

To All Concerned Parties

Name of REIT Issuer:

Hulic Reit, Inc.
2-26-9 Hatchobori, Chuo-ku, Tokyo, Japan
Eiji Tokita, Executive Officer
(TSE Code: 3295)

Contact:

Asset Management Company
Hulic Reit Management Co., Ltd.
Eiji Tokita, President and CEO
Person to Contact:
Kazuaki Chokki, Director, General Manager of
Corporate Planning and Administration Department
Tel: +81-3-6222-7250

Notice concerning the Transfer of Property

TOKYO, December 13, 2017 – Hulic Reit, Inc. (hereinafter referred to as “Hulic Reit”) hereby announces that Hulic Reit Management Co., Ltd. (hereinafter referred to as “Hulic Reit Management”), which is entrusted with the management of the assets of Hulic Reit, has today made the decision to transfer the property listed below (hereinafter referred to as the “Property”).

1. Overview of the transfer

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| (1) Category | Tokyo Commercial Property (Office) |
| (2) Property name | Sasazuka South Building |
| (3) Address | Shibuya-ku, Tokyo |
| (4) Assets planned for transfer | Real estate trust beneficiary rights (Note 1) |
| (5) Anticipated transfer price | 2,230 million yen (Note 2) |
| (6) Estimated book value | 2,154 million yen (Note 3) |
| (7) Transfer difference | +75 million yen (Note 4) |
| (8) Date of purchase and sales agreement | December 13, 2017 |
| (9) Anticipated transfer date (Note 5) | December 22, 2017 |
| (10) Counterparty to the transfer | Not disclosed (Note 6) |
| (11) Transferred funds | The amount remaining after distribution of gains/losses on the transfer will be used as funds on hand with which to acquire property and/or repay loans. |
| (12) Settlement method | Full payment upon delivery |

Notes:

1. This is a transfer of unit ownership (relating to the entire ownership interest of Hulic Reit, which is approximately 96.0% of the total floor space of the entire building (converted to exclusive floor area on the property registry)).
2. The anticipated transfer price does not include consumption tax, local taxes, and costs and expenses related to the transfer.
3. Estimated book value as of December 22, 2017 is stated after rounding off units of less than one million yen.
4. The difference between anticipated transfer price and estimated book value is stated after rounding off units of less than one million yen.
5. The anticipated transfer date is the date stated in the sales agreement.
6. The counterparty to the transfer is a domestic special-purpose company, but further information is not disclosed because approval for disclosure is not acquired from said counterparty to the transfer.

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2. Reason for transfer

Based on the basic policies of Hulic Reit, Hulic Reit Management is building a portfolio in accordance with comprehensive decisions in consideration of the competitiveness, etc. of each property along with the growth potential, profitability, and risk factors, etc. for the overall portfolio.

A decision has been reached to transfer the Property following a comprehensive review of individual factors including profitability reflecting repair and renewal expenses, etc. that will be required in the future as well as the type of ownership. Furthermore, the decision also takes into consideration conditions of the leasing market in the neighboring area, sales market trends, and their future outlooks.

3. Overview of the Properties

Specified assets category		Real estate trust beneficiary rights
Trustee		Mitsubishi UFJ Trust and Banking Corporation
Date trust initiated		December 26, 2006
Expiration date of trust period		March 31, 2025
Nearest station		Five-minute walk from Daita Station on the Keio Line
Address (domicile)		1-64-8 Sasazuka, Shibuya-ku, Tokyo
Land	Lot number	1-64-4 Sasazuka, Shibuya-ku, Tokyo and others
	Building-to-land ratio	80% (Note 1)
	Floor-area ratio	500%
	Zoning	Commercial area
	Site area	1,001.88 m ² (Note 2)
	Type of ownership	Proprietary ownership (co-ownership) (Note 3)
Building	Completed	December 1991
	Structure	SRC/S
	Number of floors	8F/B1
	Use	Office
	Total floor space	5,400.70 m ² (Note 4)
	Number of parking spaces	29
	Type of ownership	Unit ownership (Note 5)
Collateral		None
Acquisition date		March 9, 2015
Acquisition price		2,100 million yen
Anticipated transfer price		2,230 million yen
Estimated book value		2,154 million yen (Note 6)
Transfer difference		+75 million yen (Note 7)
Appraisal value (Date of valuation)		2,170 million yen (Note 8) (August 31, 2017)
Appraisal company		Japan Real Estate Institute
Details of Tenant (Note 9)		
	Total leased floor space	3,611.08 m ²
	Total leasable floor space	3,611.08 m ²
	Occupancy rate	100.0%
	Main tenant	Not disclosed (Note 10)
	Total number of tenants	8
	Total lease income (annualized)	155 million yen (Note 11)
	Lease and guarantee deposits	95 million yen (Note 12)
Special remarks		None

Notes:

1. The designated building-to-land ratio of the land of the Property is 80%; however, since the building is a fire-resistant building within a fire prevention area, the applied building-to-land ratio is 100%.
2. Based on the entry in the property registry. The actual status may differ in some cases. Furthermore, total site area for the entire building is stated.
3. Co-ownership interest for the land held by Hulic Reit is approximately 95.3%.
4. Based on the entry in the property registry. Furthermore, total floor space for the entire building is stated.
5. The floor space of the building that is under exclusive ownership of Hulic Reit is 3,558.5 m² (1F – 7F), representing approximately 96.0% of the total floor space of the entire building (converted to exclusive floor area

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- on the property registry).
6. Estimated book value as of December 22, 2017 is stated after rounding off units of less than one million yen.
 7. The difference between anticipated transfer price and estimated book value is stated after rounding off units of less than one million yen.
 8. The price corresponding to the space under Hulic Reit's unit ownership is stated.
 9. As the trustee and the master lease company have entered into a pass-through master lease agreement with no rent guarantee, total leased floor space, occupancy rate, main tenant, 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."
 10. Not disclosed because approval for disclosure is not obtained from the main tenant, etc.
 11. The annualized amount is calculated by multiplying the total amount of monthly rent in each lease agreement with end-tenants (including common services fees; limited to rent for rooms that are occupied by tenants and excluding fees for using warehouses, signboards, and parking lots; also not taking free rent, etc. into consideration and excluding consumption taxes) by 12 and rounding to the nearest million yen.
 12. The total book value recognized as leases and guarantee deposits for the Property is stated after rounding to the nearest million yen.

4. Overview of the counterparty to the transfer

The counterparty to the transfer is a domestic special-purpose company, but the company overview is not disclosed because approval for disclosure is not acquired from said counterparty to the transfer. Note that, as of December 13, 2017, the counterparty to the transfer is neither an interested party, etc. as defined in the Act on Investment Trusts and Investment Corporation (Act No. 198 of 1951, as amended), nor an interested party as stipulated in Hulic Reit Management's Regulations on Transactions with Interested Parties. Additionally, there are no significant capital, personnel, or transactional relationships between the counterparty to the transfer and Hulic Reit and Hulic Reit Management or the parties or affiliates related to Hulic Reit and Hulic Reit Management, and the counterparty to the transfer does not constitute a related party of Hulic Reit, etc.

5. Overview of intermediary

(1) Overview of the intermediary

Trade name	Nomura Real Estate Development Co., Ltd.
Location	1-26-2, Nishi-shinjuku, Shinjuku-ku, Tokyo
Name and title of representative	President and Representative Director: Seiichi Miyajima
Primary business lines	Real estate
Paid-in capital	2,000 million yen (as of April 1 2017)
Date of establishment	April 15, 1957
Relationship with Hulic Reit and Hulic Reit Management	
Capital relationship	There are no significant capital relationships among Hulic Reit, Hulic Reit Management, and Nomura Real Estate Development Co., Ltd. There are no significant capital relationships between the related persons or affiliates of Hulic Reit and Hulic Reit Management and Nomura Real Estate Development Co., Ltd.
Personnel relationship	There are no significant personnel relationships among Hulic Reit, Hulic Reit Management, and Nomura Real Estate Development Co., Ltd. There are no significant personnel relationships between the related persons or affiliates of Hulic Reit and Hulic Reit Management and Nomura Real Estate Development Co., Ltd.
Transactional relationship	There are no significant transactional relationships among Hulic Reit, Hulic Reit Management, and Nomura Real Estate Development Co., Ltd. A transactional relationship exists between the related persons or affiliates of Hulic Reit and Hulic Reit Management and Nomura Real Estate Development Co., Ltd. in relation to past transactions in brokerage, joint ventures, etc.
Status as a related party	Nomura Real Estate Development Co., Ltd. does not constitute a related party of Hulic Reit and Hulic Reit Management. In addition, parties or affiliates related to Nomura Real Estate Development Co., Ltd. do not constitute related parties of Hulic Reit and Hulic Reit Management.

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(2) Breakdown and amount of intermediary fees, etc.

This information is not disclosed as approval for disclosure is not obtained from the intermediary.

6. Transfer schedule

Transfer decision date	Date of purchase and sale agreement	Anticipated receipt date	Scheduled property transfer date
December 13, 2017	December 13, 2017	December 22, 2017	December 22, 2017

7. Summary of Appraisal Report

Appraisal value	2,170 million yen (Note 1)
Appraiser	Japan Real Estate Institute
Date of valuation	August 31, 2017

(Millions of yen)

Item	Breakdown	Remarks
Appraisal value based on income method (Note 2)	2,170	Estimated with appraisal value based on direct capitalization method and appraisal value based on DCF method handled equally
Appraisal value based on direct capitalization method	2,180	
(1) Operating revenue	169	
Potential gross income	177	Estimated based on evaluation of stable rent levels in the medium and long term
Losses from vacancy, etc.	9	Estimated based on evaluation of stable occupancy rate level in the medium and long term
(2) Operating expenses	59	
Maintenance and management fee/PM fee (Note 3)	22	Estimated based on evaluation of expenses in the medium and long-term after taking into consideration the individual characteristics of the target real estate and by reference to past years' results, expense levels for similar real estate, etc.
Utility expenses	19	Estimated based on past years' results and by taking into consideration the occupancy rate of the leased space, etc.
Repair expenses	1	Estimated by reference to past years' results and by taking into consideration future management and operation plans, expense levels for similar real estate, average annual repair and renewal expenses in engineering reports, etc.
Tenant recruitment/solicitation expenses, etc.	1	Estimated based on evaluation of the assumed turnover period for lessees
Taxes and public dues	17	Estimated based on materials related to taxes and public dues
Insurance premium	0	Estimated by reference to current insurance premiums, the premium rate for similar real estate, etc.
Other expenses	0	
(3) Net operating income (NOI: (1) - (2))	109	
(4) Profit from security deposits	1	Estimated based on evaluation of lease deposit and investment return
(5) Capital expenditures	7	Estimated in consideration of capital expenditure levels for similar real estate, the age of the building, and average annual repair and renewal expenses in engineering reports
Net cash flow ((3) + (4) - (5))	103	
Cap rate	4.7%	Estimated by adding or subtracting the spread due to the individuality of the target real estate to the yield that is standard for the area
Appraisal value based on DCF	2,160	

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method		
Discount rate	4.4%	Estimated by reference to the investment yield for similar real estate transactions, after taking into consideration the individual characteristics of the target real estate
Terminal cap rate	4.9%	Estimated by adding or subtracting the spread due to the individual characteristics of the target real estate to the yield that is standard for the area, and by taking into consideration uncertainty over the future, investment yields of similar real estate transactions, etc.
Appraisal value based on cost method (Note 2)	1,920	
Ratio of land	79.3%	
Ratio of building	20.7%	

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

1. Appraisal value based on income method that reflects the profitability and investment return of the property is used.
2. Appraisal value figures have been rounded to the nearest million yen. Note that these figures are not the revenue and expenses forecast by Hulic Reit or Hulic Reit Management.
3. The maintenance and management fee and PM fee stated above are combined, because individual disclosure of the maintenance and management fee and PM fee amount levels may affect the other transactions of each contractor with respect to building management and PM services, which could pose an obstacle to efficient performance of services by Hulic Reit and could harm unitholder interests.

8. Future outlook

The impact of the anticipated transfer of Property on the outlook for the financial results for the fiscal period ending February 28, 2018 (September 1, 2017 to February 28, 2018) and the fiscal period ending August 31, 2018 (March 1, 2018 to August 31, 2018) will be minor, and there will be no change to the forecasts of financial results.

* This press release was distributed to:

The Tokyo Stock Exchange Press Club (Kabuto Club), the press club of the Ministry of Land, Infrastructure, Transport and Tourism (MLIT), and the press club for construction publications of the MLIT

* Hulic Reit's website: <http://www.hulic-reit.co.jp/>

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Reference Attachment Portfolio List after Transferring the Property

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	(20,100) (16,650) Total 36,750 (Note 4) (Note 5)	(7.8%) (6.5%) Total 14.3% (Note 5)	February 7, 2014 March 15, 2016	
		Hulic Kudan Building (Land)	Chiyoda-ku, Tokyo	11,100	4.3%	February 7, 2014
		Toranomon First Garden	Minato-ku, Tokyo	8,623 (Note 4)	3.4%	February 7, 2014
		Rapiros Roppongi	Minato-ku, Tokyo	(5,160) (1,050) Total 6,210 (Note 4) (Note 5)	(2.0%) (0.4%) Total 2.4% (Note 5)	February 7, 2014 September 16, 2016
		Hulic Takadanobaba Building	Toshima-ku, Tokyo	3,900	1.5%	February 7, 2014
		Hulic Kanda Building	Chiyoda-ku, Tokyo	3,780	1.5%	February 7, 2014
		Hulic Kandabashi Building	Chiyoda-ku, Tokyo	2,500	1.0%	February 7, 2014
		Hulic Kakigaracho Building	Chuo-ku, Tokyo	2,210	0.9%	February 7, 2014
		Ochanomizu Sola City	Chiyoda-ku, Tokyo	(22,854) (15,295) Total 38,149 (Note 4) (Note 5)	(8.9%) (6.0%) Total 14.9% (Note 5)	November 7, 2014 October 4, 2016
		Hulic Higashi Ueno 1 Chome Building	Taito-ku, Tokyo	2,670	1.0%	October 16, 2014
		Tokyo Nishi Ikebukuro Building	Toshima-ku, Tokyo	1,580 (Note 4)	0.6%	March 31, 2015
		Gate City Ohsaki	Shinagawa-ku, Tokyo	4,370 (Note 4)	1.7%	April 16, 2015
		Hulic Toranomon Building	Minato-ku, Tokyo	(12,740) (5,570) Total 18,310 (Note 4) (Note 5)	(5.0%) (2.2%) Total 7.1% (Note 5)	December 25, 2015 September 1, 2016
		Hulic Shibuya 1-chome Building	Shibuya-ku, Tokyo	5,100	2.0%	March 31, 2017
		Hulic Higashi Nihonbashi Building	Chuo-ku, Tokyo	3,480	1.4%	March 31, 2017
		Hulic Jimbocho Building	Chiyoda-ku, Tokyo	1,460	0.6%	April 28, 2017
		Subtotal	-	150,192	58.6%	-
		Retail properties	Oimachi Redevelopment Building	Shinagawa-ku, Tokyo	9,456	3.7%
	Oimachi Redevelopment Building		Shinagawa-ku, Tokyo	6,166 (Note 4)	2.4%	February 7, 2014
	Dining Square Akihabara Building		Chiyoda-ku, Tokyo	3,200	1.2%	February 7, 2014
Hulic Jingumae Building	Shibuya-ku, Tokyo		2,660	1.0%	February 7, 2014	

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	Hulic Shinjuku 3 Chome Building	Shinjuku-ku, Tokyo	5,550	2.2%	October 16, 2014
	Yokohama Yamashitacho Building	Yokohama-shi, Kanagawa	4,850	1.9%	October 16, 2014
	Leaf Minatomirai (Land)	Yokohama-shi, Kanagawa	5,265 (Note 4) (Note 6)	2.1%	March 30, 2016
	Orchid Square	Chiyoda-ku, Tokyo	3,502	1.4%	March 30, 2016
	Hulic Todoroki Building	Setagaya-ku, Tokyo	1,200	0.5%	December 27, 2016
	Hulic Omori Building	Shinagawa-ku, Tokyo	3,420	1.3%	March 31, 2017
	HULIC &New SHIBUYA	Shibuya-ku, Tokyo	3,150 (Note 4)	1.2%	June 30, 2017
	HULIC &New SHINBASHI	Minato-ku, Tokyo	3,100	1.2%	November 1, 2017
	Subtotal	-	51,519	20.1%	-
	Intermediate total	-	201,711	78.7%	-

Next-Generation Assets	Private nursing homes	Aria Matsubara	Setagaya-ku, Tokyo	3,244	1.3%	February 7, 2014
		Trust Garden Youganomori	Setagaya-ku, Tokyo	5,390	2.1%	February 7, 2014
		Trust Garden Sakurashinmachi	Setagaya-ku, Tokyo	2,850	1.1%	February 7, 2014
		Trust Garden Suginami Miyamae	Suginami-ku, Tokyo	2,760	1.1%	February 7, 2014
		Trust Garden Tokiwamatsu	Shibuya-ku, Tokyo	3,030	1.2%	September 1, 2016
		Sompo Care La vie Re Kitakamakura	Yokohama-shi, Kanagawa	1,780	0.7%	June 30, 2017
		Subtotal	-	19,054	7.4%	-
	Network centers	Ikebukuro Network Center	Toshima-ku, Tokyo	4,570	1.8%	February 7, 2014
		Tabata Network Center	Kita-ku, Tokyo	1,355	0.5%	February 7, 2014
		Hiroshima Network Center	Hiroshima-shi, Hiroshima	1,080	0.4%	February 7, 2014
		Atsuta Network Center	Nagoya-shi, Aichi	1,015	0.4%	February 7, 2014
		Nagano Network Center	Nagano-shi, Nagano	305	0.1%	February 7, 2014
		Chiba Network Center	Inzai-shi, Chiba	7,060	2.8%	December 16, 2014
		Sapporo Network Center	Sapporo-shi, Hokkaido	2,510	1.0%	December 16, 2014
		Keihanna Network Center	Kizukawa-shi, Kyoto	1,250	0.5%	October 16, 2014
		Subtotal	-	19,145	7.5%	-
	Hotel	Sotetsu Fresa Inn Ginza 7 Chome	Chuo-ku, Tokyo	(4,370) (7,150) Total 11,520 (Note 4) (Note 5)	(1.7%) (2.8%) Total 4.5% (Note 5)	September 16, 2016 November 1, 2017
		Sotetsu Fresa Inn Tokyo-Roppongi	Minato-ku, Tokyo	5,000 (Note 4)	1.9%	November 1, 2017
		Subtotal	-	16,520	6.4%	-

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	Intermediate total	-	54,719	21.3%	-
	Total of the portfolio	-	256,430	100.0%	-

Notes:

1. “(Anticipated) Acquisition price” lists the acquisition price listed in the relevant purchase and sale agreement for each asset held and the Property, 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 of each asset held and the Property to the total (anticipated) acquisition price, rounded to one 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.
5. For additional acquisitions, the acquisition prices in respective acquisition dates and the investment ratios are indicated in parentheses respectively, and their total values at the bottom line.
6. The figure show equivalent to the quasi-co-ownership interest of property (45.0%) held by Hulic Reit anticipated at the end of the fiscal period ending February 28, 2018.