

Financial Highlights for the 3rd Quarter Cumulative of Fiscal 2019
(Apr. 1, 2019– Dec. 31, 2019) <under Japanese GAAP>

DAIBIRU CORPORATION

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

Jan. 31, 2020

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: Feb. 13, 2020
 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 3Q Fiscal 2019 (Apr. 1, 2019 to Dec. 31, 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	%
3Q Fiscal 2019	31,657	4.3	8,922	15.4	8,575	12.3	6,091	14.8
3Q Fiscal 2018	30,340	0.1	7,728	△13.3	7,639	△9.5	5,304	△8.4

Note: Comprehensive income
 Dec. 31, 2019: 6,445 millions of yen (70.4%) Dec. 31, 2018: 3,782 millions of yen (△56.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
3Q Fiscal 2019	52.23	–
3Q Fiscal 2018	45.48	–

(ii) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
3Q Fiscal 2019	378,854	159,709	41.7
Fiscal 2018	364,754	155,728	42.2

Reference: Equity
 Dec. 31, 2019: 157,846 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)

3Q Fiscal 2019	116,851,049 shares
Fiscal 2019	116,851,049 shares

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

3Q Fiscal 2019	224,591 shares
Fiscal 2019	224,413 shares

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

3Q Fiscal 2019	116,626,590 shares
3Q Fiscal 2018	116,626,875 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) Notes to Quarterly Consolidated Financial Statements.....	9
(Going Concern Assumption).....	9
(Significant Changes in Shareholder' s Equity).....	9
(Segment Information).....	9

1. Qualitative Information on Quarterly Financial Results

(1) Explanation on Results of Operations

In the nine months ended December 31, 2019, the Japanese economy saw a moderate recovery as the employment environment improved. However, prospects of the economy remained uncertain due to 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 2018, 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 m²) in April last year. It is a commercial building in an excellent location within walking distance of JR Tokyo Station. In addition, in November last year the Company acquired three buildings in the Sapporo CBD: "DAIBIRU PIVOT" (9 floors above ground, 3 floors below ground, gross floor area of 20,814 m²) along with "DAIBIRU PIVOT WEST" (3 floors above ground, gross floor area of 214 m²) and "DAIBIRU PIVOT SOUTH" (7 floors above ground, 2 floors below ground, gross floor area of 2,567 m²), which are located in the same district. While "DAIBIRU PIVOT" will continue its operation for the time being, going forward, we plan a comprehensive redevelopment project including these three buildings.

The "Akihabara Project" (tentative name, Chiyoda-ku, Tokyo, 11 floors above ground, 2 floors below ground, gross floor area of 4,948 m²), which had been under development as part of "Expansion of investments targets" as well, was completed in July last year. It was officially named "BiTO AKIBA" and its grand opening was held in November. "BiTO" is a new brand of the Company's commercial building series, bearing the meanings of "Beautiful (*Bi*) City (*To*) = 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 m²), 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 nine months ended December 31, 2019, revenue from operations increased ¥1,317 million, or 4.3%, year on year to ¥31,657 million, and operating income increased ¥1,193 million, or 15.4%, to ¥8,922 million.

As for non-operating income and expenses, for the nine months ended December 31, 2019, ordinary income increased ¥936 million, or 12.3%, to ¥8,575 million, due to a decrease in foreign exchange losses and an increase in operating income, 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 nine months ended December 31, 2019, gain on sales of investment securities of ¥409 million was recorded under extraordinary income, and loss on building reconstruction of ¥183 million and loss on disposal of fixed assets of ¥7 million were recorded under extraordinary loss. In the same period of the previous fiscal year, 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.

As a result, profit attributable to owners of parent increased ¥787 million, or 14.8%, to ¥6,091 million.

Operating results by segment were as follows.

1) Leasing

In this segment, which accounts for 76.7% of consolidated revenue in the nine months ended December 31, 2019, revenue from operations increased ¥1,255 million, or 5.5%, to ¥24,284 million mainly due to contributions from the newly acquired Nihonbashi 3-chome Building and three “DAIBIRU PIVOT” buildings, and the operation of the newly constructed “BiTO AKIBA” Building, as well as improvements in the revenue from operations of the existing buildings. In terms of expenses, despite incurrence of one-time expenses, including real estate acquisition tax on the newly acquired buildings, and an increase in fixed property tax, operating income increased ¥1,145 million, or 13.6%, to ¥9,588 million, due mainly to decreases in depreciation and amortization and repairing expenses.

2) Facility Management

In this segment, which accounts for 21.8% of consolidated revenue, revenue from operations decreased ¥16 million, or 0.2%, to ¥6,912 million mainly due to the impact of cancellation of the contracts for some commissioned properties, but operating income increased ¥10 million, or 2.4%, to ¥446 million.

3) Other Businesses

In this segment, which accounts for 1.5% of consolidated revenue, revenue from operations increased ¥77 million, or 20.3%, to ¥460 million mainly due to an increase in construction subcontracting values, but operating income decreased ¥24 million, or 14.8%, to ¥139 million.

(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 ¥378,854 million, an increase of ¥14,100 million from the end of the previous fiscal year. Current assets decreased ¥7,717 million from the end of the previous fiscal year to ¥10,240 million. This is mainly due to a decrease in cash and cash equivalents. Noncurrent assets increased ¥21,818 million from the end of the previous fiscal year to ¥368,614 million. This is mainly due to an increase in property and equipment owing to the acquisition of the

Nihonbashi 3-chome Building and three “DAIBIRU PIVOT” buildings, as well as the completion of “BiTO AKIBA.”

Liabilities at the end of the third quarter of the current fiscal year were ¥219,145 million, an increase of ¥10,119 million from the end of the previous fiscal year. Current liabilities increased ¥11,335 million from the end of the previous fiscal year to ¥32,418 million. This is mainly due to an increase in current portion of long-term debt and current portion of bonds. Long-term liabilities decreased ¥1,215 million from the end of the previous fiscal year to ¥186,726 million. This is mainly due to a decrease in long-term debt, despite an increase in bonds payable. Total interest bearing debt increased ¥10,107 million from the end of the previous fiscal year to ¥163,520 million.

Net assets at the end of the third quarter of the current fiscal year increased ¥3,980 million from the end of the previous fiscal year to ¥159,709 million. This is mainly due to increases in retained earnings and net unrealized holding gains on securities, despite a decrease in foreign currency translation adjustment.

(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	3Q of Current Fiscal Year As of December 31, 2019
Assets		
Current assets		
Cash and cash equivalents	15,765	7,747
Accounts receivable—trade	1,079	1,133
Inventories	52	58
Other current assets	1,072	1,312
Allowance for doubtful accounts	(11)	(11)
Total current assets	17,958	10,240
Noncurrent assets		
Property and equipment		
Buildings and structures, net	103,558	106,126
Land	159,559	180,626
Land in trust	31,231	31,231
Construction in progress	12,118	9,079
Other, net	340	355
Net property and equipment	306,809	327,419
Intangible assets		
Goodwill	1,698	1,555
Other	11,823	11,139
Total intangible assets	13,522	12,694
Investments and other assets		
Investment securities	24,124	26,081
Deferred tax assets	267	298
Other	2,088	2,137
Allowance for doubtful accounts	(15)	(15)
Total investments and other assets	26,464	28,500
Total noncurrent assets	346,796	368,614
Total assets	364,754	378,854

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

	Previous Fiscal Year As of March 31, 2019	3Q of Current Fiscal Year As of December 31, 2019
Liabilities		
Current liabilities		
Current portion of long-term debt	3,680	8,360
Current portion of bonds	10,000	15,000
Commercial paper	–	3,000
Accrued income and enterprise taxes	2,021	1,072
Accrued bonuses for directors and statutory auditors	63	–
Other current liabilities	5,317	4,986
Total current liabilities	21,083	32,418
Long-term liabilities		
Bonds payable	80,000	85,000
Long-term debt	59,732	52,160
Guarantee deposits received	24,802	25,668
Deferred tax liabilities	8,103	8,678
Deferred tax liabilities for land revaluation	13,439	13,439
Retirement benefits for directors and statutory auditors	66	75
Defined benefit liabilities	799	823
Provision for environmental measures	620	620
Other long-term liabilities	379	261
Total long-term liabilities	187,942	186,726
Total liabilities	209,025	219,145
Net assets		
Shareholders' equity		
Common stock	12,227	12,227
Capital surplus	13,852	13,852
Retained earnings	106,759	110,397
Treasury stock	(148)	(148)
Total shareholders' equity	132,692	136,330
Accumulated other comprehensive income		
Net unrealized holding gains on securities	12,962	14,351
Deferred gains or losses on hedges	(7)	123
Land revaluation reserve	6,779	6,779
Foreign currency translation adjustment	1,498	260
Total accumulated other comprehensive income	21,233	21,515
Non-controlling interests	1,803	1,863
Total net assets	155,728	159,709
Total liabilities and net assets	364,754	378,854

(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, 2018 to Dec. 31, 2018)	3Q of Current Fiscal Year (From Apr. 1, 2019 to Dec. 31, 2019)
Revenue from operations	30,340	31,657
Cost of revenue from operations	19,670	19,850
Operating gross profit	10,669	11,806
Selling, general and administrative expenses	2,941	2,884
Operating income	7,728	8,922
Non-operating income		
Interest income	33	49
Dividend income	664	720
Share of profit of entities accounted for using equity method	222	—
Other	24	17
Total non-operating income	944	787
Non-operating expenses		
Interest expense	896	968
Foreign exchange losses	52	23
Other	84	141
Total non-operating expenses	1,033	1,133
Ordinary income	7,639	8,575
Extraordinary income		
Gain on sales of investment securities	144	409
Total extraordinary income	144	409
Extraordinary loss		
Loss on building reconstruction	61	183
Loss on disposal of fixed assets	—	7
Loss on sales of investment securities	19	—
Total extraordinary losses	81	190
Profit before income taxes	7,703	8,793
Income taxes—current	2,595	2,730
Income taxes—deferred	(277)	(87)
Total income taxes	2,318	2,642
Profit	5,385	6,151
Profit attributable to non-controlling interests	81	60
Profit attributable to owners of parent	5,304	6,091

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, 2018 to Dec. 31, 2018)	3Q of Current Fiscal Year (From Apr. 1, 2019 to Dec. 31, 2019)
Profit	5,385	6,151
Other comprehensive income		
Net unrealized holding gains on securities	(1,403)	1,389
Deferred gains or losses on hedges	1	131
Foreign currency translation adjustment	(111)	(1,226)
Share of other comprehensive income of entities accounted for using equity method	(88)	—
Total other comprehensive income	(1,603)	294
Comprehensive income	3,782	6,445
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	3,700	6,385
Comprehensive income attributable to non- controlling interests	81	60

(3) Notes to Quarterly Consolidated Financial Statements

(Going Concern Assumption)

None applicable

(Significant Changes in Shareholder's Equity)

None applicable

(Segment Information)

I Previous 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.

II Current 3Q fiscal year (Apr. 1, 2019 to Dec. 31, 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	24,284	6,912	31,197	460	31,657	—	31,657
Intersegment	89	1,791	1,880	—	1,880	(1,880)	—
Total Sales	24,374	8,703	33,077	460	33,537	(1,880)	31,657
Segment income	9,588	446	10,034	139	10,173	(1,251)	8,922

- 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 ¥1,251 million for segment income is mainly the corporate expense of ¥1,259 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.