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Hulic Reit, Inc.

Asset Management Report

Fiscal period ended August 31, 2019 (March 1, 2019 to August 31, 2019)

I. To Our Unitholders

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

Hulic Reit, Inc. (“Investment Corporation”) was listed on the Real Estate Investment Trust Securities Market (J-REIT Market) of the Tokyo Stock Exchange in February 2014, and we have steadily built a track record since then. We have now successfully completed our 11th fiscal period (fiscal period ended August 31, 2019). This is entirely due to the strong support of our unitholders, and for this I would like to express my heartfelt gratitude.

I am pleased to report here an overview of our asset management and our operating results for the 11th fiscal period (fiscal period ended August 31, 2019).

The Investment Corporation acquired Hulic Ginza 7 Chome Building (additional acquisition) and Hulic Iidabashi Building in June 2019. As a result, we expanded our portfolio at the end of the 11th fiscal period (as of August 31, 2019) to 51 properties (23 office properties, 12 retail properties, 6 private nursing homes, 8 network centers and 2 hotel properties) at an asset size (total acquisition price) of ¥314.0 billion. With respect to the properties held, we strived to maintain high occupancy rates and upwardly revise rental fees through utilizing our sponsor’s property operation and leasing capabilities amid the strong real estate leasing market. As a result, for our 11th fiscal period, we recorded operating revenues of ¥9.1 billion, operating profit of ¥5.0 billion, profit of ¥4.4 billion, and distributions per unit came to ¥3,487.

So far during the 12th fiscal period (ending February 29, 2020), we carried out our sixth public offering in September 2019 after our listing and acquired 3 properties (including additional acquisition) along with loans. As a result, our portfolio expanded to 53 properties (23 office properties, 12 retail properties, 8 private nursing homes, 8 network centers and 2 hotel properties) for an asset size (total acquisition price) of ¥325.0 billion.

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

We ask for the continued support of our unitholders.

Hulic Reit, Inc.

Eiji Tokita, Executive Officer

(Reference)

Composition of Unitholders

(As of the end of the 11th fiscal period (fiscal period ended August 31, 2019))

Category	Individuals	Financial institutions	Securities firms	Other corporations	Foreign individuals	Total
Number of Unitholders by Type (persons)	6,858	140	18	189	211	7,416
Percentage (Note) (%)	92.5	1.9	0.2	2.5	2.8	100.0
Number of Investment Units by Unitholder Type (units)	51,271	750,655	45,474	160,171	243,429	1,251,000
Percentage (Note) (%)	4.1	60.0	3.6	12.8	19.5	100.0

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

II. Asset Investment Report

1. Summary of asset management

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

Fiscal period	Unit	7th fiscal period (From March 1, 2017 to August 31, 2017)	8th fiscal period (From September 1, 2017 to February 28, 2018)	9th fiscal period (From March 1, 2018 to August 31, 2018)	10th fiscal period (From September 1, 2018 to February 28, 2019)	11th fiscal period (From March 1, 2019 to August 31, 2019)
Operating revenues	Millions of yen	7,098	8,183	8,101	8,944	9,137
[Of the above, real estate leasing business revenues]	Millions of yen	[7,098]	[7,460]	[7,712]	[8,750]	[9,137]
Operating expenses	Millions of yen	3,077	3,449	3,525	3,948	4,153
[Of the above, expenses related to real estate leasing business]	Millions of yen	[2,243]	[2,390]	[2,519]	[2,924]	[3,099]
Operating profit	Millions of yen	4,021	4,733	4,576	4,995	4,983
Ordinary profit	Millions of yen	3,530	4,215	4,044	4,399	4,362
Profit	Millions of yen	3,529	4,214	4,043	4,398	4,361
Total assets	Millions of yen	264,657	275,428	283,817	322,661	330,710
[Change from the previous fiscal period]	%	[+8.0]	[+4.1]	[+3.0]	[+13.7]	[+2.5]
Net assets	Millions of yen	135,581	145,932	145,761	167,202	167,165
[Change from the previous fiscal period]	%	[+0.1]	[+7.6]	[(0.1)]	[+14.7]	[(0.0)]
Unitholders' capital	Millions of yen	132,051	141,717	141,717	162,803	162,803
Total number of investment units issued	Units	1,045,000	1,110,000	1,110,000	1,251,000	1,251,000
Net assets per unit	Yen	129,743	131,470	131,316	133,655	133,625
Total distributions	Millions of yen	3,530	4,214	4,043	4,398	4,362
Payout ratio (Note 2)	%	100.0	99.9	99.9	99.9	100.0
Basic earnings per unit (Note 3)	Yen	3,377	3,873	3,643	3,654	3,486
Distributions per unit	Yen	3,378	3,797	3,643	3,516	3,487
[Of the above, distributions of earnings per unit]	Yen	[3,378]	[3,797]	[3,643]	[3,516]	[3,487]
[Of the above, distributions in excess of earnings per unit]	Yen	[-]	[-]	[-]	[-]	[-]
Equity ratio [Change from the previous fiscal period] (Note 4)	%	51.2 [(4.1)]	53.0 [+1.8]	51.4 [(1.6)]	51.8 [+0.4]	50.5 [(1.3)]
Return on equity [Annualized] (Note 5)	%	2.6 [5.2]	3.0 [6.0]	2.8 [5.5]	2.8 [5.7]	2.6 [5.2]
[Other reference information]						
Number of properties	Properties	43	44	46	50	51
Total leasable area	m ²	245,476.40	249,606.03	265,569.79	288,230.96	292,664.40
Occupancy rate at end of period	%	99.3	99.7	99.8	100.0	100.0

(Note 1) The amount does not include consumption tax and local consumption tax.

(Note 2) Payout ratio is calculated with the following formula and rounded down to one decimal place.

Payout ratio = total distributions / profit × 100

(Note 3) Basic earnings per unit is calculated by dividing profit by the average number of investment units for the period.

Average number of investment units is 1,045,000 units for the 7th fiscal period, 1,088,099 units for the 8th fiscal period, 1,110,000 units for the 9th fiscal period, 1,203,546 units for the 10th fiscal period and 1,251,000 units for the 11th fiscal period.

(Note 4) Equity ratio is calculated with the following formula:

Equity ratio = net assets at end of period / total assets at end of period × 100

(Note 5) Return on equity is calculated with the following formula:

Return on equity (profit to net assets ratio) = profit / [(net assets at beginning of period + net assets at end of period) / 2] × 100

The value in brackets of return on equity is the value calculated with number of business days (7th fiscal period: 184 days; 8th fiscal period: 181 days; 9th fiscal period: 184 days; 10th fiscal period: 181 days; 11th fiscal period: 184 days) converted into annual values.

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

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

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

i) Investment environment and investment performance

Investment environment: During the reporting period, the Japanese economy was recovering gradually, amid continuing improvements in the employment and personal income environments, despite weaknesses centered on exports. In the rental office market, the vacancy rate continued at a low level mainly because of companies’ increase in space and relocation for more space in line with expansion of their business, while rent levels continued to moderately rise due to the resulting demand.

Investment performance: During the reporting period, the Investment Corporation acquired two properties, Hulic Ginza 7 Chome Building (additional acquisition) and Hulic Iidabashi Building in June 2019 (total acquisition price: ¥7,050 million). As a result, the number of properties held by the Investment Corporation at the end of the reporting period was 51, and the total acquisition price was ¥313,979 million (rounded to the nearest ¥1 million). The occupancy rate of the entire portfolio has remained at a high level to end the reporting period at 100.0%.

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

The Investment Corporation has participated in the Real Estate Assessment of Global Real Estate Sustainability Benchmark (GRESB) (Note 1) from the fiscal period ended February 28, 2017. In the GRESB Real Estate Assessment conducted in 2019, the Investment Corporation was awarded a “Green Star” for the third consecutive year for its initiatives in environmental awareness and sustainability, having received strong recognition in both the areas of “Management & Policy” and “Implementation & Measurement.” At the same time, the Investment Corporation also received “4 Stars,” the 2nd-highest GRESB Rating for the third year in a row. In addition, the Investment Corporation has been working on acquisition of external certification relating to energy conservation and environmental performance of its owned properties, and as of October 15, 2019, it has acquired external certification for a total of 13 properties, as follows. Concerning DBJ Green Building Certification (Note 2), the Investment Corporation has acquired certification for 6 properties, with Ochanomizu Sola City, Hulic Toranomom

Building and Shinagawa Season Terrace obtaining the highest ranking. As for BELS rating (Note 3), which is a public rating system that assesses the energy-conservation performance of non-residential buildings, the Investment Corporation acquired certification for 4 properties, with HULIC & New SHIBUYA obtaining the highest ranking. Concerning CASBEE (Comprehensive Assessment System for Built Environment Efficiency) (Note 4), the Investment Corporation has acquired certification for 3 properties, with HULIC Kamiyacho Building and Gate City Ohsaki obtaining the highest ranking.

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

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

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

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

ii) Status of financing

During the reporting period, the Investment Corporation procured ¥7,050 million on June 28, 2019 through borrowings to fund the acquisition of assets, etc. Furthermore, ¥4,580 million in long-term borrowings that was due for repayment on August 30, 2019 was refinanced by the Investment Corporation through long-term borrowings.

As a result, at the end of the reporting period, interest-bearing debt totaled ¥146,560 million (comprising ¥3,960 million in short-term borrowings, ¥16,349 million in current portion of long-term borrowings, ¥114,251 million in long-term borrowings, ¥2,000 million in current portion of investment corporation bonds and ¥10,000 million in investment corporation bonds), resulting in a loan-to-value (LTV) ratio of 44.3%.

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: Positive

iii) Overview of financial results and distributions

As a result of the above asset management, operating revenues for the reporting period were ¥9,137 million (up 2.2% compared with the previous fiscal period), operating profit was ¥4,983 million (down 0.3% compared with the previous fiscal period), ordinary profit after deducting interest expenses for borrowings, etc. was ¥4,362 million (down 0.9% compared with the previous fiscal period), and profit was ¥4,361 million (down 0.8% 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 ¥3,487.

(3) Status of capital increase, etc.

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

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

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

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

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

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

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

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

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

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

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

(Note 10) New investment units were issued through public offering with an issue price per unit of ¥153,757 (issue value: ¥148,710) in order to raise funds for the acquisition of new properties, etc.

(Note 11) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥148,710.

(Note 12) New investment units were issued through public offering with an issue price per unit of ¥154,537 (issue value: ¥149,544) in order to raise funds for the acquisition of new properties, etc.

(Note 13) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥149,544.

<Changes in market price of investment unit>

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

Highest and lowest unit prices by fiscal period (Closing price)	Fiscal period	7th fiscal period ended August 31, 2017	8th fiscal period ended February 28, 2018	9th fiscal period ended August 31, 2018	10th fiscal period ended February 28, 2019	11th fiscal period ended August 31, 2019
	Highest (Yen)	186,000	173,000	172,900	180,800	194,700
	Lowest (Yen)	165,300	155,900	156,500	158,500	176,500

(4) Distributions, etc.

Distributions for the fiscal period under review (the 11th fiscal period) are ¥3,487 per unit. The Investment Corporation, with the aim of applying special measures for the taxation system for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) to deduct an amount equivalent to distributions of earnings from the taxable income of the Investment Corporation as a tax deductible expense, will pay distributions for the fiscal period under review in an amount roughly equal to unappropriated retained earnings.

Fiscal period	7th fiscal period (From March 1, 2017 to August 31, 2017)	8th fiscal period (From September 1, 2017 to February 28, 2018)	9th fiscal period (From March 1, 2018 to August 31, 2018)	10th fiscal period (From September 1, 2018 to February 28, 2019)	11th fiscal period (From March 1, 2019 to August 31, 2019)
Total unappropriated retained earnings	¥3,530,068 thousand	¥4,214,994 thousand	¥4,044,077 thousand	¥4,399,204 thousand	¥4,362,498 thousand
Accumulated earnings	¥58 thousand	¥324 thousand	¥347 thousand	¥688 thousand	¥261 thousand
Total amount of cash distributions (Distributions per unit)	¥3,530,010 thousand (¥3,378)	¥4,214,670 thousand (¥3,797)	¥4,043,730 thousand (¥3,643)	¥4,398,516 thousand (¥3,516)	¥4,362,237 thousand (¥3,487)
Of the above, total amount of distributions of earnings (Distributions of earnings per unit)	¥3,530,010 thousand (¥3,378)	¥4,214,670 thousand (¥3,797)	¥4,043,730 thousand (¥3,643)	¥4,398,516 thousand (¥3,516)	¥4,362,237 thousand (¥3,487)
Of the above, total amount of refunds of unitholders' capital (Refunds of unitholders' capital per unit)	— (—)	— (—)	— (—)	— (—)	— (—)
Of the total amount of refunds of unitholders' capital, total amount of distributions from allowance for temporary difference adjustment (Of the refunds of unitholders' capital per unit, distributions from allowance for temporary difference adjustment per unit)	— (—)	— (—)	— (—)	— (—)	— (—)
Of the total amount of refunds of unitholders' capital, total amount of distributions from distribution on reduction of unitholders' capital for taxation purposes (Of the refunds of unitholders' capital per unit, distributions from distributions on reduction of unitholders' capital for taxation purposes)	— (—)	— (—)	— (—)	— (—)	— (—)

(5) Future investment policies and issues to address

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

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

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

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

(Note 2) "Next-Generation Assets Plus" are properties specified for investment by the Investment Corporation based on its basic philosophy. Specifically, they are lease properties for which the Investment Corporation deems that firm demand can be anticipated even in the future and stable long-term earnings can be obtained, or that it will contribute to the maximization of unitholder value over the medium to long term, and in principle, the Investment Corporation stringently selects investment targets after carefully examining the individual properties' profitability, characteristics of the location and competitiveness of the location. The Investment Corporation classifies private nursing homes, network centers and hotels, as well as office properties and retail properties that do not fall under the category of Tokyo Commercial Properties, as Next-Generation Assets Plus.

(6) Significant events after the reporting period

Issuance of new investment units

The Investment Corporation passed resolutions at meetings of its Board of Directors held on September 9, 2019 and September 18, 2019, to issue new investment units as follows for the purpose of using the proceeds for the purchase price for specified assets and for repayment of borrowings, etc. The payments for the newly issued investment units were completed on September 26, 2019 and October 11, 2019, respectively.

As a result, the Investment Corporation unitholders' capital became ¥173,778 million and the total number of investment units issued became 1,312,000.

(New investment unit issuance through public offering)

Number of new investment units to be issued:	58,000 units
Issue price (offer price):	¥185,932 per unit
Total amount of issue price (offer price):	¥10,784,056,000
Amount paid in (issue value):	¥179,924 per unit
Total amount paid in (issue value):	¥10,435,592,000
Payment date:	September 26, 2019
Distribution calculation date:	September 1, 2019

(New investment unit issuance through third-party allotment)

Number of new investment units to be issued:	3,000 units
Amount paid in (issue value):	¥179,924 per unit
Total amount paid in (issue value):	¥539,772,000
Payment date:	October 11, 2019
Distribution calculation date:	September 1, 2019
Allottee:	Mizuho Securities Co., Ltd.

(Reference information)

(A) Acquisitions of properties

The Investment Corporation acquired the below-mentioned beneficial interests in real estate trust (3 properties; total acquisition price: ¥11,003 million). The acquisition price provided does not include expenses incurred on the acquisition of such real estate, etc. (including acquisition expenses, fixed asset tax and city planning tax and consumption taxes), and is equal to the trading price stated on the agreement for sales of beneficial interests in trust.

Property name	Location	Date of acquisition	Acquisition price (Millions of yen)	Seller
Hulic Ginza 7 Chome Building (Additional acquisition)	Chuo-ku, Tokyo	September 27, 2019	4,480	Hulic Co., Ltd.
Charm Suite Shinjukutoyama	Shinjuku-ku, Tokyo	September 27, 2019	3,323	Hulic Co., Ltd.
Charm Suite Shakujiko	Nerima-ku, Tokyo	September 12, 2019	3,200	Hulic Co., Ltd.
Total	—	—	11,003	—

(B) Borrowing of funds

In order to cover part of the acquisition price, etc. for Charm Suite Shakujiko 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.	3,200	Base rate of interest (JBA one-month Japanese Yen TIBOR) +0.25%	September 12, 2019	March 31, 2020	Lump-sum repayment	Unsecured and unguaranteed

(C) Early repayment of borrowings

On September 30, 2019, the Investment Corporation repaid ¥2,650 million of the borrowings shown in (B) above as an early partial repayment, using a portion of proceeds from the issuance of new investment units through public offering mentioned above and cash reserve. Furthermore, on October 11, 2019, the Investment Corporation decided to repay the total unpaid amount of ¥550 million of the borrowings shown in (B) on October 31, 2019 as an early repayment, using the proceeds from the issuance of new investment units through third-party allotment and cash reserve.

2. Overview of the Investment Corporation

(1) Status of unitholders' capital

	7th fiscal period As of August 31, 2017	8th fiscal period As of February 28, 2018	9th fiscal period As of August 31, 2018	10th fiscal period As of February 28, 2019	11th fiscal period As of August 31, 2019
Total number of authorized investment units	20,000,000 units	20,000,000 units	20,000,000 units	20,000,000 units	20,000,000 units
Total number of investment units issued	1,045,000 units	1,110,000 units	1,110,000 units	1,251,000 units	1,251,000 units
Unitholders' capital	¥132,051 million	¥141,717 million	¥141,717 million	¥162,803 million	¥162,803 million
Number of unitholders	7,238	8,460	7,893	8,174	7,416

(2) Matters regarding investment units

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

Name	Number of investment units owned (Units)	Percentage of investment units owned to total investment units issued (%)
Japan Trustee Services Bank, Ltd. (Trust account)	270,356	21.61
The Master Trust Bank of Japan, Ltd. (Trust account)	182,195	14.56
Hulic Co., Ltd.	140,720	11.24
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	44,545	3.56
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	41,809	3.34
NOMURA BANK (LUXEMBOURG) S.A.	34,970	2.79
Rakuten General Insurance Co., Ltd.	17,841	1.42
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	17,755	1.41
STATE STREET BANK WEST CLIENT - TREATY 505234	14,962	1.19
The Chukyo Bank, Limited	11,895	0.95
Total	777,048	62.11

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

(3) Matters relating to officers, etc.

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

Title and post	Name	Major concurrent post, etc.	Total amount of compensation for each position during the fiscal period under review
Executive Officer	Eiji Tokita	President and CEO of Hulic Reit Management Co., Ltd.	¥– thousand
Supervisory Officer (Note 1)	Kunio Shimada	Representative Partner of Shimada, Hamba and Osajima (law firm)	¥3,000 thousand
	Shigeru Sugimoto	Representative of Sakura Horwath Audit Corporation	¥3,000 thousand
Independent Auditor	Ernst & Young ShinNihon LLC	–	¥11,500 thousand (Note 2)

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

(Note 2) Compensation to the Independent Auditor includes compensation for auditing English financial statements.

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

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

(4) Asset Manager, Asset Custodian and Administrative Agents

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

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

3. Status of portfolio of the Investment Corporation

(1) Composition of the assets of the Investment Corporation

Type of assets	Category	Region (Note 1)	10th fiscal period (As of February 28, 2019)		11th fiscal period (As of August 31, 2019)	
			Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)	Total amount held (Millions of yen) (Note 2)	Percentage to total assets (%) (Note 3)
Real estate	Tokyo Commercial Properties	Six central wards of Tokyo	¥ 3,591	1.1	¥ 3,588	1.1
		Other wards of Tokyo	—	—	—	—
		Other	—	—	—	—
		Total	¥ 3,591	1.1	¥ 3,588	1.1
	Next-Genera tion Assets Plus	Six central wards of Tokyo	¥ —	—	¥ —	—
		Other wards of Tokyo	—	—	—	—
		Other	—	—	—	—
		Total	¥ —	—	¥ —	—
	Total real estate		¥ 3,591	1.1	¥ 3,588	1.1
Real estate in trust	Tokyo Commercial Properties	Six central wards of Tokyo	¥ 226,489	70.2	¥ 233,068	70.5
		Other wards of Tokyo	17,002	5.3	16,923	5.1
		Other	4,692	1.5	4,666	1.4
		Total	¥ 248,184	76.9	¥ 254,658	77.0
	Next-Genera tion Assets Plus	Six central wards of Tokyo	¥ 19,517	6.0	¥ 19,451	5.9
		Other wards of Tokyo	19,963	6.2	19,880	6.0
		Other	14,849	4.6	14,756	4.5
		Total	¥ 54,331	16.8	¥ 54,088	16.4
	Total real estate in trust		¥ 302,515	93.8	¥ 308,747	93.4
Total real estate and real estate in trust		¥ 306,106	94.9	¥ 312,335	94.4	
Deposits and other assets		¥ 16,554	5.1	¥ 18,375	5.6	
Total assets		¥ 322,661	100.0	¥ 330,710	100.0	

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

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

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

(2) Major assets held

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

Property name	Book value (Thousands of yen)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Percentage to total real estate leasing business revenues (%) (Note 4)	Primary asset class
Hulic Kamiyacho Building	¥ 55,439,702	32,487.06	32,487.06	100.0	15.8	Office property
Ochanomizu Sola City (Note 5)	36,977,794	13,923.42	13,923.42	100.0	(Note 6)	Office property
Hulic Toranomom Building	18,032,070	8,574.65	8,574.65	100.0	5.2	Office property
Hulic Ginza 7 Chome Building (Note 5)	16,718,963	9,004.49	9,004.49	100.0	3.7	Office property
Sotetsu Fresa Inn Ginza 7 Chome	11,483,459	6,984.32	6,984.32	100.0	3.0	Hotel
Hulic Kudan Building (Land)	11,191,213	3,351.07	3,351.07	100.0	2.9	Office property
Oimachi Redevelopment Building (#2)	9,498,766	14,485.66	14,485.66	100.0	3.4	Retail property
Toranomom First Garden (Note 5)	8,235,284	5,689.97	5,689.97	100.0	3.3	Office property
Hulic Shimura-sakaue	7,578,380	11,528.34	11,528.34	100.0	2.8	Retail property
Chiba Network Center	6,936,231	23,338.00	23,338.00	100.0	2.3	Network center
Total	¥182,091,866	129,366.98	129,366.98	100.0	—	

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

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

(Note 3) Occupancy rate is calculated with the following formula, rounded to one decimal place: leased area ÷ leasable area × 100

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

(Note 5) The leasable area, leased area and occupancy rate of Ochanomizu Sola City show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (21.7%). For Hulic Ginza 7 Chome Building, leasable area, leased area and occupancy rate show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (75.0%). For Toranomom First Garden, leasable area shows figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.) On the other hand, a master lease is served on the whole building together with the exclusively owned portions owned by other unit owners, and as income and expenditure of the property is allocated according to the ratio of ownership interest of the partial ownership owned by each unit owner, the figure shown for occupancy rate is that of the entire building. Leased area shows amounts equivalent to the ratio of ownership interest of the partial ownership in the building held by the Investment Corporation (approximately 81.4%).

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

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

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

Category	Property name	Location (Note 1)	Asset type	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	4-3-13 Toranomon, Minato-ku, Tokyo	Beneficial interests in real estate trust	¥ 55,439 ¥ 64,700
		Hulic Kudan Building (Land)	1-13-5 Kudankita, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	11,191 13,200
		Toranomon First Garden	1-7-12 Toranomon, Minato-ku, Tokyo	Beneficial interests in real estate trust	8,235 12,300
		Rapiros Roppongi	6-1-24 Roppongi, Minato-ku, Tokyo	Beneficial interests in real estate trust	6,752 9,680
		Hulic Takadanobaba Building	3-19-10 Takada, Toshima-ku, Tokyo	Beneficial interests in real estate trust	3,786 4,820
		Hulic Kanda Building	1-16-5 Kandasudacho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	3,591 4,320
		Hulic Kandabashi Building	1-21-1 Kandanishikicho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	2,478 3,060
		Hulic Kakigaracho Building	1-28-5 Nihonbashikakigaracho, Chuo-ku, Tokyo	Beneficial interests in real estate trust	2,166 2,950
		Ochanomizu Sola City	4-6-1 Kanda Surugadai, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	36,977 44,485
		Hulic Higashi Ueno 1 Chome Building	1-7-15 Higashi Ueno, Taito-ku, Tokyo	Beneficial interests in real estate trust	2,736 3,180
		Tokyo Nishi Ikebukuro Building	1-7-7 Nishi Ikebukuro, Toshima-ku, Tokyo	Beneficial interests in real estate trust	1,606 1,990
		Gate City Ohsaki	1-11-1 Ohsaki, Shinagawa-ku, Tokyo	Beneficial interests in real estate trust	4,460 4,780
		Hulic Toranomon Building	1-1-18 Toranomon, Minato-ku, Tokyo	Beneficial interests in real estate trust	18,032 21,700
		Hulic Shibuya 1 chome Building	1-3-9 Shibuya, Shibuya-ku, Tokyo	Beneficial interests in real estate trust	5,108 5,670
		Hulic Higashi Nihonbashi Building	1-1-5 Higashinihonbashi, Chuo-ku, Tokyo	Beneficial interests in real estate trust	3,471 3,690
		Hulic Jimbocho Building	2-2-31 Kanda Jimbocho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	1,540 1,560
		Hulic Ginza 7 Chome Building	7-3-5 Ginza, Chuo-ku, Tokyo	Beneficial interests in real estate trust	16,718 17,475
		Shinagawa Season Terrace	1-2-70 Kounan, Minato-ku, Tokyo	Beneficial interests in real estate trust	6,048 6,200
		Hulic Gotanda Yamate-dori Building	1-21-8 Nishigotanda, Shinagawa-ku, Tokyo	Real estate	3,588 3,530
		Hulic Nihonbashi Honcho 1 Chome Building	1-9-4 Nihonbashihoncho, Chuo-ku, Tokyo	Beneficial interests in real estate trust	4,006 4,240
		Bancho House	29-1 Ichibancho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	2,762 2,880
		Ebisu Minami Building	2-12-18 Ebisuminami, Shibuya-ku, Tokyo	Beneficial interests in real estate trust	2,429 2,550
		Hulic Iidabashi Building	2-6-6 Iidabashi, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	1,465 1,500

Category		Property name	Location (Note 1)	Asset type	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)
Tokyo Commercial Properties	Retail properties	Oimachi Redevelopment Building (#2)	5-20-1 Higashi-Oi, Shinagawa-ku, Tokyo	Beneficial interests in real estate trust	9,498	12,000
		Oimachi Redevelopment Building (#1)	5-18-1 Higashi-Oi, Shinagawa-ku, Tokyo	Beneficial interests in real estate trust	6,254	7,360
		Dining Square Akihabara Building	1-16-2 Kandasakumacho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	3,175	3,930
		Hulic Jingu-Mae Building	5-17-9 Jingumae, Shibuya-ku, Tokyo	Beneficial interests in real estate trust	2,639	3,600
		Hulic Shinjuku 3 Chome Building	3-17-2 Shinjuku, Shinjuku-ku, Tokyo	Beneficial interests in real estate trust	5,554	7,760
		Yokohama Yamashitacho Building	36-1, Yamashitacho, Naka-ku, Yokohama-shi, Kanagawa	Beneficial interests in real estate trust	4,666	5,560
		Orchid Square	1-2-11 Yurakucho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	3,485	3,920
		Hulic Todoroki Building	3-5-2 Todoroki, Setagaya-ku, Tokyo	Beneficial interests in real estate trust	1,215	1,370
		Hulic Omori Building	6-28-12 Minamioi, Shinagawa-ku, Tokyo	Beneficial interests in real estate trust	3,384	3,740
		HULIC &New SHIBUYA	31-1 Udagawa-cho, Shibuya-ku, Tokyo	Beneficial interests in real estate trust	3,130	3,425
		HULIC &New SHINBASHI	2-11-10 Shinbashi, Minato-ku, Tokyo	Beneficial interests in real estate trust	3,069	3,360
		Hulic Shimura-sakaue	3-20-1 Maeno-cho, Itabashi-ku, Tokyo, etc.	Beneficial interests in real estate trust	7,578	7,650
Next-Generation Assets Plus	Private nursing homes	Aria Matsubara	5-34-6 Matsubara, Setagaya-ku, Tokyo	Beneficial interests in real estate trust	3,141	4,290
		Trust Garden Yoganomori	1-3-1 Yoga, Setagaya-ku, Tokyo	Beneficial interests in real estate trust	5,312	6,880
		Trust Garden Sakurashinmachi	2-11-1 Tsurumaki, Setagaya-ku, Tokyo	Beneficial interests in real estate trust	2,835	3,670
		Trust Garden Suginami Miyamae	2-11-10 Miyamae, Suginami-ku, Tokyo	Beneficial interests in real estate trust	2,737	3,550
		Trust Garden Tokiwamatsu	4-4-10 Higashi, Shibuya-ku, Tokyo	Beneficial interests in real estate trust	3,017	3,300
		SOMPO Care La vie Re Kita-Kamakura	2713-2 Aza Takano, Ofuna, Kamakura-shi, Kanagawa	Beneficial interests in real estate trust	1,786	1,770
	Network centers	Ikebukuro Network Center	4-30-17 Kami-Ikebukuro, Toshima-ku, Tokyo	Beneficial interests in real estate trust	4,497	5,280
		Tabata Network Center	6-2-8 Tabata, Kita-ku, Tokyo	Beneficial interests in real estate trust	1,356	1,550
		Hiroshima Network Center	2-6-6 Hikari-machi, Higashi-ku, Hiroshima-shi, Hiroshima	Beneficial interests in real estate trust	1,036	1,220
		Atsuta Network Center	20-1 Hatano-cho, Atsuta-ku, Nagoya-shi, Aichi	Beneficial interests in real estate trust	981	1,070
		Nagano Network Center	1600-12, Oaza Tsuruga Aza Naemahira, Nagano-shi, Nagano	Beneficial interests in real estate trust	300	362
		Chiba Network Center	1-1-1 Muzaigakuendai, Inzai-shi, Chiba	Beneficial interests in real estate trust	6,936	7,260
		Sapporo Network Center	2-4-1, Kita 9 Jonishi, Kita-ku, Sapporo-shi, Hokkaido	Beneficial interests in real estate trust	2,522	2,590
		Keihanna Network Center	113-1, Kumomura Kizu, Kizugawa-shi, Kyoto	Beneficial interests in real estate trust	1,192	1,300

Category		Property name	Location (Note 1)	Asset type	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)
Next- Generation Assets Plus	Hotels	Sotetsu Fresa Inn Ginza 7 Chome	7-11-12 Ginza, Chuo-ku, Tokyo	Beneficial interests in real estate trust	11,483	12,200
		Sotetsu Fresa Inn Tokyo-Roppongi	3-10-1 Roppongi, Minato-ku, Tokyo	Beneficial interests in real estate trust	4,950	5,100
Total					¥312,335	¥365,527

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

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

The trends of the leasing business by real estate and beneficial interests in real estate trust invested in by the Investment Corporation are as follows:

Category		Property name	10th fiscal period (From September 1, 2018 to February 28, 2019)				11th fiscal period (From March 1, 2019 to August 31, 2019)			
			Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate leasing business revenues (%) (Note 4)	Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate leasing business revenues (%) (Note 4)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	1	100.0	¥1,306,910	14.9	1	100.0	¥1,446,449	15.8
		Hulic Kudan Building (Land)	1	100.0	265,002	3.0	1	100.0	265,002	2.9
		Toranomon First Garden	1	100.0	305,773	3.5	1	100.0	303,286	3.3
		Rapiros Roppongi	1	100.0	317,644	3.6	1	100.0	317,974	3.5
		Hulic Takadanobaba Building	1	100.0	172,520	2.0	1	100.0	172,712	1.9
		Hulic Kanda Building	1	100.0	136,512	1.6	1	100.0	140,005	1.5
		Hulic Kandabashi Building	1	100.0	87,494	1.0	1	100.0	87,207	1.0
		Hulic Kakigaracho Building	1	100.0	106,226	1.2	1	100.0	105,759	1.2
		Ochanomizu Sola City	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Higashi Ueno 1 Chome Building	1	100.0	100,906	1.2	1	100.0	99,309	1.1
		Tokyo Nishi Ikebukuro Building	1	100.0	56,750	0.6	1	100.0	56,750	0.6
		Gate City Ohsaki	2	100.0	165,232	1.9	2	100.0	164,117	1.8
		Hulic Toranomon Building	1	100.0	472,511	5.4	1	100.0	473,599	5.2
		Hulic Shibuya 1 chome Building	1	100.0	131,680	1.5	1	100.0	130,621	1.4
		Hulic Higashi Nihonbashi Building	1	100.0	108,016	1.2	1	100.0	106,641	1.2
		Hulic Jimbocho Building	1	100.0	44,121	0.5	1	100.0	43,653	0.5
		Hulic Ginza 7 Chome Building	1	100.0	274,013	3.1	1	100.0	339,968	3.7
		Shinagawa Season Terrace	1	99.9	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Gotanda Yamate-dori Building	1	100.0	95,606	1.1	1	100.0	116,695	1.3

Category		Property name	10th fiscal period (From September 1, 2018 to February 28, 2019)				11th fiscal period (From March 1, 2019 to August 31, 2019)			
			Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate leasing business revenues (%) (Note 4)	Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate leasing business revenues (%) (Note 4)
Tokyo Commercial Properties	Office properties	Hulic Nihonbashi Honcho 1 Chome Building	1	100.0	67,929	0.8	1	100.0	105,594	1.2
		Bancho House	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Ebisu Minami Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Iidabashi Building	—	—	—	—	1	100.0	14,891	0.2
	Retail properties	Oimachi Redevelopment Building (#2)	1	100.0	312,000	3.6	1	100.0	312,000	3.4
		Oimachi Redevelopment Building (#1)	1	100.0	218,931	2.5	1	100.0	218,931	2.4
		Dining Square Akihabara Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Jingu-Mae Building	1	100.0	86,148	1.0	1	100.0	86,141	0.9
		Hulic Shinjuku 3 Chome Building	1	100.0	176,725	2.0	1	100.0	178,834	2.0
		Yokohama Yamashitacho Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Leaf Minatomirai (Land)	—	—	5,785	0.1	—	—	—	—
		Orchid Square	1	100.0	93,615	1.1	1	100.0	95,735	1.0
		Hulic Todoroki Building	1	100.0	54,650	0.6	1	100.0	52,387	0.6
		Hulic Omori Building	1	100.0	109,294	1.2	1	100.0	108,995	1.2
		HULIC &New SHIBUYA	1	100.0	74,117	0.8	1	100.0	70,941	0.8
		HULIC &New SHINBASHI	1	100.0	84,718	1.0	1	100.0	96,966	1.1
		Hulic Shimura-sakaue	1	100.0	258,166	3.0	1	100.0	257,302	2.8
Next-Generation Assets Plus	Private nursing homes	Aria Matsubara	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Trust Garden Yoganomori	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Trust Garden Sakurashinmachi	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Trust Garden Suginami Miyamae	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Trust Garden Tokiwamatsu	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		SOMPO Care La vie Re Kita-Kamakura	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
	Network centers	Ikebukuro Network Center	1	100.0	130,176	1.5	1	100.0	130,176	1.4
		Tabata Network Center	1	100.0	43,285	0.5	1	100.0	43,285	0.5
		Hiroshima Network Center	1	100.0	42,091	0.5	1	100.0	42,091	0.5
		Atsuta Network Center	1	100.0	35,273	0.4	1	100.0	35,273	0.4
		Nagano Network Center	1	100.0	16,708	0.2	1	100.0	16,708	0.2
		Chiba Network Center	1	100.0	214,687	2.5	1	100.0	214,687	2.3
		Sapporo Network Center	1	100.0	80,358	0.9	1	100.0	80,358	0.9
		Keihanna Network Center	1	100.0	45,166	0.5	1	100.0	45,166	0.5
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome	1	100.0	240,000	2.7	1	100.0	277,668	3.0
Sotetsu Fresa Inn Tokyo-Roppongi		1	100.0	108,000	1.2	1	100.0	108,000	1.2	
Total			51	100.0	¥8,750,103	100.0	52	100.0	¥9,137,208	100.0

- (Note 1) Number of tenants is stated as 1 when a master lease agreement has been concluded with a master lease company. Moreover, the number of tenants is stated as 1 for Hulia Kudan Building (Land). The number of tenants for Gate City Ohsaki is stated as 2 because master lease agreements were concluded with the respective master lease companies of the business/commercial tower and the residential tower, respectively. For Shinagawa Season Terrace, the number of tenants is stated as 1, because NTT Urban Development Corporation receives rent from each end-tenant for the entire building.
- (Note 2) Occupancy rate is calculated with the following formula, rounded to one decimal place: leased area ÷ leasable area × 100
- (Note 3) Real estate leasing business revenues during the period shows the sum total of the real estate leasing business revenues during the period for each real estate, etc.
- (Note 4) Real estate leasing business revenues during the period and percentage to total real estate leasing business revenues are not disclosed because the Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

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

The status of the contracted amount and fair value of specified transactions outstanding for the Investment Corporation as of August 31, 2019 is as follows:

Category	Type	Contracted amount (Millions of yen) (Note 1)		Fair value (Millions of yen) (Note 2)
			Portion due after 1 year (Note 1)	
Off-market- transaction	Interest rate swap transaction			
	Payment: fixed interest rate Receipt: floating interest rate	¥ 72,057	¥ 62,758	¥ —
Total		¥ 72,057	¥ 62,758	¥ —

- (Note 1) Contracted amount for interest rate swap transaction is shown based on the assumed principal.
- (Note 2) Of these transactions, the statement of the fair value has been omitted for those transactions that satisfy requirements of special treatment based on accounting standards for financial instruments.

(5) Status of other assets

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

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

(6) Status of asset holding by country and region

Not applicable for countries and regions other than Japan.

4. Capital expenditures for properties held

(1) Schedule of capital expenditures

For each asset held by the Investment Corporation as of August 31, 2019, the main capital expenditures for renovation work, etc. scheduled as of August 31, 2019 (the end of the 11th fiscal period) are as below. Estimated capital expenditure for work mentioned below includes parts that are charged to expenses.

Property name	Location	Purpose	Scheduled period	Estimated capital expenditure for work (Millions of yen)		
				Total amount	Payment during the period	Total amount paid
Hulic Kamiyacho Building	Minato-ku, Tokyo	Renewal work for the rooms for rent	From December 2019 to May 2020	¥ 151	¥ –	¥ –
Hulic Kamiyacho Building	Minato-ku, Tokyo	Renewal work for heat pump chiller	From April 2020 to June 2020	75	–	–
Hulic Kakigaracho Building	Chuo-ku, Tokyo	Renewal work for air-conditioning units	From May 2020 to June 2020	23	–	–
Hulic Jimbocho Building	Chiyoda-ku, Tokyo	Renovation work for mechanical parking lot	From November 2019 to December 2019	21	–	–
Hulic Todoroki Building	Setagaya-ku, Tokyo	Renovation work for elevator	From December 2019 to May 2020	37	–	–
Chiba Network Center	Inzai-shi, Chiba	Work to renew receiver sensors	From September 2019 to February 2020	70	–	–

(2) Capital expenditures during the period

An overview of the construction work corresponding to capital expenditures during the reporting period is as below. Capital expenditures during the reporting period were ¥86,958 thousand and repair expenses were ¥95,546 thousand. In aggregate, construction work in the amount of ¥182,505 thousand was carried out during the period.

Property name	Location	Purpose	Period	Capital expenditure for work (Millions of yen)
Oimachi Redevelopment Building (#1)	Shinagawa-ku, Tokyo	Renewal work for elevator	From January 2019 to June 2019	¥ 26
Other				60
Total				¥ 86

(3) Money accumulated for long-term repair plan

Not applicable.

5. Status of expenses and liabilities

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

Item	10th fiscal period (From September 1, 2018 to February 28, 2019)	11th fiscal period (From March 1, 2019 to August 31, 2019)
(a) Asset management fee	¥836,463 thousand	¥869,442 thousand
(b) Asset custody fee	¥13,470 thousand	¥14,413 thousand
(c) Administrative service fees	¥42,715 thousand	¥45,779 thousand
(d) Remuneration for directors (and other officers)	¥6,000 thousand	¥6,000 thousand
(e) Other operating expenses	¥125,202 thousand	¥119,106 thousand
Total	¥1,023,851 thousand	¥1,054,740 thousand

(Note) Other than the amount stated above, asset management fee includes the portion of compensations associated with a property acquisition factored into the book value of the individual properties (the 10th fiscal period: ¥111,575 thousand; the 11th fiscal period: ¥17,625 thousand) and the portion of compensations associated with a property transfer deducted from gain on sales of real estate properties of the individual properties (the 10th fiscal period: ¥4,912 thousand).

(2) Status of borrowings

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

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Short-term borrowings	Mizuho Bank, Ltd.	August 8, 2018	¥ 1,980	¥ —	0.2636%	August 8, 2019	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		1,386	—					
	MUFG Bank, Ltd.		594	—					
	Mizuho Bank, Ltd.	August 8, 2019	—	1,980	0.3255%	August 7, 2020			
	Sumitomo Mitsui Banking Corporation		—	1,386					
	MUFG Bank, Ltd.		—	594					
	Subtotal		¥ 3,960	¥ 3,960					
Long-term borrowings	Mizuho Bank, Ltd.	February 27, 2015	¥ 1,000	¥ —	0.4350%	August 30, 2019	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		960	—					
	MUFG Bank, Ltd.		550	—					
	Mizuho Trust & Banking Co., Ltd.		300	—					
	Sumitomo Mitsui Trust Bank, Limited		500	—					
	The Norinchukin Bank		500	—					
	Resona Bank, Limited		170	—					
	Shinkin Central Bank		200	—					
	Aozora Bank, Ltd.		200	—					
	Shinsei Bank, Limited		200	—					
	Mizuho Bank, Ltd.	February 27, 2015	1,650	1,650	0.4845%	February 28, 2020			
	Sumitomo Mitsui Banking Corporation		890	890					
	MUFG Bank, Ltd.		700	700					
	Mizuho Trust & Banking Co., Ltd.		660	660					
	The Norinchukin Bank		1,400	1,400					
	Resona Bank, Limited		140	140					
	Shinkin Central Bank		300	300					
	Mizuho Bank, Ltd.	June 28, 2019	—	4,542	* 0.3175%	June 29, 2020			

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term borrowings	Sumitomo Mitsui Banking Corporation	June 28, 2019	—	1,450	* 0.3175%	June 29, 2020	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	MUFG Bank, Ltd.		—	1,057					
	Sumitomo Mitsui Banking Corporation	March 9, 2015	2,000	2,000	0.4810%	August 31, 2020			
	Mizuho Bank, Ltd.	February 29, 2016	1,000	1,000	0.1700%	August 31, 2020			
	MUFG Bank, Ltd.		150	150					
	The Norinchukin Bank		409	409					
	Mizuho Bank, Ltd.	February 7, 2014	2,560	2,560	1.1713%	February 7, 2021			
	Sumitomo Mitsui Banking Corporation		1,950	1,950					
	MUFG Bank, Ltd.		1,060	1,060					
	Mizuho Trust & Banking Co., Ltd.		1,050	1,050					
	Sumitomo Mitsui Trust Bank, Limited		1,660	1,660					
	Resona Bank, Limited		270	270					
	Mizuho Bank, Ltd.	February 27, 2015	2,800	2,800	0.6750%	August 31, 2021			
	Sumitomo Mitsui Banking Corporation		2,110	2,110					
	MUFG Bank, Ltd.		830	830					
	Mizuho Trust & Banking Co., Ltd.		790	790					
	Aozora Bank, Ltd.		300	300					
	Shinsei Bank, Limited		300	300					
	Mizuho Bank, Ltd.	February 27, 2015	2,385	2,385	0.7730%	February 28, 2022			
	Sumitomo Mitsui Banking Corporation		1,710	1,710					
	MUFG Bank, Ltd.		1,055	1,055					
	Mizuho Trust & Banking Co., Ltd.		800	800					
	Sumitomo Mitsui Trust Bank, Limited		1,400	1,400					
	Resona Bank, Limited		200	200					
	Mizuho Bank, Ltd.	August 31, 2017	150	150	0.4173%	February 28, 2022			
	Sumitomo Mitsui Banking Corporation		75	75					
	MUFG Bank, Ltd.		75	75					
	Mizuho Trust & Banking Co., Ltd.		72	72					
	Sumitomo Mitsui Trust Bank, Limited		128	128					
	The Norinchukin Bank		500	500					
	Development Bank of Japan Inc.	February 7, 2014	2,450	2,450	1.6100%	August 7, 2022			
	Mizuho Bank, Ltd.	August 31, 2015	1,144	1,144	0.7488%	August 31, 2022			
MUFG Bank, Ltd.	710		710						
Mizuho Trust & Banking Co., Ltd.	549		549						
Sumitomo Mitsui Trust Bank, Limited	414		414						
The Norinchukin Bank	414		414						
Resona Bank, Limited	125		125						
Development Bank of Japan Inc.	August 31, 2015	414	414	0.7550%	August 31, 2022				
Mizuho Bank, Ltd.	February 7, 2017	650	650	0.5538%	August 31, 2022				
Sumitomo Mitsui Banking Corporation		500	500						
MUFG Bank, Ltd.		200	200						

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	February 7, 2017	450	450	0.5538%	August 31, 2022	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Trust Bank, Limited		445	445					
	The Norinchukin Bank		445	445					
	Resona Bank, Limited		150	150					
	Mizuho Bank, Ltd.	February 29, 2016	1,350	1,350	0.4099%	February 28, 2023			
	Sumitomo Mitsui Banking Corporation		800	800					
	MUFG Bank, Ltd.		550	550					
	Mizuho Trust & Banking Co., Ltd.		530	530					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	The Norinchukin Bank		400	400					
	Resona Bank, Limited		243	243					
	Shinkin Central Bank		141	141					
	Aozora Bank, Ltd.		141	141					
	Mizuho Bank, Ltd.		February 7, 2017	1,500					
	Sumitomo Mitsui Banking Corporation	1,200		1,200					
	MUFG Bank, Ltd.	300		300					
	Mizuho Trust & Banking Co., Ltd.	450		450					
	Sumitomo Mitsui Trust Bank, Limited	245		245					
	The Norinchukin Bank	245		245					
	Resona Bank, Limited	150		150					
	Sompo Japan Nipponkoa Insurance Inc.	February 7, 2019	500	500	0.4100%	February 28, 2023			
	Mitsui Sumitomo Insurance Company, Limited		500	500					
	Mizuho Bank, Ltd.	February 29, 2016	1,377	1,377	0.4620%	August 31, 2023			
	Sumitomo Mitsui Banking Corporation		839	839					
	MUFG Bank, Ltd.		565	565					
	Mizuho Trust & Banking Co., Ltd.		546	546					
	Sumitomo Mitsui Trust Bank, Limited		409	409					
	Shinsei Bank, Limited		141	141					
	Mizuho Bank, Ltd.	February 7, 2017	1,863	1,863	0.6564%	August 31, 2023			
	Sumitomo Mitsui Banking Corporation		1,411	1,411					
MUFG Bank, Ltd.	600		600						
Mizuho Trust & Banking Co., Ltd.	917		917						
Sumitomo Mitsui Trust Bank, Limited	500		500						
The Norinchukin Bank	500		500						
Resona Bank, Limited	302		302						
Mizuho Bank, Ltd.	400		400						
Sumitomo Mitsui Banking Corporation	February 7, 2014	300	300	1.8188%	February 7, 2024				
MUFG Bank, Ltd.		300	300						

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term borrowings	Development Bank of Japan Inc.	February 29, 2016	809	809	0.5188%	February 29, 2024	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Nippon Life Insurance Company		500	500					
	Mizuho Bank, Ltd.	February 7, 2017	1,000	1,000	0.6485%	February 29, 2024			
	Sumitomo Mitsui Banking Corporation		1,977	1,977					
	MUFG Bank, Ltd.		1,719	1,719					
	Mizuho Trust & Banking Co., Ltd.		600	600					
	Sumitomo Mitsui Trust Bank, Limited		569	569					
	The Norinchukin Bank		569	569					
	Nippon Life Insurance Company	February 7, 2019	500	500	0.4600%	February 29, 2024			
	Development Bank of Japan Inc.	February 27, 2015	1,900	1,900	1.1738%	August 30, 2024			
	Meiji Yasuda Life Insurance Company	February 29, 2016	500	500	0.5932%	August 30, 2024			
	Mizuho Bank, Ltd.	February 7, 2017	1,754	1,754	0.7800%	August 30, 2024			
	Mizuho Bank, Ltd.	August 31, 2017	1,400	1,400	0.5913%	August 30, 2024			
	Sumitomo Mitsui Banking Corporation		1,048	1,048					
	MUFG Bank, Ltd.		705	705					
	Mizuho Trust & Banking Co., Ltd.		622	622					
	Sumitomo Mitsui Trust Bank, Limited		610	610					
	The Norinchukin Bank		520	520					
	Resona Bank, Limited		215	215					
	Shinkin Central Bank		140	140					
	Shinsei Bank, Limited		140	140					
	Mizuho Bank, Ltd.	February 27, 2015	250	250	1.4600%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		125	125					
	MUFG Bank, Ltd.		125	125					
	Mizuho Bank, Ltd.	February 29, 2016	250	250	0.7275%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		125	125					
	MUFG Bank, Ltd.		125	125					
	Development Bank of Japan Inc.	February 7, 2017	969	969	0.8500%	February 28, 2025			
	Mizuho Bank, Ltd.	August 31, 2017	1,725	1,725	0.6574%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		1,203	1,203					
	MUFG Bank, Ltd.		753	753					
	Mizuho Trust & Banking Co., Ltd.		722	722					
	Development Bank of Japan Inc.		1,010	1,010					
Sumitomo Mitsui Trust Bank, Limited	682		682						
The Norinchukin Bank	400		400						
Resona Bank, Limited	215		215						
Shinkin Central Bank	140		140						
Shinsei Bank, Limited	140		140						
Mizuho Bank, Ltd.	February 7, 2019	200	200	0.4133%	February 28, 2025				
Mizuho Trust & Banking Co., Ltd.		200	200						

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term borrowings	Sumitomo Mitsui Trust Bank, Limited	February 7, 2019	200	200	0.4133%	February 28, 2025	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	The Norinchukin Bank		450	450					
	Resona Bank, Limited		140	140					
	Shinsei Bank, Limited		150	150					
	Mizuho Bank, Ltd.	August 31, 2017	1,531	1,531	0.7246%	August 29, 2025			
	Sumitomo Mitsui Banking Corporation		1,267	1,267					
	MUFG Bank, Ltd.		577	577					
	Mizuho Trust & Banking Co., Ltd.		475	475					
	Development Bank of Japan Inc.		410	410					
	Aozora Bank, Ltd.		280	280					
	Meiji Yasuda Life Insurance Company		230	230					
	Nippon Life Insurance Company		230	230					
	Mizuho Bank, Ltd.	February 7, 2019	500	500	0.5700%	August 29, 2025			
	Development Bank of Japan Inc.		1,200	1,200					
	Aozora Bank, Ltd.		600	600					
	Mizuho Bank, Ltd.	February 7, 2019	2,910	2,910	0.4800%	February 27, 2026			
	Sumitomo Mitsui Banking Corporation		1,700	1,700					
	MUFG Bank, Ltd.		850	850					
	Mizuho Trust & Banking Co., Ltd.		1,100	1,100					
	Sumitomo Mitsui Trust Bank, Limited		700	700					
	The Norinchukin Bank		1,410	1,410					
	Resona Bank, Limited		880	880					
	Shinsei Bank, Limited		450	450					
	Mizuho Bank, Ltd.	February 7, 2019	3,420	3,420	0.5840%	August 31, 2026			
	Sumitomo Mitsui Banking Corporation		2,700	2,700					
	MUFG Bank, Ltd.		1,600	1,600					
	Mizuho Trust & Banking Co., Ltd.		1,050	1,050					
	Sumitomo Mitsui Trust Bank, Limited		300	300					
	The Norinchukin Bank		1,000	1,000					
	Mizuho Bank, Ltd.	February 27, 2015	150	150	1.7500%	February 26, 2027			
	Sumitomo Mitsui Banking Corporation		75	75					
	MUFG Bank, Ltd.		75	75					
Mizuho Bank, Ltd.	August 30, 2019	—	1,000	0.4225%	February 26, 2027				
Sumitomo Mitsui Banking Corporation		—	960						
The Norinchukin Bank		—	600						
MUFG Bank, Ltd.		—	550						
Sumitomo Mitsui Trust Bank, Limited		—	500						
Shinsei Bank, Limited		—	300						
Mizuho Trust & Banking Co., Ltd.		—	300						
Shinkin Central Bank		—	200						
Resona Bank, Limited		—	170						
Subtotal			¥ 123,550			¥ 130,600			
Total			¥ 127,510	¥ 134,560					

- (Note 1) Average interest rate shows the weighted average rate during the period or for the lender, and the amount has been rounded to four decimal places. Moreover, for borrowings hedged using interest rate swaps to avoid interest rate fluctuation risks, an interest rate that considers the effect of the interest rate swap is shown.
- (Note 2) Long-term borrowings are borrowings that carry fixed interest except those borrowings indicated by an asterisk (*). (Includes borrowings that have had the interest fixed by using interest rate swaps.)
- (Note 3) The borrowings were funds to purchase beneficial interests in real estate trust, etc. (including ancillary expenses) and repay borrowings.

(3) Investment corporation bonds

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

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

- (Note 1) Specific use of the proceeds is to be allocated to repayment of borrowings.
- (Note 2) Corporation bond with pari passu conditions among specified investment corporations.

(4) Short-term investment corporation bonds

Not applicable.

(5) Investment unit options

Not applicable.

6. Status of trading during the period

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

Type of assets	Property name	Acquisition		Transfer			
		Acquisition date	Acquisition value (Millions of yen) (Note)	Transfer date	Transfer value (Millions of yen) (Note)	Book value (Millions of yen)	Gain (loss) on transfer (Millions of yen)
Beneficial interests in real estate trust	Hulic Ginza 7 Chome Building (Additional acquisition)	June 28, 2019	¥ 5,600	—	¥ —	¥ —	¥ —
Beneficial interests in real estate trust	Hulic Iidabashi Building	June 28, 2019	1,450	—	—	—	—
Total		—	¥ 7,050	—	¥ —	¥ —	¥ —

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

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

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

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

i) Real estate, etc.

Acquisition / Transfer	Type of assets	Property name	Transaction date	Acquisition value / transfer value (Millions of yen) (Note 1)	Appraisal value (Millions of yen) (Note 2)	Appraisal agency	Valuation date
Acquisition	Beneficial interests in real estate trust	Hulic Ginza 7 Chome Building (Additional acquisition)	June 28, 2019	¥ 5,600	¥ 5,825	Japan Real Estate Institute	June 1, 2019
Acquisition	Beneficial interests in real estate trust	Hulic Iidabashi Building	June 28, 2019	1,450	1,500	The Tanizawa Sōgō Appraisal Co., Ltd.	June 1, 2019
Total				¥ 7,050	¥ 7,325	—	—

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

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

ii) Other

Not applicable.

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

i) Status of transactions

Category	Transaction amount (Note)	
	Purchase price	Sale price
Total	¥7,050 million	¥– million
Breakdown of transactions with interested person, etc.		
Hulic Co., Ltd.	¥7,050 million (100.0%)	¥– million (–%)
Total	¥7,050 million (100.0%)	¥– million (–%)

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

ii) Amount of service fees, etc. paid

Category	Total amount of service fees paid (A) (Thousands of yen)	Transactions with interested person, etc.		Percentage to total amount B/A (%)
		Payee	Payment amount (B) (Thousands of yen)	
Property management fees	¥ 528,296	Hulic Building Management Co., Ltd.	¥ 119,845	22.7
		Tokyo Fudosan Kanri Co., Ltd.	¥ 119,553	22.6
Other expenses related to leasing business	¥ 412,174	Hulic Building Management Co., Ltd.	¥ 7,626	1.9
		Hulic Co., Ltd.	¥ 2,232	0.5
		Tokyo Fudosan Kanri Co., Ltd.	¥ 1,357	0.3

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

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

Hulic Build Co., Ltd.	¥33,599 thousand
Tokyo Fudosan Kanri Co., Ltd.	¥7,509 thousand
Hulic Building Management Co., Ltd.	¥774 thousand

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

There are no applicable transactions because the Asset Manager of the Investment Corporation (Hulic Reit Management Co., Ltd.) does not engage in any other businesses, such as Type I Financial Instruments Business, Type II Financial Instruments Business, Real Estate Brokerage Business (excluding a real estate brokerage business directly related to the investment management business that was commissioned by the investment corporation), or Real Estate Specified Joint Enterprise.

7. Financial information

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

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

(2) Changes in the calculation method of depreciation expenses

Not applicable.

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

Not applicable.

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

Not applicable.

(5) Disclosure regarding corporation holding overseas real estate

Not applicable.

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

Not applicable.

8. Other

(1) Announcements

i) General Meeting of Unitholders

The 4th General Meeting of Unitholders of Hulic Reit, Inc. was held on May 28, 2019.

The outline of matters approved at the General Meeting of Unitholders is as follows:

Proposals	Outline
Proposal No. 1 Partial Amendment of the Articles of Incorporation	The Articles of Incorporation were amended as follows in accordance with the original proposal. (1) Regarding the disposal fees to be paid to the asset management company, in order to ensure that the amount of fees does not exceed the amount of gain on disposal, changes were made to clarify the content of gain on disposal, as well as to limit the amount of fees to an amount commensurate with the gain on disposal. (2) In order to avoid the impact of changes of Japanese era, years stated in the Articles of Incorporation were changed to the Western calendar. (3) In addition to the foregoing, changes to unify phrasing and other necessary changes of expressions, etc. were made to clarify the meaning of those provisions.
Proposal No. 2 Appointment of One (1) Executive Officer	Eiji Tokita was appointed as executive officer as originally proposed.
Proposal No. 3 Appointment of One (1) Substitute Executive Officer	Kazuaki Chokki was appointed as substitute executive officer as originally proposed.
Proposal No. 4 Appointment of Two (2) Supervisory Officers	Kunio Shimada and Shigeru Sugimoto were appointed as supervisory officer as originally proposed.

ii) Meeting of Board of Directors of the Investment Corporation

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

Date of Board of Directors meeting	Approved items	Outline
May 24, 2019	Conclusion of the third amendment memorandum regarding the Asset Management Agreement	At the Investment Corporation's General Meeting of Unitholders that had been scheduled to be held on May 28, 2019, with the prerequisite of the approval of the amendment to the Investment Corporation's Articles of Incorporation which included an amendment to the provision related to the standards regarding payment of asset management fees, the Board of Directors approved the conclusion, between the Investment Corporation and Hulic Reit Management Co., Ltd., of the third amendment memorandum regarding the Asset Management Agreement.
June 6, 2019	Comprehensive resolution on issuance of investment corporation bonds and associated consignment of general administrative duties	The Board of Directors made a comprehensive resolution relating to the issuance of investment corporation bonds with a total issue amount to be within ¥15,000 million and an issuance period from June 30, 2019 to December 31, 2019. The Board of Directors approved candidate companies for consignment of administrative duties relating to offering the investment corporation bonds as well as administrative duties relating to receiving requests relating to exercise of rights of investment corporation bonds and other applications from investment corporation bondholders, and operations during the term of the investment corporation bonds (including duties of the fiscal agent, issuing agent and paying agent). The Board of Directors delegated selection of the consignee for general administrative duties relating to the investment corporation bonds and decision making on the scope and the specific consignment conditions of consignment of general administrative duties, and all the necessary matters related to the consignment of administrative operations to the executive officer.

(2) Others

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

The following is a summary English language translation of the original Japanese audited financial statements. However, no assurance or warranties are given with respect to the accuracy or completeness of this English translation, and it should be noted that this translation has not been audited or reviewed by our auditor. The Japanese original shall prevail in the case of any discrepancies between this summary English language translation and the Japanese original.

III. Balance Sheet

	(Unit: thousands of yen)	
	Previous fiscal period (Reference) (As of February 28, 2019)	Reporting period (As of August 31, 2019)
Assets		
Current assets		
Cash and deposits	8,150,550	10,034,957
Cash and deposits in trust	7,155,321	7,256,597
Operating accounts receivable	122,052	111,179
Prepaid expenses	46,012	50,636
Consumption taxes receivable	87,107	—
Other	20	616
Total current assets	15,561,065	17,453,986
Noncurrent assets		
Property, plant and equipment		
Buildings	665,351	670,500
Accumulated depreciation	(6,652)	(14,752)
Buildings, net	658,699	655,747
Land	589,293	589,293
Buildings in trust	60,329,107	60,756,528
Accumulated depreciation	(6,059,337)	(6,983,407)
Buildings in trust, net	54,269,770	53,773,121
Structures in trust	363,078	365,406
Accumulated depreciation	(106,171)	(119,227)
Structures in trust, net	256,906	246,179
Machinery and equipment in trust	283,547	283,547
Accumulated depreciation	(124,207)	(141,114)
Machinery and equipment in trust, net	159,339	142,433
Tools, furniture and fixtures in trust	43,848	48,242
Accumulated depreciation	(14,376)	(18,009)
Tools, furniture and fixtures in trust, net	29,472	30,232
Land in trust	235,498,952	242,253,730
Total property, plant and equipment	291,462,433	297,690,738
Intangible assets		
Leasehold interests in land	2,343,025	2,343,025
Land leasehold interests in trust	12,301,503	12,301,503
Other	140	—
Total intangible assets	14,644,670	14,644,529
Investments and other assets		
Leasehold and guarantee deposits	20,302	20,302
Long-term prepaid expenses	826,515	784,016
Deferred tax assets	21	3
Total investments and other assets	846,840	804,322
Total noncurrent assets	306,953,944	313,139,590
Deferred assets		
Investment unit issuance costs	78,249	55,323
Investment corporation bond issuance costs	67,861	61,788
Total deferred assets	146,111	117,111
Total assets	322,661,121	330,710,688

(Unit: thousands of yen)

	Previous fiscal period (Reference) (As of February 28, 2019)	Reporting period (As of August 31, 2019)
Liabilities		
Current liabilities		
Operating accounts payable	323,856	632,499
Short-term borrowings	3,960,000	3,960,000
Current portion of investment corporation bonds	2,000,000	2,000,000
Current portion of long-term borrowings	10,320,000	16,349,000
Accounts payable - other	981,893	1,034,476
Accrued expenses	31,783	36,660
Income taxes payable	1,038	658
Accrued consumption taxes	32,588	398,210
Advances received	1,489,731	1,552,500
Deposits received	2,554	9,004
Total current liabilities	19,143,447	25,973,009
Noncurrent liabilities		
Investment corporation bonds	10,000,000	10,000,000
Long-term borrowings	113,230,000	114,251,000
Leasehold and guarantee deposits received	140,823	131,075
Leasehold and guarantee deposits received in trust	12,944,264	13,189,723
Total noncurrent liabilities	136,315,088	137,571,798
Total liabilities	155,458,535	163,544,808
Net assets		
Unitholders' equity		
Unitholders' capital	162,803,382	162,803,382
Surplus		
Unappropriated retained earnings	4,399,204	4,362,498
Total surplus	4,399,204	4,362,498
Total unitholders' equity	167,202,586	167,165,880
Total net assets	*2 167,202,586	*2 167,165,880
Total liabilities and net assets	322,661,121	330,710,688

IV. Statement of Income and Retained Earnings

(Unit: thousands of yen)

	Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
Operating revenues		
Leasing business revenue	*1, *3 8,310,374	*1, *3 8,672,865
Other leasing business revenues	*1 439,729	*1 464,342
Gain on sales of real estate properties	*2, *3 194,302	—
Total operating revenues	8,944,406	9,137,208
Operating expenses		
Expenses related to leasing business	*1 2,924,653	*1 3,099,208
Asset management fee	836,463	869,442
Asset custody fee	13,470	14,413
Administrative service fees	42,715	45,779
Remuneration for directors (and other officers)	6,000	6,000
Other operating expenses	125,202	119,106
Total operating expenses	3,948,504	4,153,949
Operating profit	4,995,901	4,983,258
Non-operating income		
Interest income	59	64
Gain on forfeiture of unclaimed dividends	294	234
Interest on tax refund	—	252
Compensation income for damages	12,181	—
Total non-operating income	12,535	551
Non-operating expenses		
Interest expenses	409,237	428,584
Interest expenses on investment corporation bonds	39,275	39,324
Borrowing related expenses	122,386	124,403
Amortization of investment unit issuance costs	31,666	22,926
Amortization of investment corporation bond issuance costs	5,974	6,073
Total non-operating expenses	608,540	621,312
Ordinary profit	4,399,896	4,362,497
Profit before income taxes	4,399,896	4,362,497
Income taxes - current	1,047	668
Income taxes - deferred	(7)	18
Total income taxes	1,039	686
Profit	4,398,857	4,361,810
Retained earnings brought forward	347	688
Unappropriated retained earnings	4,399,204	4,362,498

V. Statement of Changes in Net Assets

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

(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	141,717,678	4,044,077	4,044,077	145,761,755	145,761,755
Changes in items during the period					
Issuance of new investment units	21,085,704	—	—	21,085,704	21,085,704
Dividends of surplus	—	(4,043,730)	(4,043,730)	(4,043,730)	(4,043,730)
Profit	—	4,398,857	4,398,857	4,398,857	4,398,857
Total changes in items during the period	21,085,704	355,127	355,127	21,440,831	21,440,831
Balance at the end of the period	*1 162,803,382	4,399,204	4,399,204	167,202,586	167,202,586

Reporting period (From March 1, 2019 to August 31, 2019)

(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	162,803,382	4,399,204	4,399,204	167,202,586	167,202,586
Changes in items during the period					
Dividends of surplus	—	(4,398,516)	(4,398,516)	(4,398,516)	(4,398,516)
Profit	—	4,361,810	4,361,810	4,361,810	4,361,810
Total changes in items during the period	—	(36,705)	(36,705)	(36,705)	(36,705)
Balance at the end of the period	*1 162,803,382	4,362,498	4,362,498	167,165,880	167,165,880

VI. Notes

[Notes on Significant Accounting Policies]

Item	Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
1. Method of depreciation and amortization of noncurrent assets	(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. Buildings 3 to 64 years Structures 4 to 20 years Machinery and equipment 3 to 10 years Tools, furniture and fixtures 3 to 15 years (2) Intangible assets The straight-line method is used. Internal use software is amortized over the estimated useful life (5 years). (3) Long-term prepaid expenses The straight-line method is used.	(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. Buildings 3 to 64 years Structures 4 to 20 years Machinery and equipment 3 to 10 years Tools, furniture and fixtures 3 to 15 years (2) Intangible assets The straight-line method is used. Internal use software is amortized over the estimated useful life (5 years). (3) Long-term prepaid expenses The straight-line method is used.
2. Accounting method for deferred assets	(1) Investment corporation bond issuance costs Amortized by the straight-line method over period until redemption. (2) Investment unit issuance costs Amortized by the straight-line method over a three-year period.	(1) Investment corporation bond issuance costs Amortized by the straight-line method over period until redemption. (2) Investment unit issuance costs Amortized by the straight-line method over a three-year period.
3. Recognition of revenue and expenses	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 leasing 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 leasing business but included in the acquisition costs for the related properties. The amount equivalent to fixed asset tax included in acquisition costs for properties for the reporting period was ¥20,489 thousand.	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 leasing 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 leasing business but included in the acquisition costs for the related properties. The amount equivalent to fixed asset tax included in acquisition costs for properties for the reporting period was ¥23,315 thousand.
4. Method of hedge accounting	(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. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings (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. (4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.	(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. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings (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. (4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.

[Notes to Statement of Income and Retained Earnings]

Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)																																																								
<p>*1. Components of income (loss) from real estate leasing business (Unit: thousands of yen)</p> <p>A. Real estate leasing business revenues</p> <p>Leasing business revenue</p> <table> <tr> <td>Rent</td><td>¥ 7,335,483</td></tr> <tr> <td>Land rent</td><td>270,787</td></tr> <tr> <td>Common service fees</td><td>704,103</td></tr> <tr> <td>Total</td><td>8,310,374</td></tr> </table> <p>Other leasing business revenues</p> <table> <tr> <td>Revenue from utilities charges</td><td>318,557</td></tr> <tr> <td>Other revenue</td><td>121,171</td></tr> <tr> <td>Total</td><td>439,729</td></tr> </table> <p>Total real estate leasing business revenues ¥ 8,750,103</p> <p>B. Expenses related to real estate leasing business</p> <p>Expenses related to leasing business</p> <table> <tr> <td>Property management fees</td><td>¥ 516,294</td></tr> <tr> <td>Utilities expenses</td><td>322,354</td></tr> <tr> <td>Taxes and public dues</td><td>597,517</td></tr> <tr> <td>Insurance expenses</td><td>8,579</td></tr> <tr> <td>Repair expenses</td><td>115,929</td></tr> <tr> <td>Depreciation and amortization</td><td>950,775</td></tr> <tr> <td>Other expenses related to leasing business</td><td>413,201</td></tr> </table> <p>Total expenses related to real estate leasing business ¥ 2,924,653</p> <p>C. Income (loss) from real estate leasing business (A – B) ¥ 5,825,449</p>	Rent	¥ 7,335,483	Land rent	270,787	Common service fees	704,103	Total	8,310,374	Revenue from utilities charges	318,557	Other revenue	121,171	Total	439,729	Property management fees	¥ 516,294	Utilities expenses	322,354	Taxes and public dues	597,517	Insurance expenses	8,579	Repair expenses	115,929	Depreciation and amortization	950,775	Other expenses related to leasing business	413,201	<p>*1. Components of income (loss) from real estate leasing business (Unit: thousands of yen)</p> <p>A. Real estate leasing business revenues</p> <p>Leasing business revenue</p> <table> <tr> <td>Rent</td><td>¥ 7,658,577</td></tr> <tr> <td>Land rent</td><td>265,039</td></tr> <tr> <td>Common service fees</td><td>749,248</td></tr> <tr> <td>Total</td><td>8,672,865</td></tr> </table> <p>Other leasing business revenues</p> <table> <tr> <td>Revenue from utilities charges</td><td>320,518</td></tr> <tr> <td>Other revenue</td><td>143,824</td></tr> <tr> <td>Total</td><td>464,342</td></tr> </table> <p>Total real estate leasing business revenues ¥ 9,137,208</p> <p>B. Expenses related to real estate leasing business</p> <p>Expenses related to leasing business</p> <table> <tr> <td>Property management fees</td><td>¥ 528,296</td></tr> <tr> <td>Utilities expenses</td><td>363,445</td></tr> <tr> <td>Taxes and public dues</td><td>725,491</td></tr> <tr> <td>Insurance expenses</td><td>8,487</td></tr> <tr> <td>Repair expenses</td><td>95,546</td></tr> <tr> <td>Depreciation and amortization</td><td>965,765</td></tr> <tr> <td>Other expenses related to leasing business</td><td>412,174</td></tr> </table> <p>Total expenses related to real estate leasing business ¥ 3,099,208</p> <p>C. Income (loss) from real estate leasing business (A – B) ¥ 6,037,999</p>	Rent	¥ 7,658,577	Land rent	265,039	Common service fees	749,248	Total	8,672,865	Revenue from utilities charges	320,518	Other revenue	143,824	Total	464,342	Property management fees	¥ 528,296	Utilities expenses	363,445	Taxes and public dues	725,491	Insurance expenses	8,487	Repair expenses	95,546	Depreciation and amortization	965,765	Other expenses related to leasing business	412,174
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<p>*2. Components of gain (loss) on sales of real estate properties (Unit: thousands of yen)</p> <p>Leaf Minatomirai (Land) (15.0% of the quasi co-ownership interest)</p> <table> <tr> <td>Proceeds from sales of real estate properties</td><td>¥ 1,965,000</td></tr> <tr> <td>Cost of sales of real estate properties</td><td>1,764,899</td></tr> <tr> <td>Other expenses for the sales</td><td>5,797</td></tr> <tr> <td>Gain on sales of real estate properties</td><td>¥ 194,302</td></tr> </table>	Proceeds from sales of real estate properties	¥ 1,965,000	Cost of sales of real estate properties	1,764,899	Other expenses for the sales	5,797	Gain on sales of real estate properties	¥ 194,302	<p>*2. Components of gain (loss) on sales of real estate properties (Unit: thousands of yen)</p> <p>Not applicable.</p>																																																
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<p>*3. Transactions with major corporate unitholders (Unit: thousands of yen)</p> <p>From operating transactions</p> <table> <tr> <td>Leasing business revenue</td><td>¥ 849,781</td></tr> <tr> <td>Gain on sales of real estate properties</td><td>194,302</td></tr> </table>	Leasing business revenue	¥ 849,781	Gain on sales of real estate properties	194,302	<p>*3. Transactions with major corporate unitholders (Unit: thousands of yen)</p> <p>From operating transactions</p> <table> <tr> <td>Leasing business revenue</td><td>¥ 843,996</td></tr> </table>	Leasing business revenue	¥ 843,996																																																		
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[Notes to Statement of Changes in Net Assets]

Item	Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
*1. Total number of authorized investment units and total number of investment units issued	Total number of authorized investment units at end of period 20,000,000 units Total number of investment units issued at end of period 1,251,000 units	Total number of authorized investment units at end of period 20,000,000 units Total number of investment units issued at end of period 1,251,000 units

[Notes on Tax Effect Accounting]

Previous fiscal period (Reference) (As of February 28, 2019)	Reporting period (As of August 31, 2019)
1. Breakdown of significant components of deferred tax assets and deferred tax liabilities (Unit: thousands of yen)	1. Breakdown of significant components of deferred tax assets and deferred tax liabilities (Unit: thousands of yen)
(Deferred tax assets)	(Deferred tax assets)
Accrued enterprise tax excluded from expenses ¥ 21	Accrued enterprise tax excluded from expenses ¥ 3
Total deferred tax assets 21	Total deferred tax assets 3
Net deferred tax assets ¥ 21	Net deferred tax assets ¥ 3
2. Reconciliation of significant differences between the statutory tax rate and the effective tax rate	2. Reconciliation of significant differences between the statutory tax rate and the effective tax rate
Statutory tax rate 31.51%	Statutory tax rate 31.51%
(Adjustments)	(Adjustments)
Distributions paid included in expenses (31.50)%	Distributions paid included in expenses (31.51)%
Others 0.01%	Others 0.02%
Effective tax rate 0.02%	Effective tax rate 0.02%

[Notes on Noncurrent Assets Used Through Leases]

Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
Not applicable.	Not applicable.

[Notes on Financial Instruments]

Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)

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 “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 “Derivative transactions” below should not be considered indicative of the market risk associated with the derivative transactions.

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

Balance sheet carrying amount, fair value, and the difference between the two values as of February 28, 2019 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 8,150,550	¥ 8,150,550	¥ –
(2) Cash and deposits in trust	7,155,321	7,155,321	–
Total assets	¥ 15,305,871	¥ 15,305,871	¥ –
(1) Short-term borrowings	¥ 3,960,000	¥ 3,960,000	¥ –
(2) Current portion of investment corporation bonds	2,000,000	1,996,800	(3,200)
(3) Current portion of long-term borrowings	10,320,000	10,342,436	22,436
(4) Investment corporation bonds	10,000,000	10,040,700	40,700
(5) Long-term borrowings	113,230,000	111,690,715	(1,539,284)
Total liabilities	¥ 139,510,000	¥ 138,030,652	¥ (1,479,347)
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 borrowings

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 investment corporation bonds and (4) 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.

(3) Current portion of long-term borrowings and (5) Long-term borrowings

Since long-term borrowings 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 borrowings with floating interest rates to which special treatment for interest rate swaps is applied (please refer to “Derivative transactions” below), the fair value is calculated by discounting the sum of principal and interest, which are treated in combination with 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 borrowings carrying fixed interest rates is calculated by discounting the sum of principal and interest at a reasonable rate estimated for a similar new loan that is made corresponding to the remaining period.

Derivative transactions

(1) Derivative transactions not applying hedge accounting

Not applicable.

(2) Derivative transactions applying hedge accounting

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 is as follows:

(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 borrowings	¥ 72,057,000	¥ 61,737,000	*	—

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term borrowings, a hedged item. Thus, their fair values are included in the fair value of long-term borrowings (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 (3) Current portion of long-term borrowings and (5) Long-term borrowings”).

(Note 2) Redemption of monetary claims scheduled to be due after the balance sheet date (as of February 28, 2019)

(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	¥ 8,150,550	¥ —	¥ —	¥ —	¥ —	¥ —
Cash and deposits in trust	7,155,321	—	—	—	—	—
Total	¥ 15,305,871	¥ —	¥ —	¥ —	¥ —	¥ —

(Note 3) Redemption of investment corporation bonds, long-term borrowings and other interest-bearing debt scheduled to be due after the balance sheet date (as of February 28, 2019)

(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 borrowings	¥ 3,960,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	2,000,000	—	—	—	—	10,000,000
Long-term borrowings	10,320,000	12,109,000	15,680,000	18,705,000	19,213,000	47,523,000
Total	¥ 16,280,000	¥ 12,109,000	¥ 15,680,000	¥ 18,705,000	¥ 19,213,000	¥ 57,523,000

Reporting period (From March 1, 2019 to August 31, 2019)

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 “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 “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, 2019 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 10,034,957	¥ 10,034,957	¥ –
(2) Cash and deposits in trust	7,256,597	7,256,597	–
Total assets	¥ 17,291,555	¥ 17,291,555	¥ –
(1) Short-term borrowings	¥ 3,960,000	¥ 3,960,000	¥ –
(2) Current portion of investment corporation bonds	2,000,000	1,999,200	(800)
(3) Current portion of long-term borrowings	16,349,000	16,369,835	20,835
(4) Investment corporation bonds	10,000,000	10,190,700	190,700
(5) Long-term borrowings	114,251,000	113,921,061	(329,938)
Total liabilities	¥ 146,560,000	¥ 146,440,797	¥ (119,202)
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 borrowings

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 investment corporation bonds and (4) 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.

(3) Current portion of long-term borrowings and (5) Long-term borrowings

Since long-term borrowings 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 borrowings with floating interest rates to which special treatment for interest rate swaps is applied (please refer to "Derivative transactions" below), the fair value is calculated by discounting the sum of principal and interest, which are treated in combination with 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 borrowings carrying fixed interest rates is calculated by discounting the sum of principal and interest at a reasonable rate estimated for a similar new loan that is made corresponding to the remaining period.

Derivative transactions

(1) Derivative transactions not applying hedge accounting

Not applicable.

(2) Derivative transactions applying hedge accounting

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 is as follows:

(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 borrowings	¥ 72,057,000	¥ 62,758,000	*	—

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term borrowings, a hedged item. Thus, their fair values are included in the fair value of long-term borrowings (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 (3) Current portion of long-term borrowings and (5) Long-term borrowings").

(Note 2) Redemption of monetary claims scheduled to be due after the balance sheet date (as of August 31, 2019)

(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	¥ 10,034,957	¥ —	¥ —	¥ —	¥ —	¥ —
Cash and deposits in trust	7,256,597	—	—	—	—	—
Total	¥ 17,291,555	¥ —	¥ —	¥ —	¥ —	¥ —

(Note 3) Redemption of investment corporation bonds, long-term borrowings and other interest-bearing debt scheduled to be due after the balance sheet date (as of August 31, 2019)

(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 borrowings	¥ 3,960,000	¥ —	¥ —	¥ —	¥ —	¥ —
Investment corporation bonds	2,000,000	—	—	—	—	10,000,000
Long-term borrowings	16,349,000	15,680,000	17,610,000	19,615,000	18,797,000	42,549,000
Total	¥ 22,309,000	¥ 15,680,000	¥ 17,610,000	¥ 19,615,000	¥ 18,797,000	¥ 52,549,000

[Notes on Investment and Rental Properties]

Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)

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

(Unit: thousands of yen)

Balance sheet carrying amount			Fair value at end of period
Balance at beginning of period	Changes during period	Balance at end of period	
¥ 271,142,283	34,964,680	¥ 306,106,963	¥ 355,242,000

(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 period is the acquisition of real estate and beneficial interests in real estate trust of 6 properties (¥37,503,839 thousand). The decrease is mainly due to transfer of beneficial interests in real estate trust of 1 property (¥1,764,899 thousand) and depreciation and amortization (¥950,775 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 for the period under review concerning investment and rental properties is indicated under “Notes to Statement of Income and Retained Earnings” above.

Reporting period (From March 1, 2019 to August 31, 2019)

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

(Unit: thousands of yen)

Balance sheet carrying amount			Fair value at end of period
Balance at beginning of period	Changes during period	Balance at end of period	
¥ 306,106,963	6,228,304	¥ 312,335,267	¥ 365,527,000

(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 period is the acquisition of beneficial interests in real estate trust of 2 properties (¥7,107,111 thousand). The decrease is mainly due to depreciation and amortization (¥965,765 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 for the period under review concerning investment and rental properties is indicated under “Notes to Statement of Income and Retained Earnings” above.

[Notes on Restriction on Asset Investment]

Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
Not applicable.	Not applicable.

[Notes on Related Party Transactions]

Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)

Type	Name	Description of business	Percentage of voting rights owning	Description of transaction (Note 1)	Amount of transaction (Thousands of yen) (Note 2)	Account item	Balance at end of period (Thousands of yen) (Note 2)
Major corporate unitholder	Hulic Co., Ltd.	Real estate business	11.24%	Purchase of beneficial interests in real estate trust	¥29,770,000	—	¥ —
				Transfer of beneficial interests in real estate trust	¥ 1,965,000	—	¥ —
				Keeping of leasehold and guarantee deposits	¥ 1,200,374	Leasehold and guarantee deposits received in trust	¥10,596,019
				Repayment of leasehold and guarantee deposits	¥ 109,451		
				Earning of rent revenue, etc.	¥ 849,781	Advances received	¥ 148,386
Asset custodian	Mizuho Trust & Banking Co., Ltd.	Banking business	—	Borrowing of long-term borrowings	¥ 2,350,000	Current portion of long-term borrowings	¥ 960,000
				Repayment of long-term borrowings	¥ 1,050,000	Long-term borrowings	¥10,923,000
				Interest expenses	¥ 28,625	Accrued expenses	¥ 1,362
				Borrowing related expenses	¥ 25,384	Long-term prepaid expenses	¥ 78,116

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

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

Reporting period (From March 1, 2019 to August 31, 2019)

Type	Name	Description of business	Percentage of voting rights owning	Description of transaction (Note 1)	Amount of transaction (Thousands of yen) (Note 2)	Account item	Balance at end of period (Thousands of yen) (Note 2)
Major corporate unitholder	Hulic Co., Ltd.	Real estate business	11.24%	Purchase of beneficial interests in real estate trust	¥ 7,050,000	—	¥ —
				Keeping of leasehold and guarantee deposits	¥ 270,890	Leasehold and guarantee deposits received in trust	¥10,839,179
				Repayment of leasehold and guarantee deposits	¥ 27,730		
				Earning of rent revenue, etc.	¥ 843,996	Advances received	¥ 148,386
Asset custodian	Mizuho Trust & Banking Co., Ltd.	Banking business	—	Borrowing of long-term borrowings	¥ 300,000	Current portion of long-term borrowings	¥ 660,000
				Repayment of long-term borrowings	¥ 300,000	Long-term borrowings	¥11,223,000
				Interest expenses	¥ 31,169	Accrued expenses	¥ 1,550
				Borrowing related expenses	¥ 3,375	Long-term prepaid expenses	¥ 72,512

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

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

[Notes on Per Unit Information]

Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)		Reporting period (From March 1, 2019 to August 31, 2019)	
Net assets per unit	¥ 133,655	Net assets per unit	¥ 133,625
Basic earnings per unit	¥ 3,654	Basic earnings per unit	¥ 3,486
Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period.		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.		Fully diluted earnings per unit is not presented, as there is no potential investment unit.	

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

Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)		Reporting period (From March 1, 2019 to August 31, 2019)	
Profit (Thousands of yen)	¥4,398,857	Profit (Thousands of yen)	¥4,361,810
Amount not attributable to common unitholders (Thousands of yen)	¥ —	Amount not attributable to common unitholders (Thousands of yen)	¥ —
Profit attributable to common investment units (Thousands of yen)	¥4,398,857	Profit attributable to common investment units (Thousands of yen)	¥4,361,810
Average number of investment units for the period (Units)	1,203,546	Average number of investment units for the period (Units)	1,251,000

[Notes on Significant Events After the Reporting Period]

Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
Not applicable.	<p>Issuance of new investment units</p> <p>The Investment Corporation passed resolutions at meetings of its Board of Directors held on September 9, 2019 and September 18, 2019, to issue new investment units as follows for the purpose of using the proceeds for the purchase price for specified assets and for repayment of borrowings, etc. The payments for the newly issued investment units were completed on September 26, 2019 and October 11, 2019, respectively.</p> <p>As a result, the Investment Corporation unitholders' capital became ¥173,778 million and the total number of investment units issued became 1,312,000.</p> <p>(New investment unit issuance through public offering)</p> <p>Number of new investment units to be issued: 58,000 units</p> <p>Issue price (offer price): ¥185,932 per unit</p> <p>Total amount of issue price (offer price): ¥10,784,056,000</p> <p>Amount paid in (issue value): ¥179,924 per unit</p> <p>Total amount paid in (issue value): ¥10,435,592,000</p> <p>Payment date: September 26, 2019</p> <p>Distribution calculation date: September 1, 2019</p> <p>(New investment unit issuance through third-party allotment)</p> <p>Number of new investment units to be issued: 3,000 units</p> <p>Amount paid in (issue value): ¥179,924 per unit</p> <p>Total amount paid in (issue value): ¥539,772,000</p> <p>Payment date: October 11, 2019</p> <p>Distribution calculation date: September 1, 2019</p> <p>Allottee: Mizuho Securities Co., Ltd.</p>

VII. Statement of Cash Distributions

Item	Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
I Unappropriated retained earnings	¥4,399,204,085	¥4,362,498,880
II Distribution amount (Distributions per unit)	¥4,398,516,000 (¥3,516)	¥4,362,237,000 (¥3,487)
III Retained earnings carried forward	¥688,085	¥261,880
Method of calculating distribution amount	Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥4,398,516,000, which is the largest integral multiple of the total number of investment units issued and outstanding (1,251,000 units), and not in excess of unappropriated retained earnings. In addition, the Investment Corporation shall not distribute cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation.	Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥4,362,237,000, which is the largest integral multiple of the total number of investment units issued and outstanding (1,251,000 units), and not in excess of unappropriated retained earnings. In addition, the Investment Corporation shall not distribute cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation.

VIII. Statement of Cash Flows (Reference information)

(Unit: thousands of yen)

	Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
Cash flows from operating activities		
Profit before income taxes	4,399,896	4,362,497
Depreciation and amortization	951,693	965,906
Amortization of investment unit issuance costs	31,666	22,926
Amortization of investment corporation bond issuance costs	5,974	6,073
Interest income	(59)	(64)
Interest expenses	448,512	467,908
Decrease (increase) in operating accounts receivable	(91,554)	10,873
Decrease (increase) in consumption taxes refund receivable	(87,107)	87,107
Decrease (increase) in prepaid expenses	(17,121)	(4,624)
Increase (decrease) in operating accounts payable	(145,213)	324,615
Increase (decrease) in accounts payable - other	23,837	52,845
Increase (decrease) in accrued consumption taxes	(82,527)	365,622
Increase (decrease) in advances received	126,892	62,768
Increase (decrease) in deposits received	(24,042)	6,449
Decrease (increase) in long-term prepaid expenses	(188,875)	42,499
Decrease in property, plant and equipment in trust due to sales	1,764,899	—
Other, net	1,719	927
Subtotal	7,118,592	6,774,334
Interest received	59	64
Interest paid	(460,425)	(464,799)
Income taxes (paid) refund	(882)	(1,038)
Net cash provided by (used in) operating activities	6,657,344	6,308,561
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,254,385)	(5,408)
Purchase of property, plant and equipment in trust	(30,297,080)	(7,204,634)
Purchase of intangible assets	(2,343,025)	—
Purchase of intangible assets in trust	(3,830,214)	—
Refund of leasehold and guarantee deposits received	(410)	(22,188)
Proceeds from leasehold and guarantee deposits received	141,233	12,440
Refund of leasehold and guarantee deposits received in trust	(109,457)	(28,052)
Proceeds from leasehold and guarantee deposits received in trust	1,420,399	273,511
Net cash provided by (used in) investing activities	(36,272,940)	(6,974,332)
Cash flows from financing activities		
Proceeds from short-term borrowings	30,470,000	3,960,000
Repayments of short-term borrowings	(31,020,000)	(3,960,000)
Proceeds from long-term borrowings	25,210,000	11,630,000
Repayments of long-term borrowings	(8,550,000)	(4,580,000)
Proceeds from issuance of investment units	21,027,273	—
Distributions paid	(4,043,427)	(4,398,544)
Net cash provided by (used in) financing activities	33,093,846	2,651,455
Net increase (decrease) in cash and cash equivalents	3,478,250	1,985,683
Cash and cash equivalents at beginning of period	11,827,621	15,305,871
Cash and cash equivalents at end of period	*1 15,305,871	*1 17,291,555

(Note) This Statement of Cash Flows is not audited by the independent auditor as it is not subject to an audit of the independent auditor, pursuant to Article 130 of the Act on Investment Trusts and Investment Corporations.

[Notes on Significant Accounting Policies] (Reference information)

Item	Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
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.	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.

[Notes to Statement of Cash Flows] (Reference information)

Previous fiscal period (Reference) (From September 1, 2018 to February 28, 2019)		Reporting period (From March 1, 2019 to August 31, 2019)	
*1. Reconciliation between cash and cash equivalents at end of period and relevant amount on the balance sheet (As of February 28, 2019)		*1. Reconciliation between cash and cash equivalents at end of period and relevant amount on the balance sheet (As of August 31, 2019)	
Cash and deposits	¥8,150,550 thousand	Cash and deposits	¥10,034,957 thousand
Cash and deposits in trust	¥7,155,321 thousand	Cash and deposits in trust	¥7,256,597 thousand
Total cash and cash equivalent	¥15,305,871 thousand	Total cash and cash equivalent	¥17,291,555 thousand