



**TOKYO**  
COMMERCIAL PROPERTIES  
**NEXT<sup>+</sup>**  
GENERATION ASSETS

# Financial Results Briefing for 10th Fiscal Period

(Fiscal Period Ended February 28, 2019)

## HULIC REIT, INC.

April 15, 2019  
Securities code **3295**

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## I. Financial Highlights

## Internal growth

- Particularly for offices, rent renewal and tenant replacement is used as an opportunity to steadily increase rents and achieve an improvement in profitability

Occupancy Rate (As of February 28, 2019)	Area with increases through rent revisions and tenant replacements (TCP)	Rate of the 10th fiscal period NOI growth compared to the 9th fiscal period results (TCP)*1	Average percentage of divergence in spaces with a negative percentage of rent divergence (offices)	Upward rent revisions in spaces with a negative percentage of rent divergence (offices)
<b>99.9%</b> (Vacancy area: 4.30m <sup>2</sup> )	9th fiscal period (Aug. 2018) <b>Approx. 5,600m<sup>2</sup></b> 10th fiscal period (Feb. 2019) <b>Approx. 11,500m<sup>2</sup></b> <b>Approx. twice</b>	Forecast <b>+0.8%</b> Result <b>+2.0%</b> <b>+1.2pt</b>	After the 5th public offering (November 1, 2018) <b>-6.7%</b> End of 10th fiscal period (Feb. 2019) <b>-7.2%</b> <b>-0.5pt</b>	9th fiscal period (Aug. 2018) <b>43.2%</b> 10th fiscal period (Feb. 2019) <b>60.0%</b> <b>+16.8pt</b>

## Acquired properties

- Asset size reached ¥300 billion, market capitalization reached ¥200 billion, and unrealized gains also increased steadily as a result of factors including property acquisitions accompanying a capital increase through public offerings

Acquisition property summary (Properties acquired during the 10th FP(Feb. 2018))				The status as of the end of the 10th FP( FP ended February 28, 2019)		
<b>Office 6</b> properties	Total acquisition price <b>37.2</b> billion yen	6 central Tokyo wards <b>100.0%</b>	Average percentage of divergence in spaces with a negative percentage of rent divergence*2 <b>▲9.2%</b>	Total acquisition price About <b>306.9</b> billion yen	owned properties Unrealized gain / loss About <b>49.1</b> billion yen	Unit Price and Total Market Value About <b>221.3</b> billion yen

## ESG

### Environmental

- Acquired high evaluation in external authentication of owned properties

CASBEE



Hulic Kamiyacho Building

Get the highest rank (S rank)

BELS Evaluation



HULIC &amp; New SHIBUYA

Get the highest rank (★5)

DBJ Green Building Certification



Get the highest rank



Shinagawa Season Terrace

2018

### Governance

- Performance-linked compensation corresponding to unit price has been introduced for the main directors of the asset management company
- Start of tender offer for the investment unit ownership program

## Financial results for 10th fiscal period

### DPU

10th fiscal period (Feb. 2019)	11th fiscal period (Aug. 2019)	12th fiscal period (Feb. 2020)
(Forecast) <b>3,450</b> yen per unit	(Previous Forecasts) <b>3,350</b> yen per unit	(Forecast) <b>3,410</b> yen per unit
(Result) <b>3,516</b> yen per unit	(New Forecasts) <b>3,410</b> yen per unit	
<b>+1.9%</b>	<b>+1.8%</b>	

### NAV per unit

End of 9th fiscal period (Aug. 2018)	End of 10th fiscal period (Feb. 2019)
<b>165,441</b> yen per unit	<b>169,415</b> yen per unit
	<b>+2.4%</b>

\*1 The NOI in each period is compared for property (excluding Leaf Minato Mirai (land)) owned by Hulic Reit at the beginning of the 9th fiscal period (March 1, 2018) and the Hulic Ginza 7 Chome Building. Because the 9th fiscal period results for the Hulic Ginza 7 Chome Building are distributed proportionately over the number of days and fixed asset tax and city planning tax has not been expensed for the 9th fiscal period and 10th fiscal period, it is compared after adjustment.

\*2 The status as of the end of the 10th fiscal period (ended February 28, 2019) is stated.



## Trend of total Assets and LTV since the Listing

- In the 10th fiscal period (Feb. 2019), properties has been acquired by using the capital increase through the 5th public offering and borrowings, reaching an asset of ¥300 billion, the target since the listing

Total assets **50** properties **¥306.9** billion

Avg. NOI yield **4.5%** Avg. NOI yield after depreciation **3.9%**

Tokyo Commercial Properties

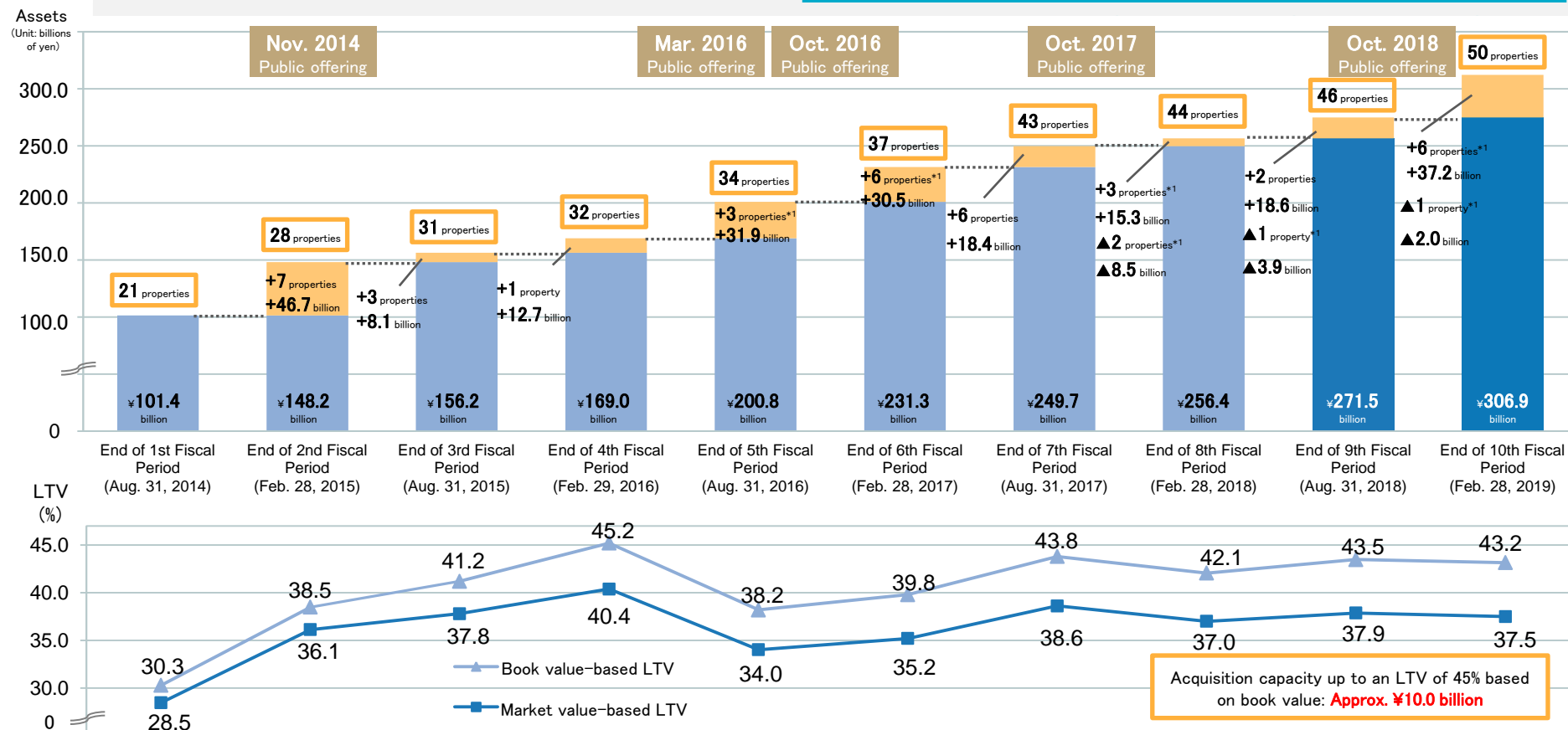
**34** properties

¥252.2 billion (82.2%)

Next-Generation Assets Plus

**16** properties

¥54.7 billion (17.8%)



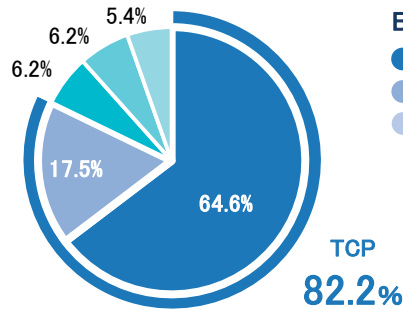
\* Includes some additionally acquired properties and transferred properties.

### Portfolio After the End of 10th fiscal period (Feb. 28, 2019)

#### Portfolio overall\*1

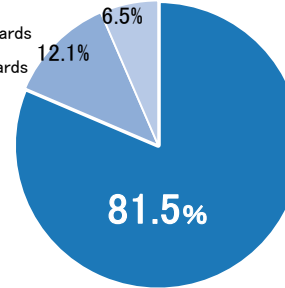
##### By usage

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



##### By location

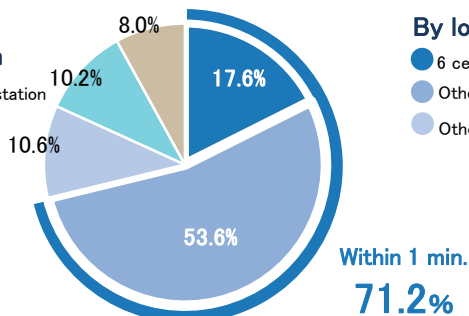
- 6 central Tokyo wards
- Other Tokyo 23 wards
- Others



#### Tokyo Commercial Properties\*1

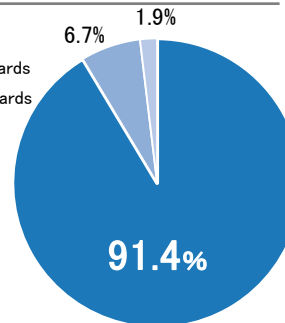
##### By walking distance from nearest station

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



##### By location

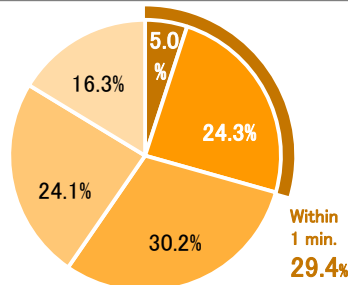
- 6 central Tokyo wards
- Other Tokyo 23 wards
- Others



#### (Reference) J-REIT Overall (office-use only)\*2

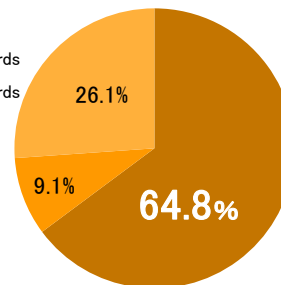
##### By walking distance from nearest station

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



##### By location

- 6 central Tokyo wards
- Other Tokyo 23 wards
- Others



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

Primarily located in the 6 central Tokyo wards  
Ratio of six central Tokyo wards: **91.4%\*3**



Primarily located close to train stations  
Ratio within 1-minute walking distance from a station: **71.2%\*3**

Aiming to achieve stable 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 at End of 10th Fiscal Period

\*2 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, 2019

(prepared by the asset management company based on information from information vendors).

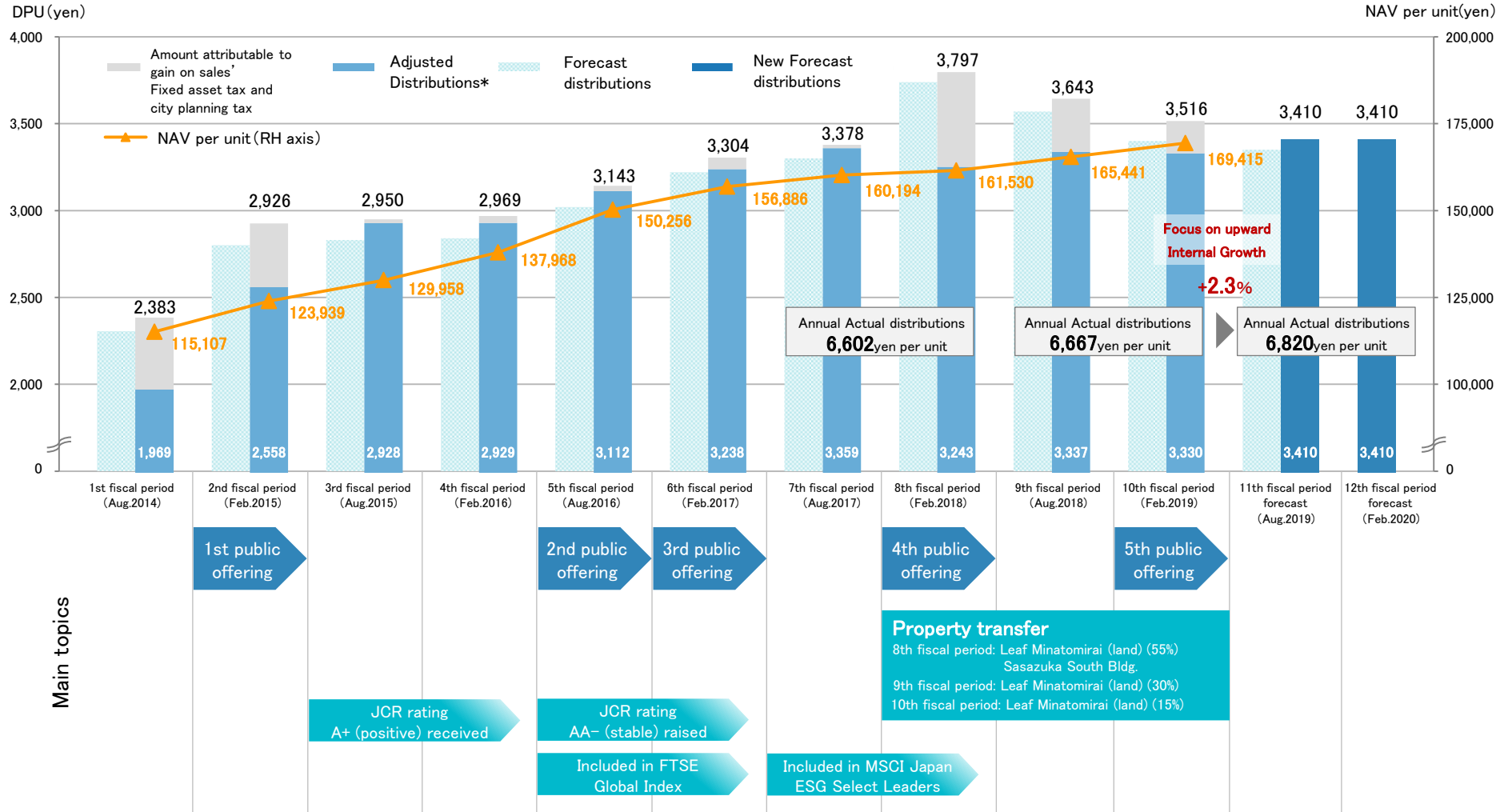
\*3 Percentages shown indicate the proportion of properties with respect to all Tokyo commercial properties.



## 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 per unit by generating internal growth underpinned by substantial competitive strengths with respect to owned properties, and external growth mainly based on sponsor support









\*Refers to the amount of cash distributions per investments unit after adjustments for unexpensed fixed asset tax and city planning tax after property acquisitions, and gain on sales by dispositions of properties as well as at the time of related type 2 management fee. For details, refer to "Definitions of terms" starting on page 68.



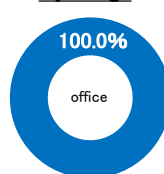
Increased the size and quality of our portfolio by acquiring six properties, mostly in the 6 central Tokyo wards during 10th fiscal period(Feb. 2019).

No. of Properties	Total acquisition price	Total appraisal value	Unrealized gain / loss *1	Occupancy rate	NOI yield*2
<b>6 properties</b>	<b>37.2</b> billion yen	<b>37.74</b> billion yen	<b>5.4</b> billion yen	<b>99.9 %</b> End of 10th FP (Feb. 28, 2019)	<b>3.9 %</b>

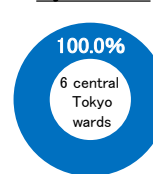


Property name	Shinagawa Season Terrace*3	KSS Gotanda Building	Hulic Kamiyacho Building *3	Hulic Nihonbashi-honcho 1 Chome Building*3	Bancho House	Ebisu Minami Building
Property type	office					
	Sponsor-developed	Independent-route	Sponsor-owned	Sponsor-owned	Sponsor-owned	Sponsor-owned
						
Location	Minato-ku, Tokyo	Shinagawa-ku, Tokyo	Minato-ku, Tokyo	Chuo-ku, Tokyo	Chiyoda-ku, Tokyo	Shibuya-ku, Tokyo
Walking distance from the nearest station	6 minutes from Shinagawa Station	1 minutes from Osakihirokoji Station	1 minutes from Kamiyacho Station	5 minutes from Mitsukoshimae Station	3 minutes from Hanzomon Station	4minutes from Ebisu Station
acquisition price	¥6.1billion	¥3.45billion	¥18.5billion	¥3.98billion	¥2.75billion	¥2.42billion
Property acquisition Appraisal value	¥6.15billion	¥3.49billion	¥18.7billion	¥4.12billion	¥2.80billion	¥2.48billion
NOI yield*2	3.6%	4.5%	3.7%	4.5%	4.2%	4.3%
Occupancy rate	99.9%	100.0%	100.0%	100.0%	100.0%	100.0%

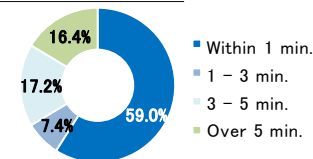
By usage



By location



By walking distance from nearest station



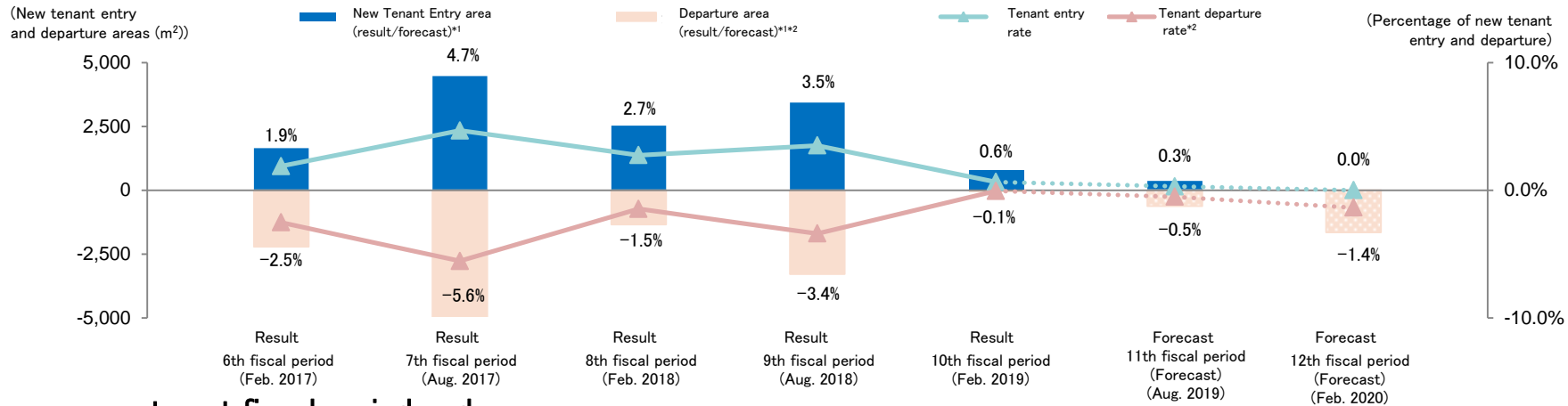
\*1 Unrealized gains/losses indicates the difference between the appraisal value and acquisition price at the time of acquisition.

\*2 For the NOI yield, the NOI through the direct capitalization method indicated in the appraisal report at the time of acquisition after dividing by the acquisition price is stated, rounded to the 1st decimal place.

\*3 25.0% of quasi-co-ownership interest in the trust beneficiary rights for Shinagawa Season Terrace, 30.0% of quasi-co-ownership interest in the trust beneficiary rights for Hulic Kamiyacho Building, and 50.0% of quasi-co-ownership interest in the trust beneficiary rights for Hulic Nihonbashi-honcho 1 Chome Building were acquired. For details, please refer to "Newly Acquired Properties in the 10th Fiscal Period" on page 37 to 42.

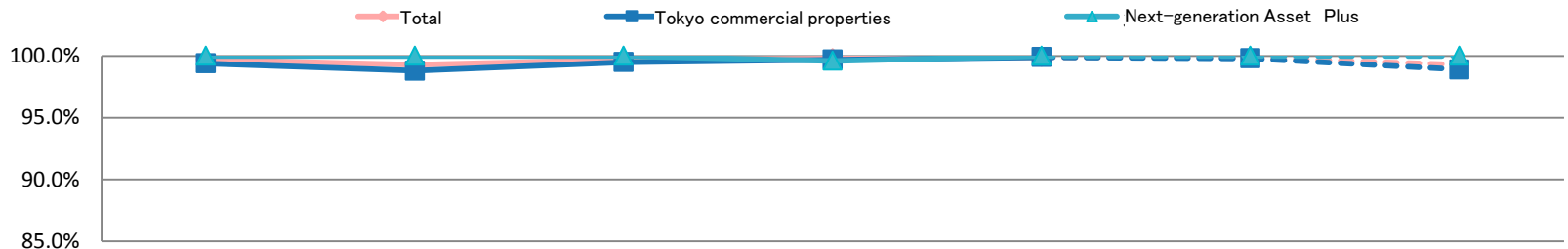
## Forecasts and results regarding new tenant entry and departure (offices)

- We maintained consistent occupancy rate, with little vacant space in the 10th fiscal period. We aim to swiftly fill spaces scheduled to be vacant in the 11th fiscal period and 12th fiscal period at market rents.



## Occupancy rates at fiscal period end

- Occupancy rate in our portfolio was 99.9% (Vacancy area: 4.30m²) at the end of the 10th fiscal period; maintained high rate since the listing



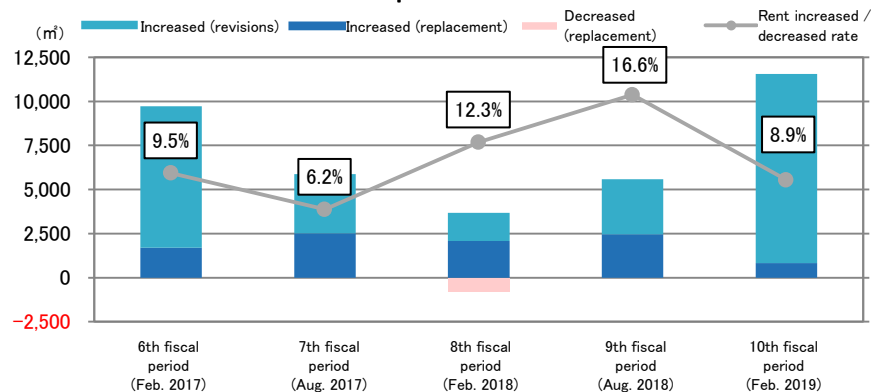
	End of 6th fiscal period (Feb.28,2017)	End of 7th fiscal period (Aug.31,2017)	End of 8th fiscal period (Feb.28,2018)	End of 9th fiscal period (Aug.31,2018)	End of 10 fiscal period (Feb.28,2019)	End of 11th fiscal period (Forecast)(Aug.31,2019)	End of 12th fiscal period (Forecast)(Feb.29,2020)
Total	99.7%	99.3%	99.7%	99.8%	99.9%	99.9%	99.3%
Tokyo Commercial Properties	99.4%	98.8%	99.5%	99.7%	99.9%	99.8%	98.9%
Next-Generation Asset Plus	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

\*1 The forecast are based on the properties be owned as of the end of 10th fiscal period (Feb. 28, 2019).

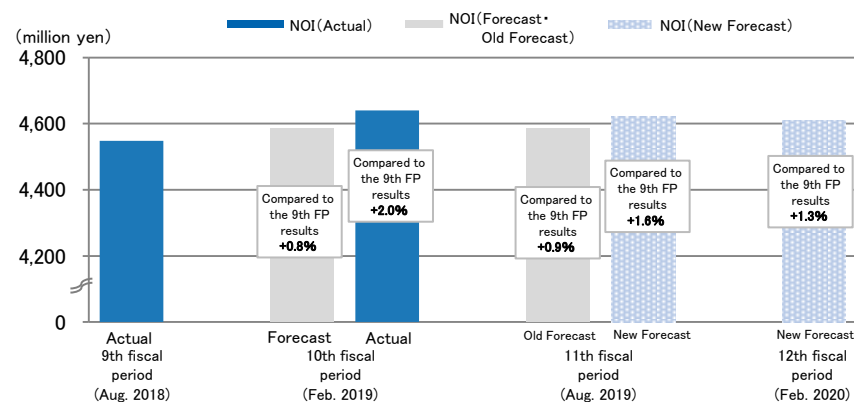
\*2 Figures for departure area and tenant departure rate are negative values.

## Rent revisions and tenant replacements ▪ NOI (Tokyo Commercial Properties)

### Rent revisions and tenant replacements

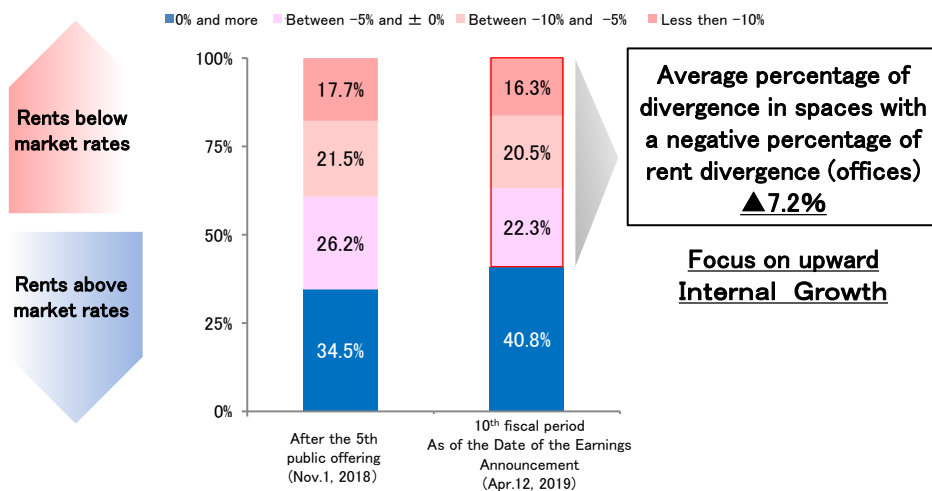


### NOI\*1

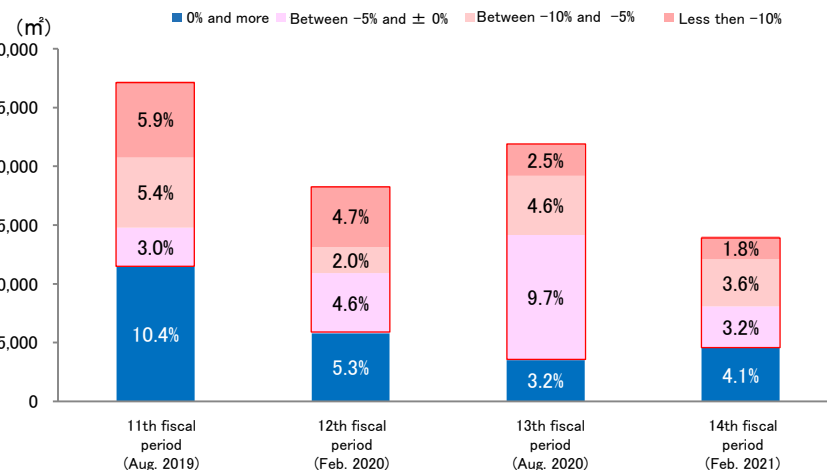


## Negotiate appropriate rents (offices)

### Level of divergence with office market rent levels\*2



### Lease agreement revisions schedule \*3



\*1 The NOI in each period is compared for property (excluding Leaf Minato Mirai (land)) owned by HULIC REIT at the beginning of the 9th fiscal period (March 1, 2018) and the HULIC Ginza 7 Chome Building. Because the 9th fiscal period results for the HULIC Ginza 7 Chome Building are distributed proportionately over the number of days and fixed asset tax and city planning tax has not been expensed for the 9th fiscal period and 10th fiscal period, it is compared after adjustment. In addition, the projection numbers are NOI that is an assumption used for financial forecasts, and they are subject to fluctuations depending on change in circumstances. \*2 The respective percentages shown are expressed as percentages relative to total leasable area of office

properties owned by HULIC REIT at the end of each fiscal period (excluding land, retail spaces, and residential spaces, etc.; the same shall apply hereinafter).

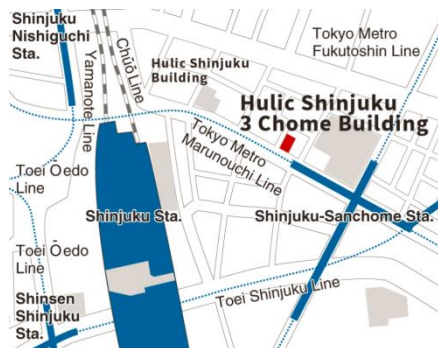
\*3 The respective percentages shown are expressed as percentages relative to total leasable area of office properties owned by HULIC REIT as of the end of 10th fiscal period (February 28, 2019), and lease agreements with a renewal date from the 15th fiscal period (August 2021) have been omitted.

## Results of tenant replacements and rent increases

### Hulic Shinjuku 3 Chome Building

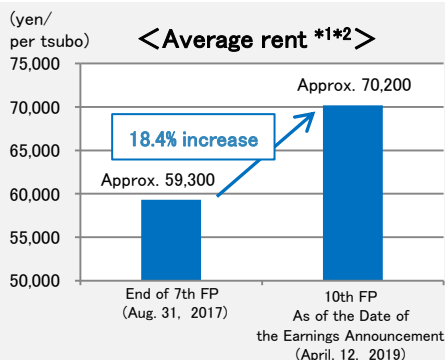


Location	Tokyo <b>Shinjuku</b> ward
Nearest station	Tokyo Metro Marunouchi Line, etc. <b>Shinjuku-sanchome</b> st.
Walking distance	1- minute walk
Acquisition price	55.5 billion
Total floor area	1,493.90㎡



- Conducted tenant replacement and expansion, and made upward rent revisions by gaining an understanding of tenant needs through tenant relations

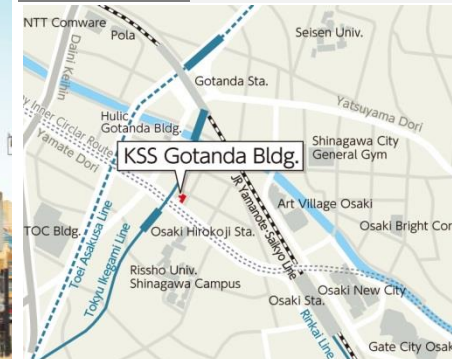
- As a result of the above, average rent unit price for the building overall has increased by 18.4% compared to the end of the 7th fiscal period (August 31, 2017)\*2



### KSS Gotanda Building

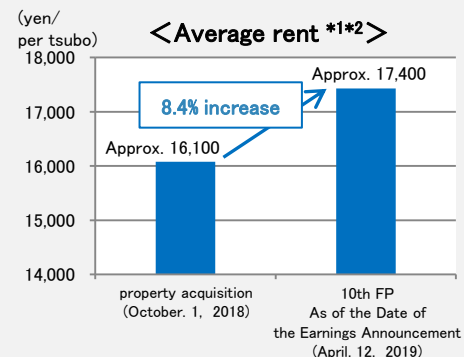


Location	Tokyo <b>Shinagawa</b> ward
Nearest station	Tokyu Ikegami Line <b>Osakihirokoji</b> st.
Walking distance	1- minute walk
Acquisition price	34.5 billion
Total floor area	4,495.35㎡



- Requested start of negotiations to increase rents with sellers before the acquisition period in order to improve profitability after acquisition

- Average rent unit price for the building overall has increased by 8.4% compared to the time of property acquisition (October 1, 2018) through the above efforts and tenant replacements \*2



\*1 Average rent is rounded down to the nearest million yen.

\*2 The rate of increase in average rent is rounded to the second decimal place.



## Efforts to improve profits

### Effectively used idle parking lot space

Effectively used idle parking lot space and changed the leasing company for three office properties

**Case1** As a result of consideration of the effective use of idle parking lot space, new property was leased to a leasing company and profits improved

**Case2** Leasing companies were reviewed and profitability was improved

→ **A profit increase of approximately 14 million yen on an annual basis was achieved**



Hulic Kamiyacho Building



Hulic Ginza 7-Chome Building



Hulic Shibuya 1-chome Building

### Set up Lunch sale wagons

Lunch sale wagons were set up using surplus space at 5 office properties, and profits and tenant satisfactions have been improved.



Toranomon First Garden



Hulic Toranomon Building

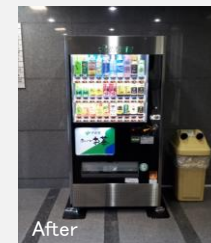
## Initiatives to reduce costs

### Electricity rates reduced by changing the power supply company

• As a result of a change in the power supply company for ten properties, an annual reduction of **approximately 17 million yen (approximately 10.8%)** in the electricity fee is expected assuming the use results for the past year.

### Reduction in electricity fees through vending machine replacement

Electricity fees were reduced through replacement of vending machines with those that have high energy conservation performance, at properties with vending machines



## Initiatives to improve tenant satisfaction

### Toilet renewal work

Renewal work was conducted for the toilets of the Hulic Shibuya 1 Chome Building to provide a comfortable environment

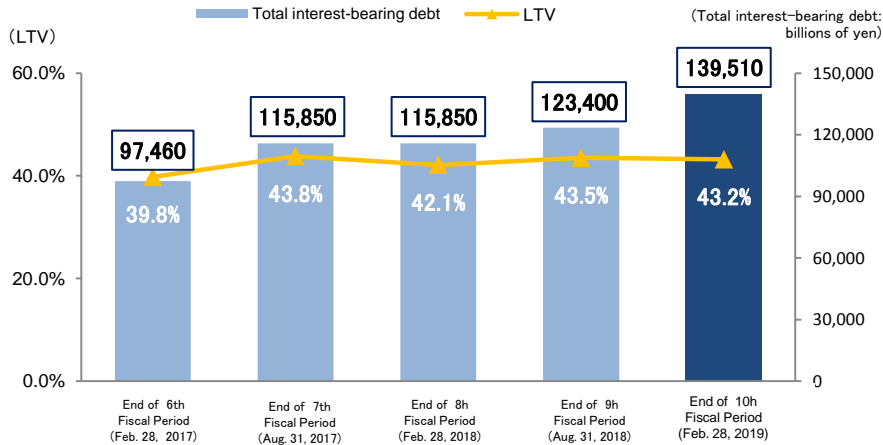


Washbasins in women's toilets

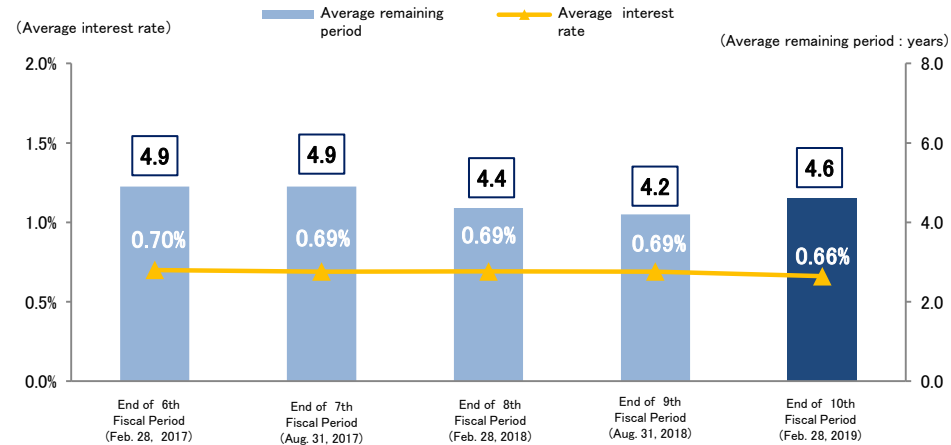


## Maintain stable and sound financial management

### LTV / Total interest-bearing debt



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



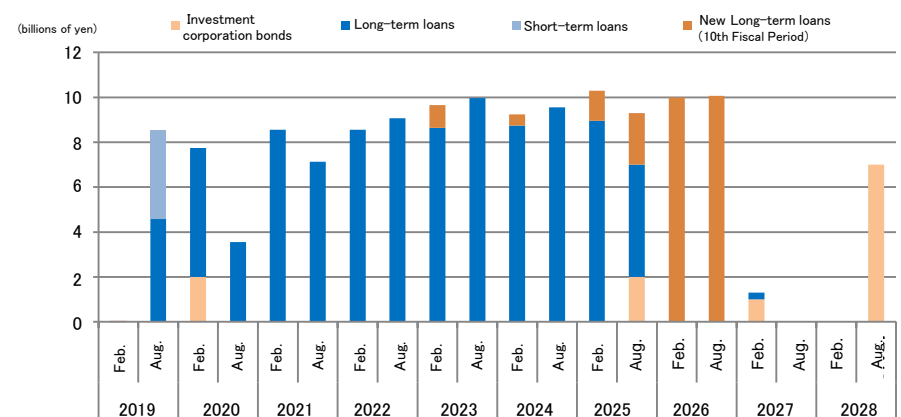
### Reduction in interest rates through refinancing of existing borrowings

	After refinancing		After refinancing *1
borrowing amount	8.55 billion		8.55 billion
Interest rate*2	0.92% (Fixed)	-0.25%	0.67% (Fixed)
Borrowing period	5 year	+2 year	approx. 7 year

\*1 The refinancing covers 8.55 billion yen in borrowings with a repayment date of February 7, 2019, as well as a bridge loan balance of 16.66 billion yen borrowed at the time of acquisition of properties from June 29, 2018, for a total of 25.21 billion yen. The interest rate was obtained by taking a weighted average according to the borrowing amount of the interest rate for each borrowing (including financing fees) after refinancing, and then truncating the ratio after 3 decimal places.

\*2 Fixed interest rate borrowings include interest rates fixed by swap transactions. In addition, the interest rates stated including financing fees and ratio are truncated after 3 decimal places.

### Diversification of interest-bearing debt maturities (End of 10FP (Feb. 28, 2019))





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

## Results in 10th fiscal period compared to results in 9th fiscal period and compared to forecasts

(Unit: million yen)					
	9th fiscal period Result (Aug. 2018) (A)	10th fiscal period (Feb. 2018)		Change (C-A)	Difference (C-B)
		Forecast (B)*2	Result (C)		
Operating revenues					
Real estate lease business revenues	7,712	8,647	8,750	+1,037	+102
Gains on sales of real estate properties	389	193	194	(195)	+1
Total operating revenues	8,101	8,840	8,944	+842	+103
Operating expenses					
Expenses related to rent business	(2,519)	(2,902)	(2,924)	(405)	(22)
Asset management fee	(812)	(816)	(836)	(23)	(20)
Other operating expenses	(193)	(195)	(187)	+5	+8
Total operating expenses	(3,525)	(3,914)	(3,948)	(423)	(34)
Operating profit	4,576	4,926	4,995	+419	+69
Non-operating income	0	0	12	+11	+12
Non-operating expenses					
Interest expenses* Borrowing-related expenses	(505)	(570)	(570)	(65)	△0
Amortization of investment unit issuance costs	(23)	(33)	(31)	(8)	+1
Amortization of investment corporation bond issuance costs	(3)	(5)	(5)	(2)	△0
Total non-operating expenses	(532)	(609)	(608)	(75)	+0
Ordinary profit	4,044	4,317	4,399	+355	+82
Profit	4,043	4,316	4,398	+355	+82
Units outstanding at the end of FP (units)	1,110,000	1,251,000	1,251,000	141,000	0
Cash distributions per unit (yen)	3,643	3,450	3,516	△127	+66

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

\*2 Figures are based on forecasts released on October 12, 2018. For details, please refer to Financial Report for the Fiscal Period Ended August 31, 2018, which was released on October 12, 2018.

### Change in 10th fiscal period (results) since 9th fiscal period (results) (C-A)

#### ➤ Real estate lease business revenues ( +1,037 )

- Contribution from revenue from the properties acquired after the results for the 8th fiscal period were released : +972
- Full-fiscal period contributions of Hulic Ginza 7 Chome Building : +43
- Sale of Leaf Minato Mirai (land) : -59
- Increase in real estate lease business revenue for Rapiros Roppongi : +32
- Increase in real estate lease business revenue from Hulic Shibuya 1 Chome Building : +16
- Increase in real estate lease business revenue from Hulic Kamiyacho Building (Currently owned properties) : +16
- Variable rents of Sotetsu Fresa Inn Ginza 7 Chome : -15

#### ➤ Gains on sales ( -195 )

- Leaf Minato Mirai (land) : -195

#### ➤ Expenses related to rent business ( -405 )

- Contribution of properties acquired after the results for the 8th fiscal period were released : -369

### Difference between 10th fiscal period (results) and 10th fiscal period (forecasts) (C-B)

#### ➤ Real estate lease business revenues ( +102 )

- Acquisition of Ebisu Minami Building : +18
- Increase in real estate lease business revenue from Hulic Kamiyacho Building (Total of current owned positions and additional acquisitions): +16
- Increase in utilities expense revenue (except Ebisu Minami Building) : +33

#### ➤ Expenses related to rent business ( -22 )

- Increase in utilities expenses (except Ebisu Minami Building) : -12

Comparison of the forecasts for the 11th fiscal period with the results for the 10th fiscal period, and comparison of the forecasts for the 12th fiscal period with the forecasts for the 11th fiscal period

(Unit: million yen)					
	10th fiscal period Result (Feb. 2019) (A)	11th fiscal period forecast (Aug. 2019) (B)* <sup>2</sup>	Change (B-A)	12th fiscal period forecast (Feb. 2020) (C)* <sup>2</sup>	Change (C-B)
Operating revenues					
Real estate lease business revenues	8,750	9,019	+268	8,969	(49)
Gain on sales of real estate properties	194	0	(194)	0	0
Total operating revenues	8,944	9,019	+74	8,969	(49)
Operating expenses					
Expenses related to rent business	(2,924)	(3,099)	(174)	(3,097)	+2
Asset management fee	(836)	(843)	(6)	(838)	+4
Other operating expenses	(187)	(201)	(14)	(171)	+29
Total operating expenses	(3,948)	(4,144)	(195)	(4,107)	+36
Operating profit	4,995	4,874	(120)	4,862	(12)
Non-operating income	12	0	(12)	0	0
Non-operating expenses					
Interest expenses•Borrowing-related expenses	(570)	(578)	(8)	(573)	+5
Amortization of investment unit issuance costs	(31)	(22)	+8	(17)	+5
Amortization of investment corporation bond issuance costs	(5)	(5)	+0	(4)	+1
Total non-operating expenses	(608)	(607)	+0	(595)	+12
Ordinary profit	4,399	4,267	(132)	4,267	+0
Profit	4,398	4,266	(132)	4,266	+0
Units outstanding at the end of FP (units)	1,251,000	1,251,000	0	1,251,000	0
Cash distributions per unit (yen)	3,516	3,410	(106)	3,410	+0

## ■ Change in 11th fiscal period (forecasts) since 10th fiscal period (results) (B-A)

### ➤ Real estate lease business revenues ( +268 )

- Contribution from revenue from the properties acquired after the results for the 8th fiscal period were released : +247
- Sale of Leaf Minato Mirai (land) : -5
- Increase in real estate lease business revenue from Hulic Kamiyacho Building (Currently owned properties) : +14
- Variable rents of Sotetsu Fresa Inn Ginza 7 Chome : +32
- Decrease in utilities expense revenue (Excluding properties acquired after the results for the 8th fiscal period were released) : -21

### ➤ Gains on sales ( -194 )

- Leaf Minato Mirai (land) : -194

### ➤ Expenses related to rent business ( -174 )

- Fixed asset tax and city planning tax expensed for properties acquired in 2018 : -112
- Properties acquired after the results for the 8th fiscal period (except Fixed asset tax and city planning tax) : -68
- Decrease in repair expenses (Excluding properties acquired after the results for the 8th fiscal period were released) : +18
- Increase in utilities expenses (Excluding properties acquired after the results for the 8th fiscal period were released) : -13

## ■ Change in 12th fiscal period (forecasts) since 11th fiscal period (forecasts) (C-B)

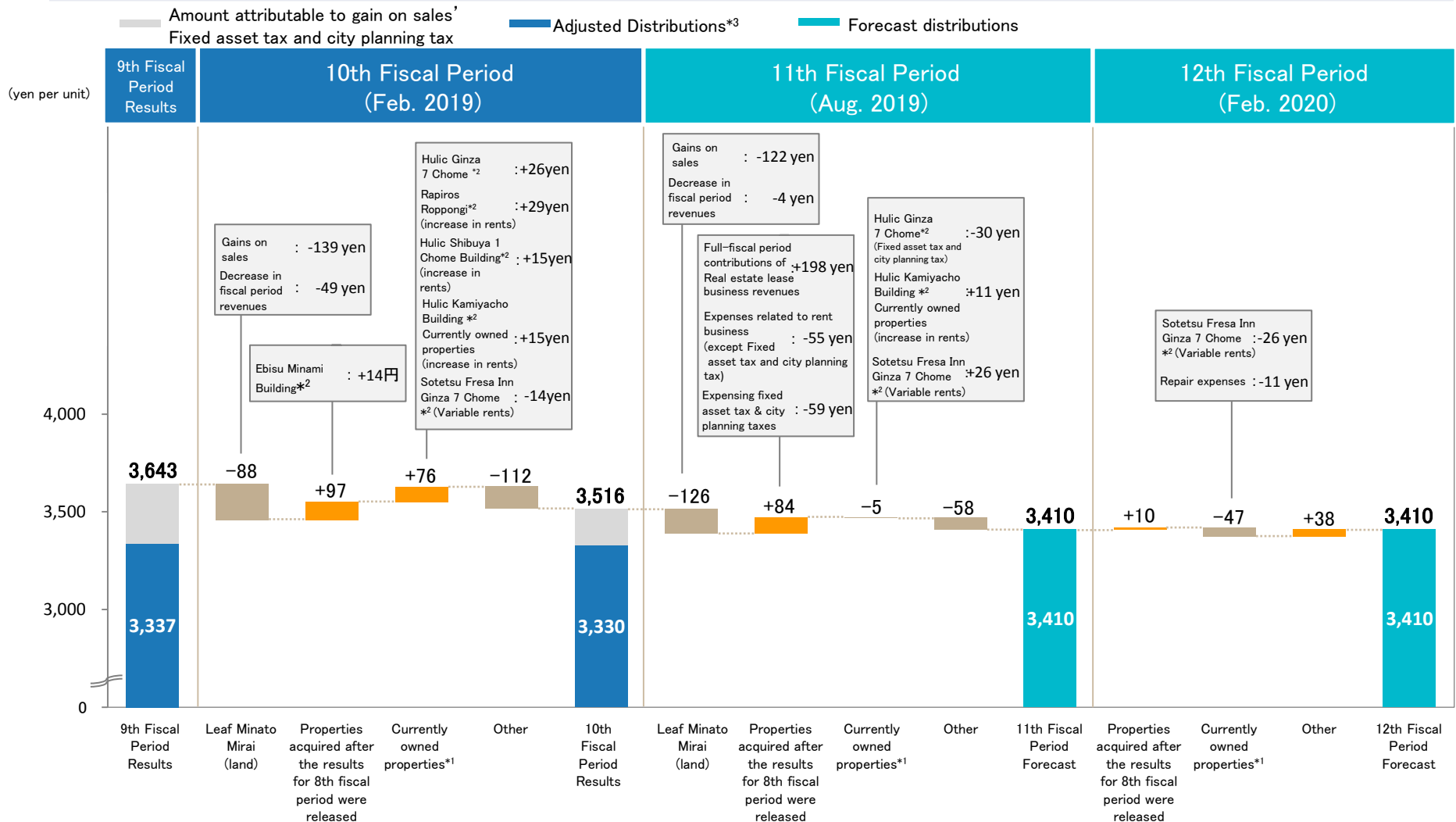
### ➤ Real estate lease business revenues ( -49 )

- Variable rents of Sotetsu Fresa Inn Ginza 7 Chome : -32

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

\*2 Figures are based on forecasts released on April 12, 2019. For details, please refer to Financial Report for the Fiscal Period Ended February 28, 2019, which was released on April 12, 2019.

## Trend of distribution per unit (DPU)



\*1 This refers to property holdings excluding properties acquired or sold whose discrepancies are noted separately for each fiscal period.

\*2 On this page, Ebisu Minami is Ebisu Minami Building, Ginza 7-chome is Hulic Ginza 7-Chome Building, Roppongi is Rapiros Roppongi Shibuya 1 chome is Hulic Shibuya 1-chome Building, Kamiyacho is Hulic Kamiyacho Building, Sotetsu Ginza is Sotetsu Fresa Inn Ginza 7 Chome.

\*3 Refers to the amount of cash distributions per investment unit after adjustments for unexpensed fixed asset tax & city planning tax after property acquisition, gains on sales at the time of property transfer, and the related type 2 management fee. For details, refer to "Definitions of terms" starting on page 68.



### End of 10th fiscal period (end of February 2019) results (9th fiscal period (end of August 2018) ) comparison

- Total assets increased to about 322.6 billion yen (increased by approximately 38.8 billion yen since the end of the 9th fiscal period) due to the acquisition of properties as result of a capital increase through public offering in October 2018
- We expect LTV to fall by 0.3 points from the end of the 9th fiscal period (end of August 2018) to 43.2% by the end of the 10th fiscal period (February 2019)  
(Unit: millions of yen)

	9th Fiscal Period (Aug. 2018) (A)	10th Fiscal Period (Feb. 2019) (B)	Change (B-A)	10th Fiscal Period Developments
Assets				
Current assets	11,890	15,561	+3,670	■ Assets acquired in the 10th fiscal period (Total acquisition price: 37,200) • Shinagawa Season Terrace (acquisition price: 6,100) • KSS Gotanda Building (acquisition price: 3,450) • Hulic Kamiyacho Building (Additional Acquisition) (acquisition price: 18,500) • Hulic Nihonbashi-honcho 1 Chome Building (acquisition price: 3,980) • Bancho House (acquisition price: 2,750) • Ebisu Minami Building (acquisition price: 2,420) ■ Assets transferred in the 9th fiscal period (Price at acquisition: 1,755) • Leaf Minato Mirai (land) (Partial transfer) (Price of the transferred portion at acquisition: 1,755)
Cash and deposits, Cash and deposits in trust	11,827	15,305	+3,478	
Other	63	255	+192	
Noncurrent assets	271,801	306,953	+35,152	
Property, plant and equipment	262,670	291,462	+28,791	
Other	9,130	15,491	+6,361	
Deferred assets	125	146	+20	
Total assets	283,817	322,661	+38,843	
Liabilities				
Current liabilities	20,662	19,143	△1,518	LTV at end of 9th fiscal period: 43.5% ↓ LTV at end of 10th fiscal period: 43.2%
Short-term loans payable	4,510	3,960	△550	
Current portion of investment corporation bonds	0	2,000	+2,000	
Current portion of long-term loans payable	13,130	10,320	△2,810	
Other	3,022	2,863	△158	
Noncurrent liabilities	117,393	136,315	+18,921	
Investment corporation bond	12,000	10,000	△2,000	
Long-term loans payable	93,760	113,230	+19,470	
Tenant leasehold and security deposits in trust	11,633	13,085	+1,451	
Total liabilities	138,055	155,458	+17,402	
Net assets				
Unitholders' equity	145,761	167,202	+21,440	Increased in unitholders' capital as result of a capital increase through public offerings (October 2018)
Unitholders' capital	141,717	162,803	+21,085	
Surplus	4,044	4,399	+355	
Total net assets	145,761	167,202	+21,440	
Total liabilities and net assets	283,817	322,661	+38,843	

\* Figures less than ¥1 million are truncated.

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

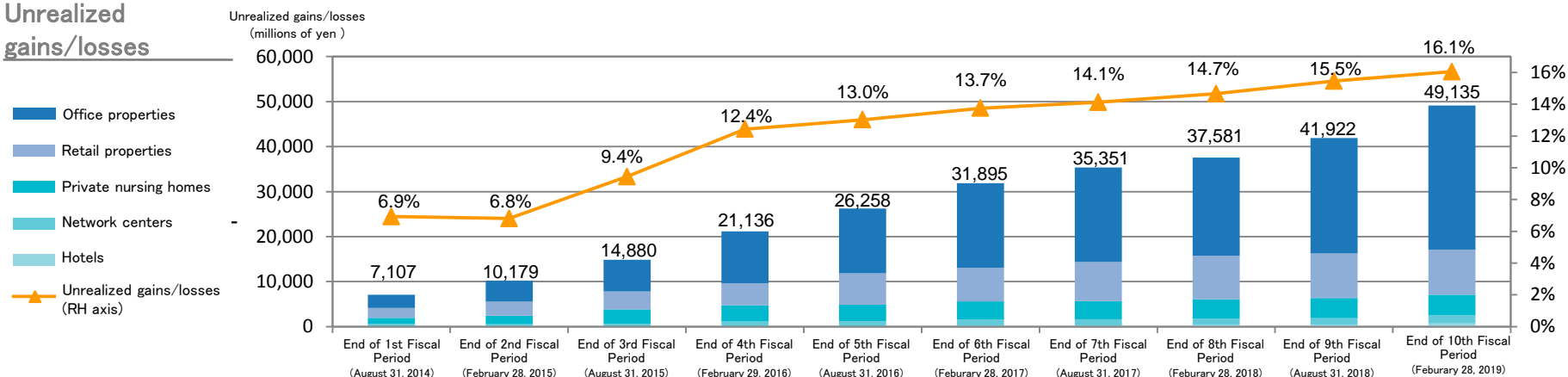
- Unrealized gains have increased steadily since the listing, amounting to ¥49.10 billion at end of 10th fiscal period (February 28, 2019)  
; +¥7.2 billion in comparison with the end of the 9th fiscal period.
- At the end of the 10th fiscal period (February 28, 2019), the unrealized gain ratio was +16.1%.

(Unit: millions of yen)

		End of 9th fiscal period		End of 10th fiscal period		Difference	
			Appraisal value (Cap rate)		Appraisal value (Cap rate)		Appraisal value (Cap rate)
Office properties	No. of properties	17		22		5	
	Book value *1	160,836	186,513	197,977	230,015	+37,140	+43,502
	Unrealized gains/loss	+25,676	(3.5%)	+32,037	(3.4%)	+6,360	( $\Delta$ 0.1%)
Retail properties	No. of properties	13		12		-1	
	Book value *1	55,732	65,630	53,798	63,825	$\Delta$ 1,933	$\Delta$ 1,805
	Unrealized gains/loss	+9,897	(4.0%)	+10,026	(4.0%)	+128	( $\Delta$ 0.1%)
Private nursing homes	No. of properties	6		6		0	
	Book value *1	19,046	23,490	18,939	23,470	$\Delta$ 107	$\Delta$ 20
	Unrealized gains/loss	+4,443	(4.6%)	+4,530	(4.6%)	+86	(+0.0%)
Network centers	No. of properties	8		8		0	
	Book value *1	18,996	20,582	18,909	20,732	$\Delta$ 86	+150
	Unrealized gains/loss	+1,585	(5.1%)	+1,822	(5.0%)	+236	( $\Delta$ 0.0%)
Hotels	No. of properties	2		2		0	
	Book value *1	16,530	16,850	16,482	17,200	$\Delta$ 48	+350
	Unrealized gains/loss	+319	(3.8%)	+717	(3.7%)	+397	( $\Delta$ 0.1%)
Total	No. of properties	46		50		4	
	Book value *1	271,142	313,065	306,106	355,242	+34,964	+42,177
	Unrealized gains/loss	+41,922	(3.8%)	+49,135	(3.7%)	+7,212	( $\Delta$ 0.1%)

Direct cap rates (End of 9th fiscal period comparison *2)		No. of properties
Increase		0
Unchanged		6
Decreased		16
Increase		0
Unchanged		7
Decreased		5
Increase		1
Unchanged		5
Decreased		0
Increase		0
Unchanged		7
Decreased		1
Increase		0
Unchanged		0
Decreased		2
Increase		1
Unchanged		25
Decreased		24

## Unrealized gains/losses



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

\*2 Results are presented relative to appraisal value at the time of acquisition with respect to properties acquired during the 10th fiscal period (Feb. 2019).



## **IV. ESG Initiatives**

## Environment

### Environment-friendly buildings

#### ■ DBJ Green Building Certification

Six of our properties were awarded the DBJ Green Building Certification, which certifies real estate properties with high environmental and social awareness



#### ■ BELS Evaluation

The BELS rating, which is a public evaluation system that evaluates the energy conservation performance of non-residential buildings, was acquired for a total of four properties: Hulic Toranomon Building, HULIC &New SHIBUYA, Sotetsu Fresa Inn Tokyo-Roppongi, and Trust Garden Tokiwamatsu.



#### ■ CASBEE

The highest “S Rank” ranking under the CASBEE certification system (Comprehensive Assessment System for Built Environment Efficiency) promoted by the Ministry of Land, Infrastructure, Transport and Tourism was acquired for the Hulic Kamiyacho Building and Gate City Ohsaki.



### Energy efficiency improvement

We are switching air-conditioning systems to improve energy efficiency. Also, we have replaced the lightings in the common areas, etc. to LED, for Approx. 82% of our portfolio



## Social

### Safety, security and customer satisfaction

#### ■ Tenant satisfaction survey

We conduct tenant satisfaction surveys to ensure comfortable use of buildings, utilizing the results to identify potential needs and improve building management

#### ■ Disaster preparation

In preparation for large-scale disasters, some of our properties equip emergency power generators and storage with emergency supply

### Work-life balance

In 2014, Hulic Group opened a childcare nursery inside the Hulic Head Office Building to promote an employee-friendly work environment, where all employees of Hulic Group can make full use of their abilities to work at their best



### Human resources development

Hulic Group established training programs to enhance employees' professional skills. For example, costs for obtaining qualifications (exam expenses, school fees, etc.) are fully covered by the Group

### Hulic Group's CSR initiatives

#### ■ Support for Japan Para-Badminton Federation

Hulic Group sponsors tournaments and encourages employees to join cheering the team. Also, the Group lends its gym to the federation at no charge for practice. The Group intends to further expand support for handicapped persons and support the success of para-badminton players

#### ■ Holding a summer festival

Hulic Group holds a summer festival at the Hulic Head Office Building to deepen the relationship with people in the community



## Governance

### Governance structure to avoid conflicts of interest and ensure independence

Asset Manager appoints outside experts as members of the Compliance Committee and Investment Committee respectively. Upon resolution on asset acquisition, the Investment Committee requires a majority of the committee members including external members to agree, and the Compliance Committee requires a majority of the committee members in attendance, including external members and the Compliance Officer, to agree

### Asset Manager incentivized fee structure

In addition to Asset Management Fee linked to total assets, Asset Manager introduced asset management fee s that partly depend on our distribution per unit

### Asset Manager incentivized compensation structure

The compensation structure for certain directors and employees of the Asset Manager incorporates an incentive bonus that partly linked to our distribution per unit

### Internal rules to avoid conflicts of interest

We adopt an internal set of rules to Property acquisition, Property disposal, Property leasing, Property management and building maintenance, Real estate brokerage services such as trading and leasing properties, Placing construction orders that apply to all related-party transactions that aim to minimize conflicts of interests

### Compensation system: Introduction of performance-linked compensation

A compensation system linked with the performance of our unit price relative to the TSE REIT Index has been introduced for the main directors of the asset management company for the purpose of unifying their interests with unitholders and further strengthening governance, etc.

### Introduce Investment Unit Ownership Program for Directors and Employees

For the purposes of raising awareness of earnings improvements and continuous growth, and raising shareholder value for the medium and long term, an investment unit ownership program has been adopted for the officers and employees of the asset management company and Hulic, and a tender offer has been started for this program.

## Successive selection in MSCI Japan ESG Select Leaders Index ~ 8 J-REITs are selected among 63 J-REITs (as of Dec. 31, 2018) ~



Hulic Reit was selected for “MSCI Japan ESG Select Leaders Index” provided by MSCI in July 2017, and has been continuously included in the index even after the first rebalancing in December 2018.

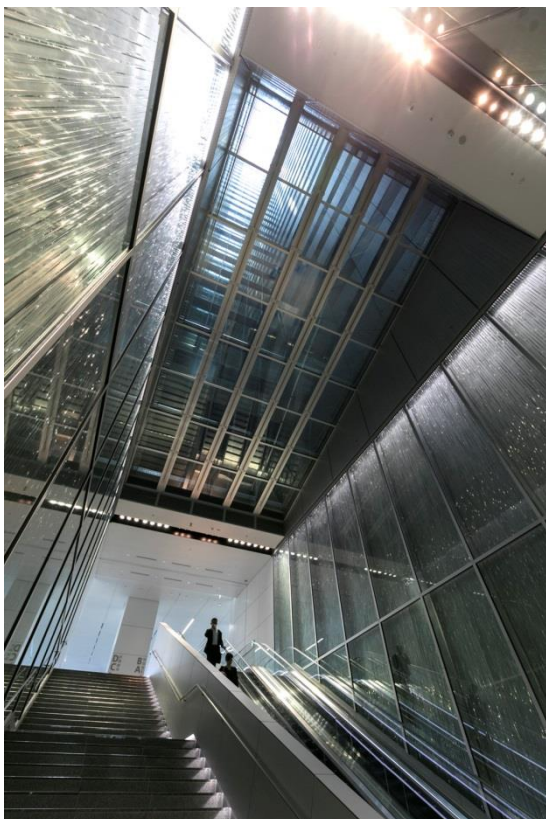
This index is one of the ESG indices that the Japanese Government Pension Investment Fund (GPIF) selected for thier passive investment strategy.

## Acquisition of “Green Star” in the GRESB Real Estate Survey



Hulic Reit received a “Green Star” rating in the GRESB Real Estate Survey in 2018 for a second consecutive year. We earned outstanding evaluations in terms of “management & policy” and “implementation & measurement” – two operational dimensions subject to assessment in light of efforts aimed at addressing environmental concerns and sustainability issues. We received a “4-Star” rating, the second highest evaluation of “GRESB Rating”, for a second consecutive year.





## V. Future Strategy

## Quality

Maintain an operations policy that focuses on Tokyo commercial properties (TCP)

## Flexibility

Improve flexibility in operations in the investment area, etc.

## Comparison before and after the change

### Before changes

#### Tokyo Commercial Properties

Approximately 80 to 90% of the portfolio

##### Office

- Office properties: In Tokyo's 23 wards
- In principle, located within a five-minute walking distance from the nearest train station

##### Retail

- In Tokyo and major cities in the surrounding areas
- In principle, located within a five-minute walking distance from the nearest train station or in areas with a high concentration of retail activities

#### Next-Generation Assets Plus



##### Next-Generation Assets

Approximately 10 to 20% of the portfolio

- Lease properties for which Hulic Reit deems that its social need will rise in the future, and that firm demand can be anticipated even in the future
- In principle, facilities with a long-term lease agreement with a single tenant
- Investment properties consist of Private nursing homes (high-end), Network centers and Hotels

#### Other

- No descriptions on the acquisition and retirement of own investment units in the management guidelines

### After changes

Approximately 80%\*1 of the portfolio

##### Office

- In Tokyo and government-ordinance-designated cities in the surrounding areas
- In principle, located within a five-minute walking distance from the nearest train station

##### Retail (no change)

- In Tokyo and government-ordinance-designated cities in the surrounding areas
- In principle, located within a five-minute walking distance from the nearest train station or in areas with a high concentration of retail activities



##### Next-Generation Assets Plus

Approximately 20% of the portfolio\*1

- Lease properties for which Hulic Reit deems that firm demand can be anticipated even in the future and stable long-term earnings can be obtained, or that it will contribute to the maximization of unitholder value over the medium to long term
- Hulic Reit stringently selects investment targets after carefully examining the individual properties' profitability, characteristics of the location and competitiveness of the location
- Investment properties consist of Private nursing homes (mid-range and higher), Network centers and Hotels, Investment in other Next-Generation Assets Plus investment target assets\*2

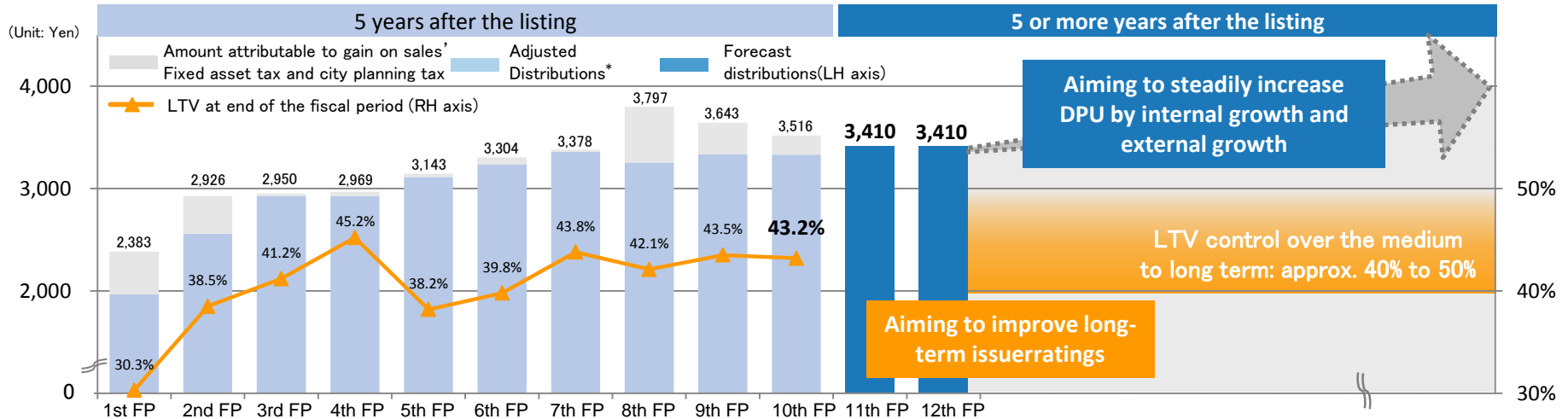
- Clearly indicated in the management guidelines that repurchase and cancellation of our own investment units may be conducted.

\*1 Based on the acquisition price. Note that the investment ratio can differ from these ratios (fluctuation range of up to approximately 10 points) depending on the individual specific assets acquired, etc.

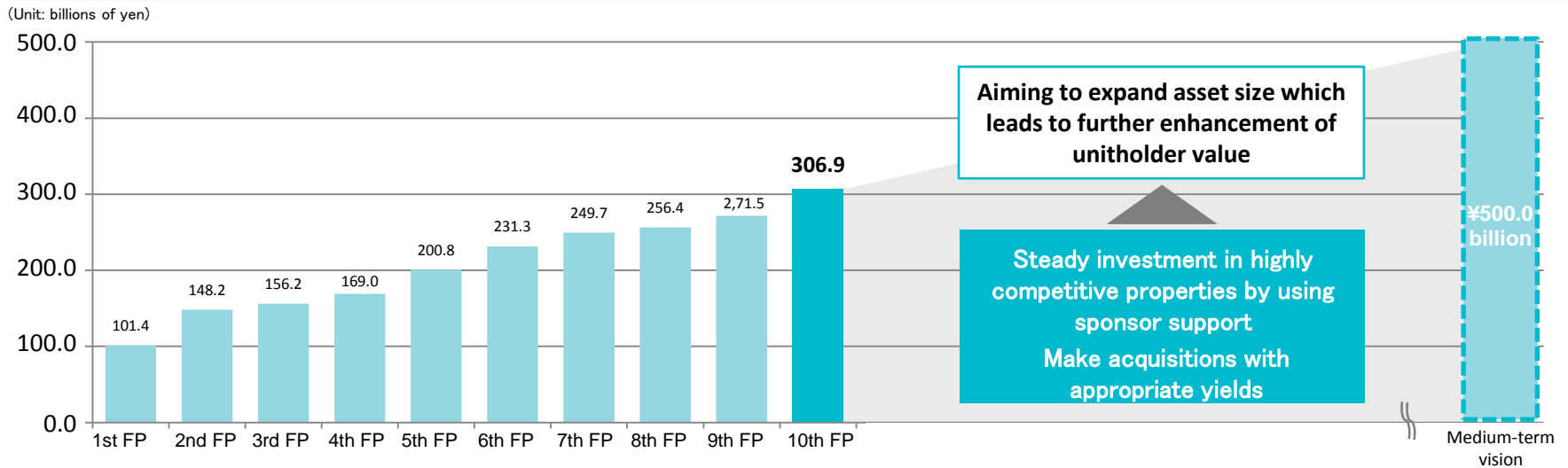
\*2 Other Next-Generation Assets Plus investment target assets refers to offices and commercial facilities that are not Tokyo commercial properties

\*3 Preferential negotiation rights based on an expanded investment target sponsor support agreement as a result of partial changes to management guidelines are second priority. For the details, please refer to Notice on Partial Change to Internal Regulations (Management Guidelines) of Asset Management Company released on April 12, 2019.

## DPU and LTV

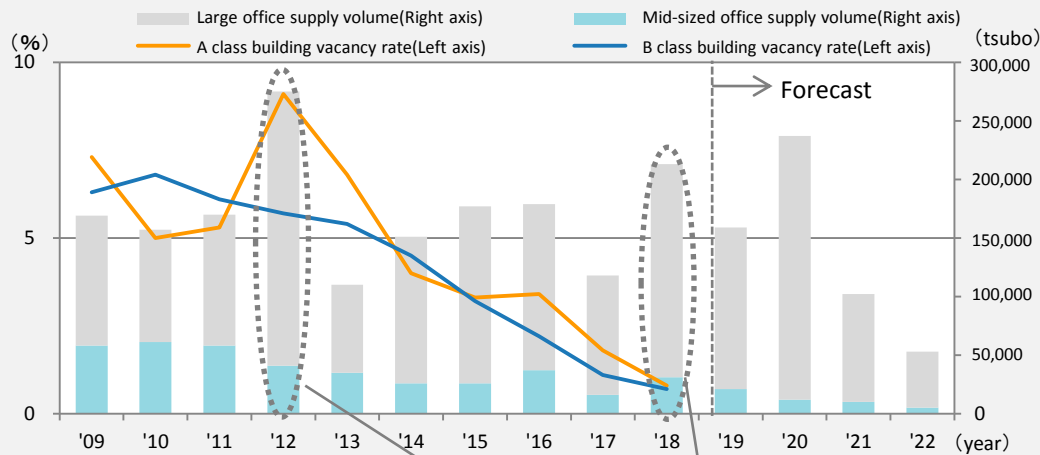


## Asset size



\* Refers to the amount of cash distributions per investment unit after adjustments for unexpensed fixed asset tax & city planning tax after property acquisition, gains on sales at the time of property transfer, and the related type 2 management fee. For details, refer to "Definitions of terms" starting on page 68.

## Trend in office supply volume and vacancy rates\*1



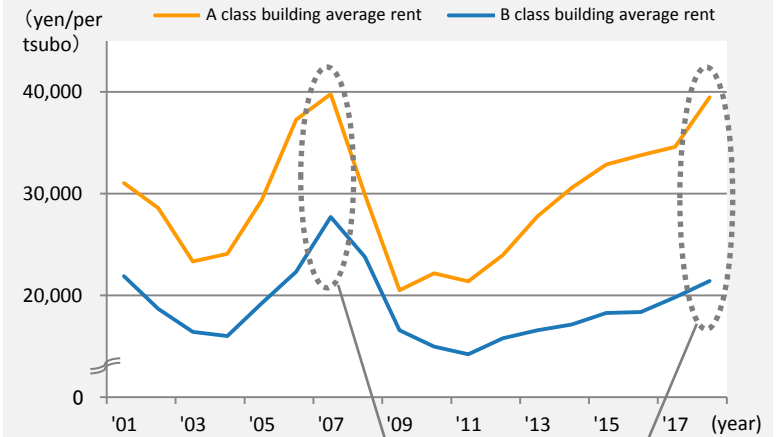
	2012 (①)	2018 (②)	Difference (②-①)
Large office supply volume	234,000tsubo	182,000tsubo	-52,000tsubo
Mid-sized office supply volume	41,000tsubo	31,000tsubo	-10,000tsubo
A class building vacancy rate	9.1%	0.8%	▲8.3%
B class building vacancy rate	5.7%	0.7%	▲5.0%

• Although there was a large supply mainly consisting of large offices in 2018, the vacancy rate has declined further, amid healthy tenant demand

### <Trend in office supply volume\*2>

2009~2018 Average supply amount (actual)	172,000 tsubo/year	2019~2022 Average supply amount (Forecast!)	138,000 tsubo/year
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## Trends in average office rents\*3



	2007	2018
A class building average rent	39,796yen/tsubo ①	39,468yen/tsubo ②
B class building average rent	27,707yen/tsubo ③	21,429yen/tsubo ④

### <Comparison of 2018 average rent with 2007>

A class building ② - ①	-328 yen/tsubo	B class building ④ - ③	-6,278 yen/tsubo
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• Still low in comparison of 2018 B class building average rent with 2007

## Present situation and internal growth strategy

- Although it is necessary to keep a close watch on the impact of anticipated large supply offices in 2020, **an upward trend in office rents is expected to persist for the time being for our mid-saized office properties located in competitive areas**
- We aim to **actively improve rent levels** at the time of replacement of tenants and rent renewals in spaces where tenants are paying rents below standard market rates compared to current rent standards

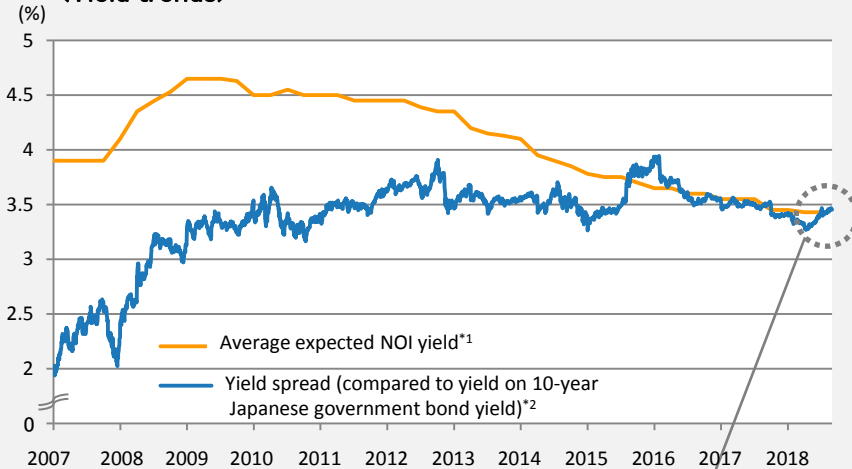
\*1 Office building supply volume was prepared by the asset management company on the basis of the leased area newly supplied in the "Tokyo 23 Wards New Office Supply Volume 2019" from Xymax Real Estate Institute Corporation, with offices that have a floor area of 10,000 tsubo or more as large offices and offices that have a floor area of 3,000 to 9,999 tsubo as mid-sized offices, and vacancy rates were prepared by the asset management company on the basis of vacancy rates in central Tokyo in the office rent index of Sanko Estate Co., Ltd.

\*2 Refers to the total of large office supply volume and mid-sized office supply volume

\*3 Prepared by the asset management company on the basis of average rent in central Tokyo in the office rent index of Sanko Estate Co., Ltd.

## Asset

### <Yield trends>



Average expected NOI yield (as of January.2019) : **3.43 %**

Yield spread (as of February.28,2019) : **3.45 %**

- Expected yield has **decreased by 0.02 percentage points in comparison with the previous fiscal year (as of July 2018)**
- Prudent investment decisions are needed** because the yield is even lower for properties at favorable locations
- Property acquisition accompanying **the replacement of owned properties will also be considered**

### <Status of owned property>

Direct cap rates  
(Office average) **3.4 %**

Average NOI yield  
(Office average) **4.2 %**

## Debt

- As a result of the low interest rates in the funding market, the average funding interest rate for **new borrowings in the 10th fiscal period (fiscal period ended February 28, 2019)** was **0.67%**

- Also consider external growth by using acquisition capacity

Book value-based LTV  
(End of 10th FP)

**43.2 %**

Market value-based LTV  
(End of 10th FP)

**37.5 %**

Acquisition  
capacity up to an  
LTV of 45%

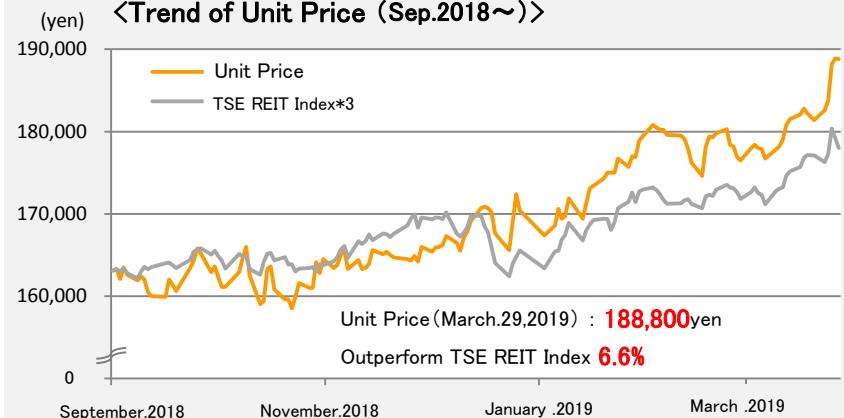
about  
**10 billion**

Acquisition  
capacity up to an  
LTV of 50%

about  
**40 billion**

## Equity

### <Trend of Unit Price (Sep.2018~)>



Unit Price (March.29,2019) : **188,800yen**

Outperform TSE REIT Index **6.6%**

Implied cap rate  
(End of March.2019)

**3.5 %**

P / NAV ratio  
(End of March.2019)

**1.11**

\*1 The average expected NOI yield on Tokyo (Otemachi) offices is based on the Real Estate Investor Survey conducted by CBRE, Inc.

\*2 Figures are stated after subtracting the yield on 10-year Japanese government bond yield from the expected NOI yield. Prepared by the asset management company based on information from information vendors.

\*3 Index is based on the assumption that Hulic Reit's unit price closing value is the same as its closing value at the beginning of the 10th fiscal period (September 3, 2018).



## Asset size growth through steady acquisitions of sponsor-developed properties

### Property acquisitions using sponsor support

Total assets

(End of 10<sup>th</sup> Fiscal Period)

50 properties ¥306.9 billion

Sponsor-developed properties

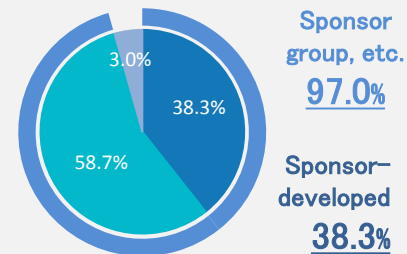
15 properties ¥117.7 billion

Sponsor-owned/supported properties

31 properties ¥180.1 billion

Independent-route

4 properties ¥9.2 billion



■ Sponsor-developed properties

■ Sponsor-owned/supported properties

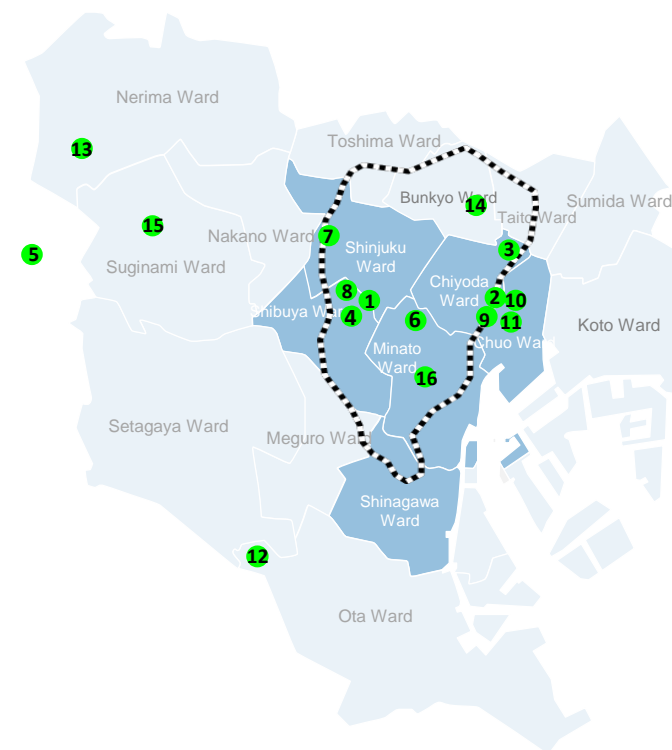
■ Independent-route




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

- The sponsor-developed properties, mainly in 6 central Tokyo wards, are planned for completion.

~2018	2019	2020	2021~
<b>TCP</b> ①Hulic Shibuya Koen-dori Building ②HULIC SQUARE TOKYO  <b>NGA+</b> ⑫Charm Premier Den-en-Chofu ⑬Sonare Shakujii Hulic Tsukiji 3-chome Building	<b>TCP</b> ③Soto-Kanda 4 Chome Development Project ④Udagawa-cho District 14/15 Category 1 Urban Redevelopment Project (partial ownership) ⑤Kichijoji Minamicho 1 Chome Development Project  <b>NGA+</b> ⑭Bunkyo Yayoi Development Project ⑮Ogikubo Development Project	<b>TCP</b> ⑥Akasaka 2 Chome Development Project ⑦Shinjuku 3-17 Development Project  <b>NGA+</b> ⑯Minami-Azabu Development Project Ryogoku River Center Project	<b>TCP</b> ⑧Udagawacho 32 Development Project ⑨Ginza 6-chome Development Project Tokyo ⑩Ginza 8-chome Development Project Tokyo ⑪Ginza 6-chome Development Project part 2  <b>NGA+</b> Shinsaibashi Project




**①Hulic Shibuya Koen-dori Building**



5-minute walk from Shibuya Station  
Dec. 2017 completed  
Total floor area: 5,294 m<sup>2</sup>

Retail property Hotel

**②HULIC SQUARE TOKYO**



1-minute walk from Ginza Station  
Oct. 2018 completed  
Total floor area: 15,782 m<sup>2</sup>

Retail property Hotel

**③Soto-Kanda 4 Chome Development Project**



5-minute walk from Akihabara Station  
Apr. 2019 planned to be completed  
Total floor area: approx. 1,200m<sup>2</sup>

Retail property

**④Udagawa-cho District 14/15 Category 1 Urban Redevelopment Project (partial ownership)**



6-minute walk from Shibuya Station  
Oct. 2019 planned to be completed  
Total floor area: approx. 63,930m<sup>2</sup>

Office

**⑤Kichijoji Minamicho 1 Chome Development Project**



Within walking distance from Kichijoji station  
Aug. 2019 planned to be completed  
Total floor area: approx. 2,100 m<sup>2</sup>

Retail property

**⑥Akasaka 2 Chome Development Project**



Within walking distance from Akasaka station  
2020 planned to be completed  
Total floor area: approx. 7,800 m<sup>2</sup>

Office


**⑦Shinjuku 3-17 Development Project**



1-minute walk from Shinjuku station  
2020 planned to be completed  
Total floor area: approx. 3,000 m<sup>2</sup>

Retail property


**⑧Udagawacho 32 Development Project**



4-minute walk from Shibuya Station  
2021 planned to be completed  
Total floor area: approx. 3,500 m<sup>2</sup>

Retail property


**⑨Ginza 6-chome Development Project Tokyo**



Within walking distance from Ginza station  
2021 planned to be completed  
Total floor area: approx. 2,100 m<sup>2</sup>

Retail property


**⑩Ginza 8-chome development Project Tokyo**



Within walking distance from Ginza station  
2021 planned to be completed  
Total floor area: approx. 2,500 m<sup>2</sup>

Retail property


**⑪Ginza 6-chome development Project part 2**



Within walking distance from Ginza station  
2021 planned to be completed  
Total floor area: approx. 2,900 m<sup>2</sup>

Retail property

**⑫Charm Premier Den-en-Chofu**



5-minute walk from Den-en-chofu Station  
Mar. 2018 completed  
Total floor area: 1,984 m<sup>2</sup>

Private nursing home

**⑬ Sonare Shakujii**



10-minute walk from Kamisyakujii Station  
Oct. 2018 completed  
Total floor area: 2,295m<sup>2</sup>

Private nursing home


**⑭Bunkyo Yayoi Development Project**



7-minute walk from Nezu Station  
Mar. 2019 planned to be completed  
Total floor area: approx. 2,100 m<sup>2</sup>

Private nursing home

**⑮Ogikubo Development Project**



12-minute walk from Ogikubo Station  
Jul. 2019 planned to be completed  
Total floor area: approx. 2,500 m<sup>2</sup>

Private nursing home

**⑯Minami-Azabu Development Project**



10-minute walk from Hiroo Station  
2020 planned to be completed  
Total floor area: approx. 1,700 m<sup>2</sup>

Private nursing home

\*1 Completion drawings (perspective) may differ from the actual completed structures in some details.

\*2 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.



## VI. Appendix

## 9th fiscal period results, 10th fiscal period forecasts and results, and 11th fiscal period forecast comparison

(Unit: million yen)

	9th fiscal period Result (A)	10th fiscal period (Feb. 2019)		Change (C-A)	Difference (C-B)	11th fiscal period New forecast (D)	Change (D-C)
		Forecast*2 (B)	Result (C)				
Operating revenues							
Real estate lease business revenues	7,712	8,647	8,750	+1,037	+102	9019	+268
Gain on sales of real estate properties	389	193	194	(195)	+1	0	(194)
Total operating revenues	8,101	8,840	8,944	+842	+103	9019	+74
Operating expenses							
Expenses related to rent business	(2,519)	(2,902)	(2,924)	(405)	(22)	(3099)	(174)
(Of which)							
Taxes and public dues	(603)	(596)	(597)	+5	△0	(726)	(128)
Depreciation and amortization	(854)	(952)	(950)	(96)	+1	(961)	(11)
Repair expenses	(91)	(125)	(115)	(24)	+9	(115)	+0
Leasing-related costs	(16)	(11)	(22)	(6)	(11)	(17)	+5
Other expenses related to rent business	(954)	(1,215)	(1,237)	(283)	(21)	(1278)	(40)
Asset management fee	(812)	(816)	(836)	(23)	(20)	(843)	(6)
Other operating expenses	(193)	(195)	(187)	+5	+8	(201)	(14)
Total operating expenses	(3,525)	(3,914)	(3,948)	(423)	(34)	(4144)	(195)
Operating profit	4,576	4,926	4,995	+419	+69	4874	(120)
Non-operating income	0	0	12	+11	+12	0	(12)
Non-operating expenses							
Interest expenses•Borrowing-related expenses	(505)	(570)	(570)	(65)	△0	(578)	(8)
Amortization of investment unit issuance costs	(23)	(33)	(31)	(8)	+1	(22)	+8
Amortization of investment corporation bond issuance costs	(3)	(5)	(5)	(2)	△0	(5)	+0
Total non-operating expenses	(532)	(609)	(608)	(75)	+0	(607)	+0
Ordinary profit	4,044	4,317	4,399	+355	+82	4267	(132)
Profit	4,043	4,316	4,398	+355	+82	4,266	(132)
Cash distributions per unit (yen)	3,643	3,450	3,516	(127)	+66	3,410	(106)

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

\*2 Forecasts for the 10th fiscal period are stated on the basis of forecasts released on Oct. 12, 2018. For details, please refer to Financial Report for the Fiscal Period Ended Aug. 31, 2018, which was released on Oct. 12, 2018.

## 11th fiscal period previous & new forecasts, 11th & 12th fiscal period forecasts comparison

				(Unit: million yen)		
11th fiscal period (Aug. 2019)			Difference  (B-A)	Main factors	12th fiscal period	Change
		Previous forecast*2 (A)			New forecast (B)	Forecast (C)
Operating revenues						
Real estate lease business revenues	8,872	9,019	+146	■ Real estate lease business revenues (+146) • Acquisition of Ebisu Minami Building : +54 • Increase in real estate lease business revenue from Hulic Kamiyacho Building (Entire building) : +34 (Increase in rent, etc.) • Increase in real estate lease business revenue from KSS Gotanda building : +13 (Increase in rent, etc.) • Increase in utilities expense revenue : +17 (except Ebisu Minami Building)	8,969	(49)
Gain on sales of real estate properties	0	0	0		0	0
Total operating revenues	8,872	9,019	+146		8,969	(49)
Operating expenses						
Expenses related to rent business	(3,069)	(3,099)	(30)	■ Expenses related to rent business(Δ30) • Increase in utilities expenses : Δ20 (except Ebisu Minami Building)	(3,097)	+2
(Of which)						
Taxes and public dues	(721)	(726)	(4)		(726)	+0
Depreciation and amortization	(964)	(961)	+2		(967)	(5)
Repair expenses	(107)	(115)	(8)		(119)	(3)
Leasing-related costs	(20)	(17)	+2		(17)	Δ0
Other expenses related to rent business	(1,255)	(1,278)	(22)		(1,266)	+11
Asset management fee	(820)	(843)	(22)		(838)	+4
Other operating expenses	(182)	(201)	(18)		(171)	+29
Total operating expenses	(4,072)	(4,144)	(71)		(4,107)	+36
Operating profit	4,800	4,874	+74		4,862	(12)
Non-operating income	0	0	0		0	0
Non-operating expenses						
Interest expenses・Borrowing-related expenses	(577)	(578)	(1)		(573)	+5
Amortization of investment unit issuance costs	(24)	(22)	+1		(17)	+5
Amortization of investment corporation bond issuance costs	(5)	(5)	0		(4)	+1
Total non-operating expenses	(608)	(607)	+0		(595)	+12
Ordinary profit	4,192	4,267	+75		4,267	+0
Profit	4,191	4,266	+75		4,266	+0
Cash distributions per unit (yen)	3,350	3,410	+60		3,410	+0

\* Figures less than ¥1 million are truncated.

## 2. Balance Sheets

(Unit: millions of yen)

	End of 9th Fiscal Period (Aug 31, 2018) (A)	End of 10 Fiscal Period (Feb. 28, 2019) (B)	Change (B-A)
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	5,514	8,150	2,636
Cash and deposits in trust	6,313	7,155	841
Operating accounts receivable	30	122	91
Prepaid expenses	28	46	17
Deferred tax assets	0	0	△0
Consumption taxes receivable	0	87	87
Other	3	0	(3)
<b>Total current assets</b>	<b>11,890</b>	<b>15,561</b>	<b>3,670</b>
<b>Noncurrent assets</b>			
<b>Property, plant and equipment</b>			
Buildings in trust	56,489	60,329	3,839
Accumulated depreciation	(5,148)	(6,059)	(910)
Buildings in trust, net	51,340	54,269	2,928
Structures in trust	345	363	17
Accumulated depreciation	(92)	(106)	(13)
Structures in trust, net	252	256	4
Machinery and equipment in trust	281	283	1
Accumulated depreciation	(106)	(124)	(17)
Machinery and equipment in trust, net	174	159	(15)
Tools, furniture and fixtures in trust	38	43	5
Accumulated depreciation	(11)	(14)	(3)
Tools, furniture and fixtures in trust, net	27	29	2
Land in trust	210,875	235,498	24,623
Construction in progress in trust	0	0	0
<b>Total property, plant and equipment</b>	<b>262,670</b>	<b>291,462</b>	<b>28,791</b>
<b>Intangible assets</b>			
Leasehold rights	0	2,343	2,343
Leasehold rights in trust	8,471	12,301	3,830
Other	1	0	△0
<b>Total intangible assets</b>	<b>8,472</b>	<b>14,644</b>	<b>6,172</b>
<b>Investments and other assets</b>			
Lease and guarantee deposits	20	20	0
Long-term prepaid expenses	637	826	188
Deferred tax assets	0	0	0
<b>Total investments and other assets</b>	<b>657</b>	<b>846</b>	<b>188</b>
<b>Total noncurrent assets</b>	<b>271,801</b>	<b>306,953</b>	<b>35,152</b>
<b>Deferred assets</b>			
Investment unit issuance costs	51	78	26
Investment corporation bond issuance costs	73	67	(5)
<b>Total deferred assets</b>	<b>125</b>	<b>146</b>	<b>20</b>
<b>Total assets</b>	<b>283,817</b>	<b>322,661</b>	<b>38,843</b>

(Unit: millions of yen)

	End of 9th Fiscal Period (Aug 31, 2018) (A)	End of 10 Fiscal Period (Feb. 28, 2019) (B)	Change (B-A)
<b>Liabilities</b>			
<b>Current liabilities</b>			
Operating accounts payable	513	323	(189)
Short-term loans payable	4,510	3,960	(550)
Current portion of investment corporation	0	2,000	2,000
Current portion of long-term loans payable	13,130	10,320	(2,810)
Accounts payable - other	958	981	23
Accrued expenses	45	31	(13)
Income taxes payable	0	1	0
Accrued consumption taxes	115	32	(82)
Advances received	1,362	1,489	126
Deposits received	26	2	(24)
<b>Total current liabilities</b>	<b>20,662</b>	<b>19,143</b>	<b>(1,518)</b>
<b>Noncurrent liabilities</b>			
Investment corporation bond	12,000	10,000	(2,000)
Long-term loans payable	93,760	113,230	19,470
Tenant leasehold and security deposits in trust	11,633	12,944	1,310
<b>Total non current liabilities</b>	<b>117,393</b>	<b>136,315</b>	<b>18,921</b>
<b>Total liabilities</b>	<b>138,055</b>	<b>155,458</b>	<b>17,402</b>
<b>Net assets</b>			
<b>Unitholders' equity</b>			
Unitholders' capital	141,717	162,803	21,085
Surplus			
Unappropriated retained earnings	4,044	4,399	355
Total surplus	4,044	4,399	355
<b>Total unitholders' equity</b>	<b>145,761</b>	<b>167,202</b>	<b>21,440</b>
<b>Total net assets</b>	<b>145,761</b>	<b>167,202</b>	<b>21,440</b>
<b>Total liabilities and net assets</b>	<b>283,817</b>	<b>322,661</b>	<b>38,843</b>



		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)	End of 9th Fiscal Period (Aug. 31, 2018)	End of 10th Fiscal Period (Feb. 28, 2019)
No. of properties	Portfolio overall	21	28	31	32	34	37	43	44	46	50
	Tokyo Commercial Properties	12	16	19	20	22	23	28	28	30	34
	Next-Generation Assets Plus	9	12	12	12	12	14	15	16	16	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	¥271.5 billion	¥306.9 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	¥216.8 billion	¥252.2 billion
	Next-Generation Assets Plus	¥22.6 billion	¥33.4 billion	¥33.4 billion	¥33.4 billion	¥33.4 billion	¥40.8 billion	¥42.6 billion	¥54.7 billion	¥54.7 billion	¥54.7 billion
Unincurred gains/losses	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	¥41.9 billion	¥49.1 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	¥35.6 billion	¥42.0 billion
	Next-Generation Assets Plus	¥1.9 billion	¥2.4 billion	¥3.9 billion	¥4.7 billion	¥4.9 billion	¥5.6 billion	¥5.7 billion	¥6.1 billion	¥6.3 billion	¥7.0 billion
Average NOI yield		5.1%	4.9%	4.9%	4.8%	4.7%	4.6%	4.6%	4.6%	4.5%	4.5%
Average NOI yield after depreciation		4.5%	4.2%	4.2%	4.2%	4.2%	4.1%	4.0%	3.9%	3.9%	3.9%
Appraisal direct cap rate		4.5%	4.4%	4.3%	4.1%	4.0%	3.9%	3.9%	3.8%	3.8%	3.9%
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	165,441 yen	169,415 yen
Average age of buildings		18.2 years	16.7 years	17.3 years	16.5 years	18.1 years	16.9 years	17.1 years	16.2 years	17.9 years	19.8 years
Occupancy rate		99.1%	99.0%	98.2%	99.4%	99.9%	99.7%	99.3%	99.7%	99.8%	99.9%
PML		5.95	3.34	3.17	2.99	3.04	2.88	2.99	2.95	4.34	4.20

## 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 4th 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)

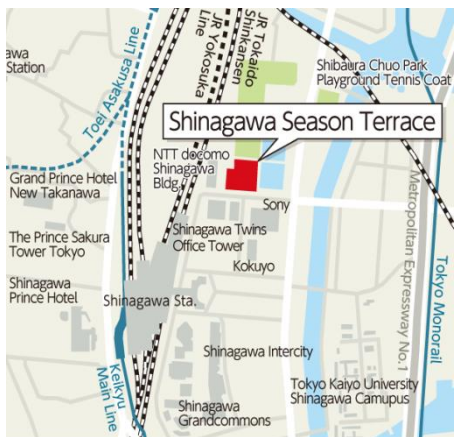
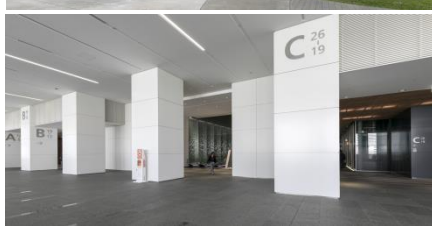
- Number of unitholders multiplied by the following monetary amounts

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 9th Fiscal Period Ended August 31, 2018 (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.

## Shinagawa Season Terrace



Location	Minato Ward, Tokyo
Nearest station	JR line, etc. Shinagawa station
Walking distance	6 min.
Total floor area	202,666.94㎡
Total leasable area*3	3,196.54㎡
Completion of construction	January 2015

Acquisition price

¥6.1 billion

Appraisal value\*2

¥6.15 billion

Appraisal NOI yield

3.6%

Acquisition date

September 10, 2018

### Highlights

- Acquisition from sponsor of large office building located in the Shinagawa area, promising future development
- Provides excellent access to locations in Japan and overseas given its location 6 minutes walk from Shinagawa Station, which serves both the JR Line and the Keikyu Main Line, is situated approx. 13 to 16 minutes from Haneda Airport using the Keikyu Airport Line, and acts as a stop for the Tokaido Shinkansen

### Location characteristics

- The site is in an area promising development, particularly with respect to developing a new station and laying track for maglev trains
- Situated in an location that holds promise of better railway access and area development, particularly given the prospects involving development of a new railway station between the Shinagawa and Tamachi stations on the JR Yamanote Line and other lines (tentatively slated to begin operation in 2020), and laying of track for the Linear Chuo Shinkansen

### Property characteristics

- Environmentally-sound office building offering approx. 4,900 square meters (1,500 tsubo) of area per floor
- Office building with approx. 4,900 square meters (1,500 tsubo) of area per office floor, proactively equipped with energy-saving systems drawing on light, wind, water and other efficient forms of natural energy
- Granted the highest S Rank (CASBEE – new buildings) ranking under the CASBEE certification system (Comprehensive Assessment System for Built Environment Efficiency)

\*1 HULIC REIT have a 25% interest in the trust beneficiary rights acquired under quasi-co-ownership, with the primary assets under trust being a co-ownership (18.0%) in unit ownership interests in stores, an assembly hall, and a medical clinic on the 1st through 3rd floors and offices from the 6th through 10th floors and the 18th through 26th floors, as well as co-ownership in unit ownership interests in offices on the 5th floor (approx. 3.4%).

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

\*3 The figures stated for the end tenants are equivalent to the quasi-co-ownership interest (25%) acquired by HULIC REIT.

## KSS Gotanda Building



Location	Shinagawa Ward, Tokyo
Nearest station	Tokyu Ikegami Line Osakihirokoji station
Walking distance	1 min.
Total floor area	4,495.35㎡
Total leasable area	3,296.01㎡
Completion of construction	March 1996

Acquisition price

¥3.45 billion

Appraisal value\*

¥3.49 billion

Appraisal NOI yield

4.5%

Acquisition date

October 1, 2018

### Highlights

- Acquisition of mid-sized office building in the Gotanda area, which is gaining recognition as an office district for the IT industry
- Acquisition of a mid-sized office building in the Gotanda area, which is subject to strong demand as an office district for the IT industry, given that it is known for its very convenient access to locations such as Shibuya and Shinjuku, where there are concentrations of companies in that industry

### Location characteristics

- Location with access to three railway stations and six railway lines, and a one-minute walk to the nearest railway station
- The location is within walking distance of Osaki Station which serves various JR lines, and it is a one minute walk from Osaki Hirokoji Station on the Tokyu Ikegami Line, and a 6 minute walk from Gotanda Station on the JR Yamanote Line
- The location offers outstanding access to Shinagawa Station, which provides the convenience of a transportation network that covers a wide area

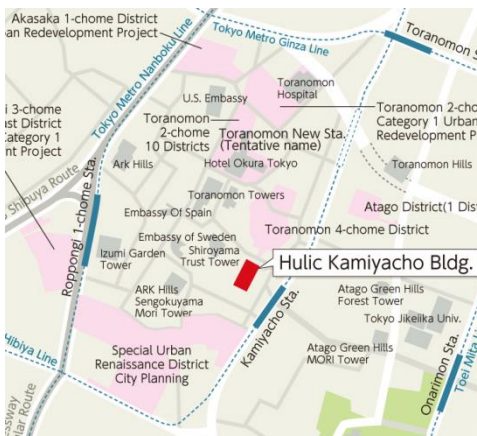
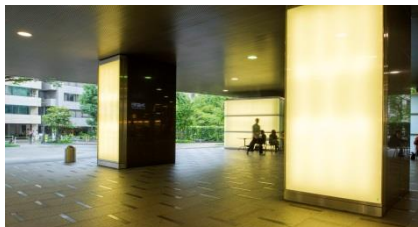
### Property characteristics

- Mid-sized offices located along Yamate Street, which is home to a concentration of offices
- Located along Yamate Street which features an extensive concentration of offices in the Gotanda area
- Mid-sized office building with a total floor area of about 4,500 square meters (1,360 tsubo) and a standard floor area of about 480 square meters (144 tsubo)
- Delivers advantages with respect to size in the Gotanda area, which is a high-volume zone for small office buildings

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



## Hulic Kamiyacho Building (Additional Acquisition)



Location	Minato Ward, Tokyo
Nearest station	Tokyo Metro Hibiya Line Kamiyacho Station
Walking distance	1 min.
Total floor area	39,854.52m <sup>2</sup>
Total leasable area	32,487.06m <sup>2</sup>
Completion of construction	April 1985

Acquisition price

¥18.5 billion

Appraisal value\*

¥18.7 billion

Appraisal NOI yield

3.7%

Acquisition date

October 16, 2018

### Highlights

- Full ownership (100%) upon the sponsor's acquisition of an additional 30% ownership interest
- Given the property's strong track record, Hulic Reit made a second additional acquisition in line with efforts to increase its assets. Hulic Reit is poised to have a greater degree of managerial freedom as a result of maintaining full ownership of the property.

### Location characteristics

- The Kamiyacho area is undergoing large-scale redevelopment
- Located in an area that is likely to attract an extensive tenant demographic given the area's heightened potential as a result of progress being made with large-scale redevelopment

### Property characteristics

- Large office building featuring a highly efficient layout
- One of the largest office buildings in the area with a standard floor area of approx. 3,100 square meters (940 tsubo), featuring a floor plan with a highly efficient layout in terms of the building's central core and shape. It is capable of meeting wide ranging tenant needs extending from large space, particularly for use as a corporate head office, to office space on a small scale.

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

## Hulic Nihonbashi-honcho 1 Chome Building



Location	Chuo Ward, Tokyo
Nearest station	Tokyo Metro Ginza Line, etc. Mitsukoshimae Station
Walking distance	5 min.
Total floor area	9,869.38m <sup>2</sup>
Total leasable area*2	3,702.25m <sup>2</sup>
Completion of construction	January 1964

Acquisition price

¥3.98 billion

Appraisal value\*1

¥4.12 billion

Appraisal NOI yield

4.5%

Acquisition date

November 1, 2018

### Highlights

- Acquisition of office building located in the Nihonbashi-Muromachi, Nihonbashi-honcho area attracting favorable demand relative to supply
- Acquisition of office building in an area that has consistently been tapping into favorable demand relative to supply due to heightened office potential brought about by reconstruction and redevelopment to continue going forward, with a vacancy rate below 1% since 2017

### Location characteristics

- Site offers very convenient access to three railway stations and five railway lines
- The building is a five-minute walk from Mitsukoshimae Station serving the Tokyo Metro Ginza and other lines, and is within walking distance of Shin-Nihombashi Station on the JR Sobu Line's rapid service trains and Nihombashi Station on the Tokyo Metro Tozai line

### Property characteristics

- Co-ownership between asset management company (50%) and the sponsor (50%)
- Co-ownership of the property between the asset management company (Hulic Reit) and the sponsor (Hulic Co.), with the sponsor holding a quasi-co-ownership interest of 50%. The property is to be managed in a manner whereby interests are aligned with those of the sponsor.

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

\*2 The figures equivalent to quasi-co-ownership interest acquired by Hulic Reit (50%) are stated.



## Bancho House



Location	Chiyoda Ward, Tokyo
Nearest station	Tokyo Metro Hanzomon Line Hanzomon Station
Walking distance	3 min.
Total floor area	2,758.04㎡
Total leasable area	1,916.19㎡
Completion of construction	August 1989

Acquisition price

¥2.75 billion

Appraisal value\*

¥2.8 billion

Appraisal NOI yield

4.2%

Acquisition date

November 1, 2018

### Highlights

- Acquisition from the sponsor of an office building featuring a quality workplace setting against the backdrop of the British embassy
- Acquisition of office building located on a site opposite a road adjacent to the British embassy, in an area featuring a quality workplace setting amid neighboring locations such as the Chidorigafuchi Moat and the Imperial Palace

### Location characteristics

- Site offers very convenient access to transportation
- The site is a three-minute walk from Hanzomon Station on the Tokyo Metro Hanzomon Line, and is within walking distance of Kojimachi Station on the Tokyo Metro Yurakucho Line
- Situated in an area with excellent access to locations in which offices and administrative organizations are concentrated such as Tokyo, Kasumigaseki and Shibuya, as well as key terminal railway stations

### Property characteristics

- Office building featuring a distinctive façade
- Office building with an exterior made of high-grade granite and an imposing entranceway, making it very appealing for the kind of tenant interested in this location

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

## Ebisu Minami Building



Location	Shibuya Ward, Tokyo
Nearest station	Tokyo Metro Hibiya Line Ebisu Station
Walking distance	4 min.
Total floor area *2	1,617.79m <sup>2</sup>
Total leasable area *2	1,629.09m <sup>2</sup>
Completion of construction	September 1992

Acquisition price  
**¥2.42 billion**

Appraisal value\*1  
**¥2.48 billion**

Appraisal NOI yield  
**4.3%**

Acquisition date  
**December 27, 2018**

### Highlights

- Office building that can be rented in full that advantage of the characteristics of the type of tenants interested in this area

• It is conducive to use as the tenant's own building, and will thus tend to appeal to tenants who want to use the entire building. We anticipate demand for this property among tenants interested in this area (IT companies, apparel companies, and schools for example).

### Location characteristics

- Site offers very convenient access to transportation

• This property is an approximately four-minute walk from Ebisu Station on the Tokyo Metro Hibiya Line and an approximately seven-minute walk from the Ebisu Station on the JR Yamanote Line

• Small-scale office buildings, condominiums, and single-family homes make up the surrounding area, and we can expect demand from tenants looking for a quiet working environment.

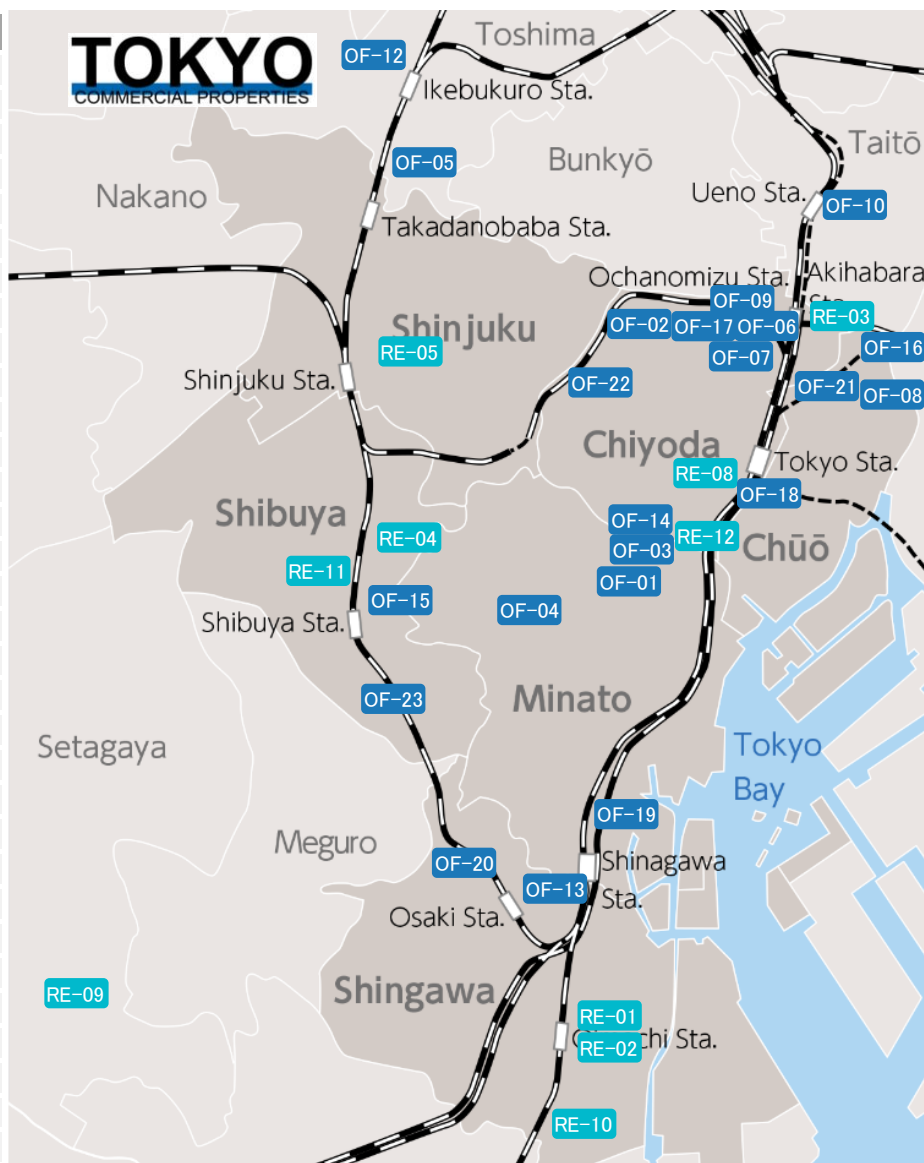
### Property characteristic

- Office building with natural stone used for the exterior walls and the entrance
- The construction is of a relatively high grade, with natural stone used for the exterior walls and the entrance, and thus has competitive strengths within the same supply /demand zone.

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

\*2 The area in the register is stated for the total floor area. The area in the lease agreement is stated for the leasable area.

Type	No.	Property Name
Office	OF-01	Hulic Kamiyacho Building
	OF-02	Hulic Kudan Building (Land)
	OF-03	Toranomon First Garden
	OF-04	Rapiros Roppongi
	OF-05	Hulic Takadanobaba Building
	OF-06	Hulic Kanda Building
	OF-07	Hulic Kandabashi Building
	OF-08	Hulic Kakigaracho Building
	OF-09	Ochanomizu Sola City
	OF-10	Hulic Higashi Ueno 1 Chome Building
	OF-12	Tokyo Nishi Ikebukuro Building
	OF-13	Gate City Ohsaki
	OF-14	Hulic Toranomon Building
	OF-15	Hulic Shibuya 1 Chome Building
	OF-16	Hulic Higashi Nihonbashi Building
	OF-17	Hulic Jimbocho Building
	OF-18	Hulic Ginza 7 Chome Building
	OF-19	Shinagawa Season Terrace
	OF-20	KSS Gotanda Building
	OF-21	Hulic Nihonbashi-honcho 1 Chome Building
	OF-22	Bancho House
	OF-23	Ebisu Minami Building
Retail	RE-01	Oimachi Redevelopment Building (#2)
	RE-02	Oimachi Redevelopment Building (#1)
	RE-03	Dining Square Akihabara Building
	RE-04	Hulic Jingu-Mae Building
	RE-05	Hulic Shinjuku 3 Chome Building
	RE-08	Orchid Square
	RE-09	Hulic Todoroki Building
	RE-10	Hulic Omori Building
	RE-11	HULIC &New SHIBUYA
	RE-12	HULIC &New SHINBASHI



\* The map shown above plots Tokyo Commercial Properties, from among the properties held as of the end of the 10th fiscal period (February 28, 2019). Hulic Shimura-sakaue and Yokohama Yamashitacho Building are also held in addition to the properties above.





**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

**Ochonomizu 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**



**OF-18** Office 4-min. walk from station

**Hulic Ginza 7 Chome Building**



**OF-19** Office 6-min. walk from station

**Shinagawa Season Terrace**

\* This refers to properties owned at the end of the 10th fiscal period (February 28, 2019).





**OF-20** Office 1-min. walk from station

**KSS Gotanda Building**



**OF-21** Office 5-min. walk from station

**Hulic Nihonbashi-honcho  
1 Chome Building**



**OF-22** Office 3-min. walk from station

**Bancho House**



**OF-23** Office 4-min. walk from station

**Ebisu Minami Building**



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

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



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

**Dining Square Akihabara  
Building**



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

**Hulic Jingu-Mae Building**



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

**Hulic Shinjuku 3 Chome  
Building**



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

**Yokohama Yamashitacho  
Building**



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

**Orchid Square**



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

**Hulic Todoroki Building**



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

**Hulic Omori Building**



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

**HULIC & New SHIBUYA**



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

**HULIC & New SHINBASHI**



**RE-13** Retail properties 12-min. walk from station

**HULIC Shimura-sakau**



**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



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

Property No.	Property name	Area	Location	Acquisition price (millions of yen)	Completion of construction	Total leasable area (m <sup>2</sup> )	NOI yield (%)	Occupancy rate* (%)
Subtotal for Tokyo Commercial Properties (34 properties)				252,210	–	180,549.66	4.3	99.9
Subtotal for office properties (22 properties)				198,400	–	121,486.10	4.2	99.9
OF-01	Hulic Kamiyacho Building	6 central Tokyo wards	Minato Ward, Tokyo	55,250	April, 1985	32,487.06	4.1	100.0
OF-02	Hulic Kudan Building (Land)	6 central Tokyo wards	Chiyoda Ward, Tokyo	11,100	–	3,351.07	4.1	100.0
OF-03	Toranomon First Garden	6 central Tokyo wards	Minato Ward, Tokyo	8,623	August, 2010	5,689.97	4.7	100.0
OF-04	Rapiros Roppongi	6 central Tokyo wards	Minato Ward, Tokyo	6,210	August, 1997	6,730.52	6.1	100.0
OF-05	Hulic Takadanobaba Building	Other Tokyo 23 wards	Toshima Ward, Tokyo	3,900	November, 1993	5,369.71	5.3	100.0
OF-06	Hulic Kanda Building	6 central Tokyo wards	Chiyoda Ward, Tokyo	3,780	September, 2008	3,728.36	4.5	100.0
OF-07	Hulic Kandabashi Building	6 central Tokyo wards	Chiyoda Ward, Tokyo	2,500	June, 2001	2,566.95	4.6	100.0
OF-08	Hulic Kakigaracho Building	6 central Tokyo wards	Chuo Ward, Tokyo	2,210	March, 1993	2,858.48	5.7	100.0
OF-09	Ochanomizu Sola City	6 central Tokyo wards	Chiyoda Ward, Tokyo	38,149	February, 2013	13,923.42	3.8	100.0
OF-10	Hulic Higashi Ueno 1 Chome Building	Other Tokyo 23 wards	Taito Ward, Tokyo	2,678	July, 1988	3,137.09	5.0	100.0
OF-12	Tokyo Nishi Ikebukuro Building	Other Tokyo 23 wards	Toshima Ward, Tokyo	1,580	October, 1990	1,429.74	5.4	100.0
OF-13	Gate City Ohsaki	6 central Tokyo wards	Shinagawa Ward, Tokyo	4,370	(Office and commercial building) January, 1999 (Residential building) December, 1998	3,835.78	4.5	100.0
OF-14	Hulic Toranomon Building	6 central Tokyo wards	Minato Ward, Tokyo	18,310	May, 2015	8,574.65	3.7	100.0
OF-15	Hulic Shibuya 1 Chome Building	6 central Tokyo wards	Shibuya Ward, Tokyo	5,100	August, 1993	2,817.65	4.1	100.0
OF-16	Hulic Higashi Nihonbashi Building	6 central Tokyo wards	Chuo Ward, Tokyo	3,480	November, 1996	3,681.20	4.6	100.0
OF-17	Hulic Jimbocho Building	6 central Tokyo wards	Chiyoda Ward, Tokyo	1,460	September, 1989	1,561.38	4.3	100.0
OF-18	Hulic Ginza 7 Chome Building	6 central Tokyo wards	Chuo Ward, Tokyo	11,000	September, 1962	6,002.99	3.6	100.0
OF-19	Shinagawa Season Terrace	6 central Tokyo wards	Minato Ward, Tokyo	6,100	January, 2015	3,196.54	3.6	99.9
OF-20	KSS Gotanda Building	6 central Tokyo wards	Shinagawa Ward, Tokyo	3,450	March, 1996	3,296.01	4.5	100.0
OF-21	Hulic Nihonbashi-honcho 1 Chome Building	6 central Tokyo wards	Chuo Ward, Tokyo	3,980	January, 1964	3,702.25	4.5	100.0
OF-22	Bancho House	6 central Tokyo wards	Chiyoda Ward, Tokyo	2,750	August, 1989	1,916.19	4.2	100.0
OF-23	Ebisu Minami Building	6 central Tokyo wards	Shibuya Ward, Tokyo	2,420	September, 1992	1,629.09	4.3	100.0

\* Figures are as of the end of the 10th fiscal period (February 28, 2019).

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

Property No.	Property name	Area	Location	Acquisition price (millions of yen)	Completion of construction	Total leasable area (m <sup>2</sup> )	NOI yield (%)	Occupancy rate* (%)
Subtotal for retail properties (12 properties)				53,810	–	59,063.56	5.0	100.0
RE-01	Oimachi Redevelopment Building (#2)	6 central Tokyo wards	Shinagawa Ward, Tokyo	9,456	September, 1989	14,485.66	5.8	100.0
RE-02	Oimachi Redevelopment Building (#1)	6 central Tokyo wards	Shinagawa Ward, Tokyo	6,166	September, 1989	10,612.67	5.8	100.0
RE-03	Dining Square Akihabara Building	6 central Tokyo wards	Chiyoda Ward, Tokyo	3,200	June, 1993	2,169.41	4.8	100.0
RE-04	Hulic Jingu-Mae Building	6 central Tokyo wards	Shibuya Ward, Tokyo	2,660	September, 2000	1,656.24	4.6	100.0
RE-05	Hulic Shinjuku 3 Chome Building	6 central Tokyo wards	Shinjuku Ward, Tokyo	5,550	June, 1983	1,351.15	5.0	100.0
RE-06	Yokohama Yamashitacho Building	Others	Yokohama City, Kanagawa	4,850	July, 1993	8,958.70	5.3	100.0
RE-08	Orchid Square	6 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	1,676.02	5.7	100.0
RE-10	Hulic Omori Building	6 central Tokyo wards	Shinagawa Ward, Tokyo	3,420	January, 2017	2,666.52	4.7	100.0
RE-11	HULIC &New SHIBUYA	6 central Tokyo wards	Shibuya Ward, Tokyo	3,150	April, 2017	898.62	3.4	100.0
RE-12	HULIC &New SHINBASHI	6 central Tokyo wards	Minato Ward, Tokyo	3,100	April, 2017	1,725.35	4.1	100.0
RE-13	HULIC Shimura-sakaue	Other Tokyo 23 wards	Itabashi Ward, Tokyo	7,556	( Retail property block ) November, 2015 ( Private nursing home block ) February ,2016	11,528.34	4.7	100.0

\* Figures are as of the end of the 10th fiscal period (February 28, 2019).

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

Property No.		Property name	Area	Location	Acquisition price (millions of yen)	Completion of construction	Total leasable area(m²)	NOI yield (%)	Occupancy rate* (%)	
Sub total for Next-Generation Assets Plus (16 properties)					54,719	—	107,681.30	5.1	100.0	
	Sub total for private nursing homes (6 properties)				19,054	—	26,914.87	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	6 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	4,912.57	5.7	100.0
	Sub total for network centers (8 properties)				19,145	—	71,373.66	5.6	100.0	
		NW-01	Ikebukuro Network Center	Other Tokyo 23 wards	Toshima Ward, Tokyo	4,570	January, 2001	12,773.04	5.2	100.0
		NW-02	Tabata Network Center	Other Tokyo 23 wards	Kita Ward, Tokyo	1,355	April, 1998	3,832.73	5.8	100.0
		NW-03	Hiroshima Network Center	Others	Hiroshima City, Hiroshima	1,080	October, 2001	5,208.54	6.7	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	8.6	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	6 central Tokyo wards	Chuo Ward, Tokyo	11,520	August, 2016	6,984.32	3.8	100.0	
	HT-02	Sotetsu Fresa Inn Tokyo-Roppongi	6 central Tokyo wards	Minato Ward, Tokyo	5,000	August, 2017	2,408.45	4.0	100.0	
Total (50 properties)					306,929	—	288,230.96	4.5	99.9	

\* Figures are as of the end of the 10th fiscal period (February 28, 2019).

# 9. Status of Appraisal Values by Property

(Unit: millions of yen)

Name	①	②	③							④
	Acquisition price  (※1)	Book value (As of Feb. 28, 2019)  (※1)	Appraisal value (Feb.28, 2019)							Unrealized gains/losses  (※1-②)
			Profit price (Direct capitalization method)	Cap rate  (※2)	Profit price (DCF)	Discount rate  (※2)	Final cap rate  (※2)	Appraisal firm		
Subtotal for Tokyo Commercial Properties (34 properties)	252,210	251,775	293,840	298,994	3.5%	290,356	3.3%	3.7%		42,064
Subtotal for office properties (22 properties)	198,400	197,977	230,015	234,094	3.4%	227,401	3.2%	3.6%		32,037
OF-01 Hulic Kamiyacho Building	55,250	55,495	62,600	64,300	3.4%	61,800	3.2%	3.6%	DAIWA REAL ESTATE APPRAISAL	7,104
OF-02 Hulic Kudan Building (Land)	11,100	11,191	13,200	13,200	3.5%	13,100	3.1%	3.6%	Japan Real Estate Institute	2,008
OF-03 Toranomon First Garden	8,623	8,278	11,900	12,000	3.3%	11,900	3.0%	3.4%	CBRE	3,621
OF-04 Rapiros Roppongi	6,210	6,771	9,650	9,810	3.5%	9,490	3.2%	3.7%	Japan Real Estate Institute	2,878
OF-05 Hulic Takadanobaba Building	3,900	3,806	4,740	4,670	4.1%	4,770	3.9%	4.3%	DAIWA REAL ESTATE APPRAISAL	933
OF-06 Hulic Kanda Building	3,780	3,610	4,180	4,420	3.8%	4,070	3.9%	4.0%	The Tanizawa Sogo Appraisal	569
OF-07 Hulic Kandabashi Building	2,500	2,488	2,970	3,000	3.7%	2,960	3.5%	3.9%	DAIWA REAL ESTATE APPRAISAL	481
OF-08 Hulic Kakigaracho Building	2,210	2,173	2,920	2,890	4.1%	2,930	4.2%	4.3%	The Tanizawa Sogo Appraisal	746
OF-09 Ochanomizu Sola City	38,149	37,138	44,485	44,919	3.2%	44,051	2.9%	3.3%	Japan Real Estate Institute	7,346
OF-10 Hulic Higashi Ueno 1 Chome Building	2,678	2,742	3,180	3,230	3.9%	3,130	3.7%	4.1%	Japan Real Estate Institute	437
OF-12 Tokyo Nishi Ikebukuro Building	1,580	1,610	1,990	2,020	4.1%	1,960	3.9%	4.3%	Japan Real Estate Institute	379
OF-13 Gate City Ohsaki	4,370	4,473	4,780	4,800	3.5%	4,760	3.1%	3.6%	Japan Real Estate Institute	306
OF-14 Hulic Toranomon Building	18,310	18,085	21,700	21,900	3.1%	21,500	2.8%	3.2%	Japan Real Estate Institute	3,614
OF-15 Hulic Shibuya 1 Chome Building	5,100	5,113	5,670	5,940	3.4%	5,550	3.5%	3.6%	The Tanizawa Sogo Appraisal	556
OF-16 Hulic Higashi Nihonbashi Building	3,480	3,482	3,690	3,810	4.1%	3,640	4.2%	4.3%	The Tanizawa Sogo Appraisal	207
OF-17 Hulic Jimbocho Building	1,460	1,538	1,530	1,560	3.9%	1,500	3.7%	4.1%	Japan Real Estate Institute	△8
OF-18 Hulic Ginza 7 Chome Building	11,000	11,090	11,650	11,850	3.3%	11,400	3.1%	3.4%	Japan Real Estate Institute	559
OF-19 Shinagawa Season Terrace	6,100	6,089	6,200	6,225	3.5%	6,150	3.2%	3.6%	Japan Real Estate Institute	110
OF-20 KSS Gotanda Building	3,450	3,591	3,500	3,770	3.9%	3,380	3.6%	4.0%	DAIWA REAL ESTATE APPRAISAL	△91
OF-21 Hulic Nihonbashi-honcho 1 Chome Building	3,980	4,007	4,140	4,280	4.1%	4,080	3.9%	4.3%	DAIWA REAL ESTATE APPRAISAL	132
OF-22 Bancho House	2,750	2,766	2,800	2,860	3.8%	2,780	3.6%	4.0%	DAIWA REAL ESTATE APPRAISAL	33
OF-23 Ebisu Minami Building	2,420	2,432	2,540	2,640	3.8%	2,500	3.8%	3.9%	The Tanizawa Sogo Appraisal	107
Subtotal for retail properties (12 properties)	53,810	53,798	63,825	64,900	4.0%	62,955	3.8%	4.1%		10,026
RE-01 Oimachi Redevelopment Building (※2)	9,456	9,530	12,100	12,300	4.0%	12,000	4.1%	4.2%	The Tanizawa Sogo Appraisal	2,569
RE-02 Oimachi Redevelopment Building (※1)	6,166	6,244	7,360	7,430	4.2%	7,330	4.3%	4.4%	The Tanizawa Sogo Appraisal	1,115
RE-03 Dining Square Akihabara Building	3,200	3,182	3,930	4,000	3.8%	3,860	3.6%	4.0%	Japan Real Estate Institute	747
RE-04 Hulic Jingu-Mae Building	2,660	2,641	3,600	3,680	3.3%	3,560	3.4%	3.5%	The Tanizawa Sogo Appraisal	958
RE-05 Hulic Shinjuku 3 Chome Building	5,550	5,556	7,760	7,970	3.5%	7,540	3.0%	3.6%	Japan Real Estate Institute	2,203
RE-06 Yokohama Yamashitacho Building	4,850	4,692	5,780	5,870	4.3%	5,690	4.1%	4.5%	Japan Real Estate Institute	1,087
RE-08 Orchid Square	3,502	3,490	3,820	3,900	3.7%	3,790	3.5%	3.9%	DAIWA REAL ESTATE APPRAISAL	329
RE-09 Hulic Todoroki Building	1,200	1,212	1,350	1,360	4.5%	1,340	4.6%	4.7%	The Tanizawa Sogo Appraisal	137
RE-10 Hulic Omori Building	3,420	3,395	3,720	3,720	4.3%	3,720	4.1%	4.4%	CBRE	324
RE-11 HULIC &New SHIBUYA	3,150	3,138	3,415	3,490	3.1%	3,335	2.9%	3.3%	Japan Real Estate Institute	276
RE-12 HULIC &New SHINBASHI	3,100	3,082	3,360	3,410	3.7%	3,300	3.5%	3.9%	Japan Real Estate Institute	277
RE-13 Hulic Shimura-sakaue	7,556	7,630	7,630	7,770	4.6%	7,490	4.4%	4.9%	Japan Real Estate Institute	0

\*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 Although the OF-23 discount rate was 3.6% from the first fiscal year to the 3rd fiscal year, 3.7% from the 4th fiscal year to the 9th fiscal year, and 3.8% from the 10th fiscal year to the 11th fiscal year, the figures for the 10th fiscal year to the 11th fiscal year (3.8%) are stated in the table.

# 9. Status of Appraisal Values by Property

(Unit: millions of yen)

Name	① Acquisition price (*1)	② Book value (As of Feb. 28, 2019) (*1)	③ Appraisal value (Feb. 28, 2019)						④ 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 Next Generation Assets Plus (16 properties)</b>	54,719	54,331	61,402	62,013	4.5%	60,711	4.2%	4.6%	7,070
<b>Subtotal for private nursing homes (6 properties)</b>	19,054	18,939	23,470	23,630	4.6%	23,270	4.2%	4.8%	4,530
NH-01 Aria Matsubara	3,244	3,160	4,300	4,320	4.4%	4,270	4.0%	4.6%	1,139
NH-02 Trust Garden Yoganomori	5,390	5,335	6,880	6,920	4.7%	6,830	4.3%	4.9%	1,544
NH-03 Trust Garden Sakurashinmachi	2,850	2,848	3,670	3,690	4.6%	3,640	4.2%	4.8%	821
NH-04 Trust Garden Suginami Miyamae	2,760	2,752	3,550	3,570	4.6%	3,530	4.2%	4.8%	797
NH-05 Trust Garden Tokiwamatsu	3,030	3,035	3,300	3,350	4.2%	3,250	4.0%	4.4%	264
NH-06 SOMPO Care La vie Re Kita-Kamakura	1,780	1,807	1,770	1,780	5.5%	1,750	5.3%	5.7%	△37
<b>Subtotal for network centers (8 properties)</b>	19,145	18,909	20,732	20,883	5.0%	20,541	4.7%	5.1%	1,822
NW-01 Ikebukuro Network Center	4,570	4,508	5,280	5,330	4.4%	5,220	4.1%	4.5%	771
NW-02 Tabata Network Center	1,355	1,359	1,550	1,560	4.9%	1,530	4.6%	5.0%	190
NW-03 Hiroshima Network Center	1,080	1,041	1,220	1,230	5.7%	1,210	5.4%	5.8%	178
NW-04 Atsuta Network Center	1,015	986	1,070	1,080	5.4%	1,060	5.1%	5.5%	83
NW-05 Nagano Network Center	305	303	362	363	6.9%	361	6.7%	7.1%	58
NW-06 Chiba Network Center	7,060	6,980	7,330	7,380	5.1%	7,270	4.8%	5.2%	349
NW-07 Sapporo Network Center	2,510	2,531	2,600	2,620	5.2%	2,580	4.9%	5.3%	68
NW-08 Keihanna Network Center	1,250	1,199	1,320	1,320	5.5%	1,310	5.2%	5.6%	120
<b>Subtotal for hotels (2 properties)</b>	16,520	16,482	17,200	17,500	3.7%	16,900	3.5%	3.9%	717
HT-01 Sotetsu Fresa Inn Ginza 7 Chome	11,520	11,511	12,100	12,300	3.6%	11,900	3.4%	3.8%	588
HT-02 Sotetsu Fresa Inn Tokyo-Roppongi	5,000	4,970	5,100	5,200	3.8%	5,000	3.6%	4.0%	129
<b>Total (50 properties)</b>	<b>306,929</b>	<b>306,106</b>	<b>355,242</b>	<b>361,007</b>	<b>3.7%</b>	<b>351,067</b>	<b>3.5%</b>	<b>3.9%</b>	<b>49,135</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.)

# 10. List of Appraisal Values by Property (Compared with 9th Fiscal Period)

(Unit: millions of yen)

Name		Appraisal value			Cap rate (direct capitalization method)			Appraisal firm
		①	②	③	④	⑤	⑥	
		End of 9th Fiscal Period Aug. 31, 2018	End of 10th Fiscal Period Feb. 28, 2019	Difference ②－①	End of 9th Fiscal Period Aug. 31, 2018	End of 10th Fiscal Period Feb. 28, 2019	Difference ⑤－④	
Subtotal for Tokyo Commercial Properties (34 properties)		287,923	293,840	+5,917	3.6%	3.5%	△0.1%	
Subtotal for office properties (22 properties)		224,253	230,015	+5,762	3.5%	3.4%	△0.1%	
OF-01	Hulic Kamiyacho Building (#2)	61,300	62,600	+1,300	3.5%	3.4%	△0.1%	DAIWA REAL ESTATE APPRAISAL
OF-02	Hulic Kudan Building (Land)	12,900	13,200	+300	3.6%	3.5%	△0.1%	Japan Real Estate Institute
OF-03	Toranomon First Garden	11,500	11,900	+400	3.3%	3.3%	0.0%	CBRE
OF-04	Rapiros Roppongi	9,300	9,650	+350	3.6%	3.5%	△0.1%	Japan Real Estate Institute
OF-05	Hulic Takadanobaba Building	4,790	4,740	△50	4.1%	4.1%	0.0%	DAIWA REAL ESTATE APPRAISAL
OF-06	Hulic Kanda Building	4,050	4,180	+130	3.9%	3.8%	△0.1%	The Tanizawa Sogo Appraisal
OF-07	Hulic Kandabashi Building	2,970	2,970	0	3.7%	3.7%	0.0%	DAIWA REAL ESTATE APPRAISAL
OF-08	Hulic Kakigaracho Building	2,840	2,920	+80	4.2%	4.1%	△0.1%	The Tanizawa Sogo Appraisal
OF-09	Ochanomizu Sola City	43,183	44,485	+1,302	3.3%	3.2%	△0.1%	Japan Real Estate Institute
OF-10	Hulic Higashi Ueno 1 Chome Building	3,020	3,180	+160	4.0%	3.9%	△0.1%	Japan Real Estate Institute
OF-12	Tokyo Nishi Ikebukuro Building	1,950	1,990	+40	4.2%	4.1%	△0.1%	Japan Real Estate Institute
OF-13	Gate City Ohsaki	4,620	4,780	+160	3.6%	3.5%	△0.1%	Japan Real Estate Institute
OF-14	Hulic Toranomon Building	21,000	21,700	+700	3.2%	3.1%	△0.1%	Japan Real Estate Institute
OF-15	Hulic Shibuya 1 Chome Building	5,450	5,670	+220	3.5%	3.4%	△0.1%	The Tanizawa Sogo Appraisal
OF-16	Hulic Higashi Nihonbashi Building	3,590	3,690	+100	4.2%	4.1%	△0.1%	The Tanizawa Sogo Appraisal
OF-17	Hulic Jimbocho Building	1,500	1,530	+30	4.0%	3.9%	△0.1%	Japan Real Estate Institute
OF-18	Hulic Ginza 7 Chome Building	11,250	11,650	+400	3.4%	3.3%	△0.1%	Japan Real Estate InstituteJapan Real Estate Institute
OF-19	Shinagawa Season Terrace (#2)	6,150	6,200	+50	3.6%	3.5%	△0.1%	Japan Real Estate Institute
OF-20	KSS Gotanda Building (#2)	3,490	3,500	+10	3.9%	3.9%	0.0%	DAIWA REAL ESTATE APPRAISAL
OF-21	Hulic Nihonbashi-honcho 1 Chome Building (#2)	4,120	4,140	+20	4.1%	4.1%	0.0%	DAIWA REAL ESTATE APPRAISAL
OF-22	Bancho House (#2)	2,800	2,800	0	3.8%	3.8%	0.0%	DAIWA REAL ESTATE APPRAISAL
OF-23	Ebisu Minami Building (#2)	2,480	2,540	+60	3.9%	3.8%	△0.1%	The Tanizawa Sogo Appraisal
Subtotal for retail properties (12 properties)		63,670	63,825	+155	4.0%	4.0%	△0.1%	
RE-01	Oimachi Redevelopment Building (#2)	12,300	12,100	△200	4.1%	4.0%	△0.1%	The Tanizawa Sogo Appraisal
RE-02	Oimachi Redevelopment Building (#1)	7,420	7,360	△60	4.3%	4.2%	△0.1%	The Tanizawa Sogo Appraisal
RE-03	Dining Square Akihabara Building	3,930	3,930	0	3.8%	3.8%	0.0%	Japan Real Estate Institute
RE-04	Hulic Jingu-Mae Building	3,500	3,600	+100	3.4%	3.3%	△0.1%	The Tanizawa Sogo Appraisal
RE-05	Hulic Shinjuku 3 Chome Building	7,510	7,760	+250	3.6%	3.5%	△0.1%	Japan Real Estate Institute
RE-06	Yokohama Yamashitacho Building	5,780	5,780	0	4.3%	4.3%	0.0%	Japan Real Estate Institute
RE-08	Orchid Square	3,820	3,820	0	3.7%	3.7%	0.0%	DAIWA REAL ESTATE APPRAISAL
RE-09	Hulic Todoroki Building	1,320	1,350	+30	4.6%	4.5%	△0.1%	The Tanizawa Sogo Appraisal
RE-10	Hulic Omori Building	3,720	3,720	0	4.3%	4.3%	0.0%	CBRE
RE-11	HULIC &New SHIBUYA	3,410	3,415	+5	3.1%	3.1%	0.0%	Japan Real Estate Institute
RE-12	HULIC &New SHINBASHI	3,330	3,360	+30	3.7%	3.7%	0.0%	Japan Real Estate Institute
RE-13	Hulic Shimura-sakaue	7,630	7,630	0	4.6%	4.6%	0.0%	Japan Real Estate Institute

\*1 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.)

\*2 Regarding assets acquired in the 10th fiscal period (February, 2019), the figures noted under "9th fiscal period (August, 2018)" are for the time of acquisition, and these are used in various calculations. Note that under OF-01 "9th fiscal period (as of August 31, 2018)," the figures are stated as of 9th fiscal period (as of August 31, 2018) for the current owned positions and the totals and average figures for the time of acquisition are stated for additional acquisitions.



# 10. List of Appraisal Values by Property (Compared with 9th Fiscal Period)

(Unit: millions of yen)

Name	Appraisal value			Cap rate (direct capitalization method)			Appraisal firm
	①	②	③	④	⑤	⑥	
	End of 9th Fiscal Period Aug. 31, 2018	End of 10th Fiscal Period Feb. 28, 2019	Difference ②-①	End of 9th Fiscal Period Aug. 31, 2018	End of 10th Fiscal Period Feb. 28, 2019	Difference ⑤-④	
<b>Subtotal for Next Generation Assets Plus (16 properties)</b>	60,922	61,402	+480	4.5%	4.5%	△0.0%	
<b>Subtotal for private nursing homes (6 properties)</b>	23,490	23,470	△20	4.6%	4.6%	+0.0%	
NH-01 Aria Matsubara	4,290	4,300	+10	4.4%	4.4%	0.0%	Japan Real Estate Institute
NH-02 Trust Garden Yoganomori	6,880	6,880	0	4.7%	4.7%	0.0%	Japan Real Estate Institute
NH-03 Trust Garden Sakurashinmachi	3,670	3,670	0	4.6%	4.6%	0.0%	Japan Real Estate Institute
NH-04 Trust Garden Suginami Miyamae	3,550	3,550	0	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 Kita-Kamakura	1,800	1,770	△30	5.4%	5.5%	+0.1%	Japan Real Estate Institute
<b>Subtotal for network centers (8 properties)</b>	20,582	20,732	+150	5.1%	5.0%	△0.0%	
NW-01 Ikebukuro Network Center	5,280	5,280	0	4.4%	4.4%	0.0%	Japan Real Estate Institute
NW-02 Tabata Network Center	1,550	1,550	0	4.9%	4.9%	0.0%	Japan Real Estate Institute
NW-03 Hiroshima Network Center	1,220	1,220	0	5.7%	5.7%	0.0%	Japan Real Estate Institute
NW-04 Atsuta Network Center	1,070	1,070	0	5.4%	5.4%	0.0%	Japan Real Estate Institute
NW-05 Nagano Network Center	362	362	0	6.9%	6.9%	0.0%	Japan Real Estate Institute
NW-06 Chiba Network Center	7,180	7,330	+150	5.2%	5.1%	△0.1%	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
<b>Subtotal for hotels (2 properties)</b>	16,850	17,200	+350	3.8%	3.7%	△0.1%	
HT-01 Sotetsu Fresa Inn Ginza 7 Chome	11,800	12,100	+300	3.7%	3.6%	△0.1%	Japan Real Estate Institute
HT-02 Sotetsu Fresa Inn Tokyo-Roppongi	5,050	5,100	+50	3.9%	3.8%	△0.1%	Japan Real Estate Institute
<b>Total (50 properties)</b>	<b>348,845</b>	<b>355,242</b>	<b>+6,397</b>	<b>3.8%</b>	<b>3.7%</b>	<b>△0.1%</b>	

\*1 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.)

\*2 Regarding assets acquired in the 10th fiscal period (February, 2019), the figures noted under "9th fiscal period (August, 2018)" are for the time of acquisition, and these are used in various calculations.

## Key financial indicators

	End of 8th fiscal period (Feb. 28, 2018)	End of 9th fiscal period (Aug. 31, 2018)	End of 10th fiscal period (Feb. 28, 2019)
Total interest-bearing debt *1	¥115.8billion	¥123.4billion	¥139.5billion
Fixed-interest debt ratio *2 (includes interest rates fixed by swap transaction)	96.6%	96.3%	97.2%
Average interest rate *2	0.69%	0.69%	0.66%
Average interest rate *2 (including upfront fee)	0.84%	0.83%	0.80%

## Investment corporation bonds issued

	1st unsecured investment corporation bonds	2nd unsecured investment corporation bonds	3rd unsecured investment corporation bonds	4th unsecured investment corporation bonds
Issue amount	¥2 billion	¥2 billion	¥1 billion	¥7 billion
Date of issue	Aug. 31, 2015	Dec. 13, 2016	Dec. 13, 2016	Aug. 30, 2018
Issued period	10 years	3 years	10 years	10 years
Interest rate	0.95%	0.04%	0.49%	0.77%

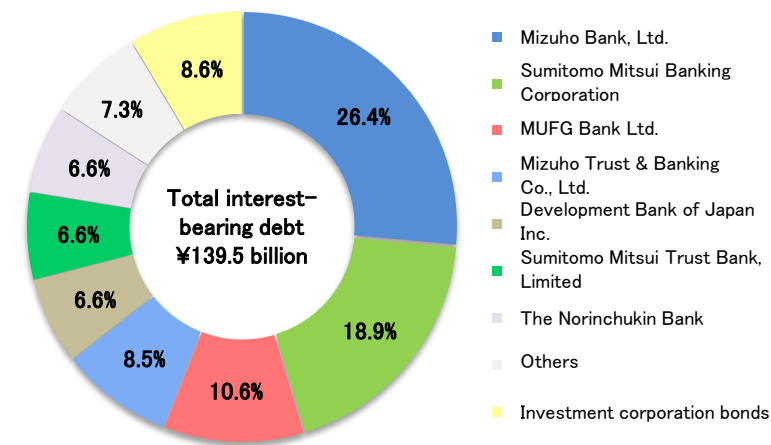
## Status of commitment line

Financial institution	Set amount	Term
Mizuho Bank, Ltd. Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd.	¥10 billion	February 7, 2020

## Ratings

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

## Lender information \*3



\*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 10th fiscal period (Feb. 28, 2019).

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

	End of 9th Fiscal Period(Aug. 31, 2018)		End of 10th Fiscal Period(Feb. 28, 2019)		Change	
	No. of Units	Ratio (%)	No. of Units	Ratio (%)	No. of Units	Ratio (%)
Individuals	57,171	5.2	56,452	4.5	-719	-0.7
Financial institutions	669,881	60.3	725,797	58.0	+55,916	-2.3
Major banks	0	0.0	0	0.0	0	0.0
Regional banks	80,112	7.2	85,775	6.9	+5,663	-0.3
Trust banks	533,338	48.0	578,011	46.2	+44,673	-1.8
Life insurers	13,710	1.2	14,158	1.1	+448	-0.1
Non-life insurers	0	0.0	0	0.0	0	0.0
Shinkin banks	27,363	2.5	29,236	2.3	+1,873	-0.2
Others	15,358	1.4	18,617	1.5	+3,259	+0.1
Other domestic corporations	150,611	13.6	161,596	12.9	+10,985	-0.7
Foreign investors	215,993	19.5	269,802	21.6	+53,809	+2.1
Securities companies	16,344	1.5	37,353	3.0	+21,009	+1.5
Total	1,110,000	100.0	1,251,000	100.0	+141,000	-

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

	End of 9th Fiscal Period(Aug. 31, 2018)		End of 10th Fiscal Period(Feb. 28, 2019)		Change	
	No. of Units	Ratio (%)	No. of Units	Ratio (%)	No. of Units	Ratio (%)
Individuals	7,357	93.2	7,609	93.1	+252	-0.1
Financial institutions	131	1.7	139	1.7	+8	0.0
Major banks	0	0.0	0	0.0	0	0.0
Regional banks	35	0.4	35	0.4	0	0.0
Trust banks	14	0.2	14	0.2	0	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	44	0.6	47	0.6	+3	0.0
Others	32	0.4	37	0.5	+5	+0.1
Other domestic corporations	205	2.6	208	2.5	+3	-0.1
Foreign investors	183	2.3	202	2.5	+19	+0.2
Securities companies	17	0.2	16	0.2	-1	0.0
Total	7,893	100.0	8,174	100.0	+281	-

## Top unitholders as of the end of 10th fiscal period(Feb 28, 2019)\*2

	Name	units held (No. of Units)	total units*3 (%)
1	Japan Trustee Services Bank, Ltd. (Trust account)	277,495	22.18
2	The Master Trust Bank of Japan, Ltd. (Trust account)	181,861	14.53
3	Hulic Co., Ltd.	140,720	11.24
4	Trust & Custody Services Bank, Ltd. (Securities investment trust account)	45,218	3.61
5	The Nomura Trust and Banking Co., Ltd. (Investment accounts)	42,313	3.38
6	NOMURA BANK(LUXEMBOURG)S.A.	40,151	3.20
7	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	20,823	1.66
8	STATE STREET BANK WEST CLIENT - TREATY 505234	15,110	1.20
9	BNYM AS AGT/CLTS 10 PERCENT	13,133	1.04
10	THE CHUKYO BANK,Ltd.	11,895	0.95
Total		788,719	63.04

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

\*2 The data is shown based on the unitholder registry as of the end of each fiscal period.

\*3 Ratio are truncated after 3 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

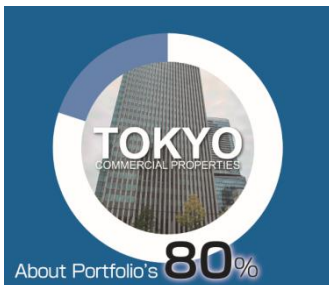
- In common with our sponsor, Hulic Co., Ltd., we subscribe to a corporate philosophy that calls for the following: "Total commitment to our customers and the community. Creating productive environments. Creating amenity. Promoting peace of mind."

## 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%** of the entire portfolio to investments such as offices and retail properties
- Top priority given to location selection

### Next-Generation Assets Plus

Private nursing home

Network center

Hotel

Other\*



- Lease properties for which Hulic Reit deems that firm demand can be anticipated even in the future and stable long-term earnings can be obtained, or that it will contribute to the maximization of unitholder value over the medium to long term
- Allocate **about 20%** of the entire portfolio to investments such as Private nursing homes , Network centers and other\*
- Hulic Reit stringently selects investment targets after carefully examining the individual properties' profitability, characteristics of the location and competitiveness of the location

\* "Other" refers to offices and commercial facilities that are not Tokyo commercial properties.

## Rigorous focus on competitive location

### TOKYO OFFICE PROPERTIES

- (1) In Tokyo and government-ordinance-designated cities in the surrounding areas
- (2) Less than 5-minute walk from nearest station (in principle)



### TOKYO RETAIL PROPERTIES

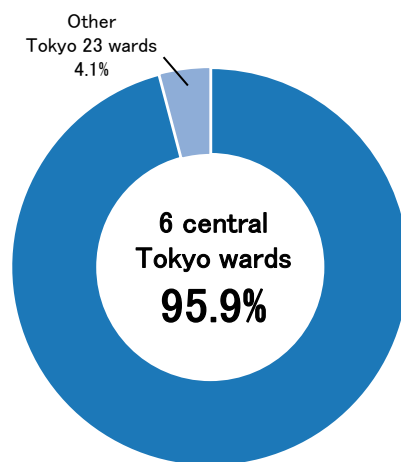
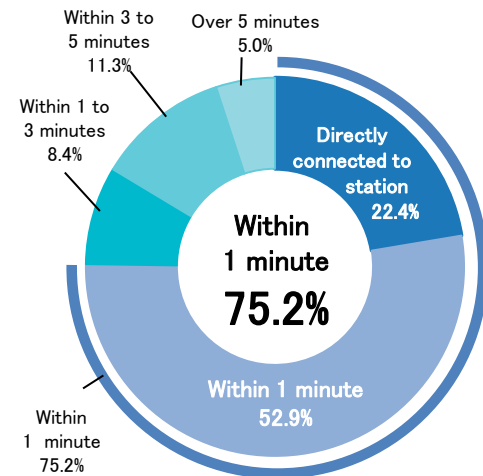
- (1) Tokyo and major cities in Tokyo's suburbs
- (2) Less than 5-minute walk from nearest station or located in area with high retail concentration (in principle)



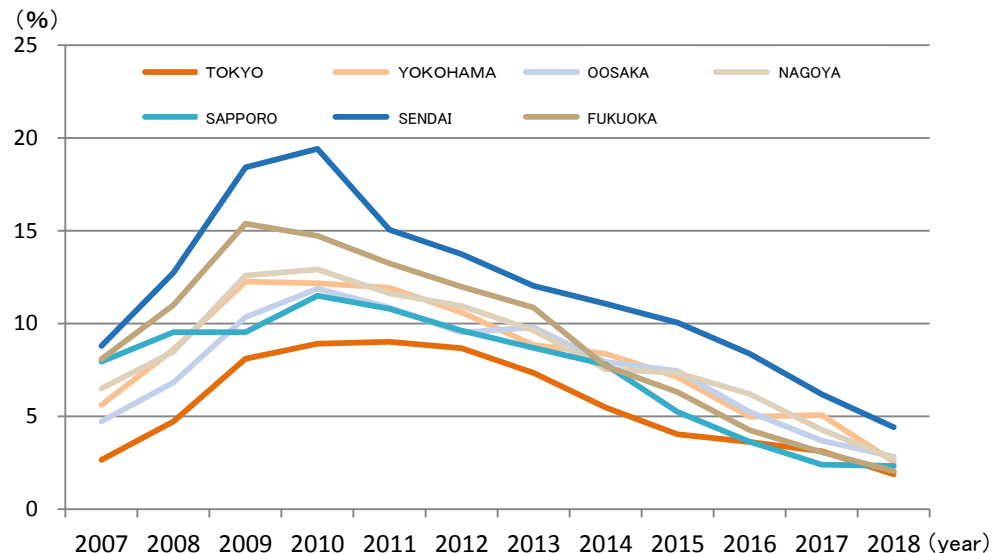
### Portfolio (Office)

By walking distance from nearest train station\*1

By location\*1



### Vacancy rate by area\*2



\*1 Proportions shown in the respective graphs have been calculated based on acquisition prices of assets held by Hulic Reit as of the end of the 10<sup>th</sup> fiscal period (Feb 28, 2019).

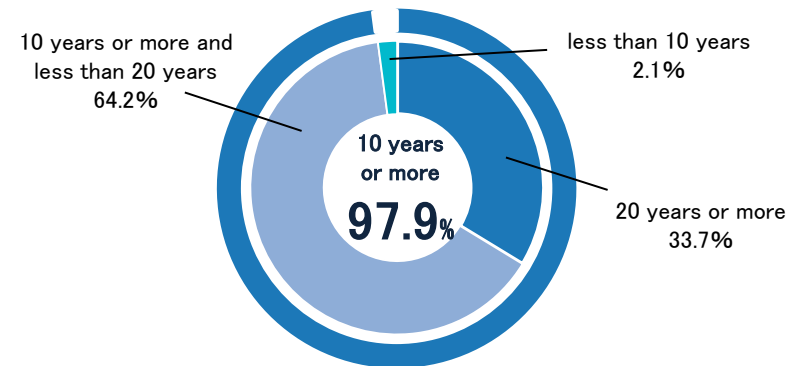
\*2 Prepared by the asset management company on the basis of office data vacancy rates for business areas in each area compiled by Miki Shoji Co., Ltd. Note that the terms used are quoted from this office data and follow the definitions for this office data.



## Investments in Next-Generation Assets Plus

- Invest in lease properties for which Hulic Reit deems that firm demand can be anticipated even in the future and stable long-term earnings can be obtained, or that it will contribute to the maximization of unitholder value over the medium to long term
- Hulic Reit stringently selects investment targets after carefully examining the individual properties' profitability, characteristics of the location and competitiveness of the location
- Investment properties are Private nursing homes, Network centers, Hotels, and Other Next-Generation Assets Plus investment target assets\*1

By Term of Lease (base: Lease area)



### Private nursing homes

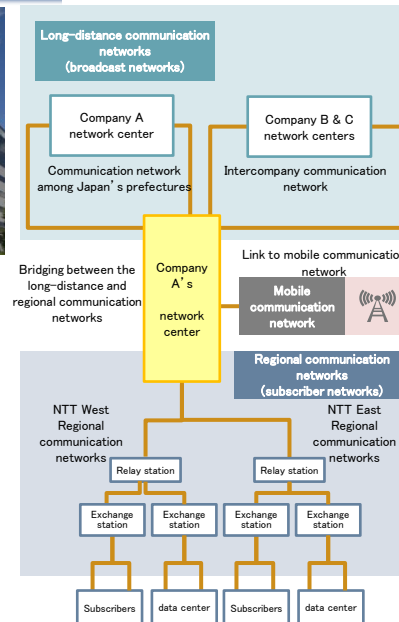


- Private nursing homes with lease usage rights that provide services mainly to seniors in need of nursing care
- Initial lease term of at least 20 years per the guidelines of the MHLW\*2
- Invest in assets with mid-range and higher assumed monthly usage fee\*3 to reduce risk of change in nursing care insurance payout

### Network centers



- 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

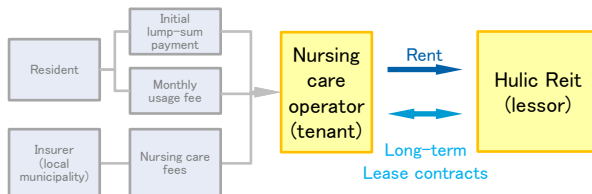


### Hotels



- 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



\*1 Other Next-Generation Assets Plus investment target assets refers to offices and commercial facilities that are not Tokyo commercial properties.

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

\*3 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.

- Hulic Co., Ltd. originally started its business in 1957 in the ownership and management of bank branches and employee housing facilities for The Fuji Bank, Limited (currently Mizuho Bank, Ltd.), and expanded into the reconstruction business in response to the aging of bank branches and employee housing facilities since their construction.
- Hulic has leveraged its reconstruction business expertise to also expand into the development business, and it is now engaged in the development of well positioned and high quality properties with a focus on the six central Tokyo wards.

Corporate Name	<b>HULIC CO., LTD.</b>
Business Outline	Real estate holding, leasing, sales and brokerage
Established	March 1957
Listing	Tokyo Stock Exchange (First Section) (Securities Code 3003)
Paid-in Capital	¥62.718 billion *1

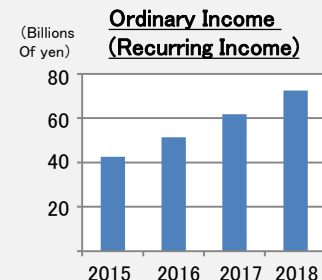
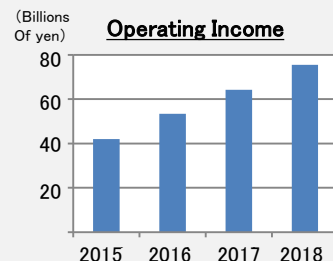
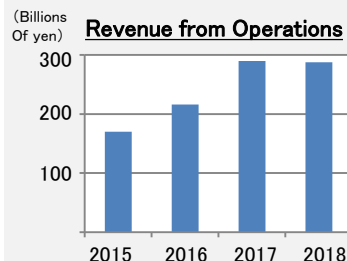


Hulic Head Office Building


Hulic Head Office Building  
Rooftop Natural ventilation system

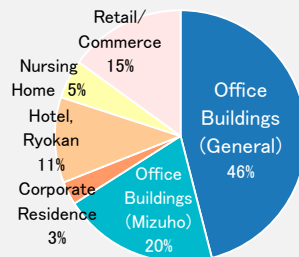
Mar. 1957	Established as Nihonbashi Kogyo Co., Ltd. Started off in the bank branches and employee housing facilities management business for The Fuji Bank, Limited (currently Mizuho Bank, Ltd.). Acquired bank branches and employee housing facilities, etc. from the bank.
Jan. 2007	Changed name from Nihonbashi Kogyo to Hulic Co., Ltd.
Nov. 2008	Listed on the 1st section of the Tokyo Stock Exchange
Feb. 2014	J-REIT Business:Hulic Reit listed on the Tokyo Stock Exchange
Jan. 2018	Using REIT as a new growth foundation, Hulic will expand into business domains, including three growth industries (seniors, tourism, and environment), and aim for further growth.

## Consolidated Financial Position

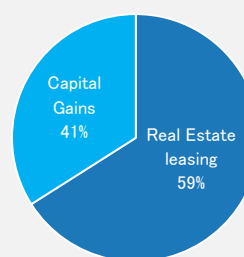


## Main indicators

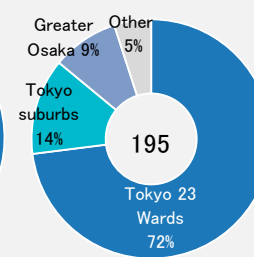
### Sources of Rent Revenue\*2



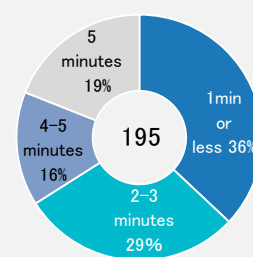
### Operating Income\*2



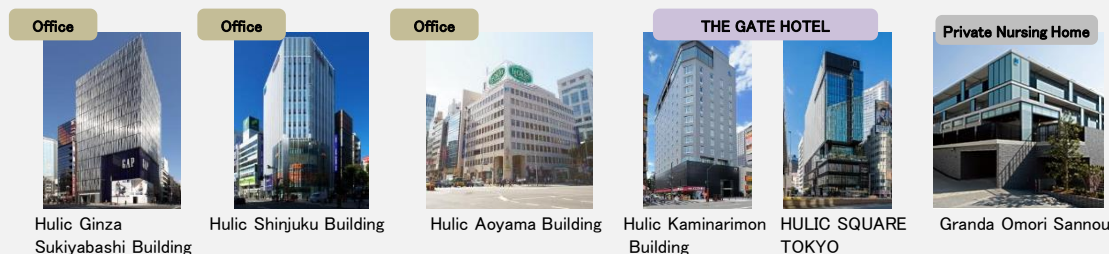
### The number of Properties\*2



### Walking distance from train stations\*2



## Main property



\*1 As of the end of December 2018.

\*2 Ratios by asset type are calculated based on lease revenue. The breakdown of the real estate business is calculated based on operating profit. The number of properties and distance from the nearest station are calculated excluding residential properties, etc.

## 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	Retail properties	Development	2017	Kyoto Shijo Takakura Central Building (co-owned) Hulic Shibuya Koen-dori Building	
		2010	Hulic Ryogoku Building Toranomon First Garden Acquired			2018	HULIC SQUARE TOKYO	
			Hulic Kojimachi Building Hulic Ebara			Hotels	2012	Hulic Kaminarimon Building
		2011	Hulic Ginza Sukiyabashi Building Hulic Ogikubo Building	Development	2016		Sotetsu Fresa Inn Ginza 7 Chome Acquired	
					2017		Sotetsu Fresa Inn Tokyo-Roppongi Acquired	
		2012	Hulic Komagome Building Hulic Head Office Building	2018	THE GATE HOTEL TOKYO(HULIC SQUARE TOKYO) Hulic Tsukiji 3-chome Building			
			2014	Hulic Shinjuku Building Hulic Setagaya	Ryokan	2018	Fufu Kawaguchiko	
		2015		Hulic Asakusabashi Edo-dori		Pay nursing homes	Reconstruction	2005
		2017	Hulic Kamata Building	2010			Iris Garden Kita Urawa	
		2018	Hulic Itabashi Hulic Fuchu Building Nihombashi Takashimaya Mitsui Building (partial ownership)	2011			Granda Omori Sannou	
	Development		2013	Hulic Asakusabashi Building Ochanomizu Sola City Acquired Nagatacho Hokkaido Square			2012	Aristage Kyodo
			2015	Shinagawa Season Terrace Acquired Hulic Toranomon Building Acquired			2013	Sunny Life Funabashi Granda Gakugeidaigaku Aria Yoyogiuehara Hospitalment Musashino
							2014	Charm Suite Shakujii-park Sunny Life Tokyo Shinjuku
	Retail properties	Reconstruction	2009	Sendai First Tower (commercial wing, atrium)			2015	Charm Suite Shinjuku Toyama
			2010	Kisarazu Home Center			2016	Hospitalment Itabashi Tokiwadai
			2012	Hulic Shibuya No.2 Building	2017		Hulic Chofu	
			2015	Gracia Chofu Hulic Shimura-sakaue Acquired	Development	2009	SOMPO Care La vie Re Kita-Kamakura Acquired	
			2018	Hulic Mejiro HULIC Residence Shin-Ochanomizu		2016	Trust Garden Tokiwamatsu Acquired	
						2017	Hulic Fukasawa	
		Development	2017	Hulic Omori Building Acquired HULIC &New SHIBUYA Acquired HULIC &New SHINBASHI Acquired		2018	Charm Premier Den-en-Chofu Granda Inamuragasaki Kamakura Aoitei Sonare Shakujii	
					Other	Development	2018	Ichigyoun Sennichidani Kaido

\*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	2020	Oji Project
	Development	2019	Udagawa-cho 14 & 15 Area Type-1 Urban Development Project (partial ownership)
		2020	Akasaka 2 Chome Development Project
Office / Retail properties	Development	2019	Soto-Kanda 4 Chome Development Project
Retail property	Development	2019	Kichijoji Minamicho 1 Chome Development Project
		2020	Tokyo Metro Roppongi 7 Chome Project Project
			Shinjuku 3-17 Development Project
		2021	Ginza 6 Chome Development Project
			Udagawacho 32 Development Project
			Ginza 8-chome development Project Tokyo
		2024	Ginza 6-chome development Project part 2
	Reconstruction		Shinsaibashi Project
Retail property / Hotel	Development	2020	Jiyugaoka Redevelopment Project
			Redevelopment of the site of the former Rissei Elementary School (PPP)
	Reconstruction	2023	Ryogoku River Center Development Project (PPP)
		2024	Hulic Sapporo/ Sapporo North 33 Building
Retail property / rental condominium	Reconstruction	2020	Hulic Fukuoka Building
			Narimasu Project
Ryokan	Development	2020	Kyoto Nanzenji Project
			Nara Fufu Development Project (PPP)
			Nikko Fufu Development Project
	Development	2021	Hakone Gora Fufu Development Project

Principal use	Classification	Completion of construction scheduled	Property name
Pay nursing homes	Development	2019	Bunkyo Yayoi Development Project
			Yokohama Yamatecho Development Project
	Development	2020	Ogikubo Development Project
			Minami-Azabu Development Project
Other	Development	2020	Ogimachi-Iseikai Hospital Development Project Tokyo (PPP)

\*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
		Vingt-sept Building
		<b>Hulic Shibuya 1 Chome Building</b> <span>Acquired</span>
		Hulic Toyosu Prime Square and other 8 properties
	2016	Yamato Haneda Building
		Hulic Shinkawasaki Building
		Hulic Ginza 3 Chome Building
		Hulic Shibuya Miyashitakoen 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
	2018	Shin Nihon Jitsugyo Ginza 6 Chome Building
		WeWork Shimbashi

Principal use	Year acquired	Property name
office		Edge Shibuya 2-chome
		Akasaka Star Gate Plaza
		Masu no SQUARE
	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	<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	Bleu Cinq Point (a portion)
	2017	Hulic Ginza 1 Chome Gas Light Street
		Round One 9 properties
	2018	Shinjuku Musashino Building (quasi-co-ownership interest)
		CR-VITE
		Ito Yokado @Kawasaki (supermarket)
		Round One @Kichijyoji(Bowling & amusement center)
		Ito Yokado @Tsurumi (supermarket)
	2016	Hulic Kazo Distribution Center
	2018	Hulic Kasai Rinkai Building(old name:BEC Building)
Logistics Warehouse		

\*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	
Pay nursing homes	2012	Trust Garden Yoganomori	Acquired
		Trust Garden Sakurashinmachi	Acquired
		Trust Garden Suginami Miyamae	Acquired
	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	
	2018	Asheim Oizumi Gakuen	
		Sompo no ie Komae	
		Good Time Home Tamagawa	
Network center etc	2012	Ikebukuro Network Center	Acquired
		Tabata Network Center	Acquired
		Hiroshima Network Center	Acquired
		Atsuta Network Center	Acquired
		Nagano Network Center	Acquired
	2013	Chiba Network Center	Acquired
		Sapporo Network Center	Acquired
	2014	Keihanna Network Center	Acquired
	2018	Sumitomo Shoji Senri Building	

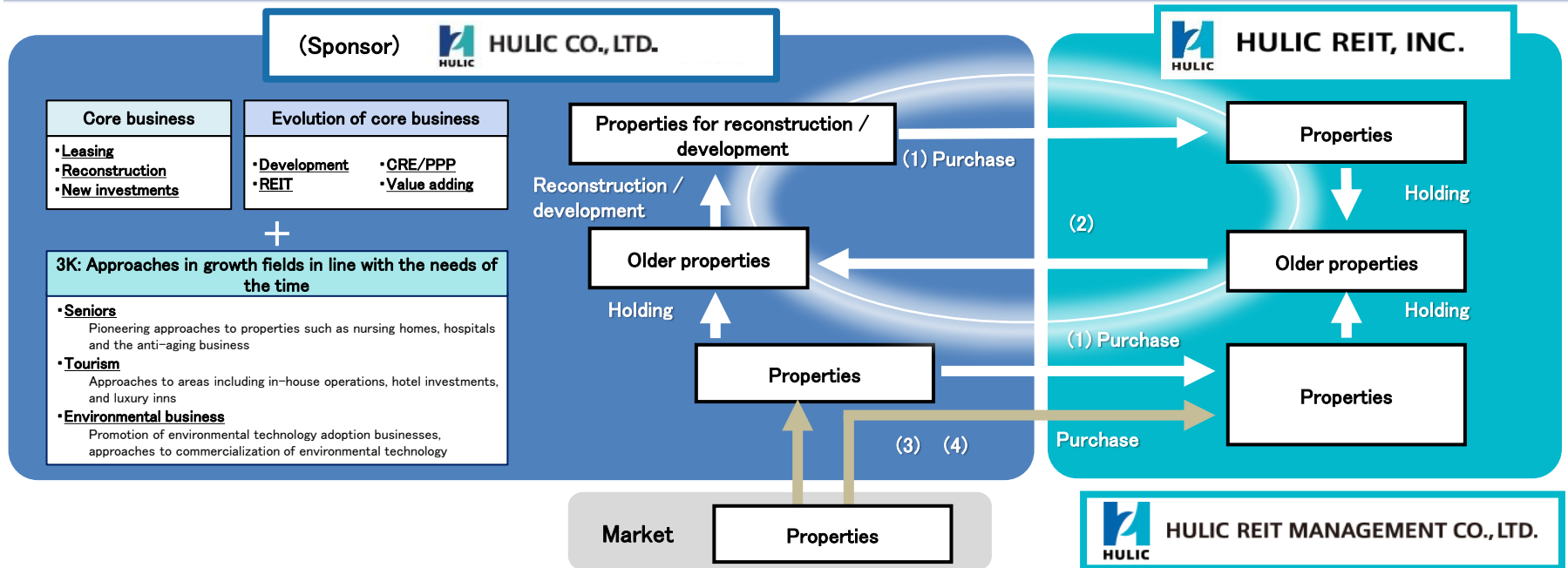
Principal use	Year acquired	Property name
Hotels	2014	Hulic Ginza 2 Chome Building
		Tokyo Bay Maihama Hotel Club Resort
	2015	Tokyo Bay Maihama Hotel
		Southern Beach Hotel & Resort Okinawa
	2016	Grand Nikko Tokyo Daiba (Land)
		Hayama SCAPES THE SUITE
	2018	Mimaru Kyoto Horikawa Rokkaku
		Porte Kanazawa (Hotel Nikko Kanazawa)
2019	Grand Nikko Tokyo Daiba (Building)	
Ryokan	2015	Hakone Suishoen
		Atami Fufu
	2016	ATAMI KAIHOUROU

\*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(excluding some investment 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.

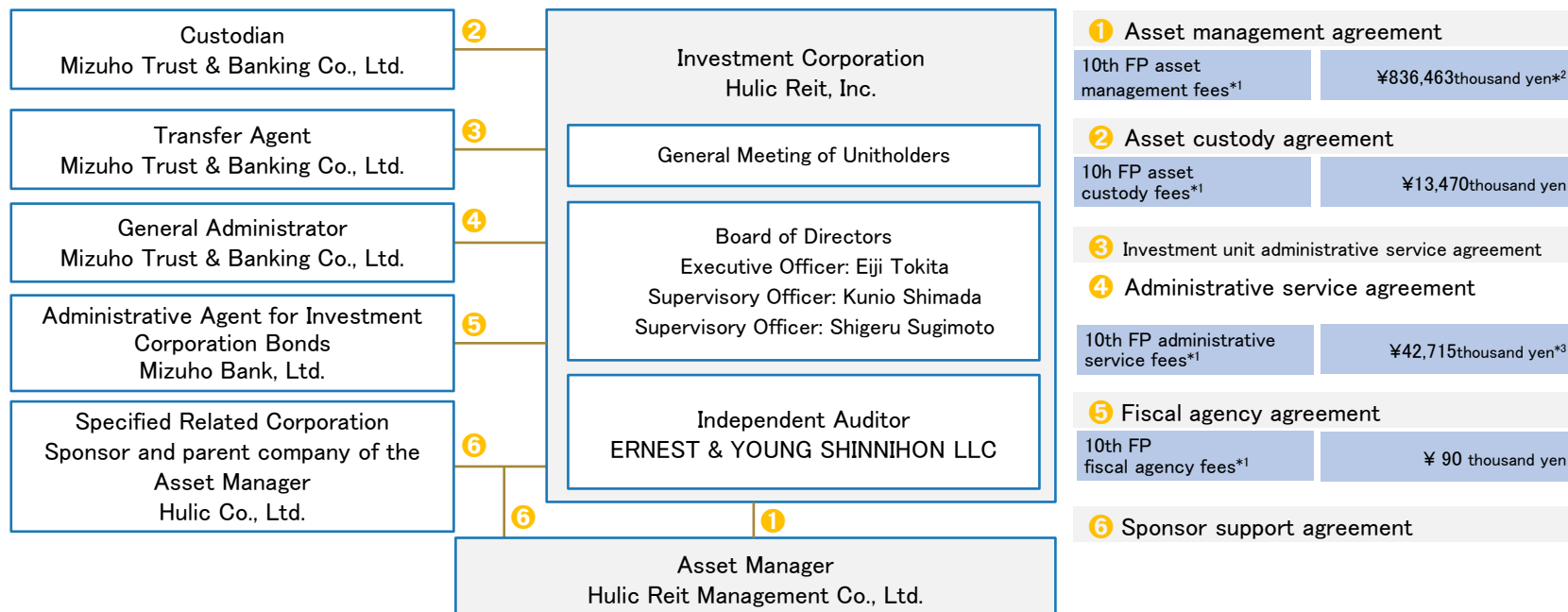
### Diagram ③ : Provision of warehousing function

- ... 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.

## 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 (2) 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 (¥111,575 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 (¥4,912 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.

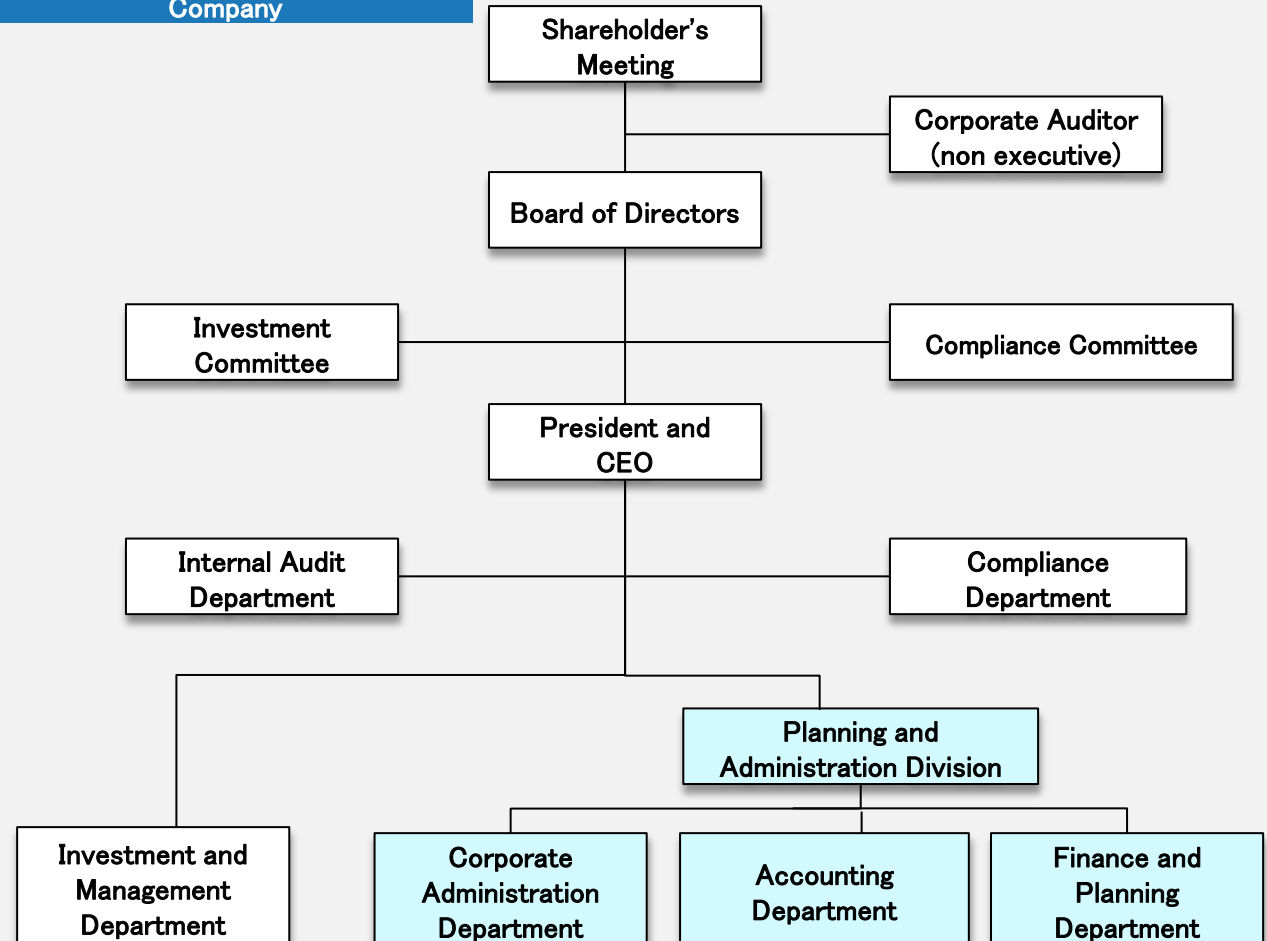
- With the objective of reinforcing the internal operating system to reflect the increase in the scale of assets under management, operations have been transferred from the Finance and Accounting Department and the Corporate Planning and Administration Department to the Corporate Administration Department, the Accounting Department and Finance and Planning Department, and a new Planning and Administration Division will be set up as the supervising division.

## Overview of Asset Management Company

- Name**  
Hulic Reit Management Co., Ltd.
- Address**  
2-26-9 Hatchobori, Chuo-ku, Tokyo
- President and CEO**  
Eiji Tokita
- Established**  
April 1, 2013
- Capital**  
¥200 million
- Shareholder**  
Hulic Co., Ltd. (100%)
- Business operations**  
Investment management



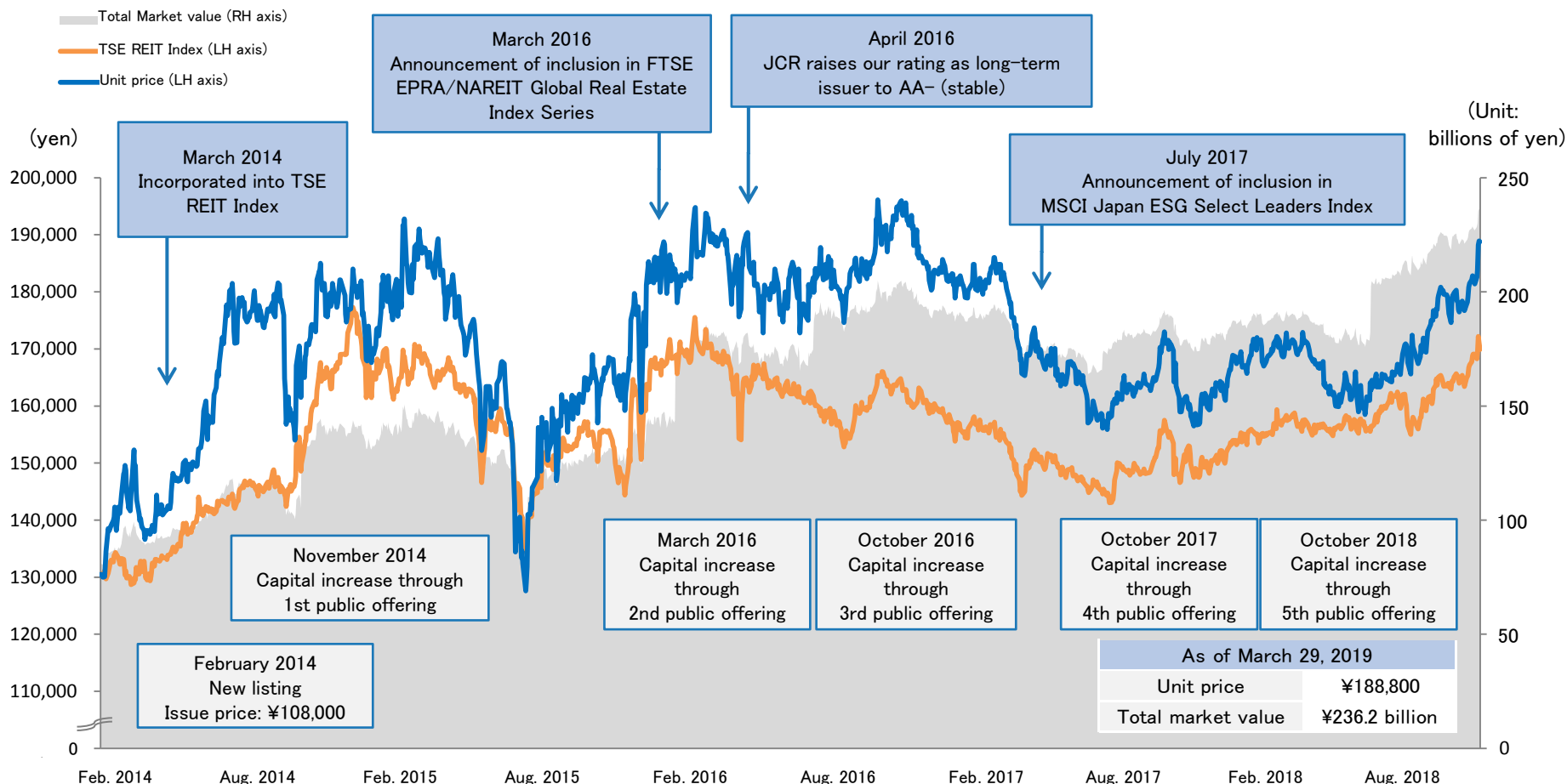
## Organization of Asset Management Company



## Price since listing

- Implementation of past 5 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 unit Price 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.

Terms	Definitions
Tokyo Commercial Properties (TCP)	The Tokyo Commercial Properties are office properties and retail properties under a concept specific to the Hulic Reit that comprehensively includes properties consistent with the Hulic Reit's basic missions. For details, please refer to page 57.
Next Generation Assets Plus (NGA+)	The Next Generation Assets Plus (NGA+) are assets for which continuing strong demand and long-term stable earnings are expected going forward that will contribute to the maximization of investor value over the medium to long term. We invest in private nursing homes, network center, hotels, and other next generation assets plus as investment target assets. For details, please refer to page 58.
6 central Tokyo wards	The 6 central Tokyo wards are Chiyoda, Chuo, Minato, Shinjuku, Shibuya, and Shinagawa wards.
Properties acquired after the results for 8th fiscal period were released	The Properties acquired after the results for 8th fiscal period were released, which were acquired after the results for 8th fiscal period were released on April 12, 2018, are Shinagawa Season Terrace, KSS Gotanda Building, Hulic Kamiyacho Building (additional acquisition), Hulic Nihonbashi-honcho 1 Chome Building, Bancho House and Hulic Shimura-sakaue.
Sponsor-developed properties	The Sponsor-developed properties are properties that were developed and owned by the sponsor. Furthermore, as a response to the elapse of years since construction, the sponsor carries out reconstruction projects to promote reconstruction suitable for location characteristics, and in this Financial Results Briefing, sponsor-developed projects include reconstruction projects.
Sponsor-owned properties	The Sponsor-owned properties are properties that the sponsor acquired from an external party and owned.
Sponsor-supported properties	The Sponsor-supported properties are acquired from mainly the sponsor group, etc. and that do not include sponsor-developed properties and sponsor-owned properties. Sponsor group, etc. means the sponsor group and special purpose companies that are funded by the sponsor group.
Asset size	The Asset size is the total acquisition price of assets held by Hulic Reit in the subject fiscal period.
Unrealized gains/losses	The Unrealized gains/losses was obtained by the following formula: $A - B$ (A: Appraisal value of the assets held at the end of each fiscal period; B: Book value of the assets held at the end of each fiscal period)
NAV per unit	The NAV per unit was obtained by the following formula: $(A+B) \div C$ (A: Net assets excluding surplus at the end of each fiscal period; B: Unrealized gains/losses at the end of each fiscal period; C: Number of outstanding units at the end of each fiscal period (figures below ¥1 are truncated.))
(Book value-based) LTV	The (Book value-based) LTV ratio was obtained by the following formula: $A \div B \times 100\%$ (A: Total interest-bearing debt at the end of each fiscal period; B: Total assets at the end of each fiscal period)
Market value-based LTV	The Market value-based LTV ratio was obtained by the following formula: $A \div (B+C) \times 100\%$ (A: Total interest-bearing debt at the end of each fiscal period; B: Total assets at the end of each fiscal period; C: Unrealized gains/losses at the end of each fiscal period)
Previous Forecasts	The Previous Forecasts are stated on the basis of forecasts released on October 12, 2018. For details, please refer to Financial Report for the Fiscal Period Ended August 31, 2018, which was released on October 12, 2018.
New Forecasts	The New Forecasts are stated on the basis of forecasts released on April 12, 2019. For details, please refer to Financial Report for the Fiscal Period Ended February 28, 2019, which was released on April 12, 2019.
Amount attributable to gain on sales' Fixed asset tax and city planning tax	Refers to the amount of cash distribution per unit (DPU) after adjustments for unexpensed fixed asset tax & city planning tax after property acquisition, gains on transfer at the time of property transfer, and the related type 2 management fee.

Terms	Definitions
Adjusted Distributions	The Actual distributions are the amount of cash distribution per unit (DPU) after taking into consideration factors behind gains on fixed asset tax & city planning tax and transfer.
Acquisition capacity	The Acquisition capacity is capital-raising capacity (amount increasable) for interest-bearing debt associated with property acquisition. Calculated based on book value-based LTV.
NOI yield	The NOI yield was obtained by the following formula: $A \div B \times 100\%$ (A: NOI (direct capitalization method) indicated in the appraisal report at the end of each fiscal period; B: Acquisition price)
NOI yield after depreciation	The NOI yield after depreciation was obtained by the following formula: $(A-B) \div C \times 100\%$ (A: NOI (direct capitalization method) indicated in the appraisal report at the end of each fiscal period; B: Annualized depreciation and amortization in the subject fiscal period; C: Acquisition price)
Cap rate (Based on direct capitalization method)	The Cap rate (Based on direct capitalization method) means the direct capitalization rate indicated in the appraisal report at the end of the fiscal period. If multiple properties are included, the capitalization rate is calculated as a weighted average based on appraisal value.
Average age of buildings	The Average age of buildings stated for age of buildings are weighted averages of the ages of properties excluding land, based on the acquisition prices.
Total leasable area	The Total leasable area for individual properties indicate leasable areas according to building leasing agreements or building plans at the end of the fiscal period. (Figures for co-owned properties correspond to the owned portion.)
Leased area and vacancy area	The Leased area and vacancy area states the area actually leased and the area vacant based on lease agreements or plans of buildings related to assets owned at the time of acquisition at the end of each fiscal period (for co-owned properties, figures correspond to the owned portion).
Total floor area	The Total floor area states the area of the entire building based on the descriptions in the registration.
Average rent	The Average rent per tsubo was obtained by the following formula: $A \div B$ (A: Total amount of the monthly rents (including common service fees) indicated in the effective lease agreements at the end of the fiscal period; B: Total leased area converted to tsubo at the end of the fiscal period)
Percentage of new tenant entry and departure	The Percentage of new tenant entry and departure was obtained by the following formula: $A \div B \times 100\%$ (A: Area of new tenant entry and departure for office properties in the applicable fiscal period; B: Total leasable area of office properties at the end of each fiscal period) Please note that departure area and departure rate are indicated by negative numbers.
Percentage change in rent due to revisions or tenant replacement	The Percentage change in rent due to revisions or tenant replacement was obtained by the following formula: $(A-B) \div B \times 100\%$ (In each fiscal period, for each space with either a rent revision or a tenant replacement, A: Total amount monthly rents after revisions or tenant replacements (including common service fees); B: Total amount of monthly rents before revisions or replacements (including common service fees))
Increased/decreased area (revision)	The Increased/decreased area (revision) is the total area leased in each lease agreement for which a revision was made with either an increase or decrease in rent in each fiscal period. For properties for which Hulic Reit holds co-ownership or quasi-co-ownership of trust beneficiary rights, this area is calculated based on the area corresponding to the percentage of ownership held by Hulic Reit at the end of the fiscal period.



Terms	Definitions
Increased/decreased area (replacement)	The Increased/decreased area (replacement) is the total area leased in each lease agreement for which, at the time of a tenant replacement in each fiscal period, the tenant replacement occurred with either an increase or a decrease in rent. (The applicable tenants are those starting to lease in the same periods that there were replacements.) If the leased area differs before and after the tenant replacement, then the area is calculated based on the leased area of the tenant before replacement.
Market rent levels (office)	The Market rent levels (office) are rent levels that the asset management company calculated based on assumed new rents assessed by CBRE K.K. for the Hulic Reit's office properties (excluding land, retail spaces, and residential spaces, etc.). As a rule, Hulic Reit calculates market rent levels as of the last day of February and August of every year.
Rent divergence	The Percentage of divergence with office market rent levels was obtained by the following formula: $(A-B) \div B \times 100\%$ (A: Current rents for office properties (excluding land, retail spaces, and residential spaces, etc.), B: Market rent levels (office properties))
Percentage of negative-rent-divergence spaces that had upward rent revisions (office)	The Percentage of negative-rent-divergence spaces that had upward rent revisions (office) was obtained by the following formula: $B \div A \times 100\%$ (A: For all the office properties (excluding land, retail spaces, and residential spaces, etc.), among all the spaces whose lease-agreement renewal date arrived during the applicable fiscal period, the total floor area of the spaces (excluding spaces vacated by tenants) that, in the Financial Results Briefing material for the 9th fiscal period, had a divergence from the market rent level that was zero or less (market rent level greater than current rent paid); B: All of the area defined by A that, in the applicable fiscal period, had a space whose rent increased because of a rent renewal)
Average interest rate	The Average interest rate for funding purposes was obtained by calculating the interest rate for each interest-bearing debt at the end of each fiscal period and then taking a weighted average according to the total balance of interest-bearing debt at the same point of time. For borrowings for which we carried out interest rate swaps to avoid interest-rate risk, we use interest rates that take into account the effects of the interest rate swaps.
Average remaining period	The Average remaining period was obtained by calculating the number of years to maturity for each interest-bearing debt at the end of each fiscal period and then taking a weighted average according to the total balance of interest-bearing debt at the same point of time.
FTSE EPRA/NAREIT Global Real Estate Index Series	The FTSE EPRA/NAREIT Global Real Estate Index Series is a set of international real estate investment indexes developed by FTSE Group through cooperation with European Public Real Estate Association (EPRA) and National Association of Real Estate Investment Trusts (NAREIT). It is used by many institutional investors and others around the world as a benchmark for international real estate investment.
MSCI Japan ESG Select Leaders Index	The MSCI Japan ESG Select Leaders Index, offered by MSCI Inc., was selected by Government Pension Investment Fund (GPIF) as an ESG index for carrying out passive investment.
GRESB (Global Real Estate Sustainability Benchmark)	The GRESB (Global Real Estate Sustainability Benchmark), established in 2009 by mainly a group of leading public pension funds that helped lead the effort to create the United Nations' Principles for Responsible Investment, is a yearly benchmark evaluation that measures consideration given to environment, society and governance (ESG) by companies in the real estate sector.
DBJ Green Building Certification	The DBJ Green Building Certification is a certification system created by Development Bank of Japan Inc. in April 2011 to support real estate properties with environmental and social awareness (Green Building). The certification system is said to evaluate and certify real estate properties in terms of their desirability for society and the economy based on a comprehensive evaluation, which includes not only environmental performance, but also responsiveness to various stakeholder needs such as consideration for emergency preparedness and the community, and to support these efforts.
BELS rating	The BELS rating is a building energy-efficiency labeling system that was started with the aim of having third-party institutions implement accurate evaluation and labeling of energy-conservation performance in non-residential buildings in accordance with the guidelines set forth in October 2013 by the Ministry of Land, Infrastructure, Transport and Tourism in Evaluation Guidelines for Energy-efficiency Labeling for Non-residential Buildings (2013).
CASBEE (Comprehensive Assessment System for Built Environment Efficiency)	CASBEE is a method for evaluating and rating the environmental performance of buildings as a system for comprehensively evaluating the quality of buildings in terms of environmental-friendliness (such as energy conservation and using energy-saving materials with a low environmental footprint), levels of comfort within the building, and consideration given to the scenery.

## 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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