

**For the Fiscal Year Ended March 31, 2017**

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**Annual Select<sup>®</sup> 2017**

# Nippon Commercial Development Co., Ltd.

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**4-1-1, Imabashi, Chuo Ward, Osaka City**

**(Securities Code: 3252)**

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Buy land → Lease land → Sell leased land.

This is the business model of Nippon Commercial Development Co., Ltd.'s "JINUSHI (landowner) Business."

The core of Nippon Commercial Development Co., Ltd.'s (hereinafter the "Company") businesses is the JINUSHI Business, which is a completely new business model for real estate investment that exclusively targets land.

At my previous job, I was involved in traditional real estate investment, which included attracting tenants to a piece of land, constructing a specialized building for them and leasing it to them. With this method, in the unlikely event that the tenant goes bankrupt, the specialized building becomes a bottleneck that makes it necessary to significantly lower rent and/or make additional investments to improve

the building once a new tenant is found. As a countermeasure to avoid these kinds of risks, I came up with the JINUSHI Business, a real estate investment method in which only land is rented, through a fixed-term land lease agreement, and the tenant is left to construct its own building. I am certain that risks are minimized with this real estate investment method because long-term stable profit can be expected, no additional investment is required, and investment can be made with confidence.

From the establishment of its first property in 2004 to today, the Company has been involved in a total of approx. 80 properties valued at over ¥100 billion under the JINUSHI Business. Currently the Company owns approx. 20 properties valued at around ¥30 billion. Up to now, the Company has had zero complaints from buyers or trouble with tenants in relation to JINUSHI Business properties. I believe that these facts make it clear that the JINUSHI business model is secure and beneficial to buyers, tenants, and the Company.



## I. Summary of Selected Financial Data (Consolidated)

	13 <sup>th</sup> term Fiscal year ended March 31, 2013	14 <sup>th</sup> term Fiscal year ended March 31, 2014	15 <sup>th</sup> term Fiscal year ended March 31, 2015	16 <sup>th</sup> term Fiscal year ended March 31, 2016	17 <sup>th</sup> term Fiscal year ended March 31, 2017
Net sales (Thousands of yen)	6,572,586	10,828,795	16,252,341	17,378,474	26,614,078
Ordinary profit (Thousands of yen)	462,230	973,302	2,987,232	5,626,256	5,181,191
Profit attributable to owners of parent (Thousands of yen)	317,920	666,706	1,863,804	3,605,646	6,437,323
Comprehensive income (Thousands of yen)	315,808	680,029	1,886,351	3,536,333	6,620,605
Net assets (Thousands of yen)	1,518,832	2,232,272	8,510,620	11,700,670	19,878,418
Total assets (Thousands of yen)	6,705,844	20,489,188	24,104,169	38,690,561	56,792,641
Net assets per share (Yen)	109.96	152.43	496.43	665.31	979.32
Basic earnings per share (Yen)	23.86	48.05	125.91	209.09	366.84
Diluted earnings per share (Yen)	–	42.10	106.33	203.09	359.93
Equity-to-asset ratio (%)	21.9	10.6	34.9	30.1	30.8
Rate of return on equity (ROE) (%)	23.9	36.7	35.3	36.0	44.2
Price-earnings ratio (PER) (Times)	8.56	15.98	15.01	10.81	4.96
Net cash provided by (used in) operating activities (Thousands of yen)	(2,144,591)	(11,898,330)	6,608,107	(5,615,702)	(2,908,136)
Net cash provided by (used in) investing activities (Thousands of yen)	(13,751)	(87,978)	(328,787)	(2,316,423)	1,136,940
Net cash provided by financing activities (Thousands of yen)	2,954,532	12,655,238	1,088,423	9,584,863	3,394,811
Cash and cash equivalents at end of period (Thousands of yen)	2,278,631	2,947,560	10,315,304	11,968,041	13,574,693
Number of employees	20	21	22	27	69
[Separately, average number of temporary workers] (Persons)	[–]	[–]	[–]	[–]	[61]

- Notes:
1. “Net sales” does not include consumption taxes.
  2. “Diluted earnings per share” is not provided for the 13<sup>th</sup> term since there are no potential shares.
  3. The Company implemented a 1:100 stock split on April 1, 2013, based on a resolution at a meeting of the Board of Directors held on March 1, 2013; a 1:4 stock split on July 1, 2013, based on a resolution at a meeting of the Board of Directors held on May 20, 2013; and a 1:3 stock split on September 1, 2014, based on a resolution at a meeting of the Board of Directors held on August 11, 2014. “Total net assets per share,” “basic earnings per share” and “diluted earnings per share” have been calculated as if these stock splits were conducted at the beginning of the 13<sup>th</sup> term.

## II. The unique strength of the JINUSHI Business — Simultaneously providing stable business for the Company and stability and confidence for buyers

One important component of the JINUSHI Business scheme is the Company’s unique know-how, which is not limited to business involving ordinary leased land (land that is completely owned and has leasing rights).

First, the Company’s process for buying land includes investment criteria unique to the Company as it is a “real estate connoisseur.” This includes four criteria:

- (1) The land is in Japan.
- (2) The land is in one of the three major metropolitan areas, or in a major urban area with a population of 200,000 or more, or in the area surrounding said urban area.
- (3) The land can be lent to a new tenant if the previous tenant leaves.
- (4) The land can easily be used for residences in the event that the tenant does not use the land.

Furthermore, in the majority of cases, the Company purchases land after confirming that the tenant it is attracting intends to open a store. In doing so, the Company acquires land with a higher certainty of successful business. The Company is able to obtain information on good properties from financial institutions and real-estate agents due to the trust it has gained over the years. However, after receiving recognition for its track record, the Company is increasingly receiving requests directly from tenants interested in opening stores to buy properties proposed by those tenants.

■ **The JINUSHI Business Scheme**

<b>Buy</b>	<b>Lease</b>	<b>Sell</b>
<u>Acquire superior land for business use by utilizing the Company’s unique perspective as a “real estate connoisseur.”</u>	<u>Lease land to tenants with fixed-term land lease rights. The tenant constructs a building.</u>	<u>Sell land to fund management companies and REITs as a product that has secure yields because it includes a tenant.</u>
<b>Key points</b> <ul style="list-style-type: none"> <li>○ Specialize in areas near residential land in the Tokyo metropolitan area and suburbs of major cities.</li> <li>○ Purchase land after concluding a business use leasehold land reservation agreement with the tenant, who is the lessee.</li> </ul>	<b>Key points</b> <ul style="list-style-type: none"> <li>○ Attract highly trustworthy and desirable tenants.</li> <li>○ Eliminate risks associated with owning buildings by leaving the construction and operation of buildings to the tenant.</li> </ul>	<b>Key points</b> <ul style="list-style-type: none"> <li>○ Effectively recover investment funds by selling the property mainly to fund management companies and REITs as a real estate investment product.</li> <li>○ Avoid retention risks for capital accompanying long-term ownership of land.</li> </ul>

■ **Benefits for the Company, the tenant, and the buyer — a “win-win-win” situation**

<b>Benefits for the Company</b>	<b>Benefits for the tenant</b>	<b>Benefits for the buyer</b>
<ul style="list-style-type: none"> <li>○ A smaller investment amount is necessary because only land is purchased.</li> <li>○ A stable rent can be secured in the event that the property is not sold promptly.</li> <li>○ Stable buyers can be secured and properties can be sold at fair prices by forming JINUSHI REIT (a private placement REIT established by the Group).</li> </ul>	<ul style="list-style-type: none"> <li>○ The tenant can design and build a specialized building without restrictions because the building is built, owned, and operated by the tenant.</li> <li>○ The tenant can streamline balance sheets and focus investment on its core business because it doesn't own land, which is a fixed asset.</li> <li>○ Chain stores, etc., can easily procure funds, particularly when strengthening efforts to aggressively open stores.</li> </ul>	<ul style="list-style-type: none"> <li>○ The buyer does not need to make additional investments such as maintenance, repair, and renovations because the building is the responsibility of the tenant.</li> <li>○ The buyer can expect long-term stable profit as a result of the fixed-term land lease agreement with the tenant.</li> <li>○ Asset value is unlikely to decrease because the site is returned to its original state when the lease ends.</li> </ul>

Second, concerning process for leasing land, demand has been steadily increasing from corporations that want to streamline their balance sheets by not owning land, which is a fixed asset, and from corporations that want to accelerate opening stores. As a result, the Company's tenants up to now were primarily commercial retailers such as supermarkets, hardware stores, and drug stores. In recent years, the Company has expanded its scope of investment, which includes selecting tenants that are very dependable and likely to have ongoing operations such as schools, hospitals and factories.

Last is the process for selling land. When this business was first started, the Company primarily sold property to general investors. In recent years, as the reliability and low risk of this business model has gradually received recognition, the range of buyers has spread to include pension funds, private placement funds, and J-REITs. The Company's properties are gaining popularity as an investment product that meets the demand of investors who want long-term stable profit and aren't seeking high-risk high-return investments. Also, after the determination that the Group companies would establish a private placement REIT (JINUSHI REIT), which had been a concept since the start of the Company, it became possible to secure buyers in an even more stable manner. JINUSHI REIT is expected to grow in the future as it has received high praise as a superior financial instrument from institutional investors.

In this way, the business model for the JINUSHI Business has gradually come to be recognized as a secure and reliable scheme. As such, the Company secured a large line of credit to take on large projects that involve the participation of various financial institutions. This enabled the Company to obtain financing in a flexible and stable manner. Staunch risk hedging is also carried out as protection against unforeseen circumstances. This includes lengthening borrowing periods to a range with a minimum of ten years and a maximum of 30 years, and abolishing covenants such as financial restriction clauses.

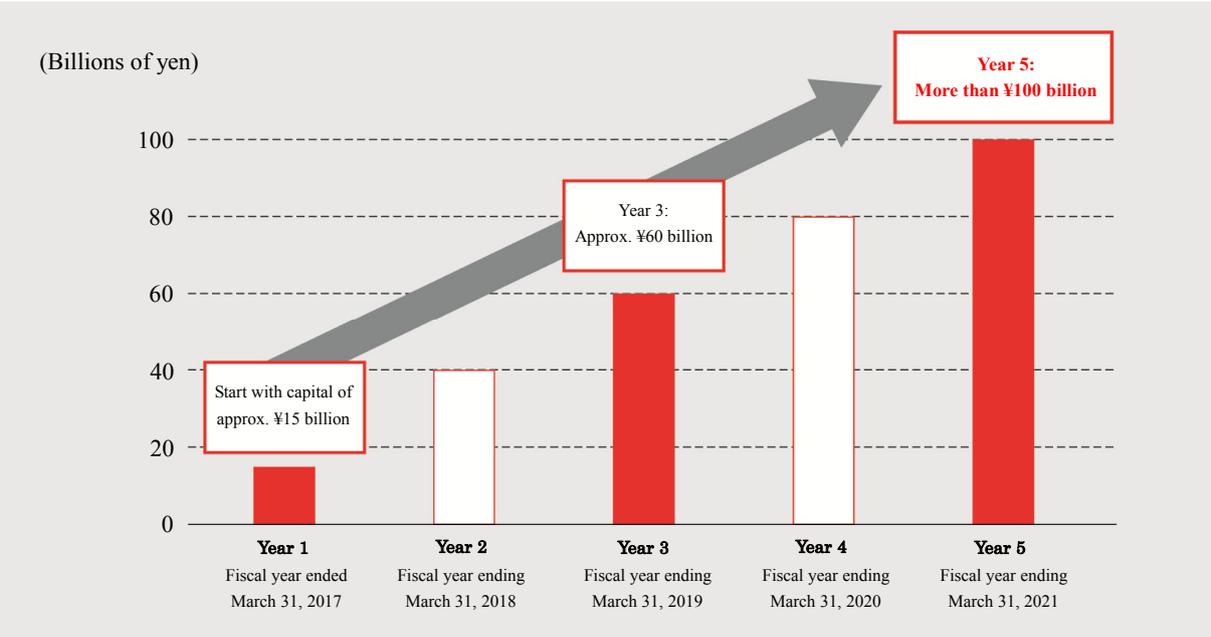
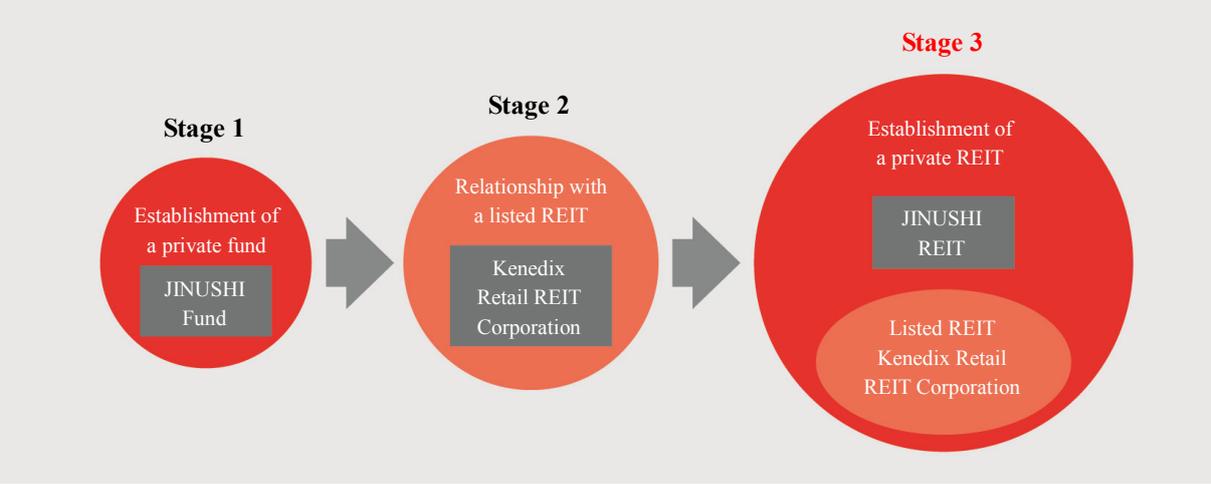
### III. Began operation of JINUSHI REIT to reach the next growth stage!

Through the establishment and start of operations of JINUSHI REIT, the structure of the JINUSHI Business now incorporates the entire process from purchasing land to selling it.

Priority negotiation rights for property sales first go to JINUSHI REIT and second go to Kenedix Retail REIT Corporation, a listed REIT.

When JINUSHI REIT first began operations, the operating funds procured greatly surpassed the amount that had been solicited, allowing for its smooth launch.

In the fiscal year ending March 31, 2018, the Company plans to increase capital by around ¥25 billion. Utilizing the support provided by the Company as a sponsor, the Company is aiming to grow JINUSHI REIT to a scale of ¥100 billion or more by 2021.



### IV. In regard to global expansion

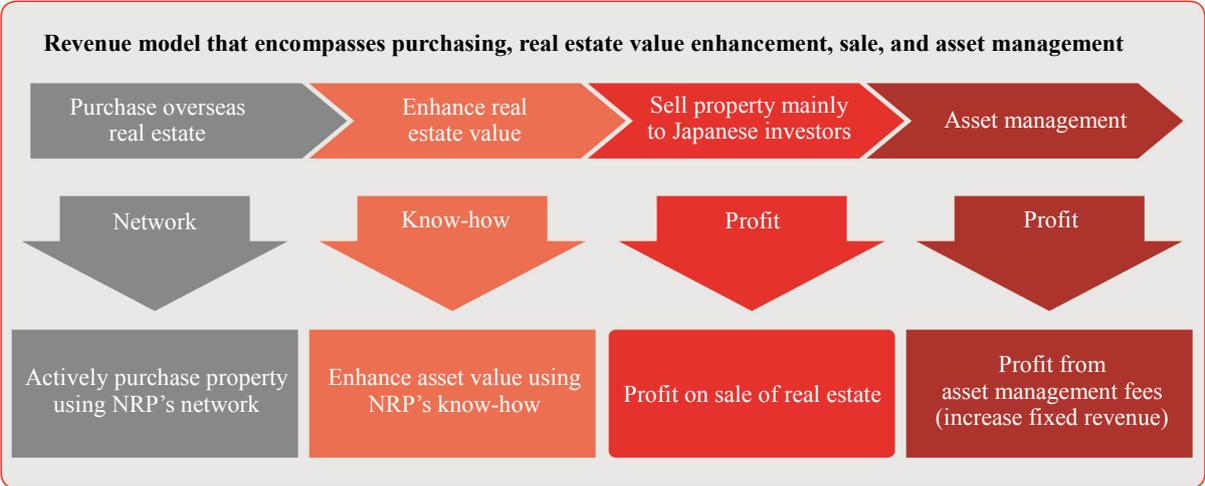
The Company acquired a stake in New Real Property Corporation (hereinafter “NRP”) in November 2015. NRP develops real estate businesses in Japan and overseas (New York and Sydney) and Private Finance Initiatives (PFI) such as overseas tunnel operations, as well as amusement businesses such as operating golf courses. In May of last year, NRP became a consolidated subsidiary. Through NRP, the Company newly purchased a real estate property in Manhattan, New York, during this fiscal year.

There are very few Japanese corporations that can provide a seamless array of services related to overseas real estate in places such as New York and Sydney. To allow Japanese investors and foreign investors from the United States and other nations to invest with confidence, NRP supports operational management by assigning local staff. I personally evaluate purchased properties and three Directors are dispatched from the Company to NRP. The Company has made concerted efforts to promote cooperation between administrative departments with the aim of getting local staff to acquire the Company’s philosophy as second nature. By doing so, trustworthy real estate investment that only the Company can provide has become a reality for overseas investment as well.

Going forward, the Company will increase revenue by more actively selling properties and improve efforts to purchase superior properties. As a first step, the Company is establishing a track record of achievements in the real estate investment business and building a foundation on which to develop the JINUSHI Business overseas.

Currently, the value of the real estate held by NRP is around ¥4 billion. Within that amount, the asset balance for 15 properties in Manhattan is around ¥2 billion, and the asset balance for five properties in Sydney is around ¥750 million. NRP also holds properties in Japan, in 380 areas in Yamaguchi Prefecture, Wakayama Prefecture, Fukui Prefecture, Niigata Prefecture, and Miyagi Prefecture, and has been generating revenue by gradually selling these properties. NRP plans to further increase profits by investing in superior properties in Japan and overseas using the funds gained from these sales as capital.

● **Revenue model for overseas real estate**



## V. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	12,062,588	13,794,754
Operating accounts receivable	4,799	77,448
Real estate for sale	22,610,077	31,639,283
Advance payments - trade	377,573	235,000
Prepaid expenses	159,513	131,749
Deferred tax assets	193,072	82,371
Other	31,481	61,412
Total current assets	35,439,106	46,022,019
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	83,604	150,838
Tools, furniture and fixtures, net	21,032	25,838
Land	3,758	3,758
Leased assets, net	26,903	50,688
Total property, plant and equipment	135,297	231,123
Intangible assets		
Trademark right	880	705
Other	6,857	10,543
Total intangible assets	7,737	11,249
Investments and other assets		
Investment securities	2,669,789	2,453,456
Shares of subsidiaries and associates	–	7,083,153
Investments in capital of subsidiaries and associates	–	4,000
Investments in capital	5,161	505,161
Lease and guarantee deposits	248,087	291,418
Long-term prepaid expenses	116,360	89,385
Other	69,320	454,083
Allowance for doubtful accounts	(300)	(352,409)
Total investments and other assets	3,108,419	10,528,248
Total non-current assets	3,251,454	10,770,621
<b>Total assets</b>	<b>38,690,561</b>	<b>56,792,641</b>

(Thousands of yen)

	As of March 31, 2016	As of March 31, 2017
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	49,446	121,511
Short-term loans payable	426,000	540,000
Current portion of long-term loans payable	2,539,653	614,992
Accounts payable - other	81,257	227,468
Accrued expenses	6,672	16,232
Lease obligations	13,575	11,587
Income taxes payable	2,043,747	1,112,481
Accrued consumption taxes	1,724	33,510
Deposits received	25,156	74,535
Unearned revenue	79,825	112,673
Current portion of guarantee deposits received	892,687	963,286
Provision for bonuses	-	11,516
Other	10,000	228,752
Total current liabilities	6,169,747	4,068,548
Non-current liabilities		
Long-term loans payable	20,470,581	32,057,893
Lease obligations	15,061	40,596
Deferred tax liabilities	155,945	496,058
Long-term lease and guarantee deposited	178,555	182,555
Net defined benefit liability	-	68,570
Total non-current liabilities	20,820,143	32,845,674
Total liabilities	26,989,890	36,914,223
<b>Net assets</b>		
Shareholders' equity		
Capital stock	2,619,000	2,794,183
Capital surplus	2,597,445	2,772,628
Retained earnings	6,481,610	12,132,529
Treasury shares	(79)	(79)
Total shareholders' equity	11,697,976	17,699,262
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(32,280)	(29,476)
Foreign currency translation adjustment	(39,038)	(176,446)
Total accumulated other comprehensive income	(71,319)	(205,923)
Subscription rights to shares	18,720	25,097
Non-controlling interests	55,293	2,359,982
Total net assets	11,700,670	19,878,418
Total liabilities and net assets	38,690,561	56,792,641

**(2) Consolidated Statements of Income and  
Consolidated Statements of Comprehensive Income**

**(Consolidated Statements of Income)**

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	17,378,474	26,614,078
Cost of sales	9,951,153	18,903,831
Gross profit	7,427,320	7,710,247
Selling, general and administrative expenses	1,471,778	2,866,760
Operating profit	5,955,542	4,843,487
Non-operating income		
Interest income	244	7,827
Dividend income	381	12,115
Interest on securities	6,599	5,877
Share of profit of entities accounted for using equity method	154,366	870,794
Gain on bad debts recovered	–	106,561
Other	622	150,711
Total non-operating income	162,214	1,153,888
Non-operating expenses		
Interest expenses	293,011	609,799
Financing expenses	183,487	178,944
Other	15,001	27,440
Total non-operating expenses	491,500	816,184
Ordinary profit	5,626,256	5,181,191
Extraordinary income		
Gain on bargain purchase	–	4,577,713
Total extraordinary income	–	4,577,713
Extraordinary losses		
Loss on retirement of non-current assets	5,369	3,119
Office transfer expenses	29,433	–
Loss on step acquisitions	–	1,787,271
Total extraordinary losses	34,803	1,790,390
Profit before income taxes	5,591,452	7,968,514
Income taxes - current	2,094,882	1,024,615
Income taxes - deferred	(105,927)	136,977
Total income taxes	1,988,954	1,161,592
Profit	3,602,497	6,806,921
Profit (loss) attributable to non-controlling interests	(3,149)	369,597
Profit attributable to owners of parent	3,605,646	6,437,323

## (Consolidated Statements of Comprehensive Income)

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Profit	3,602,497	6,806,921
Other comprehensive income		
Valuation difference on available-for-sale securities	(10,217)	4,301
Share of other comprehensive income of entities accounted for using equity method	(55,946)	–
Foreign currency translation adjustment	–	(190,617)
Total other comprehensive income	(66,164)	(186,316)
Comprehensive income	3,536,333	6,620,605
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,539,482	6,302,719
Comprehensive income attributable to non-controlling interests	(3,149)	317,885

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

Fiscal year ended March 31, 2016

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,524,080	2,502,525	3,383,907	(79)	8,410,432
Changes of items during period					
Issuance of new shares	94,920	94,920			189,840
Dividends of surplus			(507,943)		(507,943)
Profit attributable to owners of parent			3,605,646		3,605,646
Net changes of items other than shareholders' equity					
Total changes of items during period	94,920	94,920	3,097,703	–	3,287,543
Balance at end of current period	2,619,000	2,597,445	6,481,610	(79)	11,697,976

	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	(5,154)	–	(5,154)	18,900	86,442	8,510,620
Changes of items during period						
Issuance of new shares						189,840
Dividends of surplus						(507,943)
Profit attributable to owners of parent						3,605,646
Net changes of items other than shareholders' equity	(27,125)	(39,038)	(66,164)	(180)	(31,149)	(97,493)
Total changes of items during period	(27,125)	(39,038)	(66,164)	(180)	(31,149)	3,190,049
Balance at end of current period	(32,280)	(39,038)	(71,319)	18,720	55,293	11,700,670

Fiscal year ended March 31, 2017

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,619,000	2,597,445	6,481,610	(79)	11,697,976
Changes of items during period					
Issuance of new shares	175,183	175,183			350,367
Dividends of surplus			(786,404)		(786,404)
Profit attributable to owners of parent			6,437,323		6,437,323
Net changes of items other than shareholders' equity					
Total changes of items during period	175,183	175,183	5,650,918	–	6,001,285
Balance at end of current period	2,794,183	2,772,628	12,132,529	(79)	17,699,262

	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	(32,280)	(39,038)	(71,319)	18,720	55,293	11,700,670
Changes of items during period						
Issuance of new shares						350,367
Dividends of surplus						(786,404)
Profit attributable to owners of parent						6,437,323
Net changes of items other than shareholders' equity	2,803	(137,408)	(134,604)	6,377	2,304,688	2,176,461
Total changes of items during period	2,803	(137,408)	(134,604)	6,377	2,304,688	8,177,747
Balance at end of current period	(29,476)	(176,446)	(205,923)	25,097	2,359,982	19,878,418

#### (4) Consolidated Statements of Cash Flows

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
<b>Cash flows from operating activities</b>		
Profit before income taxes	5,591,452	7,968,514
Depreciation	15,999	122,279
Gain on bargain purchase	–	(4,577,713)
Loss (gain) on step acquisitions	–	1,787,271
Loss on retirement of non-current assets	5,369	3,119
Office transfer expenses	29,433	–
Increase (decrease) in allowance for doubtful accounts	(325)	(3,216)
Share of (profit) loss of entities accounted for using equity method	(154,366)	(545,096)
Gain on bad debts recovered	–	(106,561)
Interest income	(244)	(7,827)
Dividend income	(381)	(12,115)
Interest income on securities	(6,599)	(5,877)
Interest expenses	293,011	609,799
Non-deductible consumption taxes	104,376	154,656
Decrease (increase) in notes and accounts receivable - trade	(4,267)	21,983
Decrease (increase) in inventories	(9,969,280)	(6,100,801)
Increase (decrease) in notes and accounts payable - trade	16,873	24,317
Decrease (increase) in advance payments	(170,236)	142,573
Decrease (increase) in prepaid expenses	(72,082)	42,203
Increase (decrease) in accrued expenses	(1,938)	6,008
Increase (decrease) in accounts payable - other	(103,722)	145,735
Increase (decrease) in accrued consumption taxes	(14,580)	17,134
Increase (decrease) in deposits received	(3,206)	(8,451)
Increase (decrease) in unearned revenue	33,944	(5,995)
Increase (decrease) in lease and guarantee deposits received	363,399	(32,980)
Other, net	(153,115)	48,895
Subtotal	(4,200,485)	(312,144)
Interest and dividend income received	9,589	28,871
Interest expenses paid	(297,850)	(594,530)
Income taxes paid	(1,126,955)	(2,030,332)
Net cash used in operating activities	(5,615,702)	(2,908,136)
<b>Cash flows from investing activities</b>		
Decrease (increase) in time deposits	(5,518)	(85,515)
Purchase of property, plant and equipment	(91,770)	(100,583)
Purchase of investment securities	(2,027,959)	–
Payments for investments in capital	–	(504,000)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(103,657)	–
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	1,894,986
Payments for lease and guarantee deposits	(77,359)	(22,693)
Other, net	(10,156)	(45,253)
Net cash provided by (used in) investing activities	(2,316,423)	1,136,940

(Thousands of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from financing activities		
Proceeds from issuance of common shares	189,660	343,350
Net increase (decrease) in short-term loans payable	235,000	114,000
Proceeds from long-term loans payable	22,990,610	22,158,000
Repayments of long-term loans payable	(13,284,462)	(18,435,426)
Repayments of lease obligations	(10,901)	(12,274)
Cash dividends paid	(507,042)	(785,619)
Dividends paid to non-controlling interests	(28,000)	–
Other, net	–	12,782
Net cash provided by financing activities	9,584,863	3,394,811
Effect of exchange rate change on cash and cash equivalents	0	(16,964)
Net increase (decrease) in cash and cash equivalents	1,652,737	1,606,651
Cash and cash equivalents at beginning of period	10,315,304	11,968,041
Cash and cash equivalents at end of period	11,968,041	13,574,693

## VI. Corporate Data

### Basic Information (as of March 31, 2017)

Trade name:	Nippon Commercial Development Co., Ltd.
Established:	April 7, 2000
Listed market:	The First Section of Tokyo Stock Exchange and Nagoya Stock Exchange (Securities Code: 3252)
Listed:	December 2014
Business year:	From April 1 to March 31 of the following year
Capital stock:	2,794 million yen
Number of employees:	69 persons (Consolidated)
Head office:	4-1-1, Imabashi, Chuo Ward, Osaka City
Telephone:	+81-6-4706-7501
Consolidated subsidiaries:	JINUSHI Asset Management Co., Ltd. New Real Property Corporation Kumagai Australia Finance Pty. Ltd. Kumagai International Limited KG Land New York Corporation Kumagai Australia Pty. Ltd. Shin Nippon Commercial Development Co., Ltd.* Other 12 companies

\* Shin Nippon Commercial Development Co., Ltd. was dissolved on March 31, 2017.

### Directors and Audit & Supervisory Board Members (as of June 29, 2017)

President and Representative Director	Tetsuya Matsuoka
Senior Managing Director	Yukinori Nagaoka
Senior Managing Director	Hiroshi Harada
Managing Director	Kenji Irie
Managing Director	Takashi Nishioka
Director*	Yoshinari Matsuda
Audit & Supervisory Board Member**	Kazuyoshi Ozaki
Audit & Supervisory Board Member**	Akira Shimizu
Audit & Supervisory Board Member**	Yoshihiro Taniguchi

\* Outside Director    \*\* Outside Audit & Supervisory Board Member

**Stock Status (as of March 31, 2017)**

Total number of authorized shares:	48,000,000 shares
Total number of issued shares:	17,862,800 shares
Number of shareholders:	11,911 (including holders of shares less than one share unit)

**Major shareholders (Top 10)**

Name	Number of shares held	Shareholding ratio (%)
Tetsuya Matsuoka	6,302,900	35.29
The Master Trust Bank of Japan, Ltd. (Trust Account)	602,400	3.37
Japan Trustee Services Bank, Ltd. (Trust Account)	416,600	2.33
Hirofumi Nishira	367,500	2.06
Yukinori Nagaoka	365,600	2.05
Hiroaki Marui	293,800	1.64
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC) (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	272,300	1.52
Kenji Irie	232,100	1.30
Japan Trustee Services Bank, Ltd. (Trust Account 5)	200,300	1.12
SBI SECURITIES Co., Ltd.	179,600	1.01

\* Annual Select is an English-language disclosure format developed by ZAIHON, INC. to increase the level of convenience of investors outside Japan based on Japanese-language statutory disclosure material, timely disclosure material prescribed by securities exchanges and voluntarily disclosed IR material. Annual Select is a registered trademark of ZAIHON, INC. Reproduction or copying without prior permission is prohibited.

\* While every best effort has been made to provide a translation meeting the quality standards required of professionals, the Company does not guarantee it is 100% accurate. Therefore, please verify the original Japanese text for any final judgments made based on this information.