

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

April 14, 2017

Financial Report for the Fiscal Period Ended February 28, 2017 (For the Reporting Period from September 1, 2016 to February 28, 2017)

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 securities report: May 24, 2017
Scheduled date to commence payment of distributions: May 15, 2017
Preparation of supplementary material on financial report: Yes
Holding of financial report presentation meeting: Yes (for institutional investors and analysts)

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

1. Summary of financial results for the fiscal period ended February 28, 2017 (September 1, 2016 - February 28, 2017)

(1) Operating results

(Percentages show changes from the previous fiscal period)

	Operating revenues		Operating income		Ordinary income		Profit	
Fiscal period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2017	6,685	14.8	3,896	15.2	3,453	14.8	3,452	14.8
August 31, 2016	5,825	20.9	3,382	26.8	3,008	29.7	3,007	29.7

	Basic earnings per unit	Return on equity	Ordinary income on total assets	Ordinary income on operating revenues
Fiscal period ended	Yen	%	%	%
February 28, 2017	3,355	2.7	1.5	51.7
August 31, 2016	3,235	2.9	1.5	51.7

(Note) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units outstanding during the period (fiscal period ended February 28, 2017: 1,028,908 units; fiscal period ended August 31, 2016: 929,533 units).

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
Fiscal period ended	Yen	Millions of yen	Yen	Millions of yen	%	%
February 28, 2017	3,304	3,452	0	0	100.0	2.6
August 31, 2016	3,143	3,007	0	0	99.9	2.6

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

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2017	244,942	135,504	55.3	129,669
August 31, 2016	213,084	120,545	56.6	125,961

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2017	3,628	(30,017)	27,430	11,871
August 31, 2016	4,413	(30,999)	29,239	10,828

2. Forecasts of performance for the fiscal period ending August 31, 2017 (March 1, 2017 - August 31, 2017) and the fiscal period ending February 28, 2018 (September 1, 2017 - February 28, 2018)

(Percentages show changes from the previous fiscal period)

	Operating revenues		Operating income		Ordinary income		Profit		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, 2017	7,025	5.1	3,925	0.8	3,450	(0.1)	3,449	(0.1)	3,300	0
February 28, 2018	7,113	1.3	3,982	1.4	3,481	0.9	3,480	0.9	3,330	0

(Reference) Forecasted basic earnings per unit (Forecasted profit / Forecasted number of investment units at end of period)
For the fiscal period ending August 31, 2017: ¥3,300
For the fiscal period ending February 28, 2018: ¥3,330

*** Other**

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

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

(2) Total number of investment units issued

- | | |
|---|-----------------|
| a. Total number of investment units issued at end of period (including treasury investment units) | |
| As of February 28, 2017 | 1,045,000 units |
| As of August 31, 2016 | 957,000 units |
| b. Number of treasury investment units at end of period | |
| As of February 28, 2017 | 0 units |
| As of August 31, 2016 | 0 units |

(Note) Please refer to “Notes on Per Unit Information” on pages 28 through 29 for the number of investment units used as the basis for calculating basic earnings per unit.

*** Status of audit procedures**

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

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

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. The above-mentioned forecasts are based on “Assumptions for forecasts of performance for the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017) and the fiscal period ending February 28, 2018 (from September 1, 2017 to February 28, 2018)” on pages 8 through 10 for calculation, and our judgment as of this date. Actual operating revenues, operating income, ordinary income, profit, distributions per unit and distributions in excess of earnings per unit may vary according to changes in market conditions. These forecasts do not guarantee the distribution amount.

1. The Investment Corporation and Related Corporations

As there have been no significant changes from the “Management Structure of the Investment Corporation” described in the latest Securities Report (prepared in Japanese only) submitted on November 24, 2016, the disclosure is omitted.

2. Investment Policies and Status of Asset Management

(1) Investment Policies

As there have been no significant changes from policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (prepared in Japanese only) submitted on November 24, 2016, the disclosure is omitted.

(2) Status of Asset Management

Summary of results for the reporting period

i) Transition of the Investment Corporation

The Investment Corporation was established on November 7, 2013, with 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 third public offering after its listing on October 3, 2016 and a third-party allotment on October 26, 2016. As a result, the number of investment units issued at the end of the reporting period was 1,045,000.

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

ii) Performance for the reporting period

During the reporting period, the Investment Corporation acquired six properties, Hulic Toranomon Building (additional acquisition) and Trust Garden Tokiwamatsu on September 1, 2016, Rapiros Roppongi (additional acquisition) and Sotetsu Fresa Inn Ginza 7 Chome (Land) on September 16, 2016, Ochanomizu Sola City (additional acquisition) on October 4, 2016, and Hulic Todoroki Building on December 27, 2016 (total acquisition price: ¥30,515 million). As a result, the number of properties held by the Investment Corporation at the end of the reporting period was 37, and the total acquisition price was ¥231,325 million. The occupancy rate of the entire portfolio remained at a high level to end the reporting period at 99.7%.

iii) Status of financing

The Investment Corporation issued new investment units through a public offering on October 3, 2016 (number of investment units: 83,800, total issue value: ¥13,821 million), and issued new investment units through a third-party allotment on October 26, 2016 (number of investment units: 4,200, total issue value: ¥692 million) to fund the acquisition of assets and the partial early repayment of short-term borrowings. Also, the Investment Corporation secured short-term loans of ¥8,600 million on September 1, 2016, ¥5,420 million on September 16, 2016, ¥1,470 million on October 4, 2016, and ¥1,200 million on December 27, 2016, as funds for asset acquisitions. To fund the repayment of matured long-term borrowings of ¥8,490 million and short-term borrowings of ¥16,690 million, the Investment Corporation issued the second and third investment corporation bonds on December 13, 2016, with a total amount of ¥3,000 million, and secured long-term loans of ¥22,180 million on February 7, 2017.

As a result, at the end of the reporting period, interest-bearing debt totaled ¥97,460 million (comprising ¥3,960 million in short-term loans payable, ¥88,500 million in long-term loans payable and ¥5,000 million in investment corporation bonds), resulting in a loan-to-value (LTV) ratio of 39.8%.

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

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

iv) Overview of financial results and distributions

As a result of the above asset management, operating revenues for the reporting period were ¥6,685 million (up 14.8% compared with the previous fiscal period), operating income was ¥3,896 million (up 15.2% compared with the previous fiscal period), ordinary income after deducting interest expenses for borrowings, etc. was ¥3,453 million (up 14.8% compared with the previous fiscal period), and profit was ¥3,452 million (up 14.8% 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 ¥3,304.

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

Compared to our previous forecasts, the Hulic Todoroki Building, which was acquired in December 2016, contributed to revenues, and expenses related to rent business such as promotion expenses were lower, thus resulting in higher revenues and income.

	Previous forecasts (A) (Note)	Actual results (B)	Difference (amount) (B-A)	Difference (%)
Operating revenues	¥6,646 million	¥6,685 million	¥39 million	0.6%
Operating income	¥3,801 million	¥3,896 million	¥94 million	2.5%
Ordinary income	¥3,366 million	¥3,453 million	¥87 million	2.6%
Profit	¥3,365 million	¥3,452 million	¥87 million	2.6%
Distributions per unit	¥3,220	¥3,304	¥84	2.6%
Of the above, distributions in excess of earnings	¥0	¥0	—	—

(Note) The previous forecasts are those set forth in "Financial Report for the Fiscal Period Ended August 31, 2016" dated October 14, 2016.

Outlook for the fiscal period ending August 31, 2017

i) Outlook for overall operations

In terms of the outlook for the rental office market, the vacancy rate and rent levels are projected to continue to be steady due to ongoing expectations of continued stable demand conditions resulting from needs such as increased floor space in corporate offices. In the real estate selling market, the transaction prices for property are projected to continue at high levels due to the favorable fund procurement conditions, etc., resulting from low interest rates.

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

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

- (Note 1) “Tokyo Commercial Properties” are office properties and retail properties under a concept specific to the Investment Corporation that comprehensively includes properties consistent with the basic philosophy of the Investment Corporation. Specifically, office properties are those in Tokyo’s 23 wards that are in principle located within a five-minute walking distance from the nearest train station, in areas where the office properties are sufficiently competitive. Retail properties are those located in the Tokyo metropolitan area and major cities in the surrounding area that are in principle located within a five-minute walking distance from the nearest train station or in areas with a high concentration of retail activities. Such retail properties are also highly visible in public and have the potential to generate demand from prospective tenants that offer products and services suitable for the characteristics of their respective retail areas.
- (Note 2) “Next-Generation Assets” are properties specified for investment by the Investment Corporation based on its basic philosophy. Specifically, they are lease properties for which the Investment Corporation estimates there will be continuing firm demand going forward based on society’s growing needs and for which, in principle, a long-term lease agreement be concluded with a single business tenant. At present, the Investment Corporation classifies private nursing homes, network centers and hotels as Next-Generation Assets. The Investment Corporation may broaden or change the scope of its Next-Generation Assets if it judges that the societal needs will grow or that there will be firm demand in the future.

ii) Significant events after the reporting period

Not applicable.

(Reference information)

(A) Acquisitions of properties

The Investment Corporation acquired the beneficiary rights of real estate in trust shown in the table of <Acquired Assets for the Seventh Fiscal Period> below (3 properties; total acquisition price: ¥12,000 million. Hereinafter referred to as the “Acquired Assets for the Seventh Fiscal Period”). In addition, on March 29, 2017, the Investment Corporation concluded a purchase and sale agreement regarding the acquisition of the beneficiary rights of real estate in trust shown in the table of <Assets planned for acquisition> below (1 property; anticipated acquisition price: ¥1,460 million. Hereinafter referred to as the “Assets Planned for Acquisition”). The acquisition prices provided do not include expenses incurred on the acquisitions of such real estate, etc. (acquisition expenses, fixed asset tax, city planning tax, consumption taxes), and are equal to the acquisition prices stated on the trust beneficiary right sales agreements.

<Acquired Assets for the Seventh Fiscal Period>

Property name	Location	Date of acquisition	Acquisition price (Millions of yen)	Seller
Hulic Shibuya 1-chome Building	Shibuya-ku, Tokyo	March 31, 2017	5,100	Hulic Co., Ltd.
Hulic Higashi Nihonbashi Building	Chuo-ku, Tokyo	March 31, 2017	3,480	Hulic Co., Ltd.
Hulic Omori Building	Shinagawa-ku, Tokyo	March 31, 2017	3,420	Hulic Co., Ltd.
Total	—	—	12,000	—

<Assets Planned for Acquisition>

Property name	Location	Scheduled date of acquisition	Anticipated acquisition price (Millions of yen)	Seller
Dai-36 Arai Building	Chiyoda-ku, Tokyo	April 28, 2017	1,460	Arai & Co. Ltd.

(B) Borrowing of funds

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

Lender	Borrowing amount (Millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Remarks
Mizuho Bank, Ltd.	12,000	Base rate of interest (JBA one-month Japanese Yen TIBOR) + 0.23%	March 31, 2017	October 31, 2017	Lump-sum repayment	Unsecured and unguaranteed

iii) Operating results (earnings) forecasts

The Investment Corporation's forecasts for the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017) and the fiscal period ending February 28, 2018 (from September 1, 2017 to February 28, 2018) are as follows:

	Fiscal period ending August 31, 2017	Fiscal period ending February 28, 2018
Operating revenues	¥7,025 million	¥7,113 million
Operating income	¥3,925 million	¥3,982 million
Ordinary income	¥3,450 million	¥3,481 million
Profit	¥3,449 million	¥3,480 million
Distributions per unit	¥3,300	¥3,330
Of the above, distributions in excess of earnings	¥0	¥0

Information on current assumptions for the forecasts of operating results is as shown in "Assumptions for forecasts of performance for the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017) and the fiscal period ending February 28, 2018 (from September 1, 2017 to February 28, 2018)" on pages 8 through 10.

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

Assumptions for forecasts of performance for the fiscal period ending August 31, 2017 (from March 1, 2017 to August 31, 2017) and the fiscal period ending February 28, 2018 (from September 1, 2017 to February 28, 2018)

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> Fiscal period ending August 31, 2017: 184 days from March 1, 2017 to August 31, 2017 Fiscal period ending February 28, 2018: 181 days from September 1, 2017 to February 28, 2018
Portfolio	<ul style="list-style-type: none"> We have based our assumptions on a total of 41 properties consisting of 40 properties we hold as of the date of this report (hereinafter referred to as the “Assets Held,” including Acquired Asset for the Seventh Fiscal Period, in this table of assumptions) and a property planned for acquisition. In our forecasts of performance, we have assumed that there will be no changes in the composition of our portfolio (no acquisitions of new assets and no sales of Assets Held) until February 28, 2018 (the end of the eighth fiscal period). There may be changes in the portfolio, however, caused by buying or selling of properties.
Operating revenues	<ul style="list-style-type: none"> Real estate lease business revenues from Assets Held have been calculated in consideration of trends of the lease market and other factors on the basis of lease agreements effective as of the date of this report. Real estate lease business revenues from Assets Planned for Acquisition have been calculated in consideration of trends of the lease market and other factors on the basis of information provided primarily by the owner and lease agreements scheduled to be effective as of the scheduled date of acquisition for the Assets Planned for Acquisition. Operating revenues assume no delinquencies or non-payment of rent by tenants.

Item	Assumptions
Operating expenses	<ul style="list-style-type: none"> • Of the expenses related to rent business, the principal component of operating expenses, expenses other than depreciation and amortization expenses for the Assets Held (excluding the Acquired Assets for the Seventh Fiscal Period) have been calculated in such a way as to reflect variable factors in the expenses on the basis of past performance figures. In addition, such expenses for the Acquired Assets for the Seventh Fiscal Period and Assets Planned for Acquisition have been calculated in such a way as to reflect variable factors in the expenses based on information received from the transferors of the assets and others, and also based on past performance figures. • We have calculated depreciation and amortization expenses using the straight-line method, including ancillary expenses, and assumed that we will incur depreciation and amortization expenses of ¥719 million for the fiscal period ending August 31, 2017 (the seventh fiscal period) and ¥726 million for the fiscal period ending February 28, 2018 (the eighth fiscal period). • In general, fixed asset tax, city planning tax, etc. for the assets we acquire or transfer are settled at the time of acquisition or transfer between the transferor and the transferee based on their respective periods of ownership in relation to the relevant tax year. With respect to the acquired assets, any of these taxes allocated to the transferee are not recognized in expenses at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes in the Investment Corporation. For the assets to be acquired by the Investment Corporation during the fiscal period ending August 31, 2017 (the seventh fiscal period), fixed asset tax, city planning tax, etc. will be recognized as expenses from the fiscal period ending August 31, 2018 (the ninth fiscal period), and not yet in the fiscal period ending August 31, 2017 (the seventh fiscal period). Fixed asset tax, city planning tax, etc. are assumed at ¥534 million for the fiscal period ending August 31, 2017 (the seventh fiscal period) and ¥534 million for the fiscal period ending February 28, 2018 (the eighth fiscal period). • Repair expenses for buildings are recognized for each fiscal period in amounts assumed as necessary based on the repair plan formulated by the Asset Manager (Hulic Reit Management Co., Ltd.) for each property. However, actual repair expenses for each fiscal period may differ substantially from our forecasts, mainly for the following reasons: (i) we may incur expenses for urgent repairs to properties for reasons including damage to buildings resulting from factors that are difficult to foresee, (ii) generally, there is a substantial difference in such expenses incurred from one fiscal period to another, and (iii) such expenses are not incurred on a regular basis.
Non-operating expenses	<ul style="list-style-type: none"> • We expect to record interest expenses and other borrowing-related expenses of ¥454 million in the fiscal period ending August 31, 2017 (the seventh fiscal period) and ¥479 million in the fiscal period ending February 28, 2018 (the eighth fiscal period). • We expect to record amortization of investment corporation bond issuance costs (amortized by the straight-line method over period until redemption) and amortization of investment unit issuance costs (amortized by the straight-line method over a three-year period) relating to issuance of investment corporation bonds and new investment units, etc. of ¥21 million in the fiscal period ending August 31, 2017 (the seventh fiscal period) and ¥21 million in the fiscal period ending February 28, 2018 (the eighth fiscal period).

Item	Assumptions
Interest-bearing debt	<ul style="list-style-type: none"> The balance of interest-bearing debt of the Investment Corporation as of the date of this report is ¥109,460 million (comprising ¥15,960 million in short-term loans payable, ¥88,500 million in long-term loans payable and ¥5,000 million in investment corporation bonds). Accompanying the acquisition of the Assets Planned for Acquisition, a new loan of ¥1,460 million in short-term loans payable is scheduled to be made. Of ¥17,420 million in short-term loans payable for which repayment is due by February 28, 2018 (at the end of the eighth fiscal period) we assume the refinancing of the entire amounts of ¥3,960 million at the time of the due date. We assume that the remaining ¥13,460 million of short-term loans payable will be refinanced as long-term loans payable by August 31, 2017 (at the end of the seventh fiscal period). As a result of the above, we assume that the balance of interest-bearing debt as of each of August 31, 2017 (at the end of the seventh fiscal period), and February 28, 2018 (at the end of the eighth fiscal period), will be ¥110,920 million. We have assumed LTV ratios of approximately 42.9% as of each of August 31, 2017 (at the end of the seventh fiscal period), and February 28, 2018 (at the end of the eighth fiscal period). The LTV ratio was obtained by the following formula: $\text{LTV} = \frac{\text{Interest-bearing debt at end of period}}{\text{Total assets at end of period (projected amount)}} \times 100$ <p>Total assets at end of period (projected amount): The amount is calculated by adding the total acquisition price of Acquired Asset for the Seventh Fiscal Period and Assets Planned for Acquisition, up to the date of this report, (¥13,460 million) to the amount for total assets shown on the balance sheet as of February 28, 2017 (at the end of the sixth fiscal period) (¥244,942 million).</p>
Issuance of investment units	<ul style="list-style-type: none"> This is based on our assumption of 1,045,000 units, which is the total number of investment units issued as of the date of this report. We have assumed there will be no issuance of additional investment units until the end of the fiscal period ending February 28, 2018 (the eighth fiscal period).
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> We have calculated distributions per unit (excluding distributions in excess of earnings) in accordance with the cash distribution policy prescribed in the Investment Corporation's Articles of Incorporation. Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in the asset portfolio, fluctuations in rent revenues associated with changes in tenants, or unforeseen 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.

3. Unaudited Financial Information

(1) Balance Sheet (unaudited)

	(Unit: thousands of yen)	
	Previous fiscal period (As of August 31, 2016)	Reporting period (As of February 28, 2017)
Assets		
Current assets		
Cash and deposits	6,308,255	6,514,047
Cash and deposits in trust	4,520,237	5,356,977
Operating accounts receivable	11,305	11,604
Prepaid expenses	36,935	27,471
Deferred tax assets	16	11
Consumption taxes receivable	—	228,750
Other	864	2,153
Total current assets	10,877,614	12,141,016
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	38,679,945	44,472,954
Accumulated depreciation	(2,262,203)	(2,899,608)
Buildings in trust, net	36,417,742	41,573,345
Structures in trust	245,763	291,095
Accumulated depreciation	(45,918)	(56,893)
Structures in trust, net	199,844	234,202
Machinery and equipment in trust	190,272	252,208
Accumulated depreciation	(41,529)	(56,840)
Machinery and equipment in trust, net	148,743	195,367
Tools, furniture and fixtures in trust	19,150	22,632
Accumulated depreciation	(3,074)	(4,765)
Tools, furniture and fixtures in trust, net	16,076	17,866
Land in trust	156,362,300	181,504,937
Construction in progress in trust	894	894
Total property, plant and equipment	193,145,601	223,526,613
Intangible assets		
Leasehold rights in trust	8,471,289	8,471,289
Other	5,133	4,114
Total intangible assets	8,476,422	8,475,404
Investments and other assets		
Lease and guarantee deposits	20,000	20,000
Long-term prepaid expenses	495,494	661,973
Total investments and other assets	515,494	681,973
Total noncurrent assets	202,137,518	232,683,991
Deferred assets		
Investment unit issuance costs	51,815	77,171
Investment corporation bond issuance costs	17,956	40,642
Total deferred assets	69,771	117,813
Total assets	213,084,904	244,942,821

(Unit: thousands of yen)

	Previous fiscal period (As of August 31, 2016)	Reporting period (As of February 28, 2017)
Liabilities		
Current liabilities		
Operating accounts payable	420,319	160,158
Short-term loans payable	4,660,000	3,960,000
Current portion of long-term loans payable	8,490,000	—
Accounts payable - other	600,353	727,854
Accrued expenses	49,828	41,228
Income taxes payable	937	830
Accrued consumption taxes	138,632	25,447
Advances received	1,030,503	1,110,564
Deposits received	1,013	188
Total current liabilities	15,391,587	6,026,272
Noncurrent liabilities		
Investment corporation bond	2,000,000	5,000,000
Long-term loans payable	66,320,000	88,500,000
Tenant leasehold and security deposits in trust	8,828,110	9,912,149
Total noncurrent liabilities	77,148,110	103,412,149
Total liabilities	92,539,698	109,438,422
Net assets		
Unitholders' equity		
Unitholders' capital	117,537,072	132,051,528
Surplus		
Unappropriated retained earnings	3,008,134	3,452,871
Total surplus	3,008,134	3,452,871
Total unitholders' equity	120,545,206	135,504,399
Total net assets	*2 120,545,206	*2 135,504,399
Total liabilities and net assets	213,084,904	244,942,821

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

(Unit: thousands of yen)

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Reporting period (from September 1, 2016 to February 28, 2017)
Operating revenues		
Lease business revenue	*1, *2 5,572,883	*1, *2 6,394,084
Other lease business revenues	*1 252,561	*1 291,571
Total operating revenues	5,825,444	6,685,656
Operating expenses		
Expenses related to rent business	*1 1,802,036	*1 2,024,619
Asset management fee	504,977	609,750
Asset custody fee	10,171	11,517
Administrative service fees	32,377	37,228
Directors' compensations	6,000	6,000
Other operating expenses	87,735	100,369
Total operating expenses	2,443,298	2,789,485
Operating income	3,382,146	3,896,170
Non-operating income		
Interest income	42	48
Interest on refund	59	—
Total non-operating income	101	48
Non-operating expenses		
Interest expenses	282,287	292,765
Interest expenses on investment corporation bonds	9,500	10,714
Borrowing related expenses	70,198	121,000
Amortization of investment unit issuance costs	10,363	16,124
Amortization of investment corporation bond issuance costs	1,005	2,184
Total non-operating expenses	373,355	442,789
Ordinary income	3,008,892	3,453,430
Profit before income taxes	3,008,892	3,453,430
Income taxes - current	943	837
Income taxes - deferred	(2)	4
Total income taxes	941	842
Profit	3,007,951	3,452,588
Retained earnings brought forward	182	283
Unappropriated retained earnings	3,008,134	3,452,871

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

Previous fiscal period (From March 1, 2016 to August 31, 2016)

(Unit: thousands of yen)

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of the period	86,617,040	2,318,971	2,318,971	88,936,011	88,936,011
Changes of items during the period					
Issuance of new investment units	30,920,032	—	—	30,920,032	30,920,032
Distribution of surplus	—	(2,318,789)	(2,318,789)	(2,318,789)	(2,318,789)
Profit	—	3,007,951	3,007,951	3,007,951	3,007,951
Total changes of items during the period	30,920,032	689,162	689,162	31,609,194	31,609,194
Balance at the end of the period	*1 117,537,072	3,008,134	3,008,134	120,545,206	120,545,206

Reporting period (From September 1, 2016 to February 28, 2017)

(Unit: thousands of yen)

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of the period	117,537,072	3,008,134	3,008,134	120,545,206	120,545,206
Changes of items during the period					
Issuance of new investment units	14,514,456	—	—	14,514,456	14,514,456
Distribution of surplus	—	(3,007,851)	(3,007,851)	(3,007,851)	(3,007,851)
Profit	—	3,452,588	3,452,588	3,452,588	3,452,588
Total changes of items during the period	14,514,456	444,737	444,737	14,959,193	14,959,193
Balance at the end of the period	*1 132,051,528	3,452,871	3,452,871	135,504,399	135,504,399

(4) Statement of Cash Distributions (unaudited)

By period Item	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Reporting period (From September 1, 2016 to February 28, 2017)
I Unappropriated retained earnings	¥3,008,134,274	¥3,452,871,334
II Distribution amount (Distributions per unit)	¥3,007,851,000 (¥3,143)	¥3,452,680,000 (¥3,304)
III Retained earnings carried forward	¥283,274	¥191,334
Method of calculating distribution amount	<p>Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥3,007,851,000, which is the largest integral multiple of the total number of investment units issued and outstanding (957,000 units), and not in excess of unappropriated retained earnings.</p> <p>In addition, the Investment Corporation shall not distribute cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation.</p>	<p>Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥3,452,680,000, which is the largest integral multiple of the total number of investment units issued and outstanding (1,045,000 units), and not in excess of unappropriated retained earnings.</p> <p>In addition, the Investment Corporation shall not distribute cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation.</p>

(5) Statement of Cash Flows (unaudited)

(Unit: thousands of yen)

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Reporting period (From September 1, 2016 to February 28, 2017)
Cash flows from operating activities		
Profit before income taxes	3,008,892	3,453,430
Depreciation and amortization	575,078	666,402
Amortization of investment unit issuance costs	10,363	16,124
Amortization of investment corporation bond issuance costs	1,005	2,184
Interest income	(42)	(48)
Interest expenses	291,787	303,479
Decrease (increase) in operating accounts receivable	34,409	(298)
Decrease (increase) in consumption taxes refund receivable	16,725	(228,750)
Decrease (increase) in prepaid expenses	(9,777)	9,463
Increase (decrease) in operating accounts payable	224,055	(205,463)
Increase (decrease) in accounts payable - other	108,622	126,886
Increase (decrease) in accrued consumption taxes	130,039	(113,184)
Increase (decrease) in advances received	253,771	80,060
Increase (decrease) in deposits received	1,013	(824)
Decrease (increase) in long-term prepaid expenses	56,886	(166,479)
Other, net	2,542	(2,981)
Subtotal	4,705,376	3,940,001
Interest income received	42	48
Interest expenses paid	(291,181)	(310,394)
Income taxes (paid) refund	(778)	(937)
Net cash provided by (used in) operating activities	4,413,457	3,628,718
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(32,201,950)	(31,101,093)
Repayments of tenant leasehold and security deposits in trust	(35,655)	(55,950)
Proceeds from tenant leasehold and security deposits in trust	1,237,661	1,139,988
Net cash provided by (used in) investing activities	(30,999,943)	(30,017,055)
Cash flows from financing activities		
Proceeds from short-term loans payable	20,410,000	16,690,000
Repayments of short-term loans payable	(19,710,000)	(17,390,000)
Proceeds from long-term loans payable	—	22,180,000
Repayments of long-term loans payable	—	(8,490,000)
Proceeds from issuance of investment corporation bonds	—	2,975,128
Proceeds from issuance of investment units	30,857,853	14,472,976
Dividends paid	(2,318,631)	(3,007,236)
Net cash provided by (used in) financing activities	29,239,222	27,430,868
Net increase (decrease) in cash and cash equivalents	2,652,736	1,042,531
Cash and cash equivalents at beginning of period	8,175,756	10,828,493
Cash and cash equivalents at end of period	*1 10,828,493	*1 11,871,024

(6) Notes on Going Concern Assumption (unaudited)

Not applicable.

(7) Notes on Significant Accounting Policies (unaudited)

1. Method of depreciation and amortization of noncurrent assets	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The estimated useful lives of property, plant and equipment are listed below.</p> <table> <tr> <td>Buildings</td><td>3 to 64 years</td></tr> <tr> <td>Structures</td><td>4 to 20 years</td></tr> <tr> <td>Machinery and equipment</td><td>3 to 10 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>3 to 15 years</td></tr> </table> <p>(2) Intangible assets The straight-line method is used. Internal use software is amortized over the estimated useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	3 to 64 years	Structures	4 to 20 years	Machinery and equipment	3 to 10 years	Tools, furniture and fixtures	3 to 15 years
Buildings	3 to 64 years								
Structures	4 to 20 years								
Machinery and equipment	3 to 10 years								
Tools, furniture and fixtures	3 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment corporation bond issuance costs Amortized by the straight-line method over period until redemption.</p> <p>(2) Investment unit issuance costs Amortized by the straight-line method over a three-year period.</p>								
3. Recognition of revenue and expenses	<p>Fixed asset tax and related taxes For fixed asset tax, city planning tax, depreciable asset tax, etc. for real properties held, the amount of tax levied corresponding to the relevant accounting period is recorded as expenses related to rent business. The amount equivalent to fixed asset tax and related taxes for the fiscal year that includes the date on which we paid settlement money to the transferor for acquisition of real estate, etc. is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to fixed asset tax included in acquisition costs for properties was ¥62,681 thousand for the previous fiscal period, and ¥26,407 thousand for the reporting period.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting Deferred hedge accounting is used for interest rate swaps. For interest rate swaps that satisfy requirements for special treatments, however, special treatment is used.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of the Investment Corporation pursuant to the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p>								

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

(8) Notes to Financial Information (unaudited)

Notes to Balance Sheet (unaudited)

1. Commitment line contracts

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

	Previous fiscal period (As of August 31, 2016)	Reporting period (As of February 28, 2017)
Total amount of commitment line contracts	¥10,000,000 thousand	¥10,000,000 thousand
Balance of borrowings outstanding	—	—
Difference	¥10,000,000 thousand	¥10,000,000 thousand

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

	Previous fiscal period (As of August 31, 2016)	Reporting period (As of February 28, 2017)
	¥50,000 thousand	¥50,000 thousand

Notes to Statement of Income and Retained Earnings (unaudited)

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

	(Unit: thousands of yen)	
	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Reporting period (From September 1, 2016 to February 28, 2017)
A. Real estate lease business revenues		
Lease business revenue		
Rent	4,538,715	5,200,052
Land rent	490,372	615,602
Common service fees	543,795	578,430
Total	5,572,883	6,394,084
Other lease business revenues		
Revenue from utilities charges	174,209	197,378
Other revenue	78,351	94,192
Total	252,561	291,571
Total real estate lease business revenues	5,825,444	6,685,656
B. Expenses related to real estate lease business		
Expenses related to rent business		
Property management fees	303,459	363,467
Utilities expenses	188,094	200,393
Taxes and public dues	443,485	443,319
Insurance expenses	7,107	7,495
Repair expenses	69,952	111,348
Depreciation and amortization	574,060	665,383
Other expenses related to rent business	215,875	233,210
Total expenses related to real estate lease business	1,802,036	2,024,619
C. Income (loss) from real estate lease business (A – B)	4,023,408	4,661,036

*2. Transactions with major corporate unitholders

	(Unit: thousands of yen)	
	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Reporting period (From September 1, 2016 to February 28, 2017)
From operating transactions		
Lease business revenue	1,021,304	1,146,533

Notes to Statement of Changes in Net Assets (unaudited)

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

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Reporting period (From September 1, 2016 to February 28, 2017)
Total number of authorized investment units at end of period	20,000,000 units	20,000,000 units
Total number of investment units issued at end of period	957,000 units	1,045,000 units

Notes to Statement of Cash Flows (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Reporting period (From September 1, 2016 to February 28, 2017)
Cash and deposits	6,308,255	6,514,047
Cash and deposits in trust	4,520,237	5,356,977
Total cash and cash equivalent	10,828,493	11,871,024

Notes on Financial Instruments (unaudited)

1. Matters regarding status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

The fair values of financial instruments are based on market prices, if available. If there is no available market price for certain financial instruments, such fair value is based on the value rationally measured. Since variables are factored into measurements of fair value, the value may vary if different assumptions are used. The contract amounts related to derivatives mentioned in “Notes on Derivative Transactions” below should not be considered indicative of the market risk associated with the derivative transactions.

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

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

(Unit: thousands of yen)

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

Balance sheet carrying amount, fair value, and the difference between the two values as of February 28, 2017 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	6,514,047	6,514,047	—
(2) Cash and deposits in trust	5,356,977	5,356,977	—
Total assets	11,871,024	11,871,024	—
(1) Short-term loans payable	3,960,000	3,960,000	—
(2) Current portion of long-term loans payable	—	—	—
(3) Investment corporation bonds	5,000,000	5,053,900	53,900
(4) Long-term loans payable	88,500,000	87,312,289	(1,187,710)
Total liabilities	97,460,000	96,326,189	(1,133,810)
Derivative transactions	—	—	—

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

Assets

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

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

Liabilities

(1) Short-term loans payable

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

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

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

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

(3) Investment corporation bonds

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

Derivative transactions

Please refer to "Notes on Derivative Transactions" below.

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

Previous fiscal period (As of August 31, 2016)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	6,308,255	—	—	—	—	—
Cash and deposits in trust	4,520,237	—	—	—	—	—
Total	10,828,493	—	—	—	—	—

Reporting period (As of February 28, 2017)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	6,514,047	—	—	—	—	—
Cash and deposits in trust	5,356,977	—	—	—	—	—
Total	11,871,024	—	—	—	—	—

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

Previous fiscal period (As of August 31, 2016)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	4,660,000	—	—	—	—	—
Investment corporation bonds	—	—	—	—	—	2,000,000
Long-term loans payable	8,490,000	—	13,130,000	9,299,000	15,680,000	28,211,000
Total	13,150,000	—	13,130,000	9,299,000	15,680,000	30,211,000

Reporting period (As of February 28, 2017)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	3,960,000	—	—	—	—	—
Investment corporation bonds	—	—	2,000,000	—	—	3,000,000
Long-term loans payable	—	8,550,000	10,320,000	12,109,000	14,680,000	42,841,000
Total	3,960,000	8,550,000	12,320,000	12,109,000	14,680,000	45,841,000

Notes on Derivative Transactions (unaudited)

1. Derivative transactions not applying hedge accounting

Previous fiscal period (As of August 31, 2016)

Not applicable.

Reporting period (As of February 28, 2017)

Not applicable.

2. Derivative transactions applying hedge accounting

Previous fiscal period (As of August 31, 2016)

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

(Unit: thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	70,137,000	61,647,000	*	—

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

Reporting period (As of February 28, 2017)

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

(Unit: thousands of yen)

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

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

Notes on Tax Effect Accounting (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (As of August 31, 2016)	Reporting period (As of February 28, 2017)
Deferred tax assets		
Accrued enterprise tax excluded from expenses	16	11
Total deferred tax assets	16	11
Net deferred tax assets	16	11

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

(Unit: %)

	Previous fiscal period (As of August 31, 2016)	Reporting period (As of February 28, 2017)
Statutory tax rate	32.31	31.74
(Adjustments)		
Distributions paid included in expenses	(32.30)	(31.73)
Others	0.02	0.01
Effective tax rate	0.03	0.02

Notes on Related Party Transactions (unaudited)

1. Parent company and major corporate unitholders

Previous fiscal period (From March 1, 2016 to August 31, 2016)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Nihonbashi Odenma-cho, Chuo-ku, Tokyo	62,657,947	Real estate business	Directly held by related party 11.63%	None	Leasing and management of real estate	Purchase of beneficiary right of real estate in trust	31,852,000	—	—
								Keeping of leasehold and security deposits	1,197,153	Tenant leasehold and security deposits in trust	7,299,107
								Repayment of leasehold and security deposits	35,655		
								Earning of rent revenue, etc.	1,021,304	Advances received	184,234

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

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

Reporting period (From September 1, 2016 to February 28, 2017)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Nihonbashi Odenma-cho, Chuo-ku, Tokyo	62,708,701	Real estate business	Directly held by related party 11.49%	None	Leasing and management of real estate	Purchase of beneficiary right of real estate in trust	15,220,000	—	—
								Keeping of leasehold and security deposits	587,703	Tenant leasehold and security deposits in trust	7,783,479
								Repayment of leasehold and security deposits	103,331		
								Earning of rent revenue, etc.	1,146,533	Advances received	214,701

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

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

2. Subsidiaries and affiliates

Previous fiscal period (From March 1, 2016 to August 31, 2016)

Not applicable.

Reporting period (From September 1, 2016 to February 28, 2017)

Not applicable.

3. Subsidiaries of parent company

Previous fiscal period (From March 1, 2016 to August 31, 2016)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Company in which major unitholder (corporation) owns a majority of voting rights	Hulic Reit Management Co., Ltd.	2-26-9, Hatcho-ori, Chuo-ku, Tokyo	200,000	Business related to management of investment corporation's assets under management	–	One	Consignment of asset management	Payment of asset management fee (Note 1)	584,607	Operating accounts payable	545,375

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

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

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

Reporting period (From September 1, 2016 to February 28, 2017)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Company in which major unitholder (corporation) owns a majority of voting rights	Hulic Reit Management Co., Ltd.	2-26-9, Hatcho-ori, Chuo-ku, Tokyo	200,000	Business related to management of investment corporation's assets under management	–	One	Consignment of asset management	Payment of asset management fee (Note 1)	724,275	Operating accounts payable	658,530

(Note 1) Payment of asset management fee includes the portion of compensations associated with a property acquisition factored into the book value of the individual properties (¥114,525 thousand).

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

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

4. Officers and major individual unitholders

Previous fiscal period (From March 1, 2016 to August 31, 2016)

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

Reporting period (From September 1, 2016 to February 28, 2017)

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

Notes on Investment and Rental Properties (unaudited)

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

(Unit: thousands of yen)		
	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Reporting period (From September 1, 2016 to February 28, 2017)
Balance sheet carrying amount		
Balance at beginning of period	169,948,671	201,616,890
Changes during period	31,668,219	30,381,012
Balance at end of period	201,616,890	231,997,903
Fair value at end of period	227,875,000	263,893,000

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

(Note 2) The main reason for the increase in the investment and rental properties during the previous fiscal period is the acquisition of beneficiary rights of real estate in trust of 3 properties (¥32,022,010 thousand) and the decrease is mainly due to depreciation and amortization (¥574,060 thousand). The main reason for the increase during the reporting period is the acquisition of beneficiary rights of real estate in trust of 6 properties (¥30,839,724 thousand) and the decrease is mainly due to depreciation and amortization (¥665,383 thousand).

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

Notes on Segment and Related Information (unaudited)

Segment information

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

Related information

Previous fiscal period (From March 1, 2016 to August 31, 2016)

1. Information by product and service

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

2. Information by geographical area

(1) Operating revenues

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

(2) Property, plant and equipment

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

3. Information by major customer

(Unit: thousands of yen)

Counterparty	Operating revenues	Related segment
Hulic Co., Ltd.	1,021,304	Real estate lease business
SoftBank Corp.	633,252	Real estate lease business

Reporting period (From September 1, 2016 to February 28, 2017)

1. Information by product and service

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

2. Information by geographical area

(1) Operating revenues

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

(2) Property, plant and equipment

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

3. Information by major customer

(Unit: thousands of yen)

Counterparty	Operating revenues	Related segment
Hulic Co., Ltd.	1,146,533	Real estate lease business

Notes on Per Unit Information (unaudited)

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Reporting period (From September 1, 2016 to February 28, 2017)
Net assets per unit	¥125,961	¥129,669
Basic earnings per unit	¥3,235	¥3,355

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

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

	Previous fiscal period (From March 1, 2016 to August 31, 2016)	Reporting period (From September 1, 2016 to February 28, 2017)
Profit (Thousands of yen)	3,007,951	3,452,588
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	3,007,951	3,452,588
Average number of investment units for the period (Units)	929,533	1,028,908

Notes on Significant Subsequent Events (unaudited)

Not applicable.

Omission of Disclosure

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

(9) Changes in Total Number of Investment Units Issued

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

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

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

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

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

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

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

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

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

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

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

4. Changes in Officers

(1) Changes in Officers of the Investment Corporation

There have been no changes from the “Status of Officers” described in the latest Securities Report (prepared in Japanese only) submitted on November 24, 2016.

(2) Changes in Officers of Asset Manager

There have been no changes from the “Status of Officers” described in the latest Securities Report (prepared in Japanese only) submitted on November 24, 2016.

5. Reference Information

(1) Status of Investment

Type of assets	Category	Region (Note 1)	Previous fiscal period (As of August 31, 2016)		Reporting period (As of February 28, 2017)	
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate in trust	Tokyo Commercial Properties	Six central wards of Tokyo	143,246	67.2	165,038	67.4
		Other wards of Tokyo	8,179	3.8	9,364	3.8
		Other	16,576	7.8	16,550	6.8
		Total	168,002	78.8	190,954	78.0
	Next-Generation Assets	Six central wards of Tokyo	—	—	7,505	3.1
		Other wards of Tokyo	20,238	9.5	20,235	8.3
		Other	13,375	6.3	13,302	5.4
		Total	33,614	15.8	41,043	16.8
	Total real estate in trust		201,616	94.6	231,997	94.7
	Deposits and other assets		11,468	5.4	12,944	5.3
Total assets		213,084	100.0	244,942	100.0	

	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	92,539	43.4	109,438	44.7
Total net assets	120,545	56.6	135,504	55.3

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

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

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

(2) Investment Assets

i) Overview of investment assets

(As of February 28, 2017)

As of February 28, 2017								
Category		Property name	Date of construction (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Total leased area (m ²) (Note 4)	Total leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building (Note 7)	April 1985	1,841	1,816	22,109.90	22,740.96	97.2
		Hulic Kudan Building (Land)	—	530	265	3,351.07	3,351.07	100.0
		Toranomon First Garden (Note 8)	August 2010	528	403	5,689.97	5,689.97	100.0
		Rapiros Roppongi (Note 9)	August 1997	544	495	6,736.51	6,736.51	100.0
		Hulic Takadanobaba Building	November 1993	309	190	5,369.71	5,369.71	100.0
		Hulic Kanda Building	September 2008	248	201	3,728.36	3,728.36	100.0
		Hulic Kandabashi Building	June 2001	161	130	2,566.95	2,566.95	100.0
		Hulic Kakigaracho Building	March 1993	188	124	2,858.48	2,858.48	100.0
		Ochanomizu Sola City (Note 10)	February 2013	— (Note 15)	— (Note 15)	13,923.42	13,923.42	100.0
		Hulic Higashi Ueno 1 Chome Building	July 1988	177	146	3,262.09	3,262.09	100.0
		Sasazuka South Building (Note 11)	December 1991	155	95	3,611.08	3,611.08	100.0
		Tokyo Nishi Ikebukuro Building (Note 12)	October 1990	107	191	1,429.74	1,429.74	100.0
		Gate City Ohsaki (Note 13)	January 1999 December 1998	267	—	3,835.78	3,835.78	100.0
		Hulic Toranomon Building	May 2015	904	591	8,574.65	8,574.65	100.0
		Subtotal	—	—	—	87,047.71	87,678.77	99.3
	Retail properties	Oimachi Redevelopment Building (#2)	September 1989	624	656	14,485.66	14,485.66	100.0
		Oimachi Redevelopment Building (#1) (Note 14)	September 1989	438	529	10,612.67	10,612.67	100.0
		Dining Square Akihabara Building	June 1993	— (Note 15)	— (Note 15)	2,169.41	2,169.41	100.0
		Hulic Jingumae Building	September 2000	158	82	1,656.24	1,656.24	100.0
		Hulic Shinjuku 3 Chome Building	June 1983	291	175	1,351.15	1,351.15	100.0
		Yokohama Yamashitacho Building	July 1993	— (Note 15)	— (Note 15)	8,958.70	8,958.70	100.0
		Leaf Minatomirai (Land)	—	534	267	5,500.04	5,500.04	100.0
		Orchid Square	January 2009	138	84	1,216.63	1,334.88	91.1
		Hulic Todoroki Building	August 1990	90	80	1,593.58	1,593.58	100.0
		Subtotal	—	—	—	47,544.08	47,662.33	99.8
	Total		—	—	—	134,591.79	135,341.10	99.4
Next-Generation Assets	Private nursing homes	Aria Matsubara	September 2005	— (Note 15)	— (Note 15)	5,454.48	5,454.48	100.0
		Trust Garden Youganomori	September 2005	— (Note 15)	— (Note 15)	5,977.75	5,977.75	100.0
		Trust Garden Sakurashinmachi	August 2005	— (Note 15)	— (Note 15)	3,700.26	3,700.26	100.0
		Trust Garden Suginami Miyamae	April 2005	— (Note 15)	— (Note 15)	3,975.99	3,975.99	100.0
		Trust Garden Tokiwamatsu	January 2016	— (Note 15)	— (Note 15)	2,893.82	2,893.82	100.0
		Subtotal	—	—	—	22,002.30	22,002.30	100.0
	Network centers	Ikebukuro Network Center	January 2001	271	136	12,773.04	12,773.04	100.0
		Tabata Network Center	April 1998	90	45	3,832.73	3,832.73	100.0
		Hiroshima Network Center	October 2001	88	44	5,208.54	5,208.54	100.0
		Atsuta Network Center	May 1997	73	37	4,943.10	4,943.10	100.0
		Nagano Network Center	September 1994	35	18	2,211.24	2,211.24	100.0
		Chiba Network Center	June 1995	447	224	23,338.00	23,338.00	100.0
		Sapporo Network Center	January 2002	167	84	9,793.57	9,793.57	100.0
		Keihanna Network Center	May 2001	94	47	9,273.44	9,273.44	100.0
		Subtotal	—	1,267	633	71,373.66	71,373.66	100.0
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome (Land)	—	182	91	352.36	352.36	100.0
		Subtotal	—	182	91	352.36	352.36	100.0
	Total		—	—	—	93,728.32	93,728.32	100.0
	Total of the portfolio		—	—	—	228,320.11	229,069.42	99.7

- (Note 1) *Date of construction* represents the date of construction as described in the property registry. Date of construction is omitted in case of holding of land only.
- (Note 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 28, 2017) for buildings as indicated in the relevant lease agreement of each asset held as of February 28, 2017 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. For properties for which we acquired only land, it is calculated by multiplying the monthly contracted rent (excluding consumption taxes) as indicated in the lease agreement for such land as of February 28, 2017 by 12 and rounding to the nearest million yen. For Sotetsu Fresa Inn Ginza 7 Chome (Land), it is calculated by multiplying the monthly land usage fee (excluding consumption taxes) for permission to use the land based on the co-ownership agreement by 12 and rounding to the nearest million yen. When a master lease agreement has been concluded for the asset held, the amount calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a master lease agreement, under which rents are directly received from end-tenants in principle (hereinafter referred to as the “Pass-through Master Lease Agreement”), or the monthly rent as indicated in the master lease agreement, under which a certain amount of rent is received regardless of fluctuations in rents for end-tenants (hereinafter referred to as the “Fixed-type Master Lease Agreement”), by 12 on an annual basis is provided.
- (Note 3) *Leasehold/security deposits* indicates the aggregate of the recognized book values for the leasehold and/or security deposit(s) of each asset held as of February 28, 2017, rounded to the nearest million yen.
- (Note 4) *Total leased area* is equivalent to total floor area of leased space set out in the relevant lease agreements of each asset held as of February 28, 2017. For Sotetsu Fresa Inn Ginza 7 Chome (Land), the area of land shown in the co-ownership agreement is provided. For the property for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants is provided. For the property for which there is a Fixed-type Master Lease Agreement, the leasable area to end-tenants is provided. For the property of which ownership is only for land, the area of the land is provided.
- (Note 5) *Total leasable area* is equivalent to gross leasable space, based on the lease agreements or floor plans of buildings of each asset held as of February 28, 2017. With respect to Hulic Kudan Building (Land) and Leaf Minatomirai (Land), total leasable area is the leasable area of the land as described in the applicable land lease agreements or land plans. Also, for Sotetsu Fresa Inn Ginza 7 Chome (Land), the area of the land that may be used, based on the co-ownership agreement or land plans, is provided.
- (Note 6) *Occupancy rate* is calculated by dividing total leased area by total leasable area of each asset held as of February 28, 2017, and is rounded to the nearest tenth. Subtotals, totals and total of the portfolio show the proportion of the total leased area to the total of leasable area for the assets held, rounded to the nearest tenth.
- (Note 7) For Hulic Kamiyacho Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the quasi-co-ownership interest of property held by the Investment Corporation (70.0%).
- (Note 8) For Toranomon First Garden, total leasable area shows figures equivalent to the Investment Corporation’s partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.) On the other hand, a master lease is served on the whole building together with the exclusively owned portions owned by other unit owners, and as income and expenditure of the property is allocated according to the ratio of ownership interest of the partial ownership rights owned by each unit owner, the figure shown for occupancy rate is that of the entire building. Total leased area, total contracted rent and leasehold/security deposits show amounts equivalent to the proportional share of the partial ownership in the building held by the Investment Corporation (approximately 81.4%).
- (Note 9) For Rapiros Roppongi, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation’s partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 10) For Ochanomizu Sola City, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the quasi-co-ownership interest of property held by the Investment Corporation (21.7%).
- (Note 11) For Sasazuka South Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation’s partial ownership in the building.
- (Note 12) For Tokyo Nishi Ikebukuro Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation’s partial ownership in the building (including some of co-ownership portion).
- (Note 13) For Gate City Ohsaki, total leased area, total leasable area and occupancy rate show figures equivalent to the Investment Corporation’s partial ownership in the property (Office space on the 8th floor of the West Tower office and commercial building: approximately 83.0% co-ownership interest of 4,088.37 m²; retail space from the 1st basement floor to the 3rd floor of the office and commercial building: approximately 2.4% co-ownership interest of 5,609.05 m²; residential building: 6 residential units of 308.20 m²) under the lease agreements with master lease companies. Total contracted rent shows amounts calculated with the rent and common service fees received by the master lease company for the month of February 2017 (excluding consumption taxes) multiplied by 12, with the result rounded to the nearest million yen. Leasehold/security deposit figures are not presented because such funds are not received by the Investment Corporation, but rather the master lease companies take custody of such funds as per contractual agreement with those companies.

- (Note 14) For Oimachi Redevelopment Building (#1), total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building.
- (Note 15) Items marked with a – (minus sign) indicate that the Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.
- (Note 16) In the above table, *Total contracted rent*, *Leasehold/Security deposits*, *Total leased area* and *Occupancy rate* may include information related to lease agreements that have been subsequently terminated, lease agreements for which we have subsequently received a request for termination or lease agreements for which rent payment is delinquent, if the lease agreement was valid as of February 28, 2017.

ii) Overview of appraisal report

(As of February 28, 2017)

(As of February 28, 2017)												
Category	Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated price by using cost method (Millions of yen)	Return price (Millions of yen)					
							Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)	
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	D	36,750	36,912	41,200	34,100	42,200	3.6	40,700	3.4	3.8
		Hulic Kudan Building (Land)	N	11,100	11,191	12,500	— (Note 5)	12,500	3.7	12,400	3.3	3.8
		Toranomon First Garden	C	8,623	8,450	10,800	12,400	10,800	3.6	10,800	3.3	3.7
		Rapiros Roppongi	N	6,210	6,633	8,050	9,520	8,150	3.7	7,940	3.4	3.9
		Hulic Takadanobaba Building	D	3,900	3,854	4,630	3,980	4,560	4.2	4,660	4.0	4.4
		Hulic Kanda Building	T	3,780	3,688	4,110	4,420	4,400	4.0	3,990	4.1	4.2
		Hulic Kandabashi Building	D	2,500	2,540	2,820	2,800	2,840	3.8	2,810	3.6	4.0
		Hulic Kakigaracho Building	T	2,210	2,203	2,750	2,730	2,750	4.3	2,750	4.4	4.5
		Ochanomizu Sola City	N	38,149	37,778	42,315	35,154	42,532	3.5	42,098	3.2	3.6
		Hulic Higashi Ueno 1 Chome Building	N	2,670	2,666	2,940	2,380	2,980	4.1	2,890	3.9	4.3
		Sasazuka South Building	N	2,100	2,166	2,170	1,920	2,180	4.7	2,160	4.4	4.9
		Tokyo Nishi Ikebukuro Building	N	1,580	1,629	1,800	1,300	1,830	4.4	1,760	4.2	4.6
		Gate City Ohsaki	N	4,370	4,529	4,490	4,690	4,510	3.7	4,470	3.3	3.8
		Hulic Toranomon Building	N	18,310	18,290	20,800	21,700	20,900	3.4	20,600	3.1	3.5
	Subtotal	—	142,252	142,535	161,375	—	163,132	—	160,028	—	—	
	Retail properties	Oimachi Redevelopment Building (#2)	T	9,456	9,453	11,900	11,000	12,200	4.2	11,800	4.3	4.4
		Oimachi Redevelopment Building (#1)	T	6,166	6,256	7,320	6,800	7,410	4.4	7,280	4.5	4.6
		Dining Square Akihabara Building	N	3,200	3,208	3,700	2,260	3,760	4.1	3,640	3.9	4.3
		Hulic Jingumae Building	T	2,660	2,658	3,430	3,270	3,520	3.5	3,390	3.6	3.7
		Hulic Shinjuku 3 Chome Building	N	5,550	5,563	6,100	5,760	6,260	3.7	5,940	3.3	3.9
		Yokohama Yamashitacho Building	N	4,850	4,784	5,440	3,260	5,510	4.6	5,370	4.4	4.8
		Leaf Minatomirai (Land)	D	11,700	11,765	13,000	— (Note 5)	— (Note 6)	— (Note 6)	13,000	3.9	— (Note 7)
		Orchid Square	D	3,502	3,513	3,770	3,140	3,870	3.6	3,730	3.4	3.8
		Hulic Todoroki Building	T	1,200	1,213	1,220	1,400	1,230	4.7	1,220	4.8	4.9
		Subtotal	—	48,284	48,418	55,880	—	—	—	55,370	—	—
	Total		—	190,536	190,954	217,255	—	—	—	215,398	—	—
Next-Generation Assets	Private nursing homes	Aria Matsubara	N	3,244	3,226	4,280	3,460	4,300	4.4	4,250	4.0	4.6
		Trust Garden Youganomori	N	5,390	5,387	6,790	5,010	6,830	4.7	6,750	4.3	4.9
		Trust Garden Sakurashinmachi	N	2,850	2,893	3,610	2,890	3,630	4.6	3,590	4.2	4.8
		Trust Garden Suginami Miyamae	N	2,760	2,803	3,490	2,600	3,510	4.6	3,470	4.2	4.8
		Trust Garden Tokiwamatsu	N	3,030	3,108	3,280	3,000	3,330	4.2	3,230	4.0	4.4
		Subtotal	—	17,274	17,419	21,450	16,960	21,600	—	21,290	—	—
	Network centers	Ikebukuro Network Center	N	4,570	4,553	5,240	4,600	5,300	4.4	5,170	4.2	4.6
		Tabata Network Center	N	1,355	1,371	1,560	1,530	1,570	4.9	1,540	4.7	5.1
		Hiroshima Network Center	N	1,080	1,064	1,220	1,110	1,220	5.7	1,210	5.5	5.9
		Atsuta Network Center	N	1,015	1,005	1,100	962	1,110	5.4	1,090	5.2	5.6
		Nagano Network Center	N	305	313	368	296	368	6.9	367	6.7	7.1
		Chiba Network Center	N	7,060	7,123	7,190	4,500	7,230	5.2	7,140	5.0	5.4
		Sapporo Network Center	N	2,510	2,568	2,600	2,490	2,610	5.2	2,580	5.0	5.4

Category	Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated price by using cost method (Millions of yen)	Return price (Millions of yen)				
							Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)
	Keihanna Network Center	N	1,250	1,227	1,320	1,160	1,320	5.5	1,320	5.3	5.7
	Subtotal	–	19,145	19,227	20,598	16,648	20,728	–	20,417	–	–
	Sotetsu Fresa Inn Ginza 7 Chome (Land)	N	4,370	4,397	4,590	– (Note 5)	4,620	3.6	4,550	3.1	3.8
	Subtotal	–	4,370	4,397	4,590	–	4,620	–	4,550	–	–
	Total	–	40,789	41,043	46,638	–	46,948	–	46,257	–	–
	Total	–	231,325	231,997	263,893	–	–	–	261,655	–	–

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

D: Daiwa Real Estate Appraisal Co., Ltd.

N: Japan Real Estate Institute

C: CBRE K.K.

T: The Tanizawa Sōgō Appraisal Co., Ltd.

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

(Note 3) *Book value at end of period* represents book value for each property less depreciation expenses as of February 28, 2017, rounded down to the nearest million yen.

(Note 4) *Appraisal value* represents the appraisal value as of the valuation date of February 28, 2017.

(Note 5) For Hulic Kudan Building (Land), Leaf Minatomirai (Land) and Sotetsu Fresa Inn Ginza 7 Chome (Land), this item was not provided due to the Investment Corporation only holding the land.

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

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

iii) Capital expenditures for assets under management

(A) Schedule of capital expenditures

For each asset held by the Investment Corporation as of February 28, 2017, the main capital expenditures for renovation work, etc. scheduled as of February 28, 2017 (the end of the sixth fiscal period) are as below. Estimated capital expenditure for work mentioned below includes parts that are charged to expenses.

Property name	Location	Purpose	Scheduled period	Estimated capital expenditure for work (Millions of yen)
Hulic Kamiyacho Building	Minato-ku, Tokyo	Renewal work for the 8th floor	From January 2017 to May 2017	104
Rapiros Roppongi	Minato-ku, Tokyo	Renewal work for air-conditioning facility (phase 1)	From March 2017 to June 2017	86
Rapiros Roppongi	Minato-ku, Tokyo	Renewal work for air-conditioning facility (phase 2)	From September 2017 to December 2017	84

(B) Capital expenditures during the period

An overview of the construction work corresponding to capital expenditures during the reporting period is as below. Capital expenditures during the reporting period were ¥206,671 thousand and repair expenses were ¥111,348 thousand. In aggregate, construction work of ¥318,020 thousand was carried out during the period.

Property name	Location	Purpose	Period	Capital expenditure for work (Millions of yen)
Hulic Kandabashi Building	Chiyoda-ku, Tokyo	Renewal work for air-conditioning facility (phase 2)	From October 2016 to December 2016	38
Trust Garden Sakurashinmachi	Setagaya-ku, Tokyo	Renewal work for air-conditioning units in the common area	From October 2016 to December 2016	30
Other				137
Total				206

(3) Major Investment Assets

The following is an overview of the Assets Held by the Investment Corporation whose *Total contracted rent* makes up 10% or more of the total rental income for the entire portfolio as of February 28, 2017.

Property name	Total contracted rent (annual) (Note 3)	Total leased area (Note 4)	Total leasable area (Note 5)	Occupancy rate (Note 6)
Hulic Kamiyacho Building (Note 1)	¥1,841 million	22,109.90 m ²	22,740.96 m ²	97.2%
Ochanomizu Sola City (Note 2)	— (Note 7)	13,923.42 m ²	13,923.42 m ²	100.0%

- (Note 1) *Total contracted rent (annual)*, *Total leased area*, *Total leasable area* and *Occupancy rate* of Hulic Kamiyacho Building show figures equivalent to the quasi-co-ownership interest of property held by the Investment Corporation (70.0%).
- (Note 2) *Total contracted rent (annual)*, *Total leased area*, *Total leasable area* and *Occupancy rate* of Ochanomizu Sola City show figures equivalent to the quasi-co-ownership interest of property held by the Investment Corporation (21.7%).
- (Note 3) *Total contracted rent (annual)* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 28, 2017) for buildings as indicated in the relevant lease agreement of each asset held as of February 28, 2017 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. When a master lease agreement has been concluded for the asset held, the amount calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a Pass-through Master Lease Agreement, or the monthly rent as indicated in the master lease agreement in the Fixed-type Master Lease Agreement, by 12 on an annual basis is provided.
- (Note 4) *Total leased area* shows the total floor area of leased space set out in the relevant lease agreement of the above-mentioned property held as of February 28, 2017. For the property for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants is provided.
- (Note 5) *Total leasable area* shows the floor area considered leasable based on the lease agreements or floor plans of buildings of the above-mentioned property held as of February 28, 2017.
- (Note 6) *Occupancy rate* is calculated by dividing total leased area by total leasable area of the above-mentioned property held as of February 28, 2017, and is rounded to the nearest tenth.
- (Note 7) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of the property to disclose the relevant information.

(4) Overview of Major Tenants

Tenants for which leased area accounted for 10% or more of the total leased area as of February 28, 2017 are shown as below.

Tenant	Business type	Property name	Leased area (m ²) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate lease business	Hulic Kamiyacho Building (Note 6)	22,109.90	1,841	1,816	February 6, 2017	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Kudan Building (Land)	3,351.07	530	265	February 6, 2063	—
		Toranomon First Garden (Note 7)	5,689.97	538	403	February 6, 2019	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Rapiros Roppongi (Note 8)	6,736.51	544	495		
		Hulic Takadanobaba Building	5,369.71	309	190		
		Hulic Kanda Building	3,728.36	248	201		
		Hulic Kandabashi Building	2,566.95	161	130		
		Hulic Kakigaracho Building	2,858.48	188	124		
		Hulic Higashi Ueno 1 Chome Building	3,262.09	177	146	October 15, 2017	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Sasazuka South Building (Note 9)	3,611.08	155	95	March 8, 2018	
		Tokyo Nishi Ikebukuro Building (Note 10)	1,429.74	107	191	March 30, 2018	
		Hulic Toranomon Building	8,574.65	904	591	December 24, 2018	
		Oimachi Redevelopment Building (#2)	14,485.66	624	656	February 6, 2019	
		Oimachi Redevelopment Building (#1) (Note 11)	10,612.67	438	529	September 27, 2017	Automatically renewed for a term agreed upon unless notified in writing at least 6 months before the expiry of the agreement
		Dining Square Akihabara Building	2,169.41	— (Note 14)	— (Note 14)	February 6, 2019	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Jingumae Building	1,656.24	158	82		
		Hulic Shinjuku 3 Chome Building	1,351.15	291	175	October 15, 2017	
		Yokohama Yamashitacho Building	8,958.70	— (Note 14)	— (Note 14)	October 15, 2017	
		Leaf Minatomirai (Land) (Note 12)	5,500.04	534	267	March 29, 2046	—
		Orchid Square	1,216.63	138	84	March 29, 2019	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Todoroki Building	1,593.58	90	80	December 27, 2019	
		Aria Matsubara	5,454.48	— (Note 14)	— (Note 14)	February 6, 2019	
		Trust Garden Youganomori	5,977.75	— (Note 14)	— (Note 14)		
		Trust Garden Sakurashinmachi	3,700.26	— (Note 14)	— (Note 14)		
		Trust Garden Suginami Miyamae	3,975.99	— (Note 14)	— (Note 14)		
		Trust Garden Tokiwamatsu	2,893.82	— (Note 14)	— (Note 14)		

Tenant	Business type	Property name	Leased area (m ²) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
		Sotetsu Fresa Inn Ginza 7 Chome (Land) (Note 13)	352.36	182	91	September 15, 2046	—
		Total	139,187.25	9,746	7,783	—	—

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

(Note 1) *Leased area* is equivalent to total floor area of leased space set out in the relevant lease agreement of each property as of February 28, 2017. For the property for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants is provided. For the property for which there is a Fixed-type Master Lease Agreement, the leasable area to end-tenants is provided. For the property of which ownership is only for land, the area of the land is provided.

(Note 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 28, 2017) for buildings as indicated in the relevant lease agreement of each property in effect as of February 28, 2017 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. For properties for which ownership is only for land, it is calculated by multiplying the monthly contracted rent (excluding consumption taxes) as indicated in the lease agreement for such land as of February 28, 2017 by 12 and rounding to the nearest million yen. For Sotetsu Fresa Inn Ginza 7 Chome (Land), it is calculated by multiplying the monthly land usage fee (excluding consumption taxes) for permission to use the land based on the co-ownership agreement by 12 and rounding to the nearest million yen. For properties for which the tenant is a sublessor as a master lease company, in accordance with the lease agreement with the end-tenant in effect as of February 28, 2017, the amount calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a Pass-through Master Lease Agreement, or the monthly rent as indicated in the master lease agreement in the Fixed-type Master Lease Agreement, by 12 on an annual basis is provided.

(Note 3) *Leasehold/security deposits* indicates the aggregate of the recognized book values for the leasehold and/or security deposit(s) of each asset held as of February 28, 2017, 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. Also, for Sotetsu Fresa Inn Ginza 7 Chome (Land), *expiration date* of the co-ownership agreement shown in the co-ownership agreement is provided.

(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. Also, for Sotetsu Fresa Inn Ginza 7 Chome (Land), the content of renewal of agreement, etc., shown in the co-ownership agreement is provided.

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

(Note 7) For Toranomon First Garden, a master lease is served on the whole building together with the exclusively owned portions owned by other unit owners. Moreover, income and expenditure of the property is allocated according to the ratio of ownership interest of the partial ownership rights owned by each unit owner. Accordingly, leased area, total contracted rent and leasehold/security deposits show amounts equivalent to the proportional share of the partial ownership in the whole building held by the Investment Corporation (approximately 81.4%).

- (Note 8) For Rapiros Roppongi, the leased area, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (or the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 9) For Sasazuka South Building, leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation's partial ownership in the building.
- (Note 10) For Tokyo Nishi Ikebukuro Building, leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of common space).
- (Note 11) For Oimachi Redevelopment Building (#1), leased area, total contracted rent and leasehold/security deposits show figures equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building.
- (Note 12) The lessee of Leaf Minatomirai (Land) is indicated as Mizuho Trust & Banking Co., Ltd. on the relevant land lease agreement, but Hulic Co., Ltd. is the trust beneficiary having leasehold rights, under said land lease agreement, as entrusted assets.
- (Note 13) For Sotetsu Fresa Inn Ginza 7 Chome (Land), the trustee concluded a co-ownership agreement with Hulic Co., Ltd., the co-owner of said property. Under the co-ownership agreement, Hulic Co., Ltd. has been permitted to exclusively use the property in exchange for fees. Accordingly, for Sotetsu Fresa Inn Ginza 7 Chome (Land), under the co-ownership agreement, Hulic Co., Ltd., the co-owner that uses said property, is listed as a tenant.
- (Note 14) Items marked with a – (minus sign) indicate that the Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

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

The following table shows the top ten end-tenants in terms of leased area in the entire portfolio as of February 28, 2017.

End-tenant	Property name	Leased area (m ²) (Note 1)	Area ratio (%) (Note 2)	Expiration date	Form of agreement (Note 3)
SoftBank Corp.	Ikebukuro Network Center Tabata Network Center Hiroshima Network Center Atsuta Network Center Nagano Network Center Chiba Network Center Sapporo Network Center Keihanna Network Center	71,373.66	31.3	November 5, 2027 (Ikebukuro Network Center, Hiroshima Network Center) November 5, 2022 (Tabata Network Center, Atsuta Network Center, Keihanna Network Center) November 5, 2017 (Nagano Network Center) March 27, 2028 (Chiba Network Center) May 22, 2028 (Sapporo Network Center)	Fixed-term building lease agreement
Hulic Co., Ltd.	Hulic Kudan Building (Land) Oimachi Redevelopment Building (#2) Oimachi Redevelopment Building (#1) Leaf Minatomirai (Land) (Note 4) Sotetsu Fresa Inn Ginza 7 Chome (Land) (Note 6)	34,301.80 (Note 5)	15.0	February 6, 2063 February 6, 2019 September 27, 2017 March 29, 2046 September 15, 2046	Fixed-term business-use land lease agreement Ordinary building lease agreement Ordinary building lease agreement Fixed-term business-use land lease agreement with special provisions for building transfer Co-ownership agreement
Trust Garden Co., Ltd.	Trust Garden Youganomori Trust Garden Sakurashinmachi Trust Garden Suginami Miyamae Trust Garden Tokiwamatsu	16,547.82	7.2	January 24, 2028 January 24, 2028 January 24, 2028 February 29, 2036	Ordinary building lease agreement
Barneys Japan	Yokohama Yamashitacho Building	8,958.70	3.9	— (Note 7)	— (Note 7)
Benesse Style Care Co., Ltd.	Aria Matsubara	5,454.48	2.4	September 30, 2030	Ordinary building lease agreement
Nippon Paper Industries Co., Ltd.	Ochanomizu Sola City	4,555.25	2.0	— (Note 7)	Fixed-term building lease agreement
Mizuho Securities Co., Ltd.	Ochanomizu Sola City	3,668.44	1.6	— (Note 7)	Fixed-term building lease agreement
Mitsui Fudosan Co., Ltd.	Gate City Ohsaki	3,527.58	1.5	January 5, 2019	Ordinary building lease agreement (Note 8)

End-tenant	Property name	Leased area (m ²) (Note 1)	Area ratio (%) (Note 2)	Expiration date	Form of agreement (Note 3)
J Trust Co., Ltd.	Toranomon First Garden	3,052.05	1.3	November 30, 2018	Ordinary building lease agreement
WELFARE AND MEDICAL SERVICE AGENCY	Hulic Kamiyacho Building	2,705.25	1.2	March 31, 2018	Ordinary building lease agreement

(Note 1) *Leased area* is equivalent to total floor area of leased space set out in the lease agreements with end-tenants as of February 28, 2017. For Sotetsu Fresa Inn Ginza 7 Chome (Land), the area of land shown in the co-ownership agreement is provided. For the property for which there is a Fixed-type Master Lease Agreement, the leasable area to end-tenants is provided. For Oimachi Redevelopment Building (#1), the figure equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building is shown. For Gate City Ohsaki, the figure are equivalent to the Investment Corporation's partial ownership in the property (Office space on the 8th floor of the West Tower office and commercial building: approximately 83.0% co-ownership interest of 4,088.37 m²; retail space from the 1st basement floor to the 3rd floor of the office and commercial building: approximately 2.4% co-ownership interest of 5,609.05 m²). For Toranomon First Garden, the figures are equivalent to the Investment Corporation's partial ownership in the building. For Ochanomizu Sola City, the total leased area shows an amount equivalent to the quasi-co-ownership interest of property held by the Investment Corporation (21.7%).

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

(Note 3) *Form of agreement* is the form of agreement described in the lease agreement with the end-tenants as of February 28, 2017, excluding Sotetsu Fresa Inn Ginza 7 Chome (Land).

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

(Note 5) The land area is provided for Hulic Kudan Building (Land), Leaf Minatomirai (Land), and Sotetsu Fresa Inn Ginza 7 Chome (Land).

(Note 6) For Sotetsu Fresa Inn Ginza 7 Chome (Land), the trustee concluded a co-ownership agreement with Hulic Co., Ltd., the co-owner of said property. Under the co-ownership agreement, Hulic Co., Ltd. has been permitted to exclusively use the property in exchange for fees. Accordingly, for Sotetsu Fresa Inn Ginza 7 Chome (Land), under the co-ownership agreement, Hulic Co., Ltd., the co-owner that uses said property, is listed as a tenant.

(Note 7) Items marked with a – (minus sign) indicate that the Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

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

(6) Overview and Income/Loss of Lease Businesses

Reporting Period (From September 1, 2016 to February 28, 2017)

(Unit: thousands of yen)

Property name	Hulic Kamiyacho Building	Hulic Kudan Building (Land)	Toranomon First Garden	Rapiros Roppongi (Note 1)	Hulic Takadanobaba Building	Hulic Kanda Building	Hulic Kandabashi Building
Days under management	181	181	181	181	181	181	181
Lease business revenues	974,488	265,002	283,191	268,607	173,940	135,685	88,408
Lease business revenue	900,168	265,002	266,540	248,953	154,704	124,225	80,604
Other lease business revenues	74,320	–	16,651	19,654	19,236	11,460	7,803
Expenses related to rent business	229,231	32,124	120,634	132,446	62,737	62,670	46,453
Taxes and public dues	28,392	30,237	32,560	34,586	12,813	4,205	8,936
Utilities expenses	41,728	–	12,805	17,448	11,046	7,267	5,171
Insurance expenses	639	55	211	793	189	93	78
Repair expenses	32,965	–	240	889	3,315	520	8,859
Property management fees	72,159	1,325	4,836	5,118	14,556	7,403	5,892
Other expenses related to rent business	7,702	507	26,920	61,735	1,400	23,681	983
Depreciation and amortization	45,644	–	43,060	11,874	19,416	19,498	16,530
Income (loss) from lease business	745,257	232,877	162,556	136,160	111,203	73,014	41,954
NOI	790,902	232,877	205,617	148,035	130,620	92,513	58,484

(Unit: thousands of yen)

Property name	Hulic Kakigaracho Building	Ochanomizu Sola City (Note 1)	Hulic Higashi Ueno 1 Chome Building	Sasazuka South Building	Tokyo Nishi Ikebukuro Building	Gate City Ohsaki	Hulic Toranomon Building
Days under management	181	181	181	181	181	181	181
Lease business revenues	104,567	(Note 2)	99,297	90,173	55,052	159,157	469,261
Lease business revenue	94,784	(Note 2)	88,593	77,566	54,143	147,693	450,189
Other lease business revenues	9,783	(Note 2)	10,704	12,606	909	11,464	19,071
Expenses related to rent business	38,645	(Note 2)	38,014	38,936	20,590	84,061	148,079
Taxes and public dues	9,155	(Note 2)	7,246	8,276	2,458	14,707	35,284
Utilities expenses	6,283	(Note 2)	6,306	9,793	–	11,379	16,912
Insurance expenses	90	(Note 2)	92	44	122	435	244
Repair expenses	1,372	(Note 2)	1,645	502	–	289	157
Property management fees	12,774	(Note 2)	13,734	1,289	9,752	600	41,130
Other expenses related to rent business	1,306	(Note 2)	1,153	11,967	3,537	42,477	1,268
Depreciation and amortization	7,662	(Note 2)	7,834	7,063	4,719	14,171	53,080
Income (loss) from lease business	65,922	(Note 2)	61,282	51,236	34,462	75,095	321,181
NOI	73,584	697,379	69,117	58,300	39,182	89,267	374,262

(Unit: thousands of yen)

Property name	Oimachi Redevelopment Building (#2)	Oimachi Redevelopment Building (#1)	Dining Square Akihabara Building	Hulic Jingumae Building	Hulic Shinjuku 3 Chome Building	Yokohama Yamashita-cho Building	Leaf Minatomirai (Land)
Days under management	181	181	181	181	181	181	181
Lease business revenues	312,000	218,931	(Note 2)	83,282	153,911	(Note 2)	267,000
Lease business revenue	312,000	218,931	(Note 2)	78,040	145,443	(Note 2)	267,000
Other lease business revenues	-	-	(Note 2)	5,241	8,467	(Note 2)	-
Expenses related to rent business	61,467	76,275	(Note 2)	33,081	36,000	(Note 2)	1,769
Taxes and public dues	29,983	32,953	(Note 2)	5,292	676	(Note 2)	-
Utilities expenses	-	-	(Note 2)	4,890	5,365	(Note 2)	-
Insurance expenses	278	1,611	(Note 2)	45	44	(Note 2)	165
Repair expenses	-	14,585	(Note 2)	11,894	381	(Note 2)	-
Property management fees	6,240	4,378	(Note 2)	3,301	4,898	(Note 2)	1,335
Other expenses related to rent business	506	7,924	(Note 2)	1,703	22,083	(Note 2)	269
Depreciation and amortization	24,458	14,820	(Note 2)	5,954	2,550	(Note 2)	-
Income (loss) from lease business	250,532	142,656	(Note 2)	50,201	117,910	(Note 2)	265,230
NOI	274,990	157,476	77,657	56,155	120,461	121,446	265,230

(Unit: thousands of yen)

Property name	Orchid Square	Hulic Todoroki Building	Aria Matsubara	Trust Garden Youganomori	Trust Garden Sakura-shinmachi	Trust Garden Suginami Miyamae	Trust Garden Tokiwamatsu
Days under management	181	64	181	181	181	181	181
Lease business revenues	91,328	17,105	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Lease business revenue	77,467	8,809	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Other lease business revenues	13,861	8,295	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Expenses related to rent business	18,727	12,261	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Taxes and public dues	-	-	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Utilities expenses	8,873	970	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Insurance expenses	46	19	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Repair expenses	475	7,000	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Property management fees	3,238	1,986	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Other expenses related to rent business	426	327	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Depreciation and amortization	5,667	1,957	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Income (loss) from lease business	72,601	4,843	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
NOI	78,268	6,801	97,525	163,460	82,931	77,105	75,161

(Unit: thousands of yen)

Property name	Ikebukuro Network Center	Tabata Network Center	Hiroshima Network Center	Atsuta Network Center	Nagano Network Center	Chiba Network Center	Sapporo Network Center
Days under management	181	181	181	181	181	181	181
Lease business revenues	135,600	45,088	43,845	36,743	17,587	223,633	83,706
Lease business revenue	135,600	45,088	43,845	36,743	17,587	223,633	83,706
Other lease business revenues	-	-	-	-	-	-	-
Expenses related to rent business	28,972	9,277	13,458	11,116	6,223	80,407	25,252
Taxes and public dues	15,653	4,734	5,588	4,862	2,421	30,544	12,678
Utilities expenses	-	-	-	-	-	-	-
Insurance expenses	134	42	70	50	33	234	90
Repair expenses	-	271	110	-	-	3,450	2,000
Property management fees	960	720	1,320	960	840	1,834	815
Other expenses related to rent business	506	506	505	505	505	505	505
Depreciation and amortization	11,717	3,003	5,862	4,737	2,422	43,838	9,163
Income (loss) from lease business	106,628	35,810	30,386	25,627	11,364	143,225	58,453
NOI	118,345	38,814	36,249	30,364	13,786	187,064	67,617

(Unit: thousands of yen)

Property name	Keihanna Network Center	Sotetsu Fresa Inn Ginza 7 Chome (Land)
Days under management	181	166
Lease business revenues	47,047	83,600
Lease business revenue	47,047	83,600
Other lease business revenues	-	-
Expenses related to rent business	17,664	753
Taxes and public dues	8,514	-
Utilities expenses	-	-
Insurance expenses	95	48
Repair expenses	219	-
Property management fees	1,200	475
Other expenses related to rent business	505	230
Depreciation and amortization	7,130	-
Income (loss) from lease business	29,383	82,846
NOI	36,513	82,846

- (Note 1) On September 16, 2016, the Investment Corporation additionally acquired partial ownership in Rapiros Roppongi. The amounts presented for this property include the amounts for the additionally acquired portion (days under management are 166). On October 4, 2016, the Investment Corporation additionally acquired quasi-co-ownership interest in Ochanomizu Sola City. The amounts presented for this property include the amounts for the additionally acquired portion (days under management are 148).
- (Note 2) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.