

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Ticker code: 3254  
June 1, 2018

To our shareholders:

Shinobu Yamagishi

President and Representative Director  
**PRESSANCE CORPORATION Co., Ltd**  
1-2-27 Shiromi, Chuo-ku, Osaka City

## **NOTICE OF THE 21ST ORDINARY GENERAL MEETING OF SHAREHOLDERS 2018**

You are cordially invited to attend the 21st Ordinary General Meeting of Shareholders of PRESSANCE CORPORATION Co.,Ltd (the “Company”), which will be held as described below.

If you are unable to attend the meeting in person, you may exercise your voting rights by one of the means below. Please exercise your voting rights after reviewing the attached Reference Documents for General Meeting of Shareholders no later than 6:00 p.m., Thursday, June 21, 2018 (Japan Standard Time).

[Exercise voting rights by postal mail]

Indicate your approval or disapproval of the proposal on the enclosed voting form and return it by postal mail to reach us by the voting deadline above.

[Exercise voting rights via the Internet]

A nominee shareholder may apply in advance to use the electric voting platform (<https://evote.tr.mufg.jp/>) only in Japanese operated by Mitsubishi UFJ Trust and Banking Corporation in order to exercise your voting rights electrically via the Internet as a method, entering your approval or disapproval of the proposal by the voting deadline above.

- 1. Date and Time:** Friday, June 22, 2018 at 10:00 a.m. (Japan Standard Time)
- 2. Venue:** Hotel Monterey La Soeur Osaka, 14F Hall Roumeikan,  
2-2-22 Shiromi, Chuo-ku, Osaka City

### **3. Purposes:**

#### **Items to be reported:**

1. Business Report and Consolidated Financial Statements for the 21st Term (from April 1, 2017 to March 31, 2018), as well as the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
2. Non-Consolidated Financial Statements for the 21st Term (from April 1, 2017 to March 31, 2018)

#### **Items to be resolved:**

##### **Proposal No. 1**

Election of nine (9) Directors (excluding Directors who are Audit and Supervisory Committee Members)

### **4. Convocation Rules:**

- (1) When voting rights are exercised multiple times via internet, the last vote shall be treated as valid.
- (2) When voting rights are exercised both by the postal mail and internet, the online vote shall be treated as valid .

We have just changed shareholder benefit plan for shareholder recorded as of March 31, 2018 from JTB nice gift card into Visa gift card for the purpose of increase of convenience to use. The criteria and the timing of the presentation of the shareholder benefit plan gifts remains the same. We would like to sincerely ask the shareholders' understanding.

From this meeting, we have decided not to provide presents which used to be provided to shareholders attending the meeting .

We would like to sincerely ask the shareholders' understanding.

Should there be any amendment to the Business Report, Non-Consolidated Financial Statements, Consolidated Financial Statements, Reference Documents for General Meeting of Shareholders, such amendments will be uploaded to our website (<http://www.pressance.co.jp>).

## **Business Results**

During the consolidated fiscal year under review, the Japanese economy steadily recovered with moderate increase in consumer spending along with improvements of employment, personal income environment and also business surroundings.

In the real estate industries, cost of lands for development increased as publicly assessed value of lands continued to rise in three largest cities, Tokyo, Osaka and Nagoya, as well as in other large cities. Cost of constructions also increased because demand for Tokyo Olympic 2020 requires large scale of constructions. On the other hand, the demand to acquire houses and condominiums remains solid, attracted by low interest rate on housing loans and by Japan government measures to acquire housing.

In these business circumstances, with “Dominant” strategy, Pressance Corporation Co, Ltd. (the “Company”) is aiming to expand its top market share in the cities in Kinki area as well as Tokai Chukyo area and to strengthen its market position in urban regions in new markets such as Chugoku and Kyushu area. In addition, the Company plans to expand its business by extending its business area to overseas and selling real estates for hotels.

With the result of business operation above, the Company posted the following consolidated performance for the fiscal year ended March 31, 2018, net sales amounted to 134,059 million yen (up 32.6% year on year), operating profit amounted to 20,362 million yen (up 30.1% year on year), ordinary income amounted to 19,858 million yen (up 28.8% year on year) and profit attributable to owners of parent amounted to 13,757 million yen (up 30.7% year on year).

An overview of operating results by product segment is as follows:

### **Real Estate Sale Business**

In the Real estate sale business, the sale of family-type condominium “Pressance Legend Sakaisuji-hommachi Tower” (337 rooms in total) soundly contributed to total sales in the fiscal year ended March 2018.

With the result of business operation above, sales of studio condominium amounted to 29,707 million yen (1,726 rooms), sale of family-type condominium amounted to 71,156 million yen (1,860 rooms), sale of condominium building amounted 19,318 million yen (1,246 rooms), sale of hotel property amounted to 2,744 million yen (183 rooms), sale of other type of housing amounted to 2,183 million yen (85 rooms), sale of other real estate amounted to 3,065 million yen, business accompanying real estate sale amounted to 1,276 million yen. Total sales of real estate sale business posted 129,451 million yen (up 33.0% year on year), operating profit amounted to 19,875 million yen (up 30.1% year on year).

### **Other Business**

Sales in Rental housing business and Real estate management fee business amounted to 4,607 million yen (up 21.7% year on year), and operating profit to 1,524 million yen (up 19.2% year on year) due to an increase in rents revenue with high occupancy rate of owned real estates for rent.

## **Issues that the Company to Address**

Business circumstances in the real estate industries is expected to continue to recover moderately with low interest rate on housing loans and by Japan government supporting measures to acquire housing.

In the business environment, issues that the Company address are as follows:

The Company has made “Mid-term Business Plan” for three fiscal years ending March 2021. In addition to the existing management goal of achieving 10% or greater operating profit growth year on year, the Company has set a goal of raising its dividend payout ratio gradually up to 20% within the next five fiscal years ending March 2023.

The Company will vigorously strive to increase its market share in Osaka, Kyoto, Kobe, Nagoya, Tokyo Metropolitan Area and Okinawa where the Company has already been recognized as a main player. The Company will also strive to strengthen market position in the new market, such as Hiroshima, Fukuoka and other local major cities.

By the enhancement of land procurement and sales activities, the Company will strive to expand the number of condominiums and hotels to be provided that are highly satisfactory to our customers in terms of prices as well as location and also will strive to increase the number of units sold and to increase the profit.

The Company aims net sales of 247.8 billion yen and operating profit of 32 billion yen in the fiscal year ending March 2021.

### **Basic Policy on Profit Distribution, Dividend**

The Company has long believed that returning profits is an important management issue and has adopted a new target of dividend policy. The Company will strive to provide more proactive shareholder return with a higher ratio of profit return.

As an index for the profit return, the Company will gradually increase its dividend payout ratio to 20% within the next five fiscal years until the fiscal year ending March 2023. Also the Company is aiming an increase of dividend in total by 15% or greater year on year, backed by the existing management goal of the growth in operating profits by 10% or greater year on year.

According to the Article of Incorporation of the Company, the dividends of surplus is subject to the resolution of the Board of Directors of the Company, and the Company has set a basic policy of paying two dividends a year, including an interim dividend and a year-end dividend.

For the year ended March 31, 2018, the Company has made a decision to pay out a year-end dividend of 16.9 yen per share according to resolution of the Board of Directors, annual total of which to be 29.4 yen per share for the full year.

# Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Thousands of yen)

As of March 31, 2018			
Assets		Liabilities	
<b>Current assets</b>		<b>Current liabilities</b>	
Cash and deposits	31,374,433	Notes and accounts payable - trade	796,037
Accounts receivable - trade	79,318	Electrically recorded obligations - operating	5,955,930
Real estate for sale	11,275,614	Short-term loans payable	7,965,955
Real estate for sale in process	180,461,550	Current portion of long-term loans payable	32,507,172
Raw materials and supplies	207,921	Income taxes payable	4,190,984
Deferred tax assets	905,770	Advances received	12,492,345
Other	3,762,667	Provision for bonuses	170,067
Total current assets	228,067,276	Other	3,458,537
<b>Non-current assets</b>		<b>Total current liabilities</b>	
Property, plant and equipment		67,537,029	
Buildings and structures	200,186	<b>Non-current liabilities</b>	
Real estate for rent	13,935,823	Bonds with share acquisition rights	6,400,000
Land	271,702	Long-term loans payable	95,621,800
Other	86,037	Provision for directors' retirement benefits	569,350
Total property, plant and equipment	14,493,751	Provision for share-based payment	89,905
Intangible assets	431,820	Other	8,393
Investments and other assets		Total non-current liabilities	102,689,448
Investment securities	86,133	<b>Total liabilities</b>	
Long-term loans receivable	20,900	170,226,478	
Long-term loans receivable from subsidiaries and associates	1,427,267	<b>Net assets</b>	
Deferred tax assets	420,200	<b>Shareholders' equity</b>	
Other	451,820	Capital stock	1,973,996
Total investments and other assets	2,406,322	Capital surplus	2,113,852
Total non-current assets	17,331,894	Retained earnings	71,588,931
		Treasury shares	(2,471,817)
		Total shareholders' equity	73,204,962
		<b>Accumulated other comprehensive income</b>	
		Valuation difference on available-for-sale securities	6,980
		Foreign currency translation adjustment	(2,840)
		Total accumulated other comprehensive income	4,139
		Subscription rights to shares	180,329
		Non-controlling interests	1,783,260
		<b>Total net assets</b>	75,172,692
<b>Total assets</b>	245,399,170	<b>Total liabilities and net assets</b>	245,399,170

**(2) Consolidated Statements of Income**

(Thousands of yen)

<b>Fiscal year ended March 31, 2018</b>	
<b>Net sales</b>	134,059,492
Cost of sales	99,575,438
<b>Gross profit</b>	34,484,054
Selling, general and administrative expenses	14,121,298
<b>Operating profit</b>	20,362,755
Non-operating income	
Interest income	7,595
Dividend income	1,350
Purchase discounts	5,417
Share of profit of entities accounted for using equity method	24,118
Commission fee	90,984
Penalty income	106,818
Other	63,598
Total non-operating income	299,883
Non-operating expenses	
Interest expenses	614,501
Foreign exchange losses	39,948
Commission fee	132,542
Other	17,119
Total non-operating expenses	804,112
<b>Ordinary profit</b>	19,858,526
Extraordinary income	
Gain on sales of non-current assets	3,708
Total extraordinary income	3,708
Extraordinary losses	
Loss on retirement of non-current assets	7,314
Loss on valuation of investment securities	25,956
Total extraordinary losses	33,270
<b>Profit before income taxes</b>	19,828,964
Income taxes - current	6,482,826
Income taxes - deferred	(412,037)
Total income taxes	6,070,788
<b>Net income</b>	13,758,175
Profit attributable to non-controlling interests	462
Profit attributable to owners of parent	13,757,713

### (3) Consolidated Statements of Changes in Equity

**Fiscal year ended March 31, 2018**

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	1,472,694	1,406,871	59,308,110	(2,869,119)	59,318,556
Changes of items during period					
Issuance of new shares	501,302	501,302			1,002,604
Dividends of surplus			(1,476,891)		(1,476,891)
Profit attributable to owners of parent			13,757,713		13,757,713
Purchase of treasury shares				(71)	(71)
Disposal of treasury shares		204,389		397,373	601,763
Change in ownership interest of parent due to transactions with non-controlling interests		1,288			1,288
Net changes of items other than shareholders' equity					
Total changes of items during period	501,302	706,980	12,280,821	397,301	13,886,405
Balance at end of current period	1,973,996	2,113,852	71,588,931	(2,471,817)	73,204,962

	Accumulated other comprehensive income			Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of current period	(6,212)		(6,212)	287,248	15,816	59,615,408
Changes of items during period						
Issuance of new shares						1,002,604
Dividends of surplus						(1,476,891)
Profit attributable to owners of parent						13,757,713
Purchase of treasury shares						(71)
Disposal of treasury shares						601,763
Change in ownership interest of parent due to transactions with non-controlling interests						1,288
Net changes of items other than shareholders' equity	13,192	(2,840)	10,352	(106,918)	1,767,444	1,670,878
Total changes of items during period	13,192	(2,840)	10,352	(106,918)	1,767,444	15,557,283
Balance at end of current period	6,980	(2,840)	4,139	180,329	1,783,260	75,172,692

Note: Amounts of the Consolidated Balance Sheets, Consolidated Statements of Income and Consolidated Statements of Changes in Equity are given in the stated unit of the presentation, by disregarding any amount less than the stated unit of the presentation.

## Reference Documents for General Meeting of Shareholders

**Proposal No. 1** Election of nine (9) Directors (excluding Directors who are Audit and Supervisory committee Members)

The terms of office of nine Directors (excluding Directors who are Audit and Supervisory Committee Members) will expire at the conclusion of this ordinary general meeting of shareholders. Therefore, the Company proposes the election of nine Directors (excluding Directors who are Audit and Supervisory Committee Members).

The candidates for Directors (excluding Directors who are Audit and Supervisory Committee Members) are as follows:

Candidate No.	Name (Date of birth)	Career summary, and position and areas of responsibility in the Company (Significant concurrent positions outside the Company)	Number of the Company's shares owned
1	Shinobu Yamagishi (January 2, 1963)	<p>Oct. 1997 President and Representative Director of the Company (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>President and Representative Director of Pressance Community Co.,Ltd</p> <p>President and Representative Director of Pressance Realta Co.,Ltd</p> <p>President and Representative Director of Pressance Guarantee Co.,Ltd</p>	12,378,600
<p>Reasons for nomination as candidate for Director</p> <p>Shinobu Yamagishi is a founder of the Company, and has supervised its management as President and Representative Director for many years. He has contributed to the Company's development drawing on his strong leadership based on his extensive experience and the proven track record. The Company proposes the reelection of Director Yamagishi in order to boost future corporate value on a continual basis and enhance governance.</p>			
2	Yutaka Doi (November 8, 1968)	<p>Apr. 1999 Joined the Company</p> <p>May 2000 Director and General Manager of Management Department</p> <p>Apr. 2001 Managing Director and General Manager of Management Department</p> <p>Apr. 2003 Senior Managing Director and General Manager of Management Department</p> <p>June 2012 Senior Managing Director and General Manager of Management Division</p> <p>Apr. 2017 Director and Vice President , and Genearl Manager of Management Division (current position)</p> <p>(Significant concurrent positions outside the Company)</p> <p>President and Representative Director of TRYST Co.,Ltd</p>	284,200
<p>Reasons for nomination as candidate for Director</p> <p>Yutaka Doi has mainly supervised the Company's management department as Vice President and contributed to the Company's development drawing on his strong leadership based on his extensive experience and the proven track record. The Company proposes the reelection of Director Doi in order to boost future corporate value on a continual basis and enhance governance.</p>			
3	Toshihide Tanaka (March 23,1970)	<p>Sep. 1998 Joined the Company</p> <p>May 2002 Director and General Manager of Sales Department</p> <p>Apr. 2003 Managing Director and General Manager of Sales Division</p> <p>July 2005 Managing Director and Manager of Nagoya Branch</p> <p>Apr. 2015 Senior Managing Director and Manager of Nagoya Branch</p> <p>Apr. 2017 Senior Managing Director, General Manager of Sales Division, and Manager of Nagoya Branch (current position)</p>	33,900
<p>Reasons for nomination as candidate for Director</p> <p>Toshihide Tanaka has supervised the Company's sales departments as General Manager of Sales Division and, as Manager of Nagoya Branch, maintains a high level of discernment and the proven track record in the Company's business in the Tokai and Chukyo regions. The Company proposes the reelection of Director Tanaka in order to boost future corporate value on a continual basis.</p>			

4	Katsuma Kawai (July 24,1973)	Mar. 1998	Joined the Company	42,900
		Mar. 2004	Director and General Manager of Sales No.1 Department	
June 2009	Managing Director and General Manager of Sales No.1 Department			
Apr. 2014	Senior Managing Director, General Manager of Sales Division, and General Manager of Sales No.1 Department			
Oct. 2015	Senior Managing Director and General Manager of Sales Division			
Apr. 2017	Senior Managing Director and General Manager of Sales No.1 Department			
Apr. 2018	Senior Managing Director and General Manager of Sales Division (current position)			
Reasons for nomination as candidate for Director Katsuma Kawai has long years of experience in the sales departments and, as General Manager of Sales Division, maintains a high level of discernment and the proven track record in the Company's business. The Company proposes the reelection of Director Kawai in order to boost future corporate value on a continual basis.				
5	Kenichi Hirano (November 3, 1969)	June 2012	Joined the Company	34,500
		Apr. 2014	Acting General Manager of Development Operations Department, Nagoya Branch	
Apr. 2015	Deputy Manager of Nagoya Branch and General Manager of Development Operations Department, Nagoya Branch			
June 2015	Director, Deputy Manager of Nagoya Branch and General Manager of Development Operations Department, Nagoya Branch			
Apr. 2017	Managing Director and General Manager of Tokai/East-Japan Development Operations Division			
Apr. 2018	Managing Director and General Manager of Development Operations Division (current position)			
Reasons for nomination as candidate for Director Kenichi Hirano has long years of experience in the development departments and, as General Manager of Development Operations Division, maintains a high level of discernment and the proven track record in the Company's business. The Company proposes the reelection of Director Hirano in order to boost future corporate value on a continual basis.				
6	Junichi Tajikawa (July 10, 1969)	July 2000	Joined the Company	32,900
		Apr. 2004	Acting General Manager of Operations Department	
June 2009	Director and General Manager of Operations Department			
Feb. 2014	Director and General Manager of Development Operations Department			
Oct. 2015	Director and General Manager of Development Operations Division			
Apr. 2017	Director and General Manager of West-Japan Development Operations Division			
Apr. 2018	Director and General Manager of Construction Business Division (current position)			
Reasons for nomination as candidate for Director Junichi Tajikawa has supervised the Company's construction business as General Manager of Construction Business Division and maintains a high level of discernment and the proven track record in the business. The Company proposes the reelection of Director Tajikawa in order to boost future corporate value on a continual basis.				
7	Yoshinori Nagashima (February 19, 1961)	Oct. 2008	Joined the Company	7,200
		Oct. 2008	Manager of Tokyo Branch	
June 2010	Director and Manager of Tokyo Branch (current position)			
Reasons for nomination as candidate for Director Yoshinori Nagashima joined the Company in 2008 and has long years of experience in the Manager of Tokyo Branch and maintains a high level of discernment and the proven track record in the Company's business in the Tokyo Metropolitan Area. The Company proposes the reelection of Director Nagashima in order to boost future corporate				



8	Masanori Harada (July 5, 1983)	Nov. 2005	Joined the Company	69,700
		Oct. 2015	General Manager of Sales No.2 Department	
Oct. 2016	Executive Officer and General Manager of Sales No.1 Department			
Apr. 2017	Executive Officer and General Manager of Sales No.2 Department			
June 2017	Director and General Manager of Sales No.2 Department			
Apr. 2018	Director and General Manager of Sales No.1 Department (current position)			
<p>Reasons for nomination as candidate for Director</p> <p>Masanori Harada has long years of experience in the sales departments and, as General Manager of Sales No.1 Department, maintains a high level of discernment and the proven track record in the Company's business. The Company proposes the reelection of Director Harada in order to boost future corporate value on a continual basis.</p>				
9	Masahide Takano (January 19, 1980)	Aug. 2008	Joined Pressance Juhan Co.,Ltd	15,900
		Mar. 2014	Joined the Company	
Oct. 2015	General Manager of Development Operations Department			
Oct. 2016	Executive Officer and General Manager of Development Operations Department			
Apr. 2017	Executive Officer and General Manager of West-Japan Development Operations Division			
June 2017	Director and General Manager of West-Japan Development Operations Division			
Apr. 2018	Director and Deputy General Manager of Development Operations Division and General Manager of Development Operations Department (current position)			
<p>Reasons for nomination as candidate for Director</p> <p>Masahide Takano, as General Manager of Development Operations Department, maintains a high level of discernment and the proven track record in the Company's business. The Company proposes the reelection of Director Takano in order to boost future corporate value on a continual basis.</p>				

Notes:

1. The candidates for directors do not have special interest in the Company.
2. The number of the Company's shares owned by the candidates includes shares owned through the shareholding association.