

DAIBIRU REPORT

2018

 DAIBIRU CORPORATION

To Our Stakeholders

Daibiru was founded in 1923, in Nakanoshima, Osaka. Over the 95 years since, the Company has grown steadily with the basic stance of integrated management of top-tier office buildings, from development to reconstruction. In May of this year, the Company announced its new five-year Medium-term Management Plan, "Design 100" Project Phase-II, which begins this fiscal year, aimed at spurring even greater success. The Company will mark its 100th anniversary in fiscal year 2023; over the next five years, the Company will strive to improve its corporate value, sowing the seeds to enable it to continue to grow over the next 100 years as well.

Through this report, we hope to deepen our stakeholders' understanding of the Daibiru Group, and ask for their continued support.

Representative Director
President Chief Executive Officer

Toshiyuki Sonobe



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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.

Business Information

Office Building Leasing

Daibiru owns and leases 24 properties that meet diverse client needs for offices, hotel buildings, and commercial buildings in central Tokyo and Osaka. Our long history of reliability and wealth of experience enable us to satisfy a variety of tenant requirements, and we constantly strive to provide a comfortable business environment through major renovation of aging buildings.

Also, we acquired overseas office buildings, in Ho Chi Minh City and in Hanoi, Vietnam, in January 2012 and December 2014, respectively. We have expanded our operations overseas capitalizing on our building management know-how accumulated over many years in Japan.

Residential Property Leasing

Daibiru applies its expertise acquired through building management in our residential property leasing business. We develop residence halls for students, apartment buildings for businesspeople on temporary assignment away from their families as well as condominiums for families. We have further expanded the scope of our business activities to include urban residences that foster fulfilling lifestyles, including private assisted-living nursing homes.

Facility Management

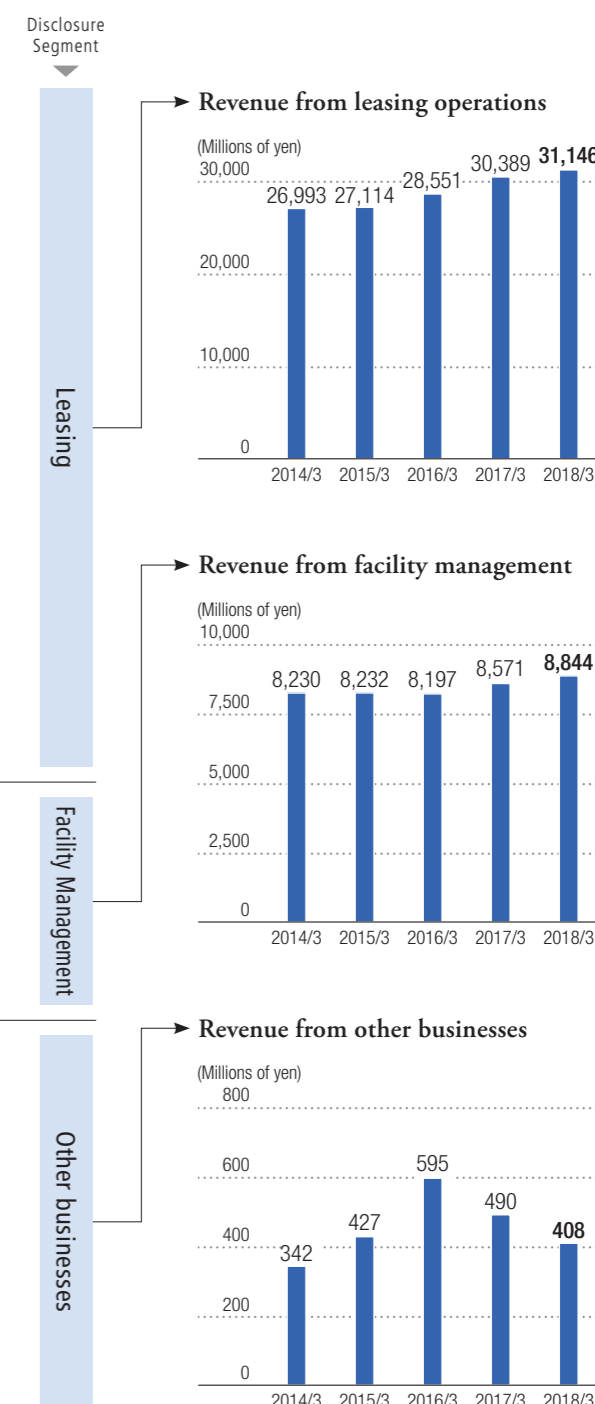
The functions required for operating buildings — "Facilities," "Cleaning" and "Security" — are held within the Group. Real estate specialists of each Group company offer quality services with the latest know-how.

Construction Subcontracting and Management

The Group carries out a wide range of construction relating to buildings, including major repairs originating from its building maintenance operations.

Real Estate Agency

Daibiru engages in real estate intermediation, focusing primarily on office properties. We apply our rich information capabilities and years of experience to support clients in everything from the introduction of properties to the conclusion of rental agreements.



Success of Daibiru indicates a new age of building construction.



Picture 1 The former Daibiru-Honkan Building

In 1925, two years after its foundation, Daibiru constructed "Daibiru-Honkan Building," one of the major office buildings in western Japan in expectation of future concentration of businesses in cities. Another two years later, in 1927, it completed the "(former) Hibiya Daibiru Building," adopting the "center core system" that integrates elevators, hallways, and other common areas in the center of the floor. This rational and economical approach overturned the reigning paradigms for buildings at the time. The Company continued with building construction that was revolutionary for its time, including installing a rooftop tree garden on the (former) Shin-Daibiru Building, and establishing air rights over the Dojima Daibiru Building.

More recently, the Company's office building business has won accolades as a pioneer, mainly due to construction of the "Akihabara Daibiru Building," which has transformed itself through redevelopment and become a landmark of the area in front of JR Akihabara Station, and achievement to become the first Japanese developer to successfully enter the office business in Vietnam. The history of office buildings in Japan is also the history of Daibiru that continuously responded to the needs of the times.

Pioneering Stage

- 1923 October Osaka Building Co., Ltd. (capital: 3 million yen) established through joint capital investment of three companies: O.S.K. Line, Ujigawa Electric Power Co., Ltd. and Nippon Electric Power Co., Ltd.
- 1925 September Construction of Daibiru-Honkan Building in Nakanoshima, Kita-ku, Osaka, completed. (Picture 1)
- 1927 July Construction of Hibiya Daibiru Building No. 1 in Uchisaiwaicho, Chiyoda-ku, Tokyo, completed.
- 1931 April Construction of Hibiya Daibiru Building No. 2 next to Hibiya Daibiru Building No. 1 completed. (Picture 2)



Picture 2 The former Hibiya Daibiru Building (right: Building No. 1 / left: Building No. 2)

During the War

- 1945 October Company name changed to Osaka Tatemono Co., Ltd.
- 1946 June Hibiya Daibiru Building No. 1 and No. 2 seized (For 12 years and five months until December 1958 under the occupation of the U.S. forces stationed in Japan).



Picture 3 The former Shin-Daibiru Building

Reinforcement Period

- 1958 April Construction of the South Wing of Shin-Daibiru Building in Dojimahama, Kita-ku, Osaka, completed.
- 1963 October Construction of the North Wing of Shin-Daibiru Building completed. (Picture 3)
- 1968 June Construction of Yaesu Daibiru Building in Kyobashi, Chuo-ku, Tokyo, completed. (Picture 4)
- 1983 December Listed on the first section of Tokyo Stock Exchange.
- 1984 September Construction of Dojima Daibiru Building (ANA Crowne Plaza Osaka) in Dojimahama, Kita-ku, Osaka, completed. (Picture 5)



Picture 4 Yaesu Daibiru Building



Picture 5 Dojima Daibiru Building

Expansion Period

- 1989 October The first phase of the Hibiya Daibiru Building reconstruction project is completed and construction of a new building completed. (Picture 6)
- 1992 January Company name changed to Daibiru Corporation.
- 2000 May Construction of Umeda Daibiru Building in Umeda, Kita-ku, Osaka, completed. (Picture 7)
- 2004 October The Company became a consolidated subsidiary of Mitsui O.S.K. Lines, Ltd.
- 2005 March Construction of Akihabara Daibiru Building in Sotokanda, Chiyoda-ku, Tokyo completed. (Redevelopment project in front of Akihabara Station) (Picture 8)
- 2007 July The Company made "MOL Kosan Co., Ltd." a consolidated subsidiary.
- 2009 March Construction of Nakanoshima Daibiru Building in Nakanoshima, Kita-ku, Osaka, completed. (3-chome Nakanoshima joint development) (Picture 9)
- July Construction of Tosabori Daibiru Building in Tosabori, Nishi-ku, Osaka, completed. (Picture 10)
- 2010 April The Company acquired (trust beneficial rights of) Aoyama Rise Square in Minamiaoyama, Minato-ku, Tokyo.



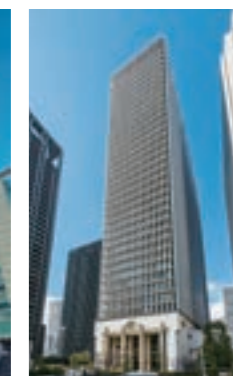
Picture 6 Hibiya Daibiru Building



Picture 7 Umeda Daibiru Building



Picture 8 Akihabara Daibiru Building



Picture 9 Nakanoshima Daibiru Building



Picture 10 Tosabori Daibiru Building

- 2012 January The Company made "Saigon Tower Co., Ltd." (currently Daibiru Saigon Tower Co., Ltd.), which owns "Saigon Tower" in Ho Chi Minh City, Vietnam, a consolidated subsidiary. (Overseas expansion for the first time) (Picture 11)
- 2013 February The Daibiru-Honkan Building reconstruction project in Nakanoshima, Kita-ku, Osaka, completed and construction of new building completed. (The Company commemorated its 90th anniversary at the site of its establishment.) (Picture 12)
- 2014 December The Company made "VIBANK-NGT Co., Ltd." (currently Daibiru CSB Co., Ltd.), which owns the "CornerStone Building" in Hanoi, Vietnam, a consolidated subsidiary. (Picture 13)
- 2015 March The Shin-Daibiru Building reconstruction project in Dojimahama, Kita-ku, Osaka, completed and construction of a new building completed. (Picture 14)



Picture 11 Saigon Tower



Picture 12 Daibiru-Honkan Building



Picture 13 CornerStone Building



Picture 14 Shin-Daibiru Building

Deepen the First Core, and Create & Develop the Second Core

In its consolidated financial statements for the fiscal year ended March 31, 2018, Daibiru reported record high in revenue from operations and operating income.

We spoke with Toshiyuki Sonobe, who was appointed the President in April 2018, about the previous year's performance, and the new Medium-term Management Plan ("Design 100" Project Phase-II), which began this fiscal year.

Representative Director
President Chief Executive Officer

Toshiyuki Sonobe

Please give us a review about the previous fiscal year's performance, which marked record-high revenue from operations and operating income.

Free-rent (☞ See Terminology) expired for the Shin-Daibiru Building, which was completed in 2015, and we steadily continued to operate two office buildings we acquired in Vietnam in 2012 and 2014. In our mainstay leasing business, all of the buildings we currently possess, including these newly acquired buildings, are fully operational, and this contributed to our revenues. Additionally, as our third project in Vietnam, we had invested in an office building development project through a company accounted for by the equity method. We closed out this project through an early sale, and this was recorded as share of profit of entities accounted for using equity method.

In the facility management business, Group company MOL Kosan Co., Ltd. had an increase in orders, and Nishinohon Sogo

Setsubi Co., Ltd., which was acquired two years prior, contributed to revenues for the full fiscal year.

As a result, in the fiscal year ended March 31, 2018, we had revenue from operations of ¥40,400 million (up 2.4% year over year), operating income of ¥11,055 million (up 3.4%), ordinary income of ¥10,640 million (up 9.8%), and profit attributable to owners of parent of ¥7,260 million (up 17.9%). (▶ See p.24)

Please give us a general overview of the previous Medium-term Management Plan ("Design100" Phase-I fiscal 2013-2017).

In fiscal 2023, we will celebrate our 100th anniversary. In fiscal 2013, we began Phase-I, indicating the first half of a 10-year plan we called "Design 100," with the goal of creating/designing our

path over the next 100 years.

We have largely achieved the plan's numerical targets for revenue and income. Our investment planning for "Complete reconstruction of the Shin-Daibiru Building," "Develop high quality office buildings in Vietnam," and "Enhance competitiveness of existing buildings through renewal investment" has also generally proceeded according to plan. However, our plans for "Investment in high quality assets centered around three Wards in the central district of Tokyo" and "Expand assets in senior residences" were not achieved. With the former of these in particular, we only invested in one Akihabara Project, as we put off investments due to the overheating of the real estate market in central Tokyo.

As we look ahead to the next five years, which will be the stage for Phase-II, we expect rental income to decrease as we plan to advance the reconstruction of the Yaesu Daibiru Building and the Midosuji Daibiru Building in parallel. In order to make up for this decline and create new growth, we believe that we must make new investments that are not bound by existing frameworks.

Please tell us about the basic policy for Phase-II (fiscal 2018-2022) of the new Medium-term Management Plan.

Over our 95-year history, we have left our mark on the industry by continually tackling new challenges ahead of the rest of the industry. These initiatives can be distilled into the three phrases of our corporate principles of "Constructing buildings, creating towns, pioneering the new era." Now, all employees keep in mind the mean-

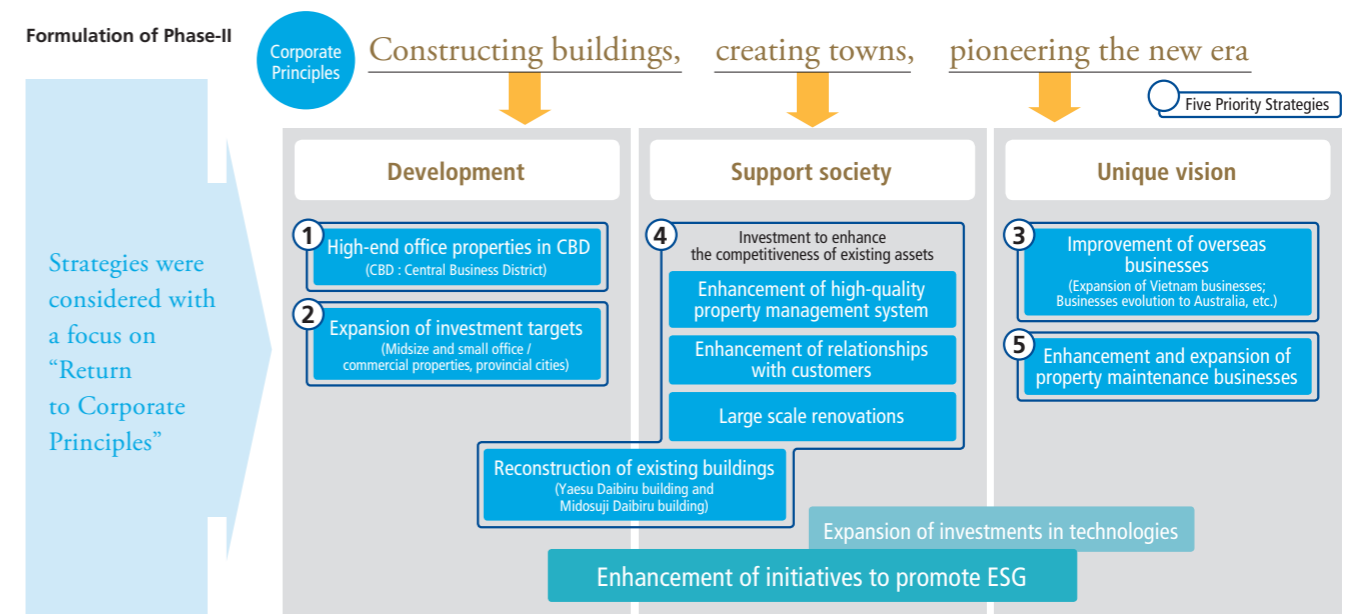
ing of these corporate principles to become a corporate group that grows continuously.

In our new Medium-term Management Plan, we considered measures replacing the phrase "constructing buildings" with "development," "creating towns" with "support society," and "pioneering the new era" with "unique vision." As a result, we created five priority strategies: "Investment in high-end office properties in CBD (CBD: Central Business District)," "Expansion of investments targets," "Improvement of overseas businesses," "Investment to enhance the competitiveness of existing assets," and "Enhancement and expansion of property maintenance businesses."

Of these five priority strategies, please tell us about the following two: firstly, "Investment in high-end office properties in CBD," and secondly, "Expansion of investments targets."

The goal of "Investment in high-end office properties in CBD" is to continue to pursue investment opportunities as the core business the Company has been committed to over many years. Over the past few years, global money has flowed into Japan against a backdrop of surplus cash due to global low-interest policies, and this has increased the sense of overheating in the real-estate sales market. Even amid these circumstances, we believe that there are investment opportunities over the five-year period of the plan.

With regard to "Expansion of investments targets," we will expand the scope of our investments beyond high-end office prop-



Note: "Expand assets in senior residences" under Phase-I is suspended during Phase-II.

erties in CBD, to include midsize and small office, commercial properties, and provincial cities, as investments to sow the seeds of growth.

Among these, our Akihabara Project currently under construction is a pilot case for commercial buildings. This is the first dedicated commercial building project the Company has developed from an empty lot, and we are signing up tenants at a steady clip, thanks to the building's advantageous location in front of Akihabara Station. We plan to leverage the know-how we cultivate through this initiative in other commercial building development projects. With regard to provincial cities, we are currently considering such key cities as Sapporo, Sendai, Nagoya, Hiroshima, and Fukuoka.

Please tell us about the third strategy, "Improvement of overseas businesses."

We have two buildings in Vietnam: Saigon Tower in Ho Chi Minh City, and the CornerStone Building in Hanoi, both of which are rated very highly in that country. We leveraged our experience with office building business in Japan to incorporate the advantages of Japanese methods into local management and operations. For example, we installed warm-water bidets in all buildings.

As our third project in Vietnam, we invested in a development project with a partner, but we exited from the project and sold the project to a third party in an early stage, in part due to the wishes of our partner. Although the real estate sales market in Vietnam is also becoming increasingly overheated, we are leveraging our first-mover advantage and brand strength to acquire more high-quality properties.

We are also studying investment in the Asia Pacific region surrounding Vietnam. We are focused on Australia as a promising option, where the number of office workers is expected to increase, the real estate market is highly liquid and transparent, and the political situation is also stable.

Regarding the fourth strategy, "Investment to enhance the competitiveness of existing assets," please tell us about specific plans for reconstruction of the Yaesu Daibiru Building and Midosuji Daibiru Building.

The Yaesu Daibiru Building was constructed 50 years ago, and the Midosuji Daibiru Building was constructed 54 years ago. We have determined that we would not be able to recover the competitiveness of the buildings through renovation, and have decided to reconstruct them. We are aiming to close the Yaesu Daibiru Building in the end of 2021, and complete construction of a new building during fiscal 2025. We would like to create a flexible plan that

meets the needs of our tenants, while taking advantage of the buildings' excellent access, bordering directly on the Yaesu underground shopping center and located near to Tokyo Station. We are aiming to close the Midosuji Daibiru Building in the end of 2020, and complete construction of a new building during fiscal 2023. We will create optimum buildings, with an office building as the basis, also focusing on changes in the neighborhood and the times.

Please tell us about the fifth strategy, "Enhancement and expansion of property maintenance businesses."

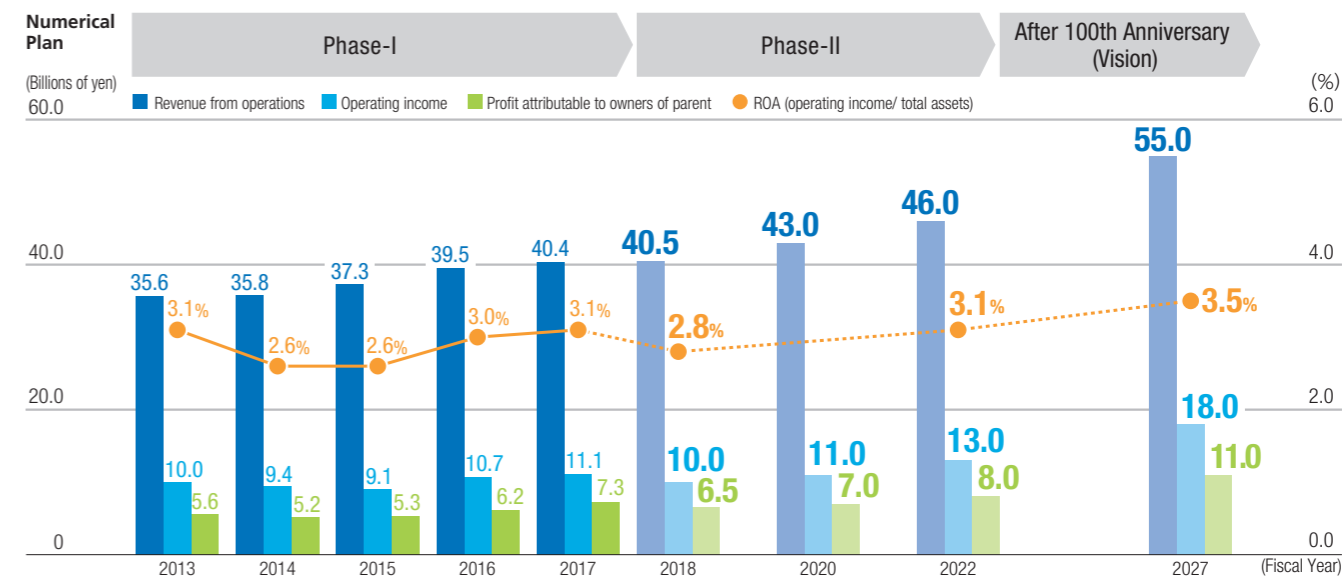
One thing that sets the Company apart is that our group companies including MOL Kosan Co., Ltd. manage not only properties owned by us, but also buildings owned by other companies. This business currently accounts for about a quarter of our consolidated revenue from operations, and moving forward, we will work to enhance and expand this non-asset based business that does not require capital investment. The challenge for this field is the labor shortage, and we will commit to human-resource development and M&As to ensure our labor supply.

Through these five priority strategies, we will deepen the first core, which is the business foundation of "integrated management from development to reconstruction of high-end properties in CBD," and create and develop our second core through such means as expansion of investments targets and improvement of overseas businesses.

Please tell us about the investment plan and numerical plan in the new Medium-term Management Plan.

Over the next five years, we expect to invest a cumulative total of ¥120.0 billion. Breaking that down, we expect to commit as an investment for growth, ¥65.0 billion in "Investment in high-end office properties in CBD" and "Expansion of investments targets," ¥40.0 billion in "Improvement of overseas businesses"; and ¥15.0 billion in "Investment to enhance the competitiveness of existing assets" as an enhancement measure of business bases. Regarding our numerical plan, we expect to have increased revenues and decreased income in the first year of the plan (fiscal 2018) due to the impact of such factors as a large-scale tenant vacancy from the Nakanoshima Daibiru Building, with revenue from operations of ¥40.5 billion, operating income of ¥10.0 billion, and profit attributable to owners of parent of ¥6.5 billion.

In the final year (fiscal 2022), we plan to have revenue from



operations of ¥46.0 billion, operating income of ¥13.0 billion, and profit attributable to owners of parent of ¥8.0 billion, through efforts to fill the gap in revenue from loss of tenants from the Yaesu Daibiru Building and Midosuji Daibiru Building, through steady implementation of our priority strategies. We use ROA as our target for capital efficiency, and aim to improve the ratio from current 2.8% to 3.1%.

Our numerical targets for fiscal 2027, with a vision of having both buildings reconstructed and fully operated as well as our new investments having borne fruit, are for revenue from operations of ¥55.0 billion, operating income of ¥18.0 billion, and profit attributable to owners of parent of ¥11.0 billion.

(▶ See p.9~10)

Strengthening the organization and work style reform are tackled as a platform supporting this plan. What is the aim of this?

We have worked to hire more staff for our Real Estate Development Office, which is tasked with strengthening domestic real estate investment in order to carry out our priority strategies of "Investment in high-end office properties in CBD" and "Expansion of investments targets." Moreover, we have positioned our Overseas Business Office, which is tasked with "Improvement of overseas businesses," as an office for further strengthening our overseas investment, as well as a place for the junior employees who are to be our future leaders to grow through widening their perspective beyond Japan. We have also created a Business Planning Department in order to develop operating strategies for our facilities with a long-term perspective, and effectively advance our businesses through cross-section coordination between our Tokyo and Osaka Office Leasing Departments.

Over our long 95-year history, we have firmly established a corporate culture of doing job properly within existing frameworks. However, in order to launch on new challenges with an eye toward the next 100 years, we must work proactively with new ideas and thinking, rather than just sticking to traditional ways. For this reason, we have established Work Style Reforms Unit in the Human Resources Department. We plan to introduce ICT for routine work, and build a system where we can use the surplus time for things like attending outside training for self-directed learning. We are aiming to create a corporate culture where employees are motivated in their work and can launch on new challenges.

You were appointed as the President in April of this year. Please let us know your aspirations and message for our stakeholders.

As a measure to return profits to our shareholders, our new Medium-term Management Plan has raised the target level of dividend payout ratio, aiming to provide a stable dividend with a reference ratio of 30-35%. We will also strengthen our commitments to ESG (environment, society, and governance), which is being increasingly demanded by society in recent years. In the Fall of this year, the Company will mark its 95th anniversary. As we reconstruct and renovate our properties and develop and create new businesses in line with our new Medium-term Management Plan, I believe that many opportunities for new challenges await us. While being excited by the opportunities afforded to us, I will work pursuant to the management policy of maintaining what should be maintained, and changing what should be changed, holding the spirit of both immutability and fluidity, for the Company's next 100 years.

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 ~

○ 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.

○ Direction of Design 100

Daibiru will welcome its 100th anniversary in 2023, the year after the conclusion of this medium-term management plan. We would strive to push forward the boundaries of our business for further leaps in the next 100 years. The plan focuses on our core Corporate Principles, aiming for sustainable growth which enables us to continue developing properties and creating towns that support society and carry our unique vision of urban development.

Quantitative Targets

	“Design 100” Project Phase-II			FY2027 (Vision)
	FY2018	FY2020	FY2022	
Revenue	40.5	43.0	46.0	55.0
Operating Income	10.0	11.0	13.0	18.0
Profit attributable to owners of parent	6.5	7.0	8.0	11.0
ROA [Operating Income/ Total Assets]	2.8%		3.1%	Approx. 3.5%
Debt Equity Ratio	0.9 times		1.1 times	Approx. 1.2 times
Dividend Payout Ratio	Stable dividends targeting a ratio 30~35%			

Five Priority Strategies

Investment for growth	Investment (fiscal 2018 - 2022)
<ul style="list-style-type: none"> ▶ Investment in high-end office properties in CBD (CBD:Central Business District) 	65.0 billion yen
<ul style="list-style-type: none"> ▶ Expansion of investments targets Midsize and small office/commercial properties, provincial cities; Akihabara Project (commercial property / tentative name) CLOSE UP 	
<ul style="list-style-type: none"> ▶ Improvement of overseas businesses Expansion of Vietnam businesses; Businesses evolution to Australia, etc. 	40.0 billion yen
Enhancement of business bases	
<ul style="list-style-type: none"> ▶ Investment to enhance the competitiveness of existing assets Promotion of reconstruction of Yaesu Daibiru Building and Midosuji Daibiru Building; Large scale renovations; etc. 	15.0 billion yen
<ul style="list-style-type: none"> ▶ Enhancement and expansion of property maintenance businesses (Non-Asset Based) 	
Total	120.0 billion yen

CLOSE UP

Akihabara Project (tentative name)

Toward the expansion of investments targets - Involvement in a commercial dedicated building from the development stage -

We have proceeded with construction of the Akihabara Project (for a commercial building) in front of Akihabara Station, with completion planned in the summer of 2019.

The construction site is located in a highly thriving and well-known neighborhood near Akihabara Station, which is easily accessible from most locations, boasting excellent potential for commercial applications.

We will work on this project as part of our “expansion of investments targets” shown as the above.

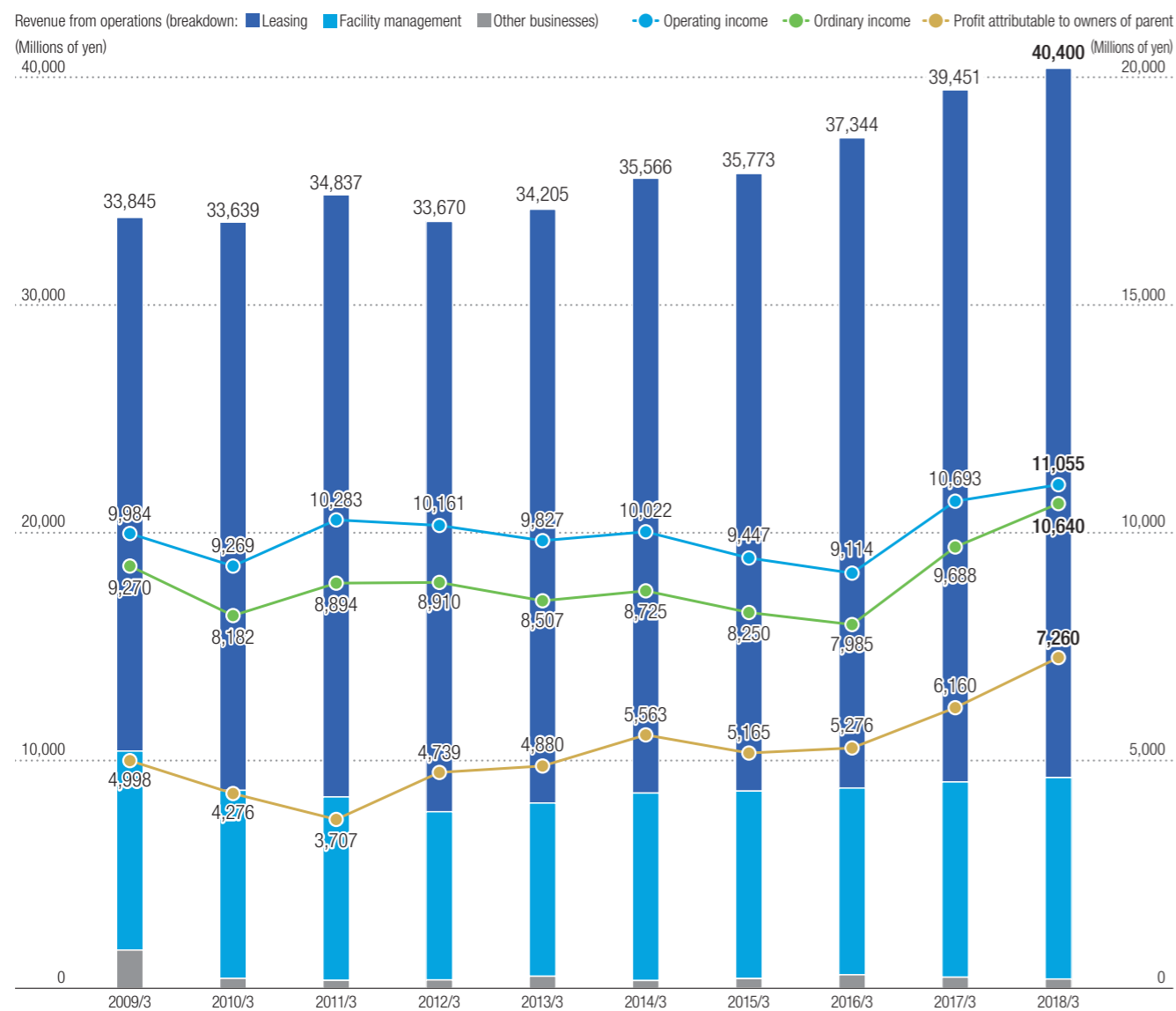
Overview of Construction

Location	1-18, Sotokanda, Chiyoda-ku, Tokyo
Gross floor area	Approx. 5,000 m ² (approx. 1,500 tsubo)
Floors	11 floors above ground, 2 floors below ground, 2 rooftop floors
Applications	Restaurants, stores
Design oversight	Nikken Sekkei Ltd
Construction	KAJIMA CORPORATION
Construction period	November 2017 to summer of 2019

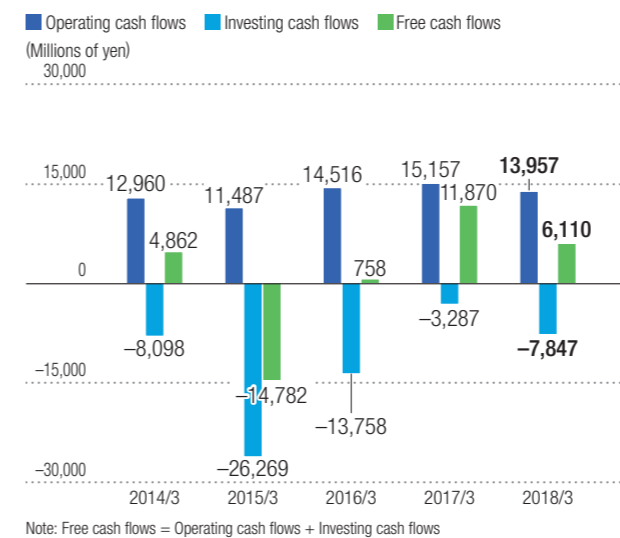


Consolidated Financial Performance

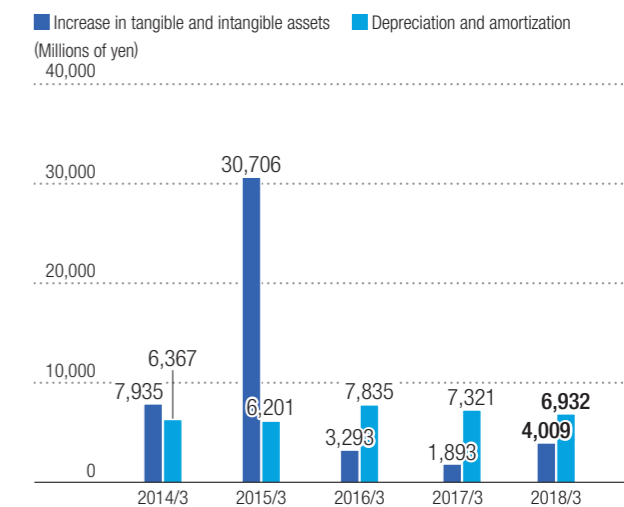
Revenue from operations / Operating income / Ordinary income / Profit attributable to owners of parent



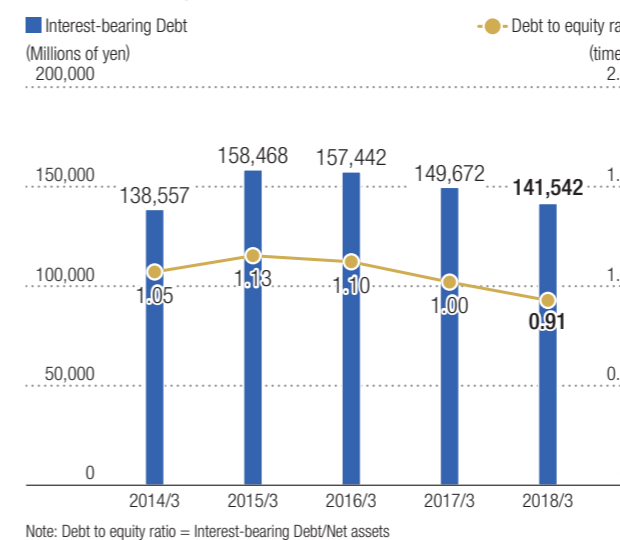
Cash Flows



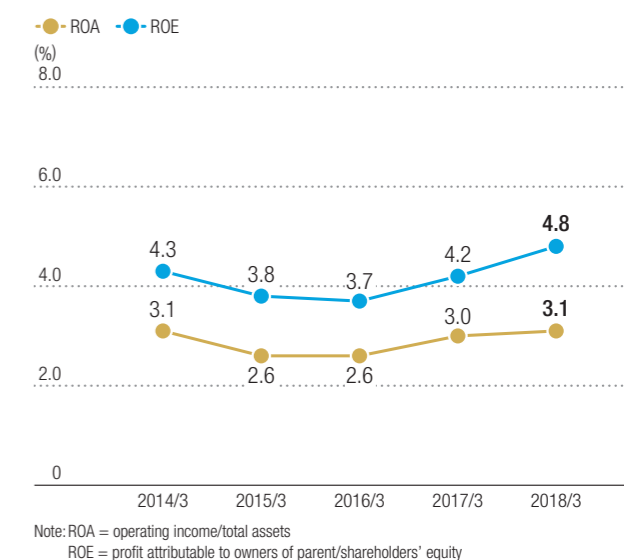
Increase in Tangible and Intangible Assets / Depreciation and Amortization



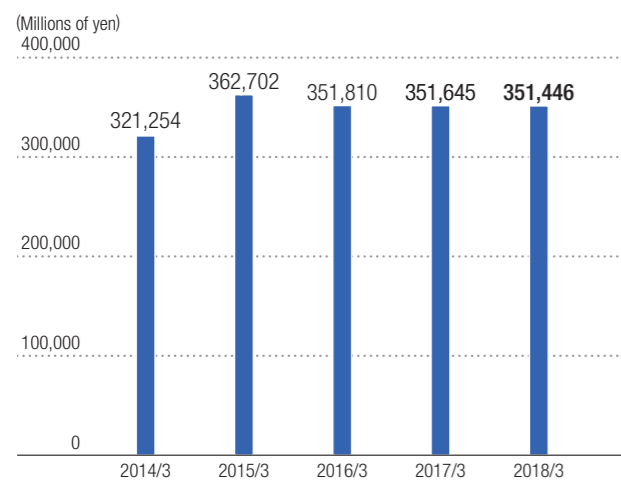
Interest-bearing Debt / Debt to equity ratio



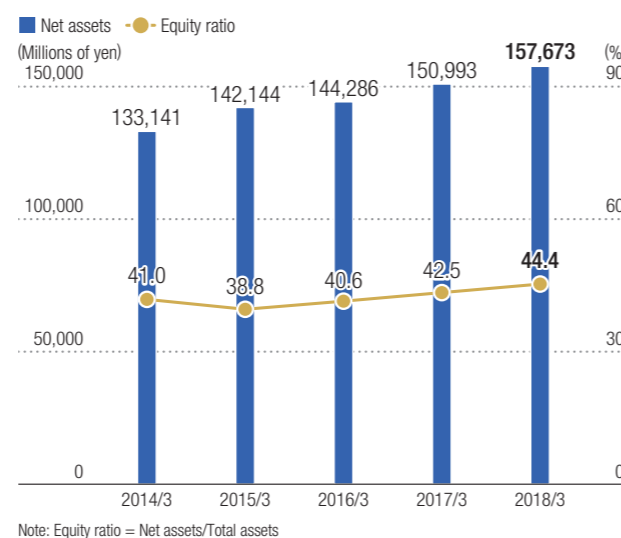
ROA (Return on Assets) ROE (Return on Equity)



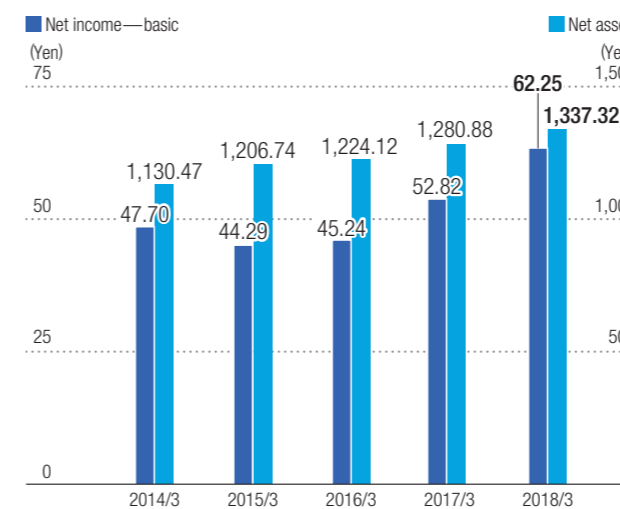
Total assets



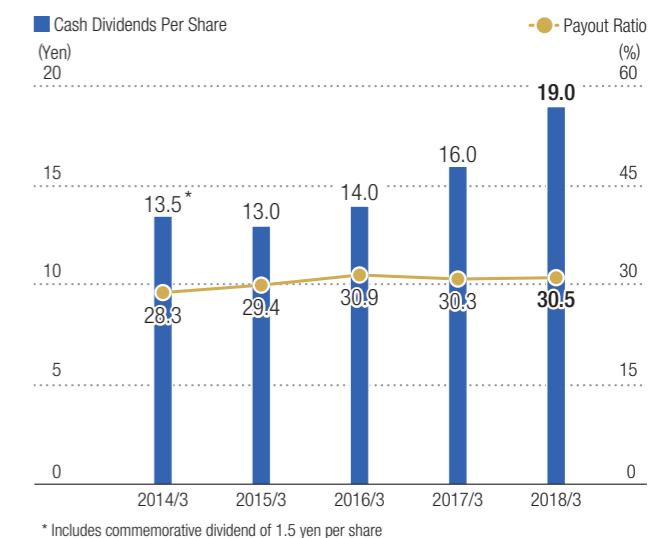
Net assets / Equity ratio



Per Share Data



Cash Dividends Per Share / Payout Ratio



Osaka




Daibiru-Honkan Building
 Location 3-6-32, Nakanoshima, Kita-ku, Osaka
 Floors 22 floors above ground, 2 floors below ground
 Gross floor area 48,197.75m²
 Completion Feb. 2013



Nakanoshima Daibiru Building
 Location 3-3-23, Nakanoshima, Kita-ku, Osaka
 Floors 35 floors above ground, 2 floors below ground
 Gross floor area 79,543.04m²
 Completion Mar. 2009



Shin-Daibiru Building
 Location 1-2-1, Dojimahama, Kita-ku, Osaka
 Floors 31 floors above ground, 2 floors below ground
 Gross floor area 77,388.49m²
 Completion Mar. 2015



Umeda Daibiru Building
 Location 3-3-10, Umeda, Kita-ku, Osaka
 Floors 23 floors above ground, 3 floors below ground
 Gross floor area 42,363.23m²
 Completion May 2000



Dojima Daibiru Building (ANA Crowne Plaza Osaka)
 Location 1-3-1, Dojimahama, Kita-ku, Osaka
 Floors 23 floors above ground, 3 floors below ground
 Gross floor area 44,770.16m²
 Completion Sep. 1984



Tosabori Daibiru Building
 Location 2-2-4, Tosabori, Nishi-ku, Osaka
 Floors 17 floors above ground, 1 floor below ground
 Gross floor area 37,496.96m²
 Completion Jul. 2009



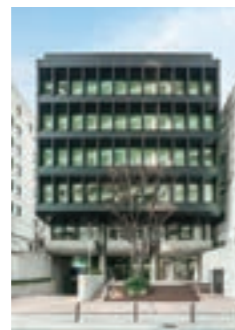
Midosuji Daibiru Building
 Location 4-1-2, Minami-kyuho-jimachi, Chuo-ku, Osaka
 Floors 8 floors above ground, 3 floors below ground
 Gross floor area 13,399.13m²
 Completion Sep. 1964



Yodoyabashi Daibiru Building
 Location 4-4-9, Korabashi, Chuo-ku, Osaka
 Floors 14 floors above ground, 2 floors below ground
 Gross floor area 11,273.19m²
 Completion Sep. 1997



Awajimachi Daibiru Building
 Location 3-1-9, Awajimachi, Chuo-ku, Osaka
 Floors 8 floors above ground, 1 floor below ground
 Gross floor area 10,344.37m²
 Completion May 1986



Dokita Daibiru Building
 Location 1-2-5, Dojima, Kita-ku, Osaka
 Floors 7 floors above ground, 1 floor below ground
 Gross floor area 4,282.71m²
 Completion Mar. 1986



Kita-Umeda Daibiru Building
 Location 1-5-22, Nakatsu, Kita-ku, Osaka
 Floors 8 floors above ground, 1 floor below ground
 Gross floor area 4,184.83m²
 Completion Jan. 1997



Estate Tosabori Building
 Location 2-2-17, Tosabori, Nishi-ku, Osaka
 Floors 5 floors above ground, 1 floor below ground
 Gross floor area 5,634.91m²
 Completion Oct. 1997

Tokyo




Hibiya Daibiru Building
 Location 1-2-2, Uchisaiwaicho, Chiyoda-ku, Tokyo
 Floors 21 floors above ground, 3 floors below ground
 Gross floor area 29,960.50m²
 Completion (first phase) Oct. 1989 (second phase) Nov. 1991



Akihabara Daibiru Building
 Location 1-18-13, Sotokanda, Chiyoda-ku, Tokyo
 Floors 31 floors above ground, 2 floors below ground
 Gross floor area 50,289.59m²
 Completion Mar. 2005



Shosen Mitsui Building (Toranomon Daibiru Building)
 Location 2-1-1, Toranomon, Minato-ku, Tokyo
 Floors 16 floors above ground, 3 floors below ground
 Gross floor area 34,655.23m²
 Completion Nov. 1979



Yaesu Daibiru Building
 Location 1-1-1, Kyobashi, Chuo-ku, Tokyo
 Floors 9 floors above ground, 5 floors below ground
 Gross floor area 26,723.04m²
 Completion Jun. 1968



Aoyama Rise Square
 Location 5-1-22, Minamioyama, Minato-ku, Tokyo
 Floors 16 floors above ground, 2 floors below ground
 Gross floor area 25,010.81m²
 Completion Apr. 2003



Kojimachi Daibiru Building
 Location 5-7-1, Kojimachi, Chiyoda-ku, Tokyo
 Floors 7 floors above ground, 2 floors below ground
 Gross floor area 11,609.67m²
 Completion Sep. 1976



Shinjuku Daibiru Building (Shinjuku ALTA)
 Location 3-24-3, Shinjuku, Shinjuku-ku, Tokyo
 Floors 8 floors above ground, 3 floors below ground
 Gross floor area 11,254.82m²
 Completion Sep. 1980



Shiba Daibiru Building
 Location 5-21-6, Shiba, Minato-ku, Tokyo
 Floors 10 floors above ground, 1 floor below ground
 Gross floor area 10,833.24m²
 Completion Jun. 1989

Vietnam



CornerStone Building
 Location 16 Phan Chu Trinh Street, Hoan Kiem District, Hanoi, Vietnam
 Floors 14 floors above ground, 3 floors below ground, 1 rooftop floor
 Gross floor area 48,494m²
 Completion Jun. 2013



Saigon Tower
 Location 29 Le Duan Boulevard, District 1, Ho Chi Minh City, Vietnam
 Floors 18 floors above ground, 2 floors below ground
 Gross floor area 17,986m²
 Completion Dec. 1996



Uchisaiwaicho Daibiru Building
 Location 1-3-3, Uchisaiwaicho, Chiyoda-ku, Tokyo
 Floors 9 floors above ground, 2 floors below ground
 Gross floor area 10,121.85m²
 Completion Jan. 1983



Mita Nitto Daibiru Building
 Location 3-11-36, Mita, Minato-ku, Tokyo
 Floors 8 floors above ground, 1 floor below ground
 Gross floor area 10,008.21m²
 Completion Sep. 1986



Akihabara Daibiru-Eki-mae Plaza Building
 Location 1-18-18, Sotokanda, Chiyoda-ku, Tokyo
 Floors 9 floors above ground, 1 floor below ground
 Gross floor area 3,201.22m²
 Completion Mar. 2005



Estate Shiba Building
 Location 5-17-2, Shiba, Minato-ku, Tokyo
 Floors 5 floors above ground
 Gross floor area 498.92m²
 Completion Dec. 1987

Environmental Activities

As part of our social obligation to contribute towards the sustainable development of society, the Daibiru Group is proactive in reducing the environmental impact of its activities and seeks to create cityscapes that harmonize with the natural landscape. Furthermore, the Daibiru Group works with all its stakeholders, including customers, local communities, and business partners, to ensure that its activities compliment and harmonize with the natural environment.

► Environmental Policy of the Group

1. Coexisting With the Natural Environment

Strive to minimize the environmental impact at every business stage—from planning to design, construction, operation, and demolition—with the aim of creating natural and environmentally friendly urban environments.

2. Contribute to Global Warming Countermeasures and the Creation of a Recycling-based Society

Work to prevent global warming by conserving resources and energy and utilizing renewable energy in order to curb the generation of greenhouse gases, and contribute to the development of a recycling based society by reducing waste and reusing/recycling resources.

3. Establish Frameworks for Environmental Conservation

Set goals and guidelines and establish frameworks for environmental conservation.

4. Improve Awareness of Environmental Conservation

Through environmental education and awareness activities, strive to enhance Group employees' awareness of environmental conservation.

5. Cooperate With Stakeholders

Work closely with our stakeholders, including customers, local communities and business partners, to promote coexistence with the natural environment.

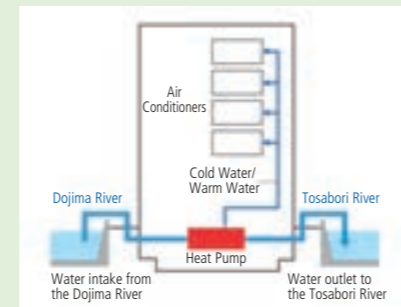
6. Comply With Environmental Laws and Regulations

Comply with environmental laws and regulations to ensure our activities harmonize with the natural environment.



Adoption of District Heating and Cooling System Utilizing River Water

The Daibiru-Honkan Building and Nakanoshima Daibiru Building take advantage of their location in Nakanoshima, which is situated between the Dojima and Tosabori Rivers in the Aquapolis of Osaka to use river water for cooling in the summer and heating in the winter. As heat is not exhausted to the atmosphere through air conditioning, it contributes to the prevention of the heat island effect in cities and reduction of CO₂.

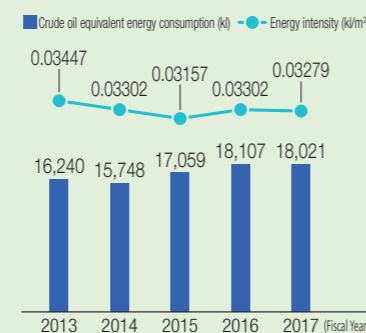


Status of Energy Use and CO₂ emissions

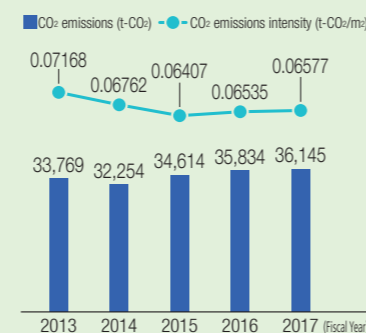
The Company strives to provide buildings and services which have a smaller environmental footprint, such as by using environmentally conscious designs in newly constructed buildings and introducing the latest equipment capable of efficient energy use to existing buildings.

*Figures are calculated using emission coefficients for each energy supplier, so CO₂ emissions and intensity are affected by fluctuation of the relevant coefficients.

Energy Use and Intensity Changes



CO₂ Emissions and Intensity Changes



Coexistence of Offices and Green Spaces

Shin-Daibiru Building Dojima-no-mori

The former Shin-Daibiru Building featured a rooftop tree garden that was loved by the wide public, which was at the vanguard of the building greening movement in a design that emphasized nature itself. After reconstruction, "Dojima-no-mori," a garden of about 1,000 tsubo in area, was built on the site of the "Shin-Daibiru Building." Some of the trees planted in the former building's "rooftop tree garden," including Japanese zelkovas and maples that are around 50 years old, have been replanted into this area to make it a space where people can enjoy a walk.

Acquired "AAA," the highest rank in JHEP Certification (Japan Habitat Evaluation and Certification Program) / Acquired "2014 five stars," the highest rank in DBJ Green Building Certification / Acquired an "S," the highest rank in the CASBEE OSAKA Mirai (Comprehensive Assessment System for Building Environmental Efficiency) / Received the "Nikkei Inc Prize, Rooftop Greening Section" at the 15th "Competition for Specialized Greening Technology for Rooftops, Wall Facings and New Green Spaces" / Received the "Chairman of Organization for Landscape and Urban Green Infrastructure Award, Green Business Activities Category" at the 36th "Green City Awards" / Received the "Governor of Osaka Award," Landscape Design Category, at the 6th "Green Town Planning Award (Osaka Landscape Award)" / Received the "Governor of Osaka Award" and "Biodiversity Award" at the 10th "Osaka Excellent Greening Award" / Recognized as an "Urban Oasis" by SEGES (Social and Environmental Green Evaluation System) / Received the "Mayor of Osaka Award" at the 37th "City of Osaka Scenic Architecture Award (Osaka Machinami Award)"



Daibiru-Honkan Building Nakanoshima Shiki-no-oka

"Nakanoshima Shiki-no-oka" is planted with a variety of trees such as plum, cherry, Japanese dogwood, and maple, along with ground-covering vegetation, to evoke a sense of the four seasons. The land is hilly, and the ground-covering vegetation spread out at the foot of the trees is designed to bring the area together as a unified green space. Most of the trees on the hill are flowering trees that bear plenty of fruit, making it a spot friendly to living creatures that attracts wild birds, butterflies, bees and other insects. In addition, mist machines installed along the slope (operating in summer only) draw the cool breeze from Osaka Bay into the block to create a cool spot and help control the heat island effect in the city.

Received the "Governor of Osaka Award," Landscape Design Category, at the 4th "Green Town Planning Award (Osaka Landscape Award)" / Received the "Encouragement Award, Green Business Activities Category" at the 34th "Green City Awards" / Received the "Nikkei Inc Prize, Rooftop Greening Section" at the 13th "Competition for Specialized Greening Technology for Rooftops, Wall Facings and New Green Spaces" / Received the "Governor of Osaka Award" at the "Osaka Excellent Greening Award" in fiscal 2014 / Received the "Mayor of Osaka Award" at the 34th "City of Osaka Scenic Architecture Award (Osaka Machinami Award)" / Received the "first Prize" in the CASBEE OSAKA OF THE YEAR 2013



Yaesu Daibiru Building Rooftop Tree Garden

At the rooftop, fruit-bearing trees are planted to provide a place for customers as well as birds that live in the Imperial Palace to take a rest. The message from President Tomoe Kudo almost half a century ago — Developing land and promoting civil engineering for the sake of human life, while maintaining the living environment of all beings, are the wisdom of human beings and the rationale for them to be the lords of creation — is the DNA of DAIBIRU.



Environmental Activities

Ecosystem of Shin-Daibiru Building Dojima-no-mori

The Shin-Daibiru Building Dojima-no-mori carries on the spirit of the rooftop tree garden of the (former) Shin-Daibiru Building, with the concept of "a forest that is friendly to people as well as living things." Some of the trees grown at the rooftop garden of the former Shin-Daibiru Building were transplanted to a temporary location for a conservative purpose during reconstruction, and then transplanted again to the new building with more native trees added, which resulted in the creation of a green zone covering approximately 1,000 tsubo (about 3,300m²). Through these initiatives, the Company was rewarded the "JHEP Certification" with the highest score of "AAA," which evaluates contributions to the ecosystem.

This was the first time for a company in Western Japan to win this rank. In order to ascertain the level of contribution to the ecosystem, an external organization monitored organisms there, and as a result, confirmed that a specific level of food chain had been established in Dojima-no-mori. A Habitat in the urban area like this is precious for birds and insects, and its contribution to the ecosystem was highly evaluated.

Shin-Daibiru Building Dojima-no-mori Results of Organism Monitoring

Monitoring Period
April 2016 to March 2017

Species Confirmed by On-site Survey

Birds: 15 species including the Japanese great tit, bulbul, bush warbler, short-tailed bush warbler, turtledove, and Japanese white-eye

Insects: 54 species including the Asian mantis, white-tailed skimmer dragonfly, and blue triangle butterfly

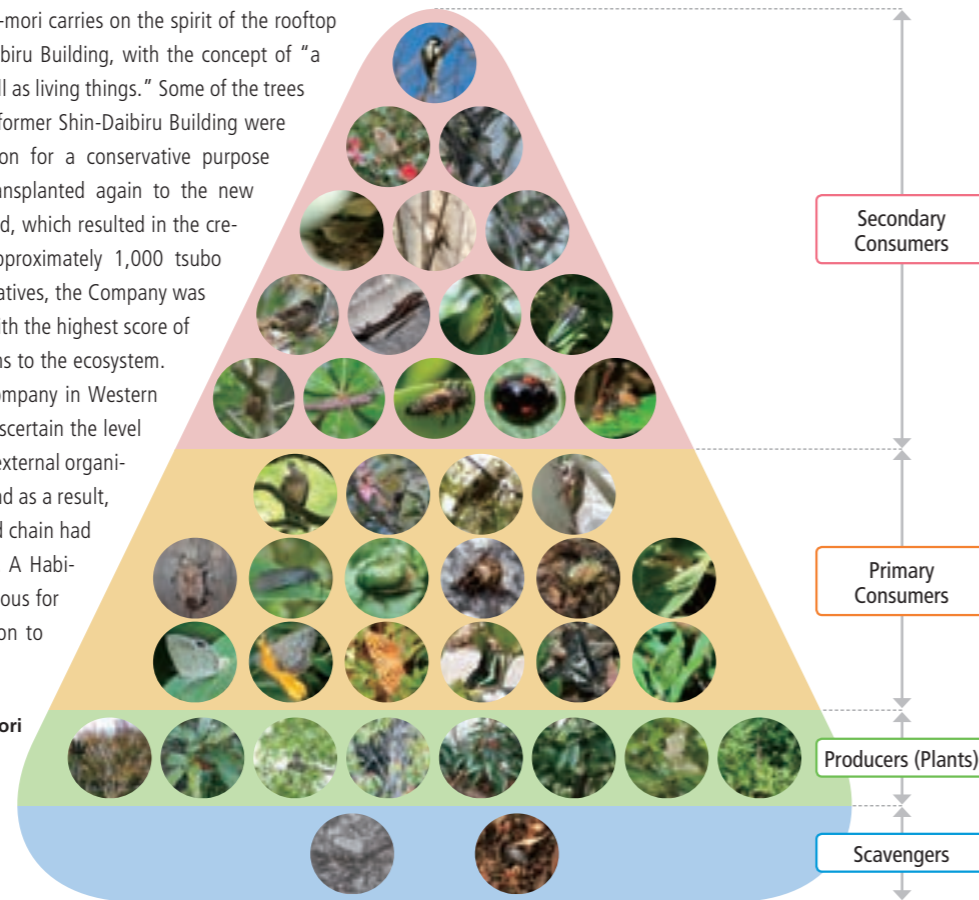


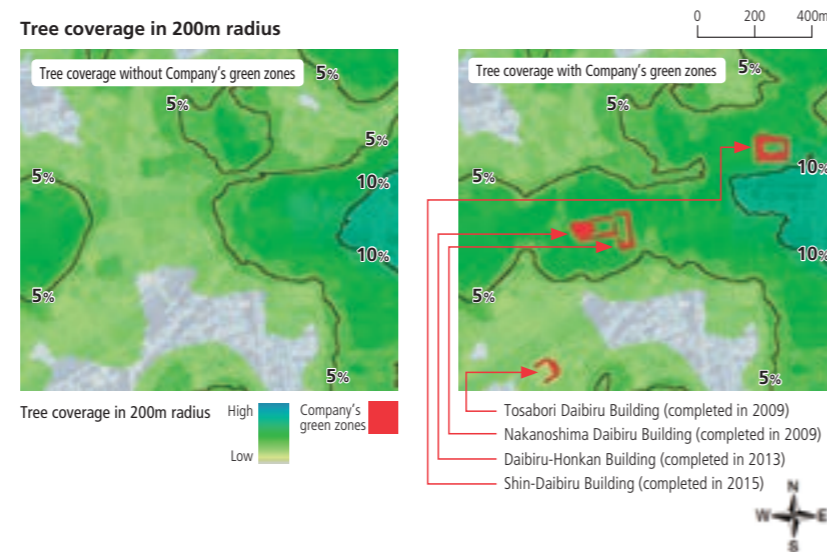
Image of Ecosystem Pyramid

* All photos were taken in Shin-Daibiru Building Dojima-no-mori

Assessment of Contribution of the Company's Green Zone over a Wide Scale

In addition to the Shin-Daibiru Building, Daibiru-Honkan Building, Nakanoshima Daibiru Building, and Tosabori Daibiru Building have green zones in their premises. The figures to the right show tree coverage in a 200m radius, comparing the case where the Company's green zones exist with the case where don't exist. Tree-dwelling birds like the Japanese great tit are living in green zones that are dotted over the city center.

The Company's green zones were given high marks for linking the split green zone network, contributing to the vitalization of the avian ecosystem.



CSR Activities

The Daibiru Group considers its corporate social responsibility initiatives to be one of its most important missions. The "Group Code of Conduct" was formulated with this in mind. The Daibiru Group will focus on the corporate principles and comply with the "Group Code of Conduct" in its corporate activities while at the same time making the utmost efforts to achieve sustainable growth in harmony with society.

▶ Group Code of Conduct

1. Good corporate citizenship

Daibiru strives always to be a good corporate citizen acting in good faith and conduct business activities in line with social responsibility and the highest ethical standards.

2. Legal compliance

With legal and regulatory compliance as a given, Daibiru conducts itself with integrity as a member of society, acting in accordance with social norms and corporate ethics. The Company takes a resolute stance against anti-social forces, and does not carry out any anti-social activities.

3. Fair disclosure

Daibiru conducts its business activities always in a fair and transparent manner, giving timely and accurate information to shareholders and the public at large whenever it is necessary.

4. Addressing environmental problems

Viewing concern for the environment as a priority management issue, Daibiru is determined to promote energy conservation, recycling and other initiatives to better the environment.

5. Social contribution

Recognizing itself as part of local communities, Daibiru strives through its corporate activities to grow in step with those communities.

6. Respect for human rights

Daibiru has an abiding respect for human rights, and is determined to realize a society free of discrimination.

7. Corporate culture where autonomy is valued

Encouraging everyone to take the lead in their work, Daibiru is forging a working environment that enables full expression of the individuality and abilities of its workforce.

Coexistence with the Local Community

Building a Pedestrian Bridge



Footbridge of Nakanoshima 3-chome

"Nakanoshima Shiki-no-oka" is connected by a pedestrian bridge to the promenade beside the Dojima River that runs past the northern side of the site. In the future, we intend to build a pedestrian bridge connecting to Nakanoshima 4-chome as well, where Osaka City plans to locate a museum of modern art. This will increase foot traffic in the Nakanoshima district, and will contribute to the enhancement of pedestrian safety by separating walking areas from those used by cars.

Disaster Prevention Measures



Nakanoshima West Water Sprinkling Project



CSR Activities

Coexistence with the Local Community

Chiyoda-ku Disaster Response Training Concerning Stranded Persons



We have been cooperating in disaster response training concerning stranded persons together with companies and groups in the Akihabara Station area every year since 2010 with the purpose of providing a support system to those who find it difficult to get home after an occurrence of a major disaster.

Nakanoshima Litter Cleanup Activities



AED Machine Installation and Life-Saving Courses



Social Contribution and Support for Culture

Daibiru Salon "1923"



In the "Daibiru Salon '1923'" on the first floor of the "Daibiru-Honkan Building," we have recreated the atmosphere of the "Daibiru Club" that used to be set up in the "former Daibiru-Honkan Building." Furthermore, in order to carry on the great architecture of the past, the terra cotta used for the eaves cornice section of the "former Daibiru-Honkan Building" along with decorations, furnishings and other items from the Club are on display.

In addition, the "Daibiru Archives," a large touch-panel display, has been installed to allow visitors to view numerous photographs and maps, so that the history of the merchant town Nakanoshima in Osaka will be widely passed down.

Industry-Academic Cooperation Akiba Techno Club (ATC)



Akiba Techno Club (ATC)

Industry-academic exchange zone

With the aim of creating a base for generating new industry and nurturing human resources, the "Akiba Techno Club (ATC)" is operated in the "Akihabara Daibiru Building," with membership mainly composed of the tenants of the building. Through the ATC, we seek to stimulate industry-academic collaboration by facilitating exchanges of information among professionals working at the forefront of IT. In addition, in order to communicate these efforts both internally and externally, information about events on an ATC website offering information about industry-academic collaboration.

Children's Workshop CAMP



Osaka Classic



YMCA International Charity Run Love on the run



Smiles x Children x Nakanoshima



Making koinobori at Smiles x Children x Nakanoshima

Starting in 2012, the art event "Smiles x Children x Nakanoshima" has been held at the "Nakanoshima Daibiru Building." This event, which fosters the imaginative power of children through the process of making things, is a project that lets children experience art up close. Activities include the creation of a huge koinobori (carp streamer) assembled from drawings by the children, and a panel of about two meters in length on which artists paint pictures on the theme of "smiles."

Living Architecture Museum Festival Osaka



We participate in the Living Architecture Museum Festival Osaka which is the Osaka version of the event exemplified by the Open House London, involving opening buildings to the general public free of charge so people can get a first-hand architectural experience. This event involves providing guided tours and holding photo exhibitions at halls in our buildings.

TOPICS Joining the UN Global Compact

The Daibiru Group has joined the "UN Global Compact." The UN Global Compact, declared in January 1999 by the former United Nations Secretary General Kofi Annan and established in 2000 at the UN Headquarters in New York, is an initiative that calls on companies to voluntarily support and practice in their corporate activities ten universally accepted principles in the four areas of human rights, labour, environment, and anti-corruption. Recognizing that the "Group Code of Conduct" and these ten principles share a common philosophy, we will pursue our CSR activities even more vigorously through participation in the "UN Global Compact."

The UN Global Compact's ten principles



Network Japan
WE SUPPORT

- Human Rights**
 - Principle 1** Businesses should support and respect the protection of internationally proclaimed human rights; and make sure that they are not complicit in human rights abuses.
 - Principle 2** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
 - Principle 3** the elimination of all forms of forced and compulsory labour;
 - Principle 4** the effective abolition of child labour; and
 - Principle 5** the elimination of discrimination in respect of employment and occupation.
- Labour**
 - Principle 6** Businesses should support a precautionary approach to environmental challenges;
 - Principle 7** undertake initiatives to promote greater environmental responsibility; and
 - Principle 8** encourage the development and diffusion of environmentally friendly technologies.
- Environment**
 - Principle 9** Businesses should work against corruption in all its forms, including extortion and bribery.
- Anti-Corruption**
 - Principle 10**

Corporate Governance

► Basic Approach to Corporate Governance

Under the management policy of “Constructing buildings, creating towns — pioneering a new era,” with a view to enhance corporate value over the long term through sustainable and stable growth of the Group, the Company believes that fair, transparent, prompt and bold decision making is crucial to corporate governance. From these, the Company has formulated the “Basic Policy for Corporate Governance.”

The Company shall “comply with laws and regulations and conduct its operations with integrity as a member of society, acting in accordance with social norms and corporate ethics,” as prescribed in the “Group Code of Conduct (2. Legal compliance).” The Company also established the “Compliance Committee” to ensure promotion of compliance structures, aiming to ensure compliance in day-to-day operating activities.

► Overview of Corporate Governance Framework

The Company has adopted the Audit & Supervisory Board system, having concluded that the Audit & Supervisory Board system functions effectively in providing oversight to the Company’s management. The Audit & Supervisory Board comprises four Audit & Supervisory Board members, two of whom are standing statutory members. The Audit & Supervisory Board members conduct audits in line with the policies, division of tasks and other directions of the Audit & Supervisory Board by attending important meetings such as meetings of the Board of Directors, the Executive Committee and other bodies, examining important documents, inspecting business sites, and other means.

Of the six directors, two are independent outside directors, and of the four Audit & Supervisory Board members, two are outside Audit & Supervisory Board members. This management system enables objectivity to be maintained at all times.

Pursuant to Article 427, Paragraph 1 of the Companies Act of Japan, the Company has concluded with outside directors Akira Takamatsu and Atsushi Oi as well as outside Audit & Supervisory Board members Hiroshi Tanaka and Mikio Konishi, an agreement that limits liability for damages as set forth in Article 423, Paragraph 1 of the same Act. The limit of liability for damages set out in this agreement is the minimum statutory limit set out by the relevant laws and regulations.

The Board of Directors

The Board of Directors meets once per month in principle, and otherwise as required, and decides the basic policies for overall management of the Company while also supervising the execution of duties of Directors and Executive Officers. All important management issues are put before the Board of Directors to be deliberated and decided upon. The Board of Directors also receives reports on business execution performance as needed.

The number of Directors constituting the Board of Directors shall not exceed 14, two of which are Independent Outside Directors.

[Independent Directors/Audit & Supervisory Board Members]

The Company has set out the criteria for the independence of Outside Directors and Outside Audit & Supervisory Board Members, whereby two Outside Directors and two Outside Audit & Supervisory Board Members have been appointed as Independent Directors/Audit & Supervisory Board Members, all four of whom have further been designated and registered as Independent Directors/Audit & Supervisory Board Members, pursuant to the regulations of Tokyo Stock Exchange.

The Executive Committee

The “Executive Committee,” comprising the President Chief Executive Officer, Executive Vice President, Senior Managing Executive Officer and Managing Executive Officer, meets three times a month in principle, at which the members conduct thorough deliberation to make decisions on important matters related to business execution, based on the basic policies for overall management set out by the Board of Directors.

Executive Officers

In June 2007, the Company introduced an executive officer system to expedite decision making at the business execution level and to enhance its business operating capabilities. Executive officers are elected at the Board of Directors, and engaged in business execution as a person responsible for each department. The authority for business execution is delegated from the President Chief Executive Officer.

Management Vision Committee

Apart from the Board of Directors, which is a forum for making decisions on the basic policies for overall corporate management, the “Management Vision Committee” is held around three times a year, to present a forum for review on such basic policies. The Management Vision Committee is composed of Directors, Audit & Supervisory Board Members and Executive Officers.

Agendas of the Management Vision Committee

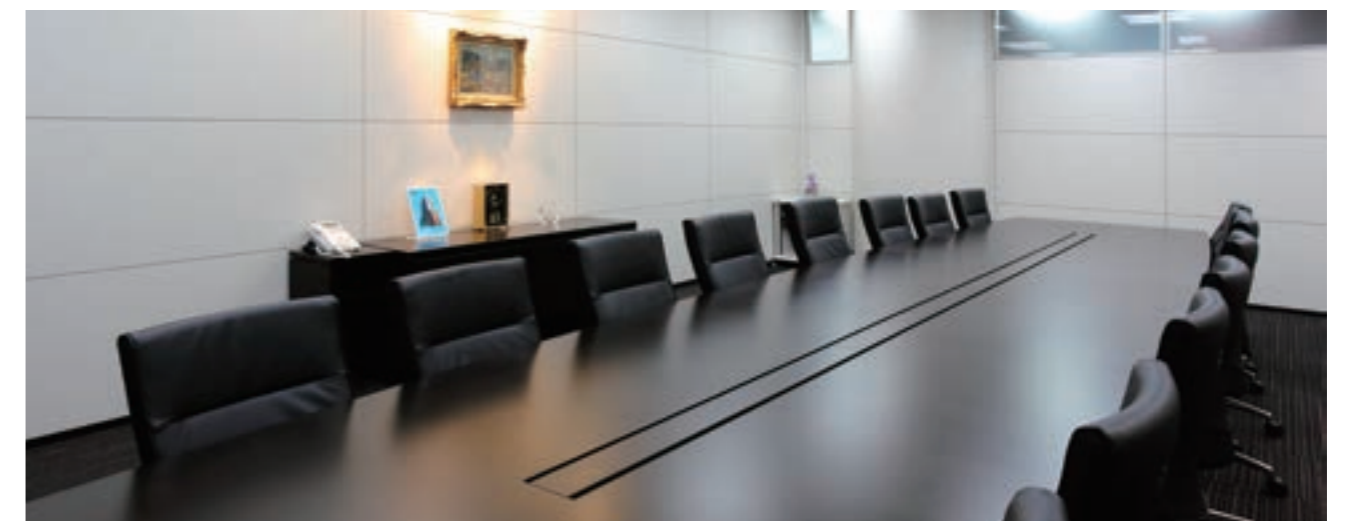
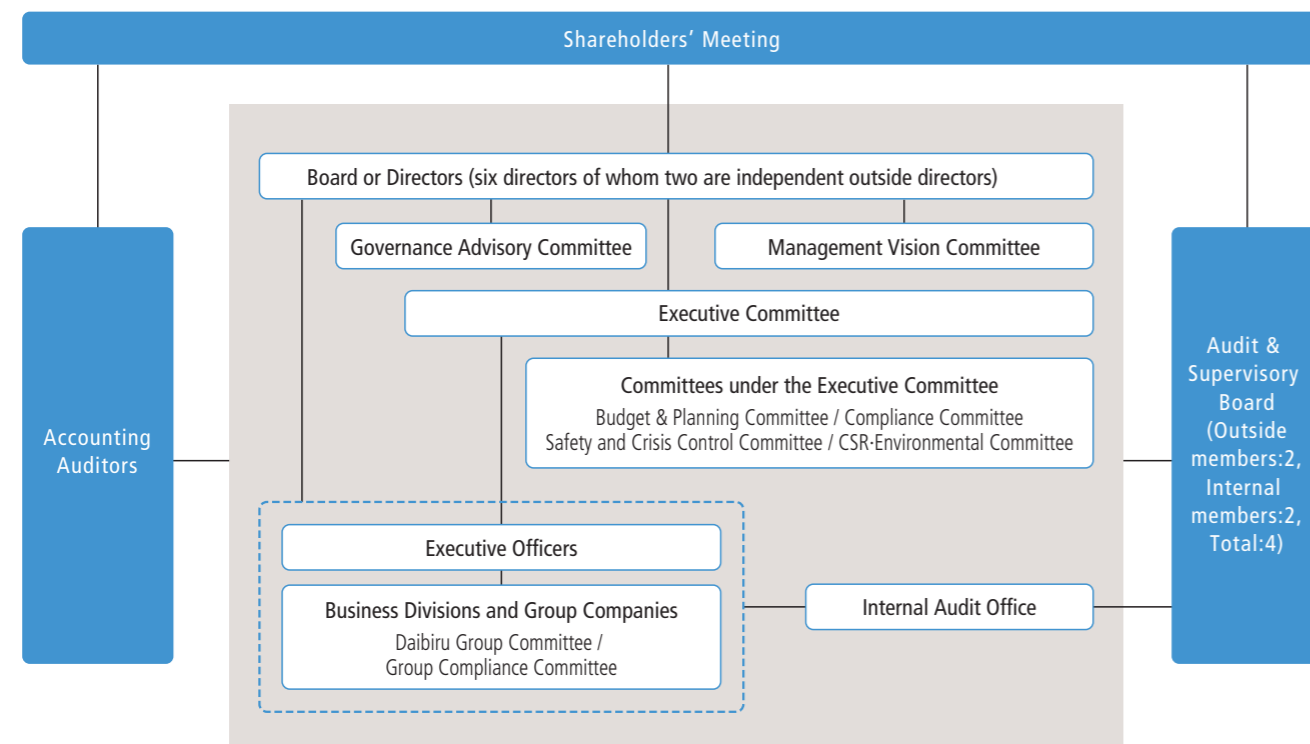
- Stress test, etc. for rising interest rate
- Current status of corporate governance code at the Company and suggestions for its improvement
- ROE and sustainable growth
- Enhancement of competitiveness at Daibiru Group
- Promotion of active participation by female workforce/Diversity
- Overseas business strategies
- Domestic investment strategies
- New Medium-term Management Plan

The Governance Advisory Committee

The Company has established as advisory body to the Board of Directors, the “Governance Advisory Committee” which is chaired by an Independent Outside Director, and composed of Outside Directors, the Chairman and the President Chief Executive Officer.

The Governance Advisory Committee provides, based on the Company’s corporate principles and medium to long-term management plan, as well as the characteristics of its business, advice to the Board of Directors on matters such as the appointment and dismissal of Directors and executive officers, the determination of remuneration, etc. for Directors and Executive Officers, and succession plans for President Chief Executive Officer.

Corporate Governance Organization



Board of Directors, Audit & Supervisory Board Members and Executive Officers

(As of July, 2018)



Takehiko Yamamoto
Representative Director
Chairman



Toshiyuki Sonobe
Representative Director
President Chief Executive Officer



Junichi Narita
Director
Senior Managing Executive Officer
Supervisor for Administration Division
Responsible for Human Resources Department
and Investor Relations



Takeo Yada
Director
Managing Executive Officer
Responsible for Construction &
Technical Management Department
President of Daibiru Facility Management, Ltd.



Akira Takamatsu
Director



Atsushi Oi
Director



Kensuke Tanaka
Managing Executive Officer
Responsible for Business Planning
Department and Osaka Office Leasing
Department and Tokyo Office Leasing
Department and Real Estate Development Office



Yoichi Hayashi
Executive Officer
in charge of Finance & Accounting
Department and Information System Office
General Manager of Information System Office



Hiroshi Shimokawa
Executive Officer
in charge of General Affairs Department
and Internal Audit Office
General Manager of General Affairs
Department



Takehiko Ota
Executive Officer
Responsible for Corporate Planning
Department and Overseas Business Office



Kazuhiko Yamada
Executive Officer
Secondarily Responsible for Osaka Office
Leasing Department



Hideki Tainaka
Executive Officer
Secondarily Responsible for Construction &
Technical Management Department,
General Manager of Construction &
Technical Management Department



Hidetoshi Minematsu
Group Executive Officer
President of MOL Kosan Co., Ltd.



Yoshihiro Nishiguchi
Audit & Supervisory Board Member



Hideo Horiguchi
Audit & Supervisory Board Member



Hiroshi Tanaka
Audit & Supervisory Board Member



Mikio Konishi
Audit & Supervisory Board Member

Operating Results

Management Policy

The Daibiru Group, with office-leasing as its major business, under the corporate principles of “Constructing buildings, creating towns, pioneering the new era,” offers customer-oriented high quality of-office spaces and is aiming to increase profitability and increase our corporate value, as well as to contribute to the development of eco-

nomie society. Furthermore, we are aiming to further increase business performance with due considerations to ensure the safety of financial assets, through an improvement of asset efficiency, and an expansion of cash flows based on medium and long-term perspectives.

Overview of Fiscal 2017

In fiscal 2017, the Japanese economy was on a moderate recovery trend as corporate earnings and employment and income environment improved, and capital investment increased under various economic policies by the government.

For the office leasing segment, strong conditions continued mainly due to continued low levels of vacancy rates of office buildings in the central business districts (CBD) of Tokyo and Osaka and a moderate upward trend in rent rates.

Amid such environment, the Daibiru Group has taken a proactive approach to expand business and sought to offer tenant services with “Daibiru Excellence” by promoting activities that improve building management quality and thus differentiate Daibiru properties from competitors’ buildings. These efforts have enabled the Daibiru Group to maintain high occupancy rates.

In the Medium-term Management Plan, “Design 100” Project Phase-I, growth strategies were established in priority investment areas, including investment in high-end office properties in the

three central wards in Tokyo, enhancement of competitiveness of existing buildings through renewal investment, and development of Grade-A office buildings in Vietnam.

Under this plan, the Company started construction of the “Akihabara Project (tentative name)” (11 floors above ground and 2 floors below ground, gross floor area of approximately 5,000m²) in November last year. Renewal construction of the Shiba Daibiru Building is also making steady progress as planned.

In Vietnam, the Company participated in an office building development project together with a project partner through an investment in a company accounted for by the equity method (M&D SUN PTE. LTD.) as the Company’s third investment following the Saigon Tower and the CornerStone Building. Thereafter, the Company recorded share of profit of entities accounted for using equity method due to the sale of this project at a price above the amount of investment.

Medium-term Management Plan “Design 100” Project Phase-I Revenue/Profit Plan vs. Results

(Billions of yen)

	Fiscal 2013		Fiscal 2014		Fiscal 2015		Fiscal 2016		Fiscal 2017	
	Plan	Results	Plan	Results	Plan	Results	Plan	Results	Plan	Results
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
Profit attributable to owners of parent	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	18.7
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 times	1.1 times	1.2 times	1.1 times	1.1 times	1.1 times	1.0 times	1.0 times	0.9 times	0.9 times

Note: EBITDA: Ordinary income + Interest expenses + Depreciation and Amortization

Consolidated Financial Highlight

	2009/3	2010/3	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
For the Fiscal Year: (Millions of yen)										
Revenue from operations:	33,845	33,639	34,837	33,670	34,205	35,566	35,773	37,344	39,451	40,400
Leasing	23,428	24,947	26,433	25,916	26,069	26,993	27,114	28,551	30,389	31,146
Facility management	8,736	8,252	8,053	7,383	7,605	8,230	8,232	8,197	8,571	8,844
Other businesses	1,681	439	350	370	530	342	427	595	490	408
Operating income	9,984	9,269	10,283	10,161	9,827	10,022	9,447	9,114	10,693	11,055
Ordinary income	9,270	8,182	8,894	8,910	8,507	8,725	8,250	7,985	9,688	10,640
Profit attributable to owners of parent	4,998	4,276	3,707	4,739	4,880	5,563	5,165	5,276	6,160	7,260
Depreciation and amortization	4,310	6,747	6,779	6,007	5,745	6,367	6,201	7,835	7,321	6,932
Increase in tangible and intangible assets	23,086	16,720	39,856	3,534	17,853	7,935	30,706	3,293	1,893	4,009
Net cash provided by operating activities	6,799	15,365	12,753	12,523	10,121	12,960	11,487	14,516	15,157	13,957
Net cash used in investing activities	(11,994)	(27,536)	(38,602)	(9,098)	(18,652)	(8,098)	(26,269)	(13,758)	(3,287)	(7,847)
Net cash provided by (used in) financing activities	5,057	12,460	26,663	(2,616)	7,904	(1,532)	14,286	(2,661)	(9,624)	(10,131)
Per Share Data: (Yen)										
Net income—basic	42.85	36.66	31.79	40.64	41.84	47.70	44.29	45.24	52.82	62.25
Net assets	948.68	927.67	977.10	1,018.04	1,071.37	1,130.47	1,206.74	1,224.12	1,280.88	1,337.32
Cash dividends	11.0	11.0	11.0	11.0	11.5	13.5	13.0	14.0	16.0	19.0
						(Includes commemorative dividend of 1.5 yen per share)				
At Year End: (Millions of yen)										
Current assets	6,005	5,027	5,435	6,330	7,266	10,661	10,785	8,082	10,524	6,535
Net tangible assets	230,464	240,340	270,490	268,577	280,901	282,091	310,178	306,011	300,901	298,243
Investments and other noncurrent assets	16,665	19,675	15,609	14,849	17,751	20,731	24,393	21,139	24,877	32,392
Total assets	253,251	265,167	291,666	295,837	312,613	321,254	362,702	351,810	351,645	351,446
Current liabilities	39,876	15,771	15,857	13,948	40,735	34,165	30,711	31,041	10,266	16,044
Interest bearing debt	88,609	102,354	130,398	129,068	138,312	138,557	158,468	157,442	149,672	141,542
Net assets	111,694	114,641	115,189	120,058	126,391	133,141	142,144	144,286	150,993	157,673
Other Statistics:										
Ratio of interest bearing debt to operating cash flows (times)	13.0	6.7	10.2	10.3	13.7	10.7	13.8	10.8	9.9	10.1
Equity ratio (%)	43.7	42.8	39.1	40.1	40.0	41.0	38.8	40.6	42.5	44.4
Debt to equity ratio (times)	0.80	0.90	1.14	1.09	1.11	1.05	1.13	1.10	1.00	0.91
Number of shares outstanding (thousand)	116,851	116,851	116,851	116,851	116,851	116,851	116,851	116,851	116,851	116,851
Number of employees (non consolidated basis)	46	51	53	54	56	58	60	59	64	65
Total floor area (m ²)	571,218	566,809	506,087	526,712	577,364	574,248	700,131	700,131	700,131	700,131
Vacancy rate at end of year (%)	0.8	2.1	1.6	1.5	2.8	2.4	4.4	2.6	1.5	0.7
Stock price : High (Yen)	1,282	928	937	739	1,129	1,600	1,335	1,383	1,108	1,492
Stock price : Low (Yen)	534	613	520	436	502	989	937	753	802	932

Note: Main cash-equity trading platform has been changed to the Tokyo Stock Exchange from the Osaka Securities Exchange, as they integrated their operations as of July 16, 2013.

Consolidated Balance Sheets

	(Millions of yen)	
	2017/3	2018/3
Assets		
Current assets		
Cash and cash equivalents	8,718	4,529
Accounts receivable-trade	1,017	998
Inventories	52	53
Deferred tax assets	243	241
Other current assets	499	718
Allowance for doubtful accounts	(5)	(6)
Total current assets	10,524	6,535
Noncurrent assets		
Property and equipment		
Buildings and structures	222,696	225,629
Accumulated depreciation	(110,806)	(116,908)
Buildings and structures, net	111,890	108,720
Land	157,149	157,695
Land in trust	31,231	31,231
Construction in progress	206	198
Other	3,923	4,031
Accumulated depreciation	(3,500)	(3,635)
Other, net	423	395
Total property and equipment	300,901	298,243
Intangible assets		
Goodwill	2,084	1,857
Other	13,257	12,417
Total intangible assets	15,341	14,275
Investments and other assets		
Investment securities	22,679	30,203
Long-term loans receivable	45	18
Defined benefit assets	477	503
Deferred tax assets	126	118
Other	1,582	1,580
Allowance for doubtful accounts	(33)	(33)
Total investments and other assets	24,877	32,392
Total noncurrent assets	341,120	344,911
Total assets	351,645	351,446
Liabilities		
Current liabilities		
Current portion of long-term debt	3,130	3,130
Commercial paper	—	5,000
Accrued income and enterprise taxes	1,959	1,639
Accrued consumption taxes	543	201
Accrued bonuses for directors and statutory auditors	64	79
Other current liabilities	4,569	5,993
Total current liabilities	10,266	16,044
Long-term liabilities		
Bonds payable	80,000	80,000
Long-term debt	66,542	53,412
Guarantee deposits received	25,646	25,353
Deferred tax liabilities	8,196	9,008
Deferred tax liabilities for land revaluation	8,024	8,024
Retirement benefits for directors and statutory auditors	50	61
Defined benefit liabilities	799	787
Provision for environmental measures	620	620
Other long-term liabilities	504	460
Total long-term liabilities	190,384	177,729
Total liabilities	200,651	193,773
Net assets		
Shareholders' equity		
Common stock	12,227	12,227
Capital surplus	13,852	13,852
Retained earnings	96,763	102,099
Treasury stock	(146)	(147)
Total shareholders' equity	122,697	128,032
Accumulated other comprehensive income		
Net unrealized holding gains on securities	11,899	13,512
Deferred gains on hedges	(13)	(4)
Land revaluation reserve	12,193	12,193
Foreign currency translation adjustment	2,608	2,233
Total accumulated other comprehensive income	26,688	27,934
Non-controlling interests	1,607	1,706
Total net assets	150,993	157,673
Total liabilities and net assets	351,645	351,446

Consolidated Statements of Income

	(Millions of yen)	
	2017/3	2018/3
Revenue from operations	39,451	40,400
Cost of revenue from operations	25,187	25,529
Operating gross profit	14,263	14,870
Selling, general and administrative expenses	3,569	3,814
Operating income	10,693	11,055
Non-operating income		
Interest income	31	41
Dividend income	517	587
Share of profit of entities accounted for using equity method	—	389
Other	35	30
Total non-operating income	584	1,048
Non-operating expenses		
Interest expense	1,263	1,173
Foreign exchange losses	192	101
Other	134	188
Total non-operating expenses	1,590	1,463
Ordinary income	9,688	10,640
Extraordinary income		
Gain on sales of investment securities	25	—
Total extraordinary income	25	—
Extraordinary loss		
Loss on disposal of fixed assets	18	41
Provision for environmental measures	620	—
Total extraordinary losses	638	41
Income before income taxes and minority interests	9,075	10,599
Income taxes-current	2,914	3,095
Income taxes-deferred	(87)	144
Total income taxes	2,826	3,240
Profit	6,248	7,359
Profit attributable to non-controlling interests	88	98
Profit attributable to owners of parent	6,160	7,260

Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	2017/3	2018/3
Profit	6,248	7,359
Other comprehensive income		
Net unrealized holding gains on securities	2,780	1,613
Deferred gains on hedges	12	8
Land revaluation reserve	0	—
Foreign currency translation adjustment	(584)	(472)
Share of other comprehensive income of entities accounted for using equity method	—	96
Total other comprehensive income	2,209	1,246
Comprehensive income	8,457	8,605
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	8,369	8,506
Comprehensive income attributable to non-controlling interests	88	98

Consolidated Statements of Changes in Net Assets

Previous Fiscal Year (From Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred gains on hedges	Land revaluation reserve	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Net assets at April 1, 2016	12,227	13,852	92,353	(146)	118,287	9,119	(26)	12,193	3,193	24,479	1,518	144,286
Changes of items during the period												
Cash dividends			(1,749)		(1,749)							(1,749)
Profit attributable to owners of parent			6,160		6,160							6,160
Reversal of revaluation reserve for land			(0)		(0)							(0)
Acquisition of treasury stock				(0)	(0)							(0)
Net changes of items other than shareholders' equity						2,780	12	0	(584)	2,209	88	2,297
Total changes of items during the period	—	—	4,409	(0)	4,409	2,780	12	0	(584)	2,209	88	6,707
Balance at March 31, 2017	12,227	13,852	96,763	(146)	122,697	11,899	(13)	12,193	2,608	26,688	1,607	150,993

Previous Fiscal Year (From Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

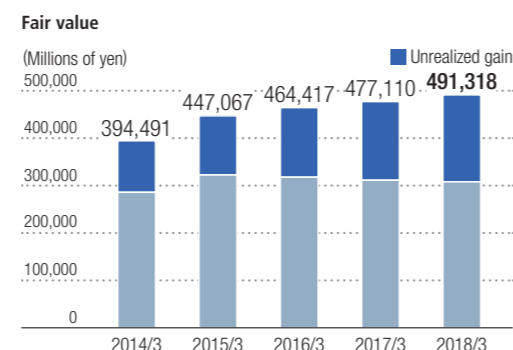
	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized holding gains on securities	Deferred gains on hedges	Land revaluation reserve	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Net assets at April 1, 2017	12,227	13,852	96,763	(146)	122,697	11,899	(13)	12,193	2,608	26,688	1,607	150,993
Changes of items during the period												
Cash dividends			(1,924)		(1,924)							(1,924)
Profit attributable to owners of parent			7,260		7,260							7,260
Reversal of revaluation reserve for land				(0)	(0)							(0)
Net changes of items other than shareholders' equity						1,613	8		(375)	1,246	98	1,345
Total changes of items during the period	—	—	5,335	(0)	5,334	1,613	8	—	(375)	1,246	98	6,679
Balance at March 31, 2018	12,227	13,852	102,099	(147)	128,032	13,512	(4)	12,193	2,233	27,934	1,706	157,673

Appraised Value of Investment and Rental Properties

(Millions of yen)

	2014/3	2015/3	2016/3	2017/3	2018/3
Fair value	394,491	447,067	464,417	477,110	491,318
Unrealized gain	108,672	124,645	146,737	165,672	183,354
Book value	285,818	322,422	317,680	311,438	307,964

Note: Total of office and commercial buildings and residences for lease in Japan and overseas (Vietnam).



Consolidated Statements of Cash Flows

(Millions of yen)

	2017/3	2018/3
Cash flows from operating activities		
Income before income taxes and minority interests	9,075	10,599
Depreciation and amortization	7,321	6,932
Amortization of goodwill	159	159
Increase (decrease) in accrued bonuses for directors and statutory auditors	23	15
Increase (decrease) in defined benefit liabilities	18	(12)
Decrease (increase) in defined benefit assets	12	(26)
Increase (decrease) in retirement benefits for directors and statutory auditors	(3)	11
Increase (decrease) in provision for environmental measures	620	—
Interest and dividend income	(549)	(628)
Interest expense	1,263	1,173
Share of (profit) loss of entities accounted for using equity method	—	(389)
Loss (gain) on sales of investment securities	(25)	—
Loss on disposal of fixed assets	18	41
Increase (decrease) in guarantee deposits received	388	(281)
Decrease (increase) in guarantee deposits	1	1
Decrease (increase) in accounts receivable-trade	(24)	18
Decrease (increase) in inventories	5	(1)
Increase (decrease) in accounts payable-trade	(266)	400
Increase (decrease) in accrued taxes on purchase of real estate	(2)	—
Decrease (increase) in accrued consumption taxes	(820)	(342)
Other, net	623	213
Subtotal	17,838	17,884
Interest and dividends received	549	628
Interest paid	(1,252)	(1,187)
Income taxes paid	(1,976)	(3,367)
Net cash provided by (used in) operating activities	15,157	13,957
Cash flows from investing activities		
Purchases of property and equipment	(3,261)	(3,065)
Purchases of investment securities	(3)	(4,671)
Proceeds from sales of investment securities	198	—
Payments into time deposits	(434)	(370)
Proceeds from withdrawal of time deposits	374	421
Purchases of investments in subsidiaries resulting in change in scope of consolidation	(133)	—
Collections of long-term loans receivable	17	27
Other, net	(45)	(188)
Net cash provided by (used in) investing activities	(3,287)	(7,847)
Cash flows from financing activities		
Net increase (decrease) in commercial paper	—	5,000
Proceeds from long-term debt	5,000	10,000
Repayment of long-term debt	(7,770)	(23,130)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	(15,000)	—
Purchases of treasury stock	(0)	(0)
Dividends paid	(1,749)	(1,924)
Other, net	(103)	(76)
Net cash provided by (used in) financing activities	(9,624)	(10,131)
Effect of exchange rate change on cash and cash equivalents	163	222
Net increase (decrease) in cash and cash equivalents	2,409	(3,798)
Cash and cash equivalents at beginning of year	5,545	7,954
Cash and cash equivalents at end of year	7,954	4,155

Consolidated Segment Information

Current Fiscal Year (Apr. 1, 2016 to Mar. 31, 2017)

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Consolidated
	Leasing	Facility Management	Total				
Revenue:							
Outside customers	30,389	8,571	38,960	490	39,451	—	39,451
Intersegment	104	2,231	2,336	—	2,336	(2,336)	—
Total Sales	30,494	10,802	41,296	490	41,787	(2,336)	39,451
Segment income	11,534	540	12,074	190	12,264	(1,570)	10,693
Assets	317,877	3,269	321,146	47	321,193	30,451	351,645
Other items							
Depreciation and amortization	7,307	13	7,321	—	7,321	—	7,321
Increase in property and equipment and intangible assets	1,890	3	1,893	—	1,893	—	1,893

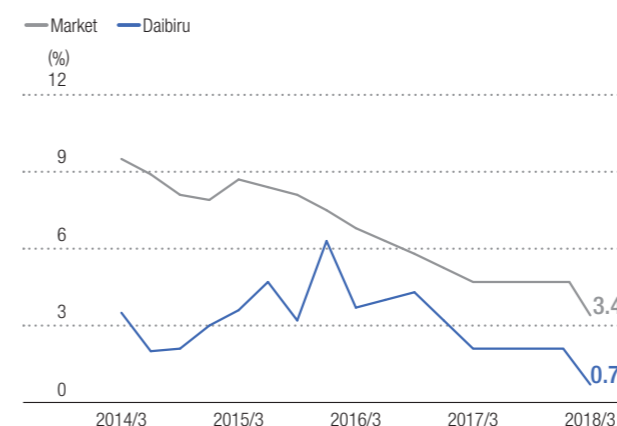
Current Fiscal Year (Apr. 1, 2017 to Mar. 31, 2018)

(Millions of yen)

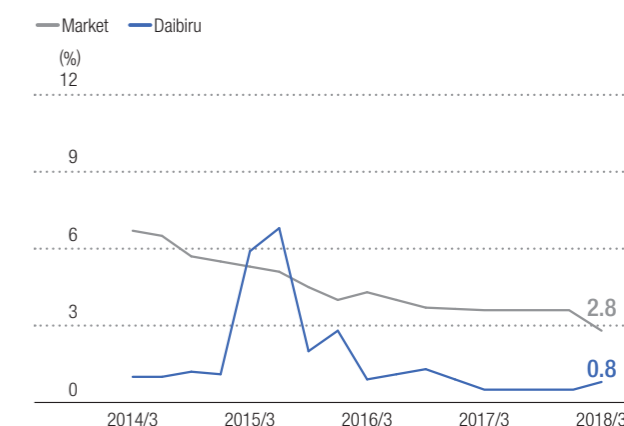
	Reportable segment			Other	Total	Adjustment	Consolidated
	Leasing	Facility Management	Total				
Revenue:							
Outside customers	31,146	8,844	39,991	408	40,400	—	40,400
Intersegment	107	2,264	2,372	—	2,372	(2,372)	—
Total Sales	31,254	11,108	42,363	408	42,772	(2,372)	40,400
Segment income	12,001	568	12,569	196	12,765	(1,709)	11,055
Assets	319,365	2,651	322,017	46	322,064	29,382	351,446
Other items							
Depreciation and amortization	6,920	12	6,932	—	6,932	—	6,932
Increase in property and equipment and intangible assets	4,001	7	4,009	—	4,009	—	4,009

Vacancy rates

Osaka area vacancy rates



Tokyo area vacancy rates



Trends in vacancy rates

(%)

Daibiru (term-end)	2014/3	2014/9	2015/3	2015/9	2016/3	2016/9	2017/3	2017/9	2018/3
Osaka area	3.5	2.1	3.6	3.2	3.7	4.3	2.1	0.1	0.7
Tokyo area	1.0	1.2	5.9	2.0	0.9	1.3	0.5	1.3	0.8
Whole Company	2.4	1.7	4.4	2.7	2.6	3.2	1.5	0.6	0.7

Market (term-end)	2014/3	2014/9	2015/3	2015/9	2016/3	2016/9	2017/3	2017/9	2018/3
Osaka area	9.5	8.1	8.7	8.1	6.8	5.8	4.7	3.8	3.4
Tokyo area	6.7	5.7	5.3	4.5	4.3	3.7	3.6	3.2	2.8

Note: Market vacancy rates: from the data created by Miki Shoji Co., Ltd. (on six major wards in Osaka area and five in Tokyo area).

Commercial Property Gross floor area/Number of properties (Osaka area/Tokyo area/Vietnam)

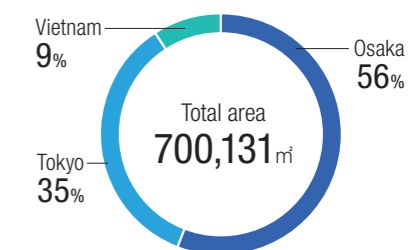
Gross floor area

(m²)

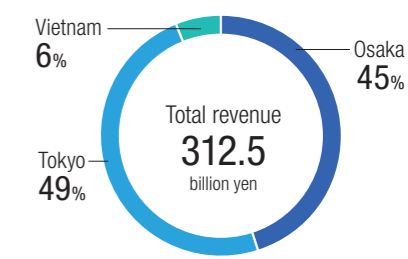
	2014/3	2015/3	2016/3	2017/3	2018/3	Number of properties
Office buildings, Commercial buildings						
Osaka area	301,490	378,879	378,879	378,879	378,879	12
Tokyo area	215,437	215,437	215,437	215,437	215,437	12
Vietnam	17,986	66,480	66,480	66,480	66,480	2
Subtotal	534,914	660,796	660,796	660,796	660,796	26
Residences						
Osaka area	13,184	13,184	13,184	13,184	13,184	2
Tokyo area	26,151	26,151	26,151	26,151	26,151	13
Subtotal	39,335	39,335	39,335	39,335	39,335	15
Total of Osaka area	314,674	392,063	392,063	392,063	392,063	14
Total of Tokyo area	241,588	241,588	241,588	241,588	241,588	25
Vietnam	17,986	66,480	66,480	66,480	66,480	2
Total	574,249	700,131	700,131	700,131	700,131	41

Note: As to the co-owned properties, our share was recorded.

Composition of floor area



Composition of revenue (Leasing)



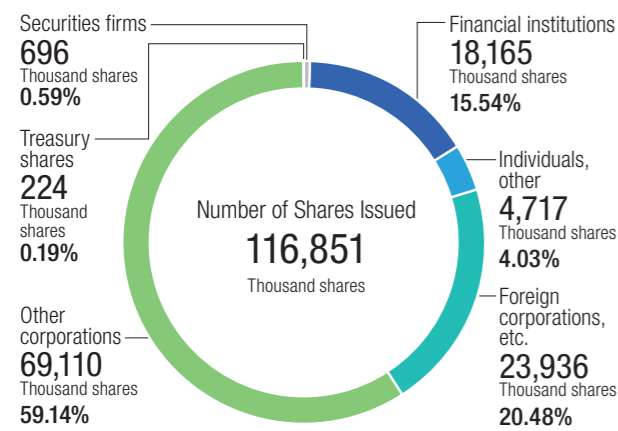
Note: Before elimination of intersegment amounts

Stock Information (As of March 31, 2018)

Stock Summary

Number of Shares Authorized	300,000,000 shares
Number of Shares Issued	116,851,049 shares
Number of Shareholders	3,681
Number of Shares per Trading Unit	100 shares
Listed financial instruments exchange	First Section of the Tokyo Stock Exchange
Share Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo, Japan

Breakdown of Shares by Type of Shareholder

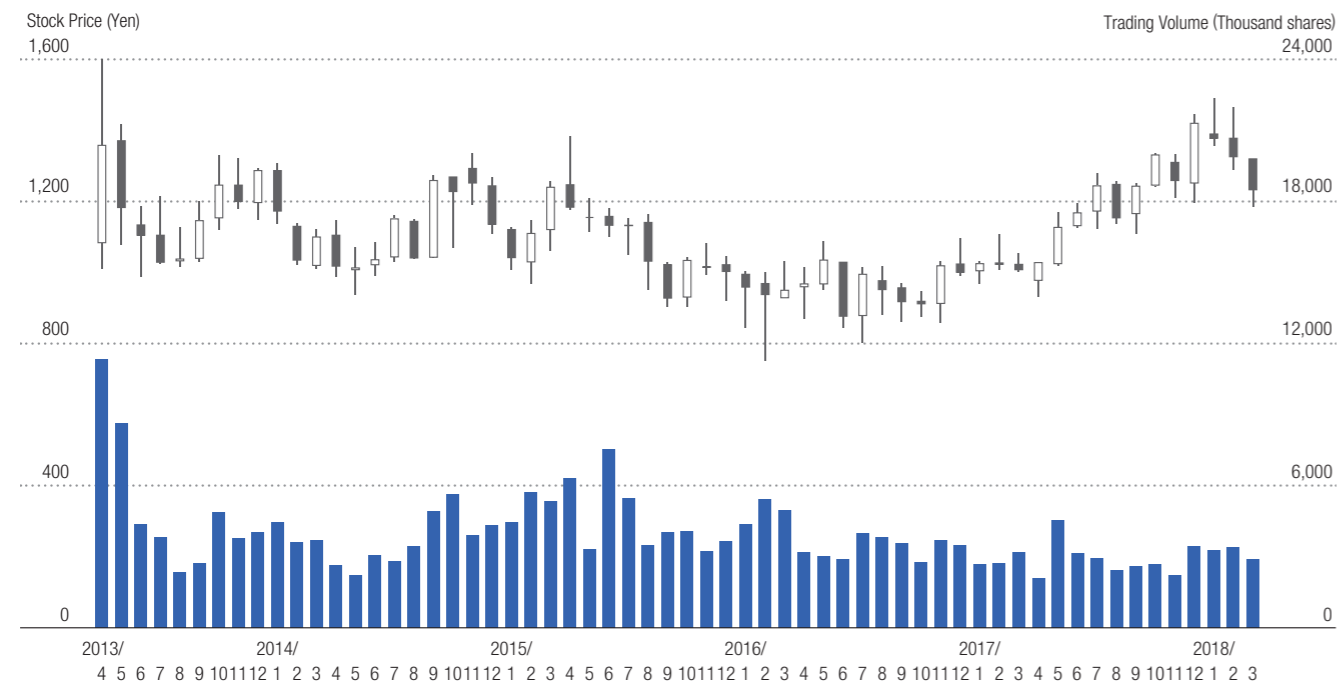


Principal Shareholders (Top 10 shareholders)

Name	Number of Shares Held (Thousand shares)	Investment Ratio (%)
Mitsui O.S.K. Lines, Ltd.	59,527	50.94
Sumitomo Mitsui Banking Corporation	5,802	4.96
Japan Trustee Services Bank, Ltd. (Trust account)	4,510	3.86
BNP PARIBAS SEC SERVICES LUXEMBOURG/ JASDEC/ABERDEEN GLOBAL CLIENT ASSETS	2,997	2.56
The Kansai Electric Power Co., Inc.	2,953	2.52
The Master Trust Bank of Japan, Ltd. (Trust account)	2,170	1.85
RBC ISB S/A DUB NON RESIDENT/TREATY RATE UCITS-CLIENTS ACCOUNT	1,150	0.98
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	1,135	0.97
JP MORGAN CHASE BANK 385632	1,109	0.94
THE BANK OF NEW YORK MELLON 140044	986	0.84

Notes: The number of shares is rounded down to the nearest thousand while the number of the percentage of ownership is rounded down to the two decimal places.

Stock Price Chart



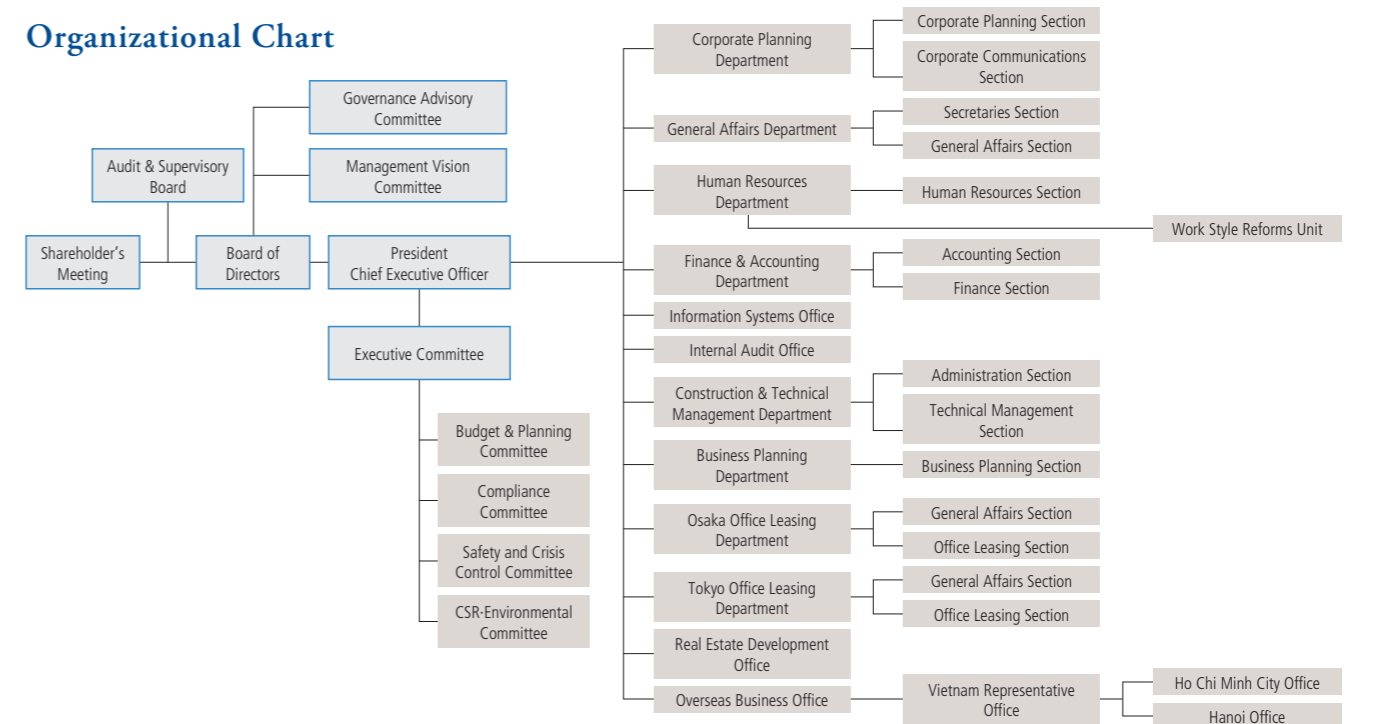
Note: Main cash-equity trading platform has been changed to the Tokyo Stock Exchange from the Osaka Securities Exchange, as they integrated their operations as of July 16, 2013.

Corporate Data

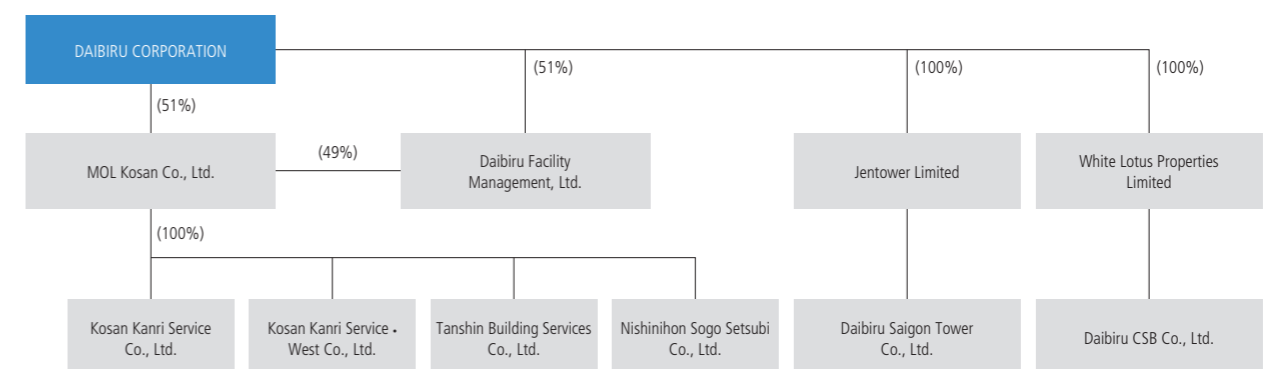
Corporate Name	DAIBIRU CORPORATION
Representative	Representative Director President Chief Executive Officer Toshiyuki Sonobe
Establishment	October 15, 1923
Capital	12,227,847,277 yen
Principal Shareholders	Mitsui O.S.K. Lines, Ltd. / Sumitomo Mitsui Banking Corporation / The Kansai Electric Power Co., Inc.
Main business	Ownership, operation, management and leasing of real estate
Number of employees	Consolidated: 2,465 / Non-Consolidated: 65
Head Office	3-6-32, Nakanoshima, Kita-ku, Osaka 530-0005, Japan TEL: 81-6-6441-1932

Osaka Office	3-6-32, Nakanoshima, Kita-ku, Osaka 530-0005, Japan TEL: 81-6-6441-1936
Tokyo Office	1-2-2, Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan TEL: 81-3-3506-7441
Vietnam Representative Office	Ho Chi Minh City Office 15th Floor, Saigon Tower, 29 Le Duan Boulevard, District 1, Ho Chi Minh City, Vietnam TEL: 84-28-3822-5350
	Hanoi Office 4th Floor, CornerStone Building, 16 Phan Chu Trinh Street, Hoan Kiem District, Hanoi, Vietnam TEL: 84-24-3824-5777

Organizational Chart



Composition of Group Companies (Figures in () indicate the investment ratio)



Increase brand recognition
by implementing corporate branding strategy

We have developed advertising activities using our
corporate slogan "Daibiru Excellence."



"Statue of an eagle and a girl" Tangible
Cultural Property Designated by Osaka City

In March 2015, the "statue of an eagle and a girl"
placed in the Daibiru-Honkan Building was designated
as a tangible cultural property by Osaka City.



 **DAIBIRU CORPORATION**

<http://www.daibiru.co.jp/english/>

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Nakanoshima, Kita-ku, Osaka 530-0005, Japan
TEL: 81-6-6441-1932

Tokyo Office | Hibiya Daibiru Building, 1-2-2,
Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan
TEL: 81-3-3506-7441