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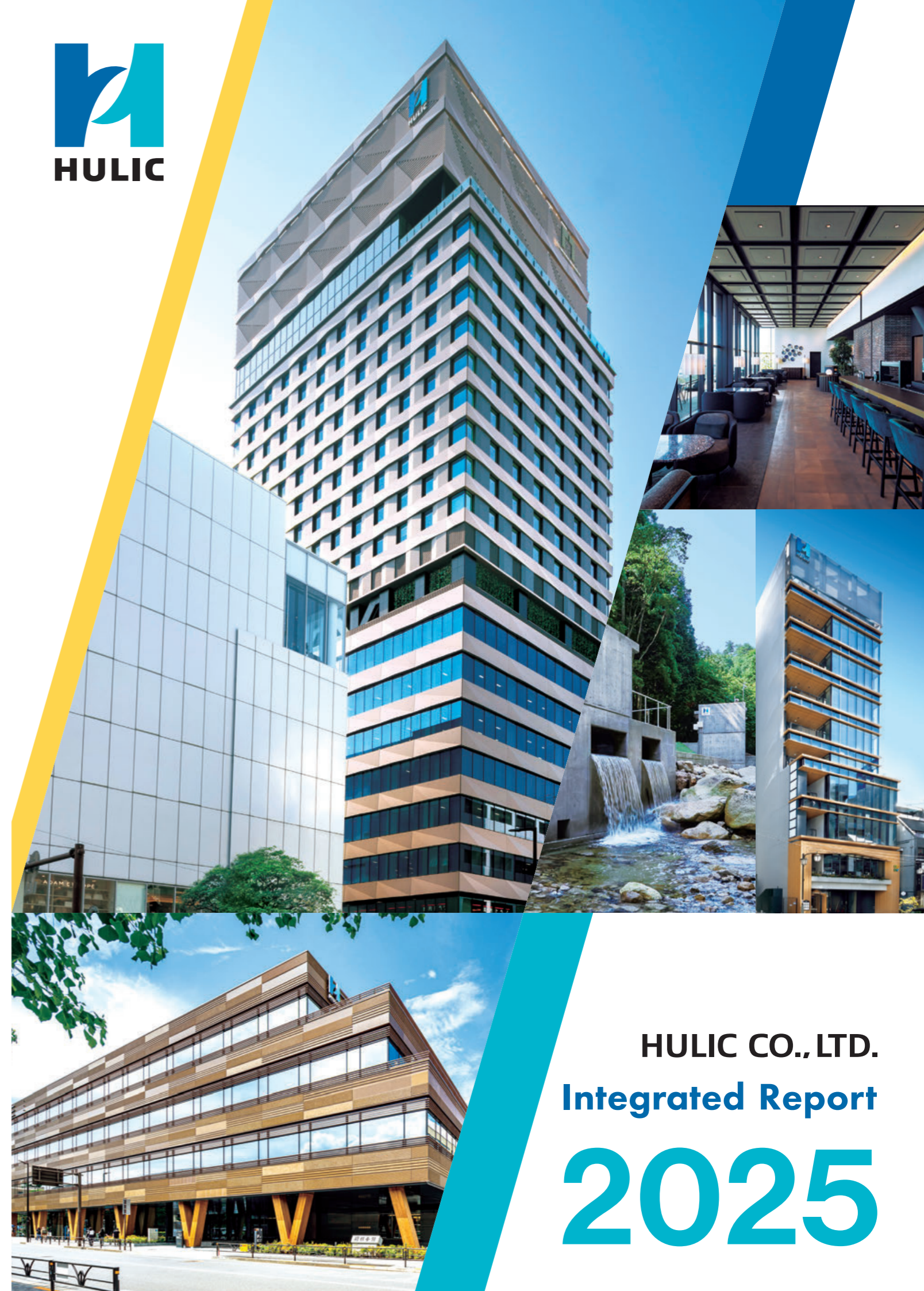
#### Disclaimer Regarding Forward-Looking Statements

The forward-looking statements, including forecasts of performance of Hulic and its Group companies, contained in the Report are based on information currently available to the Hulic management and on certain assumptions deemed reasonable. Such forward-looking statements do not represent any guarantee by the management of its future performance and are subject to risks, uncertainties and assumptions. Actual future performances and results may vary substantially due to various factors.

#### Inquiry

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# HULIC CO., LTD. Integrated Report 2025

# Publication of Integrated Report 2025



For more than half a century, Hulic Co., Ltd., (“the Company”) has been in a real estate leasing business focused on office buildings in central Tokyo. With the corporate philosophy of “for the realization of a society full of safety, peace of mind and trust, and for the continuous improvement of corporate value,” we have been pursuing growth of our company as well as realization of a sustainable society.

This report explains the Company’s value creation process and how the strengths we have cultivated feed into increasing medium- to long-term corporate values as well as social value. It also outlines the new Medium-Term Management Plan

(2025–2027), launched in 2025, and topics such as initiatives in the field of sustainability to support our growth.

This report references a range of materials to ensure that the editorial process and the content meet our standards. These reference materials include the International Integrated Reporting Framework recommended by the International Financial Reporting Standards (IFRS) Foundation and the Guidance for Collaborative Value Creation 2.0 issued by Japan’s Ministry of Economy, Trade and Industry.

We would like to use the Report as one of our communication tools with our stakeholders, including shareholders and investors.

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### About the Integrated Report

Financial Information	Non-financial Information
<b>Integrated Report 2025</b> The Report explains our initiatives for the sustainable growth of the Hulic Group (“the Group”) with financial and non-financial information.	
<ul style="list-style-type: none"><li>Summary of Consolidated Financial Results, Investor Presentations</li><li>FACTBOOK</li><li>IR Information <a href="https://www.hulic.co.jp/en/ir/">https://www.hulic.co.jp/en/ir/</a></li></ul>	<ul style="list-style-type: none"><li>Initiatives for Sustainability <a href="https://www.hulic.co.jp/en/sustainability/">https://www.hulic.co.jp/en/sustainability/</a></li><li>Sustainability Book</li><li>News Release</li></ul>

Editorial Policy	
The aims of the Report are to facilitate a multi-facet understanding of the Group’s sustainable growth among investors and other stakeholder groups as well as to create new opportunities for dialogues. In issuing the Report, it has been reviewed by the Board of Directors. This report also includes messages from executive officers that comprehensively convey Hulic’s management strategy. The Chairman and Representative Director provides a general overview of management strategy, the President and Representative Director explains fiscal year materials as well as the Medium-Term Management Plan, and the Executive Officer in Charge of Finance covers Hulic’s financial strategy. Financial and sustainability related information which we were unable to present in the Report from space constraints are available on our website.	
<b>Reporting Boundary</b> Hulic Co., Ltd. and its Group companies	<b>Time of Issuance</b> June 2025
<b>Reporting Period</b> Fiscal Year 2024 (from January 1, 2024 to December 31, 2024) Information as of December 31, 2024 in principle unless otherwise noted. Notwithstanding the foregoing, included some activities and information after January 1, 2025.	<b>Reference Guidelines</b> International Integrated Reporting Framework (IFRS Foundation) Guidance for Collaborative Value Creation 2.0 (Ministry of Economy, Trade and Industry) The Japanese Ministry of the Environment “The Environmental Reporting Guidelines (2018)” GRI (Global Reporting Initiative) “The GRI Standards 2021”

## Corporate Philosophy and Basic Stance

### Corporate Philosophy

**For the realization of a society full of safety,  
peace of mind and trust,  
and for the continuous improvement of corporate value**

### Basic Stance

<b>Ideal Company</b>	We aim to be a company that grows each day by utilizing stable corporate infrastructures.
<b>Corporate Culture</b>	We always conduct business from a new viewpoint in an effort to increase our corporate value.
<b>Stance to Customers</b>	We are committed to providing optimal products and services to customers, placing customer satisfaction as our top priority.
<b>Ideal Employees</b>	Each of Hulic's employees strives to provide high quality value as a professional.

## Sustainability Vision

We aim to pursue realization of a sustainable society and continued growth of Hulic by putting our Corporate Philosophy into practice.

We commit to take a faithful approach to all of stakeholders.

To this end, we pursue initiatives based on a three-point Vision.

- We create shared value with our society by actively engaging with the environmental issues through our corporate activities.
- We lay the foundation for the future by providing peace of mind to our customers through offering our high value-added products and services.
- We take compliance seriously, respect human rights and strive to perform transparent corporate activities based on our high ethical standards.

## Medium- and Long-Term Management Plan (2020-2029)

### Financial Targets

(see details on pp. 40-43, Medium- and Long-Term Management Plan)

### Non-financial Targets

(see details on pp. 38-39, KPIs/Targets and Results for Non-financial Information)

### Target Profile (FY2029)

“Driving innovation” and “Accelerating progress” as our motto, we continue to steadily increase our corporate value through evolving ourselves flexibly in response to changes in macro environment

### Basic Policy

Strike a balance between P/L Growth, Profitability, B/S Soundness, and Productivity (efficiency) at a high level and achieve further growth through dynamic transformation backed by overwhelming speedy decision-making

### Basic Strategies

#### Business

- 1 Further evolve the business model and restructure the leasing portfolio
- 2 Strengthen development and value-added businesses
- 3 Create unique new business domains and improve Group strengths

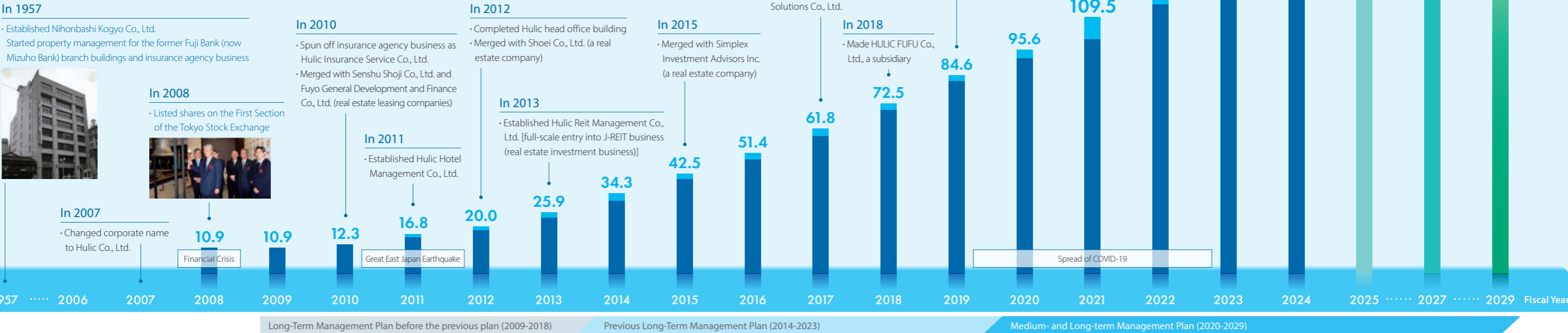
#### Management Infrastructure

- 4 Strengthen the management foundation and implement stringent risk management
- 5 Implement management that emphasizes sustainable co-creation and co-existence with society

# A Real Estate Company with Over 60 Years of Growth and Achievements

In 1957, Hulic (then called Nihonbashi Kogyo Co., Ltd.) was established to manage the branch buildings of the former Fuji Bank (now Mizuho Bank). In 2007, the Company made a new start to mark the 50th anniversary of being established by changing the corporate name to Hulic Co., Ltd. (“the Company”). Then in 2008, we became a public company by listing our shares on the First Section of the Tokyo Stock Exchange (current Prime Section). We have steadily strengthened the business base with a unique growth strategy centered on real estate development/reconstruction, investments, and M&As.

Consolidated Ordinary Profit (Unit: JPY bln)



## Record of Business and Sustainability Initiatives

Building on the leasing business as a foundation, grew through M&As in addition to taking on property development/reconstruction, value-added business and new businesses									
Business Initiatives	Advancement of development/reconstruction business								
	Started PPP (Public-Private Partnership) business								
	Senior citizen-related business								
	Tourism-related business								
	Started new businesses (Bizflex, child education business, international business, environmental business, etc.)								
Sustainability Initiatives	General	Established CSR Vision	Issued first CSR Report, and continued to publish reports until 2019					Issued first Integrated Report	Received ★4.5 rating in the Nikkei SDGs Management Survey
	Environment		Established a CSR Committee	Conducted three years of joint research with the Massachusetts Institute of Technology (MIT) on natural ventilation and natural lighting systems; patented Natural Lighting System in 2016	Established the Hulic Guidelines for Longer Life Buildings as standard specifications for 100-year offices	Ranked first in the real estate/warehouse industry in the Environmental Management Survey conducted by Nikkei Inc. (ranked top every year until the survey ended in 2019)		Disclosed SBT-approved near-term GHG emissions reduction targets (by 2030)	Started investing in grid-scale battery systems
	Society		Opened the Hulic Suginami Office in the Ogikubo area of Suginami ward, Tokyo, creating a conducive working environment for employees with disabilities		Established a Diversity Promotion Project Team (formerly the Women's Career Promotion Project Team)	In order to enable continuous use and prompt resumption of activities in the event of a major earthquake, adopted an optimal structural format	Obtained the highest "Eruboshi" rank	Declared converting to 100% renewable energy sourced electricity for electricity consumption at all company-owned buildings by 2029	Achieved RE100 in 2023
	Corporate Governance	Organized a Risk Management Committee, a Fund ALM Committee, and a Compliance Committee	Appointed a female external director	Established Corporate Governance Guidelines, a Remuneration Committee and a Nominating Committee			Introduced the Board Benefit Trust (BBT), a stock compensation system for directors, etc.	Completed fireproof wooden commercial building (HULIC &New GINZA 8)	Started disclosing information in line with TNFD recommendations
								Declared ensuring all company-owned buildings (excluding those for sale, etc.) can withstand a seismic intensity of level 7 by 2029	Started disclosing information in line with TNFD recommendations

# Hulic's Management Policy and Business Strategies

## Management Policy

### “Driving Innovation” and “Accelerating Progress”

#### Balanced Management

Strike a balance between P/L Growth, Profitability, B/S Soundness, and Productivity (efficiency) at a high level

##### P/L Growth

Posted continued earnings growth since listing on TSE  
Average rate of growth of Consolidated Ordinary Profit: 19.5%

##### Profitability

Maintained higher profitability than competitors  
Ordinary Profit to Sales Ratio (FY2024): 26.0%

##### B/S Soundness

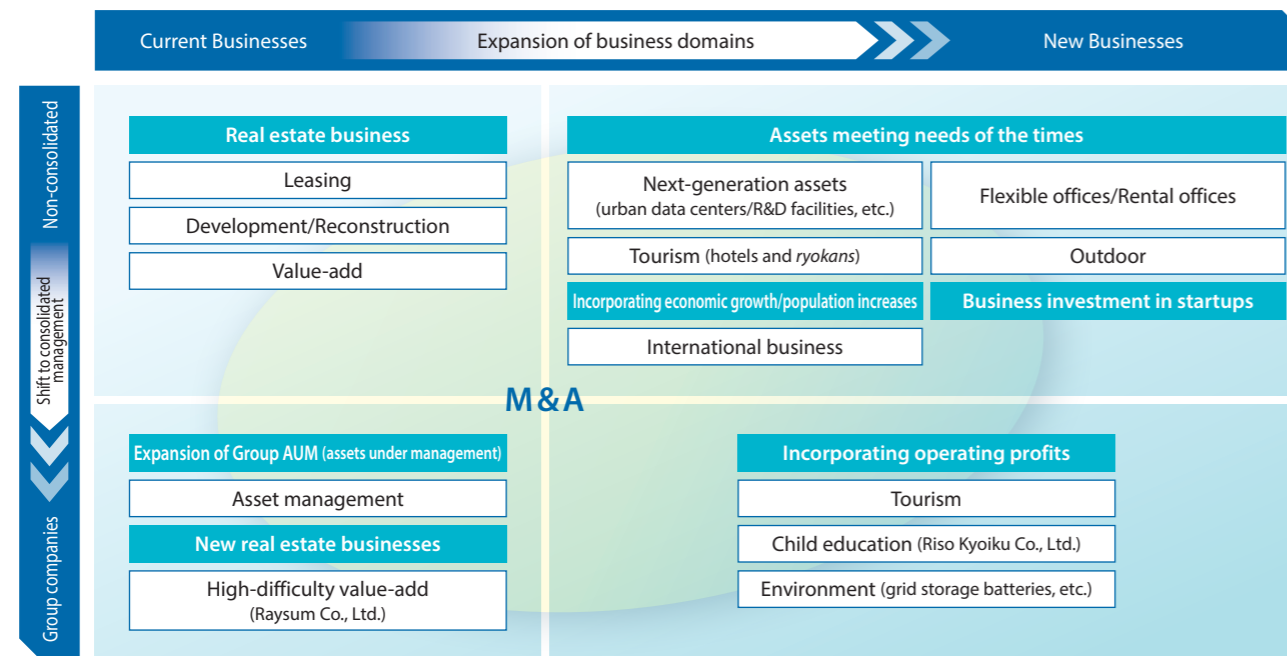
External credit rating: AA- (stable)  
Equity Ratio (FY2024): 33.0%\*

##### Productivity (Efficiency)

Putting emphasis on income per employee and ROE  
ROE (FY2024): 12.8%

\*50% (JPY175 Bln) of hybrid finance (JPY350 Bln) was calculated as nominal equity.

## Business Strategies



## Our Strengths

- 1** Stable revenue structure centered on leasing business
- 2** The majority of properties is in prime locations of central Tokyo and/or near stations
- 3** Selection and concentration strategy
- 4** 16th consecutive year of profit and dividend growth since listing

#### Core Fields

- Tokyo and/or near stations
- Medium-sized office buildings
- Small to medium-sized developments/reconstructions
- Hotels, *ryokans* (luxury Japanese inns), urban data centers, R&D facilities, etc.

#### Non-core Fields

- Regional office buildings
- Large-scale office buildings
- Large-scale developments
- Condominiums for sale

## Further evolve the business model and restructure the leasing portfolio ▶ pp. 46-47

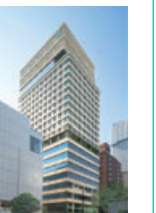
We operate a real estate leasing business based on ownership of numerous properties located primarily in Tokyo 23 wards, including 245 properties (as of December 31, 2024) such as office buildings with high safety standards featuring earthquake-absorbing and earthquake-damping structures, commercial facilities, hotels, *ryokans* (luxury Japanese inns), and next-generation assets (urban data centers, R&D facilities, etc.) in prime locations with excellent access near train stations. These form the core of our business model.



## Strengthen development and value-added businesses ▶ pp. 48-51

### Development/Reconstruction Business

Where properties in our portfolio have unused capacity, for instance in their permitted floor area ratio, we undertake systematic reconstruction to maximize capacity in a way that suits the location. This not only results in increased leasing income but also enhances the quality of the asset portfolio. In addition, we promote development and redevelopment business drawing on the expertise built in the reconstruction of owned properties. Furthermore, we are also developing next-generation assets which meet the needs of the times, including urban data centers, R&D facilities, and “Kodomo Depart” series (one-stop service centers for children).



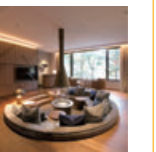
### Value-added Business

We employ a range of value-added methods including renewal, renovation, conversion, and re-tenanting to maximize the value of both the properties we own and the properties we have recently purchased or invested in. To meet the diverse needs of the real estate market, we also carry out short-term warehousing, which promotes the distribution of real estate to the market.



## Create unique new business domains and improve Group strengths ▶ pp. 52-55

We launched several new businesses in recent years on the back of our corporate culture which allows us to constantly challenge in progressive new business fields. We will continue to create new businesses in targeted fields that have unmet market needs and good growth prospects by employing various methods including business collaboration and alliance, as well as M&As.



- **Tourism-related Business**  
To capture demand for tourism, which is expected to grow over the medium to long term, Hulic is developing and operating its own hotel brand (THE GATE HOTEL) and luxury *ryokan* brand (FUFU).
- **Child Education Business**  
With the increase in dual-income households, changes in educational content, and the growing demand for daycare centers and extracurricular activities, as well as supportive government measures, we are entering this promising market, seeing it as a growing business opportunity. Our initiatives include the planning and development of “Kodomo Depart” service centers for children.
- **International Business**  
In markets where growth is expected, we will make investments while mitigating risk through joint ventures with knowledgeable partners.
- **Environmental Business**  
In addition to the development of renewable energy power sources such as solar power, we will promote investment in solar power systems with storage batteries, as well as grid storage batteries, as part of our efforts to both expand renewable energy and ensure a stable power supply.
- **Other Businesses**  
Our Group companies are engaged in various businesses including operation of REITs (both publicly and private) and private funds, building management, insurance, and contracting for construction work among other opportunities. The Group is also working to diversify revenue sources by strengthening initiatives for new businesses, including in flexible and rental offices, agribusiness, investments in startups, and services related to senior citizens.

## Message from the Chairman, Representative Director

### Saburo Nishiura

Chairman,  
Representative  
Director

We intend to respond flexibly to the changing environment and continually improve our corporate value, guided by our motto: “driving innovation” and “accelerating progress.”

## 1. 19 Years with Hulic

It’s hard to believe that a year has already passed since I wrote my message for last year’s Integrated Report. In 2024, we not only exceeded our initial performance forecasts but also achieved, ahead of schedule, the profit targets for 2025, the final year of our Medium-Term Management Plan (2023–2025), which was the Phase II of our Medium- and Long-Term Management Plan (hereafter LTP, 2020-2029).

It has now been 19 years since I took on the role of president and chairman, leading the Company since March 2006. As a late entrant in the development industry, we faced a significant capital gap compared to

major competitors. I strongly recognized early on that simply following in their footsteps would not give us a competitive edge. With that in mind, we clearly defined what we would and would not pursue, and thoroughly considered how to differentiate ourselves by operating unique businesses based on speedy decision-making within a lean organization. For example, from the outset, we decided not to engage in the condominium sales business, a policy that remains unchanged. As the population continues to decline, housing demand will decrease, and it will become increasingly difficult to secure a large sales

workforce. Maintaining a small organization has been the key to upholding the efficiency of our decision-making and the core values and corporate culture that define us.

As a result, since our listing in 2008, we have achieved 16 consecutive years of increased profits and dividends. Our ordinary profit has grown 14-fold, and our external credit ratings have improved by three levels. In 2024, not only our business performance but also our unique business model was praised, and we were awarded the Porter Prize\*. As for profit growth, we are determined to continue increasing both profits and dividends in 2025.

\* Porter Prize

Established in 2001, the Porter Prize praises companies that have driven innovation in products, processes, and management skills, executing unique strategies that lead to high profitability and sustained success in their industries. The award is named after Professor Michael E. Porter, a globally recognized authority on competitive strategy and international competitiveness research.

While generating sufficient profit is essential for any company, I believe it is equally important to maintain a well-balanced approach to management. We have worked to position Hulic as one of Japan’s leading companies that fulfills both of these criteria. There are many interpretations of what it means to be a leading company in Japan. Based on insights from financial institutions and other sectors, we have defined our own indicators, as outlined below.

Indicators		Our Performance (as of Dec. 31, 2024)
Profitability	Ordinary profit of JPY100 billion or more	JPY154.3 billion
B/S soundness	External credit rating: AA	AA- (stable)
Market evaluation	Market capitalization of JPY1 trillion or more, PBR of 1 or higher	JPY1.05 trillion 1.3
Capital efficiency	ROE of 10% or higher	12.8%
SDGs	★4 or more in the Nikkei SDGs Management Survey	★4.5

In August 2023, our market capitalization exceeded JPY1 trillion, meeting all of the key indicators. We achieved the same milestone again in 2024. According to our research, only about 30 companies in Japan have met

all of these criteria. Currently, it is reported that investors actively influencing management hold approximately 20% of the shares of companies listed on the Prime Market (though the exact ownership ratio of shareholders with holdings of 5% or less remains unclear). Many companies face considerable operational and financial burdens due to proposals from these investors. However, I believe that rather than waiting for investors to push for change, companies should proactively implement actions that are in their best interest before being asked.

Stakeholders are not limited to shareholders. They also include society, customers, local communities, financial institutions, employees, and many others. Therefore, in addition to the five indicators mentioned earlier, management must also address many other responsibilities, such as environmental issues, safety concerns, community contributions, and providing employees with fair compensation, fringe benefits, comfortable working environments, and career opportunities. These topics will be discussed in more detail later.

I believe that the role of management is to make critical strategic decisions and take full responsibility, if the outcomes are not as expected. While setting a clear direction is crucial, it is equally important for employees to internalize and execute that vision, especially in the face of a declining population. Anticipating a shift toward leaner organizations and higher productivity, we have focused on hiring and training professionals through new graduate and mid-career recruitment. Currently, our ordinary profit per employee stands at approximately JPY650 million. This is undoubtedly among the highest level at listed companies. Naturally, we prioritize rewarding our employees with competitive salaries, fringe benefits, and other incentives. The average employee age is 39 and the average annual salary exceeds JPY20 million, ranking us among the top five listed companies. While on-the-job training (OJT) remains the foundation of our employee development, we also provide company-sponsored English conversation classes, financial assistance for obtaining professional qualifications, and opportunities for graduate school enrollment. When I became president, the number of employees at the Real Estate business was fewer than 10. Looking at the current team, I could never have imagined it would grow into such a strong and capable group.



Fringe Benefits

- 1. Breakfast, lunch, and beverages at the head office cafeteria are provided free of charge.
- 2. Single-person dormitories are in principle provided free of charge.
- 3. Health exams allow individuals to select the level of screening, such as a comprehensive check-up (if desired, an MRI and other tests are provided free of charge), etc.

At Hulic, we have cultivated a supportive work environment that enables employees to balance their careers and childcare responsibilities. As part of our Next-Generation Nurturing Program, we offer a comprehensive range of benefits, including childcare leave, flexible work hours for childcare, and leave for tending to a sick child. I take pride in believing that these initiatives place us among the top listed companies in terms of support for working parents. At Hulic, the total fertility rate is 1.7 (three-year average), which is higher than the national average of 1.2\*.

Next-Generation Nurturing Program

- 1. Onsite daycare centers (parents are allowed to commute by car)
- 2. Subsidies for after-school cares (up to JPY50,000 per month)
- 3. Celebratory gifts (first born: JPY100,000, second born: JPY200,000, third or more: JPY1,000,000)
- 4. Support for infertility treatments (including leave), etc.

\* Source: Population Statistics of Japan 2023 issued by the Ministry of Health, Labour and Welfare

One of the most pressing issues Japan faces today is population decline. While this broader trend cannot be reversed, it is crucial to enhance productivity while also halting and eventually reversing the decline in birth rates. The government and local authorities have introduced initiatives such as free tuition and school meal programs, but we are now at a stage where companies must also take proactive measures to support childbirth. This is not an issue that can be addressed

in the short term, it requires a long-term strategy spanning 20 to 30 years. A few years ago, the media widely reported on the shortage of daycare centers, but today, the lack of after-school care is a major concern. This development is only natural, as the need for childcare shifts once children transition from daycare to school. One of our subsidiaries, Riso Kyoiku Co., Ltd. has been expanding its after-school care program (School TOMAS), and this business has experienced remarkable growth. This is an issue that we intend to tackle not only within the Company but also across our entire Group, implementing every possible measure to address it.

Increasing productivity is undoubtedly challenging, but it is a necessity. B2C businesses naturally rely heavily on human resources, whereas our focus has primarily been on B2B operations. However, with our recent expansion into service businesses such as hotels, *ryokans* (luxury Japanese inns), and education, we have entered the B2C market, which inevitably demands more personnel. Roles such as bed-making at hotels, guidance and cooking at *ryokans*, and teaching in the education sector rely heavily on human resources. I believe that raising the operational standard and receiving the rewards that meet the value provided in return is essential. For tasks that are difficult to automate, for which customers specifically seek human interaction, the key is not just to improve productivity but also to enhance service quality to meet expectations.

2. Looking Back on the Previous Medium-Term Management Plan (2023–2025) and Vision for Hulic in the Next 10 years

As mentioned earlier, the Medium-Term Management Plan (2023–2025) was completed one year ahead of schedule. In 2023, we carried out an M&A with CROSSCOOP Co., Ltd. (now HULIC Biz Frontier Co., Ltd.), and in 2024, we completed two more M&As with Riso Kyoiku Co., Ltd. in May and Raysum Co., Ltd. in November. These transactions have successfully laid the foundation for future business expansion. Riso Kyoiku plays a key role in our child education business. As a consolidated subsidiary, we will deepen our involvement and further expand the scope of our child education business. Raysum’s strength lies in successfully managing high-difficulty, value-added projects. By integrating Raysum as a consolidated subsidiary, we have incorporated a new real estate business model, which will drive further growth on a consolidated basis and contribute to the sustained enhancement of corporate value. Specifically, Hulic receives thousands of real estate transaction opportunities annually, and certain opportunities can be successfully realized as actual deals due to Raysum’s expertise. Maximizing synergies between Hulic and Raysum is one of the primary objectives of this M&A.

We intend to continue pursuing similar M&A opportunities in the future. This shift is necessary because traditional approaches are no longer effective. Recognizing Japan’s declining population as a critical challenge, we began proactively restructuring our portfolio. We capped office buildings at 50% of our portfolio and, despite holding the leading market share in the senior living sector, we halted construction of new senior living (except for projects forward-committed from around summer 2024). Our expansion into senior living began around a decade ago. We were among the early movers in the industry, anticipating growing demand due to Japan’s aging society. As part of our 3K (*Koreisha* – seniors, *Kanko* – tourism, and *Kankyo* – environment) business strategy, we have been putting significant effort into this area. While initial investment yield exceeded 4%, labor shortages in the

caregiving sector forced operators to increase wages for caregivers, leading to stagnant leasing income growth and deteriorating profitability. Rising construction costs have further compounded these challenges. General contractors and subcontractors are struggling with severe labor shortages causing them to turn down projects. At present, many sales teams at general contractors are being forced to turn down projects. At the beginning of the year, a business leader I spoke with mentioned that labor shortages are impacting all industries, making it difficult to meet hiring targets.

Given this situation, continuing with conventional strategies is no longer viable and will only lead to further profitability declines. While we are reassessing our existing businesses, we believe that a fundamental shift in management strategy is necessary. We have concluded that enhancing profitability on a consolidated basis through M&A and new business ventures is essential. For years, it has been said that only three companies in each industry will survive. As we rank fourth in terms of profit and market capitalization, we have been consistently explored M&A opportunities whenever possible. This allowed us to smoothly execute the two M&A transactions in 2024. We intend to continue pursuing similar opportunities as they arise.

Interest rates have shifted from a zero-interest environment to a world with interest rates. While this change impacts the developer sector, given their significant borrowing, the majority of our existing debt is secured at fixed interest rates, so the impact on Hulic will be limited primarily to new borrowings. During my time in banking, I was responsible for liaising with the Bank of Japan, and I have firsthand experience with short-term interest rates as high as 9%. If certain business cannot bear a 1-2% interest cost, I believe it should not be pursued. That said, closely monitoring the financial markets, including borrowings and bond issuances, will become even more important.

Under the new Medium-Term Management Plan, starting in 2025, we must continue advancing and

strive for even greater growth without slowing down. This plan marks not only the final stage of our LTP (2020-2029) but also the starting point for “Hulic in the next 10 years.” Under the LTP (2020-2029), we initially set a target of JPY180 billion in ordinary profit by 2029. However, we have moved this goal forward by two years to 2027 and now I would like to further aim raising it to JPY200 billion in the near future. Currently, major competitors in our industry report ordinary profits in

the JPY200 billion range. By reaching ordinary profit of JPY200 billion, we will close the gap with these industry leaders in terms of profit scale. We aspire to become one of the leading companies in Japan. At present, we rank roughly 100th to 120th in terms of ordinary profit. However, if we reach the JPY200 billion range, we will be able to secure a position within the country’s top 100 companies.

neutral features, in order to justify higher rents. Recently, the Nankai Trough earthquake has been a growing topic of concern, and tenant demand for disaster-resistant buildings is expected to rise accordingly.

**(3) Adapting to a World with Interest Rates**

As real estate development has been addressed earlier, this section serves only to highlight the topic.



**3. Environmental Awareness and Key Risks in Management**

We have always believed that it is crucial to proactively and swiftly address management concerns, and this approach has guided our decision-making process thus far. Operating with a small team and capping office buildings at 50% of our portfolio are measures we have taken to respond to population decline. Moreover, our strong emphasis on seismic performance reflects our commitment to mitigating disaster-related risks. Moving forward, we must also address new challenges, “rising construction costs” and the “world with interest rates.” Currently, we are particularly mindful of the following four key risks in Hulic’s management.

**(1) Population Decline**

As mentioned earlier, future demographic trends can be predicted with a high degree of accuracy, barring major policy changes such as increased immigration. From a workforce perspective, it takes approximately 20 years for individuals to reach working age after birth. Discussions around immigration reform have yet to gain real traction, and societal values continue to diversify. Therefore, we must accept that population and workforce decline will persist and incorporate this reality into our long-term planning.

While some business leaders believe that weathering the current situation will suffice, I, on the other hand, believe we should acknowledge the likelihood of conditions worsening and prepare accordingly. Currently, we are working on achieving our LTP of “Hulic in the next 10 years,” which involves

anticipating long-term environmental changes and implementing proactive countermeasures. For example, we have taken early action by capping office buildings at 50% of our portfolio and halting the construction of new senior living due to caregiver shortages. Such measures help mitigate the impact of these demographic shifts.

**(2) Rising Construction Costs**

While the increase in material costs may be temporary, increased labor costs driven by population decline and regulatory changes are more permanent concerns. In recent years, particularly for large-scale developments, we have started to see extended delays in construction timelines, which suggests that the underlying issue is shifting from cyclical fluctuations to structural supply constraints. In the future, it will become increasingly important not only to expand our portfolio through new developments but also to enhance the value of existing properties.

If construction costs rise, rent levels would ideally rise as well. However, rent growths are only feasible for properties with strong market demand, such as brand stores in prime locations and urban data centers, while for other properties, raising rents is not so straightforward. This means the focus will shift to developing and rebuilding properties in locations with high demand. Another approach will be to enhance building specifications, such as improving earthquake resistance, implementing measures to prepare for a potential Mt. Fuji eruption, and incorporating carbon-

**(4) Response to Earthquakes and Mt. Fuji Eruption**

Nankai Trough earthquakes have historically hit at intervals of 100 to 150 years. It has been over 80 years since the last Nankai Trough earthquake, so another one could hit at any time. It is said that the likelihood of a major earthquake hitting directly beneath the Tokyo Metropolitan area within the next 30 years is 70%. In 2020, when we launched our “Hulic in the next 10 years” initiative, we committed to reinforcing all company-owned buildings to withstand a seismic intensity of level 7 on the Japanese scale. Currently, 98% of this work has been completed, excluding those properties for reconstruction, sale, etc. We plan to achieve full completion by 2029, excluding those subjects for sale, etc. As building owners, it is our duty to provide tenants with concrete assurances of safety and security.

Although Mt. Fuji, a popular destination, has erupted periodically in the past and has been dormant since 1707, over 300 years ago, any future eruption could cause extensive damage, particularly from volcanic ash.

The biggest concern in the event of an eruption is the risk of volcanic ash infiltrating electrical equipment and causing system failures. This risk has become even more critical since electrical systems were relocated from underground to rooftops due to past heavy rainfall.

Ensuring buildings are resilient to both earthquakes and volcanic eruptions means that leasing income can continue uninterrupted. While some structural cracks may occur, avoiding the need for full-scale reconstruction eliminates the need for further investment. General contractors are already experiencing labor shortages, making it inevitable that post-earthquake reconstruction will take time. At Hulic, we invest JPY20-30 billion annually in disaster preparedness and carbon neutrality initiatives, even though these efforts do not provide immediate returns. While such investments may seem excessive in the short term, from a risk reduction and corporate responsibility perspective, we believe they are absolutely necessary.

**4. Growth Strategy in the Current Environment**

**Traditional Methods Alone Cannot Drive Growth**

Since joining the Company, I have never focused on operating revenue. This is evident in our current fiscal year’s forecast, where operating revenue is left blank.

However, increasing profit is crucial. Without sufficient profit, we cannot pay higher taxes, secure the necessary funds for expansion and reinvestment, or deliver returns to stakeholders—all of which are vital for supporting the SDGs.



Improving productivity in the face of a declining population is a given, but securing top talent is just as important. Recently, starting salaries have been making headlines. While many companies plan to raise starting salaries to over JPY300,000 in 2025 or 2026, we have decided to increase our starting salary for new graduates joining in April 2025 to JPY330,000 for university graduates, and JPY370,000 for post-graduate degree holders. However, a high starting salary is meaningless without subsequent salary increases. At Hulic, the average age of employees is 39, and the average annual income is approximately JPY20 million. Securing top-tier talent is essential.

Furthermore, the issue of rising construction costs must be addressed. While rigorous negotiations with general contractors are necessary to maintain quality, price increases are inevitable. We must halt development or reconstruction projects in locations where rent growths are not feasible. In 2024, we withdrew from the redevelopment of Nakano Sunplaza for this reason. Moving forward, we will evaluate each project, considering factors such as construction costs and interest rates.

Given the changing environment, continuing to think along traditional lines is no longer viable. Nonetheless, providing safety and security must never be compromised, as they are fundamentally separate from cost considerations. The recent increase in major earthquakes has further emphasized the

importance of seismic resilience in buildings. At Hulic, we have long prioritized providing earthquake-resistant buildings, and we expect that interest and demand for high-seismic performance properties will continue to grow. We are also witnessing a growing appreciation for buildings with higher environmental performance. In 2023, we announced our achievement of RE100\*, and since then, we have received an increase

in inquiries concerning renewable energy supply. Having already transitioned our own energy usage to 100% renewable sources, we have successfully met the RE100 goal. Going forward, we plan to gradually expand the supply of renewable energy to all of our properties by 2029.

One of the key focus areas is Ginza and Shibuya/Aoyama. We currently own nearly 40 properties in Ginza and around 30 in Shibuya and Aoyama. The rent for brand stores in these areas have exceeded even our expectations. Many well-established brands have already opened stores, and new brands continue to emerge, eager to establish their presence in prime street-level locations in Ginza. This strong demand is why Ginza is not just Tokyo's but the world's Ginza. A significant portion of our unrealized gains comes from properties in this area, reinforcing our belief that location is everything in real estate. In addition, moving forward, we will focus on promoting the following features and advantages of our properties:

- (1) Safety and security – Buildings that can withstand a seismic intensity of level 7 on the Japanese scale.
- (2) Buildings designed for immediate usability after a potential Mt. Fuji eruption.
- (3) Tenants able to contribute to achieving RE100 simply by occupying our buildings.

\* An abbreviation for "Renewable Electricity 100%," referring to the goal of sourcing all electricity required for a company's operations from renewable energy sources.

By 2029, all of our properties will fully meet these three criteria. Considering the growing concerns about a Nankai Trough earthquake, we anticipate that more companies will choose our buildings, even at premium rents. Currently, we are investing JPY20-30 billion in initiatives related to these three criteria and while these investments do not yet generate revenue, we are confident that they will lead to substantial returns within the next three to four years.

Promising Markets Still Exist

Even in the face of population decline, there are still promising markets to explore, and success lies in early expansion into these areas. In January 2020, we launched the New Business Creation Project (now the Business Creation Department) under my direct supervision to explore new business domains. Achieving substantial profits from new ventures takes time and requires a willingness to take risks. However, strong growth cannot be achieved through existing businesses alone, which is why we must take calculated risks to ensure growth. When I became president, Hulic had limited capital and was not in a position to take on significant risks. Through consistent profit growth, we have steadily accumulated equity and are now in a position to take certain risks.

(1) In May 2024, Hulic welcomed Riso Kyoiku Co., Ltd. into the Group. Although the number of children is declining, factors such as rising household incomes due to the increase in dual-income households, government support measures such as free provision of early childhood education and childcare, and tax incentives for educational expenses may result in higher spending on each child, creating potential business opportunities in this sector. With Riso Kyoiku positioned at the core, we have now established a solid foundation for full-scale business expansion. Given the declining number of children, I believe the cram school (*juku*) industry will eventually hit a ceiling. Therefore, it is crucial for Riso Kyoiku, as well as many other cram schools, to form

collaborative relationships. It may not be achievable immediately, but by leveraging the unique strengths of each cram school, we are considering ways to gradually enhance child education, as this is a highly important endeavor.

(2) While international business had not been a focus in the past, the increase in our capital has enabled us to take on a certain level of risk, leading to our expansion into international markets in 2024. We are investing in assets with growing real demand driven by population growth and minimal geopolitical risk, including senior living in the United States. These markets benefit from a stable workforce through immigration, and with a growing population, they are expected to see continued demand, making them attractive for investment. We have been engaged in senior living in the United States for several years, and have also begun investing in residential properties, factories, and logistics centers in countries such as India, Vietnam, Singapore, and the United States. Since we lack prior experience in these areas, we are collaborating with major Japanese trading companies, financial institutions and others to mitigate risks. While independent investments could potentially generate larger profits, we have adopted a step-by-step approach. After a one-year trial, we have revised our strategy to invest a total of JPY150 billion in international markets by 2027, carefully managing foreign exchange risks. This initiative has now been positioned as a new growth engine for the Company.

(3) In Narita, we are planning the construction of a large-scale logistics center. The C runway at Narita International Airport is set to open in 2029, and cargo transportation is expected to increase. We see this as an opportunity and aim to develop a logistics center that reflects Hulic's unique approach, incorporating functions such as customs and quarantine to set it apart from traditional facilities. We have now obtained a development permit and have begun land development.

- (4) We will also make significant new investments in energy storage batteries. The expansion of renewable energy has created challenges, particularly the growing supply-demand gap due to seasonal and time-related fluctuations. This is especially relevant for Hulic, as we have many buildings that operate during night such as hotels, *ryokans*, and shopping centers. As a result, the generated electricity is not being utilized effectively, and energy storage batteries are seen as an effective solution. Previous investments in renewable energy generation equipment, such as solar power, were classified as environmental investments. Instead of purchasing electricity externally to achieve carbon neutrality, Hulic aims to become a power producer itself to reach this goal. Until 2029, investments in energy storage batteries will be directed toward our own properties, but beyond that, we plan to develop it into a revenue-generating business. To support this, we intend to transition from joint ventures to 100% ownership in related companies, contributing to increased consolidated earnings, with an investment of JPY100 billion over the next 10 years.
- (5) It is said that consumption is shifting from goods to experiences, and sports and entertainment are sectors with high growth potential. In particular, due in part to Japan's strong performance in the Olympics, the popularity of basketball is on the rise. To tap into this momentum, we have entered into a capital alliance and sponsorship agreement with Altiri Chiba, a team in Japan's professional B.LEAGUE. We are also considering entering the arena business, and have identified Makuhari Seaside Park area in Chiba City, Chiba Prefecture as a potential site. Our aim is to develop a differentiated business that reflects Hulic's unique strengths.
- (6) We believe there are also opportunities in agriculture, as the global population continues to grow. As this happens, attention will inevitably turn to food, and we expect demand for high-quality Japanese food to increase. From a food self-sufficiency perspective, domestic agriculture

should not be allowed to continue to decline. The key to success lies in large-scale farming. Despite geographical limitations, by consolidating abandoned farmland and scaling up production, we believe it's possible to increase production with fewer workers and transform agriculture into a profitable business.

As outlined above, we are pursuing new business domains. These efforts range from those closely aligned with our current operations to those that are somewhat less related, meaning that their level of consistency is not necessarily uniform. Looking ahead to the next 10 years, population decline is an unavoidable reality. Given the unpredictability of the future, even businesses that currently seem less relevant may evolve in unexpected ways. To date, we have formulated our LTP, "Hulic in the next 10 years" three times. While forecasting a decade ahead is undoubtedly difficult, many of our projections have proven reasonably accurate, as they were based on prevailing trends. However, as we look towards the next 10 years with an emphasis on profit growth, we find ourselves in a situation where the future direction is less clear than before. With our new Medium-Term Management Plan aiming for an ordinary profit of JPY180 billion or higher, we are preparing to launch the fourth iteration of our "Hulic in the next 10 years". We plan to take the next two to three years to carefully evaluate and determine our path forward.

**Moving Ahead, Consolidated Management and Talent Development Will Be the Key**

Since taking on the role of president, my priority has been to drive profit growth and strengthen Hulic as an independent entity. So far, we have made steady progress. Now, to achieve further growth, it is necessary to expand our business from a consolidated management perspective. We must cultivate new businesses beyond our traditional domestic real estate business, including child education business centered around Riso Kyoiku Co., Ltd., energy business

integrating storage batteries, international business, and the sports and entertainment business. We have so far remained focused on real estate, progressing efficiently with a small team without stepping into operations. Real estate will remain our core business. However, a major challenge for the future is determining how far we should expand into the B2C sector, which currently includes hotels, *ryokans*, and child education.

To expand through consolidated management, it is essential to develop talent capable of leading these new businesses. While we have always prioritized talent

### 5. Stakeholder Engagement

A focus on sustainability is crucial to deliver value to our stakeholders. Hulic engages with a diverse range of stakeholders, including society, customers (such as tenants and facility users), business partners (including construction companies and financial institutions), employees, local communities, administrative organizations (such as national and local public government), and shareholders and investors.

Our primary responsibility is to generate profits and pay taxes. However, there are also areas where we can collaborate with national and local governments as part of our business. In public-private partnership (PPP) projects, which aim to optimize the use and management of real estate owned by the public bodies, we leverage our extensive experience and proven track record to support these initiatives.

It is essential to provide customers with safe, secure buildings and spaces. Offering comfortable and convenient buildings is equally important. Approximately 75% of our office and commercial properties, including other facilities, are located within a five-minute walk from the nearest station. We prioritize the location of our properties, not only for competitive advantage but also to ensure we offer buildings that are both comfortable and convenient. The primary risks we focus on are earthquakes and the eruption of Mt. Fuji. To address earthquake risks,

development, moving forward, we now recognize the need to cultivate leaders from a different perspective, specifically, individuals capable of managing businesses. When it comes to motivating employees, I believe the key factors are challenging work, a comfortable work environment, salary, and fringe benefits. It is often said that many younger employees today place great emphasis on challenging work. Developing talent capable of managing businesses will be vital not only for consolidated management but also for Hulic's long-term growth from a talent development perspective.

we plan to upgrade all company-owned buildings (excluding those for sale, etc.) to high-resilience structures capable of withstanding a seismic intensity level 7 earthquake on the Japanese scale by 2029. To mitigate the risk of a Mt. Fuji eruption, we are installing roof drain caps in our buildings to prevent volcanic ash from mixing with rainwater and entering the drainage system. If ash infiltrates the drainage system, it can cause blockages, leading not only to the need for pipe replacements but also to water accumulation on rooftops, which may result in leaks inside buildings.

Construction companies are essential partners in our development/reconstruction projects. Although these companies must be selective in choosing projects, it is important to ensure that they choose our projects. We have long been committed to building a trust-based, win-win relationship as equal business partners, and we will continue to strengthen these collaborations moving forward. Financial institutions are also key partners in the real estate business, which requires significant capital. Naturally, the most crucial responsibility is ensuring the repayment of borrowed funds. At Hulic, we place great importance on external credit ratings. Strong ratings not only facilitate favorable financing but also promote self-discipline, helping maintain sound management practices.

We provide our employees not only with competitive salaries but also excellent perks and fringe benefits. Our goal is to operate with a small team of highly skilled professionals, and this is an investment towards that goal. Investment generates profits, and those profits are reinvested in our employees and other stakeholders, creating a positive cycle.

Our contributions to the local community will be addressed in the following section.

For shareholders and investors, we are committed to not only providing information but enhancing shareholder returns and management that focuses on stock performance. Since our listing, we have prioritized shareholder returns, achieving 16 consecutive years of profit and dividend growth. Under the new Medium-Term Management Plan, we have set a dividend payout ratio target of 40% or higher. In 2024, to address concerns on the supply-demand balance, we did a secondary offering of strategic shareholdings which was equivalent to approximately 13% of the total number of issued shares, resulting in the addition of approximately 20,000 new shareholders. We ask for your support as we continue to manage the Company in a way that meets shareholder expectations.

An important challenge that affects all stakeholders is the need to mitigate climate change and reduce environmental impact. We develop and

## 6. Social Contribution

Hulic is committed to social contribution activities. In terms of cultural and artistic support, we continue to support *shogi* (Japanese chess), a traditional aspect of Japanese culture. Since 2018, we have been a special sponsor of the *Kisei* Championships, and in 2020, we established a new women's rank-deciding *shogi* competition, the Hulic Cup *Hakurei* Championships. In 2024, as part of Japan *Shogi* Association's 100th anniversary initiative, we jointly supported the relocation of Tokyo Shogi-Kaikan. The opening ceremony for the new facility, known as the Hulic Shogi-Kaikan Sendagaya Building, garnered significant

own renewable energy generation facilities, such as solar power. One of our Group companies operates as a retail electricity provider, purchasing the electricity we generate and supplying it to our owned buildings. In 2023, we achieved RE100 and we are now transitioning to 100% renewable energy for electricity consumption in all owned buildings by 2029. These sustainability efforts have been highly praised in external evaluations.

Maintaining and strengthening governance and compliance that earn stakeholder trust remains a top priority. Our Board of Directors and the Audit & Supervisory Board are each composed of a majority of external officers, all of whom are independent. The chairperson of the Board of Directors is also an external director. Female officers make up 30% of our Board of Directors and 40% of our Audit & Supervisory Board, ensuring a diverse composition. We have established a Nominating Committee and a Remuneration Committee, both composed solely of external directors, to ensure transparency in the nomination of director and audit board member candidates, as well as in the determination of director compensation. At Hulic, we are a team of professionals, with many employees holding specialized qualifications, including certified public accountants, first-class architects, and real estate appraisers. Our Legal & Compliance Department is composed entirely of lawyers, who play a leading role in maintaining and strengthening compliance.

attention. In terms of community activities, we have been hosting the Hulic Odenma Summer Festival since 2013. Although the event was paused due to the pandemic, it returned in 2022 after a three-year hiatus, and in 2024, many local children attended and enjoyed the festival. In terms of sports, we signed an Official Gold Partner Agreement with the Japan Para-Badminton Federation and have been supporting para-badminton since 2016. We provide our Nishi Kasai Center Building gym (Hulic Nishikasai Gym) to the Federation as a practice facility for athletes, free of charge. Hulic was also a special sponsor of Hulic Daihatsu Japan Para-

Badminton International Tournament 2024, held in October 2024. In terms of academic research, we held the 12th Hulic Students Idea Competition in 2024. This competition was designed with the aim of providing students with an opportunity to present urban development and construction ideas. In terms of social welfare, we have been expanding our focus on support for people with disabilities as part of our social contribution activities. Since 2022, we have sponsored

## 7. In Conclusion

The impacts of long-anticipated factors such as population decline are now becoming apparent all at once. Inflation is also taking hold, and, overall, we find ourselves in a world vastly different from the one we knew. To navigate this new reality, it's crucial to anticipate potential changes and stay prepared with a "half-step ahead" mindset, so we can effectively respond when changes unfold. We have already experienced events that were difficult to foresee, such as the 2008 financial crisis, the Great East Japan Earthquake, and the COVID-19 pandemic. Despite these challenges, we have continued to grow, largely because of our constant focus on adapting to environmental changes. What is even more valuable, however, is our commitment to "driving innovation." Looking ahead, we will continue to uphold our motto of "driving innovation" and "accelerating progress," maintaining a strong sense of ownership and ensuring our management remains a half-step ahead. We believe that this commitment is our mission - to create value and reward the stakeholders who support us. As Japan's population continues to decline, we remain committed to operating a small, lean team of professionals to ensure productivity.

the Japan Service Dog Association. Service dogs, such as guide dogs and hearing dogs, play a crucial role in assisting people with disabilities. However, the number of working service dogs remains low, and awareness of their importance is limited, even within the disabled community. The process of pairing a user with a service dog requires considerable time and money, and we are committed to contributing in any way we can.



## Message from the President, Representative Director

### 1. Summary of the Previous Medium-Term Management Plan (2023–2025)

Currently, we are working toward achieving our Medium- and Long-Term Management Plan (hereafter LTP, 2020-2029), which sets 2029 as its final year. In the LTP (2020-2029), our basic policy is to strike a balance between P/L Growth, Profitability, B/S Soundness, and Productivity (efficiency) at a high level and achieve further growth through dynamic transformation backed by overwhelming speedy decision-making.

The previous Medium-Term Management Plan (2023-2025) was the Phase II of the LTP (2020-2029), and we achieved the ordinary profit target for the final year, 2025, of JPY150 billion a year ahead of schedule, in 2024. Ordinary profit increased by approximately JPY31 billion over two years from 2023, sustaining a growth rate of over 10% per year. Regarding shareholder returns, the annual dividend for FY2024 was set at JPY54 per share, an increase of JPY12 (29%) from JPY42 in FY2022. As a result, we have been able to achieve 16 consecutive years of higher profits and dividends since going public.

Over the two-year period, we made a total net investment of approximately JPY640 billion, with substantial progress especially in property acquisitions through Corporate Real Estate (CRE), M&A, and international investments. In development/reconstruction, 23 projects were completed, totaling an asset value of JPY160 billion. Investments aimed at future profit growth are progressing steadily, including the commencement of rebuilding flagship properties.

While actively advancing investments, we have

maintained disciplined financial management through effective balance sheet control. As of December 31, 2024, the debt-to-EBITDA ratio stood at 9.1 times, and the net debt-to-equity (D/E) ratio at 1.6 times, reflecting a solid financial position. The equity ratio was 33%, ensuring sufficient investment capacity for future growth.

Progress has also been made in environmental efforts. We initially aimed to achieve RE100\* by 2025, but we achieved this goal two years earlier, in 2023. Furthermore, the target for converting 100% of the electricity used in all company-owned buildings to renewable energy has been brought forward from 2030 to 2029.

In terms of governance, starting from March 2024, not only do external directors make up the majority of the Board, but the Chairperson of the Board is also an external director. Female officers now account for over 30% of directors and auditors. Along with enhancing governance, we have also made progress in terms of diversity.

As such, we have achieved steady growth over the past two years, with annual profit growth exceeding 10% and industry-leading capital efficiency (2024 ROE of 12.8%). This strong performance led to our market capitalization exceeding JPY1 trillion in August 2023. However, the environment surrounding the Company has changed significantly. In response to these changes, we have decided to launch our new Medium-Term Management Plan for the period from 2025 to 2027.

exceeded JPY40,000 on March 4, and later reached a new all-time high for the first time in 34 years. On March 19, the Bank of Japan announced the end of its negative interest rate policy. At the monetary policy meeting in late July, it implemented an additional rate hike, raising the policy rate to 0.25%, which led to a significant drop in stock prices. Since then, the volatility of the stock market has been higher with stock prices fluctuating wildly.

It was also a year marked by significant political developments. October saw the start of the Ishiba administration. However, in the House of Representatives election, the ruling coalition of the Liberal Democratic Party and Komeito lost its majority, resulting in political instability.

Meanwhile, in the United States, the second Trump administration took office, implementing policies such as raising tariffs under its America First agenda. These developments may also affect the Russia-Ukraine and Israel-Palestine conflicts.

Despite such significant changes in the social and economic environment, I believe 2024 was a year of overall positive progress for Hulic. The year started with an ordinary profit forecast of JPY144 billion and ended with a result of JPY154.3 billion, achieving the ordinary profit target of JPY150 billion for the final year of the previous Medium-Term Management Plan (2025) one year ahead of schedule. Additionally, our unique business model was praised, and we were awarded the 2024 Porter Prize.

The following outlines our business progress.

#### Key Challenge (1)

##### Further evolve the business model and restructure the leasing portfolio

Hulic has concentrated approximately 90% of its portfolio in the Tokyo metropolitan area, enabling efficient business operations. To prepare for the risk of major earthquakes, we are enhancing the seismic resilience of our properties, ensuring they can remain operational even during earthquakes with seismic intensity of level 7 on the Japanese scale. In anticipation of future population decline, we are restructuring our portfolio to reduce the proportion of office properties to below 50%. We are also aiming to increase the share of properties in focus areas (Ginza, Shinjuku East, Shibuya/Aoyama, Asakusa) to 50% by 2027.

In 2024, we made notable investment progress, particularly in the Ginza area, including the acquisition of ALBORE GINZA and Ginza 1-chome Building

(currently Hulic Ginza 1-chome Showa-dori Building), and the completion of the Hulic Ginza 6-chome Showa-dori Building.

Operating companies also advanced capital cost-conscious management practices, successfully completing large-scale real estate monetization projects. Major CRE projects were successfully completed, including the acquisition of KIOXIA Yokkaichi Plant land, an investment in a special purpose company acquiring four key logistics centers from LOGISTEED, and the completion of the Hulic Toranomon Dai-ni Building. We also expanded property acquisitions through various investment schemes, such as equity and mezzanine investments.



**Takaya Maeda**

President,  
Representative  
Director

As a result of these portfolio restructuring efforts, the proportion of high-seismic-resilience buildings increased to 86%, the office building ratio remained below 50% at 43%, and the share of properties in focus areas rose to 44%.

**Key Challenge (2)**

**Strengthen development and value-added businesses**

In the development/reconstruction business, nine properties were completed, including Hulic Ginza 6-chome Showa-dori Building, Hulic Toranomom Dai-ni Building, Hulic Shogi-Kaikan Sendagaya Building, THE GATE HOTEL Yokohama, and HULIC SQUARE FUKUOKA TENJIN. In the value-added business for Ito-Yokado, LICOPA Kawasaki and the Maison Building at LICOPA Higashiyamato were completed.

While completion is expected from 2027 onward, development has begun on major flagship properties in central Tokyo, including the Hulic Aoyama Building, the Recruit Ginza 8-chome Building, and Ginza Core. All of these properties are located in our focus areas and are expected to contribute to future profits.

**Key Challenge (3)**

**Create unique new business domains and improve Group strengths**

The hotel and *ryokan* business, driven by strong inbound demand, remains one of the few sectors

expected to see continued growth in Japan. We aim to expand and strengthen this business, primarily through directly managed properties. In 2024, we acquired three development sites for our luxury *ryokan* brand, FUFU. All seven of the luxury hot spring *ryokan* FUFU facilities developed by Hulic have received MICHELIN Key status\*.

Among our next-generation assets, we are focusing on urban data centers. Our first project in Kobuna-cho is progressing smoothly and is on track for completion in 2025. In the flexible office sector, Bizflex, all five properties are fully occupied, with the opening of properties in Hamamatsu-cho and Kanda in addition to the already opened properties in Azabu Juban, Roppongi, and Tokyo Yaesu.

We launched our international business on a trial basis in 2024, focusing on countries with growing populations and promising economic outlooks. We are targeting assets based on real demand, such as residential properties, and are proceeding with investments through joint ventures with Japanese companies that have extensive experience in each country. This risk-mitigated approach has resulted in confirmed investments totaling approximately JPY40 billion.

In 2024, we executed two M&A transactions. The consolidation of Riso Kyoiku Co., Ltd. has deepened our commitment to the child education business, while the takeover bid for Raysum Co., Ltd. has further strengthened our value-added business segment. These subsidiaries are expected to start making significant contributions to our earnings from 2025.

We also invested in startups that are addressing social issues. In 2024, Astroscale Holdings and Synspecrive successfully completed their IPOs.

\* Selection of accommodations featured in the Michelin Guide that praise hotels for providing outstanding stays.

**Key Challenge (4)**

**Strengthen the management foundation and implement stringent risk management**

Alongside profit growth, equity capital increased to JPY832.9 billion, an increase of approximately JPY67 billion. The equity ratio, including hybrid finance, stands at 33.0%, with a debt-to-EBITDA ratio of 9.1 times and

a net D/E ratio of 1.6 times, indicating an ongoing favorable financial position. Our external credit rating remains at AA.

**Key Challenge (5)**

**Implement management that emphasizes sustainable co-creation and co-existence with society**

We aim to source 100% of the electricity used in all company-owned properties from renewable energy by 2029. To achieve this, we are advancing the in-house development of solar power and hydroelectric power facilities. However, the growing number of solar power facilities poses a challenge to maintaining the balance between power supply and demand. To address this issue, we have started developing solar power facilities equipped with battery storage. We also have decided to invest approximately JPY100 billion over the next decade in grid-scale battery systems.

In terms of governance, external directors now

comprise the majority of the Board, and the Chairperson is also an external director, further strengthening our governance structure. We significantly increased the starting salary for new graduates, and combined with base salary adjustments and salary raises, employee annual income rose by over 10%.

In 2024, we continued to roll-out new initiatives. However, the social and economic environment is poised for significant change. As Japan emerges from a prolonged period of deflation, we are entering an era of inflation. This marks the beginning of an era of rising interest rates. At the same time, population decline is expected to intensify. While Tokyo has experienced an influx of residents, projections suggest this trend will reverse around 2030. Responding to population decline is one of our most pressing challenges.

In response, we have decided to initiate a new Medium-Term Management Plan for the period from 2025 to 2027.

### 3. New Medium-Term Management Plan (2025–2027) and 2025 Business Operations

**Overview of the New Medium-Term Management Plan (2025–2027)**

The new Medium-Term Management Plan serves two purposes: it represents the final phase of our LTP (2020–2029) and lays the groundwork for “Hulic in the next 10 years.”

From the standpoint of concluding the LTP (2020–2029), we aim to achieve an ordinary profit target of JPY180 billion, a target originally set for 2029, by 2027, two years ahead of schedule. We will continue restructuring our portfolio, aiming to maintain our credit rating. Leveraging the cash generated from portfolio restructuring we plan to make a net investment of JPY930 billion over the three-year period. Through the acquisition of competitively advantaged properties, we aim to expand the stable core profits\*, while also divesting value-added assets to create a continuous cycle of investment and returns. These efforts will enable us to achieve a well-managed balance sheet and strong profit growth.

\* Amount obtained by deducting property sale profits from consolidated operating profit

As multiple development projects are scheduled for completion over the three years, we plan to divest some portion of these assets to Group REITs and funds to realize development margins. Additionally, we will capture the increase in asset management fees from the growth in assets under management of Group REITs and funds, thereby achieving profit growth on a consolidated basis.

In light of environmental changes, such as the rise in construction costs, we will adopt a more cautious approach to evaluating the feasibility of new projects. While new projects in senior living and logistics centers will be restrained, we believe that assets in focus areas, such as Ginza and Shibuya/Aoyama, as well as inflation-resistant assets such as hotels, *ryokans*, urban data centers, and R&D facilities, are better positioned to absorb cost increases. Accordingly, we will prioritize development in these categories. We also anticipate an increase in CRE projects as companies are curving out hard assets, including real estate, and reflecting delisting moves. We are committed to actively pursuing these opportunities and steadily growing long-term, stable income.



One key element from the perspective of laying the groundwork for “Hulic in the next 10 years,” is M&A. In 2024, we carried out M&A transactions with Riso Kyoiku Co., Ltd. and Raysum Co., Ltd. We will work to realize synergies with these two companies while pursuing further M&A opportunities to drive profit growth on a consolidated basis. By growing the operating profits of our Group companies, we aim to expand the stable core profits while nurturing future growth pillars.

Another key focus is the expansion of international investments. We have already secured investments totaling approximately JPY40 billion. We plan to expand this to around JPY150 billion by 2027. We will continue to position this as a new growth engine while carefully managing risks.

While these investments may not generate immediate returns, we will invest capital in areas with strong future potential in order to sustain profit growth during the next “Hulic in the next 10 years.” Projects include the development of luxury residences for active seniors, an international air cargo complex in Narita, investments in grid-scale battery storage, and strategic investments in startups. These initiatives aim to differentiate us from our competitors.

These growth strategies will be supported by finance, governance, and human capital. While adhering to financial discipline with the goal of maintaining an AA rating, we will move forward with growth investments. Our targets include a net D/E ratio in the high 1x range, an interest-bearing debt-to-EBITDA ratio around 10 times, and a ROE of around 12% or higher.

Our Group companies will also continue to increase as a result of ongoing M&A activity. We will focus on strengthening the governance structure to match this increase, while also recruiting, deploying, and developing talent to support the expansion of our business domains, ultimately driving further growth across the Group.

These efforts will enable us to maintain Hulic’s strengths, namely strong profit growth and high capital efficiency, while expanding the stable core profits through consolidated profit growth. Ultimately, we aim to achieve the goals of our LTP (2020-2029) two years ahead of schedule.

### Business Operations in 2025

2025 marks the crucial first year of our new Medium-Term Management Plan.

The Bank of Japan’s policy rate was raised to 0.5% in January, with another hike possible later in the year. Although interest rates are rising, we believe that the cap rates for real estate in prime locations in central Tokyo, our key focus area, will not see significant increases. With global capital flowing into Japan’s real estate market, we anticipate sustained strong acquisition demand, particularly for properties in central Tokyo. In addition, vacancy rates, which had remained high since the COVID-19 pandemic, have been trending downward since the latter half of 2024. Amid an inflationary environment, this poses rent growth potential.

While the Japanese real estate market is expected to remain robust, uncertainties are likely to persist, such as the impact of policies like President Trump’s tariffs on corporate performance.

In this context, we forecast ordinary profit of JPY164 billion in 2025, a record high and increase of JPY9.6 billion year-on-year. We also plan to increase the annual dividend to JPY57 per share, up JPY3 from 2024.

This fiscal year’s growth will be primarily driven by revenue contributions from Riso Kyoiku Co., Ltd. and Raysum Co., Ltd. which were acquired through M&As in 2024. We aim to realize synergies by steadily advancing post-merger integration (PMI)\*.

In the real estate business, we have established an Asset Management Department to promote portfolio restructuring. We will prioritize internal growth through asset management, aiming for rent growths, maintaining vacancy rates below 1%, and achieving a 100% ratio of seismic-resistant buildings (excluding those for reconstruction, sale, etc.) by 2025. We anticipate the trend of real estate divestments by operating companies to continue from 2024. As such, we aim to actively pursue CRE initiatives to steadily build stable income.

In the development business, we plan to complete flagship projects including the reconstruction of the Ginza Building and the construction of HULIC SQUARE SAPPORO II. In the value-added business, we will begin the renovation of the Hulic Ginza World Town Building, while the LICOPA Higashiyamato (Terrace Building) will be completed.

In the international business, we plan to continue investments with a risk-mitigated approach, carefully balancing investments between developed countries of the United States and Singapore, and emerging markets of India and Vietnam.

In the new business sector, we launched “Kodomo Depart,” a one-stop service for child education, in Nakano and Tama-Plaza in April. Data centers are gaining attention due to the widespread adoption of cloud services and the acceleration of digital transformation. We are focusing on urban data centers. Our first project, the Kobuna-cho Project, will be completed and we have already started work on our second property, the Shiohama 2-chome Development Project. In the hotel and *ryokan* business, this year we plan to open THE GATE HOTELS in Yokohama, Fukuoka, and Sapporo, as well as FUFU luxury *ryokan* in Ginza.

\* Post-merger integration (PMI): The integration process designed to maximize the benefits of a planned M&A after the merger.

## 4. Message to Stakeholders

Hulic has continued to grow, earning recognition for its industry-leading profit growth and high capital efficiency. In 2024, our stock price was pressured by the decisions of non-life insurers to unwind their strategic shareholdings eventually to zero, which capped the upside of our stock price. In response, at the end of 2024, we facilitated a secondary offering by responding to all of our major shareholders intention to sell our stock (offering size of 12.8% against issued shares), and thereby eliminating the overhang concerns in the market.

The sale resulted in a change in the shareholder composition, with individual shareholders increasing from 10% to 20%, and foreign ownership increasing to 17.4% (as of December 2024). Moving forward, we aim to focus more on communication with our shareholders and work towards enhancing corporate value.

It is also important to share a portion of our profit growth with our employees. In 2024, we achieved an annual income raise of over 10%, combining base salary adjustments and raises, and we aim for an increase of over 10% in 2025. The driving force behind a company’s continued growth is the motivation of its employees. While compensation raises are important, I believe it is equally crucial to create an environment where every employee can thrive. Ours is a company



where employees are driven to excel because they see opportunities for personal growth. We operate with a small, lean team of professionals, constantly taking on new challenges. Starting this year, we have begun promoting young and mid-career male and female employees to management positions. By providing such an environment, we believe we can continue to be a company where employees can reach their full potential.

A company’s unique identity-its corporate culture-is equally important. Concepts that embody Hulic’s identity include balanced management, a small, lean team of professionals, clarity in decision-making, anticipating the half-step ahead, and a strong sense of ownership. However, I believe that the most important principle is the commitment to following through on everything we set out to achieve.

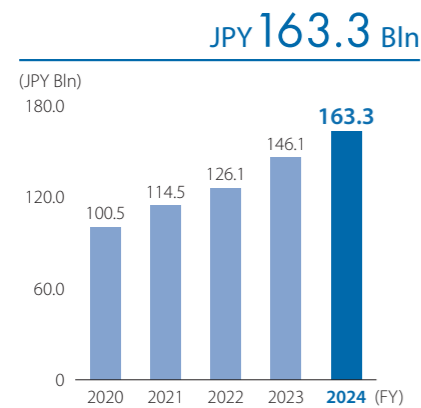
We have entered an era of positive interest rates and inflation. Addressing the increasing issue of population decline is also a major challenge. As the social and economic landscape undergoes significant changes, we will continue to emphasize “driving innovation” and “accelerating progress,” staying true to Hulic’s identity. By adapting flexibly to environmental shifts, we remain committed to meeting the expectations of all stakeholders.

# Financial and Non-financial Highlights

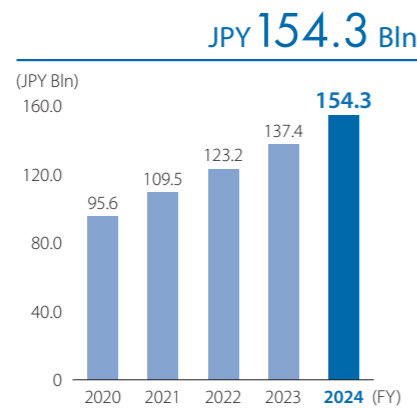
Hulic promotes initiatives that link corporate growth with solutions to social issues. In other words, the Company is creating shared value through ESG-conscious business operations.

## Major Financial Information

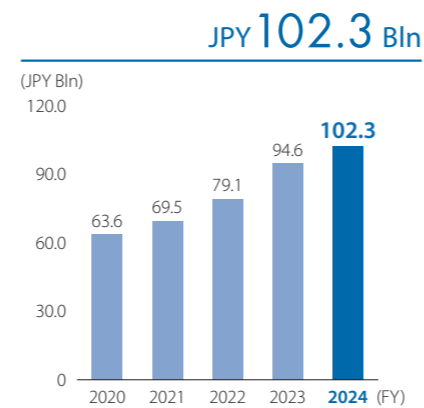
### Operating Profit



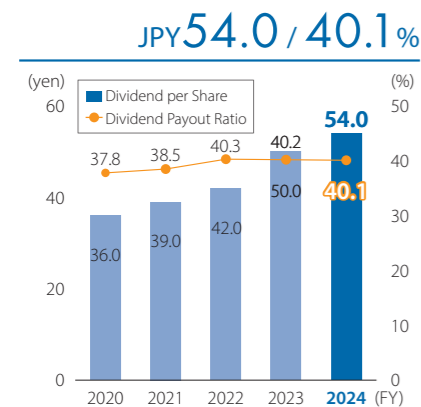
### Ordinary Profit



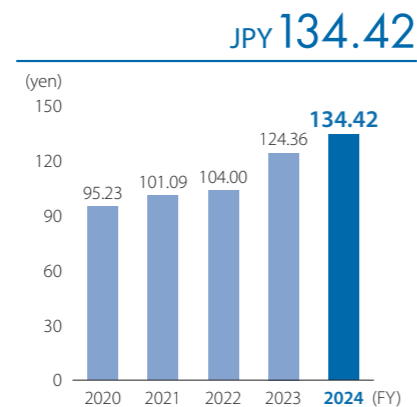
### Profit Attributable to Owners of Parent



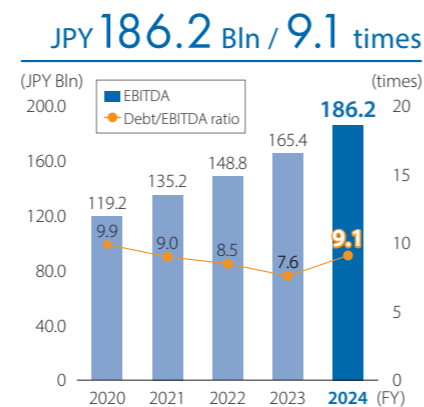
### Dividends per Share, Dividend Payout Ratio



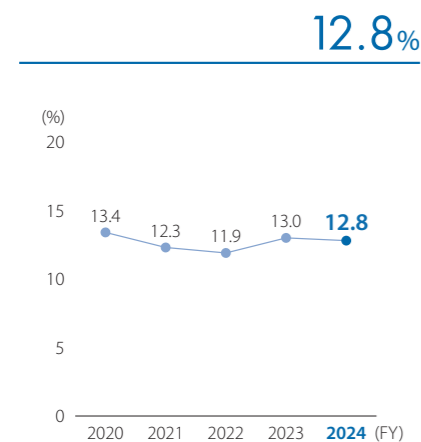
### Net Income per Share



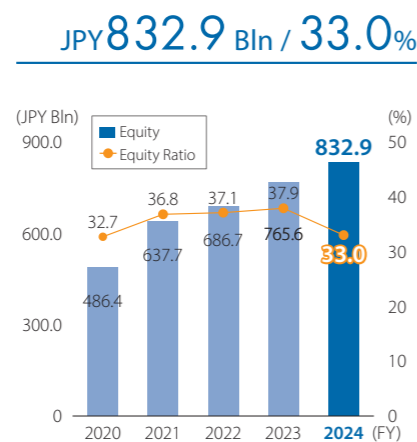
### EBITDA\*1, Debt/EBITDA Ratio\*2\*3



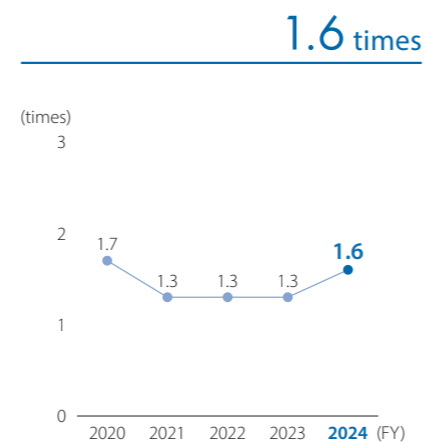
### Return on Equity (ROE)\*4



### Equity, Equity Ratio\*3\*5



### Net D/E Ratio\*3\*6



\*1 EBITDA = Ordinary Profit - Equity in earnings/share of loss of entities accounted for using equity method + Interest expenses + Depreciation (+ Amortization of goodwill (from 2024 onward))

\*2 Debt/EBITDA Ratio = Interest-bearing debts/EBITDA

\*3 50% (JPY75 Bln) of hybrid finance (JPY150 Bln) issued in 2018 was calculated as nominal equity. Similarly, 50% (JPY175 Bln) of hybrid finance (JPY350 Bln) issued in 2020 and 2022/2023 was also calculated as the same.

\*4 Return on equity (ROE) = Profit attributable to owners of parent/Equity (average balance)

\*5 Equity Ratio = Equity/Total assets

\*6 Net D/E Ratio = Net interest-bearing debts (Interest-bearing debts - Cash and deposits)/Shareholders' equity

\* Please see pp. 88-97 for financial information.

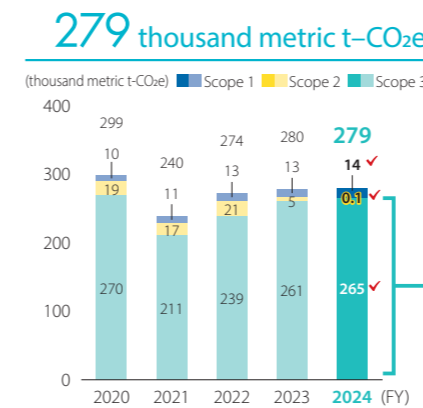
\* Non-financial information; please see pp. 38-39 regarding targets, coverages and calculation methods, and pp. 56-87 for other results and major initiatives.

Note: Figures marked with "✓" have been assured by an independent assurance provider.

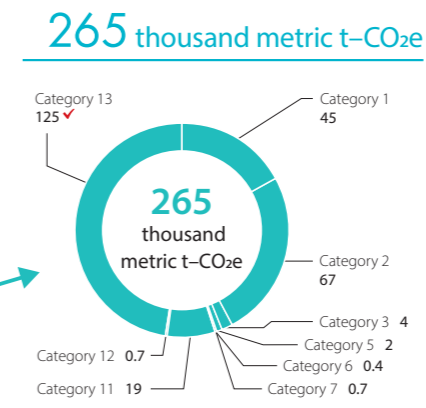
## Major Non-Financial Information

**E** Environment **S** Social **G** Governance

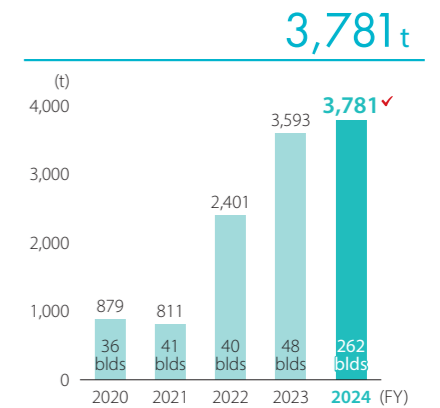
### Greenhouse Gas Emissions\*1



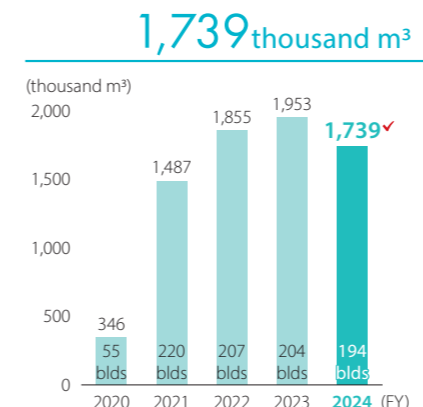
### Greenhouse Gas Emissions Scope 3



### Waste Disposal\*2



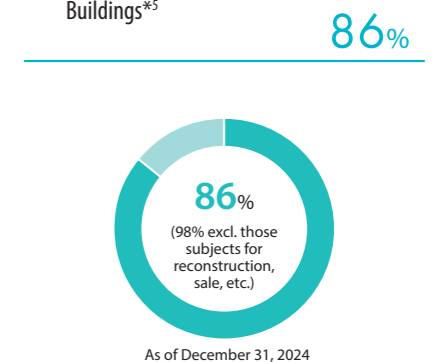
### Water Intake (Water Consumption)\*3



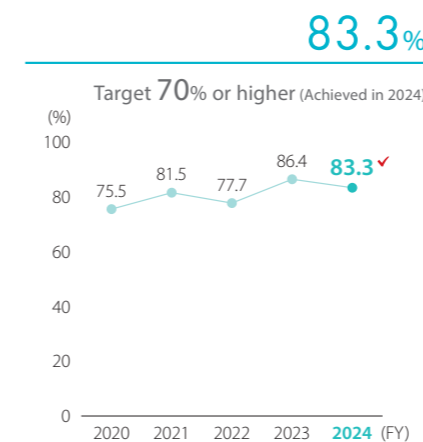
### % Properties Meeting Hulic's Earthquake-resistance Standards\*4



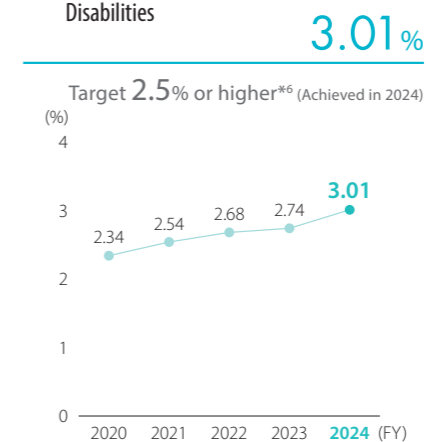
### Ratio of Highly Earthquake-resistant Buildings\*5



### Usage Rate of Paid Leave



### Employment Ratio of Persons with Disabilities



### Participation Rate of Directors in Board of Directors Meetings



\*1 Beginning with Integrated Report 2022, we are calculating greenhouse gas emissions based on the GHG Protocol. Calculations for Scopes 1 and 2 are based on the properties where the Hulic Group occupies or manages business operations (36 properties in FY2020, 41 properties in FY2021, 40 properties in FY2022, 48 properties in FY2023, and 262 properties in FY2024). In addition, properties held at the end of term are subject to the calculation (Properties acquired during the reporting year for the period from the acquisition date to the end of the term are included). In FY 2024, the number of properties increased compared to the previous year due to the implementation of M&A during the period. The unit calorific values and the emission factors are based on values in the Act on the Rational Use of Energy and the Act on Promotion of Global Warming Countermeasures. Until FY2020, greenhouse gas emissions from one hotel operated by a subsidiary were calculated based on our ownership ratio in that property, but starting in FY2021, emissions are calculated based on operational control. The boundary and calculation method for Scope3 are disclosed on our website: <https://www.hulic.co.jp/en/sustainability/ecology/>. GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials.

\*2 Calculations for waste disposal are based on the properties where the Hulic Group occupies or manages business operations (36 properties in FY2020, 41 properties in FY2021, 40 properties in FY2022, 48 properties in FY2023, and 262 properties in FY2024). In FY 2024, the number of properties increased compared to the previous year due to the implementation of M&A during the period. Beginning in FY2020, we are calculating total waste disposal at specific properties within the boundary by using weight conversion factors based on actual measurements. The waste disposal of certain properties are estimated using the total floor area based on the emissions intensity of buildings with similar functions.

\*3 Beginning in FY2021, Hulic's fixed assets are covered, excluding properties under development and land for lease (220 properties in FY2021, 207 properties in FY2022, 204 properties in FY2023, and 194 properties in FY2024). Note that the amount of hot spring water used at hot spring ryokans (luxury Japanese inns) is not included.

\*4 Hulic's earthquake-resistance standards are where building performance can safeguard human life and enable continued use of the building with post-earthquake repair in the event of an earthquake with a seismic intensity of level 7.

\*5 Highly earthquake resistant buildings are those that can safeguard human life and enable continued use of the building with post-earthquake repairs when an earthquake hits with a seismic intensity of level 7, excluding those subjects for sale, etc.

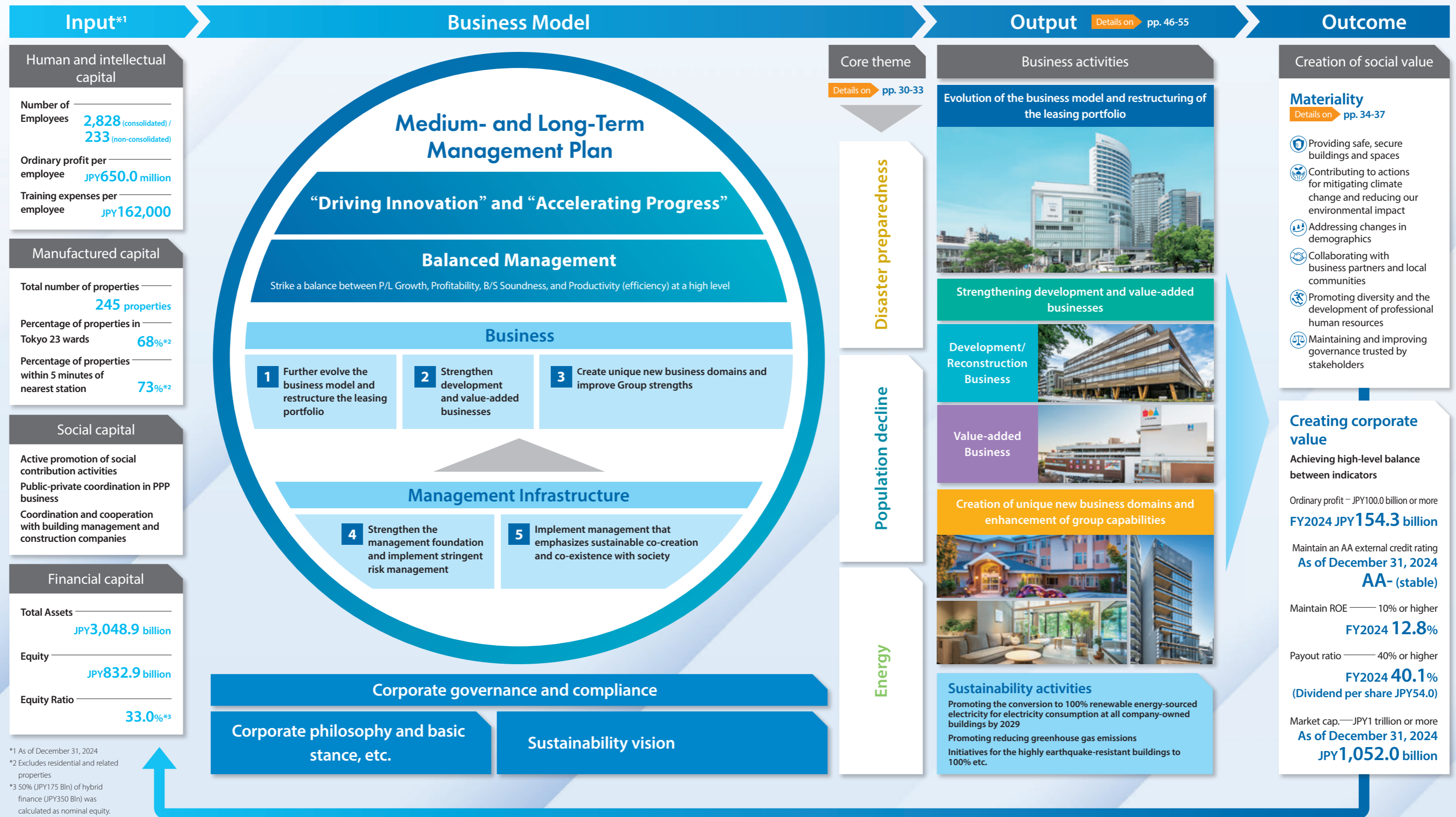
\*6 Our target for the employment ratio of persons with disabilities is to be at the statutory employment ratio or higher: 2.2% or higher till FY2020, 2.3% or higher from FY2021 to FY2023, and 2.5% or higher for FY2024.

# Hulic Group's Value Creation Process

For the realization of a society full of safety, peace of mind and trust, and for the continuous improvement of corporate value



For the realization of a society full of safety,  
peace of mind and trust,  
and for the continuous improvement of corporate value



# Hulic's Story of Sustainability

Here, we look at three themes that we recognize as important social issues for the realization of a society full of safety, peace of mind and trust, when identifying materiality that we should focus on as well as related initiatives.

1  
Disaster  
preparedness

2  
Population  
decline

3  
Energy



## 1 Disaster preparedness



Materiality

Providing safe, secure buildings and spaces

### ◆ Related KPIs

- 100% highly earthquake-resistant buildings\*1 by 2029 (target to be achieved by the end of 2025, excluding those subjects for reconstruction, sale, etc.)
- Percentage of properties meeting Hulic's earthquake resistance standards\*2: 100% each year



### Analysis of the Business Environment

Japan is one of the countries where earthquakes hit most frequently, and experts believe there is a 70 to 80%\*3 probability of major earthquakes, such as earthquakes directly under metropolitan Tokyo and in the Nankai Trough, within the next 30 years. The Great East Japan Earthquake in 2011 caused a staggering 6.5 trillion yen\*4 in damages. In addition to earthquakes, Japan is also at risk of other disasters, such as an eruption of Mt. Fuji and flooding. As a real estate company that provides buildings, we recognize disaster countermeasures for buildings as one of our most significant issues and intend to ensure that our tenants can be active with peace of mind.

### Hulic's Major Initiatives and Actions

- **Earthquake countermeasures: ensuring all company-owned buildings (excluding those for sale, etc.) can withstand a seismic intensity of level 7 by 2029**

Hulic has established inhouse earthquake resistance standards that are stricter than the Building Standards Act and then applies these standards to all buildings that we develop or reconstruction. In addition, earthquake-absorbing and earthquake-damping structures are effective for ensuring high earthquake resistance, and we actively employ them in our buildings (see pp. 64-65). We also assess earthquake resistance when acquiring properties. We are working to ensure that all company-owned buildings (excluding those for sale, etc.) can withstand an earthquake with a seismic intensity of level 7 on the Japanese scale by 2029.

At the same time, to accurately assess the safety of buildings in the event of a major earthquake, we will gradually introduce a system for determining the degree of damage in disaster situations.



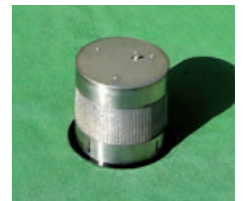
An example of reinforcement work

- **Measures against ashfall from possible Mt. Fuji eruption**

If Mt. Fuji were to erupt, there is concern that rain mixed with volcanic ash could get into building drainage systems, block drain pipes, and cause water leakage, leading to failures of building structures and equipment. We have jointly developed a product called a roof drain cap that prevents volcanic ash from entering building equipment, are promoting its installation in our owned buildings, and plan to release it widely in the future (patent pending).

As well, we have established a system to swiftly restore the functions of buildings by equipping each building with necessary supplies for ash removal and collaborating with building management companies, enabling operations to immediately resume once no more ash is being released from the eruption and the public infrastructure can be restored.

We have also introduced operational measures at some of the *ryokans* (luxury Japanese inns) that we own near Mt. Fuji, such as obtaining insurance to compensate for economic losses due to temporary closures caused by ashfall.



Roof drain cap

### Topics

#### Holding Seminars on Mitigating Damage Caused by Disasters

We have been holding seminars for employees on how to mitigate the damage caused by disasters since 2022 (with lecturers from the Japanese Red Cross Society). The employees learn about the expected damage and methods to protect themselves in the event of a large-scale earthquake, such as one directly under metropolitan Tokyo. In the practical training, they learn, among other items, how to perform first aid using readily available plastic bags, as well as CPR and how to use an AED (defibrillator).

Seminars on mitigating damage caused by disasters



\*1 Highly earthquake resistant buildings are those that can safeguard human life and enable continued use of the building with post-earthquake repairs when an earthquake hits with a seismic intensity of level 7, excluding those subjects for sale, etc.

\*2 Hulic's earthquake resistance standards are where building performance can safeguard human life and enable continued use of the building with post-earthquake repair in the event of an earthquake with a seismic intensity of level 7.

\*3 2020 white paper by the Ministry of Land, Infrastructure, Transport and Tourism

\*4 According to the Natural Disaster Damages section of 70th Japan Statistical Yearbook 2021 by the Statistics Bureau of Japan

2

Population decline

Materiality

Addressing changes in demographics



Analysis of the Business Environment

Japan's falling population, the increased aging of society, and the low birth rate will accelerate in the future. Japan's population is predicted to decline from 126.15 million in 2020 to 87 million in 2070. At the same time, the percentage of the population aged 65 and over is predicted to rise steadily from 28.6% in 2020 to 38.7% in 2070. Simultaneously, the average life expectancy is expected to rise and immigration is set to increase.\*

Population decline is an issue that affects all industries, but we believe the impact on the real estate market will be especially significant. For this reason, we are building a real estate portfolio that addresses demographic changes, including promoting businesses related to the elderly and inbound tourism, in light of the rising number of overseas tourists coming to Japan.

In addition, while Japan's birth rate has been trending downward over the long term, the number of dual-income households is rising and the government is considering improving programs for child-rearing support. Anticipating the growing demand for tutoring academies and extracurricular activities for children, we have ventured into child education as one of our new business initiatives.

\* Source: Summary of Future Population Projections (2023) published by the Ministry of Health, Labour and Welfare

Hulic's Major Initiatives and Actions

● Building a real estate portfolio that addresses demographic change

**Target: Office share of 50% or less by 2027**  
Keep the office share down in anticipation of an expected decline in demand due to the decrease in the working population and changes in the way people work.

**Target: 50% of properties in focus areas by 2027**  
Promote acquisition and development in focus areas (Ginza, Shinjuku East, Shibuya/Aoyama, Asakusa) in anticipation of the population being concentrated in urban areas.



Hulic Ginza  
Sukiyabashi Building

● Promoting senior citizen-related business

Own and lease senior living, operate lounges for active seniors, and promote new nursing care businesses using IoT in anticipation of the growing social demand for nursing and medical care as people age.



Hulic Premium Club Nihonbashi

● Promoting tourism-related business

Operate branded hotels and *ryokans* (luxury Japanese inns) to capture tourism demand, expected to rise due to the increasing number of overseas tourists coming to Japan.



Guest room baths at FUFU Hakone

● Promoting child education business

We provide education-related services for children, including “Kodomo Depart” facilities specialized in child education, centered around our consolidated subsidiary, Riso Kyoiku Co., Ltd., in response to the increase in dual-income households and the government implementation of child-rearing support initiatives.

● Promoting international business

We established an International Business Department, specializing in international business investments that target overseas countries and regions experiencing economic growth and population increases, while controlling risks.

Topics

Operating Hulic Scholarship Program for Training Welfare Caretakers

We established the Hulic Scholarship Program for Training of Welfare Caretakers in 2017 in order to support students aiming to be welfare caretakers, and develop human resources engaging in nursing care for the elderly and thus contribute to resolving social issues related to the aging of society. This is a non-repayable scholarship that aims for an improvement of the labor shortage in nursing care.



Practical training

3

Energy

Materiality

Contributing to actions for mitigating climate change and reducing our environmental impact

◆ Related KPIs

- Greenhouse gas emission reduction targets
- Number of renewable energy systems installed in development/reconstruction projects: 3 or more every year
- Number of times climate change risks are monitored by the Sustainability Committee and reported to the Board of Directors



Analysis of the Business Environment

2030 interim targets have been set for reducing greenhouse gas (GHG) emissions, a worldwide issue, and a consensus has been reached on the goal of achieving carbon neutrality by 2050. These initiatives are meant to address the pressing concern of shifting to renewable energy. There are also energy supply concerns as many of the country's nuclear reactors remain idle. We believe that we, as a company, must do our best to address energy issues not only to secure energy for the Hulic Group but to help our customers' businesses run smoothly as well.

Hulic's Major Initiatives and Actions

● Converting to 100% renewable energy sourced electricity for electricity consumption at all company-owned buildings by 2029

Focusing on the “additionality” of renewable energy, the Hulic Group actively promotes initiatives to develop and own solar and small hydroelectric plants for renewable energy, rather than buying it from power companies.

Also, against the backdrop of rising energy prices, generating our own power is an advantage for securing stable energy sources.



Solar power generation facility in Kumagaya City, Saitama Prefecture



Kamogawa Small Hydroelectric Plant

Topics

Initiated Development of Grid Storage Batteries

As the adoption of renewable energy expands, securing the “adjustment capability” to manage fluctuations in power supply has become a social issue. In addition to developing solar power generation systems equipped with storage batteries, we began the development of grid storage batteries in 2025 to help stabilize the power supply for both our own energy business and society at large. We plan to invest JPY100 billion in grid storage batteries over a period of about 10 years through 2034.



Grid storage batteries (conceptual image)

# Materiality Assessment

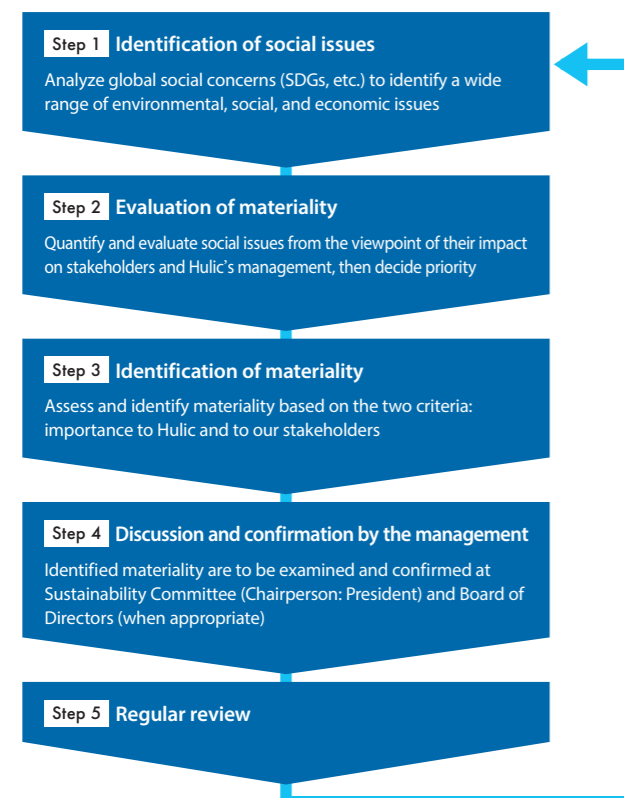
Hulic has been providing properties with excellent safety, environmental features, and convenience that match the needs of the times and society. As social issues and stakeholders' interests diversify, we will continue to focus on key issues that must be prioritized, while addressing issues in society by assessing opportunities and risks in our businesses to achieve sustainable growth.

## Structure to Promote Sustainability

We established the Sustainability Committee to deliberate on and coordinate important management concerns related to improving long-term competitiveness and our response to risk, after considering the situation at home and overseas related to sustainability, including the ESG/SDGs. Since management involvement is essential for medium- to long-term initiatives, the Sustainability Committee is chaired by the president and includes vice presidents, the GM of Corporate Sustainability Department, the GM of Business Planning and Management Department, the GM of the Real Estate Planning Department, and Group company executives. In addition, the Committee, supervised by the Board of Directors, reports to the board at least once a year on climate change deliberations.

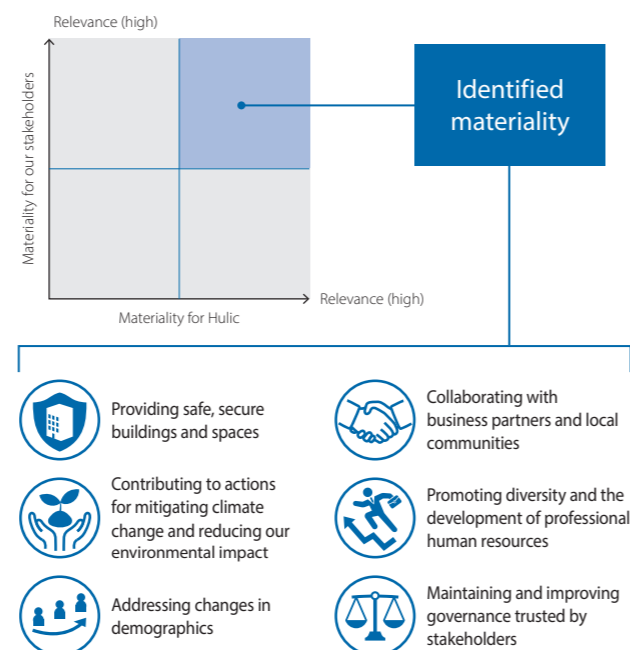


## Materiality Identification Process



## Materiality Identified

We identified and selected issues of especially high materiality in terms of their importance to Hulic and to our stakeholders.




























## Our Major Stakeholders and Related Materiality

We are committed to realizing a sustainable society by delivering environmental, social and economic value through interactive communication with all stakeholders. Stakeholders who are particularly important for our sustainable growth and relevant materiality issues are indicated below.

Classification	Key stakeholders	Major engagements (frequency in parentheses)	Materiality of high relevance	
Customers	<ul style="list-style-type: none"> <li>Tenants</li> <li>Facility users</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey (annually)</li> <li>Disclosure of information in our Integrated Report and on our website (when appropriate)</li> <li>Establishment of a contact point for inquiries (permanent)</li> </ul>		<ul style="list-style-type: none"> <li>Providing safe, secure buildings and spaces</li> <li>Addressing changes in demographics</li> </ul>
Business Partners	<ul style="list-style-type: none"> <li>Building management companies</li> <li>Construction companies</li> <li>Building maintenance contractors</li> <li>Real estate agents</li> <li>Financial institutions</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings and business interaction (when appropriate)</li> <li>Disclosure of information in our Integrated Report and on our website (when appropriate)</li> </ul>		<ul style="list-style-type: none"> <li>Collaborating with business partners and local communities</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Employees of the Hulic Group</li> </ul>	<ul style="list-style-type: none"> <li>President's message (monthly)</li> <li>President's survey (twice a year)</li> <li>Seminars by the president* (about twice a month)</li> <li>Career development interviews (twice a year or more)</li> <li>Interviews by Human Resources Department</li> <li>Disclosure of information through the Company intranet (when appropriate)</li> </ul>		<ul style="list-style-type: none"> <li>Promoting diversity and the development of professional human resources</li> </ul>
Local Communities	<ul style="list-style-type: none"> <li>Local communities</li> <li>NPOs and NGOs</li> </ul>	<ul style="list-style-type: none"> <li>Social contribution activities and volunteer activities (when appropriate)</li> <li>Participation in neighborhood associations (when appropriate)</li> <li>Engagement with communities in the vicinity of our projects (when appropriate)</li> <li>Engagement with NPOs and NGOs (when appropriate)</li> </ul>		<ul style="list-style-type: none"> <li>Collaborating with business partners and local communities</li> </ul>
Administrative Organizations	<ul style="list-style-type: none"> <li>National and local public government</li> </ul>	<ul style="list-style-type: none"> <li>Promoting PPP business (when appropriate)</li> <li>Initiatives for various awards and evaluations (when appropriate)</li> <li>Payment of appropriate taxes (when appropriate)</li> </ul>		<ul style="list-style-type: none"> <li>Collaborating with business partners and local communities</li> </ul>
Shareholders, Investors	<ul style="list-style-type: none"> <li>Individual investors</li> <li>Institutional investors</li> </ul>	<ul style="list-style-type: none"> <li>Briefings for individual investors and for analysts and institutional investors (including overseas) (when appropriate)</li> <li>Timely disclosure of information on our website (when appropriate)</li> <li>Establishment of a contact point for inquiries (permanent)</li> <li>Issuing a shareholder newsletter (twice a year)</li> </ul>		<ul style="list-style-type: none"> <li>Maintaining and improving governance trusted by stakeholders</li> </ul>

\* Social gathering with the president and young/mid-career employees

Opportunities and Risks Related to Materiality and Our Actions






Materiality	SDGs contributed to	Opportunities	Risks	Main initiatives
<div><p>Providing safe, secure buildings and spaces</p></div>	<div></div>	<ul style="list-style-type: none"><li>● Heightened need for properties that are safe and secure from natural disasters including earthquakes and flood damage</li><li>● Addressing workstyle and other changes among property users</li></ul>	<ul style="list-style-type: none"><li>● Rise of vacancy rate and decline of real estate value due to delayed actions on earthquake resistance techniques and BCP preparedness</li><li>● Decrease in the competitive advantage and increase in vacancy rates of properties due to delays in addressing changes in the needs of property users</li></ul>	<ul style="list-style-type: none"><li>• Achievement of 100% highly earthquake-resistant buildings*1 by 2029 (excluding those subjects for sale, etc.)</li><li>• Addressing Mt. Fuji eruption risk and exhaustive confirmation of other natural disaster risks</li><li>• Prevention of flooding by installing tide boards</li><li>• Assessing tenant needs through customer satisfaction surveys</li></ul>
<div><p>Contributing to actions for mitigating climate change and reducing our environmental impact</p></div>	<div></div>	<ul style="list-style-type: none"><li>● Heightened need for buildings and properties equipped with higher energy efficiency and renewable energy</li><li>● Heightened need for technologies for the reuse and effective use of resources</li><li>● Heightened need for real estate development that is mindful of conserving local ecosystems</li><li>● Growth of markets and demand through the increase in business domains, including environmental response</li></ul>	<ul style="list-style-type: none"><li>● Need for additional compliance with environmental measures and regulations as well as increased costs</li><li>● Soaring prices of construction materials</li><li>● Deteriorating residential environment and reputational decline in the event of ecosystem destruction near a property</li><li>● Risk of delayed action on environmental issues due to lack of environmental management system</li></ul>	<ul style="list-style-type: none"><li>• Converting to 100% renewable energy sourced electricity for electricity consumption at all company-owned buildings*2 by 2029</li><li>• Achieved RE100 in 2023</li><li>• Promoting Scope 3 emission reductions through collaborations in the supply chain</li><li>• Development of grid-scale batteries</li><li>• Enhancement of energy efficiency in buildings through such initiatives as green lease agreements</li><li>• Waste reduction through longer life building design</li><li>• Installing water-saving equipment</li><li>• Actively adopting environmentally conscious technologies</li><li>• Promotion of greening in development projects</li><li>• Reduced greenhouse gas emissions and promoting forest circulation through the development of fireproof wooden buildings</li><li>• Disclosing information in line with TNFD recommendations</li><li>• Promotion of environmental initiatives through collaboration with relevant government agencies, industry associations, NPOs, and other companies</li><li>• Promotion of ZEB certification acquisition in development projects</li><li>• Promotion of environmental certification acquisition and disclosure of energy efficiency labels</li></ul>
<div><p>Addressing changes in demographics</p></div>	<div></div>	<ul style="list-style-type: none"><li>● Heightened need for senior living and hospitals with the aging of society and increase in the number of healthier senior citizens</li><li>● Potential for growth of new markets and demand due to more dual-income households and the government's enhanced childcare support</li><li>● Expansion and using needs related to IoT demand</li></ul>	<ul style="list-style-type: none"><li>● Hiring-related costs may rise and shortage of care workers may materialize as the population of young generation declines</li><li>● Declining demand for office buildings and existing businesses due to declining working population</li><li>● Changes in existing business model due to accelerated digitalization</li></ul>	<ul style="list-style-type: none"><li>• Expansion of senior citizen-related businesses, including ownership and leasing of senior living and investment in caregiving technologies</li><li>• Entry into the child education business</li><li>• Expansion of “Kodomo Depart”</li><li>• Management of corporate venture capital and investment in startup businesses</li></ul>
<div><p>Collaborating with business partners and local communities</p></div>	<div></div>	<ul style="list-style-type: none"><li>● Better results are expected through synergies brought about by aiming for mutual sustainable growth with our business partners and local communities</li></ul>	<ul style="list-style-type: none"><li>● Reputational damage due to human rights and other issues in the supply chain</li><li>● Reputational damage due to lack of communication with local communities</li></ul>	<ul style="list-style-type: none"><li>• Close communication with tenants, building management companies and construction companies</li><li>• Human rights due diligence including supply chain</li><li>• Various contributions to society</li></ul>
<div><p>Promoting diversity and the development of professional human resources</p></div>	<div></div>	<ul style="list-style-type: none"><li>● Diversification of human resources by promoting diversity</li><li>● Improved employee motivation and brand value in talent acquisition by enhancing workplace wellness features and enriching talent development program</li><li>● Improved productivity through more use of digital and DX-related technologies</li></ul>	<ul style="list-style-type: none"><li>● Loss of human resource acquisition and business opportunities</li><li>● Potential for increased turnover due to inadequate working environment</li><li>● Productivity loss due to delays introducing digital and DX-related technologies</li></ul>	<ul style="list-style-type: none"><li>• Establishing a personnel system that recognizes diverse workstyles</li><li>• Securing occupational health and safety, promoting health and productivity management and the expansion of fringe benefits</li><li>• Initiatives to create a highly productive organization</li></ul>
<div><p>Maintaining and improving governance trusted by stakeholders</p></div>	<div></div>	<ul style="list-style-type: none"><li>● The effectiveness of operations is ensured and confidence in management improves when internal controls and corporate governance work</li></ul>	<ul style="list-style-type: none"><li>● Social sanctions and the deterioration of public confidence due to noncompliance issues from inadequate compliance system</li></ul>	<ul style="list-style-type: none"><li>• Strengthening the supervisory function of the Board of Directors and Audit &amp; Supervisory Board</li><li>• Establishing a Nominating Committee and a Remuneration Committee</li><li>• Establishing a corporate governance mechanism for climate change risk</li><li>• Compliance training for employees and setting up a hotline</li><li>• Formulating a BCP and conducting drills</li></ul>

\*1 Highly earthquake resistant buildings are those that can safeguard human life and enable continued use of the building with post-earthquake repairs when an earthquake hits with a seismic intensity of level 7.  
\*2 Excludes properties for which we do not have energy management authority including master lease properties, residential properties and non-managerial co-ownership properties, and real estate for sale, etc.

# Key Performance Indicators (KPIs)/Targets and Results for Non-financial Information

We aim to increase our corporate value and solve social issues simultaneously. Therefore, with respect to key performance indicators (KPIs)/targets, we are addressing to achieve both financial and non-financial aspects with the same amount of importance. Non-financial information KPIs/targets and results are shown below. For financial information KPIs, please refer to the pages elaborating Medium- and Long-Term Management Plan (2020-2029), pp. 40-43.

Figures marked with “✓” have been assured by an independent assurance provider.  
For FY2024 results, we received assurances from an independent assurance provider concerning the following items: greenhouse gas emissions Scope 1, greenhouse gas emissions Scope 2, greenhouse gas emissions Scope 3 (total, Category 13); waste disposal; water intake (water consumption); percentage of employees who received medical checkups; and usage rate of paid leave. We will continue to disclose information on the progress of our sustainability initiatives to our stakeholders while striving to improve disclosure quality using a PDCA cycle. Results for KPIs in the years before KPIs were set are indicated with a — (dash).

Hulic's Materiality	KPIs / Short-Term Targets, Medium- to Long-Term Targets	Coverage	2020 results	2021 results	2022 results	2023 results	2024 results	Unit	Assessment*14	Relevant Page
 Providing safe, secure buildings and spaces	Percentage of properties meeting Hulic's earthquake-resistance standards*1: 100% each year	All completed properties each year	100% (8 properties in boundary)	100% (8 properties in boundary)	100% (4 properties in boundary)	100% (10 properties in boundary)	100% (8 properties in boundary)	%	◎	pp. 31, 64-65
	Progress toward a 100% highly earthquake resistant buildings*2 by 2029	Hulic-owned fixed assets	—	81%	82%	86%	86%	%	○	pp. 31, 64-65
 Contributing to actions for mitigating climate change and reducing our environmental impact	Greenhouse gas emission reduction targets*3 (base year: 2019) By 2030 Scope1+2 70%, Scope3 30% By 2050 Scope1+2, Scope3 substantially zero (Base year 2019: Scope1 14,931, Scope2 25,067, Scope1+2 39,997, Scope3 229,006)	Scope1,2 Properties where the Hulic Group occupies or manages business operations*3 Scope3 Indirect emissions other than Scope1 and 2 related to Hulic Group's business activities*3	Scope1 10,490 Scope2 18,529 Scope1+2 29,019 Scope3 270,066	Scope1 11,369 Scope2 17,473 Scope1+2 28,842 Scope3 210,703	Scope1 13,151 Scope2 20,966 Scope1+2 34,118 Scope3 239,397	Scope1 13,259 Scope2 5,105 Scope1+2 18,364 Scope3 261,152	Scope1 13,869✓ Scope2 148✓ Scope1+2 14,017 Scope3 264,530✓	metric t-CO <sub>2</sub> e	○	pp. 33, 56-63
	Number of renewable energy systems installed in development/reconstruction projects: 3 or more every year	All completed properties each year	3	8	3	3	5	property	◎	pp. 58-59
	Waste emission reduction target: Each year less than 11 kg/m <sup>2</sup> in terms of basic unit	Hulic Head Office Building and Hulic Annex	—	—	—	9.6	10.0	kg/m <sup>2</sup>	◎	p. 62
	Waste disposal: No numerical target (follow-up item)	Properties where the Hulic Group occupies or manages business operations*4	879	811	2,401	3,593	3,781✓	metric tonnes	—	p. 62
	Percentage of technical measures (such as longer life design, etc.)*5 applied to reduce construction waste: 100% each year	All completed fixed assets each year	100% (8 properties in boundary)	100% (8 properties in boundary)	100% (4 properties in boundary)	100% (10 properties in boundary)	100% (8 properties in boundary)	%	◎	p. 62
	Water intake (water consumption): No numerical target (follow-up item)	Hulic-owned fixed assets*6	346	1,487	1,855	1,953	1,739✓	thousand m <sup>3</sup>	—	p. 62
	Water intake (water consumption): Water-saving fixture installation rate: 100% each year	All completed fixed assets each year (excluding residential)	—	—	—	100% (9 properties in boundary)	100% (8 properties in boundary)	%	◎	p. 62
	Number of greening projects*7: 1 or more each year	All completed properties each year	5	6	3	2	6	property	◎	p. 63
	Number of times climate change risks are monitored by the Sustainability Committee: 1 or more each year Number of times reports are submitted to the Board of Directors: 1 or more each year	Hulic Co., Ltd.	1/—	1/2	1/3	1/3	2/2	time	◎	pp. 56, 60-61
 Collaborating with business partners and local communities	Number of customer satisfaction surveys: 1 or more each year	Hulic Group	1	1	1	1	1	time	◎	p. 66
 Promoting diversity and the development of professional human resources	Percentage of employees who received medical checkups*8: 100% each year	Hulic Co., Ltd.	100%	100%	100%	100%	100%✓	%	◎	p. 72
	Usage rate of childcare leave*9: female/male employees 100% each year	Hulic Co., Ltd.	100%/—	100%/—	100%/—	100%/125%	100%/88.9%	%	○	p. 72
	Ratio of employees returning to work after childcare leave: 100% each year	Hulic Co., Ltd.	100%	100%	100%	100%	100%	%	◎	p. 72
	Usage rate of paid leave*10: 70% or higher each year	Hulic Co., Ltd.	75.5%	81.5%	77.7%	86.4%	83.3%✓	%	◎	p. 72
	Percentage of career development interviews conducted: 100% every year (conducted twice a year)	Hulic Co., Ltd.	—	100%	100%	100%	100%	%	◎	p. 73
	Ratio of female managers: 30% by 2029	Hulic Co., Ltd.	23.9%	22.4%	21.5%	18.3%	20.2%	%	○	p. 71
	Number of seminars provided by the Diversity Promotion Project Team: once each year	Hulic Co., Ltd.	1*11	1	1	1	1	time	◎	p. 71
	Employment percentages of persons with disabilities: Maintaining the statutory employment ratio or higher (2.2% or higher till FY2020, 2.3% or higher from FY2021 to FY2023, and 2.5% or higher for FY2024.)	Hulic Group*12	2.34%	2.54%	2.68%	2.74%	3.01%	%	◎	p. 71
 Maintaining and improving governance trusted by stakeholders	Participation rate in Board of Directors meetings: 80% or higher each year	Hulic Co., Ltd.	98.7%	99.6%	99.6%	99.5%	100%	%	◎	p. 77
	Number of effectiveness assessment of the Board of Directors: once each year	Hulic Co., Ltd.	1	1	1	1	1	time	◎	p. 78
	Number of compliance training conducted: 5 times each year (4 times for employees and once for officers)	Hulic Co., Ltd.	5 (4 employees, 1 officer)	5 (4 employees, 1 officer)	5 (4 employees, 1 officer)	5 (4 employees, 1 officer)	7 (5 employees, 2 officer)	time	◎	p. 82
	Number of Risk Management Committee and Fund and ALM Committee meetings: 4 times or more each year, respectively	Hulic Co., Ltd.	4/22	4/16	4/17	4/16	4/16	time	◎	pp. 80-81
	Number of BCP drills, inspections of stockpiled food and suppliers: 1 or more each year	Hulic Group	1	3/4/1*13	3/4/1	2/4/4	3/4/4	time	◎	p. 81

\*1 Hulic's earthquake-resistance standards are where building performance can safeguard human life and enable continued use of the building with post-earthquake repair in the event of an earthquake with a seismic intensity of level 7.  
\*2 Highly earthquake resistant buildings are those that can safeguard human life and enable continued use of the building with post-earthquake repairs when an earthquake hits with a seismic intensity of level 7, excluding those subjects for sale, etc.  
\*3 Beginning with Integrated Report 2022, we are calculating greenhouse gas emissions based on the GHG Protocol. See p.27 for the boundary for Scope1 and Scope2. The boundary and calculation method for Scope3 are disclosed on our website: <https://www.hulic.co.jp/en/sustainability/ecology/>  
\*4 Calculations for waste disposal are based on the properties where the Hulic Group occupies or manages business operations (36 properties in FY2020, 41 properties in FY2021, 40 properties in FY2022, 48 properties in FY2023, and 262 properties in FY2024). In FY 2024, the number of properties increased compared to the previous year due to the implementation of M&A during the period. Beginning in FY2020, we are calculating total waste disposal at specific properties within the boundary by using weight conversion factors based on actual measurements. The waste disposal of certain properties are estimated using the total floor area based on the emissions intensity of buildings with similar functions.  
\*5 The percentage of properties completed in the given year that used technologies and measures that contributed to a reduction in waste as well as raw materials and other resources based on the Hulic Guidelines for Longer Life.  
\*6 Beginning in FY2021, Hulic's fixed assets are covered, excluding properties under development and land for lease (220 properties in FY2021, 207 properties in FY2022, 204 properties in FY2023, and 194 properties in FY2024). Note that the amount of hot spring water used at hot spring *ryokans* (luxury Japanese inns) is not included.

\*7 The number of completed non-current assets in each year among those buildings and facilities with a greening obligation.  
\*8 The executive officers, employees (including seconded staff) and full-time contract staff who were with the Company at the time of application of medical checkup and as of December 31, were counted (excluding personnel who were on leave).  
\*9 Females calculated by dividing the number of employees who took maternity leave in the fiscal year by the number of employees who entered the period covered by maternity leave in the fiscal year and males calculated by dividing the number of employees who took paternity leave in the fiscal year by the number of employees whose spouses gave birth in the fiscal year.  
\*10 The usage rate of paid leave is calculated by dividing the number of days of paid leave used in the year by the number of days of paid leave granted in the year. The number of days carried over in the year are excluded.  
\*11 In FY2020, a video training session was held in lieu of an in-person seminar session to prevent the spread of COVID-19.  
\*12 Limited to Hulic Co., Ltd. and subsidiary companies that have been certified as special subsidiary companies under the Act on Employment Promotion etc. of Persons with Disabilities. The employment ratio for persons with disabilities is as of June 1 of each year.  
\*13 Beginning in FY2021, the number of BCP drills, inspections of stockpiled food and suppliers are disclosed, respectively.  
\*14 ◎: achieved, ○: progressed, △: not progressed, —: not subject to assessment

# Progress of Medium- and Long-Term Management Plan (2020-2029) and New Medium-Term Management Plan (2025-2027)

The Medium- and Long-Term Management Plan (2020-2029) is intended to develop and evolve our business model, which is centered on the real estate leasing business, and to pursue the growth of our corporate value. Having achieved the ordinary profit target of JPY150 billion under the previous Medium-Term Management Plan (2023-2025) one year ahead of schedule, we have formulated a new Medium-Term Management Plan (2025-2027) and are now aiming to achieve the targets under the Medium- and Long-Term Management Plan (2020-2029) two years ahead of schedule.

## Medium- and Long-Term Management Plan (2020-2029) Target Profile and Basic Policy

### Target Profile (FY2029)

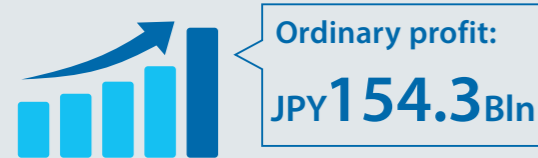
With “driving innovation” and “accelerating progress” as our motto, we continue to steadily increase our corporate value through evolving ourselves flexibly in response to changes in the macro environment

### Basic Policy

Strike a balance between P/L Growth, Profitability, B/S Soundness, and Productivity (efficiency) at a high level and achieve further growth through dynamic transformation backed by overwhelming speedy decision-making

## Overview of the Previous Medium-Term Management Plan (2023-2025)

### Ordinary Profit and Shareholder Returns



In FY2024, we successfully increased profits and dividends for the 16th consecutive fiscal year since listing. The ordinary profit target of JPY150 billion for FY2025 was achieved one year ahead of schedule.

### Balanced Management



Hulic achieved all five indicators which it defined as core elements to “become a leading company in Japan,” including: ordinary profit of JPY100 billion, AA external credit rating, market capitalization of JPY1 trillion, PBR of at least 1.0, ROE of 10% or higher, and ★4 in the Nikkei SDGs Management Survey.

### Environmental Initiatives



Achieved RE100 in 2023, two years ahead of schedule, through the use of renewable energy generated by non-FIT solar power generation facilities and other resources owned by the Company.

### Corporate Governance



Both the Board of Directors and the Audit & Supervisory Board are composed of a majority of external members, all of whom are independent directors or auditors. The chairperson of the Board of Directors is an external director. In FY2024, female officers accounted for 33% of the total number of directors and Audit & Supervisory Board members.

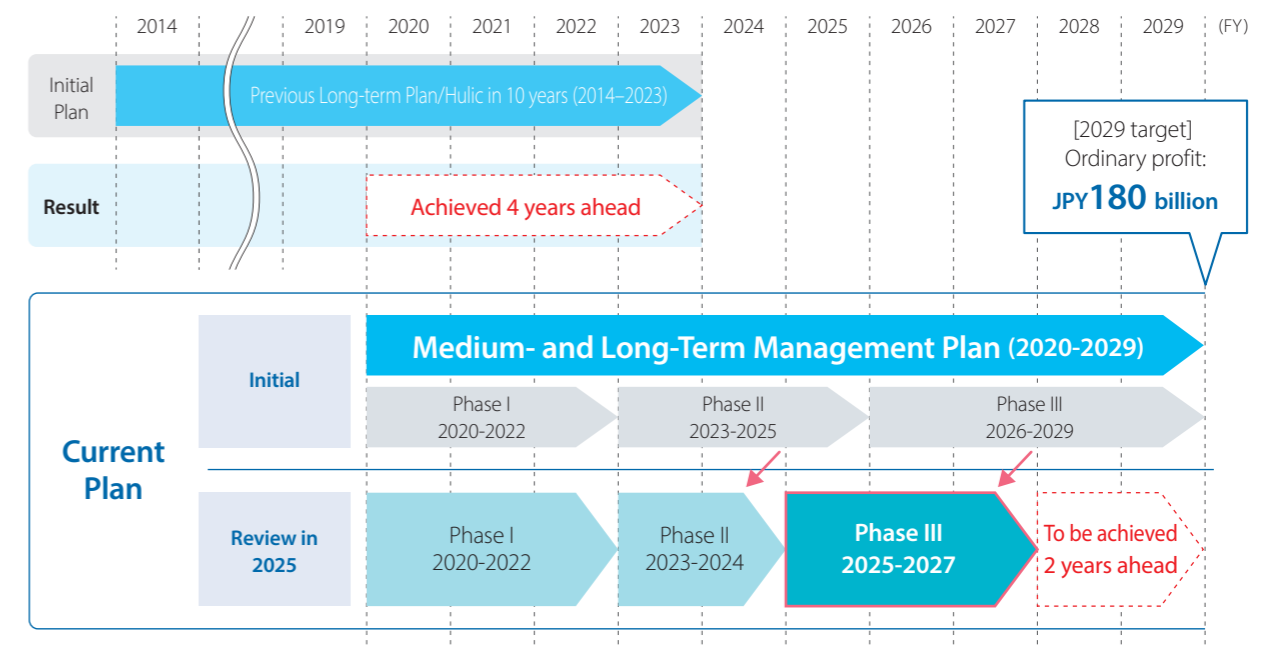
## Overview of the New Medium-Term Management Plan (2025-2027)

### Basic Policy

Achieve the Medium- and Long-term Management Plan ahead of schedule by restructuring the portfolio while maintaining the credit rating and create a foundation for new profit pillars with a view to “Hulic in the next 10 years”

### Goals

1. Sustaining high profit growth and capital efficiency
2. Expanding profits on a consolidated basis. Focus on increasing stable core profits (see p. 42-43)
3. Achieving FY2029 target 2 years ahead of schedule



### Basic Strategy of Medium- and Long-term Management Plan (2020-2029)

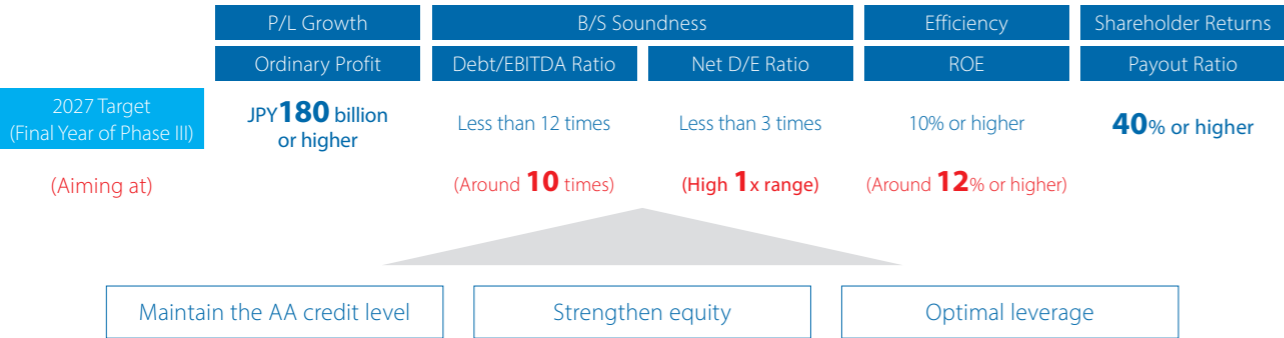
1. Further evolve the business model and restructure the leasing portfolio
2. Strengthen development and value-added businesses
3. Create unique new business domains and improve Group strengths
4. Strengthen the management foundation and implement stringent risk management
5. Implement management that emphasizes sustainable co-creation and co-existence with society

### Focus Areas of the New Medium-Term Management Plan (2025-2027)

1. Restructure the portfolio to achieve “high profit growth” and “stable core profit increase”
2. Maximize profits from completed projects and promote carefully selected development projects in response to the changing external environment
3. Build a foundation for new profit pillars by looking ahead to the next 10 years and expand profits on a consolidated basis
4. Ensure the financial soundness maintaining the credit rating and build a risk management system aligned with the growth strategies
5. Further enhance the sustainable management through environmental measures, human capital value maximization and strengthened corporate governance

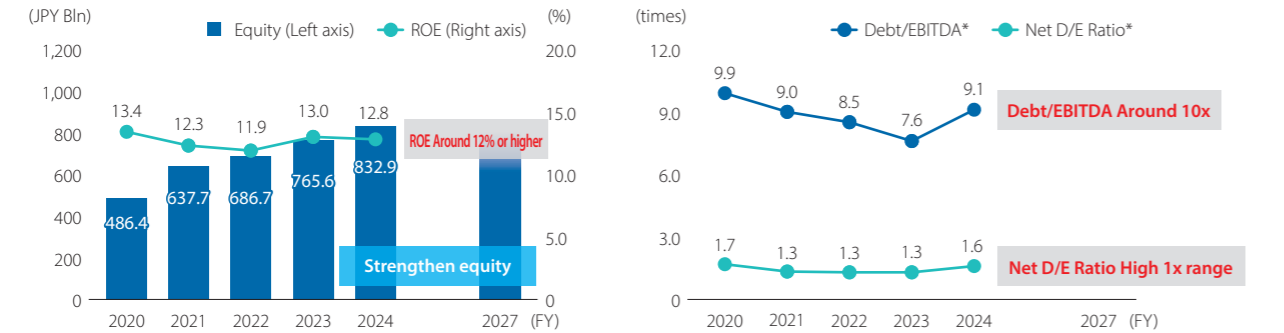
Quantitative Targets of New Medium-Term Management Plan (2025-2027)

Strengthen equity through steady growth and simultaneously aim to maintain credit ratings and achieve high profitability through a sound financial base



	2024	2025	2027
	Result	Plan	Plan
Operating Revenue	591.6	-	-
Operating Profit	163.3	178.0	205.0
Ordinary Profit	154.3	164.0	180.0
Profit Attributable to Owners of Parent	102.3	108.0	119.0

	2024	2025	2027
	Result	Plan	Plan
Total Assets (JPY tn.)	3.0	3.4	3.8
Interest-Bearing Debt (JPY tn.)	1.9	2.2	2.5
Shareholders' Equity (JPY Bln)	769.1	830.0	970.0



\* 50% (JPY75 Bln) of hybrid finance issued in FY2018 (JPY150 Bln) was calculated as nominal equity. Similarly, 50% (JPY175 Bln) of hybrid finance (JPY350 Bln) issued in FY2020, FY2022 and FY2023 was calculated as such.

Focus Areas of the New Medium-Term Management Plan (2025-2027)

Focus Area  
1

Restructure the portfolio to achieve “high profit growth” and “stable core profit increase”

- Achieve high profit growth by controlling the balance sheet through proactive portfolio restructuring
- Utilize capital generated through portfolio reorganization to advance the acquisition of properties with competitive advantages and steadily expand stable core profits
- Restructure the portfolio to focus on assets resilient to environmental changes such as population decline and inflation, and establish a robust foundation for the next 10 years

Focus Area  
2

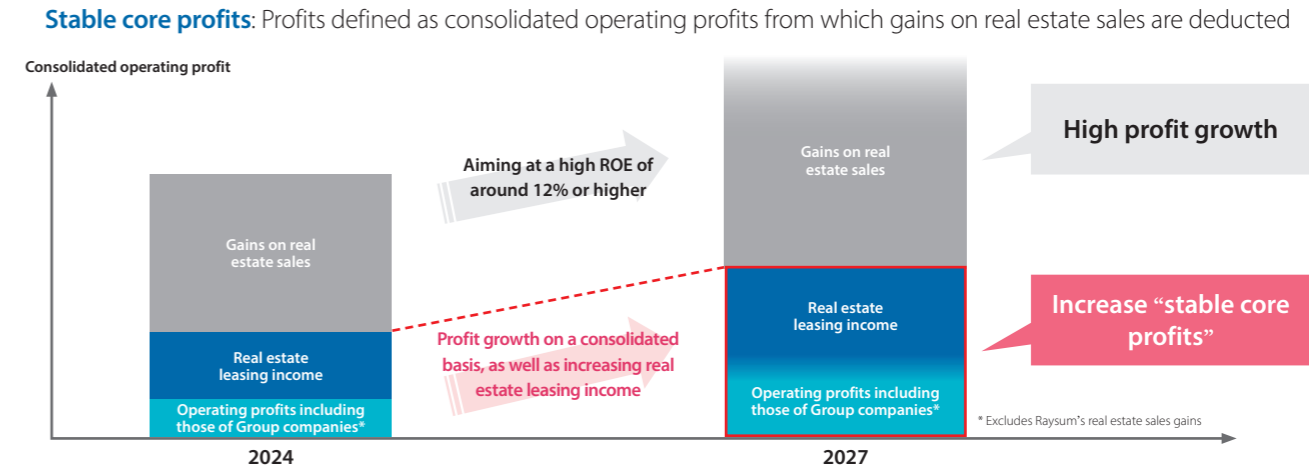
Maximize profits from completed projects and promote carefully selected development projects in response to the changing external environment

- Achieve high profit growth by selling completed development properties to group REITs and fund to realize development profits and maintain high capital efficiency through balance sheet management
- In response to rising construction costs, focus on new developments in priority areas and inflation-resistant property types (commercial facilities, hotels and *ryokans*, urban data centers, R&D facilities, etc.)
- Expand international investment in assets with real demand in areas expecting economic and population growth, based on the assumption that risk is controlled

Focus Area  
3

Laying the foundations for new earnings pillars over the next 10 years: Expanding consolidated earnings

- Enhance profitability on a consolidated basis by realizing synergies with Riso Kyoiku Co., Ltd. and Raysum Co., Ltd. and securing follow-up M&A opportunities
- In addition to leasing income from real estate, promote the integration of operating profits from operations and services
- Concurrently make strategic investments for the next Medium- and Long-Term Management Plan, while cultivating new businesses with a 10-year outlook



Focus Area  
4

Ensure the financial soundness maintaining the credit rating and build a risk management system aligned with the growth strategies

- Maintain the AA level external credit rating to promote stable debt financing by quickly and effectively responding to changes in the financial market
- Consistently strengthen equity through steady earnings growth and maintain financial soundness through hybrid finance refinancing
- Strengthen governance and establish a risk management framework, including for Group companies, to support the expansion into new business domains

Focus Area  
5

Further enhance the sustainable management through environmental measures, human capital value maximization and strengthened corporate governance

- Transition electricity use in all owned buildings to 100% renewable energy, enhance seismic resistance of all properties (excluding those for reconstruction, sale, etc.), taking countermeasures against ashfall from a potential Mt. Fuji eruption, and invest in storage batteries to promote profitability
- Maximize human capital value by promoting the recruitment, assignment, and development of human resources to execute management strategies that respond to rapid changes in the business environment
- Further strengthen the governance framework in response to the growing number of Group companies

## Message from the Executive Officer in Charge of Finance

We are committed to building a solid financial foundation to further enhance corporate value.

### Hiroshi Hara

Director, Vice President

#### 1 2024 Performance and Business Environment

In 2024, the virtuous cycle of rising prices and wage growth gained momentum. With the Bank of Japan raising interest rates for the first time in 17 years, 2024 marked a turning point away from the prolonged deflationary economy.

In the real estate industry, the leasing market has seen a shift back toward office space demand, and conditions have become increasingly conducive to rent growths. As a result, vacancy rates have continued to decline, and rents have risen. Additionally, the transaction market remains strong, and there has been no noticeable trend of rising interest rates leading to cap rate expansion.

Against this backdrop, for FY2024, consolidated ordinary profit reached JPY154.3 billion, up 12.2% year-on-year, and profit attributable to owners of parent rose 8.1% to JPY102.3 billion, setting new record highs in every profit item. We also achieved the Phase II final-year targets of the Medium- and Long-Term Management Plan (2020-2029) one year ahead of schedule.

Moreover, return on equity (ROE), our target for capital efficiency, stood at 12.8%, exceeding the 10% target. As for financial soundness indicators, both the interest-bearing debt/EBITDA ratio and the net debt-to-equity (D/E) ratio were maintained at target levels, even after the completion of two M&A transactions.

While we expect the direct impact of the Trump tariffs announced in April 2025 on the domestic real estate business environment to remain limited, rising interest rates, the full-scale onset of population decline, increasing construction costs, and growing uncertainty surrounding the outlook for the Japanese economy, mean that we must continue to carefully monitor changes in the business environment.

We will pursue stable growth by steadily executing the newly formulated Medium-Term Management Plan (2025-2027), based on appropriate risk-taking aligned with these environmental changes.

#### 2 Management Focused on Cost of Capital

We have set an additional target of achieving ROE of around 12% or higher on top of original 10% during the new Medium-Term Management Plan (2025-2027).

ROE consists of return on assets (ROA) and financial leverage. However, a high ROA cannot be achieved solely through leasing revenue from fixed assets. While it is possible to achieve a high ROE using financial leverage, excessive leverage can compromise financial soundness.

At Hulic, we have consistently maintained a high ROE by enhancing ROA through divesting a portion of development properties to realize development profits,

while continuously optimizing our portfolio in response to environmental changes. This is supported by appropriate financial leverage, underpinned by strict financial discipline. As for specific financial discipline indicators, we have capped the interest-bearing debt/EBITDA ratio at 12 times and the net D/E ratio at 3 times. However, our target levels are even more stringent, at around 10 times and in the high 1x range, respectively. Going forward, we will continue these initiatives to enhance corporate value by expanding the equity spread, the difference between ROE and the cost of shareholders' equity.

#### 3 Portfolio Strategy

A high-quality leasing portfolio is the foundation of Hulic's growth. To build a resilient leasing portfolio that can adapt to environmental changes, we will focus our investments on properties in prime locations, including those near train stations and in Ginza, Shinjuku East, Shibuya/Aoyama, and Asakusa, which are positioned as the Company's focus areas. Additionally, we will invest in inflation-resistant hotels and *ryokans*, urban data centers, and urban retails and shopping malls with high upside potential. At the same time, to maintain a healthy balance sheet and strong capital efficiency, we will actively divest properties that no longer align with our core portfolio due to environmental changes. Through continuous portfolio restructuring in response to these shifts, we will uphold strict financial discipline while maximizing cash flow and enhancing the resilience of our leasing portfolio.

Through development/reconstruction, we aim to enhance profitability while also improving seismic performance, ensuring that we provide customers with safe and secure buildings and spaces. In future development projects, we will conduct stress tests that take rising construction costs into account, and if a project is deemed unviable, we will make tough decisions, including withdrawal if necessary. As a general policy, we have already decided to refrain from new development projects for senior living and logistics facilities. Additionally, we have already withdrawn from

some projects where the initially anticipated returns could not be achieved.

#### 4 Funding Policy

In line with our portfolio strategy, we will raise funds through debt financing. However, strengthening our equity remains a priority, which we will achieve primarily through the accumulation of annual profits, supplemented by hybrid financing where appropriate.

For debt financing, we will maintain a balanced approach by combining direct financing, primarily through straight corporate bonds, with indirect financing via loans from financial institutions, while closely monitoring financial market trends.

Given that our leasing portfolio is held for the long term, we are working to extend the duration (average remaining period) to ensure stable, long-term funding. Additionally, to mitigate the impact of rising interest rates, we prioritize securing financing at fixed interest rates.

#### 5 Shareholder Returns

Hulic is committed to ensuring appropriate profit distributions to the stakeholders who support our growth. For shareholders, we have consistently increased dividends every year since our listing. The dividend per share is now approximately five times higher than ten years ago and 27 times higher than at the time of our listing in 2008.

Under the new Medium-Term Management Plan (2025-2027), we will maintain a dividend payout ratio of 40% or higher and seek to increase dividends through profit growth. While share buybacks are another means of indirect shareholder returns, our policy is to allocate generated cash flow strategically between reinvestment in growth areas and shareholder returns, ensuring stable returns with a high payout ratio.

# Further Evolve the Business Model and Restructure the Leasing Portfolio

## Business Overview

We operate a real estate leasing business based on ownership and management of leasing properties located primarily in Tokyo 23 wards, including office buildings with high safety standards featuring earthquake-absorbing and earthquake-damping structures, commercial facilities, hotels, *ryokans* (luxury Japanese inns), and next-generation assets (urban data centers, R&D facilities, etc.) in prime locations with excellent access near train stations. These form the core of our business model.

We are working to strengthen the real estate leasing business by actively investing in the acquisition and management of real estate in prime locations to further boost revenue generating capacity through effective use of this asset portfolio.

## Medium- to Long-Term Focus Strategies

### Leasing Portfolio Policy

• Restructuring of leasing portfolios to pursue more competitive advantages

KPI	Plan	Progress
<b>Highly earthquake resistant buildings</b> 100%*1	• Set the target to achieve 100% by 2025, excluding those subjects for reconstruction, sale, etc.	<div><div>FY2024</div><div>86%</div><div>FY2025</div><div>Achieve 100% of highly earthquake resistant buildings, excluding those for reconstruction, sale, etc.</div><div>FY2029</div><div>100%</div></div> <div>98% (excluding those subjects for reconstruction, sale, etc.)</div>
<b>Renewable energy buildings</b> 100%*2	• Converting to 100% renewable energy sourced electricity for electricity consumption at all company-owned buildings	<div><div>Achieved RE100 in May 2023, two years ahead of initial plan (initial plan : 2025)</div><div>FY2029</div><div>100%</div></div>
<b>Office share</b> 50% or less *3	• In response to a decline in working population, establish a balanced asset class composition with keeping the ratio of office buildings around 50%.	<div><div>FY2019</div><div>63%</div><div>FY2024</div><div>43%</div><div>FY2027</div><div>50% or less</div></div>
<b>Assets in focus areas</b> 50%*3	• Promote acquisition and development in strictly selected locations, specifically focus areas (Ginza, Shinjuku East, Shibuya/Aoyama, Asakusa)	<div><div>FY2019</div><div>43%</div><div>FY2024</div><div>44%</div><div>FY2027</div><div>50%</div></div>

\*1 Property number basis, highly earthquake resistant buildings are those that can safeguard human life and enable continued use of the building with post-earthquake repairs when an earthquake hits with a seismic intensity of level 7, excluding those subjects for sale, etc.

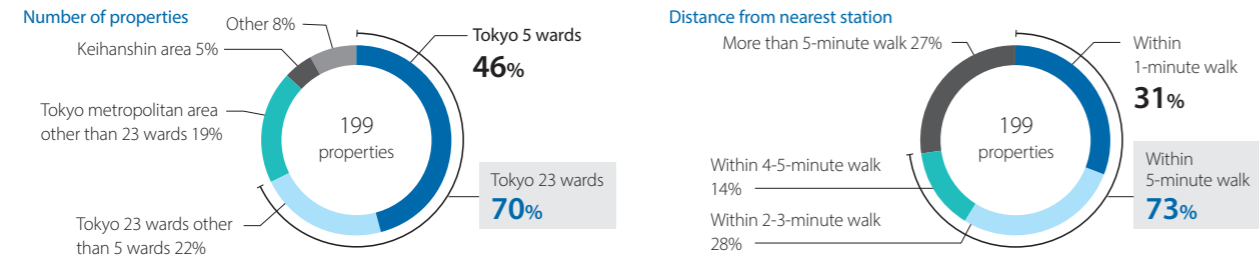
\*2 Property number basis, excludes properties for which we do not have energy management authority including master lease properties, residential properties and non-managerial co-ownership properties, and real estate for sale, etc.

\*3 Office share: Leasing income basis, Assets in Focus Areas: Book value basis

### Focusing Investment on Central Tokyo Properties Close to Stations

- We concentrate our investments in centrally located properties, close to stations, with high tenant demand and strong competitiveness
- Approximately 70% of office buildings and related properties are located in Tokyo 23 wards, with 73% within a five-minute walk of the nearest station

#### Geographical Distribution of Properties (Excluding Senior Living and Residential Properties) (as of December 31, 2024)

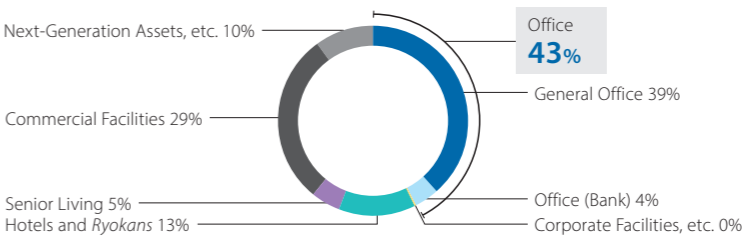


## Initiatives and Track Record

We have built a balanced portfolio of high-quality properties, and as a result, our vacancy rate remains lower and our average rent levels are higher compared to the market average. We differentiate ourselves by offering buildings with superior earthquake resistance and excellent environmental performance.

### 1 Achieving a well-balanced leasing income structure

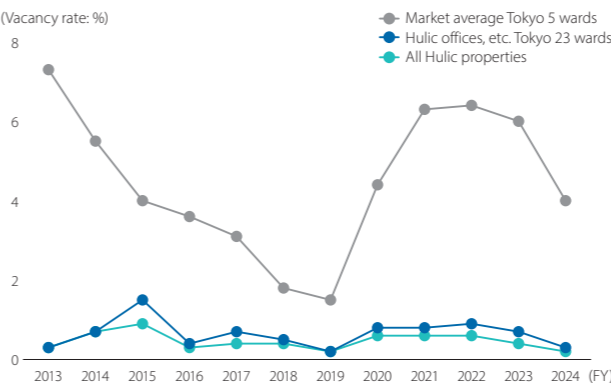
With office demand expected to decline, we are limiting the share of offices in our portfolio, instead diversifying our assets to include retail facilities, hotels, *ryokans*, and next-generation assets (urban data centers, R&D facilities, etc.) in order to build a more well-balanced revenue structure.



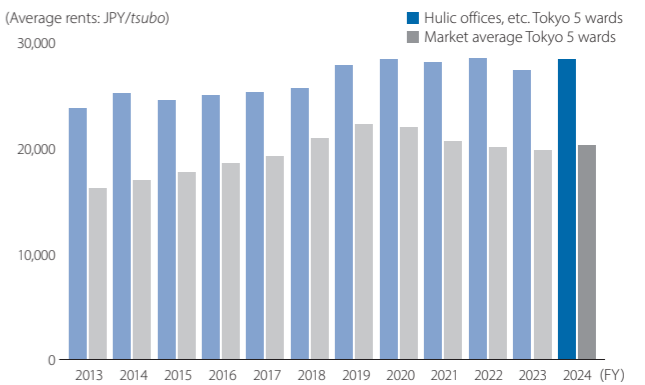
### 2 Vacancy rate performing under market average and average rents staying higher than market average

We own many properties in prime locations in central Tokyo. In Tokyo 23 wards, the vacancy rate of our office and related properties has remained below the market average over the last few years at 1% or lower. Moreover, our average rents in Tokyo 5 wards have trended above the market average, ensuring stable revenue. Going forward, we will continue to emphasize central Tokyo location and closeness to a station as key factors to mitigate the vacancy risk in rolling out operations.

#### Vacancy Rate



#### Average Rents



\*1 Source: Market average; Miki Shoji Co., Ltd., Office Data by District (based on office buildings in Tokyo business districts with standard floor area of 100 tsubo or above).

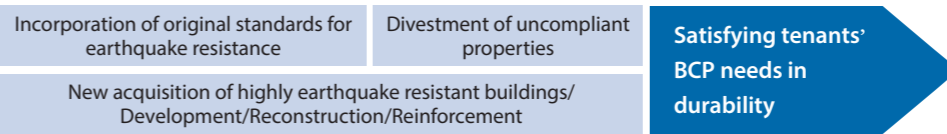
\*2 Hulic vacancy rate: excludes floor area unleased pending tenant response or reconstruction, and properties within one year from completion.

\*3 Hulic average rents: calculated by dividing leasing income for last month of fiscal year by leased floor area at the end of fiscal year. Excludes hotels, *ryokans*, and master lease properties.

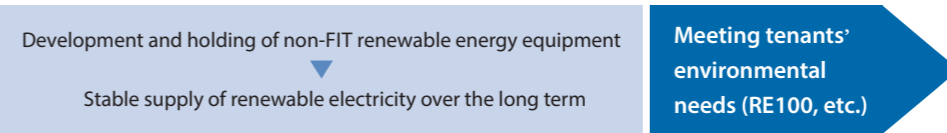
### 3 Highly earthquake-resistant/eco-friendly buildings

In addition to selected location, we provide highly earthquake-resistant and decarbonized buildings.

#### 100% Earthquake-resistant buildings



#### 100% renewable energy buildings



#### Effects expected



# Strengthen Development and Value-added Businesses

## Business Overview (Development/Reconstruction Business)

Where properties in our portfolio have unused capacity, for instance in their permitted floor area ratio, we undertake systematic reconstruction to maximize capacity in a way that suits the location. This not only results in increased leasing income but also enhances the quality of the asset portfolio. Furthermore, we are also developing next-generation assets which meet the needs of the times, including urban data centers, R&D facilities, and “Kodomo Depart” series (one-stop service centers for children).

## Medium- to Long-Term Focus Strategies

- Strengthen leasing portfolio and increase development revenue through promotion of development business backed by a successful medium- to long-term pipeline
- Increase high-quality assets through development/reconstruction projects with high standards of earthquake resistance and energy-saving features

## Hulic’s Major Development/Reconstruction Track Record

### ▼ Focus area properties (Ginza, Shinjuku East Side, Shibuya/Aoyama, Asakusa)



HULIC SQUARE TOKYO      HULIC &New GINZA 8      HULIC &New SHINJUKU      Shibuya PARCO+Hulic Building      Hulic Kaminarimon Building

### ▼ Other (major properties)



Hulic JP Akasaka Building      Hulic Ryogoku River Center      LICOPA Tsurumi      HULIC SQUARE SAPPORO I      Hospitalment Aoyama

### ▼ Completed in 2024 (major properties)



HULIC SQUARE FUKUOKA TENJIN      THE GATE HOTEL YOKOHAMA by HULIC      Hulic Logistics Hashimoto      Hulic Toranomon Daini Building      Hulic Ginza 6-chome Showa-dori Building

## Developing in Anticipation of Environmental Changes

- We are advancing development by carefully selecting properties that contribute to a high-quality portfolio with a competitive edge.
- We are focusing on priority areas and inflation-resistant assets (commercial facilities, hotels and *ryokans*, urban data centers, R&D facilities, etc.).



Shinsaibashi Project      HULIC Sapporo Reconstruction Project II      Jiyugaoka 1-chome 29 District Redevelopment



Ginza Building Reconstruction Project      Nishi Ginza Development Project      Hulic Aoyama Building Reconstruction Project



Kobunacho Project (Urban data center)      JFE Minami-Watarida Area North District North Side (R&D facility)      Narita Logistics Development Project

## PPP (Public-Private Partnership) Business

Drawing on the expertise built in the development/reconstruction of office buildings, commercial and lodging facilities, etc., we are working with the public bodies in the effective utilization and operation of public assets owned by central and local governments.



RISSEI GARDEN HULIC KYOTO

# Strengthen Development and Value-added Businesses

## Business Overview (Value-added Business)

We employ a range of value-added methods including renewal, renovation, conversion, and retenancing to maximize the value of both the properties we own and the properties we have recently purchased or invested in.

To meet the diverse needs of the real estate market, we also carry out short-term warehousing, which promotes the distribution of real estate to the market.

## Medium- to Long-Term Focus Strategies

- With our plentiful value-added lineups, we build standard model cases and aim to establish this business as a growth driver and stable income source.

## Value-added Results (Major Properties)

### LICOPA Series

These community-focused retail facilities are developed under the concept of “Life Community PARK,” a new hub for community life and everyday interaction, aiming to serve as general gathering points for local residents.



#### LICOPA Kawasaki (former site of Ito-Yokado Kawasaki Store's parking lot)

- In collaboration with Ito-Yokado Co., Ltd., we built a new commercial facility on the site of the former parking lot, aiming to attract new customer segments and create synergies with existing facilities.
- This is the second LICOPA community-focused retail facility, following LICOPA Tsurumi.



Before value has been added



After value is added

#### LICOPA Higashiyamato (formerly the Ito-Yokado Higashiyamato Store)

- This large-scale value-added project seeks to renovate a general merchandise store into a shopping center to enhance customer appeal and revitalize the facility.
- The existing building was renovated as a “maison” building, with large retail and service stores opening for the first time in the area.



Before value has been added



After value is added

### HULIC &New KICHIJOJI

- This project involved the conversion of a 17-year-old hospital into a facility in the &New series.
- The project involved value-added product development, including maximizing usable floor space and adding terraces.
- A new customer elevator and a direct outdoor staircase were added to improve circulation and create a more vibrant atmosphere.



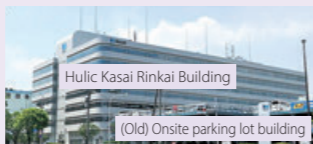
On acquisition (as a hospital)



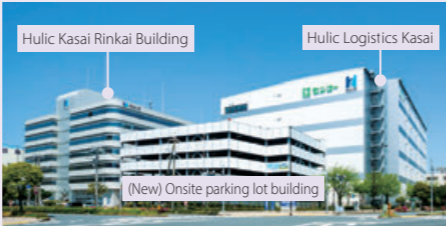
After conversion (as a commercial facility)

### Hulic Kasai Rinkai Building

- This large value-added project increases profitability by improving the occupancy and efficiency rate of an existing multi-tenant commercial building as well as by expanding a logistics center (Hulic Logistics Kasai) using the empty spaces within the site.



Before value has been added



After value is added

## Future Value-added Plans



World Town Building renovation plan

- The building's facilities and exterior will be fully renovated in conjunction with seismic reinforcement work.
- In addition to enhanced seismic resistance, profitability will also be improved.
- Renovation is scheduled for completion in 2026.



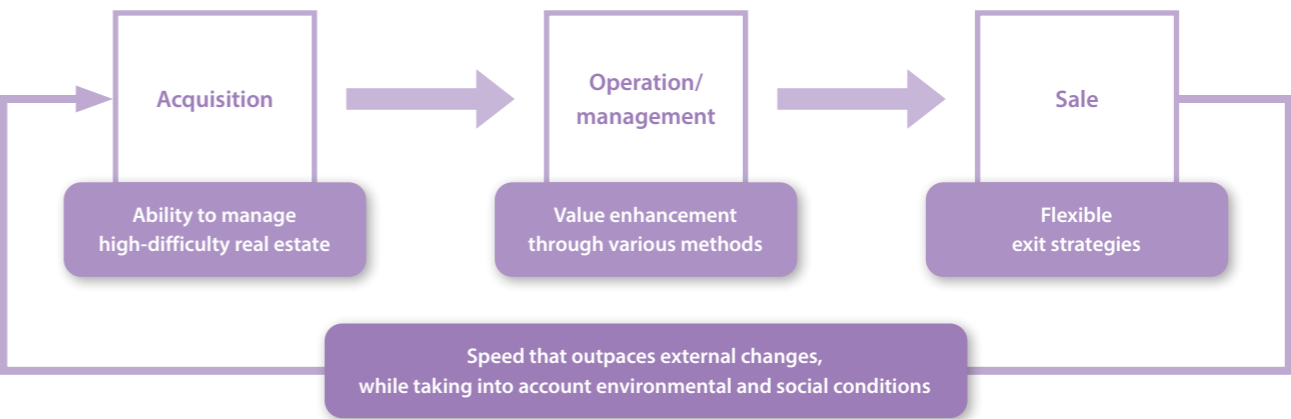
LICOPA Higashiyamato (terrace building)

- The existing multi-story parking lot adjacent to the previously opened maison building will be demolished to make way for a new commercial facility (terrace building).
- The facility is expected to house restaurants and clinics, etc.
- Scheduled to open in the fall of 2025.

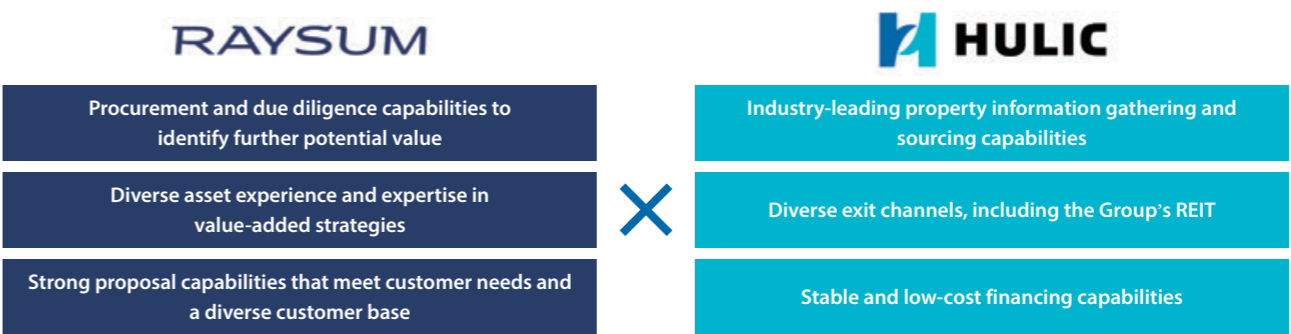
## Incorporating a New Real Estate Business Model through Consolidation of Raysum Co., Ltd.

- Raysum Co., Ltd., which is capable of handling high-difficulty value-added projects, became a consolidated subsidiary in November 2024.
- We aim to drive further growth and sustainable corporate value on a consolidated basis by promoting PMI\* and quickly realizing synergies.

### ▼ Raysum's business model



### ▼ Strengths and expected synergies for Raysum and Hulic



\* Post-Merger Integration (PMI): Integration process designed to maximize the benefits of a planned M&A after the merger.

# Tourism-related Business

## Business Overview

To capture demand for tourism, which is expected to continue to grow, Hulic is developing and operating our own hotel and *ryokan* brands.

## Medium- to Long-Term Focus Strategies

- We directly manage hotels, as well as develop and invest in hotel properties in areas that attract many sightseers, in this way aiming to establish a highly competitive advantage in the tourism industry.

## Initiatives and Track Record

To capture tourism demand, we operate hotels, primarily under the THE GATE HOTEL and View Hotel brands, in focus areas such as Ginza and Asakusa.

We also operate *ryokans* (under the FUFU brand) in tourist destinations mainly in the suburbs of Tokyo.

The tourism-related business is expected to continue to grow, and we will focus on developing properties centered around these brands.

### THE GATE HOTEL

#### Our Policy

- One of the brand concepts is “to offer authentic value to our guests.”
- Lodging-oriented boutique hotels with carefully selected locations and proven popularity, including in Asakusa, Ginza, Ryogoku, Kyoto and Yokohama.
- Development projects are underway in Sapporo and Osaka.
- We are planning to develop an additional six properties.

#### Ginza area

- THE GATE HOTEL TOKYO



THE GATE HOTEL TOKYO by HULIC

#### Asakusa area

- THE GATE HOTEL KAMINARIMON
- THE GATE HOTEL RYOGOKU
- Asakusa View Hotel
- Asakusa View Hotel Annex Rokku
- Ryogoku View Hotel



THE GATE HOTEL KAMINARIMON by HULIC

### View Hotel

#### Our Policy

- We are steadily capturing domestic and international tourism demand by serving as a hub for promoting Japanese culture.

#### Other parts of the Tokyo metropolitan area

- THE GATE HOTEL YOKOHAMA
- Tokyo Bay Maihama Hotel
- Grand Nikko Tokyo Bay Maihama



THE GATE HOTEL YOKOHAMA by HULIC

### VIEW HOTELS



Asakusa View Hotel Annex Rokku (guest room)

#### Kansai/regional areas

- THE GATE HOTEL KYOTO
- THE GATE HOTEL FUKUOKA
- Osaka View Hotel Honmachi
- Sapporo View Hotel Odori Park
- Hotel Nikko Kanazawa



THE GATE HOTEL FUKUOKA by HULIC

### Ryokans (luxury Japanese inns) (FUFU brand)

#### Our Policy

- Hulic owns the properties and operation is entrusted mainly to Hulic FUFU Co., Ltd. (a joint venture with the Kato Pleasure Group).
- We are developing *ryokans* (luxury Japanese inns) near famous sightseeing spots within two hours of Tokyo, primarily targeted at the affluent.
- 11 properties are currently operational, with openings planned in Ginza and Jogashima underway.
- We are planning to develop an additional six to seven properties.



Lobby at FUFU Kawaguchiko

# Child Education Business

## Business Overview

With the increase in dual-income households, changes in educational content, and the growing demand for daycare centers and extracurricular activities, as well as supportive government measures, we are entering this promising market, seeing it as a growing business opportunity.

## Medium- to Long-term Strategy

- We will deepen partnerships with child education provider tenants, and develop new assets and businesses (e.g., “Kodomo Depart” one-stop service centers for children) by leveraging our real estate expertise.
- We aim to pursue M&A activities and support business expansion by leveraging our strong financial base and management resources.

### Making Riso Kyoiku Co., Ltd. a consolidated subsidiary

- In September 2020, we formed a capital and business alliance with Riso Kyoiku. To further strengthen our relationship and business collaboration, we made the company a consolidated subsidiary in May 2024 through a tender offer and subscription to a third-party allotment of new shares.
- We are making a full-scale entry into the child education business with Riso Kyoiku at the core.



### Development of “Kodomo Depart”

#### Overview

- “Kodomo Depart” facilities provide one-stop services for children, launched through a business alliance between Riso Kyoiku and Konami Sports.
- These centers aim to support child education and reduce burden on parents by offering transportation to and from lessons and helping schedule lessons. Around 30 companies have agreed with the concept and are participating in business development.
- The first two centers opened in Nakano and Tama Plaza in Tokyo in April 2025, with plans for additional centers underway in areas such as Shibuya, Azabu and Motoyawata (Chiba Prefecture).
- We plan to develop approximately 20 centers in the Tokyo metropolitan area by 2029.



Kodomo Depart Nakano



Kodomo Depart Tama Plaza

#### Core content: Supporting children’s learning and health, and providing a chance for parents to take a break

- In addition to a wide range of learning programs such as tutoring academies, English conversation schools, and sports schools, medical services such as pediatrics and childcare for sick children are also available.
- The centers provide a safe and comfortable environment for parents and children to learn and enjoy time together, and feature activities such as pilates for parents and a café where families can relax.

#### Tutoring academies/ pre-school classes



#### After-school programs



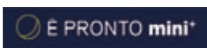
#### English conversation school



#### Sports school



#### Café



#### Pilates



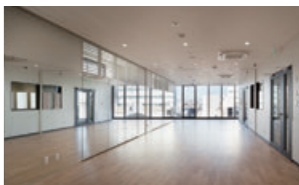
#### Pediatrics



Note: Services provided at Nakano and Tama Plaza (services vary by location)

### Kodomo Depart Studio

- The Kodomo Depart Studio at each location offers a variety of programs depending on the day and time.
- We foster children’s creativity, physical abilities, and communication skills through a rich array of experiences including learning through activities that stimulate their interests, ballet classes, abacus classes, and cooking classes.
- We also develop programs for parents, such as postpartum care, providing opportunities for both parents and children to learn and grow.



# International Business

## Business Overview

In markets where growth is expected, we will make investments while mitigating risk through joint ventures with knowledgeable partners.

## Medium- to Long-term Strategy

- We will invest in assets with real demand in areas where economic and population growth are expected, primarily in the U.S. and Asia, while maintaining a balance between (1) developed and emerging markets, and (2) operational and development projects.
- We have set an investment budget of JPY150 billion through 2027.

### ▼ Investment track record



Senior living  
(California, U.S.)



Senior living  
(Arizona, U.S.)



Housing (India)



Logistics centers (Singapore)

# Environmental Business

## Business Overview

In addition to the development of renewable energy power sources such as solar power, we will promote investment in solar power systems with storage batteries, as well as grid storage batteries, as part of our efforts to both expand renewable energy and ensure a stable power supply.

## Medium- to Long-term Strategy

- We are investing in solar power, small hydroelectric power, and wind power projects to expand external electricity sales in the retail electricity business.
- We plan to invest JPY100 billion in grid storage batteries over the next 10 years through 2034.



Image of grid storage batteries

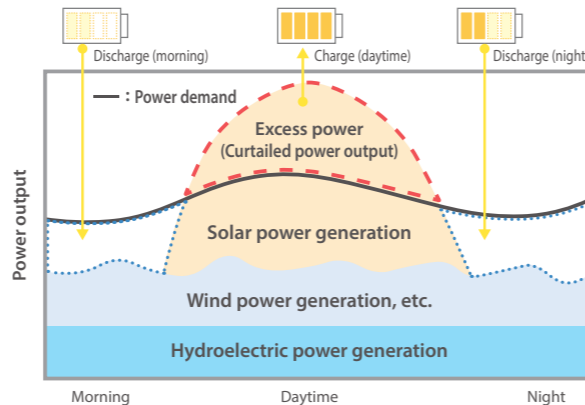
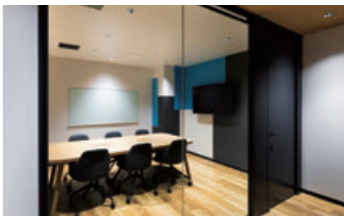


Illustration of operating storage batteries

# Other Businesses

## Flexible office/rental office business

- We launched Bizflex by HULIC, a flexible office space based on the concept of “easy to rent and easy to leave.”
- In September 2023, we acquired CROSSCOOP Co., Ltd., making it a wholly owned subsidiary (renamed HULIC Biz Frontier Co., Ltd.) and entering the growing rental office market.



Bizflex Tokyo-Yaesu by HULIC

## Agribusiness

- In Japan, we produce and sell tomatoes in Hokuto City, Yamanashi Prefecture and strawberries in Kagawa Prefecture. Overseas, we produce and sell flowers in Vietnam using the Made by Japan high-quality agricultural production method developed by Japanese farmers.
- We are addressing population decline and food supply issues in the agribusiness by establishing a new agricultural model using ICT.



## Business investments in startups

- We invest in both unlisted and listed companies in fields where business collaboration is expected and companies that contribute to solving social issues.
- In 2021, we established a corporate venture capital (CVC) fund, which has invested in 15 companies so far, three of which have gone public (as of March 2025).
- In 2024, we began investing directly in startups, including Astroscale Holdings Inc. and Synspec Inc.

## Senior citizen-related business

- We own an industry-leading portfolio of approximately 5,000 well-located senior living units, which we lease to top-tier operators.
- We are launching new initiatives utilizing our owned assets, including pilot projects to test new technologies.
- At the Hulic Premium Club Nihonbashi, we offer curated content and staff services for executives and active seniors across four themes: business, relaxation, health, and leisure.
- We are exploring the development and operation of active senior residences as a new business that combines our expertise in senior care, health, tourism, and membership-based businesses, in collaboration with top players from each industry to serve the expanding affluent market.



Hulic Premium Club Nihonbashi

Contributing to Actions for Mitigating Climate Change and Reducing Our Environmental Impact



Environmental Policy/Environmental Management System

Fundamental Approach

Hulic will implement environmentally friendly management based on the Hulic Environmental Policy and work to resolve issues associated with conservation of the global environment.

**Hulic Environmental Policy**

Hulic has formulated the Environmental Policy embodied in our Sustainability Vision and is executing environmentally friendly management to work towards solving various issues in the global environment. The following items are clearly stated in our Environmental Policy.

- 1

Environmental Compliance

We strive to create a sustainable society while adhering to environmental laws and regulations.
- 2

Environmental Management System

We contribute to the conservation of global environment by setting environmental targets and making continuous efforts for improving them.
- 3

Environmental Performance

We reduce as much of our environmental footprint as possible by introducing eco-friendly designs from the planning stage of development in order to increase environmental efficiency.
- 4

Recycling-oriented Society

We contribute to the creation of a recycling-oriented, zero waste society, by executing the 3Rs, reduce, reuse, recycle, throughout the life cycle of buildings.
- 5

Environmental Awareness and Education for Employees

We provide environmental education and awareness raising activities to employees so that everyone can proactively work toward the improvement of environmental performance.
- 6

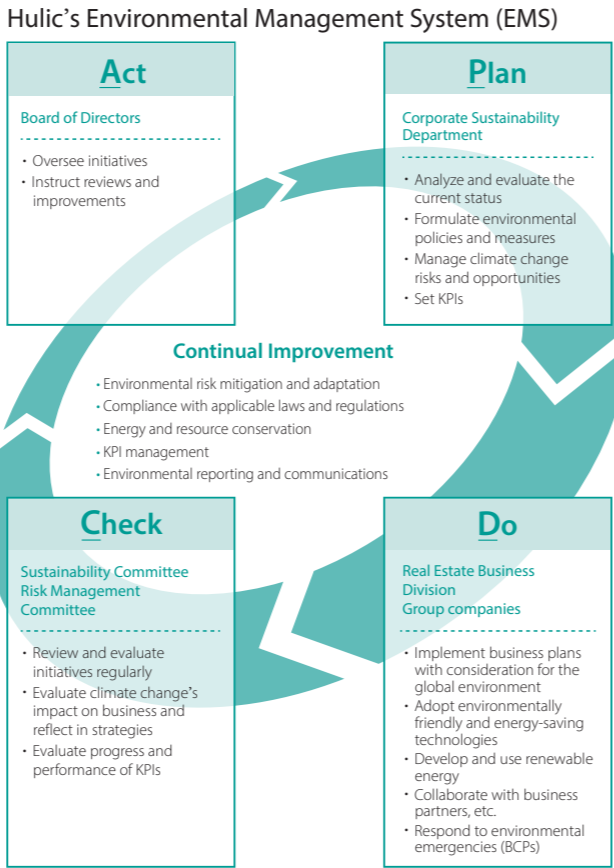
Environmental Communication

We extensively disclose information on environmental contribution activities, and communicate with stakeholders including local communities to expand the circle of global environmental conservation.

**Establishing an Environmental Management System (EMS)**

The Group has established a unique environmental management system (EMS)\* based on the Hulic Environmental Policy and is constantly working to improve it through the PDCA cycle while actively implementing environmental conservation initiatives. In 2020, we announced our support for the TCFD recommendations and we have further enhanced our corporate governance mechanism centered on Board of Director oversight and the Sustainability Committee.

\* There is no office that has obtained certification for an environmental management system such as ISO 14001 or EMAS in the Group.



Long-term Vision for the Environment

Hulic executes environmentally friendly management to realize an ideal carbon-free and recycling-oriented society in 2050.

Roadmap of Initiatives for Achieving Vision

	2020-2022	2023	2024	2025	-2029	2030	-2050
General	Adoption of environmentally friendly technologies to properties owned						
	Start disclosing information in line with TCFD recommendations						
	Disclosed SBT-approved GHG emissions reduction targets (near-term targets)						
Decarbonization	Converting to 100% renewable energy sourced electricity for electricity consumption at all company-owned buildings*1						
	RE 100 Achieved in 2023 Two years ahead of ongoing plan Achieve by 2029 One year ahead of ongoing plan						
	Development and operating solar power plants (non-FIT)						
	Development and operating small hydroelectric plants						
	Started investing in grid-scale battery systems						
Circular economy	Technical measures to reduce waste and resource inputs (develop longer life buildings etc).						
	Introducing wooden technology						
Greenhouse gas emission reduction targets*2	Scope1+2					Reduce by 70%*3	Substantially zero emissions
	Scope3					Reduce by 30%*3	Substantially zero emissions

\*1 Excludes properties for which we do not have energy management authority including master lease properties, residential properties and non-managerial co-ownership properties, and real estate for sale, etc.  
\*2 Base year: 2019  
\*3 SBT-approved near-term targets. Combined Scope1 and Scope2 target is consistent with reductions required to keep the global warming to 1.5°C, the most ambitious goal of the Paris Agreement.  
Scope3 target meets the SBTi's criteria for ambitious value chain goals, meaning they are in line with current best practice.

Greenhouse Gas Emission Reduction Targets under the SBT Initiative

Hulic is moving towards realizing decarbonization of our operations. Our greenhouse gas emission reduction target by 2030 has been determined to be in line with a 1.5°C trajectory and has been as a science-based target by the SBT initiative\*1. We aim to achieve the target through developing renewable energy facilities in-house and advancing initiatives in the supply chain.



Greenhouse gas emission reduction targets (Absolute contraction targets, Base year: 2019)

	2030	2050
Total of Scope1 and 2*2	Reduce by 70%	Substantially zero emissions
Scope3*3	Reduce by 30%	Substantially zero emissions

We have begun the following initiatives for Scope3 (Greenhouse gas emissions of the supply chain):

- 【Upstream activities of the supply chain】

● Using environmentally friendly construction materials

● Promoting timber construction and use of wood materials

● Using renewable energy at construction sites

● Incorporating environmental considerations into internal standards, etc.
- 【Downstream activities of the supply chain】

● Switching building electricity to renewable energy

● Introducing environmentally friendly technologies in buildings

● Energy-efficient design/renovation

● Reducing energy consumption in collaboration with customers (green lease agreements), etc.

\*1 The SBT certification: A target certified by SBTi (Science Based Targets initiative), an international initiative that promotes companies to develop greenhouse gas emission reduction targets in line with Paris Agreement goals (limiting the global temperature rise above pre-industrial levels to well below 2°C and limiting below 1.5°C).  
\*2 Total of Scope1 and 2: Greenhouse gas emissions from directly owned or controlled sources plus indirect purchased energy for business activities.  
Scope1: Direct emissions (e.g., emissions from natural gas and other fuel combustion)  
Scope2: Indirect emissions (e.g., emissions from the use of purchased electricity, heat and steam)  
\*3 Scope3: Greenhouse gas emissions from external companies affiliated with internal business activities (in the supply chain). Targets are set for Categories 11 and 13.

Initiatives for Climate Change

Fundamental Approach

We are combatting climate change through environmental initiatives, including achieving RE100 in 2023 and converting to 100% renewable sources for electricity consumed at all company-owned buildings by 2029.

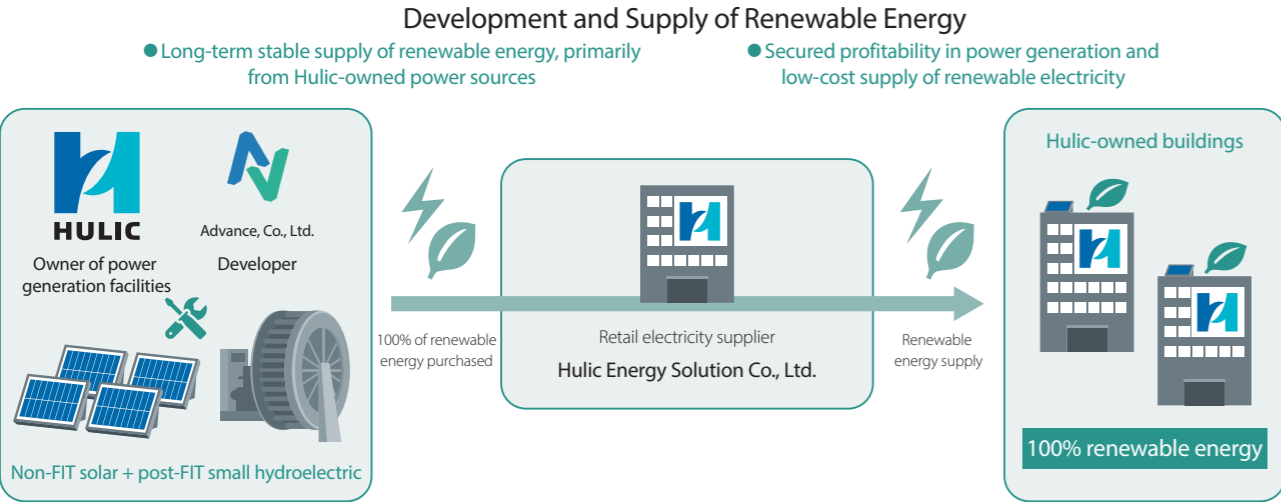
Initiatives for Achieving RE100 in 2023 and Converting to 100% Renewable Energy Sourced Electricity for Electricity Consumption at All Company-owned Buildings by 2029

In line with Hulic’s Long-Term Vision for the Environment, we have achieved RE100\*1 in 2023 and set goals to convert to 100% renewable energy sources for electricity consumed at all company-owned buildings\*2 by 2029 as part of our initiatives to combat climate change. The amount of reduction planned by 2029 is estimated to be around 132,000 t-CO<sub>2</sub>e, equivalent to the annual emissions of about 78,000 households.

What makes our approach unique is that we aim to achieve our targets primarily by developing and retaining our own renewable energy facilities that do not use the FIT system\*3 (non-FIT).

\*1 An abbreviation of “Renewable Electricity 100%”, or sourcing 100% of electricity needed for business activities from renewable energy sources  
\*2 Excludes properties for which we do not have energy management authority including master lease properties, residential properties and non-managerial co-ownership properties, and real estate for sale, etc.  
\*3 A system for electricity that requires utility companies to purchase electricity generated using renewable sources for a certain period of time at a price specified by the national government.  
\*4 An agreement in which corporations, municipalities and other legal entities purchase renewable electricity from power providers on a long-term basis.

We have established a corporate PPA\*4 mechanism where Hulic Energy Solution Co., Ltd., a Group company, acts as a retail electricity supplier (power producer and supplier, or PPS), purchasing electricity derived from Hulic-owned renewable energy sources and selling it to Hulic-owned properties. This will ensure stable securing of renewable energy-derived electricity over the long term.



Contributing to a Stable Power Supply through Storage Batteries

As the adoption of renewable energy expands, output must often be curtailed during periods of low demand, making it a challenge to ensure the ability to manage fluctuations in the supply and demand of electricity. We are working to install storage batteries at the solar power plants we develop to shift

surplus power from daytime peak generation to evening peak demand and other high-demand periods. We will continue to invest in grid storage batteries to ensure a stable supply of electricity.

Initiatives to Reduce Embodied Carbon

Embodied carbon refers to the amount of greenhouse gas emissions generated during the construction of buildings, covering everything from the purchasing building materials to construction, renovation, and demolition (disposal).

We are working intently to reduce embodied carbon (upfront carbon\*) by adopting building materials with low CO<sub>2</sub> emissions during manufacturing and actively promoting wooden structures and the use of wood materials in our development projects.

\* Within embodied carbon, this refers to greenhouse gas emissions produced during building material manufacturing and procurement and the construction phase.

Example 1 : HULIC &New UDAGAWA II

We used environmentally friendly concrete for the foundation of the HULIC &New UDAGAWA II commercial facility completed in October 2023. Compared with the concrete we had planned to use at first, this reduced greenhouse gas emissions during construction of the foundation by around 60% (approximately 43 tonnes).



HULIC &New UDAGAWA II

Example 2 : Hulic Logistics Hashimoto

At Hulic Logistics Hashimoto, which was completed in July 2024, recycled materials made from waste plastic and wood were used for part of the exterior pavement.

In addition to obtaining BELS (☆5) and CASBEE (A rank) certifications, we also obtained ZEB certification by installing a high-capacity solar power generation facility.



Hulic Logistics Hashimoto

Proactively Acquiring Environmental Certifications

We are actively working to acquire environmental certifications (CASBEE, BELS, etc.) for our properties, aiming to achieve certification for 30% of our portfolio. As of

December 31, 2024, we have acquired a cumulative total of 41 environmental certifications.

Initiatives to Utilize Unused Energy

Unused energy is a generic term for energy that can be utilized but has not been used, such as heat discarded from buildings and factories, and temperature differences between outside air and rivers, groundwater, and sewage. To help realize a carbon-free society, we are working on the advanced utilization of unused energy according to location conditions,

asset type, and the characteristics of development projects.



Heat pump that uses river water

Introducing Environmentally Friendly Technologies and Obtaining Patents for Environmentally Friendly Technologies

Hulic has developed unique natural ventilation and natural lighting systems (patented as lighting louver units) in collaboration with the Massachusetts Institute of Technology, and is installing these systems in newly developed buildings and the Hulic head office building. Elsewhere, we have developed, with other companies, and obtained patents for lightweight solar panels and a thin-layered wall greening system. These environmentally friendly technologies are

offered to the public by the partner companies that co-developed them.

For the adoption of other energy-saving technologies, we individually consider and adopt technologies that are highly effective for their purpose and depending on the location of the building.



Natural ventilation (rooftop solar chimney)

Information Disclosure Based on TCFD Recommendations

Recognizing the importance of climate-related financial information disclosure, we announced our support for the TCFD\* recommendations in 2020 and started disclosing information on how we plan to mitigate and adapt to climate

change-related risks and opportunities in our businesses in line with these recommendations.

\* TCFD is an abbreviation for The Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board and has proposed a framework for disclosing climate-related information.

TCFD Disclosure Recommendations and Hulic Initiatives (Summary)

TCFD Disclosure Recommendations	Hulic Initiatives (Summary)
Governance	Recognizing climate change response as an important management issue, we have established a governance mechanism centered on Board of Director oversight and the Sustainability Committee.  a) Board of Directors oversight of climate-related risks and opportunities b) Management's role in assessing and managing climate-related risks and opportunities
Strategy	It has been determined that our businesses are sustainable, our strategy is resilient, and we can capitalize on new opportunities and improve corporate value.  a) Short-, medium-, and long-term climate-related risks and opportunities identified by the organization b) The impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning c) Describe the resilience of the organization's strategy, taking into account different climate-related scenarios, including a 2°C or lower scenario
Risk Management	Matters related to risk management are centrally deliberated on and coordinated by the Sustainability Committee, which is chaired by the President and Representative Director, under the oversight of the Board of Directors.  a) Organizational process for identifying and assessing climate-related risks b) Organizational process for managing climate-related risks c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management
Metrics and Targets	Materiality has been identified. The Sustainability Committee has set non-financial KPIs and manages progress by reviewing performance and other factors.  a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with our strategy and risk management process b) Disclose Scope1, Scope2, and, if appropriate, Scope3 greenhouse gas emissions, and the related risks c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets

● Strategy

We analyzed the impact of risks and opportunities on our strategy using 1.5°C scenario and business as usual scenario and examined resilience of our current strategies, including the need to change management plans and basic strategies.

At Hulic, we have been taking actions including building up earthquake resistance, and disaster prevention measures of our properties as well as environmental initiatives and decarbonization. As a result, we have found no potential financial impacts that were considered “large” related to both transition and physical risks in the scenarios we examined, and have found that our business is sustainable and our strategy is suitably resilient. Based on our motto of “driving

innovation” and “accelerating progress,” we are going ahead with a business model that is able to flexibly respond to changes in the environment. Going forward, we will mitigate risks by evolving our business model based on changes in society as we move toward decarbonization. Looking at opportunities, we concluded that we will be able to continue improving our corporate value by building a competitive advantage in the leasing and development businesses as valuations increase for environmentally friendly technologies adopted in our properties and seizing opportunities in providing environment-conscious new products and services in the environment-related business field.

Assessing Risks and Opportunities

1.5°C scenario transition risks and opportunities

Continue on the basic strategies of our current Medium- and Long-Term Management Plan (further develop and evolve our business model based on the real estate leasing business)	
[Risks] • Increase in costs of responding to a wide range of policies and regulations introduced to address climate change	[Opportunities] • Increase in valuation of the environmental performance on our properties due to social changes leading to higher sales • Opportunities to enter new markets that help mitigate climate change will be created
Conclusion	● Following the basic strategies of the current Medium- and Long-Term Management Plan, we are flexibly responding by deepening our business model and addressing risks. We confirmed that there are no climate change risks that would have a “large” impacts on us since we are implementing initiatives for the earthquake resistance, disaster prevention, environmental response, and decarbonization of our properties. ● As valuations increase for environmental initiatives for owned properties, we will build a competitive advantage in the leasing and development businesses. Also, we will capitalize on opportunities to provide new environment-conscious products and services as well as improve corporate value. ● The total financial impacts of climate change risks and opportunities has been assessed as “minimal” over the medium-term and “minimal (positive)” over the long-term.

Business as usual scenario physical risks and opportunities

Maintain current priority area, location policy and portfolio composition by use	
[Risks] • Physical risks, such as natural disasters due to climate change, will become apparent, resulting in higher costs to address them	[Opportunities] • Opportunities up to 2030 have already been incorporated into the Medium- and Long-Term Management Plan • No additional opportunities pertaining to climate change after 2030 and no financial impacts
Conclusion	● Physical risks become apparent as climate change remains unmitigated. The financial impacts of climate change has been estimated as “small” over both the medium-and long-term because of a detailed examination of natural disaster risks done when properties are developed or acquired. Another reason for the “small” financial impacts is the mitigation of physical risks through design standards and disaster prevention measures in Hulic properties. To further reduce the financial impacts of climate change, we will promote a flexible response based on the basic strategies of the Medium- and Long-Term Management Plan. ● The financial impacts of climate change opportunities have been estimated to be “none” because the creation of additional opportunities related to climate change is not expected.

Analyzing the financial impacts of climate change and results

		[Medium-term] 2030	[Long-term] 2050
[Risks]	Increasing construction costs for compliance with ZEB regulations	–	– – –
	Carbon pricing	–	None
	Expanding disclosure of the performance for energy efficiency of buildings	–	–
	Investing in storage batteries	–	–
	Decarbonizing construction materials	–	–
	Responding to embodied carbon	–	–
[Opportunities]	Increase of leasing income due to growing demand for ZEB	+	+++
	Receipt of ZEB subsidies	+	+
Financial impacts in the 1.5°C scenario*1			
Total		–	+

		[Medium-term] 2030	[Long-term] 2050
Flooding*2	Impact on real estate value	– –	– –
	Impact on profit	–	–
Storm surge*2	Impact on real estate value	None	–
	Impact on profit	None	–
Typhoons (wind damage only)		–	–
Rising temperatures		–	–
Financial impacts in the business as usual (BAU) scenario*3			
Total		– –	– –

Financial impacts matrix\*4

Impact Classification	Ratio to Consolidated Ordinary Profit	Amount / Year
Large	30% or higher	JPY40 billion or more
Medium	15% or higher, less than 30%	JPY20 billion or more, less than JPY40 billion
Small	5% or higher, less than 15%	JPY7 billion or more, less than JPY20 billion
Minimal	Less than 5%	Less than JPY7 billion

[Legend] Minimal: -/+, Small: --/++, Medium: ---/+++, Large: ----/++++

\*1 The financial impacts from changes in policies, laws, technologies and markets due to the transition to a low-carbon society aimed at mitigating climate change.

\*2 The impact on all portfolio was estimated based on the results of an analysis of the building portfolio (50 properties), which account for approximately 80% of operating revenue (leasing).

\*3 The financial impacts caused by physical risks, such as the occurrence of natural disasters associated with climate change. Classified into acute risk due to individual weather events and chronic risk due to changing climate patterns

\*4 We have set the criteria based on the results of consolidated ordinary profit: JPY137.4 billion in FY2023 and a forecasted JPY144.0 billion in FY2024.

## Building a Recycling-oriented Society

### Fundamental Approach

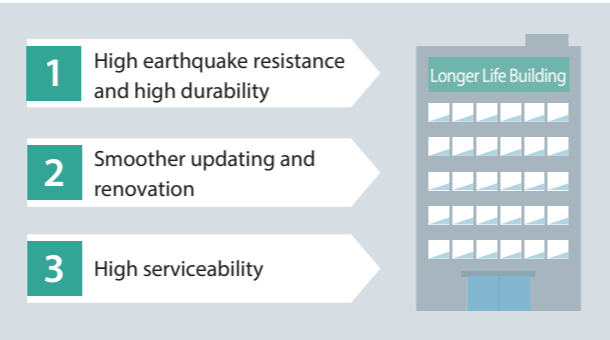
We are working to reduce waste and water consumption in cooperation with tenants and building management companies toward realization of a recycling-oriented society. When developing and reconstruction buildings, we reduce our environmental footprint through the adoption of longer life building designs that enable us to reduce waste significantly and to use resources more effectively.

### Initiatives to Reduce Waste

We formulated the Hulic Guidelines for Longer Life Building (the Guidelines) in 2011 which are composed of three ideas, 1) high earthquake resistance and high durability; 2) smoother updating and renovation; and 3) high serviceability. We use only high-grade building frames that ensure the buildings are durable and used safely for over 100 years. At the same time, we make it possible to modify layouts to fit with diversifying work styles in the future. Furthermore, longer life buildings reduce waste generation and resources used for reconstruction by 50% or more, and reduce life cycle CO<sub>2</sub> by 6% compared with cases where buildings are conventionally reconstructed every 40 years (standard plans).

Based on this evaluation, we have introduced longer life designs as standard specifications in all development/

reconstruction completed or under construction since formulating the Guidelines in 2011.



### Reduction of Plastic Waste at the Head Office Building

The in-house canteen at the Hulic head office building has stopped use of disposable plastic beverage containers,

straws, spoons and shopping bags and changed to paper items.

### Initiatives to Reduce Water Consumption

Almost all water consumed in the Group is from the buildings owned or the buildings where we have offices, and the water flow starts from tap water and is discharged into sewers. To reduce water consumption in all buildings we own, we are sequentially renovating with new water-saving toilets and hand basins. In addition, we use LIMEX, a paper substitute made primarily from limestone, for the production of this

integrated report, shareholder communications, as well as our business cards. When making LIMEX, which uses almost no forest or water resources, the amount of water used in manufacturing was reduced by approximately 1,430,000 liters, compared with the same amount of ordinary paper. Note that Hulic does not operate business activities in high water stress areas where demand for water is tight.

### Prevention of Pollution

We believe that minimizing environmental pollution due to business activities is indispensable to realize a recycling-oriented society. When planning buildings, we adopt construction methods to reduce pollutant emissions to the

extent possible in cooperation with design and construction companies. In addition, we compile data on air pollutants (SO<sub>x</sub>, NO<sub>x</sub> and VOCs) generated in the development projects and disclose this information on our website.

## Initiatives for Wooden Building and Building with Wood Materials

We have been developing fireproof buildings using wood that consumes less energy (low CO<sub>2</sub> emissions) during manufacturing and processing. In 2021, construction was completed for HULIC &New GINZA 8, Japan's first 12-story wooden fireproof commercial building (hybrid construction combining wood and steel). The building has been acclaimed, receiving many awards as a sophisticated example of urban wooden construction.

We are also planting trees based on the idea of planting to replace what we use. Trees absorb CO<sub>2</sub> in the air and provide a carbon dioxide fixing solution as they grow, so an abundance of trees in the nation's land and forest circulation can help cut down CO<sub>2</sub> levels. Furthermore, trees that are ready to be cut for timber have a reduced ability to absorb CO<sub>2</sub>, so while we cut down trees as building materials, we also plant new trees to replace them. In this way, we are contributing to maintaining the proportion of young trees that absorb CO<sub>2</sub> well at a certain level. We continue to

consider the use of wood in building construction and materials in our development projects.



HULIC &New GINZA 8

Projects under development with planned use of wood materials



Miyazaki Prefecture Tokyo Building Redevelopment Project



Ginza Building Reconstruction Project

## Initiatives for Biodiversity

### Fundamental Approach

Hulic is carrying out initiatives that increase biodiversity in order to create urban spaces that are in harmony with nature.

### Biodiversity Guidelines

We recognize the importance of biodiversity's impact on the living environment, and in order to contribute to biodiversity, we have created the Declaration of Biodiversity Conservation

(Hulic's Biodiversity Guidelines) which has been well communicated throughout our Group.

### Use of JHEP Certification System

We are also working to ensure that we consider ways to conserve and restore local vegetation during development/reconstruction of properties from the standpoint of preserving biodiversity. We are using the JHEP certification

system issued by Ecosystem Conservation Society-Japan to quantitatively evaluate and promote biodiversity conservation initiatives. As of December 31, 2024, a total 10 properties (Hulic Group) have been certified.

### Promotion of Greening of Surrounds, Rooftops and Walls

Our greening projects aim to create lush green urban spaces as well as to harmonize with nature with much consideration given to biodiversity. When greening surrounds, we primarily select plants that are easy to care for and are resistant to strong winds so as to improve the scenery and appropriate for locational conditions.



Greening of Walls

# Providing Safe, Secure Buildings and Spaces



## Fundamental Approach

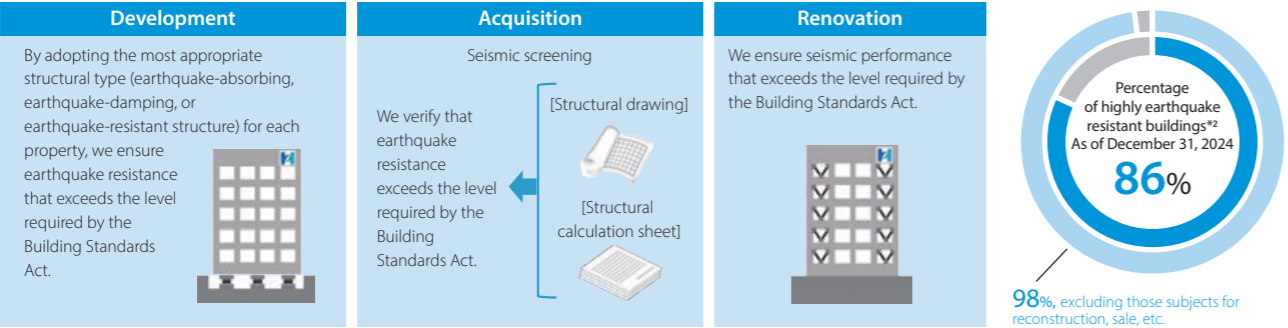
We are constantly working to generate new added value by offering properties that are superior in terms of safety, environmental performance and functionality. In addition, assuming various emergency and disaster scenarios, we have created structural as well as operational and managerial countermeasures and we are finetuning them.

## Earthquake Countermeasures: Ensuring All Company-owned Buildings (Excluding Those for Sale, etc.) Can Withstand a Seismic Intensity of Level 7 by 2029

We believe it is our responsibility to provide safety in earthquake-resistant buildings in order for the tenants to conduct social activities with peace of mind. We have therefore established our own earthquake resistance standards\*1 that are stricter than the Building Standards Act, and we apply these standards to all the buildings that we

develop or reconstruct, and we conduct a seismic assessment at the time of acquisition. We are working to ensure that by 2029 all of our buildings (excluding those for sale, etc.) can withstand earthquakes with a seismic intensity of level 7. For buildings other than those for reconstruction, sale, etc., we plan to achieve this target by the end of 2025.

### Initiatives during building development, acquisition, and renovation



\*1 Hulic's earthquake-resistance standards are where building performance can safeguard human life and enable continued use of the building with post-earthquake repair in the event of an earthquake with a seismic intensity of level 7 .

\*2 Highly earthquake resistant buildings are those that can safeguard human life and enable continued use of the building with post-earthquake repairs when an earthquake occurs with a seismic intensity of level 7, excluding those for sale, etc.

## Adopting Earthquake-Absorbing and Earthquake-Damping Structures

To protect human life and facility functions from large-scale earthquakes, we have applied high seismic capacity on newly constructed buildings. With the aim of protecting customers' lives and contributing to business continuity, we have

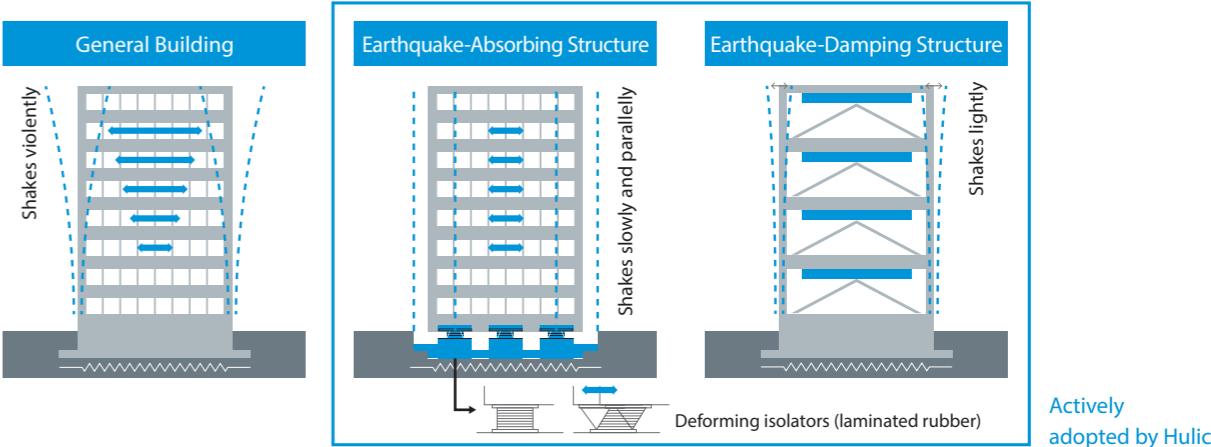
### Earthquake-Absorbing Structures

These structures absorb seismic energy and dampen shaking by separating the building from the ground using a mechanism called an isolator. This reduces the shaking to about one-half to one-tenth that of conventional earthquake-resistant building structures.

actively adopted an earthquake-absorbing or earthquake-damping structure which is effective at ensuring a high seismic resistance, in addition to other methods to improve the seismic resistance.

### Earthquake-Damping Structures

With earthquake-damping materials installed inside the building, internal seismic energy is absorbed to reduce the intensity of shaking from one-half to one-third compared with other general earthquake-resistant structures.



## Earthquake-Resistance Diagnosis, Reinforcement Works and Confirming Structural Calculations

We diagnosed the earthquake resistance of all company-owned buildings\* that were built before the new earthquake resistance standards were set out in the Building Standards

Act (revised in 1981). All buildings that did not meet these standards are undergoing seismic reinforcement.

\* Excluding buildings that will be demolished for reconstruction.

## Measures Against Ashfall from Possible Mt. Fuji Eruption

If Mt. Fuji erupted, the transportation infrastructure could be shut down and electricity and other utilities could be disrupted. Consequently, we are taking tangible action by developing equipment (roof drain caps) that prevents volcanic ash from entering pipes in storm drains and by installing this equipment in company-owned buildings.

In a less tangible way, we encourage tenants to return home early, organize a system, and install any necessary equipment for a quick recovery after an ashfall.



Roof drain cap

## Measures Against Water Damage

When electric facilities are damaged by floodwater, the supply of power, which is essential for the use of a building, can stop for an extended period. We investigate the status of buildings with power receiving and transforming equipment and private power generators that are installed

in floors expected to be submerged in a flood, and examine application of flood control measures, in preparation for localized heavy rains caused by climate change and tsunamis caused by earthquakes.

## Liquefaction Countermeasures

After the Great East Japan Earthquake, extensive regions including coastal areas in Tokyo suffered from liquefaction, which caused damage such as buildings leaning over and sinking. According to the liquefaction map issued by the government, three buildings owned by the Company were on

ground with possible liquefaction. However, we concluded that these buildings will not be significantly affected by liquefaction because the foundations for these buildings were carefully planned and constructed.

# Collaborating with Business Partners and Local Communities

**Fundamental Approach**

To fulfill our corporate social responsibilities, we collaborate with business partners and local communities, to solve social issues and to build long-lasting, value-enhancing relationships.

Improving Customer Satisfaction

As office buildings, shops, and residences owned by the Company serve as the infrastructure for customer’s social activities, we are constantly working to improve their quality under the philosophy of providing customers safety, peace of mind and trust. In order to satisfy all customers using buildings including tenants and visitors to the buildings, we thoroughly undertake meticulous quality control, careful maintenance and security to protect assets.

Customer Satisfaction Survey

We conduct an annual customer satisfaction survey for tenants of Hulic’s properties. Survey items include matters concerning building hardware and software and things customers have noticed while using our buildings on a daily basis. We carefully go over the customer responses, and then take steps to identify customer needs and make improvements accordingly. In the survey conducted in 2024, we continued to receive high ratings with a satisfaction level of approximately 90%. We believe the results have mainly reflected our planned facility reinforcement and quick response to the matters requested by customers. Furthermore, the persons in charge responded or replied to customers’ requests and opinions after the survey.

Initiatives for Providing Healthy and Comfortable Spaces

Hulic is undertaking the following initiatives to provide healthy and comfortable properties to our stakeholders.

- Verification of specifications of facilities introduced and interior materials, etc. for existing properties and properties being developed (Use of interior finishing materials and fittings that do not contain toxic substances)
- Greening of building surroundings, introduction of natural ventilation and lighting systems
- Introduction of an indoor air quality improvement system using composite ceramic functional materials
- Acquisition of CASBEE Wellness Office certification for developed office buildings as verifications for buildings that support the maintenance and improvement of the health and comfort of the people in the buildings
- Measurement of indoor environments and periodic measurements after completion
- Active upgrading to energy-saving equipment and other advanced equipment
- Conducting preventive maintenance before issues arise in buildings equipment
- Many of our owned properties are near stations, providing easy access to transportation

Relationships with Business Partners

Hulic stays in close communication with business partners, such as building management companies, construction companies, building maintenance contractors, real estate agents and property management companies, and works to build solid long-term relationships to ensure favorable business operations.

In terms of our relationship with building management companies, we regularly hold management status report briefings and assess the quality of management companies in order to maintain and improve the quality of the buildings we own.

In the event of a disaster, we have introduced an

Energy-Saving Initiatives for Existing Buildings

We believe that engagement with our customers (tenants) is essential in addressing climate change. To promote decarbonization, we are working together with our tenants to improve energy efficiency. In addition to creating and distributing a leaflet calling on our customers to help

Internet-based safety confirmation system for swift confirmation of the state and to share information with building management companies. We also concluded contingency agreements with the construction company concerning restoration and recovery, enabling collaboration and cooperation in the event of a disaster.

In addition, we have formulated a CSR Procurement Policy to guide our procurement and purchasing practices. We ask our business partners to align with this policy and conduct surveys on their environmental and human rights initiatives, thereby promoting sustainable procurement across the entire value chain.

save energy, we also held individual meetings with some customers to engage in dialogue about energy-saving measures. Furthermore, we are promoting the conclusion of green lease agreements. Going forward, we will continue to work with tenants to help save energy.

Social Contribution Activities

Policy for Social Contribution Activities

Basic Philosophy	Policy for Activities
Hulic actively and broadly engages in various social contribution activities including but not limited to our business fields as a good corporate citizen. Through these activities we wish to contribute to the sustainable development of the entire society.	<ul style="list-style-type: none"><li>• Actively engage in activities with particular emphasis on the three major fields of global environment protection, sharing value with local communities and responding to social needs.</li><li>• Strongly support social contribution activities of employees.</li><li>• Place an emphasis on securing transparency in implementing activities and facilitate communications and cooperation with society.</li></ul>

Support for Culture and the Arts

Establishment and Sponsorship of the Hulic Cup Hakurei Championships and Women’s Rank-deciding Shogi Competition

In 2020, Hulic together with the Japan Shogi Association established a new rank-deciding Shogi competition for women, the Hulic Cup Hakurei Championships, with the aim of expanding opportunities for female professional Shogi players. (The competition is co-sponsored by Hulic and the Japan Shogi Association.)

Beyond supporting the arts and culture, we are supporting professional female Shogi players from the perspective of empowering women.

The 4th Hulic Cup Hakurei Championship, a contest consisting of seven-matches, was held from August to October 2024. Ms. Tomoka Nishiyama, who holds three

women’s titles, successfully defending her Hakurei title with four wins and two losses, marking her third consecutive victory.



● **Special Sponsorship of the Hulic Cup *Kisei* Championships**

We have been a special sponsor of the *Kisei* Championships (sponsors: Japan *Shogi* Association and Sankei Shimbun) since 2018. The *Kisei* Championship, established in 1962, is an official championship with history.

In the 95th Hulic Cup *Kisei* Championship, Mr. Sota Fujii successfully defended his title, achieving his fifth consecutive victory and earning the Lifetime *Kisei* title.



Health, Medicine and Sports

● **Support for Japan Para-Badminton Federation**

We concluded an Official Gold Partner Agreement with the Japan Para-Badminton Federation in 2016 and have provided support for para-badminton. We have been offering our Nishi Kasai Center Building gym (Hulic Nishikasai Gym) free of charge as a practice gym for players since 2017. Furthermore, Hulic was a special sponsor of “HULIC DAIHATSU JAPAN PARA BADMINTON INTERNATIONAL 2024” held at Yoyogi National Stadium 1st Gymnasium in October 2024.



Billboard advertising

Connection with Local Communities

● **Hosting Summer Festivals and Donating of a Portable Shrine**

In October 2012, the head office of Hulic was moved to Nihonbashi, Odenma-cho. As part of our efforts to introduce ourselves to the community, we have held the “Hulic Odenma Summer Festival” at our head office building since 2013 every year. In 2017, as part of our community contribution activities, we donated a portable shrine to the Odenma-cho Ninobu Neighborhood Association to which we belong. We hope that carrying this portable shrine at the festival will lead to further revitalization and prosperity in the area.



Academic and Research Support

● **12th Hulic Students Idea Competition: Future GINZA Life**

As a real estate company, we started this competition with the aim of providing students with opportunities to present urban development and construction ideas. We received 121 entries for the 12th Hulic Student Idea Competition under the theme of “Future GINZA Life” with “Ginza” as the target site.

In the second round of judging, held at Hulic’s Head

Office, the students enthusiastically presented their ideas and answered questions from the judges. Following discussions among the judges, one grand prize winner, three excellence award winners and six honorable mention award winners were selected.



● **Implemented Collaborative Social Courses with the University of Tokyo**

In April 2023, Hulic, together with the University of Tokyo, initiated a course themed “Creating a Truly Inclusive Nature Experience Learning System.” By harnessing information and communication technologies, this course aims to enable children to experience and learn nature with a sense of independence, even remotely, regardless of their environmental or personal circumstances. In July 2024, a nature-based learning session “School for Everyone Learning with Nature” with participation of approximately 100 elementary and junior high school students was held in Minamiaizu Town, Fukushima Prefecture. This event, held for the second time so far, featured online participants watching the activities in the Metaverse space, joining a quiz contest, and using a body-sharing device to remotely hold and observe stones.



Social Welfare

● **Support for the Japan Service Dog Association**

As part of our initiative to give more support to people with disabilities, we have been sponsoring the Japan Service Dog Association since 2022.

Especially among people with disabilities, being unaware of service dogs is a major issue. Service dogs, like guide dogs, are one type of assistance animal. We will continue to provide support so that more people can learn about service dogs.



● **Contributed through Employee Matching Gift Program**

In June 2008, we introduced a matching gift program and established the Hulic *Fureai* Fund.

Under this program, participating employees contribute JPY100 per month from their salaries (JPY300 for executives), and the Company matches the total amount donated. The combined donations are then given to organizations engaged in activities aligned with our core social contribution themes—environmental protection, sharing value with local communities, and addressing social needs. Recipient organizations are selected through a majority vote by all employees.



Main Social Contribution Activities in 2024

- |   |  |  |
|---|--|--|
| <ul style="list-style-type: none"><li>● Special sponsorship of the Hulic Cup <i>Kisei</i> Championships</li><li>● Organizer of the Hulic Cup <i>Hakurei</i> Championship and women’s rank-deciding competition</li><li>● Special sponsorship of the Ministry of Education, Culture, Sports, Science and Technology Cup: Elementary and Junior High School <i>Shogi</i> Team Championships</li><li>● Relocation of Tokyo <i>Shogi</i> Hall</li><li>● Artwork created by artists with disabilities displayed on temporary construction site fencing</li><li>● Supported Japan Para-Badminton Federation</li><li>● Donated to Keidanren Nature Conservation Fund</li><li>● Supported environmental studies at Kyoto University</li><li>● Implemented collaborative social courses with the University of Tokyo</li></ul> | <ul style="list-style-type: none"><li>● Organized students’ idea competition</li><li>● Supported Nezu Foundation</li><li>● Provided Hulic Scholarship Program for training of welfare caretakers</li><li>● Donated used postal stamps</li><li>● Supported single-parent households</li><li>● Contributed through employee match gift program</li><li>● Donated to Japanese Red Cross Society</li><li>● Sponsored events supporting Fukushima assistance</li><li>● Supported New National Theatre, Tokyo</li><li>● Opened onsite childcare nursery facility to local community members</li><li>● Hosting Summer Festivals and participating in carrying a portable shrine</li><li>● Supported employees’ social contribution activities</li><li>● Donated emergency food stockpiles</li></ul> | <ul style="list-style-type: none"><li>● Supported Naruto Sumo Stable Supporters’ Association</li><li>● Supported the Japan Service Dog Association</li><li>● Tree planting</li><li>● Donated to the General Incorporated Association Yoyogi National Gymnasium Steering Committee for World Heritage Nomination</li></ul> <p>&lt;Employees’ Social Contribution Activities&gt;</p> <ul style="list-style-type: none"><li>● Donated to Japanese Red Cross Society</li><li>● Donated to Certified Specified Nonprofit Corporation Ishikawa Food Bank Network</li><li>● Satoyama Conservation Activities</li><li>● Monthly local cleanup drives, etc.</li></ul> |
|---|--|--|

## Respect for Human Rights

### Approach to Human Rights

We established the Hulic Human Rights Policy based on the United Nation’s Guiding Principles on Business and Human Rights. Respect for human rights encompasses all fundamental rights as outlined in the Constitution of Japan, the Labor Standards Act, and the Universal Declaration of Human Rights, as well as those set forth in the International Labour Organization (ILO) international labor standards—such as equal employment, the prohibition of forced and child labor, freedom of association, and the right to collective bargaining.

The Hulic Human Rights Policy (excerpt)

1. Adherence to International Human Rights Standards
2. Scope of application: We expect training on our policy to be provided to all officers, employees, and business partners
3. Implementation of human rights due diligence
4. Correction and remedies
5. Review of Priority Themes Related to Human Rights

#### Focus Areas

- |                                 |  |
|---------------------------------|--|
| ① Prohibition of discrimination | ⑤ Respect for the right of freedom of association and right of collective bargaining |
| ② Prohibition of harassment     | ⑥ Reduction of excessive working hours   |
| ③ Prohibition of child labor    | ⑦ Securing of health and safety of employees   |
| ④ Prohibition of forced labor   | ⑧ Payment of wages higher than minimum wage  |

### Implementation of Human Rights Due Diligence

We adhere to human rights due diligence, as outlined below.

#### ① Assessing of human rights risks

Human rights risk assessments for stakeholders (by internal stakeholders) and a survey and feedback (by the Corporate Sustainability Department) on human rights for suppliers (such as construction companies).

#### ② Operation of a grievance (compliance) mechanism

We have established and operate a contact point for employees and business partners to report and consult on human rights issues.

#### ③ Evaluating the effectiveness of initiatives

We review our human rights policy (priority themes) based on ① and ② as necessary and assess the effectiveness of prevention and mitigation.

## Promoting Diversity and the Development of Professional Human Resources



#### Fundamental Approach

We aim to create a vibrant and productive organization by developing appropriate human resource strategies, including human resources development and organizational structure, so that diverse human resources can maximize their abilities.

## Promoting Diversity

### Establishment of the Diversity Promotion Project Team

Hulic’s basic approach is for employees to be aligned with their skill sets, aptitudes and personalities that enable individuals to perform at a maximum level and as a result the Company operates a high value-added business with a smaller team of skilled talent. To achieve this, we believe that it is essential to raise awareness on diversity and inclusion and enhance related frameworks. We established the diversity promotion project team which continues to engage

in regular activities based on such themes as improving work-life balance and career development. In addition, the Diversity Promotion Project Team holds meetings with the President, who is responsible for this team, to directly communicate employee opinions. In 2024, we focused on promoting the use of employee welfare programs and conducted training sessions to introduce various systems.

### Empowering Female Employees

Hulic has set target ratios for female managers with the aim of becoming a company in which women take on active roles. We provide follow-up training to employees to raise awareness of our approach. In support of the Keidanren’s “Challenge for the ratio of female managers up to 30% by 2030”, we have achieved this target.

Ratio of female managers (as of December 31, 2024)

20.2%

Ratio of female directors and Audit & Supervisory Board members (as of April 1, 2025)

33.3%

### Employment of Persons with Disabilities

We employ people with disabilities and have established the Hulic Suginami Office, a dedicated workplace, mainly for sending out direct mail, together with experienced supervisors.

Employment ratio of persons with disabilities (as of June 1, 2024 on a group basis / on a non-consolidated basis)

3.01%/7.42%

### Senior Citizen Employment Program

We have introduced a reemployment program for seniors in accordance with the Act on Stabilization of Employment of Elderly Persons. Under this program, we continue employing anyone who has reached the retirement age but who wishes to continue working until the age of 65. We offer staggered commuting and half-day leave for these employees and create a work environment comparable to active employees with leave and absence systems.

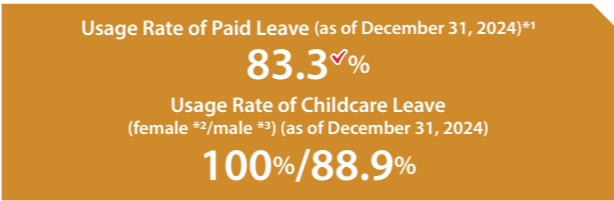
We expect the abundant knowledge and expertise that the senior rehires possess to be inherited through communication and interchange with younger employees. We also introduced a specified employment contract system for senior employees in 2021 that extends the period of continuous employment until the age of 70 so that we have motivated and capable employees between the ages of 65 and 70.

## Promoting Work-Life Balance

### Initiatives for Work-Life Balance

To enable employees to maximize their abilities, we aim to realize diverse work styles, including staggered office hours and working from home (for employees who are raising children or caring for family members). We are implementing systems that prevent long working hours by encouraging employees to take paid leave and to accurately manage working hours by logging the length of time they spend on computers.

In addition, we are enhancing our Next-Generation Nurturing Program and ensuring a balance between work and childcare, nursing care by introducing a new hourly childcare and nursing care leave system.



\*1 The usage rate of paid leave is calculated by dividing the number of days of paid leave used in the year by the number of days of paid leave granted in the year. The number of days carried over in the year are excluded.

\*2 Number of employees who took childcare leave in the subject fiscal year/Number of employees who entered the period covered by childcare leave in the subject fiscal year

\*3 Number of employees who took maternity leave in the subject fiscal year / Number of employees whose spouses gave birth in the subject fiscal year

#### Next-Generation Nurturing Program and Care Support Program: Examples

Job-return system	• An employee who retired due to marriage, childbirth, childrearing, and nursing care, etc. can return to work under the same working conditions as at the time of retirement.
Childbirth celebration allowance	• A special payment for childbirth is given to employees: 100,000 yen for the first child, 200,000 yen for the second child and 1,000,000 yen for the third child and thereafter.
Company daycare nursery inside the Hulic head office building	• Hulic has established nursery facilities at its Head Office for employees, free of charge. Parents using these services are allowed to commute by car.
Childcare center subsidy system	• Employees who do not use an on-site childcare nursery facility are eligible for a monthly subsidy of up to 30,000 yen.
Childcare leave	• Female employees are entitled to this leave from the time their pregnancy is confirmed, while male employees are entitled from the birth of their child. Leave can be used by both parents for caregiving or attending daycare and school events, until the child completes the sixth grade of elementary school and can be taken in hourly units.
Next-Generation Support (Infertility Treatment)	• 50% subsidy for out-of-pocket expenses for medical treatment (after insurance coverage). • It is applicable for infertility treatment 10 days of special leave (paid) and can be taken in one-hour increments.
Babysitter Program	• When an employee use services of a babysitting business operator which has a corporate contract, the entire enrollment and the annual fee as well as the monthly fee up to 15,000 yen are subsidized.
Subsidy for the expense of Kids' Club	• Up to 50,000 yen is paid per month for a child until the end of his/her third year of elementary school.
At-home nursing care support program	• Monthly subsidy of 30,000 to 50,000 yen
Nursing care leave	• Available for employees to care for family members requiring nursing care

### Health and Productivity Management

We believe that the well-being of employees goes hand in hand with productivity improvement and the growth of the company, and we are committed to promoting health and productivity management to ensure employees continue to work actively and healthily. Hulic has been certified for seven consecutive years, since 2019, as a Health & Productivity Management Outstanding Organization.

Important matters related to the promotion of health and productivity management, such as the status of

overtime work and medical checkups, are reported to the Risk Management Committee, chaired by the president, and action is taken as necessary.

In addition, since 2020, we have been providing financial support for officially recognized club activities. This program is designed to promote employee wellness and foster internal communication. Currently, five clubs have been established and they engage in regular activities.

## Promoting Talent Development

### Human Capital Strategy

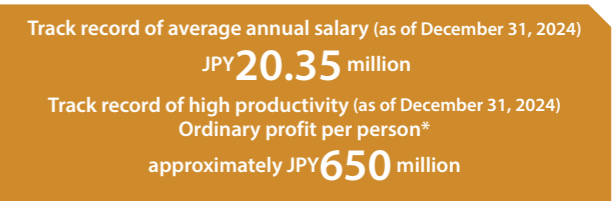
To achieve sustainable growth in Japan, where the working population is declining, we believe it is important to achieve high performance with a limited number of employees. Our goal is for every one of us to strive to provide high quality value as a professional. To ensure we remain a group of productive professionals, we place emphasis on employment and human resources development, and work to develop systems and environments that enable employees with diverse backgrounds and skills to play an active role. We also strive to give back to our employees through salaries and various fringe benefits. This creates an environment in which

### Improving Working Environment

Hulic has a small and lean team of professionals which enables a distinctively close distance between each employee, as well as between top management and employees, making it easy to communicate within the Company.

Furthermore, we continuously improve the workplace

employees can maintain their physical and mental health and improve themselves, and further growth for the Company in what we see as a positive cycle.



\*Ordinary profit (non-consolidated) /number of employees (non-consolidated)

environment through a President Survey (twice a year) and a Top Seminar, a social gathering of mid-career and young employees, where all employees have the opportunity to make suggestions directly to the president regarding business and work styles.

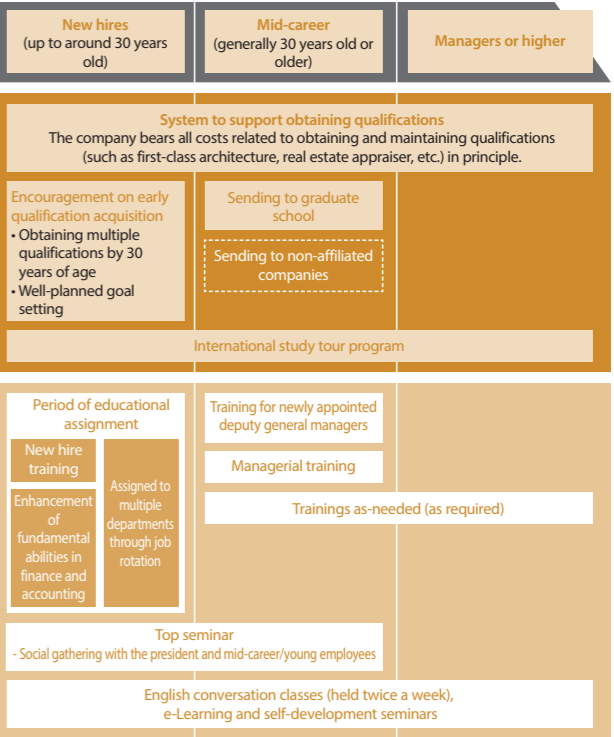
### Recruitment and Talent Development Strategy

To create an organization that can flexibly respond to environment change, we employ a diverse workforce. We target hiring 50% of new graduates who are female. We provide opportunities for employees to proactively develop their career visions through periodic meetings (twice a year or more) with their supervisors and meetings (once a year or more) with the Human Resources Department.

In terms of training, in addition to mandatory training for first to third year employees or according to the position of employees, we offer elective training and e-Learning based on everyone's career path, as well as a system for sending employees to graduate schools and outside companies through a nomination system. We have been encouraging employees to obtain qualifications, and our professional staff includes first-class architects, real estate appraisers, lawyers, certified accountant and others.



#### Overview of Talent Development Programs



Maintaining and Improving Governance  
Trusted by Stakeholders



Corporate Governance

Fundamental Approach

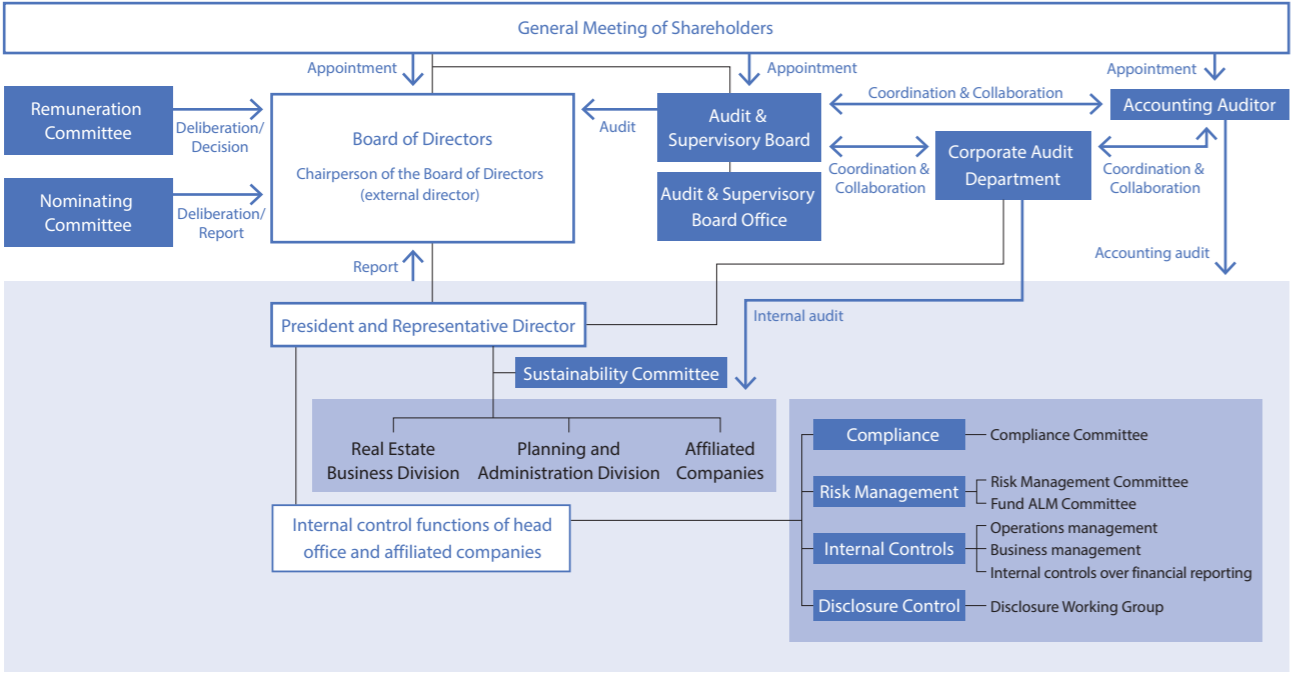
The Group considers that it is a critically important management matter to build a corporate governance mechanism with fully functioning internal controls, risk management, compliance and disclosure control. We intend to faithfully execute business and fulfill accountability to our stakeholders.

Corporate Governance Mechanism

Hulic understands its responsibilities towards all of its stakeholders including shareholders, and makes a point of carrying out corporate management in a transparent and sincere manner, while striving to enhance corporate governance through formulation of the Corporate Governance Guidelines.

The Board of Directors (the Board), which is comprised of directors elected at the General Meeting of Shareholders, holds regular meetings once a month in principle and is convened when necessary, and resolves matters specified in laws and the Articles of Incorporation and important matters related to business execution in accordance with the Board of Directors Rules. The Board also oversees the overall execution of duties by managing officers who were appointed by the Board and are responsible for business execution. The Board of Directors comprises 10 directors (six are external directors). More than half are external directors, and all of these are independent external officers. In addition, an external director serves as the chairperson of the Board of Directors (as of April 1, 2025).

Diagram of Hulic’s Corporate Governance (as of April 1 , 2025)



Nominating Committee and Remuneration Committee

We have established “discretionary committees” following the enactment of the Corporate Governance Code, effected on June 1, 2015. All members of each committee are independent external directors.

Nominating Committee

Deliberates and reports on the nomination of candidates for Directors and Audit & Supervisory Board members. [Status of Activities and Specific Matters Considered in FY2024]

- Number of events: 1 time
- Details of consideration: Consideration of promotion of directors with titles, examination of the appropriateness of executive directors, consideration of succession plan

Remuneration Committee

Deliberates and decides on the specific remuneration of directors within the range of the amount resolved at the General Meeting of Shareholders. [Status of Activities and Specific Matters Considered in FY2024]

- Number of events: 2 times
- Details of the study: Examination and determination of basic remuneration for each director, examination and determination of performance-based remuneration for each executive director, consideration and partial revision of the compensation system for executive directors

The Members of the Board of Directors, Audit & Supervisory Board and Committees

The Company’s Board of Directors, Audit & Supervisory Board, Nominating Committee and Remuneration Committee include the following members. As of April 1, 2025, the Board of Directors and Audit & Supervisory Board included ten male and five female members, bringing the ratio of female directors and Audit & Supervisory Board members to 33%.

Title	Name	Board of Directors	Audit & Supervisory Board	Nominating Committee	Remuneration Committee
Representative Director, Chairman	Saburo Nishiura	○	—	—	—
Representative Director, President	Takaya Maeda	○	—	—	—
Director, Vice President	Tadashi Nakajima	○	—	—	—
Director, Vice President	Hiroshi Hara	○	—	—	—
External Director, Chairperson of the Board of Directors	Tsukasa Miyajima	◎	—	◎	○
External Director	Hideo Yamada	○	—	○	◎
External Director	Atsuko Fukushima	○	—	○	○
External Director	Shinji Tsuji	○	—	○	○
External Director	Kiyomi Akita	○	—	—	—
External Director	Yuko Takahashi	○	—	—	—
Full-Time Audit & Supervisory Board Member	Masahiro Okamoto	—	◎	—	—
Full-Time Audit & Supervisory Board Member	Mie Tanaka	—	○	—	—
External Auditor	Nobuyuki Kobayashi	—	○	—	—
External Auditor	Noriko Koike	—	○	—	—
External Auditor	Masao Aratani	—	○	—	—

The chairpersons are indicated with ◎.

Executive Officer Nominations

● Policy on Nominating Board of Director and Audit & Supervisory Board Member Candidates

When nominating candidates for the Board of Directors or the Audit & Supervisory Board, in addition to having excellent character and insight and appropriately fulfilling the duty of care, candidates are selected based on their professional experience and expertise as well as the contribution they

are expected to make improvements to the corporate value from an unbiased perspective. Efforts are made with regard to Audit & Supervisory Board candidates in particular, to appoint at least one candidate with extensive accounting knowledge.

● Procedure for Nominating Board of Director and Audit & Supervisory Board Member Candidates

When nominating candidates for the Board of Directors or the Audit & Supervisory Board, reports are submitted to the Board of Directors after deliberation by the Nominating Committee, which is comprised entirely of independent

external directors. The reasons for nominating each candidate are included in Reference Documents for General Meeting of Shareholders.

Directors’ Skill Matrix

To achieve our Medium- and Long-Term Management Plan, we have defined the skills we consider necessary for directors as those related to (1) corporate management, (2) sustainability and ESG, (3) finance and accounting, (4) legal affairs and compliance, (5) risk management, (6) personnel

and labor affairs and human resources development, and (7) the real estate business.  
We appoint directors with the right skills in accordance with these requirements, and their skills are shown in the table below.

Name	Title	Corporate management	Sustainability and ESG	Finance and accounting	Legal affairs and compliance	Risk management	Personnel and labor affairs and human resources development	Real estate business
Saburo Nishiura	Representative Director, Chairman	◎	○	○		○	○	○
Takaya Maeda	Representative Director, President	◎	○			○	○	◎
Tadashi Nakajima	Director, Vice President	○	○			○	○	◎
Hiroshi Hara	Director, Vice President	○		○		◎	○	○
Tsukasa Miyajima	External Director, Chairperson of the Board of Directors		○		◎	○		
Hideo Yamada	External Director				◎	○	○	
Atsuko Fukushima	External Director		◎				○	
Shinji Tsuji	External Director	◎				○		
Kiyomi Akita	External Director		○				◎	
Yuko Takahashi	External Director	○		◎				

\* ◎ in a director’s skill matrix means the director in question has particularly outstanding skills in that particular area.  
\* The above list is not intended to be an exhaustive list of the knowledge and experience possessed by each director.

External Directors and External Auditors

We appointed independent external directors and independent external auditors who have fulfilled Hulic’s criteria for assessing the independence of independent external directors/auditors (disclosed in the Company’s

Corporate Governance Guidelines) in accordance with the Securities Listing Regulations of the Tokyo Stock Exchange. The expertise and reasons for appointment of the external directors and external auditors are as follows.

External Directors

Name	Attendance at Board of Directors meetings in FY2024	Occupation/affiliation, etc.	Reason for appointment	Independent Director
Tsukasa Miyajima	17 of 17 (100%)	Professor Emeritus of Keio University, Lawyer, Professor of Law and Graduate, School of Law of Asahi University	Mr. Miyajima has extensive experience and insight as a person of academic standing and the Company believes that he leverages this expertise in the management of the Group.	○
Hideo Yamada	17 of 17 (100%)	President of Yamada Ozaki Law Office	Mr. Yamada, a lawyer for many years, has refined views as a legal expert as well as experience leading such organizations as the Bar Association (as president), and the Company believes that he leverages this expertise for the management of the Group.	○
Atsuko Fukushima	17 of 17 (100%)	Journalist, Director of The Resona Foundation for Future	Ms. Fukushima has been active in the media industry for years and has extensive experience, so the Company believes she reflects her wide range of perspectives in areas including socio-economics, environment, culture and diversity in the management of the Group.	○
Shinji Tsuji	17 of 17 (100%)	Advisor, Sampo Holdings, Inc.	Mr. Tsuji has extensive experience and broad insight as the top management of a major non-life insurance company, and the Company believes that he leverages this expertise in the management of the Group.	○
Kiyomi Akita	17 of 17 (100%)	Professor Emeritus of the University of Tokyo, Professor of Gakushuin University	Ms. Akita has a high level of expertise in pedagogy (teaching), having served as a university professor and as an officer of a public interest incorporated foundation, and the Company believes that she leverages this expertise for the management of the Group.	○
Yuko Takahashi	17 of 17 (100%)	Yuko Takahashi Certified Public Accountants Office	Ms. Takahashi has expertise in corporate accounting and a wealth of experience as a member of management at a major advertising agency, and the Company believes that she leverages this expertise in the management of the Group.	○

External Auditors, Audit & Supervisory Board Members

Name	Attendance at meetings in FY2024		Occupation/affiliation, etc.	Reason for appointment	Independent Director
	Board of Directors	Audit & Supervisory Board			
Nobuyuki Kobayashi	17 of 17 (100%)	15 of 15 (100%)	Director of Kobayashi Certified Public Accountants Office	Mr. Kobayashi has specialized knowledge in accounting and taxation as a certified public accountant and tax accountant, so the Company believes that he audits management objectively and from a neutral position as an External Auditor and Audit & Supervisory Board member.	○
Noriko Koike	17 of 17 (100%)	15 of 15 (100%)	Koike Certified Public Accountants Office	Ms. Koike has extensive experience and specialized knowledge in accounting, so the Company believes that she audits management objectively and from a neutral position as an External Auditor and Audit & Supervisory Board member.	○
Masao Aratani*	14 of 14 (100%)	10 of 10 (100%)	Director, Meiji Yasuda Life Insurance Company (Full-time Audit & Supervisory Committee Member)	Mr. Aratani has extensive experience and broad insight as executives of a leading life insurance company, so the Company believes that he audits management objectively and from a neutral position.	○

\* The number of meetings attended in FY2024 since being appointed on March 26, 2024.

Criteria for Assessing the Independence of Independent External Officers

<p><b>1. The person himself/herself does not, or has not, at present or in the past three years, fall under the following categories:</b></p> <p>(1) Related parties of the Company</p> <p>The Company regards persons that fulfill the following requirements to be related parties.</p> <p>(a) An executor of business of a company in which the Company’s executor of business*1 assumes an executive position</p> <p>(b) A major shareholder or executor of its business that has 10% or more of the voting rights of the Company directly or indirectly</p> <p>(c) A partner of the Company’s financial auditor or its employee who performs audits of the Company</p> <p>(2) An executor of business of the Company’s major lender*2</p> <p>(3) An executor of business of a major counterparty*3 of the Company</p> <p>(4) A person who receives remuneration in an amount exceeding 10 million yen annually besides officer’s remuneration from the Hulic Group</p>	<p>(5) A person who executes the business of an organization that receives a donation*4 exceeding a certain amount from the Company</p> <p><b>2. Spouse, relatives within the second degree of kinship or persons living together with person himself/herself do not fall under the following categories at present (except for a person who is not significant)</b></p> <p>(1) An executor of a business of the Hulic Group</p> <p>(2) Persons who fall under the categories listed above in 1. (1)-(5)</p> <p>Note that when a person is deemed to be independent, although the above-mentioned requirements are not fulfilled, the Company may acknowledge the person to be independent by disclosing the basis for such decision.</p> <p><small>*1 Executor of business refers to a director with executive authority over operations and an important employee.</small></p> <p><small>*2 Major lender refers to a lender from which the Company has borrowed funds in an amount exceeding 2% of its consolidated total assets.</small></p> <p><small>*3 Major counterparty refers to a counterparty whose transactions with the Hulic Group exceed 2% of annual consolidated net sales of the said counterparty for the most recent fiscal year.</small></p> <p><small>*4 Donation exceeding a certain amount refers to a donation to an organization in an amount exceeding the larger of 10 million yen per year or 2% of the most recent total revenue of the said organization.</small></p>
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Assessment of the Effectiveness of the Board of Directors

The Board of Directors implements an annual self-assessment to continuously ensure its effectiveness, implementing

pertinent revisions to Board management based on these evaluations.

<p><b>Assessment Details</b></p> <p>As a result of the analysis and evaluation of the effectiveness of the Board of Directors in FY2024, we judged that governance is functioning effectively because an external director serves as the chairman of the board, the majority of the total members are external directors with diverse expertise, in addition, the percentage of women has exceeded 30%, a culture has been fostered in which each officer can easily express his or her opinions, and appropriate risk-taking and risk management are being carried out.</p>	<p>However, we confirmed that we will recognize and address the following points as ongoing issues for the Board of Directors.</p> <ul style="list-style-type: none"><li>• We will continue to deepen deliberations and discussions on important agenda such as medium- to long-term management policies.</li><li>• We will present a wide range of risks related to our business and further deepen appropriate risk judgment through the classification and organization of risks.</li></ul>
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Feedback from external directors includes “Board’s management including sharing the explanation materials in advance is efficient and well balanced,” “From the perspective of diversity, advanced initiatives are promoted

and further strengthening of governance is pursued,” and “Various opinions are accepted and opinions are exchanged from various perspectives.”

Auditing Mechanism and Status

<p>Hulic is a company with an Audit &amp; Supervisory Board, five Audit &amp; Supervisory Board elected at the General Meeting of Shareholders (two are full-time auditors and three are external auditors). In audits conducted by the Audit &amp; Supervisory Board members, the members investigate the status of execution of duties by directors, managing officers and each division in accordance with the audit basic policy and the audit basic plan formulated by the Audit &amp; Supervisory Board. These audits consist of attending meetings of the Board of Directors as well as other meetings and internal committees when required, interviewing directors and managing officers on the execution of duties, and reviewing important documents and accounting documents, etc. The Audit &amp; Supervisory Board Office has been established to support the duties of Audit &amp; Supervisory Board members.</p>	<p>Ernst &amp; Young ShinNihon LLC conducts audits of the financial statements and internal controls as an independent accounting auditor.</p> <p>Regarding the internal audits, the Corporate Audit Department, which is independent from other business execution lines conducts internal audits of the Company and Group companies. Specifically, the Corporate Audit Department conducts internal audits in accordance with the “Basic Plan for Internal Audits” systematically, and gives them some advice, guidance and corrective recommendations to solve the problems. Also, the results of internal audits of the Company and group companies conducted by the Corporate Audit Department are reported to the Board of Directors on a quarterly basis.</p>
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Matters Pertaining to Policies for Determining the Amount and Means of Calculating Executive Officer Compensation, etc.

<p>● <b>Policy for Determining Executive Officer Compensation, etc.</b></p> <p>The compensation for directors (excluding external directors) consists of a basic fixed compensation, based on their position within the Hulic Group and the weight of their responsibilities, as well as performance-based compensation, which is linked to earning performance of the Company and their contribution to those earnings.</p> <p>In accordance with a resolution at the 86th General Meeting of Shareholders, a portion of performance-based compensation is allocated to a share-based payment plan designed to give incentives for performing duties, in order</p>	<p>to achieve the sustainable growth of the Company and to enhance corporate value from the shareholders’ perspective.</p> <p>Furthermore, compensation for external directors and Audit &amp; Supervisory Board members consists solely of basic compensation in consideration of their roles and responsibilities.</p> <p>Moreover, a resolution pertaining to the method for determining executive officer compensation was passed at a Board of Directors meeting held on February 18, 2021.</p>
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<p>● <b>General Meeting of Shareholders Resolution Details and Determination of Specific Remuneration Related to Executive Officer Compensation, etc.</b></p> <p>At the 92nd General Meeting of Shareholders, it was resolved that the annual amount for Board of Directors' monetary compensation is up to JPY1,000 million. (Of this amount, up to JPY120 million can be paid to external directors.) Additionally, a resolution at the 85th General Meeting of Shareholders stipulates an annual amount of up to JPY150 million for Audit &amp; Supervisory Board member monetary compensation.</p> <p>A resolution at the 94th General Meeting of Shareholders specifies a change in Board Benefit Trust (BBT) to a maximum of 400,000 points per fiscal year with respect to share-based payments for directors (excluding external directors).</p>	<p>When determining the amount of remuneration for individual directors, the Remuneration Committee, which consists entirely of independent external directors authorized by the Board of Directors, deliberates and makes decisions within the scope of compensation determined by the General Meeting of Shareholders. Further, Audit &amp; Supervisory Board member compensation is determined as a separate system from director compensation within the scope of compensation determined by the General Meeting of Shareholders, in consultation with the Audit &amp; Supervisory Board.</p>
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● Performance-based Compensation

Director compensation (excluding external directors) includes performance-based compensation, which consists of bonus payments and stock compensation, and basic compensation, which is in addition to performance-based compensation. Performance-based compensation accounts for 40 to 50% and basic compensation accounts for 50 to 60% of total director remuneration. Hulic uses the percentage of change in the preceding fiscal year consolidated ordinary profit as an indicator for performance-based compensation. Our business performance is concisely represented by consolidated ordinary profit as it takes into account interest expenses and other non-operating income thus we decided to use the

percentage of change in consolidated ordinary profit as it is considered to represent a medium- to long-term sustainable increase in shareholder value. Moreover, the total amount of performance-based compensation for directors will not change if the percentage change in the preceding fiscal year's consolidated ordinary profit doesn't reach at a certain level. The ratio of performance-based compensation in the form of bonuses (monetary portion) to share-based compensation (BBT) is 1:1, and the share-based compensation portion is subject to revocation of previously granted shares in the event of misconduct.

Directors/Auditors' Compensation

Post	Total amount of compensation (JPY million)	Total amount by type of compensation (JPY million)				Number of directors/auditors
		Fixed compensation	Performance-based compensation (in stock)	Performance-based compensation (bonus)	Of these amounts, non-monetary compensation	
Directors (excluding External Directors)	1,013	446	283	283	283	7
Auditors (excluding External Auditors)	72	72	—	—	—	2
External Directors/Auditors	166	166	—	—	—	10

\*1 The amount of stock compensation is provision to reserves for stock benefits posted as the portion for the current fiscal year, for performance-based compensation system.  
\*2 The total non-monetary compensation to directors (excluding external directors) consists of JPY283 million in performance-based compensation (in stock).

Risk Management

Fundamental Approach

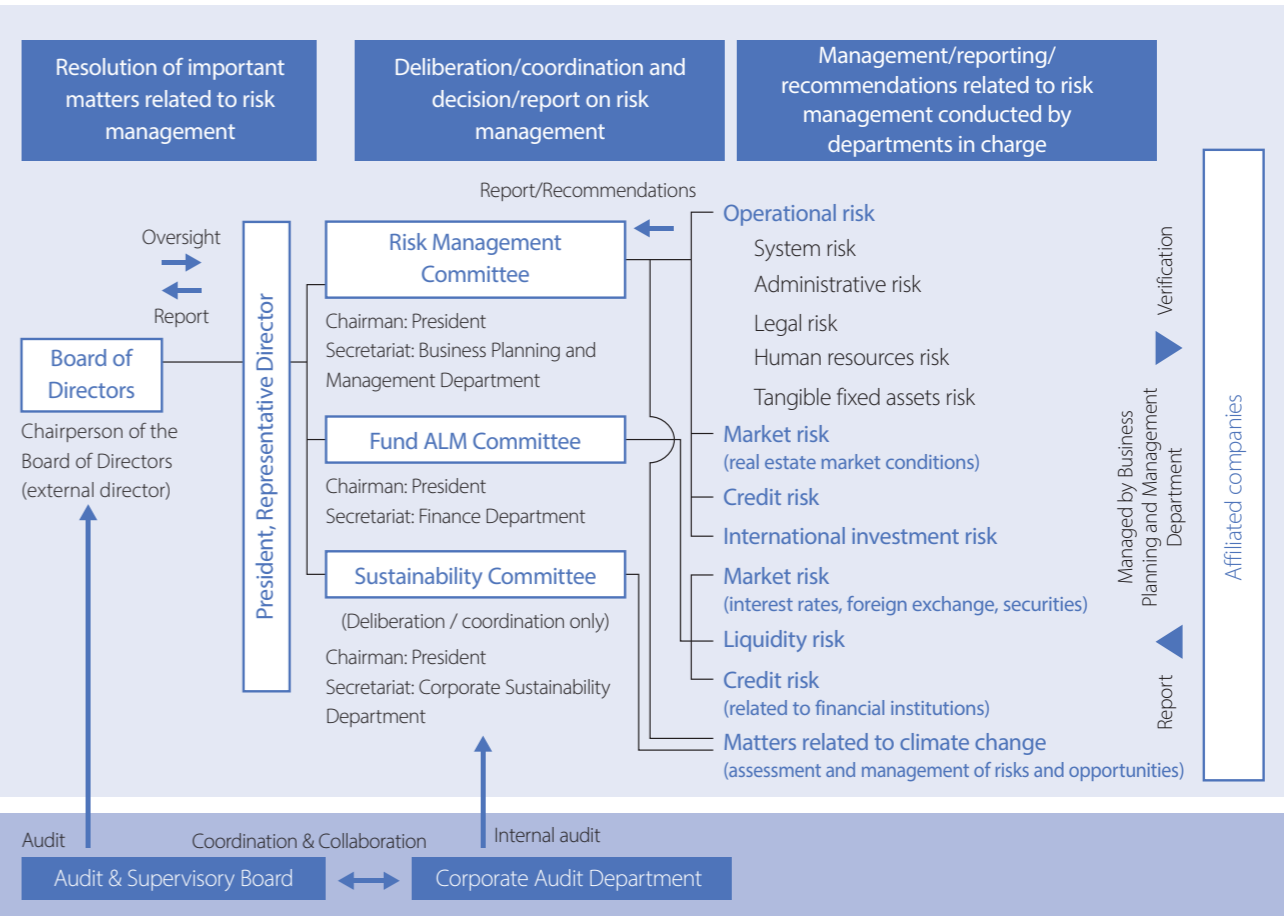
Pursuant to the Basic Rules of Risk Management, we manage various risks related to the Group's businesses including operational, market, liquidity and credit risk, among others.

Risk Management Mechanism

Hulic recognizes that appropriately managing risks of the Company and its affiliates is one of its most important management challenges, and has set up a structure with the Board of Directors at the top while working to make improvements. The department responsible for a particular risk stripe formulates risk management method, then appropriately monitors and controls risk. The status of risk management is reported to the Risk Management Committee and Fund ALM Committee regularly and as required by the department in charge with its recommendations. The Risk Management Committee and Fund ALM Committee, which convene regularly, examine the reports and recommendations provided by the departments in charge of risk management, assess overall risks and discuss appropriate

responses before reporting to the Board of Directors. The Board of Directors resolves important matters related to risk management upon receiving reports from the Committees. We also verify that our affiliated companies are implementing appropriate risk management by requiring them to submit accurate and pertinent reports. In these ways, the Board of Directors has an oversight of risk management of our Group. Furthermore, the Corporate Audit Department conducts internal audits periodically. Risk stripes will be reviewed and added as necessary. In 2024, the Fund ALM Committee held four special meetings in addition to regular monthly meetings in order to closely monitor interest rates, securities and other market risks, in an effort to flexibly respond to each risk scenario.

Diagram of Risk Management Mechanism



Business Continuity Initiatives for Emergencies (BCPs)

Our Basic Plan for Business Continuity defines the framework and method for continuing important business functions while minimizing damage to Hulic executives, employees and their families and damage to Company facilities in the event of an emergency. We have also created a BCP manual outlining specific response procedures and have thoroughly communicated the contents to executives and employees. In addition, a disaster response training drill is conducted once a year or more. The drill tests processes of establishing an emergency response headquarters, verifies operation of the safety confirmation system, and provides training on communication and information gathering among other

things. This serves to reaffirm the importance of business continuity for executives and employees as well as standards of behavior related to disaster countermeasures. Furthermore, we analyze and evaluate the issues identified in the drill, and work to build a more practical BCP system by reflecting these issues in a revised BCP manual. Being a real estate company that develops and owns numerous properties, Hulic needs to prepare measures against a disaster strike. In addition to measures from a structural perspective such as building structure, we are taking various steps on operational and managerial fronts as well, which are reviewed when required.

Compliance

Fundamental Approach

We strive to fulfill Hulic’s corporate social responsibilities and prove ourselves worthy of all of our stakeholders’ trust including but not limited to our customers. Each and every employee fully complies with applicable laws and in-house rules as well as engages in business activities based on high ethical standards.

Compliance Promotion Mechanism

Hulic’s basic policy positions compliance as one of the most important management matters, with absolute adherence to all applicable laws and rules, and to faithfully and fairly perform corporate activities that are in line with social norms. Compliance-related matters are set forth in the Compliance Manual, which is shared throughout the Group to ensure that daily operations are always performed with a high level of ethical standards. We have established a company-wide management mechanism for compliance composed of the Board of Directors at the top. The Compliance Committee assesses and manages compliance-related risk by monitoring the status of compliance including information management, and the status of implementation of compliance program. The Committee reports regularly to the Board of Directors, which in turn resolves important matters related to compliance based on these reports. There were no compliance breaches related to our business, services, or transaction methods in FY2024.

Compliance Manual

The Compliance Manual stipulates the following in accordance with Our Code of Conduct.

- 1. Respect human rights and prohibit discrimination and harassment
- 2. Comply with laws and rules
- 3. Conduct business in a faithful and fair manner
- 4. Manage information appropriately
- 5. Adhere to insider trading regulations
- 6. Avoid involvement with anti-social forces
- 7. Be considerate of environmental conservation
- 8. Maintain and encourage the best communication possible
- 9. Respect intellectual property rights
- 10. Prohibit bribery, and rules concerning gifts and entertainments
- 11. Ensure transparency and reasonableness of transactions

Compliance Trainings

We provide trainings on themes corresponded with Compliance Manual including prohibiting bribery and handling of gifts and entertainments, intellectual property right, insider trading and severing all relations with antisocial forces on a regular basis to raise awareness of compliance among all employees including temporary employees.

Compliance Hotline

Our employees are encouraged to report directly to the internal or external compliance hotline when they consider it unlikely that appropriate corrective actions will be implemented after they consult with the compliance officers of their departments on matters involving compliance issues, or when they are uncomfortable consulting with compliance officers due to the nature of the issues involved. The target of the Compliance Hotline are the matters which executive officers, employees of the Company, retirees and employees of our business partners are involved, when there is concern on harassment, etc. When a report is made, we investigate the facts and respond promptly while giving due consideration to the protection of the reporter.

Information Security Management

For effective information security, Hulic has established a management system based on information management rules, and we are implementing sound operations. In particular, with the growing use of cloud services, we are advancing comprehensive measures such as access controls on devices, function restrictions based on channels and user permissions, and monitoring of usage logs. In addition, we are strengthening every employee’s awareness of the importance of information management and information security on our systems through compliance training and other programs. As well, on top of conducting internal audits to monitor compliance with Company rules on information management, we also have security specialists conduct technical audits, as necessary, to maintain an effective management system.

Initiatives for Our Shareholders and Investors

Fundamental Approach

We strive to ensure appropriate and timely information disclosure, and actively conduct briefing sessions on financial results. These represent our efforts to achieve diverse forms of mutual communication.

Information Disclosure Policy

In accordance with the Disclosure Policy, we are aiming at fair, timely and accurate information disclosure for shareholders and investors in order for them to make investment decisions. Not only to comply with relevant laws and regulations, we actively disclose management strategies and financial information, etc. so that investors are able to understand more of our business activities.

Enhancement of Various IR Tools

In addition to shareholder newsletters issued semiannually (only in Japanese), we post the latest topics through the “Investor Relations” section of our website in a timely manner. Emails are also sent to allow investors to receive information in more timely manner. Every time news about the Company is released, we send to registrants by email. (only in Japanese)



Shareholder Incentives

As a token of our appreciation for the continued support of our shareholders, we offer a shareholder incentive program. Shareholders who have held 300 or more shares continuously for at least two years under the same shareholder number as of the record date are eligible to receive a gourmet gift catalog worth JPY6,000 once a year (two items valued at JPY3,000 each).

Shareholder Returns

We consider appropriate returns to our shareholders as a management matter. Our basic policy is to provide stable dividend payment based on our business performance trend. We are targeting a dividend payout ratio 40% or higher under the new Medium-Term Management Plan (2025-2027).

Briefing Sessions for Investors

We ensure that all shareholders and investors develop a deep understanding of our activities. Briefing sessions on financial results are held semiannually (at the second quarter and fiscal year ends) by the Company’s top management primarily for institutional investors. In addition, we also provide numerous one-on-one meetings with mainly institutional investors both in Japan and abroad. We are committed to enhancing information accessibility for individual investors by providing a dedicated page on our website, responding to inquiries via email, and issuing shareholder newsletters twice a year.

External Evaluations of IR Activities

Hulic’s website discloses timely and detailed information on our various activities. In 2024, our website was selected as the “excellent website in all markets ranking” in Nikko Investor Relations Co., Ltd.’s All Japanese Listed Company Website Ranking 2024. In addition, our website won the silver prize in Gomez IR Site Ranking.



Directors, Auditors and Managing Officers (as of April 1, 2025)

Board of Directors



Representative Director,  
Chairman  
**Saburo Nishiura**

April	1971	Joined The Fuji Bank, Limited
August	2000	The Fuji Bank, Limited, Managing Executive Officer, Head of Corporate Group and General Manager of Corporate Development Division
April	2002	Mizuho Bank Ltd., Managing Executive Officer
April	2004	Mizuho Bank, Ltd., Deputy President
March	2006	Joined Hulic Co., Ltd., Representative Director, President
March	2016	Hulic Co., Ltd., Representative Director, Chairman (to date)
May	2022	Riso Kyoiku Co., Ltd., Director (Non-executive) (to date)



Representative Director,  
President  
**Takaya Maeda**

April	1984	Joined Taisei Corporation
October	2007	Joined Hulic Co., Ltd., Deputy General Manager of Real Estate Development Department 2
June	2008	Hulic Co., Ltd., General Manager of Real Estate Development Department 2
March	2009	Hulic Co., Ltd., Director, Managing Officer, General Manager of Real Estate Development Department 2
October	2010	Hulic Co., Ltd., Director, Managing Officer, General Manager of Business Planning Department
April	2013	Hulic Co., Ltd., Director, Managing Officer, General Manager of Real Estate Planning Department
April	2014	Hulic Co., Ltd., Director, Executive Managing Officer, General Manager of Real Estate Planning Department
January	2015	Hulic Co., Ltd., Director, Executive Managing Officer, General Manager of Real Estate Development Department 1
April	2020	Hulic Co., Ltd., Director, Senior Executive Managing Officer
April	2021	Hulic Co., Ltd., Representative Director, Vice President
March	2022	Hulic Co., Ltd., Representative Director, President (to date)



Director, Vice President  
**Tadashi Nakajima**

April	1980	Joined Nomura Real Estate Development Co., Ltd.
April	2012	Nomura Real Estate Development Co., Ltd., Director, Managing Executive Officer
May	2012	Nomura Real Estate Holdings, Inc., Executive Officer
April	2013	Nomura Real Estate Development Co., Ltd., Director, Senior Managing Executive Officer, General Manager of Commercial Property Development & Management Division
April	2014	Nomura Real Estate Development Co., Ltd., Representative Director, Senior Managing Executive Officer, General Manager of Commercial Property Development & Management Division
April	2016	Nomura Real Estate Development Co., Ltd., Advisor
August	2016	Joined Hulic Co., Ltd., Executive Managing Officer, General Manager of Real Estate Development Department 3
April	2017	Hulic Co., Ltd., Executive Managing Officer, General Manager of Value-add Business Department, General Manager of Development Solution Department
January	2019	Hulic Co., Ltd., Executive Managing Officer
March	2020	Hulic Co., Ltd., Director, Executive Managing Officer
April	2021	Hulic Co., Ltd., Director, Senior Executive Managing Officer
March	2024	Hulic Co., Ltd., Director, Vice President (to date)



Director, Vice President  
**Hiroshi Hara**

April	1988	Joined The Fuji Bank, Limited
April	2012	Mizuho Bank, Ltd., General Manager of Ueno Branch and General Manager of Ueno Branch Division 1
May	2015	Hulic Co., Ltd., General Manager in charge of Real Estate Planning Department
August	2017	Hulic Co., Ltd., General Manager of Real Estate Planning Department
April	2019	Hulic Co., Ltd., Managing Officer, General Manager of Real Estate Planning Department
April	2021	Hulic Co., Ltd., Executive Managing Officer, General Manager of Real Estate Planning Department
January	2023	Hulic Co., Ltd., Executive Managing Officer, General Manager of Business Planning and Management Department, General Manager of Human Resources Department
March	2024	Hulic Co., Ltd., Director, Senior Executive Managing Officer, General Manager of Business Planning and Management Department, General Manager of Human Resources Department
April	2024	Hulic Co., Ltd., Director, Senior Executive Managing Officer, General Manager of Business Planning and Management Department
April	2025	Hulic Co., Ltd., Director, Vice President (to date)



External Director,  
Chairperson of the  
Board of Directors  
**Tsukasa Miyajima**

April	1990	Keio University Faculty of Law, Professor and Doctor of Law
April	2003	Registered as a lawyer
April	2004	General Insurance Rating Organization of Japan, Director
June	2007	Meiji Yasuda Life Insurance Company, Councilor
March	2009	Hulic Co., Ltd., External Director (to date)
October	2010	Japan Association of Private Law, Director
October	2013	Japan Railway Construction, Transport and Technology Agency, Asset Disposal Committee Chairman
June	2014	Dai Nippon Printing Co., Ltd., External Director (to date)
June	2015	MIKUNI CORPORATION, External Auditor (to date)
June	2015	Mitsui Sumitomo Insurance Company, Limited, External Director
October	2015	Den-en Chofu Gakuen, Councilor
April	2016	Keio University, Emeritus Professor (to date)
April		Asahi University, Professor of School of Law/Graduate School of Law (to date)
June	2018	Daifuku Co., Ltd., External Auditor (to date)
July	2021	Japan Cooperative Insurance Association Incorporated, Committee Member of Examination Committee (to date)
March	2024	Hulic Co., Ltd., External Director, Chairperson of the Board of Directors (to date)



External Director  
**Hideo Yamada**

April	1984	Registered as a lawyer
May	1998	TAIYO CHEMICAL INDUSTRY CO., LTD., External Auditor (to date)
June	2004	SATO CORPORATION, External Director
March	2006	Lion Corporation, External Director
June	2007	Ishii Food Co., Ltd., External Auditor
June		MIKUNI CORPORATION, External Auditor
March	2009	Hulic Co., Ltd., External Director (to date)
March	2011	Seibu Lions, Inc., External Auditor
April	2014	Daini Tokyo Bar Association, President
April		Japan Federation of Bar Associations, Vice President
June	2015	SATO HOLDINGS CORPORATION, External Director (to date)
June		Akiko Tachibana Memorial Foundation, Chairman of the Board of Directors (to date)
June	2016	MIKUNI CORPORATION, External Director (to date)
June	2023	YOSHIMOTO KOGYO HOLDINGS CO., LTD., External Director (to date)



External Director  
**Atsuko Fukushima**

April	1985	Joined CHUBU-NIPPON BROADCASTING CO., LTD.
April	1988	NHK contract presenter
October	1993	TBS contract presenter
April	2005	TV Tokyo economics program regular presenter
April	2006	Shimane University, Management Council Member
December	2006	Panasonic Corporation (currently Panasonic Holdings Corporation), Management Advisor
March	2012	Hulic Co., Ltd., External Director (to date)
June	2015	Nagoya Railroad Co., Ltd., External Director (to date)
June		Calbee, Inc., External Director (to date)
October	2017	The Resona Foundation for Future, Director (to date)
March	2020	Councilor of Forestry Policy Council, Ministry of Agriculture, Forestry and Fisheries
February	2022	Kewpie Corporation, External Director (to date)
April	2025	Selection Committee for Tokyo Honorary Citizens (to date)



External Director  
**Shinji Tsuji**

April	1979	Joined The Yasuda Fire & Marine Insurance Co., Ltd.
April	2009	Sompo Japan Insurance Inc., Managing Executive Officer
June	2011	NKSJ Holdings, Inc. (currently Sompo Holdings, Inc.), Director, Managing Executive Officer
April	2014	NKSJ Holdings, Inc. (currently Sompo Holdings, Inc.), Representative Director, Deputy President and Senior Managing Executive Officer
April	2017	Sompo Holdings, Inc., Group CFO, Representative Director, Deputy President and Senior Executive Officer
June	2019	Sompo Holdings, Inc., Group COO, Director, Deputy President and Representative Executive Officer
March	2022	Hulic Co., Ltd., External Director (to date)
April	2022	Sompo Holdings, Inc., Director
June	2022	Sompo Holdings, Inc., Advisor (to date)



External Director  
**Kiyomi Akita**

April	1980	Joined The Fuji Bank, Limited
April	2004	The University of Tokyo Graduate School of Education, Professor
April	2005	The Open University of Japan, Visiting Professor
July	2015	The University of Tokyo Graduate School of Education, Founding President of The Center for Early Childhood Development, Education, and Policy Research
April	2018	The University of Tokyo, Dean of Graduate School of Education and Faculty of Education
April	2021	Gakushuin University, Professor of Department of Education in Faculty of Letters (to date)
June	2021	The University of Tokyo, Professor Emeritus (to date)
March	2023	Hulic Co., Ltd., External Director (to date)
April	2023	Children and Families Agency, Chairperson of Child and Families Council (to date)
		Ministry of Education, Culture, Sports, Science and Technology, Central Council for Education, Chairperson of Teacher Training Committee (to date)
October	2023	Ministry of Education, Culture, Sports, Science and Technology, Central Council for Education, Vice Chairperson of Education Curriculum Committee (to date)



External Director  
**Yuko Takahashi**

October	1992	Joined Century Audit Corporation (currently KPMG AZSA LLC)
April	1996	Registered as a certified public accountant
February	2001	Joined Dentsu Inc.
April	2010	Dentsu Inc., General Manager of Business Administration
		Department of Global Business Management Division
August	2014	Dentsu Inc., General Manager of Global Finance
		Department of Corporate Strategy Division
January	2017	Dentsu Inc., Managing Director of Finance & Accounting Office Division
January	2020	Dentsu Group Inc., Executive Officer
July	2021	Established Yuko Takahashi Certified Public Accountants Office
January	2022	17LIVE Inc., External Auditor (to date)
March	2022	Dentsu Group Inc., Director (Non-executive)
March	2023	Hulic Co., Ltd., External Director (to date)
June	2023	Microwave Chemical Co., Ltd., External Director (Audit and Supervisory Committee Member) (to date)
June	2024	LINE Yahoo Co., Ltd., External Director (Audit and Supervisory Committee Member) (to date)

Audit & Supervisory Board Members



Senior Corporate  
Auditor, Full-Time Audit &  
Supervisory Board Member  
**Masahiro Okamoto**

April	1985	Joined The Fuji Bank, Limited
April	2008	Mizuho Bank, Ltd., General Manager of Iwaki Branch
October	2013	Mizuho Financial Group, Inc., General Manager of Legal Division, Mizuho Bank, Ltd., General Manager of Legal Division
July	2016	Nippon View Hotel Co., Ltd., Full-time Statutory External Auditor
March	2021	Hulic Co., Ltd., Senior Corporate Auditor, Full-Time Audit & Supervisory Board Member (to date)
		Nippon View Hotel Co., Ltd., Auditor
		TOKYO SOIR CO., LTD., External Director and Audit and Supervisory Committee member (to date)



Senior Corporate  
Auditor, Full-Time Audit &  
Supervisory Board Member  
**Mie Tanaka**

December	2010	Registered as a lawyer
January	2011	Joined Akamatsu & Yonezu Law Office
September	2011	Joined Tamuracho Sogo Law Office
December	2011	Registered as a tax accountant
December	2015	Joined Tairaka Law Offices
October	2016	Joined Hulic Co., Ltd.
October	2017	Hulic Co., Ltd., Assistant Manager of Corporate Planning Department
July	2018	Hulic Co., Ltd., Deputy General Manager of Corporate Planning Department
April	2020	Hulic Co., Ltd., Deputy General Manager of Legal & Compliance Department
November	2020	Hulic Co., Ltd., Deputy General Manager of Business Planning and Management Department
March	2023	Hulic Co., Ltd., Senior Corporate Auditor, Full-Time Audit & Supervisory Board Member (to date)



External Auditor, Audit &  
Supervisory Board Member  
**Nobuyuki Kobayashi**

March	1991	Registered as a certified public accountant
December	1995	Established the Kobayashi Certified Public Accountants Office
March	2005	Registered as a tax accountant
April	2007	National Institute for Environmental Studies, Japan, Auditor
March	2009	Hulic Co., Ltd., External Auditor, Audit & Supervisory Board Member (to date)
April	2010	Nagoya University of Commerce & Business (graduate school), Professor (to date)
October	2011	Japan Arts Council, Auditor
July	2017	The Japan Institute for Labour Policy and Training, Auditor
October	2017	Tokyo District Court, Adviser (to date)
June	2019	The Japanese Institute of Certified Public Accountants Tokyo Chapter, Deputy Chairman (to date)
July	2022	The Japanese Institute of Certified Public Accountants, Director (to date)
April	2023	Shinshu University, Faculty of Economics and Law, Part-Time Lecturer



External Auditor, Audit &  
Supervisory Board Member  
**Noriko Koike**

October	1989	Joined Aoyama Audit Corporation (currently PricewaterhouseCoopers Japan LLC)
April	1993	Registered as a certified public accountant
September	1994	Joined Yamada & Partners Accounting Office (currently Yamada & Partners Tax Co.)
January	1997	Established Koike Certified Public Accountants Office
June	2015	The Higashi-Nippon Bank, Limited, External Auditor
June	2020	Matsumotokiyo Holdings Co., Ltd. (currently MatsukiyokoCocokara & Co.), Outside Auditor (to date)
March	2023	Hulic Co., Ltd., External Auditor, Audit & Supervisory Board Member (to date)
June	2024	Autec Co., Ltd., External Director (Audit and Supervisory Committee Member) (to date)

Managing Officers

Vice President

**Yasuki Yakabi**

Executive Managing Officer

**Kazuhiro Noguchi**

**Mikio Morikawa**

**Yoshito Nishikawa**

**Yasushi Umeda**

**Yoshikazu Nagatsuka**

Senior Executive Managing Officer

**Miki Kurobe**

**Naoto Oohitsu**

Managing Officer

**Ken Ohta**

**Mayumi Naruse**

**Takafumi Asakawa**

**Yuuji Mutagamihigashi**

**Keiko Yoshinaga**

**Kiyokazu Shibuya**

**Hiroyuki Iijima**

**Yasuhiro Kinoshita**

## Message from the Chairperson of the Board of Directors



**Tsukasa Miyajima**

Chairperson of the Board of Directors, External Director

In my message from the 2024 report, entitled “Hulic’s unrelenting corporate governance,” I stated that Hulic’s initiatives to improve corporate governance began with a unique commitment long before Japan’s Corporate Governance Code came into effect in June 2015, and that these initiatives have continued to evolve year after year. The most recent example of this evolution came in 2024, when the Company appointed me, an external director, as chairperson of the Board of Directors. Statistics from 2023 show that only a small number of companies have adopted this governance structure. Specifically, just 2.1% of all listed companies, 3.6% of companies on the Tokyo Stock Exchange Prime Market, and 8.5% of JPX 400 companies have appointed an external director to chair their board. A decision was made to adopt this model after carefully considering what an optimal corporate governance structure should look like for Hulic, in the belief that it would be more appropriate for the board of directors to serve as a monitoring body, even though it may be somewhat inconvenient for the executive side.

The role of the chairperson at meetings is to act as a facilitator, eliciting opinions without bias and guiding discussions to a conclusion. As an external director serving as chairperson, I must collaborate closely with the executive team and the Board’s secretariat, while understanding the fundamental perspectives of other external directors and auditors, each of whom have diverse skills. It is impossible to run a smooth meeting without knowing what agenda items will be discussed and understanding the executive team’s objectives and true intentions. Regular communication with other external directors and auditors who oversee business execution from a different perspective than the executive team, is essential in order to anticipate how they will react to proposals.

I sometimes question whether I am truly fulfilling this role effectively. Even now, nearly a year after being appointed, I find myself constantly questioning how much I am truly contributing to Hulic as a company, including its stakeholders, in my capacity as an external director and chairperson. There is no doubt that Hulic’s Board of Directors is an exceptionally well-run and highly rational body, with discussions that are concise and to the point, especially when compared to the boards of companies where I have served or currently serve as an external director or auditor. If the outstanding way in which past chairpersons have managed proceedings since listing is a reflection of Hulic’s DNA, which values speed and innovation in business activities, then in that sense, I may also have been able to fulfill my role as chairperson, as my own guiding principle is to be concise and to the point. However, the true challenge lies in balancing the role of chairperson, who must remain impartial, with the need to understand the executive team’s objectives while also representing the interests of shareholders and other stakeholders as an external director. In this respect, I may still be struggling to find my footing. That said, one source of confidence for me is that, having walked alongside Hulic since its listing, I have a deep understanding of where Hulic stands and where it is heading, which enables me to manage board proceedings with unwavering trust in Hulic’s future.

## Messages from an External Director and an External Auditor



**Kiyomi Akita**

External Director

Extensive experience as a university professor specializing in human resource development and other pedagogical fields.  
External Director since 2023

In today’s rapidly changing global environment, often referred to as a VUCA world, characterized by volatility, uncertainty, complexity, and ambiguity, there is growing demand to enhance corporate governance mechanisms. Hulic’s Board of Directors, chaired by an external director, consists of four internal directors and six external directors. Three of the five Audit & Supervisory Board members are external members. With external members making up the majority of both boards, discussions benefit from a diverse range of expertise and well-balanced gender representation. Hulic swiftly develops innovative new businesses while responding quickly

and flexibly to changes in the business environment. It is precisely because Hulic is striving to achieve management that balances P/L growth, profitability, B/S soundness, and productivity, that it encourages open and dynamic discussions among managing officers and external directors, based on transparent information disclosure, thereby ensuring fair and thorough deliberation on risks and benefits and the value Hulic generates from multifaceted perspectives. Through these discussions, external directors also gain an understanding of Hulic’s management policies, medium- and long-term vision, and corporate value. Hulic is actively engaged in various SDGs initiatives to help realize a sustainable society and circular economy, contributing to social good. I am confident in Hulic’s ability to develop and evolve beyond its core businesses, such as real estate leasing and development, and expand into new ventures both domestically and internationally, with offerings that serve people of all ages, from children to the elderly. As one of its external directors, I am committed to continuous self-improvement and to fulfilling my responsibilities in this role, ensuring that Hulic can meet the expectations of stakeholders and society as it undergoes transformation and growth.



**Masao Aratani**

External Auditor, Audit & Supervisory Board Member

Extensive experience and broad insight as an executive of a leading life insurance company.  
External Auditor since 2024

### Initiatives to Strengthen Governance

Hulic is actively working to strengthen its governance, a commitment I deeply appreciate. In particular, it is implementing a wide range of effective measures, including establishing a highly transparent management structure, implementing rigorous risk management, and strengthening compliance.

Monthly meetings of the Board of Directors and the Audit & Supervisory Board are conducted with a keen awareness of the importance of governance. Participants are fully informed of agenda items, and ask questions from various financial, strategic, accounting, and legal perspectives. Management provides detailed responses to these questions, ensuring that participants gain a deeper understanding of the background to the agenda items.

### Efforts as an External Auditor

Hulic has long pursued a business style centered on “driving

innovation” and “accelerating progress” in the real estate industry to increase its corporate value. In recent years it has also expanded into new domains, striving for even greater growth. Given this, I believe the role of external auditors, who provide insights from a different perspective, is more important than ever.

To effectively fulfill this responsibility, I will continue to contribute to the establishment of a more effective governance mechanism by not only asking questions at meetings of the Board of Directors and the Audit & Supervisory Board, but also exchanging opinions with the management team and internal audit department.

### Expectations for Hulic

Hulic’s business model and rapid growth continue to attract attention. Hulic has been revolutionizing the real estate industry and achieving 16 consecutive years of profit and dividend growth since its listing, thereby creating economic value, while also actively enhancing its social value by setting a goal of transitioning all of its owned buildings to renewable energy.

To successfully realize these goals, it is essential to develop detailed plans that adapt to changing environments, as well as to foster a diverse talent capable of executing these plans with flexibility and initiative. My hope is that Hulic will continue to fulfill its corporate philosophy of contributing to the realization of a society full of safety, peace of mind and trust, while striving for even greater achievements. As an external auditor, I am committed to being a supportive and collaborative partner for Hulic.

# Financial Information

## Financial Analysis

### Business Results

#### Operating revenue

Operating revenue for FY2024 amounted to JPY591,615 million, increased JPY145,232 million YoY. This was due to a stable leasing income from properties completed and acquired in FY2023 and FY2024, as well as stable sales from real estate for sale.

#### Operating profit

Operating profit for FY2024 amounted to JPY163,360 million, increased JPY17,182 million YoY. This was due to a stable leasing income from properties completed and acquired, as well as higher gross sales margin from real estate for sale.

#### Ordinary profit

Ordinary profit for FY2024 amounted to JPY154,329 million, increased JPY16,892 million YoY. This was due to the above-mentioned increase in operating profit, while non-operating expenses increased as a result of higher interest expenses.

#### Profit attributable to owners of parent

Profit attributable to owners of parent for FY2024 was JPY102,341 million, increased JPY7,715 million YoY. This was due to the above-mentioned increase in ordinary profit, an increase in extraordinary income resulting from an increase in gain on sale of investment securities, an increase in extraordinary losses resulting from an increase in loss on step acquisitions, as well as an increase in taxes.

The business results for each segment were as follows.

(Operating revenue for each segment includes inter-segment operating revenue and the balance of book-entry transfers.)

#### Real Estate

The Group's core business is a leasing business that utilizes

approximately 250 buildings and properties (excluding real estate for sale), amounting to approximately 1,270,000 square meters of floor space, located mainly in Tokyo 23 wards.

From the perspective of constructing a competitive leasing portfolio that addresses the changing environment, we work to further improve the overall value of our buildings and properties not only by continuous portfolio reshuffling but also by developing and reconstructing properties that are highly earthquake resistant and environmentally friendly. In addition, we work to acquire stable and continuous capital gains and asset management fees through expanding pipelines for development/reconstruction and value-added projects as well as diversifying exit strategies of properties.

New acquisitions (non-current assets) in FY2024 included ALBORE GINZA (partial) (Chuo-ku, Tokyo), KIOXIA Yokkaichi Plant (Land) (Yokkaichi-shi, Mie), Rokumaru Gate Ikebukuro (partial) (Toshima-ku, Tokyo), and others.

In development/reconstruction business (non-current assets), Hulic Logistics Hashimoto (Chuo-ku, Sagamihara-shi) was completed in July 2024.

In addition, (tentative name) Misato Logistics Development Project (Misato-shi, Saitama), (tentative name) Ginza Building Reconstruction Project (Chuo-ku, Tokyo), (tentative name) Sapporo Reconstruction Project II (Chuo-ku, Sapporo-shi), (tentative name) Shinsaibashi Project (Chuo-ku, Osaka), (tentative name) Jiyugaoka 1-29 Redevelopment Project (Meguro-ku, Tokyo), (tentative name) Ginza 8-chome 9-11, 12 Development Project (Chuo-ku, Tokyo), (tentative name) Aoyama Building Reconstruction Project (Minato-ku, Tokyo), (tentative name) Ginza 5-chome Development Project (Chuo-ku, Tokyo), (tentative name) Shinjuku 318 Development Project (Shinjuku-ku, Tokyo), etc. were proceeded as planned.

In PPP (Public-Private Partnership) business, projects including "Urban Renewal Step-Up Project (Shibuya Area) Shibuya 1-chome Area Joint Development Project" conducted by the Tokyo Metropolitan Government and the Shibuya City Government, etc. were proceeded as planned.

As for real estate for sale, new acquisitions including UNIMO Chiharadai (Ichihara-shi, Chiba), etc. were made, and properties including THE HUB GINZA OCT (Chuo-ku, Tokyo), Tajimi Logistics Center (Tajimi-shi, Gifu), UNIMO Chiharadai (Ichihara-shi, Chiba), Grand Nikko Tokyo Daiba (Minato-ku, Tokyo), Grand Nikko Tokyo Bay Maihama (Urayasu-shi, Chiba), etc. were sold.

As described above, the segment business progressed as planned because leasing income from real estate was firm and stable due to completion of properties as well as acquisition of properties in the previous fiscal year and in the current fiscal year. In addition, sales of real estate progressed steadily during FY2024. As a result, operating revenue in this business segment totaled JPY527,204 million (increased JPY118,605 million or 29.0% YoY) and operating profit was JPY170,428 million (increased JPY15,996 million or 10.3% YoY).

#### Insurance Agency

Hulic Insurance Service Co., Ltd., one of the Company's consolidated subsidiaries, serves as an insurance agency for both Japanese and foreign insurance companies operating in Japan and sells various insurance products to both corporate and individual customers. Although a difficult business environment continues to surround the insurance business industry, Hulic Insurance Service Co., Ltd. is pursuing expansion of this business, concentrating on corporate

transactions, with a strategy of acquiring the business rights of existing non-life insurance agents.

As a result, operating revenue in this business segment was JPY3,699 million (increased JPY53 million or 1.4% YoY) and the operating profit was JPY997 million (decreased JPY90 million or 8.3% YoY).

#### Hotels / Ryokans

In Hotels / Ryokans business, as the Company's consolidated subsidiaries, Hulic Hotel Management Co., Ltd. manages "THE GATE HOTEL" brand hotel series and "View Hotel" brand hotel series, while HULIC FUFU Co., Ltd. manages "FUFU" ryokan series.

In FY2024, both occupancy rates and ADR (Average Daily Rates) landed at high levels reflecting favorable tourism demand from both domestic and overseas customers.

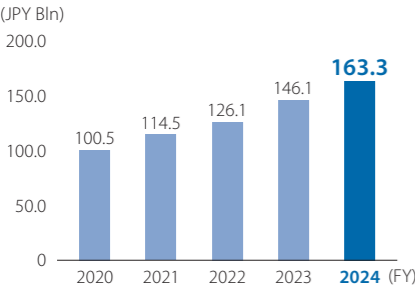
As a result, operating revenue was JPY49,092 million (increased JPY11,740 million or 31.4% YoY) and operating profit was JPY1,675 million (increased JPY649 million or 63.2% YoY).

#### Others

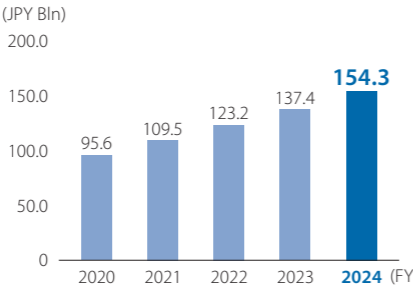
Hulic Build Co., Ltd., one of the Company's consolidated subsidiaries, regularly takes orders of repair constructions, constructions of refurbishment at the end of lease contracts and interior fit-outs at the beginning of lease contracts from the Company's existing properties. In addition, Riso Kyoiku Co., Ltd., one of the Company's consolidated subsidiaries, operates and manages child education services, etc.

As a result, operating revenue was JPY25,814 million (increased JPY19,263 million or 294.0 % YoY) and operating profit was JPY2,233 million (increased JPY1,722 million or 336.9% YoY).

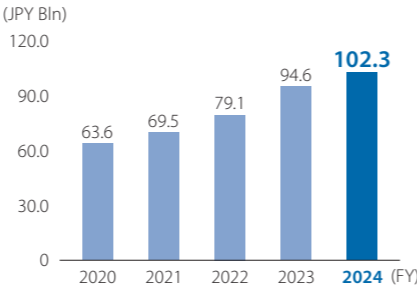
### Operating profit



### Ordinary profit



### Profit Attributable to Owners of Parent



## Financial Position

### Assets

Total assets at the end of FY2024 was JPY3,048,935 million, increased JPY568,463 million from the end of FY2023.

From the perspective of constructing a competitive leasing portfolio that addresses the changing environment, we work to further improve the overall value of our buildings and properties not only by continuous portfolio reshuffling but also by developing and reconstructing properties that are highly earthquake resistant and environmentally friendly.

In addition, the Group strives to provide support and backup as a sponsor to maintain and improve the long-term earnings of Hulic Reit, Inc. & Hulic Private Reit, Inc. and realize steady growth of their assets under management.

Changes in amount of major items were as follows.

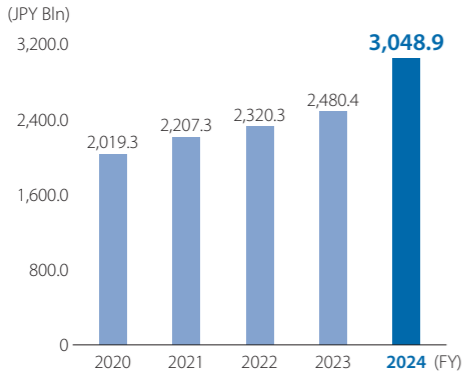
- Cash and deposits: ————— Increased JPY51,584 million
- Real estate for sale: ————— Increased JPY91,872 million  
(Transfer from non-current assets, acquisition and sale of properties, etc.)
- Land: ————— Increased JPY88,558 million  
(Acquisition of properties, transfer to real estate for sale, etc.)
- Goodwill: ————— Increased JPY112,996 million  
(Acquisition of shares of subsidiaries, amortization of goodwill, etc.)
- Investment securities: ————— Increased JPY92,023 million  
(Acquisition and sales of investment securities, and an increase in valuation difference on marketable securities, etc.)

Liabilities

Total liabilities at the end of FY2024 was JPY2,192,591 million, increased JPY481,418 million from the end of FY2023. This was mainly attributable to financing carried out for capital investment and the like.

The balance of borrowings was JPY1,397,089 million, which included JPY30,000 million non-recourse borrowings owed by a consolidated SPC. Financing from financial institutions was operated stably at low cost thanks to the credit strength on the back of the Group’s high earnings level.

Total Assets

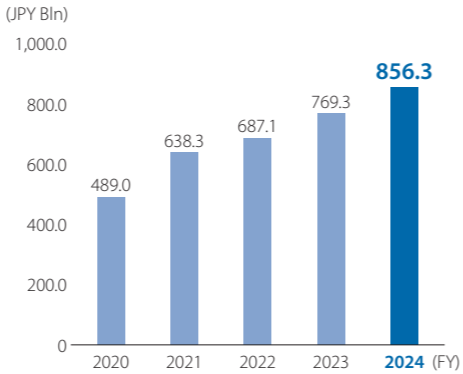


Net Assets

Total net assets at the end of FY2024 was JPY856,344 million, increased JPY87,044 million from the end of FY2023. Total shareholders’ equity was JPY769,176 million, increased JPY62,382 million from the end of FY2023, due mainly to an increase of retained earnings in profit attributable to owners of parent and a decrease of retained earnings in the cash dividend payment.

Total accumulated other comprehensive income was JPY63,814 million, increased JPY4,952 million from the end of FY2023, due mainly to an increase in valuation difference on available-for-sale securities as a result of an increase of JPY9,753 million in unrealized gains on marketable securities.

Net Assets



Cash Flows

In FY2024, cash and cash equivalents (hereinafter “cash”) amounted to JPY134,326 million at the end of FY2024 as a result of an increase of JPY353,388 million through operating activities, a decrease of JPY602,020 million through investing activities and an increase of JPY300,589 million through financing activities.

Cash flows in each activities and the major contributing factors in FY2024 were as follows.

Cash flows from operating activities

Cash flows from operating activities was JPY353,388 million (increased JPY82,569 million YoY). This was mainly attributable to JPY151,136 million in profit before income taxes with the main factors of leasing income from real estate and sales of real estate for sale as well as JPY17,881 million of depreciation and a decrease of JPY212,081 million in real estate for sale.

Cash flows from investing activities

Cash flows from investing activities was negative JPY602,020 million (increased JPY303,690 million YoY). This was mainly attributable to portfolio reshuffling, development/ reconstruction, from the perspective of constructing a competitive leasing portfolio that addresses the changing environment.

Cash flows from financing activities

Cash flows from financing activities was JPY300,589 million (increased JPY328,614 million YoY). This was mainly attributable to financing for above-mentioned development/ reconstruction projects and acquisitions of new properties, as well as cash dividend paid.

Leasing Properties and Investment

The Company and some of its consolidated subsidiaries own office buildings, rental condominiums and retail commercial facilities in Tokyo and other major cities in Japan with the aim of obtaining leasing revenue. A portion of these leased office buildings are used by the Company and some of its consolidated subsidiaries and therefore have been classified as real estate that includes portions used as leasing properties and investment.

The amount on the consolidated balance sheets, the increase / decrease during period, and the fair value of such leasing properties and investment and real estate that includes portions used as leasing properties and investment are shown below.

	FY2023	FY2024
Rental properties and investment		
Amount on consolidated balance sheets		
Balance at beginning of year	1,448,145	1,390,455
Increase/decrease during year	(57,689)	57,925
Balance at the end of year	1,390,455	1,448,381
Fair value at the end of year	1,705,239	1,762,248
Real estate including portions used as rental properties and investment		
Amount on consolidated balance sheets		
Balance at beginning of year	134,571	149,583
Increase/decrease during year	15,012	29,425
Balance at the end of year	149,583	179,009
Fair value at the end of year	219,746	268,056

Notes: 1. The amount on the consolidated balance sheets represents the acquisition cost less the accumulated depreciation and impairment loss.  
2. Of the increase/decrease during period, the key increase/decrease during FY2023 was the increase due to real estate acquisitions (JPY284,909 million) and the decrease due to transfer to real estate for sale (JPY313,494 million). The key increase/decrease during FY2024 was the increase due to real estate acquisitions (JPY351,566 million) and the decrease due to transfer to real estate for sale (JPY224,213 million).  
3. For major properties, the fair value at the end of each period was the amount calculated by the Company based on the “Real Estate Appraisal Standards”. For other major properties, the fair value at the end of the year was the amount calculated by the Company using indicators and others believed to appropriately reflect market prices, while for certain properties, the fair value at the end of each period was the amount determined by an outside real estate appraiser based on a real estate appraisal report. If there have been no critical changes to certain assessment values or indicators believed to appropriately reflect market prices since the time that a property was acquired from a third party or since the most recent assessment, the fair value at the end of each period was the amount determined after making an adjustment using said assessment value or indicators. For properties newly acquired during FY2024, the fair value was the amount on the consolidated balance sheets due to the fact that the change in the fair value was believed to be immaterial.

The profit / loss for leasing properties and investment as well as real estate including portions used as leasing properties and investment is shown below.

	FY2023	FY2024
Rental properties and investment		
Rental revenue	66,414	64,423
Rental cost	29,475	31,698
Difference	36,939	32,724
Other profit (loss)	2,150	(3,064)
Real estate including portions used as rental properties and investment		
Rental revenue	4,609	3,899
Rental cost	5,058	5,724
Difference	(448)	(1,825)
Other profit (loss)	(2,148)	(1,938)

Notes: 1. Real estate including portions used as leasing properties and investment includes portions used by the Company and / or some of its consolidated subsidiaries as services provided and management. Therefore, leasing revenue for these portions was not posted. In addition, such real estate related costs (depreciation, repair expenses, insurance expenses, taxes and dues, etc.) were included in the leasing cost.  
2. Other profit or (loss) for FY2023 mainly included compensation income posted under “Extraordinary income”, impairment losses and loss on retirement of non-current assets posted under “Extraordinary losses”. For FY2024, other profit or (loss) included loss on reconstructions of buildings and loss on retirement of non-current assets posted under “Extraordinary losses”.

Major Financial Information for the Last 11 Years

Fiscal Year ended December 31		2014	2015	2016	2017	2018*1	2019	2020	2021	2022*2	2023*2	2024*2
Fiscal Year	Operating Revenue (JPY million)	212,791	169,956	215,780	289,618	287,513	357,272	339,645	447,077	523,424	446,383	591,615
	[Operating Revenue for each segment]*3											
	Real estate business (JPY million)	199,910	137,544	182,883	258,597	256,322	332,564	311,695	422,340	487,627	401,428	517,262
	Insurance agency business (JPY million)	2,886	3,260	3,191	3,479	4,056	2,989	2,966	3,159	3,616	3,646	3,699
	Hotels / Ryokans (JPY million)	—	—	—	—	—	16,402	17,653	16,349	27,332	37,127	48,770
	Staffing business (JPY million)	—	19,094	19,023	18,620	17,955	—	—	—	—	—	—
	Others (JPY million)	9,994	10,057	10,681	8,921	9,178	5,315	7,330	5,229	4,847	4,182	21,883
	Operating profit (JPY million)	36,032	42,002	53,377	64,249	75,564	88,353	100,596	114,507	126,147	146,178	163,360
	[Operating profit for each segment]											
	Real estate business (JPY million)	38,519	44,185	57,353	69,208	81,065	95,711	115,374	131,245	139,779	154,432	170,428
	Insurance agency business (JPY million)	747	987	898	1,077	1,596	619	667	792	1,040	1,087	997
	Hotels / Ryokans (JPY million)	—	—	—	—	—	(0)	(7,492)	(7,995)	(5,099)	1,026	1,675
	Staffing business (JPY million)	—	515	353	335	360	—	—	—	—	—	—
	Others (JPY million)	696	822	911	790	356	597	1,157	809	607	511	2,233
	Elimination or corporate (JPY million)	(3,929)	(4,507)	(6,140)	(7,162)	(7,814)	(8,574)	(9,110)	(10,344)	(10,180)	(10,878)	(11,974)
	Ordinary profit (JPY million)	34,314	42,534	51,432	61,870	72,530	84,645	95,627	109,581	123,222	137,437	154,329
	Profit attributable to owners of parent (JPY million)	22,352	33,628	34,897	42,402	49,515	58,805	63,619	69,564	79,150	94,625	102,341
	Capital expenditure (JPY million)	92,396	288,720	107,140	198,260	256,037	381,623	327,144	212,917	293,644	301,615	417,132
	Depreciation and amortization (JPY million)	7,411	8,929	11,299	11,736	11,942	14,172	15,866	15,939	16,253	16,307	17,881
End of the Fiscal Year	Total assets (JPY million)	773,401	1,091,266	1,133,994	1,352,137	1,525,979	1,776,272	2,019,336	2,207,325	2,320,337	2,480,472	3,048,935
	Current assets (JPY million)	86,188	160,261	128,007	164,913	187,404	183,941	248,290	328,931	250,901	372,973	583,864
	Real estate for sale (JPY million)	37,124	86,587	63,510	111,458	143,901	116,967	135,970	109,777	90,770	263,089	354,961
	Non-current assets (JPY million)	687,182	930,507	1,005,707	1,187,157	1,338,114	1,591,697	1,768,862	1,876,031	2,067,114	2,105,731	2,463,680
	Interest-bearing debts (JPY million)*4	473,297	658,213	665,375	826,697	975,145	1,146,079	1,360,188	1,394,487	1,440,986	1,445,029	1,870,999
	Net assets (JPY million)	205,421	317,045	341,087	378,855	404,135	461,856	489,043	638,332	687,153	769,300	856,344
	Equity (JPY million)	202,337	312,937	336,903	375,405	400,738	459,093	486,487	637,799	686,728	765,656	832,991
Information per Share	Net income per share (EPS) (JPY)	37.72	52.75	53.00	64.38	75.18	88.93	95.23	101.09	104.00	124.36	134.42
	Net assets per share (BPS) (JPY)	341.40	474.90	511.68	570.02	608.49	687.01	728.31	836.89	902.70	1,006.19	1,093.78
	Dividends per share (JPY)	10.50	15.50	17.00	21.00	25.50	31.50	36.00	39.00	42.00	50.00	54.00
Cash Flow Information	Cash flows from operating activities (JPY million)	84,123	36,272	108,407	45,724	130,973	231,180	202,304	291,736	266,108	270,819	353,388
	Cash flows from investing activities (JPY million)	(83,815)	(284,580)	(111,018)	(189,088)	(258,127)	(358,334)	(343,137)	(286,943)	(345,335)	(298,330)	(602,020)
	Cash flows from financing activities (JPY million)	4,192	257,934	(5,715)	148,483	131,010	141,523	187,388	106,588	11,441	(28,024)	300,589
Major Indicators	Equity ratio (%) *5	26.1	28.6	29.7	27.7	31.1*6	30.0*6	32.7*6	36.8*6	37.1*6	37.9*6	33.0*6
	Return on equity (ROE) (%) *7	11.8	13.0	10.7	11.9	12.7	13.6	13.4	12.3	11.9	13.0	12.8
	Return on assets (ROA) (%) *8	4.5	4.5	4.6	4.9	5.0	5.1	5.0	5.1	5.4	5.7	5.5
	EBITDA (JPY million) *9	44,870	54,678	66,403	77,785	89,462	105,454	119,250	135,270	148,858	165,457	186,207
	Debt/EBITDA ratio (times) *10	10.5	12.0	10.0	10.6	10.0*6	10.1*6	9.9*6	9.0*6	8.5*6	7.6*6	9.1*6
	Net debt to equity ratio (times) *11	2.6	2.2	2.1	2.3	1.9*6	2.0*6	1.7*6	1.3*6	1.3*6	1.3*6	1.6*6
	Dividend payout ratio (%)	27.8	29.3	32.0	32.6	33.9	35.4	37.8	38.5	40.3	40.2	40.1
	Number of issued shares (including treasury stock) (share)	596,279,271	662,561,871	662,914,071	663,062,271	663,062,271	673,907,735	673,907,735	767,907,735	767,907,735	767,907,735	767,907,735
	Employees (consolidated) (people)	753	784	836	862	936	1,878	1,934	1,496	1,347	1,357	2,828
	Employees (non-consolidated) (people)	116	128	149	156	166	181	184	189	202	222	233

(Note) Unless otherwise noted, all the data are calculated on a consolidated basis.

\*1 The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, dated February 16, 2018) from FY2019. The figures for FY2018 were adjusted retrospectively to reflect the aforementioned changes.

\*2 The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, dated March 31, 2020), etc. since the beginning of FY2022. The figures for FY2022 onward have been calculated using this standard.

\*3 Operating Revenue of each segment omitted inter-segment Operating Revenue and the balance of book-entry transfers.

\*4 Excluded lease liabilities

\*5 Equity ratio = Equity / Total assets

\*6 In FY2018 and FY2019, 50% (JPY75 Bln) of hybrid finance (JPY150 Bln) was calculated as nominal equity. Similarly, 50% (JPY175 Bln) of hybrid finance (JPY350 Bln) was calculated as such in and after FY2020.

\*7 Return on equity (ROE) (%) = Profit attributable to owners of parent / Equity (average balance)

\*8 Return on assets (ROA) (%) = Ordinary profit / Total assets (average balance)

\*9 EBITDA = Ordinary profit - Equity in earnings / Share of loss of entities accounted for using equity method + Interest expenses + Depreciation and amortization

\*10 Debt/EBITDA ratio = Interest-bearing debts / EBITDA

\*11 Net debt to equity ratio = Net interest-bearing debts (Interest-bearing debts - Cash and deposits)/Shareholders' equity

## Consolidated Financial Statements

## Consolidated Balance Sheets

	(JPY million)	
	FY2023	FY2024
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	82,878	134,462
Trade accounts receivable and contract assets	8,992	14,194
Merchandise	24	225
Real estate for sale	263,089	354,961
Real estate for sale in process	2,871	49,425
Costs on construction contracts in progress	39	26
Supplies	373	472
Other	14,707	30,114
Allowance for doubtful accounts	(4)	(19)
Total current assets	372,973	583,864
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	305,967	317,407
Accumulated depreciation	(70,638)	(73,917)
Buildings and structures, net	235,329	243,489
Machinery, equipment and vehicles	14,894	21,936
Accumulated depreciation	(2,902)	(4,088)
Machinery, equipment and vehicles, net	11,991	17,848
Land	1,316,801	1,405,359
Construction in progress	42,755	45,782
Other	16,228	20,672
Accumulated depreciation	(5,701)	(9,327)
Other, net	10,527	11,344
Total property, plant and equipment	1,617,405	1,723,825
Intangible assets		
Goodwill	4,164	117,160
Leasehold interests in land	70,695	70,843
Other	3,079	28,881
Total intangible assets	77,938	216,886
Investments and other assets		
Investment securities	328,463	420,487
Guarantee deposits	47,384	53,986
Deferred tax assets	947	3,867
Net defined benefit asset	752	197
Other	32,838	44,436
Allowance for doubtful accounts	(0)	(7)
Total investments and other assets	410,387	522,967
Total non-current assets	2,105,731	2,463,680
<b>Deferred assets</b>		
Business commencement expenses	15	6
Share issuance costs	210	15
Bond issuance costs	1,542	1,369
Total deferred assets	1,768	1,391
<b>Total assets</b>	<b>2,480,472</b>	<b>3,048,935</b>

	(JPY million)	
	FY2023	FY2024
<b>Liabilities</b>		
<b>Current liabilities</b>		
Short-term borrowings	1,774	166,957
Current portion of long-term borrowings	103,109	192,762
Short-term bonds payable	—	29,909
Current portion of bonds payable	30,000	—
Accrued expenses	4,523	5,867
Income taxes payable	18,760	27,725
Advances received	6,510	10,464
Provision for bonuses	532	962
Provision for bonuses for directors (and other officers)	382	382
Other	19,715	27,721
Total current liabilities	185,306	462,754
<b>Non-current liabilities</b>		
Bonds payable	381,000	444,000
Long-term borrowings	929,145	1,037,369
Deferred tax liabilities	73,210	89,978
Provision for share awards	3,238	3,151
Net defined benefit liability	1,706	4,652
Long-term guarantee deposits	93,307	104,947
Other	44,257	45,737
Total non-current liabilities	1,525,865	1,729,837
<b>Total liabilities</b>	<b>1,711,172</b>	<b>2,192,591</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	111,609	111,609
Capital surplus	137,731	137,738
Retained earnings	461,214	522,922
Treasury shares	(3,760)	(3,094)
Total shareholders' equity	706,794	769,176
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	58,943	65,506
Deferred gains or losses on hedges	(436)	(517)
Foreign currency translation adjustment	—	(1,063)
Remeasurements of defined benefit plans	355	(111)
Total accumulated other comprehensive income	58,862	63,814
<b>New share acquisition rights</b>	<b>—</b>	<b>75</b>
<b>Non-controlling interests</b>	<b>3,643</b>	<b>23,278</b>
<b>Total net assets</b>	<b>769,300</b>	<b>856,344</b>
<b>Total liabilities and net assets</b>	<b>2,480,472</b>	<b>3,048,935</b>

## Consolidated Statements of Income

	(JPY million)	
	FY2023	FY2024
<b>Operating revenue</b>	<b>446,383</b>	<b>591,615</b>
Operating costs	249,875	360,681
Operating gross profit	196,508	230,934
Selling, general and administrative expenses	50,329	67,573
<b>Operating profit</b>	<b>146,178</b>	<b>163,360</b>
Non-operating income		
Interest income	72	74
Dividend income	3,511	4,025
Share of profit of entities accounted for using equity method	—	236
Termination of lease contracts	446	1,357
Subsidies for employment adjustment, etc.	12	—
Other	815	1,096
Total non-operating income	4,858	6,791
Non-operating expenses		
Interest expenses	11,576	13,172
Share of loss of entities accounted for using equity method	136	—
Other	1,887	2,649
Total non-operating expenses	13,599	15,822
<b>Ordinary profit</b>	<b>137,437</b>	<b>154,329</b>
Extraordinary income		
Gain on sale of investment securities	21	6,097
Gain on investments in silent partnership, etc.	58	99
Compensation income	3,351	—
Other	295	136
Total extraordinary income	3,727	6,333
Extraordinary losses		
Loss on retirement of non-current assets	1,880	2,566
Loss on reconstructions of buildings	803	2,221
Impairment losses	1,693	1,876
Loss on step acquisitions	—	2,792
Other	88	69
Total extraordinary losses	4,466	9,527
<b>Profit before income taxes</b>	<b>136,698</b>	<b>151,136</b>
Income taxes - current	30,753	41,423
Income taxes - deferred	11,224	6,422
Total income taxes	41,978	47,845
<b>Net income before non-controlling interests</b>	<b>94,719</b>	<b>103,290</b>
Profit attributable to non-controlling interests	94	949
Profit attributable to owners of parent	94,625	102,341

## Consolidated Statements of Comprehensive Income

	(JPY million)	
	FY2023	FY2024
<b>Net income before non-controlling interests</b>	<b>94,719</b>	<b>103,290</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	18,510	6,810
Deferred gains or losses on hedges	(175)	(81)
Foreign currency translation adjustment	—	(1,063)
Remeasurements of defined benefit plans, net of tax	120	(479)
Share of other comprehensive income of entities accounted for using equity method	147	(236)
Total other comprehensive income	18,603	4,950
<b>Comprehensive income</b>	<b>113,323</b>	<b>108,241</b>
Comprehensive income attributable to		
Owners of parent	113,228	107,293
Non-controlling interests	94	948

Consolidated Statements of Changes in Equity

FY2023

	(JPY million)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	111,609	137,741	401,090	(3,971)	646,469
Changes during period					
Dividends of surplus			(34,499)		(34,499)
Profit attributable to owners of parent			94,625		94,625
Change in scope of consolidation in entities accounted for using equity method			(1)		(1)
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares				211	211
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(9)			(9)
Net changes in items other than shareholders' equity					
Total changes during period	—	(9)	60,123	210	60,324
Balance at end of period	111,609	137,731	461,214	(3,760)	706,794

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	40,267	(261)	0	252	40,258	424	687,153
Changes during period							
Dividends of surplus							(34,499)
Profit attributable to owners of parent							94,625
Change in scope of consolidation in entities accounted for using equity method							(1)
Purchase of treasury shares							(0)
Disposal of treasury shares							211
Change in treasury shares arising from change in equity in entities accounted for using equity method							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							(9)
Net changes in items other than shareholders' equity	18,675	(175)	(0)	102	18,603	3,218	21,822
Total changes during period	18,675	(175)	(0)	102	18,603	3,218	82,146
Balance at end of period	58,943	(436)	—	355	58,862	3,643	769,300

FY2024

	(JPY million)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	111,609	137,731	461,214	(3,760)	706,794
Changes during period					
Dividends of surplus			(40,632)		(40,632)
Profit attributable to owners of parent			102,341		102,341
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		7		667	674
Change in treasury shares arising from change in equity in entities accounted for using equity method				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		(0)			(0)
Net changes in items other than shareholders' equity					
Total changes during period	—	7	61,708	666	62,382
Balance at end of period	111,609	137,738	522,922	(3,094)	769,176

	Accumulated other comprehensive income					New share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	58,943	(436)	—	355	58,862	—	3,643	769,300
Changes during period								
Dividends of surplus								(40,632)
Profit attributable to owners of parent								102,341
Purchase of treasury shares								(0)
Disposal of treasury shares								674
Change in treasury shares arising from change in equity in entities accounted for using equity method								(0)
Change in ownership interest of parent due to transactions with non-controlling interests								(0)
Net changes in items other than shareholders' equity	6,563	(81)	(1,063)	(466)	4,952	75	19,634	24,661
Total changes during period	6,563	(81)	(1,063)	(466)	4,952	75	19,634	87,044
Balance at end of period	65,506	(517)	(1,063)	(111)	63,814	75	23,278	856,344

Consolidated Statements of Cash Flows

	(JPY million)	
	FY2023	FY2024
Cash flows from operating activities		
Profit before income taxes	136,698	151,136
Depreciation	16,307	17,881
Increase (decrease) in allowance for doubtful accounts	(33)	9
Increase (decrease) in provision for bonuses	154	(59)
Increase (decrease) in provision for bonuses for directors (and other officers)	41	(0)
Increase (decrease) in provision for share awards	603	557
Increase (decrease) in net defined benefit asset and liability	11	159
Interest and dividend income	(3,583)	(4,100)
Interest expenses	11,576	13,172
Share of loss (profit) of entities accounted for using equity method	136	(236)
Loss on retirement of non-current assets	1,880	2,566
Loss (gain) on sale of non-current assets	(127)	(82)
Loss (gain) on sale of investment securities	(21)	(6,097)
Loss (gain) on investments in silent partnership, etc.	(58)	(99)
Loss (gain) on step acquisitions	—	2,792
Decrease (increase) in trade receivables	(1,869)	(3,979)
Decrease (increase) in real estate for sale	145,984	212,081
Decrease (increase) in guarantee deposits	(8,585)	(2,605)
Increase (decrease) in guarantee deposits received	4,662	5,220
Decrease (increase) in other assets	(4,929)	(656)
Increase (decrease) in other liabilities	2,045	6,749
Subtotal	300,893	394,407
Interest and dividends received	5,323	6,237
Interest paid	(11,613)	(12,880)
Income taxes paid	(23,864)	(34,376)
Income taxes refund	80	—
Cash flows from operating activities	270,819	353,388

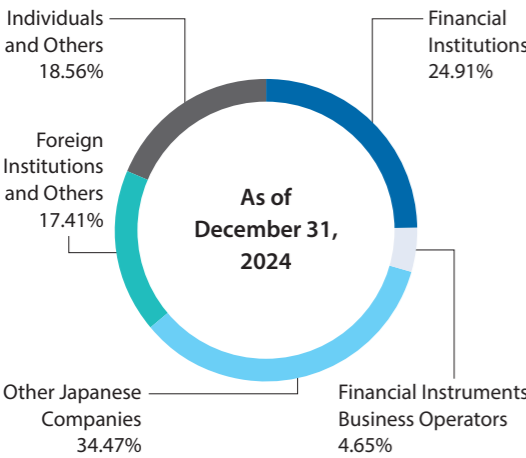
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	(JPY million)	
	FY2023	FY2024
Cash flows from investing activities		
Payments into time deposits	(115)	(2,337)
Proceeds from withdrawal of time deposits	100	115
Purchase of property, plant and equipment	(257,237)	(364,708)
Proceeds from sale of non-current assets	1,034	166
Purchase of intangible assets	(7,397)	(10,059)
Purchase of investment securities	(17,025)	(118,553)
Proceeds from sale of investment securities	169	7,578
Proceeds from redemption of investment securities	602	26,312
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	168
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,228)	(131,847)
Loan advances	(104)	(3,739)
Proceeds from collection of loans receivable	4	0
Other, net	(17,133)	(5,115)
Cash flows from investing activities	(298,330)	(602,020)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	1,114	160,461
Net increase (decrease) in short-term bonds payable	(63)	29,510
Proceeds from long-term borrowings	174,500	223,000
Repayments of long-term borrowings	(161,570)	(103,484)
Proceeds from issuance of bonds	39,855	62,604
Redemption of bonds	(50,000)	(30,000)
Purchase of treasury shares	(0)	(0)
Dividends paid	(34,499)	(40,632)
Proceeds from share issuance to non-controlling interests	3,125	0
Dividends paid to non-controlling interests	—	(335)
Other, net	(484)	(532)
Cash flows from financing activities	(28,024)	300,589
Foreign currency translation differences on cash and cash equivalents	—	(395)
Net increase (decrease) in cash and cash equivalents	(55,535)	51,562
Cash and cash equivalents at beginning of period	138,300	82,763
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(1)	—
Cash and cash equivalents at end of period	82,763	134,326

Key Stock Information (as of December 31, 2024)

Number of Authorized Shares	1,800,000,000
Number of Shares Issued	767,907,735

Composition of Shareholders



Major Shareholders (as of December 31, 2024)

Name	Number of shares	Shareholding ratio (%) to the number of issued shares (excluding treasury shares*)
The Master Trust Bank of Japan, Ltd. (Trustee account)	71,837,400	9.37
Meiji Yasuda Life Insurance Company	47,617,077	6.21
Fuyo General Lease Co., Ltd.	40,695,306*2	5.30
Yasuda Real Estate Co., Ltd.	30,789,331	4.01
Yasuda Logistics Corporation	28,431,800	3.70
Oki Electric Industry Co., Ltd.	25,631,000*3	3.34
Mizuho Capital Co., Ltd.	25,533,900	3.33
Custody Bank of Japan, Ltd. (Trust account)	24,061,000	3.13
Tokyo Tatemono Co., Ltd.	20,374,433	2.65
Teikoku Sen-I Co., Ltd.	17,006,292	2.21

\*1 Treasury shares excluded from the above issued shares do not include 2,710,932 shares of the Company held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets of the Board Benefit Trust (BBT).  
\*2 The shares held by Fuyo General Lease Co., Ltd. include 420,000 shares contributed as trust assets of a retirement benefit trust of Fuyo General Lease Co., Ltd. (The name on the shareholder registry is Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Fuyo General Lease Account Retrustee Custody Bank of Japan, Ltd.)  
\*3 The shares held by Oki Electric Industry Co., Ltd. include 12,631,000 shares contributed as trust assets of a retirement benefit trust of Oki Electric Industry Co., Ltd. (The name on the shareholder registry is Mizuho Trust & Banking Co., Ltd. Retirement Benefit Trust Oki Electric Industry Account Retrustee Custody Bank of Japan, Ltd.)

Stock Price (Tokyo Stock Exchange)

(yen)	FY2020	FY2021	FY2022	FY2023	FY2024
Stock price at the end of period	1,133	1,092	1,040	1,476.5	1,370.0
Stock price range in period (closing price basis)	905-1,372	1,071-1,403	986-1,172	1,012.0-1,520.5	1,268.0-1,638.0

External Evaluations

Praised for our sustainability initiatives, Hulic has been selected for inclusion in the following ESG indices or received the following external evaluations and awards.

FTSE4Good Index Series	S&P/JPX Carbon Efficient Index
FTSE Blossom Japan Index	Morningstar Japan ex-REIT Gender Diversity Tilt Index
FTSE Blossom Japan Sector Relative Index	“A” in CDP climate change 2024 survey
MSCI Japan ESG Select Leaders Index	Received ★4.5 in the Nikkei SDGs Management Survey (2024)
MSCI NIHONKABU ESG Select Leaders Index	2025 Certified Health & Productivity Management Outstanding Organization (Small and Medium-sized Enterprises Category)
MSCI Japan Empowering Women Index (WIN)	Certified as Platinum Kurumin

\*1 Disclaimer: FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that Hulic Co., Ltd. has been independently assessed according to the FTSE Blossom Japan Index, and has satisfied the requirements to become a constituent of the FTSE Blossom Japan Index. Created by the global index provider FTSE Russell, the FTSE Blossom Japan Index is designed to measure the performance of Japanese companies demonstrating strong Environmental, Social and Governance (ESG) practices. The FTSE Blossom Japan Index is used by a wide variety of market participants to create and assess responsible investment funds and other products.  
\*2 Disclaimer: The inclusion of Hulic Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Hulic Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Corporate Overview

Corporate Name	Hulic Co., Ltd.	Listing	Tokyo Stock Exchange, Prime Section
Established	March 1957	Securities Code	3003
Business Outline	Real estate holding, leasing, sales and brokerage	Headquarters	7-3 Nihonbashi Odenmacho, Chuo-ku, Tokyo, Japan
Share Capital	JPY111,609 million (as of December 31, 2024)	Number of Employees	233 (Non-consolidated) / 2,828 (Consolidated) (as of December 31, 2024)
Business Year	From January 1 to December 31		

Major Hulic Group Companies (as of December 31, 2024)

Name	Address	Share Capital (JPY million)	Major Business
Hulic Building Management Co., Ltd.	Chuo-ku, Tokyo	10	Property management, consulting of lease property management operations and management and operation of lease properties
Hulic Reit Management Co., Ltd.	Chiyoda-ku, Tokyo	200	Asset management operations through Hulic Reit, Inc.
Hulic Real Estate Investment Advisors Co., Ltd.	Chuo-ku, Tokyo	100	Asset management operations through Hulic Private Reit, Inc. etc.
Hulic Property Solution Co., Ltd.	Chuo-ku, Tokyo	50	Planning, designing, assessment, order, supervision and consulting of construction works, Electricity retail business
HULIC Biz Frontier Co., Ltd.	Chuo-ku, Tokyo	20	Offering rental offices and related
Raysum Co., Ltd.	Chiyoda-ku, Tokyo	4,242	Real estate businesses focused on asset value creation, asset value enhancement, and future value creation
Porte Kanazawa. Co., Ltd.	Kanazawa-shi, Ishikawa	200	Property management of Porte Kanazawa
Hulic Insurance Service Co., Ltd.	Taito-ku, Tokyo	350	Insurance agency
Hulic Hotel Management Co., Ltd.	Chuo-ku, Tokyo	6,500	Hotel management and operations
HULIC FUFU Co., Ltd.	Chuo-ku, Tokyo	1,500	Management and operation of <i>ryokans</i> (luxury Japanese inns), consulting of <i>ryokan</i> management
Hulic Build Co., Ltd.	Chuo-ku, Tokyo	90	Construction-related business, office business, real estate leasing business
HULIC Agri Co., Ltd.	Chuo-ku, Tokyo	100	Management and holding stock of an agricultural company in Vietnam
Hulic Energy Solution Co., Ltd. *1	Chuo-ku, Tokyo	100	Development and management of renewable energy power plants and energy storage facilities, retail electricity business, and consulting related to renewable energy and decarbonization
Riso Kyoiku Co., Ltd.	Toshima-ku, Tokyo	4,590	Operation of TOMAS and other tutoring academies, as well as Shingakai, an early childhood education business
Hulic Proserve Co., Ltd.	Chuo-ku, Tokyo	50	Business for individual customers including Hulic Dream Association and interior products, food services, membership club management, contracting works to provide shared services for the Group

\*1 Name after the company name change on February 10, 2025



2024 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX \*2

2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX \*2

2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN) \*2

\*3 Disclaimer: Morningstar, Inc., and/or one of its affiliated companies (individually and collectively, “Morningstar”) has authorized Hulic Co., Ltd. to use of the Morningstar Japan ex-REIT Gender Diversity Tilt Logo (“Logo”) to reflect the fact that, for the designated ranking year, Hulic Co., Ltd. ranks in the top quintile of companies comprising the Morningstar® Japan ex-REIT Gender Diversity Tilt Index™ (“Index”) on the issue of gender diversity in the workplace.

Third-party Assurance

With the aim of enhancing the credibility of our Integrated Report, environmental and social performance indicators for FY2024 that are disclosed in this Report have been assured by the third-party assurance provider, KPMG AZSA Sustainability Co., Ltd. (Indicators that have been assured are marked with “✓”). We will continue our efforts in providing quality information on both financial and non-financial areas.



Independent Practitioner’s Limited Assurance Report

To the President, Representative Director of Hulic Co., Ltd.

Conclusion

We have performed a limited assurance engagement on whether selected environmental and social performance indicators (the “subject matter information” or the “SMI”) presented in Hulic Co., Ltd.’s (the “Company”) Integrated Report 2025 (the “Report”) for the year ended December 31, 2024 have been prepared in accordance with the criteria (the “Criteria”), which are established by the Company and are explained in the Report. The SMI subject to the assurance engagement is indicated in the Report with the symbol “✓”.

Based on the procedures performed and evidence obtained, nothing has come to our attention to cause us to believe that the Company’s SMI for the year ended December 31, 2024 is not prepared, in all material respects, in accordance with the Criteria.

Basis for Conclusion

We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and International Standard on Assurance Engagements (ISAE) 3410, *Assurance Engagements on Greenhouse Gas Statements*, issued by the International Auditing and Assurance Standards Board (IAASB). Our responsibilities under those standards are further described in the “Our responsibilities” section of our report.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA).

Our firm applies International Standard on Quality Management (ISQM) 1, *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements*, issued by the IAASB. This standard requires the firm to design, implement and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other information

Our conclusion on the SMI does not extend to any other information that accompanies or contains the SMI (hereafter referred to as “other information”). We have read the other information but have not performed any procedures with respect to the other information.

Responsibilities for the SMI

Management of the Company are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation of the SMI that is free from material misstatement, whether due to fraud or error;
- selecting or developing suitable criteria for preparing the SMI and appropriately referring to or describing the criteria used; and
- preparing the SMI in accordance with the Criteria.



Inherent limitations in preparing the SMI

As described in Note in the "Major Non-Financial Information" section to the Report, GHG emissions quantification is subject to uncertainty when measuring activity data, determining emission factors, and considering scientific uncertainty inherent in the Global Warming Potentials. Hence, the selection by management of a different but acceptable measurement method, activity data, emission factors, and relevant assumptions or parameters could have resulted in materially different amounts being reported.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the SMI is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management.

Summary of the work we performed as the basis for our conclusion

We exercised professional judgment and maintained professional skepticism throughout the engagement. We designed and performed our procedures to obtain evidence about the SMI that is sufficient and appropriate to provide a basis for our conclusion. Our procedures selected depended on our understanding of the SMI and other engagement circumstances, and our consideration of areas where material misstatements are likely to arise. In carrying out our engagement, the procedures we performed primarily consisted of:

- assessing the suitability of the criteria applied to prepare the SMI;
- conducting interviews with the relevant personnel of the Company to obtain an understanding of the key processes, relevant systems and controls in place over the preparation of the SMI;
- performing analytical procedures including trend analysis;
- identifying and assessing the risks of material misstatements;
- performing site visits at one of the Company’s business site in Japan which were determined through our risk assessment procedures;
- performing, on a sample basis, recalculation of amounts presented as part of the SMI;
- performing other evidence gathering procedures for selected samples; and
- evaluating whether the SMI was presented in accordance with the Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

/s/Hideki Okada

Hideki Okada , Engagement Partner  
KPMG AZSA Sustainability Co., Ltd.  
Tokyo Office, Japan  
June 17, 2025

Notes to the Reader of Independent Assurance Report: This is a copy of the Independent Assurance Report and the original copies are kept separately by the Company and KPMG AZSA Sustainability Co., Ltd.