April 27, 2017
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(Stock Code: 3003JP TSE 1st section)
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Financial Information of 1st Quarter FY2017 (January～March)【SUMMARY】

Ⅰ. FY2017 1st Quarter performance result Summary

(Billion of Japanese Yen)

	FY2016 1Q	FY2017 1Q	UP from last year	% 2017/2016	FY2017 forecast
Operating Revenue	**56.7**	**40.0**	-16.6	down 29.3 %	N.A.
Operating Income	**13.9**	**11.2**	-2.6	down 19.1 %	60.0
Ordinary Income	**13.4**	**10.2**	-3.1	down 23.7 %	57.0
Net Income	**10.0**	**6.8**	-3.1	down 31.8 %	38.0
Annual Dividend					18.0 yen

[Summary]

・The 1Q results were lower than last year but was pretty much expected.

・In FY2017, we expect most of our sales income & revenue to be booked in the 4th Quarter, We increased the sales properties through acquisition such as the **one from Mitsubishi Heavy Industries Ltd** in Yokohama-City to be kept till year-end. Going forward, several new development projects to be completed in mid-year. 'Value-added' properties to be sold mostly in the 4th quarter, when we establish new HULIC's sponsored **Private Reit in October**.

・Investment for long-term holding purposed asset, whose annual budget is set at 150 billions of Yen in FY2017, made a good start in the 1Q. We have bought **TOC Minatomirai's land (Yokohama-city)**, followed by several other purchase contracted in April. We will disclose more details in near future.

・Operating Revenue = Inventory of Sales Properties will accumulate up to 2nd half of FY2017, and we expect large gain of revenue mostly in the 4th quarter after we start up our sponsored Hulic Private Reit.

・Operating Income = **Leasing income gained 10% y-o-y** due to constant expansion of net leasing spaces. However, Sales profit down 58% y-o-y because we have refrained from large asset-transfer to our J-Reit in the 1st quarter, and 'value-add' business project completion should come mostly in year-end period.

・Ordinary Income, which is our preferred management target, downed 23% solely by lack of sales.

・While inbound tourism boom in Japan does not show any sign of detrioration in 1Q, we won two public land leasing auction of future Hotel development projects with City of Kyoto and City of Nara. Both are the most popular ancient cities. Hulic will plan to apply either our 'Gate Hotel' brand or traditional 'Ryokan' business model in this area.

Ⅱ. Share Price and Market Cap history.

Our share price volatility has been relatively calm compared to Japan real estate index which has downed by almost 20% in the last 12months.

(Japanese Yen)

	2014/12	2015/12	2016/12	2017/3
Share Price	1,211 yen	1,069 yen	1,039 yen	1,047 yen
Market Capitalization (yen)	722.0 Billion	708.2 Billion	688.7 Billion	694.1 Billion
Annual Ordinary Income (yen)	34.3 Billion	42.5 Billion	51.4 Billion	n.a.
unrealized value of leasing asset	149.4 Billion	219.9 Billion	253.6 Billion	n.a.

Ⅲ. The New 3 year Mid-term Business Plan (FY2016～FY2018)

We do not change our annual income/dividend forecast after the 1Q result.

(Billion of Japanese Yen)

	FY2016 result	FY2017 forecast	FY2018 target	FY2023 goal
Operating Revenue	215.7	N.A.	N.A.	N.A.
Operating Income	53.3	60.0	**67.0～70.0**	N.A.
Ordinary Income	51.4	57.0	**61.0～64.0**	**85.0**
Net Income	34.8	38.0	**39.0～41.0**	N.A.
Annual Dividend	17.0 yen	18.0 yen F	**payout ratio 30%+**	-

END