



Sansei Landic Co., Ltd.

**Financial Results for the
Fiscal Year Ended December 2018**

February 19, 2019



Overview of Financial Results for the Fiscal Year Ended December 2018

2018 Performance Topics



- **On a non-consolidated basis, sales and operating income of Sansei Landic increased YoY and against the plan**
- **Sales and profits fell short of the plan on a consolidated basis due to slumping Construction business**
- **Achieved 11.1 billion yen in purchases against an annual target of 10.4 billion yen**
- **Conducted fundamental review of the structure including head office relocation and decision of closing showrooms in the Construction business**

2018 Financial Highlights



(Million yen)

| | FY12/17 | FY12/18 | | | |
|------------------|-------------------|---------|---------|----------|---------------------------------|
| | Full-year results | Plan | Results | Vs. plan | |
| Net sales | 13,098 | 17,482 | 16,833 | -3.7% | ■ Net sales +28.5% YoY |
| Gross profit | 4,532 | 4,890 | 4,805 | -1.7% | ■ Gross profit +6.0% YoY |
| Operating income | 1,762 | 1,830 | 1,765 | -3.6% | ■ Net income -9.4% YoY |
| Ordinary income | 1,668 | 1,703 | 1,642 | -3.5% | ■ Purchase amount -11.7% YoY |
| Net income | 1,111 | 1,157 | 1,006 | -13.1% | |
| Purchase amount | 12,650 | 10,483 | 11,164 | +6.5% | |

Comparison of Consolidated Income Statement



(Million yen)

| | FY12/16 | FY12/17 | FY12/18 | | |
|--------------------|---------|---------|---------|---------|------------|
| | Results | Results | Plan | Results | Difference |
| Net sales | 12,300 | 13,098 | 17,482 | 16,833 | -649 |
| Gross profit | 3,956 | 4,532 | 4,890 | 4,805 | -85 |
| SGA expenses | 2,510 | 2,769 | 3,059 | 3,039 | -20 |
| Operating income | 1,446 | 1,762 | 1,830 | 1,765 | -65 |
| Ordinary income | 1,328 | 1,668 | 1,703 | 1,642 | -60 |
| Extraordinary loss | — | 93 | — | 103 | +103 |
| Net income | 853 | 1,111 | 1,157 | 1,006 | -151 |

■ SGA expenses

YoY

Salaries and allowances: +54 million yen

Bonus: +43 million yen

Sales commission: +64 million yen

■ Non-operating expenses

YoY

Interest expenses: +40 million yen

■ Extraordinary loss

Recorded 50 million yen in loss on valuation of investment securities, 36 million yen in loss on closure of showrooms and 16 million yen in loss on disposal of fixed assets

Comparison of Non-consolidated Income Statement



(Million yen)

| | FY12/16 | FY12/17 | FY12/18 | | |
|--------------------|---------|---------|---------|---------|------------|
| | Results | Results | Plan | Results | Difference |
| Net sales | 10,959 | 11,968 | 16,037 | 16,050 | +12 |
| Gross profit | 3,675 | 4,293 | 4,551 | 4,677 | +126 |
| SGA expenses | 2,169 | 2,483 | 2,734 | 2,737 | +2 |
| Operating income | 1,506 | 1,810 | 1,817 | 1,940 | +123 |
| Ordinary income | 1,390 | 1,610 | 1,695 | 1,606 | -88 |
| Extraordinary loss | 161 | 29 | — | 67 | +67 |
| Net income | 804 | 1,152 | 1,151 | 1,068 | -82 |

- SG&A expenses
YoY
Salaries and allowances: +48 million yen
Bonus: +41 million yen
Sales commissions: +64 million yen
- Non-operating expenses
Recorded 200 million yen in provision for construction business loss
- Extraordinary loss
Recorded 50 million yen in loss on valuation of investment securities and 16 million yen in loss on disposal of fixed assets

Summary of Consolidated Balance Sheet



(Million yen)

| | FY12/17 | FY12/18 | | |
|------------------------------|---------|---------|--------------------------|-------------|
| | Amount | Amount | Vs. end of previous term | Pct. change |
| Cash and deposits | 3,558 | 3,594 | +35 | +1.0% |
| Property for sale | 11,863 | 11,678 | -185 | -1.6% |
| Interest-bearing liabilities | 7,439 | 6,047 | -1,391 | -18.7% |
| Net assets | 8,006 | 8,907 | +901 | +11.3% |
| Total assets | 16,915 | 16,777 | -138 | -0.8% |
| Shareholders' equity ratio | 47.3% | 53.1% | +5.8pt | — |
| ROA | 12.0% | 9.8% | -2.2pt | — |

■ Property for sale
Procurement progressed steadily, and the balance is at the same level as the previous year.

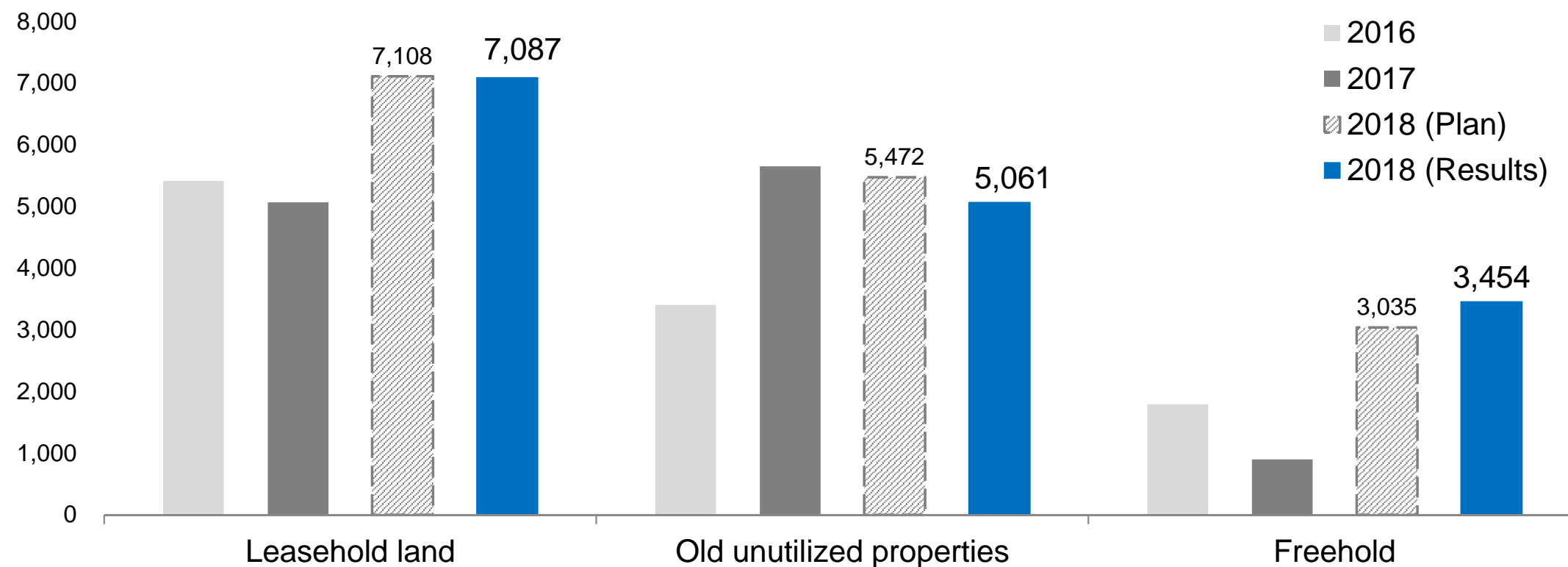
■ Interest-bearing liabilities
Short-term loans payable: -2,358 million yen
Long-term loans payable: +957 million yen

Sales Results by Business (Real Estate Sales Business)



- Leasehold land: Sales exceeded a record-high of 7 billion yen. Almost in line with the plan
- Old unutilized properties: Plan unachieved but the number of properties sold increased significantly offsetting the decline in the size of properties
- Freehold: Sold large properties in 3Q. Recorded significant increases in revenues

Sales results (Million yen)



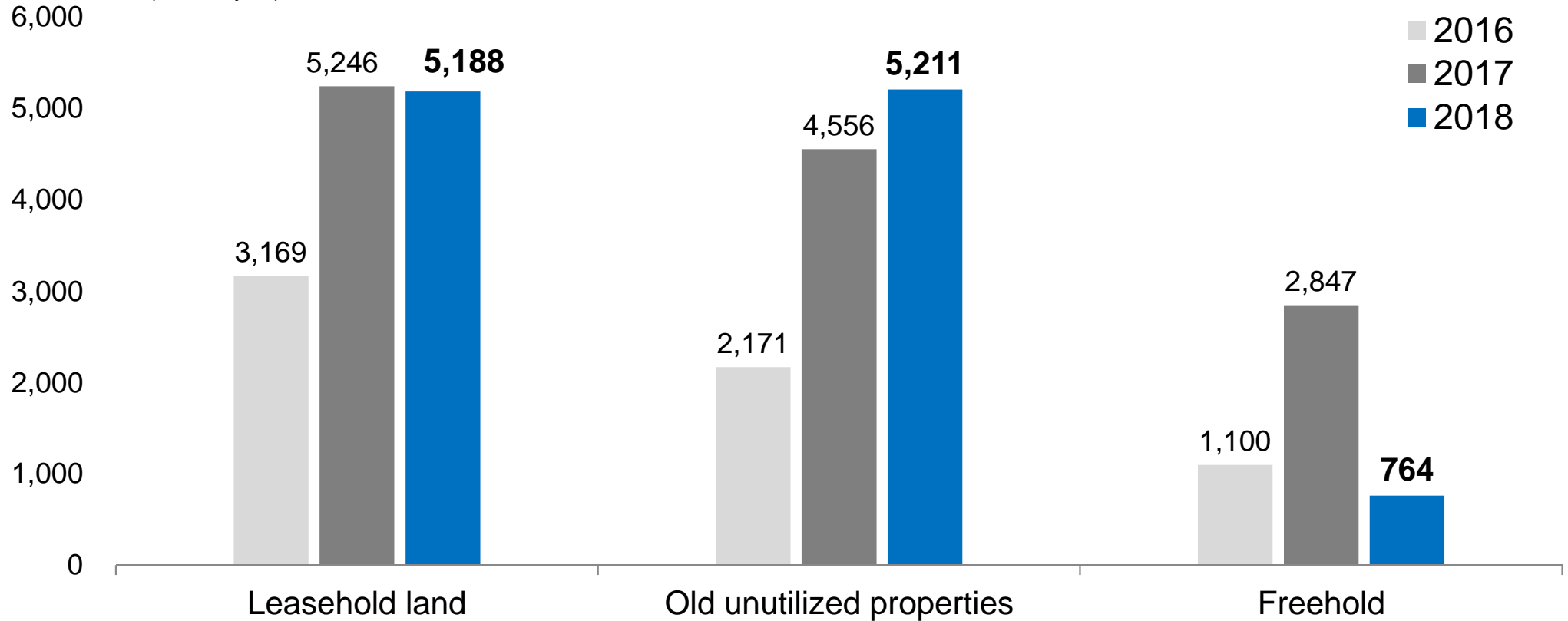
Amount of Purchases by Business (Real Estate Sales Business)



Purchases increased by 88.3% YoY to 11,164 million yen.

- Leasehold land: Maintained the same level as in the previous year. The number of plots increased mainly in the Kanto area.
- Old unutilized properties: Steady growth in western Japan, including Osaka and Aichi
- Freehold: Significant YoY decrease of 26.9% due to purchases of large-scale properties in the previous year

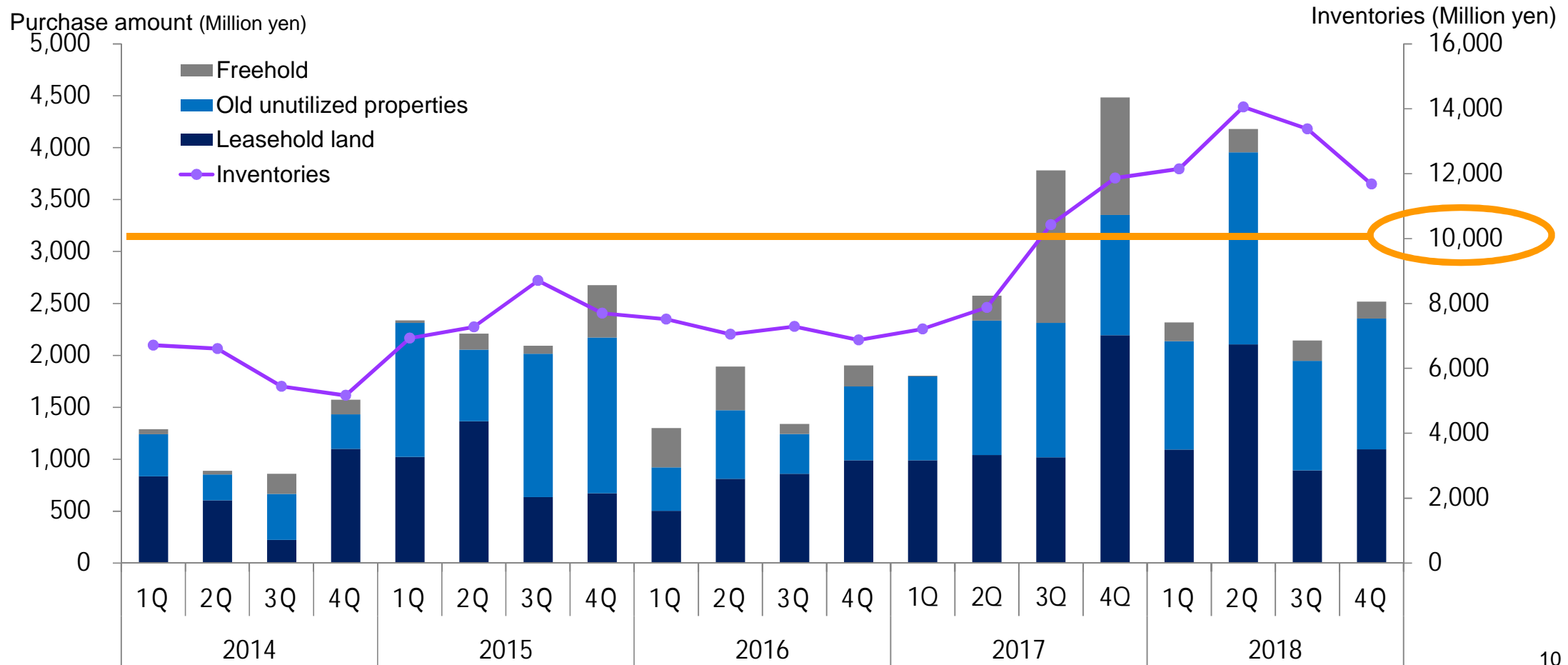
Purchase amount (Million yen)



Changes in the Amount of Purchases and Inventories



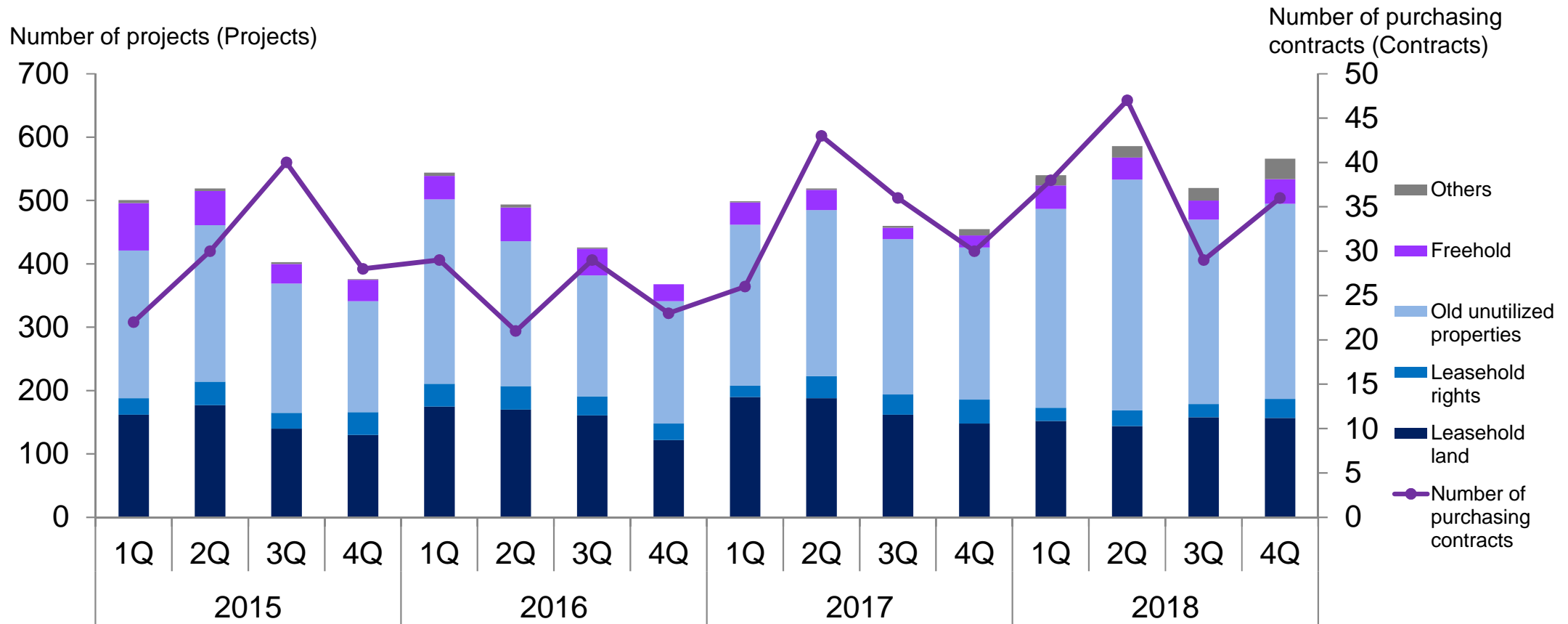
Inventories rose significantly as the Company purchased many large-scale leasehold land projects in 2017. As a result, it is taking time to sell some properties on leasehold lands, and the Company is working to sell these properties as soon as possible.



Changes in the Number of Projects and Number of Purchasing Contracts



- Acquired more than 500 projects every quarter. Significant increase in the number of old unutilized property projects
- Carefully selected purchases due to changes in market conditions in each area



Status of Construction Business



One's Life Home
natural modern from architects



(Million yen)

| | FY12/16 | FY12/17 | FY12/18 |
|-------------------------|---------|---------|---------|
| Net sales | 1,390 | 1,203 | 883 |
| Segment profit and loss | ▲ 56 | ▲ 44 | ▲ 173 |

- Net sales
-47.3% against the plan
- Decided to close Komazawa showroom
- Head office relocated in January 2019
- Custom-made home
Strengthened online marketing
- Renovation
Focused investment on highly effective advertising

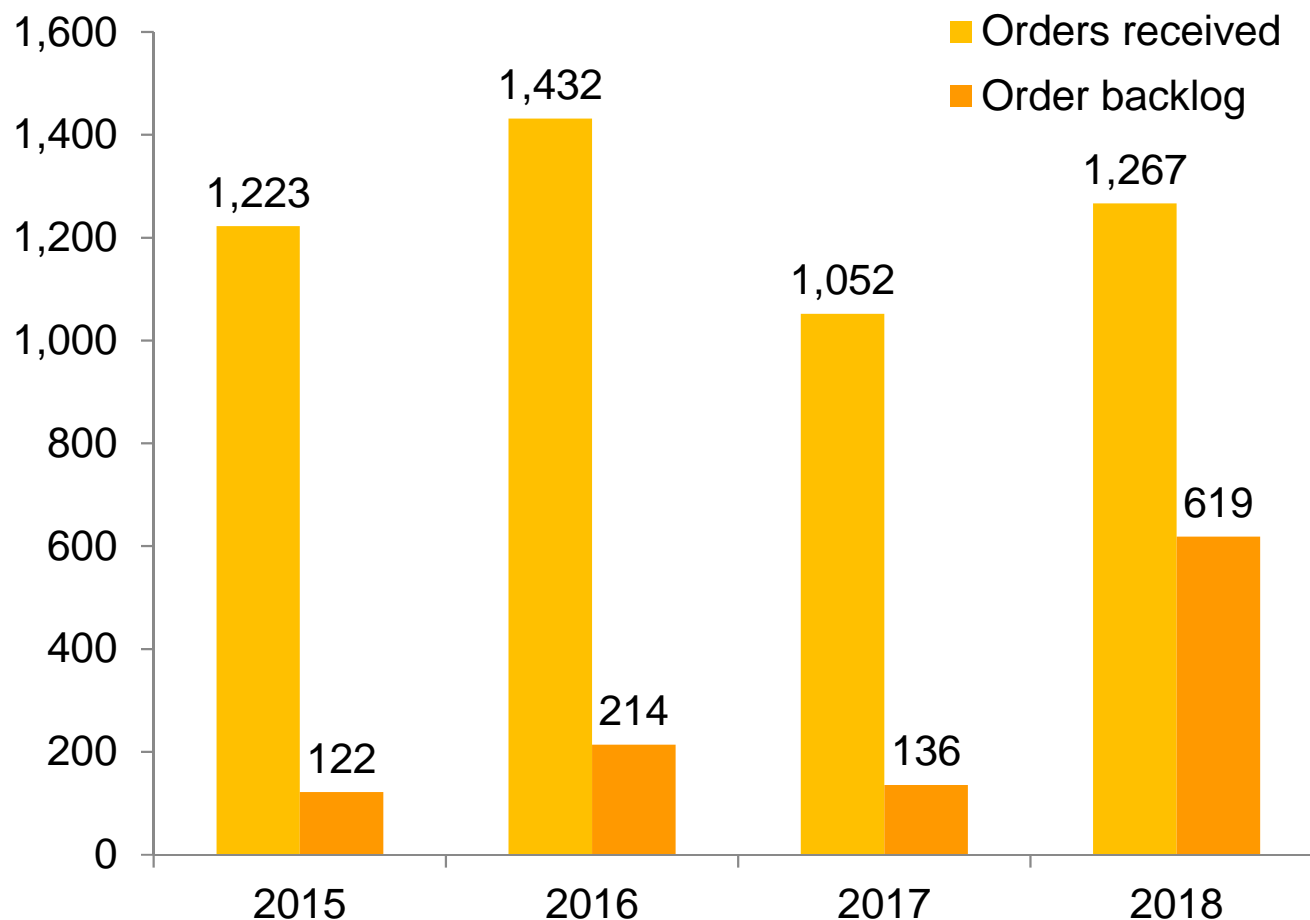
Changes in Construction Business Orders Received and Order Backlog



One's Life Home
natural modern from architects



(Million yen)



■ Orders increased due to renewed website and review of marketing strategies by channel

→ Order backlog at the end of the fiscal year increased significantly and aim to turn positive in FY12/19



FY12/19 Business Forecasts

Market Perceptions of Each Division



Third sales division

Cover western Japan area

- Favorable market conditions in urban areas
- The market has settled down due to the effects of the illegal loan problem

Second sales division

Cover Hokkaido and Sendai areas

- Land prices remain high
- Meanwhile, market conditions are changing due to saturated new housing market
- Many competitors

First sales division

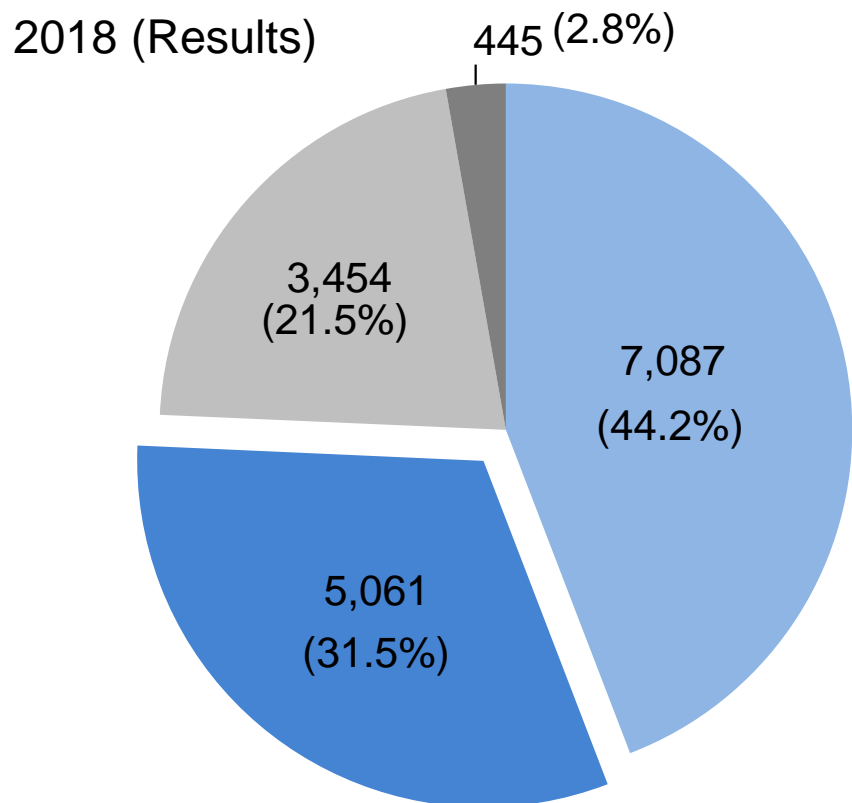
Cover Kanto area

- Land prices continue to rise
- The market begins to settle down due to the effects of the illegal loan problem

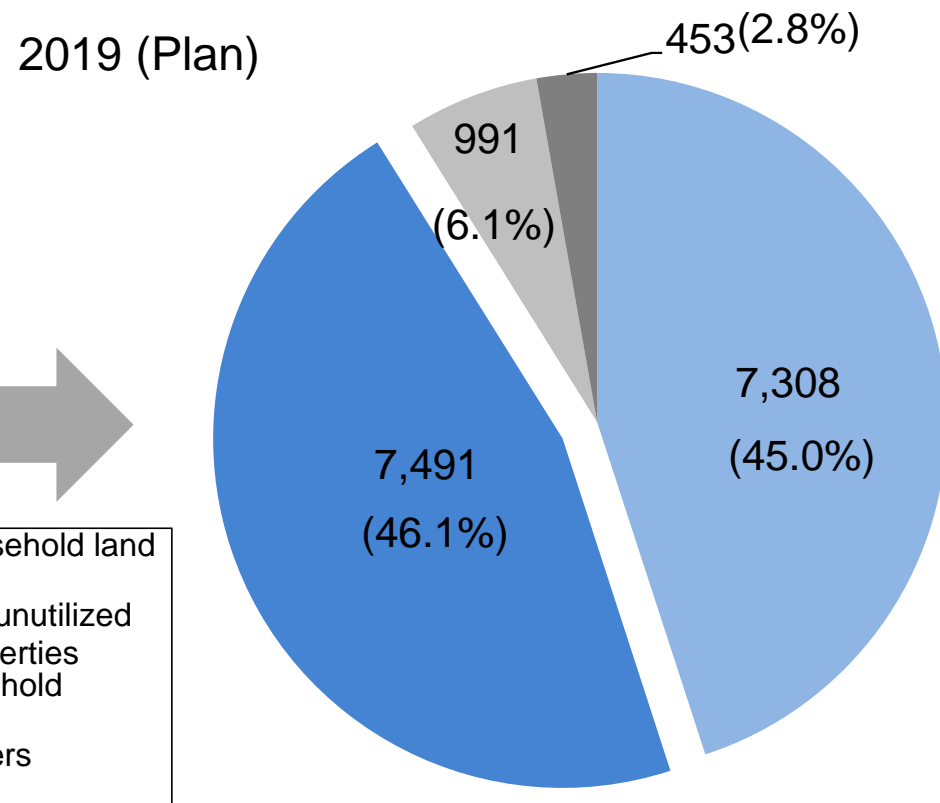
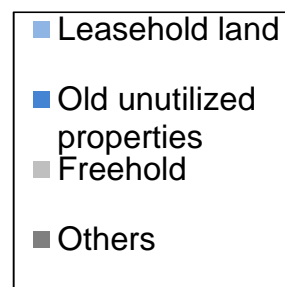
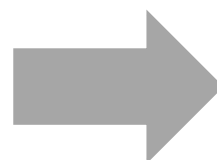
Real Estate Sales Business Sales Plan by Business



- Leasehold land: 7,308 million yen, old unutilized properties: 7,491 million yen, freehold: 991 million yen, others: 453 million yen
- Plans to increase the percentages of leasehold lands and old unutilized properties, but profit margin is expected to decline YoY due to market conditions



Total net sales 16,050 million yen



Total net sales 16,243 million yen (up 1.2%)

FY12/19 Business Forecasts (Non-consolidated)



(Million yen)

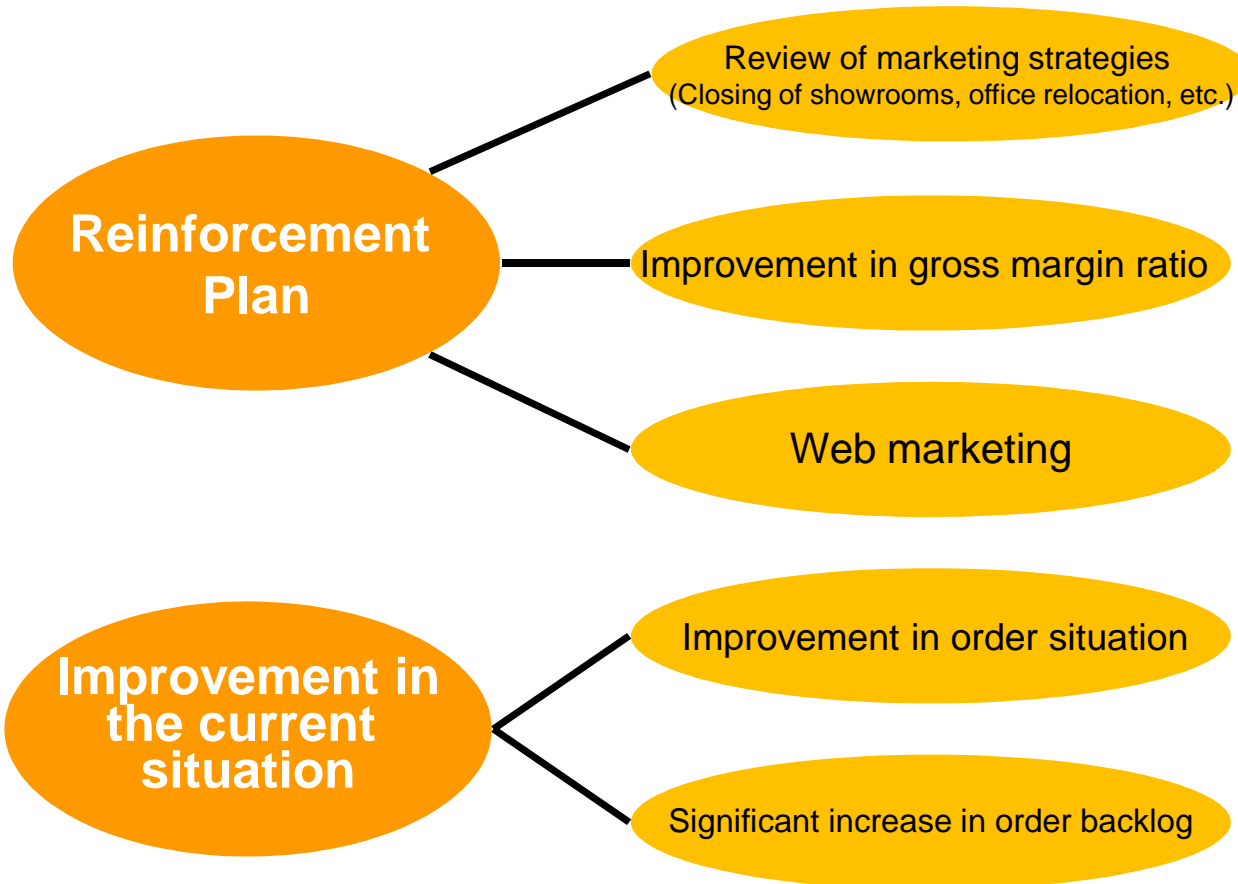
| | FY12/19 | Pct. change |
|------------------|----------------|--------------------|
| Net sales | 16,243 | +1.2% |
| Operating income | 1,650 | -15.0% |
| Ordinary income | 1,547 | -3.7% |
| Net income | 1,035 | -3.1% |
| Purchase amount | 12,127 | +8.6% |

- Gross profit is expected to be at the same level as in the previous year considering market conditions, despite increases in the percentages of leasehold lands and old unutilized properties
- Operating income decreased due to an increase in SG&A expenses, mainly because of an increase in the number of personnel for future growth and an increase in taxes and dues associated with the expansion of purchases
- No allowances are expected to be recorded for losses in the construction business, but ordinary income and net income will also decrease

Efforts to Improve Performance in the Construction Business



One's Life Home
natural modern from architects



- Become profitable this fiscal year
- Continuing improvement activities
(Application Shortening of delivery time, thorough cost control)

FY12/19 Business Forecasts (Consolidated)



(Million yen)

| | FY12/19 | Pct. change |
|------------------|---------|-------------|
| Net sales | 18,220 | +8.2% |
| Operating income | 1,666 | -5.6% |
| Ordinary income | 1,544 | -6.0% |
| Net income | 1,032 | +2.5% |
| EPS (Yen) | 122.17 | +2.1% |
| Dividend (Yen) | 23 | +2 |

- Net sales are expected to be increased due to an increase in sales in the construction business. Sales of real estate sales business is expected to be at the same level as in 2018
- Operating income and ordinary income are expected to decline due to a decline in Sansei Landic's profits on a non-consolidated basis, although the performance of construction business is expected to recover
- Net income is expected to increase due to the elimination of the impact of extraordinary losses
- Plan a year-end dividend of 23 yen, an increase of 2 yen

Progress of Medium-term Management Plan

Progress of Medium-term Management Plan



Growth

Promotion of new businesses and profitability

- Began operation of the 'Azuki House,' the second house in the Minpaku business
- Began the first operation in Funabashi-shi in the business to support vulnerable people who are unable to secure houses

Stability

Stable growth of existing businesses

- Opened Kyoto branch in September to expand the area
- Expand channels of financial institutions, etc. to aggressively expand business
- Continue aggressive marketing to untapped local real estate firms

Enhancement of dividends, social contribution, returning profits to employees

Return

- Continue raising dividends
- Start new initiatives to return profits to society
- Increase wages

Growth Status of Operation of Minpaku* Property



*Accommodation in private homes for travelers



| Jan. 2018 – Dec. 2018 | Maccha House |
|--------------------------|-------------------|
| Coupon yield | 30.9% |
| Number of operating days | 174 days/365 days |
| Utilization rate | 47.7% |

Access
12 minutes
walk from
**Omorimachi
Station,**
Keikyu Main
Line

Growth Strengthen Cooperation with One's Life Home



■ Ready-built housing business in Sansei Landic's sales project



One's Life Home
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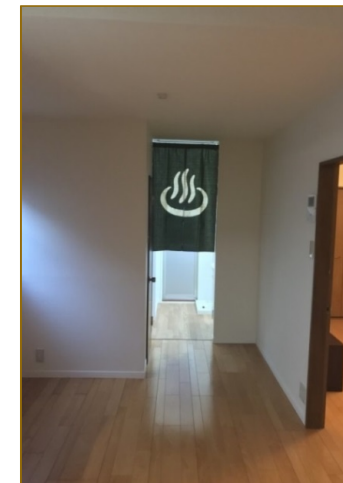


Example of construction of Tsurumaki, Setagaya-ku

→ Constructed 2 properties in Tsurumaki, Setagaya-ku and Shimouma, Setagaya-ku last year

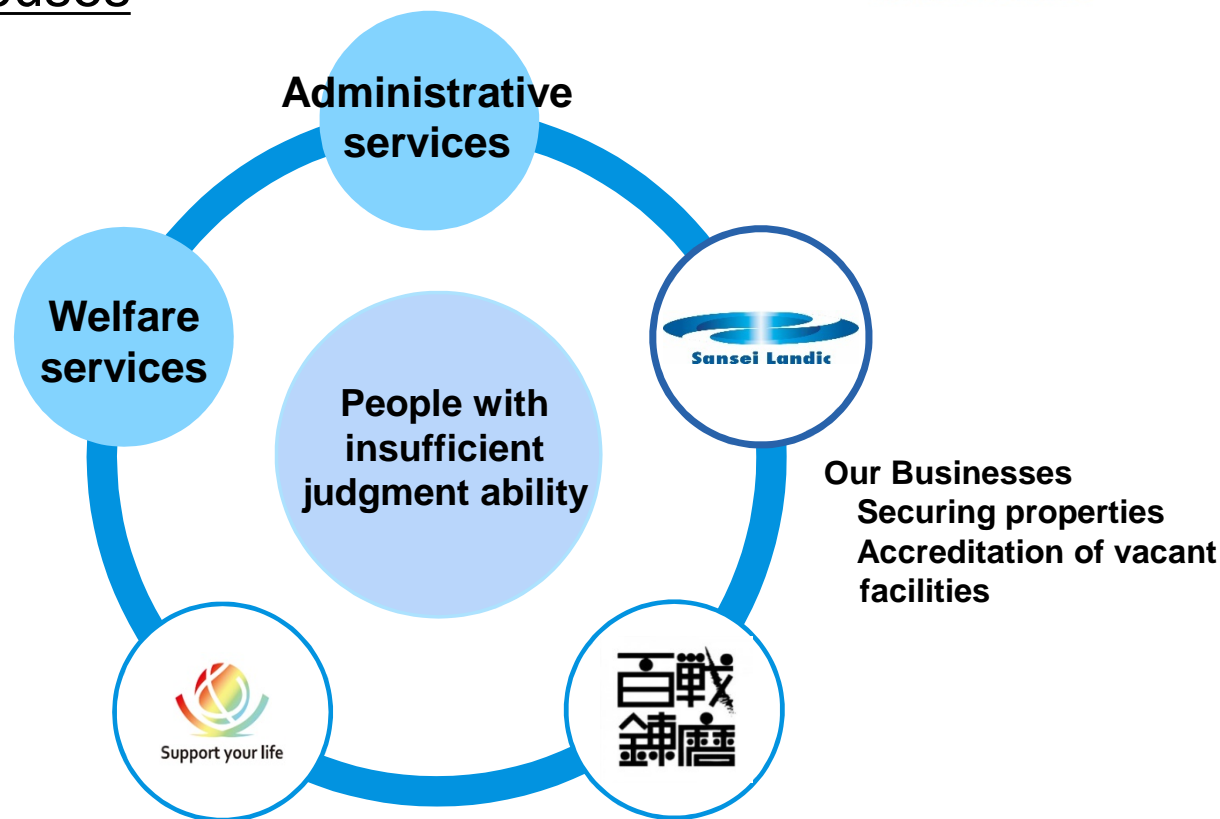


■ Renovation of Minpaku properties



→ Renovated Azuki House, the second Minpaku property

Growth The First Property for the Business to Support Vulnerable People who are Unable to Secure Houses



Location: Hasama-cho, Funabashi-shi
 Structure: Two-story wooden house
 Newly built: January 1988

And's businesses
 Provides such as
 Rent guarantee insurance
 Lifestyle support
 citizen guardians

Compensation
 Introduction of

Hyakusenrenma's businesses
 Providing Minpaku as temporary
 evacuation sites in emergencies
 Providing jobs including management
 and cleaning of Minpaku properties

Stability Established Kyoto Branch



Stability Renewal of Website



Sansei Landic

底地・借地権などの問題をワンストップで解決

私たちについて | 事業案内 | 会社情報 | 株主・投資家情報 | CSRの取り組み | 採用情報 | お問い合わせ

「何とかしたい」
不動産に関する
複雑なお悩みを
お持ちの方へ。

Since
1976
Sansei Landic

サンセイランディックが
底地・借地問題
に“本気”で
向き合います。

Sansei Landic

私たちについて | 事業案内 | 会社情報 | 株主・投資家情報 | CSRの取り組み | 採用情報 | お問い合わせ

お客様に合わせたソリューション
CUSTOMER

地主・家主様へ
不動産事業者様へ
借地主・借主・会社関係様へ

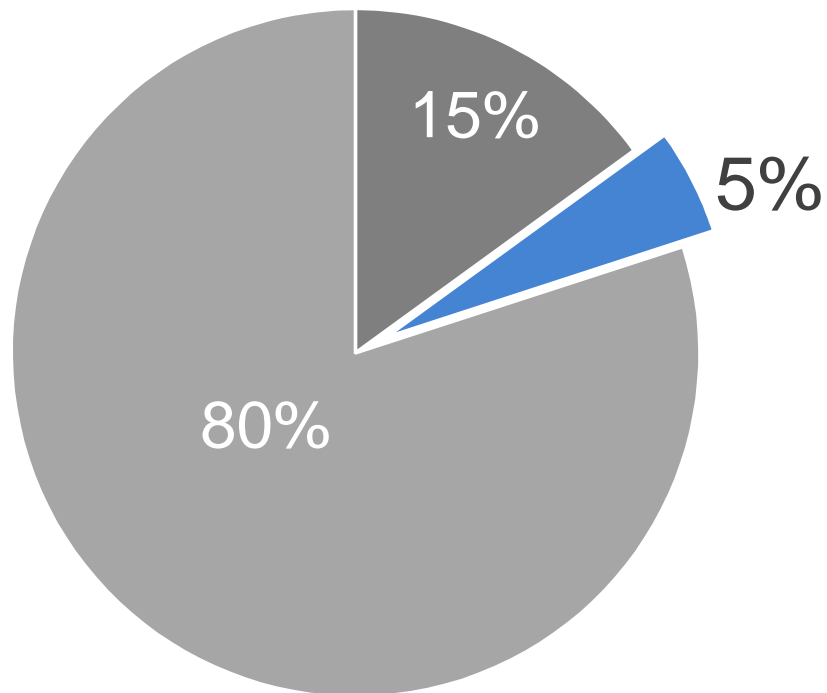
ピックアップコンテンツ
PICK UP

| | | |
|---|--|--|
| <p>事業案内 問題解決事例</p> <p>底地・借地権・老朽化賃貸物件の買取り、管理受託・コンサル等の解決事例をご紹介します。></p> | <p>事業案内 物件買取事業実績</p> <p>全国で事業を展開するサンセイランディックの過去5年間の物件買取実績をご紹介します。></p> | <p>事業案内 販売物件情報</p> <p>不動産問題解決のスペシャリストが取り扱う良質な販売物件情報をご覧ください。></p> |
| <p>事業案内 底地Q&A</p> <p>実際の地主様・借地権者様・家主様から多く寄せられるご質問とその回答をご紹介します。></p> | <p>会社情報 トップメッセージ</p> <p>サンセイランディックは、全国の複雑な不動産問題を本質的に解決します。></p> | <p>株主・投資家情報 パブリシティ</p> <p>マスメディア・書籍などに紹介・掲載された事例をご紹介します。></p> |
| <p>CSR 私たちの取り組み</p> <p>環境と社会と自社に対するサンセイランディックの取り組み</p> | <p>採用情報 2020年度採用情報</p> <p>新卒・経験者採用の求める人物像や募集要項、選考スケジュール</p> | <p>その他 サンセイランディックの民泊</p> <p>サンセイランディックが運営している民泊物件情報をご覧ください</p> |

Stability Efforts to Shorten Turnover Period



Image of sales of leasehold lands



■ Sold within 3 years ■ Owned over 3 years ■ Sold within 1 year

Lead time from purchasing to sales

Sold within 1 year

80%

Sold within 3 years

15%

Owned over 3 years

5%

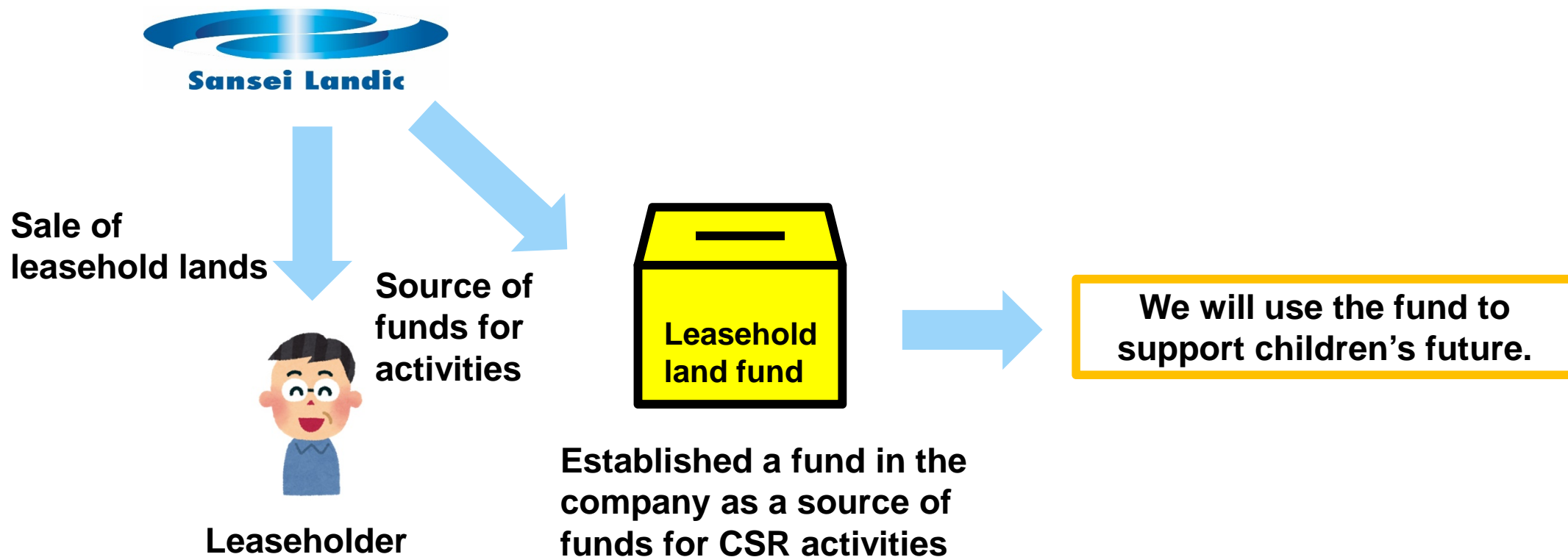


Promote cashing

Return Leasehold Land Fund (Tentative Name)



We generate revenues through our leasehold land sales activities.
We set up a fund to return a portion of our revenues to society, along with a sense of gratitude to leaseholders who bought leasehold lands.

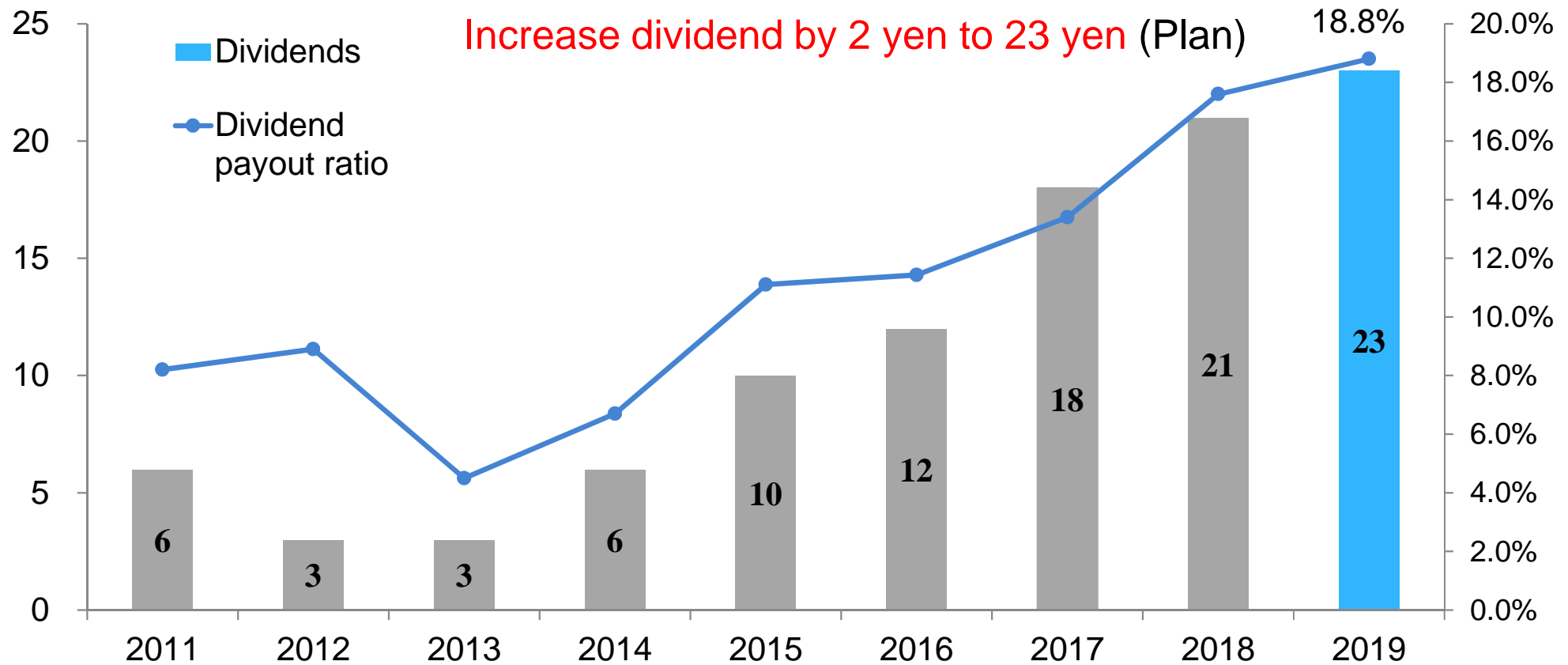


Return Enhancement of Dividend Payments



Dividends (Yen)

Dividend payout ratio (%)



Numerical Targets



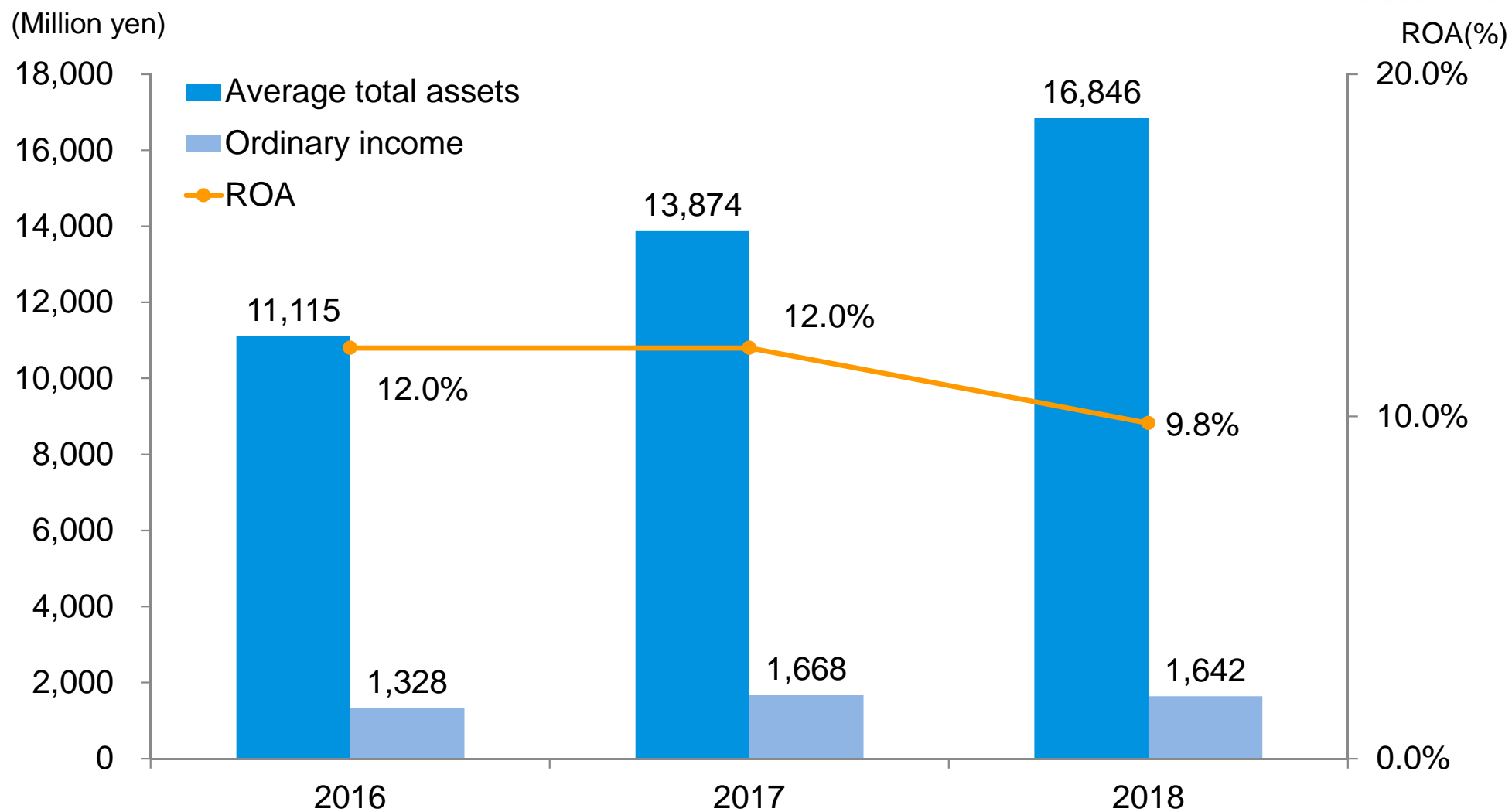
(Million yen)



■ Consolidated operating income
Over 2 billion yen

■ Consolidated ordinary income
Over 1.9 billion yen


Changes in ROA (Ratio of Ordinary Income to Total Assets)



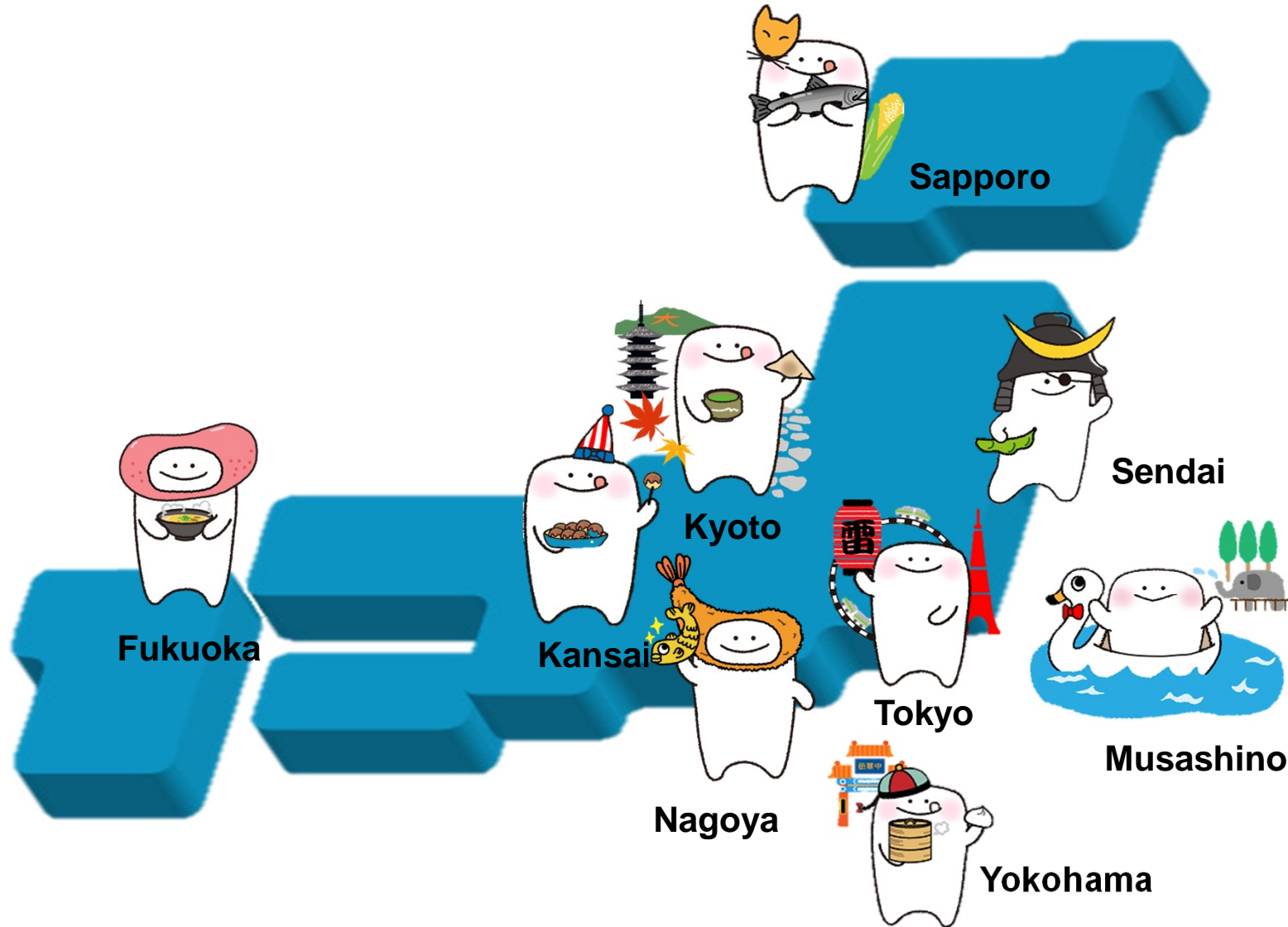
Supplementary Material

Corporate data



| | |
|---------------------|---|
| Company name | Sansei Landic Co., Ltd. |
| Representative | Takashi Matsuzaki, President and CEO |
| Established | February 1976 |
| Capital stock | 810,973,600 yen (As of the end of December 2018) |
| Listing | December 18, 2014 , First Section of the Tokyo Stock Exchange Securities Code: 3277 *Listed on the JASDAQ Stock Exchange on December 13, 2011 |
| Head office | 5-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo |
| Branch | Sapporo, Sendai, Musashino, Yokohama, Nagoya, Kyoto, Kansai, Fukuoka |
| Subsidiary | One's Life Home Co., Ltd. (Construction)  One's Life Home natural modern from architects |
| Number of employees | Non-consolidated: 146 (consolidated: 171) · · · As of the end of December 2018 |

Network of 9 Locations Nationwide



Contact



Thank you very much for your attention.

- The statements including perspectives on our group, plans, policies, strategies, schedules and judgements that are not facts in this material are forward-looking statements about the future performance.
- Forward-looking statements about the future performance are based on information currently available and certain assumptions that our group believes to be reasonable. Actual results may differ significantly from the forward-looking statements due to various risk factors and uncertainties. Please do not place undue reliance on these forward-looking statements.
- The data in this material contains quotations of public information that we believe to be reliable and accurate, but we do not guarantee the accuracy or certainty of the contents.

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