

Securities code: **3295**



# HULIC REIT, INC.

**Financial Results Briefing for the Fiscal Period Ended  
August 31, 2014 (1st Fiscal Period)**

November 26, 2014

<http://www.hulic-reit.co.jp/en>



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## **I. Executive Summary**



## 1

## Asset Management Results and Financial Performance for the 1st Fiscal Period ended August 2014

- (1) Asset size: **21 properties valued at ¥101.4 billion**
- (2) Maintained high occupancy rate: **99.1%**
- (3) Cash distributions per unit: **¥2,383**  
Compared to initial forecast: **+¥78**

## 2

First Follow-on Offering <sup>\*1</sup>

- (1) Conducted a follow-on offering to acquire **7 properties for a total of ¥46.7 billion** in our first year as a listed REIT.
- (2) Approximately 7% upward revision was made to our distribution forecast for the fiscal period ending August 2015 (third fiscal period), **from ¥2,529 to ¥2,705 per unit.**

## 3

## Strategy of Hulic Reit Going Forward

- (1) Continue external growth through the strong pipeline support of our sponsor.  
**Our goal is to achieve an asset size of ¥300 billion in 3 to 5 years after listing.**
- (2) **Maintain high occupancy rate** of our portfolio by leveraging our sponsor's property management and leasing capabilities.
- (3) **Maintain an LTV of between 40% and 45%** for the foreseeable future to ensure our ability to acquire assets and continue operations with a conservative approach.

<sup>\*1</sup> Refers to the acquisition of assets and borrowing of funds related to the press release dated October 14, 2014 entitled "Notice Concerning the Issuance of New Investment Units and Secondary Public Offering."



## **II. Asset Management Results for the Fiscal Period Ended August 31, 2014 (1st Fiscal Period)**



## 1 Portfolio Summary

Asset size: 21 properties valued at ¥101.4 billion

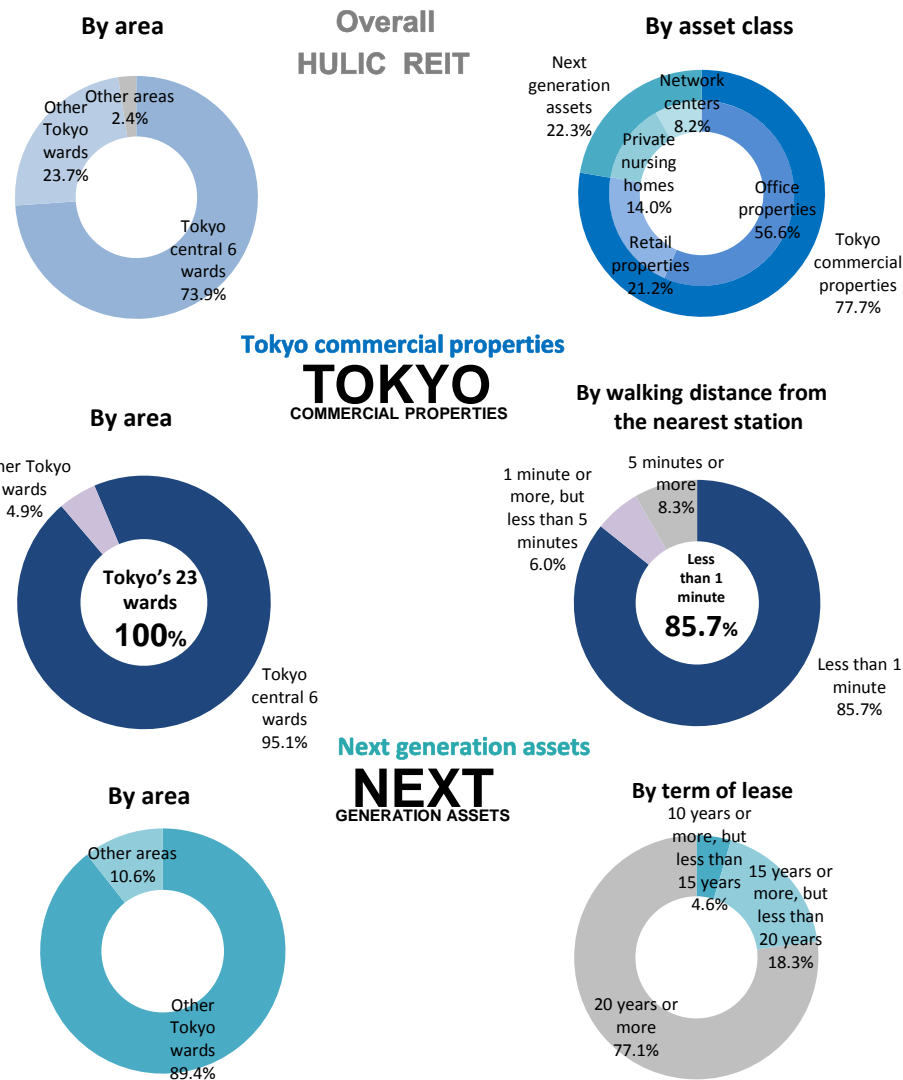
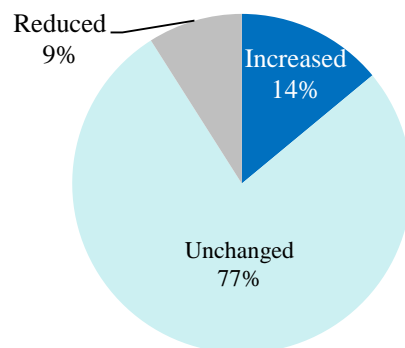
**TOKYO** : 12 properties valued at ¥78.9 billion (77.7%)

**NEXT** : 9 properties valued at ¥22.6 billion (22.3%)

## 2 Occupancy Rate Trends

Portfolio	(%)	At IPO	End of first fiscal period
Overall		99.9%	99.1%
Tokyo commercial properties		99.8%	98.5%
Next generation assets		100.0%	100.0%

## 3 Rent Renewal Results (based on number of renewals)



\*1 Based on acquisition cost, except that the pie chart showing "by term of lease" is based on the lease area.

### **III. Summary of Financial Results for the Fiscal Period Ended August 31, 2014 (1st Fiscal Period)**



(Rounded to the nearest million yen)

## 1 Comparison and Differences between the Forecast and Results (millions of yen, unless otherwise indicated)

	Results	Forecast (revised forecast as of June 5, 2014)	Change	Difference
Operating revenue	3,660	3,662	(2)	-----
Operating income	2,480	2,436	+44	Operating expenses (46) Repair expenses (30) Attorney fees and other operating expenses (16)
Ordinary income	1,555	1,504	+51	Non-operating expenses Reserve expenses, etc. (7)
Net income	1,553	1,503	+50	-----
Cash distribution per unit (yen)	2,383	2,305	+78	-----

## 2 Other Reference Information (millions of yen, unless otherwise indicated)

Total assets	108,794	Tenant leasehold and security deposits in trust	5,042
Total liabilities	39,297	Number of investment units issued (units)	652,000
Total net assets	69,496	Net assets per unit (yen)	106,590



(Rounded to the nearest million)

## 1 Overview of Appraisals and Comparison with the Time of the IPO (millions of yen)

	No. of properties	End of 1st fiscal period				Comparison with time of IPO* <sup>2</sup>			Comparison with interim financial results for the 1st fiscal period * <sup>3</sup>		
		Appraisal value	Book value	Unrealized gains/losses	Cap Rate* <sup>1</sup> (%)	Difference in appraisal value	Change in appraisal value (%)	Difference in Cap Rate (%)	Difference in appraisal value	Change in appraisal value (%)	Difference in Cap Rate (%)
Office properties	8	61,020	58,071	2,948	4.2	2,250	3.8	-0.2	950	1.6	-0.1
Retail properties	4	23,940	21,692	2,247	4.7	1,070	4.7	-0.2	480	2.0	-0.1
Private nursing homes	4	15,680	14,451	1,228	5.4	1,370	9.6	-0.5	60	0.4	-0.0
Network centers	5	9,103	8,420	682	5.1	577	6.8	-0.3	361	4.1	-0.2
<b>Total</b>	<b>21</b>	<b>109,743</b>	<b>102,635</b>	<b>7,107</b>	<b>---</b>	<b>5,267</b>	<b>5.0</b>	<b>---</b>	<b>1,851</b>	<b>1.7</b>	<b>---</b>

\*1: The Cap Rate was calculated using the weighted average of the cap rate from the direct capitalization method in the appraisal report.

\*2: The time of IPO refers to the appraisal value as of September 30, 2013.

\*3: The interim financial results for the 1st fiscal period refers to the appraisal value as of April 30, 2014.

## 2 Changes in the Cap Rate and Appraisal Value at the Time of the IPO

		No. of properties
Change in appraisal value	Increase	21
	Unchanged	0
	Decrease	0
Change in Cap Rate	Decrease	20
	Unchanged	1
	Increase	0

- (1) The appraisal value of all properties in the portfolio increased. Unrealized gains totaled ¥7,107 million (approx. 6.9% of book value).
- (2) Unrealized gains have increased ¥1,851 million since the interim financial results for the 1st fiscal period.
- (3) The Cap Rate fell 0.2% for office/retail properties, 0.5% for private nursing homes, and 0.3% for network centers since the IPO.
- (4) The Cap Rate declined 0.1% for office/retail properties and 0.2% for network centers since the interim financial results for the 1st fiscal period.

## 1 Interest-Bearing Debt

Total interest-bearing debt	¥33,000 million
Long-term debt ratio	88.0%
Average interest rate <sup>*1</sup>	0.85%
Average years to debt repayment dates	4.4 years
Commitment line	¥10,000 million (Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, and The Bank of Tokyo-Mitsubishi UFJ, Ltd.)
LTV ratio <sup>*2</sup>	30.3%

- (1) Long-term borrowings with floating rate (¥26,590 million) are changed to fixed rate through execution of an interest rate swap.
- (2) Two-thirds of the total borrowings are from Japan's three mega banks, with Mizuho Bank as our core banking partner.
- (3) Mizuho Financial Group (Mizuho Bank and Mizuho Trust & Banking) accounts for approx. 40% of all borrowings.
- (4) LTV based on appraisal value<sup>\*3</sup> equals 28.5 %.

<sup>\*1</sup>: The weighted average interest rate of fixed interest rates, giving effect to the conclusion of interest rate swap agreements.

<sup>\*2</sup>: LTV ratio = Total interest-bearing debt/Total assets

<sup>\*3</sup>: LTV based on total appraisal value = Total interest bearing debt/(Total assets at period end + Appraisal value at period end - Book value at period end)

<sup>\*4</sup>: The interest rate was effectively changed to a fixed rate through the conclusion of an interest rate swap agreement

## 2 List of Borrowings

Lender	Borrowing amount (millions of yen)	Interest rate	Repayment date	Repayment method / Collateral
Syndicate of lenders arranged by Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3,960	1M TIBOR + 0.20%	February 7, 2015	Lump-sum repayment / Unsecured, unguaranteed
	8,490	0.49229% <sup>*4</sup>	February 7, 2017	
	8,550	0.77382% <sup>*4</sup>	February 7, 2019	
	8,550	1.17125% <sup>*4</sup>	February 7, 2021	
	2,450	1.61%	August 7, 2022	
	1,000	1.81875% <sup>*4</sup>	February 7, 2024	
Total borrowing amount	33,000			

## **IV. Strategy of Hulic Reit**



## 1 Basic Strategy

### Distribution per Unit (DPU)-Focused Strategy

Aim to **consistently increase DPU** through internal growth and financing strategy, both underpinned by external growth strategy based on market conditions



駅と未来に近いビル。

不動産のヒューリック



#### (1) External Growth Strategy

- Aim to achieve **asset size of ¥300 billion** in 3 to 5 years since listing
- Aim to **increase asset size by ¥50 to ¥70 billion per year**
- Fully utilize sponsor pipeline

#### (2) Internal Growth Strategy

- Maintain high occupancy rate by leveraging ideal location of properties
- Revisions to appropriate rent levels
- Management integrated with the Hulic Group

#### (3) Financing Strategy

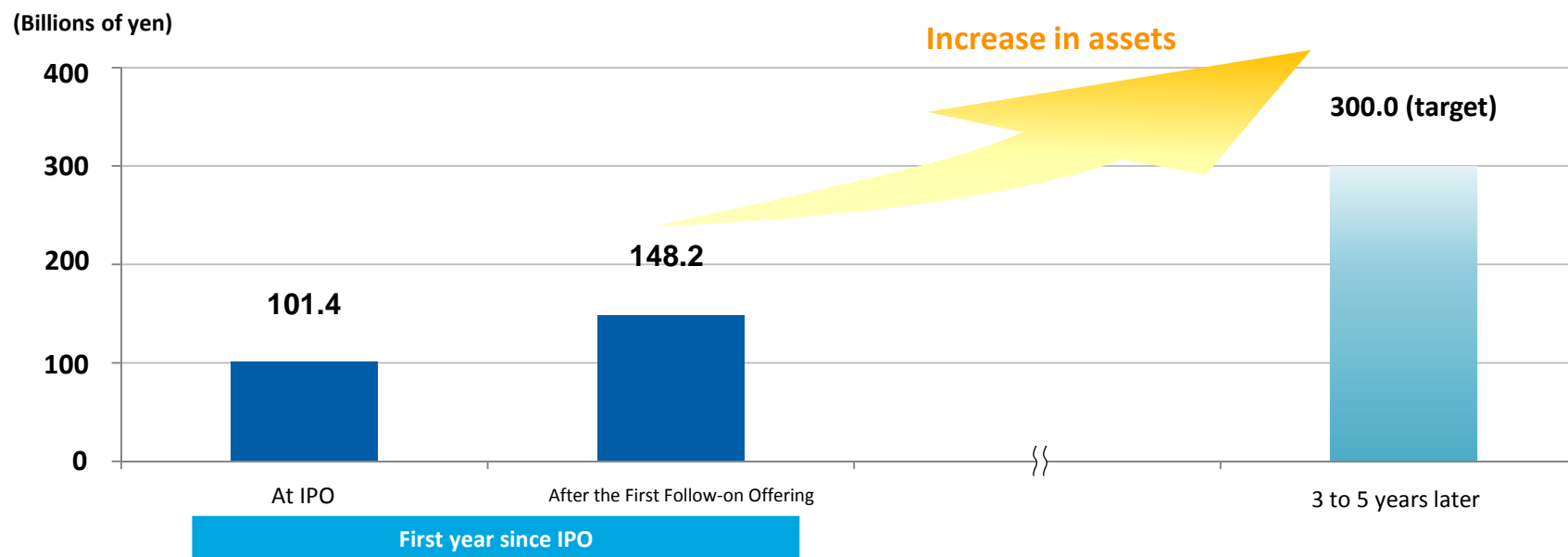
- Maintain stable and sound financial management
- Properly control LTV to prepare for expansion of assets

## 1 External Growth Strategy

- Fully utilize Sponsor's sourcing ability and pipeline to focus on investments in Tokyo Commercial Properties for which growth is expected

① Tokyo commercial properties	<ul style="list-style-type: none"> <li>Strong emphasis on location; sourcing activities targeting medium-sized buildings in Tokyo's 23 wards, where the Sponsor has particular strengths.</li> <li>For large-sized buildings, consider risk diversification through co-ownership with Sponsor.</li> </ul>
② Next generation assets	<ul style="list-style-type: none"> <li>Acquire assets that are capable of securing stable long-term revenue, with private nursing homes as the core.</li> <li>Develop long-term relationship with the Sponsor's "3K business" (<i>Koreisha</i> = seniors, <i>Kanko</i> = tourism, and <i>Kankyo</i> = the environment).</li> </ul>
③ Utilize Asset Manager's own network	<ul style="list-style-type: none"> <li>Acquisitions using the asset management company's own network and the Sponsor's warehousing capabilities.</li> </ul>

### (1) Envisioned Future Increase in Assets





## (2) Key Achievements of the Hulic Group

### Reconstruction

	Completion	Property name
Results	Feb. 2009	Hulic Hachioji Building
	Jan. 2010	Hulic Ryogoku Building
	Aug. 2010	Toranomon First Garden <b>Acquired</b>
	Aug. 2010	Hulic Kojimachi Building
	Oct. 2010	Hulic Ginza Sukiyabashi Building
	Mar. 2011	Hulic Ogikubo Building
	Nov. 2011	Hulic Komagome Building
	Jan. 2012	Hulic Head Office Building
	Oct. 2014	Hulic Shinjuku Building
Results	June 2009	Sendai First Tower (commercial wing; atrium)
	Mar. 2010	Kisarazu Home Center
	Dec. 2012	Hulic Shibuya No.2 Building
Results	July 2012	Hulic Kaminarimon Building
Private nursing homes	Sept. 2005	Aria Matsubara <b>Acquired</b>
	Feb. 2011	Granda Omori Sannou
	May 2012	Aristage Kyodo
	May 2013	Sunny Life Funabashi
	May 2013	Granda Gakugeidaigaku
	June 2013	Aria Yoyogiuehara
	Aug. 2013	Hospitalment Musashino
	July 2014	Charm Suite Shakujii-park
Private nursing homes	Aug. 2014	Sunny Life Tokyo Shinjuku
Senior housings	Apr. 2012	Iris Garden Kita Urawa
Plan	Office properties	Aug. 2015 (expected)
	Retail properties	Mar. 2015 (expected)
	Retail properties	Sept. 2015 (expected)
	Private nursing homes	July 2015 (expected)
	Private nursing homes	Jan. 2016 (expected)
	Office properties / Retail properties	June 2018 (expected)

### Development (excluding reconstruction)

	Completion	Property name
Office properties / Retail properties	Feb. 2013	Hulic Asakusabashi Building
	Mar. 2013	Ochanomizu Sola City <b>New</b> <sup>*3</sup>
	Sept. 2013	Nagatacho Hokkaido Square
	Feb. 2015 (expected)	Shinagawa Season Terrace
	May 2015 (expected)	Toranomon Development Project
TBD	2017 (expected)	Yurakucho 2-Chome Building Development Project (New Tokyo Building)

### New investments (since 2012)

	Acquisition	Property name
Office properties	Jan. 2012	Hulic Ginza 7 Chome Building
	Mar. 2012	Hulic Yurakucho Building
	Mar. 2013	Rapiros Roppongi <b>Acquired</b>
	May 2013	Hulic Kamiyacho Building <b>Acquired</b>
Retail properties	Jan. 2013	Shinjuku Gates Building <b>New</b> <sup>*3</sup>
	June 2013	Victoria Wardrobe Jimbocho
	June 2013	Hulic Jingu-Mae Building <b>Acquired</b>
	Sept. 2013	Hulic Shibuya Udagawacho Building
	Mar. 2014	Tsurumi Fuga 1
Private nursing homes	Sept. 2014	Yokohama Yamashitacho Building <b>New</b> <sup>*3</sup>
	Oct. 2012	Trust Garden Yoganomori <b>Acquired</b>
	Oct. 2012	Trust Garden Sakurashinmachi <b>Acquired</b>
	Oct. 2012	Trust Garden Nanpeidai
	Oct. 2012	Trust Garden Suginami Miyamae <b>Acquired</b>
	July 2013	Esperal Joto
Network centers	Sept. 2014	Toyosu Senior Residence
	Dec. 2012	Ikebukuro Network Center, and other four properties <b>Acquired</b>
	Sept. 2013	Chiba Network Center <b>New</b> <sup>*3</sup>
	Sept. 2013	Sapporo Network Center <b>New</b> <sup>*3</sup>
Hotels	Jan. 2014	Keihanna Network Center <b>New</b> <sup>*3</sup>
	Mar. 2014	Hulic Ginza 2-Chome Building
	July 2014	Tokyo Bay Maihama Hotel Club Resort



**Toranomon Development Project**



**Yurakucho 2-Chome Development Project**



**Aria Yoyogiuehara**



**Granda Gakugeidaigaku**

\*1: Other than the properties in our anticipated portfolio, there are no properties listed that Hulic Reit intends to acquire as of the date of this document.

\*2: Certain specifications of the Toranomon Development Project and Yurakucho 2-Chome Development Project in the design drawings may differ from the actual completed building.

\*3: Assets (to be) acquired in connection with the first follow-on offering.

## 1 Internal Growth Strategy

- Aim to improve rent terms of Tokyo Commercial Properties in coordination with Hulic Group

① Maintain high occupancy rate	<ul style="list-style-type: none"> <li>• Maintain high occupancy rate across the portfolio by utilizing our Sponsor's property management and leasing capabilities.</li> </ul>
② Set proper rent levels based on market conditions	<ul style="list-style-type: none"> <li>• Adjust rent levels to those suitable for each property and tenant.</li> </ul>
③ Maintain revenue of highly competitive portfolio	<ul style="list-style-type: none"> <li>• Promote strategic CAPEX and rigorous cost management that contribute to properties' competitiveness and value growth.</li> </ul>

## 2 Financing Strategy

- Stable and sound financial management

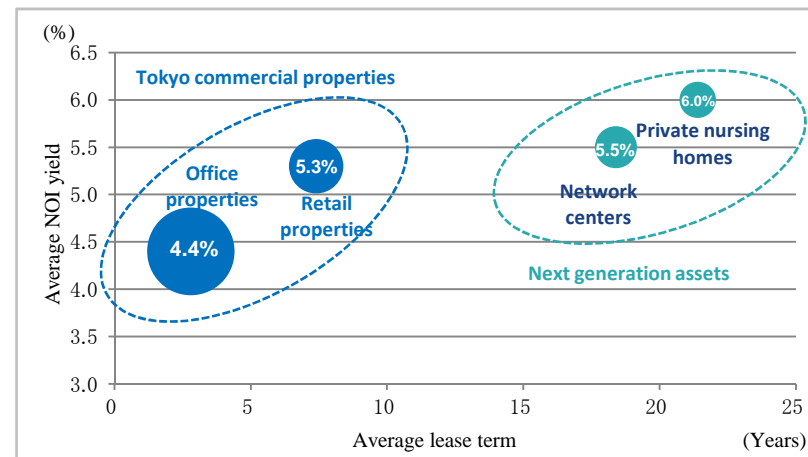
① LTV control aimed at enhancing unitholder value	<ul style="list-style-type: none"> <li>• Maintain an LTV of between 40% and 45% for the foreseeable future to ensure our ability to acquire assets and continue operations with a conservative approach.</li> <li>• Aim to maintain an LTV of between 40% and 50% over the medium to long term.</li> </ul>
② Stable financial management	<ul style="list-style-type: none"> <li>• Maintain lender relationships centered on Mizuho Financial Group, and, with respect to new borrowings, seek to lower borrowing costs, extend the term of borrowings, fix interest rates and diversify maturity dates.</li> </ul>

## 1 Overview of the Offering

Type of offering	Global offering Domestic offering and international offering (Reg. S & 144A)
Resolution date of issuance	Tuesday, October 14, 2014
Number of investment units to be offered	129,000 units (equal to 19.8% of issued and outstanding investment units prior to the offering)
Total issue price	¥19,370 million
Pricing date for issuance	Wednesday, October 29, 2014
Issue price	¥150,150
Investor ratio	Domestic: 50% / International: 50% (excluding portion reserved for sale to the Sponsor)
Joint global coordinators	Mizuho Securities Co., Ltd. and Nomura Securities Co., Ltd.

## 2 Main Indicators after the Offering <sup>\*1 \*2</sup>

Asset size	<b>28 properties valued at ¥148.2 billion</b>
Tokyo commercial properties	16 properties valued at ¥114.8 billion (77.5%)
Next generation assets	12 properties valued at ¥33.4 billion (22.5%)
Average NOI yield	<b>4.9%</b>
Occupancy rate	<b>98.7%</b>



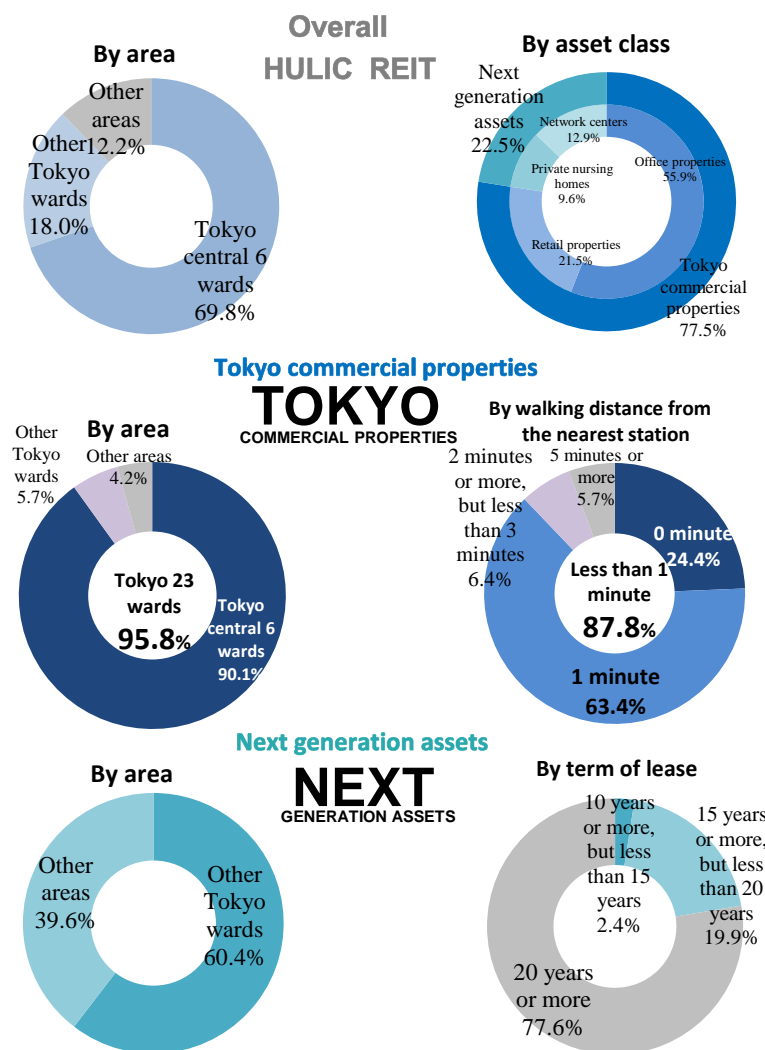
\*1: The size of the bubble in the graph depicts the total anticipated acquisition price by asset class for (anticipated) acquisitions.

\*2: Average NOI yield represents the total appraisal value NOI as of August 31, 2014 by asset class for assets acquired (anticipated) divided by the total acquisition price (anticipated) by asset class. The average lease term is the lease period on the lease agreement of each end tenant by asset class related to acquired assets (anticipated) averaged according to the leased area.

## 1 Changes in Portfolio as a result of the First Follow-on Offering

		At IPO	(Anticipated) assets	After the first follow-on offering
Portfolio	No. of properties			
	Overall	21 properties	7 properties	28 properties
	Tokyo commercial properties	12 properties	4 properties	16 properties
	Next generation assets	9 properties	3 properties	12 properties
	Average NOI yield	5.1%	4.5%	4.9%
	Total assets			
	Overall	¥1,014 bn	¥467 bn	¥1,482 bn
	Tokyo commercial properties	77.7%	76.9%	77.5%
	Next generation assets	22.3%	23.1%	22.5%
	Occupancy rate	99.1%	98.0%	98.7%
		As of end of fiscal period ended August 2014	(Anticipated) assets	After the first follow-on offering
Unitholder value	NAV per unit	¥108,888		¥120,448 <sup>*1</sup>

## 2 Breakdown of Portfolio after the First Follow-on Offering <sup>\*2</sup>



\*1: Calculated based on financial results of the first fiscal period ended August 30, 2014 and the results of the initial public offering.

\*2: Based on (anticipated) acquisition price, except that the pie chart showing "by term of lease" is based on the lease area.

オフィス 駅直結 スポンサー開発物件  
 御茶ノ水ソラシティ  
 Ochanomizu Sola City

Location: Chiyoda ward, Tokyo  
 Walking distance from nearest station: Shin-Ochanomizu Station on the Tokyo Metro Chiyoda Line, Tokyo Metro (0-minute walk)  
 Building age: 1.8 years



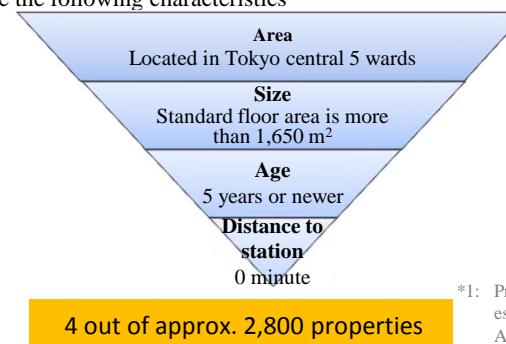
## 1 Characteristics of the Location

- Directly connected to Shin-Ochanomizu Station on the Tokyo Metro Chiyoda Line and a one-minute walk from Ochanomizu Station on the JR and Tokyo Metro Marunouchi lines. There are 5 stations and 9 railway lines within a 10-minute walking distance.
- The property can easily be marketed for its prime location because it offers quick and simple access to Tokyo's major business hubs, terminal stations/airports, JR lines and Tokyo Metro lines.



## 2 Rare Property

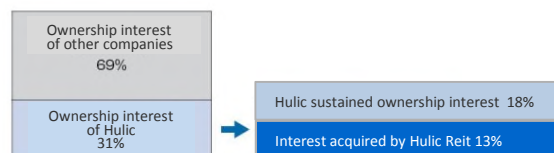
- This property is very rare as there are only 4 properties out of approximately 2,800 properties owned by J-REITs which have the following characteristics\*1



\*1: Prepared by our Asset Manager using the real estate property search engine offered by the Association for Real Estate Securitization.

## 3 Co-Ownership with Sponsor

- Hulic was involved in the development of the property and acquired a 31% interest as the Sponsor
- Hulic Reit acquired approx. 40% of the co-ownership interest owned by Hulic (13% of the total co-ownership interest) and Hulic retained the remaining approx. 60% (18% of the total co-ownership interest)



## 4 Consideration for the Environment/Society

- This property received the DBJ Green Building Platinum 2013 certification from the Development Bank of Japan in September 2013 for its top-class consideration for the environment and society in Japan, reflecting its leading environmental performance achieved with cutting-edge technologies.
- This property received the S-rank, the highest of the five rankings, under the Comprehensive Assessment System for Built Environment Efficiency (CASBEE), which is a method developed by the Ministry of Land, Infrastructure, Transport and Tourism to assess the environmental performance of buildings.





# List of (Anticipated) Acquisitions in Connection with the First Follow-on Offering

18

	Tokyo commercial properties				Next generation assets		
	Office properties		Retail properties		Network centers		
Name	Ochanomizu Sola City	Higashi Ueno Building	Shinjuku Gates Building	Yokohama Yamashitacho Building	Chiba Network Center	Sapporo Network Center	Keihanna Network Center
Photograph of property							
Location	Chiyoda Ward, Tokyo	Taito Ward, Tokyo	Shinjuku Ward, Tokyo	Yokohama City, Kanagawa	Inzai City, Chiba	Sapporo City, Hokkaido	Kizugawa City, Kyoto
Waling Distance from Nearest Station	Shin-Ochanomizu Station on the Tokyo Metro Chiyoda Line, Tokyo Metro (0-minute walk)	Shin-okachimachi Station on the Toei Oedo Subway Line and the Tsukuba Express Line (2-minute walk)	Shinjuku-sanchome Station on the Tokyo Metro Marunouchi Line and Fukutoshin Line (1-minute walk)	Motomachi-Chukagai Station on the Yokohama Kosoku Tetsudo Minato Mirai Line (1-minute walk)	-	-	-
(Anticipated) acquisition date	November 7, 2014	October 16, 2014	October 16, 2014	October 16, 2014	December 16, 2014	December 16, 2014	October 16, 2014
(Anticipated) acquisition price	¥22,854 million	¥2,670 million	¥5,550 million	¥4,850 million	¥7,060 million	¥2,510 million	¥1,250 million
Appraisal value	¥23,010 million	¥2,740 million	¥5,600 million	¥4,860 million	¥7,090 million	¥2,530 million	¥1,260 million
Appraisal NOI yield	3.9%	5.0%	4.1%	5.3%	5.4%	5.5%	5.8%
Floors	B2/23F	8F	B1/7F	B2/7F	B2/8F	5F	3F
Total leasable area	8,341.22 m <sup>2</sup> (equivalent to 13% of total ownership interest)	3,262.08 m <sup>2</sup>	1,351.15 m <sup>2</sup>	8,958.70 m <sup>2</sup>	23,338.00 m <sup>2</sup>	9,793.57 m <sup>2</sup>	9,273.44 m <sup>2</sup>
Occupancy Rate	91.4%	82.1%	100.0%	100.0%	100.0%	100.0%	100.0%

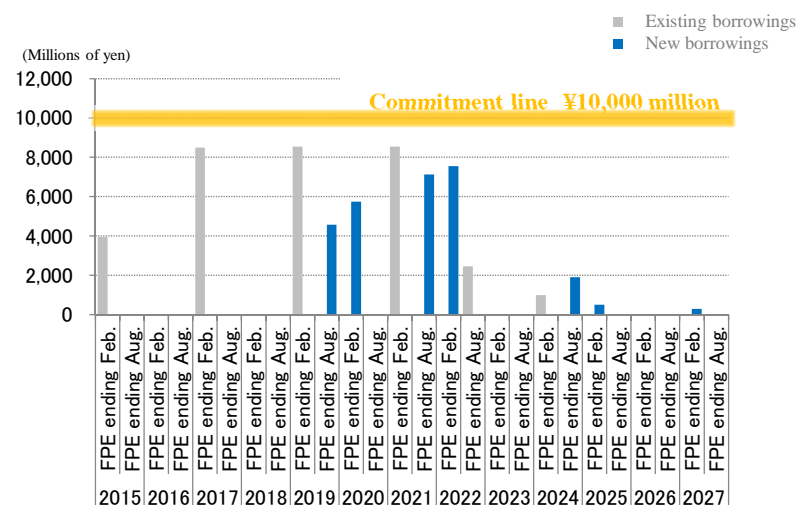
## 1 Interest-Bearing Debt

	End of first fiscal period	After the first follow-on offering
Total interest-bearing debt	¥33,000 million	¥60,700 million
Long-term debt ratio <sup>*1</sup>	88.0%	93.5%
Average interest rate <sup>*2</sup>	0.85%	—
Average years to debt repayment dates	4.4 years	5.1 years
Commitment line	¥10,000 million (Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, and The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	
LTV ratio <sup>*3</sup>	30.3%	38.5%

## 2 Anticipated Term Loans

Lender	Anticipated borrowing amount (millions of yen)	Interest rate	Maturity date	Remarks
Syndicate of lenders arranged by the three mega banks <sup>*4</sup>	4,580	Base rate of interest +0.20%	4 years and six months from the drawdown date	(Anticipated borrowing date) February 27, 2015
	5,740	Base rate of interest +0.23%	5 years from the drawdown date	
	7,130	Base rate of interest +0.33%	6 years and six months from the drawdown date	
	7,550	Base rate of interest +0.40%	7 years from the drawdown date	(Repayment method) Lump-sum repayment
	1,900	Base rate of interest +0.60%	9 years and six months from the drawdown date	(Collateral) Unsecured / Unguaranteed
	500	Base rate of interest +0.80%	10 years from the drawdown date	
	300	Base rate of interest +0.95%	12 years from the drawdown date	

## 3 Diversification of Maturity Dates




\*1: The long-term debt ratio and the average years to debt repayment dates after the first follow-on offering show data as of the time when the term loan was executed and the bridge loan was repaid.

\*2: The weighted average interest rate of fixed interest rate, giving effect to the conclusion of interest rate swap agreement. The average interest rate after the first follow-on offering is not shown because it has not been determined yet.

\*3: LTV ratio = Total interest-bearing debt/Total assets

\*4: Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, and The Bank of Tokyo-Mitsubishi UFJ, Ltd.



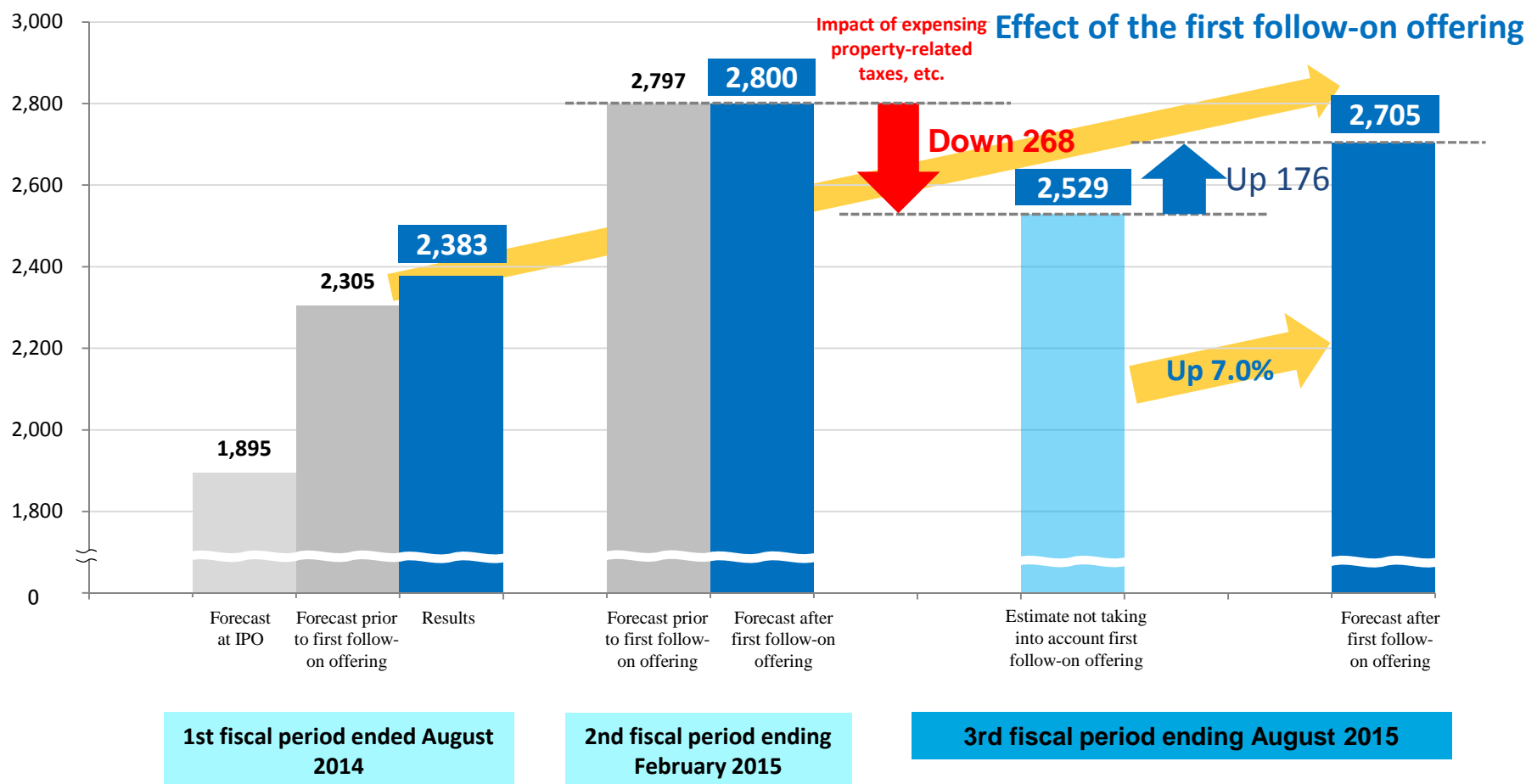
# Earnings Forecasts (2nd Fiscal Period Ending Feb. 2015 and 3rd Fiscal Period Ending Aug. 2015)

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## 1 Earnings Forecasts for the 2nd Fiscal Period and 3rd Fiscal Period (millions of yen, unless otherwise indicated)

	Earnings forecast for the 2nd fiscal period (time of IPO)	Earnings forecast for the 2nd fiscal period (as of October 14, 2014)	Change		Estimated asset management results for the 3rd fiscal period without considering the first follow-on offering	Earnings forecast for the 3rd fiscal period (as of October 14, 2014)	Change	
Operating revenue	3,200	<b>4,026</b>	+826	+25.8%	3,219	<b>4,457</b>	+1,238	+38.5%
Operating income	2,084	<b>2,583</b>	+499	+23.9%	1,821	<b>2,447</b>	+626	+34.4%
Ordinary income	1,824	<b>2,187</b>	+363	+19.9%	1,650	<b>2,114</b>	+464	+28.1%
Net income	1,824	<b>2,186</b>	+362	+19.8%	1,649	<b>2,113</b>	+464	+28.1%
Cash distribution per unit (yen)	2,797	<b>2,800</b>	+3	+0.1%	2,529	<b>2,705</b>	+176	+7.0%

## 1 Cash Distribution per Unit (yen)



## **V. Appendix**





# Balance Sheet as of August 31, 2014 (1st Fiscal Period)

As of April 30, 2014

<b>Assets</b>	
Current assets	
Cash and deposits	3,263,862
Cash and deposits in trust	2,002,306
Operating accounts receivable	3,120
Prepaid expenses	18,324
Deferred tax assets	27
Accrued consumption tax	645,501
Total current assets	5,933,142
Non-current assets	
Property, plant and equipment	
Buildings in trust	19,003,601
Accumulated depreciation	(315,412)
Buildings in trust, net	18,688,188
Structures in trust	181,832
Accumulated depreciation	(8,319)
Structures in trust, net	173,512
Machinery and equipment in trust	39,723
Accumulated depreciation	(3,533)
Machinery and equipment in trust, net	36,189
Tools and equipment in trust	4,295
Accumulated depreciation	(116)
Tools and equipment in trust, net	4,179
Land in trust	80,680,217
Total property, plant and equipment	99,582,288
Intangible assets	
Leasehold rights in trust	3,053,575
Other	9,207
Total intangible assets	3,062,783
Investments and other assets	
Lease and guarantee deposits	10,000
Long-term prepaid expenses	206,356
Total investments and other assets	216,356
Total non-current assets	102,861,427
<b>Total assets</b>	<b>108,794,570</b>

(Thousands of yen rounded off)





<b>Liabilities</b>	
Current liabilities	
Operating accounts payable	275,939
Short-term loans payable	3,960,000
Accounts payable - other	372,135
Accrued expenses	49,394
Income taxes payable	1,403
Advances received	550,146
Deposits received	6,308
Total current liabilities	5,215,327
Non-current liabilities	
Long-term loans payable	29,040,000
Tenant leasehold and security deposits in trust	5,042,427
Total non-current liabilities	34,082,427
<b>Total liabilities</b>	<b>39,297,755</b>
<b>Net assets</b>	
Unitholders' equity	
Unitholders' capital	67,943,000
Surplus	
Unappropriated retained earnings (undisposed loss)	1,553,814
Total surplus	1,553,814
Total unitholders' equity	69,496,814
<b>Total net assets</b>	<b>69,496,814</b>
<b>Total liabilities and net assets</b>	<b>108,794,570</b>

# Statement of Income for the Fiscal Period Ended 24 August 31, 2014 (1st Fiscal Period)





Nov. 7, 2013 to August 31, 2014

(Thousands of yen rounded off)




<b>Operating revenue</b>	
Rent revenue	3,523,129
Other rent revenue	137,517
<b>Total operating revenue</b>	<b>3,660,646</b>
Operating expenses	
Expenses related to rent business	763,149
Asset management fee	294,238
Asset custody fee	8,370
Administrative service fees	27,483
Directors' compensation	9,800
Other operating expenses	77,043
Total operating expenses	1,180,085
<b>Operating income</b>	<b>2,480,561</b>
Non-operating income	
Interest income	409
Total non-operating income	409
Non-operating expenses	
Interest expenses	158,629
Borrowing-related expenses	343,990
Organization expenses	82,286
Investment unit issuance expenses	340,790
Total non-operating expenses	925,697
<b>Ordinary income</b>	<b>1,555,274</b>
Income before income taxes	1,555,274
Income taxes – current	1,486
Income taxes – deferred	(27)
Income taxes	1,459
<b>Net income</b>	<b>1,553,814</b>
Unappropriated retained earnings (undisposed loss)	1,553,814

Name	Hulic Kamiyacho Building	Hulic Kudan Building (Land)	Toranomon First Garden	Rapiros Roppongi
				
Location	Toranomon, Minato Ward, Tokyo	Kudankita, Chiyoda Ward, Tokyo	Toranomon, Minato Ward, Tokyo	Roppongi, Minato Ward, Tokyo
Waling Distance from Nearest Station	One minute from Kamiyacho Station, Tokyo Metro Hibiya Line	One minute from Kudanshita Station, Tokyo Metro Tozai and Hanzomon Lines, and Toei Shinjuku Line	One minute from Toranomon Station, Tokyo Metro Ginza Line	Less than one minute from Roppongi Station, Tokyo Metro Hibiya Line
Acquisition Price	¥20,100 million	¥11,100 million	¥8,623 million	¥5,160 million
NOI Yield <sup>*1</sup>	4.4%	4.2%	4.3%	4.9%
Structure	S/SRC	—	SRC	RC/SRC
Floors	B2/11F	—	B2/12F	B2/10F
Total Floor Area	39,854.52 m <sup>2</sup>	—	10,029.25 m <sup>2</sup>	12,958.90 m <sup>2</sup>
Occupancy Rate (Aug. 31, 2014)	96.4%	100.0%	100.0%	90.1%
Property Characteristics	Located just a one-minute walk from Kamiyacho Station on the Tokyo Metro Hibiya Line, this property is considered to have strong appeal because it is near the station. The building's typical floor space of 2,970 m <sup>2</sup> , sets itself apart from other buildings in the vicinity, giving it an edge with larger tenants. Floors can also be partitioned for smaller lease spaces, making it possible to accommodate small and medium-sized tenants. The rental area is regularly shaped, facilitating the efficient use of space.	The nearest station, Kudanshita, is served by a number of lines—Tokyo Metro's Tozai and Hanzomon Lines and the Toei Shinjuku Line—and is well connected by transport links to Otemachi, Shinjuku, Shibuya, and other centers in downtown Tokyo. Large office buildings situated along Mejiro-dori attract solid levels of demand.	Located just a one-minute walk from Toranomon Station on the Tokyo Metro Ginza Line, this property is situated along Sakurada-dori Street and its proximity to the station provides an attractive location for prospective tenants. The building was reconstructed by Hulic Co., Ltd. and has a total floor space of 10,137.6 m <sup>2</sup> , with a typical floor space of 610.5 m <sup>2</sup> . It also has high-grade specifications, and is highly competitive in the marketplace due to its location, facilities and functionality. The building received an award from the Minister of the Environment Award in the Wall/Specialty Greening Technology category of the Wall and Special Greening Technology Contest (2012).	This property has excellent value in terms of its location in the Roppongi/Azabu district, because it is directly connected to Roppongi Station on the Tokyo Metro Hibiya Line and Toei Oedo Subway Line. The property is also one of the larger buildings in the Roppongi/Azabu district and offers facilities and functionality that can accommodate tenants with high-specification requirements.

\*1: NOI Yield = NOI / Acquisition Price. NOI uses the NOI from the appraisal report as of August 31, 2014.

Name	Hulic Takadanobaba Building	Hulic Kanda Building	Hulic Kandabashi Building	Hulic Kakigaracho Building
				
Location	Takada, Toshima Ward Tokyo	Kandasudacho, Chiyoda Ward, Tokyo	Kandanishikicho, Chiyoda Ward, Tokyo	Kakigaracho, Chuo Ward, Tokyo
Waling Distance from Nearest Station	Six minutes from Takadanobaba Station, JR Yamanote Line and Tokyo Metro Tozai Line	One minute from Kanda Station, Tokyo Metro Ginza Line, four minutes from JR Kanda Station, and three minutes from Awajicho Station, Tokyo Metro Marunouchi Line	Three minutes from Otemachi Station, Tokyo Metro Chiyoda Line, six minutes from Ogawamachi Station, Toei Shinjuku Line, and eight minutes from Kanda Station, JR Yamanote Line	Two minutes from Suitengumae Station, Tokyo Metro Hanzomon Line, six minutes from Kayabacho Station, Tokyo Metro Tozai Line, six minutes from Ningyocho Station, Tokyo Metro Hibiya Line
Acquisition Price	¥3,900 million	¥3,780 million	¥2,500 million	¥2,210 million
NOI Yield <sup>*1</sup>	5.2%	5.0%	4.7%	5.9%
Structure	SRC	RC	SRC	SRC
Floors	B1/8F	9F	B1/10F	B1/9F
Total Floor Area	08,090.38 m <sup>2</sup>	4,596.83 m <sup>2</sup>	3,478.34 m <sup>2</sup>	4,345.12 m <sup>2</sup>
Occupancy Rate (Aug. 31, 2014)	100.0%	100.0%	100.0%	100.0%
Property Characteristics	This property is situated along Shin-Mejiro Dori a six-minute walk from Takadanobaba Station on JR lines, the Tokyo Metro Tozai Line and the Seibu Shinjuku Line. The building has a sufficiently sized parking lot, which appeals to sales offices that use vehicles. Because the Takadanobaba district contains little in the way of new supply, this property's facilities and functions make it competitive.	This property is located one minute walk from Kanda Station on the Tokyo Metro Ginza Line, around four minutes' walk from Kanda JR Station, and three minutes' walk from Awajicho Station on the Tokyo Metro Marunouchi Line. It has a strong appeal for tenants because it is located in the station's immediate vicinity. The building is likely to be attractive as a relatively new property because it is only six years old, which compares well with the much older surrounding buildings that dominate the Uchikanda and Kandasudacho district.	This property is located a three-minute walk from Otemachi Station on the Tokyo Metro lines, providing a location suitable for not only demand in the Kanda Jimbocho/Kanda Ogawamachi district but also sub-offices of larger companies in the Otemachi district. The property was developed by Shoei Co., Ltd. (currently Hulic Co., Ltd.).	This property is located about two minute walk from Suitengumae Station on the Tokyo Metro Hanzomon Line, six minutes' walk from Kayabacho Station on the Tokyo Metro Tozai Line, and about six minutes' walk from Ningyocho Station on the Tokyo Metro Hibiya Line. It is valued highly because of its easy access to multiple subway lines. The facility was rebuilt by Fujigin Building Co., Ltd. (currently Hulic Co., Ltd.).

\*1: NOI Yield = NOI / Acquisition Price. NOI uses the NOI from the appraisal report as of August 31, 2014.





Name	Oimachi Redevelopment Building (#1)	Oimachi Redevelopment Building (#2)	Dining Square Akihabara Building	Hulic Jingu-Mae Building
				
Location	Higashi-Oi, Shinagawa Ward, Tokyo		Kandasakumacho, Chiyoda Ward, Tokyo	Jingumae, Shibuya Ward, Tokyo
Waling Distance from Nearest Station	One minute from Oimachi Station, JR Keihin-Tohoku and Tokaido Main Lines		One minute from Akihabara Station, JR Yamanote, Keihin-Tohoku, and, Sobu Lines	Seven minutes from Meiji Jingumae Station, Tokyo Metro Chiyoda and Fukutoshin Lines
Acquisition Price	¥6,166 million	¥9,456 million	¥3,200 million	¥2,660 million
NOI Yield <sup>*1</sup>	5.8%	5.8%	4.9%	4.7%
Structure	SRC	SRC	RC	RC/S
Floors	B3/10F	B2/8F	B2/9F	B2/6F
Total Floor Area	40,945.05 m <sup>2</sup>	15,444.28 m <sup>2</sup>	2,354.88 m <sup>2</sup>	1,931.78 m <sup>2</sup>
Occupancy Rate (Aug. 31, 2014)	100.0%	100.0%	100.0%	100.0%
Property Characteristics	This property is a major commercial property located southeast of Oimachi Station on the JR Keihin Tohoku Line, a hub station with large numbers of passengers who are boarding, alighting, and transferring, and it is directly accessible from the station via a raised walkway. The property comprises buildings No. 1 and 2, and the core tenant is one of Japan's largest electrical goods superstore chains. Other tenants include a supermarket, cafés, and fast-food outlets. This means that the building serves the daily needs of station users and local residents.		The property is located within one minute walk of JR Akihabara Station, immediately south of the station's central gate. The property is leased in full to one of the Japan's largest firms in the karaoke industry. It has maintained its competitiveness due to the advantages of its location next to the station as well as the synergies gained from a combination of karaoke and catering. Because of its location, the building can easily be leased to alternative tenants such as those in the catering, entertainment, services and other industries.	The property is a multi-purpose facility located south of Omotesando on Cat Street, a thoroughfare whose many streetfront fashion stores are a powerful draw for customers. The first and second floors are devoted to retail stores, the third and fourth floors to housing, and the fifth to seventh floors to wedding-related facilities. The property enjoys a long frontage on Cat Street, which gives it an advantage in terms of location.

\*1: NOI Yield = NOI / Acquisition Price. NOI uses the NOI from the appraisal report as of August 31, 2014.








# Portfolio Properties (Private Nursing Homes) Acquired during the Fiscal Period Ended August 31, 2014 (1st Fiscal Period)

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Name	Aria Matsubara	Trust Garden Yoganomori	Trust Garden Sakurashinmachi	Trust Garden Sugunami Miyamae
				
Location	Matsubara, Setagaya Ward, Tokyo	Yoga, Setagaya Ward, Tokyo	Tsurumaki, Setagaya Ward, Tokyo	Miyamae, Sugunami Ward, Tokyo
Waling Distance from Nearest Station	10 minutes from Meidaimae Station, Keio Line	14 minutes from Yoga Station, Tokyu Den-en-toshi Line	13 minutes from Komazawa University Station, Tokyu Den-en-toshi Line	12 minutes from Fujimigaoka Station, Keio Inokashira Line
Acquisition Price	¥3,244 million	¥5,390 million	¥2,850 million	¥2,760 million
NOI Yield <sup>*1</sup>	6.0%	6.0%	5.9%	5.9%
Structure	RC	RC	RC	RC
Floors	4F	3F	3F	3F
Total Floor Area	5,323.56 m <sup>2</sup>	5,977.75 m <sup>2</sup>	3,700.26 m <sup>2</sup>	3,975.99 m <sup>2</sup>
Occupancy Rate (Aug. 31, 2014)	100.0%	100.0%	100.0%	100.0%
Property Characteristics	The property is located in a peaceful residential area of Setagaya Ward. The facility operator, Benesse Style Care Co., Ltd., is one of Japan's largest operators of private nursing homes, and Aria brand corresponds to the company's top price brand and represents the top-priced range of private nursing home facilities in the area. The building was reconstructed by Hulic Co., Ltd.	This property is located in a peaceful residential area of Setagaya Ward, using. Utilizing its relatively large facilities for catering to nursing care residents. Belonging in the top price band for private nursing home facilities in the region, the property achieves a feeling of open spaciousness while providing a high-quality environment.	This property is located a 13-minute walk from Komazawa Daigaku Station on the Tokyu Denentoshi Line, in an area with many mid-rise apartment blocks. Belonging in the top price band for private nursing home facilities in the region, this property is characterized by an atmosphere like that of a comfortable family residence.	This property is located in an ideal residential area about a 12-minute walk from Fujimigaoka Station on the Keio Inokashira Line. Belonging in the top price band for private nursing home facilities in the region, this property features living quarters as well as a relaxing central courtyard.

\*1: NOI Yield = NOI / Acquisition Price. NOI uses the NOI from the appraisal report as of August 31, 2014.

Name	Ikebukuro Network Center	Tabata Network Center	Hiroshima Network Center	Atsuta Network Center	Nagano Network Center
					
Location	Kami-Ikebukuro, Toshima Ward, Tokyo	Tabata, Kita Ward, Tokyo	Hikari-machi, Higashi-ku, Hiroshima-shi, Hiroshima Prefecture	Atsuta-ku, Nagoya-shi, Aichi Prefecture	Tsurugamidori-cho, Nagano-shi, Nagano Prefecture
Acquisition Price	¥4,570 million	¥1,355 million	¥1,080 million	¥1,015 million	¥305 million
NOI Yield <sup>*1</sup>	5.1%	5.7%	6.6%	5.8%	8.7%
Structure	S/SRC	RC	S/SRC	RC	S/SRC
Floors	B1/6F	B1/4F	7F	B1/3F	B1/6F
Total Floor Area	12,773.04 m <sup>2</sup>	3,832.73 m <sup>2</sup>	5,208.54 m <sup>2</sup>	4,943.10 m <sup>2</sup>	2,211.24 m <sup>2</sup>
Occupancy Rate (Aug. 31, 2014)	100.0%	100.0%	100.0%	100.0%	100.0%

\*1: NOI Yield = NOI / Acquisition Price. NOI uses the NOI from the appraisal report as of August 31, 2014.

# Status of Appraisal Value by Property as of August 31, 2014 (1st Fiscal Period)

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			Name	Appraisal Value (Millions of yen)			Cap Rate (%)		
				At IPO *1	Settlement for the fiscal period ended Aug. 31, 2014 (1st fiscal period) *2	Comparison vs. IPO	At IPO *1	Settlement for the fiscal period ended Aug. 31, 2014 (1st fiscal period) *2	Comparison vs. IPO
Tokyo commercial properties	Office properties	Hulic Kamiyacho Building	21,000	21,400	400	4.2	4.0	-0.2	
		Hulic Kudan Building (Land)	11,100	11,600	500	4.3	4.1	-0.2	
		Toranomon First Garden	8,970	9,100	130	4.3	4.1	-0.2	
		Rapiros Roppongi	5,280	5,740	460	4.3	4.1	-0.2	
		Hulic Takadanobaba Building	3,900	4,050	150	4.9	4.7	-0.2	
		Hulic Kanda Building	3,810	4,040	230	4.7	4.5	-0.2	
		Hulic Kandabashi Building	2,500	2,550	50	4.5	4.3	-0.2	
		Hulic Kakigaracho Building	2,210	2,540	330	5.0	4.8	-0.2	
	Subtotal for Office Properties (8 properties)		58,770	61,020	2,250	-	-	-	
	Retail properties	Oimachi Redevelopment Building (#2)	10,400	10,800	400	4.9	4.7	-0.2	
		Oimachi Redevelopment Building (#1)	6,430	6,720	290	5.1	4.9	-0.2	
		Dining Square Akihabara Building	3,210	3,370	160	4.8	4.6	-0.2	
Hulic Jingu-Mae Building		2,830	3,050	220	4.3	4.0	-0.3		
Subtotal for Retail Properties (4 properties)		22,870	23,940	1,070	-	-	-		
Total for Tokyo Commercial Properties (12 properties)		81,640	84,960	3,320	-	-	-		
Next generation assets	Private nursing homes	Aria Matsubara	3,310	3,690	380	5.7	5.2	-0.5	
		Trust Garden Yoganomori	5,390	5,870	480	6.0	5.5	-0.5	
		Trust Garden Sakurashinmachi	2,850	3,110	260	5.9	5.4	-0.5	
		Trust Garden Suginami Miyamae	2,760	3,010	250	5.9	5.4	-0.5	
		Subtotal for Private Nursing Homes (4 properties)		14,310	15,680	1,370	-	-	-
	Network centers	Ikebukuro Network Center	4,620	4,950	330	5.0	4.7	-0.3	
		Tabata Network Center	1,410	1,510	100	5.4	5.1	-0.3	
		Hiroshima Network Center	1,120	1,190	70	6.2	5.9	-0.3	
		Atsuta Network Center	1,020	1,090	70	5.8	5.5	-0.3	
		Nagano Network Center	356	363	7	7.0	7.0	0.0	
		Subtotal for Network Centers (5 properties)		8,526	9,103	577	-	-	-
		Total for Next Generation Assets (9 properties)		22,836	24,783	1,947	-	-	-
21 properties total			104,476	109,743	5,267	-	-	-	

\*1: Appraisal value as of September 30, 2013

\*2: Appraisal value as of August 31, 2014

# List of Appraisal Value by Property as of **HULIC** August 31, 2014 (1st Fiscal Period)

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			Name	Acquisition price	Appraisal firm	Appraisal value	Book value for settlement of the 1st fiscal period	Unrealized gains/losses	Settlement for the fiscal period ended Aug. 31, 2014 (1st fiscal period)			
									Value by direct capitalization method	Cap rate (%)	Price by DCF	Discount rate (%)
Tokyo commercial properties	Office properties	Hulic Kamiyacho Building	20,100	DAIWA REAL ESTATE APPRAISAL	21,400	20,183	1,216	21,900	4.0	21,200	3.8	4.2
		Hulic Kudan Building (Land)	11,100	Japan Real Estate Institute	11,600	11,191	408	11,600	4.1	11,500	3.7	4.2
		Toranomon First Garden	8,623	CBRE	9,100	8,665	434	9,010	4.1	9,100	3.7	4.2
		Rapiros Roppongi	5,160	Japan Real Estate Institute	5,740	5,571	168	5,800	4.1	5,670	3.8	4.3
		Hulic Takadanobaba Building	3,900	DAIWA REAL ESTATE APPRAISAL	4,050	3,926	123	3,950	4.7	4,090	4.5	4.9
		Hulic Kanda Building	3,780	The Tanizawa Sogo Appraisal	4,040	3,781	258	4,190	4.5	3,980	4.6	4.7
		Hulic Kandabashi Building	2,500	DAIWA REAL ESTATE APPRAISAL	2,550	2,516	33	2,590	4.3	2,530	4.1	4.5
		Hulic Kakigaracho Building	2,210	The Tanizawa Sogo Appraisal	2,540	2,234	305	2,550	4.8	2,540	4.9	5.0
		Subtotal for Office Properties (8 properties)	57,373	—	61,020	58,071	2,948	61,590	—	60,610	—	—
	Retail properties	Oimachi Redevelopment Building (#2)	9,456	The Tanizawa Sogo Appraisal	10,800	9,520	1,279	11,000	4.7	10,700	4.8	4.9
		Oimachi Redevelopment Building (#1)	6,166	The Tanizawa Sogo Appraisal	6,720	6,264	455	6,750	4.9	6,700	5.0	5.1
		Dining Square Akihabara Building	3,200	Japan Real Estate Institute	3,370	3,227	142	3,410	4.6	3,320	4.4	4.8
		Hulic Jingu-Mae Building	2,660	The Tanizawa Sogo Appraisal	3,050	2,680	369	3,100	4.0	3,030	4.1	4.2
		Subtotal for Retail Properties (4 properties)	21,482	—	23,940	21,692	2,247	24,260	—	23,750	—	—
Total for Tokyo Commercial Properties (12 properties)		78,855	—	84,960	79,763	5,196	85,850	—	84,360	—	—	
Next generation assets	Private nursing homes	Aria Matsubara	3,244	Japan Real Estate Institute	3,690	3,290	399	3,700	5.2	3,680	4.8	5.4
		Trust Garden Yoganomori	5,390	Japan Real Estate Institute	5,870	5,461	408	5,890	5.5	5,850	5.1	5.7
		Trust Garden Sakurashinmachi	2,850	Japan Real Estate Institute	3,110	2,893	216	3,120	5.4	3,100	5.0	5.6
		Trust Garden Suginami Miyamae	2,760	Japan Real Estate Institute	3,010	2,806	203	3,020	5.4	3,000	5.0	5.6
		Subtotal for Private Nursing Homes (4 properties)	14,244	—	15,680	14,451	1,228	15,730	—	15,630	—	—
	Network centers	Ikebukuro Network Center	4,570	Japan Real Estate Institute	4,950	4,612	337	5,000	4.7	4,890	4.5	4.9
		Tabata Network Center	1,355	Japan Real Estate Institute	1,510	1,371	138	1,520	5.1	1,490	4.9	5.3
		Hiroshima Network Center	1,080	Japan Real Estate Institute	1,190	1,094	95	1,190	5.9	1,180	5.7	6.1
		Atsuta Network Center	1,015	Japan Real Estate Institute	1,090	1,028	61	1,090	5.5	1,080	5.3	5.7
		Nagano Network Center	305	Japan Real Estate Institute	363	313	49	363	7.0	362	6.8	7.2
		Subtotal for Network Centers (5 properties)	8,325	—	9,103	8,420	682	9,163	—	9,002	—	—
	Total for Next Generation Assets (9 properties)		22,569	—	24,783	22,872	1,910	24,893	—	24,632	—	—
21 properties total			101,424	—	109,743	102,635	7,107	110,743	—	108,992	—	—

\*1: Acquisition price and book value for interim settlement of the 1st fiscal period are rounded off to the nearest million

# Lease Business Income and Expenditures of by Property for the Fiscal Period Ended August 31, 2014 (1st Fiscal Period)

	Hulic Kamiyacho Building	Hulic Kudan Building (Land)	Toranomon First Garden	Rapiros Roppongi	Hulic Takadanobaba Building	Hulic Kanda Building	Hulic Kandabashi Building	Hulic Kakigaracho Building
Lease business revenue	595,456	299,704	314,390	238,264	193,431	166,374	97,789	116,128
Rent revenue	558,003	299,704	298,894	218,486	175,383	156,154	90,519	105,695
Other revenue	37,452	-	15,495	19,777	18,048	10,220	7,269	10,432
Lease business expenses	126,359	2,204	99,922	95,960	58,654	66,033	33,636	35,028
Taxes and public dues	-	-	-	-	-	-	-	-
Utilities expenses	32,922	-	14,401	23,013	14,878	8,412	8,052	8,314
Insurance expenses	809	139	463	196	386	210	170	193
Repair expenses	7,589	-	-	1,668	2,776	44	1,263	1,813
Management expenses	48,423	1,498	5,401	4,291	17,261	8,716	6,552	14,510
Other expenses related to lease business	3,687	566	29,419	54,979	1,987	25,964	1,214	1,532
Depreciation	32,927	-	50,236	11,809	21,364	22,684	16,382	8,665
Income (loss) from lease business	469,096	297,499	214,467	142,304	134,777	100,341	64,153	81,100
NOI	502,024	297,499	264,704	154,113	156,142	123,025	80,535	89,765

	Oimachi Redevelopment Building (#2)	Oimachi Redevelopment Building (#1)	Dining Square Akihabara Building	Hulic Jingu-Mae Building
Lease business revenue	352,857	247,609	- *1	93,947
Rent revenue	352,857	247,600	- *1	88,312
Other revenue	-	9	- *1	5,635
Lease business expenses	34,147	31,401	- *1	18,560
Taxes and public dues	-	-	- *1	-
Utilities expenses	-	-	- *1	6,505
Insurance expenses	772	111	- *1	111
Repair expenses	110	456	- *1	-
Management expenses	7,057	4,952	- *1	3,548
Other expenses related to lease business	566	11,233	- *1	1,680
Depreciation	25,639	14,648	- *1	6,715
Income (loss) from lease business	318,710	216,208	- *1	75,386
NOI	344,350	230,856	94,532	82,102

\*1: Not disclosed because approval not obtained from the end tenant

# Lease Business Income and Expenditures of by Property for the Fiscal Period Ended August 31, 2014 (1st Fiscal Period)

November 7, 2013 to August 31, 2014)

(Rounded to the nearest thousand)

	Aria Matsubara	Trust Garden Yoganomori	Trust Garden Sakurashinmachi	Trust Garden Suginami Miyamae
Lease business revenue	- *1	- *1	- *1	- *1
Rent revenue	- *1	- *1	- *1	- *1
Other revenue	- *1	- *1	- *1	- *1
Lease business expenses	- *1	- *1	- *1	- *1
Taxes and public dues	- *1	- *1	- *1	- *1
Utilities expenses	- *1	- *1	- *1	- *1
Insurance expenses	- *1	- *1	- *1	- *1
Repair expenses	- *1	- *1	- *1	- *1
Management expenses	- *1	- *1	- *1	- *1
Other expenses related to lease business	- *1	- *1	- *1	- *1
Depreciation	- *1	- *1	- *1	- *1
Income (loss) from lease business	- *1	- *1	- *1	- *1
NOI	115,980	190,781	93,734	98,080

	Ikebukuro Network Center	Tabata Network Center	Hiroshima Network Center	Atsuta Network Center	Nagano Network Center
Lease business revenue	153,369	51,015	49,589	41,750	19,923
Rent revenue	153,357	50,993	49,586	41,554	19,891
Other revenue	11	22	3	195	32
Lease business expenses	15,862	4,741	9,129	7,251	4,220
Taxes and public dues	-	-	-	-	-
Utilities expenses	-	-	-	-	-
Insurance expenses	287	91	122	103	62
Repair expenses	-	-	-	63	-
Management expenses	1,085	814	1,492	1,085	950
Other expenses related to lease business	567	567	568	568	568
Depreciation	13,922	3,268	6,946	5,431	2,640
Income (loss) from lease business	137,506	46,274	40,459	34,498	15,702
NOI	151,428	49,542	47,405	39,929	18,342

\*1: Not disclosed because approval not obtained from the end tenant

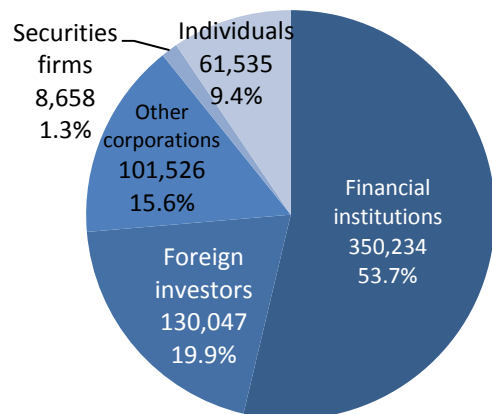


	End-tenant	Property name	Total leased area (m <sup>2</sup> ) <sup>*1</sup>	Ratio of total leased area (%)	Lease expiration <sup>*1</sup>	Lease structure <sup>*1</sup>
1	SoftBank Telecom Corp.	Ikebukuro Network Center Tabata Network Center Hiroshima Network Center Atsuta Network Center Nagano Network Center	28,968.65	24.5	November 5, 2027 (Ikebukuro Network Center, Hiroshima Network Center) November 5, 2022 (Tabata Network Center, Atsuta Network Center) November 5, 2017 (Nagano Network Center)	Fixed term lease agreement
2	Hulic Co., Ltd.	Hulic Kudan Building (Land) Oimachi Redevelopment Building (#2) Oimachi Redevelopment Building (#1)	28,449.40	24.0	February 6, 2063 February 6, 2019 September 27, 2017	Fixed term leasehold interest Ordinary lease Ordinary lease
3	Trust Garden Co., Ltd.	Trust Garden Yoganomori Trust Garden Sakurashinmachi Trust Garden Suginami Miyamae	13,654.00	11.5	January 24, 2028	Ordinary lease
4	Benesse Style Care Co., Ltd.	Aria Matsubara	5,454.48	4.6	September 30, 2030	Ordinary lease
5	J Trust Co., Ltd.	Toranomon First Garden	3,052.05	2.6	November 30, 2014	Ordinary lease
6	Oki Electric Industry Co., Ltd.	Toranomon First Garden	2,441.64	2.1	February 28, 2015	Ordinary lease
7	— <sup>*2</sup>	Dining Square Akihabara Building	2,169.41	1.8	— <sup>*2</sup>	— <sup>*2</sup>
8	YAMAHA MUSIC MEDIA CORPORATION	Hulic Takadanobaba Building	1,870.66	1.6	January 31, 2016	Fixed term leasehold interest
9	WELFARE AND MEDICAL SERVICE AGENCY	Hulic Kamiyacho Building	1,543.15	1.3	March 31, 2016	Ordinary lease
10	ALIVEN Inc.	Rapiros Roppongi	1,455.47	1.2	December 31, 2016	Fixed term leasehold interest

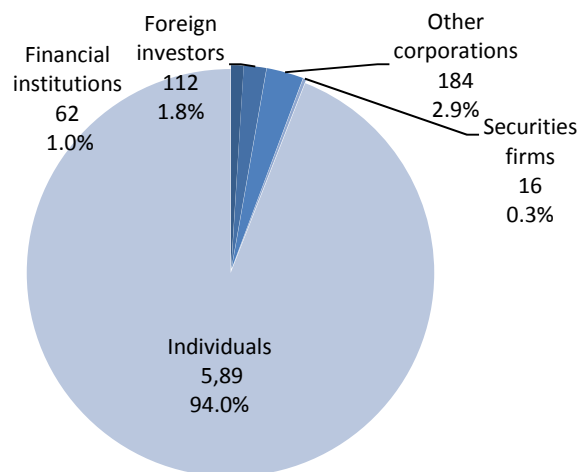
\*1: Data as of August 31, 2014

\*2: Not disclosed because approval of the end-tenant was not obtained

## 1 Number of Investment Units by Unitholder Type <sup>\*1</sup>



## 2 Number of Uniholders by Type <sup>\*1</sup>



## 3 10 Largest Unitholders <sup>\*2</sup>

	Name	Number of units held	Ratio of total units <sup>*3</sup>
1	Japan Trustee Services Bank, Ltd. (Trust account)	133,335	20.45%
2	The Master Trust Bank of Japan, Ltd. (Trust account)	86,987	13.34%
3	Hulic Co., Ltd.	81,500	12.50%
4	Trust & Custody Services Bank, Ltd. (securities investment trust account)	60,730	9.31%
5	The Nomura Trust and Banking Co., Ltd. (Investment accounts)	29,565	4.53%
6	NOMURA BANK(LUXEMBOURG)S.A.	16,593	2.54%
7	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG/JASDEC/HENDERSON HHF SICAV	13,998	2.15%
8	STATE STREET BANK AND TRUST COMPANY	10,217	1.57%
9	THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	8,280	1.27%
10	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	7,100	1.09%

<sup>\*1</sup>: Rounded off to the nearest whole number

<sup>\*2</sup>: Data based on the unitholder registry as of August 31, 2014

<sup>\*3</sup>: Percentages are rounded off to the second decimal point.

## Yokohama Yamashitacho Building

Retail  
property

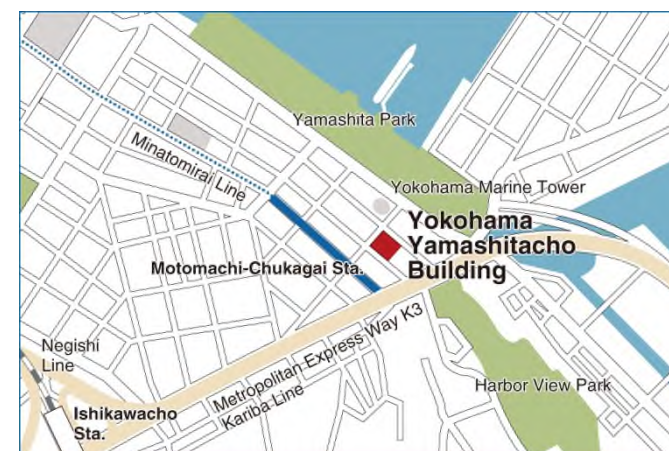
1-min. walk  
from station

Acquired October 16, 2014



- Located a 1-minute walk from Motomachi-Chukagai Station on the Minato Mirai Line
- Situated near a number of tourist attractions, such as Yamashita Park and Yokohama China town in an area that attracts people from many locations.
- The property's only tenant is Barneys New York, an innovative specialty store for luxury designer brands operated by Barneys Japan.

Location	Yokohama City, Kanagawa
Acquisition price	¥4,850 million
Appraisal value	¥4,860 million
Appraisal NOI yield	5.3%
Nearest station	Motomachi-Chukagai Station on the Yokohama Kosoku Tetsudo Minato Mirai Line
Walking distance	1 minute
Total leasable area	8,958.70 m <sup>2</sup>
Occupancy rate	100.0%





# Properties Acquired in Connection with the First Follow-on Offering: Higashi Ueno Building and Shinjuku Gates Building

37

## Higashi Ueno Building

Office property

2-min. walk from station

Acquired October 16, 2014



- Located a 2-minute walk from Shin-Okachimachi Station on the Toei Subway in a highly visible location facing Kasuga Street.
- The Ueno/Okachimachi district where this property is located offers easy access to multiple railway lines, providing ample sales and marketing opportunities for business hubs

Location	Taito Ward, Tokyo
Acquisition price	¥2,670 million
Appraisal value	¥2,740 million
Appraisal NOI yield	5.0%
Nearest station	Shin-okachimachi Station on the Toei Oedo Subway Line
Walking distance	2 minutes
Total leasable area	3,262.08 m <sup>2</sup>
Occupancy rate	82.1%



## Shinjuku Gates Building

Retail property

1-min. walk from station

Acquired October 16, 2014



- The property is located along bustling Shinjuku Street with a high traffic volume.
- The property is located along Shinjuku Street, where large department stores, such as Isetan and Marui are concentrated together with large stores for specialties and book.

Location	Shinjuku Ward, Tokyo
Acquisition price	¥5,550 million
Appraisal value	¥5,600 million
Appraisal NOI yield	4.1%
Nearest station	Shinjuku-sanchome Station on the Tokyo Metro Marunouchi Line and Fukutoshin Line
Walking distance	1 minute
Total leasable area	1,351.15 m <sup>2</sup>
Occupancy rate	100.0%



# Properties Acquired or to be Acquired in Connection with the **HULIC** First Follow-on Offering: Network Centers

38

## Chiba Network Center

Network  
Center

Anticipated acquisition on December 16, 2014



Location	Inzai City, Chiba
Acquisition price	¥7,060 million
Appraisal value	¥7,090 million
Appraisal NOI yield	5.4%
Occupancy rate	100.0%

## Sapporo Network Center

Network  
Center

Anticipated acquisition on December 16, 2014



Location	Sapporo City, Hokkaido
Acquisition price	¥2,510 million
Appraisal value	¥2,530 million
Appraisal NOI yield	5.5%
Occupancy rate	100.0%

## Keihanna Network Center

Network  
Center

Acquired October 16, 2014



Location	Kizugawa City, Kyoto
Acquisition price	¥1,250 million
Appraisal value	¥1,260 million
Appraisal NOI yield	5.8%
Occupancy rate	100.0%

## 1 Basic Missions

### (1) Maximizing unitholder value in the medium to long term

Our aim is to contribute to the benefit of unitholders, tenants, and all other stakeholders. To this end, we are working to maximize unitholder value by maintaining and increasing revenue over the medium to long term and achieving growth in the size and value of our managed assets.

### (2) Sharing the corporate philosophy of our sponsor

We share the following corporate philosophy with the Sponsor, Hulic Co., Ltd.: "Total commitment to our customers and the community. Creating productive environments. Creating amenity. Promoting peace of mind."

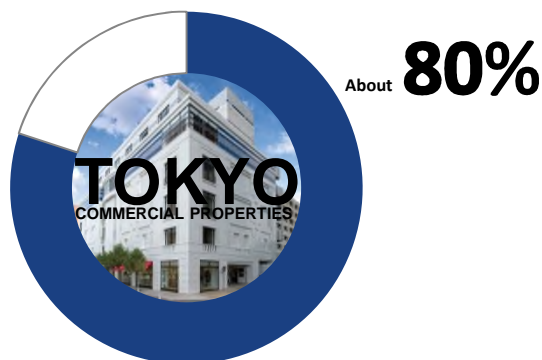
## 2 Portfolio Building Policy

### TOKYO COMMERCIAL PROPERTIES

Office properties

Retail properties

Hulic Reit has identified the Tokyo commercial property market as a target for focused investment. This area, consisting of assets in commercial real estate, is one where Hulic has a strong operational track record and highly developed expertise. This area accounts for about 80% of our portfolio.



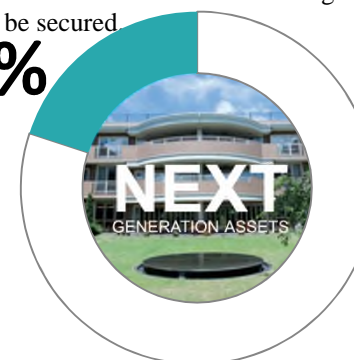
### NEXT GENERATION ASSETS

Private nursing homes

Network centers

Initiatives designed to achieve high levels at amenity and security in the society of the future are expected to expand infrastructural demand. Drawing on the expertise built up by Hulic in tenant management and other relevant areas, we allocate about 20% of our investment portfolio to next generation assets, where we believe risk can be managed appropriately and attractive revenues can be secured.

About 20%



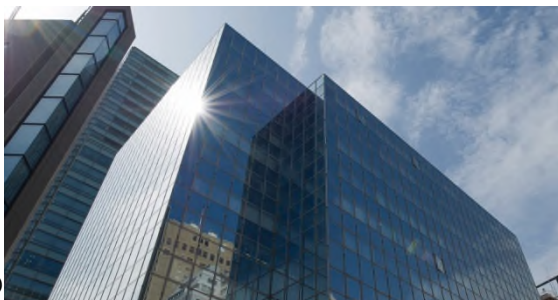


## 1 Investment Policy

- Hulic Reit focuses on Tokyo Commercial Properties for which its sponsor Hulic offers extensive expertise and experience. Approximately 80% of its portfolio consists of this asset class.



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



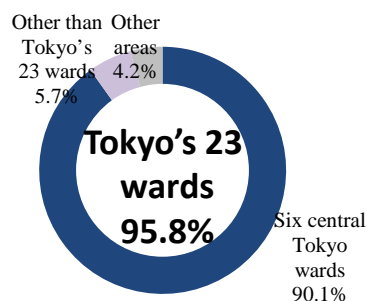
- Tokyo and suburbs
- Less than 5-minute walk from nearest station or located in area with high retail concentration



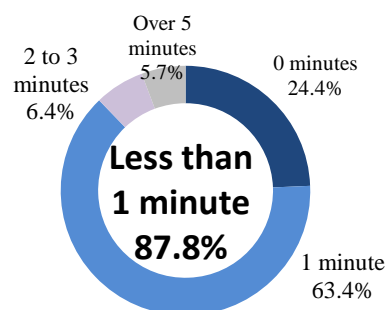
## 2 Strong Emphasis on Location – Competitive Advantages based on Location

### (1) Portfolio

By Area<sup>\*1</sup>

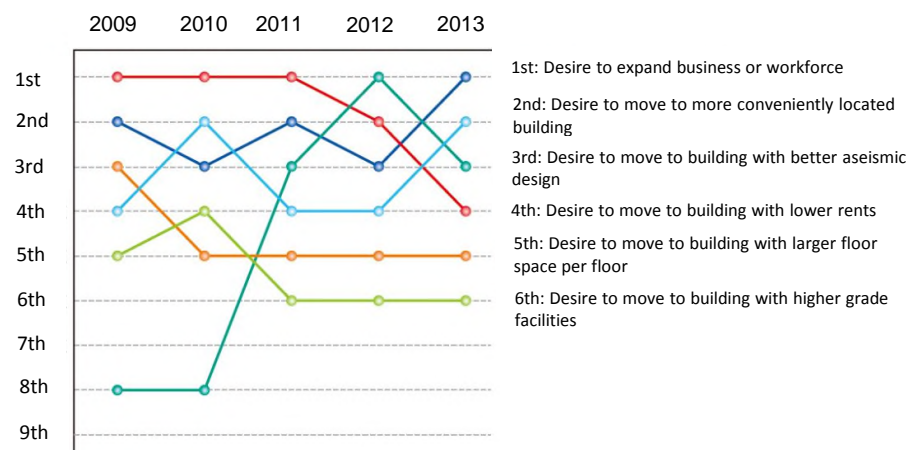


Walking Distance from Nearest Train Station<sup>\*1</sup>



### (2) Tenant Leasing Needs

- Office tenants tend to prefer buildings that are conveniently located.



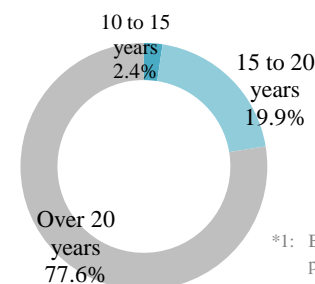
<sup>\*1</sup>: Based on acquisition price (including properties acquired and to be acquired in connection with the first follow-on offering)

Source: Mori Building "2013 Survey on Office Needs in Tokyo's 23 Wards"

## 1 Investment Policy

- (1) Invest in assets for which strong future demand is expected given increasing needs in society
- (2) In principle, only facilities with a single tenant with a long-term lease agreement
- (3) Carefully evaluate operational capabilities of tenant, in addition to due diligence on the tenant's business and finances
- (4) Current asset classes are private nursing homes and network centers

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



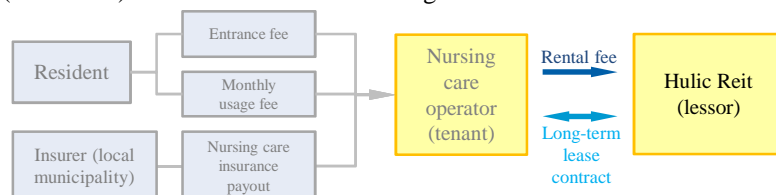
<sup>\*1</sup>: Based on the leased area, including properties acquired and to be acquired in connection with the first follow-on offering.

## 2 Private Nursing Homes



- (1) Private nursing homes with lease usage rights that provide services to seniors in need of nursing care
- (2) Initial lease term of at least 20 years per the guidelines of the MHLW <sup>\*2</sup>
- (3) Acquired assets with high entrance fee and monthly usage fees at the time of the IPO in order to avoid risk of changes in nursing care insurance payout

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

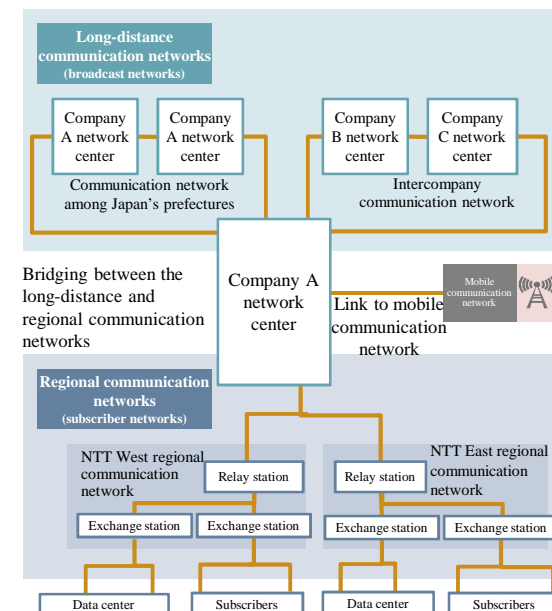


<sup>\*2</sup>: Ministry of Health, Labour and Welfare "Guidelines on the Establishment and Operation of Private nursing Homes"

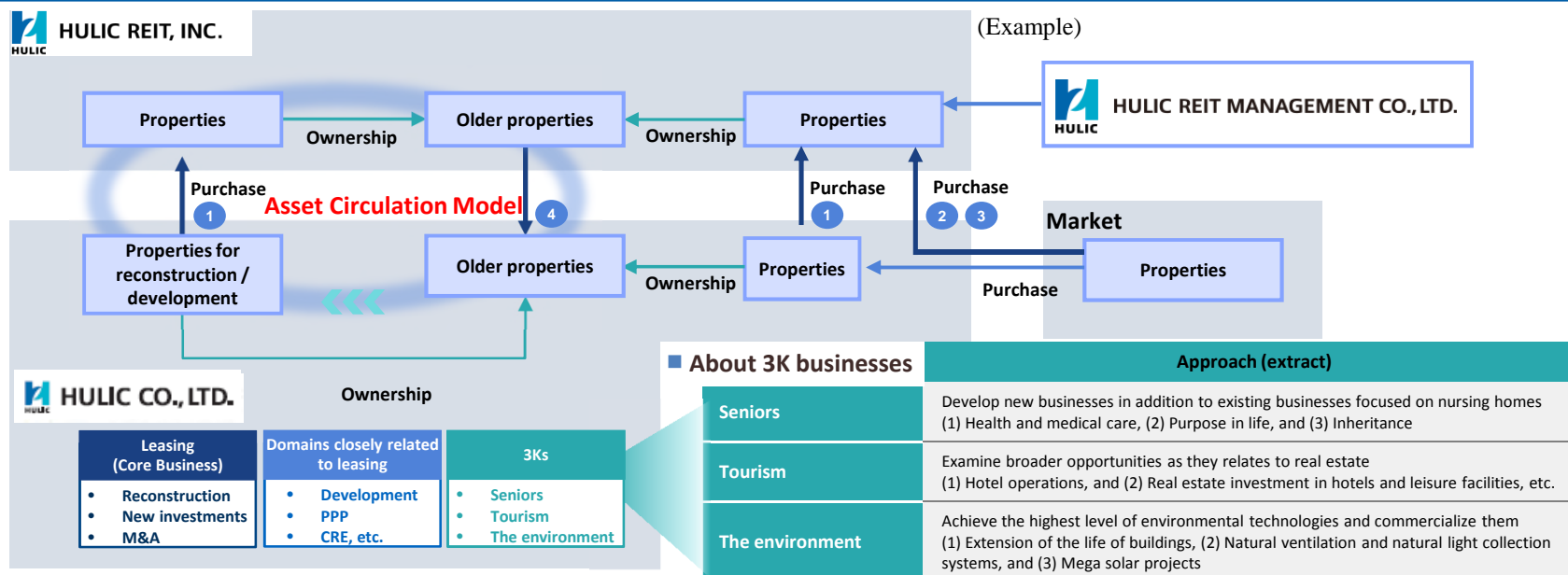
## 3 Network Centers



- (1) Relay station connected to telecom network of tenant
- (2) Connects network center of telecom provider
- (3) Leased by the SoftBank Group



## 1 Main Support Received from Sponsor (Asset Circulation Model)



### (1) Re-development Support (Example ④)

- The Asset Manager requests review/proposals for re-development plan of Sponsor before requesting to third parties. If the Sponsor accepts the redevelopment project, the Asset Manager has preferential negotiation rights for the redeveloped property.

### (2) Provision of warehousing function (Example ③)

- 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.

### (3) Preferential negotiation rights (Example ①)

- The Sponsor provides information to the Asset Manager whenever properties are sold by the Sponsor group and the Asset Manager has preferential negotiation rights over other third parties.

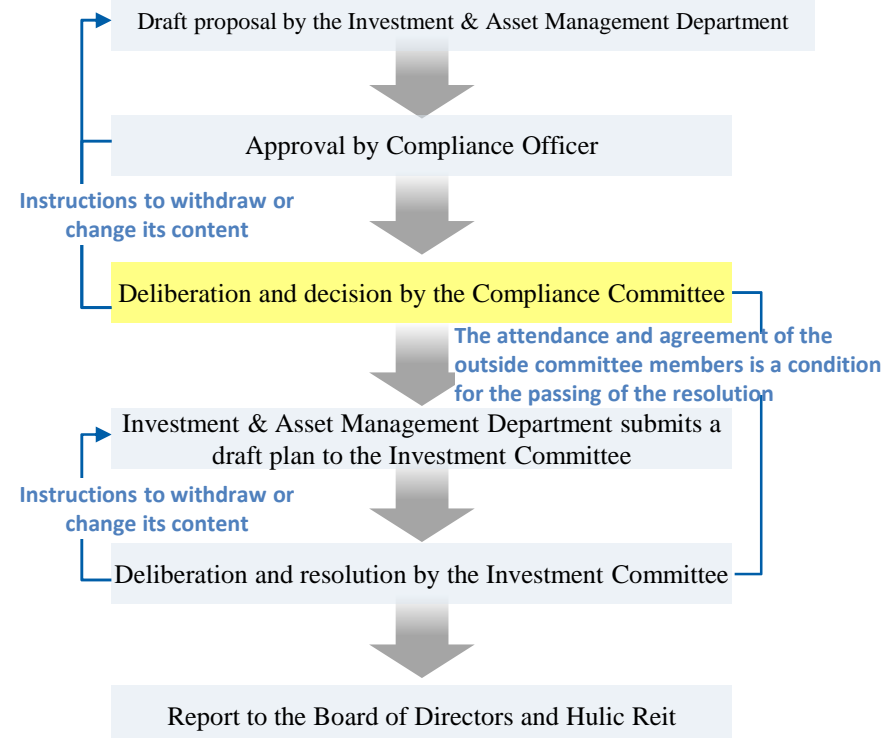
### (4) Provision of sales information on properties owned by third parties (Example ②)

- The Sponsor can provide information promptly to the Asset Manager as long as prior approval is obtained from the owner and other stakeholders.

## 1 Align Investors' Interests with those of Hulic Group

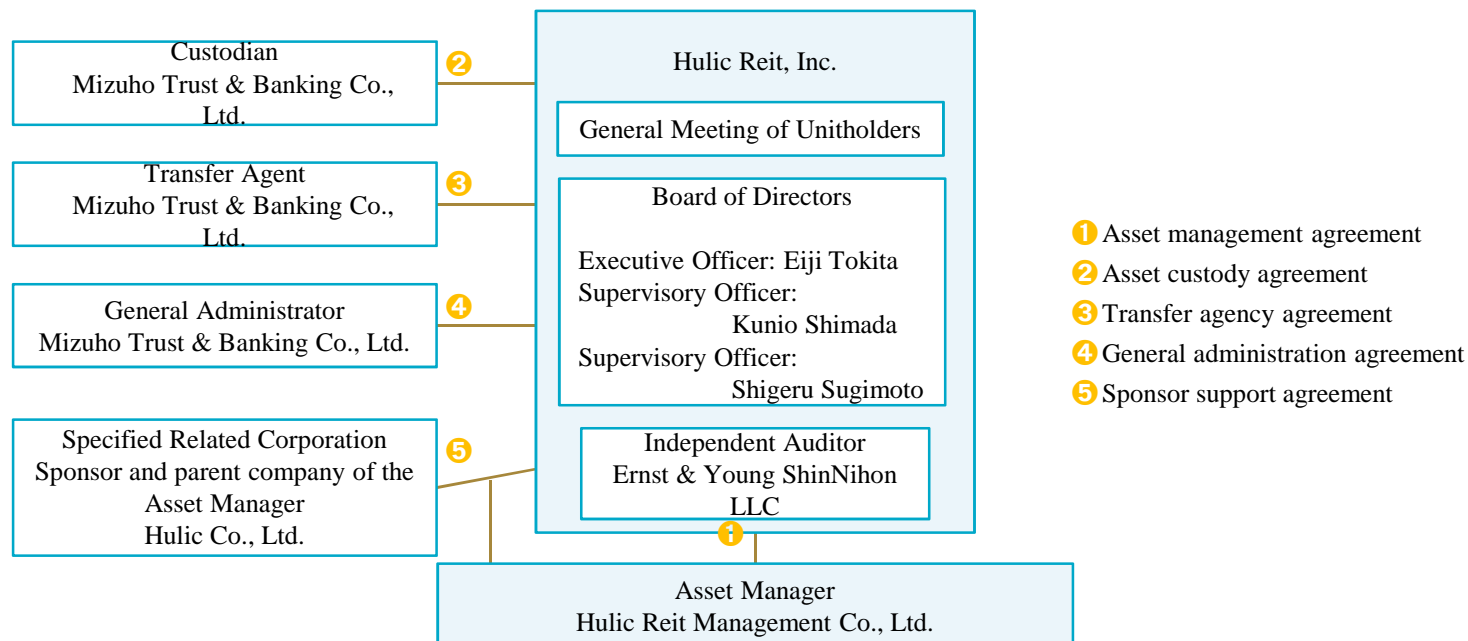
Same boat investment	<ol style="list-style-type: none"> <li>Hulic holds approximately 12.5% of Hulic Reit's issued units</li> <li>Under its sponsor support agreement, Hulic made the following representations to Hulic Management Co., Ltd. in respect of investment units issued by Hulic Reit. <ul style="list-style-type: none"> <li>Hulic will consider in good faith acquiring part of any new investment units issued by Hulic Reit</li> <li>Continual holding of Hulic Reit's investment units</li> </ul> </li> </ol>
Co-ownership of certain properties with sponsor	<ol style="list-style-type: none"> <li>It is Hulic Reit's policy to consider co-ownership with Hulic where necessary in view of the size and individual characteristics of the property.  <del>&lt;Examples&gt;</del>  Ochanomizu Sola City (co-ownership interest of approx. 13.0%)  Hulic Kamiyacho Building (co-ownership interest of approx. 39.9%) </li> </ol>
Management fee system of Asset Manager	<ol style="list-style-type: none"> <li>Management fee I: The total value of assets at end of the immediately previous fiscal period <math>\times</math> 0.50% (maximum %)</li> <li>Management fee II: Cash distribution per investment unit (DPU) prior to deduction of management fee II <math>\times</math> 0.004% (maximum %)</li> <li>Acquisition fee: Acquisition price <math>\times</math> 1.0% (maximum %)</li> <li>Transfer fee: Transfer price <math>\times</math> 1.0% (maximum %)</li> </ol>
Compensation system for employees and officers of the Asset Manager	<ol style="list-style-type: none"> <li>In its compensation system for employees and officers, Hulic Management Co., Ltd. has introduced a system of incentive bonuses partially linked to DPU.</li> </ol>

## 2 Decision Making Process of Asset Manager for Related-Party Transactions



- The Asset Manager appoints outside professionals as members of both the Investment Committee and Compliance Committee. For resolutions on the acquisition of an asset, approval requires the consent of a majority of the members in attendance, including outside professionals, from the Investment Committee and Compliance Committee.

## 1 Structure



## 2 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: Governor of Tokyo (1) Registration No. 95294 Trading Agency Etc. License: Minister of Land, Infrastructure and Transport License No. 76 Financial Instruments Business Registration Director of the Kanto Local Finance Bureau, No. 2734

## Cautionary Statement

This presentation contains forward-looking statements about the forecasts, outlook, targets and plans of Hulic Reit, Inc. (hereinafter referred to as “HLC”). These statements are based on information available at the time this presentation was prepared and contain certain subjective assumptions about uncertain factors that may influence future performance. These statements do not guarantee future performance and actual results may vary largely.

The views, outlooks, and forecasts contained in this presentation represent the views and opinions of HLC and its asset management company based on information available at the time this presentation was prepared, and include certain elements of risk and uncertainty.

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