

**No change to full-year performance forecasts due to steady progress**  
**Progress in achieving the full-year forecast in sales for new condominiums was 79%**  
**and progress in achieving the full-year forecast in sales for**  
**large-scale condominium repair and maintenance work was 86%**

DAIKYO INCORPORATED (the “Company”) announces financial results for the second quarter ended September 30, 2017. For more details, please refer to Consolidated Financial Results for the Second Quarter Ended September 30, 2017, and the Fact Sheets.

### ■ Consolidated Statements of Operations

Six months ended September 30	2016	2017	Change	(Millions of yen) Forecast 2017
Net sales	146,628	133,640	Δ 12,988	340,000
Operating income	6,592	1,550	Δ 5,042	19,000
Ordinary income	6,332	1,373	Δ 4,958	18,000
Profit attributable to owners of parent	4,001	650	Δ 3,350	12,000

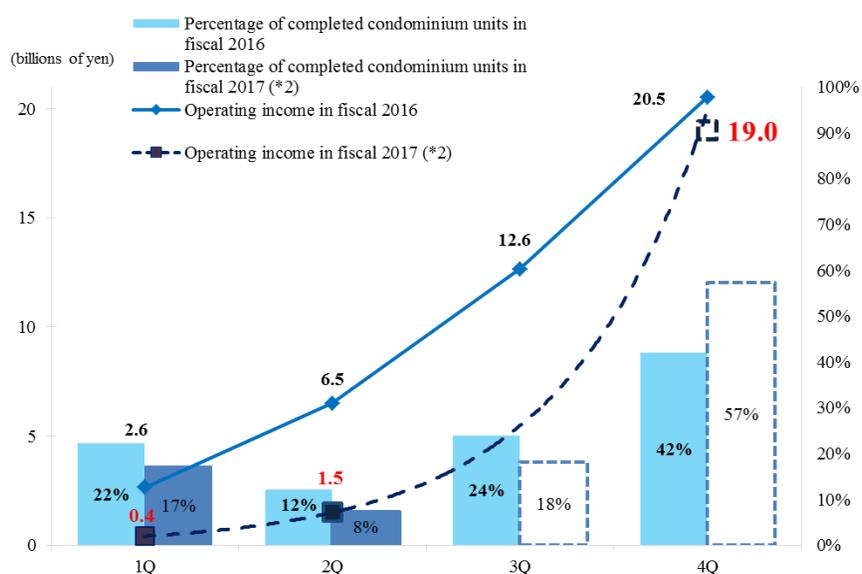
### Consolidated Financial Results Summary

During the six months ended September 30, 2017, net sales decreased ¥12,988 million, or 8.9% year on year, to ¥133,640 million, operating income decreased ¥5,042 million, or 76.5%, to ¥1,550 million, ordinary income decreased ¥4,958 million, or 78.3%, to ¥1,373 million, and profit attributable to owners of parent decreased ¥3,350 million, or 83.7%, to ¥650 million.

This was due to plans for significantly fewer unit completions in condominium sales year-on-year, as indicated in Graph 1 below, but although a majority, or 57%, of condominiums are to be completed in the fourth quarter, the progress in achieving the full-year sales forecast of 2,400 new condominiums has been steady, at 79%. Moreover, progress in achieving the full-year forecast of ¥39,500 million in sales for large-scale condominium repair and maintenance work was 86%. As such, progress in each segment has been solid in line with plans, and there will be no change in the full-year performance forecasts released in May 2017.

### (Graph 1) Percentage of completed new condominium units in each quarter in fiscal 2016 and fiscal 2017(\*1)

(\*1) The percentage of completed new condominium units in fiscal 2017 is calculated based on the first day of residence.



(\*2) Figures for the percentage of completed condominiums in fiscal 2017 are the actual number for 1Q and 2Q, and estimates for 3Q and 4Q.

Figures for operating income in fiscal 2017 are the actual number for 1Q and 2Q, and estimates for 4Q.

## ■ Results by Segment

### Real Estate Management

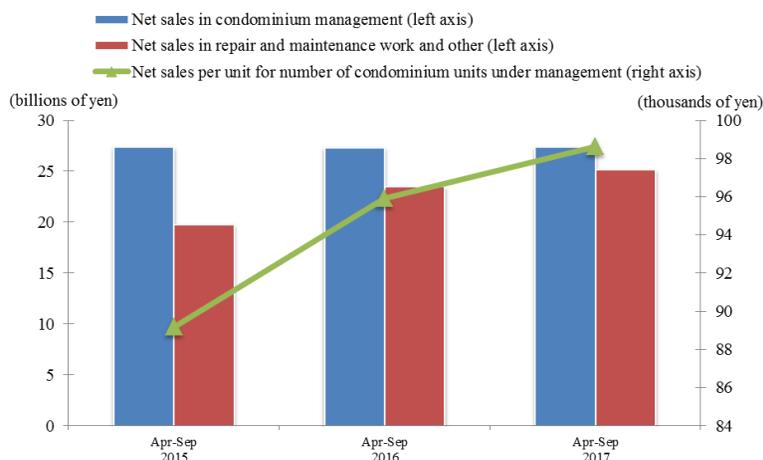
Six months ended September 30	Net sales			Operating income			(Millions of yen)
	2016	2017	Year-on-year	2016	2017	Year-on-year	
	<b>75,597</b>	<b>77,519</b>	<b>1,921</b>	<b>4,320</b>	<b>4,174</b>	<b>Δ 146</b>	

#### Segment Summary

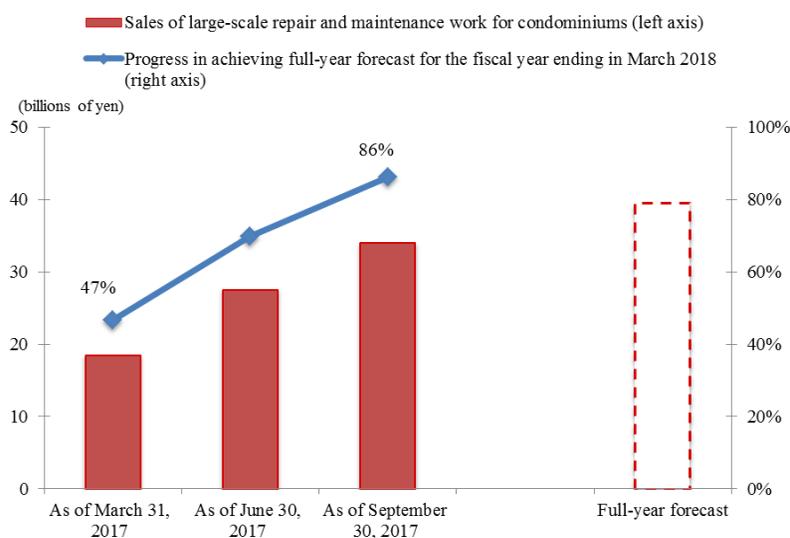
- Net sales increased ¥1,921 million due to increases of ¥585 million in condominium management sales and ¥1,398 million in sales of repair and maintenance work for condominiums.
- Operating income decreased ¥146 million due to increase in labor costs aimed at reinforcement of personnel for business expansions.
- Condominium management sales remained stable, and the resulting repair and maintenance work and other sales increased by 12.7% on average over the three fiscal periods. As a result, net sales per unit under management rose 5.2% to over 98,000 yen (refer to Graph 2).
- Progress in achieving the full-year forecast in sales of ¥39,500 million for large-scale condominium repair and maintenance work rose 39 points from 47% at the end of the previous fiscal year to 86% (refer to Graph 3).

#### (Graph 2) Fluctuations in net sales in condominium management, repair and maintenance work and other in the past three fiscal periods, fluctuations in net sales per unit for the number of condominium units under management(\*3)

(\*3) Condominium repair and maintenance income is the total of sales for contract work in the condominium management business and sales in the internal market for large-scale repair and maintenance work in the condominium repair and maintenance business. Other income refers to other sales in the condominium management business.



#### (Graph 3) Sales of large-scale repair and maintenance work for condominiums and progress in achieving full-year forecasts for the fiscal year ending in March 2018



## Real Estate Brokerage

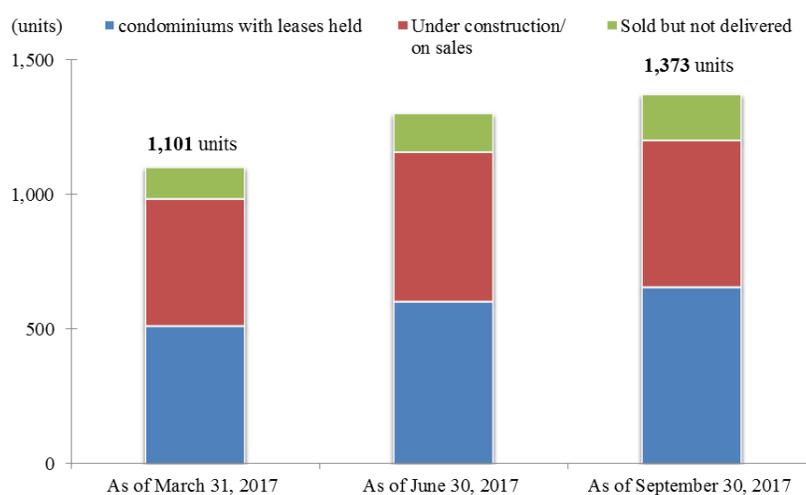
Six months ended September 30	Net sales			Operating income		
	2016	2017	Year-on-year	2016	2017	Year-on-year
	<b>28,833</b>	<b>29,419</b>	<b>585</b>	<b>1,138</b>	<b>1,239</b>	<b>100</b>

(Millions of yen)

### Segment Summary

- While net sales in existing real estate sales increased ¥1,325 million, interior goods sales and other sales fell ¥626 million year on year. As a result, net sales rose ¥585 million, and operating income increased ¥100 million.
  - The number of brokerage offices was 73 as of the end of the second quarter (compared with 70 offices as of the end of the previous fiscal year).
  - The number of reserve units for renovated condominiums stood at 1,373 units at the end of the second quarter (compared with 1,101 units at the end of the previous fiscal year). (refer to Graph 4)
- The number of condominiums with leases held (uncontracted) increased from 510 at the end of the previous quarter to 654, and the surface yield has remained at 7-8%.

**(Graph 4) The number of reserve units for renovated condominiums for the fiscal year ending in March 2018**



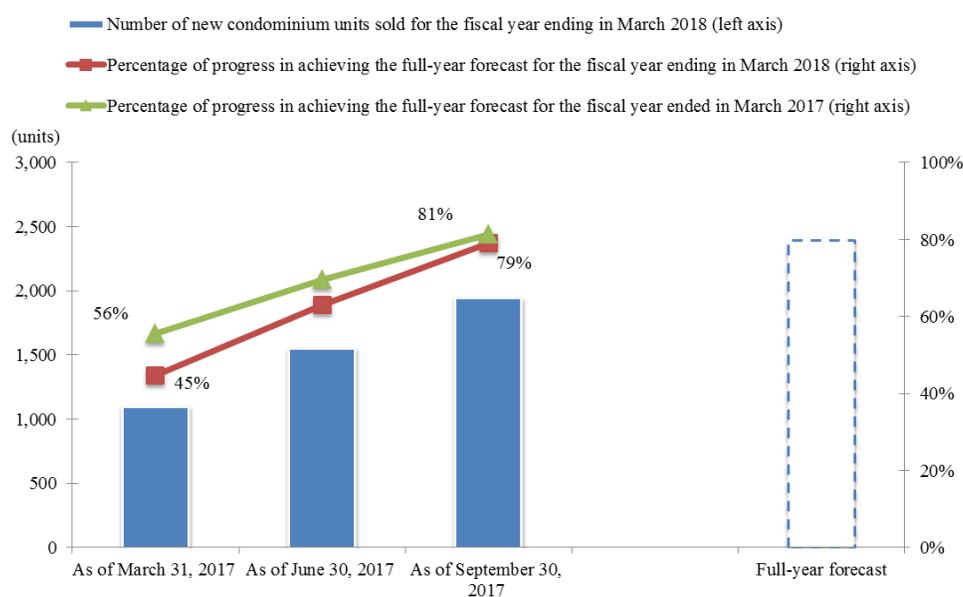
## Real Estate Development and Sales

Six months ended September 30	Net sales			Operating income			(Millions of yen)
	2016	2017	Year-on-year	2016	2017	Year-on-year	
	<b>44,339</b>	<b>29,963</b>	<b>Δ 14,375</b>	<b>2,362</b>	<b>Δ 2,234</b>	<b>Δ 4,596</b>	

### Segment Summary

- Only 556 completed condominium units were planned in the second quarter, as opposed to 890 units in the previous fiscal year. As a result, the number of condominium units sold decreased by 335 over the previous fiscal year to 684. Real estate sales decreased 15,213 million to ¥26,900 million.
- The condominium gross profit margin was 24.1%, securing the full-year forecast of over 24%.
- As a result, net sales decreased ¥14,375 million year on year, and operating income decreased ¥4,596 million.
- Progress in achieving the full-year sales forecast of 2,400 new condominiums was 79% as of the end of the second quarter (compared with 45% as of the end of the previous fiscal year) as a result of an increase of sold units of condominiums by 86 units to 1,109 units, and steady progress was made to achieve the full-year forecast. (refer to Graph 5)
- The number of completed but unsold condominium units was 289 units as of the end of the second quarter (compared with 294 units as of the end of the previous fiscal year).

**(Graph 5) Number of new condominium units sold for the fiscal year ending in March 2018 and percentage of progress in achieving the full-year forecast for the fiscal year ended in March 2017 and the fiscal year ending in March 2018**



### ■ Regarding consolidated performance forecast

There are no changes in the full-year performance forecasts released in May 2017.

### ■ Announcement of Decision Concerning Acquisition of Treasury Stock

1 <sup>o</sup>	Type of stock to be acquired <sup>o</sup>	Common stock of the Company <sup>o</sup>	€
2 <sup>o</sup>	Total number of shares to be acquired <sup>o</sup>	Up to 4,100,000 [Percentage of the total number of shares issued (excluding treasury stock): 4.91%] <sup>o</sup>	€
3 <sup>o</sup>	Total value of stock to be acquired <sup>o</sup>	Up to ¥8.5 billion <sup>o</sup>	€
4 <sup>o</sup>	Period of acquisition <sup>o</sup>	From October 27, 2017 to October 26, 2018 <sup>o</sup>	€