

**Pressance Corporation  
Co., Ltd.**3254 Tokyo Stock Exchange  
First Section

26-Dec.-16

Important disclosures  
and disclaimers appear  
at the end of this document.FISCO Ltd. Analyst  
Hideo Kakuta**■ Steady progress in 1H Toward the FY3/17 Target of  
Over ¥100,000mn in Net Sales**

Pressance Corporation Co., Ltd. <3254> (hereafter, also “the Company”) is an independent developer of family and studio condominiums that handles planning, development, and sales. It is the biggest supplier in the Kinki region and Tokai-Chukyo regions. The company offers the Pressance Series of condominiums, conveniently located less than 10 minutes’ walk from central railway stations and using a proprietary design and development. Another strength is a highly motivated sales force, which is why so few of the Company’s units typically remain unsold. Pressance has grown steadily since its establishment in 1997. It listed on the Second Section of the Tokyo Stock Exchange in 2007. Having suffered little from the Lehman Brothers bankruptcy, the Company listed on the First Section of that stock market in 2013.

Pressance reported 1H FY3/17 results with ¥61,498mn in net sales (+0.4% vs. forecast), ¥11,997mn in operating income (+7.5%), ¥11,910mn in ordinary income (+8.3%), and ¥8,059mn in net income attributable to owners of the parent (+7.1%). Both sales and profits made steady progress on track with the initial plan. While the 1H results underperformed against prior year levels, this was due to the higher number of properties delivered in the 1H FY3/16 and we do not see any change in the growth trajectory. Mainstay family condominium and studio condominium sales proceeded in line with expectations. Pressance aims to surpass ¥100,000mn in net sales for the first time, posting an all-time high in profits, in FY3/17. It already completed contracts (planned transfers) for properties covering 90.2% of the net sales target at the end of 1H, and we do not expect much deviation in final results because Pressance ties its outlook to individual properties.

Pressance started sales of Pressance Legend Sakaisuji-Honmachi (337 units) and Pressance Legend Biwako (486 units), which are major development projects, and is making steady progress with contracts (it plans to transfer units from 2018). It also acquired land for future condominium projects leveraging the robust financial base. Land held at the end of 1H FY3/17 works out to 5,004 family condominium units and 5,287 studio condominium units (over three times the FY3/16 result), and 2,780 entire buildings (about seven times the FY3/16 result). This means Pressance has already acquired land for properties over the next three years, a top level in the industry.

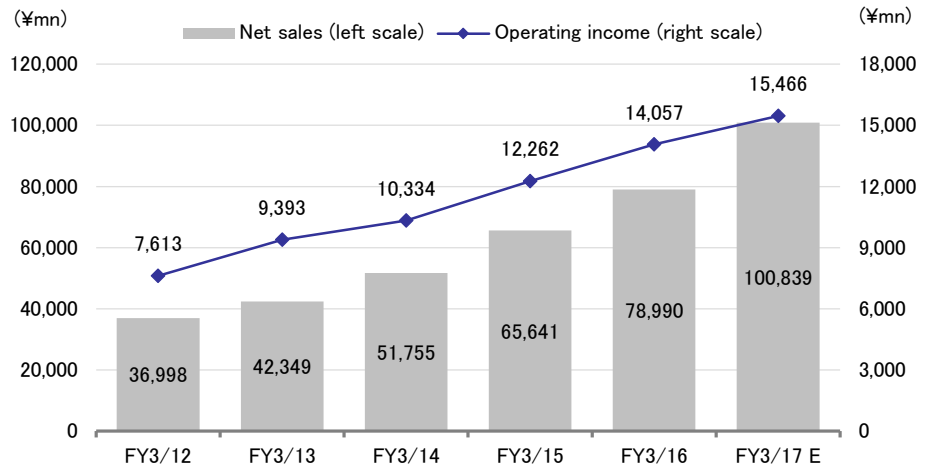
Pressance established a new company (PROSEHRE Co., Ltd.) jointly with SANEI ARCHITECTURE PLANNING CO., LTD. <3228> in September 2016 with the aim of investing in real estate projects and other opportunities in ASEAN countries. The first initiative is formation of a joint venture with Tien Phat Real Estate Investment Corporation, a Vietnamese real estate developer, to participate in a for-sale housing development project in Ho Chi Minh City. The project involves developing for-sale condominiums (504 total units) and commercial facilities with a gross floor area of 72,551.5m<sup>2</sup> in seven zones located 3.5km from the central district of Ho Chi Minh City. Vietnam eased regulations on property purchases by foreigners in the Revised Housing Law that took effect in July 2015. Pressance intends to continue aggressive development of real estate in urban areas of Vietnam and ASEAN countries with strong growth prospects.

Pressance introduced an interim dividend in FY3/17 and conducted a stock split (common shares at a ratio of 1 for 4) on October 1, 2016 and improved liquidity. It paid an interim dividend of ¥35 per share at the end of 1H FY3/17 and expects to pay an ¥8.75 2H dividend (¥35 on a pre-split basis). The Company hence forecasts annual dividends of ¥70 (on a pre-split basis) and a 10% dividend payout ratio for FY3/17. Pressance also broadened the scope of its shareholder gift program (JTB Nice Gift) accompanying the stock split.

## Check Point

- Already acquired condominium land to cover development plans over the next three years, offers industry-leading growth potential
- Started sales for large-scale family condominium projects and is making steady progress with contracts
- Established a new company for investments in real estate development in ASEAN countries and will participate in a for-sale condominium project in Vietnam
- Introduced an interim dividend and raised liquidity with a stock split

### Consolidated Full-Year Business Results



## Business Overview

### Supplies family and studio condominiums, sells under its own brands in highly attractive locations

Family condominiums are a mainstay for Pressance, accounting for 43.9% of net sales. The company offers condominiums under Pressance Loger and other brands. The units range from 50 to 100 square meters and are located within 10 minutes' walk of major railway stations in locations with pleasant environments. Subsidiary Pressance Jyuhan Co., Ltd., oversees sales. The next biggest segment is sales of studio condominiums, which has been a core business since foundation, representing 38.4% of net sales. The company offers these condominiums under the Pressance brand. The units range from 20 to 50 square meters and are conveniently located within five minutes' walk of major railway stations. Since these studio condominiums are bought for the purpose of asset management, the Company is mainly targeting high-income, high-net-worth individuals. The entire building sales business entails wholesale selling of Pressance-developed condominiums. This business accounts for 12.3% of net sales. Other businesses include rentals of Pressance-developed properties, constituting 3.0% of net sales. In 2015, the Company supplied 2,512 units nationwide. This included 1,669 units in the Kinki region, accounting for the vast majority, 695 in the Tokai-Chukyo regions, and 148 in other regions. Pressance has been aiming to expand market shares in urban areas in Chugoku (Hiroshima) and Kyushu (Hakata) regions in recent years. It targets Hiroshima and Hakata because of their attractive condominium markets with large populations and high concentrations of companies, schools, and retail facilities. Pressance sees opportunities in hotel business too because these areas have a high profile as tourist sites as well and prospects of growing inbound demand.

Fukuoka city, where Hakata is located, offers significant potential as a region with a metro population of 2.6mn people (fifth largest in Japan), an annual inflow of 123,602 people (fifth largest), a No.8 position in the ranking of desirable places to live, and 18.85mn tourists. Hiroshima follows Fukuoka in appeal with a metro population of 1.43mn people (10th largest in Japan), an annual inflow of 67,690 people (12th largest), a No.36 position in the ranking of desirable places to live, and 11.99mn tourists. These are core cities with relatively inexpensive land prices and further development and stable asset value prospects. Pressance is pursuing projects in these two cities that are suited to the area with a family condominium building and a hotel in Hakata and a studio condominium building, two family condominium buildings, and a hotel in Hiroshima.

#### Potential of Fukuoka and Hiroshima Cities

	Fukuoka city (Hakata)	Hiroshima city
Metro area population	2.6mn people (No.5 nationwide)	1.43mn people (No.10 nationwide)
Inflow of residents (annual)	123,602 people (No.5 nationwide)	67,690 people (No.12 nationwide)
Ranking of desirable place to live	No.8 nationwide	No.36 nationwide
Inbound tourist volume (annual)	18.55mn people (2014, +4.1% YoY)	11.99mn people (2015, +3.0% YoY)

Source: Diamond, Inc., government entity websites, disclosed data

#### Business Breakdown in FY3/17 1H

Business segments	Business description	Sales volume (number of units)	Sales (¥mn)	Sales composition (%)
Real estate sales business	Family condominium sales	832	27,016	43.9%
	Studio condominium sales	1,361	23,633	38.4%
	Entire building sales	565	7,540	12.3%
	Other real estate sales	-	498	0.8%
	Other housing sales	26	721	1.2%
Other businesses	Peripheral businesses	-	215	0.4%
	Rental of company's properties, etc.	-	1,873	3.0%
Total		2,784	61,498	100.0%

Source: Earnings release

## ■ Results Trends

### Contract progress rate at over 90% in 1H, likely to post all-time high profits in FY3/17

#### (1) Results trends in FY3/17 1H

Pressance reported 1H FY3/17 results with ¥61,498mn in net sales (+0.4% vs. forecast), ¥11,997mn in operating income (+7.5%), ¥11,910mn in ordinary income (+8.3%), and ¥8,059mn in net income attributable to owners of the parent (+7.1%). Both sales and profits made steady progress on track with the initial plan. While the 1H results underperformed against prior year levels, this was due to the higher number of properties delivered in the 1H FY3/16 and we do not see any change in the growth trajectory.

Mainstay studio condominium sales and family condominium sales were strong, and studio condominium sales and entire building sales expanded their sales composition ratios. The high ratio of studio condominium sales in 1H was temporary, and Pressance expects a large volume of family condominium transfers in 2H.



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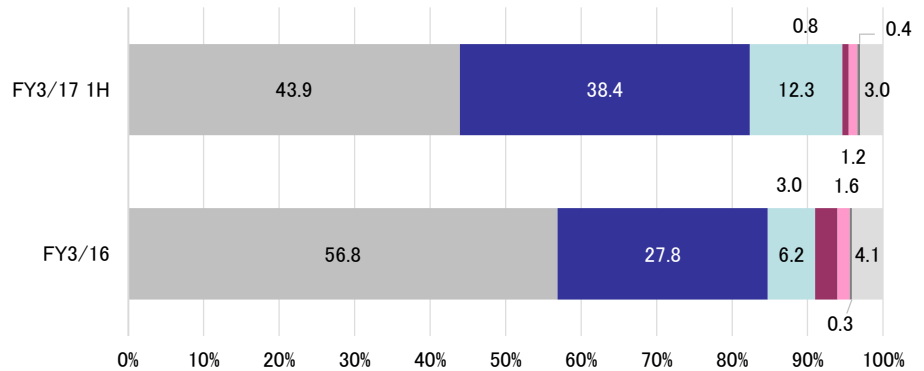
**Business Result for FY3/17 1H**

	FY3/16 1H		FY3/17 1H		FY3/17 1H		YoY (%)
	Results (¥mn)	Composition (%)	Results (¥mn)	Composition (%)	Initial plan (¥mn)	Versus the plan (%)	
Net sales	62,324	100.0	61,498	100.0	61,228	0.4	-1.3
Cost of sales	43,361	69.6	43,663	71.0	-	-	-
Gross profit	18,962	30.4	17,834	29.0	-	-	-
SG&A expenses	4,744	7.6	5,836	9.5	-	-	23.0
Operating income	14,217	22.8	11,997	19.5	11,158	7.5	-15.6
Ordinary income	14,147	22.7	11,910	19.4	10,996	8.3	-15.8
Net income attributable to owners of the parent	9,436	15.1	8,059	13.1	7,525	7.1	-14.6

Source: Earnings release

**Sales composition (%)**

- Family condominium sales
- Studio condominium sales
- Entire building sales
- Other real estate sales
- Other housing sales
- Peripheral businesses
- Other businesses(rentals, etc.)



Source: Prepared by FISCO from financial statements

**(2) FY3/17 forecast**

Pressance retained FY3/17 forecast of ¥100,839mn in net sales (+27.7% YoY), ¥15,466mn in operating income (+10.0%), ¥15,089mn in ordinary income (+9.4%), and ¥10,327mn in net income attributable to owners of the parent (+12.3%). It expects to surpass ¥100,000mn in net sales for the first time and post all-time high profits. Due to the nature of its business, Pressance has already obtained orders for many of the properties it intends to sell in FY3/17 with completed contracts (planned transfers) at 90.2% of the overall net sales target as of the end of 1H. Net sales progress through 1H was 61.0%, and profit fulfillment rates were at about 80%. We do not expect a major deviation from FY3/17 sales forecast because Pressance ties its outlook to individual properties.

**Outlook for FY3/17 Consolidated Results**

	FY3/16		FRY3/17 forecast				
	Results (¥mn)	Composition (%)	Full-year forecast (¥mn)	Composition (%)	YoY (%)	1H results (¥mn)	1H progress rate (%)
Net sales	78,990	100.0	100,839	100.0	27.7	61,498	61.0
Operating income	14,057	17.8	15,466	15.3	10.0	11,997	77.6
Ordinary income	13,798	17.5	15,089	15.0	9.4	11,910	78.9
Net income attributable to owners of the parent	9,194	11.6	10,327	10.2	12.3	8,059	78.0

Source: Earnings release

### (3) Financial position

Total assets stood at ¥145,763mn at the end of September 2016, up ¥21,485mn from the end of FY3/16. This was due largely to a ¥10,694mn increase in cash and deposits and a ¥4,023mn rise in real estate for sale on progress. Total liabilities were ¥88,178m, up ¥14,224mn from the end of FY3/16. The main increase was an ¥8,538mn rise in non-current liabilities, largely caused by an increase in long-term loans.

The company has a very healthy financial position, in our view, with the current ratio at 487.0% and the equity ratio at 39.4% at the end of September 2016. The average interest rate on its loans dropped from 1.4% in FY3/12 to 0.6% in FY3/16, and this improvement makes it easier to benefit from leverage.

#### Consolidated Balance Sheet and Company Indicators

	As of March 31, 2016	As of September 30, 2016	Change
			(¥mn)
Current assets	117,887	135,678	17,791
(Cash and deposits)	22,887	33,581	10,694
(Real estate for sale)	4,173	6,566	2,392
(Real estate for sale in progress)	88,376	92,400	4,023
Non-current assets	6,390	10,084	3,694
Total assets	124,277	145,763	21,485
Current liabilities	22,171	27,857	5,686
Non-current liabilities	51,781	60,320	8,538
(Long-term loans)	51,297	59,821	8,523
Total liabilities	73,953	88,178	14,224
Total net assets	50,324	57,584	7,260
Total liabilities and net assets	124,277	145,763	21,485
<Stability>			
Current ratio (current assets + current liabilities)	531.7%	487.0%	-
Equity ratio (equity + total assets)	40.4%	39.4%	-

Source: Earnings release

## ■ Growth Strategy

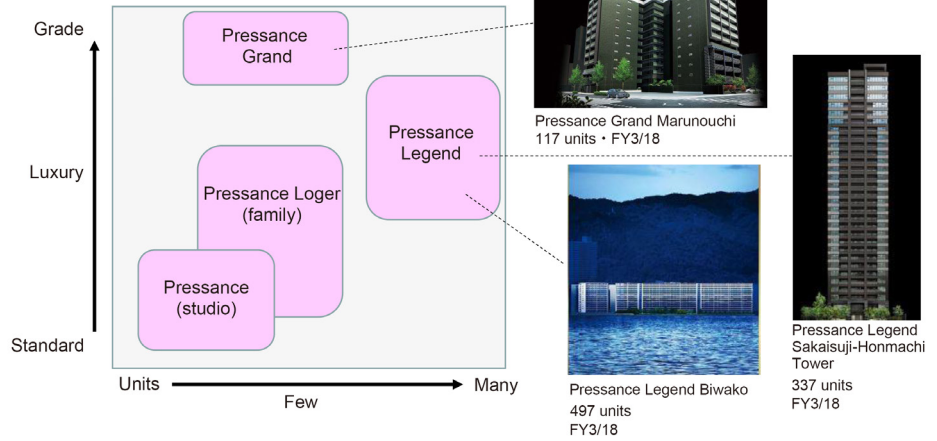
### Healthy progress with land purchases, beginning initiatives in ASEAN (Vietnam)

#### (1) Contract status for Pressance Legend projects – Sakaisuji-Honmachi (337 units) and Biwako (486 units)

The company's developments of large family condominium sites are steadily advancing. Pressance Legend Sakaisuji-Honmachi is the first high-rise tower condominium with seismic mitigation for Pressance. Contracts have already been secured for 229 units (68%) out of 337 units slated for transfer in late January 2018. The company began sales of Pressance Legend Biwako in August 2016 and finalized contracts for 168 units (35%) out of 486 units in about two months. This is an upbeat start toward transfers in early May 2018. Success with these two buildings has very important potential implications in enabling Pressance to add a large-scale, luxury brand Pressance Legend to the line-up and to promote the Company as a firm that can handle large-scale condominiums and tower condominiums with seismic mitigation.

Expansion of the Pressance Brand Series

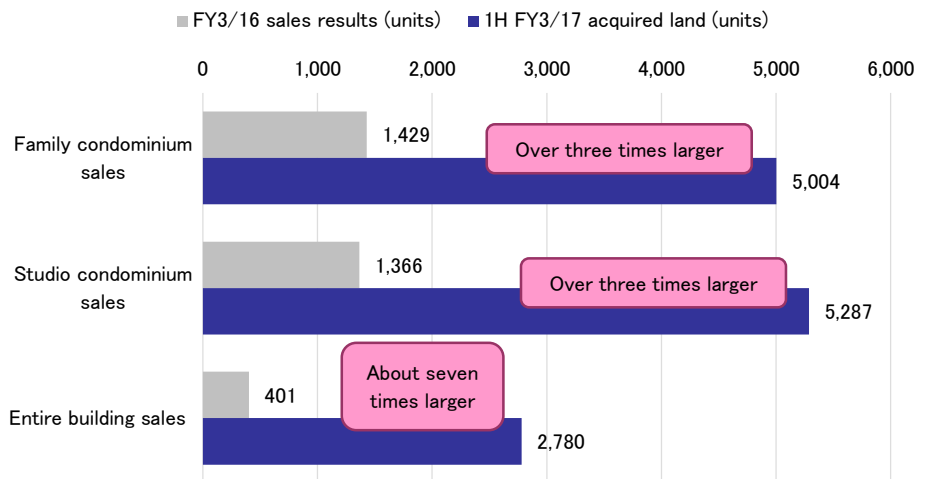
Expansion of the Pressance brand series



(2) Robust stock of real estate for sale in progress and real estate for sale

Pressance has actively purchased condominium lands leveraging its ample retained earnings. It reported ¥92,400mn in real estate for sale in progress and ¥6,566mn in real estate for sale at the end of 1H FY3/17. Asset value of land sites, which is determined by subtracting construction costs and other expenses from the total of these two amounts, comes to ¥64,205mn. On a condominium basis, this works out to 5,004 family condominium units and 5,287 studio condominium units (over three times the FY3/16 result), and 2,780 units for entire building sales (about seven times the FY3/16 result). The company's ability to actively procure land reflects not only capital resources, but also information capabilities. Pressance continued to buy land after the Lehman bankruptcy and excels in rapid reviews and responses. These qualities are beneficial in efforts to obtain primary information from local real estate firms.

Status of acquired land



Source: Prepared by FISCO from results briefing materials

### (3) Acquired a developer in the Tokai region as a wholly owned subsidiary

Pressance acquired Sanritsu precon Co., Ltd., a condominium developer based in Okazaki City (Aichi Prefecture), on November 25, 2016. This company, which was established in 1976, has supplied 172 buildings with 4,026 units, mainly in Okazaki city, and holds strong price competitiveness due to its integrated operations from land procurement to construction and sales. The addition of Sanritsu precon's business area lays the basis for expansion of group condominium business to the entire Tokai region in the future and offers a boost to group brand presence. We also see synergies within the group in sharing site information and reduction of building costs.

#### Summary of the Target Company and M&A

	Content
Name	Sanritsu precon Co., Ltd.
Founded	1976
Headquarters address	3-chome Rokkucho, Okazaki City, Aichi Prefecture
Business content	A record of supplying 172 buildings and 4,026 units mainly in Okazaki City (population of about 380,000 people) in Aichi Prefecture Design and build, sell, and manage new condominium buildings and property brokerage and mediation
Net sales	¥3,185mn (FY1/16)
Net income	¥96mn (FY1/16)
Number of shares acquired	104,680 shares (100%)
Share transfer date	November 25, 2016

Source: Company information

### (4) Rise in development properties for the hotel business to 11 sites

Increase in inbound tourists visiting Japan has created a serious shortage of hotels. Strong hotel demand exists at the most popular sites visited in Japan (metropolitan Tokyo, Hakone and Mt. Fuji, Kyoto, and Osaka). Of the land it owns, Pressance has developed hotels at sites with better income prospects if developed as a hotel, rather than as a condominium building, near main train stations, mainly in the Kansai region. It had 11 development sites as of the end of 1H FY3/17, an increase of three sites versus the end of 1Q FY3/17. The schedule for these 11 sites calls for completion of three in FY3/18 (all in Osaka) and eight in FY3/19 (four in Osaka, one in Kyoto, one in Hiroshima, one in Hakata, and one in Yokohama). Pressance uses three types of business models – 1) sell to a hotel operator, 2) own directly and consign operations to a hotel operator, and 3) own directly and jointly operate with a hotel operator under the Pressance brand. (It currently has five sites for 1), one site for 2), three sites for 3), and two undecided sites.) It is also considering sales to a REIT or fund after accumulating some operational results and intends to promote hotel business in a diverse manner.

### (5) Establishment of a subsidiary and entry into the ASEAN market (Vietnam)

Pressance established a company jointly with Sanei Architecture Planning in September 2016 with the aim of investing in real estate projects and other opportunities in ASEAN countries. The new company is named PROSEHRE Co., Ltd., has 50% stakes each from the two partners, and is located in Shinjuku, Tokyo.

Middle-income segments are expanding in ASEAN countries amid steady economic growth, and populations are becoming more concentrated in urban areas. Housing demand hence is rising in urban areas. The new company plans to identify investments in property development projects worth a combined roughly ¥100,000mn over the longer term with a primary scheme of investing in real estate development projects being implemented by major local partner firms.

The first initiative is the formation of TIEN PHAT TAN THUAN CORPORATION, a joint venture with Vietnamese real estate developer Tien Phat (an affiliate of major Vietnamese private-sector comprehensive construction firm Hoa Binh), to participate in a for-sale housing development project in Ho Chi Minh City. The project involves developing for-sale condominiums (504 total units) and commercial facilities with a gross floor area of 72,551.5m<sup>2</sup> in seven zones located 3.5km from the central district of Ho Chi Minh City. The entire project is worth about ¥5.8bn in sales. Vietnam eased regulations on property purchases by foreigners in the Revised Housing Law that took effect in July 2015, and this is likely to fuel expansion of the for-sale housing market. Pressance intends to continue aggressive development of real estate in urban areas of Vietnam and ASEAN countries with strong growth prospects.

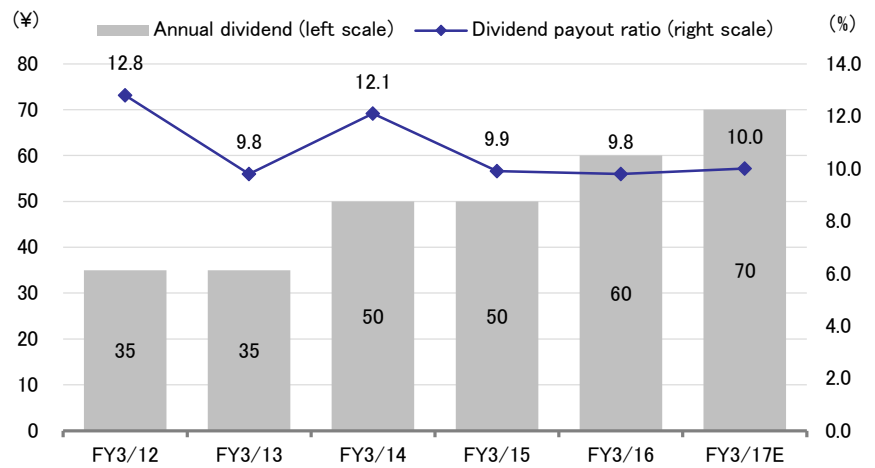
## Shareholder Returns

### Introduced an interim dividend, improved liquidity with a stock split

Pressance takes a balanced approach of emphasis on securing internal reserves to drive future business development while also providing appropriate shareholder returns. It increased opportunities for shareholder compensation by adopting an interim dividend in FY3/17. On October 1, the Company conducted a stock split for common shares at a ratio of 1 for 4 and improved liquidity, and made the shares more accessible. It paid an interim dividend of ¥35 per share at the end of 1H FY3/17 and expects to pay an ¥8.75 2H dividend (¥35 on a pre-split basis). The Company hence forecasts annual dividends of ¥70 (on a pre-split basis) and a 10% dividend payout ratio for FY3/17.

Pressance also broadened the scope of its shareholder gift program with provision of a JTB Nice Gift worth ¥2,000 to shareholders owning at least 100 shares and up to 399 shares as of the end of the fiscal year (final day of March). (It is retaining the existing program of a gift worth ¥5,000 to shareholders owning 400 or more shares; post-split standard.)

Dividends and Dividend Payout Ratios



Source: Earnings release

Note: Graph values based on the standard prior to the stock split conducted on October 1, 2016. The 2H FY3/17 estimate is ¥8.75 (post-split).



## ■ Company Overview

### Excessive price increase in metropolitan Tokyo is a concern

#### (1) History

Pressance's predecessor was Nikkei Prestige Co., Ltd., which was established in Osaka in October 1997 to sell studio condominiums. The company was renamed Pressance Corporation in April 2002. It steadily diversified into peripheral areas and expanded business scope, such as offering building management and insurance agency services in 1998 and starting sales of family condominiums and offering real estate rental management services in 1999. Early in 2000s, Pressance began developing properties itself and extended sales to the Tokai and Kanto regions. It established Pressance Realta Co., Ltd. to handle brokerage and mediation for existing condominiums in 2008 and acquired Tryst Co., Ltd., which operates a construction business, and established Pressance Guarantee Co., Ltd. to offer rent guarantee service in 2014. It established Pressance Real Estate Co., Ltd. as a real estate solutions consultancy in May 2015. Although the real estate industry suffered greatly in the aftermath of the Lehman Brothers bankruptcy (September 2008), the Company maintained its performance, becoming a solid player just behind the leading pack in the condominium business. Pressance listed on the Second Section of the Tokyo Stock Exchange in 2007 and on the First Section in 2013.

#### Major Events

Oct. 1997	Established Nikkei Prestige Co., Ltd.
Oct. 1997	Obtained real estate broker license from the Governor of Osaka
Nov. 1998	Sold Pressance Namba Higashi, the first building carrying the company's brand
Dec. 1998	Founded Pressance Community Co., Ltd. (now Pacific Co., Ltd.), to offer building management and insurance agency services
June 1999	Created Nikkei Assist Co., Ltd. (now Pressance Jyuhan Co., Ltd.), to sell family condominiums
June 1999	Started offering real estate management services
July 2000	Sold Pressance Shinsaibashi EAST, the first property that the company had itself developed
Apr. 2002	Renamed Pressance Corporation
May 2003	Sold Pressance Nagoya-jo Mae, the first property that the company developed itself in the Tokai region
Feb. 2005	Opened the Nagoya Sales Center
July 2005	Elevated Nagoya Sales Center to branch status
Dec. 2007	Listed on the Second Section of the Tokyo Stock Exchange
Aug. 2008	Established Room Pro Co., Ltd. (now Pressance Realta Co., Ltd.), to sell and broker existing condominiums
Dec. 2008	Opened a Tokyo branch
Oct. 2013	Listed on the First Section of the Tokyo Stock Exchange
Apr. 2014	Acquired a stake in construction firm Tryst Co., Ltd., making it a subsidiary
Aug. 2014	Set up Pressance Guarantee Co., Ltd., to offer rent guarantee services
Aug. 2015	Established Pressance Real Estate Co., Ltd., as a real estate solutions consultancy
Aug. 2015	Included in the JPX-Nikkei Index 400
Sep. 2016	Founded PROSEHRE Co., Ltd. in order to participate in real estate development projects in ASEAN and neighboring countries

Source: Annual securities report and other materials

#### (2) Condominium Market Trends

A total of 78,089 condominiums went on the market in major cities nationwide in 2015, down 6.1% YoY. In the Company's key Kinki region, 18,930 units were offered, up by a slight 0.6% YoY. The average condominium price nationwide was ¥46.18mn, up 7.2% YoY, which was the highest level since price surveys began in 1973. Unit prices continued trending upward, jumping 9.1% in metropolitan Tokyo and rising 3.9% in the Kinki region. Excessive price increase in metropolitan Tokyo is a concern for the market.

#### Condominium Unit Sales and Price Trends

	Number of condominiums sold			Condominium price		
	2014 (units)	2015 (units)	YoY (%)	2014 (¥10,000)	2015 (¥10,000)	YoY (%)
Metropolitan Tokyo	44,913	40,449	-9.9	5,060	5,518	9.1
Kinki region	18,814	18,930	0.6	3,647	3,788	3.9
Other regions	19,478	18,710	-3.9	3,204	3,512	9.6
Nationwide	83,205	78,089	-6.1	4,306	4,618	7.2

Source: Real Estate Economic Institute materials

## Holds No.1 supply shares in Kinki and Tokai/Chukyo regions

### (3) Competitive Position

Pressance is a leading condominium supplier in the market. In the Kinki region, it ranked first for the sixth straight year in 2015 in that respect. It was first for four consecutive years through 2015 in the Tokai and Chukyo region. The company rose to sixth place nationwide that year, an improvement compared to 2014. It climbed up the rankings for two key reasons. One is that it has been able to acquire land because it has built solid trust with local real estate agents in the Kinki and Tokai/Chukyo regions. Another is that it has been able to supply condominiums that match customer needs at appropriate prices. It is worth noting that Pressance family condominiums have an average unit price of ¥31.2mn, against a national market average of ¥46.2mn and an average of ¥37.9mn in the Kinki region.

#### Condominium Supply Rankings in 2015 by Region

Rank	Rankings in Kinki region	Number of units supplied
1	Pressance Corporation	1,669
2	Nihon Eslead	1,377
3	Sumitomo Realty & Development	915
4	Nomura Real Estate Development	856
5	Wada Kousan	838
6	Kintetsu Real Estate	775
7	Nissho Estem	709
8	Tokyu Land	659
9	Mitsubishi Jisho Residence	610
10	Hankyu Realty	595

Rank	Rankings in Tokai and Chukyo regions	Number of units supplied
1	Pressance Corporation	695
2	Nomura Real Estate Development	374
3	Daiwa House Industry	342
4	Daikyo	298
5	Yahagi Jisyo	287
6	Marimo	286
7	Takara Kotsu	234
8	Mitsui Fudosan Residential	201
9	Shizuoka Railway	181
10	Toray Construction	163

Rank	Nationwide rankings	Number of units supplied
1	Sumitomo Realty & Development	5,398
2	Nomura Real Estate Development	4,556
3	Mitsui Fudosan Residential	4,308
4	Mitsubishi Jisho Residence	4,005
5	Daiwa House Industry	2,770
6	Pressance Corporation	2,512
7	Tokyu Land	1,838
8	Tokyo Tatemono	1,501
9	Daikyo	1,440
10	Takara Leben	1,399

Source: Real Estate Economic Institute



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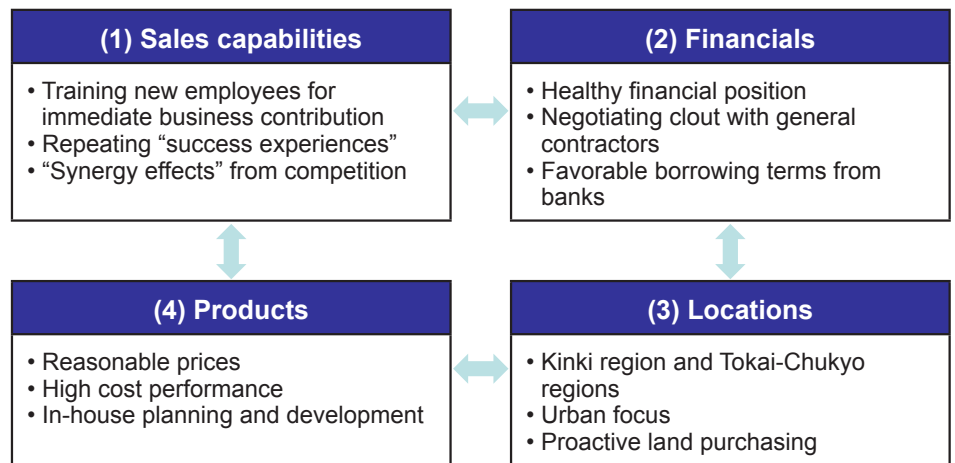
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## Solid sales capabilities mean a minimal inventory of unsold units, enabling the Company to quickly recoup its investments

### (4) Strengths and Edge

Pressance started out by selling studio condominiums, and the robust sales capabilities of its sales department is an important strength. It fosters internal competition and boosts salesperson morale throughout the department to achieve concentrated sales of the units in an individual property within a certain timeframe. Another factor enhancing the Company's marketing strength is in-depth understanding of specifications and other details because it only sells self-developed and branded condominiums. A minimal inventory of unsold condominiums enables Pressance to recoup its investments quickly, contributing to a virtuous financial cycle. Pressance is outstanding in its industry by two key measures - one is the equity ratio, a measure of financial stability, at 39.4% at the end of 1H FY3/17 and the other is the ordinary income margin, a measure of profitability, which was 19.4% in 1H FY3/17. Pressance's inclusion in the JPX-Nikkei Index 400 in August 2015 attests to the Company's financial strength. Such solidity makes the Company confident about buying land and gives it an edge in negotiating with financial institutions and general contractors. The Company focuses on maintaining asset values over the long term, which is why it requires properties to be located no more than 10 minutes' walk from major railway stations. The company is well versed in developing condominiums that offer high cost performance by providing attractive features at reasonable prices due to use of proprietary design and development.

#### Pressance's Strengths and Edge



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