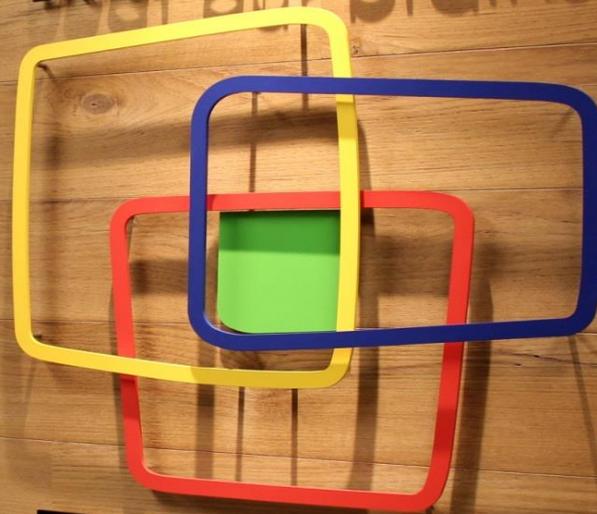


Beat our brains!



B-lot

# Semi-Annual Report Fiscal Year Ended December, 2016



Tokyo Stock Exchange,  
Mothers Section (Ticker Code. 3452)

October 6, 2016



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- I. Performance Review* *p.03–p.08*
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# *I. Performance Review (2<sup>nd</sup> Quarter of FY 2016)*



1. Achieved 56.6% of our initial earning forecasts of this year.  
57.8 % increased year on year
2. The balance of properties for sale reached 7,881million yen.  
Started transaction with J-REIT and private fund operations.  
Average price per sale also increased.
3. Successful inbound strategy led direct sale transactions with the wealthy in Asia.  
Great outlook for the future sale of our hotels under construction.  
【M&A】 Acquired Life Stage Corporation.
4. B-lot group has expanded to 3 subsidiaries with the total number of employees of 130. Active business in Kansai will be expected after opening our Osaka office!

### III-1. Mid-term Earnings Forecasts

- i . 1 Year and a half has passed after becoming a listed company. B-Lot is now on the next growth stage.
- ii . Aim to increase the company's value by proactive business development and sustainable growth.

#### 2 Years Consolidated Earnings Forecasts (2016-2017)

(¥: Million)

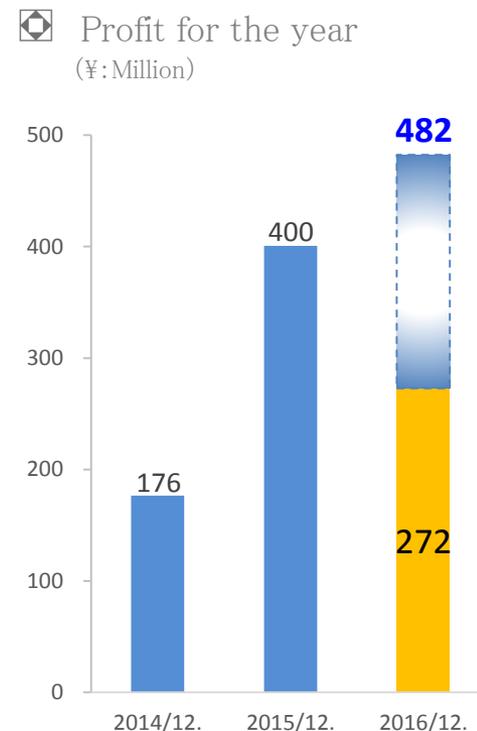
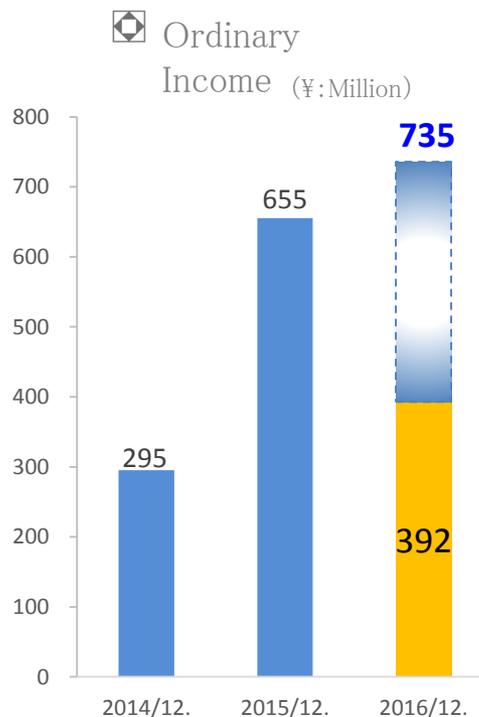
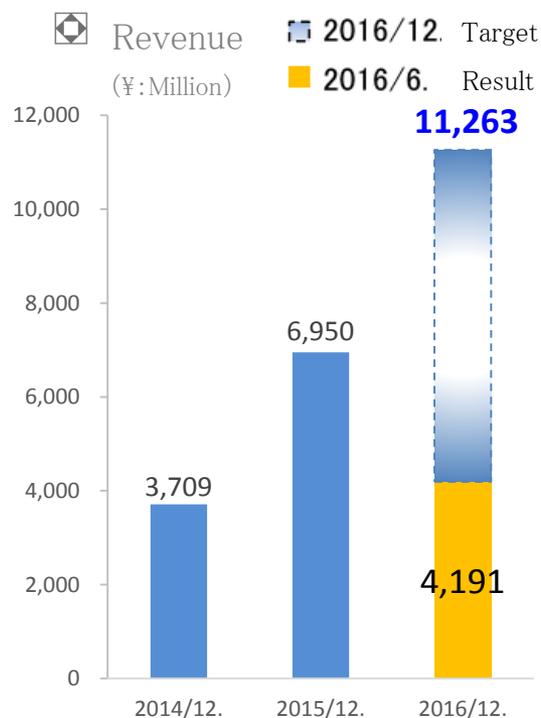
	Result of last year	Plan Period		
	FY Dec, 2015	FY ended Dec, 2016	FY ended Dec, 2017	Compare to FY 2015
Consolidated Revenue	6,950	11,263	12,354	77.7%
Consolidated Operating Profit	800	974	1,361	70.1%
Consolidated Ordinary Income	655	735	1,100	67.9%
Consolidated Net Profit for the year	400	482	714	78.3%

\*The earning forecast above is based on the company information as of the date of issue. The actual result for 2016 to 2017 may differ from the projection.

# I-2. Performance Highlights

... 2 Q FY Dec. 2016 ...

Current net profit : Results rose steadily to achieve this year's target



37.2% of the initial earnings forecasts  
Revenue 4,191 Million

53.4% of the initial earnings forecasts  
Ordinary Income 392 Million

56.6% of the initial earnings forecasts  
Net Profit 272 Million

\*Consolidated financial statement was created from 1Q of FY ending Dec.31.2015 The numbers for 2013 and 2014 were unconsolidated.

# I-4. Consolidated P&L Summary

... 2 Q FY Dec. 2016 ...

Our strength of professional network brought increased revenue and profit.  
M&A is expected to create more synergies and boost the group's growth!

Consolidated P&L Summary (¥ Million)

	2015/6.	2016/6.	Y o Y
<b>Revenue</b>	<b>3,234</b>	<b>4,227</b>	<b>30.7%</b>
①Investment business	2,955	3,577	21.1%
②Consulting business	49	195	291.0%
③Management business	229	454	98.1%
<b>Gross Profit</b>	<b>704</b>	<b>912</b>	<b>29.5%</b>
SG&A expenses	372	399	7.2%
<b>Operating Profit</b>	<b>332</b>	<b>513</b>	<b>54.4%</b>
①Investment business	426	340	△20.1%
②Consulting business	2	124	4489.7%
③Management business	109	246	125.8%
Other Expenses	△205	△198	△3.5%
<b>Ordinary profit</b>	<b>272</b>	<b>392</b>	<b>44.1%</b>
<b>Net profit for the period</b>	<b>172</b>	<b>272</b>	<b>57.8%</b>

### 1. Revenue

Sold a property to a Singaporean investor through Singapore subsidiary (internal transaction.) due to our group's synergy effect!

### 2. SG&A expenses

Reinforced hiring due to company's expansion caused more expenses, whereas we succeeded to minimize other cost by improving the operation efficiency.

### 3. Net profit for the year

57.8% up year on year

Aiming to achieve our target as well as spending for capital investment for future.

# I-5. Consolidate BS Summary

... 2 Q FY Dec. 2016 ...

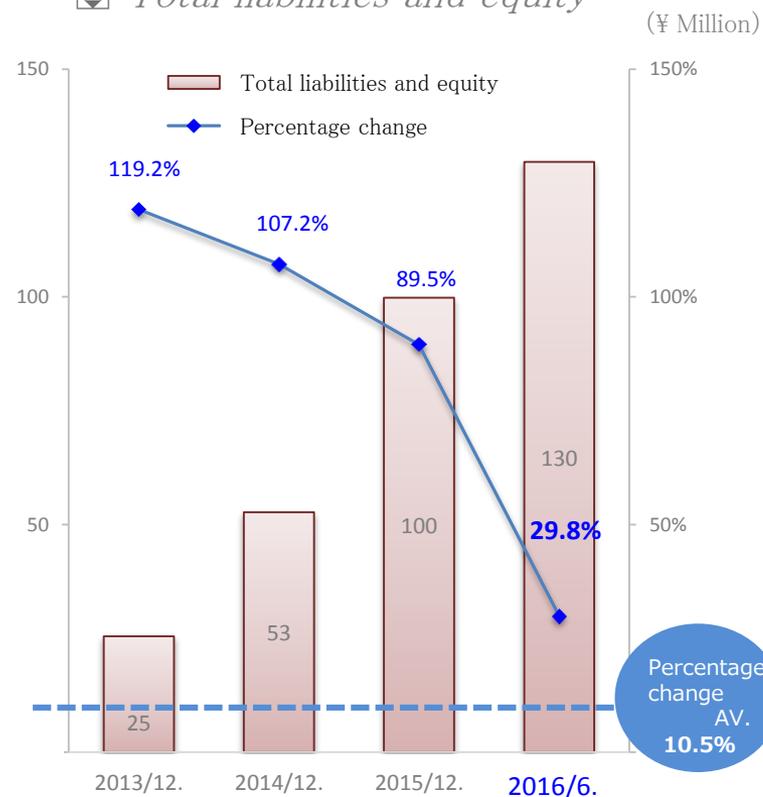
B-lot subsidiaries increased to 3 from the 2<sup>nd</sup> quarter.

Although asset liability ratio dropped, we are still above the industry average.

☒ Consolidated Balance Sheet Summary (¥ Million)

	2015/12.	2016/6.	Y o Y
Asset	9,984	12,962	29.8%
Current assets	8,343	10,466	25.4%
Fixed Assets	1,632	2,472	51.5%
Deferred Assets	9	23	157.0%
Liabilities	7,553	10,236	35.5%
Short term borrowings	1,836	4,604	150.7%
Long term borrowings	5,716	5,631	△1.5%
Net Assets	2,431	2,726	12.1%
Total liabilities and equity	9,984	12,962	29.8%

☒ Total liabilities and equity



※Life Stage Corporation: balance sheet alone is consolidated from 2<sup>nd</sup> Q.

※Competitor's average is calculated by B-lot based on 50 companies' public information.

## *II. Business Summary*



## II-1. Real Estate Investment and Development

... 2 Q FY Dec. 2016 ...

Segment revenue 21.1% increased on year

(¥: Million)

	2015/6.	2016/6.	Y o Y
Revenue	2,955	3,577	21.1% ↑
Segment Profit	426	340	△20.1%

Sold a property to J-REIT bridge fund for above 2 billion yen

Strictly Confidential

(Real Estate Fund)

Office building in Shibuya-ku

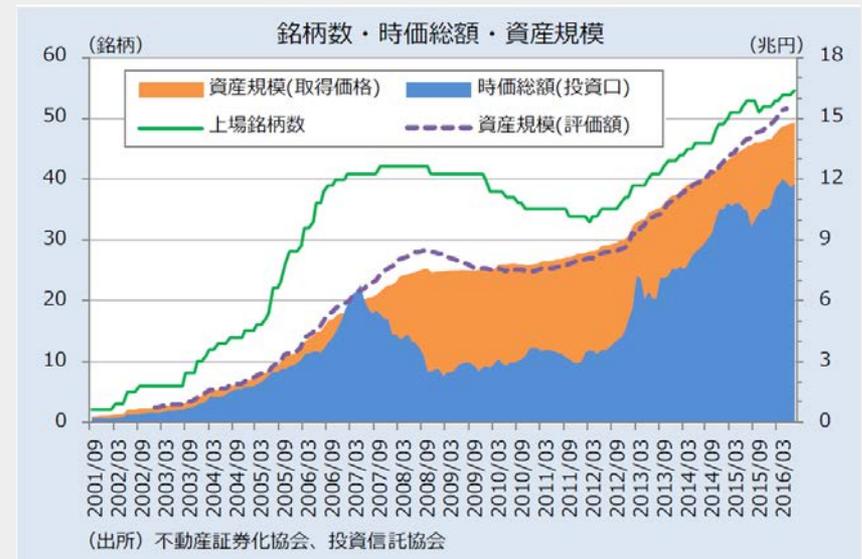
Started business with J-REIT

The market scale of J-REIT is now above 14 trillion yen. (as of March 2016)

B-Lot will meet the high standard of J-REIT in quality and size of properties to make more transaction with them.

Made stable number of deals in this period.  
Average price per sale broke the record!

	2015/6.	2016/6.	Y o Y
Number of deals	6	6	→
Average sold price	492million	600million	21.9%



# II-1. Real Estate Investment and Development

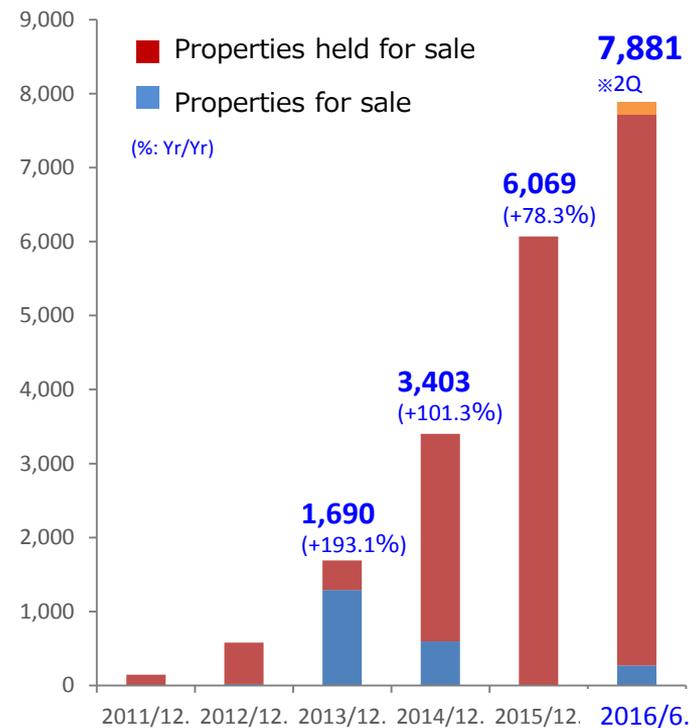
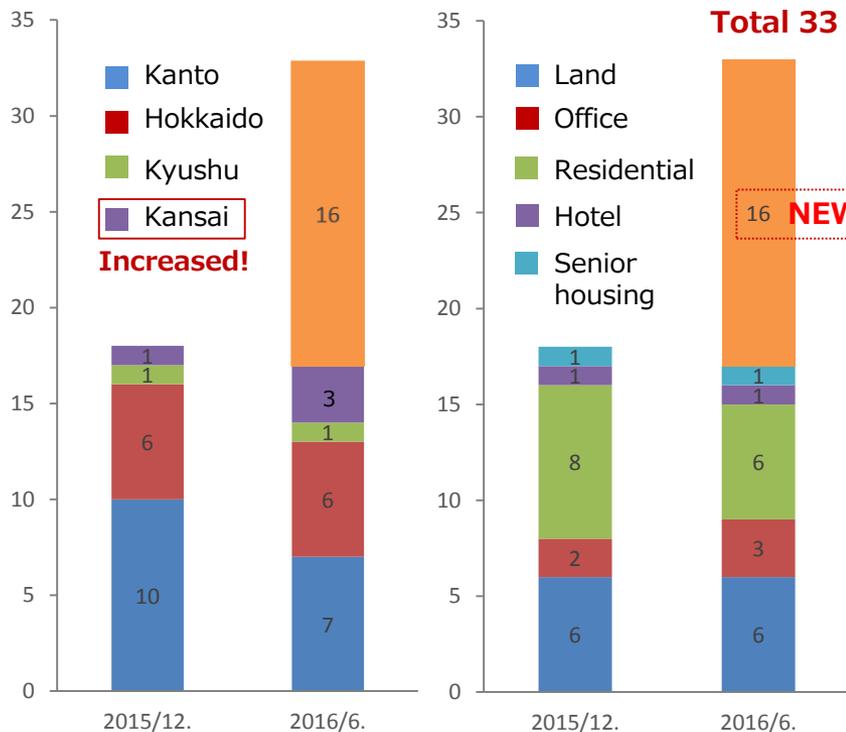
... 2Q FY Dec. 2016 ...

Newly acquired 3 in Kanto & 2 in Kansai  
More inventory in Life Stage.

Balance of properties for sale  
continued rising.

☒ Number of properties for sale

☒ Balance of properties for sale (¥ million)



Inventory of Life Stage Corporation

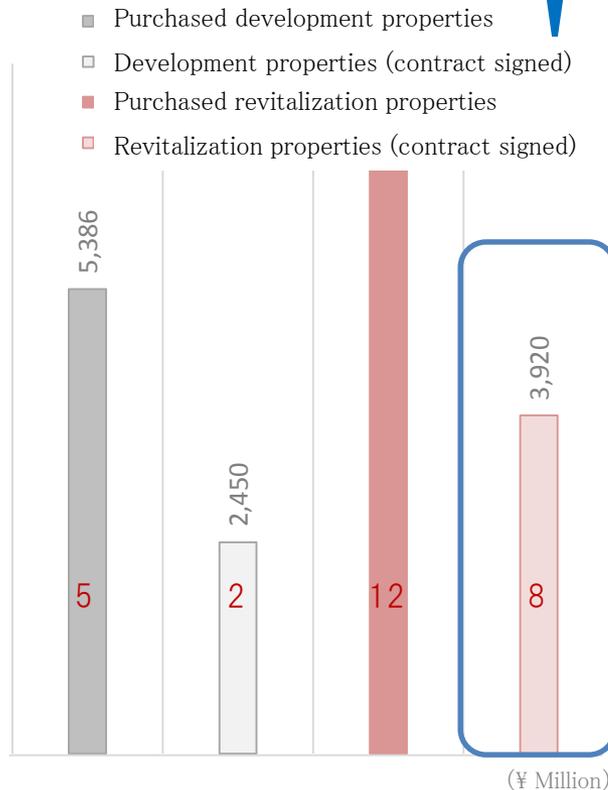
# II-1. Real Estate Investment and Development

... 2 Q FY Dec. 2016 ...

Strategies for purchase plan for 3<sup>rd</sup> & 4<sup>th</sup> Q  
by paying attention to the development and revitalization ratio.

## Focusing on the purchases for revitalization

◆ Targeted number and price of purchase properties



### 1. Current balance ...

**Balance of properties for sale  
17 properties and worth 10.5 billion yen.**

- I. Balance as of 2Q : 7.6 billion yen
- II. Construction cost for development projects: 3 billion yen (5 projects)

**Properties under revitalization generate rent income**

- I. NOI average 7%
- II. Developing projects will shift to income gain period after completion
- III. Proactively work to revitalize vacant old buildings
- IV. Rent income – belongs to Property Management Division

### 2. Future sales plan ...

**Average profit ratio from the current 17 properties are 17%**

- I. Total sales revenue : 12.4 billion yen
- II. Average profit ratio : 17%
- III. Timing to sell : sell accordingly in a medium term

### 3. Plan for purchase ...

**Focusing to purchase for revitalization for the later half of this year.**

Already signed to purchase 10 properties as of 8/12/2016  
(Shinagawa-ku 5, Shibuya-ku 1, Chuo-ku 1, Okinawa 3)

\*The above plan does not include the inventory of Life Stage Corporation

\*The above plan is based on the current numbers. It may change without prior notice.

## II-2. Real Estate Consulting

... 2 Q FY Dec. 2016 ...

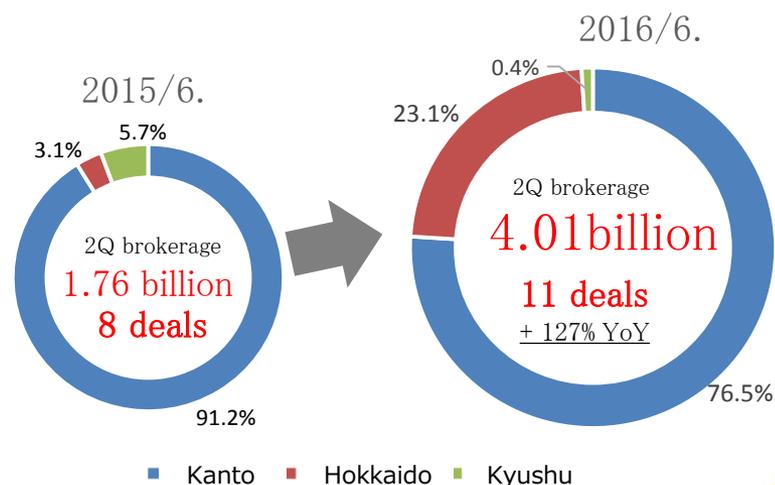
Segment profit increased significantly!

(¥: Million)

	2015/6.	2016/6.	Y o Y
Revenue	49	195	291.0%
Segment Profit	2	124	4,489.7%

Property sold price by our brokerage achieved over 4 billion yen in the half year.

### Breakdown of brokerage service



Provide advisory from long-term perspective

Exclusive assignment from repeat clients

Diversified Investment

Inheritance Consulting

Replacing Portfolio

Needs actualized by close dialogue → Deal!

Building close relationships with the wealthy in Singapore



- Developing new customers
- Closed a deal with the wealthy in Singapore before official release



## II-3. Real Estate Management

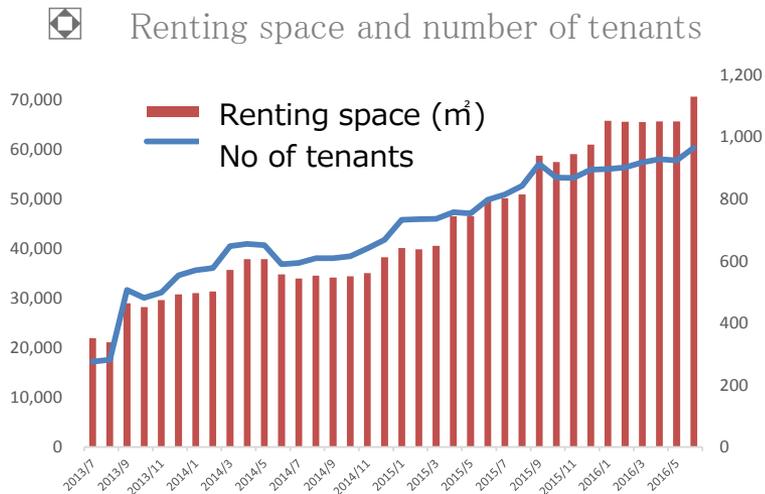
... 2 Q FY Dec. 2016 ...

Segment profit 125.8% up!

(¥: Million)

	2015/6.	2016/6.	Y o Y
Revenue	229	454	98.1%
Segment Profit	109	246	125.8%

Managing renting space 300% up in 3years



\* The above number includes properties for sale owned by B-lot.

PM Fee income is increasing



Due to the increase in number of managing properties from 39 to 45, PM fee income rose to 47%

Made a major contribution to increase the company's income stability.

Diversified client type,  
bigger size of managing properties

*Wealthy individual  
(repeat client)*

*REIT Bridge  
Fund*

*Wealthy individual  
in Singapore*



*Residential  
Building in Ota-ku*



*Office building  
in Shibuya-ku*



*Retail Building  
in Toshima-ku*

### *III. Progress of the Priority Measures*



## *III-1. Management Policies in 2016 = 5 Priority measures =*

---

### **1. Monetizing measures for inbound demand**

Build and realize measures for inbound demand that take advantage of the business opportunities arising from Japan's tourism-oriented nation strategy, such as hotel conversions, development solutions, and investment coordination for the wealthy from overseas.

### **2. Strengthening the external cooperative network**

From business partnerships with promising companies to achieve efficient and smooth area development and build new business models, and strengthen these partnerships.

### **3. Strengthening the financial base**

Prepare for market fluctuations and aim to diversify fund raising, including by shifting to long-term financing. Continue to acquire income properties toward securing stable earnings.

### **4. Training young and new graduate employees**

Alongside the increase in the number of business opportunities, recruit and train new graduates and young employees generation due to our business rapid growth.

### **5. Establishing a corporate governance system**

Strengthen the governance system, including by appointing independent directors familiar with management and the industry

## III-2. Progress in the Priority Measures

### 1. Monetizing inbound projects

Developing new customers all over Asia from Singapore office as a sales base



New hotels for inbound tourists under construction!

2015.1



FIRST CABIN

TOKYO TSUKIJI ※Sold to an overseas investor

2015.11



TOKYO SHINJUKU

2016.12 (Plan)



the kamui niseko

HOKKAIDO NISEKO

2017.2 (Plan)



nine hours | 総合

TOKYO SHINJUKU

2017.7 (Plan)



KYOTO GOJO

2017.10 (Plan) \*Operator to be determined

TOKYO SHINTOMI

# Close up!

## Innovative Real Estate Development “Inbound” Project



## III-2. Progress in the Priority Measures

### 1. Monetizing inbound projects

#### Market Expansion

Closed a sales deal with an overseas investor. B-lot's one-stop service satisfied wealthy individuals in Singapore!

### Global sales scheme established by our consultation skill



#### 1. Subsidiary in Singapore (B-Lot Singapore Pte. Ltd.)

- Holding real estate agency license (most Japanese subsidiaries don't)
- Quick decision making process
- Specialized in mid-size income properties



Approximately **7 Hours flight** between Japan and Singapore

#### 2. Total service system in Japan (Sales, Rental, AM, PM)

- Providing closed information
- Meticulous viewing tour by English speaker
- Covering all over Japan
- Extensive after-sales service



#### Coordination Service for investing in Japan

B-lot offers coordination services of real estate investment in Japan for high net worth individuals overseas.

#### 3. Real estate products which meets client needs

Total arrangement for purchase

Providing macro economic information

Real estate service by B-lot

Proposal for financing solution

Introduce reliable network

Lawyers, Judicial scriveners

Accountants, Tax accountants

Real estate appraisers



#### **Child care center**

*Toshima-ku, Tokyo  
(Retail Condominium)*

- Long term tenant
- 1minute from station
- Contributing society needs

## III-2. Progress in the Priority Measures

### 1. Monetizing inbound projects

#### Development

#### Nine hours Kita Shinjuku



Design Image

**9h**  
nine hours | 総合

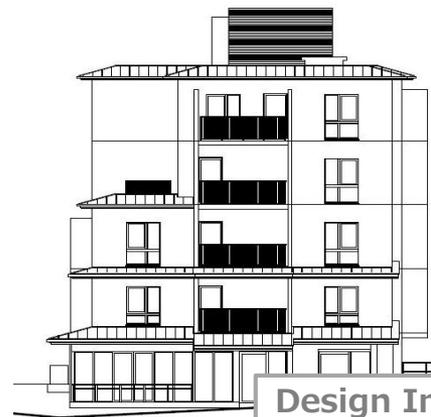


Photo by Nakasa and partners

Location	Hyakunin-cho, Shinjuku-ku, Tokyo
Developer	B-Lot Co.Ltd
Designer	Gendai Kenchiku kenkyujo
Land size	363.64m <sup>2</sup>
Total floor space	1770.65m <sup>2</sup>
Number of Bed	206 beds
Construction type	8 -story SRC building
Completion date	February, 2017 (Plan )

#### Development

#### Kyoto Kiyomizu Gojo Hostel



Design Image

*Keihan 「Kiyomizu  
Gojo」 8 mins by walk.  
Near Kiyomizu temple*



清水寺イメージ図

Location	Gojo, Higashiyma-ku, Kyoto
Developer	B-Lot Co.Ltd
Designer	Coplus Co.ltd
Land size	329.55m <sup>2</sup>
Total floor space	810.00m <sup>2</sup>
Number of rooms	27 rooms / 114beds
Construction type	5-story (with basement)SRC
Completion date	July, 2017 (Plan)

## III-2. Progress in the Priority Measures

### 1. Monetizing inbound projects

#### Development

#### Developing hotel condominium in Niseko, Hokkaido for high net worth individuals overseas!



Design Image



Photo taken in the end of May 2016

Address	Niseko-cho, Abuta-gun, Hokkaido
Developer	B-Lot Co .Ltd
Designer	Matsunaga Architectural farm
Land size	3416.54m <sup>2</sup>
Total floor space	1479.05m <sup>2</sup>
Number of Unit	7 units + Restaurant Space
Constriction	2-story (with basement) SRC building
Completion	December, 2016

#### *Continuously growing as a world-class resort*

May 2016	The Green Leaf Niseko Village (by YTL Hotels) started full-year operation.
December 2016	Hokkaido Niseko Village (by YTL Hotels) will develop new ski area with gondola lifts.
December 2019 (Plan)	Park Hyatt will be open. Residential units will also be available for purchase.
2020 (Plan)	Ritz-Carlton Reserve to Open in Niseko Village.

※Plan might be changed without any notice

## III-2. Progress in the Priority Measures

### 1. Monetizing inbound project

【April 2016, the very first M&A】 Sales contribution expected in the next fiscal year

#### Synergy Effect



1. Started affiliated loan sales of major banks
2. Started recruiting as a member of listed company
3. Potential growth by popularity as a listed company
4. Entering into brokerage service for investment property by obtaining knowledge from B-lot



(left) President of Life Stage Corporation, Mr. Otsuka

#### Synergy Effect



1. Incorporated 70+ experienced sales person
2. Incorporated a management team which experienced preparation for IPO
3. Expanding network to developers, etc.
4. Opening new Osaka office

### B-lot group has total 130+ employees

Company Profile of Life Stage Corporation		Similarities and Differences		
Established	December 1, 1991	Life Stage Corporation	Company Name	B-lot Co Ltd
Capital	JPY 50,000,000	1991	Established	2008
Business	Sales agency of condominiums	94	Number of Employee	35
Sales Revenue	1,501 million JPY (2015 June.)	8 years	Average length of service	2 years
Ordinary Income	69 million JPY (2015 June.)	Unit sales	Main business	Property investment
		Kansai area	Main Serving area	Kanto area (Greater Tokyo)
		Stable business model as sales agency	Strength	Innovative revitalization and development

## III-2. Progress in the Priority Measures

### 3. Strengthening financial base

#### Issuance of Corporate Bond

#### Financing for M&A 【The second corporate bond】

To expand business area as a group and to enhance the corporate value, B-Lot issued the second corporate bonds in April 2016.

•Total Amount : 7.5 billion yen •Underwriter : SMBC

#### Operating fund 【The third corporate bond】

For expanding new business in Hokkaido,

B-Lot issued the third corporate bonds in August, 2016.

•Total Amount : 3 billion yen •Underwriter : Hokkaido Bank

**Aiming for operational efficiency of funds**

### 4. Cultivating young human resources



#### Recruitment

#### April 2016, the first new graduates joined B-lot

- On-the-job training system
- Study groups hosted by experts
- Professional seminars by SMBC

**Milestone towards company expansion**

### 5. Establishing corporate governance

#### Independent outside Director

#### Takashi Osaka

##### Biography

1982 Joined Japan Recruit Center (current name: Recruit Holding Co., Ltd)

2000 Became a board of director of XYMAX Corporation which established from Recruit Holdings through managing buyout

2014 Became a Vice chairman of XYMAX Corporation (Concurrent post)

2016 Joined B-Lot Co., Ltd as an independent outside director

**Independent outside director  
who has deep knowledge of the industry**

#### Announcement of new executive officer

#### B-Lot Asset Management Managing director

#### Fumitoshi Onoma

##### Biography

1990 Joined Nissho Iwai(current name: Sojiz Corporation)

2003 Joined Minerva Collection Agency Inc.

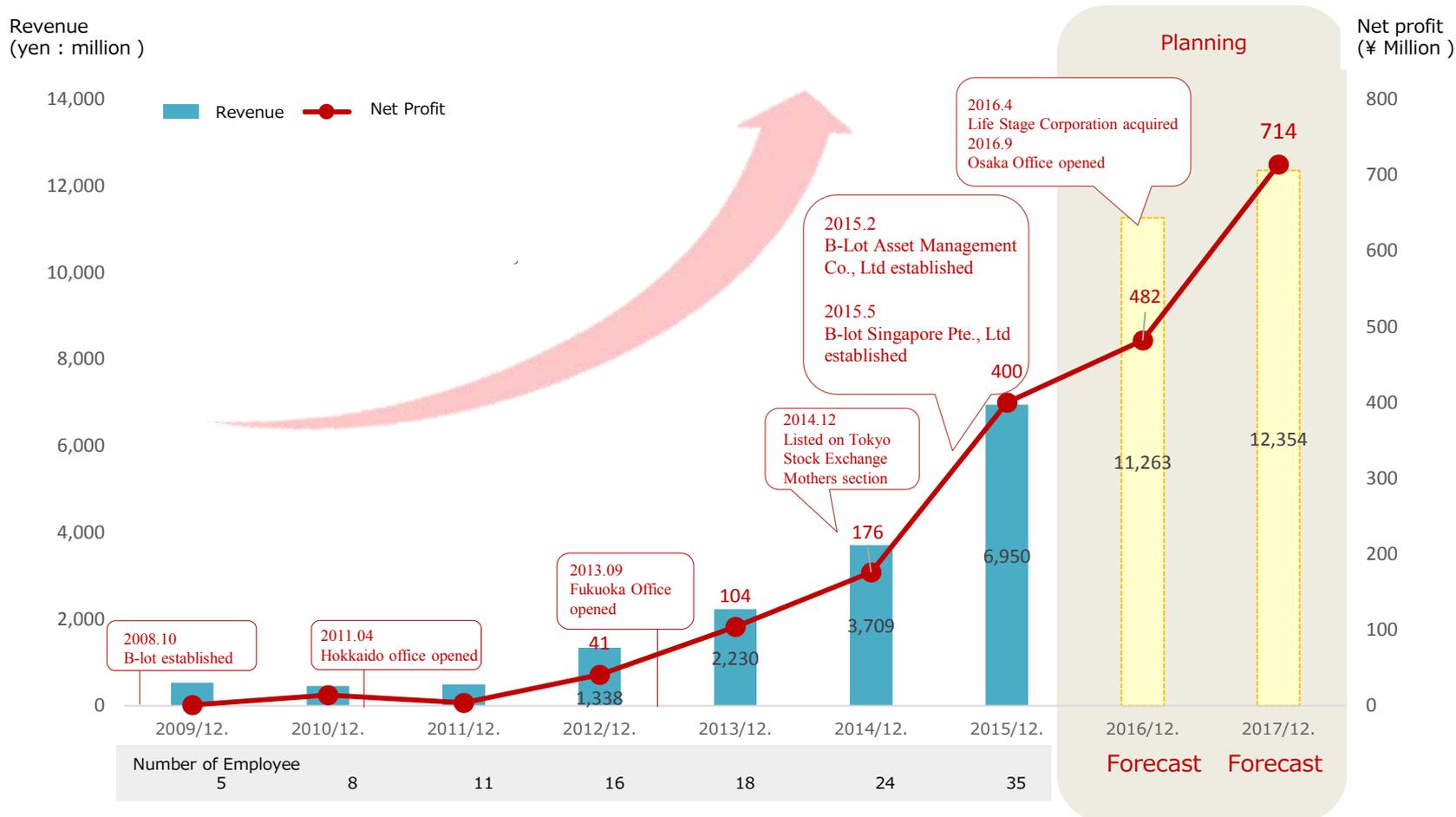
2006 Became CEO of Minerva Collection Agency Inc.

2010 Joined Daiki Sound Co., Ltd.(current name: Red planet Japan Inc.) as CEO

2016 Joined B-Lot group as an executive officer and President of B-Lot Asset Management

**Incorporate executive officer  
who had managed a listed company**

### III-3. Full year earnings forecast • Medium term management plan



#### 【Market topics】

- 2008.09: Global Financial Crisis
- 2011.03: The Great East Japan Earthquake
- 2012.12: The Second Abe Cabinet Started
- 2013.09: Tokyo was selected as host city for 2020 Olympic
- 2014.04: Consumption Tax raised
- 2014.10: Additional monetary easing by Bank of Japan

## *IV. Company Profile*



## IV-1. Company Profile =as of June 30, 2016=

Company Name	<b>B-Lot Company Limited</b>
Head Office	2-19-10, Shimbashi, Minato-ku, Tokyo, 105-0041 Japan
Establishment	October 10, 2008
Capital	JPY 943,672,368
President	Makoto Miyauchi
Number of Employee	36 employees (133 as Consolidated)
Listed Date	December 11, 2014 (Japan Stock Exchange Mothers Section Ticker code:3452)
Offices and Subsidiaries	Hokkaido, Fukuoka, Osaka B-Lot Asset Management Co., Ltd (100% Subsidiary) B-Lot Singapore Pte., Ltd. (100% Subsidiary) Life Stage Corporation (100% Subsidiary)
Licenses	Building Transaction License, Registered Financial Instrument Business (Type 2 Financial Instrument Business, Advisor and Agency)



## IV-2. Board of Directors

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### **Makoto Miyauchi Representative Director and President** (Born in February 1969)

Acquired BA in Political Science at Keio University, Tokyo and MBA at University of Washington, Seattle.

A former banker (at Sanwa Bank - currently MUFG) with expertise in project financing, property loans, and securitization.

Established B-Lot to start new real estate and financial businesses in 2008.

A well-known, influential business executive in Japan.



### **Shinichi Hasegawa Director and Deputy President** (Born in July 1972)

Acquired BA in Commercial Science at Sapporo Gakuin University.

Has been responsible mainly for purchase and sales real estate brokerage business .

Made tremendous contribution for Sun Frontier Fudousan Co., Ltd.(TSE first section 8934) to be listed in the JASDAQ Stock Exchange in 5 years and in the Tokyo Stock Exchange in 8 years since its incorporation. Assumed the Deputy President of B-Lot in 2008.

Set up new branches in Singapore & Hokkaido by himself and creates new investment networks.



### **Masahiro Mochizuki Director and Deputy President** (Born in October 1972)

Acquired BA in Real Estate at Meikai University.

Established a new business field in real estate value-up called “Re-planning” in 2001, responsible for purchasing, improving value, selling, and securitizing properties.

Specialized in ‘revitalization and conversion business on real estate’.

Has dealt more than 150 transactions, becoming a most recognized authority in the field of real estate value-up. Held a number of seminars mainly about revitalization.

## IV-3. Management Policies

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### Mission

We at B-Lot shall contribute to society by creating businesses that provide value to society in the fields of real estate and finance. In these activities, while following social norms, we shall pursue profit and realize long-term sustainable growth for all stakeholders as a “company needed by society.”

### Core Values

#### **Be professional**

We shall always make decisions rapidly with sound judgment based on insight and expert knowledge. To ensure this professionalism, we shall give ample attention to gaining expert knowledge, collecting market information, and devoting ourselves to the study of our field.

#### **Enjoy**

We shall make the uninteresting fascinating. We shall genuinely enjoy work and proactively conduct business with creativity and flexibility. To ensure this spirit of enjoyment, every member of the B-Lot shall place emphasis on partnership and teamwork in our relationships with each other and with everyone else.

### Vision

#### **Beat our brains**

“Think hard” and “utilize our experience”

Our resolution is “to think hard and utilize our experience to bring joy to customers and contribute to the betterment of society.”

Beat our brains!



B-lot

The logo is a symbol of our foundation. The red symbolizes “passion and a fighting spirit,” the yellow symbolizes “brightness and a smile,” the blue symbolizes “sincerity and a spirit of fairness,” and the green symbolizes “total harmonization and originality.” The rounded corners of the squares express flexibility and balance and the way they interlink with each other expresses the person-to-person bonds that make up the partnerships and teamwork that the B-Lot cherishes more than anything.

## IV-4. Business Outline

Our businesses are grouped into three main segments.



We have built intensive relationships with high-quality investors.

=Business Area=

Expanding Business Area to all over Japan,  
especially focusing on Kansai Area



\*The buildings above include invested properties, managed properties and rental buildings as of February 10, 2016

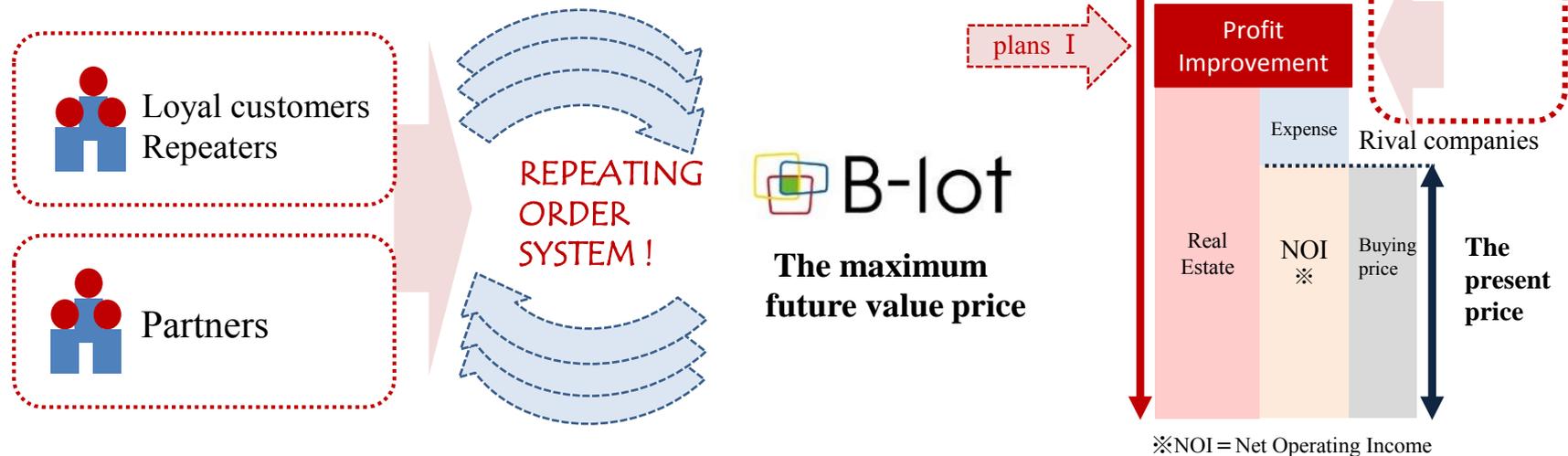
## IV-5. Our Strengths

We have various 'revitalization plans' in many property types.

- ① Search for and find undervalued properties
- ② Provide the 'maximum value plan'
- ③ Fulfill its process as planned

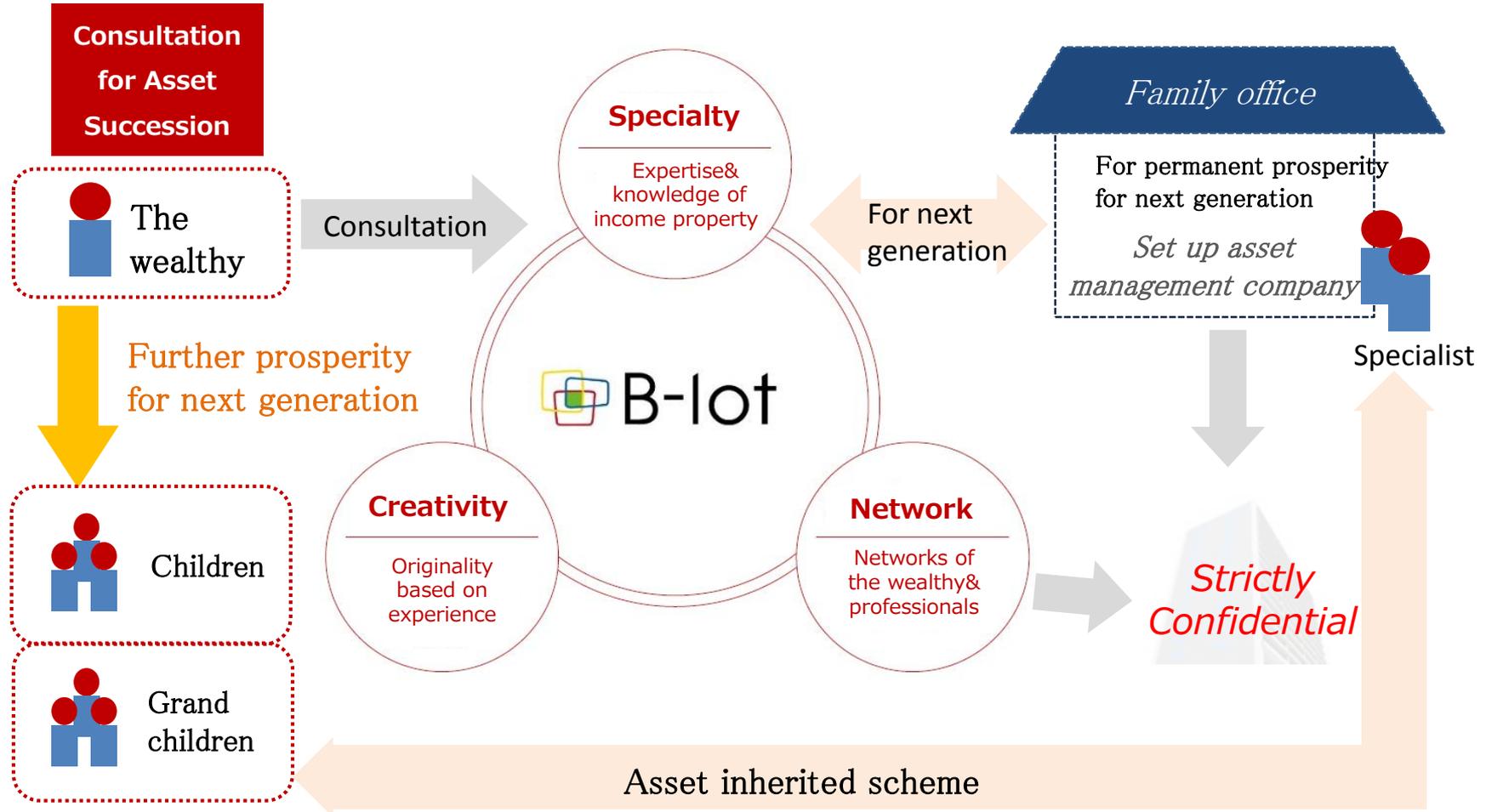
### Note!

We are able to buy properties at higher prices because of our more various and sophisticated revitalization plans.



## IV-7. Our strengths

We provide multiple solutions to succeed assets to next generation



## IV-8. Group Company =Overseas=

*B-Lot Singapore Pte. Ltd. has obtained CEA Agent License from Council for Estate Agencies in Singapore. We are operating direct sales office for high net worth individuals in South East Asia.*

**We have established our first overseas subsidiary in Singapore.**

<b>Company Name</b>	<b>B-Lot Singapore Pte. Ltd. CEA Agency License No.: L3010694F</b>
---------------------	--

<b>President</b>	<b>Shinichi Hasegawa</b>
------------------	--------------------------

<b>CEA Agency License No.</b>	<b>L3010694F</b>
-------------------------------	------------------

<b>Capital</b>	<b>S\$430,000</b>
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<b>Establishment</b>	<b>May 15, 2015</b>
----------------------	---------------------

<b>Shareholder</b>	<b>100% owned by B-Lot Co., Ltd.</b>
--------------------	--------------------------------------

<b>URL</b>	<b><a href="http://sg.b-lot.co.jp/">http://sg.b-lot.co.jp/</a></b>
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We are building relationships with high net worth investors in Asia who are becoming more active to invest in Japanese properties.

## IV-9. Group Company =Asset Management=

*Financing and Real Estate : We are enable to provide comprehensive consulting*  
*Origination of real estate private fund and co-investment with overseas investors are ongoing*

**Now B-lot is able to originate real estate fund and  
give advisory service for investors.**



**Company Name** B-Lot Asset Management Co., Ltd.

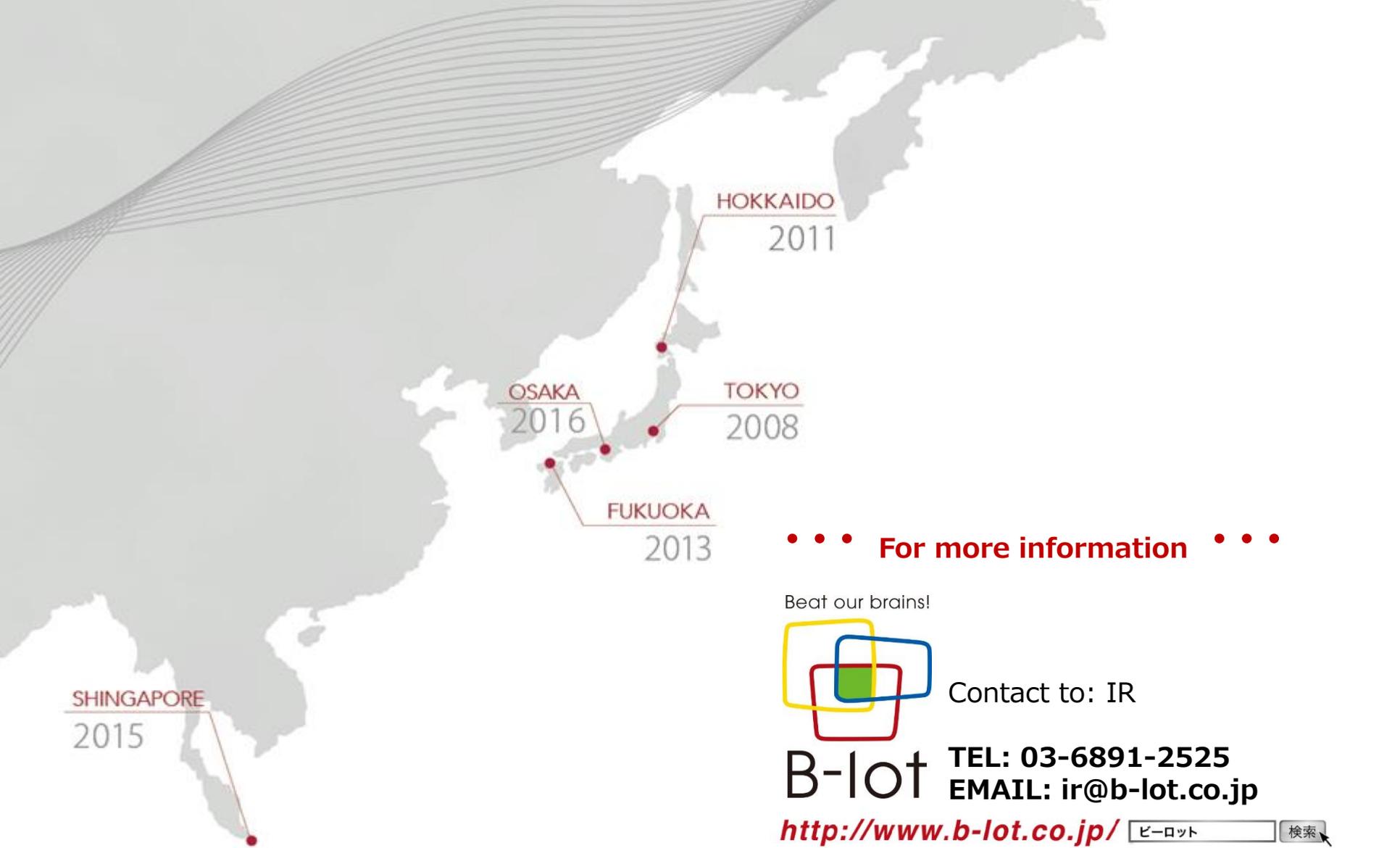
**President** Fumitoshi Onoma

**Capital** JPY20,000,000

**Establishment** February 20, 2015

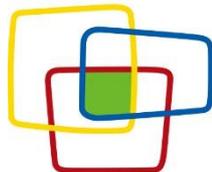
**Shareholder** 100% owned by B-Lot Co., Ltd.

**URL** <http://bam.b-lot.co.jp/>



• • • **For more information** • • •

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