

HULIC REIT, INC.

Translation Purpose Only

August 30, 2016

To All Concerned Parties

Name of REIT Issuer:
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Notice concerning the Acquisition of Property

TOKYO, August 30, 2016 – 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 acquire the property listed below (hereinafter individually or collectively referred to as the “Property”).

Since the counterparty to the acquisition of the Property is an Interested Person, etc. (defined below) of Hulic Reit Management, and is an interested party according to Hulic Reit Management’s Regulations on Transactions with Interested Parties, concerning the acquisition, the necessary procedures stipulated in the Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended; hereinafter referred to as the “Act”) and Hulic Reit Management’s internal policies (including Regulations on Transactions with Interested Parties) have been completed.

1. Overview of the acquisition

(1) Category	(2) Property name	(3) Location	(4) Assets planned for acquisition	(5) Anticipated acquisition price (Millions of yen) (Note 1)	(6) Seller
Tokyo Commercial Properties					
Office properties	Hulic Toranomom Building (Additional Acquisition)	Minato-ku, Tokyo	Real estate trust beneficiary rights (Note 2)	5,570	Hulic Co., Ltd. (Note 3)
Next Generation Assets					
Private nursing homes	Trust Garden Tokiwamatsu	Shibuya-ku, Tokyo	Real estate trust beneficiary rights	3,030	Hulic Co., Ltd. (Note 3)
Total		—	—	8,600	—

- (7) Date of purchase and sale agreement : August 30, 2016
(8) Anticipated acquisition date (Note 4) : September 1, 2016
(9) Acquisition funds : Borrowings (Note 5) and cash on hand
(10) 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. It is an additional acquisition worth 30% of quasi-co-ownership interest. The total ownership interest (owned by Hulic Reit) combined with the quasi-co-ownership interest worth 70% Hulic Reit acquired on December 25, 2015 (hereinafter referred to as the “previously owned interest” for the property) will be 100% (whole ownership interest).
3. Hulic Co., Ltd. is an Interested Person, etc. (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)) of Hulic Reit Management, and is an interested party according to Hulic Reit Management’s Regulations on Transactions with Interested Parties.
4. “Anticipated acquisition date” is the anticipated date of acquisition stated in the relevant purchase and sale agreement.
5. For details, please refer to “Notice concerning the Borrowing of Funds” announced today.

2. Reason for acquisition

In accordance with the basic policies of Hulic Reit, the purpose to acquire the Property is to improve the portfolio. Hulic Reit Management assessed the each property based on the following factors.

Hulic Toranomom Building (Additional Acquisition)

1) Characteristics of the location

The Property is located within one minute walking distance from Toranomom Station on the Tokyo Metro Ginza Line on Sotobori Dori street. It is in a highly convenient location for public transport; in addition to the closest station, it is four minutes’ walk to Kasumigaseki Station on the Tokyo Metro Chiyoda Line, the Hibiya Line, and the Marunouchi Line, five minutes’ walk to Uchisaiwaicho Station on the Toei Mita Subway Line, and in walking distance to Shimbashi Station on the JR Yamanote Line, among others.

The Toranomom area lies close to the Kasumigaseki area, which is central to the Japanese government, and has long been a concentration point for companies related to government offices, peripheral organizations, and professionals. Meanwhile, with the recent completion of Toranomom Hills, several large-scale redevelopment plans have taken shape following in its wake, helping to promote upgraded urban functions. The area is highly competitive as an office area.

2) Characteristics of the property

The Property is a relatively new office building completed in May 2015 with 11 floors above ground and 1 below; the 1st and 2nd floors are designed for retail shops and offices, and the 3rd and higher floors are for offices. With a total floor space of approximately 12,100 m² and a standard floor space of approximately 865 m², the building is not large in scale, however it has a floor plate size for which there is strong tenant demand in central Tokyo.

Basic specifications include a ceiling height of 2,800 mm, a raised floor of 100 mm, and a floor loading weight of 500 kg/m² (800 kg/m² in heavy duty zones), specifications that exceed the modern standard for office buildings. Moreover, to ensure continued office functionality in the event of a disaster, the office is built with a seismically isolated structure and has emergency power generators capable of providing emergency power for approximately 72 hours.

Another feature of the building is that it has outstanding environmental performance, with advanced natural ventilation and natural lighting systems that utilize the wind and sunlight, thereby achieving reductions in utilities costs and CO2 emissions. The Property received the “Five Stars” certification, the highest rank of DBJ Green Building Certification System as a building with the best class, exceptional environmental and social awareness in Japan.

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The Property site is adjacent to a main road (Sotobori Dori) and has a wide entranceway, making a striking façade. Together with the above specifications and environmental performance, these features make it a highly desirable property.

Trust Garden Tokiwamatsu

1) Characteristics of the location

The Property is located in a quiet area having universities, temples and residences around, 13 minutes' walk to Omote-sando Station on the Tokyo Metro Ginza Line, the Chiyoda Line, and the Hanzomon Line. In addition, Shibuya Station, a station of nine lines operated by JR and three other operators, is also located at roughly the same distance as that from the closest station, 14 minutes' walk away from the Property.

The area surrounding the Property is known for its former name of the area, Tokiwamatsu. In the Edo period, there were *daimyo yashiki* or feudal lords' residences in the area and the quiet environment as a residential area on an elevated site has been long maintained. Today, it has been developed into an academic district too with Kokugakuin University and other schools located, while maintaining its atmosphere as prestigious residential area nestled along greens that create life-enriching landscape.

2) Characteristics of the property

The Property is a newly built nursing home completed in January 2016 with 6 floors above ground and 1 below; the floor below ground is for bathrooms and a beautician; the 1st floor is for an entrance lounge, a dining space (for self-reliant residents), and a rehabilitation room; the 2nd to the 4th floors are for residents' rooms, a dining space, and a helper station; the 5th floor is for residents' rooms, a lounge, and a helper station; and the 6th floor is for residents' rooms and small kitchens. With a total floor space of approximately 2,874.58 m² and 50 residents' rooms, it is a medium scale facility for this purpose of use.

Specifications include wheelchair accessible barrier-free and broader hallway designs; it also has environmentally conscious performance with facilities designed to contribute to energy saving and reduction of CO2 emissions such as LED lighting installed in the entire building and power supply in common areas using solar power generation and storage battery system for emergency, and also water saving achieved with a rainwater utilization system.

The beige-based design at the façade harmonizes well with the surrounding area, and a lounge and a carriage porch facing a green-filled garden create a luxury-looking external view as a prestigious facility.

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3. Overview of the Properties

Hulic Toranomon Building (Additional Acquisition) (Note 1)

Specified assets category		Real estate trust beneficiary rights
Anticipated acquisition price		5,570 million yen
Trustee		Mizuho Trust & Banking Co., Ltd.
Date trust initiated		March 30, 2005
Expiration date of trust period		September 30, 2026
Nearest station		One-minute walk from Toranomon Station, Tokyo Metro Ginza Line
Address (domicile)		1-1-18 Toranomon, Minato-ku, Tokyo
Land	Lot number	1-108-3 Toranomon, Minato-ku, Tokyo, etc.
	Building-to-land ratio	100% (Note 2)
	Floor-area ratio	800%
	Zoning	Commercial area
	Site area	1,348.17 m ² (Note 3)
	Type of ownership	Proprietary ownership (quasi-co-ownership interest of 30%) (Note 4)
Building	Completed	May 2015
	Construction	Steel structure
	Number of floors	B1/F11
	Use	Office and store space
	Total floor space	12,094.79 m ² (Note 5)
	Number of parking spaces	40 (Note 6)
	Type of ownership	Proprietary ownership (quasi-co-ownership interest of 30%) (Note 4)
Collateral		None
PM company		Hulic Co., Ltd. (Note 7)
Master lease company		Hulic Co., Ltd. (Note 7)
Appraisal value (As of)		6,180 million yen (Note 8) (August 1, 2016)
Appraisal company		Japan Real Estate Institute
PML value		0.31% (Note 9)
Details of Tenant (Note 10)		
	Total leased floor space	2,572.39 m ² (Note 11)
	Total leasable floor space	2,572.39 m ² (Note 11)
	Occupancy rate	100.0%
	Main tenant	RETAIL SYSTEM SERVICE CO., LTD.
	Total number of tenants	10
	Total lease income (annualized)	271 million yen (Note 11) (Note 12)
	Lease and guarantee deposits	176 million yen (Note 11) (Note 13)
Special remarks		None

Notes:

1. Details are as of the anticipated acquisition date, confirmed as of August 30, 2016.
2. 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%.
3. Based on the entry in the property registry. The actual status may differ in some cases. Moreover, the site area of the entire building is listed.
4. Hulic Reit acquired 70% of quasi-co-ownership interest in this property on December 25, 2015. With the additional acquisition through this transaction, the ownership interest owned by Hulic Reit will total 100%

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(whole ownership interest). Please refer to “Notice concerning the Acquisition and Leasing of Property” released on December 22, 2015 for more detail about the previously owned interest.

5. Based on the entry in the property registry. Moreover, the total floor space of the entire building is listed.
6. The number of parking spaces secured in the entire site (including parking spaces inside the building) is listed.
7. Hulic Co., Ltd. is an Interested Person, etc. of Hulic Reit Management, and is an interested party according to Hulic Reit Management’s Regulations on Transactions with Interested Parties.
8. The value corresponds to the quasi-co-ownership interest to be additionally acquired by Hulic Reit.
9. The figure is based on the earthquake PML appraisal report by Sampo Risk Management & Health Care Inc.
10. 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.”
11. The figure corresponds to the quasi-co-ownership interest to be additionally acquired by Hulic Reit.
12. 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 which 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.
13. Estimated the value equivalent to quasi-co-ownership interest to be additionally acquired by Hulic Reit based on the total amount on the book value of previously owned interest recognized as lease and guarantee deposits as of June 30, 2016, rounded to the nearest millions of yen.

Trust Garden Tokiwamatsu (Note 1)

Specified assets category	Real estate trust beneficiary rights	
Anticipated acquisition price	3,030 million yen	
Trustee	Mizuho Trust & Banking Co., Ltd.	
Date trust initiated	September 1, 2016	
Expiration date of trust period	September 30, 2026	
Nearest station	13-minute walk from Omote-sando Station, which can be reached by the Tokyo Metro Ginza Line and other lines	
Address (domicile)	4-4-10 Higashi, Shibuya-ku, Tokyo	
Land	Lot number	4-101-34 Higashi, Shibuya-ku, Tokyo
	Building-to-land ratio	60%
	Floor-area ratio	300%
	Zoning	Category II medium-to-high-rise exclusive residential zone
	Site area	976.76 m ² (Note 2)
	Type of ownership	Proprietary ownership
Building	Completed	January 2016
	Construction	RC
	Number of floors	B1/F6
	Use	Nursing home
	Total floor space	2,874.58 m ² (Note 3)
	Number of parking spaces	None
	Type of ownership	Proprietary ownership
Collateral	None	
PM company	Hulic Co., Ltd. (Anticipated) (Note 4)	
Master lease company	Hulic Co., Ltd. (Anticipated) (Note 4)	
Operator	Trust Garden Co., Ltd. (Note 5)	
Backup operator	None	
Appraisal value	3,230 million yen	

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(As of)	(August 1, 2016)
Appraisal company	Japan Real Estate Institute
PML value	6.13% (Note 6)
Details of Tenant (Note 7)	
Total leased floor space	2,893.82 m ²
Total leasable floor space	2,893.82 m ²
Occupancy rate	100.0%
Main tenant	Trust Garden Co., Ltd. (Note 8)
Total number of tenants	1
Total lease income (annualized)	Undisclosed (Note 9)
Lease and guarantee deposits	Undisclosed (Note 9)
Special remarks	None

Notes:

1. Details are as of the anticipated acquisition date, confirmed as of August 30, 2016.
2. Based on the entry in the property registry. The actual status may differ in some cases.
3. Based on the entry in the property registry.
4. Hulic Co., Ltd. is an Interested Person, etc. of Hulic Reit Management, and is an interested party according to Hulic Reit Management's Regulations on Transactions with Interested Parties.
5. The nursing care provider to operate a private nursing home is listed.
6. The figure is based on the earthquake PML appraisal report by Sampo Risk Management & Health Care Inc.
7. 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 and total number of tenants of the end-tenants subleased by the master lease company are indicated in the "Details of Tenant."
8. Overview of the lease agreement with the end-tenant is as follows:

Form of agreement: Ordinary building lease agreement for the purpose of operating a private nursing home

Period: March 1, 2016 to February 29, 2036

Revision of rent: The rent of the Property shall not be revised in principle.

Renewal of agreement: The agreement shall be renewed for another period of three years under the same terms and conditions effective at the expiration date of the aforesaid agreement, unless the lessor or the lessee expresses its intent not to renew the agreement to the other party at least 6 months prior to the expiration date of the agreement, and the same shall apply thereafter.

Termination: The lessor and the lessee may not terminate the agreement for 10 years from the start of the leasehold period. After the lapse of the period however, either party may terminate the agreement by notifying the other party of its intent to terminate the agreement in writing at least one year prior to the expiry. When the agreement is terminated before the expiry of the leasehold period above, the lessee shall pay an amount of the total operating expense of the Property divided by the number of months under the agreement and multiplied by the remaining number of months through the above expiration date as a compensation for damage.
9. Total lease income (annualized) and lease and guarantee deposits are not disclosed because consent to disclosure is not obtained from end-tenants, etc.

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Status of tenants/outline of facility (Date of Preparation in Property Disclosure Statement : August 1, 2016)			
Facility type	Assisted-living (general type)	Established on	April 1, 2016
Legal ownership status of residence	User right system	Number of residents' rooms (rooms)	50
Range of resident's room areas (m ²)	20.19 to 49.53	Capacity (people)	55
Requirements for admission	Self-reliant/Assistance-required/Care-required	Number of residents (people)	20
Average age of residents (years old)	–	Occupancy rate	36.4%
Fee payment plan	One-time payment type	Monthly payment type	
	Admission one-time fee (yen)	21,300,000 to 106,600,000	–
	Monthly fee (yen)	270,000 to 547,560	715,000 to 1,659,560
Nursing care staff structure	Minimum 2: 1	Night-shift staff structure (Minimum headcount)	Minimum 1 care staff Minimum 1 nursing staff

4. Overview of the Operator

Trust Garden Tokiwamatsu

Trade name	Trust Garden Co., Ltd.
Location	6F, Resorttrust Tokyo Bldg., 4-36-19, Yoyogi, Shibuya-ku, Tokyo
Name and title of representative	Ariyoshi Fushimi, President
Primary business lines	Operation of assisted-living private nursing home
Business overview	Trust Garden is a wholly owned subsidiary of Resorttrust, Inc. (listed in the First Section of the Tokyo Stock Exchange and the First Section of the Nagoya Stock Exchange), operator of membership resort hotel business and medical business among others, and operates facilities for assisted-living private nursing homes mainly under the Trust Garden brand.
Paid-in capital	50 million yen (as of July 31, 2016)
Date of establishment	August 6, 2007
Number of facilities in operation	11 (as of July 31, 2016)
Number of residents' rooms in operation	794 (as of July 31, 2016)
Net sales	5,185 million yen (as of March 31, 2016)
Ordinary income	162 million yen (as of March 31, 2016)
Relationship with Hulic Reit and Hulic Reit Management	
Capital relationship	There are no significant capital relationships among Hulic Reit, Hulic Reit Management and Trust Garden. There are no significant capital relationships between the related persons or affiliates of Hulic Reit and Hulic Reit Management, and Trust Garden.
Personnel relationship	There are no significant personnel relationships among Hulic Reit, Hulic Reit Management and Trust Garden. There are no significant personnel relationships between the related persons or affiliates of Hulic Reit and Hulic Reit Management, and Trust Garden.
Transactional relationship	Trust Garden is an end-tenant and operator of the asset held by Hulic Reit and has concluded a building lease agreement with a master lease company (Hulic Co., Ltd.).
Status as a related party	Trust Garden does not fall under a related party of Hulic Reit or Hulic Reit Management. Related persons or affiliates of Trust Garden do not fall under related parties of Hulic Reit or Hulic Reit Management.

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5. Overview of the counterparty of the acquisition

Hulic Toranomom Building (Additional Acquisition) and Trust Garden Tokiwamatsu

Trade name	Hulic Co., Ltd.
Location	7-3 Nihonbashi Odenma-cho, Chuo-ku, Tokyo
Name and title of representative	Manabu Yoshidome, President, Representative Director and Chief Executive Officer
Primary business lines	Holding, lease, purchase and sale of real estate and brokerage services
Paid-in capital	62,657 million yen (as of June 30, 2016)
Date of establishment	March 26, 1957
Net assets	319,051 million yen (as of June 30, 2016)
Total assets	1,121,985 million yen (as of June 30, 2016)
Major shareholders and ownership	Meiji Yasuda Life Insurance Company (7.18%), Sompo Japan Nipponkoa Insurance Inc. (7.17%), Tokyo Tatemono Co., Ltd. (6.31%) (as of June 30, 2016)
Relationship with Hulic Reit and Hulic Reit Management	
Capital relationship	As of today, Hulic Co., Ltd. holds approximately 11.6% of the total number of investment units issued of Hulic Reit. Hulic Co., Ltd. is the parent company (100% investment ratio) of Hulic Reit Management, and is therefore an Interested Person, etc. of Hulic Reit Management.
Personnel relationship	As of today, certain employees of Hulic Reit Management were on secondment from Hulic Co., Ltd.
Transactional relationship	Hulic Reit acquired one property (12,740 million yen) in the fiscal period ended February 29, 2016 and three properties (31,852 million yen) in the fiscal period ended August 31, 2016 from 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, etc. of Hulic Reit Management.

6. Status of the property acquirer

Property acquisition from a person that has special interests is as follows. In the table below, (i) the company name/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 (assignment) price Acquisition (assignment) date	(i), (ii), (iii) Acquisition (assignment) price Acquisition (assignment) date
Hulic Toranomom Building (Additional Acquisition) (1-1-18, Toranomom, Minato-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 that has special interests
	—	—
	—	—
Trust Garden Tokiwamatsu (4-4-10, Higashi, Shibuya-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 that has special interests
	—	—
	—	—

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7. Overview of intermediary

Not applicable.

8. Acquisition schedule

Property name	Acquisition decision date	Date of purchase and sale agreement	Anticipated payment date	Anticipated acquisition date
Hulic Toranomon Building (Additional Acquisition)	August 30, 2016	August 30, 2016	September 1, 2016	September 1, 2016
Trust Garden Tokiwamatsu				

9. Future outlook

The impact of the acquisition of the Property on the outlook for the financial results for the fiscal period ending August 31, 2016 (March 1, 2016 to August 31, 2016) and the fiscal period ending February 28, 2017 (September 1, 2016 to February 28, 2017) will be minor, and there will be no change in the forecasts of financial results for the fiscal period ending August 31, 2016 and the fiscal period ending February 28, 2017.

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10. Summary of Appraisal Report

Hulic Toranomon Building (Additional Acquisition)

Appraisal value	6,180 million yen (Note 1)
Appraiser	Japan Real Estate Institute
Date of valuation	August 1, 2016

(Millions of yen)

Item	Breakdown	Remarks
Appraisal value based on income method (Note 2)	20,600	Estimated by equally associating the appraisal values under the direct capitalization method and DCF method
Appraisal value based on direct capitalization method	20,800	
(1) Operating revenue	954	
Potential gross income	988	Estimated based on evaluation of appropriate rent levels deemed stable in the mid- and long-term
Losses from vacancy, etc.	34	Estimated on evaluation of stable occupancy rate level in the mid- and long-term
(2) Operating expenses	230	
Maintenance and management fee/PM fee (Note 3)	83	Estimated based on evaluation of medium- to long-term expenses by reference to actuals of the past fiscal years and the cost level of similar real property, and by taking into consideration the individuality of the real property
Utility expenses	35	Estimated based on actuals of the past fiscal years and by taking into consideration the occupancy rate, etc. for the leased space
Repair expenses	4	Estimated by reference to actuals of the past fiscal years and by taking into consideration future management and operation plan, the cost level of similar real property, and the average annual cost of repair and renewals in engineering reports, etc.
Tenant recruitment/solicitation expenses, etc.	6	Estimated based on evaluation of assumed tenant turnover rate
Taxes and public dues	101	Estimated in accordance with documents related to taxes and public dues
Insurance premium	0	Estimated by reference to the current insurance premium, premium rate of similar real property, etc.
Other expenses	1	
(3) Net operating income (NOI: (1) - (2))	724	
(4) Profit from security deposits	11	Estimated based on evaluation of lease deposit and investment return
(5) Capital expenditures	9	Estimated by taking into consideration capital expenditure level, age and average annual cost of repair works in engineering reports of similar real property
Net cash flow (NCF: (3) + (4) - (5))	726	
Cap rate	3.5%	Estimated by adding or subtracting the spread due to the individuality of the real property to the standard investment yield for the area
Appraisal value based on DCF method	20,300	
Discount rate	3.2%	Estimated by comprehensively considering the individuality of the real property by reference to investment yields of similar real property transactions, etc.

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Item	Breakdown	Remarks
Terminal cap rate	3.6%	Estimated by adding or subtracting the spread due to the individuality of the real property to the standard investment yield for the area, and considering future uncertainties and the investment yields of similar real property transactions
Appraisal value based on cost method (Note 2)	21,200	
Ratio of land	83.1%	
Ratio of building	16.9%	
Value of tenant-occupied building and its site (building and its site)	20,600	Appraisal value based on income method that reflects the profitability and investment return of the Property is used
Quasi-co-ownership interest	30.0%	
Appraisal value	6,180	

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

- The figure corresponds to the quasi-co-ownership interest (30%) to be additionally acquired by Hulic Reit.
- The figure for the appraisal value of the building and its site (entire) has been rounded to the nearest million yen (of which the portion to be additionally acquired by Hulic Reit corresponds to a quasi-co-ownership interest of 30%). The figure is not the revenue and expenses forecasted by the Hulic Reit or Hulic Reit Management.
- 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.

Trust Garden Tokiwamatsu

Appraisal value	3,230 million yen (Note 1)
Appraiser	Japan Real Estate Institute
Date of valuation	August 1, 2016

(Millions of yen)

Item	Breakdown	Remarks
Appraisal value based on income method (Note 2)	3,230	Estimated by equally associating the appraisal values under the direct capitalization method and the DCF method
Appraisal value based on direct capitalization method	3,270	
(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	

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Item	Breakdown	Remarks
(3) Net operating income (NOI: (1) - (2))	142	
(4) Profit from security deposits	2	Estimated based on evaluation of lease deposit and investment return
(5) Capital expenditures	2	Estimated by taking into consideration capital expenditure level, age and average annual cost of repair works in engineering reports of similar real property
Net cash flow (NCF: (3) + (4) - (5))	141	
Cap rate	4.3%	Estimated based on the standard yield of buildings and properties for similar use, by adjusting it with the spreads arising from location requirements, the standing of the building and other conditions, and by taking into consideration the cap rate, etc. of neighboring properties on the appraisal values as a reference
Appraisal value based on DCF method	3,180	
Discount rate	4.1%	Estimated based on the method of calculating the discount rate from comparisons with transaction cases of similar real properties and the method of calculating it by adding the individuality of the real property to the yields of financial assets, as well as by using results of real estate investor surveys as a reference
Terminal cap rate	4.5%	Estimated based on the cap rate as of the date of value estimate and by considering the uncertainties of the future as well as liquidity, marketability, etc.
Appraisal value based on cost method (Note 2)	2,980	
Ratio of land	70.2%	
Ratio of building	29.8%	

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. In addition, the appraiser appraised the value of the real estate by taking into consideration specificity of private nursing home as investment target (e.g., business operation risk such as risk of system reforms are associated; it is difficult to convert the purpose of use due to versatility of the building and social demand; stability and sustainability of rent revenue are dependent on the operator; market participants are limited and liquidity is relatively low), in addition to validity of the rent level, management capability of the lessee (operator), and details of the lease agreements by reference to financial status of individual tenants.
2. Being an appraisal value, it is rounded to the nearest millions of yen and is not the revenue and expenses forecasted by the Hulic Reit or Hulic Reit Management.
3. This appraisal uses actual values as a reference for which consent to disclosure is not obtained from end-tenants, etc. Because disclosing these values would damage the relationship of trust with end-tenants, etc., and because there is a risk of the long-term maintenance of lease agreements, etc., becoming more difficult, operating revenue and operating expenses are not disclosed.

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11. 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)
Hulic Toranomon Building (Additional Acquisition) (Note 3)	Tokyo Bldg-Tech Center Co., Ltd.	August 19, 2016	–	1
Trust Garden Tokiwamatsu	ERI SOLUTION CO., LTD.	August 19, 2016	–	3

Notes:

1. “Cost of urgent/short-term repairs” contains the cost of updating and repair works and urgent repairs generally required within one year as shown on the Building Inspection Report.
2. “Cost of long-term repairs” contains the average annual amount rounded to the nearest million yen for the costs appearing on the Building Inspection Report as updating and repair work forecast over next 12-year period.
3. “Cost of urgent/short-term repairs” and “Cost of long-term repairs” correspond to the quasi-co-ownership interest to be additionally acquired by Hulic Reit.

* This press release was distributed to:

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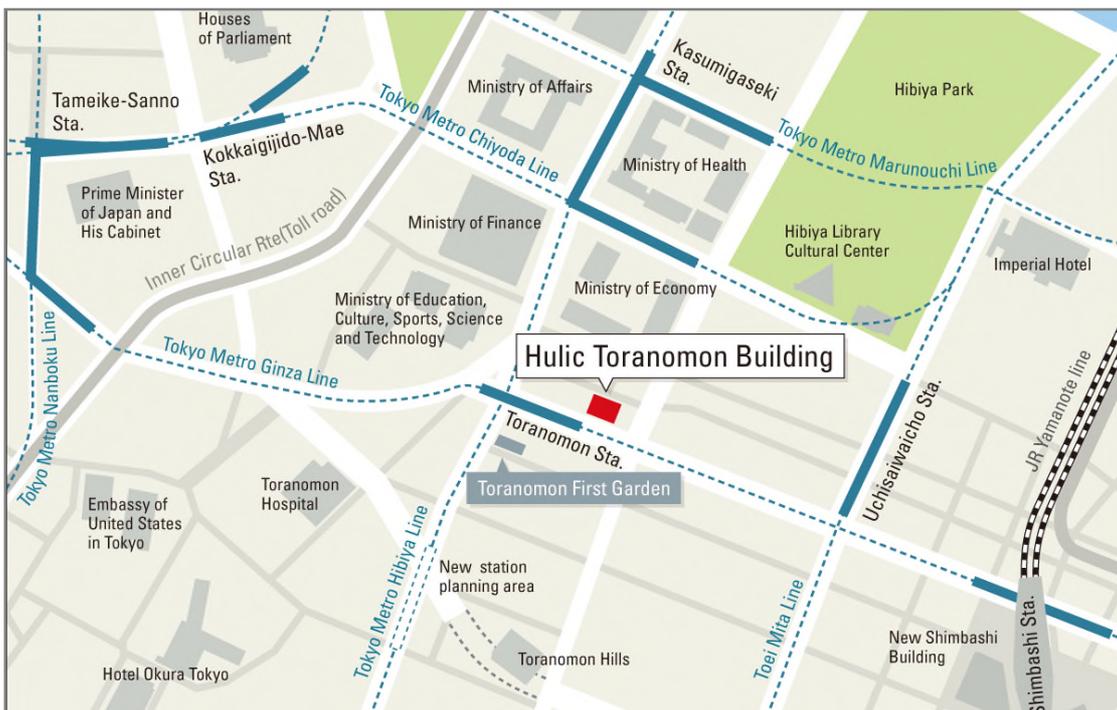
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Attachments

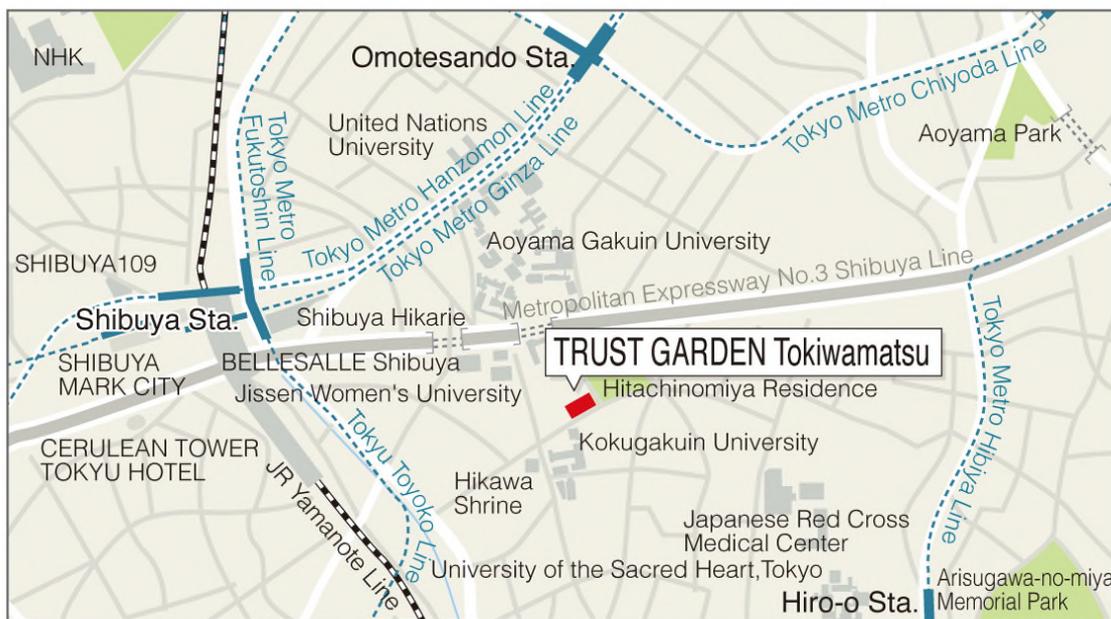
Reference Attachment 1	Map and Photo of the Property
Reference Attachment 2	Portfolio List after Acquiring the Property

Reference Attachment 1 Map and Photo of the Property

Hulic Toranomon Building (Additional Acquisition)



Trust Garden Tokiwamatsu



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Reference Attachment 2 Portfolio List after Acquiring 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)	(9.6%) (8.0%) Total 17.5% (Note 5)	February 7, 2014 March 15, 2016	
		Hulic Kudan Building (Land)	Chiyoda-ku, Tokyo	11,100	5.3%	February 7, 2014
		Toranomon First Garden	Minato-ku, Tokyo	8,623 (Note 4)	4.1%	February 7, 2014
		Rapiros Roppongi	Minato-ku, Tokyo	5,160 (Note 4)	2.5%	February 7, 2014
		Hulic Takadanobaba Building	Toshima-ku, Tokyo	3,900	1.9%	February 7, 2014
		Hulic Kanda Building	Chiyoda-ku, Tokyo	3,780	1.8%	February 7, 2014
		Hulic Kandabashi Building	Chiyoda-ku, Tokyo	2,500	1.2%	February 7, 2014
		Hulic Kakigaracho Building	Chuo-ku, Tokyo	2,210	1.1%	February 7, 2014
		Ochanomizu Sola City	Chiyoda-ku, Tokyo	22,854 (Note 4)	10.9%	November 7, 2014
		Hulic Higashi Ueno 1 Chome Building	Taito-ku, Tokyo	2,670	1.3%	October 16, 2014
		Sasazuka South Building	Shibuya-ku, Tokyo	2,100 (Note 4)	1.0%	March 9, 2015
		Tokyo Nishi Ikebukuro Building	Toshima-ku, Tokyo	1,580 (Note 4)	0.8%	March 31, 2015
		Gate City Ohsaki	Shinagawa-ku, Tokyo	4,370 (Note 4)	2.1%	April 16, 2015
		Hulic Toranomon Building	Minato-ku, Tokyo	(12,740) (5,570) Total 18,310 (Note 4) (Note 5)	(6.1%) (2.7%) Total 8.7% (Note 5)	December 25, 2015 September 1, 2016
	Subtotal	–	125,907	60.1%	–	
	Retail properties	Oimachi Redevelopment Building (#2)	Shinagawa-ku, Tokyo	9,456	4.5%	February 7, 2014
		Oimachi Redevelopment Building (#1)	Shinagawa-ku, Tokyo	6,166 (Note 4)	2.9%	February 7, 2014
		Dining Square Akihabara Building	Chiyoda-ku, Tokyo	3,200	1.5%	February 7, 2014
		Hulic Jingumae Building	Shibuya-ku, Tokyo	2,660	1.3%	February 7, 2014
Hulic Shinjuku 3 Chome Building		Shinjuku-ku, Tokyo	5,550	2.7%	October 16, 2014	
Yokohama Yamashitacho Building		Yokohama-shi, Kanagawa	4,850	2.3%	October 16, 2014	
Leaf Minatomirai (Land)		Yokohama-shi, Kanagawa	11,700	5.6%	March 30, 2016	

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Category	Property name	Location	(Anticipated) Acquisition price (Millions of yen) (Note 1)	Investment ratio (%) (Note 2)	(Anticipated) Acquisition date (Note 3)	
	Orchid Square	Chiyoda-ku, Tokyo	3,502	1.7%	March 30, 2016	
	Subtotal	–	47,084	22.5%	–	
	Total	–	172,991	82.6%	–	
Next Generation Assets	Private nursing homes	Aria Matsubara	Setagaya-ku, Tokyo	3,244	1.5%	February 7, 2014
		Trust Garden Youganomori	Setagaya-ku, Tokyo	5,390	2.6%	February 7, 2014
		Trust Garden Sakurashinmachi	Setagaya-ku, Tokyo	2,850	1.4%	February 7, 2014
		Trust Garden Suginami Miyamae	Suginami-ku, Tokyo	2,760	1.3%	February 7, 2014
		Trust Garden Tokiwamatsu	Shibuya-ku, Tokyo	3,030	1.4%	September 1, 2016
		Subtotal	–	17,274	8.2%	–
	Network centers	Ikebukuro Network Center	Toshima-ku, Tokyo	4,570	2.2%	February 7, 2014
		Tabata Network Center	Kita-ku, Tokyo	1,355	0.6%	February 7, 2014
		Hiroshima Network Center	Hiroshima-shi, Hiroshima	1,080	0.5%	February 7, 2014
		Atsuta Network Center	Nagoya-shi, Aichi	1,015	0.5%	February 7, 2014
		Nagano Network Center	Nagano-shi, Nagano	305	0.1%	February 7, 2014
		Chiba Network Center	Inzai-shi, Chiba	7,060	3.4%	December 16, 2014
		Sapporo Network Center	Sapporo-shi, Hokkaido	2,510	1.2%	December 16, 2014
		Keihanna Network Center	Kizukawa-shi, Kyoto	1,250	0.6%	October 16, 2014
	Subtotal	–	19,145	9.1%	–	
Total	–	36,419	17.4%	–		
Total of the portfolio		–	209,410	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 stratified ownership interest or quasi-co-ownership interest owned by Hulic Reit in the properties.

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5. Regarding the properties to be additionally acquired (planned), the (anticipated) acquisition prices in respective acquisition dates and the investment ratios are indicated in parentheses respectively, and their total values at the bottom line.