



New Medium-term Management Plan (Fiscal 2018 – 2022)

“Design 100” Project Phase- II

“Daibiru Excellence” towards Sustainable, Innovative & Global Next 100 (Century)

~ Return to Corporate Principles ~

May 25, 2018

DAIBIRU CORPORATION

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<Note>

Information in this document, including opinions, forecasts, and projections, were prepared based on the Company's own analyses at the time of compilation of this document.

We do not guarantee their accuracy. Please bear in mind that future business performance may differ from the information in this document due to a variety of factors including market conditions.

➤ Revenue and income plans were mostly achieved

(Billions of yen)

	Fiscal 2013		Fiscal 2014		Fiscal 2015		Fiscal 2016		Fiscal 2017	
	Plan	Result	Plan	Result	Plan	Result	Plan	Result	Plan	Result
Revenue from operations	35.5	35.6	36.5	35.8	38.5	37.3	40.0	39.5	42.0	40.4
Operating income	9.9	10.0	9.2	9.4	9.7	9.1	11.0	10.7	13.0	11.1
Ordinary income	8.6	8.7	7.4	8.3	8.0	8.0	9.5	9.7	10.5	10.6
Net income	5.1	5.6	4.0	5.2	5.0	5.3	6.0	6.2	6.5	7.3
EBITDA	16.5	16.7	16.0	16.0	18.0	17.3	19.0	18.3	21.5	18.9
Operating cash flows	13.0	13.0	10.5	11.5	15.0	14.5	16.0	15.2	16.0	14.0
D/E Ratio	1.1	1.1	1.2	1.1	1.1	1.1	1.0	1.0	0.9	0.9

➤ “Investment in high quality assets centered around three Wards in the central district of Tokyo” and “Expand assets in senior residences” fell short of the plan

(Billions of yen)

Action plans	Total investments in 5 years (Fiscal 2013-2017)		
	Plan	Result	Difference
Complete reconstruction of the Shin-Daibiru Building	28.0	28.0	± 0.0
Develop high quality office buildings in Vietnam	16.0	15.0	(1.0)
Enhance competitiveness of existing buildings through renewal investment	10.0	12.0	+ 2.0
Investment in high quality assets centered around three Wards in the central district of Tokyo	40.0	9.0	(31.0)
Expand assets in senior residences	8.0	1.0	(7.0)
Total	102.0	65.0	(37.0)

- Daibiru will welcome its 100th anniversary in fiscal 2023, after the conclusion of the plan
- For further leaps in the next 100 years, the plan focuses on our core Corporate Principles, aiming for sustainable growth

Corporate Principles

Constructing buildings, creating towns, pioneering the new era

The Daibiru Group creates comfortable, life-enhancing office and commercial spaces which bring bustling activity to local streets and towns. We try to be a pioneer, establishing a new era while always staying keenly attuned to the context of the times, allowing people to foster and pursue dreams in these new environments.

➤ Strategies were considered with a focus on **“Return to Corporate Principles”**

Corporate Principles

“Constructing buildings, creating towns, pioneering the new era”

Five Priority Strategies

Development

- 1 High-end office properties in CBD (CBD: Central Business District)
- 2 Expansion of investment targets (Midsize and small office/commercial properties, provincial cities)

Support society

- 4 (Investment to enhance the competitiveness of existing assets)
 - Enhancement of high-quality property management system
 - Enhancement of relationships with customers
 - Large scale renovations

Unique vision

- 3 Improvement of overseas businesses (Expansion of Vietnam businesses; Businesses evolution to Australia, etc.)
- 5 Enhancement and expansion of property maintenance businesses

Reconstruction of existing buildings (Yaesu Daibiru building and Midosuji Daibiru building)

Expansion of investments in technologies

Enhancement of initiatives to promote ESG

(Note) “Expand assets in senior residences” under Phase-I is suspended during Phase-II

Corporate Principles

“Constructing buildings, creating towns, pioneering the new era”

Create and develop the second core

Deepen the first core

Expansion of investments targets
(Midsize and small office/commercial properties, provincial cities)

Improvement of overseas businesses
(Expansion of Vietnam businesses;
Businesses evolution to Australia, etc.)

High-end office properties in CBD

Enhancement and expansion of
property maintenance businesses

Reconstruction of existing buildings
(Yaesu Daibiru building and Midosuji Daibiru building)

Large scale renovations

Integrated operation covering from development to reconstruction of high-end properties in CBD

(Development of well-located high-end buildings/High-quality property management/
Relationships with tenants/Long-term holdings/Reconstruction)

Enhancement of relationships
with customers

Enhancement of high-quality
property management system

Enhancement of initiatives
to promote ESG

Five Priority Strategies

(1) Investment in high-end office properties in CBD



(2) Expansion of investments targets



(3) Improvement of overseas businesses



New Medium-Term Management Plan (FY2018 to FY2022)

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～ Return to Corporate Principles ～

(4) Investment to enhance the competitiveness of existing assets



(5) Enhancement and expansion of property maintenance businesses



- **Look for investment opportunities while carefully assessing trends in an overheating real estate transaction market**
 - **Reinforce a dedicated team to develop channels in different directions that could lead to access to various property information**
-
- Plan to invest in prime properties mainly in central areas of Tokyo and Osaka



- **Raise investment potential by expanding investment targets to those other than high-end office properties in CBD**
- **Consider participation in joint businesses through minority stake investments with a view to property acquisition over the medium- and long-term**

Midsize and small office/commercial properties

- Select properties with an eye to future redevelopment involving neighboring areas, not just to operation as profit-generating properties
- Akihabara Project (Tentative name)

Provincial cities

- Cities to survey : Sapporo, Sendai, Nagoya, Hiroshima, Fukuoka, etc.



- **Strive to acquire fourth prime property either in Ho Chi Minh or Hanoi, Vietnam, where continued expansion of the office market is expected**
- **Diversify overseas business portfolio by combining with investments in Australia or elsewhere in other Asia and Oceania markets surrounding Vietnam**

Expansion of Vietnam businesses

- Take full advantage of the brand power we are establishing in Vietnam along with first mover advantage
- Consider joint projects with excellent partners
- Continue pursuing property management with Japanese (Daibiru) quality for existing buildings with high occupancy rates



Businesses evolution to Australia, etc.

- Focus on transparency and liquidity of real estate market, as well as on future population growth



- **Maintain and enhance the competitiveness of leasing buildings, which are at the core of the Company's business foundation**
- **Reconstruct/renovate aging buildings with declined competitiveness to have them adapt to sophisticated social needs**

Enhancement of high-quality property management system

Enhancement of relationships with customers



Large scale renovations, etc.

- Renewal construction of the Shiba Daibiru Building
- Implementation of environmentally-conscious renovation works

Reconstruction of existing buildings

- Yaesu Daibiru building (Details: P.18)
- Midosuji Daibiru building (Details: P.19)

- Promote enhancement of PM business while furthering cooperation among Group companies
- Aim to expand facility management/contract works services through M&As of facility management companies with technical experts

Activities and achievements of MOL Kosan Co., Ltd. engaged in the property maintenance business

- Jul. 2015 Established “PM Business Promotion Office”
- M&As of facility management companies
 - Jan. 2013 Acquired “Tanshin Building Services Co., Ltd.”
(Capital: ¥20 million; Revenue in fiscal 2017: ¥589 million)
 - Nov. 2016 Acquired “Nishinihon Sogo Setsubi Co., Ltd.”
(Capital: ¥10 million; Revenue in fiscal 2017: ¥206 million)



➤ Total investments for five years will be ¥120.0 billion

(Billions of yen)

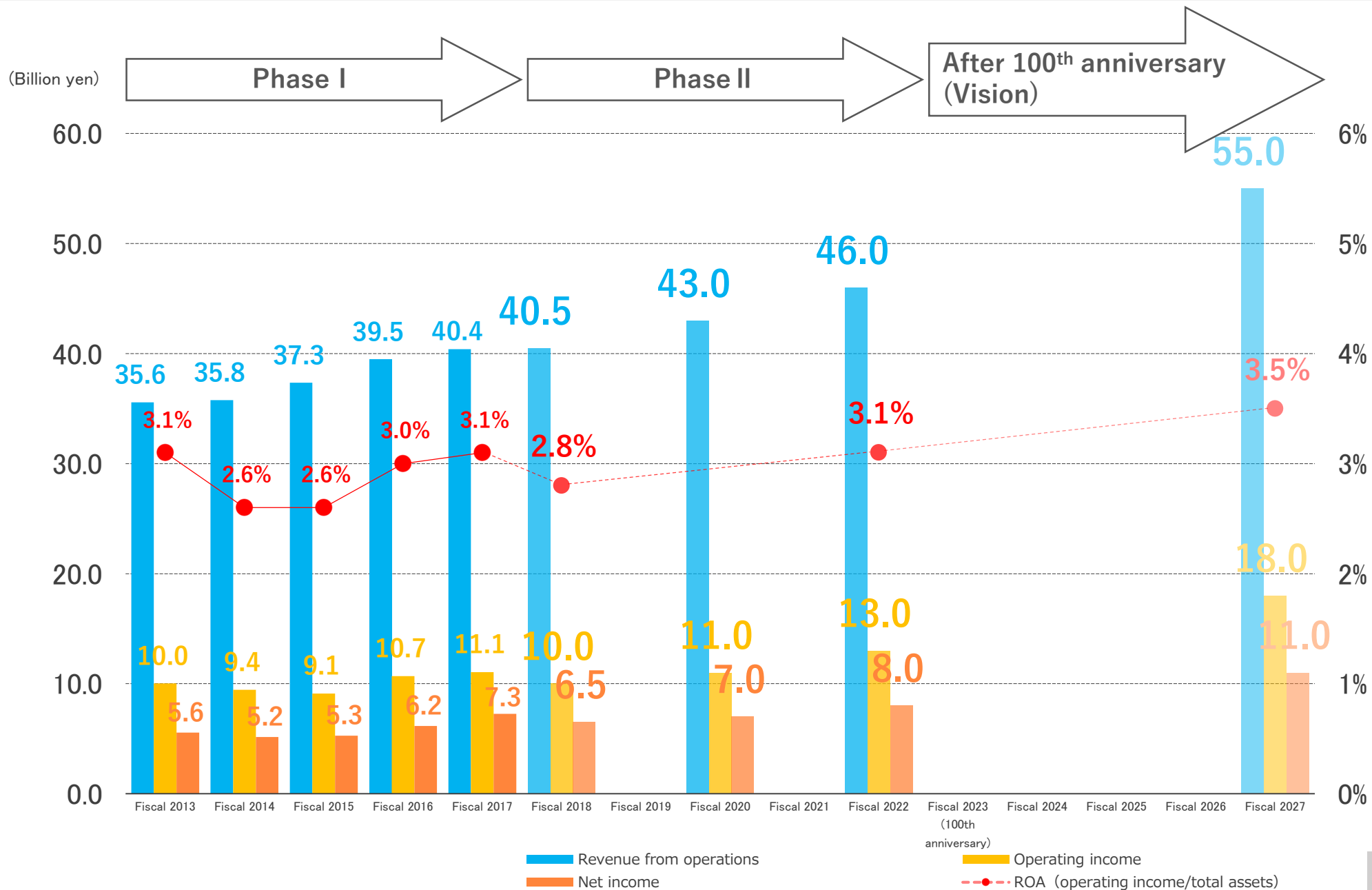
Priority Strategies	Investment (Fiscal 2018 -2022)
Investment for growth	
(1) Investment in high-end office properties in CBD	65.0
(2) Expansion of investment targets	
(3) Improvement of overseas businesses	40.0
Enhancement of business bases	
(4) Investment to enhance the competitiveness of existing assets	15.0
(5) Enhancement and expansion of property maintenance businesses	
Total	<u>120.0</u>

➤ Aim for steady growth and further leap after the 100th anniversary (FY2023)

(Billions of yen)

	FY2017	FY2018	FY2020	FY2022					FY2027 (Vision)
Revenue	40.4	40.5	43.0	46.0					55.0
Operating Income	11.1	10.0	11.0	13.0					18.0
Net Income	7.3	6.5	7.0	8.0					11.0
ROA [Operating Income / Total Assets]	3.1%	2.8%		3.1%					3.5%
Debt Equity Ratio	0.9	0.9		1.1					1.2

Quantitative Targets



Organization changes

- Set up new organizations: “Business Planning Department” and “Overseas Business Office.” Reinforcement of “Real Estate Development Office” human resources.
- Set up new organization: “Work Style Reforms Unit” under the Human Resources Department.

Strategies for human resources and information systems

- Productivity improvements and creation of results through “work style reforms” and “ICT strategies.”

Financial Strategies

- Continuing to maintain a debt equity ratio of around one to preserve competitiveness in fund-raising capability.

Fundamental policy for Dividend Payment

- Our fundamental policy is to implement stable dividend distribution with business performance taken into account while strengthening our balance sheet and enhancing internal reserves for future business development.
- With regard to dividend payout ratio, we will pay stable dividends with a target of 30-35%.
(Previous: The Company has targeted the medium- to long-term standard value of the dividend payout ratio at 30% or more.)

Enhancement of initiatives to promote ESG

- Expansion of investments in technologies for safety, wellbeing, and energy-saving.
- Reduction of shareholdings in other listed companies.



- Completion in 1968 (50 years old)
- Scheduled to be closed at the end of 2021
- Target completion in fiscal 2025
- Make maximum use of its location with direct access to the Yaesu exit (Tokyo Station) and Yaesu underground shopping mall



Rooftop tree garden)

- Completion in 1964 (54 years old)
- Scheduled to be closed at the end of 2020
- Target completion in fiscal 2023
- Make maximum use of its location on Midosuji street, the “main street of Naniwa” that runs from Umeda (north) to Namba (south) through central Osaka



Toward the 100th anniversary of completion of Midosuji street in 2037, there is a plan to make the 3-kilometer roadway completely car-free, including the area in front of the building site [see images below]

Current Midosuji Street [car-centric street]

(Source: “Midosuji future vision (proposal)” of Midosuji 80th Anniversary Project Promotion Committee)



Conceptual drawing of car-free Midosuji street [pedestrian-centric street]

(Source: “Midosuji future vision (proposal)” of Midosuji 80th Anniversary Project Promotion Committee)

