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April 14, 2020

Financial Report for the Fiscal Period Ended February 29, 2020 (For the Reporting Period from September 1, 2019 to February 29, 2020)

Hulic Reit, Inc. (“Investment Corporation”)

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

Asset management company: Hulic Reit Management Co., Ltd.
 Representative: Eiji Tokita, Representative Director, President and CEO
 Contact: Kazuaki Chokki, Director, Executive Vice President, CFO, Head of Planning and Administration Division
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Scheduled date to file securities report: May 22, 2020
 Scheduled date to commence payment of distributions: May 15, 2020
 Preparation of supplementary material on financial report: Yes
 Holding of financial report presentation meeting: None

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

1. Summary of financial results for the fiscal period ended February 29, 2020 (September 1, 2019 - February 29, 2020)

(1) Operating results

(Percentages show changes from the previous fiscal period)

Fiscal period ended	Operating revenues		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 29, 2020	9,642	5.5	5,268	5.7	4,634	6.2	4,633	6.2
August 31, 2019	9,137	2.2	4,983	(0.3)	4,362	(0.9)	4,361	(0.8)

Fiscal period ended	Basic earnings per unit	Return on equity	Ordinary profit on total assets	Ordinary profit on operating revenues
	Yen	%	%	%
February 29, 2020	3,554	2.7	1.4	48.1
August 31, 2019	3,486	2.6	1.3	47.7

(Note) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units outstanding during the period (fiscal period ended February 29, 2020: 1,303,374 units; fiscal period ended August 31, 2019: 1,251,000 units).

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
Fiscal period ended	Yen	Millions of yen	Yen	Millions of yen	%	%
February 29, 2020	3,531	4,632	1	1	99.9	2.6
August 31, 2019	3,487	4,362	–	–	100.0	2.6

(Note 1) Total distributions in excess of earnings fully relate to allowance for temporary difference adjustment.

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

$$\text{Payout ratio} = \text{Total distributions (excluding distributions in excess of earnings)} / \text{Profit} \times 100$$

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
February 29, 2020	349,732	178,412	51.0	135,984
August 31, 2019	330,710	167,165	50.5	133,625

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 29, 2020	4,790	(18,188)	13,587	17,480
August 31, 2019	6,308	(6,974)	2,651	17,291

2. Forecasts of performance for the fiscal period ending August 31, 2020 (March 1, 2020 - August 31, 2020) and the fiscal period ending February 28, 2021 (September 1, 2020 - February 28, 2021)

(Percentages show changes from the previous fiscal period)

Fiscal period ending	Operating revenues		Operating profit		Ordinary profit		Profit		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
August 31, 2020	10,618	10.1	5,732	8.8	5,013	8.2	5,012	8.2	3,580	2
February 28, 2021	10,205	(3.9)	5,548	(3.2)	4,873	(2.8)	4,872	(2.8)	3,480	2

(Reference) Forecasted basic earnings per unit (Forecasted profit / Forecasted number of investment units at end of period)

For the fiscal period ending August 31, 2020: ¥3,580

For the fiscal period ending February 28, 2021: ¥3,480

*** Other**

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

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

(2) Total number of investment units issued

a. Total number of investment units issued at end of period (including treasury investment units)	
As of February 29, 2020	1,312,000 units
As of August 31, 2019	1,251,000 units
b. Number of treasury investment units at end of period	
As of February 29, 2020	0 units
As of August 31, 2019	0 units

(Note) Please refer to “Notes on Per Unit Information” on page 33 for the number of investment units used as the basis for calculating basic earnings per unit.

*** Financial reports are exempt from audit conducted by certified public accountants or an audit corporation.**

*** Special notes**

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. The above-mentioned forecasts are based on “Assumptions for forecasts of performance for the fiscal period ending August 31, 2020 (from March 1, 2020 to August 31, 2020) and the fiscal period ending February 28, 2021 (from September 1, 2020 to February 28, 2021)” (hereinafter “Assumptions for Forecasts”) on pages 9 through 11 for calculation, and our judgment as of this date. Actual operating revenues, operating profit, ordinary profit, profit, distributions per unit and distributions in excess of earnings per unit may vary due to factors such as additional acquisitions or transfers of real estate, etc., upswings or downswings in the real estate market or other changes in market conditions affecting the Investment Corporation. These forecasts do not guarantee the distribution amount.

In addition, as stated in “Issuance of investment units” in the Assumptions for Forecasts, the Investment Corporation has filed a shelf registration statement for the issuance of investment units (planned issuance amount of ¥16,000 million) to the Director-General of the Kanto Local Finance Bureau as of March 24, 2020, and it is assumed that new units for the planned issuance amount stated in this shelf registration statement will be issued during the fiscal period ending August 31, 2020 (hereinafter referred to as the “Issuance of New Investment Units”). For details on the shelf registration statement for the issuance of investment units, please refer to the “Notice concerning the Filing of Shelf Registration Statement for the Issuance of Investment Units” released on March 24, 2020. Note that there is no guarantee that the Issuance of New Investment Units will be conducted during the fiscal period ending August 31, 2020. Even if the Issuance of New Investment Units is conducted as assumed, because the actual number of units issued will be determined in consideration of the price of the investment units of the Investment Corporation at that time, there could be an increase or decrease in the number of investment units to be issued as stated above in “Issuance of investment units” in the Assumptions for Forecasts, distributions per unit (excluding distributions in excess of earnings), and therefore distributions in excess of earnings per unit and distributions per unit (including distributions in excess of earnings) are subject to change. Forecasted distributions per unit (excluding distributions in excess of earnings) in the case the Issuance of New Investment Units is not conducted are ¥3,770 for the fiscal period ending August 31, 2020 and ¥3,630 for the fiscal period ending February 28, 2021. However, distributions per unit (including distributions in excess of earnings) are subject to change, and there is no guarantee for this forecast.

1. Status of Asset Management

(1) Operating results

Summary of results for the reporting period

i) Transition of the Investment Corporation

The Investment Corporation was established on November 7, 2013, with Hulic Reit Management Co., Ltd. (hereinafter referred to as the “Asset Manager”), which is entrusted with the management of the assets of the Investment Corporation, as the organizer under the Act on Investment Trusts and Investment Corporations of Japan (hereinafter referred to as the “Investment Trust Act”). On November 25, 2013, the Investment Corporation was registered with the Director-General of the Kanto Local Finance Bureau (registration number: Director-General of the Kanto Local Finance Bureau No. 88). The Investment Corporation issued new investment units through a public offering with the payment date on February 6, 2014, which were listed on the Real Estate Investment Trust Securities (J-REIT) Market of Tokyo Stock Exchange, Inc. (Securities code: 3295) on February 7, 2014. New investment units were issued through a third-party allotment on March 7, 2014. The Investment Corporation recently carried out capital increases through its sixth public offering after its listing on September 26, 2019 and a third-party allotment on October 11, 2019. As a result, the number of investment units issued at the end of the reporting period was 1,312,000.

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

ii) Performance for the reporting period

During the reporting period, the Investment Corporation acquired Charm Suite Shakujiko, Charm Suite Shinjukutoyama and Hulic Ginza 7 Chome Building (additional acquisition) in September 2019, Hulic Asakusabashi Building and Hulic Ebisu Building in December 2019, and Hulic Shinjuku 3 Chome Building (partial right of land) in February 2020 (total acquisition price: ¥18,168 million). As a result, the number of properties held by the Investment Corporation at the end of the reporting period was 55, and the total acquisition price was ¥332,147 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 99.5%.

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 August 31, 2016. 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 the date of this report, it has acquired external certification for a total of 17 properties, as follows. Concerning DBJ Green Building Certification (Note 2), the Investment Corporation has acquired certification for 7 properties, with Ochanomizu Sola City, Hulic Toranomom Building, Shinagawa Season Terrace and Hulic Asakusabashi Building 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 5 properties, with Shinagawa Season Terrace and HULIC &New SHIBUYA obtaining the highest ranking. In December 2019, Shinagawa Season Terrace became the first office building with a floor area of 100 thousand m² or more that acquired ZEB Ready certification (Note 4) under the said rating system (Note 5). Concerning the real estate evaluation certification CASBEE (Note 6), the Investment Corporation has acquired certification for 4 properties, with Hulic Kamiyacho Building obtaining the highest ranking. In November 2019, the Investment Corporation acquired CASBEE-Wellness Office certification (Note 7) for Hulic Toranomom Building.

- (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) “ZEB Ready” refers to a state-of-the-art building designed with ZEB (Net Zero Energy Building: building aiming at annual net zero primary energy balance) in mind. It is equipped with cladding of high thermal insulation and highly efficient energy saving facilities (to be ZEB Ready, the building must meet a reduction in consumption of primary energy by 50% or more from the standard primary energy consumption, excluding renewable energy(*)).
- (*) The scope of the amount of renewable energy is limited to renewable energy produced on-site, including both the part of it that is sold and the part that is consumed on-site.
- (Note 5) According to data published by Housing Performance Assessment/Labeling Association, as of December 2019, the only office building with a floor area of 100 thousand m² or more that acquired “ZEB Ready” certification was Shinagawa Season Terrace.
- (Note 6) “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. The real estate evaluation certification CASBEE evaluates the environmental performance of existing buildings with one or more years of use after completion.
- (Note 7) The “CASBEE-Wellness Office certification” is an evaluation tool for specifications, performance and approaches of buildings that support maintenance and enhancement of the health and comfort of building users. The system evaluates not only the direct impact on the health and comfort of workers who inhabit offices in the building but also other performance factors such as contribution to intellectual productivity improvement as well as security and safety. IBEC promotes the adoption of the system and operates the assessment and certification.

iii) Status of financing

During the reporting period, the Investment Corporation procured ¥10,225 million in total on September 12, 2019, December 20, 2019, and February 13, 2020 as short-term borrowings to fund the acquisition of assets, etc. Also, the Investment Corporation used ¥10,435 million procured by a capital increase through public offering carried out on September 26, 2019 to fund the acquisition of assets, etc., and using the remaining amount, together with ¥539 million procured by a capital increase through third-party allotment carried out on October 11, 2019 and cash reserves, the Investment Corporation repaid ¥3,200 million as an early repayment of short-term borrowings. Furthermore, the Investment Corporation repaid ¥10,075 million as an early repayment of long-term borrowings that was procured to fund the acquisition of assets, etc. on June 28, 2019, and a partial amount of short-term borrowings that was procured to fund the acquisition of assets, etc. on December 20, 2019. It also refinanced ¥5,740 million in long-term borrowings that was due for repayment on February 28, 2020 and ¥1,000 million in short-term borrowings as long-term borrowings.

As a result, at the end of the reporting period, interest-bearing debt totaled ¥153,585 million (comprising ¥6,960 million in short-term borrowings, ¥12,109 million in current portion of long-term borrowings, ¥122,516 million in long-term borrowings and ¥12,000 million in investment corporation bonds), resulting in a loan-to-value (LTV) ratio of 43.9%.

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

iv) Overview of financial results and distributions

As a result of the above asset management, operating revenues for the reporting period were ¥9,642 million (up 5.5% compared with the previous fiscal period), operating profit was ¥5,268 million (up 5.7% compared with the previous fiscal period), ordinary profit after deducting interest expenses for borrowings, etc. was ¥4,634 million (up 6.2% compared with the previous fiscal period), and profit was ¥4,633 million (up 6.2% 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 (excluding distributions in excess of earnings) came to ¥3,531.

In addition to this, pursuant to the policy for distribution of cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation, the Investment Corporation has decided to distribute ¥1,312,000 as distribution of allowance for temporary difference adjustment with distributions in excess of earnings per investment unit being ¥1, in consideration of effects of discrepancies in tax and accounting treatment in the case of excess income in association with expenses related to asset retirement obligations (as prescribed in Article 2, Paragraph 2, Item 30 (a) of the Regulation on Accountings of Investment Corporations) on distributions.

Consequently, distributions per unit (including distributions in excess of earnings per investment unit of ¥1) for the reporting period came to ¥3,532.

Outlook for the fiscal period ending August 31, 2020

i) Outlook for overall operations

In terms of the outlook for the rental office market, the current forecast is for the market to continue solidly and in the real estate selling market, the transaction prices for property are projected to continue at high levels amid the continuing low interest environment. On the other hand, while the spread of the novel coronavirus disease (COVID-19) is generating concern that deterioration in the economic environment will lead to weakened income from retail properties and hotels, the assets with those purposes under the Investment Corporation's management are principally under medium-term or long-term lease agreements weighted toward fixed rent, so it is considered to be unlikely for revenue to be immediately adversely affected. Nevertheless, it is important to pay attention to the situation as it unfolds.

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.

ii) Significant events after the reporting period

Not applicable.

(Reference information)

(A) Filing of shelf registration statement for the issuance of investment units

- | | |
|--|--|
| (1) Filing date of shelf registration statement: | March 24, 2020 |
| (2) Planned period of issuance: | One year from the effective date of the shelf registration under the shelf registration statement (from April 1, 2020 to March 31, 2021) |
| (3) Upper limit of the amount to be issued: | ¥16.0 billion |

(B) Acquisitions of properties

The Investment Corporation acquired the below-mentioned beneficial interests in real estate trust (4 properties; total acquisition price: ¥23,672 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 acquisition 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 Ryogoku Building	Sumida-ku, Tokyo	March 26, 2020	5,610	Hulic Co., Ltd.
Hulic Asakusabashi Edo-dori	Taito-ku, Tokyo	March 26, 2020	5,420	Hulic Co., Ltd.
Hulic Mejiro	Toshima-ku, Tokyo	March 26, 2020	5,670	Hulic Co., Ltd.
Hulic Tsukiji 3 Chome Building	Chuo-ku, Tokyo	March 26, 2020	6,972	Hulic Co., Ltd.
Total	–	–	23,672	–

(C) Transfer of a property

The Investment Corporation transferred the below-mentioned beneficial interests in real estate trust (1 property; transfer price: ¥4,800 million). The transfer price provided does not include expenses incurred on the transfer of such real estate, etc. (including transfer expenses, settlement of fixed asset tax and city planning tax and consumption taxes), and is equal to the acquisition price stated on the agreement for sales of beneficial interests in trust.

Property name	Location	Date of transfer	Transfer price (Millions of yen)	Transferee
Gate City Ohsaki	Shinagawa-ku, Tokyo	March 6, 2020	4,800	Undisclosed (Note)

(Note) Although the transferee is a business company in Japan, the transferee is not disclosed because the transferee’s consent regarding disclosure has not been obtained.

(D) Borrowing of funds

In order to cover part of the acquisition price, etc. for (B) above, 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.	19,200	Base rate of interest (JBA one-month Japanese Yen TIBOR) +0.300%	March 26, 2020	February 28, 2021	Lump-sum repayment	Unsecured and unguaranteed

iii) Operating results (earnings) forecasts

The Investment Corporation's forecasts for the fiscal period ending August 31, 2020 (from March 1, 2020 to August 31, 2020) and the fiscal period ending February 28, 2021 (from September 1, 2020 to February 28, 2021) are as follows:

	Fiscal period ending August 31, 2020	Fiscal period ending February 28, 2021
Operating revenues	¥10,618 million	¥10,205 million
Operating profit	¥5,732 million	¥5,548 million
Ordinary profit	¥5,013 million	¥4,873 million
Profit	¥5,012 million	¥4,872 million
Distributions per unit (excluding distributions in excess of earnings)	¥3,580	¥3,480
Distributions in excess of earnings per unit	¥2	¥2

Information on current assumptions for the forecasts of operating results is as shown in "Assumptions for forecasts of performance for the fiscal period ending August 31, 2020 (from March 1, 2020 to August 31, 2020) and the fiscal period ending February 28, 2021 (from September 1, 2020 to February 28, 2021)" on pages 9 through 11.

(Note) The above-mentioned forecasts are based on certain calculation assumptions and our judgment based on information currently available to the Investment Corporation. Actual operating revenues, operating profit, ordinary profit, profit, distributions per unit and distributions in excess of earnings per unit may vary in response to factors such as additional acquisitions or transfers of real estate, etc., upswings or downswings in the real estate market or other changes in market conditions affecting the Investment Corporation. These forecasts do not guarantee the distribution amount.

Assumptions for forecasts of performance for the fiscal period ending August 31, 2020 (from March 1, 2020 to August 31, 2020) and the fiscal period ending February 28, 2021 (from September 1, 2020 to February 28, 2021)

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> • Fiscal period ending August 31, 2020: 184 days from March 1, 2020 to August 31, 2020 • Fiscal period ending February 28, 2021: 181 days from September 1, 2020 to February 28, 2021
Portfolio	<ul style="list-style-type: none"> • We have based our assumptions on 58 properties we hold as of the date of this report (hereinafter referred to as the “Assets Held” in this table of assumptions). • In our forecasts of performance, we have assumed that there will be no changes in the composition of our portfolio (no acquisitions of new properties, no transfers of Assets Held, etc.) until February 28, 2021 (the end of the 14th fiscal period). • There may be changes in the portfolio, however, caused by buying or selling of properties.
Operating revenues	<ul style="list-style-type: none"> • Real estate leasing business revenues from Assets Held have been calculated in consideration of trends of the lease market and other factors on the basis of lease agreements effective as of the date of this report. Occupancy rates are assumed to be 99.9% and 99.3% as of August 31, 2020 and as of February 28, 2021, respectively, and such rates may vary if there are new tenant departure or if tenants that are scheduled to depart from some areas do not depart. • Operating revenues assume no delinquencies or non-payment of rent by tenants.
Operating expenses	<ul style="list-style-type: none"> • Of the expenses related to leasing business, the principal component of operating expenses, expenses other than depreciation and amortization expenses for the Assets Held excluding assets acquired in the fiscal period ended February 29, 2020 (the 12th fiscal period) and assets acquired in March 2020 (except for additional acquisition of Hulic Ginza 7 Chome Building) have been calculated in such a way as to reflect variable factors in the expenses on the basis of past performance figures. In addition, such expenses for the assets acquired in the fiscal period ended February 29, 2020 (the 12th fiscal period) and assets acquired in March 2020 (except for additional acquisition of Hulic Ginza 7 Chome Building) have been calculated in such a way as to reflect variable factors in the expenses based on information received from the transferors of each asset and others, and also based on past performance figures. • We have calculated depreciation and amortization expenses using the straight-line method, including ancillary expenses, and assumed that we will incur depreciation and amortization expenses of ¥1,218 million for the fiscal period ending August 31, 2020 (the 13th fiscal period) and ¥1,229 million for the fiscal period ending February 28, 2021 (the 14th fiscal period). • In general, fixed asset tax, city planning tax, etc. for the assets we acquire or transfer are settled at the time of acquisition or transfer between the transferor and the transferee based on their respective periods of ownership in relation to the relevant tax year. With respect to the acquired assets, any of these taxes allocated to the transferee are not recognized in expenses at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes in the Investment Corporation. Fixed asset tax, city planning tax, etc. are assumed at ¥793 million for the fiscal period ending August 31, 2020 (the 13th fiscal period) and ¥793 million for the fiscal period ending February 28, 2021 (the 14th fiscal period). • Repair expenses for buildings are recognized for each fiscal period in amounts assumed as necessary based on the repair plan formulated by the Asset Manager for each property. However, actual repair expenses for each fiscal period may differ substantially from our forecasts, mainly for the following reasons: (i) we may incur expenses for urgent repairs to properties for reasons including damage to buildings resulting from factors that are difficult to foresee, (ii) generally, there is a substantial difference in such expenses incurred from one fiscal period to another, and (iii) such expenses are not incurred on a regular basis. We expect to post ¥282 million due to

Item	Assumptions
	<p>carrying out some repair work earlier than planned in the fiscal period ending August 31, 2020 (the 13th fiscal period), and ¥111 million in the fiscal period ending February 28, 2021 (the 14th fiscal period).</p>
Non-operating expenses	<ul style="list-style-type: none"> • We expect to record interest expenses and other borrowing-related expenses of ¥692 million in the fiscal period ending August 31, 2020 (the 13th fiscal period) and ¥647 million in the fiscal period ending February 28, 2021 (the 14th fiscal period). • We expect to record amortization of investment corporation bond issuance costs (amortized by the straight-line method over period until redemption) and amortization of investment unit issuance costs (amortized by the straight-line method over a three-year period) relating to issuance of investment corporation bonds and new investment units, etc. of ¥27 million in the fiscal period ending August 31, 2020 (the 13th fiscal period) and ¥27 million in the fiscal period ending February 28, 2021 (the 14th fiscal period).
Interest-bearing debt	<ul style="list-style-type: none"> • The balance of interest-bearing debt of the Investment Corporation as of the date of this report is ¥172,785 million (comprising ¥26,160 million in short-term borrowings, ¥12,109 million in current portion of long-term borrowings, ¥122,516 million in long-term borrowings and ¥12,000 million in investment corporation bonds). • For ¥3,960 million in short-term borrowings and ¥3,559 million in current portion of long-term borrowings, for which repayment is due by August 31, 2020 (the end of the 13th fiscal period), and ¥8,550 million in current portion of long-term borrowings, for which repayment is due by February 28, 2021 (the end of the 14th fiscal period), we assume the refinancing of the entire amounts at the time of the due date. • The unpaid amount of short-term borrowings of ¥3,000 million taken out as acquisition funds for properties on December 20, 2019 is scheduled to be refinanced during the fiscal period ending August 31, 2020 (the 13th fiscal period). • The proceeds from the Issuance of New Investment Units combined with cash reserve will be allotted to the partial repayment of ¥19,200 million in short-term borrowings, and the unpaid amount will be refinanced into long-term borrowings around the end of the fiscal period ending August 31, 2020 (the 13th fiscal period). • As a result of the above, we assume that the balance of interest-bearing debt as of each of August 31, 2020 (at the end of the 13th fiscal period), and February 28, 2021 (at the end of the 14th fiscal period), will be ¥158,255 million. • We have assumed LTV ratio (assumed) of approximately 43% as of August 31, 2020 (at the end of the 13th fiscal period). • The above LTV ratio (assumed) was obtained by the following formula: $\text{LTV (assumed)} = \frac{\text{Interest-bearing debt at end of period (assumed amount)}}{\text{Total assets at end of period (projected amount)}} \times 100$ <p style="margin-left: 40px;">Total assets at end of period (assumed): Amount obtained by adding the total of the acquisition prices of properties acquired in March 2020 (¥23,672 million) to and subtracting the book value of properties transferred (¥4,446 million) from the sum of the total assets as stated on the balance sheet dated February 29, 2020 (at the end of the 12th fiscal period) (¥349,732 million)</p>
Issuance of investment units	<ul style="list-style-type: none"> • A total of 1,312,000 investment units have been issued as of the date of this report. In addition, we have assumed the entire 88,000 units of the Issuance of New Investment Units will be issued. However, there are a possibility that the Issuance of New Investment Units will not be conducted, and a possibility that the final number of the issued units in the Issuance of New Investment Units will change. Excluding the Issuance of New Investment Units, it is assumed that no additional investment units will be issued until the end of the fiscal period ending February 28, 2021 (the 14th fiscal period).

Item	Assumptions
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> We have calculated distributions per unit (excluding distributions in excess of earnings) in accordance with the cash distribution policy prescribed in the Investment Corporation's Articles of Incorporation. Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in the asset portfolio, fluctuations in rent revenues associated with changes in tenants, or unforeseen occurrences of repairs.
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> We expect to recognize ¥2 million in allowance for temporary difference adjustment in both the fiscal period ending August 31, 2020 (the 13th fiscal period) and the fiscal period ending February 28, 2021 (the 14th fiscal period) arising from discrepancies in tax and accounting treatment in connection with the recognition of expenses related to asset retirement obligations. The Investment Corporation has decided to make distributions in excess of earnings equivalent to the increase in allowance for temporary difference adjustment and expects to distribute ¥2 per investment unit in distributions in excess of earnings in both the fiscal period ending August 31, 2020 (the 13th fiscal period) and the fiscal period ending on February 28, 2021 (the 14th fiscal period).
Others	<ul style="list-style-type: none"> It is assumed that there will not be further expansion of the adverse effect due to the spread of the novel coronavirus disease. Accordingly, the consideration of a negative effect on operations due to novel coronavirus disease's expansion or prolonged period of effect is not included. We have assumed that no revisions that impact these forecasts will be made to law and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others. We have assumed that no significant unforeseeable changes will occur in general economic trends or conditions in the real estate market.

(2) Investment risks

In response to the spread of the novel coronavirus disease, the provision “(i) Risks affecting investment units and the investment corporation bonds issued by the Investment Corporation; (b) Risks affecting market price volatility” stated in “Investment risks” in the most recent Annual Securities Report (submitted for filing on November 22, 2019) has, as of the date of this report, been revised as follows and the content of “(ix) Other risks; Risks concerning infectious disease pandemics, natural disasters, etc.” is added as follows. The changed portions are underlined.

- (i) Risks affecting investment units and the investment corporation bonds issued by the Investment Corporation
- (b) Risks affecting market price volatility

Recently the global spread of the novel coronavirus disease is causing stagnation of business operations and adversely affecting economic activity in a multitude of areas. Amid this, with regard to properties with the asset class of retail properties and hotels in particular, a spread in the novel coronavirus disease will adversely affect not only the entire Japanese economy, but also the global economy, causing downward pressure on stock prices in stock market from concerns of an immediate adverse effect on revenues, and because the Investment Corporation does own retail properties and hotels despite the bulk of the portfolio consisting of office properties, the investment units of the Investment Corporation are not an exception. Amid expanding concerns over future expansion of impact and the prolonging of the situation, the market in its entirety may be adversely affected.

In addition to the aforementioned, the market price of the investment unit be adversely affected if society experiences events harm trust in real estate transactions, including volatility in the financial environment such as interest rate trends or foreign currency exchange, the market environment and future economic trends, high trading volume on the investment unit by Japanese or foreign investors, comparison with other financial instruments, natural disasters such as earthquakes, tsunami and soil liquefaction.

Furthermore, the Investment Corporation's principal targets of investment are real estate, etc. and real estate securities, and the market price of the investment unit may be adversely affected due to factors surrounding real estate related markets, such as volatility in real estate appraisals, trends of real estate markets, real estate supply and demand, business environment of companies controlling real estate supply and demand, and changes in legal, accounting or tax systems.

In addition, the Investment Corporation procures funds as required to execute its business. However, if such procurement of funds is through the issuance of new investment units, the distribution per investment unit and the net asset value of the investment unit may be diluted. Such an event, or other circumstances, may affect the supply and demand balance of the investment unit in the market and adversely affect the market price of the investment unit.

In addition, the market price of the investment unit may fall in cases where administrative guidance, recommendation for administrative penalty or administrative penalty has been imposed by a supervising authority, etc. on the Investment Corporation or the Asset Manager, or on another investment corporation or asset manager.

(ix) Other risks

Risks concerning infectious disease pandemics, natural disasters, etc.

Recently the novel coronavirus disease has been spreading. The Investment Corporation's primary asset class of properties in its portfolio is office properties. In order to comprehend whether or not the spread of this infectious disease could adversely affect these properties, it is necessary to closely observe how the future unfolds. On the other hand, a part of the Investment Corporation's portfolio consists of hotels and retail properties, and there are real and present concerns that these assets will be adversely affected. With regard to retail properties, in addition to the possibility tenants will be tardy in rent payments or demand rent decreases in response to sluggish sales caused by the spread of this infectious disease and the prolonging of its pandemic, there is also a risk of vacancies as a result of tenant withdrawal.

If the pandemic of this infectious disease is prolonged, the Asset Manager's business operations could stagnate in various ways, which may adversely affect the operating results of the Investment Corporation. The time when the novel coronavirus disease will be resolved is by its nature unclear and the final cumulative effect is difficult to predict. In addition to the risks of adverse effect described above, there is also the possibility that other risks will materialize. Accordingly, it is possible that there will be an adverse effect on the Investment Corporation's financial position and business results.

Furthermore, in addition to the above, it will be difficult for the Investment Corporation to uniquely escape unscathed from risks such as natural disaster and infectious disease pandemics as well as the recently observed increasing size and intensity of natural disasters accompanying climate change, and in the event of an infectious disease pandemic or damage from natural disaster, it could significantly adversely impact the financial position and the business results of the Investment Corporation.

2. Unaudited Financial Information

(1) Balance Sheets (unaudited)

	(Unit: thousands of yen)	
	Previous fiscal period (As of August 31, 2019)	Reporting period (As of February 29, 2020)
Assets		
Current assets		
Cash and deposits	10,034,957	10,149,008
Cash and deposits in trust	7,256,597	7,331,270
Operating accounts receivable	111,179	218,667
Prepaid expenses	50,636	39,115
Consumption taxes receivable	–	328,769
Other	616	1,417
Total current assets	17,453,986	18,068,249
Noncurrent assets		
Property, plant and equipment		
Buildings	670,500	670,500
Accumulated depreciation	(14,752)	(22,977)
Buildings, net	655,747	647,523
Land	589,293	1,811,416
Buildings in trust	60,756,528	67,380,509
Accumulated depreciation	(6,983,407)	(7,993,387)
Buildings in trust, net	53,773,121	59,387,122
Structures in trust	365,406	391,060
Accumulated depreciation	(119,227)	(132,983)
Structures in trust, net	246,179	258,077
Machinery and equipment in trust	283,547	322,763
Accumulated depreciation	(141,114)	(158,945)
Machinery and equipment in trust, net	142,433	163,817
Tools, furniture and fixtures in trust	48,242	78,908
Accumulated depreciation	(18,009)	(22,844)
Tools, furniture and fixtures in trust, net	30,232	56,063
Land in trust	242,253,730	256,846,528
Total property, plant and equipment	297,690,738	319,170,549
Intangible assets		
Leasehold interests in land	2,343,025	2,343,025
Land leasehold interests in trust	12,301,503	8,790,287
Total intangible assets	14,644,529	11,133,313
Investments and other assets		
Leasehold and guarantee deposits	20,302	360,302
Long-term prepaid expenses	784,016	859,966
Deferred tax assets	3	41
Total investments and other assets	804,322	1,220,311
Total noncurrent assets	313,139,590	331,524,173
Deferred assets		
Investment unit issuance costs	55,323	65,006
Investment corporation bond issuance costs	61,788	75,094
Total deferred assets	117,111	140,100
Total assets	330,710,688	349,732,524

(Unit: thousands of yen)

	Previous fiscal period (As of August 31, 2019)	Reporting period (As of February 29, 2020)
Liabilities		
Current liabilities		
Operating accounts payable	632,499	518,769
Short-term borrowings	3,960,000	6,960,000
Current portion of investment corporation bonds	2,000,000	–
Current portion of long-term borrowings	16,349,000	12,109,000
Accounts payable - other	1,034,476	1,095,726
Accrued expenses	36,660	36,351
Income taxes payable	658	1,391
Accrued consumption taxes	398,210	74,816
Advances received	1,552,500	1,641,023
Deposits received	9,004	–
Total current liabilities	25,973,009	22,437,078
Noncurrent liabilities		
Investment corporation bonds	10,000,000	12,000,000
Long-term borrowings	114,251,000	122,516,000
Leasehold and guarantee deposits received	131,075	131,075
Leasehold and guarantee deposits received in trust	13,189,723	13,954,009
Asset retirement obligations	–	282,245
Total noncurrent liabilities	137,571,798	148,883,329
Total liabilities	163,544,808	171,320,408
Net assets		
Unitholders' equity		
Unitholders' capital	162,803,382	173,778,746
Surplus		
Unappropriated retained earnings	4,362,498	4,633,369
Total surplus	4,362,498	4,633,369
Total unitholders' equity	167,165,880	178,412,115
Total net assets	*2 167,165,880	*2 178,412,115
Total liabilities and net assets	330,710,688	349,732,524

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

(Unit: thousands of yen)

	Previous fiscal period (From March 1, 2019 to August 31, 2019)	Reporting period (From September 1, 2019 to February 29, 2020)
Operating revenues		
Leasing business revenue	*1, *2 8,672,865	*1, *2 9,120,841
Other leasing business revenues	*1 464,342	*1 521,321
Total operating revenues	9,137,208	9,642,162
Operating expenses		
Expenses related to leasing business	*1 3,099,208	*1 3,278,634
Asset management fee	869,442	915,009
Asset custody fee	14,413	14,604
Administrative service fees	45,779	45,961
Remuneration for directors (and other officers)	6,000	6,000
Other operating expenses	119,106	113,430
Total operating expenses	4,153,949	4,373,640
Operating profit	4,983,258	5,268,522
Non-operating income		
Interest income	64	73
Gain on forfeiture of unclaimed dividends	234	680
Interest on tax refund	252	–
Total non-operating income	551	753
Non-operating expenses		
Interest expenses	428,584	437,278
Interest expenses on investment corporation bonds	39,324	41,623
Borrowing related expenses	124,403	127,893
Amortization of investment unit issuance costs	22,926	22,534
Amortization of investment corporation bond issuance costs	6,073	5,474
Total non-operating expenses	621,312	634,804
Ordinary profit	4,362,497	4,634,472
Profit before income taxes	4,362,497	4,634,472
Income taxes - current	668	1,402
Income taxes - deferred	18	(38)
Total income taxes	686	1,363
Profit	4,361,810	4,633,108
Retained earnings brought forward	688	261
Unappropriated retained earnings	4,362,498	4,633,369

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

Previous fiscal period (From March 1, 2019 to August 31, 2019)

(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

Reporting Period (From September 1, 2019 to February 29, 2020)

(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	4,362,498	4,362,498	167,165,880	167,165,880
Changes in items during the period					
Issuance of new investment units	10,975,364	–	–	10,975,364	10,975,364
Dividends of surplus	–	(4,362,237)	(4,362,237)	(4,362,237)	(4,362,237)
Profit	–	4,633,108	4,633,108	4,633,108	4,633,108
Total changes in items during the period	10,975,364	270,871	270,871	11,246,235	11,246,235
Balance at the end of the period	*1 173,778,746	4,633,369	4,633,369	178,412,115	178,412,115

(4) Statements of Cash Distributions (unaudited)

Fiscal period	Previous fiscal period (From March 1, 2019 to August 31, 2019)	Reporting period (From September 1, 2019 to February 29, 2020)
Item		
I Unappropriated retained earnings	¥4,362,498,880	¥4,633,369,968
II Added amount of distributions in excess of earnings	-	¥1,312,000
Of the above, allowance for temporary difference adjustment	-	¥1,312,000
III Distribution amount	¥4,362,237,000	¥4,633,984,000
(Distributions per unit)	(¥3,487)	(¥3,532)
Of the above, distributions of earnings	¥4,362,237,000	¥4,632,672,000
(Of the above, distributions of earnings per unit)	(¥3,487)	(¥3,531)
Of the above, allowance for temporary difference adjustment	-	¥1,312,000
(Of the above, distributions in excess of earnings per unit (those related to allowance for temporary difference adjustment))	(-)	(¥1)
IV Retained earnings carried forward	¥261,880	¥697,968
Method of calculating distribution amount	<p>Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥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.</p> <p>In addition, the Investment Corporation shall not distribute cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation.</p>	<p>Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥4,632,672,000, which is the largest integral multiple of the total number of investment units issued and outstanding (1,312,000 units), and not in excess of unappropriated retained earnings.</p> <p>In addition, pursuant to the policy for distribution of cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation, the Investment Corporation has decided to distribute ¥1,312,000 as distribution of allowance for temporary difference adjustment, in consideration of effects of discrepancies in tax and accounting treatment in the case of excess income in association with expenses related to asset retirement obligations (as prescribed in Article 2, Paragraph 2, Item 30 (a) of the Regulation on Accountings of Investment Corporations) on distributions.</p>

(5) Statements of Cash Flows (unaudited)

(Unit: thousands of yen)

	Previous fiscal period (From March 1, 2019 to August 31, 2019)	Reporting period (From September 1, 2019 to February 29, 2020)
Cash flows from operating activities		
Profit before income taxes	4,362,497	4,634,472
Depreciation and amortization	965,906	1,057,617
Amortization of investment unit issuance costs	22,926	22,534
Amortization of investment corporation bond issuance costs	6,073	5,474
Interest income	(64)	(73)
Interest expenses	467,908	478,901
Decrease (increase) in operating accounts receivable	10,873	(107,488)
Decrease (increase) in consumption taxes refund receivable	87,107	(328,769)
Decrease (increase) in prepaid expenses	(4,624)	11,520
Increase (decrease) in operating accounts payable	324,615	(236,281)
Increase (decrease) in accounts payable - other	52,845	53,406
Increase (decrease) in accrued consumption taxes	365,622	(323,394)
Increase (decrease) in advances received	62,768	88,522
Increase (decrease) in deposits received	6,449	(9,004)
Decrease (increase) in long-term prepaid expenses	42,499	(75,950)
Other, net	927	(2,802)
Subtotal	6,774,334	5,268,685
Interest received	64	73
Interest paid	(464,799)	(477,900)
Income taxes (paid) refund	(1,038)	(658)
Net cash provided by (used in) operating activities	6,308,561	4,790,199
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,408)	(1,213,631)
Purchase of property, plant and equipment in trust	(7,204,634)	(16,921,157)
Purchase of intangible assets in trust	–	(478,135)
Payments for leasehold and guarantee deposits	–	(350,000)
Proceeds from collection of leasehold and guarantee deposits	–	10,000
Refund of leasehold and guarantee deposits received	(22,188)	–
Proceeds from leasehold and guarantee deposits received	12,440	–
Refund of leasehold and guarantee deposits received in trust	(28,052)	(194,373)
Proceeds from leasehold and guarantee deposits received in trust	273,511	958,659
Net cash provided by (used in) investing activities	(6,974,332)	(18,188,637)
Cash flows from financing activities		
Proceeds from short-term borrowings	3,960,000	10,225,000
Repayments of short-term borrowings	(3,960,000)	(7,225,000)
Proceeds from long-term borrowings	11,630,000	16,815,000
Repayments of long-term borrowings	(4,580,000)	(12,790,000)
Proceeds from issuance of investment corporation bonds	–	1,981,218
Redemption of investment corporation bonds	–	(2,000,000)
Proceeds from issuance of investment units	–	10,943,146
Distributions paid	(4,398,544)	(4,362,204)
Net cash provided by (used in) financing activities	2,651,455	13,587,161
Net increase (decrease) in cash and cash equivalents	1,985,683	188,723
Cash and cash equivalents at beginning of period	15,305,871	17,291,555
Cash and cash equivalents at end of period	*1 17,291,555	*1 17,480,278

(6) Notes on Going Concern Assumption (unaudited)

Not applicable.

(7) Notes on Significant Accounting Policies (unaudited)

1. Method of depreciation and amortization of noncurrent assets	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The estimated useful lives of property, plant and equipment are listed below.</p> <table border="0"><tr><td>Buildings</td><td>3 to 64 years</td></tr><tr><td>Structures</td><td>4 to 20 years</td></tr><tr><td>Machinery and equipment</td><td>3 to 10 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>3 to 15 years</td></tr></table> <p>(2) Intangible assets The straight-line method is used. Internal use software is amortized over the estimated useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	3 to 64 years	Structures	4 to 20 years	Machinery and equipment	3 to 10 years	Tools, furniture and fixtures	3 to 15 years
Buildings	3 to 64 years								
Structures	4 to 20 years								
Machinery and equipment	3 to 10 years								
Tools, furniture and fixtures	3 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment corporation bond issuance costs Amortized by the straight-line method over period until redemption.</p> <p>(2) Investment unit issuance costs Amortized by the straight-line method over a three-year period.</p>								
3. Recognition of revenue and expenses	<p>Fixed asset tax and related taxes For fixed asset tax, city planning tax, depreciable asset tax, etc. for real properties held, the amount of tax levied corresponding to the relevant accounting period is recorded as expenses related to 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 was ¥23,315 thousand for the previous fiscal period, and ¥15,144 thousand for the reporting period.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting Deferred hedge accounting is used for interest rate swaps. For interest rate swaps that satisfy requirements for special treatments, however, special treatment is used.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of the Investment Corporation pursuant to the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p>								

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

New accounting standards not yet applied

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

(1) Overview

The International Accounting Standards Board (IASB) and US Financial Accounting Standards Board (FASB) jointly developed comprehensive revenue recognition standards and issued “Revenue from Contracts with Customers” in May 2014 (IASB’s IFRS 15 and FASB’s Topic 606). Considering that IFRS 15 shall apply to fiscal years beginning on or after January 1, 2018, and Topic 606 shall apply to fiscal years beginning after December 15, 2017, the ASBJ developed a comprehensive accounting standard on revenue recognition and thus issued the accounting standard together with the implementation guidance.

The ASBJ established the accounting standard on revenue recognition by following the basic policies in developing it. The basic policies were: firstly, incorporating the core principle of IFRS 15 as the starting point from the perspective of facilitating comparability among financial statements, which is one of the benefits of ensuring consistency with IFRS 15; secondly, adding alternative treatments, but to the extent not impairing comparability, where consideration should be given to the practice having been used in Japan.

(2) Scheduled date of application

These ASBJ statement and guidance will be applied at the beginning of the fiscal period ending February 28, 2022.

(3) Effects of application of the accounting standard, etc.

The impact of the application of the Accounting Standard for Revenue Recognition and its guidance on the financial statements is currently under evaluation.

- “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, issued by the Accounting Standards Board of Japan on July 4, 2019)
- “Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, issued by the Accounting Standards Board of Japan on July 4, 2019)

(1) Overview

IASB and FASB both stipulate detailed guidance on fair value measurement as IFRS 13 “Fair Value Measurement” (IFRS) and Topic 820 “Fair Value Measurement” (FASB), respectively. To enhance the comparability with these international accounting standards, ASBJ has issued the above Accounting Standard for Fair Value Measurement and Guidance on Accounting Standard for Fair Value Measurement after thorough deliberation on the relevant guidance and disclosure requirements in the standard for fair value mainly of financial instruments.

(2) Scheduled date of application

These ASBJ statement and guidance will be applied at the beginning of the fiscal period ending February 28, 2022.

(3) Effects of application of the accounting standard, etc.

The impact of the application of the Accounting Standard for Fair Value Measurement and its guidance on the financial statements is currently under evaluation.

Additional information

Notes on Provision and Reversal of Allowance for Temporary Difference Adjustment (unaudited)

Previous fiscal period (From March 1, 2019 to August 31, 2019)

Not applicable.

Reporting period (From September 1, 2019 to February 29, 2020)

1. Reason for provision, related assets, etc., and amount provided

Related assets, etc.	Reason for provision	Allowance for temporary difference adjustment
Buildings in trust	Discrepancies in tax and accounting treatment in connection with the recognition of expenses related to asset retirement obligations	¥1,312 thousand

2. Specific method for reversal

At the time of retirement of the asset, etc., the amount to be treated will be reversed.

(8) Notes to Financial Information (unaudited)

Notes to Balance Sheet (unaudited)

1. Commitment line contracts

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

	Previous fiscal period (As of August 31, 2019)	Reporting period (As of February 29, 2020)
Total amount of commitment line contracts	¥10,000,000 thousand	¥12,000,000 thousand
Balance of borrowings outstanding	–	–
Difference	¥10,000,000 thousand	¥12,000,000 thousand

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

	Previous fiscal period (As of August 31, 2019)	Reporting period (As of February 29, 2020)
	¥50,000 thousand	¥50,000 thousand

Notes to Statements of Income and Retained Earnings (unaudited)

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

	(Unit: thousands of yen)	
	Previous fiscal period (From March 1, 2019 to August 31, 2019)	Reporting period (From September 1, 2019 to February 29, 2020)
A. Real estate leasing business revenues		
Leasing business revenue		
Rent	7,658,577	8,081,682
Land rent	265,039	265,026
Common service fees	749,248	774,132
Total	8,672,865	9,120,841
Other leasing business revenues		
Revenue from utilities charges	320,518	356,306
Other revenue	143,824	165,014
Total	464,342	521,321
Total real estate leasing business revenues	9,137,208	9,642,162
B. Expenses related to real estate leasing business		
Expenses related to leasing business		
Property management fees	528,296	574,024
Utilities expenses	363,445	351,978
Taxes and public dues	725,491	726,677
Insurance expenses	8,487	9,793
Repair expenses	95,546	121,912
Depreciation and amortization	965,765	1,057,617
Other expenses related to leasing business	412,174	436,630
Total expenses related to real estate leasing business	3,099,208	3,278,634
C. Income (loss) from real estate leasing business (A – B)	6,037,999	6,363,528

*2. Transactions with major corporate unitholders

	(Unit: thousands of yen)	
	Previous fiscal period (From March 1, 2019 to August 31, 2019)	Reporting period (From September 1, 2019 to February 29, 2020)
From operating transactions		
Leasing business revenue	843,996	843,996

Notes to Statements of Changes in Net Assets (unaudited)

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

	Previous fiscal period (From March 1, 2019 to August 31, 2019)	Reporting period (From September 1, 2019 to February 29, 2020)
Total number of authorized investment units at end of period	20,000,000 units	20,000,000 units
Total number of investment units issued at end of period	1,251,000 units	1,312,000 units

Notes to Statements of Cash Flows (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (From March 1, 2019 to August 31, 2019)	Reporting period (From September 1, 2019 to February 29, 2020)
Cash and deposits	10,034,957	10,149,008
Cash and deposits in trust	7,256,597	7,331,270
Total cash and cash equivalent	17,291,555	17,480,278

Notes on Financial Instruments (unaudited)

1. Matters regarding status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

The fair values of financial instruments are based on market prices, if available. If there is no available market price for certain financial instruments, such fair value is based on the value rationally measured. Since variables are factored into measurements of fair value, the value may

vary if different assumptions are used. The contract amounts related to derivatives mentioned in “Notes on Derivative Transactions” below should not be considered indicative of the market risk associated with the derivative transactions.

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

Balance sheet carrying amount, fair value, and the difference between the two values as of August 31, 2019 are 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	–	–	–

Balance sheet carrying amount, fair value, and the difference between the two values as of February 29, 2020 are shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	10,149,008	10,149,008	–
(2) Cash and deposits in trust	7,331,270	7,331,270	–
Total assets	17,480,278	17,480,278	–
(1) Short-term borrowings	6,960,000	6,960,000	–
(2) Current portion of investment corporation bonds	–	–	–
(3) Current portion of long-term borrowings	12,109,000	12,196,483	87,483
(4) Investment corporation bonds	12,000,000	12,109,700	109,700
(5) Long-term borrowings	122,516,000	121,251,107	(1,264,892)
Total liabilities	153,585,000	152,517,291	(1,067,708)
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 "Notes on Derivative Transactions" below), the fair value is calculated by discounting the sum of principal and interest, which are treated in combination with such interest rate swap, at a reasonable rate estimated for a similar new loan that is made corresponding to the remaining period). The fair value of long-term 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

Please refer to "Notes on Derivative Transactions" below.

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

Previous fiscal period (As of August 31, 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	—	—	—	—	—

Reporting period (As of February 29, 2020)

(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	10,149,008	—	—	—	—	—
Cash and deposits in trust	7,331,270	—	—	—	—	—
Total	17,480,278	—	—	—	—	—

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

Previous fiscal period (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

Reporting period (As of February 29, 2020)

(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	6,960,000	–	–	–	–	–
Investment corporation bonds	–	–	–	–	–	12,000,000
Long-term borrowings	12,109,000	15,680,000	18,705,000	19,213,000	22,133,000	46,785,000
Total	19,069,000	15,680,000	18,705,000	19,213,000	22,133,000	58,785,000

Notes on Derivative Transactions (unaudited)

1. Derivative transactions not applying hedge accounting

Not applicable for the previous fiscal period (as of August 31, 2019) and the reporting period (as of February 29, 2020).

2. Derivative transactions applying hedge accounting

Previous fiscal period (As of August 31, 2019)

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”).

Reporting period (As of February 29, 2020)

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	82,642,000	70,533,000	*	—

* 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”).

Notes on Tax Effect Accounting (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (As of August 31, 2019)	Reporting period (As of February 29, 2020)
Deferred tax assets		
Accrued enterprise tax excluded from expenses	3	41
Excess depreciation	—	598
Asset retirement obligations	—	88,794
Total deferred tax assets	3	89,433
Valuation allowance	—	(89,392)
Net deferred tax assets	3	41

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

(Unit: %)

	Previous fiscal period (As of August 31, 2019)	Reporting period (As of February 29, 2020)
Statutory tax rate	31.51	31.51
(Adjustments)		
Distributions paid included in expenses	(31.51)	(31.51)
Others	0.02	0.03
Effective tax rate	0.02	0.03

Notes on Related Party Transactions (unaudited)

1. Parent company and major corporate unitholders

Previous fiscal period (From March 1, 2019 to August 31, 2019)

Type	Name	Location	Share capital or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Nihonbashi Odenmachi, Chuo-ku, Tokyo	62,718,573	Real estate business	Directly held by related party 11.24%	None	Leasing and management of real estate	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

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

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

Reporting period (From September 1, 2019 to February 29, 2020)

Type	Name	Location	Share capital or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Nihonbashi Odenmachi, Chuo-ku, Tokyo	62,718,573	Real estate business	Directly held by related party 10.95%	None	Leasing and management of real estate	Purchase of beneficial interests in real estate trust	17,028,000	-	-
								Keeping of leasehold and guarantee deposits	955,006	Leasehold and guarantee deposits received in trust	11,602,004
								Repayment of leasehold and guarantee deposits	192,181		
								Earning of rent revenue, etc.	843,996	Advances received	150,316

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

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

2. Subsidiaries and affiliates

Not applicable for the previous fiscal period (from March 1, 2019 to August 31, 2019) and the reporting period (from September 1, 2019 to February 29, 2020).

3. Subsidiaries of parent company

Previous fiscal period (From March 1, 2019 to August 31, 2019)

Type	Name	Location	Share capital or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Company in which major unitholder (corporation) owns a majority of voting rights	Hulic Reit Management Co., Ltd.	2-26-9, Hatchobori, Chuo-ku, Tokyo	200,000	Business related to management of investment corporation's assets under management	-	One	Consignment of asset management	Payment of asset management fee (Note 1)	887,067	Accounts payable - other	938,998

(Note 1) Payment of asset management fee includes the portion of compensation associated with a property acquisition factored into the book value of the individual properties (¥17,625 thousand).

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

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

Reporting period (From September 1, 2019 to February 29, 2020)

Type	Name	Location	Share capital or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Company in which major unitholder (corporation) owns a majority of voting rights	Hulic Reit Management Co., Ltd.	2-26-9, Hatchobori, Chuo-ku, Tokyo	200,000	Business related to management of investment corporation's assets under management	-	One	Consignment of asset management	Payment of asset management fee (Note 1)	963,279	Accounts payable - other	1,011,693

(Note 1) Payment of asset management fee includes the portion of compensation associated with a property acquisition factored into the book value of the individual properties (¥48,270 thousand).

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

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

4. Officers and major individual unitholders

Previous fiscal period (From March 1, 2019 to August 31, 2019)

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

Reporting period (From September 1, 2019 to February 29, 2020)

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

Notes on Asset Retirement Obligations (unaudited)

Asset retirement obligations recorded in the balance sheet

1. Overview of asset retirement obligations

For Hulic Asakusabashi Building acquired on December 20, 2019, the Investment Corporation has restoration obligations under an agreement for establishment of a fixed-term land sublease right for business use and recorded asset retirement obligations.

2. Calculation of the amount of the asset retirement obligations

The expected usable period is estimated to be the period from the acquisition of the asset to the expiry of the agreement, which is 45 years and one month, and the amount of the asset retirement obligations was calculated using the discount rate of 0.48%.

3. Increase or decrease in the total amount of the asset retirement obligations

	Previous fiscal period (From March 1, 2019 to August 31, 2019)	Reporting period (From September 1, 2019 to February 29, 2020)
Balance at beginning of period	–	–
Increase in connection with the acquisition of property, plant and equipment	–	281,906
Adjustment due to passage of time	–	338
Balance at end of period	–	282,245

(Unit: thousands of yen)

Notes on Investment and Rental Properties (unaudited)

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

	Previous fiscal period (From March 1, 2019 to August 31, 2019)	Reporting period (From September 1, 2019 to February 29, 2020)
Balance sheet carrying amount		
Balance at beginning of period	306,106,963	312,335,267
Changes during period	6,228,304	17,968,594
Balance at end of period	312,335,267	330,303,862
Fair value at end of period	365,527,000	387,353,000

(Unit: thousands of yen)

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

(Note 2) The main reason for the increase in the investment and rental properties during the previous fiscal period is the acquisition of beneficial interests in real estate trust of 2 properties (¥7,107,111 thousand) and the decrease is mainly due to depreciation and amortization (¥965,765 thousand). The main reason for the increase during the reporting period is the acquisition of real estate and beneficial interests in real estate trust of 6 properties (¥18,762,173 thousand) and the decrease is mainly due to depreciation and amortization (¥1,057,278 thousand).

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

Notes on Segment and Related Information (unaudited)

Segment information

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

Related information

Previous fiscal period (From March 1, 2019 to August 31, 2019)

1. Information by product and service

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

2. Information by geographical area

(1) Operating revenues

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

(2) Property, plant and equipment

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

3. Information by major customer

(Unit: thousands of yen)

Counterparty	Operating revenues	Related segment
Hulic Co., Ltd.	843,996	Real estate leasing business

Reporting period (From September 1, 2019 to February 29, 2020)

1. Information by product and service

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

2. Information by geographical area

(1) Operating revenues

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

(2) Property, plant and equipment

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

3. Information by major customer

Because operating revenues to any single external customer are less than 10% of all operating revenues in the statements of income, disclosure is omitted from the reporting period.

Notes on Per Unit Information (unaudited)

	Previous fiscal period (From March 1, 2019 to August 31, 2019)	Reporting period (From September 1, 2019 to February 29, 2020)
Net assets per unit	¥133,625	¥135,984
Basic earnings per unit	¥3,486	¥3,554

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

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

	Previous fiscal period (From March 1, 2019 to August 31, 2019)	Reporting period (From September 1, 2019 to February 29, 2020)
Profit (Thousands of yen)	4,361,810	4,633,108
Amount not attributable to common unitholders (Thousands of yen)	—	—
Profit attributable to common investment units (Thousands of yen)	4,361,810	4,633,108
Average number of investment units for the period (Units)	1,251,000	1,303,374

Notes on Significant Subsequent Events (unaudited)

Not applicable.

Omission of Disclosure

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

(9) Changes in Total Number of Investment Units Issued

A summary of capital increase, etc. over the most recent five years including the reporting period is shown as below.

Date	Event	Total number of investment units issued (Units)		Total unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
March 29, 2016	Capital increase through public offering	167,600	948,600	29,444	116,061	(Note 1)
April 13, 2016	Capital increase through third-party allotment	8,400	957,000	1,475	117,537	(Note 2)
October 3, 2016	Capital increase through public offering	83,800	1,040,800	13,821	131,358	(Note 3)
October 26, 2016	Capital increase through third-party allotment	4,200	1,045,000	692	132,051	(Note 4)
October 31, 2017	Capital increase through public offering	61,800	1,106,800	9,190	141,241	(Note 5)
November 20, 2017	Capital increase through third-party allotment	3,200	1,110,000	475	141,717	(Note 6)
October 31, 2018	Capital increase through public offering	134,200	1,244,200	20,068	161,786	(Note 7)
November 19, 2018	Capital increase through third-party allotment	6,800	1,251,000	1,016	162,803	(Note 8)
September 26, 2019	Capital increase through public offering	58,000	1,309,000	10,435	173,238	(Note 9)
October 11, 2019	Capital increase through third-party allotment	3,000	1,312,000	539	173,778	(Note 10)

(Note 1) 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 2) 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 3) 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 4) 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 5) 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 6) 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 7) 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 8) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥149,544.

(Note 9) New investment units were issued through public offering with an issue price per unit of ¥185,932 (issue value: ¥179,924) in order to raise funds for the acquisition of new properties, etc.

(Note 10) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥179,924.

(Note 11) Changes in total unitholders' capital in connection with the implementation of distributions in excess of earnings related to allowance for temporary difference adjustment have not been taken into consideration.

3. Reference Information

(1) Status of Investment

Type of assets	Category	Region (Note 1)	Previous fiscal period (As of August 31, 2019)		Reporting period (As of February 29, 2020)	
			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	3,588	1.1	4,801	1.4
		Other wards of Tokyo	–	–	–	–
		Other	–	–	–	–
		Total	3,588	1.1	4,801	1.4
	Next-Generation Assets Plus	Six central wards of Tokyo	–	–	–	–
		Other wards of Tokyo	–	–	–	–
		Other	–	–	–	–
		Total	–	–	–	–
	Total real estate		3,588	1.1	4,801	1.4
	Real estate in trust	Tokyo Commercial Properties	Six central wards of Tokyo	233,068	70.5	238,398
Other wards of Tokyo			16,923	5.1	21,871	6.3
Other			4,666	1.4	4,640	1.3
Total			254,658	77.0	264,910	75.7
Next-Generation Assets Plus		Six central wards of Tokyo	19,451	5.9	22,769	6.5
		Other wards of Tokyo	19,880	6.0	23,086	6.6
		Other	14,756	4.5	14,735	4.2
		Total	54,088	16.4	60,590	17.3
Total real estate in trust		308,747	93.4	325,501	93.1	
Total real estate and real estate in trust		312,335	94.4	330,303	94.4	
Deposits and other assets		18,375	5.6	19,428	5.6	
Total assets		330,710	100.0	349,732	100.0	

	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	163,544	49.5	171,320	49.0
Total net assets	167,165	50.5	178,412	51.0

(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 ratios of each asset held, total liabilities and total net assets to total assets, rounded to one decimal place.

(2) Investment Assets

i) Overview of investment assets

(As of February 29, 2020)

Category	Property name	Date of construction (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/guarantee deposits (Millions of yen) (Note 3)	Total leased area (m ²) (Note 4)	Total leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)	
Tokyo Commercial Properties	Hulic Kamiyacho Building	April 1985	2,654	2,702	31,581.41	32,487.06	97.2	
	Hulic Kudan Building (Land)	–	530	265	3,351.07	3,351.07	100.0	
	Toranomon First Garden (Note 7)	August 2010	571	419	5,689.97	5,689.97	100.0	
	Rapiros Roppongi (Note 8)	August 1997	629	578	6,730.52	6,730.52	100.0	
	Hulic Takadanobaba Building	November 1993	314	194	5,369.71	5,369.71	100.0	
	Hulic Kanda Building	September 2008	269	212	3,728.36	3,728.36	100.0	
	Hulic Kandabashi Building	June 2001	164	129	2,566.95	2,566.95	100.0	
	Hulic Kakigaracho Building	March 1993	190	134	2,858.48	2,858.48	100.0	
	Ochanomizu Sola City (Note 9)	February 2013	(Note 20)	(Note 20)	13,923.42	13,923.42	100.0	
	Hulic Higashi Ueno 1 Chome Building	July 1988	178	150	3,137.09	3,137.09	100.0	
	Tokyo Nishi Ikebukuro Building (Note 10)	October 1990	111	195	1,429.74	1,429.74	100.0	
	Gate City Ohsaki (Note 11)	(Business/Commercial Tower) January 1999 (Residential Tower) December 1998	291	(Note 3)	3,835.78	3,835.78	100.0	
	Hulic Toranomon Building	May 2015	911	644	8,574.65	8,574.65	100.0	
	Hulic Shibuya 1 chome Building	August 1993	243	187	2,817.65	2,817.65	100.0	
	Hulic Higashi Nihonbashi Building	November 1996	173	128	3,456.22	3,681.20	93.9	
	Hulic Jimbocho Building	September 1989	73	63	1,561.38	1,561.38	100.0	
	Hulic Ginza 7 Chome Building (Note 12)	September 1962	1,021	572	11,405.68	11,405.68	100.0	
	Shinagawa Season Terrace (Note 13)	January 2015	(Note 20)	(Note 20)	3,196.54	3,196.54	100.0	
	Hulic Gotanda Yamate-dori Building	March 1996	208	131	3,296.01	3,296.01	100.0	
	Hulic Nihonbashi Honcho 1 Chome Building (Note 14)	January 1964	203	144	3,702.25	3,702.25	100.0	
	Bancho House	August 1989	(Note 20)	139	1,604.93	1,916.19	83.8	
	Ebisu Minami Building	September 1992	(Note 20)	(Note 20)	1,629.09	1,629.09	100.0	
	Hulic Iidabashi Building	February 1991	82	57	1,431.94	1,431.94	100.0	
	Hulic Asakusabashi Building (Note 15)	February 2013	354	193	5,280.72	5,280.72	100.0	
	Hulic Ebisu Building	February 1992	71	54	1,059.22	1,059.22	100.0	
	Subtotal	–	–	–	133,218.78	134,660.67	98.9	
	Retail properties	Oimachi Redevelopment Building (#2)	September 1989	624	656	14,485.66	14,485.66	100.0
		Oimachi Redevelopment Building (#1) (Note 16)	September 1989	438	529	10,612.67	10,612.67	100.0
		Dining Square Akihabara Building	June 1993	(Note 20)	(Note 20)	2,169.41	2,169.41	100.0
		Hulic Jingu-Mae Building	September 2000	158	82	1,656.24	1,656.24	100.0
		Hulic Shinjuku 3 Chome Building	June 1983	346	208	1,351.15	1,351.15	100.0
		Yokohama Yamashitacho Building	July 1993	(Note 20)	(Note 20)	8,958.70	8,958.70	100.0
		Orchid Square	January 2009	165	88	1,334.88	1,334.88	100.0
Hulic Todoroki Building		August 1990	94	69	1,676.02	1,676.02	100.0	
Hulic Omori Building		January 2017	192	144	2,666.52	2,666.52	100.0	
HULIC &New SHIBUYA (Note 17)		April 2017	128	120	898.62	898.62	100.0	
HULIC &New SHINBASHI		April 2017	154	136	1,725.35	1,725.35	100.0	
Hulic Shimura-sakaue		(Retail property block) November 2015 (Private nursing home block) February 2016	469	354	11,528.34	11,528.34	100.0	
Subtotal		–	–	–	59,063.56	59,063.56	100.0	
Total	–	–	–	192,282.34	193,724.23	99.3		

Category	Property name	Date of construction (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/guarantee deposits (Millions of yen) (Note 3)	Total leased area (m ²) (Note 4)	Total leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)	
Next-Generation Assets Plus	Private nursing homes	Aria Matsubara	September 2005	(Note 20)	(Note 20)	5,454.48	5,454.48	100.0
		Trust Garden Yoganomori	September 2005	(Note 20)	(Note 20)	5,977.75	5,977.75	100.0
		Trust Garden Sakurashinmachi	August 2005	(Note 20)	(Note 20)	3,700.26	3,700.26	100.0
		Trust Garden Sugunami Miyamae	April 2005	(Note 20)	(Note 20)	3,975.99	3,975.99	100.0
		Trust Garden Tokiwamatsu	January 2016	(Note 20)	(Note 20)	2,893.82	2,893.82	100.0
		SOMPO Care La vie Re Kita-Kamakura	March 2009	(Note 20)	(Note 20)	4,912.57	4,912.57	100.0
		Charm Suite Shinjukutoyama	June 2015	(Note 20)	(Note 20)	4,065.62	4,065.62	100.0
		Charm Suite Shakujikkoen	June 2014	(Note 20)	(Note 20)	4,241.68	4,241.68	100.0
	Subtotal	–	–	–	35,222.17	35,222.17	100.0	
	Network centers	Ikebukuro Network Center	January 2001	271	136	12,773.04	12,773.04	100.0
		Tabata Network Center	April 1998	90	45	3,832.73	3,832.73	100.0
		Hiroshima Network Center	October 2001	88	44	5,208.54	5,208.54	100.0
		Atsuta Network Center	May 1997	73	37	4,943.10	4,943.10	100.0
		Nagano Network Center	September 1994	33	17	2,211.24	2,211.24	100.0
		Chiba Network Center	June 1995	447	224	23,338.00	23,338.00	100.0
		Sapporo Network Center	January 2002	167	84	9,793.57	9,793.57	100.0
		Keihanna Network Center	May 2001	94	47	9,273.44	9,273.44	100.0
	Subtotal	–	1,265	632	71,373.66	71,373.66	100.0	
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome (Note 18)	August 2016	480	480	6,984.32	6,984.32	100.0
		Sotetsu Fresa Inn Tokyo-Roppongi (Note 19)	August 2017	216	54	2,408.45	2,408.45	100.0
		Subtotal	–	696	534	9,392.77	9,392.77	100.0
Total	–	–	–	115,988.60	115,988.60	100.0		
Total of the portfolio	–	–	–	308,270.94	309,712.83	99.5		

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

(Note 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 29, 2020) for buildings as indicated in the relevant lease agreement of each asset held as of February 29, 2020 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. For properties for which we acquired only land, it is calculated by multiplying the monthly contracted rent (excluding consumption taxes) as indicated in the lease agreement for such land as of February 29, 2020 by 12 and rounding to the nearest million yen. When a master lease agreement has been concluded for the asset held, the amounts provided are the amount for the portion corresponding to the pass-through master lease under which rents are directly received from end-tenants in principle (hereinafter referred to as the “Pass-through Master Lease Agreement”), calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by 12; and the amount for the portion corresponding to the fixed-type master lease under which a certain amount of rent is received regardless of fluctuations in rents for end-tenants (hereinafter referred to as the “Fixed-type Master Lease Agreement”), calculated on an annual basis by multiplying the monthly rent as indicated by the Fixed-type Master Lease Agreement corresponding to that portion by 12. In addition, the Investment Corporation has not obtained permission from the end-tenant or other relevant party of Hulic Shinjuku 3 Chome Building to disclose information on the partial right of land additionally acquired on February 13, 2020, and accordingly is unable to calculate the total contracted rent relating to the partial right of land.

(Note 3) *Leasehold/guarantee deposits* indicates the aggregate of the recognized book values for the leasehold and/or guarantee deposit(s) of each asset held as of February 29, 2020, rounded to the nearest million yen. For Gate City Ohsaki, leasehold/guarantee deposit figures are not presented because such funds are not received by the Investment Corporation, but rather the master lease companies take custody of such funds as per contractual agreement with those companies. In addition, the Investment Corporation has not obtained permission from the end-tenant or other relevant party of Hulic Shinjuku 3 Chome Building to disclose information on the partial right of land additionally acquired on February 13, 2020, and accordingly is unable to calculate the leasehold/guarantee deposits relating to the partial right of land.

(Note 4) *Total leased area* is equivalent to total floor area or similar measurement of leased space set out in the relevant lease agreements or similar contracts of each asset held as of February 29, 2020. For the portion for which there is a Pass-through Master Lease Agreement, 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, 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 5) *Total leasable area* is equivalent to the gross leasable area, based on the lease agreements or floor plans of buildings of each asset held as of February 29, 2020. 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 6) *Occupancy rate* shows the proportion of the total leased area to the total leasable area of each asset held as of February 29, 2020, rounded to the nearest tenth. Subtotals, totals and total of the portfolio show the proportion of the total leased area to the total of leasable area for the assets held, rounded to the nearest tenth.
- (Note 7) For Toranomon First Garden, total leasable area shows figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.) On the other hand, a master lease is served on the whole building together with the exclusively owned portions owned by other unit owners, and as income and expenditure of the property is allocated according to the ratio of ownership interest of the partial ownership owned by each unit owner, the figure shown for occupancy rate is that of the entire building. Total leased area, total contracted rent and leasehold/guarantee deposits show amounts equivalent to the ratio of ownership interest of the partial ownership in the building held by the Investment Corporation (approximately 81.4%).
- (Note 8) For Rapiros Roppongi, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 9) For Ochanomizu Sola City, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (21.7%).
- (Note 10) For Tokyo Nishi Ikebukuro Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion).
- (Note 11) For Gate City Ohsaki, total leased area, total leasable area and occupancy rate show figures equivalent to the Investment Corporation's partial ownership in the property (Office space on the 8th floor of West Tower, a business/commercial tower: approximately 83.0% co-ownership interest of 4,088.37 m²; retail space from the 1st basement floor to the 3rd floor of the business/commercial tower: approximately 2.4% co-ownership interest of 5,609.05 m²; residential tower: 6 residential units of 308.20 m²) under the lease agreements with master lease companies. Total contracted rent shows amounts calculated with the rent and common service fees received by the master lease company for the month of February 2020 (excluding consumption taxes) multiplied by 12, with the result rounded to the nearest million yen. Leasehold/guarantee deposit figures are not presented because such funds are not received by the Investment Corporation, but rather the master lease companies take custody of such funds as per contractual agreement with those companies.
- (Note 12) For Hulic Ginza 7 Chome Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (95.0%).
- (Note 13) For Shinagawa Season Terrace, the total leased area, total leasable area, and occupancy rate show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (25.0%) on account of NTT Urban Development Corporation receiving rent from each end-tenant for the entire building and distributing that income to the respective owners in proportion to the ratio of ownership.
- (Note 14) For Hulic Nihonbashi Honcho 1 Chome Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 15) For Hulic Asakusabashi Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 16) For Oimachi Redevelopment Building (#1), total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building.
- (Note 17) For HULIC & New SHIBUYA, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 18) For Sotetsu Fresa Inn Ginza 7 Chome, the total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 19) For Sotetsu Fresa Inn Tokyo-Roppongi, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%). Total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 20) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.
- (Note 21) In the above table, *Total contracted rent*, *Leasehold/guarantee deposits*, *Total leased area* and *Occupancy rate* may include data of end-tenant lease agreements for which we have received a request for cancellation or termination and end-tenant lease agreements for which rent payment was delinquent as of February 29, 2020, if the lease agreement was valid as of February 29, 2020.

ii) Overview of appraisal report

(As of February 29, 2020)

Category	Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated price by using cost method (Millions of yen)	Return price (Millions of yen)					
							Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)	
Tokyo Commercial Properties	Hulic Kamiyacho Building	D	55,250	55,457	65,800	60,900	67,600	3.2	65,000	3.0	3.4	
	Hulic Kudan Building (Land)	N	11,100	11,191	13,100	(Note 5)	13,100	3.4	13,000	3.0	3.5	
	Toranomon First Garden	C	8,623	8,192	12,700	16,000	12,700	3.2	12,700	2.9	3.3	
	Rapiros Roppongi	N	6,210	6,734	10,300	12,200	10,500	3.4	10,100	3.1	3.6	
	Hulic Takadanobaba Building	D	3,900	3,769	5,120	4,460	5,070	3.9	5,140	3.7	4.1	
	Hulic Kanda Building	T	3,780	3,572	4,370	4,900	4,740	3.8	4,210	3.9	4.0	
	Hulic Kandabashi Building	D	2,500	2,467	3,060	3,250	3,090	3.6	3,040	3.4	3.8	
	Hulic Kakigaracho Building	T	2,210	2,166	2,950	3,270	2,970	4.1	2,940	4.2	4.3	
	Ochanomizu Sola City	N	38,149	36,817	45,570	37,324	46,004	3.1	45,136	2.8	3.2	
	Hulic Higashi Ueno 1 Chome Building	N	2,678	2,744	3,200	2,740	3,240	3.8	3,150	3.6	4.0	
	Tokyo Nishi Ikebukuro Building	N	1,580	1,601	2,020	1,540	2,050	4.0	1,990	3.8	4.2	
	Gate City Ohsaki	N	4,370	4,446	4,780	5,360	4,790	3.5	4,770	3.1	3.6	
	Hulic Toranomon Building	N	18,310	17,978	22,000	24,600	22,200	3.0	21,800	2.7	3.1	
	Hulic Shibuya 1 chome Building	T	5,100	5,096	5,700	5,810	5,950	3.4	5,590	3.5	3.6	
	Hulic Higashi Nihonbashi Building	T	3,480	3,462	3,750	4,130	3,960	4.1	3,660	4.2	4.3	
	Hulic Jimbocho Building	N	1,460	1,557	1,700	1,410	1,730	3.8	1,670	3.6	4.0	
	Hulic Ginza 7 Chome Building	N	21,080	21,197	21,470	25,080	21,850	3.2	20,995	3.0	3.3	
	Shinagawa Season Terrace	N	6,100	6,007	6,225	5,525	6,275	3.5	6,150	3.2	3.6	
	Hulic Gotanda Yamate-dori Building	D	3,450	3,579	3,540	3,270	3,780	3.7	3,430	3.4	3.8	
	Hulic Nihonbashi Honcho 1 Chome Building	D	3,980	4,002	4,310	4,650	4,410	3.9	4,270	3.7	4.1	
	Bancho House	D	2,750	2,760	3,170	2,710	3,210	3.7	3,150	3.5	3.9	
	Ebisu Minami Building (Note 6)	T	2,420	2,427	2,550	2,530	2,650	3.8	2,500	3.8	3.9	
	Hulic Iidabashi Building	T	1,450	1,462	1,500	1,450	1,560	3.9	1,470	4.0	4.1	
	Hulic Asakusabashi Building (Note 7)	T	4,750	5,019	5,020	4,560	4,940	4.9	5,060	4.9	–	
	Hulic Ebisu Building	C	1,275	1,285	1,350	925	1,400	3.8	1,350	3.6	3.9	
	Subtotal	–	–	215,955	214,999	255,255	–	259,769	–	252,271	–	–
	Retail properties	Oimachi Redevelopment Building (#2)	T	9,456	9,468	11,900	12,000	12,200	4.0	11,700	4.1	4.2
		Oimachi Redevelopment Building (#1)	T	6,166	6,243	7,230	6,970	7,430	4.2	7,150	4.3	4.4
		Dining Square Akihabara Building	N	3,200	3,175	3,990	2,730	4,060	3.7	3,920	3.5	3.9
		Hulic Jingu-Mae Building	T	2,660	2,642	3,600	3,780	3,730	3.3	3,540	3.4	3.5
		Hulic Shinjuku 3 Chome Building	N	6,690	6,774	8,040	7,900	8,240	3.3	7,830	3.0	3.5
		Yokohama Yamashitacho Building	N	4,850	4,640	5,550	3,580	5,620	4.3	5,470	4.1	4.5
Orchid Square		D	3,502	3,480	3,970	3,900	4,050	3.5	3,930	3.3	3.7	
Hulic Todoroki Building		T	1,200	1,211	1,370	1,550	1,390	4.5	1,360	4.6	4.7	
Hulic Omori Building		C	3,420	3,372	3,740	2,780	3,750	4.2	3,740	4.0	4.3	
HULIC & New SHIBUYA		N	3,150	3,121	3,495	2,755	3,580	3.0	3,410	2.8	3.2	
HULIC & New SHINBASHI		N	3,100	3,056	3,390	3,270	3,440	3.6	3,330	3.4	3.8	
Hulic Shimura-sakaue		N	7,556	7,526	7,770	7,840	7,910	4.5	7,630	4.3	4.8	
Subtotal		–	–	54,950	54,713	64,045	59,055	65,400	–	63,010	–	–
Total	–	–	270,905	269,712	319,300	–	325,169	–	315,281	–	–	

Category	Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated price by using cost method (Millions of yen)	Return price (Millions of yen)					
							Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)	
Next-Generation Assets Plus	Private nursing homes	Aria Matsubara	N	3,244	3,136	4,290	3,830	4,310	4.4	4,260	4.0	4.6
		Trust Garden Yoganomori	N	5,390	5,293	6,850	5,650	6,890	4.7	6,810	4.3	4.9
		Trust Garden Sakurashinmachi	N	2,850	2,821	3,660	3,100	3,680	4.6	3,630	4.2	4.8
		Trust Garden Suginami Miyamae	N	2,760	2,722	3,550	2,900	3,560	4.6	3,530	4.2	4.8
		Trust Garden Tokiwamatsu	N	3,030	2,999	3,300	3,230	3,340	4.2	3,250	4.0	4.4
		SOMPO Care La vie Re Kita-Kamakura	N	1,780	1,765	1,770	1,220	1,780	5.5	1,750	5.3	5.7
		Charm Suite Shinjukutoyama	N	3,323	3,383	3,520	3,520	3,570	4.1	3,460	3.9	4.3
		Charm Suite Shakujikoan	N	3,200	3,272	3,280	3,180	3,320	4.4	3,230	4.2	4.6
		Subtotal	-	25,577	25,394	30,220	26,630	30,450	-	29,920	-	-
	Network centers	Ikebukuro Network Center	N	4,570	4,486	5,220	5,090	5,260	4.4	5,180	4.1	4.5
		Tabata Network Center	N	1,355	1,353	1,520	1,590	1,530	4.9	1,510	4.6	5.0
		Hiroshima Network Center	N	1,080	1,030	1,200	1,220	1,210	5.7	1,190	5.4	5.8
		Atsuta Network Center	N	1,015	976	1,070	1,030	1,080	5.4	1,060	5.1	5.5
		Nagano Network Center	N	305	298	363	299	363	6.9	362	6.7	7.1
		Chiba Network Center	N	7,060	6,959	7,270	4,320	7,310	5.1	7,230	4.8	5.2
		Sapporo Network Center	N	2,510	2,519	2,540	2,770	2,550	5.2	2,530	4.9	5.3
		Keihanna Network Center	N	1,250	1,185	1,300	1,210	1,300	5.5	1,300	5.2	5.6
		Subtotal	-	19,145	18,810	20,483	17,529	20,603	-	20,362	-	-
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome	N	11,520	11,455	12,200	14,200	12,400	3.5	11,900	3.3	3.7
		Sotetsu Fresa Inn Tokyo-Roppongi	N	5,000	4,930	5,150	5,000	5,250	3.7	5,050	3.5	3.9
		Subtotal	-	16,520	16,386	17,350	19,200	17,650	-	16,950	-	-
Total	-	61,242	60,590	68,053	63,359	68,703	-	67,232	-	-		
Total	-	332,147	330,303	387,353	-	393,872	-	382,513	-	-		

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

- D: Daiwa Real Estate Appraisal Co., Ltd.
- N: Japan Real Estate Institute
- C: CBRE K.K.
- T: The Tanizawa Sōgō Appraisal Co., Ltd.

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

(Note 3) *Book value at end of period* represents book value for each property less depreciation expenses as of February 29, 2020, rounded down to the nearest million yen.

(Note 4) *Appraisal value* represents the appraisal value as of the valuation date of February 29, 2020.

(Note 5) For Hulic Kudan Building (Land), this item was not provided due to the Investment Corporation only holding the land.

(Note 6) Discount rate for Ebisu Minami Building was 3.6% for the 1st fiscal year to the 2nd fiscal year, 3.7% for the 3rd fiscal year to the 8th fiscal year, and 3.8% for the 9th fiscal year to the 11th fiscal year. The table shows the 9th fiscal year to the 11th fiscal year (3.8%).

(Note 7) For Hulic Asakusabashi Building, since the calculation method based on the capitalization method over a definite term (modified Inwood method) has been employed as a direct capitalization method based on the consideration that the land lease right acquired is a fixed-term land sublease right for business use, the discount rate in the capitalization method over a definite term (modified Inwood method) is shown in the *Capitalization rate*. In addition, because terminal capitalization rate is not applied in the DCF method, it has not been provided.

iii) Capital expenditures for assets under management

(A) Schedule of capital expenditures

For each asset held by the Investment Corporation as of February 29, 2020, the main capital expenditures for renovation work, etc. scheduled as of February 29, 2020 (the end of the 12th fiscal period) are as below. Estimated capital expenditure for work mentioned below includes parts that are charged to expenses.

Property name	Location	Purpose	Scheduled period	Estimated capital expenditure for work (Millions of yen)
Hulic Kamiyacho Building	Minato-ku, Tokyo	Renewal work for the rooms for rent	From December 2019 to May 2020	151
Hulic Kamiyacho Building	Minato-ku, Tokyo	Renewal work for heat pump chiller	From May 2020 to June 2020	67
Hulic Kakigaracho Building	Chuo-ku, Tokyo	Renewal work for air-conditioning units	From November 2020 to January 2021	23
Hulic Higashi Nihonbashi Building	Chuo-ku, Tokyo	Renovation work for mechanical parking lot	From July 2020 to February 2021	114
Hulic Jimbocho Building	Chiyoda-ku, Tokyo	Renewal work for elevator	From January 2021 to February 2021	20
Oimachi Redevelopment Building (#2)	Shinagawa-ku, Tokyo	Renewal work for cooling tower	From July 2020 to January 2021	52
Hulic Todoroki Building	Setagaya-ku, Tokyo	Renewal work for elevator	From June 2020 to June 2020	26

(B) Capital expenditures during the period

An overview of the construction work corresponding to capital expenditures during the reporting period is as below. Capital expenditures during the reporting period were ¥263,700 thousand and repair expenses were ¥121,912 thousand. In aggregate, construction work in the amount of ¥385,613 thousand was carried out during the period.

Property name	Location	Purpose	Period	Capital expenditure for work (Millions of yen)
Hulic Jimbocho Building	Chiyoda-ku, Tokyo	Renovation work for mechanical parking lot	From December 2019 to December 2019	21
Chiba Network Center	Inzai-shi, Chiba	Work to renew receiver sensors	From September 2019 to February 2020	67
Other				174
Total				263

(3) Major Investment Assets

The following is an overview of the Assets Held by the Investment Corporation whose Total contracted rent makes up 10% or more of the total rental income for the entire portfolio as of February 29, 2020.

Property name	Total contracted rent (annual) (Millions of yen) (Note 1)	Total leased area (m ²) (Note 2)	Total leasable area (m ²) (Note 3)	Occupancy rate (%) (Note 4)
Hulic Kamiyacho Building	2,654	31,581.41	32,487.06	97.2

(Note 1) *Total contracted rent (annual)* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 29, 2020) as indicated in the relevant lease agreement of the assets held as of February 29, 2020 by 12 (in cases where multiple lease agreements are concluded, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. When a master lease agreement has been concluded for the asset held, the amount provided is the amount for the portion corresponding to the Pass-through Master Lease Agreement, calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by 12.

(Note 2) *Total leased area* shows the total floor area of leased space set out in the relevant lease agreement of the property held as of February 29, 2020. For the portion for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided.

(Note 3) *Total leasable area* shows the floor area considered leasable based on the lease agreements or floor plans of buildings of the property held as of February 29, 2020.

(Note 4) *Occupancy rate* shows the proportion of the total leased area to the total leasable area for the entire building of the above-mentioned property held as of February 29, 2020, rounded to the nearest tenth.

(4) Overview of Major Tenants

Tenants for which leased area accounted for 10% or more of the total leased area as of February 29, 2020 are shown as below.

Tenant	Business type	Property name	Leased area (m ²) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/guarantee deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate leasing business	Hulic Kamiyacho Building	31,581.41	2,654	2,702	February 6, 2021	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Kudan Building (Land)	3,351.07	530	265	February 6, 2063	Terminated due to the expiry of the agreement
		Toranomon First Garden (Note 6)	5,689.97	571	419	February 6, 2021	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Rapiros Roppongi (Note 7)	6,730.52	629	578		
		Hulic Takadanobaba Building	5,369.71	314	194		
		Hulic Kanda Building	3,728.36	269	212		
		Hulic Kandabashi Building	2,566.95	164	129		
		Hulic Kakigaracho Building	2,858.48	190	134		
		Hulic Higashi Ueno 1 Chome Building	3,137.09	178	150		
		Tokyo Nishi Ikebukuro Building (Note 8)	1,429.74	111	195	March 30, 2022	
		Hulic Toranomon Building	8,574.65	911	644	December 24, 2020	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Shibuya 1 chome Building	2,817.65	243	187	March 30, 2022	
		Hulic Higashi Nihonbashi Building	3,456.22	173	128		
		Hulic Jimbocho Building	1,561.38	73	63	April 27, 2020	
		Hulic Ginza 7 Chome Building (Note 9)	11,405.68	1,021	572	March 28, 2021	
		Hulic Gotanda Yamate-dori Building	3,296.01	208	131	September 30, 2021	
		Hulic Nihonbashi Honcho 1 Chome Building (Note 10)	3,702.25	203	144	October 31, 2021	
		Bancho House	1,604.93	(Note 16)	139	October 31, 2021	
		Ebisu Minami Building	1,629.09	(Note 16)	(Note 16)	December 26, 2021	
		Hulic Iidabashi Building	1,431.94	82	57	June 27, 2022	
		Hulic Asakusabashi Building (Note 11)	5,280.72	354	193	December 31, 2064	Terminated due to the expiry of the agreement
		Hulic Ebisu Building	1,059.22	71	54	December 19, 2022	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
Oimachi Redevelopment Building (#2)	14,485.66	624	656	February 6, 2021	Automatically renewed for a term agreed upon unless notified in writing at least 6 months before the expiry of the agreement		
Oimachi Redevelopment Building (#1) (Note 12)	10,612.67	438	529	(Note 17)	Automatically renewed for a term agreed upon unless notified in writing at least 6 months before the expiry of the agreement		

Tenant	Business type	Property name	Leased area (m ²) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/guarantee deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate leasing business	Dining Square Akihabara Building	2,169.41	(Note 16)	(Note 16)	February 6, 2021	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Jingu-Mae Building	1,656.24	158	82		
		Hulic Shinjuku 3 Chome Building	1,351.15	346	208	October 15, 2021	
		Yokohama Yamashitacho Building	8,958.70	(Note 16)	(Note 16)		
		Orchid Square	1,334.88	165	88	March 29, 2021	
		Hulic Todoroki Building	1,676.02	94	69	December 26, 2021	
		Hulic Omori Building	2,666.52	192	144	March 30, 2022	
		HULIC &New SHIBUYA (Note 13)	898.62	128	120	June 29, 2020	
		HULIC &New SHINBASHI	1,725.35	154	136	October 31, 2020	
		Hulic Shimura-sakaue	11,528.34	469	354	June 28, 2021	
		Aria Matsubara	5,454.48	(Note 16)	(Note 16)	February 6, 2021	
		Trust Garden Yoganomori	5,977.75	(Note 16)	(Note 16)		
		Trust Garden Sakurashinmachi	3,700.26	(Note 16)	(Note 16)		
		Trust Garden Suginami Miyamae	3,975.99	(Note 16)	(Note 16)		
		Trust Garden Tokiwamatsu	2,893.82	(Note 16)	(Note 16)	August 31, 2021	
		SOMPO Care La vie Re Kita-Kamakura	4,912.57	(Note 16)	(Note 16)	June 29, 2020	
		Charm Suite Shinjukutoyama	4,065.62	(Note 16)	(Note 16)	September 26, 2022	
		Charm Suite Shakujikoen	4,241.68	(Note 16)	(Note 16)	September 11, 2022	
		Sotetsu Fresa Inn Ginza 7 Chome (Note 14)	6,984.32	480	480	October 31, 2020	
		Sotetsu Fresa Inn Tokyo-Roppongi (Note 15)	2,408.45	216	54	October 31, 2020	
Total	215,941.54	14,661	11,733	–	–		
SoftBank Corp.	Telecommunications business	Ikebukuro Network Center	12,773.04	271	136	September 30, 2030	Terminated due to the expiry of the agreement
		Tabata Network Center	3,832.73	90	45	September 30, 2030	
		Hiroshima Network Center	5,208.54	88	44	September 30, 2030	
		Atsuta Network Center	4,943.10	73	37	September 30, 2030	
		Nagano Network Center	2,211.24	33	17	November 5, 2024	
		Chiba Network Center	23,338.00	447	224	September 30, 2030	
		Sapporo Network Center	9,793.57	167	84	September 30, 2030	
		Keihanna Network Center	9,273.44	94	47	September 30, 2030	
		Total	71,373.66	1,265	632	–	

(Note 1) *Leased area* is equivalent to total floor area or similar measurement of leased space set out in the relevant lease agreement or similar contract of each property as of February 29, 2020. For the portion for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided. For the portion for which there is a Fixed-type Master Lease Agreement, 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 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 29, 2020) for buildings as indicated in the relevant lease agreement of each property in effect as of February 29, 2020 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. For properties for which ownership is only for land, it is calculated by multiplying the monthly contracted rent (excluding consumption taxes) as indicated in the lease agreement for such land as of February 29, 2020 by 12 and rounding to the nearest million yen. The amounts provided are the amount for the portion of property corresponding to a Pass-through Master Lease Agreement for which the tenant is a sublessor as a master lease company, in accordance with the lease agreement with the end-tenant in effect as of February 29, 2020, calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by 12; and the amount for the portion of property corresponding to a Fixed-type Master Lease Agreement, calculated on an annual basis by multiplying the monthly rent as indicated in the master lease agreement corresponding to that portion.
- (Note 3) *Leasehold/guarantee deposits* indicates the aggregate of the recognized book values for the leasehold and/or guarantee deposit(s) of each asset held as of February 29, 2020, rounded to the nearest million yen.
- (Note 4) *Expiration date* is the date provided in the lease agreements for each asset in effect on February 29, 2020 where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.
- (Note 5) *Renewal of agreement, etc.* represents the content of renewal of agreement, etc. provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.
- (Note 6) For Toranomon First Garden, a master lease is served on the whole building together with the exclusively owned portions owned by other unit owners. Moreover, income and expenditure of the property is allocated according to the ratio of ownership interest of the partial ownership owned by each unit owner. Accordingly, leased area, total contracted rent and leasehold/guarantee deposits show amounts equivalent to the ratio of ownership interest of the partial ownership in the whole building held by the Investment Corporation (approximately 81.4%).
- (Note 7) For Rapiros Roppongi, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 8) For Tokyo Nishi Ikebukuro Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion).
- (Note 9) For Hulic Ginza 7 Chome Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (95.0%).
- (Note 10) For Hulic Nihonbashi Honcho 1 Chome Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 11) For Hulic Asakusabashi Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 12) For Oimachi Redevelopment Building (#1), the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building.
- (Note 13) For HULIC & New SHIBUYA, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 14) For Sotetsu Fresa Inn Ginza 7 Chome, the total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 15) For Sotetsu Fresa Inn Tokyo-Roppongi, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%). Total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 16) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.
- (Note 17) The lease agreement for Oimachi Redevelopment Building (#1) was renewed as the lease agreement does not specify a term at the last renewal of the agreement.

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

The following table shows the top ten end-tenants in terms of leased area in the entire portfolio as of February 29, 2020. The information stated for the portion for which there is a Fixed-type Master Lease Agreement, reflects the details on the Fixed-type Master Lease Agreement corresponding to that portion, while the information stated for the portion for which there is a Pass-through Master Lease Agreement, reflects the details on each lease agreement concluded with the end tenants.

End-tenant	Property name	Leased area (m ²) (Note 1)	Area ratio (%) (Note 2)	Expiration date (Note 3)	Form of agreement (Note 4)
SoftBank Corp.	Ikebukuro Network Center Tabata Network Center Hiroshima Network Center Atsuta Network Center Nagano Network Center Chiba Network Center Sapporo Network Center Keihanna Network Center	71,373.66	23.2	September 30, 2030 September 30, 2030 September 30, 2030 September 30, 2030 November 5, 2024 September 30, 2030 September 30, 2030 September 30, 2030	Fixed-term building lease agreement
Hulic Co., Ltd.	Hulic Kudan Building (Land) Oimachi Redevelopment Building (#2) Oimachi Redevelopment Building (#1) Hulic Omori Building	29,600.73	9.6	February 6, 2063 February 6, 2021 (Note 6) March 30, 2022	Fixed-term business-use land lease agreement Ordinary building lease agreement Ordinary building lease agreement Ordinary building lease agreement
Trust Garden Co., Ltd.	Trust Garden Yoganomori Trust Garden Sakurashinmachi Trust Garden Suginami Miyamae Trust Garden Tokiwamatsu	16,547.82	5.4	January 24, 2028 January 24, 2028 January 24, 2028 February 29, 2036	Ordinary building lease agreement
Sotetsu Hotel Development Co., Ltd.	Sotetsu Fresa Inn Ginza 7 Chome (Note 5) Sotetsu Fresa Inn Tokyo-Roppongi (Note 5)	9,392.77	3.0	September 30, 2046 October 9, 2047	Fixed-term building lease agreement
(Note 7)	Hulic Ginza 7 Chome Building	9,107.44	3.0	(Note 7)	(Note 7)
Barneys Japan	Yokohama Yamashitacho Building	8,958.70	2.9	(Note 7)	(Note 7)
Charm Care Corporation Co., Ltd.	Charm Suite Shinjuketoyama Charm Suite Shakujiko	8,307.30	2.7	October 31, 2045 October 31, 2044	Ordinary building lease agreement
Benesse Style Care Co., Ltd.	Aria Matsubara	5,454.48	1.8	September 30, 2030	Ordinary building lease agreement
Sompo Care Inc.	SOMPO Care La vie Re Kita-Kamakura	4,912.57	1.6	March 31, 2029	Ordinary building lease agreement
Nippon Paper Industries Co., Ltd.	Ochanomizu Sola City	4,555.25	1.5	(Note 7)	Fixed-term building lease agreement

(Note 1) *Leased area* is equivalent to total floor area, or similar measurement of leased space set out in the lease agreements or similar contracts with end-tenants as of February 29, 2020. The pertinent items are as follows.

- The land area is provided for Hulic Kudan Building (Land).
- For the portion for which there is a Fixed-type Master Lease Agreement, the leasable area to end-tenants is provided.
- For Oimachi Redevelopment Building (#1), the figure equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building is shown.
- For Sotetsu Fresa Inn Tokyo-Roppongi, the figures are equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- For Ochanomizu Sola City, the figures are equivalent to the quasi co-ownership interest of property held by the Investment Corporation (21.7%).
- For Hulic Ginza 7 Chome Building, the figures are equivalent to the quasi co-ownership interest of property held by the Investment Corporation (95.0%).

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

- (Note 3) *Expiration date* is the expiration date shown on the lease agreement with the end tenant as lessee that is in effect as of February 29, 2020.
- (Note 4) *Form of agreement* is the form of agreement described in the lease agreement with the end-tenants as of February 29, 2020.
- (Note 5) Sotetsu Fresa Inn Ginza 7 Chome and Sotetsu Fresa Inn Tokyo-Roppongi are sub-leased by Sotetsu Hotel Development Co., Ltd. to a hotel operator.
- (Note 6) The lease agreement for Oimachi Redevelopment Building (#1) was renewed as the lease agreement does not specify a term at the last renewal of the agreement.
- (Note 7) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

(6) Overview and Income/Loss of Leasing Businesses

Reporting period (From September 1, 2019 to February 29, 2020)

(Unit: thousands of yen)

Property name	Hulic Kamiyacho Building	Hulic Kudan Building (Land)	Toranomon First Garden	Rapiros Roppongi	Hulic Takadano-baba Building	Hulic Kanda Building	Hulic Kandabashi Building
Days under management	182	182	182	182	182	182	182
Leasing business revenues	1,459,798	265,002	308,840	310,840	174,186	137,666	88,423
Leasing business revenue	1,337,078	265,002	285,466	289,831	156,594	127,110	81,871
Other leasing business revenues	122,720	–	23,374	21,009	17,591	10,555	6,551
Expenses related to leasing business	358,963	35,225	125,418	151,215	62,511	66,189	33,487
Taxes and public dues	76,662	33,359	36,232	43,221	13,100	4,114	9,533
Utilities expenses	64,313	–	14,529	18,121	10,127	6,587	4,893
Insurance expenses	828	34	184	660	163	83	68
Repair expenses	32,697	–	110	543	2,104	1,003	1,541
Property management fees	104,992	1,325	5,199	5,883	14,962	7,504	5,671
Other expenses related to leasing business	12,357	507	26,101	64,350	1,732	27,926	1,110
Depreciation and amortization	67,111	–	43,060	18,434	20,320	18,969	10,668
Income (loss) from leasing business	1,100,834	229,776	183,422	159,624	111,674	71,477	54,935
NOI	1,167,945	229,776	226,482	178,059	131,994	90,446	65,604

(Unit: thousands of yen)

Property name	Hulic Kakigaracho Building	Ochanomizu Sola City	Hulic Higashi Ueno 1 Chome Building	Tokyo Nishi Ikebukuro Building	Gate City Ohsaki	Hulic Toranomon Building	Hulic Shibuya 1 chome Building
Days under management	182	182	182	182	182	182	182
Leasing business revenues	107,425	(Note 2)	99,934	56,750	168,245	476,920	133,365
Leasing business revenue	95,717	(Note 2)	88,839	56,030	156,096	455,625	120,343
Other leasing business revenues	11,707	(Note 2)	11,095	720	12,149	21,294	13,021
Expenses related to leasing business	39,872	(Note 2)	37,425	20,607	101,749	173,872	42,020
Taxes and public dues	9,565	(Note 2)	7,584	2,455	15,640	57,446	9,525
Utilities expenses	5,627	(Note 2)	5,376	–	12,018	16,771	7,253
Insurance expenses	79	(Note 2)	80	120	181	244	94
Repair expenses	1,423	(Note 2)	116	–	1,173	2,460	3,099
Property management fees	12,846	(Note 2)	10,275	9,787	600	41,187	7,785
Other expenses related to leasing business	2,504	(Note 2)	2,357	3,524	58,410	2,395	2,022
Depreciation and amortization	7,826	(Note 2)	11,633	4,719	13,725	53,366	12,238
Income (loss) from leasing business	67,553	(Note 2)	62,509	36,143	66,496	303,047	91,344
NOI	75,379	716,489	74,143	40,863	80,221	356,414	103,583

(Unit: thousands of yen)

Property name	Hulic Higashi Nihonbashi Building	Hulic Jimbocho Building	Hulic Ginza 7 Chome Building (Note 1)	Shinagawa Season Terrace	Hulic Gotanda Yamate-dori Building	Hulic Nihonbashi Honcho 1 Chome Building	Bancho House
Days under management	182	182	182	182	182	182	182
Leasing business revenues	114,147	44,397	540,655	(Note 2)	118,789	108,184	(Note 2)
Leasing business revenue	103,388	35,695	509,671	(Note 2)	105,140	97,830	(Note 2)
Other leasing business revenues	10,758	8,701	30,983	(Note 2)	13,648	10,354	(Note 2)
Expenses related to leasing business	36,686	15,720	139,754	(Note 2)	53,683	26,490	(Note 2)
Taxes and public dues	8,675	3,272	37,885	(Note 2)	5,784	6,196	(Note 2)
Utilities expenses	6,639	2,132	30,918	(Note 2)	9,062	8,035	(Note 2)
Insurance expenses	89	41	790	(Note 2)	105	110	(Note 2)
Repair expenses	1,722	102	5,137	(Note 2)	2,111	2,055	(Note 2)
Property management fees	7,453	3,888	37,559	(Note 2)	5,841	4,363	(Note 2)
Other expenses related to leasing business	1,246	2,102	2,867	(Note 2)	22,555	2,396	(Note 2)
Depreciation and amortization	10,859	4,180	24,596	(Note 2)	8,224	3,333	(Note 2)
Income (loss) from leasing business	77,461	28,677	400,901	(Note 2)	65,105	81,694	(Note 2)
NOI	88,320	32,858	425,497	110,574	73,329	85,027	46,931

(Unit: thousands of yen)

Property name	Ebisu Minami Building	Hulic Iidabashi Building	Hulic Asakusa-bashi Building	Hulic Ebisu Building	Oimachi Redevelopment Building (#2)	Oimachi Redevelopment Building (#1)	Dining Square Akihabara Building
Days under management	182	182	72	72	182	182	182
Leasing business revenues	(Note 2)	45,369	104,833	14,419	312,000	218,931	(Note 2)
Leasing business revenue	(Note 2)	40,779	103,120	14,076	312,000	218,931	(Note 2)
Other leasing business revenues	(Note 2)	4,589	1,712	342	–	–	(Note 2)
Expenses related to leasing business	(Note 2)	12,764	77,303	2,973	71,477	78,484	(Note 2)
Taxes and public dues	(Note 2)	–	–	–	33,036	35,162	(Note 2)
Utilities expenses	(Note 2)	3,746	4,102	684	–	–	(Note 2)
Insurance expenses	(Note 2)	74	489	39	249	1,602	(Note 2)
Repair expenses	(Note 2)	1,397	127	164	–	11,480	(Note 2)
Property management fees	(Note 2)	4,071	22,485	1,215	6,240	4,378	(Note 2)
Other expenses related to leasing business	(Note 2)	852	5,153	212	505	7,927	(Note 2)
Depreciation and amortization	(Note 2)	2,622	44,944	657	31,446	17,932	(Note 2)
Income (loss) from leasing business	(Note 2)	32,604	27,530	11,445	240,522	140,446	(Note 2)
NOI	45,199	35,227	72,474	12,103	271,969	158,379	78,362

(Unit: thousands of yen)

Property name	Hulic Jingu-Mae Building	Hulic Shinjuku 3 Chome Building (Note 1)	Yokohama Yamashitacho Building	Orchid Square	Hulic Todoroki Building	Hulic Omori Building	HULIC &New SHIBUYA
Days under management	182	182	182	182	182	182	182
Leasing business revenues	86,253	182,290	(Note 2)	96,625	53,419	106,157	71,808
Leasing business revenue	79,592	172,250	(Note 2)	82,619	46,982	95,752	63,915
Other leasing business revenues	6,661	10,039	(Note 2)	14,006	6,437	10,405	7,893
Expenses related to leasing business	19,359	36,180	(Note 2)	22,713	24,534	32,742	22,063
Taxes and public dues	6,154	596	(Note 2)	4,553	4,189	5,313	3,915
Utilities expenses	4,482	3,865	(Note 2)	8,176	4,921	7,498	4,936
Insurance expenses	37	42	(Note 2)	32	47	45	32
Repair expenses	490	2,736	(Note 2)	594	3,945	150	598
Property management fees	3,165	5,591	(Note 2)	3,217	5,349	6,224	3,065
Other expenses related to leasing business	539	20,621	(Note 2)	447	1,211	2,143	841
Depreciation and amortization	4,489	2,727	(Note 2)	5,691	4,870	11,366	8,672
Income (loss) from leasing business	66,894	146,109	(Note 2)	73,912	28,884	73,415	49,745
NOI	71,384	148,836	125,789	79,604	33,755	84,782	58,417

(Unit: thousands of yen)

Property name	HULIC &New SHINBASHI	Hulic Shimura-sakaue	Aria Matsubara	Trust Garden Yoganomori	Trust Garden Sakura-shinmachi	Trust Garden Suginami Miyamae	Trust Garden Tokiwamatsu
Days under management	182	182	182	182	182	182	182
Leasing business revenues	84,905	260,707	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Leasing business revenue	76,772	234,547	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Other leasing business revenues	8,132	26,160	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Expenses related to leasing business	30,935	132,648	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Taxes and public dues	5,148	22,085	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Utilities expenses	4,700	22,475	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Insurance expenses	60	217	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Repair expenses	1,490	2,446	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Property management fees	5,956	31,574	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Other expenses related to leasing business	658	2,042	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Depreciation and amortization	12,921	51,806	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
Income (loss) from leasing business	53,969	128,059	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)
NOI	66,891	179,866	97,054	162,383	84,738	80,825	71,849

(Unit: thousands of yen)

Property name	SOMPO Care La vie Re Kita-Kamakura	Charm Suite Shinjuku-toyama	Charm Suite Shakujiko	Ikebukuro Network Center	Tabata Network Center	Hiroshima Network Center	Atsuta Network Center
Days under management	182	156	171	182	182	182	182
Leasing business revenues	(Note 2)	(Note 2)	(Note 2)	130,176	43,285	42,091	35,273
Leasing business revenue	(Note 2)	(Note 2)	(Note 2)	130,176	43,285	42,091	35,273
Other leasing business revenues	(Note 2)	(Note 2)	(Note 2)	-	-	-	-
Expenses related to leasing business	(Note 2)	(Note 2)	(Note 2)	28,695	8,988	13,207	12,003
Taxes and public dues	(Note 2)	(Note 2)	(Note 2)	15,713	4,771	5,781	4,768
Utilities expenses	(Note 2)	(Note 2)	(Note 2)	-	-	-	-
Insurance expenses	(Note 2)	(Note 2)	(Note 2)	119	37	52	44
Repair expenses	(Note 2)	(Note 2)	(Note 2)	488	-	110	990
Property management fees	(Note 2)	(Note 2)	(Note 2)	960	720	1,320	974
Other expenses related to leasing business	(Note 2)	(Note 2)	(Note 2)	505	505	504	504
Depreciation and amortization	(Note 2)	(Note 2)	(Note 2)	10,909	2,954	5,439	4,721
Income (loss) from leasing business	(Note 2)	(Note 2)	(Note 2)	101,480	34,296	28,883	23,270
NOI	51,353	67,966	74,674	112,389	37,250	34,323	27,991

(Unit: thousands of yen)

Property name	Nagano Network Center	Chiba Network Center	Sapporo Network Center	Keihanna Network Center	Sotetsu Fresa Inn Ginza 7 Chome	Sotetsu Fresa Inn Tokyo-Roppongi
Days under management	182	182	182	182	182	182
Leasing business revenues	16,708	221,293	80,358	45,166	240,000	108,000
Leasing business revenue	16,708	214,687	80,358	45,166	240,000	108,000
Other leasing business revenues	-	6,605	-	-	-	-
Expenses related to leasing business	6,147	89,675	25,648	17,397	55,243	32,986
Taxes and public dues	2,351	30,510	13,065	8,502	24,278	11,342
Utilities expenses	-	-	-	-	-	-
Insurance expenses	29	207	79	83	169	73
Repair expenses	-	12,015	1,950	341	-	-
Property management fees	840	1,963	804	1,200	2,400	1,080
Other expenses related to leasing business	504	504	504	504	605	261
Depreciation and amortization	2,422	44,474	9,244	6,766	27,790	20,228
Income (loss) from leasing business	10,560	131,618	54,709	27,768	184,756	75,013
NOI	12,983	176,092	63,954	34,535	212,546	95,242

(Note 1) The Investment Corporation has acquired an additional quasi co-ownership interest of 20.0% of Hulich Ginza 7 Chome Building on September 27, 2019, and the figures count the additionally acquired portion (156 operating days). In addition, the Investment Corporation has acquired a partial right of land of Hulich Shinjuku 3 Chome Building on February 13, 2020, and the figures count the additionally acquired portion (17 operating days).

(Note 2) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.