

Translation Purpose Only

February 22, 2022

To All Concerned Parties

Name of REIT Issuer:

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(TSE Code: 3295)

Contact:

Asset Management Company

Hulic REIT Management Co., Ltd.

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Notice concerning the Borrowing of Funds **(Positive Impact Finance (Mizuho Bank, Ltd.))**

TOKYO, February 22, 2022 – Hulic Reit, Inc. (“Hulic Reit”) announces today that it has decided to borrow funds (“Borrowing of Funds”) as follows.

I. Details of Borrowing of Funds

1. Description of Positive Impact Finance





The Borrowing of Funds to be made by Mizuho Bank, Ltd. (“Mizuho Bank”) is intended to provide finance to continuously support initiatives taken by Hulic Reit to the extent such initiatives are evaluated as having intention to generate positive impact on the society based on comprehensive and quantitative evaluation based on the framework which was developed independently by Mizuho Research & Technologies, Ltd. (“Mizuho Research & Technologies”) in line with the Principles for Positive Impact Finance (Note 1) released by the United Nations Environment Programme Finance Initiative (“UNEP FI”) (Note 2).

Hulic Reit and Hulic REIT Management Co., Ltd. (“Asset Management Company”), which is entrusted with the management of Hulic Reit’s assets, share the corporate philosophy of Hulic Co., Ltd. (Hulic Reit’s sponsor), which is to “create a society that always considers safety and peace of mind by providing the products and services that form the foundation for our customers’ social activity.”





In addition, the Asset Management Company aims to contribute to SDGs through its material issues (initiatives addressing important issues), including “Promotion of Energy Conservation and Climate Change Countermeasures,” “Circular Economy Practices,” “Enhancement of Customer (Tenant/User) Satisfaction,” “Disclosure of Information to and Dialogue with Stakeholders,” “Motivating Work Environment,” and “Contribution to Local Communities.”

With regard to the Borrowing of Funds, Hulic Reit has received a qualitative and quantitative assessment of the following themes from Mizuho Bank and Mizuho Research & Technologies, particularly as an activity that impacts SDG goals, with a focus on Hulic Reit’s initiatives addressing its material issues.

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Materiality		Impact	Target / KPI	SDGs	
				Goal	Target
Promotion of Energy Conservation and Climate Change Countermeasure s	Disclosure of Information to and Dialogue with Stakeholders	“Climate” and “Energy”	<Energy Consumption> - Reduction of energy consumption intensity for the entire portfolio by 25% relative to the actual figures for 2018 by the end of 2030 <Greenhouse gas (“GHG”) Emissions> - Reduction of GHG emissions intensity for the entire portfolio by 30% relative to the actual figures for 2018 by the end of 2030		7.3 By 2030, double the global rate of improvement in energy efficiency
			<Green Building Certification Acquisition Rate> - Of entire portfolio, percentage of properties that will have acquired green building certification : 50% or more by end of 2025 (Note) - Of Tokyo Commercial Properties, percentage of properties that will have acquired green building certification: 60% or more by end of 2025 (Note) (Note) Based on number of properties (The properties subject to calculation do not include properties for which ownership is of the land interest only.)		13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries
Circular Economy Practices		“Waste”, “Water (“Quality”)”, “Resource efficiency/Safety”, and “Biodiversity and Ecosystem services”	<Effective Utilization of Water Resources> - Efforts of reduce water use through water-saving and reuse of grey water and rain water		6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity
			<Waste Reduction> - Efforts of reduce waste by implementing activities to raise awareness among tenants and other measures		12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse

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Materiality		Impact	Target / KPI	SDGs	
				Goal	Target
Enhancement of Customer (Tenant/User) Satisfaction	Disclosure of Information to and Dialogue with Stakeholders	“Employment”, “Health and Hygiene”, “All-inclusive and Healthy economy”, “Culture/Tradition”, “Residence”, and “Information”	<Enhancement of Customer Satisfaction> - Satisfaction surveys conducted through regular interviews of tenants and operators and status of response to issues (including status of implementation of initiatives considering customer health)	 3.3 By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	
				 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	
				 11b By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters, and develop and implement, in line with the Sendai Framework for Disaster Risk Reduction 2015–2030, holistic disaster risk management at all levels	
				 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	

In connection with, the Borrowing of Funds, Hulic Reit has obtained a third-party opinion on its conformity with the Principles on Positive Impact Finance related to this evaluation from the Japan Credit Rating Agency, Ltd. (Note 3) and the Basic Principles for Impact Finance devised by the Positive Impact Finance Task Force established under Article 2 (4) of the Outline for the Establishment of the Ministry of the Environment’s ESG Finance High Level Panel.

Note:

1 The Principles for Positive Impact Finance

This is a common financial framework to achieve SDGs, announced in 2017 by the Positive Impact Working Group, a group made up of United Nations Environment Programme Financial Initiative (UNEP FI) (Note 2) banking and investment members. The inclusive content assesses both positive and negative impact in terms of the three aspects of sustainable development (environment, society and economy). In addition, UNEP FI offers an impact radar consisting of 22 categories, including climate, water, energy, biodiversity, culture, and tradition as a tool for identifying impact.

2 The United Nations Environment Programme Finance Initiative(UNEP FI)

This is a partnership with the United Nations Environment Programme (UNEP) and the global financial sector established with the objective of promoting sustainable finance, following the global summit in 1992.

3 Japan Credit Rating Agency, Ltd.’s website :

<https://www.jcr.co.jp/en/>

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2. Details of the Borrowing of Funds

Term	Lender	Borrowing amount	Interest rate (Note 1)	Anticipated drawdown date	Borrowing method	Repayment date	Repayment method (Note 4)	Security
Long-term	Mizuho Bank	¥ 2.0 billion	Base rate of interest (JBA three-month Japanese Yen TIBOR) + 0.470% (Note 2) (Note 3)	February 28, 2022	Borrowing in accordance with the individual term loan agreement to be entered into on February 24, 2022 with the lender shown on left	August 31, 2030	Lump-sum repayment	Unsecured and unguaranteed

Notes:

- 1 The loan fees and other charges to be paid to the lender are not included.
- 2 The first interest payment date will be May 31, 2022, and subsequently thereafter the interest payment date will fall on the last day of February, May, August and November each year and on the principal repayment date (the repayment date will be the next business day if it falls on a non-business day or the prior business day if this next business day falls in the next month).
The base interest rate applied to the calculation period for the interest payable on the interest payment date will be the three-month Japanese Yen Tokyo Interbank Offered Rate (TIBOR) published by the General Incorporated Association JBA TIBOR Administration (JBATA) two business days prior to each interest payment date. (For the first calculation period, the base interest rate for the applicable period shall be the three-month Japanese Yen TIBOR published by JBATA two business days prior to the anticipated drawdown date.) These base interest rates will be revised on each interest payment date. However, if the calculation period is shorter than three months or if the interest calculation period is longer than three months, the base interest rate for the applicable period calculated based on the method stipulated in the loan agreement will be used. Please refer to the JBATA website (<https://www.jbatibor.or.jp/rate/>) for the latest and historical JBA Japanese Yen TIBOR rates.
- 3 An interest rate swap agreement will be executed in order to effectively fix the interest rate for the borrowing. There will be an announcement regarding the interest rate fixed on the basis of the interest rate swap agreement to be arranged, once such details have been determined.
- 4 In cases where certain requirements, such as prior written notice of Hulic Reit, are met during the term after the execution of the borrowing shown above until the repayment date, Hulic Reit may repay the principal of the borrowing in part or in its entirety prior to the repayment date.

3. Reason for the Borrowing of Funds

To allocate for a part of the refinancing funds described following “4. Amount, use and planned disbursement date / (2) Specific use of the proceeds”. In addition, the Borrowing of Funds will allow Hulic Reit to diversify the maturity schedule, while maintaining strong and stable relationships with existing financial institutions.

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4. Amount, use and planned disbursement date

(1) Total amount of the proceeds

¥ 2.0 billion

(2) Specific use of the proceeds

Hulic Reit intends to allocate the part of refinance funds (¥2.0 billion) of ¥7.55 billion in long term borrowings due in February 28, 2022 described in “Notice concerning the Borrowing of Funds and Early Repayment of Borrowings” announced on December 9, 2014 and ¥1.0 billion in long term borrowings described in “Notice Concerning the Borrowing of Funds and Early Repayment of Borrowings” announced on August 25, 2017

(3) Planned disbursement date

February 28, 2022

5. Status of interest-bearing debt after the Borrowing of Funds

(Millions of yen)

		Before borrowing	After borrowing (Note 1)	Change
	Short-term borrowings (Note 2)	8,900	2,000	(6,900)
	Long-term borrowings (Note 2)	155,916	159,416	3,500
	Total borrowings	164,816	161,416	(3,400)
	Investment corporation bonds	15,000	15,000	0
	Total interest-bearing debt	179,816	176,416	(3,400)

Note:

- 1 The outstanding balance after the Borrowing of Funds includes the contents described in the “Notice concerning Early Repayment of Borrowings” announced on February 10, 2022 and the “Notice concerning Early Repayment of Borrowings” announced on February 21, 2022 and the “Notice concerning the Formulation of the Sustainability Finance Framework and the Borrowing of Funds (Green Loan, etc.)” and the “Notice concerning the Borrowing of Funds (Positive Impact Finance (Sumitomo Mitsui Trust Bank, Limited))” announced today.
- 2 “Short-term borrowings” refer to borrowings with a maturity of one year or less from the drawdown date. “Long-term borrowings” refer to borrowings with a maturity of more than one year. At any point in time, even when the time until maturity of long-term borrowings is less than one year, the outstanding balance is still included in “Long-term borrowings.”

6. Future outlook

The impact of the Borrowing of Funds is immaterial to the outlook concerning our financial results for the fiscal period ending February 28, 2022 (September 1, 2021 to February 28, 2022) and the fiscal period ending August 31, 2022 (March 1, 2022 to August 31, 2022), and therefore we make no revisions to such outlook.

II. Other necessary matters for investors to adequately understand and make an informed decision based on the above information

There are no changes to the risks pertaining to the Early repayment listed in “Chapter 1. Fund Information, Part 1. Fund Status, 3. Investment Risks” of the securities report submitted to the regulator on November 24, 2021.