## Contents

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive summary</td>
<td>2</td>
</tr>
<tr>
<td>Business overview</td>
<td>5</td>
</tr>
<tr>
<td>Impact of the COVID-19 pandemic on performance</td>
<td>16</td>
</tr>
<tr>
<td>Effect on our performance forecast and medium-term business plan</td>
<td>21</td>
</tr>
<tr>
<td>Overview of performance in FY02/20</td>
<td>24</td>
</tr>
<tr>
<td>Management policy in FY02/21</td>
<td>34</td>
</tr>
<tr>
<td>Appendix</td>
<td>46</td>
</tr>
</tbody>
</table>
Executive summary

FY02/20

Business expanded, due to the inclusion of Regus Japan in the scope of consolidation in Q2 and Regus Taiwan in Q4. The outbreak of COVID-19 in Q4 caused customers to curtail events. We revised our full-year forecast downward as a result, but still achieved record levels of sales, operating profit, and ordinary profit.

FY02/21

The Japanese government declared a state of emergency on April 7 following the COVID-19 outbreak. Assuming business conditions would be difficult in 1H, we promptly introduced structural reforms centered on selection and concentration. As it is unclear when the pandemic will end and what its impact on our business will be, our outlook for the fiscal year is undetermined.
Recent corporate highlights

Highlights up to Q3

Jun. 1  Regus Japan* commenced operations on a consolidated basis
       (*Refers collectively to the 55 companies operating the Regus business in Japan)
Jun. 26 Formulated medium-term business plan and announced revised forecast for FY02/20
Aug. 16 Announced revisions to the new medium-term business plan and the forecast for FY02/20
Sep. 1  Shinagawa Haizennin Shokaijo commenced operations on a consolidated basis
Sep. 18 Announced the issuance and sale of new shares
Oct. 8  Received 2nd in 2019 Award for Excellence in corporate Disclosure in the Emerging Markets category

Q4 highlights

Dec. 1  Regus Taiwan* commenced operations on a consolidated basis
       (*Refers collectively to the 13 companies operating the Regus business in Taiwan)
Jan. 29 Signed syndicated loan agreements with three megabanks (¥25 billion)
       …Making permanent the bridge loans taken out to acquire Regus Japan

◇◇◇COVID-19 outbreak◇◇◇

Reference: Highlights in Q1 FY02/21

Mar. 6  Announced downward revision to full-year earnings forecast for FY02/20 and revisions to the medium-term business plan
       Announced a new management structure in tandem with executive appointments
Mar. 11, 12, 13 Publicized “BCP support office” and other measures to address COVID-19
Mar. 31 Signed a syndicated loan agreement with Sumitomo Mitsui Banking Corporation (¥2.5 billion)
Apr. 6  Signed a commitment line agreement with Mizuho Bank (¥5.0 billion)
Apr. 10 Entered into a special overdraft agreement with Sumitomo Mitsui Banking Corporation (¥10.0 billion)
Apr. 21 Announced differences between actual and forecast results for FY02/20 and the decision to suspend the medium-term business plan
       Announced voluntary reductions in executive compensation (for May–July 2020, a 50% reduction in representative director compensation and a 40% reduction for full-time directors)
       Announced the issuance of preferred shares in a subsidiary to APA Holdings (¥1.8 billion increase in net assets)
Reinforcing the management structure in anticipation of growth in the flexible workspace market

To reinforce ties between TKP and Regus, as well as to advance sales and real estate sourcing strategies, Shingo Nishioka, president of Regus Japan, was appointed director and COO of TKP on March 6, 2020. The role of CFO was established to enhance financial strategy and the administrative structure, and former COO Koji Nakamura was appointed to the position.

**Director and COO (President of Regus Japan Holdings)**

**Shingo Nishioka**


**Director and CFO (CPA)**

**Koji Nakamura**

In 1995, joined the audit firm Tohmatsu (now Deloitte Touche Tohmatsu LLC) upon graduation from the School of Political Science and Economics, Waseda University. Registered as a certified public accountant in 2003. In December 2006, appointed director of TKP and general manager of the administrative division. Became director and general manager of the business planning office in October 2012, director and COO in September 2013, and was appointed to his current position (director and CFO) in March 2020.

**Divisional oversight**

- Sales
- Operations
- Real estate sourcing

- Administration
Business overview
In its mainstay flexible workspace business, TKP provides temporary office space to companies.

**Flexible Workspace**  
(Rental meeting rooms, hotel banquet facilities, serviced offices, co-working spaces)

**Hotel/ Accommodation and Training**

**Food & Beverage/ Banquet**

**Event Production**

**BPO**
Making Regus Japan a subsidiary

TKP provides office space rented by the hour, while Regus Japan, which became a consolidated subsidiary in Q2, provides office space rented by the month. As the companies’ customer bases differ, we expect to benefit from reciprocal customer referrals and joint openings, as well as from increased operational and launch efficiencies.

Transaction price: £300 million (approx. ¥42.4 billion)

April 15, 2019
Announced Regus Japan acquisition
Signed long-term exclusive partnership agreement in Japan with IWG

May 31, 2019
Conversion to subsidiary completed
Income statement consolidated in Q2 FY02/20
Making Regus Taiwan a subsidiary

We completed conversion of Regus Taiwan to a subsidiary on September 30, 2019. Consolidation of the company was postponed from October 1 until December 1 (Q4) to coincide with accounting integration.

- Business: Serviced offices, co-working spaces
- Brands: Regus, SPACES
- Locations: 13¹ (11 Regus locations, 2 SPACES locations)
- Sales: ¥1.23 billion (FY02/20²)

Transaction price
£18 million
(¥2.41 billion)

(In three years)
Sales
Approx. ¥2.3 billion
EBITDA
Approx. ¥0.6 billion
(In six years)
50 locations

These medium-term targets are suspended as we may revise the number of new openings.

1. The change in number of locations is because an HQ location that had been scheduled to open in spring 2020 is now to be a SPACES facility and open in autumn 2020.
2. This figure is the sum of sales for nine months prior to consolidation and three months afterward.
Global collaboration with IWG (CEO: Mark Dixon; listed on the London Stock Exchange)

IWG provides workspaces globally under the Regus brand and is the overwhelming global leader in the flexible workspace market. **Regus members are free to use the business lounges at all locations, which number more than 3,300.**

1. Mark Dixon, IWG’s CEO, is also an outside director at TKP.
2. Figures are for FY12/19.
TKP and Regus have complementary sourcing strategies. By leveraging these through joint launches, we can benefit from launches in areas TKP would not enter on its own and facilities on a scale Regus would not launch on its own.

**TKP’s sourcing strategy**
- Strategy of concentrating launches at large facilities near major train stations in big cities
- Sharing operating costs allows launches at facilities in areas and on a scale that neither TKP nor Regus would undertake on their own

**Regus’ sourcing strategy**
- Strategy of launching not just in large cities, but also nationwide in regional cities and at airports
- Sell in small lots (space sharing)
- Revitalizes spaces
- Rent burden reduced
- Flexible workstyles

**Real estate owner**
- Secures rent income

**Business users**
On average, Regus facilities break even 8–12 months after opening and reach cruising speed after around 18 months. While it takes longer for these facilities to turn a profit compared to rental meeting room facilities, they employ a sublease-based recurring revenue model. We can expect them to achieve stability in the long term (after 10+ years) and maintain high profitability that is relatively unaffected by business conditions.

By comparison, TKP has lower initial costs than Regus and reaches the breakeven point more quickly. Through joint launches, we can achieve profitability faster for facilities as a whole.
Openings in Q4 FY02/20

In Q4, TKP opened one facility and Regus opened three. Joint launches included two facilities near terminal buildings and one expansion.

TKP Garden PREMIUM
Kanazawa Station Nishiguchi (January 2020)

(1 new facility)

Joint openings
(1 new TKP facility, 1 expanded TKP facility, 1 new Regus facility)

Regus Shin-Hiroshima Building (January 2020)

Regus Shin-Yokohama Square Center (February 2020)

Expanded TKP Garden City PREMIUM Sendai Nishiguchi (December 2019) (Regus to open in May 2020)

Regus Matsuyama Ekimae (February 2020) (TKP opened in November 2019)

Regus Kumamoto PLACE Hanabatake (January 2020)

(3 new facilities)
Openings in FY02/20

Tight real estate market conditions in FY02/20 prompted us to halve the number of TKP meeting rooms opened year on year. However, the launches of Regus facilities were in line with our initial forecast as the collaboration with TKP helped accelerate opening speed.

<table>
<thead>
<tr>
<th>TKP</th>
<th>Openings in FY02/19</th>
<th>Decrease in openings</th>
<th>Openings in FY02/20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>44 locations, approx. 64,500 m²</td>
<td></td>
<td>22 locations, 45,500 m²</td>
</tr>
</tbody>
</table>

9 locations
18,000 m²
9 locations
(Excluding one expansion and Azur refurbishment)

4 locations
15,500 m²
4 locations
(Including a 5,300 m² expansion)

7 locations
4,300 m²
7 locations
( Including one large-scale SPACES facility)

2 locations
7,700 m²
2 locations
( Including one large-scale SPACES facility)

Q1
2 locations
1,600 m²
2 locations
( Including one joint opening)  

Q2
8 locations
8,000 m²
8 locations
( Including one joint opening and excluding one expansion)  

Q3
4 locations
2,500 m²
4 locations
( Including one joint opening)  

Q4

Regus Openings in FY02/20
14 locations, 12,000 m²

Joint openings

TKP × Regus

Openings in FY02/20
2 locations, 2,500 m²
(Plus three locations where TKP opened first)
Number of meeting rooms, locations, and workstations\(^1\) by grade

(We offer five grades to meet different purposes, scales, and budgets. In FY02/20, we focused on openings of GCP, the highest grade.)

<table>
<thead>
<tr>
<th>Grade</th>
<th>Rooms</th>
<th>Locations</th>
<th>FY02/17</th>
<th>FY02/18</th>
<th>FY02/19</th>
<th>FY02/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garden City Premium (GCP)</td>
<td>Rooms</td>
<td>113</td>
<td>137</td>
<td>223</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Locations</td>
<td>11</td>
<td>13</td>
<td>20</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>Garden City (GC)</td>
<td>Rooms</td>
<td>372</td>
<td>417</td>
<td>458</td>
<td>458</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Locations</td>
<td>32</td>
<td>39</td>
<td>46</td>
<td>48</td>
<td></td>
</tr>
<tr>
<td>Conference Center (CC)</td>
<td>Rooms</td>
<td>796</td>
<td>881</td>
<td>992</td>
<td>983</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Locations</td>
<td>67</td>
<td>79</td>
<td>87</td>
<td>84</td>
<td></td>
</tr>
<tr>
<td>Business Center (BC)</td>
<td>Rooms</td>
<td>351</td>
<td>313</td>
<td>319</td>
<td>300</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Locations</td>
<td>53</td>
<td>49</td>
<td>50</td>
<td>47</td>
<td></td>
</tr>
<tr>
<td>STAR rental meeting rooms</td>
<td>Rooms</td>
<td>91</td>
<td>88</td>
<td>93</td>
<td>87</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Locations</td>
<td>41</td>
<td>38</td>
<td>40</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>Temporary offices in large, new buildings</td>
<td>Rooms</td>
<td>29</td>
<td>22</td>
<td>52</td>
<td>69</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Locations</td>
<td>8</td>
<td>7</td>
<td>10</td>
<td>12</td>
<td></td>
</tr>
</tbody>
</table>

TKP total

<table>
<thead>
<tr>
<th>Rooms</th>
<th>Locations</th>
<th>m(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,752</td>
<td>212</td>
<td>277,731</td>
</tr>
<tr>
<td>1,858</td>
<td>225</td>
<td>339,493</td>
</tr>
<tr>
<td>2,137</td>
<td>253</td>
<td>379,472</td>
</tr>
<tr>
<td>2,197</td>
<td>256</td>
<td>417,504</td>
</tr>
</tbody>
</table>

Workstations

<table>
<thead>
<tr>
<th>Regus (Japan)</th>
<th>Locations</th>
<th>m(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>15,680</td>
<td>108</td>
<td>79,366</td>
</tr>
<tr>
<td>17,321</td>
<td>118</td>
<td>87,860</td>
</tr>
<tr>
<td>19,363</td>
<td>132</td>
<td>98,052</td>
</tr>
<tr>
<td>23,381</td>
<td>156</td>
<td>125,172</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Regus (Taiwan)</th>
<th>Locations</th>
<th>m(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,462</td>
<td>9</td>
<td>11,809</td>
</tr>
<tr>
<td>1,462</td>
<td>9</td>
<td>11,809</td>
</tr>
<tr>
<td>2,293</td>
<td>13</td>
<td>20,368</td>
</tr>
<tr>
<td>2,319</td>
<td>13</td>
<td>20,368</td>
</tr>
</tbody>
</table>

1. Workstations: Number of seats at Regus facilities

As of February 29, 2020
The TKP Group has an extensive network of temporary office space in Japan. We are expanding our amount of flexible workspace, centering on urban areas.

**Facilities**

- **425** facilities  
  As of February 29, 2020

**Rooms** (meeting rooms at TKP facilities + rooms at Regus facilities)

- **11,626** rooms  
  As of February 29, 2020

**Seats** (seats in TKP conference rooms + workstations at Regus facilities)

- **190,018** seats  
  As of February 29, 2020

**Contracted floorspace**

- **563,044** m²  
  As of February 29, 2020

Domestic target for 2030: approx. 1.4 million m² (approx. 1,500 locations)
Impact of the COVID-19 pandemic on performance
## Spread of COVID-19 in Japan

The use of conference rooms and banquet facilities has fallen, due to trends at large Japanese companies and the national government’s requests to refrain from holding events. Numerous cancellations have also occurred after a state of emergency was declared.

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jan. 16</td>
<td>The first case is discovered in Japan.</td>
</tr>
<tr>
<td>Jan. 26</td>
<td>GMO Internet Group transitions to a work-at-home structure.</td>
</tr>
<tr>
<td>Jan. 27</td>
<td>The Japanese government announces a new type of pneumonia as a “designated infectious disease.”</td>
</tr>
<tr>
<td>Jan. 31</td>
<td>The WHO declares a state of emergency.</td>
</tr>
<tr>
<td>Feb. 14</td>
<td>Yahoo prohibits (in principle) attendance at gatherings of 100 or more people.</td>
</tr>
<tr>
<td>Feb. 20</td>
<td>The Japanese government asks organizers to consider the essential nature of holding events.</td>
</tr>
<tr>
<td>Feb. 26</td>
<td>The Japanese government requests the cancellation or postponement of large-scale events.</td>
</tr>
<tr>
<td>Feb. 27</td>
<td>The Japanese government asks all elementary, junior high, and high schools throughout the country to close.</td>
</tr>
<tr>
<td>Mar. 11</td>
<td>The WHO declares a pandemic.</td>
</tr>
<tr>
<td>Mar. 20</td>
<td>A government expert panel opines that organizers should judge and response seriously to the risk of holding events.</td>
</tr>
<tr>
<td>Mar. 25</td>
<td>The Tokyo metropolitan government asks residents to refrain from non-essential, non-urgent outings and recommends working at home during the week.</td>
</tr>
<tr>
<td>Apr. 6</td>
<td>The Tokyo metropolitan government asks people to refrain from outings, where possible, as the national government prepares to declare a state of emergency.</td>
</tr>
<tr>
<td>Apr. 7</td>
<td>The Japanese government declares a one-month state of emergency, through May 6, for seven prefectures (Tokyo, Kanagawa, Saitama, Chiba, Osaka, Hyogo, and Fukuoka).</td>
</tr>
<tr>
<td>Apr. 10</td>
<td>Following the state of emergency declaration, the Tokyo metropolitan government asks some facilities to close.</td>
</tr>
<tr>
<td>Apr. 16</td>
<td>The Japanese government extends the state of emergency declaration nationwide.</td>
</tr>
</tbody>
</table>
Impact of COVID-19’s spread on rental meeting rooms

Requests to refrain from holding events led to a downturn in usage and new reservations, mainly at large banquet facilities, in February. As a result, sales slumped from our initial forecast of over ¥3.0 billion during the month, which is typically very busy.

Monthly rental meeting room sales*

* Rental meeting room sales indicates the total of sales from room rents, options, and catering.
Impact of COVID-19’s spread on Regus

Regus’ customer contracts, compared to those for rental meeting rooms, tend to be long-term (12–18 months) and provide stable sales regardless of season. Consequently, at this stage sales have been essentially unaffected by the spread of COVID-19.

Regus’ monthly sales (FY02/20)

(Millions of yen)

Start of consolidation for Regus Japan

Start of consolidation for Regus Taiwan

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</thead>
<tbody>
<tr>
<td>1,351</td>
<td>1,386</td>
<td>1,398</td>
<td>1,416</td>
<td>1,458</td>
<td>1,459</td>
<td>1,457</td>
<td>1,454</td>
<td>1,460</td>
<td>106</td>
<td>100</td>
<td>98</td>
</tr>
</tbody>
</table>
Response measures to the spread of COVID-19

We will respond with measures to increase profitability on two fronts: reducing costs and addressing new demand.

Response measures

- **Reduce fixed costs**
  - Begin negotiating for rent reductions at facilities the Company operates and streamline HR expenses.

- **Address demand for teleworking and distributed offices**
  - Even during the Corona outbreak, run campaigns targeting an anticipated uptick in demand for flexible workspace.

- **Hedge risks in preparation for further emergencies**
  - Around 40% of TKP facilities can be cancelled at short notice, and approximately half of Regus facilities use variable rent, allowing costs to be controlled if the situation deteriorates further.
Effect on our performance forecast and medium-term business plan
**Downward revision to FY02/20 forecast announced March 6, 2020**

On March 6, 2020, we revised our forecast downward, based on performance trends through January 2020 and lower February sales due to a falloff in usage and new reservations in line with the spread of COVID-19.

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>FY02/20 forecasts</th>
<th>Reasons for changes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Announced August 16</td>
<td>Announced March 6</td>
</tr>
<tr>
<td>Net sales</td>
<td>56,206</td>
<td>54,280</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EBITDA*</td>
<td>11,228 (20.0%)</td>
<td>9,370 (17.3%)</td>
</tr>
<tr>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating profit</td>
<td>7,607 (13.5%)</td>
<td>5,770 (10.6%)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
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<td></td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>5,913 (10.5%)</td>
<td>4,050 (7.5%)</td>
</tr>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>2,863 (5.1%)</td>
<td>820 (1.5%)</td>
</tr>
<tr>
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</tbody>
</table>

* EBITDA is calculated as operating profit plus depreciation and amortization, the amortization of long-term prepaid expenses, and goodwill amortization.
Revision and suspension of the medium-term business plan

On March 6, we announced the downward revision of our targets for FY02/21 and the suspension of our targets for FY02/22. On April 21, we completely suspended the medium-term business plan due to uncertainty about when the coronavirus epidemic would end and its impact on the Company. Our targets for FY02/21 is undetermined, and we have put plans to expand into other countries on hold.

### FY02/21 and FY02/22 (Millions of yen)

<table>
<thead>
<tr>
<th></th>
<th>Announced August 16</th>
<th>Announced March 6</th>
<th>Announced April 21</th>
<th>Announced August 16</th>
<th>Announced March 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>69,150</td>
<td>62,000</td>
<td>–</td>
<td>79,326</td>
<td>–</td>
</tr>
<tr>
<td>EBITDA</td>
<td>14,996</td>
<td>8,660</td>
<td>–</td>
<td>18,313</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(21.7%)</td>
<td>(14.0%)</td>
<td>–</td>
<td>(23.1%)</td>
<td>–</td>
</tr>
<tr>
<td>Operating profit</td>
<td>9,617</td>
<td>3,200</td>
<td>–</td>
<td>12,471</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(13.9%)</td>
<td>(5.2%)</td>
<td>–</td>
<td>(15.7%)</td>
<td>–</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>9,038</td>
<td>3,030</td>
<td>–</td>
<td>11,918</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(13.1%)</td>
<td>(4.9%)</td>
<td>–</td>
<td>(15.0%)</td>
<td>–</td>
</tr>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>4,456</td>
<td>890</td>
<td>–</td>
<td>6,406</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>(6.4%)</td>
<td>(1.4%)</td>
<td>–</td>
<td>(8.1%)</td>
<td>–</td>
</tr>
</tbody>
</table>
Overview of performance in FY02/20
Regus Japan was included in the scope of consolidation from Q2, leading to record levels of sales, EBITDA, operating profit, and ordinary profit. EBITDA exceeded ¥10.0 billion, the EBITDA margin rose to 18.6%, the ability to generate cash increased.

<table>
<thead>
<tr>
<th></th>
<th>FY02/19</th>
<th>FY02/20</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>35,523</td>
<td>54,343</td>
<td>+53.0%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>13,722</td>
<td>20,722</td>
<td>+51.0%</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>9,433</td>
<td>14,396</td>
<td>+52.6%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>5,180</td>
<td>10,132</td>
<td>+95.6%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>4,289</td>
<td>6,325</td>
<td>+47.5%</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>4,053</td>
<td>4,761</td>
<td>+17.5%</td>
</tr>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>1,893</td>
<td>1,743</td>
<td>-7.9%</td>
</tr>
</tbody>
</table>

Special factors pertaining to Q4 only are marked in red.

Factors affecting SG&A expenses:
- Goodwill amortization from acquisitions: - ¥1,870mn (Q2–Q4)
- One-time expenses related to integration of Regus Japan: Approx. - ¥400mn (Q3)
- Registration license tax for public offering: - ¥80mn (Q3)

Factors affecting non-operating income/expenses:
- Bank arrangement fees: - ¥500mn (Q1)
- M&A fees: - ¥400mn (- ¥300mn in Q1, - ¥90mn in Q3)
- Increase in interest expenses: - ¥230mn (Q2–Q4)
- Fees accompanying public offering: - ¥50mn (Q3)
- Syndicated loan arrangement fees: - ¥200mn

Factors affecting extraordinary income/losses:
- Impairment losses on shares in Otsuka Kagu: - ¥220mn (Q2)
- Preferred dividend payouts: - ¥150mn (Q3)
- Gain on sale of JAIC shares: + ¥390mn (Q3)
- Impairment on fixed assets: - ¥660mn

Despite a large increase in goodwill amortization, SG&A ratio remained close to 26% thanks to an improvement in profitability at the main TKP Group.
Actual results versus forecast announced on March 6, 2020

Results for EBITDA and all profit categories were higher than we had forecast, because SG&A expenses were lower than the conservative figures we had forecast on March 6 and due to foreign exchange gains.

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>Revised forecast on March 6</th>
<th>Actual results</th>
<th>Difference</th>
<th>% difference</th>
<th>Reasons for differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>54,280</td>
<td>54,343</td>
<td>63</td>
<td>+0.1%</td>
<td></td>
</tr>
<tr>
<td>EBITDA</td>
<td>9,370 (17.3%)</td>
<td>10,132 (18.6%)</td>
<td>762</td>
<td>+8.1%</td>
<td>Increase in depreciation: + ¥260mn, Decrease in goodwill amortization: - ¥60mn</td>
</tr>
<tr>
<td>Operating profit</td>
<td>5,770 (10.6%)</td>
<td>6,325 (11.6%)</td>
<td>555</td>
<td>+9.6%</td>
<td>Decrease in cost of sales: + ¥330mn, Streamlining of HR expenses: + ¥200mn, Decrease in goodwill amortization: + ¥60mn</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>4,050 (7.5%)</td>
<td>4,761 (8.8%)</td>
<td>711</td>
<td>+17.6%</td>
<td>Foreign exchange gains: + ¥210mn</td>
</tr>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>820 (1.5%)</td>
<td>1,743 (3.2%)</td>
<td>923</td>
<td>+112.6%</td>
<td>Decrease in impairment losses: + ¥50mn, Decrease in corporate taxes: + ¥130mn</td>
</tr>
</tbody>
</table>
Consolidated results for FY02/20 (Regus results shown separately)

Efforts to increase operating efficiency at existing facilities in the main TKP Group\(^1\) led to improvements in the cost of sales and SG&A ratios. As a result, the gross profit, EBITDA, and operating profit margins all rose substantially.

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>(1) FY02/19 main TKP Group</th>
<th>(2) FY02/20 main TKP Group</th>
<th>YoY change ([2] – [1])</th>
<th>(3) FY02/20 (from Q2) Regus Japan</th>
<th>(4) FY02/20 (Q4 only) Regus Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>35,523</td>
<td>41,194</td>
<td>+16.0%</td>
<td>12,843</td>
<td>305</td>
</tr>
<tr>
<td>Gross profit</td>
<td>13,722 (38.6%)</td>
<td>16,353 (39.7%)</td>
<td>+19.2%</td>
<td>4,335 (33.8%)</td>
<td>32 (10.8%)</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>9,433 (26.6%)</td>
<td>10,482 (25.5%)</td>
<td>+11.1%</td>
<td>3,791 (29.5%)</td>
<td>122 (40.1%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>5,180 (14.6%)</td>
<td>7,198 (17.5%)</td>
<td>+39.0%</td>
<td>2,809 (21.9%)</td>
<td>124 (40.7%)</td>
</tr>
<tr>
<td>Operating profit or loss</td>
<td>4,289 (12.1%)</td>
<td>5,871 (14.3%)</td>
<td>+36.9%</td>
<td>543(^2) (4.2%)</td>
<td>-89(^3) (-29.4%)</td>
</tr>
</tbody>
</table>

1. “Main TKP Group” indicates consolidated figures for the Group, excluding results from Regus Japan and Regus Taiwan.
2. Operating profit for Regus Japan excludes goodwill amortization and the amortization of customer-related assets and other intangible assets.
3. Operating profit for Regus Taiwan excludes goodwill amortization.
Q4 FY02/20 consolidated results (December–February)

Regus Taiwan entered the scope of consolidation in Q4. Contributions from Regus Japan (which has not been affected by COVID-19) and growth at the main TKP Group led to significant YoY profit increases at all levels except profit attributable to owners of the parent.

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>Q4 FY02/19</th>
<th>Q4 FY02/20</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>8,861</td>
<td>14,668</td>
<td>+65.5%</td>
</tr>
<tr>
<td>Gross profit</td>
<td>3,310</td>
<td>5,428</td>
<td>+64.0%</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>2,514</td>
<td>4,063</td>
<td>+61.6%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,075</td>
<td>2,856</td>
<td>+165.6%</td>
</tr>
<tr>
<td>Operating profit</td>
<td>795</td>
<td>1,365</td>
<td>+71.6%</td>
</tr>
<tr>
<td>Ordinary profit</td>
<td>758</td>
<td>1,381</td>
<td>+82.3%</td>
</tr>
<tr>
<td>Profit attributable to owners of the parent</td>
<td>798</td>
<td>455</td>
<td>- 42.9%</td>
</tr>
</tbody>
</table>

(Factors affecting SG&A expenses)
- Goodwill amortization from acquisitions: - ¥800mn

(Factors affecting non-operating income/expenses)
- Increase in interest expenses: - ¥60mn
- Syndicated loan arrangement fees: - ¥200mn
- Forex gains: + ¥210mn
- Income tax refund: + ¥30mn

(Factors affecting extraordinary income/losses)
- Impairment losses on fixed assets: - ¥660mn
### Consolidated results for Q4 FY02/20 (Regus results shown separately)

Although the main TKP Group was affected by COVID-19 in February, sales and profit increased. Regus Japan, which had dipped into the red in Q3 due to one-off expenses, returned to profitability. However, Regus Taiwan generated an operating loss due to one-time expenses related to consolidation and the posting of goodwill amortization.

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>(1) Q4 FY02/19 main TKP Group</th>
<th>(2) Q4 FY02/20 main TKP Group</th>
<th>YoY change ([2] – [1])</th>
<th>(3) Q4 FY02/20 Regus Japan</th>
<th>(4) Q4 FY02/20 Regus Taiwan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>8,861</td>
<td>9,991</td>
<td>+12.8%</td>
<td>4,371</td>
<td>305</td>
</tr>
<tr>
<td>Gross profit</td>
<td>3,310 (37.4%)</td>
<td>3,810 (38.1%)</td>
<td>+15.1%</td>
<td>1,584 (36.2%)</td>
<td>32 (10.8%)</td>
</tr>
<tr>
<td>SG&amp;A</td>
<td>2,514 (28.4%)</td>
<td>2,652 (26.6%)</td>
<td>+5.5%</td>
<td>1,288 (29.5%)</td>
<td>122 (40.1%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,075 (12.1%)</td>
<td>1,504 (15.1%)</td>
<td>+39.9%</td>
<td>1,227 (28.1%)</td>
<td>124 (40.7%)</td>
</tr>
<tr>
<td>Operating profit or loss</td>
<td>795 (9.0%)</td>
<td>1,158 (11.6%)</td>
<td>+45.6%</td>
<td>296 (6.8%)</td>
<td>-89 (-29.4%)</td>
</tr>
</tbody>
</table>
Main TKP Group sales, by grade and service

Sales for Garden City PREMIUM, our top grade, rose more than 30% YoY, as did sales for accommodation and training facilities. By service, the percentage of sales from accommodations increased, while the percentage of sales from room rent decreased.

### Sales by grade
(Millions of yen, YoY comparison)

<table>
<thead>
<tr>
<th></th>
<th>FY02/19</th>
<th>FY02/20</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,338</td>
<td>5,024</td>
<td>6,643</td>
</tr>
<tr>
<td>5,024</td>
<td>3,338</td>
<td>6,643</td>
</tr>
<tr>
<td>251</td>
<td>2,062</td>
<td>2,149</td>
</tr>
<tr>
<td>11,043</td>
<td>12,204</td>
<td>12,204</td>
</tr>
<tr>
<td>9,735</td>
<td>10,303</td>
<td>10,303</td>
</tr>
<tr>
<td>4,065</td>
<td>5,314</td>
<td>5,314</td>
</tr>
</tbody>
</table>

### Sales by service
(Millions of yen, % of total)

**FY02/19**
- Room rent: 17,611 (49.6%)
- F&B: 7,293 (20.5%)
- Options: 3,373 (9.5%)
- Others: 4,056 (11.4%)
- Accommodations: 5,024 (14.4%)

**FY02/20**
- Room rent: 19,882 (48.3%)
- F&B: 7,768 (19.9%)
- Options: 3,912 (9.5%)
- Others: 4,327 (18.5%)
- Accommodations: 5,283 (12.8%)

1. Others: Mainly comprises sales of accommodation at non-company facilities, service fees, and vending machine sales at each location.
2. Options: Mainly comprises sales of equipment used in meeting rooms.
Rental meeting room KPIs

Sales per square meter*, a KPI for rental meeting rooms, trended upward through Q3. However, the Q4 figure was down YoY, as the impact of COVID-19 led to a significant YoY sales decrease in February.

* The sales total comprises fees for room rentals, options, and catering.
Regus (Japan) performance indicators

Occupancy rate is a KPI for Regus. The occupancy rate in Japan has remained high, at more than 80%, for facilities opened in February 2018 and earlier, which make up the majority of domestic locations. The occupancy rate has also risen steadily at facilities opened recently.

Note: As Regus Taiwan is small in scale, the figures above are calculated using Regus Japan only.
## Summary of consolidated balance sheet and statement of cash flows

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>Feb. 28, 2019</th>
<th>Nov. 30, 2019</th>
<th>Feb. 29, 2020</th>
<th>YoY change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Cash and deposits)</td>
<td>11,967</td>
<td>27,560</td>
<td>9,131</td>
<td>-2,835</td>
</tr>
<tr>
<td>(Accounts receivable)</td>
<td>3,355</td>
<td>4,506</td>
<td>4,114</td>
<td>+758</td>
</tr>
<tr>
<td><strong>Non-current assets</strong></td>
<td>34,318</td>
<td>99,615</td>
<td>100,618</td>
<td>+66,300</td>
</tr>
<tr>
<td>(Property, plant and equipment)</td>
<td>24,959</td>
<td>38,390</td>
<td>39,049</td>
<td>+14,089</td>
</tr>
<tr>
<td>(Intangible fixed assets)</td>
<td>254</td>
<td>45,272</td>
<td>44,875</td>
<td>+44,620</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>51,066</td>
<td>133,691</td>
<td>117,473</td>
<td>+66,406</td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>9,299</td>
<td>48,744</td>
<td>20,221</td>
<td>+10,922</td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>31,003</td>
<td>35,911</td>
<td>61,448</td>
<td>+30,445</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>40,302</td>
<td>84,656</td>
<td>81,670</td>
<td>+41,367</td>
</tr>
<tr>
<td>(Interest-bearing debt)</td>
<td>35,913</td>
<td>67,221</td>
<td>65,747</td>
<td>+29,834</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>10,763</td>
<td>49,035</td>
<td>35,802</td>
<td>+25,039</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>51,066</td>
<td>133,691</td>
<td>117,473</td>
<td>+66,406</td>
</tr>
<tr>
<td><strong>Equity ratio</strong></td>
<td>21.0%</td>
<td>26.8%</td>
<td>30.4%</td>
<td>+9.5%pt</td>
</tr>
</tbody>
</table>

The equity ratio exceeded 30% due to capital increase through public offering and the repurchase of preferred shares, substantially enhancing financial soundness.

### Cash Flows

<table>
<thead>
<tr>
<th>(Millions of yen)</th>
<th>Feb. 28, 2019</th>
<th>Feb. 29, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>2,485</td>
<td>6,756</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>(11,283)</td>
<td>(58,544)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>15,064</td>
<td>49,141</td>
</tr>
</tbody>
</table>

The acquisition of Regus Japan was the main reason for changes in investing and financing cash flows.
Management policy in FY02/21
Management policies until the situation returns to normal following COVID-19

Operating under the current state of emergency, for the foreseeable future we will conduct business based on the following three policies.

- **Maintain sufficient working capital and reduce fixed costs**
- **Pursue business selection and concentration**
- **Reinforce the earnings structure**
- **Respond to future changes in demand**
Maintain sufficient working capital and reduce fixed costs

Currently, our cash and deposits and other sources of funding substantially exceed one year’s worth of working capital. Through voluntary reductions in executive compensation (for May – July 2020, a 50% reduction in CEO compensation and a 40% reduction for two full-time directors) and rent negotiations, we will curtail cash outflows to further secure working capital.

**More than ¥37.0 billion in cash and deposits and scope for fundraising**

- Cash on hand (approx. ¥9.4 billion as of March 31)
- Syndicated loan agreement with Sumitomo Mitsui Banking Corporation (¥2.5 billion)
- Commitment line agreement with Mizuho Bank (¥5.0 billion)
- Overdraft agreement with Sumitomo Mitsui Banking Corporation (¥10.0 billion)
- Sale of real estate and loans backed by real estate (approx. ¥5.5 billion)
- Refunds of customer deposits from IWG (approx. ¥3.0 billion)
- Issuance of preferred shares to APA Holdings (¥1.8 billion)
- And others

Room to reduce fixed costs further through voluntary reductions in executive compensation and rent negotiations

Working capital needed for one year
Return to our root business model

To date, we have leveraged stable earnings from the rental meeting room business, creating added value by expanding into peripheral areas of business. Under the current emergency conditions, we will concentrate on business involving office space rented by the hour—a category where demand is expected to continue. We can also adjust peripheral businesses flexibly in response to changing market conditions.

Return to our root businesses through the selection and concentration of peripheral businesses

Adjust the business model flexibly in response to changing market conditions

Meeting room

Lunchboxes

Banquet

Accommodation

Event production

2013 2019 Advancement of the business model
Pursue business selection and concentration

We will concentrate resources on core businesses and **focus on B2B office rental** where demand is high even amid the COVID-19 outbreak. We will streamline non-core businesses according to their characteristics. The operation of some businesses will remain suspended under the current corona crisis; in other areas we expect new business opportunities to arise.

- **Non-core businesses**
  - Pod hotels
  - Hot spring inn
  - Accommodation and training facilities
  - Event production
  - Call centers
  - Medical academic conferences
  - Prepared lunchboxes
  - Businesses we have temporarily suspended

- **Core businesses**
  - APA Hotel
  - New city (business) hotels

- **Non-core businesses**
  - City (business) hotels
  - Regus office space (rented by the month)
  - Prepared lunchboxes

1. Operated as a franchise business
Pursue opportunities when the business environment changes in non-core areas

In non-core businesses, take advantage of opportunities arising to address the spread of COVID-19.

- **Growing demand for staffing at hotels for people returning from overseas**
  - Staffing service (Shinagawa Haizennin Shokaijo)

- **Demand related to food deliveries currently robust; inbound call center demand rising at other companies**
  - TKP Call centers

- **Consider providing companies with quarantined training centers**
  - L e e T o r e Accommodation and training facilities

- **As much as possible, cooperate with national government requests to provide hotel space to house people with light cases of COVID-19**
  - APA Hotel New city (business) hotels

- **Growing demand from customers seeking to shelter at the inn**
  - Leeno Hot spring inns
Pursue opportunities when the business environment changes in core areas

In our core businesses, centered on rental offices, we will undertake initiatives that respond to changes in the operating environment due to the spread of COVID-19. **We will do our utmost to use our existing framework to take advantage of new business opportunities.**

**Opening locations during the corona pandemic:**
For the foreseeable future, we will not enter leases on new locations*. We will strive to enhance current locations and engage in the initiatives outlined below to expand our customer base. (* Some facilities that are already preparing to open will do so.)

**We will roll out “temporary distributed offices” that meet demand during the COVID-19 pandemic.** These offices will ensure sufficient safety by enabling social distancing, being equipped with humidifying air cleaners, and ensuring regular disinfection and ventilation. We will offer “intelligent conference rooms” that companies can make free use of for training and remote office locations. We also intend to meet various demands for daily, weekly, and monthly offices.

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**Countermeasure-applied Meeting Rooms**

- Arrange layouts at our facilities to reduce infection risk
- Create low-risk spaces
- Use web and videoconferencing to reduce numbers of people

**BCP Support Offices**

- Growing demand to hedge risk through distributed offices
- Provide offices flexibly in response to customer demand
- BCP Support Office
- Commence sales of a Satellite office starter package
- ¥30,000/month per workspace (one person)
- Free use of Regus business lounges throughout Japan (¥17,800 value)
- No guarantee deposits
- Utilities included
- Internet connections
- Full-time access
Currently, the Regus brand is essentially unaffected by the novel coronavirus pandemic. Except for large banquet facilities, TKP’s existing conference room spaces can also be repurposed into distributed offices, earning revenue even amid the corona crisis. Large hotel banquet facilities, which are most affected, account for only around 6% of total sales.

Repurpose space to create offices in high demand even amid the Corona pandemic

Note: Numbers of locations are in Japan as of February 29, 2020.
Redefinition of the office = business opportunities for us

To date, office space has been leased under long-term (essentially permanent) arrangements requiring the payment of fixed leasing fees, large deposits, and interior work. The future will see an increase in flexible agreements that focus on office use, when and in the quantity needed.

Note: Figures assume the market for office space in the Tokyo metropolitan area has a value of ¥20 trillion (estimates based on research by Mitsui Fudosan, JLL, and CBRE)

Office building

A major business opportunity for TKP

Lease agreements (long-term, fixed)

Temporary use (flexible)

Increasing office vacancies in central Tokyo

Affected by the coronavirus

Office building

Later

The office redefined for flexibility

Office building

Sourcing

Operation

FIX

FIX

FLEX

FLEX

¥200 billion (1%) as of 2019

Scale of the flexible workspace market in the Tokyo metro area

JLL forecast: ¥6 trillion (30%) by 2030

Note: Figures assume the market for office space in the Tokyo metropolitan area has a value of ¥20 trillion (estimates based on research by Mitsui Fudosan, JLL, and CBRE)
Emerging changes in the way offices are used

Many large companies are expected to reduce their real estate holdings. In Japan, vacancies are expected to increase at office buildings in central Tokyo.

James Gorman, CEO of Morgan Stanley, says company to substantially reduce its real estate holdings (Bloomberg, April 17, 2020)

James Gorman, CEO of Morgan Stanley, noted that the outlook surrounding the COVID-19 pandemic was extremely uncertain, but that one thing was clear. He said the company would substantially reduce its real estate holdings.

Long-term impact on the office market (CBRE, March 17, 2020)

Further proliferation of flexible working styles
To prevent the spread of disease, it will be necessary to maintain a certain amount of leeway even within offices. To do so, it will probably become necessary to create “agile” workspaces with floating IP addresses and make spaces more efficient.
The spread of the virus will highlight the need for companies to review business continuity plans (BCPs) that arrange backup locations for critical business functions. Companies are likely to prepare for future virus outbreaks by considering the alternative arrangement of teams in different time zones and different locations.

Technology changing the future of real estate (CBRE, March 23, 2020)

Technology advances to promote further office distribution
By 2030, telecommunications will be even faster and have higher throughput due to the spread of 5G. Such advances will facilitate communications between remote locations, which is also likely to promote office diffusion. Eventually, office workers will no longer be confined to offices. Advances in communication tools will break down the barriers to satellite offices and co-working spaces, allowing employees to work at the locations best suited to the tasks to be achieved on the day. The promotion of working at home and other remote locations will make it easier to balance work with child care and nursing care.

James Gorman, CEO of Morgan Stanley (US)
Our business in response to the changing real estate market

Although we are currently holding back on new openings, we will remain alert to sourcing opportunities that emerge due to real estate market fluctuations. As in the past, we will aim to create new value through space regeneration.
Our theme for FY02/21 and the AAA strategy

Become Japan’s leading corporate group in the flexible office market and an infrastructure company that supports corporate work style reform

Anytime, Anywhere for All workers
Appendix
# Corporate profile (as of February 29, 2020)

**Name**
- TKP Corporation

**Headquarters**
- TKP Ichigaya Building 2F
  - 8 Ichigaya-Hachimancho, Shinjuku-ku, Tokyo

**Established**
- August 15, 2005

**Representative director**
- Takateru Kawano

**Capital**
- ¥12 billion (as of February 29, 2020)

**Listed**
- March 27, 2017: TSE Mothers (3479)

**Employees**
- 1,644* (as of February 29, 2020)
  - *Excluding part-time employees

**Businesses**
- Flexible workspaces
- Food and beverage/banquets
- Hotels and resorts
- Event production
- BPO

**Executives**
- Takateru Kawano: Representative director/CEO
- Koji Nakamura: Director/COO
- Shingo Nishioka: Director
- Haruo Tsuji: Director
- Kohei Watanabe: Director
- Mark Dixon: Director
- Yoshinori Sogabe: Standing auditor
- Takanori Shige: Auditor
- Takayuki Hayakawa: Auditor

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**TKP Corporation**

- **Regus Japan**
  - (Collective name for the 55 entities operating the Regus business in Japan)

- **Regus Taiwan**
  - (Collective name for the 13 entities operating the Regus business in Taiwan)

- **Convenistation Co., Ltd.**

- **TKP Properties Corporation**

- **TKP Communications Corporation**

- **Tokiwaken Corporation**

- **Shinagawa Haizennin Shokaijo Y.K.**

- **TKP Medicalink Corporation**

- **Majors Inc.**

- **TKP New York, Inc.**

- **TKP New Jersey LLC**

- **TKPSPV 1–4 / 6–10**
<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
</table>
| 2005 | Opening of first facility, TKP Roppongi Kaigishitsu  
TKP Corporation established in Hamamatsu-cho, Minato-ku, Tokyo |
| 2006 | Expanded into the Hokkaido, Kansai, and Kyushu regions  
Monthly sales exceeded ¥100 million |
| 2007 | Expanded into the Tohoku and Tokai regions |
| 2008 | Registered as a Class 2 travel operator  
Established Convenestation Co., Ltd. (consolidated subsidiary) |
| 2009 | Established TKP Properties Corporation (consolidated subsidiary) |
| 2010 | Established current TKP Communications Corporation (consolidated subsidiary)  
Established TKP New York, Inc. (consolidated subsidiary)  
Expanded into the Chugoku region |
| 2011 | Opened TKP Garden City Shinagawa (banquet hall facility inside a hotel) |
| 2012 | Number of directly managed meeting rooms exceeded 1,000 |
| 2013 | Established Tokiwaiken Corporation (consolidated subsidiary)  
Joined Keidanren (Japan Business Federation)  
Expanded into the United States (New York) |
| 2014 | Registered as Class 1 travel operator  
Opened APA Hotel TKP Sapporo Ekimae |
| 2015 | Opened TKP Izu Nagaoka Onsen Villa Garden Inshinoya |
| 2017 | Listed on the TSE Mothers exchange  
Opened Azur Takeshiba in Minato-ku  
Began providing Cloudspace, a space matching service  
Majors Inc. became a subsidiary |
| 2018 | Opened CIRQ Shinjuku, a large multipurpose event hall  
Opened LeCtore Hayama Shonan Kokusaimura, a large resort training hotel  
Opened APA Hotel TKP Sendai Eki kita  
Number of directly managed meeting rooms exceeded 2,000 |
| 2019 | Regus Japan became a subsidiary  
Opened APA Hotel Osaka Umeda (Osaka)  
Shinagawa Haizennin Shokaijo Y.K. became a subsidiary  
Increased capital through public offering  
Regus Taiwan became a subsidiary |

**History**

TKP Corporation established

A company that revitalizes and redistributes space
The capital increase through public offering and third-party allotment we conducted in October and November 2019 has helped improve our financial soundness.

### Issuance of new shares and secondary offering of shares

<table>
<thead>
<tr>
<th>Description</th>
<th>Quantity</th>
<th>Price</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Primary offering</td>
<td>4,282,700</td>
<td>¥5,095</td>
<td>¥21.6 billion</td>
</tr>
<tr>
<td>Third-party allotment</td>
<td>538,600</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Secondary offering</td>
<td>500,000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Issue/selling price</td>
<td></td>
<td></td>
<td>¥5,095 per share</td>
</tr>
</tbody>
</table>

Total amount raised: Approx. ¥23.4 billion

Increase in the number of floating shares, sufficient liquidity

Of the total amount we raised, we extended a loan of approximately ¥13.1 billion to our subsidiary TKPSPV-9 in December 2019, and repurchased and cancelled the preferred shares that were issued to the Mizuho Bank. This increased the equity ratio.
Shareholder composition

As of February 28, 2019

- Issued shares: 33,171,600
- Shareholders: 2,909

As of February 29, 2020

- Issued shares: 38,056,985
- Shareholders: 10,837

Shareholder distribution

- Takateru Kawano (including asset management company)
- Individuals and others
- Financial institutions
- Japanese corporations
- Foreign investors
- Brokerage firms
- Treasury stock
## Accommodation/training facilities operated by TKP

<table>
<thead>
<tr>
<th>Facility</th>
<th>Guest rooms</th>
<th>Opened</th>
<th>Building</th>
<th>Land</th>
</tr>
</thead>
<tbody>
<tr>
<td>APA Hotel TKP Sapporo Ekimae</td>
<td>203</td>
<td>August 2014</td>
<td>Leased</td>
<td>—</td>
</tr>
<tr>
<td>APA Hotel TKP Sapporo-Eki Kitaguchi EXCELLENT</td>
<td>108</td>
<td>August 2016</td>
<td>Leased</td>
<td>—</td>
</tr>
<tr>
<td>APA Hotel TKP Nippori Ekimae</td>
<td>278</td>
<td>December 2016</td>
<td>Owned</td>
<td>Owned</td>
</tr>
<tr>
<td>APA Hotel TKP Tokyo Nishikasai</td>
<td>124</td>
<td>December 2017</td>
<td>Leased</td>
<td>—</td>
</tr>
<tr>
<td>APA Hotel TKP Keikyu Kawasaki Ekimae</td>
<td>143</td>
<td>June 2018</td>
<td>Owned</td>
<td>Leased</td>
</tr>
<tr>
<td>APA Hotel TKP Sendai Ekikita</td>
<td>306</td>
<td>October 2018</td>
<td>Owned</td>
<td>Owned</td>
</tr>
<tr>
<td>APA Hotel Osaka Umeda</td>
<td>162</td>
<td>May 2019</td>
<td>Owned</td>
<td>Leased</td>
</tr>
<tr>
<td>APA Hotel Hakata Higashi Hie Ekimae</td>
<td>206</td>
<td>February 2020</td>
<td>Owned</td>
<td>Owned</td>
</tr>
<tr>
<td>APA Hotel Fukuoka Tenjin Nishi</td>
<td>268</td>
<td>Scheduled for May 2020</td>
<td>Owned</td>
<td>Owned</td>
</tr>
<tr>
<td>APA Hotel Ueno Hirokoji</td>
<td>215</td>
<td>Scheduled for July 2020</td>
<td>Owned</td>
<td>Owned</td>
</tr>
<tr>
<td>LecTore Atami Koarashi</td>
<td>20</td>
<td>November 2013</td>
<td>Leased</td>
<td>—</td>
</tr>
<tr>
<td>LecTore Hakone Gora</td>
<td>23</td>
<td>January 2014</td>
<td>Leased</td>
<td>—</td>
</tr>
<tr>
<td>LecTore Karuizawa</td>
<td>14</td>
<td>July 2014</td>
<td>Leased</td>
<td>—</td>
</tr>
<tr>
<td>LecTore Atami Momoyama</td>
<td>31</td>
<td>July 2014</td>
<td>Leased</td>
<td>—</td>
</tr>
<tr>
<td>Azur Takeshiba (managed on contract)</td>
<td>122</td>
<td>April 2017</td>
<td>Leased</td>
<td>—</td>
</tr>
<tr>
<td>LecTore Yugawara</td>
<td>108</td>
<td>May 2017</td>
<td>Owned</td>
<td>Owned</td>
</tr>
<tr>
<td>LecTore Hayama Shonan Kokusaimura</td>
<td>160</td>
<td>April 2018</td>
<td>Owned</td>
<td>Owned</td>
</tr>
<tr>
<td>LecTore Takamatsu Airport (banquet hall rental/ business alliance)</td>
<td>124</td>
<td>June 2018</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>LecTore Yatsugatake (managed by a third party)</td>
<td>32</td>
<td>November 2018</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>LecTore Toyama Jiyukan (managed by a third party)</td>
<td>40</td>
<td>March 2018</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>LecTore Hakata Hisayama Onsen</td>
<td>44</td>
<td>June 2019</td>
<td>Owned</td>
<td>Owned</td>
</tr>
<tr>
<td>Izunagaoka Villa Garden Ishinoya</td>
<td>22</td>
<td>January 2015</td>
<td>Leased</td>
<td>—</td>
</tr>
<tr>
<td>First Cabin TKP Nagoya Station</td>
<td>199</td>
<td>September 2017</td>
<td>Owned</td>
<td>Owned</td>
</tr>
<tr>
<td>First Cabin TKP Ichigaya</td>
<td>165</td>
<td>November 2018</td>
<td>Leased</td>
<td>—</td>
</tr>
</tbody>
</table>
This English translation is only intended for reference. In cases of discrepancies, data contained within the original Japanese version shall take precedent over data contained herein.

This material has been prepared to improve the understanding of our Group, and no information contained herein shall be construed as solicitation for purchase or sale of our shares. This material has not been prepared for investment advisory purposes.

Forecasts and related information contained in this material are estimates which were based on information available to the TKP group at the time when the material was prepared. They will be impacted by uncertainties including market conditions and future business progress.

Please be aware that the actual results and other information may differ significantly from what is stated in this material.