

HULIC REIT, INC.

Translation Purpose Only

July 6, 2016

To All Concerned Parties

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Notice Concerning Partial Changes to the Internal Rules (Operational Guidelines) of Hulic Reit Management Co., Ltd.

TOKYO, July 6, 2016 – Hulic Reit, Inc. (hereinafter referred to as “Hulic Reit”) announced 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 a decision to make partial changes to the Operational Guidelines, which are internal rules of Hulic Reit Management, as described below.

1. Details of Main Changes to Operational Guidelines

The main changes to the Operational Guidelines are as shown in the table below. (Underlined parts denote those changed. Please see attachment for details.).

Before changes

	Tokyo Commercial Properties	Next Generation Assets
Investment ratio	<u>Approximately 80%</u>	<u>Approximately 20%</u>
Investment properties	Office properties Retail properties	Private nursing homes Network centers

After changes

	Tokyo Commercial Properties	Next Generation Assets
Investment ratio	<u>Approximately 80 to 90%</u>	<u>Approximately 10 to 20%</u>
Investment properties	Office properties Retail properties	Private nursing homes Network centers <u>Hotels</u>

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2. Reason for Changes of the Operational Guidelines

Up until now, Hulic Reit's basic investment policy has placed its major focus of investment in the area in which our sponsor Hulic Co., Ltd. has abundant management record and expertise: Tokyo commercial properties, which are assets established as commercial real estate. Hulic Reit has been allocating approximately 80% of the entire portfolio to such properties. In addition, Hulic Reit has been allocating the other approximately 20% of the portfolio to next generation assets, i.e. the infrastructure that will increasingly be needed in the future to "Realize a Society Filled with Peace of Mind and Trust," where Hulic Reit believes risk can be managed appropriately and attractive revenues can be secured by drawing on the expertise built up by Hulic Co., Ltd. in tenant management and other areas.

Currently, however, the real estate market for next generation assets (private nursing homes and network centers) is overheated. In Tokyo commercial properties, on the other hand, we are seeing further property development in this area, partly as a result of the Government-designated National Strategic Special Zones in the center of Tokyo, which is Hulic Reit's main investment target area. Accompanying such development, the trend in the values of such properties is also rising. Giving consideration to the current environment, Hulic Reit Management has decided to revise its above-mentioned portfolio investment ratios for Tokyo commercial properties and next generation assets as it recognizes the necessity of continuously maintaining and expanding the opportunities for property acquisition as it works to achieve the external growth that provides the improvement in Hulic Reit's unitholder value, while always ensuring such decisions are based on stringent investment selection.

At the same time, there has been an expansion in investment in the investment area referred to as "hotels." In addition to Tokyo's successful bid to hold the 2020 Olympics, there are various other government-led policies aimed at promoting Japan as a tourist destination. Hulic Reit Management has decided to add "hotels" as one of the investment targets under next generation assets on the premise that, in principle, such properties will be managed based on long-term lease contracts, citing the following as some of the reasons for this: (i) "hotels" is an investment area not only providing stable use through tourism and business, etc., but also where further expansion in demand is expected to occur in the future due mainly to the increase in foreign visitors to Japan through inbound tourism, (ii) our sponsor Hulic Co., Ltd. is building up expertise and experience in tenant management and asset management, etc. in the 3K business (Koreisha (seniors), Kanko (tourism), and Kankyo (environment)), including a focus on "hotels" as part of Kanko (tourism), and by drawing on this, Hulic Reit Management is able to have appropriate risk management; and (iii) Hulic Reit Management can expect a constant pipeline (acquisition opportunities) from properties to be developed or owned by Hulic Co., Ltd. in the future.

3. Date for Changes of the Operational Guidelines

July 6, 2016

4. Outlook

The partial changes to the Operational Guidelines will not have an impact on the financial results of Hulic Reit.

*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

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Attachment New/Old Comparison Table for Operational Guidelines (Excerpt)

The following table shows the locations in the Operational Guidelines where changes have been made. Both the new and old Operational Guidelines shown below are excerpts that mainly show the locations where changes were made. The content of provisions not affected by the changes has been omitted.

After Change	Before Change
<p>2 Investment Policy</p> <p>(1) Investment Policy</p> <p>(i) (Unchanged)</p> <p>(ii) Basic Policy of Hulic Reit</p> <p>Hulic Reit shall place its major focus of investment, allocating <u>approximately 80% to 90%</u> ^(Note) of the portfolio, on Tokyo commercial properties, which are assets established as commercial real estate in which Hulic Co., Ltd. has abundant management record and expertise, and by fixing Tokyo commercial properties as the major investment target, Hulic Reit aims to maximize its unitholder value in the medium to long term.</p> <p>In addition, Hulic Reit shall allocate <u>approximately 10% to 20%</u> ^(Note) of the portfolio to next generation assets that are the infrastructure that will increasingly be needed in the future to “Realize a Society Filled with Peace of Mind and Trust,” and for which Hulic Reit believes risk can be managed appropriately and attractive revenues can be secured by drawing on the expertise built up by Hulic Co., Ltd. in tenant management and other areas. By investing in next generation assets, Hulic Reit aims to secure stable revenues over the long term.</p> <p>(Note) Investment ratio is determined on an acquisition price basis and does not include consumption taxes, local consumption taxes and commissions, etc. at the time of acquisition. In the event of Hulic Reit purchasing assets with individual specificity, the investment ratio may end up different to the stated investment ratio.</p>	<p>2 Investment Policy</p> <p>(1) Investment Policy</p> <p>(i) (Omitted)</p> <p>(ii) Basic Policy of Hulic Reit</p> <p>Hulic Reit shall place its major focus of investment, allocating <u>approximately 80%</u> ^(Note) of the portfolio, on Tokyo commercial properties, which are assets established as commercial real estate in which Hulic Co., Ltd. has abundant management record and expertise, and by fixing Tokyo commercial properties as the major investment target, Hulic Reit aims to maximize its unitholder value in the medium to long term.</p> <p>In addition, Hulic Reit shall allocate <u>approximately 20%</u> ^(Note) of the portfolio to next generation assets that are the infrastructure that will increasingly be needed in the future to “Realize a Society Filled with Peace of Mind and Trust,” and for which Hulic Reit believes risk can be managed appropriately and attractive revenues can be secured by drawing on the expertise built up by Hulic Co., Ltd. in tenant management and other areas. By investing in next generation assets, Hulic Reit aims to secure stable revenues over the long term.</p> <p>(Note) Investment ratio is determined on an acquisition price basis and does not include consumption taxes, local consumption taxes and commissions, etc. at the time of acquisition. In the event of Hulic Reit purchasing assets with individual specificity, the investment ratio may end up different to the stated investment ratio.</p>

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<p>(Unchanged)</p> <p>(A) Major-Focus Investment in Tokyo Commercial Properties</p> <p>(Unchanged)</p> <p>a. (Unchanged)</p> <p>b. (Unchanged)</p> <p>c. Investment ratio</p> <p>The total investment ratio for “Tokyo commercial properties” shall be <u>approximately 80% to 90%</u> of the portfolio.</p> <p>(Unchanged)</p> <p>(B) Investment in Next Generation Assets</p> <p>Against a backdrop of the rising emergence of the needs in society in the future, Hulic Reit shall also allocate investment for next generation assets for which sound demand can be expected in the future. Investment in this area shall be subject to stringent selection and due diligence will be carried out beforehand in relation to the business and finances of the tenants who, in principle, will conclude long-term lease contracts. Concerning the investments conducted by Hulic Reit, effective the date of this document, Hulic Reit Management <u>shall position</u> the following investment areas as next generation assets: “private nursing homes,” which are expected to be a growing societal need in Japan due to the aging population with a low birth rate; “network centers,” which are communication infrastructure facilities that are expected to be the target of further investment in the future as the information society expands; <u>and “hotels,” which not only provides stable use through tourism and business, etc., but whose demand is expected to further increase against the backdrop of increased numbers of foreign visitors to Japan due to policies and promotion by the Japanese government and other circumstances.</u></p> <p>(Unchanged)</p>	<p>(Omission of some body text)</p> <p>(A) Major-Focus Investment in Tokyo Commercial Properties</p> <p>(Omission of some body text)</p> <p>a. (Omitted)</p> <p>b. (Omitted)</p> <p>c. Investment ratio</p> <p>The total investment ratio for “Tokyo commercial properties” shall be <u>approximately 80%</u> of the portfolio.</p> <p>(Omission of some body text)</p> <p>(B) Investment in Next Generation Assets</p> <p>Against a backdrop of the rising emergence of the needs in society in the future, Hulic Reit shall also allocate investment for next generation assets for which sound demand can be expected in the future. Investment in this area shall be subject to stringent selection and due diligence will be carried out beforehand in relation to the business and finances of the tenants who, in principle, will conclude long-term lease contracts. Concerning the investments conducted by Hulic Reit, effective the date of this document, Hulic Reit Management <u>positions</u> the following investment areas as next generation assets: “private nursing homes,” which are expected to be a growing societal need in Japan due to the aging population with a low birth rate; <u>and</u> “network centers,” which are communication infrastructure facilities that are expected to be the target of further investment in the future as the information society expands.</p> <p>(Omission of some body text)</p>
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<p>a. (Unchanged)</p> <p>b. (Unchanged)</p> <p>c. <u>Hotels</u></p> <p><u>Hotels shall be facilities with convenient access to public transportation or located in prominent tourist destinations in Japan that can be expected to be under demand for tourism use or business use, etc.</u></p> <p>d. Investment ratio</p> <p>The total investment ratio for “next generation assets” shall be <u>approximately 10% to 20%</u> of the portfolio.</p> <p>e. (Unchanged)</p> <p>(iii) Investment Criteria (Unchanged)</p> <p>Moreover, in addition to acquiring the property and the land together as one asset, Hulic Reit may also acquire only the ownership rights and other rights (in other words, the land) that is used for such usage. Furthermore, with respect to the facilities and real estate related assets tied to the facilities, which are used together as one in a socio-economic form of use, and which are made up from one or multiple real estate properties (hereinafter referred to as the “complex assets”), when the purpose of use of the complex assets or the actual form of their use is primarily <u>Tokyo commercial properties and next generation assets (or one of either)</u>, Hulic Reit may acquire all or part of the aforesaid complex assets.</p> <p>(Unchanged)</p>	<p>a. (Omitted)</p> <p>b. (Omitted)</p> <p><u>(Newly established)</u></p> <p>c. Investment ratio</p> <p>The total investment ratio for “next generation assets” shall be <u>approximately 20%</u> of the portfolio.</p> <p>d. (Omitted)</p> <p>(iii) Investment Criteria (Omission of some body text)</p> <p>Moreover, <u>with respect to office buildings and commercial facilities</u>, in addition to acquiring the property and the land together as one asset, Hulic Reit may also acquire only the ownership rights and other rights (in other words, the land) that is used for such usage. Furthermore, with respect to the facilities and real estate related assets tied to the facilities, which are used together as one in a socio-economic form of use, and which are made up from one or multiple real estate properties (hereinafter referred to as the “complex assets”), when the <u>majority</u> purpose of use of the complex assets or the actual form of their use is primarily <u>office properties or retail properties</u>, Hulic Reit may acquire all or part of the aforesaid complex assets.</p> <p>(Omission of all text hereafter)</p>
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