

## Financial Information of 2nd Quarter FY2021 (January~June) [SUMMARY]

### I . FY2021 2nd Quarter performance result Summary

(Billion of Japanese Yen)

	FY2020 2Q	FY2021 2Q	2Q/2Q	FY2020 result	FY2021 forecast
Operating Revenue	160.2	<b>220.0</b>	up37.3%	339.6	N.A.
Operating Income	46.9	<b>58.6</b>	up25.1%	100.5	110.0
Ordinary Income	45.2	<b>56.5</b>	up24.9%	95.6	100.0
Net Income	27.5	<b>35.9</b>	up30.4%	63.6	65.0
Annual Dividend	mid 17.5 yen	mid 19.0 yen		36.0 yen	38.0 yen

[Summary]

- FY2021 Q2 OP result was stronger than same period of last year even under the full-year negative influence of Covid-19. (There were little influence by Covid-19 in the Q1 of last year.) This OP was the highest performance in the company history as 2Q result.
- We will announce the annual revenue forecast as soon as we confirm the upcoming sales deals in the 2nd half.
- Tokyo Stock Exchange(TSE) confirmed HULIC as a new prime market member company.
- Japan Credit Rating Agency Ltd.(JCR) upgraded HULIC's long-term rating to A+(positive) from A+(stable).

### II . Major KPI

(Japanese Yen)

	2018/12	2019/12	2020/12	2021/6
NIKKEI Index	20,014	23,656	27,444	28,792
HULIC share price	985 yen	1,316 yen	1,133 yen	1,250 yen
Market Capitalization	653.1 Billion	886.9 Billion	763.5 Billion	842.4 Billion
EPS	75.18 yen	88.93 yen	95.23 yen	n.a
BPS	608.49 yen	687.01 yen	728.31 yen	774.44 yen
unrealized value of leasing asset	323.2 Billion	370.0 Billion	353.0 Billion	n.a

### III . Future and Beyond (Covid-19 effect).

<Japan Macro Environment>

- National census survey showed population in Tokyo top 5 wards (=HULIC focused area) increased by double digit in the last five years. While Japan is currently experiencing a decline in the population overall, Tokyo is an exception and keeps growing.
- Tokyo's transaction market stays active and CAP rate going lower, supported by both domestic and global investors.
- City of Tokyo declared a fourth coronavirus state of emergency till August 22nd and it will cover the duration of the Tokyo Olympics. Most companies have partially introduced remote work, although its effects are limited. The situation at the major train station appeared to be business as usual and that passenger numbers did not seem to have declined. Tokyo office market has stabilized.
- On the other hand, no spectators are allowed on the Olympic venues. Bars and restaurants are requested not to offer alcohol and must close before 8PM. Both commercial and Hotel tenants continuously experience tough business environment.

<Hulic related>

- Property sales increased with a good margin pushed by active transaction market. Most acquisition deals carried over to the 2nd half although we contracted several swap deals with counterparties in 2Q.
- Office leasing is stable and vacancy rate keeps under 1%. Our office rent/sq has been almost flat.
- With CAP rate goes downward in central Tokyo offices, HULIC has enough source of capital gains in coming quarters.
- Our operating hotels booked loss of Yen 4.3billion in the 1st half. Hotels in the big cities keep underperforming but urban resorts are busy. As the Administration expands vaccine quickly for under the age of 65, we will expect the quick recovery of tourism in Y2022.
- With cash balances are high at both corporate and individual level, we have seen more people tend to spend expensive goods and high-quality services. Our tenants - GINZA brand shops and high-end urban resort Ryokan are keeping good performance.
- We still keep up our current 3-year mid-term business plan but stay selective stance for new investments and not particularly bind to use entire our investment budget. We, however, work on several sales-and lease back deals with good name companies. (END)