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April 12, 2018

## Financial Report for the Fiscal Period Ended February 28, 2018 (For the Reporting Period from September 1, 2017 to February 28, 2018)

### Hulic Reit, Inc. (“Investment Corporation”)

Listing: Tokyo Stock Exchange  
 Securities code: 3295  
 URL: <http://www.hulic-reit.co.jp>  
 Representative: Eiji Tokita, Executive Officer

Asset management company: Hulic Reit Management Co., Ltd.  
 Representative: Eiji Tokita, Representative Director, President and CEO  
 Contact: Kazuaki Chokki, Director, General Manager of Corporate Planning and Administration Department  
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Scheduled date to file securities report: May 24, 2018  
 Scheduled date to commence payment of distributions: May 15, 2018  
 Preparation of supplementary material on financial report: Yes  
 Holding of financial report presentation meeting: Yes (for institutional investors and analysts)

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

### 1. Summary of financial results for the fiscal period ended February 28, 2018 (September 1, 2017 - February 28, 2018)

#### (1) Operating results

(Percentages show changes from the previous fiscal period)

Fiscal period ended	Operating revenues		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2018	8,183	15.3	4,733	17.7	4,215	19.4	4,214	19.4
August 31, 2017	7,098	6.2	4,021	3.2	3,530	2.2	3,529	2.2

Fiscal period ended	Basic earnings per unit	Return on equity	Ordinary profit on total assets	Ordinary profit on operating revenues
	Yen	%	%	%
February 28, 2018	3,873	3.0	1.6	51.5
August 31, 2017	3,377	2.6	1.4	49.7

(Note) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units outstanding during the period (fiscal period ended February 28, 2018: 1,088,099 units; fiscal period ended August 31, 2017: 1,045,000 units).

## (2) Distributions

	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
Fiscal period ended	Yen	Millions of yen	Yen	Millions of yen	%	%
February 28, 2018	3,797	4,214	0	0	99.9	3.0
August 31, 2017	3,378	3,530	0	0	100.0	2.6

(Note) The payout ratio is calculated with the following formula and rounded down to nearest one decimal place.  
Payout ratio = Total distributions (excluding distributions in excess of earnings) / Profit × 100

## (3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2018	275,428	145,932	53.0	131,470
August 31, 2017	264,657	135,581	51.2	129,743

## (4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2018	13,798	(15,218)	6,098	18,156
August 31, 2017	4,843	(18,174)	14,937	13,476

## 2. Forecasts of performance for the fiscal period ending August 31, 2018 (March 1, 2018 - August 31, 2018) and the fiscal period ending February 28, 2019 (September 1, 2018 - February 28, 2019)

(Percentages show changes from the previous fiscal period)

Fiscal period ending	Operating revenues		Operating profit		Ordinary profit		Profit		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
August 31, 2018	7,976	(2.5)	4,490	(5.1)	3,964	(6.0)	3,963	(6.0)	3,570	0
February 28, 2019	7,729	(3.1)	4,293	(4.4)	3,775	(4.8)	3,774	(4.8)	3,400	0

(Reference) Forecasted basic earnings per unit (Forecasted profit / Forecasted number of investment units at end of period)  
For the fiscal period ending August 31, 2018: ¥3,570  
For the fiscal period ending February 28, 2019: ¥3,400

**\* Other**

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

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

**(2) Total number of investment units issued**

a. Total number of investment units issued at end of period (including treasury investment units)	
As of February 28, 2018	1,110,000 units
As of August 31, 2017	1,045,000 units
b. Number of treasury investment units at end of period	
As of February 28, 2018	0 units
As of August 31, 2017	0 units

(Note) Please refer to “Notes on Per Unit Information” on pages 29 through 30 for the number of investment units used as the basis for calculating basic earnings per unit.

**\* Status of audit procedures**

As of the time of disclosure of this financial results report, audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act of Japan are not yet complete.

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

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. The above-mentioned forecasts are based on “Assumptions for forecasts of performance for the fiscal period ending August 31, 2018 (from March 1, 2018 to August 31, 2018) and the fiscal period ending February 28, 2019 (from September 1, 2018 to February 28, 2019)” on pages 8 through 10 for calculation, and our judgment as of this date. Actual operating revenues, operating profit, ordinary profit, profit, distributions per unit and distributions in excess of earnings per unit may vary according to changes in market conditions. These forecasts do not guarantee the distribution amount.

## 1. The Investment Corporation and Related Corporations

As there have been no significant changes from the “Management Structure of the Investment Corporation” described in the latest Securities Report (prepared in Japanese only) submitted on November 24, 2017, the disclosure is omitted.

## 2. Investment Policies and Status of Asset Management

### (1) Investment Policies

As there have been no significant changes from policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (prepared in Japanese only) submitted on November 24, 2017, the disclosure is omitted.

### (2) Status of Asset Management

#### Summary of results for the reporting period

##### i) Transition of the Investment Corporation

The Investment Corporation was established on November 7, 2013, with Hulic Reit Management Co., Ltd. (hereinafter referred to as the “Asset Manager”), which is entrusted with the management of the assets of the Investment Corporation, as the organizer under the Act on Investment Trusts and Investment Corporations of Japan (hereinafter referred to as the “Investment Trust Act”). On November 25, 2013, the Investment Corporation was registered with the Director-General of the Kanto Local Finance Bureau (registration number: Director-General of the Kanto Local Finance Bureau No. 88). The Investment Corporation issued new investment units through a public offering with the payment date on February 6, 2014, which were listed on the Real Estate Investment Trust Securities (J-REIT) Market of Tokyo Stock Exchange, Inc. (Securities code: 3295) on February 7, 2014. New investment units were issued through a third-party allotment on March 7, 2014. The Investment Corporation recently carried out capital increases through its fourth public offering after its listing on October 31, 2017 and a third-party allotment on November 20, 2017. As a result, the number of investment units issued at the end of the reporting period was 1,110,000.

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

##### ii) Performance for the reporting period

During the reporting period, the Investment Corporation acquired three properties, Sotetsu Fresa Inn Ginza 7 Chome (additional acquisition), HULIC & New SHINBASHI and Sotetsu Fresa Inn Tokyo-Roppongi in November 2017 (total acquisition price: ¥15,250 million), and transferred a part of the quasi co-ownership interest of Leaf Minatomirai (Land) and Sasazuka South Building in December 2017. As a result, the number of properties held by the Investment Corporation at the end of the reporting period was 44, and the total acquisition price was ¥256,430 million. The occupancy rate of the entire portfolio has remained at a high level to end the reporting period at 99.7%.

Based on the belief that consideration for the environment, society and governance leads to the maximization of medium- to long-term unitholder value, the Asset Manager formulated the “Sustainability Policy” in March 2016 and has implemented initiatives related to environmental consideration, improvement in tenants’ satisfaction and contribution to local communities.

The Investment Corporation has participated in the Real Estate Assessment of Global Real Estate Sustainability Benchmark (GRESB) from the fiscal period ended February 28, 2017. In the GRESB Real Estate Assessment conducted in 2017, the Investment Corporation was awarded a “Green Star” for its initiatives in environmental awareness and sustainability, having received strong recognition in both the areas of “Management & Policy” and “Implementation & Measurement.” At the same time, the Investment Corporation received “4 Stars,” the 2nd-highest GRESB Rating. Furthermore, the Investment Corporation has also continued to work on acquisition of the DBJ Green Building Certification<sup>(Note)</sup> and received the certification for Ochanomizu Sola City, Hulic Toranomom Building, Toranomom First Garden, Oimachi Redevelopment Building (#1) and Oimachi Redevelopment Building (#2).

(Note) The “DBJ Green Building Certification” is a certification system created by Development Bank of Japan Inc. in April 2011 to support real estate properties with environmental and social awareness (“Green Building”). The certification system is said to evaluate and certify real estate properties in terms of their

desirability for society and the economy based on a comprehensive evaluation, which includes not only environmental performance, but also responsiveness to various stakeholder needs such as consideration for emergency preparedness and the community, and to support these efforts.

### iii) Status of financing

During the reporting period, the Investment Corporation procured ¥9,190 million through public offering on October 31, 2017 and ¥5,000 million as short-term loans payable on November 1, 2017 to fund the acquisition of assets. The Investment Corporation used proceeds of the capital increase through third-party allotment carried out on November 20, 2017 and a part of transfer proceeds of properties to repay the short-term loans payable, and fully repaid them in December 2017.

As a result, at the end of the reporting period, interest-bearing debt totaled ¥115,850 million (comprising ¥3,960 million in short-term loans payable, ¥8,550 million in current portion of long-term loans payable, ¥98,340 million in long-term loans payable and ¥5,000 million in investment corporation bonds), resulting in a loan-to-value (LTV) ratio of 42.1%.

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

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

### iv) Overview of financial results and distributions

As a result of the above asset management, operating revenues for the reporting period were ¥8,183 million (up 15.3% compared with the previous fiscal period), operating profit was ¥4,733 million (up 17.7% compared with the previous fiscal period), ordinary profit after deducting interest expenses for borrowings, etc. was ¥4,215 million (up 19.4% compared with the previous fiscal period), and profit was ¥4,214 million (up 19.4% compared with the previous fiscal period).

Furthermore, in accordance with the distribution policy set forth in the Investment Corporation's Articles of Incorporation, the Investment Corporation has decided to pay distributions for the reporting period in an amount roughly equal to unappropriated retained earnings, with the aim of including distributions of profits in tax deductible expenses pursuant to special measures for the taxation system for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). Consequently, distributions per unit came to ¥3,797.

### v) Comparison with previous forecasts (Operating results (earnings) forecasts announced on October 13, 2017)

Compared to our previous forecasts, rent revenues and facility use fees, etc. increased, and expenses related to rent business such as promotion expenses were lower, thus resulting in higher revenues and income.

	Previous forecasts (A) (Note)	Actual results (B)	Difference (amount) (B-A)	Difference (%)
Operating revenues	¥8,105 million	¥8,183 million	¥77 million	1.0%
Operating profit	¥4,675 million	¥4,733 million	¥58 million	1.2%
Ordinary profit	¥4,153 million	¥4,215 million	¥62 million	1.5%
Profit	¥4,152 million	¥4,214 million	¥62 million	1.5%
Distributions per unit	¥3,740	¥3,797	¥57	1.5%
Of the above, distributions in excess of earnings	¥0	¥0	—	—

(Note) The previous forecasts are those set forth in "Financial Report for the Fiscal Period Ended August 31, 2017" dated October 13, 2017.

## Outlook for the fiscal period ending August 31, 2018

### i) Outlook for overall operations

In terms of the outlook for the rental office market, continuing favorable conditions are expected, resulting from needs such as increased floor space in corporate offices. In the real estate selling market, the transaction prices for property are projected to continue at high levels amid the continuing favorable fund procurement conditions, etc., resulting from low interest rates.

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

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

(Note 1) "Tokyo Commercial Properties" are office properties and retail properties under a concept specific to the Investment Corporation that comprehensively includes properties consistent with the basic philosophy of the Investment Corporation. Specifically, office properties are those in Tokyo's 23 wards that are in principle located within a five-minute walking distance from the nearest train station, in areas where the office properties are sufficiently competitive. Retail properties are those located in the Tokyo metropolitan area and major cities in the surrounding area that are in principle located within a five-minute walking distance from the nearest train station or in areas with a high concentration of retail activities. Such retail properties are also highly visible in public and have the potential to generate demand from prospective tenants that offer products and services suitable for the characteristics of their respective retail areas.

(Note 2) "Next-Generation Assets" are properties specified for investment by the Investment Corporation based on its basic philosophy. Specifically, they are lease properties for which the Investment Corporation estimates there will be continuing firm demand going forward based on society's growing needs and for which, in principle, a long-term lease agreement be concluded with a single business tenant. At present, the Investment Corporation classifies private nursing homes, network centers and hotels as Next-Generation Assets. The Investment Corporation may broaden or change the scope of its Next-Generation Assets if it judges that the societal needs will grow or that there will be firm demand in the future.

### ii) Significant events after the reporting period

Not applicable.

(Reference information)

#### Acquisitions of properties

On March 29, 2018, the Investment Corporation acquired the beneficiary rights of real estate in trust shown in the table of <Acquired Assets for the Ninth Fiscal Period> below (hereinafter referred to as the "Acquired Assets for the Ninth Fiscal Period").

The acquisition prices provided do not include expenses incurred on the acquisitions of such real estate, etc. (including acquisition expenses, settlement portion of fixed asset tax and city planning tax and consumption taxes), and are equal to the acquisition prices stated on the trust beneficiary right sales agreements.

#### <Acquired Assets for the Ninth Fiscal Period>

Property name	Location	Date of acquisition	Acquisition price (Millions of yen)	Seller
Hulic Ginza 7 Chome Building	Chuo-ku, Tokyo	March 29, 2018	11,000	Hulic Co., Ltd.

### iii) Operating results (earnings) forecasts

The Investment Corporation's forecasts for the fiscal period ending August 31, 2018 (from March 1, 2018 to August 31, 2018) and the fiscal period ending February 28, 2019 (from September 1, 2018 to February 28, 2019) are as follows:

	Fiscal period ending August 31, 2018	Fiscal period ending February 28, 2019
Operating revenues	¥7,976 million	¥7,729 million
Operating profit	¥4,490 million	¥4,293 million
Ordinary profit	¥3,964 million	¥3,775 million
Profit	¥3,963 million	¥3,774 million
Distributions per unit	¥3,570	¥3,400
Of the above, distributions in excess of earnings	¥0	¥0

Information on current assumptions for the forecasts of operating results is as shown in “Assumptions for forecasts of performance for the fiscal period ending August 31, 2018 (from March 1, 2018 to August 31, 2018) and the fiscal period ending February 28, 2019 (from September 1, 2018 to February 28, 2019)” on pages 8 through 10.

(Note) The above-mentioned forecasts are based on certain calculation assumptions and our judgment based on information currently available to the Investment Corporation. Actual operating revenues, operating profit, ordinary profit, profit, distributions per unit and distributions in excess of earnings per unit may vary in response to changes in conditions. These forecasts do not guarantee the distribution amount.

**Assumptions for forecasts of performance for  
the fiscal period ending August 31, 2018 (from March 1, 2018 to August 31, 2018) and  
the fiscal period ending February 28, 2019 (from September 1, 2018 to February 28, 2019)**

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> <li>• Fiscal period ending August 31, 2018: 184 days from March 1, 2018 to August 31, 2018</li> <li>• Fiscal period ending February 28, 2019: 181 days from September 1, 2018 to February 28, 2019</li> </ul>
Portfolio	<ul style="list-style-type: none"> <li>• We have based our assumptions on a total of 45 properties consisting of 44 properties we hold as of February 28, 2018 (hereinafter referred to as the “Assets Held” in this table of assumptions) in addition to the Acquired Assets for the Ninth Fiscal Period, and on consideration of quasi co-ownership interest to be transferred in Leaf Minatomirai (Land) (hereinafter referred to as the “Assets Planned for Transfer”).</li> <li>• Concerning the Assets Planned for Transfer, we transferred the quasi co-ownership interest of 55% in the fiscal period ended February 28, 2018 (the eighth fiscal period) and plan to transfer the quasi co-ownership interest of 30% in the fiscal period ending August 31, 2018 (the ninth fiscal period) and the quasi co-ownership interest of 15% in the fiscal period ending February 28, 2019 (the tenth fiscal period).</li> <li>• In our forecasts of performance, we have assumed that there will be no changes in the composition of our portfolio (no acquisitions of new properties and no transfers of Assets Held) excluding above until February 28, 2019 (the end of the tenth fiscal period).</li> <li>• There may be changes in the portfolio, however, caused by buying or selling of properties.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>• Real estate lease business revenues from Assets Held have been calculated in consideration of trends of the lease market and other factors on the basis of lease agreements effective as of the date of this report. Real estate lease business revenues from Acquired Assets for the Ninth Fiscal Period have been calculated in consideration of trends of the lease market and other factors on the basis of information provided primarily by the owner and lease agreements scheduled to be effective as of the date of acquisition for the Acquired Assets for the Ninth Fiscal Period, and the real estate lease business revenues from the Assets Planned for Transfer reflect the decreases of the quasi co-ownership interest on the assumption that the transfers of the quasi co-ownership interest are carried out as planned.</li> <li>• Projected amount for a gain on transfer relating to the Assets Planned for Transfer (after deducting expenses relating to the transfer) is recognized for the fiscal period ending August 31, 2018 (the ninth fiscal period) and the fiscal period ending February 28, 2019 (the tenth fiscal period).</li> <li>• Operating revenues assume no delinquencies or non-payment of rent by tenants.</li> </ul>



Item	Assumptions
Operating expenses	<ul style="list-style-type: none"> <li>• Of the expenses related to rent business, the principal component of operating expenses, expenses other than depreciation and amortization expenses for the Assets Held have been calculated in such a way as to reflect variable factors in the expenses on the basis of past performance figures. In addition, such expenses for the Acquired Assets for the Ninth Fiscal Period have been calculated in such a way as to reflect variable factors in the expenses based on information received from the transferors of the assets and others, and also based on past performance figures.</li> <li>• We have calculated depreciation and amortization expenses using the straight-line method, including ancillary expenses, and assumed that we will incur depreciation and amortization expenses of ¥827 million for the fiscal period ending August 31, 2018 (the ninth fiscal period) and ¥839 million for the fiscal period ending February 28, 2019 (the tenth fiscal period).</li> <li>• In general, fixed asset tax, city planning tax, etc. for the assets we acquire or transfer are settled at the time of acquisition or transfer between the transferor and the transferee based on their respective periods of ownership in relation to the relevant tax year. With respect to the acquired assets, any of these taxes allocated to the transferee are not recognized in expenses at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes in the Investment Corporation. For the Acquired Assets for the Ninth Fiscal Period, fixed asset tax, city planning tax, etc. will be recognized as expenses from the fiscal period ending August 31, 2019 (the eleventh fiscal period), and not yet in the fiscal period ending August 31, 2018 (the ninth fiscal period) and the fiscal period ending February 28, 2019 (the tenth fiscal period). Fixed asset tax, city planning tax, etc. in the accounting periods are assumed at ¥613 million for the fiscal period ending August 31, 2018 (the ninth fiscal period) and ¥610 million for the fiscal period ending February 28, 2019 (the tenth fiscal period).</li> <li>• Repair expenses for buildings are recognized for each fiscal period in amounts assumed as necessary based on the repair plan formulated by the Asset Manager for each property. However, actual repair expenses for each fiscal period may differ substantially from our forecasts, mainly for the following reasons: (i) we may incur expenses for urgent repairs to properties for reasons including damage to buildings resulting from factors that are difficult to foresee, (ii) generally, there is a substantial difference in such expenses incurred from one fiscal period to another, and (iii) such expenses are not incurred on a regular basis.</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• We expect to record interest expenses and other borrowing-related expenses of ¥498 million in the fiscal period ending August 31, 2018 (the ninth fiscal period) and ¥490 million in the fiscal period ending February 28, 2019 (the tenth fiscal period).</li> <li>• We expect to record amortization of investment corporation bond issuance costs (amortized by the straight-line method over period until redemption) and amortization of investment unit issuance costs (amortized by the straight-line method over a three-year period) relating to issuance of investment corporation bonds and new investment units, etc. of ¥27 million in the fiscal period ending August 31, 2018 (the ninth fiscal period) and ¥27 million in the fiscal period ending February 28, 2019 (the tenth fiscal period).</li> </ul>

Item	Assumptions
Interest-bearing debt	<ul style="list-style-type: none"> <li>• The balance of interest-bearing debt of the Investment Corporation as of the date of this report is ¥115,850 million (comprising ¥3,960 million in short-term loans payable, ¥8,550 million in current portion of long-term loans payable, ¥98,340 million in long-term loans payable and ¥5,000 million in investment corporation bonds).</li> <li>• For ¥12,510 million in loans payable (short-term loans payable: ¥3,960 million, current portion of long-term loans payable: ¥8,550 million), for which repayment is due by February 28, 2019 (at the end of the tenth fiscal period) we assume the refinancing of the entire amounts at the time of the due date.</li> <li>• As a result of the above, we assume that the balance of interest-bearing debt as of each of August 31, 2018 (at the end of the ninth fiscal period), and February 28, 2019 (at the end of the tenth fiscal period), will be ¥115,850 million.</li> <li>• We have assumed LTV ratio of approximately 42% as of August 31, 2018 (at the end of the ninth fiscal period) and February 28, 2019 (at the end of the tenth fiscal period).</li> <li>• The LTV ratio was obtained by the following formula:  <math display="block">\text{LTV} = \frac{\text{Interest-bearing debt at end of period}}{\text{Total assets at end of period (projected amount)}} \times 100</math> <p style="text-align: right; margin-right: 20px;">Total assets at end of period (projected amount): The total assets as shown on the balance sheet as of February 28, 2018 (at the end of the eighth fiscal period) (¥275,428 million). (*)</p> <p>(*) Total assets at end of period (projected amount) represents the amount of the total assets as shown on the balance sheet as of February 28, 2018 (at the end of the eighth fiscal period), since the Acquired Assets for the Ninth Fiscal Period were acquired using funds on hand (cash and deposits).</p> </li> </ul>
Issuance of investment units	<ul style="list-style-type: none"> <li>• This is based on our assumption of 1,110,000 units, which is the total number of investment units issued as of the date of this report. We have assumed there will be no issuance of additional investment units until the end of the fiscal period ending February 28, 2019 (the tenth fiscal period).</li> </ul>
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> <li>• We have calculated distributions per unit (excluding distributions in excess of earnings) in accordance with the cash distribution policy prescribed in the Investment Corporation's Articles of Incorporation.</li> <li>• Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in the asset portfolio, fluctuations in rent revenues associated with changes in tenants, or unforeseen occurrence of repairs.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>• We currently have no plans to pay cash distributions in excess of earnings (regarding distributions in excess of earnings per unit).</li> </ul>
Others	<ul style="list-style-type: none"> <li>• We have assumed that no revisions that impact these forecasts will be made to law and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others.</li> <li>• We have assumed that no significant unforeseeable changes will occur in general economic trends or conditions in the real estate market.</li> </ul>

### 3. Unaudited Financial Information

#### (1) Balance Sheets (unaudited)

	(Unit: thousands of yen)	
	Previous fiscal period (As of August 31, 2017)	Reporting period (As of February 28, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	7,606,126	12,433,608
Cash and deposits in trust	5,870,439	5,722,404
Operating accounts receivable	13,736	10,217
Prepaid expenses	33,992	26,872
Deferred tax assets	10	20
Other	2,611	-
<b>Total current assets</b>	<b>13,526,916</b>	<b>18,193,122</b>
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	49,191,455	52,591,535
Accumulated depreciation	(3,602,748)	(4,326,634)
Buildings in trust, net	45,588,706	48,264,900
Structures in trust	311,516	319,545
Accumulated depreciation	(68,385)	(80,439)
Structures in trust, net	243,130	239,105
Machinery and equipment in trust	252,208	281,516
Accumulated depreciation	(72,612)	(89,479)
Machinery and equipment in trust, net	179,595	192,037
Tools, furniture and fixtures in trust	24,074	27,824
Accumulated depreciation	(6,649)	(8,676)
Tools, furniture and fixtures in trust, net	17,424	19,147
Land in trust	195,707,562	199,195,453
Construction in progress in trust	3,473	3,473
<b>Total property, plant and equipment</b>	<b>241,739,893</b>	<b>247,914,118</b>
Intangible assets		
Leasehold rights in trust	8,471,289	8,471,289
Other	3,096	2,077
<b>Total intangible assets</b>	<b>8,474,385</b>	<b>8,473,366</b>
Investments and other assets		
Lease and guarantee deposits	20,576	20,340
Long-term prepaid expenses	799,289	719,129
<b>Total investments and other assets</b>	<b>819,865</b>	<b>739,469</b>
<b>Total noncurrent assets</b>	<b>251,034,144</b>	<b>257,126,954</b>
Deferred assets		
Investment unit issuance costs	59,894	75,036
Investment corporation bond issuance costs	36,816	33,053
<b>Total deferred assets</b>	<b>96,711</b>	<b>108,089</b>
<b>Total assets</b>	<b>264,657,772</b>	<b>275,428,167</b>

(Unit: thousands of yen)

	Previous fiscal period (As of August 31, 2017)	Reporting period (As of February 28, 2018)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	519,583	233,871
Short-term loans payable	3,960,000	3,960,000
Current portion of long-term loans payable	–	8,550,000
Accounts payable - other	797,806	998,357
Accrued expenses	44,554	42,214
Income taxes payable	815	1,009
Accrued consumption taxes	19,560	109,560
Advances received	1,272,420	1,247,312
Deposits received	199	0
Total current liabilities	6,614,941	15,142,325
Noncurrent liabilities		
Investment corporation bond	5,000,000	5,000,000
Long-term loans payable	106,890,000	98,340,000
Tenant leasehold and security deposits in trust	10,571,234	11,013,169
Total noncurrent liabilities	122,461,234	114,353,169
Total liabilities	129,076,175	129,495,494
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	132,051,528	141,717,678
Surplus		
Unappropriated retained earnings	3,530,068	4,214,994
Total surplus	3,530,068	4,214,994
Total unitholders' equity	135,581,596	145,932,672
Total net assets	*2 135,581,596	*2 145,932,672
Total liabilities and net assets	264,657,772	275,428,167

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

(Unit: thousands of yen)

	Previous fiscal period (From March 1, 2017 to August 31, 2017)	Reporting period (From September 1, 2017 to February 28, 2018)
<b>Operating revenues</b>		
Lease business revenue	*1, *3 6,774,278	*1, *3 7,119,623
Other lease business revenues	*1 324,697	*1 340,982
Gain on sales of real estate properties	–	*2, *3 722,500
<b>Total operating revenues</b>	<b>7,098,975</b>	<b>8,183,105</b>
<b>Operating expenses</b>		
Expenses related to rent business	*1 2,243,059	*1 2,390,026
Asset management fee	670,062	850,996
Asset custody fee	12,473	12,991
Administrative service fees	39,659	41,167
Directors' compensations	6,000	6,000
Other operating expenses	105,899	148,381
<b>Total operating expenses</b>	<b>3,077,153</b>	<b>3,449,563</b>
<b>Operating profit</b>	<b>4,021,821</b>	<b>4,733,542</b>
<b>Non-operating income</b>		
Interest income	49	62
Gain on forfeiture of unclaimed dividends	–	687
Interest on refund	675	–
<b>Total non-operating income</b>	<b>725</b>	<b>749</b>
<b>Non-operating expenses</b>		
Interest expenses	346,834	385,653
Interest expenses on investment corporation bonds	12,365	12,325
Borrowing related expenses	111,542	94,098
Amortization of investment unit issuance costs	17,276	22,505
Amortization of investment corporation bond issuance costs	3,825	3,763
<b>Total non-operating expenses</b>	<b>491,845</b>	<b>518,346</b>
<b>Ordinary profit</b>	<b>3,530,701</b>	<b>4,215,944</b>
<b>Profit before income taxes</b>	<b>3,530,701</b>	<b>4,215,944</b>
Income taxes - current	823	1,018
Income taxes - deferred	0	(9)
<b>Total income taxes</b>	<b>824</b>	<b>1,009</b>
<b>Profit</b>	<b>3,529,877</b>	<b>4,214,935</b>
Retained earnings brought forward	191	58
Unappropriated retained earnings	3,530,068	4,214,994

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

Previous fiscal period (From March 1, 2017 to August 31, 2017)

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of the period	132,051,528	3,452,871	3,452,871	135,504,399	135,504,399
Changes of items during the period					
Distribution of surplus	–	(3,452,680)	(3,452,680)	(3,452,680)	(3,452,680)
Profit	–	3,529,877	3,529,877	3,529,877	3,529,877
Total changes of items during the period	–	77,197	77,197	77,197	77,197
Balance at the end of the period	*1 132,051,528	3,530,068	3,530,068	135,581,596	135,581,596

Reporting period (From September 1, 2017 to February 28, 2018)

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of the period	132,051,528	3,530,068	3,530,068	135,581,596	135,581,596
Changes of items during the period					
Issuance of new investment units	9,666,150	–	–	9,666,150	9,666,150
Distribution of surplus	–	(3,530,010)	(3,530,010)	(3,530,010)	(3,530,010)
Profit	–	4,214,935	4,214,935	4,214,935	4,214,935
Total changes of items during the period	9,666,150	684,925	684,925	10,351,075	10,351,075
Balance at the end of the period	*1 141,717,678	4,214,994	4,214,994	145,932,672	145,932,672

**(4) Statements of Cash Distributions (unaudited)**

By period Item	Previous fiscal period (From March 1, 2017 to August 31, 2017)	Reporting period (From September 1, 2017 to February 28, 2018)
I Unappropriated retained earnings	¥3,530,068,941	¥4,214,994,618
II Distribution amount (Distributions per unit)	¥3,530,010,000 (¥3,378)	¥4,214,670,000 (¥3,797)
III Retained earnings carried forward	¥58,941	¥324,618
Method of calculating distribution amount	<p>Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥3,530,010,000, which is the largest integral multiple of the total number of investment units issued and outstanding (1,045,000 units), and not in excess of unappropriated retained earnings.</p> <p>In addition, the Investment Corporation shall not distribute cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation.</p>	<p>Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥4,214,670,000, which is the largest integral multiple of the total number of investment units issued and outstanding (1,110,000 units), and not in excess of unappropriated retained earnings.</p> <p>In addition, the Investment Corporation shall not distribute cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation.</p>

**(5) Statements of Cash Flows (unaudited)**

(Unit: thousands of yen)

	Previous fiscal period (From March 1, 2017 to August 31, 2017)	Reporting period (From September 1, 2017 to February 28, 2018)
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,530,701	4,215,944
Depreciation and amortization	733,305	795,879
Amortization of investment unit issuance costs	17,276	22,505
Amortization of investment corporation bond issuance costs	3,825	3,763
Interest income	(49)	(62)
Interest expenses	359,200	397,979
Decrease (increase) in operating accounts receivable	(2,131)	3,518
Decrease (increase) in consumption taxes refund receivable	228,750	–
Decrease (increase) in prepaid expenses	(6,520)	7,120
Increase (decrease) in operating accounts payable	247,216	(220,427)
Increase (decrease) in accounts payable - other	69,920	200,795
Increase (decrease) in accrued consumption taxes	(5,887)	90,000
Increase (decrease) in advances received	161,856	(25,107)
Increase (decrease) in deposits received	10	(199)
Decrease (increase) in long-term prepaid expenses	(137,316)	80,160
Decrease in property, plant and equipment in trust due to sales	–	8,625,859
Other, net	1,219	229
<b>Subtotal</b>	<b>5,201,378</b>	<b>14,197,959</b>
Interest income received	49	62
Interest expenses paid	(357,558)	(398,634)
Income taxes (paid) refund	(830)	(815)
<b>Net cash provided by (used in) operating activities</b>	<b>4,843,039</b>	<b>13,798,571</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(18,833,357)	(15,660,230)
Payments for lease and guarantee deposits	(576)	(264)
Proceeds from collection of lease and guarantee deposits	–	500
Repayments of tenant leasehold and security deposits in trust	(151,248)	(525,713)
Proceeds from tenant leasehold and security deposits in trust	810,332	967,647
<b>Net cash provided by (used in) investing activities</b>	<b>(18,174,849)</b>	<b>(15,218,060)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	22,350,000	5,000,000
Repayments of short-term loans payable	(22,350,000)	(5,000,000)
Proceeds from long-term loans payable	18,390,000	–
Proceeds from issuance of investment units	–	9,628,503
Dividends paid	(3,452,648)	(3,529,567)
<b>Net cash provided by (used in) financing activities</b>	<b>14,937,351</b>	<b>6,098,935</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,605,541</b>	<b>4,679,447</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,871,024</b>	<b>13,476,566</b>
<b>Cash and cash equivalents at end of period</b>	<b>*1 13,476,566</b>	<b>*1 18,156,013</b>



**(6) Notes on Going Concern Assumption (unaudited)**

Not applicable.

**(7) Notes on Significant Accounting Policies (unaudited)**

1. Method of depreciation and amortization of noncurrent assets	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The estimated useful lives of property, plant and equipment are listed below.</p> <table border="0"><tr><td>Buildings</td><td>3 to 64 years</td></tr><tr><td>Structures</td><td>4 to 20 years</td></tr><tr><td>Machinery and equipment</td><td>3 to 10 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>3 to 15 years</td></tr></table> <p>(2) Intangible assets The straight-line method is used. Internal use software is amortized over the estimated useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	3 to 64 years	Structures	4 to 20 years	Machinery and equipment	3 to 10 years	Tools, furniture and fixtures	3 to 15 years
Buildings	3 to 64 years								
Structures	4 to 20 years								
Machinery and equipment	3 to 10 years								
Tools, furniture and fixtures	3 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment corporation bond issuance costs Amortized by the straight-line method over period until redemption.</p> <p>(2) Investment unit issuance costs Amortized by the straight-line method over a three-year period.</p>								
3. Recognition of revenue and expenses	<p>Fixed asset tax and related taxes For fixed asset tax, city planning tax, depreciable asset tax, etc. for real properties held, the amount of tax levied corresponding to the relevant accounting period is recorded as expenses related to rent business.</p> <p>The amount equivalent to fixed asset tax and related taxes for the fiscal year that includes the date on which we paid settlement money to the transferor for acquisition of real estate, etc. is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to fixed asset tax included in acquisition costs for properties was ¥40,847 thousand for the previous fiscal period, and ¥7,966 thousand for the reporting period.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting Deferred hedge accounting is used for interest rate swaps. For interest rate swaps that satisfy requirements for special treatments, however, special treatment is used.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of the Investment Corporation pursuant to the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p>								

5. Scope of cash and cash equivalents in the statements of cash flows	Cash and cash equivalents in the statements of cash flows are composed of cash on hand, cash in trust, demand deposits, deposits in trust, and short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within 3 months of the date of acquisition.
6. Other significant information for preparation of financial statements	<p>(1) Accounting method for trust beneficiary rights in real estate</p> <p>With regard to trust beneficiary rights in real estate, all assets and liabilities within assets in trust as well as all revenue and expense items associated with assets in trust are accounted for under the respective account items of the balance sheet and statements of income and retained earnings.</p> <p>Of the assets in trust accounted for under the respective account items, the following significant items are separately indicated on the balance sheet:</p> <ul style="list-style-type: none"> <li>i) Cash and deposits in trust</li> <li>ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; and construction in progress in trust</li> <li>iii) Leasehold rights in trust</li> <li>iv) Tenant leasehold and security deposits in trust</li> </ul> <p>(2) Accounting method for consumption taxes</p> <p>Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for acquisition of assets are included in acquisition cost for each asset.</p>

## (8) Notes to Financial Information (unaudited)

### Notes to Balance Sheets (unaudited)

#### 1. Commitment line contracts

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

	Previous fiscal period (As of August 31, 2017)	Reporting period (As of February 28, 2018)
Total amount of commitment line contracts	¥10,000,000 thousand	¥10,000,000 thousand
Balance of borrowings outstanding	—	—
Difference	¥10,000,000 thousand	¥10,000,000 thousand

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

	Previous fiscal period (As of August 31, 2017)	Reporting period (As of February 28, 2018)
	¥50,000 thousand	¥50,000 thousand

## Notes to Statements of Income and Retained Earnings (unaudited)

### \*1. Components of income (loss) from real estate lease business

(Unit: thousands of yen)		
	Previous fiscal period (From March 1, 2017 to August 31, 2017)	Reporting period (From September 1, 2017 to February 28, 2018)
<b>A. Real estate lease business revenues</b>		
Lease business revenue		
Rent	5,543,317	6,016,216
Land rent	623,202	500,030
Common service fees	607,759	603,376
Total	6,774,278	7,119,623
Other lease business revenues		
Revenue from utilities charges	214,914	237,496
Other revenue	109,782	103,485
Total	324,697	340,982
Total real estate lease business revenues	7,098,975	7,460,605
<b>B. Expenses related to real estate lease business</b>		
Expenses related to rent business		
Property management fees	388,398	407,261
Utilities expenses	231,973	241,149
Taxes and public dues	531,630	531,193
Insurance expenses	7,432	7,570
Repair expenses	91,103	125,066
Depreciation and amortization	732,286	794,860
Other expenses related to rent business	260,233	282,924
Total expenses related to real estate lease business	2,243,059	2,390,026
<b>C. Income (loss) from real estate lease business (A – B)</b>	4,855,916	5,070,578

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

Previous fiscal period (From March 1, 2017 to August 31, 2017)

Not applicable.

Reporting period (From September 1, 2017 to February 28, 2018)

Leaf Minatomirai (Land)	(Unit: thousands of yen)
Proceeds from sales of real estate properties	7,205,000
Cost of sales of real estate properties	6,471,298
Other expenses for the sales	21,443
<u>Gain on sales of real estate properties</u>	<u>712,257</u>
Sasazuka South Building	(Unit: thousands of yen)
Proceeds from sales of real estate properties	2,230,000
Cost of sales of real estate properties	2,154,561
Other expenses for the sales	65,195
<u>Gain on sales of real estate properties</u>	<u>10,243</u>

\*3. Transactions with major corporate unitholders

	(Unit: thousands of yen)	
	Previous fiscal period (From March 1, 2017 to August 31, 2017)	Reporting period (From September 1, 2017 to February 28, 2018)
From operating transactions		
Lease business revenue	1,279,261	1,163,841
Gain on sales of real estate properties	—	712,257

## Notes to Statements of Changes in Net Assets (unaudited)

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

	Previous fiscal period (From March 1, 2017 to August 31, 2017)	Reporting period (From September 1, 2017 to February 28, 2018)
Total number of authorized investment units at end of period	20,000,000 units	20,000,000 units
Total number of investment units issued at end of period	1,045,000 units	1,110,000 units

## Notes to Statements of Cash Flows (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (From March 1, 2017 to August 31, 2017)	Reporting period (From September 1, 2017 to February 28, 2018)
Cash and deposits	7,606,126	12,433,608
Cash and deposits in trust	5,870,439	5,722,404
Total cash and cash equivalent	13,476,566	18,156,013

## Notes on Financial Instruments (unaudited)

1. Matters regarding status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

For the method of hedge accounting, hedging instruments and hedged items, hedging policy and the method of assessing hedge effectiveness, please refer to "4. Method of hedge accounting" in "(7) Notes on Significant Accounting Policies" above.

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

The fair values of financial instruments are based on market prices, if available. If there is no available market price for certain financial instruments, such fair value is based on the value

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

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

Balance sheet carrying amount, fair value, and the difference between the two values as of August 31, 2017 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	7,606,126	7,606,126	–
(2) Cash and deposits in trust	5,870,439	5,870,439	–
Total assets	13,476,566	13,476,566	–
(1) Short-term loans payable	3,960,000	3,960,000	–
(2) Current portion of long-term loans payable	–	–	–
(3) Investment corporation bonds	5,000,000	5,063,200	63,200
(4) Long-term loans payable	106,890,000	105,231,688	(1,658,311)
Total liabilities	115,850,000	114,254,888	(1,595,111)
Derivative transactions	–	–	–

Balance sheet carrying amount, fair value, and the difference between the two values as of February 28, 2018 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	12,433,608	12,433,608	–
(2) Cash and deposits in trust	5,722,404	5,722,404	–
Total assets	18,156,013	18,156,013	–
(1) Short-term loans payable	3,960,000	3,960,000	–
(2) Current portion of long-term loans payable	8,550,000	8,600,957	50,957
(3) Investment corporation bonds	5,000,000	5,064,200	64,200
(4) Long-term loans payable	98,340,000	97,057,070	(1,282,929)
Total liabilities	115,850,000	114,682,227	(1,167,772)
Derivative transactions	–	–	–

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

### Assets

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

The book value is used as the fair value of these assets, given that the fair value is almost equivalent to the amount of the book value, as they are settled in a short time.

## Liabilities

### (1) Short-term loans payable

The book value is used as the fair value of these liabilities, given that the fair value is almost equivalent to the amount of the book value, as they are settled in a short time and carry floating interest rates.

### (2) Current portion of long-term loans payable, and (4) Long-term loans payable

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

The fair value of long-term loans payable carrying fixed interest rates is calculated by discounting the sum of principal and interest at a reasonable rate estimated for a similar new loan that is made corresponding to the remaining period.

### (3) Investment corporation bonds

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

## Derivative transactions

Please refer to "Notes on Derivative Transactions" below.

### (Note 2) Redemption of monetary claims scheduled to be due after the balance sheet date

Previous fiscal period (As of August 31, 2017)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	7,606,126	–	–	–	–	–
Cash and deposits in trust	5,870,439	–	–	–	–	–
Total	13,476,566	–	–	–	–	–

Reporting period (As of February 28, 2018)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	12,433,608	–	–	–	–	–
Cash and deposits in trust	5,722,404	–	–	–	–	–
Total	18,156,013	–	–	–	–	–

(Note 3) Redemption of investment corporation bonds, long-term loans payable and other interest-bearing debt scheduled to be due after the balance sheet date

Previous fiscal period (As of August 31, 2017)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	3,960,000	–	–	–	–	–
Investment corporation bonds	–	–	2,000,000	–	–	3,000,000
Long-term loans payable	–	13,130,000	9,299,000	15,680,000	17,610,000	51,171,000
Total	3,960,000	13,130,000	11,299,000	15,680,000	17,610,000	54,171,000

Reporting period (As of February 28, 2018)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	3,960,000	–	–	–	–	–
Investment corporation bonds	–	2,000,000	–	–	–	3,000,000
Long-term loans payable	8,550,000	10,320,000	12,109,000	15,680,000	17,705,000	42,526,000
Total	12,510,000	12,320,000	12,109,000	15,680,000	17,705,000	45,526,000

### Notes on Derivative Transactions (unaudited)

#### 1. Derivative transactions not applying hedge accounting

Previous fiscal period (As of August 31, 2017)

Not applicable.

Reporting period (As of February 28, 2018)

Not applicable.

#### 2. Derivative transactions applying hedge accounting

Previous fiscal period (As of August 31, 2017)

The following table shows the contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method.

(Unit: thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	61,647,000	61,647,000	*	–

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable (please refer to the preceding “Notes on Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) Measurement of fair values of financial instruments and matters regarding derivative transactions, Liabilities (4) Long-term loans payable”).



Reporting period (As of February 28, 2018)

The following table shows the contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method.

(Unit: thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	61,647,000	53,097,000	*	—

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable (please refer to the preceding “Notes on Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) Measurement of fair values of financial instruments and matters regarding derivative transactions, Liabilities (2) Current portion of long-term loans payable, and (4) Long-term loans payable”).

### Notes on Tax Effect Accounting (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (As of August 31, 2017)	Reporting period (As of February 28, 2018)
Deferred tax assets		
Accrued enterprise tax excluded from expenses	10	20
Total deferred tax assets	10	20
Net deferred tax assets	10	20

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

(Unit: %)

	Previous fiscal period (As of August 31, 2017)	Reporting period (As of February 28, 2018)
Statutory tax rate	31.74	31.74
(Adjustments)		
Distributions paid included in expenses	(31.73)	(31.73)
Others	0.01	0.01
Effective tax rate	0.02	0.02

## Notes on Related Party Transactions (unaudited)

### 1. Parent company and major corporate unitholders

Previous fiscal period (From March 1, 2017 to August 31, 2017)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Nihonbashi Odenmachi, Chuo-ku, Tokyo	62,718,573	Real estate business	Directly held by related party 11.49%	None	Leasing and management of real estate	Purchase of beneficiary right of real estate in trust	16,930,000	-	-
								Keeping of leasehold and security deposits	810,223	Tenant leasehold and security deposits in trust	8,442,454
								Repayment of leasehold and security deposits	151,248		
								Earning of rent revenue, etc.	1,279,261	Advances received	223,353

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

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

Reporting period (From September 1, 2017 to February 28, 2018)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Nihonbashi Odenmachi, Chuo-ku, Tokyo	62,718,573	Real estate business	Directly held by related party 11.40%	None	Leasing and management of real estate	Purchase of beneficiary right of real estate in trust	15,250,000	-	-
								Transfer of beneficiary right of real estate in trust	7,205,000	-	-
								Keeping of leasehold and security deposits	967,647	Tenant leasehold and security deposits in trust	8,894,660
								Repayment of leasehold and security deposits	515,442		
								Earning of rent revenue, etc.	1,163,841	Advances received	168,411

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

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

## 2. Subsidiaries and affiliates

Previous fiscal period (From March 1, 2017 to August 31, 2017)

Not applicable.

Reporting period (From September 1, 2017 to February 28, 2018)

Not applicable.

## 3. Subsidiaries of parent company

Previous fiscal period (From March 1, 2017 to August 31, 2017)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Company in which major unitholder (corporation) owns a majority of voting rights	Hulic Reit Management Co., Ltd.	2-26-9, Hatchobori, Chuo-ku, Tokyo	200,000	Business related to management of investment corporation's assets under management	-	One	Consignment of asset management	Payment of asset management fee (Note 1)	719,687	Operating accounts payable	723,667

(Note 1) Payment of asset management fee includes the portion of compensations associated with a property acquisition factored into the book value of the individual properties (¥49,625 thousand).

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

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

Reporting period (From September 1, 2017 to February 28, 2018)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Company in which major unitholder (corporation) owns a majority of voting rights	Hulic Reit Management Co., Ltd.	2-26-9, Hatchobori, Chuo-ku, Tokyo	200,000	Business related to management of investment corporation's assets under management	-	One	Consignment of asset management	Payment of asset management fee (Note 1)	918,284	Operating accounts payable	919,076

(Note 1) Payment of asset management fee includes the portion of compensations associated with a property acquisition factored into the book value of the individual properties (¥38,125 thousand) and the portion of compensations associated with a property transfer deducted from gain on sales of real estate properties of the individual properties (¥29,162 thousand).

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

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

#### 4. Officers and major individual unitholders

Previous fiscal period (From March 1, 2017 to August 31, 2017)

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

Reporting period (From September 1, 2017 to February 28, 2018)

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

#### Notes on Investment and Rental Properties (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (From March 1, 2017 to August 31, 2017)	Reporting period (From September 1, 2017 to February 28, 2018)
Balance sheet carrying amount		
Balance at beginning of period	231,997,903	250,211,182
Changes during period	18,213,279	6,174,224
Balance at end of period	250,211,182	256,385,407
Fair value at end of period	285,563,000	294,032,000

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

(Note 2) The main reason for the increase in the investment and rental properties during the previous fiscal period is the acquisition of beneficiary rights of real estate in trust of 6 properties (¥18,648,512 thousand) and the decrease is mainly due to depreciation and amortization (¥732,286 thousand). The main reason for the increase during the reporting period is the acquisition of beneficiary rights of real estate in trust of 3 properties (¥15,329,589 thousand) and the decrease is mainly due to transfer of beneficiary rights of real estate in trust of 2 properties (¥8,625,859 thousand) and depreciation and amortization (¥794,860 thousand).

(Note 3) The fair value at end of period is the appraisal value provided by an independent real estate appraiser. The fair value of Leaf Minatomirai (Land), which is planned to be transferred on April 27 and September 27, 2018, is based on the transfer prices stated on the trust beneficiary right sales agreement entered into on October 13, 2017. The profit or loss concerning investment and rental properties is indicated under “Notes to Statements of Income and Retained Earnings” above.

#### Notes on Segment and Related Information (unaudited)

##### Segment information

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

##### Related information

Previous fiscal period (From March 1, 2017 to August 31, 2017)

##### 1. Information by product and service

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

2. Information by geographical area

(1) Operating revenues

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

(2) Property, plant and equipment

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

3. Information by major customer

(Unit: thousands of yen)

Counterparty	Operating revenues	Related segment
Hulic Co., Ltd.	1,279,261	Real estate lease business

Reporting period (From September 1, 2017 - February 28, 2018)

1. Information by product and service

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

2. Information by geographical area

(1) Operating revenues

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

(2) Property, plant and equipment

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

3. Information by major customer

(Unit: thousands of yen)

Counterparty	Operating revenues	Related segment
Hulic Co., Ltd.	1,876,098	Real estate lease business

**Notes on Per Unit Information (unaudited)**

	Previous fiscal period (From March 1, 2017 to August 31, 2017)	Reporting period (From September 1, 2017 to February 28, 2018)
Net assets per unit	¥129,743	¥131,470
Basic earnings per unit	¥3,377	¥3,873

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

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

	Previous fiscal period (From March 1, 2017 to August 31, 2017)	Reporting period (From September 1, 2017 to February 28, 2018)
Profit (Thousands of yen)	3,529,877	4,214,935
Amount not attributable to common unitholders (Thousands of yen)	–	–
Profit attributable to common investment units (Thousands of yen)	3,529,877	4,214,935
Average number of investment units for the period (Units)	1,045,000	1,088,099

#### Notes on Significant Subsequent Events (unaudited)

Not applicable.

#### Omission of Disclosure

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

## (9) Changes in Total Number of Investment Units Issued

A summary of capital increase, etc. from the establishment of the Investment Corporation to the end of the reporting period is shown as below.

Date	Event	Total number of investment units issued (Units)		Total unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
November 7, 2013	Incorporation through private placement	2,000	2,000	200	200	(Note 1)
February 6, 2014	Capital increase through public offering	617,500	619,500	64,355	64,555	(Note 2)
March 7, 2014	Capital increase through third-party allotment	32,500	652,000	3,387	67,943	(Note 3)
November 6, 2014	Capital increase through public offering	122,860	774,860	17,785	85,728	(Note 4)
November 21, 2014	Capital increase through third-party allotment	6,140	781,000	888	86,617	(Note 5)
March 29, 2016	Capital increase through public offering	167,600	948,600	29,444	116,061	(Note 6)
April 13, 2016	Capital increase through third-party allotment	8,400	957,000	1,475	117,537	(Note 7)
October 3, 2016	Capital increase through public offering	83,800	1,040,800	13,821	131,358	(Note 8)
October 26, 2016	Capital increase through third-party allotment	4,200	1,045,000	692	132,051	(Note 9)
October 31, 2017	Capital increase through public offering	61,800	1,106,800	9,190	141,241	(Note 10)
November 20, 2017	Capital increase through third-party allotment	3,200	1,110,000	475	141,717	(Note 11)

(Note 1) At the incorporation of the Investment Corporation, investment units were issued with an issue value per unit of ¥100,000.

(Note 2) New investment units were issued through public offering with an issue price per unit of ¥108,000 (issue value: ¥104,220) in order to raise funds for the acquisition of new investment properties, etc.

(Note 3) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an offer value per unit of ¥104,220.

(Note 4) New investment units were issued through public offering with an issue price per unit of ¥150,150 (issue value: ¥144,760) in order to raise funds for the acquisition of new investment properties, etc.

(Note 5) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an offer value per unit of ¥144,760.

(Note 6) New investment units were issued through public offering with an issue price per unit of ¥181,837 (issue value: ¥175,682) in order to raise funds for the acquisition of new investment properties, etc.

(Note 7) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an offer value per unit of ¥175,682.

(Note 8) New investment units were issued through public offering with an issue price per unit of ¥170,625 (issue value: ¥164,937) in order to raise funds for the acquisition of new investment properties, etc.

(Note 9) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an offer value per unit of ¥164,937.

(Note 10) New investment units were issued through public offering with an issue price per unit of ¥153,757 (issue value: ¥148,710) in order to raise funds for the acquisition of new investment properties, etc.

(Note 11) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an offer value per unit of ¥148,710.

## 4. Changes in Officers

### (1) Changes in Officers of the Investment Corporation

There have been no changes from the “Status of Officers” described in the latest Securities Report (prepared in Japanese only) submitted on November 24, 2017.

### (2) Changes in Officers of Asset Manager

Director Tatsuya Kanakogi resigned effective March 31, 2018, and he became an advisor effective April 1, 2018.

For details, please refer to the press release as of March 27, 2018 “Notice concerning Change of Key Employee and Resignation of Director at Hulic Reit Management Co., Ltd.”

## 5. Reference Information

### (1) Status of Investment

Type of assets	Category	Region (Note 1)	Previous fiscal period (As of August 31, 2017)		Reporting period (As of February 28, 2018)	
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate in trust	Tokyo Commercial Properties	Six central wards of Tokyo	181,586	68.6	182,238	66.2
		Other wards of Tokyo	9,337	3.5	9,314	3.4
		Other	16,525	6.2	10,030	3.6
		Total	207,449	78.4	201,583	73.2
	Next-Generation Assets	Six central wards of Tokyo	7,487	2.8	19,649	7.1
		Other wards of Tokyo	20,155	7.6	20,112	7.3
		Other	15,119	5.7	15,039	5.5
		Total	42,761	16.2	54,801	19.9
	Total real estate in trust		250,211	94.5	256,385	93.1
	Deposits and other assets		14,446	5.5	19,042	6.9
Total assets		264,657	100.0	275,428	100.0	

	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	129,076	48.8	129,495	47.0
Total net assets	135,581	51.2	145,932	53.0

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

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

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



## (2) Investment Assets

### i) Overview of investment assets

(As of February 28, 2018)

Category	Property name	Date of construction (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Total leased area (m <sup>2</sup> ) (Note 4)	Total leasable area (m <sup>2</sup> ) (Note 5)	Occupancy rate (%) (Note 6)		
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building (Note 7)	April 1985	1,888	1,844	22,740.96	22,740.96	100.0	
		Hulic Kudan Building (Land)	–	530	265	3,351.07	3,351.07	100.0	
		Toranomon First Garden (Note 8)	August 2010	547	410	5,689.97	5,689.97	100.0	
		Rapiros Roppongi (Note 9)	August 1997	550	495	6,730.52	6,730.52	100.0	
		Hulic Takadanobaba Building	November 1993	312	194	5,369.71	5,369.71	100.0	
		Hulic Kanda Building	September 2008	249	201	3,728.36	3,728.36	100.0	
		Hulic Kandabashi Building	June 2001	160	140	2,566.95	2,566.95	100.0	
		Hulic Kakigaracho Building	March 1993	190	123	2,858.48	2,858.48	100.0	
		Ochanomizu Sola City (Note 10)	February 2013	(Note 17)	(Note 17)	13,822.09	13,923.42	99.3	
		Hulic Higashi Ueno 1 Chome Building	July 1988	177	150	3,137.09	3,137.09	100.0	
		Tokyo Nishi Ikebukuro Building (Note 11)	October 1990	111	195	1,429.74	1,429.74	100.0	
		Gate City Ohsaki (Note 12)	January 1999 December 1998	274	(Note 3)	3,835.78	3,835.78	100.0	
		Hulic Toranomon Building	May 2015	904	641	8,574.65	8,574.65	100.0	
		Hulic Shibuya 1-chome Building	August 1993	190	164	2,277.65	2,817.65	80.8	
		Hulic Higashi Nihonbashi Building	November 1996	190	125	3,681.20	3,681.20	100.0	
		Hulic Jimbocho Building	September 1989	71	49	1,561.38	1,561.38	100.0	
	Subtotal	–	–	–	91,355.60	91,996.93	99.3		
	Retail properties	Oimachi Redevelopment Building (#2)	September 1989	624	656	14,485.66	14,485.66	100.0	
		Oimachi Redevelopment Building (#1) (Note 13)	September 1989	438	529	10,612.67	10,612.67	100.0	
		Dining Square Akihabara Building	June 1993	(Note 17)	(Note 17)	2,169.41	2,169.41	100.0	
		Hulic Jingumae Building	September 2000	158	82	1,656.24	1,656.24	100.0	
		Hulic Shinjuku 3 Chome Building	June 1983	337	198	1,351.15	1,351.15	100.0	
		Yokohama Yamashitacho Building	July 1993	(Note 17)	(Note 17)	8,958.70	8,958.70	100.0	
		Leaf Minatomirai (Land) (Note 14)	–	240	120	2,475.02	2,475.02	100.0	
		Orchid Square	January 2009	165	88	1,334.88	1,334.88	100.0	
		Hulic Todoroki Building	August 1990	91	78	1,593.58	1,593.58	100.0	
		Hulic Omori Building	January 2017	192	144	2,666.52	2,666.52	100.0	
		HULIC &New SHIBUYA (Note 15)	April 2017	127	119	898.62	898.62	100.0	
	HULIC &New SHINBASHI	April 2017	154	136	1,725.35	1,725.35	100.0		
	Subtotal	–	–	–	49,927.80	49,927.80	100.0		
	Total	–	–	–	141,283.40	141,924.73	99.5		
	Next-Generation Assets	Private nursing homes	Aria Matsubara	September 2005	(Note 17)	(Note 17)	5,454.48	5,454.48	100.0
			Trust Garden Youganomori	September 2005	(Note 17)	(Note 17)	5,977.75	5,977.75	100.0
Trust Garden Sakurashinmachi			August 2005	(Note 17)	(Note 17)	3,700.26	3,700.26	100.0	
Trust Garden Suginami Miyamae			April 2005	(Note 17)	(Note 17)	3,975.99	3,975.99	100.0	
Trust Garden Tokiwamatsu			January 2016	(Note 17)	(Note 17)	2,893.82	2,893.82	100.0	
SOMPO Care La vie Re Kita-Kamakura			March 2009	(Note 17)	(Note 17)	4,912.60	4,912.60	100.0	
Subtotal		–	–	–	26,914.90	26,914.90	100.0		
Network centers		Ikebukuro Network Center	January 2001	271	136	12,773.04	12,773.04	100.0	
		Tabata Network Center	April 1998	90	45	3,832.73	3,832.73	100.0	
		Hiroshima Network Center	October 2001	88	44	5,208.54	5,208.54	100.0	
		Atsuta Network Center	May 1997	73	37	4,943.10	4,943.10	100.0	
		Nagano Network Center	September 1994	33	17	2,211.24	2,211.24	100.0	
		Chiba Network Center	June 1995	447	224	23,338.00	23,338.00	100.0	
		Sapporo Network Center	January 2002	167	84	9,793.57	9,793.57	100.0	
		Keihanna Network Center	May 2001	94	47	9,273.44	9,273.44	100.0	
Subtotal		–	1,265	632	71,373.66	71,373.66	100.0		
Hotels		Sotetsu Fresa Inn Ginza 7 Chome	August 2016	(Note 17)	(Note 17)	6,984.32	6,984.32	100.0	
		Sotetsu Fresa Inn Tokyo-Roppongi (Note 16)	August 2017	(Note 17)	(Note 17)	2,408.45	2,408.45	100.0	
		Subtotal	–	–	–	9,392.77	9,392.77	100.0	
Total		–	–	–	107,681.33	107,681.33	100.0		
Total of the portfolio	–	–	–	248,964.73	249,606.06	99.7			

- (Note 1) *Date of construction* represents the date of construction as described in the property registry. Date of construction is omitted in case of holding of land only.
- (Note 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 28, 2018) for buildings as indicated in the relevant lease agreement of each asset held as of February 28, 2018 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. For properties for which we acquired only land, it is calculated by multiplying the monthly contracted rent (excluding consumption taxes) as indicated in the lease agreement for such land as of February 28, 2018 by 12 and rounding to the nearest million yen. When a master lease agreement has been concluded for the asset held, the amounts provided are the amount for the portion corresponding to the pass-through master lease under which rents are directly received from end-tenants in principle (hereinafter referred to as the “Pass-through Master Lease Agreement”), calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by 12; and the amount for the portion corresponding to the fixed-type master lease under which a certain amount of rent is received regardless of fluctuations in rents for end-tenants (hereinafter referred to as the “Fixed-type Master Lease Agreement”), calculated on an annual basis by multiplying the monthly rent as indicated by the Fixed-type Master Lease Agreement corresponding to that portion by 12.
- (Note 3) *Leasehold/security deposits* indicates the aggregate of the recognized book values for the leasehold and/or security deposit(s) of each asset held as of February 28, 2018, rounded to the nearest million yen. For Gate City Ohsaki, leasehold/security deposit figures are not presented because such funds are not received by the Investment Corporation, but rather the master lease companies take custody of such funds as per contractual agreement with those companies.
- (Note 4) *Total leased area* is equivalent to total floor area of leased space set out in the relevant lease agreements of each asset held as of February 28, 2018. For the portion for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided; and for the portion for which there is a Fixed-type Master Lease Agreement, the total area corresponding to that portion is provided. For the property of which ownership is only for land, the area of the land is provided.
- (Note 5) *Total leasable area* is equivalent to the gross leasable area, based on the lease agreements or floor plans of buildings of each asset held as of February 28, 2018. With respect to properties of which ownership is only for land, total leasable area is the leasable area of the land as described in the applicable land lease agreements or land plans.
- (Note 6) *Occupancy rate* is calculated by dividing total leased area by total leasable area of each asset held as of February 28, 2018, and is rounded to the nearest tenth. Subtotals, totals and total of the portfolio show the proportion of the total leased area to the total of leasable area for the assets held, rounded to the nearest tenth.
- (Note 7) For Hulic Kamiyacho Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (70.0%).
- (Note 8) For Toranomom First Garden, total leasable area shows figures equivalent to the Investment Corporation’s partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.) On the other hand, a master lease is served on the whole building together with the exclusively owned portions owned by other unit owners, and as income and expenditure of the property is allocated according to the ratio of ownership interest of the partial ownership owned by each unit owner, the figure shown for occupancy rate is that of the entire building. Total leased area, total contracted rent and leasehold/security deposits show amounts equivalent to the ratio of ownership interest of the partial ownership in the building held by the Investment Corporation (approximately 81.4%).
- (Note 9) For Rapiros Roppongi, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation’s partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 10) For Ochanomizu Sola City, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (21.7%).
- (Note 11) For Tokyo Nishi Ikebukuro Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation’s partial ownership in the building (including some of co-ownership portion).
- (Note 12) For Gate City Ohsaki, total leased area, total leasable area and occupancy rate show figures equivalent to the Investment Corporation’s partial ownership in the property (Office space on the 8th floor of the West Tower office and commercial building: approximately 83.0% co-ownership interest of 4,088.37 m<sup>2</sup>; retail space from the 1st basement floor to the 3rd floor of the office and commercial building: approximately 2.4% co-ownership interest of 5,609.05 m<sup>2</sup>; residential building: 6 residential units of 308.20 m<sup>2</sup>) under the lease agreements with master lease companies. Total contracted rent shows amounts calculated with the rent and common service fees received by the master lease company for the month of February 2018 (excluding consumption taxes) multiplied by 12, with the result rounded to the nearest million yen. Leasehold/security deposit figures are not presented because such funds are not received by the Investment Corporation, but rather the master lease companies take custody of such funds as per contractual agreement with those companies.

- (Note 13) For Oimachi Redevelopment Building (#1), total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building.
- (Note 14) For Leaf Minatomirai (Land), total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (45.0%).
- (Note 15) For HULIC & New SHIBUYA, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 16) For Sotetsu Fresa Inn Tokyo-Roppongi, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 17) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.
- (Note 18) In the above table, *Total contracted rent*, *Leasehold/Security deposits*, *Total leased area* and *Occupancy rate* may include information related to lease agreements that have been subsequently terminated, lease agreements for which we have subsequently received a request for termination or lease agreements for which rent payment is delinquent, if the lease agreement was valid as of February 28, 2018.

ii) Overview of appraisal report

(As of February 28, 2018)

Category	Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated price by using cost method (Millions of yen)	Return price (Millions of yen)					
							Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)	
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	D	36,750	37,036	42,400	35,300	43,600	3.5	41,900	3.3	3.7
		Hulic Kudan Building (Land)	N	11,100	11,191	12,500	(Note 5)	12,500	3.7	12,400	3.3	3.8
		Toranomon First Garden	C	8,623	8,364	11,300	13,900	11,300	3.4	11,300	3.1	3.5
		Rapiros Roppongi	N	6,210	6,759	8,130	10,700	8,250	3.7	8,000	3.4	3.9
		Hulic Takadanobaba Building	D	3,900	3,828	4,790	4,080	4,720	4.1	4,820	3.9	4.3
		Hulic Kanda Building	T	3,780	3,649	3,990	4,450	4,270	3.9	3,870	4.0	4.1
		Hulic Kandabashi Building	D	2,500	2,509	2,960	2,980	3,000	3.7	2,940	3.5	3.9
		Hulic Kakigaracho Building	T	2,210	2,189	2,840	2,870	2,820	4.2	2,850	4.3	4.4
		Ochanomizu Sola City	N	38,149	37,457	42,315	36,456	42,532	3.4	41,881	3.1	3.5
		Hulic Higashi Ueno 1 Chome Building	N	2,670	2,659	2,950	2,460	2,990	4.1	2,900	3.9	4.3
		Tokyo Nishi Ikebukuro Building	N	1,580	1,620	1,900	1,350	1,930	4.3	1,870	4.1	4.5
		Gate City Ohsaki	N	4,370	4,500	4,490	4,780	4,510	3.7	4,460	3.3	3.8
		Hulic Toranomon Building	N	18,310	18,191	20,800	21,700	20,900	3.3	20,600	3.0	3.4
		Hulic Shibuya 1-chome Building	T	5,100	5,118	5,420	5,340	5,780	3.5	5,260	3.6	3.7
		Hulic Higashi Nihonbashi Building	T	3,480	3,491	3,590	3,590	3,710	4.2	3,540	4.3	4.4
	Hulic Jimbocho Building	N	1,460	1,506	1,480	1,230	1,510	4.1	1,450	3.9	4.3	
	Subtotal	-	150,192	150,074	171,855	-	174,322	-	170,041	-	-	
	Retail properties	Oimachi Redevelopment Building (#2)	T	9,456	9,407	12,300	11,900	12,500	4.1	12,200	4.2	4.3
		Oimachi Redevelopment Building (#1)	T	6,166	6,277	7,460	7,520	7,540	4.3	7,430	4.4	4.5
		Dining Square Akihabara Building	N	3,200	3,195	3,840	2,390	3,900	3.9	3,770	3.7	4.1
		Hulic Jingumae Building	T	2,660	2,649	3,500	3,580	3,570	3.4	3,470	3.5	3.6
		Hulic Shinjuku 3 Chome Building	N	5,550	5,559	7,370	6,540	7,530	3.6	7,200	3.2	3.8
		Yokohama Yamashitacho Building	N	4,850	4,735	5,660	3,320	5,740	4.4	5,580	4.2	4.6
		Leaf Minatomirai (Land)	D	5,265	5,294	5,830	(Note 5)	(Note 6)	(Note 6)	5,830	4.0	(Note 7)
		Orchid Square	D	3,502	3,502	3,920	3,380	4,010	3.6	3,880	3.4	3.8
		Hulic Todoroki Building	T	1,200	1,206	1,260	1,440	1,270	4.6	1,250	4.7	4.8
Hulic Omori Building		C	3,420	3,418	3,590	2,520	3,580	4.4	3,590	4.2	4.5	
HULIC & New SHIBUYA		N	3,150	3,154	3,290	2,465	3,360	3.2	3,215	3.0	3.4	
HULIC & New SHINBASHI	N	3,100	3,108	3,190	3,170	3,230	3.8	3,150	3.6	4.0		
Subtotal	-	51,519	51,509	61,210	-	-	-	60,565	-	-		
Total	-	201,711	201,583	233,065	-	-	-	230,606	-	-		
Next-Generation Assets	Private nursing homes	Aria Matsubara	N	3,244	3,197	4,270	3,580	4,300	4.4	4,240	4.0	4.6
		Trust Garden Youganomori	N	5,390	5,374	6,880	5,130	6,920	4.7	6,830	4.3	4.9
		Trust Garden Sakurashinmachi	N	2,850	2,870	3,670	2,930	3,690	4.6	3,640	4.2	4.8
		Trust Garden Suginami Miyamae	N	2,760	2,774	3,550	2,690	3,570	4.6	3,530	4.2	4.8
		Trust Garden Tokiwamatsu	N	3,030	3,071	3,300	3,060	3,340	4.2	3,250	4.0	4.4
		SOMPO Care La vie Re Kita-Kamakura	N	1,780	1,850	1,800	1,250	1,810	5.4	1,780	5.2	5.6
		Subtotal	-	19,054	19,139	23,470	18,640	23,630	-	23,270	-	-

Category	Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated price by using cost method (Millions of yen)	Return price (Millions of yen)					
							Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)	
Next-Generation Assets	Network centers	Ikebukuro Network Center	N	4,570	4,530	5,230	4,730	5,300	4.4	5,160	4.2	4.6
		Tabata Network Center	N	1,355	1,365	1,550	1,540	1,570	4.9	1,530	4.7	5.1
		Hiroshima Network Center	N	1,080	1,053	1,210	1,120	1,220	5.7	1,200	5.5	5.9
		Atsuta Network Center	N	1,015	995	1,100	959	1,110	5.4	1,090	5.2	5.6
		Nagano Network Center	N	305	308	342	291	343	6.9	341	6.7	7.1
		Chiba Network Center	N	7,060	7,068	7,180	4,410	7,230	5.2	7,120	5.0	5.4
		Sapporo Network Center	N	2,510	2,550	2,600	2,550	2,620	5.2	2,570	5.0	5.4
		Keihanna Network Center	N	1,250	1,213	1,320	1,160	1,320	5.5	1,310	5.3	5.7
		Subtotal	–	19,145	19,084	20,532	16,760	20,713	–	20,321	–	–
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome	N	11,520	11,566	11,800	12,800	12,000	3.7	11,600	3.5	3.9
		Sotetsu Fresa Inn Tokyo-Roppongi	N	5,000	5,011	5,100	4,570	5,200	3.9	4,990	3.7	4.1
		Subtotal	–	16,520	16,578	16,900	17,370	17,200	–	16,590	–	–
	Total	–	54,719	54,801	60,902	52,770	61,543	–	60,181	–	–	
Total	–	256,430	256,385	293,967	–	–	–	290,787	–	–		

(Note 1) The letters in the *appraisal agency* column indicate appraisers as follows:

D: Daiwa Real Estate Appraisal Co., Ltd.

N: Japan Real Estate Institute

C: CBRE K.K.

T: The Tanizawa Sōgō Appraisal Co., Ltd.

(Note 2) *Acquisition price* represents trading value stipulated in each beneficiary right sales agreement in relation to the assets held, rounded to the nearest million yen. The trading value does not include consumption tax, local consumption tax and expenses incurred on acquisition.

(Note 3) *Book value at end of period* represents book value for each property less depreciation expenses as of February 28, 2018, rounded down to the nearest million yen.

(Note 4) *Appraisal value* represents the appraisal value as of the valuation date of February 28, 2018.

(Note 5) For Hulic Kudan Building (Land) and Leaf Minatomirai (Land), this item was not provided due to the Investment Corporation only holding the land.

(Note 6) The direct capitalization method, which assumes there will be perpetual returns, has not been applied because the net cash flow based on income from rent has a definite period (it is assumed the land will be restored to a vacant lot after the land leasing period is over).

(Note 7) The terminal capitalization rate is not indicated because it is assumed to be restored to a vacant lot after the land leasing period is over.

### iii) Capital expenditures for assets under management

#### (A) Schedule of capital expenditures

For each asset held by the Investment Corporation as of February 28, 2018, the main capital expenditures for renovation work, etc. scheduled as of February 28, 2018 (the end of the eighth fiscal period) are as below. Estimated capital expenditure for work mentioned below includes parts that are charged to expenses.

Property name	Location	Purpose	Scheduled period	Estimated capital expenditure for work (Millions of yen)
Oimachi Redevelopment Building (#2)	Shinagawa-ku, Tokyo	Renewal work for substation facility and emergency generator facility	From March 2017 to March 2018	202
Rapiros Roppongi	Minato-ku, Tokyo	Renewal work for air-conditioning facility (phase 3)	From March 2018 to June 2018	39
Hulic Todoroki Building	Setagaya-ku, Tokyo	Work A for B2 floor to attract tenants	From August 2018 to October 2018	12
Hulic Higashi Ueno 1 Chome Building	Taito-ku, Tokyo	Renewal work for air-conditioning facility	From September 2018 to November 2018	100
Hulic Jimbocho Building	Chiyoda-ku, Tokyo	Renovation work for external wall	From October 2018 to December 2018	30

#### (B) Capital expenditures during the period

An overview of the construction work corresponding to capital expenditures during the reporting period is as below. Capital expenditures during the reporting period were ¥265,356 thousand and repair expenses were ¥125,066 thousand. In aggregate, construction work of ¥390,422 thousand was carried out during the period.

Property name	Location	Purpose	Period	Capital expenditure for work (Millions of yen)
Rapiros Roppongi	Minato-ku, Tokyo	Renewal work for air-conditioning facility (phase 2)	From September 2017 to February 2018	72
Other				192
Total				265

### (3) Major Investment Assets

The following is an overview of the Assets Held by the Investment Corporation whose *Total contracted rent* makes up 10% or more of the total rental income for the entire portfolio as of February 28, 2018.

Property name	Total contracted rent (annual) (Note 3)	Total leased area (Note 4)	Total leasable area (Note 5)	Occupancy rate (Note 6)
Hulic Kamiyacho Building (Note 1)	¥1,888 million	22,740.96 m <sup>2</sup>	22,740.96 m <sup>2</sup>	100.0%
Ochanomizu Sola City (Note 2)	(Note 7)	13,822.09 m <sup>2</sup>	13,923.42 m <sup>2</sup>	99.3%

- (Note 1) *Total contracted rent (annual)*, *Total leased area*, *Total leasable area* and *Occupancy rate* of Hulic Kamiyacho Building show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (70.0%).
- (Note 2) *Total contracted rent (annual)*, *Total leased area*, *Total leasable area* and *Occupancy rate* of Ochanomizu Sola City show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (21.7%).
- (Note 3) *Total contracted rent (annual)* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 28, 2018) for buildings as indicated in the relevant lease agreement of each asset held as of February 28, 2018 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. When a master lease agreement has been concluded for the asset held, the amount provided is the amount for the portion corresponding to the Pass-through Master Lease Agreement, calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by 12.
- (Note 4) *Total leased area* shows the total floor area of leased space set out in the relevant lease agreement of the above-mentioned property held as of February 28, 2018. For the portion for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided.
- (Note 5) *Total leasable area* shows the floor area considered leasable based on the lease agreements or floor plans of buildings of the above-mentioned property held as of February 28, 2018.
- (Note 6) *Occupancy rate* is calculated by dividing total leased area by total leasable area of the above-mentioned property held as of February 28, 2018, and is rounded to the nearest tenth.
- (Note 7) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of the property to disclose the relevant information.

#### (4) Overview of Major Tenants

Tenants for which leased area accounted for 10% or more of the total leased area as of February 28, 2018 are shown as below.

Tenant	Business type	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate lease business	Hulic Kamiyacho Building (Note 6)	22,740.96	1,888	1,844	February 6, 2019	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Kudan Building (Land)	3,351.07	530	265	February 6, 2063	–
		Toranomon First Garden (Note 7)	5,689.97	547	410	February 6, 2019	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Rapiros Roppongi (Note 8)	6,730.52	550	495		
		Hulic Takadanobaba Building	5,369.71	312	194		
		Hulic Kanda Building	3,728.36	249	201		
		Hulic Kandabashi Building	2,566.95	160	140		
		Hulic Kakigaracho Building	2,858.48	190	123		
		Hulic Higashi Ueno 1 Chome Building	3,137.09	177	150		
		Tokyo Nishi Ikebukuro Building (Note 9)	1,429.74	111	195	March 30, 2020	
		Hulic Toranomon Building	8,574.65	904	641	December 24, 2018	
		Hulic Shibuya 1-chome Building	2,277.65	190	164	March 30, 2020	
		Hulic Higashi Nihonbashi Building	3,681.20	190	125	April 27, 2020	
		Hulic Jimbocho Building	1,561.38	71	49	April 27, 2020	
		Oimachi Redevelopment Building (#2)	14,485.66	624	656	February 6, 2019	
		Oimachi Redevelopment Building (#1) (Note 10)	10,612.67	438	529	(Note 15)	Automatically renewed for a term agreed upon unless notified in writing at least 6 months before the expiry of the agreement
		Dining Square Akihabara Building	2,169.41	(Note 16)	(Note 16)	February 6, 2019	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Jingumae Building	1,656.24	158	82	October 15, 2019	
		Hulic Shinjuku 3 Chome Building	1,351.15	337	198	October 15, 2019	
		Yokohama Yamashitacho Building	8,958.70	(Note 16)	(Note 16)	October 15, 2019	
		Leaf Minatomirai (Land) (Note 11) (Note 12)	2,475.02	240	120	March 29, 2046	–
		Orchid Square	1,334.88	165	88	March 29, 2019	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
Hulic Todoroki Building	1,593.58	91	78	December 27, 2019			
Hulic Omori Building	2,666.52	192	144	March 30, 2022			
HULIC & New SHIBUYA (Note 13)	898.62	127	119	June 29, 2020			
HULIC & New SHINBASHI	1,725.35	154	136	October 31, 2020			



Tenant	Business type	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/security deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate lease business	Aria Matsubara	5,454.48	(Note 16)	(Note 16)	February 6, 2019	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Trust Garden Youganomori	5,977.75	(Note 16)	(Note 16)		
		Trust Garden Sakurashinmachi	3,700.26	(Note 16)	(Note 16)		
		Trust Garden Suginami Miyamae	3,975.99	(Note 16)	(Note 16)	August 31, 2019	
		Trust Garden Tokiwamatsu	2,893.82	(Note 16)	(Note 16)	June 29, 2020	
		SOMPO Care La vie Re Kita-Kamakura	4,912.60	(Note 16)	(Note 16)	October 31, 2020	
		Sotetsu Fresa Inn Ginza 7 Chome	6,984.32	(Note 16)	(Note 16)	October 31, 2020	
		Sotetsu Fresa Inn Tokyo-Roppongi (Note 14)	2,408.45	(Note 16)	(Note 16)	–	
		Total	159,933.20	10,991	8,895	–	
SoftBank Corp.	Telecommunications business	Ikebukuro Network Center	12,773.04	271	136	November 5, 2027	May be renewed if mutually agreed at least 5 years before the expiry of the agreement
		Tabata Network Center	3,832.73	90	45	November 5, 2022	
		Hiroshima Network Center	5,208.54	88	44	November 5, 2027	
		Atsuta Network Center	4,943.10	73	37	November 5, 2022	
		Nagano Network Center	2,211.24	33	17	November 5, 2024	
		Chiba Network Center	23,338.00	447	224	March 27, 2028	
		Sapporo Network Center	9,793.57	167	84	May 22, 2028	
		Keihanna Network Center	9,273.44	94	47	November 5, 2022	
		Total	71,373.66	1,265	632	–	

(Note 1) *Leased area* is equivalent to total floor area of leased space set out in the relevant lease agreement of each property as of February 28, 2018. For the portion for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided. For the portion for which there is a Fixed-type Master Lease Agreement, the total area corresponding to that portion is provided. For the property of which ownership is only for land, the area of the land is provided.

(Note 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 28, 2018) for buildings as indicated in the relevant lease agreement of each property in effect as of February 28, 2018 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. For properties for which ownership is only for land, it is calculated by multiplying the monthly contracted rent (excluding consumption taxes) as indicated in the lease agreement for such land as of February 28, 2018 by 12 and rounding to the nearest million yen. The amounts provided are the amount for the portion of property corresponding to a Pass-through Master Lease Agreement for which the tenant is a sublessor as a master lease company, in accordance with the lease agreement with the end-tenant in effect as of February 28, 2018, calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by 12; and the amount for the portion of property corresponding to a Fixed-type Master Lease Agreement, calculated on an annual basis by multiplying the monthly rent as indicated in the master lease agreement corresponding to that portion.

(Note 3) *Leasehold/security deposits* indicates the aggregate of the recognized book values for the leasehold and/or security deposit(s) of each asset held as of February 28, 2018, rounded to the nearest million yen.

(Note 4) *Expiration date* is the date provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.

(Note 5) *Renewal of agreement, etc.* represents the content of renewal of agreement, etc. provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.

(Note 6) For Hulic Kamiyacho Building, the leased area, total contracted rent and leasehold/security deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (70.0%).

- (Note 7) For Toranomon First Garden, a master lease is served on the whole building together with the exclusively owned portions owned by other unit owners. Moreover, income and expenditure of the property is allocated according to the ratio of ownership interest of the partial ownership owned by each unit owner. Accordingly, leased area, total contracted rent and leasehold/security deposits show amounts equivalent to the ratio of ownership interest of the partial ownership in the whole building held by the Investment Corporation (approximately 81.4%).
- (Note 8) For Rapiros Roppongi, the leased area, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 9) For Tokyo Nishi Ikebukuro Building, the leased area, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion).
- (Note 10) For Oimachi Redevelopment Building (#1), the leased area, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building.
- (Note 11) For Leaf Minatomirai (Land), the leased area, total contracted rent and leasehold/security deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (45.0%).
- (Note 12) The lessee of Leaf Minatomirai (Land) is indicated as Mizuho Trust & Banking Co., Ltd. on the relevant land lease agreement, but Hulic Co., Ltd. is the trust beneficiary having leasehold rights, under said land lease agreement, as entrusted assets.
- (Note 13) For HULIC & New SHIBUYA, the leased area, total contracted rent and leasehold/security deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 14) For Sotetsu Fresa Inn Tokyo-Roppongi, the leased area, total contracted rent and leasehold/security deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 15) The lease agreement for Oimachi Redevelopment Building (#1) was renewed as the lease agreement does not specify a term at the last renewal of the agreement.
- (Note 16) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

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

The following table shows the top ten end-tenants in terms of leased area in the entire portfolio as of February 28, 2018. The information stated for the portion for which there is a Fixed-type Master Lease Agreement, reflects the details on the Fixed-type Master Lease Agreement corresponding to that portion, while the information stated for the portion for which there is a Pass-through Master Lease Agreement, reflects the details on each lease agreement concluded with the end tenants.

End-tenant	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Area ratio (%) (Note 2)	Expiration date	Form of agreement (Note 3)
SoftBank Corp.	Ikebukuro Network Center Tabata Network Center Hiroshima Network Center Atsuta Network Center Nagano Network Center Chiba Network Center Sapporo Network Center Keihanna Network Center	71,373.66	28.7	November 5, 2027 (Ikebukuro Network Center, Hiroshima Network Center) November 5, 2022 (Tabata Network Center, Atsuta Network Center, Keihanna Network Center) November 5, 2024 (Nagano Network Center) March 27, 2028 (Chiba Network Center) May 22, 2028 (Sapporo Network Center)	Fixed-term building lease agreement
Hulic Co., Ltd.	Hulic Kudan Building (Land) Hulic Toranomom Building Oimachi Redevelopment Building (#2) Oimachi Redevelopment Building (#1) Leaf Minatomirai (Land) (Note 4) Hulic Omori Building	33,806.55	13.6	February 6, 2063 February 28, 2018 February 6, 2019 (Note 6) March 29, 2046 March 30, 2022	Fixed-term business-use land lease agreement Ordinary building lease agreement Ordinary building lease agreement Ordinary building lease agreement Fixed-term business-use land lease agreement with special provisions for building transfer Ordinary building lease agreement
Trust Garden Co., Ltd.	Trust Garden Youganomori Trust Garden Sakurashinmachi Trust Garden Suginami Miyamae Trust Garden Tokiwamatsu	16,547.82	6.6	January 24, 2028 January 24, 2028 January 24, 2028 February 29, 2036	Ordinary building lease agreement
Sotetsu Hotel Development Co., Ltd.	Sotetsu Fresa Inn Ginza 7 Chome (Note 5) Sotetsu Fresa Inn Tokyo-Roppongi (Note 5)	9,392.77	3.8	September 30, 2046 October 9, 2047	Fixed-term building lease agreement
Barneys Japan	Yokohama Yamashitacho Building	8,958.70	3.6	(Note 7)	(Note 7)

End-tenant	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Area ratio (%) (Note 2)	Expiration date	Form of agreement (Note 3)
Benesse Style Care Co., Ltd.	Aria Matsubara	5,454.48	2.2	September 30, 2030	Ordinary building lease agreement
Sompo Care Next Company Inc.	SOMPO Care La vie Re Kita-Kamakura	4,912.60	2.0	March 31, 2029	Ordinary building lease agreement
Nippon Paper Industries Co., Ltd.	Ochanomizu Sola City	4,555.25	1.8	(Note 7)	Fixed-term building lease agreement
Mizuho Securities Co., Ltd.	Ochanomizu Sola City	3,668.44	1.5	(Note 7)	Fixed-term building lease agreement
Mitsui Fudosan Co., Ltd.	Gate City Ohsaki	3,527.58	1.4	January 5, 2019	Ordinary building lease agreement (Note 8)

(Note 1) *Leased area* is equivalent to total floor area of leased space set out in the lease agreements with end-tenants as of February 28, 2018. The pertinent items are as follows.

- The land area is provided for Hulic Kudan Building (Land) and Leaf Minatomirai (Land). For Leaf Minatomirai (Land), the figures are equivalent to the quasi co-ownership interest of property held by the Investment Corporation (45.0%).
- For the portion for which there is a Fixed-type Master Lease Agreement, the leasable area to end-tenants is provided.
- For Oimachi Redevelopment Building (#1), the figure equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building is shown.
- For Sotetsu Fresa Inn Tokyo-Roppongi, the figures are equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- For Ochanomizu Sola City, the figures are equivalent to the quasi co-ownership interest of property held by the Investment Corporation (21.7%).
- For Gate City Ohsaki, the figures are equivalent to the Investment Corporation's partial ownership in the property (Office space on the 8th floor of the West Tower office and commercial building: approximately 83.0% co-ownership interest of 4,088.37 m<sup>2</sup>; retail space from the 1st basement floor to the 3rd floor of the office and commercial building: approximately 2.4% co-ownership interest of 5,609.05 m<sup>2</sup>).

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

(Note 3) *Form of agreement* is the form of agreement described in the lease agreement with the end-tenants as of February 28, 2018.

(Note 4) The lessee of Leaf Minatomirai (Land) is indicated as Mizuho Trust & Banking Co., Ltd. on the relevant land lease agreement. Hulic Co., Ltd. is the trust beneficiary having leasehold rights, under said land lease agreement, as entrusted assets.

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

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

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

(Note 8) Under a master lease agreement with Mitsui Fudosan Co., Ltd., the office and commercial building of Gate City Ohsaki is a part of the jointly managed area, and is sub-leased by Mitsui Fudosan Co., Ltd. to third parties.

## (6) Overview and Income/Loss of Lease Businesses

Reporting Period (From September 1, 2017 to February 28, 2018)

(Unit: thousands of yen)

Property name	Hulic Kamiyacho Building	Hulic Kudan Building (Land)	Toranomon First Garden	Rapiros Roppongi	Hulic Takadanobaba Building	Hulic Kanda Building	Hulic Kandabashi Building
Days under management	181	181	181	181	181	181	181
Lease business revenues	959,500	265,002	289,051	296,144	174,699	135,215	79,961
Lease business revenue	896,710	265,002	272,852	275,963	156,234	124,332	73,446
Other lease business revenues	62,789	–	16,199	20,180	18,465	10,883	6,514
Expenses related to rent business	274,864	32,108	122,749	133,180	65,726	64,673	41,683
Taxes and public dues	49,750	30,237	32,334	38,103	12,816	4,169	8,944
Utilities expenses	42,145	–	12,841	17,554	11,127	7,336	4,894
Insurance expenses	611	39	197	704	175	87	73
Repair expenses	46,589	–	3,350	645	5,544	2,262	2,450
Property management fees	72,364	1,325	4,947	5,553	15,084	7,403	5,592
Other expenses related to rent business	10,775	507	26,018	55,899	1,419	23,871	3,562
Depreciation and amortization	52,627	–	43,060	14,721	19,560	19,544	16,165
Income (loss) from lease business	684,635	232,893	166,302	162,963	108,972	70,542	38,277
NOI	737,263	232,893	209,362	177,684	128,533	90,086	54,443

(Unit: thousands of yen)

Property name	Hulic Kakigaracho Building	Ochanomizu Sola City	Hulic Higashi Ueno 1 Chome Building	Sasazuka South Building	Tokyo Nishi Ikebukuro Building	Gate City Ohsaki	Hulic Toranomom Building
Days under management	181	181	181	112	181	181	181
Lease business revenues	104,968	(Note 1)	98,176	56,279	42,062	159,159	470,688
Lease business revenue	95,180	(Note 1)	87,633	47,540	41,342	147,358	452,064
Other lease business revenues	9,787	(Note 1)	10,542	8,738	720	11,800	18,623
Expenses related to rent business	41,646	(Note 1)	39,880	26,215	24,914	99,134	164,480
Taxes and public dues	9,153	(Note 1)	7,241	7,813	2,458	14,707	50,231
Utilities expenses	6,418	(Note 1)	6,274	5,513	–	11,731	17,245
Insurance expenses	83	(Note 1)	84	30	115	372	256
Repair expenses	3,757	(Note 1)	3,187	50	–	54	1,015
Property management fees	12,844	(Note 1)	13,692	790	9,569	600	41,174
Other expenses related to rent business	1,712	(Note 1)	1,269	7,307	8,051	57,480	1,222
Depreciation and amortization	7,675	(Note 1)	8,129	4,709	4,719	14,189	53,335
Income (loss) from lease business	63,321	(Note 1)	58,296	30,063	17,147	60,024	306,207
NOI	70,997	747,338	66,425	34,772	21,867	74,213	359,543

(Unit: thousands of yen)

Property name	Hulic Shibuya 1- chome Building	Hulic Higashi Nihonbashi Building	Hulic Jimbocho Building	Oimachi Redevelop- ment Building (#2)	Oimachi Redevelop- ment Building (#1)	Dining Square Akihabara Building	Hulic Jingumae Building
Days under management	181	181	181	181	181	181	181
Lease business revenues	118,069	108,253	43,489	312,026	218,931	(Note 1)	87,894
Lease business revenue	95,647	96,281	34,879	312,000	218,931	(Note 1)	79,592
Other lease business revenues	22,422	11,971	8,610	26	–	(Note 1)	8,302
Expenses related to rent business	41,522	28,311	15,643	61,652	70,241	(Note 1)	20,736
Taxes and public dues	–	–	–	30,153	32,958	(Note 1)	5,303
Utilities expenses	7,406	9,110	2,306	–	–	(Note 1)	5,074
Insurance expenses	93	93	41	250	1,597	(Note 1)	41
Repair expenses	10,857	932	5,817	–	6,542	(Note 1)	817
Property management fees	7,358	7,192	4,157	6,240	4,378	(Note 1)	3,172
Other expenses related to rent business	4,626	857	691	506	7,928	(Note 1)	543
Depreciation and amortization	11,180	10,125	2,631	24,502	16,835	(Note 1)	5,782
Income (loss) from lease business	76,546	79,941	27,845	250,373	148,689	(Note 1)	67,157
NOI	87,727	90,067	30,477	274,875	165,524	78,843	72,940

(Unit: thousands of yen)

Property name	Hulic Shinjuku 3 Chome Building	Yokohama Yamashita- cho Building	Leaf Minatomirai (Land) (Note 2)	Orchid Square	Hulic Todoroki Building	Hulic Omori Building	HULIC &New SHIBUYA
Days under management	181	181	181	181	181	181	181
Lease business revenues	164,120	(Note 1)	204,628	94,003	49,919	109,088	69,669
Lease business revenue	156,965	(Note 1)	204,628	82,488	45,631	95,752	63,748
Other lease business revenues	7,155	(Note 1)	–	11,514	4,287	13,336	5,921
Expenses related to rent business	55,918	(Note 1)	15,336	26,470	19,384	31,017	17,689
Taxes and public dues	671	(Note 1)	14,017	4,043	4,120	–	–
Utilities expenses	4,049	(Note 1)	–	8,905	4,153	10,673	5,249
Insurance expenses	41	(Note 1)	69	34	49	46	30
Repair expenses	2,040	(Note 1)	–	3,635	1,079	–	30
Property management fees	5,212	(Note 1)	1,023	3,288	4,927	6,144	2,975
Other expenses related to rent business	41,277	(Note 1)	226	883	1,136	2,786	832
Depreciation and amortization	2,626	(Note 1)	–	5,679	3,916	11,366	8,570
Income (loss) from lease business	108,202	(Note 1)	189,291	67,532	30,535	78,071	51,980
NOI	110,829	127,879	189,291	73,212	34,452	89,437	60,550

(Unit: thousands of yen)

Property name	HULIC &New SHINBASHI	Aria Matsubara	Trust Garden Youganomori	Trust Garden Sakura- shinmachi	Trust Garden Suginami Miyamae	Trust Garden Tokiwa- matsu	SOMPO Care La vie Re Kita- Kamakura
Days under management	120	181	181	181	181	181	181
Lease business revenues	55,706	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Lease business revenue	51,181	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other lease business revenues	4,524	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Expenses related to rent business	15,658	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	–	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	3,123	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance expenses	42	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repair expenses	–	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Property management fees	3,443	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other expenses related to rent business	438	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Depreciation and amortization	8,610	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Income (loss) from lease business	40,047	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
NOI	48,658	96,279	154,723	85,259	79,389	72,041	54,880

(Unit: thousands of yen)

Property name	Ikebukuro Network Center	Tabata Network Center	Hiroshima Network Center	Atsuta Network Center	Nagano Network Center	Chiba Network Center	Sapporo Network Center
Days under management	181	181	181	181	181	181	181
Lease business revenues	135,600	45,088	43,845	36,743	17,026	223,633	83,706
Lease business revenue	135,600	45,088	43,845	36,743	17,026	223,633	83,706
Other lease business revenues	–	–	–	–	–	–	–
Expenses related to rent business	29,013	8,985	14,492	11,138	6,765	79,483	23,847
Taxes and public dues	15,649	4,724	5,586	4,861	2,417	30,530	12,662
Utilities expenses	–	–	–	–	–	–	–
Insurance expenses	122	38	64	46	30	213	81
Repair expenses	180	–	1,142	43	198	2,242	650
Property management fees	960	720	1,331	960	840	1,823	784
Other expenses related to rent business	506	506	505	505	856	505	505
Depreciation and amortization	11,595	2,995	5,862	4,721	2,422	44,168	9,163
Income (loss) from lease business	106,586	36,103	29,352	25,604	10,260	144,150	59,858
NOI	118,181	39,098	35,215	30,326	12,682	188,318	69,022

(Unit: thousands of yen)

Property name	Keihanna Network Center	Sotetsu Fresa Inn Ginza 7 Chome (Note 3)	Sotetsu Fresa Inn Tokyo-Roppongi
Days under management	181	181	120
Lease business revenues	47,047	(Note 1)	(Note 1)
Lease business revenue	47,047	(Note 1)	(Note 1)
Other lease business revenues	–	(Note 1)	(Note 1)
Expenses related to rent business	17,466	(Note 1)	(Note 1)
Taxes and public dues	8,510	(Note 1)	(Note 1)
Utilities expenses	–	(Note 1)	(Note 1)
Insurance expenses	86	(Note 1)	(Note 1)
Repair expenses	34	(Note 1)	(Note 1)
Property management fees	1,200	(Note 1)	(Note 1)
Other expenses related to rent business	505	(Note 1)	(Note 1)
Depreciation and amortization	7,130	(Note 1)	(Note 1)
Income (loss) from lease business	29,581	(Note 1)	(Note 1)
NOI	36,712	(Note 1)	(Note 1)

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

(Note 2) The Investment Corporation has transferred the quasi co-ownership interest of Leaf Minatomirai (Land) of 55% on December 15, 2017. Accordingly, the figures shown reflect the Investment Corporation's ownership of 45% of the quasi co-ownership from the date of transfer.

(Note 3) The Investment Corporation made additional acquisitions on November 1, 2017 of Sotetsu Fresa Inn Ginza 7 Chome of 50% of co-ownership interest for the land and acquisition of the entire building. Accordingly, the figures shown reflect the Investment Corporation's ownership of a single building and its land (complete ownership) from the date of transfer.