

HULIC REIT, INC.

Translation Purposes Only

March 24, 2023

To All Concerned Parties

Name of REIT Issuer:
Hulic Reit, Inc.
2-26-9 Hatchobori, Chuo-ku, Tokyo, Japan
Kazuaki Chokki, Executive Officer
(TSE Code: 3295)

Contact:
Asset Management Company
Hulic REIT Management Co., Ltd.
Kazuaki Chokki, President and CEO
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Notice concerning the Acquisition of Property

TOKYO, March 24, 2023 – Hulic Reit, Inc. (“Hulic Reit”) announces today that Hulic REIT Management Co., Ltd. (“Hulic REIT Management”), which is entrusted with the management of the assets of Hulic Reit, has made the decision today to acquire (“Acquisition”) the properties listed below (the “Properties,” or each, the “Property”).

The seller of the Property is an Interested Person (defined below) of Hulic REIT Management, and is also considered an Interested Party according to Hulic REIT Management’s Regulations on Transactions with Interested Parties; the procedures required by the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) (the “Act”) and Hulic REIT Management’s internal policies (including Regulations on Transactions with Interested Parties) have been completed concerning the Acquisition.

1. Overview of the acquisition

(1) Category	(2) Property name	(3) Location	(4) Assets scheduled to be acquired	(5) Anticipated acquisition price (Millions of yen) (Note 1)	(6) Seller	(7) Presence of Intermediary
Next-Generation Assets Plus						
Private nursing homes	Charm Premier Den-en-Chofu	Setagaya-ku, Tokyo	Real estate trust beneficiary rights	2,550	Hulic Co., Ltd. (Note 2)	None
	Sonare Shakuji	Nerima-ku, Tokyo	Real estate trust beneficiary rights	2,400	Hulic Co., Ltd. (Note 2)	None
Total		—	—	4,950	—	—

- (8) Acquisition decision date : March 24, 2023
(9) Date of purchase and sale agreement : March 24, 2023
(10) Anticipated acquisition date (Note 3) : March 30, 2023
(11) Payment date (Note 3) : March 30, 2023
(12) Acquisition funds : Cash on hand
(13) Settlement method : Full payment upon delivery

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Notes:

1. “Anticipated acquisition price” does not include consumption or local taxes or the costs and expenses related to the acquisition.
2. Hulic Co., Ltd. is an Interested Person (as defined in Article 201 of the Act and Article 123 of the Order for Enforcement of the Act on Investment Trusts and Investment Corporations (Cabinet Order No. 480 of 2000, as amended); the same shall apply hereinafter) of Hulic REIT Management, and is also considered an Interested Party according to Hulic REIT Management’s Regulations on Transactions with Interested Parties.
3. The anticipated acquisition date and payment date are stated in the relevant purchase and sale agreement. However, the anticipated acquisition date may be changed by separate agreement between the parties to the agreement. The same applies hereinafter.

2. Reason for acquisition

The purpose of acquiring the Properties is to improve the portfolio in accordance with the basic policies of Hulic Reit. Hulic REIT Management has assessed the properties based on the following factors:

• Charm Premier Den-en-Chofu

1) Characteristics of the location

This property is a five-minute walk from Denenchofu Station on the Tokyu Toyoko line and other lines, and is located in part of the Denenchofu area, an upland area with a rich history that is now a quiet residential neighborhood. The area around Denenchofu Station’s west exit, where this property is located, is laid out in the shape of a fan, and the roads radiating out from this point are lined with ginkgo trees. This makes for scenic streets that take on different qualities with each season. Several embassies are located here, making for a calm living environment. This well-developed residential neighborhood is also convenient for daily living, with many community amenities located by Denenchofu Station’s east exit.

2) Characteristics of the property

This property is a high-end private nursing home completed in February 2018. The building is three stories, and the exterior is lined with tasteful dark grey tiles. The balconies boast a simple yet stylish design created with grey glass, and the existing cherry and cedar trees remain. The building is designed to meld well with the area’s lush greenery.

The entrance hall and lobby connect to the outside terrace so that they merge with the exterior planted areas, creating an open feeling. The cafeteria and bath area are located in the basement to make effective use of the compact site. In addition to enhancing the common areas, skylights by the windows and wall greening by the recessed area around the basement results in a bright and harmonious space that no one would believe is underground. The cafeteria has an open kitchen that allows for teppan-yaki and tuna processing performances, bringing services to residents that are not available at typical nursing homes.

Environment-friendly measures aimed at conserving energy and reducing CO2 emissions are taken in the building, including the use of LED lights in all common areas and private areas, in addition to the installation of highly efficient water heaters and the use of solar power generators to supply power to lighting in common areas.

• Sonare Shakujii

1) Characteristics of the location

This property is a nine-minute walk from Kami-Shakujii Station on the Seibu Shinjuku line, and is located in part of a quiet, safe residential neighborhood with a tranquil atmosphere. The area surrounding this property is home to Zenpukuji Park, which is centered on Zenpukuji Pond, one of the three major ponds in the Musashino area, along with Inokashira Pond (Inokashira Park) and Sampoji Pond (Shakujii Park).

This creates an environment fostering enjoyment in Musashino’s rich natural beauty. In addition, Kami-

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Shakujii Shopping Area which has the most member stores in Nerima-ku, is located in the area around Kami-Shakujii Station, boasting many amenities as well as a nearby general hospital with over 200 hospital beds. As such, this residential neighborhood is unique for providing both convenience and an ideal living environment.

2) Characteristics of the property

This property is a high-end private nursing home completed in October 2018. The building is three stories, and natural materials in earth shades were used for the exterior. The mellow feeling created by the design is intended to synchronize with the abundant greenery established in the surrounding area. Abundant open space around the building and substantial greenery blends in with the residential neighborhood around the property, creating an open and prosperous living environment.

Residential rooms are located on the above-ground floors, and common spaces such as the public bath, beauty salon, and physical rehabilitation room are consolidated in the basement. This floor plan ensures efficient use of the property. In addition, the grand dining room on the first floor, a recreational space for the residents, has an open feel to it and can be used with a connection to the garden terrace. It is also used as an event space for the neighboring area. In addition, the roof garden that extends from the sky lounge on the third floor has a space in which residents can enjoy a community garden. In this environment, residents can sense nature and be reinvigorated.

Environment-friendly measures aimed at conserving energy and reducing CO2 emissions have been adopted, including the use of LED lights throughout the facility, the installation of high-efficiency water heaters, and the use of solar power generators to supply power to lighting in common areas.

3. Overview of the Properties

• Charm Premier Den-en-Chofu (Note 1)

Specified assets category	Real estate trust beneficiary rights	
Anticipated acquisition price	2,550 million yen	
Trustee	Sumitomo Mitsui Trust Bank, Limited	
Date trust initiated	March 30, 2023	
Expiration date of trust period	March 31, 2033	
Nearest station	Five-minute walk from Den-en-chofu Station, Tokyu Toyoko Line and Tokyu Meguro Line	
Address (domicile)	1-9-10 Tamagawa Denenchofu, Setagaya-ku, Tokyo	
Land	Lot number	1-712-1 Tamagawa Denenchofu, Setagaya-ku, Tokyo
	Building-to-land ratio	60% · 45% (Note 2) (Note 3)
	Floor-area ratio	200% · 80% (Note 3)
	Zoning	Category 2 residential district, Category I low-rise exclusive residential zone (Note 3)
	Site area	1,101.92 m ² (Note 4)
	Type of ownership	Proprietary ownership
Building	Completed	February 2018
	Structure	RC
	Number of floors	3F/B1
	Use	Private nursing homes
	Total floor space	1,941.73 m ² (Note 5)
	Number of parking spaces	3
	Type of ownership	Proprietary ownership
Collateral	None	
PM company	Hulic Co., Ltd. (anticipated) (Note 6)	

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Master lease company	Hulic Co., Ltd. (anticipated) (Note 6)
Operator	Charm Care Corporation (Note 7)
Back-up operator	None
Appraisal value (Date of valuation)	2,700 million yen (February 1, 2023)
Appraisal company	Japan Real Estate Institute
PML	5.4 % (Note 8)
Details of Tenant (Note 9)	
Total leased floor space	1,983.71 m ²
Total leasable floor space	1,983.71 m ²
Occupancy rate	100.0%
Main tenant	Charm Care Corporation (Note 10)
Total number of tenants	1
Total lease income (annualized)	Undisclosed (Note 11)
Lease and guarantee deposits	Undisclosed (Note 11)
Special remarks	Preferential negotiating rights for purchase of the Property are granted to the end tenant of private nursing home.

Notes:

- Details are as of the anticipated acquisition date, confirmed as of March 24, 2023.
- This property is designated as a Category 2 scenic zone (region D in area along road, region A in residential neighborhood), and the building-to-land ratio applied to the land for which the use district is Category 2 residential zone is 60%, while the building-to-land ratio applied to the land that is dedicated to Category 1 low-rise residences is 45%.
- The portion of the property within a 20 m distance from the road on the north is designated for Category 2 residential district with a building-to-land ratio of 60% and a floor area ratio of 200%. The portion of the property that is over 20 m away from the road on the north is designated for Category I low-rise exclusive residential zone and has a building-to-land ratio of 45% and a floor area ratio of 80%.
- Based on the entry in the property registry. The actual status may differ in some cases.
- Based on the entry in the property registry.
- Hulic Co., Ltd. is an Interested Person of Hulic REIT Management, and is an interested party according to Hulic REIT Management's Regulations on Transactions with Interested Parties.
- A care service provider that operates a fee-based home for the aged.
- The figure is based on the earthquake PML appraisal report by Sompo Risk Management Inc.
- As the trustee and the master lease company enter into a pass-through master lease agreement with no rent guarantee, total leased floor space, occupancy rate, total number of tenants, total lease income, and lease and guarantee deposits of the end-tenants subleased by the master lease company are indicated in the "Details of Tenant."
- The lease agreement with the end-tenant includes the rental agreement for the private nursing home. The outline of this rental agreement is as follows.
 Form of agreement: Ordinary building lease agreement for the purpose of operating a private nursing home
 Period: March 1, 2018 to March 31, 2048
 Revision of rent: The rent will not be revised during the period of the aforementioned lease agreement. However, the lessor and the lessee may revise the rent in the event of substantial cost increase in taxes and public dues, changes in the rent of similar buildings in the surrounding area, or other factors relating to economic conditions. However, the rent will not be affected by revisions to or new passage of laws and ordinances, such as the Long-Term Care Insurance Act.
 Renewal of agreement: The term of lease agreement can be renewed for a period of 3 years within 6 months of the expiration date of the current lease term, unless the lessor or lessee indicate that they will not renew the agreement. The terms of the rental agreement can be discussed at that point between the lessor and the lessee and can be renewed every subsequent 3 years in line with this term.
 Termination during the lease term: If the lessee or lessor wants to terminate the lease agreement during the lease term for its own reasons, the lessee or lessor must notify the other party in writing at least 12 months before the expiration date. In the event that the lessor terminates the agreement or the lessee requests termination during the lease term, the lessee will pay the lessor a settlement payment determined in a separate lease agreement.
- Not disclosed because approval for disclosure has not been obtained from the tenant.

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Status of Tenants and Overview of Facilities (Date of Statement of Material Matters: January 1, 2023)			
Facility type	With nursing care (basic type)	Opening date	April 1, 2018
Tenant rights format	Usage rights	Number of rooms	40
Living space floor area (m ²)	18 to 33	Capacity (persons)	42
Tenancy requirements	Dedicated type (those dependent on care only)	Number of tenants (persons)	33
Average tenant age	87.3	Occupancy rate (%)	79
Method of payment of fees	Lump-sum payment	Monthly payment	
	Occupancy lump-sum fee (yen)	12,600,000 to 48,000,000	—
	Monthly use fee (yen)	236,420 to 1,010,340	656,420 to 1,410,340
Personnel systems relating to nursing care	At least 2:1	Night time personnel system (Minimum number of workers)	Minimum 1 care staff Minimum 0 nursing staff

• Sonare Shakujii (Note1)

Specified assets category	Real estate trust beneficiary rights	
Anticipated acquisition price	2,400 million yen	
Trustee	Sumitomo Mitsui Trust Bank, Limited	
Date trust initiated	March 30, 2023	
Expiration date of trust period	March 31, 2033	
Nearest station	Nine-minute walk from Kamishakujii Station, Seibu Shinjuku Line	
Address (domicile)	1-2-32, Sekimachiminami, Nerima-ku, Tokyo	
Land	Lot number	1-37-5, Sekimachiminami, Nerima-ku, Tokyo
	Building-to-land ratio	60% (Note 2)
	Floor-area ratio	100%
	Zoning	Category I low-rise exclusive residential zone
	Site area	1,819.06 m ² (Note 3)
	Type of ownership	Proprietary ownership
Building	Completed	October 2018
	Structure	RC
	Number of floors	3F/B1 (Note 4)
	Use	Private nursing homes
	Total floor space	2,268.19 m ² (Note 4)
	Number of parking spaces	4
	Type of ownership	Proprietary ownership
Collateral	None	
PM company	Hulic Co., Ltd. (anticipated) (Note 5)	
Master lease company	Hulic Co., Ltd. (anticipated) (Note 5)	
Operator	Lifecare Design Inc. (Note 6)	
Back-up operator	None	
Appraisal value	2,560 million yen	

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(Date of valuation)	(February 1, 2023)
Appraisal company	Japan Real Estate Institute
PML	6.6 % (Note 7)
Details of Tenant (Note 8)	
Total leased floor space	2,295.79 m ²
Total leasable floor space	2,295.79 m ²
Occupancy rate	100.0%
Main tenant	Lifecare Design Inc. (Note 9)
Total number of tenants	1
Total lease income (annualized)	Undisclosed (Note 10)
Lease and guarantee deposits	Undisclosed (Note 10)
Special remarks	Preferential negotiating rights for purchase of the Property are granted to the end tenant of private nursing home.

Notes:

- Details are as of the anticipated acquisition date, confirmed as of March 24, 2023.
- The designated building-to-land ratio of the land of the Property is 50%, but the actual applicable ratio was set at 60% as it is a fire-resistant building within a quasi-fire prevention area.
- Based on the entry in the property registry. The actual status may differ in some cases.
- Based on the entry in the property registry. Note that a RC, single-story building (11.72 m²) used as a garbage disposal facility are not included in the calculation of total floor space.
- Hulic Co., Ltd. is an Interested Person of Hulic REIT Management, and is an interested party according to Hulic REIT Management's Regulations on Transactions with Interested Parties.
- A care service provider that operates a fee-based home for the aged.
- The figure is based on the earthquake PML appraisal report by Sompo Risk Management Inc.
- As the trustee and the master lease company enter into a pass-through master lease agreement with no rent guarantee, total leased floor space, occupancy rate, total number of tenants, total lease income, and lease and guarantee deposits of the end-tenants subleased by the master lease company are indicated in the "Details of Tenant."
- The lease agreement with the end-tenant includes the rental agreement for the private nursing home. The outline of this rental agreement is as follows.
 Form of agreement: Ordinary building lease agreement with the aim of managing and operating private nursing homes and other businesses operating for the purpose of caretaking and nursing (hereafter, "this business").
 Period: October 1, 2018 to September 30, 2048
 Revision of rent: The lessor and lessee may revise the agreement after mutual discussions in the event that the rent becomes unreasonable, in light of the increasing burden of taxes and public dues, rent in the neighboring area, and significant changes in other economic conditions.
 Renewal of agreement: This contract may be extended by three years under the same terms and conditions unless the lessee and/or lessee indicate an unwillingness to renew the contract at least six months before the above contract expires. The same pertains for renewal thereafter.
 Termination during the lease term: In the event that the lessee and/or lessor cancel the contract midway due to their own particular conditions, this intention must be disclosed in writing to the other party at least one year prior. If the lessee requests early cancellation, they shall pay the lessor damages as stipulated in the separate lease contract. In the event that the lessor requests early cancellation, the lessor shall pay the lessee the costs incurred as a result of this cancellation. However, the lessor must have legitimate reasons to request cancellation in this case.
 Others: If the occupancy rate stipulated in the lease agreement is below this level for some period of time after the lease agreement goes into effect, the lessee shall devise a restructuring plan in consultation with the lessor and others on restructuring this business.
- Not disclosed because approval for disclosure has not been obtained from the tenant.

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Status of Tenants and Overview of Facilities (Date of Statement of Material Matters: February 1, 2023)			
Facility type	With nursing care (basic type)	Opening date	November 1, 2018
Tenant rights format	Usage rights	Number of rooms	52
Living space floor area (m ²)	18 to 40	Capacity (persons)	53
Tenancy requirements	Mixed type (including independence)	Number of tenants (persons)	46
Average tenant age	91.0	Occupancy rate (%)	87
Method of payment of fees	Lump-sum payment	Monthly payment	
	Occupancy lump-sum fee (yen)	12,558,000 to 54,825,000	—
	Monthly use fee (yen)	252,680 to 366,860	572,680 to 1,046,860
Personnel systems relating to nursing care	At least 2:1	Night time personnel system (Minimum number of workers)	Minimum 1 care staff Minimum 1 nursing staff

4. Overview of Operator

• Sonare Shakujii

Trade name	Lifecare Design Inc.
Location	1-2-4, Isago, Kawasaki-ku, Kawasaki, Kanagawa Prefecture, Japan Kawasaki Isago Building 8F
Name and title of representative	President, Representative Director Hiroshi Sonoda
Primary business lines	Planning, development and operation of nursing care homes
Business Overview	Lifecare Design Inc. operates the private nursing homes Sonare Shakujii and Sonare Meguro Fudomae, among others, and is a wholly-owned consolidated subsidiary of Sony Lifecare, a company that oversees the nursing business of the Sony Financial Group.
Paid-in capital	100 million yen (as of January 18, 2023)
Date of establishment	October 5, 1999
Number of facilities operated	10 (as of February 1, 2023) (Note)
Number of tenant rooms operated	611 (as of February 1, 2023) (Note)
Net sales	2,673 million yen (as of March 31, 2022) (Note)
Ordinary income	-1,589 million yen (as of March 31, 2022) (Note)
Relationship with Hulic Reit and Hulic REIT Management	
Capital relationship	There are no significant capital relationships among Hulic Reit, Hulic REIT Management, and Lifecare Design Inc.
Personnel relationship	There are no significant personnel relationships among Hulic Reit, Hulic REIT Management, and Lifecare Design Inc.
Transactional relationship	The operator of the property to be acquired by Hulic Reit.
Status as a related party	Lifecare Design Inc. does not constitute a related party of Hulic Reit and Hulic REIT Management.

Note: The figures are released by Lifecare Design Inc.

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For the overview of Charm Care Corporation, the operator of Charm Premier Den-en-Chofu, please refer to the “Chapter 1. Fund Information, Part 1. Fund status, 5. Status of operation, (2) Invested assets, (3) Other primary invested assets, H. Overview of Property related to the private nursing homes” in the securities report submitted on November 24, 2022.

5. Overview of the counterparty of the Acquisition

Trade name	Hulic Co., Ltd.
Location	7-3 Nihonbashi Odenmacho, Chuo-ku, Tokyo
Name and title of representative	President, Representative Director Takaya Maeda
Primary business lines	Holding, lease, purchase, and sale of real estate and brokerage services
Paid-in capital	111,609 million yen (as of December 31, 2022)
Date of establishment	March 26, 1957
Net assets	687,153 million yen (as of December 31, 2022)
Total assets	2,320,337 million yen (as of December 31, 2022)
Major shareholders and shareholding ratios	The Master Trust Bank of Japan, Ltd. (Trust Account) (8.02%), Meiji Yasuda Life Insurance Company (6.21%), Sampo Japan Insurance Inc. (5.51%), Tokyo Tatemono Co., Ltd. (5.31%) (as of December 31, 2022)
Relationship with Hulic Reit and Hulic REIT Management	
Capital relationship	As of today, Hulic Co., Ltd. holds approximately 10.58% of the total number of investment units issued by Hulic Reit. Hulic Co., Ltd. is the parent company (100% investment ratio) of Hulic REIT Management, and is therefore an Interested Person of Hulic REIT Management.
Personnel relationship	As of today, certain employees of Hulic REIT Management are on secondment from Hulic Co., Ltd.
Transactional relationship	Hulic Reit acquired one property (2,200 million yen), transferred one property (4,100 million yen) (including spin off) in the fiscal period ended August 31, 2022, and acquired one property (5,300 million yen) in the fiscal period ending August 31, 2023 from/to Hulic Co., Ltd.
Status as a related party	Hulic Co., Ltd. is a related party of Hulic Reit and Hulic REIT Management. Moreover, as described above, Hulic Co., Ltd. is an Interested Person of Hulic REIT Management.

6. Status of the property acquirer

Status of the property acquirer is as follows. In the table below, (i) the company name, (ii) the relationship with the person that has special interests, and (iii) the background/reason for the acquisition are indicated.

Property name Location	Previous owner / Trust beneficiary	Owner / Trust beneficiary prior to the previous owner / trust beneficiary
	(i), (ii), (iii) Acquisition (transfer) price Acquisition (transfer) date	(i), (ii), (iii) Acquisition (transfer) price Acquisition (transfer) date
Charm Premier Den-en-Chofu (1-9-10 Tamagawa Denenchofu, Setagaya-ku, Tokyo)	(i) Hulic Co., Ltd. (ii) Parent company of Hulic REIT Management (iii) Acquired with the intention of development	Those other than a person with special interests
	Omitted as the current owner/trust beneficiary has owned the property for over a year	—
	April 2016	—
Sonare Shakujii (1-2-32, Sekimachiminami, Nerima-ku, Tokyo)	(i) Hulic Co., Ltd. (ii) Parent company of Hulic REIT Management (iii) Acquired with the intention of development	Those other than a person with special interests
	Omitted as the current owner/trust beneficiary has owned the property for over a year	—
	June 2017	—

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7. Future outlook

The impact of the acquisition of the Properties is immaterial to the outlook concerning our financial results for the fiscal period ending August 31, 2023 (March 1, 2023 to August 31, 2023), and therefore we make no revisions to such outlook.

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8. Summary of Appraisal Report

• Charm Premier Den-en-Chofu

Appraisal value	2,700 million yen (Note 1)
Appraiser	Japan Real Estate Institute
Date of valuation	February 1, 2023

(Millions of yen)

Item	Breakdown	Remarks
Appraisal value based on income method (Note 2)	2,700	Estimated with appraisal value based on direct capitalization method and appraisal value based on DCF method
Appraisal value based on direct capitalization method	2,720	
(1) Operating revenue (Note 3)	Undisclosed	
Potential gross income	Undisclosed	
Losses from vacancy, etc.	Undisclosed	
(2) Operating expenses (Note 3)	Undisclosed	
Maintenance and management fee/PM fee	Undisclosed	
Utility expenses	Undisclosed	
Repair expenses	Undisclosed	
Tenant recruitment/solicitation expenses, etc.	Undisclosed	
Taxes and public dues	Undisclosed	
Insurance premium	Undisclosed	
Other expenses	Undisclosed	
(3) Net operating income (NOI: (1) - (2))	101	
(4) Profit from security deposits	1	Estimated by multiplying the deposit based on the current lease agreement by the investment return valued by taking into account yield levels and other factors
(5) Capital expenditures	1	Estimated taking into account capital expenditure levels for similar real estate, the age of the building, and average annual repair and renewal expenses, etc. in engineering reports
Net cash flow (NCF: (3) + (4) - (5))	101	
Cap rate	3.7%	Estimated by adjusting the spread appropriate for the property to be examined reflecting site conditions, building conditions and other factors to the yield that is standard for the area, comprehensively taking into account future uncertainty and investment yields for similar real estate properties, etc.
Appraisal value based on DCF method	2,670	
Discount rate	3.5%	Estimated based on the investment yield for similar real estate, after comprehensively taking into consideration the individuality of the target real estate and so on
Terminal cap rate	3.8%	Estimated based on the investment yields of similar properties, after taking into consideration comprehensive factors including future trends in investment yields, risks posed by the property in question as an investment, general forecasts on economic growth in the future, and trends in real estate prices and rents
Appraisal value based on cost method (Note 2)	2,580	
Ratio of land	79.6%	
Ratio of building	20.4%	

Other matters considered by appraiser in determination of	None
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appraisal value	
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Notes:

1. Appraisal value is based on income method that reflects the profitability and investment return of the Property. In addition to the unique characteristics of a home for the aged (inclusion of system correction risks and other business risks, difficulty of changing use based on the low level of general versatility of the building and social factors, the reliance on the operator for rental income stability and continuity, and restrictions on market participants and the relative lack of fluidity), appraisal agencies appraise the real estate by taking into consideration the appropriateness of rent levels in light of the income and expenditures of the individual property, the operating capabilities of the lessee (operator), details of the lease agreement, and other factors.
2. Appraisal values are rounded to the nearest million yen and are not to be considered either the revenue and expenses forecast by Hulic Reit or Hulic REIT Management.
3. The appraisal made reference to the results figures for which approval to disclose could not be obtained from the end-tenant, and disclosure of such information would harm the relationship of trust with the end-tenant and may make long-term continuation of the lease agreement difficult, and therefore, the information is not disclosed.

• Sonare Shakujii

Appraisal value	2,560 million yen (Note 1)
Appraiser	Japan Real Estate Institute
Date of valuation	February 1, 2023

(Millions of yen)

Item	Breakdown	Remarks
Appraisal value based on income method (Note 2)	2,560	Estimated with appraisal value based on direct capitalization method and appraisal value based on DCF method
Appraisal value based on direct capitalization method	2,580	
(1) Operating revenue (Note 3)	Undisclosed	
Potential gross income	Undisclosed	
Losses from vacancy, etc.	Undisclosed	
(2) Operating expenses (Note 3)	Undisclosed	
Maintenance and management fee/PM fee	Undisclosed	
Utility expenses	Undisclosed	
Repair expenses	Undisclosed	
Tenant recruitment/solicitation expenses, etc.	Undisclosed	
Taxes and public dues	Undisclosed	
Insurance premium	Undisclosed	
Other expenses	Undisclosed	
(3) Net operating income (NOI: (1) - (2))	99	
(4) Profit from security deposits	1	Estimated by multiplying the deposit based on the current lease agreement by the investment return valued by taking into account yield levels and other factors
(5) Capital expenditures	2	Estimated taking into account capital expenditure levels for similar real estate, the age of the building, and average annual repair and renewal expenses, etc. in engineering reports
Net cash flow (NCF: (3) + (4) - (5))	98	
Cap rate	3.8%	Estimated by adjusting the spread appropriate for the property to be examined reflecting site conditions, building conditions, use, conditions related to business feasibility and other factors to the yield that is standard for the area, comprehensively taking into account future uncertainty and investment yields for similar real estate properties, etc.
Appraisal value based on DCF method	2,530	

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Discount rate	3.6%	Estimated based on the investment yield for similar real estate, after comprehensively taking into consideration the individuality of the target real estate and so on
Terminal cap rate	3.9%	Estimated based on the investment yields of similar properties, after taking into consideration comprehensive factors including future trends in investment yields, risks posed by the property in question as an investment, general forecasts on economic growth in the future, and trends in real estate prices and rents
Appraisal value based on cost method (Note 2)	2,450	
Ratio of land	75.0%	
Ratio of building	25.0%	

Other matters considered by appraiser in determination of appraisal value	None
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Notes:

1. Appraisal value is based on income method that reflects the profitability and investment return of the Property. In addition to the unique characteristics of a home for the aged (inclusion of system correction risks and other business risks, difficulty of changing use based on the low level of general versatility of the building and social factors, the reliance on the operator for rental income stability and continuity, and restrictions on market participants and the relative lack of fluidity), appraisal agencies appraise the real estate by taking into consideration the appropriateness of rent levels in light of the income and expenditures of the individual property, the operating capabilities of the lessee (operator), details of the lease agreement, and other factors.
2. Appraisal values are rounded to the nearest million yen and are not to be considered either the revenue and expenses forecast by Hulic Reit or Hulic REIT Management.
3. The appraisal made reference to the results figures for which approval to disclose could not be obtained from the end-tenant, and disclosure of such information would harm the relationship of trust with the end-tenant and may make long-term continuation of the lease agreement difficult, and therefore, the information is not disclosed.

9. Overview of Building Inspection Report

Property Name	Inspection company	Inspection performed on	Cost of urgent / short-term repairs (Millions of yen) (Note 1)	Cost of long-term repairs (Millions of yen) (Note 2)
Charm Premier Den-en-Chofu	Tokyo Bldg-Tech Center Co., Ltd	March 2023	-	2
Sonare Shakujii	Tokyo Bldg-Tech Center Co., Ltd	March 2023	-	2

Notes:

1. "Cost of urgent / short-term repair" includes the expense of updating and repair work and urgent repairs generally required within one year as shown on the Building Inspection Report, which is rounded to the nearest million yen.
2. "Cost of long-term repairs" includes the average annual amount rounded to the nearest million yen for the expense appearing on the Building Inspection Report as updating and repair work forecast over the next 12-year period.

* Hulic Reit's website: <https://www.hulic-reit.co.jp/en/index.html>

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Attachment

Reference Attachment 1

Reference Attachment 2

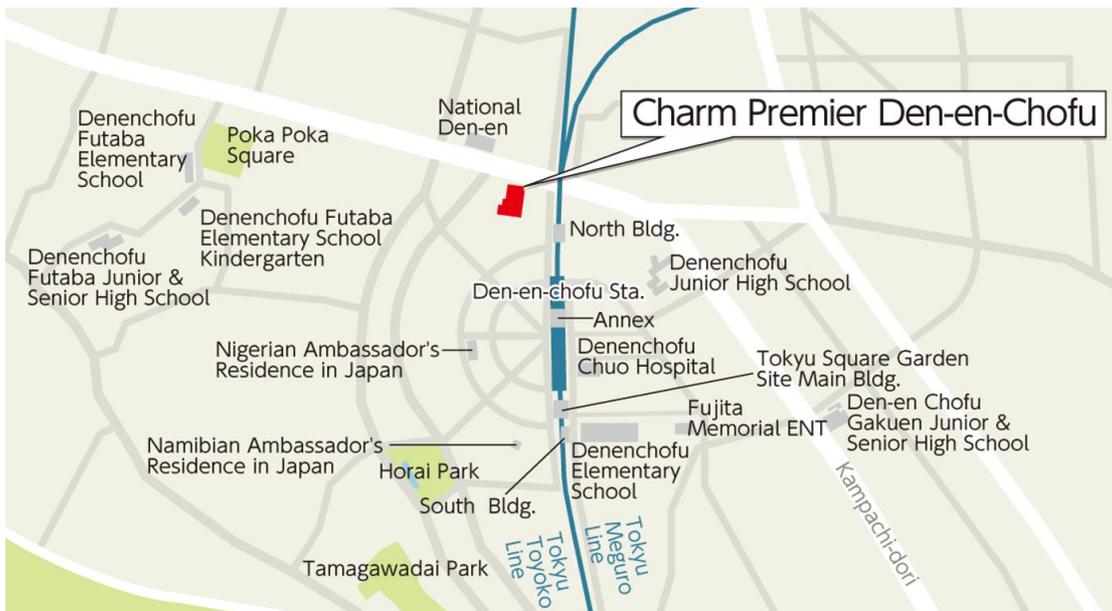
Map and Photo of the Properties

Portfolio List after Acquisition of the Properties

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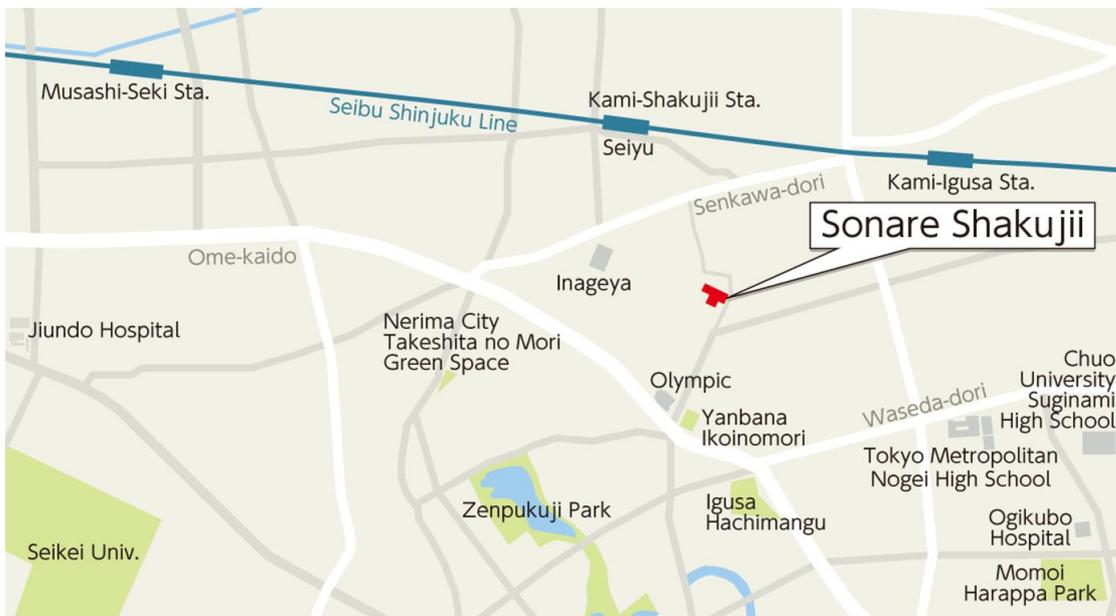
Reference Attachment 1 Map and Photo of the Properties

• Charm Premier Den-en-Chofu



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• Sonare Shakuji



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Reference Attachment 2

Portfolio List after Acquisition of the Properties

Category	Property name	Location	(Anticipated) Acquisition price (Millions of yen) (Note 1)	Investment ratio (%) (Note 2)	(Anticipated) Acquisition date (Note 3)	
Tokyo Commercial Properties	Office properties	Hulic Kamiyacho Building	Minato-ku, Tokyo	55,250	14.1%	February 7, 2014 March 15, 2016 October 16, 2018
		Hulic Kudan Building (Land)	Chiyoda-ku, Tokyo	11,100	2.8%	February 7, 2014
		Toranomon First Garden	Minato-ku, Tokyo	8,623 (Note 4)	2.2%	February 7, 2014
		Rapiros Roppongi	Minato-ku, Tokyo	6,210 (Note 4)	1.6%	February 7, 2014 September 16, 2016
		Hulic Takadanobaba Building	Toshima-ku, Tokyo	3,900	1.0%	February 7, 2014
		Hulic Kanda Building	Chiyoda-ku, Tokyo	3,780	1.0%	February 7, 2014
		Hulic Kandabashi Building	Chiyoda-ku, Tokyo	2,500	0.6%	February 7, 2014
		Hulic Kakigaracho Building	Chuo-ku, Tokyo	2,210	0.6%	February 7, 2014
		Ochanomizu Sola City	Chiyoda-ku, Tokyo	38,149 (Note 4)	9.8%	November 7, 2014 October 4, 2016
		Hulic Higashi Ueno 1 Chome Building	Taito-ku, Tokyo	2,678	0.7%	October 16, 2014 June 29, 2018
		Tokyo Nishi Ikebukuro Building	Toshima-ku, Tokyo	1,580 (Note 4)	0.4%	March 31, 2015
		Hulic Toranomon Building	Minato-ku, Tokyo	18,310	4.7%	December 25, 2015 September 1, 2016
		Hulic Shibuya 1 Chome Building	Shibuya-ku, Tokyo	5,100	1.3%	March 31, 2017
		Hulic Higashi Nihombashi Building	Chuo-ku, Tokyo	3,480	0.9%	March 31, 2017
		Hulic Jimbocho Building	Chiyoda-ku, Tokyo	1,460	0.4%	April 28, 2017
		Hulic Ginza 7 Chome Building	Chuo-ku, Tokyo	21,080 (Note 4)	5.4%	March 29, 2018 June 28, 2019 September 27, 2019
		Hulic Gotanda Yamate-dori Building	Shinagawa-ku, Tokyo	3,450	0.9%	October 1, 2018
		Bancho House	Chiyoda-ku, Tokyo	2,750	0.7%	November 1, 2018
		Ebisu Minami Building	Shibuya-ku, Tokyo	2,420	0.6%	December 27, 2018
		Hulic Iidabashi Building	Chiyoda-ku, Tokyo	1,450	0.4%	June 28, 2019
		Hulic Asakusabashi Building	Taito-ku, Tokyo	4,750 (Note 4)	1.2%	December 20, 2019
		Hulic Ebisu Building	Shibuya-ku, Tokyo	1,275	0.3%	December 20, 2019
		Hulic Ryogoku Building	Sumida-ku, Tokyo	5,610 (Note 4)	1.4%	March 26, 2020
		Hulic Asakusabashi Edodori	Taito-ku, Tokyo	5,420 (Note 4)	1.4%	March 26, 2020
		Hulic Nakano Building	Nakano-ku, Tokyo	3,200 (Note 4)	0.8%	October 16, 2020
		Hulic Ueno Building	Taito-ku, Tokyo	4,100 (Note 4)	1.0%	March 31, 2021
		Hulic Kojimachi Building	Chiyoda-ku, Tokyo	12,600 (Note 4)	3.2%	November 1, 2021
		Kichijoji Fuji Building	Musashino-shi, Tokyo	5,150 (Note 4)	1.3%	November 1, 2021
		Hulic Hachioji Building	Hachioji-shi, Tokyo	4,900 (Note 4)	1.3%	October 16, 2020
		Hulic Kobe Building	Kobe-shi, Hyogo	6,710 (Note 4)	1.7%	November 1, 2021

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		Hulic Gotanda Building	Shinagawa-ku, Tokyo	6,162 (Note 4)	1.6%	October 28, 2022	
		Hulic Oji Building	Kita-ku, Tokyo	5,300 (Note 4)	1.4%	March 1, 2023	
		Subtotal	-	260,657	66.7%	-	
	Retail properties	Oimachi Redevelopment Building (#2)	Shinagawa-ku, Tokyo	9,456	2.4%	February 7, 2014	
		Oimachi Redevelopment Building (#1)	Shinagawa-ku, Tokyo	6,166 (Note 4)	1.6%	February 7, 2014	
		Dining Square Akihabara Building	Chiyoda-ku, Tokyo	3,200	0.8%	February 7, 2014	
		Hulic Jingu-mae Building	Shibuya-ku, Tokyo	2,660	0.7%	February 7, 2014	
		Hulic Todoroki Building	Setagaya-ku, Tokyo	1,200	0.3%	December 27, 2016	
		HULIC &New SHIBUYA	Shibuya-ku, Tokyo	3,150 (Note 4)	0.8%	June 30, 2017	
		HULIC &New SHINBASHI	Minato-ku, Tokyo	3,100	0.8%	November 1, 2017	
		Hulic Shimura-sakaue	Itabashi-ku, Tokyo	7,556	1.9%	June 29, 2018	
		Hulic Mejiro	Toshima-ku, Tokyo	5,670	1.5%	March 26, 2020	
			Subtotal	-	42,158	10.8%	-
		Intermediate total	-	302,815	77.5%		
Next-Generation Assets Plus	Private nursing homes	Aria Matsubara	Setagaya-ku, Tokyo	3,244	0.8%	February 7, 2014	
		Trust Garden Youganomori	Setagaya-ku, Tokyo	5,390	1.4%	February 7, 2014	
		Trust Garden Sakurashinmachi	Setagaya-ku, Tokyo	2,850	0.7%	February 7, 2014	
		Trust Garden Suginami Miyamae	Suginami-ku, Tokyo	2,760	0.7%	February 7, 2014	
		Trust Garden Tokiwamatsu	Shibuya-ku, Tokyo	3,030	0.8%	September 1, 2016	
		Sompo Care La vie Re Kita-kamakura	Kamakura-shi, Kanagawa	1,780	0.5%	June 30, 2017	
		Charm Suite Shinjukutoyama	Shinjuku-ku, Tokyo	3,323	0.9%	September 27, 2019	
		Charm Suite Shakujii-koen	Nerima-ku, Tokyo	3,200	0.8%	September 12, 2019	
		Hulic Chofu	Chofu-shi, Tokyo	3,340	0.9%	March 31, 2021	
		Aristage Kyodo	Setagaya-ku, Tokyo	9,000 (Note 4)	2.3%	November 1, 2021	
		Granda Gakugeidaigaku	Meguro-ku, Tokyo	2,200	0.6%	March 31, 2022	
		Charm Premier Den-en-Chofu	Setagaya-ku, Tokyo	2,550	0.7%	March 30, 2023	
		Sonare Shakujii	Nerima-ku, Tokyo	2,400	0.6%	March 30, 2023	
				Subtotal	-	45,067	11.5%
		Network centers	Ikebukuro Network Center	Toshima-ku, Tokyo	4,570	1.2%	February 7, 2014
			Tabata Network Center	Kita-ku, Tokyo	1,355	0.3%	February 7, 2014
			Hiroshima Network Center	Hiroshima-shi, Hiroshima	1,080	0.3%	February 7, 2014
			Atsuta Network Center	Nagoya-shi, Aichi	1,015	0.3%	February 7, 2014
			Nagano Network Center	Nagano-shi, Nagano	305	0.1%	February 7, 2014
			Chiba Network Center	Inzai-shi, Chiba	7,060	1.8%	December 16, 2014
	Sapporo Network Center		Sapporo-shi, Hokkaido	2,510	0.6%	December 16, 2014	

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		Keihanna Network Center	Kizukawa-shi, Kyoto	1,250	0.3%	October 16, 2014
		Subtotal	-	19,145	4.9%	-
	Hotels	Sotetsu Fresa Inn Ginza 7 Chome	Chuo-ku, Tokyo	11,520	2.9%	September 16, 2016 November 1, 2017
		Sotetsu Fresa Inn Tokyo-Roppongi	Minato-ku, Tokyo	5,000 (Note 4)	1.3%	November 1, 2017
		Hulic Tsukiji 3 Chome Building	Chuo-ku, Tokyo	6,972	1.8%	March 26, 2020
		Subtotal	-	23,492	6.0%	-
		Intermediate total	-	87,704	22.5%	
Total of the portfolio		-	-	390,519	100.0%	-

Notes:

1. “(Anticipated) Acquisition price” is the purchase price noted in the purchase and sale agreement for each asset held and the Property (total value in the event that the acquisition takes place over multiple times), rounded to the nearest million yen. The acquisition price does not include consumption or local taxes or the costs and expenses related to the acquisition.
2. “Investment ratio” represents the percentage of the (anticipated) acquisition price for each asset held and the Property (total value in the event that the acquisition takes place over multiple times) to the total (anticipated) acquisition price, rounded to the first decimal place.
3. “(Anticipated) Acquisition date” is the anticipated date of acquisition stated in the relevant purchase and sale agreement for each asset held and the Property.
4. The figure is based on the ratio of sectional ownership interest or quasi-co-ownership interest owned by Hulic Reit in the properties.