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

February 7, 2018

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Company name: Japan Airport Terminal Co., Ltd.
Listed stock exchange: Tokyo, 1st Section
Code number: 9706
URL: http://www.tokyo-airport-bldg.co.jp/
Representative: Nobuaki Yokota, President and COO
Contact: Kazuhito Tanaka, Managing Director
TEL 03-5757-8409

Scheduled date of filing securities report: February 14, 2018
Scheduled date of commencing dividend payment: -
Supplementary materials on financial results (yes/no) No
Holding of quarterly earnings announcement (yes/no) No

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

1. Consolidated Financial Results for the First Nine Months of FY2017 (April 1, 2017 to December 31, 2017)

(1) Consolidated Business Results (Cumulative) %: Change from the same period of the previous year

	Operating revenues		Operating income		Ordinary income		Net income attributable to owners of the parent	
First Nine Months of	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2017	166,683	10.0	10,521	45.0	13,318	30.8	9,557	41.2
FY2016	151,552	(0.1)	7,255	(26.7)	10,180	(14.3)	6,770	(18.0)

(Note) Comprehensive income: First nine months of FY2017 ¥11,289 million (31.9%) First nine months of FY2016 ¥8,559 million (-7.6%)

	Net income per share	Diluted net income per share
First Nine Months of	Yen	Yen
FY2017	117.67	112.31
FY2016	83.35	79.53

(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 December 31, 2017	238,023	133,686	55.0	1,611.97
As of March 31, 2017	213,026	125,438	57.7	1,511.92

(Reference) Equity capital: As of December 31, 2017 ¥130,938 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: No

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

	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
Full-year	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: None

*** 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 December 31, 2017	84,476,500 shares	As of March 31, 2017	84,476,500 shares

2) Number of treasury stock at the period-end:

As of December 31, 2017	3,247,725 shares	As of March 31, 2017	3,247,541 shares

3) Average number of shares outstanding (quarterly consolidated cumulative period):

Third quarter of FY2017	81,228,828 shares	Third quarter of FY2016	81,229,036 shares

*** 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 Nine Months of FY2017 (3) Explanation of Consolidated Financial Forecasts and Other Forward-looking Statements".

Contents of the Appendix Materials

1. Qualitative Information on Consolidated Financial Results for the First Nine Months of FY2017 (April 1, 2017 to December 31, 2017)

(1) Explanation of Operating Results

During the first nine 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 2017 exceeded 28 million.

A review of passenger volume during the first nine 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. The third outlet of Air BIC CAMERA, which offers electronics and other popular products targeting foreign tourists visiting Japan, has opened in Odaiba. “Power Lounge North”, the third pay lounge, was renovated and reopened in September 2017 at Haneda's domestic terminal 1. In addition, the “HANEDA Shopping” shopping website and “JAPAN DUTY FREE” pre-order website were upgraded. Also, we opened a new e-commerce shop on “Kaola.com”, China's cross-border e-commerce site in November 2017, and opened three luxury brand shops at Chubu Centrair International Airport in December 2017. 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 first nine months of FY 2017 (April 1, 2017 - December 31, 2017) increased 10.0% compared with the same period of the previous year to ¥166,683 million. Operating income rose to ¥10,521 million (up 45.0% year-on-year), ordinary income to ¥13,318 million (up 30.8% year-on-year) and net income (attributable to owners of the parent) to ¥9,557 million (up 41.2% 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 in the previous 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). Furthermore, in September 2017, being recognized as meeting the global best standard, we earned 5-Star Airport status for the fourth year in a row. 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 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 primarily 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 ¥44,293 million (up 6.2% year-on-year). Operating income for the segment was ¥5,722 million (up 13.4% 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 and sales promotion efforts.

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 from the same period during the previous year 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 ¥109,689 million (up 12.4% year-on-year) and operating income rose to ¥8,235 million (up 53.7% 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 and creation of new menu.

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 from the same period during the previous year 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 ¥16,832 million (up 4.3% year-on-year). Operating income for the segment was ¥629 million (up 10.1% year-on-year) coupled with various cost saving efforts.

(2) Explanation of Financial Position

[Assets]

Current assets increased by ¥5,241 million from the previous fiscal year end to ¥72,796 million. This increase was primarily due to an increase in cash and deposits by ¥9,504 million and in accounts receivable by ¥1,584 million despite a decrease in marketable securities by ¥7,000 million.

Fixed assets increased by ¥19,756 million from the previous fiscal year end to ¥165,227 million, primarily due to an increase in construction in progress by ¥19,998 million.

As a result, total assets increased by ¥24,997 million from the previous fiscal year end to ¥238,023 million.

[Liabilities]

Current liabilities increased by ¥1,243 million from the previous fiscal year end to ¥36,839 million, primarily because accounts payable increased by ¥2,047 million despite a decrease in short-term loans payable by ¥722 million. Fixed liabilities increased by ¥15,505 million from the previous fiscal year end to ¥67,497 million, primarily because long-term loans payable increased by ¥15,630 million.

As a result, total liabilities increased by ¥16,748 million from the previous fiscal year end to ¥104,336 million.

[Net assets]

Total net assets increased by ¥8,248 million from the previous fiscal year end to ¥133,686 million primarily because retained earnings increased by ¥6,552 million and valuation difference on available-for-sale securities increased by ¥1,205 million.

As a result, equity ratio was 55.0% (compared to 57.7% at the previous fiscal year end).

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

Consolidated profits for the first nine months surpassed forecasts mainly because merchandise sales progressed steadily driven by better-than-expected passenger numbers both on domestic and international flights.

The forecasts of full-year consolidated results have been left unchanged at this point from those announced on November 8, 2017 in light of the risk that an economic downswing overseas and uncertainty in the global situation might weaken the domestic economy.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2016 (As of March 31, 2017)	First Nine Months of FY2017 (As of December 31, 2017)
ASSETS		
Current assets		
Cash and deposits	32,240	41,744
Accounts receivable	16,991	18,575
Marketable securities	7,000	-
Merchandise and finished products	7,687	7,329
Raw materials and stored goods	178	220
Deferred tax assets	1,146	1,137
Other current assets	2,334	3,820
Allowance for doubtful accounts	(23)	(31)
Total current assets	67,555	72,796
Fixed assets		
Tangible fixed assets		
Buildings and structures	277,768	278,948
Accumulated depreciation and impairment loss	(197,790)	(203,031)
Buildings and structures (net)	79,978	75,917
Machinery, equipment and vehicles	10,878	11,305
Accumulated depreciation and impairment loss	(8,384)	(8,679)
Machinery, equipment and vehicles (net)	2,494	2,625
Land	11,412	11,412
Lease assets	2,070	2,161
Accumulated depreciation and impairment loss	(1,271)	(1,430)
Lease assets (net)	799	731
Construction in progress	1,064	21,062
Other tangible fixed assets	30,524	31,637
Accumulated depreciation and impairment loss	(25,582)	(26,424)
Other tangible fixed assets (net)	4,941	5,212
Total tangible fixed assets	100,690	116,961
Intangible fixed assets	1,812	1,821
Investments and other assets		
Investment securities	27,846	32,005
Long-term loans receivable	6,665	6,663
Deferred tax assets	4,999	4,346
Net defined benefit assets	538	538
Other investments	2,933	2,890
Allowance for doubtful accounts	(16)	-
Total investments and other assets	42,967	46,445
Total fixed assets	145,471	165,227
TOTAL ASSETS	213,026	238,023

(Millions of yen)

	FY2016 (As of March 31, 2017)	First Nine Months of FY2017 (As of December 31, 2017)
LIABILITIES		
Current liabilities		
Accounts payable	8,695	10,743
Short-term loans payable	9,712	8,990
Income taxes payable	1,913	1,841
Allowance for employees' bonuses	1,477	782
Allowance for directors' bonuses	227	168
Other current liabilities	13,570	14,314
Total current liabilities	35,596	36,839
Fixed liabilities		
Bonds with stock acquisition rights	30,096	30,077
Long-term loans payable	13,450	29,080
Lease obligations	527	548
Net defined benefit liabilities	4,254	4,176
Asset retirement obligations	464	470
Other fixed liabilities	3,198	3,145
Total fixed liabilities	51,992	67,497
TOTAL LIABILITIES	87,588	104,336
NET ASSETS		
Shareholders' equity		
Common stock	17,489	17,489
Capital surplus	21,337	21,337
Retained earnings	84,054	90,607
Treasury stock	(3,244)	(3,245)
Total shareholders' equity	119,637	126,188
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,444	6,649
Deferred gains (losses) on hedges	(1,545)	(1,364)
Foreign currency translation adjustment	52	53
Remeasurements of defined benefit plans	(776)	(588)
Total accumulated other comprehensive income	3,174	4,749
Non-controlling interests	2,626	2,748
TOTAL NET ASSETS	125,438	133,686
TOTAL LIABILITIES AND NET ASSETS	213,026	238,023

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

Quarterly Consolidated Statements of Income

(Millions of yen)

	First Nine Months of FY2016 (from April 1, 2016 to December 31, 2016)	First Nine Months of FY2017 (from April 1, 2017 to December 31, 2017)
Operating revenues		
Rent revenue	9,803	9,953
Facility user charges revenue	13,728	14,244
Other revenues	18,614	20,927
Sale of merchandise	96,774	108,577
Sale of food and beverage	12,630	12,981
Total operating revenues	151,552	166,683
Cost of sales		
Cost of sales of merchandise	72,899	82,242
Cost of sales of food and beverage	7,961	8,180
Total cost of sales	80,860	90,422
Gross profit	70,691	76,260
Selling, general and administrative expenses		
Salaries and wages	7,764	8,397
Provision for employees' bonuses	647	722
Provision for directors' bonuses	166	168
Expenses for retirement benefits	747	745
Rent expenses	9,273	9,311
Outsourcing and commission	17,458	19,315
Depreciation expenses	8,633	7,974
Other costs and expenses	18,743	19,103
Total selling, general and administrative expenses	63,435	65,739
Operating income	7,255	10,521
Non-operating income		
Interest income	473	473
Dividends income	274	322
Equity in earnings of affiliates	2,128	2,152
Miscellaneous income	448	466
Total non-operating income	3,324	3,413
Non-operating expenses		
Interest expenses	327	245
Fee and commission expenses	-	269
Miscellaneous expenses	72	101
Total non-operating expenses	400	616
Ordinary income	10,180	13,318

(Millions of yen)

	First Nine Months of FY2016 (from April 1, 2016 to December 31, 2016)	First Nine Months of FY2017 (from April 1, 2017 to December 31, 2017)
Extraordinary gains		
Gains on sales of investment securities	277	-
Gains on sales of fixed assets	-	1
Total extraordinary gains	277	1
Extraordinary loss		
Loss on retirement of fixed assets	-	7
Loss on valuation of other investments	4	8
Total extraordinary loss	4	15
Quarterly income before income taxes and non-controlling interests	10,453	13,303
Income taxes – current	3,597	3,623
Quarterly income	6,856	9,680
Quarterly net income attributable to non-controlling interests	85	122
Quarterly net income attributable to owners of the parent	6,770	9,557

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	First Nine Months of FY2016 (from April 1, 2016 to December 31, 2016)	First Nine Months of FY2017 (from April 1, 2017 to December 31, 2017)
Quarterly income before minority interests	6,856	9,680
Other comprehensive income		
Valuation difference on available-for-sale securities	78	1,222
Foreign currency translation adjustment	(3)	0
Remeasurements of defined benefit plans	212	185
Share of other comprehensive income of associates accounted for using equity method	1,416	200
Total other comprehensive income	1,703	1,608
Comprehensive income	8,559	11,289
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	8,460	11,133
Comprehensive income attributable to non-controlling interests	99	156

(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

(Significant Changes in Subsidiaries during the Period under Review)

Not applicable

Although not falling under the category of changes in specified subsidiary, LANI KE AKUA PACIFIC, INC. was newly established during the third quarter and included in the scope of consolidation.

(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 third 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 nine months of FY2016 (from April 1, 2016 to December 31, 2016)

1. Sales and income (loss) 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	40,313	97,023	14,215	151,552	-	151,552
Intersegment sales and transfers	1,382	605	1,921	3,909	(3,909)	-
Total	41,695	97,629	16,136	155,461	(3,909)	151,552
Segment income (loss)	5,046	5,359	571	10,977	(3,721)	7,255

(Notes) 1. Adjustments to the segment income include ¥3,730 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 nine months of FY2017 (from April 1, 2017 to December 31, 2017)

1. Sales and income (loss) 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	42,741	109,049	14,892	166,683	-	166,683
Intersegment sales and transfers	1,551	640	1,939	4,131	(4,131)	-
Total	44,293	109,689	16,832	170,815	(4,131)	166,683
Segment income (loss)	5,722	8,235	629	14,586	(4,065)	10,521

(Notes) 1. Adjustments to the segment income include ¥4,072 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.