

Shinoken Group Co., Ltd.

Business Overview

1H FY 12/2017



Table of Contents

- 1** **Group Consolidated Results**
- 2** **Outline and results of each Segments**
- 3** **Growth Strategy**
- 4** **Shareholder Returns**
- 5** **Topics**



Group Consolidated Results

Consolidated Results Highlights

Net Sales **¥49,386** million (+35.5% YoY)



Operating Income **¥6,430** million (+24.3% YoY)



Ordinary Income **¥6,021** million (+30.1% YoY)



Profit Attributable to
Owners of Parent **¥4,103** million (+35.4% YoY)

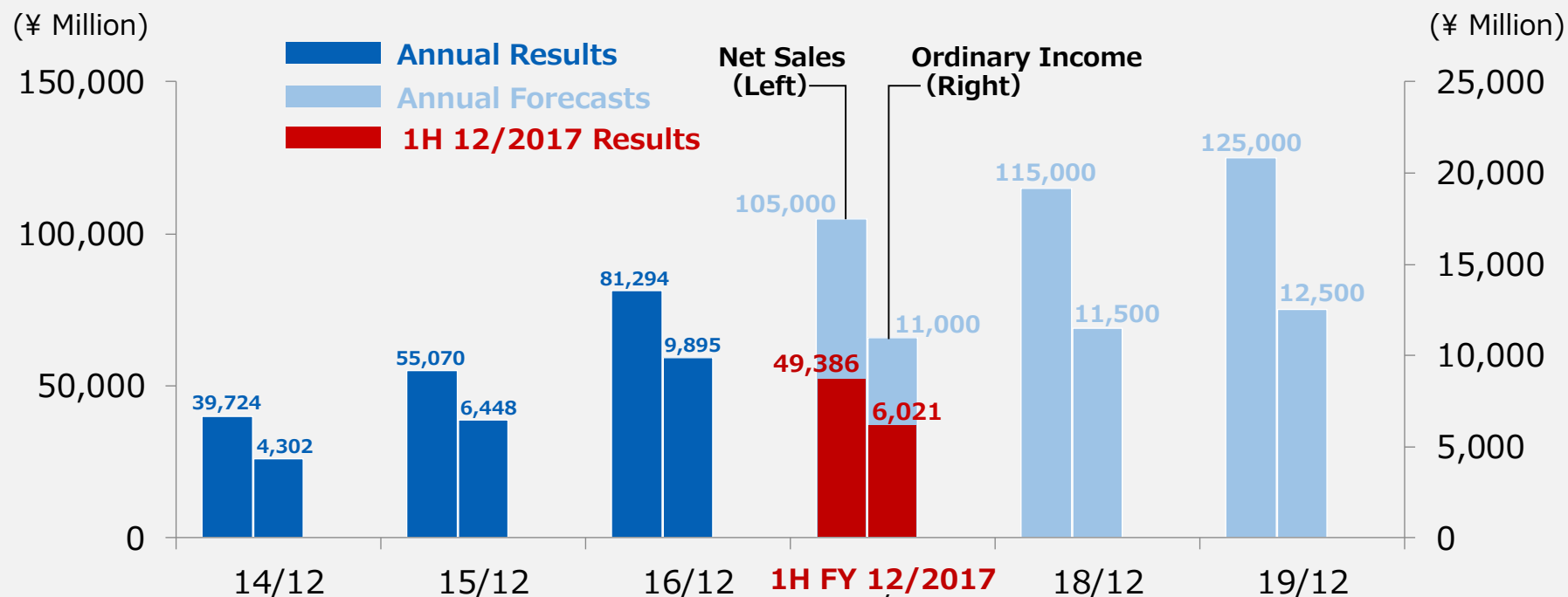


Net Income Per Share **¥246.63**

Set Record Highs for 1H

Progress of Consolidated Results

Progress against Annual Forecast of FY 12/2017
As of 1H 12/2017, Net sales 47.0% Ordinary Income 54.7%



Highlight of Balance Sheet

Assets and Liabilities (Jun. 30 2017)

Current Assets
¥64,811 Million

Fixed Assets
¥11,203 Million

Current Liabilities
¥35,439 Million

Fixed Liabilities
¥18,236 Million

Net Assets
¥22,338 Million

Total Assets **¥76,014** Million

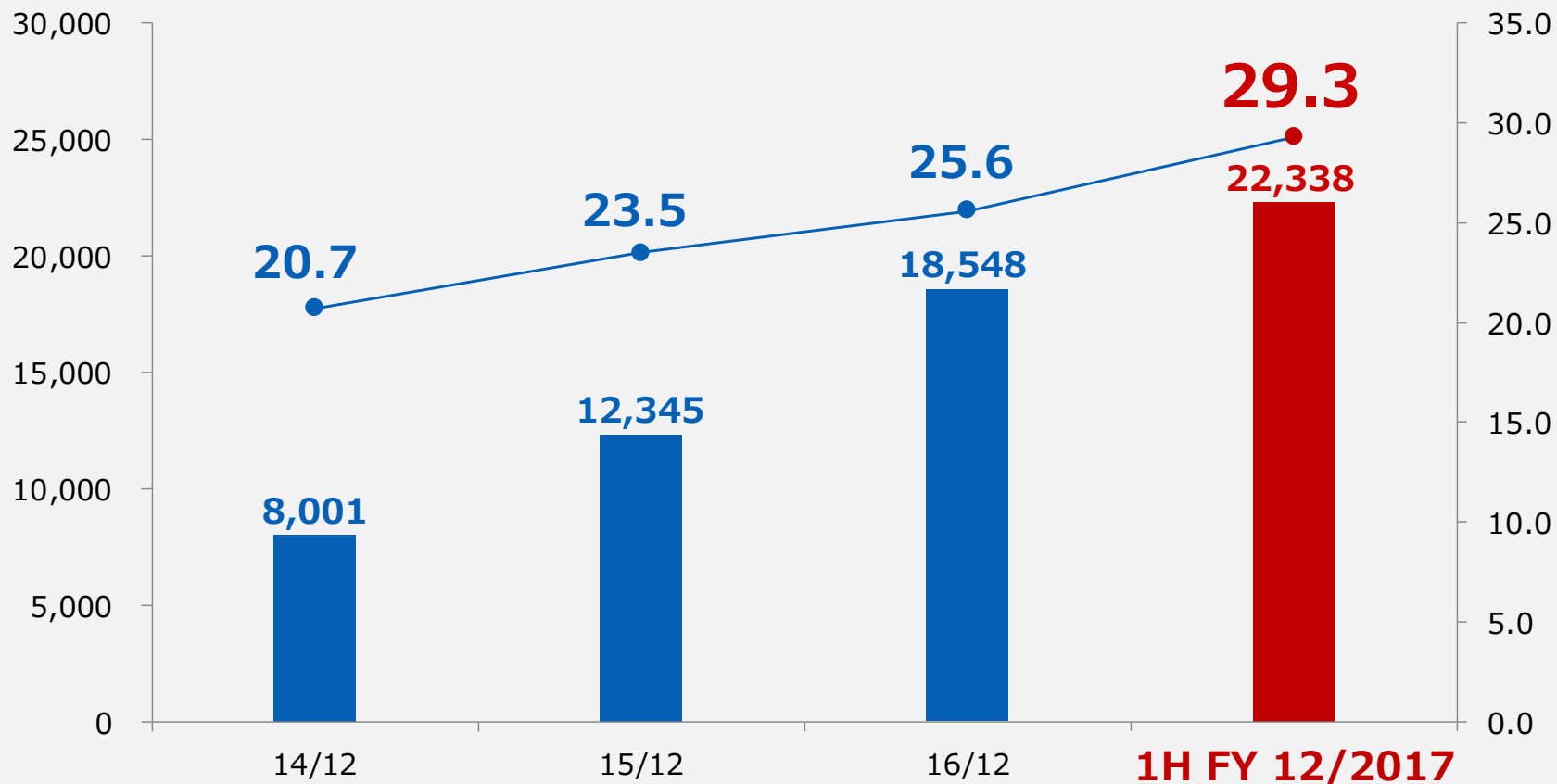
Total Liabilities **¥53,676** Million

Net Assets and Shareholders Equity Ratio

Net Assets and Equity Ratio

Net Assets
(¥ Million)

Equity Ratio
(%)



2 Outline and results of each Segments

Segment Outline

Real Estate Sales Business

Apartment Sales

- ❑ Established a business model that enables “Apartment management without land and down payment”
- ❑ Apartment management that starts from land purchasing, focusing on asset building for mainly salaried workers and civil servants.
- ❑ Limited to cities with many single residences
Tokyo, Fukuoka, Nagoya, Sendai, Kansai



GOOD DESIGN AWARD



Segment Outline

Real Estate Sales Business

Condominium Sales

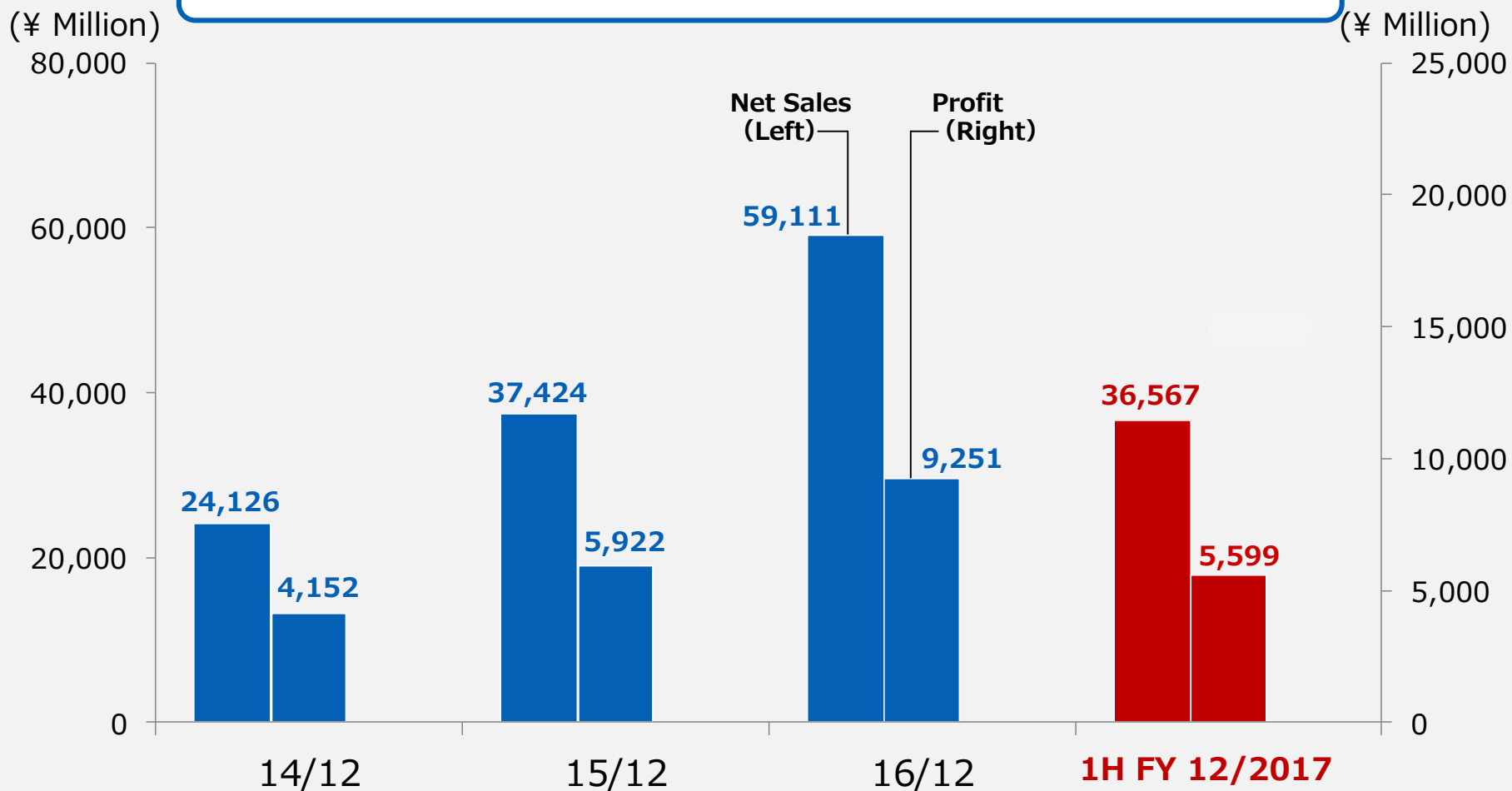
- ❑ One room Condominiums investment purposes, that are available without down payment
- ❑ Designer's Condominiums 「Harmony Residence」 series
- ❑ Mainly Tokyo Metropolitan area (Tokyo, Yokohama)



Segment Results

Real Estate Sales Business

Real Estate Sales Business Net Sales and Profit



Segment Outline

Real Estate Management Related Business

Rental Management

- ☐ Steady Increase in proportion to Apartment and Condominium Sales
- ☐ Rental Management initiated in;
Tokyo, Fukuoka, Nagoya, Sapporo
Sendai, Kansai



Condominium Management

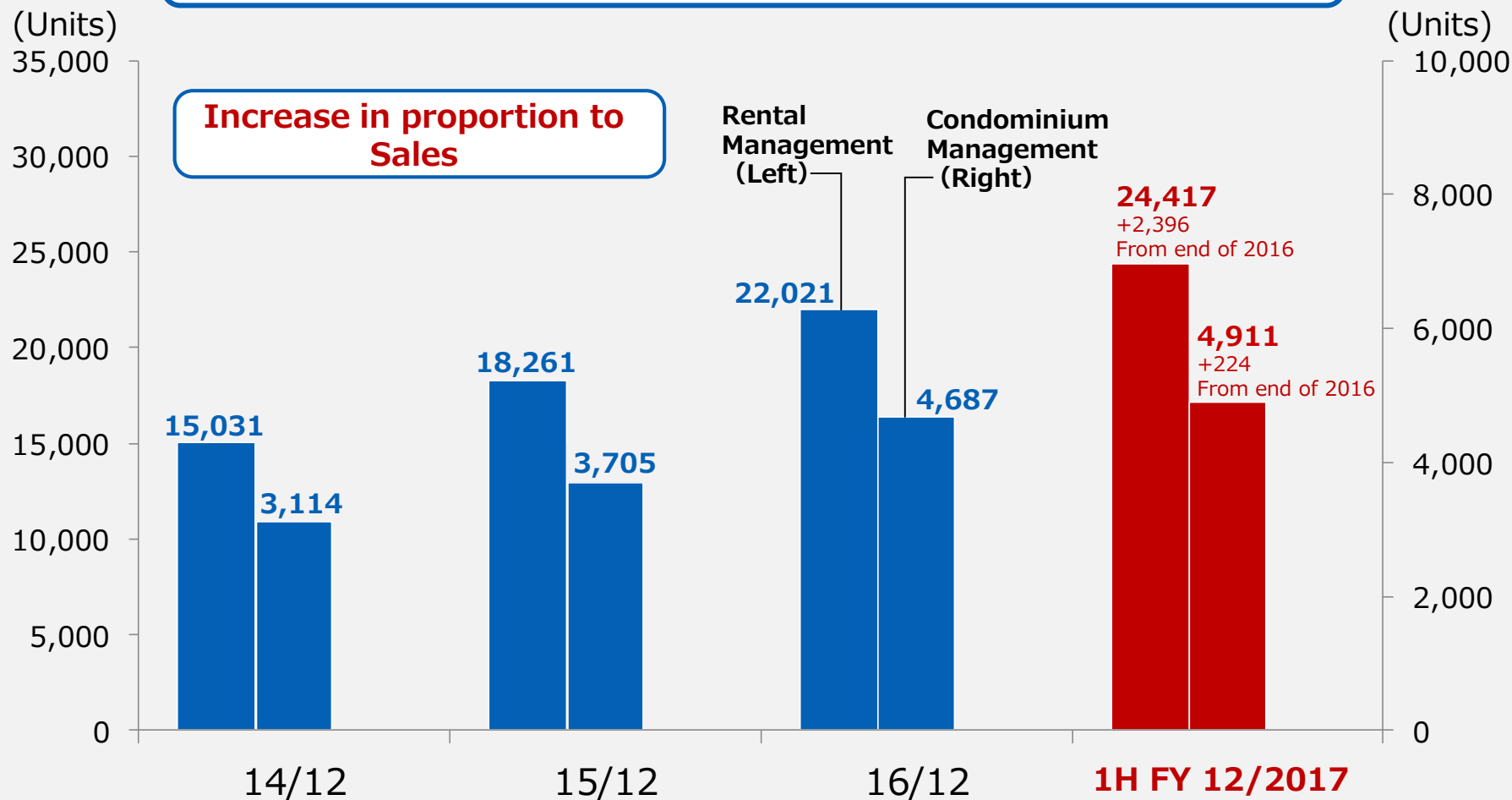
- ☐ Condominium Management Initiated in;
Tokyo, Nagoya



Segment Results

Real Estate Management Related Business

Number of Rental / Condominium Management



Segment Outline

Real Estate Management Related Business

Debt Guarantees

- ❑ Supporting both the Owner and Resident in case of payment delay
- ❑ Developing new support plans, Aiming to increase the number of new customers and to improve the collection rate.



Small amount and short-term Insurance

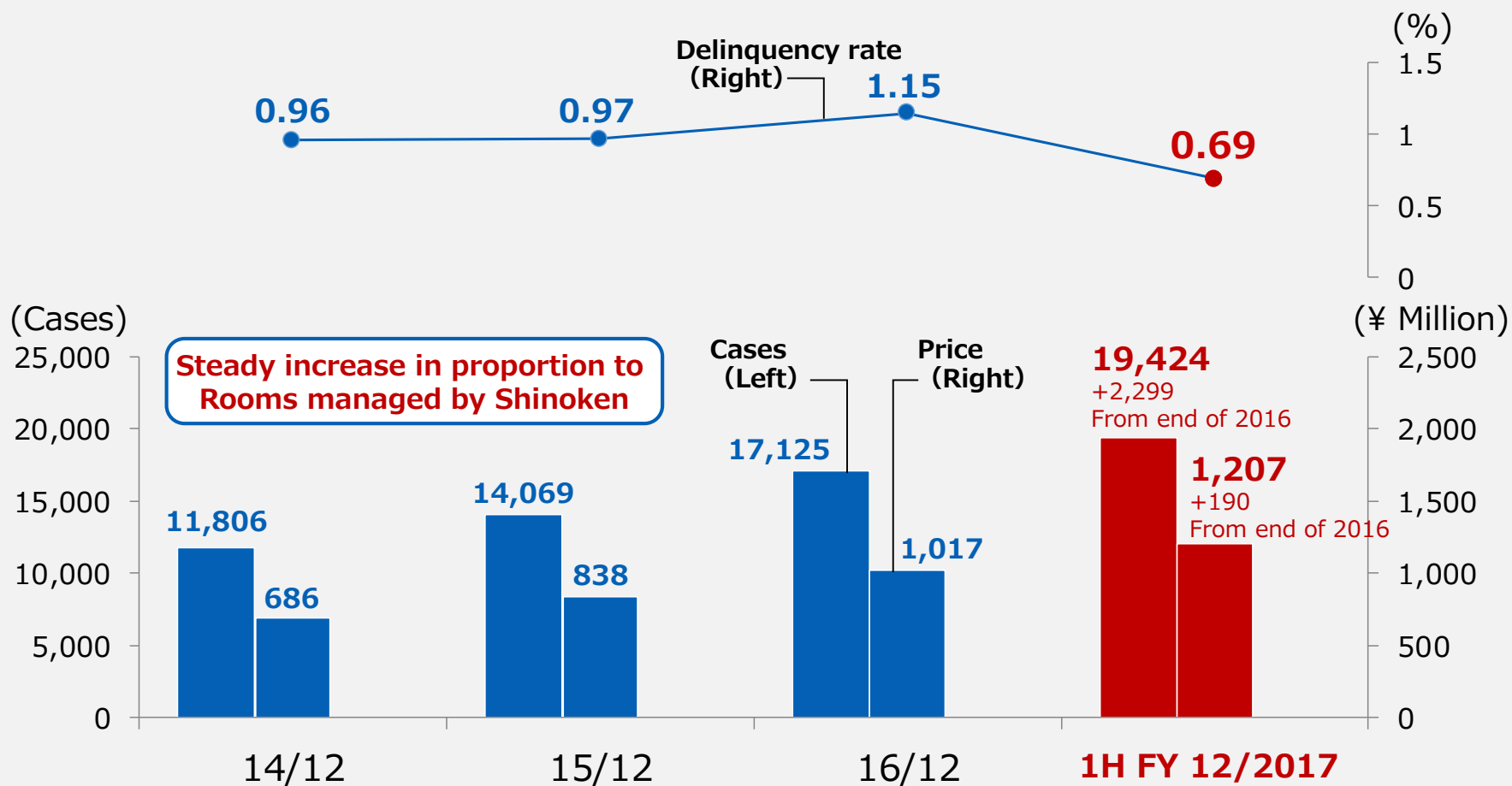
- ❑ Developing new insurance products, increasing the number of new customers



Segment Results

Real Estate Management Related Business

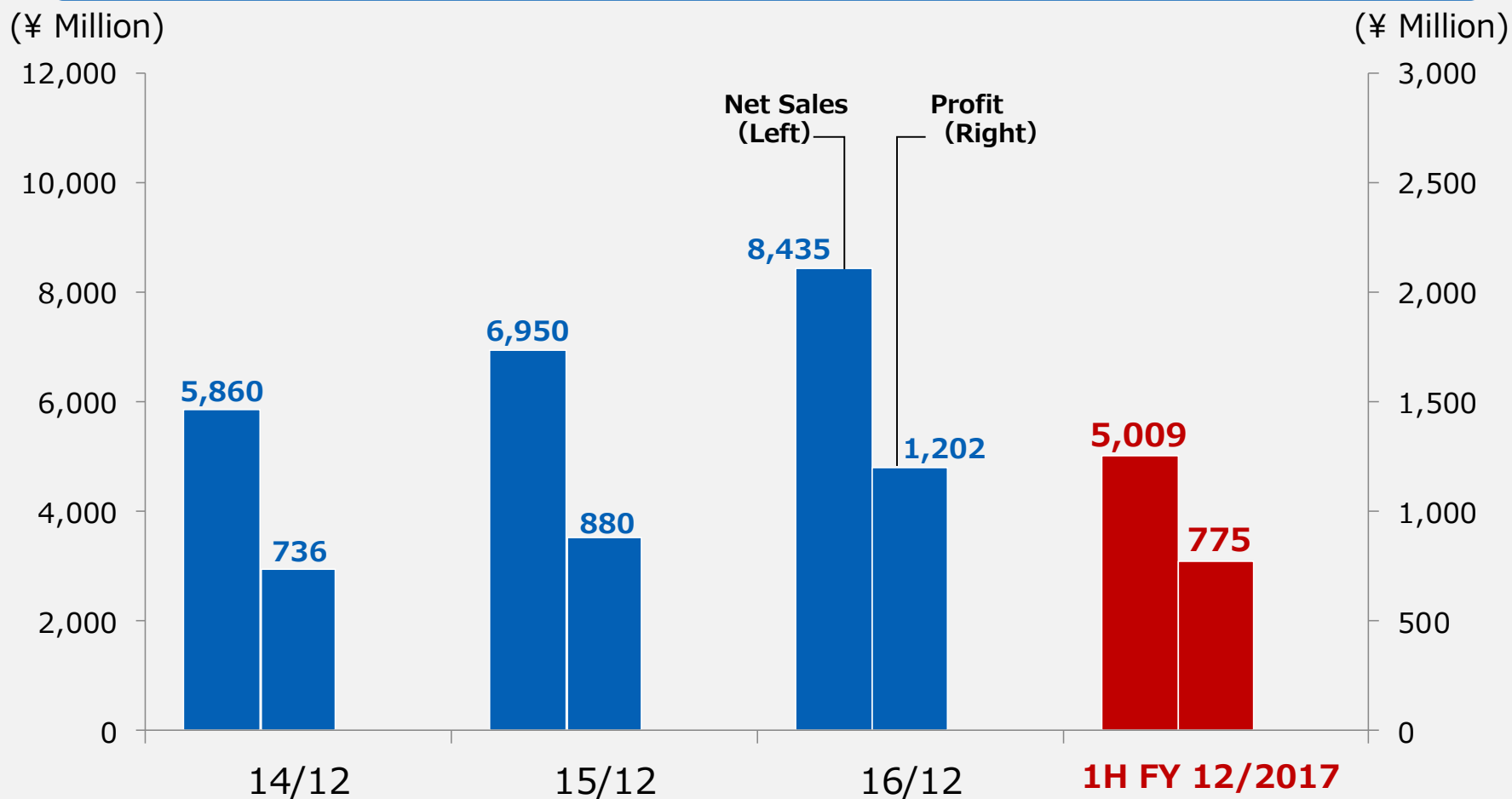
Debt Guarantee_Cases, Price and Delinquency rates



Segment Results

Real Estate Management Related Business

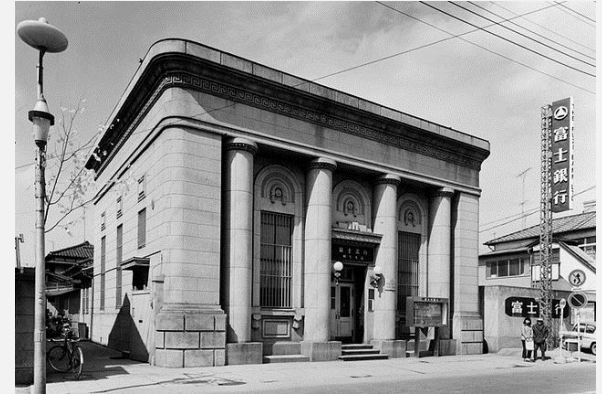
Real Estate Management Related Business Net Sales and Profit



Segment Outline

General Contractor Business

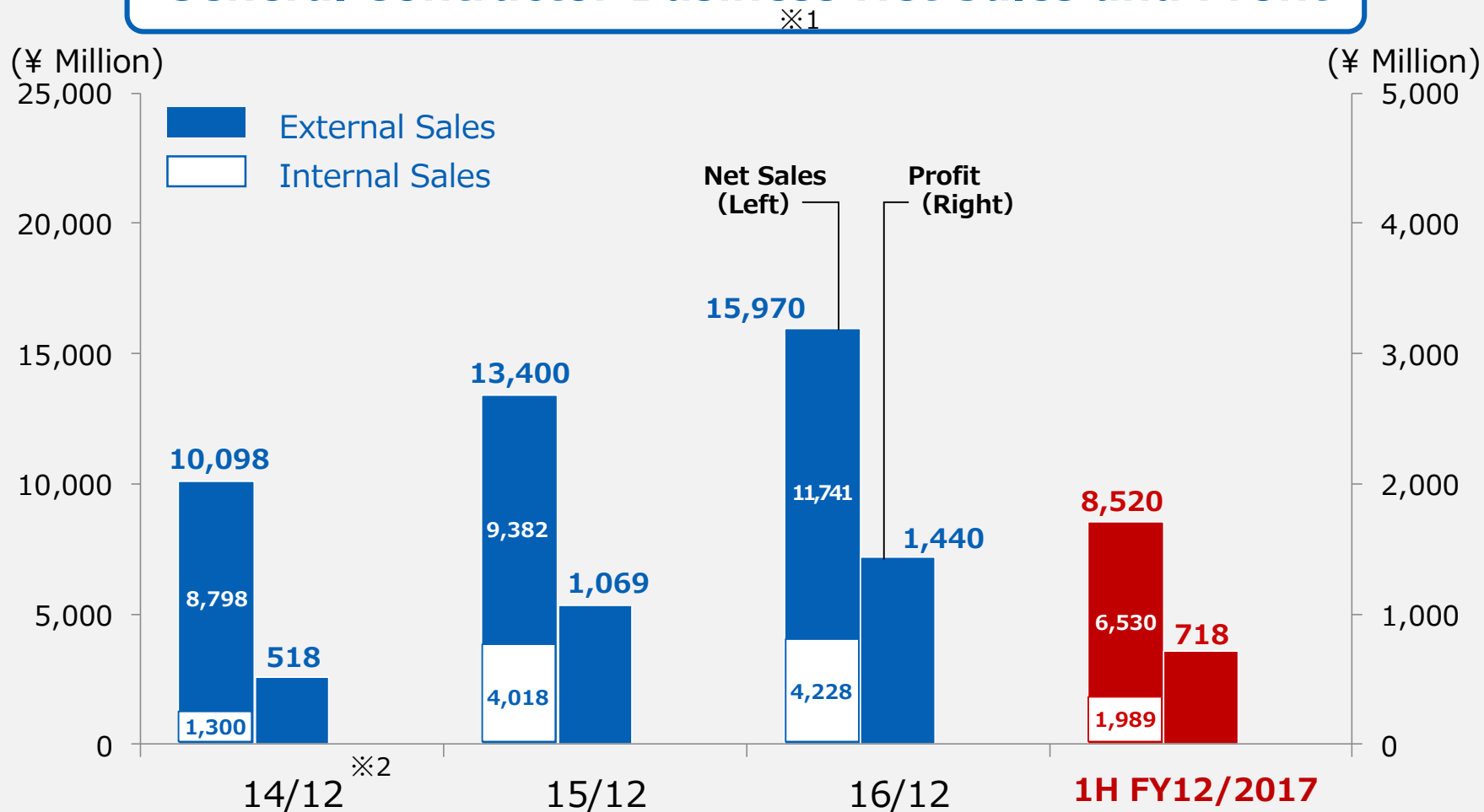
- ❑ Established 1909
Holds both high level Technology
and Trust
- ❑ Continuously making good progress
in achieving construction orders from
corporations, individuals,
and government agencies
- ❑ 70% are external orders,
30% are within the Shinoken Group



Segment Results

General Contractor Business

General Contractor Business Net Sales and Profit



※1 : Net Sales consists of the sum of 「External Sales」 & 「Sales within Shinoken G」

※2 : FY 12/2014 was a Nine-month irregular closing period

Segment Outline

Energy Business

LP Gas Supply and Retail of Electricity

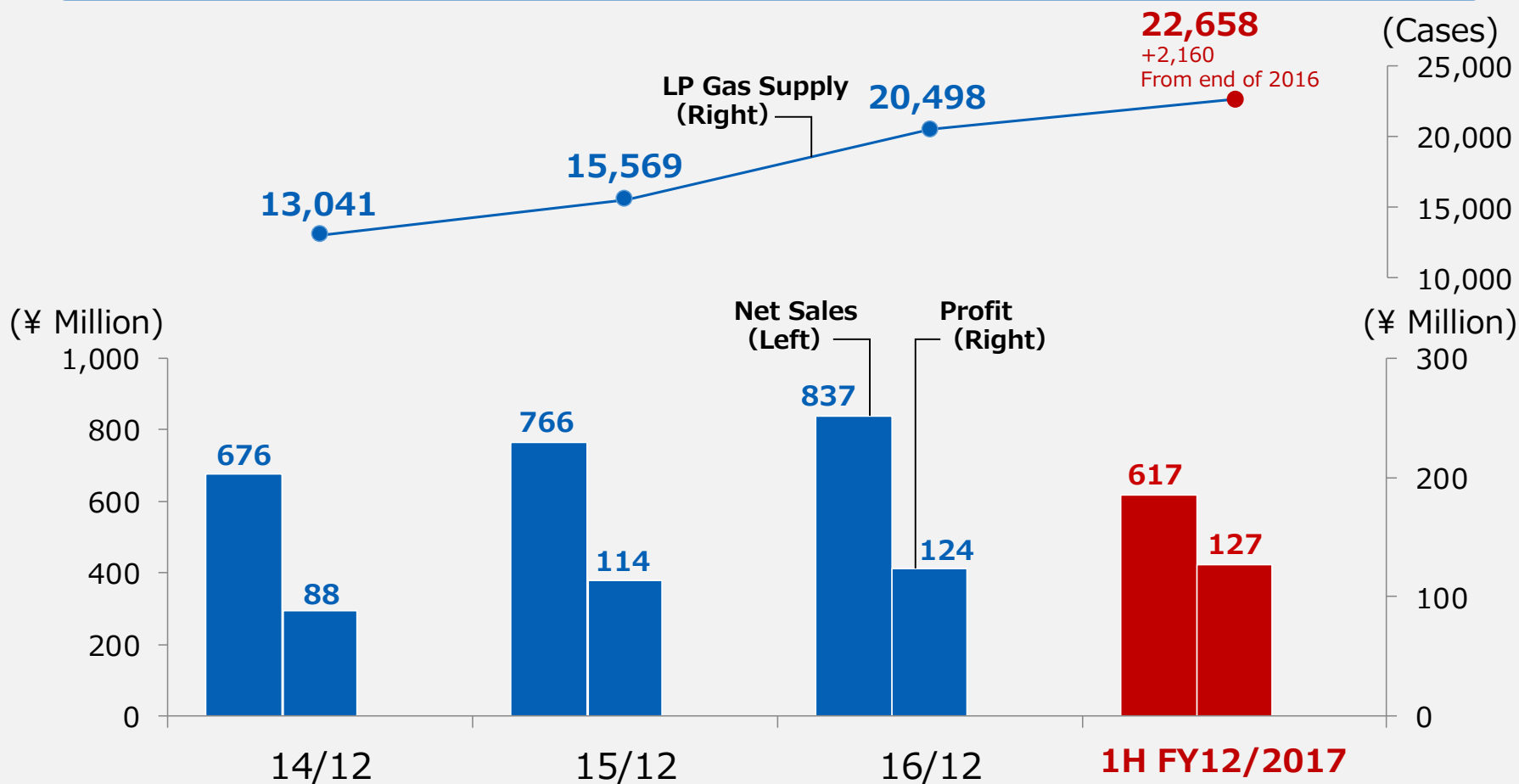
- ☐ For homes sold by Shinoken Group
⇒Steady growth in proportion to the sales
- ☐ Tokyo, Fukuoka, Nagoya, Sendai, Kansai
※Kansai started the business in Aug. 2017



Segment Results

Energy Business

Energy Business Net Sales and Profit, Number of LP Gas Supply



Segment Outline

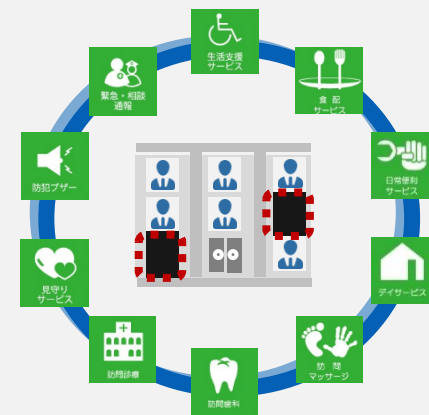
Elderly Care Business

☐ “Ju-Life Plan”

Providing existing apartments for the elderly,
Round-the-clock service available everyday

☐ Own and operate Housing with services for the elderly, Day Services, Group Homes and Multifunctional Small Group Homes☐ Operating Facilities

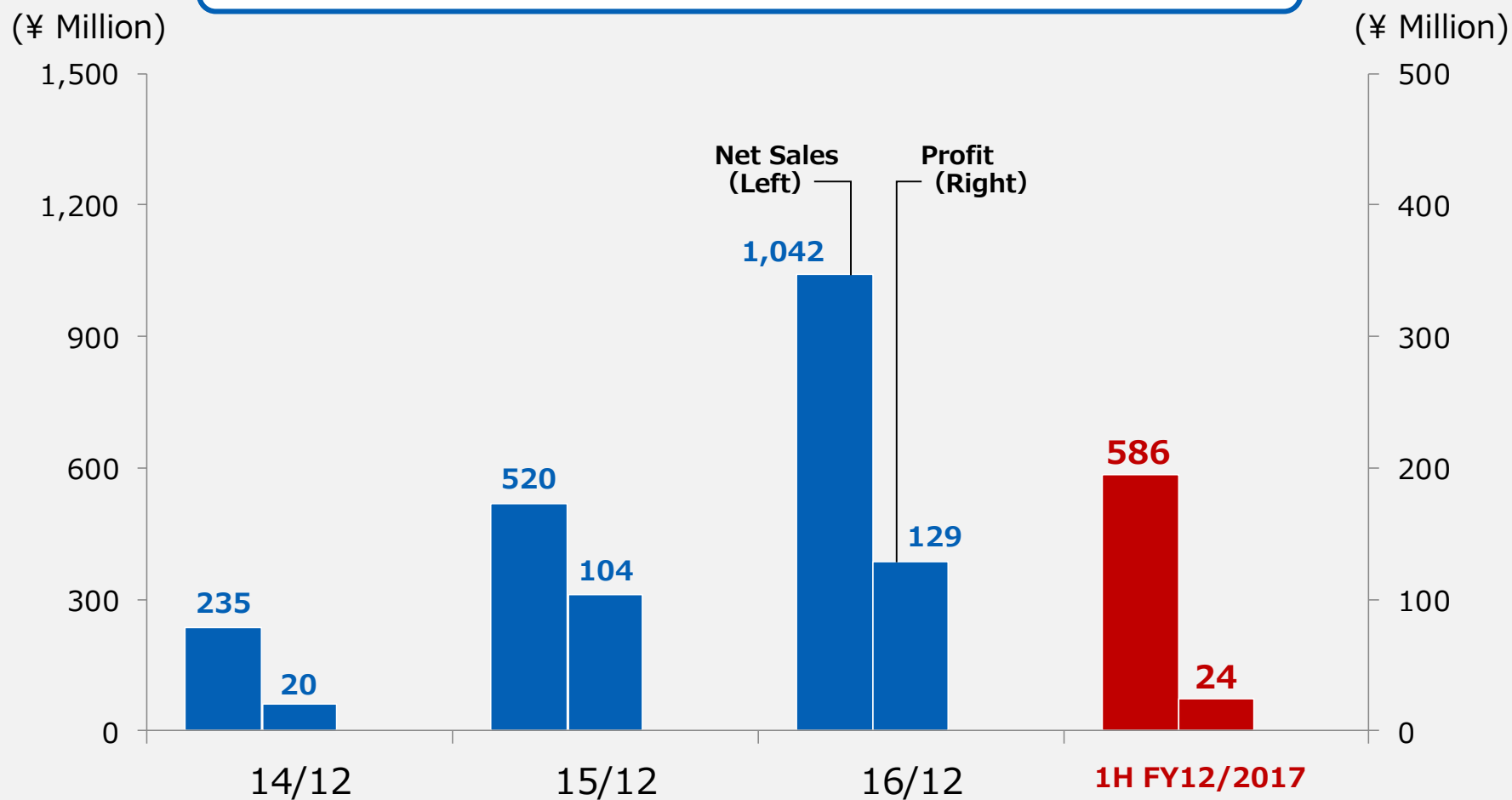
- Ju-Life Plan : Registered rooms increasing
- Housing with services for the elderly : 3(Tokyo, Fukuoka)
- Day Service : 2 (Tokyo, Fukuoka)
- Group Home : 7 (Tokyo, Osaka, Fukuoka)



Segment Results

Elderly Care Business

Elderly Care Business Net Sales and Profit



Segment Outline

Other Business

Overseas Business

□ Initiated in China, Singapore, Indonesia

▷ China, Singapore
Intermediation business
for real estate leasing and sales



▷ Indonesia
Construction Business,
and Real estate development.
Investment Apartments “Sakura Terrace”



3 Growth Strategy

Growth Strategy

**Aim to Create a Management Platform
that Can Respond Flexibly to
Any Economic Environment Changes**

Growth Strategy

Growth Strategy ①

Strengthen Existing Business

Strengthen sales

With a focus on Domestic Real Estate

Strengthen the stock business

Through acceleration of sales



Growth Strategy ②

Formulate Overseas Business & Domestic/Overseas M&A Establish Overseas Business Model

Implement M&A

To strengthen business bases
and expand business fields



Stronger Foundation

Mid-Term Forecast

Progress against Annual Forecast of FY 12/2017
As of 1H 12/2017, Net sales 47.0% Ordinary Income 54.7%

JPY Million	FY 12/2014 Result	FY 12/2015 Result	FY 12/2016 Result	FY 12/2017 Forecast	1H FY 12/2017 Result	Against Forecast	FY 12/2018 Forecast	FY 12/2019 Forecast
Net Sales	39,724	55,070	81,294	105,000	49,386	47.0%	115,000	125,000
Operation Income	4,740	6,806	10,570	11,700	6,430	54.9%	12,000	13,000
Ordinary Income	4,302	6,448	9,895	11,000	6,021	54.7%	11,500	12,500
Profit Attributable to Owners of Parent	2,886	4,447	6,662	7,800	4,103	52.6%	8,200	9,100
Net Assets	8,001	12,345	18,548					
EPS	177.23円	270.02円	400.92円					

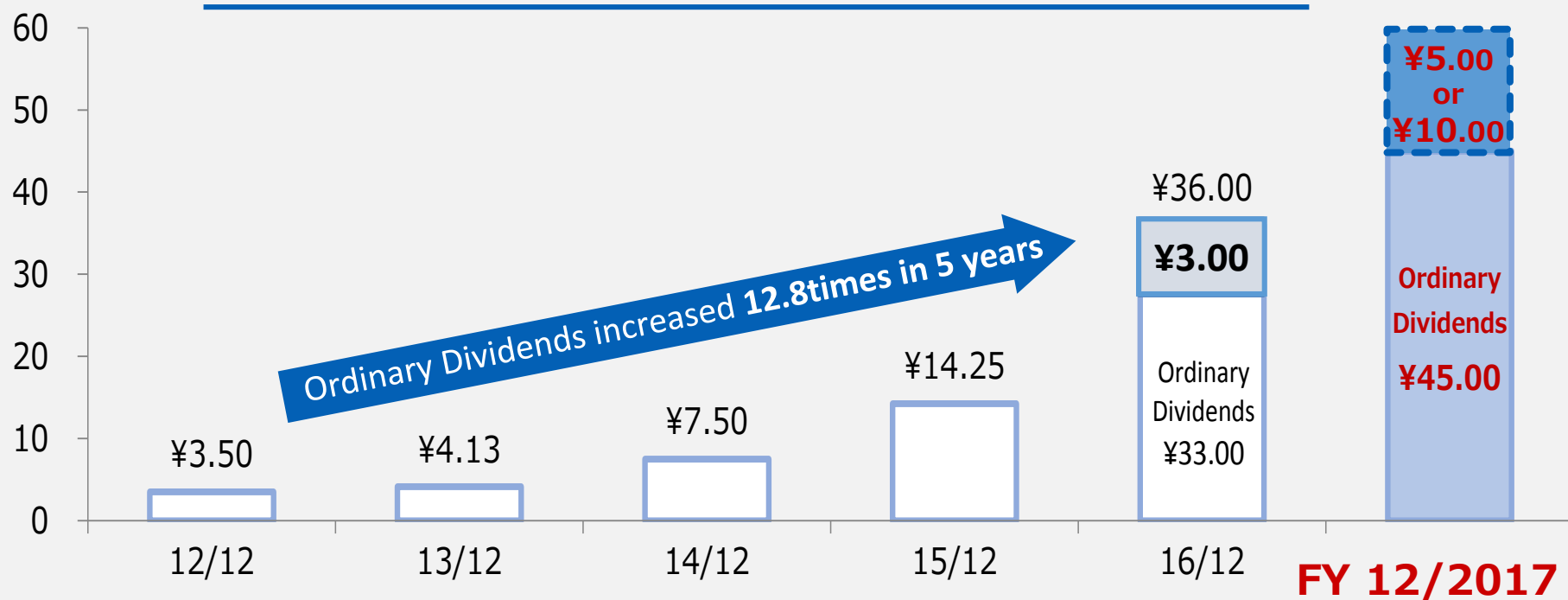
**Adjusted Forecast
Upwards
in Nov. 2016**

4 Shareholder Returns

Dividends

FY 12/2017

Ordinary Dividends 45.00円+Special Dividends ¥5.00 or ¥10.00
= 45.00~55.00円 (¥9.00~¥19.00 **Increase from previous year)**



(※) Dividend figures for each period take into account stock splits

(Further information in P30)

Special Dividends

Ordinary Dividends

Mid-term ¥22.50
Term-end ¥22.50

Total ¥45.00

+

Special Dividends

Special Dividends
¥5.00 or ¥10.00

Ordinary Income in FY12/2017

Current Forecast : ¥11,000 Million

If Over ¥12,100 Million (10% increase) : **¥5**

If Over ¥13,200 Million (20% increase) : **¥10**

=

FY12/2017

¥45.00

or

¥50.00

or

¥55.00

**Strengthening
Shareholder Returns**

5 Topics

Business Expansion to various fields

Development and Sales of Vacation Rental Apartments / Condominiums



【The 1st Vacation Rental Condominium】

- Plan : 46 Rooms
- Location : Tokyo (Ota-ku)
- Completion : May. 2017
- Operation : Jul. 2017



【The 1st Vacation Rental Apartment】

- Plan : 6 Rooms
- Location : Osaka City
- Completion : Jul. 2017
- Operation : Sep. 2017 (Scheduled)

Apartment Development in Indonesia

Japan Quality Investment Apartment “Sakura Terrace” Brand



Renovation × Vacation Rental (Scheduled from Autumn 2017)

Renovating vacant tenants in the central areas,
Using them as Vacation Rental rooms

Alliance with leasing company in Fukuoka

Strengthening products, Service quality along with
creating revenue through synergy effect.



Shinoken Group



All way MYU Corporation



Image of the 1st project (Fukuoka)

DISCLAIMER

This document includes estimations that are based on presumptions, forecasts and plans concerning the future of Shinoken business using September 2, 2017 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.

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