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Hulic Reit, Inc.

Asset Management Report

Fiscal period ended February 28, 2021 (September 1, 2020 to February 28, 2021)

I. To Our Unitholders

First of all, I would like to express my deepest sorrow for those who have passed away due to the novel coronavirus disease (COVID-19), and my sympathies to those who have been infected with COVID-19.

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

Hulic Reit, Inc. (“Investment Corporation”) has now successfully completed its 14th fiscal period (fiscal period ended February 28, 2021). 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 14th fiscal period (fiscal period ended February 28, 2021).

In October 2020, the Investment Corporation performed a replacement of assets through the acquisition of Hulic Nakano Building and Hulic Hachioji Building and the transfer of Hulic Nihonbashi Honcho 1 Chome Building, Hulic Omori Building, and Orchid Square (quasi co-ownership interest of 50%). As a result, the number of properties held by the Investment Corporation as of the end of the reporting period was 58 at an asset size (total acquisition price) of ¥350.4 billion. Furthermore, the occupancy rate of the entire portfolio has remained at a high level to end of the reporting period at 99.6%. As a result, for our 14th fiscal period, we recorded operating revenues of ¥11.1 billion, operating profit of ¥6.2 billion, profit of ¥5.4 billion, and distributions per unit came to ¥4,052.

As part of ESG (environment, society, governance) related initiatives, we were awarded “5 stars,” the highest GRESB Rating, in the Global Real Estate Sustainability Benchmark (GRESB) assessment in October 2020, and we were once again selected for the MSCI Japan ESG Select Leaders Index provided by MSCI and have been continuously included in the index even after the rebalancing in December 2020. Moreover, in terms of our financial operations, we issued our first green bonds in October 2020, and obtained the highest green bond assessment of “Green 1” from Japan Credit Rating Agency, Ltd.

Now having entered our 15th fiscal period (fiscal period ending August 31, 2021), in April 2021, we carried out a capital increase through our seventh public offering since listing, and while continuing to conduct asset replacement to ensure a stability oriented portfolio (acquisition of two properties and transfer of two properties (including a spin off in the case of Orchid Square)), we have lowered our LTV (ratio of interest-bearing debt to total assets) from 46.6% as of the end of the 13th fiscal period (August 31, 2020) to 44.6% (assumed LTV after completion of capital increase through public offering).

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

We ask for the continued support of our unitholders.

Hulic Reit, Inc.

Eiji Tokita, Executive Officer

Greetings, I am Kazuaki Chokki. In February this year, I was newly appointed as Representative Director, President and CEO of Hulic Reit Management Co., Ltd., the asset management company. I have been a member of senior management of the asset management company since the Investment Corporation was established, and I aim to continue to work on achieving sustainable growth of the Investment Corporation while maximizing unitholder value. I will lead concerted efforts of all officers and employees of the asset management company to improve the satisfaction levels of all our stakeholders, including unitholders, along with tenants, etc. I look forward to your continued support.

Hulic Reit Management Co., Ltd.

Kazuaki Chokki, Representative Director, President and CEO

(Reference)

Composition of Unitholders

(As of the end of the 14th fiscal period (fiscal period ended February 28, 2021))

Category	Individuals	Financial institutions	Securities firms	Other corporations	Foreign individuals	Total
Number of Unitholders by Type (persons)	8,185	145	22	233	223	8,808
Percentage (Note) (%)	92.9	1.6	0.2	2.6	2.5	100.0
Number of Investment Units by Unitholder Type (units)	59,952	833,630	43,653	167,185	207,580	1,312,000
Percentage (Note) (%)	4.6	63.5	3.3	12.7	15.8	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	10th fiscal period (From September 1, 2018 to February 28, 2019)	11th fiscal period (From March 1, 2019 to August 31, 2019)	12th fiscal period (From September 1, 2019 to February 29, 2020)	13th fiscal period (From March 1, 2020 to August 31, 2020)	14th fiscal period (From September 1, 2020 to February 28, 2021)
Operating revenues	Millions of yen	8,944	9,137	9,642	10,591	11,170
[Of the above, real estate leasing business revenues]	Millions of yen	[8,750]	[9,137]	[9,642]	[10,060]	[10,225]
Operating expenses	Millions of yen	3,948	4,153	4,373	4,809	4,938
[Of the above, expenses related to real estate leasing business]	Millions of yen	[2,924]	[3,099]	[3,278]	[3,515]	[3,421]
Operating profit	Millions of yen	4,995	4,983	5,268	5,782	6,232
Ordinary profit	Millions of yen	4,399	4,362	4,634	5,083	5,515
Profit	Millions of yen	4,398	4,361	4,633	5,082	5,437
Total assets	Millions of yen	322,661	330,710	349,732	370,487	368,400
[Change from the previous fiscal period]	%	[+13.7]	[+2.5]	[+5.8]	[+5.9]	[(0.6)]
Net assets	Millions of yen	167,202	167,165	178,412	178,860	179,212
[Change from the previous fiscal period]	%	[+14.7]	[(0.0)]	[+6.7]	[+0.3]	[+0.2]
Unitholders' capital	Millions of yen	162,803	162,803	173,778	173,778	173,778
Total number of investment units issued	Units	1,251,000	1,251,000	1,312,000	1,312,000	1,312,000
Net assets per unit	Yen	133,655	133,625	135,984	136,326	136,594
Total distributions	Millions of yen	4,398	4,362	4,633	5,085	5,316
Payout ratio (Note 2)	%	99.9	100.0	99.9	100.0	97.7
Basic earnings per unit (Note 3)	Yen	3,654	3,486	3,554	3,873	4,144
Distributions per unit	Yen	3,516	3,487	3,532	3,876	4,052
[Of the above, distributions of earnings per unit]	Yen	[3,516]	[3,487]	[3,531]	[3,874]	[4,052]
[Of the above, distributions in excess of earnings per unit]	Yen	[-]	[-]	[1]	[2]	[-]
Equity ratio [Change from the previous fiscal period] (Note 4)	%	51.8 [+0.4]	50.5 [(1.3)]	51.0 [+0.5]	48.3 [(2.7)]	48.6 [+0.3]
Return on equity [Annualized] (Note 5)	%	2.8 [5.7]	2.6 [5.2]	2.7 [5.4]	2.8 [5.6]	3.0 [6.1]
[Other reference information]						
Number of properties	Properties	50	51	55	58	58
Total leasable area	m ²	288,230.96	292,664.40	309,712.83	322,981.97	322,330.61
Occupancy rate at end of period	%	100.0	100.0	99.5	99.8	99.6

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

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

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

- (Note 3) Basic earnings per unit is calculated by dividing profit by the average number of investment units for the period. Average number of investment units is 1,203,546 units for the 10th fiscal period, 1,251,000 units for the 11th fiscal period, 1,303,374 units for the 12th fiscal period, 1,312,000 units for the 13th fiscal period and 1,312,000 units for the 14th fiscal period.
- (Note 4) Equity ratio is calculated with the following formula:

$$\text{Equity ratio} = \text{net assets at end of period} / \text{total assets at end of period} \times 100$$
- (Note 5) Return on equity is calculated with the following formula:

$$\text{Return on equity (profit to net assets ratio)} = \text{profit} / [(\text{net assets at beginning of period} + \text{net assets at end of period}) / 2] \times 100$$
- The value in brackets of return on equity is the value calculated with number of business days (10th fiscal period: 181 days; 11th fiscal period: 184 days; 12th fiscal period: 182 days; 13th fiscal period: 184 days; 14th fiscal period: 181 days) converted into annual values.

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

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

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

i) Investment environment and investment performance

Investment environment: During the reporting period, the Japanese economy has been picking up despite the ongoing difficult circumstances due to the adverse impact of COVID-19. However, weakness is observed in some areas. In the rental office market, the vacancy rate has continued to rise recently due to the aforementioned impact of COVID-19. Conditions for retail properties and hotels remain difficult due to the impact of the redeclaration of a state of emergency in January 2021.

Investment performance: During the reporting period, the Investment Corporation acquired two properties, Hulic Nakano Building and Hulic Hachioji Building (total acquisition price: ¥8,100 million) in October 2020, and transferred three properties, Hulic Nihonbashi Honcho 1 Chome Building, Hulic Omori Building and Orchid Square (quasi co-ownership interest of 50%) (total transfer price: ¥10,100 million) in the same month. As a result, the number of properties held by the Investment Corporation as of the end of the reporting period was 58, and the total acquisition price was ¥350,398 million (rounded to the nearest ¥1 million). The occupancy rate of the entire portfolio has remained at a high level to end the reporting period at 99.6%.

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

The Investment Corporation has participated in the Real Estate Assessment of Global Real Estate Sustainability Benchmark (GRESB) (Note 1) from the fiscal period ended August 31, 2016. In the GRESB Real Estate Assessment conducted in 2020, the Investment Corporation was awarded “5 Stars,” the highest GRESB Rating, 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 fourth consecutive year. In addition, the Investment Corporation has been working on acquisition of external certification relating to energy conservation and environmental performance of its owned properties, and as of April 14, 2021, it has acquired external certification for a total of 26 properties, as follows. Concerning DBJ Green Building Certification (Note 2), the Investment Corporation has acquired certification for 6 properties, with Ochanomizu Sola City and Hulic Asakusabashi Building obtaining the highest ranking. As for BELS (Note 3), which is a public rating system that assesses the energy-conservation performance of non-residential

buildings, the Investment Corporation acquired certification for 10 properties, with HULIC & New SHIBUYA obtaining the highest ranking. Concerning the real estate evaluation certification CASBEE (Note 4), the Investment Corporation has acquired certification for 9 properties, with Hulic Kamiyacho Building, Toranomon First Garden, Hulic Higashi Nihonbashi Building and Hulic Mejiro obtaining the highest ranking. In November 2019, the Investment Corporation acquired CASBEE-Wellness Office evaluation certification (Note 5) for Hulic Toranomon Building.

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

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

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

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

(Note 5) 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 wellbeing 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.

ii) Status of financing

During the reporting period, in addition to using a portion of proceeds from the transfer of properties in October 2020 for the early partial repayment of short-term borrowings of ¥1,000 million, the Investment Corporation issued investment corporation bonds (green bonds) of ¥3,000 million and used them with cash reserves to make an early repayment of ¥3,000 million in short-term borrowings. Furthermore, in February 2021, the Investment Corporation allocated ¥2,000 million of cash reserves to the early partial repayment of short-term borrowings of ¥11,000 million, and the rest, together with ¥8,550 million in long-term borrowings that was due for repayment, was refinanced as a total of ¥17,550 million in long-term borrowings.

As a result, as of the end of the reporting period, interest-bearing debt totaled ¥169,776 million (comprising ¥3,960 million in short-term borrowings, ¥15,680 million in current portion of long-term borrowings, ¥135,136 million in long-term borrowings and ¥15,000 million in investment corporation bonds), resulting in a loan-to-value (LTV) ratio of 46.1%.

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

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

iii) Overview of financial results and distributions

As a result of the above asset management, operating revenues for the reporting period were ¥11,170 million (up 5.5% compared with the previous fiscal period), operating profit was ¥6,232 million (up 7.8% compared with the previous fiscal period), ordinary profit after deducting interest expenses for

borrowings, etc. was ¥5,515 million (up 8.5% compared with the previous fiscal period), and profit was ¥5,437 million (up 7.0% 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 of the initially forecasted distribution of ¥5,316,224,000 and keep the amount in excess of that amount in internal reserves for the stabilization of future distributions. Consequently, distributions per unit came to ¥4,052. The Investment Corporation plans to use internal reserves to ensure stability in distribution payments, by using it to mitigate the negative effects in cases of temporary or unexpected income decrease or cost increase.

(3) Status of capital increase, etc.

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

Date	Event	Total number of investment units issued (Units)		Total unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
November 7, 2013	Incorporation through private placement	2,000	2,000	200	200	(Note 1)
February 6, 2014	Capital increase through public offering	617,500	619,500	64,355	64,555	(Note 2)
March 7, 2014	Capital increase through third-party allotment	32,500	652,000	3,387	67,943	(Note 3)
November 6, 2014	Capital increase through public offering	122,860	774,860	17,785	85,728	(Note 4)
November 21, 2014	Capital increase through third-party allotment	6,140	781,000	888	86,617	(Note 5)
March 29, 2016	Capital increase through public offering	167,600	948,600	29,444	116,061	(Note 6)
April 13, 2016	Capital increase through third-party allotment	8,400	957,000	1,475	117,537	(Note 7)
October 3, 2016	Capital increase through public offering	83,800	1,040,800	13,821	131,358	(Note 8)
October 26, 2016	Capital increase through third-party allotment	4,200	1,045,000	692	132,051	(Note 9)
October 31, 2017	Capital increase through public offering	61,800	1,106,800	9,190	141,241	(Note 10)
November 20, 2017	Capital increase through third-party allotment	3,200	1,110,000	475	141,717	(Note 11)
October 31, 2018	Capital increase through public offering	134,200	1,244,200	20,068	161,786	(Note 12)
November 19, 2018	Capital increase through third-party allotment	6,800	1,251,000	1,016	162,803	(Note 13)
September 26, 2019	Capital increase through public offering	58,000	1,309,000	10,435	173,238	(Note 14)
October 11, 2019	Capital increase through third-party allotment	3,000	1,312,000	539	173,778	(Note 15)

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

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

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

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

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

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

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

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

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

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

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

- (Note 12) New investment units were issued through public offering with an issue price per unit of ¥154,537 (issue value: ¥149,544) in order to raise funds for the acquisition of new properties, etc.
- (Note 13) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥149,544.
- (Note 14) 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 15) 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 16) 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	10th fiscal period ended February 28, 2019	11th fiscal period ended August 31, 2019	12th fiscal period ended February 29, 2020	13th fiscal period ended August 31, 2020	14th fiscal period ended February 28, 2021
	Highest (Yen)	180,800	194,700	209,900	185,600	180,500
	Lowest (Yen)	158,500	176,500	182,100	85,000	133,200

(4) Distributions, etc.

Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of 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 under review (14th fiscal period). Based on this policy, the Investment Corporation has decided to pay distributions for the reporting period of an amount of the initially forecasted distribution of ¥5,316,224,000 (distributions per unit: ¥4,052) and keep the amount in excess of that amount in internal reserves for the stabilization of future distributions. The Investment Corporation plans to use internal reserves to ensure stability in distribution payments, by using it to mitigate the negative effects in cases of temporary or unexpected income decrease or cost increase.

Fiscal period	10th fiscal period (From September 1, 2018 to February 28, 2019)	11th fiscal period (From March 1, 2019 to August 31, 2019)	12th fiscal period (From September 1, 2019 to February 29, 2020)	13th fiscal period (From March 1, 2020 to August 31, 2020)	14th fiscal period (From September 1, 2020 to February 28, 2021)
Total unappropriated retained earnings	¥4,399,204 thousand	¥4,362,498 thousand	¥4,633,369 thousand	¥5,082,828 thousand	¥5,437,782 thousand
Accumulated earnings	¥688 thousand	¥261 thousand	¥697 thousand	¥140 thousand	¥121,558 thousand
Total amount of cash distributions (Distributions per unit)	¥4,398,516 thousand (¥3,516)	¥4,362,237 thousand (¥3,487)	¥4,633,984 thousand (¥3,532)	¥5,085,312 thousand (¥3,876)	¥5,316,224 thousand (¥4,052)
Of the above, total amount of distributions of earnings (Distributions of earnings per unit)	¥4,398,516 thousand (¥3,516)	¥4,362,237 thousand (¥3,487)	¥4,632,672 thousand (¥3,531)	¥5,082,688 thousand (¥3,874)	¥5,316,224 thousand (¥4,052)
Of the above, total amount of refunds of unitholders' capital (Refunds of unitholders' capital per unit)	— (—)	— (—)	¥1,312 thousand (¥1)	¥2,624 thousand (¥2)	— (—)
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)	— (—)	— (—)	¥1,312 thousand (¥1)	¥2,624 thousand (¥2)	— (—)
Of the total amount of refunds of unitholders' capital, total amount of distributions from distribution on reduction of unitholders' capital for taxation purposes (Of the refunds of unitholders' capital per unit, distributions from distributions on reduction of unitholders' capital for taxation purposes)	— (—)	— (—)	— (—)	— (—)	— (—)

(5) Future investment policies and issues to address

The Japanese economy going forward is expected to pick up due to the effects of various measures and the improvement of overseas economies as the level of socio-economic activity is gradually raised while taking measures to prevent the spread of COVID-19. Regarding the rental office market, the Investment Corporation will closely observe changes in office needs as a result of downsizing the scale of offices due to factors such as the deterioration of corporate earnings, as well as the spread of working-from-home arrangements, and other developments. Furthermore, in retail properties and hotels, despite expecting consumer sentiment to pick up due to the effects of various measures, it is necessary to ascertain the business condition of tenants and properly respond to them.

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) 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 with fixed interest rates and staggered repayment dates in order to maintain a stable and healthy financial position.

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

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

(6) Significant events after the reporting period

Issuance of new investment units

The Investment Corporation passed resolutions at meetings of its Board of Directors held on March 26, 2021 and April 1, 2021, to issue new investment units as follows for the purpose of using the proceeds to supplement cash reserves by amount of decrease arising from its allocation for a portion of the purchase price for specified assets, and finance the repayment of borrowings. The payment for the newly issued investment units through a public offering was completed on April 7, 2021.

(New investment unit issuance through public offering)

Number of new investment units to be issued:	39,000 units
Issue price (offer price):	¥167,895 per unit
Total amount of issue price (offer price):	¥6,547,905,000
Amount paid in (issue value):	¥162,470 per unit
Total amount paid in (issue value):	¥6,336,330,000
Payment date:	April 7, 2021
Distribution calculation date:	March 1, 2021

(New investment unit issuance through third-party allotment)

Number of new investment units to be issued:	2,000 units (maximum)
Amount paid in (issue value):	¥162,470 per unit
Total amount paid in (issue value):	¥324,940,000 (maximum)
Payment date:	April 27, 2021
Distribution calculation date:	March 1, 2021
Allottee:	Mizuho Securities Co., Ltd.

If the entire number of new investment units to be issued in the third-party allotment (hereinafter referred to as the “Third-Party Allotment”), or a portion thereof, is not subscribed to, this may result in the final number of new investment units issued in the third-party allotment being reduced by such number of units or fewer due to forfeiture or the issuance itself not being carried out at all.

(Reference information)

(A) Acquisitions of properties

The Investment Corporation acquired the below beneficial interests in real estate trust (2 properties; total acquisition price: ¥7,440 million). The acquisition price provided does not include expenses incurred on the acquisition of such assets acquired (including acquisition expenses, settlement of fixed asset tax and city planning tax and consumption taxes), and is equal to the acquisition price stated on the agreement for sales of beneficial interests in trust.

Property name	Location	Date of acquisition	Acquisition price (Millions of yen)	Seller
Hulic Ueno Building	Taito-ku, Tokyo	March 31, 2021	4,100	Hulic Co., Ltd.
Hulic Chofu	Chofu-shi, Tokyo	March 31, 2021	3,340	Hulic Co., Ltd.
Total	—	—	7,440	—

(B) Transfer of properties

The Investment Corporation transferred the below beneficial interests in real estate trust (2 properties; transfer price: ¥8,225 million). The transfer price provided does not include expenses incurred on the transfer of such transferred assets (including transfer expenses, settlement of fixed asset tax and city planning tax and consumption taxes), and is equal to the transfer price stated on the agreement for sales of beneficial interests in trust.

Property name	Location	Date of transfer	Transfer price (Millions of yen)	Transferee
Orchid Square (Note 1)	Chiyoda-ku, Tokyo	March 1, 2021	1,945 (Note 2)	Hulic Co., Ltd.
Shinagawa Season Terrace	Minato-ku, Tokyo	March 30, 2021	6,280	Undisclosed (Note 3)
Total	—	—	8,225	—

(Note 1) This is still referred to as 50.0% quasi co-ownership interest held after the transfer of 50.0% quasi co-ownership interest of property as of October 16, 2020.

(Note 2) The transfer price is for the transfer of 50.0% quasi co-ownership interest of property stated on the agreement for sales of beneficial interests in trust as of March 1, 2021.

(Note 3) Although the transferee is a company in Japan, the transferee is not disclosed because the transferee's consent regarding disclosure has not been obtained.

(C) Early repayment of borrowings

On April 7, 2021, the Investment Corporation resolved to make an early partial repayment of the following borrowings on May 7, 2021, using the balance of the proceeds from the issuance of new investment units through a public offering after supplementing cash reserves by amount of decrease arising from its allocation for a portion of the purchase price for specified assets.

Lender	Borrowing amount (Millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Remarks
Mizuho Bank, Ltd.	1,980	Base rate of interest (JBA one-month Japanese Yen TIBOR) +0.300%	August 7, 2020	August 6, 2021	Lump-sum repayment	Unsecured and unguaranteed
Sumitomo Mitsui Banking Corporation	1,386					
MUFG Bank, Ltd.	594					
Total	3,960	—	—	—	—	—

2. Overview of the Investment Corporation

(1) Status of unitholders' capital

	10th fiscal period As of February 28, 2019	11th fiscal period As of August 31, 2019	12th fiscal period As of February 29, 2020	13th fiscal period As of August 31, 2020	14th fiscal period As of February 28, 2021
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	1,251,000 units	1,251,000 units	1,312,000 units	1,312,000 units	1,312,000 units
Unitholders' capital	¥162,803 million	¥162,803 million	¥173,778 million	¥173,778 million	¥173,778 million
Number of unitholders	8,174	7,416	7,228	8,443	8,808

(2) Matters regarding investment units

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

Name	Number of investment units owned (Units)	Percentage of investment units owned to total investment units issued (%)
Custody Bank of Japan, Ltd. (Trust account)	317,113	24.17
The Master Trust Bank of Japan, Ltd. (Trust account)	217,385	16.56
Hulic Co., Ltd.	143,770	10.95
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	50,109	3.81
Custody Bank of Japan, Ltd. (Securities investment trust account)	35,180	2.68
The Shinkumi Federation Bank	19,433	1.48
STATE STREET BANK WEST CLIENT - TREATY 505234	18,580	1.41
SSBTC CLIENT OMNIBUS ACCOUNT	16,596	1.26
Meiji Yasuda Life Insurance Company	13,150	1.00
STATE STREET BANK AND TRUST COMPANY 505103	11,518	0.87
Total	842,834	64.24

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

(3) Matters relating to officers, etc.

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

Title and post	Name	Major concurrent post, etc.	Total amount of compensation for each position during the fiscal period under review
Executive Officer	Eiji Tokita	Corporate Advisor of Hulic Reit Management Co., Ltd. (Note 1)	¥— thousand
Supervisory Officer (Note 2)	Kunio Shimada	Representative Partner of Shimada, Hamba and Osajima (law firm)	¥3,000 thousand
	Shigeru Sugimoto	Representative of Sakura Horwath Audit Corporation	¥3,000 thousand
Independent Auditor	Ernst & Young ShinNihon LLC	—	¥15,250 thousand (Note 3)

(Note 1) Eiji Tokita retired from his position of President and CEO of Hulic Reit Management Co., Ltd. on February 24, 2021 and he assumed position as its Corporate Advisor on the same day.

(Note 2) 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 3) Compensation to the Independent Auditor includes compensation for auditing English financial statements and compensation for work to prepare comfort letters regarding issuance of investment corporation bonds.

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

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

(4) Asset Manager, Asset Custodian and Administrative Agents

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

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

3. Status of portfolio of the Investment Corporation

(1) Composition of the assets of the Investment Corporation

Type of assets	Category	Region (Note 1)	13th fiscal period (As of August 31, 2020)		14th fiscal period (As of February 28, 2021)	
			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	¥ 4,813	1.3	¥ 4,837	1.3
		Other wards of Tokyo	—	—	—	—
		Other	—	—	—	—
		Total	¥ 4,813	1.3	¥ 4,837	1.3
	Next- Generation Assets Plus	Six central wards of Tokyo	¥ —	—	¥ —	—
		Other wards of Tokyo	—	—	—	—
		Other	—	—	—	—
		Total	¥ —	—	¥ —	—
	Total real estate		¥ 4,813	1.3	¥ 4,837	1.3
Real estate in trust	Tokyo Commercial Properties	Six central wards of Tokyo	¥ 233,661	63.1	¥ 224,158	60.8
		Other wards of Tokyo	38,586	10.4	41,537	11.3
		Other	4,615	1.2	4,604	1.2
		Total	¥ 276,862	74.7	¥ 270,301	73.4
	Next- Generation Assets Plus	Six central wards of Tokyo	¥ 29,679	8.0	¥ 29,569	8.0
		Other wards of Tokyo	22,989	6.2	22,953	6.2
		Other	14,641	4.0	19,482	5.3
		Total	¥ 67,310	18.2	¥ 72,005	19.5
	Total real estate in trust		¥ 344,173	92.9	¥ 342,306	92.9
Total real estate and real estate in trust		¥ 348,987	94.2	¥ 347,144	94.2	
Deposits and other assets		¥ 21,500	5.8	¥ 21,256	5.8	
Total assets		¥ 370,487	100.0	¥ 368,400	100.0	

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

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

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

(2) Major assets held

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

Property name	Book value (Thousands of yen)	Leasable area (m ²) (Note 1)	Leased area (m ²) (Note 2)	Occupancy rate (%) (Note 3)	Percentage to total real estate leasing business revenues (%) (Note 4)	Primary asset class
Hulic Kamiyacho Building	¥ 55,508,571	32,487.06	32,487.06	100.0	14.3	Office property
Ochanomizu Sola City (Note 5)	36,505,158	13,923.42	13,885.63	99.7	(Note 6)	Office property
Hulic Ginza 7 Chome Building (Note 5)	21,166,513	11,405.68	11,405.68	100.0	5.4	Office property
Hulic Toranomom Building	17,875,406	8,574.65	8,574.65	100.0	4.7	Office property
Sotetsu Fresa Inn Ginza 7 Chome	11,400,086	6,984.32	6,984.32	100.0	2.3	Hotel
Hulic Kudan Building (Land)	11,191,213	3,351.07	3,351.07	100.0	2.6	Office property
Oimachi Redevelopment Building (#2)	9,477,359	14,485.66	14,485.66	100.0	3.1	Retail property
Toranomon First Garden (Note 5)	8,106,760	5,689.97	5,689.97	100.0	3.0	Office property
Hulic Shimura-sakaue	7,422,960	11,528.34	11,528.34	100.0	2.5	Retail property
Hulic Tsukiji 3 Chome Building	6,960,057	4,740.31	4,740.31	100.0	(Note 6)	Hotel
Total	¥185,614,086	113,170.48	113,132.69	100.0	—	

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

(Note 2) Leased area is equivalent to total floor area of leased space set out in the relevant lease agreements 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) The leasable area, leased area and occupancy rate of Ochanomizu Sola City show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (21.7%). For Hulic Ginza 7 Chome Building, leasable area, leased area and occupancy rate show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (95.0%). For Toranomom First Garden, leasable area shows figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.) On the other hand, a master lease is served on the whole building together with the exclusively owned portions owned by other unit owners, and as income and expenditure of the property is allocated according to the ratio of ownership interest of the partial ownership owned by each unit owner, the figure shown for occupancy rate is that of the entire building. Leased area shows amounts equivalent to the ratio of ownership interest of the partial ownership in the building held by the Investment Corporation (approximately 81.4%).

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

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

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

Category		Property name	Location (Note 1)	Asset type	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note 2)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	4-3-13 Toranomom, Minato-ku, Tokyo	Beneficial interests in real estate trust	¥ 55,508	¥ 66,300
		Hulic Kudan Building (Land)	1-13-5 Kudankita, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	11,191	13,200
		Toranomon First Garden	1-7-12 Toranomom, Minato-ku, Tokyo	Beneficial interests in real estate trust	8,106	12,400
		Rapiros Roppongi	6-1-24 Roppongi, Minato-ku, Tokyo	Beneficial interests in real estate trust	6,701	10,400
		Hulic Takadanobaba Building	3-19-10 Takada, Toshima-ku, Tokyo	Beneficial interests in real estate trust	3,731	5,130
		Hulic Kanda Building	1-16-5 Kandasudacho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	3,538	4,370
		Hulic Kandabashi Building	1-21-1 Kandinishikicho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	2,464	3,070
		Hulic Kakigaracho Building	1-28-5 Nihonbashikakigaracho, Chuo-ku, Tokyo	Beneficial interests in real estate trust	2,164	3,030
		Ochanomizu Sola City	4-6-1 Kanda Surugadai, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	36,505	45,136
		Hulic Higashi Ueno 1 Chome Building	1-7-15 Higashi Ueno, Taito-ku, Tokyo	Beneficial interests in real estate trust	2,736	3,220
		Tokyo Nishi Ikebukuro Building	1-7-7 Nishi Ikebukuro, Toshima-ku, Tokyo	Beneficial interests in real estate trust	1,592	2,030
		Hulic Toranomom Building	1-1-18 Toranomom, Minato-ku, Tokyo	Beneficial interests in real estate trust	17,875	22,000
		Hulic Shibuya 1 chome Building	1-3-9 Shibuya, Shibuya-ku, Tokyo	Beneficial interests in real estate trust	5,083	5,680
		Hulic Higashi Nihonbashi Building	1-1-5 Higashinihonbashi, Chuo-ku, Tokyo	Beneficial interests in real estate trust	3,445	3,750
		Hulic Jimbocho Building	2-2-31 Kanda Jimbocho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	1,548	1,710
		Hulic Ginza 7 Chome Building	7-3-5 Ginza, Chuo-ku, Tokyo	Beneficial interests in real estate trust	21,166	21,755
		Shinagawa Season Terrace	1-2-70 Kounan, Minato-ku, Tokyo	Beneficial interests in real estate trust	5,927	6,225
		Hulic Gotanda Yamate-dori Building	1-21-8 Nishigotanda, Shinagawa-ku, Tokyo	Real estate	3,577	3,520
		Bancho House	29-1 Ichibancho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	2,755	3,160
		Ebisu Minami Building	2-12-18 Ebisuminami, Shibuya-ku, Tokyo	Beneficial interests in real estate trust	2,433	2,550
		Hulic Iidabashi Building	2-6-6 Iidabashi, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	1,457	1,490
		Hulic Asakusabashi Building	1-22-16 Asakusabashi, Taito-ku, Tokyo	Beneficial interests in real estate trust	4,844	4,940
		Hulic Ebisu Building	3-15-7 Higashi, Shibuya-ku, Tokyo	Beneficial interests in real estate trust	1,282	1,350

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 Ryogoku Building	4-31-11 Ryogoku, Sumida-ku, Tokyo	Beneficial interests in real estate trust	5,582	5,796
		Hulic Asakusabashi Edo-dori	1-30-9 Asakusabashi, Taito-ku, Tokyo	Beneficial interests in real estate trust	5,474	5,598
		Hulic Nakano Building	4-44-18 Honcho, Nakano-ku, Tokyo	Beneficial interests in real estate trust	3,216	3,384
	Retail properties	Oimachi Redevelopment Building (#2)	5-20-1 Higashi-Oi, Shinagawa-ku, Tokyo	Beneficial interests in real estate trust	9,477	11,900
		Oimachi Redevelopment Building (#1)	5-18-1 Higashi-Oi, Shinagawa-ku, Tokyo	Beneficial interests in real estate trust	6,273	7,210
		Dining Square Akihabara Building	1-16-2 Kandasakumacho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	3,186	3,980
		Hulic Jingu-Mae Building	5-17-9 Jingumae, Shibuya-ku, Tokyo	Beneficial interests in real estate trust	2,647	3,600
		Hulic Shinjuku 3 Chome Building	3-17-2 Shinjuku, Shinjuku-ku, Tokyo	Beneficial interests in real estate trust and real estate	6,806	8,130
		Yokohama Yamashitacho Building	36-1, Yamashitacho, Naka-ku, Yokohama-shi, Kanagawa	Beneficial interests in real estate trust	4,604	4,750
		Orchid Square	1-2-11 Yurakucho, Chiyoda-ku, Tokyo	Beneficial interests in real estate trust	1,735	1,880
		Hulic Todoroki Building	3-5-2 Todoroki, Setagaya-ku, Tokyo	Beneficial interests in real estate trust	1,222	1,380
		HULIC &New SHIBUYA	31-1 Udagawa-cho, Shibuya-ku, Tokyo	Beneficial interests in real estate trust	3,104	3,380
		HULIC &New SHINBASHI	2-11-10 Shinbashi, Minato-ku, Tokyo	Beneficial interests in real estate trust	3,031	3,400
		Hulic Shimura-sakaue	3-20-1 Maeno-cho, Itabashi-ku, Tokyo, etc.	Beneficial interests in real estate trust	7,422	7,760
		Hulic Mejiro	3-4-11 Mejiro, Toshima-ku, Tokyo	Beneficial interests in real estate trust	5,714	5,870
Next-Generation Assets Plus	Private nursing homes	Aria Matsubara	5-34-6 Matsubara, Setagaya-ku, Tokyo	Beneficial interests in real estate trust	3,102	4,280
		Trust Garden Yoganomori	1-3-1 Yoga, Setagaya-ku, Tokyo	Beneficial interests in real estate trust	5,278	6,860
		Trust Garden Sakurashinmachi	2-11-1 Tsurumaki, Setagaya-ku, Tokyo	Beneficial interests in real estate trust	2,810	3,660
		Trust Garden Suginami Miyamae	2-11-10 Miyamae, Suginami-ku, Tokyo	Beneficial interests in real estate trust	2,712	3,550
		Trust Garden Tokiwamatsu	4-4-10 Higashi, Shibuya-ku, Tokyo	Beneficial interests in real estate trust	2,963	3,290
		SOMPO Care La vie Re Kita-Kamakura	2713-2 Aza Takano, Ofuna, Kamakura-shi, Kanagawa	Beneficial interests in real estate trust	1,721	1,770
		Charm Suite Shinjukutoyama	7-26-48 Shinjuku, Shinjuku-ku, Tokyo	Beneficial interests in real estate trust	3,356	3,520
		Charm Suite Shakujiikoen	5-13-7 Takanodai, Nerima-ku, Tokyo	Beneficial interests in real estate trust	3,235	3,270
	Network centers	Ikebukuro Network Center	4-30-17 Kami-Ikebukuro, Toshima-ku, Tokyo	Beneficial interests in real estate trust	4,464	5,230
		Tabata Network Center	6-2-8 Tabata, Kita-ku, Tokyo	Beneficial interests in real estate trust	1,347	1,530
		Hiroshima Network Center	2-6-6 Hikari-machi, Higashi-ku, Hiroshima-shi, Hiroshima	Beneficial interests in real estate trust	1,019	1,200

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	Network centers	Atsuta Network Center	20-1 Hatano-cho, Atsuta-ku, Nagoya-shi, Aichi	Beneficial interests in real estate trust	967	1,070
		Nagano Network Center	1600-12, Oaza Tsuruga Aza Naemahira, Nagano-shi, Nagano	Beneficial interests in real estate trust	293	362
		Chiba Network Center	1-1-1 Muzaigakuendai, Inzai-shi, Chiba	Beneficial interests in real estate trust	6,896	7,250
		Sapporo Network Center	2-4-1, Kita 9 Jonishi, Kita-ku, Sapporo-shi, Hokkaido	Beneficial interests in real estate trust	2,502	2,550
		Keihanna Network Center	113-1, Kizu Kumomura, Kizugawa-shi, Kyoto	Beneficial interests in real estate trust	1,172	1,300
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome	7-11-12 Ginza, Chuo-ku, Tokyo	Beneficial interests in real estate trust	11,400	12,300
		Sotetsu Fresa Inn Tokyo- Roppongi	3-10-1 Roppongi, Minato-ku, Tokyo	Beneficial interests in real estate trust	4,890	5,000
		Hulic Tsukiji 3 Chome Building	3-3-1 Tsukiji, Chuo-ku, Tokyo	Beneficial interests in real estate trust	6,960	7,290
	Other	Hulic Hachioji Building	15-3 Yokoyamacho, Hachioji-shi, Tokyo, etc.	Beneficial interests in real estate trust	4,907	5,229
Total					¥347,144	¥404,945

(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	13th fiscal period (From March 1, 2020 to August 31, 2020)				14th fiscal period (From September 1, 2020 to February 28, 2021)			
			Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate leasing business revenues (%) (Note 4)	Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate leasing business revenues (%) (Note 4)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	1	100.0	¥1,419,019	14.1	1	100.0	¥1,465,341	14.3
		Hulic Kudan Building (Land)	1	100.0	265,002	2.6	1	100.0	265,002	2.6
		Toranomon First Garden	1	100.0	307,543	3.1	1	100.0	310,212	3.0
		Rapiros Roppongi	1	100.0	330,632	3.3	1	100.0	341,741	3.3
		Hulic Takadanobaba Building	1	100.0	172,619	1.7	1	100.0	174,107	1.7
		Hulic Kanda Building	1	100.0	145,684	1.4	1	100.0	147,461	1.4
		Hulic Kandabashi Building	1	100.0	87,576	0.9	1	100.0	88,166	0.9
		Hulic Kakigaracho Building	1	100.0	103,521	1.0	1	100.0	105,696	1.0
		Ochanomizu Sola City	1	100.0	(Note 4)	(Note 4)	1	99.7	(Note 4)	(Note 4)
		Hulic Higashi Ueno 1 Chome Building	1	100.0	99,267	1.0	1	100.0	97,850	1.0
		Tokyo Nishi Ikebukuro Building	1	100.0	57,026	0.6	1	100.0	56,888	0.6
		Gate City Ohsaki	—	—	9,627	0.1	—	—	—	—
		Hulic Toranomon Building	1	100.0	479,784	4.8	1	100.0	480,592	4.7
		Hulic Shibuya 1 chome Building	1	100.0	132,393	1.3	1	100.0	133,983	1.3
		Hulic Higashi Nihonbashi Building	1	93.9	101,121	1.0	1	93.9	98,708	1.0
		Hulic Jimbocho Building	1	100.0	47,541	0.5	1	100.0	47,228	0.5
		Hulic Ginza 7 Chome Building	1	100.0	553,703	5.5	1	100.0	553,945	5.4
		Shinagawa Season Terrace	1	100.0	(Note 4)	(Note 4)	1	97.5	(Note 4)	(Note 4)
		Hulic Gotanda Yamate-dori Building	1	100.0	117,765	1.2	1	85.4	113,592	1.1
		Hulic Nihonbashi Honcho 1 Chome Building	1	100.0	105,973	1.1	—	—	27,557	0.3
		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	44,671	0.4	1	88.5	41,705	0.4
		Hulic Asakusabashi Building	1	100.0	214,185	2.1	1	100.0	234,090	2.3
		Hulic Ebisu Building	1	100.0	37,012	0.4	1	100.0	38,072	0.4
		Hulic Ryogoku Building	1	100.0	130,749	1.3	1	100.0	154,796	1.5
		Hulic Asakusabashi Edo-dori	1	100.0	120,995	1.2	1	100.0	143,673	1.4
		Hulic Nakano Building	—	—	—	—	1	100.0	68,298	0.7
	Retail properties	Oimachi Redevelopment Building (#2)	1	100.0	312,000	3.1	1	100.0	312,000	3.1
		Oimachi Redevelopment Building (#1)	1	100.0	218,931	2.2	1	100.0	218,931	2.1
		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	80,671	0.8	1	93.4	85,912	0.8

Category		Property name	13th fiscal period (From March 1, 2020 to August 31, 2020)				14th fiscal period (From September 1, 2020 to February 28, 2021)			
			Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate leasing business revenues (%) (Note 4)	Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate leasing business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate leasing business revenues (%) (Note 4)
Tokyo Commercial Properties	Retail properties	Hulic Shinjuku 3 Chome Building	2	100.0	179,198 (Note 5)	1.8 (Note 5)	2	100.0	179,625 (Note 5)	1.8 (Note 5)
		Yokohama Yamashitacho Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Orchid Square	1	65.1	97,095	1.0	1	65.1	40,653	0.4
		Hulic Todoroki Building	1	100.0	52,797	0.5	1	100.0	52,498	0.5
		Hulic Omori Building	1	100.0	105,311	1.0	—	—	29,223	0.3
		HULIC &New SHIBUYA	1	100.0	69,373	0.7	1	100.0	84,260	0.8
		HULIC &New SHINBASHI	1	100.0	80,779	0.8	1	100.0	84,715	0.8
		Hulic Shimura-sakaue	1	100.0	256,179	2.5	1	100.0	256,470	2.5
		Hulic Mejiro	1	100.0	126,145	1.3	1	100.0	148,168	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)
	Network centers	Ikebukuro Network Center	1	100.0	130,176	1.3	1	100.0	130,176	1.3
		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	0.4	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	2.1	1	100.0	214,687	2.1
		Sapporo Network Center	1	100.0	80,358	0.8	1	100.0	80,358	0.8
		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	2.4	1	100.0	240,000	2.3
		Sotetsu Fresa Inn Tokyo-Roppongi	1	100.0	108,400	1.1	1	100.0	108,000	1.1
		Hulic Tsukiji 3 Chome Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
Other	Hulic Hachioji Building	—	—	—	—	1	100.0	113,788	1.1	
Total			59	99.8	¥10,060,473	100.0	59	99.6	¥10,225,259	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). For Shinagawa Season Terrace, the number of tenants is stated as 1, because NTT Urban Development Corporation receives rent from each end-tenant for the entire building. For Hulic Shinjuku 3 Chome Building, the number of tenants is stated as 2, because in addition to the master lease agreement entered for the building, a part of the land is being leased to the building owner.

(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.
- (Note 5) The Investment Corporation has not obtained permission from the tenant, end-tenant or other relevant party of Hulic Shinjuku 3 Chome Building to disclose information on the partial right of land additionally acquired on February 13, 2020. Accordingly, the contracted rent relating to the partial right of land is excluded from the calculation of real estate leasing business revenues during the period and percentage to total real estate leasing business revenues.

(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 February 28, 2021 is as follows:

Category	Type	Contracted amount (Millions of yen) (Note 1)		Fair value (Millions of yen) (Note 2)
			Portion due after 1 year (Note 1)	
Off-market- transaction	Interest rate swap transaction			
	Payment: fixed interest rate Receipt: floating interest rate	¥ 94,133	¥ 79,453	¥ —
Total		¥ 94,133	¥ 79,453	¥ —

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

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

(5) Status of other assets

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

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

(6) Status of asset holding by country and region

Not applicable for countries and regions other than Japan.

4. Capital expenditures for properties held

(1) Schedule of capital expenditures

For each asset held by the Investment Corporation as of February 28, 2021, the main capital expenditures for renovation work, etc. scheduled as of February 28, 2021 (the end of the 14th fiscal period) are as below. Estimated capital expenditure for work shown below includes parts that are charged to expenses.

Property name	Location	Purpose	Scheduled period	Estimated capital expenditure for work (Millions of yen)		
				Total amount	Payment during the period	Total amount paid
Hulic Higashi Nihonbashi Building	Chuo-ku, Tokyo	Renovation work for mechanical parking lot	From May 2021 to August 2021	¥ 120	¥ –	¥ –
Hulic Takadanobaba Building	Toshima-ku, Tokyo	Renewal work for elevator	From May 2021 to February 2022	54		
Hulic Jimbocho Building	Chiyoda-ku, Tokyo	Renewal work for elevator	From December 2021 to January 2022	15		
Oimachi Redevelopment Building (#1)	Shinagawa-ku, Tokyo	Renewal work for escalator control system	From March 2021 to September 2022	93	–	–

(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 ¥325,772 thousand and repair expenses were ¥126,776 thousand. In aggregate, construction work in the amount of ¥452,549 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 cooling tower	From February 2021 to February 2021	¥ 36
Other				289
Total				¥ 325

(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	13th fiscal period (From March 1, 2020 to August 31, 2020)	14th fiscal period (From September 1, 2020 to February 28, 2021)
(a) Asset management fee	¥1,083,340 thousand	¥1,256,800 thousand
(b) Asset custody fee	¥15,056 thousand	¥15,549 thousand
(c) Administrative service fees	¥47,342 thousand	¥49,329 thousand
(d) Remuneration for directors (and other officers)	¥6,000 thousand	¥6,000 thousand
(e) Other operating expenses	¥141,576 thousand	¥189,303 thousand
Total	¥1,293,316 thousand	¥1,516,982 thousand

(Note) Other than the amount stated above, asset management fee includes the portion of compensations associated with a property acquisition factored into the book value of the individual properties (the 13th fiscal period: ¥59,180 thousand; the 14th fiscal period: ¥20,250 thousand) and the portion of compensations associated with a property transfer deducted from gain on sales of real estate properties of the individual properties (the 13th fiscal period: ¥24,000 thousand; the 14th fiscal period: ¥36,375 thousand).

(2) Status of borrowings

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

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Short-term borrowings	Mizuho Bank, Ltd. (Note 4)	December 20, 2019	¥ 1,500	¥ —	0.3653%	December 18, 2020	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation (Note 4)		1,050	—					
	MUFG Bank, Ltd. (Note 4)		450	—					
	Mizuho Bank, Ltd. (Note 5)	March 26, 2020	12,000	—	0.3676%	February 28, 2021			
	Mizuho Bank, Ltd.		1,980	1,980					
	Sumitomo Mitsui Banking Corporation	August 7, 2020	1,386	1,386	0.3724%	August 6, 2021			
	MUFG Bank, Ltd.		594	594					
	Subtotal		¥ 18,960	¥ 3,960					
Long-term borrowings	Mizuho Bank, Ltd.	February 7, 2014	¥ 2,560	¥ —	1.1713%	February 7, 2021	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		1,950	—					
	MUFG Bank, Ltd.		1,060	—					
	Mizuho Trust & Banking Co., Ltd.		1,050	—					
	Sumitomo Mitsui Trust Bank, Limited		1,660	—					
	Resona Bank, Limited		270	—					
	Mizuho Bank, Ltd.	February 27, 2015	2,800	2,800	0.6750%	August 31, 2021			
	Sumitomo Mitsui Banking Corporation		2,110	2,110					
	MUFG Bank, Ltd.		830	830					
	Mizuho Trust & Banking Co., Ltd.		790	790					
	Aozora Bank, Ltd.		300	300					
	Shinsei Bank, Limited		300	300					
	Mizuho Bank, Ltd.	February 27, 2015	2,385	2,385	0.7730%	February 28, 2022			
	Sumitomo Mitsui Banking Corporation		1,710	1,710					
	MUFG Bank, Ltd.		1,055	1,055					
	Mizuho Trust & Banking Co., Ltd.		800	800					

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term borrowings	Sumitomo Mitsui Trust Bank, Limited	February 27, 2015	1,400	1,400	0.7730%	February 28, 2022	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Resona Bank, Limited		200	200					
	Mizuho Bank, Ltd.	August 31, 2017	150	150	0.4173%	February 28, 2022			
	Sumitomo Mitsui Banking Corporation		75	75					
	MUFG Bank, Ltd.		75	75					
	Mizuho Trust & Banking Co., Ltd.		72	72					
	Sumitomo Mitsui Trust Bank, Limited		128	128					
	The Norinchukin Bank		500	500					
	Development Bank of Japan Inc.	February 7, 2014	2,450	2,450	1.6100%	August 7, 2022			
	Mizuho Bank, Ltd.	August 31, 2015	1,144	1,144	0.7488%	August 31, 2022			
	MUFG Bank, Ltd.		710	710					
	Mizuho Trust & Banking Co., Ltd.		549	549					
	Sumitomo Mitsui Trust Bank, Limited		414	414					
	The Norinchukin Bank		414	414					
	Resona Bank, Limited		125	125					
	Development Bank of Japan Inc.	August 31, 2015	414	414	0.7550%	August 31, 2022			
	Mizuho Bank, Ltd.	February 7, 2017	650	650	0.5538%	August 31, 2022			
	Sumitomo Mitsui Banking Corporation		500	500					
	MUFG Bank, Ltd.		200	200					
	Mizuho Trust & Banking Co., Ltd.		450	450					
	Sumitomo Mitsui Trust Bank, Limited		445	445					
	The Norinchukin Bank		445	445					
	Resona Bank, Limited		150	150					
	Mizuho Bank, Ltd.	February 29, 2016	1,350	1,350	0.4099%	February 28, 2023			
	Sumitomo Mitsui Banking Corporation		800	800					
	MUFG Bank, Ltd.		550	550					
	Mizuho Trust & Banking Co., Ltd.		530	530					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	The Norinchukin Bank		400	400					
	Resona Bank, Limited		243	243					
	Shinkin Central Bank		141	141					
	Aozora Bank, Ltd.		141	141					
	Mizuho Bank, Ltd.	February 7, 2017	1,500	1,500	0.6031%	February 28, 2023			
	Sumitomo Mitsui Banking Corporation		1,200	1,200					
	MUFG Bank, Ltd.		300	300					
	Mizuho Trust & Banking Co., Ltd.		450	450					
Sumitomo Mitsui Trust Bank, Limited	245		245						
The Norinchukin Bank	245		245						
Resona Bank, Limited	150		150						
Sompo Japan Insurance Inc.	February 7, 2019	500	500	0.4100%	February 28, 2023				
Mitsui Sumitomo Insurance Company, Limited		500	500						

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term borrowings	MUFG Bank, Ltd.	February 8, 2021	–	1,060	0.2225%	May 31, 2023	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Mizuho Bank, Ltd.	February 29, 2016	1,377	1,377	0.4620%	August 31, 2023			
	Sumitomo Mitsui Banking Corporation		839	839					
	MUFG Bank, Ltd.		565	565					
	Mizuho Trust & Banking Co., Ltd.		546	546					
	Sumitomo Mitsui Trust Bank, Limited		409	409					
	Shinsei Bank, Limited		141	141					
	Mizuho Bank, Ltd.	February 7, 2017	1,863	1,863	0.6564%	August 31, 2023			
	Sumitomo Mitsui Banking Corporation		1,411	1,411					
	MUFG Bank, Ltd.		600	600					
	Mizuho Trust & Banking Co., Ltd.		917	917					
	Sumitomo Mitsui Trust Bank, Limited		500	500					
	The Norinchukin Bank		500	500					
	Resona Bank, Limited		302	302					
	Mizuho Bank, Ltd.	August 31, 2020	200	200	0.2665%	August 31, 2023			
	MUFG Bank, Ltd.		350	350					
	Sumitomo Mitsui Trust Bank, Limited		300	300					
	Mizuho Bank, Ltd.	February 7, 2014	400	400	1.8188%	February 7, 2024			
	Sumitomo Mitsui Banking Corporation		300	300					
	MUFG Bank, Ltd.		300	300					
	Development Bank of Japan Inc.	February 29, 2016	809	809	0.5188%	February 29, 2024			
	Nippon Life Insurance Company		500	500					
	Mizuho Bank, Ltd.	February 7, 2017	1,000	1,000	0.6485%	February 29, 2024			
	Sumitomo Mitsui Banking Corporation		1,977	1,977					
	MUFG Bank, Ltd.		1,719	1,719					
	Mizuho Trust & Banking Co., Ltd.		600	600					
	Sumitomo Mitsui Trust Bank, Limited		569	569					
	The Norinchukin Bank		569	569					
	Nippon Life Insurance Company	February 7, 2019	500	500	0.4600%	February 29, 2024			
	Development Bank of Japan Inc.	February 27, 2015	1,900	1,900	1.1738%	August 30, 2024			
Meiji Yasuda Life Insurance Company	February 29, 2016	500	500	0.5932%	August 30, 2024				
Mizuho Bank, Ltd.	February 7, 2017	1,754	1,754	0.7800%	August 30, 2024				
Mizuho Bank, Ltd.	August 31, 2017	1,400	1,400	0.5913%	August 30, 2024				
Sumitomo Mitsui Banking Corporation		1,048	1,048						
MUFG Bank, Ltd.		705	705						
Mizuho Trust & Banking Co., Ltd.		622	622						
Sumitomo Mitsui Trust Bank, Limited		610	610						
The Norinchukin Bank		520	520						
Resona Bank, Limited		215	215						

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term borrowings	Shinkin Central Bank	August 31, 2017	140	140	0.5913%	August 30, 2024	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	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					
	Mizuho Bank, Ltd.	February 27, 2015	250	250	1.4600%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		125	125					
	MUFG Bank, Ltd.		125	125					
	Mizuho Bank, Ltd.	February 29, 2016	250	250	0.7275%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		125	125					
	MUFG Bank, Ltd.		125	125					
	Development Bank of Japan Inc.	February 7, 2017	969	969	0.8500%	February 28, 2025			
	Mizuho Bank, Ltd.	August 31, 2017	1,725	1,725	0.6574%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		1,203	1,203					
	MUFG Bank, Ltd.		753	753					
	Mizuho Trust & Banking Co., Ltd.		722	722					
	Development Bank of Japan Inc.		1,010	1,010					
	Sumitomo Mitsui Trust Bank, Limited		682	682					
	The Norinchukin Bank		400	400					
	Resona Bank, Limited		215	215					
	Shinkin Central Bank		140	140					
	Shinsei Bank, Limited		140	140					
	Mizuho Bank, Ltd.	February 7, 2019	200	200	0.4133%	February 28, 2025			
	Mizuho Trust & Banking Co., Ltd.		200	200					
	Sumitomo Mitsui Trust Bank, Limited		200	200					
	The Norinchukin Bank		450	450					
Resona Bank, Limited	140		140						
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						

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term borrowings	Mizuho Bank, Ltd.	February 7, 2019	500	500	0.5700%	August 29, 2025	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Development Bank of Japan Inc.		1,200	1,200					
	Aozora Bank, Ltd.		600	600					
	Mizuho Bank, Ltd.	February 28, 2020	170	170	0.2845%	August 29, 2025			
	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					
	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					
	Shinsei Bank, Limited		450	450					
	Mizuho Bank, Ltd.	February 7, 2019	3,420	3,420	0.5840%	August 31, 2026			
	Sumitomo Mitsui Banking Corporation		2,700	2,700					
	MUFG Bank, Ltd.		1,600	1,600					
	Mizuho Trust & Banking Co., Ltd.		1,050	1,050					
	Sumitomo Mitsui Trust Bank, Limited		300	300					
	The Norinchukin Bank		1,000	1,000					
	Mizuho Bank, Ltd.	February 27, 2015	150	150	1.7500%	February 26, 2027			
	Sumitomo Mitsui Banking Corporation		75	75					
	MUFG Bank, Ltd.		75	75					
	Mizuho Bank, Ltd.	August 30, 2019	1,000	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					
	Shinsei Bank, Limited		300	300					
Mizuho Trust & Banking Co., Ltd.	300		300						
Shinkin Central Bank	200		200						
Resona Bank, Limited	170		170						
Mizuho Bank, Ltd.	February 28, 2020		980	980			0.3920%	February 26, 2027	
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						

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term borrowings	Shinsei Bank, Limited	February 28, 2020	510	510	0.3920%	February 26, 2027	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Mitsui Sumitomo Insurance Company, Limited		290	290					
	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					
	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			
	Sumitomo Mitsui Banking Corporation	February 8, 2021	—	1,950	0.4520%	January 31, 2028			
	Mitsui Sumitomo Insurance Company, Limited		—	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					
	Development Bank of Japan Inc.	August 31, 2020	1,000	1,000	0.6346%	August 31, 2028			
	Aozora Bank, Ltd.		900	900					
	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	0.5900%	February 28, 2029			
	Sumitomo Mitsui Trust Bank, Limited		—	1,660					
	Resona Bank, Limited		—	970					
	Shinkin Central Bank		—	1,000					
	Shinsei Bank, Limited		—	500					
	The 77 Bank, Ltd.		—	500					
	The Nishi-Nippon City Bank, Ltd.		—	500					
	The Gunma Bank, Ltd.		—	500					
	The Higo Bank, Ltd.		—	500					
	The Norinchukin Bank		—	1,000					
	Development Bank of Japan Inc.	February 8, 2021	—	600	0.6900%	August 31, 2029			
Aozora Bank, Ltd.	—		1,200						
Mizuho Bank, Ltd.	February 8, 2021	—	3,060	0.7200%	February 28, 2030				
Mizuho Trust & Banking Co., Ltd.		—	1,050						
	Subtotal		¥ 141,816	¥ 150,816					
	Total		¥ 160,776	¥ 154,776					

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

(Note 2) Long-term borrowings are borrowings that carry fixed interest. (Includes borrowings that have had the interest fixed by using interest rate swaps.)

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

(Note 4) The Investment Corporation made early repayment of the amount on October 30, 2020.

(Note 5) The Investment Corporation made early partial repayment of ¥1,000 million on October 30, 2020 and early repayment of the remaining amount on February 8, 2021.

(3) Investment corporation bonds

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

Bond name	Issuance date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Interest rate (%)	Repayment date	Repayment method	Use	Remarks
First Series Unsecured Investment Corporation Bond	August 31, 2015	¥ 2,000	¥ 2,000	0.950	August 29, 2025	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
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	0.270	October 29, 2025	Lump-sum repayment	(Note 1)	Unsecured (Note 2)
Total		¥ 12,000	¥ 15,000					

(Note 1) Specific use of the proceeds is to be allocated to 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 value (Millions of yen) (Note 1)	Transfer date	Transfer value (Millions of yen) (Note 1)	Book value (Millions of yen) (Note 2)	Gain (loss) on transfer (Millions of yen) (Note 3)
Beneficial interests in real estate trust	Hulic Nakano Building	October 16, 2020	¥ 3,200	–	¥ –	¥ –	¥ –
Beneficial interests in real estate trust	Hulic Hachioji Building	October 16, 2020	4,900	–	–	–	–
Beneficial interests in real estate trust	Hulic Nihonbashi Honcho 1 Chome Building	–	–	October 15, 2020	4,450	4,003	416
Beneficial interests in real estate trust	Hulic Omori Building	–	–	October 16, 2020	3,705	3,357	330
Beneficial interests in real estate trust	Orchid Square (Note 4)	–	–	October 16, 2020	1,945	1,736	197
Total		–	¥ 8,100	–	¥10,100	¥ 9,097	¥ 945

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

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

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

(Note 4) Transfer value, book value and gain (loss) on transfer for this property show the amounts equivalent to 50% of the 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 value / transfer value (Millions of yen) (Note 1)	Appraisal value (Millions of yen) (Note 2)	Appraisal agency	Valuation date
Acquisition	Beneficial interests in real estate trust	Hulic Nakano Building	October 16, 2020	¥ 3,200	¥ 3,366	Japan Real Estate Institute	September 1, 2020
Acquisition	Beneficial interests in real estate trust	Hulic Hachioji Building	October 16, 2020	4,900	5,229	Japan Real Estate Institute	September 1, 2020
Transfer	Beneficial interests in real estate trust	Hulic Nihonbashi Honcho 1 Chome Building	October 15, 2020	4,450	4,310	Daiwa Real Estate Appraisal Co., Ltd.	August 31, 2020
Transfer	Beneficial interests in real estate trust	Hulic Omori Building	October 16, 2020	3,705	3,700	CBRE K.K.	August 31, 2020
Transfer	Beneficial interests in real estate trust	Orchid Square	October 16, 2020	1,945	1,935 (Note 3)	Daiwa Real Estate Appraisal Co., Ltd.	August 31, 2020
Total				¥ 18,200	¥ 18,540	—	—

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

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

(Note 3) The value shows an amount calculated by multiplying the appraisal value of the overall property by the quasi co-ownership interest (50.0%) 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	¥8,100 million	¥10,100 million
Breakdown of transactions with interested person, etc.		
Hulic Co., Ltd.	¥8,100 million (100.0%)	¥5,650 million (55.9%)
Total	¥8,100 million (100.0%)	¥5,650 million (55.9%)

(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	¥ 598,690	Hulic Building Management Co., Ltd.	¥ 146,340	24.4
		Tokyo Fudosan Kanri Co., Ltd.	¥ 78,405	13.1
		Heiwa Kanzai Co., Ltd.	¥ 5,512	0.9
Other expenses related to leasing business	¥ 361,953	Hulic Building Management Co., Ltd.	¥ 9,502	2.6
		Tokyo Fudosan Kanri Co., Ltd.	¥ 889	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 fiscal period under review are as follows:

Hulic Build Co., Ltd.	¥15,741 thousand
Tokyo Fudosan Kanri Co., Ltd.	¥13,589 thousand
Hulic Building Management Co., Ltd.	¥3,773 thousand

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

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

7. Financial information

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

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

(2) Changes in the calculation method of depreciation expenses

Not applicable.

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

Not applicable.

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

Not applicable.

(5) Disclosure regarding corporation holding overseas real estate

Not applicable.

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

Not applicable.

8. Other

(1) Announcements

i) General Meeting of Unitholders

Not applicable.

ii) Meeting of Board of Directors of the Investment Corporation

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

Date of Board of Directors meeting	Approved items	Outline
December 3, 2020	Comprehensive resolution on issuance of investment corporation bonds and associated consignment of general administrative duties	The Board of Directors made a comprehensive resolution relating to the issuance of investment corporation bonds with a total issue amount to be within ¥15,000 million and an issuance period from January 1, 2021 to June 29, 2021. The Board of Directors approved candidate companies for consignment of administrative duties relating to offering the investment corporation bonds as well as administrative duties relating to receiving requests relating to exercise of rights of investment corporation bonds and other applications from investment corporation bondholders, and operations during the term of the investment corporation bonds (including duties of the fiscal agent, issuing agent and paying agent). The Board of Directors delegated selection of the consignee for general administrative duties relating to the investment corporation bonds and decision making on the scope and the specific consignment conditions of consignment of general administrative duties, and all the necessary matters related to the consignment of administrative operations to the executive officer.

(2) Others

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

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

III. Balance Sheet

(Unit: thousands of yen)

	Previous fiscal period (Reference) (As of August 31, 2020)	Reporting period (As of February 28, 2021)
Assets		
Current assets		
Cash and deposits	12,245,579	11,543,492
Cash and deposits in trust	7,701,626	7,955,014
Operating accounts receivable	171,014	134,166
Prepaid expenses	43,705	47,759
Total current assets	20,161,925	19,680,432
Noncurrent assets		
Property, plant and equipment		
Buildings	670,500	684,766
Accumulated depreciation	(31,201)	(39,574)
Buildings, net	639,298	645,191
Land	1,831,442	1,849,447
Buildings in trust	73,144,898	74,080,029
Accumulated depreciation	(9,024,783)	(10,085,773)
Buildings in trust, net	64,120,115	63,994,255
Structures in trust	402,327	414,041
Accumulated depreciation	(140,483)	(154,034)
Structures in trust, net	261,843	260,007
Machinery and equipment in trust	363,851	376,019
Accumulated depreciation	(179,780)	(200,498)
Machinery and equipment in trust, net	184,070	175,520
Tools, furniture and fixtures in trust	90,203	90,095
Accumulated depreciation	(27,680)	(34,286)
Tools, furniture and fixtures in trust, net	62,522	55,808
Land in trust	270,737,589	269,041,070
Construction in progress in trust	22,312	–
Total property, plant and equipment	337,859,195	336,021,301
Intangible assets		
Leasehold interests in land	2,343,025	2,343,025
Land leasehold interests in trust	8,784,984	8,779,682
Other	–	8,985
Total intangible assets	11,128,010	11,131,693
Investments and other assets		
Leasehold and guarantee deposits	360,302	419,955
Long-term prepaid expenses	864,175	1,032,215
Deferred tax assets	26	–
Total investments and other assets	1,224,504	1,452,171
Total noncurrent assets	350,211,711	348,605,166
Deferred assets		
Investment unit issuance costs	43,623	27,470
Investment corporation bond issuance costs	70,314	87,658
Total deferred assets	113,938	115,128
Total assets	370,487,574	368,400,728

(Unit: thousands of yen)

	Previous fiscal period (Reference) (As of August 31, 2020)	Reporting period (As of February 28, 2021)
Liabilities		
Current liabilities		
Operating accounts payable	686,557	610,323
Short-term borrowings	18,960,000	3,960,000
Current portion of long-term borrowings	15,680,000	15,680,000
Accounts payable - other	1,287,412	1,481,175
Accrued expenses	37,689	25,560
Income taxes payable	1,140	77,671
Accrued consumption taxes	228,380	446,953
Advances received	1,713,009	1,653,922
Deposits received	362	5,578
Total current liabilities	38,594,551	23,941,186
Noncurrent liabilities		
Investment corporation bonds	12,000,000	15,000,000
Long-term borrowings	126,136,000	135,136,000
Leasehold and guarantee deposits received	131,075	131,075
Leasehold and guarantee deposits received in trust	14,482,762	14,696,271
Asset retirement obligations	282,922	283,601
Total noncurrent liabilities	153,032,760	165,246,948
Total liabilities	191,627,311	189,188,135
Net assets		
Unitholders' equity		
Unitholders' capital	173,778,746	173,778,746
Deduction from unitholders' capital		
Allowance for temporary difference adjustments	*2 (1,312)	*2 (3,936)
Total deduction from unitholders' capital	(1,312)	(3,936)
Unitholders' capital, net	173,777,434	173,774,810
Surplus		
Unappropriated retained earnings	5,082,828	5,437,782
Total surplus	5,082,828	5,437,782
Total unitholders' equity	178,860,262	179,212,592
Total net assets	*3 178,860,262	*3 179,212,592
Total liabilities and net assets	370,487,574	368,400,728

IV. Statement of Income and Retained Earnings

(Unit: thousands of yen)

	Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)
Operating revenues		
Leasing business revenue	*1, *3 9,610,701	*1, *3 9,737,884
Other leasing business revenues	*1 449,771	*1 487,374
Gain on sales of real estate properties	*2 530,987	*2, *3 945,510
Total operating revenues	10,591,461	11,170,769
Operating expenses		
Expenses related to leasing business	*1 3,515,691	*1 3,421,533
Asset management fee	1,083,340	1,256,800
Asset custody fee	15,056	15,549
Administrative service fees	47,342	49,329
Remuneration for directors (and other officers)	6,000	6,000
Other operating expenses	141,576	189,303
Total operating expenses	4,809,008	4,938,515
Operating profit	5,782,453	6,232,254
Non-operating income		
Interest income	81	91
Gain on forfeiture of unclaimed dividends	310	243
Interest on tax refund	1,300	—
Total non-operating income	1,692	335
Non-operating expenses		
Interest expenses	479,024	479,149
Interest expenses on investment corporation bonds	44,627	47,252
Borrowing related expenses	151,032	168,386
Amortization of investment unit issuance costs	21,382	16,153
Amortization of investment corporation bond issuance costs	4,780	6,293
Total non-operating expenses	700,847	717,235
Ordinary profit	5,083,298	5,515,354
Profit before income taxes	5,083,298	5,515,354
Income taxes - current	1,152	77,685
Income taxes - deferred	15	26
Total income taxes	1,167	77,712
Profit	5,082,130	5,437,642
Retained earnings brought forward	697	140
Unappropriated retained earnings	5,082,828	5,437,782

V. Statement of Changes in Net Assets

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)

(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	173,778,746	—	—	173,778,746	4,633,369	4,633,369	178,412,115	178,412,115
Changes during the period								
Dividends of surplus	—	—	—	—	(4,632,672)	(4,632,672)	(4,632,672)	(4,632,672)
Distributions in excess of earnings from allowance for temporary difference adjustments	—	(1,312)	(1,312)	(1,312)	—	—	(1,312)	(1,312)
Profit	—	—	—	—	5,082,130	5,082,130	5,082,130	5,082,130
Total changes during the period	—	(1,312)	(1,312)	(1,312)	449,458	449,458	448,146	448,146
Balance at the end of the period	*1 173,778,746	(1,312)	(1,312)	173,777,434	5,082,828	5,082,828	178,860,262	178,860,262

Reporting period (From September 1, 2020 to February 28, 2021)

(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	173,778,746	(1,312)	(1,312)	173,777,434	5,082,828	5,082,828	178,860,262	178,860,262
Changes during the period								
Dividends of surplus	—	—	—	—	(5,082,688)	(5,082,688)	(5,082,688)	(5,082,688)
Distributions in excess of earnings from allowance for temporary difference adjustments	—	(2,624)	(2,624)	(2,624)	—	—	(2,624)	(2,624)
Profit	—	—	—	—	5,437,642	5,437,642	5,437,642	5,437,642
Total changes during the period	—	(2,624)	(2,624)	(2,624)	354,954	354,954	352,330	352,330
Balance at the end of the period	*1 173,778,746	(3,936)	(3,936)	173,774,810	5,437,782	5,437,782	179,212,592	179,212,592

VI. Notes

[Notes on Significant Accounting Policies]

Item	Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)
1. Method of depreciation and amortization of noncurrent assets	(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The estimated useful lives of property, plant and equipment are listed below. Buildings 3 to 64 years Structures 4 to 20 years Machinery and equipment 3 to 10 years Tools, furniture and fixtures 3 to 15 years (2) Intangible assets The straight-line method is used. Internal use software is amortized over the estimated useful life (5 years). (3) Long-term prepaid expenses The straight-line method is used.	(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The estimated useful lives of property, plant and equipment are listed below. Buildings 3 to 64 years Structures 4 to 20 years Machinery and equipment 3 to 10 years Tools, furniture and fixtures 3 to 15 years (2) Intangible assets The straight-line method is used. Internal use software is amortized over the estimated useful life (5 years). (3) Long-term prepaid expenses The straight-line method is used.
2. Accounting method for deferred assets	(1) Investment corporation bond issuance costs Amortized by the straight-line method over period until redemption. (2) Investment unit issuance costs Amortized by the straight-line method over a three-year period.	(1) Investment corporation bond issuance costs Amortized by the straight-line method over period until redemption. (2) Investment unit issuance costs Amortized by the straight-line method over a three-year period.
3. Recognition of revenue and expenses	Fixed asset tax and related taxes For fixed asset tax, city planning tax, depreciable asset tax, etc. for real estate properties held, the amount of tax levied corresponding to the relevant accounting period is recorded as expenses related to leasing business. The amount equivalent to fixed asset tax and related taxes for the fiscal year that includes the date on which we paid settlement money to the transferor for acquisition of real estate, etc. is not recorded as expenses related to leasing business but included in the acquisition costs for the related properties. The amount equivalent to fixed asset tax included in acquisition costs for properties for the reporting period was ¥80,411 thousand.	Fixed asset tax and related taxes For fixed asset tax, city planning tax, depreciable asset tax, etc. for real estate properties held, the amount of tax levied corresponding to the relevant accounting period is recorded as expenses related to leasing business. The amount equivalent to fixed asset tax and related taxes for the fiscal year that includes the date on which we paid settlement money to the transferor for acquisition of real estate, etc. is not recorded as expenses related to leasing business but included in the acquisition costs for the related properties. The amount equivalent to fixed asset tax included in acquisition costs for properties for the reporting period was ¥5,563 thousand.
4. Method of hedge accounting	(1) Method of hedge accounting Deferred hedge accounting is used for interest rate swaps. For interest rate swaps that satisfy requirements for special treatments, however, special treatment is used. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings (3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of the Investment Corporation pursuant to the basic policy of risk management. (4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.	(1) Method of hedge accounting Deferred hedge accounting is used for interest rate swaps. For interest rate swaps that satisfy requirements for special treatments, however, special treatment is used. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings (3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of the Investment Corporation pursuant to the basic policy of risk management. (4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.

Item	Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)
5. Other significant information for preparation of financial statements	<p>(1) Accounting method for beneficial interests in trust in real estate</p> <p>With regard to beneficial interests in trust in real estate, all assets and liabilities within assets in trust as well as all revenue and expense items associated with assets in trust are accounted for under the respective account items of the balance sheet and statement of income and retained earnings. Of the assets in trust accounted for under the respective account items, the following significant items are separately indicated on the balance sheet:</p> <ul style="list-style-type: none"> i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; land in trust; and construction in progress in trust iii) Land leasehold interests in trust iv) Leasehold and guarantee deposits received in trust <p>(2) Accounting method for consumption taxes</p> <p>Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for acquisition of assets are included in acquisition cost for each asset.</p>	<p>(1) Accounting method for beneficial interests in trust in real estate</p> <p>With regard to beneficial interests in trust in real estate, all assets and liabilities within assets in trust as well as all revenue and expense items associated with assets in trust are accounted for under the respective account items of the balance sheet and statement of income and retained earnings. Of the assets in trust accounted for under the respective account items, the following significant items are separately indicated on the balance sheet:</p> <ul style="list-style-type: none"> i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; and land in trust iii) Land leasehold interests in trust iv) Leasehold and guarantee deposits received in trust <p>(2) Accounting method for consumption taxes</p> <p>Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for acquisition of assets are included in acquisition cost for each asset.</p>

[Notes to Balance Sheet]

Previous fiscal period (Reference) (As of August 31, 2020)	Reporting period (As of February 28, 2021)																																
<p>1. Commitment line contracts</p> <p>The Investment Corporation has commitment line contracts with the banks with which it does business.</p> <p>Total amount of commitment line contracts ¥12,000,000 thousand</p> <p>Balance of borrowings outstanding —</p>	<p>1. Commitment line contracts</p> <p>The Investment Corporation has commitment line contracts with the banks with which it does business.</p> <p>Total amount of commitment line contracts ¥13,000,000 thousand</p> <p>Balance of borrowings outstanding —</p>																																
Difference ¥12,000,000 thousand	Difference ¥13,000,000 thousand																																
<p>*2. Allowance for temporary difference adjustments</p> <p>1. Reason for provision and reversal, related assets, etc., and amount provided</p> <table border="1"> <thead> <tr> <th>Related assets, etc.</th><th>Buildings in trust</th></tr> </thead> <tbody> <tr> <td>Reason</td><td>Discrepancies in tax and accounting treatment in connection with the recognition of expenses related to asset retirement obligations</td></tr> <tr> <td>Initial amount</td><td>¥1,312 thousand</td></tr> <tr> <td>Balance at the beginning of the period</td><td>—</td></tr> <tr> <td>Amount of provision for the period</td><td>¥1,312 thousand</td></tr> <tr> <td>Amount of reversal for the period</td><td>—</td></tr> <tr> <td>Balance at the end of the period</td><td>¥1,312 thousand</td></tr> <tr> <td>Reason for reversal</td><td>—</td></tr> </tbody> </table> <p>2. Specific method for reversal</p> <p>At the time of retirement of the asset, etc., the amount to be treated will be reversed.</p>	Related assets, etc.	Buildings in trust	Reason	Discrepancies in tax and accounting treatment in connection with the recognition of expenses related to asset retirement obligations	Initial amount	¥1,312 thousand	Balance at the beginning of the period	—	Amount of provision for the period	¥1,312 thousand	Amount of reversal for the period	—	Balance at the end of the period	¥1,312 thousand	Reason for reversal	—	<p>*2. Allowance for temporary difference adjustments</p> <p>1. Reason for provision and reversal, related assets, etc., and amount provided</p> <table border="1"> <thead> <tr> <th>Related assets, etc.</th><th>Buildings in trust</th></tr> </thead> <tbody> <tr> <td>Reason</td><td>Discrepancies in tax and accounting treatment in connection with the recognition of expenses related to asset retirement obligations</td></tr> <tr> <td>Initial amount</td><td>¥3,936 thousand</td></tr> <tr> <td>Balance at the beginning of the period</td><td>¥1,312 thousand</td></tr> <tr> <td>Amount of provision for the period</td><td>¥2,624 thousand</td></tr> <tr> <td>Amount of reversal for the period</td><td>—</td></tr> <tr> <td>Balance at the end of the period</td><td>¥3,936 thousand</td></tr> <tr> <td>Reason for reversal</td><td>—</td></tr> </tbody> </table> <p>2. Specific method for reversal</p> <p>At the time of retirement of the asset, etc., the amount to be treated will be reversed.</p>	Related assets, etc.	Buildings in trust	Reason	Discrepancies in tax and accounting treatment in connection with the recognition of expenses related to asset retirement obligations	Initial amount	¥3,936 thousand	Balance at the beginning of the period	¥1,312 thousand	Amount of provision for the period	¥2,624 thousand	Amount of reversal for the period	—	Balance at the end of the period	¥3,936 thousand	Reason for reversal	—
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<p>*3. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p>¥50,000 thousand</p>	<p>*3. Minimum net assets as provided in Article 67, Paragraph 4 of the Act on Investment Trusts and Investment Corporations</p> <p>¥50,000 thousand</p>																																

[Notes to Statement of Income and Retained Earnings]

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)																												
<p>*1. Components of income (loss) from real estate leasing business</p> <p style="text-align: right;">(Unit: thousands of yen)</p> <p>A. Real estate leasing business revenues</p> <p>Leasing business revenue</p> <table> <tr> <td>Rent</td><td style="text-align: right;">¥ 8,569,658</td></tr> <tr> <td>Land rent</td><td style="text-align: right;">265,026</td></tr> <tr> <td>Common service fees</td><td style="text-align: right;">776,016</td></tr> <tr> <td>Total</td><td style="text-align: right;">9,610,701</td></tr> </table> <p>Other leasing business revenues</p> <table> <tr> <td>Revenue from utilities charges</td><td style="text-align: right;">301,472</td></tr> <tr> <td>Other revenue</td><td style="text-align: right;">148,299</td></tr> <tr> <td>Total</td><td style="text-align: right;">449,771</td></tr> </table> <p>Total real estate leasing business revenues ¥ 10,060,473</p>	Rent	¥ 8,569,658	Land rent	265,026	Common service fees	776,016	Total	9,610,701	Revenue from utilities charges	301,472	Other revenue	148,299	Total	449,771	<p>*1. Components of income (loss) from real estate leasing business</p> <p style="text-align: right;">(Unit: thousands of yen)</p> <p>A. Real estate leasing business revenues</p> <p>Leasing business revenue</p> <table> <tr> <td>Rent</td><td style="text-align: right;">¥ 8,674,457</td></tr> <tr> <td>Land rent</td><td style="text-align: right;">265,026</td></tr> <tr> <td>Common service fees</td><td style="text-align: right;">798,399</td></tr> <tr> <td>Total</td><td style="text-align: right;">9,737,884</td></tr> </table> <p>Other leasing business revenues</p> <table> <tr> <td>Revenue from utilities charges</td><td style="text-align: right;">329,166</td></tr> <tr> <td>Other revenue</td><td style="text-align: right;">158,208</td></tr> <tr> <td>Total</td><td style="text-align: right;">487,374</td></tr> </table> <p>Total real estate leasing business revenues ¥ 10,225,259</p>	Rent	¥ 8,674,457	Land rent	265,026	Common service fees	798,399	Total	9,737,884	Revenue from utilities charges	329,166	Other revenue	158,208	Total	487,374
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<p>B. Expenses related to real estate leasing business</p> <p>Expenses related to leasing business</p> <table> <tr> <td>Property management fees</td><td style="text-align: right;">¥ 577,347</td></tr> <tr> <td>Utilities expenses</td><td style="text-align: right;">326,295</td></tr> <tr> <td>Taxes and public dues</td><td style="text-align: right;">791,128</td></tr> <tr> <td>Insurance expenses</td><td style="text-align: right;">9,945</td></tr> <tr> <td>Repair expenses</td><td style="text-align: right;">222,304</td></tr> <tr> <td>Depreciation and amortization</td><td style="text-align: right;">1,216,061</td></tr> <tr> <td>Other expenses related to leasing business</td><td style="text-align: right;">372,608</td></tr> </table> <p>Total expenses related to real estate leasing business ¥ 3,515,691</p>	Property management fees	¥ 577,347	Utilities expenses	326,295	Taxes and public dues	791,128	Insurance expenses	9,945	Repair expenses	222,304	Depreciation and amortization	1,216,061	Other expenses related to leasing business	372,608	<p>B. Expenses related to real estate leasing business</p> <p>Expenses related to leasing business</p> <table> <tr> <td>Property management fees</td><td style="text-align: right;">¥ 598,690</td></tr> <tr> <td>Utilities expenses</td><td style="text-align: right;">307,590</td></tr> <tr> <td>Taxes and public dues</td><td style="text-align: right;">776,573</td></tr> <tr> <td>Insurance expenses</td><td style="text-align: right;">10,589</td></tr> <tr> <td>Repair expenses</td><td style="text-align: right;">126,776</td></tr> <tr> <td>Depreciation and amortization</td><td style="text-align: right;">1,239,359</td></tr> <tr> <td>Other expenses related to leasing business</td><td style="text-align: right;">361,953</td></tr> </table> <p>Total expenses related to real estate leasing business ¥ 3,421,533</p>	Property management fees	¥ 598,690	Utilities expenses	307,590	Taxes and public dues	776,573	Insurance expenses	10,589	Repair expenses	126,776	Depreciation and amortization	1,239,359	Other expenses related to leasing business	361,953
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<p>C. Income (loss) from real estate leasing business (A – B) ¥ 6,544,781</p>	<p>C. Income (loss) from real estate leasing business (A – B) ¥ 6,803,725</p>																												

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)
<p>*2. Components of gain (loss) on sales of real estate properties (Unit: thousands of yen)</p> <p>Gate City Ohsaki</p> <p>Proceeds from sales of real estate properties ¥ 4,800,000</p> <p>Cost of sales of real estate properties 4,237,807</p> <p>Other expenses for the sales 31,205</p> <p>Gain on sales of real estate properties ¥ 530,987</p>	<p>*2. Components of gain (loss) on sales of real estate properties (Unit: thousands of yen)</p> <p>Hulic Nihonbashi Honcho 1 Chome Building</p> <p>Proceeds from sales of real estate properties ¥ 4,450,000</p> <p>Cost of sales of real estate properties 4,003,602</p> <p>Other expenses for the sales 29,700</p> <p>Gain on sales of real estate properties ¥ 416,696</p>
	<p>Hulic Omori Building</p> <p>Proceeds from sales of real estate properties ¥ 3,705,000</p> <p>Cost of sales of real estate properties 3,357,842</p> <p>Other expenses for the sales 16,333</p> <p>Gain on sales of real estate properties ¥ 330,823</p>
	<p>Orchid Square (quasi co-ownership interest of 50%)</p> <p>Proceeds from sales of real estate properties ¥ 1,945,000</p> <p>Cost of sales of real estate properties 1,736,334</p> <p>Other expenses for the sales 10,676</p> <p>Gain on sales of real estate properties ¥ 197,989</p>
<p>*3. Transactions with major corporate unitholders (Unit: thousands of yen)</p> <p>From operating transactions</p> <p>Leasing business revenue ¥ 843,996</p>	<p>*3. Transactions with major corporate unitholders (Unit: thousands of yen)</p> <p>From operating transactions</p> <p>Leasing business revenue ¥ 807,819</p> <p>Gain on sales of real estate properties 528,813</p>

[Notes to Statement of Changes in Net Assets]

Item	Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)
*1. Total number of authorized investment units and total number of investment units issued	Total number of authorized investment units at end of period 20,000,000 units	Total number of authorized investment units at end of period 20,000,000 units
	Total number of investment units issued at end of period 1,312,000 units	Total number of investment units issued at end of period 1,312,000 units

[Notes on Tax Effect Accounting]

Previous fiscal period (Reference) (As of August 31, 2020)	Reporting period (As of February 28, 2021)
<p>1. Breakdown of significant components of deferred tax assets and deferred tax liabilities (Unit: thousands of yen)</p> <p>(Deferred tax assets)</p> <p>Accrued enterprise tax excluded from expenses ¥ 26</p> <p>Excess depreciation 1,794</p> <p>Asset retirement obligations 89,007</p> <p>Total deferred tax assets 90,828</p> <p>Valuation allowance (90,802)</p> <p>Net deferred tax assets ¥ 26</p>	<p>1. Breakdown of significant components of deferred tax assets and deferred tax liabilities (Unit: thousands of yen)</p> <p>(Deferred tax assets)</p> <p>Accrued enterprise tax excluded from expenses ¥ 7,014</p> <p>Excess depreciation 533</p> <p>Asset retirement obligations 88,687</p> <p>Total deferred tax assets 96,235</p> <p>Valuation allowance (96,235)</p> <p>Net deferred tax assets ¥ –</p>

Previous fiscal period (Reference) (As of August 31, 2020)	Reporting period (As of February 28, 2021)
2. Reconciliation of significant differences between the statutory tax rate and the effective tax rate	2. Reconciliation of significant differences between the statutory tax rate and the effective tax rate
Statutory tax rate 31.46%	Statutory tax rate 34.59%
(Adjustments)	(Adjustments)
Distributions paid included in expenses (31.47)%	Distributions paid included in expenses (33.34)%
Others 0.03%	Others 0.16%
Effective tax rate 0.02%	Effective tax rate 1.41%

[Notes on Noncurrent Assets Used Through Leases]

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)
Not applicable.	Not applicable.

[Notes on Financial Instruments]

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)

1. Matters regarding status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

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

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

Balance sheet carrying amount, fair value, and the difference between the two values as of August 31, 2020 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 12,245,579	¥ 12,245,579	¥ –
(2) Cash and deposits in trust	7,701,626	7,701,626	–
Total assets	¥ 19,947,205	¥ 19,947,205	¥ –
(1) Short-term borrowings	¥ 18,960,000	¥ 18,960,000	¥ –
(2) Current portion of long-term borrowings	15,680,000	15,747,979	67,979
(3) Investment corporation bonds	12,000,000	11,991,800	(8,200)
(4) Long-term borrowings	126,136,000	123,779,084	(2,356,915)
Total liabilities	¥ 172,776,000	¥ 170,478,863	¥ (2,297,136)
Derivative transactions	¥ –	¥ –	¥ –

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

Assets

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

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

Liabilities

(1) Short-term borrowings

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

(2) Current portion of long-term borrowings and (4) Long-term borrowings

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

(3) Investment corporation bonds

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

Derivative transactions

(1) Derivative transactions not applying hedge accounting

Not applicable.

(2) Derivative transactions applying hedge accounting

The contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method is as follows:

(Unit: thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term borrowings	¥ 87,933,000	¥ 72,253,000	*	–

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term borrowings, a hedged item. Thus, their fair values are included in the fair value of long-term borrowings (please refer to the preceding "Notes on Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1)

Measurement of fair values of financial instruments and matters regarding derivative transactions, Liabilities (2) Current portion of long-term borrowings and (4) Long-term borrowings”).

(Note 2) Redemption of monetary claims scheduled to be due after the balance sheet date (as of August 31, 2020)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	¥ 12,245,579	¥ –	¥ –	¥ –	¥ –	¥ –
Cash and deposits in trust	7,701,626	–	–	–	–	–
Total	¥ 19,947,205	¥ –	¥ –	¥ –	¥ –	¥ –

(Note 3) Redemption of investment corporation bonds, long-term borrowings and other interest-bearing debt scheduled to be due after the balance sheet date (as of August 31, 2020)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term borrowings	¥ 18,960,000	¥ –	¥ –	¥ –	¥ –	¥ –
Investment corporation bonds	–	–	–	–	2,000,000	10,000,000
Long-term borrowings	15,680,000	17,610,000	20,465,000	21,077,000	22,069,000	44,915,000
Total	¥ 34,640,000	¥ 17,610,000	¥ 20,465,000	¥ 21,077,000	¥ 24,069,000	¥ 54,915,000

Reporting period (From September 1, 2020 to February 28, 2021)

1. Matters regarding status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

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

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

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

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

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

Balance sheet carrying amount, fair value, and the difference between the two values as of February 28, 2021 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	¥ 11,543,492	¥ 11,543,492	¥ –
(2) Cash and deposits in trust	7,955,014	7,955,014	–
Total assets	¥ 19,498,506	¥ 19,498,506	¥ –
(1) Short-term borrowings	¥ 3,960,000	¥ 3,960,000	¥ –
(2) Current portion of long-term borrowings	15,680,000	15,738,813	58,813
(3) Investment corporation bonds	15,000,000	15,020,700	20,700
(4) Long-term borrowings	135,136,000	131,758,829	(3,377,170)
Total liabilities	¥ 169,776,000	¥ 166,478,342	¥ (3,297,657)
Derivative transactions	¥ –	¥ –	¥ –

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

Assets

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

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

Liabilities

(1) Short-term borrowings

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

(2) Current portion of long-term borrowings and (4) Long-term borrowings

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

(3) Investment corporation bonds

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

Derivative transactions

(1) Derivative transactions not applying hedge accounting

Not applicable.

(2) Derivative transactions applying hedge accounting

The contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method is as follows:

(Unit: thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term borrowings	¥ 94,133,000	¥ 79,453,000	*	–

* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term borrowings, a hedged item. Thus, their fair values are included in the fair value of long-term borrowings (please refer to the

preceding “Notes on Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) Measurement of fair values of financial instruments and matters regarding derivative transactions, Liabilities (2) Current portion of long-term borrowings and (4) Long-term borrowings”).

(Note 2) Redemption of monetary claims scheduled to be due after the balance sheet date (as of February 28, 2021)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	¥ 11,543,492	¥ –	¥ –	¥ –	¥ –	¥ –
Cash and deposits in trust	7,955,014	–	–	–	–	–
Total	¥ 19,498,506	¥ –	¥ –	¥ –	¥ –	¥ –

(Note 3) Redemption of investment corporation bonds, long-term borrowings and other interest-bearing debt scheduled to be due after the balance sheet date (as of February 28, 2021)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term borrowings	¥ 3,960,000	¥ –	¥ –	¥ –	¥ –	¥ –
Investment corporation bonds	–	–	–	–	5,000,000	10,000,000
Long-term borrowings	15,680,000	18,705,000	21,123,000	24,133,000	19,770,000	51,405,000
Total	¥ 19,640,000	¥ 18,705,000	¥ 21,123,000	¥ 24,133,000	¥ 24,770,000	¥ 61,405,000

[Notes on Asset Retirement Obligations]

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)

Asset retirement obligations recorded in the balance sheet

1. Overview of asset retirement obligations

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

2. Calculation of the amount of the asset retirement obligations

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

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

		(Unit: thousands of yen)
Balance at beginning of period	¥	282,245
Increase in connection with the acquisition of property, plant and equipment		—
Adjustment due to passage of time		677
Balance at end of period	¥	282,922

Reporting period (From September 1, 2020 to February 28, 2021)

Asset retirement obligations recorded in the balance sheet

1. Overview of asset retirement obligations

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

2. Calculation of the amount of the asset retirement obligations

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

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

		(Unit: thousands of yen)
Balance at beginning of period	¥	282,922
Increase in connection with the acquisition of property, plant and equipment		—
Adjustment due to passage of time		679
Balance at end of period	¥	283,601

[Notes on Investment and Rental Properties]

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)

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

(Unit: thousands of yen)

Balance sheet carrying amount			Fair value at end of period
Balance at beginning of period	Changes during period	Balance at end of period	
¥ 330,303,862	¥ 18,683,343	¥ 348,987,206	¥ 406,212,000

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

(Note 2) The main reason for the increase in the investment and rental properties during the period is the acquisition of beneficial interests in real estate trust of 4 properties (¥23,959,757 thousand). The decrease is mainly due to transfer of beneficial interests in real estate trust of 1 property (¥4,446,592 thousand) and depreciation and amortization (¥1,215,384 thousand).

(Note 3) The fair value at end of 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 Nihonbashi Honcho 1 Chome Building, Orchid Square and Hulic Omori Building therein is based on the transfer prices stated on the trust beneficiary right sales agreement entered into on October 14, 2020.

The profit or loss for the period under review concerning investment and rental properties is indicated under “Notes to Statement of Income and Retained Earnings” above.

Reporting period (From September 1, 2020 to February 28, 2021)

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

(Unit: thousands of yen)

Balance sheet carrying amount			Fair value at end of period
Balance at beginning of period	Changes during period	Balance at end of period	
¥ 348,987,206	¥ (1,843,196)	¥ 347,144,009	¥ 405,065,000

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

(Note 2) The main reason for the increase in the investment and rental properties during the period is the acquisition of beneficial interests in real estate trust of 2 properties (¥8,149,485 thousand). The decrease is mainly due to transfer of beneficial interests in real estate trust of 3 properties (¥9,097,779 thousand) and depreciation and amortization (¥1,238,680 thousand).

(Note 3) The fair value at end of 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 Orchid Square therein is based on the transfer price of the 50.0% quasi co-ownership interest of property transferred on March 1, 2021, stated on the trust beneficiary right sales agreement entered into on October 14, 2020, and the fair value of Shinagawa Season Terrace therein is based on the transfer price stated on the trust beneficiary right sales agreement entered into on March 26, 2021.

The profit or loss for the period under review concerning investment and rental properties is indicated under “Notes to Statement of Income and Retained Earnings” above.

[Notes on Restriction on Asset Investment]

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)
Not applicable.	Not applicable.

[Notes on Related Party Transactions]

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)

Type	Name	Description of business	Percentage of voting rights owning	Description of transaction (Note 1)	Amount of transaction (Thousands of yen) (Note 2)	Account item	Balance at end of period (Thousands of yen) (Note 2)
Major corporate unitholder	Hulic Co., Ltd.	Real estate business	10.95%	Purchase of beneficial interests in real estate trust	¥23,672,000	—	¥ —
				Keeping of leasehold and guarantee deposits	¥ 732,116	Leasehold and guarantee deposits received in trust	¥12,133,708
				Repayment of leasehold and guarantee deposits	¥ 200,412		
				Earning of rent revenue, etc.	¥ 843,996	Advances received	¥ 150,316
Asset custodian	Mizuho Trust & Banking Co., Ltd.	Banking business	—	Borrowing of long-term borrowings	¥ 560,000	Current portion of long-term borrowings	¥ 1,840,000
				Repayment of long-term borrowings	¥ —	Long-term borrowings	¥11,103,000
				Interest expenses	¥ 32,752	Accrued expenses	¥ 1,378
				Borrowing related expenses	¥ 6,705	Long-term prepaid expenses	¥ 72,965

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

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

Reporting period (From September 1, 2020 to February 28, 2021)

Type	Name	Description of business	Percentage of voting rights owning	Description of transaction (Note 1)	Amount of transaction (Thousands of yen) (Note 2)	Account item	Balance at end of period (Thousands of yen) (Note 2)
Major corporate unitholder	Hulic Co., Ltd.	Real estate business	10.95%	Purchase of beneficial interests in real estate trust	¥ 8,100,000	—	¥ —
				Transfer of beneficial interests in real estate trust	¥ 5,650,000	—	¥ —
				Keeping of leasehold and guarantee deposits	¥ 491,421	Leasehold and guarantee deposits received in trust	¥12,147,277
				Repayment of leasehold and guarantee deposits	¥ 477,853		
				Earning of rent revenue, etc.	¥ 807,819	Advances received	¥ 141,504
Asset custodian	Mizuho Trust & Banking Co., Ltd.	Banking business	—	Borrowing of long-term borrowings	¥ 1,050,000	Current portion of long-term borrowings	¥1,662,000
				Repayment of long-term borrowings	¥ 1,050,000	Long-term borrowings	¥11,281,000
				Interest expenses	¥ 33,721	Accrued expenses	¥ 556
				Borrowing related expenses	¥ 14,269	Long-term prepaid expenses	¥ 77,615

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

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

[Notes on Per Unit Information]

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)		Reporting period (From September 1, 2020 to February 28, 2021)	
Net assets per unit	¥ 136,326	Net assets per unit	¥ 136,594
Basic earnings per unit	¥ 3,873	Basic earnings per unit	¥ 4,144
Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period.		Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units for the period.	
Fully diluted earnings per unit is not presented, as there is no potential investment unit.		Fully diluted earnings per unit is not presented, as there is no potential investment unit.	

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

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)		Reporting period (From September 1, 2020 to February 28, 2021)	
Profit (Thousands of yen)	¥5,082,130	Profit (Thousands of yen)	¥5,437,642
Amount not attributable to common unitholders (Thousands of yen)	¥ —	Amount not attributable to common unitholders (Thousands of yen)	¥ —
Profit attributable to common investment units (Thousands of yen)	¥5,082,130	Profit attributable to common investment units (Thousands of yen)	¥5,437,642
Average number of investment units for the period (Units)	1,312,000	Average number of investment units for the period (Units)	1,312,000

[Notes on Significant Events After the Reporting Period]

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)																										
Not applicable.	<p>Issuance of new investment units</p> <p>The Investment Corporation passed resolutions at meetings of its Board of Directors held on March 26, 2021 and April 1, 2021, to issue new investment units as follows for the purpose of using the proceeds to supplement cash reserves by amount of decrease arising from its allocation for a portion of the purchase price for specified assets, and finance the repayment of borrowings. The payment for a public offering was completed on April 7, 2021.</p> <p>(New investment unit issuance through public offering)</p> <table> <tr> <td>Number of new investment units to be issued:</td> <td>39,000 units</td> </tr> <tr> <td>Issue price (offer price):</td> <td>¥167,895 per unit</td> </tr> <tr> <td>Total amount of issue price (offer price):</td> <td>¥6,547,905,000</td> </tr> <tr> <td>Amount paid in (issue value):</td> <td>¥162,470 per unit</td> </tr> <tr> <td>Total amount paid in (issue value):</td> <td>¥6,336,330,000</td> </tr> <tr> <td>Payment date:</td> <td>April 7, 2021</td> </tr> <tr> <td>Distribution calculation date:</td> <td>March 1, 2021</td> </tr> </table> <p>(New investment unit issuance through third-party allotment)</p> <table> <tr> <td>Number of new investment units to be issued:</td> <td>2,000 units (maximum)</td> </tr> <tr> <td>Amount paid in (issue value):</td> <td>¥162,470 per unit</td> </tr> <tr> <td>Total amount paid in (issue value):</td> <td>¥324,940,000 (maximum)</td> </tr> <tr> <td>Payment date:</td> <td>April 27, 2021</td> </tr> <tr> <td>Distribution calculation date:</td> <td>March 1, 2021</td> </tr> <tr> <td>Allottee:</td> <td>Mizuho Securities Co., Ltd.</td> </tr> </table> <p>If the entire number of new investment units to be issued in the third-party allotment, or a portion thereof, is not subscribed to, this may result in the final number of new investment units issued in the third-party allotment being reduced by such number of units or fewer due to forfeiture or the issuance itself not being carried out at all.</p>	Number of new investment units to be issued:	39,000 units	Issue price (offer price):	¥167,895 per unit	Total amount of issue price (offer price):	¥6,547,905,000	Amount paid in (issue value):	¥162,470 per unit	Total amount paid in (issue value):	¥6,336,330,000	Payment date:	April 7, 2021	Distribution calculation date:	March 1, 2021	Number of new investment units to be issued:	2,000 units (maximum)	Amount paid in (issue value):	¥162,470 per unit	Total amount paid in (issue value):	¥324,940,000 (maximum)	Payment date:	April 27, 2021	Distribution calculation date:	March 1, 2021	Allottee:	Mizuho Securities Co., Ltd.
Number of new investment units to be issued:	39,000 units																										
Issue price (offer price):	¥167,895 per unit																										
Total amount of issue price (offer price):	¥6,547,905,000																										
Amount paid in (issue value):	¥162,470 per unit																										
Total amount paid in (issue value):	¥6,336,330,000																										
Payment date:	April 7, 2021																										
Distribution calculation date:	March 1, 2021																										
Number of new investment units to be issued:	2,000 units (maximum)																										
Amount paid in (issue value):	¥162,470 per unit																										
Total amount paid in (issue value):	¥324,940,000 (maximum)																										
Payment date:	April 27, 2021																										
Distribution calculation date:	March 1, 2021																										
Allottee:	Mizuho Securities Co., Ltd.																										

[Notes on Provision and Reversal of Allowance for Temporary Difference Adjustments]

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)		Reporting period (From September 1, 2020 to February 28, 2021)
1. Reason for provision, related assets, etc., and amount provided		Not applicable.
Related assets, etc.	Buildings in trust	
Reason for provision	Discrepancies in tax and accounting treatment in connection with the recognition of expenses related to asset retirement obligations	
Allowance for temporary difference adjustments	¥2,624 thousand	
2. Specific method for reversal		
At the time of retirement of the asset, etc., the amount to be treated will be reversed.		

VII. Statement of Cash Distributions

Item	Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)
I Unappropriated retained earnings	¥5,082,828,695	¥5,437,782,898
II Added amount of distributions in excess of earnings	¥2,624,000	¥—
Of the above, allowance for temporary difference adjustments	¥2,624,000	¥—
III Distribution amount	¥5,085,312,000	¥5,316,224,000
(Distributions per unit)	(¥3,876)	(¥4,052)
Of the above, distributions of earnings	¥5,082,688,000	¥5,316,224,000
(Of the above, distributions of earnings per unit)	(¥3,874)	(¥4,052)
Of the above, allowance for temporary difference adjustments	¥2,624,000	¥—
(Of the above, distributions in excess of earnings per unit (those related to allowance for temporary difference adjustments))	(¥2)	(¥—)
IV Retained earnings carried forward	¥140,695	¥121,558,898
Method of calculating distribution amount	Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥5,082,688,000, which is the largest integral multiple of the total number of investment units issued and outstanding (1,312,000 units), and not in excess of unappropriated retained earnings. In addition, pursuant to the policy for distribution of cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation, the Investment Corporation has decided to distribute ¥2,624,000 as distribution of allowance for temporary difference adjustments, in consideration of effects of discrepancies in tax and accounting treatment in the case of excess income in association with expenses related to asset retirement obligations (as prescribed in Article 2, Paragraph 2, Item 30 (a) of the Regulation on Accountings of Investment Corporations) on distributions.	Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation decided to pay distributions for the reporting period of an amount of the initially forecasted distribution of ¥5,316,224,000 and keep the amount in excess of that amount in internal reserves for the stabilization of future distributions. In addition, the Investment Corporation shall not distribute cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation.

VIII. Statement of Cash Flows (Reference information)

(Unit: thousands of yen)

	Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)
Cash flows from operating activities		
Profit before income taxes	5,083,298	5,515,354
Depreciation and amortization	1,216,061	1,240,171
Amortization of investment unit issuance costs	21,382	16,153
Amortization of investment corporation bond issuance costs	4,780	6,293
Interest income	(81)	(91)
Interest expenses	523,651	526,401
Decrease (increase) in operating accounts receivable	47,653	36,847
Decrease (increase) in consumption taxes receivable	328,769	—
Decrease (increase) in prepaid expenses	(4,589)	(4,054)
Increase (decrease) in operating accounts payable	268,737	(272,262)
Increase (decrease) in accounts payable - other	199,797	192,479
Increase (decrease) in accrued consumption taxes	153,563	218,573
Increase (decrease) in advances received	71,986	(59,086)
Increase (decrease) in deposits received	362	5,215
Decrease (increase) in long-term prepaid expenses	(4,208)	(168,040)
Decrease in property, plant and equipment in trust due to sales	4,446,592	9,097,779
Other, net	3,461	(1,703)
Subtotal	12,361,218	16,350,033
Interest received	81	91
Interest paid	(524,680)	(536,596)
Income taxes (paid) refund	(1,391)	(1,140)
Net cash provided by (used in) operating activities	11,835,227	15,812,388
Cash flows from investing activities		
Purchase of property, plant and equipment	(28,517)	(32,270)
Purchase of property, plant and equipment in trust	(24,426,243)	(8,264,963)
Purchase of intangible assets	—	(9,797)
Payments of leasehold and guarantee deposits	—	(59,879)
Proceeds from refund of leasehold and guarantee deposits	—	226
Refund of leasehold and guarantee deposits received	—	(12,440)
Proceeds from leasehold and guarantee deposits received	—	12,440
Refund of leasehold and guarantee deposits received in trust	(208,044)	(174,856)
Proceeds from leasehold and guarantee deposits received in trust	736,797	388,366
Net cash provided by (used in) investing activities	(23,926,008)	(8,153,175)
Cash flows from financing activities		
Proceeds from short-term borrowings	23,160,000	—
Repayments of short-term borrowings	(11,160,000)	(15,000,000)
Proceeds from long-term borrowings	10,750,000	17,550,000
Repayments of long-term borrowings	(3,559,000)	(8,550,000)
Proceeds from issuance of investment corporation bonds	—	2,976,361
Distributions paid	(4,633,293)	(5,084,273)
Net cash provided by (used in) financing activities	14,557,706	(8,107,911)
Net increase (decrease) in cash and cash equivalents	2,466,926	(448,699)
Cash and cash equivalents at beginning of period	17,480,278	19,947,205
Cash and cash equivalents at end of period	*1 19,947,205	*1 19,498,506

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

[Notes on Significant Accounting Policies] (Reference information)

Item	Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)	Reporting period (From September 1, 2020 to February 28, 2021)
Scope of cash and cash equivalents in the statement of cash flows	Cash and cash equivalents in the statement of cash flows are composed of cash on hand, cash in trust, demand deposits, deposits in trust, and short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within 3 months of the date of acquisition.	Cash and cash equivalents in the statement of cash flows are composed of cash on hand, cash in trust, demand deposits, deposits in trust, and short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within 3 months of the date of acquisition.

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

Previous fiscal period (Reference) (From March 1, 2020 to August 31, 2020)		Reporting period (From September 1, 2020 to February 28, 2021)	
*1. Reconciliation between cash and cash equivalents at end of period and relevant amount on the balance sheet (As of August 31, 2020)		*1. Reconciliation between cash and cash equivalents at end of period and relevant amount on the balance sheet (As of February 28, 2021)	
Cash and deposits	¥12,245,579 thousand	Cash and deposits	¥11,543,492 thousand
Cash and deposits in trust	¥7,701,626 thousand	Cash and deposits in trust	¥7,955,014 thousand
Total cash and cash equivalent	¥19,947,205 thousand	Total cash and cash equivalent	¥19,498,506 thousand