

Annual Report

Fiscal Year Ending Dec. 31, 2019

【English Summary】



 **B-lot** Co.,Ltd.

3452 TSE, First Section

Feb.21,2020

Building a Robust Business Base and Stable Growth in a Changing Environment



B-Lot Co., Ltd.
President
Makoto Miyauchi

To All Stakeholders:

Ever since our founding, B-lot has pursued profits and long-term growth as a company greatly needed by society by creating valuable new businesses in real estate and real estate finance.

Looking back at 2019, we felt the real estate industry reached a turning point, where the companies well-trusted by financial institutions and business partners could enjoy greater success than others.

We saw this as a good opportunity, and we have tried to differentiate ourselves from competitors by sticking to the following two points.

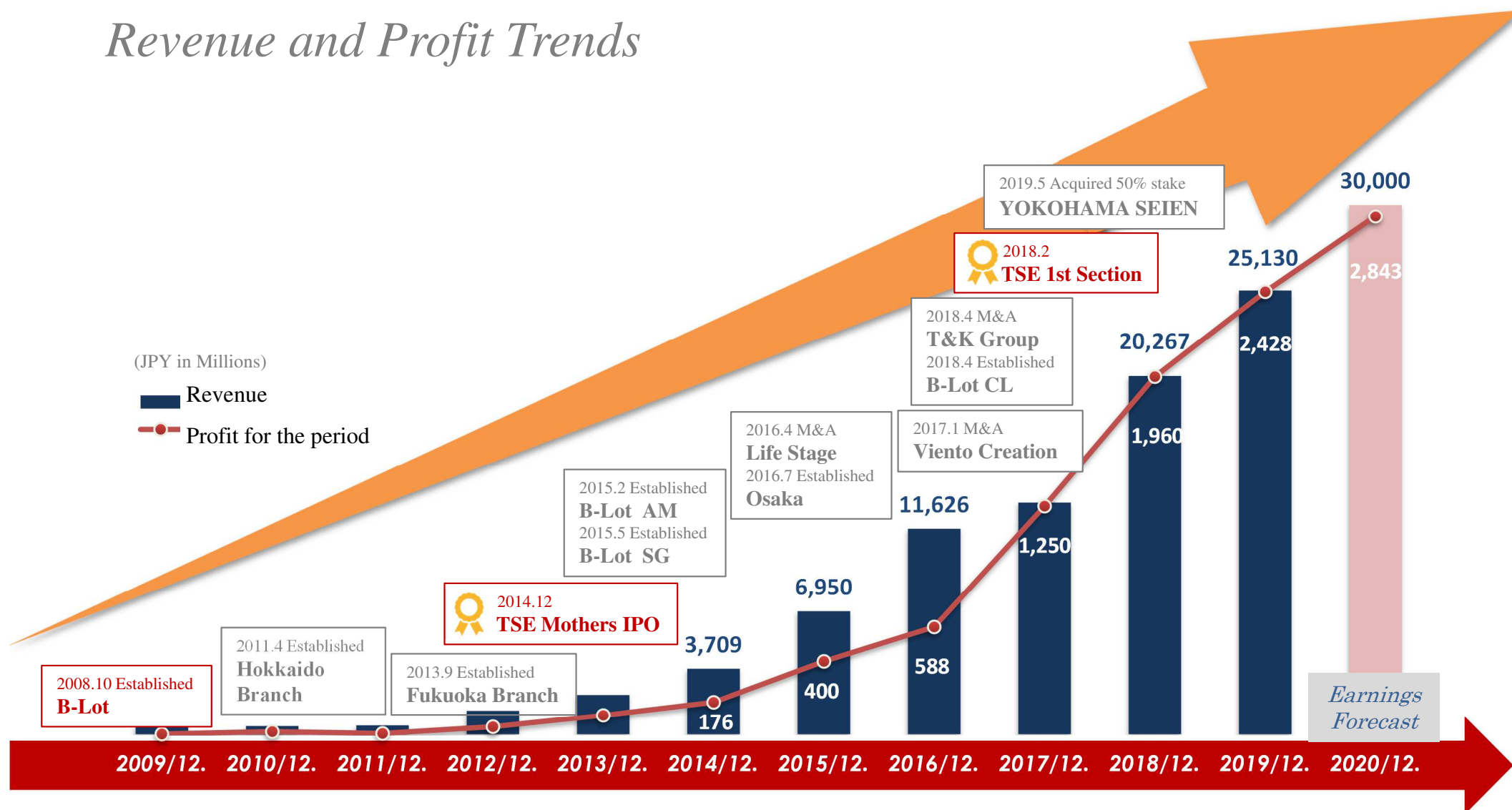
- ▶ *Work on each project with integrity and sincerity*
- ▶ *Commit to results as professional's*

Going forward, we will not only work to expand our existing businesses, but also diversify ourselves to create new business pillars. We will do so by rigorously enforcing compliance and sustaining corporate culture that promotes honesty and integrity.

We will continue to develop in unity, drawing on our strengths of taking on new challenges, flexibly adapting to changes, creatively devising solutions, and building networks.

We look forward to your continued support of B-Lot.

Revenue and Profit Trends



B-Lot Channel, Now Streaming!



B-Lot YouTube

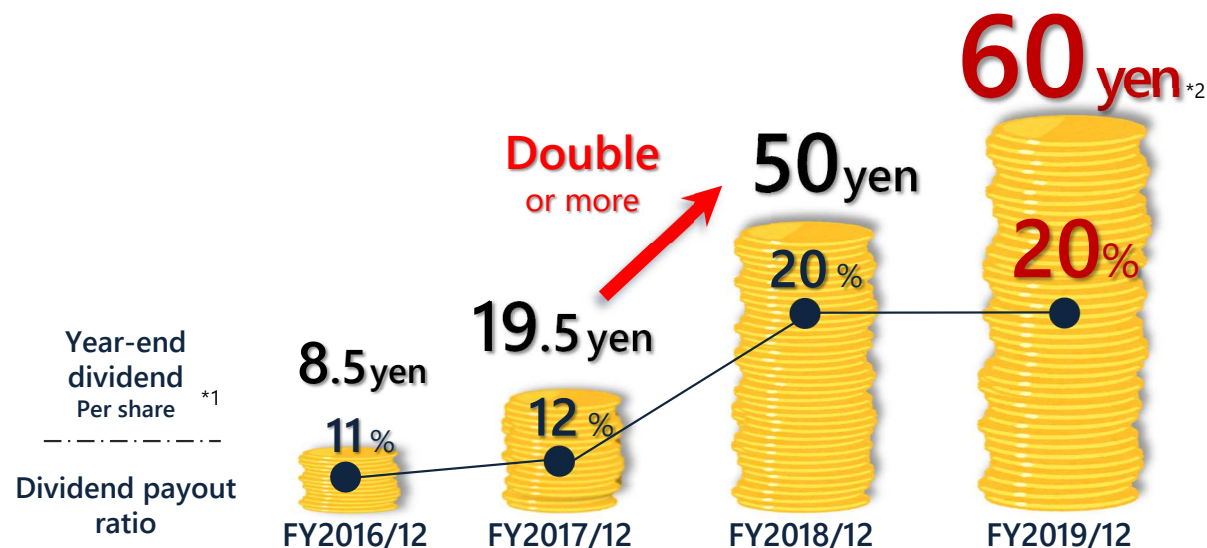
Search

「B-Lot Channel」

「History of B-Lot」

Returns for Shareholders

Increased Dividends in Consideration of Internal reserves



FY2019/12

Total yield on
purchase of 100
shares

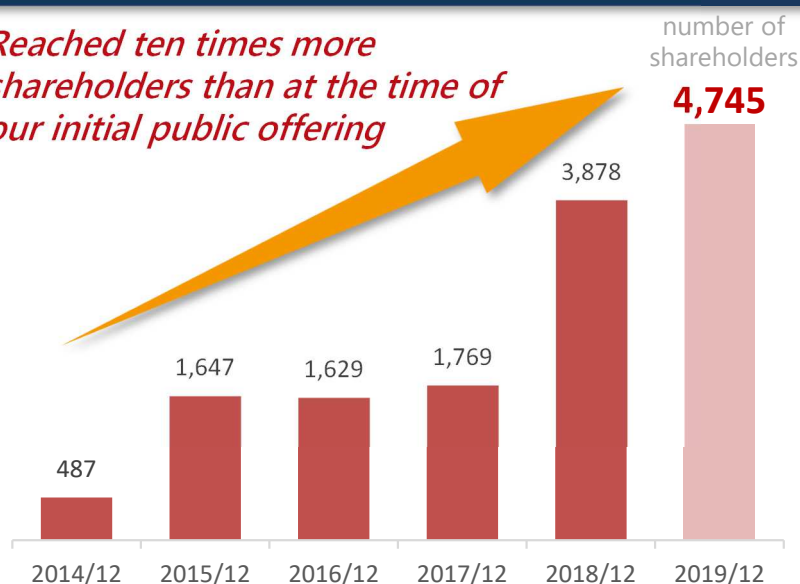
3.44% *3



- *1: Year-end dividend = adjusted for stock split in January 2018
 *2: Dividends = To be discussed at the Ordinary Shareholders Meeting scheduled for March 2020
 *3: Total Yield =
 (Amount equivalent to shareholder benefits + Annual dividend)/(Closing price on December 30, 2019 x 100 shares)

Increase in the Number of Shareholders

Reached ten times more
shareholders than at the time of
our initial public offering



Shareholder Benefits



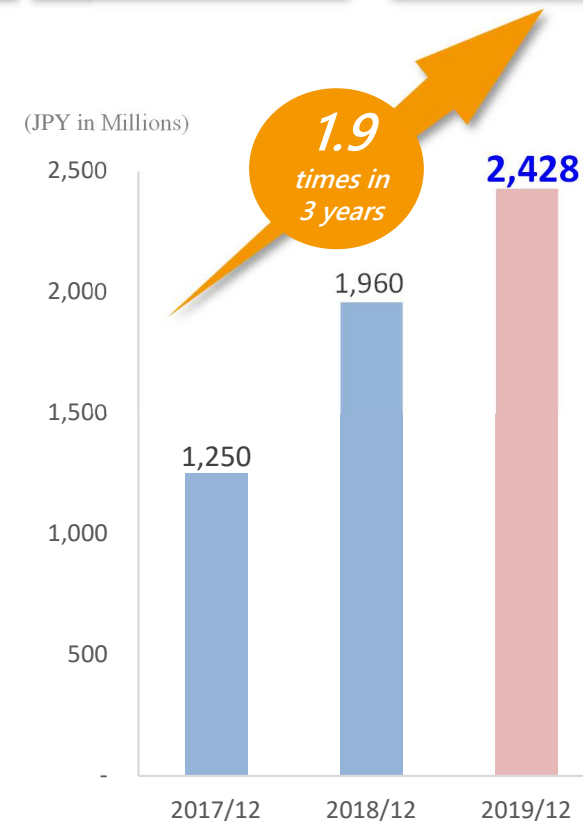
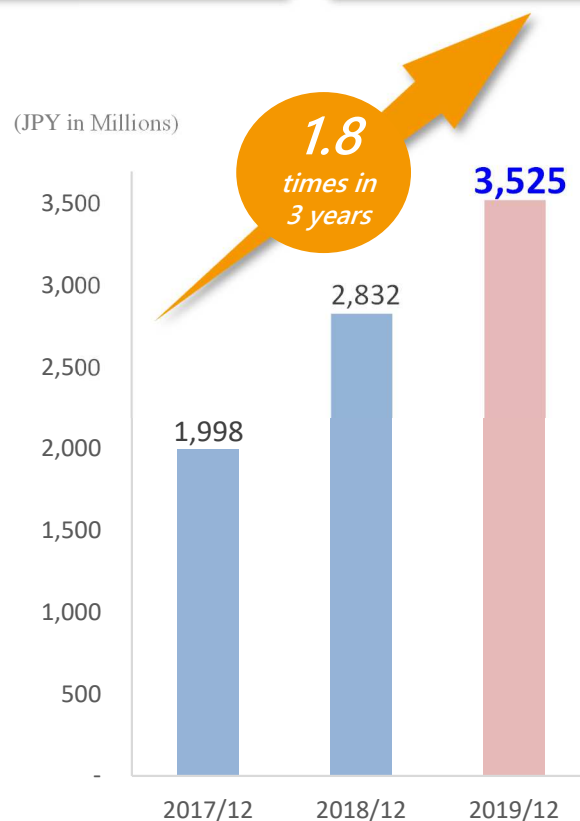
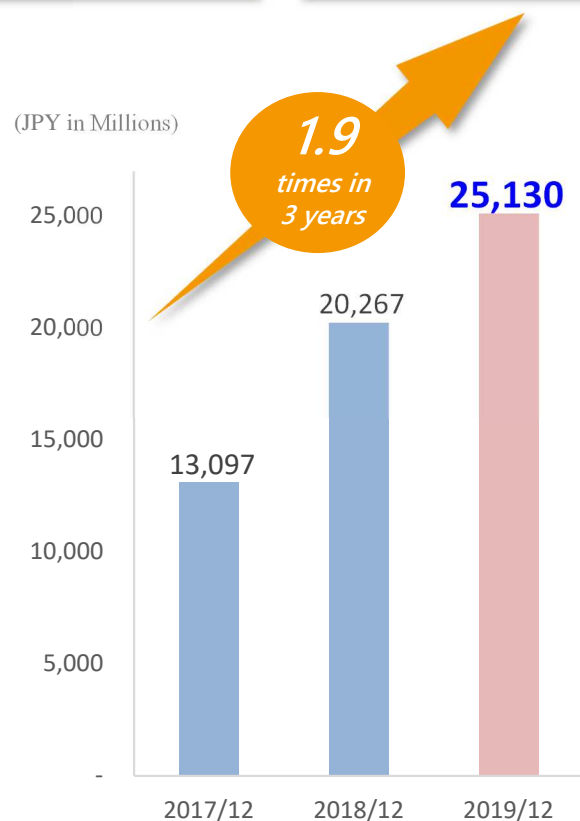
Record Date	December 31, 2019
Shares held	100 shares (one unit) or more
QUO card	1,000 yen

I . Performance Review

<i>I. Performance Review</i>	<i>P.05-9</i>
<i>II. Business Summary</i>	<i>P.10-22</i>
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1. *Achieved nine consecutive years of growing sales and profits.
Consolidated net income surged 23.9% year on year.*
2. *Reached a record high of 19.9B JPY in the total balance of properties for sale.
Property acquisition was steady thanks to our extensive track record and business network.*
3. *Successfully completed a record high transaction, the sale of 4 properties to one investor, which boosted the earnings.
Diverse disposition strategies increased opportunities.*
4. *Developed new business areas and created synergies with existing businesses.
We have expanded our business by building strong relationships with partner companies.*

~ Achieved KPI of 20% Net Profit Growth ~



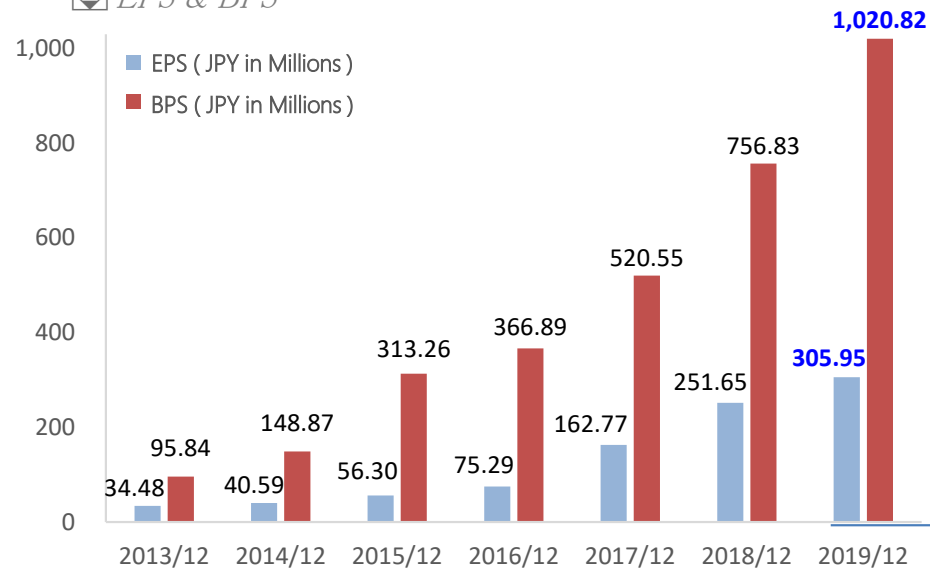
Profit Growth Driven by Investment & Development and Consulting Businesses.

Consolidated P/L Summary		(JPY in Millions)	
	FY2018/12	FY2019/12	YoY change
Revenue	20,267	25,130	24.0%
(1) Real Estate Investment and Development business	17,208	21,185	23.1%
(2) Real Estate Consulting business	1,037	1,249	20.4%
(3) Real Estate Management business	2,021	2,695	33.3%
Gross Profit	5,797	6,980	20.4%
SG&A	2,490	2,995	20.3%
Operating Income	3,307	3,985	20.5%
(1) Real Estate Investment and Development business	3,039	3,896	28.2%
(2) Real Estate Consulting business	282	577	104.3%
(3) Real Estate Management business	901	679	△24.7%
Other (company-wide expenses)	△917	△1,168	27.4%
Ordinary Income	2,832	3,525	24.4%
Net Profit for the Period	1,960	2,428	23.9%

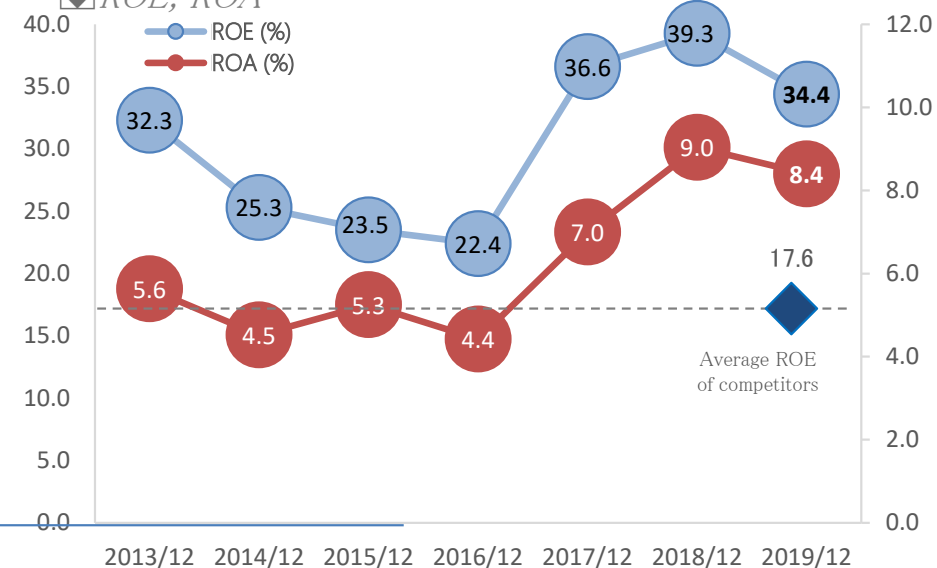
Consolidated B/S Summary		(JPY in Millions)	
	FY2018/12	FY2019/12	YoY change
Assets	24,268	33,555	38.3%
Current Assets	21,659	29,881	38.0%
Fixed Assets	2,573	3,650	41.8%
Deferred Assets	34	23	△31.8%
Liabilities	18,242	25,401	39.2%
Current Liabilities	6,057	11,093	83.1%
Fixed Liabilities	12,185	14,308	17.4%
Net Assets	6,025	8,154	35.3%
Total Liabilities and Net Assets	24,268	33,555	38.3%

The above revenue does not include internal transactions between segments.
 Notes: Consolidated BS, P/L: B-lot Capital Link Co.,Ltd. is included in the B/S, P/L from FY2019.

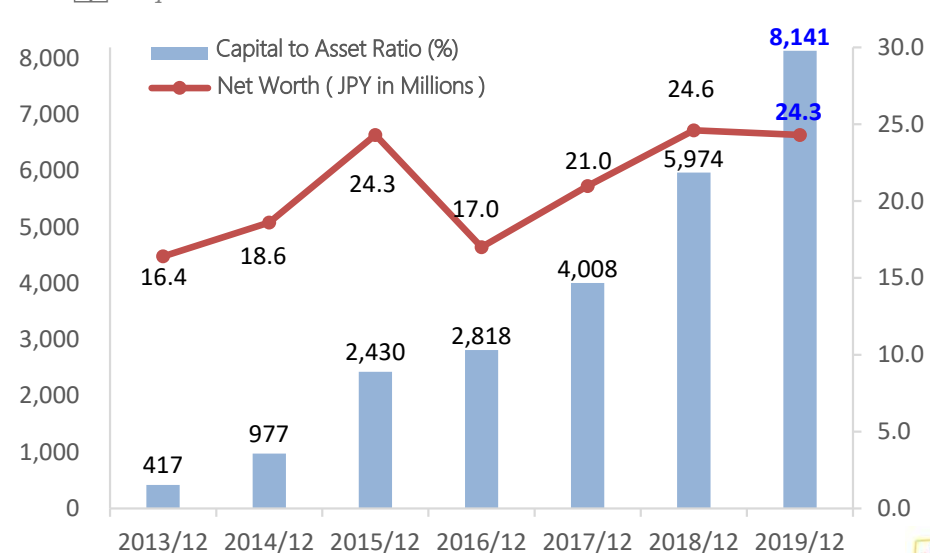
EPS & BPS



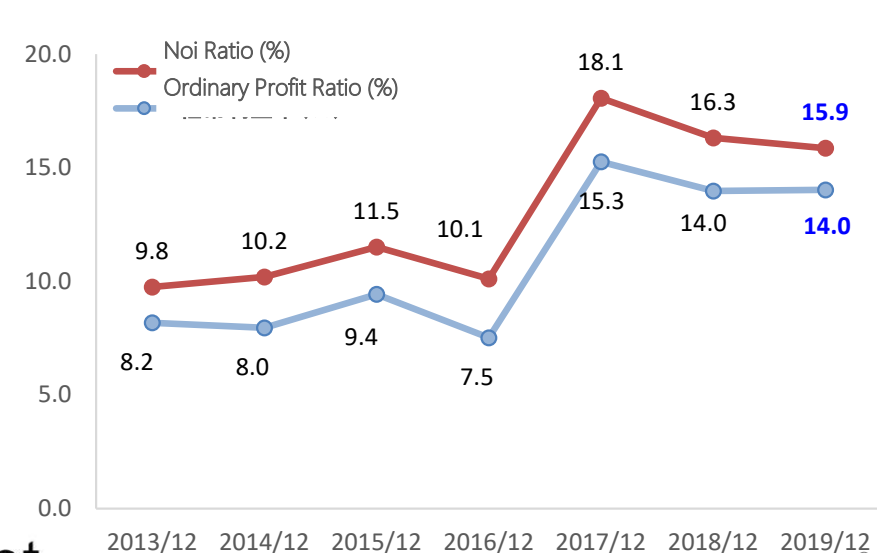
ROE, ROA



Capital to Asset Ratio



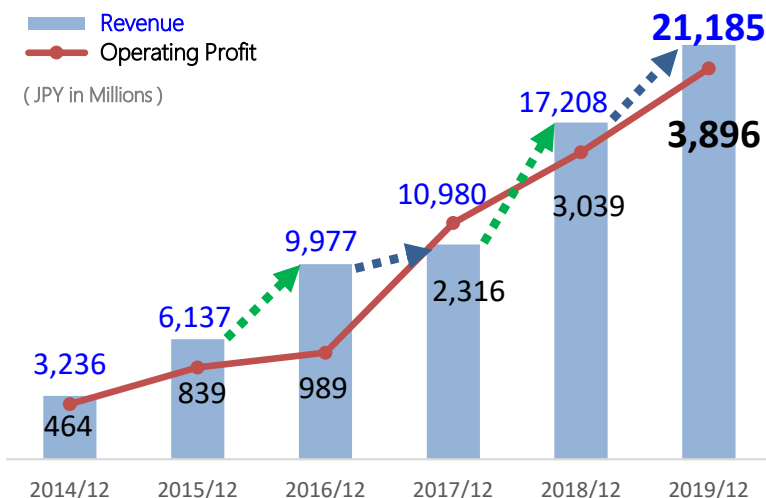
Profit Ratio



II. Business Summary

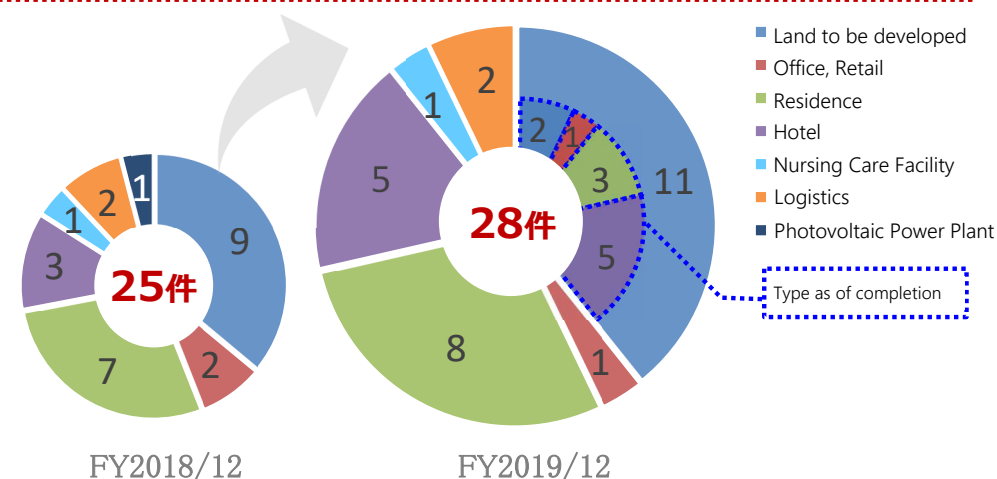
<i>I. Performance Review</i>	<i>P.05-9</i>
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Business profit was 3.8B JPY(+28.2% YoY)



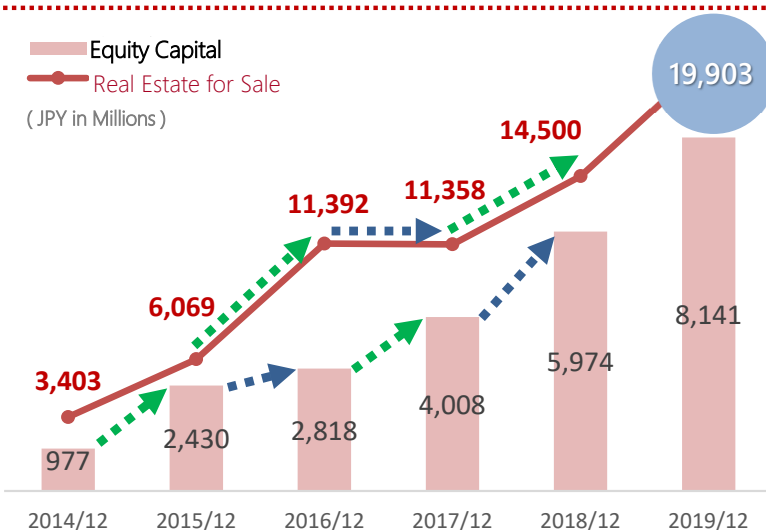
Properties By Type *

*B-Lot Only



*Bulk deal is calculated as one.

Increase in Equity led to Increase in Real Estate for Sale and Revenue in this Business



Strengthening Cooperation with Financial Institutions to Secure Flexible Funding

1

Secured a 4.3B JPY Syndicated Loan

- We secured approximated **1.5x** the last year's loan amount from 14 financial institutions.
- As a result, we will be able to respond flexibly to large new investments without collateral.

2

Unsecured Working Capital , Significant Increase

- **4.5B JPY** (Balance in December 2019 , Excludes Syndicated Loan Above).
- **2.0B JPY** (From Shimane Bank in January 2020).

Record High Transaction, Sale of 4 Properties Worth 8.0B JPY



Highlights

- ▶ Closed the **largest** transaction in the company's history
- ▶ Started the new **relationship** with the large institutional investor, the buyer
- ▶ **Accumulated expertise** in logistics properties
- ▶ Employed a new disposition strategy of **selling properties in bulk**



Medium- to Long-Term; M&A Projects Paid Off

1 January 2017 Real Estate M&A

- Acquired Viento Creation.
- Owned capsule hotels (in Ebisu and Gotanda, Tokyo)
- Hired Viento's employees to continue business.



2 Revitalization

Accumulation of Extensive Knowledge and Experience

- Adopted new ways of acquiring real estate.
- Improved quantity and quality of personal.
- Strengthened networks with partners in other industries

Accumulation of Revitalization Expertise

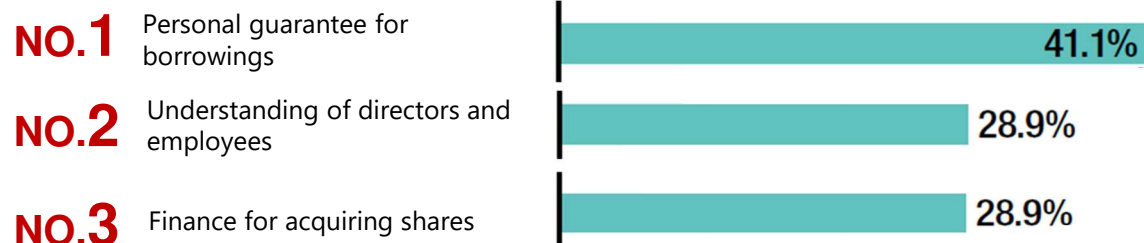
- Enhanced value and reused capsule hotels.
- Improved design quality and occupancy rates.
- Solved legal issues and negotiated with Stakeholders.

3 November 2019 Completed Sale of °C Ebisu

- Recorded profit on sale of the capsule hotel in Ebisu.
- Continue to own hotel in Gotanda.



Issues in business succession for Japanese top management



Differentiation of Acquired Facilities Based on Concept



Randor Residential Hotel Sapporo Suites



Average Occupancy

80%



Residential Hotel: Stay That Feels Like Home

- ✓ **Medium-to Long-term stay**
Furniture, appliances, kitchen, luxury spa bath, and washing machine (some rooms)
- ✓ **For Families and Groups**
Up to 8 people in one room, 66 rooms in total, and 37m²-58m²
- ✓ **Barrier-Free**
Handrail, call string installation (some rooms)
- ✓ **Good Location**
7-minutes walk from Susukino.
- ✓ **Newly Built**
Completed in May 2019; opened in June 2019

Playing to the fullest
like a wise owl



Shibuya



- ▶ 98 Beds
- ▶ Spring.2017
Completion & Opened

Kyoto



- ▶ 138 Beds
- ▶ March.2020
Completion

Sapporo



- ▶ 146 Beds
- ▶ June.2020
Completion

Average Occupancy

90%



Entertainment hostel
themed around
"food and travel"

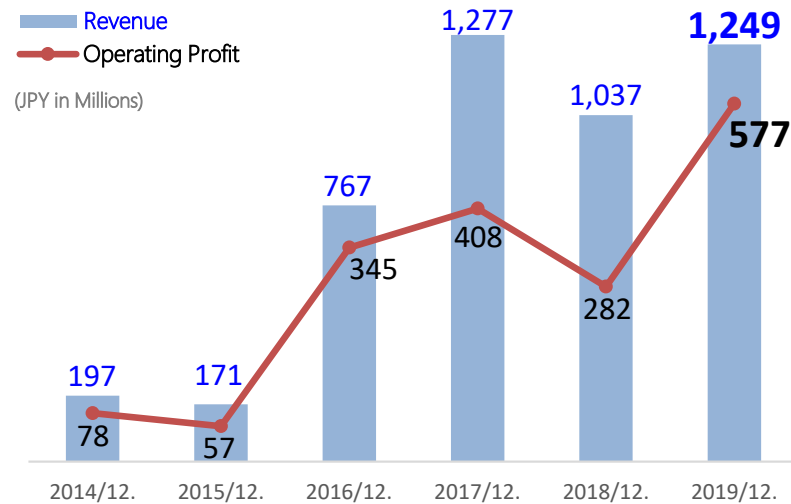
Create attractive products, steps
ahead of competitors

Upcoming Properties



※These plans may change in the future.

Business profit was JPY577M (+104.3% YoY).



Segment summary

1

Profit Growth

- Revenue and operating profit from commissioned sales for residential condominiums rose.

2

Continuously Received Orders for M&A brokerage and Outsourcing Projects.

M&A
Brokerage

Support for Establishing Wealth
Management Company

Seller



Provided M&A Brokerage Service

Buyer



→ **B-lot** →
Sold a company owning four properties



- **Supported Buyer in Establishing Wealth Management Company.**

Provided Consultation on Effectively Building Wealth.

- **Completed Smooth Transaction**
Through Collaboration With Experts.



Growing Demand for **Individual Needs**

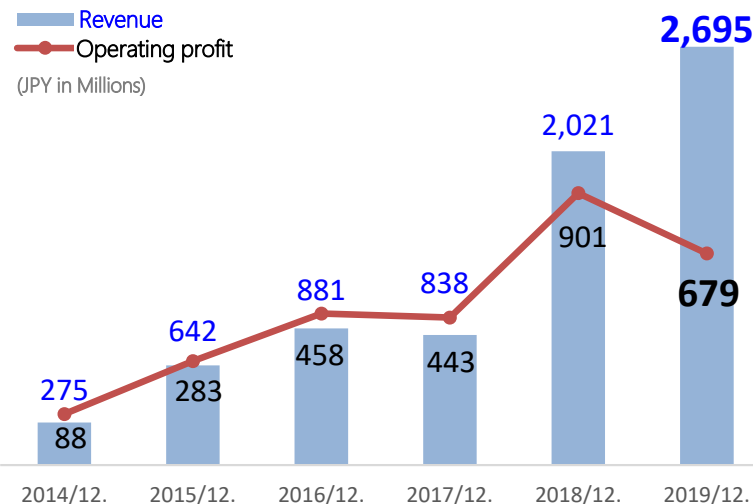
Diversified
Investment

Inheritance
Strategy

Asset
Replacement

Supporting **Wealth Management**

Business profit was JPY679M (-24.7% YoY).



Segment summary

1

Increase in Sales But Decrease in Profit

- Consolidation of T&K boosted revenue (from Q3 FY12/18)
- Progress in sales of properties for sale resulted in decrease in rent income.

2

Steady Increase in Asset Management (AM) and Property Management (PM) Businesses.

T&K

Managing of Wakasu Golf Links, commissioned by the Tokyo Metropolitan Government



[No.4]



Initiatives for **Regional Revitalization and Value Enhancement**

AM
PM

Providing One-Stop Services for Investment Opportunities



2016 Acquisition of Land



2018 Completed & Opened



2019 Sold to an Investor

Long-Term Supports for Wealth Management

AM...Asset management PM...Property management

Close up!

**“Company Strongly Needed by Society”
Toward Long-Term Growth and Stability**



Creating a Reliable Real Estate Investment Market for Individual Investors

"B-Lot Crowd Funding," a Crowdfunding Service for Real Estate Investments



- ✓ Extensive Track Record with Investors, Including High-Net-Worth
- ✓ **Expertise in** various types of **Properties**



B-Lot Co., Ltd.
President Makoto Miyauchi

SBI SECURITIES Co.,Ltd.
President Masato Takamura

- ✓ **Broad customer base** with over 5.13 million online accounts
- ✓ **Strong network** with regional financial institutions



Medium- to Long-Term; Pursue M&A Deals



- 1** *Financial Strength and Good Reputation as TSE 1st Section Listed Company.*
- 2** *Teamwork-Oriented Management Style, Making Good Use of Unique Individual Strengths.*
- 3** *Quick Decision Making.*



Owners of
companies

Advantages of Selling

- 1** *Convert to Liquid Funds and Eliminate Personal Guarantees.*
- 2** *Gain Employee Understanding and Solve Succession Problem.*
- 3** *Business Continuity, Expansion and Further Development of the Company.*

~ Track Record of Our Own M&A Transactions ~

2016.4 Sales of Residential
Condominiums



2017.1 Ownership and
Operation of Capsule Hotels



2018.4 Operation and Consulting of
Golf Courses



Columbarium Re-opening, Showcasing the Skills of World-Class Masters !

Design

×

Food



 B-lot

Makoto Miyauchi

 KAA KENGOKUMA & ASSOCIATES

Mr. Kengo Kuma

 LA BETTOLA

Mr. Tsutomu Ochiai



Mr. Masahiro Kasahara

聖 横
苑 濱 

Y O K O H A M A
S E I E N

Provide Japanese and Western Dishes and Sweets
Supervised By Masters at the
Modern and Comfortable Columbarium.

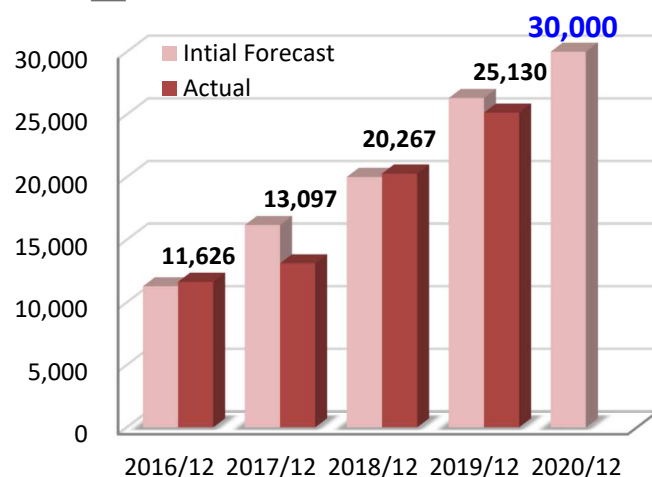
◆Medium-Term Targets (FY2020/12)

(JPY in Millions)

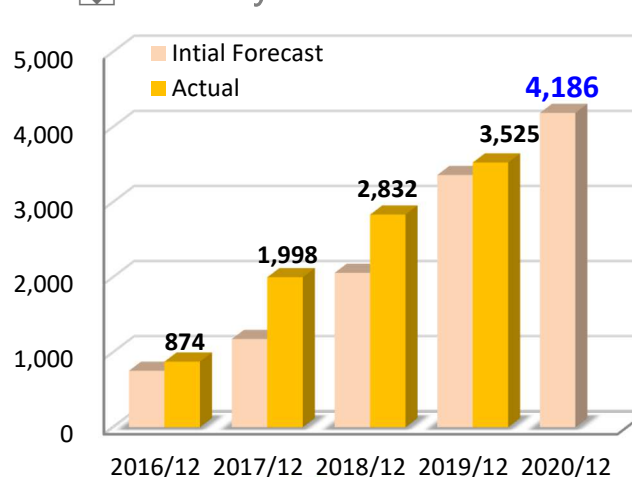
	Performance			Forecast Period	
	FY2018/12	FY2019/12	YoY change (%)	FY2020/12	YoY change (%)
Consolidated Revenue	20,267	25,130	24.0	30,000	19.4
Consolidated Operating Profit	3,307	3,985	20.5	4,979	24.9
Consolidated Ordinary Income	2,832	3,525	24.4	4,186	18.7
Consolidated Net Profit	1,960	2,428	23.9	2,843	17.1

Net profits have surpassed initial forecasts for the 5 consecutive years since IPO.

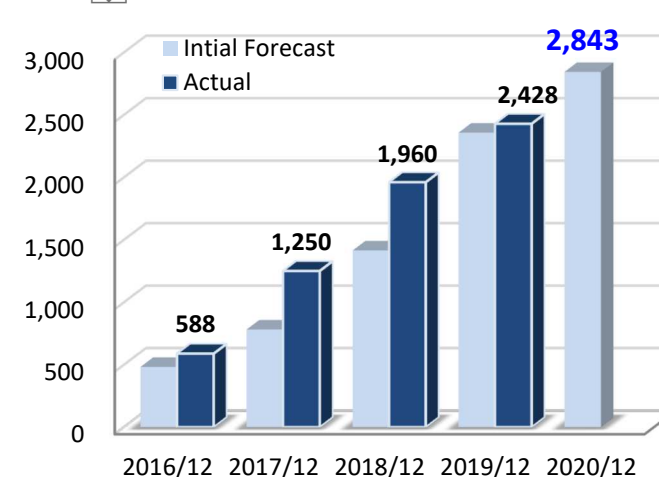
Revenue (JPY in Millions)



Ordinary Income (JPY in Millions)



Net Profit (JPY in Millions)



III. Company Profile

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Company Name

B-Lot Company Limited

Head Office

1-11-7, Shimbashi, Minato-ku, Tokyo, 105-0041 Japan

Establishment

October 10, 2008

Capital

JPY 1,034,220,533

President

Makoto Miyauchi

Number of Employee

61 employees
(194 as Consolidated)

Listed Date

Dec.11, 2014 (TSE Mothers Section : 3452)
Feb.02, 2018 (TSE, 1st Section : 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)
B-Lot Capital Link Co., Ltd (100% Subsidiary)
T&K Co., Ltd.





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.



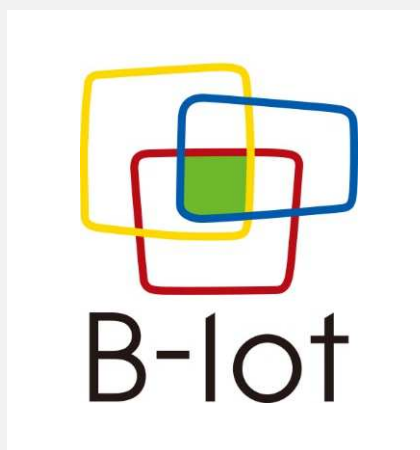
Shinichi Hasegawa Director and Deputy President (Born in July 1972)

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.



The logo is ...
a symbol of our foundation.



The rounded corners of the squares express flexibility and balance.

The company was established in October 2008, and all three founders had different areas of expertise and networks.

President Makoto Miyauchi has a strong background in finance, Deputy President Shinichi Hasegawa's has extensive expertise in consulting and customer development and Deputy President Masahiro Mochizuki is skilled in property revitalization (acquisition and sales). Previously, they managed a real estate company listed on the TSE 1st Section.

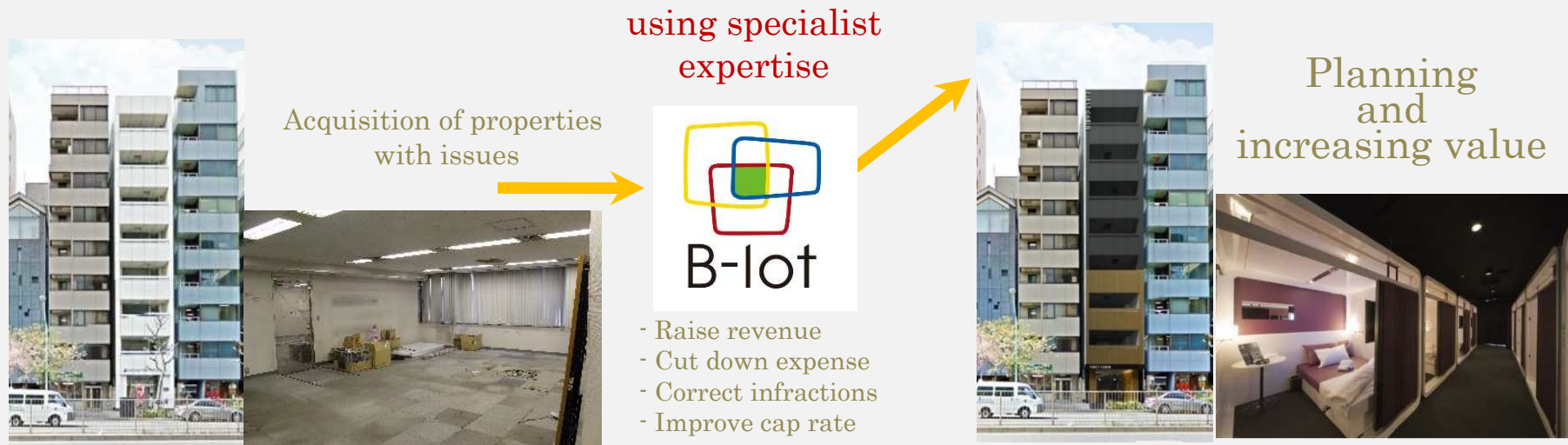
In December 2014, B-Lot listed on the TSE Mothers market with 27 employees, just six years and two months after its founding, which was faster than any other real estate company following the global financial crisis.

In February 2018, the company transferred its listing to the TSE 1st Section.

With 3 core businesses, B-Lot build close relationships with high-net-worth clients.



**Acquire properties with profitability and regulatory issues
→solve these issues, thereby increasing property value**



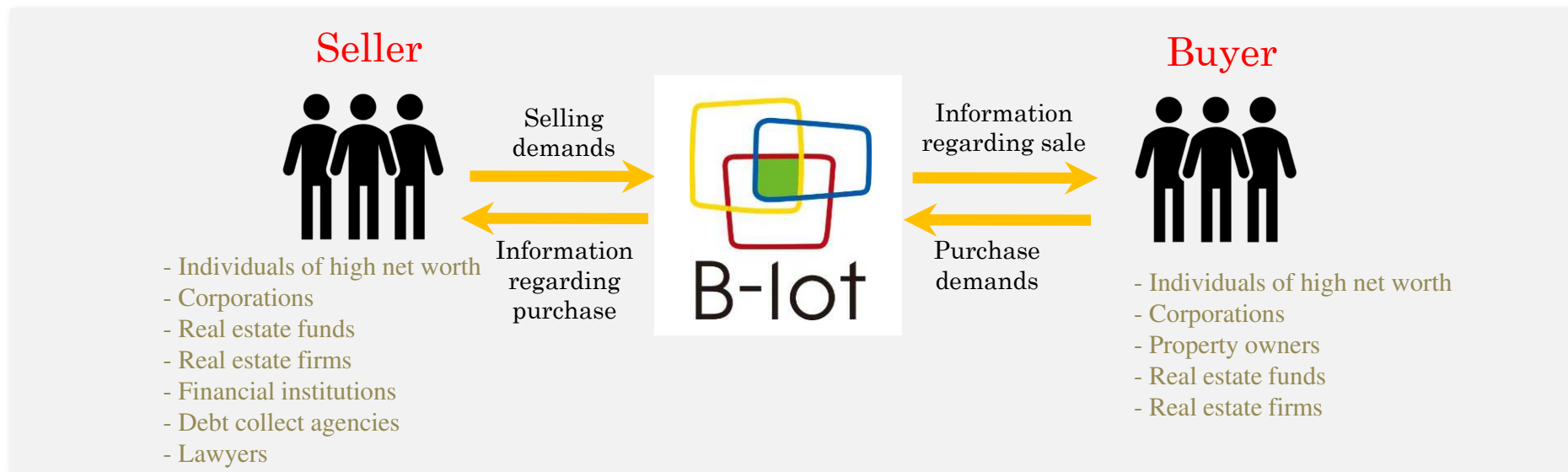
Revitalization

B-Lot sees potential in buildings that are highly costly, have low value or have been used illegally or maintained poorly. Our investment team will make those buildings shine again with creative planning based on deep knowledge of and specialized expertise in real estate.

Development

B-Lot catches the latest trends in real estate and implements creative plans in developing products. Even in a tough market, we develop sites with reasonable prices through our strong and solid networks.

Build close and long-term relationships with individuals of high net worth and corporations, potential buyers in a competitive real estate market



Brokerage

Consulting

B-Lot offers comprehensive consulting services such as trust beneficiary interest transactions, brokerage of property sales, leasing, proposals for property exchanges and effective utilization of unused land and rent negotiation services.

Our consulting team always carefully listens to clients needs and concerns in order to provide optimal and unique solutions tailored to them. This enables us to build life-long relationships with our clients.

From property management to structured projects, B-lot offers services tailored to each client

Asset management



Real estate securitization

B-Lot arranges and proposes structure for clients who want to set up an SPC for real estate purchase.

Asset management

B-Lot uses its experience in brokerage and evaluating and managing properties, as well as its specialized knowledge in asset finance and networks, to provide asset management services.

Property management

Leasing management

Account services

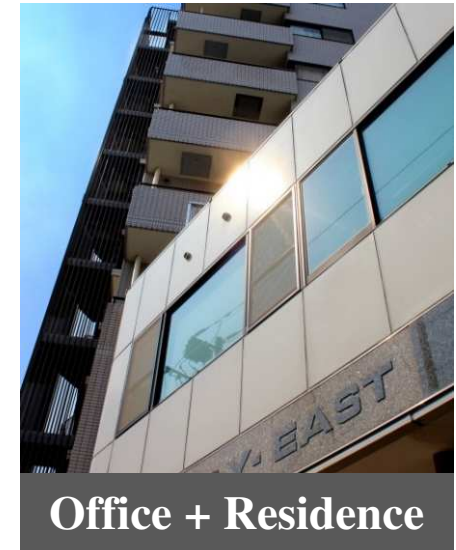


Building maintenance
Construction management

Owned properties



Retail



Office + Residence

Steady rent income for cash flow

Rent income from our own properties is a core revenue for the Property Management division. All rent, including rent acquired by the Investment division is booked in the Property Management division.

B-LOT SINGAPORE PTE. LTD.

B-Lot Singapore Pte. Ltd. was established to provide a variety of investment solutions for Asian investors.

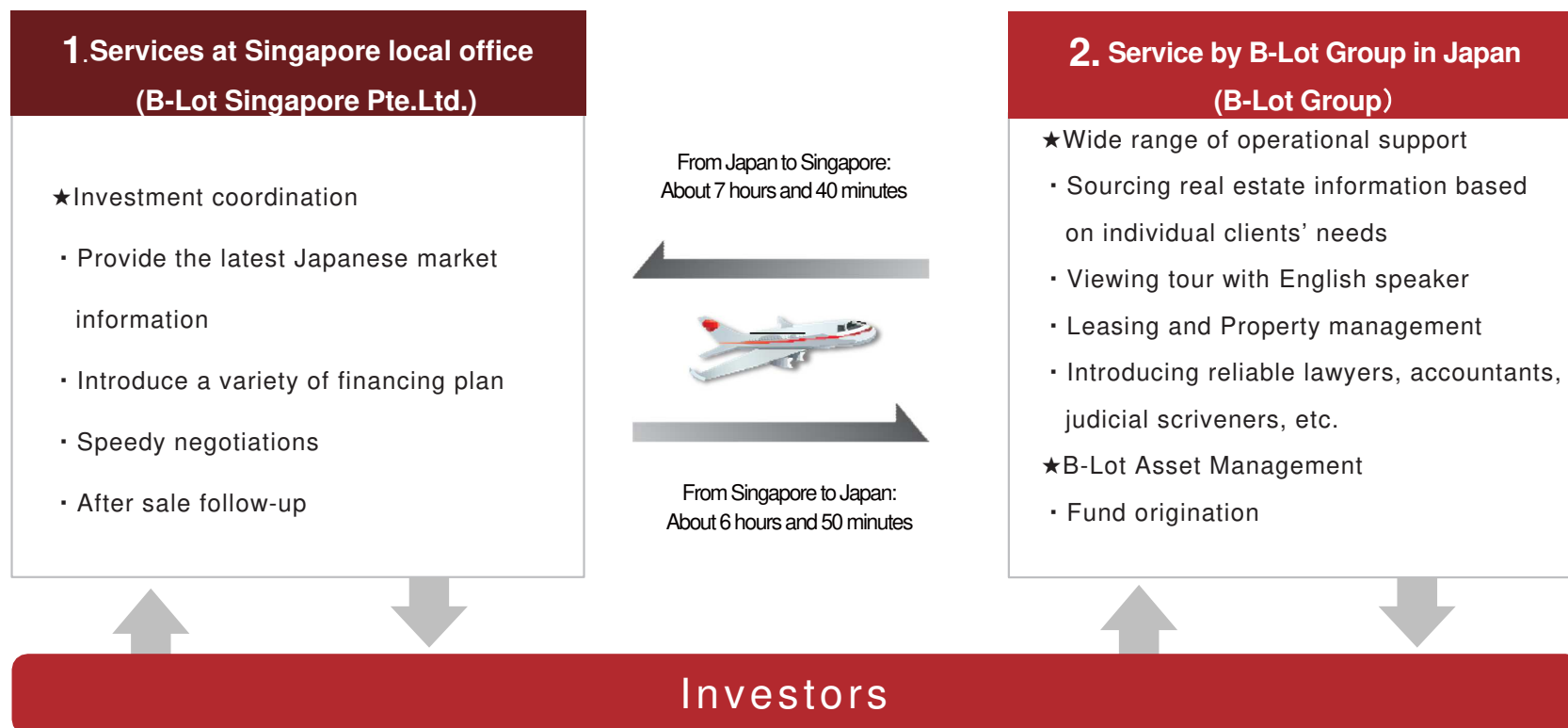
We are a one-stop service provider for real estate purchases, sales, property management and asset management in the part of the B-Lot Group that specializes in sourcing and consulting with real estate.

B-lot Singapore aims to meet the expectations of smooth asset operations for Asian investors regarding inbound investment needs in Japan.



President Shinichi Hasegawa

— Business Model —



B-Lot Asset Management Company Limited

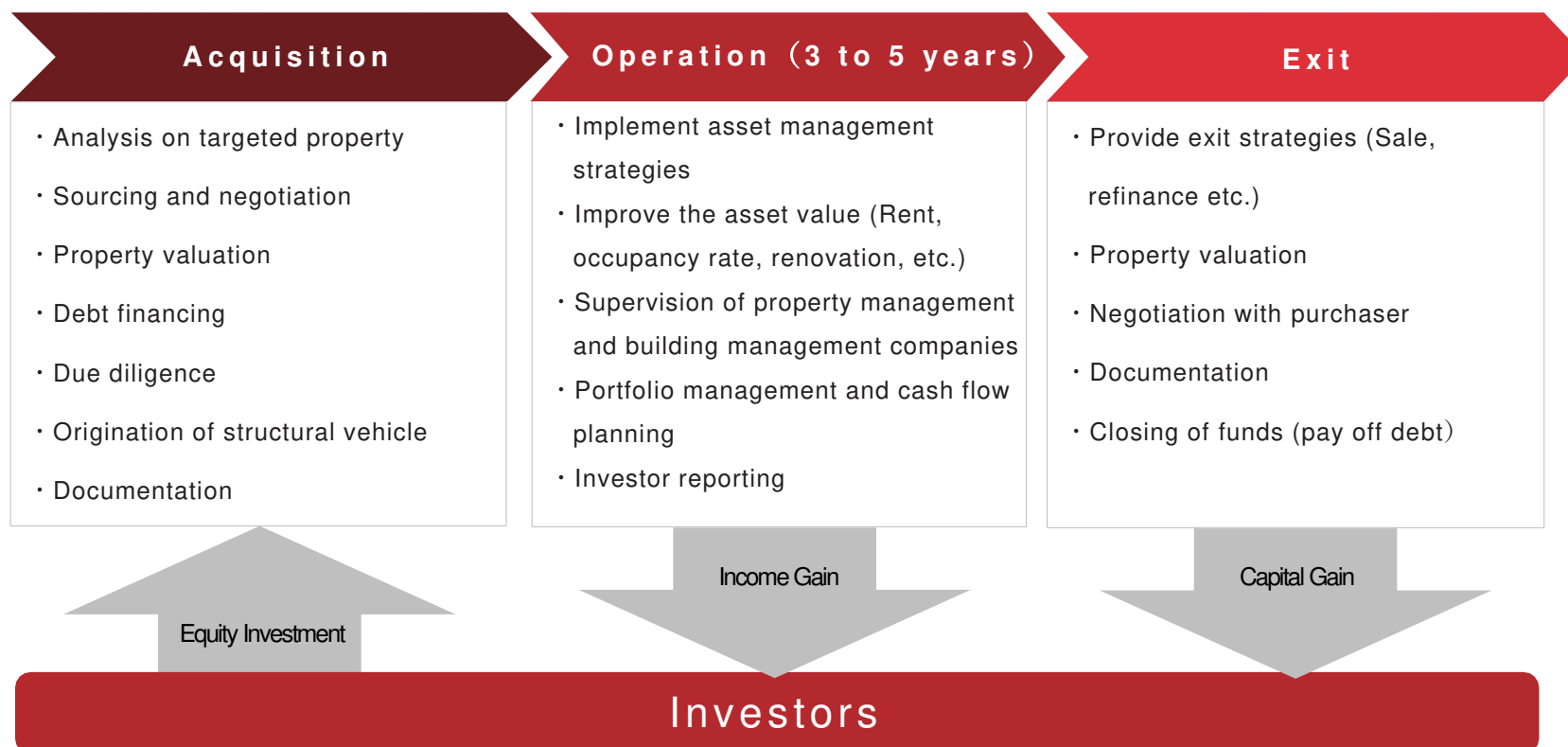
B-Lot Asset Management Co., Ltd. provides comprehensive real estate operational services such as asset management with financial schemes

We originate a wide variety of real estate funds to meet the investors' individual needs. As an asset manager with deep knowledge, B-Lot provides quality services and has cultivated sales/purchases, brokerage, valuation, and property management of investment properties along with experience, expertise, and our own network in asset finance.



President Shinji Okajima

— Business Model —



LIFE STAGE CO., LTD.

LIFE STAGE provides real estate brokerage services, leveraging its core expertise in product planning and sales planning. The goal is to serve as a “bridge” between developers and customers.

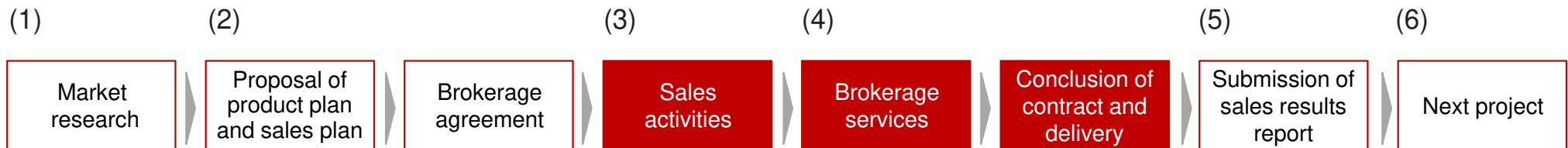
The company sells newly-built condominiums for residential use (mainly targeting families) built by major real estate developers.

The company’s strength is its unique business model of reflecting customers’ voices into product and sales planning.



President Katsunori Yori

— Business Model —



- (1) The company receives a request from the developer to conduct market research of a scheduled development site.
- (2) The company analyzes various data points, prepares a sales plan, and submits a proposal to the developer.
- (3) The company assigns an employee to be stationed at the condominium showroom and conduct sales activities.

- (4) The company helps sell condominiums while also providing services to meet the relocation needs of customers.
- (5) After completion of sales, the company reports the sales results to the developer.
- (6) By showcasing its high contract rate, the company acquires the next broker deal.

T&K Co., Ltd.

T&K provides a range of services including outsourced golf course management, design and repair planning, and golf tournament plan proposal by harnessing its abundant experience and broad expertise related to golf.

T&K provides superior services with a focus on hospitality, and improves course maintenance to provide high-quality course conditions. By doing so, the company enhances player satisfaction and boosts course performance. The company leverages its strength in reflecting customers' voices into product planning and management, with the aim to increase the asset value of golf courses.



President Taizo Kawata

— Business Model —

Outsourced management

Outsourced management of golf courses

Planning

Golf course design, renovation design, and supervision

Plan proposal

Proposing plans for golf tournaments and events

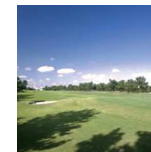
Consulting services

The management of a total of three courses, including contract as a designated course manager
Comprehensive consulting services related to golf, including renovation and course maintenance

Adviser services

Strategic planning and practical training to enhance the asset value of golf courses as profit-earning real estate
Adviser services related to the purchase or sale of golf course assets

Golf courses the company manages on an outsourced basis



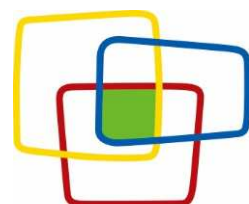
Wakasu Golf Links
(Management business designated by the Tokyo Metropolitan Government)



North Shore Country Club



Tsuruga Kokusai Golf Club



B-lot

..... **Contact us**

Corporate Planning Department

Tel : +81 3-6891-2525

Fax : +81 3-6891-2522

E-mail ir@b-lot.co.jp

URL : <https://en.b-lot.co.jp/>

DISCLAIMER

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