



# 東京建物 *120<sup>th</sup>*

## Presentation Material

for the 2nd Quarter of FY2017 (Ending December 31, 2017)

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## Business Results for FY2017 2Q

- Despite the **decrease in revenue and income** due to a significant decline in the number of condo sales posted, **profit increased slightly** as a special factor that had arisen upon acquiring properties from a SPC in the previous fiscal year was eliminated.
- In FY2017, since sales of large-scale condos with high margins, including “Brillia Towers Meguro” and “Brillia THE TOWER TOKYO YAESU AVENUE”, are expected to concentrate in the fourth quarter, **the achievement rate of the first half compared to the full-year earnings projections are in line with the company’s expectations.**
- **Full-year forecast of revenue from operations was revised** in line with the conversion of a management company and one other into consolidated subsidiaries and the expected increase in construction sales.

## Topics

- Urban compact commercial facility “**FUNDES UENO**” opened in July.  
Additionally acquired land for commercial facilities/hotels specialized in lodging, expanding the stock
- “**Brillia Tower Yoyogi Park CLASSY**” (195 units in total) **received same-day applications** for all of 116 units for Phase 1 sales and 15 units for the second round of Phase 1 sales.
- “**Grapes Yoga,**” a residence for elderly people with service, opened in May.  
Converted Care Like Co., Ltd. (a company dispatching care workers) into a wholly-owned subsidiary in order to expand the senior housing business and improve its services.
- Launched a large-scale complex development project in **the center of Yangon, Myanmar.**



# **I. Business Results for the 2Q of FY2017**

# (1) Consolidated Statements of Income

**Profit increased slightly despite the decrease in operating income due to a decline in the number of condo sales posted.**

	Unit: Billion yen	FY2017 2Q	FY2016 2Q	Increase/ Decrease	Forecasts*	Achievement rate	
<b>1</b>	Revenue from operations	94.4	107.5	(13.0)	260.0	36%	<b>1</b> ▶ Main factors for increase/decrease <ul style="list-style-type: none"> <li>• Increase in building leasing revenue</li> <li>• Increase in building management service fee due to conversion of Seishin Service Co., Ltd. into a consolidated subsidiary in commercial properties</li> <li>• Decrease in number of condo units posted</li> <li>• Decrease in property sales in the real estate solution service segment</li> </ul>
	Commercial properties	47.9	43.5	4.4	101.5		
	Residence	16.3	31.2	(14.8)	97.0		
	Real estate solution services	20.2	24.3	(4.0)	40.0		
	Other	9.8	8.4	1.3	21.5		
<b>2</b>	Operating income	13.2	13.9	(0.6)	42.0	32%	<b>2</b> ▶ Main factors for increase/decrease <ul style="list-style-type: none"> <li>• Increase in building leasing revenue</li> <li>• Decrease in number of condo units posted</li> </ul>
	Commercial properties	15.4	14.1	1.3	29.0		
	Residence	(0.9)	1.4	(2.4)	17.0		
	Real estate solution services	2.4	1.6	0.7	4.0		
	Other	(0.3)	(0.1)	(0.2)	(0.5)		
	Elimination/Corporate	(3.2)	(3.1)	(0.1)	(7.5)		<b>3</b> ▶ Main factors for increase/decrease <ul style="list-style-type: none"> <li>• Absence of gain on sales of fixed assets posted in the previous fiscal year</li> </ul>
	Non-operating income	1.8	1.7	0.1	2.5		
	Non-operating expenses	5.4	5.2	0.1	9.0		<b>4</b> ▶ Main factors for increase/decrease <ul style="list-style-type: none"> <li>• Rebound from the large amount of deferred income taxes arising for income before tax due to a difference between accounting and tax treatment with regard to dividend income upon acquiring properties from a SPC in the previous fiscal year</li> </ul>
	Recurring income	9.6	10.3	(0.7)	35.5	27%	
<b>3</b>	Extraordinary income	0.1	2.1	(2.0)	-		
	Extraordinary loss	0.1	0.0	0.0	-		
	Income before tax	9.7	12.4	(2.7)	35.5		
<b>4</b>	Profit attributable to owners of the parent	6.5	5.6	0.9	22.0	30%	

\* Full-year earnings forecast was revised on August 7, 2017. (See page 7 for details.)



# (1) Consolidated Statements of Income

**Revised the full-year forecast of revenue from operations in line with the conversion of a management company and one other into consolidated subsidiaries and the expected increase in construction sales.**

In light of conversion of Seishin Service Co., Ltd. (a management company) and Care Like Co., Ltd. (a company dispatching care workers) into consolidated subsidiaries and the expected increase in construction sales, revised the full-year forecast for revenue from operations. Other items are as forecast at the beginning of the fiscal year.

Estimate sales figure concerning conversion of Seishin Service Co., Ltd. into a consolidated subsidiary was included in “other” at the beginning of the fiscal year, but as we decided to acquire the shares on March 31, 2017 and allocate them to commercial properties and residential development businesses in accordance with their business activities, itemized revisions by segment are as follows.

Unit: Billion yen	Announced on Feb. 6 Full-year forecasts		Unit: Billion yen	Announced on Aug. 7 Revised full-year forecasts
Revenue from operations	255.0	→ <span style="border: 1px solid green; padding: 2px;">+5.0</span> →	Revenue from operations	260.0
Commercial properties	94.0	→ <span style="border: 1px solid green; padding: 2px;">+7.5</span> →	Commercial properties	101.5
Residence	97.0		Residence	97.0
Real estate solution services	40.0		Real estate solution services	40.0
Other	24.0	→ <span style="border: 1px solid green; padding: 2px;">(2.5)</span> →	Other	21.5
Operating income	42.0		Operating income	42.0
Recurring income	35.5		Recurring income	35.5
Profit attributable to owners of the parent	22.0		Profit attributable to owners of the parent	22.0

## (2) Consolidated Balance Sheet

Both real estate for sale and fixed assets increased, expanding total assets.

Unit: Billion yen		End of FY2017 2Q	End of FY2016	Increase/ Decrease
<b>Total assets</b>		1,355.2	1,314.5	40.6
<b>1</b>	▶ Current assets	249.1	228.7	20.3
	Cash and deposits	41.7	46.2	(4.5)
	Operating accounts receivable, trade	9.2	8.4	0.8
	Real estate for sale	169.9	147.1	22.8
	Other current assets	28.1	26.9	1.1
<b>2</b>	▶ Fixed assets	1,106.1	1,085.7	20.3
	Property and equipment	782.9	770.7	12.1
	Intangible assets	112.5	112.4	0.1
	Investments and other assets	210.6	202.6	8.0
<b>Total liabilities</b>		1,022.4	988.9	33.4
<b>3</b>	▶ Interest-bearing debt	765.5	727.3	38.2
	Other liabilities	256.8	261.6	(4.8)
<b>Total net assets</b>		332.8	325.5	7.2
	Shareholder's equity	233.3	229.7	3.5
	Capital	92.4	92.4	-
	Capital surplus	66.7	66.7	(0.0)
	Retained earnings	74.1	70.6	3.5
	Treasury stock	(0.0)	(0.0)	(0.0)
	Accumulated other comprehensive income	91.5	88.1	3.4
	Non-controlling interests	7.9	7.7	0.2

**1** ▶ Breakdown of increase/decrease

- Real estate for sale

Increase	+¥35.4 billion
Cost transfer	-¥9.6 billion
Others	-¥3.0 billion

**2** ▶ Main factors for increase/decrease

- Expense for construction cost of Toshima Project (provisional name)
- Completion of Grapes Yoga and Grapes Tateishi
- Acquisition of Fukuoka Building and Hakata-chuo Building
- Acquisition of development project for condo buildings for rent
- Investment in a project in Xuzhou, China

**3** ▶ Breakdown of increase/decrease

- Non-consolidated +¥50.6 billion
- Subsidiaries -¥12.4 billion

Equity capital ratio	24.0%
As of end-2016	24.2%
Debt Equity Ratio	2.4x
As of end-2016	2.3x



### (3) Business Results by Segment (i) Commercial properties business

Revenue and income increased due to steady growth of leasing revenue and conversion of a management company into a consolidated subsidiary, etc.

Unit: Billion yen	FY2017 2Q	FY2016 2Q	Increase/ Decrease	Full-year forecasts*	Achievement rate
Revenue from operations	47.9	43.5	4.4	101.5	47%
1 Building leasing	32.9	30.9	2.0	67.5	49%
Sales of real estate	-	-	-	-	-
2 Building management service, etc.	14.7	12.4	2.2	33.5	44%
Dividends	0.2	0.1	0.0	0.5	43%
Operating income	15.4	14.1	1.3	29.0	53%

#### 1 Breakdown of increase/decrease

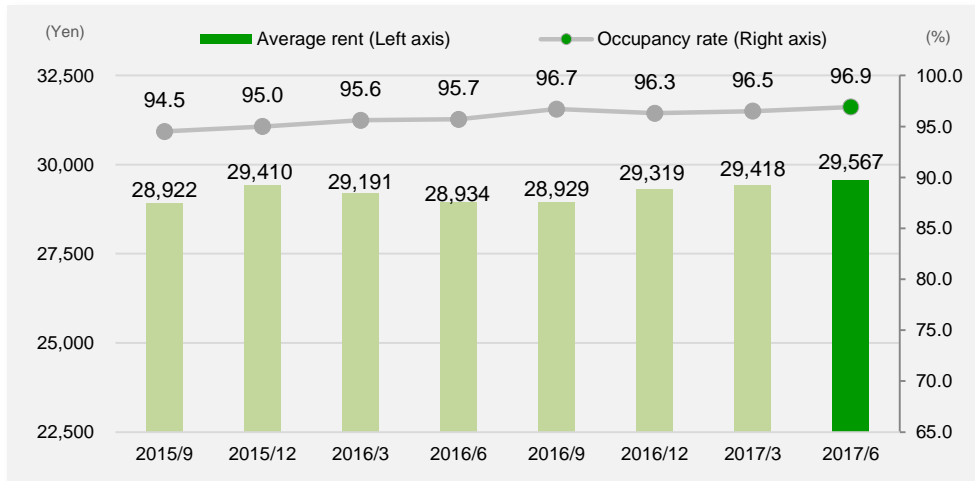
- New operations +¥0.1 billion
- Full-year operations +¥0.7 billion
- Existing buildings +¥1.9 billion
- Sale, reconstruction, etc. -¥0.6 billion

#### 2 Main factors for increase/decrease

- Impact of converting Seishin Service Co., Ltd. (a management company) into a consolidated subsidiary +¥1.9 billion
- Increase in construction sales +¥0.2 billion

\* Full-year earnings forecast was revised on August 7, 2017. (See page 7 for details.)

#### Average rent and occupancy rate [Ownership/Consolidated SPC total]



\* Excluding commercial buildings, hotels and land and buildings for redevelopment

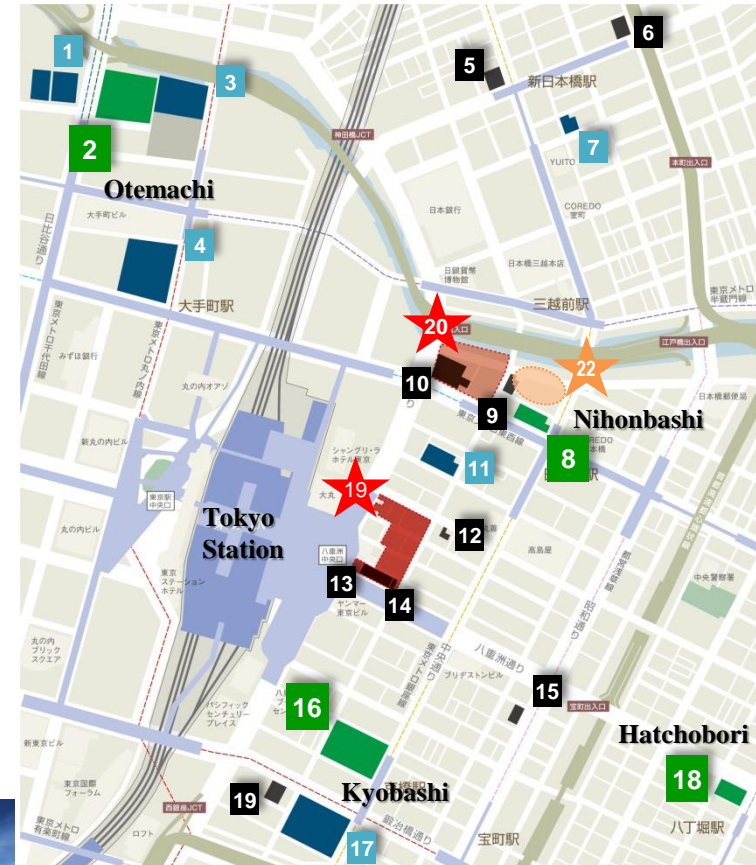
\* Calculated based on lease contract period. The portion of free rent is averaged out over the entire contract period for tenants leasing an area of a certain size.

#### New and full-year operations

- New operations
  - Hakata-chuo Building (Acquired in April 2017)
  - Fukuoka Building (Acquired in April 2017)
- Full-year operations
  - Minami Semba Building (Acquired in April 2016)
  - Otemachi Financial City Grand Cube (Completed in April 2016)
  - Shijo SET Building (Acquired in September 2016)
  - Kyobashi Edogrand (Completed in October 2016)
  - FUNDES Jimbocho (Completed in November 2016)

Number of large buildings owned around Tokyo Station, and development pipeline secured for the future

	Building	Construction completed
1	JA Building / Keidanren-Kaikan	2009
2	Otemachi Financial City Grand Cube	Apr. 2016
3	Otemachi Financial City North Tower	2012
4	The Otemachi Tower	2014
5	Tokyo Tatemono Muromachi Building	1966
6	Tokyo Tatemono Dai3 Muromachi Building	1971
7	Nihonbashi TI Building	2012
8	Tokyo Tatemono Nihonbashi Building	2015
9	Nihonbashi First Building	1994
10	Shin-Gofukubashi Building	1977
11	Tokyo Tatemono Yaesu Building	2011
12	NTA Nihonbashi Building	1991
13	Tokyo Tatemono Headquarters Building	1929
14	Yaesu MEG Building	1986
15	Kyobashi YS Building	1990
16	Kyobashi Edogrand	Oct. 2016
17	Tokyo Square Garden	2013
18	Empire Building	Sep. 2017 (plan)
19	Fukuoka Building	1990



Redevelopment area ★:Project with Tokyo Tatemono's participation  
★:Project with Tokyo Tatemono's involvement

★ 20 Urban redevelopment PJ of Yaesu 1-chome East Area in front of Tokyo Station

★ 21 Yaesu 1-chome North District

★ 22 Nihonbashi 1-chome 1 and 2 block

- Construction completed in or before 2000.
- Construction completed between 2009 and 2014.
- Scheduled for completion during period of medium-term business plan (2015-2019)

Large redevelopment projects underway in prime locations, including Yaesu and Ikebukuro.

Urban redevelopment PJ of Yaesu 1-chome East Area in front of Tokyo Station

- Large redevelopment project in front of Tokyo Station, including Tokyo Tatemono Headquarters Building
- Construct a large bus terminal that connects Tokyo with international airports and regional cities
- Introduce functions that will enhance Tokyo's global competitive edge, including conference halls and medical facilities
- Strengthen regional BCP functions and capabilities to prevent disasters

⇒ Urban planning decided on September 18, 2015

[Total floor space] A block: about 12,000 m<sup>2</sup>

B block: about 228,000 m<sup>2</sup>

[Main uses] A block: offices, shops, etc.

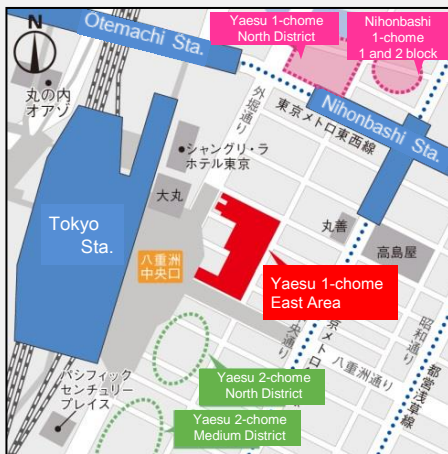
B block: offices, shops, medical facilities, bus terminal, conference halls, etc.

[No. of floors] A block: 11 floors above ground, 3 below

B block: 54 floors above ground, 4 below

[Construction start] October 2020 (planned)

[Completion date] March 2024 (planned)



Toshima Project (provisional name)

- Complex development on the former Toshima Ward Office site under cooperation with the government
- Expand Ikebukuro's function as an urban subcenter by constructing large office buildings
- Construct more theaters, including a cinema complex, and commercial facilities
- Create activity in the Ikebukuro area and contribute to communicating a new culture

⇒ Construction launched in December 2016. The nickname of the redevelopment area has been decided as "Hareza Ikebukuro"

[Total floor space] Former ward office site : about 64,000 m<sup>2</sup>

Former public hall site : about 10,000 m<sup>2</sup>

[Total area] Former ward office site : 3,637.15 m<sup>2</sup>

Former public hall site : 3,049.62 m<sup>2</sup>

[Construction start] December 2016 (planned)

[Completion date] New hall scheduled for spring 2019

Private-sector facilities scheduled for spring 2020



### (3) Business Results by Segment (ii) Residential business

## Revenue and income down due to decrease in the number of condo units posted

Unit: Billion yen	FY2017 2Q	FY2016 2Q	Increase/Decrease	Full-year forecasts	Achievement rate
Revenue from operations	16.3	31.2	(14.8)	97.0	17%
1 Sales of condominiums	7.9	16.6	(8.7)	78.0	10%
Sales of residential houses	-	0.2	(0.2)	-	-
2 Other sales	0.0	6.6	(6.5)	-	-
House leasing	1.5	1.5	0.0	3.0	53%
Fee from sales agency services	0.1	0.4	(0.2)	1.0	19%
Residential management service, etc.	6.5	5.6	0.9	15.0	44%
Operating income	(0.9)	1.4	(2.4)	17.0	(6%)

**1** Main factors for increase/decrease

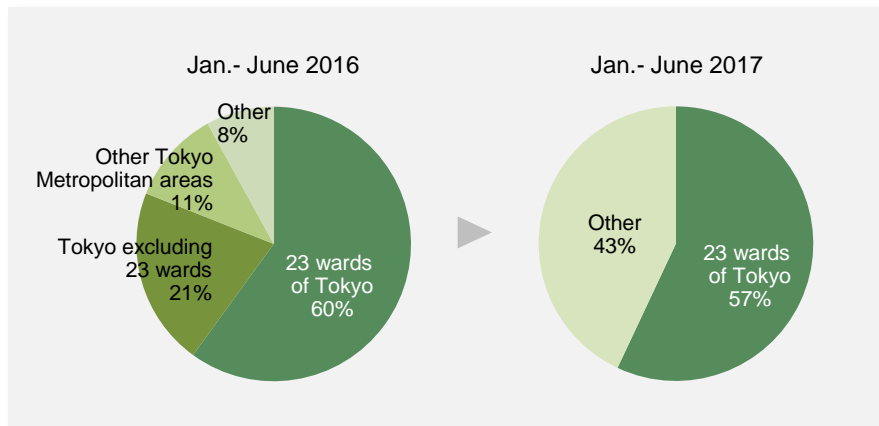
- Condo unit price +¥65.41 million (FY2016 2Q: ¥57.92 million)
- Number of condo units sold 119 units (FY2016 2Q: 287 units)
- Gross margin 25.0% (FY2016 2Q: 17.3%)

\* Achievement rate at the end of the second quarter against the full-year period plan to post 1,000 units: 91%

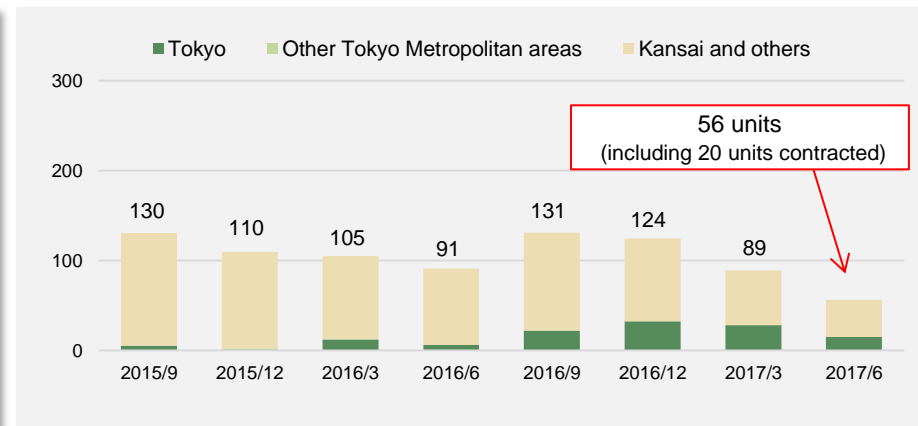
**2** Main factors for increase/decrease

- Absence of sold share in condo project -¥6.5 billion

#### Condominium units sold by area



#### Inventory of completed condominiums



### (3) Business Results by Segment (iii) Real estate solution services business

Although revenue was down due to a decrease in property sales, income increased due to an increase in brokerage fees and sales of higher-margin properties compared to the previous fiscal year.

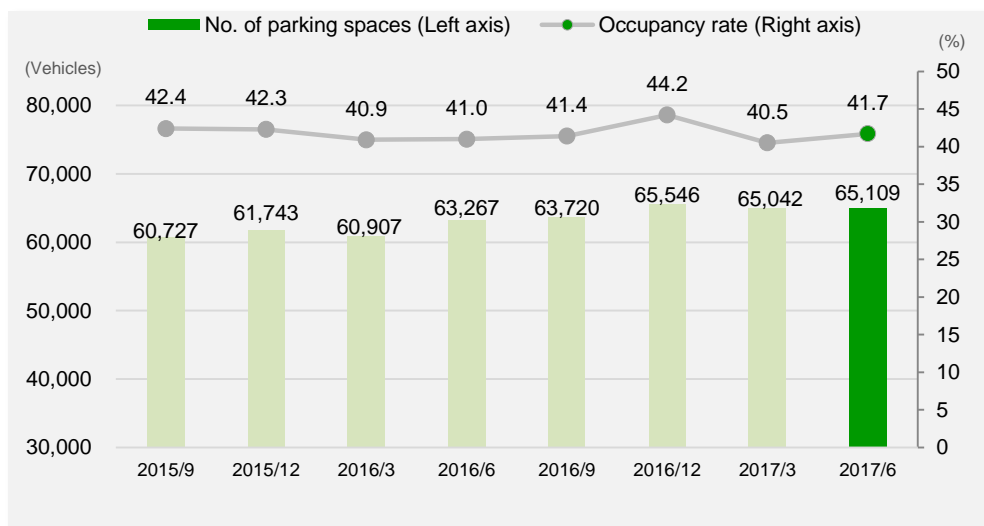
Unit: Billion yen	FY2017 2Q	FY2016 2Q	Increase/Decrease	Full-year forecasts	Achievement rate
Revenue from operations	20.2	24.3	(4.0)	40.0	51%
1 Brokerage	2.4	1.9	0.5	4.0	61%
Real estate purchase & resale*	6.0	11.5	(5.5)	12.0	50%
2 Management service, etc.	1.8	1.7	0.0	3.5	52%
Parking lot business	9.9	9.1	0.8	20.5	49%
Operating income	2.4	1.6	0.7	4.0	61%

1 Main factors for increase/decrease  
 • Decrease in property sales  
 -¥5.5 billion

2 Main factors for increase/decrease  
 • Impact of M&A deals (October 2016)  
 +¥0.6 billion

\*Business that mainly improves the added value of acquired real estate for the purpose of resale.

#### Parking lot business: Number of parking spaces and occupancy rate\*



\* Some newly acquired parking lots are not included in calculation of the occupancy rates.

### (3) Business Results by Segment (iv) Other

Despite increase in revenue with the conversion of Care Like Co., Ltd. and TRIM into a consolidated subsidiary, etc., income did not increase, affected by the required startup costs for residences for elderly people with service.

Unit: Billion yen	FY2017 2Q	FY2016 2Q	Increase/ Decrease	Full-year forecasts *2	Achievement rate
Revenue from operations	9.8	8.4	1.3	21.5	46%
1 ▶ Leisure business *1	6.6	6.7	(0.1)	14.5	46%
Senior business *1	1.9	1.1	0.8	4.5	44%
2 ▶ Other	1.2	0.5	0.6	2.5	50%
Operating income	(0.3)	(0.1)	(0.2)	(0.5)	-

**1** ▶ Main factors for increase/decrease

- Impact of converting Care Like Co., Ltd. (a company dispatching care workers) into a consolidated subsidiary +¥0.6 billion
- Increase in the number of operating facilities +¥0.2 billion

**2** ▶ Main factors for increase/decrease

- Impact of converting Tokyo Realty Investment Management, Inc. (TRIM), an asset management company of Japan Prime Realty Investment Corporation, into a consolidated subsidiary +¥0.6 billion

\*1: Business reorganization was implemented on January 1, 2017. Leisure & Senior business, which was a segment consolidating the leisure business and senior business, now specializes in senior business, and the leisure business is now independently operated.

The figures are presented in accordance with the business reorganization.

\*2: Full-year earnings forecast was revised on August 7, 2017. (See page 7 for details.)

#### ● Grapes Yoga <Opened in May 2017>

- The first case under Tokyo Metropolitan Government's "welfare infrastructure development project utilizing sites for public enterprises"; **developed utilizing the former site of a dormitory for Tokyo Metropolitan Government's Bureau of Transportation employees.**
- With a jointly established authorized daycare center,** also contributes to generating exchanges among various age groups and revitalizing the community
- By separating "care floor" and "residence floor,"** the facility allows residents choice of lifestyle based on the degree of required nursing care and changes in health conditions  
→ Mitigates concerns for the future since switching rooms without causing major changes in living environment is possible even when further nursing care becomes necessary.



Exterior



Dwelling unit on the residence floor



Dwelling unit on the care floor



Theater room

## (3) Business Results by Segment (iv) Other

● **List of facilities** (Facilities in red were acquired in FY2017, Facilities in blue began operations in FY2017, Facilities with a "\*" are under development)

### Residences for elderly people with service

**Total 17 facilities**

<<Properties owned by Tokyo Tatemono>>

- Grapes Asakusa
- Grapes Fujimino
- Grapes Omori-nishi
- Grapes Felicity Totsuka
- Grapes Kawasaki Shinmachi
- Grapes Season Totsuka
- Grapes Tsujido Nishikaigan
- Grapes Tateishi
- Grapes Yoga

\* Grapes Hachioji-shi Bessho 2-chome PJ (provisional name)  
(operation start date to be determined)

\* Kita Aoyama 3-chome Urban Development Project  
(operations slated to start in 2020)

\* Grapes Setagayachitosedai  
(operations slated to start in 2017)

\* Grapes Shonantsujido  
(operations slated to start in 2017)



← Grapes Setagayachitosedai  
(Image of exterior)

<<Properties managed by Tokyo Tatemono>>

- Kosha Heim Chitose Karasuyama
- Grapes Garden Nishi-arai Daishi
- Grapes J Higashi Ikebukuro
- Kosha Heim Hirao



← Kosha Heim Hirao

### Private nursing homes

<<Properties owned by Tokyo Tatemono>>

- \* Private nursing home plan for Daikyo-cho (provisional name)  
(operations slated to start in 2017)

<<Properties managed by Tokyo Tatemono>>

- Adonis Plaza Omiya
- Sans Souci Kita-Urawa
- Sans Souci Owada

**Total 4 facilities**

↓ Sans Souci Owada



### Ofuro no Osama

- |                  |                 |
|------------------|-----------------|
| • Hikarigaoka    | • Ebina         |
| • Higashi Kurume | • Seya          |
| • Konandai       | • Sagamihara    |
| • Shiki          | • Kouza-Shibuya |
| • Hana Koganei   | • Ekimae        |
| • Tama Mogusa    | • Machida       |
| • Ooimachi       |                 |

**Total 12 facilities**

↓ Ofuro no Osama (Machida)



### Pet-Friendly Hotels (Regina Dog Club)

- Regina Resort Fuji
- Regina Resort Hakone Ungaiso
- Regina Resort Izu Murin
- Regina Resort Karuizawa Mikage Yosui
- Regina Resort Tateshina
- \* Regina Resort Kyu-Karuizawa (provisional name)  
(operations slated to start in 2017)
- \* Biwako Nagahama (name pending)  
(operations slated to start in 2018)
- \* Hakone-machi (name pending)  
(operations slated to start in 2018)
- \* Kamogawa (name pending)  
(operation start date to be determined)

**Total 9 facilities**



← Regina Resort Tateshina



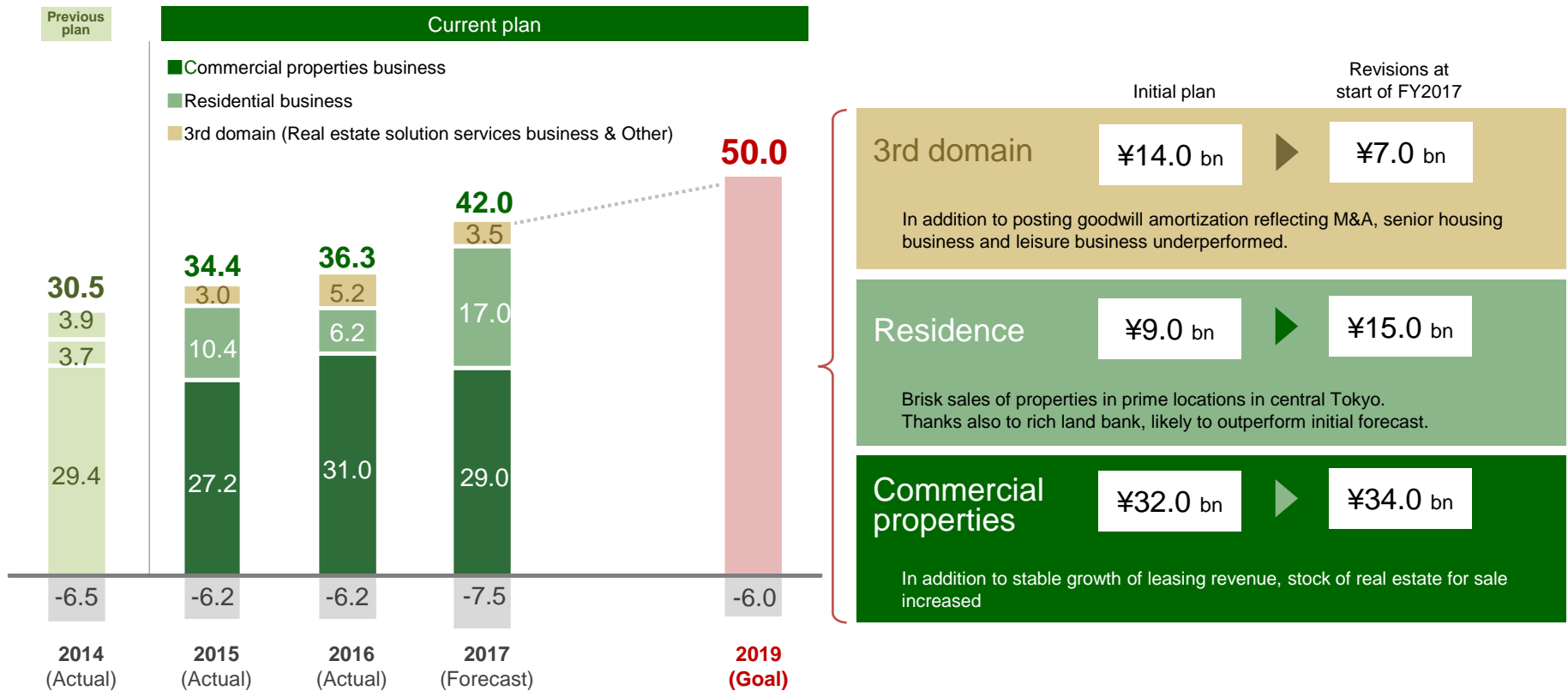
## **II. Medium-term Business Plan Progress Report**



# (1) Medium-term Business Plan (2015-2019)

Revised breakdown of expected goals for each business in 2019 at the beginning of the current fiscal year.  
Steadily progressed towards goal of operating income of 50 billion yen.

### Image of operating income growth (Unit: billion yen)



### (2) Segment Activities

#### Commercial properties business

- Continued to promote redevelopments and acquire land/buildings in the Yaesu/Kyobashi area, etc. Upward rent revisions also progressed steadily.
- Acquired new projects for urban compact commercial facilities and budget hotels in lodging, steadily expanding the stock.



FUNDES UENO



Roppongi 6-chome Project

Candeco Hotels Tokyo Roppongi  
No. of guestrooms: 149



Kaminarimon 2-chome Project

Hotel Gracery Asakusa  
(provisional name)  
No. of guestrooms: 125



Midosuji Project

the b osaka shinsaibashi  
(provisional name)  
No. of guestrooms: 309

#### Urban compact commercial facilities: 5 properties

- FUNDES JIMBOCHO (opened in November 2016)
- FUNDES UENO (opened in July 2017)
- Tenjin (scheduled for completion in 2018)
- Ginza (scheduled for completion in 2019)
- Gotanda (details to be decided)

#### Budget hotels: 5 properties

- Roppongi (scheduled to open in October 2017)
- Ginza (scheduled for completion in 2018)
- Asakusa (scheduled for completion in 2018)
- Midosuji (scheduled for completion in 2019)
- Kyoto (details to be decided)

- Opened first membership-based share office “+OURS Yaesu” in Tokyo Tatemono Yaesu Building

- Offering serviced office & co-working space
- Will be able to make proposals for new working styles, such as through use as a satellite office by tenants of buildings owned by Tokyo Tatemono.
- Utilizing share office for creation of new businesses in cooperation with the Development Bank of Japan, etc.



+OURS



Co-working space



Serviced office

## II. Medium-term Business Plan Progress Report

### (2) Segment Activities

#### Residential development business

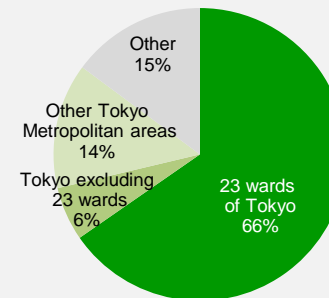
- Continued to concentrate efforts on promoting redevelopment/rebuilding projects amid experiencing difficulty in acquiring land in central Tokyo.
- With strong needs for highly convenient properties and tower condominiums, units among the projects which are expected to post sales in 2019 are selling well.

	Major projects expected to post sales	Total number of units sold	Number of units sold by Tokyo Tatemono
2017	•Brillia THE TOWER TOKYO YAESU AVENUE	387	271 (sold out)
	•Brillia Towers Meguro (South Residence)	341	275 (sold out)
2018	•Brillia Towers Meguro (North Residence)	320	286 (sold out)
2019	•Brillia Tower Ueno Ikenohata	361	361 (sold out)
	•Brillia Tower Yoyogi Park CLASSY	195	127
	•Brillia Tower Yokohama Higashikanagawa	110	81
	•Ichibancho Project (provisional name)	106	64

Land bank: Approx. 7,200 units

(As of June 30, 2017)  
(Including 1,000 units scheduled to be posted in 2017)

<Distribution by area>



Total no. of units: about 1,200 units



Brillia THE TOWER  
TOKYO YAESU AVENUE

30 floors above ground  
Total of 387 units



Brillia Towers Meguro

South: 38 floors above ground  
North: 40 floors above ground  
661 units for sales (out of total 940)



Brillia Tower Ueno Ikenohata

36 floors above ground  
Total of 361 units



Brillia Tower Yoyogi Park CLASSY

19 floors above ground  
Total of 195 units



Brillia Tower  
Yokohama Higashikanagawa

20 floors above ground  
Total of 110 units

### (2) Segment Activities

#### Real estate solution services business/Other

- Real estate solution services business:  
Acquired assets with well-thought information routes and business schemes amid ongoing intensifying real estate market
- Senior housing business:  
Average occupancy rate of facilities completed one year or more ago remained at over 90%. Three facilities are scheduled to open in the second half of FY2017.
- Leisure business: Regina Resort Kyu-Karuizawa is scheduled to open in October.

[Senior housing business/Leisure business]  
Facilities scheduled to open in the second half of FY2017

- Grapes Shonantsujido (slated for completion in July)
- Grapes Setagayachitosedai (slated for completion in August)
- Private nursing home plan for Daikyo-cho (provisional name) (slated for completion in August)
- Regina Resort Kyu-Karuizawa (slated to open in October)



Grapes Shonantsujido

Total of 70 units



Regina Resort Kyu-Karuizawa

26 guest rooms

- Overseas business: Participating in a large-scale complex development project in Myanmar. Also invested in a new project in China.

#### Project in Yangon, Myanmar (Launched in 2017, slated for completion in 2020)

A large-scale complex development project involving development/operation of an office building, commercial facilities and a hotel on the former site of the military museum (approximately 16,000 m<sup>2</sup>)



Image of exterior

#### Project in Xuzhou, China

A large-scale complex development project for residential and commercial properties in Xuzhou, a Tier-3 city where infrastructure development and foreign capital advancement are rapidly progressing.



Image of exterior

### (3) Financial Indicators & Investment Plans

#### ● Outlook for financial indicators toward achievement of the goal

		2015-end	2016-end
Debt Equity Ratio	Within 3 times	2.3x	2.3x
Interest-bearing debt / EBITDA multiple	Within 13 times	13.4x	13.0x
(Reference) ROE (%)		5.6%	6.4%

#### ● Medium-term Business Plan: Investment plans

(Unit: billion yen)

Fixed assets	Gross investment	Return	Net investment
Commercial properties	150.0	—	150.0
Parking lot	30.0	—	30.0
Leisure/Senior housing	50.0	—	50.0
Other	50.0	—	50.0
Subtotal	280.0	—	280.0
Real estate for sale	Gross investment	Return	Net investment
Condominiums	360.0	350.0	10.0
Other	80.0	70.0	10.0
Subtotal	440.0	420.0	20.0
		Total	300.0

The background is a vibrant teal color with a complex pattern of white, glowing, curved lines that resemble data paths or orbits. A bright, multi-colored spot (purple, blue, green) is located near the center, surrounded by a dense cluster of white lines. The overall effect is dynamic and futuristic.

## **III. Quarterly Segment Data**

## (1) Commercial properties business

### Commercial properties business

	2014/9	2014/12	2015/3	2015/6	2015/9	2015/12	2016/3	2016/6	2016/9	2016/12	2017/3	2017/6
Number of buildings	39	40	42	42	42	40	40	42	43	41	41	43
Ownership	30	31	34	34	34	33	33	35	36	35	35	37
Consolidated SPC	9	9	8	8	8	7	7	7	7	6	6	6
Rentable space (Unit: thousand m <sup>2</sup> )	422	436	464	465	461	454	454	465	468	463	463	468
Ownership	241	264	325	326	322	317	330	342	345	345	345	350
Consolidated SPC	181	172	138	138	138	136	123	123	123	117	117	117
Vacancy rate	5.4%	4.8%	7.4%	5.7%	5.5%	5.0%	4.4%	4.3%	3.3%	3.7%	3.5%	3.1%
Ownership	6.5%	5.2%	9.3%	6.7%	6.7%	5.8%	5.3%	5.1%	4.1%	4.0%	4.0%	4.0%
Consolidated SPC	3.9%	4.2%	3.1%	3.5%	2.6%	3.2%	2.0%	2.0%	1.3%	2.6%	1.9%	0.6%
[Ownership/Consolidated SPC total] Average rent (Unit: yen/tsubo)	29,509	29,042	28,608	28,520	28,922	29,410	29,191	28,934	28,929	29,319	29,418	29,567

## (2) Residential development business

### Residential development business

	2014/9	2014/12	2015/3	2015/6	2015/9	2015/12	2016/3	2016/6	2016/9	2016/12	2017/3	2017/6
Number of units sold (cumulative)	933	1,378	824	951	1,089	1,533	182	295	491	714	71	120
Number of condo units sold	931	1,376	824	949	1,087	1,528	179	287	482	700	71	119
Housing and residential land	0	0	0	0	0	1	3	6	6	9	0	0
Others	2	2	0	2	2	3	1	2	3	5	0	1
Gross margin ratio of condo sales (cumulative)	17.8%	17.2%	25.0%	24.2%	23.6%	22.7%	18.8%	17.3%	18.8%	20.9%	27.4%	25.0%
Inventory of completed condos	182	197	265	179	130	110	105	91	131	124	89	56
Of which, contracted	44	31	49	34	11	7	11	14	30	14	21	20
Condo units supplied (cumulative)	859	1,150	251	464	1,379	1,549	115	452	614	901	102	264
Condo units contracted (cumulative)	992	1,330	310	495	1,482	1,632	90	368	590	835	134	302
Number of condo buildings for rent	10	9	7	8	7	6	6	7	7	7	7	7
Number of managed condo units	49,998	51,140	51,969	50,430	49,979	49,484	51,036	51,931	52,749	53,010	54,733	91,916



## (3) Real estate solution services business

#### ● Real estate solution services business

	2014/9	2014/12	2015/3	2015/6	2015/9	2015/12	2016/3	2016/6	2016/9	2016/12	2017/3	2017/6
<b>Real estate brokerage business:</b>												
Number of brokerage deals (cumulative)	714	978	213	473	731	999	224	476	691	924	219	474
Of which, sales (cumulative)	668	920	201	447	688	943	217	456	656	879	205	452
Of which, rentals (cumulative)	46	58	12	26	43	56	7	20	35	45	14	22
<b>Parking lots:</b>												
Number of locations	638	641	1,288	1,294	1,306	1,334	1,320	1,336	1,340	1,579	1,564	1,580
Number of parking spaces	46,633	46,248	57,654	58,659	60,727	61,743	60,907	63,267	63,720	65,546	65,042	65,109
Occupancy rate*1	39.6%	41.7%	42.4%	41.9%	42.4%	42.3%	40.9%	41.0%	41.4%	44.2%	40.5%	41.7%

\*1: Some newly acquired parking lots are not included in calculation of the occupancy rates.

### III. Quarterly Segment Data

## (3) Other

#### Other

	2014/9	2014/12	2015/3	2015/6	2015/9	2015/12	2016/3	2016/6	2016/9	2016/12	2017/3	2017/6
Residences for elderly people with service	4	6	8	8	8	9	9	9	10	10	13	13
Of which, owned	2	3	5	5	5	6	6	6	7	7	9	9
Owned units*1	184	233	358	358	358	395	395	395	553	553	769	769
Of which, operated	2	3	3	3	3	3	3	3	3	3	4	4
Operated units*1	148	247	247	247	247	284	284	284	284	284	349	349
Private nursing homes	3	3	3	3	3	3	3	3	3	3	3	3
Of which, operated	3	3	3	3	3	3	3	3	3	3	3	3
Operated units	167	167	167	167	167	167	167	167	167	167	167	167
Ofuro no Osama (Spa facility)	11	11	11	12	12	12	12	12	12	12	12	12
Pet-Friendly Hotels (Regina Dog Club)	3	3	3	3	3	3	4	4	5	4	4	5

\*1: Includes some jointly owned properties. Data after the end of December 2014 have been revised taking into account Tokyo Tatemono's ownership in these residences.



# MEMO