
Summary of Consolidated Financial Results

For FY2009
(January 1, 2009 – December 31, 2009)

**This document is an English Summary 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 the performance of Hulic and its Group companies, based on management's assumptions in light of current available information.

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Outline of Consolidated Financial Statements for the Fiscal Year Ended December 2009

February 4, 2010

Name of Company Listed: HULIC Co., Ltd.

Stock Exchange Listing : Tokyo (First Section)

Code Number: 3265

URL: <http://www.hulic.co.jp/en/index.html>.

Representative: Saburo Nishiura, President and Chairman of the Board of Directors

Contact: Michio Tani, Chief Financial Officer and Senior Managing Director

E-mail: tani.michio@hulic.co.jp

Securities Report to be filed on: March 17, 2010

Annual General Meeting of Shareholders to be held on: March 24, 2010

Dividends to be paid on: March 25, 2010

1. Consolidated Financial Results for the Fiscal Year 2009 (January 1, 2009 to December 31, 2009)

(1) Consolidated Business Results

(Amounts indicated are displayed with amounts less than one thousand yen rounded off.)
(Percentage indicate the YoY increase/Decrease)

	Revenue from operations		Operating income		Ordinary income		Net income	
	Thousand yen	%	Thousand yen	%	Thousand yen	%	Thousand yen	%
FY 2009	31,229,267	0.0	14,390,854	(7.2)	10,939,213	0.0	22,042,980	272.4
FY 2008	31,221,616	5.0	15,519,492	8.2	10,934,556	2.8	5,917,878	27.5

	EPS	Diluted EPS	ROE	Ordinary income on Total assets	Operating income on Revenue from operations
	Yen	Yen	%	%	%
FY 2009	151.39	—	39.1	2.9	46.0
FY 2008	43.16	—	12.5	3.0	49.7

Note: Equity in earnings of unconsolidated subsidiaries and affiliates: Year ended December 31, 2009: ¥363 million
Year ended December 31, 2008: ¥345 million

(2) Consolidated Financial Status

	Total assets	Net assets	Shareholders' equity ratio	BPS (Net assets per share)
	Thousand yen	Thousand yen	%	Yen
FY 2009	379,294,133	69,739,521	17.9	468.01
FY 2008	372,965,370	46,477,166	11.9	306.12

Note: Shareholders' equity: FY 2009: ¥68,142 million, FY2008: ¥44,571 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Thousand yen	Thousand yen	Thousand yen	Thousand yen
FY 2009	9,989,277	9,416,645	(30,633,374)	7,495,852
FY 2008	4,030,300	(31,072,813)	39,575,182	18,723,303

2. Dividends

(Date of Record)	Dividends per share			Dividends paid (Annual)	Dividends payout ratio (Consolidated)	Dividends to Net assets (Consolidated)
	Interim	Year-end	Annual			
	Yen	Yen	Yen	millions yen	%	%
FY 2008	0	6.00	6.00	878	13.9	1.7
FY2009	0	8.00	8.00	1,171	5.2	2.0
FY 2010 (Planned)	0	9.00	9.00	—	21.9	—

3. Forecast of Consolidated Financial Results of Operations for Fiscal Year 2010 (January 1, 2010 to December 31, 2010)

(Percentages presented refer to changes compared with the previous full-year and interim period results, respectively)

	Revenue from operations		Operating income		Ordinary income		Net Income		EPS
	Thousand yen %		Thousand yen %		Thousand yen %		Thousand yen %		Yen
Interim	15,500	0.3	7,000	(4.4)	5,500	(0.6)	3,000	49.3	20.60
Full fiscal year	33,500	7.2	15,500	7.7	12,000	9.6	6,500	(70.5)	41.05

4. Other

- (1) Significant changes in subsidiaries during this term (Changes of specific subsidiaries in accordance with changes in the scope of consolidation): None
- (2) Changes in accounting principles, procedures and presentation methods etc. for preparation of Consolidated Financial Statements

(To be stated as significant changes in fundamental items in the presentation of Consolidated Financial Statements)

- 1) Changes accompanying revisions in accounting standards : Yes

(Lower of cost or market accounting was applied to real property for sales, etc.)

- 2) Other changes: Yes

(HIGASHI-IKEBUKURO GODO KAISHA was included in affiliated companies, and number of affiliated companies became 8 from 7 as at the end of FY2008.)

- 3) Number of outstanding shares (common stock)

- ① Number of year-end outstanding shares (including treasury stocks)

Fiscal year 2009: 146,428,700 Fiscal year 2008: 146,428,700

- ② Number of year-end treasury stocks

Fiscal year 2009: 831,802 Fiscal year 2008: 831,800

1. Business Results

(1) Analysis of Business Results

① Business environment

Overall Japanese economy in this fiscal year has been deteriorated for both of domestic and external demands, due primarily to global recessionary pressure, bringing poor business performance and high unemployment rate. The real estate industry is much influenced by the weak business conditions, and it is broadly observed in leasing operations for office buildings that vacancy rate has been up and downward pressure for leasing cost has been up.

In this unfavorable business environment, the Group has stayed in our established business model for which the Group concentrates on stable and efficient leasing operations by taking full advantages of our rental portfolio centered in Tokyo 23 wards, and has also focused on the efforts of accomplishments of goals and targets set out in the mid-term business plan “Challenge to New Stage” for FY 2007-2009 so as to be “the company having strong competitive edge and potentiality for growth”. The group sees satisfactory accomplishments for mainly the facts that the Group went public to TSE First section in November 2008, and the constant and aggressive reconstruction of old buildings has been progressed to expand our rental space by taking advantages of enlarged full utilization under new regulations.

The Group has just announced the new following mid-term business plan “Step-Up 2010” advocating “Change and Jump-Up”, by which the group intends to be in the higher growing stage.

② Analysis of Business results

<Revenue from operations>

In FY 2009, revenue from operations amounted to ¥31,229 million by up ¥7 million from the previous year. The real estate business segment revenue declined by ¥68 million to ¥28,334 million due to decrease in sales of properties although revenue from operations in leasing increased thanks to newly purchased and completed reconstructing properties. Insurance agency business segment revenue increased by ¥59 million to ¥2,088 million under the tough insurance competition.

<Operating income>

Operating income amounted to ¥14,390 million by down ¥1,128 million from the previous year.

Although revenue from operations is described above, cost of revenue from operations is up due primary to loss for ¥158 million on devaluation of real property for sale under the newly introduced accounting standards, and increased depreciation for newly purchased or built properties.

<Ordinary income>

Ordinary income amounted to ¥10,939 million by up ¥4 million from the previous year.

Non-operating income decreased due to decrease in dividend income and in revenue from termination of lease contracts while equity in income of affiliated companies slightly increased. By contrast, non-operating expenses decreased sharply owing to decline

in interest expenses and loss on sales of investment securities.

<Net income>

Net income amounted to ¥22,042 million by up ¥16,125 million from the previous year.

Through reconstruction of aging properties, extraordinary losses amounted to ¥4,870 million due to ¥1,287 million loss on disposal of fixed assets, ¥310 million loss on reconstruction of buildings such as expenses for moving of existing tenants and loss on devaluation of investment securities. On the other hand, The Group benefited from sales of fixed assets. Gains of ¥30,776 million for sales of fixed assets and ¥633 million gains on sales of investment securities boosted up the net income.

Overview of each businesses segment is as follows.

(Revenue from operations in each business segment is not extracted by intra-segment revenue from operations between business segments.)

<Real Estate>

The Group's core business is leasing operation that utilizes more than 100 buildings and properties and about 400,000 m² floor space located mainly in Tokyo 23 wards. The Group has propelled reconstruction of aging properties in order to enhance the competitive edge of the core business model. This remains to be the key strategy.

In FY 2009, three buildings were completed; Hulic Hachioji building (February, 2009), Hulic Residence Motoyoyogi (March, 2009) and Sendai First Tower (commercial tower and atrium) (June, 2009) owned by our subsidiary company.

Additionally, 5 other buildings and properties are under reconstruction as planned; Honjo Fuji Building (completed in January, 2010), Souka Kateiryo (condominium, to be completed in February, 2010), Shin Toranomom Building (to be completed in August, 2010), Koujimachi Fuji Building (to be completed in October, 2010), and Sukiwabashi Fuji Building (to be completed in February, 2011).

In FY2009 The Group also decided to reconstruct another additional 8 buildings and properties; Nishinomiya So (condominium, to be completed in June, 2010), Yoyogi Ryo (condominium, to be completed in March, 2010), Kita Urawa Kateiryo (condominium, to be completed in April, 2010), Odenma Building and Odenma Building 2 (to be completed in March, 2012), Senriyama Ryo (condominium, to be completed in September, 2011), Yukigaya Kateiryo (condominium, to be completed in March, 2011), Kyodo Kateiryo (condominium, to be completed in January, 2012), Ogikubo Fuji Building (to be completed in December, 2011) and Kaminarimon F Building (to be completed in July, 2012).

As part of portfolio management strategy, The Group sold Naka Meguro Center Building (Meguro, Tokyo) and, by using the proceeds for the purpose of increasing revenue, purchased Hulic Kanda Building (Chiyoda, Tokyo), Hulic Kudan Building (Chiyoda, Tokyo) and Tokyo Toranomom Building (Minato, Tokyo).

In PPP (Public Private Partnership) business starting from the previous year, "Nara Yotoku Gakusya Project" (Bunkyo, Tokyo) is well under way. The Consortium including The Group was selected as a winning bidder in a PPP project in Shibaura, Tokyo which was held by waterworks department of Tokyo Metropolitan Government. The Group would aggressively continue to promote PPP as a new business field in our real estate operations.

Under the recent real estate and financial environment, The Group has taken conservative approaches to real estate investment business. In the meantime, The Group made ¥658 million of investment in silent partnership Urban Redevelopment Investment, one of our equity method affiliates, and obtained shared ownership in central Tokyo through East Ikebukuro Company (an equity method affiliate company) owned by Urban Redevelopment Investment.

As a result, revenue from operations in this business segment was ¥28,334 million (down by ¥68 million, 0.2% from the previous year), and operating income was ¥16,176 million (down by 907 million, 5.3%).

<Insurance Agency>

The Group has served as an insurance agency for majority of both Japanese and foreign insurance companies and handles various insurance products for both corporate and individual customers. Surroundings of insurance business have become tougher due to deregulation of the insurance business, structural changes caused by low birthrate and longer life resulting in decline of population, and economic deterioration. In this business environment, The Group focuses on acquiring business rights of existing non-life insurance agents in order to enhance corporate customer base. As a result, revenue from operations in this business segment was ¥2,088 million (up by 59 million, 2.9% from the previous year), but the operating income was ¥564 million (down by ¥39 million, 6.5%).

<Others>

Hulic Fudosan Service Co., Ltd. , one of The Group's subsidiaries, regularly takes orders of repair constructions from The Group's existing properties, constructions of refurbishment at the end of lease contracts and interior fit out at the beginning of lease contracts. In FY 2009, however, orders of repair constructions hit the wall and the revenue from operations in this segment was ¥1,296 million (down by ¥31 million, 2.4% from the previous year), and the operating income was ¥98 million (down by ¥29 million, 22.8%).

The Group does not have any consolidated overseas subsidiaries and branches and, therefore, there is no segment information by region in FY 2009.

③ Consolidation of SPC (TMK, Tokutei Mokuteki Kaisha)

The Group makes investments in silent partnership as well as in capital in SPC (TMK) in line with the most effective and appropriate manners for the strategy. Silent partnership and SPC is a legally defined conduit, but it is not clear enough in accounting standards whether or not to consolidate such invested entity, although it is clear enough for disclosure requirements.

In this light, The Group takes a conservative manner to apply controlling power measurement to conduit for consolidation. Accordingly, an analysis for impact by consolidation is presented as follows.

Fiscal year 2009 (January 1, 2009 to December 31, 2009)

(Million yen)

	Non-consolidated	Consolidated	Difference	%
Revenue from operations	32,422	31,229	(1,193)	(3.68)
Operating income	13,438	14,390	952	7.08
Ordinary income	10,835	10,939	103	0.95
Net income	22,036	22,042	6	0.02
Total assets	345,248	379,294	34,045	9.86
Total liabilities	276,773	309,554	32,781	11.84
Net assets	68,475	69,739	1,264	1.84

Fiscal year 2008 (January 1, 2008 to December 31, 2008)

(Million yen)

	Non-consolidated	Consolidated	Difference	%
Revenue from operations	32,520	31,221	(1,299)	(3.99)
Operating income	14,412	15,519	1,107	7.68
Ordinary income	10,723	10,934	210	1.96
Net income	5,780	5,917	137	2.37
Total assets	336,679	372,965	36,286	10.77
Total liabilities	291,358	326,488	35,129	12.05
Net assets	45,320	46,477	1,156	2.55

④ Outlook for FY2010

The Group expects that deteriorated economic environment would continue and economic downturn would become prolonged and so is in the real estate business.

Under the environment recognized above, The Group would take more conservative approaches to its business and would focus on strengthening for leasing operation, its core business. Based on the new mid-term business plan “Step-Up 2012”, the Group intends to promote reconstruction constantly in order to enhance its business base.

As mentioned in the announcement of corporate reorganization (mergers) on February 4, 2010, The Group is scheduled to merge with Senshu Shoji Co., Ltd. and Fuyo Sogo Kaihatsu Co., Ltd. effective on July 1, 2010 so that The Group could enforce the real estate leasing business.

Outlook for the next term is that revenue from operations, operating income, and ordinary income would increase thanks to the following factors; properties purchased in FY 2009 would contribute profits in full year, several properties under reconstruction would be completed, and the corporate reorganization (mergers) described above would contribute in the latter half of the year. On the other hand, net income would decrease by disappearance of ¥30,776 in extraordinary gains by sales of Naka Meguro Center Building.

	Outlook for FY2010-Consolidated (Million yen)	FY2009	Comparison to FY2009 (Million yen)	(%)
Revenue from operation	33,500	31,229	2,271	7.2
Operating income	15,500	14,390	1,110	7.7
Ordinary income	12,000	10,939	1,061	9.6
Net income	6,500	22,042	(15,542)	(70.5)

Outlook for the next fiscal year included in this material are based on information of analyses and judgments available as of the date of announcement of the material. Actual results may differ depending on changes in the business environment and other factors.

(2) Analysis of Financial Position

① Analysis of Assets, Liabilities and Net Assets

<Assets>

Total assets were ¥379,294 million by up ¥6,328 million from the previous year. This is primary due to reconstruction of aging properties and purchase of new properties as part of portfolio management seeking for strengthening our competitive edge.

The Group well recognizes the balance of investment securities as relatively high, and The Group cares the price fluctuation risk for investment securities. Unrealized gains on investment securities increased by ¥3,625 million thanks to recovery of stock markets.

Changes in amount of major items are as follow.

- Cash and deposits Down ¥11,167 million
- Real properties for sale Down ¥5,752 million (transfer to fixed assets etc.)
- Buildings and structures Up ¥5,904 million (transfer from real properties for sale, completion of reconstructing properties, purchase and sales of properties etc.)
- Land Up ¥1,503 million (transfer from real properties for sale, purchase and sales of land for buildings etc.)
- Construction in progress Up ¥3,570 million (progress of reconstruction)
- Leasehold rights Up ¥6,512 million (acquisition of leasehold rights of rentable buildings)
- Investment securities Up ¥5,181 million (increase in unrealized gains on listed shares, increase in investment in SPC etc.)

<Liabilities>

Total liabilities were ¥309,554 million by down ¥16,933 million from the previous year. This was attributed to repayment of interest bearing debts, decrease in deposits from tenants, increase in unrealized gains on listed shares, and proceeds from sales of fixed assets accompanied with a large amount of gains on sales.

Total liabilities consists mainly of interest bearing debts and its balance was ¥249,800 million that included ¥31,899 million non-recourse borrowings owed by consolidated SPC. Financing from banking facilities is operated stably at low cost thanks to The Group's credit by higher profit level.

Deferred income taxes in long-term liabilities might increase or decrease depending on fair value of the markets for our investment securities.

<Net Assets>

Total net assets were ¥69,739 million by up ¥23,262 million from the previous year. Shareholders' equity amounted to ¥63,941 million by up ¥21,164 million year on year, thanks to mainly increase in retained earnings. Total net unrealized holding gains on securities were ¥4,200 million by up ¥2,406 million due to increase in unrealized gains on listed shares.

② Analysis of Cash Flows

Cash and cash equivalents (hereinafter “cash”) increased by ¥9,989 million through operating activities, by ¥9,416 million through investing activities, and decreased by ¥30,633 million through financing activities and, as a result, amounted to 7,495 at the end of December 2009.

(Million yen)

	FY 2009	FY 2008	Difference
Cash flows from operating activities	9,989	4,030	5959
Cash flows from investing activities	9,416	(31,072)	40488
Cash flows from financing activities	(30,633)	39,575	(70208)
Cash and cash equivalent at end of year	7,495	18,723	(11228)

Cash flows in each activity are noted as follows.

< Cash flows from operating activities >

Cash flows from operating activities were ¥9,989 million surplus. This is attributed to ¥37,478 million in income before income taxes and minority interests in addition to stable high revenue from operations in leasing business, ¥3,764 million in depreciation and amortization, decrease in deposits from tenants by ¥2,549 million and in ¥1,764 million of current tax payment.

< Cash flows from investing activities >

Cash flows from investing activities were ¥9,416 million surplus owing to sales of large fixed asset, in spite of purchase of properties and continued investment for reconstruction.

< Cash flows from financing activities >

Cash flows from financing activities were ¥30,633 million deficit due to repayment of interest bearing debts and ¥878 million in cash dividend paid.

Various ratios relating to Cash Flows

	FY 2009	FY 2008
a. Shareholder's equity ratio (%)	17.9	11.9
b. Shareholder's equity ratio in terms of market capitalization (%)	22.9	16.0
c. Interest bearing debts to cash flows from operating activities	26.1	72.0
d. Interest coverage ratio	2.1	0.8

[Definitions]

- a. Shareholder's equity ratio = Shareholder's equity / Total assets
- b. Shareholder's equity ratio in terms of market capitalization = Market capitalization / Total assets
- c. Interest bearing debts to cash flows from operating activities = Interest bearing debts / Cash flows from operating activities
- d. Interest coverage ratio = Cash flows from operating activities / Interest expenses paid

③ Outlook for FY2010

The Group continuously plans to reconstruct exiting properties. Capital expenditure and other payments would be financed mainly by interest bearing debts from financial institutions and by commercial papers.

(3) Basic policy for dividend distribution and dividends for fiscal years ended December 2009 and ending December 2010.

It is The Group's basic policy for dividend distribution that it continues to be steady as appropriate return of profits to shareholders by comprehensively accounting for future operations, business expansion, and business outlook at business standpoint of real estate leasing operator.

Under this basic policy, The Group plans to pay an annual dividend per share of ¥8 as ordinary dividend (FY2008 ¥4 as ordinary dividend and ¥2 as commemorative dividend for going public to TSE).

Dividend for FY2009 is as follows.

Date and venue of decision	Total amount of dividends (million yen)	Dividends per share (yen)
Annual general meeting to be held on March 24, 2010	1,171	8

The Group plans to raise ¥1 to ¥9 per share for FY2010 based on the basic policy, on the condition of accomplishment of expected business results in FY2010.

(4) Risk analysis

. Major risk factors that it may or may not be worthwhile noting by investors are as follows. It is also reminded that the Group judges as true and fair at the release of this report.

① Risks relating to business itself

(Risk relating to leasing operations in real estate)

More than half of revenue of operations are from revenue of operation in leasing of office buildings, and it may be influenced by business cycle of macro economy.

(Risk relating to devaluation of real estate portfolio)

Loss on devaluation of real estate portfolio may be realized depending on market conditions.

(Risk relating to reconstruction)

Reconstruction of aged buildings and properties is strategically essential for growth, but it may be inevitable to realize loss on disposal of properties and expenses for moving by tenants, and therefore it may sometimes affect to increase extraordinary losses for net income.

(Risk on investment of real estate)

In spite of intensive and substantive research for new investment, return to investment is not always equal to the expected one.

(Others relating to real estate business)

a. particles of asbestos

It is well properly treated consistent to legal regulations as far as recognized, but it may happen to discover unrecognized ones.

b. soil pollution

Soil pollution is not recognized among our real estate portfolio at this moment of writing, but it may happen to discover unrecognized ones.

c. false statement of construction figures

No such problems are confirmed among our buildings and properties at this moment, but it may happen to face unrecognized ones.

d. others

Full attention is paid for preserve quality and safety, but it may happen to see unexpected obsolete damages.

(Risk relating to interest bearing debts)

The balance of interest bearing debts is ¥260,895 million as at December 31, 2009, and it may increase depending on future

business expansion under the control meeting to the measurements for rating agencies. But applicable interest rates may fluctuate although about 60% of long term interest bearing debts are supposed to be fixed.

	FY2005	FY2006	FY2007	FY2008	FY2009
Interest bearing debts (million yen) (A)	184,444	198,970	254,730	290,496	260,895
Total assets (million yen) (B)	282,508	297,506	352,523	372,965	379,294
A/B	65.2	66.8	72.2	77.8	68.7

(Risk relating to natural disaster and human-made disaster)

Natural disaster including earthquake and human-made disaster including terrorism may affect much over real estate portfolio themselves and business, although business continuity plan is well set out and regulations on earthquake for buildings are well met. If it happened over Tokyo Metropolitan region, biggest damages could be seen, simply because about 70% of rental buildings and properties are located in Tokyo 23 wards.

(Risk relating to stock markets)

The balance of investment securities is ¥60,961million as at December 31, 2009, and some 16% of total assets based on long-term business reasons. This exposes price fluctuation risk of stock markets.

	FY2005	FY2006	FY2007	FY2008	FY2009
Investment securities (million yen)	82,614	67,899	70,887	55,780	60,961
Securities listed (million yen)	66,453	53,135	49,656	25,044	27,341
Other than above (million yen)	16,161	14,763	21,230	30,736	33,620
Net unrealized holding gains on securities (million yen)	25,260	19,773	16,758	1,794	4,200

(Risk relating to amendments of legal regulations)

(Risk relating to information security)

(Risk relating to mergers)

Please refer to the subsequent events. When the mergers did not occur as planned, it could affect on business results.

② Relationship with Mizuho Financial Group

(Capital relationship with Mizuho FG)

It was in fact that the Group was established in March 1957 by close companies with Fuji Bank as real estate business operator for regulatory reasons of banking ordinance at that time. It was, however, never been a subsidiary or affiliate of Fuji Bank or Mizuho FG since establishment, and the share by Mizuho FG stands at 8.4% at the end of FY2009. There are also no requirements for prior approval by Mizuho FG, and no restrictions for Group's decision by Mizuho FG.

(Business relationship with Mizuho FG)

a. Real estate business

As high as 57.9% of total revenue of operation was from Mizuho FG at FY2009, simply because in 1996 through 1999, 95 numbers of properties were sold to the Group due to financial reasons by Fuji Bank(prior to Mizuho FG), and were leased back to Fuji Bank.

< Ratio of revenue from operations with Mizuho FG >

Total Revenue	FY2005	FY2006	FY2007	FY2008	FY2009
Revenue from operations (million yen) (A)	26,464	26,787	29,727	31,221	31,229
With Mizuho FG (million yen) (B)	17,908	18,478	18,527	18,934	18,082
B/A (%)	67.6	69.0	62.3	60.6	57.9

(*) FY 2005 is non-consolidated base.

<Ratio of revenue from operations in real estate business segment with Mizuho FG >

Real Estate Business	FY2005	FY2006	FY2007	FY2008	FY2009
Revenue from operations in real estate business segment (million yen) (A)	24,452	23,650	26,591	28,402	28,334
With Mizuho FG (million yen) (B)	17,908	18,017	17,894	18,439	17,813
B/A (%)	73.2	76.1	67.3	64.9	62.8

(*) FY 2005 is non-consolidated base.

b. Borrowings from banks and other financial institutions

Dependence of borrowing from Mizuho FG has sharply fallen in FY2007 when Nihon Teito Shoken became out of affiliated companies of Mizuho FG.

< Ratio of borrowings from banks and other financial institutions with Mizuho >

Debt	FY2005	FY2006	FY2007	FY2008	FY2009
Total borrowings (million yen) (A)	184,397	198,870	244,539	267,327	241,800
With Mizuho FG (million yen) (B)	153,237	145,231	96,337	106,137	91,483
B/A (%)	83.1	73.0	39.4	39.7	37.8

(Human resources relationship with Mizuho FG)

The Group had depended on large numbers of human resources of Mizuho FG due to historical reasons since commencement, and 17 out of 23 numbers of directors, corporate auditors, and executive officers and also 55 out of 238 of entire employees are ex Mizuho FG. But, only 50% of directors and corporate auditors are ex Mizuho FG at the moment of this report.

③ Advisory Committee

It is strictly reminded that the Group runs the business at its own responsibility as an independent entity although it was fully described above on relationship with Mizuho FG.

In pursuing for better understanding by wide-ranged stakeholders by continuing efforts for further transparency and disclosure, the Group decided to set up Advisory Committee, and for the sake of strengthening of independence as well as of protecting of interests by stakeholders, it also decided to make prior report to the Committee on all items to be reported or to be resolved by the Board as well as other important management topics.

The Committee members consist of more than 4 who are independent and are not out of Mizuho FG or top 10 shareholders, and are currently a lawyer, a public accountant, a professor, and a business person who are resolved by the Board. The Committee is to be held once every month in principle.

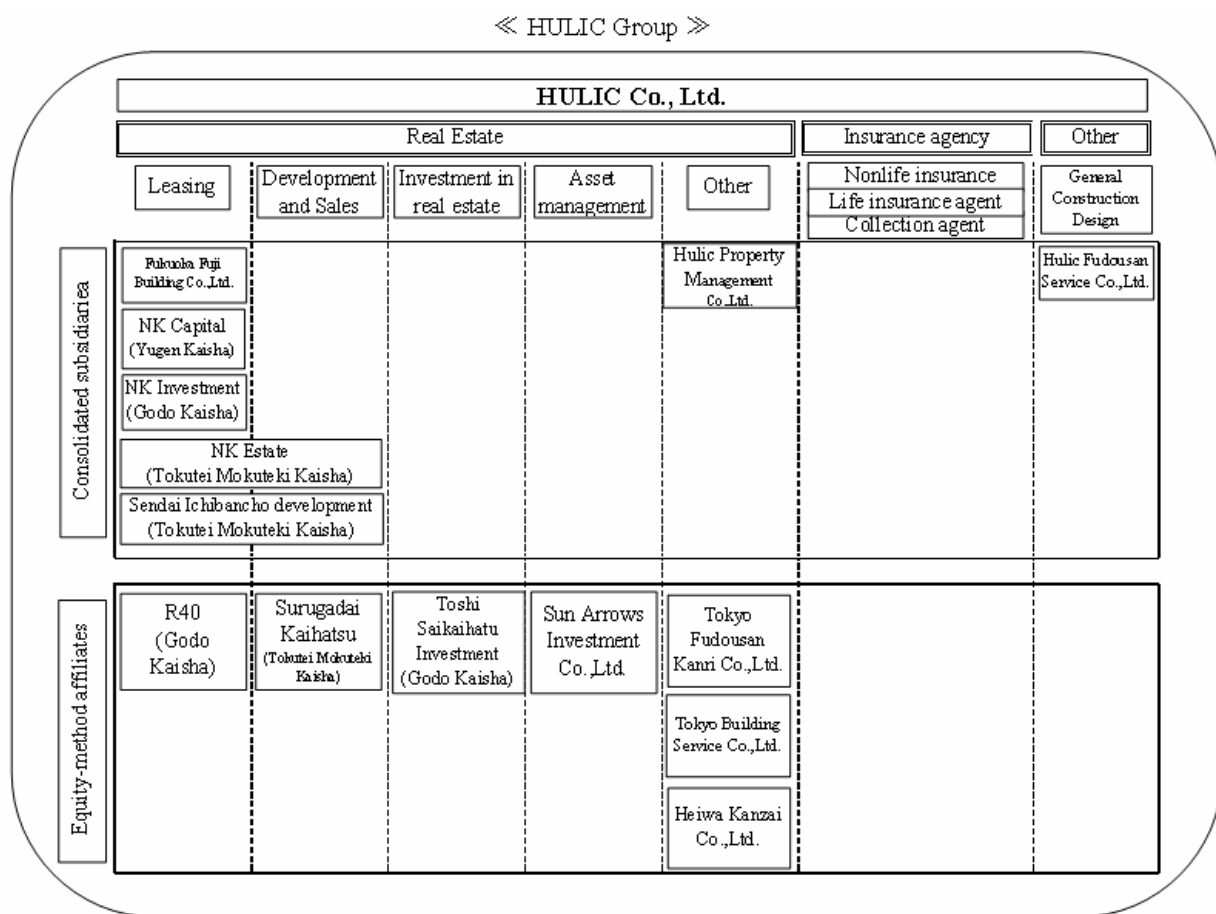
2. The Group

The Group consists of HULIC Co., Ltd. , 7 numbers of subsidiary companies, and 8 numbers of affiliated companies, and run three businesses. They are Real estate business, Insurance agency business, and other business.

Real estate businesses are leasing operations, PPP(Public Private Partnership),Development and sales, and asset management, etc.

Insurance agency businesses are agency businesses with non-insurance and insurance companies. Other businesses are general construction business and design & construction management.

The relationship of business contents by segments and business entities are as shown in the following diagram.



3. Management Policy

(1) Basic policy

The Group shares its corporate philosophy that it contributes to help realization of society filled with peace of mind and mutual trust through providing products and services for basis of individual's social activities, and it aims at contribution to social developments by doing its corporate philosophy. The Group also shows its fundamental stance for its social responsibility to Environment, Customers, Employees, and Society for ongoing efforts to "Preventive measures for global warming" as well as "Business Continuity Plan", which is described in CSR Report 2008.

For the purpose of making it possible, the Group intends to be a growing company by taking advantages of rigid foundation, and makes full efforts to enlarge its enterprise value by challenging something new standpoints, then it takes its fundamental stance to see customers' satisfaction as most important through providing most suitable goods and services to the customers.

In this result, the Group makes it possible to realize higher growth and enlargement of enterprise value, and to continue to gain credibility from wide-ranged stakeholders.

(2) Targets

The Group continues to expand its real estate portfolio through reconstruction, and then realizes to strengthen earning ability by taking utmost contribution of newly reconstructed properties year by year. The Group also continues to develop new value drivers for growth such as PPP(Public Private Partnership) by demonstrating its higher capability to meet customer's needs appropriately.

The Group not only sees operating income and net income as remarkable monitoring measures, but also sees well-balanced measures including EBITDA and EBITDA to interest bearing debts ratio as important, resulting in continuous strengthening of earning ability.

(3) Medium term strategy and major objectives

As described previously, the Group just completed the previous mid-term business plan ending FY2009, and has just launched the following new mid-term business plan "Step-Up 2012" advocating "Change and Jump-up" on FY2010 to FY2012.

① Strengthening of leasing operation business in real estate

Taking advantages of real estate portfolio of over 100 rental buildings and properties with 400 thousand square meters rentable space primarily located in Tokyo 23 wards is the Group's core business. The Group plans to maximize to utilize its real estate portfolio by enlargement of rental space and raise its leasing profits through reconstruction of aged properties being not fully utilized in terms of capacity utilization by regulations.

Upon reconstruction, the Group considers carefully what is best fitting to environment among office, rental apartment, and apartment for the aged etc., and pursues for maximization of business profit.

Additionally, the Group makes its best efforts to pay full attention to environment by using recently developed technology including "Seismically Isolated Structure / Seismic-Damper System Structure", "Solar Panel System", and "Green Wall / Green Roof".

Also, the Group emphasizes to upgrade property management function through providing highly qualified properties with lights and air-conditioners to existing buildings and properties.

In considering of many numbers of newly reconstructing buildings and properties from now on after FY2010, the Group strengthened the capacity of leasing function so as to maintain much lower vacancy rates comparing to the markets.

② Strengthening of insurance agency earnings

The basic strategy in insurance agency business is to expand our market share through M&A over other non-insurance agency, and to gain better customers' satisfaction with lower costs under efficient and high qualified operational structures. Upon moving to Torigoe Office in May 2009, it continues to maintain efficient and high quality operations.

③ Development of new profit sources

It has been challenging to try to develop new profit sources in addition to the existing rigid leasing operations business. PPP is a good example for demonstrating higher and superior capability of construction meeting to the customers' needs. Nara Yotoku Gakusha Project is to be completed in 2011, and the Consortium including the Group was selected as a winning bidder in a PPP project in Shibaura, Tokyo which was held by waterworks department of Tokyo Metropolitan Government.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets (Unaudited)

(Thousand yen)

Item	FY 2009 (as of December 31,2009)		FY 2008 (as of December 31, 2008)		Increase/ Decrease
	Amount	Percentage	Amount	Percentage	Amount
(Assets)					
I Current Assets					
1. Cash and deposits	7,613,852	2.0	18,781,595	5.0	(11,167,743)
2. Receivables	653,978	0.1	504,588	0.1	149,390
3. Operating assets Marketable securities			201,818	0.0	(201,818)
4. Real property for sale	4,548,506	1.2			4,548,506
5. Real property for sale in progress			10,341,022	2.7	(10,341,022)
6. Advance payments – construction in progress	442	0.0			442
7. Supplies	5,238	0.0			5,238
5. Deferred income taxes	415,835	0.1	214,331	0.0	201,504
6. Other current assets	566,386	0.1	801,851	0.2	(235,465)
Allowance for doubtful accounts	(2,847)	(0.0)	(2,155)	(0.0)	(692)
Total current assets	13,837,391	3.6	30,843,053	8.2	(17,005,662)
II Fixed Assets					
1. Tangible fixed assets					
(1) Buildings and structures	94,111,630	24.8	88,062,055	23.6	6,049,575
Depreciation	(36,295,629)	(9.5)	(36,150,370)	(9.6)	(145,259)
(2) Machinery, equipment and materials handling equipment	309,340	0.0	203,838	0.0	105,502
Depreciation	(113,109)	(0.0)	(53,267)	(0.0)	(59,842)
(3) Land	217,153,673	57.2	215,650,099	57.8	1,503,574
(4) Construction in progress	6,944,984	1.8	3,374,732	0.9	3,570,252
(5) Other tangible fixed assets	854,188	0.2	786,536	0.2	67,652
Depreciation	(608,526)	(0.1)	(521,220)	(0.1)	(87,306)
Total tangible fixed assets	282,356,551	74.4	271,352,403	72.7	11,004,148
2. Intangible fixed assets					
(1) Goodwill	489,724	0.1	455,065	0.1	34,659
(2) Leasehold rights	19,103,504	5.0	12,590,816	3.3	6,512,688
(3) Other intangible fixed assets	731,600	0.1	509,741	0.1	221,859
Total intangible fixed assets	20,324,829	5.3	13,555,623	3.6	6,769,206
3. Investments and other assets					
(1) Investment securities	60,961,970	16.0	55,780,727	14.9	5,181,243
(2) Long-term loans	5,572	0.0	6,556	0.0	(984)
(3) Lease deposits	782,583	0.2	777,622	0.2	4,961
(4) Deferred income taxes	103,011	0.0	100,744	0.0	2,267
(5) Other investments and assets	771,661	0.2	297,936	0.0	473,725
Allowance for doubtful accounts	(1,558)	(0.0)	(1,933)	(0.0)	375
Total investment and other assets	62,623,242	16.5	56,961,591	15.2	5,661,651
Total Fixed assets	365,304,624	96.3	341,869,621	91.6	23,435,003
III Deferred tax assets					
New development costs	152,117	0.0	252,696	0.0	(100,579)
Total deferred tax assets	152,117	0.0	252,696	0.0	(100,579)
Total assets	379,294,133	100.	372,965,370	100.0	6,328,763

(Thousand yen)

Item	FY 2009 (as of December 31,2009)		FY 2008 (as of December 31, 2008)		Increase/ Decrease
	Amount	Percentage	Amount	Percentage	Amount
(Liabilities)					
I Current liabilities					
1. Bond redeemable within one year	100,000	0.0	100,000	0.0	0
2. Short-term debt	37,760,000	9.9	76,850,000	20.6	(39,090,000)
3. Long-term debt payable within one year	31,516,144	8.3	32,075,144	8.6	(559,000)
4. Commercial paper	10,995,930	2.8	14,968,438	4.0	(3,972,508)
5. Accounts payable	1,145,242	0.3	1,308,051	0.3	(162,809)
6. Income taxes payable	5,117,887	1.3	172,235	0.0	4,945,652
7. Cash in advance	2,006,025	0.5	2,158,805	0.5	(152,780)
8. Allowance for employees' bonus	36,359	0.0	33,280	0.0	3,079
9. Allowance for directors' and corporate auditors' bonus	34,472	0.0	32,200	0.0	2,272
10. Other current liabilities	2,188,057	0.5	1,886,043	0.5	302,014
Total current liabilities	90,900,119	23.9	129,584,198	34.7	(38,684,079)
II Long-term liabilities					
1. Corporate bonds			100,000	0.0	(100,00)
2. Long-term debt	180,523,924	47.5	166,402,568	44.6	14,121,356
3. Deferred income taxes	10,668,274	2.8	403,862	0.1	10,264,412
4. Allowance for employees' retirement benefits	291,581	0.0	284,290	0.0	7,291
5. Allowance for directors' and corporate auditors' retirement benefits	44,200	0.0	37,000	0.0	7,200
6. Deposits from tenants	26,674,011	7.0	29,223,784	7.8	(2,549,773)
7. Other long-term liabilities	452,500	0.1	452,500	0.1	0
Total long-term liabilities	218,654,491	57.6	196,904,005	52.7	21,750,486
Total liabilities	309,554,611	81.6	326,488,203	87.5	(16,933,592)

(Net assets)					
I Shareholders' equity					
1. Common stock	3,879,151	1.0	3,879,151	1.0	0
2. Additional paid-in capital	3,519,151	0.9	3,519,151	0.9	0
3. Retained earnings	56,665,903	14.9	35,501,494	9.5	21,164,409
4. Treasury stock	(122,970)	(0.0)	(122,969)	(0.0)	(1)
Total shareholders' equity	63,941,235	16.8	42,776,827	11.4	21,164,408
II Valuation and translation adjustments					
Net unrealized holding gains on securities	4,200,811	1.1	1,794,544	0.4	2,406,267
Total valuations and translation adjustments	4,200,811	1.1	1,794,544	0.4	2,406,267
III Minority interests	1,597,474	0.4	1,905,794	0.5	(308,320)
Total minority interest	1,597,474	0.4	1,905,794	0.5	(308,320)
Total net assets	69,739,521	18.3	46,477,166	12.4	23,262,355
Total liabilities and net assets	379,294,133	100.0	372,965,370	100.0	6,328,763

(2) Consolidated Statements of Income (Unaudited)

(Thousand yen)

Item	FY 2009 (as of December 31,2009)		FY 2008 (as of December 31, 2008)		Increase/ Decrease
	Amount	Percentage	Amount	Percentage	Amount
I Revenue from operations	31,229,267	100.0	31,221,616	100.0	7,651
II Cost of revenue from operations	11,632,474	37.2	10,722,734	34.3	909,740
Gross operating profit	19,596,792	62.7	20,498,882	65.6	(902,090)
III Selling, general and administrative expenses	5,205,938	16.6	4,979,389	15.9	226,549
Operating income	14,390,854	46.0	15,519,492	49.7	(1,128,638)
IV Non-operating income					
1. Interest income	72,083	0.2	17,224	0.0	54,859
2. Dividend income	695,290	2.2	901,509	2.8	(206,219)
3. Equity in income of affiliated companies	363,956	1.1	345,820	1.1	18,136
4. Other revenue – Termination of lease contracts	128,049	0.4	256,678	0.8	(128,629)
5. Other	116,830	0.3	99,819	0.3	17,011
Total non-operating income	1,376,211	4.4	1,621,051	5.1	(244,840)
V Non-operating expenses					
1. Interest expenses	4,376,212	14.0	4,802,761	15.3	(426,549)
2. Loss on sales of investment securities			801,379	2.5	(801,379)
3. Other	451,639	1.4	601,846	1.9	(150,207)
Total non-operating expenses	4,827,851	15.4	6,205,987	19.8	(1,378,136)
Ordinary income	10,939,213	35.0	10,934,556	35.0	4,657
VI Extraordinary gains					
1. Gain on sales of fixed assets	30,776,443	98.5	714,804	2.2	30,061,639
2. Gain on sales of investment securities	633,972	2.0	3,118,814	9.9	(2,484,842)
3. Reversal of provision for employees' retirement benefits			6,440	0.0	(6,440)
4. Gain on penalty			150,000	0.4	(150,000)
Total extraordinary gains	31,410,415	100.5	3,990,060	12.7	27,420,355
VII Extraordinary losses					
1. Loss on devaluation of real property for sale	417,201	1.3			417,201
2. Loss on sales of fixed assets			1,584	0.0	(1,584)
3. Loss on disposal of fixed assets	1,278,689	4.0	2,578,579	8.2	(1,308,890)
4. Loss on reconstructions of buildings	310,664	0.9	2,332,830	7.4	(2,022,166)
5. Loss on sales of investment securities	179	0.0	369,879	1.1	(369,700)

6. Loss on devaluation of investment securities	2,826,396	9.0	721,379	2.3	2,105,017
7. Provision for losses on doubtful accounts			1,318		(1,318)
8. Provision for directors' and corporate auditors' retirement benefit			31,100	0.0	(31,100)
9. Other	37,753	0.1	20,802	0.0	16,951
Total extraordinary losses	4,870,884	15.5	6,057,474	19.4	(1,186,590)
Income before income taxes and minority interests	37,478,745	120.0	8,867,141	28.4	28,611,604
Current income taxes	6,397,453	20.4	2,820,586	9.0	3,576,867
Deferred income taxes	8,917,551	28.5	19,004	0.0	8,898,547
Total current income taxes and deferred income taxes	15,315,005	49.0	2,839,590	9.0	12,475,415
Gain on minority interests	120,759	0.3	109,672	0.3	11,087
Net income	22,042,980	70.5	5,917,878	18.9	16,125,102

(3) Consolidated Statements of Changes in Shareholder's Equity

FY 2009 (January 1, 2009 to December 31, 2009)

(Thousand yen)

Item	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at December 31, 2008	3,879,151	3,519,151	35,501,494	(122,969)	42,776,827
Changes in items during the FY period			21,164,408	(1)	21,164,407
Cash dividends paid			(878,572)		(878,572)
Net income			22,042,980		22,042,980
Net changes in items other than shareholders' equity					
Total changes in items during the FY period					
Balance at December 31, 2009	3,879,151	3,519,151	56,665,903	(122,970)	63,941,235

Item	Valuation and translation adjustments		Minority interests	Total net assets
	Net unrealized holding gains on securities	Total Valuation and translation adjustments		
Balance at December 31, 2008	1,794,544	1,794,544	1,905,794	46,477,166
Changes in items during the FY period	2,406,266	2,406,266	308,319	23,262,354
Cash dividends paid				(878,572)
Net income				22,042,980
Net changes in items other than shareholders' equity				
Total changes in items during the FY period				
Balance at December 31, 2009	4,200,811	4,200,811	1,597,474	69,739,521

FY 2008 (January 1, 2008 to December 31, 2008)

(Thousand yen)

Item	Shareholders' equity				
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Total shareholders' equity
Balance at December 31, 2007	1,670,151	1,310,151	29,992,902	(79,651,)	32,893,553
Changes in items during the FY period					
Cash dividends paid			(409,286)		(409,286)
Net income			5,917,878		5,917,878
Net changes in items other than shareholders' equity					
Total changes in items during the FY period	2,209,000	2,209,000	5,508,592	(43,318)	9,883,273
Balance at December 31, 2008	3,879,151	3,519,151	35,501,494	(122,969)	42,776,827

Item	Valuation and translation adjustments		Minority interests	Total net assets
	Net unrealized holding gains on securities	Total Valuation and translation adjustments		
Balance at December 31, 2007	16,758,513	16,758,513	1,800,731	51,452,798
Changes in items during the FY period				
Cash dividends paid				(409,286)
Net income				5,917,878
Net changes in items other than shareholders' equity	(14,963,968)	(14,963,968)	105,062	(14,858,905)
Total changes in items during the FY period	(14,963,968)	(14,963,968)	105,062	(4,975,631)
Balance at December 31, 2008	1,794,544	1,794,544		46,477,166

(4) Consolidated Statements of Cash Flows (Unaudited)

(Thousand yen)

Item	FY 2009	FY 2008	Increase/ Decrease
	(as of December 31, 2009)	(as of December 31, 2008)	
	Amount	Amount	
I Cash flows from operating activities			
Income before income taxes	37,478,745	8,867,141	28,611,604
Depreciation and amortization	3,764,363	3,299,458	464,905
Increase/decrease in allowance for doubtful accounts	256	2,929	(2,673)
Increase/decrease in allowance for bonuses	3,079	244	2,835
Increase/decrease in allowance for bonuses to directors and corporate auditors	2,272	6,700	(4,428)
Increase/decrease in allowance for retirement benefits	7,291	(1,303)	8,594
Increase/decrease in allowance for retirement benefits to directors and corporate auditors	7,200	37,000	(29,800)
Interest and dividend income	(767,374)	(918,733)	153,359
Interest expense	4,376,212	4,802,761	(426,549)
Equity in income of affiliated companies	(363,956)	(345,820)	(18,136)
Loss on valuation of real property for sale in progress	576,162		576,162
Gain on sales of fixed assets	(30,776,443)	(714,804)	(30,061,639)
Loss on sales of fixed assets		1,584	(1,584)
Loss on disposal of fixed assets	1,278,689	2,578,579	(1,299,890)
Gain on sales of marketable securities	(641,682)	(3,118,814)	2,477,132
Loss on sales of marketable securities		1,171,258	(1,171,258)
Loss on valuation of marketable securities	2,826,396	721,379	2,105,017
Gain of penalty		(150,000)	150,000
Increase/decrease in receivables	(149,389)	(35,832)	(113,557)
Increase/decrease in real property for sale	652,939	(3,536,147)	4,189,086
Increase/decrease in lease deposits	(4,961)	(32,720)	27,759
Increase/decrease in deposits from tenants	(2,549,773)	59,128	(2,608,901)
Increase/decrease in other assets	(823,865)	(333,274)	(490,591)
Increase/decrease in other liabilities	401,431	(559,951)	961,382
Subtotal	15,297,592	11,800,764	3,496,828
Cash receipts of interest and dividend income	742,957	933,275	(190,318)
Cash payments of interest expense	(4,551,313)	(4,950,656)	399,343
Cash receipts of penalty		150,000	(150,000)
Income taxes paid	(1,764,960)	(3,903,083)	2,138,123
Net cash provided by operating activities	9,989,227	4,030,300	5,958,927

II	Cash flows from investing activities			
	Payments for time deposits	(70,000)	(50,000)	(20,000)
	Proceeds from maturity of time deposits	162,000		162,000
	Proceeds from redemption of bonds		50,000	(50,000)
	Purchase of tangible fixed assets	(25,752,140)	(17,640,628)	(8,111,512)
	Sales of tangible fixed assets	46,078,415	997,441	45,080,974
	Purchase of intangible fixed assets	(7,030,394)	(7,716,170)	685,776
	Purchase of investment securities	(5,264,070)	(12,534,282)	7,270,212
	Sales of investment securities	1,515,956	5,115,148	(3,599,192)
	Purchase of stocks SPC		(600)	600
	Payment for acquisition of shares of subsidiaries	(509,833)		(509,833)
	Increase in loans			
	Collection of loans	984	1,369	(385)
	Other	45,727	104,908	(59,181)
	Net Cash used in investing activities	9,416,645	(31,072,813)	40,489,458
III	Cash flows from financing activities			
	Increase/decrease in short-term debt	(39,090,000)	40,000,000	(79,090,000)
	Increase/decrease in commercial papers	(4,128,104)	4,820,104	(8,948,208)
	Proceeds from long-term debt	50,610,000	55,200,000	(4,590,000)
	Repayment of long-term debt	(37,047,644)	(64,412,144)	27,364,500
	Repayment of corporate bonds	(100,000)		(100,000)
	Proceeds from issuance of bonds		4,381,119	(4,381,119)
	Proceeds from issuance of shares			
	Purchase of treasury stock	(1)		(1)
	Cash dividend paid	(878,572)	(409,286)	(469,286)
	Cash dividend paid to minority interest	(35,052)	(4,610)	(30,442)
	Payments from minority share	36,000		36,000
	Net Cash provided by financing activities	(30,633,374)	39,575,182	(70,208,556)
IV	Net increase/decrease in cash and cash equivalents	(11,227,451)	12,532,669	(23,760,120)
V	Cash and cash equivalents at beginning of year	18,723,303	6,190,634	12,532,669
VI	Cash and cash equivalents at end of year	18,723,303	7,495,852	11,227,451

<Business Segment Information>

<FY2009>

(Thousand yen)

	Real estate	Insurance agency	Other	Total	Eliminations/ Corporate	Consolidated
I Revenue from operations and operating income						
(1) Outside customers	28,320,047	2,088,967	820,252	31,229,267	—	31,229,267
(2) Inter-Segment	14,850	—	475,796	490,647	(490,647)	—
Total	28,334,897	2,088,967	1,296,048	31,719,914	(490,647)	31,229,267
Cost and expenses	12,158,886	1,524,308	1,197,235	14,880,431	1,957,981	16,838,412
Operating income	16,176,011	564,658	98,812	16,839,482	(2,448,628)	14,390,854
II Assets, depreciation and capital expenditure						
• Assets	330,037,594	661,225	61,142	330,759,962	48,534,170	379,294,133
• Depreciation	3,357,390	178,655	1,572	3,537,619	226,744	3,764,363
• Capital expenditure	32,254,152	156,800	920	32,411,872	413,004	32,824,877

<FY2008>

(Thousand yen)

	Real estate	Insurance agency	Other	Total	Eliminations/ Corporate	Consolidated
I Revenue from operations and operating income						
(3) Outside customers	28,392,191	2,029,165	800,259	31,221,616	—	31,221,616
(4) Inter-Segment	10,726	—	527,744	538,470	(538,470)	—
Total	28,402,917	2,029,165	1,328,003	31,760,087	(538,470)	31,221,616
Cost and expenses	11,319,862	1,424,736	1,199,936	13,944,535	1,757,5	15,702,124
Operating income	17,083,055	604,429	128,067	17,815,552	88	15,519,492
					(2,296,059)	
II Assets, depreciation and capital expenditure						
• Assets	318,865,117	666,336	48,564	319,580,018	53,385,352	372,965,370
• Depreciation	2,956,093	147,476	702	3,104,272	195,186	3,299,458
• Capital expenditure	24,734,857	156,870	—	24,891,727	237,643	25,129,370

Typical Operations of each business segment

- (1) Real estate Leasing, development and sales, investment etc.
(2) Insurance Agency Insurance agency for non-life, life, and other insurance products
(3) Other General construction, design, construction management

<Subsequent Events for FY2009 (January 1, 2009 to December 31, 2009)>

On February 4, 2010, the Board of Directors resolved the mergers of the Group with Senshu Shoji Co., Ltd. and Fuyo Sogo Kaihatsu Co., Ltd. respectively on the condition of the approval of Annual General Meeting held on March 24, 2010.

1. Purpose of merger

While The Group successfully went public to TSE First section in November 2008 and has taken steps forward by two core businesses of real estate and insurance agency, the Group has faced to the rapid economic downturn with deterioration of macro economy and real estate markets, and planned and has just announced the new mid-term business plan starting at FY2010 in line with such recognition of environmental changes. The plan focuses on further strengthening of our core competitive edge of leasing operation in real estate. By doing so, the Group sees lots of potentiality for growth of profit by lowering unfavorable markets fluctuations and commits to the full efforts for elevating enterprise value. The Group has decided these mergers, simply because this fits our strategy.

Global turmoil in financial and capital markets triggered by US and structural changes in US affects Japan and the rest of global economy, and it is broadly expected that deterioration of Japanese economy remains further showing L-shape recovery. Under such economic environment, real estate industry has been much influenced and it may take long time for recovery, although pace of deterioration becomes slower.

Under the changed business conditions, the Group posts the strengthening of leasing business in real estate as the cornerstone of growth strategy, and it aims at continuous enlargement of real estate portfolio for leasing operations mainly through increasing rentable floor spaces by reconstruction of aged buildings and properties. Both of Senshu Shoji Co., Ltd. and Fuyo Sogo Kaihatsu Co., Ltd. hold superior property portfolio under well financial positions, and these mergers fits our strategy. The Group expects strengthened earning ability by adding superior rentable real estate portfolio. On the other hand, Senshu Shoji Co., Ltd. and Fuyo Sogo Kaihatsu Co., Ltd. expects needs for enrichment of know-how and human resources in the preparation for reconstruction and development in the future. These mergers are also expected to bring synergy effects by taking advantages of unique business base with commercial customers by Senshu Shoji Co., Ltd. and Fuyo Sogo Kaihatsu Co., Ltd. , and of cross-utilization of property-management staff, and are expected to realize both of scale of economy in enlarged real estate portfolio and of scope of economy in higher earnings. Accordingly, it is decided to be the best route to maximize the Group's enterprise value and shareholder's equity.

2. Profile of merged companies.

(1) Name	Senshu Shoji Co., Ltd.	Fuyo Sogo Kaihatsu Co., Ltd.
(2) Main business	Real estate	Real estate
(3) Sales (million yen)	3,158	486
(4) Net income (million yen)	6,456	76
(5) Total assets (million yen)	42,552	5,256
(6) Net assets (million yen)	18,661	571
(7) Number of employees	13	2

* Figures are based on the end of April 2009 for Senshu Shoji, and the end of March 2009 for Fuyo Sogo Kaihatsu.

3. Way of merger

The Group remains as it is after the mergers, and Senshu Shoji Co., Ltd. and Fuyo Sogo Kaihatsu Co., Ltd. shall be dissolved.

4. Name of the company after the merger

Hulic Co., Ltd.

5. Merger ratio, numbers of shares to be issued, and other payments

(1) Merger ratio

① Company	Hulic (remaining)	Senshu Shoji (dissolving)	Fuyo Sogo Kaihatsu (dissolving)
② Merger ratio	1	231	17

In case unexpected substantial factors are recognized to affect the mutual agreements on the ground for calculation, it could alter based on the mutual agreements between the parties.

(2) Type and number of shares to be issued for mergers

Based on the aforementioned merger ratio, 23,585,100 and 1,632,000 of Hulic's common stock shall be issued respectively for 102,100(excluding treasury stocks) of Senshu Shoji Co., Ltd. , and for 96,000(excluding 4,000 held by Hulic) of Fuyo Sogo Kaihatsu Co., Ltd. It is to be noted that no issuance is made to 23,900 of treasury stock held by Senshu Shoji Co., Ltd. and 4,000 of Fuyo Sogo Kaihatsu Co., Ltd. It is also reminded that those numbers are based on the assumption as at February 4,2010, and accordingly may be altered in case.

(3) Other Payments

No plan is made.

6. Schedules

February 4, 2010	The Boards' Resolution for mergers is to be made.
February 4, 2010	The merger agreements are to be executed.
March 24, 2010 (Planned)	The Boards' Resolution is to be approved by the annual general meeting.
July 1, 2010	Date of mergers (legal effective date)

It is to be informed that the parties may alter the afore-mentioned schedules, procedures, and conditions based on the mutual agreements, in case unexpected burdens to proceed the planned corporate reorganization are noticed upon going forward.

7. Accounting to be applied

Accounting standards of business combination to be effective April 1, 2010 are applied to these mergers, and accordingly purchase method is used.