



January 26, 2017

To whom it may concern

DAIKYO INCORPORATED
(Securities Code: 8840)

Progress was generally in line with full-year forecasts.
Renovated condominium sales were the highest ever in the third quarter,
with 1,016 units sold.

During the nine months ended December 31, 2016, net sales decreased ¥10,221 million, or 4.3% year on year, to ¥228,099 million, operating income increased ¥700 million, or 5.9%, to ¥12,639 million, ordinary income increased ¥1,166 million, or 10.5%, to ¥12,309 million and profit attributable to owners of parent increased ¥818 million, or 11.0%, to ¥8,290 million.

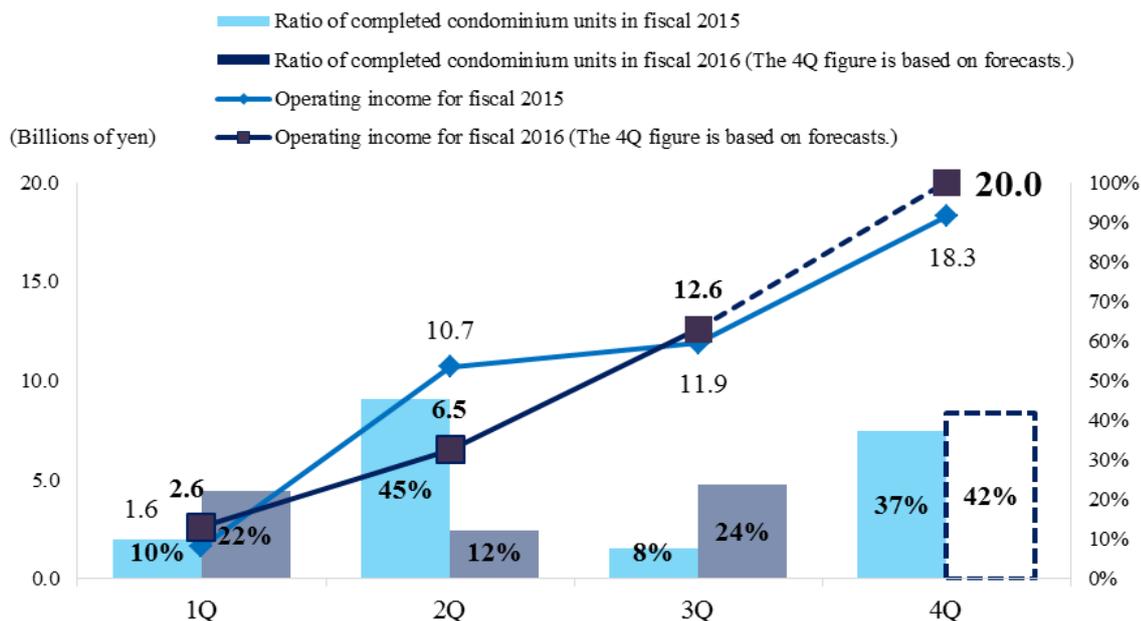
The decrease of net sales year on year is primarily due to plans for fewer unit completions in condominium sales year on year; however, progress was generally in line with full-year forecasts, and there has been no change in the full-year performance forecast announced in May 2016.

■ Consolidated Statements of Operations

(Millions of yen)

Nine months ended December 31	2015	2016	Change	Forecast 2017
Net sales	238,320	228,099	Δ 10,221	340,000
Operating income	11,939	12,639	700	20,000
Ordinary income	11,142	12,309	1,166	19,000
Profit attributable to owners of parent	7,471	8,290	818	14,000

◆ Operating income and number of condominium units completed by quarter



■ Results by Segment

Real Estate Management

Nine months ended December 31	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
	114,295	115,064	768	6,531	6,775	244	

Segment Summary

- Management income increased ¥614 million year on year, due to gains in the number of management contracts for buildings and other facilities.
- Despite a decrease in sales of work related to buildings and facilities, contract work income increased ¥104 million year on year due to increases in sales of planned repair and maintenance work and small-scale contract work on condominiums.
- As a result, net sales rose by ¥768 million year on year and operating income rose by ¥244 million year on year thanks to the success of cost-saving initiatives in each business.
- The volume of contract work orders received as of the end of the third quarter was ¥34,511 million.

Real Estate Brokerage

Nine months ended December 31	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
	39,439	44,575	5,136	2,456	2,027	△ 428	

Segment Summary

- Existing real estate sales increased ¥4,916 million year on year due to rising unit prices as well as a year-on-year increase of 150 units sold for renovated condominiums, and as a result, net sales increased by ¥5,136 million year on year.
- Operating income declined by ¥428 million year on year, due to factors such as increased operating expenses resulting from an increase of six brokerage offices year on year and reinforcement of personnel aimed at further expansion of our network of offices.
- There were 5,063 brokerage transactions in the third quarter, and renovated condominiums recorded the highest-ever third-quarter sales results, with 1,016 units sold.
- The number of brokerage offices was 70 as of the end of the third quarter (compared with 67 offices as of the end of the previous fiscal year).

Real Estate Development and Sales

Nine months ended December 31	Net sales			Operating income			(Millions of yen)
	2015	2016	Year-on-year	2015	2016	Year-on-year	
	88,170	71,953	△ 16,216	5,254	5,609	354	

Segment Summary

- Condominium units sold decreased by 335 to 1,720 units and condominium sales decreased ¥11,607 million year on year to ¥65,059 million.
- This is because only 1,510 completed condominium units (22 buildings) were planned in the third quarter, as opposed to 1,777 (27 buildings) in the same period of the previous fiscal year. Progress made in contracted units has generally been strong, at 90% of the full-year condominium sales forecast as of the end of the third quarter (compared to 89% at the end of the third quarter of the previous fiscal year).
- The condominium gross profit margin rose 3.5 pp. year on year to 25.9% as a result of appropriate profit levels being made the top priority in sales activities, in parallel with monitoring market trends.
- The number of completed new condominiums in inventory fell from 394 units as of the end of the second quarter to 284 units at the end of the third quarter.

■ Regarding consolidated performance forecast

The progress was generally in line with full-year forecasts and there are no changes from the consolidated performance forecast announced in May 2016.

The forecast year-end dividend of ¥4 per share announced at the beginning of the current fiscal year has been upwardly revised to ¥6 per share*1 based on the shareholder returns policy of the medium-term management plan*2 announced on October 26, 2016.

*1 For details of the revisions to year-end dividend forecast, please refer to the “Announcement of Revision of Year-end Dividend Forecast” released on October 26, 2016.

*2 For details of the Medium-term Management Plan, please refer to the “Announcement of Formulation of the Daikyo Group's Medium-term Management Plan 'Create NEW VALUE 2021 -New Value Creation through Real Estate Solutions-'”.