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October 14, 2016

## Financial Report for the Fiscal Period Ended August 31, 2016 (For the Reporting Period from March 1, 2016 to August 31, 2016)

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

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

Asset management company: Hulic Reit Management Co., Ltd.  
 Representative: Eiji Tokita, Representative Director, President and CEO  
 Contact: Kazuaki Chokki, Director, General Manager of Corporate Planning and Administration Department  
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Scheduled date to file securities report: November 29, 2016  
 Scheduled date to commence payment of distributions: November 15, 2016  
 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, 2016 (March 1, 2016 - August 31, 2016)

#### (1) Operating results

(Percentages show changes from the previous fiscal period)

Fiscal period ended	Operating revenues		Operating income		Ordinary income		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2016	5,825	20.9	3,382	26.8	3,008	29.7	3,007	29.7
February 29, 2016	4,819	2.2	2,667	1.6	2,319	0.6	2,318	0.6

Fiscal period ended	Basic earnings per unit	Return on equity	Ordinary income on total assets	Ordinary income on operating revenues
	Yen	%	%	%
August 31, 2016	3,235	2.9	1.5	51.7
February 29, 2016	2,968	2.6	1.3	48.1

(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, 2016: 929,533 units; fiscal period ended February 29, 2016: 781,000 units).

## (2) Distributions

	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
Fiscal period ended	Yen	Millions of yen	Yen	Millions of yen	%	%
August 31, 2016	3,143	3,007	0	0	99.9	2.6
February 29, 2016	2,969	2,318	0	0	100.0	2.6

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

## (3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2016	213,084	120,545	56.6	125,961
February 29, 2016	178,813	88,936	49.7	113,874

## (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, 2016	4,413	(30,999)	29,239	10,828
February 29, 2016	2,501	(12,432)	9,996	8,175

## 2. Forecasts of performance for the fiscal period ending February 28, 2017 (September 1, 2016 - February 28, 2017) and the fiscal period ending August 31, 2017 (March 1, 2017 - August 31, 2017)

(Percentages show changes from the previous fiscal period)

Fiscal period ending	Operating revenues		Operating income		Ordinary income		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, 2017	6,646	14.1	3,801	12.4	3,366	11.9	3,365	11.9	3,220	0
August 31, 2017	6,665	0.3	3,735	(1.7)	3,293	(2.2)	3,292	(2.2)	3,150	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, 2017: ¥3,220  
For the fiscal period ending August 31, 2017: ¥3,150

**\* 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, 2016   | 957,000 units |
| As of February 29, 2016   | 781,000 units |
| b. Number of treasury investment units at end of period   |               |
| As of August 31, 2016   | 0 units       |
| As of February 29, 2016   | 0 units       |

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

**\* Status of audit procedures**

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

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

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. The above-mentioned forecasts are based on “Assumptions for forecasts of performance for the fiscal period ending February 28, 2017 (from September 1, 2016 to February 28, 2017) and the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017)” on pages 9 through 11 for calculation, and our judgment as of this date. Actual operating revenues, operating income, ordinary income, 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 31, 2016, the disclosure is omitted.

## 2. Investment Policies and Status of Asset Management

### (1) Investment Policies

On July 6, 2016, Hulic Reit Management Co., Ltd. (hereinafter referred to as the “Asset Manager”), the Investment Corporation’s Asset Manager, made partial changes to the Operational Guidelines, which are internal rules of Hulic Reit Management. The Asset Manager recognizes the necessity of continuously maintaining and expanding the opportunities for property acquisitions as it works to maintain the external growth that provides improvements in Hulic Reit’s unitholder value, while always ensuring such decisions are based on stringent investment selection. The amount of investment ratio allocated to Tokyo Commercial Properties (Note) was changed from “approx. 80%” to “approx. 80 to 90%” and the investment ratio allocated to Next-Generation Assets (Note) was changed to “approx. 10 to 20%.” Furthermore, the Asset Manager decided to add “hotels” as one of the investment targets, after determining that they meet the requirements for Next-Generation Assets (Note). “Hotels” not only provide stable use through tourism and business, etc., but are also an area in which there is expected to be further expansion in demand in the future, due mainly to the increase in foreign visitors to Japan through inbound tourism.

(Note) Please refer to “(2) Status of Asset Management, Outlook for the fiscal period ending February 28, 2017, i) Outlook for overall operations” below for details about “Tokyo Commercial Properties” and “Next-Generation Assets.”

Except for the above, 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 31, 2016, 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 the Asset Manager 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 carried out capital increases through its first public offering after its listing on November 6, 2014 and a third-party allotment on November 21, 2014. Furthermore, the Investment Corporation carried out capital increases through a public offering on March 29, 2016 and a third-party allotment on April 13, 2016. As a result, the number of investment units issued at the end of the reporting period was 957,000.

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

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

During the reporting period, the Investment Corporation acquired three properties, Hulic Kamiyacho Building (additional acquisition) on March 15, 2016, and Leaf Minatomirai (Land) and Orchid Square on March 30, 2016 (total acquisition price: ¥31,852 million). As a result, the number of properties held by the Investment Corporation at the end of the reporting period was 34, and the total acquisition price was ¥200,810 million. The occupancy rate of the entire portfolio remained at a high level to end the reporting period at 100.0% (rounded to the nearest tenth), showing an improvement of 0.6 percentage points from the end of the previous fiscal period.

### iii) Status of financing

During the reporting period, the Investment Corporation secured short-term loans totaling ¥16,450 million on March 15, 2016 as additional funds for asset acquisitions. The Investment Corporation made an early partial repayment of ¥14,250 million on March 31, 2016 and ¥1,500 million on April 28, 2016 of the relevant short-term loans payable using the proceeds from issuance of new investment units through a public offering and a third-party allotment as payment funds.

As a result, at the end of the reporting period, interest-bearing debt totaled ¥81,470 million (comprising ¥4,660 million in short-term loans payable, ¥74,810 million in long-term loans payable and ¥2,000 million in investment corporation bonds), resulting in a loan-to-value (LTV) ratio of 38.2%.

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 ¥5,825 million (up 20.9% compared with the previous fiscal period), operating income was ¥3,382 million (up 26.8% compared with the previous fiscal period), ordinary income after deducting interest expenses for borrowings, etc. was ¥3,008 million (up 29.7% compared with the previous fiscal period), and profit was ¥3,007 million (up 29.7% 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 ¥3,143.

### v) Comparison with previous forecasts (Operating results (earnings) forecasts announced on September 14, 2016)

Compared to our previous forecasts, our actual expenses related to rent business including repair expense were lower, thus resulting in higher income.

	Previous forecasts (A) (Note)	Actual results (B)	Difference (amount) (B-A)	Difference (%)
Operating revenues	¥5,808 million	¥5,825 million	¥17 million	0.3%
Operating income	¥3,351 million	¥3,382 million	¥30 million	0.9%
Ordinary income	¥2,978 million	¥3,008 million	¥30 million	1.0%
Profit	¥2,977 million	¥3,007 million	¥30 million	1.0%
Distributions per unit	¥3,110	¥3,143	¥33	1.1%
Of the above, distributions in excess of earnings	¥0	¥0	—	—

(Note) The previous forecasts are the revised figures set forth in our press release dated September 14, 2016, "Notice concerning Revision to the Forecasts of Financial Results for the Fiscal Period Ended August 31, 2016 and the Fiscal Period Ending February 28, 2017 and Announcement of Forecasts of Financial Results for the Fiscal Period Ending August 31, 2017."

### Outlook for the fiscal period ending February 28, 2017

#### i) Outlook for overall operations

In terms of the outlook for the rental office market, the vacancy rate and rent levels are projected to continue to be steady due to ongoing expectations of continued overall favorable conditions surrounding demand for offices. In the real estate selling market, going forward the transaction prices for property are

projected to continue at high levels due to the favorable fund procurement conditions, etc., resulting from negative interest rates.

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

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

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

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

## ii) Significant events after the reporting period

### Issuance of new investment units

The Investment Corporation passed resolutions at a meeting of its Board of Directors held on September 14, 2016 and September 26, 2016, to issue new investment units to fund the acquisition of specified assets and repayment of borrowings, etc., as follows. The payment for the newly issued investment units through a public offering was completed on October 3, 2016. The payment for the newly issued investment units through a third-party allotment is planned to be completed on October 26, 2016.

#### (New investment unit issuance through public offering)

Number of new investment units issued:	83,800 units
Issue price (offer price):	¥170,625 per unit
Total amount of issue price (offer price):	¥14,298,375,000
Amount paid in (issue value):	¥164,937 per unit
Total amount paid in (issue value):	¥13,821,720,600
Payment date:	October 3, 2016
Distribution calculation start date:	September 1, 2016

#### (New investment unit issuance through third-party allotment)

Number of new investment units to be issued:	4,200 units (maximum)
Amount to be paid in (issue value):	¥164,937 per unit
Total amount to be paid in (issue value):	¥692,735,400 (maximum)
Payment date:	October 26, 2016
Distribution calculation start date:	September 1, 2016
Allottee:	Mizuho Securities Co., Ltd.

(Reference information)

(A) Acquisitions of properties

The Investment Corporation acquired the below-mentioned beneficiary rights of real estate in trust (5 properties; total acquisition price: ¥29,315 million). The acquisition prices provided do not include expenses incurred on the acquisitions of such real estate, etc. (acquisition expenses, fixed asset tax, city planning tax, consumption taxes), and are equal to the acquisition prices stated on the trust beneficiary right sales agreements.

Property name	Location	Date of acquisition	Acquisition price (Millions of yen)	Seller
Hulic Toranomon Building (Additional acquisition)	Minato-ku, Tokyo	September 1, 2016	5,570	Hulic Co., Ltd.
Trust Garden Tokiwamatsu	Shibuya-ku, Tokyo	September 1, 2016	3,030	Hulic Co., Ltd.
Rapiros Roppongi (Additional acquisition)	Minato-ku, Tokyo	September 16, 2016	1,050	Hulic Co., Ltd.
Sotetsu Fresa Inn Ginza 7 Chome (Land)	Chuo-ku, Tokyo	September 16, 2016	4,370	Hulic Co., Ltd.
Ochanomizu Sola City (Additional acquisition)	Chiyoda-ku, Tokyo	October 4, 2016	15,295	Surugadai Funding LLC
Total	–	–	29,315	–

(B) Borrowing of funds

In order to cover part of the acquisition price, etc. for beneficiary rights of real estate in trust above in (A), the Investment Corporation executed the following borrowings.

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 The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,600	Base rate of interest (JBA one-month Japanese Yen TIBOR) + 0.15%	September 1, 2016	August 31, 2017	Lump-sum repayment	Unsecured and unguaranteed
	5,420		September 16, 2016	August 31, 2017		
	1,470		October 4, 2016	August 31, 2017		
Total	15,490	–	–	–	–	–

(Note) The syndicate of lenders consists of Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd.

(C) Early partial repayment of borrowings

On October 14, 2016, the Investment Corporation decided to repay ¥700 million (planned) of the borrowings with the drawdown date of October 4, 2016 shown in (B) above on November 7, 2016 as an early partial repayment, using the proceeds from the issuance of new investment units through third-party allotment mentioned above in “ii) Significant events after the reporting period” and cash reserves.

(Note) In the above amount for the early repayment, the Investment Corporation assumes that Mizuho Securities Co., Ltd. will subscribe to the total number of new investment units to be issued through third-party allotment described in “ii) Significant events after the reporting period” above, and that the entire amount to be paid in will be paid in by Mizuho Securities Co., Ltd. Consequently, if the entire amount to be paid in for the new

investment unit issuance through third-party allotment, or a portion thereof is not paid, the early repayment amount may change.

**iii) Operating results (earnings) forecasts**

The Investment Corporation's forecasts for the fiscal period ending February 28, 2017 (from September 1, 2016 to February 28, 2017) and the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017) are as follows:

	Fiscal period ending February 28, 2017	Fiscal period ending August 31, 2017
Operating revenues	¥6,646 million	¥6,665 million
Operating income	¥3,801 million	¥3,735 million
Ordinary income	¥3,366 million	¥3,293 million
Profit	¥3,365 million	¥3,292 million
Distributions per unit	¥3,220	¥3,150
Of the above, distributions in excess of earnings	¥0	¥0

Please refer to “Assumptions for forecasts of performance for the fiscal period ending February 28, 2017 (from September 1, 2016 to February 28, 2017) and the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017)” on pages 9 through 11 for information on current assumptions for the forecasts of operating results.

(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 income, ordinary income, 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, 2017 (from September 1, 2016 to February 28, 2017) and the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017)**

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> <li>• Fiscal period ending February 28, 2017: 181 days from September 1, 2016 to February 28, 2017</li> <li>• Fiscal period ending August 31, 2017: 184 days from March 1, 2017 to August 31, 2017</li> </ul>
Portfolio	<ul style="list-style-type: none"> <li>• We have based our assumptions on the 36 properties we hold as of the date of this report (hereinafter referred to as the “Assets Held”).</li> <li>• In our forecasts of performance, we have assumed that there will be no changes in the composition of our portfolio (no acquisitions of new assets and no sales of Assets Held) until August 31, 2017 (the end of the seventh fiscal period).</li> <li>• There may be changes in the portfolio, however, caused by buying or selling of properties.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>• Real estate lease business revenues from Assets Held have been calculated in consideration of lease agreements effective as of the date of this report, trends of the lease market and other factors.</li> <li>• Operating revenues assume no delinquencies or non-payment of rent by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Of the expenses related to rent business, the principal component of operating expenses, for Assets Held, expenses other than depreciation expenses 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 assets acquired in the fiscal period ending February 28, 2017 (the sixth fiscal period) have been calculated in such a way as to reflect variable factors in the expenses based on information received from the previous owners of the assets and others, and also based on past performance figures.</li> <li>• We have calculated depreciation expenses using the straight-line method, including ancillary expenses, and assumed that we will incur depreciation expenses of ¥665 million for the fiscal period ending February 28, 2017 (the sixth fiscal period) and ¥682 million for the fiscal period ending August 31, 2017 (the seventh fiscal period).</li> <li>• In general, fixed asset tax, city planning tax, etc. for the assets we acquire are settled at the time of acquisition between the previous owner (seller) and the purchaser based on their respective periods of ownership in relation to the relevant tax year. However, any of these taxes allocated to the purchaser are not recognized in expenses at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes. For the assets acquired during the fiscal period ending February 28, 2017 (the sixth fiscal period), fixed asset tax, city planning tax, etc. will be recognized as expenses from the fiscal period ending August 31, 2017 (the seventh fiscal period), and not yet in the fiscal period ending February 28, 2017 (the sixth fiscal period). Fixed asset tax, city planning tax, etc. are assumed at ¥443 million for the fiscal period ending February 28, 2017 (the sixth fiscal period) and ¥530 million for the fiscal period ending August 31, 2017 (the seventh fiscal period).</li> <li>• Repair expenses for buildings are recognized for each fiscal period in amounts assumed as necessary based on the repair plan formulated by the Asset Manager (Hulic Reit Management Co., Ltd.) for each property. However, actual repair expenses for each fiscal period may differ substantially from our forecasts, mainly for the following reasons: (i) we may incur expenses for urgent repairs to properties for reasons including damage to buildings resulting from factors that are difficult to foresee, (ii) generally, there is a substantial difference in such expenses incurred from one fiscal period to another, and (iii) such expenses are not incurred on a regular basis.</li> </ul>

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> <li>We expect to record interest expenses and other borrowing-related expenses of ¥414 million in the fiscal period ending February 28, 2017 (the sixth fiscal period) and ¥422 million in the fiscal period ending August 31, 2017 (the seventh fiscal period).</li> <li>We expect to record amortization of investment corporation bond issuance costs (amortized by the straight-line method over period until redemption) and amortization of investment unit issuance costs (amortized by the straight-line method over a three-year period) relating to issuance of investment corporation bonds and new investment units, etc. of ¥20 million in the fiscal period ending February 28, 2017 (the sixth fiscal period) and ¥20 million in the fiscal period ending August 31, 2017 (the seventh fiscal period).</li> </ul>
Interest-bearing debt	<ul style="list-style-type: none"> <li>The balance of interest-bearing debt of the Investment Corporation as of the date of this report is ¥96,960 million (comprising ¥20,150 million in short-term loans payable, ¥74,810 million in long-term loans payable and ¥2,000 million in investment corporation bonds).</li> <li>On November 7, 2016, the Investment Corporation assumes an early partial repayment of ¥700 million on its short-term loans payable using the proceeds from issuance of new investment units through third-party allotment that is planned to be paid in and cash reserves as payment funds.</li> <li>Of ¥27,940 million in loans payable (short-term loans payable of ¥19,450 million and current portion of long-term loans payable of ¥8,490 million) for which repayment is due by August 31, 2017 (at the end of the seventh fiscal period) we assume the refinancing of the entire amounts of short-term loans payable of ¥3,960 million and current portion of long-term loans payable of ¥8,490 million at the time of the due date. We assume that the remaining ¥15,490 million of short-term loans payable will be refinanced as long-term loans payable by February 28, 2017 (at the end of the sixth fiscal period).</li> <li>As a result of the above, we assume that the balance of interest-bearing debt as of each of February 28, 2017 (at the end of the sixth fiscal period), and August 31, 2017 (at the end of the seventh fiscal period), will be ¥96,260 million.</li> <li>We have assumed LTV ratios of approximately 39.7% as of each of February 28, 2017 (at the end of the sixth fiscal period), and August 31, 2017 (at the end of the seventh fiscal period).</li> <li>The LTV ratio was obtained by the following formula:  <math display="block">\text{LTV} = \frac{\text{Interest-bearing debt at end of period}}{\text{Total assets at end of period (projected amount)}} \times 100</math> <p>Total assets at end of period (projected amount): The amount is calculated by adding the total acquisition price of all newly acquired assets, up to the date of this report, for the fiscal period ending February 28, 2017 (the sixth fiscal period) (¥29,315 million) to the amount for total assets shown on the balance sheet as of August 31, 2016 (at the end of the fifth fiscal period) (¥213,084 million).</p> </li> </ul>
Issuance of investment units	<ul style="list-style-type: none"> <li>This is based on our assumption of 1,045,000 units, with addition of 4,200 new units to be issued by third-party allotment to 1,040,800 units, which is the total number of investment units issued as of the date of this report. We have assumed there will be no issuance of additional investment units until the end of the fiscal period ending August 31, 2017 (the seventh fiscal period).</li> </ul>
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> <li>We have calculated distributions per unit (excluding distributions in excess of earnings) in accordance with the cash distribution policy prescribed in the Investment Corporation's Articles of Incorporation.</li> <li>Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in the asset portfolio, fluctuations in rent revenues associated with changes in tenants, or unforeseen occurrence of repairs.</li> </ul>

Item	Assumptions
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>• We currently have no plans to pay cash distributions in excess of earnings (regarding distributions in excess of earnings per unit).</li> </ul>
Others	<ul style="list-style-type: none"> <li>• We have assumed that no revisions that impact these forecasts will be made to law and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others.</li> <li>• We have assumed that no significant unforeseeable changes will occur in general economic trends or conditions in the real estate market.</li> </ul>

### 3. Unaudited Financial Information

#### (1) Balance Sheet (unaudited)

	(Unit: thousands of yen)	
	Previous fiscal period (As of February 29, 2016)	Reporting period (As of August 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	4,510,142	6,308,255
Cash and deposits in trust	3,665,614	4,520,237
Operating accounts receivable	45,715	11,305
Prepaid expenses	27,158	36,935
Deferred tax assets	13	16
Consumption taxes receivable	16,725	-
Other	1,728	864
Total current assets	8,267,096	10,877,614
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	37,187,728	38,679,945
Accumulated depreciation	(1,710,944)	(2,262,203)
Buildings in trust, net	35,476,784	36,417,742
Structures in trust	244,849	245,763
Accumulated depreciation	(36,078)	(45,918)
Structures in trust, net	208,770	199,844
Machinery and equipment in trust	189,591	190,272
Accumulated depreciation	(29,574)	(41,529)
Machinery and equipment in trust, net	160,017	148,743
Tools, furniture and fixtures in trust	10,002	19,150
Accumulated depreciation	(2,067)	(3,074)
Tools, furniture and fixtures in trust, net	7,934	16,076
Land in trust	125,623,874	156,362,300
Construction in progress in trust	-	894
Total property, plant and equipment	161,477,381	193,145,601
Intangible assets		
Leasehold rights in trust	8,471,289	8,471,289
Other	6,151	5,133
Total intangible assets	8,477,441	8,476,422
Investments and other assets		
Lease and guarantee deposits	20,000	20,000
Long-term prepaid expenses	552,380	495,494
Total investments and other assets	572,380	515,494
Total noncurrent assets	170,527,203	202,137,518
Deferred assets		
Investment unit issuance costs	-	51,815
Investment corporation bond issuance costs	18,962	17,956
Total deferred assets	18,962	69,771
Total assets	178,813,262	213,084,904

(Unit: thousands of yen)

	Previous fiscal period (As of February 29, 2016)	Reporting period (As of August 31, 2016)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	155,934	420,319
Short-term loans payable	3,960,000	4,660,000
Current portion of long-term loans payable	8,490,000	8,490,000
Accounts payable - other	491,573	600,353
Accrued expenses	47,537	49,828
Income taxes payable	778	937
Accrued consumption taxes	8,592	138,632
Advances received	776,731	1,030,503
Deposits received	–	1,013
Total current liabilities	13,931,147	15,391,587
Noncurrent liabilities		
Investment corporation bond	2,000,000	2,000,000
Long-term loans payable	66,320,000	66,320,000
Tenant leasehold and security deposits in trust	7,626,103	8,828,110
Total noncurrent liabilities	75,946,103	77,148,110
Total liabilities	89,877,251	92,539,698
<b>Net assets</b>		
Unitholders' equity		
Unitholders' capital	86,617,040	117,537,072
Surplus		
Unappropriated retained earnings	2,318,971	3,008,134
Total surplus	2,318,971	3,008,134
Total unitholders' equity	88,936,011	120,545,206
Total net assets	*2 88,936,011	*2 120,545,206
Total liabilities and net assets	178,813,262	213,084,904

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

(Unit: thousands of yen)

	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Reporting period (From March 1, 2016 to August 31, 2016)
Operating revenues		
Lease business revenue	*1, *2 4,617,146	*1, *2 5,572,883
Other lease business revenues	*1 202,375	*1 252,561
Total operating revenues	4,819,522	5,825,444
Operating expenses		
Expenses related to rent business	*1 1,615,701	*1 1,802,036
Asset management fee	405,463	504,977
Asset custody fee	9,606	10,171
Administrative service fees	30,922	32,377
Directors' compensations	6,000	6,000
Other operating expenses	84,764	87,735
Total operating expenses	2,152,459	2,443,298
Operating income	2,667,063	3,382,146
Non-operating income		
Interest income	680	42
Interest on refund	–	59
Total non-operating income	680	101
Non-operating expenses		
Interest expenses	258,611	282,287
Interest expenses on investment corporation bonds	9,448	9,500
Borrowing related expenses	79,033	70,198
Amortization of investment unit issuance costs	–	10,363
Amortization of investment corporation bond issuance costs	994	1,005
Total non-operating expenses	348,088	373,355
Ordinary income	2,319,655	3,008,892
Profit before income taxes	2,319,655	3,008,892
Income taxes - current	882	943
Income taxes - deferred	2	(2)
Total income taxes	884	941
Profit	2,318,771	3,007,951
Retained earnings brought forward	200	182
Unappropriated retained earnings	2,318,971	3,008,134

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

Previous fiscal period (From September 1, 2015 to February 29, 2016)

(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 current period	86,617,040	2,304,150	2,304,150	88,921,190	88,921,190
Changes of items during the period					
Distribution of surplus	–	(2,303,950)	(2,303,950)	(2,303,950)	(2,303,950)
Profit	–	2,318,771	2,318,771	2,318,771	2,318,771
Total changes of items during the period	–	14,821	14,821	14,821	14,821
Balance at the end of current period	86,617,040 <sup>*1</sup>	2,318,971	2,318,971	88,936,011	88,936,011

Reporting period (From March 1, 2016 to August 31, 2016)

(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 current period	86,617,040	2,318,971	2,318,971	88,936,011	88,936,011
Changes of items during the period					
Issuance of new investment units	30,920,032	–	–	30,920,032	30,920,032
Distribution of surplus	–	(2,318,789)	(2,318,789)	(2,318,789)	(2,318,789)
Profit	–	3,007,951	3,007,951	3,007,951	3,007,951
Total changes of items during the period	30,920,032	689,162	689,162	31,609,194	31,609,194
Balance at the end of current period	117,537,072 <sup>*1</sup>	3,008,134	3,008,134	120,545,206	120,545,206

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

By period Item	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Reporting period (From March 1, 2016 to August 31, 2016)
I Unappropriated retained earnings	¥2,318,971,617	¥3,008,134,274
II Distribution amount (Distributions per unit)	¥2,318,789,000 (¥2,969)	¥3,007,851,000 (¥3,143)
III Retained earnings carried forward	¥182,617	¥283,274
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 ¥2,318,789,000, which is the largest integral multiple of the total number of investment units issued and outstanding (781,000 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 ¥3,007,851,000, which is the largest integral multiple of the total number of investment units issued and outstanding (957,000 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) Statement of Cash Flows (unaudited)**

(Unit: thousands of yen)

	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Reporting period (From March 1, 2016 to August 31, 2016)
<b>Cash flows from operating activities</b>		
Profit before income taxes	2,319,655	3,008,892
Depreciation	532,722	575,078
Amortization of investment unit issuance costs	–	10,363
Amortization of investment corporation bond issuance costs	994	1,005
Interest income	(680)	(42)
Interest expenses	268,059	291,787
Decrease (increase) in operating accounts receivable	(25,686)	34,409
Decrease (increase) in consumption taxes refund receivable	(16,725)	16,725
Decrease (increase) in prepaid expenses	10,162	(9,777)
Increase (decrease) in operating accounts payable	(164,214)	224,055
Increase (decrease) in accounts payable - other	6,712	108,622
Increase (decrease) in accrued consumption taxes	(42,341)	130,039
Increase (decrease) in advances received	(30,030)	253,771
Increase (decrease) in deposits received	(40)	1,013
Decrease (increase) in long-term prepaid expenses	(85,373)	56,886
Other, net	(2,905)	2,542
Subtotal	2,770,311	4,705,376
Interest income received	680	42
Interest expenses paid	(268,861)	(291,181)
Income taxes (paid) refund	(827)	(778)
Net cash provided by (used in) operating activities	2,501,302	4,413,457
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment in trust	(12,938,573)	(32,201,950)
Repayments of tenant leasehold and security deposits in trust	(133,596)	(35,655)
Proceeds from tenant leasehold and security deposits in trust	639,884	1,237,661
Net cash provided by (used in) investing activities	(12,432,285)	(30,999,943)
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	16,260,000	20,410,000
Repayments of short-term loans payable	(16,260,000)	(19,710,000)
Proceeds from long-term loans payable	12,300,000	–
Proceeds from issuance of investment units	–	30,857,853
Dividends paid	(2,303,803)	(2,318,631)
Net cash provided by (used in) financing activities	9,996,196	29,239,222
Net increase (decrease) in cash and cash equivalents	65,213	2,652,736
Cash and cash equivalents at beginning of period	8,110,542	8,175,756
Cash and cash equivalents at end of period	*1 8,175,756	*1 10,828,493

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

Not applicable.

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

1. Method of depreciation 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 19 years</td></tr><tr><td>Machinery and equipment</td><td>3 to 10 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>6 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 19 years	Machinery and equipment	3 to 10 years	Tools, furniture and fixtures	6 to 15 years
Buildings	3 to 64 years								
Structures	4 to 19 years								
Machinery and equipment	3 to 10 years								
Tools, furniture and fixtures	6 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 ¥955 thousand for the previous fiscal period, and ¥62,681 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 statement of cash flows	Cash and cash equivalents in the statement of cash flows are composed of cash on hand, cash in trust, demand deposits, deposits in trust, and short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within 3 months of the date of acquisition.
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 statement of income and retained earnings.</p> <p>Of the assets in trust accounted for under the respective account items, the following significant items are separately indicated on the balance sheet:</p> <ul style="list-style-type: none"> <li>i) Cash and deposits in trust</li> <li>ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; and construction in progress in trust</li> <li>iii) Leasehold rights in trust</li> <li>iv) Tenant leasehold and security deposits in trust</li> </ul> <p>(2) Accounting method for consumption taxes</p> <p>Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for acquisition of assets are included in acquisition cost for each asset.</p>

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

### Notes to Balance Sheet (unaudited)

#### 1. Commitment line contracts

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

	Previous fiscal period (As of February 29, 2016)	Reporting period (As of August 31, 2016)
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 29, 2016)	Reporting period (As of August 31, 2016)
¥50,000 thousand	¥50,000 thousand

## Notes to Statement 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, 2015 to February 29, 2016)	Reporting period (From March 1, 2016 to August 31, 2016)
<b>A. Real estate lease business revenues</b>		
Lease business revenue		
Rent	3,924,340	4,538,715
Land rent	265,002	490,372
Common service fees	427,804	543,795
Total	4,617,146	5,572,883
Other lease business revenues		
Revenue from utilities charges	145,972	174,209
Other revenue	56,403	78,351
Total	202,375	252,561
Total real estate lease business revenues	4,819,522	5,825,444
<b>B. Expenses related to real estate lease business</b>		
Expenses related to rent business		
Property management fees	250,425	303,459
Utilities expenses	154,839	188,094
Taxes and public dues	386,254	443,485
Insurance expenses	8,075	7,107
Repair expenses	56,497	69,952
Depreciation	531,704	574,060
Other expenses related to rent business	227,905	215,875
Total expenses related to real estate lease business	1,615,701	1,802,036
<b>C. Income (loss) from real estate lease business (A – B)</b>	3,203,821	4,023,408

### \*2. Transactions with major corporate unitholders

	(Unit: thousands of yen)	
	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Reporting period (From March 1, 2016 to August 31, 2016)
From operating transactions		
Lease business revenue	795,933	1,021,304

## Notes to Statement 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, 2015 to February 29, 2016)	Reporting period (From March 1, 2016 to August 31, 2016)
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	781,000 units	957,000 units

## Notes to Statement of Cash Flows (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Reporting period (From March 1, 2016 to August 31, 2016)
Cash and deposits	4,510,142	6,308,255
Cash and deposits in trust	3,665,614	4,520,237
Total cash and cash equivalent	8,175,756	10,828,493

## 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 29, 2016 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	4,510,142	4,510,142	–
(2) Cash and deposits in trust	3,665,614	3,665,614	–
Total assets	8,175,756	8,175,756	–
(1) Short-term loans payable	3,960,000	3,960,000	–
(2) Current portion of long-term loans payable	8,490,000	8,519,372	29,372
(3) Investment corporation bonds	2,000,000	2,043,000	43,000
(4) Long-term loans payable	66,320,000	65,509,484	(810,516)
Total liabilities	80,770,000	80,031,857	(738,143)
Derivative transactions	–	–	–

Balance sheet carrying amount, fair value, and the difference between the two values as of August 31, 2016 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	6,308,255	6,308,255	–
(2) Cash and deposits in trust	4,520,237	4,520,237	–
Total assets	10,828,493	10,828,493	–
(1) Short-term loans payable	4,660,000	4,660,000	–
(2) Current portion of long-term loans payable	8,490,000	8,505,341	15,341
(3) Investment corporation bonds	2,000,000	2,062,600	62,600
(4) Long-term loans payable	66,320,000	65,745,563	(574,436)
Total liabilities	81,470,000	80,973,505	(496,494)
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 29, 2016)

(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	4,510,142	–	–	–	–	–
Cash and deposits in trust	3,665,614	–	–	–	–	–
Total	8,175,756	–	–	–	–	–

Reporting period (As of August 31, 2016)

(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	6,308,255	–	–	–	–	–
Cash and deposits in trust	4,520,237	–	–	–	–	–
Total	10,828,493	–	–	–	–	–

(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 29, 2016)

(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
Long-term loans payable	8,490,000	—	8,550,000	10,320,000	12,109,000	35,341,000
Total	12,450,000	—	8,550,000	10,320,000	12,109,000	37,341,000

Reporting period (As of August 31, 2016)

(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	4,660,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	2,000,000
Long-term loans payable	8,490,000	—	13,130,000	9,299,000	15,680,000	28,211,000
Total	13,150,000	—	13,130,000	9,299,000	15,680,000	30,211,000

#### Notes on Derivative Transactions (unaudited)

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

Previous fiscal period (As of February 29, 2016)

Not applicable.

Reporting period (As of August 31, 2016)

Not applicable.

##### 2. Derivative transactions applying hedge accounting

Previous fiscal period (As of February 29, 2016)

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	70,137,000	61,647,000	*	—

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

Reporting period (As of August 31, 2016)

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	70,137,000	61,647,000	*	—

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, a hedged item. Thus, their fair values are included in the fair value of long-term loans payable (please refer to the preceding “Notes on Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) Measurement of fair values of financial instruments and matters regarding derivative transactions, Liabilities (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 29, 2016)	Reporting period (As of August 31, 2016)
Deferred tax assets		
Accrued enterprise tax excluded from expenses	13	16
Total deferred tax assets	13	16
Net deferred tax assets	13	16

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

(Unit: %)

	Previous fiscal period (As of February 29, 2016)	Reporting period (As of August 31, 2016)
Statutory tax rate	32.31	32.31
(Adjustments)		
Distributions paid included in expenses	(32.30)	(32.30)
Others	0.03	0.02
Effective tax rate	0.04	0.03

## Notes on Related Party Transactions (unaudited)

### 1. Parent company and major corporate unitholders

Previous fiscal period (From September 1, 2015 to February 29, 2016)

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	62,647,750	Real estate business	Directly held by related party 12.00%	None	Leasing and management of real estate	Purchase of beneficiary right of real estate in trust	12,740,000	-	-
								Keeping of leasehold and security deposits	600,771	Tenant leasehold and security deposits in trust	6,137,609
								Repayment of leasehold and security deposits	133,596		
								Earning of rent revenue, etc.	795,933	Advances received	139,734

(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, 2016 to August 31, 2016)

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	62,657,947	Real estate business	Directly held by related party 11.63%	None	Leasing and management of real estate	Purchase of beneficiary right of real estate in trust	31,852,000	-	-
								Keeping of leasehold and security deposits	1,197,153	Tenant leasehold and security deposits in trust	7,299,107
								Repayment of leasehold and security deposits	35,655		
								Earning of rent revenue, etc.	1,021,304	Advances received	184,234

(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, 2015 to February 29, 2016)

Not applicable.

Reporting period (From March 1, 2016 to August 31, 2016)

Not applicable.

### 3. Subsidiaries of parent company

Previous fiscal period (From September 1, 2015 to February 29, 2016)

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)	437,313	Operating accounts payable	437,900

(Note 1) Payment of asset management fee includes the portion of compensations associated with a property acquisition factored into the book value of the individual properties (¥31,850 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, 2016 to August 31, 2016)

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)	584,607	Operating accounts payable	545,375

(Note 1) Payment of asset management fee includes the portion of compensations associated with a property acquisition factored into the book value of the individual properties (¥79,630 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, 2015 to February 29, 2016)

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, 2016 to August 31, 2016)

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, 2015 to February 29, 2016)	Reporting period (From March 1, 2016 to August 31, 2016)
Balance sheet carrying amount		
Balance at beginning of period	157,573,453	169,948,671
Changes during period	12,375,217	31,668,219
Balance at end of period	169,948,671	201,616,890
Fair value at end of period	191,085,000	227,875,000

(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 1 property (¥12,788,088 thousand) and the decrease is mainly due to depreciation (¥531,704 thousand). The main reason for the increase during the reporting period is the acquisition of beneficiary rights of real estate in trust of 3 properties (¥32,022,010 thousand) and the decrease is mainly due to depreciation (¥574,060 thousand).

(Note 3) The fair value at end of period is the appraisal value provided by an independent real estate appraiser. The profit or loss concerning investment and rental properties is indicated under “Notes to Statement 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, 2015 to February 29, 2016)

##### 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 statement 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 statement 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.	795,933	Real estate lease business
SoftBank Corp.	633,252	Real estate lease business

Reporting period (From March 1, 2016 to August 31, 2016)

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 statement 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 statement 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.	1,021,304	Real estate lease business
SoftBank Corp.	633,252	Real estate lease business

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

	Previous fiscal period (From September 1, 2015 to February 29, 2016)	Reporting period (From March 1, 2016 to August 31, 2016)
Net assets per unit	¥113,874	¥125,961
Basic earnings per unit	¥2,968	¥3,235

(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, 2015 to February 29, 2016)	Reporting period (From March 1, 2016 to August 31, 2016)
Profit (Thousands of yen)	2,318,771	3,007,951
Amount not attributable to common unitholders (Thousands of yen)	-	-
Profit attributable to common investment units (Thousands of yen)	2,318,771	3,007,951
Average number of investment units for the period (Units)	781,000	929,533

### 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 September 14, 2016 and September 26, 2016, to issue new investment units to fund the acquisition of specified assets and repayment of borrowings, etc., as follows. The payment for the newly issued investment units through a public offering was completed on October 3, 2016. The payment for the newly issued investment units through a third-party allotment is planned to be completed on October 26, 2016.

#### (New investment unit issuance through public offering)

Number of new investment units issued:	83,800 units
Issue price (offer price):	¥170,625 per unit
Total amount of issue price (offer price):	¥14,298,375,000
Amount paid in (issue value):	¥164,937 per unit
Total amount paid in (issue value):	¥13,821,720,600
Payment date:	October 3, 2016
Distribution calculation start date:	September 1, 2016

#### (New investment unit issuance through third-party allotment)

Number of new investment units to be issued:	4,200 units (maximum)
Amount to be paid in (issue value):	¥164,937 per unit
Total amount to be paid in (issue value):	¥692,735,400 (maximum)
Payment date:	October 26, 2016
Distribution calculation start date:	September 1, 2016
Allottee:	Mizuho Securities Co., Ltd.

### 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)

(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.

## 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 31, 2016.

### (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 31, 2016.

## 5. Reference Information

### (1) Status of Investment

Type of assets	Category	Region (Note 1)	Previous fiscal period (As of February 29, 2016)		Reporting period (As of August 31, 2016)	
			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	123,213	68.9	143,246	67.2
		Other wards of Tokyo	8,205	4.6	8,179	3.8
		Other	4,811	2.7	16,576	7.8
		Total	136,230	76.2	168,002	78.8
	Next-Generation Assets	Six central wards of Tokyo	–	–	–	–
		Other wards of Tokyo	20,278	11.3	20,238	9.5
		Other	13,438	7.5	13,375	6.3
		Total	33,717	18.9	33,614	15.8
	Total real estate in trust		169,948	95.0	201,616	94.6
	Deposits and other assets		8,864	5.0	11,468	5.4
Total assets		178,813	100.0	213,084	100.0	

	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	89,877	50.3	92,539	43.4
Total net assets	88,936	49.7	120,545	56.6

(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, 2016)

Category	Property name	Date of construction (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Total leased area (m <sup>2</sup> ) (Note 4)	Total leasable area (m <sup>2</sup> ) (Note 5)	Occupancy rate (%) (Note 6)		
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building (Note 7)	April 1985	1,873	1,839	22,740.96	22,740.96	100.0	
		Hulic Kudan Building (Land)	–	530	265	3,351.07	3,351.07	100.0	
		Toranomon First Garden (Note 8)	August 2010	527	403	5,689.97	5,689.97	100.0	
		Rapiros Roppongi (Note 9)	August 1997	440	427	5,875.17	5,875.17	100.0	
		Hulic Takadanobaba Building	November 1993	309	190	5,369.71	5,369.71	100.0	
		Hulic Kanda Building	September 2008	248	201	3,728.36	3,728.36	100.0	
		Hulic Kandabashi Building	June 2001	161	131	2,566.95	2,566.95	100.0	
		Hulic Kakigaracho Building	March 1993	188	124	2,858.48	2,858.48	100.0	
		Ochanomizu Sola City (Note 10)	February 2013	– (Note 16)	– (Note 16)	8,341.22	8,341.22	100.0	
		Hulic Higashi Ueno 1 Chome Building	July 1988	177	146	3,262.09	3,262.09	100.0	
		Sasazuka South Building (Note 11)	December 1991	155	95	3,611.08	3,611.08	100.0	
		Tokyo Nishi Ikebukuro Building (Note 12)	October 1990	107	191	1,429.74	1,429.74	100.0	
		Gate City Ohsaki (Note 13)	January 1999 December 1998	265	–	3,835.78	3,835.78	100.0	
		Hulic Toranomon Building (Note 14)	May 2015	628	414	5,952.94	6,002.26	99.2	
		Subtotal	–	–	–	78,613.52	78,662.84	99.9	
	Retail properties	Oimachi Redevelopment Building (#2)	September 1989	624	656	14,485.66	14,485.66	100.0	
		Oimachi Redevelopment Building (#1) (Note 15)	September 1989	438	529	10,612.67	10,612.67	100.0	
		Dining Square Akihabara Building	June 1993	– (Note 16)	– (Note 16)	2,169.41	2,169.41	100.0	
		Hulic Jingumae Building	September 2000	157	82	1,656.24	1,656.24	100.0	
		Hulic Shinjuku 3 Chome Building	June 1983	291	175	1,351.15	1,351.15	100.0	
		Yokohama Yamashitacho Building	July 1993	– (Note 16)	– (Note 16)	8,958.70	8,958.70	100.0	
		Leaf Minatomirai (Land)	–	534	267	5,500.04	5,500.04	100.0	
		Orchid Square	January 2009	160	71	1,334.88	1,334.88	100.0	
	Subtotal	–	–	–	46,068.75	46,068.75	100.0		
	Total	–	–	–	124,682.27	124,731.59	100.0		
	Next-Generation Assets	Private nursing homes	Aria Matsubara	September 2005	– (Note 16)	– (Note 16)	5,454.48	5,454.48	100.0
			Trust Garden Youganomori	September 2005	– (Note 16)	– (Note 16)	5,977.75	5,977.75	100.0
Trust Garden Sakurashinmachi			August 2005	– (Note 16)	– (Note 16)	3,700.26	3,700.26	100.0	
Trust Garden Sugunami Miyamae			April 2005	– (Note 16)	– (Note 16)	3,975.99	3,975.99	100.0	
Subtotal			–	–	–	19,108.48	19,108.48	100.0	
Network centers		Ikebukuro Network Center	January 2001	271	136	12,773.04	12,773.04	100.0	
		Tabata Network Center	April 1998	90	45	3,832.73	3,832.73	100.0	
		Hiroshima Network Center	October 2001	88	44	5,208.54	5,208.54	100.0	
		Atsuta Network Center	May 1997	73	37	4,943.10	4,943.10	100.0	
		Nagano Network Center	September 1994	35	18	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		–	1,267	633	71,373.66	71,373.66	100.0		
Total		–	–	–	90,482.14	90,482.14	100.0		
Total of the portfolio	–	–	–	215,164.41	215,213.73	100.0			

(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, 2016) for buildings as indicated in the relevant lease

agreement of each asset held as of August 31, 2016 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, 2016 by 12 and rounding to the nearest million yen. When a master lease agreement has been concluded for the asset held, the amount calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a master lease agreement, under which rents are directly received from end-tenants in principle (hereinafter referred to as the "Pass-through Master Lease Agreement"), or the monthly rent as indicated in the master lease agreement, 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"), by 12 on an annual basis is provided.

- (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, 2016, rounded to the nearest million yen.
- (Note 4) *Total leased area* is equivalent to total floor area of leased space set out in the relevant lease agreements of each asset held as of August 31, 2016. For the property for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants is provided. For the property for which there is a Fixed-type Master Lease Agreement, the leasable area to end-tenants 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 gross leasable space, based on the lease agreements or floor plans of buildings of each asset held as of August 31, 2016. With respect to Hulic Kudan Building (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, 2016, 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 leased area, total leasable area and occupancy rate show figures equivalent to the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's ownership interest: partial ownership of 5,493.69 m<sup>2</sup> and approximately 71.1% co-ownership interest in partial ownership of 275.98 m<sup>2</sup>). Total contracted rent and leasehold/security deposits show amounts equivalent to the proportional share 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 pro-rata portion of the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's partial ownership of 5,578.56 m<sup>2</sup> and approximately 50.5% co-ownership interest in partial ownership of 586.37 m<sup>2</sup>).
- (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 (13.0%).
- (Note 11) For Sasazuka South Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the pro-rata portion of the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's partial ownership of 3,558.5 m<sup>2</sup>).
- (Note 12) 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 pro-rata portion of the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's partial ownership of 1,382.53 m<sup>2</sup>).
- (Note 13) For Gate City Ohsaki, total leased area, total leasable area and occupancy rate show figures for the pro-rata portion of the Investment Corporation's stratified ownership interest in the property (the Investment Corporation's ownership interest in office space on the 8th floor of the West Tower office and commercial building: approximately 83.0% co-ownership interest in partial ownership of 4,088.37 m<sup>2</sup>; retail space from the 1st basement floor to the 3rd floor of the office and commercial building: approximately 2.4% co-ownership interest in partial ownership of 5,609.05 m<sup>2</sup>; residential building: 6 residential units of 308.20 m<sup>2</sup>) under the lease agreements with master lease companies as of August 31, 2016. Total contracted rent shows amounts calculated with the rent and common service fees received by the master lease company for the month of August 2016 (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 14) For Hulic Toranomom 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 15) For Oimachi Redevelopment Building (#1), total leased area, total leasable area and occupancy rate show figures for the pro-rata portion of the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's ownership interest: approximately 82.6% co-ownership interest in partial ownership of 12,843.24 m<sup>2</sup>) under the lease agreements with end-tenants as of August 31, 2016. Total contracted rent and leasehold/security deposits show amounts equivalent to the pro-rata portion of the stratified ownership interest in the building (approximately 82.6%).
- (Note 16) Items marked with a – (minus sign) indicate that the Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

(Note 17) 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, 2016.

ii) Overview of appraisal report

(As of August 31, 2016)

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	36,911	40,700	33,700	41,800	3.7	40,200	3.5	3.9
		Hulic Kudan Building (Land)	N	11,100	11,191	12,400	– (Note 5)	12,400	3.8	12,400	3.4	3.9
		Toranomon First Garden	C	8,623	8,493	10,500	11,700	10,400	3.7	10,500	3.3	3.8
		Rapiros Roppongi	N	5,160	5,532	6,900	7,800	7,020	3.8	6,780	3.5	4.0
		Hulic Takadanobaba Building	D	3,900	3,870	4,400	3,920	4,300	4.3	4,400	4.1	4.5
		Hulic Kanda Building	T	3,780	3,706	4,060	4,280	4,330	4.1	3,940	4.2	4.3
		Hulic Kandabashi Building	D	2,500	2,515	2,800	2,730	2,830	3.9	2,790	3.7	4.1
		Hulic Kakigaracho Building	T	2,210	2,209	2,720	2,700	2,710	4.4	2,730	4.5	4.6
		Ochanomizu Sola City	N	22,854	22,543	24,960	20,540	25,090	3.6	24,700	3.3	3.7
		Hulic Higashi Ueno 1 Chome Building	N	2,670	2,674	2,910	2,370	2,950	4.2	2,860	4.0	4.4
		Sasazuka South Building	N	2,100	2,173	2,170	1,900	2,180	4.8	2,150	4.5	5.0
		Tokyo Nishi Ikebukuro Building	N	1,580	1,634	1,790	1,270	1,810	4.5	1,760	4.3	4.7
		Gate City Ohsaki	N	4,370	4,543	4,400	4,690	4,420	3.8	4,370	3.4	3.9
		Hulic Toranomon Building	N	12,740	12,741	14,420	14,840	14,560	3.5	14,210	3.2	3.6
	Subtotal	–	120,337	120,741	135,130	–	136,800	–	133,830	–	–	
	Retail properties	Oimachi Redevelopment Building (#2)	T	9,456	9,475	11,800	10,800	12,100	4.3	11,700	4.4	4.5
		Oimachi Redevelopment Building (#1)	T	6,166	6,247	7,320	6,720	7,380	4.5	7,290	4.6	4.7
		Dining Square Akihabara Building	N	3,200	3,215	3,680	2,210	3,740	4.2	3,620	4.0	4.4
		Hulic Jingumae Building	T	2,660	2,661	3,370	3,200	3,440	3.6	3,340	3.7	3.8
		Hulic Shinjuku 3 Chome Building	N	5,550	5,564	6,060	5,900	6,210	3.7	5,910	3.3	3.9
		Yokohama Yamashitacho Building	N	4,850	4,810	5,380	3,250	5,450	4.7	5,310	4.5	4.9
		Leaf Minatomirai (Land)	D	11,700	11,765	12,900	– (Note 5)	– (Note 6)	– (Note 6)	12,900	3.9	– (Note 7)
		Orchid Square	D	3,502	3,518	3,750	3,070	3,840	3.7	3,710	3.5	3.9
		Subtotal	–	47,084	47,260	54,260	–	–	–	53,780	–	–
	Total	–	167,421	168,002	189,390	–	–	–	187,610	–	–	
Next-Generation Assets	Private nursing homes	Aria Matsubara	N	3,244	3,221	4,250	3,420	4,280	4.5	4,220	4.1	4.7
		Trust Garden Youganomori	N	5,390	5,410	6,700	4,960	6,740	4.8	6,660	4.4	5.0
		Trust Garden Sakurashinmachi	N	2,850	2,876	3,560	2,840	3,580	4.7	3,530	4.3	4.9
		Trust Garden Suginami Miyamae	N	2,760	2,791	3,440	2,550	3,460	4.7	3,420	4.3	4.9
		Subtotal	–	14,244	14,299	17,950	13,770	18,060	–	17,830	–	–
	Network centers	Ikebukuro Network Center	N	4,570	4,565	5,160	4,540	5,220	4.5	5,090	4.3	4.7
		Tabata Network Center	N	1,355	1,374	1,570	1,520	1,580	4.9	1,550	4.7	5.1
		Hiroshima Network Center	N	1,080	1,070	1,210	1,100	1,220	5.8	1,200	5.6	6.0
		Atsuta Network Center	N	1,015	1,009	1,110	955	1,120	5.4	1,100	5.2	5.6
		Nagano Network Center	N	305	315	365	301	366	7.0	364	6.8	7.2
		Chiba Network Center	N	7,060	7,167	7,220	4,550	7,280	5.2	7,160	5.0	5.4
		Sapporo Network Center	N	2,510	2,577	2,590	2,400	2,600	5.3	2,570	5.1	5.5
		Keihanna Network Center	N	1,250	1,234	1,310	1,170	1,310	5.6	1,300	5.4	5.8
Subtotal	–	19,145	19,315	20,535	16,536	20,696	–	20,334	–	–		
Total	–	33,389	33,614	38,485	30,306	38,756	–	38,164	–	–		
Total	–	200,810	201,616	227,875	–	–	–	225,774	–	–		

(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, 2016, rounded down to the nearest million yen.

(Note 4) *Appraisal value* represents the appraisal value as of the valuation date of August 31, 2016.

(Note 5) For Hulic Kudan Building (Land) and Leaf Minatomirai (Land), this item was not provided due to the Investment Corporation only acquiring 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, 2016, the main capital expenditures for renovation work, etc. scheduled as of August 31, 2016 (the end of the fifth 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 Kandabashi Building	Chiyoda-ku, Tokyo	Renewal work for air-conditioning facility (phase 2)	From September 2016 to December 2016	43
Trust Garden Sakurashinmachi	Setagaya-ku, Tokyo	Renewal work for air-conditioning units in the common area	From July 2016 to December 2016	38
Trust Garden Suginami Miyamae	Suginami-ku, Tokyo	Renewal work for air-conditioning units in the common area	From July 2016 to December 2016	29
Rapiros Roppongi	Minato-ku, Tokyo	Renewal work for air-conditioning facility (phase 1)	From March 2017 to June 2017	77

#### (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 ¥220,269 thousand and repair expenses were ¥69,952 thousand. In aggregate, construction work of ¥290,222 thousand was carried out during the period.

Property name	Location	Purpose	Period	Capital expenditure for work (Millions of yen)
Hulic Kandabashi Building	Chiyoda-ku, Tokyo	Renewal work for air-conditioning facility (phase 1)	From April 2016 to July 2016	49
Tabata Network Center	Kita-ku, Tokyo	Renewal work involving rooftop waterproofing	From May 2016 to August 2016	13
Nagano Network Center	Nagano-shi, Nagano	Renewal work involving waterproofing and sealing exterior walls	From June 2016 to July 2016	10
Other				146
Total				220

### (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, 2016.

<Property name> Hulic Kamiyacho Building (Note 1)

Total contracted rent (annual) (Note 2)	¥1,873 million
Total leased area (Note 3)	22,740.96 m <sup>2</sup>
Total leasable area (Note 4)	22,740.96 m <sup>2</sup>
Occupancy rate at end of period (Note 5)	100.0%

(Note 1) *Total contracted rent (annual)*, *Total leased area*, *Total leasable area* and *Occupancy rate* of Hulic Kamiyacho Building show numerical values equivalent to the quasi-co-ownership interest of property held by the Investment Corporation (70.0%).

(Note 2) *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, 2016) for buildings as indicated in the relevant lease agreement of each asset held as of August 31, 2016 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 calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a Pass-through Master Lease Agreement, or the monthly rent as indicated in the master lease agreement in the Fixed-type Master Lease Agreement, by 12 on an annual basis is provided.

(Note 3) *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, 2016. For the property for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants is provided.

(Note 4) *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, 2016.

(Note 5) *Occupancy rate at end of period* is calculated by dividing total leased area by total leasable area of the above-mentioned property held as of August 31, 2016, and is rounded to the nearest tenth.

#### (4) Overview of Major Tenants

Tenants for which leased area accounted for 10% or more of the total leased area as of August 31, 2016 are shown as below.

Tenant	Business type	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate lease business	Hulic Kamiyacho Building (Note 6)	22,740.96	1,873	1,839	February 6, 2017	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	527	403	February 6, 2017	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Rapiros Roppongi (Note 8)	5,875.17	440	427		
		Hulic Takadanobaba Building	5,369.71	309	190		
		Hulic Kanda Building	3,728.36	248	201		
		Hulic Kandabashi Building	2,566.95	161	131		
		Hulic Kakigaracho Building	2,858.48	188	124		
		Hulic Higashi Ueno 1 Chome Building	3,262.09	177	146		
		Sasazuka South Building (Note 9)	3,611.08	155	95	March 8, 2018	
		Tokyo Nishi Ikebukuro Building (Note 10)	1,429.74	107	191	March 30, 2018	
		Hulic Toranomon Building (Note 11)	5,952.94	628	414	December 24, 2018	
		Oimachi Redevelopment Building (#2)	14,485.66	624	656	February 6, 2019	
		Oimachi Redevelopment Building (#1) (Note 12)	10,612.67	438	529	September 27, 2017	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 14)	– (Note 14)	February 6, 2017	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Jingumae Building	1,656.24	157	82		
		Hulic Shinjuku 3 Chome Building	1,351.15	291	175	October 15, 2017	
		Yokohama Yamashitacho Building	8,958.70	– (Note 14)	– (Note 14)	October 15, 2017	
		Leaf Minatomirai (Land) (Note 13)	5,500.04	534	267	March 29, 2046	–
		Orchid Square	1,334.88	160	71	March 29, 2019	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Aria Matsubara	5,454.48	– (Note 14)	– (Note 14)	February 6, 2017	
		Trust Garden Youganomori	5,977.75	– (Note 14)	– (Note 14)		
		Trust Garden Sakurashinmachi	3,700.26	– (Note 14)	– (Note 14)		
Trust Garden Suginami Miyamae	3,975.99	– (Note 14)	– (Note 14)				
Total	131,613.75	8,980	7,299	–			

Tenant	Business type	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/security deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
SoftBank Corp.	Telecommunications business	Ikebukuro Network Center	12,773.04	271	136	November 5, 2027	May be renewed if mutually agreed at least 5 years before the expiry of the agreement
		Tabata Network Center	3,832.73	90	45	November 5, 2022	
		Hiroshima Network Center	5,208.54	88	44	November 5, 2027	
		Atsuta Network Center	4,943.10	73	37	November 5, 2022	
		Nagano Network Center	2,211.24	35	18	November 5, 2017	
		Chiba Network Center	23,338.00	447	224	March 27, 2028	
		Sapporo Network Center	9,793.57	167	84	May 22, 2028	
		Keihanna Network Center	9,273.44	94	47	November 5, 2022	
		Total	71,373.66	1,267	633	–	

(Note 1) *Leased area* is equivalent to total floor area of leased space set out in the relevant lease agreement of each property as of August 31, 2016. For the property for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants is provided. For the property for which there is a Fixed-type Master Lease Agreement, the leasable area to end-tenants 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, 2016) for buildings as indicated in the relevant lease agreement of each property in effect as of August 31, 2016 by 12 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, 2016 by 12 and rounding to the nearest million yen. For properties 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, 2016, the amount calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a Pass-through Master Lease Agreement, or the monthly rent as indicated in the master lease agreement in the Fixed-type Master Lease Agreement, by 12 on an annual basis is provided.

(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, 2016, rounded to the nearest million yen.

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

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

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

(Note 7) For Toranomom First Garden, the leased area shows figures equivalent to the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's ownership interest: partial ownership of 5,493.69 m<sup>2</sup> and approximately 71.1% co-ownership interest in partial ownership of 275.98 m<sup>2</sup>). Total contracted rent and leasehold/security deposits show amounts equivalent to the proportional share 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 pro-rata portion of the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's partial ownership of 5,578.56 m<sup>2</sup> and approximately 50.5% co-ownership interest in partial ownership of 586.37 m<sup>2</sup>).

(Note 9) For Sasazuka South Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the pro-rata portion of the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's partial ownership of 3,558.5 m<sup>2</sup>).

(Note 10) 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 pro-rata portion of the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's partial ownership of 1,382.53 m<sup>2</sup>).

(Note 11) For Hulic Toranomom 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 12) For Oimachi Redevelopment Building (#1), the leased area shows the figure for the pro-rata portion of the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's ownership interest:

approximately 82.6% co-ownership interest in partial ownership of 12,843.24 m<sup>2</sup>) under the lease agreements with end-tenants as of August 31, 2016. Total contracted rent and leasehold/security deposits show amounts equivalent to the pro-rata portion of the Investment Corporation's stratified ownership interest (approximately 82.6%).

(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) Items marked with a – (minus sign) indicate that the Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

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

The following table shows the top ten end-tenants in terms of leased area in the entire portfolio as of August 31, 2016.

End-tenant	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Area ratio (%) (Note 2)	Expiration date	Form of agreement (Note 3)
SoftBank Corp.	Ikebukuro Network Center Tabata Network Center Hiroshima Network Center Atsuta Network Center Nagano Network Center Chiba Network Center Sapporo Network Center Keihanna Network Center	71,373.66	33.2	November 5, 2027 (Ikebukuro Network Center, Hiroshima Network Center) November 5, 2022 (Tabata Network Center, Atsuta Network Center, Keihanna Network Center) November 5, 2017 (Nagano Network Center) March 27, 2028 (Chiba Network Center) May 22, 2028 (Sapporo Network Center)	Fixed-term building lease agreement
Hulic Co., Ltd.	Hulic Kudan Building (Land) Oimachi Redevelopment Building (#2) Oimachi Redevelopment Building (#1) Leaf Minatomirai (Land) (Note 4)	33,949.44	15.8	February 6, 2063 February 6, 2019 September 27, 2017 March 29, 2046	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
Trust Garden Co., Ltd.	Trust Garden Youganomori Trust Garden Sakurashinmachi Trust Garden Sugunami Miyamae	13,654.00	6.3	January 24, 2028	Ordinary building lease agreement
Barneys Japan	Yokohama Yamashitacho Building	8,958.70	4.2	– (Note 5)	– (Note 5)
Benesse Style Care Co., Ltd.	Aria Matsubara	5,454.48	2.5	September 30, 2030	Ordinary building lease agreement
Mitsui Fudosan Co., Ltd.	Gate City Ohsaki	3,527.58	1.6	January 5, 2019	Ordinary building lease agreement (Note 6)
J Trust Co., Ltd.	Toranomon First Garden	3,052.05	1.4	November 30, 2016	Ordinary building lease agreement
Nippon Paper Industries Co., Ltd.	Ochanomizu Sola City	2,728.95	1.3	– (Note 5)	Fixed-term building lease agreement
WELFARE AND MEDICAL SERVICE AGENCY	Hulic Kamiyacho Building	2,705.25	1.3	March 31, 2018	Ordinary building lease agreement
Oki Electric Industry Co., Ltd.	Toranomon First Garden	2,441.64	1.1	February 28, 2017	Ordinary building lease agreement

- (Note 1) *Leased area* is equivalent to total floor area of leased space set out in the lease agreements with end-tenants as of August 31, 2016. For the property 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 shows the pro-rata portion of the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's ownership interest: approximately 82.6% co-ownership interest in partial ownership of 12,843.24 m<sup>2</sup>). For Gate City Ohsaki, the figure shows the pro-rata portion of the Investment Corporation's stratified ownership interest in the property (the Investment Corporation's ownership interest in office space on the 8th floor of the West Tower office and commercial building: approximately 83.0% co-ownership interest in partial ownership of 4,088.37 m<sup>2</sup>; retail space from the 1st basement floor to the 3rd floor of the office and commercial building: approximately 2.4% co-ownership interest in partial ownership of 5,609.05 m<sup>2</sup>) under the lease agreements with master lease companies as of August 31, 2016. For Toranomom First Garden, the figures are equivalent to the Investment Corporation's stratified ownership interest in the building (the Investment Corporation's ownership interest: partial ownership of 5,493.69 m<sup>2</sup> and approximately 71.1% co-ownership interest in partial ownership of 275.98 m<sup>2</sup>). For Ochanomizu Sola City, the total leased area shows an amount equivalent to the quasi-co-ownership interest of property held by the Investment Corporation (13.0%). For the property of which ownership is only for land, the area of the land is provided.
- (Note 2) Figures are rounded to the nearest tenth.
- (Note 3) *Form of agreement* is the form of agreement described in the lease agreement with the end-tenants as of August 31, 2016.
- (Note 4) 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 5) Items marked with a – (minus sign) indicate that the Investment Corporation has not obtained permission from the end-tenant or the relevant party of these properties to disclose the relevant information.
- (Note 6) Under a master lease agreement with Mitsui Fudosan Co., Ltd., the office and commercial building of Gate City Ohsaki is a part of the jointly managed area, and is sub-leased by Mitsui Fudosan Co., Ltd. to third parties.

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

Reporting Period (From March 1, 2016 to August 31, 2016)

(Unit: thousands of yen)

Property name	Hulic Kamiyacho Building (Note 1)	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	866,837	265,002	283,638	236,605	174,938	116,723	88,191
Lease business revenue	803,746	265,002	264,286	219,533	154,704	106,931	80,067
Other lease business revenues	63,090	–	19,352	17,072	20,234	9,791	8,123
Expenses related to rent business	209,841	32,728	119,929	120,900	69,130	62,404	45,545
Taxes and public dues	28,392	30,237	32,562	34,586	12,813	4,205	8,936
Utilities expenses	41,266	–	12,509	16,998	11,829	7,427	5,880
Insurance expenses	631	58	217	726	194	95	80
Repair expenses	22,195	–	840	288	7,725	231	8,615
Property management fees	68,765	1,325	4,775	4,389	15,517	7,201	5,882
Other expenses related to rent business	5,077	1,107	25,964	53,539	1,751	23,777	1,407
Depreciation	43,513	–	43,060	10,371	19,299	19,465	14,741
Income (loss) from lease business	656,995	232,273	163,708	115,704	105,808	54,318	42,645
NOI	700,509	232,273	206,768	126,076	125,107	73,783	57,386

(Unit: thousands of yen)

Property name	Hulic Kakigaracho Building	Ochanomizu Sola City (Note 2)	Hulic Higashi Ueno 1 Chome Building	Sasazuka South Building	Tokyo Nishi Ikebukuro Building	Gate City Ohsaki	Hulic Toranomon Building
Days under management	184	184	184	184	184	184	184
Lease business revenues	104,775	–	99,000	89,851	55,223	152,668	315,073
Lease business revenue	94,855	–	88,593	77,566	54,143	142,912	301,474
Other lease business revenues	9,920	–	10,407	12,285	1,080	9,755	13,599
Expenses related to rent business	41,084	–	38,431	38,472	20,022	82,041	118,823
Taxes and public dues	9,158	–	7,246	8,276	2,459	14,293	35,284
Utilities expenses	6,764	–	7,113	9,817	–	9,668	13,979
Insurance expenses	93	–	95	45	124	450	162
Repair expenses	3,162	–	1,103	58	–	409	812
Property management fees	12,823	–	13,684	1,288	9,756	600	29,583
Other expenses related to rent business	1,438	–	1,374	11,922	2,961	42,541	1,546
Depreciation	7,643	–	7,813	7,063	4,719	14,076	37,455
Income (loss) from lease business	63,691	–	60,569	51,378	35,201	70,627	196,250
NOI	71,334	438,978	68,382	58,442	39,920	84,703	233,705

(Unit: thousands of yen)

Property name	Oimachi Redevelopment Building (#2)	Oimachi Redevelopment Building (#1)	Dining Square Akihabara Building (Note 2)	Hulic Jingumae Building	Hulic Shinjuku 3 Chome Building	Yokohama Yamashita-cho Building (Note 2)	Leaf Minatomirai (Land)
Days under management	184	184	184	184	184	184	155
Lease business revenues	312,000	218,931	–	84,399	153,790	–	225,370
Lease business revenue	312,000	218,931	–	79,094	145,443	–	225,370
Other lease business revenues	–	–	–	5,304	8,346	–	–
Expenses related to rent business	61,866	61,363	–	20,252	36,260	–	1,499
Taxes and public dues	29,984	32,960	–	5,292	676	–	–
Utilities expenses	–	–	–	5,324	5,088	–	–
Insurance expenses	287	1,640	–	46	45	–	152
Repair expenses	400	–	–	119	880	–	–
Property management fees	6,240	4,378	–	3,163	4,909	–	1,127
Other expenses related to rent business	505	7,973	–	396	22,152	–	218
Depreciation	24,449	14,410	–	5,908	2,507	–	–
Income (loss) from lease business	250,133	157,567	–	64,146	117,530	–	223,871
NOI	274,583	171,977	79,046	70,055	120,037	124,063	223,871

(Unit: thousands of yen)

Property name	Orchid Square	Aria Matsubara (Note 2)	Trust Garden Youganomori (Note 2)	Trust Garden Sakurashinmachi (Note 2)	Trust Garden Suginami Miyamae (Note 2)	Ikebukuro Network Center	Tabata Network Center
Days under management	155	184	184	184	184	184	184
Lease business revenues	77,152	–	–	–	–	135,600	45,088
Lease business revenue	67,382	–	–	–	–	135,600	45,088
Other lease business revenues	9,769	–	–	–	–	–	–
Expenses related to rent business	16,264	–	–	–	–	28,974	8,880
Taxes and public dues	–	–	–	–	–	15,653	4,734
Utilities expenses	7,156	–	–	–	–	–	–
Insurance expenses	41	–	–	–	–	138	43
Repair expenses	350	–	–	–	–	–	–
Property management fees	2,693	–	–	–	–	960	720
Other expenses related to rent business	355	–	–	–	–	505	505
Depreciation	5,667	–	–	–	–	11,717	2,877
Income (loss) from lease business	60,887	–	–	–	–	106,625	36,208
NOI	66,555	97,256	162,413	83,567	77,578	118,343	39,085

(Unit: thousands of yen)

Property name	Hiroshima Network Center	Atsuta Network Center	Nagano Network Center	Chiba Network Center	Sapporo Network Center	Keihanna Network Center
Days under management	184	184	184	184	184	184
Lease business revenues	43,845	36,743	17,587	223,633	83,706	47,047
Lease business revenue	43,845	36,743	17,587	223,633	83,706	47,047
Other lease business revenues	–	–	–	–	–	–
Expenses related to rent business	14,004	11,351	6,872	76,931	26,219	18,582
Taxes and public dues	5,588	4,865	2,422	30,545	12,678	8,516
Utilities expenses	–	–	–	–	–	–
Insurance expenses	72	52	34	241	92	97
Repair expenses	650	227	740	–	2,959	1,124
Property management fees	1,324	960	847	1,800	819	1,209
Other expenses related to rent business	505	505	506	505	505	505
Depreciation	5,862	4,740	2,321	43,838	9,163	7,130
Income (loss) from lease business	29,840	25,391	10,715	146,701	57,486	28,465
NOI	35,703	30,132	13,036	190,539	66,650	35,595

(Note 1) On March 15, 2016, the Investment Corporation additionally acquired approximately 30.1% of quasi-co-ownership interest in Hulic Kamiyacho Building. The amounts presented for this property include the amounts for the additionally acquired portion. The days under management for the additionally acquired portion are 170.

(Note 2) Items marked with a – (minus sign) indicate that the Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.