

To All Concerned Parties

Name of REIT Issuer:

Hulic Reit, Inc.  
2-26-9 Hatchobori, Chuo-ku, Tokyo, Japan  
Eiji Tokita, Executive Officer  
(TSE Code: 3295)

Contact:

Asset Management Company  
Hulic REIT Management Co., Ltd.  
Eiji Tokita, President and CEO

Person to Contact:

Kazuaki Chokki, Executive Vice President, CFO, Head of  
Planning and Administration Division  
Tel: +81-3-6222-7250

## **Notice Concerning Submission of Revised Shelf Registration Statement for the Issuance of Green Bonds**

TOKYO, October 14, 2020 – Hulic Reit, Inc. (hereinafter referred to as “Hulic Reit”) announced today that it has submitted a revised shelf registration statement for the issuance of green bonds (unsecured investment corporation bonds) (hereinafter, the “Green Bonds”).

### **1. Content of the revised shelf registration statement for issuance of the Green Bonds**

Hulic Reit today submitted a revised shelf registration statement of investment corporation bonds to the Director-General of the Kanto Local Finance Bureau in connection with the issuance of the Green Bonds. Hulic Reit plans to appoint Mizuho Securities Co., Ltd. (the green bond structuring agent (Note)) as the lead manager, and SMBC Nikko Securities Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. as the joint lead managers, to consider the feasibility and the terms of the issuance, such as interest rates of the Green Bonds and to perform other tasks concerning the issuance of the Green Bonds.

Hulic Reit plans to apply all of the proceeds from the Green Bonds to fund the acquisition of eligible green asset (described in “3. Outline of the green finance framework” below), to make repayments of loans or bonds outstanding to acquire eligible green asset, and to make payments of refurbishments of the eligible green assets.

Note: “Green bond structuring agent” refers to a party that supports the issuance of green bonds by advising on the formulation of a green bond framework and on obtaining second-party opinions, among others.

### **2. Purpose and background of the issuance of the Green Bonds**

In March 2016, Hulic REIT Management Co., Ltd. (hereinafter, the “Asset Management Company”), which Hulic Reit entrusts the management of its assets, formulated the “Sustainability Policy”, based on the belief that consideration of environment, social, and governance (hereinafter, collectively referred to as “ESG”) issues will lead to maximizing Hulic Reit’s unitholder value over the medium to long term. Hulic Reit and the Asset Management Company are committed to improving environmental friendliness and tenant satisfaction, as well as to contributing to local communities, and maintaining and improving the evaluations of third party institutions as follows.

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 June 2020.

In the 2019 GRESB (Global Real Estate Sustainability Benchmark) Assessment, in the area of environmental awareness and sustainability initiatives Hulic Reit received strong recognition from both dimensions of “Management & Policy” and “Implementation & Measurement”, and was awarded the “Green Star” designation for three consecutive years. Hulic Reit also received the second highest “4 Stars” rating for three consecutive years by GRESB. Furthermore, Hulic Reit’s information disclosure regarding its

environmental consideration and sustainability initiatives was recognized as being particularly impressive, and was given a rating of “A”, which is the highest of the five-grade evaluation system, in the GRESB evaluation of disclosure, introduced in fiscal 2017.

In particular, in terms of the environment, we are promoting improvements in energy efficiency and the introduction of equipment and devices that contribute to energy conservation at owned properties. We are also actively working to obtain external certifications related to energy conservation and environmental performance of owned properties, such as the “DBJ Green Building Certification” (Note 1), “BELS Certification” (Note 2), and “Certification for CASBEE for Real Estate” (Note 3).

Hulic Reit is submitting this revised shelf registration statement in connection with the issuance of 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.

Notes:

1. “DBJ Green Building Certification” is a certification of buildings with environmental and social awareness (Green Building) implemented by Development Bank of Japan Inc. (hereinafter, “DBJ”) based on a five-grade evaluation system (1 to 5 stars) by using a comprehensive scoring model independently developed by DBJ.
2. “BELS Certification” is a public evaluation system of energy saving capacity in non-residential structures of which evaluation criteria were determined by the Ministry of Land, Infrastructure and Transport and is expected to provide information regarding energy saving and promote further development of energy saving capacity in non-residential structures.
3. “CASBEE (Comprehensive Assessment System for Built Environmental Efficiency)” is a method for evaluating and rating the environmental performance of buildings as well as a comprehensive evaluation system of the environmental performance of buildings including consideration to the surrounding landscape in addition to the aspects of environmental load reduction such as energy and resource saving and recycling performance.

### 3. Overview of the green finance framework

To promote green finance, including the issuance of the Green Bonds, Hulic Reit has formulated a green finance framework in line with the “Green Bond Principles (Note 1) 2018”, the “Green Bond Guidelines 2020” (Note 2), the “Green Loan Principles (Note 3) 2018”, and the “Green Loan and Sustainability Linked Loan Guidelines 2020” (Note 4).

Notes:

1. “Green Bond Principles” refers to the guidelines for green bond issuance formulated by the Green Bond Principles Executive Committee, a non-government organization for which the International Capital Market Association (ICMA) serves as secretariat, and are hereinafter referred to as the “Green Bond Principles.”
2. “Green Bond Guidelines 2020” refers to the guidelines formulated and published in March 2017 and revised in March 2020 by the Ministry of the Environment of Japan. The Guidelines, in accordance with the Green Bond Principles, seek to provide market participants with illustrative examples of specific approaches and interpretations tailored to the Japanese market to aid with decision-making regarding green bonds, thereby promoting green bond issuances and investments in Japan. The Guidelines are hereinafter referred to as the “Green Bond Guidelines.”
3. “Green Loan Principles” refers to the guidelines for loans made available exclusively for use on green projects formulated by the Loan Market Association (LMA) and the Asia Pacific Loan Market Association (APLMA), and are hereinafter referred to as the “Green Loan Principles.”
4. “Green Loan and Sustainability-Linked Loan Guidelines 2020” refers to the guidelines formulated and published in March 2020 by the Ministry of the Environment of Japan. The Guidelines, in accordance with the Green Loan Principles for green loans, seek to provide borrowers, lenders and other market participants with illustrative examples of specific approaches and interpretations tailored to the Japanese market to aid with decision-making regarding green loans, thereby spurring utilization of green loans in Japan.

#### (1) Use of proceeds from green finance

Hulic Reit plans to use the funds procured through green finance as funds for the acquisition of the eligible green assets, refinancing of the funds for the eligible green assets, or funds for renovation of the eligible green assets.

#### (2) Eligibility criteria

##### A) Eligibility criteria 1 (eligible green assets)

Assets for which any of the following certifications from a third-party certification body (hereinafter referred to as the “green building certification”) has been or will be obtained (hereinafter referred to as the “eligible green assets”)

- DBJ Green Building Certification: 3 Stars, 4 Stars or 5 Stars
- BELS Certification: 3 Stars, 4 Stars or 5 Stars
- Certification for CASBEE for Real Estate: B+ , A or S Rank

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- LEED Certification (Note): Silver/Gold/Platinum

Note: “LEED (Leadership in Energy and Environment Design)” is an environmental performance rating system for buildings and urban environments developed and operated by the US Green Building Council (USGBC), a non-profit organization. The certification level is based on the total number of points earned in each category and is rated in the order of Platinum, Gold, Silver, and Certified (standard certification).

## B) Eligibility criteria 2 (renovation work)

One out of the following three requirements must be met.

- Renovation work intended to improve the number of stars or the grade/rank by one or more for any of the eligible green asset certifications
- Renovation work intended to reduce either energy consumption, greenhouse gas emissions such as CO<sub>2</sub> emissions, or water consumption by 10% or more
- Installation or acquisition of facilities related to renewable energy

## (3) Process for project evaluation and selection

The eligibility criteria are proposed and drafted by the “Sustainability Committee”, which is comprised of a cross-section of members within the Asset Management Company, including the President and CEO of the Asset Management Company, and are determined through necessary procedures in accordance with the provisions of the Asset Management Company’s internal rules and regulations.

The Investment Committee discusses and approves the green bond issuance plan and the appropriation of the funds to be raised, and reports to the Board of Directors of Hulic Reit.

## (4) Management of proceeds

The amount of debt calculated by multiplying total estimated book value of eligible green assets, which relates to Hulic Reit’s portfolio at the end of each fiscal period, by the ratio of interest-bearing debt to total assets (hereinafter referred to as “amount of eligible green debt”), will be set as the upper limit amount for green finance and managed so that the balance of green finance does not exceed the amount of eligible green debt as of the end of each fiscal period.

The total book value of eligible green assets as of today is 150,975 million yen (Note 1) (Note 2), as shown in the table below.

Property name	Certifications from a third-party certification body, which has been obtained	Estimated book value (million yen) (Note 1) (Note 2)
Hulic Kamiyacho Building	CASBEE : S Rank	55,584
Toranomon First Garden	DBJ Green Building Certification : 4 Stars CASBEE : S Rank	8,149
Hulic Takadanobaba Building	CASBEE : A Rank	3,750
Hulic Kanda Building	BELS Certification : 3 Stars	3,557
Ochanomizu Sola City	DBJ Green Building Certification : 5 Stars	36,658
Hulic Toranomom Building	DBJ Green Building Certification : 4 Stars BELS Certification : 3 Stars	17,928
Hulic Shibuya 1 Chome Building	CASBEE : A Rank	5,084
Shinagawa Season Terrace	DBJ Green Building Certification : 5 Stars BELS Certification : 5 Stars	5,969
Hulic Asakusabashi Building	DBJ Green Building Certification : 5 Stars BELS Certification : 3 Stars	4,931
Oimachi Redevelopment Building	DBJ Green Building Certification : 3 Stars	6,247

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(#1)		
HULIC &New SHIBUYA	BELS Certification : 5 Stars CASBEE : A Rank	3,113
Total	—	150,975

Notes:

1. The figure shown is the book value of eligible green assets as of the most recent fiscal period-end (August 31, 2020) and is rounded down to the nearest million yen.
2. Hulic Reit owns “Hulic Omori Building” (CASBEE : A Rank) as of today, but as stated in “Notice concerning the Acquisition and Transfer of Property” released today, since Hulic Reit has decided to transfer the property on October 16, 2020, the total book value of eligible green assets does not include the book value of the property.

## (5) Reporting

Hulic Reit will announce the following items on its website or in the disclosure materials once a year.

- Whether there are any unappropriated funds from green finance, the status of appropriation of those funds
- Total book value of eligible green assets, the loan to value ratio of the amount of eligible green debt, and the balance of green finance as long as there is any remaining balance of green finance

In addition, as long as there is any remaining balance of green finance, Hulic Reit will disclose the following items on its website or in the disclosure materials once a year.

- Status of certification of eligible green assets and an evaluation of the certification
- Energy consumption, greenhouse gas emissions such as CO<sub>2</sub> emissions, and water consumption of eligible green assets as a whole (only for available assets)
- Either energy consumption, greenhouse gas emissions such as CO<sub>2</sub> emissions, or water consumption of eligible green assets that have undergone renovation work, before and after renovation

## 4. External review

For eligibility of the Green Bonds, Hulic Reit has been assigned a preliminary evaluation of “Green 1,” the highest evaluation grade in the JCR Green Bond Evaluation (Note 1), by Japan Credit Rating Agency, Ltd. (hereinafter, “JCR”). For further details concerning the JCR Green Bond Evaluation, please refer to the following website.

JCR Green Bond Evaluation: <https://www.jcr.co.jp/en/greenfinance/>

Furthermore, as an issuance supporter under the Ministry of the Environment of Japan’s Fiscal 2019 Financial Support Programme for Green Bond Issuance (Note 2), JCR has received a notification of a decision regarding a subsidy grant from the Green Finance Organization, making the assignment of third-party evaluation of the Green Bonds of Hulic Reit eligible as a recipient for such subsidy grant.

Notes:

1. The “JCR Green Bond Evaluation” refers to a third party evaluation by JCR of an issuer's green bond issuance or based on the Green Bond Principles formulated by ICMA and the Green Bond Guidelines formulated by the Ministry of the Environment of Japan. The evaluation is determined through a greenness evaluation, which evaluates whether a project falls under a green project category as stated in the green finance policy of the issuer or borrower, a management, operation, and transparency evaluation, which evaluates the management and operation system and transparency of the issuer or borrower, and a JCR Green Bond Evaluation is determined as a comprehensive evaluation of these evaluations.
2. “Financial Support Programme for Green Bond Issuance” refers to a program providing subsidies for the expenses required by those who support companies, municipalities and other bodies who seek to issue green bonds, etc. in the form of granting external reviews, consultation on establishing a green bond or other framework, etc. The requirements for green bonds, etc. for eligibility are that the proceeds are exclusively applied to green projects and that all of the following requirements are met at the time of issuance.
  - (1) One of the following criteria is met at the time of issuance of green bonds, etc.:
    1. Contributes mainly to domestic decarbonization (renewable energy, energy efficiency, etc.)
      - Projects for which an equivalent amount or more than half of the procured amount, or of which an equivalent number or more than half of the number of projects target domestic, decarbonization-related projects
    2. Has high effects on decarbonization and vitalization of local economy
      - Decarbonization effects: Those whose subsidy amount per ton of domestic CO<sub>2</sub> reduction is less than the specified amount
      - Effects on vitalization of local economy: Projects that are expected to contribute to vitalization of local economy as part of the ordinance and plan, etc. decided by the municipality, projects for which investment by municipalities can be anticipated, etc.

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- (2) Compliance of the green bond or other framework with the Green Bond Guidelines has been confirmed by an external review organization before issuance
- (3) Not a so-called “green-wash bond”

\* Hulic Reit’s website: <https://www.hulic-reit.co.jp/en/>