

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.

Kazuaki Chokki, President and CEO

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## **Notice concerning the Borrowing of Funds** **(Positive Impact Finance (Sumitomo Mitsui Trust Bank, Limited))**

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 is Description of "Positive Impact Finance" with Sumitomo Mitsui Trust Bank, Limited (“Sumitomo Mitsui Trust Bank”) in line with the Principles for Positive Impact Finance (Note 1), its model framework (Financial products for corporate with unspecified use of funds) and Positive Impact Real Estate Investment Framework released by the United Nations Environment Programme Finance Initiative (“UNEP FI”) (Note 2).



Positive Impact Finance is intended to support corporations’ activities of which we comprehensively analyze and evaluate the impacts (both positive and negative) related to the environment, society and economy. The most notable feature of PIF is that the degree of contribution from corporate activities, products and services in achieving Sustainable Development Goals (SDGs) is used as evaluation indicator and monitored based on publicly disclosed information and to support its activities through engagement.

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.” We believe that attention to the environment, society and governance (“ESG”) leads to the maximization of medium- and long-term value for Hulic Reit’s unitholders, and have thus established and put into practice its Sustainability Policy.






In addition to obtaining environmental certifications, carrying out renovation works to enhance the energy-saving performance of our properties, and responding to TCFD (Note 3) recommendations, Hulic Reit and the Asset Management Company promote initiatives contributing to the health, safety and comfort of our customers (tenants, users) through dialogue with all stakeholders and aim to raise the value of our property holdings.

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In addition, with regard to the Borrowing of Funds, Hulic Reit has received qualitative and quantitative evaluations of the Hulic Reit's achievement of its SDGs targets on the following themes that are impacted from Sumitomo Mitsui Trust Bank.

Themes	Contents	Goals and Indicators (KPI)	SDGs
Promotion of Energy Conservation and Climate Change Countermeasures	<p>Promote Greenhouse gas ("GHG") emission reduction through energy conservation at portfolio properties</p> <p>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</p> <p>[Assets with strong relevance] Office properties Retail properties Private nursing homes Network centers Hotels</p>	<p><u>(a) GHG emission reduction</u> (Target) Reduction of GHG emissions intensity for the entire portfolio by 30% relative to the actual figures for 2018 by the end of 2030 (Indicator (KPI)) GHG emissions intensity (t-CO<sub>2</sub>/m<sup>2</sup>)</p> <p><u>(b) Energy consumption reduction</u> (Target) Reduction of energy consumption intensity for the entire portfolio by 25% relative to the actual figures for 2018 by the end of 2030 (Indicator (KPI)) Energy use intensity (kWh/m<sup>2</sup>)</p> <p><u>(c) Enhancing of green building certification acquisition Rate</u> (Target) Of entire portfolio, percentage of properties that will have acquired green building certification : 50% or more by end of 2025 (Note)</p> <p>Of Tokyo Commercial Properties, percentage of properties that will have acquired green building certification: 60% or more by end of 2025 (Note)</p> <p>(Note) based on number of properties (the properties subject to calculation do not include properties for which ownership is of the land interest only.)</p> <p>(Indicator (KPI)) Green Building Certification Acquisition Rate (Note) DBJ Green Building Certification, CASBEE, BELS, JHEP Certification, etc.</p>	 

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Themes	Contents	Goals and Indicators (KPI)	SDGs
Circular Economy Practices (Effective Utilization of Water Resources, Waste Reduction)	<p>Contribute to the formation of a recycling-oriented society by promoting water-saving measures and the 3Rs of “Reduce, Reuse, Recycle”</p> <p>Reduce water use through water-saving and reuse of grey water and rain water</p> <p>Appropriate waste disposal in compliance with laws, regulations, etc</p> <p>[Assets with strong relevance] Office properties Retail properties</p>	<p><u>(a) Water use reduction</u> (Target) Water use reduction (Indicator (KPI)) Status of overall progress on initiatives aimed at reducing water usage</p> <p><u>(b) Waste Reduction</u> (Target) Waste Reduction (Indicator (KPI)) Status of overall progress on initiatives aimed at reducing waste reduction</p>	 
Enhancement of Customer (Tenant/User) Satisfaction	<p>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</p> <p>Contribute to local communities through initiatives that contribute to revitalization of the region and community at portfolio properties as a member of the community</p> <p>[Assets with strong relevance] Office properties Retail properties Private nursing homes Network centers Hotels</p>	<p>(Target) Enhancement of Customer Satisfaction (Indicator (KPI)) Status of overall progress on initiatives aimed at enhancement of customer satisfaction</p>	  

In connection with the Borrowing of Funds, Hulic Reit has obtained a third-party opinion (Note 4) from Japan Credit Rating Agency, Ltd. regarding compliance of the procedures under the Principles for Positive Impact Finance and the rationality of the evaluation indicators.

Note:

## 1 The Principles for Positive Impact Finance

The Principles for Positive Impact Finance was developed by UNEP FI in January 2017 as a financial framework for achieving the SDGs. Companies disclose the level of contributions to achieving SDGs through KPIs. Banks then provide funding by evaluating the positive impact observed from these KPIs that is intended to guide the borrowers to increase positive impact and reduce negative impact.

The lending banks, as a responsible financial institution, will check if the impact is continuing or not by monitoring the indicators.

## 2 UNEP FI

The United Nations Environment Programme (“UNEP”) is an executive body for implementing the “Human Environment Declaration” and the “International Environmental Action Programme”, established in 1972 as a subsidiary body to the United Nations system. UNEP FI represents a broad as well as close partnership between UNEP and more than 200 global financial institutions. Since its establishment in 1992, UNEP FI has been working in concert with financial institutions, policy/regulatory authorities to transform

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itself into a financial system that integrates economic development and ESG considerations.

## 3 TCFD

The TCFD, chaired by Michael Bloomberg, was established by the Financial Stability Board (FSB) in response to a call from the G20 to develop a set of recommendations for use by companies on how to disclose climate-related information and respond to financial institutions.

## 4 For the independent opinion from Japan Credit Rating Agency, Ltd., please visit:

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

## 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	Sumitomo Mitsui Trust Bank	¥ 2.0 billion	Base rate of interest (JBA three-month Japanese Yen TIBOR) + 0.420% (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	February 28, 2030	Lump-sum repayment	Unsecured and unguaranteed

Notes:

- The loan fees and other charges to be paid to the lender are not included.
- 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.
- 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.
- 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 funds of the early repayment of borrowings of ¥2.0 billion in short-term borrowings described in “Notice concerning Early Repayment of Borrowings” announced on February 10, 2022.

### (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 (Mizuho Bank, Ltd.)) ” 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.

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