

This is an English translation of summarized financial results prepared for reference purposes only. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

October 12, 2018

Financial Report for the Fiscal Period Ended August 31, 2018 (For the Reporting Period from March 1, 2018 to August 31, 2018)

Hulic Reit, Inc. (“Investment Corporation”)

Listing: Tokyo Stock Exchange
 Securities code: 3295
 URL: <https://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: November 22, 2018
 Scheduled date to commence payment of distributions: November 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 August 31, 2018 (March 1, 2018 - August 31, 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	%
August 31, 2018	8,101	(1.0)	4,576	(3.3)	4,044	(4.1)	4,043	(4.1)
February 28, 2018	8,183	15.3	4,733	17.7	4,215	19.4	4,214	19.4

Fiscal period ended	Basic earnings per unit	Return on equity	Ordinary profit on total assets	Ordinary profit on operating revenues
	Yen	%	%	%
August 31, 2018	3,643	2.8	1.4	49.9
February 28, 2018	3,873	3.0	1.6	51.5

(Note) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units outstanding during the period (fiscal period ended August 31, 2018: 1,110,000 units; fiscal period ended February 28, 2018: 1,088,099 units).

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
Fiscal period ended	Yen	Millions of yen	Yen	Millions of yen	%	%
August 31, 2018	3,643	4,043	0	0	99.9	2.8
February 28, 2018	3,797	4,214	0	0	99.9	3.0

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

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2018	283,817	145,761	51.4	131,316
February 28, 2018	275,428	145,932	53.0	131,470

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
August 31, 2018	8,902	(18,522)	3,291	11,827
February 28, 2018	13,798	(15,218)	6,098	18,156

2. Forecasts of performance for the fiscal period ending February 28, 2019 (September 1, 2018 - February 28, 2019) and the fiscal period ending August 31, 2019 (March 1, 2019 - August 31, 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
February 28, 2019	8,840	9.1	4,926	7.6	4,317	6.7	4,316	6.7	3,450	0
August 31, 2019	8,872	0.4	4,800	(2.6)	4,192	(2.9)	4,191	(2.9)	3,350	0

(Reference) Forecasted basic earnings per unit (Forecasted profit / Forecasted number of investment units at end of period)
For the fiscal period ending February 28, 2019: ¥3,450
For the fiscal period ending August 31, 2019: ¥3,350

*** Other**

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

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

(2) Total number of investment units issued

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

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

*** 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 February 28, 2019 (from September 1, 2018 to February 28, 2019) and the fiscal period ending August 31, 2019 (from March 1, 2019 to August 31, 2019)” on pages 10 through 13 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 May 24, 2018, 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 May 24, 2018, 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 Hulic Ginza 7 Chome Building in March 2018, Hulic Shimura-sakaue and the adjoining land passage for Hulic Higashi Ueno 1 Chome Building in June 2018 (total acquisition price: ¥18,564 million (rounded to the nearest ¥1 million)), and transferred a part of the quasi co-ownership interest of Leaf Minatomirai (Land) in April 2018. As a result, the number of properties held by the Investment Corporation at the end of the reporting period was 46, and the total acquisition price was ¥271,484 million (rounded to the nearest ¥1 million). The occupancy rate of the entire portfolio has remained at a high level to end the reporting period at 99.8%.

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 2018, the Investment Corporation was awarded a “Green Star” for the second consecutive year 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 also received “4 Stars,” the 2nd-highest GRESB Rating for the second year in a row. Furthermore, the Investment Corporation has also continued to work on acquisition of the DBJ Green Building Certification (Note 1) and received the certification for Ochanomizu Sola City, Hulic Toranomom Building, Toranomom First Garden, Oimachi Redevelopment Building (#1) and Oimachi Redevelopment Building (#2). In addition, in June 2018, the Investment Corporation acquired the BELS rating (Note 2), a public rating system that

assesses the energy-conservation performance of non-residential buildings, for Hulic Toranomom Building.

(Note 1) The “DBJ Green Building Certification” is a certification system created by Development Bank of Japan Inc. in April 2011 to support real estate properties with environmental and social awareness (“Green Building”). The certification system is said to evaluate and certify real estate properties in terms of their desirability for society and the economy based on a comprehensive evaluation, which includes not only environmental performance, but also responsiveness to various stakeholder needs such as consideration for emergency preparedness and the community, and to support these efforts.

(Note 2) The “BELS rating” is a building energy-efficiency labeling system that was started with the aim of having third-party institutions implement accurate evaluation and labeling of energy-conservation performance in non-residential buildings in accordance with the guidelines set forth in October 2013 by the Ministry of Land, Infrastructure, Transport and Tourism in “Evaluation Guidelines for Energy-efficiency Labeling for Non-residential Buildings (2013).”

iii) Status of financing

During the reporting period, in addition to the refinancing of short-term loans payable of ¥3,960 million, the Investment Corporation procured ¥7,550 million as short-term loans payable in June 2018 to fund the acquisition of assets. The Investment Corporation issued the fourth investment corporation bonds of ¥7,000 million in August 2018 to partly fund the repayment of the short-term loans payable of ¥7,000 million.

As a result, at the end of the reporting period, interest-bearing debt totaled ¥123,400 million (comprising ¥4,510 million in short-term loans payable, ¥13,130 million in current portion of long-term loans payable, ¥93,760 million in long-term loans payable and ¥12,000 million in investment corporation bonds), resulting in a loan-to-value (LTV) ratio of 43.5%.

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 ¥8,101 million (down 1.0% compared with the previous fiscal period), operating profit was ¥4,576 million (down 3.3% compared with the previous fiscal period), ordinary profit after deducting interest expenses for borrowings, etc. was ¥4,044 million (down 4.1% compared with the previous fiscal period), and profit was ¥4,043 million (down 4.1% 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 ¥3,643.

v) Comparison with previous forecasts (Operating results (earnings) forecasts announced on April 12, 2018)

Compared to our previous forecasts, Hulic Shimura-sakaue, which was acquired in June 2018, contributed to revenues, thus resulting in higher revenues and income.

	Previous forecasts (A) (Note)	Actual results (B)	Difference (amount) (B-A)	Difference (%)
Operating revenues	¥7,976 million	¥8,101 million	¥125 million	1.6%
Operating profit	¥4,490 million	¥4,576 million	¥86 million	1.9%
Ordinary profit	¥3,964 million	¥4,044 million	¥80 million	2.0%
Profit	¥3,963 million	¥4,043 million	¥80 million	2.0%
Distributions per unit	¥3,570	¥3,643	¥73	2.0%
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 February 28, 2018” dated April 12, 2018.

Outlook for the fiscal period ending February 28, 2019

i) Outlook for overall operations

In terms of the outlook for the rental office market, demands for increased floor space in corporate offices are expected to continue to be steady. 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.

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

Issuance of new investment units

The Investment Corporation passed resolutions at a meeting of its Board of Directors held on October 12, 2018, to issue new investment units as follows for the purpose of using the proceeds for all or a portion of the purchase price for specified assets and for full or partial repayment of borrowings, etc. It plans to determine the issue price per unit and other matters at a future meeting of the Board of Directors.

(New investment unit issuance through public offering)

Number of new investment units to be issued: 134,200 units
Payment date: A date between October 30, 2018 and November 1, 2018

(New investment unit issuance through third-party allotment)

Number of new investment units to be issued: 6,800 units (maximum)
Payment date: November 19, 2018
Allottee: Mizuho Securities Co., Ltd.

If the entire number of new investment units to be issued in the third-party allotment, or a portion thereof, is not subscribed to, this may result in the final number of new investment units issued in the third-party allotment being reduced by such number of units or fewer due to forfeiture or the issuance itself not being carried out at all.

(Reference information)

(A) Acquisitions of properties

The Investment Corporation acquired the beneficiary rights of real estate in trust and real estate shown in the table of <Acquired Assets for the Tenth Fiscal Period> below (2 properties; acquisition price: ¥9,550 million. Hereinafter referred to as the “Acquired Assets for the Tenth Fiscal Period”). On October 12, 2018, the Investment Corporation concluded a purchase and sale agreement regarding the acquisition of the beneficiary rights of real estate in trust shown in the table of <Assets Planned for Acquisition> below (3 properties including the additional acquisition of 1 property; anticipated acquisition price: ¥25,230 million. Hereinafter referred to as the “Assets Planned for Acquisition”).

The acquisition prices and anticipated 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 or real estate sales agreements.

<Acquired Assets for the Tenth Fiscal Period>

Property name	Location	Date of acquisition	Acquisition price (Millions of yen)	Seller
Shinagawa Season Terrace	Minato-ku, Tokyo	September 10, 2018	6,100	Hulic Co., Ltd.
KSS Gotanda Building	Shinagawa-ku, Tokyo	October 1, 2018	3,450	(Note)
Total	—	—	9,550	—

(Note) Although the seller is a general business company in Japan, the seller is not disclosed for the unavoidable reason that the seller's consent regarding disclosure has not been obtained. The sellers do not fall under the category of interested person, etc. for the Investment Corporation or the Asset Manager.

<Assets Planned for Acquisition>

Property name	Location	Scheduled date of acquisition (Note 1)	Anticipated acquisition price (Millions of yen)	Seller
Hulic Kamiyacho Building (Additional acquisition)	Minato-ku, Tokyo	October 16, 2018	18,500	Hulic Co., Ltd.
Hulic Nihonbashi Honcho 1 Chome Building	Chuo-ku, Tokyo	November 1, 2018	3,980	(Note 2)
Bancho House	Chiyoda-ku, Tokyo	November 1, 2018	2,750	Hulic Co., Ltd.
Total	–	–	25,230	–

(Note 1) The scheduled dates of acquisition for Hulic Nihonbashi Honcho 1 Chome Building and Bancho House, which are among the Assets Planned for Acquisition, may change as a result of a change in the payment date of the aforementioned issuance of new investment units through public offering.

(Note 2) Although the seller is a general business company in Japan, the seller is not disclosed for the unavoidable reason that the seller's consent regarding disclosure has not been obtained. The sellers do not fall under the category of interested person, etc. for the Investment Corporation or the Asset Manager.

(B) Borrowing of funds

In order to cover part of the acquisition price, etc. for Acquired Assets for the Tenth Fiscal Period above in (A), the Investment Corporation executed the borrowings shown in the table of <Borrowings Executed in the Tenth Fiscal Period> below. The Investment Corporation decided on October 12, 2018, to execute the borrowings shown in the table of <Borrowings Scheduled to be Executed> below to cover part of the acquisition price for Assets Planned for Acquisition.

<Borrowings Executed in the Tenth Fiscal Period>

Lender	Borrowing amount (Millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Remarks
Syndicate of lenders arranged by Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd. (Note)	6,100	Base rate of interest (JBA one-month Japanese Yen TIBOR) + 0.25%	September 10, 2018	September 9, 2019	Lump-sum repayment	Unsecured and unguaranteed
Sumitomo Mitsui Trust Bank, Limited	3,450	Base rate of interest (JBA one-month Japanese Yen TIBOR) + 0.25%	October 1, 2018	October 1, 2019	Lump-sum repayment	Unsecured and unguaranteed
Total	9,550	–	–	–	–	–

(Note) The syndicate of lenders consists of Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and MUFG Bank, Ltd.

<Borrowings Scheduled to be Executed>

Lender	Borrowing amount (Millions of yen)	Interest rate	Anticipated drawdown date	Scheduled repayment date	Repayment method	Remarks
Mizuho Bank, Ltd.	18,500	Base rate of interest (JBA one-month Japanese Yen TIBOR) + 0.25%	October 16, 2018	August 30, 2019	Lump-sum repayment	Unsecured and unguaranteed

iii) Operating results (earnings) forecasts

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

	Fiscal period ending February 28, 2019	Fiscal period ending August 31, 2019
Operating revenues	¥8,840 million	¥8,872 million
Operating profit	¥4,926 million	¥4,800 million
Ordinary profit	¥4,317 million	¥4,192 million
Profit	¥4,316 million	¥4,191 million
Distributions per unit	¥3,450	¥3,350
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 February 28, 2019 (from September 1, 2018 to February 28, 2019) and the fiscal period ending August 31, 2019 (from March 1, 2019 to August 31, 2019)” on pages 10 through 13.

(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 February 28, 2019 (from September 1, 2018 to February 28, 2019) and the fiscal period ending August 31, 2019 (from March 1, 2019 to August 31, 2019)

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> • Fiscal period ending February 28, 2019: 181 days from September 1, 2018 to February 28, 2019 • Fiscal period ending August 31, 2019: 184 days from March 1, 2019 to August 31, 2019
Portfolio	<ul style="list-style-type: none"> • We have based our assumptions on a total of 49 properties consisting of 46 properties we held as of the end of the fiscal period ended August 31, 2018 (the ninth fiscal period) (hereinafter referred to as the “Assets Held” in this table of assumptions) in addition to the Acquired Assets for the Tenth Fiscal Period and Assets Planned for Acquisition. (The assumption of 49 properties includes the additional acquisition of 1 property and takes into account the quasi co-ownership interest (15%) transferred in Leaf Minatomirai (Land) dated on September 27, 2018.) • In our forecasts of performance, we have assumed that Assets Planned for Acquisition will be acquired, consisting of 1 property to be acquired on October 16, 2018 and 2 properties to be acquired on November 1, 2018, and excluding these, we have assumed that there will be no changes in the composition of our portfolio (no acquisitions of new properties, no transfers of Assets Held, etc.) until August 31, 2019 (the end of the eleventh fiscal period). • There may be changes in the portfolio, however, caused by buying or selling of properties.
Operating revenues	<ul style="list-style-type: none"> • Real estate lease business revenues from Assets Held and Hulic Kamiyacho Building (Additional acquisition) 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 Tenth Fiscal Period and Assets Planned for Acquisition (excluding Hulic Kamiyacho Building (Additional acquisition)) have been calculated in consideration of trends of the lease market and other factors on the basis of information provided primarily by the transferors of each property and lease agreements scheduled to be effective as of the date of acquisition for the Acquired Assets for the Tenth Fiscal Period and the scheduled date of acquisition for the Assets Planned for Acquisition (excluding Hulic Kamiyacho Building (Additional acquisition)). • The projected amount for a gain on transfer relating to the quasi co-ownership interest (15%) transferred in Leaf Minatomirai (Land) on September 27, 2018 (after deducting expenses relating to the transfer) is recognized for the fiscal period ending February 28, 2019 (the tenth fiscal period). • Operating revenues assume no delinquencies or non-payment of rent by tenants.

Item	Assumptions
Operating expenses	<ul style="list-style-type: none"> • Of the expenses related to rent business, the principal component of operating expenses, expenses other than depreciation and amortization expenses for the Assets Held (excluding Hulic Ginza 7 Chome Building and Hulic Shimura-sakaue, acquired in the fiscal period ended August 31, 2018 (the ninth fiscal period); hereinafter collectively referred to as “Acquired Assets for the Ninth Fiscal Period”) 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, Acquired Assets for the Tenth Fiscal Period, and Assets Planned for Acquisition (excluding Hulic Kamiyacho Building (Additional acquisition)) have been calculated in such a way as to reflect variable factors in the expenses based on information received from the transferors of each asset and others, and also based on past performance figures. • We have calculated depreciation and amortization expenses using the straight-line method, including ancillary expenses, and assumed that we will incur depreciation and amortization expenses of ¥952 million for the fiscal period ending February 28, 2019 (the tenth fiscal period) and ¥964 million for the fiscal period ending August 31, 2019 (the eleventh fiscal period). • In general, fixed asset tax, city planning tax, etc. for the assets we acquire or transfer are settled at the time of acquisition or transfer between the transferor and the transferee based on their respective periods of ownership in relation to the relevant tax year. With respect to the acquired assets, any of these taxes allocated to the transferee are not recognized in expenses at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes in the Investment Corporation. We assume that the total amounts of fixed asset tax, city planning tax, etc. treated as a part of the acquisition value of the Acquired Assets for the Ninth Fiscal Period, Acquired Assets for the Tenth Fiscal Period, and Assets Planned for Acquisition will be ¥96 million. For the Assets Planned for Acquisition, 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 February 28, 2019 (the tenth fiscal period). Fixed asset tax, city planning tax, etc. are assumed at ¥596 million for the fiscal period ending February 28, 2019 (the tenth fiscal period) and ¥721 million for the fiscal period ending August 31, 2019 (the eleventh fiscal period). • Repair expenses for buildings are recognized for each fiscal period in amounts assumed as necessary based on the repair plan formulated by the Asset Manager for each property. However, actual repair expenses for each fiscal period may differ substantially from our forecasts, mainly for the following reasons: (i) we may incur expenses for urgent repairs to properties for reasons including damage to buildings resulting from factors that are difficult to foresee, (ii) generally, there is a substantial difference in such expenses incurred from one fiscal period to another, and (iii) such expenses are not incurred on a regular basis.
Non-operating expenses	<ul style="list-style-type: none"> • We expect to record interest expenses and other borrowing-related expenses of ¥570 million in the fiscal period ending February 28, 2019 (the tenth fiscal period) and ¥577 million in the fiscal period ending August 31, 2019 (the eleventh fiscal period). • We expect to record amortization of investment corporation bond issuance costs (amortized by the straight-line method over period until redemption) and amortization of investment unit issuance costs (amortized by the straight-line method over a three-year period) relating to issuance of investment corporation bonds and new investment units, etc. of ¥38 million in the fiscal period ending February 28, 2019 (the tenth fiscal period) and ¥30 million in the fiscal period ending August 31, 2019 (the eleventh fiscal period).

Item	Assumptions
Interest-bearing debt	<ul style="list-style-type: none"> • The balance of interest-bearing debt of the Investment Corporation as of the date of this report is ¥132,950 million (comprising ¥14,060 million in short-term loans payable, ¥13,130 million in current portion of long-term loans payable, ¥93,760 million in long-term loans payable and ¥12,000 million in investment corporation bonds). • For ¥8,550 million in current portion of long-term loans payable for which repayment is due by February 28, 2019 (the end of the tenth fiscal period), ¥3,960 million in short-term loans payable for which repayment is due by August 31, 2019 (the end of the eleventh fiscal period) (excluding the Existing Bridge Loan listed below), and ¥4,580 million in current portion of long-term loans payable, we assume the refinancing of the entire amounts at the time of the due date. • We assume the refinancing of the entire amount of the outstanding balance on short-term loans payable that was borrowed as acquisition funds for Hulic Shimura-sakaue acquired on June 29, 2018 and the Acquired Assets for the Tenth Fiscal Period (¥10,100 million) (hereinafter referred to as the “Existing Bridge Loan”). • Accompanying the acquisition of Hulic Kamiyacho Building (Additional acquisition) portion of the Assets Planned for Acquisition, a new loan of ¥18,500 million in short-term loans payable (hereinafter referred to as the “New Bridge Loan”) is scheduled to be made. • We plan to allocate the remaining balance of the proceeds from the issuance of new investment units through public offering based on a resolution made at the Investment Corporation’s Board of Directors meeting held on the date of this report (hereinafter referred to as the “Public Offering”) after deducting the acquisition funds for the Hulic Nihonbashi Honcho 1 Chome Building and Bancho House, which are among the Assets Planned for Acquisition, and the amount equal to the proceeds from the issuance of new investment units by third-party allotment based on a resolution made at the Investment Corporation’s Board of Directors meeting held on the date of this report (hereinafter referred to as the “Third-Party Allotment”) plus funds on hand, to repay the New Bridge Loan or the Existing Bridge Loan. If there is an unrepaid balance of the New Bridge Loan or Existing Bridge Loan, we will refinance it as long-term loans payable at around the end of the fiscal period ending February 28, 2019 (the tenth fiscal period). • As a result of the above, we assume that the balance of interest-bearing debt as of each of February 28, 2019 (at the end of the tenth fiscal period), and August 31, 2019 (at the end of the eleventh fiscal period), will be ¥136,690 million. However, the balance of interest-bearing debt may vary according to the final issue value of new investment units and the number of new investment units to be issued by the Public Offering and the Third-Party Allotment, and the amount used of the funds on hand. • We have expected LTV ratio (assumed) of approximately 43% as of February 28, 2019 (at the end of the tenth fiscal period). • The above LTV ratio (assumed) was obtained by the following formula: $\text{LTV (assumed)} = \frac{\text{Interest-bearing debt at end of period (assumed amount)}}{\text{Total assets at end of period (projected amount)}} \times 100$ <p style="margin-left: 40px;">Total assets at end of period (projected amount): Total assets as stated on the balance sheet dated August 31, 2018 (the ninth fiscal period) (¥283,817 million); plus total acquisition price of Acquired Assets for the Tenth Fiscal Period (¥9,550 million); plus total anticipated acquisition price of Assets Planned for Acquisition (¥25,230 million); minus gain on transfer of 30% quasi co-ownership interest in Leaf Minatomirai (Land) for the ninth fiscal period; plus gain on transfer of 15% quasi co-ownership interest in Leaf Minatomirai (Land) for the tenth fiscal period; and also taking into consideration the funds on hand used.</p>

Item	Assumptions
Issuance of investment units	<ul style="list-style-type: none"> • We have assumed that in addition to the 1,110,000 total investment units issued as of the date of this report, the entire total of 141,000 units that are planned to be newly issued will be issued. This includes the Public Offering (134,200 units) and the Third-Party Allotment (maximum of 6,800 units). • Other than the above, we have assumed there will be no issuance of additional investment units until the end of the fiscal period ending August 31, 2019 (the eleventh fiscal period).
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> • We have calculated distributions per unit (excluding distributions in excess of earnings) in accordance with the cash distribution policy prescribed in the Investment Corporation's Articles of Incorporation. • Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in the asset portfolio, fluctuations in rent revenues associated with changes in tenants, or unforeseen occurrences of repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • We currently have no plans to pay cash distributions in excess of earnings (regarding distributions in excess of earnings per unit).
Others	<ul style="list-style-type: none"> • We have assumed that no revisions that impact these forecasts will be made to law and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others. • We have assumed that no significant unforeseeable changes will occur in general economic trends or conditions in the real estate market.

3. Unaudited Financial Information

(1) Balance Sheets (unaudited)

	(Unit: thousands of yen)	
	Previous fiscal period (As of February 28, 2018)	Reporting period (As of August 31, 2018)
Assets		
Current assets		
Cash and deposits	12,433,608	5,514,254
Cash and deposits in trust	5,722,404	6,313,366
Operating accounts receivable	10,217	30,498
Prepaid expenses	26,872	28,891
Deferred tax assets	20	13
Other	-	3,769
Total current assets	18,193,122	11,890,794
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	52,591,535	56,489,791
Accumulated depreciation	(4,326,634)	(5,148,991)
Buildings in trust, net	48,264,900	51,340,799
Structures in trust	319,545	345,197
Accumulated depreciation	(80,439)	(92,946)
Structures in trust, net	239,105	252,250
Machinery and equipment in trust	281,516	281,614
Accumulated depreciation	(89,479)	(106,886)
Machinery and equipment in trust, net	192,037	174,727
Tools, furniture and fixtures in trust	27,824	38,487
Accumulated depreciation	(8,676)	(11,144)
Tools, furniture and fixtures in trust, net	19,147	27,342
Land in trust	199,195,453	210,875,873
Construction in progress in trust	3,473	-
Total property, plant and equipment	247,914,118	262,670,994
Intangible assets		
Leasehold rights in trust	8,471,289	8,471,289
Other	2,077	1,058
Total intangible assets	8,473,366	8,472,348
Investments and other assets		
Lease and guarantee deposits	20,340	20,302
Long-term prepaid expenses	719,129	637,640
Total investments and other assets	739,469	657,942
Total noncurrent assets	257,126,954	271,801,285
Deferred assets		
Investment unit issuance costs	75,036	51,485
Investment corporation bond issuance costs	33,053	73,836
Total deferred assets	108,089	125,321
Total assets	275,428,167	283,817,401

(Unit: thousands of yen)

	Previous fiscal period (As of February 28, 2018)	Reporting period (As of August 31, 2018)
Liabilities		
Current liabilities		
Operating accounts payable	233,871	513,420
Short-term loans payable	3,960,000	4,510,000
Current portion of long-term loans payable	8,550,000	13,130,000
Accounts payable - other	998,357	958,047
Accrued expenses	42,214	45,422
Income taxes payable	1,009	882
Accrued consumption taxes	109,560	115,115
Advances received	1,247,312	1,362,839
Deposits received	0	26,596
Total current liabilities	15,142,325	20,662,322
Noncurrent liabilities		
Investment corporation bond	5,000,000	12,000,000
Long-term loans payable	98,340,000	93,760,000
Tenant leasehold and security deposits in trust	11,013,169	11,633,323
Total noncurrent liabilities	114,353,169	117,393,323
Total liabilities	129,495,494	138,055,645
Net assets		
Unitholders' equity		
Unitholders' capital	141,717,678	141,717,678
Surplus		
Unappropriated retained earnings	4,214,994	4,044,077
Total surplus	4,214,994	4,044,077
Total unitholders' equity	145,932,672	145,761,755
Total net assets	*2 145,932,672	*2 145,761,755
Total liabilities and net assets	275,428,167	283,817,401

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

(Unit: thousands of yen)

	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Reporting period (From March 1, 2018 to August 31, 2018)
Operating revenues		
Lease business revenue	*1, *3 7,119,623	*1, *3 7,357,004
Other lease business revenues	*1 340,982	*1 355,529
Gain on sales of real estate properties	*2, *3 722,500	*2, *3 389,340
Total operating revenues	8,183,105	8,101,873
Operating expenses		
Expenses related to rent business	*1 2,390,026	*1 2,519,504
Asset management fee	850,996	812,586
Asset custody fee	12,991	13,260
Administrative service fees	41,167	42,467
Directors' compensations	6,000	6,000
Other operating expenses	148,381	131,359
Total operating expenses	3,449,563	3,525,179
Operating profit	4,733,542	4,576,694
Non-operating income		
Interest income	62	47
Gain on forfeiture of unclaimed dividends	687	594
Total non-operating income	749	642
Non-operating expenses		
Interest expenses	385,653	395,093
Interest expenses on investment corporation bonds	12,325	12,521
Borrowing related expenses	94,098	97,685
Amortization of investment unit issuance costs	22,505	23,550
Amortization of investment corporation bond issuance costs	3,763	3,838
Total non-operating expenses	518,346	532,688
Ordinary profit	4,215,944	4,044,648
Profit before income taxes	4,215,944	4,044,648
Income taxes - current	1,018	889
Income taxes - deferred	(9)	6
Total income taxes	1,009	895
Profit	4,214,935	4,043,752
Retained earnings brought forward	58	324
Unappropriated retained earnings	4,214,994	4,044,077

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

Previous fiscal 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

Reporting period (From March 1, 2018 to August 31, 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	141,717,678	4,214,994	4,214,994	145,932,672	145,932,672
Changes of items during the period					
Distribution of surplus	–	(4,214,670)	(4,214,670)	(4,214,670)	(4,214,670)
Profit	–	4,043,752	4,043,752	4,043,752	4,043,752
Total changes of items during the period	–	(170,917)	(170,917)	(170,917)	(170,917)
Balance at the end of the period	*1 141,717,678	4,044,077	4,044,077	145,761,755	145,761,755

(4) Statements of Cash Distributions (unaudited)

By period Item	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Reporting period (From March 1, 2018 to August 31, 2018)
I Unappropriated retained earnings	¥4,214,994,618	¥4,044,077,027
II Distribution amount (Distributions per unit)	¥4,214,670,000 (¥3,797)	¥4,043,730,000 (¥3,643)
III Retained earnings carried forward	¥324,618	¥347,027
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 ¥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>	<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 ¥4,043,730,000, 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 September 1, 2017 to February 28, 2018)	Reporting period (From March 1, 2018 to August 31, 2018)
Cash flows from operating activities		
Profit before income taxes	4,215,944	4,044,648
Depreciation and amortization	795,879	855,758
Amortization of investment unit issuance costs	22,505	23,550
Amortization of investment corporation bond issuance costs	3,763	3,838
Interest income	(62)	(47)
Interest expenses	397,979	407,614
Decrease (increase) in operating accounts receivable	3,518	(20,281)
Decrease (increase) in prepaid expenses	7,120	(2,019)
Increase (decrease) in operating accounts payable	(220,427)	280,908
Increase (decrease) in accounts payable - other	200,795	(40,431)
Increase (decrease) in accrued consumption taxes	90,000	5,554
Increase (decrease) in advances received	(25,107)	115,526
Increase (decrease) in deposits received	(199)	26,596
Decrease (increase) in long-term prepaid expenses	80,160	81,489
Decrease in property, plant and equipment in trust due to sales	8,625,859	3,529,799
Other, net	229	(2,645)
Subtotal	14,197,959	9,309,859
Interest income received	62	47
Interest expenses paid	(398,634)	(406,133)
Income taxes (paid) refund	(815)	(1,009)
Net cash provided by (used in) operating activities	13,798,571	8,902,764
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(15,660,230)	(19,142,774)
Payments for lease and guarantee deposits	(264)	–
Proceeds from collection of lease and guarantee deposits	500	37
Repayments of tenant leasehold and security deposits in trust	(525,713)	(178,279)
Proceeds from tenant leasehold and security deposits in trust	967,647	798,433
Net cash provided by (used in) investing activities	(15,218,060)	(18,522,582)
Cash flows from financing activities		
Proceeds from short-term loans payable	5,000,000	11,510,000
Repayments of short-term loans payable	(5,000,000)	(10,960,000)
Proceeds from issuance of investment corporation bonds	–	6,955,379
Proceeds from issuance of investment units	9,628,503	–
Dividends paid	(3,529,567)	(4,213,953)
Net cash provided by (used in) financing activities	6,098,935	3,291,425
Net increase (decrease) in cash and cash equivalents	4,679,447	(6,328,392)
Cash and cash equivalents at beginning of period	13,476,566	18,156,013
Cash and cash equivalents at end of period	*1 18,156,013	*1 11,827,621

(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</p> <p>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 ¥7,966 thousand for the previous fiscal period, and ¥75,917 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"> i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; and construction in progress in trust iii) Leasehold rights in trust iv) Tenant leasehold and security deposits in trust <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>

New accounting standards not yet applied

- “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, issued by the Accounting Standards Board of Japan on March 30, 2018)
- “Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, issued by the Accounting Standards Board of Japan on March 30, 2018)

(1) Overview

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) jointly developed comprehensive revenue recognition standards and issued “Revenue from Contracts with Customers” in May 2014 (IASB’s IFRS 15 and FASB’s Topic 606). Considering that IFRS 15 shall apply to fiscal years beginning on or after January 1, 2018, and Topic 606 shall apply to fiscal years beginning after December 15, 2017, the ASBJ developed a comprehensive accounting standard on revenue recognition and thus issued the accounting standard together with the implementation guidance.

The ASBJ established the accounting standard on revenue recognition by following the basic policies in developing it. The basic policies were: firstly, incorporating the core principle of IFRS 15 as the starting point from the perspective of facilitating comparability among financial statements, which is one of the benefits of ensuring consistency with IFRS 15; secondly, adding alternative treatments, but to the extent not impairing comparability, where consideration should be given to the practice having been used in Japan.

(2) Scheduled date of application

These ASBJ statement and guidance will be applied at the beginning of the fiscal period ending February 28, 2022.

(3) Effects of application of the accounting standard, etc.

The impact of the application of the Accounting Standard for Revenue Recognition and its guidance on the financial statements is currently under evaluation.

(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 February 28, 2018)	Reporting period (As of August 31, 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 February 28, 2018)	Reporting period (As of August 31, 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 September 1, 2017 to February 28, 2018)	Reporting period (From March 1, 2018 to August 31, 2018)
A. Real estate lease business revenues		
Lease business revenue		
Rent	6,016,216	6,439,541
Land rent	500,030	329,972
Common service fees	603,376	587,490
Total	7,119,623	7,357,004
Other lease business revenues		
Revenue from utilities charges	237,496	247,047
Other revenue	103,485	108,482
Total	340,982	355,529
Total real estate lease business revenues	7,460,605	7,712,533
B. Expenses related to real estate lease business		
Expenses related to rent business		
Property management fees	407,261	434,776
Utilities expenses	241,149	271,492
Taxes and public dues	531,193	603,159
Insurance expenses	7,570	8,044
Repair expenses	125,066	91,311
Depreciation and amortization	794,860	854,739
Other expenses related to rent business	282,924	255,981
Total expenses related to real estate lease business	2,390,026	2,519,504
C. Income (loss) from real estate lease business (A – B)	5,070,578	5,193,028

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

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

Leaf Minatomirai (Land) (quasi co-ownership interest: 55.0%)	(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>

Reporting period (From March 1, 2018 to August 31, 2018)

Leaf Minatomirai (Land) (quasi co-ownership interest: 30.0%)	(Unit: thousands of yen)	
Proceeds from sales of real estate properties		3,930,000
Cost of sales of real estate properties		3,529,799
Other expenses for the sales		10,860
<u>Gain on sales of real estate properties</u>		<u>389,340</u>

*3. Transactions with major corporate unitholders

	(Unit: thousands of yen)	
	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Reporting period (From March 1, 2018 to August 31, 2018)
From operating transactions		
Lease business revenue	1,163,841	908,966
Gain on sales of real estate properties	712,257	389,340

Notes to Statements of Changes in Net Assets (unaudited)

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

	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Reporting period (From March 1, 2018 to August 31, 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	1,110,000 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 September 1, 2017 to February 28, 2018)	Reporting period (From March 1, 2018 to August 31, 2018)
Cash and deposits	12,433,608	5,514,254
Cash and deposits in trust	5,722,404	6,313,366
Total cash and cash equivalent	18,156,013	11,827,621

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 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	–	–	–

Balance sheet carrying amount, fair value, and the difference between the two values as of August 31, 2018 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	5,514,254	5,514,254	–
(2) Cash and deposits in trust	6,313,366	6,313,366	–
Total assets	11,827,621	11,827,621	–
(1) Short-term loans payable	4,510,000	4,510,000	–
(2) Current portion of long-term loans payable	13,130,000	13,182,507	52,507
(3) Investment corporation bonds	12,000,000	12,019,500	19,500
(4) Long-term loans payable	93,760,000	92,746,758	(1,013,241)
Total liabilities	123,400,000	122,458,766	(941,233)
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 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	–	–	–	–	–

Reporting period (As of August 31, 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	5,514,254	–	–	–	–	–
Cash and deposits in trust	6,313,366	–	–	–	–	–
Total	11,827,621	–	–	–	–	–

(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 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

Reporting period (As of August 31, 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	4,510,000	–	–	–	–	–
Investment corporation bonds	–	2,000,000	–	–	–	10,000,000
Long-term loans payable	13,130,000	9,299,000	15,680,000	17,610,000	18,615,000	32,556,000
Total	17,640,000	11,299,000	15,680,000	17,610,000	18,615,000	42,556,000

Notes on Derivative Transactions (unaudited)

1. Derivative transactions not applying hedge accounting

Previous fiscal period (As of February 28, 2018)

Not applicable.

Reporting period (As of August 31, 2018)

Not applicable.

2. Derivative transactions applying hedge accounting

Previous fiscal 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”).

Reporting period (As of August 31, 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	48,517,000	*	—

* 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 February 28, 2018)	Reporting period (As of August 31, 2018)
Deferred tax assets		
Accrued enterprise tax excluded from expenses	20	13
Total deferred tax assets	20	13
Net deferred tax assets	20	13

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

(Unit: %)

	Previous fiscal period (As of February 28, 2018)	Reporting period (As of August 31, 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 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.

Reporting period (From March 1, 2018 to August 31, 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	18,556,000	-	-
								Transfer of beneficiary right of real estate in trust	3,930,000	-	-
								Keeping of leasehold and security deposits	788,715	Tenant leasehold and security deposits in trust	9,505,096
								Repayment of leasehold and security deposits	178,279		
								Earning of rent revenue, etc.	908,966	Advances received	155,061

(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 September 1, 2017 to February 28, 2018)

Not applicable.

Reporting period (From March 1, 2018 to August 31, 2018)

Not applicable.

3. Subsidiaries of parent company

Previous fiscal 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 compensation associated with a property acquisition factored into the book value of the individual properties (¥38,125 thousand) and the portion of compensation 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.

Reporting period (From March 1, 2018 to August 31, 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)	868,839	Operating accounts payable	877,593

(Note 1) Payment of asset management fee includes the portion of compensation associated with a property acquisition factored into the book value of the individual properties (¥46,427 thousand) and the portion of compensation associated with a property transfer deducted from gain on sales of real estate properties of the individual properties (¥9,825 thousand).

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

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

4. Officers and major individual unitholders

Previous fiscal period (From September 1, 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.”

Reporting period (From March 1, 2018 to August 31, 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 September 1, 2017 to February 28, 2018)	Reporting period (From March 1, 2018 to August 31, 2018)
Balance sheet carrying amount		
Balance at beginning of period	250,211,182	256,385,407
Changes during period	6,174,224	14,756,875
Balance at end of period	256,385,407	271,142,283
Fair value at end of period	294,032,000	313,070,000

(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 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). The main reason for the increase during the reporting period is the acquisition of real estate and beneficiary rights of real estate in trust of 3 properties (¥18,829,580 thousand) and the decrease is mainly due to transfer of beneficiary rights of real estate in trust of 1 property (¥3,529,799 thousand) and depreciation and amortization (¥854,739 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 was 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 September 1, 2017 to 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

Reporting period (From March 1, 2018 to August 31, 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.	1,298,306	Real estate lease business

Notes on Per Unit Information (unaudited)

	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Reporting period (From March 1, 2018 to August 31, 2018)
Net assets per unit	¥131,470	¥131,316
Basic earnings per unit	¥3,873	¥3,643

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

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

	Previous fiscal period (From September 1, 2017 to February 28, 2018)	Reporting period (From March 1, 2018 to August 31, 2018)
Profit (Thousands of yen)	4,214,935	4,043,752
Amount not attributable to common unitholders (Thousands of yen)	–	–
Profit attributable to common investment units (Thousands of yen)	4,214,935	4,043,752
Average number of investment units for the period (Units)	1,088,099	1,110,000

Notes on Significant Subsequent Events (unaudited)

Issuance of new investment units

The Investment Corporation passed resolutions at a meeting of its Board of Directors held on October 12, 2018, to issue new investment units as follows for the purpose of using the proceeds for all or a portion of the purchase price for specified assets and for full or partial repayment of borrowings, etc. It plans to determine the issue price per unit and other matters at a future meeting of the Board of Directors.

(New investment unit issuance through public offering)

Number of new investment units to be issued: 134,200 units

Payment date: A date between October 30, 2018 and November 1, 2018

(New investment unit issuance through third-party allotment)

Number of new investment units to be issued: 6,800 units (maximum)

Payment date: November 19, 2018

Allottee: Mizuho Securities Co., Ltd.

If the entire number of new investment units to be issued in the third-party allotment, or a portion thereof, is not subscribed to, this may result in the final number of new investment units issued in the third-party allotment being reduced by such number of units or fewer due to forfeiture or the issuance itself not being carried out at all.

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 May 24, 2018.

(2) Changes in Officers of Asset Manager

There have been no changes from the “Status of Officers” described in the latest Securities Report (prepared in Japanese only) submitted on May 24, 2018.

5. Reference Information

(1) Status of Investment

Type of assets	Category	Region (Note 1)	Previous fiscal period (As of February 28, 2018)		Reporting period (As of August 31, 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	182,238	66.2	193,093	68.0	
		Other wards of Tokyo	9,314	3.4	16,991	6.0	
		Other	10,030	3.6	6,484	2.3	
		Total	201,583	73.2	216,568	76.3	
	Next-Generation Assets	Six central wards of Tokyo	19,649	7.1	19,583	6.9	
		Other wards of Tokyo	20,112	7.3	20,045	7.1	
		Other	15,039	5.5	14,944	5.3	
		Total	54,801	19.9	54,573	19.2	
	Total real estate in trust			256,385	93.1	271,142	95.5
	Deposits and other assets			19,042	6.9	12,675	4.5
Total assets			275,428	100.0	283,817	100.0	

	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	129,495	47.0	138,055	48.6
Total net assets	145,932	53.0	145,761	51.4

(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 August 31, 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 ²) (Note 4)	Total leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)	
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building (Note 7)	April 1985	1,855	1,862	22,240.17	22,740.96	97.8
		Hulic Kudan Building (Land)	–	530	265	3,351.07	3,351.07	100.0
		Toranomon First Garden (Note 8)	August 2010	547	412	5,689.97	5,689.97	100.0
		Rapiros Roppongi (Note 9)	August 1997	592	534	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	251	201	3,728.36	3,728.36	100.0
		Hulic Kandabashi Building	June 2001	162	128	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 19)	(Note 19)	13,923.42	13,923.42	100.0
		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)	(Business/ Commercial Tower) January 1999 (Residential Tower) December 1998	278	(Note 3)	3,835.78	3,835.78	100.0
		Hulic Toranomon Building	May 2015	905	641	8,574.65	8,574.65	100.0
		Hulic Shibuya 1 chome Building	August 1993	238	181	2,817.65	2,817.65	100.0
		Hulic Higashi Nihonbashi Building	November 1996	190	125	3,681.20	3,681.20	100.0
	Hulic Jimbocho Building	September 1989	71	50	1,561.38	1,561.38	100.0	
	Hulic Ginza 7 Chome Building (Note 13)	September 1962	499	282	6,002.99	6,002.99	100.0	
	Subtotal	–	–	–	97,499.13	97,999.92	99.5	
	Retail properties	Oimachi Redevelopment Building (#2)	September 1989	624	656	14,485.66	14,485.66	100.0
		Oimachi Redevelopment Building (#1) (Note 14)	September 1989	438	529	10,612.67	10,612.67	100.0
		Dining Square Akihabara Building	June 1993	(Note 19)	(Note 19)	2,169.41	2,169.41	100.0
		Hulic Jingu-Mae 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 19)	(Note 19)	8,958.70	8,958.70	100.0
		Leaf Minatomirai (Land) (Note 15)	–	80	40	825.01	825.01	100.0
		Orchid Square	January 2009	165	88	1,334.88	1,334.88	100.0
		Hulic Todoroki Building	August 1990	93	69	1,676.02	1,676.02	100.0
Hulic Omori Building		January 2017	192	144	2,666.52	2,666.52	100.0	
HULIC & New SHIBUYA (Note 16)		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	
Hulic Shimura-sakaue	(Retail property block) November 2015 (Private nursing home block) February 2016	469	354	11,528.34	11,528.34	100.0		
Subtotal	–	–	–	59,888.57	59,888.57	100.0		
Total	–	–	–	157,387.70	157,888.49	99.7		
Next-Generation Assets	Private nursing homes	Aria Matsubara	September 2005	(Note 19)	(Note 19)	5,454.48	5,454.48	100.0
		Trust Garden Yoganomori	September 2005	(Note 19)	(Note 19)	5,977.75	5,977.75	100.0
		Trust Garden Sakurashinmachi	August 2005	(Note 19)	(Note 19)	3,700.26	3,700.26	100.0
		Trust Garden Suginami Miyamae	April 2005	(Note 19)	(Note 19)	3,975.99	3,975.99	100.0
		Trust Garden Tokiwamatsu	January 2016	(Note 19)	(Note 19)	2,893.82	2,893.82	100.0
		SOMPO Care La vie Re Kita-Kamakura	March 2009	(Note 19)	(Note 19)	4,912.57	4,912.57	100.0
		Subtotal	–	–	–	26,914.87	26,914.87	100.0

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 ²) (Note 4)	Total leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)	
Next-Generation Assets	Network centers	Ikebukuro Network Center	January 2001	271	136	12,773.04	12,773.04	100.0
		Tabata Network Center	April 1998	90	45	3,832.73	3,832.73	100.0
		Hiroshima Network Center	October 2001	88	44	5,208.54	5,208.54	100.0
		Atsuta Network Center	May 1997	73	37	4,943.10	4,943.10	100.0
		Nagano Network Center	September 1994	33	17	2,211.24	2,211.24	100.0
		Chiba Network Center	June 1995	447	224	23,338.00	23,338.00	100.0
		Sapporo Network Center	January 2002	167	84	9,793.57	9,793.57	100.0
		Keihanna Network Center	May 2001	94	47	9,273.44	9,273.44	100.0
		Subtotal	–	1,265	632	71,373.66	71,373.66	100.0
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome (Note 17)	August 2016	480	480	6,984.32	6,984.32	100.0
		Sotetsu Fresa Inn Tokyo-Roppongi (Note 18)	August 2017	216	54	2,408.45	2,408.45	100.0
		Subtotal	–	696	534	9,392.77	9,392.77	100.0
	Total	–	–	–	107,681.30	107,681.30	100.0	
	Total of the portfolio	–	–	–	265,069.00	265,569.79	99.8	

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

(Note 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of August 31, 2018) for buildings as indicated in the relevant lease agreement of each asset held as of August 31, 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 August 31, 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 August 31, 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 or similar measurement of leased space set out in the relevant lease agreements or similar contracts of each asset held as of August 31, 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 August 31, 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 August 31, 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 West Tower, a business/commercial tower: approximately 83.0% co-ownership interest of 4,088.37 m²; retail space from the 1st basement floor to the 3rd floor of the business/commercial tower: approximately 2.4% co-ownership interest of 5,609.05 m²; residential tower: 6 residential units of 308.20 m²) 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 August 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 Hulic Ginza 7 Chome 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 (50.0%).
- (Note 14) 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 15) 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 (15.0%).
- (Note 16) 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 17) For Sotetsu Fresa Inn Ginza 7 Chome, the total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 18) 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%). Total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 19) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.
- (Note 20) 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 August 31, 2018.

ii) Overview of appraisal report

(As of August 31, 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	36,988	42,600	36,900	43,800	3.5	42,100	3.3	3.7
		Hulic Kudan Building (Land)	N	11,100	11,191	12,900	(Note 5)	12,900	3.6	12,800	3.2	3.7
		Toranomon First Garden	C	8,623	8,321	11,500	14,300	11,600	3.3	11,500	3.0	3.4
		Rapiros Roppongi	N	6,210	6,789	9,300	11,100	9,440	3.6	9,150	3.3	3.8
		Hulic Takadanobaba Building	D	3,900	3,825	4,790	4,160	4,710	4.1	4,820	3.9	4.3
		Hulic Kanda Building	T	3,780	3,629	4,050	4,510	4,300	3.9	3,940	4.0	4.1
		Hulic Kandabashi Building	D	2,500	2,499	2,970	3,060	3,000	3.7	2,950	3.5	3.9
		Hulic Kakigaracho Building	T	2,210	2,181	2,840	2,980	2,820	4.2	2,850	4.3	4.4
		Ochanomizu Sola City	N	38,149	37,296	43,183	36,673	43,617	3.3	42,749	3.0	3.4
		Hulic Higashi Ueno 1 Chome Building	N	2,678	2,663	3,020	2,560	3,070	4.0	2,970	3.8	4.2
		Tokyo Nishi Ikebukuro Building	N	1,580	1,615	1,950	1,390	1,980	4.2	1,910	4.0	4.4
		Gate City Ohsaki	N	4,370	4,487	4,620	4,860	4,640	3.6	4,590	3.2	3.7
		Hulic Toranomon Building	N	18,310	18,137	21,000	22,600	21,200	3.2	20,800	2.9	3.3
		Hulic Shibuya 1 chome Building	T	5,100	5,120	5,450	5,510	5,720	3.5	5,340	3.6	3.7
		Hulic Higashi Nihonbashi Building	T	3,480	3,489	3,590	3,710	3,720	4.2	3,540	4.3	4.4
		Hulic Jimbocho Building	N	1,460	1,504	1,500	1,260	1,520	4.0	1,470	3.8	4.2
	Hulic Ginza 7 Chome Building	N	11,000	11,095	11,250	11,950	11,300	3.4	11,200	3.2	3.4	
	Subtotal	–	161,200	160,836	186,513	–	189,337	–	184,679	–	–	
	Retail properties	Oimachi Redevelopment Building (#2)	T	9,456	9,561	12,300	12,100	12,400	4.1	12,200	4.2	4.3
		Oimachi Redevelopment Building (#1)	T	6,166	6,261	7,420	7,650	7,500	4.3	7,390	4.4	4.5
		Dining Square Akihabara Building	N	3,200	3,189	3,930	2,480	4,000	3.8	3,860	3.6	4.0
		Hulic Jingu-Mae Building	T	2,660	2,645	3,500	3,420	3,570	3.4	3,470	3.5	3.6
		Hulic Shinjuku 3 Chome Building	N	5,550	5,558	7,510	6,940	7,710	3.6	7,300	3.1	3.7
		Yokohama Yamashitacho Building	N	4,850	4,719	5,780	3,370	5,860	4.3	5,690	4.1	4.5
		Leaf Minatomirai (Land)	D	1,755	1,764	1,960	(Note 5)	(Note 6)	(Note 6)	1,960	4.0	(Note 7)
		Orchid Square	D	3,502	3,496	3,820	3,400	3,900	3.7	3,790	3.5	3.9
		Hulic Todoroki Building	T	1,200	1,204	1,320	1,470	1,330	4.6	1,310	4.7	4.8
		Hulic Omori Building	C	3,420	3,407	3,720	2,540	3,720	4.3	3,720	4.1	4.4
		HULIC & New SHIBUYA	N	3,150	3,146	3,410	2,515	3,490	3.1	3,330	2.9	3.3
HULIC & New SHINBASHI		N	3,100	3,095	3,330	3,190	3,380	3.7	3,280	3.5	3.9	
Hulic Shimura-sakaue		N	7,556	7,681	7,630	7,560	7,770	4.6	7,490	4.4	4.9	
Subtotal	–	55,565	55,732	65,630	–	–	–	64,790	–	–		
Total	–	216,765	216,568	252,143	–	–	–	249,469	–	–		
Next-Generation Assets	Private nursing homes	Aria Matsubara	N	3,244	3,179	4,290	3,670	4,320	4.4	4,260	4.0	4.6
		Trust Garden Yoganomori	N	5,390	5,358	6,880	5,160	6,920	4.7	6,830	4.3	4.9
		Trust Garden Sakurashinmachi	N	2,850	2,862	3,670	2,960	3,690	4.6	3,640	4.2	4.8
		Trust Garden Suginami Miyamae	N	2,760	2,764	3,550	2,740	3,570	4.6	3,530	4.2	4.8
		Trust Garden Tokiwamatsu	N	3,030	3,053	3,300	3,080	3,350	4.2	3,250	4.0	4.4
		SOMPO Care La vie Re Kita-Kamakura	N	1,780	1,829	1,800	1,250	1,810	5.4	1,780	5.2	5.6
		Subtotal	–	19,054	19,046	23,490	18,860	23,660	–	23,290	–	–

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	4,519	5,280	4,850	5,330	4.4	5,220	4.1	4.5
		Tabata Network Center	N	1,355	1,362	1,550	1,540	1,560	4.9	1,530	4.6	5.0
		Hiroshima Network Center	N	1,080	1,047	1,220	1,160	1,230	5.7	1,200	5.4	5.8
		Atsuta Network Center	N	1,015	990	1,070	984	1,080	5.4	1,060	5.1	5.5
		Nagano Network Center	N	305	305	362	310	363	6.9	361	6.7	7.1
		Chiba Network Center	N	7,060	7,024	7,180	4,370	7,230	5.2	7,120	4.9	5.3
		Sapporo Network Center	N	2,510	2,541	2,600	2,590	2,620	5.2	2,580	4.9	5.3
		Keihanna Network Center	N	1,250	1,205	1,320	1,170	1,320	5.5	1,310	5.2	5.6
		Subtotal	–	19,145	18,996	20,582	16,974	20,733	–	20,381	–	–
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome	N	11,520	11,539	11,800	13,200	12,000	3.7	11,600	3.5	3.9
		Sotetsu Fresa Inn Tokyo-Roppongi	N	5,000	4,990	5,050	4,695	5,150	3.9	4,985	3.7	4.1
		Subtotal	–	16,520	16,530	16,850	17,895	17,150	–	16,585	–	–
	Total	–	54,719	54,573	60,922	53,729	61,543	–	60,256	–	–	
	Total	–	271,484	271,142	313,065	–	–	–	309,725	–	–	

(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 August 31, 2018, rounded down to the nearest million yen.

(Note 4) *Appraisal value* represents the appraisal value as of the valuation date of August 31, 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 August 31, 2018, the main capital expenditures for renovation work, etc. scheduled as of August 31, 2018 (the end of the ninth 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)
Hulic Todoroki Building	Setagaya-ku, Tokyo	Work A for B2 floor to attract tenants	From August 2018 to October 2018	16
Hulic Jimbocho Building	Chiyoda-ku, Tokyo	Renovation work for external wall	From October 2018 to December 2018	30
Hulic Higashi Ueno 1 Chome Building	Taito-ku, Tokyo	Renewal work for air-conditioning facility	From October 2018 to December 2018	94
Hulic Higashi Nihonbashi Building	Chuo-ku, Tokyo	Work for renewal of all heat exchangers	From June 2019 to July 2019	70
Hulic Kakigaracho Building	Chuo-ku, Tokyo	Renovation work for external wall	From May 2019 to August 2019	62

(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 ¥311,833 thousand and repair expenses were ¥91,311 thousand. In aggregate, construction work of ¥403,144 thousand was carried out during the period.

Property name	Location	Purpose	Period	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 April 2018	184
Rapiros Roppongi	Minato-ku, Tokyo	Renewal work for air-conditioning facility (phase 3)	From February 2018 to July 2018	38
Other				88
Total				311

(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 August 31, 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)	¥1,855 million	22,240.17 m ²	22,740.96 m ²	97.8%
Ochanomizu Sola City (Note 2)	(Note 7)	13,923.42 m ²	13,923.42 m ²	100.0%

- (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 August 31, 2018) for buildings as indicated in the relevant lease agreement of each asset held as of August 31, 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 August 31, 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 August 31, 2018.
- (Note 6) *Occupancy rate* is calculated by dividing total leased area by total leasable area of the above-mentioned property held as of August 31, 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 August 31, 2018 are shown as below.

Tenant	Business type	Property name	Leased area (m ²) (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)	22,240.17	1,855	1,862	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	412	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	592	534		
		Hulic Takadanobaba Building	5,369.71	312	194		
		Hulic Kanda Building	3,728.36	251	201		
		Hulic Kandabashi Building	2,566.95	162	128		
		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	905	641	December 24, 2018	
		Hulic Shibuya 1 chome Building	2,817.65	238	181	March 30, 2020	
		Hulic Higashi Nihonbashi Building	3,681.20	190	125	April 27, 2020	
		Hulic Jimbocho Building	1,561.38	71	50	April 27, 2020	
		Hulic Ginza 7 Chome Building (Note 10)	6,002.99	499	282	March 28, 2021	
		Oimachi Redevelopment Building (#2)	14,485.66	624	656	February 6, 2019	
		Oimachi Redevelopment Building (#1) (Note 11)	10,612.67	438	529	(Note 17)	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 18)	(Note 18)	February 6, 2019	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Jingu-Mae Building	1,656.24	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 18)	(Note 18)				
Leaf Minatomirai (Land) (Note 12) (Note 13)	825.01	80	40	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	1,676.02	93	69	December 26, 2019			
Hulic Omori Building	2,666.52	192	144	March 30, 2022			

Tenant	Business type	Property name	Leased area (m ²) (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 &New SHIBUYA (Note 14)	898.62	127	119	June 29, 2020	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		HULIC &New SHINBASHI	1,725.35	154	136	October 31, 2020	
		Hulic Shimura-sakaue	11,528.34	469	354	June 28, 2021	
		Aria Matsubara	5,454.48	(Note 18)	(Note 18)	February 6, 2019	
		Trust Garden Yoganomori	5,977.75	(Note 18)	(Note 18)		
		Trust Garden Sakurashinmachi	3,700.26	(Note 18)	(Note 18)		
		Trust Garden Suginami Miyamae	3,975.99	(Note 18)	(Note 18)	August 31, 2019	
		Trust Garden Tokiwamatsu	2,893.82	(Note 18)	(Note 18)	June 29, 2020	
		SOMPO Care La vie Re Kita-Kamakura	4,912.57	(Note 18)	(Note 18)	October 31, 2020	
		Sotetsu Fresa Inn Ginza 7 Chome (Note 15)	6,984.32	480	480	October 31, 2020	
		Sotetsu Fresa Inn Tokyo-Roppongi (Note 16)	2,408.45	216	54	October 31, 2020	
Total	175,936.14	11,863	9,505	–	–		
SoftBank Corp.	Telecommunications business	Ikebukuro Network Center	12,773.04	271	136	November 5, 2027 (Note 19)	May be renewed if decided by concluding a new lease agreement at least 5 years before the expiry of the agreement
		Tabata Network Center	3,832.73	90	45	November 5, 2022 (Note 19)	
		Hiroshima Network Center	5,208.54	88	44	November 5, 2027 (Note 19)	
		Atsuta Network Center	4,943.10	73	37	November 5, 2022 (Note 19)	
		Nagano Network Center	2,211.24	33	17	November 5, 2024	
		Chiba Network Center	23,338.00	447	224	March 27, 2028 (Note 19)	
		Sapporo Network Center	9,793.57	167	84	May 22, 2028 (Note 19)	
		Keihanna Network Center	9,273.44	94	47	November 5, 2022 (Note 19)	
Total	71,373.66	1,265	632	–	–		

(Note 1) *Leased area* is equivalent to total floor area or similar measurement of leased space set out in the relevant lease agreement or similar contract of each property as of August 31, 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 August 31, 2018) for buildings as indicated in the relevant lease agreement of each property in effect as of August 31, 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 August 31, 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 August 31, 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 August 31, 2018, rounded to the nearest million yen.
- (Note 4) *Expiration date* is the date provided in the lease agreements for each asset in effect on August 31, 2018 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 Toranomom 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 Hulic Ginza 7 Chome 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 (50.0%).
- (Note 11) 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 12) 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 (15.0%).
- (Note 13) 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 14) 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 15) For Sotetsu Fresa Inn Ginza 7 Chome, the total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 16) 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%). Total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 17) 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 18) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.
- (Note 19) A new fixed-term building lease agreement was concluded on September 28, 2018 with the tenant, and the expiration date on that fixed-term building lease agreement is September 30, 2030.

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

The following table shows the top ten end-tenants in terms of leased area in the entire portfolio as of August 31, 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 ²) (Note 1)	Area ratio (%) (Note 2)	Expiration date (Note 3)	Form of agreement (Note 4)
SoftBank Corp.	Ikebukuro Network Center Tabata Network Center Hiroshima Network Center Atsuta Network Center Nagano Network Center Chiba Network Center Sapporo Network Center Keihanna Network Center	71,373.66	26.9	November 5, 2027 (Ikebukuro Network Center (Note 5), Hiroshima Network Center (Note 5)) November 5, 2022 (Tabata Network Center (Note 5), Atsuta Network Center (Note 5), Keihanna Network Center (Note 5)) November 5, 2024 (Nagano Network Center) March 27, 2028 (Chiba Network Center (Note 5)) May 22, 2028 (Sapporo Network Center (Note 5))	Fixed-term building lease agreement
Hulic Co., Ltd.	Hulic Kudan Building (Land) Oimachi Redevelopment Building (#2) Oimachi Redevelopment Building (#1) Leaf Minatomirai (Land) (Note 6) Hulic Omori Building	30,425.74	11.5	February 6, 2063 February 6, 2019 (Note 8) March 29, 2046 March 30, 2022	Fixed-term business-use land 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 Yoganomori Trust Garden Sakurashinmachi Trust Garden Suginami Miyamae Trust Garden Tokiwamatsu	16,547.82	6.2	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 7) Sotetsu Fresa Inn Tokyo-Roppongi (Note 7)	9,392.77	3.5	September 30, 2046 October 9, 2047	Fixed-term building lease agreement
Barneys Japan	Yokohama Yamashitacho Building	8,958.70	3.4	(Note 9)	(Note 9)
Benesse Style Care Co., Ltd.	Aria Matsubara	5,454.48	2.1	September 30, 2030	Ordinary building lease agreement

End-tenant	Property name	Leased area (m ²) (Note 1)	Area ratio (%) (Note 2)	Expiration date (Note 3)	Form of agreement (Note 4)
Sompo Care Inc.	SOMPO Care La vie Re Kita-Kamakura	4,912.57	1.9	March 31, 2029	Ordinary building lease agreement
(Note 9)	Hulic Ginza 7 Chome Building	4,793.38	1.8	(Note 9)	(Note 9)
Nippon Paper Industries Co., Ltd.	Ochanomizu Sola City	4,555.25	1.7	(Note 9)	Fixed-term building lease agreement
Sakurajyuji Co., Ltd.	Hulic Shimura-sakaue	4,360.63	1.6	February 29, 2036	Ordinary building lease agreement

(Note 1) *Leased area* is equivalent to total floor area, or similar measurement of leased space set out in the lease agreements or similar contracts with end-tenants as of August 31, 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 (15.0%).
- 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%).

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

(Note 3) *Expiration date* is the expiration date shown on the lease agreement with the end tenant as lessee that is in effect as of August 31, 2018.

(Note 4) *Form of agreement* is the form of agreement described in the lease agreement with the end-tenants as of August 31, 2018.

(Note 5) A new fixed-term building lease agreement was concluded on September 28, 2018 with the tenant, and the expiration date on that fixed-term building lease agreement is September 30, 2030.

(Note 6) 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 7) 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 8) 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 9) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

(6) Overview and Income/Loss of Lease Businesses

Reporting Period (From March 1, 2018 to August 31, 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	184	184	184	184	184	184	184
Lease business revenues	975,880	265,002	298,954	287,057	173,077	135,104	84,856
Lease business revenue	911,407	265,002	273,754	264,768	156,234	124,674	78,632
Other lease business revenues	64,473	–	25,199	22,288	16,843	10,430	6,224
Expenses related to rent business	251,417	35,132	122,190	152,026	64,893	64,557	34,603
Taxes and public dues	51,742	33,260	34,153	40,536	13,083	4,142	9,442
Utilities expenses	47,876	–	13,791	16,237	11,437	7,758	5,279
Insurance expenses	619	40	198	688	177	87	72
Repair expenses	19,379	–	–	3,686	3,967	581	2,112
Property management fees	72,386	1,325	4,969	5,462	14,947	7,415	5,788
Other expenses related to rent business	5,393	506	26,017	68,009	1,378	25,027	1,077
Depreciation and amortization	54,019	–	43,060	17,405	19,901	19,544	10,831
Income (loss) from lease business	724,463	229,869	176,763	135,030	108,184	70,547	50,253
NOI	778,482	229,869	219,823	152,436	128,086	90,091	61,084

(Unit: thousands of yen)

Property name	Hulic Kakigaracho Building	Ochanomizu Sola City	Hulic Higashi Ueno 1 Chome Building	Tokyo Nishi Ikebukuro Building	Gate City Ohsaki	Hulic Toranomon Building	Hulic Shibuya 1 chome Building
Days under management	184	184	184	184	184	184	184
Lease business revenues	105,291	(Note 1)	100,331	56,750	162,834	470,910	113,203
Lease business revenue	95,720	(Note 1)	89,521	56,030	152,483	452,736	102,274
Other lease business revenues	9,570	(Note 1)	10,810	720	10,351	18,173	10,928
Expenses related to rent business	37,995	(Note 1)	40,007	20,598	98,331	169,453	40,391
Taxes and public dues	9,491	(Note 1)	7,518	2,450	14,961	53,655	9,513
Utilities expenses	6,359	(Note 1)	6,919	–	10,278	18,497	7,489
Insurance expenses	84	(Note 1)	85	117	376	258	98
Repair expenses	134	(Note 1)	1,885	–	818	1,541	1,337
Property management fees	12,832	(Note 1)	13,461	9,787	600	40,840	7,464
Other expenses related to rent business	1,395	(Note 1)	2,008	3,522	57,487	1,325	2,953
Depreciation and amortization	7,698	(Note 1)	8,129	4,719	13,808	53,335	11,534
Income (loss) from lease business	67,295	(Note 1)	60,323	36,152	64,502	301,456	72,811
NOI	74,993	720,628	68,452	40,872	78,311	354,792	84,346

(Unit: thousands of yen)

Property name	Hulic Higashi Nihonbashi Building	Hulic Jimbocho Building	Hulic Ginza 7 Chome Building	Oimachi Redevelopment Building (#2)	Oimachi Redevelopment Building (#1)	Dining Square Akihabara Building	Hulic Jingu-Mae Building
Days under management	184	184	156	184	184	184	184
Lease business revenues	107,996	43,868	230,090	312,000	218,931	(Note 1)	84,980
Lease business revenue	96,251	35,209	218,384	312,000	218,931	(Note 1)	79,592
Other lease business revenues	11,744	8,659	11,705	–	–	(Note 1)	5,388
Expenses related to rent business	37,020	15,054	45,276	84,199	68,730	(Note 1)	21,253
Taxes and public dues	8,659	3,269	–	31,190	34,373	(Note 1)	5,722
Utilities expenses	8,908	2,325	11,531	–	–	(Note 1)	5,803
Insurance expenses	94	42	268	254	1,624	(Note 1)	39
Repair expenses	1,232	2,144	1,203	15,724	3,385	(Note 1)	1,713
Property management fees	7,191	3,798	16,794	6,240	4,378	(Note 1)	3,181
Other expenses related to rent business	713	692	1,367	505	7,973	(Note 1)	420
Depreciation and amortization	10,221	2,781	14,111	30,284	16,995	(Note 1)	4,372
Income (loss) from lease business	70,976	28,813	184,814	227,800	150,200	(Note 1)	63,727
NOI	81,197	31,595	198,925	258,085	167,195	78,418	68,100

(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	184	184	184	184	184	184	184
Lease business revenues	175,811	(Note 1)	64,970	93,296	60,584	109,015	71,377
Lease business revenue	168,486	(Note 1)	64,970	82,619	45,890	95,752	63,748
Other lease business revenues	7,324	(Note 1)	–	10,677	14,693	13,263	7,629
Expenses related to rent business	36,872	(Note 1)	5,697	22,722	33,987	36,287	22,309
Taxes and public dues	595	(Note 1)	5,233	4,286	4,179	5,333	3,860
Utilities expenses	5,113	(Note 1)	–	8,609	4,544	11,190	5,882
Insurance expenses	44	(Note 1)	36	33	50	48	34
Repair expenses	309	(Note 1)	–	430	13,593	45	138
Property management fees	5,365	(Note 1)	324	3,230	5,152	6,159	3,006
Other expenses related to rent business	22,772	(Note 1)	102	451	2,510	2,144	803
Depreciation and amortization	2,672	(Note 1)	–	5,679	3,957	11,366	8,583
Income (loss) from lease business	138,938	(Note 1)	59,272	70,574	26,596	72,728	49,067
NOI	141,611	128,078	59,272	76,254	30,554	84,094	57,651

(Unit: thousands of yen)

Property name	HULIC &New SHINBASHI	Hulic Shimura- sakaue	Aria Matsubara	Trust Garden Yogano- mori	Trust Garden Sakura- shinmachi	Trust Garden Suginami Miyamae	Trust Garden Tokiwa- matsu
Days under management	184	64	184	184	184	184	184
Lease business revenues	84,626	84,944	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Lease business revenue	76,772	80,780	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other lease business revenues	7,854	4,164	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Expenses related to rent business	31,008	49,039	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Taxes and public dues	5,159	–	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Utilities expenses	5,488	10,290	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Insurance expenses	64	81	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Repair expenses	1,130	–	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Property management fees	5,569	12,512	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Other expenses related to rent business	674	250	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Depreciation and amortization	12,921	25,903	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
Income (loss) from lease business	53,618	35,905	(Note 1)	(Note 1)	(Note 1)	(Note 1)	(Note 1)
NOI	66,539	61,808	96,934	161,640	84,399	81,506	72,049

(Unit: thousands of yen)

Property name	SOMPO Care La vie Re Kita- Kamakura	Ikebukuro Network Center	Tabata Network Center	Hiroshima Network Center	Atsuta Network Center	Nagano Network Center	Chiba Network Center
Days under management	184	184	184	184	184	184	184
Lease business revenues	(Note 1)	130,176	43,285	42,091	35,273	16,708	214,687
Lease business revenue	(Note 1)	130,176	43,285	42,091	35,273	16,708	214,687
Other lease business revenues	(Note 1)	–	–	–	–	–	–
Expenses related to rent business	(Note 1)	28,707	9,308	13,369	11,344	6,339	77,821
Taxes and public dues	(Note 1)	15,717	4,779	5,596	4,770	2,353	30,517
Utilities expenses	(Note 1)	–	–	–	–	–	–
Insurance expenses	(Note 1)	124	39	65	46	31	216
Repair expenses	(Note 1)	400	310	19	340	187	550
Property management fees	(Note 1)	960	720	1,320	960	840	1,801
Other expenses related to rent business	(Note 1)	505	505	505	505	505	505
Depreciation and amortization	(Note 1)	10,999	2,954	5,862	4,721	2,422	44,230
Income (loss) from lease business	(Note 1)	101,468	33,976	28,721	23,928	10,368	136,866
NOI	50,619	112,468	36,930	34,584	28,650	12,791	181,096

(Unit: thousands of yen)

Property name	Sapporo Network Center	Keihanna Network Center	Sotetsu Fresa Inn Ginza 7 Chome	Sotetsu Fresa Inn Tokyo-Roppongi
Days under management	184	184	184	184
Lease business revenues	80,358	45,166	255,636	108,000
Lease business revenue	80,358	45,166	255,636	108,000
Other lease business revenues	–	–	–	–
Expenses related to rent business	23,345	20,661	54,546	32,476
Taxes and public dues	12,813	8,506	23,220	10,839
Utilities expenses	–	–	–	–
Insurance expenses	82	87	177	77
Repair expenses	–	3,190	–	–
Property management fees	780	1,241	2,752	1,080
Other expenses related to rent business	505	505	605	254
Depreciation and amortization	9,163	7,130	27,790	20,226
Income (loss) from lease business	57,012	24,504	201,090	75,523
NOI	66,176	31,634	228,880	95,749

(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 30% on April 27, 2018. Accordingly, the figures shown reflect the Investment Corporation's ownership of 15% of the quasi co-ownership from the date of transfer.