



# **Results Briefing for the Second Quarter (First Six Months) Ended September 30, 2012**

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# Disclaimer regarding this Document



This document was prepared in English for convenience purposes only. The original Japanese document shall take precedence in the event of any discrepancies arising from the translations or interpretations contained in this document.

The current plans, outlook, strategies, etc., of the Company contained in this document that are not historical facts are forward-looking statements regarding future performance, and are based on the judgment of the Company derived from the information currently available to the Company.

Accordingly, we ask that readers do not place undue reliance on these forward-looking statements only. Please be aware that actual performance may differ materially from these forward-looking statements due to various important factors arising from changes in the external environment and internal environment.

Factors that could cause results which differ from these forward-looking statements are contained in the "Risk Factors" section of the Annual Securities Report the Company submits to the Director of the Kanto Local Finance Bureau, but they are not limited to only these factors.

Furthermore, the only purpose of this document is to provide information; it does not have the purpose of soliciting or recruiting investment in the securities issued by the Company.

# Consolidated Statements of Operations (Summary)

(Billions of yen)	1H of Fiscal 2011	1H of Fiscal 2012	Change
	(A)	(B)	(B)–(A)
<b>Net sales</b>	<b>117.4</b>	<b>156.7</b>	<b>39.3</b>
<b>Gross profit</b>	<b>16.9</b>	<b>25.1</b>	<b>8.1</b>
(Gross profit margin)	14.5%	16.0%	1.5pp
Selling, general and administrative expenses	11.3	13.6	2.3
<b>Operating income</b>	<b>5.6</b>	<b>11.4</b>	<b>5.8</b>
(Operating income margin)	4.8%	7.3%	2.5pp
<b>Other income</b>	<b>0.3</b>	<b>0.2</b>	<b>(0.0)</b>
<b>Other expenses</b>	<b>1.6</b>	<b>1.4</b>	<b>(0.1)</b>
<b>Ordinary income</b>	<b>4.3</b>	<b>10.2</b>	<b>5.9</b>
(Ordinary income margin)	3.7%	6.6%	2.9pp
<b>Extraordinary income</b>	<b>0.0</b>	<b>—</b>	<b>(0.0)</b>
<b>Extraordinary loss</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Income taxes- current</b>	<b>0.6</b>	<b>1.2</b>	<b>0.5</b>
<b>Income taxes- deferred</b>	<b>(5.5)</b>	<b>1.6</b>	<b>7.2</b>
<b>Net income</b>	<b>9.1</b>	<b>7.3</b>	<b>(1.8)</b>

## Main points of operating results

### Main factors behind increase in net sales

- Increase in the number of condominium units delivered through real estate development and sales
- Increase in contract work income in real estate management and contribution to performance by Grand Amenity, which was acquired in April
- Improvement in business performance of real estate brokerage

### Factors behind decrease in net income

- Increase in tax burden in line with amendments to the Japanese tax regulation
- Reversal of deferred tax assets

\* As loan administrative charges, which had been included in other income, have been newly included in operating income starting with the current fiscal year, 1H of fiscal 2011 results herein have been adjusted retroactively.

\* "Fiscal" used on this presentation material represents the fiscal year ended March 31 of the following year.

# Performance by Segment



(Billions of yen)		1H of Fiscal 2011	1H of Fiscal 2012	Change
Real estate development and sales	Net sales	* 55.0	87.1	32.1
	Operating income	* 2.5	8.1	5.5
Real estate management	Net sales	52.5	59.8	7.2
	Operating income	3.8	4.0	0.2
Real estate brokerage	Net sales	9.1	10.5	1.4
	Operating income	0.0	0.2	0.1
Other	Net sales	1.6		(1.6)
	Operating income	0.1		(0.1)
Eliminations or Corporate Assets/ Expensed	Net sales	(0.9)	(0.8)	0.1
	Operating income	(0.9)	(1.0)	(0.0)
Total	Net sales	* 117.4	156.7	39.3
	Operating income	* 5.6	11.4	5.8

## Main points of operating results

### Real estate development and sales

- Significant year-on-year increase in the number of condominium units completed and delivered

### Real estate management

- Contribution to performance by Grand Amenity
- Increase in contract work income (large-scale repair and maintenance work and small-scale repair work for condominium, building-related small-scale repair work, and remodeling work)

### Real estate brokerage

- Significant increase in income from existing real estate sales
- Slight decrease in trading and brokerage income and lease management income

\*As loan administrative charges, which had been included in other income, have been newly included in operating income starting with the current fiscal year, 1H of fiscal 2011 results for net sales and operating income from real estate development and consolidated net sales and consolidated operating income have been adjusted retroactively.

# Consolidated Balance Sheet (Summary)



(Billions of yen)	As of Mar. 31, 2012	As of Sep. 30, 2012	Change
<b>Assets</b>	<b>290.2</b>	<b>275.3</b>	<b>(14.8)</b>
<b>Current Assets</b>	<b>257.8</b>	<b>239.7</b>	<b>(18.1)</b>
(Main breakdown)			
Cash and deposits	97.6	110.7	13.1
Inventories	130.4	106.7	(23.6)
Property and equipment	32.3	35.5	3.2
<b>Liabilities</b>	<b>172.6</b>	<b>152.4</b>	<b>(20.2)</b>
<b>Current liabilities</b>	<b>105.7</b>	<b>98.8</b>	<b>(6.9)</b>
<b>Long-term liabilities</b>	<b>66.8</b>	<b>53.5</b>	<b>(13.3)</b>
Interest-bearing debt	91.0	73.6	(17.3)
<b>Net assets</b>	<b>117.6</b>	<b>122.9</b>	<b>5.3</b>
Shareholders' equity	117.5	122.9	5.3
Retained earnings	39.5	44.9	5.3
<b>Total liabilities and net assets</b>	<b>290.2</b>	<b>275.3</b>	<b>(14.8)</b>

## Main points of operating results

### Assets

- “Cash and deposits” increased from the end of the previous fiscal year as a result of income before income taxes recorded for the period and a decrease in inventories, while funds decreased due to the repayment of borrowings and redemption of straight bond.
- “Inventories” decreased from the end of previous fiscal year as sites for construction of condominiums have been carefully purchased with a focus on profitability.

### Liabilities

- Liabilities decreased from the end of the previous fiscal year due mainly to a decrease in “interest-bearing debt” as a result of the repayment of borrowings and redemption of straight bonds.

### Net assets

- Net assets increased from the end of previous fiscal year reflecting an increase in “shareholders’ equity” as a result of net income recorded for the period among other factors.

# Segment Information: Real Estate Development and Sales



(Billions of yen)	1H of Fiscal 2011	1H of Fiscal 2012	Change
<b>Net sales</b>	<b>55.0</b>	<b>87.1</b>	<b>32.1</b>
<b>Operating income</b>	<b>2.5</b>	<b>8.1</b>	<b>5.5</b>

<b>Condominium Business</b>			
(Billions of yen)	As of Sep. 30, 2011	As of Sep. 30, 2012	Change
<b>Condominium units delivered</b>	<b>1,387</b>	<b>2,225</b>	<b>838</b>
<b>Net sales</b>	<b>50.9</b>	<b>84.6</b>	<b>33.6</b>
<b>Gross profit</b>	<b>8.2</b>	<b>16.1</b>	<b>7.8</b>
(Gross profit margin)	<b>16.2%</b>	<b>19.0%</b>	<b>2.8pp</b>
<b>Number of sales agreements entered into (units)(1)</b>	<b>1,642</b>	<b>1,540</b>	<b>(102)</b>
<b>Amount of net sales of condominium units for which sales agreements are entered into in each period</b>	<b>63.0</b>	<b>59.8</b>	<b>(3.1)</b>
(Billions of yen)	As of Sep. 30, 2011	As of Sep. 30, 2012	Change
<b>Contracted sales (units)(2)</b>	<b>3,058</b>	<b>1,593</b>	<b>(1465)</b>
<b>Number of contracted sales</b>	<b>123.6</b>	<b>67.2</b>	<b>(56.4)</b>
<b>Completed units in inventory(3)</b>	<b>250</b>	<b>357</b>	<b>107</b>
<b>Completed amount in inventory</b>	<b>7.9</b>	<b>11.0</b>	<b>3.1</b>

\* As loan administrative charges, which had been included in other income, have been newly included in operating income starting with the current fiscal year, fiscal 2011 Q2 results herein have been adjusted retroactively.

(1) Represents the number of condominium units for which sales agreements are entered into in each period.

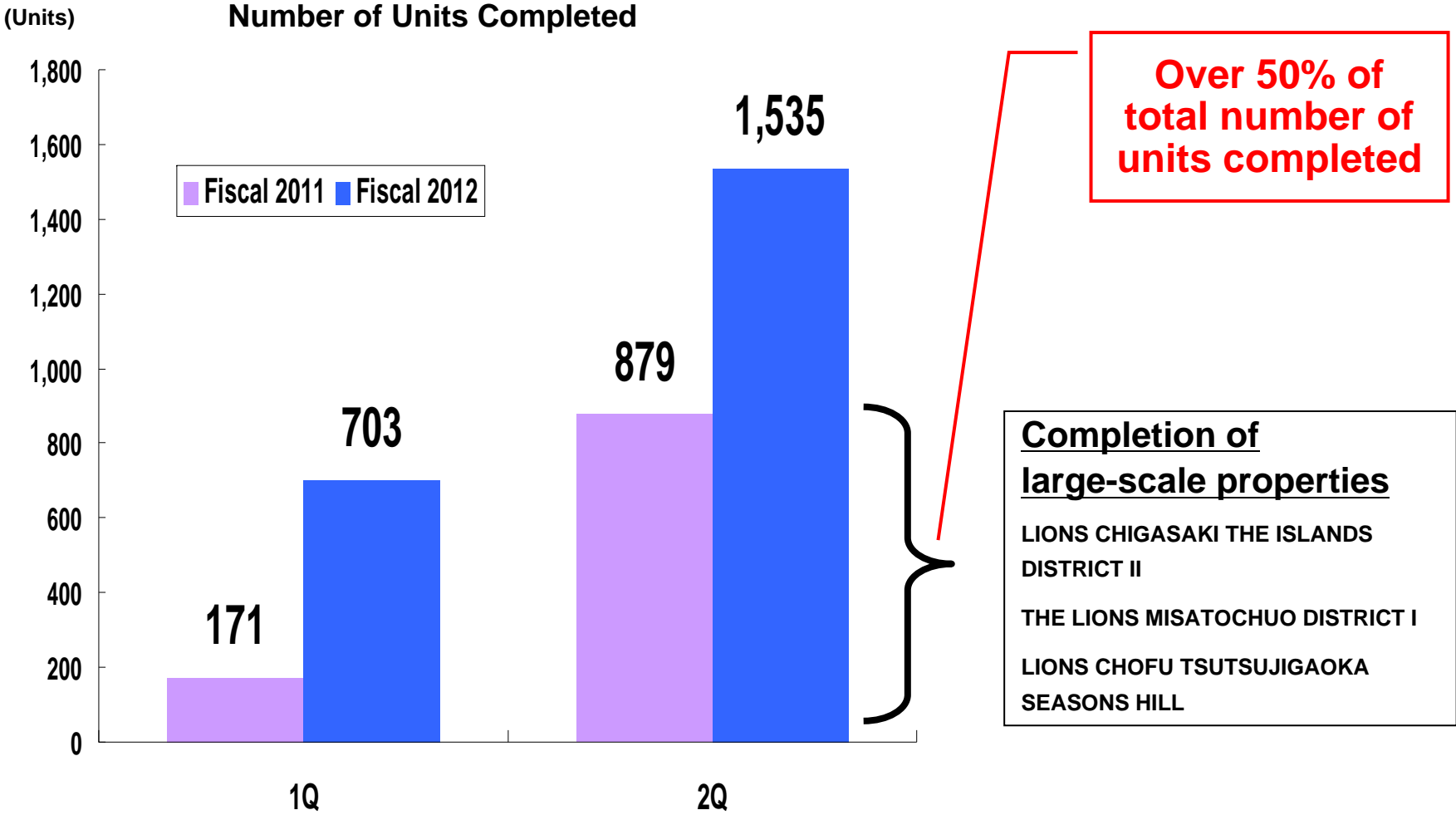
(2) Represents the number of condominium units for which sales agreements have been entered into but have yet to be delivered.

(3) Represents the number of completed condominium units the Group developed in inventory for which sales agreements have not yet been entered into.

# Real Estate Development and Sales



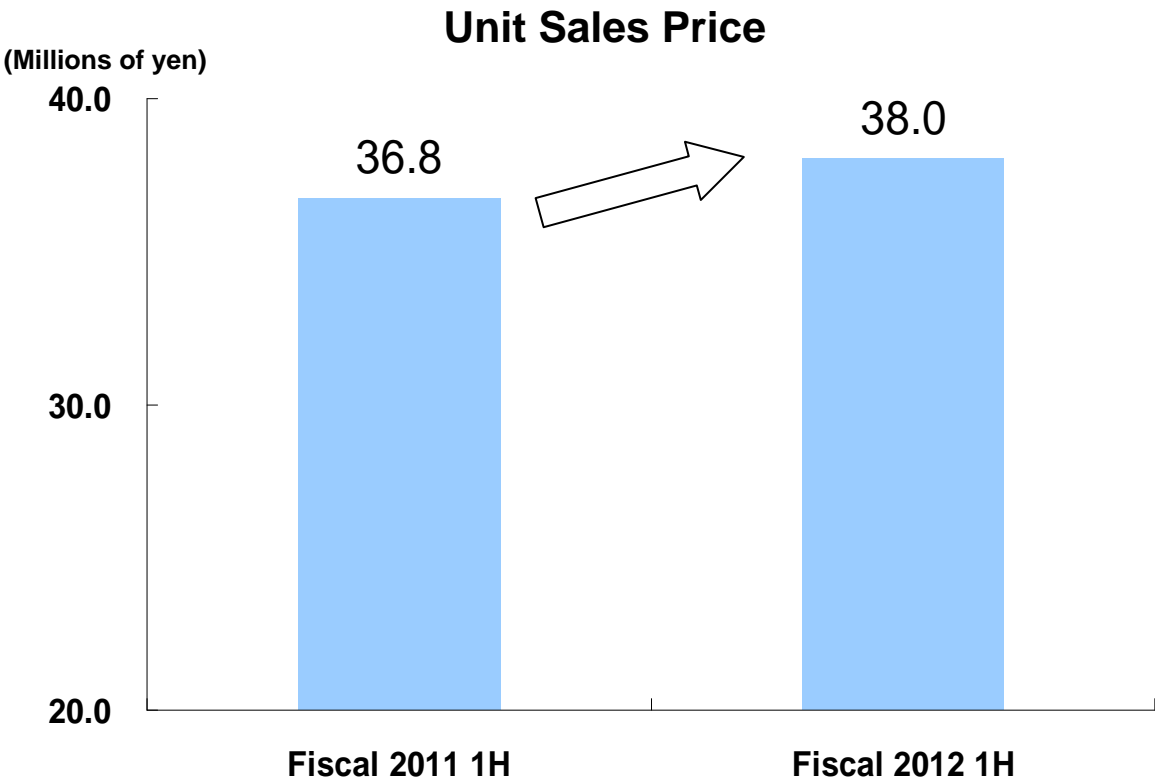
## Significant increase in the number of condominium units completed



# Real Estate Development and Sales

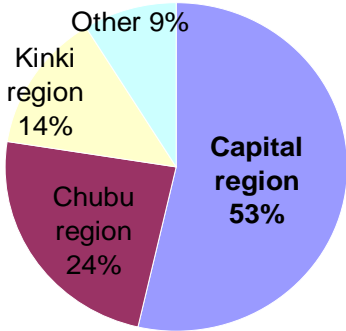


## Factors behind rise in unit sales price on a year-on-year basis

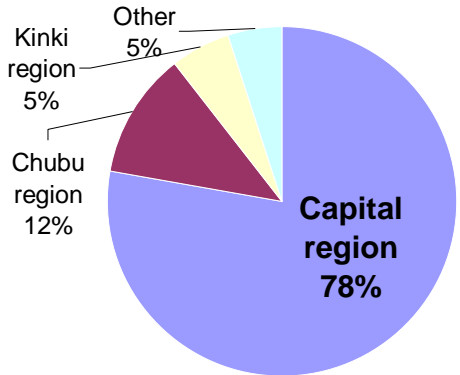


## Increase in the ratio of sales in the capital region

(Based on number of units delivered)



### Fiscal 2011 1H

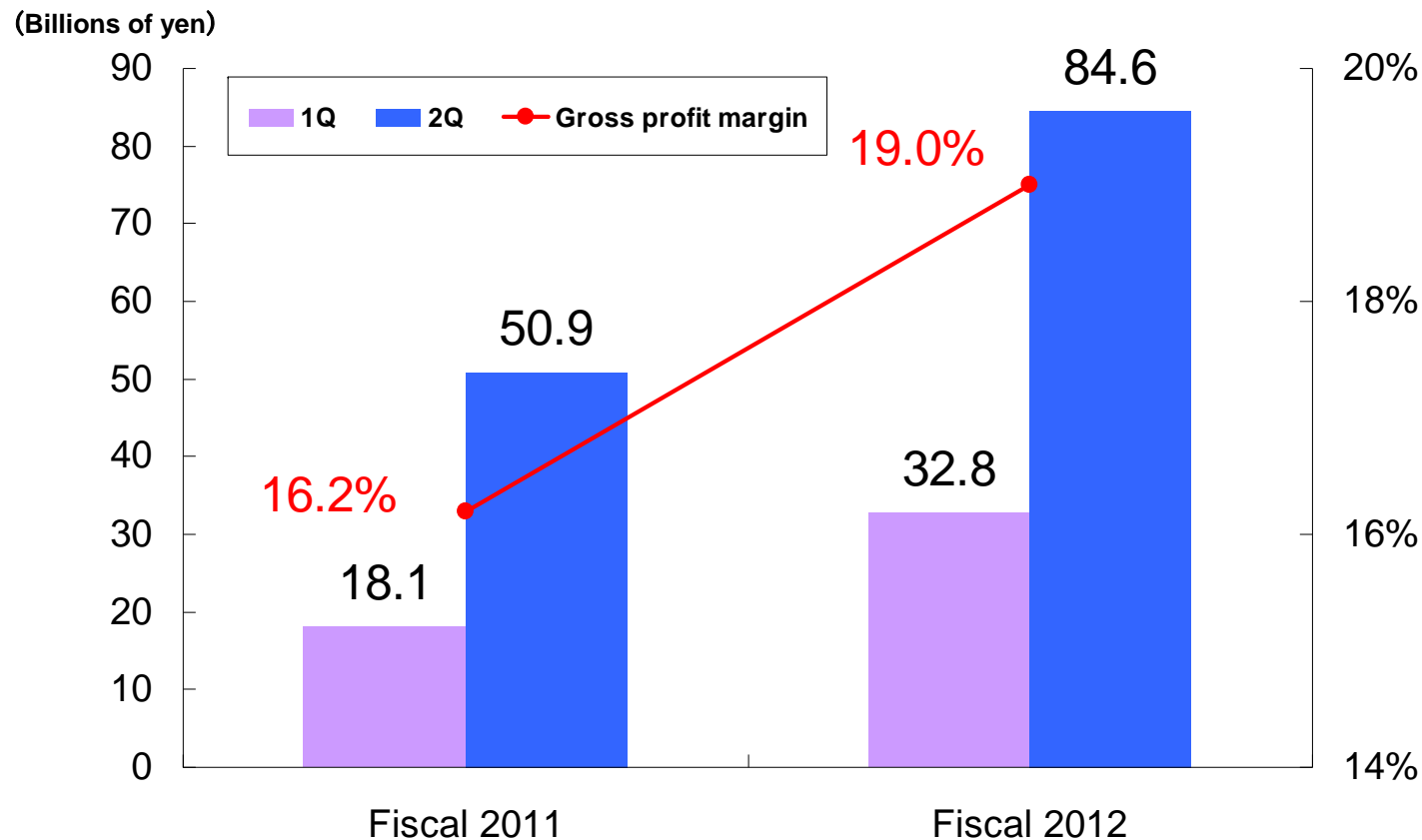


### Fiscal 2012 1H



## Sales increased significantly on both yearly and quarterly bases

Proceeds from condominium sales/Gross profit margin

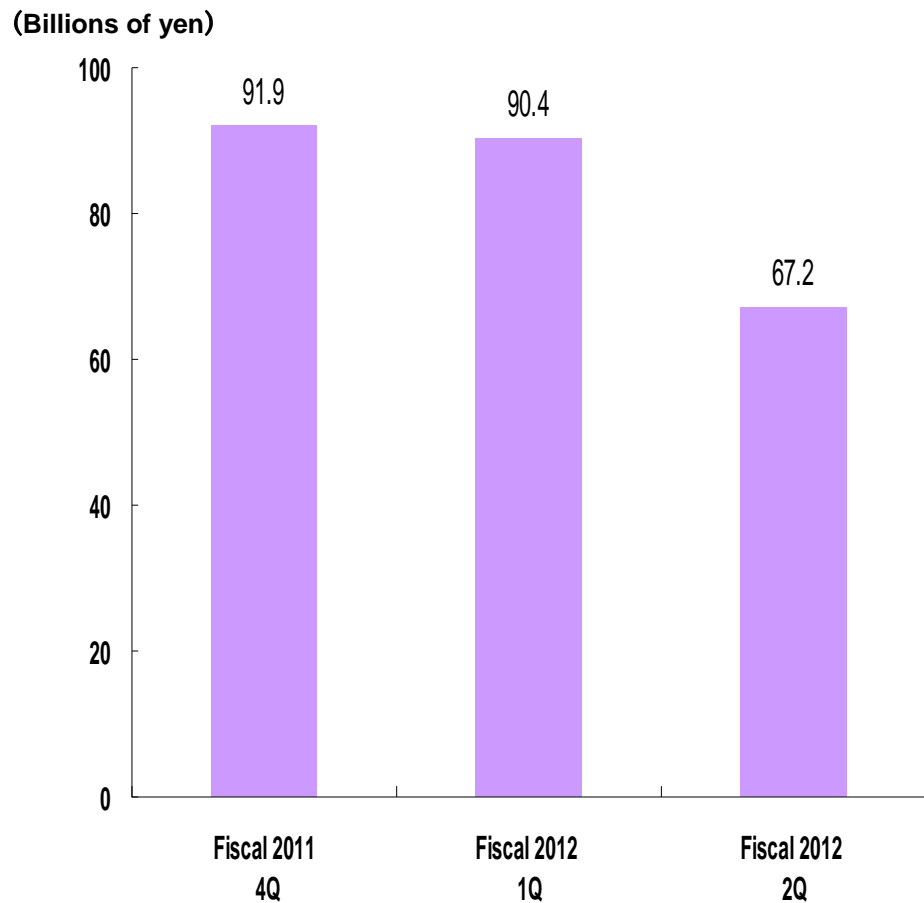


# Real Estate Development and Sales

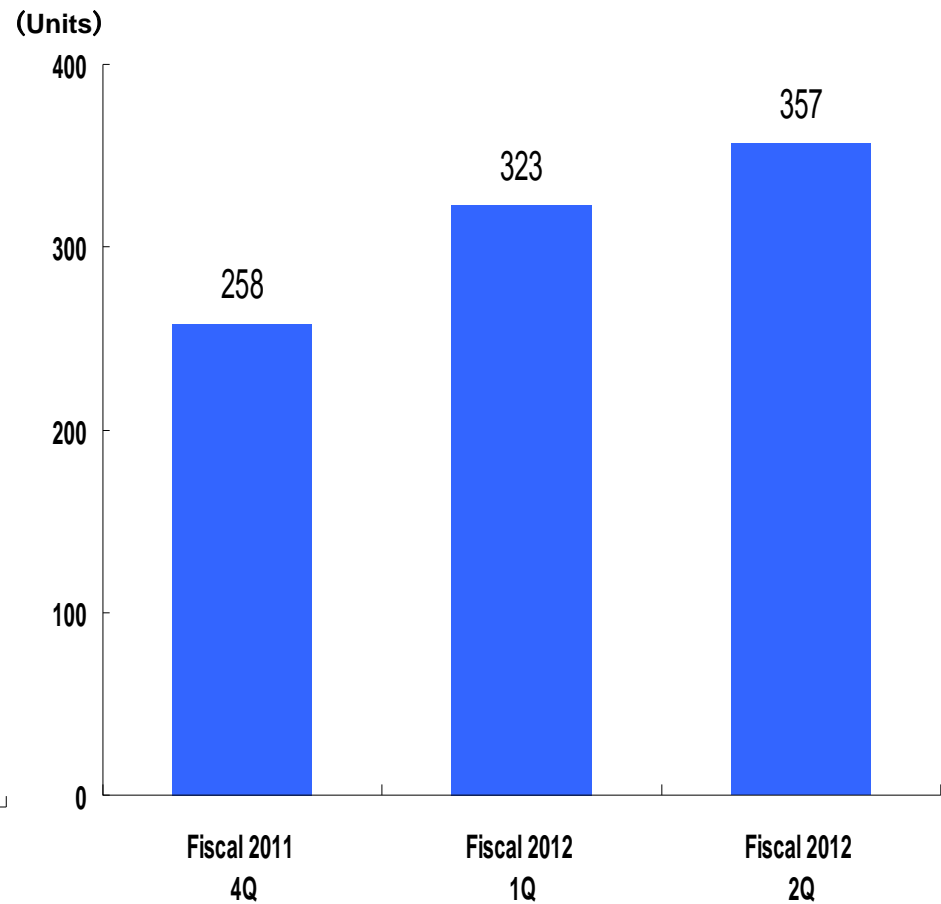


## Number of contracted sales/Completed condominium units in inventory

### Number of contracted sales



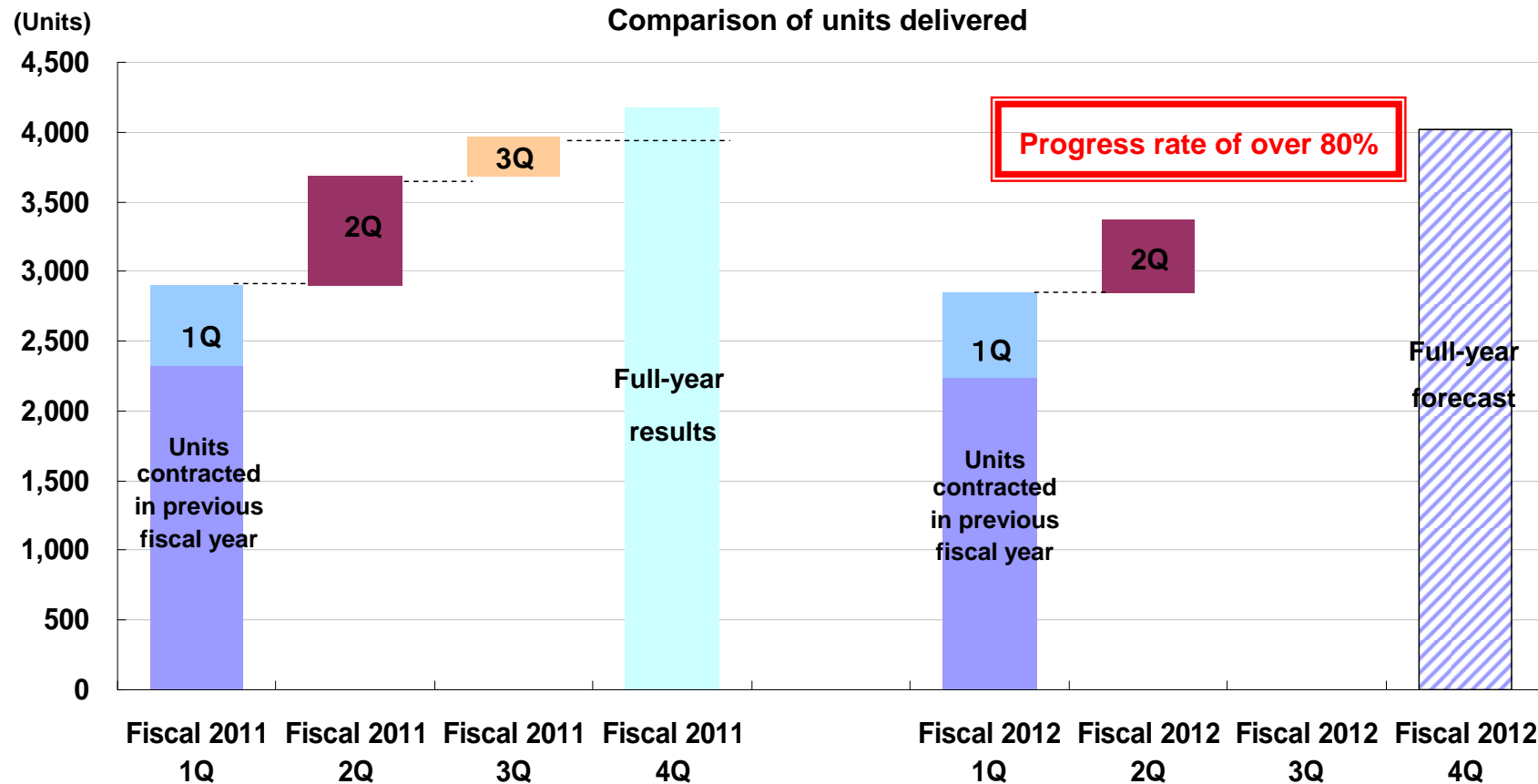
### Completed condominium units in inventory



# Real Estate Development and Sales



Progress rate of over 80% against the full-year forecast, delivered high level performance similar to the same period in previous fiscal year

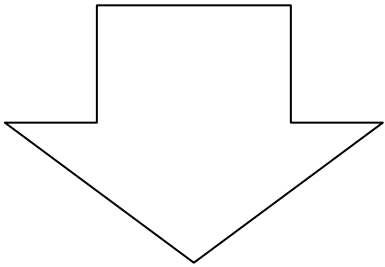


# Real Estate Development and Sales



## Policy on purchasing site for construction of condominiums

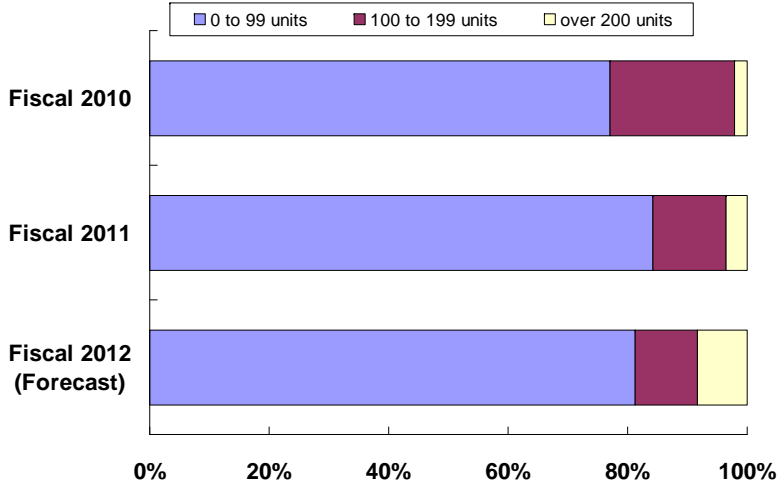
- (i) Continuation of business development with focus on medium-scale properties (up to 100 units)
- (ii) Further pursuit of profitability in purchasing site for construction of condominiums



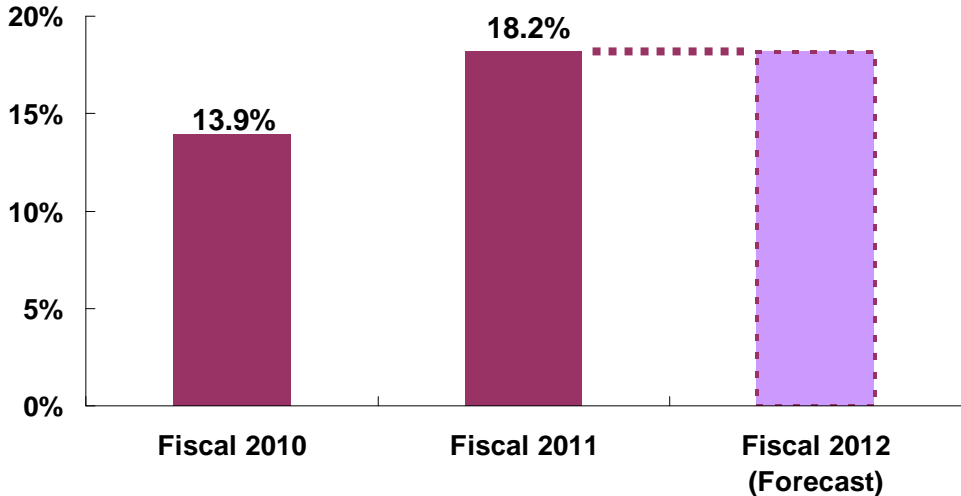
## Contribution to improvements in profitability

- Profit margin is on a recovery trend as impact of low-return properties has decreased gradually

Ratio by the size of condominiums  
(number of unit on prorated basis)




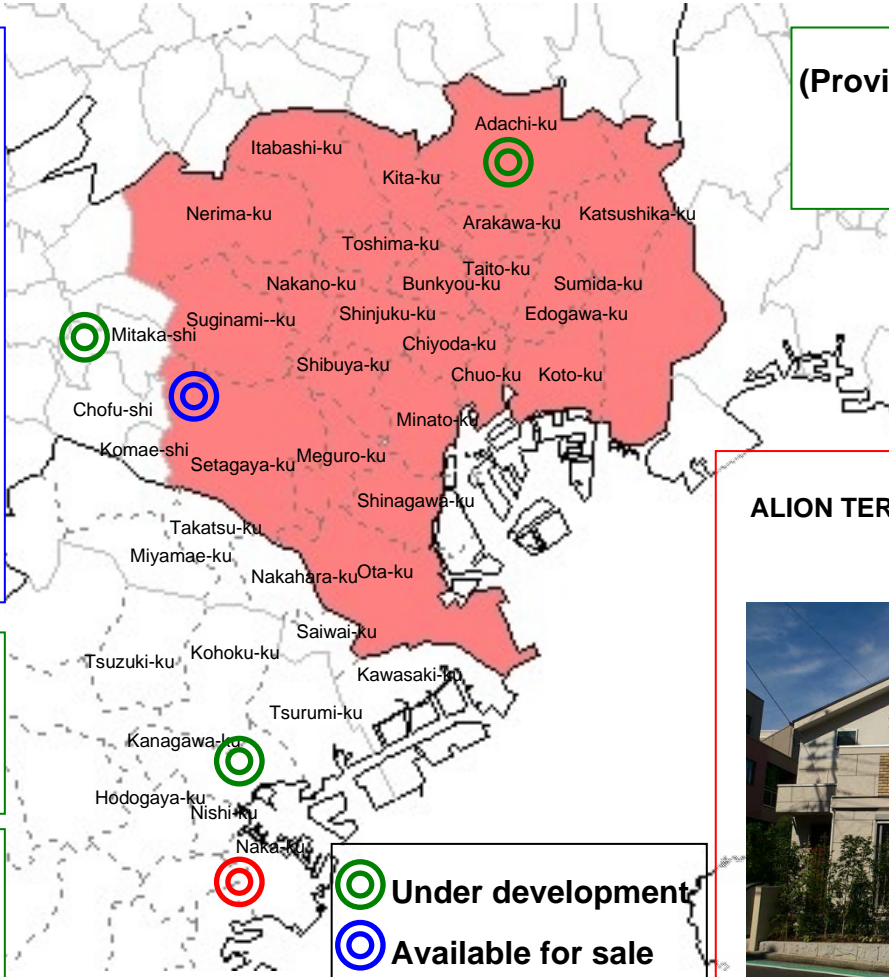
Changes in gross profit margin for condominiums



## Detached housing business

**ALION TERRACE ROKA-KOEN**  
Kasuya, Setagaya-ku  
(available for sale)






**(Provisional) Nishiarai Project**  
Nishiarai, Adachi-ku

**(Provisional) Mitaka Project**  
Osawa, Mitaka City

**ALION TERRACE YOKOHAMA YAMATE**  
Naka-ku, Yokohama City



**Sale completed, all (7) units sold out**

**(Provisional) Myorenji Project**  
Kanagawa-ku, Yokohama City

◎ Under development  
◎ Available for sale  
◎ Sale completed

# Segment Information: Real Estate Management



(Billions of yen)	1H of Fiscal 2011	1H of Fiscal 2012	Change
<b>Net sales</b>	<b>52.5</b>	<b>59.8</b>	<b>7.2</b>
Property management commissions	31.9	34.7	2.7
Condominium management	20.1	22.1	2.0
Building management	11.8	12.6	0.7
<b>Contract work</b>	<b>18.7</b>	<b>21.9</b>	<b>3.2</b>
Other	1.9	3.0	1.1
<b>Operating income</b>	<b>3.8</b>	<b>4.0</b>	<b>0.2</b>

## Change in number of condominium units under management

	As of Sep. 30, 2011	As of Sep. 30, 2012	Change
<b>Number of condominium units under management</b>	<b>400,988</b>	<b>440,787</b>	<b>39,799</b>

## Change in number of buildings under management

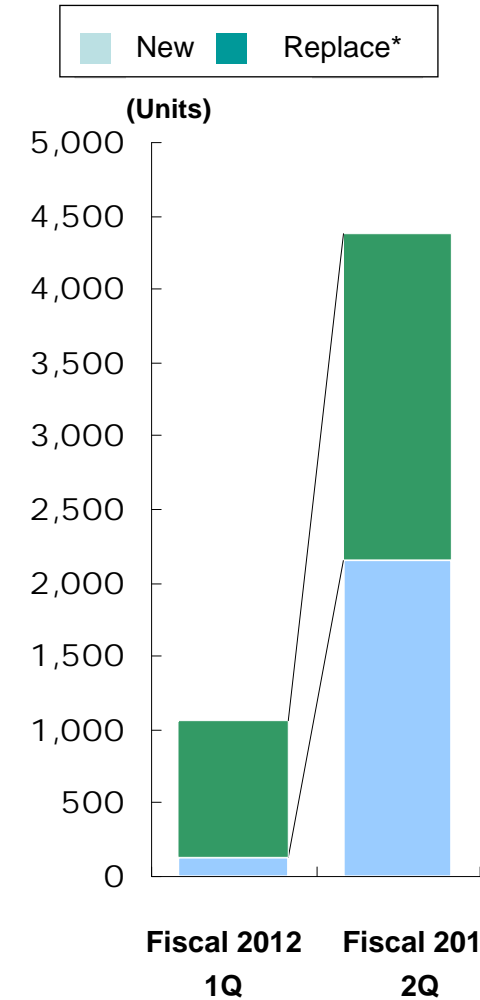
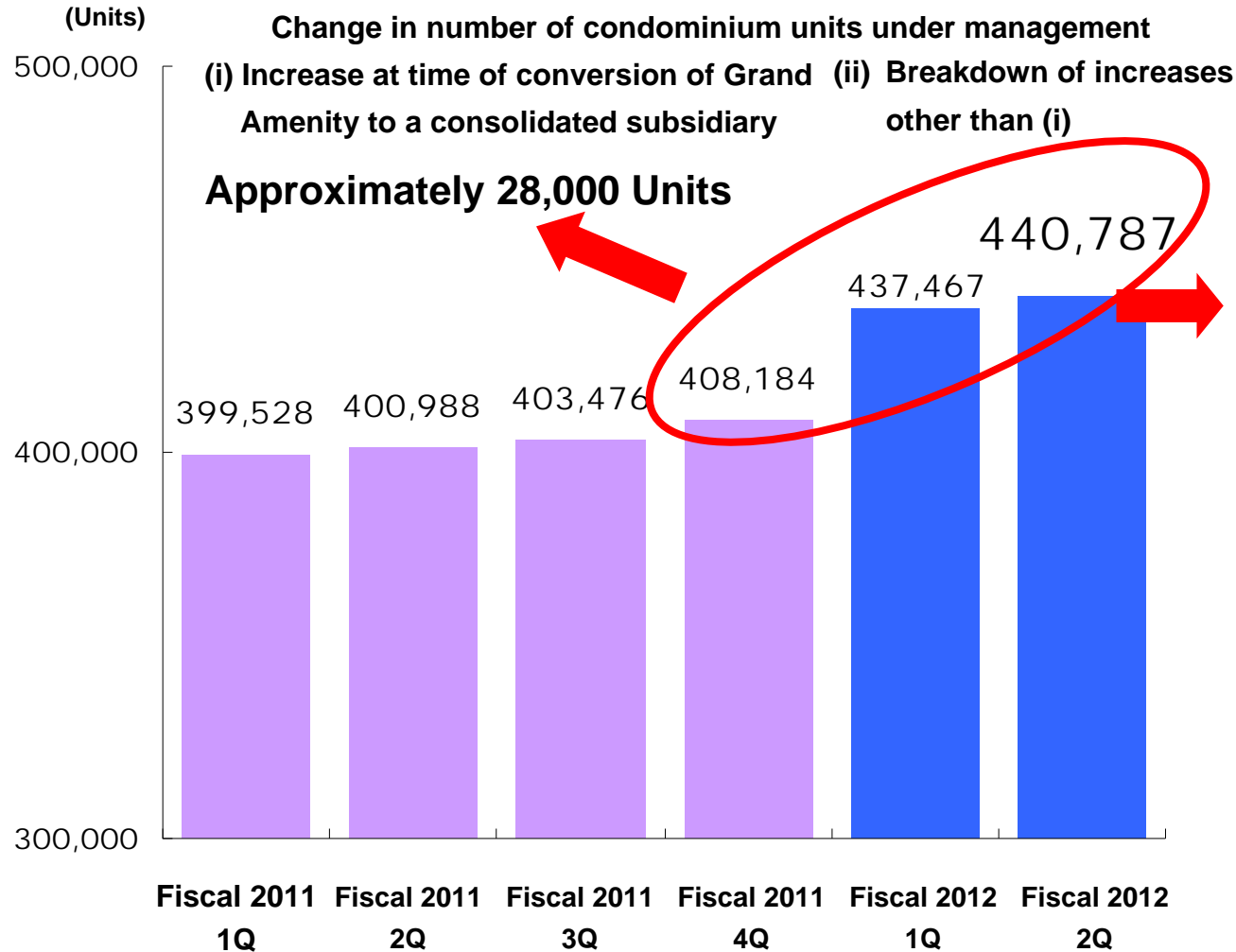
	As of Sep. 30, 2011	As of Sep. 30, 2012	Change
<b>Number of buildings under management</b>	<b>4,861</b>	<b>4,958</b>	<b>97</b>

## Change in volume of contract work orders

(Billions of yen)	As of Sep. 30, 2011	As of Sep. 30, 2012	Change
<b>Volume of contract work orders</b>	<b>16.5</b>	<b>16.5</b>	<b>(0.0)</b>

# Real Estate Management

## Property management commissions: Breakdown of increase in number of condominium units under management

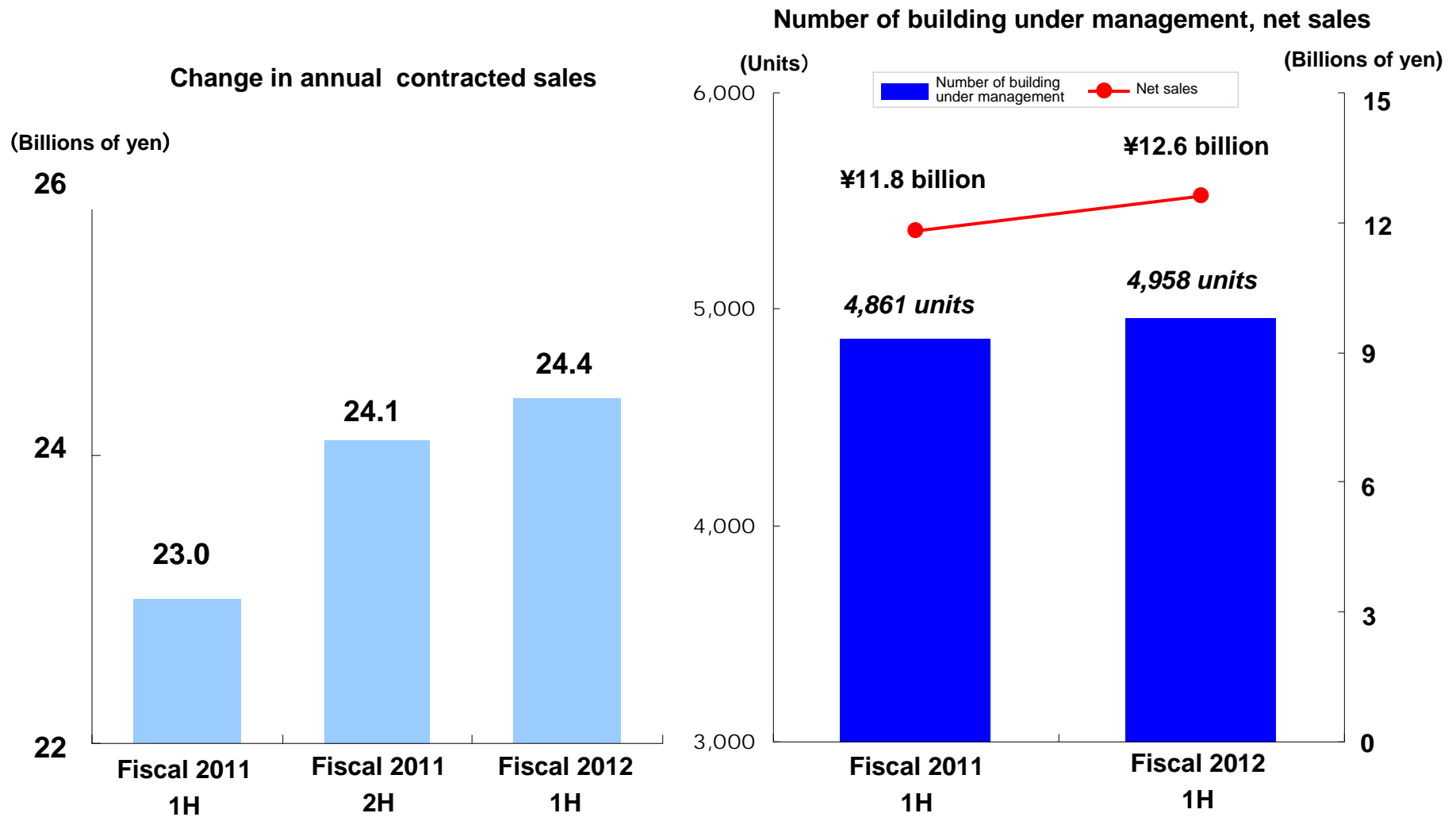


\* Get the new contract of condominium management from other competitors

# Real Estate Management



## Property management commissions: Building management



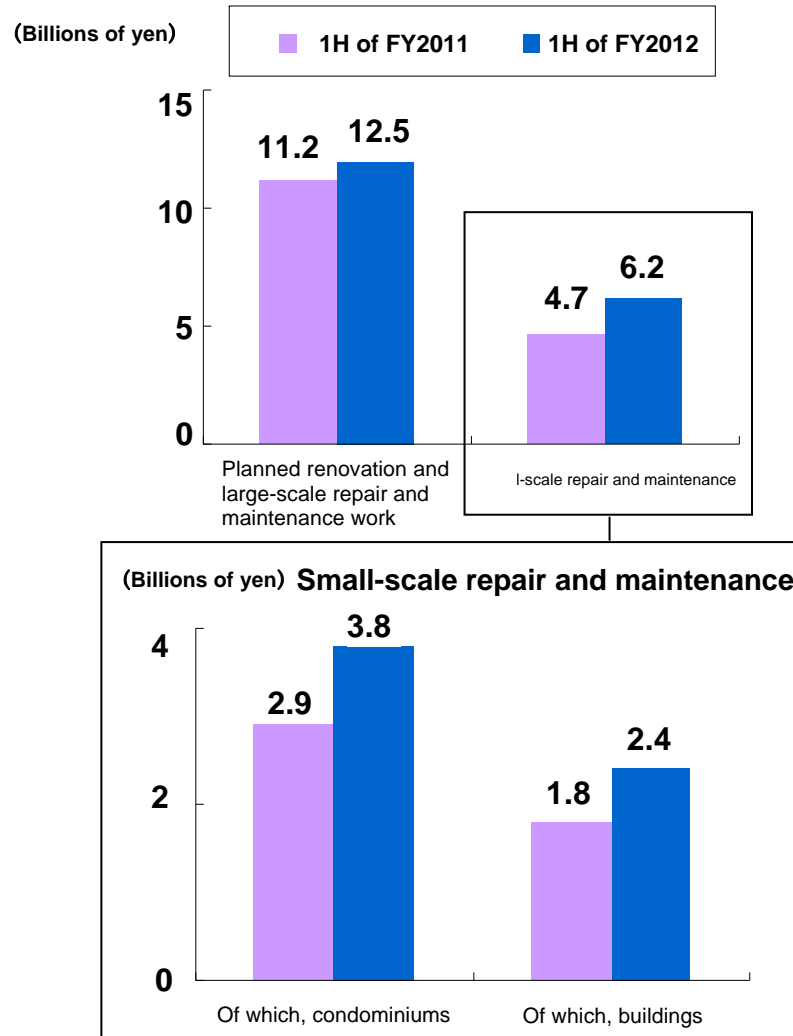


# Real Estate Management

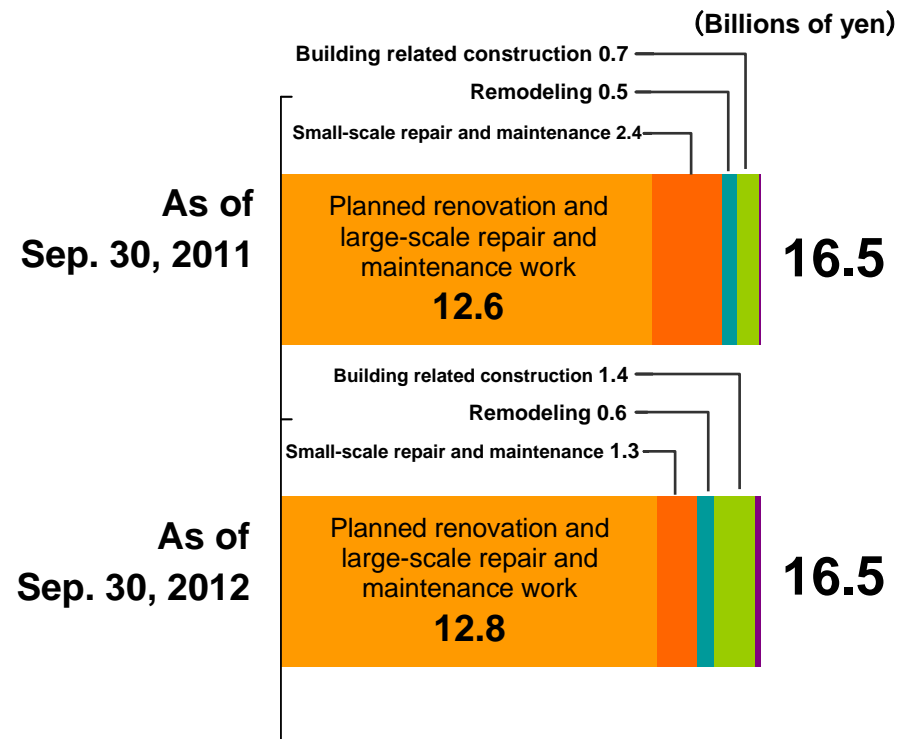


## Contract Work

### Completed repair and maintenance work among contract work



### Breakdown in volume of contract work orders



# Real Estate Management

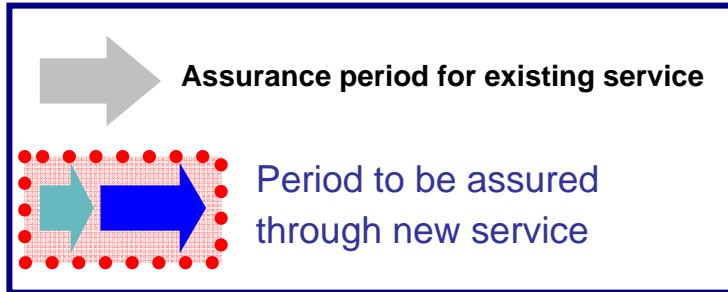


## Introduction of long-term assurance service for properties under management

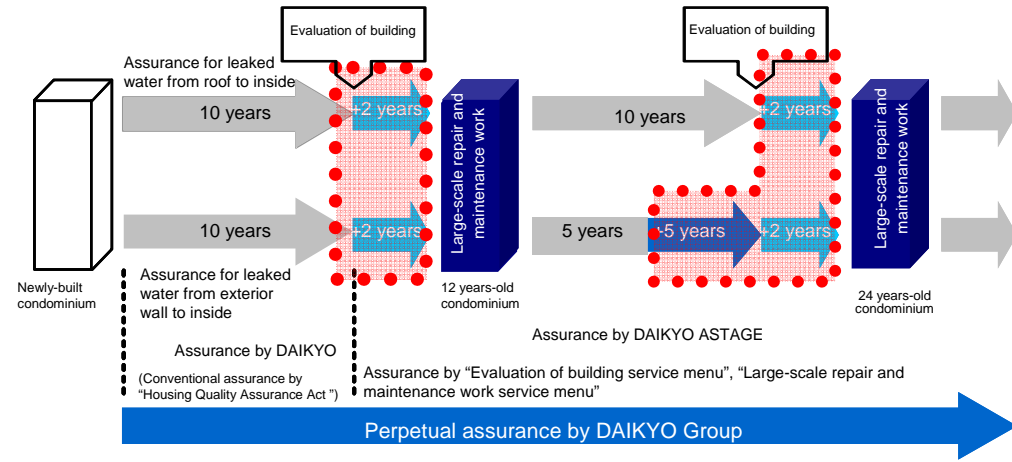


ずっとずっと  
サポート

“Zutto Zutto Support,” service name of  
the long-term assurance system



### Mechanisms of “Zutto Zutto Support”



• This applies only when the conditions for receiving each services are fulfilled.

**New service will cover period outside scope of current assurance service after completion of properties and repair and maintenance work**

### Perpetual assurance service provided by DAIKYO Group

Establishment of long-term relationship with management associations and residents  
Improvement in ratio of contract orders received and usage rate of resident services

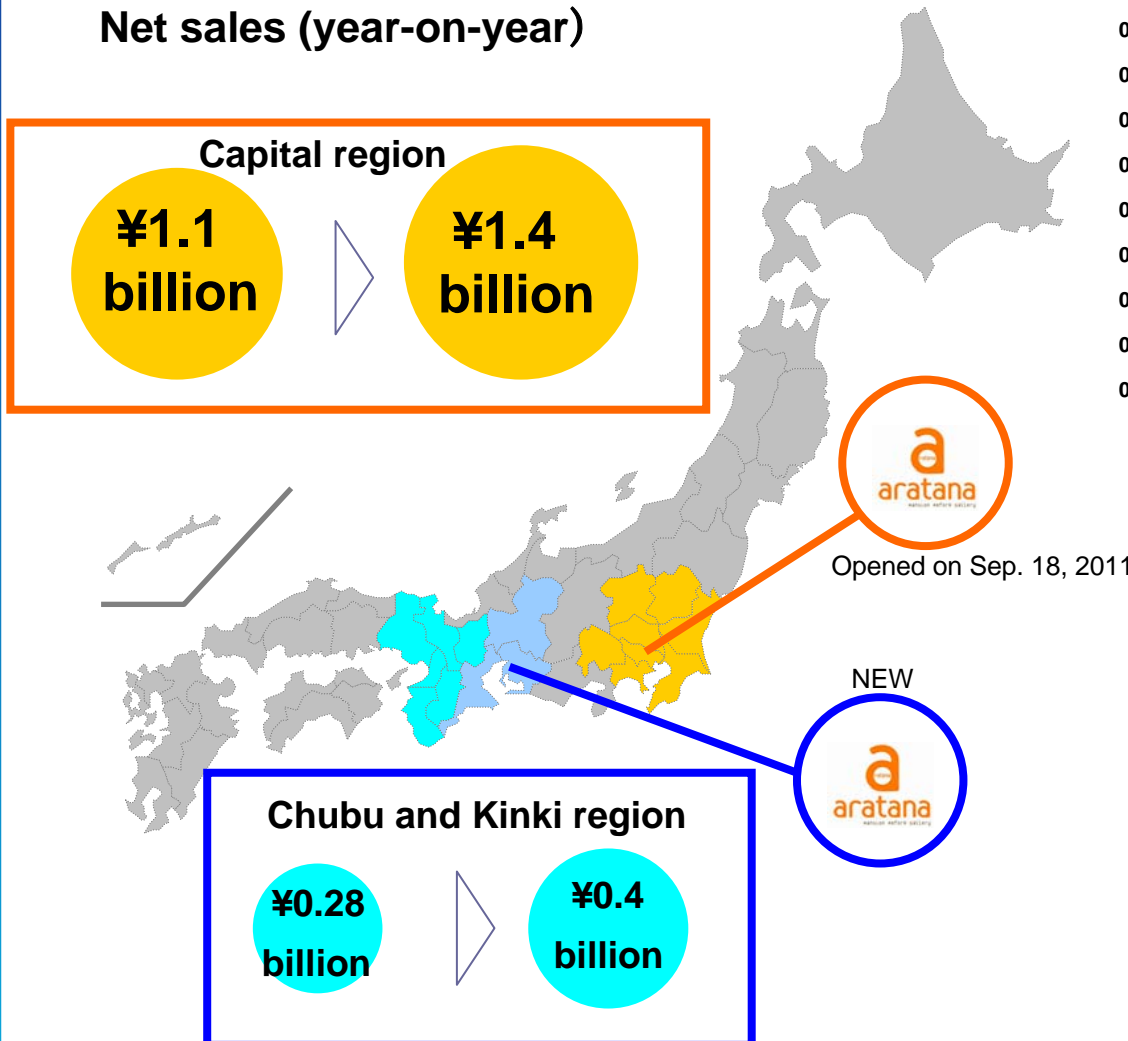


Advertisement placed in magazine for residents of properties under management

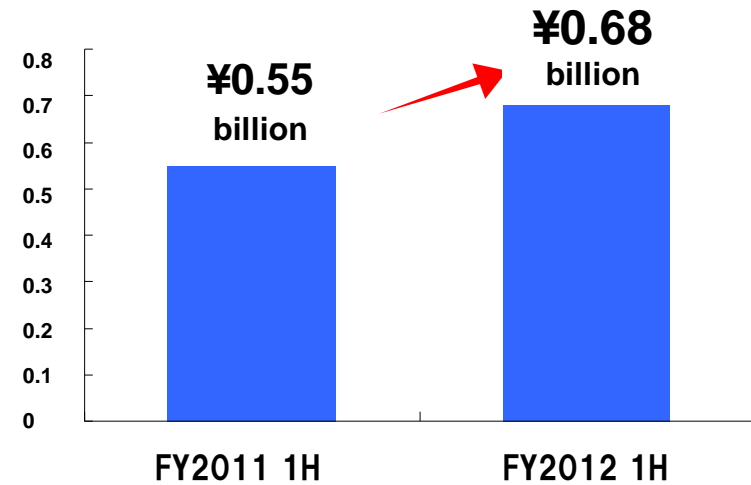
# Real Estate Management

## Contract Work: Remodeling

Net sales (year-on-year)



Number of remodeling work orders

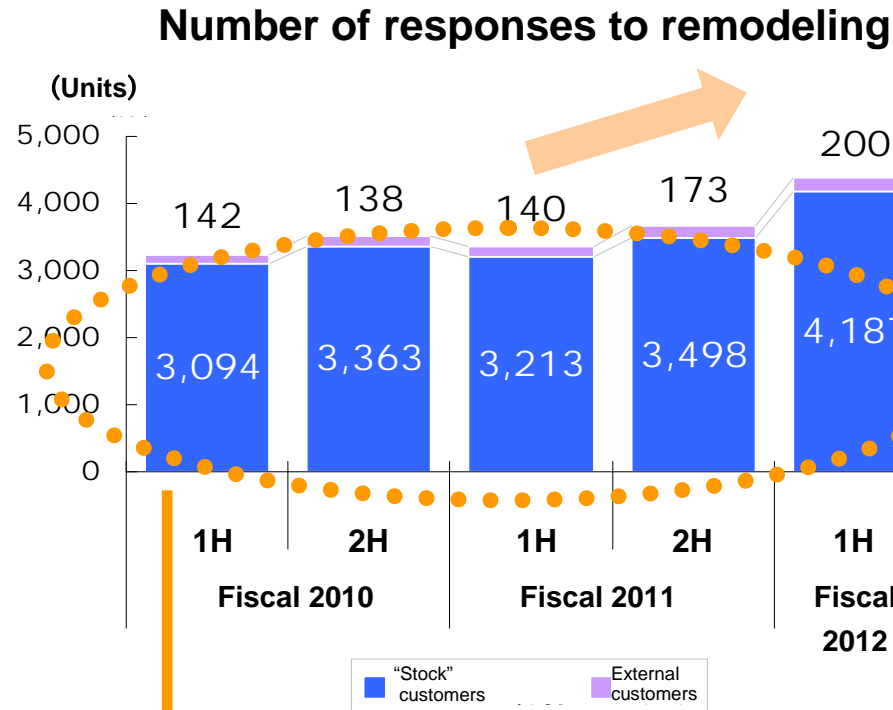


Remodeling showroom: aratana Nagoya

Opened on Oct. 27, 2012

# Real Estate Management

## Contract Work: Remodeling

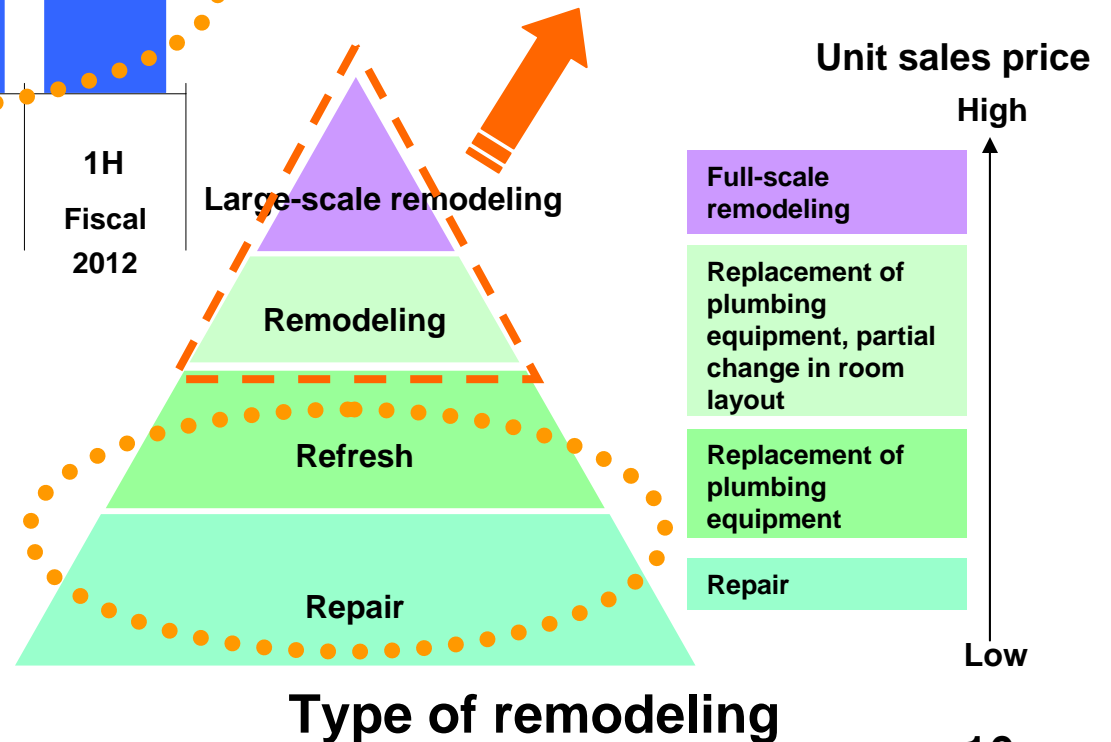


エルズバック コラボ

Product developed in collaboration with makers outside DAIKYO  
Three-piece set including kitchen, bathroom vanity, and unit bath

エルズカーサ

High-end remodeling brand products that enhance living space quality



# Segment Information: Real Estate Brokerage



(Billions of yen)	1H of Fiscal 2011	1H of Fiscal 2012	Change
<b>Net sales</b>	<b>9.1</b>	<b>10.5</b>	<b>1.4</b>
Real estate brokerage (Trading and brokerage)	3.3	3.1	(0.2)
Existing real estate sale	3.1	5.0	1.8
Lease management	2.3	2.1	(0.1)
Other	0.2	0.2	(0.0)
<b>Operating income</b>	<b>0.0</b>	<b>0.2</b>	<b>0.1</b>

## Results of trading and brokerage transactions

(Billions of yen)	1H of Fiscal 2011	1H of Fiscal 2012	Change
<b>Number of brokerage transactions</b>	<b>2,437</b>	<b>2,530</b>	<b>93</b>
<b>Amount of brokerage transactions</b>	<b>76.4</b>	<b>75.5</b>	<b>(0.9)</b>

## Real estate sales

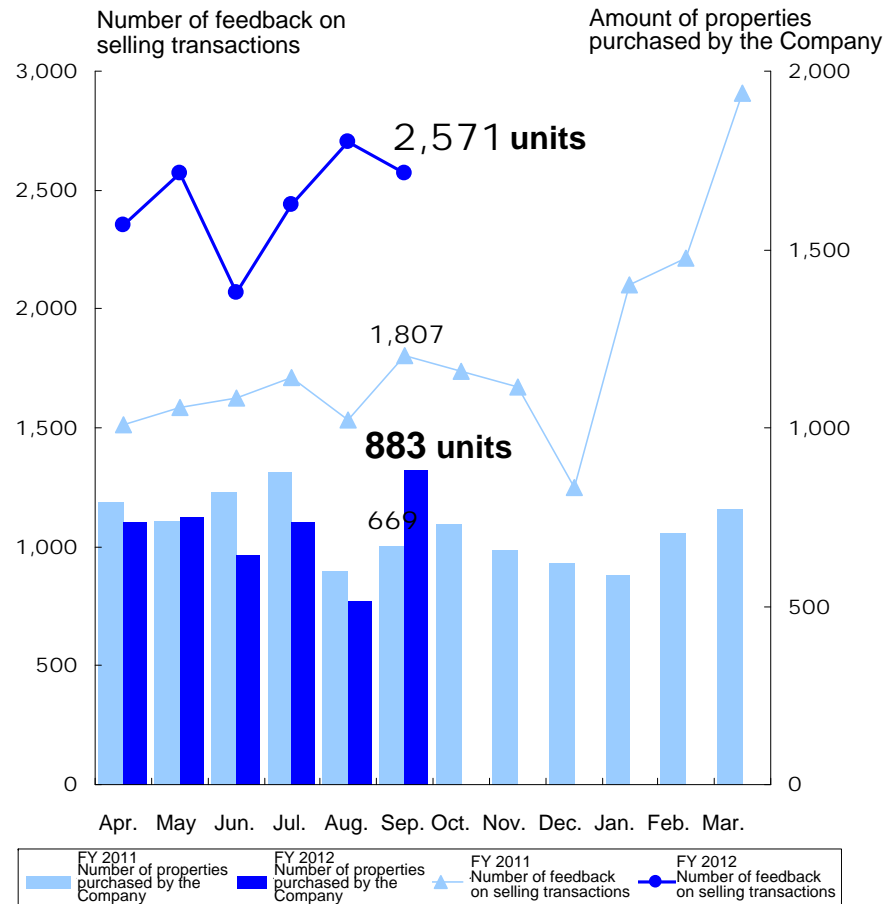
	1H of Fiscal 2011	1H of Fiscal 2012	Change
<b>Units delivered</b>	<b>134</b>	<b>260</b>	<b>126</b>

# Real Estate Brokerage

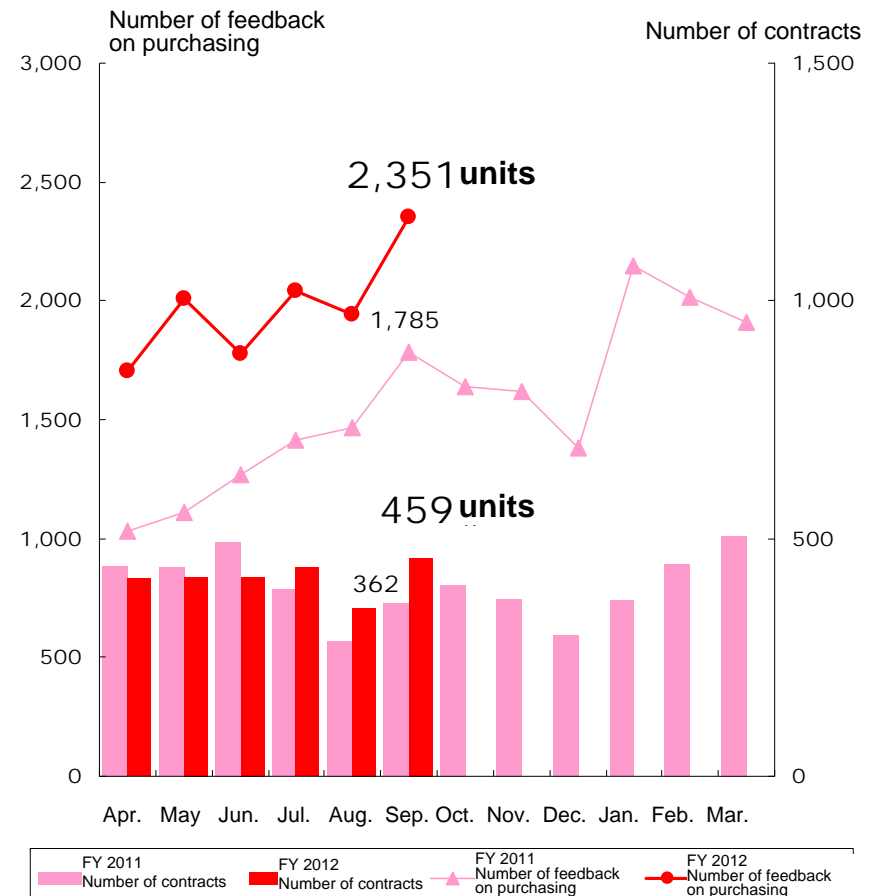


## Trading and brokerage: Not only the number of feedback but also business results are recovering

**Number of feedback on selling transactions and properties purchased**



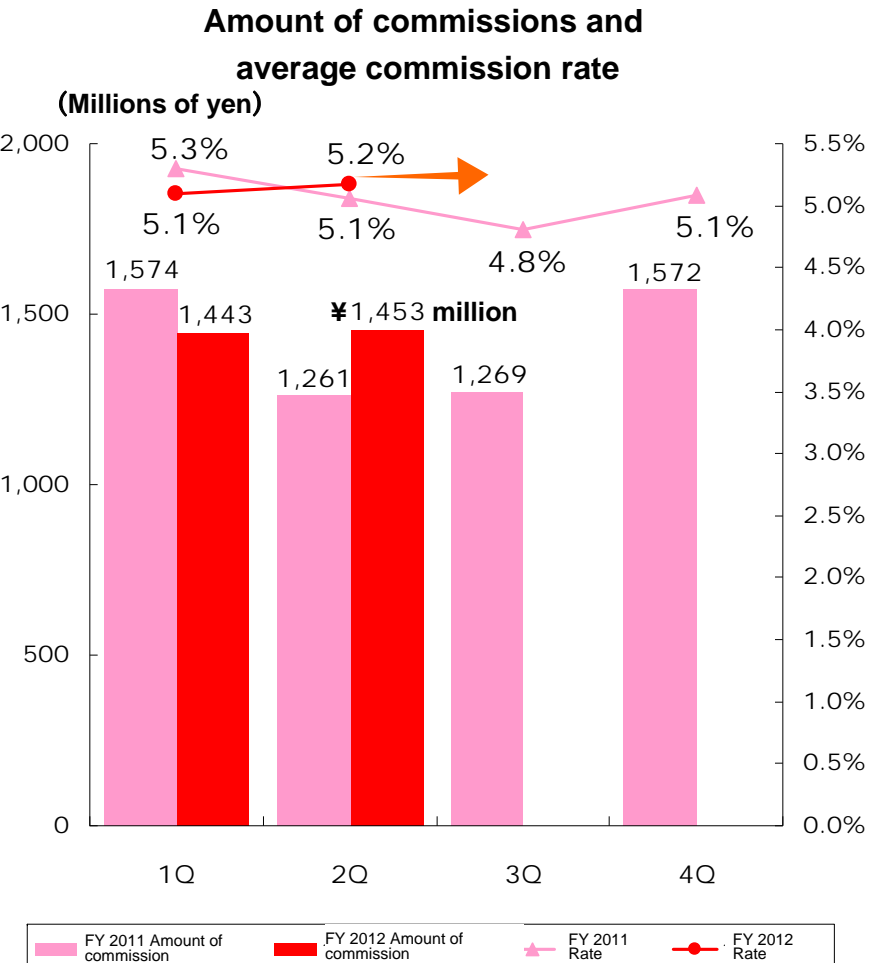
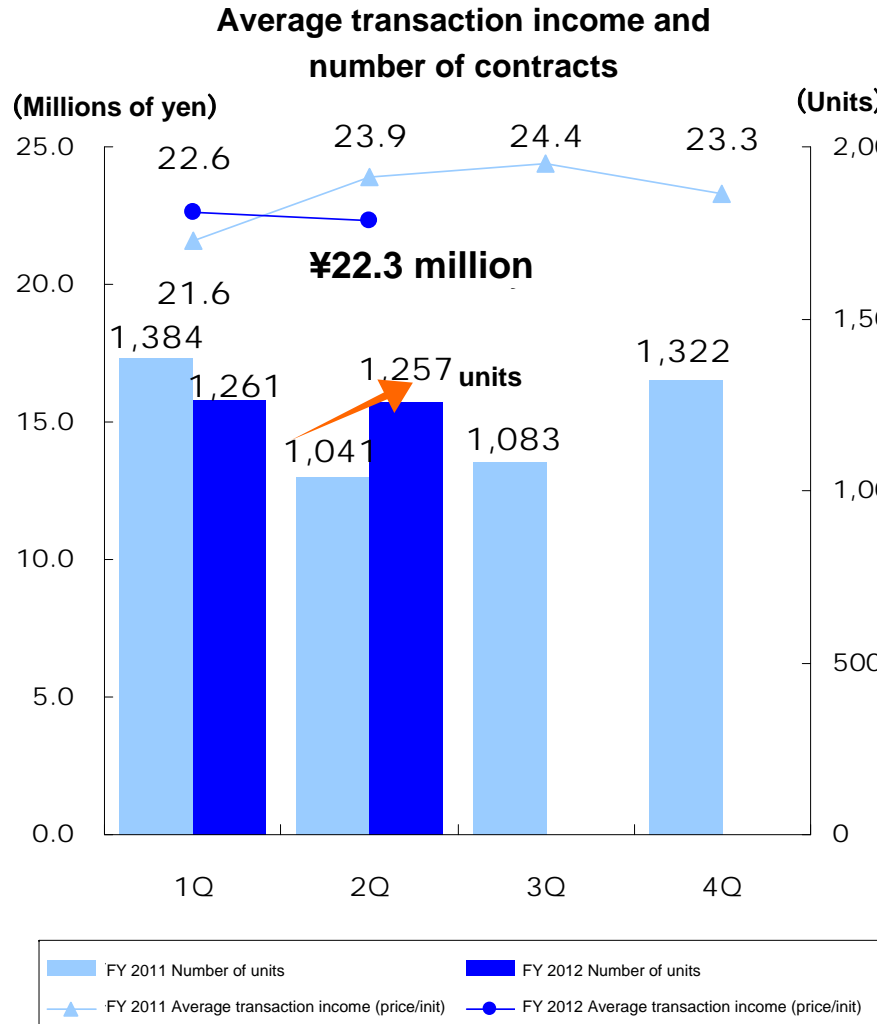
**Number of feedback on purchasing transactions and contracts**



# Real Estate Brokerage

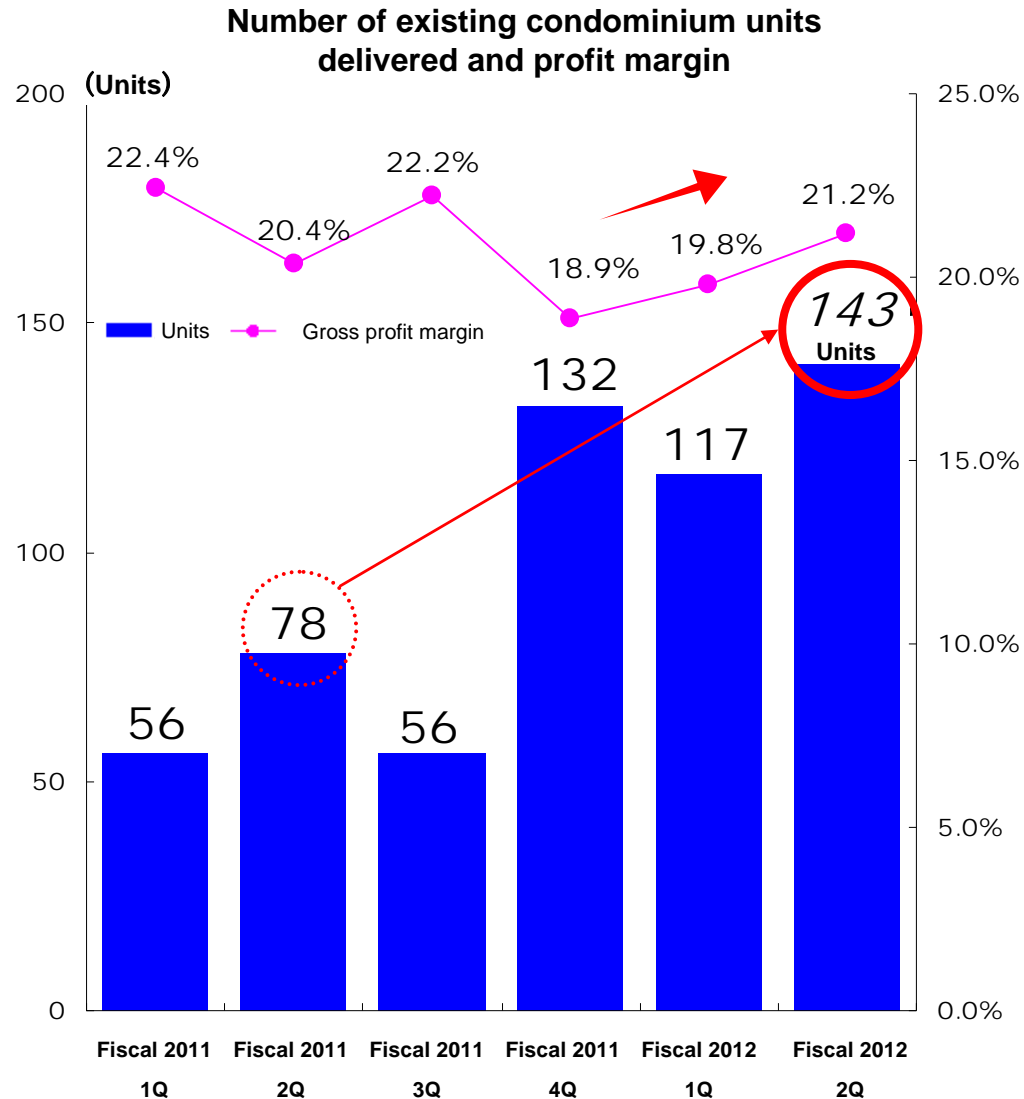


**Trading and brokerage: Despite the decline in income, the number of deals and commission rate has increased**



\* Among all trading and brokerage transactions, only retail transactions are included above

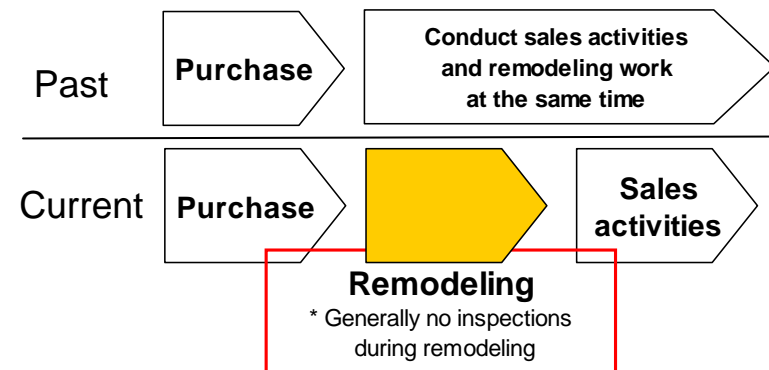
## Real Estate Sales



### (i) Branding of service products



### (ii) Establishment of sales scheme



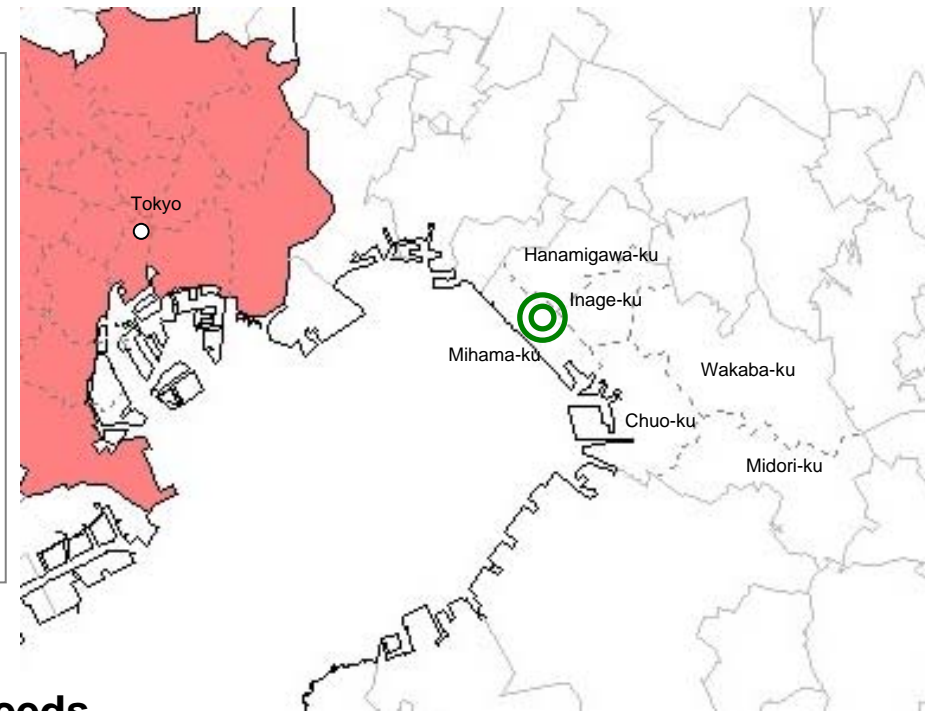


## Real estate trading: Full-scale renovation of a condominium

### (Provisional) Chiba project

#### Overview of project

<b>Number of Units:</b>	<b>23</b>
<b>Room Type:</b>	<b>3-bedroom condominium</b>
<b>Number of Floors:</b>	<b>4</b>
<b>Structure Type:</b>	<b>Reinforced concrete</b>
<b>Area:</b>	<b>Mihama-ku, Chiba</b>



### 1. Respond to diversifying customer needs

Respond to customer needs arising from the trend toward renovation in line with the arrival of an era of surplus housing supply, declining growth in household income, diversification of lifestyles, etc.

### 2. Fully utilize the Group's capabilities

Fully utilize the Group's capabilities in purchasing, sales, management, brokerage and remodeling, and provide customers with tangible assets and related management services.

### 3. Increase in the number of properties requiring rebuilding in the future

Properties delivered around the bubble period will become approximately 20 years old. Plan to sell four to five condominiums (100 to 200 units) per year going forward.

# Comparison with announced forecasts



(Billions of yen)	Fiscal 2011 Result	1H of Fiscal 2012 Result	1H of Fiscal 2013 Forecast	Change	Fiscal 2012 Forecast
		(A)	(B)	(A) - (B)	
<b>Net sales</b>	* 298.5	156.7	156.0	0.7	300.0
<b>Operating income</b>	* 21.9	11.4	10.5	0.9	22.0
<b>Ordinary income</b>	19.2	10.2	9.5	0.7	19.5
<b>Net income</b>	21.7	7.3	6.5	0.8	15.5

(Billions of yen)		Fiscal 2011 Actual	1H of Fiscal 2012	Fiscal 2012 Forecast
Real estate development and sales	Net sales	* 165.2	87.1	159.0
	Operating income	* 15.9	8.1	16.0
Real estate management	Net sales	111.4	59.8	119.0
	Operating income	8.2	4.0	8.6
Real estate brokerage	Net sales	20.5	10.5	24.0
	Operating income	(0.4)	0.2	0.8
Other	Net sales	3.0		
	Operating income	0.3		
Eliminations or Corporate Assets/Expensed	Net sales	(1.6)	(0.8)	(2.0)
	Operating income	(2.0)	(1.0)	(3.4)
Total	Net sales	* 298.5	156.7	300.0
	Operating income	* 21.9	11.4	22.0

## Main points of 1H results against forecast

### Net sales

- The result was 0.7 billion yen higher than the forecast, mainly attributable to rise in demand for small-scale repair and maintenance work as part of contract work in real estate management

### Operating income

- The result was 0.9 billion yen higher than the forecast, owing mainly to rise in operating revenue in real estate management, increased profit in real estate brokerage, cost-cutting efforts, and review of expenditure

\*As loan administrative charges, which had been included in other income, have been newly included in operating income starting with the current fiscal year, fiscal 2011 Q2 results for net sales and operating income from real estate development and consolidated net sales and consolidated operating income have been adjusted retroactively.

