

Financial Highlights for the 1st Quarter Cumulative of Fiscal 2019 (Unaudited)
(Apr. 1, 2019– Jun. 30, 2019)

DAIBIRU CORPORATION

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

Jul. 31, 2019

Name of the Company: DAIBIRU CORPORATION
 Listing of Stock: First Section of Tokyo Stock Exchange
 Securities Code: 8806
 URL: <http://www.daibiru.co.jp/english>
 Representative: Toshiyuki Sonobe, Representative Director, President Chief Executive Officer
 Inquiries: Kenichi Sekiguchi, General Manager of the Finance & Accounting Department
 Scheduled Date of Quarterly Report: Aug. 9, 2019
 Scheduled Date of Commencing Dividend Payments: –
 Supplementary documents on quarterly financial results: None
 Quarterly investors meeting: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for 1Q Fiscal 2019 (Apr. 1, 2019 to Jun. 30, 2019)

(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	%
1Q Fiscal 2019	10,490	5.4	3,063	9.3	3,128	4.3	2,119	2.1
1Q Fiscal 2018	9,953	△0.5	2,801	△11.6	3,000	△2.7	2,075	△1.6

Note: Comprehensive income
 Jun. 30, 2019: 2,243 millions of yen (29.0%) Jun. 30, 2018: 1,739 millions of yen (△25.4%)

	Net income per share	Diluted net income per share
	Yen	Yen
1Q Fiscal 2019	18.17	–
1Q Fiscal 2018	17.79	–

(ii) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
1Q Fiscal 2019	363,522	156,732	42.6
Fiscal 2018	364,754	155,728	42.2

Reference: Equity
 Jun. 30, 2019: 154,894 millions of yen Fiscal 2018: 153,925 millions of yen

2. Dividends

	Dividends per share				
	1Q	2Q	3Q	4Q	Annual
	Yen	Yen	Yen	Yen	Yen
Fiscal 2018	–	9.50	–	10.50	20.00
Fiscal 2019	–				
Fiscal 2019 (forecast)		10.50	–	10.50	21.00

Note: Revisions to dividend forecast of the fiscal year ending March 31, 2020: None

3. Forecast of Consolidated Results for Fiscal 2019 (Apr. 1, 2019 to Mar. 31, 2020)

(% 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 2019	42,000	3.4	11,000	6.5	10,500	5.5	7,200	3.0	61.74

Note: Revisions to forecast of consolidated financial results for fiscal 2019 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): None

(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: None

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)

1Q Fiscal 2019	116,851,049 shares
Fiscal 2018	116,851,049 shares

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

1Q Fiscal 2019	224,413 shares
Fiscal 2018	224,413 shares

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

1Q Fiscal 2019	116,626,636 shares
1Q Fiscal 2018	116,626,972 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 three months ended June 30, 2019, the Japanese economy was on a moderate recovery trend as employment and income conditions improved due to the high level of robust corporate earnings. Meanwhile, amid the great sense of a labor shortage, the prospects of the economy was uncertain mainly due to concerns about the impact of trade issues on the global economy, the future of the Chinese economy, and volatility in the financial and capital markets.

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. Simultaneously, the Group offered tenant services with “Daibiru Excellence” by promoting activities that improve building management quality and thus differentiate Daibiru properties from competitors’ buildings. The Group also sought to increase revenue from operations by maintaining high occupancy rates while raising rent rates.

With regard to operating results in the three months ended June 30, 2019, revenue from operations increased ¥536 million, or 5.4%, year on year to ¥10,490 million, and operating income increased ¥261 million, or 9.3%, to ¥3,063 million.

As for non-operating income and expenses, ordinary income increased ¥128 million, or 4.3%, to ¥3,128 million, due to an improvement in the financial balance and a decrease in foreign exchange losses, although there was no recording of share of profit of entities accounted for using equity method.

With regard to extraordinary income and loss, for the three months ended June 30, 2019, a total of ¥85 million was recorded under loss on building reconstruction and loss on disposal of fixed assets. In the same period of the previous fiscal year, there was no recording of extraordinary income and loss.

As a result, profit attributable to owners of parent increased ¥44 million, or 2.1%, to ¥2,119 million.

Operating results by segment were as follows.

1) Leasing

In this segment, which accounts for 75.6% of consolidated revenue in the three months ended June 30, 2019, revenue from operations increased ¥368 million, or 4.9%, to ¥7,930 million mainly due to contributions from the newly acquired Nihonbashi 3-chome Building and improvements in the revenue from operations of the existing buildings. In terms of expenses, operating expenses increased mainly reflecting an increase in repairing expenses and incurrence of one-time expenses such as real estate acquisition tax on the newly acquired building, but operating income increased ¥230 million, or 7.6%, to ¥3,267 million.

2) Facility Management

In this segment, which accounts for 21.9% of consolidated revenue, revenue from operations increased ¥16 million, or 0.7%, to ¥2,296 million and operating income increased ¥19 million, or 12.6%, to ¥172 million, mainly due to orders for new commissioned properties.

3) Other Businesses

In this segment, which accounts for 2.5% of consolidated revenue, revenue from operations increased ¥151 million, or 135.0%, to ¥263 million and operating income increased ¥0 million, or 0.9%, to ¥50 million, mainly due to an increase in construction subcontracting values.

(2) Explanation on Financial Position

Assets, Liabilities and Net assets

Total assets at the end of the first quarter of the current fiscal year were ¥363,522 million, a decrease of ¥1,232 million from the end of the previous fiscal year. Current assets decreased ¥5,718 million from the end of the previous fiscal year to ¥12,239 million. This is mainly due to a decrease in cash and cash equivalents. Noncurrent assets increased ¥4,486 million from the end of the previous fiscal year to ¥351,282 million. This is mainly due to an increase in land for the newly acquired building.

Liabilities at the end of the first quarter of the current fiscal year were ¥206,790 million, a decrease of ¥2,235 million from the end of the previous fiscal year. Current liabilities increased ¥13,315 million from the end of the previous fiscal year to ¥34,398 million. This is mainly due to a net increase owing to an increase in current portion of bonds and a decrease in accrued income and enterprise taxes. Long-term liabilities decreased ¥15,551 million from the end of the previous fiscal year to ¥172,391 million. This is mainly due to decreases in bonds payable and long-term debt. Total interest bearing debt decreased ¥1,212 million from the end of the previous fiscal year to ¥152,200 million.

Net assets at the end of the first quarter of the current fiscal year increased ¥1,003 million from the end of the previous fiscal year to ¥156,732 million. This is mainly due to increases in retained earnings and net unrealized holding gains on securities.

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

Figures announced on April 26, 2019 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, 2019	1Q of Current Fiscal Year As of June 30, 2019
Assets		
Current assets		
Cash and cash equivalents	15,765	10,121
Accounts receivable—trade	1,079	1,014
Inventories	52	48
Other current assets	1,072	1,064
Allowance for doubtful accounts	(11)	(10)
Total current assets	17,958	12,239
Noncurrent assets		
Property and equipment		
Buildings and structures, net	103,558	103,152
Land	159,559	165,144
Land in trust	31,231	31,231
Construction in progress	12,118	11,418
Other, net	340	311
Net property and equipment	306,809	311,258
Intangible assets		
Goodwill	1,698	1,660
Other	11,823	11,647
Total intangible assets	13,522	13,308
Investments and other assets		
Investment securities	24,124	24,312
Deferred tax assets	267	284
Other	2,088	2,134
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	26,464	26,715
Total noncurrent assets	346,796	351,282
Total assets	364,754	363,522

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

	Previous Fiscal Year As of March 31, 2019	1Q of Current Fiscal Year As of June 30, 2019
Liabilities		
Current liabilities		
Current portion of long-term debt	3,680	3,360
Current portion of bonds	10,000	25,000
Accrued income and enterprise taxes	2,021	884
Accrued bonuses for directors and statutory auditors	63	-
Other current liabilities	5,317	5,154
Total current liabilities	21,083	34,398
Long-term liabilities		
Bonds payable	80,000	65,000
Long-term debt	59,732	58,840
Guarantee deposits received	24,802	25,064
Deferred tax liabilities	8,103	8,257
Deferred tax liabilities for land revaluation	13,439	13,439
Retirement benefits for directors and statutory auditors	66	64
Defined benefit liabilities	799	810
Provision for environmental measures	620	620
Other long-term liabilities	379	293
Total long-term liabilities	187,942	172,391
Total liabilities	209,025	206,790
Net assets		
Shareholders' equity		
Common stock	12,227	12,227
Capital surplus	13,852	13,852
Retained earnings	106,759	107,650
Treasury stock	(148)	(148)
Total shareholders' equity	132,692	133,583
Accumulated other comprehensive income		
Net unrealized holding gains on securities	12,962	13,088
Deferred gains on hedges	(7)	(10)
Land revaluation reserve	6,779	6,779
Foreign currency translation adjustment	1,498	1,453
Total accumulated other comprehensive income	21,233	21,311
Non-controlling interests	1,803	1,837
Total net assets	155,728	156,732
Total liabilities and net assets	364,754	363,522

(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)

	1Q of Previous Fiscal Year (From Apr. 1, 2018 to Jun. 30, 2018)	1Q of Current Fiscal Year (From Apr. 1, 2019 to Jun. 30, 2019)
Revenue from operations	9,953	10,490
Cost of revenue from operations	6,196	6,467
Operating gross profit	3,757	4,022
Selling, general and administrative expenses	955	958
Operating income	2,801	3,063
Non-operating income		
Interest income	10	17
Dividend income	348	373
Share of profit of entities accounted for using equity method	230	—
Other	9	4
Total non-operating income	597	395
Non-operating expenses		
Interest expense	294	313
Foreign exchange losses	99	12
Other	5	3
Total non-operating expenses	399	330
Ordinary income	3,000	3,128
Extraordinary loss		
Loss on building reconstruction	—	82
Loss on disposal of fixed assets	—	2
Total extraordinary losses	—	85
Profit before income taxes	3,000	3,043
Income taxes—current	810	818
Income taxes—deferred	90	71
Total income taxes	901	889
Profit	2,098	2,153
Profit attributable to non-controlling interests	23	34
Profit attributable to owners of parent	2,075	2,119

Quarterly Consolidated Statements of Comprehensive Income

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

	1Q of Previous Fiscal Year (From Apr. 1, 2018 to Jun. 30, 2018)	1Q of Current Fiscal Year (From Apr. 1, 2019 to Jun. 30, 2019)
Profit	2,098	2,153
Other comprehensive income		
Net unrealized holding gains on securities	623	126
Deferred gains on hedges	2	△2
Foreign currency translation adjustment	△873	△34
Share of other comprehensive income of entities accounted for using equity method	△111	—
Total other comprehensive income	△359	89
Comprehensive income	1,739	2,243
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	1,715	2,209
Comprehensive income attributable to non- controlling interests	23	34

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

None applicable

(Significant Changes in Shareholder's Equity)

None applicable

(Segment Information)

I Previous 1Q fiscal year (Apr. 1, 2018 to Jun. 30, 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	7,561	2,280	9,841	112	9,953	—	9,953
Intersegment	26	568	595	—	595	(595)	—
Total Sales	7,588	2,849	10,437	112	10,549	(595)	9,953
Segment income	3,037	153	3,190	49	3,240	(438)	2,801

- 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 ¥438 million for segment income is mainly the corporate expense of ¥440 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 1Q fiscal year (Apr. 1, 2019 to Jun. 30, 2019)

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	7,930	2,296	10,226	263	10,490	—	10,490
Intersegment	29	582	611	—	611	(611)	—
Total Sales	7,959	2,878	10,838	263	11,101	(611)	10,490
Segment income	3,267	172	3,440	50	3,490	(426)	3,063

- 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 ¥426 million for segment income is mainly the corporate expense of ¥428 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.