



# New Medium-and Long-term Management Plan (2020-2029)

February 3, 2020  
**HULIC CO., LTD.**

# Table of contents

## 1. Background of the Plan

- Summary of the previous long-term management plan (2014～2019) p.2
- Position of the plan p.3
- Target of Ordinary Income p.4

## 2. New Medium- and Long-term Management Plan

- Macro environment and Basic policy p.5
- Target Profile ·Basic policy·Basic Strategy p.6
- Quantitative Plan (FY2022·FY2029) p.7
- Medium-term Quantitative Plan (Profit plan and investment plan) p.8
- Concept of basic business strategy p.9
- (1) Leasing Business p.10
- (2) Development Business p.12
- (3) Value-added solution Business p.15
- (4) Senior Business p.17
- (5) Tourism Business p.18
- (6) Environment Business p.19
- (7) M&A Alliance p.20
- (8) New Business p.21
- (9) ESG p.22

## Appendix

- Summary of the previous long-term management plan (2014～2019) (Detailed) p.24
- Summary of Basic Strategy p.26
- Acquisition methods P.27
- Leasing Business (acquisition in FY 2019 & 2020) p.28
- Development Business (Focus area property) p.29
- Development Business (Other than Focus area property) p.30
- Development Business (Commercial·PPP) p.31
- Value-added Business (cases) p.32
- Senior housing p.33
- Hotel & Ryokans p.34
- Financial Strategy p.35
- Shareholder's return p.36
- Company Structure p.37

## Summary

- Almost 85 billion ordinary income achieved (originally targeted in FY2023)  
~ 4 years ahead of schedule.
- Capital recycling activities(Development/Value-added/Asset Management) expedited faster profit growth.

### Target profile in 10 years (As of 2014)

- Build up a comprehensive position to compete with 3 giant domestic developers.
- ⇒ Ordinary income of ¥30.0 billion in FY2014 should jump to ¥85.0 billion in FY2023

### Status as of 2019

- Cemented No.4 position (Market capitalization & Income) among domestic developers.
- ⇒ ¥84.6 bn ordinary income in FY2019 (4 years ahead of schedule)

### (Ordinary Income and major financial KPI)

	FY2013
Ordinary (Recurring) Income	25.9 bn
EBITDA	37.8 bn
Ratio of interest bearing debt to EBITA	12.2 times
Net debt to equity ratio※	2.8 times
Equity Ratio ※	24.4%
ROE	9.8%
Dividend payout ratio	24.0%

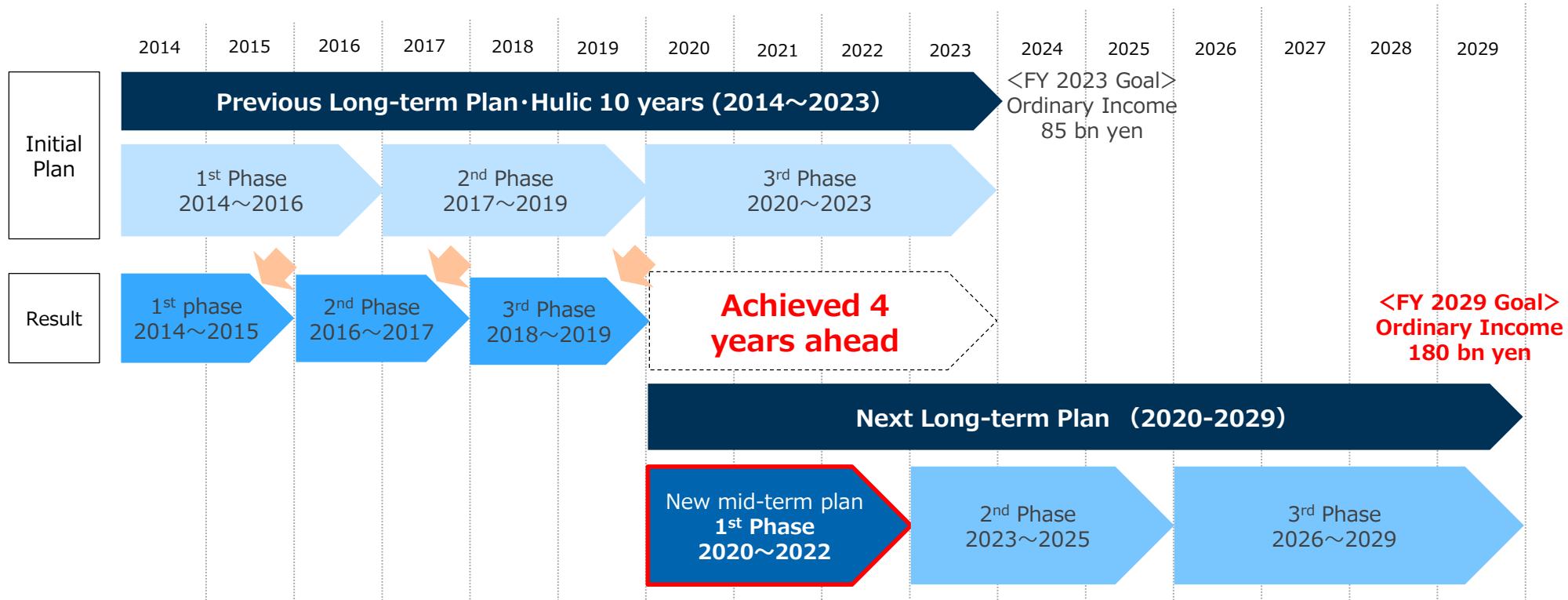
	FY2019	(Up from FY2013)
	84.6 bn	+58.7 bn
	105.4 bn	+67.6 bn
	10.1 times	2.1 Improved
	2.0 times	0.8 Improved
	30.0%	+5.6% Improved
	13.6 %	+3.8 % Improved
	35.4 %	+11.4 % Improved

※ 50%(75bn) of Hybrid finance issued in 2018 (150bn) is calculated as equity.

# Position of the plan

Formulated new 10 year long-term plan (to 2029)

1<sup>st</sup> phase 2020~2022. (New mid-term plan)



## 1<sup>st</sup> phase

- To resume reconstruction and development projects of our aged buildings.

## 2<sup>nd</sup> phase

- Completed projects partially recycle for sales and produce cashflows for the next projects.

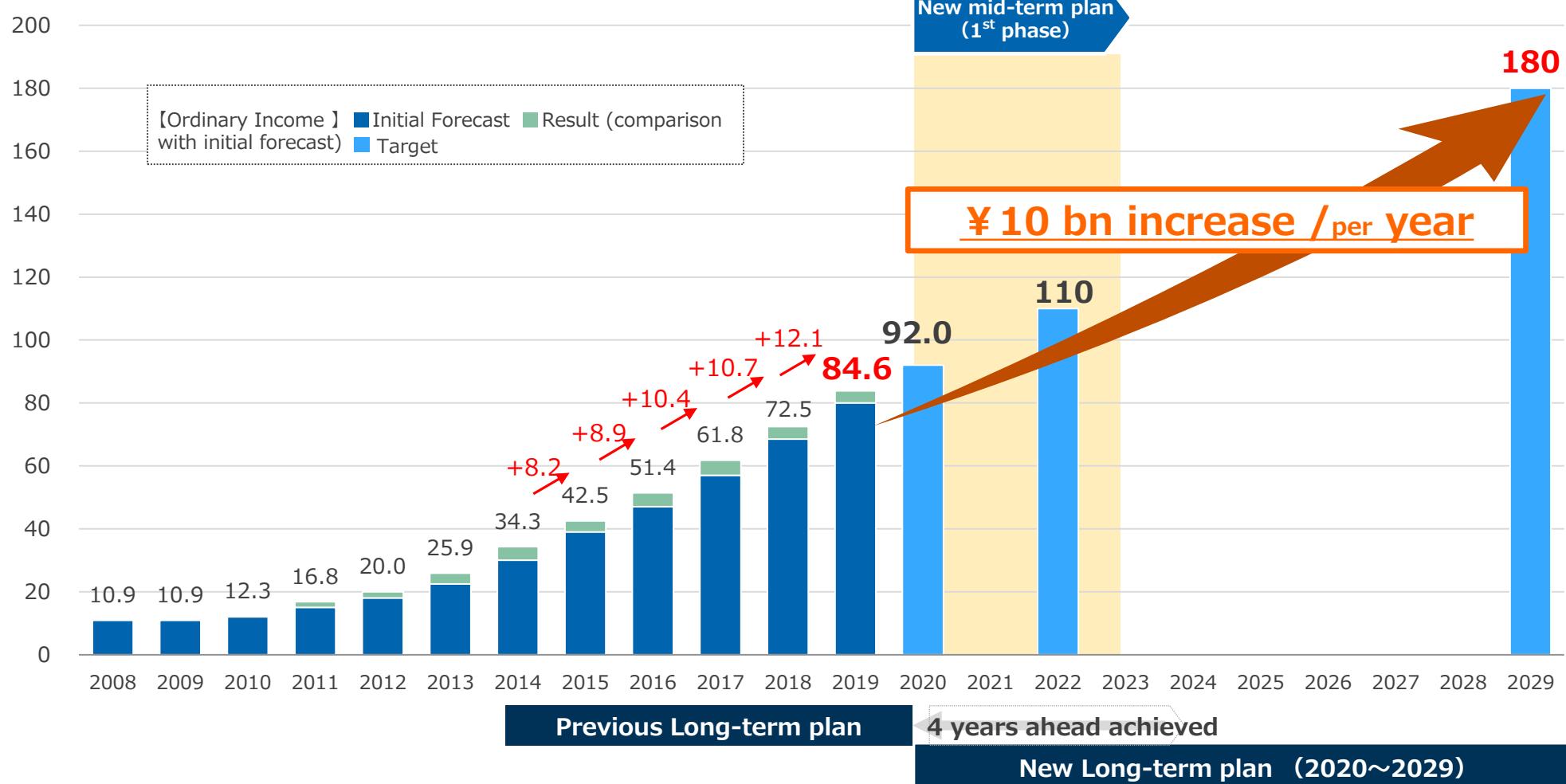
## 3<sup>rd</sup> phase

- To build up a solid and expanded portfolio for leasing business.

# Target of Ordinary Income

More consolidation will be expected in Japan's real estate sector. To establish a secure position, HULIC's top priority is profit growth and aiming to achieve **ordinary (recurring) income of ¥180 billion** in 10 years (2029).

(Billions of yen)



Assumption: “prolonged low interest rate” & “stable NAV in Tokyo prime location land ”

Macro Environment	Policy	Basic Strategy
Population Decline/ Aging Society	Emphasis on our strategic locations	<b>1 . Leasing Portfolio correspond to future demographic shift</b>
<b>Risk of Natural Disaster</b> e.g. Earthquake in greater Tokyo ※70% chance of devastating Earthquake will hit the greater Tokyo area within 30 years. (Cabinet Office Data)	To produce high-tech durable buildings	<b>2. Redevelopment or refurbishment of aged buildings</b>
<b>Technology Innovation/ Change of Life Style</b> e.g. AI, more female work forces	Challenge new asset type and related technology	<b>3. Investing to new business domains</b>
<b>Global Instability</b> e.g. Political tension with nearby countries.	To avoid uncontrollable various risks	<b>4 . Selective business focus for stronger management foundation</b>
<b>Global Warming</b> e.g. Tenant's attention favor to energy saving buildings	To use more natural energy and carbon footprint reduction tech	<b>5 . Management Team commitment to environmental sustainability</b>

## Target profile in 10 years

- To increase corporate value through flexible and speedy management decision according to macro environment change.

## Basic Policy

- Ensuring excellent balances of “PL Growth” “Profitability” “B/S Soundness” and “Productivity (efficiency)”

## Basic Strategy

### Business

1 Leasing Portfolio correspond to future demographic shift

2. Redevelopment or refurbishment of aged buildings

3. Investing to new business domains

### Management infrastructure

4. Selective business focus for stronger management foundation

5. Management commitment to environmental sustainability

# Quantitative Plan (FY2022・FY2029)

		(yen)	
		FY2022 (Mid-term plan)	FY2029 (10 year guidance)
Growth	Ordinary Income	110bn	180bn
Safety	Debt/EBITDA	Within 12 times	Within 12 times
	Net D/E Ratio	Within 3 times	Within 3 times
Efficiency	ROE	over 10%	over 10%
Shareholder's return	Payout Ratio	Approx. 40%	

※Financial KPI reflecting hybrid effect

# Medium-term Quantitative Plan (Profit plan and investment plan)

**Plan: Investing 1 trillion yen for 3 years. Ordinary Income target in FY 2022 is 110bn.**

Rent income ratio temporarily decline during this mid-term plan(2020-2022), but will return to 65%~70% in 2029 after accumulating many new development projects.

	FY 2019 Result	FY 2020	FY 2022 (mid-term plan)
<b>Profit Plan</b>			
Operating Income	88.3bn	100.0bn	120.0bn
Rent income	(57%) 54.8bn	(52%) 57.0 bn	(56%) 71.0 bn
Sales income (capital gain)	(43%) 40.9bn	(48%) 52.0 bn	(44%) 56.0 bn
Others Elimination/Corporate	-7.4 bn	-9.0 bn	-7.0 bn
Recurring Income	84.6bn	92.0bn	110.0bn
Profit attributable to owners of parents	58.8bn	62.0bn	73.5bn
EBITDA	105.4bn	120.0bn	145.0bn
<b>Investment Plan</b> (rough estimation: Net)			
Net investment amount	216.8bn	450.0bn	(total 3 years) 970.0bn
Leasing Business	194.2bn	320.0bn	(total 3 years) 670.0bn
Development Business	80.1bn	70.0bn	(total 3 years) 170.0bn
Value-added Business	-57.5bn	60.0bn	(total 3 years) 130.0bn

Speedy decision making



Stay small and be flexible



Be unique and keep a good eye on forward social events

Strengthen each business segment

Leasing portfolio correspond to future demographic shift

No.1 property owner in strategic focus area

Speed-up of development and reconstruction projects

100+ redevelopment and reconstruction projects over 10 years.

Value-adding real estate business

Capital recycling model as one of growth driver

Create unique new business domain

To find and invest into the potential new business opportunities

Hulic endeavors to rebuild competitive advantageous portfolio.

## 5 types of favorite assets

### ①Focus Area

- Ginza (Tokyo)
- Shinjuku East side (Tokyo)
- Shibuya Aoyama (Tokyo)
- Asakusa (Tokyo)

### ②Station Front Location

- Office/Commercial mid-sized properties located Metro/JR station-front in Tokyo central area

### ③Tourism •Health care Asset

- High ranking Hotel, Ryokan
- Nursing home, Hospital
- Senior health care related

**Value-up, Rent-up potential asset acquisition to fortify the leasing base.**

### ④New Generation Asset

- Property with a long-term leasing potential
- Data center, R&D facilities etc.

### ⑤Value-up opportunity

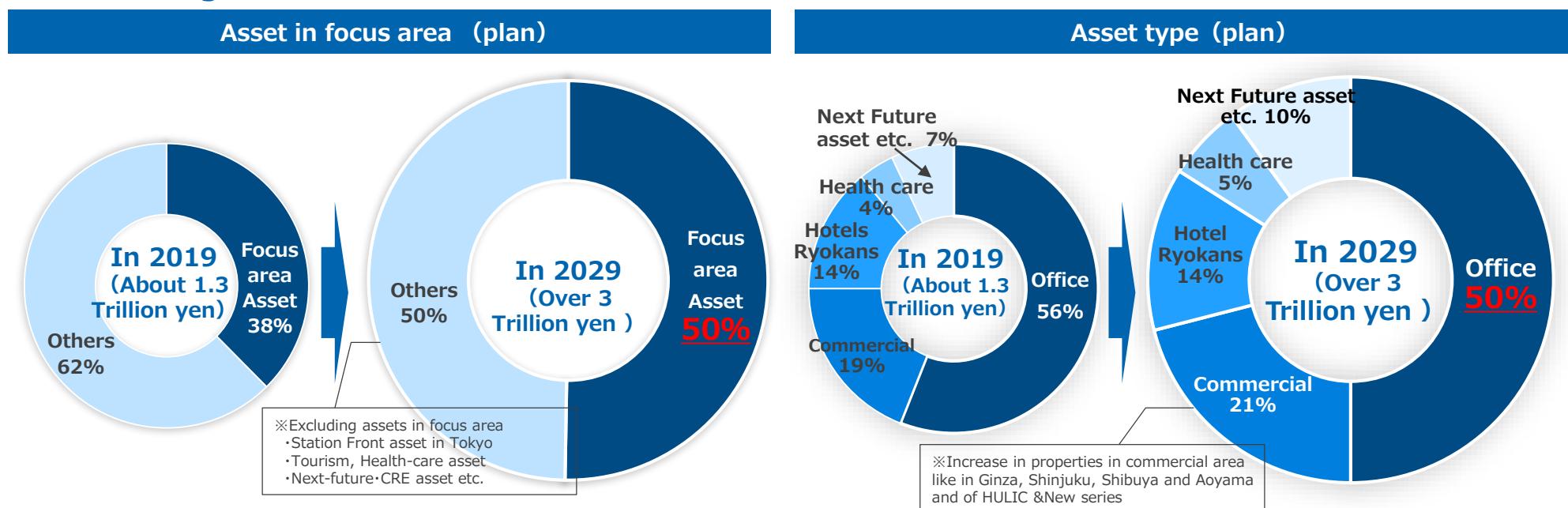
- Value up potential asset through refurbishment or redevelopment.

# (1) Leasing Business (Portfolio)

- ① Focus area share (book value) ⇒ from 38% to **50%**.
- ② Office share (book value) ↓ to **50%** along with coming labor population decline.

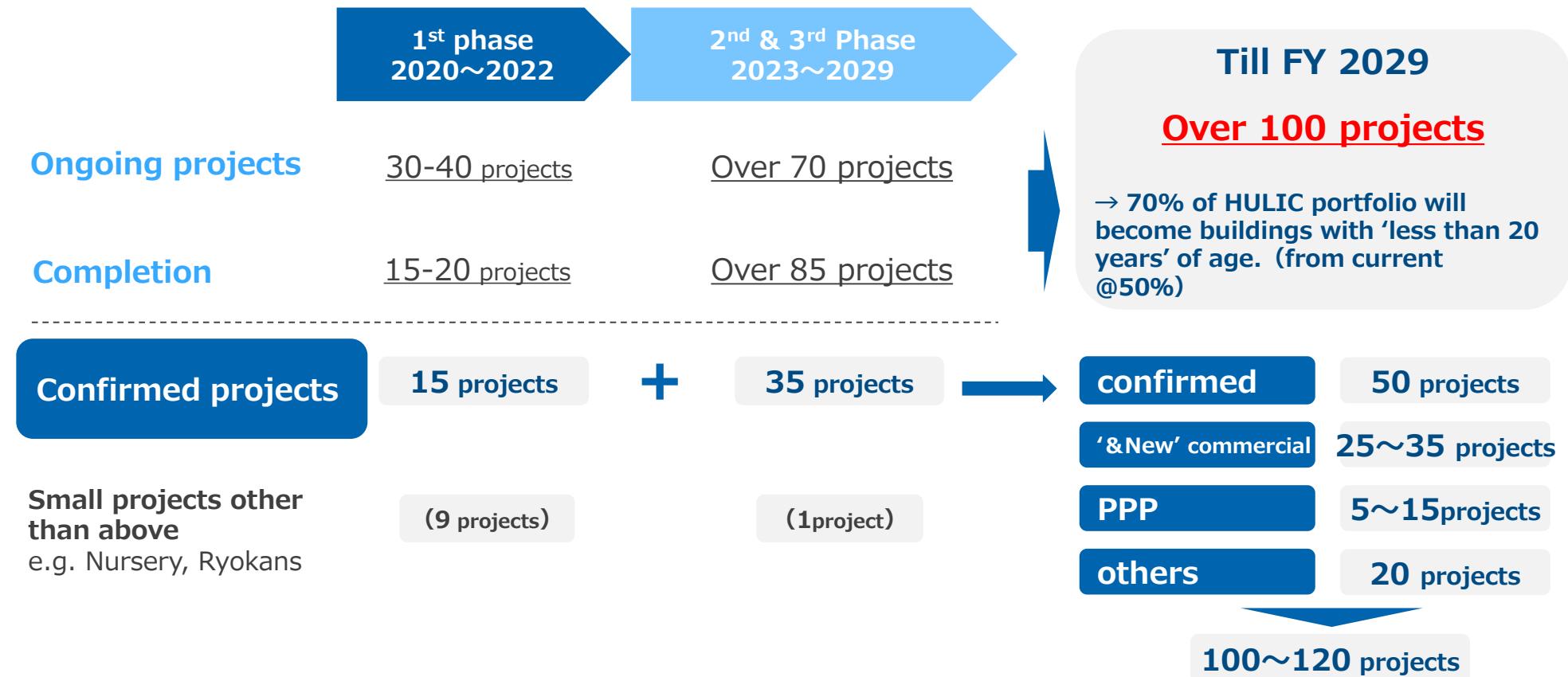
Focus Area	Strong point of each area
Ginza	<ul style="list-style-type: none"> <li>• Expect <b>higher rent</b> on the high street from luxury brand flagship stores as <b>No.1 commercial area</b>.</li> </ul>
Shinjuku East side	<ul style="list-style-type: none"> <li>• Terminal <b>train station is the world busiest</b> and commercial business is thriving.</li> </ul>
Shibuya Aoyama	<ul style="list-style-type: none"> <li>• <b>IT company office hub</b> and origin of animation, new fashion and culture. Expect to grow as a whole town.</li> </ul>
Asakusa	<ul style="list-style-type: none"> <li>• Old town 'must see' tourist spot in <b>Tokyo</b> among both foreign and Japanese visitors.</li> </ul>

## Portfolio Target in FY2029 (Book Value Basis)



## (2) Development business (Plan)

**More than 100 development and reconstruction projects till 2029. (50 projects already confirmed/tentatively agreed = over 800bn yen of book value )**



## (2) Development Business (Development pipeline)

	FY 2020	FY 2021	FY 2022	After FY 2023~	
<b>Focus Area</b>	<ul style="list-style-type: none"> <li>•Ginza 6-chome development Project</li> </ul>	<ul style="list-style-type: none"> <li>•Shinjuku 3-17 development Project</li> <li>•Udagawacho 32 development Project</li> <li>•Ginza 8-chome development Project</li> </ul>	<ul style="list-style-type: none"> <li>•Ginza 6-chome Namiki-dori development Project</li> </ul>	<ul style="list-style-type: none"> <li>•Hulic Ginza 1-chome Building</li> <li>•Ginza 5-chome Miyuki-dori Project</li> <li>•Shibuya Project</li> <li>•Marutaka Building</li> <li>•Hulic Ginza 7-chome showa-dori building</li> <li>•Marutaka Building #2</li> <li>•Kinkitatemono Ginza Building</li> <li>•Hulic Nishi ginza Building</li> </ul>	<ul style="list-style-type: none"> <li>•Property in Ginza ①</li> <li>•Property in Ginza ②</li> <li>•Property in Ginza ③</li> <li>•Property in Ginza ④</li> <li>•Property in Ginza ⑤</li> <li>•Property in Shibuya・Aoyama ①</li> <li>•Property in Shibuya Aoyama ②</li> <li>•Property in Shinjuku</li> </ul>
<b>Station Front Asset</b>	<ul style="list-style-type: none"> <li>•Akasaka 2-chome development Project</li> <li>•Tokyo Metro Roppongi 7-chome Project</li> </ul>			<ul style="list-style-type: none"> <li>•Jiyugaoka Project</li> <li>•Yaesu 2-chome Naka redevelopment project</li> <li>•Yaesu 1-chome development project</li> <li>•Sendagaya Center Building</li> <li>•Yaesu 1-chome Higashi redevelopment</li> <li>•Property in Shimbashi ①</li> </ul>	<ul style="list-style-type: none"> <li>•Property in Chuo-ward</li> <li>•Property in Ikebukuro</li> <li>•Major stations in Tokyo</li> <li>•Property in Mita</li> <li>•Property in Ichigaya</li> </ul>
<b>Tourism &amp; Health care</b>	<ul style="list-style-type: none"> <li>•Rissei elementary school development Project</li> <li>•Ryogoku River center development Project</li> <li>•Oji Project</li> </ul>		<ul style="list-style-type: none"> <li>•Osaka Ougimachi Iseikai Hospital Project</li> <li>•Shiodome Project</li> </ul>	<ul style="list-style-type: none"> <li>•Hulic Fukuoka Building</li> <li>•Hulic Sapporo Building</li> <li>•Property in Shimbashi ②</li> </ul>	
<b>CRE・Next-Future・Value-up</b>	<ul style="list-style-type: none"> <li>•Narimasu Project</li> </ul>	<ul style="list-style-type: none"> <li>•NORTH33 Building</li> </ul>	<ul style="list-style-type: none"> <li>•Hulic Kasai Rinkai Building (Annex)</li> </ul>	<ul style="list-style-type: none"> <li>•Shinsaibashi project</li> <li>•Property in Minato ward</li> <li>•Property in Chuo ward</li> </ul>	<ul style="list-style-type: none"> <li>•Property in Osaka</li> <li>•Property in Chiyoda ward</li> </ul>

(Other than above)

Nursing Home

Luxury Hotels (Ryokans)

Total 15 properties

Total 35 properties

	FY 2020	FY 2021	FY 2022	After FY 2023~
	<ul style="list-style-type: none"> <li>•FUFU Nara Project</li> <li>•FUFU Nikko Project</li> </ul>	<ul style="list-style-type: none"> <li>•FUFU Hakone Gora Project</li> </ul>	<ul style="list-style-type: none"> <li>•Shibuya 4-chome Project</li> </ul>	<ul style="list-style-type: none"> <li>•Property in Osaka</li> </ul>
	<ul style="list-style-type: none"> <li>•Atami FUFU Annex Project</li> <li>•Kyoto Nanzenji Project</li> </ul>	<ul style="list-style-type: none"> <li>•Minami Azabu Project</li> <li>•Yotsuya Daikyo-cho Project</li> </ul>	<ul style="list-style-type: none"> <li>•Shimo Meguro 5-chome development</li> </ul>	

## (2) Development Business (Building quality & services)

Aim to provide high-quality Building and services in adapt to the future environment changes.

### Providing High-quality Building

#### High Quality Mid-size Building (eco-friendly, BCP )

- Earthquake-resistant durable Quality.
- 40% CO<sub>2</sub> Emission Reduced using natural energy  
(Joint patent technology with MIT)
- Long life (100-year office)  
(facade changeable design, quality materials)
- BCP solution facility (water, electricity, food)



Solar for natural ventilation

No branding policy (Office)

Adopt design and specification suitable for each area/location,

#### Wooden Frame Skelton Building

- Hybrid with steel. Proof of anti-fire and anti-quakes
- Seek to apply in nursing home projects next



「Fire resistant Wooden 12-story  
Commercial Facility」  
(Ginza 8-chome development Project)

### Providing High-level Service

#### Providing user oriented service

Making a Community  
between Tenants  
(HULIC Community)

Utilizing HULIC Group  
resources

Providing Various  
technology

Incentive program for  
tenant

New Business  
With tenants

CSR with tenant

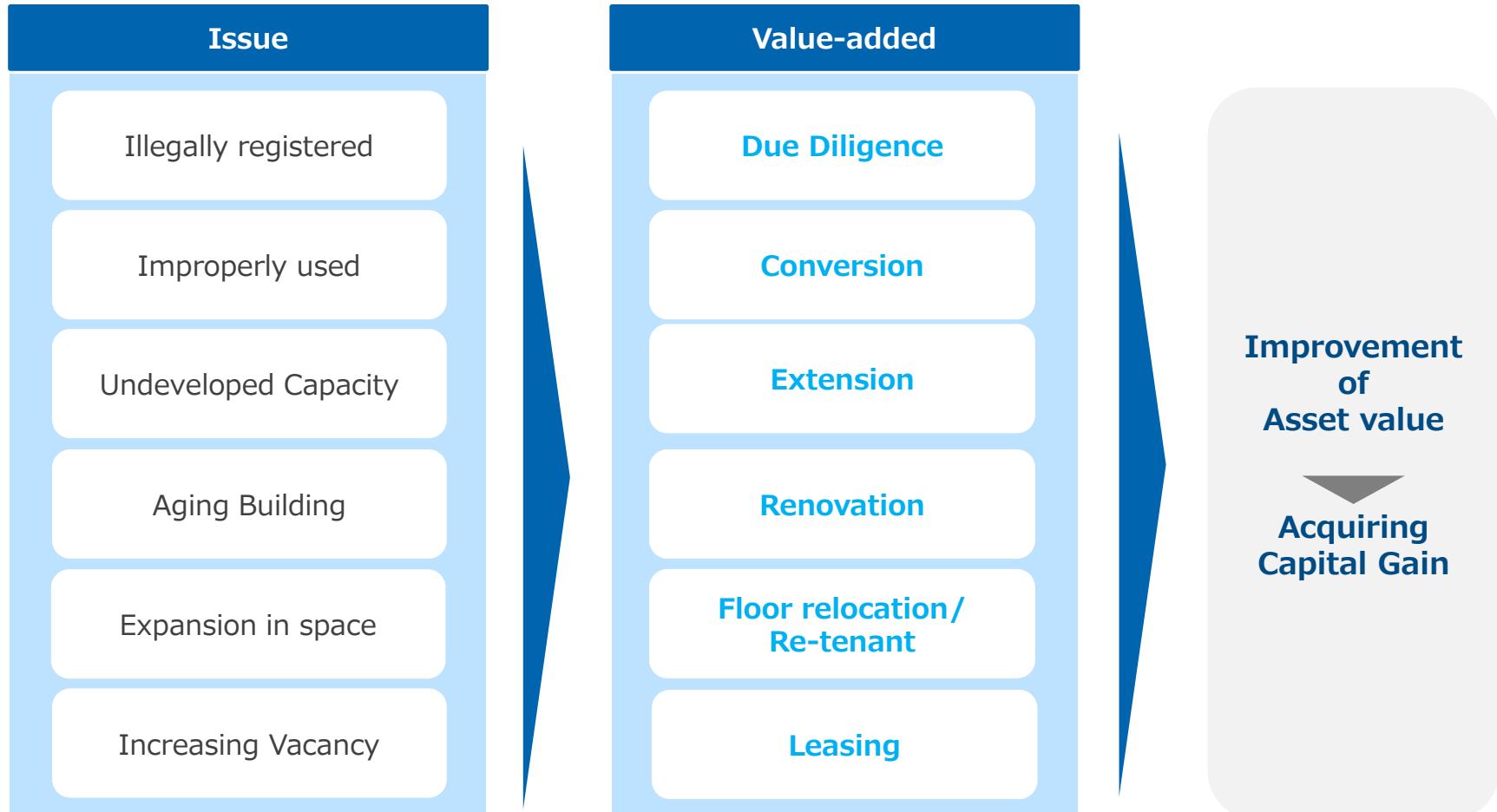


Enhance customer satisfaction  
to be a tenant of Hulic buildings

### ( 3 ) Value-added solution Business

Providing various Value-added solutions.

Value-added business will be a growth driver of capital recycling business.



### (3) Value-added solution Business

Value-added of GMS in cooperation with Ito Yokado(SEVEN & i Holdings).



#### Value-added [ItoYokado TSURUMI Store]

- Land owner: HULIC since 2018.
- HULIC and Yokado started discussion of increasing capacity utilization.
- Contracted General Renewal Policy.
- Both Refurbishment plan and tenant renewal plan are under discussion between Hulic and each tenant.



Ito Yokado TSURUMI Store



Ito Yokado KAWASAKI store and FUKUSHIMA store will come next.



Ito Yokado KAWASAKI store



Ito Yokado FUKUSHIMA store

## Expanding up to 5,000 managing rooms ASAP (3,400 as of 12/2019) Introducing advanced service in cooperation with health care companies.

### Invest in Nursing Home

- Acquire or develop nursing homes
- All master-leasing to selective operators
- Wooden-made senior house to come



Hospitalment Bunkyo Yayoi



Trustgarden ogikubo

### Invest in Health care Asset

- Invest in medical related facilities.
- Sales and lease-back and value-adding



Osaka Ougimachi Iseikai Hospital Development Project (image)

### Senior-related business

- Invented new technology replacing nurse labor shortage
- Related healthcare business
- e.g. Charnel house or lounge service.



HULIC Premium club Nihonbashi



Charmpremier Yamatecho



Charmsweet Chofu



Shin Sapporo Hoikai Hospital  
[Sold in 2018]



Ichigyo-in Indoor Tomb

Expanding up to **10,000 managing rooms ASAP (8,200 as of 12/2019).**

Increasing up to **400bn yen asset in 10 years.**

## THE GATE HOTEL

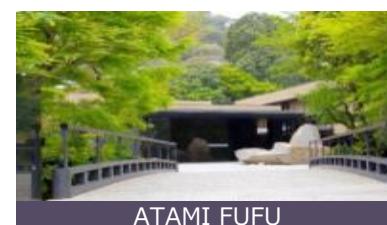
- Direct Operation, 2 outstanding
- Upper-middle end client focus
- Top premier location only  
⇒ Kyoto, Ryogoku, Sapporo next



THE GATE HOTEL TOKYO

## Ryokan (FUFU brand)

- Top quality brand
- 4 in operation  
⇒ Nara, Nikko, Kyoto, Hakone Gora are under developing



ATAMI FUFU



FUFU KAWAGUCHIKO

## View Hotel

- Became subsidiary in 9/2019
- Mid-market focus  
⇒ Ginza, Shimbashi next



ASAKUSA View HOTEL

## Hotel Investment

- Leasing to independent operators (17 outstanding)
- Fixed-rent majority



Grand Nikko Tokyo Diaba

■ Upper-class branding

■ Middle-class branding

■ Leasing business

## (6) Environment Business

### Hulic declared to achieve “RE100” in 2025 with our owned renewable energy plant

- Starting to supply renewable energy to HULIC headquarter building and the other buildings where HULIC group companies are located. It leads to reduce energy cost in HULIC group.
- Solar power, hydropower and biomass will be considered as generator.

Invest in renewable energy plant

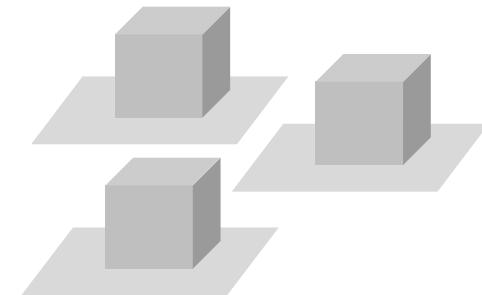


Power supply business

Hulic Property Solutions Co., Ltd.

Retail electricity supplier (PPS)

Supply to Hulic Buildings



**RE** 100

THE °CLIMATE GROUP

  
DISCLOSURE INSIGHT ACTION

Hulic will work actively on M&A & Alliance as one of our growth strategies.  
As a first step of alliance, strengthen collaboration with JAPAN POST HOLDINGS Co., Ltd.



## Akasaka 2-chome development Project

Address : 2-chome, Akasaka, Minato-ku, Tokyo

Access : 「Tameike-Sannou Metro station」 2 minute walk

Land : 960 m<sup>2</sup>

Building : 7,900m<sup>2</sup> (planned)

Completion : 11/2020(planned)

Asset type : Office

- 550m<sup>2</sup>/ Floor, mid size office building
- Quake-absorbing structure, Emergency power generation 72 hours etc.



 **JAPAN POST HOLDINGS**  
 **JAPAN POST REAL ESTATE**

## Shiodome Project

Address : 2-chome, Higashi shimbashi, Minato-ku, Tokyo

Access : 「Hamamatsu-cho JR station」 6 minute walk

Land : 1,460m<sup>2</sup>

Building : 11,130m<sup>2</sup>(planned)

Completion : 9/2022 (planned)

Asset type : Hotel (planned)

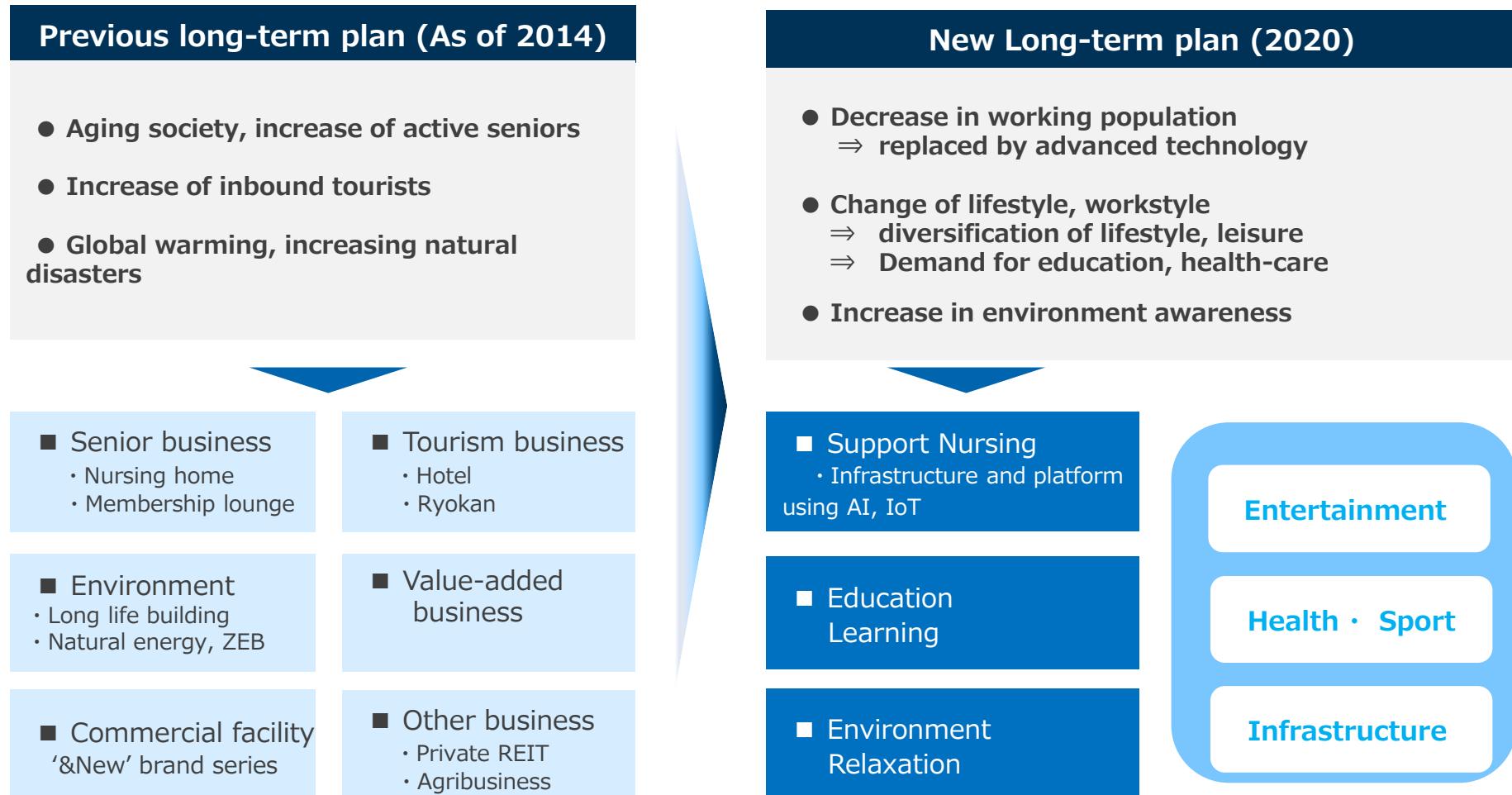
- Panorama view of Hamarikyu garden and Tokyo Bay
- Guest room 250~300

## Joint Business

Promoting joint business & joint investment

# (8) Finding New Business opportunity

While 'Senior' 'Tourism' 'Environmental' focus continues. Hulic will invest to growth potential field partially through alliance or M&A.



New portfolio in adapt to the market needs

Investing new business  
in a field not bound by real estate business

## Management with an emphasis on sustainability

~ Integrated reports to be issued in June 2020 ~

Theme	Important Agenda	Related SDGs	
<b>(E) Environment</b>	Low-carbon society	<ul style="list-style-type: none"> <li>• Climate Change countermeasure</li> <li>• Effective use of resources</li> </ul> <ul style="list-style-type: none"> <li>• Reinforcement of environment Management</li> <li>• Protection and Promoting restoration of eco-system</li> </ul>	     
<b>(S) Social</b>	Resilient Society	<ul style="list-style-type: none"> <li>• Life with safety and security</li> <li>• Coexistence with local community</li> <li>• Measure for increasing foreign travelers</li> <li>• Work Life Balance and cultivation of human resources</li> </ul> <ul style="list-style-type: none"> <li>• Healthy and comfortable Life</li> <li>• Initiative for aging society</li> <li>• Workforce diversity and respect for human rights</li> <li>• Sustainable agriculture</li> </ul>	       
<b>(G) Governance</b>	Group governance	<ul style="list-style-type: none"> <li>• Corporate governance and Compliance</li> <li>• Adapting to changes in Financial and real estate market</li> </ul> <ul style="list-style-type: none"> <li>• Disaster Measures (BCP)</li> </ul>	  

# Appendix

# Summary of the previous long-term management plan (2014~2019) (detailed)

Result		
Leasing Business	Leasing portfolio	: book value asset 500bn ⇒ 1.3 trillion.
	Vacancy rate· Rent unit price	: Stay below 1% in all periods. Rent increase exceeded market average.
	Unrealized gain	: 75bn ⇒ 370bn.
Development Business ·REIT	Development Reconstruction	: 44 projects completed. (+ 20 projects under-going)
		: 4 'New' brand commercial facilities (+ 4 projects under-going)
		: 4 PPP projects completed (+ 4 projects under-going)
	REIT	: Hulic-J-REIT established 02/2014. AUM 330bn (12/2019) : Hulic Private Reit established 11/2017
Other Business	Value-added Business	: established 'HULIC property solutions'
		: [Senior] 44 buildings, 3,400 rooms (including under development projects)
	3 focus	: [Tourism] 'GATE' brand hotel (Direct Operation) 2 completed (+2 under-going) 'FUFU' (traditional Japanese RYOKAN inn) 8 facilities (+4 under-going) M&A of 'Nippon View Hotel' chain (listed TSE)
		: [Environment] Carbon footprint reduction(ZEB) through solar and natural energy sources
	CRE partners	: Nippon Sport Science University, Tokyo Metro, Pioneer etc.

# Summary of the previous long-term management plan (2014~2019) (detailed)

Result		
M&A New Business	M&A	: Simplex Investment Advisors(2015), Nippon View Hotel(2019), Hotel Nikko KANAZAWA(Moss Co LTD)(2018)
	New Business	: Agribusiness, Hulic Premium Club (executive membership lounge)
Financial· Capital policy	Funding	: non-covenants corporate loan only. Long-term fixing rate (5-10 years) over 90%
	Rating	: A → A+ (stable) in 2014 (to date)
	Capital policy	: Public Offering (in 2014 : 80bn), Hybrid Finance (in 2018 : 150bn)
	Shareholder Return	: Payout ratio 24.0 % ⇒ 35.4 %
ESG·CSR	: Hulic Share is continuously included in three benchmark index of GPIF investment : High-rating from external organization about environment management, promotion of active women participation	
	Environment Management	<ul style="list-style-type: none"> <li>• Nikkei Newspaper: Annual Environment Survey ranked #1 in 9 consecutive year.</li> <li>• Environment Conscious Employee Award excellent company 2018</li> <li>• GRESB: 'Green Star' in 4 consecutive year</li> </ul>
	Human resource, Women participation	<ul style="list-style-type: none"> <li>• Diversity 100 company awards' (Ministry of Economy, Trade &amp; Industry) ⇒ Gender Diversification ~ higher Female managers ratio. Corporate Daycare Facility, extra vacation allowance for mother worker, cash bonus for new baby, flex working hour</li> </ul>
	CSR	<ul style="list-style-type: none"> <li>⇒ "Social Welfare" "Local Community" "Female workers"</li> <li>Sponsoring: Professional 'SHOGI' Competition, Para-Badminton Japan team</li> <li>'Hulic Student Architecture Competition' Award</li> <li>Scholarship: Student to be a care worker</li> <li>Donation: Red Cross etc.</li> </ul>

## 1. To expand and strengthen leasing portfolio

- Leasing space expansion in focused strategic area (Tokyo top5 districts + Asakusa), through acquisition, development, swapping (with 3<sup>rd</sup> party counterparty).
- To produce cash through portfolio reshuffle and maintained a healthy B/S

## 2. To speed up development/reconstruction/value-added projects

- For fear of giant earthquakes and global warming, aged buildings to be redeveloped with better durability and energy conservation standard.
- In accordance with MIZUHO FG branch relocation plan, HULIC will accelerate redevelopment with larger capacity of leasing spaces
- Consulting future tenants, HULIC will conduct value-added projects with diverse methods aimed at increasing property value

## 3. To create unique new business domains

- Foreseeing the future environmental changes, HULIC will step in investment over new businesses domains offering new value creation.
- To enhance overall HULIC Group strengths
- To seek M&A and alliances opportunities.

## 4. Strict Risk Management over focus KPIs

- Excellent balance between 'PL growth' 'Profitability' 'B/S Soundness' 'Productivity'
- Flexible organizational structure enabling efficient operation and improve productivity.

## 5. To put emphasis on sustainability for co-existence between society and corporation

- Direct participation by the Management team to promote ESG criteria.

## Speedy and flexible decision making & Various investment methods to acquire good property

Invest in goldmine properties for future development	Invest in next-generation asset CRE solution business	Various investment methods
<ul style="list-style-type: none"><li>Acquire old, prime-located properties for future development</li><li>Acquire adjoining property for future unit development</li><li>Building up a solid development pipeline by accumulating potential goldmine seeds</li></ul>	<ul style="list-style-type: none"><li>Invest in next-generation assets such as Data center and Research center</li><li>CRE solution to companies who have old properties with upside potential</li></ul>	<ul style="list-style-type: none"><li>Property Swap (location, size, age) through 1on1 negotiation</li><li>Buying the company who owns valuable but underutilized properties</li><li>Buying properties in cooperation with lease companies, funds or partner companies etc.</li></ul>

**A balance between risks and profitability**

# Leasing Business

## (Acquired properties and to be acquired in 2020)

### Accumulated properties mainly in focus area.

Acquired property list in 2019 & 2020(plan)

Asset type	Name	Purpose	Asset type	Name	Purpose
Focus area	Ginza	1 Ginza First Building	Office	Station-front in Tokyo central	Hulic Shiba-koen Daimondori Building
		2 Hulic Ginza 7-chome showa-dori Building			Morinda Building
		3 Marutaka Building #2			Office
		4 Aios Ginza			Office
		5 MaxMara Building		Tourism Senior	Grand Nikko Tokyo Daiba J A L city Kannai Yokohama
		6 Kinkitatemono Ginza Building	Commercial		Hotel Ryokans
		7 Ginza Tenkuni Building (contracted)			Fukagawa Yasuragi no en
		8 Ginza 5-chome Miyuki-dori Projects	Development site		Good Care Nishi Tokyo
		9 Ginza Building ①	—		Charm premier Yoyogi
		10 Ginza Building ②			Hatsudai
Shibuya Aoyama	Shibuya	11 Jingumae Tower Building	Office	Senior	Nichihome Motosumiyoshi
		12 Shibuya Parco·Hulic Building			Charmpremier Yamatecho
		13 Bi:r Building			Hospitalment Bunkyo Yayoi
		14 Shibuya Aoyama building ①	Commercial		Trustgarden Ogikubo
		15 Shibuya Aoyama development site ①			Yotsuya Daikyocho
		16 Shibuya 4-chome development Project	Senior		development Project
Shinjuku East side	17 Kiraboshi Bank Tokyo headquarter (contracted)	Office	Value-up	Shimomeguro 5-chome development project	
				4 nursing homes	
			Next generation CRE	Techno port Kamata center building	Office
				Fuchu Data center etc.	Data center

## Development & reconstruction pipeline in focus area

**1<sup>st</sup> phase**  
**2020~2022**

1. Ginza 6-chome development Project
2. Shinjuku 3-17 development Project (&New)
3. Udagawacho 32 development Project (&New)
4. Ginza 8-chome development Project (&New)
5. Ginza 6-chome Namiki-dori development Project (&New)



Shinjuku 3-17  
development Project  
(&New)



Udagawacho 32  
development Project  
(&New)



Ginza 8-chome  
development  
Project(&New)

**2<sup>nd</sup> & 3<sup>rd</sup> phase**  
**2023~2029**

1. Hulic Ginza 1-chome building
2. Ginza 5-chome Miyuki-dori Project
3. Shibuya Project
4. Marutaka Building
5. Hulic ginza 7-chome showa-dori Building
6. Kinkitatemono ginza Building
7. Hulic Nishi Ginza Building
9. Ginza Property ①
10. Ginza Property ②
11. Ginza Property ③
12. Ginza Property ④
13. Ginza Property ⑤
14. Shibuya Aoyama Property ①
15. Shibuya Aoyama Property ②
16. Shinjuku Property  
(Shinjuku 3-chome building)



Hulic Ginza Building



Hulic Aoyama Building



Hulic Shibuya Building

## Development and reconstruction pipeline (station front, tourism related property, health care property)

1<sup>st</sup> phase  
2020~2022

1. Akasaka 2-chome development Project
2. Tokyo Metro Roppongi 7-chome development Project
3. Rissei Elementary school former site development Project (PPP)
4. Ryogoku River center development Project (PPP)
5. Oji Project
6. Osaka Ougimachi Iseikai Hospital development Project (PPP)
7. Shiodome Project※
8. NORTH 33 building
9. Narimasu Project
10. Hulic Kasai Rinkai Building (Annex)



Rissei Elementary School former site development Project (PPP)



Ryogoku River center development Project (PPP)

2<sup>nd</sup> & 3<sup>rd</sup> phase  
2023~2029

1. Jiyugaoka Redevelopment Project
2. Yaesu 2-chome Naka Redevelopment Project
3. Yaesu 1-chome Development Project
4. Sendagaya Center Building
5. Yaesu 1-chome East Redevelopment Project
6. Hulic Fukuoka Building
7. Hulic Sapporo Building
8. Shinsaibashi Project
9. Shimbashi Property ①
10. Shimbashi Property ②
11. Property in Chuo ward
12. Property in Ikebukuro
13. Property in Tokyo
14. Property in Mita
15. Property in Ichigaya
16. Property in Minato ward
17. Property in Chuo ward
18. Property in Osaka
19. Property in Chiyoda-ward



Shinsaibashi Project



Sendagaya Center Building



Ikebukuro Fuji Building

### (Other than above) Nursing Home, Luxury hotels

1. FUFU Nara development Project
2. FUFU Nikko development Project
3. Atami FUFU Annex development Project
4. Kyoto Nanzenji development Project
5. Fufu Hakone Gora development Project
6. Minami Azabu development Project
7. Yotsuya Daikyocho development Project
8. Shibuya 4-chome development Project
9. Shimo Meguro 5-chome development Project

1. Osaka Property

# Development Business (Commercial・PPP)



## Commercial facility ('&New' Brand)

HULIC '&New' brand facilities 3~4 projects / year



HULIC &New SHIBUYA HULIC &New SHINBASHI HULIC &New AKIHABARA HULIC &New KICHIJOJI



Completed in 2022年

Under Planning

Ginza 6-chome  
Namiki-dori  
Development  
Project

**HULIC &New**

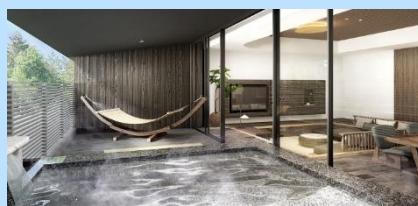
**30-40 facilities  
till 2029**

Completed

Under development & Planning

## PPP

1~2 projects / year



Fufu Nara Development Project (Image)

To be completed in 2020



Rissei Elementary school former site Development Project (Image)



Ryogoku River center Development Project (Image)

To be completed in 2022



Osaka Ougimachi Iseikai Hospital Development (Image)

# Value-added solution Business (cases)

## Case ① HULIC & New KICHIJOJI

- Converted old hospital (17 years old) into & New commercial facility.



Before (Hospital)



After (Commercial)

## Case ② Hulic Kasai Rinkai Building

- Parking area is converted into distribution center annex and raised rent.



Before



After (image)

## Case ③ Miyawakizaka Terrace (Sold)

- Renovated exterior and interior for IT company tenant and sold to third parties.



Before



After

## Case ④ Hulic Ginza East Building (J-REIT)

- Renovation of common space (entrance, EV) etc. leads to increase operating rate (100%) and rent up.



Before



After

## Master-leased to Trustworthy operator. Stable rent .

HULIC property				
	Name	Address	Date	Rooms
1	Iris garden Kita-Urawa	Saitama	2010	48
2	Granda Omori Sannou	Ota-ku, Tokyo	2011	70
3	Aristage Kyodo	Setagaya-ku, Tokyo	2012	146
4	Hospitalment Musashino	Musashino, Tokyo		114
5	Aria Yoyogi Uehara	Shibuya-ku, Tokyo		40
6	Granda gakugeidaigaku	Meguro-ku, Tokyo		70
7	Sunny Life Funabashi	Funabashi-shi, Chiba		185
8	Esperal Jyoto	Osaka		286
9	Charmsweet Nishinomiyahama	Nishinomiyahama, Hyogo	2015	50
10	Lianreve Yagumo	Meguro-ku, Tokyo		41
11	Asakusa Care Park Soyokaze	Taito-ku, Tokyo		41
12	Life Commune Hayama	Kanagawa	2016	48
13	Life Commune Tsutsujigaoka	Mitaka, Tokyo		101
14	Medical Home granda Okamoto	Kobe, Hyogo		67
15	Charmsweet Chofu	Chofu-shi, Tokyo	2017	84
16	Charmpremier Fukasawa	Setagaya-ku, Tokyo		85
17	Sompo no ie Komae	Komae-shi, Tokyo		33
18	Asheim Oizumigakuen	Nerima-ku, Tokyo		50
19	Charmpremier Den-en-chofu	Setagaya-ku, Tokyo	2018	40
20	Granda Inamuragasaki Kamakura Aoi tei	Kamakura-shi Kanagawa		26
21	Sonare Shakujii	Nerima-ku, Tokyo		52
22	Good time Home Tamagawa	Ota-ku, Tokyo		41
23	Hospitalment Bunkyooyayoi	Bunkyo-ku, Tokyo		46
24	Fukagawa Yasuragi no en	Koto-ku, Tokyo		69
25	Charmpremier yoyogi Hatsudai	Shibuya-ku, Tokyo		36
26	Trustgarden Ogikubo	Suginami-ku, Tokyo		51
27	Good care Nishi Tokyo	Nishi-Tokyoishi, Tokyo		52
28	Nichi Home Moto Sumiyoshi	Kawasaki-shi, Kanagawa		52
29	Charmpremier Yamatecho	Yokohama-shi, Kanaawa		36

Under development				
	Name	Address	Date (plan)	Rooms (plan)
1	Minamiazabu Project	Minato-ku, Tokyo	2021	32
2	Yotsuya Daikyocho Project	Shinjuku-ku, Tokyo		61
3	Shibuya 4-chome development Project	Shibuya-ku, Tokyo	2022	53
4	Shimo Meguro 5-chome development Project	Meguro-ku, Tokyo		62

To Reit				
	Name	Address	Date	Rooms
1	Trustgarden Sakurashinmachi	Setagaya-ku, Tokyo		82
2	Trustgarden Yoga no mori	Setagaya-ku, Tokyo	2012	129
3	Trustgarden Suginamimiyamae	Suginami-ku, Tokyo		100
4	Aria Matsubara	Setagaya-ku, Tokyo	2009	96
5	Trustgarden Tokiwamatsu	Shibuya-ku, Tokyo	2016	50
6	SOMPO care Lavier Kitakamakura	Kamakura-shi, Kanagawa	2009	98
7	Sunneylife Tokyo Shinjuku	Shinjuku-ku, Tokyo	2014	141
8	Hospitalment Itabashi Tokiwadai	Itabashi-ku, Tokyo	2016	92
9	Charmsweet Shakujii Kouen	Nerima-ku, Tokyo	2014	105
10	Charmsweet Shinjuku Toyama	Shinjuku-ku, Tokyo	2015	90
11	Toyosu senior Residence	Setagaya-ku, Tokyo	2019	186

Total Room 3,437

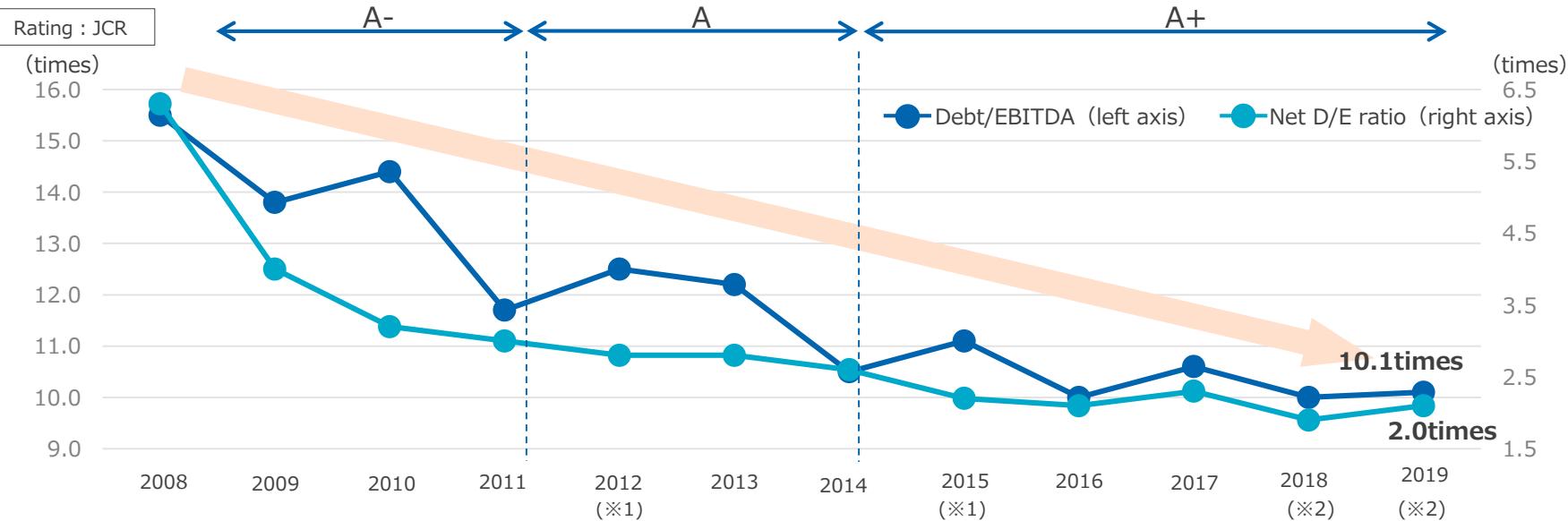
THE GATE HOTEL (Direct operation)			
	Name	Open (plan)	Rooms
1	The Gate Hotel Kaminarimon	2012	136
2	The Gate Hotel Tokyo	2018	164
3	The Gate Hotel Ryogoku		126
4	The Gate Hotel Kyoto Takasegawa	2020	184
5	The Gate Hotel Osaka		
6	The Gate hotel Sapporo	–	600 (plan)
7	The Gate hotel Fukuoka		
Total			1,210

Nippon View Hotel (Consolidated Company)			
	Name	Open(plan)	Rooms
1	Asakusa View Hotel	1985	326
2	Narita View Hotel	1974	490
3	Irako View Hotel	1968	147
4	Akita View Hotel	1984	186
5	Ryogoku View Hotel	2015	150
6	Osaka View Hotel Honcho	2018	170
7	Sapporo View Hotel Odori Park	2017	347
8	Asakusa View Hotel Annex Rokku	2020	200
Total			2,016

Ryokan (Consolidated Company)			
	Name	Open (Plan)	Rooms
1	Hakone Suisyoen		23
2	ATAMI FUFU	2015	26
3	ATAMI Kaihoro	2016	4
4	FUFU KAWAGUCHIKO	2018	32
5	FUFU NARA		30
6	FUFU NIKKO	2020	24
-	ATAMI FUFU Annex		6
7	FUFU KYOTO	2021	40
8	FUFU GORA	2022	39
Total			224

Hotel Investment (Master-leasing)			
	Name	Acquisition Completed Date	Rooms
1	Star Hotel Yokohama	2010	126
2	Mercure Hotel Ginza Tokyo		208
3	Tokyo bay Maihama club Resort (Shared)	2014	703
4	Tokyo bay Maihama Hotel	2015	428
5	Grand Nikko Tokyo Daiba		882
6	Sotetsu Fressa In Tokyo Roppongi	2016	201
7	Sotetsu Fressa In Ginza (to reit)		286
8	New-Ohtani in Yokohama premium	2017	240
9	Hotel Nikko Kanazawa		254
10	MIMARU Kyoto Horikawa Rokkaku	2018	42
11	Ginza Capital Hotel Moegi		136
12	HOTEL Jal City Kannai Yokohama	2019	170
17	5 properties in Ginza, Shimbashi	–	1,100 (plan)
Total			4,776
Total			8,226

## Financial Stability



## Bank Borrowing period (long-term, fixed rate, unsecured loan)

	2012	2013	2014	2015	2016	2017	2018	2019
Long-term loan ratio (%)	96.9	86.1	93.0	84.0	95.8	94.9	98.9	98.2
Fixed rate ratio of long-term loan (%)	98.3	99.3	99.5	100.0	100.0	100.0	100.0	100.0
Unsecured loan ratio (%) (Excluding nonrecourse loan)	99.8	100.0	100.0	100.0	100.0	100.0	100.0	100.0

※ Excluding number of Hybrid Finance funding in 2018

## Corporate Bond Issue

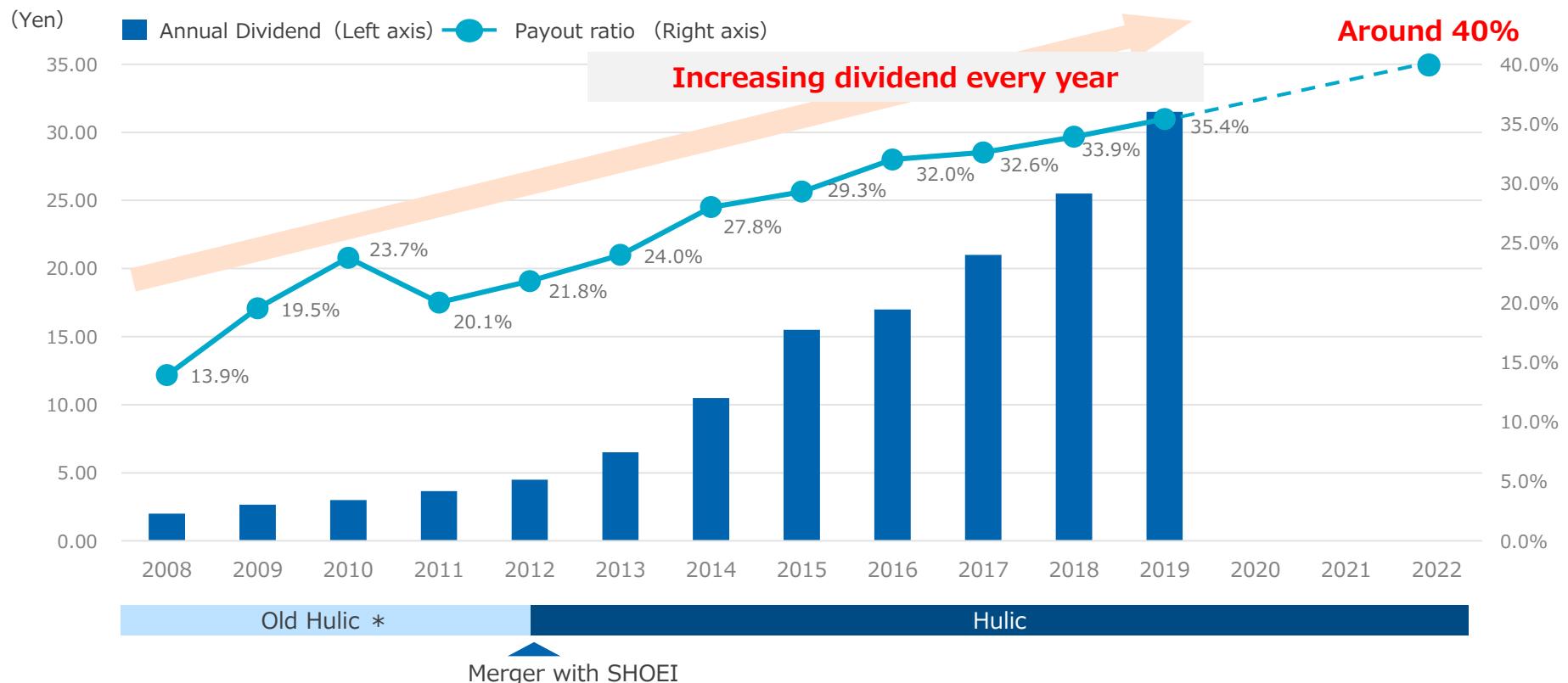
- Rating (A+) makes low-cost funding possible.

Corporate Bond (since 2018)

Issue date	Interest rate	Price	term
26/1/2018	0.990%	50bn	35years (NC5) (HBB)
22/10/2018	0.494%	20bn	10 years
	0.20%	20bn	5 years
25/6/2019	0.30%	20bn	7 years
	0.40%	15bn	10 years

■ 'Dividend per share' x 'Payout ratio' both increasing.  
Payout ratio is expected to reach around **40%** by 2022.

## (Dividend History)



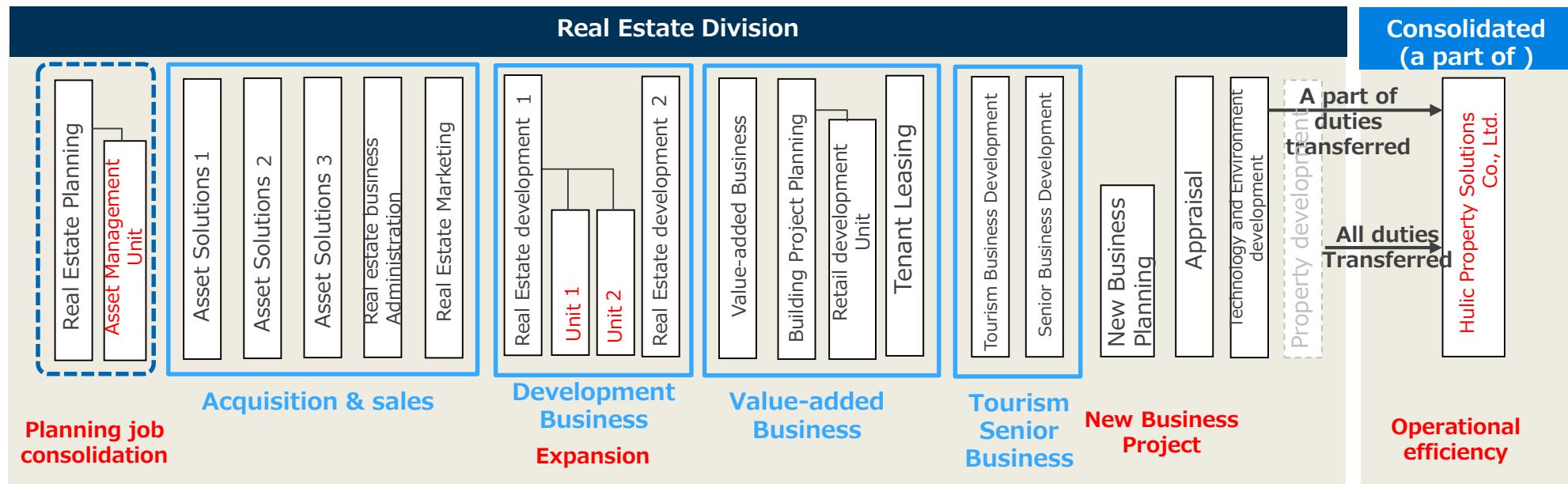
\*As of 2012.7.1, old Hulic's share was split to 1/3. The graph shows after-split basis for entire periods in order to represent historical payout level under the same assumption. Payout ratio in FY 2010 were calculated after eliminating the special factor such as Goodwill number by the merger activity.

## Organize company structure to implement medium-term business plan (1/2020)

- ① Construction work was gathered to Hulic Property Solutions Co., Ltd.
- ② "Unit 1&2" was added under Real Estate Development 1 Department.
- ③ "Asset Management Unit" is transferred under Real Estate Planning Department
- ④ "New Business Creation Project"

- To seek operational efficiency.
- To expand and speeding up development Business
- To consolidate planning job under one unit
- To promote new business

### Real Estate sector structure (As of 1/2020)



## Disclaimer

This document contains forward-looking statements about performance of Hulic Co., Ltd. and its group companies based on the management assumptions made in light of currently available information.

We do not post information for the purpose of soliciting investment. We request that investment decision be made at your own discretion and not by depending solely on the information provided in this material.