HULIC REIT, INC.

ESG Report 2021

Date of Issuance: July 30, 2021

Table of Contents

Scope of this Report

Reporting Boundary	The status of activities of mainly the following two entities: • Hulic Reit, Inc. (hereinafter, "Hulic Reit") • Hulic REIT Management Co., Ltd. (Hulic Reit's asset management company; hereinafter, "Hulic REIT Management") Also includes Hulic Co., Ltd. (Hulic REIT Management's parent company; hereinafter, "Hulic") and the Hulic Group for some sections.
Reporting Period	Hulic Reit, Inc. In principle, reporting on performance from January 1, 2020 to December 31, 2020, but also shows content other than the concerned period for some sections.
	Hulic REIT Management Co., Ltd. In principle, reporting on performance from January 1, 2020 to December 31, 2020, but also shows content other than the concerned period for some sections.
Reporting Cycle	Basically, issued once a year
GRI Standards	Created in accordance with the GRI Standards' core option.
Fiscal Years	Each fiscal year is the period from January to December each year. Fiscal 2015: from January 2015 to December 2015 Fiscal 2016: from January 2016 to December 2016 Fiscal 2017: from January 2017 to December 2017 Fiscal 2018: from January 2018 to December 2018 Fiscal 2019: from January 2019 to December 2019 Fiscal 2020: from January 2020 to December 2020

Message from the Executive Officer

In recent years, corporate management aimed at sustainable, long-term enhancement of corporate value has become increasingly important, with various stakeholders calling for sustainable corporate growth that emphasizes environment, society, and governance (ESG) considerations. Today, as we still face the significant impact of the coronavirus pandemic on the global economy, we believe that sustainable corporate growth of this kind has become even more important.

In light of these circumstances, Hulic Reit and Hulic REIT Management recognize the importance of addressing ESG from a management perspective, and they are continually implementing ESG-related initiatives, including initiatives aimed at improving environmental considerations and tenant/facility user satisfaction, contributing to local communities, and enhancing the effectiveness of preventing transactions involving conflicts of interest, in order to support the growth of Hulic Reit while achieving a sustainable society.

In recent years, in addition to issuing the first edition of this ESG Report in 2020, we have established targets (KPI) and disclosed our performance with respect to becoming more energy-efficient and reducing the environmental footprint of our portfolio properties, as well as issuing our first green bonds. Moreover, in 2021, we are continuing to pursue climate change confermeasures, such as announcing our support for the Task Force on Climate-related Financial Disclosures (TCFD) (Note) recommendations and establishing an internal system at Hulic REIT Management in compliance with the TCFD's recommendations.

These ongoing initiatives have received highly positive evaluations from external organizations: in the GRESB Real Estate Assessment conducted in 2020, we obtained the highest rating (5-Star) for the first time, and we have been continuously included in the MSCI Japan ESG Select Leaders Index since July 2017.

This Report is issued for the purpose of informing unitholders and various other stakeholders about Hulic Reit's and Hulic REIT Management's approach to ESG and the details of the initiatives we have undertaken.

We intend to continue to enhance the contents of this Report as a tool for communicating with stakeholders.

(Note) The Task Force on Climate-Related Financial Disclosures (hereinafter referred to as the TCFD) is an organization that recommends a framework for disclosing climate-related information to investors.

Kazuaki Chokki

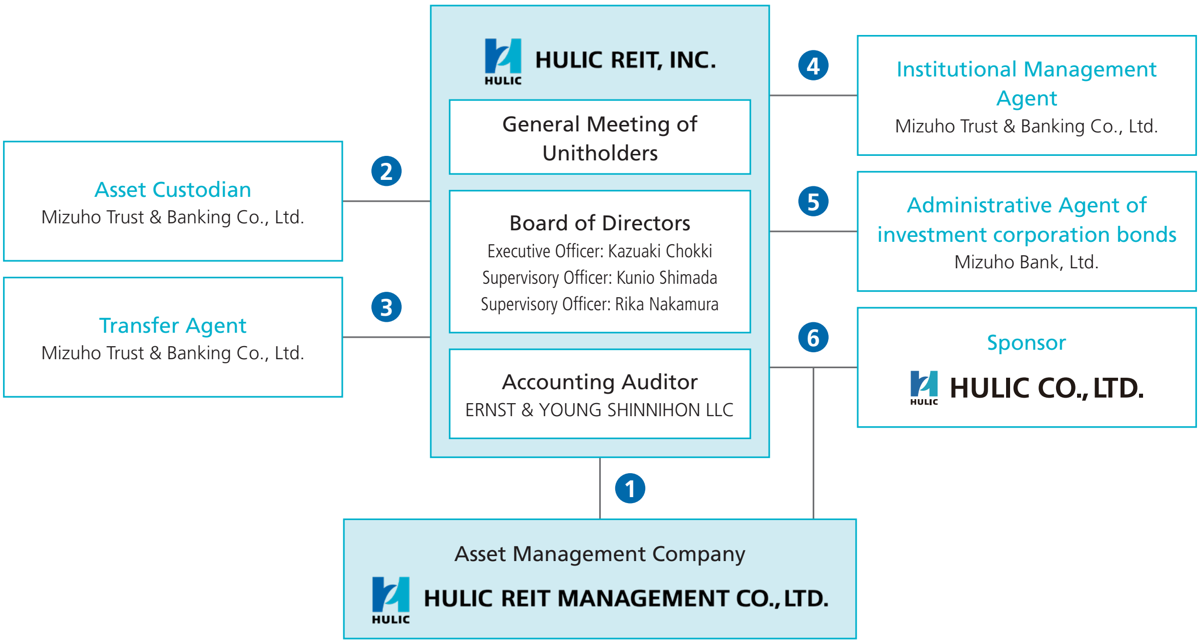
Executive Officer, Hulic Reit, Inc.

President & CEO, Hulic REIT Management Co., Ltd.

ESG Basic Policy and Promotion System

(1) About Hulic Reit and Hulic REIT Management

1. Structure of Hulic Reit



1. Asset management contract
2. Asset custody contracts
3. Investment unit administration agency contracts
4. Administrative agency entrustment
5. Fiscal agency agreement
6. Sponsor/support agreement

2. Overview of Hulic Reit

Hulic Reit listed on the real estate investment trust (REIT) market of Tokyo Stock Exchange in February 2014 with Hulic as the sponsor. We focus investment on Tokyo Commercial Properties (office properties and retail properties), in which Hulic has abundant management record and expertise. We also invest in Next-Generation Assets Plus (private nursing homes, network centers, hotels and other properties), investment targets of which are assets that can be expected to become increasingly needed as infrastructure for "creating productive environments, creating amenity, promoting peace of mind" in the future and thus aim to secure stable earnings over the long term, or are assets for which we believe risk can be managed appropriately and earnings can be secured by drawing on the expertise built up by Hulic in tenant management and other areas and thus would contribute to securing stable earnings over the long term and maximization of unitholder value over the medium to long term. Through such investment, we aim to maximize unitholder value.

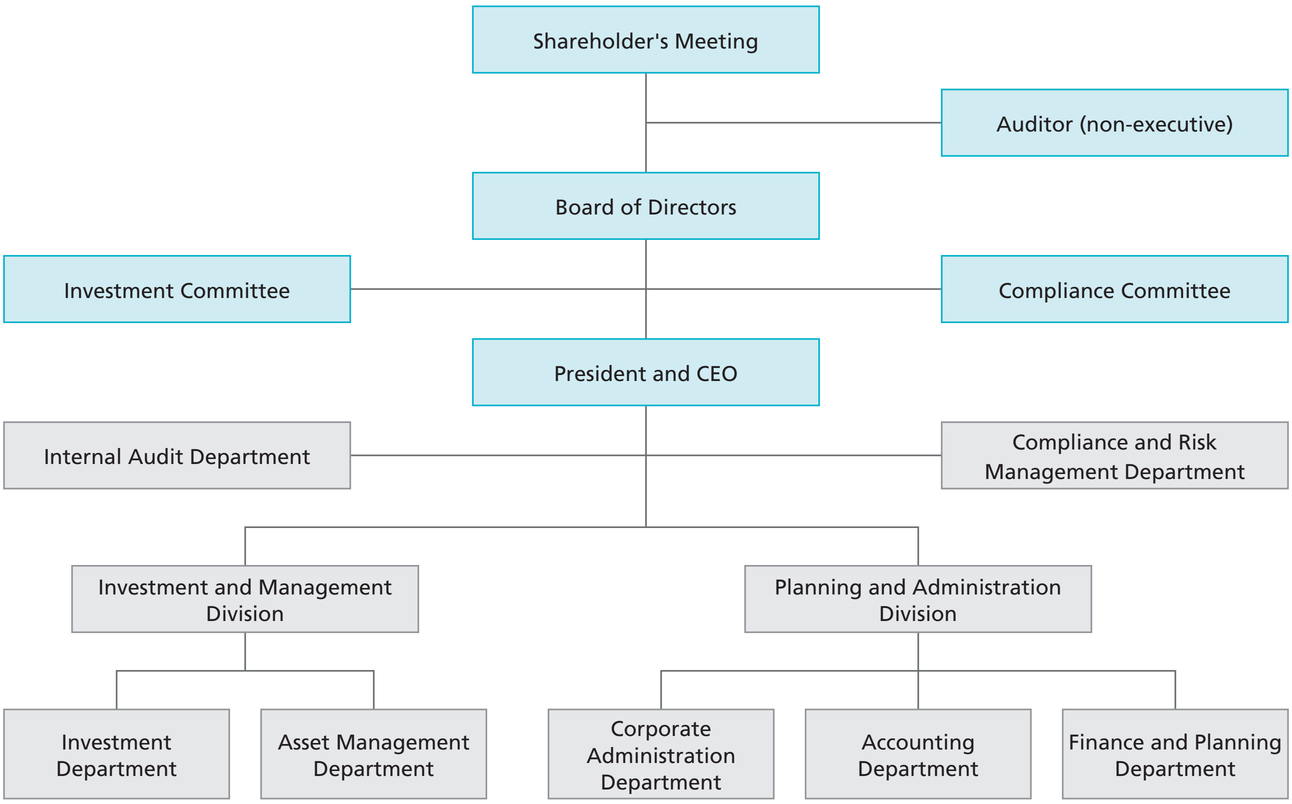
Name	Hulic Reit, Inc.
Representative	Kazuaki Chokki, Executive Officer
Location	2-26-9, Hatchobori, Chuo-ku, Tokyo
TEL	+81-3-6222-7250 (Hulic REIT Management's phone number is shown.)
Listed	February 7, 2014
Listing	Tokyo Stock Exchange REIT market (securities code: 3295)
Fiscal Periods	Ends of February and August of each year

3. Overview of Hulic REIT Management

Hulic REIT Management was established in April 2013, as a wholly owned subsidiary of Hulic, to act as the asset management company of Hulic Reit.

Name	Hulic REIT Management Co., Ltd.
Representative	Kazuaki Chokki, President and CEO
Location	2-26-9, Hatchobori, Chuo-ku, Tokyo
Capital	¥200 million
Established	April 1, 2013
Shareholder	Hulic Co., Ltd. (100%)
Fiscal Period	End of December of each year
Business Operations	Investment management
Registrations, Licenses, Etc.	Real Estate Brokerage Business: Governor of Tokyo (2) Registration No. 95294 Trading Agency Etc. License: Minister of Land, Infrastructure, Transport and Tourism License No. 76 Financial Instruments Business Registration: Director of the Kanto Local Finance Bureau, No. 2734

Organization Chart



(2) Sustainability Promotion System

1. Chronology of Promotion of Sustainability

Hulic REIT Management has been working substantially as one with Hulic Reit in promoting a range of ESG initiatives.

Date	Outline
Mar. 2016	Hulic REIT Management established Sustainability Policy, and the associated Sustainability Promotion System Regulations (named changed to Sustainability Promotion Regulations in September 2020), Energy Conservation Policy, Policy on Reducing Greenhouse Gas Emissions, and EMS Operating Manual
Sep. 2016	Hulic Reit participated in GRESB Real Estate Assesument for the first time
Jul. 2017	Hulic Reit selected as one of the constituents of MSCI Japan ESG Select Leaders Index (to date)
Sep. 2017	Received "Green Star" rating—the highest—in GRESB Real Estate Assessment, and "4-Star" rating—the second highest—in GRESB Rating
Aug. 2018	Received "Green Star" rating—the highest—in GRESB Real Estate Assessment for second consecutive year, and "4-Star" rating—the second highest—in GRESB Rating for second consecutive year
Sep. 2019	Received "Green Star" rating—the highest—in GRESB Real Estate Assessment for third consecutive year, and "4-Star" rating—the second highest—in GRESB Rating for third consecutive year; Received "A" rating—the highest—in GRESB Public Disclosure
Oct. 2020	Hulic Reit issued ESG Report for the first time (2020 ESG Report). Hulic Reit issued green bonds for the first time.
Nov. 2020	Received "Green Star" rating—the highest—in GRESB Real Estate Assessment for fourth consecutive year, and "5-Star" rating—the highest—in GRESB Rating; Received "A" rating—the highest—in GRESB Public Disclosure for the second consecutive year.
Feb. 2021	Hulic Reit prepared GRI Standard Disclosure for the first time.
Jul. 2021	Hulic REIT Management announced its support for the TCFD recommendations. Hulic REIT Management formulated a Climate Change and Resilience Policy. Hulic Reit issued 2021 ESG Report.

2. Sustainability Policy

The Hulic Group has adopted the following corporate philosophy: "Total commitment to our customers and the community. Creating productive environments. Creating amenity. Promoting peace of mind." Based on this corporate philosophy, the Hulic Group has established the "Sustainability Vision" and gives consideration to sustainability in its real estate development and investment.

Hulic REIT Management shares the Hulic Group's corporate philosophy. Believing that consideration for ESG leads to the maximization of medium- to long-term unitholder value, it has formulated the Sustainability Policy and implements this policy in its operations.

1. Compliance and Risk Management

We give consideration to sustainability in our asset management operations. This involves complying with the laws and regulations, and other rules related to ESG, while taking appropriate measures to evaluate risks such as those related to the natural environment and hazardous substances.

2. Measures Addressing Climate Change

We are pursuing climate change countermeasures by striving to improve our energy efficiency through energy-saving initiatives involving renovations or building management and promoting the reduction of greenhouse gas (GHG) emissions such as CO_2.

3. Recycling-Oriented Society

We contribute to the formation of a recycling-oriented society by promoting water-saving measures and the 3Rs of "Reduce, Reuse, Recycle."

4. Environmental Management System

We formulate a basic policy relating to energy-saving and reduction of GHG such as CO_2, and aim for their continuous improvement in accordance with the basic policy.

5. Environmental Awareness and Education for Employees and Officers, and Employee-Friendly Work Environment

- We carry out activities to promote ESG-related awareness and education for employees and officers.
- We value work-life balance, diversity, and equal opportunities for employees and officers and aim to realize an employee-friendly work environment.

6. Collaboration with Stakeholders

We encourage interactive communication with all our stakeholders. Through such communication, we promote collaboration with business partners, improve customer satisfaction, and contribute to the sustainable development of local communities.

7. Disclosure of Information to Stakeholders

We work to broadly disclose information on our initiatives related to ESG to all stakeholders, including our unitholders.

At Hulic REIT Management, the basic policy, targets (KPI), specific initiatives, organizational structure, and other measures have been stipulated in the Sustainability Promotion Regulations, Energy Conservation Policy, Green Gas Emission Reduction Policy, Climate Change and Resilience Policy, and EMS Operating Manual formulated based on the Sustainability Policy above.

3. Sustainability Promotion System

Hulic REIT Management has formulated the Sustainability Promotion Regulations with the aim of establishing an internal system to implement the Sustainability Policy, collaboration with relevant parties outside of the Company, information disclosure policy, etc.

Hulic REIT Management inaugurated the Sustainability Committee, members of which include the President and CEO, in 2016 based on the Sustainability Promotion Regulations. At the Committee, consideration and drafting of basic policy, targets (KPI) and measures for energy conservation, low carbon and other sustainability are among the operations conducted, and the progress of targets (KPI) and measures are reported. In addition, problems and issues are shared, with also the President and CEO, and any necessary revisions undergo consideration of improvements and implementation of PDCA. The Compliance Officer takes part in the Committee, making it a system facilitating recommendations, overseeing of execution and such from the perspective of compliance. A system is also in place for ongoing follow-up of remaining issues and matters that have been pointed out.

In addition, the Executive Officer for Sustainability Planning hosts employee and officer training focused on sustainability at a frequency of at least once a year to share information on the progress of sustainability targets (KPI) and measures, etc. with all employees and officers as needed.
Moreover, the promotion system has been structured to ensure effectiveness by including sustainability elements in the annual performance assessment of personnel evaluations for all employees and officers of Hulic REIT Management.
Furthermore, if there are employees or officers who have implemented particularly worthy sustainability-related initiatives, these will be shared internally, and with the aim of further fostering an organizational climate that promotes sustainability, it is possible to provide them with recognition for their efforts.

1. Internal System

- Sustainability Supervisor: President and CEO
- Executive Officer for Sustainability Planning: General Manager of Finance and Planning Department
- Executive Officer for Sustainability Investment and Management: General Manager of Asset Management Department

2. Sustainability Committee

- Members: Sustainability Supervisor, Executive Officer for Sustainability Planning, Executive Officer for Sustainability Investment and Management, Head of Planning and Administration Division, Head of Investment and Management Division, Compliance Officer, General Manager of Corporate Administration Department, General Manager of Accounting Department, General Manager of Investment Department and the secretariat
- Secretariat: Finance and Planning Department
- Number of meetings: Once or more every three months
  Participants in the meetings will share information on sustainability, consider targets (KPI) for issues and individual measures, and report on progress in achieving these targets (KPI) and initiatives such as evaluation and analysis.

3. Educational and Awareness Activities

- Sustainability training (once or more per year)
- Participation in external training
- Inclusion of sustainability elements in the annual performance assessments of employees and officers
- Internal sustainability-related awards program

List of Sustainability Training

The following lists past periodic sustainability training held by Hulic REIT Management for all employees and officers (not limited to permanent employees, but including also contract employees, etc. (Note)).

Date	Outline
Mar. 2016	Incorporation of ESG in real estate investment and management
Mar. 2017	Sustainability and corporate social responsibility (CSR)
Mar. 2018	ESG trends
Mar. 2019	Sustainable finance: Trends and relation to the real estate investment industry
Mar. 2020	ESG trends: Upcoming hot topics
Mar. 2021	ESG trends: New tendencies and the status of TCFD initiatives/disclosure examples

(Note) Sustainability training is for all employees and officers, including also contract employees, etc., but no contract employees, etc. were in employment in fiscal 2020.

(3) Materiality and SDGs

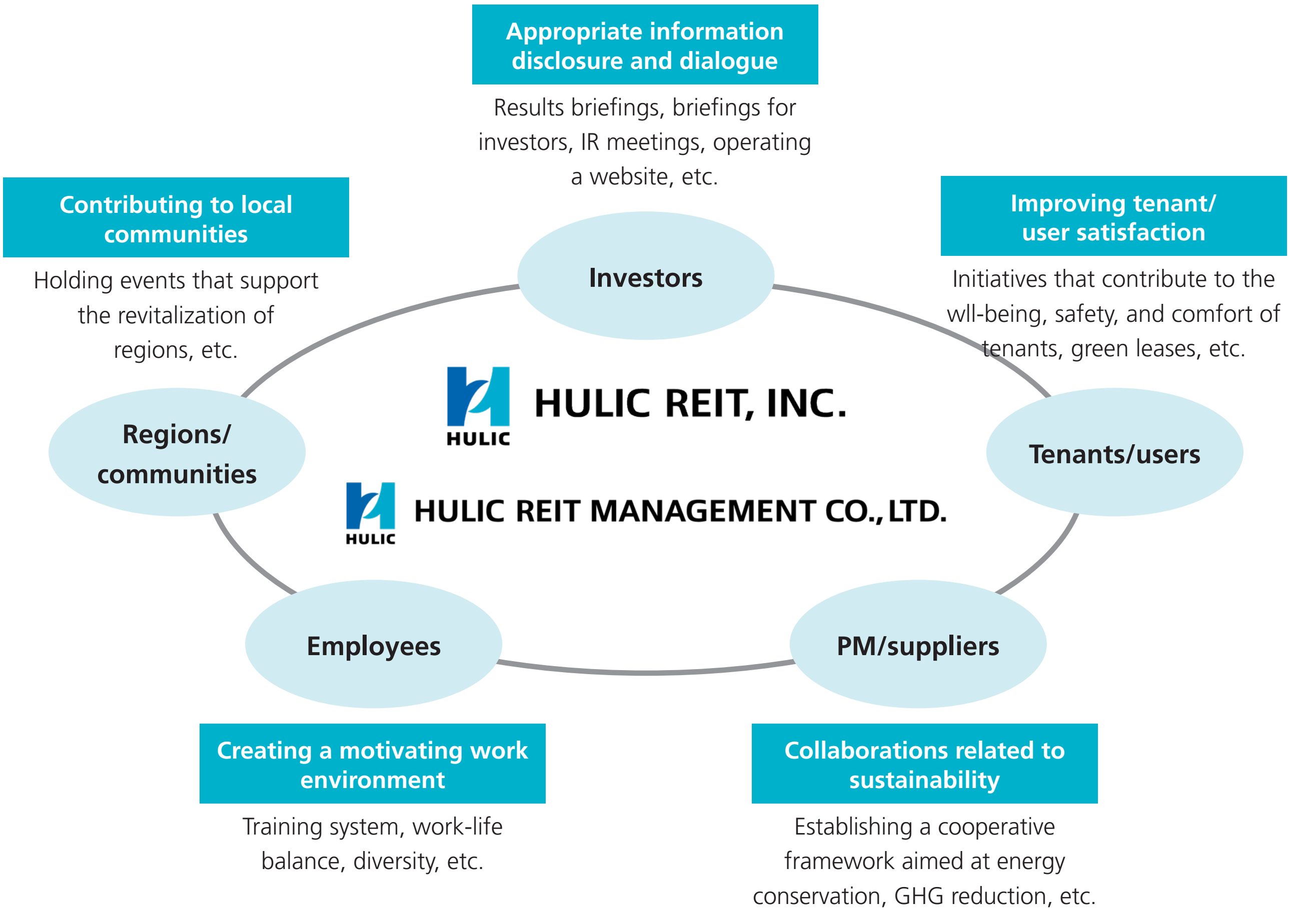
Hulic Reit and Hulic REIT Management extract issues that we, as a real estate investment corporation, should consider based on the concept of the Sustainable Development Goals (SDGs) from among the various ESG issues, and identify those for which initiatives should be strengthened in particular as issues of materiality.

Materiality for Hulic Reit			Related SDGs	Pages
E	1	**Promotion of Energy Conservation and Climate Change Confermeasures** • Promote GHG emission reduction through energy conservation at portfolio properties • Promote proactive acquisition of green building certification with the intention of raising the reliability and objectivity of the achievements of initiatives for reducing environmental footprint • Set targets (KPI) for energy consumption, GHG emissions and the percentage of properties that will have acquired green building certification	7 AFFORDABLE AND CLEAN ENERGY 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	P18〜P28
E	2	**Circular Economy Practices (Effective Utilization of Water Resources, Waste Reduction, Etc.)** • Contribute to the formation of a recycling-oriented society by promoting water-saving measures and the 3Rs of "Reduce, Reuse, Recycle" • Reduce water use through water-saving and reuse of grey water and rain water • Appropriate waste disposal in compliance with laws, regulations, etc.	11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	P28〜P29
S	3	**Enhancement of Customer (Tenant/User) Satisfaction** • Enhance customer satisfaction and enhance the value of portfolio properties through promotion of initiatives that serve to enhance the well-being, safety and comfort of customers and asset management that boosts the attractiveness of the tangible and intangible aspects of portfolio properties	3 GOOD HEALTH AND WELL-BEING 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 11 SUSTAINABLE CITIES AND COMMUNITIES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	P33〜P35
S	4	**Disclosure of Information to and Dialogue with Stakeholders** • Enhance stakeholder satisfaction through interactive communication with various stakeholders, including unitholders, customers and business partners • Proactively disclose information on ESG initiatives to unitholders and other stakeholders	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	P36
S	5	**Motivating Work Environment (Nurturing of Human Resources, Diversity, Etc.)** • Secure human resources who are appropriate for the business activities and operating conditions, among other factors, and improve their expertise with a training support system, etc. • Realize an employee-friendly work environment with attention paid to work-life balance, diversity and equal opportunities	4 QUALITY EDUCATION 5 GENDER EQUALITY 8 DECENT WORK AND ECONOMIC GROWTH	P37〜P41
S	6	**Contribution to Local Communities** • Contribute to local communities through initiatives that contribute to revitalization of the region and community at portfolio properties as a member of the community	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 12 RESPONSIBLE CONSUMPTION AND PRODUCTION 17 PARTNERSHIPS FOR THE GOALS	P42〜P44
G	7	**Strengthening of Governance** • Comply with laws, regulations and rules, and enhance compliance awareness through training, etc. to ensure business operations are performed with ethics and self-discipline • Establish effective structure for prevention of transactions involving conflict of interest	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	P46〜P58

Materiality Assessment

Step 1: Extraction of issues

- Define key stakeholders of Hulic Reit. Extract elements of potential issues that should be considered when thinking about Hulic Reit's sustainable growth widely from environmental, social and governance aspects, using SDGs, GRI, GRESB, ESG rating agencies' assessment criteria and such as reference

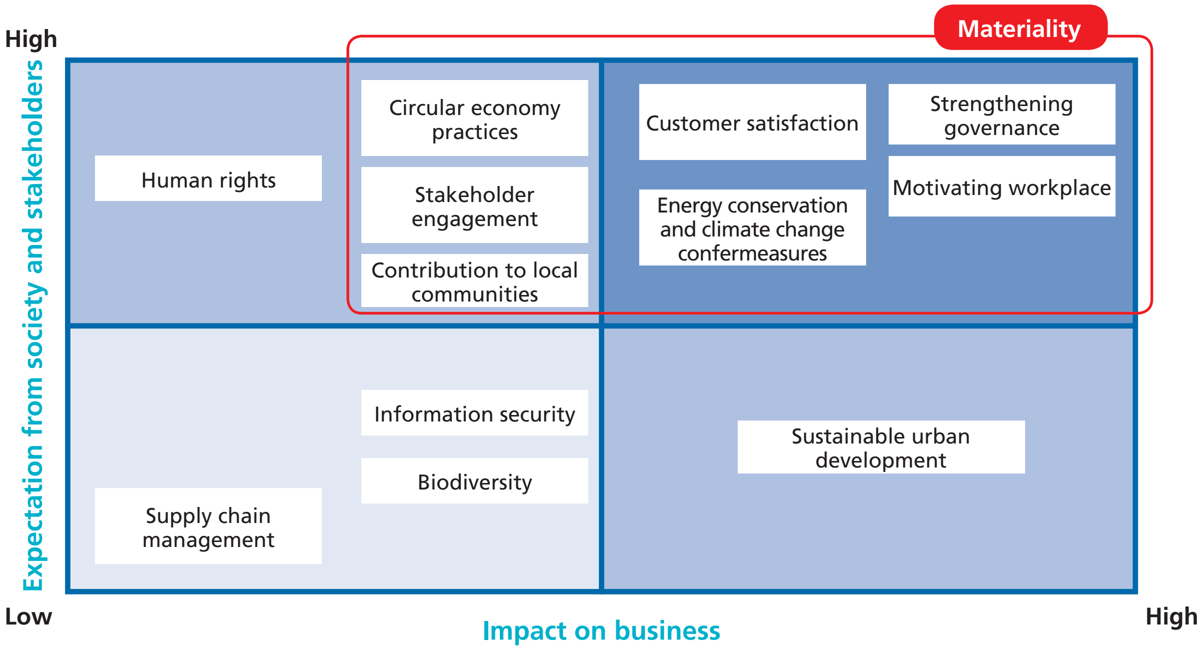


Step 2: Refinement and prioritization of draft issues, and preparation of draft materiality

- Assess the degree of importance to stakeholders based on opinions and advice of key figures
- Assess degree of impact and importance in terms of Hulic Reit's business risks and opportunities in light of the findings of questionnaires of Hulic REIT Management's key employees and officers and the Sustainability Policy
- Prepare draft materiality as matrix of the outcome of assessment from the two perspectives

Step 3: Management-level discussion, validation and approval

- Hulic REIT Management's Sustainability Committee discusses draft materiality and identifies materiality in line with Hulic Reit's and Hulic REIT Management's internal regulations, etc.



(4) Initiatives Supported by Hulic REIT Management

Support for TCFD Recommendations

Recognizing the importance of disclosing climate-related information, Hulic REIT Management announced its support for the TCFD recommendations in July 2021 and has begun discussions on addressing business risks and opportunities caused by climate change.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

(5) Third-Party Evaluations of Hulic Reit

Acquisition of "5-Star" Rating in the GRESB Real Estate Assessment

Hulic Reit received a "Green Star" rating in the GRESB Real Estate Assessment in 2020 for the fourth consecutive year. We earned outstanding evaluations in terms of "Management Component" and "Performance Component"—two operational dimensions subject to assessment in light of efforts aimed at addressing environmental concerns and sustainability issues. We received a "5-Star" rating, the highest in "GRESB Rating." Hulic Reit's information disclosure on its environmental consideration and sustainability initiatives was assessed as particularly impressive, and was given "A" rating, the highest of five possible scores, in the GRESB Public Disclosure (for the second consecutive year), introduced from fiscal 2017.

GRESB ★★★★★ 2020

GRESB® Public Disclosure 2020

Successive Selection in MSCI Japan ESG Select Leaders Index —10 J-REITs selected among 62 J-REITs (as at end of June 2021)—

Hulic Reit was selected for "MSCI Japan ESG Select Leaders Index" provided by MSCI in July 2017, and has been continuously included in the index even after the rebalancing in May 2021.

This index is one of the ESG indices that the Japanese Government Pension Investment Fund (GPIF) selected for their passive investment strategy.

2021 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

(6) Hulic's Endorsed Initiatives and Third-Party Evaluations—As a member of the Hulic Group—

Hulic, Hulic Reit's sponsor, is working to solve various ESG issues under the "Sustainability Vision" established in 2020 with the aim to simultaneously pursue both realization of a sustainable society and sustainable corporate growth.
Hulic is also promoting work style reform, initiatives for striking work-life balance and health and productivity management to create a workplace where each employee can perform and will find comfortable to work, and has been recognized for such in several third-party evaluations.
In recognition of such initiatives, Hulic has been included in several ESG indices.

Participating Initiatives

Support for TCFD Recommendations

Hulic promotes initiatives to transition to a low-carbon society through the real estate business as part of the practice of management with an emphasis on sustainability. Aware of the importance of disclosing climate-related financial information, Hulic announced its support for the TFCD Recommendations in 2020 and started disclosing information on addressing business risks and opportunities caused by climate change.

Joined RE100

In November 2019, Hulic joined RE100, an international initiative that aims to convert 100% of the power used in business to sustainable energy. Hulic committed to achieving the RE100 goal of 100% renewable energy by 2025 by sourcing 100% from own renewable energy equipment (non-FIT solar power generation equipment).

Third-Party Evaluations

Received a 4-star rating in the Nikkei SDGs Management Survey

Hulic has participated in the survey conducted in 2020 with the rest of 713 listed and non-listed Japanese companies and have received a 4-star rating (deviation value of 60 to 65). The Nikkei SDGs Management Survey replaced their Environmental Management Survey in which we have been ranked 1st in the real estate/warehouse industry for nine consecutive years until 2019.

(Note) The SDGs Management survey links management to the United Nations' Sustainable Development Goals (SDGs) and evaluates how companies are addressing social, economic, and environmental issues through their business, leading to enhanced corporate value.

2021 Certified Health & Productivity Management Outstanding Organization (Small- and Medium-sized Enterprises Category)

Hulic was certified as a Health & Productivity Management Outstanding Organization for the third consecutive year in recognition of health and productivity management initiatives. The award has been promoted by the Ministry of Economy, Trade and Industry in conjunction with the Nippon Kenko Kaigi to advance health and productivity.

Inclusion in Indices

FTSE4Good Global Index Series
FTSE Blossom Japan Index
MSCI Japan ESG Select Leaders Index
MSCI Japan Empowering Women Index (WIN)
Included in S&P/JPX Carbon Efficient Index

(7) Green Finance Record

Hulic Reit issued green bonds for the first time on October 29, 2020 (hereinafter referred to as the "Green Bonds").

For the purpose of implementing green finance activities, including the issuing of Green Bonds, Hulic Reit has formulated a green finance framework in compliance with the 2018 Green Bond Principles stipulated by the International Capital Market Association (ICMA) and the 2020 Green Bond Guidelines and 2020 Green Loan and Sustainability-Linked Loan Guidelines stipulated by the Ministry of the Environment. Hulic Reit will implement, evaluate, and manage its green finance activities based on this framework.

Hulic Reit applied all of the proceeds from the Green Bonds to make a partial repayment of borrowings outstanding to acquire "Hulic Asakusabashi Building" (DBJ Green Building Certification 5 stars), which is an eligible green asset (Note 1) in the green finance framework.

Hulic Reit has decided to issue the Green Bonds in order to strengthen its funding base by expanding the group of investors interested in ESG investment and financing, as well as to further promote initiatives for sustainability.

For eligibility of the Green Bonds, Hulic Reit has been assigned a final evaluation of "Green 1," the highest evaluation grade in the JCR Green Bond Evaluation, by Japan Credit Rating Agency, Ltd.

Hulic Asakusabashi Building

Issuing currency	JPY
Date of Issue	Octoberc 29, 2020
Issued Period	5 Years
Interest Rate	0.270%
Credit Rating (Note 2)	AA
Use of Proceeds	To make a partial repayment of borrowings to acquire "Hulic Asakusabashi Building"

Evaluation of JCR Green Bond

Green1

(The Highest Evaluation Grade)

With regard to the details of Hulic Reit's green finance, funding allocation reporting, and impact reporting, refer to the Hulic Reit's website:

https://www.hulic-reit.co.jp/en/esg/greenfinance.html

(Note 1) Refers to an asset that has acquired or is scheduled to acquire one of the following certifications from a third-party certification body:

- DBJ Green Building certification: 3-star, 4-star, or 5-star
- BELS: 3-star, 4-star, or 5-star
- CASBEE for Real Estate Certification: B+, A, or S rank
- LEED certification: Silver, Gold, or Platinum

(Note 2) The rating as of the date of issuance of this Report is indicated.

E

Environment

(1) Promotion of Energy Conservation and Climate Change Confermeasures

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

1. Targets (KPIs)

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

Energy Consumption

Target (KPI)

The target (KPI) is reduction of energy consumption intensity for the entire portfolio by 25% relative to the actual figures for 2018 by the end of 2030.

GHG Emissions

Target (KPI)

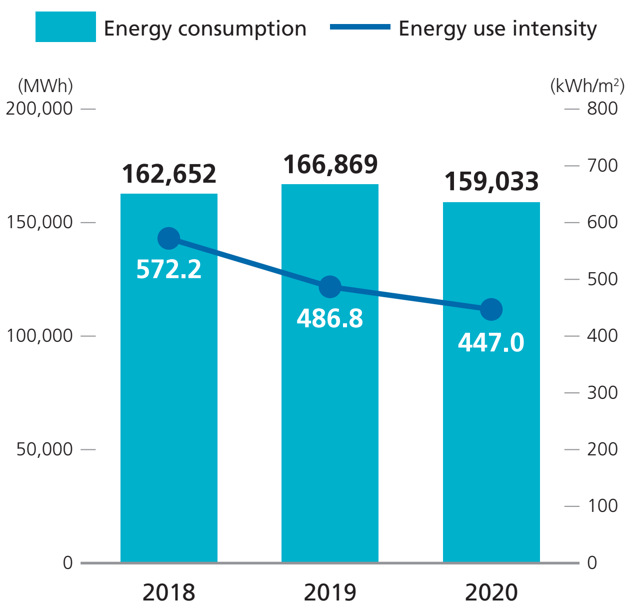
The target (KPI) is reduction of GHG emissions intensity for the entire portfolio by 30% relative to the actual figures for 2018 by the end of 2030.

2. Performance

Hulic Reit is striving to improve the energy efficiency of portfolio properties and reduce energy consumption and GHG emissions through the promotion of energy-conservation measures.

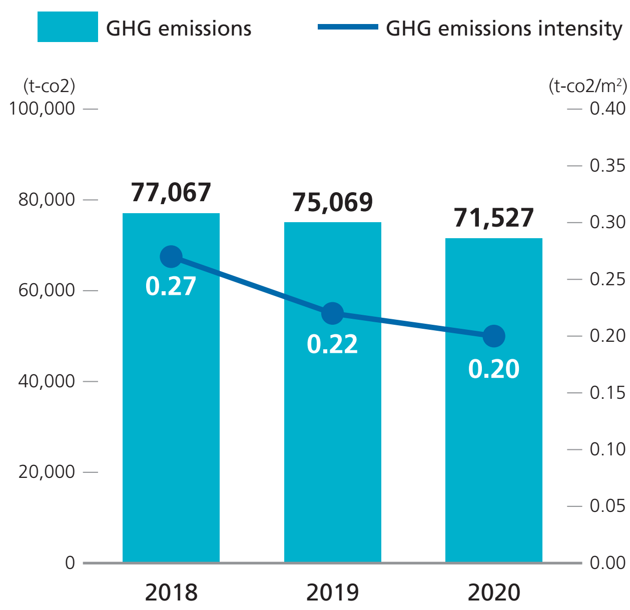
Actual Figures (Entire Portfolio) (Note 1) (Note 2)

■ Energy Consumption



Intensity reduction rate relative to 2018 **-21.9%**

■ GHG Emissions (Note 3)



Intensity reduction rate relative to 2018 **-25.8%**

(Note 1) The following is the scope of subject properties for each year in the calculation of actual figures (entire portfolio). The same applies hereinafter.
- Subject properties are those held throughout the year (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 at the beginning of each year.

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

(Note 3) 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."

3. 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.

Adoption of LED Lighting

As at the end of June 2021, LED lighting have been introduced at 87.7% of the properties held by Hulic Reit (based on number of properties) (Note).

(Note) The calculation is the number of properties held by Hulic Reit that have introduced LED lighting in some or all of the exclusive-use spaces or shared spaces divided by the number of properties held by Hulic Reit (excluding properties for which ownership is of the land interest only).

Adoption of Photovoltaic Equipment

We are reducing buildings' lighting load through 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)
2020	21,598.13

Equivalent to an approximately 9,600 kg (Note 3) annual reduction in the CO_2 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 for 2020 by the factor, etc. in accordance with the Ministry of the Environment's "GHG Emissions Accounting, Reporting and Disclosure System."

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.

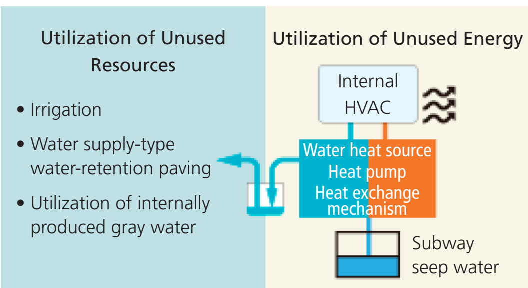
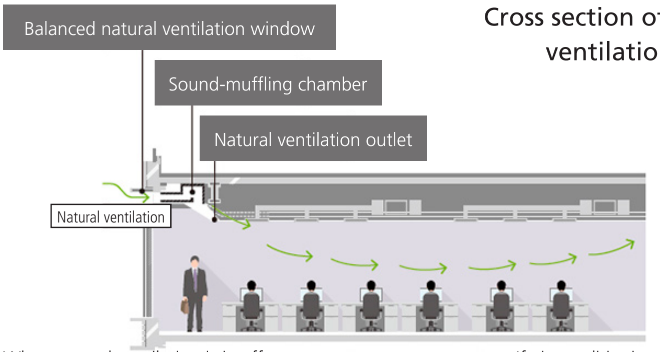


Diagram of System to utilize subway seep water

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

Adoption of Natural Ventilation System

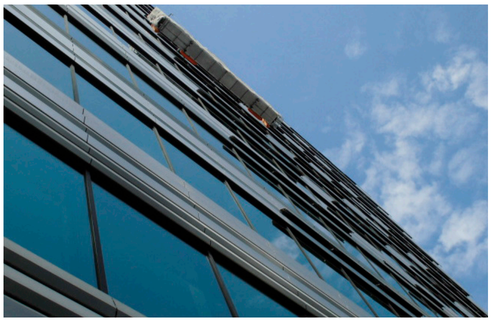
If the load from HVAC can be lessened by making maximum use of natural energy, energy consumption can be curbed and GHG emissions reduced. Hulic Toranomon Building adopts a system that has been commercialized as a result of joint research between Hulic and the Massachusetts Institute of Technology (MIT) 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.



Cross section of natural ventilation system

When natural ventilation is in effect, air conditioning shuts down automatically

If air conditioning is operating, outgoing temperature is controlled



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)

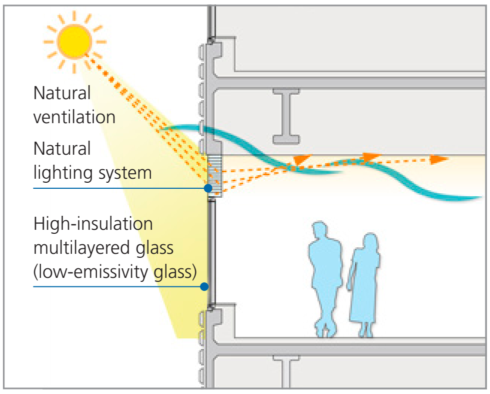


Illustration of natural lighting
(Hulic Toranomon Building)

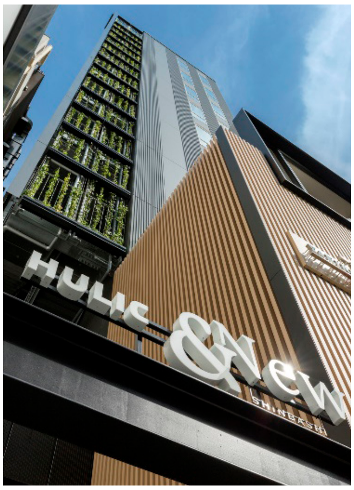
Adoption of Greening System

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

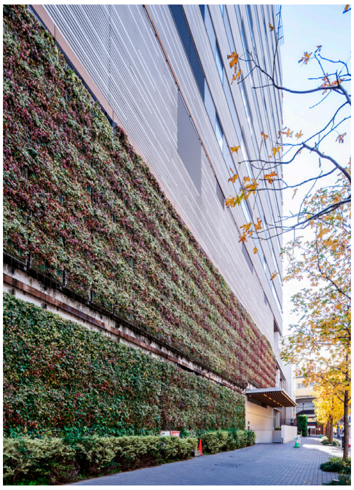
Hulic Toranomon Building

Toranomon 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.

4. 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.

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, Hulic Reit and Hulic REIT Management obtain an appraisal and market 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.

(2) Promotion of Proactive Acquisition of Green Building Certification

Hulic Reit and Hulic REIT Management are promoting proactive acquisition of third-party green building certification (Note) with the intention of raising the reliability and objectivity of the achievements of initiatives for reducing environmental footprint and, at the same time, enhancing building value over the medium to long term.

(Note) One in which a third party certifies the initiatives, performance, etc. of a building in reducing environmental footprint, enhancing comfort for users, etc.

1. Targets (KPI)

We have set targets (KPI) and keep up efforts for acquisition of green building certification for portfolio properties.

Green Building Certification Acquisition Rate

Target (KPI)

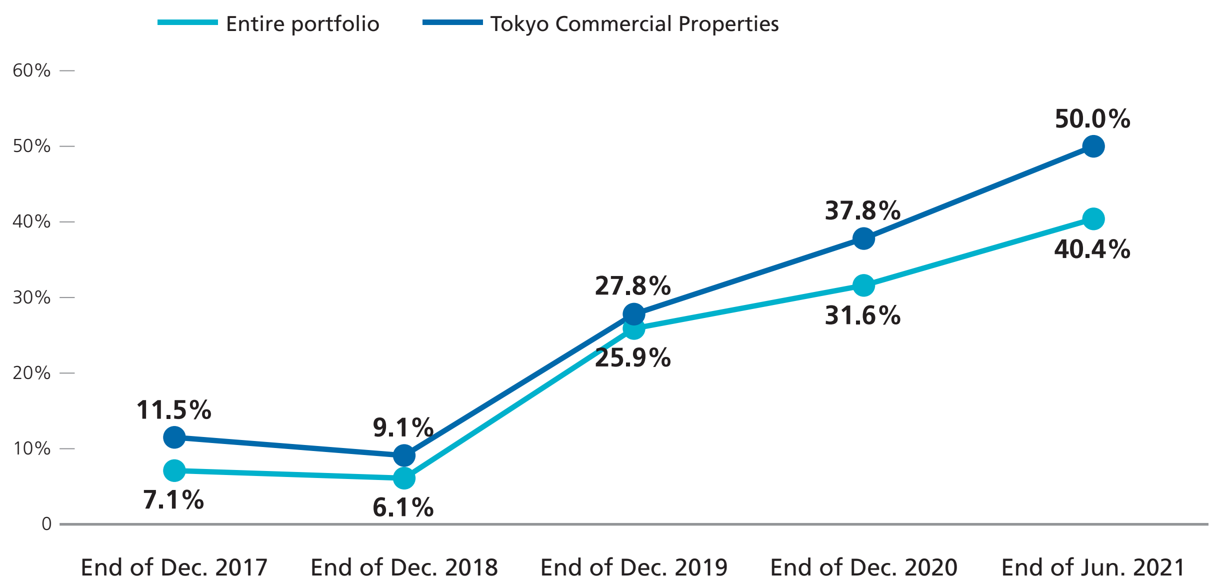
- **Of entire portfolio, percentage of properties that will have acquired green building certification** (Note 1): 50% or more by end of 2025 (based on number of properties (Note 2))
- **Of Tokyo Commercial Properties, percentage of properties that will have acquired green building certification**: 60% or more by end of 2025 (based on number of properties)

(Note 1) Refers to certification by a third-party certification body, such as DBJ Green Building Certification, CASBEE, BELS, and JHEP Certification. The same applies hereinafter.

(Note 2) In the calculation of the percentage of properties that will have acquired green building certification, the properties subject to calculation do not include properties for which ownership is of the land interest only. Even if a single property will have acquired several green building certifications, it is counted as 1 property. The same applies hereinafter.

2. Performance

Of the properties held by Hulic Reit, the actual percentage of properties that have acquired green building certification (based on number of properties) is as follows:



Green Building Certification Acquisition Rate(based on gross floor area) (as of the end of June 2021) (Note)

Entire portfolio	52.1%
Tokyo Commercial Properties	70.7%

(Note) In the case of properties which Hulic Reit holds under sectional ownership or co-ownership, the calculation is based on the floor area corresponding to its sectional ownership or co-ownership interest.

DBJ Green Building Certification

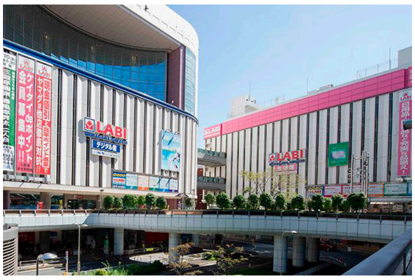
DBJ Green Building

DBJ Green Building Certification is a certification system created by the Development Bank of Japan to support real estate properties with environmental and social awareness. The certification system evaluates and certifies real estate properties in terms of their desirability for society and the economy based on comprehensive evaluation, which includes not only environmental performance, but also responsiveness to various stakeholder needs such as consideration for emergency preparedness and the community.

Certified year	Rating	Property name
2019	★★★★	Toranomon First Garden
2019	★★★	Oimachi Redevelopment Building (#1)
2019	★★	Oimachi Redevelopment Building (#2)

Certified year	Rating	Property name
2020	★★★★★	Hulic Asakusabashi Building
2020	★★★★★	Ochanomizu Sola City
2020	★★★★	Hulic Toranomon Building


Toranomon First Garden


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


Hulic Asakusabashi Building


Ochanomizu Sola City


Hulic Toranomon Building

BELS

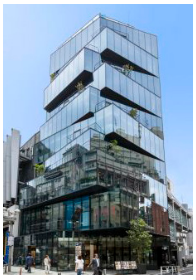
Building-Housing Energy-efficiency Labeling System (BELS) is a third-party verification system established by the 2016 Ministry of Land, Infrastructure, Transport and Tourism Notification No. 489 "Guidelines concerning the labeling of building energy consumption performance" based on the Act on the Improvement of Energy Consumption Performance of Buildings.
In this system for conducting energy efficiency evaluations and labeling, a star rating corresponding to the energy efficiency indicator for each application is given, along with the labeling content based on the guidelines.

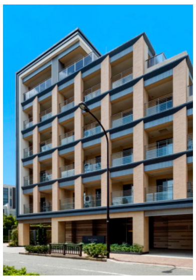
Certified year	Rating	Property name
2018	★★★	Hulic Toranomon Building
2019	★★★★★	HULIC &New SHIBUYA
2019	★★	Trust Garden Tokiwamatsu
2019	★★	Sotetsu Fresa Inn Tokyo-Roppongi
2020	★★★★	Hulic Mejiro (Note 1)
2020	★★★	Hulic Kanda Building
2020	★★★	Hulic Asakusabashi Building

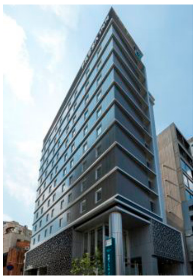
Certified year	Rating	Property name
2020	★★	Hulic Asakusabashi Edo-dori (Note 2)
2020	★★	HULIC &New SHINBASHI (Note 3)
2020	★★	Charm Suite Shinjukutoyama
2021	★★★	Hulic Ryogoku Building
2021	★★★	Hulic Hachioji Building
2021	★★	Hulic Nakano Building

(Note 1) Excluding the rental spaces for tenants (B1~4F)
(Note 2) Excluding the rental spaces for tenants (1F~5F)
(Note 3) Excluding the rental spaces for tenants (2~3F, B1~1F)


Hulic Toranomon Building


HULIC &New SHIBUYA


Trust Garden Tokiwamatsu


Sotetsu Fresa Inn Tokyo-Roppongi


Hulic Mejiro

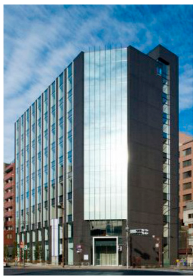

Hulic Kanda Building


Hulic Asakusabashi Building


Hulic Asakusabashi Edo-dori


HULIC &New SHINBASHI


Charm Suite Shinjukutoyama


Hulic Ryogoku Building


Hulic Hachioji Building


Hulic Nakano Building

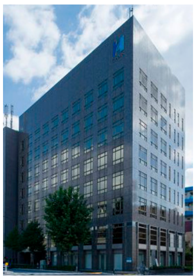
CASBEE for Real Estate Certification

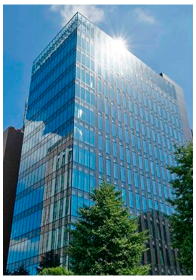
Comprehensive Assessment System for Built Environment Efficiency (CASBEE) is a method for evaluating and rating the environmental performance of buildings. This system provides a comprehensive assessment of the quality of a building, including interior comfort and the exterior, as well as environmental practices such as the use of materials that save energy or have a lower environmental load. The certification for CASBEE for Real Estate evaluates the environmental performance of existing buildings that are at least one year after completion of construction.

Certified year	Rating	Property name
2019	★★★★★	Hulic Kamiyacho Building
2019	★★★★	Hulic Takadanobaba Building
2020	★★★★★	Toranomon First Garden
2020	★★★★	Hulic Shibuya 1 Chome Building
2020	★★★★	HULIC &New SHIBUYA
2021	★★★★★	Hulic Higashi-Nihombashi Building

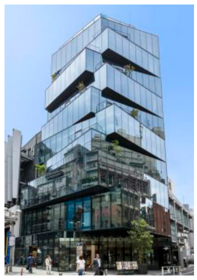
Certified year	Rating	Property name
2021	★★★★★	Hulic Mejiro
2021	★★★★	Hulic Ginza 7 Chome Building
2021	★★★★	Hulic Ryogoku Building
2021	★★★★	Hulic Asakusabashi Edo-dori
2021	★★★★	Hulic Nakano Building
2021	★★★★	Hulic Hachioji Building


Hulic Kamiyacho Building


Hulic Takadanobaba Building

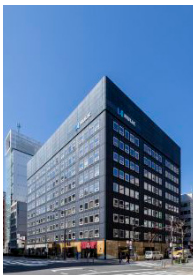

Toranomon First Garden


Hulic Shibuya 1 Chome Building


HULIC &New SHIBUYA


Hulic Higashi-Nihombashi Building


Hulic Mejiro


Hulic Ginza 7 Chome Building


Hulic Ryogoku Building


Hulic Asakusabashi Edo-dori


Hulic Nakano Building


Hulic Hachioji Building

CASBEE for Wellness Office Certification

The CASBEE for Wellness Office certification is a system that evaluates the building's specifications, performance, and initiatives supporting the maintenance and enhancement of the building users' health and comfort.

Certified year	Rating	Property name
2019	★★★★	Hulic Toranomon Building


Hulic Toranomon Building

■ JHEP Certification

Japan Habitat Evaluation and Certification Program (JHEP) is a system developed by the U.S. Department of the Interior in the 1970s to 1980s in which the Ecosystem Conservation Society-Japan quantitatively assesses and certifies the environment in terms of habitats.

Certified year	Rating	Property name
2019	A	Charm Suite Shinjukutoyama
2019	A	Charm Suite Shakujiikoen

(3) Circular Economy Practices (Effective Utilization of Water Resources, Waste Reduction, Etc.)

1. Effective Utilization of Water Resources

Hulic Reit and Hulic REIT Management strive to reduce water use through water-saving and reuse of grey water and rain water, among other measures, in order to promote effective utilization of water resources.

Examples of Water-Saving at Portfolio Properties

- Use of urinals equipped with AI to adjust the amount of flushing water depending on use conditions
- Use of super-water-saving flush toilets that flush with 6L of water
- Utilization of rain water for flushing

Performance

The following are the actual figures of water use at the properties held by Hulic Reit (Note).

	Use (thousand m³)	Intensity (m²)
2019	404	1.18
2020	312	0.88

(Note) The following is the scope of subject properties for each year in the calculation of actual figures.
- Subject properties are those held throughout the year (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 at the beginning of each year.

2. Waste Reduction

Hulic Reit and Hulic REIT Management strive to reduce waste by implementing activities to raise awareness among tenants and other measures.

Examples of Waste Reduction at Portfolio Properties or Hulic REIT Management

- Promotion of going paperless
- Implementation of initiatives to promote recycling, such as installation of collection boxes for paper, cans, plastic bottles, etc.
- Preparation and implementation of plans in accordance with ordinances, guidelines, etc. specified by local governments (recycling plans, etc.) as appropriate (in collaboration with property management (PM) companies, building management (BM) companies, etc.)

Performance

The following are the actual figures of waste at the properties held by Hulic Reit (Note).

	Waste disposed (t)
2020	1,020

(Note) The following is the scope of subject properties for each year in the calculation of actual figures.
- Subject properties are those held throughout the year (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 at the beginning of each year.

(4) Urban Development Initiatives

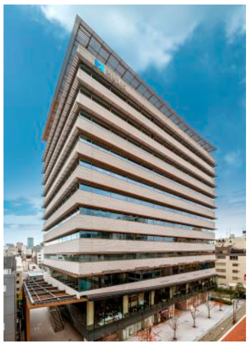
With the aim of contributing to the development of a sustainable society, mitigating and avoiding the impacts of climate change, and achieving sustained growth by reducing GHG emissions and improving energy efficiency through its business activities, Hulic Reit's sponsor Hulic has formulated a Long-Term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

Hulic executes environmentally friendly management to realize an ideal society of carbon-free 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 -

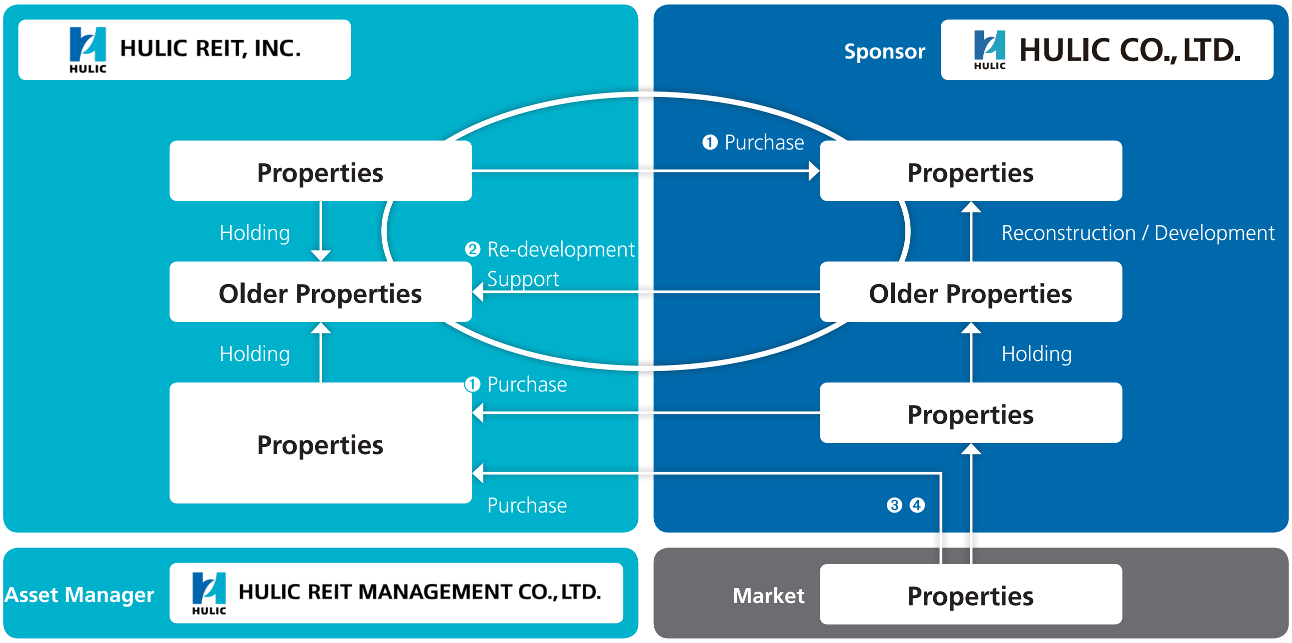


Diagram ❶: Preferential Negotiation Rights

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 has 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.

S

Society

(1) Enhancement of Customer (Tenant/User) Satisfaction

Hulic Reit and Hulic REIT Management implement various initiatives that serve to enhance the well-being, safety and comfort of customers with a view to realizing enhancement of customer satisfaction.

1. Specific Initiatives

Acquisition of CASBEE for Wellness Office Certification for Hulic Toranomon Building

The CASBEE for Wellness Office certification is a system that evaluates the building's specifications, performance, and initiatives supporting the maintenance and enhancement of the building users' health and comfort.

Hulic Toranomon Building

Implementation of Tenant Satisfaction Surveys

Hulic Reit and Hulic REIT Management conduct tenant satisfaction surveys to ensure tenants' comfortable use of buildings, utilizing the results to identify potential needs and improve building management. Survey items include not only the tangible aspects and intangible aspects of buildings, but also things tenants have noticed while using our buildings on a daily basis.

Tenant satisfaction surveys of approximately 300 tenant companies occupying properties held by Hulic Reit have been conducted on an ongoing basis since 2017. The majority of tenant companies who responded have indicated that they are satisfied overall.

The survey results are also shared with PM companies, BM companies, etc. to lead to enhancement of services.

Implementation of Initiatives in Consideration for the Well-Being of Customers

Hulic Reit and Hulic REIT Management take various measures at the properties held by Hulic Reit from the perspective of preventing the spread of the coronavirus. Measures include not only routine cleaning (including disinfection, etc. of high-touch surfaces) and disinfecting entrances, temporarily suspending use of smoking rooms and installing alcohol-based hand sanitizers throughout the building, but also actively encouraging hand washing, improving indoor air quality through ventilation, etc. and such by tenants as needed.

Initiatives to Prevent the Spread of Coronavirus

Thorough implementation of daily cleaning (including disinfecting high-touch surfaces)

Installation of temperature-measuring devices and alcohol-based disinfectant solution dispensers

Running advertisements promoting infection countermeasures on TV screens in elevator hallways

Implementation of Initiatives in Consideration for the Safety of Customers

■ Implementation of Safety Measures

Hulic Reit and Hulic REIT Management hold evacuation drills by working together with PM companies and BM companies in preparation for the event of a disaster with a view to enhancing customer safety.

■ Installation of Emergency Supplies in Elevators and AEDs

We install boxes storing emergency supplies in elevators and AEDs for use by also people in the community at those properties held by Hulic Reit where such installations can be made, contributing to enhancement of the peace of mind and safety of customers and people in the community.

■ Installation of boxes storing emergency supplies in elevators in preparation for such events as emergency elevator outages due to extraordinary disasters, power outages or malfunctions

Aiming to strengthen BCP and raise tenant satisfaction

Implementation of Initiatives in Consideration for the Comfort of Customers

■ Implementation of Renovation Work in Consideration for the Comfort of Customers

Hulic Reit and Hulic REIT Management carry out renovation work for enhancing the comfort of tenants at several properties held by Hulic Reit.

Hulic Takadanobaba Building:
Renovation work in common areas

Before renovation

After renovation

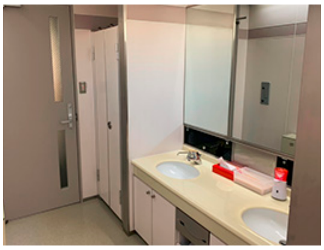
Hulic Kamiyacho Building:
Renovation work in common areas

Before renovation

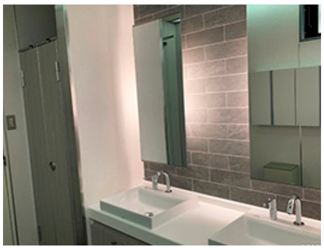
After renovation

Hulic Shibuya 1 Chome Building: Toilet renovation work on each floor

Before renovation



After renovation



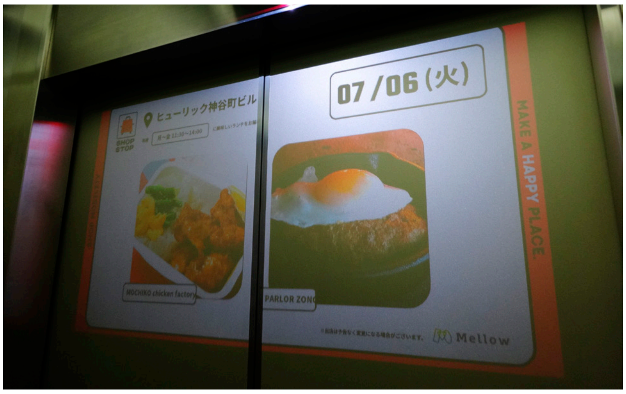
■ Inviting Food Trucks

Hulic Reit and Hulic REIT Management invite food trucks to several properties held by Hulic Reit for use by not only customers but also people in the community, contributing to enhancement of convenience for customers and people in the community.

■ Introduction of Digital Signage

Hulic Reit and Hulic REIT Management have introduced digital signage, run advertisements on food trucks and nearby restaurants, and communicate useful information to customers such as news, weather reports, and directions to evacuation sites in the event of a disaster.

Put TV screens on the wall at the elevator hall



Projected onto inside the elevator using the projector

(2) Disclosure of Information to and Dialogue with Stakeholders

Hulic REIT Management regularly conducts meetings with institutional investors in Japan and institutional investors overseas, such as in Europe, North America and Asia.
Also holding briefing sessions for individual investors and participating in events held for individual investors hosted by securities companies, etc., Hulic REIT Management carries out IR activities facilitating direct communication with individual investors.
During the coronavirus pandemic, with various restrictions in place, IR activities for domestic and foreign institutional investors following the announcement of financial results have mainly been conducted by means of teleconferencing, and Hulic REIT Management has also participated in IR events for private investors held by securities companies and the like.

1. Specific Initiatives

IR Activities in Fiscal 2020

IR activities	Frequency
Briefing sessions (Note)	2
Meetings with institutional investors	162 in total (of which, 60 overseas)
Events for individual investors	Total: 2 (Tokyo: 1, Osaka: 1)

(Note) Includes events held by video streaming.

(3) Motivating Work Environment (Nurturing of Human Resources, Diversity, Etc.)

1. Basic Approach to Recruiting and Training Personnel

Since Hulic Reit is prohibited from hiring employees based on the provisions of the Act on Investment Trusts and Investment Corporations ("the Investment Trust Act"), it has no employees and mandates its asset management tasks to Hulic REIT Management. With the purpose of providing high-quality asset management services as Hulic Reit's asset management company, Hulic REIT Management aims to hire suitable personnel based on the business environment, operational status, and other factors, and it views improving employees' expertise as an essential issue.
Moreover, Hulic REIT Management has established initiatives for employees and officers as a key issue in its Sustainability Policy and materiality.
To achieve these goals, Hulic REIT Management has created a framework for developing specialized personnel, including training programs and a system to support obtaining qualifications, and it promotes diversity and initiatives that enhance the well-being, safety, and comfort of employees in order to develop a rewarding work environment.
Along with recruiting highly specialized personnel from outside the company, Hulic REIT Management also receives seconded employees with a high level of expertise in areas required to operate Hulic Reit, such as property acquisition, property management, finance, and IR, on temporary assignment from its sponsor Hulic.
For more information about Hulic's employee-related initiatives, consult the following webpage:
https://www.hulic.co.jp/en/sustainability/social/employee/

2. Specific Initiatives

Human Resources Development

■ Training Programs

Hulic REIT Management supports individual efforts by employees to improve their expertise with the establishment of a training support system, such as full subsidization of the cost of participating in outside training by employees.

- **Theme-specific training**:
  Hulic REIT Management conducts sustainability training and compliance training for all employees (not limited to permanent employees, but including also contract employees, etc. (Note)) several times throughout the year.
- **Training for managers**:
  The Hulic Group conducts training for not only current managers but also potential manager candidates to support them in gaining the management skills required in the future (Training course names: Management Position Training, Assistant Manager Training, etc.).
- **Training by external educational institutions**:
  Since Hulic REIT Management is a member of the Association for Real Estate Securitization (ARES), all employees of the company (not limited to permanent employees, but including also contract employees, etc. (Note)) may attend training workshops, seminars, lectures, and open seminars combining PR and education for workers offered by ARES.

(Note) Trainings are for all employees, including also contract employees, etc., but no contract employees, etc. were in employment in fiscal 2020.

[Training Hours and Costs at Hulic REIT Management (Note 1)]

Item	FY2017	FY2018	FY2019	FY2020
Proportion of employees who participated in training (Note 2)	100%	100%	100%	100%
Annual training hours per employee (Note 3)	Approx. 9.6 hours	Approx. 7.0 hours	Approx. 8.5 hours	Approx. 6.8 hours
Annual training costs (Note 4)	272,000 yen	441,000 yen	387,000 yen	493,000 yen

(Note 1) The values indicated in this table were calculated for all employees, including contract employees, etc. (including officers who have concurrent duties as employees and seconded employees from the sponsor). The values for fiscal 2017 include 1 contract employee, etc., on the books at the end of that year. In fiscal 2018, 2019, and 2020, no contract employees, etc., were employed.

(Note 2) This is calculated as follows: no. of employees among the employees on the books at the end of each fiscal year who participated in training that year ÷ no. of employees on the books at the end of that fiscal year.

(Note 3) This is calculated as follows: total no. of training hours in each fiscal year calculated for all employees on the books at the end of that year (including the time spent taking tests, etc., to verify the results of training) ÷ no. of employees on the books at the end of that fiscal year (the values are rounded off to the first decimal place).

(Note 4) This indicates the total amount of expenses recorded as training expenses, etc., by Hulic REIT Management in each fiscal year (rounded down to the nearest thousand).

■ Support for Obtaining Qualifications

Hulic REIT Management supports employees in obtaining professional qualifications, such as the Association for Real Estate Securitization (ARES) Certified Master (an educational program for systematic learning of practical specialized knowledge in the real estate and finance fields). A system in which the company bears the costs associated with taking training and examinations for obtaining various qualifications, retaining the qualifications, taking various seminars and other efforts to maintain and improve skill-sets is made available to all employees. The system is being utilized as an opportunity to advance careers, and keep gaining and improving specialized knowledge. The following is the number of persons who have obtained professional qualifications or have passed the examinations (including employees seconded by the sponsor).

- ARES Certified Master: 15
- Real Estate Notary: 19
- Real Estate Appraiser: 2
- Certificate-holder Member of SAAJ: 2
- Certified Building Administrator: 7

*As at June 30, 2021

Periodic Career Interviewing

For all employees (not limited to permanent employees, but including also contract employees, etc. (Note)), Hulic REIT Management has a structure in place for well-communicated and transparent goal setting and evaluation feedback by conducting interviews (feedback on evaluation results) at the end of the period between employees and their managers, and creating other opportunities to talk for employees to receive consultation on their career development, receive feedback on their performance, voice requests of the company and other matters.

Fiscal year	Percentage interviewed
Fiscal 2018 results	100.0%
Fiscal 2019 results	100.0%
Fiscal 2020 results	100.0%

(Note) "Career interviewing" is for all employees, including contract employees, etc., but no contract employees, etc., were employed in fiscal 2018, 2019, and 2020.

Work-Life Balance

Employee Satisfaction Survey (President Questionnaire)

As part of initiatives to build mutually good relationships between employees and the company, Hulic REIT Management conducts the President Questionnaire as a form of employee satisfaction survey of all employees (not limited to permanent employees, but including also contract employees, etc. (Note)) every year (fiscal 2020: response rate of 100%). Along with pursuing realization of an employee-friendly environment, dialogue between each and every employee and top management is pursued on a regular basis.

(Note) The President Questionnaire is for all employees, including also contract employees, etc., but no contract employees, etc. were in employment in fiscal 2020.

Employee Benefits

Hulic REIT Management and the Hulic Group have set up the following range of employee benefit programs for all employees as part of initiatives for creating a work environment in which employees can continue to work healthily and with peace of mind.

[Examples of employee benefits]

- Leave, absence and flexible work hour arrangements for childcare
- Leave, absence and flexible work hour arrangements for nursing care
- Collaboration with welfare service providers
- Providing medical checkups that exceed legal requirements
- Investment unit ownership program for officers and employees (Note)
- Holding Hulic Group social gathering (stand-up party) (once a year)
- Staggered shifts

(Note) For details regarding the investment unit ownership program for officers and employees, refer to "2. Hulic REIT Management's Corporate Governance/Introduction of Investment Unit Ownership Program for Officers and Employees" in Section 1, "Corporate Governance," of the "Governance" chapter in this report.

■ Office Environment Improvements

Hulic REIT Management have installed coffeemakers (for complimentary use) and set up cafeteria space to create office space that considers for the comfort of employees.

■ Enhancement of Productivity

Hulic REIT Management promotes reduction of overtime work with focus on enhancing productivity per hour while keeping corrective measures to change long working hour culture in mind. Hulic REIT Management is also simultaneously pursuing corporate infrastructure and IT-related developments, office environment improvements, etc.

■ Initiatives for Prevention of the Spread of the Coronavirus

Hulic REIT Management implements the following various initiatives for employees as part of measures to prevent the spread of the coronavirus.

[Examples of measures to prevent the spread of the coronavirus]

- Introduction of teleworking program
- Utilization of staggered shifts
- Installation of panels for preventing respiratory droplet transmission inside the office
- Thorough hand hygiene and wearing of face masks inside and outside the office

■ Points of Contact for Employees

For details regarding "Points of Contact for Employees," refer to "2. Compliance Structure/Compliance Hotline (anonymous reporting and consultation are possible)" in Section 2, "Compliance," of the "Governance" chapter in this report.

Diversity

Breakdown of Employees of Hulic REIT Management

Hulic REIT Management seeks diversity in the workforce by enriching the lineup of personnel programs to match each and every employee’s life stages and careers. The lineup of personnel programs for employees to work with more peace of mind (childcare leave, etc.) has also been enriched from early on.

[Personnel Data for Hulic REIT Management (Note 1)]

	FY2018	FY2019	FY2020
Average length of service (Note 2)	2 years 7 months	2 years 11 months	3 years 7 months
Female	3 years 1 month	3 years 9 months	4 years 3 months
Male	2 years 5 months	2 years 8 months	3 years 4 months
No. of departing employees	1 employee	0 employees	0 employees
Turnover rate (Note 3)	4.2%	0.0%	0.0%
No. of female employees (Note 4)	8 employees	7 employees	7 employees
Proportion of employees who are female (Note 5)	33.3%	26.9%	25.9%
No. of female employees in management positions (Note 6)	0 employees	3 employees	2 employees
Proportion of management positions occupied by female employees (Note 7)	0.0%	11.5%	7.4%
No. of new hires	6 employees	3 employees	1 employee
Female hires	1 employee	0 employees	0 employees
Proportion of employees who are female new hires (Note 8)	4.2%	0.0%	0.0%
No. of dismissals	0	0	0
No. of M&As	0	0	0

(Note 1) The values indicated in this table were calculated for employees on the books at the end of each fiscal year (including officers who have concurrent duties as employees and seconded employees from the sponsor). In fiscal 2018, 2019, and 2020, no contract employees, etc., were employed.

(Note 2) This is calculated using the simple average length of service at the end of each fiscal year for the various employees (rounded down to the nearest month).

(Note 3) This is calculated as follows: no. of employees who left the company in each fiscal year ÷ no. of employees on the books at the end of that year (rounded off to one decimal place).

(Note 4) The number of female employees on the books at the end of each fiscal year is indicated.

(Note 5) This is calculated as follows: no. of female employees on the books at the end of a given fiscal year ÷ no. of employees on the books at the end of that year (rounded off to one decimal place).

(Note 6) The number of female employees in management positions at the end of each fiscal year is indicated.

(Note 7) This is calculated as follows: no. of female employees in management positions at the end of each fiscal year ÷ no. of management positions on the books at the end of that year (rounded off to one decimal place).

(Note 8) This is calculated as follows: no. of female new hires in each fiscal year ÷ no. of employees on the books at the end of that year (rounded off to one decimal place).

(4) Contribution to Local Communities

Hulic Reit and Hulic REIT Management implement initiatives that contribute to revitalization of the region and community at the properties held by Hulic Reit as a member of the local community. (Note)

(Note) In fiscal 2020 and 2021, the implementation of some initiatives was suspended with a view to preventing the spread of the coronavirus.

1. Specific Initiatives

Facilities that Link Community Information and People (Ochanomizu Sola City)

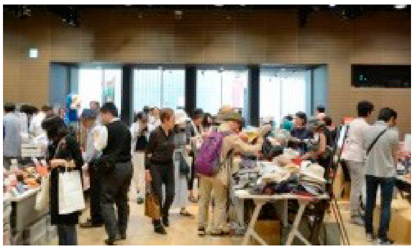
The Ocha Navigate facility inside Ochanomizu Sola City functions as a hub for cultural information on Ochanomizu and the surrounding area, and also holds walking tours and events on cultural and social themes.

History gallery

Ocha Navi walking tour

Contributions to Revitalizing Region and Improving Convenience (Hulic Asakusabashi Building)

We strive to proactively build relationships with the local community by providing large-scale multi-purpose halls to hold regional events and holding the Asakusabashi Red and White Maronie Festival, among others.

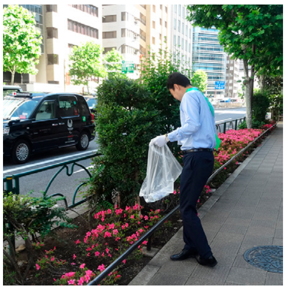


Open market

Child open space

Participation in Community Cleanup Activities

Hulic REIT Management participates in the "Machikado Clean Day" sponsored by Chuo-ku, Tokyo and conducts clean-up activities. These activities facilitate communication with the local community and other employees while advancing the beautification of the town.



(5) Hulic Group's Social Contribution Activities

1. Social Contribution as a Company (Note)

Hulic Student Idea Competition

Hulic plans this competition every year with the aim of providing students with opportunities to propose urban development and construction ideas. The 8th Hulic Student Idea Competition held in fiscal 2020 received 131 student entries. At the second open screening (held online to prevent the spread of the coronavirus), students enthusiastically presented their ideas, which was followed by a question and answer session with judges. After consultations among the judges, one winner of the grand prize, three winners of excellence awards, and six winners of honorable mention awards were selected.

Hosting Summer Festivals and Donating of a Portable Shrine

Hulic holds a summer festival at the Hulic head office building with the aim of facilitating interaction with people in the community. On the day, employees of Hulic Group companies run the summer festival as staff.

Making the Company's Nursery Facilities Available to Local Community

Hulic has a range of work-life balance support programs in place to promote a more employee-friendly work environment in which employees can work while raising children. Such include establishing an onsite nursery facility inside the head office and making it available to local residents.

Support for Single-Parent Households

Hulic started to work with Single Mothers Forum (SMF), an approved specified nonprofit corporation from 2020. We plan to provide single-parent households a joyful time with mums who could usually be too busy working and may have little time for her children in everyday life. However, with the coronavirus pandemic spreading globally, instead of providing enjoyable events to the single-parent households, we decided to support the activities of SMF in sending foods to families who have been suffering significant income reductions by donating JPY10 million to SMF.

Hulic Scholarship Program for Training of Welfare Caretakers

Hulic has established the Hulic Scholarship Program for Training of Welfare Caretakers to support students aiming to be welfare caretakers, develop human resources engaging in nursing care and contribute to the resolution of social issues related to the advancement of an aging society.

(Note) In fiscal 2020 and 2021, the implementation of some initiatives was suspended with a view to preventing the spread of the coronavirus.

2. Supporting Employees to Participate in Social Contribution Activities (Note)

Satoyama Conservation Activities

The Hulic Group has established paid leave for employees involved in volunteer activities in fiscal 2019, in order to support and nurture their efforts to give back to the community and help to foster an attitude of wanting to address issues facing society. The Hulic Group continued satoyama conservation activities, which have been conducted annually since 2009 as a participatory volunteer activity involving employees, and a total of 33 employees and their families from the Hulic Group have participated in this activity.

(Note) In fiscal 2020 and 2021, the implementation of some initiatives was suspended with a view to preventing the spread of the coronavirus.

G

Governance

(1) Corporate Governance

1. Hulic Reit's Corporate Governance

Hulic Reit's Governance

The bodies involved in the operation of Hulic Reit consist of one executive officer, two supervisory officers, a board of directors with the executive officer and supervisory officers as members, and an accounting auditor, as well as a general meeting of unitholders made up of unitholders. (Note 1) (Note 2)

Hulic Reit's accounting auditor is Ernst & Young ShinNihon LLC.

(Note 1) Investment Trusts Act and Hulic Reit's Articles of Incorporation, the number of supervisory officers must be at least one more than the number of executive officers.

(Note 2) Hulic Reit is legally prohibited from employing employees and legally required to outsource business operations.
For details on the bodies above, please refer to "Chapter 1. Fund Information; Part 1. Fund Status; 1. Overview of the Investment Corporation; (4) Structure of the Investment Corporation" of the most recent securities report.

Executive Officers and Supervisory Officers

■ Executive Officers and Supervisory Officers in Office and Their Terms of Office

Please refer to Hulic Reit's website for the executive officers and supervisory officers in office.

https://www.hulic-reit.co.jp/en/about/profile.html

Hulic Reit's Articles of Incorporation provides that the term of office of executive officers and supervisory officers shall be two years.

■ Criteria for Selecting Executive Officers and Supervisory Officers

Officers are appointed by resolution of the General Meeting of Unitholders from candidates selected for the reasons given below on the condition that they do not fall under any grounds for disqualification or prohibition of entrustment provided in the Investment Trusts Act or other laws and regulations (disqualification under Article 98 and Article 100 of the Investment Trusts Act, and Article 164 of the Regulation for Enforcement of the Investment Trusts Act) or (prohibition of entrustment under Article 200 of the Investment Trusts Act and Article 244 of the Regulation for Enforcement of the Investment Trusts Act).

Title	Name	Reason for appointment	Attendance at Board of Directors meetings in most recent period (14th fiscal period)	Number of Hulic Reit units owned
Executive Officer	Kazuaki Chokki (Male)	Mr. Chokki is the President and CEO of Hulic REIT Management, which Hulic Reit has contracted to handle management of its assets. He is thus considered qualified to be the person to carry out the management of Hulic Reit.	100% (Note 1) (7 of 7)	16 units (Note 2)
Supervisory Officer	Kunio Shimada (Male)	Mr. Shimada has practical experience and insight as an attorney, as well as experience as an officer and in other positions at several corporations. He is thus considered qualified to be the person to supervise the execution of business of the executive officer from a legal expert's perspective. He has ties with the Mizuho Financial Group to a certain degree, such as being in the position of Managing Director at Mizuho Servicing Co., Ltd., but he has no relationship other than duties as a supervisory officer in terms of his relationship with Hulic Reit and Hulic REIT Management and is thus considered independent.	100% (7 of 7)	—
Supervisory Officer	Rika Nakamura (Female)	Ms. Nakamura has practical experience and insight as a certified public accountant and a certified public tax accountant. He is thus considered qualified to be the person to supervise the execution of business of the executive officer from an accounting and tax expert's perspective.	100% (Note 1) (7 of 7)	—

(Note 1) Since he or she was appointed as an officer of Hulic Reit at the company's General Meeting of Unitholders held on May 25, 2021, and assumed his or her new position on June 1, 2021, the attendance status of the former officer is indicated for Board of Directors meetings during the 14th fiscal period.

(Note 2) The number of investment units held under the investment unit ownership program for officers of Hulic REIT Management and Hulic as of the submission date for the securities report for the 14th fiscal period (fiscal period ended February 28, 2021)

Management Fees, Etc.

The following are the management fees, etc. payable by Hulic Reit.

Remuneration for Officers and the Accounting Auditor

Provisions have been made in Hulic Reit's Articles of Incorporation that the amount of remuneration shall be an amount determined by the Board of Directors not to exceed a monthly amount of 1 million yen per person in the case of executive officers and not to exceed a monthly amount of 0.7 million yen per person in the case of supervisory officers.

Title	Name	Total amount of remuneration for each position in most recent period (14th fiscal period)
Executive Officer	Kazuaki Chokki	— (Note 1) (Note 2)
Supervisory Officer	Kunio Shimada	¥3,000 thousand
	Rika Nakamura	¥3,000 thousand (Note 1)

(Note 1) Since he or she was appointed as an officer of Hulic Reit at the company's General Meeting of Unitholders held on May 25, 2021, and assumed his or her new position on June 1, 2021, the former officer's amount of remuneration for the 14th fiscal period is indicated.

(Note 2) He concurrently serves as President and CEO of Hulic REIT Management and is not paid remuneration as Executive Officer of Hulic Reit.

Provisions have been made in Hulic Reit's Articles of Incorporation that the amount of remuneration for the accounting auditor shall be an amount determined by the Board of Directors not to exceed 30 million yen in each fiscal period subject to audit.

Title	Name	Total amount of remuneration for each position in most recent period (14th fiscal period)
Accounting Auditor	Ernst & Young ShinNihon LLC	¥15,250 thousand (Note)

(Note) Includes compensation for auditing English financial statements and compensation for work to prepare comfort letters regarding issuance of investment corporation bonds.

For the actual amount of remuneration paid to officers and the accounting auditor for the fiscal period, please refer to "2. Overview of the Investment Corporation; (3) Matters relating to officers, etc." of the most recent asset management report.

■ Asset Management Fee

In addition to management fees linked to the total value of assets of Hulic Reit, a system of management fees linked to the value of cash distributions per investment unit has been introduced.

For the actual amount of remuneration for the fiscal period, please refer to "5. Status of Expenses and Liabilities; (1) Details of expenses relating to asset management, etc." of the most recent asset management report.

Management fee	Method of calculation
Management fee I	Total value of assets at end of the immediately previous fiscal period × 0.50% (maximum %)
Management fee II	Cash distributions per investment unit (DPU) before deduction of management fee II × Operating income before deduction of management fee II × 0.004% (maximum %)
Acquisition fee	Acquisition price of real estate-related assets × 1.0% (maximum %) *0.5% (maximum %) in the case of acquisition from an interested party
Transfer fee	Transfer price of real estate-related assets × 1.0% (maximum %) *0.5% (maximum %) in the case of transfer to an interested party *No fee is paid in cases where no gain on transfer is generated on the transfer *In the case the transfer fee before adjustment exceeds the gain on transfer, the gain on transfer shall be the transfer fee
Merger fee	Total valuation amount of the real estate-related assets held by the other party to the merger × 1.0% (maximum %) *Only applicable when Hulic REIT Management conducts a survey or assessment on the assets, etc. held by the other party or other work related to the merger for the interests of Hulic Reit and the merger takes effect

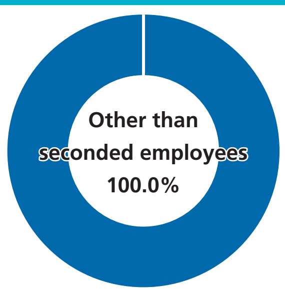
For details on the management fees above and other management fees, etc. for the asset custodian, administrative agents, transfer agent, etc., please refer to "Chapter 1. Fund Information; Part 1. Fund Status; 4. Fees, Etc. and Taxes" of the most recent securities report.

2. Hulic REIT Management's Corporate Governance

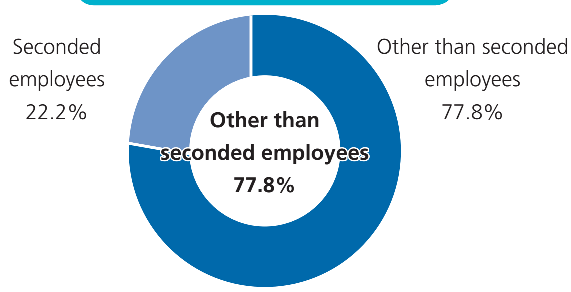
Breakdown of Full-Time Board Members and Employees at Hulic REIT Management

As at the end of June 2021, the three full-time board members at Hulic REIT Management are not employees of the sponsor who have been seconded to Hulic REIT Management; only six employees (22.2% of the total number of employees(Note)) are employees seconded by the sponsor.

The Full-Time Board Members



The Employees



(Note) The total number of employees includes two officers who have concurrent duties as employees.

Remuneration System for Employees and Officers of Hulic REIT Management

In its remuneration system for employees and officers, Hulic REIT Management has introduced a system of incentive bonuses partially linked to cash distributions per investment unit.

Remuneration for Officers of Hulic REIT Management: Introduction of Performance-Linked Compensation

A compensation system linked with the performance of Hulic Reit's investment unit price relative to the TSE REIT Index has been introduced for the main officers of Hulic REIT Management for the purpose of unifying their interests with unitholders and further strengthening governance, etc. The portion equivalent to approximately 50% of the total amount of remuneration for the main officers is linked with the relative performance of Hulic Reit's investment unit price.

Introduction of Investment Unit Ownership Program for Officers and Employees

For the purposes of raising awareness of earnings improvements and continuous growth, raising unitholder value for the medium and long term, etc. of Hulic Reit, an investment unit ownership program has been adopted for the officers and employees of Hulic REIT Management and Hulic, and a tender offer has been practiced for this program.

All directors, supervisory officers, and executive officers of Hulic REIT Management and Hulic are eligible for and have the right to apply to join the investment unit ownership program for officers (including outsider directors and outside supervisory officers, except for officers who are not remunerated), while all employees of Hulic REIT Management and Hulic are eligible for and have the right to apply to join the investment unit ownership program for employees (except for employees on temporary assignment to Hulic from other companies, etc.).

3. Initiatives for Aligning Unitholder Return with the Interests of the Hulic Group

Investment Support from the Hulic Group ("Same-Boat Investment")

Under its sponsor support agreement, Hulic makes the undertakings listed below to Hulic REIT Management in respect of investment units issued by Hulic Reit.

- When Hulic Reit issues new investment units, Hulic will give good faith consideration to acquiring a portion of the new investment units.
- When Hulic has a holding of Hulic Reit investment units, it will seek to retain the investment units held except in special circumstances.

As of the end of the 14th fiscal period (end of February 2021), Hulic holds 143,700 units (unitholding: 10.95%) of Hulic Reit investment units.

Co-Ownership of Properties with the Sponsor

It is Hulic Reit's policy to consider co-ownership with Hulic as needed in view of the size and individual characteristics of the property.

(2) Compliance

1. Fundamental Approach to Compliance

Based on the fundamental recognition that the management of Hulic Reit's assets by Hulic REIT Management is an act involving the management of the funds of Hulic Reit's unitholders, Hulic Reit and Hulic REIT Management strive to protect the interests of unitholders and secure the trust of unitholders through compliance with laws, etc. and exclusion of conflicts of interest, such as in transactions with interested parties, etc. or transactions in which the counterparty has its assets managed by or receives investment or management advisory from interested parties, etc., among other measures.

2. Compliance Structure

Compliance Committee

Hulic REIT Management established the Compliance Committee as the body to check the status of compliance with laws, regulations and other various rules, and to deliberate on such matters as transactions with interested parties, etc. Outside experts with no vested interest in Hulic REIT Management are appointed as members of the Compliance Committee by the Board of Directors.

A resolution of the Compliance Committee requires the attendance of a majority of the committee members having voting rights to the subject proposal (the attendance of the Compliance Officer and outside committee members is required; if an outside committee member acts as committee chairperson, the attendance of the Compliance Officer is not required, but the attendance of the outside committee member acting as committee chairperson and substitute outside committee member is required), and is effected by the agreement of a majority of the committee members having voting rights to the subject proposal in attendance (the agreement of the Compliance Officer and all outside committee members is required; if an outside committee member acts as committee chairperson, the agreement of the outside committee member acting as committee chairperson and substitute outside committee member is required). In this manner, the Compliance Officer and outside committee members each have authority to individually vote for or against a proposal.

Compliance and Risk Management Department and Compliance Officer

Understanding the significance underlying the management of Hulic Reit's assets being an act of managing the funds of Hulic Reit's unitholders, Hulic REIT Management sought to build an appropriate management structure by establishing the Compliance and Risk Management Department as the department to be in charge of the compliance matters of Hulic REIT Management and appointing the Compliance Officer as the person to be responsible for overseeing compliance matters, thereby securing the effectiveness of the internal controls on other departments.

The appointment and dismissal of the Compliance Officer shall be by resolution of the Board of Directors. (Note)

As the person responsible for compliance at Hulic REIT Management, the Compliance Officer shall strive to entrench the compliance structure throughout the company and foster a company-wide normative consciousness to comply with laws, regulations and other various rules. To that end, the Compliance Officer consistently monitors that the execution of business in the asset management for Hulic Reit performed by Hulic REIT Management complies with laws and regulations, Hulic Reit's Articles of Incorporation and other various rules, etc., and monitors and supervises the status of compliance in everyday execution of business, too.

Considering the magnitude of the duties and responsibilities of the Compliance Officer as described above, a person deemed to be fully competent to screen and supervise for ensuring compliance with laws, regulations and norms is appointed as the Compliance Officer.

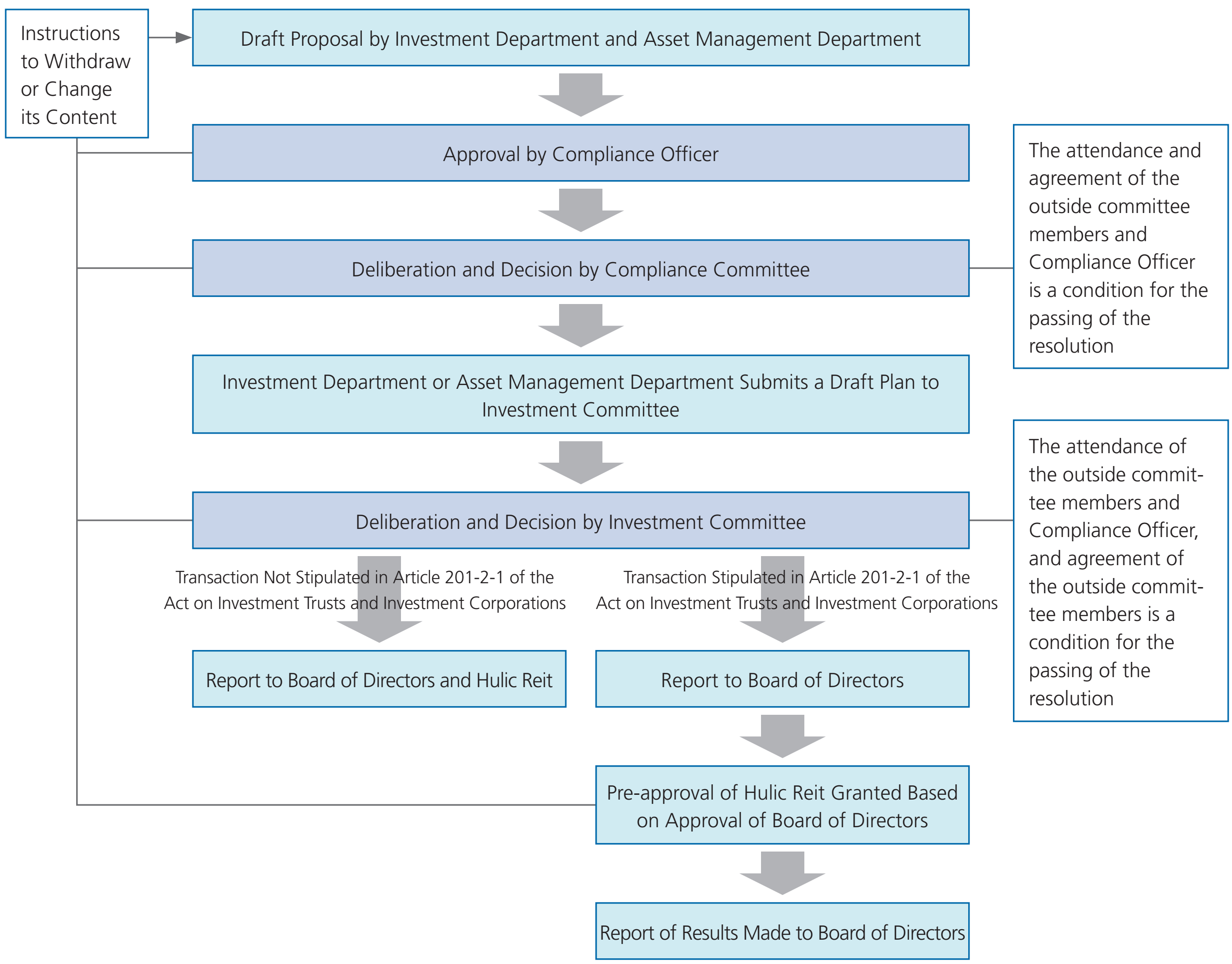
As of the date of issuance of this Report, the Compliance Officer is a full-time director who has not had employment with Hulic.

(Note) Hulic REIT Management may appoint a chief compliance officer to serve as the director who is responsible for the Compliance and Risk Management Department and supervises its work. If a chief compliance officer is appointed, he or she shall serve as the Compliance Officer, and if a chief compliance officer is not appointed, the General Manager of the Compliance and Risk Management Department shall be the Compliance Officer.

Investment and Management Decision-Making Process and Prevention of Transactions Involving Conflict of Interest

Hulic REIT Management appoints outside experts to both its Investment Committee and Compliance Committee. Upon resolution on asset acquisition, etc. from interested parties, the Investment Committee requires a majority of the committee members including outside committee members to agree, and the Compliance Committee requires a majority of the committee members in attendance, including outside committee members and the Compliance Officer, to agree.

Overview of Decision-Making Procedure for Acquisition, Sale, Leasing and Management of Managed Assets in Interested Party Transactions



Compliance Committee	Investment Committee	Hulic Reit's Board of Directors
■ **Members**: Compliance Officer, President and CEO, Directors (excluding part-time directors), and outside committee members (attorneys) with no vested interest ■ Requires attendance and agreement of the Compliance Officer and outside committee members	■ **Members**: President and CEO, Directors (all), Head of Planning and Administration Division, Head of Investment and Management Division, General Manager of Investment Department, General Manager of Asset Management Department, General Manager of Corporate Administration Department, General Manager of Accounting Department, General Manager of Finance and Planning Department, Compliance Officer (obliged to attend, but has no voting rights), and outside committee members (real estate appraisers) with no vested interest ■ Requires attendance and agreement of the outside committee members	■ **Members**: 1 Executive Officer, and 2 Supervisory Officers (attorney, and certified public accountant)

Adoption of Voluntary Rules to Prevent Transactions Involving Conflict of Interest

Regarding transactions with interested parties, Hulic REIT Management applies the general rules outlined below and works to prevent transactions where a conflict of interest might arise.

Property acquisition	No acquisition is made at above the appraisal value (excluding acquisition costs) (Note 1)
Property transfer	No transfer is made at below the appraisal value (excluding transfer costs)
Property leasing	Properties are leased on terms considered appropriate based on an overall decision made after researching the market price, rates in the surrounding area, standard leasing terms for the property type, and other relevant factors
Outsourcing of property management operations	Outsourcing is undertaken on terms considered appropriate in accordance with the conditions stipulated in the operational guidelines, following due consideration of management performance and efficiency, and after taking account of the content of the services provided, the total volume of the operations, and other relevant factors. The outsourcing fees are determined based on market levels, the content of the services provided, the total volume of the operations, and other relevant factors.
Outsourcing of property purchase, sale and leasing to agencies	Outsourcing is undertaken on terms considered appropriate and at fees within the range stipulated in the Real Estate Brokerage Act, after taking account of the content of the services provided and other relevant factors
Commissioning of construction work, etc. (Note 2)	Construction work, etc. is commissioned on terms considered appropriate based on an overall consideration of the price, content, and other aspects of third-party estimates.

(Note 1) In cases where the interested party has incurred costs, for instance by temporarily creating a special-purpose company on the understanding that the interested party is to transfer the property to the investment corporation, the costs may be added to the appraisal value at the time of acquisition.

(Note 2) However, this does not apply where the estimate price is 10 million yen or below or in cases where urgent action is required.

Establishment of Compliance Rules and Compliance Manual, and Putting Such into Practice

In order to ensure thorough compliance with laws, regulations, etc., Hulic REIT Management has established the Compliance Rules and the Compliance Manual and has also formulated the Compliance Program, a concrete implementation plan for ensuring that compliance with laws, regulations, etc. are realized, and strives to have compliance with laws, regulations, etc. put into practice in accordance with these.
The Compliance Program is resolved at the Compliance Committee that includes full-time directors among its members, and the Compliance Officer regularly (once every three months in fiscal 2020) reports the status of progress and achievement of the Compliance Program to the Compliance Committee and the Board of Directors.

Implementation of Regular Internal Auditing and Monitoring System (Including the Involvement of Board of Directors)

Hulic REIT Management has established the Internal Audit Department as a department in charge of controlling internal audits as well as formulating policies and plans on internal audits.
Internal audits target the entire organization and all departments within the company as well as their businesses and are conducted no less than once a year, in principle, based on the Internal Audit Plan resolved by the Board of Directors (regular audit) (as a rule, conducted once a year with June 30 as the auditing reference date), but can also be implemented when specially ordered by the President and CEO (extraordinary audit).
In regular audits, Hulic REIT Management receives support from external audit corporations and, in general, confirms the status of compliance with laws and regulations, internal rules, manuals, rules, etc. and the status of instillment of the system that has been established.
In addition, General Manager of the Internal Audit Department and the Internal Audit Department notify the department(s) subject to audit of the audit results as well as prepare an internal audit report and submit it to the President and CEO and the Board of Directors. The President and CEO can give instructions for improvement to the department(s) subject to audit based on the audit results. Furthermore, the department(s) subject to audit shall report the status of improvement to the President and CEO and the Internal Audit Department after preparing an improvement plan and making improvements.
The regular audit for fiscal 2020, with an auditing reference date of June 30, 2020, was conducted from June through July 2020 (14 key audit items: workflow relating to property purchases and sales, management process for assets under management, financing process, disclosure/IR-related tasks, risk management process, management status of statutory books, implementation status of reporting to the authorities and notifications of various kinds, information management status, management of accidents/administrative errors and implementation status of measures to prevent their recurrence, status of measures to counteract anti-social forces, compliance status, implementation status of voluntary inspections, development and adherence to internal regulations/work manuals, and follow-up of fiscal 2019 internal audit). The audit results were reported to the Board of Directors in October 2020.

Compliance Training and Raising Awareness of Compliance

In order to ensure compliance and raise awareness of compliance, Hulic REIT Management holds periodic compliance training for all employees and officers (not limited to permanent employees, but including also contract employees, etc. (Note)), which mainly covers thoroughly communicating the basic policy on compliance and compliance standards and learning the laws, regulations and other various rules that are to be observed, among other matters (held monthly; 12 sessions held in fiscal 2020). Hulic REIT Management also holds separate training for those joining or transferred to the company and according to each department's features, etc.

(Note) "Compliance training" is for all employees and officers, including also contract employees, etc., but no contract employees, etc. were in employment in fiscal 2020.

Counteracting Anti-Social Forces

Hulic REIT Management has established the Standards for Counteracting Anti-Social Forces and the Manual for Checking for Anti-Social Forces, and takes a resolute stance against anti-social forces for severing any ties with anti-social forces.

Also working together with the Hulic Group, specific initiatives for severing ties with anti-social forces are underway through such measures as establishing a structure for screening for anti-social forces at the time of transaction and putting such into practice, including clauses on the exclusion of organized crime groups in written contracts with business partners and ensuring due diligence is performed at the time of transaction pursuant to the Act on Prevention of Transfer of Criminal Proceeds.

Measures to Prevent Bribery and Corruption

Hulic REIT Management provides in the Rules of Employment, Compliance Manual, etc. that bribery, embezzlement, money laundering and other misconduct are prohibited and any person who has committed misconduct shall be subject to strict disciplinary action.

It is stipulated in Compliance Manual that it is prohibited to provide, offer or promise illegal benefits to public officials, etc. and provide entertainment or gifts to clients, etc. beyond the appropriate scope under socially accepted conventions as well as provide, offer or promise bribes and illegal benefits. Accordingly, Hulic REIT Management requests an internal report regarding whether entertainment or gifts have been provided to clients, etc., and every six months checks that there have been no inappropriate cases. When there are inappropriate cases, Hulic REIT Management will appropriately respond to them based on the flow described in "Response in the Event of Accidents, Etc." below.

In addition, it has been stipulated in the manual that efforts to secure transparency and rationality of transactions and strive to realize appropriate and fair transactions shall be done so as not to harm the interests of the company and its shareholders and cause such suspicion.

Response in the Event of Accidents, Etc.

When inappropriate events such as violation of laws and regulations and crucial clerical errors stipulated in the "Rules on Response to Accidents, Etc." of Hulic REIT Management (hereinafter, "accidents, etc.") occur, the head(s) of the department(s) in which accidents, etc. occur will promptly report the incident to the Compliance Officer after confirming the facts in compliance with the rules, and the Compliance Officer will report it to the President and CEO and the heads of related departments as well as the Board of Directors, if necessary. Furthermore, if the accidents, etc. fall under the category of accidents, etc. of financial instruments, the Compliance Officer will notify a regulatory agency of the accidents, etc.

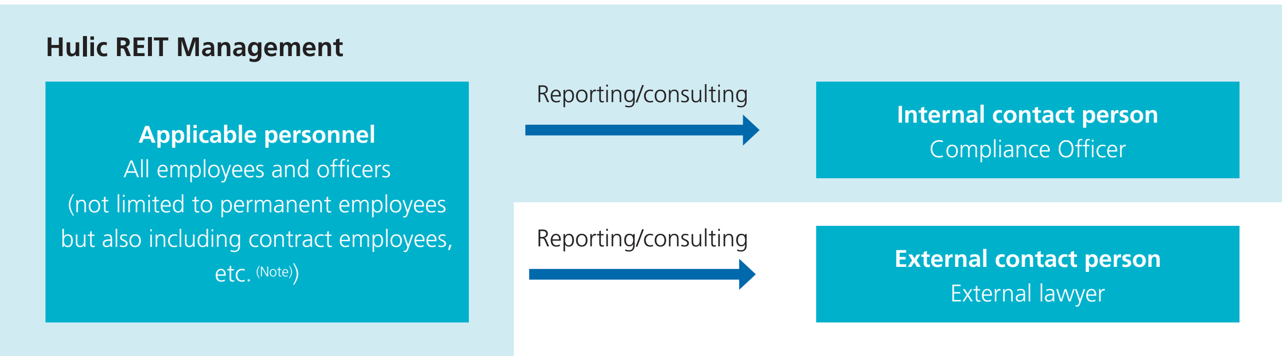
In addition, the head(s) of the department(s) in which accidents, etc. occur will promptly report the details of the facts, subsequent measures, prevention of recurrence, etc. to the Compliance Officer after the completion of subsequent measures, and the Compliance Officer will report such to the President and CEO and the heads of related departments as well as the Board of Directors, if necessary, with necessary opinions. Moreover, if a notification on the accidents, etc. is made to a regulatory agency, the Compliance Officer will notify the regulatory agency of the completion of subsequent measures or report such after a resolution is made by the Board of Directors.

Compliance Hotline (anonymous reporting and consultation are possible)

Hulic REIT Management established the Compliance Hotline open to employees and officers, with points of contact for consultation should there be any act suspected to be in violation of laws, regulations or corporate ethics and points of contact for consultation on harassment and human rights, establishing a structure for preventing risks and minimizing impact should such arise.

As for points of contact, the Compliance Officer will oversee the internal point of contact, and an external point of contact using an external attorney will also be established. Hulic REIT Management strives to ensure that the system functions appropriately by making it easier to report when correction is not made despite an anonymous whistleblowing, reporting or consultation and when there is reluctance toward consulting the Compliance Officer, etc. due to the nature of the problem.

In addition, as a system to protect whistleblowers and consulters, it has been stipulated in the "Whistleblowing Rules" that these individuals shall not be subject to dismissal or disadvantageous treatment (disciplinary punishment, demotion, salary reduction, etc.) and appropriate measures must be taken in compliance with the Whistleblower Protection Act so that their work environment does not deteriorate because of their whistleblowing or consultation.



(Note) The Compliance Hotline may be used by all employees and officers, including also contract employees, etc., but no contract employees, etc., were employed in fiscal 2020.

3. Customer-Oriented Business Conduct

Hulic REIT Management Co., Ltd. (hereinafter the "Company"), has worked to maximize unitholder value by maintaining and increasing income in the medium to long term and achieving growth in the size and value of its assets under management, as outlined in its corporate philosophy. Now, in order to instill more customer-oriented business conduct, the Company has adopted the "Basic Policy for Customer-Oriented Business Conduct" published by the Japanese Financial Services Agency on March 30, 2017, and established the following policies to address them.

Policy for Customer-Oriented Business Conduct

1. Customer-Oriented Business Conduct

The Company has established a corporate philosophy and basic approach to achieving customer-oriented business conduct, and publishes these on its website.
Furthermore, the Company shall regularly announce the status of addressing such business conduct, and conduct reviews to improve them.

2. Pursuit of the Customer's Best Interest

The Company shall maintain strict compliance with its corporate philosophy and with relevant laws and regulations, and strive toward honest and fair business conduct that give priority to the best interest of Hulic Reit through an operating structure that prevents conflicts of interest and ensures objectivity, as well as highly transparent disclosure of information. The Company shall work to instill such business conduct as part of its corporate culture.

3. Appropriate Management of Conflicts of Interest

The Company shall appropriately assess the scope of stakeholders and, before implementing any transactions between the stakeholders and Hulic Reit, work to ensure that transactions with the stakeholders concerned do not create any disadvantage for Hulic Reit by rigorously screening those transactions through the review procedure prescribed by internal rules, such as advance deliberation and resolution by a Compliance Committee whose objectivity is ensured, based on relevant laws and regulations as well as the internal rules.

4. Clarification of Fees, etc.

The Company shall provide information to unitholders in an easily understandable manner with regard to the fact that business operations, clerical work, etc. at Hulic Reit are outsourced, as well as the remuneration and various fees borne by Hulic Reit due to the outsourcing.

5. Clear Provision of Important Information

In addition to the disclosure of information specified by relevant laws and regulations, the Company shall work to disclose important information such as the financial highlights and future growth strategies of Hulic Reit in a clear manner easily understandable to unitholders, including through the use of graphs, in asset management reports and financial results briefing materials, on the Hulic Reit website, etc. Note that the Company does not sell or recommend multiple financial products or services as a package.

6. Provision of Services Suitable for the Customer

In addition to striving to understand the needs of unitholders, etc., the Company shall maintain strict compliance with the bylaws of Hulic Reit in its asset management services and implement business conduct in line with the various policies defined in its operational guidelines. Furthermore, the Company shall aim to maximize unitholder value by flexibly revising the operational guidelines in response to changes in the needs of unitholders, etc, and the conditions of the real-estate market in cases where doing so is expected to lead to greater unitholder value in the medium to long term. The Company does not sell or recommend complex or high-risk financial products, nor does it sell or recommend financial products to customer groups that are vulnerable to financial transaction damage.

7. Appropriate Incentivization Framework for Employees, etc.

All directors and employees shall work to offer high-quality value as professionals. Furthermore, the Company shall continually conduct compliance-related training, etc. for all directors and employees in order to ensure the thorough implementation of honest and fair business practices as well as appropriate management of conflicts of interest. In addition, the Company has instituted an incentive bonus system partially tied to the per-share dividend of Hulic Reit in the aim of integration with unitholder return.

As part of efforts to strengthen human resources for providing asset management services of high quality, we promote employees in obtaining qualifications. We have set the pursuit of such measures as one with key performance indicators (KPI), thereby promoting instilling customer-oriented business conduct.
The number of persons who have obtained qualifications or have passed the examinations for key qualifications (Real Estate Notary and ARES Certified Master) has been set as key performance indicators (KPI).

[Reference]

- Real Estate Notary: 19
- ARES Certified Master: 15

*As at June 30, 2021

(3) Risk Management

1. Fundamental Approach to Risk Management

At Hulic Reit, we ourselves comply with the rules provided in the Investment Trusts Act and related laws and regulations for the various risks in investment and management. Hulic REIT Management, too, takes measures, such as establishing appropriate internal rules along with the necessary organizational structure and educating to raise the spirit of compliance among employees and officers.

2. Risk Management Structure

Establishment of Risk Management Rules and Risk Management Manual, and Putting Such into Practice

In order to appropriately manage various risks, Hulic REIT Management has established the Risk Management Rules and the Risk Management Manual containing provisions that serious risks shall be reported to the Board of Directors without delay should they arise.

BCP Measures

Hulic REIT Management established the Crisis Management Manual under the objective of specifically providing a basic policy on measures should there be a natural disaster, human-caused disaster or other state of emergency (hereinafter, “emergency”), code of conduct for employees and officers in the event of an emergency, etc. to minimize damages and maintain organizational functions through early restoration, thereby avoiding disruption, etc. at Hulic REIT Management and related parties as much as possible.
The Manual provides a series of actions from when an emergency arises to deciding on the policy on measures, etc. and completion of measures, and clarifies the decision-making body and the chain of command until the measures are decided according to the type of emergency, size of damage, scope of impact, etc.
Crisis management drills are also held once a year as a check, such as of the validity of the Manual and for any points that can be improved, in efforts to continually enhance the effectiveness of the Manual.

Confirmation of the Safety of Employees and Officers

The Hulic Group has introduced a system for confirming safety via the internet, email, etc. to swiftly grasp the extent of damage and safety of employees and officers in the event of an emergency. Safety confirmation drills are also held once a year for all employees and officers of the Hulic Group.

Information Security

Recognizing that information assets are important corporate assets, Hulic Reit and Hulic REIT Management ensures that information assets are being appropriately managed and stored in accordance with internal rules, etc. We also have internal rules, etc. in place to appropriately act for proper utilization of information systems and prevention of system failure or cybersecurity threats.

HULIC REIT, INC.