November 29, 2017

For Immediate Release

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Revisions to Consolidated Earnings Forecast

First Brothers Co., Ltd. revised the earnings forecasts it released on January 13, 2017 for the fiscal year ending November 30, 2017 in part taking into account recent performance trends.

1. Revisions to full-year consolidated earnings forecast (December 1, 2016 – November 30, 2017)

(Million yen)	Net sales	Operating income	Ordinary income	Net income attributable owners of the parent	Earnings per share (EPS)
Prior forecast (A)	18,072	4,107	3,687	2,396	¥171.04
Revised forecast (B)	18,744	3,309	2,982	1,972	¥140.74
Change (B – A)	672	-797	-704	-424	—
Change (%)	3.7	-19.4	-19.1	-17.7	—
(Ref.) Results for fiscal year ended November 30, 2016	14,606	3,966	3,662	2,287	¥162.33

Note: First Brothers implemented a 2-for-1 stock split for common shares on September 1, 2017. Accordingly, EPS is calculated based on the assumption that the stock split was implemented at the start of the previous fiscal year.

2. Reasons for revisions to consolidated earnings forecast

The First Brothers Group portfolio contains a wide range of real estate projects (leased properties), including office buildings, commercial real estate buildings, and condos for rent. In light of this, we acquire leasing revenue from this leased real estate portfolio. We are selling some of the real estate investment deals, including properties on which we have stepped up the value, to reshuffle the components in our portfolio. The sale of real estate investment projects substantially outperforms leasing income therefore in general we post a considerable amount to sales and profits (operating, ordinary, and net) at the time of sale. However, the timing of a sale has a substantial impact on the amount we post. In addition, the timing of the sale also has other impacts, mainly on the buyer's motivation. Consequently, should the timing of the sale not go as planned, there is a possibility our consolidated earnings performance could fluctuate considerably. Furthermore, the profit margin on the sale of real estate investment projects differs depending on the timing of the sale. In light of this, (operating, ordinary, and net) profit margins fluctuate relatively easily due to a change in consolidated net sales.

Of the real estate investment projects sold in the fiscal year ending November 30, 2017, some sales consisted of comparatively low-margin real estate investment projects originally scheduled for sale in or after the fiscal year ending November 30, 2018. Conversely, the sale of some real estate investment projects with a relatively high profit margin originally scheduled for sale in the current fiscal year, were postponed until the fiscal year ending November 30, 2018. Accordingly, we believe our consolidated net sales should outperform our previous estimate but our operating, ordinary and net income should underperform our previous forecast.

We note that, although the real estate investment projects with a relatively high profit margin and initially slated for sale in the fiscal year ending November 30, 2017, will not contribute to sales and earnings in the current fiscal year, we believe they should contribute to sales and earnings in the fiscal year ending November 30, 2018.

3. Dividend forecast

We are reiterating our dividend forecast for the fiscal year ending November 30, 2017. We plan to pay a fiscal year-end, per-share dividend of ¥15.00 in early February 2018.

*The earnings forecast stated above is based on certain rational assumptions and information that was available to the First Brothers Group at the time this release was prepared. Actual performance could differ from the forecasts above due to various factors.