



July 28, 2022

To All Parties Concerned,

Company Name: Hulic Co., Ltd.  
(TSE Prime Market,  
securities code 3003)  
Representative: Takaya Maeda  
President, Representative Director  
Inquiries: Shin Ito  
Executive Managing Officer, Head of  
Corporate Communications & Investor  
Relations Dept.  
Phone: +81-3-5623-8102

**Notice regarding the Issuance of Subordinated Bonds through Public Offering  
for Replacement**

TOKYO, July 28, 2022 - Hulic Co., Ltd. has been considering a public offering of subordinated bonds (the “Hybrid Bonds”) and financing through a subordinated loan (the “Loan”). Of these, Hulic hereby announces that it has decided to issue the Hybrid Bonds as follows:

**1. Purpose and Background of the Issuance of the Hybrid Bonds**

The Hulic group operates the real estate leasing business as its core business, pursuing strategies for further growth by focusing on “driving innovation and accelerating progress” while ensuring an optimal balance of “PL Growth,” “Profitability,” “BS Soundness” and “Productivity (efficiency).” Having formulated a long-term management plan (2020 to 2029) targeting “ordinary income of JPY180 billion” by 2029, the group is promoting a steady growth to achieve the goal.

Under such circumstance, Hulic has considered replacement of its existing hybrid finance, and decided to issue the Hybrid Bonds as a means of fund raising that will support growth and reinforce its financial base while avoiding a decline in capital efficiency caused by dilution of equity, with an aim to further evolve its business model focusing on real estate leasing business and continuously improve the corporate value.

The maximum amount of the hybrid finance combining the Hybrid Bonds and the Loan will be JPY150 billion. The amount of each category will be determined in view of various factors such as the demand and market condition.

Note: The purpose of this press release is to make a general public announcement concerning the issuance of the subordinated bonds by Hulic Co., Ltd. through public offering in Japan. It has not been prepared for the purpose of offer of, or solicitation of an offer to buy or subscribe for, securities of Hulic Co., Ltd. The above-mentioned securities will not be or have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements thereunder.

## Summary of the existing hybrid finance to be replaced

Name	The 1 <sup>st</sup> series of unsecured subordinated bonds with optional interest deferral and early redemption clauses	Subordinated loan
Early redemption date	January 26, 2023 (Plan)	March 31, 2023 (Plan)
Early redemption amount	JPY50 billion	JPY100 billion

### 1. Characteristics of the Hybrid Bonds

The Hybrid Bonds are positioned between debt and equity. While they are classified as a financial liability and **will not cause dilution of the existing equity shares**, they have characteristics similar to equity due to their terms and conditions including super-long maturity, an option to defer interest payments, and subordination in liquidation and bankruptcy proceedings. Hulic therefore expects that **50% of the funds to be raised by the Hybrid Bonds will be recognized as equity by a rating agency** (Japan Credit Rating Agency, Ltd.).

### 2. Schedule

Hulic today has filed the Amendment to the Shelf Registration Statement with the Director General of the Kanto Local Finance Bureau for the issuance of the Hybrid Bonds. Hulic has appointed Mizuho Securities Co., Ltd. as a book-runner, and Nomura Securities Co. and Daiwa Securities Co. Ltd. as co-lead managers for the Hybrid Bonds. Hulic will determine the issue amount, interest rate and other terms by comprehensively taking account of various factors such as the demand and the market conditions.

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