

This is an English translation of summarized financial results prepared for reference purposes only. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

April 14, 2015

Financial Report for the Fiscal Period Ended February 28, 2015 (For the Reporting Period from September 1, 2014 to February 28, 2015)

Hulic Reit, Inc. (“Investment Corporation”)

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

Asset management company: Hulic Reit Management Co., Ltd.
Representative: Eiji Tokita, Representative Director, President and CEO
Contact: Kazuaki Chokki, Director, General Manager of Corporate Planning and Administration Department
Phone: +81-3-6222-7250

Scheduled date to file securities report: May 27, 2015
Scheduled date to commence payment of distributions: May 15, 2015
Preparation of supplementary material on financial report: Yes
Holding of financial report presentation meeting: Yes (for institutional investors and analysts)

(Amounts truncated to the nearest million yen, except for the net income per unit)

1. Summary of financial results for the fiscal period ended February 28, 2015 (September 1, 2014 - February 28, 2015)

(1) Operating results

(Percentages show changes from the previous fiscal period)

	Operating revenues		Operating income		Ordinary income		Net income	
Fiscal period ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2015	4,054	10.8	2,656	7.1	2,286	47.0	2,285	47.1
August 31, 2014	3,660	—	2,480	—	1,555	—	1,553	—

	Net income per unit	Return on equity	Ordinary income on total assets	Ordinary income on operating revenues
Fiscal period ended	Yen	%	%	%
February 28, 2015	3,115	2.9	1.7	56.4
August 31, 2014	3,450	2.3	1.8	42.5

(Note 1) Although the accounting period for the fiscal period ended August 31, 2014 includes 298 days from November 7, 2013 to August 31, 2014, its actual asset management period covers only 206 days from February 7, 2014 to August 31, 2014.

(Note 2) Net income per unit is calculated by dividing net income by the day-weighted average number of investment units outstanding during the period (fiscal period ended February 28, 2015: 733,452 units; fiscal period ended August 31, 2014: 450,347 units). Net income per unit in the fiscal period ended August 31, 2014 was ¥2,399, if calculated based on the day-weighted average number of investment units outstanding during the period assuming the beginning date of the fiscal period is February 7, 2014, the day that the asset management actually commenced (647,583 units).

(Note 3) Return on equity and ordinary income on total assets for the fiscal period ended August 31, 2014 are calculated using the equity and total assets at the respective average of amounts as of February 7, 2014, the day that the asset management actually commenced, and as of the balance sheet date.

(Note 4) The purpose of the percentages of operating revenues, operating income, ordinary income and net income is to show changes from the previous fiscal period. However, no applicable figures are shown for the fiscal period ended August 31, 2014, as the period was the Investment Corporation’s first fiscal period.

(2) Distributions

	Distributions per unit (excluding distributions in excess of earnings)	Total distributions (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit	Total distributions in excess of earnings	Payout ratio	Distributions to net assets
Fiscal period ended	Yen	Millions of yen	Yen	Millions of yen	%	%
February 28, 2015	2,926	2,285	0	0	99.9	2.7
August 31, 2014	2,383	1,553	0	0	99.9	2.3

(Note) Due to the issuance of new investment units, the payout ratio is calculated with the following formula and rounded down to nearest one decimal place.

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

(3) Financial position

	Total assets	Net assets	Equity ratio	Net assets per unit
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2015	157,784	88,902	56.3	113,831
August 31, 2014	108,794	69,496	63.9	106,590

(4) Cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
Fiscal period ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2015	2,292	(45,492)	44,704	6,770
August 31, 2014	2,597	(97,933)	100,602	5,266

2. Forecasts of performance for the fiscal period ending August 31, 2015 (March 1, 2015 - August 31, 2015) and the fiscal period ending February 29, 2016 (September 1, 2015 - February 29, 2016)

(Percentages show changes from the previous fiscal period)

	Operating revenues		Operating income		Ordinary income		Net income		Distributions per unit (excluding distributions in excess of earnings)	Distributions in excess of earnings per unit
Fiscal period ending	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	Yen
August 31, 2015	4,699	15.9	2,538	(4.5)	2,211	(3.3)	2,210	(3.3)	2,830	0
February 29, 2016	4,690	(0.2)	2,532	(0.2)	2,211	0.0	2,210	0.0	2,830	0

(Reference) Forecasted net income per unit (Forecasted net income / Forecasted number of investment units at end of period)

For the fiscal period ending August 31, 2015: ¥2,830

For the fiscal period ending February 29, 2016: ¥2,830

*** Other**

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

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

(2) Number of investment units issued

- | | |
|---|---------------|
| a. Number of investment units issued at end of period (including treasury investment units) | |
| As of February 28, 2015 | 781,000 units |
| As of August 31, 2014 | 652,000 units |
| b. Number of treasury investment units at end of period | |
| As of February 28, 2015 | 0 units |
| As of August 31, 2014 | 0 units |

(Note) Please refer to “Per Unit Information” on page 29 for the number of investment units used as the basis for calculating net income per unit.

*** Status of audit procedures**

As of the time of disclosure of this financial results report, audit procedures for the financial statements pursuant to the Financial Instruments and Exchange Act of Japan are not yet complete.

*** Remarks on appropriate use of forecasts of performance and other special notes**

Forward-looking statements presented in this financial report, including forecasts of performance, are based on information currently available to the Investment Corporation and on certain assumptions the Investment Corporation deems to be reasonable. As such, actual operating and other results may differ materially from these forecasts as a consequence of numerous factors. The above-mentioned forecasts are based on “Assumptions for forecasts of performance for the fiscal period ending August 31, 2015 (from March 1, 2015 to August 31, 2015) and the fiscal period ending February 29, 2016 (from September 1, 2015 to February 29, 2016)” on pages 9 through 11 for calculation, and our judgment as of this date. Actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may vary according to changes in market conditions. These forecasts do not guarantee the distribution amount.

1. The Investment Corporation and Related Corporations

As there have been no significant changes from the “Management Structure of the Investment Corporation” described in the latest Securities Report (prepared in Japanese only) submitted on November 27, 2014, the disclosure is omitted.

2. Investment Policies and Status of Asset Management

(1) Investment Policies

As there have been no significant changes from policies described in “Investment Policy,” “Investment Properties” and “Distribution Policy” in the latest Securities Report (prepared in Japanese only) submitted on November 27, 2014, the disclosure is omitted.

(2) Status of Asset Management

Summary of results for the reporting period

i) Transition of the Investment Corporation

The Investment Corporation was established on November 7, 2013, with Hulic Reit Management Co., Ltd. (hereinafter referred to as the “Asset Manager”) 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. (the Tokyo Stock Exchange) (Securities code: 3295) on February 7, 2014. In addition, new investment units were issued through a third-party allotment on March 7, 2014. Following the start of the reporting period, the Investment Corporation carried out capital increases through its first public offering since its listing on November 6, 2014, and through third-party allotment on November 21, 2014. As a result, the number of investment units issued at the end of the reporting period was 781,000.

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

ii) Performance for the reporting period

During the reporting period, the Investment Corporation acquired Hulic Higashi Ueno 1 Chome Building (Note), Hulic Shinjuku 3 Chome Building (Note), Yokohama Yamashitacho Building and Keihanna Network Center on October 16, 2014; Ochanomizu Sola City on November 7, 2014; and Chiba Network Center and Sapporo Network Center on December 16, 2014, making a total of 7 properties (acquisition price: ¥46,744 million). As a result, the number of properties held by the Investment Corporation at the end of the reporting period was 28, and the total acquisition price was ¥148,168 million. The occupancy rate of the entire portfolio at the end of the reporting period was maintained at a high level, 99.0%.

(Note) On January 5, 2015, the names of Hulic Higashi Ueno 1 Chome Building and Hulic Shinjuku 3 Chome Building were changed from Higashi Ueno Building and Shinjuku Gates Building, respectively.

iii) Status of financing

During the reporting period, the Investment Corporation carried out capital increases through its first public offering since its listing on November 6, 2014 (122,860 units), and through a third-party allotment on November 21, 2014 (6,140 units). As a result, the number of investment units issued at the end of the reporting period was 781,000 units, and total unitholders' capital was ¥86,617 million.

In addition, in procurement of interest-bearing debt, the Investment Corporation secured short-term loans totaling ¥27,700 million on October 16, November 7 and December 16, 2014, as additional funds for asset acquisitions. On February 27, 2015, the Investment Corporation refinanced the total amount as long-term loans payable. With regard to the long-term loans payable, the Investment Corporation has used an interest rate swap to fix the interest rate for all such borrowings.

As a result, at the end of the reporting period, interest-bearing debt totaled ¥60,700 million, comprising ¥3,960 million in short-term loans payable and ¥56,740 million in long-term loans payable, resulting in a loan-to-value (LTV) ratio of 38.5%.

iv) Overview of financial results and distributions

As a result of the above asset management, operating revenues for the reporting period were ¥4,054 million (up 10.8% compared with the previous fiscal period), and operating income was ¥2,656 million (up 7.1% compared with the previous fiscal period). Ordinary income was ¥2,286 million (up 47.0% compared with the previous fiscal period) and net income was ¥2,285 million (up 47.1% compared with the previous fiscal period) for the reporting period, reflecting recording of interest expenses for borrowings, etc. and lump-sum combined costs of ¥146 million for investment unit issuance costs.

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 ¥2,926.

v) Comparison with Previous forecasts (Operating results (earnings) forecasts announced on October 14, 2014)

Compared to our previous forecasts, our actual expenses related to rent business, including repair expense, as well as non-operating expenses, including investment unit issuance costs, were lower, thus resulting in higher results.

	Previous forecasts (A) (Note)	Actual results (B)	Difference (amount) (B-A)	Difference (%)
Operating revenues	¥4,026 million	¥4,054 million	¥28 million	0.7%
Operating income	¥2,583 million	¥2,656 million	¥73 million	2.9%
Ordinary income	¥2,187 million	¥2,286 million	¥99 million	4.5%
Net income	¥2,186 million	¥2,285 million	¥99 million	4.5%
Distributions per unit	¥2,800	¥2,926	¥126	4.5%
Of the above, distributions in excess of earnings	¥0	¥0	—	—

(Note) The previous forecasts are those set forth in our press release, dated October 14, 2014, "Notice Concerning Revision to the Forecasts of Financial Results for the Fiscal Period Ending February 28, 2015 and Announcement of Forecasts of Financial Results for the Fiscal Period Ending August 31, 2015".

Outlook for the fiscal period ending August 31, 2015

i) Outlook for overall operations

In the outlook for the rental office market, demand for offices is expected to remain firm mainly on the back of improvements in the employment situation and business results, while the vacancy rate is expected to fall and rent levels are expected to improve. In the near term, the market is expected to recover moderately. In the real estate selling market, competition for property acquisitions is expected to intensify further due to prospects of a full-fledged recovery in the rental market and favorable fund procurement conditions.

Against this backdrop, the Investment Corporation will focus on commercial properties in the greater Tokyo area (Note 1), aiming to maximize unitholder value over the medium and long term, and invest in next-generation assets (Note 2), aiming to support stable earnings over the long-term. As part of these efforts to maximize investor value over the medium and long term, the Investment Corporation will implement efforts combining the Asset Manager's own measures to drive external and internal

growth while using the support of the Hulic Group. The Investment Corporation will maintain and grow profits over the medium and long term and increase the size and value of the asset portfolio. In terms of financing strategy, the Investment Corporation will maintain the LTV ratio at an appropriate level and shift to longer loan-terms with fixed interest rates and staggered repayment dates in order to maintain a stable and healthy financial position.

(Note 1) Commercial properties in the greater Tokyo area (“Tokyo Commercial Properties”) are office properties and retail properties under a concept specific to the Investment Corporation that comprehensively includes properties consistent with the basic philosophy of the Investment Corporation. Specifically, office properties are those in Tokyo’s 23 wards that are in principle located within a five-minute walking distance from the nearest train station, in areas where the office properties are sufficiently competitive. Retail properties are those located in the Tokyo metropolitan area and major cities in the surrounding area that are in principle located within a five-minute walking distance from the nearest train station or in areas with a high concentration of retail activities. Such retail properties are also highly visible in public and have the potential to generate demand from prospective tenants that offer products and services suitable for the characteristics of their respective retail areas.

(Note 2) “Next-Generation Assets” are properties specified for investment by the Investment Corporation based on its basic philosophy. Specifically, they are lease properties for which the Investment Corporation estimates there will be continuing firm demand going forward based on society’s growing needs and for which, in principle, a long-term lease agreement be concluded with a single business tenant. At present, the Investment Corporation classifies private nursing homes and network centers as Next-Generation Assets. The Investment Corporation may broaden or change the scope of its Next-Generation Assets if it judges that the societal needs will grow or that there will be firm demand in the future.

ii) Significant events after the reporting period

Not applicable.

(Reference information)

(A) Acquisitions of properties

- (a) The Investment Corporation acquired the below-mentioned beneficiary rights of real estate in trust (2 properties; total acquisition price: ¥3,680 million). The acquisition prices provided are amounts that do not include expenses incurred on the acquisitions of the said real estate, etc. (acquisition expenses, fixed asset tax, city planning tax, consumption taxes), and are equivalent to the acquisition prices stated on the trust beneficiary right sales agreements.

Property name	Location	Date of acquisition	Acquisition price (Millions of yen)	Seller
Sasazuka South Building	Shibuya-ku, Tokyo	March 9, 2015	2,100	(Note)
Tokyo Nishi Ikebukuro Building	Toshima-ku, Tokyo	March 31, 2015	1,580	(Note)
Total	—	—	3,680	—

(Note) Although the seller of Sasazuka South Building is a special purpose company in Japan and the seller of Tokyo Nishi Ikebukuro Building is a general business company in Japan, the sellers are not disclosed since the sellers’ consent regarding disclosure has not been obtained. The sellers of the said properties do not fall under the category of interested person, etc. for the Investment Corporation or the Asset Manager.

- (b) The Investment Corporation concluded purchase and sale agreements for the acquisition of the below-mentioned trust beneficiary rights on April 14, 2015. The acquisition price provided is an amount that does not include expenses incurred on the acquisition of the said real estate, etc. (acquisition expenses, fixed asset tax, city planning tax, consumption taxes), and is equivalent to the acquisition price stated on the trust beneficiary right sales agreement.

Property name	Location	Anticipated date of acquisition	Anticipated acquisition price (Millions of yen)	Seller
Gate City Ohsaki	Shinagawa-ku, Tokyo	April 16, 2015	4,370	Hulic Co., Ltd.

(B) Borrowing of funds

- (a) In order to cover the acquisition funds and part of the payment of certain related costs pertaining to properties presented above in (A) (a), the Investment Corporation executed the following borrowings.

Lender	Borrowing amount (Billions of yen)	Interest rate	Drawdown date	Repayment date	Repayment method	Remarks
Sumitomo Mitsui Banking Corporation	2.0	0.481% (Note)	March 9, 2015	August 31, 2020	Lump-sum repayment	Unsecured and unguaranteed
Syndicate of lenders arranged by Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.4	Base rate of interest (JBA one-month Japanese Yen TIBOR) + 0.15%	March 31, 2015	October 30, 2015	Lump-sum repayment	Unsecured and unguaranteed
Total	3.4	—	—	—	—	—

(Note) The Investment Corporation has entered into interest rate swap contracts to avoid interest rate fluctuation risks. The interest rate column shows interest rates that take into account the effects of the said interest rate swap contracts.

- (b) On April 14, 2015, in order to cover the acquisition funds and part of the payment of certain related costs pertaining to the property presented above in (A) (b), the Investment Corporation decided to execute the following borrowings.

Lender	Anticipated borrowing amount (Billions of yen)	Interest rate	Anticipated 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.	4.37	Base rate of interest (JBA one-month Japanese Yen TIBOR) + 0.15%	April 16, 2015	October 30, 2015	Lump-sum repayment	Unsecured and unguaranteed

iii) Operating results (earnings) forecasts

The Investment Corporation's forecasts for the fiscal period ending August 31, 2015 (from March 1, 2015 to August 31, 2015) and the fiscal period ending February 29, 2016 (from September 1, 2015 to February 29, 2016) are as follows:

	Fiscal period ending August 31, 2015			Fiscal period ending February 29, 2016
	Previous forecasts (Note 1)	Current forecasts	Difference (%)	
Operating revenues	¥4,457 million	¥4,699 million	5.4%	¥4,690 million
Operating income	¥2,447 million	¥2,538 million	3.7%	¥2,532 million
Ordinary income	¥2,114 million	¥2,211 million	4.6%	¥2,211 million
Net income	¥2,113 million	¥2,210 million	4.6%	¥2,210 million
Distributions per unit	¥2,705	¥2,830	4.6%	¥2,830
Of the above, distributions in excess of earnings	¥0	¥0	—	¥0

The primary reason for the increases in forecasted revenues and income is the addition of the three properties acquired or expected to be acquired in the fiscal period ending August 31, 2015 (see above “(A) Acquisitions of properties” under “(Reference information”).

Please refer to “Assumptions for forecasts of performance for the fiscal period ending August 31, 2015 (from March 1, 2015 to August 31, 2015) and the fiscal period ending February 29, 2016 (from September 1, 2015 to February 29, 2016)” on pages 9 through 11 for information on current assumptions for the forecasts of operating results.

(Note 1) The previous forecasts are those set forth in our press release, dated October 14, 2014, “Notice Concerning Revision to the Forecasts of Financial Results for the Fiscal Period Ending February 28, 2015 and Announcement of Forecasts of Financial Results for the Fiscal Period Ending August 31, 2015”.

(Note 2) The above-mentioned forecasts are based on certain calculation assumptions and our judgment based on information currently available to the Investment Corporation. Actual operating revenues, operating income, ordinary income, net income, distributions per unit and distributions in excess of earnings per unit may vary in response to changes in conditions. These forecasts do not guarantee the distribution amount.

Assumptions for forecasts of performance for the fiscal period ending August 31, 2015 (from March 1, 2015 to August 31, 2015) and the fiscal period ending February 29, 2016 (from September 1, 2015 to February 29, 2016)

Item	Assumptions
Accounting period	- Fiscal period ending August 31, 2015: 184 days from March 1, 2015 to August 31, 2015 - Fiscal period ending February 29, 2016: 182 days from September 1, 2015 to February 29, 2016
Portfolio	- We have assumed 31 properties with the addition of one property (hereinafter referred to as “Assets Planned for Acquisition”) to be acquired on April 16, 2015, to the 30 properties we hold as of the date of this report (hereinafter referred to as the “Assets Held”). - In our forecasts of performance, we have assumed that the Assets Planned for Acquisition will be acquired on the above date and that there will be no changes in the composition of our portfolio (no acquisitions of new assets or sales of Assets Held and Assets Planned for Acquisition) until February 29, 2016 (the end of the fourth fiscal period). - There may be changes in the portfolio, however, caused by buying or selling of properties.
Operating revenues	- Real estate lease business revenues from Assets Held and Assets Planned for Acquisition have been calculated in consideration of lease agreements effective as of the date of this report, trends of the lease market and other factors. - Operating revenues assume no delinquencies or non-payment of rent by tenants.

Item	Assumptions
Operating expenses	• Of the expenses related to rent business, the principal component of operating expenses, for Assets Held, expenses other than depreciation expenses have been calculated in such a way as to reflect variable factors in the expenses on the basis of past performance figures. In addition, such expenses for the assets acquired in the fiscal period ending August 31, 2015 and the Assets Planned for Acquisition (hereinafter collectively referred to as the “Assets Acquired in the Fiscal Period Ending August 31, 2015”), have been calculated in such a way as to reflect variable factors in the expenses on the basis of past performance figures, based on information received from the previous owners of the assets and others. • We have calculated depreciation expenses using the straight-line method, including ancillary expenses, and assumed that we will incur depreciation expenses of ¥512 million for the fiscal period ending August 31, 2015 (the third fiscal period) and ¥515 million for the fiscal period ending February 29, 2016 (the fourth fiscal period). • In general, fixed asset tax, city planning tax, etc. for the assets we acquire are settled at the time of acquisition between the current owner (seller) and the purchaser based on their respective periods of ownership in relation to the relevant tax year. However, any of these taxes allocated to the purchaser are not recognized in expenses at the time of acquisition because they are treated as a part of the acquisition cost for accounting purposes. We assume that the total amounts of fixed asset tax, city planning tax, etc. treated as a part of the acquisition value of the Assets Acquired in the Fiscal Period Ending August 31, 2015, will be ¥37 million. For the Assets Acquired in the Fiscal Period Ending August 31, 2015, fixed asset tax, city planning tax, etc. for the tax year 2015 will be recognized as expenses from the fiscal period ending August 31, 2016 (the fifth fiscal period), and not yet in the fiscal period ending August 31, 2015 (the third fiscal period) and the fiscal period ending February 29, 2016 (the fourth fiscal period). Fixed asset tax and city planning tax, etc. are assumed at ¥388 million for the fiscal period ending August 31, 2015 (the third fiscal period) and ¥388 million for the fiscal period ending February 29, 2016 (the fourth fiscal period). • Repair expenses for buildings are recognized for each fiscal period in amounts assumed as necessary based on the repair plan formulated by the Asset Manager (Hulic Reit Management Co., Ltd.) for each property. However, actual repair expenses for each fiscal period may differ substantially from our forecasts, mainly for the following reasons: (i) we may incur expenses for urgent repairs to properties for reasons including damage to buildings resulting from factors that are difficult to foresee, (ii) generally, there is a substantial difference in such expenses incurred from one fiscal period to another, and (iii) such expenses are not incurred on a regular basis.
Non-operating expenses	• We expect to record interest expenses and other borrowing-related expenses of ¥326 million in the fiscal period ending August 31, 2015 (the third fiscal period) and ¥320 million in the fiscal period ending February 29, 2016 (the fourth fiscal period).

Item	Assumptions
Loans payable	- The balance of loans payable of the Investment Corporation as of the date of this report is ¥64,100 million. In addition, we assume borrowings of ¥4,370 million to cover the acquisition funds and part of the payment of certain related costs pertaining to the Assets Planned for Acquisition. - For short-term loans payable of ¥3,960 million in loans payable of ¥9,730 million for which repayment is due before February 29, 2016 (at the end of the fourth fiscal period), we assume that the total amount will be refinanced. In addition, for short-term loans payable of ¥5,770 million borrowed in the fiscal period ending August 31, 2015, we assume that the total amount will be refinanced as long-term loans payable before August 31, 2015. - As a result of the above, we assume that the balance of loans payable as of August 31, 2015, and February 29, 2016, will be ¥68,470 million. - We have assumed LTV ratios of approximately 41.3% as of August 31, 2015 and February 29, 2016. - The LTV ratio was obtained by the following formula: $\text{LTV} = \text{Interest-bearing debt at end of period} / \text{Total assets at end of period} \times 100$
Issuance of investment units	This is based on our assumption of 781,000 units, which is the total number of investment units issued as of the date of this report. We have assumed there will be no issuance of additional investment units until the end of the fiscal period ending February 29, 2016 (the fourth fiscal period).
Distributions per unit (excluding distributions in excess of earnings)	- We have calculated distributions per unit (excluding distributions in excess of earnings) in accordance with the cash distribution policy prescribed in the Investment Corporation's Articles of Incorporation. - Actual distributions per unit (excluding distributions in excess of earnings) may fluctuate due to various factors including changes in the asset portfolio, fluctuations in rent revenues associated with changes in tenants, or unforeseen occurrence of repairs.
Distributions in excess of earnings per unit	We currently have no plans to pay cash distributions in excess of earnings (regarding distributions in excess of earnings per unit).
Others	- We have assumed that no revisions that impact these forecasts will be made to law and regulations, tax systems, accounting standards, securities listing regulations and the rules of The Investment Trusts Association, Japan, or others. - We have assumed that no significant unforeseeable changes will occur in general economic trends or conditions in the real estate market.

3. Unaudited Financial Information

(1) Balance Sheet (unaudited)

	(Unit: thousands of yen)	
	Previous fiscal period (As of August 31, 2014)	Reporting period (As of February 28, 2015)
Assets		
Current assets		
Cash and deposits	3,263,862	3,297,438
Cash and deposits in trust	2,002,306	3,473,427
Operating accounts receivable	3,120	8,235
Prepaid expenses	18,324	25,064
Deferred tax assets	27	16
Consumption taxes receivable	645,501	959,201
Other	–	29,545
Total current assets	5,933,142	7,792,928
Noncurrent assets		
Property, plant and equipment		
Buildings in trust	19,003,601	32,624,054
Accumulated depreciation	(315,412)	(712,768)
Buildings in trust, net	18,688,188	31,911,285
Structures in trust	181,832	234,805
Accumulated depreciation	(8,319)	(16,668)
Structures in trust, net	173,512	218,136
Machinery and equipment in trust	39,723	126,816
Accumulated depreciation	(3,533)	(10,239)
Machinery and equipment in trust, net	36,189	116,577
Tools, furniture and fixtures in trust	4,295	8,514
Accumulated depreciation	(116)	(543)
Tools, furniture and fixtures in trust, net	4,179	7,971
Land in trust	80,680,217	108,787,109
Total property, plant and equipment	99,582,288	141,041,081
Intangible assets		
Leasehold rights in trust	3,053,575	8,471,289
Other	9,207	8,189
Total intangible assets	3,062,783	8,479,478
Investments and other assets		
Lease and guarantee deposits	10,000	20,000
Long-term prepaid expenses	206,356	451,422
Total investments and other assets	216,356	471,422
Total noncurrent assets	102,861,427	149,991,982
Total assets	108,794,570	157,784,910

(Unit: thousands of yen)

	Previous fiscal period (As of August 31, 2014)	Reporting period (As of February 28, 2015)
Liabilities		
Current liabilities		
Operating accounts payable	275,939	94,633
Short-term loans payable	3,960,000	3,960,000
Accounts payable - other	372,135	459,545
Accrued expenses	49,394	46,983
Income taxes payable	1,403	826
Advances received	550,146	729,959
Deposits received	6,308	4,722
Total current liabilities	5,215,327	5,296,670
Noncurrent liabilities		
Long-term loans payable	29,040,000	56,740,000
Tenant leasehold and security deposits in trust	5,042,427	6,845,840
Total noncurrent liabilities	34,082,427	63,585,840
Total liabilities	39,297,755	68,882,510
Net assets		
Unitholders' equity		
Unitholders' capital	67,943,000	86,617,040
Surplus		
Unappropriated retained earnings	1,553,814	2,285,360
Total surplus	1,553,814	2,285,360
Total unitholders' equity	69,496,814	88,902,400
Total net assets	*2 69,496,814	*2 88,902,400
Total liabilities and net assets	108,794,570	157,784,910

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

(Unit: thousands of yen)

	Previous fiscal period (From November 7, 2013 to August 31, 2014)	Reporting period (From September 1, 2014 to February 28, 2015)
Operating revenues		
Rent revenue - real estate	*1, *2 3,523,129	*1, *2 3,885,802
Other lease business revenues	*1 137,517	*1 168,867
Total operating revenues	3,660,646	4,054,670
Operating expenses		
Expenses related to rent business	*1 763,149	*1 943,792
Asset management fee	294,238	343,190
Asset custody fee	8,370	6,711
Administrative service fees	27,483	22,212
Directors' compensations	9,800	6,000
Other operating expenses	77,043	75,784
Total operating expenses	1,180,085	1,397,692
Operating income	2,480,561	2,656,978
Non-operating income		
Interest income	409	536
Interest on refund	—	1,137
Total non-operating income	409	1,673
Non-operating expenses		
Interest expenses	158,629	163,883
Borrowing related expenses	343,990	61,670
Organization expenses	82,286	—
Investment unit issuance costs	340,790	146,891
Total non-operating expenses	925,697	372,444
Ordinary income	1,555,274	2,286,207
Income before income taxes	1,555,274	2,286,207
Income taxes - current	1,486	935
Income taxes - deferred	(27)	11
Total income taxes	1,459	946
Net income	1,553,814	2,285,261
Retained earnings brought forward	—	98
Unappropriated retained earnings	1,553,814	2,285,360

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

Previous fiscal period (From November 7, 2013 to August 31, 2014)

(Unit: thousands of yen)

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of current period	—	—	—	—	—
Changes of items during the period					
Issuance of new investment units	67,943,000	—	—	67,943,000	67,943,000
Net income	—	1,553,814	1,553,814	1,553,814	1,553,814
Total changes of items during the period	67,943,000	1,553,814	1,553,814	69,496,814	69,496,814
Balance at the end of current period	*1 67,943,000	1,553,814	1,553,814	69,496,814	69,496,814

Reporting period (From September 1, 2014 to February 28, 2015)

(Unit: thousands of yen)

(Unit: thousands of yen)

	Unitholders' equity				Total net assets
	Unitholders' capital	Surplus		Total unitholders' equity	
		Unappropriated retained earnings	Total surplus		
Balance at the beginning of current period	67,943,000	1,553,814	1,553,814	69,496,814	69,496,814
Changes of items during the period					
Issuance of new investment units	18,674,040	—	—	18,674,040	18,674,040
Distribution of Surplus	—	(1,553,716)	(1,553,716)	(1,553,716)	(1,553,716)
Net income	—	2,285,261	2,285,261	2,285,261	2,285,261
Total changes of items during the period	18,674,040	731,545	731,545	19,405,585	19,405,585
Balance at the end of current period	*1 86,617,040	2,285,360	2,285,360	88,902,400	88,902,400

(4) Statement of Cash Distributions (unaudited)

By period Item	Previous fiscal period (From November 7, 2013 to August 31, 2014)	Reporting period (From September 1, 2014 to February 28, 2015)
I Unappropriated retained earnings	¥1,553,814,966	¥2,285,360,110
II Distribution amount (Distributions per unit)	¥1,553,716,000 (¥2,383)	¥2,285,206,000 (¥2,926)
III Retained earnings carried forward	¥98,966	¥154,110
Method of calculating distribution amount	Pursuant to the distribution policy prescribed in Article 35, Paragraph 1 of the Investment Corporation's Articles of Incorporation, the distribution amount shall be in excess of an amount equivalent to 90% of earnings available for distributions as defined in Article 67-15 of the Act on Special Measures Concerning Taxation, but not in excess of the amount of earnings. Based on this policy, the Investment Corporation has declared the total distributions to be ¥1,553,716,000, which is the largest integral multiple of the number of investment units issued and outstanding (652,000 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.	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 ¥2,285,206,000, which is the largest integral multiple of the number of investment units issued and outstanding (781,000 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.

(5) Statement of Cash Flows (unaudited)

(Unit: thousands of yen)

	Previous fiscal period (From November 7, 2013 to August 31, 2014)	Reporting period (From September 1, 2014 to February 28, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes	1,555,274	2,286,207
Depreciation and amortization	328,360	413,856
Investment unit issuance costs	340,790	146,891
Interest income	(409)	(536)
Interest expenses	158,629	163,883
Decrease (increase) in operating accounts receivable	(3,120)	(5,114)
Decrease (increase) in consumption taxes refund receivable	(645,501)	(313,699)
Decrease (increase) in prepaid expenses	(18,324)	(6,739)
Increase (decrease) in operating accounts payable	268,610	(184,542)
Increase (decrease) in accounts payable - other	372,135	56,148
Increase (decrease) in advances received	550,146	179,813
Increase (decrease) in deposits received	6,308	(1,586)
Decrease (increase) in long-term prepaid expenses	(206,356)	(245,066)
Other, net	2,505	(28,832)
Subtotal	2,709,049	2,460,681
Interest income received	409	536
Interest expenses paid	(111,823)	(167,115)
Income taxes (paid) refund	—	(1,403)
Net cash provided by (used in) operating activities	2,597,634	2,292,698
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment in trust	(99,902,341)	(41,868,393)
Purchase of intangible assets in trust	(3,053,575)	(5,417,714)
Purchase of intangible assets	(10,186)	—
Payments for lease and guarantee deposits	(10,000)	(10,000)
Repayments of tenant leasehold and security deposits in trust	(113,785)	(11,852)
Proceeds from tenant leasehold and security deposits in trust	5,156,212	1,815,264
Net cash provided by (used in) investing activities	(97,933,675)	(45,492,695)
Net cash provided by (used in) financing activities		
Increase in short-term loans payable	7,360,000	31,660,000
Decrease in short-term loans payable	(3,400,000)	(31,660,000)
Proceeds from long-term loans payable	29,040,000	27,700,000
Proceeds from issuance of investment units	67,602,209	18,556,841
Dividends paid	—	(1,552,147)
Net cash provided by (used in) financing activities	100,602,209	44,704,694
Net increase (decrease) in cash and cash equivalents	5,266,168	1,504,697
Cash and cash equivalents at beginning of period	—	5,266,168
Cash and cash equivalents at end of period	*1 5,266,168	*1 6,770,865

(6) Notes on Going Concern Assumption (unaudited)

Not applicable.

(7) Notes on Significant Accounting Policies (unaudited)

1. Method of depreciation of noncurrent assets	(1) Property, plant and equipment (including assets in trust) The straight-line method is used. The estimated useful lives of property, plant and equipment are listed below. <table> <tr> <td>Buildings</td><td>3 to 63 years</td></tr> <tr> <td>Structures</td><td>4 to 18 years</td></tr> <tr> <td>Machinery and equipment</td><td>3 to 10 years</td></tr> <tr> <td>Tools, furniture and fixtures</td><td>6 to 10 years</td></tr> </table> (2) Intangible assets The straight-line method is used. Internal use software is amortized over the estimated useful life (5 years). (3) Long-term prepaid expenses The straight-line method is used.	Buildings	3 to 63 years	Structures	4 to 18 years	Machinery and equipment	3 to 10 years	Tools, furniture and fixtures	6 to 10 years
Buildings	3 to 63 years								
Structures	4 to 18 years								
Machinery and equipment	3 to 10 years								
Tools, furniture and fixtures	6 to 10 years								
2. Accounting method for deferred assets	Investment unit issuance costs The full amount is recorded as expenses at the time of expenditure.								
3. Recognition of revenue and expenses	Fixed asset tax and related taxes For fixed asset tax, city planning tax, depreciable asset tax, etc. for real properties held, the amount of tax levied corresponding to the relevant accounting period is recorded as expenses related to rent business. The amount equivalent to fixed asset tax and related taxes for the fiscal year that includes the date on which we paid settlement money to the transferor for acquisition of real estate, etc. is not recorded as expenses related to rent business but included in the acquisition costs for the related properties. The amount equivalent to fixed asset tax included in acquisition costs for properties was ¥514,892 thousand for the previous fiscal period, and ¥18,418 thousand for the reporting period.								
4. Method of hedge accounting	(1) Method of hedge accounting Deferred hedge accounting is used for interest rate swaps. For interest rate swaps that satisfy requirements for special treatments, however, special treatment is used. (2) Hedging instruments and hedged items Hedging instruments: Interest rate swaps Hedged items: Interest on borrowings (3) Hedging policy The Investment Corporation conducts derivative transactions for the purpose of hedging risks provided for in the Articles of Incorporation of the Investment Corporation pursuant to the basic policy of risk management. (4) Method of assessing hedge effectiveness The assessment of hedge effectiveness is omitted since the interest rate swaps satisfy the requirements for special treatment.								
5. Scope of cash and cash equivalents in the statement of cash flows	Cash and cash equivalents in the statement of cash flows are composed of cash on hand, cash in trust, demand deposits, deposits in trust, and short-term investments that are readily convertible, bear little risk in price fluctuations, and mature within 3 months of the date of acquisition.								

6. Other significant information for preparation of financial statements	(1) Accounting method for trust beneficiary rights in real estate With regard to trust beneficiary rights in real estate, all assets and liabilities within assets in trust as well as all revenue and expense items associated with assets in trust are accounted for under the respective account items of the balance sheet and statement of income and retained earnings. Of the assets in trust accounted for under the respective account items, the following significant items are separately indicated on the balance sheet: i) Cash and deposits in trust ii) Buildings in trust; structures in trust; machinery and equipment in trust; tools, furniture and fixtures in trust; and land in trust iii) Leasehold rights in trust iv) Tenant leasehold and security deposits in trust (2) Accounting method for consumption taxes Consumption tax and local consumption tax are accounted for by the tax-exclusion method. Consumption taxes unqualified for deduction for tax purposes for acquisition of assets are included in acquisition cost for each asset.
--	--

(8) Notes to Financial Information (unaudited)

Notes to Balance Sheet (unaudited)

1. Commitment line contracts

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

	Previous fiscal period (As of August 31, 2014)	Reporting period (As of February 28, 2015)
Total amount of commitment line contracts	¥10,000,000 thousand	¥10,000,000 thousand
Balance of borrowings outstanding	—	—
Difference	¥10,000,000 thousand	¥10,000,000 thousand

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

	Previous fiscal period (As of August 31, 2014)	Reporting period (As of February 28, 2015)
	¥50,000 thousand	¥50,000 thousand

Notes to Statement of Income and Retained Earnings (unaudited)

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

	(Unit: thousands of yen)	
	Previous fiscal period (From November 7, 2013 to August 31, 2014)	Reporting period (From September 1, 2014 to February 28, 2015)
A. Real estate lease business revenues		
Rent revenue - real estate		
Rent	2,897,420	3,266,266
Land rent	299,704	265,002
Common service fees	326,003	354,534
Total	3,523,129	3,885,802
Other lease business revenues		
Revenue from utilities charges	93,601	119,069
Other revenue	43,916	49,798
Total	137,517	168,867
Total real estate lease business revenues	3,660,646	4,054,670
B. Expenses related to real estate lease business		
Expenses related to rent business		
Management consignment expenses	140,019	196,146
Utilities expenses	128,037	133,265
Taxes and public dues	—	2
Insurance expenses	5,173	7,773
Repair expenses	23,944	43,903
Depreciation	327,382	412,837
Other expenses related to rent business	138,591	149,864
Total expenses related to real estate lease business	763,149	943,792
C. Income (loss) from real estate lease business (A – B)	2,897,497	3,110,878

*2. Transactions with major corporate unitholders

	(Unit: thousands of yen)	
	Previous fiscal period (From November 7, 2013 to August 31, 2014)	Reporting period (From September 1, 2014 to February 28, 2015)
From operating transactions		
Rent revenue - real estate	900,162	795,933

Notes to Statement of Changes in Net Assets (unaudited)

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

	Previous fiscal period (From November 7, 2013 to August 31, 2014)	Reporting period (From September 1, 2014 to February 28, 2015)
Total number of authorized investment units at end of period	20,000,000 units	20,000,000 units
Number of investment units issued at end of period	652,000 units	781,000 units

Notes to Statement of Cash Flows (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (From November 7, 2013 to August 31, 2014)	Reporting period (From September 1, 2014 to February 28, 2015)
Cash and deposits	3,263,862	3,297,438
Cash and deposits in trust	2,002,306	3,473,427
Total cash and cash equivalent	5,266,168	6,770,865

Notes on Financial Instruments (unaudited)

1. Matters regarding status of financial instruments

(1) Policy for handling financial instruments

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

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

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

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

Borrowings are conducted mainly for the purpose of acquiring properties. 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 "4. Method of hedge accounting" in "(7) Notes on Significant Accounting Policies" above.

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

The fair values of financial instruments are based on market prices, if available. If there is no available market price for certain financial instruments, such fair value is based on the value

rationally measured. Since variables are factored into measurements of fair value, the value may vary if different assumptions are used. The contract amounts related to derivatives mentioned in “Notes on Derivative Transactions” below should not be considered indicative of the market risk associated with the derivative transactions.

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

Balance sheet carrying amount, fair value, and the difference between the two values as of August 31, 2014 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	3,263,862	3,263,862	—
(2) Cash and deposits in trust	2,002,306	2,002,306	—
Total assets	5,266,168	5,266,168	—
(1) Short-term loans payable	3,960,000	3,960,000	—
(2) Long-term loans payable	29,040,000	28,191,628	(848,372)
Total liabilities	33,000,000	32,151,628	(848,372)
Derivative transactions	—	—	—

Balance sheet carrying amount, fair value, and the difference between the two values as of February 28, 2015 are as shown below.

(Unit: thousands of yen)

	Balance sheet carrying amount	Fair value	Difference
(1) Cash and deposits	3,297,438	3,297,438	—
(2) Cash and deposits in trust	3,473,427	3,473,427	—
Total assets	6,770,865	6,770,865	—
(1) Short-term loans payable	3,960,000	3,960,000	—
(2) Long-term loans payable	56,740,000	55,316,760	(1,423,240)
Total liabilities	60,700,000	59,276,760	(1,423,240)
Derivative transactions	—	—	—

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

Assets

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

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

Liabilities

(1) Short-term loans payable

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

(2) 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 loans, their fair value is considered approximate to the book value. Therefore, the

book value is used as the fair value of these liabilities (However, for long-term loans payable with floating interest rate to which special treatment for interest rate swaps is applied (Please refer to “Notes on Derivative Transactions” below.), the fair value is calculated by discounting the sum of principal and interest, which are treated in combination with 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.

Derivative transactions

Please refer to “Notes on Derivative Transactions” below.

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

Previous fiscal period (as of August 31, 2014)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	3,263,862	—	—	—	—	—
Cash and deposits in trust	2,002,306	—	—	—	—	—
Total	5,266,168	—	—	—	—	—

Reporting period (as of February 28, 2015)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Cash and deposits	3,297,438	—	—	—	—	—
Cash and deposits in trust	3,473,427	—	—	—	—	—
Total	6,770,865	—	—	—	—	—

(Note 3) Redemption of long-term loans payable and other interest-bearing debt scheduled to be due after the balance sheet date

Previous fiscal period (as of August 31, 2014)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	3,960,000	—	—	—	—	—
Long-term loans payable	—	—	8,490,000	—	8,550,000	12,000,000
Total	3,960,000	—	8,490,000	—	8,550,000	12,000,000

Reporting period (as of February 28, 2015)

(Unit: thousands of yen)

	Due within 1 year	Due after 1 year, but within 2 years	Due after 2 years, but within 3 years	Due after 3 years, but within 4 years	Due after 4 years, but within 5 years	Due after 5 years
Short-term loans payable	3,960,000	—	—	—	—	—
Long-term loans payable	—	8,490,000	—	8,550,000	10,320,000	29,380,000
Total	3,960,000	8,490,000	—	8,550,000	10,320,000	29,380,000

Notes on Derivative Transactions (unaudited)

1. Derivative transactions not applying hedge accounting

Previous fiscal period (as of August 31, 2014)

Not applicable.

Reporting period (as of February 28, 2015)

Not applicable.

2. Derivative transactions applying hedge accounting

Previous fiscal period (as of August 31, 2014)

The following table shows the contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method.

(Unit: thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	26,590,000	26,590,000	*	—

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

Reporting period (as of February 28, 2015)

The following table shows the contracted amount or principal amount equivalent or the like set forth in the contract as of the balance sheet date for each hedge accounting method.

(Unit: thousands of yen)

Hedge accounting method	Type of derivative transaction	Major hedged item	Contracted amount		Fair value	Measurement method for fair value
				Portion due after 1 year		
Special treatment of interest rate swaps	Interest rate swap transaction Payment: fixed interest rate Receipt: floating interest rate	Long-term loans payable	54,290,000	54,290,000	*	—

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

Notes on Tax Effect Accounting (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (As of August 31, 2014)	Reporting period (As of February 28, 2015)
Deferred tax assets		
Accrued enterprise tax excluded from expenses	27	16
Total deferred tax assets	27	16
Net deferred tax assets	27	16

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

(Unit: %)

	Previous fiscal period (As of August 31, 2014)	Reporting period (As of February 28, 2015)
Statutory tax rate	36.59	34.16
(Adjustments)		
Distributions paid included in expenses	(36.55)	(34.15)
Others	0.05	0.03
Effective tax rate	0.09	0.04

Notes on Related Party Transactions (unaudited)

1. Parent company and major corporate unitholders

Previous fiscal period (From November 7, 2013 to August 31, 2014)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Odenma-cho, Nihonbashi Chuo-ku, Tokyo	22,281,180	Real estate business	Directly held by related party 12.50%	None	Leasing and management of real estate	Receipt of investment in capital	200,000	—	—
								Purchase of beneficiary right of real estate in trust	83,733,000	—	—
								Keeping of leasehold and security deposits	4,877,347	Tenant leasehold and security deposits in trust	4,763,562
								Repayment of leasehold and security deposits	113,785		
								Earning of rent revenue, etc.	900,162	Advances received	139,734

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

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

Reporting period (From September 1, 2014 to February 28, 2015)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Major corporate unitholder	Hulic Co., Ltd.	7-3, Odenma-cho, Nihonbashi Chuo-ku, Tokyo	22,293,503	Real estate business	Directly held by related party 12.00%	None	Leasing and management of real estate	Purchase of beneficiary right of real estate in trust	28,954,000	—	—
								Keeping of leasehold and security deposits	667,554	Tenant leasehold and security deposits in trust	5,419,264
								Repayment of leasehold and security deposits	11,852		
								Earning of rent revenue, etc.	795,933	Advances received	139,734

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

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

2. Subsidiaries and affiliates

Previous fiscal period (From November 7, 2013 to August 31, 2014)

Not applicable.

Reporting period (From September 1, 2014 to February 28, 2015)

Not applicable.

3. Subsidiaries of parent company

Previous fiscal period (From November 7, 2013 to August 31, 2014)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Company in which major unitholder (corporation) owns a majority of voting rights	Hulic Reit Management Co., Ltd.	2-26-9, Hatcho-bori, Chuo-ku, Tokyo	200,000	Business related to management of investment corporation's assets under management	–	One	Consignment of asset management	Payment of organizer compensations (Note 1)	50,000	–	–
								Payment of asset management fee (Note 2)	592,026	Operating accounts payable	316,894

(Note 1) Payment of organizer compensations is in accordance with terms prescribed in the Investment Corporation's Articles of Incorporation.

(Note 2) Payment of asset management fee includes the portion of compensations associated with a property acquisition factored into the book value of the individual properties (¥297,787 thousand).

(Note 3) In the amounts in the above table, consumption taxes are not included in amount of transaction but are included in balance at end of period.

(Note 4) Transaction terms are determined based on current market prices.

Reporting period (From September 1, 2014 to February 28, 2015)

Type	Name	Location	Capital stock or investments in capital (Thousands of yen)	Description of business	Percentage of voting rights held in (by) related party	Relationship		Description of transaction	Amount of transaction (Thousands of yen)	Account item	Balance at end of period (Thousands of yen)
						Inter-locking officers, etc.	Business relationship				
Company in which major unitholder (corporation) owns a majority of voting rights	SPC Sonic Investments 6	3-22-10-201, Toranomon, Minato-ku, Tokyo	350,000	Real estate business	–	–	Subsidiary of major corporate unitholder	Purchase of beneficiary right of real estate in trust	5,550,000	–	–
	Hulic Reit Management Co., Ltd.	2-26-9, Hatcho-bori, Chuo-ku, Tokyo	200,000	Business related to management of investment corporation's assets under management	–	One	Consignment of asset management	Payment of asset management fee (Note 1)	490,650	Operating accounts payable	370,645

(Note 1) Payment of asset management fee includes the portion of compensations associated with a property acquisition factored into the book value of the individual properties (¥147,460 thousand).

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

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

4. Officers and major individual unitholders

Previous fiscal period (From November 7, 2013 to August 31, 2014)

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

Reporting period (From September 1, 2014 to February 28, 2015)

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

Notes on Investment and Rental Properties (unaudited)

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

(Unit: thousands of yen)

	Previous fiscal period (From November 7, 2013 to August 31, 2014)	Reporting period (From September 1, 2014 to February 28, 2015)
Balance sheet carrying amount		
Balance at beginning of period	—	102,635,863
Changes during period	102,635,863	46,876,507
Balance at end of period	102,635,863	149,512,370
Fair value at end of period	109,743,000	159,692,000

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

(Note 2) The main reason for the increase in the investment and rental properties during the previous fiscal period is the acquisition of beneficiary rights of real estate in trust of 21 properties (¥102,933,082 thousand) and the decrease is mainly due to depreciation (¥327,382 thousand). The main reason for the increase during the reporting period is the acquisition of beneficiary rights of real estate in trust of 7 properties (¥47,245,344 thousand) and the decrease is mainly due to depreciation (¥412,837 thousand).

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

Notes on Segment and Related Information (unaudited)

Segment information

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

Related information

Previous fiscal period (from November 7, 2013 to August 31, 2014)

1. Information by product and service

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

2. Information by geographical area

(1) Operating revenues

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

(2) Property, plant and equipment

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

3. Information by major customer

(Unit: thousands of yen)

Counterparty	Operating revenues	Related segment
Hulic Co., Ltd.	900,162	Real estate lease business
Trust Garden Co., Ltd.	(Note) –	Real estate lease business

(Note) This information is not shown because we have not obtained permission from the tenant to disclose the information such as rent.

Reporting period (from September 1, 2014 to February 28, 2015)

1. Information by product and service

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

2. Information by geographical area

(1) Operating revenues

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

(2) Property, plant and equipment

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

3. Information by major customer

(Unit: thousands of yen)

Counterparty	Operating revenues	Related segment
Hulic Co., Ltd.	795,933	Real estate lease business
SoftBank Telecom Corp.	443,161	Real estate lease business

Notes on Per Unit Information (unaudited)

	Previous fiscal period (From November 7, 2013 to August 31, 2014)	Reporting period (From September 1, 2014 to February 28, 2015)
Net assets per unit	¥106,590	¥113,831
Net income per unit	¥3,450	¥3,115

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

(Note 2) The basis for calculating net income per unit is as follows:

	Previous fiscal period (From November 7, 2013 to August 31, 2014)	Reporting period (From September 1, 2014 to February 28, 2015)
Net income (Thousands of yen)	1,553,814	2,285,261
Amount not attributable to common unitholders (Thousands of yen)	—	—
Net income attributable to common investment units (Thousands of yen)	1,553,814	2,285,261
Average number of investment units for the period (Units)	450,347	733,452

Notes on Significant Subsequent Events (unaudited)

Not applicable.

Omission of Disclosure

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

(9) Changes in Number of Investment Units Issued

A summary of capital increase, etc. from the establishment of the Investment Corporation to the reporting period are shown as below.

Date	Event	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)

(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 investment properties, etc.

(Note 3) New investment units were issued through a private placement allocated to Mizuho Securities Co., Ltd. with an offer price 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 investment properties, etc.

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

4. Changes in Officers

(1) Changes in Officers of the Investment Corporation

There have been no changes from the “Status of Officers” described in the latest Securities Report (prepared in Japanese only) submitted on November 27, 2014.

(2) Changes in Officers of Asset Manager

On February 27, 2015, Corporate Auditor Shigeo Nakane resigned, and Takuya Asai and Tetsuya Fujita were elected as new Corporate Auditors at the Ordinary General Meeting of Shareholders of the Asset Manager held on February 27, 2015, and assumed office on the same date.

For the details, please refer to the press release titled “Notice concerning Change in Corporate Auditors at Asset Management Company,” dated February 18, 2015.

5. Reference Information

(1) Status of Investment

Type of assets	Category	Region (Note 1)	Reporting period (As of February 28, 2015)	
			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	104,127	66.0
		Other wards of Tokyo	6,602	4.2
		Other	4,850	3.1
		Total	115,580	73.3
	Next Generation Assets	Six central wards of Tokyo	—	—
		Other wards of Tokyo	20,356	12.9
		Other	13,576	8.6
		Total	33,932	21.5
	Total real estate in trust		149,512	94.8
	Deposits and other assets		8,272	5.2
Total assets		157,784	100.0	

	Amount (Millions of yen)	Percentage to total assets (%) (Note 3)
Total liabilities	68,882	43.7
Total net assets	88,902	56.3

(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), rounded down to the nearest million yen.

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

(2) Investment Assets

i) Overview of investment assets

(As of February 28, 2015)

(As of February 28, 2015)								
Category		Property name	Date of construction (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Total leased area (m ²) (Note 4)	Total leasable area (m ²) (Note 5)	Occupancy rate (%) (Note 6)
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building (Note 7)	April 1985	1,031	1,047	12,519.56	12,991.85	96.4
		Hulic Kudan Building (Land)	—	530	265	3,351.07	3,351.07	100.0
		Toranomon First Garden (Note 8)	August 2010	527	403	5,689.97	5,689.97	100.0
		Rapiros Roppongi (Note 9)	August 1997	431	377	5,875.17	5,875.17	100.0
		Hulic Takadanobaba Building	November 1993	309	190	5,369.71	5,369.71	100.0
		Hulic Kanda Building	September 2008	278	211	3,728.36	3,728.36	100.0
		Hulic Kandabashi Building	June 2001	125	118	2,036.81	2,566.95	79.3
		Hulic Kakigaracho Building	March 1993	187	124	2,858.48	2,858.48	100.0
		Ochanomizu Sola City (Note 10)	February 2013	— (Note 12)	— (Note 12)	7,622.30	8,341.22	91.4
	Hulic Higashi Ueno 1 Chome Building	July 1988	170	146	3,117.36	3,262.09	95.6	
	Subtotal	—	—	—	52,168.79	54,034.87	96.5	
	Retail properties	Oimachi Redevelopment Building (#2)	September 1989	624	656	14,485.66	14,485.66	100.0
		Oimachi Redevelopment Building (#1) (Note 11)	September 1989	438	529	10,612.67	10,612.67	100.0
		Dining Square Akihabara Building	June 1993	— (Note 12)	— (Note 12)	2,169.41	2,169.41	100.0
		Hulic Jingumae Building	September 2000	157	82	1,656.24	1,656.24	100.0
		Hulic Shinjuku 3 Chome Building	June 1983	291	175	1,351.15	1,351.15	100.0
		Yokohama Yamashitacho Building	July 1993	— (Note 12)	— (Note 12)	8,958.70	8,958.70	100.0
		Subtotal	—	—	—	39,233.83	39,233.83	100.0
		Total	—	—	—	91,402.62	93,268.70	98.0
Next Generation Assets	Private nursing homes	Aria Matsubara	September 2005	— (Note 12)	— (Note 12)	5,454.48	5,454.48	100.0
		Trust Garden Youganomori	September 2005	— (Note 12)	— (Note 12)	5,977.75	5,977.75	100.0
		Trust Garden Sakurashinmachi	August 2005	— (Note 12)	— (Note 12)	3,700.26	3,700.26	100.0
		Trust Garden Sugunami Miyamae	April 2005	— (Note 12)	— (Note 12)	3,975.99	3,975.99	100.0
		Subtotal	—	—	—	19,108.48	19,108.48	100.0
	Network centers	Ikebukuro Network Center	January 2001	271	136	12,773.04	12,773.04	100.0
		Tabata Network Center	April 1998	90	45	3,832.73	3,832.73	100.0
		Hiroshima Network Center	October 2001	88	44	5,208.54	5,208.54	100.0
		Atsuta Network Center	May 1997	73	37	4,943.10	4,943.10	100.0
		Nagano Network Center	September 1994	35	18	2,211.24	2,211.24	100.0
		Chiba Network Center	June 1995	447	224	23,338.00	23,338.00	100.0
		Sapporo Network Center	January 2002	167	84	9,793.57	9,793.57	100.0
		Keihanna Network Center	May 2001	94	47	9,273.44	9,273.44	100.0
		Subtotal	—	1,267	633	71,373.66	71,373.66	100.0
	Total	—	—	—	90,482.14	90,482.14	100.0	
Total of the portfolio		—	—	—	181,884.76	183,750.84	99.0	

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

(Note 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for rooms which were occupied by tenants as of February 28, 2015, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 28, 2015) for buildings as indicated in the relevant lease agreement of each asset held as of February 28, 2015 by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements) and rounding to the nearest million yen. For properties for which we acquired only land, it is calculated as the annual contracted rent (excluding consumption taxes; the same shall apply hereinafter) as indicated in the lease agreement for such land as of February 28, 2015, rounding to the nearest million yen. When a master lease agreement has been concluded for the asset held, the amount calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a pass-through master lease agreement, under which rents are directly received from end-tenants in principle, or the monthly rent as indicated in the master lease agreement in the fixed-type master lease agreement, under which a certain amount of rent is received regardless of fluctuations in rents for end-tenants, by 12 on an annual basis is provided.

- (Note 3) *Leasehold/Security deposits* indicates the aggregate of the leasehold and/or security deposit(s) required under the relevant lease agreement of each asset held as of February 28, 2015 (limited to rent for rooms which were occupied by tenants as of February 28, 2015), rounded to the nearest million yen. When a master lease agreement has been concluded for the asset held, the aggregate of leasehold/security deposits as indicated in each sublease agreement entered into with end-tenants is provided, rounded to the nearest million yen.
- (Note 4) *Total leased area* is equivalent to total floor area of leased space set out in the relevant lease agreements of each asset held as of February 28, 2015. 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 rents 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 5) *Total leasable area* is equivalent to gross leasable space, based on the lease agreements or floor plans of buildings of each asset held as of February 28, 2015. With respect to Hulic Kudan Building (Land), total leasable area is the leasable area of the land as described in the applicable land lease agreements or land plans.
- (Note 6) *Occupancy rate* is calculated by dividing total leased area by total leasable area of each asset held as of February 28, 2015, and is rounded to the nearest tenth. Subtotals, totals and total of the portfolio show the proportion of the total leased area to the total of leasable area for the assets held, rounded to the nearest tenth.
- (Note 7) For Hulic Kamiyacho Building, total leased area, total leasable area, occupancy rate and total contracted rent and leasehold/security deposits show figures equivalent to the pro-rata portion of the ownership interest of property held by the Investment Corporation (approximately 39.9%).
- (Note 8) For Toranomom First Garden, total leased area, total leasable area and occupancy rate show figures equivalent to the Investment Corporation's stratified ownership interest in the building (The Investment Corporation's ownership interest: partial ownership of 5,493.69 m² and approximately 71.1% co-ownership interest in partial ownership of 275.98 m²). Total contracted rent and leasehold/security deposits show amounts equivalent to the proportional share held by the Investment Corporation (approximately 81.4%).
- (Note 9) For Rapiros Roppongi, total leased area, total leasable area, occupancy rate, total contracted rent and leasehold/security deposits show figures equivalent to the pro-rata portion of the Investment Corporation's stratified ownership interest in the building (The Investment Corporation's partial ownership of 5,578.56 m² and approximately 50.5% co-ownership interest in partial ownership of 586.37 m²).
- (Note 10) For Ochanomizu Sola City, total leased area, total leasable area, occupancy rate and total contracted rent and leasehold/security deposits show figures equivalent to the pro-rata portion of the ownership interest of property held by the Investment Corporation (approximately 13.0%).
- (Note 11) For Oimachi Redevelopment Building (#1), total leased area, total leasable area and occupancy rate show figures for the pro-rata portion of the Investment Corporation's stratified ownership interest in the building (The Investment Corporation's ownership interest: approximately 82.6% co-ownership interest in partial ownership of 12,843.24 m²) under the lease agreements with end-tenants as of February 28, 2015. Total contracted rent and leasehold/security deposits show amounts equivalent to the pro-rata portion of the stratified ownership interest in the building (approximately 82.6%).
- (Note 12) Items marked with a – (minus sign) 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 13) In the above table, *Total contracted rent*, *Leasehold/Security deposits*, *Total leased area*, *Total leasable area* and *Occupancy rate* may include information related to lease agreements that have been subsequently terminated, lease agreements for which we have subsequently received a request for termination or lease agreements for which rent payment is delinquent, if the lease agreement was valid as of February 28, 2015.

ii) Overview of appraisal report

(As of February 28, 2015)

(As of February 28, 2019)												
Category	Property name	Appraisal agency (Note 1)	Acquisition price (Millions of yen) (Note 2)	Book value at end of period (Millions of yen) (Note 3)	Appraisal value (Millions of yen) (Note 4)	Integrated value by using cost method (Millions of yen)	Return price (Millions of yen)					
							Price based on direct capitalization method	Capitalization rate (%)	Price based on DCF method	Discount rate (%)	Terminal capitalization rate (%)	
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	D	20,100	20,161	21,400	16,800	21,900	4.0	21,200	3.8	4.2
		Hulic Kudan Building (Land)	N	11,100	11,191	11,900	— (Note 5)	11,900	4.0	11,800	3.6	4.1
		Toranomon First Garden	C	8,623	8,622	9,310	10,100	9,230	4.0	9,310	3.6	4.1
		Rapiros Roppongi	N	5,160	5,562	5,910	6,950	5,980	4.0	5,840	3.7	4.2
		Hulic Takadanobaba Building	D	3,900	3,914	4,090	3,730	3,980	4.6	4,130	4.4	4.8
		Hulic Kanda Building	T	3,780	3,762	4,000	4,110	4,150	4.4	3,940	4.5	4.6
		Hulic Kandabashi Building	D	2,500	2,505	2,560	2,440	2,600	4.2	2,540	4.0	4.4
		Hulic Kakigaracho Building	T	2,210	2,227	2,560	2,510	2,550	4.7	2,570	4.8	4.9
		Ochanomizu Sola City	N	22,854	22,852	23,660	19,110	18,300	3.8	18,000	3.5	3.9
		Hulic Higashi Ueno 1 Chome Building	N	2,670	2,687	2,740	2,300	2,780	4.5	2,690	4.3	4.7
		Subtotal	—	82,897	83,487	88,130	—	83,370	—	82,020	—	—
	Retail properties	Oimachi Redevelopment Building (#2)	T	9,456	9,513	11,100	10,300	11,300	4.6	11,000	4.7	4.8
		Oimachi Redevelopment Building (#1)	T	6,166	6,257	6,890	6,550	6,950	4.8	6,860	4.9	5.0
		Dining Square Akihabara Building	N	3,200	3,221	3,440	2,110	3,490	4.5	3,390	4.3	4.7
		Hulic Jingumae Building	T	2,660	2,676	3,130	2,980	3,180	3.9	3,110	4.0	4.1
		Hulic Shinjuku 3 Chome Building	N	5,550	5,572	5,750	5,500	5,870	3.9	5,620	3.5	4.1
		Yokohama Yamashitacho Building	N	4,850	4,850	4,870	3,220	4,920	5.2	4,810	5.0	5.4
		Subtotal	—	31,882	32,092	35,180	30,660	35,710	—	34,790	—	—
		Total	—	114,779	115,580	123,310	—	119,080	—	116,810	—	—
	Next Generation Assets	Private nursing homes	Aria Matsubara	N	3,244	3,271	3,840	3,290	3,850	5.0	3,820	4.6
Trust Garden Youganomori			N	5,390	5,440	6,090	4,850	6,110	5.3	6,060	4.9	5.5
Trust Garden Sakurashinmachi			N	2,850	2,880	3,230	2,740	3,240	5.2	3,210	4.8	5.4
Trust Garden Suginami Miyamae			N	2,760	2,794	3,120	2,560	3,130	5.2	3,110	4.8	5.4
Subtotal			—	14,244	14,386	16,280	13,440	16,330	—	16,200	—	—
Network centers		Ikebukuro Network Center	N	4,570	4,600	5,050	4,060	5,110	4.6	4,980	4.4	4.8
		Tabata Network Center	N	1,355	1,369	1,530	1,480	1,550	5.0	1,510	4.8	5.2
		Hiroshima Network Center	N	1,080	1,088	1,190	1,040	1,190	5.9	1,180	5.7	6.1
		Atsuta Network Center	N	1,015	1,024	1,080	942	1,090	5.5	1,070	5.3	5.7
		Nagano Network Center	N	305	311	362	309	363	7.0	361	6.8	7.2
		Chiba Network Center	N	7,060	7,295	7,080	4,710	7,130	5.3	7,020	5.1	5.5
		Sapporo Network Center	N	2,510	2,601	2,530	2,260	2,550	5.4	2,510	5.2	5.6
		Keihanna Network Center	N	1,250	1,255	1,280	1,210	1,280	5.7	1,270	5.5	5.9
		Subtotal	—	19,145	19,545	20,102	16,011	20,263	—	19,901	—	—
Total		—	33,389	33,932	36,382	29,451	36,593	—	36,101	—	—	
Total	—	148,168	149,512	159,692	—	155,673	—	152,911	—	—		

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

D: Daiwa Real Estate Appraisal Co., Ltd.

N: Japan Real Estate Institute

C: CBRE K.K.

T: The Tanizawa Sōgō Appraisal Co., Ltd.

- (Note 2) *Acquisition price* represents trading value stipulated in each beneficiary right sales agreement in relation to the assets held, rounded to the nearest million yen. The trading value does not include consumption tax, local consumption tax and expenses incurred on acquisition.
- (Note 3) *Book value at end of period* represents book value for each property less depreciation expenses as of February 28, 2015, rounded down to the nearest million yen.
- (Note 4) *Appraisal value* represents the appraisal value as of the valuation date of February 28, 2015.
- (Note 5) For Hulic Kudan Building (Land), this item was not provided due to the Investment Corporation only acquiring the land.

iii) Capital expenditures for assets under management

(A) Schedule of capital expenditures

For properties held by the Investment Corporation or properties in trust for beneficiary right of real estate in trust, the main capital expenditures for renovation work, etc. currently scheduled are as below. In some cases, estimated capital expenditure for work may have parts that are charged to expenses.

Property name	Location	Purpose	Scheduled period	Estimated capital expenditure for work (Millions of yen)
Hulic Kamiyacho Building	Minato-ku, Tokyo	Renovation work for elevator (machine no. 9)	From March 2015 to August 2015	20
Hulic Kamiyacho Building	Minato-ku, Tokyo	Renovation work for elevator (machine no. 4 and no. 10)	From September 2015 to February 2016	35
Hulic Kandabashi Building	Chiyoda-ku, Tokyo	Renewal work for security	From December 2015 to January 2016	15
Oimachi Redevelopment Building (#2)	Shinagawa-ku, Tokyo	Renewal work for air-conditioning equipment	From September 2015 to October 2015	23
Trust Garden Sakurashinmachi	Setagaya-ku, Tokyo	Renovation work for external wall tiles	From May 2015 to August 2015	25
Trust Garden Suginami Miyamae	Suginami-ku, Tokyo	Renovation work for external wall tiles	From May 2015 to August 2015	30
Hiroshima Network Center	Hiroshima-shi Hiroshima	Renovation work for external wall tiles	From November 2015 to February 2016	25

(B) Capital expenditures during the period

In the reporting period, capital expenditures in the entire portfolio amounted to ¥44,000 thousand, and repair expenses came to ¥43,903 thousand. In aggregate, construction work of ¥87,903 thousand was carried out during the period.

There are no single items of construction work carried out during the period for any of the assets held as of February 28, 2015, for which the capital expenditure was ¥10 million or more.

(3) Major Investment Assets

For the Investment Corporation's investment properties, each property from which revenue accounted for 10% or more of the total real estate rent revenue in the reporting period is shown as below.

<Property name> Hulic Kamiyacho Building (Note 1)

Total contracted rent (annual) (Note 2)	¥1,031 million
Total leased area (Note 3)	12,519.56 m ²
Total leasable area (Note 4)	12,991.85 m ²
Occupancy rate at end of period (Note 5)	96.4%

(Note 1) *Total contracted rent (Annual)*, *Total leased area*, *Total leasable area* and *Occupancy rate* of Hulic Kamiyacho Building show numerical values equivalent to the pro-rata portion of the trust ownership interest of the Investment Corporation (approximately 39.9%).

(Note 2) *Total contracted rent (Annual)* is calculated by multiplying the monthly contracted rent for the building (limited to rent for rooms, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 28, 2015; the same shall apply hereinafter) as indicated in the relevant lease agreement of each asset held as of February 28, 2015 (limited to properties which were occupied by tenants as of February 28, 2015) by 12 (with respect to assets held subject to multiple lease agreements, the aggregate monthly rent for all lease agreements; the same shall apply hereinafter), and is rounded to the nearest million yen. For properties for which we acquired only land, it is calculated as the annual contracted rent (excluding consumption taxes; the same shall apply hereinafter) as indicated in the lease agreement for such land as of February 28, 2015, rounding to the nearest million yen. When a master lease agreement has been concluded for the asset held, the amount calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a pass-through master lease agreement, under which rents are directly received from end-tenants in principle, or the monthly rent as indicated in the master lease agreement in the fixed-type master lease agreement, under which a certain amount of rent is received regardless of fluctuations in rents for end-tenants, by 12 on an annual basis is provided.

(Note 3) *Total leased area* shows the total floor area of leased space set out in the relevant lease agreement of the above-mentioned property held as of February 28, 2015. 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.

(Note 4) *Total leasable area* shows the floor area considered leasable based on the lease agreements or floor plans of buildings of the above-mentioned property held as of February 28, 2015.

(Note 5) *Occupancy rate at end of period* is calculated by dividing total leased area by total leasable area of the above-mentioned property held as of February 28, 2015, and is rounded to the nearest tenth.

(4) Overview of Major Tenants

Tenants for which leased area accounted for 10% or more of the total leased area as of February 28, 2015 are shown as below.

Tenant	Business type	Property name	Leased area (m ²) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
Hulic Co., Ltd.	Real estate lease business	Hulic Kamiyacho Building (Note 6)	12,519.56	1,031	1,047	February 6, 2017	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Kudan Building (Land)	3,351.07	530	265	February 6, 2063	—
		Toranomon First Garden (Note 7)	5,689.97	529	403	February 6, 2017	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Rapiros Roppongi (Note 8)	5,875.17	431	377		
		Hulic Takadanobaba Building	5,369.71	309	190		
		Hulic Kanda Building	3,728.36	278	211		
		Hulic Kandabashi Building	2,036.81	125	118		
		Hulic Kakigaracho Building	2,858.48	187	124		
		Hulic Higashi Ueno 1 Chome Building	3,117.36	170	146	October 15, 2017	
		Oimachi Redevelopment Building (#2)	14,485.66	624	656	February 6, 2019	
		Oimachi Redevelopment Building (#1) (Note 9)	10,612.67	438	529	September 27, 2017	Automatically renewed for a term agreed upon unless notified in writing at least 6 months before the expiry of the agreement
		Dining Square Akihabara Building	2,169.41	— (Note 10)	— (Note 10)	February 6, 2017	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Hulic Jingumae Building	1,656.24	157	82	February 6, 2017	
		Hulic Shinjuku 3 Chome Building	1,351.15	291	175	October 15, 2017	
		Yokohama Yamashitacho Building	8,958.70	— (Note 10)	— (Note 10)	October 15, 2017	
		Aria Matsubara	5,454.48	— (Note 10)	— (Note 10)	February 6, 2017	Automatically renewed for 2 years unless notified in writing at least 6 months before the expiry of the agreement
		Trust Garden Youganomori	5,977.75	— (Note 10)	— (Note 10)		
		Trust Garden Sakurashinmachi	3,700.26	— (Note 10)	— (Note 10)		
		Trust Garden Suginami Miyamae	3,975.99	— (Note 10)	— (Note 10)		
		Total	102,888.80	—	—	—	—
SoftBank Telecom Corp.	Telecommunications business	Ikebukuro Network Center	12,773.04	271	136	November 5, 2027	May be renewed if mutually agreed at least 5 years before the expiry of the agreement
		Tabata Network Center	3,832.73	90	45	November 5, 2022	
		Hiroshima Network Center	5,208.54	88	44	November 5, 2027	
		Atsuta Network Center	4,943.10	73	37	November 5, 2022	
		Nagano Network Center	2,211.24	35	18	November 5, 2017	

Tenant	Business type	Property name	Leased area (m ²) (Note 1)	Total contracted rent (Millions of yen) (Note 2)	Leasehold/ security deposits (Millions of yen) (Note 3)	Expiration date (Note 4)	Renewal of agreement, etc. (Note 5)
SoftBank Telecom Corp.	Telecommuni- cations business	Chiba Network Center	23,338.00	447	224	March 27, 2028	May be renewed if mutually agreed at least 5 years before the expiry of the agreement
		Sapporo Network Center	9,793.57	167	84	May 22, 2028	
		Keihanna Network Center	9,273.44	94	47	November 5, 2022	
		Total	71,373.66	1,267	633	—	

(Note 1) *Leased area* is equivalent to total floor area of leased space set out in the relevant lease agreement of each property as of February 28, 2015. 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 rents 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 2) *Total contracted rent* is calculated by multiplying the monthly contracted rent (limited to rent for room, including common service fee and excluding consumption taxes and usage fee for warehouses, signboards and parking lots, regardless of free rent arrangements in effect as of February 28, 2015; the same shall apply hereinafter) for buildings as indicated in the relevant lease agreement of each property as of February 28, 2015 (limited to properties which were occupied by tenants as of February 28, 2015) by 12 and rounding to the nearest million yen. For properties for which ownership is only for land, it is calculated as the annual contracted rent as indicated in the lease agreement for such land as of February 28, 2015, rounding to the nearest million yen. For properties for which the tenant is a sublessor as a master lease company, in accordance with the lease agreement with the end-tenant as of February 28, 2015 (only lease agreements under which the tenant already occupied the property as of the same date), the amount calculated by multiplying the monthly rent as indicated in each sublease agreement entered into with end-tenants in the case of a pass-through master lease agreement, under which rents are directly received from end-tenants in principle, or the monthly rent as indicated in the master lease agreement in the fixed-type master lease agreement, under which a certain amount of rents is received regardless of fluctuations in rents for end-tenants, by 12 on an annual basis is provided.

(Note 3) *Leasehold/security deposits* indicates the aggregate of the leasehold and/or security deposit(s) required under each lease agreement as of February 28, 2015, rounded to the nearest million yen. When a master lease agreement has been concluded for the assets acquired, the aggregate of leasehold/security deposits as indicated in each sublease agreement entered into with end-tenants is provided, rounded to the nearest million yen.

(Note 4) *Expiration date* is the date provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.

(Note 5) *Renewal of agreement, etc.* represents the content of renewal of agreement, etc. provided in the lease agreement where the tenant is the lessee, including where the tenant is a sublessor and master lease company under a sublease agreement.

(Note 6) For Hulic Kamiyacho Building, the leased area, total contracted rent and leasehold/security deposits show figures equivalent to the pro-rata portion of the trust co-ownership interest of property held by the Investment Corporation (approximately 39.9%).

(Note 7) For Toranomom First Garden, the leased area shows figures equivalent to the Investment Corporation's stratified ownership interest in the building (The Investment Corporation's ownership interest: partial ownership of 5,493.69 m² and approximately 71.1% co-ownership interest in partial ownership of 275.98 m²). Total contracted rent and leasehold/security deposits show amounts equivalent to the proportional share held by the Investment Corporation (approximately 81.4%).

(Note 8) For Rapiros Roppongi, the leased area, total contracted rent and leasehold/security deposits show figures equivalent to the pro-rata portion of the Investment Corporation's stratified ownership interest in the building (The Investment Corporation's partial ownership of 5,578.56 m² and approximately 50.5% co-ownership interest in partial ownership of 586.37 m²).

(Note 9) For Oimachi Redevelopment Building (#1), the leased area shows the figure for the pro-rata portion of the Investment Corporation's stratified ownership interest in the building (The Investment Corporation's ownership interest: approximately 82.6% co-ownership interest in partial ownership of 12,843.24 m²) under the lease agreements with end-tenants as of February 28, 2015. Total contracted rent and leasehold/security deposits show amounts equivalent to the pro-rata portion of the Investment Corporation's stratified ownership interest (approximately 82.6%).

(Note 10) Items marked with a – (minus sign) 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.

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

The following table shows the top ten end-tenants in terms of leased area in the entire portfolio as of February 28, 2015.

End-tenant	Property name	Total leased area (m ²) (Note 1)	Area ratio (%) (Note 2)	Expiration date	Form of agreement (Note 3)
SoftBank Telecom Corp.	Ikebukuro Network Center Tabata Network Center Hiroshima Network Center Atsuta Network Center Nagano Network Center Chiba Network Center Sapporo Network Center Keihanna Network Center	71,373.66	39.4	November 5, 2027 (Ikebukuro Network Center, Hiroshima Network Center) November 5, 2022 (Tabata Network Center, Atsuta Network Center, Keihanna Network Center) November 5, 2017 (Nagano Network Center) March 27, 2028 (Chiba Network Center) May 22, 2028 (Sapporo Network Center)	Fixed-term building lease agreement
Hulic Co., Ltd.	Hulic Kudan Building (Land) Oimachi Redevelopment Building (#2) Oimachi Redevelopment Building (#1)	28,449.40 (Note 5)	15.7	February 6, 2063 February 6, 2019 September 27, 2017	Fixed-term business-use land lease agreement Ordinary building lease agreement Ordinary building lease agreement
Trust Garden Co., Ltd.	Trust Garden Youganomori Trust Garden Sakurashinmachi Trust Garden Suginami Miyamae	13,654.00	7.5	January 24, 2028	Ordinary building lease agreement
Barneys Japan	Yokohama Yamashitacho Building	8,958.70	4.9	— (Note 4)	— (Note 4)
Benesse Style Care Co., Ltd.	Aria Matsubara	5,454.48	3.0	September 30, 2030	Ordinary building lease agreement
J Trust Co., Ltd.	Toranomon First Garden	3,052.05	1.7	November 30, 2016	Ordinary building lease agreement
Nippon Paper Industries Co., Ltd.	Ochanomizu Sola City	2,728.95	1.5	— (Note 4)	Fixed-term building lease agreement
Oki Electric Industry Co., Ltd.	Toranomon First Garden	2,441.64	1.3	February 28, 2017	Ordinary building lease agreement
Mizuho Securities Co., Ltd.	Ochanomizu Sola City	2,197.68	1.2	— (Note 4)	Fixed-term building lease agreement
— (Note 4)	Dining Square Akihabara Building	2,169.41	1.2	— (Note 4)	— (Note 4)

(Note 1) Total leased area is equivalent to total floor area of leased space set out in the lease agreements with end-tenants as of February 28, 2015. For the property for which there is a fixed-type master lease agreement, under which a certain amount of rents is received regardless of fluctuations in rents for end-tenants, the leasable area to end-tenants is provided. For Oimachi Redevelopment Building (#1), the figure shows the pro-rata portion of the Investment Corporation's stratified ownership interest in the building (The Investment Corporation's ownership interest:

approximately 82.6% co-ownership interest in partial ownership of 12,843.24 m²). For Ochanomizu Sola City, the total leased area shows an amount equivalent to the pro-rata portion of the trust co-ownership interest of property held by the Investment Corporation (13.0%).

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

(Note 3) *Form of agreement* is the form of agreement described in the lease agreement with the end-tenants as of February 28, 2015.

(Note 4) Items marked with a – (minus sign) indicate that the Investment Corporation has not obtained permission from the end-tenant or the relevant party of these properties to disclose the relevant information.

(Note 5) For Hulic Kudan Building (Land), ownership is only for land, and the area of the land is provided.