

Third-Party Opinions on Positive Impact Finance Provided by Sumitomo Mitsui Trust Bank to Hulic Reit, Inc.

Japan Credit Rating Agency, Ltd. (JCR) has submitted a third-party opinion on the Positive Impact Finance to be implemented by Sumitomo Mitsui Trust Bank, Limited for Hulic Reit, Inc.

<Executive Summary>

This third party opinion verified the compliance with the PIF Principles, model framework for financial products for operating companies that do not limit the use of funds, and real estate investment framework formulated by the United Nations Environmental Programme Finance Initiative (UNEP FI) for the positive impact finance (PIF) (this finance) to be implemented by Sumitomo Mitsui Trust Bank, Limited (Sumitomo Mitsui Trust Bank) for Hulic Reit, Inc. (Hulic Reit).

In making this assessment, Sumitomo Mitsui Trust Bank confirms the sustainability policies and systems of Hulic Reit Management Co., Ltd. (HRM), to which Hulic Reit entrusts asset management, and comprehensively analyzes them to identify and evaluate the major impact on the environment, society and economy.

To ensure the transparency and objectivity of the evaluations recommended by the Fourth Principle of the PIF, Japan Credit Rating Agency, Ltd. (JCR), as an independent third party, has confirmed: (1) the rationality of the PIF evaluation and the impact of this finance with respect to Hulic Reit; and (2) the compliance of Sumitomo Mitsui Trust Bank with the PIF evaluation framework and the PIF Principles of this finance.

(1) Rationality of PIF evaluation of Hulic Reit and the impacts of the Finance

<Overview of Hulic Reit>

Hulic Reit, sponsored by Hulic Co., Ltd. ("Hulic"), is an investment corporation that was listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market in February 2014.

As of February 22, 2022, Hulic Reit has 62 properties with an asset size of JPY 380.1 billion (on an acquisition price basis) and invests heavily in Tokyo Commercial Properties (offices and commercial facilities), in which Hulic has a wealth of experience and know-how. At the same time, Hulic Reit aims to maximize unitholders' value by investing in Next-Generation Asset Plus (private nursing homes, network centers, hotels, etc.), which targets assets that are expected to expand in needs as an infrastructure for the "realization of a society full of peace of mind and trust" in the future and that contribute to stable incomes over the long term.

<Hulic Reit's Sustainability Performance>

Based on its Sustainability Policy, HRM ensures sufficient transparency for various stakeholders, including unitholders, tenants and business partners, local communities, and its officers and employees, through proactive disclosure via its website and ESG reports. This situation allows monitoring of the performance of ESG-investment initiatives.

Hulic Reit's sponsor, Hulic, aims to continue sustainable growth while mitigating and adapting to climate change through its business activities. It has set the "Long-Term Environmental Vision" with a target year of 2050 and is advancing efforts to realize a carbon-free society and a recycling-oriented society. Hulic has set

industry-leading ambitious targets, including moving forward the target year for "net zero" CO₂ emissions from the previous 2050 to 2030, and the target timing for achieving the "RE100" from 2025 to 2024 in August 2021.

Although the above is only Hulic's goal and HRM and Hulic Reit do not share the same goal, Hulic's efforts to reduce CO₂ emissions throughout the entire value chain can be said as a major advantage from the viewpoint of accelerating responses to climate change at Hulic Reit, where properties acquired from the sponsor account for the majority of the properties owned, and Hulic Reit plans to utilize Hulic's knowledge and other resources to consider ways to supply electricity derived from renewable energy to tenants of its existing properties in the future. Climate change response is an area where group synergies are expected to be more realized.

In July 2021, Hulic Reit announced its endorsement of the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), and is currently in the process of organizing opportunities/risks and formulating strategies based on specific scenario analyses. By advancing TCFD responses, it is expected that future disclosures will be made regarding the specific roadmap for climate change responses and the setting of visions and targets for 2030 and beyond, which is currently the target year for reducing GHG emissions.

< Hulic Reit's Materiality and Organizational Structure >

Hulic Reit and HRM identify issues to be considered as a real estate investment corporation based on the concept of SDGs among various issues related to ESG. Among them, they have identified issues that need to be particularly strengthened as "important issues (materiality)".

Materiality is identified after identifying issues through various guidelines and stakeholder engagement and prioritizing them from the two axes of Hulic Reit and stakeholders. In specific processes, content of management discussions and the opinions of diverse stakeholders are fully reflected.

< Impact identified in this finance >

In this financing, a comprehensive analysis of supply and investment chain was conducted for the entire real estate owned by Hulic Reit. As a result, the individual impacts of three items were identified: (1) promotion of energy conservation and climate change countermeasures; (2) response to a recycling-oriented economy (effective use of water resources, waste reduction, etc.); and (3) improvement of customer (tenant and user) satisfaction. KPIs were then set for each impact. In the future, monitoring will be conducted against the above-mentioned KPIs related to the impact of these three items and others.

JCR has assessed that the comprehensive analysis and the content of impacts identified of this finance have been properly analyzed as a result of confirming them in accordance with the items outlined in the model framework. In addition, as a result of confirming the impacts of this financing based on the KPIs in accordance with the evaluation criteria illustrated in the PIF Principles, it was evaluated that diversity, effectiveness, efficiency, and additionality are expected. Such KPIs are also appropriate in light of the impact identification described above and real estate acquisition and retention activities under Hulic Reit's sustainability policy. In addition, the monitoring policy in this finance is evaluated as appropriate in light of the impact identification and the content of the KPIs of this finance.

Accordingly, JCR has evaluated that in this financing, the comprehensive impact analysis (identification, assessment, and monitoring of impacts) of the model framework that captures the three aspects (environment, society, and economy) related to the Sustainable Development Goals (SDGs) and the impact analysis by the real estate investment framework for formulating investment strategies based on positive impacts and by the real estate investment impact analysis tool have been sufficiently made.

(2) Compliance of SMTB's PIF evaluation framework and the Finance with the Principles for PIF

Sumitomo Mitsui Trust Bank's Compliance with PIF Evaluation Framework and This Financing's Compliance

with PIF Principles

JCR assesses that the process, methods, and internal rules and systems for the origination of PIF products and the origination of PIF products for Hulic Reit by Sumitomo Mitsui Trust Bank are in compliance with all requirements as a result of confirmation in accordance with the PIF Principles.

Based on the above, JCR confirmed that this financing conforms to the PIF Principles and the Model Framework.