

September 28, 2021

To All Concerned Parties

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Tokyo
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Announcement Regarding Issuance of New Shares and Secondary Offering of Shares

Hulic Co., Ltd. (the “Company”) hereby announces that, at a meeting held on September 28, 2021, its board of directors resolved to issue new shares and make a secondary offering of shares as set forth below.

I. Purposes of the Offering

With the real estate leasing business as its core business, the Company’s group has formulated a long-term management plan (2020-2029) to achieve “ordinary income of 180 billion yen” in 10 years (i.e., by the fiscal year ending December 31, 2029), and has started the medium-term management plan (2020-2022) as Phase I, aiming for further growth strategies while maintaining a high level of balance between “growth potential, profitability, safety, and productivity (efficiency)” based on “change and speed.”

Through this offering, the Company believes that it will be able to expand its stable business foundation, as well as to promote the strengthening of its business structure that is characterized by both stable revenue and profit growth, with the aim of improving shareholder value.

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II. Issuance of New Shares and Secondary Offering of Shares

1. Issuance of New Shares by way of Offering

(1) Class and Number of Shares to be Offered 84,805,000 shares of common stock of the Company, being the aggregate of (i) through (iii) described below:

(i) 61,305,000 shares of common stock of the Company, issued for purchase by the Japanese Underwriters in the Japanese Public Offering, described in (4)(i) below;

(ii) 20,435,000 shares of common stock of the Company, issued for purchase by the International Managers in the International Offering, described in (4)(ii) below; and

(iii) A maximum of 3,065,000 shares of common stock of the Company, additionally issued for purchase by the International Managers upon exercise of the option in the International Offering, described in (4)(ii) below.

(2) Method of Determination of Amount to be Paid In of The amount to be paid in will be determined on a day in the period from October 6, 2021 (Wed) to October 11, 2021 (Mon) (such date, the “Pricing Date”) in accordance with the method set forth in Article 25 of the Regulations Concerning Underwriting of Securities, etc. promulgated by the Japan Securities Dealers Association (the “JSDA”).

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(3) Amount of Capital Stock and Legal Capital Surplus to be Increased The amount of capital stock to be increased is half of the maximum amount of increase in capital stock, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of legal capital surplus to be increased is the amount obtained by subtracting the amount of capital stock to be increased from the maximum amount of increase in capital stock.

(4) Method of Offering The Japanese offering and the international offering will be made simultaneously.

(i) Japanese Public Offering:

The offering to be made in Japan (the “Japanese Public Offering”) will be a public offering, and several Japanese underwriters (collectively, the “Japanese Underwriters”), whose joint lead managers and bookrunners are three of the Japanese Underwriters, shall underwrite and purchase all of the shares offered in the Japanese Public Offering.

(ii) International Offering:

The offering to be made outside of Japan (with the offering in the United States restricted to sales to “qualified institutional buyers” under Rule 144A of the U.S. Securities Act of 1933, as amended) (the “International Offering”), and all of the shares offered in the International Offering shall be severally and not jointly purchased by several international managers (collectively, the “International Managers,” collectively with the Japanese Underwriters, the “Underwriters”), whose joint lead managers and bookrunners are three of the International Managers. The Company shall also grant the International Managers an option to purchase additional issued shares of common stock of the Company, as described in (1)(iii) above.

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With regard to the number of shares to be offered in (i) and (ii) above, the number of shares to be offered is planned to be 61,305,000 shares in the Japanese Public Offering and 23,500,000 shares in the International Offering (the International Managers will purchase 20,435,000 shares as described in (1)(ii) above initially and 3,065,000 additional issued shares of common stock of the Company upon exercise of the option granted to the International Managers described in (1)(iii) above). However, the final breakdown will be determined on the Pricing Date by taking into account market demand and other conditions.

The issue price (the offer price) with regard to each offering of (i) and (ii) above will be determined on the Pricing Date in accordance with the method set forth in Article 25 of the Regulations Concerning Underwriting of Securities, etc. promulgated by the JSDA, based on the preliminary pricing terms calculated by multiplying the closing price in regular trading of the shares of common stock of the Company on the Tokyo Stock Exchange, Inc. on the Pricing Date (or, if no closing price is quoted, the closing price of the immediately preceding date) by a number between 0.90 and 1.00 (with any fraction less than one yen being rounded down), taking into account market demand and other conditions.

The joint global coordinators for the Japanese Public Offering, the International Offering and the secondary offering by way of over-allotment mentioned below in “2. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment)” will be three of the Japanese Underwriters.

(5) Underwriting
Commissions

The Company shall not pay any underwriting commission to the underwriters in any offering mentioned above, although the aggregate amount of the difference between (a) the issue price (the offer price) in the Japanese Public Offering and the International Offering and (b) the amount to be paid to the Company by the underwriters shall constitute the proceeds to the underwriters.

(6) Subscription Period

The subscription period is from the business day immediately following

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(in Japanese Public Offering) the Pricing Date to the second business day following the Pricing Date.

(7) Payment Date The payment date is expected to be a day in the period from October 13, 2021 (Wed) to October 18, 2021 (Mon), provided, however, that such day is the fifth business day following the Pricing Date.

(8) Subscription Unit 100 shares

(9) The amount to be paid in, the amount of capital stock and legal capital surplus to be increased, the issue price (the offer price), and any other matters necessary for this issuance of new shares by way of offering will be determined at the discretion of the President and Representative Director of the Company.

(10) The Japanese Public Offering is subject to the registration taking effect under the Financial Instruments and Exchange Act (the “FIEA”).

2. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment) (see “<Reference>” item 1 below)

(1) Class and Number of Shares to be Sold 9,195,000 shares of common stock of the Company.
The number of shares mentioned above is the maximum number of shares to be sold. The above number may decrease, or this secondary offering by way of over-allotment itself may be cancelled, depending on market demand and other conditions in the Japanese Public Offering. Furthermore, the number of shares to be sold will be determined on the Pricing Date, taking into account market demand and other conditions in the Japanese Public Offering.

(2) Seller A certain Japanese underwriter (the “Japanese Lead Manager”)

(3) Selling Price To be determined (the selling price will be determined on the Pricing Date; provided, however, that such selling price will be the same as the issue price (the offer price) in the issuance of new shares by offering).

(4) Method of Secondary Taking into account market demand and other conditions for the

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Offering Japanese Public Offering, the Japanese Lead Manager will make a secondary offering in Japan up to a maximum of the 9,195,000 shares of common stock of the Company that the Japanese Lead Manager, the bookrunner of the Japanese Public Offering, borrows from a certain shareholder of the Company.

(5) Subscription Period The subscription period is the same as the subscription period in the Japanese Public Offering.

(6) Delivery Date The delivery date is the business day immediately following the payment date in the Japanese Public Offering.

(7) Subscription Unit 100 shares

(8) The selling price and any other matters necessary for this secondary offering by way of over-allotment will be approved at the discretion of the President and Representative Director of the Company.

(9) The secondary offering by way of over-allotment is subject to the registration taking effect under the FIEA. If the Japanese Public Offering is canceled, the secondary offering by way of over-allotment will be canceled as well.

3. Issuance of New Shares by way of Third-Party Allotment (see “<Reference>” item 1 below)

(1) Class and Number of Shares to be Offered 9,195,000 shares of common stock of the Company.

(2) Method of Determination of the Amount to be Paid In The amount to be paid in will be determined on the Pricing Date; provided, however, that such amount to be paid in will be the same as the amount to be paid in with respect to the issuance of new shares by offering.

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- (3) Amount of Capital Stock and Legal Capital Surplus to be Increased The amount of capital stock to be increased is half of the maximum amount of increase in capital stock, as calculated in accordance with the provisions of Article 14, Paragraph 1 of the Rules of Account Settlement of Corporations, with any fraction less than one yen resulting from the calculation being rounded up to the nearest one yen. The amount of legal capital surplus to be increased is the amount obtainable by subtracting the amount of capital stock to be increased from the maximum amount of increase in capital stock.
- (4) Allottee The Japanese Lead Manager
- (5) Subscription Period (Subscription Date) November 4, 2021 (Thu)
- (6) Payment Date November 5, 2021 (Fri)
- (7) Subscription Unit 100 shares
- (8) Shares not subscribed for within the subscription period (subscription date) described in (5) above will not be issued.
- (9) The amount to be paid in, the amount of capital stock and legal capital surplus to be increased, and any other matters necessary for issuance of new shares by way of the third-party allotment will be determined at the discretion of the President and Representative Director of the Company.
- (10) Issuance of new shares by way of the third-party allotment is subject to the registration taking effect under the FIEA. If the Japanese Public Offering is canceled, the issuance of new shares by way of the third-party allotment will be canceled as well.

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<Reference>

1. Secondary Offering by way of Over-Allotment, etc.

The secondary offering by way of over-allotment described in “2. Secondary Offering of Shares (Secondary Offering by way of Over-Allotment)” above is a secondary offering of shares of common stock of the Company in Japan to be made in conjunction with the Japanese Public Offering described in “1. Issuance of New Shares by way of Offering” above in an amount not to exceed 9,195,000 shares, which will be borrowed by the Japanese Lead Manager, the bookrunner of the Japanese Public Offering, from a certain shareholder of the Company, taking into account market demand for the offerings and other conditions. The number of shares in the secondary offering by way of over-allotment is expected to be 9,195,000 shares, which indicates the maximum number of shares to be sold, and depending on market demand and other conditions such number may decrease, or the secondary offering by way of over-allotment itself may be cancelled.

In connection with the secondary offering by way of over-allotment, the board of directors of the Company has resolved, at the meeting held on September 28, 2021 (Tue), that the Company will issue 9,195,000 shares of common stock of the Company to the Japanese Lead Manager by way of third-party allotment (the “Capital Increase by way of Third-Party Allotment”), with the payment date set to be November 5, 2021 (Fri), in order for the Japanese Lead Manager to obtain the number of shares necessary to return the shares borrowed by the Japanese Lead Manager from the certain shareholder of the Company (the “Borrowed Shares”).

Furthermore, the Japanese Lead Manager may also purchase shares of common stock of the Company on the Tokyo Stock Exchange, Inc., up to the number of shares to be sold in the secondary offering by way of over-allotment (the “Syndicate Cover Transactions”), for the purpose of returning the Borrowed Shares. Such Syndicate Cover Transactions would be made during the period beginning on the date immediately following the last day of the subscription period for the Japanese Public Offering and the secondary offering by way of over-allotment and ending on November 1, 2021 (Mon) (the “Syndicate Cover Transaction Period”). All of the shares of common stock of the Company purchased by the Japanese Lead Manager through the Syndicate Cover Transactions will be used to return the Borrowed Shares. During the Syndicate Cover Transaction Period, the Japanese Lead Manager may elect not to conduct any Syndicate Cover Transactions or may terminate Syndicate Cover Transactions before the number of shares purchased through such transactions reaches the number of shares sold in the secondary offering by way of over-allotment.

The Japanese Lead Manager may conduct stabilizing transactions as it conducts the Japanese Public Offering and the secondary offering by way of over-allotment. The shares of common stock of the Company acquired

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through such stabilizing transactions may be used, in whole or in part, to return the Borrowed Shares.

The Japanese Lead Manager plans to accept the allotment under the Capital Increase by way of Third-Party Allotment of an equivalent number of shares of common stock of the Company calculated by deducting (a) the number of shares purchased through stabilization transactions and Syndicate Cover Transactions that are to be used to return the Borrowed Shares from (b) the number of shares to be sold in the secondary offering by way of over-allotment, and its funds are supplied by the proceeds from such secondary offering by way of over-allotment. Accordingly, all or a part of the shares to be issued under the Capital Increase by way of Third-Party Allotment may not be subscribed for, which may result in a decrease in the maximum number of shares planned to be issued under the Capital Increase by way of Third-Party Allotment, or in the cancellation of the entire issuance due to forfeiture of the right to subscribe.

Whether the secondary offering by way of over-allotment will take place and, if it does, the number of shares in the secondary offering will be determined on the Pricing Date. If the secondary offering by way of over-allotment is cancelled, the borrowing of the shares of common stock of the Company from the shareholder of the Company by the Japanese Lead Manager as described above, will be cancelled. Accordingly, because the Japanese Lead Manager will not accept the allotment under the Capital Increase by way of Third-Party Allotment and will not subscribe, the issuance of the new shares by the Capital Increase by way of Third-Party Allotment will be cancelled, due to forfeiture of the right to subscribe. Furthermore, the Syndicate Cover Transaction on the Tokyo Stock Exchange, Inc. will not be conducted.

With respect to the transactions mentioned above, the Japanese Lead Manager will conduct these transactions in consultation with the other two joint lead managers and bookrunners.

2. Change in the Total Number of Issued Shares as a Result of the Capital Increase by way of Offering and the Capital Increase by way of Third-Party Allotment

Total number of issued shares at present: 673,907,735 shares (As of August 31, 2021)

Increase in number of shares as a result of 84,805,000 shares (Note 1)
the capital increase by way of offering:

Total number of issued shares after the 758,712,735 shares (Note 1)
capital increase by way of offering:

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Increase in number of shares as a result of 9,195,000 shares (Note 2)
the capital increase by way of third-party
allotment:

Total number of issued shares after the 767,907,735 shares (Note 2)
capital increase by way of third-party
allotment:

(Notes) 1. These figures are based on the assumption that the International Managers exercise the option in full set forth in (1)(iii) of “1. Issuance of New Shares by way of Offering” above.

2. These figures are based on the assumption that the number of shares to be offered set forth in (1) of “3. Issuance of New Shares by way of Third-Party Allotment” above are all subscribed for by the Japanese Lead Manager and issued and thus indicates the maximum number of the shares to be issued.

3. Use of Proceeds

(1) Use of Proceeds

With respect to the maximum approximate total proceeds of 115,824,280,000 yen from the Japanese Public Offering, the International Offering and the Capital Increase by way of Third-Party Allotment, the Company intends to use 62.1 billion yen for investments in its development and reconstruction operations to be conducted by December 31, 2024, 1.4 billion yen for investments in renewable energy facilities to be conducted by December 31, 2023, and use the remainder for the redemption of short-term bonds (commercial paper) that the Company had issued and repayment of short-term borrowings that the Company had borrowed to finance investments in its development and reconstruction operations, the acquisition of new properties and investments in renewable energy facilities, to be conducted by March 31, 2022. Until used as set forth above, the unused portion of the proceeds will be managed appropriately in, among other things, a deposit account.

(2) Change in the Use of Proceeds Raised Last Time

Not applicable.

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(3) Effects on Business Performance

The Company believes that this issuance of new shares will contribute to the establishment of the basis for growth and financial standing to realize the group's mid-to-long term growth.

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