

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

June 12, 2014

Interim Financial Report for the Fiscal Period Ending August 31, 2014 (For the Reporting Period from November 7, 2013 to April 30, 2014)

Hulic Reit, Inc. (“Investment Corporation”)

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

Asset management company: Hulic Reit Management Co., Ltd.
Representative: Eiichi Tokita, Representative Director, President and CEO
Contact: Kazuaki Chokki, Director, General Manager of Corporate Planning and Administration Department
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Scheduled date to file interim securities report: July 15, 2014
Preparation of supplementary material on interim financial report: Yes
Holding of interim financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen, except for the net income per unit)

1. Summary of interim financial results for the interim period ended April 30, 2014 (November 7, 2013 – April 30, 2014)

(1) Operating results

(Percentages show changes from the previous period)

	Operating revenue		Operating income		Ordinary income		Net income	
Interim period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
April 30, 2014	1,496	–	1,093	–	282	–	281	–

	Net income per unit
Interim period ended	Yen
April 30, 2014	913 [439]

(Note 1) Although the accounting period for the Investment Corporation’s interim period ended April 30, 2014 includes 175 days from November 7, 2013 to April 30, 2014, its substantial asset management period covers only 83 days from February 7, 2014 to April 30, 2014.

(Note 2) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units outstanding during the period (308,614 units). The figure in brackets shows net income per unit based on the day-weighted average number of investment units outstanding during the period (641,036 units) assuming the beginning date of the fiscal period is February 7, 2014, the day that the asset management actually started.

(Note 3) The purpose of the percentages of operating revenue, operating income, ordinary income and net income is to show changes from the previous period. However, no applicable figures are shown for the interim period under review, as the said period was the Investment Corporation’s first fiscal period.

(Note 4) In the interim period, the Investment Corporation recorded lump-sum combined costs of ¥423 million for investment unit issuance expenses and organization expenses, resulting in ordinary income of ¥282 million and net income of ¥281 million.

(2) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
April 30, 2014	107,278	68,224	63.6	104,639

(3) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Interim period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
April 30, 2014	436	(97,902)	100,943	3,477

**2. Forecasts of performance for the fiscal period ending August 31, 2014
(November 7, 2013 – August 31, 2014)**

(Percentages show changes from the previous period)

	Operating revenue	Operating income	Ordinary income	Net income	Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Fiscal period ending	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen	Yen
August 31, 2014	3,662	2,436	1,504	1,503	2,305	0

(Reference) Forecasted net income per unit

For the fiscal period ending August 31, 2014: ¥2,305

(Note) Distributions per unit are calculated based on the number of investment units issued as of April 30, 2014, which is the end of the interim period (652,000 units).

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

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

(2) Number of investment units issued

- a. Number of investment units issued at end of period (including treasury investment units)
As of April 30, 2014 652,000 units

- b. Number of treasury investment units at end of period
As of April 30, 2014 0 units

(Note) Please refer to “Per Unit Information” on page 19 for the number of investment units used as the basis for calculating net income per unit.

*** Status of interim audit procedures**

As of the time of disclosure of this interim financial results report, audit procedures for the interim financial statements pursuant to the Financial Instruments and Exchange Act of Japan are incomplete.

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

Forward-looking statements presented in this interim financial report, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. The above-mentioned forecasts are based on “Assumptions for forecasts of performance for the fiscal period ending August 31, 2014” on page 6 for calculation, and our judgment as of April 30, 2014. Actual operating revenue, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may vary according to changes in market conditions. These forecasts do not guarantee the distribution amount.

The Investment Corporation’s first fiscal period is from November 7, 2013 to August 31, 2014. As the period is longer than nine months, an interim settlement of account has been adopted. Going forward, the Investment Corporation will settle accounts at the end of February and August each year.

1. The Investment Corporation and Related Corporations

As there have been no significant changes from the “Management structure of the Investment Corporation” described in the Securities Registration Statement (submitted on January 6, 2014; prepared in Japanese only), the disclosure is omitted.

2. Investment Policies and Status of Asset Management

(1) Investment Policies

As there have been no significant changes from policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the Securities Registration Statement (submitted on January 6, 2014; prepared in Japanese only), the disclosure is omitted.

(2) Status of Asset Management

Summary of results for the interim period under review

i) Transition of the Investment Corporation

Hulic Reit, Inc. was established on November 7, 2013, with unitholders’ capital of ¥200 million (2,000 units) and with Hulic Reit Management Co., Ltd. (hereinafter referred to as the “Asset Manager”) as the organizer under the Act on Investment Trusts and Investment Corporations of Japan (hereinafter referred to as the “Investment Trust Act”). On November 25, 2013, the Investment Corporation was registered with the Director-General of the Kanto Local Finance Bureau (registration number: Director-General of the Kanto Local Finance Bureau No. 88). The Investment Corporation issued new investment units (617,500 units) through a public offering with the payment due date on February 6, 2014, which were listed on the Real Estate Investment Trust Securities (J-REIT) Market of Tokyo Stock Exchange, Inc. (the Tokyo Stock Exchange) (Securities code: 3295) on February 7, 2014. In addition, new investment units (32,500 units) were issued through a third-party allotment on March 7, 2014. As a result, the number of investment units issued at the end of the interim period was 652,000 units.

The Investment Corporation’s investment activities are focused on real estate related assets, primarily investing in and managing office buildings and retail facilities.

ii) Performance for the interim period

On February 7, 2014, the Investment Corporation acquired 21 properties (with a total acquisition cost of ¥101,424 million), which were listed as anticipated acquisitions in the prospectus for notification of the issuance of new investment units and secondary offering of investment units issued in January 2014. Management of the properties started on the same date. The closing date for the interim fiscal period under review is April 30, 2014. As such, the interim fiscal period (from November 7, 2013 to April 30, 2014) includes an actual operating period of 83 days from February 7, 2014 to April 31, 2014.

iii) Status of financing

As of the end of the interim fiscal period (April 30, 2014), the Investment Corporation had total equity of ¥67,943 million after the initial public offering for its listing on the Tokyo Stock Exchange on February 7, 2014.

In addition, in procurement of interest-bearing debt, the Investment Corporation secured short-term loans of ¥7,360 million and long-term loans of ¥29,040 million on February 7, 2014 as additional funds for asset acquisitions. On March 7, 2014, the Investment Corporation made a partial early repayment of short-term loans of ¥3,400 million.

Long-term loans include ¥26,590 million in borrowings based on a variable interest rate. The Investment Corporation has used an interest rate swap to fix the interest rate for all such borrowings.

As a result, at the end of the interim fiscal period under review, interest-bearing debt totaled ¥33,000 million, comprising ¥3,960 million in short-term loans and ¥29,040 million in long-term loans, resulting in a loan-to-value ratio of 30.8% (ratio of interest-bearing debt to total assets at the end of the interim fiscal period).

iv) Overview of interim financial results

In the period of actual operating activity (83 days from February 7, 2014 to April 30, 2014) during the interim period, operating revenue was ¥1,496 million and operating income was ¥1,093 million.

Ordinary income was ¥282 million and net income was ¥281 million for the interim period, reflecting recording of interest paid for borrowings, borrowing-related expenses and lump-sum combined costs of ¥423 million for investment unit issuance expenses and organization expenses.

Future outlook

i) Outlook for overall operations

Vacancy rates are improving in the rental office market, mainly in central business districts, supported by a recovery in the economy. However, it is likely to be some time before the market as a whole sees a genuine upturn. In addition, in the real estate selling market, competition for properties is likely to intensify to a higher level due to prospects of a full-fledged recovery in the rental market and favorable fund procurement conditions.

Against this backdrop, the Investment Corporation will focus on commercial properties in the greater Tokyo area, aiming to maximize unitholder value over the medium and long term, and invest in next-generation assets, aiming to support stable earnings over the long-term. As part of these efforts to maximize investor value over the medium and 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. Together with Hulic Group, the Investment Corporation will build an "asset cycle model" to maintain and grow profits over the medium and long term and increase the size and value of the asset portfolio. In financing strategy, the Investment Corporation will maintain the loan-to-value 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.

ii) Significant events after the reporting period

Not applicable.

iii) Operating results (earnings) forecasts

The Investment Corporation's forecasts for the full fiscal period ending August 2014 (from November 7, 2013 to August 31, 2014) are as follows:

Operating revenue	¥3,662 million
Operating income	¥2,436 million
Ordinary income	¥1,504 million
Net income	¥1,503 million
Distributions per unit	¥2,305
Of the above, distributions in excess of earnings	¥0

Please refer to "Assumptions for forecasts of performance for the fiscal period ending August 31, 2014" on page 6 for information on current assumptions for the forecasts of operating results.

(Note) The above-mentioned forecasts are based on certain assumptions for calculation, and our judgment as of April 30, 2014. Actual operating revenue, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may vary in response to changes in market conditions. These forecasts do not guarantee the distribution amount.

Assumptions for forecasts of performance for the fiscal period ending August 31, 2014

Item	Assumptions
Accounting period	Fiscal period ending August 31, 2014: 298 days from November 7, 2013 to August 31, 2014
Portfolio	<ul style="list-style-type: none"> As of April 30, 2014, we held 21 properties or trust beneficiary rights associated with the properties. We have assumed that there will be no changes in the composition of our portfolio until August 31, 2014. There may be changes in the portfolio, however, caused by redistribution of the composition of the portfolio.
Operating revenue	<ul style="list-style-type: none"> Real estate lease business revenue has been calculated in consideration of recent trends of the lease market in addition to termination and cancellation of lease agreements confirmed as of the date of this interim financial results report. The total occupancy rate of the properties expected to be 98.8% as of the fiscal period ending August 31, 2014. Operating revenue assumes no delinquencies or non-payment of rent by lessees.
Operating expenses	<ul style="list-style-type: none"> Our assumptions for expenses related to real estate lease business, excluding depreciation expenses, have been calculated making certain adjustments as appropriate so as to reflect changeable factors in the expenses. We have calculated depreciation expenses using the straight-line method, assuming that we will incur depreciation expenses of ¥327 million for the fiscal period ending August 31, 2014. In general, fixed asset tax, city planning tax, etc. are settled at the time of acquisition between the former owner (seller) and the purchaser based on their respective periods of ownership in relation to the relevant tax year. However, any of these taxes allocated to the purchaser are not expensed because they are treated as a part of the acquisition cost for accounting purposes. We have assumed the repair expenses that are expected to be required for each property based on the Asset Manager's repair and maintenance plan. However, actual repair expenses may differ substantially from our forecasts, as (i) we may incur expenses for urgent repairs to properties due to a number of factors that are difficult to foresee, (ii) generally, there is a substantial difference in expenses incurred from one fiscal period to another, and (iii) expenses are not incurred on a regular basis.
Non-operating expenses	<ul style="list-style-type: none"> We expect costs related to the incorporation of the Investment Corporation and costs related to the listing of the Investment Corporation and public offering, which totals approximately ¥423 million, as lump-sum expenses for the fiscal period ending August 31, 2014. We have assumed interest expenses and other borrowing-related expenses of ¥509 million for the fiscal period ending August 31, 2014.
Interest-bearing debt	<ul style="list-style-type: none"> We have assumed that the balance of loans payable as of August 31, 2014 will be ¥33,000 million. The loan-to-value (LTV) ratio as of August 31, 2014 is projected to be approximately 31%. The LTV ratio was obtained by the following formula: $\text{LTV} = \text{Total amount of interest-bearing debt} / \text{Total assets} \times 100$
Total number of investment units issued	<ul style="list-style-type: none"> This is based on our assumption of 652,000 such units, which is the total number of investment units issued as of the date of this interim financial results report. We have assumed there will be no issuance of additional investment units until August 31, 2014, the end of the fiscal period.

Item	Assumptions
Distributions per unit	<ul style="list-style-type: none"> • We have calculated distributions per unit in accordance with the cash distribution policy prescribed in the Investment Corporation's Articles of Incorporation. • Actual distributions per unit may substantially fluctuate due to various factors including changes in the properties, fluctuations in rent revenues associated with changes in tenants and unforeseen occurrence of repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> • We currently have no plans to pay cash distributions in excess of earnings (regarding distributions in excess of earnings per unit).
Others	<ul style="list-style-type: none"> • We have assumed that no revisions that impact these forecasts will be made to law and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others. • We have assumed that no significant unforeseeable changes will occur in general economic trends or conditions in the real estate market.

If it is needed to amend the forecasts of operating results (earnings) and distributions for the second fiscal period (from September 30, 2014 to February 28, 2015), the amendment will be promptly announced.

(3) Investment Risks

As there have been no significant changes from the "Investment risks" described in the Securities Registration Statement (submitted on January 6, 2014; prepared in Japanese only), the disclosure is omitted.

3. Interim Financial Statements

(1) Interim Balance Sheet

(Unit: Thousands of yen)

	Reporting period (As of April 30, 2014)
Assets	
Current assets	
Cash and deposits	2,164,714
Cash and deposits in trust	1,312,467
Operating accounts receivable	11,878
Prepaid expenses	20,872
Deferred tax assets	19
Consumption taxes receivable	735,966
Total current assets	4,245,918
Non-current assets	
Property, plant and equipment	
Buildings in trust	18,982,649
Accumulated depreciation	(135,094)
Buildings in trust, net	18,847,554
Structures in trust	180,592
Accumulated depreciation	(3,560)
Structures in trust, net	177,031
Machinery and equipment in trust	39,161
Accumulated depreciation	(1,512)
Machinery and equipment in trust, net	37,648
Land in trust	80,680,217
Total property, plant and equipment	99,742,453
Intangible assets	
Leasehold rights in trust	3,053,575
Other	5,654
Total intangible assets	3,059,229
Investments and other assets	
Tenant leasehold and security deposits	10,000
Long-term prepaid expenses	220,772
Total investments and other assets	230,772
Total non-current assets	103,032,454
Total assets	107,278,373

(Unit: Thousands of yen)

	Reporting period (As of April 30, 2014)
Liabilities	
Current liabilities	
Operating accounts payable	299,869
Short-term loans payable	3,960,000
Accounts payable - other	87,460
Accrued expenses	64,739
Income taxes payable	898
Advances received	522,481
Deposits received	28,238
Total current liabilities	4,963,687
Non-current liabilities	
Long-term loans payable	29,040,000
Tenant leasehold and security deposits in trust	5,049,855
Total non-current liabilities	34,089,855
Total liabilities	39,053,542
Net assets	
Unitholders' equity	
Unitholders' capital	67,943,000
Surplus	
Unappropriated retained earnings (undisposed loss)	281,830
Total surplus	281,830
Total unitholders' equity	68,224,830
Total net assets	*2 68,224,830
Total liabilities and net assets	107,278,373

(2) Interim Statement of Income

(Unit: Thousands of yen)

	Reporting period (From November 7, 2013 to April 30, 2014)	
Operating revenue		
Rent revenue - real estate	*1	1,452,852
Other lease business revenue	*1	43,208
Total operating revenue		1,496,061
Operating expenses		
Expenses related to rent business	*1	300,829
Asset management fee		59,185
Asset custody fee		3,748
Administrative service fees		11,536
Directors' compensations		5,800
Other operating expenses		21,626
Total operating expenses		402,727
Operating income		1,093,333
Non-operating income		
Interest income		57
Total non-operating income		57
Non-operating expenses		
Interest expenses		64,459
Borrowing-related expenses		323,133
Organization expenses		82,286
Investment unit issuance expenses		340,790
Total non-operating expenses		810,670
Ordinary income		282,720
Income before income taxes		282,720
Income taxes - current		909
Income taxes - deferred		(19)
Total income taxes		890
Net income		281,830
Unappropriated retained earnings (undisposed loss)		281,830

(3) Interim Statement of Unitholders' Equity

(Unit: Thousands of yen)

	Reporting period (From November 7, 2013 to April 30, 2014)
Unitholders' equity	
Unitholders' capital	
Balance at beginning of current period	—
Changes of items during period	
Issuance of new investment units	67,943,000
Total changes of items during period	67,943,000
Balance at end of reporting period	*1 67,943,000
Surplus	
Unappropriated retained earnings (undisposed loss)	
Balance at beginning of current period	—
Changes of items during period	
Net income	281,830
Total changes of items during period	281,830
Balance at end of reporting period	281,830
Total surplus	
Balance at beginning of current period	—
Changes of items during period	
Net income	281,830
Total changes of items during period	281,830
Balance at end of reporting period	281,830
Total unitholders' equity	
Balance at beginning of current period	—
Changes of items during period	
Issuance of new investment units	67,943,000
Net income	281,830
Total changes of items during period	68,224,830
Balance at end of reporting period	68,224,830
Total net assets	
Balance at beginning of current period	—
Changes of items during period	
Issuance of new investment units	67,943,000
Net income	281,830
Total changes of items during period	68,224,830
Balance at end of reporting period	68,224,830

(4) Interim Statement of Cash Flows

(Unit: Thousands of yen)

	Reporting period (From November 7, 2013 to April 30, 2014)
Cash flows from operating activities	
Income before income taxes	282,720
Depreciation	140,465
Interest income	(57)
Interest expenses	64,459
Decrease (increase) in operating accounts receivable	(11,878)
Decrease (increase) in consumption taxes refund receivable	(735,966)
Decrease (increase) in prepaid expenses	(20,872)
Increase (decrease) in operating accounts payable	299,869
Increase (decrease) in accounts payable - other	87,460
Increase (decrease) in advances received	522,481
Increase (decrease) in deposits received	28,238
Decrease (increase) in long-term prepaid expenses	(220,772)
Other, net	3,399
Subtotal	439,547
Interest income received	57
Interest expenses paid	(3,130)
Net cash provided by (used in) operating activities	436,474
Cash flows from investing activities	
Purchase of property, plant and equipment in trust	(99,882,620)
Purchase of intangible assets in trust	(3,053,575)
Purchase of intangible assets	(5,952)
Payments for lease and guarantee deposits	(10,000)
Repayments of tenant leasehold and security deposits in trust	(105,471)
Proceeds from tenant leasehold and security deposits in trust	5,155,326
Net cash provided by (used in) investing activities	(97,902,292)
Cash flows from financing activities	
Increase in short-term loans payable	7,360,000
Decrease in short-term loans payable	(3,400,000)
Proceeds from long-term loans payable	29,040,000
Proceeds from issuance of investment units	67,943,000
Net cash provided by (used in) financing activities	100,943,000
Net increase (decrease) in cash and cash equivalents	3,477,181
Cash and cash equivalents at beginning of period	—
Cash and cash equivalents at end of period	*1 3,477,181

(5) Notes on Assumption of Going Concern

Not applicable.

(6) Notes on Significant Accounting Policies

1. Method of depreciation of non-current assets	<p>(1) Property, plant and equipment (including trust beneficiary interests in properties in trust)</p> <p>The straight-line method is used. The estimated useful lives of property, plant and equipment are listed below.</p> <table> <tr> <td>Buildings</td><td>3 to 61 years</td></tr> <tr> <td>Structures</td><td>6 to 17 years</td></tr> <tr> <td>Machinery and equipment</td><td>3 to 7 years</td></tr> </table> <p>(2) Intangible assets</p> <p>The straight-line method is used. Internal use software is amortized over the estimated useful life (5 years).</p> <p>(3) Long-term prepaid expenses</p> <p>The straight-line method is used.</p>	Buildings	3 to 61 years	Structures	6 to 17 years	Machinery and equipment	3 to 7 years
Buildings	3 to 61 years						
Structures	6 to 17 years						
Machinery and equipment	3 to 7 years						
2. Accounting method for deferred assets	<p>(1) Organization expenses</p> <p>The full amount is recorded as expenses at the time of expenditure.</p> <p>(2) Investment unit issuance expenses</p> <p>The full amount is recorded as expenses at the time of expenditure.</p>						
3. Recognition of revenue and expenses	<p>Fixed asset tax and related taxes</p> <p>For fixed asset tax, city planning tax, depreciable asset tax, etc. for real properties held, the amount of tax levied corresponding to the current interim accounting period is recorded as expenses related to rent business. The amount equivalent to fixed asset tax and related taxes for the fiscal year that includes the date on which we paid settlement money to the transferor for acquisition of real estate, etc. is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to fixed asset tax included in acquisition costs for properties for the reporting period was ¥514,892 thousand.</p>						
4. Method of hedge accounting	<p>(1) Method of hedge accounting</p> <p>Deferred hedge accounting is used for interest rate swaps. For interest rate swaps that satisfy requirements for special treatments, however, special treatment is used.</p> <p>(2) Hedging instruments and hedged items</p> <p>Hedging instruments: Interest rate swaps</p> <p>Hedged items: Interest on borrowings</p> <p>(3) Hedging policy</p> <p>The Investment Corporation conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of the Investment Corporation pursuant to the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness</p> <p>The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p>						
5. Scope of cash and cash equivalents in the interim statement of cash flows	<p>Cash and cash equivalents on the interim statement of cash flows are composed of cash on hand, cash in trust, demand deposits, deposits in trust, and short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within 3 months of the date of acquisition.</p>						

6. Other significant information for preparation of interim financial statements	<p>(1) Accounting policy for trust beneficiary rights in real estate</p> <p>With regard to trust beneficiary rights in real estate, all assets and liabilities within assets in trust as well as all revenue and expense items associated with assets in trust are accounted for under the respective account items of the interim balance sheet and interim statement of income.</p> <p>Of the assets in trust accounted for under the respective account items, the following significant items are separately indicated on the interim balance sheet:</p> <ul style="list-style-type: none"> i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; and land in trust iii) Leasehold rights in trust iv) Tenant leasehold and security deposits in trust <p>(2) Accounting policy for consumption taxes</p> <p>Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for acquisition of assets are included in acquisition cost for each asset.</p>
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(7) Notes to Interim Financial Statements

Notes to Interim Balance Sheet

*1. Commitment line contracts

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

	Reporting period (As of April 30, 2014)
Total amount of commitment line contracts	¥10,000,000 thousand
Balance of borrowings outstanding	—
Difference	¥10,000,000 thousand

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

Reporting period (As of April 30, 2014)
¥50,000 thousand

Notes to Interim Statement of Income

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

(Unit: Thousands of yen)	
	Reporting period (From November 7, 2013 to April 30, 2014)
A. Real estate lease business revenue	
Rent revenue - real estate	
Rent	1,195,573
Land rent	123,036
Common service fees	134,243
Total	1,452,852
Other lease business revenue	
Revenue from utilities charges	27,156
Other revenue	16,051
Total	43,208
Total real estate lease business revenue	1,496,061
B. Expenses related to real estate lease business	
Expenses related to rent business	
Management consignment expenses	56,749
Utilities expenses	42,375
Insurance expenses	2,084
Repair expenses	3,001
Depreciation	140,167
Other expenses related to rent business	56,451
Total expenses related to real estate lease business	300,829
C. Income (loss) from real estate lease business (A – B)	1,195,231

Notes to Interim Statement of Unitholders' Equity

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

	Reporting period (From November 7, 2013 to April 30, 2014)
Total number of authorized investment units at end of reporting period	20,000,000 units
Number of investment units issued at end of reporting period	652,000 units

Notes to Interim Statement of Cash Flows

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

(Unit: Thousands of yen)

	Reporting period (From November 7, 2013 to April 30, 2014)
Cash and deposits	2,164,714
Cash and deposits in trust	1,312,467
Total Cash and Cash Equivalent	3,477,181

Notes on Lease Transactions

Operating lease transactions (Lessor)

Future minimum lease payments under noncancelable operating leases

(Unit: Thousands of yen)

	Reporting period (As of April 30, 2014)
Due within 1 year	1,946,488
Due after 1 year	6,882,737
Total	8,829,226

Notes on Financial Instruments

Matters regarding fair value, etc. of financial instruments

Interim balance sheet carrying amounts, fair values, and the difference between the two values are as shown below.

(Unit: Thousands of yen)

	Interim balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	2,164,714	2,164,714	—
(2) Cash and deposits in trust	1,312,467	1,312,467	—
Total assets	3,477,181	3,477,181	—
(1) Short-term loans payable	3,960,000	3,960,000	—
(2) Long-term loans payable	29,040,000	28,064,850	(975,150)
Total liabilities	33,000,000	32,024,850	(975,150)
Derivative transactions	—	—	—

(Note) Measurement of fair values of financial instruments

Assets

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

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

Liabilities

(1) Short-term loans payable

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

(2) Long-term loans payable

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

Derivative transactions

Please refer to "Notes on Derivative Transactions."

Notes on Derivative Transactions

1. Derivative transactions not applying hedge accounting

Reporting period (as of April 30, 2014)

Not applicable.

2. Derivative transactions applying hedge accounting

Reporting period (as of April 30, 2014)

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

(Unit: Thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	26,590,000	26,590,000	*	—

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

Notes on Investment and Rental Properties

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

(Unit: Thousands of yen)	
	Reporting period (From November 7, 2013 to April 30, 2014)
Interim balance sheet carrying amount	
Balance at beginning of period	—
Changes during period	102,796,028
Balance at end of reporting period	102,796,028
Fair value at end of reporting interim period	107,892,000

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

(Note 2) The main reason for the increase in the investment and rental properties during the period is the acquisition of beneficiary rights of real estate in trust of 21 properties (¥102,933,082 thousand). The decrease is mainly due to depreciation (¥140,167 thousand).

(Note 3) The fair value at end of interim period is the appraisal value provided by an independent real estate appraiser. The profit or loss for the interim period under review concerning investment and rental properties is indicated under “Notes to Interim Statement of Income.”

Segment Information, etc.

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 November 7, 2013 to April 30, 2014)

1. Information by product and service

Disclosure is omitted as operating revenue from external customers of products and services within a single segment are more than 90% of operating revenue on the interim statement of income.

2. Information by geographical area

(1) Operating revenue

Disclosure is omitted since operating revenue from external customers in Japan exceeded 90% of operating revenue on the interim statement of income.

(2) Property, plant and equipment

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

3. Information by major customer

(Unit: Thousands of yen)		
Counterparty	Operating revenue	Related segment
Hulic Co., Ltd.	369,540	Real estate lease business
Trust Garden Co., Ltd.	164,958	Real estate lease business

Per Unit Information

	Reporting period (From November 7, 2013 to April 30, 2014)
Net assets per unit	¥104,639
Net income per unit	¥913

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

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

	Reporting period (From November 7, 2013 to April 30, 2014)
Net income (Thousands of yen)	281,830
Amount not attributable to common unitholders (Thousands of yen)	—
Net income attributable to common investment units (Thousands of yen)	281,830
Average number of investment units for the period (Units)	308,614

Significant Events after the Reporting Period

Not applicable.

Omission of Disclosure

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

(8) Changes in Number of Investment Units Issued

The status of capital increase, etc. for the reporting period is shown as below.

Date	Event	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)

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

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

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

4. Changes in Officers

(1) Changes in Officers of the Investment Corporation

The status of Executive Officer and Supervisory Officers as of the date of this interim financial results report is shown as below.

Title and post	Name	Major career summary		Number of investment units owned
Executive Officer	Eiji Tokita	Apr. 1975	Entered The Fuji Bank, Limited. (currently Mizuho Bank, Ltd.)	—
		Apr. 2000	General Manager of Credit Risk Management Dept.	
		Apr. 2002	General Manager of Credit Planning Dept., Mizuho Bank, Ltd.	
		Nov. 2002	General Manager of Kyoto Branch	
		Apr. 2004	Executive Officer, General Manager of Shinbashi Branch	
		Jan. 2005	Managing Executive Officer	
		Mar. 2009	President of Mizuho Capital Co., Ltd.	
		Feb. 2012	Corporate Advisor of Shoei Co., Ltd. (currently Hulic Co., Ltd.)	
		Mar. 2012	President	
		Jul. 2012	Corporate Advisor of Hulic Co., Ltd.	
		Dec. 2012	Corporate Advisor, Head of Strategic Planning Team	
		Apr. 2013	President and CEO of Hulic Reit Management Co., Ltd. (to present)	
		Nov. 2013	Executive Officer of Hulic Reit, Inc. (to present)	
Supervisory Officer	Kunio Shimada	Apr. 1986	Registered attorney	—
		Apr. 1986	Joined Iwata Godo (law firm)	
		Jun. 2000	Executive Managing Director of Mizuho Servicing Co., Ltd. (to present)	
		Feb. 2007	Corporate Auditor of Fuji Sogyo Co., Ltd. (to present)	
		Jul. 2010	Representative Partner of Shimada, Hamba and Osajima (law firm) (to present)	
		Jun. 2011	Director of Tsugami Corporation (to present)	
		Jan. 2013	Auditor of Japan Electric Power Exchange (to present)	
		Nov. 2013	Supervisory Officer of Hulic Reit, Inc. (to present)	
	Shigeru Sugimoto	Apr. 1982	Housing and Urban Development Corporation	—
		Oct. 1985	Showa Ota & Co.	
		Jul. 1988	Established Sakura Horwath & Co.; Representative (to present)	
		Dec. 1995	Established Sakura Audit Corporation (currently Sakura Horwath Audit Corporation)	
		Apr. 2008	Visiting Professor of Chuo University Graduate School	
		Nov. 2008	Representative of Sakura Horwath Audit Corporation (to present)	
		Nov. 2013	Supervisory Officer of Hulic Reit, Inc. (to present)	

(2) Changes in Officers of Asset Manager

The status of Directors and Corporate Auditors of the Asset Manager as of the date of this financial results report is shown as below.

Title and post	Name	Major career summary		Number of shares owned
Representative Director	Eiji Tokita (Note)	Please refer to “(1) Changes in Officers of the Investment Corporation” above.		—
Director, General Manager of Corporate Planning and Administration Department	Kazuaki Chokki	Apr. 1985	Entered The Fuji Bank, Limited. (currently Mizuho Bank, Ltd.)	—
		May 2004	Deputy General Manager of ALM Division of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)	
		Apr. 2009	Deputy Manager of Fixed Income Group of Mizuho Securities Co., Ltd.	
		Apr. 2011	Kabuto-cho Securities Sales Division of Mizuho Corporate Bank, Ltd.	
		Apr. 2013	Transferred to Hulic Co., Ltd.	
		May 2013	Transferred to Hulic Reit Management Co., Ltd.	
		Jul. 2013	Director (to present)	
		Aug. 2013	General Manager of Corporate Planning and Administration Department (to present)	
Director, General Manager of Asset Management Department	Hiroyuki Taguchi	Apr. 1984	Entered Tokyo Tatemono Co., Ltd. Commercial Properties Division	—
		Apr. 1991	Transferred to Tokyo Tatemono (U.S.A.), Inc. Head of Los Angeles Representative Office	
		Apr. 2000	Entered GE International Inc. Senior Asset Manager and Portfolio Manager of GE Capital	
		Aug. 2000	Senior Asset Manager and Portfolio Manager of GE Capital of GE International Inc., and Director of GEC Realty Inc.	
		Apr. 2002	Entered THE SANKEI BUILDING CO., LTD Vice President of Administrative Planning Division	
		Jul. 2002	General Manager of PM Business Division	
		Apr. 2007	Head (General Manager) of Asset Management Team of THE SANKEI BUILDING CO., LTD., and Director of THE SANKEI BUILDING MANAGEMENT CO., LTD.	
		Jun. 2007	Managing Officer of THE SANKEI BUILDING CO., LTD. in charge of Asset Management Team	
		Apr. 2008	Managing Officer and General Manager of Fund Business Promotion Division of THE SANKEI BUILDING CO., LTD., and Executive Managing Director of THE SANKEI BUILDING INVESTMENT MANAGEMENT CO., LTD.	
		Jun. 2010	Executive Managing Director of THE SANKEI BUILDING MANAGEMENT CO., LTD. and Executive Managing Director of THE SANKEI BUILDING INVESTMENT MANAGEMENT CO., LTD.	
		Jul. 2013	Entered Hulic Co., Ltd. Transferred to Hulic Reit Management Co., Ltd.	
		Aug. 2013	General Manager of Asset Management Department (to present)	
		Oct. 2013	Director (to present)	

Title and post	Name	Major career summary		Number of shares owned
Director (part-time)	Yasuki Yakabi	Apr. 1990 Oct. 2006 Apr. 2007 Jan. 2009 Apr. 2010 Jul. 2011 Apr. 2013 Jul. 2013 Oct. 2013	Entered TAISEI Corporation. Manager of Real Estate Marketing & Sales Promotion Dept. of Marketing & Sales Promotion Division Transferred to Hulic Co., Ltd. General Manager of Property Development Department 3 Executive Officer and General Manager of Asset Solutions Department and of Property Real Estate Investment Department Executive Officer and General Manager of Asset Solutions Department Executive Managing Officer and General Manager of Asset Solutions Department and of Real Estate Investment Department Director of Hulic Reit Management Co., Ltd. (to present) Executive Managing Officer and General Manager of Asset Solutions Department (to present)	—
Corporate Auditor (part-time)	Shigeo Nakane	Apr. 1980 Feb. 1999 Nov. 1999 Apr. 2002 Aug. 2005 Jul. 2009 Jul. 2010 Jul. 2013 Feb. 2014	Entered The Fuji Bank, Limited. (currently Mizuho Bank, Ltd.) Manager of Part-time Stuffing Department of Human Resources Division Deputy General Manager of Financial Planning Division Deputy General Manager of Financial Division of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) General Manager of Financial Division of Mizuho Bank, Ltd. Auditor of Senshu Co., Ltd. (currently Hulic Co., Ltd.) Managing Executive Officer and General Manager of Accounting Department of Hulic Co., Ltd. (to present) Corporate Auditor of Hulic Reit Management Co., Ltd. (to present) Director and General Manager of Accounting Department of Hulic Proserve Co., Ltd. (to present)	—

5. Reference Information

(1) Status of Investment

Type of assets	Category	Region (Note 1)	Reporting period (As of April 30, 2014)	
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate in trust	Tokyo Commercial Properties	Six central wards of Tokyo	75,932	70.8
		Other wards of Tokyo	3,930	3.7
		Other	—	—
		Total	79,863	74.4
	Next Generation Assets	Six central wards of Tokyo	—	—
		Other wards of Tokyo	20,488	19.1
		Other	2,444	2.3
		Total	22,932	21.4
	Total real estate in trust		102,796	95.8
	Deposits and other assets		4,482	4.2
Total assets		107,278	100.0	

	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	39,053	36.4
Total net assets	68,224	63.6

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

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

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

(2) Investment Assets

i) Overview of investment assets

Category		Property name	Date of construction (Note 1)	Annual contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Total leased area (m ²) (Note 4)	Total leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
Tokyo Commercial Properties	Office properties	HULIC Kamiyacho Building (Note 7)	April 1985	1,024	1,054	31,353.73	32,536.52	96.4
		HULIC Kudan Building (Land)	—	530	265	3,351.07	3,351.07	100.0
		Toranomon First Garden (Note 8)	August 2010	529	403	5,769.67	5,769.67	100.0
		Rapiros Roppongi (Note 8)	August 1997	388	348	5,581.71	6,165.23	90.5
		HULIC Takadanobaba Building	November 1993	310	188	5,369.71	5,369.71	100.0
		HULIC Kanda Building	September 2008	278	191	3,728.36	3,728.36	100.0
		HULIC Kandabashi Building	June 2001	161	127	2,566.95	2,566.95	100.0
		HULIC Kakigaracho Building	March 1993	187	123	2,839.22	2,839.22	100.0
	Subtotal	—	3,407	2,698	60,560.42	62,326.73	97.2	
	Retail properties	Oimachi Redevelopment Building 2	September 1989	624	656	14,485.66	14,485.66	100.0
		Oimachi Redevelopment Building 1 (Note 9)	September 1989	438	529	12,843.24	12,843.24	100.0
		Dining Square Akihabara Building	June 1993	— (Note 10)	— (Note 10)	2,169.41	2,169.41	100.0
		HULIC Jingumae Building	September 2000	156	81	1,656.24	1,656.24	100.0
		Subtotal	—	—	—	31,154.55	31,154.55	100.0
	Total		—	—	—	91,714.97	93,481.28	98.1
Next Generation Assets	Nursing homes	Aria Matsubara	September 2005	— (Note 10)	— (Note 10)	5,454.48 (Note 11)	5,454.48 (Note 11)	100.0
		Trustgarden Youganomori	September 2005	— (Note 10)	— (Note 10)	5,977.75	5,977.75	100.0
		Trustgarden Sakurashinmachi	August 2005	— (Note 10)	— (Note 10)	3,700.26	3,700.26	100.0
		Trustgarden Suginamimiyamae	April 2005	— (Note 10)	— (Note 10)	3,975.99	3,975.99	100.0
		Subtotal	—	—	—	19,108.48	19,108.48	100.0
	Network centers	Ikebukuro Network Center	January 2001	271	136	12,773.04	12,773.04	100.0
		Tabata Network Center	April 1998	90	45	3,832.73	3,832.73	100.0
		Hiroshima Network Center	October 2001	88	44	5,208.54	5,208.54	100.0
		Atsuta Network Center	May 1997	73	37	4,943.10	4,943.10	100.0
		Nagano Network Center	September 1994	35	18	2,211.24	2,211.24	100.0
		Subtotal	—	558	279	28,968.65	28,968.65	100.0
	Total		—	—	—	48,077.13	48,077.13	100.0
Total of the portfolio		—	—	—	139,792.10	141,558.41	98.8	

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

(Note 2) *Annual contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for rooms which were occupied by tenants as of April 30, 2014, including common service fee and excluding usage fee for warehouses, signboards and parking lots, regardless of whether the rent was free as of April 30, 2014; the same shall apply hereinafter) for buildings as indicated in the relevant lease agreement of each property as of April 30, 2014 by 12 (for where multiple lease agreements are concluded in relation to properties, the aggregate monthly rent for all lease agreements, excluding consumption tax; the same shall apply hereinafter) and rounding to the nearest million yen. For properties for which we acquire only land, it is calculated as the annual contracted rent (excluding consumption tax; the same shall apply hereinafter) as indicated in the lease agreement for such land as of April 30, 2014, rounding to the nearest million yen. When a master lease agreement has been concluded for the asset, the amount calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a pass-through master lease agreement, under which rents are directly received from end-tenants in principle, or the monthly rent as indicated in the master lease agreement in the fixed-type master lease agreement, under which a certain amount of rent is received regardless of fluctuations in rents for end-tenants, by 12 on an annual basis is provided.

(Note 3) *Leasehold/Security deposits* indicates the aggregate of the leasehold and/or security deposit(s) required under each lease agreement as of April 30, 2014, rounded to the nearest million yen. When a master lease agreement has been concluded for the asset, the aggregate of leasehold/security deposits as indicated in each sublease agreement entered into with end-tenants is provided, rounded to the nearest million yen.

(Note 4) *Total leased area* is equivalent to total floor area of leased space set out in the lease agreements of each property as of April 30, 2014. For buildings in properties for which the tenant is a master lease company and sublessor, the leasable area to end-tenants of leased area as indicated in the relevant master lease agreement entered into with a master lease

company as of April 30, 2014 is provided. For the property of which ownership is only for land, the area of the land is provided.

- (Note 5) *Total leasable area* is equivalent to gross leasable space, based on the lease agreements or floor plans of buildings of each property as of April 30, 2014. For the property of which ownership is only for land, the area that is considered leasable as indicated in the relevant land lease agreement or drawing for the land.
- (Note 6) *Occupancy rate* is calculated by dividing total leased area by total leasable area of each property as of April 30, 2014, and is rounded to the nearest tenth. Subtotals, totals and total of the portfolio show the proportion of the total leased area to the total of leasable area for each asset to be acquired, rounded to the nearest tenth.
- (Note 7) For HULIC Kamiyacho Building, total leased area, total leasable area and occupancy rate show figures for the entire building of the property, while annual contracted rent and leasehold/security deposits show the amount equivalent to the pro-rata portion of the property (approximately 39.9%).
- (Note 8) For Toranomom First Garden and Rapiros Roppongi, total leased area, total leasable area and occupancy rate show figures for the entire partial ownership held by the Investment Corporation (however, for pro-rata portion of the quasi-co-ownership interest in trust beneficiary rights in association with the partial ownership, figures for the entire partial ownership as well), while annual contracted rent and leasehold/security deposits show amounts equivalent to the Investment Corporation's proportional share (approximately 81.4% and approximately 73.6%, respectively).
- (Note 9) For Oimachi Redevelopment Building 1, total leased area, total leasable area and occupancy rate show figures for the entire partial ownership held by the Investment Corporation under the lease agreements with end tenants as of April 30, 2014, while annual contracted rent and leasehold/security deposits show amounts equivalent to the pro-rata portion of the quasi-co-ownership interest in trust beneficiary rights in association with the Investment Corporation's partial ownership (approximately 82.6%).
- (Note 10) Items marked with a – (minus sign) indicate that we have not obtained permission from the end-tenant of these properties to disclose the information thereof.
- (Note 11) For Aria Matsubara, because the figures in the total leased area and total leasable area are based on the lease agreement that was entered into between the Investment Corporation and the lessee before the completion of the building in the property, the figure in the total leasable area is different from the total leasable area of the actual completed building in the property.
- (Note 12) In the above table, even if a cancellation or a request for cancellation was made, or rents were not paid in terms of a lease agreement for an end-tenant, *Annual contracted rent*, *Leasehold/Security deposits*, *Total leased area*, *Total leasable area* and *Occupancy rate* indicate figures as if the lease agreement for the end-tenant exists, when the agreement continued as of April 30, 2014.

ii) Overview of appraisal report

Category		Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated value by using cost method (Millions of yen)	Return price (Millions of yen)					
								Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)	
Tokyo Commercial Properties		Office properties	HULIC Kamiyacho Building	D	20,100	20,193	21,200	15,900	21,800	4.1	21,000	3.9	4.3
			HULIC Kudan Building (Land)	J	11,100	11,191	11,300	— (Note 5)	11,300	4.2	11,300	3.8	4.3
			Toranomon First Garden	C	8,623	8,695	9,080	8,960	8,990	4.2	9,080	3.8	4.3
			Rapiros Roppongi	J	5,160	5,579	5,480	6,760	5,540	4.2	5,420	3.9	4.4
			HULIC Takadanobaba Building	D	3,900	3,930	4,000	3,550	3,910	4.8	4,040	4.6	5.0
			HULIC Kanda Building	T	3,780	3,794	3,970	3,740	4,120	4.6	3,910	4.7	4.8
			HULIC Kandabashi Building	D	2,500	2,526	2,550	2,120	2,580	4.4	2,540	4.2	4.6
			HULIC Kakigaracho Building	T	2,210	2,238	2,490	1,920	2,500	4.9	2,490	5.0	5.1
		Subtotal	—	57,373	58,146	60,070	42,950	60,740	—	59,780	—	—	
		Retail properties	Oimachi Redevelopment Building 2	T	9,456	9,535	10,600	6,880	10,800	4.8	10,500	4.9	5.0
			Oimachi Redevelopment Building 1	T	6,166	6,267	6,580	7,760	6,610	5.0	6,560	5.1	5.2
			Dining Square Akihabara Building	J	3,200	3,232	3,300	2,070	3,340	4.7	3,250	4.5	4.9
			HULIC Jingumae Building	T	2,660	2,683	2,980	2,340	3,020	4.1	2,960	4.2	4.3
			Subtotal	—	21,482	21,717	23,460	19,050	23,770	—	23,270	—	—
		Total		—	78,855	79,863	83,530	62,000	84,510	—	83,050	—	—
Next Generation Assets		Nursing homes	Aria Matsubara	J	3,244	3,303	3,630	3,270	3,640	5.2	3,620	4.8	5.4
			Trustgarden Youganomori	J	5,390	5,476	5,870	4,800	5,890	5.5	5,850	5.1	5.7
			Trustgarden Sakurashinmachi	J	2,850	2,901	3,110	2,710	3,120	5.4	3,100	5.0	5.6
			Trustgarden Suginamimiyamae	J	2,760	2,815	3,010	2,540	3,020	5.4	3,000	5.0	5.6
			Subtotal	—	14,244	14,494	15,620	13,320	15,670	—	15,570	—	—
		Network centers	Ikebukuro Network Center	J	4,570	4,620	4,750	4,010	4,800	4.9	4,700	4.7	5.1
			Tabata Network Center	J	1,355	1,374	1,450	1,470	1,460	5.3	1,430	5.1	5.5
			Hiroshima Network Center	J	1,080	1,098	1,130	1,000	1,140	6.2	1,120	6.0	6.4
			Atsuta Network Center	J	1,015	1,032	1,050	915	1,050	5.7	1,040	5.5	5.9
			Nagano Network Center	J	305	315	362	315	362	7.0	362	6.8	7.2
			Subtotal	—	8,325	8,439	8,742	7,710	8,812	—	8,652	—	—
		Total		—	22,569	22,933	24,362	21,030	24,482	—	24,222	—	—
		Total		—	101,424	102,796	107,892	83,030	108,992	—	107,272	—	—

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

D: Daiwa Real Estate Appraisal Co., Ltd.

J: Japan Real Estate Institute

C: CBRE K.K.

T: The Tanizawa Sōgō Appraisal Co., Ltd.

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

(Note 3) *Book value at end of period* represents book value for each property less depreciation expenses as of April 30, 2014, rounded to the nearest million yen.

(Note 4) *Appraisal value* represents the appraisal value as of the valuation date of April 30, 2014.

(Note 5) For HULIC Kudan Building (Land), this item was not provided because only land was acquired and a building was not acquired.

iii) Capital expenditures for assets under management

(A) Schedule of capital expenditures

For properties held by the Investment Corporation or properties in trust for beneficiary right of real estate in trust, there is no estimated capital expenditure for renovation work, etc. currently scheduled and that is ¥10,000 thousand or more per work.

(B) Capital expenditures during the period

In the reporting period, capital expenditures in the entire portfolio amounted to ¥3,113 thousand, and repair expenses came to ¥3,001 thousand. On aggregate, construction work of ¥6,114 thousand was carried out during the period.

(3) Major Investment Assets

For the Investment Corporation's investment properties, each property from which revenue accounted for 10% or more of the total real estate rent revenue in the interim period under review is shown as below.

<Property name> HULIC Kamiyacho Building (Note 1)

Annual contracted rent (Note 2)	¥1,024 million
Total leased area (Note 3)	31,353.73 m ²
Total leasable area (Note 4)	32,536.52 m ²
Occupancy rate at end of period (Note 5)	96.4%

- (Note 1) For HULIC Kamiyacho Building, total leased area, total leasable area and occupancy rate show figures for the entire building of the property, while annual contracted rent shows an amount equivalent to the pro-rata portion of the quasi-co-ownership interest of property (approximately 39.9%).
- (Note 2) *Annual contracted rent* is calculated by multiplying the monthly contracted rent for buildings as indicated in the relevant lease agreement of each property as of April 30, 2014 (limited to properties which were occupied by tenants as of April 30, 2014) by 12, and is rounded to the nearest million yen. When a master lease agreement has been concluded for the investment asset, the amount calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a pass-through master lease agreement, under which rents are directly received from end-tenants in principle, by 12 on an annual basis is provided.
- (Note 3) *Total leased area* is equivalent to total floor area of leased space set out in the lease agreements of each property as of April 30, 2014. When a master lease agreement has been concluded for the investment asset, the total of the area of properties for which sublease agreements are concluded with end-tenants and that are actually subleased is provided in the case of a pass-through master lease agreement, under which rents are directly received from end-tenants in principle.
- (Note 4) *Total leasable area* is equivalent to gross leasable space, based on the lease agreements or floor plans of buildings of each property as of April 30, 2014.
- (Note 5) *Occupancy rate* is calculated by dividing total leased area by total leasable area of each property as of April 30, 2014, and is rounded to the nearest tenth.

(4) Overview of Major Tenants

Tenants for which leased area accounted for 10% or more of the total leased area as of April 30, 2014 are shown as below.

Tenant	Business type	Property name	Leased area (m ²) (Note 1)	Annual contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate lease business	HULIC Kamiyacho Building (Note 6)	31,353.73	1,024	1,054	February 6, 2017	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		HULIC Kudan Building (Land)	3,351.07	530	265	February 6, 2063	—
		Toranomon First Garden (Note 7)	5,769.67	529	403	February 6, 2017	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Rapiros Roppongi (Note 7)	5,581.71	388	348		
		HULIC Takadanobaba Building	5,369.71	310	188		
		HULIC Kanda Building	3,728.36	278	191		
		HULIC Kandabashi Building	2,566.95	161	127		
		HULIC Kakigaracho Building	2,839.22	187	123		
		Oimachi Redevelopment Building 2	14,485.66	624	656	February 6, 2019	Automatically renewed for a term agreed upon unless notified in writing at least 6 months before the expiry of the agreement
		Oimachi Redevelopment Building 1 (Note 8)	12,843.24	438	529	September 27, 2017	
		Dining Square Akihabara Building	2,169.41	— (Note 9)	— (Note 9)	February 6, 2017	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		HULIC Jingumae Building	1,656.24	156	81		
		Aria Matsubara	5,454.48	— (Note 9)	— (Note 9)		
		Trustgarden Youganomori	5,977.75	— (Note 9)	— (Note 9)		
		Trustgarden Sakurashinmachi	3,700.26	— (Note 9)	— (Note 9)		
		Trustgarden Suginamimiyamae	3,975.99	— (Note 9)	— (Note 9)		
		Total	110,823.45	—	—	—	—
SoftBank Telecom Corp.	Telecommunications business	Ikebukuro Network Center	12,773.04	271	136	November 5, 2027	May be renewed if mutually agreed at least 5 years before the expiry of the agreement
		Tabata Network Center	3,832.73	90	45	November 5, 2022	
		Hiroshima Network Center	5,208.54	88	44	November 5, 2027	
		Atsuta Network Center	4,943.10	73	37	November 5, 2022	
		Nagano Network Center	2,211.24	35	18	November 5, 2017	
		Total	28,968.65	558	279	—	—

(Note 1) *Leased area* is equivalent to total floor area of leased space set out in the lease agreements of each property as of April 30, 2014. For buildings in properties for which the tenant is a master lease company and sublessor, the leasable area to end-tenants of leased area as indicated in the relevant master lease agreement entered into with a master lease company as of April 30, 2014 is provided. For the property of which ownership is only for land, the area of the land is provided.

(Note 2) *Annual contracted rent* is calculated by multiplying the monthly contracted rent for buildings as indicated in the relevant lease agreement of each property as of April 30, 2014 (limited to properties which were occupied by tenants as of April 30, 2014) by 12 and rounding to the nearest million yen. For properties of which ownership is only for land, it is calculated as the annual contracted rent as indicated in the lease agreement for such land as of April 30,

2014, rounding to the nearest million yen. For properties for which the tenant is a sublessor as a master lease company, in accordance with the lease agreement with the end-tenant as of April 30, 2014 (only lease agreements under which the tenant already occupied the property as of the same date), the amount calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a pass-through master lease agreement, under which rents are directly received from end-tenants in principle, or the monthly rent as indicated in the master lease agreement in the fixed-type master lease agreement, under which a certain amount of rents is received regardless of fluctuations in rents for end-tenants, by 12 on an annual basis is provided

- (Note 3) *Leasehold/security deposits* indicates the aggregate of the leasehold and/or security deposit(s) required under each lease agreement as of April 30, 2014, rounded to the nearest million yen. When a master lease agreement has been concluded for the assets to be acquired, the aggregate of leasehold/security deposits as indicated in each sublease agreement entered into with end-tenants is provided, rounded to the nearest million yen.
- (Note 4) *Expiration date* is the date provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.
- (Note 5) *Renewal of agreement, etc.* represents the content of renewal of agreement, etc. provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.
- (Note 6) For HULIC Kamiyacho Building, the leased area shows the figure for the entire building of the property, while annual contracted rent and leasehold/security deposits show amounts equivalent to the pro-rata portion of the quasi-co-ownership interest of property (approximately 39.9%).
- (Note 7) For Toranomom First Garden and Rapiros Roppongi, the leased area shows the figures for the entire partial ownership held by the Investment Corporation (however, for pro-rata portion of the quasi-co-ownership interest in trust beneficiary rights in association with the partial ownership, figures for the entire partial ownership as well), while annual contracted rent and leasehold/security deposits show amounts equivalent to the Investment Corporation's proportional share (approximately 81.4% and approximately 73.6%, respectively).
- (Note 8) For Oimachi Redevelopment Building 1, the leased area shows the figure for the entire partial ownership held by the Investment Corporation under the lease agreements with end tenants as of April 30, 2014, while annual contracted rent and leasehold/security deposits show amounts equivalent to the pro-rata portion of the quasi-co-ownership interest in trust beneficiary rights in association with the Investment Corporation's partial ownership (approximately 82.6%).
- (Note 9) Items marked with a – (minus sign) indicate that we have not obtained permission from the end-tenant of these properties to disclose the information thereof.

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

The following table shows end-tenants ranked in the top 10 in terms of leased area in the entire portfolio as of April 30, 2014.

End-tenant	Property name	Total leased area (m ²) (Note 1)	Area ratio (%) (Note 2)	Expiration date	Form of agreement (Note 3)
Hulic Co., Ltd.	HULIC Kudan Building (Land) Oimachi Redevelopment Building 2 Oimachi Redevelopment Building 1	30,679.97 (Note 5)	25.4	February 6, 2063 February 6, 2019 September 27, 2017	Fixed-term business-use land lease agreement General building lease agreement General building lease agreement
SoftBank Telecom Corp.	Ikebukuro Network Center Tabata Network Center Hiroshima Network Center Atsuta Network Center Nagano Network Center	28,968.65	24.0	November 5, 2027 (Ikebukuro Network Center, Hiroshima Network Center) November 5, 2022 (Tabata Network Center, Atsuta Network Center) November 5, 2017 (Nagano Network Center)	Fixed-term building lease agreement
Trust Garden Co., Ltd.	Trustgarden Youganomori Trustgarden Sakurashinmachi Trustgarden Suginamimiyamae	13,654.00	11.3	January 24, 2028	General building lease agreement
Benesse Style Care Co., Ltd.	Aria Matsubara	5,454.48	4.5	— (Note 4)	General building lease agreement
J Trust Co., Ltd.	Toranomon First Garden	3,052.05	2.5	November 30, 2014	General building lease agreement
Oki Electric Industry Co., Ltd.	Toranomon First Garden	2,441.64	2.0	February 28, 2015	General building lease agreement
— (Note 4)	Dining Square Akihabara Building	2,169.41	1.8	— (Note 4)	— (Note 4)
YAMAHA MUSIC MEDIA CORPORATION	HULIC Takadanobaba Building	1,870.66	1.6	January 31, 2016	General building lease agreement
WELFARE AND MEDICAL SERVICE AGENCY	HULIC Kamiyacho Building	1,543.15	1.3	March 31, 2016	General building lease agreement
ALIVEN Inc.	Rapiros Roppongi	1,455.47	1.2	December 31, 2016	Fixed-term building lease agreement

(Note 1) *Total leased area* is equivalent to total floor area of leased space set out in the lease agreements with end tenants as of April 30, 2014. For buildings in properties for which the tenant is a master lease company and sublessor, the leasable area to end-tenants of leased area as indicated in the relevant master lease agreement entered into with a master lease company as of April 30, 2014 is provided. For HULIC Kamiyacho Building, the total leased area shows an amount equivalent to the pro-rata portion of the quasi-co-ownership interest of property held by the Investment Corporation (approximately 39.9%).

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

(Note 3) *Form of agreement* is equal to the form of agreement described in the lease agreement with the end-tenants as of April 30, 2014.

(Note 4) Items marked with a – (minus sign) indicate that we have not obtained permission from the end-tenant of these properties to disclose the information thereof.

(Note 5) For the property of HULIC Kudan Building (Land), ownership is only for land, and the area of the land is provided.