



JASDAQ Code:8909

Shinoken Group Co., Ltd.
President Director and CEO
Hideaki Shinohara

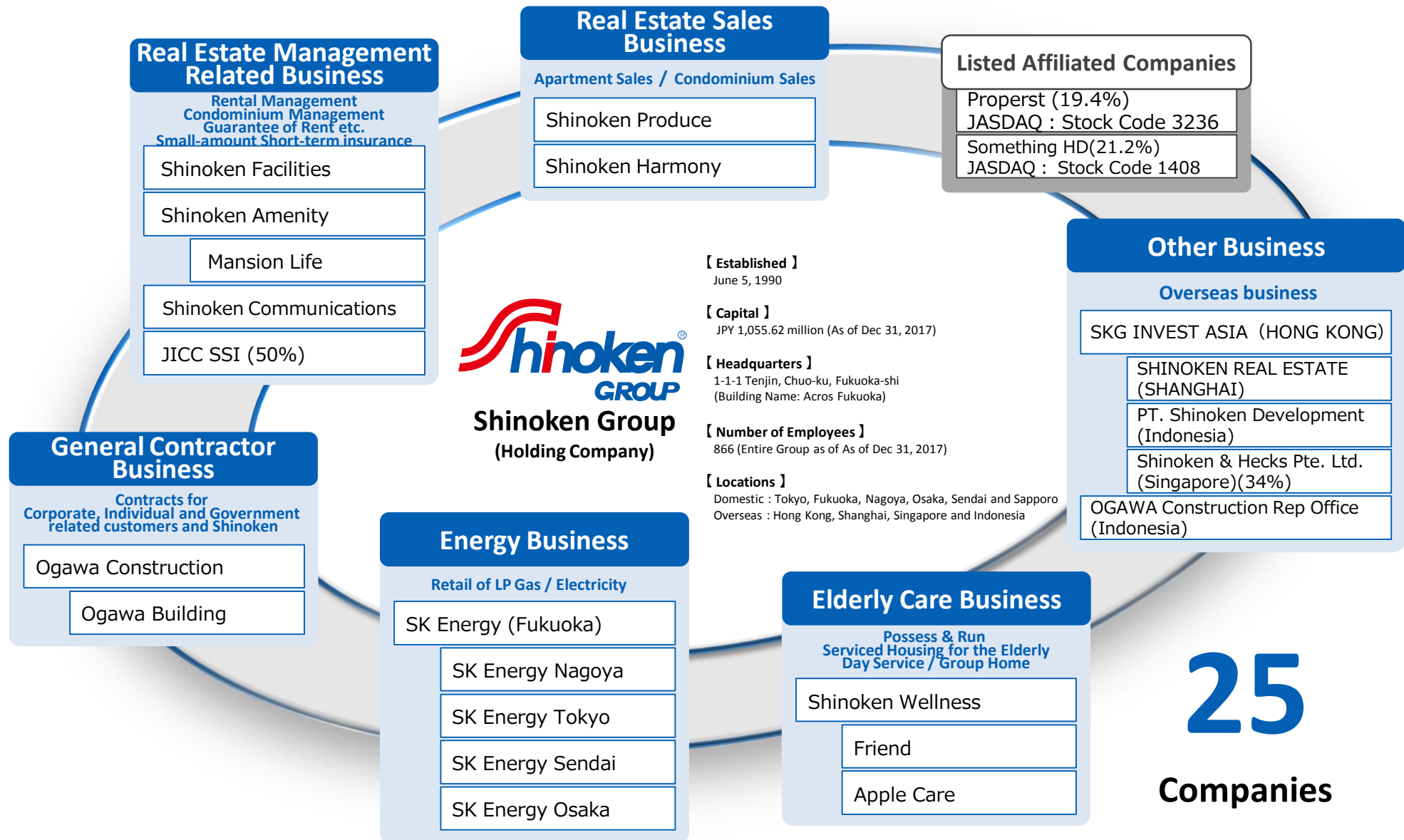
Company Overview

FY2017.12

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Business Segments and Main Subsidiaries



Consolidated Result Highlights

- Exceeded ¥100 Billion Net Sales, ¥10 Billion Ordinary Income
- 8th consecutive year of Growth in Sales and Profit
- 6th consecutive year of Record High Profit

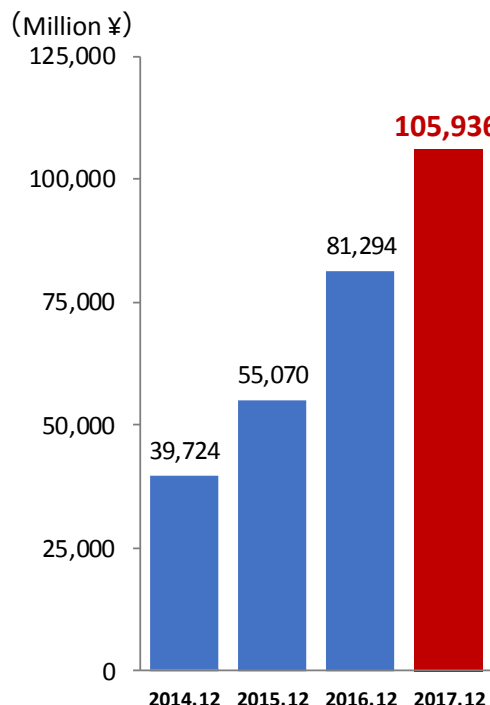
Net Sales

FY2017.12 Result

¥ 105,936 Mil

(Forecast : 105,000 Mil)

YoY130.3%



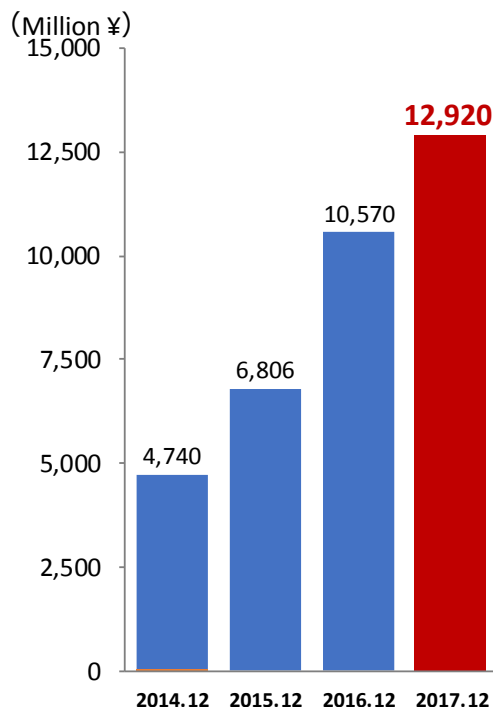
Operating Income

FY2017.12 Result

¥ 12,920 Mil

(Forecast : 11,700 Mil)

YoY122.2%



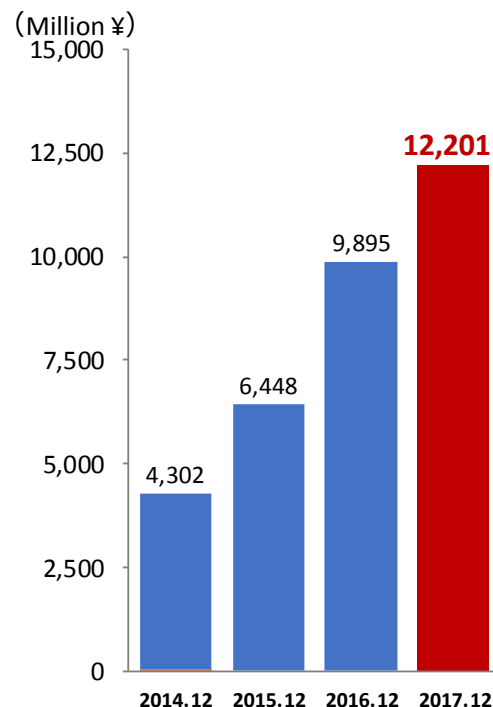
Ordinary Income

FY2017.12 Result

¥ 12,201 Mil

(Forecast : 11,000 Mil)

YoY123.3%



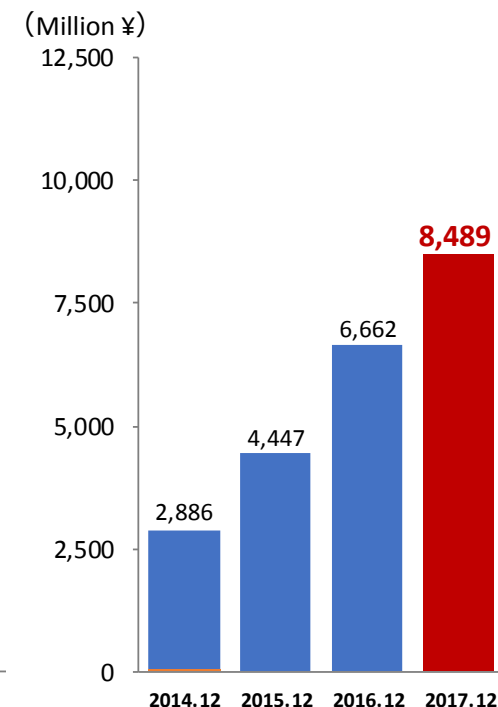
Profit Attributable To Owners of Parent

FY2017.12 Result

¥ 8,489 Mil

(Forecast : 7,800 Mil)

YoY127.4%



Balance Sheet Highlights

Assets

¥ 90,972 Mil

¥ 18,699 Mil Increase
from end of FY2017.12

Liabilities

¥ 64,582 Mil

¥ 10,857 Mil Increase
from end of FY2017.12

Net Assets

¥ 26,390 Mil

¥ 7,841 Mil Increase
from end of FY2017.12

(JPY Million)

	Previous Fiscal Year (2016.12.31)	Current Fiscal Year (2017.12.31)	Comparison
Cash and Deposits	13,524	23,502	9,978
Real Estate for Sale	26,624	28,631	2,007
Costs on Real Estate Business	15,336	19,285	3,949
Other Inventories	6	21	14
Property, plant and equipment	6,143	6,881	738
Other Assets	10,638	12,649	2,011
Total Assets	72,273	90,972	18,699
Current portion of bonds	434	925	491
Short-term Loans Payable	15,908	23,611	7,702
Bonds	1,596	1,585	▲ 11
Long-term Loans Payable	20,024	22,400	2,375
Total of Liabilities with interest	37,962	48,521	10,558
Other Liabilities	15,761	16,060	316
Total Liabilities	53,724	64,582	10,857
Total Net Assets	18,548	26,390	7,841
Total Liabilities and Net Assets	72,273	90,972	18,699
Capital adequacy ratio	25.6%	29.0%	3.4pt

※Figures less than JPY 1 Million are rounded down in the (JPY Million) section.

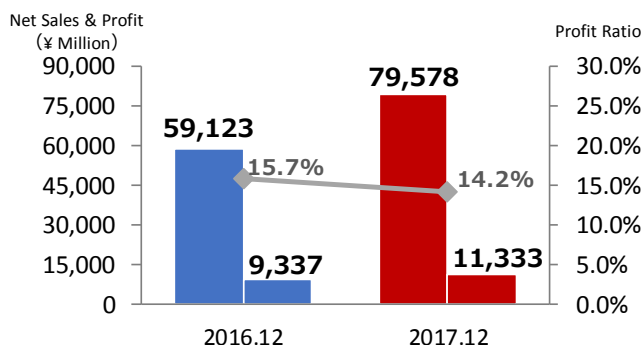
Ratios for each Business segments in the Consolidated Result



Business Segment Result Highlights

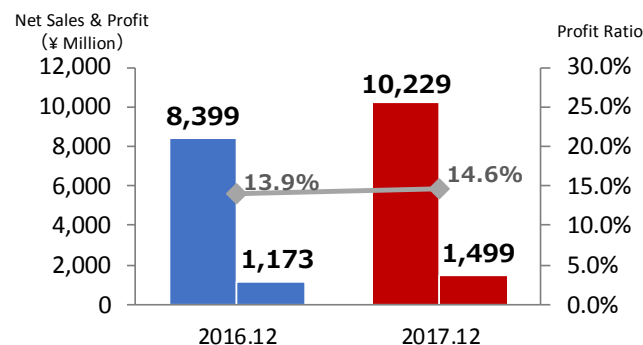
Real Estate Sales Business

Growth in both Sales and Profit



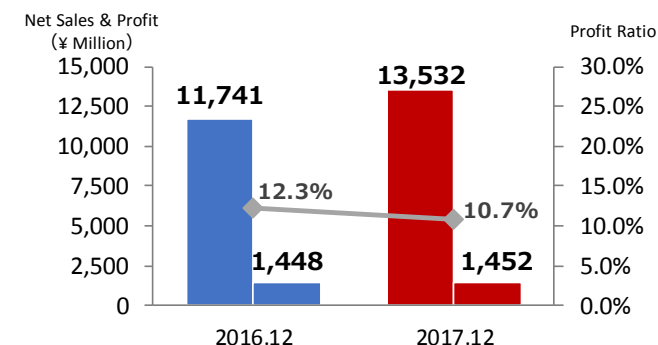
Real Estate Management Related Business

Growth in both Sales and Profit



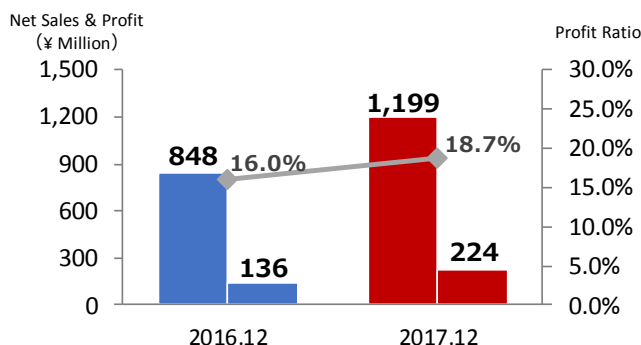
General Contractor Business

Growth in both Sales and Profit



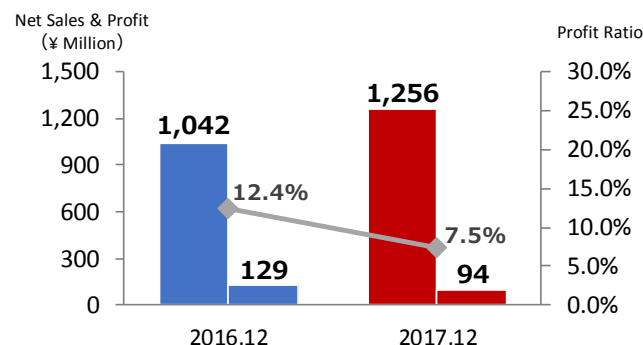
Energy Business

Growth in both Sales and Profit



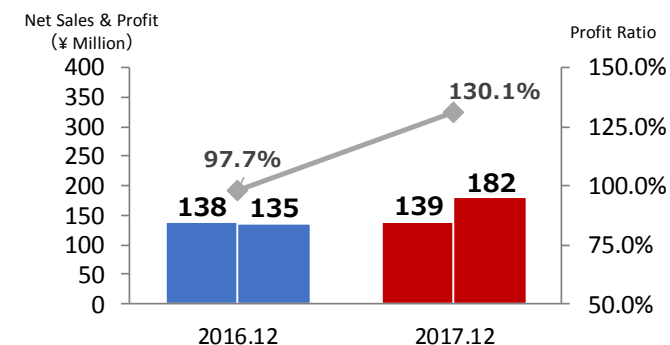
Elderly Care Business

Growth in Sales, Decrease in Profit (Due to the initial costs for new facility)



Other Business

Growth in both Sales and Profit



Basic Philosophy : For office workers to achieve land through usage of rent income

Areas that can achieve
Continuous High Occupancy
=Steady Rent Income



**Within 10 minutes walking
distance from a train station**

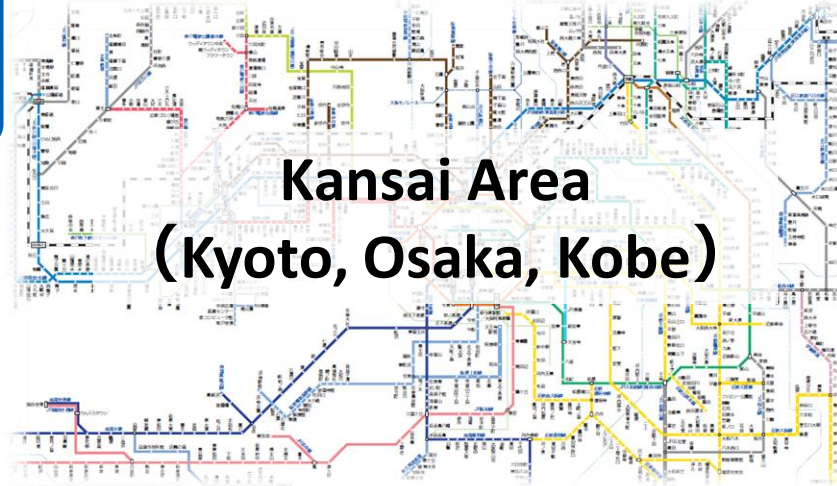
Single household population
shows a growth trend
Still more land that can be
cultivated



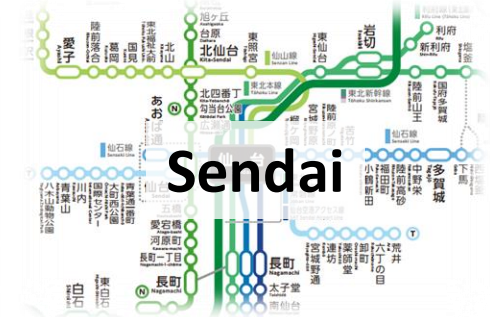
Purchase and hold prime
condition land, and sell
together with the
Apartment building



Tokyo Area
(Tokyo, Kanagawa, Chiba)



Kansai Area
(Kyoto, Osaka, Kobe)



Sendai



Nagoya

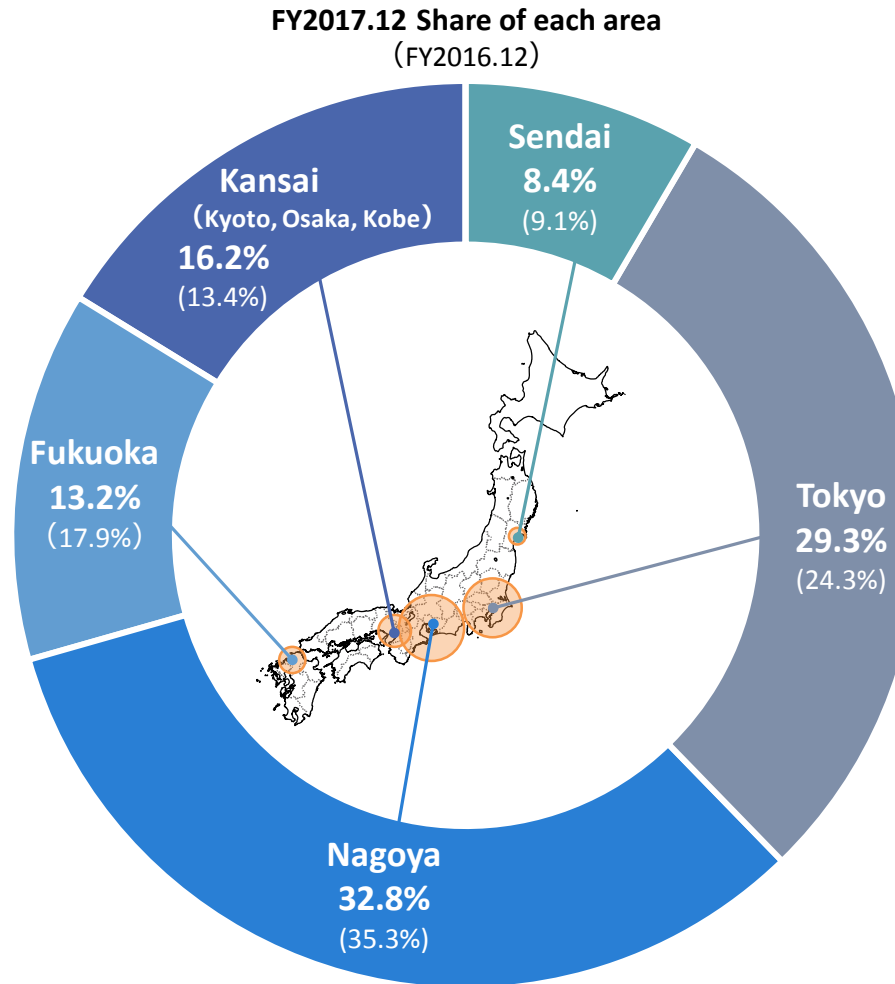


Fukuoka

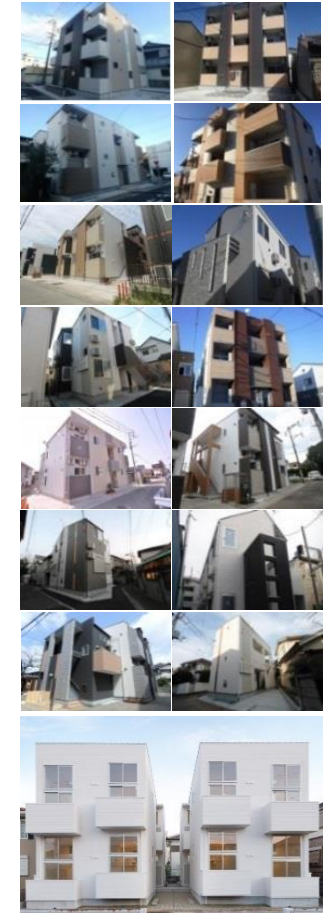


Both New Standard "BRICK" & New Standard "PLATFORM" won the award for Design, Functionality and Concept

Projects (Partial)

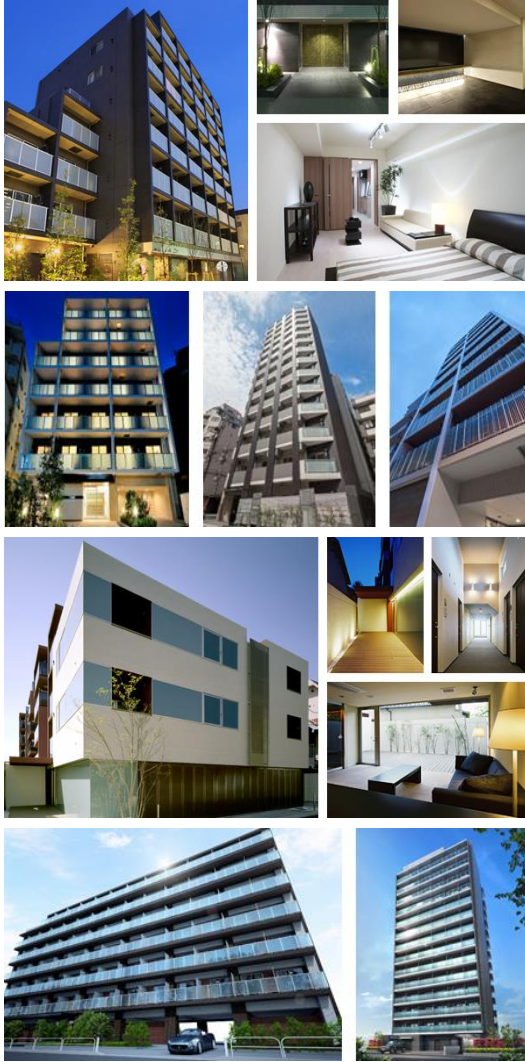


Projects (Partial)



Condominiums that Shinoken provides

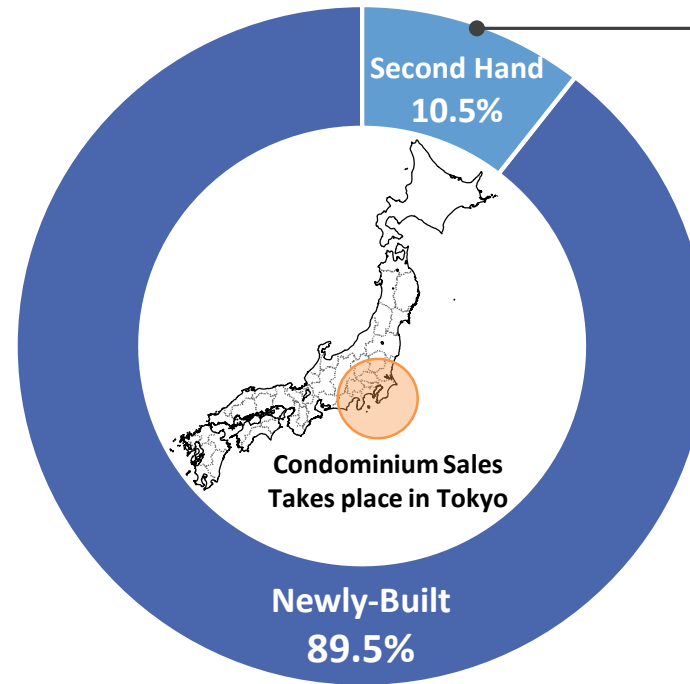
Projects (Partial)



Purchasing decent land within the Capital area,
Planning and Developing Condominiums for single households

Since Condominiums are relatively lower price than Apartments,
they work as introductory products for the investors.

FY2017.12 Condominium Sales
Newly Built and Second Hand



[Our new strategy in Minato, Chiyoda, Chuo wards, etc.]
Renovation X Condominium



For Lower Prices

Carefully selecting High-Quality establishments that are old but high demand for renting out

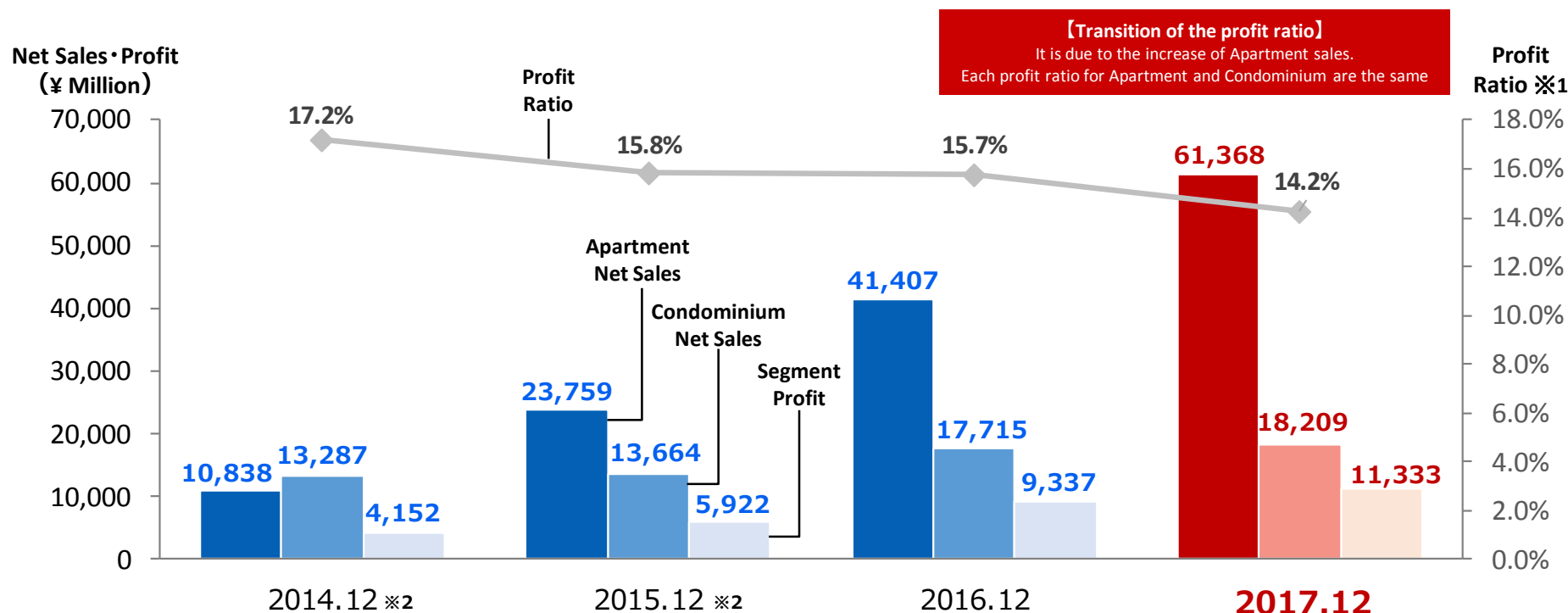
Not a mere "Repair"

Full-Renovation Initiated by Shinoken

Meets both needs of both Owner and Tenant

Good Location and High Revenue Potential
Ideal as a Condominium for Investment

Apartment : Steadily growing, under our policy to continuously boost new sales
Condominium : Moving as planned, under our policy to keep annual sales at a certain level



※ 1 : Profit Ratio= (Segment Profit) ÷ (Apartment Net Sales + Condominium Net Sales)

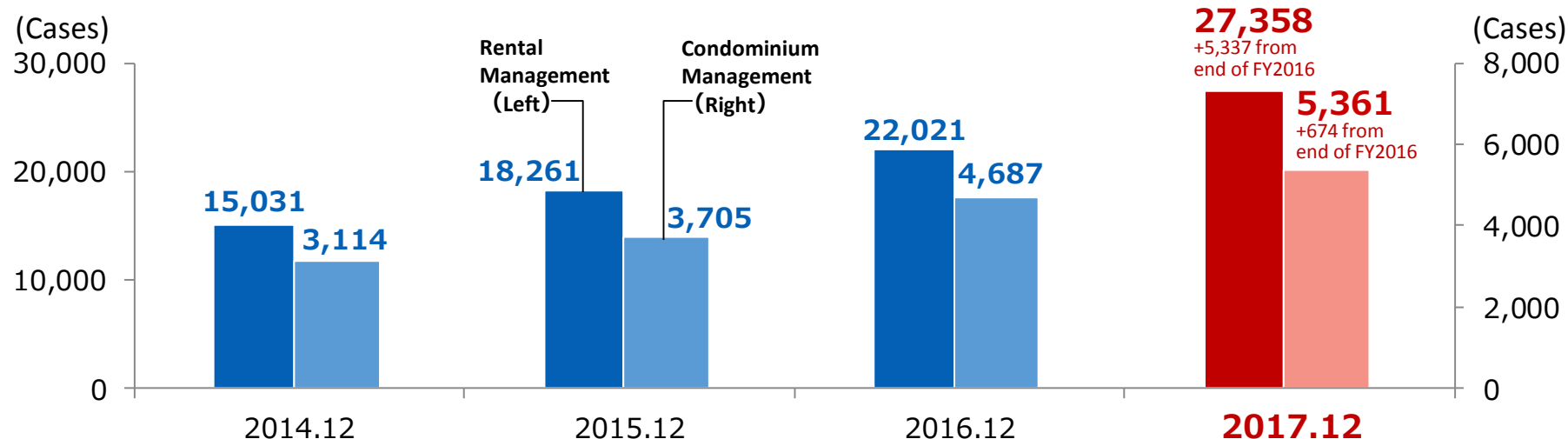
※ 2 : Due to our recent changed of Segment classification, Net Sales and Segment Profit for 14/12 and 15/12 are based on Rough Estimate.

Order Backlog : Continuously adding up as potential sales within FY 2018 or further future

	FY2016.12 Result	FY2017.12 Result	YoY
Apartments	¥ 51,160 Mil	¥ 56,115 Mil	109.6%
Condominiums	¥ 2,999 Mil	¥ 1,706 Mil	56.8%

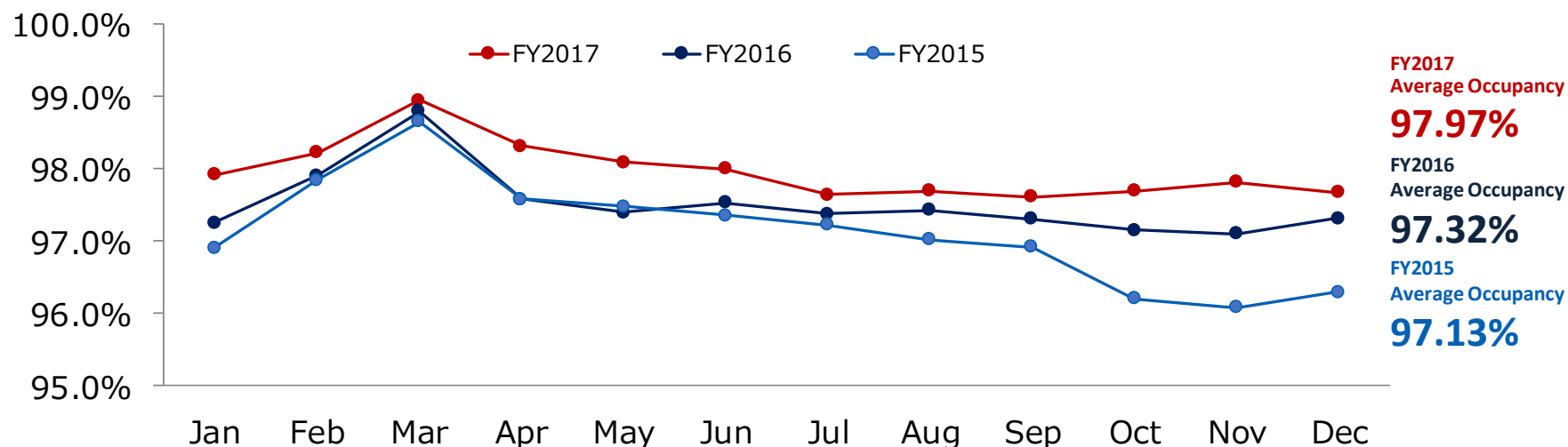
【Number of Cases】

Steady increase in accordance with sales



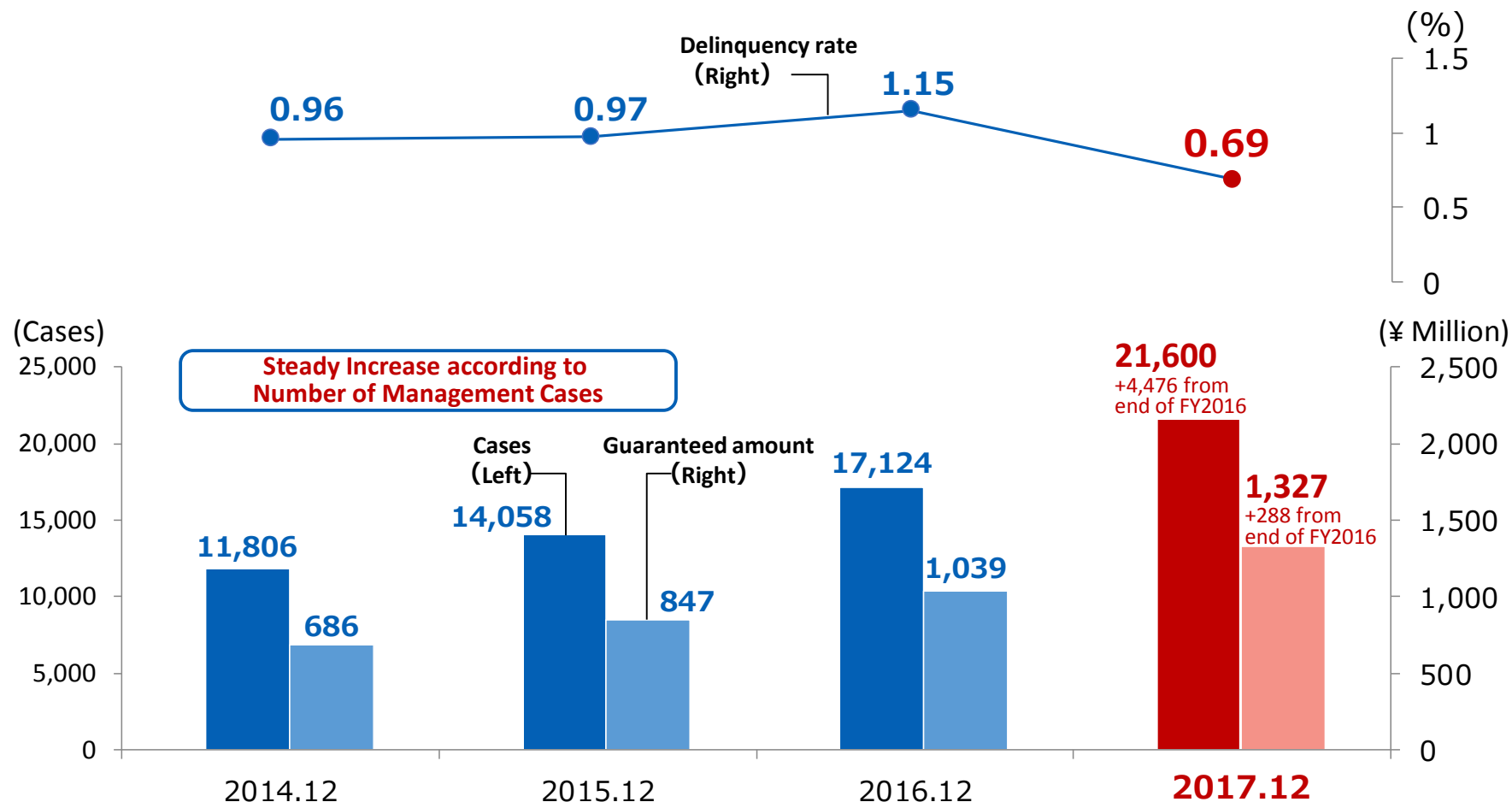
【Occupancy Rate】

Nearly 98%, Including the rooms from our Establishment era

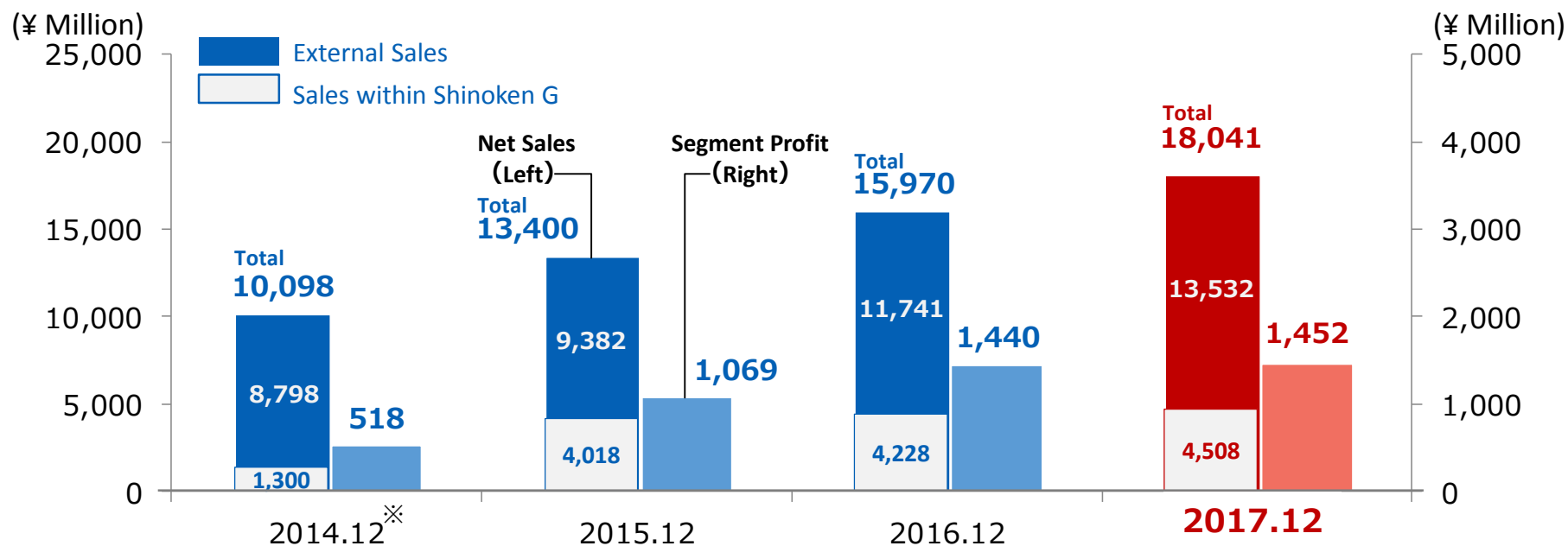


Providing support for both Owner and Residence in case of payment delinquencies

Achieving new customers and higher collection rate, by service improvement and expansion.



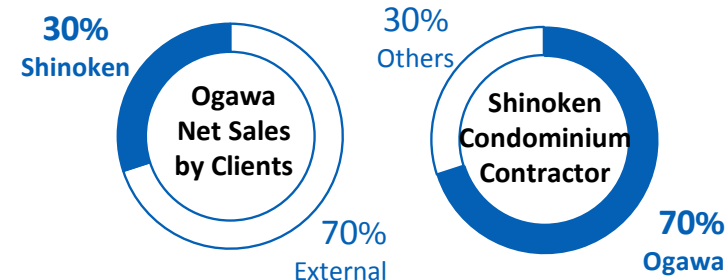
“OGAWA Construction” established 1909.
Continuously making good progress in achieving construction orders from new customers,
including corporate/individual/government agencies due to strengthening of sales activities.



※FY2014 was a Nine-month irregular closing period

Order Backlog : Expected to be recorded as Net Sales within FY2017.12 or after

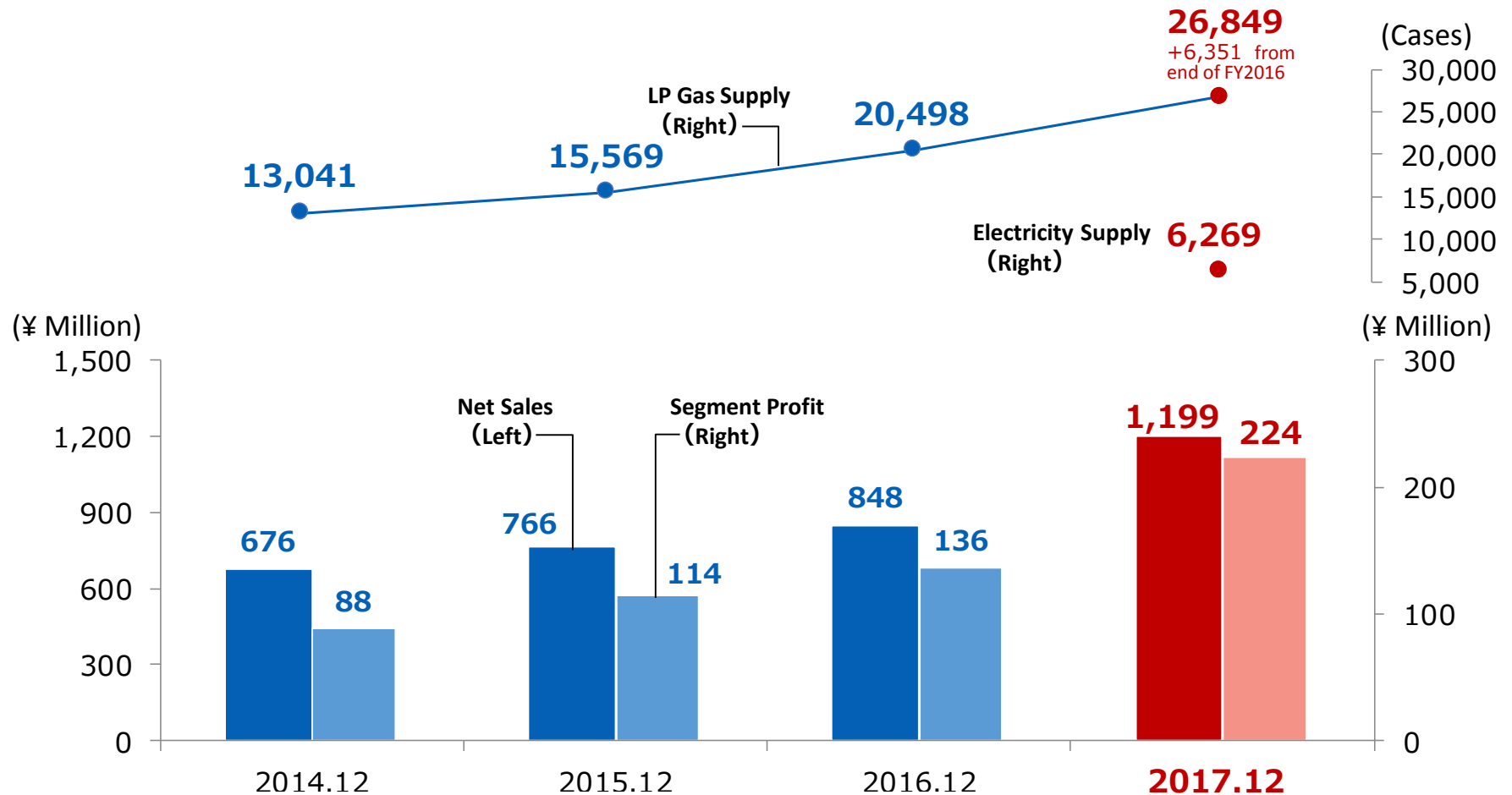
	2016.12 Result	2017.12 Result	YoY
Order Backlog	¥ 9,266 Mil	¥ 11,535 Mil	124.4%



LP Gas Supply and Retail of Electricity

For Apartments / Condominiums sold by Shinoken. Retail of Electricity started in Apr. 2017

Selling LP Gas and Electricity as a package will simplify procedures, lower costs, thus be the benefit of the residents.
Increased value will ultimately be the benefit of the owners.



※Due to our recent changed of Segment classification, Net Sales and Segment Profit for 14/12 and 15/12 are based on Rough Estimate.

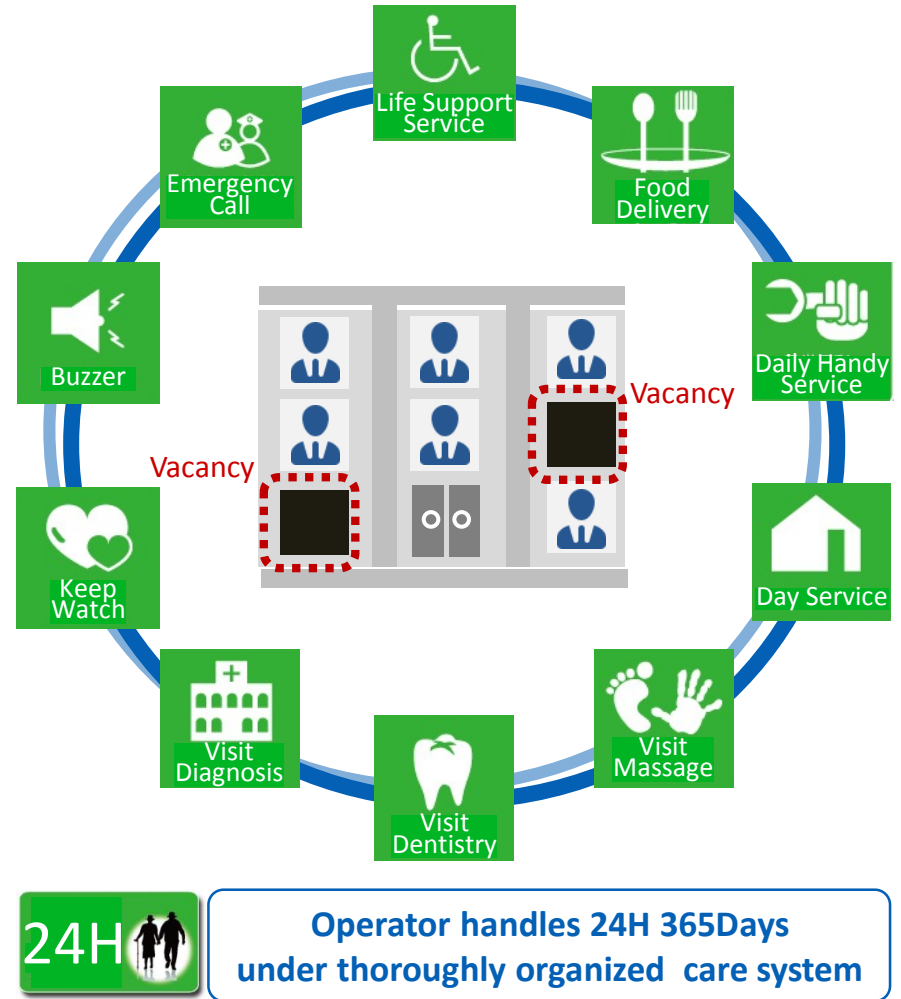
Providing a solution for
“Aging Population” and “Room Vacancies”

Practical usage of vacant rooms
in existing Apartments/Condominiums
originally aimed for younger users

Homes possible to be provided with safety and low
price for elderly people to rent, by coordinating with
caretaking/medical/catering vendors etc.



**GOOD DESIGN
AWARD 2013**



Housing with Services for the Elderly

Own and run **3 facilities with a total of 302 rooms** in Tokyo and Fukuoka

Day Service and Home Help, Care Management

Own and run 2 facilities in Tokyo and Fukuoka
Providing Visit care and Home care service.

Housing with Services for the Elderly

Fukuoka City (Higashi-ku)
Ju-Life Aqua-Villa Kashiihama

201 Rooms



Largest scale in Kyushu

Day Service Home Help, Care Management

Fukuoka Prefecture (Kasuya-gun)
Applife Higashi Fukuoka



Housing with Services for the Elderly

Tokyo (Itabashi-ku)
Ju-Life Tokiwadai

55 Rooms



Acquired No.1 Ranking Among Popular
Facilities in “Home’s Care”,
Japan’s Largest Portal Site

Housing with Services for the Elderly

302 rooms
Occupancy (As of Dec.31, 2017)

97.6% (Actual)

99.6% (Applied)

Housing with Services for the Elderly

Tokyo (Itabashi-ku)
Ju-Life Takashimnadaira

46 Rooms



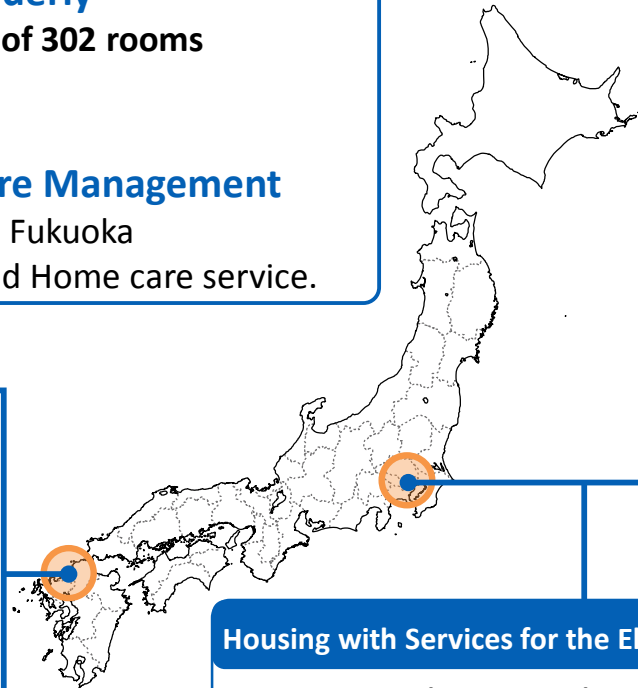
First Tokyo Promotional Business
“Housing with Services for the
Elderly with Secure Medical / Long-
term Care Services” in Itabashi-ku

Day Service Home Help, Care Management

Applife Takashimadaira



Same Building as Ju-Life Takashimadaira



Group Home

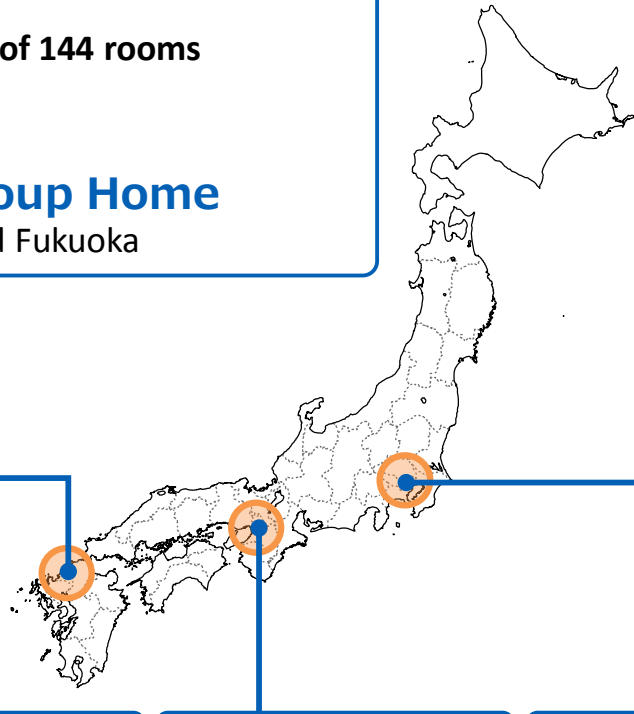
Own and run **7 facilities** with a total of **144 rooms** in Tokyo, Osaka and Fukuoka

Multifunctional Small Group Home

Own and run **2 facilities** in Osaka and Fukuoka

Total 144 rooms
Occupancy (As of Dec.31, 2017)

97.9% (Actual)



Group Home

Multifunctional Small Group Home



Fukuoka City
[Friend Kasumigaoka](#)

Group Home



Tokyo (Itabashi-ku)
[Friend Takashimadaira](#)

Group Home



Higashiosaka City
[Friend Higashiosaka](#)

Group Home



Osaka City (Nishinari-ku)
[Friend Tengachaya](#)

Group Home



Osaka City (Tennoji-ku)
[Friend Tennoji](#)

Group Home



Osaka City (Tennoji-ku)
[Friend Fudegasaki](#)

Group Home

Multifunctional Small Group Home



Osaka City (Chuo-ku)
[Friend Osaka Chuo](#)

China and Singapore : Real Estate / Rental Brokerage

Indonesia: Construction and Real Estate Development

Singapore

Real Estate / Rental Brokerage

Shinoken & Hecks

- Real Estate / Rental Brokerage
- Rental brokerage for Japanese expats
- Real Estate sales for local wealthy consumers



China

Real Estate / Rental Brokerage

SHINOKE REAL ESTATE (SHANGHAI)

- Rental brokerage for Japanese expats
- Real Estate sales for local wealthy consumers



Indonesia

Construction

OGAWA Construction Rep Office

- Advisory to Local General Contractors
- JO for Government/Private projects

Real Estate Development, Planning, Sales

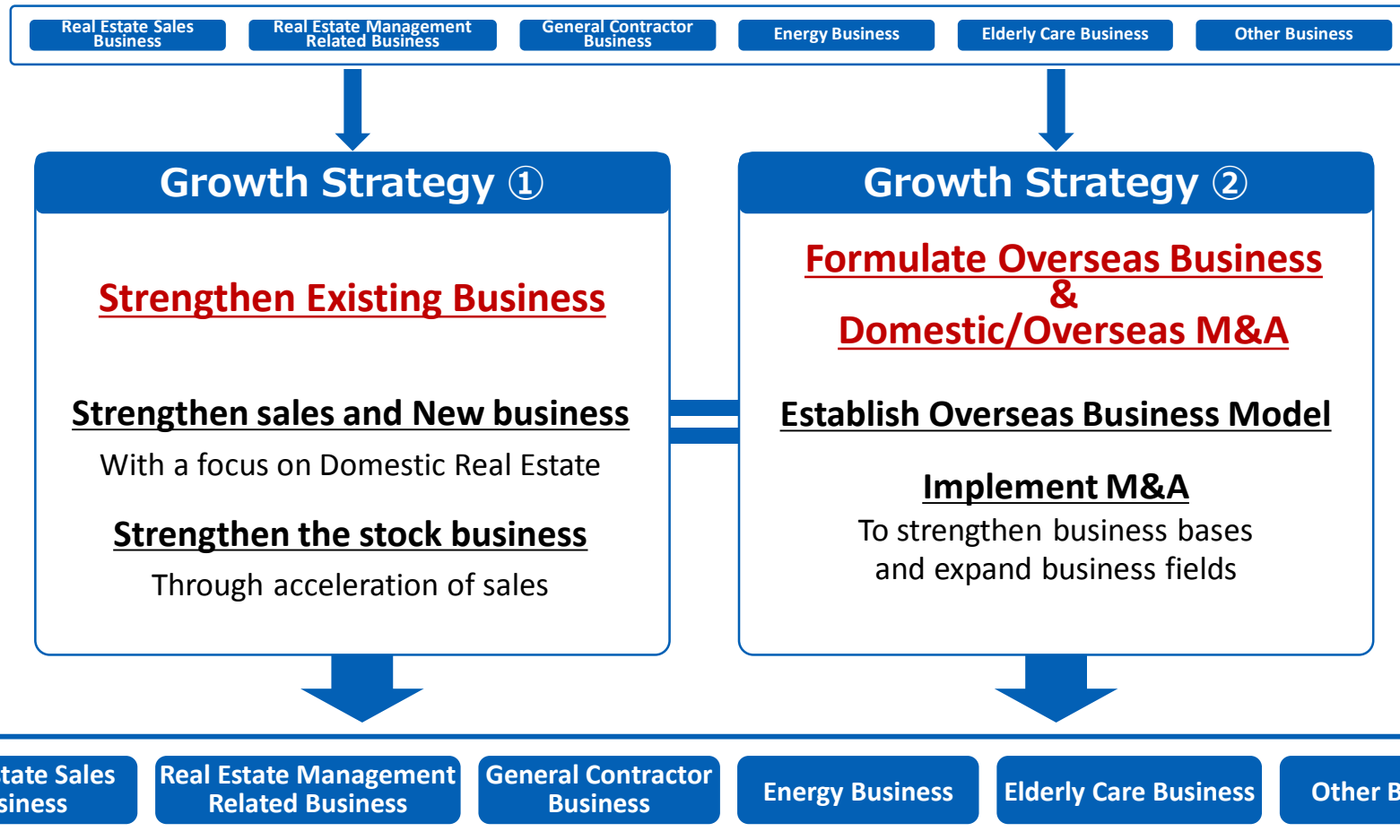
PT. Shinoken Development Indonesia

- Apartment Development



Growth Strategy

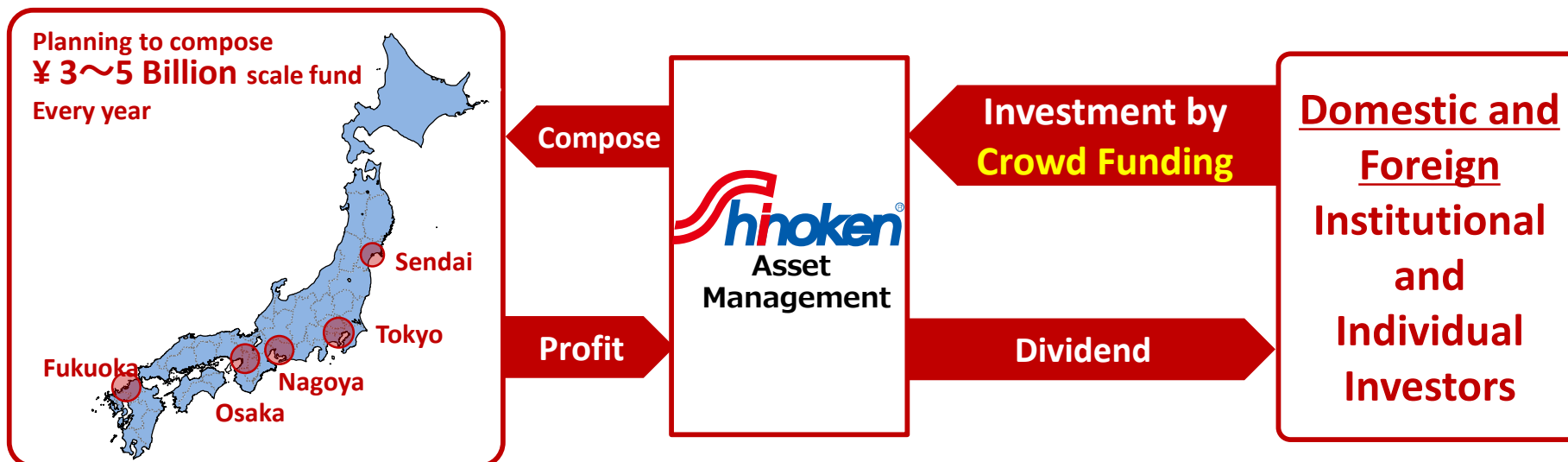
**Expanding business proactively with two growth strategies as pillars
Thus further strengthening business bases**



20 of our “Harmony Terrace” Apartments in central Tokyo, with the scale of ¥ 3 Billion



Further acceleration in our Existing Business Areas



Growth Strategy② Formulate Overseas Business ~Indonesia~

Office set up in "Wisma 46", the landmark building in Central Jakarta



Growth Strategy② Formulate Overseas Business ~Indonesia~

桜 SAKURA TERRACE

Localizing Shinoken's apartment brand "Harmony Terrace" to Indonesia

Project #1 Conceptual drawing



Project #2 Conceptual drawing



Project #3 Conceptual drawing



Project #4 Land



Project #1 Construction Site



Project #5 Land



Growth Strategy② Formulate Overseas Business ~Indonesia~

Acquiring our business partner contractor “Mustika”

Mustika holds experience in Infrastructure related projects, business with Japanese companies, and will aim to obtain more new project orders in the growing Indonesian market of 260 million population

Highway Construction



Power Plant Construction



Accelerating our Indonesian Business by acquiring Mustika

**Developing an Integrated system
from Development to Construction
within the central Jakarta Area**

**Formulating the same
Stock Business Structure
as in Japan**

Purchasing Land



Construction



Completion / Handover



**Management
Leasing
Follow-up**

**Developing a primary source of revenue in the highly growing
Indonesian Market**

New 3-year Business Forecast

Through our careful examination of the Business environment, and our forecast of continuous positive growth trend in our business, we have revised our medium term business plan and set a new 3-year Business Forecast

FY2017.12

【Consolidated Net Sales】

Plan : ¥ 105,000 Mil

⇒ **Result : ¥ 105,936 Mil**

⇒ **100.8% Achievement**

【Consolidated Ordinary Income】

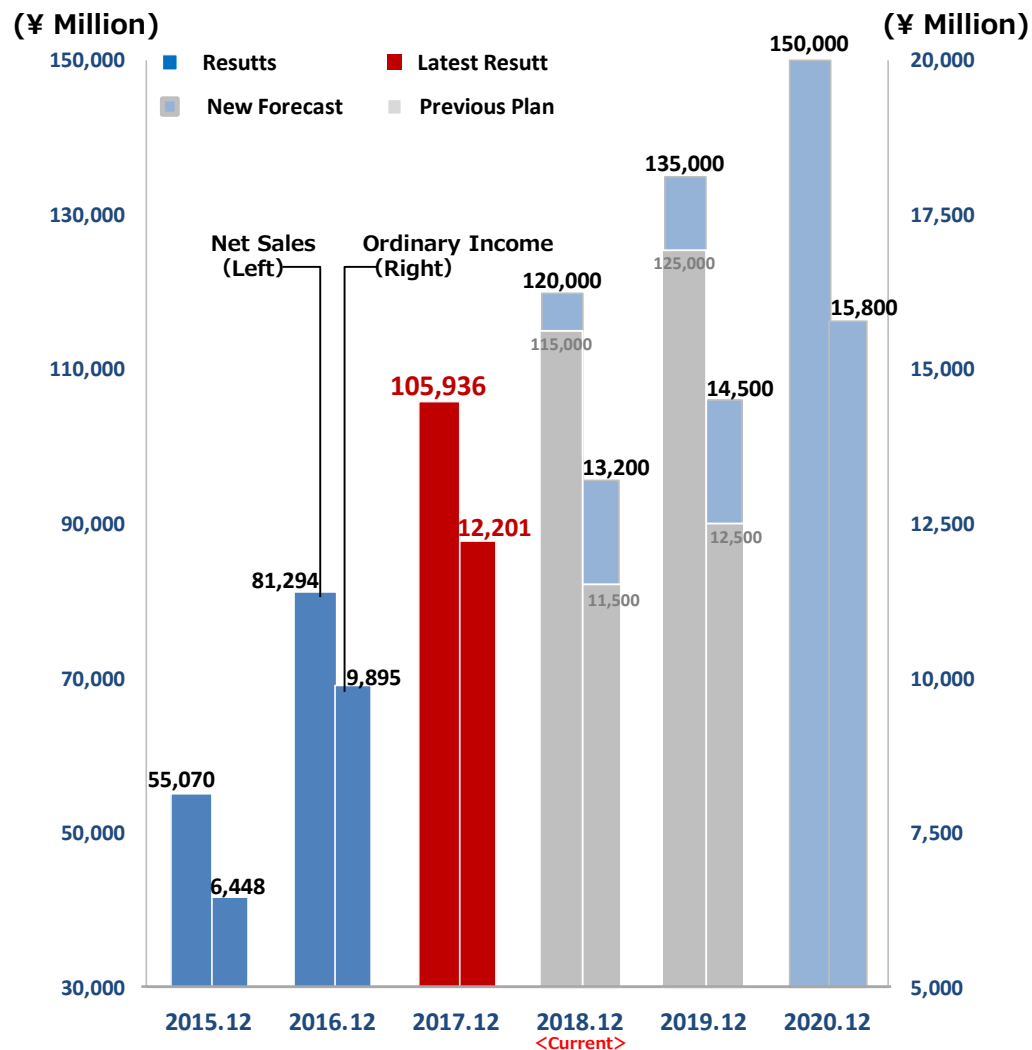
Plan : ¥ 10,500 Mil

⇒ **Result : ¥ 12,201 Mil**

⇒ **116.2% Achievement**

Further Goals to Achieve

- ① Net Income over ¥ 10,000 Mil
- ② Capital Adequacy Ratio over 40%
- ③ Virtually Debt-Free Management



Establishing Tokyo Head Office and office transfer

**Changing our “Tokyo Office ” to “Tokyo Head Office”,
Initiating double Head Office system and Office transfer to
“Nippon Life Hamamatsucho Crea Tower” 20th floor**



Conceptual drawing (Outer North-West Corner)

Purpose

Further business expansion in the capital area

Strengthening the force of Sales, Gathering/Dispatching
information, IR activities

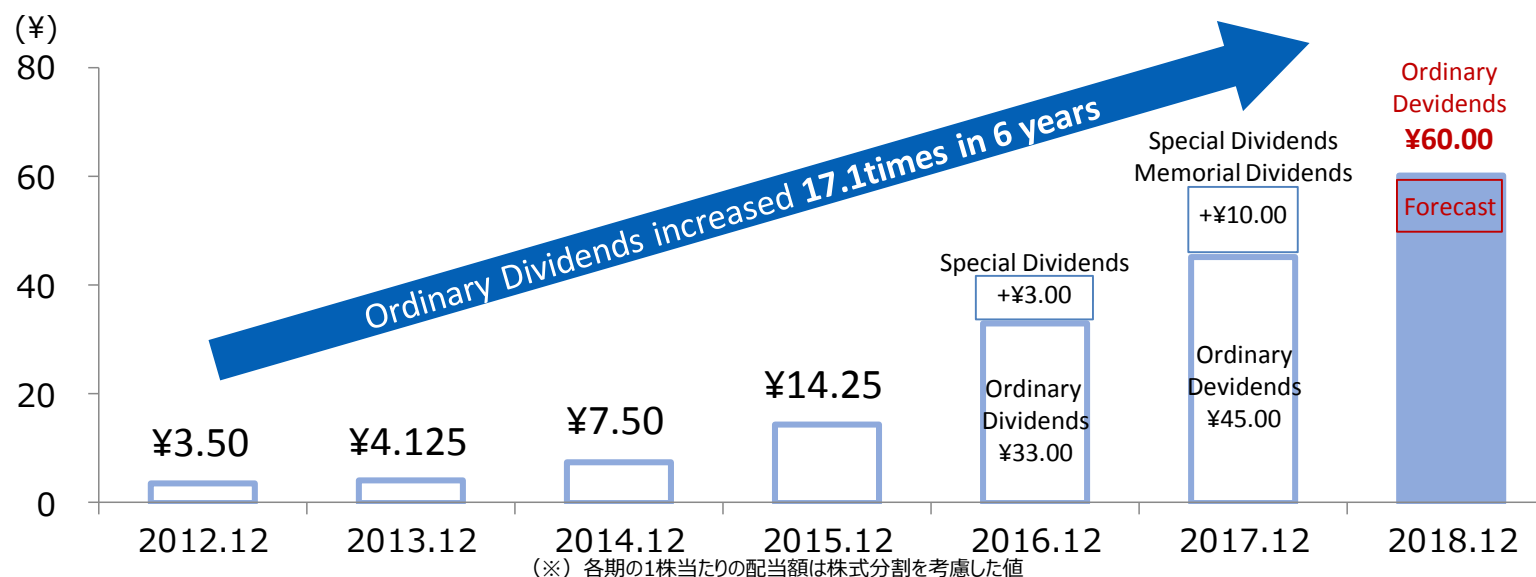
Obtaining a wide range of employees



Shareholder Returns

Continuing our special dividend scheme since FY2016.12

Ordinary Dividends	+	Special Dividends	=	FY2018.12
Mid-term ¥30.00 Term-end ¥30.00 <hr/> Total ¥60.00		Special Dividends ¥6.00 or ¥12.00 Ordinary Income in FY2018.12 Initial Forecast : ¥13,200 Mil If Over ¥14,520 Mil (10% increase) : ¥6.00 If Over ¥15,840 Mil (20% increase) : ¥12.00		¥60.00 or ¥66.00 or ¥72.00



Reference Materials

Reference Materials : Small-amount Short-term Insurance

JICC SSI (Small-amount Short-term Insurance)

For Residents to “Live in their Rooms without worries”

Developed Original products (First in Japan) for the Residents and started selling them in Jul. 2014.

Solitary Death Insurance

Covers expenses for:
Repairs and cleaning of stains/soiled interiors in order to return the room to its original state

Stalker Expense Insurance

Covers expenses for:
Necessary costs upon dealing with stalkers; such as Cameras (to provide proof) or lawyer fees etc.

Pet Expense Insurance

Covers expenses for:
Expenses for Pet hotels or other expenses related to the death or injury and damage of/caused by a pet

Home Helper Expense Insurance

Covers expenses for:
Expenses for home helpers to temporarily come and assist with house work when necessary

For Owners to “Rent out their Rooms without worries”

Developed Original product “Rent management support insurance” and started selling it from Sep. 2015

Insurance for Restoration

Covers expenses for:
Restoring the state of the Room to its original condition

- Cleaning / deodorizing,
- Maintenance
- Cleaning up of mementos of the deceased after “Becoming a property that experienced an accident”

Limit of the amount to be paid:
6 Months worth of rent

Loss Insurance for Rental Income, etc.

Covers expenses for:

- Loss of rental income
- Costs for taking care of soiled parts that occur from “Becoming a property that experienced an accident”

Limit of the amount to be paid:
30% of 3 years (36 months) worth of rent
※Actual compensation : 10.8 months worth of rent

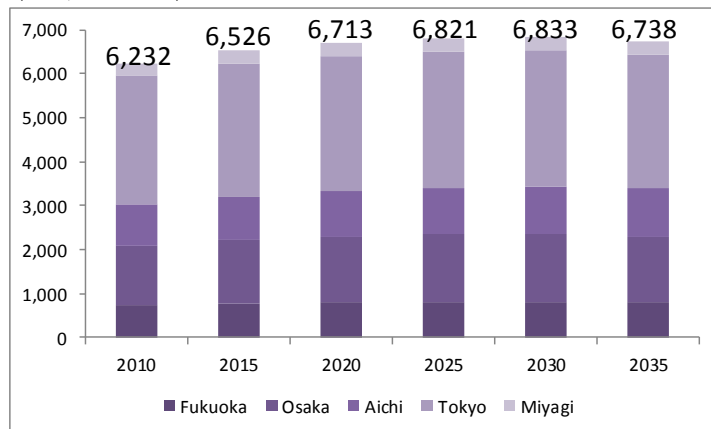
Reference Materials: Business Environment

【Real Estate Sales Business】

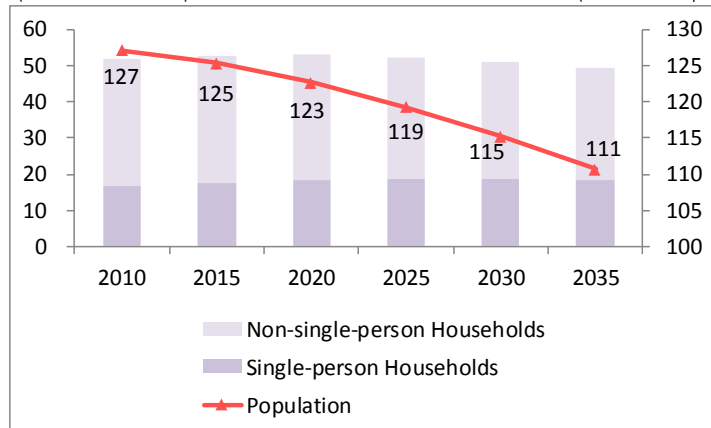
Expecting continuous 「Stable Occupancy」 「Investment Demands」

Numbers of single households show an upward trend in the 5 areas where Shinoken operates. ⇒ **Positive factor upon making decisions for Real Estate Investments**

Trends in Single-person Households (The Main Target of Shinoken)
(Unit: 1,000 Households)



Trends in Population and Single-person Households (National Total)
(Unit: Million Households) (Unit: Million People)



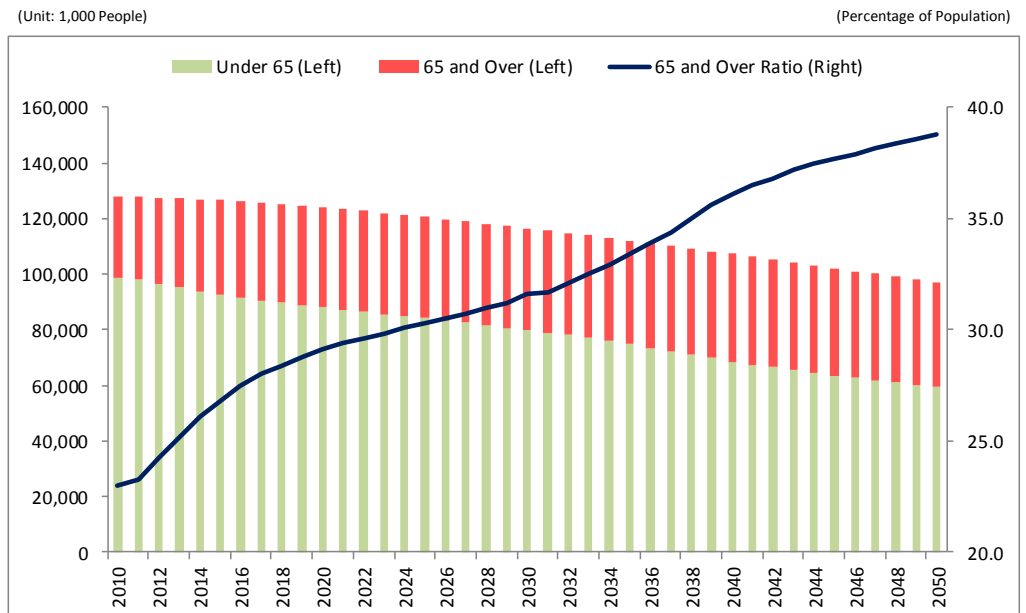
【Elderly Care Business】

Long-Term demand expected until the middle of this century and beyond

Population of Elderlies over age 65 is forecasted to increase until it reaches 38.782 Million in 2042, and decrease from then on

Ratio of Elderlies is forecasted to increase every year until 2050, reaching 38.8% in 2050

Projections for Trends in the Population Ratio of the Elderly (65 and Over) in Japan



DISCLAIMER

This document includes estimations that are based on presumptions, forecasts and plans concerning the future of Shinoken business using March 3, 2018 as the date of reference. Thus, actual business results may greatly differ from any estimations contained herein due to a variety of unforeseen reasons and circumstances such as economic trends and the changing states of business environments.

For Inquiries Please Contact Investor Relations

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