

Financial Information of 3rd Quarter FY2021 (January~September) [SUMMARY]

(Billion of Japanese Yen)

	<u>FY2019 3Q</u>	<u>FY2020 3Q</u>	<u>FY2021 3Q</u>	<u>% YOY</u>	<u>FY2021 forecast</u>
Operating Revenue	<u>215.7</u>	<u>186.3</u>	<u>265.4</u>	<u>up 42.4 %</u>	420.0
Operating Income	<u>55.7</u>	<u>54.1</u>	<u>69.6</u>	<u>up 28.5 %</u>	110.0
Ordinary Income	<u>52.1</u>	<u>50.1</u>	<u>65.2</u>	<u>up 30.2 %</u>	100.0
Net Income	<u>36.8</u>	<u>28.7</u>	<u>40.4</u>	<u>up 40.9 %</u>	65.0
Annual Dividend	31.5 yen	36.0 yen			<u>38.0 yen</u>

[Public Offering]

- New issued share(94 million) Issue price(Y1085 per share) Dilution(about 13%) Delivery Date(Oct 13 and Nov 5)

[3Q Summary] The Tokyo Olympics under the state-of-emergency blocked outgoing activities in 3Q. Transaction deals' closure dates mostly postponed to 4Q.

- New cases of Covid-19 have been down significantly in October. Daily number in Tokyo are hovering around 20 recently, which was over 5000 in mid-August. Economic activities are improving, but leasing recovery may lag until Year 2022.
- Even we expect a strong 4Q, we stay our original annual PL and dividend guidelines since so many things are unclear.

[Transaction market] Sluggish in 3Q(July~September) under the state of emergency.

- The state-of-emergency period (~September 30th) and Tokyo Olympics and Paralympic events made us difficult to execute due-diligence. Hulic Reit Management announced their investment for 4 properties from HULIC in 4Q, so will Hulic Private Reit. Activities will pick up in 4Q.
- Neither China Evergrand fear nor US long-term interest rise influence any domestic transaction market activities in Japan.

[Tokyo Office market] 'Work from home' style cannot establish firm standards with most domestic companies in Tokyo. Many workers began to return to office premises. Tokyo office vacancy is still rising but its pace has been slowing down.

[Hotel Business] Booming in short-tourism will begin. Reservation picks up sharply for the rest of the year.

- The state-of-emergency lifted from entire Japan in our 4Q. New cases of Covid-19 have dropped sharply in October. Domestic tourism seems recovering from October. Lack of inbound tourists can be covered up by domestic travelers.
- Our 'FuFu' series of premier traditional resort inn are completely full by the year-end. Short trips from the big cities are the most popular traveling style. = Mt.Fuji, Nikko, Atami, Kyoto, Nara~'FuFu' has all.
- On the other hand, neither Tokyo nor Osaka hotels will reach a satisfactory level soon. Business trips are increasing but pace is still slow and not fully encouraged by most companies.
- Worst is behind us, but we expect to book around Y8.5 billion operational loss from our owned Hotel in FY2021.

[Commercial/Retail property]

- Although people are back on the streets, small eating establishment keep cautious stance to restart their business plans.
- Commercial leasing is a lagging indicator of real economic activities. It may take some time to get back to normal.

[Other assets]

- We just launched a Japan's first wooden-made commercial building in GINZA main street.(~12th floor, size B building) Leasing contracts were completed but it will take a few months to finish interior work. This is one of the two requirements of the Sustainable Bond issued in October 2020.

(END)