, 2024 to August 31, 2024	For the period from September 1, 2024 to February 28, 2025
Income before Income Taxes	17,689,001	15,986,710
Income Taxes:		
Current	605	605
	605	605
Net Income	17,688,396	15,986,105
Retained earnings brought forward	2,308	1,567,157
Retained Earnings at End of Period	17,690,705	17,553,263

The accompanying notes to financial statements are an integral part of these statements.

STATEMENT OF CHANGES IN NET ASSETS

For the period from March 1, 2024 to August 31, 2024

Thousands of Yen

	Unitholders' Equity						
	Surplus						
	Capital surplus						
	Units	Unitholders' capital	Capital surplus	Deductions from capital surplus			Net capital surplus
				Allowance for temporary difference adjustment	Other deductions from capital surplus	Total deductions from capital surplus	
Balance as of March 1, 2024	4,715,200	245,114,136	394,012,959	(23,625,301)	(17,533,094)	(41,158,395)	352,854,563
Distributions of retained earnings	-	-	-	-	-	-	-
Reversal of reserve for tax purpose reduction entry of replacement assets	-	-	-	-	-	-	-
Reversal of allowance for temporary difference adjustments	-	13,640	-	13,640	(13,640)	-	-
Distributions in excess of net earnings from allowance for temporary difference adjustments	-	-	-	(2,409,467)	-	(2,409,467)	(2,409,467)
Other distributions in excess of net earnings	-	-	-	-	(61,297)	(61,297)	(61,297)
Net income	-	-	-	-	-	-	-
Purchase of treasury investment units	-	-	-	-	-	-	-
Cancellation of treasury investment units	(47,756)	-	-	-	(6,999,930)	(6,999,930)	(6,999,930)
Total changes of items during the period	(47,756)	13,640	-	(2,395,826)	(7,074,868)	(9,470,695)	(9,470,695)
Balance as of August 31, 2024	4,667,444	245,127,776	394,012,959	(26,021,128)	(24,607,962)	(50,629,090)	343,383,868

Thousands of Yen						
	Unitholders' Equity				Total net assets	
	Surplus					
	Voluntary retained earnings					
	Reserve for tax purpose reduction entry of replacement assets	Total voluntary retained earnings	Retained earnings	Total surplus	Treasury investment units	Total unitholders' equity
Balance as of March 1, 2024	82,329	82,329	13,560,547	366,497,440	-	611,611,576
Distributions of retained earnings	-	-	(13,626,928)	(13,626,928)	-	(13,626,928)
Reversal of reserve for tax purpose reduction entry of replacement assets	(82,329)	(82,329)	82,329	-	-	-
Reversal of allowance for temporary difference adjustments	-	-	(13,640)	(13,640)	-	-
Distributions in excess of net earnings from allowance for temporary difference adjustments	-	-	-	(2,409,467)	-	(2,409,467)
Other distributions in excess of net earnings	-	-	-	(61,297)	-	(61,297)
Net income	-	-	17,688,396	17,688,396	-	17,688,396
Purchase of treasury investment units	-	-	-	-	(6,999,930)	(6,999,930)
Cancellation of treasury investment units	-	-	-	(6,999,930)	6,999,930	-
Total changes of items during the period	(82,329)	(82,329)	4,130,157	(5,422,867)	-	(5,409,226)
Balance as of August 31, 2024	-	-	17,690,705	361,074,573	-	606,202,350

	Thousands of Yen
	Total net assets
	Total net assets
Balance as of March 1, 2024	611,611,576
Distributions of retained earnings	(13,626,928)
Reversal of reserve for tax purpose reduction entry of replacement assets	-
Reversal of allowance for temporary difference adjustments	-
Distributions in excess of net earnings from allowance for temporary difference adjustments	(2,409,467)
Other distributions in excess of net earnings	(61,297)
Net income	17,688,396
Purchase of treasury investment units	(6,999,930)
Cancellation of treasury investment units	-
Total changes of items during the period	(5,409,226)
Balance as of August 31, 2024	606,202,350

The accompanying notes to financial statements are an integral part of these statements.

For the period from September 1, 2024 to February 28, 2025

Thousands of Yen

	Thousands of Rupees						
	Unitholders' Equity						
	Units	Unitholders' capital	Surplus				
			Capital surplus	Capital surplus			Net capital surplus
				Deductions from capital surplus			
Allowance for temporary difference adjustment				Other deductions from capital surplus	Total deductions from capital surplus		
Balance as of September 1, 2024	4,667,444	245,127,776	394,012,959	(26,021,128)	(24,607,962)	(50,629,090)	343,383,868
Distributions of retained earnings		-	-	-	-	-	
Reversal of allowance for temporary difference adjustments		20,866	-	20,866	(20,866)	-	-
Net income		-	-	-	-	-	
Purchase of treasury investment units		-	-	-	-	-	-
Cancellation of treasury investment units	(21,080)	-	-	-	(2,999,924)	(2,999,924)	(2,999,924)
Total changes of items during the period	(21,080)	20,866	-	20,866	(3,020,790)	(2,999,924)	(2,999,924)
Balance as of February 28, 2025	4,646,364	245,148,642	394,012,959	(26,000,261)	(27,628,753)	(53,629,015)	340,383,943

Thousands of Yen

	Unitholders' Equity			Total net assets	
	Surplus		Treasury investment units	Total unitholders' equity	Total net assets
	Retained earnings	Total surplus			
Balance as of September 1, 2024	17,690,705	361,074,573	-	606,202,350	606,202,350
Distributions of retained earnings	(16,102,681)	(16,102,681)	-	(16,102,681)	(16,102,681)
Reversal of allowance for temporary difference adjustments	(20,866)	(20,866)	-	-	-
Net income	15,986,105	15,986,105	-	15,986,105	15,986,105
Purchase of treasury investment units	-	-	(2,999,924)	(2,999,924)	(2,999,924)
Cancellation of treasury investment units	-	(2,999,924)	2,999,924	-	-
Total changes of items during the period	(137,442)	(3,137,366)	-	(3,116,500)	(3,116,500)
Balance as of February 28, 2025	17,553,263	357,937,207	-	603,085,849	603,085,849

The accompanying notes to financial statements are an integral part of these statements.

STATEMENT OF CASH FLOWS

Thousands of Yen

	For the period from March 1, 2024 to August 31, 2024	For the period from September 1, 2024 to February 28, 2025
CASH FLOWS		
Cash Flows from Operating Activities		
Income before income taxes	17,689,001	15,986,710
Depreciation	5,761,637	5,734,389
Amortization of goodwill	2,622,242	2,622,242
Amortization of investment corporation bonds issuance costs	10,061	11,601
Interest income	(4,486)	(20,911)
Interest expense	1,815,516	1,921,871
Loss on disposal of property and equipment	18,135	21,752
Decrease (Increase) in rental receivables	(196,933)	48,698
Decrease (Increase) in prepaid expenses	(95,770)	54,049
Decrease (Increase) in long-term prepaid expenses	(74,761)	157,175
Decrease (Increase) in long-term deposits	88,025	(4,910)
Increase (Decrease) in trade accounts payable	906,498	(409,840)
Increase (Decrease) in other accounts payable	311,432	(108,115)
Increase (Decrease) in accrued consumption taxes	39	(144,062)
Increase (Decrease) in rent received in advance	(29,931)	116,746
Decrease in property and equipment due to sales	6,604,804	-
Decrease in property and equipment in trust due to sales	19,733,691	10,139,307
Other	(45,513)	(50,414)
Subtotal	55,113,691	36,076,290
Interest received	4,486	20,911
Interest paid	(1,787,903)	(1,966,648)
Income taxes paid	(1,216)	(3,147)
Net cash provided by (used in) operating activities	53,329,058	34,127,406
Cash Flows from Investing Activities		
Payments for purchases of property and equipment	(27,907,330)	(12,752,730)
Payments for purchases of leasehold rights and intangible assets	(1,206,570)	(3,117,292)
Reimbursement of security deposits to tenants	(2,364,764)	(1,231,221)
Proceeds from security deposits from tenants	1,992,466	865,259
Payments for security deposits	(106,000)	(43,772)
Proceeds from security deposits	-	16,000
Net cash provided by (used in) investing activities	(29,592,200)	(16,263,757)

Thousands of Yen

	For the period from March 1, 2024 to August 31, 2024	For the period from September 1, 2024 to February 28, 2025
Cash Flows from Financing Activities		
Proceeds from short-term debt	1,000,000	22,705,000
Repayment of short-term debt	-	(17,205,000)
Proceeds from long-term debt	22,300,000	27,510,000
Repayments of long-term debt	(27,742,800)	(23,067,800)
Proceeds from issuance of investment corporation bonds	4,400,000	6,500,000
Repayment of investment corporation bonds	-	(9,000,000)
Payments for investment corporation bond issuance	(25,230)	(43,106)
Payment for purchase of treasury investment units	(6,999,930)	(2,999,924)
Distributions to unitholders	(13,623,931)	(16,100,133)
Distributions in excess of net earnings from allowance for temporary difference adjustments	(2,410,319)	440
Other distributions in excess of net earnings	(61,644)	(710)
Net cash provided by (used in) financing activities	(23,163,856)	(11,701,234)
Net Increase (Decrease) in Cash and Cash Equivalents	573,001	6,162,414
Cash and Cash Equivalents at Beginning of Period	45,099,668	45,672,669
Cash and Cash Equivalents at End of Period	45,672,669	51,835,083

The accompanying notes to financial statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION

Nomura Real Estate Master Fund, Inc. (“NMF”) is a real estate investment corporation formed to own and invest primarily in office buildings, retail facilities, logistics and residential facilities. NMF is externally managed by a licensed asset management company, Nomura Real Estate Asset Management Co., Ltd. (“NREAM”). NREAM is a wholly-owned subsidiary of Nomura Real Estate Holdings, Inc. NMF was established on October 1, 2015 through the consolidation type merger involving the former Nomura Real Estate Master Fund, Inc. (hereinafter the “former NMF”), Nomura Real Estate Office Fund, Inc. (hereinafter “NOF”) and Nomura Real Estate Residential Fund, Inc. (hereinafter “NRF”), and listed its investment securities (TSE code: 3462) on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on October 2 of the same year.

NMF adopts the basic policy of investing primarily in real estate and other assets to secure stable income and steady growth of assets under management over the medium to long term. In order to realize this basic policy, NMF adopts an investment strategy that centers on the Greater Tokyo area (Tokyo, Kanagawa, Chiba and Saitama prefectures), which has strong tenant demand, while also considering regional diversification through the three major metropolitan areas and cabinet-order designated cities, etc. By combining the “diversified type strategy” in which investments are made in facilities of a variety of sectors such as office buildings, retail facilities, logistics and residential facilities with the “large-scale REIT strategy,” which pursues the effects of diversifying properties and tenants, to make the portfolio more stable as well as with the utilization of the “leasing value chain” with the Nomura Real Estate Group, the sponsor, NMF will aim to increase unitholder value by securing stable income and steady growth of assets under management over the medium to long term.

2. BASIS OF PRESENTATION

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

The accompanying financial statements are a translation of the audited financial statements of NMF, which were prepared in accordance with Japanese GAAP and were presented in NMF’s Securities Report filed with the Kanto Local Finance Bureau. In preparing the accompanying financial statements, certain reclassifications and modifications have been made to the financial statements issued domestically in order to present them in a format that is more familiar to readers outside Japan. In addition, the notes to financial statements include certain information that might not be required under Japanese GAAP but is presented herein as additional information. Amounts have been rounded to the nearest thousand yen in the accompanying financial statements and the notes thereto, whereas amounts were truncated in the Japanese financial statements prepared in accordance with Japanese GAAP. NMF’s fiscal period is a six-month period which ends at the end of February or August. NMF does not prepare consolidated financial statements because it has no subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits placed with banks and short-term investments that are highly liquid, readily convertible to cash, with an insignificant risk of market value fluctuation, and with a maturity of three months or less when purchased.

Property and equipment

Property and equipment are stated at cost, which includes the purchase price and related costs for acquisition, less accumulated depreciation.

Depreciation is calculated by the straight-line method over the estimated useful lives of the fixed assets outlined below:

Buildings	4 - 70 years
Structures	3 - 45 years
Machinery and equipment	3 - 17 years
Tools, furniture and fixtures	2 - 20 years

Intangible assets

Intangible assets are amortized by the straight-line method.

Goodwill is amortized using the straight-line method over 20 years.

Fixed-term land leasehold is amortized using the straight-line method over the contractual period.

Long-term prepaid expenses

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

Deferred investment corporation bond issuance costs

Deferred investment corporation bond issuance costs are amortized by the straight-line method over the respective terms of the bonds.

Allowance for doubtful accounts

For allowance for doubtful accounts against possible losses arising from default on receivables, the uncollectable amount is estimated and recorded by investigating collectability based on historical loan loss ratios for general receivables and on a case-by-case examination for doubtful and other specific receivables.

Accounting treatment of beneficial interests in real estate

All assets and liabilities held in trust, for which the real estate in possession of NMF was entrusted, and all related earnings and expenses incurred are reflected in the accompanying balance sheet and statement of income and retained earnings, respectively.

Property related taxes

Property in Japan is subject to property taxes, urban planning taxes and depreciable property taxes on a calendar year basis. The taxes related to property are generally imposed based on the value of the relevant property and incurred for the fiscal period. The seller of a property is liable for property related taxes for the period from the purchase date through the end of that calendar year because taxes are imposed on the owner registered in the record as of January 1 for the entire year based on the assessment made by the local government. The amount applicable to the buyer of a property is usually settled between each party and capitalized as part of the acquisition cost of the property. The capitalized property related taxes amounted to ¥49,580 thousand for the fiscal period ended August 31, 2024, and ¥13,340 thousand for the fiscal period ended February 28, 2025.

Revenue recognition

Main performance obligations concerning revenues from contracts with NMF's customers and normal points in time when the obligations are satisfied (normal points in time when revenues are recognized) are as follows:

(1) Disposition of real estate

Gains on sale of real estate are recorded at the points in time when customers or the buyers acquire control over the real estate by NMF satisfying delivery obligations stipulated in the contracts on real estate disposition.

(2) Utility expense revenues

Utility expense revenues are recorded according to the supply of electricity, water, etc. to customers or the tenants based on the lease contracts and attached agreements.

Among utility expense revenues, when NMF is acting as an agent in a transaction, it is NMF's policy to recognize net amounts as revenues after deducting the amounts paid to the suppliers of electricity, gas, etc. from the amounts NMF received as utility charges.

Method of accounting for non-deductible consumption tax, etc.

Non-deductible consumption tax, etc., on such items, as noncurrent assets is included in the acquisition costs of individual items.

Hedge accounting method

(1) Hedge accounting method

Deferral hedge accounting is applied. Special treatment is adopted for interest rate swaps when the requirements for special treatment are fulfilled.

(2) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Interest rates on loans

(3) Hedging Policy

The Investment Corporation conducts derivative transactions to hedge risks stipulated in the Investment Corporation's articles of incorporation in accordance with the Investment Corporation's basic risk management policy.

(4) Method of evaluating the effectiveness of hedging

The effectiveness of hedging is evaluated by determining the correlation between the market value fluctuation of the hedging instrument and the hedged item.

UNAPPLIED ACCOUNTING STANDARD, etc.

- “Accounting Standard for Leases” (Corporate Accounting Standards No. 34 issued by Accounting Standards Board of Japan (“ASBJ”) on September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (Implementation Guidance of Corporate Accounting Standards No.33 issued by ASBJ on September 13, 2024), etc.

(1) Overview

As part of its efforts to ensure consistency between Japanese GAAP and international accounting standards, the ASBJ considered to develop the Accounting Standard for Leases that would recognize assets and liabilities for all leases held by a lessee, taking into account international accounting standards. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc. that adopts only the key provisions of International Financial Reporting Standards (“IFRS”) 16 rather than adopting all of its provisions although it is based on the single accounting model of IFRS 16. The revision aims to be simple and highly convenient, and to make it unnecessary to revise non-consolidated financial statements that apply IFRS 16 in the Accounting Standard for Leases, etc.

Regarding the method for allocating the lease expenses in the lessee’s accounting treatment, using the same approach as IFRS 16, a single accounting model is applied for recording the depreciation associated with the right-of-use assets and the amount equivalent to the interest on the lease liabilities for all leases regardless of whether the lease is a finance lease or an operating lease.

(2) Scheduled date of the application

NMF will adopt the accounting standard, etc. from the beginning of the period ending February 28, 2028.

(3) Impact of the application of the respective accounting standard, etc.

NMF is currently evaluating the effect on its financial statements by applying the “Accounting Standard for Leases”, etc.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of August 31, 2024 and February 28, 2025 consist of the following:

Thousands of Yen

	As of August 31, 2024	As of February 28, 2025
Cash and bank deposits	45,672,669	51,835,083
Cash and cash equivalents	45,672,669	51,835,083

5. ASSETS PLEDGED AS COLLATERAL AND SECURED LIABILITIES

The assets pledged as collateral are as follows:

Thousands of Yen

	As of August 31, 2024	As of February 28, 2025
Buildings in trust	3,018,078	2,973,323
Structures in trust	4,557	4,436
Tools, furniture and fixtures in trust	1,462	1,097
Land in trust	6,096,368	6,096,368
Total	9,120,466	9,075,226

The secured liabilities are as follows:

Thousands of Yen

	As of August 31, 2024	As of February 28, 2025
Tenant leasehold and security deposits in trust	726,648	726,648
Total	726,648	726,648

6. REDUCTION ENTRY OF PROPERTY AND EQUIPMENT ACQUIRED THROUGH STATE SUBSIDY

Reduction entry of property and equipment acquired through state subsidy was as follows:

Thousands of Yen

	As of August 31, 2024	As of February 28, 2025
Buildings	-	3,800
Structures	6,872	6,872
Total	6,872	10,672

7. STATUS OF CANCELLATION OF TREASURY INVESTMENT UNITS

Status of cancellation of treasury investment units was as follows:

Thousands of Yen

	As of August 31, 2024	As of February 28, 2025
Total number of units cancelled (Unit)	47,756	68,836
Total amount cancelled (Thousands of Yen)	6,999,930	9,999,854

Note : The number of units cancelled is 21,080 units and the cancellation amount is ¥2,999,924 thousand during the current period.

8. SCHEDULE OF PROPERTY AND EQUIPMENT

Property and equipment as of August 31, 2024 and February 28, 2025 consist of the following:

Thousands of Yen

	As of August 31, 2024		As of February 28, 2025	
	Acquisition costs	Book value	Acquisition costs	Book value
Land	324,584,104	324,584,104	324,588,173	324,588,173
Buildings and structures	166,726,583	131,330,601	171,336,782	133,732,491
Accumulated depreciation	(35,395,981)		(37,604,290)	
Machinery and equipment	1,183,979	428,068	1,277,803	485,883
Accumulated depreciation	(755,911)		(791,920)	
Tools, furniture and fixtures	1,297,119	743,347	1,630,291	968,009
Accumulated depreciation	(553,772)		(662,282)	
Land in trust	431,432,654	431,432,654	425,245,624	425,245,624
Buildings and structures in trust	217,716,087	163,936,019	220,376,385	163,734,620
Accumulated depreciation	(53,780,067)		(56,641,764)	
Machinery and equipment in trust	1,429,889	833,972	1,482,870	815,620
Accumulated depreciation	(595,917)		(667,249)	
Tools, furniture and fixtures in trust	1,371,867	421,093	1,471,271	448,567
Accumulated depreciation	(950,774)		(1,022,703)	
Lease assets in trust	10,869	3,225	10,869	1,645
Accumulated depreciation	(7,644)		(9,224)	
Construction in progress	183,762	183,762	1,215,147	1,215,147
Total	1,053,896,849	1,053,896,849	1,051,235,784	1,051,235,784

9. DEBT FINANCING

Short-term debts as of August 31, 2024 and February 28, 2025 consist of the following:

	As of August 31, 2024		As of February 28, 2025	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from a bank due on August 26, 2025	1,000,000	0.82636%	-	-
Unsecured loans from banks due on March 4, 2025	-	-	3,500,000	0.98818%
Unsecured loans from banks due on March 4, 2025	-	-	3,000,000	1.08818%
Total	1,000,000		6,500,000	

Long-term debts as of August 31, 2024 and February 28, 2025 consist of the following:

	As of August 31, 2024		As of February 28, 2025	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from a bank due on November 26, 2024	2,250,000	0.50825%	-	-
Unsecured loans from banks due on November 26, 2024	3,000,000	0.58000%	-	-
Unsecured loans from a bank due on November 26, 2024	1,800,000	0.55979%	-	-
Unsecured loans from a bank due on November 26, 2024	500,000	0.52384%	-	-
Unsecured loans from banks due on November 26, 2024	2,000,000	0.42630%	-	-
Unsecured loans from a bank due on November 26, 2024	800,000	0.21380%	-	-
Unsecured loans from banks due on November 26, 2024	1,975,000	0.50636%	-	-
Unsecured loans from banks due on February 26, 2025	4,200,000	0.62675%	-	-
Unsecured loans from a bank due on February 26, 2025	1,000,000	0.52140%	-	-
Unsecured loans from banks due on February 26, 2025	3,000,000	0.53936%	-	-
Unsecured loans from banks due on February 26, 2025	1,500,000	0.53880%	-	-
Unsecured loans from banks due on February 26, 2025	1,000,000	0.50604%	-	-
Unsecured loans from a bank due on May 26, 2025 (Note 2) (Note 3)	518,500	2.17000%	497,100	2.17000%
Unsecured loans from a bank due on May 26, 2025 (Note 2) (Note 3)	518,500	2.21812%	497,100	2.21812%
Unsecured loans from a bank due on May 26, 2025 (Note 2)	2,000,000	0.60286%	2,000,000	0.60286%
Unsecured loans from a bank due on May 26, 2025 (Note 2)	2,000,000	0.60286%	2,000,000	0.60286%
Unsecured loans from banks due on May 26, 2025 (Note 2)	2,800,000	0.60286%	2,800,000	0.60286%
Unsecured loans from a bank due on May 26, 2025 (Note 2)	1,000,000	0.61434%	1,000,000	0.61434%
Unsecured loans from a bank due on May 26, 2025 (Note 2)	1,000,000	0.50506%	1,000,000	0.50506%
Unsecured loans from banks due on May 26, 2025 (Note 2)	2,000,000	0.46301%	2,000,000	0.46301%
Unsecured loans from a bank due on May 26, 2025 (Note 2)	1,000,000	0.19750%	1,000,000	0.19750%
Unsecured loans from banks due on May 26, 2025 (Note 2)	4,000,000	0.50636%	4,000,000	0.76818%
Unsecured loans from banks due on August 26, 2025 (Note 2)	3,000,000	0.56380%	3,000,000	0.56380%
Unsecured loans from banks due on August 26, 2025 (Note 2)	4,050,000	0.58727%	4,050,000	0.58727%
Unsecured loans from banks due on August 26, 2025 (Note 2)	1,850,000	0.67915%	1,850,000	0.67915%
Unsecured loans from banks due on August 26, 2025 (Note 2)	2,600,000	0.60489%	2,600,000	0.60489%
Unsecured loans from banks due on August 26, 2025 (Note 2)	3,000,000	0.58380%	3,000,000	0.58380%
Unsecured loans from banks due on August 26, 2025 (Note 2)	4,000,000	0.50636%	4,000,000	0.76818%
Unsecured loans from banks due on August 26, 2025 (Note 2)	3,000,000	0.50636%	3,000,000	0.76818%
Unsecured loans from a bank due on November 26, 2025 (Note 2)	1,100,000	1.09830%	1,100,000	1.09830%
Unsecured loans from a bank due on November 26, 2025 (Note 2)	1,100,000	1.06250%	1,100,000	1.06250%
Unsecured loans from a bank due on November 26, 2025 (Note 2)	2,000,000	1.03955%	2,000,000	1.03955%
Unsecured loans from a bank due on November 26, 2025 (Note 2)	2,000,000	0.59639%	2,000,000	0.59639%
Unsecured loans from a bank due on November 26, 2025 (Note 2)	2,000,000	0.60448%	2,000,000	0.60448%
Unsecured loans from banks due on November 26, 2025 (Note 2)	4,200,000	0.64616%	4,200,000	0.64616%
Unsecured loans from a bank due on November 26, 2025 (Note 2)	900,000	0.65123%	900,000	0.65123%
Unsecured loans from a bank due on November 26, 2025 (Note 2)	1,300,000	0.64278%	1,300,000	0.64278%

	As of August 31, 2024		As of February 28, 2025	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from a bank due on November 26, 2025 (Note 2)	1,000,000	0.59499%	1,000,000	0.59499%
Unsecured loans from a bank due on November 26, 2025 (Note 2)	500,000	0.56311%	500,000	0.56311%
Unsecured loans from banks due on February 26, 2026 (Note 2)	4,000,000	0.74080%	4,000,000	0.74080%
Unsecured loans from banks due on February 26, 2026 (Note 2)	2,500,000	0.59592%	2,500,000	0.59592%
Unsecured loans from banks due on February 26, 2026 (Note 2)	800,000	0.37630%	800,000	0.37630%
Unsecured loans from a bank due on February 26, 2026 (Note 2)	500,000	0.39196%	500,000	0.39196%
Unsecured loans from banks due on February 26, 2026 (Note 2)	1,500,000	0.17136%	1,500,000	0.17136%
Unsecured loans from a bank due on February 26, 2026 (Note 2)	500,000	0.21500%	500,000	0.21500%
Unsecured loans from a bank due on February 26, 2026 (Note 2)	1,800,000	0.50636%	1,800,000	0.76818%
Unsecured loans from a bank due on May 26, 2026	2,500,000	0.63995%	2,500,000	0.63995%
Unsecured loans from a bank due on May 26, 2026	1,100,000	0.65267%	1,100,000	0.65267%
Unsecured loans from banks due on May 26, 2026	3,600,000	0.60880%	3,600,000	0.60880%
Unsecured loans from a bank due on May 26, 2026	1,000,000	0.59614%	1,000,000	0.59614%
Unsecured loans from a bank due on May 26, 2026	1,100,000	0.37000%	1,100,000	0.37000%
Unsecured loans from a bank due on May 26, 2026	1,500,000	0.25873%	1,500,000	0.25873%
Unsecured loans from a bank due on August 26, 2026	2,700,000	0.67591%	2,700,000	0.67591%
Unsecured loans from a bank due on August 26, 2026	2,700,000	0.67591%	2,700,000	0.67591%
Unsecured loans from banks due on August 26, 2026	3,000,000	0.77669%	3,000,000	0.77669%
Unsecured loans from a bank due on August 26, 2026	1,000,000	0.70414%	1,000,000	0.70414%
Unsecured loans from banks due on August 26, 2026	3,000,000	0.67483%	3,000,000	0.67483%
Unsecured loans from a bank due on August 26, 2026	1,000,000	0.64500%	1,000,000	0.64500%
Unsecured loans from a bank due on August 26, 2026	1,000,000	0.42118%	1,000,000	0.42118%
Unsecured loans from a bank due on August 26, 2026	500,000	0.43627%	500,000	0.43627%
Unsecured loans from banks due on August 26, 2026	1,500,000	0.20880%	1,500,000	0.20880%
Unsecured loans from a bank due on August 26, 2026	1,000,000	0.30116%	1,000,000	0.30116%
Unsecured loans from banks due on August 26, 2026	6,700,000	0.50636%	6,700,000	0.76818%
Unsecured loans from banks due on August 26, 2026	3,000,000	0.50636%	3,000,000	0.76818%
Unsecured loans from a bank due on November 26, 2026	2,000,000	0.76000%	2,000,000	0.76000%
Unsecured loans from a bank due on November 26, 2026	2,000,000	0.74229%	2,000,000	0.74229%
Unsecured loans from banks due on November 26, 2026	4,165,000	0.73506%	4,165,000	0.73506%
Unsecured loans from banks due on November 26, 2026	4,000,000	0.69956%	4,000,000	0.69956%
Unsecured loans from banks due on November 26, 2026	1,500,000	0.64999%	1,500,000	0.64999%
Unsecured loans from banks due on November 26, 2026	2,000,000	0.60750%	2,000,000	0.60750%
Unsecured loans from banks due on November 26, 2026	1,000,000	0.28000%	1,000,000	0.28000%
Unsecured loans from banks due on November 26, 2026	1,200,000	0.30000%	1,200,000	0.30000%
Unsecured loans from banks due on November 26, 2026	6,950,000	0.50636%	6,950,000	0.76818%
Unsecured loans from banks due on February 26, 2027	2,320,000	0.71500%	2,320,000	0.71500%
Unsecured loans from banks due on February 26, 2027	1,500,000	0.46630%	1,500,000	0.46630%
Unsecured loans from a bank due on February 26, 2027	500,000	0.44859%	500,000	0.44859%
Unsecured loans from banks due on February 26, 2027	1,000,000	0.48144%	1,000,000	0.48144%
Unsecured loans from a bank due on February 26, 2027	1,500,000	0.28500%	1,500,000	0.28500%
Unsecured loans from a bank due on February 26, 2027	1,000,000	0.28500%	1,000,000	0.28500%
Unsecured loans from a bank due on February 26, 2027	300,000	0.16205%	300,000	0.16205%
Unsecured loans from a bank due on February 26, 2027	500,000	0.10094%	500,000	0.10094%
Unsecured loans from a bank due on February 26, 2027	500,000	0.35139%	500,000	0.35139%
Unsecured loans from a bank due on February 26, 2027	500,000	0.24818%	500,000	0.24818%
Unsecured loans from a bank due on February 26, 2027	1,000,000	0.29065%	1,000,000	0.29065%
Unsecured loans from banks due on February 26, 2027	4,670,000	0.61727%	4,670,000	0.96727%

	As of August 31, 2024		As of February 28, 2025	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from banks due on March 26, 2027	1,500,000	0.69068%	1,500,000	0.69068%
Unsecured loans from banks due on May 26, 2027	3,060,000	0.78177%	3,060,000	0.78177%
Unsecured loans from banks due on May 26, 2027	2,300,000	0.74736%	2,300,000	0.74736%
Unsecured loans from a bank due on May 26, 2027	1,800,000	0.70250%	1,800,000	0.70250%
Unsecured loans from a bank due on May 26, 2027	1,400,000	0.32000%	1,400,000	0.32000%
Unsecured loans from banks due on August 26, 2027	4,000,000	0.76843%	4,000,000	0.76843%
Unsecured loans from banks due on August 26, 2027	2,600,000	0.76290%	2,600,000	0.76290%
Unsecured loans from a bank due on August 26, 2027	1,000,000	0.74500%	1,000,000	0.74500%
Unsecured loans from a bank due on August 26, 2027	1,000,000	0.51356%	1,000,000	0.51356%
Unsecured loans from banks due on August 26, 2027	1,500,000	0.29000%	1,500,000	0.29000%
Unsecured loans from a bank due on August 26, 2027	600,000	0.32630%	600,000	0.32630%
Unsecured loans from a bank due on August 26, 2027	1,700,000	0.27130%	1,700,000	0.27130%
Unsecured loans from a bank due on August 26, 2027	1,780,000	0.46190%	1,780,000	0.46190%
Unsecured loans from a bank due on August 26, 2027	1,000,000	0.70164%	1,000,000	0.70164%
Unsecured loans from a bank due on November 26, 2027	2,000,000	0.89209%	2,000,000	0.89209%
Unsecured loans from banks due on November 26, 2027	5,000,000	0.79571%	5,000,000	0.79571%
Unsecured loans from a bank due on November 26, 2027	1,800,000	0.75050%	1,800,000	0.75050%
Unsecured loans from banks due on November 26, 2027	1,700,000	0.70750%	1,700,000	0.70750%
Unsecured loans from banks due on November 26, 2027	2,500,000	0.52234%	2,500,000	0.52234%
Unsecured loans from banks due on November 26, 2027	1,000,000	0.31630%	1,000,000	0.31630%
Unsecured loans from a bank due on November 26, 2027	750,000	0.29630%	750,000	0.29630%
Unsecured loans from a bank due on November 26, 2027	1,000,000	0.62227%	1,000,000	0.97227%
Unsecured loans from a bank due on February 28, 2028	1,000,000	0.82130%	1,000,000	0.82130%
Unsecured loans from a bank due on February 28, 2028	2,355,000	0.76241%	2,355,000	0.76241%
Unsecured loans from banks due on February 28, 2028	1,500,000	0.78296%	1,500,000	0.78296%
Unsecured loans from a bank due on February 28, 2028	1,800,000	0.79642%	1,800,000	0.79642%
Unsecured loans from a bank due on February 28, 2028	2,650,000	0.54205%	2,650,000	0.54205%
Unsecured loans from banks due on February 28, 2028	1,500,000	0.57365%	1,500,000	0.57365%
Unsecured loans from banks due on February 28, 2028	1,000,000	0.17813%	1,000,000	0.17813%
Unsecured loans from a bank due on February 28, 2028	1,000,000	0.41000%	1,000,000	0.41000%
Unsecured loans from a bank due on February 28, 2028	1,000,000	0.41000%	1,000,000	0.41000%
Unsecured loans from a bank due on February 28, 2028	500,000	0.39000%	500,000	0.39000%
Unsecured loans from a bank due on February 28, 2028	920,000	0.30000%	920,000	0.30000%
Unsecured loans from a bank due on February 28, 2028	1,000,000	0.47023%	1,000,000	0.47023%
Unsecured loans from banks due on February 28, 2028	-	-	1,960,000	0.96727%
Unsecured loans from banks due on May 26, 2028	5,000,000	0.79880%	5,000,000	0.79880%
Unsecured loans from a bank due on May 26, 2028	2,000,000	0.75922%	2,000,000	0.75922%
Unsecured loans from a bank due on May 26, 2028	1,550,000	0.55038%	1,550,000	0.55038%
Unsecured loans from a bank due on May 26, 2028	500,000	0.54010%	500,000	0.54010%
Unsecured loans from banks due on May 26, 2028	2,000,000	0.54750%	2,000,000	0.54750%
Unsecured loans from a bank due on May 26, 2028	1,400,000	0.40500%	1,400,000	0.40500%
Unsecured loans from banks due on August 28, 2028	3,600,000	0.84750%	3,600,000	0.84750%
Unsecured loans from a bank due on August 28, 2028	500,000	0.61005%	500,000	0.61005%
Unsecured loans from banks due on August 28, 2028	1,000,000	0.62163%	1,000,000	0.62163%
Unsecured loans from a bank due on August 28, 2028	500,000	0.62025%	500,000	0.62025%
Unsecured loans from a bank due on August 28, 2028	500,000	0.37500%	500,000	0.37500%
Unsecured loans from a bank due on August 28, 2028	1,000,000	0.40380%	1,000,000	0.40380%
Unsecured loans from a bank due on August 28, 2028	1,260,000	0.45375%	1,260,000	0.45375%

	As of August 31, 2024		As of February 28, 2025	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from banks due on November 27, 2028	2,000,000	0.81130%	2,000,000	0.81130%
Unsecured loans from banks due on November 27, 2028	3,000,000	0.59375%	3,000,000	0.59375%
Unsecured loans from a bank due on November 27, 2028	1,800,000	0.50880%	1,800,000	0.50880%
Unsecured loans from a bank due on November 27, 2028	500,000	0.39380%	500,000	0.39380%
Unsecured loans from a bank due on November 27, 2028	1,000,000	0.40630%	1,000,000	0.40630%
Unsecured loans from banks due on February 26, 2029	2,500,000	0.65880%	2,500,000	0.65880%
Unsecured loans from banks due on February 26, 2029	1,400,000	0.67098%	1,400,000	0.67098%
Unsecured loans from a bank due on February 26, 2029	2,300,000	0.63692%	2,300,000	0.63692%
Unsecured loans from a bank due on February 26, 2029	500,000	0.63692%	500,000	0.63692%
Unsecured loans from a bank due on February 26, 2029	3,500,000	0.41815%	3,500,000	0.41815%
Unsecured loans from a bank due on February 26, 2029	500,000	0.37000%	500,000	0.37000%
Unsecured loans from a bank due on February 26, 2029	500,000	0.49750%	500,000	0.49750%
Unsecured loans from a bank due on February 26, 2029	1,500,000	0.55565%	1,500,000	0.55565%
Unsecured loans from a bank due on February 26, 2029	1,800,000	0.90134%	1,800,000	0.90134%
Unsecured loans from a bank due on February 26, 2029	800,000	0.64727%	800,000	0.99727%
Unsecured loans from a bank due on February 26, 2029	1,000,000	0.80315%	1,000,000	0.80315%
Unsecured loans from banks due on February 26, 2029	3,470,000	0.63727%	3,470,000	0.98727%
Unsecured loans from banks due on May 28, 2029	5,000,000	0.64000%	5,000,000	0.64000%
Unsecured loans from a bank due on May 28, 2029	800,000	0.55190%	800,000	0.55190%
Unsecured loans from a bank due on May 28, 2029	500,000	0.26451%	500,000	0.26451%
Unsecured loans from a bank due on May 28, 2029	1,000,000	0.45875%	1,000,000	0.45875%
Unsecured loans from a bank due on May 28, 2029	1,000,000	0.44880%	1,000,000	0.44880%
Unsecured loans from banks due on May 28, 2029	1,000,000	0.38500%	1,000,000	0.38500%
Unsecured loans from a bank due on May 28, 2029	500,000	0.64727%	500,000	0.99727%
Unsecured loans from banks due on May 28, 2029	-	-	2,500,000	0.98727%
Unsecured loans from banks due on August 27, 2029	3,900,000	0.46130%	3,900,000	0.46130%
Unsecured loans from banks due on August 27, 2029	2,000,000	0.46130%	2,000,000	0.46130%
Unsecured loans from banks due on August 27, 2029	2,800,000	0.55845%	2,800,000	0.55845%
Unsecured loans from banks due on August 27, 2029	1,600,000	0.48380%	1,600,000	0.48380%
Unsecured loans from a bank due on August 27, 2029	1,500,000	0.48380%	1,500,000	0.48380%
Unsecured loans from a bank due on August 27, 2029	500,000	0.46380%	500,000	0.46380%
Unsecured loans from banks due on August 27, 2029	1,000,000	0.43880%	1,000,000	0.43880%
Unsecured loans from a bank due on August 27, 2029	1,800,000	0.40500%	1,800,000	0.40500%
Unsecured loans from banks due on August 27, 2029	1,250,000	0.64565%	1,250,000	0.64565%
Unsecured loans from a bank due on August 27, 2029	500,000	0.98711%	500,000	0.98711%
Unsecured loans from a bank due on August 27, 2029	1,000,000	0.86438%	1,000,000	0.86438%
Unsecured loans from a bank due on August 27, 2029	2,430,000	0.88815%	2,430,000	0.88815%
Unsecured loans from a bank due on November 26, 2029	2,000,000	1.12506%	2,000,000	1.12506%
Unsecured loans from a bank due on November 26, 2029	2,000,000	1.12506%	2,000,000	1.12506%
Unsecured loans from a bank due on November 26, 2029	1,200,000	0.59500%	1,200,000	0.59500%
Unsecured loans from a bank due on November 26, 2029	1,000,000	0.59500%	1,000,000	0.59500%
Unsecured loans from a bank due on November 26, 2029	750,000	0.48000%	750,000	0.48000%
Unsecured loans from a bank due on November 26, 2029	500,000	0.59500%	500,000	0.59500%
Unsecured loans from a bank due on November 26, 2029	2,000,000	0.50630%	2,000,000	0.50630%
Unsecured loans from a bank due on November 26, 2029	750,000	0.47380%	750,000	0.47380%
Unsecured loans from banks due on November 26, 2029	4,000,000	0.54904%	4,000,000	0.54904%
Unsecured loans from a bank due on November 26, 2029	-	-	1,000,000	1.11690%
Unsecured loans from banks due on February 26, 2030	4,250,000	0.52000%	4,250,000	0.52000%

	As of August 31, 2024		As of February 28, 2025	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from a bank due on February 26, 2030	1,500,000	0.48000%	1,500,000	0.48000%
Unsecured loans from a bank due on February 26, 2030	600,000	0.40915%	600,000	0.40915%
Unsecured loans from a bank due on February 26, 2030	500,000	0.34054%	500,000	0.34054%
Unsecured loans from banks due on February 26, 2030	1,300,000	0.59482%	1,300,000	0.59482%
Unsecured loans from a bank due on February 26, 2030	1,500,000	0.52446%	1,500,000	0.52446%
Unsecured loans from a bank due on February 26, 2030	1,400,000	0.58630%	1,400,000	0.58630%
Unsecured loans from a bank due on February 26, 2030	1,000,000	0.58630%	1,000,000	0.58630%
Unsecured loans from a bank due on February 26, 2030	1,000,000	0.65249%	1,000,000	0.65249%
Unsecured loans from a bank due on February 26, 2030	1,300,000	1.04887%	1,300,000	1.04887%
Unsecured loans from a bank due on February 26, 2030	1,000,000	0.89688%	1,000,000	0.89688%
Unsecured loans from banks due on February 26, 2030	-	-	3,000,000	0.99727%
Unsecured loans from a bank due on February 26, 2030	-	-	2,250,000	1.32190%
Unsecured loans from banks due on February 26, 2030	-	-	2,000,000	0.99727%
Unsecured loans from banks due on May 27, 2030	7,000,000	0.54630%	7,000,000	0.54630%
Unsecured loans from a bank due on May 27, 2030	800,000	0.52630%	800,000	0.52630%
Unsecured loans from a bank due on May 27, 2030	1,000,000	0.53250%	1,000,000	0.53250%
Unsecured loans from a bank due on May 27, 2030	1,000,000	0.55988%	1,000,000	0.55988%
Unsecured loans from a bank due on May 27, 2030	500,000	0.50485%	500,000	0.50485%
Unsecured loans from a bank due on May 27, 2030	720,000	0.59399%	720,000	0.59399%
Unsecured loans from a bank due on May 27, 2030	1,430,000	0.45862%	1,430,000	0.45862%
Unsecured loans from a bank due on May 27, 2030	1,000,000	0.52437%	1,000,000	0.52437%
Unsecured loans from a bank due on May 27, 2030	1,000,000	0.71487%	1,000,000	0.71487%
Unsecured loans from a bank due on May 27, 2030	1,000,000	0.71487%	1,000,000	0.71487%
Unsecured loans from a bank due on May 27, 2030	550,000	0.83509%	550,000	0.83509%
Unsecured loans from a bank due on May 27, 2030	1,000,000	0.81065%	1,000,000	0.81065%
Unsecured loans from banks due on August 26, 2030	2,000,000	0.56500%	2,000,000	0.56500%
Unsecured loans from a bank due on August 26, 2030	1,100,000	0.54500%	1,100,000	0.54500%
Unsecured loans from a bank due on August 26, 2030	300,000	0.54500%	300,000	0.54500%
Unsecured loans from banks due on August 26, 2030	500,000	0.52063%	500,000	0.52063%
Unsecured loans from a bank due on August 26, 2030	1,000,000	0.46000%	1,000,000	0.46000%
Unsecured loans from a bank due on August 26, 2030	1,000,000	0.56068%	1,000,000	0.56068%
Unsecured loans from banks due on August 26, 2030	2,000,000	0.75160%	2,000,000	0.75160%
Unsecured loans from banks due on August 26, 2030	2,300,000	1.13867%	2,300,000	1.13867%
Unsecured loans from a bank due on October 28, 2030	1,100,000	1.92250%	1,100,000	1.92250%
Unsecured loans from a bank due on October 28, 2030	1,100,000	1.91700%	1,100,000	1.91700%
Unsecured loans from a bank due on November 26, 2030	350,000	0.42630%	350,000	0.42630%
Unsecured loans from a bank due on November 26, 2030	500,000	0.53630%	500,000	0.53630%
Unsecured loans from a bank due on November 26, 2030	2,000,000	0.59763%	2,000,000	0.59763%
Unsecured loans from a bank due on November 26, 2030	1,000,000	0.59819%	1,000,000	0.59819%
Unsecured loans from banks due on November 26, 2030	2,000,000	0.89535%	2,000,000	0.89535%
Unsecured loans from a bank due on February 26, 2031	700,000	0.67750%	700,000	0.67750%
Unsecured loans from a bank due on February 26, 2031	2,000,000	0.67750%	2,000,000	0.67750%
Unsecured loans from banks due on February 26, 2031	4,000,000	0.67750%	4,000,000	0.67750%
Unsecured loans from a bank due on February 26, 2031	400,000	0.50000%	400,000	0.50000%
Unsecured loans from a bank due on February 26, 2031	420,000	0.65750%	420,000	0.65750%
Unsecured loans from a bank due on February 26, 2031	2,750,000	0.50226%	2,750,000	0.50226%
Unsecured loans from a bank due on February 26, 2031	1,800,000	0.52198%	1,800,000	0.52198%
Unsecured loans from a bank due on February 26, 2031	2,500,000	0.78474%	2,500,000	0.78474%

	As of August 31, 2024		As of February 28, 2025	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from a bank due on February 26, 2031	1,300,000	1.21160%	1,300,000	1.21160%
Unsecured loans from banks due on February 26, 2031	2,050,000	1.19239%	2,050,000	1.19239%
Unsecured loans from a bank due on February 26, 2031	1,000,000	1.19239%	1,000,000	1.19239%
Unsecured loans from banks due on May 26, 2031	6,000,000	0.64130%	6,000,000	0.64130%
Unsecured loans from a bank due on May 26, 2031	3,500,000	0.64242%	3,500,000	0.64242%
Unsecured loans from a bank due on May 26, 2031	1,000,000	0.60556%	1,000,000	0.60556%
Unsecured loans from banks due on May 26, 2031	1,000,000	0.95338%	1,000,000	0.95338%
Unsecured loans from a bank due on May 26, 2031	2,250,000	0.93910%	2,250,000	0.93910%
Unsecured loans from banks due on May 26, 2031	3,000,000	1.22440%	3,000,000	1.22440%
Unsecured loans from a bank due on August 26, 2031	3,500,000	0.78816%	3,500,000	0.78816%
Unsecured loans from banks due on August 26, 2031	200,000	0.85750%	200,000	0.85750%
Unsecured loans from a bank due on August 26, 2031	2,500,000	1.15160%	2,500,000	1.15160%
Unsecured loans from banks due on August 26, 2031	2,200,000	1.09315%	2,200,000	1.09315%
Unsecured loans from a bank due on November 26, 2031	3,000,000	0.64630%	3,000,000	0.64630%
Unsecured loans from a bank due on November 26, 2031	1,900,000	0.47755%	1,900,000	0.47755%
Unsecured loans from a bank due on November 26, 2031	3,500,000	0.73988%	3,500,000	0.73988%
Unsecured loans from a bank due on November 26, 2031	1,500,000	0.88168%	1,500,000	0.88168%
Unsecured loans from a bank due on November 26, 2031	1,500,000	1.01250%	1,500,000	1.01250%
Unsecured loans from a bank due on November 26, 2031	500,000	1.01250%	500,000	1.01250%
Unsecured loans from a bank due on November 26, 2031	2,000,000	1.00034%	2,000,000	1.00034%
Unsecured loans from a bank due on November 26, 2031	1,000,000	1.00034%	1,000,000	1.00034%
Unsecured loans from a bank due on November 26, 2031	1,830,000	1.24910%	1,830,000	1.24910%
Unsecured loans from banks due on February 26, 2032	6,250,000	0.83563%	6,250,000	0.83563%
Unsecured loans from banks due on February 26, 2032	2,050,000	1.32480%	2,050,000	1.32480%
Unsecured loans from banks due on February 26, 2032	2,750,000	1.25160%	2,750,000	1.25160%
Unsecured loans from banks due on February 26, 2032	-	-	4,200,000	1.08727%
Unsecured loans from a bank due on February 26, 2032	-	-	500,000	1.08727%
Unsecured loans from banks due on May 26, 2032	4,000,000	0.93188%	4,000,000	0.93188%
Unsecured loans from banks due on May 26, 2032	2,000,000	0.92006%	2,000,000	0.92006%
Unsecured loans from a bank due on May 26, 2032	500,000	0.92006%	500,000	0.92006%
Unsecured loans from banks due on May 26, 2032	1,500,000	1.07101%	1,500,000	1.07101%
Unsecured loans from banks due on May 26, 2032	2,250,000	1.06125%	2,250,000	1.06125%
Unsecured loans from banks due on May 26, 2032	2,300,000	0.79727%	2,300,000	1.14727%
Unsecured loans from banks due on May 26, 2032	2,800,000	1.32707%	2,800,000	1.32707%
Unsecured loans from banks due on May 26, 2032	2,600,000	0.79727%	2,600,000	1.14727%
Unsecured loans from a bank due on August 26, 2032	1,000,000	0.91688%	1,000,000	0.91688%
Unsecured loans from banks due on August 26, 2032	5,000,000	1.28875%	5,000,000	1.28875%
Unsecured loans from a bank due on August 26, 2032	1,000,000	1.28875%	1,000,000	1.28875%
Unsecured loans from banks due on November 26, 2032	5,400,000	1.13063%	5,400,000	1.13063%
Unsecured loans from a bank due on November 26, 2032	1,500,000	1.23446%	1,500,000	1.23446%
Unsecured loans from a bank due on November 26, 2032	1,500,000	0.79727%	1,500,000	1.14727%
Unsecured loans from banks due on February 28, 2033	2,800,000	1.35532%	2,800,000	1.35532%
Unsecured loans from banks due on February 28, 2033	-	-	2,600,000	1.14727%
Unsecured loans from a bank due on February 28, 2033	-	-	1,000,000	1.14727%
Unsecured loans from banks due on May 26, 2033	-	-	4,500,000	1.17727%
Unsecured loans from a bank due on May 26, 2033	-	-	2,000,000	1.17727%
Unsecured loans from banks due on August 26, 2033	2,800,000	1.42188%	2,800,000	1.42188%
Unsecured loans from a bank due on August 26, 2033	500,000	1.42188%	500,000	1.42188%

	As of August 31, 2024		As of February 28, 2025	
	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)	Amount (Thousands of Yen)	Weighted-average interest rate (Note 1)
Unsecured loans from a bank due on November 28, 2033	2,550,000	1.51563%	2,550,000	1.51563%
Total	481,892,000		486,334,200	

Note 1: The weighted-average interest rate is weighted by the balance of each borrowing at the end of the period and rounded to the nearest fifth decimal place.

As for the borrowings, hedged by interest-rate swaps for the purpose of avoiding interest rate fluctuation risk, the swapped interest rates are used to calculate the weighted-average interest rate.

Note 2: At the end of the period, these loans are accounted for under current liabilities on the balance sheets as the current portion of long-term borrowings.

Note 3: Installments of ¥10.7 million will be made on the 26th day of every third month starting on August 26, 2013, with the remaining payment of ¥497.1 million to be repaid on May 26, 2025.

The scheduled repayment amounts of long-term debt for each of the five years after the balance sheet date are as follows.

	Thousands of Yen				
	Within a year	1-2 years	2-3 years	3-4 years	4-5 years
As of August 31, 2024	61,362,000	65,600,000	65,345,000	52,785,000	58,150,000
As of February 28, 2025	65,994,200	78,005,000	59,175,000	48,880,000	70,380,000

(1) The Company entered into ¥40,000 million of credit facilities in the form of commitment lines with four financial institutions for the fiscal period ended August 31, 2024. The total unused amount of such credit facilities was ¥39,000 million as of August 31, 2024.

(2) The Company entered into ¥40,000 million of credit facilities in the form of commitment lines with four financial institutions for the fiscal period ended February 28, 2025. The total unused amount of such credit facilities was ¥33,500 million as of February 28, 2025.

10. INVESTMENT CORPORATION BONDS

Details of investment corporation bonds outstanding are summarized as follows.

	As of August 31, 2024		As of February 28, 2025	
	Amount (Thousands of Yen)	Interest rate (Note 1)	Amount (Thousands of Yen)	Interest rate (Note 1)
Former NMF's 1st series of unsecured investment corporation bonds due on October 30, 2024	3,000,000	0.870%	-	-
NOF's 10th series of unsecured investment corporation bonds due on November 25, 2024	6,000,000	1.020%	-	-
NMF's 2nd series of unsecured investment corporation bonds due on November 16, 2027	2,000,000	0.590%	2,000,000	0.590%
NOF's 7th series of unsecured investment corporation bonds due on March 17, 2028	4,500,000	2.900%	4,500,000	2.900%
NMF's 8th series of unsecured investment corporation bonds due on July 19, 2029	4,400,000	0.988%	4,400,000	0.988%
NMF's 4th series of unsecured investment corporation bonds due on September 20, 2029 (green bonds)	3,000,000	0.530%	3,000,000	0.530%
NMF's 9th series of unsecured investment corporation bonds due on February 20, 2030 (green bonds)	-	-	3,000,000	1.345%
NMF's 6th series of unsecured investment corporation bonds due on August 14, 2030 (green bonds)	7,000,000	0.540%	7,000,000	0.540%
NMF's 10th series of unsecured investment corporation bonds due on February 20, 2032	-	-	3,500,000	1.551%
NMF's 7th series of unsecured investment corporation bonds due on July 8, 2033	2,000,000	0.950%	2,000,000	0.950%
NMF's 3rd series of unsecured investment corporation bonds due on May 21, 2038	1,500,000	1.030%	1,500,000	1.030%
NMF's 5th series of unsecured investment corporation bonds due on September 20, 2039	5,000,000	0.900%	5,000,000	0.900%
Total	38,400,000		35,900,000	

Note 1: The interest rate is rounded to the nearest second decimal place.

The scheduled redemption amounts of investment corporation bonds for each of the five years after the balance sheet date are as follows.

	Thousands of Yen				
	Within a year	1-2 years	2-3 years	3-4 years	4-5 years
As of August 31, 2024	9,000,000	-	-	6,500,000	4,400,000
As of February 28, 2025	-	-	2,000,000	4,500,000	10,400,000

11. UNITHOLDERS' EQUITY

NMF issues only non-par value investment units in accordance with the Investment Trust Act. The entire amount of the issue price of new units is designated as stated capital. NMF is required to maintain net assets of at least ¥50,000 thousand as set forth in the Investment Trust Act.

12. ALLOWANCE FOR TEMPORARY DIFFERENCE ADJUSTMENTS

The movement in the allowance for temporary difference adjustments on the Balance Sheet was as follows:

For the period from March 1, 2024 to August 31, 2024

1. Reason, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Goodwill	Amortization of goodwill	35,711,554	22,386,440	2,409,467	-	24,795,907	-
Land, buildings, etc.	Merger expenses	4,029,135	1,234,766	-	(9,546)	1,225,220	Sales and depreciation of properties for which merger expenses were recorded
Deferred gains or losses on hedges	Loss on interest-rate swaps recognized at the end of the fiscal period	2,867,594	4,094	-	(4,094)	-	Changes in fair value of derivative transactions
Increase - subtotal		-	23,625,301	2,409,467	(13,640)	26,021,128	-
Total		-	23,625,301	2,409,467	(13,640)	26,021,128	-

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

Item	Method of reversal
Buildings, etc.	Upon depreciation and sale, etc., the corresponding amount is scheduled to be reversed.
Land	Upon sale, etc., the corresponding amount is scheduled to be reversed.
Buildings in trust, etc.	Upon depreciation or sale, etc., the corresponding amount is scheduled to be reversed.
Land in trust Leasehold rights Leasehold rights in trust	Upon sale, etc., the corresponding amount is scheduled to be reversed.

(3) Deferred gains or losses on hedges

Based on changes in the fair value of derivatives used as hedging instruments, the corresponding amount is scheduled to be reversed.

For the period from September 1, 2024 to February 28, 2025

1. Reason, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason	Initial amount	Balance at the end of previous period	Allowance set aside during period	Reversal during period	Balance at the end of current period	Reason for reversal
Goodwill	Amortization of goodwill	35,711,554	24,795,907	-	-	24,795,907	-
Land, buildings, etc.	Merger expenses	4,029,135	1,225,220	-	(20,866)	1,204,353	Sales and depreciation of properties for which merger expenses were recorded
Increase - subtotal		-	26,021,128	-	(20,866)	26,000,261	-
Total		-	26,021,128	-	(20,866)	26,000,261	-

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

Item	Method of reversal
Buildings, etc.	Upon depreciation and sale, etc., the corresponding amount is scheduled to be reversed.
Land	Upon sale, etc., the corresponding amount is scheduled to be reversed.
Buildings in trust, etc.	Upon depreciation or sale, etc., the corresponding amount is scheduled to be reversed.
Land in trust Leasehold rights Leasehold rights in trust	Upon sale, etc., the corresponding amount is scheduled to be reversed.

13. PER UNIT INFORMATION

The net asset values per unit and the net income per unit as of and for the periods ended August 31, 2024 and February 28, 2025 were as follows:

	As of / For the period from March 1, 2024 to August 31, 2024	As of / For the period from September 1, 2024 to February 28, 2025
Net assets per unit	¥129,878	¥129,797
Net income per unit	¥3,759	¥3,434

Note 1: The net income per unit is calculated by dividing net income by the weighted-average number of units outstanding.

Note 2: The basis for calculating net income per unit is as follows.

	For the period from March 1, 2024 to August 31, 2024	For the period from September 1, 2024 to February 28, 2025
Net income (Thousands of Yen)	17,688,396	15,986,105
Amount not available to ordinary unitholders (Thousands of Yen)	-	-
Net income available to ordinary unitholders (Thousands of Yen)	17,688,396	15,986,105
Average number of units during the period (Units)	4,705,277	4,654,763

14. RELATED PARTY TRANSACTIONS

For the periods from March 1, 2024 to August 31, 2024 and from September 1, 2024 to February 28, 2025

Parent Company and major corporate unitholders

Not applicable.

Subsidiaries and affiliates

Not applicable.

Fellow subsidiary companies

Not applicable.

Directors and major individual unitholders

Not applicable.

15. INCOME TAXES

The Company, as an investment corporation, is subject to corporate income taxes at a statutory tax rate of approximately 31.46% for the fiscal period ended February 28, 2025. However, the Company may deduct dividend distributions paid to its unitholders from its taxable income amounts, provided such distributions meet the requirements under the Act on Special Measures Concerning Taxation of Japan. Under this act, an investment corporation must meet a number of tax requirements, including a requirement to distribute in excess of 90% of its distributable income for the fiscal period, in order to deduct such amounts. If the investment corporation does not satisfy all of the requirements, the entire taxable income of the investment corporation will be subject to regular corporate income taxes.

Since the Company distributed in excess of 90% of its distributable income in the form of cash distributions totaling ¥16,043,894 thousand for the fiscal period ended February 28, 2025, such distributions were treated as deductible distributions for purposes of corporate income taxes.

The following summarizes breakdown of deferred tax assets and liabilities:

Thousands of Yen

	For the period from March 1, 2024 to August 31, 2024	For the period from September 1, 2024 to February 28, 2025
Deferred tax asset:		
Valuation difference on other assets acquired by merger	13,883,355	13,021,015
Deferred gains or losses on hedges	—	—
Unearned revenue	—	—
Write-offs for long-term prepaid expenses	166	158
Depreciation costs of trust leasehold rights	2,656	2,880
Asset retirement obligations	40,486	72,792
Non-deductible accrued enterprise tax	—	—
Provision for loss on disaster	—	—
Other	14,786	14,786
Subtotal	13,941,451	13,111,632
Valuation allowance	(13,941,451)	(13,111,632)
Total non-current deferred tax assets	—	—
Total deferred tax assets	—	—
Net deferred tax assets	—	—

The following summarizes the significant differences between the statutory tax rate and the effective tax rate.

	For the period from March 1, 2024 to August 31, 2024	For the period from September 1, 2024 to February 28, 2025
Statutory tax rate	31.46%	31.46%
Deductible cash distributions	(14.89%)	(31.43%)
Valuation of allowance	(21.24%)	(5.19%)
Amortization of goodwill	4.66%	5.16%
Other	0.00%	0.00%
Effective tax rate	0.00%	0.00%

Details and Impact of Changes in Corporate Tax Rates After the Fiscal Year-End

The "Act to Partially Amend the Income Tax Act (Act No. 13 of 2025)" and the "Ordinance on Special Defense Corporate Tax (Ordinance No. 134 of 2025)" were promulgated on March 31, 2025, and the corporate tax rates will be changed starting from the fiscal period beginning on or after April 1, 2026. The impact of these changes in tax rates is minor.

16. FINANCIAL INSTRUMENTS

Overview

(1) Policy for Financial Instruments

Upon acquisition of property-related assets, the Company may raise funds through certain financing methods including borrowings, issuance of investment corporation bonds and issuance of investment units. In financing through interest-bearing debt, to secure stable financing capability and reduce future risks of rising interest rates, the Company's investment policy is to secure longer-term, fixed-rate borrowings with well-diversified maturities.

The Company enters into derivative transactions only for the purpose of reducing risk of future interest rate fluctuations and does not engage in speculative transactions.

(2) Type and Risk of Financial Instruments and Related Risk Management

Borrowings and investment corporation bonds are primarily used to fund the acquisition of property-related assets as well as the repayment of debts and redemption of investment corporation bonds. The Company is exposed to liquidity risk of being unable to meet its obligations on scheduled due dates. The Company controls and limits such risk by diversifying not only the financial institutions, but also the type of financing to include the effective use of surplus funds and direct financing from the capital markets such as issuance of investment units. In addition, the Company is exposed to the market risk arising from fluctuations in interest rates on its floating-rate debt. However, the effect of such risk on the operation of the Company is limited by maintaining the LTV ratio at low levels and the ratio of long-term fixed-rate debt to total debt at high levels. Furthermore, the Company may utilize derivative transactions (interest-rate swap transactions) as a hedging instrument to reduce the market risk under floating-rate debt by swapping such floating-rate interest payments for fixed-rate interest payments.

Bank deposits are held as a means of investing surplus funds, and the Company is exposed to the credit risk that financial institutions may default. However, the effect of such risk is limited by diversifying the financial institutions with which surplus funds are deposited.

(3) Supplementary Explanation on Estimated Fair Value of Financial Instruments

The fair value of financial instruments is based on the quoted market price, if applicable. When there is no quoted market price available, fair value is reasonably estimated. Certain assumptions are used for the estimation of fair value. Accordingly, the result of such estimation may change if different assumptions are used. Furthermore, the contractual amounts of derivative transactions stated in "26. Derivatives and Hedge Accounting" below do not represent the market risk involved in these derivative transactions.

Fair Value of Financial Instruments

For the period from March 1, 2024 to August 31, 2024

Carrying amount, fair value and the difference between the two as of August 31, 2024 are as follows.

"Cash and bank deposits," "Cash and bank deposits in trust," and "Short-term debt" approximate their carrying amounts due to cash and short-term settlements, therefore, notes are omitted.

Thousands of Yen			
	Carrying value (Note 1)	Fair value (Note 1)	Difference
(i) Current portion of Investment corporation bonds	(9,000,000)	(9,007,278)	7,278
(ii) Current portion of long-term debt	(61,362,000)	(61,454,180)	92,180
(iii) Investment corporation bonds	(29,400,000)	(28,190,346)	(1,209,653)
(iv) Long-term debt	(420,530,000)	(417,356,833)	(3,173,166)
(v) Derivative transactions	—	—	—

For the period from September 1, 2024 to February 28, 2025

Carrying amount, fair value and the difference between the two as of February 28, 2025 are as follows.

"Cash and bank deposits," "Cash and bank deposits in trust," and "Short-term debt" approximate their carrying amounts due to cash and short-term settlements, therefore, notes are omitted.

Thousands of Yen

	Carrying value ^(Note 1)	Fair value ^(Note 1)	Difference
(i) Current portion of Investment corporation bonds	—	—	—
(ii) Current portion of long-term debt	(65,994,200)	(66,183,452)	189,252
(iii) Investment corporation bonds	(35,900,000)	(33,990,312)	(1,909,687)
(iv) Long-term debt	(420,340,000)	(413,834,956)	(6,505,043)
(v) Derivative transactions	—	—	—

Note 1: The numbers in parenthesis indicate liabilities.

Note 2: Method for determining the fair value of financial instruments and derivative transactions.

(i) Current portion of Investment corporation bonds and (iii) Investment corporation bonds

The fair value of investment corporation bonds issued by the Company is determined based on their market prices.

(ii) Current portion of long-term debt and (iv) Long-term debt

For floating-rate long-term debt, the carrying value is reported as it is considered to be approximately equal to the fair value because such debt reflects the market interest rates within a short-term period. (However, the fair value of certain floating-rate long-term debt that qualifies for the special treatment of interest-rate swaps (see "26. Derivatives and Hedge Accounting") is determined by discounting the sum of its principal and interest payments net of any cash flows from the interest-rate swap at a rate reasonably estimated to be applicable to similar fixed-rate debt.)

The fair value of fixed-rate long-term debt is determined by discounting the sum of its principal and interest payments at a rate reasonably estimated to be applicable to similar fixed-rate debt.

(v) Derivative transactions

See "26. Derivatives and Hedge Accounting."

Note 3: Redemption schedule for debt as of August 31, 2024

Thousands of Yen

	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Investment corporation bonds	9,000,000	—	—	6,500,000	4,400,000	18,500,000
Long-term debt	61,362,000	65,600,000	65,345,000	52,785,000	58,150,000	178,650,000
Total	70,362,000	65,600,000	65,345,000	59,285,000	62,550,000	197,150,000

Redemption schedule for debt as of February 28, 2025

Thousands of Yen

	Due within one year	After one year, within two years	After two years, within three years	After three years, within four years	After four years, within five years	After five years
Investment corporation bonds	—	—	2,000,000	4,500,000	10,400,000	19,000,000
Long-term debt	65,994,200	78,005,000	59,175,000	48,880,000	70,380,000	163,900,000
Total	65,994,200	78,005,000	61,175,000	53,380,000	80,780,000	182,900,000

17. ASSET RETIREMENT OBLIGATIONS

Asset retirement obligations that are reported on the balance sheet.

1. Overview of the asset retirement obligations

The asset retirement obligations represent restoration obligations under fixed-term land leases.

2. Calculation method of the asset retirement obligations

Asset retirement obligations are calculated using the expected period of use, which is the fixed-term land lease term (41 to 46 years), and a discount rate of 1.4 - 2.3%.

3. Changes in total asset retirement obligations

	Thousands of Yen	
	Previous period from March 1, 2024 to August 31, 2024	Current period from September 1, 2024 to February 28, 2025
Balance at beginning of period	385,407	485,153
Increase due to purchase of property, plant and equipment	96,214	277,255
Adjustments for passage of time	3,531	6,704
Balance at end of period	485,153	769,113

18. INVESTMENT AND RENTAL PROPERTIES

The Company owns leasable office, leasable retail facilities, leasable logistics facilities, leasable residential (including land) in Greater Tokyo area and other areas for the purpose of earning revenue from leasing. The following table summarizes the carrying value and the estimated fair value of these properties.

	Thousands of Yen	
	For the period from March 1, 2024 to August 31, 2024	For the period from September 1, 2024 to February 28, 2025
Carrying value		
Balance at beginning of the period	1,074,275,708	1,071,869,585
Amount of increase (decrease) during the period	(2,406,122)	368,171
Balance at end of the period	1,071,869,585	1,072,237,757
Fair value at end of the period	1,340,126,000	1,347,188,490

Note 1: The carrying value represents the acquisition cost less accumulated depreciation.

Note 2: Of the change in investment and rental properties, the increase during the previous period is mainly attributable to the acquisition of MIMARU SUITES Tokyo Asakusa (¥2,404,512 thousand), Hotel Wing International Premium Kanazawa Ekimae (¥2,204,456 thousand), Kojimachi Millennium Garden (¥285,042 thousand), MEFULL CHITOSEKARASUYAMA (¥1,902,243 thousand), Landport Tama (¥17,657,878 thousand), PRIME URBAN Nishi Nippori (¥1,011,186 thousand). The decrease during the previous period is mainly attributable to the sale of NRE Ueno Building (¥6,604,804 thousand), Harumi Island Triton Square Office Tower Y (¥17,853,438 thousand), PRIME URBAN Iidabashi (¥1,880,253 thousand), as well as depreciation (¥5,750,298 thousand). The increase during the current period is mainly attributable to the acquisition of La'gent Stay Hakodate Ekimae/HAKOVIVA (¥6,450,618 thousand), hotel androoms Shin-Osaka (¥4,412,584 thousand). The decrease during the current period is mainly attributable to the sale of NMF Shinjuku Minamiguchi Building (¥10,139,307 thousand), as well as depreciation (¥5,720,074 thousand).

Note 3: Fair value at the end of the period is the appraisal value or investigation value determined by investigation, found by an outside real estate appraiser. However, in the previous period, the scheduled transfer price is used as the fair value for NMF Shinjuku Minamiguchi Building. In the current fiscal period, transfer price is used as the fair value for PRIME URBAN Yaotome Chuo, PRIME URBAN Sensoku, PRIME URBAN Gyotoku I, PRIME URBAN Gyotoku II, PRIME URBAN Gyotoku Ekimae II, PRIME URBAN Gyotoku III, PRIME URBAN Meguro Mita, PRIME URBAN Nagamachi Icchome, PRIME URBAN Izumi.

The income (loss) in the previous period (from March 1, 2024 to August 31, 2024) and current period (from September 1, 2024 to February 28, 2025) for investment and rental properties is as presented in "Notes to Statement of Income and Retained Earnings" earlier in this report.

19. REVENUE RECOGNITION

1. Information on disaggregation of revenues from contracts with customers

Previous period (from March 1, 2024 to August 31, 2024)

Thousands of Yen

	Revenues from contracts with customers (Note 1)	Sales to external customers
Proceeds from sales of real estate	9,174,000	(Note 2) 5,292,522
Utility expense revenues	1,595,899	1,595,899
Other	-	38,193,147
Total	10,769,899	45,081,569

Note 1: Leasing business revenues, which are subject to ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," and real estate transfers, which are subject to the "Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies" of the ASBJ Transferred Guidance No. 10, are not subject to the Accounting Standard for Revenue Recognition, and are thus not included in the above amount. Note that the main revenues from contracts with customers are gains on sale of real estate and utilities expense revenues.

Note 2: Gains on sale of real estate are recorded as profits/losses on sale of real estate (the amount after deducting real estate disposition costs and other disposition costs from gains on sale of real estate) in the statement of income and retained earnings. Since NMF records gains on sale of real estate as operating revenues and losses on sale of real estate as operating expenses, only the amounts of gains on sale of real estate are described in the above table.

Current period (from September 1, 2024 to February 28, 2025)

Thousands of Yen

	Revenues from contracts with customers (Note 1)	Sales to external customers
Proceeds from sales of real estate	13,500,000	(Note 2) 3,274,704
Utility expense revenues	1,566,329	1,566,329
Other	-	38,276,229
Total	15,066,329	43,117,263

Note 1: Leasing business revenues, which are subject to ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," and real estate transfers, which are subject to the "Practical Guidelines on the Accounting by Transferors for the Securitization of Real Estate Using Special-Purpose Companies" of the ASBJ Transferred Guidance No. 10, are not subject to the Accounting Standard for Revenue Recognition, and are thus not included in the above amount. Note that the main revenues from contracts with customers are gains on sale of real estate and utilities expense revenues.

Note 2: Gains on sale of real estate are recorded as profits/losses on sale of real estate (the amount after deducting real estate disposition costs and other disposition costs from gains on sale of real estate) in the statement of income and retained earnings. Since NMF records gains on sale of real estate as operating revenues and losses on sale of real estate as operating expenses, only the amounts of gains on sale of real estate are described in the above table.

2. Basic information for understanding revenues from contracts with customers

Previous period (from March 1, 2024 to August 31, 2024)

Refer to the description in the notes concerning matters pertaining to significant accounting policies.

Current period (from September 1, 2024 to February 28, 2025)

Refer to the description in the notes concerning matters pertaining to significant accounting policies.

3. Information on the satisfaction of performance obligations based on contracts with customers, relationships with cash flows arising from the contracts, and the amounts of revenues which arise from outstanding contracts with customers as of the end of the accounting period under review and will be recognized in the next accounting period onwards, as well as the timing to recognize the revenues.

(1) Balances of contract assets and liabilities

Thousands of Yen

	Previous period from March 1, 2024 to August 31, 2024	Current period from September 1, 2024 to February 28, 2025
Receivables from contracts with customers (Balance as of the beginning of the fiscal period)	396,112	511,755
Receivables from contracts with customers (Balance as of the end of the fiscal period)	511,755	418,740
Contract assets (Balance as of the beginning of the fiscal period)	-	-
Contract assets (Balance as of the end of the fiscal period)	-	-
Contract liabilities (Balance as of the beginning of the fiscal period)	-	-
Contract liabilities (Balance as of the end of the fiscal period)	-	-

(2) Transaction prices allocated to remaining performance obligations

Previous period (from March 1, 2024 to August 31, 2024)

Not applicable.

Concerning utility expense revenues, NMF recognizes them with the amounts for which it has the right to claim according to item 19 of the Implementation Guidance on the Accounting Standard for Revenue Recognition. This is because NMF has the right to receive the amounts of consideration, which directly correspond to the value for customers or tenants, from customers for the portions where the obligations are satisfied before the end of a fiscal period. Accordingly, adopting the stipulation of item 80-22 (2) of the Accounting Standard for Revenue Recognition, utility expense revenues are not included in the note on transaction prices allocated to remaining performance obligations.

Current period (from September 1, 2024 to February 28, 2025)

Not applicable.

Concerning utility expense revenues, NMF recognizes them with the amounts for which it has the right to claim according to item 19 of the Implementation Guidance on the Accounting Standard for Revenue Recognition. This is because NMF has the right to receive the amounts of consideration, which directly correspond to the value for customers or tenants, from customers for the portions where the obligations are satisfied before the end of a fiscal period. Accordingly, adopting the stipulation of item 80-22 (2) of the Accounting Standard for Revenue Recognition, utility expense revenues are not included in the note on transaction prices allocated to remaining performance obligations.

20. SEGMENT INFORMATION

For the periods from March 1, 2024 to August 31, 2024 and from September 1, 2024 to February 28, 2025

Segment Information

Since the Company has been engaged in the real estate leasing business as a single segment, segment information has been omitted.

Related Information

1. Information about products and services

Since revenues from external customers for products and services within a single segment are more than 90 percent of total operating revenues, information about products and services has been omitted.

2. Information about geographical areas

(1) Revenues

Since more than 90 percent of the total operating revenues were generated from external customers in Japan, a geographical breakdown of revenues has been omitted.

(2) Property and equipment

Since more than 90 percent of the total property and equipment on the balance sheet are located in Japan, a geographical breakdown of property and equipment has been omitted.

3. Information about major clients

For the period from March 1, 2024 to August 31, 2024

Customer name	Revenues (Thousands of Yen)	Related segment name
Nomura Real Estate Partners Co., Ltd.	5,704,731	Rental real estate business
HarumiY TMK	4,664,488	Rental real estate business

For the period from September 1, 2024 to February 28, 2025

Customer name	Revenues (Thousands of Yen)	Related segment name
Nomura Real Estate Partners Co., Ltd.	5,624,729	Rental real estate business

21. BREAKDOWN OF REAL ESTATE RENTAL REVENUES AND EXPENSES

Real estate rental revenues and expenses for the fiscal periods ended August 31, 2024 and February 28, 2025 consist of the following:

Thousands of Yen

	For the period from March 1, 2024 to August 31, 2024	For the period from September 1, 2024 to February 28, 2025
Real estate rental revenues	39,789,047	39,842,558
Rental revenues	36,444,042	36,632,469
Rental revenues	34,318,132	34,652,313
Common area charges	2,125,910	1,980,156
Other rental revenues	3,345,004	3,210,088
Parking revenues	632,968	659,988
Incidental income	2,480,079	2,384,349
Other miscellaneous revenues	231,957	165,751
Real estate rental expenses	18,007,498	17,781,259
Property management costs	1,918,149	1,912,172
Property management fees	1,116,093	999,696
Property and other taxes	3,614,828	3,465,801
Utility expenses	2,043,024	1,975,090
Casualty insurance	77,824	77,084
Repairs and maintenance	1,737,015	1,915,814
Land rents	299,402	319,579
Depreciation	5,760,583	5,733,335
Other rental expenses	1,440,575	1,382,684
Real estate rental profits	21,781,548	22,061,299

22. BREAKDOWN OF GAIN AND LOSS ON SALES OF REAL ESTATE

For the period from March 1, 2024 to August 31, 2024

		Thousands of Yen
NRE Ueno Building		
Proceeds from sales of real estate	6,930,000	
Cost of sales of real estate	6,604,804	
Other related sales expenses	41,019	
Gain on sales of real estate		284,176
PRIME URBAN Iidabashi		
Proceeds from sales of real estate	2,244,000	
Cost of sales of real estate	1,880,253	
Other related sales expenses	19,889	
Gain on sales of real estate		343,857
Harumi Island Triton Square Office Tower Y		
Proceeds from sales of real estate	22,820,000	
Cost of sales of real estate	17,853,438	
Other related sales expenses	302,073	
Gain on sales of real estate		4,664,488

For the period from September 1, 2024 to February 28, 2025

		Thousands of Yen
NMF Shinjuku Minamiguchi Building		
Proceeds from sales of real estate	13,500,000	
Cost of sales of real estate	10,139,307	
Other related sales expenses	85,987	
Gain on sales of real estate		3,274,704

23. BREAKDOWN OF EXTRAORDINARY GAIN

For the period from March 1, 2024 to August 31, 2024

Not applicable.

For the period from September 1, 2024 to February 28, 2025

Not applicable.

24. BREAKDOWN OF EXTRAORDINARY LOSS

For the period from March 1, 2024 to August 31, 2024

Not applicable.

For the period from September 1, 2024 to February 28, 2025

Not applicable.

25. LEASES

(As lessee)

The future minimum rental payments to owners under non-cancelable operating leases of properties as of August 31, 2024 and February 28, 2025 are summarized as follows:

Thousands of Yen

	As of August 31, 2024	As of February 28, 2025
Due within one year	126,360	147,024
Due after one year	5,019,380	4,956,200
Total	5,145,740	5,103,224

(As lessor)

The future minimum rental revenues from tenants under non-cancelable operating leases of properties as of August 31, 2024 and February 28, 2025 are summarized as follows:

Thousands of Yen

	As of August 31, 2024	As of February 28, 2025
Due within one year	40,462,244	44,464,614
Due after one year	91,677,048	85,761,641
Total	132,139,292	130,226,256

26. DERIVATIVES AND HEDGE ACCOUNTING

Derivative transactions as of August 31, 2024

- (1) There were no derivative financial instruments not subject to hedge accounting.
 (2) Derivative financial instruments subject to hedge accounting were as follows:

Hedge accounting method	Type of derivative instruments	Main hedged item	Thousands of Yen		Fair value ^(Note 2)
			Notional amount ^(Note 1)	Due after one year	
Special treatment of interest-rate swaps	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	14,018,500	9,300,000	11,223 ^(Note 3)

Note 1: Contract amount is based on notional amount.

Note 2: Fair value is measured by swap counterparty, based on the actual market interest rate, etc.

Note 3: Out of the fair value, ¥11,223 thousand is not marked to market on the Balance Sheet, since adopting special treatment for interest-rate swaps.

Derivative transactions as of February 28, 2025

- (1) There were no derivative financial instruments not subject to hedge accounting.
 (2) Derivative financial instruments subject to hedge accounting were as follows:

Hedge accounting method	Type of derivative instruments	Main hedged item	Thousands of Yen		Fair value ^(Note 2)
			Notional amount ^(Note 1)	Due after one year	
Special treatment of interest-rate swaps	Interest-rate swaps: Received/floating and paid/fixed	Long-term debt	9,797,100	2,200,000	74,121 ^(Note 3)

Note 1: Contract amount is based on notional amount.

Note 2: Fair value is measured by swap counterparty, based on the actual market interest rate, etc.

Note 3: Out of the fair value, ¥74,121 thousand is not marked to market on the Balance Sheet, since adopting special treatment for interest-rate swaps.

27. CASH DISTRIBUTIONS

Yen

	For the period from March 1, 2024 to August 31, 2024	For the period from September 1, 2024 to February 28, 2025
1. Retained earnings at end of period	17,690,705,467	17,553,263,081
2. Incorporation into unitholders' capital	20,866,430	23,592,180
Of which, reversal of allowance for temporary difference adjustments	20,866,430	23,592,180
3. Distributions	16,102,681,800	16,043,894,892
[Distributions (per unit)]	(3,450)	(3,453)
Of which, distributions of earnings	16,102,681,800	16,043,894,892
[Of which, distributions of earnings (per unit)]	(3,450)	(3,453)
4. Retained earnings carried forward	1,567,157,237	1,485,776,009

Calculation method of distribution amount

NMF calculates distributions in accordance with the cash distribution policies as specified in Article 36, paragraphs 1 and 2 of NMF's Articles of Incorporation. For the fiscal period under review, NMF decided to distribute ¥16,043,894,892 (¥3,453 per investment unit), which is the amount obtained by adding amortization of goodwill, amortization of fixed-term land leasehold, and amortization associated with recognition of asset retirement obligations, as well as the portion of the gain on sales of real estate deducted in prior fiscal periods to net income and deducting a portion of the gain on sale of real estate for the fiscal period under review.

The entire amount of ¥16,043,894,892, the amount of distributions calculated as described above, will be paid out as distributions of earnings, as said amount does not exceed net income as defined in Article 136, Paragraph 1 of the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, hereinafter the Investment Trust Act).

28. INFORMATION ON ALLOWANCE FOR TEMPORARY DIFFERENCE ADJUSTMENTS

For the period from March 1, 2024 to August 31, 2024

1. Reason for reversal, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason for reversal	Provision of allowance for temporary difference adjustments
Land, Buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	(20,866)
Total		(20,866)

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

Item	Method of reversal
Buildings, etc.	Upon depreciation or sale, the corresponding amount is scheduled to be reversed.
Land	Upon sale, the corresponding amount is scheduled to be reversed.
Buildings in trust, etc.	Upon depreciation or sale, the corresponding amount is scheduled to be reversed.
Land in trust, etc.	Upon sale, the corresponding amount is scheduled to be reversed
Leasehold	
Leasehold in trust	

(3) Long-term deposits

In principle, long-term deposits are not reserved.

(4) Deferred gains or losses on hedges

The amount corresponding to changes in the fair value of derivatives used as hedging instruments is scheduled to be reversed.

For the period from September 1, 2024 to February 28, 2025

1. Reason for reversal, related assets and amounts

Thousands of Yen

Related assets, etc.	Reason for reversal	Provision of allowance for temporary difference adjustments
Land, Buildings, etc.	Sale and depreciation of properties for which merger expenses were recorded	(23,592)
Total		(23,592)

2. Method of reversal

(1) Amortization of goodwill

In principle, amortization of goodwill is not reversed.

(2) Merger expenses

Item	Method of reversal
Buildings, etc.	Upon depreciation or sale, the corresponding amount is scheduled to be reversed.
Land	Upon sale, the corresponding amount is scheduled to be reversed.
Buildings in trust, etc.	Upon depreciation or sale, the corresponding amount is scheduled to be reversed.
Land in trust, etc.	Upon sale, the corresponding amount is scheduled to be reversed
Leasehold	
Leasehold in trust	

(3) Long-term deposits

In principle, long-term deposits are not reserved.

29. SIGNIFICANT SUBSEQUENT EVENTS

Transfer of the asset

1.NMF sold the following asset after the end of the 19th fiscal period (February 28, 2025).

Property Name	Type of asset	Use	Contract date	Transfer date	Buyer	Transfer Price (Millions of yen)	Impact on 20th fiscal period earnings (Scheduled) (Millions of yen) (Note1)
PRIME URBAN Yaotome Chuo	Real estate	Residential	March 7,2025	March 7,2025	Kubota Honten Co.,Ltd.	511	126
PRIME URBAN Senzoku	Real estate (Note2)	Residential	March 14,2025	March 28,2025	Domestic Godo Kaisya	10,800 (Note3)	2,359 (Note3)
PRIME URBAN Gyotoku I							
PRIME URBAN Gyotoku II							
PRIME URBAN Gyotoku Ekimae II							
PRIME URBAN Gyotoku III							
PRIME URBAN Meguro Mita							
PRIME URBAN Nagamachi Icchome							
PRIME URBAN Izumi							

(Note1) The impact on earnings for 20th fiscal period (March 1, 2025 to August 31, 2025) will be recorded as gain on sales of real estate under operating revenues.

(Note2) Regarding PRIME URBAN Senzoku, PRIME URBAN Gyotoku I, PRIME URBAN Gyotoku II, PRIME URBAN Gyotoku Ekimae II, PRIME URBAN Gyotoku III, PRIME URBAN Meguro Mita, PRIME URBAN Nagamachi Icchome, and PRIME URBAN Izumi (hereinafter collectively referred to as the “8 Residential Properties”), at the end of the 19th fiscal period (February 28, 2025), the assets to be transferred were real estate, but on March 28, 2025, a trust agreements were concluded and they have become a trust beneficial interest in trust of real estate.

(Note3) The dispositions of 8 Residential Properties are based on a single sale agreement with the same buyer. The transfer prices of individual properties are undisclosed, as consent has not been obtained from the buyer. Accordingly, the impact on 20th fiscal period earnings of individual properties is also undisclosed.

2.NMF decided to sell the following asset after the end of the 19th fiscal period (February 28, 2025).

Property Name	Type of asset	Use	Contract date	Transfer date (Scheduled)	Buyer (Scheduled)	Transfer Price (Scheduled) (Millions of yen)	Impact on 20th fiscal period earnings (Scheduled) (Millions of yen) (Note1)
PRIME URBAN Gakugei Daigaku	Real estate	Residential	May 29,2025	June 25,2025	B-Lot Co.,Ltd.	2,700 (Note2)	315 (Note2)
PRIME URBAN Nishi Ogikubo							
PRIME URBAN Yukigaya							
PRIME URBAN Kashii							

(Note1) The impact on earnings for 20th fiscal period (March 1, 2025 to August 31, 2025) will be recorded as gain on sales of real estate under operating revenues.

(Note2) Regarding PRIME URBAN Gakugei Daigaku, PRIME URBAN Nishi Ogikubo, PRIME URBAN Yukigaya and PRIME URBAN Kashii are based on a single sale agreement with the same buyer. The transfer prices of individual properties are undisclosed, as consent has not been obtained from the buyer. Accordingly, the impact on 20th fiscal period earnings of individual properties is also undisclosed.