

Dramatic Communication



Apamanshop Holdings Co., Ltd.
Briefings on Financial Results
for the Fiscal Year
Ended September 30, 2015

Monday, November 16, 2015

Apamanshop Holdings Co., Ltd. (Securities code: 8889)

Topics

General topics

- Review of [Medium-Term Management Plan](#)
- Completion of acquisition and cancelation of all [Class A preferred stock](#)

Topics related to profit decline

- Recording of income taxes—deferred in connection with [Income Tax Act revisions](#) and review of [tax effect schedule](#)

Topics related to growth strategy

- [Commencement of sales of new products](#) (insurance and 24-hour emergency assistance service for a fixed monthly fee / Apamanshop rent guarantees)
- [Strengthening of subcontracted management](#) (3,066-unit increase in FY2014)

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1. Consolidated

1. Overview of Consolidated Results (3-year comparison)

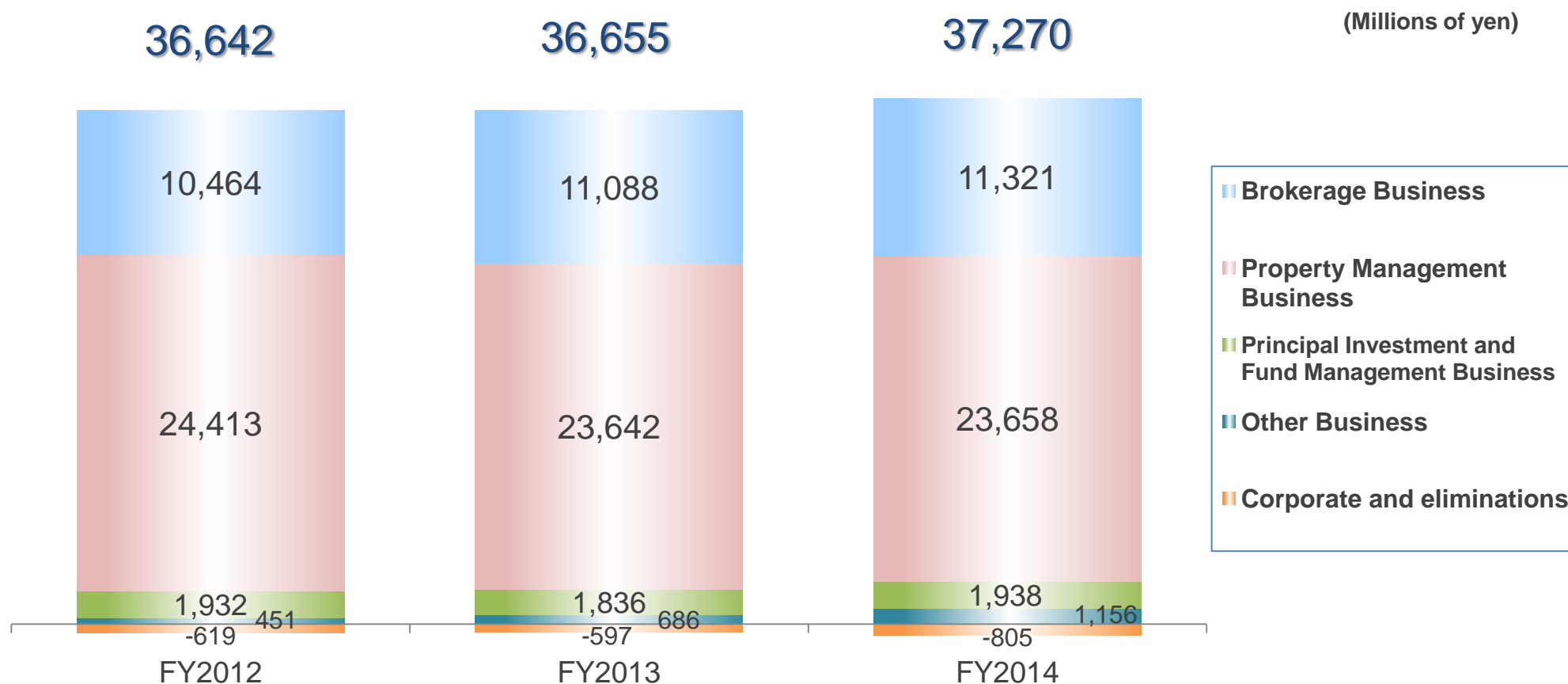
(Millions of yen)

	FY2012	FY2013	FY2014	YoY	Major factors contributing to year-on-year change
Net sales	36,642	36,655	37,270	614	<ul style="list-style-type: none"> Core business sales growth
Gross profit	9,914	10,221	10,907	686	<ul style="list-style-type: none"> Core business earnings growth
Operating income (Operating income margin)	2,310 (6.3%)	2,108 (5.8%)	2,407 (6.5%)	298 (0.7%)	<ul style="list-style-type: none"> Core business earnings growth
Ordinary income	1,408	1,439	1,682	243	<ul style="list-style-type: none"> Equity in earnings of affiliates (FY2013: ¥188 million → FY2014: ¥107 million) ¥152 million decline in interest expenses, etc.
Net income	2,213	1,482	(3,666)	-5,149	<ul style="list-style-type: none"> Income Tax Act revision, review of tax effect schedule
EBITDA	3,670	3,762	3,910	147	<ul style="list-style-type: none"> Increase in ordinary income

EBITDA = Ordinary income + interest expenses + depreciation + amortization of goodwill

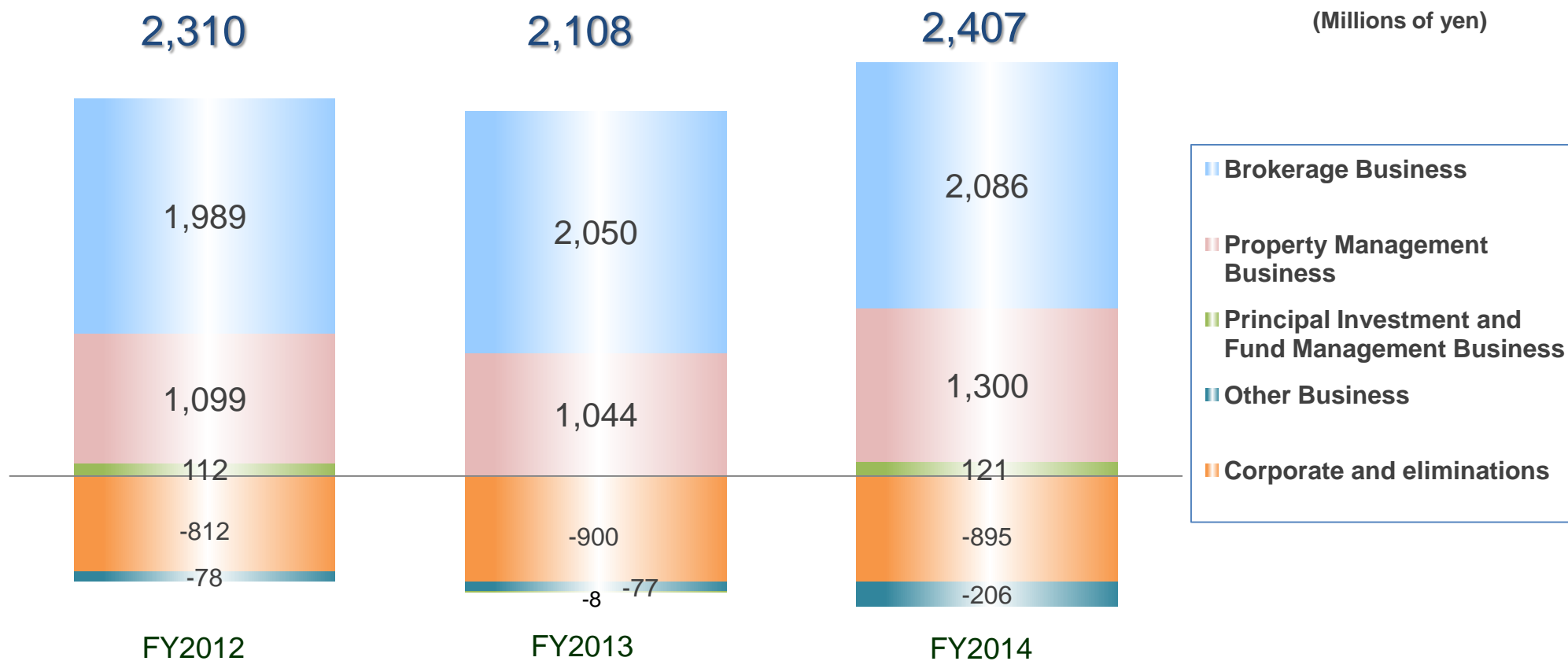
Note: Amounts are truncated and percentages are rounded off to the first decimal place. Accordingly, figures calculated using mathematical formulas and the resulting figures stated in this document may not agree.

2. Net Sales by Segment (3-year trend)



Note: From FY2013, the parking and SOHO office rental businesses were transferred from the Property Management Business to the Other Business, but the above FY2012 results are shown using the previous segment classifications.

3. Operating Income by Segment (3-year trend)

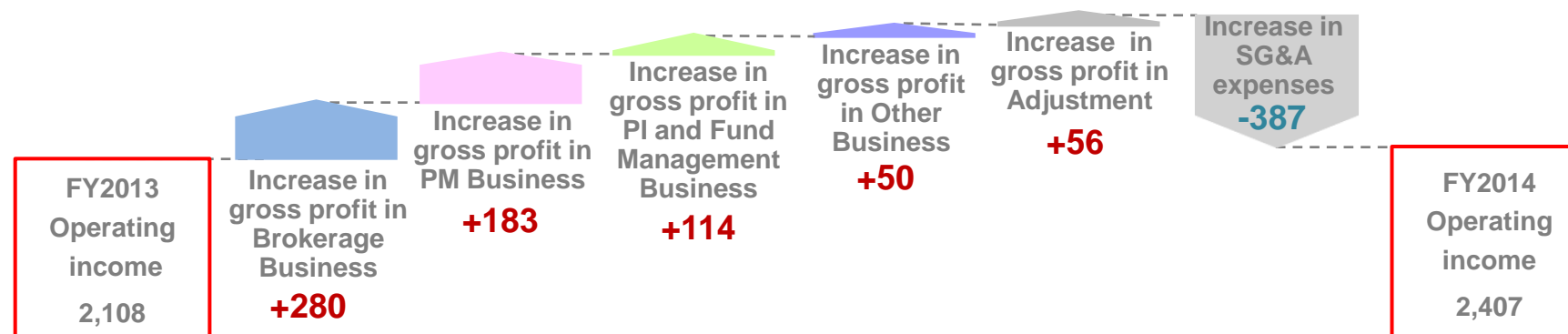


Note: From FY2013, the parking and SOHO office rental businesses were transferred from the Property Management Business to the Other Business, but the above FY2012 results are shown using the previous segment classifications.

4. Analysis of Net Sales and Operating Income by Business Segment (YoY)

(Millions of yen)

	FY2013			FY2014			YoY		
	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin	Net sales	Gross profit	Gross profit margin
Brokerage Business	11,088	5,954	53.7%	11,321	6,234	55.1%	233	280	1.4pp
Property Management (PM) Business	23,642	3,698	15.6%	23,658	3,881	16.4%	16	183	0.8pp
Principal Investment (PI) and Fund Management Business	1,836	644	35.1%	1,938	759	39.2%	102	114	4.1pp
Other Business	686	195	28.5%	1,156	246	21.3%	470	50	-7.2pp
Adjustment (elimination or corporate)	(597)	(270)	–	(805)	(214)	–	-207	56	–
Total	36,655	10,221	27.9%	37,270	10,907	29.3%	614	686	1.4pp
SG&A expenses (SG&A expenses ratio)	8,113		22.1%	8,500		22.8%	387		0.7pp
Operating income (Operating income margin)	2,108		5.8%	2,407		6.5%	298		0.7pp



5. Overview of Consolidated Balance Sheet (vs. end-FY2013)

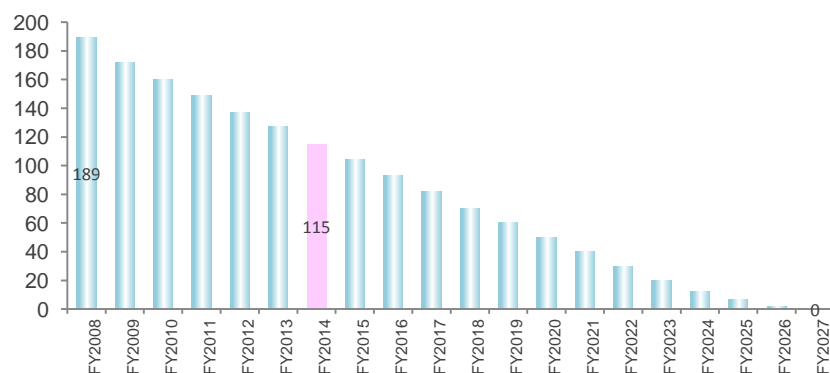
Assets	FY2013	FY2014	YoY
Current assets	6,587	6,592	5
Cash and deposits	2,535	2,609	73
Notes and accounts receivable–trade	1,411	1,494	82
Other	2,639	2,488	-150
Non-current assets	41,964	36,899	-5,064
Property, plant and equipment	17,342	17,178	-163
Intangible assets	13,150	12,338	-812
Goodwill	12,701	11,577	-1,124
Other intangible assets	449	761	312
Investments and other assets	11,471	7,382	-4,088
Total assets	48,551	43,492	-5,059

(Millions of yen)

Liabilities	FY2013	FY2014	YoY
Current liabilities	7,100	8,168	1,068
Accounts payable–trade	804	860	56
Short-term loans payable*	2,066	2,847	780
Other	4,229	4,460	231
Non-current liabilities	31,687	33,311	1,623
Long-term loans payable	26,917	28,294	1,376
Long-term lease and guarantee deposited	4,376	4,327	-49
Other	393	690	296
Net assets	9,763	2,011	-7,751

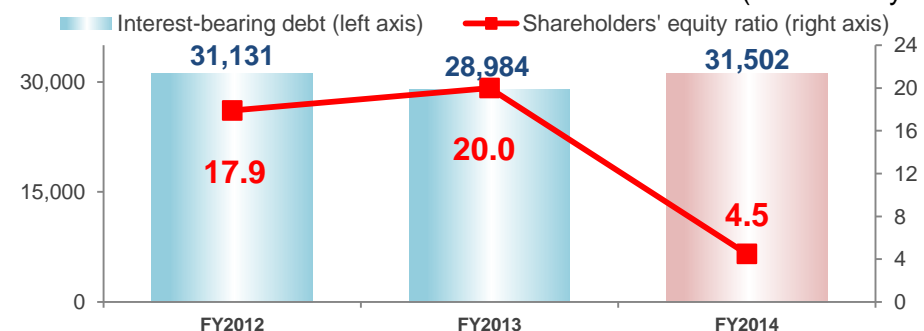
* Includes current portion of long-term loans payable

Goodwill outstanding and forward projection** (100 million yen)



** Forward projection for goodwill outstanding is the projection for amortization of current goodwill outstanding.

Interest-bearing debt (consolidated basis)*** and Shareholders' equity ratio (Millions of yen)



*** Interest-bearing debt (consolidated basis): Borrowings and bonds which are included under the Company's consolidated current liabilities and non-current liabilities

6. Overview of Consolidated Cash Flows (YoY)

(Millions of yen)

Assets	FY2013	FY2014	YoY
Net cash provided by (used in) operating activities	2,605	2,800	195
Income before income taxes	1,364	1,621	257
Depreciation	535	579	44
Amortization of goodwill	1,142	1,154	11
Net cash provided by (used in) investing activities	(185)	(744)	-559
Purchase of intangible assets	(196)	(468)	-272
Proceeds from sales of property, plant and equipment	245	0	-244
Net cash provided by (used in) financing activities	(2,978)	(1,985)	992
Purchase of treasury shares	(820)	(3,889)	-3,068
Increase/decrease in borrowings	(2,103)	2,140	4,243
Net increase (decrease) in cash and cash equivalents	(554)	73	628
Cash and cash equivalents at beginning of period	3,083	2,529	-554
Cash and cash equivalents at end of period	2,529	2,602	73



2. Brokerage Business

(Directly managed + franchise)

1. Overview of Brokerage Business (3-year comparison)

Solid trend in both net sales and operating income

(Millions of yen)

	FY2012	FY2013	FY2014
Net sales (Segment)	10,464	11,088	11,321
Franchise agencies	6,437	6,800	6,828
Directly managed agencies	4,026	4,288	4,490
Operating income (Segment)	1,989	2,050	2,086
Franchise agencies	834	1,054	1,124
Directly managed agencies	1,155	995	962
No. of contracted franchises	1,062	1,132	1,159
Franchise agencies	981	1,043	1,064
Directly managed agencies	81	89	95
Directly managed (domestic) per agency			
Net sales*	62.1	57.5	56.1
Operating income*	17.7	12.9	12.2

* Net sales and operating income per agency are calculated based on the average number of directly managed (domestic) agencies open during the period.

Note: Amounts are truncated and percentages are rounded off to the first decimal place. Accordingly, figures calculated using mathematical formulas and the resulting figures stated in this document may not agree.

2. Promotional Campaigns

Carried out multi-target promotional campaigns for a broad customer base



Tie-up using TV commercial featuring FC Barcelona and song by “3rd Generation J Soul Brothers from EXILE TRIBE”





3. Property Management Business

(Rental management + sub-leasing)

1. Overview of Property Management Business (3-year comparison)

Solid trend in both net sales and operating income

(Millions of yen)

	FY2012	FY2013	FY2014
Net Sales (Segment)	23,831	23,642	23,658
Sub-leasing	17,713	17,539	17,498
Rental management	6,118	6,102	6,160
Operating income	1,061	1,044	1,300
Total number of units under management	59,619	60,426	63,492
Rental management	31,846	32,867	35,851
Sub-leasing	27,773	27,559	27,641
Net sales per 1,000 units	397	395	382
Operating income per 1,000 units	17.7	17.4	21.0
Sub-leasing occupancy rate	93.8%	95.5%	95.4%

Notes: Amounts are truncated and percentages are rounded off to the first decimal place. Accordingly, figures calculated using mathematical formulas and the resulting figures stated in this document may not agree.

FY2012 figures are calculated using the segment classifications after the reclassification of the parking and SOHO businesses.

The sub-leasing occupancy rate $(1 - (\text{rent of vacant units} \div \text{total rent}))$ reported in monthly information is not applied.



4. Principal Investment and Fund Management Business

(Rental income)

1. Primary Real Estate Holdings

Pursuing value enhancement for increased and more stable rental earnings

RIHGA Royal Hotel Kokura



Aruaru City

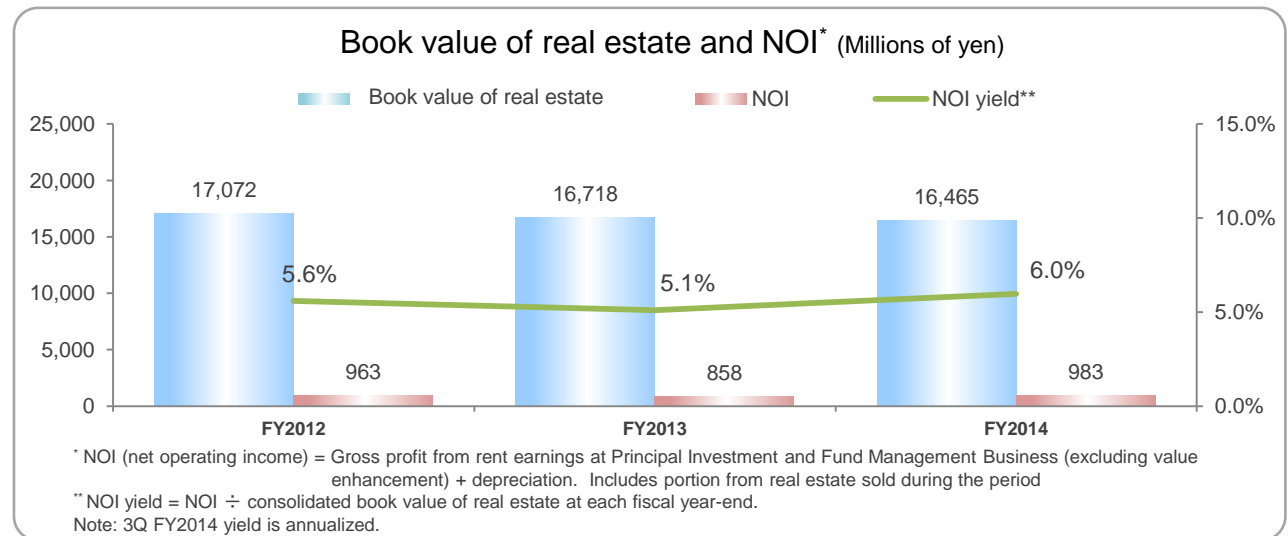


One of Japan's largest subculture buildings
Approximately 2.5 million visitors annually

**Aruaru City2 building
(multi-story parking garage)**



Multi-story, self-parking parking garage for 900 vehicles



5. Other Business

**(Metered parking, SOHO, vending machines,
registration center)**

1. Related Businesses

Cultivating new businesses for the future

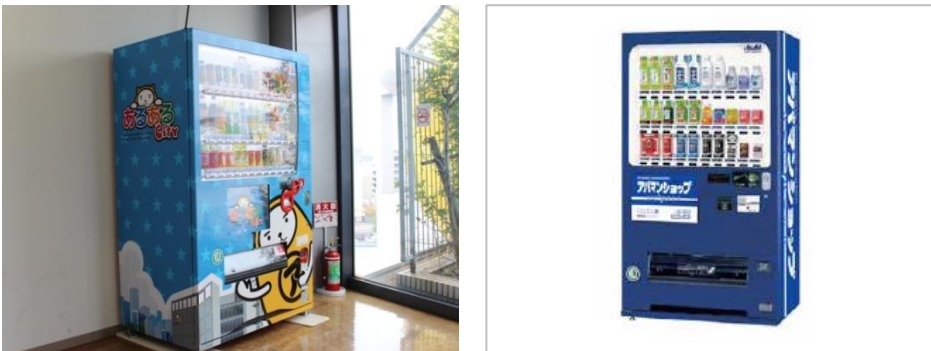
Metered parking business



SOHO business



Vending machine business



Registration center (for SEO)





6. Medium-Term Management Plan

(5-year period from FY2015 to FY2019)

1. Growth Strategy/Medium-term management plan (Strong performance from new product sales and subcontracted management)

(1) Commenced sales of new products (from September 2015)

- Monthly payment insurance



- 24-hour emergency assistance service for a fixed monthly fee



- Apamanshop rent guarantees



(2) Strengthening subcontracted management (from October 2014)

- FY2013: Increase of 3,066 units (9 marketing staff)
FY2014: Increasing marketing staff to 20-30



(3) Increase in number of agencies

- Full-scale start of directly managed agency openings



1. Growth Strategy/Initiatives in “B&B, short-term, and medium-term rentals” and “IT” areas

(4) Entering *minpaku* (B&B), short-term, and medium-term rental markets (in stages from December 2015)

- From medium- and short-term corporate needs to inbound tourists



(5) IT for explanations of important matters and agency visits (from December 2015)

- Using information technology for explanations of important matters and agency visits to increase agency productivity



(6) Automated data linkage

- Achieving high productivity through automation



B&B, short-term, and medium-term rentals



IT for explanations of important matters



Customer service via Internet



2. Quantitative Targets (Income plan)

(Millions of yen)

	FY2014 (Actual)	FY2015 (Plan)	FY2016 (Plan)	FY2017 (Plan)	FY2018 (Plan)	FY2019 (Plan)
Net sales	37,270	39,000	43,000	46,600	51,000	56,000
Brokerage Business	11,321	12,200	13,700	14,800	15,900	16,800
Property Management Business	23,659	24,400	26,900	29,500	32,800	37,000
Other Businesses*	2,290	2,400	2,400	2,300	2,300	2,200
Gross profit	10,907	11,900	13,600	15,200	16,900	18,400
Brokerage Business	6,234	6,900	8,000	9,000	10,000	10,800
Property Management Business	3,882	4,100	4,700	5,300	6,000	6,700
Other Businesses*	791	900	900	900	900	900
Operating income	2,407	2,700	3,200	3,700	4,400	4,900
Ordinary income	1,682	2,300	2,800	3,300	4,000	4,600
Net income	(3,666)	1,400	1,500	1,600	2,200	2,700
EBITDA	3,910	4,300	4,900	5,400	6,000	6,600

EBITDA = Ordinary income + interest expenses + depreciation + amortization of goodwill

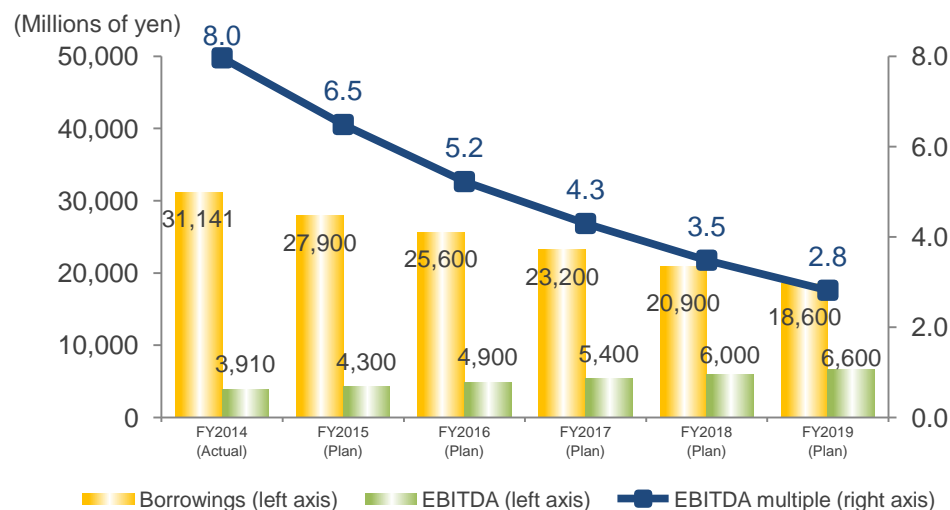
* Other businesses: Principal Investment and Fund Management Business, Other Business, and corporate and eliminations

3. Quantitative Targets (Financial plan)

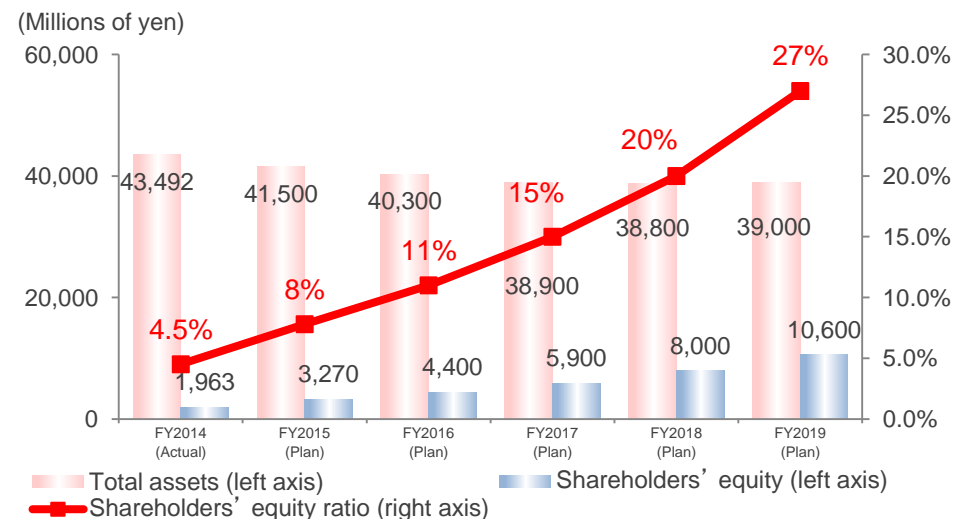
(Millions of yen)

	FY2014 (Actual)	FY2015 (Plan)	FY2016 (Plan)	FY2017 (Plan)	FY2018 (Plan)	FY2019 (Plan)
Total assets	43,492	41,500	40,300	38,900	38,800	39,000
Total liabilities	41,480	38,300	35,800	32,900	30,700	28,400
Borrowings	31,141	27,900	25,600	23,200	20,900	18,600
Total net assets	2,011	3,200	4,500	6,000	8,100	10,600

EBITDA* multiple**



Shareholders' equity ratio



* EBITDA = Ordinary income + interest expenses + depreciation + amortization of goodwill ** EBITDA multiple: Interest bearing debt ÷ EBITDA (operating income + depreciation + amortization of goodwill)

4. Quantitative Targets (Brokerage segment)

No. of agencies	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Franchise agencies	Agencies	1,064	1,084 (+20)	1,104 (+20)	1,124 (+20)	1,144 (+20)	1,164 (+20)
Directly managed agencies	Agencies	95	110 (+15)	125 (+15)	140 (+15)	155 (+15)	170 (+15)
Subtotal	Agencies	1,159	1,194 (+35)	1,229 (+35)	1,264 (+35)	1,299 (+35)	1,334 (+35)
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Brokerage segment Net sales	Billions of yen	11.3	12.2 (+0.9)	13.7 (+1.5)	14.8 (+1.1)	15.9 (+1.1)	16.8 (+0.9)
Brokerage segment Operating income	Billions of yen	2.0	2.3 (+0.3)	2.6 (+0.3)	2.8 (+0.2)	3.1 (+0.3)	3.2 (+0.1)
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Directly managed segment Net sales and operating income per agency (domestic)	Millions of yen	56 12	55 (-1) 11 (-1)	55 (+0) 11 (+0)	55 (+0) 11 (+0)	55 (+0) 11 (+0)	55 (+0) 11 (+0)

5. Quantitative Targets (PM segment)

Number of properties under management	Unit	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Rental management	Thousands of units	36	39 (+3)	43 (+4)	48 (+5)	54 (+6)	61 (+7)
Sub-leasing	Thousands of units	28	29 (+1)	31 (+2)	34 (+3)	38 (+4)	43 (+5)
Total	Thousands of units	64	68 (+4)	74 (+6)	82 (+8)	92 (+10)	104 (+12)
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PM segment Net sales	Billions of yen	23.6	24.4 (+0.8)	26.8 (+2.4)	29.5 (+2.7)	32.8 (+3.3)	37.0 (+4.2)
PM segment Operating income	Billions of yen	1.3	1.3 (+0.0)	1.5 (+0.2)	1.9 (+0.4)	2.3 (+0.4)	2.8 (+0.5)
<hr/>							
PM segment Net sales and operating income per 1,000 units	Millions of yen	382 21	380 (-2) 21 (0)	378 (-2) 22 (+1)	378 (0) 24 (+2)	377 (-1) 26 (+2)	377 (+0) 29 (+3)

Thank You



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