

**Financial Highlights for the 2nd Quarter Cumulative of Fiscal 2019 (Unaudited)**  
**(Apr. 1, 2019– Sep. 30, 2019)**

**DAIBIRU CORPORATION**

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

Oct. 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: Nov. 13, 2019  
 Scheduled Date of Commencing Dividend Payments: Dec 5, 2019  
 Supplementary documents on quarterly financial results: None  
 Quarterly investors meeting: None

(Figures are rounded down to the nearest million yen)

1. Consolidated Results for 2Q Fiscal 2019 (Apr. 1, 2019 to Sep. 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	%
2Q Fiscal 2019	21,001	4.5	5,973	18.1	5,572	11.1	3,748	8.2
2Q Fiscal 2018	20,090	△0.0	5,056	△13.1	5,017	△7.1	3,463	△6.0

Note: Comprehensive income  
 Sep. 30, 2019: 3,181 millions of yen (△36.0%) Sep. 30, 2018: 4,974 millions of yen (12.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
2Q Fiscal 2019	32.14	–
2Q Fiscal 2018	29.70	–

(ii) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
2Q Fiscal 2019	374,273	157,669	41.6
Fiscal 2018	364,754	155,728	42.2

Reference: Equity  
 Sep. 30, 2019: 155,822 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	–	10.50			
Fiscal 2019 (forecast)			–	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)

2Q Fiscal 2019	116,851,049 shares
Fiscal 2018	116,851,049 shares

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

2Q Fiscal 2019	224,445 shares
Fiscal 2018	224,413 shares

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

2Q Fiscal 2019	116,626,622 shares
2Q Fiscal 2018	116,626,914 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 4 of Attached Reference.

Table of Contents of Attached Reference

1. Qualitative Information on Quarterly Financial Results.....	2
(1) Explanation on Results of Operations.....	2
(2) Explanation on Financial Position.....	3
(3) Explanation on the Forward-looking Information such as Forecast of Consolidated Results.....	4
2. Quarterly Consolidated Financial Statements and Main Notes.....	5
(1) Quarterly Consolidated Balance Sheets.....	5
(2) Quarterly Consolidated Statements of Income and Quarterly Comprehensive Income.....	7
Quarterly Consolidated Statements of Income.....	7
Quarterly Consolidated Statements of Comprehensive Income.....	8
(3) Quarterly Consolidated Statements of Cash Flows.....	9
(4) Notes to Quarterly Consolidated Financial Statements.....	10
(Going Concern Assumption).....	10
(Significant Changes in Shareholder' s Equity).....	10
(Segment Information).....	10

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation on Results of Operations

In the six months ended September 30, 2019, the Japanese economy saw a moderate recovery as the employment and income environment improved. However, prospects of the economy remained uncertain due to concerns about the consumption tax rate hike and uncertainties over overseas economies related to trade issues.

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 offered comfortable and stress-free tenant services from a customer's perspective by promoting activities that improve building management quality with a view to differentiating Daibiru properties from competitors' buildings. The Group also sought to increase revenue from operations by maintaining high occupancy rates while raising rent rates.

Under the medium-term management plan "Design 100" Project Phase-II, which was formulated in April last year, the Company set five priority strategies: "Investment in high-end office properties in CBD," "Expansion of investments targets," "Improvement of overseas businesses," "Investment to enhance the competitiveness of existing assets," and "Enhancement and expansion of property maintenance businesses." In fiscal 2019, the second year of this five-year plan, the Company has been making achievements steadily.

For "Expansion of investments targets," one of the priority strategies, the Company acquired the Nihonbashi 3-chome Building (Chuo-ku, Tokyo, 7 floors above ground, 2 floors below ground, gross floor area of 2,305 m<sup>2</sup>) in April this year. It is a commercial building in an excellent location within walking distance of JR Tokyo Station.

The "Akihabara Project" (tentative name, Chiyoda-ku, Tokyo, 11 floors above ground, 2 floors below ground, gross floor area of 4,948 m<sup>2</sup>), which had been under development as part of "Expansion of investments targets" as well, was completed in July this year. It was officially named "BiTO AKIBA" and its grand opening is scheduled for November. "BiTO" is a new brand of the Company's commercial building series, bearing the meanings of "Beautiful (*B*) City (*T*) = BiTO" and "People (*Hito-Bito*) gathering in the building = BiTO."

For "Improvement of overseas businesses," construction of "275 George Street" (15 floors above ground, 3 floors below ground, net leasable area of approx. 7,200 m<sup>2</sup>), a development project of an office building that the Company acquired in the Sydney CBD in Australia, is proceeding smoothly toward completion in mid-2020.

With regard to operating results in the six months ended September 30, 2019, revenue from operations increased ¥911 million, or 4.5%, year on year to ¥21,001 million, and operating income increased ¥917 million, or 18.1%, to ¥5,973 million.

As for non-operating income and expenses, ordinary income increased ¥554 million, or 11.1%, to ¥5,572 million, due to 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 six months ended September 30, 2019, a total of ¥141 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 ¥284 million, or 8.2%, to ¥3,748 million.

Operating results by segment were as follows.

1) Leasing

In this segment, which accounts for 76.5% of consolidated revenue in the six months ended September 30, 2019, revenue from operations increased ¥810 million, or 5.3%, to ¥16,060 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 decreased mainly reflecting decreases in depreciation and amortization and repairing expenses, despite incurrence of one-time expenses, including real estate acquisition tax on the newly acquired building, and an increase in fixed property tax. Operating income increased ¥863 million, or 15.5%, to ¥6,424 million.

2) Facility Management

In this segment, which accounts for 21.8% of consolidated revenue, revenue from operations decreased ¥13 million, or 0.3%, to ¥4,573 million mainly due to the impact of cancellation of the contracts for some commissioned properties, but operating income increased ¥41 million, or 16.1%, to ¥298 million.

3) Other Businesses

In this segment, which accounts for 1.7% of consolidated revenue, revenue from operations increased ¥114 million, or 45.0%, to ¥367 million mainly due to an increase in construction subcontracting values, but operating income decreased ¥9 million, or 9.1%, to ¥96 million.

**(2) Explanation on Financial Position**

1) Assets, Liabilities and Net assets

Total assets at the end of the second quarter of the current fiscal year were ¥374,273 million, an increase of ¥9,518 million from the end of the previous fiscal year. Current assets increased ¥5,929 million from the end of the previous fiscal year to ¥23,887 million. This is mainly due to an increase in cash and cash equivalents. Noncurrent assets increased ¥3,589 million from the end of the previous fiscal year to ¥350,386 million. This is mainly due to an increase in property and equipment owing to the acquisition of the Nihonbashi 3-chome Building and the completion of “BiTO AKIBA.”

Liabilities at the end of the second quarter of the current fiscal year were ¥216,603 million, an increase of ¥7,578 million from the end of the previous fiscal year. Current liabilities increased ¥3,835 million from the end of the previous fiscal year to ¥24,918 million. This is mainly due to an increase in current portion of bonds. Long-term liabilities increased ¥3,743 million from the end of the previous fiscal year to ¥191,685 million. This is mainly due to an increase in bonds payable, despite a decrease in long-term debt. Total interest bearing debt increased ¥8,000 million from the end of the previous fiscal year to ¥161,412 million.

Net assets at the end of the second quarter of the current fiscal year increased ¥1,940 million from the end of the previous fiscal year to ¥157,669 million. This is mainly due to an increase in retained earnings, despite a decrease in foreign currency translation adjustment.

## 2) Cash Flows

Cash and cash equivalents at the end of the second quarter of the current fiscal year were ¥20,439 million, an increase of ¥5,036 million from the end of the previous fiscal year. Changes in cash flows and their causes are explained below:

### (Cash flows from operating activities)

Net cash provided by operating activities in the six months ended September 30, 2019 was ¥7,103 million, an increase of ¥1,114 million from the same period of the previous fiscal year. This is mainly due to increases in profit before income taxes and guarantee deposits received.

### (Cash flows from investing activities)

Net cash used in investing activities in the six months ended September 30, 2019 was ¥8,706 million. This is mainly due to purchases of property and equipment. In the same period of the previous fiscal year, net cash provided by investing activities was ¥2,607 million, due mainly to proceeds from capital reduction of investment securities.

### (Cash flows from financing activities)

Net cash provided by financing activities in the six months ended September 30, 2019 was ¥6,645 million, an increase of ¥1,435 million from the same period of the previous fiscal year. This is mainly due to proceeds from issuance of bonds, despite payments for redemption of bonds.

## (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	2Q of Current Fiscal Year As of September 30, 2019
<b>Assets</b>		
Current assets		
Cash and cash equivalents	15,765	21,614
Accounts receivable-trade	1,079	1,038
Inventories	52	64
Other current assets	1,072	1,180
Allowance for doubtful accounts	(11)	(10)
Total current assets	17,958	23,887
Noncurrent assets		
Property and equipment		
Buildings and structures, net	103,558	104,404
Land	159,559	165,144
Land in trust	31,231	31,231
Construction in progress	12,118	9,429
Other, net	340	302
Net property and equipment	306,809	310,511
Intangible assets		
Goodwill	1,698	1,580
Other	11,823	11,201
Total intangible assets	13,522	12,782
Investments and other assets		
Investment securities	24,124	24,728
Deferred tax assets	267	303
Other	2,088	2,075
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	26,464	27,092
Total noncurrent assets	346,796	350,386
Total assets	364,754	374,273

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

	Previous Fiscal Year As of March 31, 2019	2Q of Current Fiscal Year As of September 30, 2019
<b>Liabilities</b>		
Current liabilities		
Current portion of long-term debt	3,680	3,360
Current portion of bonds	10,000	15,000
Accrued income and enterprise taxes	2,021	1,826
Accrued bonuses for directors and statutory auditors	63	-
Other current liabilities	5,317	4,731
Total current liabilities	21,083	24,918
Long-term liabilities		
Bonds payable	80,000	85,000
Long-term debt	59,732	58,052
Guarantee deposits received	24,802	25,091
Deferred tax liabilities	8,103	8,136
Deferred tax liabilities for land revaluation	13,439	13,439
Retirement benefits for directors and statutory auditors	66	70
Defined benefit liabilities	799	817
Provision for environmental measures	620	620
Other long-term liabilities	379	458
Total long-term liabilities	187,942	191,685
Total liabilities	209,025	216,603
<b>Net assets</b>		
Shareholders' equity		
Common stock	12,227	12,227
Capital surplus	13,852	13,852
Retained earnings	106,759	109,279
Treasury stock	(148)	(148)
Total shareholders' equity	132,692	135,212
Accumulated other comprehensive income		
Net unrealized holding gains on securities	12,962	13,376
Deferred gains on hedges	(7)	(130)
Land revaluation reserve	6,779	6,779
Foreign currency translation adjustment	1,498	585
Total accumulated other comprehensive income	21,233	20,610
Non-controlling interests	1,803	1,846
Total net assets	155,728	157,669
Total liabilities and net assets	364,754	374,273



## (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)

	2Q of Previous Fiscal Year (From Apr. 1, 2018 to Sep. 30, 2018)	2Q of Current Fiscal Year (From Apr. 1, 2019 to Sep. 30, 2019)
Revenue from operations	20,090	21,001
Cost of revenue from operations	13,110	13,093
Operating gross profit	6,980	7,907
Selling, general and administrative expenses	1,923	1,933
Operating income	5,056	5,973
Non-operating income		
Interest income	19	33
Dividend income	349	373
Share of profit of entities accounted for using equity method	229	—
Other	13	10
Total non-operating income	611	417
Non-operating expenses		
Interest expense	592	654
Foreign exchange losses	51	27
Other	6	137
Total non-operating expenses	650	818
Ordinary income	5,017	5,572
Extraordinary loss		
Loss on building reconstruction	—	135
Loss on disposal of fixed assets	—	5
Total extraordinary losses	—	141
Profit before income taxes	5,017	5,431
Income taxes—current	1,577	1,728
Income taxes—deferred	(66)	(89)
Total income taxes	1,510	1,639
Profit	3,507	3,791
Profit attributable to non-controlling interests	43	43
Profit attributable to owners of parent	3,463	3,748

Quarterly Consolidated Statements of Comprehensive Income

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

	2Q of Previous Fiscal Year (From Apr. 1, 2018 to Sep. 30, 2018)	2Q of Current Fiscal Year (From Apr. 1, 2019 to Sep. 30, 2019)
Profit	3,507	3,791
Other comprehensive income		
Net unrealized holding gains on securities	1,909	414
Deferred gains on hedges	7	(122)
Foreign currency translation adjustment	(339)	(902)
Share of other comprehensive income of entities accounted for using equity method	(110)	—
Total other comprehensive income	1,466	(610)
Comprehensive income	4,974	3,181
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	4,930	3,137
Comprehensive income attributable to non- controlling interests	43	43

### (3) Quarterly Consolidated Statements of Cash Flows

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

	2Q of Previous Fiscal Year (From Apr. 1, 2018 to Sep. 30, 2018)	2Q of Current Fiscal Year (From Apr. 1, 2019 to Sep. 30, 2019)
<b>Net cash provided by (used in) operating activities</b>		
Profit before income taxes	5,017	5,431
Depreciation and amortization	3,623	3,389
Amortization of goodwill	59	60
Increase (decrease) in accrued bonuses for directors and statutory auditors	(79)	(63)
Increase (decrease) in Defined benefit liabilities	15	18
Increase (decrease) in retirement benefits for directors and statutory auditors	(3)	3
Interest and dividend income	(368)	(407)
Interest expense	592	654
Share of (profit) loss of entities accounted for using equity method	(229)	—
Loss on disposal of fixed assets	—	5
Increase (decrease) in guarantee deposits received	(730)	303
Decrease (increase) in guarantee deposits	(3)	(7)
Decrease (increase) in accounts receivable-trade	(41)	40
Decrease (increase) in inventories	1	(11)
Increase (decrease) in accounts payable-trade	(336)	(69)
Increase (decrease) in accrued taxes on purchase of real estate	—	87
Decrease (increase) in accrued consumption taxes	189	(352)
Other, net	75	150
<b>Subtotal</b>	<b>7,783</b>	<b>9,233</b>
Interest and dividends received	368	407
Interest paid	(599)	(635)
Income taxes paid	(1,563)	(1,902)
<b>Net cash provided by (used in) operating activities</b>	<b>5,988</b>	<b>7,103</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchases of property and equipment	(1,888)	(7,706)
Proceeds from capital reduction of investment securities	4,671	—
Payments into time deposits	(204)	(1,161)
Proceeds from withdrawal of time deposits	186	263
Collections of long-term loans receivable	6	4
Other, net	(164)	(105)
<b>Net cash provided by (used in) investing activities</b>	<b>2,607</b>	<b>(8,706)</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in commercial paper	8,000	—
Repayment of long-term debt	(1,565)	(2,000)
Proceeds from issuance of bonds	—	20,000
Redemption of bonds	—	(10,000)
Purchases of treasury stock	(0)	(0)
Dividends paid	(1,224)	(1,224)
Other, net	0	(129)
<b>Net cash provided by (used in) financing activities</b>	<b>5,210</b>	<b>6,645</b>
Effect of exchange rate change on cash and cash equivalents	52	(5)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>13,859</b>	<b>5,036</b>
Cash and cash equivalents at beginning of year	4,155	15,403
<b>Cash and cash equivalents at end of year</b>	<b>18,014</b>	<b>20,439</b>

#### (4) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

None applicable

(Significant Changes in Shareholder's Equity)

None applicable

(Segment Information)

I Previous 2Q fiscal year (Apr. 1, 2018 to Sep. 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	15,249	4,587	19,836	253	20,090	—	20,090
Intersegment	55	1,146	1,202	—	1,202	(1,202)	—
Total Sales	15,305	5,734	21,039	253	21,292	(1,202)	20,090
Segment income	5,561	257	5,818	106	5,925	(868)	5,056

- 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 ¥868 million for segment income is mainly the corporate expense of ¥872 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 2Q fiscal year (Apr. 1, 2019 to Sep. 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	16,060	4,573	20,633	367	21,001	—	21,001
Intersegment	60	1,201	1,262	—	1,262	(1,262)	—
Total Sales	16,120	5,775	21,896	367	22,263	(1,262)	21,001
Segment income	6,424	298	6,723	96	6,820	(846)	5,973

- 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 ¥846 million for segment income is mainly the corporate expense of ¥850 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.