The following is a summary English language translation of the original Asset Management Report available in Japanese on our website. No assurance or warranties are given with respect to the accuracy or completeness of this summary English language translation. The Japanese original shall prevail in the case of any discrepancies between this summary English language translation and the Japanese original.

Hulic Reit, Inc.

Asset Management Report

Fiscal period ended August 31, 2016 (March 1, 2016 to August 31, 2016)

To Our Unitholders

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

Hulic Reit, Inc. was listed on the Real Estate Investment Trust Securities Market (J-REIT Market) of the Tokyo Stock Exchange in February 2014, and we have steadily built a track record since then. We have now successfully completed our 5th fiscal period (fiscal period ended August 31, 2016). This is entirely due to the strong support of our unitholders, and for this I would like to express my heartfelt gratitude.

I am pleased to report here an overview of our asset management and our operating results for the 5th fiscal period.

We procured ¥30,920 million in March 2016 through our second public offering since our listing, and used the funds along with new loans to acquire 3 additional properties (1 office property and 2 retail properties), including the additional acquisition of Hulic Kamiyacho Building, for ¥31,852 million. With these acquisitions, we expanded our portfolio at the end of the 5th fiscal period to 34 properties (14 office properties, 8 retail properties, 4 private nursing homes and 8 network centers) at ¥200,810 million. With respect to the management of the properties held, we strived to manage our investments stably, as demonstrated by our maintenance of high occupancy rates through the use of our sponsor's property operation and leasing capabilities. As a result, for our 5th fiscal period, we recorded operating revenues of ¥5,825 million (an increase of 20.9% compared to the previous fiscal period), operating income of ¥3,382 million (an increase of 26.8% compared to the previous fiscal period), profit of ¥3,007 million (an increase of 29.7% compared to the previous fiscal period), and distributions per unit came to ¥3,143, an increase of ¥174 compared to the previous fiscal period.

Also, Hulic Reit Management Co., Ltd., which is entrusted with the management of the assets of Hulic Reit, Inc., implemented changes to its Operational Guidelines in July 2016 with the goal of ongoing external growth that provides improvement in unitholder value. Specifically, the investment ratio for Tokyo Commercial Properties was changed from "approximately 80%" to "approximately 80 to 90%," the investment ratio for Next-Generation Assets was changed from "approximately 20%" to "approximately 10 to 20%," and "hotels" was added to the investment properties for Next-Generation Assets.

Furthermore, following the start of the 6th fiscal period (fiscal period ending February 28, 2017), we acquired additional properties with funds procured through our third public offering, held in October 2016, since our listing. As a result, our portfolio has expanded to 36 properties (14 office properties, 8 retail properties, 5 private nursing homes, 8 network centers and 1 hotel) with an asset size of ¥230,125 million (acquisition price basis).

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

We ask for the continued support of our unitholders.

Hulic Reit, Inc.

Eiji Tokita, Executive Officer

(Reference) Composition of Unitholders

(As of August 31, 2016)

Category	Individuals	Financial institutions	Securities firms	Other corporations	Foreign individuals	Total
Number of Unitholders by Type (persons)	7,399	99	14	226	159	7,897
Percentage (Note) (%)	93.7	1.3	0.2	2.9	2.0	100.00
Number of Investment Units by Unitholder Type (unit)	60,581	529,275	7,910	134,598	224,636	957,000
Percentage (Note) (%)	6.3	55.3	0.8	14.1	23.5	100.00

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

I.Asset Investment Report

1. Summary of asset management

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

Fiscal period	Unit	1st fiscal period (From November 7, 2013 to August 31, 2014)	2nd fiscal period (From September 1, 2014 to February 28, 2015)	3rd fiscal period (From March 1, 2015 to August 31, 2015)	4th fiscal period (From September 1, 2015 to February 29, 2016)	5th fiscal period (From March 1, 2016 to August 31, 2016)
Operating revenues	Millions of yen	3,660	4,054	4,713	4,819	5,825
[Of the above, real estate lease business revenues]	Millions of yen	[3,660]	[4,054]	[4,713]	[4,819]	[5,825]
Operating expenses	Millions of yen	1,180	1,397	2,087	2,152	2,443
[Of the above, expenses related to real estate lease business]	Millions of yen	[763]	[943]	[1,551]	[1,615]	[1,802]
Operating income	Millions of yen	2,480	2,656	2,626	2,667	3,382
Ordinary income	Millions of yen	1,555	2,286	2,304	2,319	3,008
Profit	Millions of yen	1,553	2,285	2,303	2,318	3,007
Total assets	Millions of yen	108,794	157,784	166,256	178,813	213,084
[Change from the previous fiscal period]	%	[–]	[+45.0]	[+5.4]	[+7.6]	[+19.2]
Net assets	Millions of yen	69,496	88,902	88,921	88,936	120,545
[Change from the previous fiscal period]	%	[–]	[+27.9]	[+0.0]	[+0.0]	[+35.5]
Unitholders' capital	Millions of yen	67,943	86,617	86,617	86,617	117,537
Total number of investment units issued	Unit	652,000	781,000	781,000	781,000	957,000
Net assets per unit	Yen	106,590	113,831	113,855	113,874	125,961
Total distributions	Millions of yen	1,553	2,285	2,303	2,318	3,007
Payout ratio (Note 2)	%	99.9	99.9	99.9	100.0	99.9
Basic earnings per unit (Note 3)	Yen	3,450	3,115	2,950	2,968	3,235
Distributions per unit	Yen	2,383	2,926	2,950	2,969	3,143
[Of the above, distributions of earnings per unit]	Yen	[2,383]	[2,926]	[2,950]	[2,969]	[3,143]
[Of the above, distributions in excess of earnings per unit]	Yen	[–]	[–]	[–]	[–]	[–]
Equity ratio [Change from the previous fiscal period] (Note 4)	%	63.9 [–]	56.3 [(7.6)]	53.5 [(2.8)]	49.7 [(3.8)]	56.6 [+6.9]
Return on equity [Annualized] (Note 5)	%	4.5 [5.5]	2.9 [5.8]	2.6 [5.1]	2.6 [5.2]	2.9 [5.7]

Fiscal period	Unit	1st fiscal period (From November 7, 2013 to August 31, 2014)	2nd fiscal period (From September 1, 2014 to February 28, 2015)	3rd fiscal period (From March 1, 2015 to August 31, 2015)	4th fiscal period (From September 1, 2015 to February 29, 2016)	5th fiscal period (From March 1, 2016 to August 31, 2016)
[Other reference information]						
Number of properties	Properties	21	28	31	32	34
Total leasable area	m^2	119,413.41	183,750.84	192,627.85	198,609.95	215,213.73
Occupancy rate at end of period	%	99.1	99.0	98.2	99.4	100.0

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

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

Payout ratio = total distributions / profit × 100

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

Average number of investment units is 450,347 units for the 1st fiscal period, 733,452 units for the 2nd fiscal period, 781,000 units for the 3rd fiscal period, 781,000 units for the 4th fiscal period and 929,533 units for the 5th fiscal period.

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

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

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

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

The value in brackets of return on equity is the value calculated with number of business days (1st fiscal period: 298 days; 2nd fiscal period: 181 days; 3rd fiscal period: 184 days; 4th fiscal period: 182 days; 5th fiscal period: 184 days) converted into annual values.

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

The Investment Corporation was established on November 7, 2013, with Hulic Reit Management Co., Ltd. (hereinafter referred to as the "Asset Manager") 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 carried out capital increases through its first public offering after its listing on November 6, 2014 and a third-party allotment on November 21, 2014. Furthermore, the Investment Corporation carried out capital increases through a public offering on March 29, 2016 and a third-party allotment on April 13, 2016. As a result, the number of investment units issued at the end of the reporting period was 957,000.

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

On July 6, 2016, the Asset Manager made partial changes to the Operational Guidelines, which are internal rules of Hulic Reit Management. The Asset Manager recognizes the necessity of continuously maintaining and expanding the opportunities for property acquisitions as it works to maintain the external growth that provides improvements in Hulic Reit's unitholder value, while always ensuring such decisions are based on stringent investment selection. The amount of investment ratio allocated to Tokyo Commercial Properties was changed from "approx. 80%" to "approx. 80 to 90%" and the investment ratio allocated to Next-Generation Assets was changed to "approx. 10 to 20%." Furthermore, the Asset Manager decided to add "hotels" as one of the investment targets, after determining that they meet the requirements for Next-Generation Assets. "Hotels" not only provide stable use through tourism and business, etc., but are also an area in which there is expected to be further expansion in demand in the future, due mainly to the increase in foreign visitors to Japan through inbound tourism.

i) Investment environment and investment performance

Investment environment: During the reporting period, the Japanese economy continued along a gradual recovery track on the back of improvements in the employment and personal income environments, among other factors, despite sluggishness seen in exports and production due largely to the influence of a slowdown in emerging economies such as China. In the rental office market, the vacancy rate continued to decline mainly because of companies' increase in space and relocation for more space in line with expansion of their business, while rent levels remained firm.

Investment performance: During the reporting period, the Investment Corporation acquired three properties, Hulic Kamiyacho Building (additional acquisition) on March 15, 2016, and Leaf Minatomirai (Land) and Orchid Square on March 30, 2016 (total acquisition price: ¥31,852 million). As a result, the number of properties held by the Investment Corporation at the end of the reporting period was 34, and the total acquisition price was ¥200,810 million. The occupancy rate of the entire portfolio remained at a high level to end the reporting period at 100.0% (rounded to the nearest tenth), showing an improvement of 0.6 percentage points from the end of the previous fiscal period.

ii) Status of financing

During the reporting period, the Investment Corporation secured short-term loans totaling ¥16,450 million on March 15, 2016 as additional funds for asset acquisitions. The Investment Corporation made an early partial repayment of ¥14,250 million on March 31, 2016 and ¥1,500 million on April 28, 2016 of the relevant short-term loans payable using the proceeds from issuance of new investment units through a public offering and a third-party allotment as payment funds.

As a result, at the end of the reporting period, interest-bearing debt totaled ¥81,470 million (comprising ¥4,660 million in short-term loans payable, ¥74,810 million in long-term loans payable and ¥2,000 million in investment corporation bonds), resulting in a loan-to-value (LTV) ratio of 38.2%.

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

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

iii) Overview of financial results and distributions

As a result of the above asset management, operating revenues for the reporting period were ¥5,825 million (an increase of 20.9% compared to the previous fiscal period), operating income was ¥3,382 million (an increase of 26.8% compared to the previous fiscal period), ordinary income after deducting interest expenses for borrowings, etc. was ¥3,008 million (an increase of 29.7% compared to the previous fiscal period), and profit was ¥3,007 million (an increase of 29.7% compared to 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 ¥3,143.

(3) Status of capital increase, etc.

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

Date	Event	Total number of investment units issued (Units)		Total unitholders' capital (Millions of yen)		Remarks
		Change	Balance	Change	Balance	
November 7, 2013	Incorporation through private placement	2,000	2,000	200	200	(Note 1)
February 6, 2014	Capital increase through public offering	617,500	619,500	64,355	64,555	(Note 2)
March 7, 2014	Capital increase through third-party allotment	32,500	652,000	3,387	67,943	(Note 3)
November 6, 2014	Capital increase through public offering	122,860	774,860	17,785	85,728	(Note 4)
November 21, 2014	Capital increase through third-party allotment	6,140	781,000	888	86,617	(Note 5)
March 29, 2016	Capital increase through public offering	167,600	948,600	29,444	116,061	(Note 6)
April 13, 2016	Capital increase through third-party allotment	8,400	957,000	1,475	117,537	(Note 7)

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

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

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

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

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

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

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

<Changes in market price of investment unit>

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

Highest and lowest unit prices by fiscal period (Closing price)	Fiscal period	1st fiscal period ended August 31, 2014	2nd fiscal period ended February 28, 2015	3rd fiscal period ended August 31, 2015	4th fiscal period ended February 29, 2016	5th fiscal period ended August 31, 2016
	Highest (Yen)	181,500	185,000	192,800	185,300	194,800
	Lowest (Yen)	130,000	154,000	134,400	127,600	172,800

(4) Distributions, etc.

Distributions for the fiscal period under review (the 5th fiscal period) are ¥3,143 per unit. The Investment Corporation, with the aim of applying special measures for the taxation system for investment corporations (Article 67-15 of the Act on Special Measures Concerning Taxation) to deduct an amount equivalent to distributions of earnings from the taxable income of the Investment Corporation as a tax deductible expense, will pay distributions for the fiscal period under review in an amount roughly equal to unappropriated retained earnings.

Fiscal period	1st fiscal period (From November 7, 2013 to August 31, 2014)	2nd fiscal period (From September 1, 2014 to February 28, 2015)	3rd fiscal period (From March 1, 2015 to August 31, 2015)	4th fiscal period (From September 1, 2015 to February 29, 2016)	5th fiscal period (From March 1, 2016 to August 31, 2016)
Total unappropriated retained earnings	¥1,553,814 thousand	¥2,285,360 thousand	¥2,304,150 thousand	¥2,318,971 thousand	¥3,008,134 thousand
Accumulated earnings	¥98 thousand	¥154 thousand	¥200 thousand	¥182 thousand	¥283 thousand
Total amount of cash distributions (Distributions per unit)	¥1,553,716 thousand (¥2,383)	¥2,285,206 thousand (¥2,926)	¥2,303,950 thousand (¥2,950)	¥2,318,789 thousand (¥2,969)	¥3,007,851 thousand (¥3,143)
Of the above, total amount of distributions of earnings (Distributions of earnings per unit)	¥1,553,716 thousand (¥2,383)	¥2,285,206 thousand (¥2,926)	¥2,303,950 thousand (¥2,950)	¥2,318,789 thousand (¥2,969)	¥3,007,851 thousand (¥3,143)
Of the above, total amount of refunds of unitholders’ capital (Refunds of unitholders’ capital per unit)	– (–)	– (–)	– (–)	– (–)	– (–)
Of the total amount of refunds of unitholders’ capital, total amount of distributions from allowance for temporary difference adjustment (Of the refunds of unitholders’ capital per unit, distributions from allowance for temporary difference adjustment per unit)	– (–)	– (–)	– (–)	– (–)	– (–)
Of the total amount of refunds of unitholders’ capital, the total amount of distributions from distribution on reduction of unitholders’ capital for taxation purposes (Of the refunds of unitholders’ capital per unit, distributions from distributions on reduction of unitholders’ capital for taxation purposes)	– (–)	– (–)	– (–)	– (–)	– (–)

(5) Future investment policies and issues to address

In terms of the outlook for the rental office market, the vacancy rate and rent levels are projected to continue to be steady due to ongoing expectations of continued overall favorable conditions surrounding demand for offices. In the real estate selling market, going forward the transaction prices for property are projected to continue at high levels due to the favorable fund procurement conditions, etc., resulting from negative interest rates.

Against this backdrop, the Investment Corporation will focus on Tokyo Commercial Properties, aiming to maximize unitholder value over the medium to long term, and invest in Next-Generation Assets, 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 seek to 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.

(6) Significant events after the reporting period

Issuance of new investment units

The Investment Corporation passed resolutions at a meeting of its Board of Directors held on September 14, 2016 and September 26, 2016, to issue new investment units to fund the acquisition of specified assets and repayment of borrowings, etc., as follows. The payment for the newly issued investment units through a public offering was completed on October 3, 2016. The payment for the newly issued investment units through a third-party allotment is planned to be completed on October 26, 2016.

(New investment unit issuance through public offering)

Number of new investment units issued:	83,800 units
Issue price (offer price):	¥170,625 per unit
Total amount of issue price (offer price):	¥14,298,375,000
Amount paid in (issue value):	¥164,937 per unit
Total amount paid in (issue value):	¥13,821,720,600
Payment date:	October 3, 2016
Distribution calculation start date:	September 1, 2016

(New investment unit issuance through third-party allotment)

Number of new investment units to be issued:	4,200 units (maximum)
Amount to be paid in (issue value):	¥164,937 per unit
Total amount to be paid in (issue value):	¥692,735,400 (maximum)
Payment date:	October 26, 2016
Distribution calculation start date:	September 1, 2016
Allottee:	Mizuho Securities Co., Ltd.

(Reference information)

(A) Acquisitions of properties

The Investment Corporation acquired the below-mentioned beneficiary rights of real estate in trust (5 properties; total acquisition price: ¥29,315 million). The acquisition prices provided do not include expenses incurred on the acquisitions of such real estate, etc. (acquisition expenses, fixed asset tax, city planning tax, consumption taxes), and are equal to the acquisition prices stated in the trust beneficiary right sales agreements.

Property name	Location	Date of acquisition	Acquisition price (Millions of yen)	Seller
Hulic Toranomon Building (Additional acquisition)	Minato-ku, Tokyo	September 1, 2016	5,570	Hulic Co., Ltd.
Trust Garden Tokiwamatsu	Shibuya-ku, Tokyo	September 1, 2016	3,030	Hulic Co., Ltd.
Rapiros Roppongi (Additional acquisition)	Minato-ku, Tokyo	September 16, 2016	1,050	Hulic Co., Ltd.
Sotetsu Fresa Inn Ginza 7 Chome (Land)	Chuo-ku, Tokyo	September 16, 2016	4,370	Hulic Co., Ltd.
Ochanomizu Sola City (Additional acquisition)	Chiyoda-ku, Tokyo	October 4, 2016	15,295	Surugadai Funding LLC
Total	–	–	29,315	–

(B) Borrowing of funds

In order to cover part of the acquisition price, etc. for beneficiary rights of real estate in trust 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
Syndicate of lenders arranged by Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd.	8,600	Base rate of interest (JBA one-month Japanese Yen TIBOR) + 0.15%	September 1, 2016	August 31, 2017	Lump-sum repayment	Unsecured and unguaranteed
	5,420		September 16, 2016	August 31, 2017		
	1,470		October 4, 2016	August 31, 2017		
Total	15,490	–	–	–	–	–

(Note) The syndicate of lenders consists of Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd.

(C) Early partial repayment of borrowings

On October 14, 2016, the Investment Corporation decided to repay ¥700 million (planned) of the borrowings with the drawdown date of October 4, 2016 shown in (B) above on November 7, 2016 as an early partial repayment, using the proceeds from the issuance of new investment units through third-party allotment mentioned in (6) above and cash reserves.

(Note) In the above amount for the early repayment, the Investment Corporation assumes that Mizuho Securities Co., Ltd. will subscribe to the total number of new investment units to be issued through third-party allotment described in (6) above, and that the entire amount to be paid in will be paid in by Mizuho Securities Co., Ltd. Consequently, if the entire amount to be paid in for the new investment unit issuance through third-party allotment, or a portion thereof is not paid, the early repayment amount may change.

2. Overview of the Investment Corporation

(1) Status of unitholders' capital

	1st fiscal period As of August 31, 2014	2nd fiscal period As of February 28, 2015	3rd fiscal period As of August 31, 2015	4th fiscal period As of February 29, 2016	5th fiscal period As of August 31, 2016
Total number of authorized investment units	20,000,000 units	20,000,000 units	20,000,000 units	20,000,000 units	20,000,000 units
Total number of investment units issued	652,000 units	781,000 units	781,000 units	781,000 units	957,000 units
Unitholders' capital	¥67,943 million	¥86,617 million	¥86,617 million	¥86,617 million	¥117,537 million
Number of unitholders	6,272 persons	7,275 persons	6,638 persons	5,875 persons	7,897 persons

(2) Matters regarding investment units

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

Name	Number of investment units owned (Units)	Percentage of investment units owned to total investment units issued (%)
Japan Trustee Services Bank, Ltd. (Trust account)	200,827	20.98
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	123,983	12.95
Hulic Co., Ltd.	111,320	11.63
The Master Trust Bank of Japan, Ltd. (Trust account)	86,166	9.00
NOMURA BANK(LUXEMBOURG)S.A.	73,339	7.66
The Nomura Trust and Banking Co., Ltd. (Investment accounts)	37,292	3.89
STATE STREET BANK AND TRUST COMPANY	17,747	1.85
STATE STREET BANK AND TRUST COMPANY 505223	17,498	1.82
STATE STREET BANK AND TRUST COMPANY 505001	9,470	0.98
RBC IST 15 PCT LENDING ACCOUNT – CLIENT ACCOUNT	7,895	0.82
Total	685,537	71.63

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

(3) Matters relating to officers, etc.

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

Title and post	Name	Major concurrent post, etc.	Total amount of compensation for each position during the fiscal period under review
Executive Officer	Eiji Tokita	President and CEO of Hulic Reit Management Co., Ltd.	¥– thousand
Supervisory Officer (Note 1)	Kunio Shimada	Representative Partner of Shimada, Hamba and Osajima (law firm)	¥3,000 thousand
	Shigeru Sugimoto	Representative of Sakura Horwath Audit Corporation	¥3,000 thousand
Independent Auditor (Note 2)	Ernst & Young ShinNihon LLC	–	¥14,500 thousand

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

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

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

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

iii) Items relating to entities that have been ordered to halt operations within the past two years

On December 22, 2015, the Investment Corporation's Independent Auditor received an order from the Financial Services Agency to halt operations relating to the conclusion of new contracts for three months (From January 1, 2016 to March 31, 2016).

(4) Asset Manager, Asset Custodian and Administrative Agents

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

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

3. Status of portfolio of the Investment Corporation

(1) Composition of the assets of the Investment Corporation

Type of assets	Category	Region (Note 1)	4th fiscal period (As of February 29, 2016)		5th fiscal period (As of August 31, 2016)	
			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 in trust	Tokyo Commercial Properties	Six central wards of Tokyo	123,213	68.9	143,246	67.2
		Other wards of Tokyo	8,205	4.6	8,179	3.8
		Other	4,811	2.7	16,576	7.8
		Total	136,230	76.2	168,002	78.8
	Next-Generation Assets	Six central wards of Tokyo	–	–	–	–
		Other wards of Tokyo	20,278	11.3	20,238	9.5
		Other	13,438	7.5	13,375	6.3
		Total	33,717	18.9	33,614	15.8
	Total real estate in trust		169,948	95.0	201,616	94.6
Deposits and other assets			8,864	5.0	11,468	5.4
Total assets			178,813	100.0	213,084	100.0

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

(Note 2) Total amount held represents the balance sheet carrying amount (for real estate in trust, book value less depreciation expenses).

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

(2) Major assets held

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

Property name	Book value (Thousands of yen)	Leasable area (m^2) (Note 1)	Leased area (m^2) (Note 2)	Occupancy rate (%) (Note 3)	Percentage to total real estate lease business revenues (%) (Note 4)	Primary asset class
Hulic Kamiyacho Building (Note 6)	36,911,895	22,740.96	22,740.96	100.0	14.9	Office property
Ochanomizu Sola City (Note 6)	22,543,230	8,341.22	8,341.22	100.0	– (Note 5)	Office property
Hulic Toranomon Building (Note 6)	12,741,851	6,002.26	5,952.94	99.2	5.4	Office property
Leaf Minatomirai (Land)	11,765,997	5,500.04	5,500.04	100.0	3.9	Retail property
Hulic Kudan Building (Land)	11,191,213	3,351.07	3,351.07	100.0	4.5	Office property
Oimachi Redevelopment Building (#2)	9,475,766	14,485.66	14,485.66	100.0	5.4	Retail property
Toranomon First Garden (Note 6)	8,493,645	5,689.97	5,689.97	100.0	4.9	Office property
Chiba Network Center	7,167,532	23,338.00	23,338.00	100.0	3.8	Network center
Oimachi Redevelopment Building (#1) (Note 6)	6,247,308	10,612.67	10,612.67	100.0	3.8	Retail property
Hulic Shinjuku 3 Chome Building	5,564,683	1,351.15	1,351.15	100.0	2.6	Retail property
Total	132,103,125	101,413.00	101,363.68	100.0	–	

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

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

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

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

(Note 5)Locations marked with a – (minus sign) in percentage to total real estate lease business revenues indicate that the Investment Corporation has not obtained permission from the end-tenant or other relevant party of these properties to disclose the relevant information.

(Note 6)The leasable area, leased area and occupancy rate of Ochanomizu Sola City show figures equivalent to the quasi-co-ownership interest of property held by the Investment Corporation (13.0%). The leasable area, leased area and occupancy rate of Hulic Kamiyacho Building show figures equivalent to the quasi-co-ownership interest of property held by the Investment Corporation (70.0%). The leasable area, leased area and occupancy rate of Hulic Toranomon Building show figures equivalent to the quasi-co-ownership interest of property held by the Investment Corporation (70.0%). The leasable area, leased area and occupancy rate of Toranomon First Garden show figures equivalent to the Investment Corporation’s stratified ownership interest in the property (the Investment Corporation’s ownership interest: stratified ownership of 5,493.69 m^2 and approximately 71.1% co-ownership interest in stratified ownership of 275.98 m^2). The leasable area, leased area, and occupancy rate of Oimachi Redevelopment Building (#1) show figures for the pro-rata portion of the Investment Corporation’s stratified ownership interest in the property under the lease agreements with end-tenants (the Investment Corporation’s ownership interest: approximately 82.6% co-ownership interest in stratified ownership of 12,843.24 m^2).

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

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

Category		Property name	Location	Asset type	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	4-3-13, Toranomon, Minato-ku, Tokyo	Beneficiary right of real estate in trust	36,911	40,700
		Hulic Kudan Building (Land)	1-13-5, Kudankita, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	11,191	12,400
		Toranomon First Garden	1-7-12, Toranomon, Minato-ku, Tokyo	Beneficiary right of real estate in trust	8,493	10,500
		Rapiros Roppongi	6-1-24, Roppongi, Minato-ku, Tokyo	Beneficiary right of real estate in trust	5,532	6,900
		Hulic Takadanobaba Building	3-19-10, Takada, Toshima-ku, Tokyo	Beneficiary right of real estate in trust	3,870	4,400
		Hulic Kanda Building	1-16-5, Kanda-Sudacho, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	3,706	4,060
		Hulic Kandabashi Building	1-21-1, Kanda-Nishikicho, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	2,515	2,800
		Hulic Kakigaracho Building	1-28-5, Nihonbashi-Kakigaracho, Chuo-ku, Tokyo	Beneficiary right of real estate in trust	2,209	2,720
		Ochanomizu Sola City	4-6, Kanda-Surugadai, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	22,543	24,960
		Hulic Higashi Ueno 1 Chome Building	1-7-15, Higashi-Ueno, Taito-ku, Tokyo	Beneficiary right of real estate in trust	2,674	2,910
		Sasazuka South Building	1-64-8, Sasazuka, Shibuya-ku, Tokyo	Beneficiary right of real estate in trust	2,173	2,170
		Tokyo Nishi Ikebukuro Building	1-7-7 Nishi-Ikebukuro, Toshima-ku, Tokyo	Beneficiary right of real estate in trust	1,634	1,790
		Gate City Ohsaki	1-11-1 Ohsaki, Shinagawa-ku, Tokyo and other lots	Beneficiary right of real estate in trust	4,543	4,400
		Hulic Toranomon Building	1-1-18, Toranomon, Minato-ku, Tokyo	Beneficiary right of real estate in trust	12,741	14,420
	Retail properties	Oimachi Redevelopment Building (#2)	5-20-1, Higashi-Oi, Shinagawa-ku, Tokyo	Beneficiary right of real estate in trust	9,475	11,800
		Oimachi Redevelopment Building (#1)	5-18-1, Higashi-Oi, Shinagawa-ku, Tokyo	Beneficiary right of real estate in trust	6,247	7,320
		Dining Square Akihabara Building	1-16-2, Kanda-Sakumacho, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	3,215	3,680
		Hulic Jingumae Building	5-17-9, Jingumae, Shibuya-ku, Tokyo	Beneficiary right of real estate in trust	2,661	3,370
		Hulic Shinjuku 3 Chome Building	3-17-2, Shinjuku, Shinjuku-ku, Tokyo	Beneficiary right of real estate in trust	5,564	6,060
		Yokohama Yamashitacho Building	36-1, Yamashitacho, Naka-ku, Yokohama-shi, Kanagawa	Beneficiary right of real estate in trust	4,810	5,380
		Leaf Minatomirai (Land)	4-6-5, Minatomirai, Nishi-ku, Yokohama-shi, Kanagawa	Beneficiary right of real estate in trust	11,765	12,900
		Orchid Square	1-2-11, Yurakucho, Chiyoda-ku, Tokyo	Beneficiary right of real estate in trust	3,518	3,750

Category		Property name	Location	Asset type	Book value at end of period (Millions of yen)	Assessed value at end of period (Millions of yen) (Note)
Next Generation Assets	Private nursing homes	Aria Matsubara	5-34-6, Matsubara, Setagaya-ku, Tokyo	Beneficiary right of real estate in trust	3,221	4,250
		Trust Garden Youganomori	1-3-1, Yoga, Setagaya-ku, Tokyo	Beneficiary right of real estate in trust	5,410	6,700
		Trust Garden Sakurashinmachi	2-11-1, Tsurumaki, Setagaya-ku, Tokyo	Beneficiary right of real estate in trust	2,876	3,560
		Trust Garden Suginami Miyamae	2-11-10, Miyamae, Suginami-ku, Tokyo	Beneficiary right of real estate in trust	2,791	3,440
	Network centers	Ikebukuro Network Center	4-30-17, Kamiikebukuro, Toshima-ku, Tokyo	Beneficiary right of real estate in trust	4,565	5,160
		Tabata Network Center	6-2-8, Tabata, Kita-ku, Tokyo	Beneficiary right of real estate in trust	1,374	1,570
		Hiroshima Network Center	2-6-6, Hikarimachi, Higashi-ku, Hiroshima-shi, Hiroshima	Beneficiary right of real estate in trust	1,070	1,210
		Atsuta Network Center	20-1, Hatanocho, Atsuta-ku, Nagoya-shi, Aichi	Beneficiary right of real estate in trust	1,009	1,110
		Nagano Network Center	1600-12, Oaza Tsurugamidoricho, Nagano-shi, Nagano	Beneficiary right of real estate in trust	315	365
		Chiba Network Center	1-1-1, Muzaigakuendai, Inzai-shi, Chiba	Beneficiary right of real estate in trust	7,167	7,220
		Sapporo Network Center	2-4-1, Kita 9 Jo Nishi, Kita-ku, Sapporo-shi, Hokkaido	Beneficiary right of real estate in trust	2,577	2,590
		Keihanna Network Center	113-1, Kizukumomura, Kizukawa-shi, Kyoto	Beneficiary right of real estate in trust	1,234	1,310
Total					201,616	227,875

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

The trends of the lease business by real estate and beneficiary rights of real estate in trust invested in by the Investment Corporation are as follows:

Category		Property name	4th fiscal period (From September 1, 2015 to February 29, 2016)				5th fiscal period (From March 1, 2016 to August 31, 2016)			
			Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate lease business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate lease business revenues (%) (Note 4)	Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate lease business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate lease business revenues (%) (Note 4)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	1	90.7	490,161	10.2	1	100.0	866,837	14.9
		Hulic Kudan Building (Land)	1	100.0	265,002	5.5	1	100.0	265,002	4.5
		Toranomon First Garden	1	100.0	281,063	5.8	1	100.0	283,638	4.9
		Rapiros Roppongi	1	100.0	233,668	4.8	1	100.0	236,605	4.1
		Hulic Takadanobaba Building	1	100.0	174,037	3.6	1	100.0	174,938	3.0
		Hulic Kanda Building	1	100.0	82,865	1.7	1	100.0	116,723	2.0
		Hulic Kandabashi Building	1	100.0	87,626	1.8	1	100.0	88,191	1.5
		Hulic Kakigaracho Building	1	100.0	105,317	2.2	1	100.0	104,775	1.8
		Ochanomizu Sola City	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Higashi Ueno 1 Chome Building	1	100.0	99,568	2.1	1	100.0	99,000	1.7
		Sasazuka South Building	1	100.0	84,504	1.8	1	100.0	89,851	1.5
		Tokyo Nishi Ikebukuro Building	1	100.0	55,223	1.1	1	100.0	55,223	0.9
		Gate City Ohsaki	2	100.0	147,220	3.1	2	100.0	152,668	2.6
		Hulic Toranomon Building	1	99.2	78,941	1.6	1	99.2	315,073	5.4
	Retail properties	Oimachi Redevelopment Building (#2)	1	100.0	312,000	6.5	1	100.0	312,000	5.4
		Oimachi Redevelopment Building (#1)	1	100.0	218,931	4.5	1	100.0	218,931	3.8
		Dining Square Akihabara Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Hulic Jingumae Building	1	100.0	84,496	1.8	1	100.0	84,399	1.4
		Hulic Shinjuku 3 Chome Building	1	100.0	153,960	3.2	1	100.0	153,790	2.6
		Yokohama Yamashitacho Building	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Leaf Minatomirai (Land)	–	–	–	–	1	100.0	225,370	3.9
		Orchid Square	–	–	–	–	1	100.0	77,152	1.3
Next Generation Assets	Private nursing homes	Aria Matsubara	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Trust Garden Youganomori	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Trust Garden Sakurashinmachi	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
		Trust Garden Suginami Miyamae	1	100.0	(Note 4)	(Note 4)	1	100.0	(Note 4)	(Note 4)
	Network centers	Ikebukuro Network Center	1	100.0	135,600	2.8	1	100.0	135,600	2.3
		Tabata Network Center	1	100.0	45,383	0.9	1	100.0	45,088	0.8
		Hiroshima Network Center	1	100.0	43,845	0.9	1	100.0	43,845	0.8
		Atsuta Network Center	1	100.0	36,743	0.8	1	100.0	36,743	0.6
		Nagano Network Center	1	100.0	17,587	0.4	1	100.0	17,587	0.3
		Chiba Network Center	1	100.0	223,633	4.6	1	100.0	223,633	3.8
		Sapporo Network Center	1	100.0	83,706	1.7	1	100.0	83,706	1.4
		Keihanna Network Center	1	100.0	47,047	1.0	1	100.0	47,047	0.8

Category	Property name	4th fiscal period (From September 1, 2015 to February 29, 2016)				5th fiscal period (From March 1, 2016 to August 31, 2016)			
		Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate lease business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate lease business revenues (%) (Note 4)	Number of tenants at end of period (Tenants) (Note 1)	Occupancy rate at end of period (%) (Note 2)	Real estate lease business revenues during the period (Thousands of yen) (Note 3) (Note 4)	Percentage to total real estate lease business revenues (%) (Note 4)
Total		33	99.4	4,819,522	100.0	35	100.0	5,825,444	100.0

(Note 1) Number of tenants is stated as 1 when a master lease agreement has been concluded with a master lease company. Moreover, the number of tenants is stated as 1 for Hulic Kudan Building (Land) and Leaf Minatomirai (Land). The number of tenants for Gate City Ohsaki is stated as 2 because master lease agreements were concluded with the respective master lease companies of the office and commercial building and the residential building, respectively.

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

(Note 3) Real estate leasing business revenues during the period shows the sum total of the real estate lease business revenues during the period for each real estate, etc. In addition, the Investment Corporation additionally acquired approximately 30.1% of quasi-co-ownership interest in Hulic Kamiyacho Building in the 5th fiscal period.

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

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

The status of the contracted amount and fair value of specified transactions outstanding for the Investment Corporation as of August 31, 2016 is as follows:

Category	Type	Contracted amount (Millions of yen) (Note 1)	Portion due after 1 year (Note 1)	Fair value (Millions of yen) (Note 2)
Off-market-transaction	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	70,137	61,647	–
Total		70,137	61,647	–

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

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

(5) Status of other assets

Trust beneficiary rights primarily in real estate is stated together in “(3) Details of assets incorporated into the portfolio, such as real estate” above.

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

(6) Status of asset holding by country and region

Not applicable for countries and regions other than Japan.

4. Capital expenditures for properties held

(1) Schedule of capital expenditures

For each asset held by the Investment Corporation as of August 31, 2016, the main capital expenditures for renovation work, etc. scheduled as of the end of the 5th fiscal period are as below. Estimated capital expenditure for work mentioned below includes parts that are charged to expenses.

Property name	Location	Purpose	Scheduled period	Estimated capital expenditure for work (Millions of yen)		
				Total amount	Payment during the period	Total amount paid
Hulic Kandabashi Building	Chiyoda-ku, Tokyo	Renewal work for air-conditioning facility (phase 2)	From September 2016 to December 2016	43	–	–
Trust Garden Sakurashinmachi	Setagaya-ku, Tokyo	Renewal work for air-conditioning units in the common area	From July 2016 to December 2016	38	–	–
Trust Garden Suginami Miyamae	Suginami-ku, Tokyo	Renewal work for air-conditioning units in the common area	From July 2016 to December 2016	29	–	–
Rapiros Roppongi	Minato-ku, Tokyo	Renewal work for air-conditioning facility (phase 1)	From March 2017 to June 2017	77	–	–

(2) Capital expenditures during the period

An overview of the construction work corresponding to capital expenditures during the reporting period is as below. Capital expenditures during the reporting period were ¥220,269 thousand and repair expenses were ¥69,952 thousand. In total, construction work in the amount of ¥290,222 thousand was carried out during the period.

Property name	Location	Purpose	Period	Capital expenditure for work (Millions of yen)
Hulic Kandabashi Building	Chiyoda-ku, Tokyo	Renewal work for air-conditioning facility (phase 1)	From April 2016 to July 2016	49
Tabata Network Center	Kita-ku, Tokyo	Renewal work involving rooftop waterproofing	From May 2016 to August 2016	13
Nagano Network Center	Nagano-shi, Nagano	Renewal work involving waterproofing and sealing exterior walls	From June 2016 to July 2016	10
Other				146
Total				220

(3) Money accumulated for long-term repair plan

Not applicable.

5. Status of expenses and liabilities

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

Item	4th fiscal period (From September 1, 2015 to February 29, 2016)	5th fiscal period (From March 1, 2016 to August 31, 2016)
(a) Asset management fee	¥405,463 thousand	¥504,977 thousand
(b) Asset custody fee	¥9,606 thousand	¥10,171 thousand
(c) Administrative service fees	¥30,922 thousand	¥32,377 thousand
(d) Directors' compensations	¥6,000 thousand	¥6,000 thousand
(e) Other operating expenses	¥84,764 thousand	¥87,735 thousand
Total	¥536,757 thousand	¥641,261 thousand

(Note) Other than the amount stated above, asset management fee includes the portion of compensation associated with a property acquisition factored into the book value of the individual properties (the 4th fiscal period: ¥31,850 thousand; the 5th fiscal period: ¥79,630 thousand).

(2) Status of borrowings

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

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Short-term loans payable	Mizuho Bank, Ltd.	February 8, 2016	1,980	–	0.2591%	August 8, 2016	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		1,386	–					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		594	–					
	Mizuho Bank, Ltd. (Note 4)	March 15, 2016	–	350	0.2157%	March 15, 2017			
	Sumitomo Mitsui Banking Corporation (Note 4)		–	245					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 4)		–	105					
	Mizuho Bank, Ltd.	August 8, 2016	–	1,980	0.2318%	August 8, 2017			
	Sumitomo Mitsui Banking Corporation		–	1,386					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		–	594					
	Subtotal		3,960	4,660					
Long-term loans payable	Mizuho Bank, Ltd.	February 7, 2014	2,460	2,460	0.4923%	February 7, 2017	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		1,930	1,930					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,080	1,080					
	Mizuho Trust & Banking Co., Ltd.		1,130	1,130					
	Sumitomo Mitsui Trust Bank, Limited		790	790					
	The Norinchukin Bank		790	790					
	Resona Bank, Limited		310	310					
	Mizuho Bank, Ltd.	February 7, 2014	2,570	2,570	0.7738%	February 7, 2019			
	Sumitomo Mitsui Banking Corporation		1,950	1,950					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,100	1,100					
	Mizuho Trust & Banking Co., Ltd.		1,050	1,050					
	The Norinchukin Bank		1,660	1,660					
	Resona Bank, Limited		220	220					

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Mizuho Bank, Ltd.	February 27, 2015	1,000	1,000	0.4350%	August 30, 2019	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		960	960					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		550	550					
	Mizuho Trust & Banking Co., Ltd.		300	300					
	Sumitomo Mitsui Trust Bank, Limited		500	500					
	The Norinchukin Bank		500	500					
	Resona Bank, Limited		170	170					
	Shinkin Central Bank		200	200					
	Aozora Bank, Ltd.		200	200					
	Shinsei Bank, Limited		200	200					
	Mizuho Bank, Ltd.	February 27, 2015	1,650	1,650	0.4845%	February 28, 2020			
	Sumitomo Mitsui Banking Corporation		890	890					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		700	700					
	Mizuho Trust & Banking Co., Ltd.		660	660					
	The Norinchukin Bank		1,400	1,400					
	Resona Bank, Limited		140	140					
	Shinkin Central Bank		300	300					
	Sumitomo Mitsui Banking Corporation	March 9, 2015	2,000	2,000	0.4810%	August 31, 2020			
	Mizuho Bank, Ltd.	February 29, 2016	1,000	1,000	0.1700%	August 31, 2020			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		150	150					
	The Norinchukin Bank		409	409					
	Mizuho Bank, Ltd.	February 7, 2014	2,560	2,560	1.1713%	February 7, 2021			
	Sumitomo Mitsui Banking Corporation		1,950	1,950					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,060	1,060					
	Mizuho Trust & Banking Co., Ltd.		1,050	1,050					
	Sumitomo Mitsui Trust Bank, Limited		1,660	1,660					
	Resona Bank, Limited		270	270					
	Mizuho Bank, Ltd.	February 27, 2015	2,800	2,800	0.6750%	August 31, 2021			
	Sumitomo Mitsui Banking Corporation		2,110	2,110					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		830	830					
	Mizuho Trust & Banking Co., Ltd.		790	790					
	Aozora Bank, Ltd.		300	300					
	Shinsei Bank, Limited		300	300					
	Mizuho Bank, Ltd.	February 27, 2015	2,385	2,385	0.7730%	February 28, 2022			
	Sumitomo Mitsui Banking Corporation		1,710	1,710					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,055	1,055					
	Mizuho Trust & Banking Co., Ltd.		800	800					
	Sumitomo Mitsui Trust Bank, Limited		1,400	1,400					
	Resona Bank, Limited		200	200					
	Development Bank of Japan Inc.	February 7, 2014	2,450	2,450	1.6100%	August 7, 2022			

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Mizuho Bank, Ltd.	August 31, 2015	1,144	1,144	0.7488%	August 31, 2022	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		710	710					
	Mizuho Trust & Banking Co., Ltd.		549	549					
	Sumitomo Mitsui Trust Bank, Limited		414	414					
	The Norinchukin Bank		414	414					
	Resona Bank, Limited		125	125					
	Development Bank of Japan Inc.	August 31, 2015	414	414	0.7550%	August 31, 2022			
	Mizuho Bank, Ltd.	February 29, 2016	1,350	1,350	0.4099%	February 28, 2023			
	Sumitomo Mitsui Banking Corporation		800	800					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		550	550					
	Mizuho Trust & Banking Co., Ltd.		530	530					
	Sumitomo Mitsui Trust Bank, Limited		400	400					
	The Norinchukin Bank		400	400					
	Resona Bank, Limited		243	243					
	Shinkin Central Bank		141	141					
	Aozora Bank, Ltd.		141	141					
	Mizuho Bank, Ltd.	February 29, 2016	1,377	1,377	0.4620%	August 31, 2023			
	Sumitomo Mitsui Banking Corporation		839	839					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		565	565					
	Mizuho Trust & Banking Co., Ltd.		546	546					
	Sumitomo Mitsui Trust Bank, Limited		409	409					
	Shinsei Bank, Limited		141	141					
	Mizuho Bank, Ltd.	February 7, 2014	400	400	1.8188%	February 7, 2024			
	Sumitomo Mitsui Banking Corporation		300	300					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		300	300					
	Development Bank of Japan Inc.	February 29, 2016	809	809	0.5188%	February 29, 2024			
	Nippon Life Insurance Company		500	500					
	Development Bank of Japan Inc.	February 27, 2015	1,900	1,900	1.1738%	August 30, 2024			
	Meiji Yasuda Life Insurance Company	February 29, 2016	500	500	0.5932%	August 30, 2024			
	Mizuho Bank, Ltd.	February 27, 2015	250	250	1.4600%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		125	125					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		125	125					
	Mizuho Bank, Ltd.	February 29, 2016	250	250	0.7275%	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		125	125					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		125	125					
	Mizuho Bank, Ltd.	February 27, 2015	150	150	1.7500%	February 26, 2027			
	Sumitomo Mitsui Banking Corporation		75	75					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		75	75					

Category	Lender	Loan execution date	Balance at beginning of period (Millions of yen)	Balance at end of period (Millions of yen)	Average interest rate (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
	Subtotal		74,810	74,810					
Total			78,770	79,470					

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

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

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

(Note 4)The Investment Corporation made borrowings in the amount of ¥16,450 million on March 15, 2016, and it made early partial repayments of ¥14,250 million on March 31, 2016 and ¥1,500 million on April 28, 2016.

(3) Investment corporation bonds

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

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

(Note 1) Specific use of the proceeds is to be allocated to repayment of borrowings.

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

(4) Short-term investment corporation bonds

Not applicable.

(5) Investment unit options

Not applicable.

6. Status of trading during the period

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

Type of assets	Property name	Acquisition		Transfer			
		Acquisition date	Acquisition price (Millions of yen) (Note)	Transfer date	Transfer price (Millions of yen) (Note)	Book value (Millions of yen)	Gain (loss) on transfer (Millions of yen)
Beneficiary right of real estate in trust	Hulic Kamiyacho Building (Additional acquisition)	March 15, 2016	16,650	–	–	–	–
Beneficiary right of real estate in trust	Leaf Minatomirai (Land)	March 30, 2016	11,700	–	–	–	–
Beneficiary right of real estate in trust	Orchid Square	March 30, 2016	3,502	–	–	–	–
Total		–	31,852	–	–	–	–

(Note) Acquisition price and transfer price show the amount that does not include expenses incurred on the acquisitions of the said real estate, etc., and is equivalent to the acquisition prices stated on the sales agreements.

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

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

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

i) Real estate, etc.

Acquisition / Disposal	Type of assets	Property name	Transaction date	Acquisition price (Millions of yen) (Note 1)	Appraisal value (Millions of yen) (Note 2)	Appraisal agency	Valuation date
Acquisition	Beneficiary right of real estate in trust	Hulic Kamiyacho Building (Additional acquisition)	March 15, 2016	16,650	17,000	Daiwa Real Estate Appraisal Co., Ltd.	February 1, 2016
Acquisition	Beneficiary right of real estate in trust	Leaf Minatomirai (Land)	March 30, 2016	11,700	12,500	Daiwa Real Estate Appraisal Co., Ltd.	February 1, 2016
Acquisition	Beneficiary right of real estate in trust	Orchid Square	March 30, 2016	3,502	3,630	Daiwa Real Estate Appraisal Co., Ltd.	February 1, 2016
Total				31,852	33,130	–	–

(Note 1) Acquisition price does not include expenses incurred in connection with the acquisition of the said real estate, etc., and is equal to the acquisition price stated on the sales agreement.

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

ii) Other

Not applicable.

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

i) Status of transactions

Category	Transaction amount	
	Purchase price	Sale price
Total	¥31,852 million	¥– million
Breakdown of transactions with interested person, etc.		
Hulic Co., Ltd.	¥31,852 million (100.0%)	¥– million (–%)
Total	¥31,852 million (100.0%)	¥– million (–%)

ii) Amount of service fees, etc. paid

Category	Total amount of service fees paid (A) (Thousands of yen)	Transactions with interested person, etc.		Percentage to total amount B/A (%)
		Payee	Payment amount (B) (Thousands of yen)	
Property management fees	303,459	Hulic Building Management Co., Ltd.	76,725	25.3
		Tokyo Fudosan Kanri Co., Ltd.	73,706	24.3
Other expenses related to rent business	215,875	Hulic Building Management Co., Ltd.	2,155	1.0
		Tokyo Fudosan Kanri Co., Ltd.	1,432	0.7

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

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

Hulic Build Co., Ltd.	¥151,158 thousand
Tokyo Fudosan Kanri Co., Ltd.	¥9,847 thousand
Hulic Building Management Co., Ltd.	¥2,604 thousand

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

There are no applicable transactions because the Asset Manager of the Investment Corporation (Hulic Reit Management Co., Ltd.) does not engage in any other businesses, such as Type I Financial Instruments Business, Type II Financial Instruments Business, Real Estate Brokerage Business, or Real Estate Specified Joint Enterprise.

7. Financial information

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

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

(2) Changes in the calculation method of depreciation expenses

Not applicable.

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

Not applicable.

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

Not applicable.

(5) Disclosure regarding corporation holding overseas real estate

Not applicable.

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

Not applicable.

8. Other

(1) Announcements

i) General Meeting of Unitholders

Not applicable.

ii) Meeting of Board of Directors of the Investment Corporation

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

Date of Board of Directors meeting	Approved items	Outline
March 11, 2016	Conclusion of new investment units underwriting agreements	With the issuance of new investment units and sale of investment units approved at the meeting of the Board of Directors held on the same day, the general administrative duties concerning the offering of new investment units were entrusted to Mizuho Securities Co., Ltd., Nomura Securities Co., Ltd., Daiwa Securities Co., Ltd., etc.
August 4, 2016	Comprehensive resolution on issuance of investment corporation bonds and associated consignment of general administrative duties	The Board of Directors made a comprehensive resolution relating to the issuance of investment corporation bonds with a total issue amount to be within ¥10,000 million and an issuance period from September 1, 2016 to February 28, 2017. The Board of Directors approved candidate companies for consignment of administrative duties relating to offering the investment corporation bonds as well as administrative duties relating to receiving requests relating to exercise of rights of investment corporation bonds and other applications from investment corporation bondholders, and operations during the term of the investment corporation bonds (including duties of the fiscal agent, issuing agent and paying agent). The Board of Directors delegated selection of the consignee for general administrative duties relating to the investment corporation bonds and decision making on the scope and the specific consignment conditions of consignment of general administrative duties, and all the necessary matters related to the consignment of administrative operations to the executive officer.

(2) Others

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

9. Risk Factors

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

Property and Business Risks

- We have a limited operating history.
- The Asset Manager has limited experience in operating a J-REIT.
- Any adverse conditions in the Japanese economy could adversely affect us.
- We may not be able to acquire properties to execute our growth and investment strategy in a manner that is accretive to earnings.
- We may not be able to close future acquisitions of properties after they are announced.
- Illiquidity in the real estate market may limit our ability to grow or adjust our portfolio.
- The past experience of Hulic Co., Ltd. in the Japanese real estate market is not an indicator or guarantee of our future results.
- Our reliance on Hulic Co., Ltd. and other Hulic Group companies could have a material adverse effect on our business.
- There are potential conflicts of interest between us and certain Hulic Group companies, including the Asset Manager.
- We face significant competition in seeking tenants and it may be difficult to find replacement tenants.
- Increases in prevailing market interest rates may increase our interest expense and may result in a decline in the market price of our units.
- We may suffer large losses if any of our properties incurs damage from a natural or man-made disaster.
- Most of the properties in our portfolio are concentrated in Tokyo and the surrounding areas.
- Investments in next generation assets (private nursing homes, network centers and hotels) expose us to risks that are not associated with other real estate classes.
- The recent addition of hotels as an investment target exposes us to new risks associated with the hotel industry, such as revenue volatility and potentially high capital expenditure and maintenance requirements.
- Any inability to obtain financing for future acquisitions could adversely affect the growth of our portfolio.
- Liquidity and other limitations on our activities under debt financing arrangements may adversely affect our business, financial condition and results of operations.
- A high LTV ratio may increase our exposure to changes in interest rates and have a material adverse effect on our results of operations.
- We may suffer impairment losses relating to our properties.
- Decreases in tenant leasehold deposits and/or security deposits may increase our funding costs.
- Our lack of control over operating costs may adversely affect our business.
- We may lose rental revenues in the event of lease terminations, decreased lease renewals, or the default of a tenant as a result of financial difficulty or insolvency, and are exposed to the risk of careless or imprudent management of properties by tenants.
- Master lease agreements expose us to the risk of becoming an unsecured creditor of Hulic Co., Ltd. as our master lessee in the event of its insolvency.

- Our cost of complying with regulations applicable to our properties could adversely affect the results of our operations.
- Any property defect may adversely affect our financial condition and results of operations.
- We rely on expert appraisals and engineering, environmental and seismic reports, which are subject to significant uncertainties.
- We rely on industry and market data that are subject to significant uncertainties.
- Our buildings may violate earthquake resistance or other building codes, and any such buildings may collapse in even minor earthquakes or may be required to be strengthened or demolished by us at significant expense.
- The environmental assessments of our properties made prior to our ownership may not uncover all environmental liabilities, and Japanese laws subject property owners to strict environmental liabilities.
- Entering into forward commitment contracts or contracts to purchase properties under development may expose us to contractual penalties and market risks.
- We may be exposed to regulatory and financial risks related to climate change.
- Our success depends on the performance of service providers to which we are required to assign various key functions.
- Our performance depends on the efforts of key personnel of the Asset Manager.
- J-REITs and their asset managers are subject to tight supervision by the regulatory authorities.

Taxation Risks

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

Legal and Regulatory Risks

- Insider trading regulations designed to protect unitholders of J-REITs have only recently come into force, and their interpretation and scope of enforcement remain uncertain.
- Our ownership rights in some of our properties may be declared invalid or limited.
- We may lose our rights in a property if the purchase of the property is recharacterized as a secured financing.
- Our leasehold or subleasehold rights may be terminated or may not be asserted against a third party in some cases.
- Our properties for which third parties hold leasehold interests in the land but own the buildings thereupon may subject us to various risks.

- Some of our properties are held in the form of stratified ownership (*kubun shoyū*) interests, and our rights relating to such properties may be affected by the intentions of other owners.
- Some of our properties are held in the form of a property or trust co-ownership interest, and our rights relating to such properties may be affected by the intentions of other owners.
- We may hold interests in some properties through preferred shares of special purpose companies (*tokutei mokuteki kaisha*) in the future, and illiquidity in the market for such shares may limit our ability to sell our interest, and our rights relating to the properties held by such special purpose companies may be limited.
- Some of our properties are subject to preferential negotiation rights of others.
- We may hold interests in some properties through Japanese anonymous association (*tokumei kumiai*) agreements, and our rights relating to such properties may be limited.
- We own all of our properties through trust beneficiary interests and may suffer losses as a trust beneficiary.
- There are important differences regarding the rights of unitholders in a J-REIT compared to those of shareholders in a corporation.
- The AIFMD may negatively affect our ability to market our units in the EEA and increase our compliance costs associated with the marketing of our units in the EEA.
- Our units may be deemed to constitute "plan assets" for ERISA purposes, which may lead to the rescission of certain of our transactions, tax or fiduciary liability and our being held in violation of ERISA requirements.

Building a better working world

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Independent Auditor's Report

The Board of Directors
Hulic Reit, Inc.

We have audited the accompanying financial statements of Hulic Reit, Inc., which comprise the balance sheet as at August 31, 2016, and the statements of income and retained earnings, changes in net assets and cash flows for the fiscal period then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. The purpose of an audit of the financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hulic Reit, Inc. as at August 31, 2016, and its financial performance and cash flows for the fiscal period then ended in conformity with accounting principles generally accepted in Japan.

Ernst & Young ShinNihon LLC

November 24, 2016
Tokyo, Japan

II.Financial Statements

(1) Balance Sheets

(Unit: thousands of yen)

	Reporting period (As of August 31, 2016)	Previous period (As of February 29, 2016)
Assets		
Current assets		
Cash and deposits (Notes 4 and 13)	6,308,255	4,510,142
Cash and deposits in trust (Notes 4 and 13)	4,520,237	3,665,614
Operating accounts receivable	11,305	45,715
Prepaid expenses	36,935	27,158
Deferred tax assets (Note 6)	16	13
Consumption taxes receivable	–	16,725
Other	864	1,728
Total current assets	10,877,614	8,267,096
Noncurrent assets		
Property, plant and equipment (Note 5)		
Buildings in trust	38,679,945	37,187,728
Accumulated depreciation	(2,262,203)	(1,710,944)
Buildings in trust, net	36,417,742	35,476,784
Structures in trust	245,763	244,849
Accumulated depreciation	(45,918)	(36,078)
Structures in trust, net	199,844	208,770
Machinery and equipment in trust	190,272	189,591
Accumulated depreciation	(41,529)	(29,574)
Machinery and equipment in trust, net	148,743	160,017
Tools, furniture and fixtures in trust	19,150	10,002
Accumulated depreciation	(3,074)	(2,067)
Tools, furniture and fixtures in trust, net	16,076	7,934
Land in trust	156,362,300	125,623,874
Construction in progress in trust	894	–
Total property, plant and equipment	193,145,601	161,477,381
Intangible assets		
Leasehold rights in trust	8,471,289	8,471,289
Other	5,133	6,151
Total intangible assets	8,476,422	8,477,441
Investments and other assets		
Lease and guarantee deposits	20,000	20,000
Long-term prepaid expenses	495,494	552,380
Total investments and other assets	515,494	572,380
Total noncurrent assets	202,137,518	170,527,203
Deferred assets		
Investment unit issuance costs	51,815	–
Investment corporation bond issuance costs	17,956	18,962
Total deferred assets	69,771	18,962
Total assets	213,084,904	178,813,262

(Unit: thousands of yen)

	Reporting period (As of August 31, 2016)	Previous period (As of February 29, 2016)
Liabilities		
Current liabilities		
Operating accounts payable	420,319	155,934
Short-term loans payable (Notes 7 and 13)	4,660,000	3,960,000
Current portion of long-term loans payable (Notes 7 and 13)	8,490,000	8,490,000
Accounts payable - other	600,353	491,573
Accrued expenses	49,828	47,537
Income taxes payable	937	778
Accrued consumption taxes	138,632	8,592
Advances received	1,030,503	776,731
Deposits received	1,013	–
Total current liabilities	15,391,587	13,931,147
Noncurrent liabilities		
Investment corporation bond (Notes 8 and 13)	2,000,000	2,000,000
Long-term loans payable (Notes 7 and 13)	66,320,000	66,320,000
Tenant leasehold and security deposits in trust	8,828,110	7,626,103
Total noncurrent liabilities	77,148,110	75,946,103
Total liabilities	92,539,698	89,877,251
Net assets (Note 9)		
Unitholders' equity (Note 10)		
Unitholders' capital	117,537,072	86,617,040
Surplus		
Unappropriated retained earnings (Note 11)	3,008,134	2,318,971
Total surplus	3,008,134	2,318,971
Total unitholders' equity	120,545,206	88,936,011
Total net assets (Note 9)	120,545,206	88,936,011
Total liabilities and net assets	213,084,904	178,813,262

See accompanying notes to financial statements.

(2) Statements of Income and Retained Earnings

(Unit: thousands of yen)

	Reporting period (From March 1, 2016 to August 31, 2016)	Previous period (From September 1, 2015 to February 29, 2016)
Operating revenues		
Lease business revenue (Note 12)	5,572,883	4,617,146
Other lease business revenues (Note 12)	252,561	202,375
Total operating revenues	5,825,444	4,819,522
Operating expenses		
Expenses related to rent business (Note 12)	1,802,036	1,615,701
Asset management fee	504,977	405,463
Asset custody fee	10,171	9,606
Administrative service fees	32,377	30,922
Directors' compensations	6,000	6,000
Other operating expenses	87,735	84,764
Total operating expenses	2,443,298	2,152,459
Operating income	3,382,146	2,667,063
Non-operating income		
Interest income	42	680
Interest on refund	59	–
Total non-operating income	101	680
Non-operating expenses		
Interest expenses	282,287	258,611
Interest expenses on investment corporation bonds	9,500	9,448
Borrowing related expenses	70,198	79,033
Amortization of investment unit issuance costs	10,363	–
Amortization of investment corporation bond issuance costs	1,005	994
Total non-operating expenses	373,355	348,088
Ordinary income	3,008,892	2,319,655
Profit before income taxes	3,008,892	2,319,655
Income taxes - current (Note 6)	943	882
Income taxes - deferred (Note 6)	(2)	2
Total income taxes	941	884
Profit (Note 18)	3,007,951	2,318,771
Retained earnings brought forward	182	200
Unappropriated retained earnings	3,008,134	2,318,971

See accompanying notes to financial statements.

(3) Statements of Changes in Net Assets

Reporting period (From March 1, 2016 to August 31, 2016)

(Unit: thousands of yen)

	Unitholders' equity (Note 10)				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of the period	86,617,040	2,318,971	2,318,971	88,936,011	88,936,011
Changes of items during the period					
Issuance of new investment units	30,920,032	–	–	30,920,032	30,920,032
Distribution of surplus	–	(2,318,789)	(2,318,789)	(2,318,789)	(2,318,789)
Profit	–	3,007,951	3,007,951	3,007,951	3,007,951
Total changes of items during the period	30,920,032	689,162	689,162	31,609,194	31,609,194
Balance at the end of the period	117,537,072	3,008,134	3,008,134	120,545,206	120,545,206

Previous period (From September 1, 2015 to February 29, 2016)

(Unit: thousands of yen)

	Unitholders' equity (Note 10)				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of the period	86,617,040	2,304,150	2,304,150	88,921,190	88,921,190
Changes of items during the period					
Distribution of surplus	–	(2,303,950)	(2,303,950)	(2,303,950)	(2,303,950)
Profit	–	2,318,771	2,318,771	2,318,771	2,318,771
Total changes of items during the period	–	14,821	14,821	14,821	14,821
Balance at the end of the period	86,617,040	2,318,971	2,318,971	88,936,011	88,936,011

See accompanying notes to financial statements.

(4) Statements of Cash Flows

(Unit: thousands of yen)

	Reporting period (From March 1, 2016 to August 31, 2016)	Previous period (From September 1, 2015 to February 29, 2016)
Cash flows from operating activities		
Profit before income taxes	3,008,892	2,319,655
Depreciation and amortization	575,078	532,722
Amortization of investment unit issuance costs	10,363	–
Amortization of investment corporation bond issuance costs	1,005	994
Interest income	(42)	(680)
Interest expenses	291,787	268,059
Decrease (increase) in operating accounts receivable	34,409	(25,686)
Decrease (increase) in consumption taxes refund receivable	16,725	(16,725)
Decrease (increase) in prepaid expenses	(9,777)	10,162
Increase (decrease) in operating accounts payable	224,055	(164,214)
Increase (decrease) in accounts payable - other	108,622	6,712
Increase (decrease) in accrued consumption taxes	130,039	(42,341)
Increase (decrease) in advances received	253,771	(30,030)
Increase (decrease) in deposits received	1,013	(40)
Decrease (increase) in long-term prepaid expenses	56,886	(85,373)
Other, net	2,542	(2,905)
Subtotal	4,705,376	2,770,311
Interest income received	42	680
Interest expenses paid	(291,181)	(268,861)
Income taxes (paid) refund	(778)	(827)
Net cash provided by (used in) operating activities	4,413,457	2,501,302
Cash flows from investing activities		
Purchase of property, plant and equipment in trust	(32,201,950)	(12,938,573)
Repayments of tenant leasehold and security deposits in trust	(35,655)	(133,596)
Proceeds from tenant leasehold and security deposits in trust	1,237,661	639,884
Net cash provided by (used in) investing activities	(30,999,943)	(12,432,285)
Cash flows from financing activities		
Proceeds from short-term loans payable	20,410,000	16,260,000
Repayments of short-term loans payable	(19,710,000)	(16,260,000)
Proceeds from long-term loans payable	–	12,300,000
Proceeds from issuance of investment units	30,857,853	–
Dividends paid	(2,318,631)	(2,303,803)
Net cash provided by (used in) financing activities	29,239,222	9,996,196
Net increase (decrease) in cash and cash equivalents	2,652,736	65,213
Cash and cash equivalents at beginning of period	8,175,756	8,110,542
Cash and cash equivalents at end of period (Note 4)	10,828,493	8,175,756

See accompanying notes to financial statements.

(5) Notes to Financial Statements

For the periods from March 1, 2016 to August 31, 2016 and from September 1, 2015 to February 29, 2016

1. Organization

Hulic Reit, Inc. (“the Investment Corporation”) was incorporated by Hulic REIT Management Co., Ltd. (the Investment Corporation’s Asset Manager) on November 7, 2013 with ¥200 million in capital (2,000 units), and registration was approved based on Article 187 of the Act on Investment Trusts and Investment Corporations of Japan (the “Investment Trust Act”) on November 25, 2013 (Registration No. 88 filed with the Director-General of the Kanto Local Finance Bureau). Subsequently, the Investment Corporation issued new investment units through a public offering (617,500 units) on February 6, 2014. Those units were listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange on February 7, 2014 (Securities Code: 3295). In addition, the Investment Corporation issued new investment units through an allocation to a third-party (32,500 units) on March 7, 2014, through the first public offering after initial listing (122,860 units) on November 6, 2014 and through a further allocation to a third-party (6,140 units) on November 21, 2014. Following the issuances of new investment units during the current period through the public offering (167,600 units) and through the allocation to a third-party (8,400 units), the total number of investment units outstanding was 957,000 units as of August 31, 2016.

The Investment Corporation’s real estate portfolio as of August 31, 2016 was comprised of 34 properties under management with a total leasable floor area of 215,213.73 m^2. The Investment Corporation has already invested ¥200,810 million (based on acquisition price) into this portfolio. The occupancy rate as of August 31, 2016 was 100.0%.

2. Basis of Presentation

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

3. Summary of Significant Accounting Policies

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

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

Buildings	3 to 64 years
Structures	4 to 19 years
Machinery and equipment	3 to 10 years
Tools, furniture and fixtures	6 to 15 years

(2) Intangible assets

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

(3) Long-term prepaid expenses

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

(4) Investment corporation bond issuance costs

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

(5) Investment unit issuance costs

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

(6) Accounting for property taxes

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

Registered owners of properties in Japan as of January 1 are responsible for paying property taxes for the calendar year based on assessments by local governments. Therefore, registered owners who sold properties to the Investment Corporation were liable for property taxes for the calendar year, including the period from the date of the acquisition by the Investment Corporation until the end of the year. The Investment Corporation reimbursed sellers of properties for the equivalent amount of property taxes and included the amount in the acquisition cost of real estate. The amounts equivalent to property taxes included in the cost of acquisition of real estate are ¥62,681 thousand and ¥955 thousand for the periods from March 1, 2016 to August 1, 2016 and from September 1, 2015 to February 29, 2016, respectively.

(7) Hedge accounting method

(a) Hedge accounting method

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

(b) Hedging instruments and hedged items

Hedging instruments:	Interest rate swap transactions
Hedged items:	Interest payments on borrowings

(c) Hedging policy

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

(d) Method for assessing the effectiveness of hedging

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

(8) Cash and cash equivalents

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

(9) Accounting for trust beneficial interests in real estate

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

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

(a) Cash and deposits in trust

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

(c) Leasehold rights in trust

(d) Tenant leasehold and security deposits in trust

(10) Consumption taxes

Transactions subject to consumption taxes are recorded at amounts exclusive of consumption taxes. Non-deductible consumption taxes related to the acquisition of assets are treated as the cost of applicable assets.

4. Cash and Cash Equivalents

Cash and cash equivalents as of August 31, 2016 and February 29, 2016 consist of the following balance sheet items:

(Unit: thousands of yen)

	Reporting period (As of August 31, 2016)		Previous period (As of February 29, 2016)	
Cash and deposits	¥	6,308,255	¥	4,510,142
Cash and deposits in trust		4,520,237		3,665,614
Total cash and cash equivalents	¥	10,828,493	¥	8,175,756

5. Property, Plant and Equipment and Intangible Assets

The following table shows the summary of property, plant and equipment and intangible assets:

(Unit: thousands of yen)

Type of asset		Balance at the beginning of the period	Amount of increase during the period	Amount of decrease during the period	Balance at the end of the period	Accumulated depreciation /Accumulated amortization		Net balance at the end of the period	Remarks
							Depreciation and amortization		
Property, plant and equipment	Buildings in trust	¥ 37,187,728	¥1,492,216	–	¥ 38,679,945	¥2,262,203	¥ 551,258	¥ 36,417,742	acquisition of property
	Structures in trust	244,849	913	–	245,763	45,918	9,839	199,844	
	Machinery and equipment in trust	189,591	680	–	190,272	41,529	11,954	148,743	
	Tools, furniture and fixtures in trust	10,002	9,148	–	19,150	3,074	1,007	16,076	
	Land in trust	125,623,874	30,738,426	–	156,362,300	–	–	156,362,300	acquisition of property
	Construction in progress in trust	–	894	–	894	–	–	894	
	Total	¥163,256,046	¥32,242,279	–	¥195,498,326	¥ 2,352,725	¥ 574,060	¥193,145,601	
Intangible assets	Leasehold rights in trust	8,471,289	–	–	8,471,289	–	–	8,471,289	
	Other	10,186	–	–	10,186	5,053	1,018	5,133	
	Total	8,481,476	–	–	8,481,476	5,053	1,018	8,476,422	

(Note) The amount of increase during the period is mainly from the acquisition of Hulic Kamiyacho Building (additional acquisition), Leaf Minatomirai (Land) and Orchid Square.

6. Income Taxes

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

(Deferred tax assets)

(Unit: thousands of yen)

	Reporting period (As of August 31, 2016)	Previous period (As of February 29, 2016)
Enterprise tax payable	¥ 16	¥ 13
Total deferred tax assets	16	13
Net deferred tax assets	¥ 16	¥ 13

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

	Reporting period (As of August 31, 2016)	Previous period (As of February 29, 2016)
Statutory tax rate	32.31%	32.31%
(Adjustments)		
Deductible cash distribution	(32.30)%	(32.30)%
Others	0.02%	0.03%
Effective tax rate	0.03%	0.04%

7. Short-term Loans Payable and Long-term Loans Payable

Summary information regarding short-term loans payable and long-term loans payable as of August 31, 2016 is as follows:

Classification	Lender	Loan execution date	Balance at the beginning of the period (millions of yen)	Balance at the end of the period (millions of yen)	Average interest rate (%) (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Short-term loans payable	Mizuho Bank, Ltd.	February 8, 2016	1,980	–	0.2591	August 8, 2016	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		1,386	–					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		594	–					
	Mizuho Bank, Ltd. (Note 4)	March 15, 2016	–	350	0.2157	March 15, 2017			
	Sumitomo Mitsui Banking Corporation (Note 4)		–	245					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd. (Note 4)		–	105					
	Mizuho Bank, Ltd.	August 8, 2016	–	1,980	0.2318	August 8, 2017			
	Sumitomo Mitsui Banking Corporation		–	1,386					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		–	594					
	Subtotal		¥ 3,960	¥ 4,660					
Long-term loans payable	Mizuho Bank, Ltd.	February 7, 2014	¥ 2,460	¥ 2,460	0.4923	February 7, 2017	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	Sumitomo Mitsui Banking Corporation		1,930	1,930					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,080	1,080					
	Mizuho Trust & Banking Co., Ltd.		1,130	1,130					
	Sumitomo Mitsui Trust Bank, Limited		790	790					
	The Norinchukin Bank		790	790					
	Resona Bank, Limited		310	310					
	Mizuho Bank, Ltd.	February 7, 2014	2,570	2,570	0.7738	February 7, 2019			
	Sumitomo Mitsui Banking Corporation		1,950	1,950					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,100	1,100					
	Mizuho Trust & Banking Co., Ltd.		1,050	1,050					
	The Norinchukin Bank		1,660	1,660					
	Resona Bank, Limited		220	220					
	Mizuho Bank, Ltd.	February 27, 2015	1,000	1,000	0.4350	August 30, 2019			
	Sumitomo Mitsui Banking Corporation		960	960					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		550	550					
	Mizuho Trust & Banking Co., Ltd.		300	300					
	Sumitomo Mitsui Trust Bank, Limited		500	500					
	The Norinchukin Bank		500	500					
	Resona Bank, Limited		170	170					
	Shinkin Central Bank		200	200					
	Aozora Bank, Ltd.		200	200					
	Shinsei Bank, Limited		200	200					
	Mizuho Bank, Ltd.	February 27, 2015	1,650	1,650	0.4845	February 28, 2020			
	Sumitomo Mitsui Banking Corporation		890	890					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		700	700					

Classification	Lender	Loan execution date	Balance at the beginning of the period (millions of yen)	Balance at the end of the period (millions of yen)	Average interest rate (%) (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Mizuho Trust & Banking Co., Ltd.	February 27, 2015	660	660	0.4845	February 28, 2020	Lump-sum repayment	(Note 3)	Unsecured and unguaranteed
	The Norinchukin Bank		1,400	1,400					
	Resona Bank, Limited		140	140					
	Shinkin Central Bank		300	300					
	Sumitomo Mitsui Banking Corporation	March 9, 2015	2,000	2,000	0.4810	August 31, 2020			
	Mizuho Bank, Ltd.	February 29, 2016	1,000	1,000	0.1700	August 31, 2020			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		150	150					
	The Norinchukin Bank		409	409					
	Mizuho Bank, Ltd.	February 7, 2014	2,560	2,560	1.1713	February 7, 2021			
	Sumitomo Mitsui Banking Corporation		1,950	1,950					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,060	1,060					
	Mizuho Trust & Banking Co., Ltd.		1,050	1,050					
	Sumitomo Mitsui Trust Bank, Limited		1,660	1,660					
	Resona Bank, Limited		270	270					
	Mizuho Bank, Ltd.	February 27, 2015	2,800	2,800	0.6750	August 31, 2021			
	Sumitomo Mitsui Banking Corporation		2,110	2,110					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		830	830					
	Mizuho Trust & Banking Co., Ltd.		790	790					
	Aozora Bank, Ltd.		300	300					
	Shinsei Bank, Limited		300	300					
	Mizuho Bank, Ltd.	February 27, 2015	2,385	2,385	0.7730	February 28, 2022			
	Sumitomo Mitsui Banking Corporation		1,710	1,710					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		1,055	1,055					
	Mizuho Trust & Banking Co., Ltd.		800	800					
	Sumitomo Mitsui Trust Bank, Limited		1,400	1,400					
	Resona Bank, Limited		200	200					
	Development Bank of Japan Inc.	February 7, 2014	2,450	2,450	1.6100	August 7, 2022			
	Mizuho Bank, Ltd.	August 31, 2015	1,144	1,144	0.7488	August 31, 2022			
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		710	710					
	Mizuho Trust & Banking Co., Ltd.		549	549					
	Sumitomo Mitsui Trust Bank, Limited		414	414					
	The Norinchukin Bank		414	414					
	Resona Bank, Limited		125	125					
	Development Bank of Japan Inc.	August 31, 2015	414	414	0.7550	August 31, 2022			
	Mizuho Bank, Ltd.	February 29, 2016	1,350	1,350	0.4099	February 28, 2023			
	Sumitomo Mitsui Banking Corporation		800	800					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		550	550					
	Mizuho Trust & Banking Co., Ltd.		530	530					

Classification	Lender	Loan execution date	Balance at the beginning of the period (millions of yen)	Balance at the end of the period (millions of yen)	Average interest rate (%) (Note 1) (Note 2)	Repayment date	Repayment method	Use	Remarks
Long-term loans payable	Sumitomo Mitsui Trust Bank, Limited	February 29, 2016	400	400	0.4099	February 28, 2023	Lump-sum repayments	(Note 3)	Unsecured and unguaranteed
	The Norinchukin Bank		400	400					
	Resona Bank, Limited		243	243					
	Shinkin Central Bank		141	141					
	Aozora Bank, Ltd.		141	141					
	Mizuho Bank, Ltd.	February 29, 2016	1,377	1,377	0.4620	August 31, 2023			
	Sumitomo Mitsui Banking Corporation		839	839					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		565	565					
	Mizuho Trust & Banking Co., Ltd.		546	546					
	Sumitomo Mitsui Trust Bank, Limited		409	409					
	Shinsei Bank, Limited		141	141					
	Mizuho Bank, Ltd.	February 7, 2014	400	400	1.8188	February 7, 2024			
	Sumitomo Mitsui Banking Corporation		300	300					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		300	300					
	Development Bank of Japan Inc.	February 29, 2016	809	809	0.5188	February 29, 2024			
	Nippon Life Insurance Company		500	500					
	Development Bank of Japan Inc.	February 27, 2015	1,900	1,900	1.1738	August 30, 2024			
	Meiji Yasuda Life Insurance Company	February 29, 2016	500	500	0.5932	August 30, 2024			
	Mizuho Bank, Ltd.	February 27, 2015	250	250	1.4600	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		125	125					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		125	125					
	Mizuho Bank, Ltd.	February 29, 2016	250	250	0.7275	February 28, 2025			
	Sumitomo Mitsui Banking Corporation		125	125					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		125	125					
	Mizuho Bank, Ltd.	February 27, 2015	150	150	1.7500	February 26, 2027			
	Sumitomo Mitsui Banking Corporation		75	75					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.		75	75					
	Subtotal		¥ 74,810	¥ 74,810					
Total			¥ 78,770	¥ 79,470					

(Note 1) The average interest rate shows the weighted average rate rounded to four decimal places. Moreover, for borrowings hedged using interest rate swaps to avoid interest rate fluctuation risks, a weighted average that accounts for the effect of the interest rate swap is shown.

(Note 2) Long-term loans payable are borrowings that carry fixed interest (including borrowings where the interest rate is fixed by using interest rate swaps).

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

(Note 4) The Investment Corporation borrowed ¥16,450 million on March 15, 2016 and made early repayments of the amount of ¥14,250 million and ¥1,500 million on March 31, 2016 and April 28, 2016, respectively.

8. Investment Corporation Bond

Summary information regarding investment corporation bond as of August 31, 2016 is as follows:

Issue	Issuance date	Balance at the beginning of the period (millions of yen)	Balance at the end of the period (millions of yen)	Interest rate (%)	Repayment date	Repayment method	Use	Collateral
1st Series Unsecured Investment Corporation Bond	August 31, 2015	¥ 2,000	¥ 2,000	0.950	August 29, 2025	Lump-sum repayment	Repayment of borrowings	None (Note 1)
Total		¥ 2,000	¥ 2,000					

(Note 1) With limited inter-bond pari passu clause.

9. Net Assets

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

10. Unitholders' Equity

	Reporting period (From March 1, 2016 to August 31, 2016)	Previous period (From September 1, 2015 to February 29, 2016)
Total number of authorized investment units	20,000,000 units	20,000,000 units
Number of investment units issued	957,000 units	781,000 units

11. Distributions

Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥3,007,851,000, which is the largest integral multiple of the number of investment units issued and outstanding (957,000 units), and not in excess of unappropriated retained earnings.

In addition, the Investment Corporation shall not distribute cash in an amount in excess of earnings prescribed in Article 35, Paragraph 2 of the Investment Corporation's Articles of Incorporation.

	Reporting period (From March 1, 2016 to August 31, 2016)	Previous period (From September 1, 2015 to February 29, 2016)
I Unappropriated retained earnings	¥ 3,008,134,274	¥ 2,318,971,617
II Distribution amount	¥ 3,007,851,000	¥ 2,318,789,000
[Distributions per unit]	[¥ 3,143]	[¥ 2,969]
III Retained earnings brought forward	¥ 283,274	¥ 182,617

12. Breakdown of Property-related Revenues and Expenses

(1) Breakdown of property operating income

(Unit: thousands of yen)

	Reporting period (From March 1, 2016 to August 31, 2016)		Previous period (From September 1, 2015 to February 29, 2016)	
A. Property operating revenues				
Lease business revenue				
Rent	¥ 4,538,715		¥ 3,924,340	
Land rent	490,372		265,002	
Common area revenue	543,795	5,572,883	427,804	4,617,146
Other lease business revenues				
Utilities revenue	174,209		145,972	
Other revenue	78,351	252,561	56,403	202,375
Total property operating revenues		¥ 5,825,444		¥ 4,819,522
B. Property operating expenses				
Expenses related to rent business				
Property management fees	¥ 303,459		¥ 250,425	
Utilities	188,094		154,839	
Property and other taxes	443,485		386,254	
Insurance premium	7,107		8,075	
Maintenance and repairs	69,952		56,497	
Depreciation	574,060		531,704	
Other expenses related to rent business	215,875	1,802,036	227,905	1,615,701
Total property operating expenses		¥ 1,802,036		¥ 1,615,701
C. Property operating income (A – B)		¥ 4,023,408		¥ 3,203,821

(2) Transactions with major unitholders

(Unit: thousands of yen)

	Reporting period (From March 1, 2016 to August 31, 2016)	Previous period (From September 1, 2015 to February 29, 2016)
From operating transactions		
Lease business revenue	¥ 1,021,304	¥ 795,933

13. Financial Instruments

(1) Overview

(i) Policy for financial instruments

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

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

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

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

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

For the method of hedge accounting, hedging instruments and hedged items, hedging policy and the method of assessing hedge effectiveness, please refer to "(7) Hedge accounting method" in "3.-Summary of Significant Accounting Policies" above.

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

The fair values of financial instruments are based on their market prices, if available. If there is no available market price for certain financial instruments, such fair value is based on the value reasonably estimated. Since variable factors are reflected in estimating the fair value, different assumptions could result in a different fair value. The contract amounts related to derivatives mentioned in "Derivative transactions" below do not represent the value of the market risk associated with the derivative transactions.

(2) Fair value of financial instruments

The carrying amounts on the balance sheet, fair values, and the differences between the two values as of August 31, 2016 and February 29, 2016 are as follows:

(Unit: thousands of yen)

	Reporting period (As of August 31, 2016)			Previous period (As of February 29, 2016)		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Cash and deposits	¥ 6,308,255	¥ 6,308,255	¥ –	¥ 4,510,142	¥ 4,510,142	¥ –
Cash and deposits in trust	4,520,237	4,520,237	–	3,665,614	3,665,614	–
Total	¥ 10,828,493	¥10,828,493	¥ –	¥ 8,175,756	¥ 8,175,756	¥ –
Short-term loans payable	¥ 4,660,000	¥ 4,660,000	¥ –	¥ 3,960,000	¥ 3,960,000	¥ –
Current portion of long-term loans payable	8,490,000	8,505,341	15,341	8,490,000	8,519,372	29,372
Investment corporation bond	2,000,000	2,062,600	62,600	2,000,000	2,043,000	43,000
Long-term loans payable	66,320,000	65,745,563	(574,436)	66,320,000	65,509,484	(810,516)
Total	¥ 81,470,000	¥80,973,505	¥ (496,494)	¥ 80,770,000	¥80,031,857	¥ (738,143)
Derivative transactions	¥ –	¥ –	¥ –	¥ –	¥ –	¥ –

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

Assets

(i) Cash and deposits, and (ii) Cash and deposits in trust

As these are settled within a short period of time, the fair value is approximately the same as the carrying amount and is thus stated at that carrying amount.

Liabilities

(i) Short-term loans payable

As these are settled within a short period of time with variable interest rates, the fair value is approximately the same as the carrying amount and is thus stated at that carrying amount.

(ii) Current portion of long-term loans payable, and (iv) Long-term loans payable

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

The fair value of long-term loans payable 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.

(iii) Investment corporation bond

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

(Note 2) Redemption schedule for monetary claims as of August 31, 2016 and February 29, 2016

(Unit: thousands of yen)

As of August 31, 2016	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	¥ 6,308,255	¥ –	¥ –	¥ –	¥ –	¥ –
Cash and deposits in trust	4,520,237	–	–	–	–	–
Total	¥ 10,828,493	¥ –	¥ –	¥ –	¥ –	¥ –

(Unit: thousands of yen)

As of February 29, 2016	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	¥ 4,510,142	¥ –	¥ –	¥ –	¥ –	¥ –
Cash and deposits in trust	3,665,614	–	–	–	–	–
Total	¥ 8,175,756	¥ –	¥ –	¥ –	¥ –	¥ –

(Note 3) Redemption schedule for long-term loans payable and other interest-bearing debt as of August 31, 2016 and February 29, 2016

(Unit: thousands of yen)

As of August 31, 2016	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 loans payable	¥ 4,660,000	¥ –	¥ –	¥ –	¥ –	¥ –
Investment corporation bond	–	–	–	–	–	2,000,000
Long-term loans payable	8,490,000	–	13,130,000	9,299,000	15,680,000	28,211,000
Total	¥ 13,150,000	¥ –	¥ 13,130,000	¥ 9,299,000	¥ 15,680,000	¥ 30,211,000

(Unit: thousands of yen)

As of February 29, 2016	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 loans payable	¥ 3,960,000	¥ –	¥ –	¥ –	¥ –	¥ –
Investment corporation bond	–	–	–	–	–	2,000,000
Long-term loans payable	8,490,000	–	8,550,000	10,320,000	12,109,000	35,341,000
Total	¥ 12,450,000	¥ –	¥ 8,550,000	¥ 10,320,000	¥ 12,109,000	¥ 37,341,000

14. Derivative Transactions

(1) Derivative transactions not applying hedge accounting

As of August 31, 2016 and February 29, 2016

Not applicable.

(2) Derivative transactions applying hedge accounting

The contracted amount or principal amount equivalent set forth in the contract as of August 31, 2016 and February 29, 2016 for each hedge accounting method is as follows:

(Unit: thousands of yen)

As of August 31, 2016

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 loans payable	¥ 70,137,000	¥ 61,647,000	*	–

(Unit: thousands of yen)

As of February 29, 2016

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 loans payable	¥ 70,137,000	¥ 61,647,000	*	–

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

15. Leases

Operating lease transactions (Lessor)

Future minimum lease payments under noncancelable operating lease transactions

(Unit: thousands of yen)

	Reporting period (As of August 31, 2016)	Previous period (As of February 29, 2016)
Due within 1 year	¥ 4,370,187	¥ 4,173,806
Due after 1 year	6,225,694	7,330,818
Total	¥ 10,595,881	¥ 11,504,625

16. Investment and Rental Properties

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

(Unit: thousands of yen)

	Reporting period (From March 1, 2016 to August 31, 2016)	Previous period (From September 1, 2015 to February 29, 2016)
Carrying amount		
Balance at the beginning of the period	¥ 169,948,671	¥ 157,573,453
Changes during period	31,668,219	12,375,217
Balance at the end of the period	¥ 201,616,890	¥ 169,948,671
Fair value at the end of the period	¥ 227,875,000	¥ 191,085,000

(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 reporting period and the previous period is the acquisition of beneficiary rights of real estate in trust of 3 properties (¥32,022,010 thousand) and 1 property (¥12,788,088 thousand), respectively. The decrease during the reporting period and the previous period is mainly due to depreciation (¥574,060 thousand and ¥531,704 thousand, respectively).

(Note 3) The fair value at the end of the period is the appraisal value provided by an independent real estate appraiser.
The profit or loss for the period under review concerning investment and rental properties is indicated under "12. Breakdown of Property-related Revenues and Expenses."

17. Related-Party Transactions

(1) Parent company, major corporate unitholders and other

Reporting period (From March 1, 2016 to August 31, 2016)

<table>
<tr><th rowspan="2">Type</th><th rowspan="2">Name</th><th rowspan="2">Location</th><th rowspan="2">Capital stock or investments in capital (thousands of yen)</th><th rowspan="2">Business or occupation</th><th rowspan="2">Percentage of voting rights held</th><th colspan="2">Relationship</th><th rowspan="2">Nature of transaction</th><th rowspan="2">Amount of transaction (thousands of yen)</th><th rowspan="2">Account item</th><th rowspan="2">Balance at the end of the period (thousands of yen)</th></tr>
<tr><th>Inter-locking officers</th><th>Business relation-ship</th></tr>
<tr><td rowspan="4">Major corporate unitholder</td><td rowspan="4">Hulic Co., Ltd.</td><td rowspan="4">Chuo -ku, Tokyo</td><td rowspan="4">¥62,657,947</td><td rowspan="4">Real estate business</td><td rowspan="4">(directly) 11.63%</td><td rowspan="4">–</td><td rowspan="4">Rent and manage-ment of real estate</td><td>Purchase of beneficiary right of real estate in trust</td><td>¥ 31,852,000</td><td>–</td><td>¥ –</td></tr>
<tr><td>Keeping of leasehold and security deposits</td><td>¥ 1,197,153</td><td rowspan="2">Tenant leasehold and security deposits in trust</td><td rowspan="2">¥ 7,299,107</td></tr>
<tr><td>Repayment of leasehold and security deposits</td><td>¥ 35,655</td></tr>
<tr><td>Earning of rent revenue, etc.</td><td>¥ 1,021,304</td><td>Advances received</td><td>¥ 184,234</td></tr>
</table>

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

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

Previous period (From September 1, 2015 to February 29, 2016)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Business or occupation	Percentage of voting rights held	Relationship		Nature of transaction	Amount of transaction (thousands of yen)	Account item	Balance at the end of the period (thousands of yen)
						Inter-locking officers	Business relation-ship				
Major corporate unitholder	Hulic Co., Ltd.	Chuo-ku, Tokyo	¥62,647,750	Real estate business	(directly) 12.00%	–	Rent and manage-ment of real estate	Purchase of beneficiary right of real estate in trust	¥ 12,740,000	–	¥ –
								Keeping of leasehold and security deposits	¥ 600,771	Tenant leasehold and security deposits in trust	¥ 6,137,609
								Repayment of leasehold and security deposits	¥ 133,596		
								Earning of rent revenue, etc.	¥ 795,933	Advances received	¥ 139,734

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

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

(2) Affiliated companies and other

Reporting period (From March 1, 2016 to August 31, 2016) and previous period (From September 1, 2015 to February 29, 2016)

Not applicable.

(3) Fellow subsidiary companies and other

Reporting period (From March 1, 2016 to August 31, 2016)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Business or occupation	Percentage of voting rights held	Relationship		Nature of transaction	Amount of transaction (thousands of yen)	Account item	Balance at the end of the period (thousands of yen)
						Inter-locking officers	Business relation-ship				
Companies whose majority of voting rights are owned by major (corporate) unitholder	Hulic Reit Manage-ment Co., Ltd.	Chuo -ku, Tokyo	¥ 200,000	Asset manage-ment for investment corporations	–	1	Consign-ment of asset manage-ment	Payment of asset manage-ment fees	¥ 584,607	Operating accounts payable	¥ 545,375

(Note 1) The asset management fees for the reporting period include management fees of ¥79,630 thousand relating to the acquisitions that are capitalized as part of the acquisition cost for the individual real property.

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

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

Previous period (From September 1, 2015 to February 29, 2016)

Type	Name	Location	Capital stock or investments in capital (thousands of yen)	Business or occupation	Percentage of voting rights held	Relationship		Nature of transaction	Amount of transaction (thousands of yen)	Account item	Balance at the end of the period (thousands of yen)
						Inter-locking officers	Business relation-ship				
Companies whose majority of voting rights are owned by major (corporate) unitholder	Hulic Reit Manage-ment Co., Ltd.	Chuo-ku, Tokyo	¥ 200,000	Asset manage-ment for investment corporations	–	1	Consign-ment of asset manage-ment	Payment of asset manage-ment fees	¥ 437,313	Operating accounts payable	¥ 437,900

(Note 1) The asset management fees for the reporting period include management fees of ¥31,850 thousand relating to the acquisitions that are capitalized as part of the acquisition cost for the individual real property.

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

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

(4) Directors, major individual unitholders and other

Reporting period (From March 1, 2016 to August 31, 2016) and previous period (From September 1, 2015 to February 29, 2016)

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) Fellow subsidiary companies and other.”

18. Per Unit Information

(Unit: yen)

	Reporting period (From March 1, 2016 to August 31, 2016)	Previous period (From September 1, 2015 to February 29, 2016)
Net assets per unit	¥ 125,961	¥ 113,874
Basic earnings per unit	¥ 3,235	¥ 2,968

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

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

		Reporting period (From March 1, 2016 to August 31, 2016)	Previous period (From September 1, 2015 to February 29, 2016)
Profit	(thousands of yen)	¥ 3,007,951	¥ 2,318,771
Amount not attributable to common unitholders	(thousands of yen)	¥ –	¥ –
Profit attributable to common investment units	(thousands of yen)	¥ 3,007,951	¥ 2,318,771
Average number of investment units during the period	(units)	929,533	781,000

19. Segment and Related Information

[Segment information]

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

[Related information]

Reporting period (from March 1, 2016 to August 31, 2016)

(1) Information about each product and service

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

(2) Information about each geographical area

(i) Operating revenues

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

(ii) Property, plant and equipment

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

(3) Information about major customers

(Unit: thousands of yen)

Name of tenant	Operating revenues	Related segment
Hulic Co., Ltd.	¥ 1,021,304	Real estate lease business
SoftBank Corp.	633,252	Real estate lease business

Previous period (from September 1, 2015 to February 29, 2016)

(1) Information about each product and service

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

(2) Information about each geographical area

(i) Operating revenues

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

(ii) Property, plant and equipment

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

(3) Information about major customers

(Unit: thousands of yen)

Name of tenant	Operating revenues	Related segment
Hulic Co., Ltd.	¥ 795,933	Real estate lease business
SoftBank Corp.	633,252	Real estate lease business

20. Commitment Line Contracts

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

(Unit: thousands of yen)

	Reporting period (As of August 31, 2016)	Previous period (As of February 29, 2016)
Total amount of commitment line contracts	¥10,000,000	¥10,000,000
Borrowings outstanding	–	–
Remaining available amount	¥10,000,000	¥10,000,000

21. Asset Retirement Obligations

Reporting period (From March 1, 2016 to August 31, 2016) and previous period (From September 1, 2015 to February 29, 2016)

Not applicable.

22. Subsequent Events

Issuance of new investment units

The Investment Corporation resolved at the Board of Directors' meetings held on September 14, 2016 and September 26, 2016 to issue new investment units as described below for the purposes of funding the acquisition of specified assets, repaying borrowings, etc. The respective payments were completed on October 3, 2016 and October 26, 2016. As a result, the unitholders' capital and the total number of investment units issued amounted to ¥132,051 million and 1,045,000 units, respectively.

(Issuance of new investment units through public offering)

Number of investment units newly issued:	83,800 units
Total amount of issue price (offer price):	¥14,298,375,000 (¥170,625 per unit)
Total amount of issue value (paid-in value):	¥13,821,720,600 (¥164,937 per unit)
Payment date:	October 3, 2016
Distribution calculation date:	September 1, 2016

(Issuance of new investment units through third-party allotment)

Number of investment units newly issued:	4,200 units
Total amount of issue value (paid-in value):	¥692,735,400 (¥164,937 per unit)
Payment date:	October 26, 2016
Distribution calculation date:	September 1, 2016
Allottee:	Mizuho Securities Co., Ltd.