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## **Hulic Reit, Inc.**

### **Asset Management Report**

Fiscal period ended February 28, 2019 (September 1, 2018 to February 28, 2019)

#### **I. To Our Unitholders**

First of all, I would like to convey my sincere appreciation to you, our unitholders, for your continued support of Hulic Reit, Inc.

Hulic Reit, Inc. was listed on the Real Estate Investment Trust Securities Market (J-REIT Market) of the Tokyo Stock Exchange in February 2014, and we have steadily built a track record since then. We have now successfully completed our 10th fiscal period (fiscal period ended February 28, 2019). This is entirely due to the strong support of our unitholders, and for this I would like to express my heartfelt gratitude.

I am pleased to report here an overview of our asset management and our operating results for the 10th fiscal period (fiscal period ended February 28, 2019).

During the 10th fiscal period (fiscal period ended February 28, 2019), we procured approximately ¥21.1 billion through our fifth public offering, etc., since our listing, and acquired 6 office properties in total, including Hulic Kamiyacho Building (additional acquisition) and Shinagawa Season Terrace, along with loans. In addition, in September 2018, we completed the third transfer of Leaf Minatomirai (Land). As a result, our portfolio at the end of the 10th fiscal period (as of February 28, 2019) increased to 50 properties (22 office properties, 12 retail properties, 6 private nursing homes, 8 network centers and 2 hotel properties) at ¥306.9 billion, and we achieved the asset size of ¥300.0 billion that we had been pursuing since our listing.

With respect to the properties held, we strived to maintain a high occupancy rates and upwardly revise rental fees through utilizing our sponsor's property operation and leasing capabilities amid strong real estate leasing market. As a result, for our 10th fiscal period, we recorded operating revenues of ¥8.9 billion, operating profit of ¥5.0 billion, profit of ¥4.4 billion, and distributions per unit came to ¥3,516.

Moreover, Hulic Reit Management Co., Ltd., which is entrusted with the management of the assets of Hulic Reit, Inc., made partial changes to its Operational Guidelines in April 2019 with a view to further increasing unitholder value in the future. Specifically, for Tokyo Commercial Properties it has expanded the target investment area for office properties from Tokyo's 23 wards to Tokyo and government-ordinance-designated cities in the surrounding areas, and for Next-Generation Assets Plus it has added office properties and retail properties that do not fall under the category of Tokyo Commercial Properties to the previous investment target of private nursing homes, network centers, and hotels.

We will continue to work to maximize unitholder value by maintaining and growing profits over the medium to long term and increasing the size and value of our portfolio through the support of the Hulic Group.

We ask for the continued support of our unitholders.

Hulic Reit, Inc.  
Eiji Tokita, Executive Officer

(Reference)

**Composition of Unitholders**

(As of February 28, 2019)

Category	Individuals	Financial institutions	Securities firms	Other corporations	Foreign individuals	Total
Number of Unitholders by Type (persons)	7,609	139	16	208	202	8,174
Percentage (Note) (%)	93.1	1.7	0.2	2.5	2.5	100.0
Number of Investment Units by Unitholder Type (units)	56,452	725,797	37,353	161,596	269,802	1,251,000
Percentage (Note) (%)	4.5	58.0	3.0	12.9	21.6	100.0

(Note) Percentages shown are rounded to one decimal place.

## II. Asset Investment Report

### 1. Summary of asset management

#### (1) Changes in investment performance, etc. of the Investment Corporation

Fiscal period	Unit	6th fiscal period (From September 1, 2016 to February 28, 2017)	7th fiscal period (From March 1, 2017 to August 31, 2017)	8th fiscal period (From September 1, 2017 to February 28, 2018)	9th fiscal period (From March 1, 2018 to August 31, 2018)	10th fiscal period (From September 1, 2018 to February 28, 2019)
Operating revenues	Millions of yen	6,685	7,098	8,183	8,101	8,944
[Of the above, real estate lease business revenues]	Millions of yen	[6,685]	[7,098]	[7,460]	[7,712]	[8,750]
Operating expenses	Millions of yen	2,789	3,077	3,449	3,525	3,948
[Of the above, expenses related to real estate lease business]	Millions of yen	[2,024]	[2,243]	[2,390]	[2,519]	[2,924]
Operating profit	Millions of yen	3,896	4,021	4,733	4,576	4,995
Ordinary profit	Millions of yen	3,453	3,530	4,215	4,044	4,399
Profit	Millions of yen	3,452	3,529	4,214	4,043	4,398
Total assets	Millions of yen	244,942	264,657	275,428	283,817	322,661
[Change from the previous fiscal period]	%	[+15.0]	[+8.0]	[+4.1]	[+3.0]	[+13.7]
Net assets	Millions of yen	135,504	135,581	145,932	145,761	167,202
[Change from the previous fiscal period]	%	[+12.4]	[+0.1]	[+7.6]	[(0.1)]	[+14.7]
Unitholders' capital	Millions of yen	132,051	132,051	141,717	141,717	162,803
Total number of investment units issued	Units	1,045,000	1,045,000	1,110,000	1,110,000	1,251,000
Net assets per unit	Yen	129,669	129,743	131,470	131,316	133,655
Total distributions	Millions of yen	3,452	3,530	4,214	4,043	4,398
Payout ratio (Note 2)	%	100.0	100.0	99.9	99.9	99.9
Basic earnings per unit (Note 3)	Yen	3,355	3,377	3,873	3,643	3,654
Distributions per unit	Yen	3,304	3,378	3,797	3,643	3,516
[Of the above, distributions of earnings per unit]	Yen	[3,304]	[3,378]	[3,797]	[3,643]	[3,516]
[Of the above, distributions in excess of earnings per unit]	Yen	[-]	[-]	[-]	[-]	[-]
Equity ratio [Change from the previous fiscal period] (Note 4)	%	55.3 [(1.3)]	51.2 [(4.1)]	53.0 [+1.8]	51.4 [(1.6)]	51.8 [+0.4]
Return on equity [Annualized] (Note 5)	%	2.7 [5.4]	2.6 [5.2]	3.0 [6.0]	2.8 [5.5]	2.8 [5.7]
[Other reference information]						
Number of properties	Properties	37	43	44	46	50
Total leasable area	m <sup>2</sup>	229,069.42	245,476.40	249,606.03	265,569.79	288,230.96
Occupancy rate at end of period	%	99.7	99.3	99.7	99.8	100.0

- (Note 1) The amount does not include consumption tax and local consumption tax.
- (Note 2) The payout ratio is calculated with the following formula and rounded down to one decimal place.  

$$\text{Payout ratio} = \text{total distributions} / \text{profit} \times 100$$
- (Note 3) Basic earnings per unit is calculated by dividing profit by the average number of investment units for the period.  
 Average number of investment units is 1,028,908 units for the 6th fiscal period, 1,045,000 units for the 7th fiscal period, 1,088,099 units for the 8th fiscal period, 1,110,000 units for the 9th fiscal period and 1,203,546 units for the 10th fiscal period.
- (Note 4) Equity ratio is calculated with the following formula:  

$$\text{Equity ratio} = \text{net assets at end of period} / \text{total assets at end of period} \times 100$$
- (Note 5) Return on equity is calculated with the following formula:  

$$\text{Return on equity (profit to net assets ratio)} = \text{profit} / [(\text{net assets at beginning of period} + \text{net assets at end of period}) / 2] \times 100$$
  
 The value in brackets of return on equity is the value calculated with number of business days (6th fiscal period: 181 days; 7th fiscal period: 184 days; 8th fiscal period: 181 days; 9th fiscal period: 184 days; 10th fiscal period: 181 days) converted into annual values.

## **(2) Transition of the Investment Corporation for the fiscal period under review**

The Investment Corporation was established on November 7, 2013, with Hulic Reit Management Co., Ltd. (hereinafter referred to as the “Asset Manager”), which is entrusted with the management of the assets of the Investment Corporation, as the organizer under the Act on Investment Trusts and Investment Corporations of Japan (hereinafter referred to as the “Investment Trust Act”). On November 25, 2013, the Investment Corporation was registered with the Director-General of the Kanto Local Finance Bureau (registration number: Director-General of the Kanto Local Finance Bureau No. 88). The Investment Corporation issued new investment units through a public offering with the payment date on February 6, 2014, which were listed on the Real Estate Investment Trust Securities (J-REIT) Market of Tokyo Stock Exchange, Inc. (Securities code: 3295) on February 7, 2014. New investment units were issued through a third-party allotment on March 7, 2014. The Investment Corporation recently carried out capital increases through its fifth public offering after its listing on October 31, 2018 and a third-party allotment on November 19, 2018. As a result, the number of investment units issued at the end of the reporting period was 1,251,000.

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

### **i) Investment environment and investment performance**

**Investment environment:** During the reporting period, the Japanese economy exhibited a moderate trend of recovery despite weakness being observed in some areas of exports and production. In the rental office market, the vacancy rate continued at a low level mainly because of companies’ increase in space and relocation for more space in line with expansion of their business, while rent levels continued to moderately rise due to the resulting demand.

**Investment performance:** During the reporting period, the Investment Corporation acquired six properties, Shinagawa Season Terrace in September 2018, KSS Gotanda Building and Hulic Kamiyacho Building (additional acquisition) in October 2018, Hulic Nihonbashi Honcho 1 Chome Building and Bancho House in November 2018, and Ebisu Minami Building in December 2018 (total acquisition price: ¥37,200 million), and transferred the remaining quasi co-ownership interest of Leaf Minatomirai (Land) in September 2018. As a result, the number of properties held by the Investment Corporation at the end of the reporting period was 50, and the total acquisition price was ¥306,929 million (rounded to the nearest ¥1 million). The occupancy rate of the entire portfolio has remained at a high level to end the reporting period at 100.0% (rounded to the nearest tenth).

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

The Investment Corporation has participated in the Real Estate Assessment of Global Real Estate Sustainability Benchmark (GRESB) (Note 1) from the fiscal period ended February 28, 2017. In the GRESB Real Estate Assessment conducted in 2018, the Investment Corporation was awarded a “Green Star” for the second consecutive year for its initiatives in environmental awareness and sustainability, having received strong recognition in both the areas of “Management & Policy” and “Implementation &

Measurement.” At the same time, the Investment Corporation also received “4 Stars,” the 2nd-highest GRESB Rating for the second year in a row. In addition, the Investment Corporation has been working on acquisition of external certification relating to energy conservation and environmental performance of its owned properties, and as of April 12, 2019, it has acquired external certification for a total of 12 properties, as follows. Concerning DBJ Green Building Certification (Note 2), the Investment Corporation has acquired certification for 6 properties, with Ochanomizu Sola City and Shinagawa Season Terrace obtaining the highest ranking. As for BELS rating (Note 3), which is a public rating system that assesses the energy-conservation performance of non-residential buildings, the Investment Corporation acquired certification for 4 properties, with HULIC & New SHIBUYA obtaining the highest ranking. Finally, concerning the building evaluation certification CASBEE (Note 4), Hulic Kamiyacho Building and Gate City Ohsaki received the highest rating.

(Note 1) The “Global Real Estate Sustainability Benchmark (GRESB)” is an annual benchmark assessment used to evaluate ESG considerations in the global real estate sector. It was established in 2009 primarily by major European pension fund groups, which led the Principles for Responsible Investment.

(Note 2) The “DBJ Green Building Certification” is a certification system created by Development Bank of Japan Inc. in April 2011 to support real estate properties with environmental and social awareness (“Green Building”). The certification system is said to evaluate and certify real estate properties in terms of their desirability for society and the economy based on a comprehensive evaluation, which includes not only environmental performance, but also responsiveness to various stakeholder needs such as consideration for emergency preparedness and the community, and to support these efforts.

(Note 3) The “BELS rating” is a building energy-efficiency labeling system that was started with the aim of having third-party institutions implement accurate evaluation and labeling of energy-conservation performance in non-residential buildings in accordance with the guidelines set forth in October 2013 by the Ministry of Land, Infrastructure, Transport and Tourism in “Evaluation Guidelines for Energy-efficiency Labeling for Non-residential Buildings (2013).”

(Note 4) “CASBEE” (Comprehensive Assessment System for Built Environment Efficiency) is a method for evaluating and rating the environmental performance of buildings. CASBEE is a system that comprehensively evaluates the quality of buildings by giving consideration not only to the environment in regard to the use of materials that have good energy conservation and small environmental loads, but also to the comfort inside the buildings and to the landscapes.

## ii) Status of financing

During the reporting period, the Investment Corporation procured ¥30,470 million in total on September 10, 2018, October 1, 2018, October 16, 2018, and December 27, 2018 as short-term loans payable to fund the acquisition of assets, etc. Also, the Investment Corporation used part of ¥20,068 million procured by a capital increase through public offering carried out on October 31, 2018 to fund the acquisition of assets, etc., and using the left-over balance, together with ¥1,016 million procured by a capital increase through third-party allotment carried out on November 19, 2018 and cash reserves, the Investment Corporation repaid ¥14,360 million as a partial early repayment of short-term loans payable. Furthermore, On February 7, 2019, the Investment Corporation repaid ¥16,660 million as a full early repayment of short-term loans payable that was procured to fund the acquisition of assets, etc. and repaid ¥8,550 million in long-term loans payable that was due for repayment by refinancing ¥25,210 million as long-term loans payable.

As a result, at the end of the reporting period, interest-bearing debt totaled ¥139,510 million (comprising ¥3,960 million in short-term loans payable, ¥10,320 million in current portion of long-term loans payable, ¥113,230 million in long-term loans payable, ¥2,000 million in current portion of investment corporation bonds and ¥10,000 million in investment corporation bonds), resulting in a loan-to-value (LTV) ratio of 43.2%.

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

### iii) Overview of financial results and distributions

As a result of the above asset management, operating revenues for the reporting period were ¥8,944 million (up 10.4% compared with the previous fiscal period), operating profit was ¥4,995 million (up 9.2% compared with the previous fiscal period), ordinary profit after deducting interest expenses for borrowings, etc. was ¥4,399 million (up 8.8% compared with the previous fiscal period), and profit was ¥4,398 million (up 8.8% 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 ¥3,516.

### (3) Status of capital increase, etc.

Capital increase, etc. from the establishment of the Investment Corporation to the end of the reporting period are as follows.

Date	Event	Total number of investment units issued (Units)		Total unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
November 7, 2013	Incorporation through private placement	2,000	2,000	200	200	(Note 1)
February 6, 2014	Capital increase through public offering	617,500	619,500	64,355	64,555	(Note 2)
March 7, 2014	Capital increase through third-party allotment	32,500	652,000	3,387	67,943	(Note 3)
November 6, 2014	Capital increase through public offering	122,860	774,860	17,785	85,728	(Note 4)
November 21, 2014	Capital increase through third-party allotment	6,140	781,000	888	86,617	(Note 5)
March 29, 2016	Capital increase through public offering	167,600	948,600	29,444	116,061	(Note 6)
April 13, 2016	Capital increase through third-party allotment	8,400	957,000	1,475	117,537	(Note 7)
October 3, 2016	Capital increase through public offering	83,800	1,040,800	13,821	131,358	(Note 8)
October 26, 2016	Capital increase through third-party allotment	4,200	1,045,000	692	132,051	(Note 9)
October 31, 2017	Capital increase through public offering	61,800	1,106,800	9,190	141,241	(Note 10)
November 20, 2017	Capital increase through third-party allotment	3,200	1,110,000	475	141,717	(Note 11)
October 31, 2018	Capital increase through public offering	134,200	1,244,200	20,068	161,786	(Note 12)
November 19, 2018	Capital increase through third-party allotment	6,800	1,251,000	1,016	162,803	(Note 13)

(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 properties, etc.

(Note 3) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue 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 properties, etc.

- (Note 5) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue 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 properties, etc.
- (Note 7) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥175,682.
- (Note 8) New investment units were issued through public offering with an issue price per unit of ¥170,625 (issue value: ¥164,937) in order to raise funds for the acquisition of new properties, etc.
- (Note 9) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥164,937.
- (Note 10) New investment units were issued through public offering with an issue price per unit of ¥153,757 (issue value: ¥148,710) in order to raise funds for the acquisition of new properties, etc.
- (Note 11) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥148,710.
- (Note 12) New investment units were issued through public offering with an issue price per unit of ¥154,537 (issue value: ¥149,544) in order to raise funds for the acquisition of new properties, etc.
- (Note 13) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥149,544.

<Changes in market price of investment unit>

The highest and lowest unit prices (closing price) of the investment securities of the Investment Corporation by fiscal period on the J-REIT Market of the Tokyo Stock Exchange are as follows:

Highest and lowest unit prices by fiscal period (Closing price)	Fiscal period	6th fiscal period ended February 28, 2017	7th fiscal period ended August 31, 2017	8th fiscal period ended February 28, 2018	9th fiscal period ended August 31, 2018	10th fiscal period ended February 28, 2019
	Highest (Yen)	196,100	186,000	173,000	172,900	180,800
	Lowest (Yen)	172,800	165,300	155,900	156,500	158,500

#### (4) Distributions, etc.

Distributions for the fiscal period under review (the 10th fiscal period) are ¥3,516 per unit. The Investment Corporation, with the aim of applying special measures for the taxation system for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) to deduct an amount equivalent to distributions of earnings from the taxable income of the Investment Corporation as a tax deductible expense, will pay distributions for the fiscal period under review in an amount roughly equal to unappropriated retained earnings.

Fiscal period	6th fiscal period (From September 1, 2016 to February 28, 2017)	7th fiscal period (From March 1, 2017 to August 31, 2017)	8th fiscal period (From September 1, 2017 to February 28, 2018)	9th fiscal period (From March 1, 2018 to August 31, 2018)	10th fiscal period (From September 1, 2018 to February 28, 2019)
Total unappropriated retained earnings	¥3,452,871 thousand	¥3,530,068 thousand	¥4,214,994 thousand	¥4,044,077 thousand	¥4,399,204 thousand
Accumulated earnings	¥191 thousand	¥58 thousand	¥324 thousand	¥347 thousand	¥688 thousand
Total amount of cash distributions (Distributions per unit)	¥3,452,680 thousand (¥3,304)	¥3,530,010 thousand (¥3,378)	¥4,214,670 thousand (¥3,797)	¥4,043,730 thousand (¥3,643)	¥4,398,516 thousand (¥3,516)
Of the above, total amount of distributions of earnings (Distributions of earnings per unit)	¥3,452,680 thousand (¥3,304)	¥3,530,010 thousand (¥3,378)	¥4,214,670 thousand (¥3,797)	¥4,043,730 thousand (¥3,643)	¥4,398,516 thousand (¥3,516)
Of the above, total amount of refunds of unitholders' capital (Refunds of unitholders' capital per unit)	— (—)	— (—)	— (—)	— (—)	— (—)
Of the total amount of refunds of unitholders' capital, total amount of distributions from allowance for temporary difference adjustment (Of the refunds of unitholders' capital per unit, distributions from allowance for temporary difference adjustment per unit)	— (—)	— (—)	— (—)	— (—)	— (—)
Of the total amount of refunds of unitholders' capital, the total amount of distributions from distribution on reduction of unitholders' capital for taxation purposes (Of the refunds of unitholders' capital per unit, distributions from distributions on reduction of unitholders' capital for taxation purposes)	— (—)	— (—)	— (—)	— (—)	— (—)



## **(5) Future investment policies and issues to address**

In terms of the outlook for the rental office market, demands for increased floor space in corporate offices are expected to continue to be steady. In the real estate selling market, the transaction prices for property are projected to continue at high levels amid the continuing favorable fund procurement conditions, etc.

Against this backdrop, the Investment Corporation will focus on Tokyo Commercial Properties (Note 1), aiming to maximize unitholder value over the medium to long term, and invest in Next-Generation Assets Plus (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 and government-ordinance-designated cities in the surrounding areas 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 Tokyo and major cities in the surrounding areas that are in principle located within a five-minute walking distance from the nearest train station or in areas with a high concentration of retail activities. Such retail properties are also highly visible 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 Plus" are properties specified for investment by the Investment Corporation based on its basic philosophy. Specifically, they are lease properties for which the Investment Corporation deems that firm demand can be anticipated even in the future and stable long-term earnings can be obtained, or that it will contribute to the maximization of unitholder value over the medium to long term, and in principle, the Investment Corporation stringently selects investment targets after carefully examining the individual properties' profitability, characteristics of the location and competitiveness of the location. The Investment Corporation classifies private nursing homes, network centers and hotels, as well as office properties and retail properties that do not fall under the category of Tokyo Commercial Properties, as Next-Generation Assets Plus.

## **(6) Significant events after the reporting period**

Not applicable.

## 2. Overview of the Investment Corporation

### (1) Status of unitholders' capital

	6th fiscal period As of February 28, 2017	7th fiscal period As of August 31, 2017	8th fiscal period As of February 28, 2018	9th fiscal period As of August 31, 2018	10th fiscal period As of February 28, 2019
Total number of authorized investment units	20,000,000 units	20,000,000 units	20,000,000 units	20,000,000 units	20,000,000 units
Total number of investment units issued	1,045,000 units	1,045,000 units	1,110,000 units	1,110,000 units	1,251,000 units
Unitholders' capital	¥132,051 million	¥132,051 million	¥141,717 million	¥141,717 million	¥162,803 million
Number of unitholders	7,280	7,238	8,460	7,893	8,174

### (2) Matters regarding investment units

The top 10 unitholders based on the percentage of investment units owned to total investment units issued as of the end of the fiscal period under review are as follows:

Name	Number of investment units owned (Units)	Percentage of investment units owned to total investment units issued (%)
Japan Trustee Services Bank, Ltd. (Trust account)	277,495	22.18
The Master Trust Bank of Japan, Ltd. (Trust account)	181,861	14.53
Hulic Co., Ltd.	140,720	11.24
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	45,218	3.61
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	42,313	3.38
NOMURA BANK (LUXEMBOURG) S.A.	40,151	3.20
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	20,823	1.66
STATE STREET BANK WEST CLIENT - TREATY 505234	15,110	1.20
BNYM AS AGT/CLTS 10 PERCENT	13,133	1.04
The Chukyo Bank, Limited	11,895	0.95
Total	788,719	63.04

(Note) Percentage of investment units owned to total investment units issued is rounded down to two decimal places. The same applies hereinafter.

### (3) Matters relating to officers, etc.

#### i) Executive Officers, Supervisory Officers and Independent Auditor for the fiscal period under review are as follows:

Title and post	Name	Major concurrent post, etc.	Total amount of compensation for each position during the fiscal period under review
Executive Officer	Eiji Tokita	President and CEO of Hulic Reit Management Co., Ltd.	¥— thousand
Supervisory Officer (Note 1)	Kunio Shimada	Representative Partner of Shimada, Hamba and Osajima (law firm)	¥3,000 thousand
	Shigeru Sugimoto	Representative of Sakura Horwath Audit Corporation	¥3,000 thousand
Independent Auditor	Ernst & Young ShinNihon LLC	—	¥14,500 thousand (Note 2)

(Note 1) Although the Supervisory Officers may be officers in corporations other than the ones indicated above, there is no conflict of interest between the Investment Corporation and such corporations, including those indicated above.

(Note 2) Compensation to the Independent Auditor includes compensation for auditing English financial statements and compensation for work to prepare comfort letters regarding issuance of new investment units.

#### ii) Policy regarding the dismissal or non-reappointment of the Independent Auditor

Dismissal or non-reappointment of the Independent Auditor shall be examined at the Investment Corporation's Board of Directors, pursuant to the provisions of the Investment Trust Act in the case of dismissal, or in light of a comprehensive consideration of quality of auditing, amount of compensation for auditing and various other circumstances in the case of non-reappointment.

### (4) Asset Manager, Asset Custodian and Administrative Agents

The names of the Asset Manager, Asset Custodian, and Administrative Agents at the end of the fiscal period under review are as follows:

Consignment classification	Name
Asset Manager	Hulic Reit Management Co., Ltd.
Asset Custodian	Mizuho Trust & Banking Co., Ltd.
Administrative Agents (administration of the unitholders' registry, etc.)	Mizuho Trust & Banking Co., Ltd.
Administrative Agents (accounting work, etc.)	Mizuho Trust & Banking Co., Ltd.
Administrative Agents (administration related to institutional management)	Mizuho Trust & Banking Co., Ltd.
Administrative Agents (administration of investment corporation bonds)	Mizuho Bank, Ltd.

### 3. Status of portfolio of the Investment Corporation

#### (1) Composition of the assets of the Investment Corporation

Type of assets	Category	Region (Note 1)	9th fiscal period (As of August 31, 2018)		10th fiscal period (As of February 28, 2019)	
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate	Tokyo Commercial Properties	Six central wards of Tokyo	¥ –	–	¥ 3,591	1.1
		Other wards of Tokyo	–	–	–	–
		Other	–	–	–	–
		Total	¥ –	–	¥ 3,591	1.1
	Next-Generation Assets	Six central wards of Tokyo	¥ –	–	¥ –	–
		Other wards of Tokyo	–	–	–	–
		Other	–	–	–	–
		Total	¥ –	–	¥ –	–
	Total real estate		¥ –	–	¥ 3,591	1.1
Real estate in trust	Tokyo Commercial Properties	Six central wards of Tokyo	¥ 193,093	68.0	¥ 226,489	70.2
		Other wards of Tokyo	16,991	6.0	17,002	5.3
		Other	6,484	2.3	4,692	1.5
		Total	¥ 216,568	76.3	¥ 248,184	76.9
	Next-Generation Assets	Six central wards of Tokyo	¥ 19,583	6.9	¥ 19,517	6.0
		Other wards of Tokyo	20,045	7.1	19,963	6.2
		Other	14,944	5.3	14,849	4.6
		Total	¥ 54,573	19.2	¥ 54,331	16.8
	Total real estate in trust		¥ 271,142	95.5	¥ 302,515	93.8
	Total real estate and real estate in trust		¥ 271,142	95.5	¥ 306,106	94.9
	Deposits and other assets		¥ 12,675	4.5	¥ 16,554	5.1
	Total assets		¥ 283,817	100.0	¥ 322,661	100.0

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

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

(Note 3) Percentage to total assets represents the ratio of each asset held to total assets, rounded to one decimal place.

## (2) Major assets held

An overview of the major assets held by the Investment Corporation as of the end of the fiscal period under review (top 10 properties by book value at the end of the fiscal period) is as follows:

Property name	Book value (Thousands of yen)	Leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	Percentage to total real estate lease business revenues (%) (Note 4)	Primary asset class
Hulic Kamiyacho Building	¥ 55,495,054	32,487.06	32,487.06	100.0	14.9	Office property
Ochanomizu Sola City (Note 5)	37,138,944	13,923.42	13,923.42	100.0	(Note 6)	Office property
Hulic Toranomom Building	18,085,436	8,574.65	8,574.65	100.0	5.4	Office property
Sotetsu Fresa Inn Ginza 7 Chome	11,511,250	6,984.32	6,984.32	100.0	2.7	Hotel
Hulic Kudan Building (Land)	11,191,213	3,351.07	3,351.07	100.0	3.0	Office property
Hulic Ginza 7 Chome Building (Note 5)	11,090,419	6,002.99	6,002.99	100.0	3.1	Office property
Oimachi Redevelopment Building (#2)	9,530,207	14,485.66	14,485.66	100.0	3.6	Retail property
Toranomon First Garden (Note 5)	8,278,344	5,689.97	5,689.97	100.0	3.5	Office property
Hulic Shimura-sakaue	7,630,187	11,528.34	11,528.34	100.0	3.0	Retail property
Chiba Network Center	6,980,076	23,338.00	23,338.00	100.0	2.5	Network center
Total	¥ 176,931,135	126,365.48	126,365.48	100.0	—	

(Note 1) Leasable area is equivalent to gross leasable space, based on the lease agreements or floor plans of buildings of each asset held. With respect to properties of which ownership is only for land, leasable area is the leasable area of the land as described in the applicable land lease agreements or land plans.

(Note 2) Leased area is equivalent to total floor area of leased space set out in the relevant lease agreements of each asset held. For the portion for which there is a Pass-through Master Lease Agreement, under which rents are directly received from end-tenants in principle, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided; and for the portion for which there is a Fixed-type Master Lease Agreement, under which a certain amount of rent is received regardless of fluctuations in rents for end-tenants, the total area corresponding to that portion is provided. For the property of which ownership is only for land, the area of the land is provided.

(Note 3) Occupancy rate is calculated with the following formula, rounded to one decimal place:  

$$\text{leased area} \div \text{leasable area} \times 100$$

(Note 4) Percentage to total real estate lease business revenues shows the percentage obtained by dividing the real estate lease business revenues of each property by the aggregate amount for all properties.

(Note 5) The leasable area, leased area and occupancy rate of Ochanomizu Sola City show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (21.7%). For Hulic Ginza 7 Chome Building, leasable area, leased area and occupancy rate show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%). For Toranomom First Garden, leasable area shows figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.) On the other hand, a master lease is served on the whole building together with the exclusively owned portions owned by other unit owners, and as income and expenditure of the property is allocated according to the ratio of ownership interest of the partial ownership owned by each unit owner, the figure shown for occupancy rate is that of the entire building. Leased area shows amounts equivalent to the ratio of ownership interest of the partial ownership in the building held by the Investment Corporation (approximately 81.4%).

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

### (3) Details of assets incorporated into the portfolio, such as real estate

An overview of real estate and beneficiary rights of real estate in trust invested in by the Investment Corporation as of the end of the fiscal period under review is as follows:

Category	Property name	Location (Note 1)	Asset type	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	4-3-13 Toranomom, Minato-ku, Tokyo	Beneficiary right of real estate in trust	¥ 55,495    ¥ 62,600
		Hulic Kudan Building (Land)	1-13-5 Kudankita, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	11,191    13,200
		Toranomon First Garden	1-7-12 Toranomom, Minato-ku, Tokyo	Beneficiary right of real estate in trust	8,278    11,900
		Rapiros Roppongi	6-1-24 Roppongi, Minato-ku, Tokyo	Beneficiary right of real estate in trust	6,771    9,650
		Hulic Takadanobaba Building	3-19-10 Takada, Toshima-ku, Tokyo	Beneficiary right of real estate in trust	3,806    4,740
		Hulic Kanda Building	1-16-5 Kandasudacho, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	3,610    4,180
		Hulic Kandabashi Building	1-21-1 Kandanishikicho, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	2,488    2,970
		Hulic Kakigaracho Building	1-28-5 Nihonbashikakigaracho, Chuo-ku, Tokyo	Beneficiary right of real estate in trust	2,173    2,920
		Ochanomizu Sola City	4-6-1 Kanda Surugadai, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	37,138    44,485
		Hulic Higashi Ueno 1 Chome Building	1-7-15 Higashi Ueno, Taito-ku, Tokyo	Beneficiary right of real estate in trust	2,742    3,180
		Tokyo Nishi Ikebukuro Building	1-7-7 Nishi Ikebukuro, Toshima-ku, Tokyo	Beneficiary right of real estate in trust	1,610    1,990
		Gate City Ohsaki	1-11-1 Ohsaki, Shinagawa-ku, Tokyo	Beneficiary right of real estate in trust	4,473    4,780
		Hulic Toranomom Building	1-1-18 Toranomom, Minato-ku, Tokyo	Beneficiary right of real estate in trust	18,085    21,700
		Hulic Shibuya 1 chome Building	1-3-9 Shibuya, Shibuya-ku, Tokyo	Beneficiary right of real estate in trust	5,113    5,670
		Hulic Higashi Nihonbashi Building	1-1-5 Higashinihonbashi, Chuo-ku, Tokyo	Beneficiary right of real estate in trust	3,482    3,690
		Hulic Jimbocho Building	2-2-31 Kanda Jimbocho, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	1,538    1,530
		Hulic Ginza 7 Chome Building	7-3-5 Ginza, Chuo-ku, Tokyo	Beneficiary right of real estate in trust	11,090    11,650
		Shinagawa Season Terrace	1-2-70 Kounan, Minato-ku, Tokyo	Beneficiary right of real estate in trust	6,089    6,200
		KSS Gotanda Building	1-21-8 Nishigotanda, Shinagawa-ku, Tokyo	Real estate	3,591    3,500
		Hulic Nihonbashi Honcho 1 Chome Building	1-9-4 Nihonbashihoncho, Chuo-ku, Tokyo	Beneficiary right of real estate in trust	4,007    4,140
		Bancho House	29-1 Ichibancho, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	2,766    2,800
		Ebisu Minami Building	2-12-18 Ebisuminami, Shibuya-ku, Tokyo	Beneficiary right of real estate in trust	2,432    2,540
	Retail properties	Oimachi Redevelopment Building (#2)	5-20-1 Higashi-Oi, Shinagawa-ku, Tokyo	Beneficiary right of real estate in trust	9,530    12,100
		Oimachi Redevelopment Building (#1)	5-18-1 Higashi-Oi, Shinagawa-ku, Tokyo	Beneficiary right of real estate in trust	6,244    7,360

Category		Property name	Location (Note 1)	Asset type	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)
Tokyo Commercial Properties	Retail properties	Dining Square Akihabara Building	1-16-2 Kandasakumacho, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	3,182	3,930
		Hulic Jingu-Mae Building	5-17-9 Jingumae, Shibuya-ku, Tokyo	Beneficiary right of real estate in trust	2,641	3,600
		Hulic Shinjuku 3 Chome Building	3-17-2 Shinjuku, Shinjuku-ku, Tokyo	Beneficiary right of real estate in trust	5,556	7,760
		Yokohama Yamashitacho Building	36-1, Yamashitacho, Naka-ku, Yokohama-shi, Kanagawa	Beneficiary right of real estate in trust	4,692	5,780
		Orchid Square	1-2-11 Yurakucho, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	3,490	3,820
		Hulic Todoroki Building	3-5-2 Todoroki, Setagaya-ku, Tokyo	Beneficiary right of real estate in trust	1,212	1,350
		Hulic Omori Building	6-28-12 Minamioi, Shinagawa-ku, Tokyo	Beneficiary right of real estate in trust	3,395	3,720
		HULIC &New SHIBUYA	31-1 Udagawa-cho, Shibuya-ku, Tokyo	Beneficiary right of real estate in trust	3,138	3,415
		HULIC &New SHINBASHI	2-11-10 Shinbashi, Minato-ku, Tokyo	Beneficiary right of real estate in trust	3,082	3,360
		Hulic Shimura-sakaue	3-20-1 Maeno-cho, Itabashi-ku, Tokyo, etc.	Beneficiary right of real estate in trust	7,630	7,630
Next-Generation Assets	Private nursing homes	Aria Matsubara	5-34-6 Matsubara, Setagaya-ku, Tokyo	Beneficiary right of real estate in trust	3,160	4,300
		Trust Garden Yoganomori	1-3-1 Yoga, Setagaya-ku, Tokyo	Beneficiary right of real estate in trust	5,335	6,880
		Trust Garden Sakurashinmachi	2-11-1 Tsurumaki, Setagaya-ku, Tokyo	Beneficiary right of real estate in trust	2,848	3,670
		Trust Garden Suginami Miyamae	2-11-10 Miyamae, Suginami-ku, Tokyo	Beneficiary right of real estate in trust	2,752	3,550
		Trust Garden Tokiwamatsu	4-4-10 Higashi, Shibuya-ku, Tokyo	Beneficiary right of real estate in trust	3,035	3,300
		SOMPO Care La vie Re Kita-Kamakura	2713-2 Aza Takano, Ofuna, Kamakura-shi, Kanagawa	Beneficiary right of real estate in trust	1,807	1,770
	Network centers	Ikebukuro Network Center	4-30-17 Kami-Ikebukuro, Toshima-ku, Tokyo	Beneficiary right of real estate in trust	4,508	5,280
		Tabata Network Center	6-2-8 Tabata, Kita-ku, Tokyo	Beneficiary right of real estate in trust	1,359	1,550
		Hiroshima Network Center	2-6-6 Hikari-machi, Higashi-ku, Hiroshima-shi, Hiroshima	Beneficiary right of real estate in trust	1,041	1,220
		Atsuta Network Center	20-1 Hatano-cho, Atsuta-ku, Nagoya-shi, Aichi	Beneficiary right of real estate in trust	986	1,070
		Nagano Network Center	1600-12, Oaza Tsuruga Aza Naemahira, Nagano-shi, Nagano	Beneficiary right of real estate in trust	303	362
		Chiba Network Center	1-1-1 Muzaigakuendai, Inzai-shi, Chiba	Beneficiary right of real estate in trust	6,980	7,330
		Sapporo Network Center	2-4-1, Kita 9 Jonishi, Kita-ku, Sapporo-shi, Hokkaido	Beneficiary right of real estate in trust	2,531	2,600
		Keihanna Network Center	113-1, Kumomura Kizu, Kizugawa-shi, Kyoto	Beneficiary right of real estate in trust	1,199	1,320
Hotels	Sotetsu Fresa Inn Ginza 7 Chome	7-11-12 Ginza, Chuo-ku, Tokyo	Beneficiary right of real estate in trust	11,511	12,100	
	Sotetsu Fresa Inn Tokyo-Roppongi	3-10-1 Roppongi, Minato-ku, Tokyo	Beneficiary right of real estate in trust	4,970	5,100	
Total					¥306,106	¥355,242

(Note 1) “Location” shows the property’s street address in principle. However, in cases where the property does not yet have a street address, the building’s location as registered in the property registry has been provided (in cases of multiple buildings, only one location has been provided).

(Note 2) The figures for assessed value at end of period show the appraisal price stated on the real estate appraisal report created by the real estate appraisers of Daiwa Real Estate Appraisal Co., Ltd., Japan Real Estate Institute, CBRE K.K. and The Tanizawa Sōgō Appraisal Co., Ltd. based on the methods and standards for asset appraisal set forth in the Investment Corporation’s Articles of Incorporation and the rules set forth by The Investment Trusts Association, Japan.

The trends of the lease business by real estate and beneficiary rights of real estate in trust invested in by the Investment Corporation are as follows:

Category		Property name	9th fiscal period (From March 1, 2018 to August 31, 2018)				10th fiscal period (From September 1, 2018 to February 28, 2019)			
			Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate lease business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate lease business revenues (%) (Note 4)	Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate lease business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate lease business revenues (%) (Note 4)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	1	97.8	¥ 975,880	12.7	1	100.0	¥1,306,910	14.9
		Hulic Kudan Building (Land)	1	100.0	265,002	3.4	1	100.0	265,002	3.0
		Toranomon First Garden	1	100.0	298,954	3.9	1	100.0	305,773	3.5
		Rapiros Roppongi	1	100.0	287,057	3.7	1	100.0	317,644	3.6
		Hulic Takadanobaba Building	1	100.0	173,077	2.2	1	100.0	172,520	2.0
		Hulic Kanda Building	1	100.0	135,104	1.8	1	100.0	136,512	1.6
		Hulic Kandabashi Building	1	100.0	84,856	1.1	1	100.0	87,494	1.0
		Hulic Kakigaracho Building	1	100.0	105,291	1.4	1	100.0	106,226	1.2
		Ochanomizu Sola City	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Higashi Ueno 1 Chome Building	1	100.0	100,331	1.3	1	100.0	100,906	1.2
		Tokyo Nishi Ikebukuro Building	1	100.0	56,750	0.7	1	100.0	56,750	0.6
		Gate City Ohsaki	2	100.0	162,834	2.1	2	100.0	165,232	1.9
		Hulic Toranomon Building	1	100.0	470,910	6.1	1	100.0	472,511	5.4
		Hulic Shibuya 1 chome Building	1	100.0	113,203	1.5	1	100.0	131,680	1.5
		Hulic Higashi Nihonbashi Building	1	100.0	107,996	1.4	1	100.0	108,016	1.2
		Hulic Jimbocho Building	1	100.0	43,868	0.6	1	100.0	44,121	0.5
		Hulic Ginza 7 Chome Building	1	100.0	230,090	3.0	1	100.0	274,013	3.1
		Shinagawa Season Terrace	—	—	—	—	1	99.9	(Note 4)	(Note 4)
		KSS Gotanda Building	—	—	—	—	1	100.0	95,606	1.1
		Hulic Nihonbashi Honcho 1 Chome Building	—	—	—	—	1	100.0	67,929	0.8
		Bancho House	—	—	—	—	1	100.0	(Note 4)	(Note 4)
		Ebisu Minami Building	—	—	—	—	1	100.0	(Note 4)	(Note 4)
	Retail properties	Oimachi Redevelopment Building (#2)	1	100.0	312,000	4.0	1	100.0	312,000	3.6
		Oimachi Redevelopment Building (#1)	1	100.0	218,931	2.8	1	100.0	218,931	2.5
		Dining Square Akihabara Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Jingu-Mae Building	1	100.0	84,980	1.1	1	100.0	86,148	1.0



Category	Property name	9th fiscal period (From March 1, 2018 to August 31, 2018)				10th fiscal period (From September 1, 2018 to February 28, 2019)			
		Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate lease business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate lease business revenues (%) (Note 4)	Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate lease business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate lease business revenues (%) (Note 4)
Tokyo Commercial Properties	Retail properties								
	Hulic Shinjuku 3 Chome Building	1	100.0	175,811	2.3	1	100.0	176,725	2.0
	Yokohama Yamashitacho Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
	Leaf Minatomirai (Land)	1	100.0	64,970	0.8	–	–	5,785	0.1
	Orchid Square	1	100.0	93,296	1.2	1	100.0	93,615	1.1
	Hulic Todoroki Building	1	100.0	60,584	0.8	1	100.0	54,650	0.6
	Hulic Omori Building	1	100.0	109,015	1.4	1	100.0	109,294	1.2
	HULIC &New SHIBUYA	1	100.0	71,377	0.9	1	100.0	74,117	0.8
	HULIC &New SHINBASHI	1	100.0	84,626	1.1	1	100.0	84,718	1.0
	Hulic Shimura-sakaue	1	100.0	84,944	1.1	1	100.0	258,166	3.0
Next-Generation Assets	Private nursing homes								
	Aria Matsubara	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
	Trust Garden Yoganomori	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
	Trust Garden Sakurashinmachi	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
	Trust Garden Suginami Miyamae	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
	Trust Garden Tokiwamatsu	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
	SOMPO Care La vie Re Kita-Kamakura	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
	Network centers								
	Ikebukuro Network Center	1	100.0	130,176	1.7	1	100.0	130,176	1.5
	Tabata Network Center	1	100.0	43,285	0.6	1	100.0	43,285	0.5
	Hiroshima Network Center	1	100.0	42,091	0.5	1	100.0	42,091	0.5
	Atsuta Network Center	1	100.0	35,273	0.5	1	100.0	35,273	0.4
	Nagano Network Center	1	100.0	16,708	0.2	1	100.0	16,708	0.2
	Chiba Network Center	1	100.0	214,687	2.8	1	100.0	214,687	2.5
	Sapporo Network Center	1	100.0	80,358	1.0	1	100.0	80,358	0.9
	Keihanna Network Center	1	100.0	45,166	0.6	1	100.0	45,166	0.5
	Hotels								
	Sotetsu Fresa Inn Ginza 7 Chome	1	100.0	255,636	3.3	1	100.0	240,000	2.7
	Sotetsu Fresa Inn Tokyo-Roppongi	1	100.0	108,000	1.4	1	100.0	108,000	1.2
Total		47	99.8	¥7,712,533	100.0	51	100.0	¥8,750,103	100.0

(Note 1) Number of tenants is stated as 1 when a master lease agreement has been concluded with a master lease company. Moreover, the number of tenants is stated as 1 for Hulic Kudan Building (Land) and in the 9th fiscal period for Leaf Minatomirai (Land). The number of tenants for Gate City Ohsaki is stated as 2 because master lease agreements were concluded with the respective master lease companies of the business/commercial tower and the residential tower, respectively. For Shinagawa Season Terrace, the number of tenants is stated as 1, because NTT Urban Development Corporation receives rent from each end-tenant for the entire building.

(Note 2) Occupancy rate is calculated with the following formula, rounded to one decimal place: leased area ÷ leasable area × 100

(Note 3) Real estate lease business revenues during the period shows the sum total of the real estate lease business revenues during the period for each real estate, etc.

(Note 4) Real estate lease business revenues during the period and percentage to total real estate lease business revenues are not disclosed because the Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

#### (4) Status of outstanding contracted amount and fair value of specified transactions

The status of the contracted amount and fair value of specified transactions outstanding for the Investment Corporation as of February 28, 2019 is as follows:

Category	Type	Contracted amount (Millions of yen)		Fair value (Millions of yen)  (Note 2)
		(Note 1)	Portion due after 1 year (Note 1)	
Off-market- transaction	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	¥ 72,057	¥ 61,737	¥ —
Total		¥ 72,057	¥ 61,737	¥ —

(Note 1) Contracted amount for interest rate swap transaction is shown based on the assumed principal.

(Note 2) Of these transactions, the statement of the fair value has been omitted for those transactions that satisfy requirements of special treatment based on accounting standards for financial instruments.

#### (5) Status of other assets

Beneficiary rights of real estate in trust, etc. owned by the Investment Corporation are stated together in “(3) Details of assets incorporated into the portfolio, such as real estate” above.

There are no major specified assets incorporated into the portfolio that are a major investment target by the Investment Corporation other than those listed in the aforementioned “(3),” as of the end of the fiscal period under review.

#### (6) Status of asset holding by country and region

Not applicable for countries and regions other than Japan.

## 4. Capital expenditures for properties held

### (1) Schedule of capital expenditures

For each asset held by the Investment Corporation as of February 28, 2019, the main capital expenditures for renovation work, etc. scheduled as of the end of the 10th 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)		
				Total amount	Payment during the period	Total amount paid
Hulic Higashi Ueno 1 Chome Building	Taito-ku, Tokyo	Renovation work for elevator	From October 2019 to November 2019	¥ 40	¥ –	¥ –
Hulic Jimbocho Building	Chiyoda-ku, Tokyo	Renovation work for mechanical parking lot	From October 2019 to November 2019	28	–	–
Hulic Todoroki Building	Setagaya-ku, Tokyo	Work to replace energy meters	From January 2020 to February 2020	24	–	–
Chiba Network Center	Inzai-shi, Chiba	Work to renew receiver sensors	From September 2019 to February 2020	80	–	–

### (2) 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 ¥176,516 thousand and repair expenses were ¥115,929 thousand. In aggregate, construction work in the amount of ¥292,446 thousand was carried out during the period.

Property name	Location	Purpose	Period	Capital expenditure for work (Millions of yen)
Hulic Higashi Ueno 1 Chome Building	Taito-ku, Tokyo	Renewal work for air-conditioning facility	From September 2018 to January 2019	¥ 88
Hulic Jimbocho Building	Chiyoda-ku, Tokyo	Renovation work for external wall	From November 2018 to February 2019	30
Hulic Todoroki Building	Setagaya-ku, Tokyo	Work A for B2 floor to attract tenants	From August 2018 to November 2018	12
Other				45
Total				¥ 176

### (3) Money accumulated for long-term repair plan

Not applicable.

## 5. Status of expenses and liabilities

### (1) Details of expenses relating to asset management, etc.

Item	9th fiscal period (From March 1, 2018 to August 31, 2018)	10th fiscal period (From September 1, 2018 to February 28, 2019)
(a) Asset management fee	¥812,586 thousand	¥836,463 thousand
(b) Asset custody fee	¥13,260 thousand	¥13,470 thousand
(c) Administrative service fees	¥42,467 thousand	¥42,715 thousand
(d) Directors' compensations	¥6,000 thousand	¥6,000 thousand
(e) Other operating expenses	¥131,359 thousand	¥125,202 thousand
Total	¥1,005,674 thousand	¥1,023,851 thousand

(Note) Other than the amount stated above, asset management fee includes the portion of compensations associated with a property acquisition factored into the book value of the individual properties (the 9th fiscal period: ¥46,427 thousand; the 10th fiscal period: ¥111,575 thousand) and the portion of compensations associated with a property transfer deducted from gain on sales of real estate properties of the individual properties (the 9th fiscal period: ¥9,825 thousand; the 10th fiscal period: ¥4,912 thousand).

### (2) Status of borrowings

Status of borrowings of the Investment Corporation as of the end of the fiscal period under review is as follows:

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Short-term loans payable	Mizuho Bank, Ltd. (Note 4)	June 29, 2018	¥ 275	¥ —	0.3135%	June 28, 2019	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation (Note 4)		192	—					
	MUFG Bank, Ltd. (Note 4)		82	—					
	Mizuho Bank, Ltd.	August 8, 2018	1,980	1,980	0.2626%	August 8, 2019			
	Sumitomo Mitsui Banking Corporation		1,386	1,386					
	MUFG Bank, Ltd.		594	594					
	Mizuho Bank, Ltd. (Note 5)	September 10, 2018	—	—	0.3136%	September 9, 2019			
	Sumitomo Mitsui Banking Corporation (Note 5)		—	—					
	MUFG Bank, Ltd. (Note 5)		—	—					
	Sumitomo Mitsui Trust Bank, Limited (Note 6)	October 1, 2018	—	—	0.3135%	October 1, 2019			
	Mizuho Bank, Ltd. (Note 7)	October 16, 2018	—	—	0.3136%	August 30, 2019			
	Mizuho Bank, Ltd. (Note 8)	December 27, 2018	—	—	0.3127%	August 30, 2019			
	Subtotal		¥ 4,510	¥ 3,960					
Long-term loans payable	Mizuho Bank, Ltd.	February 7, 2014	¥ 2,570	¥ —	0.7738%	February 7, 2019	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		1,950	—					
	MUFG Bank, Ltd.		1,100	—					
	Mizuho Trust & Banking Co., Ltd.		1,050	—					
	The Norinchukin Bank		1,660	—					
	Resona Bank, Limited		220	—					
	Mizuho Bank, Ltd.	February 27, 2015	1,000	1,000	0.4350%	August 30, 2019			
	Sumitomo Mitsui Banking Corporation		960	960					
	MUFG Bank, Ltd.		550	550					
	Mizuho Trust & Banking Co., Ltd.		300	300					

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	February 27, 2015	500	500	0.4350%	August 30, 2019	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	The Norinchukin Bank		500	500					
	Resona Bank, Limited		170	170					
	Shinkin Central Bank		200	200					
	Aozora Bank, Ltd.		200	200					
	Shinsei Bank, Limited		200	200					
	Mizuho Bank, Ltd.	February 27, 2015	1,650	1,650	0.4845%	February 28, 2020			
	Sumitomo Mitsui Banking Corporation		890	890					
	MUFG Bank, Ltd.		700	700					
	Mizuho Trust & Banking Co., Ltd.		660	660					
	The Norinchukin Bank		1,400	1,400					
	Resona Bank, Limited		140	140					
	Shinkin Central Bank	300	300						
	Sumitomo Mitsui Banking Corporation	March 9, 2015	2,000	2,000	0.4810%	August 31, 2020			
	Mizuho Bank, Ltd.	February 29, 2016	1,000	1,000	0.1700%	August 31, 2020			
	MUFG Bank, Ltd.		150	150					
	The Norinchukin Bank		409	409					
	Mizuho Bank, Ltd.	February 7, 2014	2,560	2,560	1.1713%	February 7, 2021			
	Sumitomo Mitsui Banking Corporation		1,950	1,950					
	MUFG Bank, Ltd.		1,060	1,060					
	Mizuho Trust & Banking Co., Ltd.		1,050	1,050					
	Sumitomo Mitsui Trust Bank, Limited		1,660	1,660					
	Resona Bank, Limited		270	270					
	Mizuho Bank, Ltd.	February 27, 2015	2,800	2,800	0.6750%	August 31, 2021			
	Sumitomo Mitsui Banking Corporation		2,110	2,110					
	MUFG Bank, Ltd.		830	830					
	Mizuho Trust & Banking Co., Ltd.		790	790					
	Aozora Bank, Ltd.		300	300					
	Shinsei Bank, Limited		300	300					
	Mizuho Bank, Ltd.	February 27, 2015	2,385	2,385	0.7730%	February 28, 2022			
	Sumitomo Mitsui Banking Corporation		1,710	1,710					
	MUFG Bank, Ltd.		1,055	1,055					
Mizuho Trust & Banking Co., Ltd.	800		800						
Sumitomo Mitsui Trust Bank, Limited	1,400		1,400						
Resona Bank, Limited	200		200						
Mizuho Bank, Ltd.	August 31, 2017	150	150	0.4173%	February 28, 2022				
Sumitomo Mitsui Banking Corporation		75	75						
MUFG Bank, Ltd.		75	75						
Mizuho Trust & Banking Co., Ltd.		72	72						
Sumitomo Mitsui Trust Bank, Limited		128	128						
The Norinchukin Bank		500	500						
Development Bank of Japan Inc.	February 7, 2014	2,450	2,450	1.6100%	August 7, 2022				

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Mizuho Bank, Ltd.	August 31, 2015	1,144	1,144	0.7488%	August 31, 2022	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	MUFG Bank, Ltd.		710	710					
	Mizuho Trust & Banking Co., Ltd.	August 31, 2015	549	549	0.7488%	August 31, 2022			
	Sumitomo Mitsui Trust Bank, Limited		414	414					
	The Norinchukin Bank		414	414					
	Resona Bank, Limited		125	125					
	Development Bank of Japan Inc.	August 31, 2015	414	414	0.7550%	August 31, 2022			
	Mizuho Bank, Ltd.	February 7, 2017	650	650	0.5538%	August 31, 2022			
	Sumitomo Mitsui Banking Corporation		500	500					
	MUFG Bank, Ltd.		200	200					
	Mizuho Trust & Banking Co., Ltd.		450	450					
	Sumitomo Mitsui Trust Bank, Limited		445	445					
	The Norinchukin Bank		445	445					
	Resona Bank, Limited		150	150					
	Mizuho Bank, Ltd.	February 29, 2016	1,350	1,350	0.4099%	February 28, 2023			
	Sumitomo Mitsui Banking Corporation		800	800					
	MUFG Bank, Ltd.		550	550					
	Mizuho Trust & Banking Co., Ltd.		530	530					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	The Norinchukin Bank		400	400					
	Resona Bank, Limited		243	243					
	Shinkin Central Bank		141	141					
	Aozora Bank, Ltd.		141	141					
	Mizuho Bank, Ltd.	February 7, 2017	1,500	1,500	0.6031%	February 28, 2023			
	Sumitomo Mitsui Banking Corporation		1,200	1,200					
	MUFG Bank, Ltd.		300	300					
	Mizuho Trust & Banking Co., Ltd.		450	450					
	Sumitomo Mitsui Trust Bank, Limited		245	245					
	The Norinchukin Bank		245	245					
	Resona Bank, Limited		150	150					
	Sompo Japan Nipponkoa Insurance Inc.	February 7, 2019	—	500	0.4100%	February 28, 2023			
	Mitsui Sumitomo Insurance Company, Limited		—	500					
Mizuho Bank, Ltd.	February 29, 2016	1,377	1,377	0.4620%	August 31, 2023				
Sumitomo Mitsui Banking Corporation		839	839						
MUFG Bank, Ltd.		565	565						
Mizuho Trust & Banking Co., Ltd.		546	546						
Sumitomo Mitsui Trust Bank, Limited		409	409						
Shinsei Bank, Limited		141	141						
Mizuho Bank, Ltd.	February 7, 2017	1,863	1,863	0.6564%	August 31, 2023				
Sumitomo Mitsui Banking Corporation		1,411	1,411						
MUFG Bank, Ltd.		600	600						

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Mizuho Trust & Banking Co., Ltd.	February 7, 2017	917	917	0.6564%	August 31, 2023	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		500	500					
	The Norinchukin Bank	February 7, 2017	500	500	0.6564%	August 31, 2023			
	Resona Bank, Limited		302	302					
	Mizuho Bank, Ltd.	February 7, 2014	400	400	1.8188%	February 7, 2024			
	Sumitomo Mitsui Banking Corporation		300	300					
	MUFG Bank, Ltd.		300	300					
	Development Bank of Japan Inc.	February 29, 2016	809	809	0.5188%	February 29, 2024			
	Nippon Life Insurance Company		500	500					
	Mizuho Bank, Ltd.	February 7, 2017	1,000	1,000	0.6485%	February 29, 2024			
	Sumitomo Mitsui Banking Corporation		1,977	1,977					
	MUFG Bank, Ltd.		1,719	1,719					
	Mizuho Trust & Banking Co., Ltd.		600	600					
	Sumitomo Mitsui Trust Bank, Limited		569	569					
	The Norinchukin Bank		569	569					
	Nippon Life Insurance Company	February 7, 2019	—	500	0.4600%	February 29, 2024			
	Development Bank of Japan Inc.	February 27, 2015	1,900	1,900	1.1738%	August 30, 2024			
	Meiji Yasuda Life Insurance Company	February 29, 2016	500	500	0.5932%	August 30, 2024			
	Mizuho Bank, Ltd.	February 7, 2017	1,754	1,754	0.7800%	August 30, 2024			
	Mizuho Bank, Ltd.	August 31, 2017	1,400	1,400	0.5913%	August 30, 2024			
	Sumitomo Mitsui Banking Corporation		1,048	1,048					
	MUFG Bank, Ltd.		705	705					
	Mizuho Trust & Banking Co., Ltd.		622	622					
	Sumitomo Mitsui Trust Bank, Limited		610	610					
	The Norinchukin Bank		520	520					
	Resona Bank, Limited		215	215					
	Shinkin Central Bank		140	140					
	Shinsei Bank, Limited	140	140						
	Mizuho Bank, Ltd.	February 27, 2015	250	250	1.4600%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		125	125					
	MUFG Bank, Ltd.		125	125					
	Mizuho Bank, Ltd.	February 29, 2016	250	250	0.7275%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		125	125					
	MUFG Bank, Ltd.		125	125					
	Development Bank of Japan Inc.	February 7, 2017	969	969	0.8500%	February 28, 2025			
	Mizuho Bank, Ltd.	August 31, 2017	1,725	1,725	0.6574%	February 28, 2025			
Sumitomo Mitsui Banking Corporation	1,203		1,203						
MUFG Bank, Ltd.	753		753						
Mizuho Trust & Banking Co., Ltd.	722		722						
Development Bank of Japan Inc.	1,010		1,010						

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	August 31, 2017	682	682	0.6574%	February 28, 2025	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	The Norinchukin Bank		400	400					
	Resona Bank, Limited		215	215					
	Shinkin Central Bank	August 31, 2017	140	140	0.6574%	February 28, 2025			
	Shinsei Bank, Limited		140	140					
	Mizuho Bank, Ltd.	February 7, 2019	—	200	0.4133%	February 28, 2025			
	Mizuho Trust & Banking Co., Ltd.		—	200					
	Sumitomo Mitsui Trust Bank, Limited		—	200					
	The Norinchukin Bank		—	450					
	Resona Bank, Limited		—	140					
	Shinsei Bank, Limited		—	150					
	Mizuho Bank, Ltd.	August 31, 2017	1,531	1,531	0.7246%	August 29, 2025			
	Sumitomo Mitsui Banking Corporation		1,267	1,267					
	MUFG Bank, Ltd.		577	577					
	Mizuho Trust & Banking Co., Ltd.		475	475					
	Development Bank of Japan Inc.		410	410					
	Aozora Bank, Ltd.		280	280					
	Meiji Yasuda Life Insurance Company		230	230					
	Nippon Life Insurance Company		230	230					
	Mizuho Bank, Ltd.	February 7, 2019	—	500	0.5700%	August 29, 2025			
	Development Bank of Japan Inc.		—	1,200					
	Aozora Bank, Ltd.		—	600					
	Mizuho Bank, Ltd.	February 7, 2019	—	2,910	0.4800%	February 27, 2026			
	Sumitomo Mitsui Banking Corporation		—	1,700					
	MUFG Bank, Ltd.		—	850					
	Mizuho Trust & Banking Co., Ltd.		—	1,100					
	Sumitomo Mitsui Trust Bank, Limited		—	700					
	The Norinchukin Bank		—	1,410					
	Resona Bank, Limited		—	880					
	Shinsei Bank, Limited		—	450					
	Mizuho Bank, Ltd.	February 7, 2019	—	3,420	0.5840%	August 31, 2026			
	Sumitomo Mitsui Banking Corporation		—	2,700					
	MUFG Bank, Ltd.		—	1,600					
	Mizuho Trust & Banking Co., Ltd.		—	1,050					
Sumitomo Mitsui Trust Bank, Limited	—		300						
The Norinchukin Bank	—		1,000						
Mizuho Bank, Ltd.	February 27, 2015	150	150	1.7500%	February 26, 2027				
Sumitomo Mitsui Banking Corporation		75	75						
MUFG Bank, Ltd.		75	75						
	Subtotal		¥ 106,890	¥ 123,550					
	Total		¥ 111,400	¥ 127,510					

(Note 1) Average interest rate shows the weighted average rate during the period or for the lender, and the amount has been rounded to four decimal places. Moreover, for borrowings hedged using interest rate swaps to avoid interest rate fluctuation risks, an interest rate that considers the effect of the interest rate swap is shown.



- (Note 2) Long-term loans payable are borrowings that carry fixed interest. (Includes borrowings that have had the interest fixed by using interest rate swaps.)
- (Note 3) The borrowings were funds to purchase beneficiary rights of real estate in trust, etc. (including ancillary expenses) and repay borrowings.
- (Note 4) The Investment Corporation made early repayment of the amount on February 7, 2019.
- (Note 5) The Investment Corporation made borrowings in the amount of ¥6,100 million on September 10, 2018, and it made early repayment of the amount on February 7, 2019.
- (Note 6) The Investment Corporation made borrowings in the amount of ¥3,450 million on October 1, 2018, and it made early repayment of the amount on February 7, 2019.
- (Note 7) The Investment Corporation made borrowings in the amount of ¥18,500 million on October 16, 2018, and it made early partial repayment on November 7, 2018, and December 7, 2018 and early repayment of the remaining amount on February 7, 2019.
- (Note 8) The Investment Corporation made borrowings in the amount of ¥2,420 million on December 27, 2018, and it made early repayment of the amount on February 7, 2019.

### (3) Investment corporation bonds

Issuance of investment corporation bonds of the Investment Corporation as of the end of the fiscal period under review is as follows:

Bond name	Issuance date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (%)	Repayment date	Repayment method	Use	Remarks
First Series Unsecured Investment Corporation Bond	August 31, 2015	¥ 2,000	¥ 2,000	0.950	August 29, 2025	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
Second Series Unsecured Investment Corporation Bond	December 13, 2016	2,000	2,000	0.040	December 13, 2019	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
Third Series Unsecured Investment Corporation Bond	December 13, 2016	1,000	1,000	0.490	December 11, 2026	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
Fourth Series Unsecured Investment Corporation Bond	August 30, 2018	7,000	7,000	0.770	August 30, 2028	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
Total		¥ 12,000	¥ 12,000					

(Note 1) Specific use of the proceeds is to be allocated to repayment of borrowings.

(Note 2) Corporation bond with *pari passu* conditions among specified investment corporations.

### (4) Short-term investment corporation bonds

Not applicable.

### (5) Investment unit options

Not applicable.

## 6. Status of trading during the period

### (1) Status of trading, etc., of real estate, etc., asset-backed securities, etc., infrastructure assets, etc., and infrastructure-related assets

Type of assets	Property name	Acquisition		Transfer			
		Acquisition date	Acquisition value (Millions of yen) (Note 1)	Transfer date	Transfer value (Millions of yen) (Note 1)	Book value (Millions of yen) (Note 2)	Gain (loss) on transfer (Millions of yen) (Note 3)
Beneficiary right of real estate in trust	Shinagawa Season Terrace	September 10, 2018	¥ 6,100	—	¥ —	¥ —	¥ —
Real estate	KSS Gotanda Building	October 1, 2018	3,450	—	—	—	—
Beneficiary right of real estate in trust	Hulic Kamiyacho Building (Additional acquisition)	October 16, 2018	18,500	—	—	—	—
Beneficiary right of real estate in trust	Hulic Nihonbashi Honcho 1 Chome Building	November 1, 2018	3,980	—	—	—	—
Beneficiary right of real estate in trust	Bancho House	November 1, 2018	2,750	—	—	—	—
Beneficiary right of real estate in trust	Ebisu Minami Building	December 27, 2018	2,420	—	—	—	—
Beneficiary right of real estate in trust	Leaf Minatomirai (Land) (Note 4)	—	—	September 27, 2018	1,965	1,764	194
Total		—	¥ 37,200	—	¥ 1,965	¥ 1,764	¥ 194

(Note 1) Acquisition value or transfer value shows the amount that does not include expenses incurred on the acquisition or transfer of the said real estate, etc., which is equivalent to the trading value stated on the sales agreements, and is rounded to the nearest million yen.

(Note 2) Book value shows the amount at the time of the sale.

(Note 3) Gain (loss) on transfer represents the transfer value of the property less book value and any transfer-related expenses.

(Note 4) Transfer value, book value and gain (loss) on transfer for this property represent the amounts equivalent to 15.0% of the quasi co-ownership interest related to the transfer.

### (2) Status of trading, etc. of other assets

The main other assets outside the above-mentioned real estate, etc., asset-backed securities, etc., infrastructure assets, etc., and infrastructure-related assets, are mostly bank deposits and bank deposits within assets in trust.

### (3) Investigation of the prices, etc. of specified assets

#### i) Real estate, etc.

Acquisition / Transfer	Type of assets	Property name	Transaction date	Acquisition value / transfer value (Millions of yen) (Note 1)	Appraisal value (Millions of yen) (Note 2)	Appraisal agency	Valuation date
Acquisition	Beneficiary right of real estate in trust	Shinagawa Season Terrace	September 10, 2018	¥ 6,100	¥ 6,150	Japan Real Estate Institute	August 1, 2018
Acquisition	Real estate	KSS Gotanda Building	October 1, 2018	3,450	3,490	Daiwa Real Estate Appraisal Co., Ltd.	August 31, 2018
Acquisition	Beneficiary right of real estate in trust	Hulic Kamiyacho Building (Additional acquisition)	October 16, 2018	18,500	18,700	Daiwa Real Estate Appraisal Co., Ltd.	August 31, 2018
Acquisition	Beneficiary right of real estate in trust	Hulic Nihonbashi Honcho 1 Chome Building	November 1, 2018	3,980	4,120	Daiwa Real Estate Appraisal Co., Ltd.	August 31, 2018
Acquisition	Beneficiary right of real estate in trust	Bancho House	November 1, 2018	2,750	2,800	Daiwa Real Estate Appraisal Co., Ltd.	August 31, 2018
Acquisition	Beneficiary right of real estate in trust	Ebisu Minami Building	December 27, 2018	2,420	2,480	The Tanizawa Sōgō Appraisal Co., Ltd.	December 1, 2018
Transfer	Beneficiary right of real estate in trust	Leaf Minatomirai (Land)	September 27, 2018	1,965	1,965 (Note 3)	Daiwa Real Estate Appraisal Co., Ltd.	August 31, 2017
Total				¥ 39,165	¥ 39,705	—	—

(Note 1) “Acquisition value / transfer value” shows the amount that does not include expenses incurred on the acquisition or transfer of the said real estate, etc., which is equivalent to the trading value stated on the sales agreements, and is rounded to the nearest million yen.

(Note 2) The real estate appraisal is conducted by applying Real Property Appraisal Standards Practical Theory Chapter 3: Appraisal of the Prices of Securitized Properties.

(Note 3) The value shows an amount calculated by multiplying the appraisal value of the overall property by the quasi co-ownership interest (15.0%) of the subject of transfer.

#### ii) Other

Not applicable.

### (4) Status of transactions with interested person, etc.

#### i) Status of transactions

Category	Transaction amount (Note)	
	Purchase price	Sale price
Total	¥37,200 million	¥1,965 million
Breakdown of transactions with interested person, etc.		
Hulic Co., Ltd.	¥29,770 million (80.0%)	¥1,965 million (100.0%)
Total	¥29,770 million (80.0%)	¥1,965 million (100.0%)

(Note) Transaction amount is rounded to the nearest million yen.

## ii) Amount of service fees, etc. paid

Category	Total amount of service fees paid (A) (Thousands of yen)	Transactions with interested person, etc.		Percentage to total amount B/A (%)
		Payee	Payment amount (B) (Thousands of yen)	
Property management fees	¥ 516,294	Hulic Building Management Co., Ltd.	¥ 118,051	22.9
		Tokyo Fudosan Kanri Co., Ltd.	¥ 112,827	21.9
Other expenses related to rent business	¥ 413,201	Hulic Building Management Co., Ltd.	¥ 9,056	2.2
		Tokyo Fudosan Kanri Co., Ltd.	¥ 1,725	0.4

(Note 1) Interested person, etc. are the interested person, etc. of the asset management company that have concluded an asset management agreement with the Investment Corporation as prescribed under Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations of Japan and Article 26, Item 27 of the Regulations for Asset Investment Reports by Investment Trusts and Investment Corporations of the Investment Trusts Association, Japan.

(Note 2) Other than the above-mentioned service fees, etc. paid, payment amounts concerning repairs, etc. ordered to interested person, etc. during the fiscal period under review are as follows:

Hulic Build Co., Ltd.	¥39,365 thousand
Tokyo Fudosan Kanri Co., Ltd.	¥7,080 thousand
Hulic Building Management Co., Ltd.	¥2,029 thousand

## (5) Transactions with Asset Manager pertaining to its business other than asset management

There are no applicable transactions because the Asset Manager of the Investment Corporation (Hulic Reit Management Co., Ltd.) does not engage in any other businesses, such as Type I Financial Instruments Business, Type II Financial Instruments Business, Real Estate Brokerage Business, or Real Estate Specified Joint Enterprise.

## **7. Financial information**

### **(1) Assets, liabilities, principal, and profit and loss**

Please refer to “Balance Sheet,” “Statement of Income and Retained Earnings,” “Statement of Changes in Net Assets,” “Notes to Financial Statements” below.

### **(2) Changes in the calculation method of depreciation expenses**

Not applicable.

### **(3) Changes in the evaluation method of real estate, etc., and infrastructure assets, etc.**

Not applicable.

### **(4) Beneficiary certificates of investment trusts, etc. set up by the Corporation**

Not applicable.

### **(5) Disclosure regarding corporation holding overseas real estate**

Not applicable.

### **(6) Disclosure regarding real estate owned by corporation holding overseas real estate**

Not applicable.

## 8. Other

### (1) Announcements

#### i) General Meeting of Unitholders

Not applicable.

#### ii) Meeting of Board of Directors of the Investment Corporation

The outline of conclusions or amendments to major agreements, etc. approved at meetings of the Board of Directors of the Investment Corporation during the fiscal period under review is as follows:

Date of Board of Directors meeting	Approved items	Outline
October 12, 2018	Conclusion of new investment units underwriting agreements	With the issuance of new investment units and sale of investment units approved at the meeting of the Board of Directors held on the same day, the general administrative duties concerning the offering of new investment units were entrusted to Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd., Daiwa Securities Co., Ltd., SMBC Nikko Securities Inc., etc.
December 6, 2018	Comprehensive resolution on issuance of investment corporation bonds and associated consignment of general administrative duties	The Board of Directors made a comprehensive resolution relating to the issuance of investment corporation bonds with a total issue amount to be within ¥23,000 million and an issuance period from January 1, 2019 to June 29, 2019. The Board of Directors approved candidate companies for consignment of administrative duties relating to offering the investment corporation bonds as well as administrative duties relating to receiving requests relating to exercise of rights of investment corporation bonds and other applications from investment corporation bondholders, and operations during the term of the investment corporation bonds (including duties of the fiscal agent, issuing agent and paying agent). The Board of Directors delegated selection of the consignee for general administrative duties relating to the investment corporation bonds and decision making on the scope and the specific consignment conditions of consignment of general administrative duties, and all the necessary matters related to the consignment of administrative operations to the executive officer.

### (2) Others

Unless otherwise stated, monetary amounts have been rounded down and percentage figures have been rounded off to the nearest indicated unit in this report.

## 9. Risk Factors

An investment in our units involves significant risks. The principal risks with respect to investment in Hulic Reit, Inc. are as follows.

### Property and Business Risks

- We have a limited operating history.
- The Asset Manager has limited experience in operating a J-REIT.
- Any adverse conditions in the Japanese economy could adversely affect us.
- We may not be able to acquire properties to execute our growth and investment strategy in a manner that is accretive to earnings.
- We may not be able to close future acquisitions of properties after they are announced.
- Illiquidity in the real estate market may limit our ability to grow or adjust our portfolio.
- The past experience of Hulic Co., Ltd. in the Japanese real estate market is not an indicator or guarantee of our future results.
- Our reliance on Hulic Co., Ltd. and other Hulic Group companies could have a material adverse effect on our business.
- We may not be able to successfully acquire the properties for which Hulic Co., Ltd. has granted us preferential negotiation rights, particularly where other private REITs have preferential negotiation rights for the same properties that may be superior to the rights granted to us.
- There are potential conflicts of interest between us and certain Hulic Group companies, including the Asset Manager.
- We may decide to acquire our own units on the market but there can be no assurance that we will successfully acquire such units to the extent planned or at all or be able to cancel or dispose of any such units in a manner beneficial to us.
- We face significant competition in seeking tenants and it may be difficult to find replacement tenants.
- Increases in prevailing market interest rates may increase our interest expense and may result in a decline in the market price of our units.
- We may suffer large losses if any of our properties incurs damage from a natural or man-made disaster.
- Most of the properties in our portfolio are concentrated in Tokyo and the surrounding areas.
- Investments in next generation assets (private nursing homes, network centers and hotels) expose us to risks that are not associated with other real estate classes.
- The recent addition of hotels as an investment target exposes us to new risks associated with the hotel industry, such as revenue volatility and potentially high capital expenditure and maintenance requirements.
- Any inability to obtain financing for future acquisitions could adversely affect the growth of our portfolio.
- Liquidity and other limitations on our activities under debt financing arrangements may adversely affect our business, financial condition and results of operations.
- A high LTV ratio may increase our exposure to changes in interest rates and have a material adverse effect on our results of operations.
- We may suffer impairment losses relating to our properties.
- Decreases in tenant leasehold deposits and/or security deposits may increase our funding costs.

- Our lack of control over operating costs may adversely affect our business.
- We may lose rental revenues in the event of lease terminations, decreased lease renewals, or the default of a tenant as a result of financial difficulty or insolvency, and are exposed to the risk of careless or imprudent management of properties by tenants.
- Master lease agreements expose us to the risk of becoming an unsecured creditor of Hulic Co., Ltd. as our master lessee in the event of its insolvency.
- Our cost of complying with regulations applicable to our properties could adversely affect the results of our operations.
- Any property defect may adversely affect our financial condition and results of operations.
- We rely on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties.
- We rely on industry and market data that are subject to significant uncertainties.
- Our buildings may violate earthquake resistance or other building codes, and any such buildings may collapse in even minor earthquakes or may be required to be strengthened or demolished by us at significant expense.
- The environmental assessments of our properties made prior to our ownership may not uncover all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities.
- Entering into forward commitment contracts or contracts to purchase properties under development may expose us to contractual penalties and market risks.
- We may be exposed to regulatory and financial risks related to climate change.
- Our success depends on the performance of service providers to which we are required to assign various key functions.
- Our performance depends on the efforts of key personnel of the Asset Manager.
- J-REITs and their asset managers are subject to tight supervision by the regulatory authorities.

#### **Taxation Risks**

- Our failure to satisfy a complex series of requirements pursuant to Japanese tax regulations would disqualify us from certain taxation benefits and significantly reduce our cash distributions to our unitholders.
- If the Japanese tax authorities disagree with our interpretations of the Japanese tax laws and regulations for prior periods, we may be forced to pay additional taxes for those periods.
- We may not be able to benefit from reductions in certain real estate taxes enjoyed by qualified J-REITs.
- Changes in Japanese tax laws may significantly increase our tax burden.
- We expect to be treated as a “passive foreign investment company” for U.S. federal income tax purposes.
- Unitholders may be subject to U.S. Foreign Account Tax Compliance Act (FATCA) withholding tax after 2016.

#### **Legal and Regulatory Risks**

- Any failure by the officers and employees of the Asset Manager to comply with insider trading regulations may damage our reputation and harm the interest of our unitholders.
- Our ownership rights in some of our properties may be declared invalid or limited.
- We may lose our rights in a property if the purchase of the property is recharacterized as a secured



financing.

- Our leasehold or subleasehold rights may be terminated or may not be asserted against a third party in some cases.
- Our properties for which third parties hold leasehold interests in the land but own the buildings thereupon may subject us to various risks.
- We lease certain properties from third parties and sublease such properties to one or more tenants, which subjects us to various risks relating to these lease arrangements.
- We co-lease parts of our properties with third parties to one or more tenants, which subjects us to various risks relating to these co-lease arrangements.
- Some of our properties are held in the form of partial ownership (*kubun shoyū*), and our rights relating to such properties may be affected by the intentions of other owners.
- Some of our properties are held in the form of a property or trust co-ownership interest, and our rights relating to such properties may be affected by the intentions of other owners.
- We may hold interests in some properties through preferred shares of special purpose companies (*tokutei mokuteki kaisha*) in the future, and illiquidity in the market for such shares may limit our ability to sell our interest, and our rights relating to the properties held by such special purpose companies may be limited.
- Some of our properties are subject to preferential negotiation rights of others.
- We may hold interests in some properties through Japanese anonymous association (*tokumei kumiai*) agreements, and our rights relating to such properties may be limited.
- We own all of our properties through trust beneficiary interests and may suffer losses as a trust beneficiary.
- There are important differences regarding the rights of unitholders in a J-REIT compared to those of shareholders in a corporation.
- The AIFMD may negatively affect our ability to market our units in the EEA and increase our compliance costs associated with the marketing of our units in the EEA.
- Our units may be deemed to constitute “plan assets” for ERISA purposes, which may lead to the rescission of certain of our transactions, tax or fiduciary liability and our being held in violation of ERISA requirements.

## Independent Auditor's Report

The Board of Directors  
Hulic Reit, Inc.

We have audited the accompanying financial statements of Hulic Reit, Inc., which comprise the balance sheet as at February 28, 2019, and the statements of income and retained earnings, changes in net assets and cash flows for the fiscal period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hulic Reit, Inc. as at February 28, 2019, and its financial performance and cash flows for the fiscal period then ended in conformity with accounting principles generally accepted in Japan.

*Ernst & Young ShinNihon LLC*

May 24, 2019  
Tokyo, Japan

### III. Financial Statements

#### (1) Balance Sheets

	(Unit: thousands of yen)	
	Reporting period (As of February 28, 2019)	Previous period (As of August 31, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits (Notes 4 and 13)	8,150,550	5,514,254
Cash and deposits in trust (Notes 4 and 13)	7,155,321	6,313,366
Operating accounts receivable	122,052	30,498
Prepaid expenses	46,012	28,891
Consumption taxes receivable	87,107	–
Other	20	3,769
Total current assets	15,561,065	11,890,780
Noncurrent assets		
Property, plant and equipment (Note 5)		
Buildings	665,351	–
Accumulated depreciation	(6,652)	–
Buildings, net	658,699	–
Land	589,293	–
Buildings in trust	60,329,107	56,489,791
Accumulated depreciation	(6,059,337)	(5,148,991)
Buildings in trust, net	54,269,770	51,340,799
Structures in trust	363,078	345,197
Accumulated depreciation	(106,171)	(92,946)
Structures in trust, net	256,906	252,250
Machinery and equipment in trust	283,547	281,614
Accumulated depreciation	(124,207)	(106,886)
Machinery and equipment in trust, net	159,339	174,727
Tools, furniture and fixtures in trust	43,848	38,487
Accumulated depreciation	(14,376)	(11,144)
Tools, furniture and fixtures in trust, net	29,472	27,342
Land in trust	235,498,952	210,875,873
Total property, plant and equipment	291,462,433	262,670,994
Intangible assets		
Leasehold rights	2,343,025	–
Leasehold rights in trust	12,301,503	8,471,289
Other	140	1,058
Total intangible assets	14,644,670	8,472,348
Investments and other assets		
Lease and guarantee deposits	20,302	20,302
Long-term prepaid expenses	826,515	637,640
Deferred tax assets (Note 6)	21	13
Total investments and other assets	846,840	657,956
Total noncurrent assets	306,953,944	271,801,298
Deferred assets		
Investment unit issuance costs	78,249	51,485
Investment corporation bond issuance costs	67,861	73,836
Total deferred assets	146,111	125,321
<b>Total assets</b>	<b>322,661,121</b>	<b>283,817,401</b>

(Unit: thousands of yen)

	Reporting period (As of February 28, 2019)	Previous period (As of August 31, 2018)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	323,856	513,420
Short-term loans payable (Notes 7 and 13)	3,960,000	4,510,000
Current portion of investment corporation bonds (Notes 8 and 13)	2,000,000	–
Current portion of long-term loans payable (Notes 7 and 13)	10,320,000	13,130,000
Accounts payable - other	981,893	958,047
Accrued expenses	31,783	45,422
Income taxes payable	1,038	882
Accrued consumption taxes	32,588	115,115
Advances received	1,489,731	1,362,839
Deposits received	2,554	26,596
Total current liabilities	19,143,447	20,662,322
Noncurrent liabilities		
Investment corporation bonds (Notes 8 and 13)	10,000,000	12,000,000
Long-term loans payable (Notes 7 and 13)	113,230,000	93,760,000
Tenant leasehold and security deposits	140,823	–
Tenant leasehold and security deposits in trust	12,944,264	11,633,323
Total noncurrent liabilities	136,315,088	117,393,323
Total liabilities	155,458,535	138,055,645
<b>Net assets (Note 9)</b>		
Unitholders' equity (Note 10)		
Unitholders' capital	162,803,382	141,717,678
Surplus		
Unappropriated retained earnings (Note 11)	4,399,204	4,044,077
Total surplus	4,399,204	4,044,077
Total unitholders' equity	167,202,586	145,761,755
Total net assets (Note 9)	167,202,586	145,761,755
Total liabilities and net assets	322,661,121	283,817,401

*See accompanying notes to financial statements.*

## (2) Statements of Income and Retained Earnings

(Unit: thousands of yen)

	Reporting period (From September 1, 2018 to February 28, 2019)	Previous period (From March 1, 2018 to August 31, 2018)
Operating revenues		
Lease business revenue (Note 12)	8,310,374	7,357,004
Other lease business revenues (Note 12)	439,729	355,529
Gain on sales of real estate properties (Note 12)	194,302	389,340
Total operating revenues	8,944,406	8,101,873
Operating expenses		
Expenses related to rent business (Note 12)	2,924,653	2,519,504
Asset management fee	836,463	812,586
Asset custody fee	13,470	13,260
Administrative service fees	42,715	42,467
Directors' compensations	6,000	6,000
Other operating expenses	125,202	131,359
Total operating expenses	3,948,504	3,525,179
Operating profit	4,995,901	4,576,694
Non-operating income		
Interest income	59	47
Gain on forfeiture of unclaimed dividends	294	594
Compensation income for damages	12,181	—
Total non-operating income	12,535	642
Non-operating expenses		
Interest expenses	409,237	395,093
Interest expenses on investment corporation bonds	39,275	12,521
Borrowing related expenses	122,386	97,685
Amortization of investment unit issuance costs	31,666	23,550
Amortization of investment corporation bond issuance costs	5,974	3,838
Total non-operating expenses	608,540	532,688
Ordinary profit	4,399,896	4,044,648
Profit before income taxes	4,399,896	4,044,648
Income taxes - current (Note 6)	1,047	889
Income taxes - deferred (Note 6)	(7)	6
Total income taxes	1,039	895
Profit (Note 18)	4,398,857	4,043,752
Retained earnings brought forward	347	324
Unappropriated retained earnings	4,399,204	4,044,077

See accompanying notes to financial statements.

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

Reporting period (From September 1, 2018 to February 28, 2019)

(Unit: thousands of yen)

(Unit: thousands of yen)

	Unitholders' equity (Note 10)				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of the period	141,717,678	4,044,077	4,044,077	145,761,755	145,761,755
Changes of items during the period					
Issuance of new investment units	21,085,704	—	—	21,085,704	21,085,704
Dividends of surplus	—	(4,043,730)	(4,043,730)	(4,043,730)	(4,043,730)
Profit	—	4,398,857	4,398,857	4,398,857	4,398,857
Total changes of items during the period	21,085,704	355,127	355,127	21,440,831	21,440,831
Balance at the end of the period	162,803,382	4,399,204	4,399,204	167,202,586	167,202,586

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

(Unit: thousands of yen)

	Unitholders' equity (Note 10)				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of the period	141,717,678	4,214,994	4,214,994	145,932,672	145,932,672
Changes of items during the period					
Dividends of surplus	—	(4,214,670)	(4,214,670)	(4,214,670)	(4,214,670)
Profit	—	4,043,752	4,043,752	4,043,752	4,043,752
Total changes of items during the period	—	(170,917)	(170,917)	(170,917)	(170,917)
Balance at the end of the period	141,717,678	4,044,077	4,044,077	145,761,755	145,761,755

See accompanying notes to financial statements.

#### (4) Statements of Cash Flows

	(Unit: thousands of yen)	
	Reporting period (From September 1, 2018 to February 28, 2019)	Previous period (From March 1, 2018 to August 31, 2018)
<b>Cash flows from operating activities</b>		
Profit before income taxes	4,399,896	4,044,648
Depreciation and amortization	951,693	855,758
Amortization of investment unit issuance costs	31,666	23,550
Amortization of investment corporation bond issuance costs	5,974	3,838
Interest income	(59)	(47)
Interest expenses	448,512	407,614
Decrease (increase) in operating accounts receivable	(91,554)	(20,281)
Decrease (increase) in consumption taxes refund receivable	(87,107)	—
Decrease (increase) in prepaid expenses	(17,121)	(2,019)
Increase (decrease) in operating accounts payable	(145,213)	280,908
Increase (decrease) in accounts payable - other	23,837	(40,431)
Increase (decrease) in accrued consumption taxes	(82,527)	5,554
Increase (decrease) in advances received	126,892	115,526
Increase (decrease) in deposits received	(24,042)	26,596
Decrease (increase) in long-term prepaid expenses	(188,875)	81,489
Decrease in property, plant and equipment in trust due to sales	1,764,899	3,529,799
Other, net	1,719	(2,645)
<b>Subtotal</b>	<b>7,118,592</b>	<b>9,309,859</b>
Interest income received	59	47
Interest expenses paid	(460,425)	(406,133)
Income taxes (paid) refund	(882)	(1,009)
<b>Net cash provided by (used in) operating activities</b>	<b>6,657,344</b>	<b>8,902,764</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,254,385)	—
Purchase of property, plant and equipment in trust	(30,297,080)	(19,142,774)
Purchase of intangible assets	(2,343,025)	—
Purchase of intangible assets in trust	(3,830,214)	—
Proceeds from collection of lease and guarantee deposits	—	37
Repayments of tenant leasehold and security deposits	(410)	—
Proceeds from tenant leasehold and security deposits	141,233	—
Repayments of tenant leasehold and security deposits in trust	(109,457)	(178,279)
Proceeds from tenant leasehold and security deposits in trust	1,420,399	798,433
<b>Net cash provided by (used in) investing activities</b>	<b>(36,272,940)</b>	<b>(18,522,582)</b>
<b>Cash flows from financing activities</b>		
Proceeds from short-term loans payable	30,470,000	11,510,000
Repayments of short-term loans payable	(31,020,000)	(10,960,000)
Proceeds from long-term loans payable	25,210,000	—
Repayments of long-term loans payable	(8,550,000)	—
Proceeds from issuance of investment corporation bonds	—	6,955,379
Proceeds from issuance of investment units	21,027,273	—
Dividends paid	(4,043,427)	(4,213,953)
<b>Net cash provided by (used in) financing activities</b>	<b>33,093,846</b>	<b>3,291,425</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,478,250</b>	<b>(6,328,392)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>11,827,621</b>	<b>18,156,013</b>
<b>Cash and cash equivalents at end of period (Note 4)</b>	<b>15,305,871</b>	<b>11,827,621</b>

See accompanying notes to financial statements.

## **(5) Notes to Financial Statements**

For the periods from September 1, 2018 to February 28, 2019 and from March 1, 2018 to August 31, 2018

### **1. Organization**

Hulic Reit, Inc. (“the Investment Corporation”) was incorporated by Hulic REIT Management Co., Ltd. (the Investment Corporation’s Asset Manager) on November 7, 2013 with ¥200 million in capital (2,000 units), and registration was approved based on Article 187 of the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act”) on November 25, 2013 (Registration No. 88 filed with the Director-General of the Kanto Local Finance Bureau). Subsequently, the Investment Corporation issued new investment units through a public offering (617,500 units) on February 6, 2014. Those units were listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on February 7, 2014 (Securities Code: 3295). On March 7, 2014, the Investment Corporation further issued new investment units through an allocation to a third-party. Following the issuances of new investment units during the reporting period through the Investment Corporation’s fifth public offering (134,200 units) after its listing and through the allocation to a third-party (6,800 units), the total number of investment units outstanding was 1,251,000 units as of February 28, 2019.

The Investment Corporation’s real estate portfolio as of February 28, 2019 was comprised of 50 properties under management with a total leasable floor area of 288,230.96 m<sup>2</sup>. The Investment Corporation has already invested ¥306,929 million (based on acquisition price) into this portfolio. The occupancy rate as of February 28, 2019 was 100.00%.

### **2. Basis of Presentation**

The financial statements of the Investment Corporation have been prepared in accordance with accounting principles generally accepted in Japan (“Japanese GAAP”), including provisions set forth in the Financial Instruments and Exchange Act of Japan, the Investment Trust Act, the Companies Act of Japan and related regulations, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accompanying financial statements are basically a translation of the financial statements of the Investment Corporation, which were prepared in accordance with Japanese GAAP and were presented in the Securities Report of the Investment Corporation filed with the Kanto Local Finance Bureau of the Ministry of Finance. In preparing the accompanying financial statements, certain reclassifications have been made to the financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan. Amounts less than one thousand yen have been rounded down. As a result, the totals shown in the financial statements and notes thereto do not necessarily agree with the sum of the individual amounts. The Investment Corporation does not prepare consolidated financial statements, as the Investment Corporation has no subsidiaries.

### **3. Summary of Significant Accounting Policies**

#### **(1) Property, plant and equipment (including assets in trust) and depreciation**

Property, plant and equipment are stated at cost, which includes the purchase price and related costs for acquisition, less accumulated depreciation. Depreciation of property, plant and equipment is calculated on a straight-line basis over the estimated useful lives of the assets ranging as stated below:

Buildings	3 to 64 years
Structures	4 to 20 years
Machinery and equipment	3 to 10 years
Tools, furniture and fixtures	3 to 15 years

#### **(2) Intangible assets**

Intangible assets are amortized on a straight-line basis over the estimated useful lives. Software for internal use is amortized over the estimated useful life of five years.



(3) Long-term prepaid expenses

Long-term prepaid expenses are amortized on a straight-line basis over the estimated useful lives.

(4) Investment corporation bond issuance costs

Investment corporation bond issuance costs are amortized on a straight-line basis over the redemption period.

(5) Investment unit issuance costs

Investment unit issuance costs are amortized on a straight-line basis over three years.

(6) Accounting for property taxes

For property tax, city planning tax and depreciable asset tax, the Investment Corporation charges the amount of property taxes assessed and determined applicable to the current period to expenses related to rent business.

Registered owners of properties in Japan as of January 1 are responsible for paying property taxes for the calendar year based on assessments by local governments. Therefore, registered owners who sold properties to the Investment Corporation were liable for property taxes for the calendar year, including the period from the date of the acquisition by the Investment Corporation until the end of the year. The Investment Corporation reimbursed sellers of properties for the equivalent amount of property taxes and included the amount in the acquisition cost of real estate. The amounts equivalent to property taxes included in the cost of acquisition of real estate are ¥20,489 thousand and ¥75,917 thousand for the periods from September 1, 2018 to February 28, 2019 and from March 1, 2018 to August 31, 2018, respectively.

(7) Hedge accounting method

(a) Hedge accounting method

Deferred hedge accounting is adopted for interest rate swap transactions. However, special treatment is adopted for interest rate swaps when the requirements for special treatment are fulfilled.

(b) Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Interest payments on borrowings

(c) Hedging policy

The Investment Corporation conducts derivative transactions to hedge risks as stipulated in the Investment Corporation's Articles of Incorporation in accordance with the Investment Corporation's risk management policy.

(d) Method for assessing the effectiveness of hedging

An assessment of the effectiveness of hedging is omitted for interest rate swaps because they fulfill the requirements for special treatment.

(8) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows consist of cash on hand and cash in trust; deposits and deposits in trust that can be withdrawn at any time; and short-term investments with a maturity of three months or less from the date of acquisition, which are readily convertible to cash and bear only an insignificant risk of price fluctuation.

(9) Accounting for beneficiary rights of real estate in trust

For beneficiary rights of real estate in trust owned by the Investment Corporation, all accounts of assets and liabilities within the assets in trust as well as all accounts of revenues generated and expenses incurred from

the assets in trust are recognized in the relevant accounts of the balance sheet and the statement of income and retained earnings.

The following material items of the assets in trust recognized in the relevant accounts are separately listed on the balance sheet.

- (a) Cash and deposits in trust
- (b) Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust and Land in trust
- (c) Leasehold rights in trust
- (d) Tenant leasehold and security deposits in trust

(10) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Non-deductible consumption taxes related to the acquisition of assets are treated as the cost of applicable assets.

(11) Accounting standards issued but not yet adopted

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

(i) Overview

The International Accounting Standards Board (“IASB”) and the Financial Accounting Standards Board (“FASB”) have jointly developed a comprehensive accounting standard for revenue recognition and issued it as converged guidance on recognizing revenue in contracts with customers in May 2014 as IFRS 15 (IASB) and Topic 606 (FASB), respectively. To respond to both IFRS 15 and Topic 606 effective from the fiscal years beginning on or after January 1, 2018 and December 15, 2017, respectively, ASBJ has developed a comprehensive accounting standard for revenue recognition and issued it with the respective implementation guidance.

In developing the accounting standard for revenue recognition, ASBJ basically integrated the core principle of IFRS 15 from a comparability point of view of the financial statements, which is one of the benefits of ensuring consistency with IFRS 15. ASBJ, on the other side, considered additional alternative treatments where current practices under Japanese GAAP are to be reflected as far as such treatments would not significantly impair international comparability.

(ii) Effective date

The above standards are scheduled to be applied from the beginning of the fiscal year ending February 28, 2022.

(iii) Effects of application of the standards

The effects of the application of the above standard and guidance on the financial statements are currently being assessed.

(12) Change in presentation

- Application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”

The “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) have been applied from the beginning of the reporting period. Accordingly, deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under noncurrent liabilities.

As a result of this change, ¥13 thousand of “Deferred tax assets” under “Current assets” has been reclassified as “Deferred tax assets” under “Investments and other assets” in the previous period’s presentation.

#### 4. Cash and Cash Equivalents

Cash and cash equivalents as of February 28, 2019 and August 31, 2018 consist of the following balance sheet items:

	(Unit: thousands of yen)			
	Reporting period (As of February 28, 2019)		Previous period (As of August 31, 2018)	
Cash and deposits	¥	8,150,550	¥	5,514,254
Cash and deposits in trust		7,155,321		6,313,366
Total cash and cash equivalents	¥	15,305,871	¥	11,827,621

#### 5. Property, Plant and Equipment and Intangible Assets

The following table shows the summary of property, plant and equipment and intangible assets as of February 28, 2019:

(Unit: thousands of yen)

Type of asset			Balance at the beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at the end of the period	Accumulated depreciation /Accumulated amortization		Net balance at the end of the period	Remarks
								Depreciation and amortization		
Property, plant and equipment	Real estate	Buildings	¥ —	¥ 665,351	¥ —	¥ 665,351	¥ 6,652	¥ 6,652	¥ 658,699	Acquisition of property
		Land	—	589,293	—	589,293	—	—	589,293	Acquisition of property
		Subtotal	¥ —	¥ 1,254,645	¥ —	¥ 1,254,645	¥ 6,652	¥ 6,652	¥ 1,247,992	
	Trust beneficiary right	Buildings in trust	¥ 56,489,791	¥ 3,839,315	¥ —	¥ 60,329,107	¥ 6,059,337	¥ 910,345	¥ 54,269,770	Acquisition of property
		Structures in trust	345,197	17,881	—	363,078	106,171	13,225	256,906	
		Machinery and equipment in trust	281,614	1,933	—	283,547	124,207	17,320	159,339	
		Tools, furniture and fixtures in trust	38,487	5,361	—	43,848	14,376	3,231	29,472	
		Land in trust	210,875,873	26,387,979	1,764,899	235,498,952	—	—	235,498,952	Acquisition and transfer of property
		Subtotal	¥ 268,030,963	¥ 30,252,469	¥ 1,764,899	¥ 296,518,533	¥ 6,304,092	¥ 944,123	¥ 290,214,440	
	Total		¥ 268,030,963	¥ 31,507,115	¥ 1,764,899	¥ 297,773,178	¥ 6,310,744	¥ 950,775	¥ 291,462,433	
Intangible assets	Leasehold rights	¥ —	¥ 2,343,025	¥ —	¥ 2,343,025	¥ —	¥ —	¥ 2,343,025	Acquisition of property	
	Leasehold rights in trust	8,471,289	3,830,214	—	12,301,503	—	—	12,301,503	Acquisition of property	
	Other	10,186	—	—	10,186	10,046	918	140		
	Total	¥ 8,481,476	¥ 6,173,240	¥ —	¥ 14,654,716	¥ 10,046	¥ 918	¥ 14,644,670		

(Note 1) The amount of increase during the period is mainly due to the acquisition of six properties, Hulic Kamiyacho Building (additional acquisition), Shinagawa Season Terrace, KSS Gotanda Building, Hulic Nihonbashi Honcho 1 Chome Building, Bancho House and Ebisu Minami Building.

(Note 2) The amount of decrease during the period is due to transfers of the remaining part of the quasi co-ownership interest of Leaf Minatomirai (Land).

## 6. Income Taxes

### (1) Significant components of deferred tax assets and deferred tax liabilities

(Deferred tax assets)

	(Unit: thousands of yen)			
	Reporting period (As of February 28, 2019)		Previous period (As of August 31, 2018)	
Enterprise tax payable	¥	21	¥	13
Total deferred tax assets		21		13
Net deferred tax assets	¥	21	¥	13

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

	Reporting period (As of February 28, 2019)	Previous period (As of August 31, 2018)
Statutory tax rate	31.51%	31.74%
(Adjustments)		
Deductible cash distribution	(31.50)%	(31.73)%
Others	0.01%	0.01%
Effective tax rate	0.02%	0.02%

## 7. Short-term Loans Payable and Long-term Loans Payable

Summary information regarding short-term loans payable and long-term loans payable as of February 28, 2019 is as follows:

Classifi- cation	Lender	Balance at the beginning of the period (millions of yen)	Amount of increase during the period (mill- ions of yen)	Amount of decrease during the period (mill- ions of yen)	Balance at the end of the period (millions of yen)	Average interest rate (%) (Note 1) (Note 2)	Repayment date	Use	Remarks
Short-term loans payable	Mizuho Bank, Ltd.	¥ 275	¥ –	¥ 275	¥ –	0.3135	June 28, 2019	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	192	–	192	–				
	MUFG Bank, Ltd.	82	–	82	–				
	Mizuho Bank, Ltd.	1,980	–	–	1,980	0.2626	August 8, 2019		
	Sumitomo Mitsui Banking Corporation	1,386	–	–	1,386				
	MUFG Bank, Ltd.	594	–	–	594				
	Mizuho Bank, Ltd.	–	18,500	18,500	–	0.3136	August 30, 2019		
	Mizuho Bank, Ltd.	–	2,420	2,420	–	0.3127	August 30, 2019		
	Mizuho Bank, Ltd.	–	3,050	3,050	–	0.3136	September 9, 2019		
	Sumitomo Mitsui Banking Corporation	–	2,135	2,135	–				
	MUFG Bank, Ltd.	–	915	915	–				
	Sumitomo Mitsui Trust Bank, Limited	–	3,450	3,450	–	0.3135	October 1, 2019		
	Subtotal	¥ 4,510	¥ 30,470	¥ 31,020	¥ 3,960				
Long-term loans payable	Mizuho Bank, Ltd.	¥ 2,570	¥ –	¥ 2,570	¥ –	0.7738	February 7, 2019	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	1,950	–	1,950	–				
	MUFG Bank, Ltd.	1,100	–	1,100	–				
	Mizuho Trust & Banking Co., Ltd.	1,050	–	1,050	–				
	The Norinchukin Bank	1,660	–	1,660	–				
	Resona Bank, Limited	220	–	220	–				
	Mizuho Bank, Ltd.	1,000	–	–	1,000	0.4350	August 30, 2019		
	Sumitomo Mitsui Banking Corporation	960	–	–	960				
	MUFG Bank, Ltd.	550	–	–	550				

Classification	Lender	Balance at the beginning of the period (millions of yen)	Amount of increase during the period (millions of yen)	Amount of decrease during the period (millions of yen)	Balance at the end of the period (millions of yen)	Average interest rate (%) (Note 1) (Note 2)	Repayment date	Use	Remarks
Long-term loans payable	Mizuho Trust & Banking Co., Ltd.	300	—	—	300	0.4350	August 30, 2019	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	500	—	—	500				
	The Norinchukin Bank	500	—	—	500				
	Resona Bank, Limited	170	—	—	170				
	Shinkin Central Bank	200	—	—	200				
	Aozora Bank, Ltd.	200	—	—	200				
	Shinsei Bank, Limited	200	—	—	200				
	Mizuho Bank, Ltd.	1,650	—	—	1,650	0.4845	February 28, 2020		
	Sumitomo Mitsui Banking Corporation	890	—	—	890				
	MUFG Bank, Ltd.	700	—	—	700				
	Mizuho Trust & Banking Co., Ltd.	660	—	—	660				
	The Norinchukin Bank	1,400	—	—	1,400				
	Resona Bank, Limited	140	—	—	140				
	Shinkin Central Bank	300	—	—	300				
	Sumitomo Mitsui Banking Corporation	2,000	—	—	2,000	0.4810	August 31, 2020		
	Mizuho Bank, Ltd.	1,000	—	—	1,000	0.1700	August 31, 2020		
	MUFG Bank, Ltd.	150	—	—	150				
	The Norinchukin Bank	409	—	—	409				
	Mizuho Bank, Ltd.	2,560	—	—	2,560	1.1713	February 7, 2021		
	Sumitomo Mitsui Banking Corporation	1,950	—	—	1,950				
	MUFG Bank, Ltd.	1,060	—	—	1,060				
	Mizuho Trust & Banking Co., Ltd.	1,050	—	—	1,050				
	Sumitomo Mitsui Trust Bank, Limited	1,660	—	—	1,660				
	Resona Bank, Limited	270	—	—	270				
	Mizuho Bank, Ltd.	2,800	—	—	2,800	0.6750	August 31, 2021		
	Sumitomo Mitsui Banking Corporation	2,110	—	—	2,110				
	MUFG Bank, Ltd.	830	—	—	830				
	Mizuho Trust & Banking Co., Ltd.	790	—	—	790				
	Aozora Bank, Ltd.	300	—	—	300				
	Shinsei Bank, Limited	300	—	—	300				
	Mizuho Bank, Ltd.	2,385	—	—	2,385	0.7730	February 28, 2022		
	Sumitomo Mitsui Banking Corporation	1,710	—	—	1,710				
	MUFG Bank, Ltd.	1,055	—	—	1,055				
Mizuho Trust & Banking Co., Ltd.	800	—	—	800					
Sumitomo Mitsui Trust Bank, Limited	1,400	—	—	1,400					
Resona Bank, Limited	200	—	—	200					
Mizuho Bank, Ltd.	150	—	—	150	0.4173	February 28, 2022			
Sumitomo Mitsui Banking Corporation	75	—	—	75					
MUFG Bank, Ltd.	75	—	—	75					
Mizuho Trust & Banking Co., Ltd.	72	—	—	72					
Sumitomo Mitsui Trust Bank, Limited	128	—	—	128					
The Norinchukin Bank	500	—	—	500					

Classification	Lender	Balance at the beginning of the period (millions of yen)	Amount of increase during the period (millions of yen)	Amount of decrease during the period (millions of yen)	Balance at the end of the period (millions of yen)	Average interest rate (%) (Note 1) (Note 2)	Repayment date	Use	Remarks
Long-term loans payable	Development Bank of Japan Inc.	2,450	—	—	2,450	1.6100	August 7, 2022	(Note 3)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	1,144	—	—	1,144	0.7488	August 31, 2022		
	MUFG Bank, Ltd.	710	—	—	710				
	Mizuho Trust & Banking Co., Ltd.	549	—	—	549				
	Sumitomo Mitsui Trust Bank, Limited	414	—	—	414				
	The Norinchukin Bank	414	—	—	414				
	Resona Bank, Limited	125	—	—	125	0.7550	August 31, 2022		
	Development Bank of Japan Inc.	414	—	—	414				
	Mizuho Bank, Ltd.	650	—	—	650	0.5538	August 31, 2022		
	Sumitomo Mitsui Banking Corporation	500	—	—	500				
	MUFG Bank, Ltd.	200	—	—	200				
	Mizuho Trust & Banking Co., Ltd.	450	—	—	450				
	Sumitomo Mitsui Trust Bank, Limited	445	—	—	445				
	The Norinchukin Bank	445	—	—	445				
	Resona Bank, Limited	150	—	—	150				
	Mizuho Bank, Ltd.	1,350	—	—	1,350	0.4099	February 28, 2023		
	Sumitomo Mitsui Banking Corporation	800	—	—	800				
	MUFG Bank, Ltd.	550	—	—	550				
	Mizuho Trust & Banking Co., Ltd.	530	—	—	530				
	Sumitomo Mitsui Trust Bank, Limited	400	—	—	400				
	The Norinchukin Bank	400	—	—	400				
	Resona Bank, Limited	243	—	—	243				
	Shinkin Central Bank	141	—	—	141				
	Aozora Bank, Ltd.	141	—	—	141				
	Mizuho Bank, Ltd.	1,500	—	—	1,500	0.6031	February 28, 2023		
	Sumitomo Mitsui Banking Corporation	1,200	—	—	1,200				
	MUFG Bank, Ltd.	300	—	—	300				
	Mizuho Trust & Banking Co., Ltd.	450	—	—	450				
	Sumitomo Mitsui Trust Bank, Limited	245	—	—	245				
	The Norinchukin Bank	245	—	—	245				
	Resona Bank, Limited	150	—	—	150				
	Sompo Japan Nipponkoa Insurance Inc.	—	500	—	500	0.4100	February 28, 2023		
	Mitsui Sumitomo Insurance Company, Limited	—	500	—	500				
	Mizuho Bank, Ltd.	1,377	—	—	1,377	0.4620	August 31, 2023		
Sumitomo Mitsui Banking Corporation	839	—	—	839					
MUFG Bank, Ltd.	565	—	—	565					
Mizuho Trust & Banking Co., Ltd.	546	—	—	546					
Sumitomo Mitsui Trust Bank, Limited	409	—	—	409					
Shinsei Bank, Limited	141	—	—	141					
Mizuho Bank, Ltd.	1,863	—	—	1,863	0.6564	August 31, 2023			
Sumitomo Mitsui Banking Corporation	1,411	—	—	1,411					

Classification	Lender	Balance at the beginning of the period (millions of yen)	Amount of increase during the period (millions of yen)	Amount of decrease during the period (millions of yen)	Balance at the end of the period (millions of yen)	Average interest rate (%) (Note 1) (Note 2)	Repayment date	Use	Remarks
Long-term loans payable	MUFG Bank, Ltd.	600	—	—	600	0.6564	August 31, 2023	(Note 3)	Unsecured and unguaranteed
	Mizuho Trust & Banking Co., Ltd.	917	—	—	917				
	Sumitomo Mitsui Trust Bank, Limited	500	—	—	500				
	The Norinchukin Bank	500	—	—	500				
	Resona Bank, Limited	302	—	—	302				
	Mizuho Bank, Ltd.	400	—	—	400	1.8188	February 7, 2024		
	Sumitomo Mitsui Banking Corporation	300	—	—	300				
	MUFG Bank, Ltd.	300	—	—	300	1.8188	February 7, 2024		
	Development Bank of Japan Inc.	809	—	—	809	0.5188	February 29, 2024		
	Nippon Life Insurance Company	500	—	—	500				
	Mizuho Bank, Ltd.	1,000	—	—	1,000	0.6485	February 29, 2024		
	Sumitomo Mitsui Banking Corporation	1,977	—	—	1,977				
	MUFG Bank, Ltd.	1,719	—	—	1,719				
	Mizuho Trust & Banking Co., Ltd.	600	—	—	600				
	Sumitomo Mitsui Trust Bank, Limited	569	—	—	569				
	The Norinchukin Bank	569	—	—	569				
	Nippon Life Insurance Company	—	500	—	500	0.4600	February 29, 2024		
	Development Bank of Japan Inc.	1,900	—	—	1,900	1.1738	August 30, 2024		
	Meiji Yasuda Life Insurance Company	500	—	—	500	0.5932	August 30, 2024		
	Mizuho Bank, Ltd.	1,754	—	—	1,754	0.7800	August 30, 2024		
	Mizuho Bank, Ltd.	1,400	—	—	1,400	0.5913	August 30, 2024		
	Sumitomo Mitsui Banking Corporation	1,048	—	—	1,048				
	MUFG Bank, Ltd.	705	—	—	705				
	Mizuho Trust & Banking Co., Ltd.	622	—	—	622				
	Sumitomo Mitsui Trust Bank, Limited	610	—	—	610				
	The Norinchukin Bank	520	—	—	520				
	Resona Bank, Limited	215	—	—	215				
	Shinkin Central Bank	140	—	—	140				
	Shinsei Bank, Limited	140	—	—	140				
	Mizuho Bank, Ltd.	250	—	—	250				
	Sumitomo Mitsui Banking Corporation	125	—	—	125	1.4600	February 28, 2025		
	MUFG Bank, Ltd.	125	—	—	125				
	Mizuho Bank, Ltd.	250	—	—	250	0.7275	February 28, 2025		
	Sumitomo Mitsui Banking Corporation	125	—	—	125				
MUFG Bank, Ltd.	125	—	—	125					
Development Bank of Japan Inc.	969	—	—	969	0.8500	February 28, 2025			
Mizuho Bank, Ltd.	1,725	—	—	1,725	0.6574	February 28, 2025			
Sumitomo Mitsui Banking Corporation	1,203	—	—	1,203					
MUFG Bank, Ltd.	753	—	—	753					
Mizuho Trust & Banking Co., Ltd.	722	—	—	722					

Classification	Lender	Balance at the beginning of the period (millions of yen)	Amount of increase during the period (millions of yen)	Amount of decrease during the period (millions of yen)	Balance at the end of the period (millions of yen)	Average interest rate (%) (Note 1) (Note 2)	Repayment date	Use	Remarks
Long-term loans payable	Development Bank of Japan Inc.	1,010	—	—	1,010	0.6574	February 28, 2025	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited	682	—	—	682				
	The Norinchukin Bank	400	—	—	400				
	Resona Bank, Limited	215	—	—	215				
	Shinkin Central Bank	140	—	—	140				
	Shinsei Bank, Limited	140	—	—	140				
	Mizuho Bank, Ltd.	—	200	—	200	0.4133	February 28, 2025		
	Mizuho Trust & Banking Co., Ltd.	—	200	—	200				
	Sumitomo Mitsui Trust Bank, Limited	—	200	—	200				
	The Norinchukin Bank	—	450	—	450				
	Resona Bank, Limited	—	140	—	140				
	Shinsei Bank, Limited	—	150	—	150				
	Mizuho Bank, Ltd.	1,531	—	—	1,531	0.7246	August 29, 2025		
	Sumitomo Mitsui Banking Corporation	1,267	—	—	1,267				
	MUFG Bank, Ltd.	577	—	—	577	0.7246	August 29, 2025		
	Mizuho Trust & Banking Co., Ltd.	475	—	—	475				
	Development Bank of Japan Inc.	410	—	—	410				
	Aozora Bank, Ltd.	280	—	—	280				
	Meiji Yasuda Life Insurance Company	230	—	—	230				
	Nippon Life Insurance Company	230	—	—	230				
	Mizuho Bank, Ltd.	—	500	—	500	0.5700	August 29, 2025		
	Development Bank of Japan Inc.	—	1,200	—	1,200				
	Aozora Bank, Ltd.	—	600	—	600				
	Mizuho Bank, Ltd.	—	2,910	—	2,910	0.4800	February 27, 2026		
	Sumitomo Mitsui Banking Corporation	—	1,700	—	1,700				
	MUFG Bank, Ltd.	—	850	—	850				
	Mizuho Trust & Banking Co., Ltd.	—	1,100	—	1,100				
	Sumitomo Mitsui Trust Bank, Limited	—	700	—	700				
	The Norinchukin Bank	—	1,410	—	1,410				
	Resona Bank, Limited	—	880	—	880				
	Shinsei Bank, Limited	—	450	—	450				
	Mizuho Bank, Ltd.	—	3,420	—	3,420	0.5840	August 31, 2026		
Sumitomo Mitsui Banking Corporation	—	2,700	—	2,700					
MUFG Bank, Ltd.	—	1,600	—	1,600					
Mizuho Trust & Banking Co., Ltd.	—	1,050	—	1,050					
Sumitomo Mitsui Trust Bank, Limited	—	300	—	300					
The Norinchukin Bank	—	1,000	—	1,000					
Mizuho Bank, Ltd.	150	—	—	150					
Sumitomo Mitsui Banking Corporation	75	—	—	75	1.7500	February 26, 2027			
MUFG Bank, Ltd.	75	—	—	75					
	Subtotal	¥ 106,890	¥ 25,210	¥ 8,550	¥ 123,550				
	Total	¥ 111,400	¥ 55,680	¥ 39,570	¥ 127,510				



(Note 1) The average interest rate shows the weighted average rate rounded to four decimal places. Moreover, for borrowings hedged using interest rate swaps to avoid interest rate fluctuation risks, a weighted average that accounts for the effect of the interest rate swap is shown.

(Note 2) Long-term loans payable are borrowings that carry fixed interest (including borrowings where the interest rate is fixed by using interest rate swaps).

(Note 3) The borrowings were funds to purchase trust beneficiary rights of real estate in trust (including ancillary expenses) and to repay borrowings, etc.

(Note 4) Repayment of long-term loans payable scheduled for each year within 5 years after the date of the balance sheet is as follows:

(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
Long-term loans payable	¥ 10,320,000	¥ 12,109,000	¥ 15,680,000	¥ 18,705,000	¥ 19,213,000

## 8. Investment Corporation Bond

Summary information regarding investment corporation bonds as of February 28, 2019 is as follows:

Issue	Issuance date	Balance at the beginning of the period (millions of yen)	Balance at the end of the period (millions of yen)	Interest rate (%)	Repayment date	Repayment method	Use	Collateral
1st Series Unsecured Investment Corporation Bond	August 31, 2015	¥ 2,000	¥ 2,000	0.950	August 29, 2025	Lump-sum repayment	Repayment of borrowings	None (Note 1)
2nd Series Unsecured Investment Corporation Bond	December 13, 2016	2,000	2,000	0.040	December 13, 2019	Lump-sum repayment	Repayment of borrowings	None (Note 1)
3rd Series Unsecured Investment Corporation Bond	December 13, 2016	1,000	1,000	0.490	December 11, 2026	Lump-sum repayment	Repayment of borrowings	None (Note 1)
4th Series Unsecured Investment Corporation Bond	August 30, 2018	7,000	7,000	0.770	August 30, 2028	Lump-sum repayment	Repayment of borrowings	None (Note 1)
Total		¥ 12,000	¥ 12,000					

(Note 1) With limited inter-bond pari passu clause.

(Note 2) Repayment of investment corporation bonds scheduled for each year within 5 years after the date of the balance sheet is as follows:

(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
Investment corporation bonds	¥ 2,000,000	¥ –	¥ –	¥ –	¥ –

## 9. Net Assets

The Investment Corporation is required to maintain net assets of at least ¥50 million pursuant to the Investment Trust Act.

## 10. Unitholders' Equity

	Reporting period (From September 1, 2018 to February 28, 2019)	Previous period (From March 1, 2018 to August 31, 2018)
Total number of authorized investment units	20,000,000 units	20,000,000 units
Number of investment units issued	1,251,000 units	1,110,000 units

## 11. Distributions

Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥4,398,516,000, which is the largest integral multiple of the number of investment units issued and outstanding (1,251,000 units), and not in excess of unappropriated retained earnings.

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.

	Reporting period (From September 1, 2018 to February 28, 2019)	Previous period (From March 1, 2018 to August 31, 2018)
I Unappropriated retained earnings	¥ 4,399,204,085	¥ 4,044,077,027
II Distribution amount	¥ 4,398,516,000	¥ 4,043,730,000
[Distributions per unit]	[¥ 3,516]	[¥ 3,643]
III Retained earnings brought forward	¥ 688,085	¥ 347,027

## 12. Breakdown of Property-related Revenues and Expenses

### (1) Breakdown of property operating profit

(Unit: thousands of yen)				
		Reporting period (From September 1, 2018 to February 28, 2019)		Previous period (From March 1, 2018 to August 31, 2018)
A.	Property operating revenues			
	Lease business revenue			
	Rent	¥ 7,335,483		¥ 6,439,541
	Land rent	270,787		329,972
	Common area revenue	704,103	8,310,374	587,490
				7,357,004
	Other lease business revenues			
	Utilities revenue	318,557		247,047
	Other revenue	121,171	439,729	108,482
				355,529
	Total property operating revenues		¥ 8,750,103	¥ 7,712,533
B.	Property operating expenses			
	Expenses related to rent business			
	Property management fees	¥ 516,294		¥ 434,776
	Utilities	322,354		271,492
	Property and other taxes	597,517		603,159
	Insurance premium	8,579		8,044
	Maintenance and repairs	115,929		91,311
	Depreciation	950,775		854,739
	Other expenses related to rent business	413,201	2,924,653	255,981
				2,519,504
	Total property operating expenses		¥ 2,924,653	¥ 2,519,504
C.	Property operating profit (A – B)		¥ 5,825,449	¥ 5,193,028

### (2) Breakdown of gains on sales of real estate properties

				(Unit: thousands of yen)	
		Reporting period (From September 1, 2018 to February 28, 2019)		Previous period (From March 1, 2018 to August 31, 2018)	
Leaf Minatomirai (Land) (Note)					
Revenue from sales of real estate properties		¥	1,965,000	¥	3,930,000
Cost of real estate properties sold			1,764,899		3,529,799
Other expenses related to sales of real estate properties			5,797		10,860
Gain on sales of real estate properties		¥	194,302	¥	389,340

(Note) The quasi co-ownership interest of Leaf Minatomirai (Land) is 15.0% for the reporting period and 30.0% for the previous period.

### (3) Transactions with major unitholders

				(Unit: thousands of yen)
		Reporting period (From September 1, 2018 to February 28, 2019)	Previous period (From March 1, 2018 to August 31, 2018)	
From operating transactions				
Lease business revenue		¥	849,781	¥ 908,966
Gain on sales of real estate properties			194,302	389,340

## 13. Financial Instruments

### (1) Overview

#### (i) Policy for financial instruments

The Investment Corporation procures essential funds for acquiring properties, repairs and repayment of debt mainly through loans from financial institutions, issuance of investment corporation bonds and issuance of

investment units and other means. 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 uses derivatives only for the purpose of hedging fluctuation risk of interest rates for borrowings and others and does not enter into derivative transactions for any speculative purposes.

(ii) Types of financial instruments, related risks, and risk management

Deposits are used for investment of the Investment Corporation's surplus funds. As they 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 short-term deposits.

Borrowings and investment corporation bonds are conducted mainly for the purpose of acquiring properties and refinancing of existing borrowings. Of these borrowings, those 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 "(7) Hedge accounting method" in "3. Summary of Significant Accounting Policies" above.

(iii) Supplemental explanation of the fair value of financial instruments

The fair values of financial instruments are based on their market prices, if available. If there is no available market price for certain financial instruments, such fair value is based on the value reasonably estimated. Since variable factors are reflected in estimating the fair value, different assumptions could result in a different fair value. The contract amounts related to derivatives mentioned in "Derivative transactions" below do not represent the value of the market risk associated with the derivative transactions.

(2) Fair value of financial instruments

The carrying amounts on the balance sheet, fair values, and the differences between the two values as of February 28, 2019 and August 31, 2018 are as follows:

		(Unit: thousands of yen)					
		Reporting period (As of February 28, 2019)			Previous period (As of August 31, 2018)		
		Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
(i)	Cash and deposits	¥ 8,150,550	¥ 8,150,550	¥ –	¥ 5,514,254	¥ 5,514,254	¥ –
(ii)	Cash and deposits in trust	7,155,321	7,155,321	–	6,313,366	6,313,366	–
	Total	¥ 15,305,871	¥ 15,305,871	¥ –	¥ 11,827,621	¥ 11,827,621	¥ –
(i)	Short-term loans payable	¥ 3,960,000	¥ 3,960,000	¥ –	¥ 4,510,000	¥ 4,510,000	¥ –
(ii)	Current portion of investment corporation bond	2,000,000	1,996,800	(3,200)	–	–	–
(iii)	Current portion of long-term loans payable	10,320,000	10,342,436	22,436	13,130,000	13,182,507	52,507
(iv)	Investment corporation bond	10,000,000	10,040,700	40,700	12,000,000	12,019,500	19,500
(v)	Long-term loans payable	113,230,000	111,690,715	(1,539,284)	93,760,000	92,746,758	(1,013,241)
	Total	¥ 139,510,000	¥ 138,030,652	¥ (1,479,347)	¥ 123,400,000	¥ 122,458,766	¥ (941,233)
Derivative transactions		¥ –	¥ –	¥ –	¥ –	¥ –	¥ –

(Note 1) Methods to determine the fair values of financial instruments and matters regarding derivative transactions

Assets

- (i) Cash and deposits, and (ii) Cash and deposits in trust

As these are settled within a short period of time, the fair value is approximately the same as the carrying amount and is thus stated at that carrying amount.

Liabilities

- (i) Short-term loans payable

As these are settled within a short period of time with variable interest rates, the fair value is approximately the same as the carrying amount and is thus stated at that carrying amount.

- (ii) Current portion of investment corporation bond, and (iv) Investment corporation bond

The fair value is calculated based on reference indicative prices of sale/purchase transactions provided by financial institutions, etc.

- (iii) Current portion of long-term loans payable, and (v) 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 the loans, their fair value is considered approximate to the carrying amounts. Therefore, the carrying amounts are 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 "Derivative transactions" below.), the fair value is calculated by discounting the sum of principal and interest, which are treated in combination with the said 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.

(Note 2) Redemption schedule for monetary claims as of February 28, 2019 and August 31, 2018

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
As of February 28, 2019						
Cash and deposits	¥ 8,150,550	¥ –	¥ –	¥ –	¥ –	¥ –
Cash and deposits in trust	7,155,321	–	–	–	–	–
Total	¥ 15,305,871	¥ –	¥ –	¥ –	¥ –	¥ –

(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
As of August 31, 2018						
Cash and deposits	¥ 5,514,254	¥ –	¥ –	¥ –	¥ –	¥ –
Cash and deposits in trust	6,313,366	–	–	–	–	–
Total	¥ 11,827,621	¥ –	¥ –	¥ –	¥ –	¥ –

(Note 3) Redemption schedule for investment corporation bonds, long-term loans payable and other interest-bearing debt as of February 28, 2019 and August 31, 2018

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
As of February 28, 2019						
Short-term loans payable	¥ 3,960,000	¥ –	¥ –	¥ –	¥ –	¥ –
Investment corporation bond	2,000,000	–	–	–	–	10,000,000
Long-term loans payable	10,320,000	12,109,000	15,680,000	18,705,000	19,213,000	47,523,000
Total	¥ 16,280,000	¥ 12,109,000	¥ 15,680,000	¥ 18,705,000	¥ 19,213,000	¥ 57,523,000

(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
As of August 31, 2018						
Short-term loans payable	¥ 4,510,000	¥ –	¥ –	¥ –	¥ –	¥ –
Investment corporation bond	–	2,000,000	–	–	–	10,000,000
Long-term loans payable	13,130,000	9,299,000	15,680,000	17,610,000	18,615,000	32,556,000
Total	¥ 17,640,000	¥ 11,299,000	¥ 15,680,000	¥ 17,610,000	¥ 18,615,000	¥ 42,556,000

## 14. Derivative Transactions

### (1) Derivative transactions not applying hedge accounting

As of February 28, 2019 and August 31, 2018

Not applicable.

### (2) Derivative transactions applying hedge accounting

The contracted amount or principal amount equivalent set forth in the contract as of February 28, 2019 and August 31, 2018 for each hedge accounting method is as follows:

(Unit: thousands of yen)

As of February 28, 2019						
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	¥ 72,057,000	¥ 61,737,000	*	—

(Unit: thousands of yen)

As of August 31, 2018						
Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	¥ 61,647,000	¥ 48,517,000	*	—

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term loans payable, the hedged item. Thus, their fair values are included in the fair value of long-term loans payable. (Please refer to the preceding “13. Financial Instruments, (2) Fair value of financial instruments, (Note 1) Methods to determine the fair values of financial instruments and matters regarding derivative transactions, Liabilities (iii) Current portion of long-term loans payable, and (v) Long-term loans payable.”)

## 15. Leases

Operating lease transactions (Lessor)

Future minimum lease payments under noncancelable operating lease transactions

(Unit: thousands of yen)

	Reporting period (As of February 28, 2019)	Previous period (As of August 31, 2018)
Due within 1 year	¥ 7,829,413	¥ 6,452,898
Due after 1 year	40,258,602	24,702,862
Total	¥ 48,088,016	¥ 31,155,761

## 16. Investment and Rental Properties

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 fiscal period under review, and fair values of these rental properties are as follows:

	(Unit: thousands of yen)			
	Reporting period (From September 1, 2018 to February 28, 2019)		Previous period (From March 1, 2018 to August 31, 2018)	
Carrying amount				
Balance at the beginning of the period	¥	271,142,283	¥	256,385,407
Changes during period		34,964,680		14,756,875
Balance at the end of the period	¥	306,106,963	¥	271,142,283
Fair value at the end of the period	¥	355,242,000	¥	313,070,000

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

(Note 2) The main reasons for increases in the investment and rental properties during the reporting period and the previous period are the acquisition of real estate and beneficiary rights of real estate in trust of six properties (¥37,503,839 thousand) in the reporting period and beneficiary rights of real estate in trust of three properties (¥18,829,580 thousand) in the previous period. The decrease during the reporting period is mainly due to transfers of beneficiary rights of real estate in trust of one property and depreciation (¥1,764,899 thousand and ¥950,775 thousand, respectively). The decrease during the previous period is mainly due to transfers of beneficiary rights of real estate in trust of one property and depreciation (¥3,529,799 thousand and ¥854,739 thousand, respectively).

(Note 3) The fair value at the end of the period is the appraisal value provided by an independent real estate appraiser. The fair value at the end of the previous period includes that of “Leaf Minatomirai (Land),” which is stated at the transfer price stipulated on the trust beneficiary right sales agreement concluded on October 13, 2017.  
The profit or loss for the period under review concerning investment and rental properties is indicated under “12. Breakdown of Property-related Revenues and Expenses.”

## 17. Related-Party Transactions

(1) Parent company, major corporate unitholders and other

Reporting period (From September 1, 2018 to February 28, 2019)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Business or occupation	Percentage of voting rights held	Relationship		Nature of transaction	Amount of transaction (thousands of yen)	Account item	Balance at the end of the period (thousands of yen)
						Inter-locking officers	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	Chuo-ku, Tokyo	¥62,718,573	Real estate business	(directly) 11.24%	—	Rent and management of real estate	Purchase of beneficiary right of real estate in trust	¥ 29,770,000	—	¥ —
								Transfer of beneficiary right of real estate in trust	¥ 1,965,000	—	¥ —
								Keeping of leasehold and security deposits	¥ 1,200,374	Tenant leasehold and security deposits in trust	¥10,596,019
								Repayment of leasehold and security deposits	¥ 109,451		
								Earning of rent revenue, etc.	¥ 849,781	Advances received	¥ 148,386

(Note 1) Transaction terms are determined based on current market prices.

(Note 2) Consumption taxes are not included in amount of transaction but are included in balance at the end of the period.

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

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Business or occupation	Percentage of voting rights held	Relationship		Nature of transaction	Amount of transaction (thousands of yen)	Account item	Balance at the end of the period (thousands of yen)
						Inter-locking officers	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	Chuo-ku, Tokyo	¥62,718,573	Real estate business	(directly) 11.40%	—	Rent and management of real estate	Purchase of beneficiary right of real estate in trust	¥ 18,556,000	—	¥ —
								Transfer of beneficiary right of real estate in trust	¥ 3,930,000	—	¥ —
								Keeping of leasehold and security deposits	¥ 788,715	Tenant leasehold and security deposits in trust	¥ 9,505,096
								Repayment of leasehold and security deposits	¥ 178,279		
								Earning of rent revenue, etc.	¥ 908,966	Advances received	¥ 155,061

(Note 1) Transaction terms are determined based on current market prices.

(Note 2) Consumption taxes are not included in amount of transaction but are included in balance at the end of the period.

(2) Affiliated companies and other

Reporting period (From September 1, 2018 to February 28, 2019) and previous period (From March 1, 2018 to August 31, 2018)

Not applicable.

(3) Fellow subsidiary companies and other

Reporting period (From September 1, 2018 to February 28, 2019)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Business or occupation	Percentage of voting rights held	Relationship		Nature of transaction	Amount of transaction (thousands of yen)	Account item	Balance at the end of the period (thousands of yen)
						Inter-locking officers	Business relationship				
Companies whose majority of voting rights are owned by major (corporate) unitholder	Hulic Reit Management Co., Ltd.	Chuo-ku, Tokyo	¥ 200,000	Asset management for investment corporations	—	1	Consignment of asset management	Payment of asset management fees	¥ 952,950	Operating accounts payable	¥ 903,380

(Note 1) The asset management fees for the reporting period include management fees of ¥111,575 thousand relating to the acquisitions that are capitalized as part of the acquisition cost for the individual real property and ¥4,912 thousand relating to the transfer that are deducted from the gain on sales of the individual real properties.

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

(Note 3) Consumption taxes are not included in amount of transaction but are included in balance at the end of the period.



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

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Business or occupation	Percentage of voting rights held	Relationship		Nature of transaction	Amount of transaction (thousands of yen)	Account item	Balance at the end of the period (thousands of yen)
						Inter-locking officers	Business relationship				
Companies whose majority of voting rights are owned by major (corporate) unitholder	Hulic Reit Management Co., Ltd.	Chuo-ku, Tokyo	¥ 200,000	Asset management for investment corporations	—	1	Consignment of asset management	Payment of asset management fees	¥ 868,839	Operating accounts payable	¥ 877,593

(Note 1) The asset management fees for the reporting period include management fees of ¥46,427 thousand relating to the acquisitions that are capitalized as part of the acquisition cost for the individual real property and ¥9,825 thousand relating to the transfer that are deducted from the gain on sales of the individual real properties.

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

(Note 3) Consumption taxes are not included in amount of transaction but are included in balance at the end of the period.

(4) Directors, major individual unitholders and other

Reporting period (From September 1, 2018 to February 28, 2019) and previous period (From March 1, 2018 to August 31, 2018)

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

## 18. Per Unit Information

	(Unit: yen)	
	Reporting period (From September 1, 2018 to February 28, 2019)	Previous period (From March 1, 2018 to August 31, 2018)
Net assets per unit	¥ 133,655	¥ 131,316
Basic earnings per unit	¥ 3,654	¥ 3,643

(Note 1) Basic earnings per unit is calculated by dividing profit by the daily weighted average number of investment units during the period. Fully diluted earnings per unit has not been stated as there are no potentially dilutive investment units.

(Note 2) The following is the basis for calculating basic earnings per unit:

		Reporting period (From September 1, 2018 to February 28, 2019)	Previous period (From March 1, 2018 to August 31, 2018)
Profit	(thousands of yen)	¥ 4,398,857	¥ 4,043,752
Amount not attributable to common unitholders	(thousands of yen)	¥ —	¥ —
Profit attributable to common investment units	(thousands of yen)	¥ 4,398,857	¥ 4,043,752
Average number of investment units during the period	(units)	1,203,546	1,110,000

## 19. Segment and Related Information

### [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]

Reporting period (From September 1, 2018 to February 28, 2019)

#### (1) Information about each product and service

Disclosure is omitted as operating revenues from external customers within a single product/service category accounts for over 90% of operating revenues on the statement of income and retained earnings.

#### (2) Information about each geographical area

##### (i) Operating revenues

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

##### (ii) Property, plant and equipment

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

#### (3) Information about major customers

Name of tenant	Operating revenues	(Unit: thousands of yen) Related segment
Hulic Co., Ltd.	¥ 1,044,084	Real estate lease business

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

#### (1) Information about each product and service

Disclosure is omitted as operating revenues from external customers within a single product/service category accounts for over 90% of operating revenues on the statement of income and retained earnings.

#### (2) Information about each geographical area

##### (i) Operating revenues

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

##### (ii) Property, plant and equipment

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

#### (3) Information about major customers

Name of tenant	Operating revenues	(Unit: thousands of yen) Related segment
Hulic Co., Ltd.	¥ 1,298,306	Real estate lease business

## 20. Commitment Line Contracts

The Investment Corporation has commitment line contracts with banks and other financial institutions.

	(Unit: thousands of yen)	
	Reporting period (As of February 28, 2019)	Previous period (As of August 31, 2018)
Total amount of commitment line contracts	¥10,000,000	¥10,000,000
Borrowings outstanding	—	—
Remaining available amount	¥10,000,000	¥10,000,000

## 21. Asset Retirement Obligations

Reporting period (As of February 28, 2019) and previous period (As of August 31, 2018)

Not applicable.

## 22. Subsequent Events

Not applicable.