

Summary of Q&A Session at the Financial Results Briefing of Hulic Reit, Inc. for the 24th Fiscal Period (February 28, 2026)

[Date: April 17, 2026]

During the Q&A session at the financial results briefing, five questioners asked eight questions. Based on the content of the questions, they are categorized into Asset replacement, Internal growth, and Others.

1. Asset replacement

Questions	Answers
In the future, you have stated that you intend to further restructure your assets to enhance growth profile. However, as the target for growth ratio of NOI remains unchanged at 3% (annual average), please explain in what ways you intend to improve growth profile.	<p>Our medium-term initiatives going forward are summarized on page 7 of the Financial Results Briefing. While the target NOI growth rate itself remains unchanged at 3% on an annual average basis, consistent with the target we have previously set, our actual initiatives are as described on the right-hand side of page 7. When NOI growth targets from external growth and internal growth are combined, this results in a total of +3.9% per annum.</p> <p>Although this level exceeds the 3% per annum target, we have set asset-type-specific benchmarks with the intention of raising our level of ambition and clearly demonstrating our commitment to achieving solid rental growth through internal growth. If these initiatives are successfully implemented, we believe it will be possible to achieve NOI growth well in excess of 3% per annum, and to realize growth of approximately 2% per annum in adjusted EPU.</p> <p>Accordingly, our stance going forward is to place even greater emphasis on internal growth across office, retail, and hotel assets, while at the same time pursuing asset replacement initiatives to support these efforts.</p>

Questions	Answers
<p>With regard to your asset replacement strategy going forward, you have indicated that you plan to acquire office properties primarily located in central urban areas and well-established locations, as well as urban retail facilities, through the sponsor pipeline. Concerning office properties in particular, could you elaborate on what types of offices you intend to acquire in terms of location and scale (for example, large-scale or mid-sized properties)?</p> <p>In addition, we would appreciate it if you could share your views on what types of office properties and locations you believe have the greatest potential for rental growth.</p>	<p>In the current office market, we recognize that offices located in central urban areas that are large-scale, relatively new, and high-spec have the greatest potential for rental growth. Against this backdrop, we believe that our initial consideration will be whether acquisition opportunities for such properties are available, while also assessing their longer-term prospects when evaluating the feasibility of potential acquisitions.</p> <p>As for our current pipeline, while the acquisition of large-scale properties of this nature cannot be ruled out, from a portfolio perspective we believe that office properties that align more closely with our investment criteria are mid-sized properties comparable to large-scale properties, with relatively low building age and strong locational attributes.</p> <p>In terms of geographic focus, this could include the six central wards of Tokyo, or potentially more narrowly defined core areas within those wards. At the same time, we do not intend to limit ourselves strictly to the six central wards, and surrounding areas may also be considered. Within each area, we aim to selectively evaluate office properties with strong competitiveness as potential investment candidates.</p>
<p>You have indicated that the assets targeted for disposal include office properties with limited upside potential and private nursing homes. With respect to private nursing homes and properties with limited upside potential, could you elaborate on what types of buyers you believe would be potential acquirers of such assets?</p> <p>In addition, given the limited upside potential, is it possible to pursue disposals at attractive price levels? We would also appreciate your views from the perspective of marketability and the feasibility of executing such disposals.</p>	<p>With respect to private nursing homes, under the current economic environment they are generally regarded as challenging assets from an investment perspective. That said, we do hear that certain investors are seeking long-term, stable asset management and may therefore have an interest in such properties.</p> <p>While nothing has been decided at this stage, we also perceive the possibility that operators themselves may seek to own and operate such assets. In addition, it could be considered that the sponsor may retain ownership of a certain portion of these properties as part of its portfolio.</p> <p>Accordingly, we believe that there are potential counterparties with whom asset disposals could be meaningfully explored, and we would like to proceed with examining these possibilities in a more concrete manner going forward.</p>

Questions	Answers
<p>With regard to asset replacement, portfolio restructuring is described as a “medium-term” initiative on page 6 of the Financial Results Briefing. Could you please share your view on the expected timeframe over which you intend to complete this process, including any indicative timeline or sense of timing?</p>	<p>With regard to the time horizon implied by the term “medium-term,” we currently view this as approximately five years from the present. Within that period, our intention is to pursue growth while implementing portfolio restructuring, particularly during the earlier phase of the medium-term timeframe.</p> <p>The 25th FP (Aug. 2026) and the 26th FP (Feb. 2027) will constitute the first year of this initiative. During that year, we aim to make meaningful progress toward achieving the asset replacement scale we have outlined, namely acquisitions of approximately ¥ 60–80 billion and disposals of approximately ¥ 50–60 billion.</p> <p>That said, there remains a possibility that the scale of asset replacement could be expanded, and therefore there is no assurance that the entire process will be completed within a single year. As such, we are envisioning a timeframe of one year plus an additional buffer of approximately six months to one year. Overall, our base-case assumption is to complete the portfolio restructuring over a period of around one year from the present (2026), and at most within approximately two years.</p>
<p>With regard to future acquisitions of new properties, would your primary approach be to focus on asset replacement transactions, or, given that your loan-to-value (LTV) ratio on a market value basis remains at a relatively low level in the high-30% range, would you instead place greater emphasis on acquisitions funded through additional borrowings, despite concerns about higher interest expenses? Could you please explain which of these stances you view as your main approach going forward?</p>	<p>As outlined under the “Three Basic Initiatives to Enhance Unitholder Returns,” we have positioned the continued execution of asset replacement as a core measure. From the perspective of enhancing the growth potential of our portfolio, our basic approach is therefore to prioritize asset replacement initiatives.</p> <p>That said, we do not intend to limit ourselves exclusively to asset replacement. As unrealized gains within the portfolio have expanded, we are also assuming that we will make additional new acquisitions as a “plus alpha” measure by effectively utilizing our market value-based LTV, where appropriate.</p> <p>In terms of the asset replacement itself, we are envisioning disposals of approximately ¥ 50–60 billion and acquisitions of approximately ¥ 60–80 billion, implying an incremental net acquisition scale of around ¥ 10–20 billion. We intend to first execute asset replacement transactions within this range, and, if additional financial capacity remains, we would then consider further acquisitions as an incremental “plus alpha” component.</p>

2. Internal growth

Questions	Answers
<p>With regard to your medium-term growth initiatives going forward, as outlined on page 7 of the Financial Results Briefing, you assume hotel rental growth of approximately +4% to +5% per annum. Could you please explain the rationale behind this assumption?</p> <p>In addition, are you envisioning achieving this level of growth through significant capital investments, such as large-scale renovations comparable to the renewal of the Asakusa View Hotel?</p>	<p>We have consistently articulated a target DPU level of at least ¥ 4,000, and in parallel have presented our approach to enhancing unitholder returns by aiming for an adjusted EPU of ¥ 3,550. In the 24th FP (Feb. 2026), adjusted EPU exceeded ¥ 3,550, and as a result, we allocated a portion of that excess to unitholder returns, setting the DPU at ¥ 4,050.</p> <p>Looking ahead, should there be further improvements in our underlying earnings capacity, we intend to continue returning distributions exceeding ¥ 4,000 per unit. This is consistent with the concept we have explained to date of achieving DPU growth through growth in adjusted EPU.</p> <p>With respect to internal reserves, the forecast for the 26th FP (Feb. 2027) is two periods ahead, and at this stage is based on the assumption that no specific property disposals are planned. As such, the level of internal reserves may change going forward depending on progress in our asset replacement initiatives.</p>
<p>Regarding office rent revisions, as shown in the lower left of page 18 of the Financial Results Briefing, the average increase rate for rent increases in the 25th FP (Aug. 2026) is 5.7%. Given that the rent gap appears to be widening, this increase rate may seem relatively modest. Could you please explain the reasons behind this?</p>	<p>As you have pointed out, while the rate of rent increases itself has not accelerated significantly at this stage, we believe the progress of rent revisions has been fairly steady. As shown in the lower right-hand section of page 18 of the Financial Results Briefing, the proportion of lease units subject to rent increases reached 50.0% in the 24th FP (Feb. 2026). Although only around two months have passed since the start of the 25th FP (Aug. 2026), we have the impression that progress to date has been considerably smoother compared to previous periods.</p> <p>With respect to the rent gap, this is summarized on page 19 of the Financial Results Briefing. The environment is becoming increasingly conducive to pursuing rent increases, and accordingly, we believe there is potential for the rate of rent increases to rise as well.</p> <p>As such, throughout the 25th FP (Aug. 2026), we intend to focus on further lifting the rent increase rate, and we aim to accelerate this momentum even more into the 26th FP (Feb. 2027).</p>

3. Others

Questions	Answers
<p>Regarding internal reserves, as shown on page 11 of the Financial Results Briefing, internal reserves are expected to decline to ¥ 278 per unit in the 26th FP (Feb. 2027). Under this assumption, is there still a possibility that DPU could exceed ¥ 4,000, as was the case in the 24th FP (Feb. 2026)?</p> <p>More specifically, even if EPU were to exceed ¥ 4,000, would the excess be allocated to internal reserves, making it difficult for DPU to rise above ¥ 4,000? Could you please explain your thinking regarding the balance between DPU and internal reserves?</p>	<p>We have consistently communicated a target DPU level of at least ¥ 4,000, and at the same time have presented our approach to enhancing unitholder returns by aiming for an adjusted EPU of ¥ 3,550. In the 24th FP (Feb. 2026), adjusted EPU exceeded ¥ 3,550, and accordingly, we allocated a portion of that excess to unitholder returns, resulting in a DPU of ¥ 4,050.</p> <p>Looking ahead, if there is further improvement in our underlying earnings capacity, we intend to continue providing distributions exceeding ¥ 4,000 per unit. This is in line with the concept we have explained to date of achieving DPU growth through growth in adjusted EPU.</p> <p>With respect to internal reserves, the forecast for the 26th FP (Feb. 2027) represents an outlook two periods ahead and is currently based on the assumption that no specific property disposals are planned at this stage. As such, internal reserves may fluctuate going forward depending on the progress and outcome of our asset replacement initiatives.</p>

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