

Financial Information of FY2021 (January~December) [SUMMARY]

I . FY2021 performance result Summary

(Billion of Japanese Yen)

| | FY2020 | FY2021 final | UP from last year | % 2021/2020 | FY2022 guideline |
|-------------------|----------|--------------|-------------------|-------------|------------------|
| Operating Revenue | 339.6 | 447.0 | + 107.4 | + 31.6 % | N.A. |
| Operating Income | 100.5 | 114.5 | + 13.9 | + 13.8 % | 123.0 |
| Ordinary Income | 95.6 | 109.5 | + 13.9 | + 14.5 % | 115.0 |
| Net Income | 63.6 | 69.5 | + 5.9 | + 9.3 % | 75.0 |
| Annual Dividend | 36.0 yen | 39.0 yen(F) | + 3.0 yen | | 40.0 yen |

[Summary]

- Final results surpassed all the Income guidelines, strong capital gains contributed.
- Our corporate management target, Ordinary Income, has made 14.5% increase Y-O-Y, just 0.42bil JPY shy of midterm plan FY2022.
- Annual Dividend per share (39JPY) is higher than original guidance, due to both robust Net Income and hike of payout ratio.
- Because we cannot see the exit timing of Covid-19, we place modest income guidance numbers for FY2022 at the beginning.
- Today we announced a new President nominee after March 23rd.

II . Current Medium-term business plan (FY2020-FY2022) - KPI follow-up

FY2021 KPI results were deeply affected by the Public Offering finance in last November.

(Japanese Yen)

| | FY2020 | FY2021 | FY2022(F) | |
|-----------------------|--------------|---------------|---------------|---|
| Ordinary Income | 95.6 billion | 109.5 billion | 115.0 billion | ←revised up from 110 billion |
| ROE | 13.4 % | 12.3 % | n.a. | ←downed temporarily by PO but still keeping over 10%, our minimal threshold |
| EPS | 95.23 | 101.09 | 98.41 | ←downed temporarily by PO |
| Net D/E ratio | (*)1.7 times | (*)1.3 times | n.a. | ←improved by PO, well under 3.0 times |
| Dividend Payout ratio | 37.8% | 38.5% | 40.6% | |
| Annual Dividend | 36.0 yen | 39.0 yen | 40.0 yen | |

(*)50% of hybrid finance balance was considered with Equity calculation.

[Global Offering in 2021]= Our equity finance (98 billion yen) completed in November 2021.

- The expanded equity base made the sound B/S structure. D/E improved but ROE down by the dilution (around 13%) effect.
- EPS increased in FY2021 but might decline by full-year dilution effect base on the current low-key PL guideline.
- The new investment plan is budgeted from FY2022 for acquisition and development to strengthen real estate portfolio.

[Transaction market]= Busy

- Abundant global investment money continued to come in Tokyo property market. Tokyo CAP Rate came off again.
- We kept working on portfolio reshuffle activities, swapped estates and sale and leased-back, then booked capital gains.
- Better located portfolio increased mark-to-market asset value. Unrealized value of our fixed asset improved in 2021.

[Tokyo Office market]= 'Work from home' style do not spread among mainstream companies.

- Tokyo central office vacancy rose slightly in the first half of 2021 but stabilized in the second half.
- HULIC's Tokyo area office vacancy still achieved below 1% (vs. market average 6.33% in December)

[Hotel Business]= We have seen some cancellation during Omicron diffusion but not as bad as we thought.

- Short trips to the high-end resort Ryokan ('FuFu' brand) have been busy all the time.
Urban area hotel operation underperformed entire year due to lack of business clients and overseas visitors.
- Hotel operation under the consolidated subsidiary companies booked loss of 8.0 billion JPY in FY2021.
FY2022 PL will definitely improve by cost cut effort, we refrain from showing guideline for hotel sector now because influence from Omicron variant diffusion is difficult to tell.

[Other assets]= Bigger retail brands are resilient.

- Our core retail tenants in GINZA (Prada, Tiffany, Gucci etc) have been very resilient during Covid-19.
- Nursing homes(non-operational) keep producing stable cashflow with long-term fixed rent structure.
- HULIC does not have any overseas exposures and not be affected by Covid-19 lockdown in US and European countries.

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