

(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 Toranomom 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 Toranomom 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 -

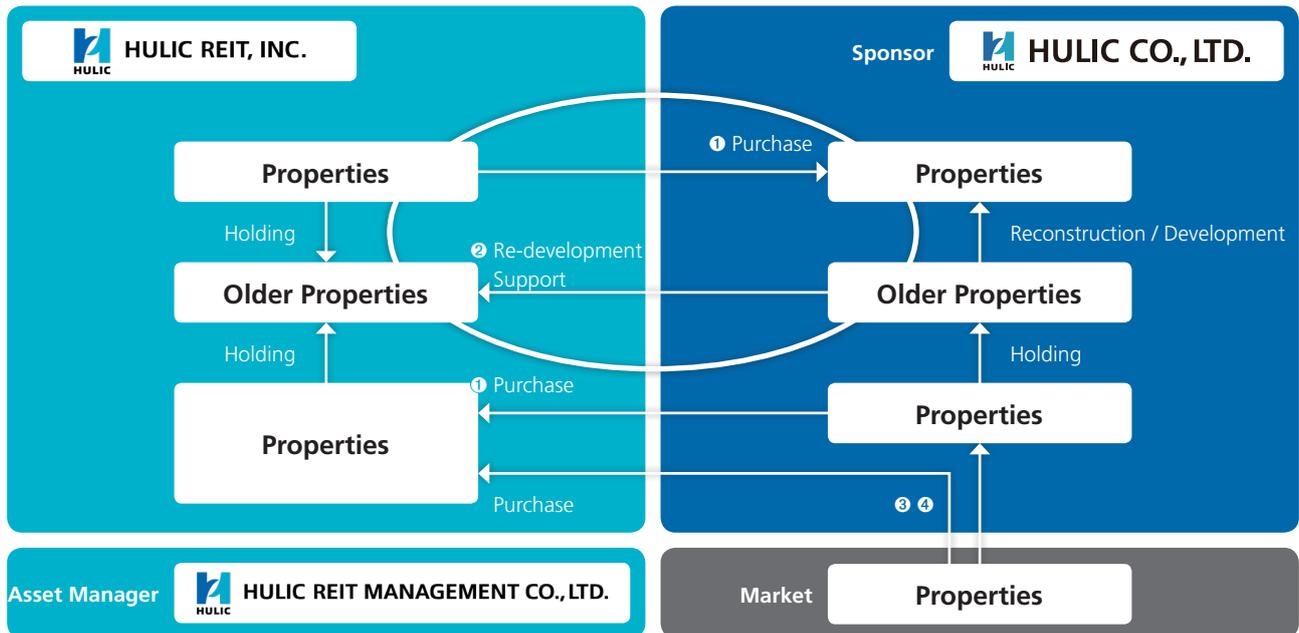


Diagram ①: Preferential Negotiation Rights

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 ②: 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 ③: 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 ④: 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.