

## Financial Information of 1st Quarter FY2022 (January~March) [SUMMARY]

### I . FY2022 1st Quarter performance result Summary

(Billion of Japanese Yen)

	FY2021 1Q	FY2022 1Q	FY2020 result	FY2021 result	FY2022 forecast
Operating Revenue	91.4	<b>106.9</b>	339.6	447.0	N.A.
Operating Income	22.1	<b>29.0</b>	100.5	114.5	123.0
Ordinary Income	20.5	<b>28.4</b>	95.6	109.5	115.0
Net Income	12.5	<b>18.3</b>	63.6	69.5	75.0
Annual Dividend	-	-	36.0 yen	39.0 yen	40.0 yen

<Summary>

- FY2022 1Q OP result was 23.5% larger than same period of last year. Capital gains contributed most.
- Both leasing and sales PL advanced Y-O-Y. We sealed several profitable sales deals and 'sales & lease-back' acquisition.
- Tokyo office leasing market has been stabilizing. Hotel recovery will delay after 2Q. Transaction market stays strong.

### II . Major KPI

(Japanese Yen)

	2019/12	2020/12	2021/12	2022/3
NIKKEI Index	23,656	27,444	28,792	27,821
HULIC share price	1,316 yen	1,133 yen	1,092 yen	1,101 yen
Market Capitalization	886.9 Billion	763.5 Billion	838.6 Billion	845.5 Billion
EPS	88.93 yen	95.23 yen	101.09 yen	N.A.
BPS	687.01 yen	728.31 yen	836.89 yen	838.55 yen
unrealized value of leasing asset	370.0 Billion	353.0 Billion	364.6 Billion	→

### III . FY2022 Q1

<Macro Environment>

- Tokyo office leasing environment looks almost flat (vacancy rate & rent/sqm) from Miki-shoji data.
- Although global inflation fear is imminent, Bank of Japan is sending a clear message that they will keep the current monetary policy. Therefore, low cost fund will continue and that is a tailwind for our business.
- However, the fast depreciation of the Japanese yen movement will push up the import prices in the near future. We might be affected by the higher construction cost for our projects in the next phase. Under the current accounting rules, these costs will be allowed to amortize over a certain period of time.
- Property price in Tokyo CBD is still up, but it's downed on a USD basis. (Japanese Yen depreciated 11% in 2022.) The further depreciation of the Japanese yen will bring in more Foreign investment to Japan.

<Hulic related>

- Our office rent/sqm has been improving, mostly by the continuous portfolio reshuffling activities. (Asset Management Business).
- Our vacancy was slightly higher in Tokyo. Cancellation at large scale building was noticed during 1Q. Most of these vacant space is scheduled to refill in 2Q.
- Property Sales : We gave up to redevelop two properties in Tokyo central area, decided to sell instead, with good capital gains.
  - ↳ The Retail store in Ikebukuro was sold to Nitori - Top appliance chain in Japan.
  - ↳ The Office in Roppongi after the Mizuho Financial Group moved out, was sold to the condo developer.
  - ↳ We transferred partial ownership of two Mizuho's branches to Hulic J-reit.
- Property acquisition: We did several transactions including the one 'sales & lease-back' with Hitachi group office in Shinagawa.
- Hotel operation was still underperformed in 1Q, but we see good sign of recovery. Both Hotels and traffic reservation are picking up in April. The Booster injection, 'the 3rd shot', started in March and Corona positive cases have been gradually slowing down recently.

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