



# Financial Results Briefing for 8th Fiscal Period

(Fiscal Period Ended February 28, 2018)

April 13, 2018



**TOKYO**  
COMMERCIAL PROPERTIES  
**NEXT**  
GENERATION ASSETS

Securities code **3295**

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## I. Financial Highlights



## External Growth

- ✓ Assets steadily grew due to public offerings
- ✓ Portfolio quality improved with the transfer of two properties upon comprehensively taking into account factors such as the prospect of declining profitability in the future

End of 7th fiscal period (Aug. 31, 2017)	43 properties	¥249.7 billion
Properties acquired in 8th fiscal period	3 properties* <sup>1</sup>	¥15.3 billion
Properties transferred in 8th fiscal period	▲2 properties* <sup>1</sup>	▲¥8.5 billion
End of 8th fiscal period (Feb. 28, 2018)	44 properties	¥256.4 billion
Properties acquired in 9th fiscal period	1 property	¥11.0 billion
As of the date of the earnings announcement (April 12, 2018)	45 properties	¥267.4 billion

## Internal Growth

- ✓ Portfolio occupancy rate of 99.7% as of the end of the 8th fiscal period (99.5% for Tokyo Commercial Properties)
- ✓ Steady upward revisions in office rents achieved

### Upward revisions in rents (office)

Based on the number of deals* <sup>2</sup>	Approximately 15%
Leased area basis* <sup>2</sup>	Approximately 10%
Rate change	Approximately 8%

### Renewal with decrease (office)

None

## Financial Strategy

- ✓ Rating as long-term issuer from JCR of AA- (stable)
- ✓ Promoted shift to long-term and fixed interest-bearing debt
- ✓ LTV\*<sup>3</sup> at the end of the 8th fiscal period is 42.1%; acquisition capacity (before LTV\*<sup>3</sup> reaches 45%) is approximately ¥14.7 billion

	End of 7th fiscal period (Aug. 31, 2017)	End of 8th fiscal period (Feb. 28, 2018)
Total interest-bearing debt	115.85 billion	115.85 billion
Fixed-interest debt ratio	96.6%	96.6%
Average interest rate	0.69%	0.69%
Average period remaining to maturity	4.9 years	4.4 years
LTV* <sup>3</sup>	43.8%	42.1%

## Enhancing unitholder value

### Achieved steady increase in cash distribution per unit (DPU)

	7th fiscal period (Aug. 2017)	8th fiscal period (Feb. 2018)	9th fiscal period (Aug. 2018)	10th fiscal period (Feb. 2019)
Projections	¥3,300	¥3,740	¥3,570	¥3,400
Results	¥3,378	¥3,797	—	—

### Continual growth also achieved for NAV\*<sup>4</sup> per unit

	End of 7th fiscal period (Aug. 31 2017)	End of 8th fiscal period (Feb. 28, 2018)
Results	¥160,194	¥161,530

**Aiming to achieve consistent growth of cash distribution per unit (DPU) and NAV per unit, by steadily pursuing external growth, internal growth and financial strategy**

\*1 Includes some additionally acquired properties and transferred properties.

\*2 Refers to the share of increases among office renewals overall in the 8th fiscal period.

\*3 Refers to the ratio of total interest-bearing debt to total assets at the end of each fiscal period. (The same applies on the remaining slides.)

\*4 This figure is calculated as the product of net assets excluding surplus at the end of each fiscal period plus unrealized gains/losses, divided by the number of outstanding units (figures below ¥1 are truncated). (The same applies on the remaining slides.)

## Total Assets and LTV since Stock Market Listing

- Assets have increased approximately 2.6 times since the stock market listing (as of the date of the earnings announcement), under appropriate LTV control and with public offerings carried out on a regular basis

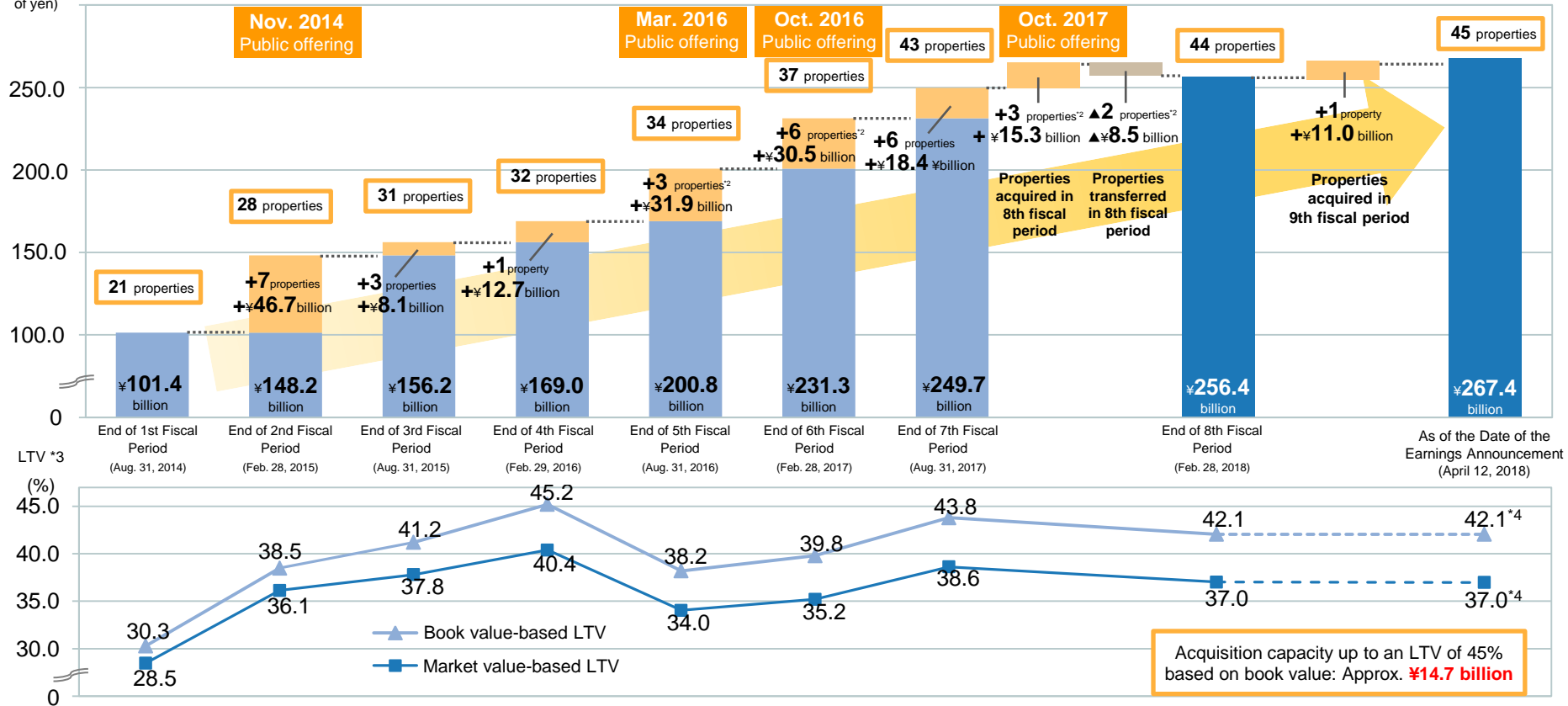
Total assets **45** properties **¥267.4** billion

Avg. NOI yield **4.5%<sup>\*1</sup>** Avg. NOI yield after depreciation **3.9%<sup>\*1</sup>**

Tokyo Commercial Properties **29** properties **¥212.7** billion (79.5%)

Next-Generation Assets **16** properties **¥54.7** billion (20.5%)

Assets  
(Unit: billions  
of yen)



<sup>\*1</sup> NOI yield = NOI/acquisition price (NOI based on appraisal value at the end of the 8th fiscal period (at time of acquisition for assets acquired in the 9th fiscal period), rounded to the 1st decimal place).

<sup>\*2</sup> Includes some additionally acquired properties and transferred properties.

<sup>\*3</sup> Book value based LTV (loan-to-value) refers to the ratio of total interest-bearing debt to total assets. Market value-based LTV refers to the ratio of total interest-bearing debt to the sum of total assets plus unrealized gains/losses.

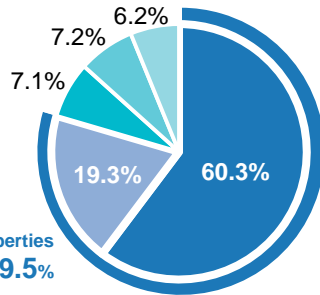
<sup>\*4</sup> The figures for LTV (loan-to-value) based on market value and LTV based on book value as of the date of the earnings announcement are trial calculations taking into account acquisition of the Hulic Ginza 7-Chome Building.

## Portfolio as of the Date of the Earnings Announcement (April 12, 2018)

### Portfolio overall\*1

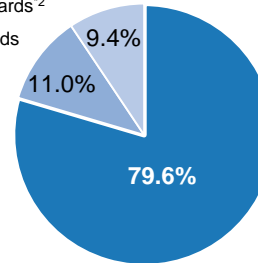
#### By usage

- Office properties
- Retail properties
- Private nursing homes
- Network centers
- Hotels



#### By area

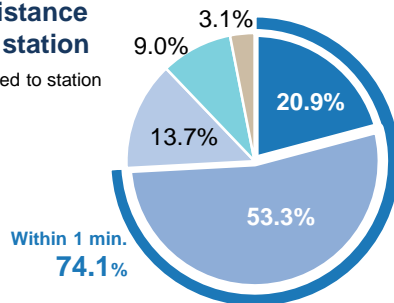
- Six central Tokyo wards\*2
- Other Tokyo 23 wards
- Others



### Tokyo Commercial Properties\*1

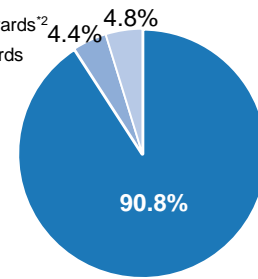
#### By walking distance from nearest station

- Directly connected to station
- Within 1 min.
- 1 – 3 min.
- 3 – 5 min.
- Over 5 min.



#### By area

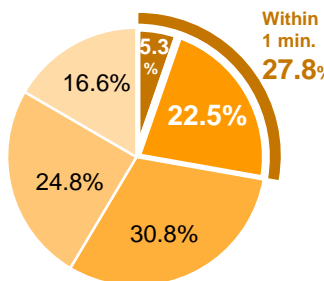
- Six central Tokyo wards\*2
- Other Tokyo 23 wards
- Others



### (Reference) J-REIT Overall (office-use only)\*3

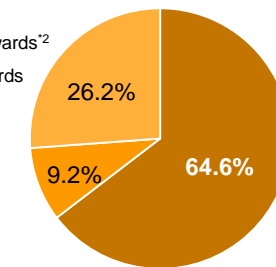
#### By walking distance from nearest station

- Directly connected to station
- Within 1 min.
- 1 – 3 min.
- 3 – 5 min.
- Over 5 min.



#### By area

- Six central Tokyo wards\*2
- Other Tokyo 23 wards
- Others



Portfolio focused properties primarily located in central Tokyo close to train stations

Primarily located in the six central Tokyo wards\*2  
Ratio of six central Tokyo wards: **90.8%**\*4



Primarily located close to train stations  
Ratio within 1-minute walking distance from a station: **74.1%**\*4



**Aiming to achieve consistent growth by leveraging substantial competitive strengths of properties**

\*1 Proportions shown in the respective graphs have been calculated based on acquisition prices of assets held by HULIC REIT as of the date of the earnings announcement (April 12, 2018)

\*2 The six central Tokyo wards are Chiyoda, Chuoh, Minato, Shinjuku, Shibuya and Shinagawa wards. (The same applies on the remaining slides.)

\*3 Proportions shown in the respective graphs have been calculated based on acquisition prices of office-use assets held by the respective J-REIT companies as of February 28, 2018 (prepared by the asset management company based on information from information vendors).

\*4 Percentages shown indicate the proportion of properties with respect to all Tokyo commercial properties.

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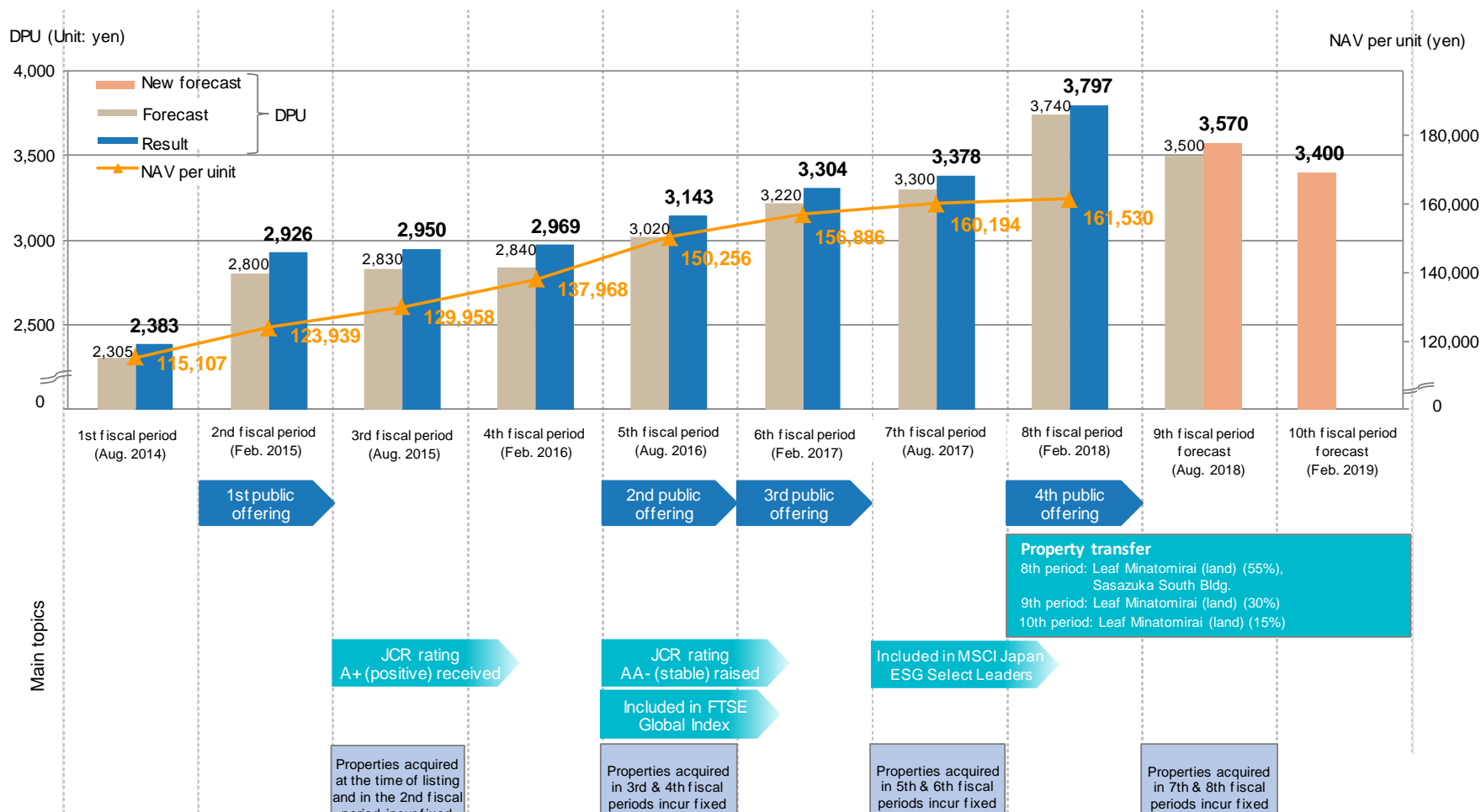




## **II. Asset Management Results**

## Steady growth of distribution and NAV per unit

- We aim to achieve steady growth in cash distribution per unit (DPU) and NAV by generating external growth centered on sponsor support and internal growth underpinning substantial competitive strengths with respect to owned properties



## Portfolio Expansion and Quality Improvement through Property Acquisition; Quality Improvement through Property Transfer



### Hulic Ginza 7-Chome Building (acquired in March 29, 2018)



**Sponsor-owned properties**

Acquisition price  
**¥11 billion**

**Six central Tokyo wards**

Appraisal value<sup>\*2</sup>  
**¥11.25 billion**

**4 min. walking distance from station**

Appraisal NOI yield<sup>\*3</sup>  
**3.6%**

#### Acquisition of office building in favorable central Tokyo locations from the sponsor

- Acquisition of 50% of quasi-co-ownership interest in office building with retail space offering highly convenient transportation access within a 4-minute walk from Ginza Station, Tokyo Metro Ginza Line, etc., and nearly the same distance from Shinbashi Station on the JR Yamanote Line, etc.

#### Located in a retail and office district along Sotobori Dori close to Ginza Station

- Located in the Ginza area, which is one of Japan's leading entertainment districts, and having a wide entrance facing Sotobori Dori featuring a series of office buildings with retail space; The building affords certain competitive strengths in terms of size given that there is a limited number of office buildings in the vicinity that can provide more than 1,000 square meters of office space on a typical floor, while this property offers approximately 1,120 square meters of standard floor area.

### HULIC & New SHINBASHI

(acquired in November 1, 2017)



**Sponsor-developed properties**

Acquisition price  
**¥3.1 billion**

**Six central Tokyo wards**

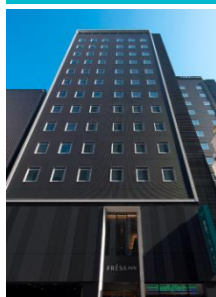
Appraisal value<sup>\*2</sup>  
**¥3.15 billion**

**3 min. walking distance from station**

Appraisal NOI yield<sup>\*3</sup>  
**3.9%**

### Sotetsu Fresa Inn Ginza 7-Chome

(additional acquisition in November 1, 2017)



**Sponsor-developed properties**

Acquisition price  
**¥7.15 billion**

**Six central Tokyo wards**

Appraisal value<sup>\*2</sup>  
**¥7.16 billion**

**5 min. walking distance from station**

Appraisal NOI yield<sup>\*3</sup>  
**3.8%**

### Sotetsu Fresa Inn Tokyo-Roppongi<sup>\*4</sup>

(acquired in November 1, 2017)



**Sponsor-developed properties**

Acquisition price  
**¥5 billion**

**Six central Tokyo wards**

Appraisal value<sup>\*2</sup>  
**¥5.05 billion**

**1 min. walking distance from station**

Appraisal NOI yield<sup>\*3</sup>  
**4.0%**

\*1 This refers to properties that have been acquired or transferred during or subsequent to the 8th fiscal period (February 2018).

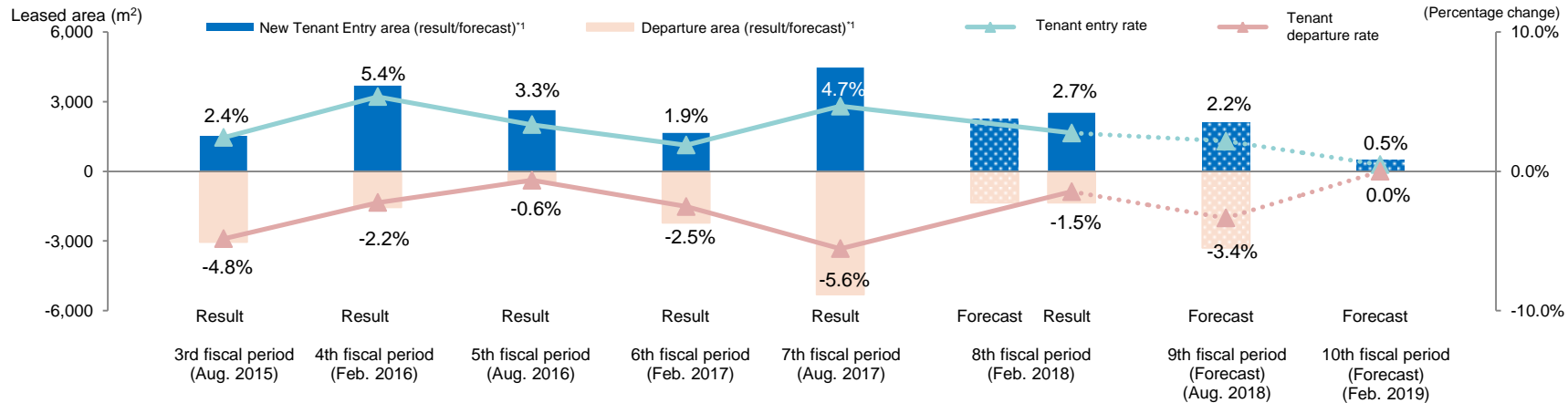
\*2 Appraisal value at the time of acquisition is shown.

\*3 NOI yield = NOI/acquisition price (NOI based on appraisal value at the time of acquisition rounded to the 1st decimal place.)

\*4 Acquisition of 50% quasi-co-ownership of trust beneficiary rights with a building and its entire premises as the trust assets.

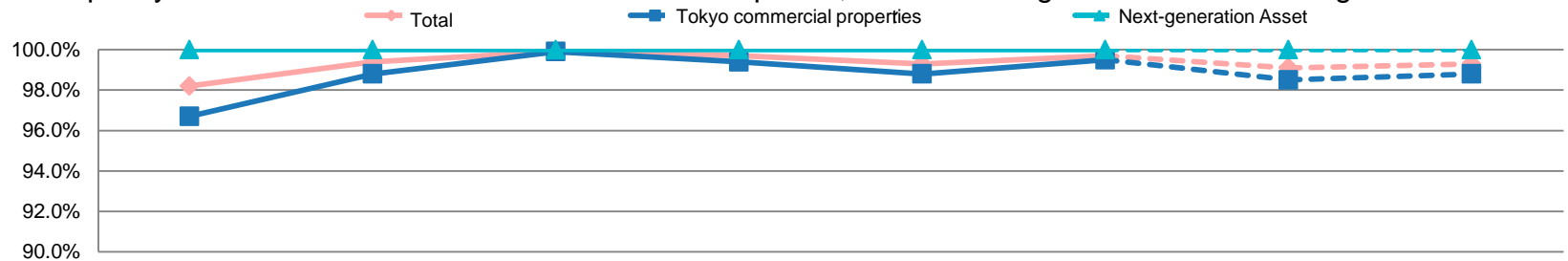
## Forecasts and results regarding new tenant entry and departure (offices)

- Maintained consistent occupancy rates having managed to swiftly fill tenant vacancies



## Occupancy rates at fiscal period end

- Portfolio occupancy rate was 99.7% at the end of the 8th fiscal period; maintained high rate since becoming listed



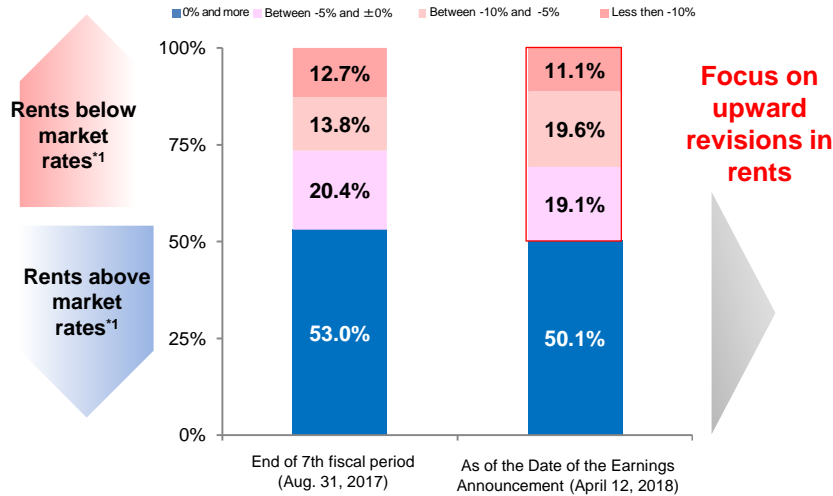
	End of 3rd fiscal period (Aug. 2015)	End of 4th fiscal period (Feb. 2016)	End of 5th fiscal period (Aug. 2016)	End of 6th fiscal period (Feb. 2017)	End of 7th fiscal period (Aug. 2017)	End of 8th fiscal period (Feb. 2018)	End of 9th fiscal period (Forecast) (Aug. 2018)	End of 10th fiscal period (Forecast) (Feb. 2019)
Total	98.2%	99.4%	99.9%	99.7%	99.3%	99.7%	99.1%	99.3%
Tokyo Commercial Properties	96.7%	98.8%	99.9%	99.4%	98.8%	99.5%	98.5%	98.8%
Next-Generation Asset	100%	100%	100%	100%	100%	100%	100%	100%

\*1 The forecast for new tenant entry and departure areas includes assets held as of the date of the earnings announcement (April 12, 2018).

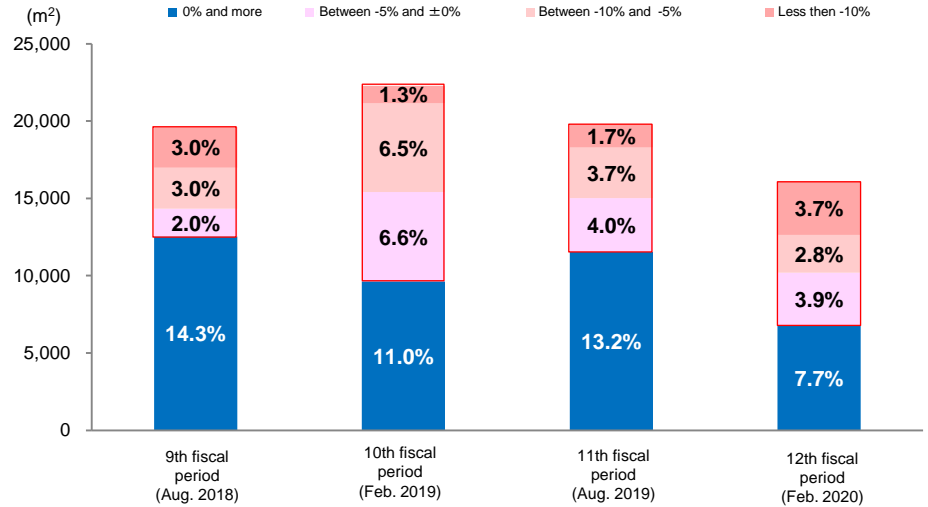
\*2 The tenant turnover rate is stated as total area subject to tenant entry and departure for a given fiscal period as a percentage of total leasable area of offices owned at the end of each fiscal period (rounded to the 1st decimal place).

## Negotiate appropriate rents (offices)

Level of divergence with office market rent levels<sup>\*1</sup> <sup>\*2</sup>



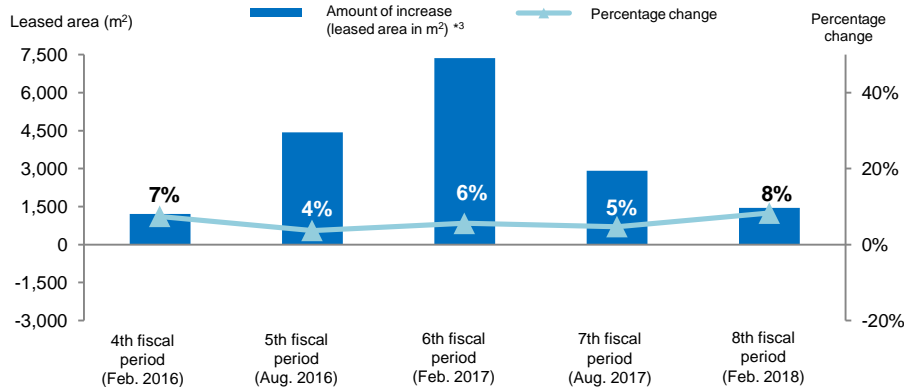
Lease agreement renewal schedule (Note) <sup>\*2</sup>



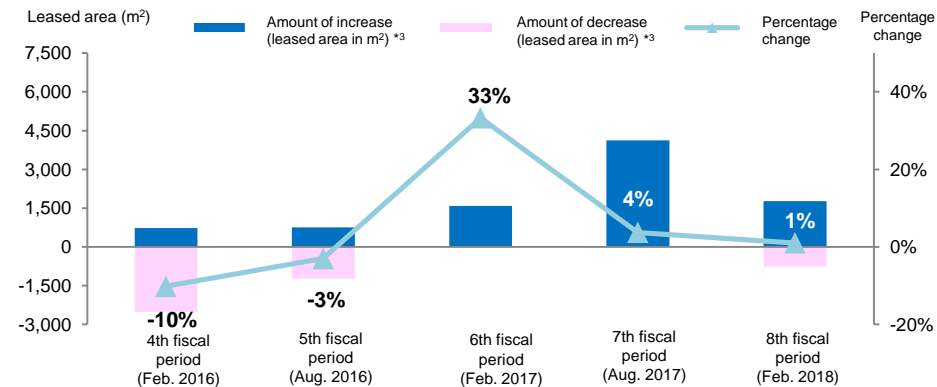
(Note) Lease agreements with a renewal date from the 13th fiscal period (August 2020) have been omitted.

## Rent renewals and tenant replacement (offices)

### Office rents renewals



### Tenant replacement



<sup>\*1</sup> Market rent levels have been calculated on a trial basis by the asset management company, and may differ from announced market rent levels.

<sup>\*2</sup> The respective percentages shown for HULIC REIT's office rents relative to standard market rates are expressed as percentages relative to total leasable area of office properties owned by HULIC REIT in the respective fiscal periods (excluding land, retail spaces, and residential spaces; the same applies hereafter). The respective percentages shown with respect to the lease agreement renewal schedule are expressed as percentages relative to the total leasable area of office properties owned by HULIC REIT as of the date of the earnings announcement (April 12, 2018).

<sup>\*3</sup> Figures for the leased areas of co-owned properties reflect HULIC REIT's percentage ownership.

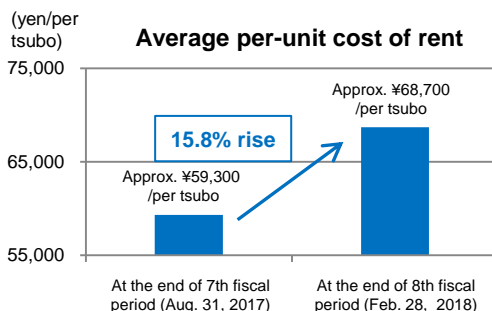


## Filling tenant vacancies

### Hulic Shinjuku 3-Chome Building



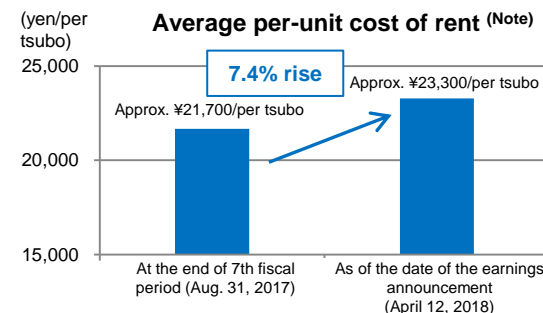
- Successfully attracted new tenants by offering rents at market levels, thereby incurring no downtime during the 8th fiscal period (Feb. 2018)
- Average per-unit cost of rent for buildings overall increased by 15.8% as a result



### Hulic Shibuya 1-Chome Building



- Achieved upward revisions in rents for two spaces during the 8th fiscal period (Feb. 2018)
- In May 2018, a new tenant is slated to occupy one of the two spaces vacated as of January 31, 2018 (contract secured)
- Average per-unit cost of rent for buildings overall increased by 7.4% as a result (Note)



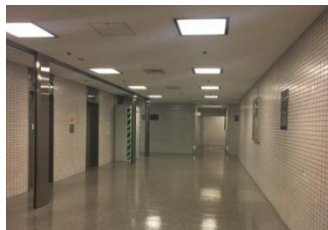
(Note) This excludes average per-unit rent and comparative data with respect to one space pending decision of a prospective tenant successor.

## Renewal work

### Hulic Kamiyacho Building

- Renewal work is carried out when a tenant vacates property
- Achieved full occupancy<sup>\*1</sup> as a result of attracting new tenants subsequent to renewal work

Before renewal



After renewal



## Environment-related

### LED lighting

- Switched to LED lighting in common areas and elsewhere with respect to approximately 80%<sup>\*2</sup> of property holdings



**Hulic Takadanobaba Building**  
(After switching to LED lighting)

### Changing to new power companies

- Twelve properties, including the Hulic Kamiyacho Building, have changed power companies upon having concluded electricity service agreements with electricity retailers
- Electricity bills have decreased by 8.7%<sup>\*3</sup> as a result

<sup>\*1</sup> The occupancy rate stated is current as of the end of the 8th fiscal period (February 28, 2018).

<sup>\*2</sup> This figure is the number of properties owned by Hulic Reit that have been switched to LED lighting, relative to the total number of properties owned by Hulic Reit (excluding land) as of the end of the 8th fiscal period (February 28, 2018).

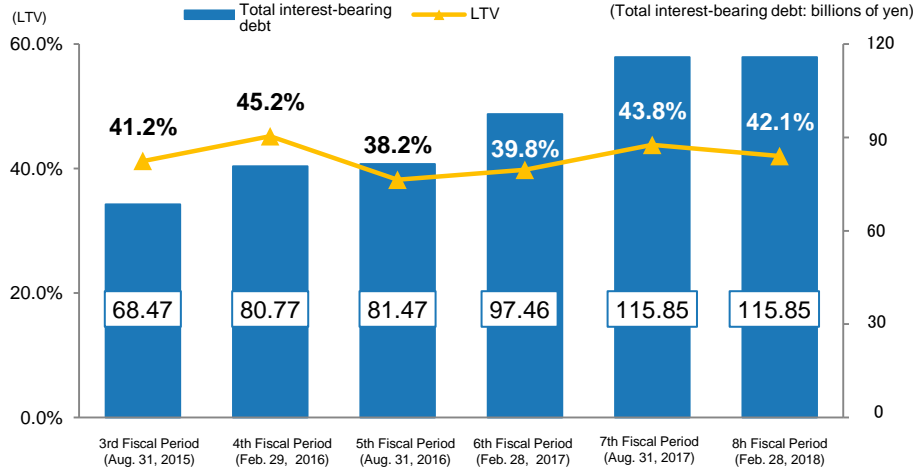
<sup>\*3</sup> This figure is a comparison of actual electricity charges incurred from January 1 to October 31, 2017, with respect to nine properties, out of 12 properties, for which electricity charges can be compared with the previous fiscal year, against actual

charges of those properties incurred during the same period of the previous year, corrected for occupancy rates. In addition, to account for increases in ownership interest with respect to some of the nine properties due to additional acquisitions made subsequent to January 1, 2016, calculating the rate of decrease in electricity charges involved adjusting charges incurred subsequent to those additional acquisitions to reflect shares of ownership as of January 1, 2016.

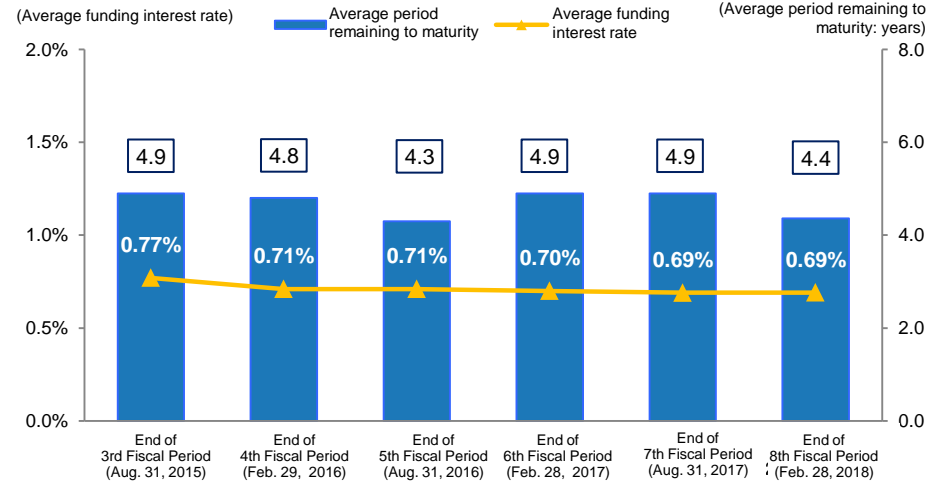


## Maintain stable and sound financial management

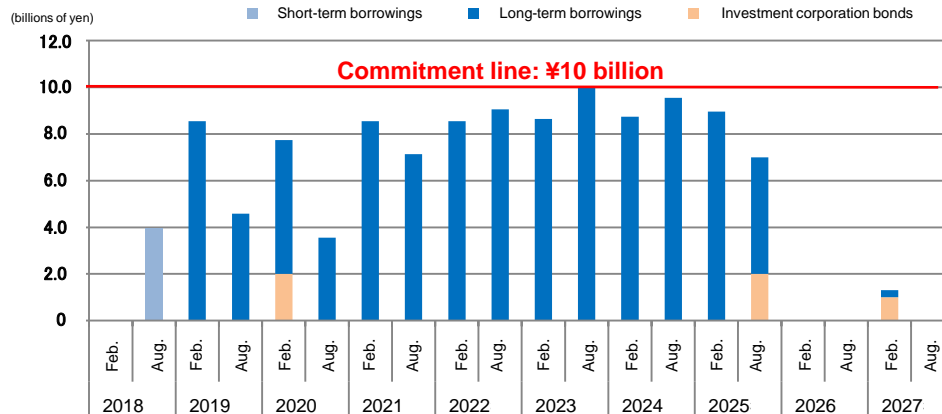
### LTV / Total interest-bearing debt



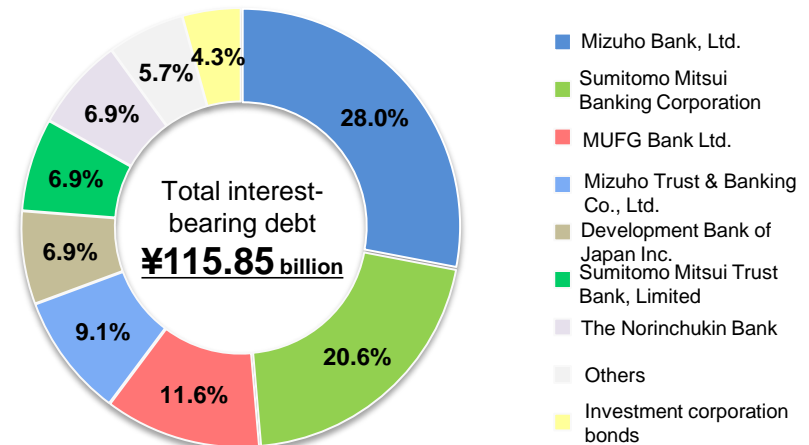
### Average funding interest rate and average period to remaining to maturity of interest-bearing debt



### Diversification of repayment states as of the end of the 8th Fiscal Period (Feb. 28, 2018)



### Sources of interest-bearing debt as of the end of the 8th fiscal period (Feb. 28, 2018)







### **III. Summary of Financial Results and Earnings Forecasts**

## 8th Fiscal Period Results and 9th and 10th Fiscal Period Forecasts

(Unit: millions of yen)

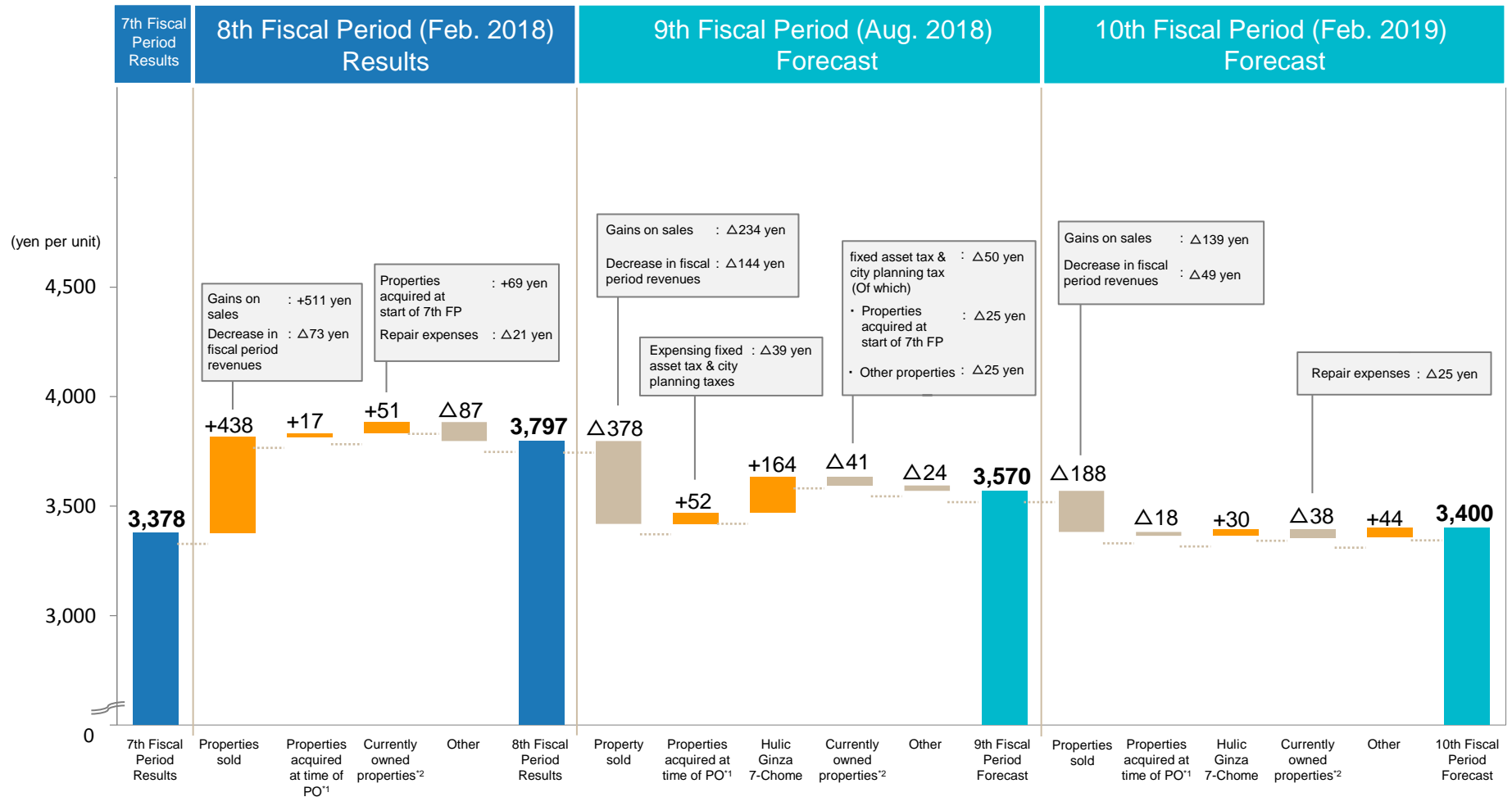
	7th fiscal period (Aug. 2017) (A)	8th fiscal period (Feb. 2018)		Change (B-A)	9th fiscal period new forecast <sup>*3</sup> (Aug. 2018) (C)	Change (C-B)	10th fiscal period forecast (Feb. 2019) (D)	Change (D-C)
		Forecast <sup>*2</sup>	Result (B)					
Operating revenues								
Real estate lease business revenues	7,098	7,394	7,460	+361	7,587	+127	7,536	(51)
Gain on sales of real estate properties	0	711	722	+722	388	(334)	193	(195)
Total operating revenues	7,098	8,105	8,183	+1,084	7,976	(207)	7,729	(246)
Operating expenses								
Expenses related to rent business	(2,243)	(2,387)	(2,390)	(146)	(2,483)	(93)	(2,514)	(30)
Asset management fee	(670)	(830)	(850)	(180)	(789)	+61	(731)	+58
Other operating expenses	(164)	(212)	(208)	(44)	(212)	(3)	(189)	+22
Total operating expenses	(3,077)	(3,430)	(3,449)	(372)	(3,485)	(36)	(3,436)	+49
Operating profit	4,021	4,675	4,733	+711	4,490	(243)	4,293	△196
Non-operating income	0	0	0	+0	0	(0)	0	+0
Non-operating expenses								
Interest expenses・Borrowing-related expenses	(470)	(492)	(492)	(21)	(498)	(6)	(490)	+8
Amortization of investment unit issuance costs	(17)	(25)	(22)	(5)	(23)	(1)	(23)	+0
Amortization of investment corporation bond issuance costs	(3)	(3)	(3)	+0	(4)	(0)	(3)	+0
Total non-operating expenses	(491)	(522)	(518)	(26)	(525)	(7)	(517)	+8
Ordinary profit	3,530	4,153	4,215	+685	3,964	(251)	3,775	(188)
Profit	3,529	4,152	4,214	+685	3,963	(251)	3,774	(188)
Units outstanding at the end of FP (units)	1,045,000	1,110,000	1,110,000	+65,000	1,110,000	+0	1,110,000	+0
Cash distributions per unit (yen)	3,378	3,740	3,797	+419	3,570	(227)	3,400	(170)

\*1. Figures less than ¥1 million are truncated.

\*2. Forecasts for the 8th fiscal period are stated on the basis of forecasts released on October 13, 2017.

\*3. New forecasts for the 9th fiscal period are stated on the basis of forecasts released on April 12, 2018.

## Trend of distribution per unit (DPU)



\*1 This includes five properties acquired in conjunction with public offering carried out in October 2017 (HULIC &New SHIBUYA, HULIC &New SHINBASHI, SOMPO Care La vie Re Kita-Kamakura, Sotetsu Fresa Inn Ginza 7-Chome (additional acquisition), Sotetsu Fresa Inn Tokyo-Roppongi).

\*2 This includes 35 properties, excluding properties sold (Sasazuka South Building and Leaf Minatomirai (land)) among those owned as of the end of the 6th fiscal period (February 28, 2017), and also includes four properties acquired at the start of the 7th fiscal period (Hulic Shibuya 1-Chome Building, Hulic Higashi Nihonbashi Building, Hulic Jimbocho Building, Hulic Omori Building).

### End of 8th fiscal period results (end of 7th fiscal period comparison)

- Total assets increased by approximately ¥275.4 billion (up approximately ¥10.7 billion from the end of the 7th fiscal period) due to property acquisitions associated with public offerings carried out in October 2017.
- Total interest-bearing debt as of the end of the 8th fiscal period has remained unchanged over the period at approximately ¥115.8 billion.

(Unit: millions of yen)

	7th Fiscal Period (Aug. 2017) (A)	8th Fiscal Period (Feb. 2018) (B)	Change (B-A)	8th Fiscal Period Developments
<b>Assets</b>				
Current assets	13,526	18,193	+4,666	<b>■ Asset acquisition (total acquisition price: 15,250)</b> • HULIC & New SHINBASHI (acquisition price: 3,100) • Sotetsu Fresa Inn Ginza 7-chome (additional acquisition) (acquisition price: 7,150) • Sotetsu Fresa Inn Tokyo-Roppongi (acquisition price: 5,000) <b>■ Asset transfer (total acquisition price: 8,535)</b> • Leaf Minatomirai (land) (partial transfer) (acquisition price of portion transferred: 6,435) • Sasazuka South Building (acquisition price: 2,100)
Cash and deposits, Cash and deposits in trust	13,476	18,156	+4,679	
Other	50	37	(13)	
Noncurrent assets	251,034	257,126	+6,092	
Property, plant and equipment	241,739	247,914	+6,174	
Other	9,294	9,212	(81)	
Deferred assets	96	108	+11	
<b>Total assets</b>	<b>264,657</b>	<b>275,428</b>	<b>+10,770</b>	
<b>Liabilities</b>				
Current liabilities	6,614	15,142	+8,527	LTV at end of 7th fiscal period: 43.8% ↓ LTV at end of 8th fiscal period: 42.1%
Short-term loans payable	3,960	3,960	+0	
Current portion of long-term loans payable	0	8,550	+8,550	
Other	2,654	2,632	(22)	
Noncurrent liabilities	122,461	114,353	(8,108)	
Investment corporation bond	5,000	5,000	+0	
Long-term loans payable	106,890	98,340	(8,550)	
Tenant leasehold and security deposits in trust	10,571	11,013	+441	
<b>Total liabilities</b>	<b>129,076</b>	<b>129,495</b>	<b>+419</b>	
<b>Net assets</b>				
Unitholders' equity	135,581	145,932	+10,351	Increase in unitholder's capital due to public offering (October 2017)
Unitholders' capital	132,051	141,717	+9,666	
Surplus	3,530	4,214	+684	
<b>Total net assets</b>	<b>135,581</b>	<b>145,932</b>	<b>+10,351</b>	
<b>Total liabilities and net assets</b>	<b>264,657</b>	<b>275,428</b>	<b>+10,770</b>	

\*1. Figures less than ¥1 million are truncated.

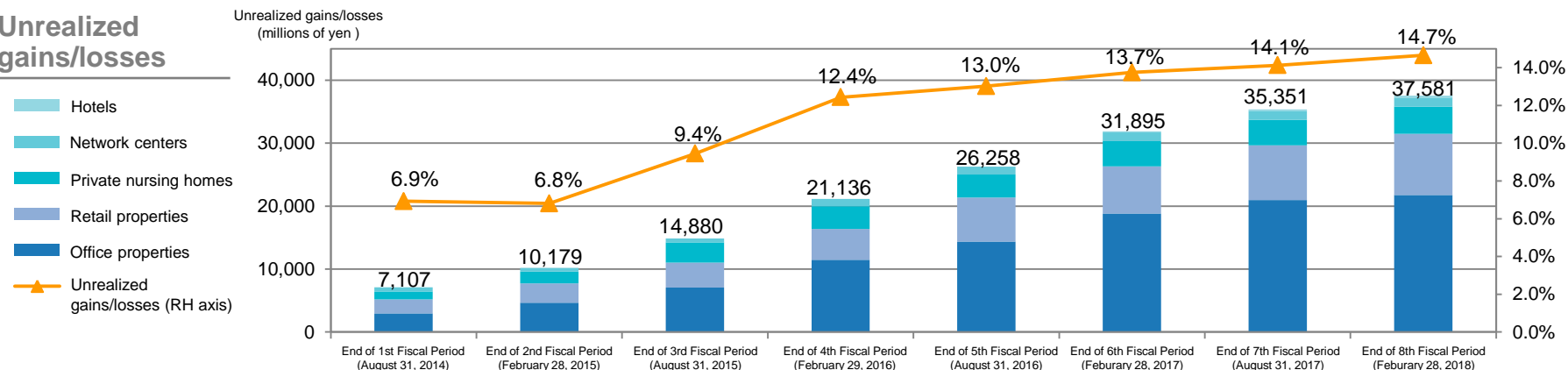


## Appraisal values and unrealized gains/losses at the end of fiscal periods

- Unrealized gains have increased steadily since the stock market listing, amounting to ¥37.58 billion at the end of the 8th fiscal period (February 28, 2018; +¥2.23 billion in comparison with the end of the 7th fiscal period).
- At the end of the 8th fiscal period (February 28, 2018), the unrealized gain ratio was +14.7%.

		End of 7th fiscal period		End of 8th fiscal period		Change		Direct cap rates (End of 7th fiscal period comparison <sup>3</sup> )	
		Appraisal value (Cap rate <sup>1</sup> )		Appraisal value (Cap rate <sup>1</sup> )		Appraisal value (Cap rate <sup>1</sup> )		No. of properties	
Office properties	No. of properties	17		16		Δ1		Increase	0
	Book value <sup>2</sup>	152,472	173,455	150,074	171,855	Δ2,398	Δ1,600	Unchanged	15
	Unrealized gains/losses <sup>2</sup>	+20,982	(3.6%)	+21,780	(3.6%)	+798	(Δ0.0%)	Decreased	1
Retail properties	No. of properties	11		12		+1		Increase	0
	Book value <sup>2</sup>	54,976	63,650	51,509	61,210	Δ3,467	Δ2,440	Unchanged	7
	Unrealized gains/losses <sup>2</sup>	+8,673	(4.0%)	+9,700	(4.0%)	+1,027	(Δ0.0%)	Decreased	4
Private nursing homes	No. of properties	6		6		+0		Increase	0
	Book value <sup>2</sup>	19,207	23,270	19,139	23,470	Δ68	200	Unchanged	6
	Unrealized gains/losses <sup>2</sup>	+4,062	(4.6%)	+4,330	(4.6%)	+268	(+0.0%)	Decreased	0
Network centers	No. of properties	8		8		+0		Increase	0
	Book value <sup>2</sup>	19,156	20,598	19,084	20,532	Δ72	Δ66	Unchanged	8
	Unrealized gains/losses <sup>2</sup>	+1,441	(5.1%)	+1,447	(5.1%)	+6	(Δ0.0%)	Decreased	0
Hotels	No. of properties	1		2		+1		Increase	0
	Book value <sup>2</sup>	4,397	4,590	16,578	16,900	12,181	12,310	Unchanged	2
	Unrealized gains/losses <sup>2</sup>	+192	(3.6%)	+321	(3.8%)	+129	(+0.2%)	Decreased	0
Total	No. of properties	43		44		+1		Increase	0
	Book value <sup>2</sup>	250,211	285,563	256,385	293,967	6,174	8,404	Unchanged	38
	Unrealized gains/losses <sup>2</sup>	+35,351	(3.9%)	+37,581	(3.8%)	+2,230	(Δ0.0%)	Decreased	5

## Unrealized gains/losses



\*1. Cap rates are stated as weighted averages based on appraisal values of direct cap rates of properties owned at the end of the respective fiscal periods.

\*2. Book value and unrealized gain/loss amounts of less than ¥1 million are truncated.

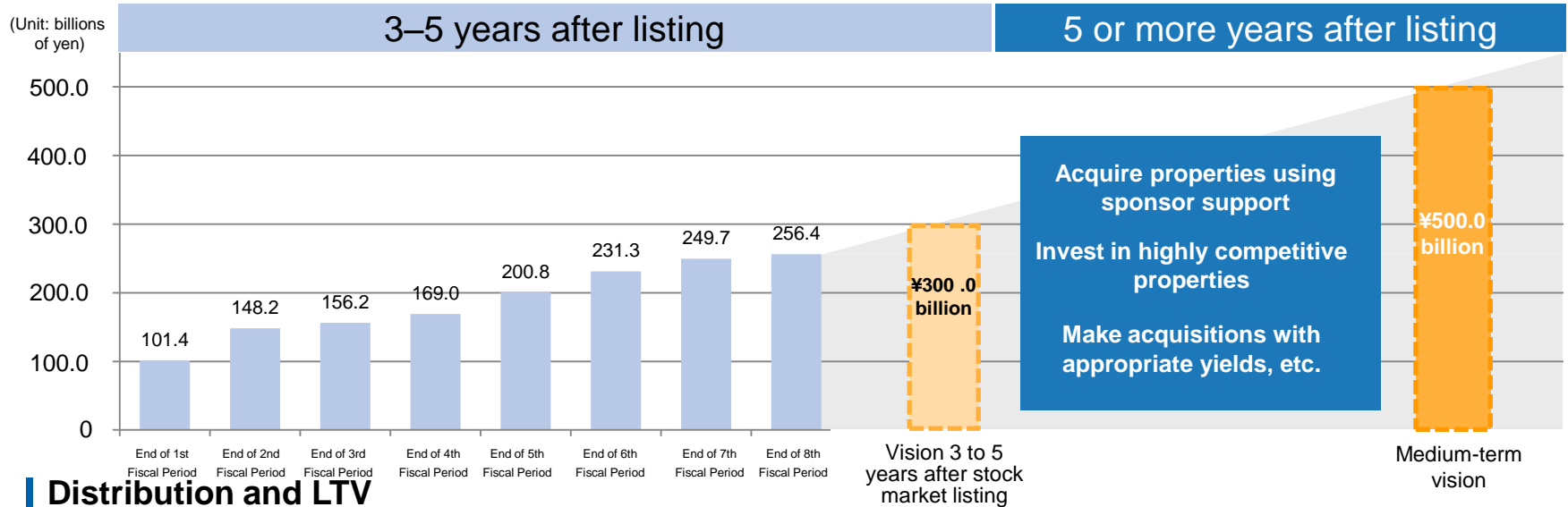
\*3. Results are presented relative to appraisal value at the time of acquisition with respect to properties acquired during the 8th fiscal period (Feb. 2018). Moreover, because the direct capitalization method is not applied to Leaf Minatomirai (land), that property has been excluded from the comparative results.



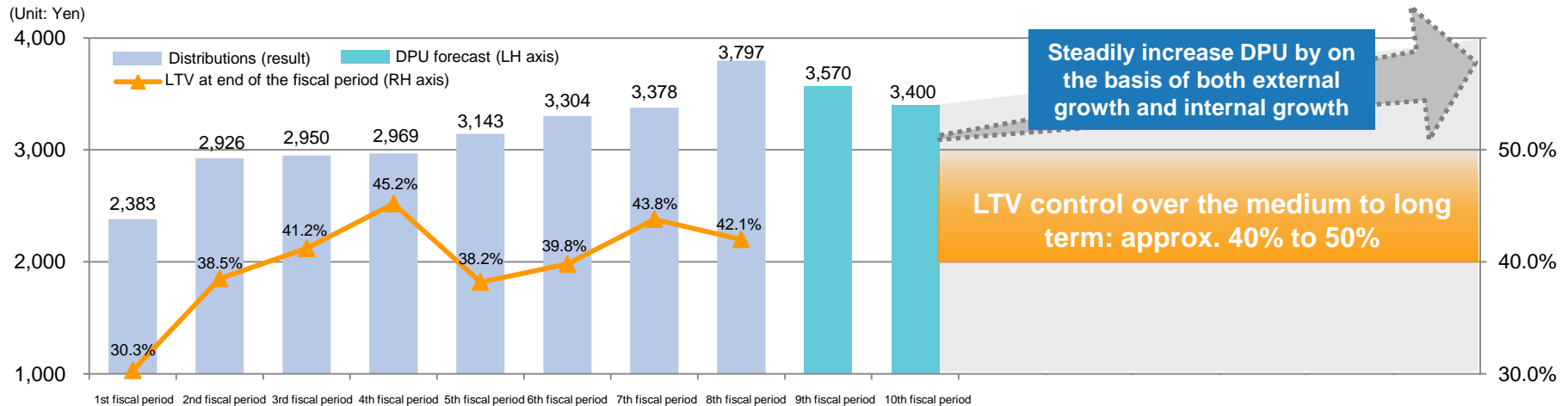


## IV. Future Strategy

## Asset size

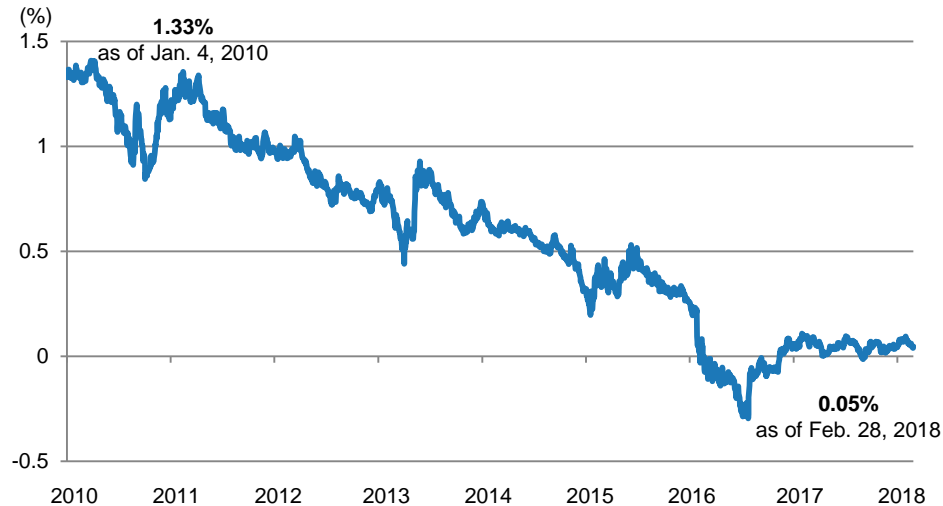
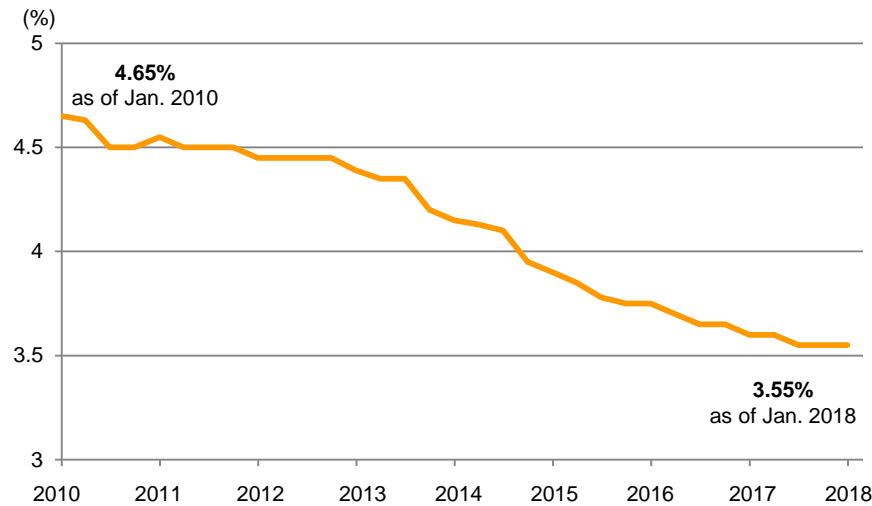


## Distribution and LTV



### Understanding the market environment \*1

#### ■ Average expected NOI yield of Tokyo (Otemachi) offices \*2 ■ 10-year Japanese government bond yield \*3



### Present situation

Real estate prices remain in high territory amid a persisting favorable environment with respect to borrowing from financial institutions at low interest rates.

Amid an influx of funds, particularly from overseas investors, deals involving some prime properties in favorable urban center locations are being made locally at levels substantially below expected yields.

### Future Strategy

- Sponsor developed and owned properties constitute a pivotal component of external growth.
- We will prudently make decisions on market acquisitions of property, by assessing their competitive strengths and determining whether prices are fair and reasonable.

\*1 This reflects opinions of the asset management company.

\*2 The average expected NOI yield on Tokyo (Otemachi) offices is based on the Real Estate Investor Survey conducted by CBRE, Inc.

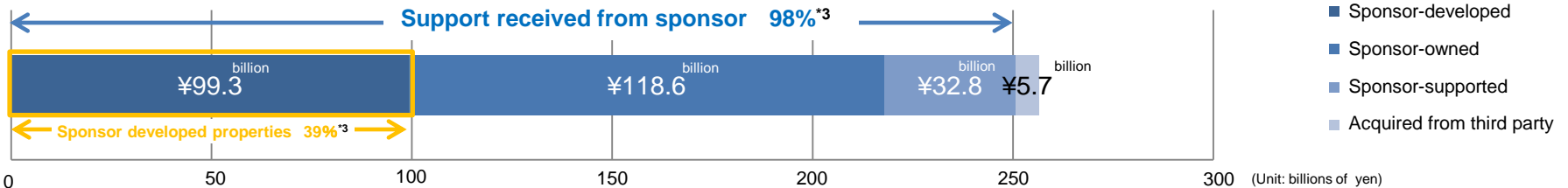
\*3 Prepared by the asset management company based on information from information vendors.











## Sponsor support with respect to acquiring properties

### List of assets acquired\*1

2014	2015	2016	2017
Hulic Kamiyacho Building (39.9% acquisition) Rapiros Roppongi <b>(1) Ochanomizu Sola City (13.0% acquisition)</b> <b>(2) Toranomon First Garden</b> Oimachi Redevelopment Building (#2)&(#1) Hulic Jingu-Mae Building Aria Matsubara Ikebukuro Network Center  18 other properties	Gate City Ohsaki <b>(3) Hulic Toranomon Building (50% acquisition)</b>	Hulic Kamiyacho Building (30.1% additional acquisition*2) Rapiros Roppongi (additional for the unit ownership rights for this property) Leaf Minatomirai (Land) Orchid Square Hulic Todoroki Building <b>(1) Ochanomizu Sola City (8.7% additional acquisition*2)</b> <b>(3) Hulic Toranomon Building (Shift to full ownership)</b> <b>(4) Trust Garden Tokiwamatsu</b> <b>(5) Sotetsu Fresa Inn Ginza 7-Chome (Land aquisition 50%)</b>	Hulic Shibuya 1-Chome Building Hulic Higashi Nihonbashi Building <b>(5) Sotetsu Fresa Inn Ginza 7-Chome (Shift to full ownership)</b> <b>(6) Hulic Omori Building</b> <b>(7) HULIC &amp;New SHIBUYA (50% acquisition)</b> <b>(8) SOMPO Care La vie Re Kita-Kamakura</b> <b>(9) HULIC &amp;New SHINBASHI</b> <b>(10) Sotetsu Fresa Inn Tokyo-Roppongi (50% acquisition)</b>

### Sponsor Support for Asset Acquisition



<b>(1) Ochanomizu Sola City</b>  Directly connected to Shinjochanomizu Station, Feb. 2013 completed Total floor area: 96,897.25 m <sup>2</sup> <b>Office</b>	<b>(2) Toranomon First Garden</b>  1-minute walk from Toranomon Station Aug. 2010 completed Total floor area: 10,029.25 m <sup>2</sup> <b>Office</b>	<b>(3) Hulic Toranomon Building</b>  1-minute walk from Toranomon Station May 2015 completed Total floor area: 12,094.79 m <sup>2</sup> <b>Office</b>	<b>(4) Trust Garden Tokiwamatsu</b>  13-minute walk from Omotesando Station Jan. 2016 completed Total floor area: 2,874.58 m <sup>2</sup> <b>Private nursing home</b>	<b>(5) Sotetsu Fresa Inn Ginza 7-Chome</b>  5-minute walk from Ginza Station Aug. 2016 completed Total floor area: 6,442.86 m <sup>2</sup> <b>Hotel</b>
<b>(6) Hulic Omori Building</b>  2-minute walk from Omori Station Jan. 2017 completed Total floor area: 2,785.82 m <sup>2</sup> <b>Retail property</b>	<b>(7) HULIC &amp;New SHIBUYA</b>  5-minute walk from Shibuya Station Apr. 2017 completed Total floor area: 2,069.43 m <sup>2</sup> <b>Retail property</b>	<b>(8) SOMPO Care La vie Re Kita-Kamakura</b>  Approximately 1.3 km from Kita-Kamakura Station Mar. 2009 completed Total floor area: 4,831.80 m <sup>2</sup> <b>Private nursing home</b>	<b>(9) HULIC &amp;New SHINBASHI</b>  3-minute walk from Uchisaiwaicho Station Apr. 2017 completed Total floor area: 1,927.55 m <sup>2</sup> <b>Retail property</b>	<b>(10) Sotetsu Fresa Inn Tokyo-Roppongi</b>  1-minute walk from Roppongi Station Aug. 2017 completed Total floor area: 4,758.00 m <sup>2</sup> <b>Hotel</b>

\*1 The properties listed in blue have been developed/reconstructed by the sponsor within 10 years of being built. Details in that regard are provided in the descriptions below. In addition, details on ownership interest of the respective properties are shown in parentheses (excluding the unit ownership rights for this property).

\*2 As of the end of the 8th fiscal period (Feb. 28, 2018), acquisitions were completed with respect to a

21.7% total share of Ochanomizu Sola City and a 70% total share of Hulic Kamiyacho Building.

\*3 Percentages have been calculated on the basis of acquisition prices of properties in the portfolio as of the end of the 8th fiscal period (Feb. 28, 2018).

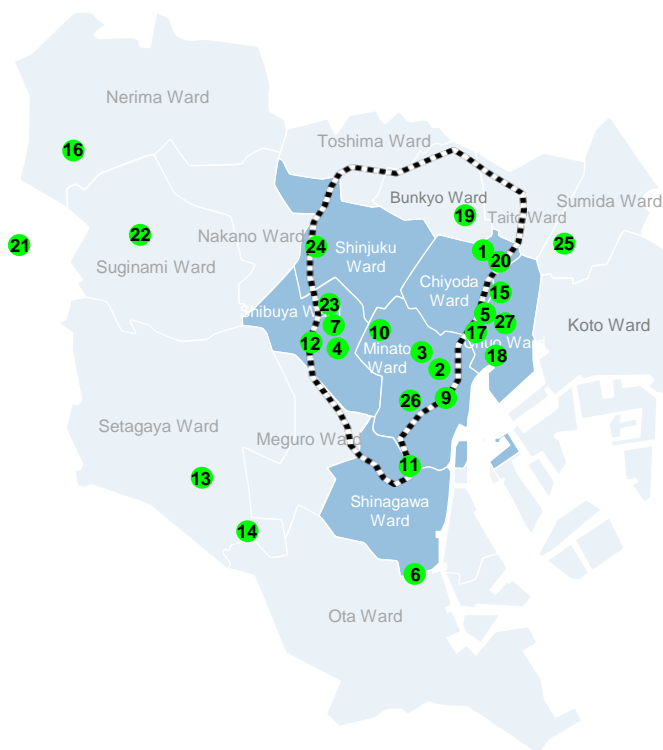
Moreover, acquisition prices have been rounded to the nearest 100 million yen, and percentages have been rounded off to the nearest integer.



## Our sponsor's principal development results and development Projects

- By the end of 2020, the sponsor-developed properties, mainly in six central Tokyo wards, are planned for completion.

To 2017 (acquisition pending)	2018	2019	2020
(11) Shinagawa Season Terrace (12) HULIC Shibuya Koen-dori Building (13) HULIC Fukasawa	(14) Tamagawa Denenchofu Development Project (15) Nihonbashi 2-Chome Redevelopment Project (Hulic portion) (16) Kamishakujii Development Project (17) HULIC Yurakucho 2-Chome Development Project (18) Tsukiji 3-Chome Development Project	(19) Bunkyo Yayoi Development Project (20) Soto-Kanda 4-Chome Development Project (21) Kichijoji Minami-cho 1-Chome Development Project (22) Ogikubo Development Project (23) Udagawacho 32 Development Project	(24) Shinjuku 3-17 Development Project (25) Ryogoku River Center Development Project (26) Minami-Azabu Development Project (27) Ginza 6-Chome Development Project



<div><div>(11) Shinagawa Season Terrace</div><div><div>6-minute walk from Shinagawa Station Feb. 2015 completed Total floor area: 206,025.07 m<sup>2</sup></div><div>Office</div></div></div>	<div><div>(12) Hulic Shibuya Koen-dori Building</div><div><div>5-minute walk from Shibuya Station Dec. 2017 completed Total floor area: approximately 5,200 m<sup>2</sup></div><div>Retail property</div></div></div>	<div><div>(13) Hulic Fukasawa</div><div><div>17-minute walk from Sakurashinmachi Station Jul. 2017 completed Total floor area: approximately 4,400 m<sup>2</sup></div><div>Private nursing home</div></div></div>	<div><div>(14) Tamagawa Denenchofu Development Project</div><div><div>5-minute walk from Denenchofu Station Mar. 2018 completed Total floor area: approximately 2,000 m<sup>2</sup></div><div>PerspectivePrivate nursing home</div></div></div>	
<div><div>(15) Nihonbashi 2-Chome Redevelopment Project<sup>1</sup></div><div><div>1-minute walk from Nihonbashi Station Jun. 2018 completed Total floor area: approximately 3,100 m<sup>2</sup></div><div>PerspectiveMembership lounge</div></div></div>	<div><div>(17) Hulic Yurakucho 2-Chome Development Project</div><div><div>1-minute walk from Ginza Station Oct. 2018 completed Total floor area: approximately 15,700 m<sup>2</sup></div><div>PerspectiveRetail propertyHotel</div></div></div>	<div><div>(18) Tsukiji 3-Chome Development Project</div><div><div>2-minute walk from Tsukiji Station Nov. 2018 completed Total floor area: approximately 4,800 m<sup>2</sup></div><div>PerspectiveHotel</div></div></div>	<div><div>(25) Ryogoku River Center Development Project</div><div><div>Within walking distance from Ryogoku Station Jun. 2020 Total floor area: approximately 8,000 m<sup>2</sup></div><div>PerspectiveRetail propertyHotel</div></div></div>	
(16) Kamishakujii Development Project	Within walking distance from Kamishakujii Station	Private nursing home	Sep. 2018 planned to be completed	Total floor area: approx. 2,300 m <sup>2</sup>
(19) Bunkyo Yayoi Development Project	Within walking distance from Nezu station	Private nursing home	Mar. 2019 planned to be completed	Total floor area approx.2,100 m <sup>2</sup>
(20) Soto-Kanda 4-Chome Development Project	Within walking distance from Akihabara Station	Office/Retail property	2019 planned to be completed	Total floor area: approx.1,200 m <sup>2</sup>
(21) Kichijoji Minamicho 1-Chome Development Project	Within walking distance from Kichijoji station	Retail property	2019 planned to be completed	Total floor area: approx.1,800 m <sup>2</sup>
(22) Ogikubo Development Project	Within walking distance from Ogikubo station	Private nursing home	2019 planned to be completed	Total floor area: approx.2,400 m <sup>2</sup>
(23) Udagawacho 32 Development Project	Within walking distance from Shibuya station	Retail property	2019 planned to be completed	Total floor area: approx.3,100 m <sup>2</sup>
(24) Shinjuku 3-17 Development Project	Within walking distance from Shinjuku station	Retail property	2020 planned to be completed	Total floor area: approx.3,000 m <sup>2</sup>
(26) Minami-Azabu Development Project	Within walking distance from Shirokanetanakanawa station	Private nursing home	2020 planned to be completed	Total floor area: approx.1,700 m <sup>2</sup>
(27) Ginza 6-Chome Development Project	Within walking distance from Ginza station	Retail property	2021 planned to be completed	Total floor area: approx.5,300 m <sup>2</sup>

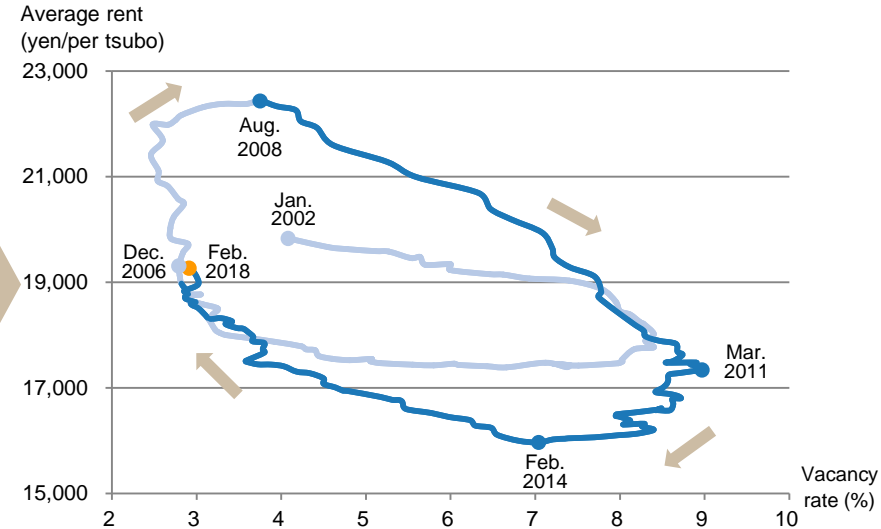
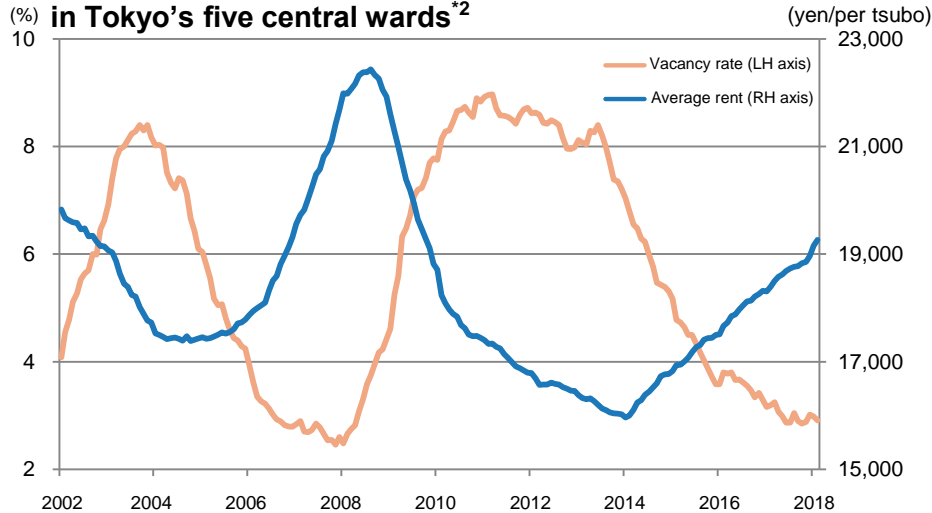
<sup>1</sup> States the area of the portion by the sponsor.

<sup>2</sup> Completion drawings (perspective) may differ from the actual completed structures in some details.

<sup>3</sup> HULIC REIT has no plans to acquire any of the properties indicated above (except those that have already been acquired) as of the date this document was prepared.

## Understanding the market environment (Office)\*1

### Vacancy rates and average rents of existing offices in Tokyo's five central wards\*2



### Present situation

Office rents are trending higher, particularly in central Tokyo, amid falling vacancy rates in line with healthy tenant demand. Although the rate of increase in per-unit cost of rent has been moderate thus far, the upward trajectory is likely to continue going forward.

### Future Strategy

- We aim to take corrective action with respect to bringing about appropriate rent levels by upwardly revising rents with respect to those tenants who are paying rents below standard market rates (RHS table).
- We will focus on promptly leasing spaces that have been or will be vacated to subsequent tenants by offering rents at standard market rates.

Account of divergence from market rent levels*3	Policy
Tenants at less than -5% ⇒ Main target	Aim to increase to appropriate rent rates
Tenants between -5% and ±0%	Aim to revise rent rates upward
Tenants at ±0% or more	Maintain current rent rate

\*1 This reflects opinions of the asset management company.

\*2 Prepared by the asset management company on the basis of office data compiled by Miki Shoji Co., Ltd. (data comprising vacancy rates and average rents of existing offices in existence for at least one year, located in Tokyo's five central wards consisting of the Chiyoda, Chuo, Minato, Shinjuku and Shibuya wards).

\*3 This refers to the percentage of divergence with respect to rents paid in comparison with market prices for office rents, as detailed on slide 13.



## V. Appendix

## 8th fiscal period forecast & results comparison, 8th fiscal period results & 9th fiscal period new forecast comparison

(Unit: millions of yen)

	8th fiscal period (Feb. 2018)		Difference (B-A)	Main Factors	9th Fiscal Period (Aug. 2018) New Forecast (C)	Change (C-B)	Main Factors
	Forecast <sup>2</sup> (A)	Result (B)					
Operating revenues							
Real estate lease business revenues	7,394	7,460	+66	■ Lease business revenue (+66)	7,587	+127	■ Lease business revenue (+127)
Gain on sales of real estate properties	711	722	+11	• Sales of Sasazuka South Building: Δ33	388	(334)	• Sales of Sasazuka South Building, Leaf Minatomirai: Δ195
Total operating revenues	8,105	8,183	+77	• Increase in utilities expense revenue: +44	7,976	(207)	• Properties acquired at time of PO <sup>3</sup> : +131
Operating expenses				• Ochanomizu Sola City: +15 (Increase in facility use fees, etc.)	(2,483)	(93)	Full fiscal period contribution: +114
Expenses related to rent business	(2,387)	(2,390)	(3)	• HLC Shinjuku 3-Chome Building: +11 (Increase in rents, etc.)	(613)	(82)	• Acquisition of HLC Ginza 7-Chome: +231
(Of which)				■ Gain on sales of real estate: (+11)	(91)	+33	■ Gain on sales of real estate (Δ334)
Taxes and public dues	(532)	(531)	+1	• Sasazuka South Building: +10	(24)	+15	• Leaf Minatomirai: Δ323
Depreciation and amortization	(793)	(794)	(1)	■ Other expenses related to rent business: Δ18	(926)	(27)	• Sasazuka South Building: Δ10
Repair expenses	(132)	(125)	+7	• Utilities expenses: Δ18	(789)	+61	
Leasing-related costs	(47)	(39)	+8		(212)	(3)	
Other expenses related to rent business	(880)	(899)	(18)		(3,485)	(36)	
Asset management fee	(830)	(850)	(20)				
Other operating expenses	(212)	(208)	3				
Total operating expenses	(3,430)	(3,449)	(19)				
Operating profit	4,675	4,733	+58		4,490	(243)	
Non-operating income	0	0	+0		0	(0)	
Non-operating expenses							
Interest expenses • Borrowing-related expenses	(492)	(492)	+0		(498)	(6)	
Amortization of investment unit issuance costs	(25)	(22)	+2		(23)	(1)	
Amortization of investment corporation bond issuance costs	(3)	(3)	+0		(4)	(0)	
Total non-operating expenses	(522)	(518)	+3		(525)	(7)	
Ordinary profit	4,153	4,215	+62		3,964	(251)	
Profit	4,152	4,214	+62		3,963	(251)	
Cash distributions per unit (yen)	3,740	3,797	+57		3,570	(227)	

\*1. Figures less than ¥1 million are truncated.

\*2. Forecasts for the 8th fiscal period are stated on the basis of forecasts released on October 13, 2017.

\*3. This includes five properties acquired in conjunction with the public offering carried out in October 2017 (HULIC & New SHIBUYA, HULIC & New SHINBASHI, SOMPO Care La vie Re Kita-Kamakura, Sotetsu Fresa Inn Ginza 7-Chome (additional acquisition), Sotetsu Fresa Inn Tokyo-Roppongi).

## 9th fiscal period previous & new forecasts comparison, 9th & 10th fiscal period forecasts comparison

(Unit: millions of yen)

	9th Fiscal Period (Aug. 2018)		Difference	Main Factors	10th Fiscal Period (Feb.2019)	Change	Main Factors
	Previous Forecast <sup>*2</sup> (A)	New Forecast (B)	(B-A)		Forecast (C)	(C-B)	
Operating revenues				■Lease business revenues (+191) •Sales of Sasazuka South Building: Δ89 •Acquisition of HLC Ginza 7-Chome: +231 •Increase in utilities expense revenue: +30 •HLC Shinjuku 3-Chome Building: +22 (Increase in rents, etc.)  ■Other expenses related to rent business (Δ46) •Utilities expenses: Δ29			■Lease business revenues (Δ51) •Sales of Leaf Minatomirai: Δ59 •Full fiscal period contribution of HLC Ginza 7-Chome: +40  ■Gains on sales of real estate (Δ195) •Leaf Minatomirai: Δ195
Real estate lease business revenues	7,395	7,587	+191		7,536	(51)	
Gain on sales of real estate properties	388	388	+0		193	(195)	
Total operating revenues	7,784	7,976	+191		7,729	(246)	
Operating expenses				■Lease business revenues (Δ51) •Sales of Leaf Minatomirai: Δ59 •Full fiscal period contribution of HLC Ginza 7-Chome: +40  ■Gains on sales of real estate (Δ195) •Leaf Minatomirai: Δ195			
Expenses related to rent business	(2,408)	(2,483)	(75)		(2,514)	(30)	
(Of which)							
Taxes and public dues	(617)	(613)	+4		(610)	+2	
Depreciation and amortization	(820)	(827)	(6)		(839)	(11)	
Repair expenses	(82)	(91)	(8)		(119)	(28)	
Leasing-related costs	(7)	(24)	(17)		(16)	+8	
Other expenses related to rent business	(880)	(926)	(46)		(928)	(1)	
Asset management fee	(768)	(789)	(20)		(731)	+58	
Other operating expenses	(192)	(212)	(19)		(189)	+22	
Total operating expenses	(3,370)	(3,485)	(115)		(3,436)	+49	
Operating profit	4,414	4,490	+76		4,293	(196)	
Non-operating income	0	0	+0		0	+0	
Non-operating expenses							
Interest	(498)	(498)	+0		(490)	+8	
Amortization of investment unit issuance costs	(25)	(23)	+2		(23)	+0	
Amortization	(4)	(4)	+0		(3)	+0	
Total non-operating expenses	(528)	(525)	+2		(517)	+8	
Ordinary profit	3,886	3,964	+78		3,775	(188)	
Profit	3,885	3,963	+78		3,774	(188)	
Cash distributions per unit (yen)	3,500	3,570	+70		3,400	(170)	

\*1. Figures less than ¥1 million are truncated.

\*2. Forecasts for the 9th fiscal period are stated on the basis of forecasts released on October 13, 2017.

(Unit: millions of yen)

	End of 7th Fiscal Period (Aug 31, 2017) (A)	End of 8th Fiscal Period (Feb. 28, 2018) (B)	Change (B-A)
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	7,606	12,433	+4,827
Cash and deposits in trust	5,870	5,722	(148)
Operating accounts receivable	13	10	(3)
Prepaid expenses	33	26	(7)
Deferred tax assets	0	0	+0
Consumption taxes receivable	0	0	+0
Other	2	0	(2)
<b>Total current assets</b>	<b>13,526</b>	<b>18,193</b>	<b>+4,666</b>
<b>Noncurrent assets</b>			
<b>Property, plant and equipment</b>			
Buildings in trust	49,191	52,591	+3,400
Accumulated depreciation	(3,602)	(4,326)	(723)
Buildings in trust, net	45,588	48,264	+2,676
Structures in trust	311	319	+8
Accumulated depreciation	(68)	(80)	(12)
Structures in trust, net	243	239	(4)
Machinery and equipment in trust	252	281	+29
Accumulated depreciation	(72)	(89)	(16)
Machinery and equipment in trust, net	179	192	+12
Tools, furniture and fixtures in trust	24	27	+3
Accumulated depreciation	(6)	(8)	(2)
Tools, furniture and fixtures in trust, net	17	19	+1
Land in trust	195,707	199,195	+3,487
Construction in progress in trust	3	3	+0
<b>Total property, plant and equipment</b>	<b>241,739</b>	<b>247,914</b>	<b>+6,174</b>
<b>Intangible assets</b>			
Leasehold rights in trust	8,471	8,471	+0
Other	3	2	(1)
<b>Total intangible assets</b>	<b>8,474</b>	<b>8,473</b>	<b>(1)</b>
<b>Investments and other assets</b>			
Lease and guarantee deposits	20	20	+0
Long-term prepaid expenses	799	719	(80)
<b>Total investments and other assets</b>	<b>819</b>	<b>739</b>	<b>(80)</b>
<b>Total noncurrent assets</b>	<b>251,034</b>	<b>257,126</b>	<b>+6,092</b>
<b>Deferred assets</b>			
Investment unit issuance costs	59	75	+15
Investment corporation bond issuance costs	36	33	(3)
<b>Total deferred assets</b>	<b>96</b>	<b>108</b>	<b>+11</b>
<b>Total assets</b>	<b>264,657</b>	<b>275,428</b>	<b>+10,770</b>

(Unit: millions of yen)

	End of 7th Fiscal Period (Aug 31, 2017) (A)	End of 8th Fiscal Period (Feb. 28, 2018) (B)	Change (B-A)
<b>Liabilities</b>			
<b>Current liabilities</b>			
Operating accounts payable	519	233	(285)
Short-term loans payable	3,960	3,960	+0
Current portion of long-term loans payable	0	8,550	+8,550
Accounts payable - other	797	998	+200
Accrued expenses	44	42	(2)
Income taxes payable	0	1	+0
Accrued consumption taxes	19	109	+90
Advances received	1,272	1,247	(25)
Deposits received	0	0	+0
<b>Total current liabilities</b>	<b>6,614</b>	<b>15,142</b>	<b>+8,527</b>
<b>Noncurrent liabilities</b>			
Investment corporation bond	5,000	5,000	+0
Long-term loans payable	106,890	98,340	(8,550)
Tenant leasehold and security deposits in trust	10,571	11,013	+441
<b>Total non current liabilities</b>	<b>122,461</b>	<b>114,353</b>	<b>(8,108)</b>
<b>Total liabilities</b>	<b>129,076</b>	<b>129,495</b>	<b>+419</b>
<b>Net assets</b>			
<b>Unitholders' equity</b>			
Unitholders' capital	132,051	141,717	+9,666
Surplus			
Unappropriated retained earnings	3,530	4,214	+684
<b>Total surplus</b>	<b>3,530</b>	<b>4,214</b>	<b>+684</b>
<b>Total unitholders' equity</b>	<b>135,581</b>	<b>145,932</b>	<b>+10,351</b>
<b>Total net assets</b>	<b>135,581</b>	<b>145,932</b>	<b>+10,351</b>
<b>Total liabilities and net assets</b>	<b>264,657</b>	<b>275,428</b>	<b>+10,770</b>

\* Figures less than ¥1 million are truncated.



		End of 1st Fiscal Period (Aug. 31, 2014)	End of 2nd Fiscal Period (Feb. 28, 2015)	End of 3rd Fiscal Period (Aug. 31, 2015)	End of 4th Fiscal Period (Feb. 29, 2016)	End of 5th Fiscal Period (Aug. 31, 2016)	End of 6th Fiscal Period (Feb. 28, 2017)	End of 7th Fiscal Period (Aug. 31, 2017)	End of 8th Fiscal Period (Feb. 28, 2018)
No. of properties	Portfolio overall	21	28	31	32	34	37	43	44
	Tokyo Commercial Properties	12	16	19	20	22	23	28	28
	Next-Generation Assets	9	12	12	12	12	14	15	16
Total assets	Portfolio overall	¥101.4 billion	¥148.2 billion	¥156.2 billion	¥169.0 billion	¥200.8 billion	¥231.3 billion	¥249.7 billion	¥256.4 billion
	Tokyo Commercial Properties	¥78.9 billion	¥114.8 billion	¥122.8 billion	¥135.6 billion	¥167.4 billion	¥190.5 billion	¥207.1 billion	¥201.7 billion
	Next-Generation Assets	¥22.6 billion	¥33.4 billion	¥33.4 billion	¥33.4 billion	¥33.4 billion	¥40.8 billion	¥42.6 billion	¥54.7 billion
Unrealized gains/	Portfolio overall	¥7.1 billion	¥10.2 billion	¥14.9 billion	¥21.1 billion	¥26.3 billion	¥31.9 billion	¥35.4 billion	¥37.6 billion
	Tokyo Commercial Properties	¥5.2 billion	¥7.7 billion	¥11.0 billion	¥16.4 billion	¥21.4 billion	¥26.3 billion	¥29.7 billion	¥31.5 billion
	Next-Generation Assets	¥1.9 billion	¥2.4 billion	¥3.9 billion	¥4.7 billion	¥4.9 billion	¥5.6 billion	¥5.7 billion	¥6.1 billion
Average NOI yield <sup>*1</sup>		5.1%	4.9%	4.9%	4.8%	4.7%	4.6%	4.6%	4.6%
Average NOI yield after depreciation <sup>*1</sup>		4.5%	4.2%	4.2%	4.2%	4.2%	4.1%	4.0%	3.9%
Appraisal direct cap rate		4.5%	4.4%	4.3%	4.1%	4.0%	3.9%	3.9%	3.8%
NAV per unit		115,107 yen	123,939 yen	129,958 yen	137,968 yen	150,256 yen	156,886 yen	160,194 yen	161,530 yen
Average age of buildings <sup>*2</sup>		18.2 years	16.7 years	17.3 years	16.5 years	18.1 years	16.9 years	17.1 years	16.2 years
Occupancy rate		99.1%	99.0%	98.2%	99.4%	99.9%	99.7%	99.3%	99.7%

\*1 NOI yield = NOI/acquisition price (NOI based on appraisal value at the end of each fiscal period, rounded to the 1st decimal place.)

\*2 The figures stated for age of buildings are weighted averages of the ages of properties excluding land, based on the acquisition prices and rounded to the 1st decimal place.

## Asset management fee (maximums)

### Type 1 management fee

**Total assets × 0.5 of 100th** (annual rate)

### Type 2 management fee

**Cash distributions per investment unit (DPU)** before deduction of management fee II × **operating income** before deduction of management fee II × **0.004 of 100th**

### Acquisition fees

**Acquisition price × 1.0 of 100th (0.5 of 100th in the case of acquisition from an interested party or similar)**

### Disposition fees

**Disposition price × 1.0 of 100th (0.5 of 100th in the case of transfer to an interested party or similar)**

### Merger fee

**The total valuation amount** of the real-estate-related assets of counterparty to the merger × **1.0 of 100th**

## Fiscal agency administrative services fee (1st to 3rd investment corporation bonds)

### For payment of principal

**0.075 of 10,000th of the principal paid**

### For payment of interest

**0.075 of 10,000th of unpaid principal**

## Fees for asset custody services and administrative services (maximums)

- Total assets multiplied by the following rates (fixed monetary amount for assets of up to ¥20.0 billion)

Total assets	Asset custody services rate (6 months)	Administrative services rate (6 months)
Portion up to ¥20.0 billion	1,500,000 yen	4,500,000 yen
Portion over ¥20.0 billion up to ¥100.0 billion	0.007500%	0.022500%
Portion over ¥100.0 billion up to ¥150.0 billion	0.006300%	0.018900%
Portion over ¥150.0 billion up to ¥200.0 billion	0.005400%	0.016200%
Portion over ¥200.0 billion up to ¥250.0 billion	0.003600%	0.010800%
Portion over ¥250.0 billion up to ¥300.0 billion	0.003000%	0.009000%
Portion over ¥300.0 billion up to ¥400.0 billion	0.002850%	0.008550%
Portion over ¥400.0 billion up to ¥500.0 billion	0.002700%	0.008100%
Portion over ¥500.0 billion	0.002550%	0.007650%

## Investment unit administrative service fees (maximums)

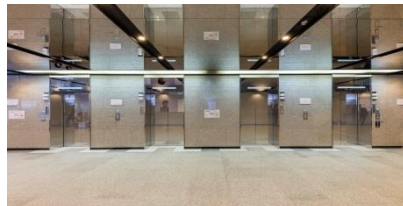
- Number of unitholders multiplied by the following monetary amounts

Number of unitholders	Basic fee (Per unitholder) (6 months)	Distribution payment handling fee (Per unitholder)
Up to 5,000 unitholders	480 yen	120 yen
5,001 to 10,000 unitholders	420 yen	110 yen
10,001 to 30,000 unitholders	360 yen	100 yen
30,001 to 50,000 unitholders	300 yen	80 yen
50,001 to 100,000 unitholders	260 yen	60 yen
Over 100,000 unitholders	225 yen	50 yen

\*1 This provides limited information on overall pricing structures with respect to the various forms of compensation and fees. As such, certain details in that regard are not included. For further details, refer to the section on such fees provided in the Annual Securities Report for the 7th Fiscal Period Ended August 31, 2017 (in Japanese).

\*2 With the exception of the fiscal agency administrative services fees, payment of the compensation and fees is made as separately agreed upon between HULIC REIT and providers of services, with maximum amounts set on the basis of the stated formulas.

## Hulic Ginza 7-Chome Building



Location	Chuo Ward, Tokyo
Nearest station	Tokyo Metro Ginza Line, etc. Ginza Station
Walking distance	4 min.
Total floor area	19,790.85 m <sup>2</sup>
Leasable area <sup>*3</sup>	6,002.99 m <sup>2</sup>
Completion of construction	September 1962

Acquisition price

¥11 billion

Appraisal value<sup>\*1</sup>

¥11.25 billion

Appraisal NOI yield<sup>\*2</sup>

3.6%

Acquisition date

March 29, 2018

### Highlights

#### □ Acquisition of office building in favorable central Tokyo locations from the sponsor

- Office building with retail space offering very convenient transportation access within a 4-minute walk from Ginza Station, Tokyo Metro Ginza Line, etc., and nearly the same distance from Shinbashi Station on the JR Yamanote Line
- Acquisition of a 50% quasi-co-ownership interest from the sponsor (joint ownership with sponsor)

### Location characteristics

#### □ Located in a retail and office district along Sotobori Dori in the Ginza area

- Situated in a corner location of a district that is home to high-rise office buildings with retail space in the Ginza area, which is a lively district quintessential of Japan
- The location offers good visibility given its frontage on three streets, including expansive frontage facing Sotobori Dori in addition to frontage adjacent to both a back street and Kojunsha Dori

### Property characteristics

#### □ Property affords certain competitive strengths, offering approx. 1,120 square meters of standard floor area

- The building affords certain competitive strengths in terms of size given that there is a limited number of office buildings in the vicinity that can provide more than 1,000 square meters of office space on a typical floor
- In the past the building has been upgraded with respect to air conditioning facilities and other major equipment. More recently it has undergone large-scale repairs and seismic reinforcement work in 2009. Its structural capacity to withstand seismic events is on par with the latest earthquake resistance standards

<sup>\*1</sup> Appraisal value at the time of acquisition is shown.

<sup>\*2</sup> NOI yield = NOI/acquisition price (NOI based on appraisal value at the time of acquisition rounded to the 1st decimal place.)

<sup>\*3</sup> The figures equivalent to quasi-co-ownership interest acquired by Hulic Reit (50%) are stated.



## HULIC &New SHINBASHI



Location	Minato Ward, Tokyo
Nearest station	Toei Mita Line Uchisaiwaicho Station
Walking distance	3 minutes
Total floor area	1,927.55 m <sup>2</sup>
Leasable area	1,725.35 m <sup>2</sup>
Completion of construction	April 2017

Acquisition price  
¥3.1 billion

Appraisal value\*1  
¥3.15 billion

Appraisal NOI yield\*2  
3.9%

Acquisition date  
November 1, 2017

### Highlights

- ❑ Second building in HULIC &New series, commercial facilities independently developed by Hulic Co., Ltd.
- Second building in the HULIC &New series, following from HULIC &New SHIBUYA
- Commercial facilities composed of bars and restaurants that are mainly opening their first stores in Shinbashi and the service office for a new brand managed by Space Design, Inc.

### Location characteristics

- ❑ Located in an area with many street-facing bars and restaurants near Shinbashi Station
- Located in prized location for street-facing bars and restaurants that is visited by many people mainly consisting of office workers from areas such as Shinbashi, Uchisaiwaicho, Shiodome, and Ginza
- The influx of even more people in the area can be expected as there are redevelopment plans for the area in front of Shinbashi Station, and the development of restaurant buildings and hotels is underway nearby

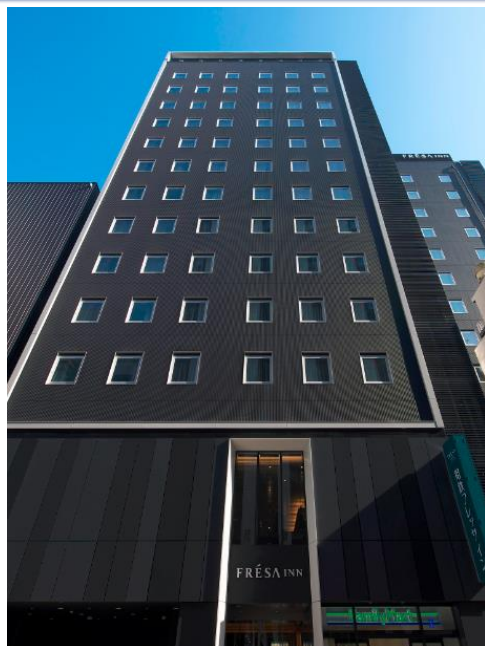
### Property characteristics

- ❑ New building that adopts pioneering design
- A pioneering design taking into consideration greening has been used for the exterior, and open decks have been installed on bar and restaurant floors
- Strong advantages as a new building can be recognized in an area that has many older buildings

\*1 Appraisal value at the time of acquisition is shown.

\*2 NOI yield = NOI/acquisition price (NOI based on appraisal value at the time of acquisition rounded to the 1st decimal place.)

## Sotetsu Fresa Inn Ginza 7-Chome (additional acquisition)



Location	Chuo Ward, Tokyo
Nearest station	Tokyo Metro Ginza Line Ginza Station
Walking distance	5 minutes
Total floor area	6,442.86 m <sup>2</sup>
Leasable area <sup>*3</sup>	6,984.32 m <sup>2</sup>
Completion of construction	August 2016

Acquisition price

¥7.15 billion

Appraisal value\*1

¥7.16 billion

Appraisal NOI yield\*2

3.8%

Acquisition date

November 1, 2017

### Highlights

#### Additional acquisition of sponsor-developed hotel in Ginza

- Adding to 50% of co-ownership interest for the land acquired in September 2016, now wholly owned through the acquisition of the remaining land and the entire building
- Entire property leased by Sotetsu Hotel Development Co., Ltd. (its operator is Sotetsu Hotel Management Co., Ltd.) of the Sotetsu Group
- Long-term stable earnings have been secured through the signing of a lease contract for a period of 30 years

### Location characteristics

#### Located in the Ginza-Yurakucho area, which is one of Japan's most luxury commercial districts

- Highly convenient location that is a 5-minute walk from Ginza Station, Tokyo Metro Ginza Line, etc., and nearly the same distance from the Shinbashi Station on the JR Yamanote Line
- As the neighborhood includes GINZA SIX, which was completed on the former site of Matsuzakaya and other development projects that are underway, the area can be expected to become even busier

### Property characteristics

#### An accommodation-focused hotel under the brand of Sotetsu Fresa Inn

- An accommodation-focused hotel with 286 guest rooms, mainly consisting of single rooms
- Supports various use situations including business and inbound customers with a broad guest room configuration

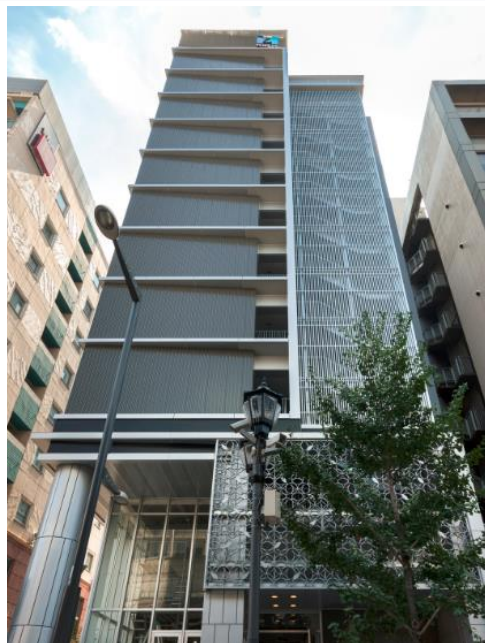
\*1 Appraisal value at the time of acquisition is shown.

\*2 NOI yield = NOI/acquisition price (NOI based on appraisal value at the time of acquisition rounded to the 1st decimal place.)

\*3 Figures for leasable area indicate leasable areas according to building leasing agreements or building plans pertaining to Hulic Reit's additional acquisitions.



## Sotetsu Fresa Inn Tokyo-Roppongi



Location	Minato Ward, Tokyo
Nearest station	Tokyo Metro Hibiya Line, etc. Roppongi Station
Walking distance	1 minute
Total floor area	4,758.00 m <sup>2</sup>
Leasable area <sup>3</sup>	2,408.45 m <sup>2</sup>
Completion of construction	August 2017

Acquisition price

¥5 billion

Appraisal value\*1

¥5.05 billion

Appraisal NOI yield\*2

4.0%

Acquisition date

November 1, 2017

### Highlights

#### □ New sponsor-developed hotel in Roppongi

- Acquisition of 50% of quasi-co-ownership interest of new hotel developed by sponsor (joint ownership with sponsor)
- Entire property leased by Sotetsu Hotel Development Co., Ltd. (its operator is Sotetsu Hotel Management Co., Ltd.) of the Sotetsu Group
- Long-term stable earnings have been secured through the signing of a lease contract for a period of 30 years

### Location characteristics

#### □ Prized location extremely close to the Roppongi Crossing

- Located on Roppongi Street one minute from Roppongi Station on the Tokyo Metro Hibiya Line and Toei Oedo Line
- Roppongi, which has a rich international atmosphere, is located in the heart of an urban tourist hub, and this property can be expected to capture not only business demand but also leisure demand from Japan and overseas

### Property characteristics

#### □ An accommodation-focused hotel under the brand of Sotetsu Fresa Inn

- An accommodation-focused hotel with 201 guest rooms, mainly consisting of double rooms
- Energy saving and CO2 saving achieved through the introduction of facilities including LED lighting in the entire building and a solar power system

\*1 Appraisal value at the time of acquisition is shown.

\*2 NOI yield = NOI/acquisition price (NOI based on appraisal value at the time of acquisition rounded to the 1st decimal place.)

\*3 The figures equivalent to quasi-co-ownership interest acquired by Hulic Reit (50%) are stated.

## Two properties with transfers slated for the 8th fiscal period

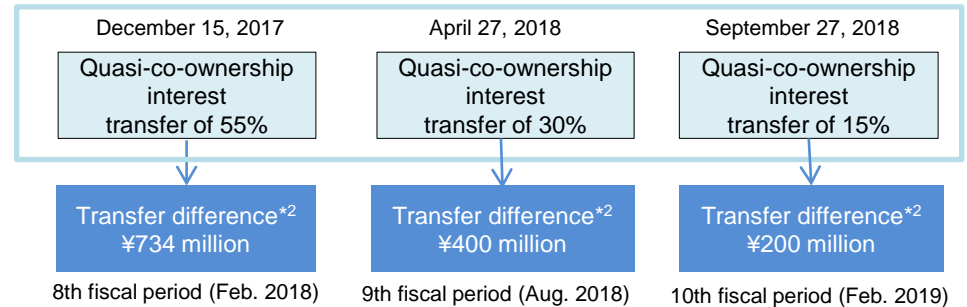
### ■ Leaf Minatomirai (Land)

Location	Nishi Ward, Yokohama City, Kanagawa Prefecture
Book value	¥11.765 billion
Real estate appraisal value <sup>*1</sup>	¥13.1 billion
Transfer price	¥13.1 billion
Counterparty to the transfer	Hulic Co., Ltd.
Transfer dates	As stated (RHS)



### ■ Reason for transfer

- A decision has been reached such that it would be appropriate to transfer and dispossess the buildings on these properties at this point in time. The decision was made upon having comprehensively considered factors that include the market environment and potential with respect to the tenant mix.
- The decision was made to transfer the assets to the sponsor in three stages, as follows.



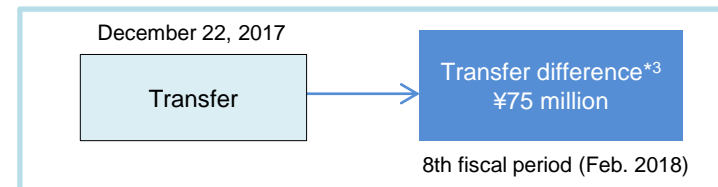
### ■ Sasazuka South Building

Location	Shibuya Ward, Tokyo
Book value	¥2.154 billion
Real estate appraisal value <sup>*1</sup>	¥2.170 billion
Transfer price	¥2.230 billion
Counterparty to the transfer	Undisclosed <sup>*4</sup>
Transfer dates	December 22, 2017



### ■ Reason for transfer

- The decision to transfer the properties was made upon considering profitability, particularly in view of expenses for repairs and upgrades needed in the future, and also upon considering specific factors such as forms of ownership.



<sup>\*1</sup> The appraisal value stated is current as of the end of the 7th fiscal period (August 31, 2017).

<sup>\*2</sup> The "gains on transfer" are calculated by multiplying the differences between the book values and the transfer prices by the ratios of quasi-co-ownership interests as of the transfer dates (scheduled transfer dates). The gains on transfer have been rounded to the nearest million yen.

<sup>\*3</sup> Figures less than ¥1 million are truncated with respect to the differences between the book values and transfer prices.

<sup>\*4</sup> Whereas the counterparty to the transfer is a Japanese special purpose company (SPC), the name of the company has not been disclosed because the counterparty to the transfer has not granted approval for such disclosure.





\* The map shown above plots properties located in Tokyo Metropolis and those located in Yokohama City, Kanagawa Prefecture, from among the assets held as of the end of the 8th fiscal period (February 28, 2018).



**OF-01** Office 1-min. walk from station

**Hulic Kamiyacho Building**



**OF-02** Office 1-min. walk from station

**Hulic Kudan Building (land)**



**OF-03** Office 1-min. walk from station

**Toranomom First Garden**



**OF-04** Office Directly connected to station

**Rapiros Roppongi**



**OF-05** Office 6-min. walk from station

**Hulic Takadanobaba Building**



**OF-06** Office 1-min. walk from station

**Hulic Kanda Building**



**OF-07** Office 3-min. walk from station

**Hulic Kandabashi Building**



**OF-08** Office 2-min. walk from station

**Hulic Kakigaracho Building**



**OF-09** Office Directly connected to station

**Ochanomizu Sola City**



**OF-10** Office 2-min. walk from station

**Hulic Higashi Ueno 1-Chome Building**



**OF-12** Office 3-min. walk from station

**Tokyo Nishi Ikebukuro Building**



**OF-13** Office 1-min. walk from station

**Gate City Ohsaki**



**OF-14** Office 1-min. walk from station

**Hulic Toranomom Building**



**OF-15** Office 5-min. walk from station

**Hulic Shibuya 1-Chome Building**



**OF-16** Office 2-min. walk from station

**Hulic Higashi Nihonbashi Building**



**OF-17** Office 2-min. walk from station

**Hulic Jimbocho Building**





**RE-01**  
**RE-02**  
Retail properties  
1-min. walk from station



**RE-03**  
Retail properties  
1-min. walk from station



**RE-04**  
Retail properties  
7-min. walk from station



**RE-05**  
Retail properties  
1-min. walk from station



**RE-06**  
Retail properties  
1-min. walk from station



**RE-07**  
Retail properties  
3-min. walk from station

Oimachi Redevelopment Building (#2)  
Oimachi Redevelopment Building (#1)

Dining Square  
Akihabara Building

Hulic Jingu-Mae Building

Hulic Shinjuku 3-Chome  
Building

Yokohama Yamashitacho  
Building

Leaf Minatomirai (Land)



**RE-08**  
Retail properties  
3-min. walk from station



**RE-09**  
Retail properties  
1-min. walk from station



**RE-10**  
Retail properties  
2-min. walk from station



**RE-11**  
Retail properties  
5-min. walk from station



**RE-12**  
Retail properties  
3-min. walk from station

Orchid Square

Hulic Todoroki Building

Hulic Omori Building

HULIC & New SHIBUYA

HULIC & New SHINBASHI



**NH-01** Private nursing home

Aria Matsubara



**NH-02** Private nursing home

Trust Garden Yoganomori



**NH-03** Private nursing home

Trust Garden  
Sakurashinmachi



**NH-04** Private nursing home

Trust Garden  
Sugunami Miyamae



**NH-05** Private nursing home

Trust Garden Tokiwamatsu



**NH-06** Private nursing home

SOMPO Care La vie Re  
Kita-Kamakura



**NW-01** Network Center

Ikebukuro Network Center



**NW-02** Network Center

Tabata Network Center



**NW-03** Network Center

Hiroshima Network Center



**NW-04** Network Center

Atsuta Network Center



**NW-05** Network Center

Nagano Network Center



**NW-06** Network Center

Chiba Network Center



**NW-07** Network Center

Sapporo Network Center



**NW-08** Network Center

Keihanna Network Center



**HT-01** Hotel

Sotetsu Fresa Inn  
Ginza 7-Chome



**HT-02** Hotel

Sotetsu Fresa Inn  
Tokyo-Roppongi



# 10. List of Portfolio Properties (Tokyo Commercial Properties) at the End of the 8th Fiscal Period

Property No.	Property name	Area	Location	Acquisition price (millions of yen)	Completion of construction	Total leasable area*1 (m <sup>2</sup> )	NOI yield*2 (%)	Occupancy rate*3 (%)
Subtotal for Tokyo Commercial Properties (28 properties)				201,711	-	141,924.73	4.4	99.5
Subtotal for office properties (16 properties)				150,192	-	91,996.93	4.3	99.3
OF-01	Hulic Kamiyacho Building	Six central Tokyo wards	Minato Ward, Tokyo	36,750	April, 1985	22,740.96	4.3	100.0
OF-02	Hulic Kudan Building (Land)	Six central Tokyo wards	Chiyoda Ward, Tokyo	11,100	-	3,351.07	4.1	100.0
OF-03	Toranomon First Garden	Six central Tokyo wards	Minato Ward, Tokyo	8,623	August, 2010	5,689.97	4.6	100.0
OF-04	Rapiros Roppongi	Six central Tokyo wards	Minato Ward, Tokyo	6,210	August, 1997	6,730.52	5.5	100.0
OF-05	Hulic Takadanobaba Building	Other Tokyo 23 wards	Toshima Ward, Tokyo	3,900	November, 1993	5,369.71	5.4	100.0
OF-06	Hulic Kanda Building	Six central Tokyo wards	Chiyoda Ward, Tokyo	3,780	September, 2008	3,728.36	4.5	100.0
OF-07	Hulic Kandabashi Building	Six central Tokyo wards	Chiyoda Ward, Tokyo	2,500	June, 2001	2,566.95	4.6	100.0
OF-08	Hulic Kakigaracho Building	Six central Tokyo wards	Chuo Ward, Tokyo	2,210	March, 1993	2,858.48	5.7	100.0
OF-09	Ochanomizu Sola City	Six central Tokyo wards	Chiyoda Ward, Tokyo	38,149	February, 2013	13,923.42	3.8	99.3
OF-10	Hulic Higashi Ueno 1-Chome Building	Other Tokyo 23 wards	Taito Ward, Tokyo	2,670	July, 1988	3,137.09	4.8	100.0
OF-12	Tokyo Nishiikebukuro Building	Other Tokyo 23 wards	Toshima Ward, Tokyo	1,580	October, 1990	1,429.74	5.4	100.0
OF-13	Gate City Ohsaki	Six central Tokyo wards	Shinagawa Ward, Tokyo	4,370	(Office and commercial building) Jan. 1999 (Residential building) Dec. 1998	3,835.78	4.5	100.0
OF-14	Hulic Toranomon Building	Six central Tokyo wards	Minato Ward, Tokyo	18,310	May, 2015	8,574.65	3.8	100.0
OF-15	Hulic Shibuya 1-Chome Building	Six central Tokyo wards	Shibuya Ward, Tokyo	5,100	August, 1993	2,817.65	4.1	80.8
OF-16	Hulic Higashi Nihonbashi Building	Six central Tokyo wards	Chuo Ward, Tokyo	3,480	November, 1996	3,681.20	4.6	100.0
OF-17	Hulic Jimbocho Building	Six central Tokyo wards	Chiyoda Ward, Tokyo	1,460	September, 1989	1,561.38	4.3	100.0
Subtotal for retail properties (12 properties)				51,519	-	49,927.80	4.9	100.0
RE-01	Oimachi Redevelopment Building (#2)	Six central Tokyo wards	Shinagawa Ward, Tokyo	9,456	September, 1989	14,485.66	5.8	100.0
RE-02	Oimachi Redevelopment Building (#1)	Six central Tokyo wards	Shinagawa Ward, Tokyo	6,166	September, 1989	10,612.67	5.8	100.0
RE-03	Dining Square Akihabara Building	Six central Tokyo wards	Chiyoda Ward, Tokyo	3,200	June, 1993	2,169.41	4.8	100.0
RE-04	Hulic Jingu-Mae Building	Six central Tokyo wards	Shibuya Ward, Tokyo	2,660	September, 2000	1,656.24	4.6	100.0
RE-05	Hulic Shinjuku 3-Chome Building	Six central Tokyo wards	Shinjuku Ward, Tokyo	5,550	June, 1983	1,351.15	4.9	100.0
RE-06	Yokohama Yamashitacho Building	Others	Yokohama City, Kanagawa	4,850	July, 1993	8,958.70	5.3	100.0
RE-07	Leaf Minatomirai (Land)	Others	Yokohama City, Kanagawa	5,265	-	2,475.02	4.3	100.0
RE-08	Orchid Square	Six central Tokyo wards	Chiyoda Ward, Tokyo	3,502	January, 2009	1,334.88	4.2	100.0
RE-09	Hulic Todoroki Building	Other Tokyo 23 wards	Setagaya Ward, Tokyo	1,200	August, 1990	1,593.58	5.4	100.0
RE-10	Hulic Omori Building	Six central Tokyo wards	Shinagawa Ward, Tokyo	3,420	January, 2017	2,666.52	4.6	100.0
RE-11	HULIC &New SHIBUYA	Six central Tokyo wards	Shibuya Ward, Tokyo	3,150	April, 2017	898.62	3.4	100.0
RE-12	HULIC &New SHINBASHI	Six central Tokyo wards	Minato Ward, Tokyo	3,100	April, 2017	1,725.35	4.0	100.0

\*1 Figures for individual properties indicate leasable areas according to building leasing agreements or building plans as of the end of the 8th fiscal period (February, 28, 2018).

(Figures for co-owned properties correspond to the owned portion.)

\*2 NOI yield = NOI/acquisition price (NOI based on appraisal value at the end of the 8th fiscal period (February, 28, 2018), rounded to the 1st decimal place).

\*3 Figures are as of the end of the 8th fiscal period (February, 28, 2018).

# 10. List of Portfolio Properties (Next-Generation Assets) at the End of the 8th Fiscal Period

Property No.		Property name		Area	Location	Acquisition price (millions of yen)	Completion of construction	Total leasable area <sup>*1</sup> (m²)	NOI yield <sup>*2</sup> (%)	Occupancy rate <sup>*3</sup> (%)
Sub total for Next-Generation Assets (16 properties)						54,719	-	107,681.33	5.1	100.0
	Sub total for private nursing homes (6 properties)					19,054	-	26,914.90	5.8	100.0
		NH-01	Aria Matsubara	Other Tokyo 23 wards	Setagaya Ward, Tokyo	3,244	September, 2005	5,454.48	6.0	100.0
		NH-02	Trust Garden Yoganomori	Other Tokyo 23 wards	Setagaya Ward, Tokyo	5,390	September, 2005	5,977.75	6.1	100.0
		NH-03	Trust Garden Sakurashinmachi	Other Tokyo 23 wards	Setagaya Ward, Tokyo	2,850	August, 2005	3,700.26	6.0	100.0
		NH-04	Trust Garden Suginami Miyamae	Other Tokyo 23 wards	Suginami Ward, Tokyo	2,760	April, 2005	3,975.99	6.0	100.0
		NH-05	Trust Garden Tokiwamatsu	Six central Tokyo wards	Shibuya Ward, Tokyo	3,030	January, 2016	2,893.82	4.7	100.0
		NH-06	SOMPO Care La vie Re Kita-Kamakura	Others	Kamakura City, Kanagawa	1,780	March, 2009	4,912.60	5.7	100.0
	Sub total for network centers (8 properties)					19,145	-	71,373.66	5.5	100.0
		NW-01	Ikebukuro Network Center	Other Tokyo 23 wards	Toshima Ward, Tokyo	4,570	January, 2001	12,773.04	5.1	100.0
		NW-02	Tabata Network Center	Other Tokyo 23 wards	Kita Ward, Tokyo	1,355	April, 1998	3,832.73	5.7	100.0
		NW-03	Hiroshima Network Center	Others	Hiroshima City, Hiroshima	1,080	October, 2001	5,208.54	6.5	100.0
		NW-04	Atsuta Network Center	Others	Nagoya City, Aichi	1,015	May, 1997	4,943.10	6.0	100.0
		NW-05	Nagano Network Center	Others	Nagano City, Nagano	305	September, 1994	2,211.24	8.2	100.0
		NW-06	Chiba Network Center	Others	Inzai City, Chiba	7,060	June, 1995	23,338.00	5.4	100.0
		NW-07	Sapporo Network Center	Others	Sapporo City, Hokkaido	2,510	January, 2002	9,793.57	5.5	100.0
		NW-08	Keihanna Network Center	Others	Kizugawa City, Kyoto	1,250	May, 2001	9,273.44	5.9	100.0
	Sub total for hotels (2 properties)					16,520	-	9,392.77	3.9	100.0
	HT-01	Sotetsu Fresa Inn Ginza 7-chome	Six central Tokyo wards	Chuo Ward, Tokyo	11,520	August, 2016	6,984.32	3.8	100.0	
	HT-02	Sotetsu Fresa Inn Tokyo-Roppongi	Six central Tokyo wards	Minato Ward, Tokyo	5,000	August, 2017	2,408.45	4.0	100.0	
Total (44 properties)						256,430	-	249,606.06	4.6	99.7

\*1 Figures for individual properties indicate leasable areas according to building leasing agreements or building plans as of the end of the 8th fiscal period (February, 28, 2018).

(Figures for co-owned properties correspond to the owned portion.)

\*2 NOI yield = NOI/acquisition price (NOI based on appraisal value at the end of the 8th fiscal period (February, 28, 2018), rounded to the 1st decimal place).

\*3 Figures are as of the end of the 8th fiscal period (February, 28, 2018).

# 11. Status of Appraisal Values by Property

(Unit: millions of yen)

Name	①	②	③						④
	Acquisition price (*1)	Book value (As of Feb. 28, 2018) (*1)	Appraisal value (Feb. 28, 2018)						Unrealized gains/losses ③-②
			Profit price (Direct capitalization method)	Cap rate (*2)	Profit price (DCF)	Discount rate (*2)	Final cap rate (*2)	Appraisal firm	
<b>Subtotal for Tokyo Commercial Properties (28 properties)</b>	<b>201,711</b>	<b>201,583</b>	<b>233,065</b>	<b>3.7%</b>	<b>230,606</b>	<b>3.5%</b>	<b>3.8%</b>		<b>31,481</b>
<b>Subtotal for office properties (16 properties)</b>	<b>150,192</b>	<b>150,074</b>	<b>171,855</b>	<b>3.6%</b>	<b>170,041</b>	<b>3.3%</b>	<b>3.7%</b>		<b>21,780</b>
OF-01 HULIC Kamiyacho Building	36,750	37,036	42,400	3.5%	41,900	3.3%	3.7%	DAIWA REAL ESTATE APPRAISAL	5,363
OF-02 HULIC Kudan Building (Land)	11,100	11,191	12,500	3.7%	12,400	3.3%	3.8%	Japan Real Estate Institute	1,308
OF-03 Toranomon First Garden	8,623	8,364	11,300	3.4%	11,300	3.1%	3.5%	CBRE	2,935
OF-04 Rapiros Roppongi	6,210	6,759	8,130	3.7%	8,000	3.4%	3.9%	Japan Real Estate Institute	1,370
OF-05 HULIC Takadanobaba Building	3,900	3,828	4,790	4.1%	4,820	3.9%	4.3%	DAIWA REAL ESTATE APPRAISAL	961
OF-06 HULIC Kanda Building	3,780	3,649	3,990	4.2%	3,870	4.0%	4.1%	The Tanizawa Sogo Appraisal	340
OF-07 HULIC Kandabashi Building	2,500	2,509	2,960	3.7%	2,940	3.5%	3.9%	DAIWA REAL ESTATE APPRAISAL	450
OF-08 HULIC Kakigaracho Building	2,210	2,189	2,840	4.2%	2,850	4.3%	4.4%	The Tanizawa Sogo Appraisal	650
OF-09 Ochanomizu Sola City	38,149	37,457	42,315	3.4%	41,881	3.1%	3.5%	Japan Real Estate Institute	4,857
OF-10 HULIC Higashi Ueno 1-Chome Building	2,670	2,659	2,950	4.1%	2,900	3.9%	4.3%	Japan Real Estate Institute	290
OF-12 Tokyo Nishiikebukuro Building	1,580	1,620	1,900	4.3%	1,870	4.1%	4.5%	Japan Real Estate Institute	279
OF-13 Gate City Ohsaki	4,370	4,500	4,490	4.5%	4,460	3.3%	3.8%	Japan Real Estate Institute	△10
OF-14 HULIC Toranomon Building	18,310	18,191	20,800	3.3%	20,600	3.0%	3.4%	Japan Real Estate Institute	2,608
OF-15 HULIC Shibuya 1-Chome Building	5,100	5,118	5,420	3.5%	5,260	3.6%	3.7%	The Tanizawa Sogo Appraisal	301
OF-16 HULIC Higashi Nihonbashi Building	3,480	3,491	3,590	4.2%	3,540	4.3%	4.4%	The Tanizawa Sogo Appraisal	98
OF-17 HULIC Jimbocho Building	1,460	1,506	1,480	4.1%	1,450	3.9%	4.3%	Japan Real Estate Institute	△26
<b>Subtotal for retail properties (12 properties)</b>	<b>51,519</b>	<b>51,509</b>	<b>61,210</b>	<b>4.0%</b>	<b>60,565</b>	<b>3.9%</b>	<b>4.1%</b>		<b>9,700</b>
RE-01 Oimachi Redevelopment Building (#2)	9,456	9,407	12,300	4.1%	12,200	4.2%	4.3%	The Tanizawa Sogo Appraisal	2,892
RE-02 Oimachi Redevelopment Building (#1)	6,166	6,277	7,460	4.3%	7,430	4.4%	4.5%	The Tanizawa Sogo Appraisal	1,182
RE-03 Dining Square Akihabara Building	3,200	3,195	3,840	3.9%	3,770	3.7%	4.1%	Japan Real Estate Institute	644
RE-04 HULIC Jingu-Mae Building	2,660	2,649	3,500	3.7%	3,470	3.5%	3.6%	The Tanizawa Sogo Appraisal	850
RE-05 HULIC Shinjuku 3-Chome Building	5,550	5,559	7,370	3.6%	7,200	3.2%	3.8%	Japan Real Estate Institute	1,810
RE-06 Yokohama Yamashitacho Building	4,850	4,735	5,660	4.4%	5,580	4.2%	4.6%	Japan Real Estate Institute	924
RE-07 Leaf Minatomirai (Land)*3	5,265	5,294	5,830		5,830	4.0%		DAIWA REAL ESTATE APPRAISAL	535
RE-08 Orchid Square	3,502	3,502	3,920	4.0%	3,880	3.4%	3.8%	DAIWA REAL ESTATE APPRAISAL	417
RE-09 HULIC Todoroki Building	1,200	1,206	1,260	4.6%	1,250	4.7%	4.8%	The Tanizawa Sogo Appraisal	53
RE-10 HULIC Omori Building	3,420	3,418	3,590	4.4%	3,590	4.2%	4.5%	CBRE	171
RE-11 HULIC & New SHIBUYA	3,150	3,154	3,290	3.2%	3,215	3.0%	3.4%	Japan Real Estate Institute	135
RE-12 HULIC & New SHINBASHI	3,100	3,108	3,190	3.8%	3,150	3.6%	4.0%	Japan Real Estate Institute	81
<b>Subtotal for Next Generation Assets (16 properties)</b>	<b>54,719</b>	<b>54,801</b>	<b>60,902</b>	<b>4.5%</b>	<b>60,181</b>	<b>4.3%</b>	<b>4.7%</b>		<b>6,100</b>
<b>Subtotal for private nursing homes (6 properties)</b>	<b>19,054</b>	<b>19,139</b>	<b>23,470</b>	<b>4.6%</b>	<b>23,270</b>	<b>4.2%</b>	<b>4.8%</b>		<b>4,330</b>
NH-01 Aria Matsubara	3,244	3,197	4,270	4.4%	4,240	4.0%	4.6%	Japan Real Estate Institute	1,072
NH-02 Trust Garden Yoganomori	5,390	5,374	6,880	4.7%	6,830	4.3%	4.9%	Japan Real Estate Institute	1,505
NH-03 Trust Garden Sakurashinmachi	2,850	2,870	3,670	4.6%	3,640	4.2%	4.8%	Japan Real Estate Institute	799
NH-04 Trust Garden Suginami Miyamae	2,760	2,774	3,550	4.6%	3,530	4.2%	4.8%	Japan Real Estate Institute	775
NH-05 Trust Garden Tokiwamatsu	3,030	3,071	3,300	4.2%	3,250	4.0%	4.4%	Japan Real Estate Institute	228
NH-06 SOMPO Care La vie Re Kita-Kamakura	1,780	1,850	1,800	5.4%	1,780	5.2%	5.6%	Japan Real Estate Institute	△50
<b>Subtotal for network centers (8 properties)</b>	<b>19,145</b>	<b>19,084</b>	<b>20,532</b>	<b>5.1%</b>	<b>20,321</b>	<b>4.9%</b>	<b>5.3%</b>		<b>1,447</b>
NW-01 Ikebukuro Netw ork Center	4,570	4,530	5,230	4.4%	5,160	4.2%	4.6%	Japan Real Estate Institute	699
NW-02 Tabata Netw ork Center	1,355	1,365	1,550	4.9%	1,530	4.7%	5.1%	Japan Real Estate Institute	184
NW-03 Hiroshima Netw ork Center	1,080	1,053	1,210	5.7%	1,200	5.5%	5.9%	Japan Real Estate Institute	156
NW-04 Atsuta Netw ork Center	1,015	995	1,100	5.4%	1,090	5.2%	5.6%	Japan Real Estate Institute	104
NW-05 Nagano Netw ork Center	305	308	342	6.9%	341	6.7%	7.1%	Japan Real Estate Institute	33
NW-06 Chiba Netw ork Center	7,060	7,068	7,180	5.2%	7,120	5.0%	5.4%	Japan Real Estate Institute	111
NW-07 Sapporo Netw ork Center	2,510	2,550	2,600	5.2%	2,570	5.0%	5.4%	Japan Real Estate Institute	49
NW-08 Keihanna Netw ork Center	1,250	1,213	1,320	5.5%	1,310	5.3%	5.7%	Japan Real Estate Institute	106
<b>Subtotal for hotels (2 properties)</b>	<b>16,520</b>	<b>16,578</b>	<b>16,900</b>	<b>3.8%</b>	<b>16,590</b>	<b>3.6%</b>	<b>4.0%</b>		<b>321</b>
HT-01 Sotetsu Fresa Inn Ginza 7-chome	11,520	11,566	11,800	3.7%	11,600	3.5%	3.9%	Japan Real Estate Institute	233
HT-02 Sotetsu Fresa Inn Tokyo-Roppongi	5,000	5,011	5,100	3.9%	4,990	3.7%	4.1%	Japan Real Estate Institute	88
<b>Total (44 properties)</b>	<b>256,430</b>	<b>256,385</b>	<b>293,967</b>	<b>3.8%</b>	<b>290,787</b>	<b>3.6%</b>	<b>4.0%</b>		<b>37,581</b>

\*1 Acquisition prices are rounded to the nearest million yen. Book values of less than ¥1 million are truncated.

\*2 Subtotals and totals of respective yields are stated as the weighted averages of yields of each property based on appraisal values. (The same applies on the remaining slides.)

\*3 The direct capitalization method is not applied in the appraisal value of RE-07, nor is the final cap rate employed in the DCF method. But for the sake of comparison, profit price and each cap rate subtotal and total in the direct capitalization method are substituted with profit price and the discount rate in the DCF method for calculations. (The same applies on the remaining slides.)



# 12. List of Appraisal Values by Property (Compared with 7th Fiscal Period)

								(Unit: millions of yen)
Name	Appraisal value			Cap rate (direct capitalization method)			Appraisal firm	
	① End of 7th Fiscal Period Aug. 31, 2017	② End of 8th Fiscal Period Feb. 28, 2018	③ Change ②－①	④ End of 7th Fiscal Period Aug. 31, 2017	⑤ End of 8th Fiscal Period Feb. 28, 2018	⑥ Change ⑤－④		
Subtotal for Tokyo Commercial Properties (28 properties)								
Subtotal for office properties (16 properties)								
OF-01	Hulic Kamiyacho Building	42,400	42,400	+0	3.5%	3.5%	+0.0%	DAIWA REAL ESTATE APPRAISAL
OF-02	Hulic Kudan Building (Land)	12,500	12,500	+0	3.7%	3.7%	+0.0%	Japan Real Estate Institute
OF-03	Toranomon First Garden	11,000	11,300	+300	3.5%	3.4%	Δ0.1%	CBRE
OF-04	Rapiros Roppongi	8,070	8,130	+60	3.7%	3.7%	+0.0%	Japan Real Estate Institute
OF-05	Hulic Takadanobaba Building	4,750	4,790	+40	4.1%	4.1%	+0.0%	DAIWA REAL ESTATE APPRAISAL
OF-06	Hulic Kanda Building	4,010	3,990	(20)	3.9%	3.9%	+0.0%	The Tanizawa Sogo Appraisal
OF-07	Hulic Kandabashi Building	2,890	2,960	+70	3.7%	3.7%	+0.0%	DAIWA REAL ESTATE APPRAISAL
OF-08	Hulic Kakigaracho Building	2,850	2,840	(10)	4.2%	4.2%	+0.0%	The Tanizawa Sogo Appraisal
OF-09	Ochanomizu Sola City	42,315	42,315	+0	3.4%	3.4%	+0.0%	Japan Real Estate Institute
OF-10	Hulic Higashi Ueno 1-Chome Building	2,940	2,950	+10	4.1%	4.1%	+0.0%	Japan Real Estate Institute
OF-12	Tokyo Nishiikebukuro Building	1,890	1,900	+10	4.3%	4.3%	+0.0%	Japan Real Estate Institute
OF-13	Gate City Ohsaki	4,490	4,490	+0	3.7%	3.7%	+0.0%	Japan Real Estate Institute
OF-14	Hulic Toranomon Building	20,800	20,800	+0	3.3%	3.3%	+0.0%	Japan Real Estate Institute
OF-15	Hulic Shibuya a 1-Chome Building	5,310	5,420	+110	3.5%	3.5%	+0.0%	The Tanizawa Sogo Appraisal
OF-16	Hulic Higashi Nihonbashi Building	3,590	3,590	+0	4.2%	4.2%	+0.0%	The Tanizawa Sogo Appraisal
OF-17	Hulic Jimbocho Building	1,480	1,480	+0	4.1%	4.1%	+0.0%	Japan Real Estate Institute
Subtotal for retail properties (12 properties)								
RE-01	Oimachi Redevelopment Building (#2)	12,200	12,300	+100	4.1%	4.1%	+0.0%	The Tanizawa Sogo Appraisal
RE-02	Oimachi Redevelopment Building (#1)	7,460	7,460	+0	4.3%	4.3%	+0.0%	The Tanizawa Sogo Appraisal
RE-03	Dining Square Akihabara Building	3,750	3,840	+90	4.0%	3.9%	Δ0.1%	Japan Real Estate Institute
RE-04	Hulic Jingu-Mae Building	3,500	3,500	+0	3.4%	3.4%	+0.0%	The Tanizawa Sogo Appraisal
RE-05	Hulic Shinjuku 3-Chome Building	6,180	7,370	+1,190	3.6%	3.6%	+0.0%	Japan Real Estate Institute
RE-06	Yokohama Yamashitacho Building	5,560	5,660	+100	4.5%	4.4%	Δ0.1%	Japan Real Estate Institute
RE-07	Leaf Minatomirai (Land) (*2)	5,895	5,830	(65)				DAIWA REAL ESTATE APPRAISAL
RE-08	Orchid Square	3,920	3,920	+0	3.6%	3.6%	+0.0%	DAIWA REAL ESTATE APPRAISAL
RE-09	Hulic Todoroki Building	1,260	1,260	+0	4.6%	4.6%	+0.0%	The Tanizawa Sogo Appraisal
RE-10	Hulic Omori Building	3,530	3,590	+60	4.5%	4.4%	Δ0.1%	CBRE
RE-11	HULIC &New SHIBUYA	3,190	3,290	+100	3.3%	3.2%	Δ0.1%	Japan Real Estate Institute
RE-12	HULIC &New SHINBASHI (*1)	3,150	3,190	+40	3.8%	3.8%	+0.0%	Japan Real Estate Institute
Subtotal for Next Generation Assets (16 properties)								
Subtotal for private nursing homes (6 properties)								
NH-01	Aria Matsubara	4,280	4,270	Δ10	4.4%	4.4%	+0.0%	Japan Real Estate Institute
NH-02	Trust Garden Yoganomori	6,790	6,880	+90	4.7%	4.7%	+0.0%	Japan Real Estate Institute
NH-03	Trust Garden Sakurashinmachi	3,610	3,670	+60	4.6%	4.6%	+0.0%	Japan Real Estate Institute
NH-04	Trust Garden Suginami Miyamae	3,490	3,550	+60	4.6%	4.6%	+0.0%	Japan Real Estate Institute
NH-05	Trust Garden Tokiwamatsu	3,300	3,300	+0	4.2%	4.2%	+0.0%	Japan Real Estate Institute
NH-06	SOMPO Care La vie Re	1,800	1,800	+0	5.4%	5.4%	+0.0%	Japan Real Estate Institute
Subtotal for network centers (8 properties)								
NW-01	Ikebukuro Network Center	5,240	5,230	(10)	4.4%	4.4%	+0.0%	Japan Real Estate Institute
NW-02	Tabata Network Center	1,560	1,550	(10)	4.9%	4.9%	+0.0%	Japan Real Estate Institute
NW-03	Hiroshima Network Center	1,220	1,210	(10)	5.7%	5.7%	+0.0%	Japan Real Estate Institute
NW-04	Atsuta Network Center	1,100	1,100	+0	5.4%	5.4%	+0.0%	Japan Real Estate Institute
NW-05	Nagano Network Center	368	342	(26)	6.9%	6.9%	+0.0%	Japan Real Estate Institute
NW-06	Chiba Network Center	7,190	7,180	(10)	5.2%	5.2%	+0.0%	Japan Real Estate Institute
NW-07	Sapporo Network Center	2,600	2,600	+0	5.2%	5.2%	+0.0%	Japan Real Estate Institute
NW-08	Keihanna Network Center	1,320	1,320	+0	5.5%	5.5%	+0.0%	Japan Real Estate Institute
Subtotal for hotels (2 properties)								
HT-01	Sotetsu Fresa Inn Ginza 7-chome (*1)	11,750	11,800	+50	3.7%	3.7%	+0.0%	Japan Real Estate Institute
HT-02	Sotetsu Fresa Inn Tokyo-Roppongi (*1)	5,050	5,100	+50	3.9%	3.9%	+0.0%	Japan Real Estate Institute
Total (44 properties)								
		291,548	293,967	+2,419	3.8%	3.8%	+0.0%	

\*1 Regarding assets acquired in the 8th fiscal period (February 2018), figures noted in the column under "August 31, 2017" are as of the time of acquisition, and are used in various calculations. Moreover, with respect to HT-01, which was subject to additional acquisition, the appraisal value is the total of the appraised amount of the holdings current as of the end of the 7th fiscal period (August 31, 2017), and the appraised amount of the holdings additionally acquired as of the time of acquisition. Meanwhile, the cap rate is the average of the appraisal values weighted in terms of yields upon respective appraisals.

\*2 For the sake of comparison, the appraisal value at the end of the 7th fiscal period (August 31, 2017) with respect to RE-07, which was subject to partial transfer in the 8th fiscal period (February 2018), has been stated exclusive of the portion transferred.

## Key financial indicators

	End of 6th fiscal period (Feb. 28, 2017)	End of 7th fiscal period (Aug. 31, 2017)	End of 8th fiscal period (Feb. 28, 2018)
Total interest-bearing debt *1	¥97.4 billion	¥115.8 billion	¥115.8 billion
Fixed-interest debt ratio *2 (includes interest rates fixed by swap transaction)	95.9%	96.6%	96.6%
Average interest rate *2	0.70%	0.69%	0.69%
Average interest rate *2 (including upfront fee)	0.84%	0.83%	0.84%

## Investment corporation bonds issued

	1st unsecured investment corporation bonds	2nd unsecured investment corporation bonds	3rd unsecured investment corporation bonds
Issue amount	¥2 billion	¥2 billion	¥1 billion
Date of issue	Aug. 31, 2015	Dec. 13, 2016	Dec. 13, 2016
Issued period	10 years	3 years	10 years
Interest rate	0.95%	0.04%	0.49%

## Status of commitment line

Financial institution	Set amount	Term
Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd.	¥10 billion	February 7, 2019

## Lender information \*3

Borrower	Balance (billions of yen)*1	Share *4
Mizuho Bank, Ltd.	32.4	29.3%
Sumitomo Mitsui Banking Corporation	23.9	21.6%
MUFG Bank, Ltd.	13.4	12.1%
Mizuho Trust & Banking Co., Ltd.	10.5	9.5%
Development Bank of Japan Inc.	7.9	7.2%
Sumitomo Mitsui Trust Bank, Limited	7.9	7.2%
The Norinchukin Bank	7.9	7.2%
Resona Bank, Limited	2.4	2.2%
Shinkin Central Bank	0.9	0.8%
Aozora Bank, Ltd.	0.9	0.8%
Shinsei Bank, Limited	0.9	0.8%
Meiji Yasuda Life Insurance Company	0.7	0.7%
Nippon Life Insurance Company	0.7	0.7%
Total	110.8	100.0%

## Ratings

Long-term issuer rating (ratings outlook) of  
**AA- (stable)**  
 assigned by Japan Credit Rating Agency (JCR)

\*1 All figures have been rounded down to the nearest hundred million yen.

\*2 Figures for the fixed-interest debt ratio is rounded to the 1st decimal place. Figures for average interest rates are rounded to the 2nd decimal place.

\*3 Figures are as of the end of the 8th fiscal period (February 28, 2018).

\*4 Ratios for the borrowings balance (total amount) are rounded to the 1st decimal place.

## Number of investment units held by unitholder type\*1 \*2

	End of 7th Fiscal Period (Aug. 31, 2017)		End of 8th Fiscal Period (Feb. 28, 2018)		Change	
	No. of Units	Ratio (%)	No. of Units	Ratio (%)	No. of Units	Ratio (%)
Individuals	52,561	5.0	61,929	5.6	9,368	0.6
Financial institutions	599,850	57.4	652,868	58.8	53,018	1.4
Major banks	0	0.0	0	0.0	0	0.0
Regional banks	46,048	4.4	68,508	6.2	22,460	1.8
Trust banks	516,020	49.4	533,020	48.0	17,000	-1.4
Life insurers	11,610	1.1	13,986	1.3	2,376	0.2
Non-life insurers	0	0.0	0	0.0	0	0.0
Shinkin banks	17,929	1.7	24,647	2.2	6,718	0.5
Others	8,243	0.8	12,707	1.1	4,464	0.3
Other domestic corporations	140,993	13.5	151,947	13.7	10,954	0.2
Foreign investors	237,338	22.7	228,617	20.6	-8,721	-2.1
Securities companies	14,258	1.4	14,639	1.3	381	-0.1
Total	1,045,000	100.0	1,110,000	100.0	65,000	-

## Number of unitholders by type\*1 \*2

	End of 7th Fiscal Period (Aug. 31, 2017)		End of 8th Fiscal Period (Feb. 28, 2018)		Change	
	No. of Units	Ratio (%)	No. of Units	Ratio (%)	No. of Units	Ratio (%)
Individuals	6,737	93.1	7,919	93.6	1,182	0.5
Financial institutions	109	1.5	126	1.5	17	0.0
Major banks	0	0.0	0	0.0	0	0.0
Regional banks	27	0.4	33	0.4	6	0.0
Trust banks	15	0.2	14	0.2	-1	0.0
Life insurers	6	0.1	6	0.1	0	0.0
Non-life insurers	0	0.0	0	0.0	0	0.0
Shinkin banks	36	0.5	43	0.5	7	0.0
Others	25	0.3	30	0.4	5	0.1
Other domestic corporations	201	2.8	221	2.6	20	-0.2
Foreign investors	173	2.4	175	2.1	2	-0.3
Securities companies	18	0.2	19	0.2	1	0.0
Total	7,238	100.0	8,460	100.0	1,222	-

## Top unitholders as of the end of the 8th fiscal period (February 28, 2018)\*2

	Name	Number of units held (No. of Units)	Ratio of total units*3 (%)
1	Japan Trustee Services Bank, Ltd. (Trust account)	267,332	24.08
2	The Master Trust Bank of Japan, Ltd. (Trust account)	147,567	13.29
3	Hulic Co., Ltd.	126,620	11.40
4	NOMURA BANK (LUXEMBOURG) S.A.	49,184	4.43
5	Trust & Custody Services Bank, Ltd. (Securities investment trust account)	46,508	4.18
6	The Nomura Trust and Banking Co., Ltd. (Investment accounts)	45,336	4.08
7	STATE STREET BANK AND TRUST COMPANY 505012	16,508	1.48
8	THE BANK OF NEW YORK MELLON SA/NV 10	14,445	1.30
9	STATE STREET BANK WEST CLIENT - TREATY 505234	12,483	1.12
10	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	11,472	1.03
	Total	737,455	66.43

\*1 Ratios are rounded to the 1st decimal place.

\*2 Data is based on the unitholder registry as of the end of the 7th fiscal period (August 31, 2017) and the end of the 8th fiscal period (February 28, 2018).

\*3 Ratio are truncated after 2 decimal places.

## Hulic Reit's basic missions

### 1. Maximizing unitholder value in the medium to long term

- Make a contribution that benefits all stakeholders
- Maintain and increase income over the medium to long term
- Achieve growth in the size and value of our managed assets

### 2. Sharing the corporate philosophy of our sponsor

- In common with our sponsor, Hulic Co., Ltd., we subscribe to a corporate philosophy that calls for the following: "Total commitment to our customers and the community. Creating productive environments. Creating amenity. Promoting peace of mind."

In pursuit of our two basic missions,  
invest in Tokyo Commercial Properties and Next-Generation Assets

## Hulic Reit's portfolio composition policy

### Tokyo Commercial Properties

Office

Retail property



- Hulic Reit focuses on Tokyo Commercial Properties for which its sponsor Hulic offers extensive expertise and experience
- Allocate **about 80% to 90%** of the entire portfolio to investments such as offices and retail properties
- Top priority given to location selection

### Next-Generation Assets

Private nursing home

Network center

Hotel

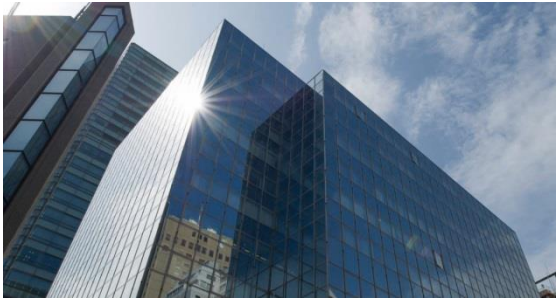


- Invest in rental properties for which Hulic Reit expects strong future demand given increasing needs in society
- Allocate **about 10% to 20%** of the entire portfolio to investments such as private nursing homes, network centers, and hotels
- Only facilities with a single tenant on long-term lease agreement in principle
- Carefully evaluate the tenant's business, finances, and operational capabilities

## Rigorous focus on location: superior nature of “great location”

### TOKYO OFFICE PROPERTIES

- (1) Tokyo 23 wards
- (2) Less than 5-minute walk from nearest station (in principle)



### TOKYO RETAIL PROPERTIES

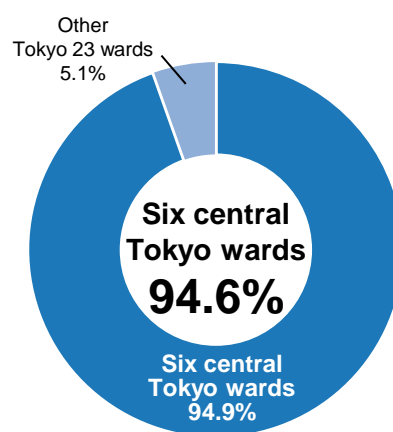
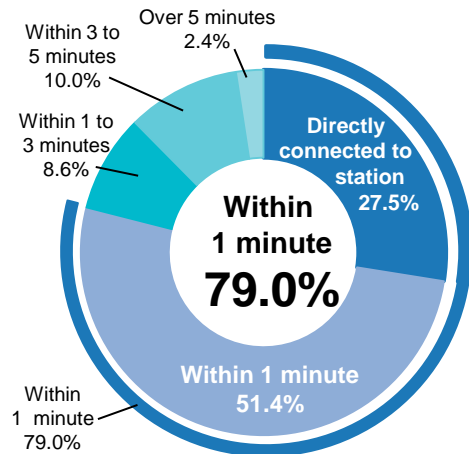
- (1) Tokyo and major cities in Tokyo's suburbs
- (2) Less than 5-minute walk from nearest station or located in area with high retail concentration (in principle)



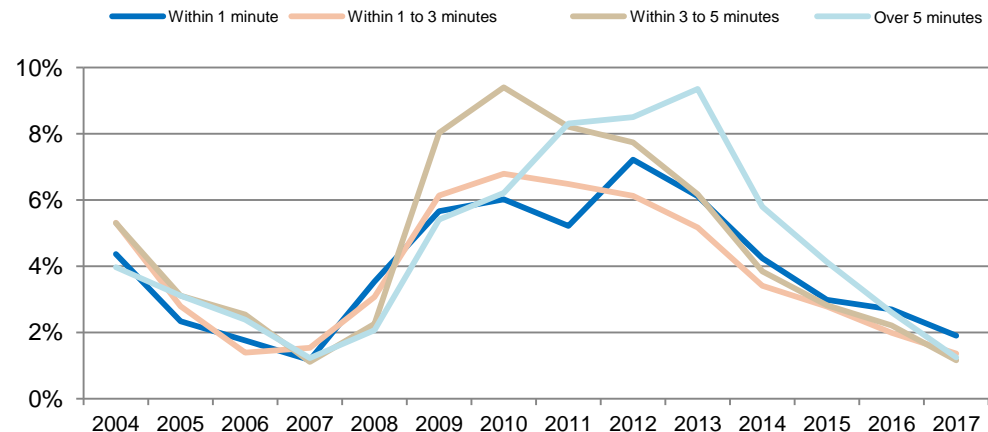
### Portfolio (Office)

By walking distance from nearest train station\*1

By area\*1



### Vacancy rate by distance from station (Tokyo 23 wards)\*2



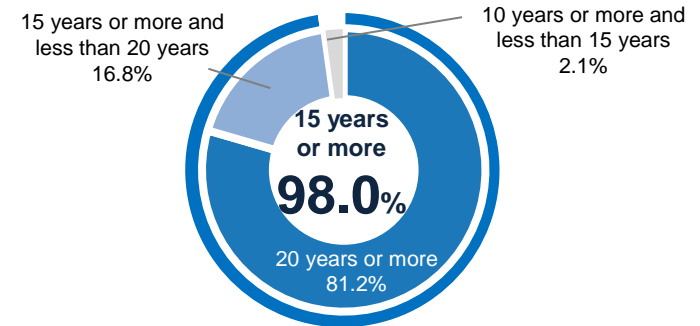
\*1 Proportions shown in the respective graphs have been calculated based on acquisition prices of assets held by HULIC REIT as of the date of the earnings announcement (April 12, 2018).

\*2 Source: “Base Market Survey Confirming Advantage of the Tokyo Office Market” conducted by CBRE, Inc. (survey conducted in February, 2017)

## Investments in Next-Generation Assets

- Invest in assets for which strong future demand is expected given increasing needs in society
- Only facilities with a single tenant on long-term lease agreement
- Carefully evaluate operational capabilities of tenant, in addition to due diligence on the tenant's business and finances

### By Term of Lease<sup>\*1</sup>

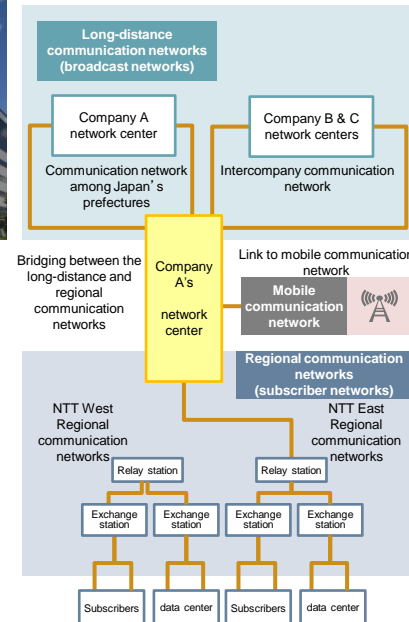


### Private nursing homes



- Private nursing homes with lease usage rights that provide services mainly to seniors in need of nursing care
- Initial lease term of at least 20 years per the guidelines of the MHLW<sup>\*2</sup>
- Invest in assets with high assumed monthly usage fee<sup>\*3</sup> to avoid risk of change in nursing care insurance payout

### Network centers

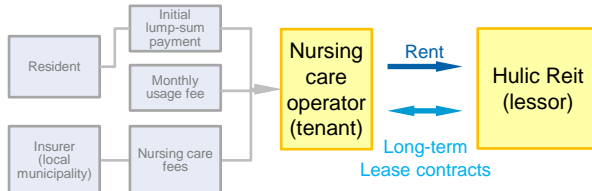


### Hotels



- Facilities where tourism and business demand are expected due to good transportation access or proximity to major domestic tourist attractions
- Investments where further demand growth is expected from rising inbound tourist numbers, in addition to stable tourism and business demand supported by the 2020 Tokyo Olympics and government tourism policies
- We will devote resources to hotels as part of tourism that is one of three industries (seniors, tourism, and environment) targeted by sponsor Hulic, where our knowhow and experience accumulated in tenant management can be put to good use.

### (Reference) Structure of Private Nursing Home Cash Flow



- Relay station connected to telecom network owned by tenant group
- A facility that acts as a node for the network centers of each telecom operator
- Leased by the SoftBank Group

<sup>\*1</sup> Ratio based on acquisition price in the scheduled portfolio as of end of the 8th fiscal period (February 28, 2018).

<sup>\*2</sup> Ministry of Health, Labour and Welfare "Guidelines for the Implementation of Private Nursing Home Facility Operation Standards"

<sup>\*3</sup> Refers to the monthly usage fee + the initial lump-sum payment divided by 60 months (assumed lease term). This is a simplified version of the burden the resident feels. In some cases, initial lump-sum payments do not exist.



## Reconstruction/development\*1 \*2

### Results

Principal use	Classification	Year of completion	Property name	Principal use	Classification	Year of completion	Property name
Office	Reconstruction	2009	Hulic Hachioji Building	Pay nursing homes	Reconstruction	2005	<b>Aria Matsubara</b> <span>Acquired</span>
		2010	Hulic Ryogoku Building			2010	Iris Garden Kita Urawa
			<b>Toranomon First Garden</b> <span>Acquired</span>			2011	Granda Omori Sannou
			Hulic Kojimachi Building			2012	Aristage Kyodo
		2011	Hulic Ginza Sukiyabashi Building			2013	Sunny Life Funabashi
			Hulic Ogikubo Building				Granda Gakugeidaigaku
		2012	Hulic Komagome Building				Aria Yoyogiuehara
			Hulic Head Office Building				Hospitalment Musashino
		2014	Hulic Shinjuku Building			2014	Charm Suite Shakujii-park
		2015	Hulic Asakusabashi Edo-dori				Sunny Life Tokyo Shinjuku
		2017	Hulic Kamata Building			2015	Charm Suite Shinjuku Toyama
	Development	2013	Hulic Asakusabashi Building		Development	2016	Hospitalment Itabashi Tokiwadai
		2013	<b>Ochanomizu Sola City</b> <span>Acquired</span>			2017	Hulic Chofu
		2015	Nagatacho Hokkaido Square	Hospital	Development	2009	<b>SOMPO Care La vie Re Kita-Kamakura</b> <span>Acquired</span>
Retail properties	Reconstruction	2009	Sendai First Tower (commercial wing, atrium)			2016	<b>Trust Garden Tokiwamatsu</b> <span>Acquired</span>
		2010	Kisarazu Home Center			2017	Hulic Fukasawa
		2012	Hulic Shibuya No.2 Building			2015	Shin-Sapporo Houwa Hospital
		2015	Gracia Chofu				
	Development		Hulic Shimura-sakaue				
		2017	<b>Hulic Omori Building</b> <span>Acquired</span>				
			<b>HULIC &amp;New SHIBUYA</b> <span>Acquired</span>				
			<b>HULIC &amp;New SHINBASHI</b> <span>Acquired</span>				
			Kyoto Shijo Takakura Central Building (co-owned)				
			Hulic Shibuya Koen-dori Building				
Hotels	Reconstruction	2012	Hulic Kaminarimon Building				
	Development	2016	<b>Sotetsu Fresa Inn Ginza 7-Chome</b> <span>Acquired</span>				
		2017	<b>Sotetsu Fresa Inn Tokyo-Roppongi</b> <span>Acquired</span>				

\*1 Hulic Reit has no plans to acquire any of the properties indicated above indicated above (except those that have already been acquired) as of the date this document was prepared.

\*2 Excluding cases where the main use is only residential.



## Reconstruction/development\*1 \*2

### Plan

Principal use	Classification	Completion of construction scheduled	Property name
Office	Reconstruction	2018	Fuchu Project
		2019	Oji Project
	Development	2018	Nihonbashi 2-Chome Redevelopment Project (partial ownership)
Office / Retail properties	Development	2019	Soto-Kanda 4-Chome Development Project
Office / rental condominium	Reconstruction	2018	Itabashi Project
Retail property	Development	2018	Kichijoji Minamicho 1-Chome Development Project
		2019	Udagawacho 32 Development Project
		2020	Tokyo Metro Roppongi 7-Chome Project Project
		2021	Shinjuku 3-17 Development Project
Retail property / Hotel	Development	2018	Ginza 6-Chome Development Project
		2020	Hulic Yurakucho 2-Chome Development Project
Retail property / rental condominium	Reconstruction	2018	Rissei Elementary School Former Site Development Project (PPP)
		2020	Ryogoku River Center Development Project (PPP)
Hotels	Development	2018	Mejiro Project
Ryokan	Development	2018	Kandasurugadai Project
		2018	Narimasu Project
		2018	Tsukiji 3-Chome Development Project
		2018	Kawaguchiko Fufu Development Project
		2019	Nara Fufu Development Project (PPP)
			Kyoto Nanzenji Project
			Nikko Fufu Development Project
		2020	Hakone Gora Fufu Development Project

Principal use	Classification	Completion of construction scheduled	Property name
Pay nursing homes	Development	2018	Tamagawa Denenchohu Development Project
			Inamuragasaki Development Project
			Kamishakujii Development Project
		2019	Yokohama Yamatecho Development Project
			Bunkyo Yayoi Development Project
			Ogikubo Development Project
		2020	Minami-Azabu Development Project
Ossuary	Development	2018	Ichigyo-in Development Project

\*1 Hulic Reit has no plans to acquire any the properties indicated above (except those that have already been acquired) as of the date this document was prepared.

\*2 Excluding cases where the main use is only residential.

## New investments<sup>\*1 \*2</sup>

### Achievements (since 2012)

Principal use	Year acquired	Property name
Office	2012	<b>Hulic Ginza 7-Chome Building</b> <span>Acquired</span>
	2013	<b>Rapiros Roppongi</b> <span>Acquired</span>
		<b>Hulic Kamiyacho Building</b> <span>Acquired</span>
	2015	Hulic Ginza 1-Chome Building
		3 office properties in Hatchobori area
		Hulic Ginza Wall Building
		Daiwa Yoyogi No.2 Building
		Primegate Iidabashi
		Vingt-sept Building
		<b>Hulic Shibuya 1-Chome Building</b> <span>Acquired</span>
		Hulic Toyosu Prime Square and other 8 properties
		Fuji Building 28
	2016	Yamato Haneda Building
		Hulic Shinkawasaki Building
		Hulic Ginza 3-Chome Building
		Hulic Shibuya Miyashitakoen Building
		Ginza a Building
		Hulic Naka-Okachimachi Building
	2017	Hulic Koishikawa Building
		Hulic Shiba 4-Chome Building
		Hulic Minami Aoyama Building
		Hulic Gobancho Building
		Kanda Misakicho Building
		Hulic Roppongi 2-Chome Building
		Hulic Shinsaibashi Building
		TOC Minatomirai (Land)
		Shinsaibashi Plaza Building (3 Buildings)
		Shinsaibashi Fuji Building
		Hulic Kyobashi East Building
		DSB Group Shiomi Building

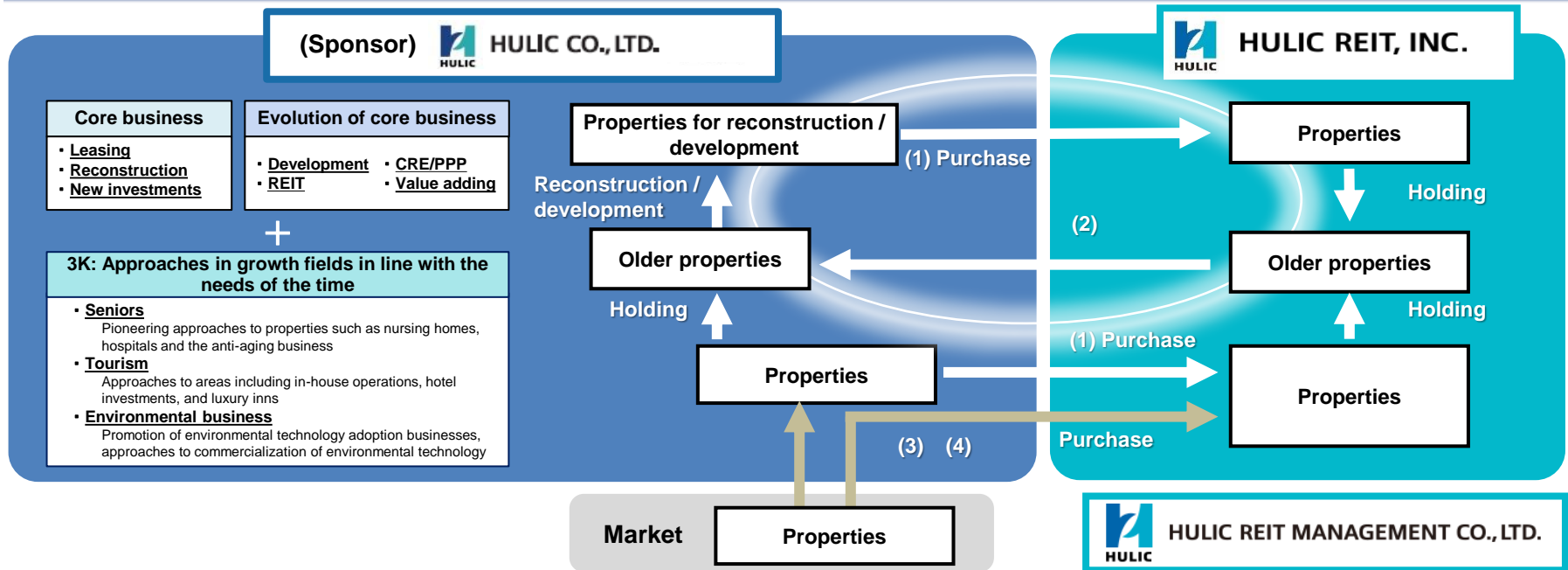
Principal use	Year acquired	Property name
Retail properties	2013	<b>Hulic Shinjuku 3-Chome Building</b> <span>Acquired</span>
		Victoria Wardrobe Jimbocho
		<b>Hulic Jingu-Mae Building</b> <span>Acquired</span>
		Hulic Shibuya Udagawacho Building
	2014	Tsurumi Fuga 1
		<b>Yokohama Yamashitacho Building</b> <span>Acquired</span>
		<b>Orchid Square</b> <span>Acquired</span>
	2015	G10
		Tokyu Hands Ikebukuro
		Ikebukuro GIGO
		Udagawacho Sigma No. 5 Building
		WINS Asakusa Building
		Asakusa Park Hall Building
		Hulic Asakusa 1-Chome
	2016	Hulic Jingumae 5-Chome Building
		Bleu Cinq Point (a portion)
	2017	Hulic Ginza 1-Chome Gas Light Street
		Round One 9 properties

Principal use	Year acquired	Property name
Pay nursing homes	2012	<b>Trust Garden Yoganomori</b> <span>Acquired</span>
		<b>Trust Garden Sakurashinmachi</b> <span>Acquired</span>
		<b>Trust Garden Sugunami Miyamae</b> <span>Acquired</span>
	2013	Esperal Joto
	2014	Toyosu Senior Residence
	2015	Charm Suite Nishinomiyahama
		Lien Reve Yakumo
	2016	Asakusa Carepark Soyokaze
		Life Commune Hayama
	2017	Medical Home Granda Okamoto
Network center	2012	<b>Ikebukuro Network Center</b> <span>Acquired</span>
		<b>Tabata Network Center</b> <span>Acquired</span>
		<b>Hiroshima Network Center</b> <span>Acquired</span>
		<b>Atsuta Network Center</b> <span>Acquired</span>
		<b>Nagano Network Center</b> <span>Acquired</span>
	2013	<b>Chiba Network Center</b> <span>Acquired</span>
		<b>Sapporo Network Center</b> <span>Acquired</span>
	2014	<b>Keihanna Network Center</b> <span>Acquired</span>
Hotels	2014	Hulic Ginza 2-Chome Building
		Tokyo Bay Maihama Hotel Club Resort
	2015	Tokyo Bay Maihama Hotel
		Southern Beach Hotel & Resort Okinawa
	2016	Grand Nikko Tokyo Daiba (Land)
		Hayama SCAPES THE SUITE
Ryokan	2015	Hakone Suishoen
		Atami Fufu
	2016	ATAMI KAIHOUROU
Warehouse	2016	Hulic Kazo Distribution Center

\*1 Hulic Reit has no plans to acquire any the properties indicated above (except those that have already been acquired) as of the date this document was prepared.

\*2 Excluding cases where the main use is only residential.

## Main support received from sponsor - asset circulation model -



### Diagram ①: Preferential negotiation rights

... The sponsor provides information to the asset manager whenever properties are sold by the sponsor's group and the asset manager has preferential negotiation rights over other third parties.

### Diagram ② : Re-development support

... The asset manager requests review/proposals for the sponsor's re-development plans before making requests to third parties. If the sponsor accepts the redevelopment project, the asset manager has preferential negotiation rights for the redeveloped property.

### Diagram ③ : Provision of warehousing function

... The asset manager has the right to ask the sponsor to take on temporary ownership (warehousing) of relevant real estate property or other assets with the understanding that the asset will subsequently be transferred to Hulic Reit.

### Diagram ④: Provision of sales information on properties owned by third parties

... The sponsor can provide information regarding the property immediately to the asset manager as long as prior approval is obtained from the owner and other stakeholders as a general rule.

## Acquisition of Green Star in the GRESB Real Estate Assessment

In recognition of its strong efforts toward both management/policy and implementation/measurement in initiatives related to environmental considerations and sustainability, Hulic Reit received a Green Star in the GRESB Real Estate Assessment conducted in 2017, as well as 4 stars in the GRESB Rating, which is the second-highest level.



## Inclusion in the MSCI Japan ESG Select Leaders Index

Hulic Reit's units were included in MSCI Japan ESG Select Leaders Index, provided by MSCI, in July 2017. This index is composed of companies selected from the MSCI Japan IMI Top 500 Index for having outstanding ESG performance. This index has been selected as the ESG index used by the Government Pension Investment Fund (GPIF) for its passive investments.



2017 Constituent  
MSCI Japan ESG  
Select Leaders Index

## Environmental Initiatives ~DBJ Green Building certification~

Hulic Reit acquired certification for real estate that is environmentally and socially friendly (DBJ Green Building certification) for the following properties.

Ochanomizu  
Sola City



2017 

Hulic  
Toranomon  
Building



2017 

Toranomon  
First Garden



2016 

Oimachi  
Redevelopment  
Building (#1)



2016 

Oimachi  
Redevelopment  
Building (#2)

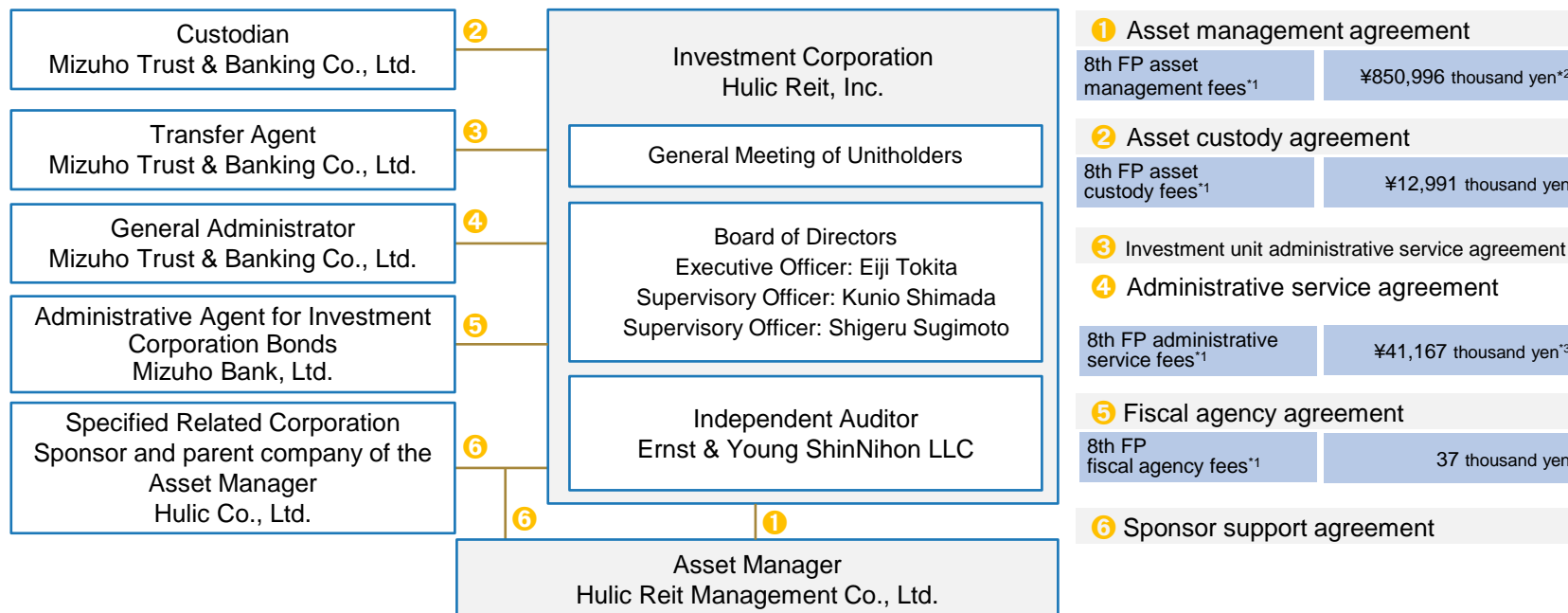


2016 



DBJ Green Building

## Structure



## Overview of asset manager

Name	Hulic Reit Management Co., Ltd.
Capital	¥200 million
Shareholder	Hulic Co., Ltd. (100%)
President and CEO	Eiji Tokita
Registrations, licenses, etc.	Real Estate Brokerage Business License: Governor of Tokyo (1) Registration No. 95294 Trading Agency Etc. License: Minister of Land, Infrastructure and Transport License No. 76 Financial Instruments Business Registration: Director of the Kanto Local Finance Bureau, No. 2734

\*1 Figures less than ¥1 thousand are truncated.

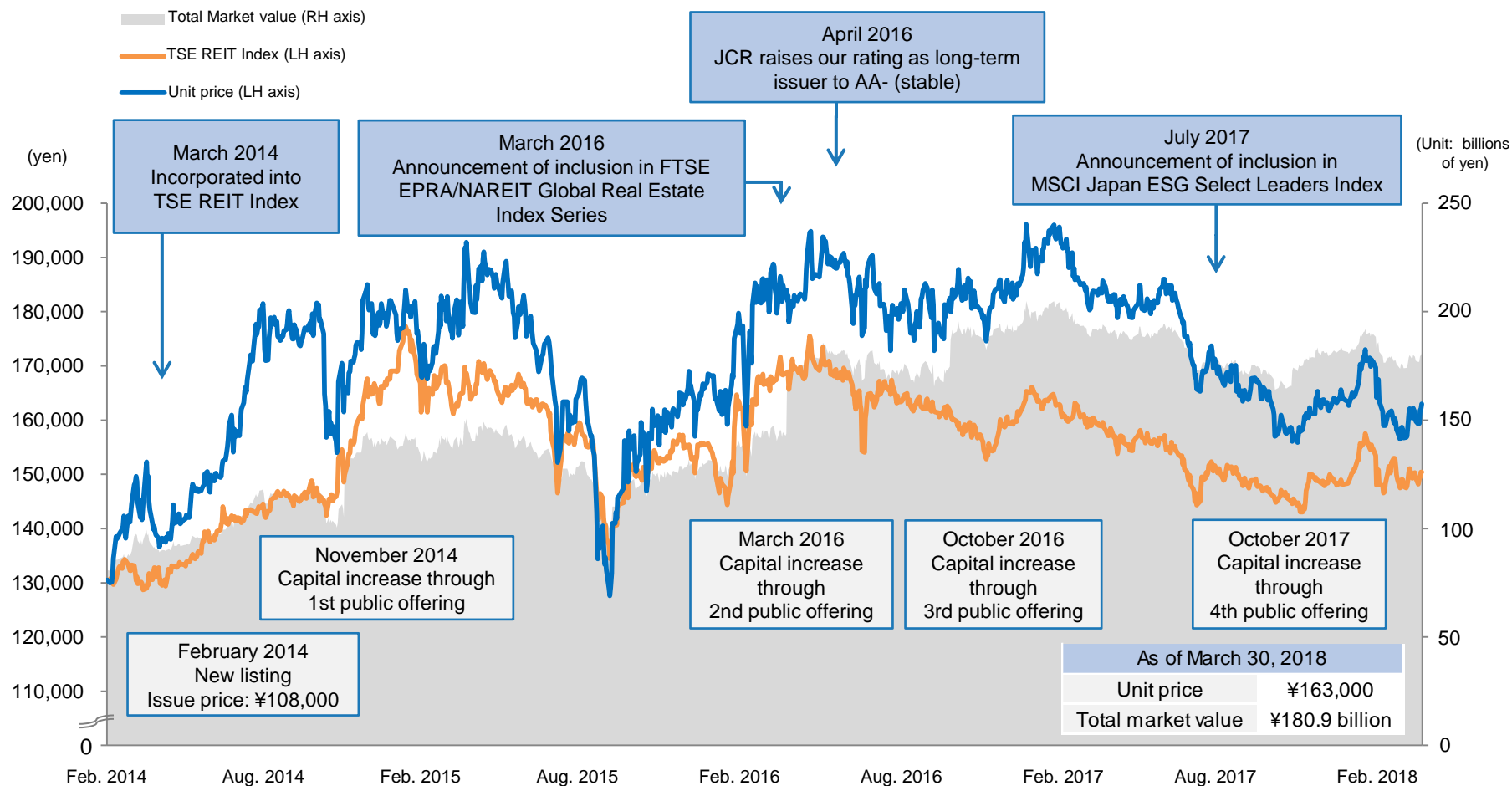
\*2 In addition to the amount stated, the asset management fees also include fees associated with property acquisition factored into the book values of the individual properties (¥38,125 thousand), and fees associated with property transfer in relation to the occurrence of gains on sales of real estate properties with respect to the individual properties (¥29,162 thousand).

\*3 The figure stated is the sum total of fees incurred on the basis of transfer agency agreements and fees incurred on the basis of general administration agreements relating to institutional operations.

## Price since listing

- Implementation of past 4 public offerings (expansion of total market value)
- Expansion of investors through inclusion in global indices (improvement in liquidity)
- Improved creditability as credit rating was increased to AA-

We aim to further increase total market value and improve liquidity



\*1 Source: Prepared by the asset management company, based on publicly disclosed information.

\*2 Index is based on the assumption that Hulic Reit's closing value is the same as its closing value on February 7, 2014, the day that Hulic Reit was listed in the TSE REIT Index.



## Cautionary Statement

This presentation contains forward-looking statements including the forecasts, outlook, targets and plans of Hulic Reit, Inc. (hereinafter referred to as “HLC”). These forward-looking statements are the views and opinions of HLC and its asset management company based on information available at the time this presentation was prepared and contain certain subjective assumptions, and they are subject to the impact of existing or unknown risks or uncertain factors that may influence future performance. Accordingly, these statements do not guarantee future performance and actual results may vary greatly.

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