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October 15, 2019

## Financial Report for the Fiscal Period Ended August 31, 2019 (For the Reporting Period from March 1, 2019 to August 31, 2019)

### Hulic Reit, Inc. (“Investment Corporation”)

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

Asset management company: Hulic Reit Management Co., Ltd.  
 Representative: Eiichi Tokita, Representative Director, President and CEO  
 Contact: Kazuaki Chokki, Executive Managing Director, CFO, General Manager of Planning and Administration Division  
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Scheduled date to file securities report: November 22, 2019  
 Scheduled date to commence payment of distributions: November 15, 2019  
 Preparation of supplementary material on financial report: Yes  
 Holding of financial report presentation meeting: Yes (for institutional investors and analysts)

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

### 1. Summary of financial results for the fiscal period ended August 31, 2019 (March 1, 2019 - August 31, 2019)

#### (1) Operating results

(Percentages show changes from the previous fiscal period)

Fiscal period ended	Operating revenues		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2019	9,137	2.2	4,983	(0.3)	4,362	(0.9)	4,361	(0.8)
February 28, 2019	8,944	10.4	4,995	9.2	4,399	8.8	4,398	8.8

Fiscal period ended	Basic earnings per unit	Return on equity	Ordinary profit on total assets	Ordinary profit on operating revenues
	Yen	%	%	%
August 31, 2019	3,486	2.6	1.3	47.7
February 28, 2019	3,654	2.8	1.5	49.2

(Note) Basic earnings per unit is calculated by dividing profit by the day-weighted average number of investment units outstanding during the period (fiscal period ended August 31, 2019: 1,251,000 units; fiscal period ended February 28, 2019: 1,203,546 units).

## (2) Distributions

	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
Fiscal period ended	Yen	Millions of yen	Yen	Millions of yen	%	%
August 31, 2019	3,487	4,362	–	–	100.0	2.6
February 28, 2019	3,516	4,398	–	–	99.9	2.7

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

## (3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
August 31, 2019	330,710	167,165	50.5	133,625
February 28, 2019	322,661	167,202	51.8	133,655

## (4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
August 31, 2019	6,308	(6,974)	2,651	17,291
February 28, 2019	6,657	(36,272)	33,093	15,305

## 2. Forecasts of performance for the fiscal period ending February 29, 2020 (September 1, 2019 - February 29, 2020) and the fiscal period ending August 31, 2020 (March 1, 2020 - August 31, 2020)

(Percentages show changes from the previous fiscal period)

Fiscal period ending	Operating revenues		Operating profit		Ordinary profit		Profit		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
February 29, 2020	9,453	3.5	5,175	3.9	4,541	4.1	4,540	4.1	3,460	–
August 31, 2020	9,504	0.5	5,172	(0.1)	4,541	0.0	4,540	0.0	3,460	–

(Reference) Forecasted basic earnings per unit (Forecasted profit / Forecasted number of investment units at end of period)  
For the fiscal period ending February 29, 2020: ¥3,460  
For the fiscal period ending August 31, 2020: ¥3,460

**\* Other**

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

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

**(2) Total number of investment units issued**

- |   |                 |
|---|-----------------|
| a. Total number of investment units issued at end of period (including treasury investment units) |                 |
| As of August 31, 2019   | 1,251,000 units |
| As of February 28, 2019   | 1,251,000 units |
| b. Number of treasury investment units at end of period   |                 |
| As of August 31, 2019   | 0 units         |
| As of February 28, 2019   | 0 units         |

(Note) Please refer to “Notes on Per Unit Information” on pages 31 through 32 for the number of investment units used as the basis for calculating basic earnings per unit.

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

**\* Special notes**

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. The above-mentioned forecasts are based on “Assumptions for forecasts of performance for the fiscal period ending February 29, 2020 (from September 1, 2019 to February 29, 2020) and the fiscal period ending August 31, 2020 (from March 1, 2020 to August 31, 2020)” on pages 9 through 11 for calculation, and our judgment as of this date. Actual operating revenues, operating profit, ordinary profit, profit, distributions per unit and distributions in excess of earnings per unit may vary according to changes in market conditions. These forecasts do not guarantee the distribution amount.

## 1. Status of Asset Management

### (1) Operating results

#### Summary of results for the reporting period

##### i) Transition of the Investment Corporation

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

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

##### ii) Performance for the reporting period

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

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

The Investment Corporation has participated in the Real Estate Assessment of Global Real Estate Sustainability Benchmark (GRESB) (Note 1) from the fiscal period ended February 28, 2017. In the GRESB Real Estate Assessment conducted in 2019, the Investment Corporation was awarded a “Green Star” for the third consecutive year for its initiatives in environmental awareness and sustainability, having received strong recognition in both the areas of “Management & Policy” and “Implementation & Measurement.” At the same time, the Investment Corporation also received “4 Stars,” the 2nd-highest GRESB Rating for the third year in a row. In addition, the Investment Corporation has been working on acquisition of external certification relating to energy conservation and environmental performance of its owned properties, and as of the date of this report, it has acquired external certification for a total of 13 properties, as follows. Concerning DBJ Green Building Certification (Note 2), the Investment Corporation has acquired certification for 6 properties, with Ochanomizu Sola City, Hulic Toranomom Building and Shinagawa Season Terrace obtaining the highest ranking. As for BELS rating (Note 3), which is a public rating system that assesses the energy-conservation performance of non-residential buildings, the Investment Corporation acquired certification for 4 properties, with HULIC & New SHIBUYA obtaining the highest ranking. Concerning CASBEE (Comprehensive Assessment System for Built Environment Efficiency) (Note 4), the Investment Corporation has acquired certification for 3 properties, with Hulic Kamiyacho Building and Gate City Ohsaki obtaining the highest ranking.

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

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

also responsiveness to various stakeholder needs such as consideration for emergency preparedness and the community, and to support these efforts.

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

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

### iii) Status of financing

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

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

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

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

### iv) Overview of financial results and distributions

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

Furthermore, in accordance with the distribution policy set forth in the Investment Corporation’s Articles of Incorporation, the Investment Corporation has decided to pay distributions for the reporting period in an amount roughly equal to unappropriated retained earnings, with the aim of including distributions of profits in tax deductible expenses pursuant to special measures for the taxation system for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation). Consequently, distributions per unit came to ¥3,487.

## Outlook for the fiscal period ending February 29, 2020

### i) Outlook for overall operations

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

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

using the support of the Hulic Group. The Investment Corporation will maintain and grow profits over the medium to long term and increase the size and value of the asset portfolio.

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

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

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

## ii) Significant events after the reporting period

### Issuance of new investment units

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

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

#### (New investment unit issuance through public offering)

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

#### (New investment unit issuance through third-party allotment)

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

#### (Reference information)

##### (A) Acquisitions of properties

The Investment Corporation acquired the below-mentioned beneficial interests in real estate trust (3 properties; total acquisition price: ¥11,003 million). The acquisition price provided does not include

expenses incurred on the acquisition of such real estate, etc. (including acquisition expenses, fixed asset tax and city planning tax and consumption taxes), and is equal to the 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 Ginza 7 Chome Building (Additional acquisition)	Chuo-ku, Tokyo	September 27, 2019	4,480	Hulic Co., Ltd.
Charm Suite Shinjukutoyama	Shinjuku-ku, Tokyo	September 27, 2019	3,323	Hulic Co., Ltd.
Charm Suite Shakujiikoen	Nerima-ku, Tokyo	September 12, 2019	3,200	Hulic Co., Ltd.
Total	–	–	11,003	–

#### (B) Borrowing of funds

In order to cover part of the acquisition price, etc. for Charm Suite Shakujiikoen above in (A), the Investment Corporation executed the following borrowings.

Lender	Borrowing amount (Millions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Remarks
Mizuho Bank, Ltd.	3,200	Base rate of interest (JBA one-month Japanese Yen TIBOR) +0.25%	September 12, 2019	March 31, 2020	Lump-sum repayment	Unsecured and unguaranteed

#### (C) Early [partial] repayment of borrowings

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

### iii) Operating results (earnings) forecasts

The Investment Corporation's forecasts for the fiscal period ending February 29, 2020 (from September 1, 2019 to February 29, 2020) and the fiscal period ending August 31, 2020 (from March 1, 2020 to August 31, 2020) are as follows:

	Fiscal period ending February 29, 2020	Fiscal period ending August 31, 2020
Operating revenues	¥9,453 million	¥9,504 million
Operating profit	¥5,175 million	¥5,172 million
Ordinary profit	¥4,541 million	¥4,541 million
Profit	¥4,540 million	¥4,540 million
Distributions per unit	¥3,460	¥3,460
Of the above, distributions in excess of earnings	¥-	¥-

Information on current assumptions for the forecasts of operating results is as shown in “Assumptions for forecasts of performance for the fiscal period ending February 29, 2020 (from September 1, 2019 to February 29, 2020) and the fiscal period ending August 31, 2020 (from March 1, 2020 to August 31, 2020)” on pages 9 through 11.

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

**Assumptions for forecasts of performance for the fiscal period ending February 29, 2020 (from September 1, 2019 to February 29, 2020) and the fiscal period ending August 31, 2020 (from March 1, 2020 to August 31, 2020)**

Item	Assumptions
Accounting period	<ul style="list-style-type: none"> <li>• Fiscal period ending February 29, 2020: 182 days from September 1, 2019 to February 29, 2020</li> <li>• Fiscal period ending August 31, 2020: 184 days from March 1, 2020 to August 31, 2020</li> </ul>
Portfolio	<ul style="list-style-type: none"> <li>• We have based our assumptions on 53 properties we hold as of the date of this report (hereinafter referred to as the “Assets Held” in this table of assumptions).</li> <li>• In our forecasts of performance, we have assumed that there will be no changes in the composition of our portfolio (no acquisitions of new properties, no transfers of Assets Held, etc.) until August 31, 2020 (the end of the 13th fiscal period).</li> <li>• There may be changes in the portfolio, however, caused by buying or selling of properties.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>• Real estate leasing business revenues from Assets Held have been calculated in consideration of trends of the lease market and other factors on the basis of lease agreements effective as of the date of this report.</li> <li>• Operating revenues assume no delinquencies or non-payment of rent by tenants.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Of the expenses related to leasing business, the principal component of operating expenses, expenses other than depreciation and amortization expenses for the Assets Held (excluding assets acquired in the fiscal period ended August 31, 2019 (the 11th fiscal period) and assets acquired in September 2019) have been calculated in such a way as to reflect variable factors in the expenses on the basis of past performance figures. In addition, such expenses for the assets acquired in the fiscal period ended August 31, 2019 (the 11th fiscal period) and assets acquired in September 2019 have been calculated in such a way as to reflect variable factors in the expenses based on information received from the transferors of each asset and others, and also based on past performance figures.</li> <li>• We have calculated depreciation and amortization expenses using the straight-line method, including ancillary expenses, and assumed that we will incur depreciation and amortization expenses of ¥1,009 million for the fiscal period ending February 29, 2020 (the 12th fiscal period) and ¥1,017 million for the fiscal period ending August 31, 2020 (the 13th fiscal period).</li> <li>• In general, fixed asset tax, city planning tax, etc. for the assets we acquire or transfer are settled at the time of acquisition or transfer between the transferor and the transferee based on their respective periods of ownership in relation to the relevant tax year. With respect to the acquired assets, any of these taxes allocated to the transferee are not recognized in expenses at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes in the Investment Corporation. Fixed asset tax, city planning tax, etc. are assumed at ¥726 million for the fiscal period ending February 29, 2020 (the 12th fiscal period) and ¥792 million for the fiscal period ending August 31, 2020 (the 13th fiscal period).</li> <li>• Repair expenses for buildings are recognized for each fiscal period in amounts assumed as necessary based on the repair plan formulated by the Asset Manager for each property. However, actual repair expenses for each fiscal period may differ substantially from our forecasts, mainly for the following reasons: (i) we may incur expenses for urgent repairs to properties for reasons including damage to buildings resulting from factors that are difficult to foresee, (ii) generally, there is a substantial difference in such expenses incurred from one fiscal period to another, and (iii) such expenses are not incurred on a regular basis.</li> </ul>

Item	Assumptions
Non-operating expenses	<ul style="list-style-type: none"> <li>• We expect to record interest expenses and other borrowing-related expenses of ¥606 million in the fiscal period ending February 29, 2020 (the 12th fiscal period) and ¥605 million in the fiscal period ending August 31, 2020 (the 13th fiscal period).</li> <li>• We expect to record amortization of investment corporation bond issuance costs (amortized by the straight-line method over period until redemption) and amortization of investment unit issuance costs (amortized by the straight-line method over a three-year period) relating to issuance of investment corporation bonds and new investment units, etc. of ¥28 million in the fiscal period ending February 29, 2020 (the 12th fiscal period) and ¥25 million in the fiscal period ending August 31, 2020 (the 13th fiscal period).</li> </ul>
Interest-bearing debt	<ul style="list-style-type: none"> <li>• The balance of interest-bearing debt of the Investment Corporation as of the date of this report is ¥147,110 million (comprising ¥4,510 million in short-term borrowings, ¥16,349 million in current portion of long-term borrowings, ¥114,251 million in long-term borrowings, ¥2,000 million in current portion of investment corporation bonds and ¥10,000 million in investment corporation bonds).</li> <li>• For the borrowings taken out as acquisition funds for two properties acquired in the fiscal period ended August 31, 2019 (the 11th fiscal period) (hereinafter referred to as the “Bridge Loan”), we plan to refinance the total unpaid amount (¥7,050 million) as long-term borrowings at around February 29, 2020 (the end of the 12th fiscal period).</li> <li>• For the short-term borrowings taken out as acquisition funds for “Charm Suite Shakujikoen” acquired on September 12, 2019, we plan to conduct an early repayment of the total unpaid amount (¥550 million) on October 31, 2019.</li> <li>• For ¥2,000 million in current portion of investment corporation bonds and ¥5,740 million in current portion of long-term borrowings for which repayment is due by February 29, 2020 (the end of the 12th fiscal period), we assume the refinancing of the entire amounts at the time of the due date.</li> <li>• For ¥3,960 million in short-term borrowings and ¥3,559 million in current portion of long-term borrowings, which are not included in the aforementioned Bridge Loan and for which repayment is due by August 31, 2020 (the end of the 13th fiscal period), we assume the refinancing of the entire amounts at the time of the due date.</li> <li>• As a result of the above, we assume that the balance of interest-bearing debt as of each of February 29, 2020 (at the end of the 12th fiscal period), and August 31, 2020 (at the end of the 13th fiscal period), will be ¥146,560 million.</li> <li>• We have assumed LTV ratio (assumed) of approximately 43% as of February 29, 2020 (at the end of the 12th fiscal period) and August 31, 2020 (at the end of the 13th fiscal period).</li> <li>• The above LTV ratio (assumed) was obtained by the following formula:  <math display="block">\text{LTV (assumed)} = \frac{\text{Interest-bearing debt at end of period (assumed amount)}}{\text{Total assets at end of period (projected amount)}} \times 100</math> Total assets at end of period (assumed): The sum of the total assets as stated on the balance sheet dated August 31, 2019 (at the end of the 11th fiscal period) (¥330,710 million) and the total of the acquisition prices of assets acquired in September 2019 (¥11,003 million) </li> </ul>
Issuance of investment units	<ul style="list-style-type: none"> <li>• We have assumed 1,312,000 total investment units have been issued as of the date of this report, and that there will be no issuance of additional investment units until the end of the fiscal period ending August 31, 2020 (the 13th fiscal period).</li> </ul>

Item	Assumptions
Distributions per unit (excluding distributions in excess of earnings)	<ul style="list-style-type: none"> <li>• We have calculated distributions per unit (excluding distributions in excess of earnings) in accordance with the cash distribution policy prescribed in the Investment Corporation's Articles of Incorporation.</li> <li>• Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in the asset portfolio, fluctuations in rent revenues associated with changes in tenants, or unforeseen occurrences of repairs.</li> </ul>
Distributions in excess of earnings per unit	<ul style="list-style-type: none"> <li>• We currently have no plans to pay cash distributions in excess of earnings (regarding distributions in excess of earnings per unit).</li> </ul>
Others	<ul style="list-style-type: none"> <li>• We have assumed that no revisions that impact these forecasts will be made to law and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others.</li> <li>• We have assumed that no significant unforeseeable changes will occur in general economic trends or conditions in the real estate market.</li> </ul>

## 2. Unaudited Financial Information

### (1) Balance Sheets (unaudited)

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

(Unit: thousands of yen)

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

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

(Unit: thousands of yen)

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

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

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

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of the period	141,717,678	4,044,077	4,044,077	145,761,755	145,761,755
Changes in items during the period					
Issuance of new investment units	21,085,704	–	–	21,085,704	21,085,704
Dividends of surplus	–	(4,043,730)	(4,043,730)	(4,043,730)	(4,043,730)
Profit	–	4,398,857	4,398,857	4,398,857	4,398,857
Total changes in items during the period	21,085,704	355,127	355,127	21,440,831	21,440,831
Balance at the end of the period	*1 162,803,382	4,399,204	4,399,204	167,202,586	167,202,586

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

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of the period	162,803,382	4,399,204	4,399,204	167,202,586	167,202,586
Changes in items during the period					
Dividends of surplus	–	(4,398,516)	(4,398,516)	(4,398,516)	(4,398,516)
Profit	–	4,361,810	4,361,810	4,361,810	4,361,810
Total changes in items during the period	–	(36,705)	(36,705)	(36,705)	(36,705)
Balance at the end of the period	*1 162,803,382	4,362,498	4,362,498	167,165,880	167,165,880

**(4) Statements of Cash Distributions (unaudited)**

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

**(5) Statements of Cash Flows (unaudited)**

(Unit: thousands of yen)

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

**(6) Notes on Going Concern Assumption (unaudited)**

Not applicable.

**(7) Notes on Significant Accounting Policies (unaudited)**

1. Method of depreciation and amortization of noncurrent assets	<p>(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The estimated useful lives of property, plant and equipment are listed below.</p> <table border="0"><tr><td>Buildings</td><td>3 to 64 years</td></tr><tr><td>Structures</td><td>4 to 20 years</td></tr><tr><td>Machinery and equipment</td><td>3 to 10 years</td></tr><tr><td>Tools, furniture and fixtures</td><td>3 to 15 years</td></tr></table> <p>(2) Intangible assets The straight-line method is used. Internal use software is amortized over the estimated useful life (5 years).</p> <p>(3) Long-term prepaid expenses The straight-line method is used.</p>	Buildings	3 to 64 years	Structures	4 to 20 years	Machinery and equipment	3 to 10 years	Tools, furniture and fixtures	3 to 15 years
Buildings	3 to 64 years								
Structures	4 to 20 years								
Machinery and equipment	3 to 10 years								
Tools, furniture and fixtures	3 to 15 years								
2. Accounting method for deferred assets	<p>(1) Investment corporation bond issuance costs Amortized by the straight-line method over period until redemption.</p> <p>(2) Investment unit issuance costs Amortized by the straight-line method over a three-year period.</p>								
3. Recognition of revenue and expenses	<p>Fixed asset tax and related taxes For fixed asset tax, city planning tax, depreciable asset tax, etc. for real properties held, the amount of tax levied corresponding to the relevant accounting period is recorded as expenses related to leasing business. The amount equivalent to fixed asset tax and related taxes for the fiscal year that includes the date on which we paid settlement money to the transferor for acquisition of real estate, etc. is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to fixed asset tax included in acquisition costs for properties was ¥20,489 thousand for the previous fiscal period, and ¥23,315 thousand for the reporting period.</p>								
4. Method of hedge accounting	<p>(1) Method of hedge accounting Deferred hedge accounting is used for interest rate swaps. For interest rate swaps that satisfy requirements for special treatments, however, special treatment is used.</p> <p>(2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings</p> <p>(3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of the Investment Corporation pursuant to the basic policy of risk management.</p> <p>(4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.</p>								

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

#### New accounting standards not yet applied

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

#### (1) Overview

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

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

#### (2) Scheduled date of application

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

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

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

**(8) Notes to Financial Information (unaudited)**

**Notes to Balance Sheet (unaudited)**

1. Commitment line contracts

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

	Previous fiscal period (As of February 28, 2019)	Reporting period (As of August 31, 2019)
Total amount of commitment line contracts	¥10,000,000 thousand	¥10,000,000 thousand
Balance of borrowings outstanding	—	—
Difference	¥10,000,000 thousand	¥10,000,000 thousand

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

	Previous fiscal period (As of February 28, 2019)	Reporting period (As of August 31, 2019)
	¥50,000 thousand	¥50,000 thousand

## Notes to Statements of Income and Retained Earnings (unaudited)

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

	(Unit: thousands of yen)	
	Previous fiscal period (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
A. Real estate leasing business revenues		
Leasing business revenue		
Rent	7,335,483	7,658,577
Land rent	270,787	265,039
Common service fees	704,103	749,248
Total	8,310,374	8,672,865
Other leasing business revenues		
Revenue from utilities charges	318,557	320,518
Other revenue	121,171	143,824
Total	439,729	464,342
Total real estate leasing business revenues	8,750,103	9,137,208
B. Expenses related to real estate leasing business		
Expenses related to leasing business		
Property management fees	516,294	528,296
Utilities expenses	322,354	363,445
Taxes and public dues	597,517	725,491
Insurance expenses	8,579	8,487
Repair expenses	115,929	95,546
Depreciation and amortization	950,775	965,765
Other expenses related to leasing business	413,201	412,174
Total expenses related to real estate leasing business	2,924,653	3,099,208
C. Income (loss) from real estate leasing business (A – B)	5,825,449	6,037,999

\*2. Components of gain (loss) on sales of real estate properties

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

Leaf Minatomirai (Land) (quasi co-ownership interest: 15.0%)	(Unit: thousands of yen)
Proceeds from sales of real estate properties	1,965,000
Cost of sales of real estate properties	1,764,899
Other expenses for the sales	5,797
Gain on sales of real estate properties	194,302

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

Not applicable.

\*3. Transactions with major corporate unitholders

	(Unit: thousands of yen)	
	Previous fiscal period (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
From operating transactions		
Leasing business revenue	849,781	843,996
Gain on sales of real estate properties	194,302	–

**Notes to Statements of Changes in Net Assets (unaudited)**

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

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

**Notes to Statements of Cash Flows (unaudited)**

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

	(Unit: thousands of yen)	
	Previous fiscal period (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
Cash and deposits	8,150,550	10,034,957
Cash and deposits in trust	7,155,321	7,256,597
Total cash and cash equivalent	15,305,871	17,291,555

## Notes on Financial Instruments (unaudited)

### 1. Matters regarding status of financial instruments

#### (1) Policy for handling financial instruments

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

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

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

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

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

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

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

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

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

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

(Unit: thousands of yen)

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

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

(Unit: thousands of yen)

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

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

Assets

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

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

Liabilities

(1) Short-term borrowings

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

(2) Current portion of investment corporation bonds and (4) Investment corporation bonds

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

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

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

Derivative transactions

Please refer to "Notes on Derivative Transactions" below.

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

Previous fiscal period (As of February 28, 2019)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	8,150,550	—	—	—	—	—
Cash and deposits in trust	7,155,321	—	—	—	—	—
Total	15,305,871	—	—	—	—	—

Reporting period (As of August 31, 2019)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	10,034,957	—	—	—	—	—
Cash and deposits in trust	7,256,597	—	—	—	—	—
Total	17,291,555	—	—	—	—	—

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

Previous fiscal period (As of February 28, 2019)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term borrowings	3,960,000	–	–	–	–	–
Investment corporation bonds	2,000,000	–	–	–	–	10,000,000
Long-term borrowings	10,320,000	12,109,000	15,680,000	18,705,000	19,213,000	47,523,000
Total	16,280,000	12,109,000	15,680,000	18,705,000	19,213,000	57,523,000

Reporting period (As of August 31, 2019)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term borrowings	3,960,000	–	–	–	–	–
Investment corporation bonds	2,000,000	–	–	–	–	10,000,000
Long-term borrowings	16,349,000	15,680,000	17,610,000	19,615,000	18,797,000	42,549,000
Total	22,309,000	15,680,000	17,610,000	19,615,000	18,797,000	52,549,000

#### Notes on Derivative Transactions (unaudited)

##### 1. Derivative transactions not applying hedge accounting

Not applicable for the previous fiscal period (as of February 28, 2019) and the reporting period (as of August 31, 2019).

##### 2. Derivative transactions applying hedge accounting

Previous fiscal period (As of February 28, 2019)

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

(Unit: thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate / Receipt: floating interest rate	Long-term borrowings	72,057,000	61,737,000	*	–

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term borrowings, a hedged item. Thus, their fair values are included in the fair value of long-term borrowings (please refer to the preceding “Notes on Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) Measurement of fair values of financial instruments and matters regarding derivative transactions, Liabilities (3) Current portion of long-term borrowings and (5) Long-term borrowings”).

Reporting period (As of August 31, 2019)

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

(Unit: thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate / Receipt: floating interest rate	Long-term borrowings	72,057,000	62,758,000	*	—

\* Interest rate swap transactions to which special treatment is applied are accounted for as an integral part of long-term borrowings, a hedged item. Thus, their fair values are included in the fair value of long-term borrowings (please refer to the preceding “Notes on Financial Instruments, 2. Matters regarding fair value, etc. of financial instruments, (Note 1) Measurement of fair values of financial instruments and matters regarding derivative transactions, Liabilities (3) Current portion of long-term borrowings and (5) Long-term borrowings”).

### Notes on Tax Effect Accounting (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (As of February 28, 2019)	Reporting period (As of August 31, 2019)
Deferred tax assets		
Accrued enterprise tax excluded from expenses	21	3
Total deferred tax assets	21	3
Net deferred tax assets	21	3

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

(Unit: %)

	Previous fiscal period (As of February 28, 2019)	Reporting period (As of August 31, 2019)
Statutory tax rate	31.51	31.51
(Adjustments)		
Distributions paid included in expenses	(31.50)	(31.51)
Others	0.01	0.02
Effective tax rate	0.02	0.02

## Notes on Related Party Transactions (unaudited)

### 1. Parent company and major corporate unitholders

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

Type	Name	Location	Share capital or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Nihonbashi Odenmachi, Chuo-ku, Tokyo	62,718,573	Real estate business	Directly held by related party 11.24%	None	Leasing and management of real estate	Purchase of beneficial interests in real estate trust	29,770,000	-	-
								Transfer of beneficial interests in real estate trust	1,965,000	-	-
								Keeping of leasehold and guarantee deposits	1,200,374	Leasehold and guarantee deposits received in trust	10,596,019
								Repayment of leasehold and guarantee deposits	109,451		
								Earning of rent revenue, etc.	849,781	Advances received	148,386

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

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

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

Type	Name	Location	Share capital or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Nihonbashi Odenmachi, Chuo-ku, Tokyo	62,718,573	Real estate business	Directly held by related party 11.24%	None	Leasing and management of real estate	Purchase of beneficial interests in real estate trust	7,050,000	-	-
								Keeping of leasehold and guarantee deposits	270,890	Leasehold and guarantee deposits received in trust	10,839,179
								Repayment of leasehold and guarantee deposits	27,730		
								Earning of rent revenue, etc.	843,996	Advances received	148,386

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

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

## 2. Subsidiaries and affiliates

Not applicable for the previous fiscal period (from September 1, 2018 to February 28, 2019) and the reporting period (from March 1, 2019 to August 31, 2019).

## 3. Subsidiaries of parent company

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

Type	Name	Location	Share capital or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Company in which major unitholder (corporation) owns a majority of voting rights	Hulic Reit Management Co., Ltd.	2-26-9, Hatchobori, Chuo-ku, Tokyo	200,000	Business related to management of investment corporation's assets under management	–	One	Consignment of asset management	Payment of asset management fee (Note 1)	952,950	Accounts payable - other	903,380

(Note 1) Payment of asset management fee includes the portion of compensation associated with a property acquisition factored into the book value of the individual properties (¥111,575 thousand) and the portion of compensation associated with a property transfer deducted from gain on sales of real estate properties of the individual properties (¥4,912 thousand).

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

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

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

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

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

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

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

#### 4. Officers and major individual unitholders

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

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

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

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

#### Notes on Investment and Rental Properties (unaudited)

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

	(Unit: thousands of yen)	
	Previous fiscal period (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
Balance sheet carrying amount		
Balance at beginning of period	271,142,283	306,106,963
Changes during period	34,964,680	6,228,304
Balance at end of period	306,106,963	312,335,267
Fair value at end of period	355,242,000	365,527,000

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

(Note 2) The main reason for the increase in the investment and rental properties during the previous fiscal period is the acquisition of real estate and beneficial interests in real estate trust of 6 properties (¥37,503,839 thousand) and the decrease is mainly due to transfer of beneficial interests in real estate trust of 1 property (¥1,764,899 thousand) and depreciation and amortization (¥950,775 thousand). The main reason for the increase during the reporting period is the acquisition of beneficial interests in real estate trust of 2 properties (¥7,107,111 thousand) and the decrease is mainly due to depreciation and amortization (¥965,765 thousand).

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

#### Notes on Segment and Related Information (unaudited)

##### Segment information

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

##### Related information

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

##### 1. Information by product and service

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

## 2. Information by geographical area

### (1) Operating revenues

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

### (2) Property, plant and equipment

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

## 3. Information by major customer

(Unit: thousands of yen)

Counterparty	Operating revenues	Related segment
Hulic Co., Ltd.	1,044,084	Real estate leasing business

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

## 1. Information by product and service

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

## 2. Information by geographical area

### (1) Operating revenues

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

### (2) Property, plant and equipment

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

## 3. Information by major customer

(Unit: thousands of yen)

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

## Notes on Per Unit Information (unaudited)

	Previous fiscal period (From September 1, 2018 to February 28, 2019)	Reporting period (From March 1, 2019 to August 31, 2019)
Net assets per unit	¥133,655	¥133,625
Basic earnings per unit	¥3,654	¥3,486

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

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

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

### Notes on Significant Subsequent Events (unaudited)

#### Issuance of new investment units

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

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

#### (New investment unit issuance through public offering)

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

#### (New investment unit issuance through third-party allotment)

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

### Omission of Disclosure

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

## (9) Changes in Total Number of Investment Units Issued

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

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

(Note 1) 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 2) 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 3) 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 4) 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 5) 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 6) 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 7) 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 8) 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 9) 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 10) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an issue value per unit of ¥149,544.

### 3. Reference Information

#### (1) Status of Investment

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

	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	155,458	48.2	163,544	49.5
Total net assets	167,202	51.8	167,165	50.5

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

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

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

## (2) Investment Assets

### i) Overview of investment assets

(As of August 31, 2019)

Category	Property name	Date of construction (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/guarantee deposits (Millions of yen) (Note 3)	Total leased area (m <sup>2</sup> ) (Note 4)	Total leasable area (m <sup>2</sup> ) (Note 5)	Occupancy rate (%) (Note 6)	
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	April 1985	2,723	2,657	32,487.06	32,487.06	100.0
		Hulic Kudan Building (Land)	—	530	265	3,351.07	3,351.07	100.0
		Toranomon First Garden (Note 7)	August 2010	571	419	5,689.97	5,689.97	100.0
		Rapiros Roppongi (Note 8)	August 1997	595	534	6,730.52	6,730.52	100.0
		Hulic Takadanobaba Building	November 1993	312	194	5,369.71	5,369.71	100.0
		Hulic Kanda Building	September 2008	257	233	3,728.36	3,728.36	100.0
		Hulic Kandabashi Building	June 2001	163	129	2,566.95	2,566.95	100.0
		Hulic Kakigaracho Building	March 1993	190	123	2,858.48	2,858.48	100.0
		Ochanomizu Sola City (Note 9)	February 2013	(Note 19)	(Note 19)	13,923.42	13,923.42	100.0
		Hulic Higashi Ueno 1 Chome Building	July 1988	178	150	3,137.09	3,137.09	100.0
		Tokyo Nishi Ikebukuro Building (Note 10)	October 1990	111	195	1,429.74	1,429.74	100.0
		Gate City Ohsaki (Note 11)	(Business/Commercial Tower) January 1999 (Residential Tower) December 1998	282	(Note 3)	3,835.78	3,835.78	100.0
		Hulic Toranomon Building	May 2015	906	643	8,574.65	8,574.65	100.0
		Hulic Shibuya 1 chome Building	August 1993	238	181	2,817.65	2,817.65	100.0
		Hulic Higashi Nihonbashi Building	November 1996	190	125	3,681.20	3,681.20	100.0
		Hulic Jimbocho Building	September 1989	71	58	1,561.38	1,561.38	100.0
		Hulic Ginza 7 Chome Building (Note 12)	September 1962	806	451	9,004.49	9,004.49	100.0
		Shinagawa Season Terrace (Note 13)	January 2015	(Note 19)	(Note 19)	3,196.54	3,196.54	100.0
		Hulic Gotanda Yamate-dori Building	March 1996	208	131	3,296.01	3,296.01	100.0
		Hulic Nihonbashi Honcho 1 Chome Building (Note 14)	January 1964	195	141	3,702.25	3,702.25	100.0
	Bancho House	August 1989	(Note 19)	111	1,916.19	1,916.19	100.0	
	Ebisu Minami Building	September 1992	(Note 19)	(Note 19)	1,629.09	1,629.09	100.0	
	Hulic Idabashi Building	February 1991	81	57	1,431.94	1,431.94	100.0	
	Subtotal	—	—	—	125,919.54	125,919.54	100.0	
	Retail properties	Oimachi Redevelopment Building (#2)	September 1989	624	656	14,485.66	14,485.66	100.0
		Oimachi Redevelopment Building (#1) (Note 15)	September 1989	438	529	10,612.67	10,612.67	100.0
		Dining Square Akihabara Building	June 1993	(Note 19)	(Note 19)	2,169.41	2,169.41	100.0
		Hulic Jingu-Mae Building	September 2000	158	82	1,656.24	1,656.24	100.0
		Hulic Shinjuku 3 Chome Building	June 1983	344	208	1,351.15	1,351.15	100.0
		Yokohama Yamashitacho Building	July 1993	(Note 19)	(Note 19)	8,958.70	8,958.70	100.0
		Orchid Square	January 2009	165	88	1,334.88	1,334.88	100.0
		Hulic Todoroki Building	August 1990	93	69	1,676.02	1,676.02	100.0
Hulic Omori Building		January 2017	192	144	2,666.52	2,666.52	100.0	
HULIC &New SHIBUYA (Note 16)		April 2017	128	120	898.62	898.62	100.0	
HULIC &New SHINBASHI		April 2017	154	136	1,725.35	1,725.35	100.0	
Hulic Shimura-sakaue		(Retail property block) November 2015 (Private nursing home block) February 2016	469	354	11,528.34	11,528.34	100.0	
Subtotal	—	—	—	59,063.56	59,063.56	100.0		
Total	—	—	—	184,983.10	184,983.10	100.0		

Category	Property name	Date of construction (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ guarantee deposits (Millions of yen) (Note 3)	Total leased area (m <sup>2</sup> ) (Note 4)	Total leasable area (m <sup>2</sup> ) (Note 5)	Occupancy rate (%) (Note 6)		
Next-Generation Assets Plus	Private nursing homes	Aria Matsubara	September 2005	(Note 19)	(Note 19)	5,454.48	5,454.48	100.0	
		Trust Garden Yoganomori	September 2005	(Note 19)	(Note 19)	5,977.75	5,977.75	100.0	
		Trust Garden Sakurashinmachi	August 2005	(Note 19)	(Note 19)	3,700.26	3,700.26	100.0	
		Trust Garden Suginami Miyamae	April 2005	(Note 19)	(Note 19)	3,975.99	3,975.99	100.0	
		Trust Garden Tokiwamatsu	January 2016	(Note 19)	(Note 19)	2,893.82	2,893.82	100.0	
		SOMPO Care La vie Re Kita-Kamakura	March 2009	(Note 19)	(Note 19)	4,912.57	4,912.57	100.0	
		Subtotal	–	–	–	26,914.87	26,914.87	100.0	
	Network centers	Ikebukuro Network Center	January 2001	271	136	12,773.04	12,773.04	100.0	
		Tabata Network Center	April 1998	90	45	3,832.73	3,832.73	100.0	
		Hiroshima Network Center	October 2001	88	44	5,208.54	5,208.54	100.0	
		Atsuta Network Center	May 1997	73	37	4,943.10	4,943.10	100.0	
		Nagano Network Center	September 1994	33	17	2,211.24	2,211.24	100.0	
		Chiba Network Center	June 1995	447	224	23,338.00	23,338.00	100.0	
		Sapporo Network Center	January 2002	167	84	9,793.57	9,793.57	100.0	
		Keihanna Network Center	May 2001	94	47	9,273.44	9,273.44	100.0	
			Subtotal	–	1,265	632	71,373.66	71,373.66	100.0
		Hotels	Sotetsu Fresa Inn Ginza 7 Chome (Note 17)	August 2016	480	480	6,984.32	6,984.32	100.0
	Sotetsu Fresa Inn Tokyo-Roppongi (Note 18)		August 2017	216	54	2,408.45	2,408.45	100.0	
			Subtotal	–	696	534	9,392.77	9,392.77	100.0
		Total	–	–	–	107,681.30	107,681.30	100.0	
	Total of the portfolio	–	–	–	292,664.40	292,664.40	100.0		

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

(Note 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of August 31, 2019) for buildings as indicated in the relevant lease agreement of each asset held as of August 31, 2019 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. For properties for which we acquired only land, it is calculated by multiplying the monthly contracted rent (excluding consumption taxes) as indicated in the lease agreement for such land as of August 31, 2019 by 12 and rounding to the nearest million yen. When a master lease agreement has been concluded for the asset held, the amounts provided are the amount for the portion corresponding to the pass-through master lease under which rents are directly received from end-tenants in principle (hereinafter referred to as the “Pass-through Master Lease Agreement”), calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by 12; and the amount for the portion corresponding to the fixed-type master lease under which a certain amount of rent is received regardless of fluctuations in rents for end-tenants (hereinafter referred to as the “Fixed-type Master Lease Agreement”), calculated on an annual basis by multiplying the monthly rent as indicated by the Fixed-type Master Lease Agreement corresponding to that portion by 12.

(Note 3) *Leasehold/guarantee deposits* indicates the aggregate of the recognized book values for the leasehold and/or guarantee deposit(s) of each asset held as of August 31, 2019, rounded to the nearest million yen. For Gate City Ohsaki, leasehold/guarantee deposit figures are not presented because such funds are not received by the Investment Corporation, but rather the master lease companies take custody of such funds as per contractual agreement with those companies.

(Note 4) *Total leased area* is equivalent to total floor area or similar measurement of leased space set out in the relevant lease agreements or similar contracts of each asset held as of August 31, 2019. For the portion for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided; and for the portion for which there is a Fixed-type Master Lease Agreement, the total area corresponding to that portion is provided. For the property of which ownership is only for land, the area of the land is provided.

(Note 5) *Total leasable area* is equivalent to the gross leasable area, based on the lease agreements or floor plans of buildings of each asset held as of August 31, 2019. With respect to properties of which ownership is only for land, total leasable area is the leasable area of the land as described in the applicable land lease agreements or land plans.

(Note 6) *Occupancy rate* shows the proportion of the total leased area to the total leasable area of each asset held as of August 31, 2019, rounded to the nearest tenth. Subtotals, totals and total of the portfolio show the proportion of the total leased area to the total of leasable area for the assets held, rounded to the nearest tenth.

(Note 7) For Toranomon First Garden, total leasable area shows figures equivalent to the Investment Corporation’s partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.) On the other hand, a master lease is served on the whole building together with the exclusively owned portions owned by other unit owners, and as income and expenditure of the property is allocated according to the ratio of

- ownership interest of the partial ownership owned by each unit owner, the figure shown for occupancy rate is that of the entire building. Total leased area, total contracted rent and leasehold/guarantee deposits show amounts equivalent to the ratio of ownership interest of the partial ownership in the building held by the Investment Corporation (approximately 81.4%).
- (Note 8) For Rapiros Roppongi, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 9) For Ochanomizu Sola City, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (21.7%).
- (Note 10) For Tokyo Nishi Ikebukuro Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion).
- (Note 11) For Gate City Ohsaki, total leased area, total leasable area and occupancy rate show figures equivalent to the Investment Corporation's partial ownership in the property (Office space on the 8th floor of West Tower, a business/commercial tower: approximately 83.0% co-ownership interest of 4,088.37 m<sup>2</sup>; retail space from the 1st basement floor to the 3rd floor of the business/commercial tower: approximately 2.4% co-ownership interest of 5,609.05 m<sup>2</sup>; residential tower: 6 residential units of 308.20 m<sup>2</sup>) under the lease agreements with master lease companies. Total contracted rent shows amounts calculated with the rent and common service fees received by the master lease company for the month of August 2019 (excluding consumption taxes) multiplied by 12, with the result rounded to the nearest million yen. Leasehold/guarantee deposit figures are not presented because such funds are not received by the Investment Corporation, but rather the master lease companies take custody of such funds as per contractual agreement with those companies.
- (Note 12) For HULIC Ginza 7 Chome Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (75.0%).
- (Note 13) For Shinagawa Season Terrace, the total leased area, total leasable area, and occupancy rate show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (25.0%) on account of NTT Urban Development Corporation receiving rent from each end-tenant for the entire building and distributing that income to the respective owners in proportion to the ratio of ownership.
- (Note 14) For HULIC Nihonbashi Honcho 1 Chome Building, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 15) For Oimachi Redevelopment Building (#1), total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building.
- (Note 16) For HULIC & New SHIBUYA, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 17) For Sotetsu Fresa Inn Ginza 7 Chome, the total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 18) For Sotetsu Fresa Inn Tokyo-Roppongi, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%). Total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 19) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.
- (Note 20) In the above table, *Total contracted rent*, *Leasehold/guarantee deposits*, *Total leased area* and *Occupancy rate* may include data of end-tenant lease agreements for which we have received a request for cancellation or termination and end-tenant lease agreements for which rent payment was delinquent as of August 31, 2019, if the lease agreement was valid as of August 31, 2019.

## ii) Overview of appraisal report

(As of August 31, 2019)

Category	Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated price by using cost method (Millions of yen)	Return price (Millions of yen)					
							Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)	
Tokyo Commercial Properties	Hulic Kamiyacho Building	D	55,250	55,439	64,700	59,200	66,500	3.3	63,900	3.1	3.5	
	Hulic Kudan Building (Land)	N	11,100	11,191	13,200	(Note 5)	13,200	3.5	13,100	3.1	3.6	
	Toranomon First Garden	C	8,623	8,235	12,300	15,300	12,300	3.3	12,300	3.0	3.4	
	Rapiros Roppongi	N	6,210	6,752	9,680	11,900	9,840	3.5	9,520	3.2	3.7	
	Hulic Takadanobaba Building	D	3,900	3,786	4,820	4,340	4,750	4.0	4,850	3.8	4.2	
	Hulic Kanda Building	T	3,780	3,591	4,320	4,790	4,520	3.8	4,230	3.9	4.0	
	Hulic Kandabashi Building	D	2,500	2,478	3,060	3,200	3,100	3.7	3,040	3.5	3.9	
	Hulic Kakigaracho Building	T	2,210	2,166	2,950	3,200	2,930	4.1	2,960	4.2	4.3	
	Ochanomizu Sola City	N	38,149	36,977	44,485	37,107	44,919	3.2	44,051	2.9	3.3	
	Hulic Higashi Ueno 1 Chome Building	N	2,678	2,736	3,180	2,700	3,230	3.9	3,130	3.7	4.1	
	Tokyo Nishi Ikebukuro Building	N	1,580	1,606	1,990	1,500	2,020	4.1	1,950	3.9	4.3	
	Gate City Ohsaki	N	4,370	4,460	4,780	5,230	4,800	3.5	4,760	3.1	3.6	
	Hulic Toranomon Building	N	18,310	18,032	21,700	23,900	21,900	3.1	21,500	2.8	3.2	
	Hulic Shibuya 1 chome Building	T	5,100	5,108	5,670	5,730	5,950	3.4	5,550	3.5	3.6	
	Hulic Higashi Nihonbashi Building	T	3,480	3,471	3,690	3,970	3,820	4.1	3,640	4.2	4.3	
	Hulic Jimbocho Building	N	1,460	1,540	1,560	1,340	1,580	3.9	1,530	3.7	4.1	
	Hulic Ginza 7 Chome Building	N	16,600	16,718	17,475	18,900	17,850	3.3	17,100	3.1	3.4	
	Shinagawa Season Terrace	N	6,100	6,048	6,200	5,500	6,250	3.5	6,125	3.2	3.6	
	Hulic Gotanda Yamate-dori Building	D	3,450	3,588	3,530	3,180	3,760	3.8	3,430	3.5	3.9	
	Hulic Nihonbashi Honcho 1 Chome Building	D	3,980	4,006	4,240	4,470	4,340	4.0	4,190	3.8	4.2	
	Bancho House	D	2,750	2,762	2,880	2,660	2,940	3.7	2,850	3.5	3.9	
	Ebisu Minami Building (Note 6)	T	2,420	2,429	2,550	2,480	2,650	3.8	2,510	3.8	3.9	
	Hulic Idabashi Building	T	1,450	1,465	1,500	1,430	1,550	3.9	1,480	4.0	4.1	
	Subtotal	—	—	205,450	204,593	240,460	—	244,699	—	237,696	—	—
	Retail properties	Oimachi Redevelopment Building (#2)	T	9,456	9,498	12,000	11,800	12,200	4.0	11,900	4.1	4.2
		Oimachi Redevelopment Building (#1)	T	6,166	6,254	7,360	6,880	7,430	4.2	7,330	4.3	4.4
		Dining Square Akihabara Building	N	3,200	3,175	3,930	2,650	4,000	3.8	3,860	3.6	4.0
		Hulic Jingu-Mae Building	T	2,660	2,639	3,600	3,680	3,680	3.3	3,560	3.4	3.5
Hulic Shinjuku 3 Chome Building		N	5,550	5,554	7,760	7,240	7,970	3.5	7,540	3.0	3.6	
Yokohama Yamashitacho Building		N	4,850	4,666	5,560	3,500	5,640	4.3	5,480	4.1	4.5	
Orchid Square		D	3,502	3,485	3,920	3,730	4,010	3.6	3,880	3.4	3.8	
Hulic Todoroki Building		T	1,200	1,215	1,370	1,550	1,380	4.5	1,360	4.6	4.7	
Hulic Omori Building		C	3,420	3,384	3,740	2,710	3,740	4.2	3,740	4.0	4.3	
HULIC & New SHIBUYA		N	3,150	3,130	3,425	2,685	3,505	3.1	3,345	2.9	3.3	
HULIC & New SHINBASHI		N	3,100	3,069	3,360	3,230	3,410	3.7	3,310	3.5	3.9	
Hulic Shimurasakaue		N	7,556	7,578	7,650	7,720	7,790	4.6	7,510	4.4	4.9	
Subtotal		—	—	53,810	53,653	63,675	57,375	64,755	—	62,815	—	—
Total	—	—	259,260	258,246	304,135	—	309,454	—	300,511	—	—	

Category	Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated price by using cost method (Millions of yen)	Return price (Millions of yen)					
							Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)	
Next-Generation Assets Plus	Private nursing homes	Aria Matsubara	N	3,244	3,141	4,290	3,760	4,320	4.4	4,260	4.0	4.6
		Trust Garden Yoganomori	N	5,390	5,312	6,880	5,560	6,920	4.7	6,830	4.3	4.9
		Trust Garden Sakurashinmachi	N	2,850	2,835	3,670	3,060	3,690	4.6	3,640	4.2	4.8
		Trust Garden Suginami Miyamae	N	2,760	2,737	3,550	2,830	3,570	4.6	3,530	4.2	4.8
		Trust Garden Tokiwamatsu	N	3,030	3,017	3,300	3,170	3,350	4.2	3,250	4.0	4.4
		SOMPO Care La vie Re Kita-Kamakura	N	1,780	1,786	1,770	1,230	1,780	5.5	1,750	5.3	5.7
		Subtotal	–	19,054	18,830	23,460	19,610	23,630	–	23,260	–	–
		Network centers	Ikebukuro Network Center	N	4,570	4,497	5,280	5,040	5,330	4.4	5,230	4.1
	Tabata Network Center		N	1,355	1,356	1,550	1,580	1,560	4.9	1,530	4.6	5.0
	Hiroshima Network Center		N	1,080	1,036	1,220	1,200	1,230	5.7	1,210	5.4	5.8
	Atsuta Network Center		N	1,015	981	1,070	1,020	1,080	5.4	1,060	5.1	5.5
	Nagano Network Center		N	305	300	362	305	363	6.9	361	6.7	7.1
	Chiba Network Center		N	7,060	6,936	7,260	4,340	7,310	5.1	7,200	4.8	5.2
	Sapporo Network Center		N	2,510	2,522	2,590	2,580	2,610	5.2	2,570	4.9	5.3
	Keihanna Network Center		N	1,250	1,192	1,300	1,210	1,300	5.5	1,290	5.2	5.6
	Subtotal	–	19,145	18,823	20,632	17,275	20,783	–	20,451	–	–	
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome	N	11,520	11,483	12,200	13,900	12,400	3.6	11,900	3.4	3.8
		Sotetsu Fresa Inn Tokyo-Roppongi	N	5,000	4,950	5,100	4,915	5,200	3.8	5,000	3.6	4.0
		Subtotal	–	16,520	16,433	17,300	18,815	17,600	–	16,900	–	–
	Total	–	54,719	54,088	61,392	55,700	62,013	–	60,611	–	–	
Total	–	313,979	312,335	365,527	–	371,467	–	361,122	–	–		

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

D: Daiwa Real Estate Appraisal Co., Ltd.

N: Japan Real Estate Institute

C: CBRE K.K.

T: The Tanizawa Sōgō Appraisal Co., Ltd.

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

(Note 3) Book value at end of period represents book value for each property less depreciation expenses as of August 31, 2019, rounded down to the nearest million yen.

(Note 4) Appraisal value represents the appraisal value as of the valuation date of August 31, 2019.

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

(Note 6) Discount rate for Ebisu Minami Building was 3.6% for the 1st fiscal year to the 3rd fiscal year, 3.7% for the 4th fiscal year to the 9th fiscal year, and 3.8% for the 10th fiscal year to the 11th fiscal year. The table shows the 10th fiscal year to the 11th fiscal year (3.8%).

### iii) Capital expenditures for assets under management

#### (A) Schedule of capital expenditures

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

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

#### (B) Capital expenditures during the period

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

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

### (3) Major Investment Assets

The following is an overview of the Assets Held by the Investment Corporation whose Total contracted rent makes up 10% or more of the total rental income for the entire portfolio as of August 31, 2019.

Property name	Total contracted rent (annual) (Millions of yen) (Note 1)	Total leased area (m <sup>2</sup> ) (Note 2)	Total leasable area (m <sup>2</sup> ) (Note 3)	Occupancy rate (%) (Note 4)
Hulic Kamiyacho Building	2,723	32,487.06	32,487.06	100.0

(Note 1) *Total contracted rent (annual)* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of August 31, 2019) as indicated in the relevant lease agreement of the assets held as of August 31, 2019 by 12 (in cases where multiple lease agreements are concluded, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. When a master lease agreement has been concluded for the asset held, the amount provided is the amount for the portion corresponding to the Pass-through Master Lease Agreement, calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by 12.

(Note 2) *Total leased area* shows the total floor area of leased space set out in the relevant lease agreement of the property held as of August 31, 2019. For the portion for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided.

(Note 3) *Total leasable area* shows the floor area considered leasable based on the lease agreements or floor plans of buildings of the property held as of August 31, 2019.

(Note 4) *Occupancy rate* shows the proportion of the total leased area to the total leasable area for the entire building of the above-mentioned property held as of August 31, 2019, rounded to the nearest tenth.

#### (4) Overview of Major Tenants

Tenants for which leased area accounted for 10% or more of the total leased area as of August 31, 2019 are shown as below.

Tenant	Business type	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/guarantee deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate leasing business	Hulic Kamiyacho Building	32,487.06	2,723	2,657	February 6, 2021	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Kudan Building (Land)	3,351.07	530	265	February 6, 2063	Terminated due to the expiry of the agreement
		Toranomon First Garden (Note 6)	5,689.97	571	419	February 6, 2021	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Rapiros Roppongi (Note 7)	6,730.52	595	534		
		Hulic Takadanobaba Building	5,369.71	312	194		
		Hulic Kanda Building	3,728.36	257	233		
		Hulic Kandabashi Building	2,566.95	163	129		
		Hulic Kakigaracho Building	2,858.48	190	123		
		Hulic Higashi Ueno 1 Chome Building	3,137.09	178	150		
		Tokyo Nishi Ikebukuro Building (Note 8)	1,429.74	111	195	March 30, 2020	
		Hulic Toranomon Building	8,574.65	906	643	December 24, 2020	
		Hulic Shibuya 1 chome Building	2,817.65	238	181	March 30, 2020	
		Hulic Higashi Nihonbashi Building	3,681.20	190	125	March 30, 2020	
		Hulic Jimbocho Building	1,561.38	71	58	April 27, 2020	
		Hulic Ginza 7 Chome Building (Note 9)	9,004.49	806	451	March 28, 2021	
		Hulic Gotanda Yamate-dori Building	3,296.01	208	131	September 30, 2021	
		Hulic Nihonbashi Honcho 1 Chome Building (Note 10)	3,702.25	195	141	October 31, 2021	
		Bancho House	1,916.19	(Note 15)	111	October 31, 2021	
		Ebisu Minami Building	1,629.09	(Note 15)	(Note 15)	December 26, 2021	
		Hulic Iidabashi Building	1,431.94	81	57	June 27, 2022	
Oimachi Redevelopment Building (#2)	14,485.66	624	656	February 6, 2021			
Oimachi Redevelopment Building (#1) (Note 11)	10,612.67	438	529	(Note 16)	Automatically renewed for a term agreed upon unless notified in writing at least 6 months before the expiry of the agreement		
Dining Square Akihabara Building	2,169.41	(Note 15)	(Note 15)	February 6, 2021	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement		
Hulic Jingu-Mae Building	1,656.24	158	82				
Hulic Shinjuku 3 Chome Building	1,351.15	344	208	October 15, 2019			
Yokohama Yamashitacho Building	8,958.70	(Note 15)	(Note 15)				

Tenant	Business type	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/guarantee deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate leasing business	Orchid Square	1,334.88	165	88	March 29, 2021	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Todoroki Building	1,676.02	93	69	December 26, 2019	
		Hulic Omori Building	2,666.52	192	144	March 30, 2022	
		HULIC &New SHIBUYA (Note 12)	898.62	128	120	June 29, 2020	
		HULIC &New SHINBASHI	1,725.35	154	136	October 31, 2020	
		Hulic Shimura-sakaue	11,528.34	469	354	June 28, 2021	
		Aria Matsubara	5,454.48	(Note 15)	(Note 15)	February 6, 2021	
		Trust Garden Yoganomori	5,977.75	(Note 15)	(Note 15)		
		Trust Garden Sakurashinmachi	3,700.26	(Note 15)	(Note 15)		
		Trust Garden Suginami Miyamae	3,975.99	(Note 15)	(Note 15)		
		Trust Garden Tokiwamatsu	2,893.82	(Note 15)	(Note 15)	August 31, 2021	
		SOMPO Care La vie Re Kita-Kamakura	4,912.57	(Note 15)	(Note 15)	June 29, 2020	
		Sotetsu Fresa Inn Ginza 7 Chome (Note 13)	6,984.32	480	480	October 31, 2020	
		Sotetsu Fresa Inn Tokyo-Roppongi (Note 14)	2,408.45	216	54	October 31, 2020	
Total	200,335.00	13,727	10,970	-	-		
SoftBank Corp.	Telecommunications business	Ikebukuro Network Center	12,773.04	271	136	September 30, 2030	Terminated due to the expiry of the agreement
		Tabata Network Center	3,832.73	90	45	September 30, 2030	
		Hiroshima Network Center	5,208.54	88	44	September 30, 2030	
		Atsuta Network Center	4,943.10	73	37	September 30, 2030	
		Nagano Network Center	2,211.24	33	17	November 5, 2024	
		Chiba Network Center	23,338.00	447	224	September 30, 2030	
		Sapporo Network Center	9,793.57	167	84	September 30, 2030	
		Keihanna Network Center	9,273.44	94	47	September 30, 2030	
		Total	71,373.66	1,265	632	-	

(Note 1) *Leased area* is equivalent to total floor area or similar measurement of leased space set out in the relevant lease agreement or similar contract of each property as of August 31, 2019. For the portion for which there is a Pass-through Master Lease Agreement, the actual total area leased under each sublease agreement entered into with end-tenants corresponding to that portion is provided. For the portion for which there is a Fixed-type Master Lease Agreement, the total area corresponding to that portion is provided. For the property of which ownership is only for land, the area of the land is provided.

(Note 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of August 31, 2019) for buildings as indicated in the relevant lease agreement of each property in effect as of August 31, 2019 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. For properties for which ownership is only for land, it is calculated by multiplying the monthly contracted rent (excluding consumption taxes) as indicated in the lease agreement for such land as of August 31, 2019 by 12 and rounding to the nearest million yen. The amounts provided are the amount for the portion of property corresponding to a Pass-through Master Lease Agreement for which the tenant is a sublessor as a master lease company, in accordance with the lease agreement with the end-tenant in effect as of August 31, 2019, calculated on an annual basis by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants corresponding to that portion by

- 12; and the amount for the portion of property corresponding to a Fixed-type Master Lease Agreement, calculated on an annual basis by multiplying the monthly rent as indicated in the master lease agreement corresponding to that portion.
- (Note 3) *Leasehold/guarantee deposits* indicates the aggregate of the recognized book values for the leasehold and/or guarantee deposit(s) of each asset held as of August 31, 2019, rounded to the nearest million yen.
- (Note 4) *Expiration date* is the date provided in the lease agreements for each asset in effect on August 31, 2019 where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.
- (Note 5) *Renewal of agreement, etc.* represents the content of renewal of agreement, etc. provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.
- (Note 6) For Toranomom First Garden, a master lease is served on the whole building together with the exclusively owned portions owned by other unit owners. Moreover, income and expenditure of the property is allocated according to the ratio of ownership interest of the partial ownership owned by each unit owner. Accordingly, leased area, total contracted rent and leasehold/guarantee deposits show amounts equivalent to the ratio of ownership interest of the partial ownership in the whole building held by the Investment Corporation (approximately 81.4%).
- (Note 7) For Rapiros Roppongi, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion). (For the co-ownership portion, the figures calculated on a pro-rata basis in accordance with the co-ownership interests owned by the Investment Corporation are listed.)
- (Note 8) For Tokyo Nishi Ikebukuro Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's partial ownership in the building (including some of co-ownership portion).
- (Note 9) For Hulic Ginza 7 Chome Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (75.0%).
- (Note 10) For Hulic Nihonbashi Honcho 1 Chome Building, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 11) For Oimachi Redevelopment Building (#1), the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the Investment Corporation's co-ownership interest (approximately 82.6%) in partial ownership in the building.
- (Note 12) For HULIC & New SHIBUYA, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%).
- (Note 13) For Sotetsu Fresa Inn Ginza 7 Chome, the total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 14) For Sotetsu Fresa Inn Tokyo-Roppongi, the leased area, total contracted rent and leasehold/guarantee deposits show figures equivalent to the quasi co-ownership interest of property held by the Investment Corporation (50.0%). Total contracted rent is made up of a fixed rent and a proportional rent that arises when annual guest room sales exceed a certain amount. Total contracted rent shows amounts calculated with monthly fixed rent specified in lease agreements multiplied by 12, with the result rounded to the nearest million yen.
- (Note 15) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.
- (Note 16) The lease agreement for Oimachi Redevelopment Building (#1) was renewed as the lease agreement does not specify a term at the last renewal of the agreement.

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

The following table shows the top ten end-tenants in terms of leased area in the entire portfolio as of August 31, 2019. The information stated for the portion for which there is a Fixed-type Master Lease Agreement, reflects the details on the Fixed-type Master Lease Agreement corresponding to that portion, while the information stated for the portion for which there is a Pass-through Master Lease Agreement, reflects the details on each lease agreement concluded with the end tenants.

End-tenant	Property name	Leased area (m <sup>2</sup> ) (Note 1)	Area ratio (%) (Note 2)	Expiration date (Note 3)	Form of agreement (Note 4)
SoftBank Corp.	Ikebukuro Network Center Tabata Network Center Hiroshima Network Center Atsuta Network Center Nagano Network Center Chiba Network Center Sapporo Network Center Keihanna Network Center	71,373.66	24.4	September 30, 2030 September 30, 2030 September 30, 2030 September 30, 2030 November 5, 2024 September 30, 2030 September 30, 2030 September 30, 2030	Fixed-term building lease agreement
Hulic Co., Ltd.	Hulic Kudan Building (Land)  Oimachi Redevelopment Building (#2) Oimachi Redevelopment Building (#1)  Hulic Omori Building	29,600.73	10.1	February 6, 2063  February 6, 2021  (Note 6)  March 30, 2022	Fixed-term business-use land lease agreement  Ordinary building lease agreement Ordinary building lease agreement Ordinary building lease agreement
Trust Garden Co., Ltd.	Trust Garden Yoganomori Trust Garden Sakurashinmachi Trust Garden Suginami Miyamae Trust Garden Tokiwamatsu	16,547.82	5.7	January 24, 2028 January 24, 2028 January 24, 2028  February 29, 2036	Ordinary building lease agreement
Sotetsu Hotel Development Co., Ltd.	Sotetsu Fresa Inn Ginza 7 Chome (Note 5) Sotetsu Fresa Inn Tokyo-Roppongi (Note 5)	9,392.77	3.2	September 30, 2046  October 9, 2047	Fixed-term building lease agreement
Barneys Japan	Yokohama Yamashitacho Building	8,958.70	3.1	(Note 7)	(Note 7)
(Note 7)	Hulic Ginza 7 Chome Building	7,190.09	2.5	(Note 7)	(Note 7)
Benesse Style Care Co., Ltd.	Aria Matsubara	5,454.48	1.9	September 30, 2030	Ordinary building lease agreement
Sompo Care Inc.	SOMPO Care La vie Re Kita-Kamakura	4,912.57	1.7	March 31, 2029	Ordinary building lease agreement
Nippon Paper Industries Co., Ltd.	Ochanomizu Sola City	4,555.25	1.6	(Note 7)	Fixed-term building lease agreement
Sakurajyuji Co., Ltd.	Hulic Shimura-sakaue	4,360.63	1.5	February 29, 2036	Ordinary building lease agreement

(Note 1) Leased area is equivalent to total floor area, or similar measurement of leased space set out in the lease agreements or similar contracts with end-tenants as of August 31, 2019. The pertinent items are as follows.

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

- For Hulia Ginza 7 Chome Building, the figures are equivalent to the quasi co-ownership interest of property held by the Investment Corporation (75.0%).

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

(Note 3) Expiration date is the expiration date shown on the lease agreement with the end tenant as lessee that is in effect as of August 31, 2019.

(Note 4) Form of agreement is the form of agreement described in the lease agreement with the end-tenants as of August 31, 2019.

(Note 5) Sotetsu Fresa Inn Ginza 7 Chome and Sotetsu Fresa Inn Tokyo-Roppongi are sub-leased by Sotetsu Hotel Development Co., Ltd. to a hotel operator.

(Note 6) The lease agreement for Oimachi Redevelopment Building (#1) was renewed as the lease agreement does not specify a term at the last renewal of the agreement.

(Note 7) The Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

**(6) Overview and Income/Loss of Lease Businesses**

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

(Unit: thousands of yen)

Property name	Hulic Kamiyacho Building	Hulic Kudan Building (Land)	Toranomon First Garden	Rapiros Roppongi	Hulic Takadanobaba Building	Hulic Kanda Building	Hulic Kandabashi Building
Days under management	184	184	184	184	184	184	184
Leasing business revenues	1,446,449	265,002	303,286	317,974	172,712	140,005	87,207
Leasing business revenue	1,347,618	265,002	284,113	298,300	156,234	126,407	80,914
Other leasing business revenues	98,830	–	19,172	19,674	16,478	13,597	6,292
Expenses related to leasing business	337,825	35,225	126,376	144,181	63,107	74,496	35,332
Taxes and public dues	76,663	33,359	36,234	43,225	13,100	4,114	9,533
Utilities expenses	72,647	–	12,498	19,668	11,939	8,081	6,090
Insurance expenses	822	34	184	647	162	82	68
Repair expenses	11,428	–	2,158	786	1,222	6,878	1,324
Property management fees	104,007	1,325	5,186	6,011	14,909	7,596	5,793
Other expenses related to leasing business	6,607	506	27,053	55,364	1,568	28,793	1,659
Depreciation and amortization	65,648	–	43,060	18,477	20,205	18,948	10,863
Income (loss) from lease business	1,108,623	229,776	176,909	173,793	109,604	65,509	51,874
NOI	1,174,272	229,776	219,970	192,271	129,810	84,458	62,738

(Unit: thousands of yen)

Property name	Hulic Kakigaracho Building	Ochanomizu Sola City	Hulic Higashi Ueno 1 Chome Building	Tokyo Nishi Ikebukuro Building	Gate City Ohsaki	Hulic Toranomom Building	Hulic Shibuya 1 chome Building
Days under management	184	184	184	184	184	184	184
Leasing business revenues	105,759	(Note 2)	99,309	56,750	164,117	473,599	130,621
Leasing business revenue	95,720	(Note 2)	88,519	56,030	153,400	453,388	119,038
Other leasing business revenues	10,039	(Note 2)	10,790	720	10,717	20,211	11,583
Expenses related to leasing business	38,940	(Note 2)	38,566	20,602	98,940	176,551	44,544
Taxes and public dues	9,565	(Note 2)	7,584	2,456	15,425	57,446	9,525
Utilities expenses	7,153	(Note 2)	6,367	-	10,683	20,747	8,768
Insurance expenses	78	(Note 2)	79	116	182	242	93
Repair expenses	241	(Note 2)	488	-	785	2,092	5,085
Property management fees	12,843	(Note 2)	10,602	9,787	600	41,148	7,779
Other expenses related to leasing business	1,357	(Note 2)	2,232	3,522	57,539	1,508	1,437
Depreciation and amortization	7,702	(Note 2)	11,210	4,719	13,724	53,366	11,854
Income (loss) from lease business	66,819	(Note 2)	60,743	36,147	65,176	297,048	86,076
NOI	74,521	715,166	71,953	40,867	78,900	350,414	97,931

(Unit: thousands of yen)

Property name	Hulic Higashi Nihonbashi Building	Hulic Jimbocho Building	Hulic Ginza 7 Chome Building (Note 1)	Shinagawa Season Terrace	Hulic Gotanda Yamate-dori Building	Hulic Nihonbashi Honcho 1 Chome Building	Bancho House
Days under management	184	184	184	184	184	184	184
Leasing business revenues	106,641	43,653	339,968	(Note 2)	116,695	105,594	(Note 2)
Leasing business revenue	96,251	35,288	321,443	(Note 2)	104,952	95,588	(Note 2)
Other leasing business revenues	10,389	8,364	18,525	(Note 2)	11,743	10,005	(Note 2)
Expenses related to leasing business	36,490	16,275	113,279	(Note 2)	55,766	30,214	(Note 2)
Taxes and public dues	8,675	3,272	37,885	(Note 2)	5,785	6,196	(Note 2)
Utilities expenses	8,548	2,650	24,169	(Note 2)	8,531	7,231	(Note 2)
Insurance expenses	88	40	392	(Note 2)	105	109	(Note 2)
Repair expenses	479	1,673	7,421	(Note 2)	4,211	6,823	(Note 2)
Property management fees	7,139	3,788	24,021	(Note 2)	5,875	4,401	(Note 2)
Other expenses related to leasing business	760	1,496	2,129	(Note 2)	23,158	2,210	(Note 2)
Depreciation and amortization	10,799	3,353	17,259	(Note 2)	8,100	3,241	(Note 2)
Income (loss) from lease business	70,150	27,378	226,688	(Note 2)	60,928	75,380	(Note 2)
NOI	80,949	30,731	243,948	107,862	69,029	78,621	54,606

(Unit: thousands of yen)

Property name	Ebisu Minami Building	Hulic Iidabashi Building	Oimachi Redevelopment Building (#2)	Oimachi Redevelopment Building (#1)	Dining Square Akihabara Building	Hulic Jingu-Mae Building	Hulic Shinjuku 3 Chome Building
Days under management	184	65	184	184	184	184	184
Leasing business revenues	(Note 2)	14,891	312,000	218,931	(Note 2)	86,141	178,834
Leasing business revenue	(Note 2)	14,191	312,000	218,931	(Note 2)	79,592	172,134
Other leasing business revenues	(Note 2)	699	–	–	(Note 2)	6,548	6,700
Expenses related to leasing business	(Note 2)	4,402	71,462	68,617	(Note 2)	20,006	37,203
Taxes and public dues	(Note 2)	–	33,036	35,100	(Note 2)	6,154	596
Utilities expenses	(Note 2)	1,353	–	–	(Note 2)	5,448	4,391
Insurance expenses	(Note 2)	29	239	1,622	(Note 2)	36	42
Repair expenses	(Note 2)	–	–	1,991	(Note 2)	230	1,777
Property management fees	(Note 2)	1,408	6,240	4,378	(Note 2)	3,172	5,558
Other expenses related to leasing business	(Note 2)	300	504	7,973	(Note 2)	525	22,113
Depreciation and amortization	(Note 2)	1,311	31,441	17,551	(Note 2)	4,438	2,724
Income (loss) from lease business	(Note 2)	10,488	240,537	150,313	(Note 2)	66,134	141,631
NOI	38,542	11,799	271,979	167,865	78,466	70,573	144,355

(Unit: thousands of yen)

Property name	Yokohama Yamashitacho Building	Orchid Square	Hulic Todoroki Building	Hulic Omori Building	HULIC &New SHIBUYA	HULIC &New SHINBASHI	Hulic Shimura-sakaue
Days under management	184	184	184	184	184	184	184
Leasing business revenues	(Note 2)	95,735	52,387	108,995	70,941	96,966	257,302
Leasing business revenue	(Note 2)	82,619	46,902	95,752	63,915	75,597	234,560
Other leasing business revenues	(Note 2)	13,116	5,484	13,243	7,026	21,369	22,742
Expenses related to leasing business	(Note 2)	23,852	21,882	34,057	22,888	32,549	133,190
Taxes and public dues	(Note 2)	4,553	4,189	5,313	3,915	5,148	22,086
Utilities expenses	(Note 2)	9,943	5,061	8,702	5,573	5,314	25,054
Insurance expenses	(Note 2)	30	47	44	32	59	215
Repair expenses	(Note 2)	–	1,712	301	406	801	923
Property management fees	(Note 2)	3,230	4,961	6,219	3,040	5,917	31,548
Other expenses related to leasing business	(Note 2)	413	1,155	2,108	1,266	2,387	1,554
Depreciation and amortization	(Note 2)	5,679	4,755	11,366	8,653	12,921	51,806
Income (loss) from lease business	(Note 2)	71,883	30,504	74,938	48,053	64,417	124,112
NOI	127,653	77,563	35,259	86,304	56,706	77,338	175,919

(Unit: thousands of yen)

Property name	Aria Matsubara	Trust Garden Yoganomori	Trust Garden Sakurashinmachi	Trust Garden Suginami Miyamae	Trust Garden Tokiwamatsu	SOMPO Care La vie Re Kita-Kamakura	Ikebukuro Network Center
Days under management	184	184	184	184	184	184	184
Leasing business revenues	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	130,176
Leasing business revenue	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	130,176
Other leasing business revenues	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	–
Expenses related to leasing business	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	29,314
Taxes and public dues	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	15,714
Utilities expenses	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	–
Insurance expenses	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	117
Repair expenses	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	1,015
Property management fees	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	963
Other expenses related to leasing business	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	504
Depreciation and amortization	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	10,999
Income (loss) from lease business	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	(Note 2)	100,861
NOI	96,768	159,613	83,655	81,561	71,831	50,409	111,861

(Unit: thousands of yen)

Property name	Tabata Network Center	Hiroshima Network Center	Atsuta Network Center	Nagano Network Center	Chiba Network Center	Sapporo Network Center	Keihanna Network Center
Days under management	184	184	184	184	184	184	184
Leasing business revenues	43,285	42,091	35,273	16,708	214,687	80,358	45,166
Leasing business revenue	43,285	42,091	35,273	16,708	214,687	80,358	45,166
Other leasing business revenues	–	–	–	–	–	–	–
Expenses related to leasing business	8,987	13,317	12,100	6,149	77,366	23,431	17,896
Taxes and public dues	4,771	5,782	4,770	2,352	30,510	13,065	8,503
Utilities expenses	–	–	–	–	–	–	–
Insurance expenses	36	51	43	29	203	77	82
Repair expenses	–	220	1,085	–	502	–	830
Property management fees	720	1,320	974	840	1,800	780	1,209
Other expenses related to leasing business	504	505	505	505	505	505	505
Depreciation and amortization	2,954	5,439	4,721	2,422	43,845	9,002	6,766
Income (loss) from lease business	34,297	28,773	23,173	10,559	137,321	56,927	27,269
NOI	37,251	34,212	27,894	12,981	181,166	65,929	34,035

(Unit: thousands of yen)

Property name	Sotetsu Fresa Inn Ginza 7 Chome	Sotetsu Fresa Inn Tokyo-Roppongi
Days under management	184	184
Leasing business revenues	277,668	108,000
Leasing business revenue	277,668	108,000
Other leasing business revenues	–	–
Expenses related to leasing business	55,242	32,983
Taxes and public dues	24,279	11,342
Utilities expenses	–	–
Insurance expenses	167	73
Repair expenses	–	–
Property management fees	2,400	1,080
Other expenses related to leasing business	604	261
Depreciation and amortization	27,790	20,226
Income (loss) from lease business	222,426	75,016
NOI	250,217	95,242

(Note 1) The Investment Corporation has acquired an additional quasi co-ownership interest of 25.0% of Hulic Ginza 7 Chome Building on June 28, 2019, and the figures count the additionally acquired portion (65 operating days).

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