



January 30, 2017
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 (Stock Code: 3003JP TSE 1st section)
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Financial Information of FY2016 (January~December) 【SUMMARY】

I . FY2016 performance result Summary

(Billion of Japanese Yen)

	FY2015	FY2016	UP from last year	% 2016/2015	FY2017 forecast
Operating Revenue	169.9	215.7	45.8	up 26.9 %	N.A.
Operating Income	42.0	53.3	11.3	up 27.0 %	60.0
Ordinary Income	42.5	51.4	8.8	up 20.9 %	57.0
Net Income	33.6	34.8	1.2	up 3.7 %	38.0
Annual Dividend	15.5 yen	17.0 yen(F)			18.0 yen

[Summary]

- **Revenue and all Income numbers achieved historical high.**
- **Dividend payment per share** continues to increase every year since our IPO in FY2008 , ratio reached at 32%.
- Operating **Revenue** = up due to property transfer to our sponsored REIT. (HULIC does not target revenue as a management goal)
- **Operating Income** = By both rent income and capital gains. Leasing space expansion through acquisition from former year (Simplex M&A. Hotel acquisition in Tokyo Bay) contibuted most. 1/3 of income booked from sales gains, 2/3 from leasing.
- **Ordinary Income**, which is our preferred management target, increased around 21% from FY2015.
Negative interest-rate policy applied by Bank of Japan enabled us to get cheaper funding even the duration gets longer.(5.6 years)
- **Net Income** is slightly higher than FY2015, but increased 56% from 22.3 billion in FY2014.

[Environment]

- 'Value-add business' under the current 3 year management plan, in which we renovate our acquired properties in short term and recycling to the market, has kicked off with a good response and we expect to increase in FY2017.
- Inbound tourism does not show any sign of detrioration in 2016. Overall **Inbound population** increased to 24.0 million from 19.7 million in 2015 by JNTO statistics. and CBRE predicts that another 35 thousand rooms will be needed in Olymipc year in 2020 and 10 thousand rooms will be short even entire current hotel development plans finish on time.
- Our **office vacancy** continues to stay below 1% but could not see any significant rent rise at the timing of rent contract renewal.
- Tokyo is still attracting investment demands and population inflow is accelerating. Despite the concern of market cycle, property acquisition in Tokyo central area should remain competitive by investors strong appetite.
- Because new office space supply will be limited in 2017, we expect Tokyo office market will remain tight for the rest of the year.

II . Share Price and Market Cap history.

All Real Estate developers' shares in Japan fell for the first 10 month in 2016 and made a quick recovery after the Trump surprise. Among this, Hulic share has been almost flat for entire year.

Unrealized value of leasing asset increased by 33.6 Billion to 253.6 Billion. GINZA area contibuted most.

(Japanese Yen)

	2013/12	2014/12	2015/12	2016/12
Share Price	1,555 yen	1,211 yen	1,069 yen	1,039 yen
Market Capitalization (yen)	926.3 Billion	722.1 Billion	708.2 Billion	688.8 Billion
Ordinary Income (yen)	25.9 Billion	34.3 Billion	42.5 Billion	51.4 Billion
unrealized value of leasing asset	75.5 Billion	149.4 Billion	220.0 Billion	253.6 Billion

III . Major KPI

FY2016 was the 1st year of current 3-year mid term plan. We are happy to announce that we made a good start.

	FY2015	FY2016	FY2017F	FY2018 mid term target
Ordinary Income (yen)	42.5 billion	51.4 billion	57.0 billion	61.0~64.0
ROE	13.0%	10.7%	-	>=10.0%
Net D/E ratio	2.2 times	2.1 times	-	<=3.0
Payout ratio	29.3%	32.0%	-	>=30%
Annual Dividend	15.5 yen	17.0 yen	18.0 yen	-

(*) Ordinary Income target in FY2023 is set at 85 billion JPY.

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