

Financial Information of 2nd Quarter FY2022 (January ~ June) [SUMMARY]

. FY2022 2nd Quarter Performance Result Summary

(Billion of Japanese Yen)

	FY2021 2Q	FY2022 2Q	FY2020 result	FY2021 result	FY2022 forecast
Operating Revenue	220.0	247.4	339.6	447.0	N.A.
Operating Income	58.6	57.0	100.5	114.5	123.0
Ordinary Income	56.5	57.4	95.6	109.5	115.0
Net Income	35.9	36.9	63.6	69.5	75.0
Annual Dividend	mid 19.0 yen	mid 20.0 yen	36.0 yen	39.0 yen	40.0 yen

<Summary>

- FY2022 1st half results reached almost 50% of annual income guidelines. Net Income booked **historical high** as a 1st half. Up to this point, proportion of **Income Gains** is temporarily down at 42% but it will rebound in the 3rd quarter by time lag.
- Mid-year dividend payout** was approved with 20yen per share, 1yen higher from same period of last year.
- TOKYO office leasing market has been almost flat, transaction market gets even stronger. Hotel recovery is still slow.
- Funding costs stay low and the Bank of Japan (BOJ) announced their firm stance of keeping 0% policy for the time being.
- The rise of import prices by weak Yen and global inflation will pass on to a financial result long afterward.
- HULIC was ranked #1 and sole AA company by **MSCI Japan ESG select leaders INDEX** among all real estate developers and J-REITs combined.

. Major KPIs

(Japanese Yen)

	2019/12	2020/12	2021/12	2022/6
NIKKEI Index	23,656	27,444	28,792	26,393
HULIC share price	1,316 yen	1,133 yen	1,092 yen	1,050 yen
Market Capitalization	886.9 Billion	763.5 Billion	838.6 Billion	806.3 Billion
EPS	88.93 yen	95.23 yen	101.09 yen	N.A.
BPS	687.01 yen	728.31 yen	836.89 yen	865.02 yen
unrealized value of leasing asset	370.0 Billion	353.0 Billion	364.6 Billion	

. FY2022 Q2

<Japan Macro Environment>

- TOKYO office rent downed 23 month in a row. Vacancy rate stays almost flat with 6.3% around.
- Transaction market is strong. The weakening of Japanese Yen (20% vs USD in 2022) attracted foreign investors. BOJ's firm easing stance supported the market view.
- The seventh wave of Covid-19 started nationwide and numbers are the record high. Authorities get cautious but no action will be taken.
- The subsidized travel program was postponed. We need easy entry allowance for foreign visitors ASAP for full Hotel recovery.

<Hulic related>

- Our TOKYO office rent/sqm was up a bit, vacancy rate is under 1%. Our leasing business is good and stable.
- We executed many Asset Management deals in this quarter. YOKOHAMA Bay district cases were noticeable in 2Q.
 - BUY: a station-adjointed SC (HULIC Minatomirai). One of the most congested commercial location in YOKOHAMA.
 - BUY and SELL: a S-Grade office (Minatomirai Center Building) from the SPC and contracted a forward sales with a non-Japanese investor.
 - SELL: A-Grade well-known commercial (Leaf Minatomirai) property to a non-Japanese private fund in fear of rising vacancy risks.
- PPP: We won two PPP auction. The SHIBUYA Development Case will be our 1st project of the 'Kids related tenants' composite property. The SHIBUYA ward will lease land to us for 70 years. Very cost efficient, high-return project.
- Our 2Q result in Hotel operation (excluding the Rent received) was still poor. Hotel subsidiaries' loss accumulated to -3.8 billion yen. The 2nd half results should turn around by past efforts for reducing fixed costs and a large turnout this summer. <END>