

Financial Highlights for the 3rd Quarter Cumulative of Fiscal 2018 (Unaudited)
(Apr. 1, 2018– Dec. 31, 2018)

DAIBIRU CORPORATION

(Unaudited Translation of 'Kessan Tanshin,' Provided for Reference Only)

Jan. 31, 2019

Name of the Company: DAIBIRU CORPORATION
 Listing of Stock: First Section of Tokyo Stock Exchange
 Securities Code: 8806
 Head Office: 3-6-32 Nakanoshima, Kita-ku, Osaka, Japan
 URL: <http://www.daibiru.co.jp/english>
 Representative: Toshiyuki Sonobe, Representative Director, President Chief Executive Officer
 Scheduled Date of Quarterly Report: Feb. 13, 2019
 Scheduled Date of Commencing Dividend Payments: –

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for 3Q Fiscal 2018 (Apr. 1, 2018 to Dec. 31, 2018)

(i) Consolidated Results (% indicates changes from the previous corresponding period)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q Fiscal 2018	30,340	0.1	7,728	△13.3	7,639	△9.5	5,304	△8.4
3Q Fiscal 2017	30,296	3.3	8,913	10.1	8,440	18.9	5,790	20.2

Note: Comprehensive income
 Dec. 31, 2018: 3,782 millions of yen (△56.7%) Dec. 31, 2017: 8,724 millions of yen (64.6%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
3Q Fiscal 2018	45.48		–	
3Q Fiscal 2017	49.65		–	

(ii) Consolidated Financial Position

	Total assets		Net assets		Equity ratio	
	Millions of yen	%	Millions of yen	%		
3Q Fiscal 2018	355,608		159,122		44.2	
Fiscal 2017	351,291		157,673		44.4	

Reference: Equity
 Dec. 31, 2018: 157,335 millions of yen Fiscal 2017: 155,967 millions of yen

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Annual
	Yen				
Fiscal 2017	–	8.50	–	10.50	19.00
Fiscal 2018	–	9.50	–		
Fiscal 2018 (forecast)				9.50	19.00

Note: Revisions to dividend forecast of the fiscal year ending March 31, 2019: None

3. Forecast of Consolidated Results for Fiscal 2018 (Apr. 1, 2018 to Mar. 31, 2019)

(% indicates changes from the previous corresponding period)

	Revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Fiscal 2018	40,500	0.2	10,000	△9.6	9,500	△10.7	6,500	△10.5	55.73	

Note: Revisions to forecast of consolidated financial results for fiscal 2018 during this quarter: None

* Notes

(i) Significant changes of subsidiaries during the period under review (affecting specified subsidiaries which result in changes in scope of consolidation): Yes
New Consolidation: Daibiru Holdings Australia Pty Ltd

(ii) Adoption of the simplified accounting method and special accounting practices in the preparation of consolidated financial statements:
None

(iii) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: Yes

4) Corrections of errors: None

(iv) Total number of issued shares (common stock)

1) Number of shares issued and outstanding at the end of the period (including treasury stock)

3Q Fiscal 2018	116,851,049 shares
Fiscal 2017	116,851,049 shares

2) Number of treasury stock at the end of the period

3Q Fiscal 2018	224,324 shares
Fiscal 2017	224,074 shares

3) Average number of shares issued and outstanding during the period (quarterly consolidated cumulative basis)

3Q Fiscal 2018	116,626,875 shares
3Q Fiscal 2017	116,627,391 shares

* Financial results are not subject to auditing.

* Explanation of the Proper Use of Performance Forecast and Other Notes

Information described in this document, such as projections, was prepared based on available information at the time of the release of this document and certain assumptions that the Company judged as rational. Actual results may be significantly different due to various factors. For the notes regarding the assumed conditions for the financial result forecast and the usage of the forecast, please refer to "(3) Explanation on the Forward-looking Information such as Forecast of Consolidated Results" on page 3 of Attached Reference.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation on Results of Operations

In the nine months ended December 31, 2018, the Japanese economy was on a moderate recovery trend as improvements continued to be made overall in corporate earnings as well as the employment and income environment, and capital investment increased, despite heightened uncertainty regarding the future mainly due to volatility in the financial and capital markets stemming from concerns over a global economic slowdown reflecting factors such as uncertainties regarding the trade issue and overseas political and economic conditions especially since fall.

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 actively developed its business activities including the recovery of rent levels which had trended downward since the economic downturn precipitated by the Lehman Brothers bankruptcy. Simultaneously, the Group 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 continue securing high occupancy rates.

With regard to operating results in the nine months ended December 31, 2018, revenue from operations increased ¥43 million, or 0.1%, year on year to ¥30,340 million, and operating income decreased ¥1,184 million, or 13.3%, to ¥7,728 million.

As for non-operating income and expenses, ordinary income decreased ¥800 million, or 9.5%, to ¥7,639 million, despite an improvement in the financial balance, the recording of share of profit of entities accounted for using equity method and a decrease in foreign exchange losses.

With regard to extraordinary income and loss, for the nine months ended December 31, 2018, gain on sales of investment securities of ¥144 million was recorded under extraordinary income, and loss on building reconstruction of ¥61 million and loss on sales of investment securities of ¥19 million were recorded under extraordinary loss. In the same period of the previous fiscal year, loss on disposal of fixed assets of ¥17 million was recorded under extraordinary loss.

As a result, profit attributable to owners of parent decreased ¥486 million, or 8.4%, to ¥5,304 million.

Operating results by segment were as follows.

1) Leasing

In this segment, which accounts for 75.9% of consolidated revenue in the nine months ended December 31, 2018, revenue from operations decreased ¥294 million, or 1.3%, to ¥23,029 million mainly due to decreased revenue from some existing buildings. In terms of expenses, operating income decreased ¥1,079 million, or 11.3%, to ¥8,442 million mainly due to an increase in depreciation and amortization caused by changes to the useful lives of buildings planned for reconstruction.

2) Facility Management

In this segment, which accounts for 22.8% of consolidated revenue, revenue from operations increased

¥244 million, or 3.7%, to ¥6,928 million mainly due to orders for new commissioned properties, but operating income decreased ¥31 million, or 6.6%, to ¥435 million.

3) Other Businesses

In this segment, which accounts for 1.3% of consolidated revenue, revenue from operations increased ¥94 million, or 32.6%, to ¥382 million and operating income increased ¥21 million, or 15.3%, to ¥163 million, mainly due to an increase in construction management fees and construction subcontracting values caused by tenants entering properties.

(2) Explanation on Financial Position

Assets, Liabilities and Net assets

Total assets at the end of the third quarter of the current fiscal year were ¥355,608 million, an increase of ¥4,317 million from the end of the previous fiscal year. Owing mainly to an increase in cash and cash equivalents, current assets increased ¥3,208 million from the end of the previous fiscal year to ¥9,502 million. Noncurrent assets increased ¥1,109 million from the end of the previous fiscal year to ¥346,106 million. This is mainly due to a net increase owing to increases in land and construction in progress, despite a decrease in buildings and structures owing to depreciation, a decrease in other intangible assets, and a decrease in investment securities owing to the capital reduction by a company accounted for by the equity method and a decline in the stock markets.

Liabilities at the end of the third quarter of the current fiscal year were ¥196,485 million, an increase of ¥2,868 million from the end of the previous fiscal year. Current liabilities increased ¥7,120 million from the end of the previous fiscal year to ¥23,164 million. This is mainly due to an increase in current portion of bonds payable. Mainly due to a decrease in long-term debt, long-term liabilities decreased ¥4,251 million from the end of the previous fiscal year to ¥173,321 million. Total interest bearing debt increased ¥6,207 million from the end of the previous fiscal year to ¥147,750 million.

Net assets at the end of the third quarter of the current fiscal year increased ¥1,449 million from the end of the previous fiscal year to ¥159,122 million. This is mainly due to an increase in retained earnings, despite a decrease in net unrealized holding gains on securities.

(3) Explanation on the Forward-looking Information such as Forecast of Consolidated Results

Figures announced on April 27, 2018 have not been revised.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen, figures are rounded down to the nearest million yen)

	Previous Fiscal Year As of March 31, 2018	3Q of Current Fiscal Year As of December 31, 2018
Assets		
Current assets		
Cash and cash equivalents	4,529	6,605
Accounts receivable-trade	998	1,072
Inventories	53	55
Other current assets	718	1,780
Allowance for doubtful accounts	(6)	(11)
Total current assets	6,294	9,502
Noncurrent assets		
Property and equipment		
Buildings and structures, net	108,720	104,587
Land	157,695	159,559
Land in trust	31,231	31,231
Construction in progress	198	11,696
Other, net	395	322
Net property and equipment	298,243	307,398
Intangible assets		
Goodwill	1,857	1,746
Other	12,417	11,966
Total intangible assets	14,275	13,712
Investments and other assets		
Investment securities	30,203	22,912
Deferred tax assets	204	197
Other	2,103	1,900
Allowance for doubtful accounts	(33)	(15)
Total investments and other assets	32,478	24,994
Total noncurrent assets	344,996	346,106
Total assets	351,291	355,608

(Millions of yen, figures are rounded down to the nearest million yen)

	Previous Fiscal Year As of March 31, 2018	3Q of Current Fiscal Year As of December 31, 2018
Liabilities		
Current liabilities		
Current portion of long-term debt	3,130	2,780
Current portion of bond	–	10,000
Commercial paper	5,000	4,000
Accrued income and enterprise taxes	1,639	1,123
Accrued bonuses for directors and statutory auditors	79	–
Other current liabilities	6,194	5,260
Total current liabilities	16,044	23,164
Long-term liabilities		
Bonds payable	80,000	80,000
Long-term debt	53,412	50,970
Guarantee deposits received	25,353	24,590
Deferred tax liabilities	8,852	7,869
Deferred tax liabilities for land revaluation	8,024	8,024
Retirement benefits for directors and statutory auditors	61	64
Defined benefit liabilities	787	804
Provision for environmental measures	620	620
Other long-term liabilities	460	376
Total long-term liabilities	177,573	173,321
Total liabilities	193,617	196,485
Net assets		
Shareholders' equity		
Common stock	12,227	12,227
Capital surplus	13,852	13,852
Retained earnings	102,099	105,070
Treasury stock	(147)	(147)
Total shareholders' equity	128,032	131,003
Accumulated other comprehensive income		
Net unrealized holding gains on securities	13,512	12,109
Deferred gains on hedges	(4)	(3)
Land revaluation reserve	12,193	12,193
Foreign currency translation adjustment	2,233	2,032
Total accumulated other comprehensive income	27,934	26,331
Non-controlling interests	1,706	1,787
Total net assets	157,673	159,122
Total liabilities and net assets	351,291	355,608

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen, figures are rounded down to the nearest million yen)

	3Q of Previous Fiscal Year (From Apr. 1, 2017 to Dec. 31, 2017)	3Q of Current Fiscal Year (From Apr. 1, 2018 to Dec. 31, 2018)
Revenue from operations	30,296	30,340
Cost of revenue from operations	18,624	19,670
Operating gross profit	11,671	10,669
Selling, general and administrative expenses	2,758	2,941
Operating income	8,913	7,728
Non-operating income		
Interest income	30	33
Dividend income	586	664
Share of profit of entities accounted for using equity method	—	222
Other	22	24
Total non-operating income	639	944
Non-operating expenses		
Interest expense	885	896
Foreign exchange losses	110	52
Other	116	84
Total non-operating expenses	1,112	1,033
Ordinary income	8,440	7,639
Extraordinary income		
Gain on sales of investment securities	—	144
Total extraordinary income	—	144
Extraordinary loss		
Loss on building reconstruction	—	61
Loss on sales of investment securities	—	19
Loss on disposal of fixed assets	17	—
Total extraordinary losses	17	81
Profit before income taxes	8,422	7,703
Income taxes—current	2,414	2,595
Income taxes—deferred	137	△277
Total income taxes	2,551	2,318
Profit	5,870	5,385
Profit attributable to non-controlling interests	80	81
Profit attributable to owners of parent	5,790	5,304

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen, figures are rounded down to the nearest million yen)

	3Q of Previous Fiscal Year (From Apr. 1, 2017 to Dec. 31, 2017)	3Q of Current Fiscal Year (From Apr. 1, 2018 to Dec. 31, 2018)
Profit	5,870	5,385
Other comprehensive income		
Net unrealized holding gains on securities	3,308	△1,403
Deferred gains on hedges	5	1
Foreign currency translation adjustment	△592	△111
Share of other comprehensive income of entities accounted for using equity method	133	△88
Total other comprehensive income	2,853	△1,603
Comprehensive income	8,724	3,782
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	8,644	3,700
Comprehensive income attributable to non- controlling interests	80	81

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

None applicable

(Changes to the Scope of Consolidation or the Scope of Application of Equity Method)

From the second quarter of the current fiscal year, Daibiru Holdings Australia Pty Ltd, Margaret George Investment Custodian Pty Ltd, whose materiality have increased, and Margaret George Investment Trust, to which Daibiru Holdings Australia Pty Ltd made equity investments in July 2018, have been included in the scope of consolidation.

(Changes in Accounting Estimates)

The Company, at its Board of Directors meeting held on April 27, 2018, resolved to reconstruct certain buildings which it owns. In conjunction with this resolution, starting from the first quarter of the current fiscal year, the useful lives of property and equipment relating to these buildings have been shortened and changed into the future.

As a result, for the nine months ended December 31, 2018, cost of revenue from operations increased by ¥449 million, and operating gross profit, operating income, ordinary income and profit before income taxes decreased by ¥449 million, respectively, compared to the previous method.

(Significant Changes in Shareholder's Equity)

None applicable

(Segment Information)

I Previous 3Q fiscal year (Apr. 1, 2017 to Dec. 31, 2017)

1. Information on the amount of revenue and income by reportable segment

(Millions of yen, figures are rounded down to the nearest million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Leasing	Facility Management	Total				
Revenue:							
Outside customers	23,324	6,683	30,007	288	30,296	—	30,296
Intersegment	81	1,683	1,764	—	1,764	(1,764)	—
Total Sales	23,405	8,366	31,772	288	32,060	(1,764)	30,296
Segment income	9,522	466	9,988	142	10,130	(1,217)	8,913

- Notes:
1. "Other" is a business segment that is not included in the reportable segments and refers to construction and real estate agency, etc.
 2. The adjustment was minus ¥1,217 million for segment income is mainly the corporate expense of ¥1,226 million that has not been allocated to reportable segments. Corporate expense is primarily expense related to administrative departments, including the Human Resources and General Affairs Department at headquarters, that does not belong to the reportable segment.
 3. Segment income is adjusted to operating income on Quarterly Consolidated Statements of Income.

II Current 3Q fiscal year (Apr. 1, 2018 to Dec. 31, 2018)

1. Information on the amount of revenue and income by reportable segment

(Millions of yen, figures are rounded down to the nearest million yen)

	Reportable segment			Other (Note 1)	Total	Adjustment (Note 2)	Consolidated (Note 3)
	Leasing	Facility Management	Total				
Revenue:							
Outside customers	23,029	6,928	29,957	382	30,340	—	30,340
Intersegment	89	1,719	1,809	—	1,809	(1,809)	—
Total Sales	23,119	8,647	31,766	382	32,149	(1,809)	30,340
Segment income	8,442	435	8,878	163	9,041	(1,313)	7,728

- Notes:
1. “Other” is a business segment that is not included in the reportable segments and refers to construction and real estate agency, etc.
 2. The adjustment was minus ¥1,313 million for segment income is mainly the corporate expense of ¥1,320 million that has not been allocated to reportable segments. Corporate expense is primarily expense related to administrative departments, including the Human Resources and General Affairs Department at headquarters, that does not belong to the reportable segment.
 3. Segment income is adjusted to operating income on Quarterly Consolidated Statements of Income.

2. Changes to Reportable Segments

As stated in Changes in Accounting Estimates, starting from the first quarter of the current fiscal year, the useful lives of property and equipment relating to the buildings scheduled for rebuilding have been changed.

As a result of this change, for the nine months ended December 31, 2018, segment income of the “Leasing” segment decreased by ¥449 million.