

# Result meeting material for the 1Q of the year ending Feb. 2019

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July 18, 2018

TLP Corporation

TSE Mothers : 3479

<https://www.tkp.jp/>

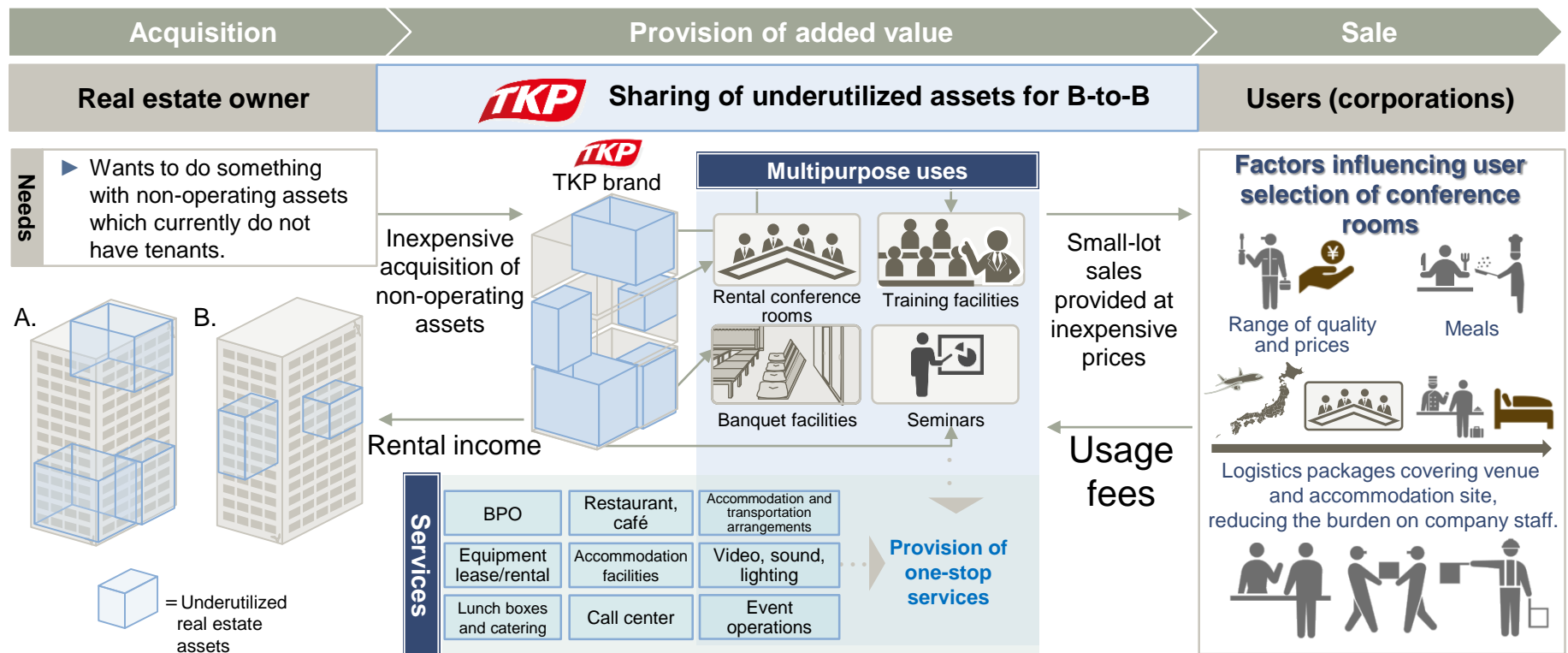
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## Characteristics of the TKP Business

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# TKP business model

TKP acquires underutilized assets from the real estate owners, and operates a sharing business centered on B-to-B. Our business is not simply small-lot sales, and we add a variety of services to the properties when they are rented for use.  
We are no longer a sub-leasing provider. We are a service provider.

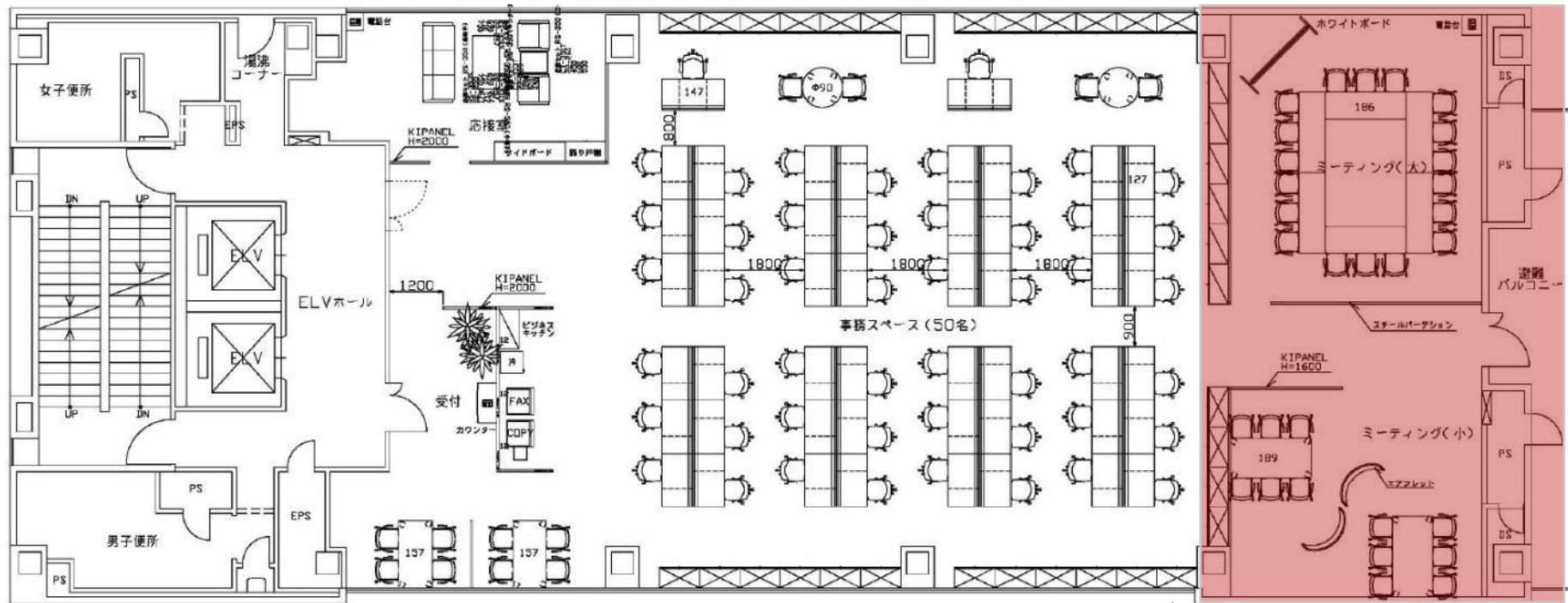


# The market captured by TKP (1/2)

So why is the use of TKP rental conference rooms growing in recent years?

The reason is that the approach to corporate offices is in the process of changing, and there is rapid growth in outsourcing of inefficient space within a company. TKP satisfies this demand.

(Example of office layout)



How often is this conference room space used?

A company that continues to pay rent for conference rooms that are rarely used is wasting money!

→ The company decides to use nearby TKP conference rooms.

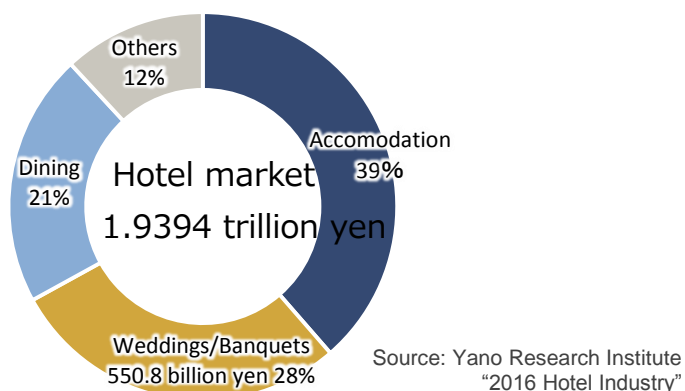
## The market captured by TKP (2/2)

In addition, by using rental conference rooms for multiple purposes, we are working to capture demand in multiple markets. With our conference rooms and banquet facilities located inside office buildings, we have succeeded in capturing demand for corporate events that were previously held outside the office building. Our overpowering nationwide network, consistent quality, and the convenience of our facilities are large advantages for our company.

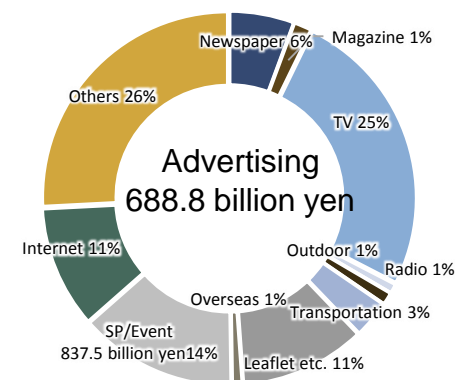
### Market size of corporate training services (2016)



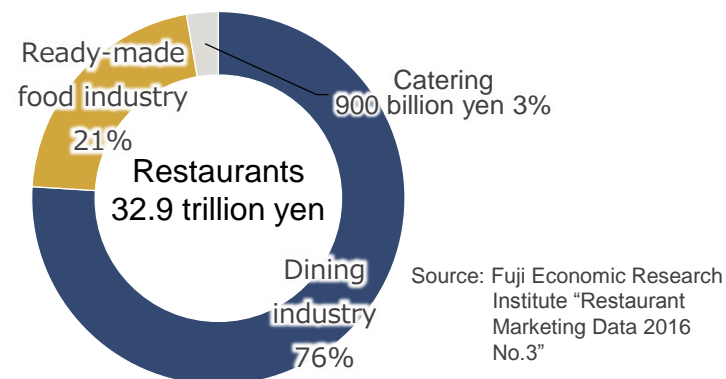
### Size of hotel market (2016)



### Advertising market (2016)



### Size of dining/restaurant market (2015)



As a result, the size of the market which we are targeting easily exceeds 2 trillion yen.  
We can capture demand for an even wider range of purposes by opening facilities in commercial buildings in the future.

## Main topics for the 1Q of the year ending Feb. 2019

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# Main topics from 1Q of the year ending Feb. 2019

There has been strong growth in the rental conference room and banquet business, as well as in business areas related to it.

At present, there is no sense at all of any slowdown in demand for our company's business.

1

## Active openings of high-grade facilities

- Our high-grade and high-functionality grades continue to be in great demand.
- TKP is actively opening new facilities to meet this demand.

2

## Expansion of directly-operated accommodation-type training facilities

- We have started operation at a large-scale accommodation-type training facility (LecTore Hayama, opened April 2018).
- Finding new uses for recreational facilities and training facilities which companies no longer need is something which our company is uniquely capable of.
- Our urban business hotels are operating well.

3

## Further expansion of business areas.

- We are developing new possibilities for commercial buildings use, starting from an alliance with Otsuka Kagu, Ltd.
- Excess shop space resulting from the expansion of EC can be acquired for low cost.
- This is one means of expanding our business domain and capturing demand that we were unable to capture before.

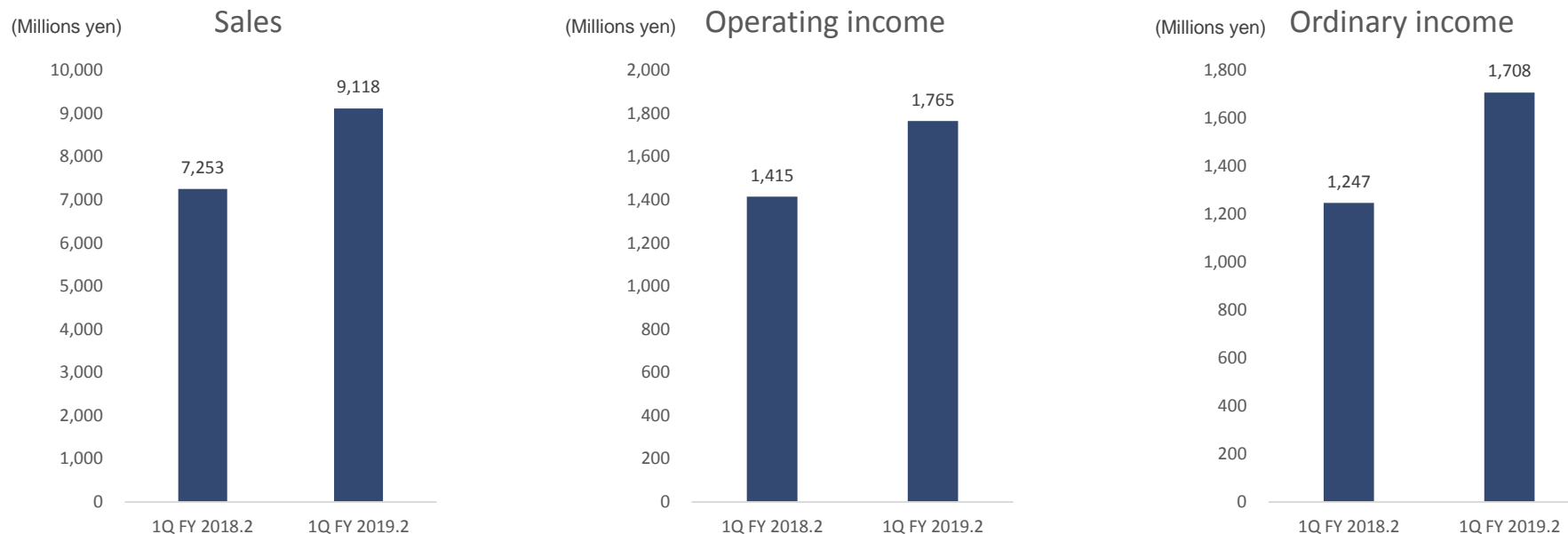


## Highlights of the 1Q of the year ending Feb. 2019

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# Overview of the 1Q of the year ending Feb. 2019 (consolidated)

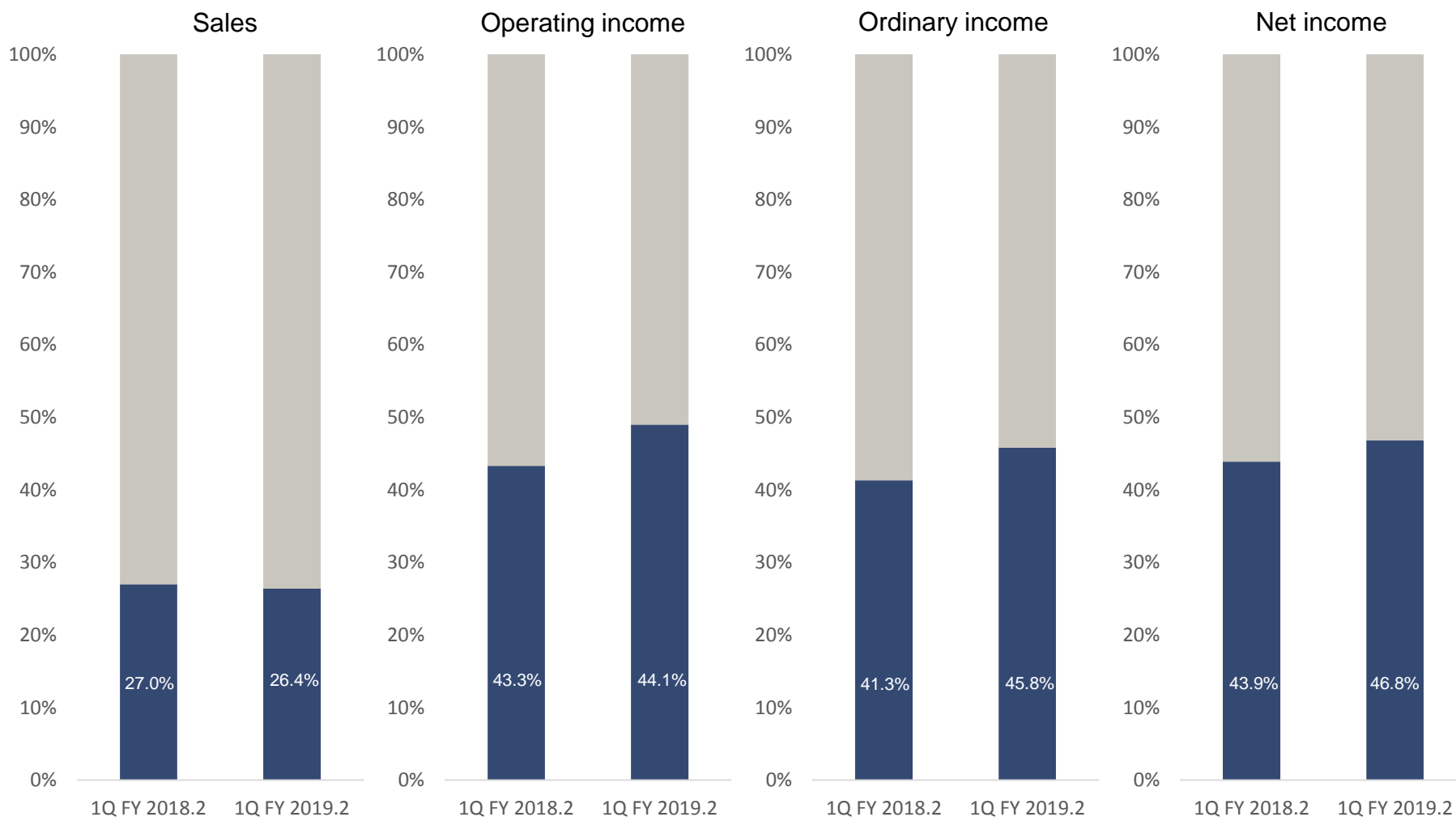
**Sales and profit increased. Ordinary income and quarterly income also increased.**



(Millions yen)	1Q of FY 2018.2		1Q of FY 2019.2		YoY
	Amount	% to sales	Amount	% to sales	
Sales	7,253	100.0%	9,118	100.0%	125.7%
Gross Profit	3,125	43.0%	3,964	43.4%	126.8%
SG&A	1,710	23.5%	2,199	24.1%	128.5%
Operating income	1,415	19.5%	1,765	19.3%	124.7%
Ordinary income	1,247	17.1%	1,708	18.7%	136.9%
Net income	747	10.2%	992	10.8%	132.7%

# 1Q's progress rate for full year

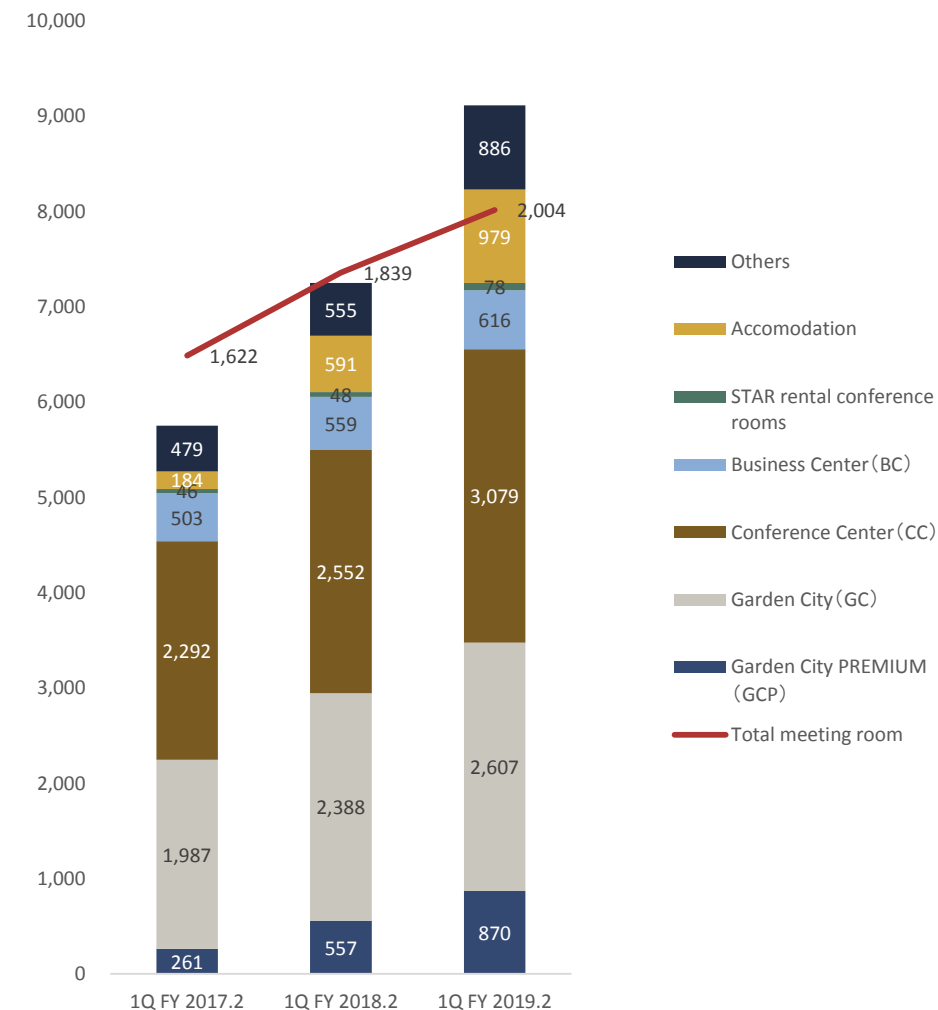
## Faster pace of progress in comparison to previous year



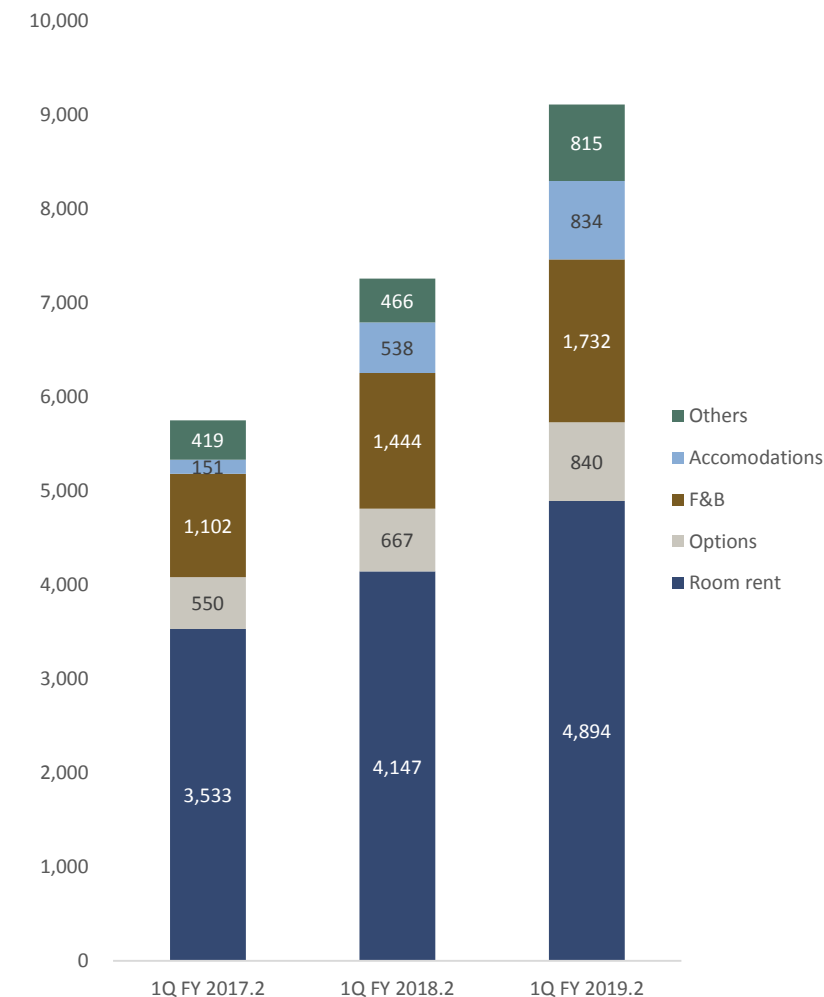
# Trend of consolidated sales by grade

**Income growth is particularly significant for high-grade facilities centering on GCP, and for accommodations. The sales mix also shows an increase in added-value sales other than room rates.**

(Millions yen)



(Millions yen)



# Actual expansion of 1Q of FY 2019.2

We are opening primarily new high-grade conference rooms, and have also started opening facilities in commercial buildings.

Period	Open	Name of Facilities	Object	Area
1Q (March–May 2018)	March	TKP Sendai Minamimachi dori Conference Center	Hotel banquet hall, meeting room	Miyagi
	March	CIRQ Shinjuku	Hotel banquet hall, meeting room	Tokyo
	April	TKP Garden City PREMIUM Sendai Nishiguchi	Hotel banquet hall, meeting room	Miyagi
	April	TKP Garden City PREMIUM Minatomirai	Hotel banquet hall, meeting room	Kanagawa
	April	LecTore Hayama Shonan Kokusaimura	Resort training hotel	Kanagawa
	May	TKP Tokyo Station Central Conference Center	Hotel banquet hall, meeting room	Tokyo



TKP Sendai Minamimachi dori Conference Center








CIRQ Shinjuku



TKP Tokyo Station Central Conference Center

# Numbers of locations and meeting rooms by grade

No policy change. Focus on higher grade.

				Feb. 2016	Feb. 2017	Feb. 2018	May 2018
		Total	Locations	182	204	218	230
			Rooms	1,536	1,752	1,858	2,004
High-price grades that include beverage sales		Garden City PREMIUM (GCP)	Locations	5	11	13	16
			Rooms	49	113	137	177
		Garden City (GC)	Locations	29	32	39	40
			Rooms	350	372	417	427
		Conference Center (CC)	Locations	62	67	79	84
			Rooms	712	796	881	932
Sub total			Rooms	1,111(72%)	1,281(73%)	1,435(77%)	1,536(77%)
Reasonable-price grades		Business Center (BC)	Locations	50	53	49	51
			Rooms	296	351	313	330
		STAR rental conference rooms	Locations	36	41	38	39
			Rooms	109	91	88	94
Sub total			Rooms	405(26%)	442(25%)	401(22%)	424(21%)
Training Center	LecTore, Ishinoya		Rooms	20	29	22	44

## Future Business Strategy

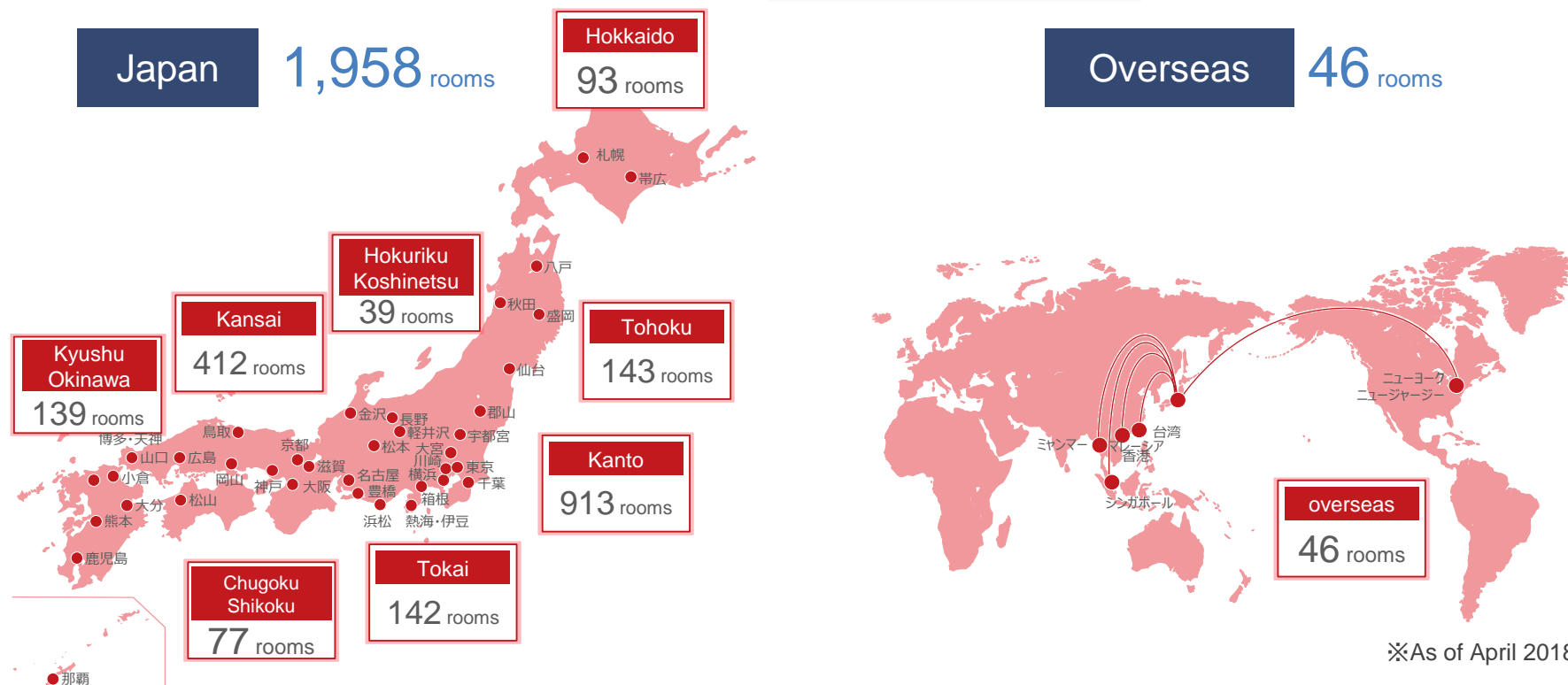
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# Nationwide operation of conference rooms and banquet facilities

As of May 2018, we are operating a total of **2,004** conference rooms.

Feb. end 2018	May end 2018	% increased
1,858 rooms	2,004 rooms	+146 (+7%)
Feb. end 2017	Feb. end 2018	% increased
1,752 rooms	1,858 rooms	+106 (+6%)

Faster pace of expansion for 3 months compared to previous whole year



※As of April 2018



# Expansion plan for this FY

March

CIRQ Shinjuku



April

TKP Garden City PREMIUM  
Sendai Nishiguchi



July

TKP Garden City  
PREMIUM Yokohama Nishiguchi



Nov.

Apa Hotel(TKP Sendai eki kita)  
TKP Garden City Sendai ANEEX



Dec.

First Cabin TKP Ichigaya



March 2018

Feb. 2019

April

TKP Garden City  
PREMIUM Minatomirai



May

TKP Tokyo Central  
Conference Center



Sep.

TKP Garden City Okayama



Nov.

Name TBD  
(Marui Imai Sapporo Minami)



April

LecTore Hayama  
Shonan Kokusaimura



June

Apa Hotel  
(TKP Keiyou Kawasaki)



Nov.

TKP Garden City  
PREMIUM Tamachi



# Expansion plan for next FY

May 2019

Apa Hotel  
〈TKP Nishi Umeda〉



161 rooms

Dec. 2019

Apa Hotel  
〈TKP Ueno Hirokoji〉



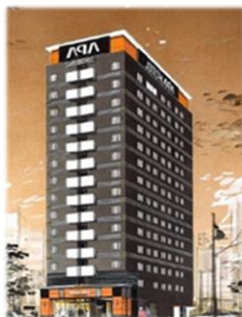
205 rooms

March 2019

Feb. 2020

Nov. 2019

Apa Hotel  
〈TKP Hakata Ebisu Ekimae〉



207 rooms

Feb. 2020

Apa Hotel  
〈TKP Tenjin Daimyo〉



268 rooms

# Introduction of new facilities (1)

## Renovation and April 2018 reopening of LecTore Hayama Shonan Kokusaimura

Located on approximately 40,000 m<sup>2</sup> of land, the IPC International Productivity Center was constructed by the Japan Productivity Center at Shonan Village. Its operation was previously contracted to the Teikoku Hotels Group. TKP has acquired this facility and restarted its operation.

### Extensive buildings and facilities

Land: 40,015 m<sup>2</sup>

Total rooms: 160 rooms

Single: 72 rooms

Twin: 83 rooms

Guest rooms: 3 rooms

Japanese rooms: 1 room

Barrier-free: 1 room

Facilities :

• Training Building

Training/meeting: 22 rooms

Work stations, etc.

• Accommodation Buildings

Cafeteria, lounge, kiosk

Internet booth, laundry etc



## Introduction of new facilities (2)

The 2 facilities that were opened in Yokohama feature a stylish interior design.  
In addition to functionality, we will also work to create spaces with excellent designs that will help us to gain customers.

April 2018

TKP Garden City PREMIUM Minatomirai  
MM Park bldg. 5F total 11 rooms



July 2018

TKP Garden City PREMIUM Yokohama  
Nishiguchi  
Yokohama MK bldg. 1F~8F total 18 rooms





## Introduction of new facilities (3)

**We are accelerating the pace of opening facilities in commercial buildings.**

**This will make it possible to use our facilities for new purposes, and will also aim to provide synergy effects to other building tenants.**

Sep. 2018

NTT Credo Okayama bldg.  
TKP Garden City Okayama

Credo Okayama is a multipurpose business and commercial facility with 2 floors below ground and 21 floors above ground. It is located next to the busy downtown Omote-cho district, and is an Okayama landmark that creates a diverse range of living culture.



Nov. 2018

Marui Imai Sapporo Main Store  
Minami bldg. 5F to 7F  
Meeting rooms and banquet facilities

Floors 2 – 4 in the Minami Building of the Marui Imai Main Store are operated by Maruzen Junkudo Bookstores, and synergy effects between the bookstore and the business customers who come for meetings and training can be expected.



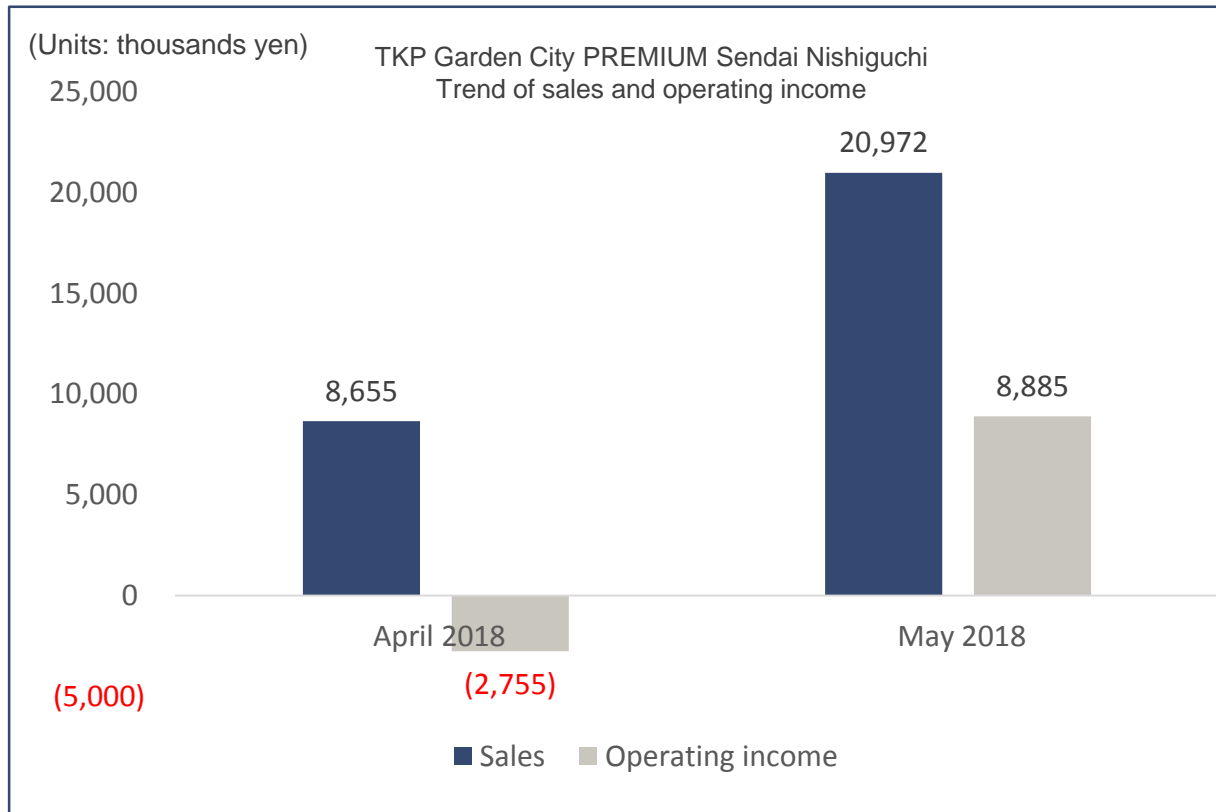
# Example of a facility opened in a commercial building (TKP Garden City PREMIUM Sendai Nishiguchi)

**Both sales and operating income are showing strong growth, and the facility has achieved profitability in its second month after opening.**

Otsuka Kagu Sendai show-room  
7F/8F floor



April 2<sup>nd</sup> 2018  
TKP Garden City PREMIUM Sendai Nishiguchi



# Expansion of the business domain by opening facilities in commercial buildings

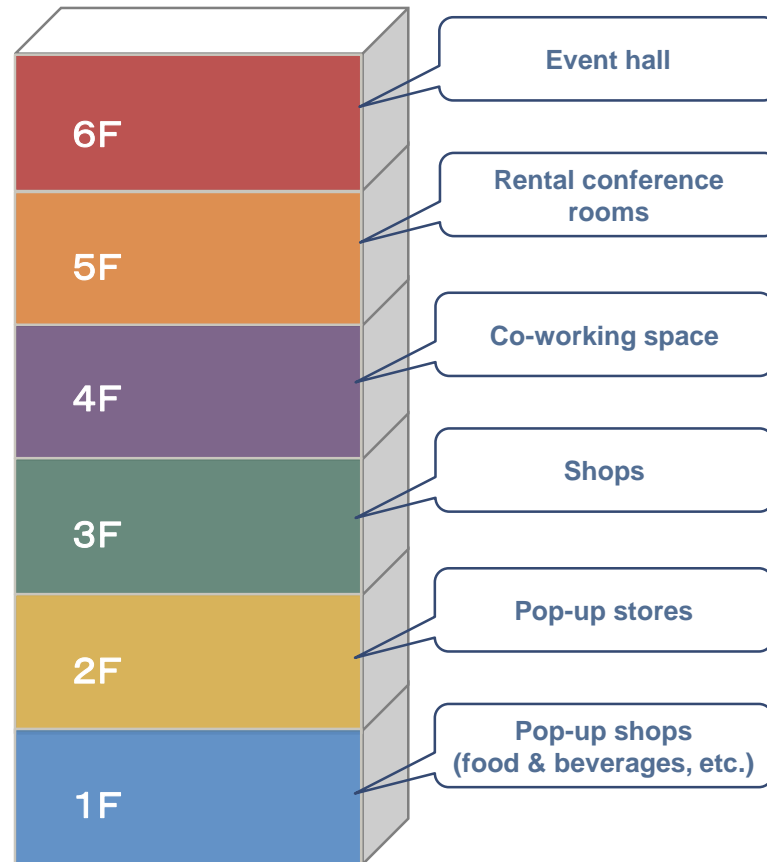
Unlike previous projects, facilities in commercial buildings allow us to bring profit to business. With the expanded purposes of use, including exhibition sales, event venues, and pop-up stores, we are able to expand our business domain.



# Future objectives identified from opening facilities in commercial buildings

Convert excess shop space to a variety of uses, and achieve multi-purpose operation to revitalize the overall building.

\* TKP concept image



5F



3F



1F



6F



4F



2F









## APPENDIX

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# TKP business model

We are working to expand our business areas by operating catering, lunch boxes, and other food and beverage services, simultaneous interpreting systems, and other optional services, as well as accommodation services, transportation arrangement services, and other services to meet user needs.

Food and beverage		Options				
<p><b>Catering</b></p>  <p><b>Boxed lunches</b></p> 	<p><b>Cafe</b></p>  <p><b>Restaurant</b></p> 	<p><b>Simultaneous interpreting system</b></p>  <p><b>Rental services for recruiting</b></p> 	<p><b>Video conferencing system</b></p>  <p><b>Office furniture/equipment</b></p> 	<p><b>Training coordination</b></p>  <p><b>Setting up partitions</b></p> 	<p><b>Video, audio, lighting</b></p>  <p><b>High-spec projector</b></p> 	
Accommodation		Others				
<p><b>Training trip packs</b></p> <p><b>Employee trip</b></p> <p><b>Affiliated hotels</b></p>	<p><b>LecTore</b> レクトーレ</p>  <p><b>Resort-type seminar hotels</b></p>	<p><b>伊豆長岡温泉</b> Villa Garden</p>  <p><b>High grade resort-type seminar ryokan (Japanese style inn)</b></p>	<p><b>TKP APA HOTEL</b></p>  <p><b>Hybrid hotels with conference rooms</b></p>	<p><b>BAYSIDE HOTEL AZUR</b> takashiba</p>  <p><b>Resort-type training hotel in Tokyo</b></p>	<p><b>FIRST CABIN</b></p>  <p><b>Compact hotel with conference rooms</b></p>	<p><b>Accommodation arrangements</b></p> <p><b>Transportation arrangements</b></p> <p><b>TKP コミュニケーションズ</b></p>  <p><b>Event production</b></p> <p><b>Medical conference system</b></p> <p><b>Event management system</b></p> <p><b>MAJORS</b></p> <p><b>Medicalink</b></p>

# 5 different grades to suit each purposes

Operates 5 types of spaces including Garden City PREMIUM, Garden City, Conference Center, Business Center, Star Rental Conference rooms



## Garden City PREMIUM

**State-of-the-art luxury office banquet / conference rooms**

Suitable for diverse purposes, from conferences to banquets, with high-end interiors and unique atmosphere

No. of locations: 16  
No. of rooms: 177  
Brand new / relatively new facilities



## Garden City

**Hotel banquets, and office banquets with large multi-purpose halls**

Rental conference rooms in large hotels, with a strong focus on quality and suitable for various types of events

No. of locations: 40  
No. of rooms: 427  
Mainly renovated facilities



## Conference Center

**Suitable for office banquets (banquets that mainly consist of conferences)**

Covers a diverse range of business purposes, mainly conferences and seminars

No. of locations: 84  
No. of rooms: 932  
Mainly renovated facilities



## Business Center

**Conference facilities with a focus on conferences (rather than banquets)**

Suitable for internal meetings, large and small

No. of locations: 51  
No. of rooms: 330  
Mainly renovated facilities



## Star Rental Conference Rooms

**Local community-based conference rooms**

Suitable for small-scale meetings/assemblies, by companies as well as individuals

No. of locations: 39  
No. of rooms: 94  
Mainly renovated facilities

※As of May 2018

## Stable client base

Number of users per year has reached 24,000 companies.

More than half of listed companies in Japan are TKP users.

Repeat ratio is approximately 85%.

Number of  
corporate  
users per  
year

24,000

Number of  
users of  
listed  
companies  
per year

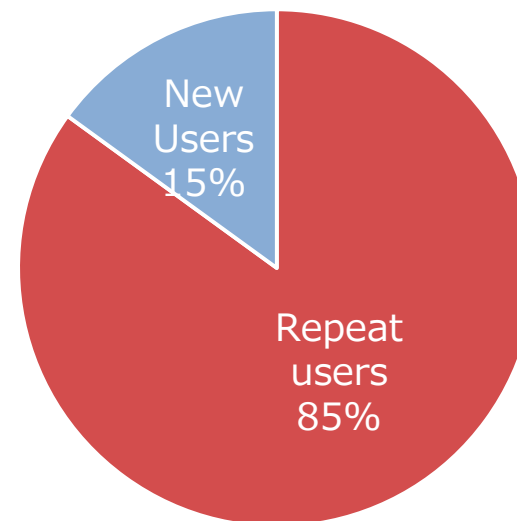
2,000

Average usage  
of rooms for top  
500 clients

100 facilities per customer

### High repeat user ratio

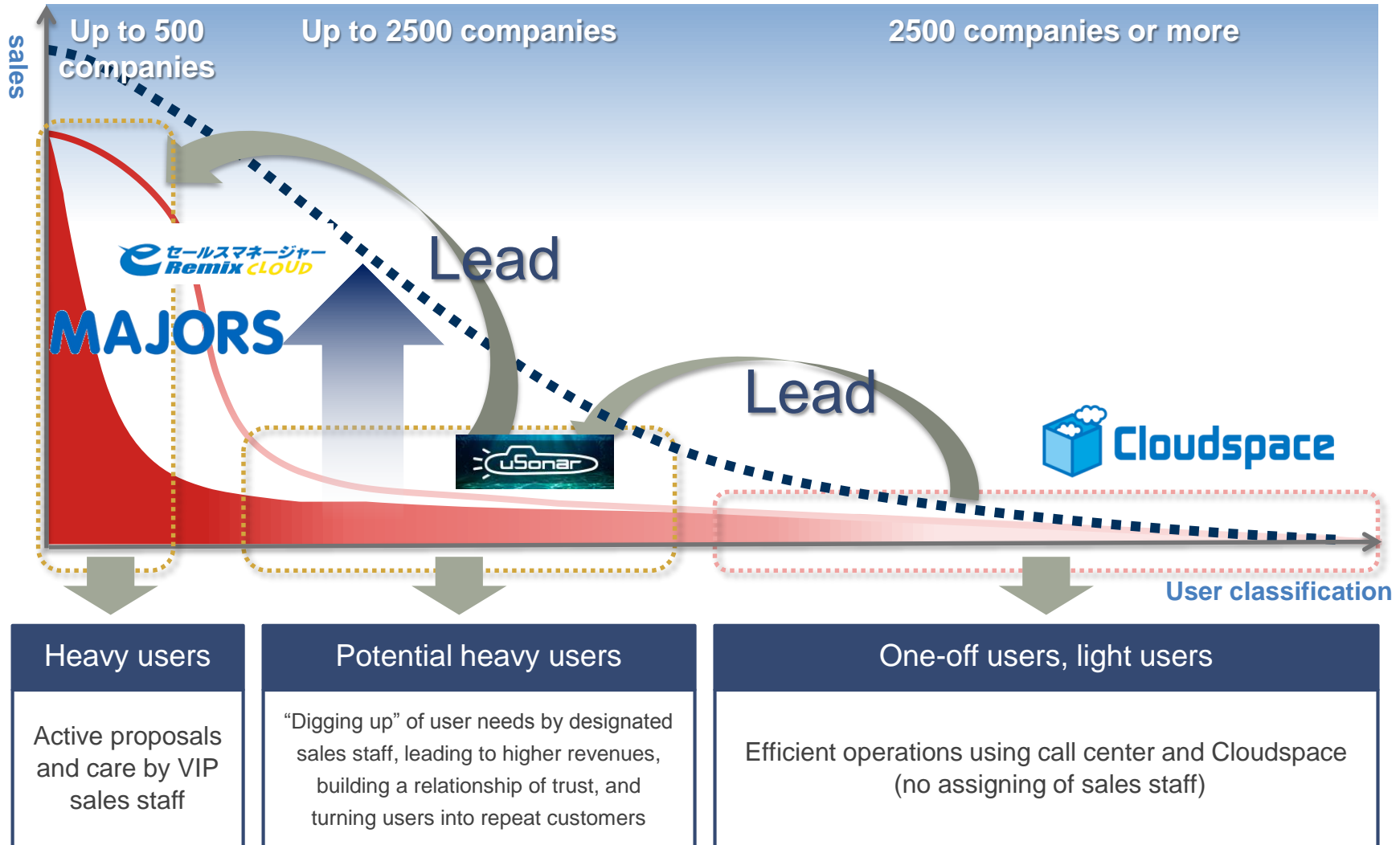
New and repeat user ratio



Repeat client means the client used our facilities FY 2018/2 .

# Optimizing the approach to each customer class

Our current customer group structure has an extremely **long tail**.



# Shareholders as of Feb. end 2018

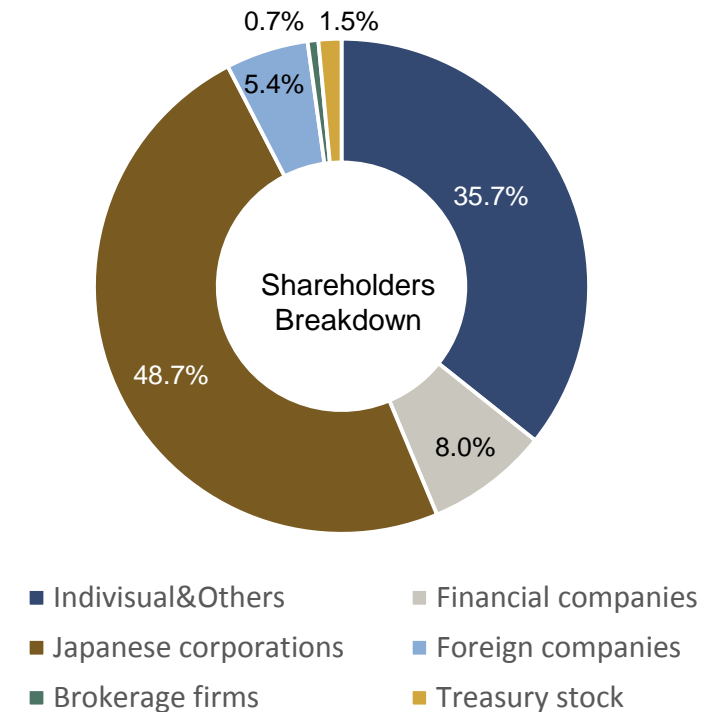
## Outstanding shares

Shares out 33,110,000 shares      # of shareholders: 2,952

### Major shareholders

		# of holding (shares)	Rate of holding (%)
1	River Filed Co. Ltd.	13,468,000	40.68
2	Takateru Kawano (CEO of TKP)	10,040,100	30.32
3	Imon Corporation	2,543,100	7.68
4	Japan Trustee service	1,271,800	3.84
5	Japan Master Trust bank	725,500	2.19
6	TKP corporation	504,700	1.52
7	BNP Paribas Securities Services (Luxembourg)	367,082	1.11
8	Asset management service trust bank	298,700	0.90
9	State Street Trust bank	260,000	0.79
10	Nomura Trust bank	224,900	0.68

### Shareholding ratio



# Corporate Overview

<b>Name</b>	TKP Corporation
<b>Headquarter</b>	2F, TKP Ichigaya Building 8 Ichigaya-Hachimancho Shinjuku-ku, Tokyo 162-0844
<b>Established</b>	August 15, 2005
<b>Representative Director</b>	Takateru Kawano
<b>Capital</b>	JPY 287,795,000
<b>No. of employees</b>	1,258 (as of May 2018) excluding part-timers
<b>Business</b>	Space Regeneration & Distribution Company <ul style="list-style-type: none"> <li>➤ Hotel banquet hall and rental conference room business</li> <li>➤ Dining &amp; catering business</li> <li>➤ Hotel &amp; resort business</li> <li>➤ Event operation &amp; production business</li> <li>➤ Call center &amp; BPO business</li> </ul>

## TKP Corporation

K.K. Convenistation	Rental conference room service
K.K. TKP Properties	Building management service
K.K. TKP Communications	Telemarketing service
K.K. Tokiwaken foods	Dining service
K.K. TKP Medicalink	Operation & support service for medical academic conferences
K.K. Majors	Event produce/ management system      Event management system
TKP MEETING AND CONFERENCE (M) SDN. BHD.	Rental conference room / banquet / optional services
TKP International Limited	Rental conference room / banquet / optional services
TKP New York, Inc.	Rental conference room / banquet / optional services
TKP SINGAPORE IN PTE.LTD.	Rental conference room / banquet / optional services
TKP New Jersey LLC	Rental conference room / banquet / optional services
K.K. TKP SPV No.1~6	Accommodation services

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Please be informed that the actual results etc. could differ significantly from what is stated in this material.