

Pressance Corporation Co., Ltd.

(Ticker: 3254.T)

FY2017 1st Quarter, April-June, Earnings Highlights

August, 2016



Summary of consolidated profits and losses

- In the first quarter of the March, 2017, fiscal year, **both sales and profits fell from a year earlier due to a decline in the completion of family type condominiums that could be included in sales** (The sales are based on deliveries to customers). 1Q result comparing with estimated earnings of FY2017 is **in-line as above topic is already considered beforehand.**

(¥ million)

	FY2015 1Q (Ratio to sales)	FY 2016 1Q	FY 2017 1Q	YoY (%)	FY2017 E	Rate of progress on 1Q to FY2017 (%)
Sales	23,308 (100.0%)	41,861 (100.0%)	33,535 (100.0%)	▲ 19.9%	100,839 (100.0%)	33.3%
COGS	15,396 (66.1%)	29,064 (69.4%)	23,504 (70.1%)	▲ 19.1%	73,217 (72.6%)	32.1%
Gross margin	7,911 (33.9%)	12,797 (30.6%)	10,031 (29.9%)	▲ 21.6%	27,622 (27.4%)	36.3%
SG&A expense	2,050 (8.8%)	2,543 (6.1%)	3,050 (9.1%)	+ 19.9%	12,155 (12.1%)	25.1%
Operating income	5,860 (25.1%)	10,253 (24.5%)	6,981 (20.8%)	▲ 31.9%	15,466 (15.3%)	45.1%
Ordinary income	5,824 (25.0%)	10,220 (24.4%)	6,951 (20.7%)	▲ 32.0%	15,089 (15.0%)	46.1%
Net income	3,748 (16.1%)	6,815 (16.3%)	4,707 (14.0%)	▲ 30.9%	10,327 (10.2%)	45.6%

Summary of consolidated assets and liabilities

(¥ million)

	FY2015 (Ratio to sales)	FY2016 (Ratio to sales)	FY2017 1Q (Ratio to sales)
Liquid assets	94,070 (92.6%)	117,887 (94.9%)	119,955 (91.9%)
Of these, real estate for sale	2,602	4,173	8,402 *1
Of these, real estate in process for sale	68,854	88,376	81,086 *2
Fixed assets	7,478 (7.4%)	6,390 (5.1%)	10,571 (8.1%)
Total Assets	101,549 (100.0%)	124,277 (100.0%)	130,527 (100.0%)
Current liabilities	28,647 (28.2%)	22,171 (17.8%)	18,736 (14.4%)
Of these, short-term interest-bearing liabilities	1,835	5,408	6,014
Fixed liabilities	28,269 (27.8%)	51,781 (41.7%)	57,600 (44.1%)
Of these, long-term interest-bearing liabilities	27,831	51,297	57,104
Total liabilities	56,916 (56.0%)	73,953 (59.5%)	76,337 (58.5%)
Shareholders' net assets	44,632 (44.0%)	50,324 (40.5%)	54,190 (41.5%)
Total net liabilities and shareholders' net assets	101,549 (100.0%)	124,277 (100.0%)	130,527 (100.0%)

*1 Real estate for sale 8,402 million yen

*2 Real estate in process for sale 81,086 million yen

Land cost for condominium business 2,318 million yen ...①
Other land cost 81 million yen *
Construction cost 6,003 million yen

Land cost for condominium business 59,358 million yen ...②
Other land cost 4,014 million yen *
Construction cost 17,713 million yen

Explanations on real estate cost ① and ② are given in "Inventory Assets" on page 6

* Cost related to land for pre-owned or new houses for sale, others

Major Sales Results in the Condominium Business

	FY2015 1Q				FY2016 1 Q				FY2017 1Q				FY 2017 E	Rate of progress on 1Q to FY2017 (%)
	No. of units	YoY (%)	Amount (¥ million)	YoY	No. of units	YoY	Amount	YoY	No. of units	YoY	Amount	YoY	Amount	
Single-room Condominiums	481	82.6%	7,601	81.6%	748	155.5%	12,086	159.0%	770	102.9%	13,342	110.4%	32,859	40.6%
Family type condominiums	493	113.1%	14,381	105.6%	849	172.2%	26,067	181.3%	429	50.5%	13,820	53.0%	50,072	27.6%
Condominium building sales	40	32.5%	458	36.3%	135	337.5%	1,671	364.9%	323	239.3%	4,367	261.3%	11,649	37.5%
Total	1,014	88.9%	22,440	92.8%	1,732	170.8%	39,825	177.5%	1,522	87.9%	31,530	79.2%	94,581	33.3%

FY2017 1Q, Outstanding Balance of Contracts (Outstanding orders), 1

FY2017 1Q, Outstanding balance of contracts (outstanding orders)						
Category	No. of units	Amount (¥ million)	FY2017 Firm scheduled delivery		Firm scheduled delivery later than FY2018	
			No. of units	Amount	No. of units	Amount
Single-room condominiums	594	10,162	594	10,162	0	0
Family type condominiums	1,299	46,793	782	25,660	517	21,132
Condominium building sales	806	10,259	562	7,292	244	2,967
Total	2,699	67,215	1,938	43,115	761	24,099



FY2017 1Q, Sales								
Category	FY2017 1Q, Sales results			FY2017 Firm scheduled delivery			1Q result + Firm scheduled delivery on FY 2017 (in progress)	
	No. of units	Amount		No. of units	Amount		No. of units	Amount
Single-room condominiums	770	13,342	+	594	10,162	=	1,364	23,504
Family type condominiums	429	13,820		782	25,660		1,211	39,481
Condominium building sales	323	4,367		562	7,292		885	11,659
Total	1,522	31,530		1,938	43,115		3,460	74,645

FY2017 1Q, Outstanding Balance of Contracts (Outstanding Orders), 2

- 1Q result plus firm scheduled delivery on FY 2017 got to **¥74,645 million**.
- Rate of progress reached **78.9%** based on estimated sales of FY 2017.

FY2017 1Q, Sales				
Category	1Q result + Firm scheduled delivery on FY 2017 (in progress)		FY2017, Sales estimated	
	No. of units	Amount (¥ million)	No. of units	Rate of process in relation to sales estimated on FY2017(%)
Single-room condominiums	1,364	23,504	32,859	71.5%
Family type condominiums	1,211	39,481	50,072	78.8%
Condominium building sales	885	11,659	11,649	100.1%
Total	3,460	74,645	94,581	78.9%

FY2017 1Q, Inventory Assets (Land Already Acquired)

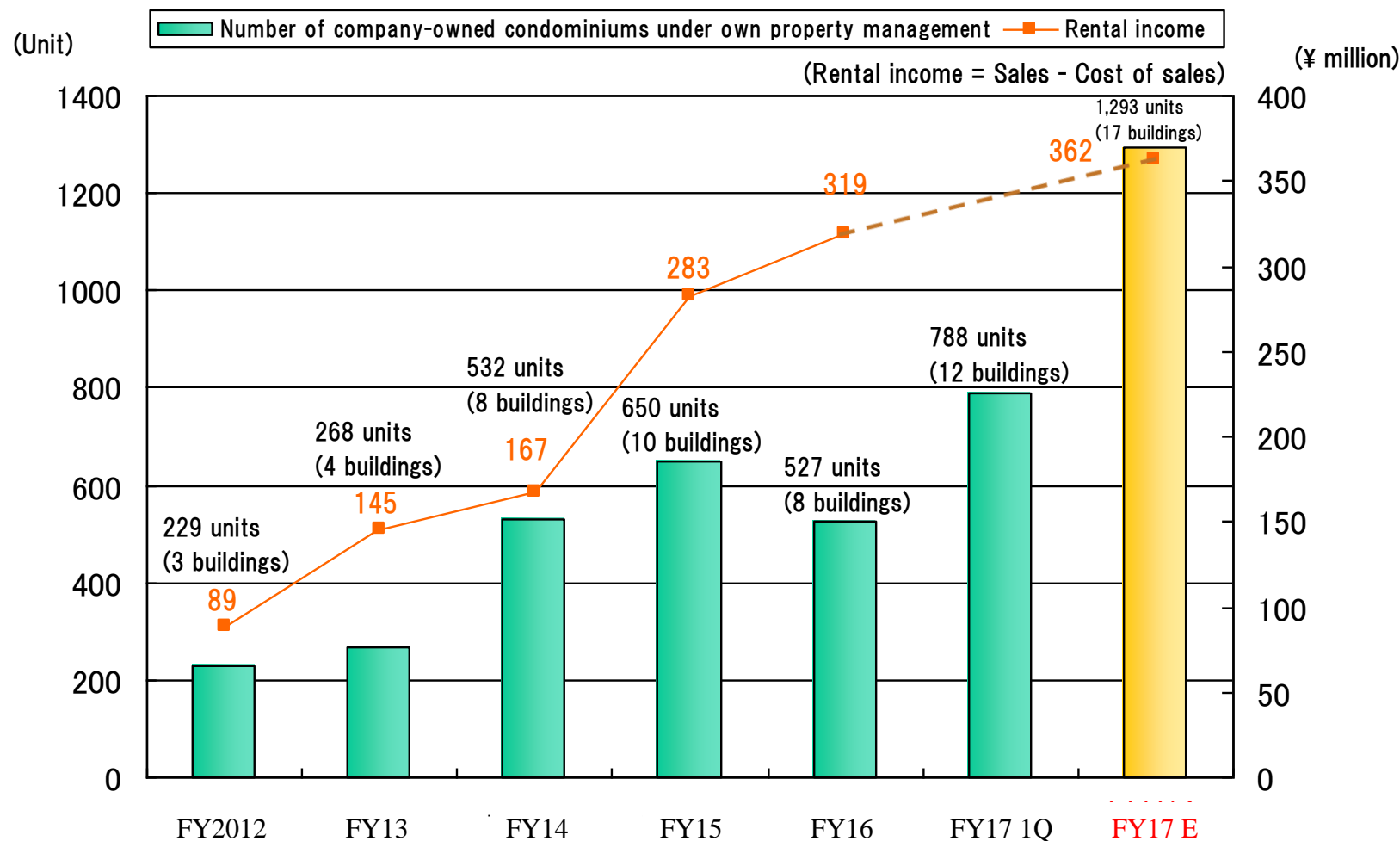
Category	FY2017 1Q, Inventory assets (land already acquired)		Commentary
	No. of units	Amount (¥ million)	
Single-room condominiums	5,713	18,323	Land already acquired for use in more than 3 years through FY2019 based on the assumption that 1,600 to 1,700 units are delivered each quarter
Family type condominiums	4,906	35,768	Land already acquired for use in more 3 years through FY2019 based on the assumption that 1,500 to 1,800 units are delivered each quarter
Condominium building sales	2,685	7,584	400 units were delivered in the FY2016, and land for use 7 times that total already acquired
Total	13,304	61,676	* Total of land cost in ①+② on page 2

(Note)

- Settlements and delivery of all Land Inventory, which described as above, have been completed.
- We have another firm contract on land of 28 buildings in addition to above number, which will be divided to 2,800 units; 1,300 units of Single-room, 900 units of Family type. Settlements and delivery process is on-going.
- Total amount of real estate and real estate in process for sale on 1Q FY2017 is ¥89,488 million. Then deducting construction cost (¥23,716 million) and cost for real estate and other items* (¥4,095 million), and total amount of inventory assets are calculated as ¥61,676 million.

*cost for real estate and other items come from distribution business of used houses and new detached houses.

Changes in Company-owned Condominiums



(Note)

Shift of accounting entry, from company-owned condominiums to real estate for sale, was practiced as two buildings were sold on FY2016, which declined the ratio of units to rental income comparing with FY2015.

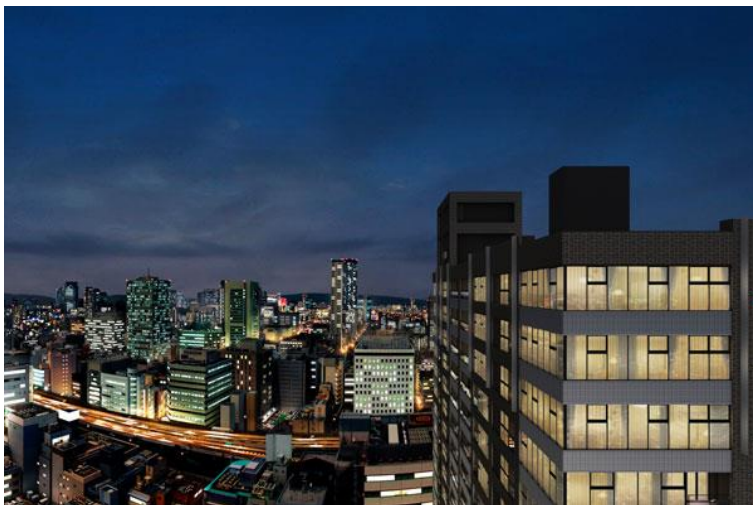
Latest Topics 1

■ Brief summary of progress on major projects

1. Osaka area The first earthquake-resilient condominium tower project

“Pressance Legend Sakaisuji Honmachi Tower” (family)

- Earthquake-resilient skyscraper which has 30 stories and **337 units**
- **208 units** had been sold as of the end of June, 2016 The second marketing period is scheduled to begin in September, 2016



2. The biggest project in company history with 486 units *

“Pressance Legend Lake Biwa” (family)

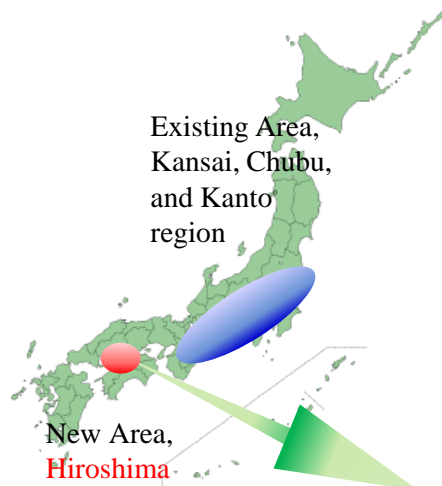
- One of the biggest projects on the shore of Lake Biwa, **all rooms with a lake view**
- The first marketing period is scheduled to begin in August, 2016
- Queries by telephone and responses to questionnaires from **about 2,000 people** had been received even before the sales began, **expressing their interest. About 350 couples participated in pre-marketing seminars** designed to explain about the condominiums.
- * Initial marketing plan for 497 units were changed to 486 units (down 11 units). Standard-type units on upper floors were changed to grand premium-type units (more spacious, higher grade) due to reactions in pre-marketing questionnaires.



Latest Topics 2

■ Advancing to “Hiroshima,” a new project area

We are advancing to “Hiroshima,” a new project area following the Kinki, Tokai, Chukyo, metropolitan regions and Okinawa. We will press ahead with the single-room condominium・hotel business in Hiroshima, turning the area into a new profit center.



Latest Topics 3

■ Progress in the hotel business

We have **added 3 hotels** to the development pipe-line in addition to existing 5 projects in the hotel business which was launched on FY2016.

Completion schedule

March, 2018, fiscal year	Inari, Naniwa-ku, Osaka 1 Motomachi, Naniwa-ku, Osaka 1 Omiya-dori, Shimogyo-ku, Kyoto 1	【near JR Nanba Station, 72 rooms】 【near JR Nanba Station, 80 rooms】 【Hankyu Railway, near Omiya Station, 96 rooms】
March, 2019, fiscal year	Shikitsu-higashi, Naniwa-ku, Osaka 1 Hirano-machi, Chuo-ku, Osaka 2 Minami-senba, Chuo-ku, Osaka * Nobori-cho, Naka-ku, Hiroshima * Kamikawabata-machi, Hakata-ku, Fukuoka *	【Subway Midosuji Line near Daikoku-cho Station, 252 rooms】 【Subway Sakaisuji Line near Kitahama Station, 126 rooms】 【Subway Midosuji Line, near Shinsaibashi Station, 162 rooms】 【Hiroshima Electric Railway near Ebisu-cho Station, 155 rooms】 【Near JR Hakata Station, 194 rooms】

***Management method undecided**





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(Note) Prospective numbers listed in the earnings outlook and other materials are based on information available at the time the documents were released and in large part contain uncertain factors. The actual results may be different depending on changes in business.

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