



Investor Presentation

Medium-term Business Plan for FY2010-FY2012

February, 2010

HULIC CO., LTD.

This document is an excerpted version of "Investor Presentation" published on February 5, 2010.

□ Business environment

External : Economic conditions are not optimistic, and conservative judgment on business is required.

Internal : Solid base for continuous growth was completed.

(Maintenance of A credit ratings, change of company name, gone public to TSE first section, enrichment of professional employees etc.)

□ Basic strategies

To realize remarkable earning growth , and to make continuous strategic moves for the coming growth.

[I] Substantial raise for revenue of operations in leasing business

[II] Promotion for cultivation and development of new value drivers for growth

[III] Management of business to foresee global environmental restraints

[IV] Further strengthening of managerial foundation for further growth

□ Financial targets

(1) In 3 years (FY2012) : Ordinary income : ¥15 billion, Net income : ¥8 billion, EBITDA : ¥26 billion
Interest bearing debts / EBITDA multiple : Under 14 times

(2) In 5 years (FY2014) : Ordinary income : ¥20 billion, Net income : ¥10 billion

Financial Targets in medium-term Business Plan

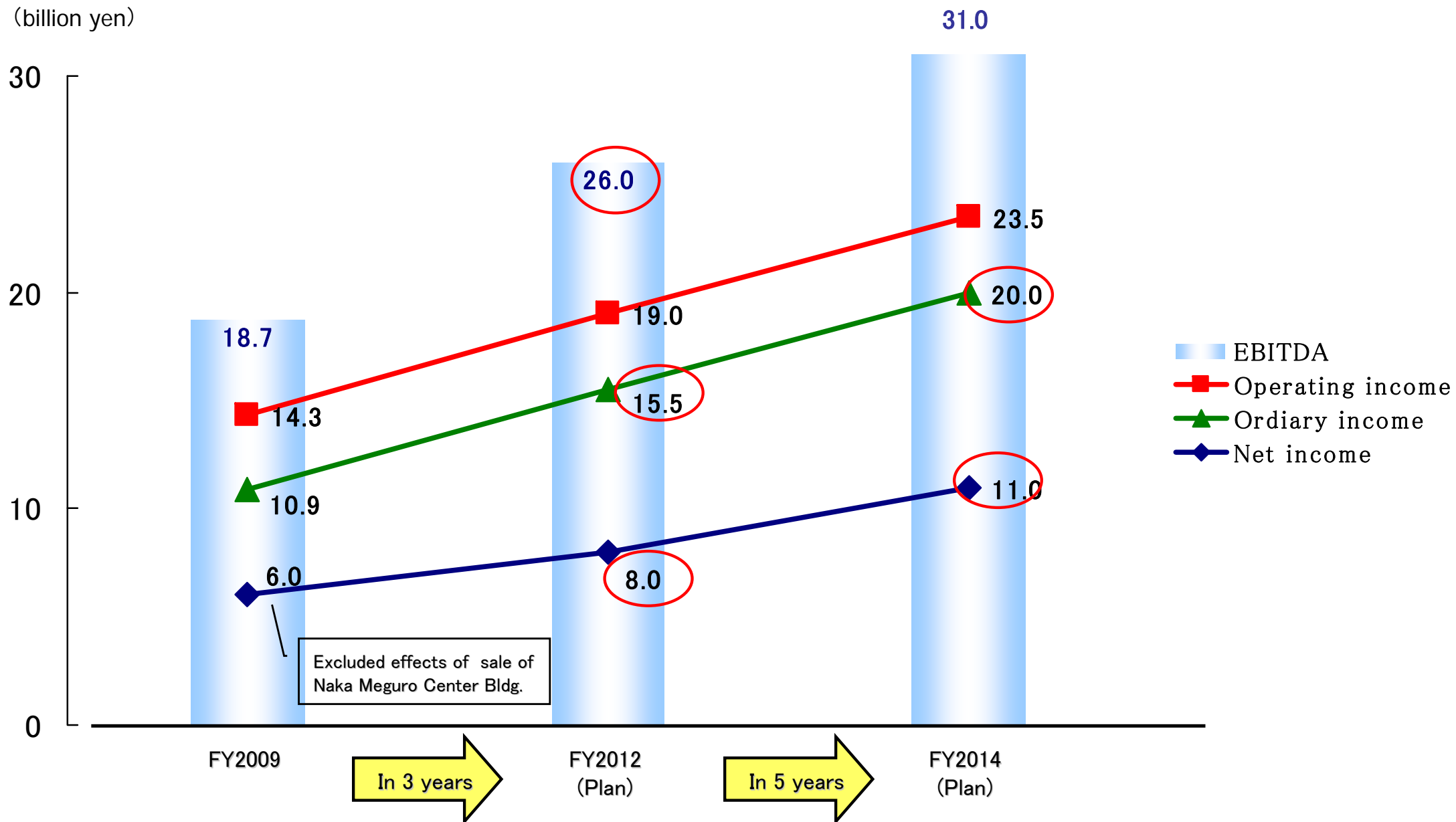
	FY2009		FY2012(plan)		FY2014(plan)
Operating income (Growth ratio to FY2009)	14.3	In 3 years	19.0 (32.0%)	In 5 years	23.5 (64.3%)
Ordinary income (Growth ratio to FY2009)	10.9		15.5 (41.7%)		20.0 (82.8%)
Net income (Growth ratio to ¥6 billion)	22.0		8.0 (33.3%)		11.0 (83.3%)
EBITDA (Growth ratio to FY2009)	18.7		26.0 (38.9%)		31.0 (65.6%)
Interest bearing debts to EBITDA ratio	13.8		12.4		11.1

FY2009~FY2012: Operating income and Ordinary income increase by ¥4.5 billion each
 →Increase in base operating income through reconstruction : ¥2.5 billion
 Additional operating income from merged companies : ¥2.0 billion
 Synergy effect of mergers : ¥0.5 billion

FY2013~FY2014: Operating income and Ordinary income increase by another ¥4.5 billion
 →Increase in base operating income : ¥1.5 billion
 Profit from exit of development business (Toranomom Project etc) : ¥2.0 billion
 Others (strengthened earnings of subsidiary and affiliate companies etc.) : ¥1.0 billion

Financial Targets of Medium-term Business Plan

(billion yen)



- Constant promotion of reconstruction
- Increase in rentable floor space by reconstruction
 - Fulfill capacity utilization at maximum through reconstruction —
- Qualitative improvement for leasing business portfolio through reconstruction.

▪ Planned to reconstruct some 40 properties for 10 years since FY2009	
Completed	5
Under reconstruction	10
Resolved to reconstruct	7
▪ Determined to reconstruct another additional 8 properties during this medium-term business plan period.	
▪ Some 40 properties to be reconstructed would be accomplished for sure.	

Full utilization and further expansion of leasing business portfolio

Focus on reconstruction to uplift a base earning of leasing business

- Strengthening of leasing function
 - Further strengthening of leasing function so as to minimize business risk.
- Settled Tenant Leasing Department in December, 2009
(2 more to be added on 6, making 8 in April, 2010)

- Reconstruction of new properties in many ways.
- Focus on office buildings, but be flexible for meeting the suitability of location and geographical conditions.

□ Updates of reconstructing properties in progress

(billion yen, m²)

Name of properties	Structure	Completed in	Tenants	Investment	Increased rentable floor space
Honjo Fuji Bldg. (Hulic Ryogoku Bldg.)	9 floors above ground and 1 below Area 7,444m ²	January,2010 Completed	Mizuho Bank TSE 1 st section companies etc.	2.5	3,200
Soka Kateiryo(Condominium) (Hulic Residence Souka)	5 floors above ground Area 3,346m ²	February 2010	Company condominium for Mizuho Bank	0.8	1,900
Yoyogiryō II (Condominium) (Hulic Court Moto-yoyogi)	3 floors above ground Area 5,860m ²	March 2010	48 rentable rooms Sublease	1.6	1,700
Kisarazu Home Center	1 floors above ground Area 4,722m ²	March 2010	DIY store	0.4	2,600
Kita-Urawaryo(Condominium)	4 floors above ground Area 2,218m ²	April 2010	Pay nursing home Sublease	0.6	No significant change
Ebara Fuji Bldg. (Hulic Ebara)	13 floors above ground and 1 below Area 6,420m ²	August 2010	Office: Mizuho Bank Condominium: 10 floors above 4th floor will be subleased	2.1	2,900
Shin-Toranomon Bldg.(JV PJ) (Tentative name : Shin-Toranomon 1Chome PJ)	12 floors above ground and 2 below Area 7,332m ²	August 2010	Under negotiation for leasing	3.2	No significant change
Kojimachi Fuji Bldg. (Hulic Kojimachi Bldg.)	9 floors above ground and 1 below Area 8,925m ²	October 2010	Mizuho Bank Other floors are under negotiation for leasing	3.0	1,700
Hulic Residence Myogadani (Condominium)<PPP Business>	7 floors above ground and 1 below Area 4,080m ²	October 2010	Leasing condominium Operation of condominium will be outsourced.	1.1	4,000
Nishinomiya (Condominium) (Hulic Residence Nishinomiya)	5 floors above ground Area 2,343m ²	October 2010	Company condominium for Mizuho Bank	0.6	900
Sukiyabashi Fuji Bldg. (Hulic Sukiyabashi Bldg.)	11 floors above ground and 4 below Area 11,473m ²	February 2011	Mizuho Bank GAP	6.3	1,000

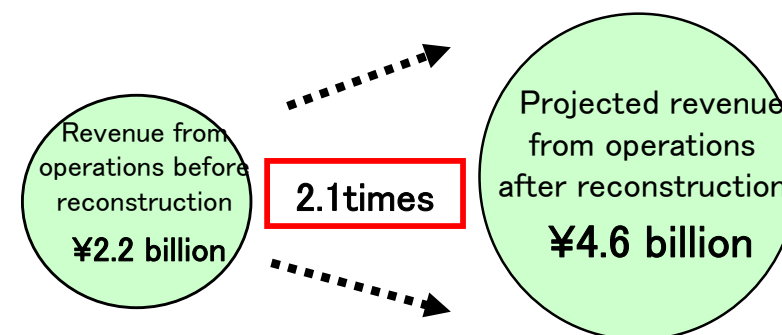
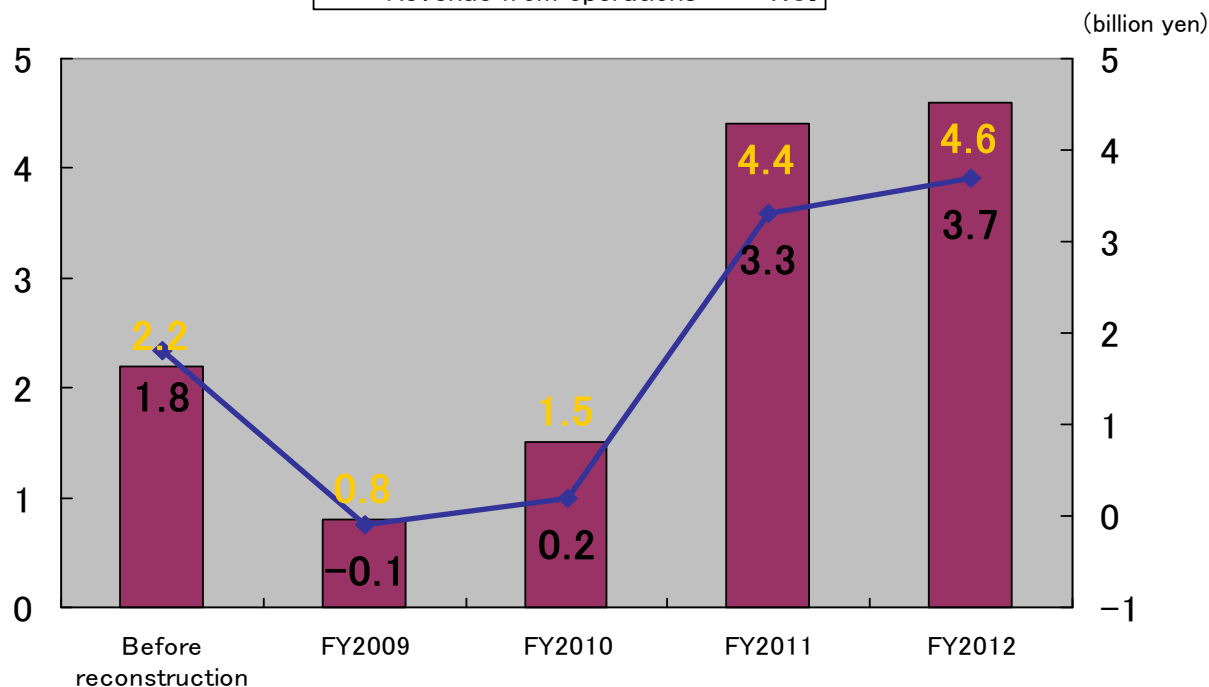
Total Increased rentable floor space after completion 19,900m²

□ Outlook for revenue from operations of 11 reconstructing properties

←New Medium-term 3 years Business Plan→ (billion yen)

	Before reconstruction	FY2009	FY2010	FY2011	FY2012	Increase in 3 years
Revenue from operations	2.2	0.8	1.5	4.4	4.6	3.8
Increase/decrease Y o Y (% of increase/decrease)	—	(1.4)	0.7	2.9	0.2	(475%)
NOI	1.8	(0.1)	0.2	3.3	3.7	3.8
Increase/decrease Y o Y (% of increase/decrease)	—	(1.9)	0.3	3.1	0.4	(-)

■ Revenue from operations ◆ NOI



Revenue from operations from 11 reconstructing properties above hit the bottom in FY2009 and will surpass sum of revenue before reconstruction after FY2011.

□ Reconstruction in FY2010 resolved

(billion yen, m²)

Name of properties	Structure	Completed in	Tenants	Investment	Increased rentable floor space
Yukigaya Kateiryō (Condominium)	5 floors above ground Area 6,913m ²	March 2011	108 rentable rooms, Sublease	1.9	4,300
Omorisano Kateiryō (Condominium)	3 floors above ground Area 2,891m ²	May 2011	Pay nursing home Sublease	0.9	1,200
Senriyama Ryo (Condominium)	3 floors above ground and 1 below Area 6,404m ²	September 2011	Company condominium for Mizuho Bank	1.8	4,300
Ogikubo Fuji Bldg.	4 floors above ground Area 2,391m ²	December 2011	TSE 1st section company 2 floors above 3 rd floor are under negotiation for leasing.	1.0	500
Kyodo Kateiryō (Condominium)	7 floors above ground Area 13,858m ²	January 2012	Pay nursing home Sublease	4.5	6,600
Odenma・Dai2 Odenma Bldg.	10 floors above ground and 1 below Area 7,513m ²	March 2012	(Could be a new headquarter of Hulic)	3.8	No significant change
Kaminarimon F Bldg.	11 floors above ground and 1 below Area 7,619m ²	July 2012	Hotel (Operation will be outsourced) TSE 2nd company	3.8	5,100

Total Increased rentable floor space after completion Total 22,000m²

□ Projected revenue from operations of properties described above

(billion yen)

← This medium term business Plan period →

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Increase in 5 years
Revenue from operations	0.6	0.2	0.2	1.5	1.9	1.9	1.3
Increase/Decrease(YoY)	—	(0.4)	0.0	1.3	0.4	0.0	(217%)
NOI	0.5	0.1	0.1	0.8	1.1	1.1	0.6
Increase/Decrease(YoY)	—	(0.4)	0.0	0.7	0.3	0.0	(120%)

□ Outlook for revenue from operations of all properties when reconstructed

← This medium term business Plan period → (billion yen)

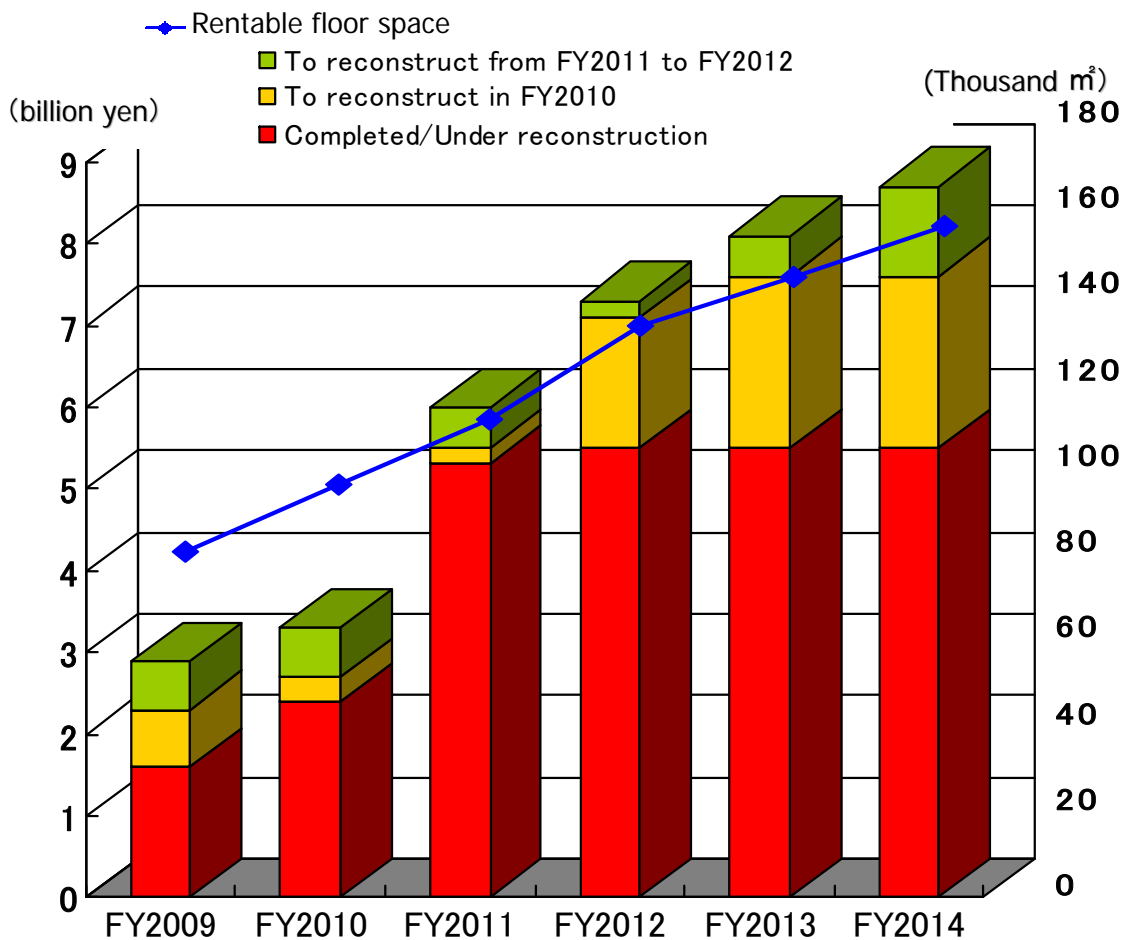
		FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	Increase in 5 years
Revenue from operations (Number of properties)		2.9	3.3	6.0	7.3	8.1	8.7	5.8
Completed/Under reconstruction (*1)	15	1.6	2.4	5.3	5.5	5.5	5.5	3.9
Resolving to reconstruct in FY2010	8	0.7	0.3	0.2	1.6	2.1	2.1	1.4
Planned to reconstruct from FY2011 to FY2012	7	0.6	0.6	0.5	0.2	0.5	1.1	0.5
NOI		1.7	1.8	4.2	5.5	6.1	6.5	4.8
Completed/Under reconstruction (*1)	15	0.5	1.0	4.1	4.5	4.5	4.5	4.0
Resolving to reconstruct in FY2010	8	0.6	0.2	0.0	0.9	1.2	1.2	0.6
Planned to reconstruct from FY2011 to FY2012	7	0.6	0.6	0.5	0.1	0.4	0.8	0.2
Rentable floor space for reconstructed properties (Thousand m ²)		7.7	9.3	10.8	13.0	14.1	15.3	7.6
Increase (YoY)			(*2) 1.6	1.5	2.2	1.1	1.2	
(Hulic's Total rentable floor space)(Thousand m ²)		39.2	45.0	46.5	48.7	49.8	51.0	11.8

(*1) Sangubashi(FY2007)、Hachioji・Moto-Yoyogi・Sendai(FY2009)

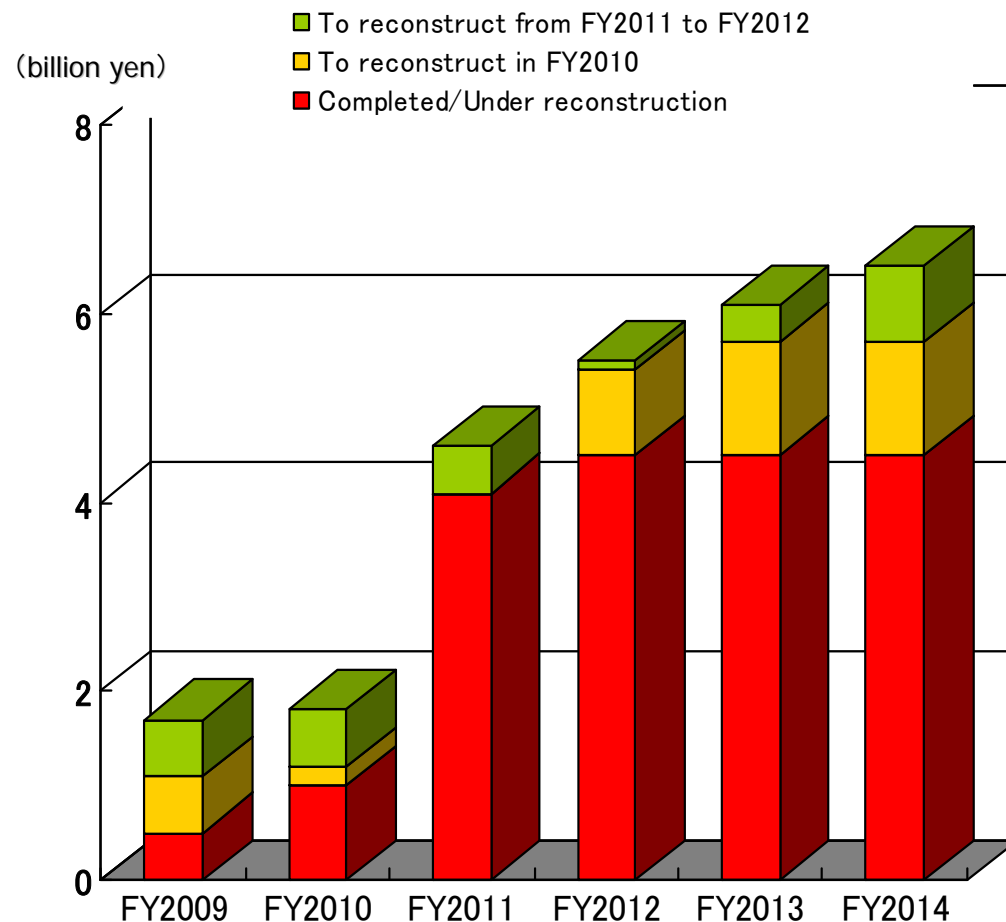
(*2) Including 42,000 m² increase by mergers

□ Outlook for revenue from operations of all properties when reconstructed

【Revenue from operations】



【NOI】



▪ Solid foundation for large increase in revenue and income was built through past and present constant reconstruction, and additional revenue and income are expected to be added by future reconstruction.

- In addition to investment in superior properties and PPP business, development business to take advantage of capability for development is under consideration.

Examples of PPP business

- Myogadani Project



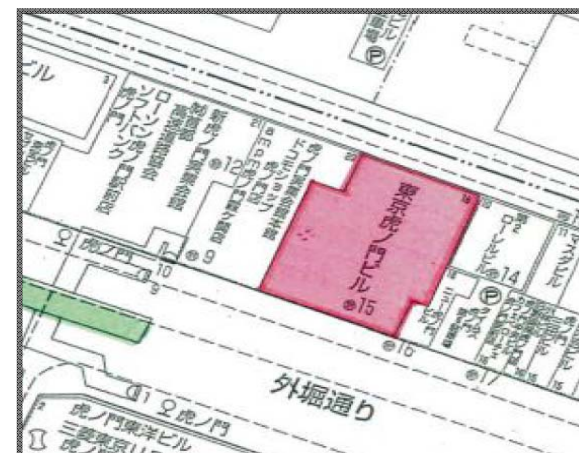
Image at completion



- (Tentative name) Shibaura LT project
~ JV with NTT Urban Development and Taisei Corporation etc.
- “Revitalization of vacant lot of Fukui Junior High School in Taito-ku” Project
~ Now applying in consortium led by Hulic

Examples of development business

- Toranomon 1chome Project



Current NOI: 6%
Planned to reconstruct

- Surugadai Project
~ JV with Taisei Corporation etc.
- Take conservative attitude toward new investment in development projects, focusing on medium sized projects in Tokyo central areas and aiming to meet the suitability of location and geographical conditions.

□ Medium to long term target in CO₂ reduction (details: at planning stage)

Based on numbers of reconstruction to be more energy efficient, Hulic plans to reduce CO₂ emission to 25% by 2020 in comparison to 1990 in estimation.

⇒ Planning to announce after review of committee composed of external experts.

□ Images of cut back in CO₂

Solar panel system

Rainwater utilization

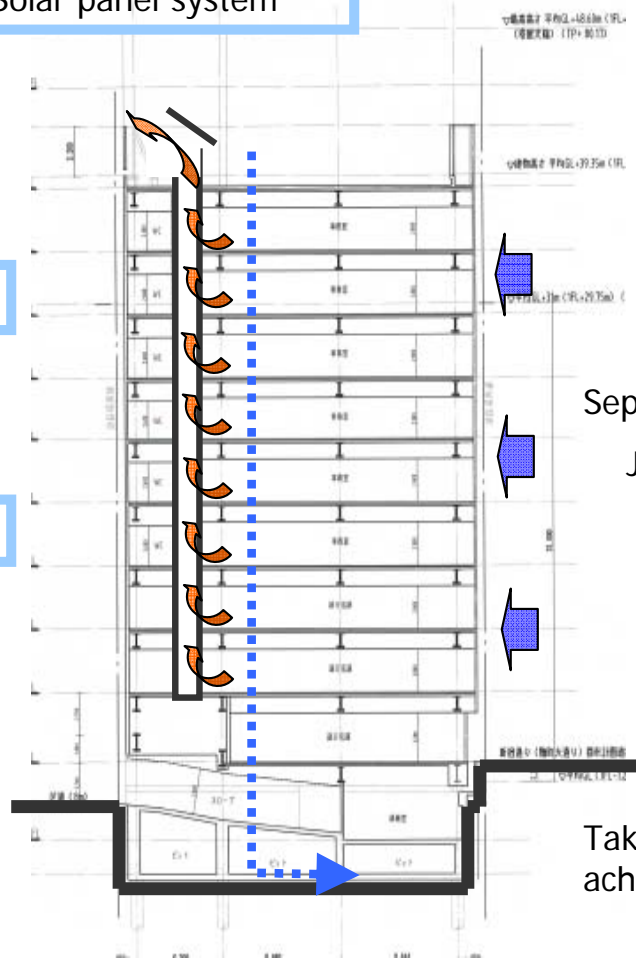
LED illumination

Lighting control system

Human occupancy sensor

Energy-efficient air conditioning system

Building energy management system



Intend to take advantage of these technologies in our reconstructing properties.

Natural lighting

Natural ventilation

Joint research program with MIT

- September, 2009 Research started
- January, 2010 2 researchers from MIT came to Hulic
- March, 2010 MIT professor came to Hulic
- May, 2010 (Planned) Hulic researcher visits MIT
- July, 2010 (Planned) MIT researchers comes to Hulic
- ...Close communication
- ...Hands-on approach to the project

Take advantage of MIT's cutting edge technology so as to achieve significant reduction in CO₂.

□ Keeping small numbers of the pick unit.

- ~ Pursuance of highly effective management system
(Target ¥100 million ordinary income per non-consolidated employee)

□ Maintenance of financial soundness

- ~ Strict control over interest bearing debts to earnings capability so as to maintain high credit ratings
- ~ Scheduled to set-up a registration for straight bond in order to secure suitable ways of financing
- ~ Complete disposal for assets with potential losses on devaluation.
(No investment securities with 20% or more unrealized losses as of January, 2010)

□ Decrease of the balance of investment securities portfolio.

- ~ FY2009 : Sold 12 securities at ¥1.4 billion (¥0.6 billion gains on sales)
- ~ January, 2010 : Sold 5 securities at ¥0.4 billion (¥0.1 billion gain on sales)

□ Strengthening of subsidiary and affiliated companies

- ~ Strengthening additional business around leasing business in addition to expanding leasing business. (PM business , Interior fit out etc.)
- ~ Promotion of making affiliated companies 100% subsidiaries in these past 1~2 years.

This document is an English translation of a statement written initially in Japanese. The original Japanese should be considered the primary version.

<Disclaimer Regarding Forward-Looking Statements>

This document contains forward-looking statements about performance of Hulic and its group companies, based on management's assumptions in light of current available information.