



August 8, 2018  
 Shinoken Group Co., Ltd.  
 President and Representative Director  
 Hideaki Shinohara  
 (TSE JASDAQ 8909)

## Reference Materials for 2Q of Fiscal Year Ending December 31,2018(Consolidated)

### TOPICS

#### ■ Net Sales ¥58,540 million, Ordinary Income ¥6,212 million

- ⇒ Net Sales Set Record Highs for Every 2Q
- ⇒ Increase in Net Sales and Ordinary income for 9 consecutive years

#### ■ Real Estate Sales Business Continues to Grow

- Net Sales ¥42,569 million (YoY 116.4%) (Deliveries)
- ⇒ Apartment Sales (Deliveries) Setting Record High
- ⇒ Condominium Sales (Deliveries) Exceeding previous year

#### 1. Consolidated Results for 2Q FY 12/2018

For the 2Q FY 12/2018, in the mainstay Real Estate Sales Business, sales trended smoothly, and Real Estate Management Related, General Contractor, Energy, Elderly Care and Other Businesses have increased steadily. As a result, our Group recorded Net Sales of ¥58,540 million (up 18.5% YoY), Operating Income of ¥6,813 million (up 5.9% YoY), Ordinary Income of ¥6,212 million (up 3.1% YoY) and Profit attributable to owners of parent of ¥4,207 million (up 2.5% YoY), setting record highs for every 2Q.

##### (1). Compared with the Same Period Last Year

(Unit:¥ Million)

	1Q FY 12/2017	2Q FY 12/2018	Change YoY (%)
Net Sales	49,368	58,540	118.5%
Operating Income	6,430	6,813	105.9%
Ordinary Income	6,021	6,212	103.1%
Profit Attributable to Owners of Parent	4,103	4,207	102.5%

##### (2). Compared with Plan

(Unit:¥ Million)

	Half Year Plan Announced February 14, 2018	2Q FY 12/2018	Achievement Rate vs. Plan
Net Sales	57,000	58,540	102.7%
Operating Income	6,500	6,813	104.8%
Ordinary Income	6,200	6,212	100.1%
Profit Attributable to Owners of Parent	4,300	4,207	97.8%

## 2. Consolidated Balance Sheet Summary

Summary of the consolidated balance sheet at the end of 2Q FY 12/2018 is as follows.

(Unit: ¥ Million)

	End of FY 12/2017 (as of December 31, 2017)	End of 2Q FY 12/2018 (as of March 31, 2018)	Change YoY
Cash and Deposit	23,502	29,171	5,668
A/R from Completed Construction Contracts	5,324	5,167	△156
Real Estate for Sale	28,631	30,525	1,894
Costs of Real Estate Business	19,285	16,797	△2,488
Property, Plant and Equipment	6,881	7,184	302
Goodwill	1,128	980	△148
<b>Total Assets</b>	<b>90,972</b>	<b>90,972</b>	<b>95,750</b>
Accounts payable - Real Estate	4,868	5,641	772
A/P for Construction Contracts	3,035	2,670	△365
Short-term Loans Payable	23,611	26,633	3,022
Long-term Loans Payable	22,400	20,791	△1,608
<b>Total Liabilities</b>	<b>64,582</b>	<b>64,582</b>	<b>65,457</b>
<b>Net Assets</b>	<b>26,390</b>	<b>26,390</b>	<b>30,293</b>
<b>Total Liabilities and Net Assets</b>	<b>90,972</b>	<b>90,972</b>	<b>95,750</b>
<b>Equity Ratio</b>	<b>29.0%</b>	<b>29.0%</b>	<b>31.4%</b>

## 3. Summary of Results by Segments

Results by Segments for the 2Q FY 12/2018 are as follows.

(Unit: ¥ Million)

Segment	Item/Term	1Q FY 12/2017	2Q FY 12/2018	Change YoY
Real Estate Sales Business	Net Sales	36,567	42,569	6,001
	Segment Profit	5,599	5,233	△366
Real Estate Management Related Business	Net Sales	5,009	6,356	1,347
	Segment Profit	775	1,273	497
General Contractor Business	Net Sales	6,530	7,860	1,329
	Segment Profit	718	760	42
Energy Business	Net Sales	617	973	356
	Segment Profit	127	262	134
Elderly Care Business	Net Sales	586	698	112
	Segment Profit	24	86	61
Other (Overseas)	Net Sales	74	82	7
	Segment Profit	95	122	26
Total	Net Sales	49,386	58,540	9,154
	Segment Profit	6,430	6,813	383

Note: Adjusted amounts are not shown.

Main reasons for the YoY change in the Real Estate Sales Business:

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

## 4. Real Estate Sales Business Results

Real Estate Sales Business contracts (orders), sales (deliveries) and contract backlog are shown below. Apartment sales continued to see sales (deliveries) increase from the previous term and renewed record high sales for every Quarter. Also, order backlog has set record highs for both money sum and Apartment building units. As for condominium sales, it is our policy to keep annual sales at a certain level, and sales figures are proceeding according to our plan.

(Note) In the case of Apartment sales, net sales are recorded 6-8 months after the orders are placed, since the construction begins after the contract.

### ① Contracts (Orders)

Segment Title	Amount (¥ Million)	YoY
Real Estate Sales Business	49,051	118.0%
Apartment Sales	39,231	117.5%
Condominium Sales	9,820	120.3%

### ② Sales (Deliveries)

Segment Title	Amount (¥ Million)	YoY
Real Estate Sales Business	42,569	116.4%
Apartment Sales	33,799	124.3%
Condominium Sales	8,769	93.5%

### ③ Order Backlog

Segment Title	Amount (¥ Million)	YoY
Real Estate Sales Business	64,304	108.7%
Apartment Sales	61,547	107.3%
Condominium Sales	2,757	154.4%

## 5. Future Outlook

Regarding the consolidated forecast for the fiscal year ending December 2018, announcements will be made promptly once it is possible to disclosure information upon a detailed examination of Apartment Sales, Condominium Sales and progress in construction contracts.

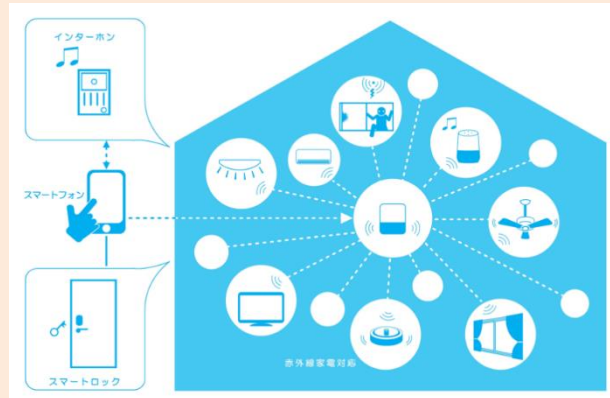
## 6. News Releases from the 2Q FY 12/2018 (Partial)

### 「Shinoken Smart Apartment」 Starts

Introducing our IoT device 『Shinoken Smart Kit』, which can be installed in each room and will provide higher security, convenience, and more safe, comfortable, stylish lifestyle through IoT in addition to our original concept of 「Designers Apartment」.

We are planning to install this device, according to the owner's demand, not only in our 「Harmony Terrace」 series Apartments that will be newly sold, but also the existing 30,000 rooms that are currently managed by Shinoken.

Thus propelling 「Valuable asset development」 through the usage of our new 「Smart Apartments」.



### The second project of our “Vacation Rental Apartment”

To meet the growing demand of Vacation Rental and the recent legislation, and to drive the business further by combining our property providing system and experience in developing / operating investment property for Vacation Rental, we have started the development of the second Vacation Rental Apartment project in Osaka.

We will continue to acquire knowledge and Focus on projects where Vacation Rental shows High demand, Tokyo, Kansai and Fukuoka.



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