



# Financial Report for the Second Quarter of the Fiscal Year Ending March 31, 2018 (FY2017) [J-GAAP] (Consolidated)

November 8, 2017

This document has been translated from the Japanese original, for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

Company name: Japan Airport Terminal Co., Ltd. Listed stock exchange: Tokyo, 1st Section  
 Code number: 9706 URL: <http://www.tokyo-airport-bldg.co.jp/>  
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Scheduled date of filing securities report: November 14, 2017  
 Scheduled date of commencing dividend payment: December 5, 2017  
 Supplementary materials on financial results (yes/no) Yes  
 Holding of quarterly earnings announcement (yes/no) Yes (for institutional investors and financial analysts)

(Figures are rounded down to the nearest million yen.)

## 1. Consolidated Financial Results for the First Six Months of FY2017 (April 1, 2017 to September 30, 2017)

(1) Consolidated Business Results (Cumulative)

#: Change from the same period of the previous year

First Six Months of	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2017	108,066	8.2	6,748	51.2	8,748	40.3	6,193	44.2
FY2016	99,840	(0.2)	4,464	(32.1)	6,237	(19.3)	4,296	(18.6)

(Note) Comprehensive income: First six months of FY2017 ¥7,079 million (51.4%) First six months of FY2016 ¥4,677 million (-18.3%)

First Six Months of	Net income per share	Diluted net income per share
	Yen	Yen
FY2017	76.25	72.78
FY2016	52.89	50.46

(2) Consolidated Financial Position

	Total assets	Net assets	Equity capital to total assets	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2017	217,770	131,101	59.0	1,580.73
As of March 31, 2017	213,026	125,438	57.7	1,511.92

(Reference) Equity capital: As of September 30, 2017 ¥128,400 million As of March 31, 2017 ¥122,811 million

## 2. Dividends

	Dividends per share				
	Q1-End	Q2-End	Q3-End	Year-End	Annual
	Yen	Yen	Yen	Yen	Yen
FY2016	-	16.00	-	17.00	33.00
FY2017	-	20.00	-	-	-
FY2017 (Forecast)	-	-	-	20.00	40.00

(Note) Revisions to the most recently announced dividends forecast for FY2017: Yes

For the revision of dividends forecast, please refer to the "Announcement of the dividend of retained earnings (interim dividend) and revision of the dividend forecast" announced on November 8, 2017 (in Japanese only).

## 3. Forecast of Consolidated Financial Results for FY 2017 (April 1, 2017 to March 31, 2018)

#: Change from the same period of the previous year

Full-year	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	219,000	6.9	11,700	23.2	14,600	13.7	10,300	49.6	126.80

(Note) Revisions to the most recently announced forecast of consolidated financial results for FY2017: Yes

**\* Notes**

(1) Significant changes in subsidiaries during the period under review (changes in specified subsidiaries involving changes in scope of consolidation): None

New: None                      Excluded: None

(2) Adoption of special accounting methods for preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to page 10 of the appendix materials "2. Quarterly Consolidated Financial Statements and Notes

(3) Notes on Quarterly Consolidated Financial Statements: Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements".

(3) Changes in accounting policies, accounting estimates, and restatement of revisions

1) Changes in accounting policies due to revisions of accounting standards, etc.: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Restatement of revisions: None

(4) Number of shares outstanding (common stock)

1) Number of shares outstanding at the period-end (including treasury stock):

As of September 30, 2017	84,476,500 shares	As of March 31, 2017	84,476,500 shares
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2) Number of treasury stock at the period-end:

As of September 30, 2017	3,247,695 shares	As of March 31, 2017	3,247,541 shares
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3) Average number of shares outstanding (quarterly consolidated cumulative period):

Second quarter of FY2017	81,228,851 shares	Second quarter of FY2016	81,229,045 shares
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**\* This quarterly financial report is not subject to the quarterly review procedure.**

**\* Statements regarding the proper use of financial forecast and other special remarks**

The forecast of the business results reported herein was prepared based on information the Company had in its possession as of the time this report was prepared and on certain assumptions judged to be reasonable. The Company makes no guarantee that these figures will be achieved. Actual results may differ significantly from forecasts due to various factors. For the assumptions used in financial forecast and precautionary statements regarding the use of the forecasts, please refer to page 4 of the appendix materials "1. Qualitative Information on Consolidated Financial Results for the First Six Months of FY2017 (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements".

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## 1. Qualitative Information on Consolidated Financial Results for the First Six Months of FY2017 (April 1, 2017 to September 30, 2017)

### (1) Explanation of Operating Results

During the first six months of the fiscal year ending March 31, 2018, the Japanese economy has continued a gradual trend of recovery. Looking ahead, continuing improvement in employment and income, coupled with various government policies, is expected to support moderate economic recovery, though it is important to prudently monitor the uncertainty in overseas economies and volatility of capital markets.

The airline industry needs to further strengthen its competitiveness for a number of reasons that are transforming our business environment, including increased competition caused by industry liberalization (open skies agreements) and expansion of routes by low-cost carriers (LCCs), reform of airport management structures aimed at enhancing efficiency by integrating airport land and terminal building operations, and movements aimed at strengthening functions of metropolitan airports. Furthermore, the Japanese government targets 40 million for annual inbound tourists to Japan in 2020 in order to meet the new challenge of a tourism-oriented developed nation, and the annual number of inbound tourists for 2016 exceeded 24 million.

A review of passenger volume during the first six months shows that passengers on domestic flights at Haneda Airport and on international flights at Haneda Airport, Narita International Airport, and Kansai International Airport rose year-on-year.

Under these circumstances, Japan Airport Terminal (“JAT”) Group has laid out its long-term vision of “To be a World Best Airport” so that we can achieve sustainable growth through the creation of new businesses and the generation of profits, while aiming to be an airport that satisfies the needs of all stakeholders. Based on this long-term vision, the new medium-term business plan (FY2016 to FY 2020) identifies three strategic pillars: 1) Pursuit of the ideal of Haneda Airport, 2) Expansion of our business domain utilizing our strengths and the diversification of profits, and 3) Reconstruction of our profit base and the building of competitive advantages. We will continue to reposition and strengthen our organizational and governance structure to ensure that we effectively implement these strategies.

As part of our efforts to expand and diversify our business domain and profit base by leveraging our strengths, Regus Express, equipped with rental offices, meeting rooms, and a business lounge, has opened in May 2017 on the fifth floor at Market Place at terminal 1 as the first phase of the business mall project targeting business people. Air BIC CAMERA, which offers electronics and other popular products targeting foreign tourists visiting Japan, has opened in Odaiba. This shop represents the third outlet of this store following the ones at Haneda’s international terminal and Narita airport. In addition to two airport lounges that were reopened in April 2017, “Power Lounge North”, the third pay lounge, was renovated and reopened on September 25, 2017 at Haneda’s domestic terminal 1. In addition, the “HANEDA Shopping” shopping website and “JAPAN DUTY FREE” pre-order website were upgraded. Furthermore, the airport-style in-city duty-free shop (Japan Duty Free GINZA) has performed well as a result of various marketing efforts. We will continue to generate profits by taking advantage of opportunities created by increasing inbound tourists that are expected to continue to grow in the mid- to the long-term.

As a result, consolidated operating revenues for the cumulative fiscal first half (April 1, 2017 - September 30, 2017) increased 8.2% compared with the same period of the previous year to ¥108,066 million. Operating income rose to ¥6,748 million (up 51.2% year-on-year), ordinary income to ¥8,748 million (up 40.3% year-on-year) and net income (attributable to owners of the parent) to ¥6,193 million (up 44.2% year-on-year).

In the Skytrax (UK) World Airport Awards in March 2017, Haneda Airport’s passenger terminals were awarded second place in the World’s Best Airports category, which comprehensively evaluates various aspects of international airports. This represents a significant jump from fourth place last year. We were also awarded first place in the World’s Cleanest Airports (the fourth time, for the second year in a row) and World’s Best Domestic Airports (for the fifth consecutive year). In a bid to further enhance our reputation, we will work cooperatively as an entire airport to move together in our preparations for the 2020 Tokyo Olympics and Paralympics Games. With the highest priority placed on airport customers, we will ensure the safety of the airport and will provide services that offer exceptional customer convenience, comfort, and functionality. Aiming to be the world’s best passenger terminal and to earn the long-term trust of customers, we are committed to contributing to the advancement of air transportation.

Currently, in order to further strengthen the functions of Tokyo metropolitan airports, the central government is taking measures to provide detailed information through explanatory meetings in order to gain an understanding of local residents and communities.

Under these circumstances, while gaining an understanding of local areas, Tokyo International Air Terminal Corp. (“TIAT”) has initiated construction for new projects, including a plan to expand the international passenger terminal. As part of financing the expansion project, TIAT has developed a plan to raise equity by issuing new shares to shareholders.

In response to this, we decided to acquire new shares to be issued by TIAT so that we will fulfill our

responsibilities as a consortium leader of TIAT and provide support to ensure that its business will continue successfully. By so doing, as operator of domestic passenger terminals, we hope to make efforts to improve customer convenience jointly with TIAT, the operator of the international passenger terminal, by leveraging hub functions for domestic and international flight networks, which are Haneda's major advantage.

With this acquisition of shares, our shareholdings in TIAT will be increased to 51.00%, which will change TIAT's status for our consolidated accounting from an associate accounted for using the equity method to a consolidated subsidiary. This acquisition is scheduled to be closed on April 27, 2018. Please refer to page 11 "Additional Information" for details.

The following is a breakdown of earnings by segment. Note that the figures for operating income are equivalent to those for segment income.

#### [Facilities Management]

Rental revenue rose from the same period during the previous year due primarily to an increase in rental spaces to airlines at Haneda Airport's domestic terminals.

Revenue from facility user charges rose from the same period during the previous year because a growth in domestic passenger volume increased user charges revenue for domestic terminal facilities.

Other revenues rose from the same period during the previous year because revenue from outsourcing business at Haneda's international terminal and revenue from construction works increased.

As a result, operating revenues from facilities management operations increased to ¥29,294 million (up 6.1% year-on-year). Operating income for the segment was ¥3,787 million (up 13.1% year-on-year) despite an increase in outsourcing expenses and charges for temporary use of national property.

#### [Merchandise Sales]

Sales at domestic terminal stores rose from the same period during the previous year primarily due to an increase in domestic passenger volume.

Sales at international terminal stores increased from the same period during the previous year, primarily because the revenue from airport-style in-city duty-free shops increased although the change in contract structure of some shops at Kansai International Airport had negative impact on revenue.

Other revenues (wholesale) rose due to an increase in the wholesaling of products to stores at Haneda's international terminal in line with growing international passenger volume at Haneda.

As a result, operating revenues from merchandise sales operations increased to ¥70,310 million (up 9.7% year-on-year) and operating income rose to ¥5,215 million (up 57.6% year-on-year) due to growth in gross profit from airport-style in-city duty-free shops as well as decline in operating expenses.

#### [Food and Beverage]

Sales from food and beverage operations increased from the same period during the previous year as a result of growth in domestic passenger volume.

Sales from in-flight meals rose from the same period during the previous year due to an increase in the passenger load factors of foreign carriers, our clients in this business, and acquisition of new clients.

Other revenues increased due to an increase in outsourcing business at Haneda's international passenger terminal.

As a result, operating revenues from food and beverage operations increased to ¥11,169 million (up 4.4% year-on-year). Operating income for the segment was ¥441 million (up 19.2% year-on-year) coupled with various cost saving efforts.

## (2) Explanation of Financial Position

#### [Assets]

Current assets increased by ¥2,352 million from the previous fiscal year end to ¥69,907 million. This increase was primarily due to an increase in cash and deposits by ¥6,275 million and in other current assets by ¥1,988 million despite a decrease in marketable securities by ¥5,000 million and in merchandise and finished products by ¥1,478 million.

Fixed assets increased by ¥2,391 million from the previous fiscal year end to ¥147,862 million, primarily due to an increase in construction in progress by ¥2,503 million.

As a result, total assets increased by ¥4,744 million from the previous fiscal year end to ¥217,770 million.

#### [Liabilities]

Current liabilities increased by ¥1,625 million from the previous fiscal year end to ¥37,221 million, primarily because other current liabilities increased by ¥1,789 million. Fixed liabilities decreased by ¥2,545 million from the previous fiscal year end to ¥49,447 million, primarily because long-term loans payable decreased by ¥2,470 million.

As a result, total liabilities decreased by ¥919 million from the previous fiscal year end to ¥86,669 million.

[Net assets]

Total net assets increased by ¥5,663 million to ¥131,101 million primarily because retained earnings increased by ¥4,813 million.

As a result, equity ratio was 59.0% (compared to 57.7% at the previous fiscal year end).

### (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements

Consolidated revenue and profits (operating income, ordinary income and net income (attributable to owners of the parent)) for the first half surpassed forecasts. These upward revisions are primarily because merchandise sales exceeded forecasts due to better-than-expected passenger numbers both on domestic and international flights, sales at airport-style in-city duty-free shops outperformed forecasts, outsourcing costs, maintenance costs and other costs that were scheduled in the first half have been postponed to the second half, and because equity in earnings of affiliates exceeded previous forecasts.

For the second half, costs are expected to increase due to the internationalization project at domestic terminal 2, the investment program to ensure security and safety in the future, as well as costs that were originally scheduled in the first half that have been carried over to the second half. Nevertheless, we expect that passenger volume both on domestic and international flights will continue to progress steadily.

Accordingly, full-year consolidated forecasts that were previously announced on May 12, 2017 have been partly revised as follows:

#### Revised Forecast of Consolidated Financial Results for FY 2017 (April 1, 2017 to March 31, 2018)

(Millions of yen)

	Operating revenues	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous Forecasts (A)	208,600	10,500	12,800	8,900	109.57
<b>Revised Forecasts (B)</b>	<b>219,000</b>	<b>11,700</b>	<b>14,600</b>	<b>10,300</b>	<b>126.80</b>
Change (B-A)	10,400	1,200	1,800	1,400	17.23
Change (%)	5.0	11.4	14.1	15.7	15.7
Reference: FY 2016 results	204,953	9,497	12,843	6,886	84.78

## 2. Quarterly Consolidated Financial Statements and Notes

## (1) Quarterly Consolidated Balance Sheets

	(Millions of yen)	
	FY2016 (As of March 31, 2017)	First Six Months of FY2017 (As of September 30, 2017)
<b>ASSETS</b>		
Current assets		
Cash and deposits	32,240	38,516
Accounts receivable	16,991	17,600
Marketable securities	7,000	2,000
Merchandise and finished products	7,687	6,209
Raw materials and stored goods	178	155
Deferred tax assets	1,146	1,124
Other current assets	2,334	4,332
Allowance for doubtful accounts	(23)	(30)
Total current assets	67,555	69,907
Fixed assets		
Tangible fixed assets		
Buildings and structures	277,768	278,689
Accumulated depreciation and impairment loss	(197,790)	(201,236)
Buildings and structures (net)	79,978	77,452
Machinery, equipment and vehicles	10,878	10,956
Accumulated depreciation and impairment loss	(8,384)	(8,663)
Machinery, equipment and vehicles (net)	2,494	2,293
Land	11,412	11,412
Lease assets	2,070	2,136
Accumulated depreciation and impairment loss	(1,271)	(1,356)
Lease assets (net)	799	780
Construction in progress	1,064	3,567
Other tangible fixed assets	30,524	31,551
Accumulated depreciation and impairment loss	(25,582)	(26,100)
Other tangible fixed assets (net)	4,941	5,450
Total tangible fixed assets	100,690	100,957
Intangible fixed assets	1,812	1,910
Investments and other assets		
Investment securities	27,846	30,105
Long-term loans receivable	6,665	6,663
Deferred tax assets	4,999	4,702
Net defined benefit assets	538	555
Other investments	2,933	2,967
Allowance for doubtful accounts	(16)	-
Total investments and other assets	42,967	44,994
Total fixed assets	145,471	147,862
<b>TOTAL ASSETS</b>	213,026	217,770

(Millions of yen)

	FY2016 (As of March 31, 2017)	First Six Months of FY2017 (As of September 30, 2017)
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable	8,695	8,237
Short-term loans payable	9,712	9,262
Income taxes payable	1,913	2,704
Allowance for employees' bonuses	1,477	1,544
Allowance for directors' bonuses	227	114
Other current liabilities	13,570	15,359
Total current liabilities	35,596	37,221
Fixed liabilities		
Bonds with stock acquisition rights	30,096	30,083
Long-term loans payable	13,450	10,980
Lease obligations	527	566
Net defined benefit liabilities	4,254	4,165
Asset retirement obligations	464	468
Other fixed liabilities	3,198	3,183
Total fixed liabilities	51,992	49,447
<b>TOTAL LIABILITIES</b>	<b>87,588</b>	<b>86,669</b>
<b>NET ASSETS</b>		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,337	21,337
Retained earnings	84,054	88,867
Treasury stock	(3,244)	(3,245)
Total shareholders' equity	119,637	124,449
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,444	5,896
Deferred gains (losses) on hedges	(1,545)	(1,346)
Foreign currency translation adjustment	52	53
Remeasurements of defined benefit plans	(776)	(651)
Total accumulated other comprehensive income	3,174	3,951
Non-controlling interests	2,626	2,700
<b>TOTAL NET ASSETS</b>	<b>125,438</b>	<b>131,101</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>213,026</b>	<b>217,770</b>



## (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

## Quarterly Consolidated Statements of Income

	(Millions of yen)	
	First Six Months of FY2016 (from April 1, 2016 to September 30, 2016)	First Six Months of FY2017 (from April 1, 2017 to September 30, 2017)
Operating revenues		
Rent revenue	6,494	6,639
Facility user charges revenue	9,009	9,448
Other revenues	12,349	13,773
Sale of merchandise	63,565	69,587
Sale of food and beverage	8,376	8,617
Total operating revenue	99,840	108,066
Cost of sales		
Cost of sales of merchandise	47,738	52,573
Cost of sales of food and beverage	5,312	5,473
Total cost of sales	53,051	58,047
Gross profit	46,789	50,019
Selling, general and administrative expenses		
Salaries and wages	4,334	4,571
Provision for employees' bonuses	1,274	1,462
Provision for directors' bonuses	112	114
Expenses for retirement benefits	502	493
Rent expenses	6,240	6,105
Outsourcing and commission	11,602	12,621
Depreciation expenses	5,714	5,233
Other costs and expenses	12,542	12,668
Total selling, general and administrative expenses	42,324	43,270
Operating income	4,464	6,748
Non-operating income		
Interest income	316	313
Dividends income	220	227
Equity in earnings of affiliates	1,202	1,371
Miscellaneous income	312	300
Total non-operating income	2,051	2,212
Non-operating expenses		
Interest expenses	228	159
Miscellaneous expenses	50	53
Total non-operating expenses	279	212
Ordinary income	6,237	8,748

	(Millions of yen)	
	First Six Months of FY2016 (from April 1, 2016 to September 30, 2016)	First Six Months of FY2017 (from April 1, 2017 to September 30, 2017)
Extraordinary gains		
Gains on sales of fixed assets	-	1
Total extraordinary gains	-	1
Extraordinary loss		
Loss on retirement of fixed assets	-	4
Loss on valuation of other investments	0	8
Total extraordinary loss	0	12
Quarterly income before income taxes and non-controlling interests	6,236	8,736
Income taxes – current	1,890	2,454
Quarterly income	4,345	6,281
Quarterly net income attributable to non-controlling interests	49	87
Quarterly net income attributable to owners of the parent	4,296	6,193

## Quarterly Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	First Six Months of FY2016 (from April 1, 2016 to September 30, 2016)	First Six Months of FY2017 (from April 1, 2017 to September 30, 2017)
Quarterly income	4,345	6,281
Other comprehensive income		
Valuation difference on available-for-sale securities	(992)	461
Foreign currency translation adjustment	(3)	0
Remeasurements of defined benefit plans	141	123
Share of other comprehensive income of associates accounted for using equity method	1,184	211
Total other comprehensive income	331	797
Comprehensive income	4,677	7,079
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	4,626	6,970
Comprehensive income attributable to non-controlling interests	50	108

## (3) Notes on Quarterly Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on a Significant Change in Shareholders' Equity)

Not applicable

(Adoption of Special Accounting Methods for Preparation of Quarterly Consolidated Financial Statements)

*Calculation of tax expenses*

The effective tax rate on income before taxes for the consolidated fiscal year including the second quarter after the application of deferred tax accounting is reasonably estimated, and that estimated rate is applied to net income for the quarterly period to calculate estimated tax expenses.

(Segment Information, etc.)

## Segment Information

## I. First six months of FY2016 (from April 1, 2016 to September 30, 2016)

## 1. Sales and income by reportable segment

(Millions of yen)

	Reportable segments				Adjustments Note 1	Quarterly consolidated financial statements Note2
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	26,698	63,721	9,420	99,840	-	99,840
Intersegment sales and transfers	921	391	1,280	2,594	(2,594)	-
Total	27,619	64,113	10,701	102,435	(2,594)	99,840
Segment income	3,349	3,310	370	7,030	(2,565)	4,464

(Notes) 1. Adjustments to the segment income include ¥2,571 million of administration expenses for the parent company's administration divisions and others at head office which are not allocated to each of the reportable segments.

2. Segment income is adjusted with operating income recorded in the Quarterly Consolidated Statements of Income.

## 2. Information on impairment loss on fixed assets and goodwill, etc., by reportable segment

Not applicable

## II. First six months of FY2017 (from April 1, 2017 to September 30, 2017)

## 1. Sales and income by reportable segment

(Millions of yen)

	Reportable segments				Adjustments Note 1	Quarterly consolidated financial statements Note2
	Facilities Management	Merchandise Sales	Food and Beverage	Total		
Operating revenues						
Sales to external customers	28,305	69,895	9,866	108,066	-	108,066
Intersegment sales and transfers	989	415	1,303	2,708	(2,708)	-
Total	29,294	70,310	11,169	110,775	(2,708)	108,066
Segment income	3,787	5,215	441	9,444	(2,695)	6,748

(Notes) 1. Adjustments to the segment income include ¥2,699 million of administration expenses for the parent company's administration divisions and others at head office which are not allocated to each of the reportable segments.

2. Segment income is adjusted with operating income recorded in the Quarterly Consolidated Statements of Income.

## 2. Information on impairment loss on fixed assets and goodwill, etc., by reportable segment

Not applicable

(Additional Information)

*Business Combination by Acquisition*

At the meeting of the Board of Directors held on September 15, 2017, the basic policy was approved regarding subscribing for a third-party allotment of shares by Tokyo International Air Terminal Corp. (“TIAT”) and the acquisition of additional shares in TIAT on condition of the approval by an extraordinary general meeting of TIAT shareholders and the completion of other necessary procedures. We hereby announce that we will officially subscribe for shares of TIAT through the third-party allotment since these necessary conditions were met on October 26, 2017.

I. Summary of Business Combination

1) Name and business of acquired company

Name: Tokyo International Air Terminal Corp.

Business: Management and operation of International passenger terminal building

2) Primary reasons for business combination

TIAT is a special purpose company for a Private Finance Initiative project that develops and operates the international passenger terminal and facilities at Tokyo International Airport (“the Business”). TIAT was established in June 2006 by an equity consortium consisting of 13 companies, including JAT as leading sponsor, airlines, and financial institutions. TIAT is currently engaged in the construction, management, and operation of the international passenger terminal, the car parking facilities for airport users, and other facilities at Tokyo International Airport (“Haneda Airport”). JAT has been engaged by TIAT to operate facilities maintenance and management, the duty-free shops, and passenger services at Haneda Airport’s international passenger terminal. JAT plays a central role in the terminal’s management and operation.

The Business has been progressing steadily since the opening of Haneda Airport International Passenger Terminal on October 21, 2010. The international terminal was expanded in September 2014 in response to an increase in daytime slots for international flights. Currently, in order to further strengthen the functions of Tokyo metropolitan airports, the central government is taking measures to provide detailed information through explanatory meetings in order to gain an understanding of local residents and communities.

Under these circumstances, while gaining an understanding of local areas, TIAT has initiated construction for new projects, including a plan to expand the international passenger terminal. As part of financing the project, TIAT has developed a plan to raise equity by issuing new shares to shareholders.

In response to this, we decided to acquire new shares to be issued by TIAT so that we will fulfill our responsibilities as a consortium leader of TIAT and provide support to ensure that the Business will continue successfully. By so doing, as operator of domestic passenger terminals, we hope to make efforts to improve customer convenience jointly with TIAT, the operator of the international passenger terminal, by leveraging hub functions for domestic and international flight networks, which are Haneda’s major advantage.

We will complete the acquisition of new shares to be issued by TIAT by completing payment procedures. With this acquisition of shares, our shareholdings in TIAT will be increased to 51.00%, which will change TIAT’s status for our consolidated accounting from an associate accounted for using the equity method to a consolidated subsidiary.

3) Date of business combination

April 27, 2018 (plan)

4) Legal form of business combination

Share acquisition by subscribing for shares through third-party allotment

5) Name of the company after business combination

No changes are made to the name of the acquired company.

6) Percentage of voting rights acquired

Before acquisition	38.78%
Increase on acquisition date	12.22%
After acquisition	51.00%

7) Primary basis for determining acquiring company

By subscribing for new shares through third-party allotment, JAT will own 51.00 % of voting rights in TIAT.

**II. Acquisition Cost and Breakdown by the Type of Considerations**

These have not been determined at the time of the release of this report.

**III. Amount, Reason for Recognition, Amortization Method and Amortization Period of Goodwill**

These have not been determined at the time of the release of this report.