

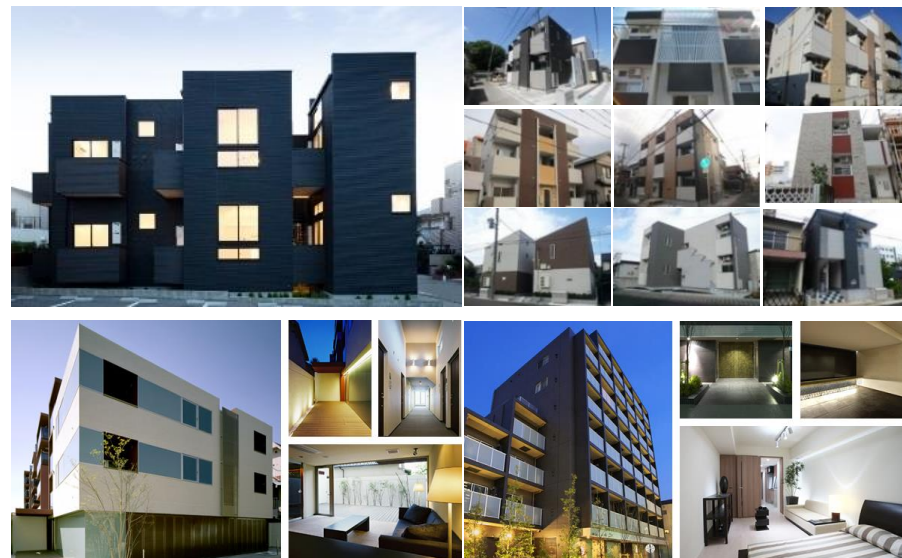


JASDAQ Ticker:8909

Business Overview

2Q FY2018.12

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



【Index】

■ Results for 2Q FY2018.12	2
Consolidated Result Highlights	3
Current Position and Forecasts.....	4
Balance Sheet Highlights.....	5
Business Segment Result Highlights.....	6
Shareholder Returns.....	10
■ Our Business Model	11
■ Our Strategy for Future Growth	19
■ Reference Materials	25
■ Disclaimer / Inquiries	36

Results for 2Q FY2018.12

Consolidated Result Highlights

Set Record High for 2Q Results, **9 consecutive years growth**

Net Sales

2Q FY2018.12 Result

¥ 58,540 Mil

YoY118.5%

Operating Income

2Q FY2018.12 Result

¥ 6,813 Mil

YoY105.9%

Ordinary Income

2Q FY2018.12 Result

¥ 6,212 Mil

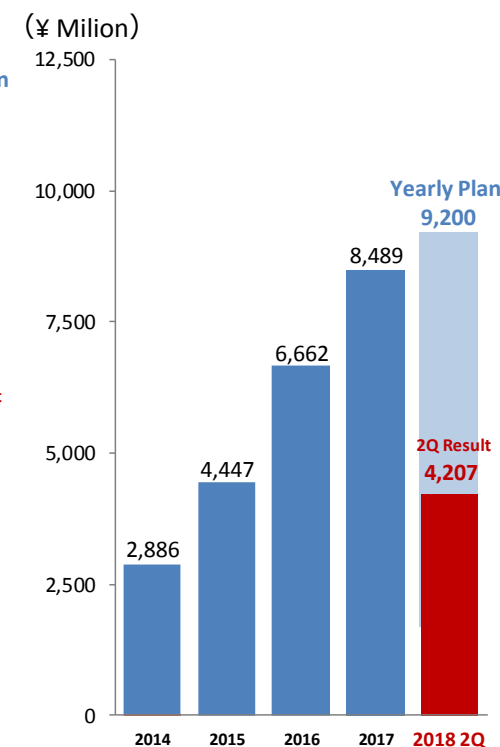
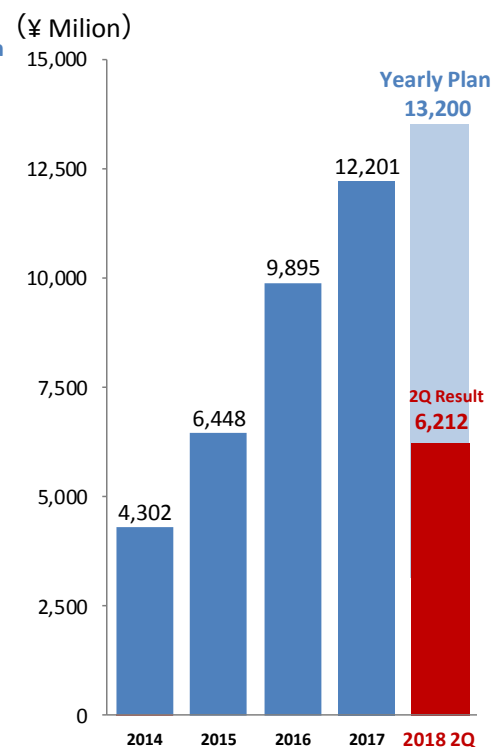
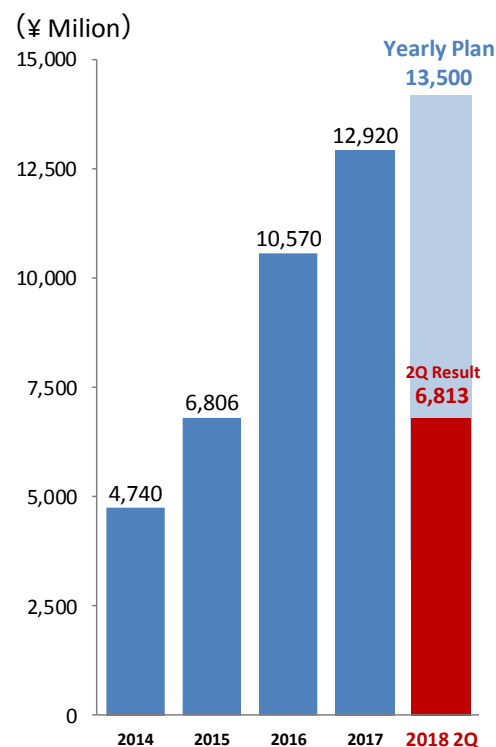
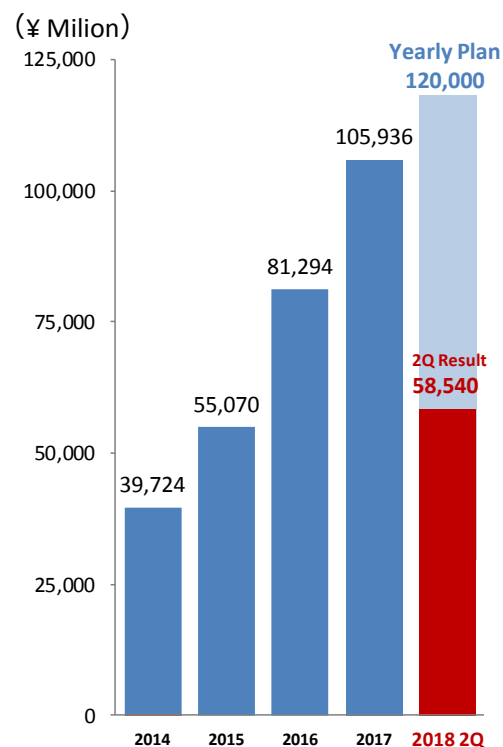
YoY103.1%

Profit Attributable To Owners of Parent

2Q FY2018.12 Result

¥ 4,207 Mil

YoY102.5%



Current Position and Forecasts

■ Current Position against Forecast

【Consolidated Net Sales】

Forecast : ¥57,000 Million

⇒Result : ¥58,540 Million

102.7% against Forecast

【Consolidated Ordinary Income】

Forecast : ¥6,200 Million

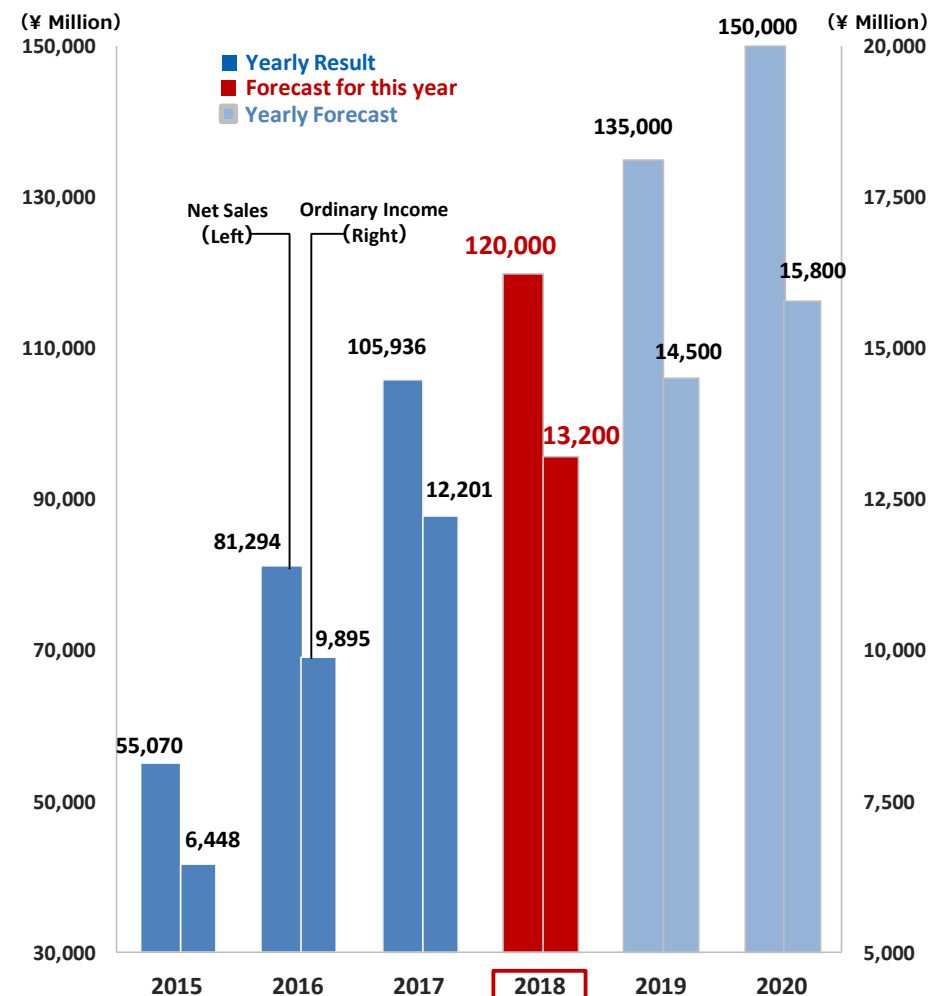
⇒Result : ¥6,212 Million

100.2% against Forecast

Further Goals to Achieve

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

■ Three-year Forecast



Balance Sheet Highlights

Cash and Deposits ¥ 29,171 Million (¥ 5,668 Million increase from end of Dec, 2017)
Capital adequacy Ratio 31.4% (2.4pt increase)

■ Assets

¥ Million	2016.12	2017.12	2018.12 2Q	Comparison with 2017.12
Cash and Deposits	13,524	23,502	29,171	5,668
Real Estate for Sale	26,624	28,631	30,525	1,894
Costs on Real Estate Business	15,336	19,285	16,797	▲ 2,488
Other Inventories	6	21	1	▲ 19
Property, Plant and Equipment	6,143	6,881	7,184	302
Other Assets	10,638	12,649	12,071	▲ 578
Total Assets	72,273	90,972	95,750	4,778

Purchase of new Lands for Apartments
Moved Steadily

■ Liabilities and Net Assets

¥ Million	2016.12	2017.12	2018.12 2Q	Comparison with 2017.12
Current Portion of Bonds	434	925	962	37
Short-term Loans payable	15,908	23,611	26,633	3,022
Bonds	1,596	1,585	1,612	27
Long-term Loans Payable	20,024	22,400	20,791	▲ 1,608
Total of Liabilities with interest	37,962	48,521	49,999	1,478
Other Liabilities	15,761	16,060	15,458	▲ 602
Total Liabilities	53,724	64,582	65,457	875
Total Net Assets	18,548	26,390	30,293	3,903
Total Liabilities and Net Assets	72,273	90,972	95,750	4,778

Capital adequacy Ratio	25.6%	29.0%	31.4%	+ 2.4pt
---------------------------	-------	-------	-------	---------

Business Segment Result Highlights

Each segment Proceeded as planned. Will continue to strengthen the base for higher profits

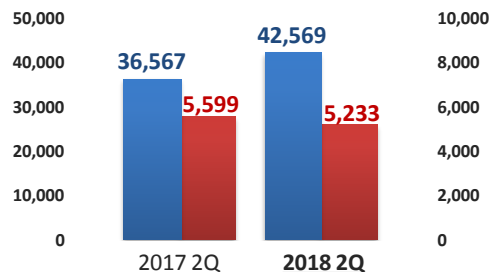
Net Sales (Left)

Segment Profit (Right)

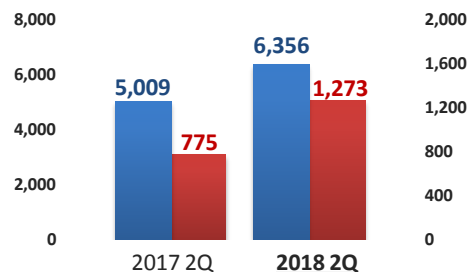
※Net Sales are for external clients

(¥ Million)

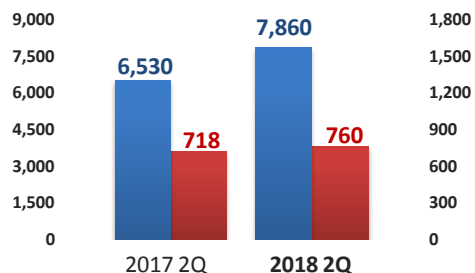
Real Estate Sales Business



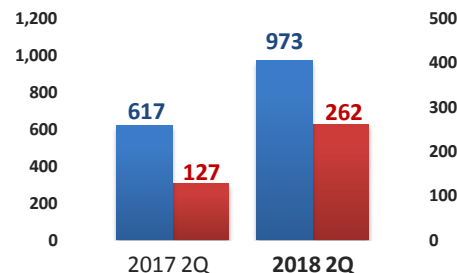
Real Estate Management Related Business



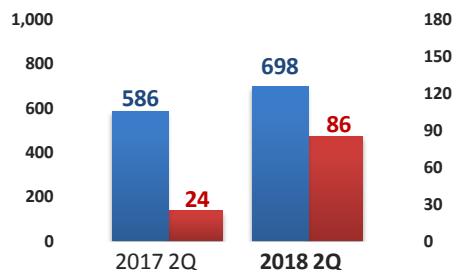
General Contractor Business



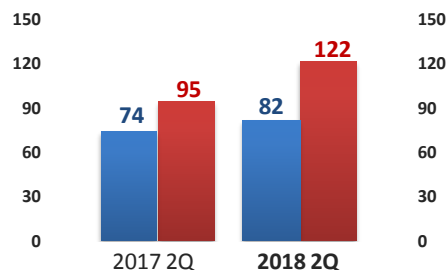
Energy Business



Elderly Care Business

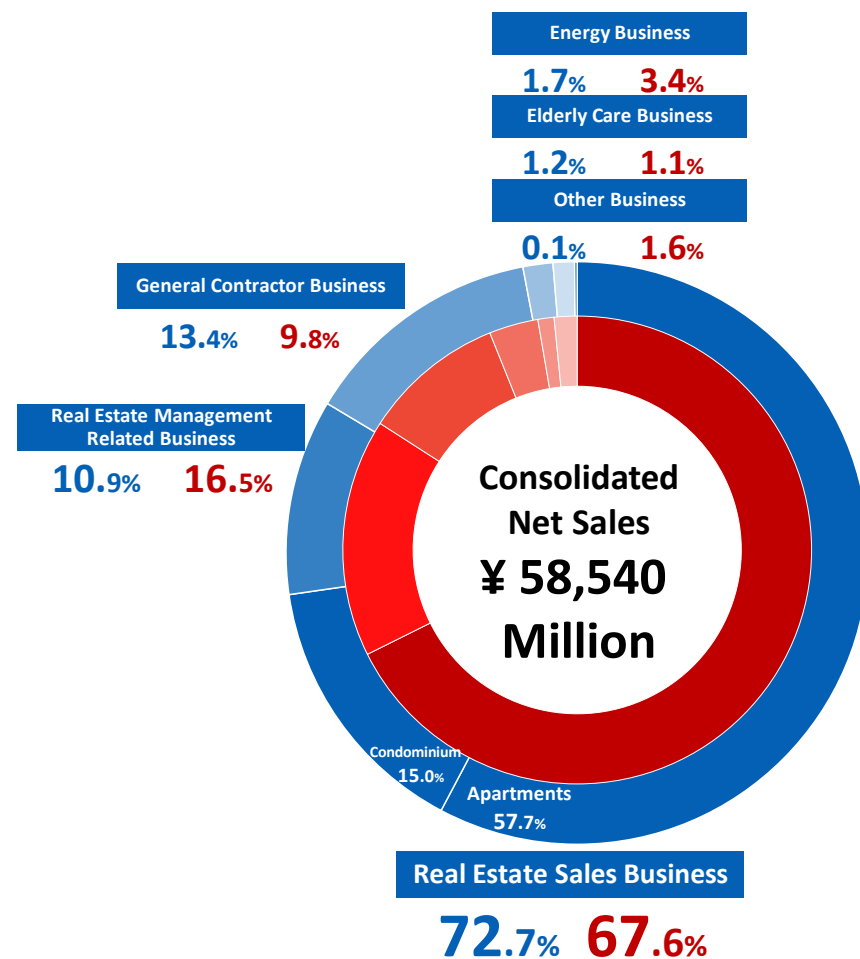


Other Business



Ratio of Net Sales / Segment Profit※

※ Adjusted amounts are not included



Real Estate Sales Business

YoY Growth in Sales, Decrease in Profit

Apartment sales showed a steady growth mainly caused by the increase in the Tokyo area, under our policy to increase our sales

Set Record High for quarterly sales, Order Backlog also set record high in both building units and value

Condominium Sales proceeded as planned, under our policy to keep sales at a certain level

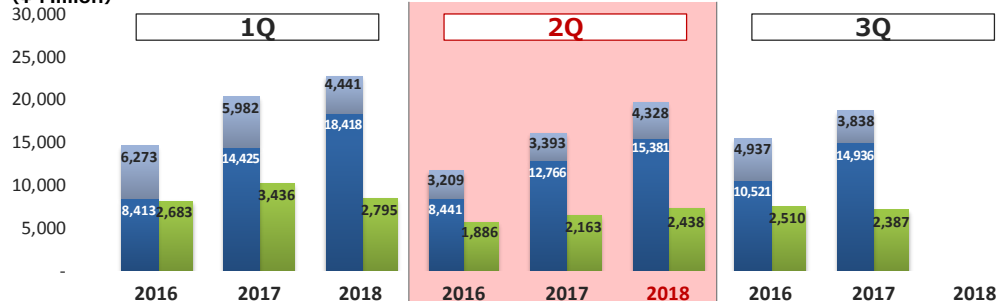
¥ Million	2016 2Q (Cumulative)	2017 2Q (Cumulative)	2018 2Q (Cumulative)	YoY 2018 & 2017
Segment Net Sales	26,337	36,567	42,569	116.4%
Apartment_Sales	16,845	27,191	33,799	124.3%
Condominium_Sales	9,482	9,375	8,769	93.5%
Segment Profit	4,569	5,599	5,233	93.4%

Main ① An irregular land sell off in the condominium business occurred in the previous 1Q, but not this year
Cause ② By Re-structuring internal transaction within our Group, commission revenue was terminated from 2018

Condominium Sales

Apartment Sales

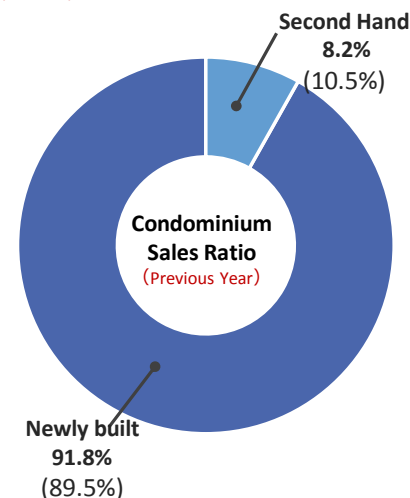
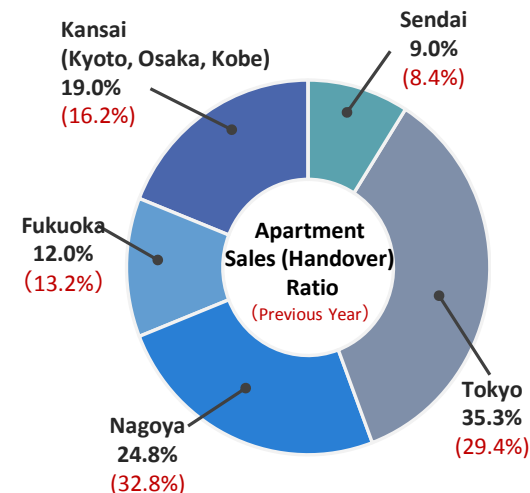
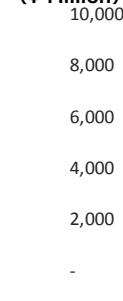
(¥ Million)



Exceeding Previous Year

Segment Profit

(¥ Million)

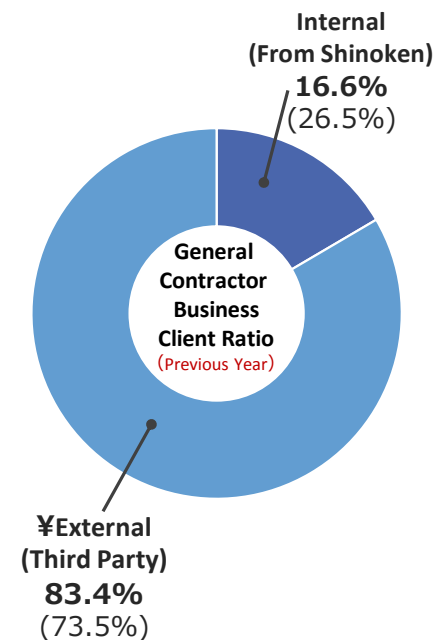
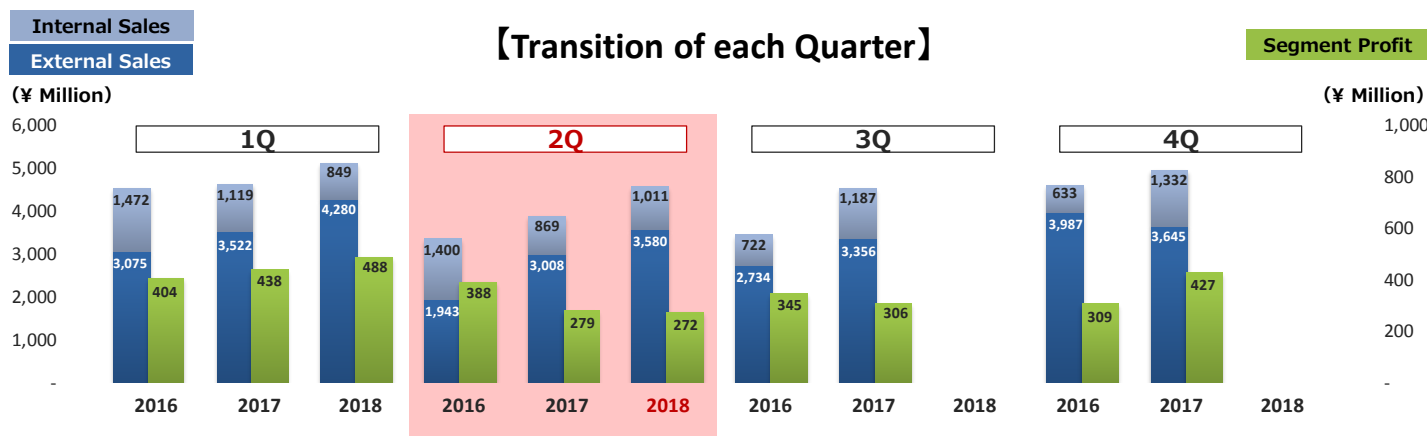


General Contractor Business

YoY Growth in both Sales and Profit.

Continuously making good progress in achieving construction orders from new customers,
Including corporate/individual/government agencies due to strengthening of sales activities.

¥ Million	2016 2Q (Cumulative)	2017 2Q (Cumulative)	2018 2Q (Cumulative)	YoY 2018 & 2017
Total Net Sales	7,891	8,520	9,721	114.0%
Internal Sales	2,872	1,989	1,860	93.5%
External Sales	5,018	6,530	7,860	120.3%
Segment Profit	793	718	760	105.8%

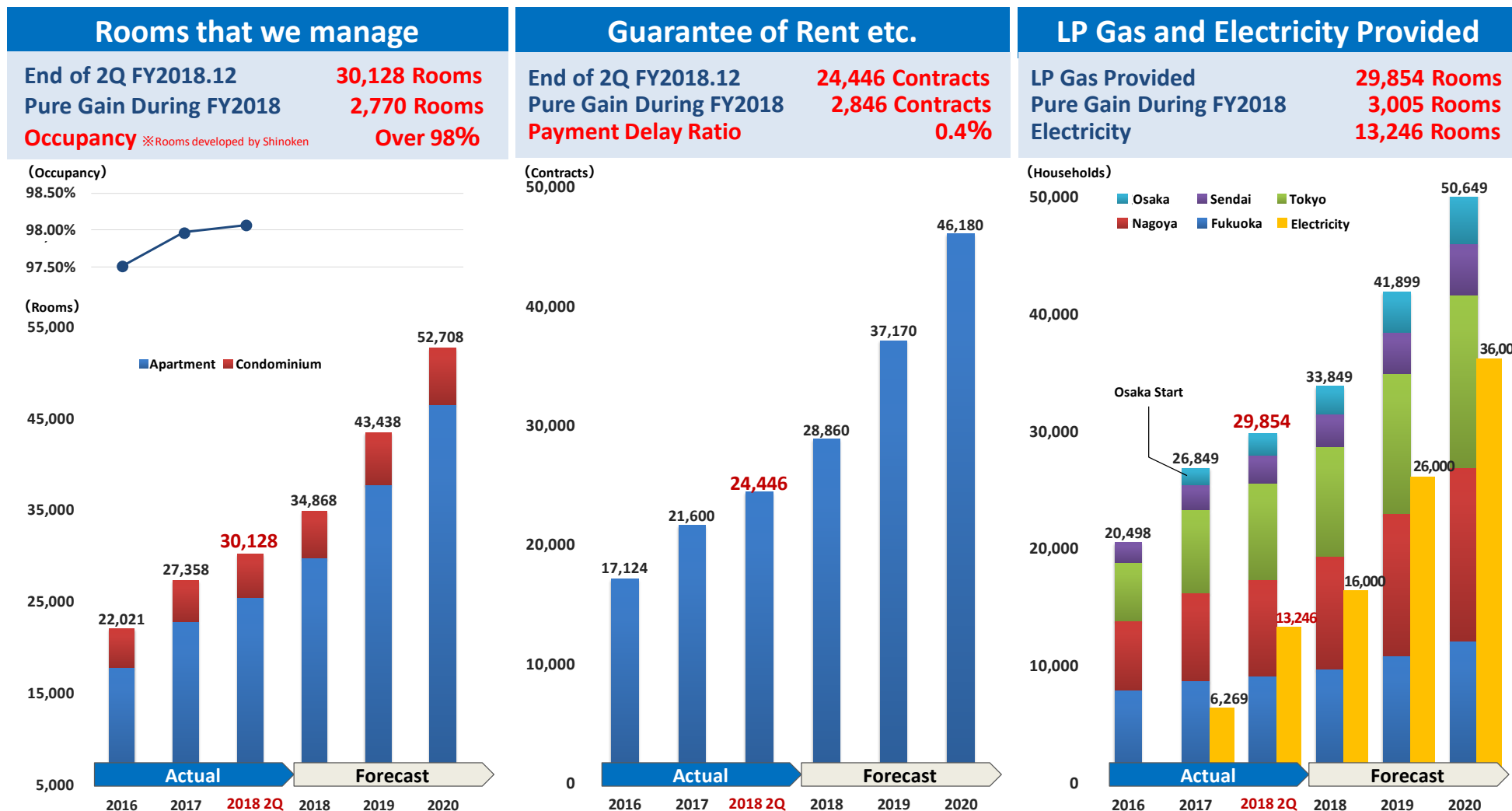


Real Estate Management Related Business & Energy Business

Steadily increasing in proportion to Sales.

Jan to Jun. 2018 **Occupancy Rate is over 98%**, including the rooms from our establishment.

Guarantee contracts and LP Gas, Electricity Supply also shows steady growth.



Shareholder Returns ~Stock Split~

In order to improve the liquidity of our stocks and further expand the range of investors,
a Stock Split at the ratio of 2 shares per ordinary share will be initiated.
Subject shares are those entered and recorded in the last shareholder registry as of Jun.30, 2018.

Ordinary Dividends

¥60.00

Mid-term **¥30.00**
(According to the number of
shares before the Split-up)

Year-end **¥15.00**
(Stock Split Conversion ¥30.00)

Special Dividends

Ordinary Income in FY2018.12
Initial Forecast : ¥13,200 Million

If Over ¥14,520 Million (10% Increase)
¥3.00
(Stock Split Conversion ¥6.00)

If over ¥15,840 Million (20% Increase)
¥6.00
(Stock Split Conversion ¥12.00)

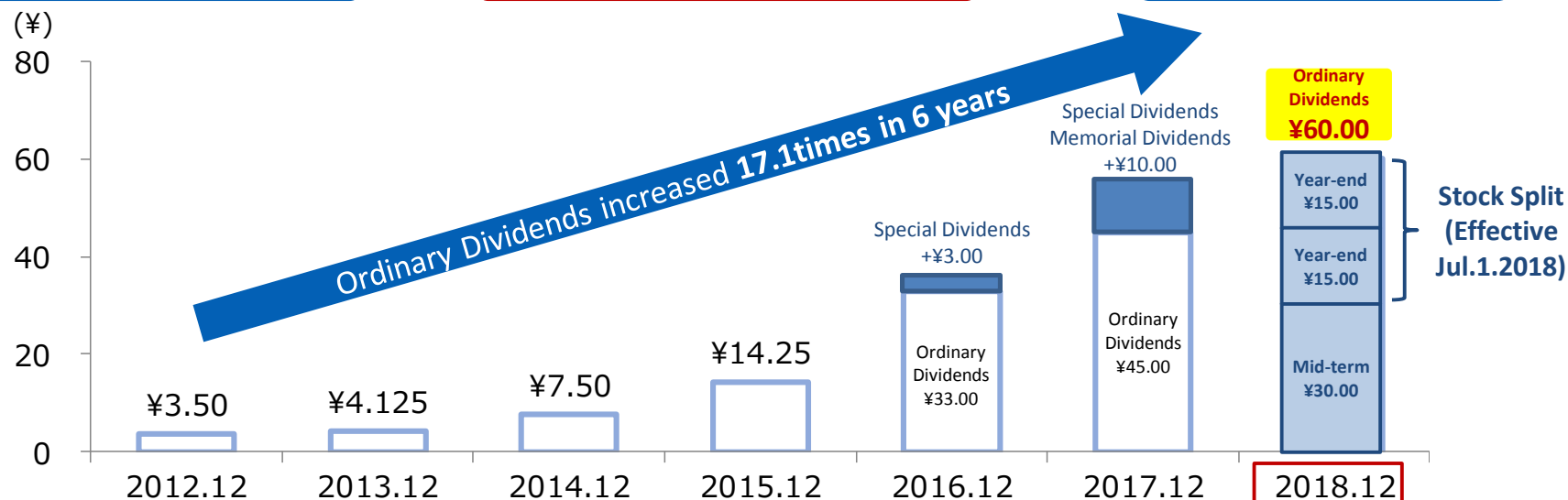
FY2018.12

¥60.00

or
¥66.00

or
¥72.00

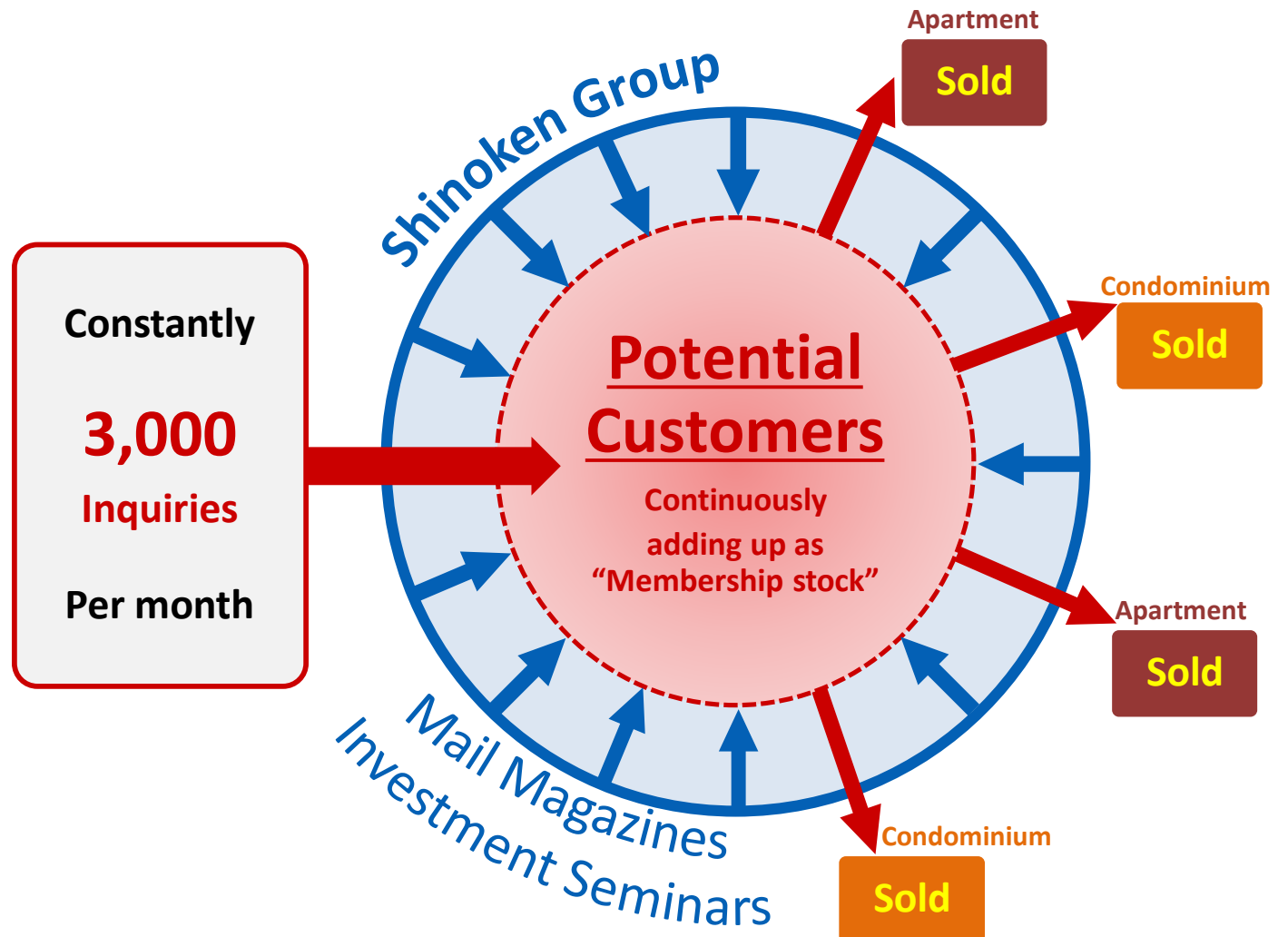
(Considering the Stock Split)



Our Business Model

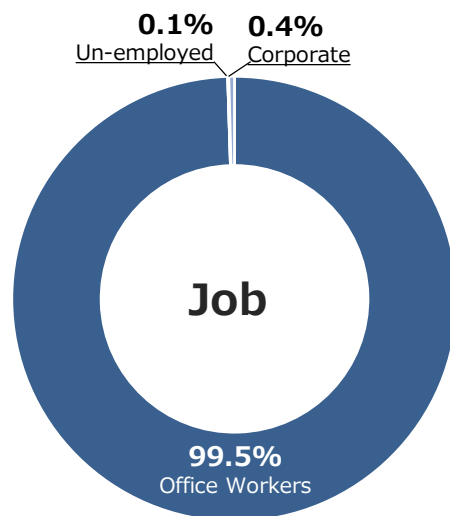
Our Sales Style

Since our establishment, sales activities are only towards inquiries from those who are interested

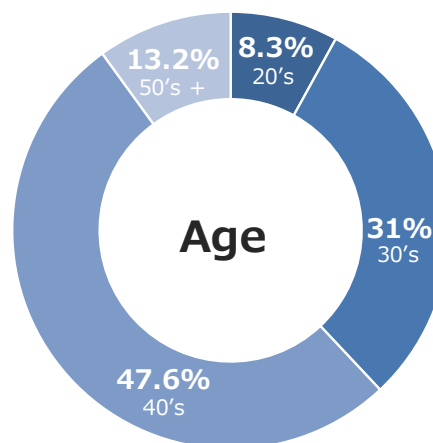


Customer Types

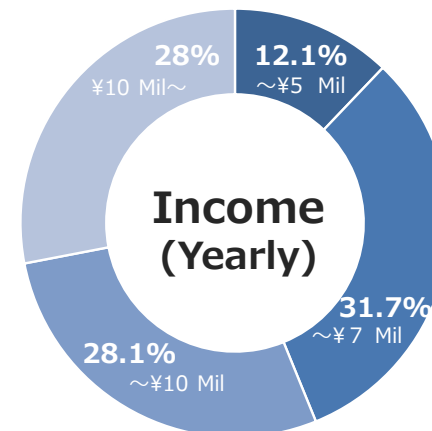
99% of our customers are ordinary Office Workers who do not own property



Over 99%
Are Office Workers



Nearly 87%
Are in their 40's
or younger



Nearly 72%
Have less than ¥10 Mil
yearly income

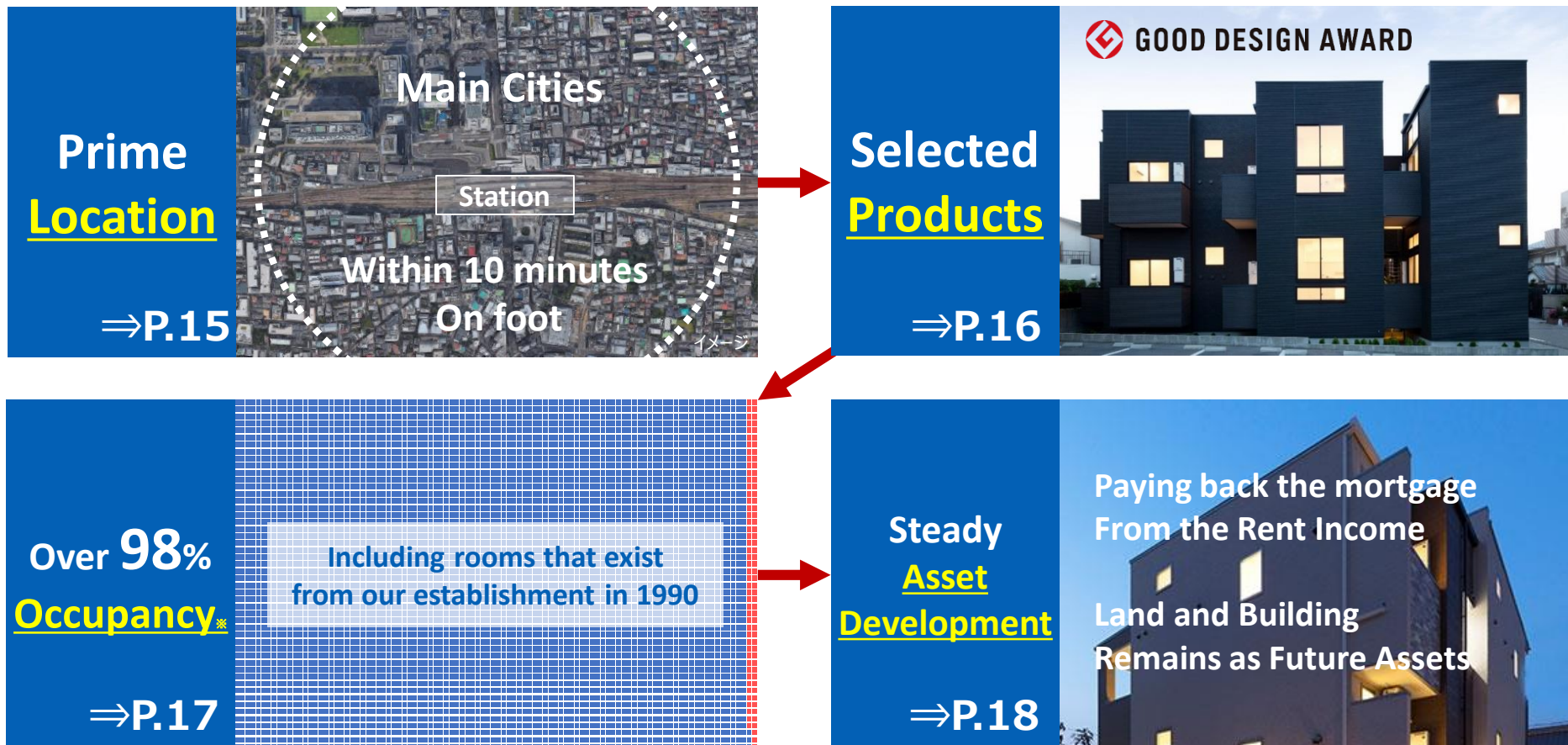
※ Tables above are based on contracts from Jan to Jun 2018

Young Investors are increasing for future Asset Development

Existing clients and comprehensive after-services result in repeat customers and referrals (≒30%)

Our Main Features

We have established a system where
Office Workers can Develop their Future Assets through Real Estate Investment



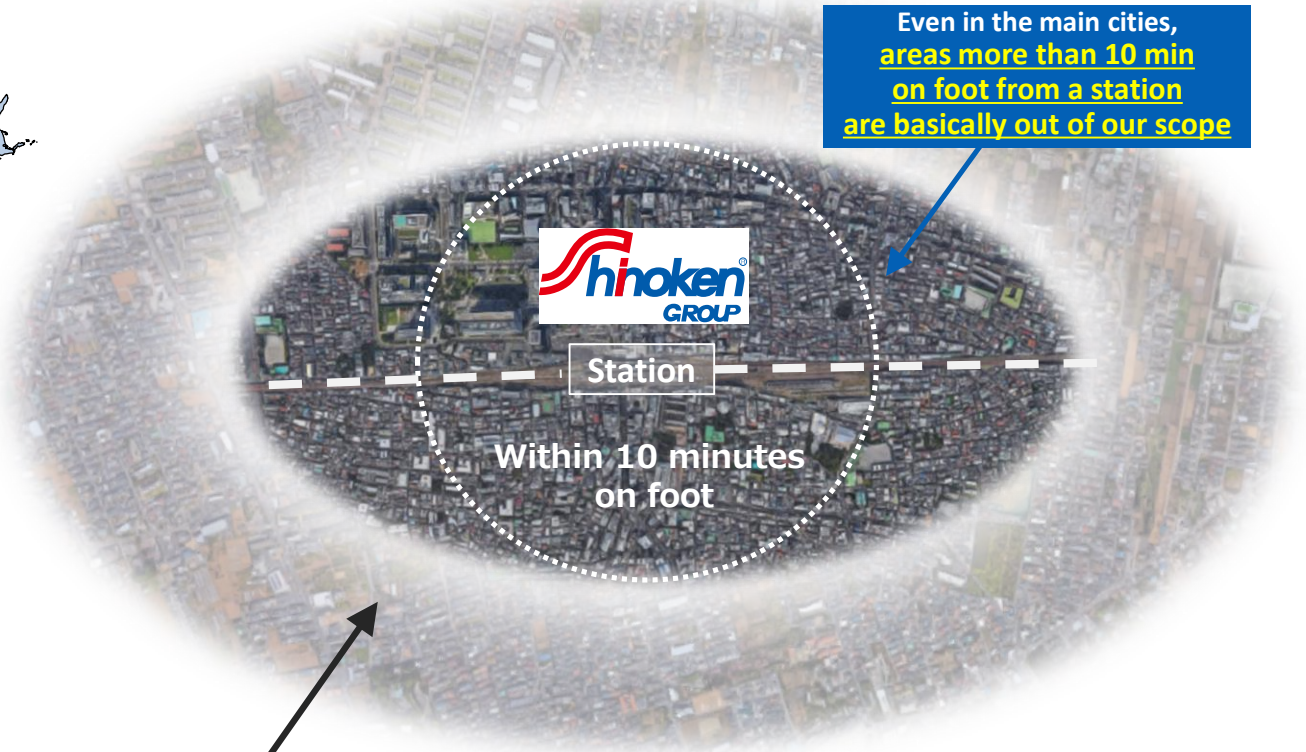
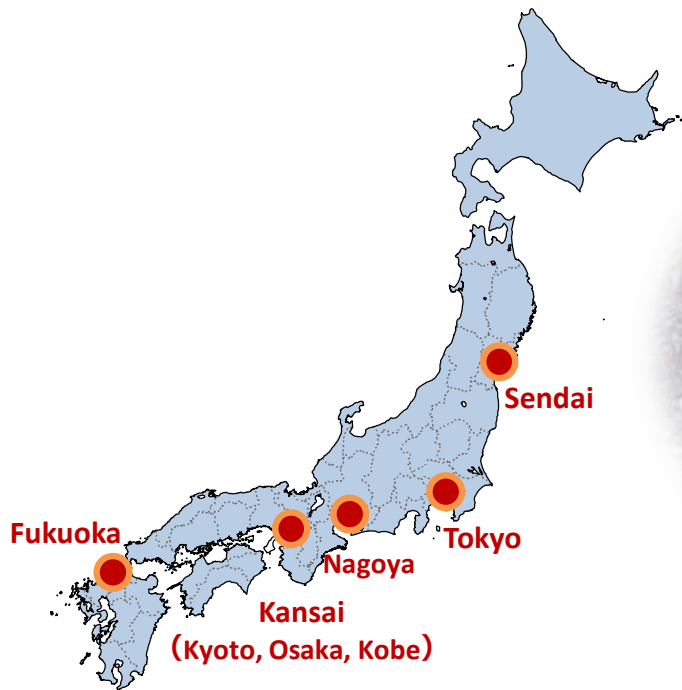
※Average of Jan 2018 to Jun 2018

Prime Locations

We only select Locations that Enable High Occupancy and Steady Rent Income, which are Essential

■ Main Cities

■ Within 10 minutes on foot from Station



Even in the main cities, areas more than 10 min on foot from a station are basically out of our scope

Station
Within 10 minutes on foot

Normal Apartment Companies also develop properties outside the main city areas or areas far away from a Station

Selected Products

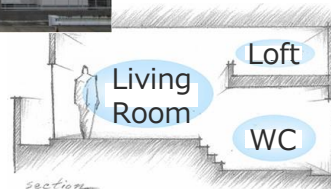
Compact but spacy
Unique Design

 **GOOD DESIGN AWARD**

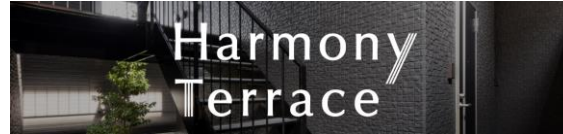
「New Standard "BRICK" / "PLATFORM"」
Achieving 2 Good Design Awards



Loft



Adjusted to the area and the shape of land
Planning and Product Range



Enabling Stable Rent Management
Rent Rate Setting

**10 min from Station
Designers Apartment**

It may be possible to set a high
Rent Rate (Especially while the
building is new)

**Shinoken sets the rent
rate according to the
market**



**To enable
long term steady management,
not temporary high yield**

High Occupancy

To provide property that
Will be more selected

Reflecting the needs of our customers

Initiating a survey
Towards more than 30,000 of our
residences

Understanding their needs,
Immediately reflecting them
to our products



Intercom with color display



Independent sink



Staircase with Storage

「Shinoken Smart Apartment」
Introducing IoT

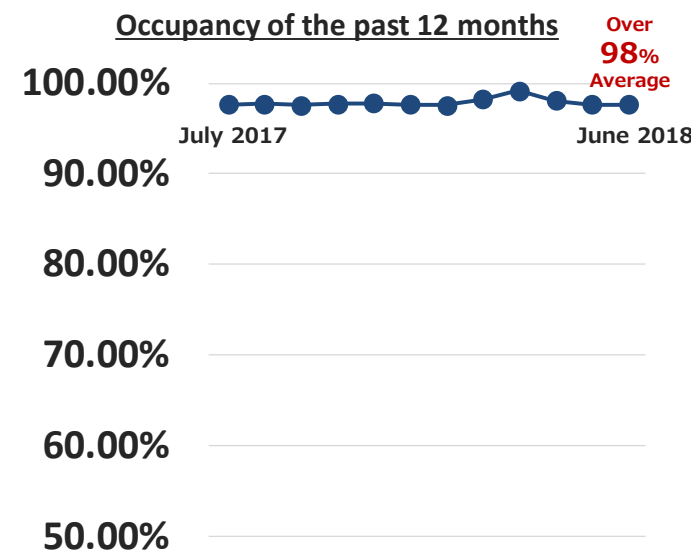
IoT Device
『Shinoken Smart Kit』
Available from 1 room

▼
No Running Cost Needed
Higher security, convenience,
and more safe and comfortable
stylish lifestyle through IoT
Through one Smartphone



**Including rooms that exist
from our establishment in 1990**

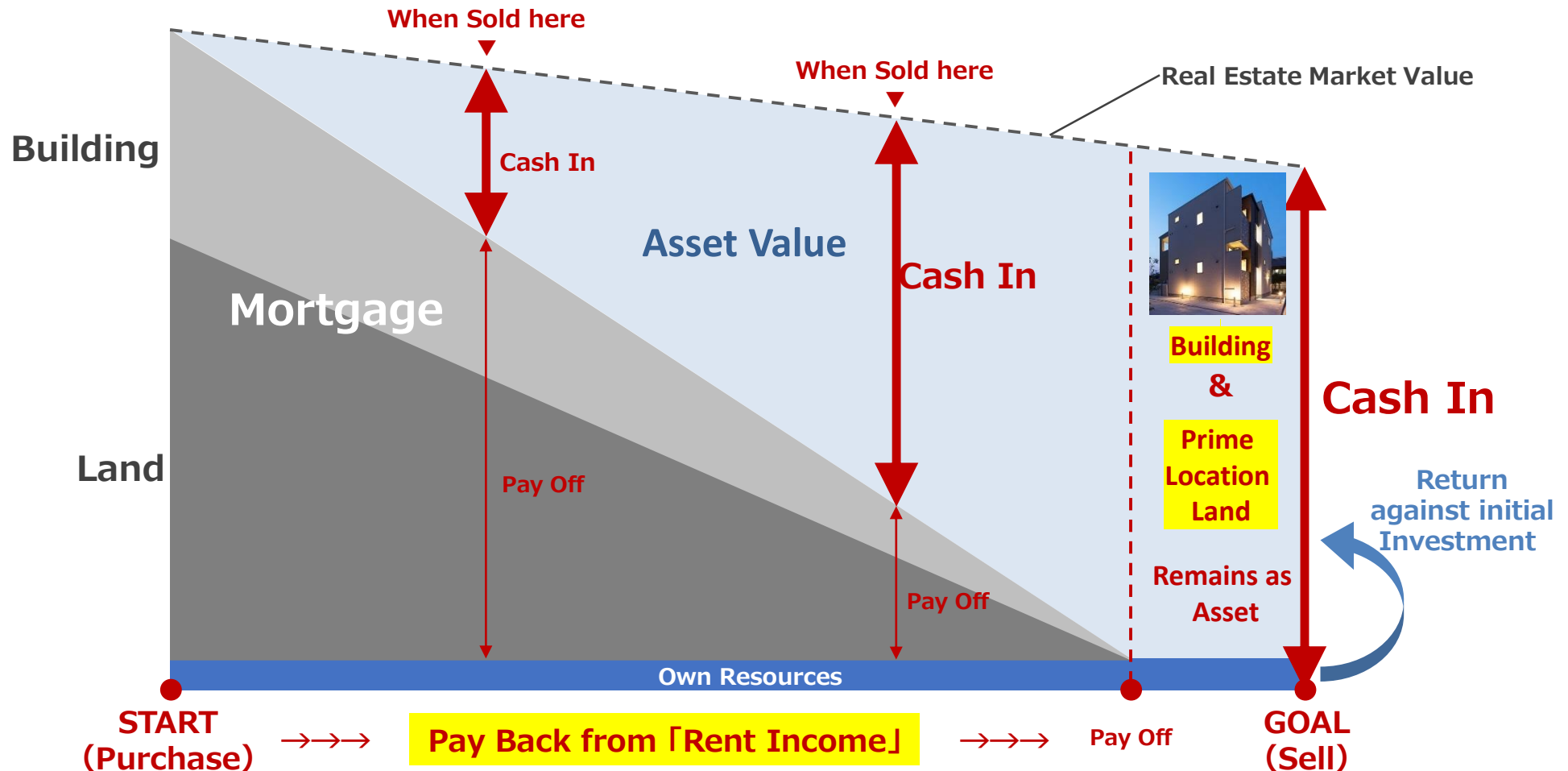
Location
×
Design Ability
×
Continuous R&D
↓
**Long Term
High Occupancy**



※Property developed by Shinoken

Our Model Of Asset Development

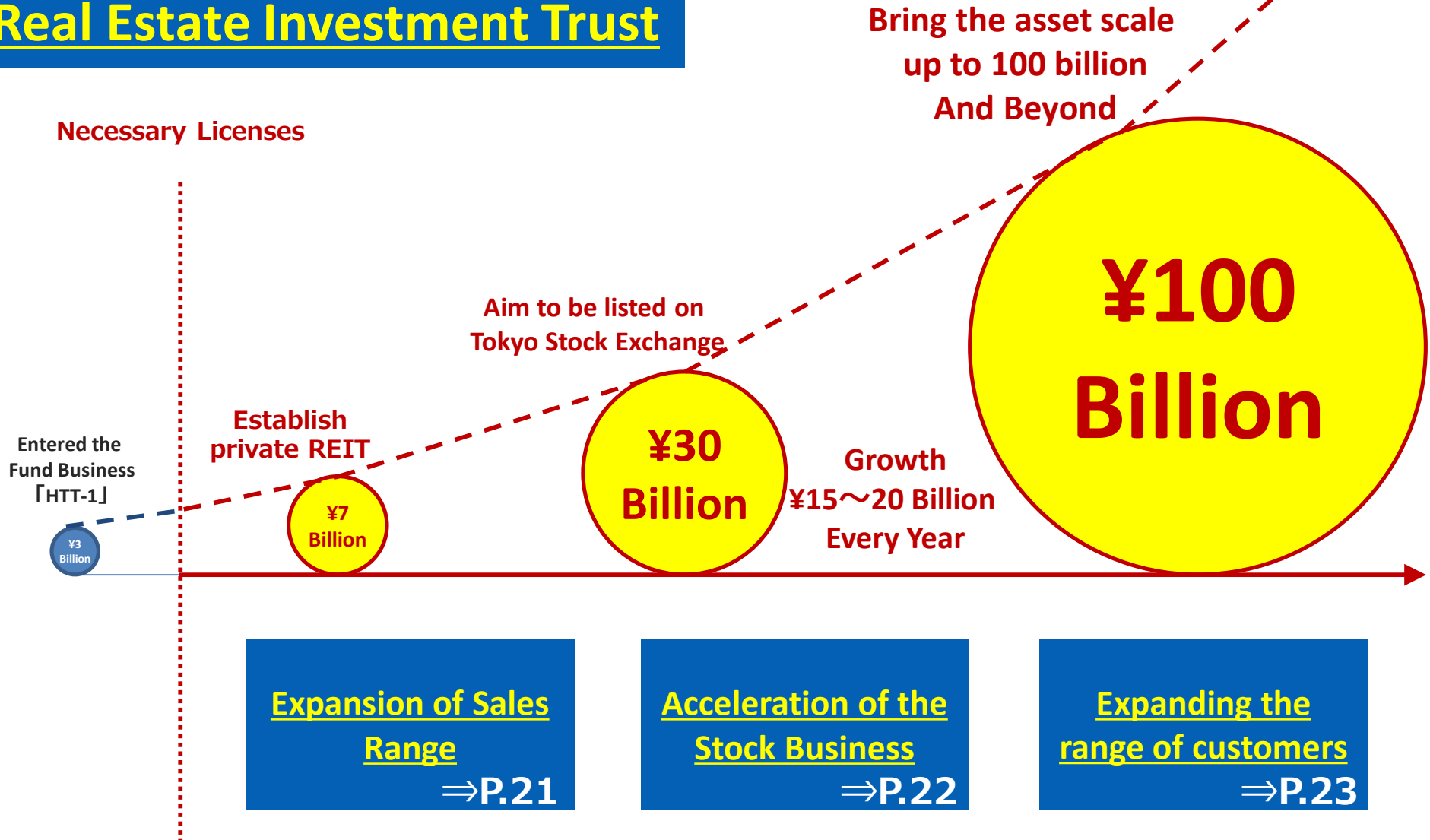
Long Term Asset Development



Our Strategy for Future Growth

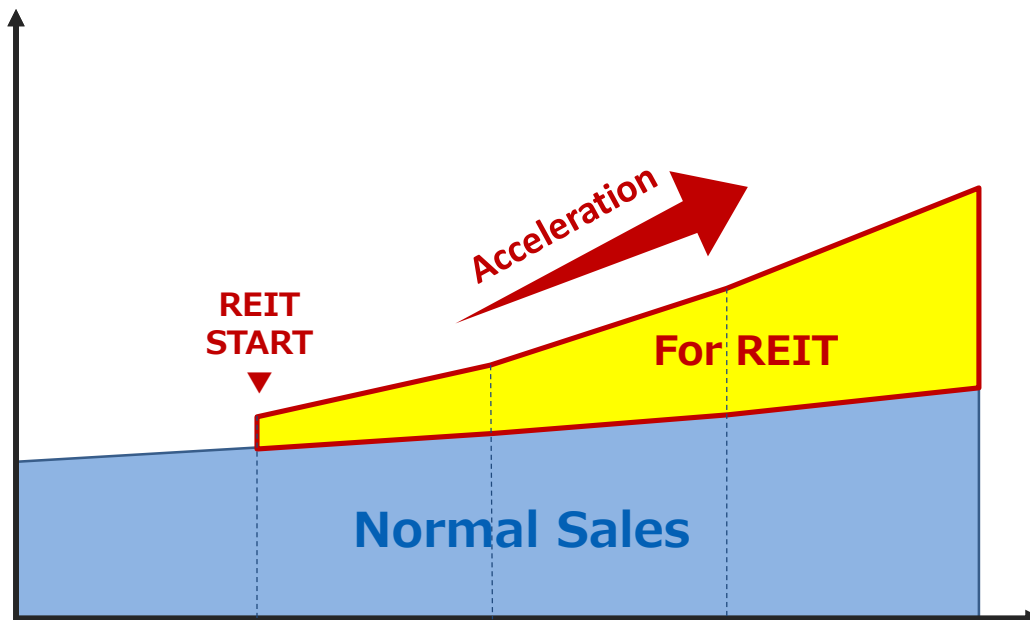
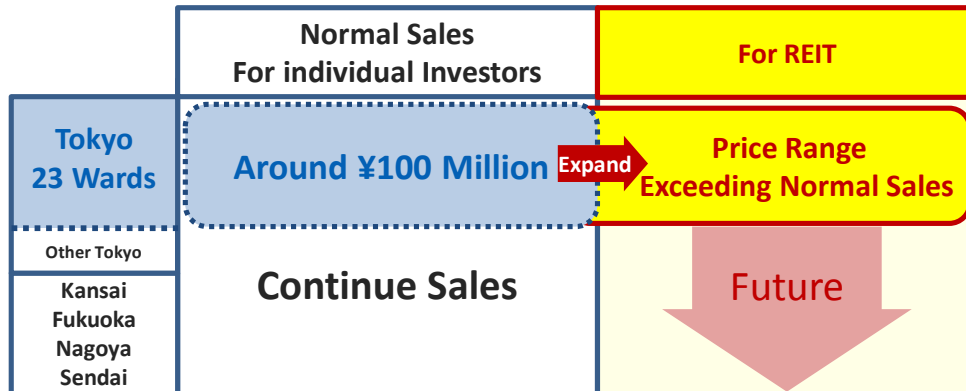
Our Strategy for Future Growth ①

Real Estate Investment Trust

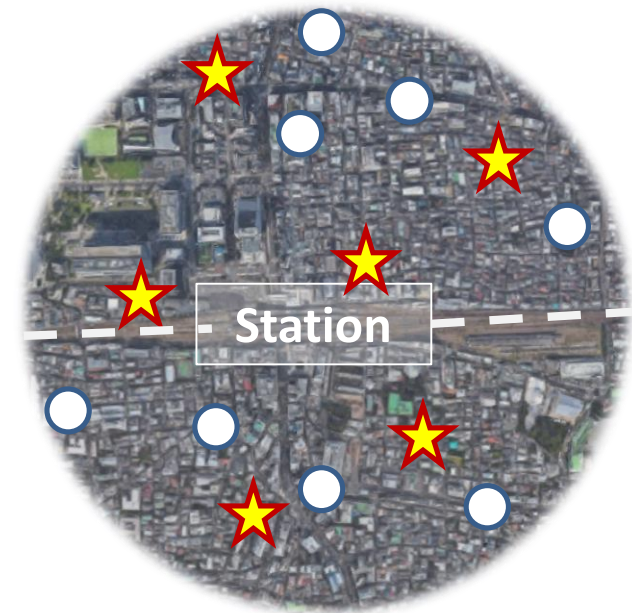


Our Strategy for Future Growth ②

Further Revenue Increase
through **Expansion of Sales Range**



A new range of Land Purchase
Within 10 min on foot from stations
in Central Tokyo (23 Wards)

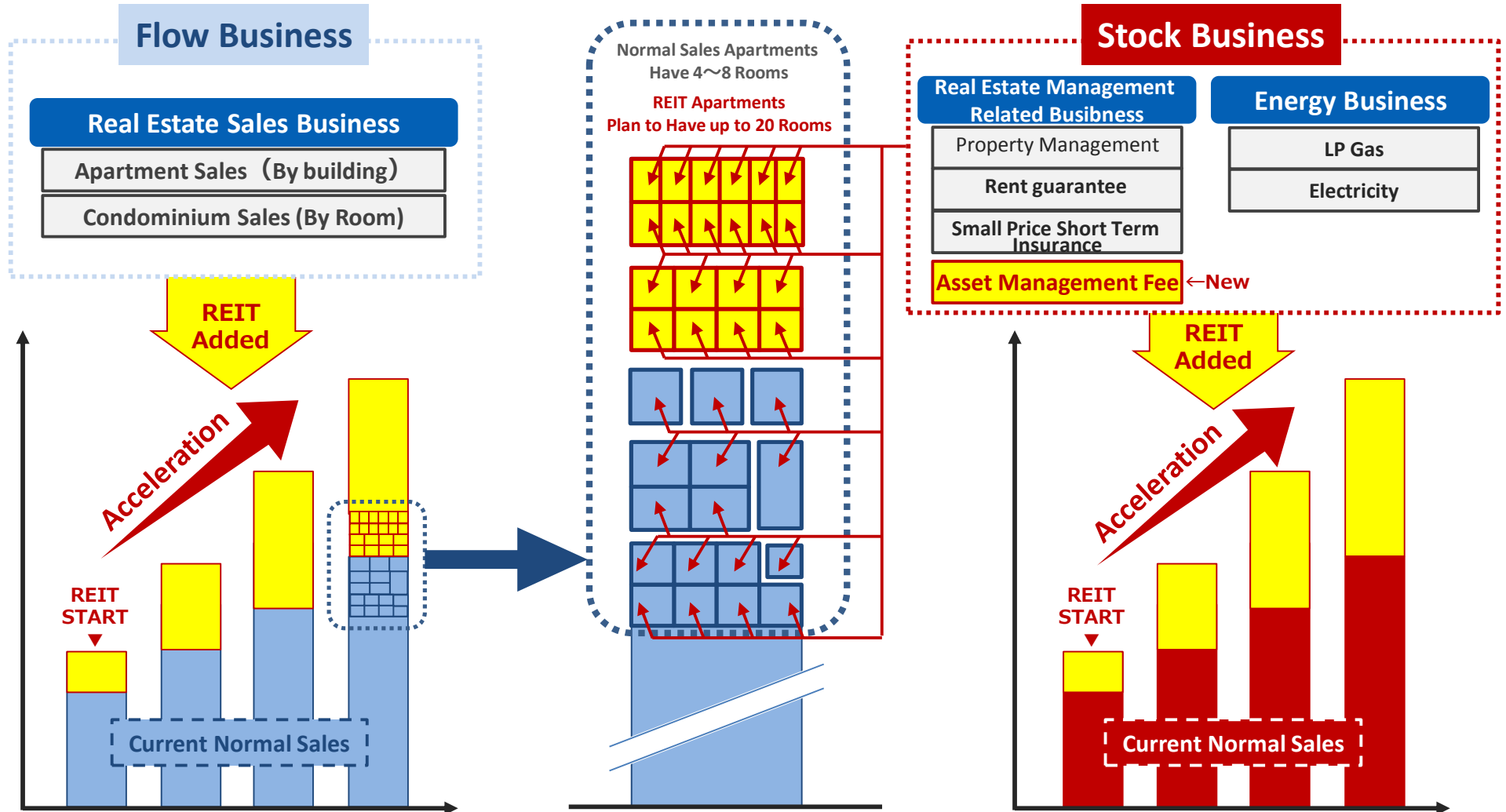


○ : Current Land Purchase Range

★ : New Land Purchase Range

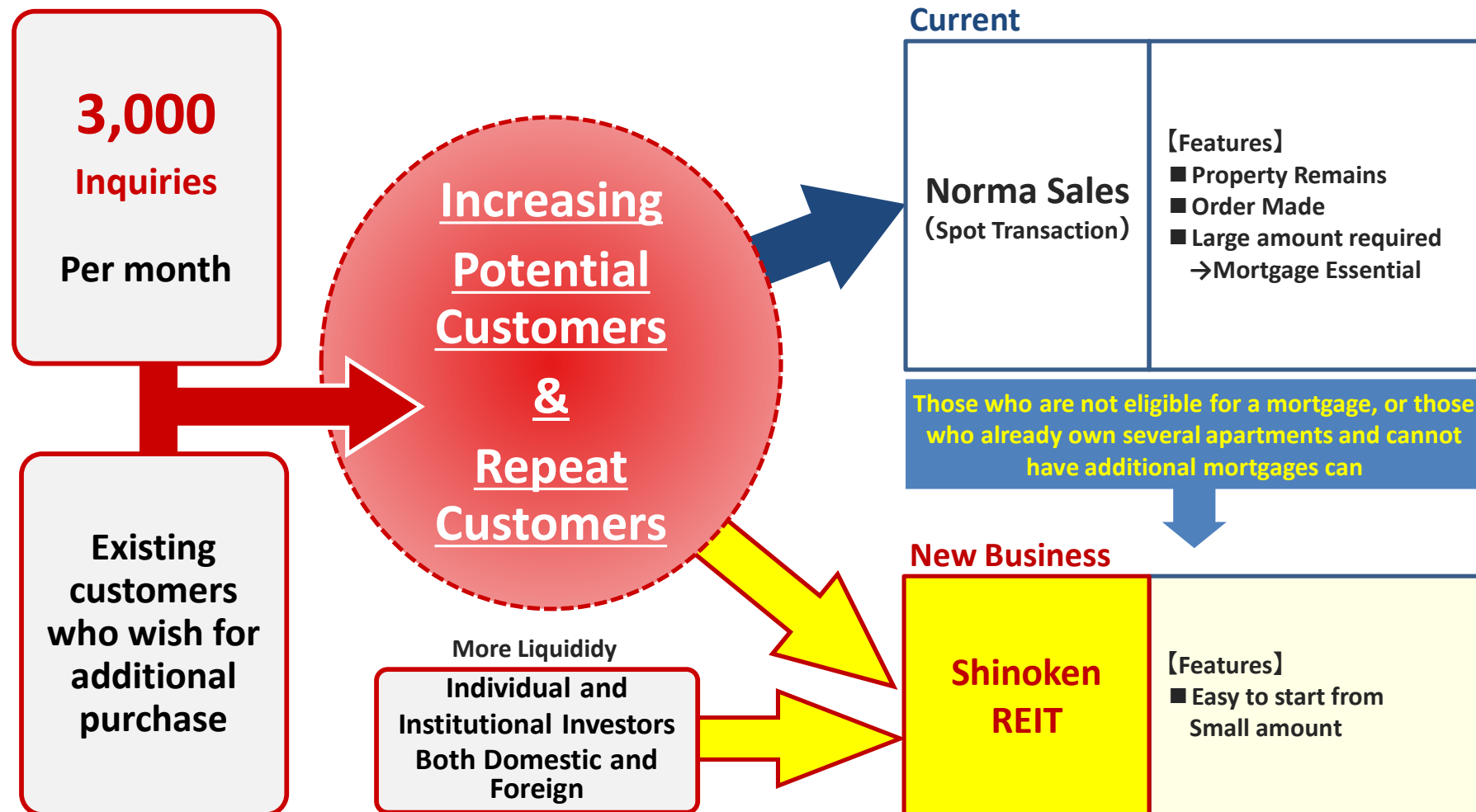
Our Strategy for Future Growth ③

Acceleration of the Stock Business According to Sales



Our Strategy for Future Growth ④

Expanding the range of customers



REIT Outline

Property priced around JPY 100 million will continue as normal sales for Individual Investors

Segregation

Price range above normal sales will be for the REIT

Real Estate Sales
Business

• Sales

By adding a new range of price,
more land will be available to purchase,
leading to further business opportunities

Additional revenue achieved
by increasing sales of
higher-priced property

Stock Business
Increasing accordingly to sales

Real Estate
Management
Related Business

• Property Management
• Rent guarantee
• Small Price Short Term
Insurance
• Asset Management

Energy Business

• LP Gas
• Electricity

SHINOKEN REIT

For Property
developed by Shinoken

Mainly Tokyo Metropolitan area
(23 wards)

Within 10 minutes walking distance
from a railroad station



Compose a private placement REIT
JPY 7 billion in scale



**Be listed in the
Tokyo Stock Exchange
JPY 30 billion in scale**



**To both institutional and
individual investors inside
and outside the country,
through the capital market**

Invest

Institutional Investors

Liquidity

Invest

Individual Investors

【Reference Materials】

About our Group



Shinoken Group (Holding Company)

【Established】
Jun.5, 1990

【Capital】
1,091.85 Million
(As of end of March, 2018)

【Business Areas】
<Domestic>
 Tokyo, Fukuoka, Nagoya, Osaka,
 Sendai, Sapporo
<Overseas>
 Indonesia, Hong Kong, Shanghai, Singapore

28 Companies
(As of end of Jun.2018)

Shinoken Office Service

Listed Affiliated Companies

Properst (19.4%)
JASDAQ Ticker: 3236

Something HD(21.2%)
JASDAQ Ticker: 1408

Real Estate Sales Business

Apartment Sales / Condominium Sales

Shinoken Produce

Shinoken Harmony

Real Estate Management Related Business

Rental / Condominium Management
Guarantee of Rent etc.
Real Estate Fund Business
Small-amount Short-term insurance

Shinoken Facilities

Shinoken Amenity

Mansion Life

Shinoken Communications

Shinoken Asset Management

JICC SSI (50%)

General Contractor Business

Contracts for
Corporate, Individual and Government
related customers and Shinoken

Ogawa Construction

Ogawa Building

Energy Business

Retail of LP Gas / Electricity

SK Energy (Fukuoka)

SK Energy Nagoya

SK Energy Tokyo

SK Energy Sendai

SK Energy Osaka

Elderly Care Business

Possess & Run
Serviced Housing for the Elderly
Day Service / Group Home

Shinoken Wellness

Apple Care

Friend

Other Business

Overseas business

PT. Shinoken Development
(Indonesia)

PT. MUSTIKA CIPTA KHARISMA
(Indonesia)

PT. Shinoken Asset Management
Indonesia (Indonesia)

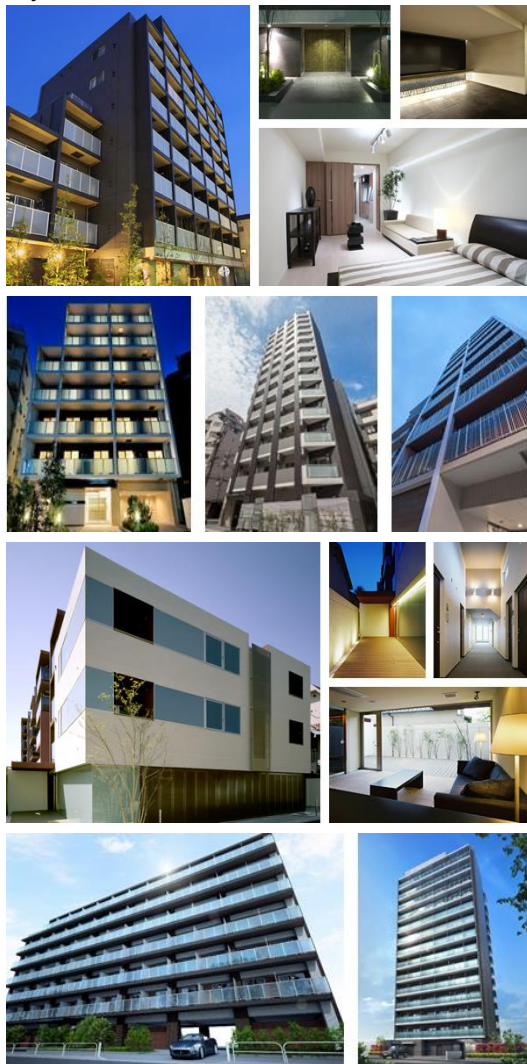
SKG INVEST ASIA (HONG KONG)

SHINOKEN REAL ESTATE
(SHANGHAI)

LAC Shinoken & Hecks Pte. Ltd.
(Singapore)(34%)

【Reference Materials】 Condominiums

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.

【Renovation × Condominium】

Our new strategy in Minato, Chiyoda, Chuo wards, etc.



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 demands of
Owner and Tenant

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

【Reference Materials】 Elderly-Care Facilities of Shinoken

Housing with Services for the Elderly

201 Rooms



Fukuoka City
Ju-Life Aqua-Villa Kashiikama
Largest scale in Kyushu

Ju-Life Plan

- Practical usage of vacant rooms
- Homes possible to be provided with safety and low price
- Coordinating with caretaking/medical/catering vendors etc.

Housing with Services for the Elderly

3 facilities with a total of 302 rooms in Tokyo and Fukuoka
Occupancy : 97.3% (As of End of June, 2018)

Day Service and Home Help, Care Management

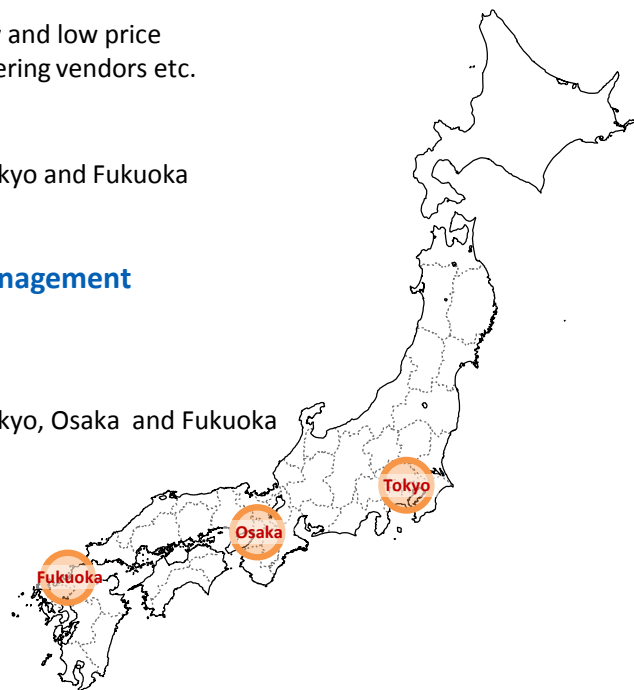
2 facilities in Tokyo and Fukuoka

Group Home

7 facilities with a total of 144 rooms in Tokyo, Osaka and Fukuoka
Occupancy : 97.2% (As of End of June, 2018)

Multifunctional Small Group Home

2 facilities in Osaka and Fukuoka



Housing with Services for the Elderly

55 Rooms



Tokyo (Itabashi-ku)
Ju-Life Tokiwadai

Housing with Services for the Elderly

Day Service
Home Help, Care Management

46 Rooms



Tokyo (Itabashi-ku)
Ju-Life Takashimnadaira
Applife Takashimadaira

Group Home

Multifunctional Small Group Home

18 Rooms



Fukuoka City
Friend Kasumigaoka

Group Home

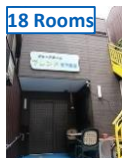
18 Rooms



Higashiosaka City
Friend Higashiosaka

Group Home

18 Rooms



Osaka City (Nishinari-ku)
Friend Tengachaya

Group Home

18 Rooms



Osaka City (Tennoji-ku)
Friend Tennoji

Group Home

27 Rooms



Osaka City (Tennoji-ku)
Friend Fudegasaki

Group Home

Multifunctional Small Group Home

27 Rooms



Osaka City (Chuo-ku)
Friend Osaka Chuo

Group Home

18 Rooms



Tokyo (Itabashi-ku)
Friend Takashimadaira

【Reference Materials】 Overseas Business

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

SHINOKEN REAL ESTATE (SHANGHAI)

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



Indonesia

Construction

OGAWA Construction Rep Office
PT Mustica Cipita Kharisma

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

Real Estate

Development, Planning, Sales, Finance

PT. Shinoken Development Indonesia

PT. Shinoken Asset Management Indonesia



【Reference Materials】 Overseas Business_Indonesia①

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



【Reference Materials】 Overseas Business_Indonesia②

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**

【Reference Materials】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**

Purpose

Further business expansion in the capital area

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

Obtaining a wide range of employees



Conceptual drawing (Outer North-West Corner)



Capital and business tie-up with 「BeaconSTAY」. We anticipate large synergy effect in the growing Vacation Rental market, that is entering a new stage with the recent legislation



Background

Beacon STAY has a wide knowledge on vacation rental, and has a potential of high growth

Within the **30,000 rooms managed by Shinoken**, we provide the rooms to BeaconSTAY for Vacation Rental usage, once approved by each owners

By widening the use of the rooms from housing to Vacation Rental, **effective usage of vacant rooms and higher rent can be generated**, thus make the property more profitable

Shinoken can develop and strengthen products that are for Vacation Rental, in addition to the current products that are for residential rent

By combining Shinoken's knowledge of space design, and BeaconSTAY's knowledge of Vacation Rental Management, and also Shinoken's Vacation Rental-Related Services (Insurance, etc.), we aim to develop low-risk and high profit investment products related to Vacation Rental

【Reference Materials】 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

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

Stalker Expense Insurance

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

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

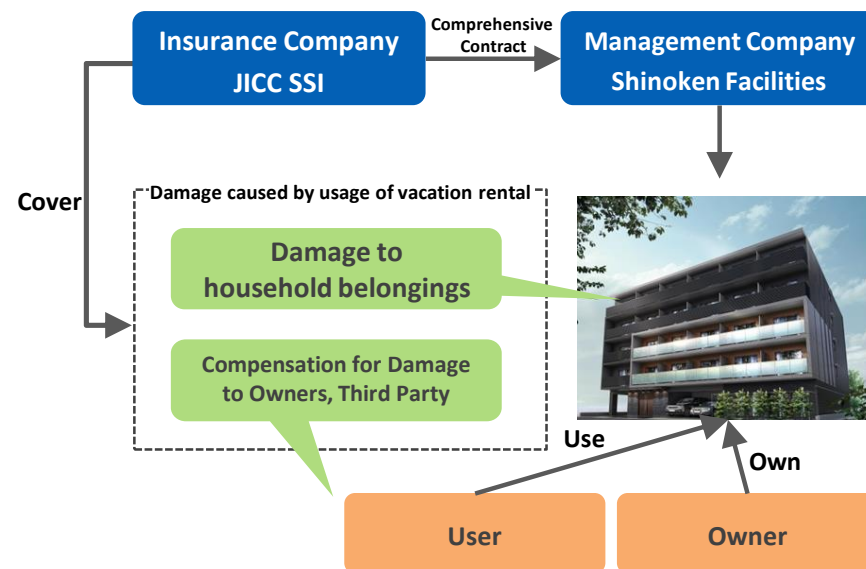
For generating new values

Started the sales of 「Special Contract regarding Comprehensive Contract」 from May. 2017

First for SSI : **Applicable to Vacation Rental**

If the Management Company enters a Comprehensive insurance contract, the insured (Owner and Users of the Vacation Rental) do not have to go through any insurance procedures.

- Damage to household belongings **Limit: ¥1 Million**
- Also covers damage caused to owners or third party, through the usage of vacation rental by the users (travelers). **Limit: ¥5 Million**



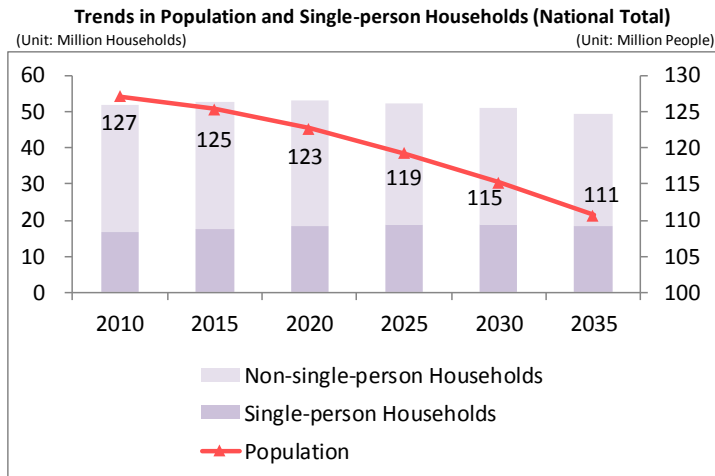
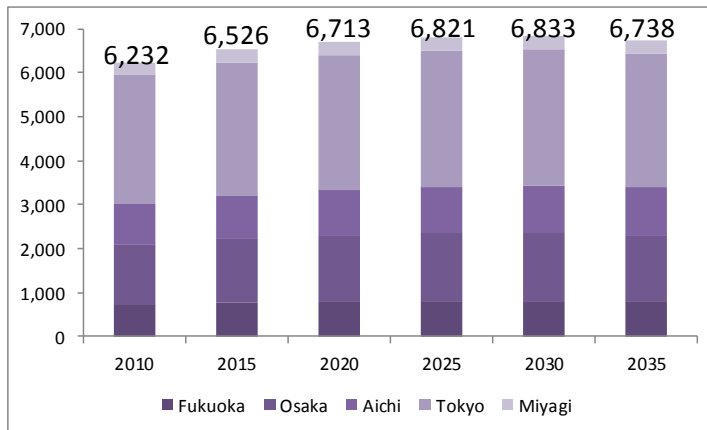
【Reference Materials】 Business Environment

【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)



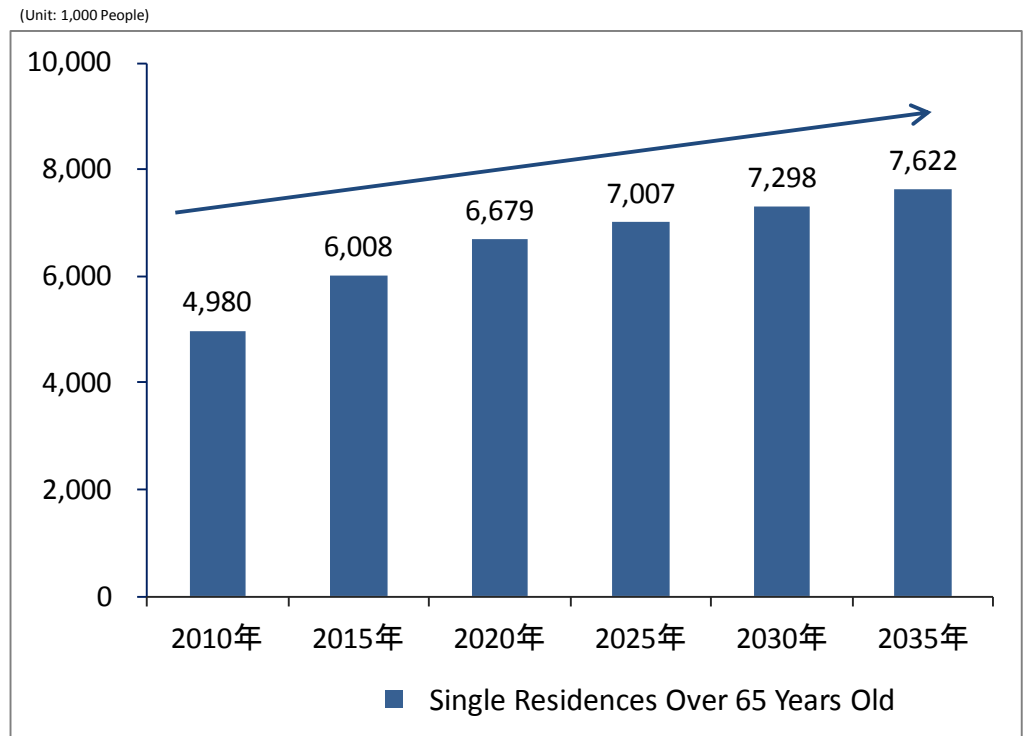
【Elderly Care Business】

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 Single Residences Over 65 Years Old



DISCLAIMER

This document includes estimations that are based on presumptions, forecasts and plans concerning the future of Shinoken business using August 8th, 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

Shinoken Group Co., Ltd.
Investor Relations Dept.
TEL: +81 92 714 0040
WEB: <http://www.shinoken.co.jp/ir/>