

Financial Information of FY2018 【SUMMARY】

FY2018 final performance result

(Billion of Japanese Yen)

	FY2016	FY2017	FY2018	% 18/17	FY2019 Forecast
Operating Revenue	215.7	289.6	287.5	down 0.7 %	N.A
Operating Income	53.3	64.2	75.5	up 17.6 %	85.0
Ordinary Income	51.4	61.8	72.5	up 17.2 %	80.0
Net Income	34.8	42.4	49.5	up 16.7 %	54.5
Total annual Dividend	17.0yen	21.0yen	25.5yen(*)		28.5 yen

(*) mid-year dividend 11.5 yen has already paid out of here.

[Summary]

•HULIC final income results were historical high and exceeded the updated forecast in last October.

(Operating Income 74→75.5, Ordinary Income 71.0→72.5, Net Income 48.0→49.5, Dividend 23.5→25.0→25.5yen)

- Extra income mainly came from higher than expected sales price. Sales margin also widened from last year.
- FY2018 dividend forecast revised up again to 25.5 yen per share.

[FY2019 and beyond]

- Japan's big cities' publicly-assessed land prices reached near historical-high and we enjoyed larger capital gains. Even this environment, we accumulated asset of 'Long-term holding purpose' for more than 200 billion Yen in FY2018, which increases leasing income in the future.
- As the Company's tactics, we promoted some sale of our 'sales asset categorized' properties to expedite our portfolio reshuffle. We do not want to miss this good environment to eliminate the asset with profits which will not fit to our business model, at the same time, we will reinvest into the one with 'value-add' potential properties which we will be able to increase the cashflow through redevelopment in near future.

1) Leasing income among all real estate OP recorded at 59%, which was lower than original forecast (63%).

This was due to upward revision of total OP forecast (increase in denominator) in October.

Leasing income itself almost matched to our original forecast.

- 2) We will still seek proper balance of Profit breakdown for continuous growth. (about 2/3 from leasing income)
- 3) We believe that certain percentage of sales are necessary to increase ROE and produce cash for reinvestment and dividend. However, we will not consider Revenue but Income as our management goal.
- 4) We remain optimistic in Japan's real estate cycle. Strong investment appetite by Corporate, PE fund and supportive BOJ's monetary policy must keep market in positive way.

KPI

(Japanese Yen)

	2015/12	2016/12	2017/12	2018/12
NIKKEI Index	19,033	19,114	22,764	20,014
HULIC share price	1,069 yen	1,039 yen	1,266 yen	985 yen
Market Capitalization	708.2 Billion	688.7 Billion	839.4 Billion	653.1 Billion
EPS	52.75 yen	53.00 yen	64.38 yen	75.18 yen
BPS	474.90 yen	511.68 yen	570.02 yen	608.49 yen
unrealized value of leasing asset	220.0 Billion	253.6 Billion	293.3 Billion	323.2 Billion

END