

(1) Promotion of Energy Conservation and Climate Change Countermeasures

1. Basic Policy

Hulic Reit and Hulic REIT Management are working to reduce the carbon footprint for the entire portfolio to promote energy conservation and climate change countermeasures.

Environmental measures are promoted through investment and management operations by implementing a PDCA cycle of regular performance tracking, analysis and execution of measures to achieve reduction targets (KPI) for energy consumption and GHG emissions. Specifically, activities to raise awareness among tenants, utilization of renewable energy, introduction of energy-efficient facilities and equipment, and other efforts are made to reduce GHG emissions.

2. Awareness of Climate-Related Issues and Support for TCFD Recommendations

Hulic REIT Management recognizes that climate change is a critical issue causing dramatic changes in the natural environment and social structure that has a major impact on the company's management and its business as a whole. It believes that increasing the resilience of its business, particularly by identifying, assessing, and managing climate-related risks and opportunities, is indispensable to securing sustainable, stable profits for Hulic Reit in the long term.

Based on this mindset, Hulic REIT Management announced its support for the TCFD recommendations in July 2021, and both Hulic Reit and Hulic REIT Management are engaged in analyzing risks and opportunities resulting from adaptation to climate change and actively disclosing related initiatives based on the four areas proposed in the TCFD recommendations (governance, strategy, risk management, and metrics and targets).



3. Governance

Hulic REIT Management has established the governance structure shown below in its Climate Change and Resilience Policy for the purpose of handling climate change-related risks and opportunities involving Hulic Reit and Hulic REIT Management.

Internal Climate-Related Structure	
■ Climate-Related Issue Supervisor	: President & CEO (Sustainability Supervisor)
■ Executive Officer for Climate-Related Issue Planning:	General Manager of Finance and Planning Department (Executive Officer for Sustainability Planning)
■ Executive Officer for Climate-Related Issue Investment and Management	: General Manager of Asset Management Department (Executive Officer for Sustainability Investment and Management)
■ On the Sustainability Committee, the executive officers periodically report to the supervisor about matters concerning the handling of climate change, such as identifying and assessing the impact of climate change, managing risks and opportunities, the progress status of adaptation and mitigation initiatives, and establishing metrics and targets (KPIs). The supervisor makes decisions about various issues after they have been discussed and considered by the attendees of Sustainability Committee meetings.	
■ The Sustainability Committee reports at least once a year to the Board of Directors about matters discussed in relation to handling climate change, and it is supervised by the Board of Directors.	

In addition to the above, Hulic REIT Management has established an effective, reliable promotion structure by incorporating sustainability factors into annual performance assessments in the personnel reviews for all its officers and employees.

4. Strategy

Purpose of Scenario Analysis

Hulic Reit and Hulic REIT Management aim to reduce Hulic Reit's business-related risks, realize opportunities to create value, and ensure sustainable, stable profits in the long term by recognizing the impact of climate-related risks via scenario analysis and considering countermeasures for them.

Adopted Scenarios

To conduct the scenario analysis, we adopted a 1.5°C/2°C scenario, which assumes a transition to a decarbonized society, and a 4°C scenario, in which economic activities are prioritized.

■ 1.5°C/2°C Scenario

The 1.5°C/2°C scenario assumes a future in which social policies, emission restrictions, technological investments, etc. for the purpose of decarbonization will progress beyond the current level, with the aim of achieving the Paris Agreement's targets, and considers the Carbon Risk Real Estate Monitor (CRREM) 2 and 1.5 scenarios and the International Energy Agency (IEA) Sustainable Development Scenario and Beyond 2°C Scenario (B2DS).

Global Outlook in 1.5°C/2°C Scenario

As society undergoes transformation in the name of decarbonization, it will be necessary to improve the environmental performance of owned properties by converting to ZEB and introducing renewable energy

Socioeconomic Development Aimed at Realizing a Decarbonized/Low-Carbon Society

Governments	Investors	Technology	Customers	Nature
Introduction of low-carbon transition-related policies/regulations targeting companies, accompanied by the ability to enforce them	Companies' reduction of GHG emissions becomes a factor in investors' decisions	Renewable energy and decarbonizing technology become widespread	Set ambitious targets for GHG emissions reduction etc., and carbon-reduction needs accelerate	Natural disasters continue to grow more severe

Impact on Hulic Reit/Countermeasures

We have signed a sponsor support agreement with the sponsor who is proactively adopting environmentally friendly technologies when developing new properties or rebuilding existing ones, and given the trend toward accepting rent increases for office buildings with excellent environmental performance, we will increase the number of properties with green building certification and enhance our renewable energy and energy-saving initiatives, which may be expected to improve our competitive advantage within the industry

■ 4°C Scenario

The 4°C scenario assumes a future in which adequate climate change mitigation measures are not achieved, GHG emissions continue to increase, and physical risks due to climatic disasters increase significantly. It was considered while referring to the Intergovernmental Panel on Climate Change (IPCC)'s RCP 8.5 scenario.

Global Outlook in 4°C Scenario

As wind and flood damage risks grow, it will be necessary to increase properties' competitive advantage by enhancing disaster prevention and physical risk countermeasures

Increased Necessity for Social Adaptation Due to Growing Severity of Natural Disasters

Investors	Technology	Customers	Nature
Want companies to implement BCP measures due to concern about physical risks of disasters	Rapid progress in solutions aimed at adapting to climate change	Increased need for disaster countermeasures, such as BCP implementation	Increased economic damage due to growing severity of natural disasters, such as wind and water damage and temperature rises

Impact on Hulic Reit/Countermeasures

As wind and water damage risks grow, we will enhance disaster prevention (BCP implementation, etc.) and countermeasures for physical risks, which may be expected to improve our competitiveness within the industry

Identification of Risks/Opportunities and Financial Impacts Based on Scenario Analysis

In 2022, Hulic Reit and Hulic REIT Management conducted a scenario analysis of the financial impacts of Hulic Reit's climate-related risks and opportunities in both the 1.5°C /2°C scenario and 4°C scenario. The main climate-related risks and opportunities that were identified are shown below.

Main Risks/Opportunities			Impact on Business			Timeframe	Strategy (Countermeasures)
			Summary	1.5°C/2°C Scenario	4°C Scenario		
Transition risks	Policy and legal	Increased operating costs due to introduction of carbon tax	Taxes will be imposed based on our GHG emissions, increasing operating costs	Large	Large	Medium- to long-term	Pursuing initiatives aimed at reducing GHG emissions by adopting photovoltaic equipment, natural ventilation systems, and natural lighting systems
		Increased costs to adapt to the introduction of ZEB/environmental construction regulations	Adaptation costs will increase, such as converting to high-efficiency lighting when introducing ZEB	Medium	Small	Medium- to long-term	- Pursuing ZEB adaptation work - Reducing long-term utility costs
		Increased burden/penalty risks due to disclosure requirements/tighter regulations	Costs of implementing disclosure and certification expenses will increase due to tighter regulations	Small	Small	Medium- to long-term	- Strengthening compliance with climate change-related regulations - Strengthening initiative-related disclosure to stakeholders such as investors
	Reputation	Decreased competitiveness due to less favorable assessment from customers	Rental income will decrease due to tenants staying away from buildings with poor environmental performance	Large	Small	Short-term Medium- to long-term	- Improving the green building certification acquisition rate - Pursuing conversion to electricity from renewable energy
		Decreased competitiveness due to less favorable assessment from investors	As ESG investment becomes more mainstream, if our climate change response is slow, it will encourage environmentally conscious investors to avoid investing in us	Large	Small	Short-term Medium- to long-term	- Improving the green building certification acquisition rate - Pursuing initiatives aimed at reaching GHG emission reduction targets
Physical risks	Acute	Increased damage due to more severe wind and rain	If water damage occurs in buildings in high flood risk areas, asset values will decrease and substantial repair costs will be incurred	Small	Small	Medium- to long-term	- Enhancing BCP implementation - Considering wind and water damage risks when acquiring properties
	Chronic	Increased operating costs due to higher average temperatures	Due to rising average temperatures, A/C costs will increase, especially in summer	Small	Small	Medium- to long-term	Reducing utility costs by adopting photovoltaic equipment, natural ventilation systems, and greening systems
		Increased insurance premiums due to environmental changes	If climate change-related disasters in Japan continue to increase, insurance premiums will rise	Small	Small	Short-term Medium- to long-term	- Conducting periodic disaster risk assessments - Enhancing BCP implementation

Main Risks/Opportunities			Impact on Business			Timeframe	Strategy (Countermeasures)
			Summary	1.5°C/2°C Scenario	4°C Scenario		
Opportunities	Products and services	Increased demand for environmentally certified/low-carbon buildings and real estate	Rental income will increase due to increased demand for environmentally certified buildings and buildings with excellent environmental performance	Large	Small	Short-term Medium- to long-term	- Improving the green building certification acquisition rate - Promoting conversion to electricity from renewable energy sources
	Markets	Decreased financing costs due to obtaining favorable assessment from investors	It is possible that our own energy-saving activities will increase asset values and have a positive impact on financing costs due to being recognized by investors	Small	Small	Short-term Medium- to long-term	- Improving the green building certification acquisition rate - Promoting green finance
		Increased opportunities to use public-institution incentives	Subsidies will be issued by public institutions to promote the transition to ZEB. The promotion of green finance will also lead to more new investors.	Large	Large	Medium- to long-term	Promoting initiatives to keep us ahead of other companies in the field with regard to ZEB transition and green finance (timing, proportion of properties, total amount)
	Energy sources	Reduction of running costs due to introduction of energy-recycling/saving technologies	Running costs will decrease in the medium/long-term due to introduction of high-efficiency lighting and A/C	Large	Large	Short-term Medium- to long-term	Reducing long-term utility costs by introducing LED lighting, photovoltaic equipment, underground spring water, etc.

*Short-term = the next 3 years, medium-term = the next 10 years, long-term = the next 30 years

5. Risk Management

Hulic REIT Management has established the following management process for factors relating to main climate-related risks and opportunities that have been identified, and it is working to reduce said risks and realize said opportunities.

- The supervisor indicates main high-priority climate-related risks and opportunities that have been discussed by the Sustainability Committee to the applicable departments or staff and instructs them to formulate appropriate countermeasures.
- The countermeasures formulated by the designated departments or staff are implemented in accordance with the specified details, following discussion by the Sustainability Committee or other appropriate internal bodies such as various committees.
- The supervisor issues instructions so that main high-priority climate-related risks and opportunities discussed by the Sustainability Committee are considered in existing company-wide risk management programs, with the aim of consolidating risk identification, assessment, and management processes.

6. Metrics and Targets (KPI), and Performance

We have set targets (KPIs) for and monitor the performance of the following key indicators.

Hulic REIT Management reports the status of progress of KPIs to the Sustainability Committee at least once per year.

GHG Emissions

Target (KPI)

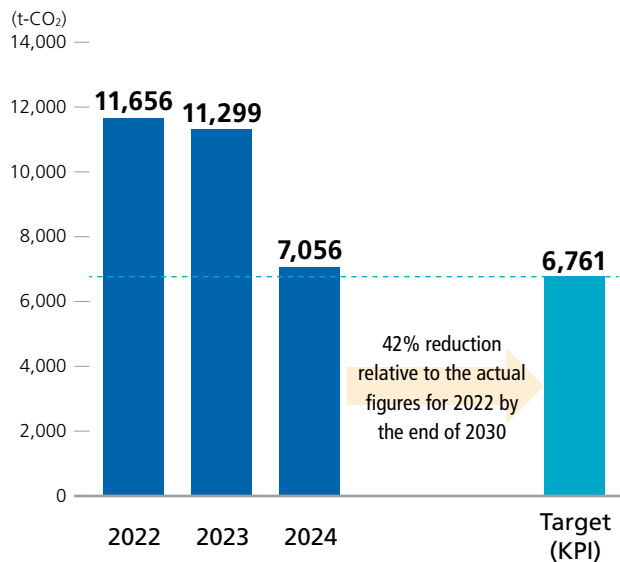
- The target (KPI) is reduction of total GHG emissions in Scope 1 and Scope 2 by 42% relative to the actual figures for 2022 by the end of 2030.
- The target (KPI) is reduction of total GHG emissions in Scope 3 by 25% relative to the actual figures for 2022 by the end of 2030.
- Net-zero by 2050 ^(Note)

(Note) Excludes properties for which we do not have energy management authority including master lease properties, residential parts of properties and non-managerial co-ownership properties, etc.

Actual Figures (Entire Portfolio) ^{(Note 1) (Note 2) (Note 3) (Note 4)} (Based on target (KPI))

■ GHG emissions ■ GHG emissions target (KPI)

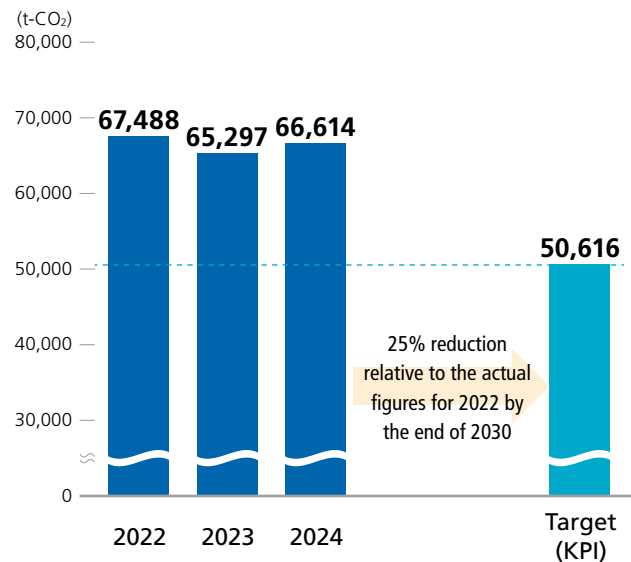
Scope1+2



Total GHG emissions reduction rate relative to 2022

Scope1+2 -39.5%

Scope3



Scope3 -1.3%

	2022	2023	2024
Scope 1 (fuel) (t-CO ₂)	10	143	✓430
Scope 2 (electricity/district heating and cooling) (t-CO ₂)	11,639	11,148	✓6,618
Scope 1+2 (t-CO ₂)	11,648	11,291	✓7,048
Scope 3 (indirect emission other than scope 2) (t-CO ₂)	67,322	65,133	66,450
Of which, category 13 (t-CO ₂) (Note 5)	59,935	58,092	✓58,831
Total emissions (t-CO ₂)	71,583	76,425	73,498
Total emissions (Scope 1+2+3 (category 13)) (t-CO ₂)	71,583	69,384	✓65,880
GHG emissions intensity (Scope 1+2+3 (category 13)) (t-CO ₂ /m ²)	0.17	0.16	✓0.15
Intensity calculation area (m ²)	419,353	426,528	435,692
Scope 1+2 (t-CO ₂) *Including estimated figures	11,656	11,299	7,056
Scope 3 (t-CO ₂) *Including estimated figures	67,488	65,297	66,614
Total emissions (t-CO ₂) *Including estimated figures	79,144	76,596	73,670

(Note 1) The following is the scope of subject properties for each year in the calculation. The same applies hereinafter.

- Subject properties are all properties owned by Hulic Reit (including properties acquired or sold during the period).
- For the properties for which Hulic REIT holds co-ownership, calculations are based on the figures equivalent to the co-ownership interest held by Hulic Reit during the holding period.

(Note 2) For the actual figures in 2024 (✓), limited assurance has been received from Ernst & Young ShinNihon LLC.

(Note 3) Due to the additional acquisition of the past data, etc., we have revised the GHG emission from 2022. Going forward, the past actual figures may be retroactively revised due to the revision of the scope of aggregation.

(Note 4) GHG emissions are calculated by multiplying energy consumption by the factor, etc. in accordance with the Ministry of the Environment's "GHG Emissions Accounting, Reporting and Disclosure System." GHG emissions in the table include estimated figures. (For the actual figures for which limited assurance has been received from Ernst & Young ShinNihon LLC, estimated figures are not included.)

(Note 5) Refers to emissions for the assets managed by tenants.

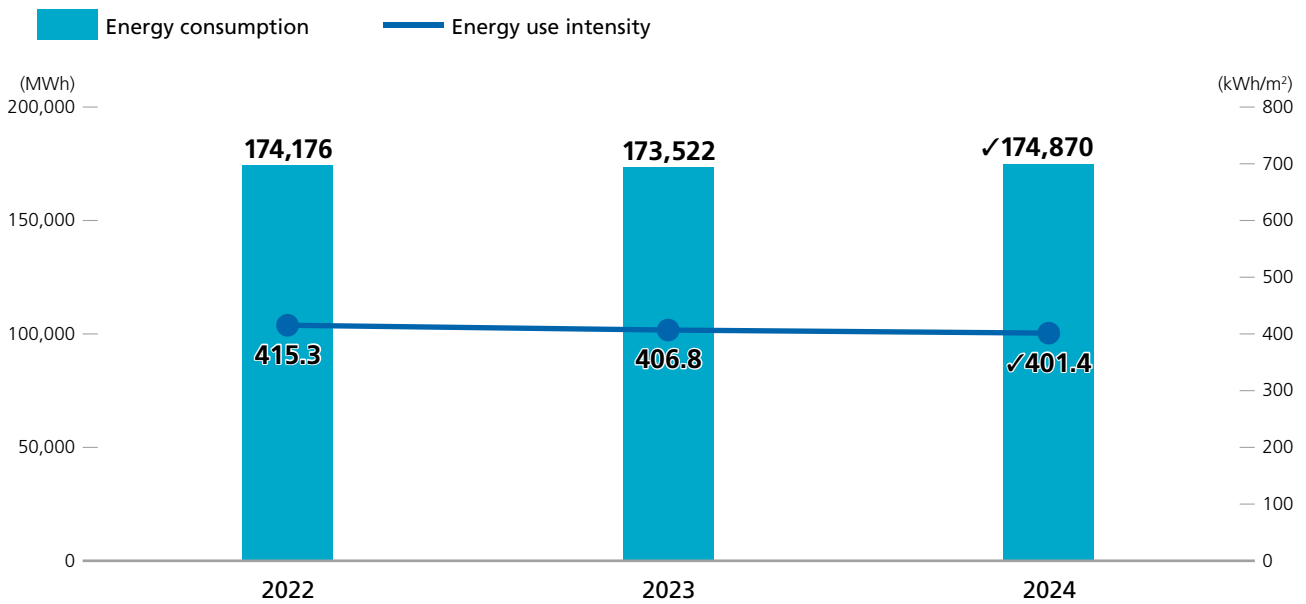
Energy Consumption

Target (KPI)

- The basic target (KPI) is reduction of average energy consumption intensity over the past five years for the entire portfolio by 1% or more (2022 as a benchmark ^(Note)).

(Note) If less than five years, it shall be the average of the applicable period.

Actual Figures (Entire Portfolio) ^{(Note 1) (Note 2) (Note 3)} (Based on target (KPI))



Annual average reduction rate of energy consumption intensity

-1.70%

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(Note 2) For the actual figures in 2024 (✓), limited assurance has been received from Ernst & Young ShinNihon LLC.

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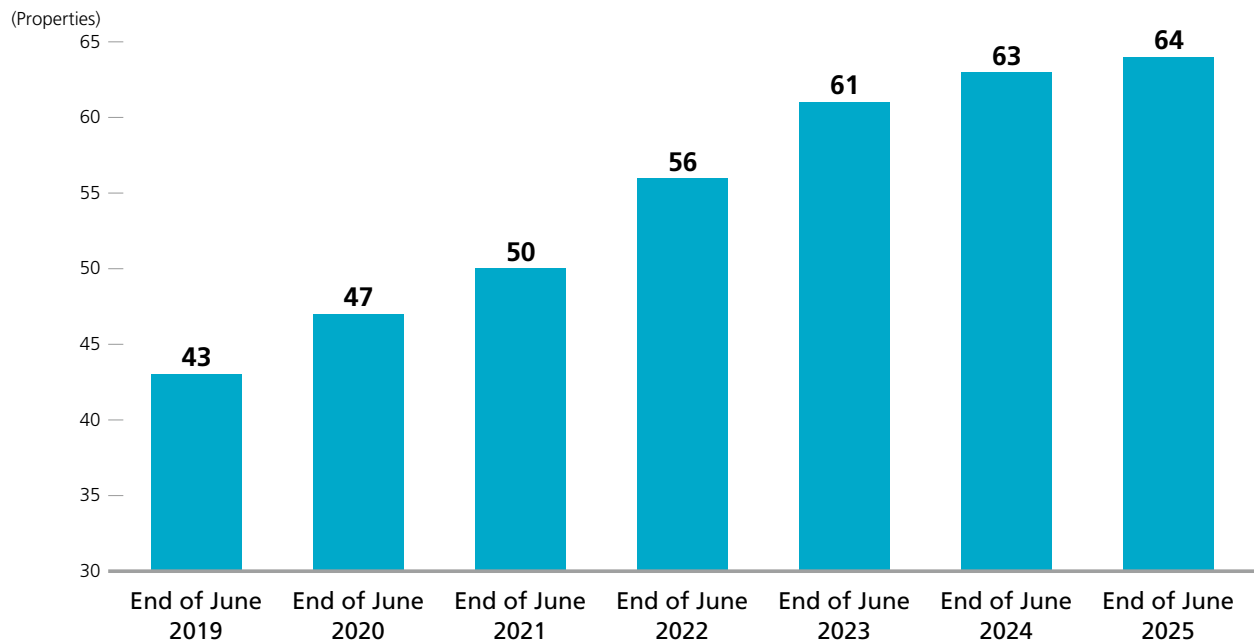
7. Key Utilization of Energy-Conservation and Power-Saving Equipment at Portfolio Properties

We are working to improve the energy efficiency of the portfolio through investment in and management of properties equipped with energy-conservation and power-saving equipment and such. The following are key examples.

Introduction of LED lighting

Hulic Reit and Hulic REIT Management are introducing LED lighting with the goal of reducing GHG emissions and meeting tenant needs. As of the end of June 2025, LED lighting has been introduced at 64 of the properties owned by Hulic Reit (properties where LED lighting has been partially or fully introduced at the exclusive floor area or common use area).

■ Change in Number of Properties That Have Introduced LED Lighting



Adoption of Photovoltaic Equipment

As of the end of June 2025, photovoltaic equipment has been installed at a total of 14 properties owned by Hulic Reit, and we are reducing buildings' lighting load through the use of renewable energy.



Ochanomizu Sola City



Hulic Asakusabashi Building



Hulic Hachioji Building



Charm Suite Shinjukutoyama



Charm Suite Shakujiikoen



Hulic Chofu

Actual Figures (Note 1) (Note 2)

	Power generation amount (kwh)
2024	91,836

Equivalent to an approximately 38.8 t (Note 3) annual reduction in the CO₂ emission amount

(Note 1) The following is the scope of subject properties in the calculation of actual figures.

- The period during which the property was owned by Hulic Reit (limited to properties for which data is available).
- For the properties that Hulic Reit holds under co-ownership, calculations are based on the figures equivalent to the co-ownership interest held by Hulic Reit.

(Note 2) The actual figures have been verified by a third-party organization.

(Note 3) This is calculated by multiplying the actual figure by the factor, etc. in accordance with the Ministry of the Environment's "GHG Emissions Accounting, Reporting and Disclosure System."

Introduction of Electricity from Renewable Energy Sources to Properties Owned

We have been switching sequentially to electricity from renewable energy sources at our properties and have introduced it at 30 properties as of the end of June 2025.

Introduction of energy consumption management system

We have introduced energy management tool "Building Energy Management System (BEMS)" to some properties held by Hulic Reit, and provide energy consumption to customers as well as verify consumption per day through the comparison with the same day of the previous year and comparison of temperature setting.



Energy management tool (Hulic Asakusabashi Building)

Effective Utilization of Subway Seep Water

HVAC system utilizing subway seep water

Ochanomizu Sola City utilizes subway seep water, using the water after filtration as a heat source for HVAC and then reusing within the site/building, thereby reducing tap water use.

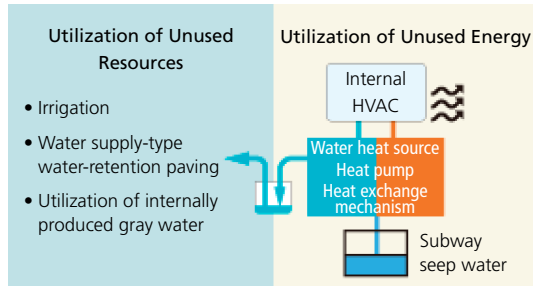


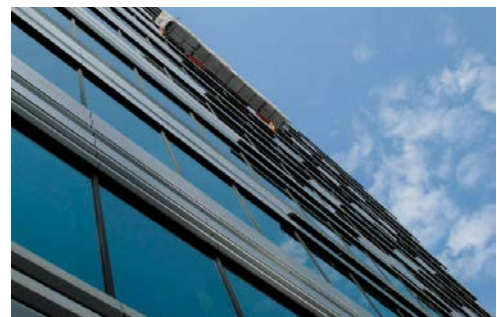
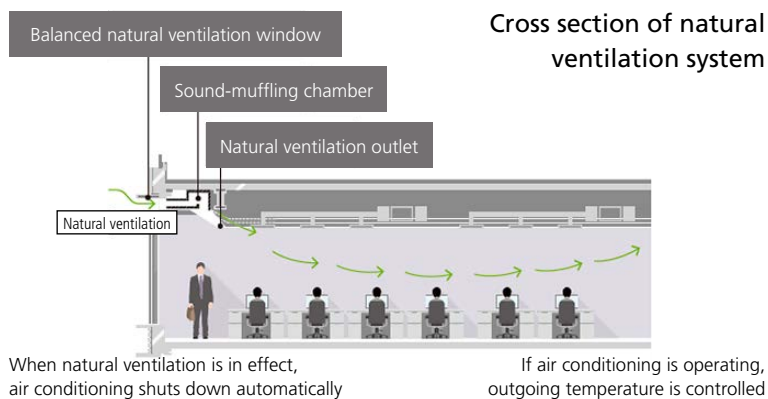
Diagram of System to utilize subway seep water



State of installation of subway seep water filtration system (Ochanomizu Sola City)

Adoption of Natural Ventilation System

If the load from HVAC can be lessened by making maximum use of natural energy, energy consumption can be curbed and GHG emissions reduced. Hulic Toranomon Building adopts a system that has been commercialized as a result of joint research between Hulic and the Massachusetts Institute of Technology (MIT) that involved meticulous simulation of the flow of air and other factors. Outside air is supplied from the upper part of sashes on each floor, realizing a pleasant indoor environment.



Natural ventilation system (Hulic Toranomon Building)

Adoption of Natural Lighting System

The natural lighting system is a system that can capture sunlight on the ceiling of rooms according to the changing seasons and times (orientation and elevation of the sun). Hulic Toranomon Building adopts the natural lighting film jointly developed with Sharp Corporation, reducing lighting power.



Natural lighting film (Hulic Toranomon Building)

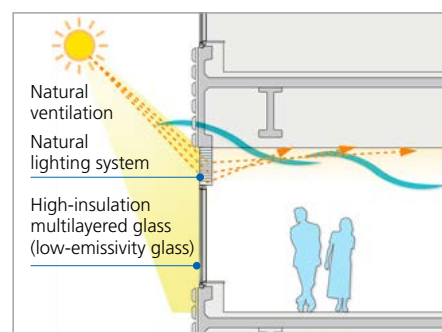


Illustration of natural lighting (Hulic Toranomon Building)

Adoption of Greening System

- Rooftop greening system to block direct sunlight and thereby reduce HVAC load



Hulic Toranomom Building



Toranomom First Garden

- Wall greening system to contribute to combating the heat island effect through transpiration



HULIC & New SHINBASHI



Hulic Asakusabashi Building



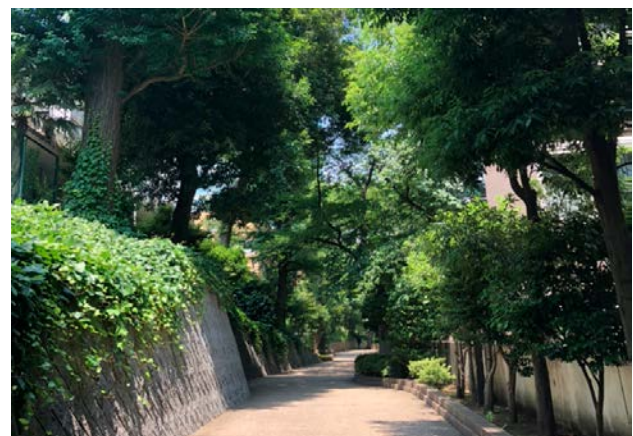
Hulic Shimura-sakaue

- Greening of facilities



Ochanomizu Sola City

Ochanomizu Sola City has achieved a site greening ratio of 45% through active planting of flora in the ground-level open space and on the rooftop.



Hulic Kamiyacho Building

A section of a green path leading to Roppongi-itchome Station from Kamiyacho Station has been developed on the premises to create a verdant pedestrian space.

8. Environmentally Friendly Initiatives

Collaborative Initiatives with Tenants

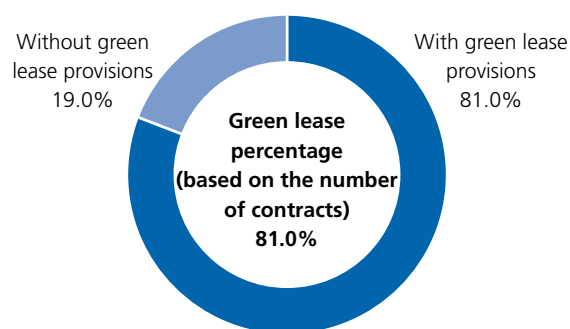
Green Lease Agreement

We are promoting the inclusion in lease contracts of green lease provisions agreeing to cooperate with tenants for energy conservation and environmental consideration in their leased space, aimed at ensuring that not only the shared spaces and facilities but the entire building is a green building.

Lease agreements incorporating the above provisions, etc., have been concluded with tenants of multiple properties owned by Hulic Reit, including Hulic Kamiyacho Building and Hulic Shibuya 1 Chome Building.

Of the newly signed leases at offices (office blocks) owned by Hulic Reit in the 21st fiscal period (fiscal period ended August 2024) and 22nd fiscal period (fiscal period ended February 2025), the percentage that incorporated green lease provisions was 81.0% (based on the number of contracts).

■ Green Lease Percentage for New Leases Signed in 21st and 22nd Fiscal Periods in Offices (Office Blocks) (Based on the Number of Contracts)



Collaborative Initiatives with Property Management Companies

Hulic REIT Management strives to share information about the operating conditions of portfolio properties and related issues through regular meetings with property management (PM) companies so that they can pursue initiatives aligned with the Sustainability Policy that it has formulated. Moreover, Hulic REIT Management is working together with PM companies and tenants to address environmental concerns through the promotion of green leases by the PM companies.

Assessment of Risks When Acquiring Properties

As part of due diligence when acquiring properties, we obtain an appraisal and engineering report and conduct an investigation to determine whether there is ground contamination and whether the property may contain harmful substances such as asbestos and PCB.