

# HULIC REIT, INC.

Translation Purpose Only

January 6, 2014

To All Concerned Parties

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## **Notice concerning Forecasts of Financial Results for the Fiscal Periods Ending August 31, 2014 and February 28, 2015**

TOKYO, January 6, 2014 – Hulic Reit, Inc. (hereafter referred to as “Hulic Reit”) announced today its forecasts of financial results for the fiscal periods ending August 31, 2014 (November 7, 2013 to August 31, 2014) and February 28, 2015 (September 1, 2014 to February 28, 2015) as follows:

(Millions of yen)

	Operating revenues	Operating income	Ordinary income	Net income	Cash distribution per unit (excluding distribution in excess of net income)	Cash distribution per unit in excess of net income
Fiscal Period Ending August 31, 2014 (1st Fiscal Period)	3,605	2,425	1,201	1,201	1,842	—
Fiscal Period Ending February 28, 2015 (2nd Fiscal Period)	3,200	2,087	1,789	1,789	2,744	—

(Reference)

Fiscal period ending August 31, 2014

Estimated number of investment units outstanding at the end of the period: 652,000 units

Estimated net income per investment unit: ¥1,842

Fiscal period ending February 28, 2015

Estimated number of investment units outstanding at the end of the period: 652,000 units

Estimated net income per investment unit: ¥2,744

Disclaimer: This press release was prepared to notify the general public about forecasts of financial results for the fiscal periods ending August 31, 2014 and February 28, 2015 and is not intended as a solicitation for investment in Hulic Reit. Prior to making an investment, we request that investors make their investment decisions based on their own discretion and judgment after having carefully read Hulic Reit's prospectus for new investment units and offering of investment units as well as the notices of amendments thereto prepared by Hulic Reit. In addition, this press release does not comprise a solicitation for sale of securities or solicitation to purchase securities in Japan, the United States or other regions. Hulic Reit's securities cannot be solicited or sold in the United States, absent exemptions from the registration based on the United States Securities Act of 1933, as amended (the "Securities Act"). A public offering of securities in the United States must be accompanied by an English language prospectus prepared in accordance with the Securities Act. In such cases, the English language prospectus can be obtained from the issuer of such securities or any selling securities holder. This prospectus contains detailed information about the issuer, its executive management team and its financial statements. Hulic Reit's securities have not and will not be registered under the Securities Act.

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## Notes:

1. The fiscal period for Hulic Reit is from March 1 to August 31 and from September 1 to the final day of February the following year. However, the 1st fiscal period will be from November 7, 2013, the date of incorporation of Hulic Reit, until August 30, 2014.
2. The aforementioned calculations of quantitative data forecasts are based on the assumption that the issue price of new investment units will be ¥100,000 per investment unit.
3. The forecasts of financial results have been calculated based on the assumptions at the present time listed in the attachment “Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending August 31, 2014 and February 28, 2015”. Actual operating revenues, operating income, ordinary income, net income and cash distribution per unit (excluding cash distribution in excess of net income) may vary due to the factors in the future such as additional acquisitions or divestments of real estate properties, real estate market trends, the actual number and issue price of new investment units to be issued, and other changes in circumstances surrounding Hulic Reit. In addition, these forecasts do not guarantee the cash distribution amount.
4. Forecasts may be revised in the event that the difference between the forecasts and actual results are expected to be over a certain threshold.
5. Hulic Reit’s investment units are scheduled to be listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market on February 7, 2014.
6. Quantitative figures have been rounded down to the nearest whole number.

This press release distributed to:

The Tokyo Stock Exchange Press Club (Kabuto Club), Ministry of Land, Infrastructure, Transport and Tourism (MLIT) Press Club and MLIT Press Club for Construction Publications

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## ATTACHMENT

### Assumptions for the Forecasts of Financial Results for the Fiscal Periods Ending August 31, 2014 and February 28, 2015

Item	Assumptions
Calculation period	<ul style="list-style-type: none"> <li>• 1st Fiscal Period (November 7, 2013 to August 31, 2014) (298 days)</li> <li>• 2nd Fiscal Period (September 1, 2014 to February 28, 2015) (181 days)</li> </ul>
Assets under management	<ul style="list-style-type: none"> <li>• Hulic Reit plans on utilizing proceeds from the issuance of new investment units and borrowings approved at the January 6, 2014 Board of Directors' meeting to acquire the real estate trust beneficiary rights (hereafter referred to as "assets planned for acquisition") of 21 properties in Japan on February 7, 2014.</li> <li>• Forecasts of financial results assume that the assets planned for acquisition will be acquired on the aforementioned date and that no changes (acquisition of new properties or divestment of existing properties, etc.) in assets under management will occur prior to the end of the fiscal period ending February 28, 2015.</li> <li>• These assumptions may vary due to actual changes in assets under management.</li> </ul>
Operating revenues	<ul style="list-style-type: none"> <li>• Lease business revenue from the assets planned for acquisition has been calculated based on information provided by the current owner(s) of each property, lease agreements in effect on the scheduled acquisition date of the assets anticipated to be acquired, and market trends.</li> <li>• Operating revenues assume that no tenants will be delinquent or fail to pay their lease dues.</li> </ul>
Operating expenses	<ul style="list-style-type: none"> <li>• Operating expenses mainly comprise of rental expenses. Expenses other than depreciation are calculated based on information provided by the current owners of each asset and after taking into account factors that affect the costs obtained from actual past performance data.</li> <li>• Generally, in real property acquisition, property tax and city planning tax are prorated based on the period of ownership attributable to the existing owner and then settled on the acquisition date. Hulic Reit does not recognize these taxes as expenses for the period of the acquisition because the equivalent amount is included in the acquisition cost. The estimated amount of the property taxes, city planning taxes and depreciable asset taxes for the assets planned for acquisition is forecast to be ¥513 million (equivalent to a 328-day portion). The property taxes, city planning taxes and depreciable asset taxes for fiscal 2014 for the assets planned for acquisition will be recognized as an expense in the fiscal period ending August 2015 (3rd Fiscal Period).</li> <li>• An amount deemed necessary is recognized during each operating period for building repairs/improvements based on the repair/improvement plan formulated by the asset management company (Hulic Reit Management Co., Ltd.). However, actual repair/improvement costs may greatly differ from the forecasts because of the possibility of urgent repairs/improvements caused by damage to buildings from factors that are difficult to foresee, amounts generally differ significantly from one fiscal</li> </ul>

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	<p>year to another, and these costs are not incurred on a regular basis.</p> <ul style="list-style-type: none"> <li>• Depreciation expenses are calculated according to the straight-line method, including ancillary costs. Depreciation expenses are forecasted to total ¥331 million for the fiscal period ending August 31, 2014 (1st Fiscal Period) and ¥285 million for the fiscal period ending February 28, 2015 (2nd Fiscal Period).</li> </ul>
Non-operating expenses	<ul style="list-style-type: none"> <li>• Organizational expenses include costs associated with the issuance and listing of new investment units and establishment costs totaling ¥560 million that are expected to be incurred as one-time costs for the fiscal period ending August 31, 2014 (1st Fiscal Period)</li> <li>• Interest expenses and borrowing-related costs totaling ¥663 million are expected for the fiscal period ending August 31, 2014 (1<sup>st</sup> Fiscal Period) and ¥298 million for the fiscal period ending February 28, 2015 (2nd Fiscal Period).</li> </ul>
Borrowings	<ul style="list-style-type: none"> <li>• It is assumed that borrowings totaling ¥41,200 million will be carried out in February 2014 from a qualified institutional investor per the stipulations of Article 2-3-1 of Japan's Financial Instruments and Exchange Act and that the proceeds obtained from the issuance of new investment units (up to 32,500 units) through the third-party allotment noted in "Investment units" below will be used to repay a portion of these borrowings during the fiscal period ending August 31, 2014 (1st Fiscal Period).</li> <li>• The LTV as at the end of the fiscal period ending August 31, 2014 (1st Fiscal Period) is expected to be approximately 35%.</li> <li>• The LTV has been calculated according to the following formula:  <math display="block">\text{LTV} = \text{Total interest-bearing liabilities} \div \text{Total assets} \times 100</math> </li> <li>• The LTV may fluctuate based on the issuance price of the new investment units being issued.</li> </ul>
Investment units	<ul style="list-style-type: none"> <li>• It is assumed that in addition to the 2,000 units currently outstanding as of today, all of the new investment units planned for issuance, totaling 650,000 units, will be issued as planned through public offering of new investment units totaling 617,500 units and third-party allotment of investment units totaling 32,500 units as decided at the board of directors' meeting held today.</li> <li>• It is assumed that, excluding the above, there will be no changes in the number of investment units due to the new issuance of units until the end of the fiscal period ending February 28, 2015 (2nd fiscal period).</li> <li>• The distribution per unit for the fiscal period ending August 31, 2014 (1st Fiscal Period) and the fiscal period ending February 28, 2015 (2nd Fiscal Period) has been calculated based on the forecast number of investment units to be issued (652,000 units) for each operating period, including those new investment units being solicited this time.</li> </ul>
Cash distribution per unit (excluding distribution in excess of net income)	<ul style="list-style-type: none"> <li>• Cash distribution per unit (excluding distribution in excess of earnings) is calculated in accordance with the distribution policy stipulated in the SIA REIT's Articles of Incorporation.</li> <li>• Cash distribution per unit (excluding distribution in excess of earnings) is subject to change based on a variety of factors, including fluctuations in rental revenue caused by the relocation of tenants or transfer of assets</li> </ul>

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	under management or occurrence of unforeseen repairs.
Cash distribution per unit in excess of net income	<ul style="list-style-type: none"> <li>• There are no plans at this time to distribute excess of net income.</li> </ul>
Other	<ul style="list-style-type: none"> <li>• It is assumed that no revisions that impact these forecasts will be made to law and legislations, tax systems, accounting standards, listing rules and/or the rules of The Investment Trusts Association, Japan.</li> <li>• It is assumed that no significant unforeseeable changes will occur in economic trends or the real estate market.</li> </ul>

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