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## **Hulic Reit, Inc.**

### **Asset Management Report**

Fiscal period ended February 29, 2024 (September 1, 2023 to February 29, 2024)

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

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

Hulic Reit, Inc. (“Investment Corporation”) was listed on the Real Estate Investment Trust Securities Market (J-REIT Market) of the Tokyo Stock Exchange in February 2014, and we have steadily built a track record of asset management since then. We have now successfully reached the 10th anniversary of our listing. This was made possible entirely thanks to the strong support of our unitholders, and for this, I would like to express my heartfelt gratitude.

I am pleased to report here an overview of our asset management and our operating results for the 20th fiscal period (fiscal period ended February 29, 2024).

We recorded operating revenues of ¥11.3 billion, operating profit of ¥5.9 billion and profit of ¥5.1 billion, and distributions per unit came to ¥3,583 for the reporting period.

The Investment Corporation has been promoting asset replacement designed to increase stability and growth potential following the normalization of social and economic activity after the COVID-19 pandemic. During the reporting period, the Investment Corporation acquired a total of three properties in December 2023 as assets with promising growth potential, including two hotels: Sotetsu Fresa Inn Tokyo-Roppongi (additional acquisition) and Hulic Kaminarimon Building, as well as Hulic Komagome Building. It also transferred Hulic Ginza 7 Chome Building (47.5% quasi co-ownership interest) in September 2023, and Hulic Higashi Nihonbashi Building in the 21st fiscal period. After the above asset transfers, the number of properties held by the Investment Corporation was 66, at an asset size (total acquisition price) of ¥389.7 billion (rounded to the nearest ¥100 million).

Looking at initiatives related to ESG (Environment, Society, Governance), in the GRESB Real Estate Assessment conducted in 2023, the Investment Corporation was awarded “5 Stars,” the highest GRESB Rating, for the fourth consecutive year, and the “Green Star” for the seventh consecutive year. It also participated in the CDP climate change program for the first time.

Furthermore, as it works towards achieving its target (KPI) of net zero greenhouse gas (GHG) emissions by 2050, the Investment Corporation is also promoting the reduction of GHG emissions, such as introducing electricity from renewable energy sources at its properties.

We will work to maximize unitholder value by continuing to promote flexible portfolio management through asset replacement adapted to the business environment, maintaining and growing profits over the medium to long term, and increasing the size and value of our portfolio through the support of the Hulic Group.

We ask for the continued support of our unitholders.

Hulic Reit, Inc.

Kazuaki Chokki, Executive Officer

(Reference)

**Composition of Unitholders**

(As of the end of the 20th fiscal period (fiscal period ended February 29, 2024))

Category	Individuals	Financial institutions	Securities firms	Other domestic corporations	Foreign individuals	Total
Number of Unitholders by Type (persons)	9,429	158	20	287	234	10,128
Percentage (Note) (%)	93.1	1.6	0.2	2.8	2.3	100.0
Number of Investment Units by Unitholder Type (units)	68,031	929,936	33,266	206,690	202,077	1,440,000
Percentage (Note) (%)	4.7	64.6	2.3	14.4	14.0	100.0

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

## II. Asset Investment Report

### 1. Summary of Asset Management

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

Fiscal period	Unit	16th fiscal period (From September 1, 2021 to February 28, 2022)	17th fiscal period (From March 1, 2022 to August 31, 2022)	18th fiscal period (From September 1, 2022 to February 28, 2023)	19th fiscal period (From March 1, 2023 to August 31, 2023)	20th fiscal period (From September 1, 2023 to February 29, 2024)
Operating revenues	Millions of yen	11,006	11,502	10,678	11,222	11,323
[Of the above, real estate leasing business revenues]	Millions of yen	[10,361]	[10,854]	[10,552]	[10,856]	[10,955]
Operating expenses	Millions of yen	4,855	5,203	5,053	5,339	5,363
[Of the above, expenses related to real estate leasing business]	Millions of yen	[3,490]	[3,753]	[3,828]	[3,990]	[3,981]
Operating profit	Millions of yen	6,150	6,298	5,625	5,882	5,960
Ordinary profit	Millions of yen	5,434	5,567	4,888	5,099	5,160
Profit	Millions of yen	5,345	5,475	4,887	5,063	5,160
Total assets	Millions of yen	396,983	400,230	400,524	401,942	409,823
[Change from the previous fiscal period]	%	[+7.5]	[+0.8]	[+0.1]	[+0.4]	[+2.0]
Net assets	Millions of yen	200,387	200,678	200,238	200,290	200,440
[Change from the previous fiscal period]	%	[+8.0]	[+0.1]	[(0.2)]	[+0.0]	[+0.1]
Unitholders' capital	Millions of yen	194,754	194,754	194,754	194,754	194,754
Total number of investment units issued	Units	1,440,000	1,440,000	1,440,000	1,440,000	1,440,000
Net assets per unit	Yen	139,158	139,360	139,054	139,090	139,194
Total distributions	Millions of yen	5,184	5,328	5,011	5,011	5,159
Payout ratio (Note 1)	%	96.9	97.3	102.5	98.9	99.9
Basic earnings per unit (Note 2)	Yen	3,784	3,802	3,394	3,516	3,583
Distributions per unit	Yen	3,600	3,700	3,480	3,480	3,583
[Of the above, distributions of earnings per unit]	Yen	[3,600]	[3,700]	[3,480]	[3,480]	[3,583]
[Of the above, distributions in excess of earnings per unit]	Yen	[-]	[-]	[-]	[-]	[-]
Equity ratio [Change from the previous fiscal period] (Note 3)	%	50.5 [+0.3]	50.1 [(0.4)]	50.0 [(0.1)]	49.8 [(0.2)]	48.9 [(0.9)]
Return on equity [Annualized] (Note 4)	%	2.8 [5.6]	2.7 [5.4]	2.4 [4.9]	2.5 [5.0]	2.6 [5.2]
[Other reference information]						
Number of properties	Properties	62	62	62	66	67
Total leasable area	m <sup>2</sup>	352,937.00	355,065.24	350,352.73	360,406.32	364,920.50
Occupancy rate at end of period	%	98.4	98.7	99.0	99.0	99.7

(Note 1) Payout ratio is calculated with the following formula and rounded down to one decimal place.

Payout ratio = total distributions (excluding distributions in excess of earnings) / profit × 100

(Note 2) Basic earnings per unit is calculated by dividing profit by the average number of investment units for the period.

Average number of investment units is 1,412,480 units for the 16th fiscal period, 1,440,000 units for the 17th fiscal period, 1,440,000 units for the 18th fiscal period, 1,440,000 units for the 19th fiscal period, and 1,440,000 units for the 20th fiscal period.

(Note 3) Equity ratio is calculated with the following formula:

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

(Note 4) Return on equity is calculated with the following formula:

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

The value in brackets of return on equity is the value calculated with number of business days (16th fiscal period: 181 days; 17th fiscal period: 184 days; 18th fiscal period: 181 days; 19th fiscal period: 184 days; 20th fiscal period: 182 days) converted into annual values.

## (2) Transition of the Investment Corporation for the reporting period

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 eighth public offering after its listing on October 27, 2021 and a third-party allotment on November 22, 2021. As a result, the number of investment units issued as of February 29, 2024 (hereinafter, the “end of the reporting period”) was 1,440,000.

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

### i) Investment environment and investment performance

**Investment environment:** During the reporting period, business and economic conditions in Japan have been recovering gradually, although there have been signs of stagnation recently. In the rental office market, corporate demand for office space has remained firm, there was an improving trend in the vacancy rate, and rent, which has shown signs of gradually bottoming out in some areas, is expected to recover gradually in the future. Furthermore, the environment surrounding retail properties and hotels recovered due to the rapid recovery of inbound demand, etc.

**Investment performance:** During the reporting period, the Investment Corporation acquired three properties, Hulic Komagome Building, Sotetsu Fresa Inn Tokyo-Roppongi (additional acquisition) and Hulic Kaminarimon Building in December 2023 (total acquisition price: ¥12,780 million), and transferred Hulic Ginza 7 Chome Building (47.5% quasi co-ownership interest) (transfer price: ¥10,935 million) in September 2023. As a result, the number of properties held by the Investment Corporation as of the end of the reporting period was 67, and the total acquisition price was ¥393,189 million (rounded to the nearest ¥1 million). The occupancy rate of the entire portfolio has remained at a high level of 99.7% as of the end of the reporting period.

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 to reduce environmental impact, improve tenants’ satisfaction and contribute to local communities.

The Investment Corporation has participated in the Real Estate Assessment of GRESB (Note 1) from the fiscal period ended August 31, 2016. In the GRESB Real Estate Assessment conducted in 2023, the Investment Corporation was awarded “5 Stars,” the highest GRESB Rating for the fourth consecutive year, for its initiatives in environmental awareness and sustainability, having received strong recognition in both the areas of “Management Component” and “Performance Component.” At the same time, the Investment Corporation also received a “Green Star” for the seventh consecutive year. In addition, the Investment Corporation’s information disclosure on its environmental consideration and sustainability initiatives was assessed as particularly impressive, and was given a rating of “A,” the highest of five possible scores, in the

GRESB Public Disclosure, introduced in fiscal 2017, for the fifth consecutive year. Furthermore, the Investment Corporation has been working on obtaining external certification relating to energy conservation and environmental performance of its owned properties, and as of the end of the reporting period, it has obtained external certification for a total of 52 properties, as follows. Concerning DBJ Green Building Certification (Note 2), the Investment Corporation has acquired certification for six properties, with Ochanomizu Sola City and Hulic Asakusabashi Building obtaining the highest ranking among those properties. As for BELS (Note 3), the Investment Corporation has acquired certification for 19 properties, with HULIC & New SHIBUYA and Hulic Shimura-sakaue obtaining the highest ranking among those properties. Concerning the real estate evaluation certification CASBEE (Note 4), the Investment Corporation has acquired certification for 22 properties (Note 5), with Hulic Kamiyacho Building, Toranomom First Garden, Hulic Kandabashi Building, Hulic Kakigaracho Building, Hulic Higashi Ueno 1 Chome Building, Hulic Higashi Nihonbashi Building, Hulic Jimbocho Building, Hulic Kojimachi Building, Hulic Kobunacho Building, Oimachi Redevelopment Building (#2)/(#1), Hulic Jingu-Mae Building and Hulic Mejiro obtaining the highest ranking among those properties. Concerning CASBEE-Wellness Office evaluation certification (Note 6), the Investment Corporation has acquired certification for Hulic Toranomom Building. Furthermore, the Investment Corporation has acquired certification for four properties, including Charm Suite Shinjukutoyama and Granda Gakugei Daigaku, from the Japan Habitat Evaluation and Certification Program (JHEP) (Note 7).

In addition, having recognized the importance of disclosing climate-related financial information, the Asset Manager expressed its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in July 2021 and has joined the TCFD Consortium, which is an organization in Japan for companies that support the recommendations. Based on the four items (governance, strategy, risk management, and metrics and targets) of the TCFD recommendations, the Asset Manager analyzes the business risks and opportunities brought about in response to climate change and has been disclosing information concerning its initiatives since April 2022.

- (Note 1) GRESB is an annual benchmark assessment used to evaluate ESG considerations of real estate companies and funds, as well as the name of the organization which runs the assessment. 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” 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 of buildings in accordance with the guidelines set forth in October 2013 by the Ministry of Land, Infrastructure, Transport and Tourism in “Evaluation Guidelines for Energy-efficiency Labeling for Non-residential Buildings (2013).”
- (Note 4) “CASBEE” (Comprehensive Assessment System for Built Environment Efficiency) is a method for evaluating and rating the environmental performance of buildings. CASBEE is a system that comprehensively evaluates the quality of buildings by giving consideration not only to the environment in regard to the use of materials that have good energy conservation and small environmental loads, but also to the comfort inside the buildings and to the landscapes. Institute for Building Environment and Energy Conservation (IBEC) promotes the adoption of the system and operates the assessment and certification. The real estate evaluation certification CASBEE evaluates the environmental performance of existing buildings with one or more years of use after completion.
- (Note 5) Oimachi Redevelopment Building (#2)/(#1) are recorded as a single building as they obtained certification as a combined building.
- (Note 6) The “CASBEE-Wellness Office evaluation certification” is a method for evaluating 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.
- (Note 7) The Japan Habitat Evaluation and Certification Program (JHEP) is based on the habitat evaluation procedures (HEP) developed by the U.S. Department of the Interior in the 1970s and 1980s to quantitatively evaluate habitats, focused on habitats where living creatures live. JHEP, which was developed and is managed by Ecosystem Conservation Society-Japan, evaluates and certifies initiatives that contribute to the conservation and restoration of biodiversity.

## ii) Status of financing

During the reporting period, the Investment Corporation procured ¥8,000 million in total on December 1 and December 22, 2023 as short-term borrowings to cover part of the acquisition price of assets. In addition, the Investment Corporation executed long-term borrowings (including green loans) of ¥11,243 million in total on February 7 and February 29, 2024 in order to refinance long-term borrowings for which repayment was due and to make a partial early repayment of short-term borrowings.

As a result, as of the end of the reporting period, interest-bearing debt totaled ¥188,116 million (comprising ¥6,000 million in short-term borrowings, ¥24,133 million in current portion of long-term borrowings, ¥140,983 million in long-term borrowings and ¥17,000 million in investment corporation bonds), resulting in a loan-to-value (LTV) ratio of 45.9%.

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: Stable

## iii) Overview of financial results and distributions

As a result of the above asset management, operating revenues for the reporting period were ¥11,323 million (up 0.9% compared with the previous fiscal period), operating profit was ¥5,960 million (up 1.3% compared with the previous fiscal period), ordinary profit after deducting interest expenses for borrowings, etc. was ¥5,160 million (up 1.2% compared with the previous fiscal period), and profit was ¥5,160 million (up 1.9% 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 applied special measures for the taxation system for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) and decided to pay distributions for the reporting period of an amount roughly equal to profit, with the aim of including distributions of profits in tax-deductible expenses. Consequently, distributions per unit came to ¥3,583.

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

Capital increase, etc. over the most recent five calendar years until the end of the reporting period is shown as below.

Date	Event	Total number of investment units issued (Units)		Total unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
September 26, 2019	Capital increase through public offering	58,000	1,309,000	10,435	173,238	(Note 1)
October 11, 2019	Capital increase through third-party allotment	3,000	1,312,000	539	173,778	(Note 2)
April 7, 2021	Capital increase through public offering	39,000	1,351,000	6,336	180,115	(Note 3)
April 27, 2021	Capital increase through third-party allotment	2,000	1,353,000	324	180,440	(Note 4)
October 27, 2021	Capital increase through public offering	82,800	1,435,800	13,623	194,063	(Note 5)
November 22, 2021	Capital increase through third-party allotment	4,200	1,440,000	691	194,754	(Note 6)

(Note 1) 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 2) 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 3) New investment units were issued through public offering with an issue price per unit of ¥167,895 (issue value: ¥162,470) in order to supplement cash reserves by amount of decrease arising from its allocation for a portion of the purchase price for 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 ¥162,470.

(Note 5) New investment units were issued through public offering with an issue price per unit of ¥169,942 (issue value: ¥164,538) 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 ¥164,538.

(Note 7) Changes in total unitholders' capital in connection with the implementation of distributions in excess of earnings related to allowance for temporary difference adjustments have not been taken into consideration.

#### <Changes in market price of investment unit>

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

Highest and lowest unit prices by fiscal period (Closing price)	Fiscal period	16th fiscal period ended February 28, 2022	17th fiscal period ended August 31, 2022	18th fiscal period ended February 28, 2023	19th fiscal period ended August 31, 2023	20th fiscal period ended February 29, 2024
	Highest (Yen)	182,400	169,200	176,000	167,300	164,400
	Lowest (Yen)	155,000	152,200	152,000	144,500	144,900

#### (4) Distributions, etc.

Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, distributions for the fiscal period under review (20th fiscal period) came to ¥3,583 per unit. Furthermore, in accordance with this policy, the Investment Corporation, with the aim of applying special measures for the corporation taxation system (Article 67-15 of the Act on Special Measures Concerning Taxation) to deduct an amount equivalent to distributions of earnings from the taxable income of the Investment Corporation as a tax-deductible expense, has decided to pay distributions for the reporting period under review of an amount roughly equal to profit.

Fiscal period	16th fiscal period (From September 1, 2021 to February 28, 2022)	17th fiscal period (From March 1, 2022 to August 31, 2022)	18th fiscal period (From September 1, 2022 to February 28, 2023)	19th fiscal period (From March 1, 2023 to August 31, 2023)	20th fiscal period (From September 1, 2023 to February 29, 2024)
Total unappropriated retained earnings	¥5,636,682 thousand	¥5,927,719 thousand	¥5,487,461 thousand	¥5,540,065 thousand	¥5,689,258 thousand
Accumulated earnings	¥452,682 thousand	¥599,719 thousand	¥476,261 thousand	¥528,865 thousand	¥529,738 thousand
Total amount of cash distributions (Distributions per unit)	¥5,184,000 thousand (¥3,600)	¥5,328,000 thousand (¥3,700)	¥5,011,200 thousand (¥3,480)	¥5,011,200 thousand (¥3,480)	¥5,159,520 thousand (¥3,583)
Of the above, total amount of distributions of earnings (Distributions of earnings per unit)	¥5,184,000 thousand (¥3,600)	¥5,328,000 thousand (¥3,700)	¥5,011,200 thousand (¥3,480)	¥5,011,200 thousand (¥3,480)	¥5,159,520 thousand (¥3,583)
Of the above, total amount of refunds of unitholders' capital (Refunds of unitholders' capital per unit)	— (—)	— (—)	— (—)	— (—)	— (—)
Of the total amount of refunds of unitholders' capital, total amount of distributions from allowance for temporary difference adjustments (Of the refunds of unitholders' capital per unit, distributions from allowance for temporary difference adjustments per unit)	— (—)	— (—)	— (—)	— (—)	— (—)
Of the total amount of refunds of unitholders' capital, total amount of distributions from distributions on reduction of unitholders' capital for taxation purposes (Of the refunds of unitholders' capital per unit, distributions from distributions on reduction of unitholders' capital for taxation purposes)	— (—)	— (—)	— (—)	— (—)	— (—)



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

Looking forward, we can expect business and economic conditions in Japan to continue recovering gradually as various governmental measures are proving effective under improving employment and personal income conditions. However, we face a risk of weakening business conditions in Japan due to the downturn in overseas economies, including the impact of fiscal tightening occurring across the globe and concerns over the outlook for the Chinese economy. In addition, it will be important to pay adequate attention to the impact of the rising cost of goods, and the ending of negative interest rate policy.

Regarding the rental office market amid these conditions, the Investment Corporation will continue to pay close attention to changes in office needs, such as consolidation and relocation of offices and increases in floor space in buildings. Furthermore, in retail properties and hotels, although the recovery in inbound tourism demand and other factors are expected to further increase, it is necessary to ascertain the business conditions of tenants and respond appropriately.

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 unitholder 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 loans with longer terms and staggered repayment dates, etc., in order to maintain a stable and healthy financial position. With respect to the interest rate options, the Investment Corporation will consider some refinancing through borrowings with fluctuating interest rates while mainly using fixed interest rates in consideration of the financial environment, impact on the current unitholders and other factors.

(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 that are sufficiently competitive that are in the Tokyo area (Tokyo and cities designated by government ordinance in the surrounding areas) and areas with economic zones comparable to the Tokyo area and in principle located "within a five-minute walking distance from the nearest train station," or "in a particular part of the area that has competitive or advantageous characteristics." 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 and have the potential to generate demand from prospective tenants that offer products and services suitable for the characteristics of their respective retail areas. The investment ratio for office properties in the Tokyo area is, in principle, 90% or more of the investment amount (based on acquisition prices) for all of the office properties.

(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 the Investment Corporation selects investment targets after carefully examining the individual properties' profitability, characteristics of the location and competitiveness of the location. Aside from the areas of "private nursing homes," "network centers," and "hotels," the Investment Corporation positions properties other than office properties, retail properties, private nursing homes, network centers and hotels, that it determines can expect robust demand well into the future, will bring in stable revenue over the long term, and can contribute to maximizing unitholder value over the medium to long term as "Next-Generation Assets Plus."

## (6) Significant events after the reporting period

Not applicable.

(Reference information)

### (A) Transfer of properties

The Investment Corporation transferred the below-mentioned real estate trust beneficiary rights (1 property; transfer price: ¥4,080 million). The transfer price provided does not include expenses incurred on the transfer of such transferred asset (including transfer expenses, settlement of fixed asset tax and city planning tax, and consumption taxes), and is equal to the transfer price stated in the purchase and sale agreement for the trust beneficiary rights.

Property name	Location	Date of transfer	Transfer price (Millions of yen)	Transferee
Hulic Higashi Nihonbashi Building	Chuo-ku, Tokyo	March 27, 2024	4,080	Not disclosed (Note)

(Note) The transferee is a business-operating company in Japan. No other transferee information is disclosed because the transferee has not given permission to disclose it.

### (B) Early repayment of borrowings

The Investment Corporation decided on April 18, 2024 to make an early repayment on April 30, 2024 on the full amount and partial amount on the outstanding balances of the borrowings listed below, which will be funded by the transfer price received from the transferee in the transfer of properties stated in (A) above in addition to funds in hand.

Lender	Borrowing amount (Millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Remarks
Mizuho Bank, Ltd.	2,300 (Note 1)	Base rate of interest (JBA one- month Japanese Yen TIBOR) +0.20%	December 1, 2023	November 29, 2024	Lump-sum repayment	Unsecured and unguaranteed
Mizuho Bank, Ltd.	3,700 (Note 2)	Base rate of interest (JBA one- month Japanese Yen TIBOR) +0.20%	December 22, 2023	December 20, 2024	Lump-sum repayment	Unsecured and unguaranteed

(Note 1) The amount stated is the outstanding balance after a previous partial early repayment of borrowings was made as reported in the release “Notice concerning Partial Early Repayment of Borrowings” dated February 22, 2024. The stated borrowing amount will be repaid in full by this early repayment.

(Note 2) Of the above-stated borrowing amount, ¥1,200 million will be repaid, and the outstanding balance after this early repayment will be ¥2,500 million.

## 2. Overview of the Investment Corporation

### (1) Status of unitholders' capital

	16th fiscal period As of February 28, 2022	17th fiscal period As of August 31, 2022	18th fiscal period As of February 28, 2023	19th fiscal period As of August 31, 2023	20th fiscal period As of February 29, 2024
Total number of authorized investment units	20,000,000 units	20,000,000 units	20,000,000 units	20,000,000 units	20,000,000 units
Total number of investment units issued	1,440,000 units	1,440,000 units	1,440,000 units	1,440,000 units	1,440,000 units
Unitholders' capital	¥194,754 million	¥194,754 million	¥194,754 million	¥194,754 million	¥194,754 million
Number of unitholders	9,528	9,951	9,898	9,718	10,128

### (2) Matters regarding investment units

The top ten unitholders based on the percentage of investment units owned to total investment units issued as of the end of the reporting period are as follows:

Name	Number of investment units owned (Units)	Percentage of investment units owned to total investment units issued (%)
Custody Bank of Japan, Ltd. (Trust account)	429,887	29.85
The Master Trust Bank of Japan, Ltd. (Trust account)	218,919	15.20
Hulic Co., Ltd.	180,000	12.50
The Nomura Trust and Banking Co., Ltd. (Investment trust account)	65,146	4.52
Meiji Yasuda Life Insurance Company	22,203	1.54
STATE STREET BANK WEST CLIENT - TREATY 505234	22,097	1.53
The Shinkumi Federation Bank	21,149	1.46
JP MORGAN CHASE BANK 385781	19,125	1.32
SSBTC CLIENT OMNIBUS ACCOUNT	12,666	0.87
The Chiba Bank, Ltd.	10,643	0.73
Total	1,001,835	69.57

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

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

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

Title and post	Name	Major concurrent post, etc.	Total amount of compensation for each position during the reporting period
Executive Officer	Kazuaki Chokki	President and CEO of Hulic Reit Management Co., Ltd.	¥— thousand
Supervisory Officer (Note 1)	Rika Nakamura	Director of Tokyo SPC Services Co., Ltd.	¥3,000 thousand
	Takayuki Tomioka	Partner of Shimada Hamba and Osajima (law firm)	¥3,000 thousand
	Noriko Kinoshita	Representative Director of Minato City Appraisal Co., Ltd.	¥3,000 thousand
Independent Auditor	Ernst & Young ShinNihon LLC	—	¥13,100 thousand (Note 2)

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

(Note 2) Compensation paid to the Independent Auditor includes compensation for auditing English financial statements. In addition, the amount of compensation based on non-auditing services paid to firms that belong to the same network as the Independent Auditor was ¥7,590 thousand.

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

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

### (4) Matters regarding directors and officers liability insurance policy

The directors and officers liability insurance policy that the Investment Corporation entered into for the reporting period is as follows.

Scope of insureds	Summary of the policy
All of Executive Officers and Supervisory Officers	<p><u>Summary of insurance incidents covered</u> The policy will cover losses, litigation expenses, etc. within a certain range incurred in cases where an insured receives a claim for damages arising from improper acts carried out by the insured as an officer of the Investment Corporation.</p> <p><u>Portion of insurance premiums borne</u> The insurance policy contains a clause related to unitholder derivative suits and, the full amount of the insurance premiums for this clause is borne by the Investment Corporation.</p> <p><u>Measures to ensure that the proper execution of duties is not impaired</u> Losses, etc. incurred by an insured due to acts, such as criminal acts and acts committed by the insured while in full knowledge that they violate laws and regulations, are not covered by the policy.</p>

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

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

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

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

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

Type of assets	Category	Region (Note 1)	19th fiscal period (As of August 31, 2023)		20th fiscal period (As of February 29, 2024)	
			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	¥ 3,557	0.9	¥ 3,553	0.9
		Other wards of Tokyo	—	—	—	—
		Other	—	—	—	—
		Total	¥ 3,557	0.9	¥ 3,553	0.9
	Next- Generation Assets Plus	Six central wards of Tokyo	¥ —	—	¥ —	—
		Other wards of Tokyo	—	—	—	—
		Other	—	—	—	—
		Total	¥ —	—	¥ —	—
	Total real estate		¥ 3,557	0.9	¥ 3,553	0.9
Real estate in trust	Tokyo Commercial Properties	Six central wards of Tokyo	¥ 228,505	56.9	¥ 217,767	53.1
		Other wards of Tokyo	49,818	12.4	51,481	12.6
		Other	16,774	4.2	16,764	4.1
		Total	¥ 295,098	73.4	¥ 286,012	69.8
	Next- Generation Assets Plus	Six central wards of Tokyo	¥ 29,037	7.2	¥ 33,897	8.3
		Other wards of Tokyo	39,020	9.7	44,866	10.9
		Other	17,522	4.4	17,413	4.2
		Total	¥ 85,581	21.3	¥ 96,177	23.5
	Total real estate in trust		¥ 380,679	94.7	¥ 382,189	93.3
Total real estate and real estate in trust		¥ 384,237	95.6	¥ 385,743	94.1	
Deposits and other assets		¥ 17,704	4.4	¥ 24,079	5.9	
Total assets		¥ 401,942	100.0	¥ 409,823	100.0	

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

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

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

## (2) Major assets held

An overview of the major assets held by the Investment Corporation as of the end of the reporting period (top ten properties by book value at the end of the reporting period) is as follows:

Property name	Book value (Millions of yen)	Leasable area (m <sup>2</sup> ) (Note 1)	Leased area (m <sup>2</sup> ) (Note 2)	Occupancy rate (%) (Note 3)	Percentage to total real estate leasing business revenues (%) (Note 4)	Primary asset class
Hulic Kamiyacho Building	¥ 55,330	32,487.06	31,919.66	98.3	12.5	Office property
Ochanomizu Sola City (Note 5)	35,673	13,923.42	13,800.58	99.1	(Note 6)	Office property
Hulic Toranomom Building	17,569	8,574.65	8,464.99	98.7	4.1	Office property
Hulic Kojimachi Building (Note 5)	12,544	5,380.17	5,380.17	100.0	2.6	Office property
Sotetsu Fresa Inn Ginza 7 Chome	11,237	6,984.32	6,984.32	100.0	2.2	Hotel
Hulic Kudan Building (Land)	11,191	3,351.07	3,351.07	100.0	2.4	Office property
Hulic Kobunacho Building (Note 5)	11,010	7,781.30	7,781.30	100.0	2.9	Office property
Sotetsu Fresa Inn Tokyo- Roppongi	9,730	4,816.89	4,816.89	100.0	1.5	Hotel
Oimachi Redevelopment Building (#2)	9,444	14,485.66	14,485.66	100.0	2.8	Retail property
Aristage Kyodo (Note 5)	9,060	13,279.12	13,279.12	100.0	(Note 6)	Private nursing home
Total	¥182,792	111,063.66	110,263.76	99.3	—	

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

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

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

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

(Note 5) For Ochanomizu Sola City, the leasable area and leased area show figures equivalent to the trust beneficiary right quasi co-ownership interest of property held by the Investment Corporation (21.7%). For Hulic Kojimachi Building and Hulic Kobunacho Building, leasable area and leased area show figures equivalent to the trust beneficiary right quasi co-ownership interest of property held by the Investment Corporation (90.0%). For Aristage Kyodo, the leasable area and leased area show figures equivalent to the trust beneficiary right quasi co-ownership interest of property held by the Investment Corporation (95.0%).

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

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

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

Category		Property name	Location (Note 1)	Asset type	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	4-3-13 Toranomom, Minato-ku, Tokyo	Real estate trust beneficiary rights	¥ 55,330	¥ 66,300
		Hulic Kudan Building (Land)	1-13-5 Kudankita, Chiyoda-ku, Tokyo	Real estate trust beneficiary rights	11,191	14,100
		Toranomon First Garden	1-7-12 Toranomom, Minato-ku, Tokyo	Real estate trust beneficiary rights	7,877	12,000
		Rapiros Roppongi	6-1-24 Roppongi, Minato-ku, Tokyo	Real estate trust beneficiary rights	6,606	10,500
		Hulic Takadanobaba Building	3-19-10 Takada, Toshima-ku, Tokyo	Real estate trust beneficiary rights	3,672	4,900
		Hulic Kanda Building	1-16-5 Kandasudacho, Chiyoda-ku, Tokyo	Real estate trust beneficiary rights	3,444	4,510
		Hulic Kandabashi Building	1-21-1 Kandinishikicho, Chiyoda-ku, Tokyo	Real estate trust beneficiary rights	2,413	2,970
		Hulic Kakigaracho Building	1-28-5 Nihonbashikakigaracho, Chuo-ku, Tokyo	Real estate trust beneficiary rights	2,125	2,820
		Ochanomizu Sola City	4-6-1 Kanda Surugadai, Chiyoda-ku, Tokyo	Real estate trust beneficiary rights	35,673	46,655
		Hulic Higashi Ueno 1 Chome Building	1-7-15 Higashi Ueno, Taito-ku, Tokyo	Real estate trust beneficiary rights	2,732	3,120
		Tokyo Nishi Ikebukuro Building	1-7-7 Nishi Ikebukuro, Toshima-ku, Tokyo	Real estate trust beneficiary rights	1,563	2,090
		Hulic Toranomom Building	1-1-18 Toranomom, Minato-ku, Tokyo	Real estate trust beneficiary rights	17,569	22,000
		Hulic Shibuya 1 chome Building	1-3-9 Shibuya, Shibuya-ku, Tokyo	Real estate trust beneficiary rights	5,078	5,900
		Hulic Higashi Nihonbashi Building	1-1-5 Higashinihonbashi, Chuo-ku, Tokyo	Real estate trust beneficiary rights	3,497	3,630
		Hulic Jimbocho Building	2-2-31 Kanda Jimbocho, Chiyoda-ku, Tokyo	Real estate trust beneficiary rights	1,541	1,720
		Hulic Gotanda Yamate-dori Building	1-21-8 Nishigotanda, Shinagawa-ku, Tokyo	Real estate	3,553	3,480
		Bancho House	29-1 Ichibancho, Chiyoda-ku, Tokyo	Real estate trust beneficiary rights	2,768	3,600
		Ebisu Minami Building	2-12-18 Ebisuminami, Shibuya-ku, Tokyo	Real estate trust beneficiary rights	2,423	2,640
		Hulic Iidabashi Building	2-6-6 Iidabashi, Chiyoda-ku, Tokyo	Real estate trust beneficiary rights	1,470	1,520
		Hulic Asakusabashi Building	1-22-16 Asakusabashi, Taito-ku, Tokyo	Real estate trust beneficiary rights	4,325	4,800
		Hulic Ebisu Building	3-15-7 Higashi, Shibuya-ku, Tokyo	Real estate trust beneficiary rights	1,283	1,420
		Hulic Ryogoku Building	4-31-11 Ryogoku, Sumida-ku, Tokyo	Real estate trust beneficiary rights	5,400	6,057
		Hulic Asakusabashi Edo-dori	1-30-9 Asakusabashi, Taito-ku, Tokyo	Real estate trust beneficiary rights	5,309	6,075



Category		Property name	Location (Note 1)	Asset type	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)
Tokyo Commercial Properties	Office properties	Hulic Nakano Building	4-44-18 Honcho, Nakano-ku, Tokyo	Real estate trust beneficiary rights	3,212	3,591
		Hulic Ueno Building	3-16-5 Ueno, Taito-ku, Tokyo, etc.	Real estate trust beneficiary rights	4,118	4,590
		Hulic Kojimachi Building	3-2-10 Kojimachi, Chiyoda-ku, Tokyo	Real estate trust beneficiary rights	12,544	13,600
		Kichijoji Fuji Building	2-2-13 Kichijojihoncho, Musashino-shi, Tokyo	Real estate trust beneficiary rights	5,155	6,430
		Hulic Hachioji Building	15-3 Yokoyamacho, Hachioji-shi, Tokyo, etc.	Real estate trust beneficiary rights	4,778	5,265
		Hulic Kobe Building	1-3-1 Sannomiyacho, Chuo-ku, Kobe-shi, Hyogo	Real estate trust beneficiary rights	6,830	7,000
		Hulic Gotanda Building	1-27-2 Nishigotanda, Shinagawa-ku, Tokyo	Real estate trust beneficiary rights	6,176	6,350
		Hulic Oji Building	1-10-17, Oji, Kita-ku, Tokyo	Real estate trust beneficiary rights	5,303	5,480
		Hulic Kobunacho Building	8-1, Nihonbashikobunacho, Chuo-ku, Tokyo	Real estate trust beneficiary rights	11,010	11,500
		Hulic Komagome Building	6-1-1 Honkomagome, Bunkyo-ku, Tokyo	Real estate trust beneficiary rights	1,942	1,998
	Retail properties	Oimachi Redevelopment Building (#2)	5-20-1 Higashi-Oi, Shinagawa-ku, Tokyo	Real estate trust beneficiary rights	9,444	11,800
		Oimachi Redevelopment Building (#1)	5-18-1 Higashi-Oi, Shinagawa-ku, Tokyo	Real estate trust beneficiary rights	6,429	7,070
		Dining Square Akihabara Building	1-16-2 Kandasakumacho, Chiyoda-ku, Tokyo	Real estate trust beneficiary rights	3,171	4,000
		Hulic Jingu-Mae Building	5-17-9 Jingu-mae, Shibuya-ku, Tokyo	Real estate trust beneficiary rights	2,689	3,600
		Hulic Todoroki Building	3-5-2 Todoroki, Setagaya-ku, Tokyo	Real estate trust beneficiary rights	1,198	1,440
		HULIC &New SHIBUYA	31-1 Udagawa-cho, Shibuya-ku, Tokyo	Real estate trust beneficiary rights	3,053	3,570
		HULIC &New SHINBASHI	2-11-10 Shinbashi, Minato-ku, Tokyo	Real estate trust beneficiary rights	2,954	3,390
		Hulic Shimura-sakaue	3-20-1 Maeno-cho, Itabashi-ku, Tokyo, etc.	Real estate trust beneficiary rights	7,127	7,350
		Hulic Mejiro	3-4-11 Mejiro, Toshima-ku, Tokyo	Real estate trust beneficiary rights	5,574	6,590
Next-Generation Assets Plus	Private nursing homes	Aria Matsubara	5-34-6 Matsubara, Setagaya-ku, Tokyo	Real estate trust beneficiary rights	3,077	4,660
		Trust Garden Yoganomori	1-3-1 Yoga, Setagaya-ku, Tokyo	Real estate trust beneficiary rights	5,199	7,330
		Trust Garden Sakurashinmachi	2-11-1 Tsurumaki, Setagaya-ku, Tokyo	Real estate trust beneficiary rights	2,768	3,920
		Trust Garden Suginami Miyamae	2-11-10 Miyamae, Suginami-ku, Tokyo	Real estate trust beneficiary rights	2,661	3,790
		Trust Garden Tokiwamatsu	4-4-10 Higashi, Shibuya-ku, Tokyo	Real estate trust beneficiary rights	2,863	3,580
		SOMPO Care La vie Re Kita-Kamakura	2713-2 Aza Takano, Ofuna, Kamakura-shi, Kanagawa	Real estate trust beneficiary rights	1,606	1,900
		Charm Suite Shinjukutoyama	7-26-48 Shinjuku, Shinjuku-ku, Tokyo	Real estate trust beneficiary rights	3,284	3,830

Category		Property name	Location (Note 1)	Asset type	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)
Next-Generation Assets Plus	Private nursing homes	Charm Suite Shakujiiioen	5-13-7 Takanodai, Nerima-ku, Tokyo	Real estate trust beneficiary rights	3,126	3,540
		Hulic Chofu	1-14-3 Kojimacho, Chofu-shi, Tokyo	Real estate trust beneficiary rights	3,335	3,740
		Aristage Kyodo	3-20-22 Kyodo, Setagaya-ku, Tokyo	Real estate trust beneficiary rights	9,060	10,070
		Granda Gakugei Daigaku	1-13-3 Takaban, Meguro-ku, Tokyo	Real estate trust beneficiary rights	2,228	2,430
		Charm Premier Den-en-Chofu	1-9-10 Tamagawa Denenchofu, Setagaya-ku, Tokyo	Real estate trust beneficiary rights	2,605	2,710
		Sonare Shakujii	1-2-32, Sekimachiminami, Nerima-ku, Tokyo	Real estate trust beneficiary rights	2,458	2,570
	Network centers	Ikebukuro Network Center	4-30-17 Kami-Ikebukuro, Toshima-ku, Tokyo	Real estate trust beneficiary rights	4,424	5,310
		Tabata Network Center	6-2-8 Tabata, Kita-ku, Tokyo	Real estate trust beneficiary rights	1,329	1,550
		Hiroshima Network Center	2-6-6 Hikari-machi, Higashi-ku, Hiroshima-shi, Hiroshima	Real estate trust beneficiary rights	993	1,150
		Atsuta Network Center	20-1 Hatano-cho, Atsuta-ku, Nagoya-shi, Aichi	Real estate trust beneficiary rights	941	1,020
		Nagano Network Center	1600-12, Oaza Tsuruga Aza Naemahira, Nagano-shi, Nagano	Real estate trust beneficiary rights	279	337
		Chiba Network Center	1-1-1 Muzaigakuendai, Inzai-shi, Chiba	Real estate trust beneficiary rights	6,668	7,710
		Sapporo Network Center	2-4-1, Kita 9 Jonishi, Kita-ku, Sapporo-shi, Hokkaido	Real estate trust beneficiary rights	2,450	2,540
		Keihanna Network Center	113-1, Kizu Kumomura, Kizugawa-shi, Kyoto	Real estate trust beneficiary rights	1,138	1,380
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome	7-11-12 Ginza, Chuo-ku, Tokyo	Real estate trust beneficiary rights	11,237	12,300
		Sotetsu Fresa Inn Tokyo-Roppongi	3-10-1 Roppongi, Minato-ku, Tokyo	Real estate trust beneficiary rights	9,730	9,980
		Hulic Tsukiji 3 Chome Building	3-3-1 Tsukiji, Chuo-ku, Tokyo	Real estate trust beneficiary rights	6,782	7,350
		Hulic Kaminarimon Building	2-16-11 Kaminarimon, Taito-ku, Tokyo	Real estate trust beneficiary rights	5,924	5,970
Total					¥385,743	¥458,088

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

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

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

Category		Property name	19th fiscal period (From March 1, 2023 to August 31, 2023)				20th fiscal period (From September 1, 2023 to February 29, 2024)			
			Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3)	Percentage to total real estate leasing business revenues (%)	Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3)	Percentage to total real estate leasing business revenues (%)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	1	94.6	¥1,352,894	12.5	1	98.3	¥1,373,687	12.5
		Hulic Kudan Building (Land)	1	100.0	265,002	2.4	1	100.0	265,002	2.4
		Toranomon First Garden	1	100.0	265,108	2.4	1	100.0	272,922	2.5
		Rapiros Roppongi	1	84.9	292,999	2.7	1	100.0	299,163	2.7
		Hulic Takadanobaba Building	1	100.0	175,686	1.6	1	100.0	173,275	1.6
		Hulic Kanda Building	1	100.0	151,636	1.4	1	100.0	153,393	1.4
		Hulic Kandabashi Building	1	100.0	90,817	0.8	1	100.0	81,120	0.7
		Hulic Kakigaracho Building	1	100.0	107,406	1.0	1	100.0	102,861	0.9
		Ochanomizu Sola City	1	99.1	(Note 4)	(Note 4)	1	99.1	(Note 4)	(Note 4)
		Hulic Higashi Ueno 1 Chome Building	1	100.0	98,682	0.9	1	100.0	96,933	0.9
		Tokyo Nishi Ikebukuro Building	1	100.0	56,273	0.5	1	100.0	56,273	0.5
		Hulic Toranomon Building	1	98.7	419,011	3.9	1	98.7	452,636	4.1
		Hulic Shibuya 1 chome Building	1	100.0	126,869	1.2	1	100.0	133,695	1.2
		Hulic Higashi Nihonbashi Building	1	87.4	93,252	0.9	1	100.0	96,355	0.9
		Hulic Jimbocho Building	1	100.0	44,817	0.4	1	100.0	46,012	0.4
		Hulic Ginza 7 Chome Building	1	100.0	466,981	4.3	—	—	—	—
		Hulic Gotanda Yamate-dori Building	1	100.0	116,506	1.1	1	100.0	119,264	1.1
		Bancho House	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Ebisu Minami Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Iidabashi Building	1	100.0	46,363	0.4	1	100.0	43,424	0.4
		Hulic Asakusabashi Building	1	97.7	272,080	2.5	1	97.7	282,086	2.6
		Hulic Ebisu Building	1	100.0	37,682	0.3	1	100.0	35,214	0.3
		Hulic Ryogoku Building	1	100.0	160,715	1.5	1	100.0	164,314	1.5
		Hulic Asakusabashi Edo-dori	1	100.0	147,556	1.4	1	100.0	149,663	1.4
		Hulic Nakano Building	1	100.0	98,705	0.9	1	100.0	99,786	0.9
		Hulic Ueno Building	1	100.0	122,393	1.1	1	100.0	125,637	1.1
		Hulic Kojimachi Building	1	100.0	280,527	2.6	1	100.0	279,922	2.6
		Kichijoji Fuji Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Hachioji Building	1	100.0	158,689	1.5	1	100.0	161,106	1.5
		Hulic Kobe Building	1	97.4	209,434	1.9	1	97.4	210,479	1.9
		Hulic Gotanda Building	1	100.0	155,909	1.4	1	100.0	166,402	1.5
		Hulic Oji Building	1	100.0	143,433	1.3	1	100.0	150,014	1.4
		Hulic Kobunacho Building	1	100.0	96,751	0.9	1	100.0	321,748	2.9
		Hulic Komagome Building	—	—	—	—	1	100.0	(Note 4)	(Note 4)

Category		Property name	19th fiscal period (From March 1, 2023 to August 31, 2023)				20th fiscal period (From September 1, 2023 to February 29, 2024)			
			Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3)	Percentage to total real estate leasing business revenues (%)	Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3)	Percentage to total real estate leasing business revenues (%)
Tokyo Commercial Properties	Retail properties	Oimachi Redevelopment Building (#2)	1	100.0	312,000	2.9	1	100.0	312,000	2.8
		Oimachi Redevelopment Building (#1)	1	100.0	218,931	2.0	1	100.0	218,931	2.0
		Dining Square Akihabara Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Jingu-Mae Building	1	100.0	87,332	0.8	1	100.0	155,722	1.4
		Hulic Todoroki Building	1	100.0	55,060	0.5	1	100.0	56,631	0.5
		HULIC &New SHIBUYA	1	100.0	70,392	0.6	1	100.0	71,876	0.7
		HULIC &New SHINBASHI	1	100.0	83,311	0.8	1	100.0	84,309	0.8
		Hulic Shimura-sakaue	1	100.0	249,424	2.3	1	100.0	245,075	2.2
		Hulic Mejiro	1	100.0	150,141	1.4	1	100.0	150,033	1.4
Next-Generation Assets Plus	Private nursing homes	Aria Matsubara	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Trust Garden Yoganomori	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Trust Garden Sakurashinmachi	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Trust Garden Suginami Miyamae	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Trust Garden Tokiwamatsu	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		SOMPO Care La vie Re Kita-Kamakura	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Charm Suite Shinjukutoyama	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Charm Suite Shakujiikoen	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Chofu	1	100.0	95,346	0.9	1	100.0	94,141	0.9
		Aristage Kyodo	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Granda Gakugei Daigaku	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Charm Premier Den-en-Chofu	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Sonare Shakujii	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Network centers	Ikebukuro Network Center	1	100.0	130,176	1.2	1	100.0	130,176
	Tabata Network Center		1	100.0	43,285	0.4	1	100.0	43,285	0.4
	Hiroshima Network Center		1	100.0	42,091	0.4	1	100.0	42,091	0.4
	Atsuta Network Center		1	100.0	35,273	0.3	1	100.0	35,273	0.3
	Nagano Network Center		1	100.0	16,708	0.2	1	100.0	16,708	0.2
	Chiba Network Center		1	100.0	214,701	2.0	1	100.0	214,687	2.0
	Sapporo Network Center		1	100.0	80,358	0.7	1	100.0	80,358	0.7
	Keihanna Network Center		1	100.0	45,166	0.4	1	100.0	45,166	0.4
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome	1	100.0	240,000	2.2	1	100.0	240,000	2.2
		Sotetsu Fresa Inn Tokyo-Roppongi	1	100.0	108,000	1.0	1	100.0	162,000	1.5
		Hulic Tsukiji 3 Chome Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Kaminarimon Building	—	—	—	—	1	100.0	(Note 4)	(Note 4)
Total			66	99.0	¥10,856,494	100.0	67	99.7	¥10,955,653	100.0

(Note 1) Number of tenants is stated as 1 when a master lease agreement has been entered with a master lease company.  
Moreover, the number of tenants is stated as 1 for Hulic Kudan Building (Land).

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

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

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

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

The status of the contracted amount and fair value of specified transactions outstanding for the Investment Corporation as of the end of the reporting period is as follows:

Category	Type	Contracted amount (Millions of yen)		Fair value (Millions of yen)
		(Note 1)	Portion due after 1 year (Note 1)	(Note 2)
Off-market- transaction	Interest rate swap transaction			
	Payment: fixed interest rate Receipt: floating interest rate	¥ 75,675	¥ 67,155	¥ —
Total		¥ 75,675	¥ 67,155	¥ —

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

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

#### (5) Status of other assets

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

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

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

Not applicable for countries and regions other than Japan.

## 4. Capital Expenditures for Properties Held

### (1) Schedule of capital expenditures

For each asset held by the Investment Corporation as of the end of the reporting period, the main capital expenditures for renovation work, etc. scheduled as of February 29, 2024 (the end of the 20th fiscal period) are as below. Estimated capital expenditure for work mentioned below includes that which is charged to expenses.

Property name	Location	Purpose	Scheduled period	Estimated capital expenditure for work (Millions of yen)		
				Total amount	Payment during the period	Total amount paid
Oimachi Redevelopment Building (#2)	Shinagawa-ku, Tokyo	Renewal work for air conditioners	From November 2024 to February 2025	¥ 93	—	—
SOMPO Care La vie Re Kita-Kamakura	Kamakura-shi, Kanagawa	Renewal work for air-conditioning units in the common area	From October 2024 to November 2024	40	—	—
Hulic Todoroki Building	Setagaya-ku, Tokyo	Renewal work for high voltage power receiving equipment	From December 2024 to February 2025	35	—	—
Keihanna Network Center	Kizugawa-shi, Kyoto	Renewal work for automated fire alarm equipment	From July 2024 to August 2024	32	—	—
Tabata Network Center	Kita-ku, Tokyo	Renewal work for automated fire alarm equipment, etc.	From July 2024 to August 2024	18	—	—
Hulic Iidabashi Building	Chiyoda-ku, Tokyo	Renovation work for elevator	From July 2024 to August 2024	17	—	—
Nagano Network Center	Nagano-shi, Nagano	Renewal work for automated fire alarm equipment	From April 2024 to May 2024	13	—	—

### (2) Capital expenditures during the period

An overview of the construction work corresponding to capital expenditures during the reporting period is as below. Capital expenditures during the reporting period were ¥565,719 thousand and repair expenses were ¥174,194 thousand. In aggregate, construction work in the amount of ¥739,913 thousand was carried out during the period.

Property name	Location	Purpose	Period	Capital expenditure for work (Millions of yen)
Oimachi Redevelopment Building (#2)	Shinagawa-ku, Tokyo	Renewal work for air conditioners	From December 2023 to February 2024	¥ 85
Hulic Jingu-Mae Building	Shibuya-ku, Tokyo	Maintenance work for rental room	From August 2023 to October 2023	64
Aria Matsubara	Setagaya-ku, Tokyo	Renovation work for air-conditioning equipment in common area	From October 2023 to January 2024	47
Hulic Iidabashi Building	Chiyoda-ku, Tokyo	Renovation work for air-conditioning equipment in exclusively owned portions	From February 2024 to February 2024	25
Other				342
Total				¥ 565

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

Not applicable.

## 5. Status of Expenses and Liabilities

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

Item	19th fiscal period (From March 1, 2023 to August 31, 2023)	20th fiscal period (From September 1, 2023 to February 29, 2024)
(a) Asset management fees	¥1,078,722 thousand	¥1,095,934 thousand
(b) Asset custody fees	¥15,011 thousand	¥15,043 thousand
(c) Administrative service fees	¥47,934 thousand	¥47,994 thousand
(d) Remuneration for directors (and other officers)	¥7,500 thousand	¥9,000 thousand
(e) Other operating expenses	¥199,957 thousand	¥213,808 thousand
Total	¥1,349,125 thousand	¥1,381,781 thousand

(Note) Other than the amount stated above, asset management fees includes the portion of compensations associated with a property acquisition factored into the book value of the individual properties (the 19th fiscal period: ¥53,050 thousand; the 20th fiscal period: ¥31,950 thousand) and the portion of compensations associated with a property transfer deducted from gain on sale of real estate properties of the individual properties (the 19th fiscal period: ¥27,337 thousand; the 20th fiscal period: ¥27,337 thousand).



## (2) Status of borrowings

Status of borrowings of the Investment Corporation as of the end of the reporting period is as follows:

	Category	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks
	Lender								
Short-term borrowings	Mizuho Bank, Ltd. (Notes 2 and 4)	December 1, 2023	—	2,300	0.2620%	November 29, 2024	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Mizuho Bank, Ltd. (Note 2)	December 22, 2023	—	3,700	0.2635%	December 20, 2024			
	Subtotal		¥ —	¥ 6,000					
Long-term borrowings	Mizuho Bank, Ltd.	February 7, 2014	400	—	1.8188%	February 7, 2024	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		300	—					
	MUFG Bank, Ltd.		300	—					
	Development Bank of Japan Inc.	February 29, 2016	809	—	0.5188%	February 29, 2024			
	Nippon Life Insurance Company		500	—					
	Mizuho Bank, Ltd.	February 7, 2017	1,000	—	0.6485%	February 29, 2024			
	Sumitomo Mitsui Banking Corporation		1,977	—					
	MUFG Bank, Ltd.		1,719	—					
	Mizuho Trust & Banking Co., Ltd.		600	—					
	Sumitomo Mitsui Trust Bank, Limited		569	—					
	The Norinchukin Bank		569	—					
	Nippon Life Insurance Company	February 7, 2019	500	—	0.4600%	February 29, 2024			
	Development Bank of Japan Inc.	February 27, 2015	1,900	1,900	1.1738%	August 30, 2024			
	Meiji Yasuda Life Insurance Company	February 29, 2016	500	500	0.5932%	August 30, 2024			
	Mizuho Bank, Ltd.	February 7, 2017	1,754	1,754	0.7800%	August 30, 2024			
	Mizuho Bank, Ltd.	August 31, 2017	1,400	1,400	0.5913%	August 30, 2024			
	Sumitomo Mitsui Banking Corporation		1,048	1,048					
	MUFG Bank, Ltd.		705	705					
	Mizuho Trust & Banking Co., Ltd.		622	622					
	Sumitomo Mitsui Trust Bank, Limited		610	610					
	The Norinchukin Bank		520	520					
	Resona Bank, Limited		215	215					
	Shinkin Central Bank		140	140					
	SBI Shinsei Bank, Limited		140	140					
	Mizuho Bank, Ltd.	February 28, 2020	350	350	0.2445%	August 30, 2024			
	Sumitomo Mitsui Banking Corporation		220	220					
	MUFG Bank, Ltd.		110	110					
	Mizuho Trust & Banking Co., Ltd.		100	100					
	Mitsui Sumitomo Insurance Company, Limited		500	500					
	The 77 Bank, Ltd.		500	500					
	The Nishi-Nippon City Bank, Ltd.		500	500					

	Category	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks
	Lender								
Long-term borrowings	Mizuho Bank, Ltd.	February 27, 2015	250	250	1.4600%	February 28, 2025	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		125	125					
	MUFG Bank, Ltd.		125	125					
	Mizuho Bank, Ltd.	February 29, 2016	250	250	0.7275%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		125	125					
	MUFG Bank, Ltd.		125	125					
	Development Bank of Japan Inc.	February 7, 2017	969	969	0.8500%	February 28, 2025			
	Mizuho Bank, Ltd.	August 31, 2017	1,725	1,725	0.6574%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		1,203	1,203					
	MUFG Bank, Ltd.		753	753					
	Mizuho Trust & Banking Co., Ltd.		722	722					
	Development Bank of Japan Inc.		1,010	1,010					
	Sumitomo Mitsui Trust Bank, Limited		682	682					
	The Norinchukin Bank		400	400					
	Resona Bank, Limited		215	215					
	Shinkin Central Bank		140	140					
	SBI Shinsei Bank, Limited		140	140					
	Mizuho Bank, Ltd.	February 7, 2019	200	200	0.4133%	February 28, 2025			
	Mizuho Trust & Banking Co., Ltd.		200	200					
	Sumitomo Mitsui Trust Bank, Limited		200	200					
	The Norinchukin Bank		450	450					
	Resona Bank, Limited		140	140					
	SBI Shinsei Bank, Limited		150	150					
	Sumitomo Mitsui Banking Corporation	August 31, 2020	2,000	2,000	0.4145%	February 28, 2025			
	Mizuho Bank, Ltd.	August 31, 2017	1,531	1,531	0.7246%	August 29, 2025			
	Sumitomo Mitsui Banking Corporation		1,267	1,267					
	MUFG Bank, Ltd.		577	577					
	Mizuho Trust & Banking Co., Ltd.		475	475					
	Development Bank of Japan Inc.		410	410					
	Aozora Bank, Ltd.		280	280					
Meiji Yasuda Life Insurance Company	230		230						
Nippon Life Insurance Company	230		230						
Mizuho Bank, Ltd.	February 7, 2019	500	500	0.5700%	August 29, 2025				
Development Bank of Japan Inc.		1,200	1,200						
Aozora Bank, Ltd.		600	600						

	Category	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks
	Lender								
Long-term borrowings	Mizuho Bank, Ltd.	February 28, 2020	170	170	0.2845%	August 29, 2025	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		150	150					
	MUFG Bank, Ltd.		100	100					
	Mizuho Trust & Banking Co., Ltd.		120	120					
	The Norinchukin Bank		780	780					
	Shinkin Central Bank		550	550					
	SBI Shinsei Bank, Limited		390	390					
	Mitsui Sumitomo Insurance Company, Limited		210	210					
	Mizuho Bank, Ltd.	February 7, 2019	2,910	2,910	0.4800%	February 27, 2026			
	Sumitomo Mitsui Banking Corporation		1,700	1,700					
	MUFG Bank, Ltd.		850	850					
	Mizuho Trust & Banking Co., Ltd.		1,100	1,100					
	Sumitomo Mitsui Trust Bank, Limited		700	700					
	The Norinchukin Bank		1,410	1,410					
	Resona Bank, Limited		880	880					
	SBI Shinsei Bank, Limited		450	450					
	Mizuho Bank, Ltd.	February 7, 2019	3,420	3,420	0.5840%	August 31, 2026			
	Sumitomo Mitsui Banking Corporation		2,700	2,700					
	MUFG Bank, Ltd.		1,600	1,600					
	Mizuho Trust & Banking Co., Ltd.		1,050	1,050					
	Sumitomo Mitsui Trust Bank, Limited		300	300					
	The Norinchukin Bank		1,000	1,000					
	Mizuho Bank, Ltd. (Note 2)	February 29, 2024	—	500	0.2659%	August 31, 2026			
	The Norinchukin Bank (Note 2)		—	569					
	Mizuho Trust & Banking Co., Ltd. (Note 2)		—	600					
	Sumitomo Mitsui Trust Bank, Limited (Note 2)		—	569					
	Development Bank of Japan Inc. (Note 2)		—	200					
	Mizuho Bank, Ltd.	February 27, 2015	150	150	1.7500%	February 26, 2027			
	Sumitomo Mitsui Banking Corporation		75	75					
	MUFG Bank, Ltd.		75	75					
Mizuho Bank, Ltd.	August 30, 2019	1,000	1,000	0.4225%	February 26, 2027				
Sumitomo Mitsui Banking Corporation		960	960						
The Norinchukin Bank		600	600						
MUFG Bank, Ltd.		550	550						
Sumitomo Mitsui Trust Bank, Limited		500	500						
SBI Shinsei Bank, Limited		300	300						
Mizuho Trust & Banking Co., Ltd.		300	300						
Shinkin Central Bank		200	200						
Resona Bank, Limited		170	170						

	Category	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks
	Lender								
Long-term borrowings	Mizuho Bank, Ltd.	February 28, 2020	980	980	0.3920%	February 26, 2027	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		400	400					
	MUFG Bank, Ltd.		340	340					
	Mizuho Trust & Banking Co., Ltd.		330	330					
	The Norinchukin Bank		1,280	1,280					
	Resona Bank, Limited		140	140					
	Shinkin Central Bank		930	930					
	SBI Shinsei Bank, Limited		510	510					
	Mitsui Sumitomo Insurance Company, Limited		290	290					
	Sumitomo Mitsui Banking Corporation	February 28, 2023	2,000	2,000	0.5979%	February 26, 2027			
	MUFG Bank, Ltd.		1,510	1,510					
	Mizuho Bank, Ltd.	February 28, 2020	1,795	1,795	0.4430%	August 31, 2027			
	Sumitomo Mitsui Banking Corporation		1,260	1,260					
	MUFG Bank, Ltd.		150	150					
	Mizuho Trust & Banking Co., Ltd.		610	610					
	The Norinchukin Bank		1,140	1,140					
	Shinkin Central Bank		820	820					
	SBI Shinsei Bank, Limited		600	600					
	MUFG Bank, Ltd.	February 28, 2020	490	490	0.4430%	August 31, 2027			
	Sumitomo Mitsui Banking Corporation	August 31, 2020	1,000	1,000	0.4787%	August 31, 2027			
	Resona Bank, Limited	March 31, 2022	1,200	1,200	0.5199%	August 31, 2027			
	Mizuho Bank, Ltd.	February 28, 2023	850	850	0.7822%	August 31, 2027			
	Mizuho Trust & Banking Co., Ltd.		980	980					
	Sumitomo Mitsui Trust Bank, Limited		645	645					
	Shinkin Central Bank		141	141					
	Sompo Japan Insurance Inc.		500	500					
	Sumitomo Mitsui Banking Corporation	February 8, 2021	1,950	1,950	0.4520%	January 31, 2028			
Mitsui Sumitomo Insurance Company, Limited	1,000		1,000						
Mizuho Bank, Ltd.	August 31, 2020	1,240	1,240	0.5325%	February 29, 2028				
Mizuho Trust & Banking Co., Ltd.		290	290						
Sumitomo Mitsui Trust Bank, Limited		700	700						
The Norinchukin Bank		400	400						
Resona Bank, Limited		500	500						
Mizuho Trust & Banking Co., Ltd.	August 31, 2022	699	699	0.5899%	February 29, 2028				
Resona Bank, Limited		275	275						
Resona Bank, Limited	October 28, 2022	500	500	0.6033%	February 29, 2028				
SBI Shinsei Bank, Limited		500	500						
Aozora Bank, Ltd.		500	500						

	Category	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks
	Lender								
Long-term borrowings	Mizuho Bank, Ltd.	February 28, 2023	2,000	2,000	0.8363%	February 29, 2028	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	The Norinchukin Bank		645	645					
	Resona Bank, Limited		393	393					
	Aozora Bank, Ltd.		141	141					
	Mitsui Sumitomo Insurance Company, Limited		500	500					
	Mizuho Bank, Ltd. (Note 2)	February 29, 2024	—	1,000	0.2709%	February 29, 2028			
	Development Bank of Japan Inc.	August 31, 2020	1,000	1,000	0.6346%	August 31, 2028			
	Aozora Bank, Ltd.		900	900					
	Sumitomo Mitsui Banking Corporation	August 31, 2021	1,790	1,790	0.4220%	August 31, 2028			
	Mitsui Sumitomo Insurance Company, Limited	November 1, 2021	1,000	1,000	0.5100%	August 31, 2028			
	The Bank of Fukuoka, Ltd.		500	500					
	Sumitomo Mitsui Trust Bank, Limited	August 31, 2023	1,210	1,210	0.7775%	August 31, 2028			
	Mizuho Bank, Ltd.	August 31, 2020	1,600	1,600	0.6540%	February 28, 2029			
	Mizuho Trust & Banking Co., Ltd.		270	270					
	Mizuho Bank, Ltd.	February 8, 2021	500	500	0.5900%	February 28, 2029			
	Sumitomo Mitsui Trust Bank, Limited		1,660	1,660					
	Resona Bank, Limited		970	970					
	Shinkin Central Bank		1,000	1,000					
	SBI Shinsei Bank, Limited		500	500					
	The 77 Bank, Ltd.		500	500					
	The Nishi-Nippon City Bank, Ltd.		500	500					
	The Gunma Bank, Ltd.		500	500					
	The Higo Bank, Ltd.		500	500					
	Sumitomo Mitsui Banking Corporation	February 28, 2022	1,785	1,785	0.6289%	February 28, 2029			
	Mizuho Trust & Banking Co., Ltd.		872	872					
	Resona Bank, Limited		200	200					
	Resona Bank, Limited (Note 2)	February 29, 2024	—	1,000	0.2100%	February 28, 2029			
	The Norinchukin Bank	February 8, 2021	1,000	1,000	0.6900%	August 31, 2029			
	Development Bank of Japan Inc.		600	600					
	Aozora Bank, Ltd.		1,200	1,200					
	Mizuho Bank, Ltd.	August 31, 2021	1,330	1,330	0.5421%	August 31, 2029			
	Mizuho Trust & Banking Co., Ltd.		630	630					
	SBI Shinsei Bank, Limited		260	260					
Aozora Bank, Ltd.	260		260						
Resona Bank, Limited	November 1, 2021	400	400	0.6300%	August 31, 2029				
Shinkin Central Bank		1,000	1,000						
SBI Shinsei Bank, Limited		1,000	1,000						
The 77 Bank, Ltd.		500	500						
The Higo Bank, Ltd.		400	400						
Mizuho Bank, Ltd.	February 28, 2022	535	535	0.6960%	August 31, 2029				
The Norinchukin Bank		500	500						
Sumitomo Mitsui Trust Bank, Limited		1,528	1,528						

	Category	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1)	Repayment date	Repayment method	Use	Remarks				
	Lender												
Long-term borrowings	Mizuho Bank, Ltd.	August 31, 2022	300	300	0.7575%	August 31, 2029	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed				
	MUFG Bank, Ltd.		910	910									
	Mizuho Trust & Banking Co., Ltd.		300	300									
	Mizuho Bank, Ltd.	February 8, 2021	3,060	3,060	0.7200%	February 28, 2030							
	Mizuho Trust & Banking Co., Ltd.		1,050	1,050									
	Development Bank of Japan Inc.	November 1, 2021	500	500	0.6900%	February 28, 2030							
	Aozora Bank, Ltd.		1,000	1,000									
	The Norinchukin Bank	February 28, 2022	1,000	1,000	0.7630%	February 28, 2030							
	Resona Bank, Limited		100	100									
	SBI Shinsei Bank, Limited		200	200									
	Aozora Bank, Ltd.		200	200									
	Sumitomo Mitsui Trust Bank, Limited	February 28, 2022	2,000	2,000	0.7630%	February 28, 2030							
	Nippon Life Insurance Company	March 31, 2022	1,000	1,000	0.5200%	February 28, 2030							
	Nippon Life Insurance Company	February 29, 2024	—	1,000	1.0238%	February 28, 2030							
	MUFG Bank, Ltd.	May 31, 2023	2,190	2,190	0.9025%	May 31, 2030							
	Mizuho Bank, Ltd.	August 31, 2021	1,000	1,000	0.6646%	August 30, 2030							
	The Norinchukin Bank	August 31, 2022	859	859	0.9038%	August 30, 2030							
	Sumitomo Mitsui Trust Bank, Limited		859	859									
	Mizuho Bank, Ltd.	August 31, 2023	2,000	2,000	1.0650%	August 30, 2030							
	Sumitomo Mitsui Banking Corporation		2,250	2,250									
	MUFG Bank, Ltd.		1,520	1,520									
	Mizuho Trust & Banking Co., Ltd.		800	800									
	Mizuho Bank, Ltd.	February 28, 2022	2,000	2,000	0.8290%	August 31, 2030							
	Mizuho Bank, Ltd.	August 31, 2023	1,440	1,440	1.1554%	February 28, 2031							
	The Norinchukin Bank		500	500									
	Mizuho Trust & Banking Co., Ltd.		660	660									
	Resona Bank, Limited		300	300									
	SBI Shinsei Bank, Limited		140	140									
	Mizuho Bank, Ltd. (Note 2)		—	500									
	Sumitomo Mitsui Banking Corporation (Note 2)	February 29, 2024	—	1,977	0.4209%	February 28, 2031							
	MUFG Bank, Ltd.	February 29, 2024	—	1,719	1.1450%	February 28, 2031							
	Development Bank of Japan Inc.		—	609									
	Development Bank of Japan Inc.	August 8, 2022	2,450	2,450	0.9579%	August 29, 2031							
	Sumitomo Mitsui Banking Corporation	August 31, 2022	500	500	1.0488%	August 29, 2031							
	Development Bank of Japan Inc.		414	414									
	Mizuho Bank, Ltd.	August 31, 2022	1,494	1,494	1.1215%	February 27, 2032							
	MUFG Bank, Ltd.	February 7, 2024	—	1,000	1.3674%	February 27, 2032							
		Subtotal		¥ 163,116	¥ 165,116								
		Total		¥ 163,116	¥ 171,116								

- (Note 1) Average interest rate shows the weighted average rate during the period or for the lender, and the amount has been rounded to four decimal places. Moreover, for borrowings hedged using interest rate swaps to avoid interest rate fluctuation risks, an interest rate that considers the effect of the interest rate swap is shown.
- (Note 2) These borrowings carry floating interest rates. Other borrowings carry fixed interest rates (including borrowings where the interest rate is fixed by using interest rate swaps).
- (Note 3) The borrowings were funds to purchase real estate trust beneficiary rights, etc. (including ancillary expenses) and repay borrowings.
- (Note 4) The Investment Corporation made a partial early repayment of the amount on February 29, 2024.
- (Note 5) Repayment of long-term borrowings scheduled for each year within 5 years after the date of the balance sheet is as follows:

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years
Long-term borrowings	¥ 24,133,000	¥ 19,770,000	¥ 26,098,000	¥ 25,414,000	¥ 18,757,000

### (3) Investment corporation bonds

Issuance of investment corporation bonds of the Investment Corporation as of the end of the reporting period is as follows:

Bond name	Issuance date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (%)	Repayment date	Repayment method	Use	Remarks
First Series Unsecured Investment Corporation Bond	August 31, 2015	¥ 2,000	¥ 2,000	0.950	August 29, 2025	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
Third Series Unsecured Investment Corporation Bond	December 13, 2016	1,000	1,000	0.490	December 11, 2026	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
Fourth Series Unsecured Investment Corporation Bond	August 30, 2018	7,000	7,000	0.770	August 30, 2028	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
Fifth Series Unsecured Investment Corporation Bond	December 11, 2019	2,000	2,000	0.570	December 11, 2029	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
Sixth Series Unsecured Investment Corporation Bond (Green Bond)	October 29, 2020	3,000	3,000	0.270	October 29, 2025	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
Seventh Series Unsecured Investment Corporation Bond (Green Bond)	May 24, 2022	2,000	2,000	0.330	May 24, 2027	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
Total		¥ 17,000	¥ 17,000					

(Note 1) The use of the proceeds is repayment of borrowings, etc.

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

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

Not applicable.

### (5) Investment unit options

Not applicable.



## 6. Status of Trading During the Period

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

Type of assets	Property name	Acquisition		Transfer			
		Acquisition date	Acquisition price (Millions of yen) (Note 1)	Transfer date	Transfer price (Millions of yen) (Note 1)	Book value (Millions of yen) (Note 2)	Gain (loss) on transfer (Millions of yen) (Note 3)
Real estate trust beneficiary rights	Hulic Komagome Building	December 1, 2023	¥ 1,930	—	¥ —	¥ —	¥ —
Real estate trust beneficiary rights	Sotetsu Fresa Inn Tokyo-Roppongi (Additional acquisition)	December 1, 2023	4,950	—	—	—	—
Real estate trust beneficiary rights	Hulic Kaminarimon Building	December 22, 2023	5,900	—	—	—	—
Real estate trust beneficiary rights	Hulic Ginza 7 Chome Building (Note 4)	—	—	September 1, 2023	10,935	10,520	368
Total		—	¥ 12,780	—	¥10,935	¥10,520	¥ 368

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

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

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

(Note 4) Transfer price, book value and gain (loss) on transfer for this property show the amounts equivalent to 47.5% trust beneficiary right quasi co-ownership interest related to the transfer.

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

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

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

#### i) Real estate, etc.

Acquisition / Transfer	Type of assets	Property name	Transaction date	Acquisition price / transfer price (Millions of yen) (Note 1)	Appraisal value (Millions of yen) (Note 2)	Appraisal agency	Valuation date
Acquisition	Real estate trust beneficiary rights	Hulic Komagome Building	December 1, 2023	¥ 1,930	¥ 1,998	Japan Real Estate Institute	September 1, 2023
Acquisition	Real estate trust beneficiary rights	Sotetsu Fresa Inn Tokyo-Roppongi (Additional acquisition)	December 1, 2023	4,950	4,950	Japan Real Estate Institute	September 1, 2023
Acquisition	Real estate trust beneficiary rights	Hulic Kaminarimon Building	December 22, 2023	5,900	5,970	Japan Real Estate Institute	November 1, 2023
Transfer	Real estate trust beneficiary rights	Hulic Ginza 7 Chome Building	September 1, 2023	10,935	10,925 (Note 3)	Japan Real Estate Institute	February 28, 2023
Total				¥ 23,715	¥ 23,843	—	—

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

(Note 2) The real estate appraisal is conducted by applying Real Property Appraisal Standards Practical Theory Chapter 3: Appraisal of the Prices of Securitized Properties. In addition, the appraisal value is presented by rounding the price corresponding to the quasi co-ownership interest of the subject of acquisition or transfer to the nearest million yen.

(Note 3) The value shows an amount calculated by multiplying the appraisal value of the overall property by the trust beneficiary right quasi co-ownership interest (47.5%) of the subject of transfer.

#### ii) Other

Not applicable.

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

##### i) Status of transactions

Category	Transaction amount (Note)	
	Purchase price	Sale price
Total	¥12,780 million	¥10,935 million
Breakdown of transactions with interested person, etc.		
Hulic Co., Ltd.	¥12,780 million (100.0%)	¥10,935 million (100.0%)
Total	¥12,780 million (100.0%)	¥10,935 million (100.0%)

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

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

Category	Total amount of service fees paid (A) (Thousands of yen)	Transactions with interested person, etc.		Percentage to total amount B/A (%)
		Payee	Payment amount (B) (Thousands of yen)	
Property management fees	¥ 667,584	Hulic Building Management Co., Ltd.	¥ 160,923	24.1
		Tokyo Fudosan Kanri Co., Ltd.	¥ 121,479	18.2
		Heiwa Kanzai Co., Ltd.	¥ 31,153	4.7
Other expenses related to leasing business	¥ 252,968	Hulic Building Management Co., Ltd.	¥ 7,398	2.9
		Tokyo Fudosan Kanri Co., Ltd.	¥ 989	0.4
		Heiwa Kanzai Co., Ltd.	¥ 409	0.2

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

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

Tokyo Fudosan Kanri Co., Ltd.	¥24,942 thousand
Hulic Build Co., Ltd.	¥10,536 thousand
Hulic Building Management Co., Ltd.	¥5,139 thousand
Heiwa Kanzai Co., Ltd.	¥3,847 thousand

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

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

## **7. Financial Information**

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

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

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

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

Not applicable.

## 8. Other

### (1) Announcements

#### i) General Meeting of Unitholders

Not applicable.

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

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

Date of Board of Directors meeting	Approved items	Outline
December 7, 2023	Comprehensive resolution on issuance of investment corporation bonds and associated consignment of general administrative duties	The Board of Directors made a comprehensive resolution relating to the issuance of investment corporation bonds, approved candidate companies for associated consignment of general administrative duties, and delegated decision-making on all other necessary matters to the Executive Officer.

### (2) Others

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

## 9. Risk Factors

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

### Property and Business Risks

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

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

### **Taxation Risks**

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

### **Legal and Regulatory Risks**

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

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



# Independent Auditor's Report

The Board of Directors  
Hulic Reit, Inc.

## ***The Audit of the Financial Statements***

### **Opinion**

We have audited the accompanying financial statements of Hulic Reit, Inc. (the Company), which comprise the balance sheet as at February 29, 2024, and the statements of income and retained earnings, changes in net assets and cash flows for the six-month period then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at February 29, 2024, and its financial performance and its cash flows for the six-month period then ended in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

The other information comprises the information included in the Asset Management Report that contains audited financial statements, but does not include the financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Supervisory Director is responsible for overseeing the Company's reporting process of the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management and Supervisory Director for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Supervisory Director is responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Executive Director regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Executive Director with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

### ***Fee-related Information***

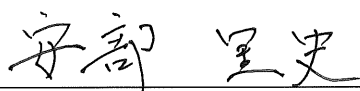
The fees for the audits of the financial statements of the Company and other services provided by us and other EY member firms for the six-month period ended February 29, 2024, are presented in paragraph (3) titled “Matters relating to officers, etc.” in Section 2 “Overview of the Investment Corporation” included in the Asset Management Report for the six-month period ended February 29, 2024, of the Company.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

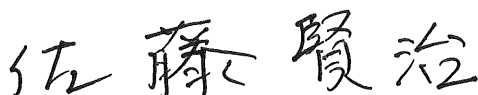
Ernst & Young ShinNihon LLC  
Tokyo, Japan

May 22, 2024



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Satoshi Abe  
Designated Engagement Partner  
Certified Public Accountant



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Kenji Sato  
Designated Engagement Partner  
Certified Public Accountant

### III. Financial Statements

#### (1) Balance Sheets

(Unit: thousands of yen)

	Reporting period (As of February 29, 2024)	Previous period (As of August 31, 2023)
<b>Assets</b>		
Current assets		
Cash and deposits (Note 4)	14,603,757	7,585,746
Cash and deposits in trust (Note 4)	7,974,672	8,347,095
Operating accounts receivable	16,340	14,589
Prepaid expenses	43,705	51,871
Consumption taxes refund receivable	—	208,306
Other	4,732	76
Total current assets	22,643,209	16,207,684
Noncurrent assets		
Property, plant and equipment (Note 5)		
Buildings	714,841	708,639
Accumulated depreciation	(97,611)	(87,508)
Buildings, net	617,229	621,131
Tools, furniture and fixtures	1,831	1,831
Accumulated depreciation	(487)	(333)
Tools, furniture and fixtures, net	1,343	1,497
Land	589,293	589,293
Buildings in trust	83,884,109	81,428,388
Accumulated depreciation	(16,663,377)	(15,461,626)
Buildings in trust, net	67,220,732	65,966,762
Structures in trust	462,757	451,450
Accumulated depreciation	(239,984)	(224,627)
Structures in trust, net	222,772	226,823
Machinery and equipment in trust	564,736	559,072
Accumulated depreciation	(346,313)	(323,063)
Machinery and equipment in trust, net	218,422	236,009
Tools, furniture and fixtures in trust	137,425	127,680
Accumulated depreciation	(78,966)	(70,166)
Tools, furniture and fixtures in trust, net	58,459	57,513
Land in trust	310,955,656	310,673,598
Construction in progress in trust	4,400	4,400
Total property, plant and equipment	379,888,310	378,377,030
Intangible assets (Note 5)		
Leasehold interests in land	2,345,873	2,345,873
Land leasehold interests in trust	3,509,413	3,514,716
Other	3,106	4,086
Total intangible assets	5,858,394	5,864,676
Investments and other assets		
Leasehold and guarantee deposits	360,076	360,076
Long-term prepaid expenses	1,010,945	1,051,783
Total investments and other assets	1,371,021	1,411,859
Total noncurrent assets	387,117,726	385,653,566
Deferred assets		
Investment unit issuance costs	7,518	17,186
Investment corporation bond issuance costs	55,119	63,762
Total deferred assets	62,637	80,949
Total assets	409,823,573	401,942,200

(Unit: thousands of yen)

	Reporting period (As of February 29, 2024)	Previous period (As of August 31, 2023)
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	552,294	833,258
Short-term borrowings (Note 7)	6,000,000	–
Current portion of long-term borrowings (Notes 7 and 13)	24,133,000	21,077,000
Accounts payable - other	1,319,337	1,288,923
Accrued expenses	13,607	19,011
Income taxes payable	605	35,406
Accrued consumption taxes	198,184	116,219
Advances received	1,835,046	1,837,464
Deposits received	4,278	51,896
Total current liabilities	34,056,353	25,259,180
Noncurrent liabilities		
Investment corporation bonds (Notes 8 and 13)	17,000,000	17,000,000
Long-term borrowings (Notes 7 and 13)	140,983,000	142,039,000
Leasehold and guarantee deposits received	146,612	146,612
Leasehold and guarantee deposits received in trust	16,909,752	16,919,434
Asset retirement obligations (Notes 6 and 22)	287,709	287,021
Total noncurrent liabilities	175,327,075	176,392,068
Total liabilities	209,383,428	201,651,248
<b>Net assets (Note 9)</b>		
Unitholders' equity (Note 10)		
Unitholders' capital	194,754,822	194,754,822
Deduction from unitholders' capital		
Allowance for temporary difference adjustments (Note 23)	(3,936)	(3,936)
Total deduction from unitholders' capital	(3,936)	(3,936)
Unitholders' capital, net	194,750,886	194,750,886
Surplus		
Unappropriated retained earnings (Note 11)	5,689,258	5,540,065
Total surplus	5,689,258	5,540,065
Total unitholders' equity	200,440,144	200,290,951
Total net assets (Note 9)	200,440,144	200,290,951
Total liabilities and net assets	409,823,573	401,942,200

See accompanying notes to financial statements.

## (2) Statements of Income and Retained Earnings

(Unit: thousands of yen)

	Reporting period (From September 1, 2023 to February 29, 2024)	Previous period (From March 1, 2023 to August 31, 2023)
Operating revenues (Note 20)		
Leasing business revenue (Note 12)	10,184,612	10,196,893
Other leasing business revenues (Note 12)	771,040	659,601
Gain on sale of real estate properties (Note 12)	368,254	365,989
Total operating revenues	11,323,907	11,222,483
Operating expenses		
Expenses related to leasing business (Note 12)	3,981,553	3,990,685
Asset management fees	1,095,934	1,078,722
Asset custody fees	15,043	15,011
Administrative service fees	47,994	47,934
Remuneration for directors (and other officers)	9,000	7,500
Other operating expenses	213,808	199,957
Total operating expenses	5,363,334	5,339,811
Operating profit	5,960,572	5,882,672
Non-operating income		
Interest income	108	84
Gain on forfeiture of unclaimed distributions	273	239
Interest on tax refund	488	—
Subsidy income	4,500	—
Total non-operating income	5,370	323
Non-operating expenses		
Interest expenses	537,443	511,763
Interest expenses on investment corporation bonds	51,866	52,074
Borrowing related expenses	197,323	201,529
Amortization of investment unit issuance costs	9,668	9,668
Amortization of investment corporation bond issuance costs	8,643	8,738
Total non-operating expenses	804,944	783,773
Ordinary profit	5,160,998	5,099,223
Profit before income taxes	5,160,998	5,099,223
Income taxes - current (Note 6)	605	35,419
Total income taxes (Note 6)	605	35,419
Profit (Note 18)	5,160,393	5,063,803
Retained earnings brought forward	528,865	476,261
Unappropriated retained earnings	5,689,258	5,540,065

See accompanying notes to financial statements.

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

Reporting period (From September 1, 2023 to February 29, 2024)

(Unit: thousands of yen)

	Unitholders' equity							Total net assets
	Unitholders' capital				Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings	Total surplus		
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital					
Balance at the beginning of the period	194,754,822	(3,936)	(3,936)	194,750,886	5,540,065	5,540,065	200,290,951	200,290,951
Changes during the period								
Dividends of surplus	—	—	—	—	(5,011,200)	(5,011,200)	(5,011,200)	(5,011,200)
Profit	—	—	—	—	5,160,393	5,160,393	5,160,393	5,160,393
Total changes during the period	—	—	—	—	149,193	149,193	149,193	149,193
Balance at the end of the period	194,754,822	(3,936)	(3,936)	194,750,886	5,689,258	5,689,258	200,440,144	200,440,144

Previous period (From March 1, 2023 to August 31, 2023)

(Unit: thousands of yen)

	Unitholders' equity							Total net assets
	Unitholders' capital				Surplus		Total unitholders' equity	
	Unitholders' capital	Deduction from unitholders' capital		Unitholders' capital, net	Unappropriated retained earnings	Total surplus		
		Allowance for temporary difference adjustments	Total deduction from unitholders' capital					
Balance at the beginning of the period	194,754,822	(3,936)	(3,936)	194,750,886	5,487,461	5,487,461	200,238,347	200,238,347
Changes during the period								
Dividends of surplus	—	—	—	—	(5,011,200)	(5,011,200)	(5,011,200)	(5,011,200)
Profit	—	—	—	—	5,063,803	5,063,803	5,063,803	5,063,803
Total changes during the period	—	—	—	—	52,603	52,603	52,603	52,603
Balance at the end of the period	194,754,822	(3,936)	(3,936)	194,750,886	5,540,065	5,540,065	200,290,951	200,290,951

See accompanying notes to financial statements.

#### (4) Statements of Cash Flows

(Unit: thousands of yen)

	Reporting period (From September 1, 2023 to February 29, 2024)	Previous period (From March 1, 2023 to August 31, 2023)
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,160,998	5,099,223
Depreciation and amortization	1,389,877	1,365,523
Amortization of investment unit issuance costs	9,668	9,668
Amortization of investment corporation bond issuance costs	8,643	8,738
Interest income	(108)	(84)
Interest expenses	589,310	563,837
Decrease (increase) in operating accounts receivable	(1,751)	1,079
Decrease (increase) in consumption taxes refund receivable	208,306	(208,306)
Decrease (increase) in prepaid expenses	8,165	(9,511)
Increase (decrease) in operating accounts payable	(517,486)	544,889
Increase (decrease) in accounts payable - other	30,655	91,794
Increase (decrease) in accrued consumption taxes	81,965	(159,004)
Increase (decrease) in advances received	(2,417)	50,296
Increase (decrease) in deposits received	(47,617)	51,804
Decrease (increase) in long-term prepaid expenses	40,837	(9,574)
Decrease in property, plant and equipment in trust due to sales	10,520,864	10,524,977
Other, net	(110,123)	8,251
Subtotal	17,369,786	17,933,603
Interest received	108	84
Interest paid	(591,607)	(563,424)
Income taxes (paid) refund	(35,406)	(605)
Net cash provided by (used in) operating activities	16,742,880	17,369,659
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,201)	(10,697)
Purchase of property, plant and equipment in trust	(13,172,326)	(22,035,922)
Refund of leasehold and guarantee deposits received in trust	(335,398)	(523,083)
Proceeds from leasehold and guarantee deposits received in trust	427,803	1,486,312
Net cash provided by (used in) investing activities	(13,086,123)	(21,083,389)
<b>Cash flows from financing activities</b>		
Proceeds from short-term borrowings	8,000,000	3,000,000
Repayments of short-term borrowings	(2,000,000)	(3,000,000)
Proceeds from long-term borrowings	11,243,000	13,010,000
Repayments of long-term borrowings	(9,243,000)	(13,010,000)
Distributions paid	(5,011,168)	(5,011,733)
Net cash provided by (used in) financing activities	2,988,831	(5,011,733)
Net increase (decrease) in cash and cash equivalents	6,645,588	(8,725,463)
Cash and cash equivalents at beginning of period	15,932,841	24,658,305
Cash and cash equivalents at end of period (Note 4)	22,578,430	15,932,841

See accompanying notes to financial statements.



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

For the periods from September 1, 2023 to February 29, 2024 and from March 1, 2023 to August 31, 2023

### **1. Organization**

Hulic Reit, Inc. (“the Investment Corporation”) was incorporated by Hulic Reit Management Co., Ltd. (the Investment Corporation’s Asset Manager) on November 7, 2013 with ¥200 million in capital (2,000 units), and registration was approved based on Article 187 of the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act”) on November 25, 2013 (Registration No. 88 filed with the Director-General of the Kanto Local Finance Bureau). Subsequently, the Investment Corporation issued new investment units through a public offering (617,500 units) on February 6, 2014. Those units were listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on February 7, 2014 (Securities Code: 3295). On March 7, 2014, the Investment Corporation further issued new investment units through an allocation to a third-party. Following the recent issuances of new investment units in 2021 through the Investment Corporation’s eighth public offering (82,800 units) after its listing and through the allocation to a third-party (4,200 units), the total number of investment units outstanding was 1,440,000 units as of February 29, 2024.

The Investment Corporation’s real estate portfolio as of February 29, 2024 was comprised of 67 properties under management with a total leasable floor area of 364,920.50 m<sup>2</sup>. The Investment Corporation has already invested ¥393,189 million (based on acquisition price) into this portfolio. The occupancy rate as of February 29, 2024 was 99.7%.

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

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

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

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

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

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

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

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

(3) Long-term prepaid expenses

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

(4) Investment corporation bond issuance costs

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

(5) Investment unit issuance costs

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

(6) Revenue recognition

The content of main performance obligations regarding revenue from contracts with customers and the normal timing when those obligations are satisfied (normal timing when revenue is recognized) is described below.

(a) Sales of real estate properties

For sales of real estate properties, revenue is recognized at the timing that control of the real estate property is acquired by the purchaser, which is the customer, through fulfillment of the delivery obligations stipulated in the contract for the sale of the real estate property.

(b) Utilities revenue

For utilities revenue, revenue is recognized commensurately with the supply of electricity, water, etc., to the lessee, which is the customer, based on the lease agreement of the real estate properties, and details of related agreements. Among the utilities revenue, the revenue from a transaction in which the Investment Corporation is considered to be an agent shall be recognized as the net amount calculated by deducting the amount paid to a third party from the amount received as fee income for the electricity, gas, etc., supplied by that third party.

(7) Accounting for property taxes

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

Registered owners of properties in Japan as of January 1 are responsible for paying property taxes for the calendar year based on assessments by local governments. Therefore, registered owners who sold properties to the Investment Corporation were liable for property taxes for the calendar year, including the period from the date of the acquisition by the Investment Corporation until the end of the year. The Investment Corporation reimbursed sellers of properties for the equivalent amount of property taxes and included the amount in the acquisition cost of real estate. The amounts equivalent to property taxes included in the cost of acquisition of real estate are ¥3,660 thousand and ¥62,467 thousand for the periods from September 1, 2023 to February 29, 2024 and March 1, 2023 to August 31, 2023, respectively.

(8) Hedge accounting method

(a) Hedge accounting method

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

(b) Hedging instruments and hedged items

Hedging instruments: Interest rate swap transactions

Hedged items: Interest payments on borrowings

(c) Hedging policy

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

(d) Method for assessing the effectiveness of hedging

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

(9) Cash and cash equivalents

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

(10) Accounting for beneficial interests in real estate trust

For beneficial interests in real estate trust owned by the Investment Corporation, all accounts of assets and liabilities within the assets in trust as well as all accounts of revenues generated and expenses incurred from the assets in trust are recognized in the relevant accounts of the balance sheets and the statements of income and retained earnings.

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

(a) Cash and deposits in trust

(b) Buildings in trust; Structures in trust; Machinery and equipment in trust; Tools, furniture and fixtures in trust; Land in trust; and Construction in progress in trust

(c) Land leasehold interests in trust

(d) Leasehold and guarantee deposits received in trust

(11) Non-deductible consumption taxes

Non-deductible consumption taxes related to the acquisition of assets are treated as the acquisition cost of applicable assets.

#### 4. Cash and Cash Equivalents

Cash and cash equivalents as of February 29, 2024 and August 31, 2023 consist of the following balance sheet items:

	(Unit: thousands of yen)			
	Reporting period		Previous period	
	(As of February 29, 2024)		(As of August 31, 2023)	
Cash and deposits	¥	14,603,757	¥	7,585,746
Cash and deposits in trust		7,974,672		8,347,095
Total cash and cash equivalents	¥	22,578,430	¥	15,932,841

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

The following table shows the summary of property, plant and equipment and intangible assets as of February 29, 2024:

(Unit: thousands of yen)

Type of asset		Balance at the beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at the end of the period	Accumulated depreciation /Accumulated amortization		Net balance at the end of the period	Remarks
							Depreciation and amortization		
Property, plant and equipment	Buildings	¥ 708,639	¥ 6,201	¥ –	¥ 714,841	¥ 97,611	¥ 10,102	¥ 617,229	
	Tools, furniture and fixtures	1,831	–	–	1,831	487	153	1,343	
	Land	589,293	–	–	589,293	–	–	589,293	
	Buildings in trust	81,428,388	2,826,810	371,089	83,884,109	16,663,377	1,325,073	67,220,732	
	Structures in trust	451,450	11,306	–	462,757	239,984	15,357	222,772	
	Machinery and equipment in trust	559,072	5,663	–	564,736	346,313	23,250	218,422	
	Tools, furniture and fixtures in trust	127,680	10,061	315	137,425	78,966	8,967	58,459	
	Land in trust	310,673,598	10,555,006	10,272,948	310,955,656	–	–	310,955,656	Acquisition and transfer of properties
	Construction in progress in trust	4,400	–	–	4,400	–	–	4,400	
	Total	¥ 394,544,355	¥ 13,415,050	¥ 10,644,354	¥ 397,315,050	¥ 17,426,740	¥ 1,382,905	¥ 379,888,310	
Intangible assets	Leasehold interests in land	¥ 2,345,873	¥ –	¥ –	¥ 2,345,873	¥ –	¥ –	¥ 2,345,873	
	Land leasehold interests in trust	3,554,487	–	–	3,554,487	45,073	5,302	3,509,413	
	Other	9,797	–	–	9,797	6,690	979	3,106	
	Total	¥ 5,910,158	¥ –	¥ –	¥ 5,910,158	¥ 51,764	¥ 6,282	¥ 5,858,394	

(Note) The amount of increase during the period is due to the acquisition of Hulic Komagome Building, Sotetsu Fresa Inn Tokyo-Roppongi (additional acquisition) and Hulic Kaminarimon Building.

The amount of decrease during the period is due to the transfer of Hulic Ginza 7 Chome Building (47.5% trust beneficiary right quasi co-ownership interest).

## 6. Income Taxes

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

(Deferred tax assets)

	(Unit: thousands of yen)	
	Reporting period (As of February 29, 2024)	Previous period (As of August 31, 2023)
Enterprise tax payable	¥ —	¥ 2,862
Excess depreciation	1,825	1,608
Asset retirement obligations	88,687	88,687
Total deferred tax assets	90,513	93,159
Valuation allowance	(90,513)	(93,159)
Net deferred tax assets	¥ —	¥ —

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

	Reporting period (As of February 29, 2024)	Previous period (As of August 31, 2023)
Statutory tax rate	31.46%	34.59%
(Adjustments)		
Deductible cash distribution	(31.43)%	(33.99)%
Others	(0.02)%	0.09%
Effective tax rate	0.01%	0.69%

## 7. Short-term Borrowings and Long-term Borrowings

Summary information regarding short-term borrowings and long-term borrowings as of February 29, 2024 is as follows:

Classification	Lender	Balance at the beginning of the period (thousands of yen)	Amount of increase during the period (thousands of yen)	Amount of decrease during the period (thousands of yen)	Balance at the end of the period (thousands of yen)	Average interest rate (%) (Note 1)	Repayment date	Use	Remarks
Short-term borrowings	Mizuho Bank, Ltd. (Notes 2 and 4)	¥ —	¥4,300,000	¥2,000,000	¥2,300,000	0.2620	November 29, 2024	(Note 3)	Unsecured and unguaranteed
	Mizuho Bank, Ltd. (Note 2)	—	3,700,000	—	3,700,000	0.2635	December 20, 2024		
	Subtotal	¥ —	¥8,000,000	¥2,000,000	¥6,000,000				
Long-term borrowings	Mizuho Bank, Ltd.	¥400,000	¥ —	¥400,000	¥ —	1.8188	February 7, 2024	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	300,000	—	300,000	—				
	MUFG Bank, Ltd.	300,000	—	300,000	—				
	Development Bank of Japan Inc.	809,000	—	809,000	—	0.5188	February 29, 2024		
	Nippon Life Insurance Company	500,000	—	500,000	—				
	Mizuho Bank, Ltd.	1,000,000	—	1,000,000	—	0.6485	February 29, 2024		
	Sumitomo Mitsui Banking Corporation	1,977,000	—	1,977,000	—				
	MUFG Bank, Ltd.	1,719,000	—	1,719,000	—				
	Mizuho Trust & Banking Co., Ltd.	600,000	—	600,000	—				
	Sumitomo Mitsui Trust Bank, Limited	569,000	—	569,000	—				
	The Norinchukin Bank	569,000	—	569,000	—				
	Nippon Life Insurance Company	500,000	—	500,000	—	0.4600	February 29, 2024		
	Development Bank of Japan Inc.	1,900,000	—	—	1,900,000	1.1738	August 30, 2024		
	Meiji Yasuda Life Insurance Company	500,000	—	—	500,000	0.5932	August 30, 2024		
	Mizuho Bank, Ltd.	1,754,000	—	—	1,754,000	0.7800	August 30, 2024		

Classification	Lender	Balance at the beginning of the period (thousands of yen)	Amount of increase during the period (thousands of yen)	Amount of decrease during the period (thousands of yen)	Balance at the end of the period (thousands of yen)	Average interest rate (%) (Note 1)	Repayment date	Use	Remarks
Long-term borrowings	Mizuho Bank, Ltd.	1,400,000	—	—	1,400,000	0.5913	August 30, 2024	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	1,048,000	—	—	1,048,000				
	MUFG Bank, Ltd.	705,000	—	—	705,000				
	Mizuho Trust & Banking Co., Ltd.	622,000	—	—	622,000				
	Sumitomo Mitsui Trust Bank, Limited	610,000	—	—	610,000				
	The Norinchukin Bank	520,000	—	—	520,000				
	Resona Bank, Limited	215,000	—	—	215,000				
	Shinkin Central Bank	140,000	—	—	140,000				
	SBI Shinsei Bank, Limited	140,000	—	—	140,000				
	Mizuho Bank, Ltd.	350,000	—	—	350,000	0.2445	August 30, 2024		
	Sumitomo Mitsui Banking Corporation	220,000	—	—	220,000				
	MUFG Bank, Ltd.	110,000	—	—	110,000				
	Mizuho Trust & Banking Co., Ltd.	100,000	—	—	100,000				
	Mitsui Sumitomo Insurance Company, Limited	500,000	—	—	500,000				
	The 77 Bank, Ltd.	500,000	—	—	500,000				
	The Nishi-Nippon City Bank, Ltd.	500,000	—	—	500,000				
	Mizuho Bank, Ltd.	250,000	—	—	250,000	1.4600	February 28, 2025		
	Sumitomo Mitsui Banking Corporation	125,000	—	—	125,000				
	MUFG Bank, Ltd.	125,000	—	—	125,000				
	Mizuho Bank, Ltd.	250,000	—	—	250,000	0.7275	February 28, 2025		
	Sumitomo Mitsui Banking Corporation	125,000	—	—	125,000				
	MUFG Bank, Ltd.	125,000	—	—	125,000				
	Development Bank of Japan Inc.	969,000	—	—	969,000	0.8500	February 28, 2025		
	Mizuho Bank, Ltd.	1,725,000	—	—	1,725,000	0.6574	February 28, 2025		
	Sumitomo Mitsui Banking Corporation	1,203,000	—	—	1,203,000				
	MUFG Bank, Ltd.	753,000	—	—	753,000				
	Mizuho Trust & Banking Co., Ltd.	722,000	—	—	722,000				
	Development Bank of Japan Inc.	1,010,000	—	—	1,010,000				
	Sumitomo Mitsui Trust Bank, Limited	682,000	—	—	682,000				
	The Norinchukin Bank	400,000	—	—	400,000				
Resona Bank, Limited	215,000	—	—	215,000					
Shinkin Central Bank	140,000	—	—	140,000					
SBI Shinsei Bank, Limited	140,000	—	—	140,000	0.4133	February 28, 2025			
Mizuho Bank, Ltd.	200,000	—	—	200,000					
Mizuho Trust & Banking Co., Ltd.	200,000	—	—	200,000					
Sumitomo Mitsui Trust Bank, Limited	200,000	—	—	200,000					
The Norinchukin Bank	450,000	—	—	450,000					
Resona Bank, Limited	140,000	—	—	140,000					
SBI Shinsei Bank, Limited	150,000	—	—	150,000					
Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.4145	February 28, 2025			

Classifi- cation	Lender	Balance at the beginning of the period (thousands of yen)	Amount of increase during the period (thous- ands of yen)	Amount of decrease during the period (thous- ands of yen)	Balance at the end of the period (thousands of yen)	Average interest rate (%) (Note 1)	Repayment date	Use	Remarks
Long-term borrowings	Mizuho Bank, Ltd.	1,531,000	—	—	1,531,000	0.7246	August 29, 2025	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	1,267,000	—	—	1,267,000				
	MUFG Bank, Ltd.	577,000	—	—	577,000				
	Mizuho Trust & Banking Co., Ltd.	475,000	—	—	475,000				
	Development Bank of Japan Inc.	410,000	—	—	410,000				
	Aozora Bank, Ltd.	280,000	—	—	280,000				
	Meiji Yasuda Life Insurance Company	230,000	—	—	230,000				
	Nippon Life Insurance Company	230,000	—	—	230,000				
	Mizuho Bank, Ltd.	500,000	—	—	500,000	0.5700	August 29, 2025		
	Development Bank of Japan Inc.	1,200,000	—	—	1,200,000				
	Aozora Bank, Ltd.	600,000	—	—	600,000				
	Mizuho Bank, Ltd.	170,000	—	—	170,000	0.2845	August 29, 2025		
	Sumitomo Mitsui Banking Corporation	150,000	—	—	150,000				
	MUFG Bank, Ltd.	100,000	—	—	100,000				
	Mizuho Trust & Banking Co., Ltd.	120,000	—	—	120,000				
	The Norinchukin Bank	780,000	—	—	780,000				
	Shinkin Central Bank	550,000	—	—	550,000				
	SBI Shinsei Bank, Limited	390,000	—	—	390,000				
	Mitsui Sumitomo Insurance Company, Limited	210,000	—	—	210,000				
	Mizuho Bank, Ltd.	2,910,000	—	—	2,910,000	0.4800	February 27, 2026		
	Sumitomo Mitsui Banking Corporation	1,700,000	—	—	1,700,000				
	MUFG Bank, Ltd.	850,000	—	—	850,000				
	Mizuho Trust & Banking Co., Ltd.	1,100,000	—	—	1,100,000				
	Sumitomo Mitsui Trust Bank, Limited	700,000	—	—	700,000				
	The Norinchukin Bank	1,410,000	—	—	1,410,000				
	Resona Bank, Limited	880,000	—	—	880,000				
	SBI Shinsei Bank, Limited	450,000	—	—	450,000				
	Mizuho Bank, Ltd.	3,420,000	—	—	3,420,000	0.5840	August 31, 2026		
	Sumitomo Mitsui Banking Corporation	2,700,000	—	—	2,700,000				
	MUFG Bank, Ltd.	1,600,000	—	—	1,600,000				
	Mizuho Trust & Banking Co., Ltd.	1,050,000	—	—	1,050,000				
	Sumitomo Mitsui Trust Bank, Limited	300,000	—	—	300,000				
The Norinchukin Bank	1,000,000	—	—	1,000,000					
Mizuho Bank, Ltd. (Note 2)	—	500,000	—	500,000	0.2659	August 31, 2026			
The Norinchukin Bank (Note 2)	—	569,000	—	569,000					
Mizuho Trust & Banking Co., Ltd. (Note 2)	—	600,000	—	600,000					
Sumitomo Mitsui Trust Bank, Limited (Note 2)	—	569,000	—	569,000					
Development Bank of Japan Inc. (Note 2)	—	200,000	—	200,000					
Mizuho Bank, Ltd.	150,000	—	—	150,000			1.7500	February 26, 2027	
Sumitomo Mitsui Banking Corporation	75,000	—	—	75,000					
MUFG Bank, Ltd.	75,000	—	—	75,000					

Classification	Lender	Balance at the beginning of the period (thousands of yen)	Amount of increase during the period (thousands of yen)	Amount of decrease during the period (thousands of yen)	Balance at the end of the period (thousands of yen)	Average interest rate (%) (Note 1)	Repayment date	Use	Remarks
Long-term borrowings	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.4225	February 26, 2027	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation	960,000	—	—	960,000				
	The Norinchukin Bank	600,000	—	—	600,000				
	MUFG Bank, Ltd.	550,000	—	—	550,000				
	Sumitomo Mitsui Trust Bank, Limited	500,000	—	—	500,000				
	SBI Shinsei Bank, Limited	300,000	—	—	300,000				
	Mizuho Trust & Banking Co., Ltd.	300,000	—	—	300,000				
	Shinkin Central Bank	200,000	—	—	200,000				
	Resona Bank, Limited	170,000	—	—	170,000				
	Mizuho Bank, Ltd.	980,000	—	—	980,000	0.3920	February 26, 2027		
	Sumitomo Mitsui Banking Corporation	400,000	—	—	400,000				
	MUFG Bank, Ltd.	340,000	—	—	340,000				
	Mizuho Trust & Banking Co., Ltd.	330,000	—	—	330,000				
	The Norinchukin Bank	1,280,000	—	—	1,280,000				
	Resona Bank, Limited	140,000	—	—	140,000				
	Shinkin Central Bank	930,000	—	—	930,000				
	SBI Shinsei Bank, Limited	510,000	—	—	510,000				
	Mitsui Sumitomo Insurance Company, Limited	290,000	—	—	290,000				
	Sumitomo Mitsui Banking Corporation	2,000,000	—	—	2,000,000	0.5979	February 26, 2027		
	MUFG Bank, Ltd.	1,510,000	—	—	1,510,000				
	Mizuho Bank, Ltd.	1,795,000	—	—	1,795,000				
	Sumitomo Mitsui Banking Corporation	1,260,000	—	—	1,260,000	0.4430	August 31, 2027		
	MUFG Bank, Ltd.	150,000	—	—	150,000				
	Mizuho Trust & Banking Co., Ltd.	610,000	—	—	610,000				
	The Norinchukin Bank	1,140,000	—	—	1,140,000				
	Shinkin Central Bank	820,000	—	—	820,000				
	SBI Shinsei Bank, Limited	600,000	—	—	600,000				
	MUFG Bank, Ltd.	490,000	—	—	490,000				
	Sumitomo Mitsui Banking Corporation	1,000,000	—	—	1,000,000	0.4787	August 31, 2027		
	Resona Bank, Limited	1,200,000	—	—	1,200,000	0.5199	August 31, 2027		
	Mizuho Bank, Ltd.	850,000	—	—	850,000	0.7822	August 31, 2027		
	Mizuho Trust & Banking Co., Ltd.	980,000	—	—	980,000				
Sumitomo Mitsui Trust Bank, Limited	645,000	—	—	645,000					
Shinkin Central Bank	141,000	—	—	141,000					
Sompo Japan Insurance Inc.	500,000	—	—	500,000					
Sumitomo Mitsui Banking Corporation	1,950,000	—	—	1,950,000	0.4520	January 31, 2028			
Mitsui Sumitomo Insurance Company, Limited	1,000,000	—	—	1,000,000					
Mizuho Bank, Ltd.	1,240,000	—	—	1,240,000	0.5325	February 29, 2028			
Mizuho Trust & Banking Co., Ltd.	290,000	—	—	290,000					
Sumitomo Mitsui Trust Bank, Limited	700,000	—	—	700,000					
The Norinchukin Bank	400,000	—	—	400,000					
Resona Bank, Limited	500,000	—	—	500,000					



Classifi- cation	Lender	Balance at the beginning of the period (thousands of yen)	Amount of increase during the period (thous- ands of yen)	Amount of decrease during the period (thous- ands of yen)	Balance at the end of the period (thousands of yen)	Average interest rate (%) (Note 1)	Repayment date	Use	Remarks
Long-term borrowings	Mizuho Trust & Banking Co., Ltd.	699,000	—	—	699,000	0.5899	February 29, 2028	(Note 3)	Unsecured and unguaranteed
	Resona Bank, Limited	275,000	—	—	275,000				
	Resona Bank, Limited	500,000	—	—	500,000				
	SBI Shinsei Bank, Limited	500,000	—	—	500,000	0.6033	February 29, 2028		
	Aozora Bank, Ltd.	500,000	—	—	500,000				
	Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000				
	The Norinchukin Bank	645,000	—	—	645,000	0.8363	February 29, 2028		
	Resona Bank, Limited	393,000	—	—	393,000				
	Aozora Bank, Ltd.	141,000	—	—	141,000				
	Mitsui Sumitomo Insurance Company, Limited	500,000	—	—	500,000				
	Mizuho Bank, Ltd. (Note 2)	—	1,000,000	—	1,000,000	0.2709	February 29, 2028		
	Development Bank of Japan Inc.	1,000,000	—	—	1,000,000	0.6346	August 31, 2028		
	Aozora Bank, Ltd.	900,000	—	—	900,000				
	Sumitomo Mitsui Banking Corporation	1,790,000	—	—	1,790,000	0.4220	August 31, 2028		
	Mitsui Sumitomo Insurance Company, Limited	1,000,000	—	—	1,000,000	0.5100	August 31, 2028		
	The Bank of Fukuoka, Ltd.	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,210,000	—	—	1,210,000	0.7775	August 31, 2028		
	Mizuho Bank, Ltd.	1,600,000	—	—	1,600,000	0.6540	February 28, 2029		
	Mizuho Trust & Banking Co., Ltd.	270,000	—	—	270,000				
	Mizuho Bank, Ltd.	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,660,000	—	—	1,660,000	0.5900	February 28, 2029		
	Resona Bank, Limited	970,000	—	—	970,000				
	Shinkin Central Bank	1,000,000	—	—	1,000,000				
	SBI Shinsei Bank, Limited	500,000	—	—	500,000				
	The 77 Bank, Ltd.	500,000	—	—	500,000				
	The Nishi-Nippon City Bank, Ltd.	500,000	—	—	500,000				
	The Gunma Bank, Ltd.	500,000	—	—	500,000				
	The Higo Bank, Ltd.	500,000	—	—	500,000				
	Sumitomo Mitsui Banking Corporation	1,785,000	—	—	1,785,000				
	Mizuho Trust & Banking Co., Ltd.	872,000	—	—	872,000				
	Resona Bank, Limited	200,000	—	—	200,000	0.6289	February 28, 2029		
	Resona Bank, Limited (Note 2)	—	1,000,000	—	1,000,000				
	The Norinchukin Bank	1,000,000	—	—	1,000,000	0.6900	August 31, 2029		
	Development Bank of Japan Inc.	600,000	—	—	600,000				
	Aozora Bank, Ltd.	1,200,000	—	—	1,200,000				
	Mizuho Bank, Ltd.	1,330,000	—	—	1,330,000				
Mizuho Trust & Banking Co., Ltd.	630,000	—	—	630,000	0.5421	August 31, 2029			
SBI Shinsei Bank, Limited	260,000	—	—	260,000					
Aozora Bank, Ltd.	260,000	—	—	260,000					
Resona Bank, Limited	400,000	—	—	400,000	0.6300	August 31, 2029			
Shinkin Central Bank	1,000,000	—	—	1,000,000					
SBI Shinsei Bank, Limited	1,000,000	—	—	1,000,000					
The 77 Bank, Ltd.	500,000	—	—	500,000					
The Higo Bank, Ltd.	400,000	—	—	400,000					

Classification	Lender	Balance at the beginning of the period (thousands of yen)	Amount of increase during the period (thousands of yen)	Amount of decrease during the period (thousands of yen)	Balance at the end of the period (thousands of yen)	Average interest rate (%) (Note 1)	Repayment date	Use	Remarks
Long-term borrowings	Mizuho Bank, Ltd.	535,000	—	—	535,000	0.6960	August 31, 2029	(Note 3)	Unsecured and unguaranteed
	The Norinchukin Bank	500,000	—	—	500,000				
	Sumitomo Mitsui Trust Bank, Limited	1,528,000	—	—	1,528,000				
	Mizuho Bank, Ltd.	300,000	—	—	300,000	0.7575	August 31, 2029		
	MUFG Bank, Ltd.	910,000	—	—	910,000				
	Mizuho Trust & Banking Co., Ltd.	300,000	—	—	300,000				
	Mizuho Bank, Ltd.	3,060,000	—	—	3,060,000	0.7200	February 28, 2030		
	Mizuho Trust & Banking Co., Ltd.	1,050,000	—	—	1,050,000				
	Development Bank of Japan Inc.	500,000	—	—	500,000	0.6900	February 28, 2030		
	Aozora Bank, Ltd.	1,000,000	—	—	1,000,000				
	The Norinchukin Bank	1,000,000	—	—	1,000,000	0.7630	February 28, 2030		
	Resona Bank, Limited	100,000	—	—	100,000				
	SBI Shinsei Bank, Limited	200,000	—	—	200,000				
	Aozora Bank, Ltd.	200,000	—	—	200,000				
	Sumitomo Mitsui Trust Bank, Limited	2,000,000	—	—	2,000,000	0.7630	February 28, 2030		
	Nippon Life Insurance Company	1,000,000	—	—	1,000,000	0.5200	February 28, 2030		
	Nippon Life Insurance Company	—	1,000,000	—	1,000,000	1.0238	February 28, 2030		
	MUFG Bank, Ltd.	2,190,000	—	—	2,190,000	0.9025	May 31, 2030		
	Mizuho Bank, Ltd.	1,000,000	—	—	1,000,000	0.6646	August 30, 2030		
	The Norinchukin Bank	859,000	—	—	859,000	0.9038	August 30, 2030		
	Sumitomo Mitsui Trust Bank, Limited	859,000	—	—	859,000				
	Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	1.0650	August 30, 2030		
	Sumitomo Mitsui Banking Corporation	2,250,000	—	—	2,250,000				
	MUFG Bank, Ltd.	1,520,000	—	—	1,520,000				
	Mizuho Trust & Banking Co., Ltd.	800,000	—	—	800,000				
	Mizuho Bank, Ltd.	2,000,000	—	—	2,000,000	0.8290	August 31, 2030		
	Mizuho Bank, Ltd.	1,440,000	—	—	1,440,000	1.1554	February 28, 2031		
	The Norinchukin Bank	500,000	—	—	500,000				
	Mizuho Trust & Banking Co., Ltd.	660,000	—	—	660,000				
	Resona Bank, Limited	300,000	—	—	300,000				
	SBI Shinsei Bank, Limited	140,000	—	—	140,000				
	Mizuho Bank, Ltd. (Note 2)	—	500,000	—	500,000	0.4209	February 28, 2031		
	Sumitomo Mitsui Banking Corporation (Note 2)	—	1,977,000	—	1,977,000				
MUFG Bank, Ltd.	—	1,719,000	—	1,719,000	1.1450	February 28, 2031			
Development Bank of Japan Inc.	—	609,000	—	609,000					
Development Bank of Japan Inc.	2,450,000	—	—	2,450,000	0.9579	August 29, 2031			
Sumitomo Mitsui Banking Corporation	500,000	—	—	500,000	1.0488	August 29, 2031			
Development Bank of Japan Inc.	414,000	—	—	414,000					
Mizuho Bank, Ltd.	1,494,000	—	—	1,494,000	1.1215	February 27, 2032			
MUFG Bank, Ltd.	—	1,000,000	—	1,000,000	1.3674	February 27, 2032			

Classification	Lender	Balance at the beginning of the period (thousands of yen)	Amount of increase during the period (thousands of yen)	Amount of decrease during the period (thousands of yen)	Balance at the end of the period (thousands of yen)	Average interest rate (%) (Note 1)	Repayment date	Use	Remarks
	Subtotal	¥163,116,000	¥11,243,000	¥9,243,000	¥165,116,000				
	Total	¥163,116,000	¥19,243,000	¥11,243,000	¥171,116,000				

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

(Note 2) These borrowings carry floating interest rates. Other borrowings carry fixed interest rates (including borrowings where the interest rate is fixed by using interest rate swaps).

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

(Note 4) The borrowing was partially redeemed on February 29, 2024, prior to the maturity date.

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

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years
Long-term borrowings	¥ 24,133,000	¥ 19,770,000	¥ 26,098,000	¥ 25,414,000	¥ 18,757,000

## 8. Investment Corporation Bonds

Summary information regarding investment corporation bonds as of February 29, 2024 is as follows:

Issue	Issuance date	Balance at the beginning of the period (thousands of yen)	Decrease during the period (thousands of yen)	Balance at the end of the period (thousands of yen)	Interest rate (%)	Repayment date	Repayment method	Use	Collateral
1st Series Unsecured Investment Corporation Bond	August 31, 2015	¥ 2,000,000	¥ –	¥ 2,000,000	0.950	August 29, 2025	Lump-sum repayment	(Note 1)	None (Note 2)
3rd Series Unsecured Investment Corporation Bond	December 13, 2016	1,000,000	–	1,000,000	0.490	December 11, 2026	Lump-sum repayment	(Note 1)	None (Note 2)
4th Series Unsecured Investment Corporation Bond	August 30, 2018	7,000,000	–	7,000,000	0.770	August 30, 2028	Lump-sum repayment	(Note 1)	None (Note 2)
5th Series Unsecured Investment Corporation Bond	December 11, 2019	2,000,000	–	2,000,000	0.570	December 11, 2029	Lump-sum repayment	(Note 1)	None (Note 2)
6th Series Unsecured Investment Corporation Bond (Green Bond)	October 29, 2020	3,000,000	–	3,000,000	0.270	October 29, 2025	Lump-sum repayment	(Note 1)	None (Note 2)
7th Series Unsecured Investment Corporation Bond (Green Bond)	May 24, 2022	2,000,000	–	2,000,000	0.330	May 24, 2027	Lump-sum repayment	(Note 1)	None (Note 2)
Total	–	¥ 17,000,000	¥ –	¥ 17,000,000	–	–	–	–	–

(Note 1) The use of the proceeds is repayment of borrowings, etc.

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

(Note 3) Repayment of investment corporation bonds scheduled for each year within 5 years after the date of the balance sheet is as follows:

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years
Investment corporation bonds	¥ –	¥ 5,000,000	¥ 1,000,000	¥ 2,000,000	¥ 7,000,000

## 9. Net Assets

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

## 10. Unitholders' Equity

	Reporting period (From September 1, 2023 to February 29, 2024)	Previous period (From March 1, 2023 to August 31, 2023)
Total number of authorized investment units	20,000,000 units	20,000,000 units
Number of investment units issued	1,440,000 units	1,440,000 units

## 11. Distributions

Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, for the period from September 1, 2023 to February 29, 2024, the Investment Corporation decided to pay distributions of earnings per unit of ¥3,583, which is within the range of profit and the maximum value of the integer multiple of the total number of investment units issued of 1,440,000 units. And for the period from March 1, 2023 to August 31, 2023, the Investment Corporation decided to pay an amount of the initially forecasted distribution of ¥5,011,200,000, and retain earnings in excess of that amount in internal reserves.

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.

	(Unit: yen)	
	Reporting period (From September 1, 2023 to February 29, 2024)	Previous period (From March 1, 2023 to August 31, 2023)
I Unappropriated retained earnings	¥ 5,689,258,985	¥ 5,540,065,865
II Distribution amount	¥ 5,159,520,000	¥ 5,011,200,000
[Distributions per unit]	[¥ 3,583]	[¥ 3,480]
III Retained earnings brought forward	¥ 529,738,985	¥ 528,865,865

(Note) Additional information regarding the provision and reversal of allowance for temporary difference adjustments is as follows:

Reporting period (From September 1, 2023 to February 29, 2024)

Not applicable.

Previous period (From March 1, 2023 to August 31, 2023)

Not applicable.

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

### (1) Breakdown of property operating profit

		(Unit: thousands of yen)	
		Reporting period (From September 1, 2023 to February 29, 2024)	Previous period (From March 1, 2023 to August 31, 2023)
A.	Property operating revenues		
	Leasing business revenue		
	Rent	¥ 9,153,601	¥ 9,194,295
	Land rent	265,029	265,029
	Common area revenue	765,981	10,184,612
	Other leasing business revenues		
	Utilities revenue	501,051	465,642
	Other revenue	269,989	771,040
	Total property operating revenues	¥ 10,955,653	¥ 10,856,494
B.	Property operating expenses		
	Expenses related to leasing business		
	Property management fees	¥ 667,584	¥ 652,524
	Utilities	585,810	623,284
	Property and other taxes	898,207	969,315
	Insurance premium	13,890	14,110
	Maintenance and repairs	174,194	103,500
	Depreciation	1,388,897	1,364,543
	Other expenses related to leasing business	252,968	3,981,553
	Total property operating expenses	¥ 3,981,553	¥ 3,990,685
C.	Property operating profit (A – B)	¥ 6,974,100	¥ 6,865,808

### (2) Breakdown of gain on sale of real estate properties

Reporting period (From September 1, 2023 to February 29, 2024)

Hulic Ginza 7 Chome Building (47.5% trust beneficiary right quasi co-ownership interest)	(Unit: thousands of yen)
Proceeds from sales of real estate properties	¥ 10,935,000
Cost of sales of real estate properties	10,520,864
Other expenses for the sales	45,881
Gain on sale of real estate properties	¥ 368,254

Previous period (From March 1, 2023 to August 31, 2023)

Hulic Ginza 7 Chome Building (47.5% trust beneficiary right quasi co-ownership interest)	(Unit: thousands of yen)
Proceeds from sales of real estate properties	¥ 10,935,000
Cost of sales of real estate properties	10,524,977
Other expenses for the sales	44,032
Gain on sale of real estate properties	¥ 365,989

### (3) Transactions with major unitholders

		(Unit: thousands of yen)	
		Reporting period (From September 1, 2023 to February 29, 2024)	Previous period (From March 1, 2023 to August 31, 2023)
From operating transactions			
Leasing business revenue	¥	796,533	¥ 795,933
Gain on sale of real estate properties		368,254	365,989

### 13. Financial Instruments

#### (1) Overview

##### (i) Policy for financial instruments

The Investment Corporation procures essential funds for acquiring properties, repairs and repayment of debt mainly through loans from financial institutions, issuance of investment corporation bonds and issuance of investment units and other means. In procuring interest-bearing debt, the Investment Corporation takes into account a balance between flexibility in procurement of funds and financial stability.

Furthermore, the Investment Corporation uses derivatives only for the purpose of hedging fluctuation risk of interest rates for borrowings and others and does not enter into derivative transactions for any speculative purposes.

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

Deposits are used for investment of the Investment Corporation's surplus funds. As they are exposed to credit risk such as bankruptcy of the depository financial institutions, deposits are carried out with safety and redeemability taken into consideration and are limited to short-term deposits.

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

For the method of hedge accounting, hedging instruments and hedged items, hedging policy and the method of assessing hedge effectiveness, please refer to "(8) Hedge accounting method" in "3. Summary of Significant Accounting Policies" above.

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

Since variable factors are reflected in estimating the fair value of financial instruments, different assumptions could result in a different fair value. The contract amounts related to derivatives mentioned in "14. Derivative Transactions" below do not represent the value of the market risk associated with the derivative transactions.

#### (2) Fair value of financial instruments

The carrying amounts on the balance sheet, fair values, and the differences between the two values as of February 29, 2024 and August 31, 2023 are as follows. As for "cash and deposits," "cash and deposits in trust" and "short-term borrowings," notes are omitted because those items are cash or the fair value of those items approximates the book value due to their settlement within a short period of time. Moreover, notes on fair value for "leasehold and guarantee deposits received" and "leasehold and guarantee deposits received in trust" are omitted due to immateriality.

(Unit: thousands of yen)						
Reporting period (As of February 29, 2024)			Previous period (As of August 31, 2023)			
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
(i) Current portion of long-term borrowings	¥ 24,133,000	¥ 24,176,772	¥ 43,772	¥ 21,077,000	¥ 21,144,841	¥ 67,841
(ii) Investment corporation bonds	17,000,000	16,900,600	(99,400)	17,000,000	16,983,700	(16,300)
(iii) Long-term borrowings	140,983,000	136,998,142	(3,984,857)	142,039,000	138,122,572	(3,916,427)
Total	¥182,116,000	¥ 178,075,514	¥(4,040,485)	¥180,116,000	¥ 176,251,113	¥(3,864,886)
Derivative transactions	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —

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

Liabilities

(i) Current portion of long-term borrowings, and (iii) 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 the loans, their fair value is considered approximate to the carrying amounts. Therefore, the carrying amounts are used as the fair value of these liabilities. (However, for long-term borrowings with floating interest rates to which special treatment for interest rate swaps is applied (Please refer to "14. Derivative Transactions" below.), the fair value is calculated by discounting the sum of principal and interest, which are treated in combination with the said interest rate swap, at a reasonable rate estimated for a similar new loan that is made corresponding to the remaining period.)

The fair value of long-term 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.

(ii) Investment corporation bonds

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

(Note 2) Redemption schedule for investment corporation bonds, long-term borrowings and other interest-bearing debt as of February 29, 2024 and August 31, 2023

(Unit: thousands of yen)						
	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
As of February 29, 2024						
Investment corporation bonds	¥ –	¥ 5,000,000	¥ 1,000,000	¥ 2,000,000	¥ 7,000,000	¥ 2,000,000
Long-term borrowings	24,133,000	19,770,000	26,098,000	25,414,000	18,757,000	50,944,000
Total	¥ 24,133,000	¥ 24,770,000	¥ 27,098,000	¥ 27,414,000	¥ 25,757,000	¥ 52,944,000

(Unit: thousands of yen)						
	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
As of August 31, 2023						
Investment corporation bonds	¥ –	¥ 2,000,000	¥ 3,000,000	¥ 3,000,000	¥ 7,000,000	¥ 2,000,000
Long-term borrowings	21,077,000	22,069,000	20,070,000	25,771,000	18,633,000	55,496,000
Total	¥ 21,077,000	¥ 24,069,000	¥ 23,070,000	¥ 28,771,000	¥ 25,633,000	¥ 57,496,000

## 14. Derivative Transactions

(1) Derivative transactions not applying hedge accounting

As of February 29, 2024 and August 31, 2023

Not applicable.

(2) Derivative transactions applying hedge accounting

The contracted amount or principal amount equivalent set forth in the contract as of February 29, 2024 and August 31, 2023 for each hedge accounting method is as follows:

(Unit: thousands of yen)						
As of February 29, 2024						
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	¥75,675,000	¥67,155,000	*	–

(Unit: thousands of yen)

As of August 31, 2023

As of August 31, 2025						
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	¥ 76,675,000	¥ 71,495,000	*	—

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

## 15. Leases

### Operating lease transactions (Lessee)

#### Future minimum lease payments under noncancelable operating lease transactions

	(Unit: thousands of yen)			
	Reporting period (As of February 29, 2024)		Previous period (As of August 31, 2023)	
Due within 1 year	¥	27,136	¥	27,136
Due after 1 year		1,080,929		1,094,497
Total	¥	1,108,065	¥	1,121,634

### Operating lease transactions (Lessor)

#### Future minimum lease payments under noncancelable operating lease transactions

	(Unit: thousands of yen)			
	Reporting period (As of February 29, 2024)		Previous period (As of August 31, 2023)	
Due within 1 year	¥	11,102,677	¥	10,758,936
Due after 1 year		39,169,805		38,649,928
Total	¥	50,272,483	¥	49,408,865



## 16. Investment and Rental Properties

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

	(Unit: thousands of yen)			
	Reporting period (From September 1, 2023 to February 29, 2024)		Previous period (From March 1, 2023 to August 31, 2023)	
Carrying amount				
Balance at the beginning of the period	¥	384,237,620	¥	374,296,527
Changes during period		1,505,977		9,941,092
Balance at the end of the period	¥	385,743,597	¥	384,237,620
Fair value at the end of the period	¥	458,538,000	¥	455,832,000

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

(Note 2) The main reasons for increases in the investment and rental properties are the acquisition of beneficial interests in real estate trust of three properties (¥12,849,330 thousand) in the reporting period and the acquisition of beneficial interests in real estate trust of four properties (¥21,496,821 thousand) in the previous period. The decrease during the reporting period is mainly due to transfer of beneficial interests in real estate trust of one property and depreciation (¥10,520,864 thousand and ¥1,388,208 thousand, respectively). The decrease during the previous period is mainly due to transfer of beneficial interests in real estate trust of one property and depreciation (¥10,524,977 thousand and ¥1,363,856 thousand, respectively).

(Note 3) The fair value at the end of the period is the appraisal value provided by an independent real estate appraiser. Concerning the fair value at the end of the reporting period, the fair value of Hulic Higashi Nihonbashi Building therein is based on the transfer price stated on the trust beneficiary right sales agreement entered into on February 26, 2024. Concerning the fair value at the end of the previous period, the fair value of Hulic Ginza 7 Chome Building therein is based on the transfer price of 47.5% trust beneficiary right quasi co-ownership interest stated on the trust beneficiary right sales agreement entered into on April 13, 2023. The profit or loss for the period concerning investment and rental properties is indicated under “12. Breakdown of Property-related Revenues and Expenses.”

## 17. Related-Party Transactions

(1) Parent company, major corporate unitholders and other

Reporting period (From September 1, 2023 to February 29, 2024)

Type	Name	Location	Share capital or investments in capital (thousands of yen)	Business or occupation	Percentage of voting rights held	Relationship		Nature of transaction	Amount of transaction (thousands of yen)	Account item	Balance at the end of the period (thousands of yen)
						Inter-locking officers	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	Chuo-ku, Tokyo	¥111,609,853	Real estate business	(directly) 12.50%	—	Rent and management of real estate	Purchase of beneficial interests in real estate trust	¥12,780,000	—	¥ —
								Transfer of beneficial interests in real estate trust	¥10,935,000	—	¥ —
								Acceptance of leasehold and guarantee deposits in trust	¥ 427,803	Leasehold and guarantee deposits received in trust	¥14,788,877
								Repayment of leasehold and guarantee deposits in trust	¥ 335,398		
								Earning of rent revenue, etc.	¥ 796,533	Advances received	¥ 141,614

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

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

Previous period (From March 1, 2023 to August 31, 2023)

Type	Name	Location	Share capital or investments in capital (thousands of yen)	Business or occupation	Percentage of voting rights held	Relationship		Nature of transaction	Amount of transaction (thousands of yen)	Account item	Balance at the end of the period (thousands of yen)
						Inter-locking officers	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	Chuo-ku, Tokyo	¥111,609,853	Real estate business	(directly) 10.58%	—	Rent and management of real estate	Purchase of beneficial interests in real estate trust	¥10,250,000	—	¥ —
								Transfer of beneficial interests in real estate trust	¥10,935,000	—	¥ —
								Acceptance of leasehold and guarantee deposits in trust	¥ 1,486,312	Leasehold and guarantee deposits received in trust	¥14,798,559
								Repayment of leasehold and guarantee deposits in trust	¥ 514,641		
								Earning of rent revenue, etc.	¥ 795,933	Advances received	¥ 141,504

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

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

(2) Affiliated companies and other

Reporting period (From September 1, 2023 to February 29, 2024) and previous period (From March 1, 2023 to August 31, 2023)

Not applicable.

(3) Fellow subsidiary companies and other

Reporting period (From September 1, 2023 to February 29, 2024)

Type	Name	Location	Share capital or investments in capital (thousands of yen)	Business or occupation	Percentage of voting rights held	Relationship		Nature of transaction	Amount of transaction (thousands of yen)	Account item	Balance at the end of the period (thousands of yen)
						Inter-locking officers	Business relationship				
Companies whose majority of voting rights are owned by major (corporate) unitholder	Hulic Reit Management Co., Ltd.	Chiyoda-ku, Tokyo	¥ 200,000	Asset management for investment corporations	—	1	Consignment of asset management	Payment of asset management fees (Note 1)	¥ 1,155,222	Accounts payable - other	¥ 1,205,528

(Note 1) The asset management fees for the reporting period include management fees of ¥31,950 thousand relating to the acquisitions that are capitalized as part of the acquisition cost for the individual real estate properties and ¥27,337 thousand relating to the transfer that is deducted from the gain on sale of the individual real estate properties.

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

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

Previous period (From March 1, 2023 to August 31, 2023)

Type	Name	Location	Share capital or investments in capital (thousands of yen)	Business or occupation	Percentage of voting rights held	Relationship		Nature of transaction	Amount of transaction (thousands of yen)	Account item	Balance at the end of the period (thousands of yen)
						Inter-locking officers	Business relationship				
Companies whose majority of voting rights are owned by major (corporate) unitholder	Hulic Reit Management Co., Ltd.	Chiyoda-ku, Tokyo	¥ 200,000	Asset management for investment corporations	—	1	Consignment of asset management	Payment of asset management fees (Note 1)	¥ 1,159,109	Accounts payable - other	¥ 1,186,594

(Note 1) The asset management fees for the previous period include management fees of ¥53,050 thousand relating to the acquisitions that are capitalized as part of the acquisition cost for the individual real estate properties and ¥27,337 thousand relating to the transfer that is deducted from the gain on sale of the individual real estate properties.

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

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

(4) Directors, major individual unitholders and other

Reporting period (From September 1, 2023 to February 29, 2024) and previous period (From March 1, 2023 to August 31, 2023)

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

## 18. Per Unit Information

	(Unit: yen)			
	Reporting period (From September 1, 2023 to February 29, 2024)		Previous period (From March 1, 2023 to August 31, 2023)	
Net assets per unit	¥	139,194	¥	139,090
Basic earnings per unit	¥	3,583	¥	3,516

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

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

		Reporting period (From September 1, 2023 to February 29, 2024)		Previous period (From March 1, 2023 to August 31, 2023)	
Profit	(thousands of yen)	¥	5,160,393	¥	5,063,803
Amount not attributable to common unitholders	(thousands of yen)	¥	—	¥	—
Profit attributable to common investment units	(thousands of yen)	¥	5,160,393	¥	5,063,803
Average number of investment units during the period	(units)		1,440,000		1,440,000

## 19. Segment and Related Information

[Segment information]

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

[Related information]

Reporting period (From September 1, 2023 to February 29, 2024)

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

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

### (2) Information about each geographical area

#### (i) Operating revenues

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

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

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

### (3) Information about major customers

	(Unit: thousands of yen)		
Name of tenant	Operating revenues		Related segment
Mizuho Financial Group, Inc.	¥	1,485,896	Real estate leasing business
Hulic Group		1,258,418	Real estate leasing business

Previous period (From March 1, 2023 to August 31, 2023)

(1) Information about each product and service

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

(2) Information about each geographical area

(i) Operating revenues

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

(ii) Property, plant and equipment

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

(3) Information about major customers

(Unit: thousands of yen)

Name of tenant	Operating revenues	Related segment
Mizuho Financial Group, Inc.	¥ 1,334,982	Real estate leasing business
Hulic Co., Ltd.	1,161,922	Real estate leasing business

## 20. Revenue Recognition

(1) Information on disaggregation of revenue from contracts with customers

Reporting period (From September 1, 2023 to February 29, 2024)

(Unit: thousands of yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sales of real estate properties	¥ 10,935,000	(Note 2) ¥ 368,254
Utilities revenue	501,051	501,051
Other	—	10,454,601
Total	¥ 11,436,051	¥ 11,323,907

(Note 1) Items such as leasing business revenue, to which “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) is applied, and transfers of real estate properties to which the Japanese Institute of Certified Public Accountants (“JICPA”) Accounting Practice Committee Report No. 15 “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special-Purpose Companies” is applied, are outside the scope of application of the Accounting Standard for Revenue Recognition and not included in the above amounts. Note that revenue from contracts with customers is mainly proceeds from sales of real estate properties and utilities revenue.

(Note 2) For sales of real estate properties, the revenue is recorded as gain (loss) on sale of real estate properties in the statement of income and retained earnings, and accordingly, the amount stated is calculated by deducting cost of sales of real estate properties and other expenses for the sales from the proceeds from sales of real estate properties.

Previous period (From March 1, 2023 to August 31, 2023)

(Unit: thousands of yen)

	Revenue from contracts with customers (Note 1)	Sales to external customers
Sales of real estate properties	¥ 10,935,000	(Note 2) ¥ 365,989
Utilities revenue	465,642	465,642
Other	—	10,390,851
Total	¥ 11,400,642	¥ 11,222,483

- (Note 1) Items such as leasing business revenue, to which “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) is applied, and transfers of real estate properties to which the JICPA Accounting Practice Committee Report No. 15 “Practical Guidelines on Accounting by Transferors for Securitization of Real Estate Using Special-Purpose Companies” is applied, are outside the scope of application of the Accounting Standard for Revenue Recognition and not included in the above amounts. Note that revenue from contracts with customers is mainly proceeds from sales of real estate properties and utilities revenue.
- (Note 2) For sales of real estate properties, the revenue is recorded as gain (loss) on sale of real estate properties in the statement of income and retained earnings, and accordingly, the amount stated is calculated by deducting cost of sales of real estate properties and other expenses for the sales from the proceeds from sales of real estate properties.

(2) Basic information for understanding revenue from contracts with customers

Reporting period (From September 1, 2023 to February 29, 2024) and previous period (From March 1, 2023 to August 31, 2023)

Information is as shown in “3. Summary of Significant Accounting Policies.”

(3) Information on relationship between the satisfaction of performance obligations based on contracts with customers and cash flows from the contracts and amounts and timing of revenue expected to be recognized in the following accounting period or later from contracts with customers existing at the end of the current accounting period

Transaction price allocated to remaining performance obligations

Reporting period (From September 1, 2023 to February 29, 2024)

As of February 29, 2024, the total amount of the transaction price allocated to remaining performance obligations pertaining to the sale of real estate, etc. is ¥4,080,000 thousand due to real estate, etc. for which a sales agreement was concluded on February 26, 2024. The Investment Corporation expects to recognize revenue for these performance obligations due to the transfer of said real estate, etc., planned for March 27, 2024.

With regard to utilities revenue, for the portion for which the performance is completed by the end of the period, the Investment Corporation has the right to receive from the customer the amount of consideration corresponding directly to the value to the lessee, who is the customer, and therefore, in accordance with paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenues are recognized for the amount for which the Investment Corporation holds the right to request payment. Accordingly, by applying the provisions of paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition, utilities are not included in this note to transaction price allocated to remaining performance obligations.

Previous period (From March 1, 2023 to August 31, 2023)

As of August 31, 2023, the total amount of the transaction price allocated to remaining performance obligations pertaining to the sale of real estate, etc. is ¥10,935,000 thousand due to real estate, etc. for which a sales agreement was concluded on April 13, 2023. The Investment Corporation expects to recognize revenue for these performance obligations due to the transfer of said real estate, etc., planned for September 1, 2023.

With regard to utilities revenue, for the portion for which the performance is completed by the end of the period, the Investment Corporation has the right to receive from the customer the amount of consideration corresponding directly to the value to the lessee, who is the customer, and therefore, in accordance with paragraph 19 of the Implementation Guidance on Accounting Standard for Revenue Recognition, revenues are recognized for the amount for which the Investment Corporation holds the right to request payment. Accordingly, by applying the provisions of paragraph 80-22 (2) of the Accounting Standard for Revenue Recognition, utilities are not included in this note to transaction price allocated to remaining performance obligations.

## 21. Commitment Line Contracts

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

	(Unit: thousands of yen)	
	Reporting period (As of February 29, 2024)	Previous period (As of August 31, 2023)
Total amount of commitment line contracts	¥ 13,500,000	¥ 13,500,000
Borrowings outstanding	—	—
Remaining available amount	¥ 13,500,000	¥ 13,500,000

## 22. Asset Retirement Obligations

Asset retirement obligations reported on balance sheets

### (1) Summary of the asset retirement obligations

The Investment Corporation recognizes the original state restoration obligations assumed under the fixed-term business-purpose land sub-leasehold agreement as the asset retirement obligations in connection with Hulic Asakusabashi Building acquired on December 20, 2019.

### (2) Method of calculating asset retirement obligations

Asset retirement obligations are calculated based on a discount rate of 0.48% after the useful life has been estimated to be 45 years and 1 month based on the time period from the date of acquisition to the expiration of the agreement.

### (3) Changes in the amount of respective asset retirement obligations consisted of the following:

	(Unit: thousands of yen)	
	Reporting period (From September 1, 2023 to February 29, 2024)	Previous period (From March 1, 2023 to August 31, 2023)
Balance at the beginning of the period	¥ 287,021	¥ 286,333
Addition due to acquisition of property, plant and equipment	—	—
Accretion adjustment	688	687
Balance at the end of the period	¥ 287,709	¥ 287,021

## 23. Allowance for Temporary Difference Adjustments

Reporting period (As of February 29, 2024)

### (1) Reasons for addition and reversal, related assets, and amount of allowance

(Unit: thousands of yen)							
Related assets	Reasons for allowance	Initial amount	Balance at the beginning of the period	Amount of additions during the period	Amount of reversals during the period	Balance at the end of the period	Reason for reversal
Buildings in trust	Discrepancies in tax and accounting treatment associated with excess depreciation due to asset retirement obligations	¥ 3,936	¥ 3,936	¥ —	¥ —	¥ 3,936	—

### (2) Method of reversal

The corresponding amount is scheduled to be reversed upon retirement of the related assets.



Previous period (As of August 31, 2023)

(1) Reasons for addition and reversal, related assets, and amount of allowance

(Unit: thousands of yen)

Related assets	Reasons for allowance	Initial amount	Balance at the beginning of the period	Amount of additions during the period	Amount of reversals during the period	Balance at the end of the period	Reason for reversal
Buildings in trust	Discrepancies in tax and accounting treatment associated with excess depreciation due to asset retirement obligations	¥ 3,936	¥ 3,936	¥ —	¥ —	¥ 3,936	—

(2) Method of reversal

The corresponding amount is scheduled to be reversed upon retirement of the related assets.

## 24. Subsequent Events

Not applicable.