(4) Investment in Urban Areas (Initiatives on Urban Redevelopment and Urban Revitalization)

1. Investment in Urban Areas

Hulic Reit promotes initiatives on environmental consideration as well as contributes to the revitalization of local areas and communities through investments in properties in urban areas as follows.

Investment in Properties Developed Through Urban Redevelopment

Hulic Reit promotes environmental consideration as well as contributes to regional revitalization and improvement of convenience through the investment in and management of properties developed as a result of urban redevelopment (Note).

In urban redevelopments, development of blocks and advanced use of land are implemented, and safe and comfortable urban space with high disaster prevention performance is generated. In addition, environmental consideration as well as the creation of a bustling atmosphere of people and revitalization of local areas and communities are implemented with the establishment of green open spaces.

(Note) The development activities of J-REITs are limited by laws and regulations.

Example of properties owned by Hulic Reit and developed through urban redevelopment

Ochanomizu Sola City

Hulic Asakusabashi Building

Oimachi Redevelopment Building (#2)
Oimachi Redevelopment Building (#1)

Investment in Properties in Central Tokyo and Near Train Stations

"Office and Retail Properties," which is the core investment target of Hulic Reit, consists mainly of properties near train stations in the Tokyo metropolitan area and those located in bustling areas, and contributes to the reduction of GHG emissions with the promotion of the use of public transport and travel on foot.

Moreover, as for the office properties and retail properties owned by Hulic Reit as of the end of June 2025, 75.6% of them are located in the six central wards of Tokyo (Chiyoda, Chuo, Minato, Shinjuku, Shibuya and Shinagawa wards) where transportation infrastructure including trains are highly developed, and 93.2% of them are located within a five-minute walk from the nearest train station (both figures are based on acquisition price).

Investment in Existing Development Zones in Urban Areas

Hulic Reit utilizes existing infrastructures including electricity and tap water through investment in and management of properties located in existing urban districts.

In addition, it is possible to prevent urban sprawl (progress in disordered and unplanned urban development) as well as energy consumption caused by traffic and the development of existing green spaces.

2. Collaboration with Hulic Group

With the aim of contributing to the formation of a sustainable society, mitigating and avoiding the impacts of climate change, and achieving sustained growth by reducing GHG emissions and improving energy efficiency through its business activities, Hulic Reit's sponsor Hulic has formulated a Long-Term Vision for the Environment with a target year of 2050.

Hulic promotes environmentally friendly management to realize an ideal society of decarbonized and recycling-oriented society in 2050.

As part of its initiatives for the purpose of achieving its Long-Term Vision for the Environment, Hulic is promoting the proactive adoption of environmentally friendly technology such as natural lighting systems and natural ventilation systems in new development projects (including rebuilding of portfolio properties), while Hulic Reit is promoting the acquisition of eco-friendly development properties. The properties developed by Hulic and owned by Hulic Reit such as Ochanomizu Sola City, Hulic Toranomon Building, Hulic Asakusabashi Building, and Hulic Hachioji Building have adopted the environmentally friendly technologies promoted by Hulic.

Ochanomizu Sola City
(acquired in November 2014 and October 2016)

Hulic Toranomon Building
(acquired in December 2015 and September 2016)

Hulic Asakusabashi Building
(acquired in December 2019)

Hulic Hachioji Building
(acquired in October 2020)

To maximize medium- to long-term unitholder value, Hulic Reit aims to maintain and improve medium- to long-term income and achieve growth in the size and value of its assets under management by utilizing the support of the Hulic Group in aspects of both external growth and internal growth and utilizing the "asset circulation model"(Note) with Hulic.

(Note) The "asset circulation model" at Hulic Reit refers to a business model that enables portfolio properties to circulate between Hulic Reit and Hulic over the long term through Hulic rebuilding properties owned by Hulic Reit after a certain number of years and Hulic Reit acquiring properties owned by Hulic, including rebuilt properties, based on the right of first refusal.

Main Support Received From Sponsor - Asset Circulation Model -

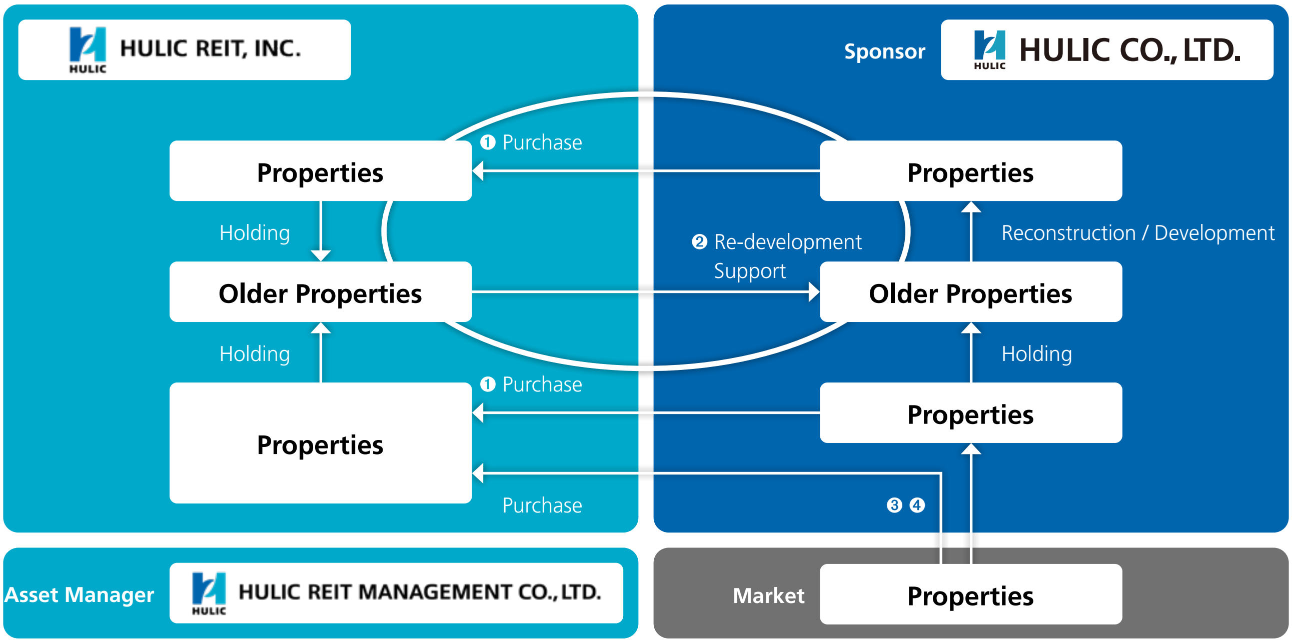


Diagram ❶: Preferential Negotiation Rights

The sponsor provides information to Hulic REIT Management whenever properties (excluding some investment properties) are sold by the sponsor's group and Hulic REIT Management has preferential negotiation rights over other third parties.

Diagram ❷: Re-development Support

Hulic REIT Management requests review/proposals for the sponsor's re-development plans before making requests to third parties. If the sponsor accepts the redevelopment project, Hulic REIT Management acquires preferential negotiation rights for the redeveloped property.

Diagram ❸: Provision of Warehousing Function

Hulic REIT Management has the right to ask the sponsor to take on temporary ownership (warehousing) of relevant real estate property or other assets with the understanding that the asset will subsequently be transferred to Hulic Reit.

Diagram ❹: Provision of Sales Information on Properties Owned by Third Parties

The sponsor can provide information regarding the property immediately to Hulic REIT Management as long as prior approval is obtained from the owner and other stakeholders as a general rule.

3. Commitment Related to Greenfield Developments

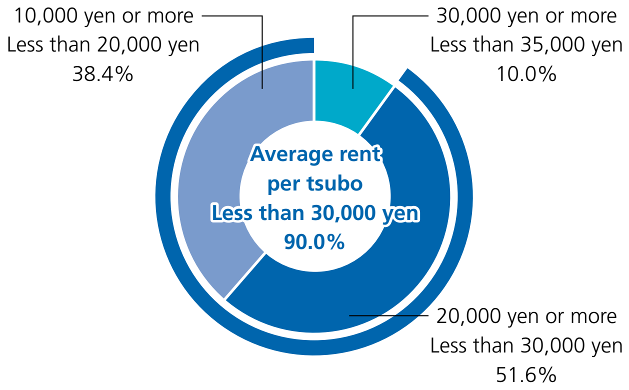
As for developments at greenfield sites, from the perspective of considering the fact that development activities have an impact on the natural environment and ecology at the targeted site and its surrounding areas, Hulic Reit and Hulic REIT Management will invest in the properties such as those acquiring green building certification after the development, and take into consideration the protection of the natural environment.

4. Leasing to Small and Mid-Sized Enterprises (Affordable Lease)

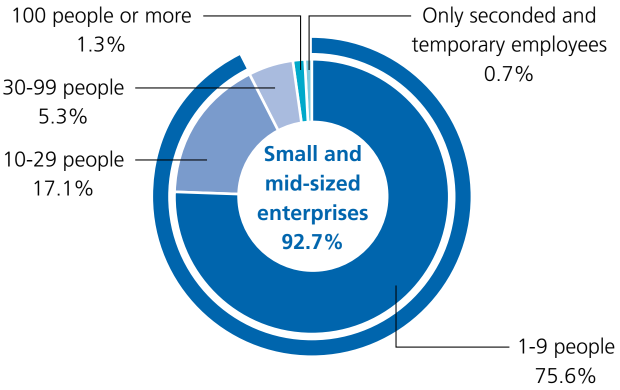
Hulic Reit invests in office buildings located in the Tokyo metropolitan area (Tokyo and government-ordinance-designated cities in the surrounding areas) and areas with economic zones equivalent to the Tokyo metropolitan area, and those at a rent level which are affordable even for small and mid-sized enterprises account for the majority of the entire office building, as the percentage of tenants with an average unit rent per tsubo of less than 30,000 yen has reached approximately 90% (based on leased area) (Note). In Japan, small and mid-sized enterprises with less than 30 employees account for 92.7% of all companies, and such enterprises also support the Japanese economy. Hulic Reit believes that it is providing a place of business to small and mid-sized enterprises through the leasing of its own properties.

(Note) The ratio of the average rent per tsubo of each office building as of the end of the 22nd fiscal period (fiscal period ended February 2025) to that of the entire office building is calculated based on the leased area.

■ Ratio of average rent per tsubo (based on leased area)



■ Composition of the number of offices by the scale of employees in Japan



Source: Prepared by Hulic REIT Management based on the "2021 Economic Census for Business Activity" of the Ministry of Internal Affairs and Communications and the Ministry of Economy, Trade and Industry