



Results Briefing for the Second Quarter (First Six Months) Ended September 30, 2011

November 9, 2011



**Representative Executive Officer, President:
Akira Yamaguchi**

**Corporate Executive Vice President:
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**Executive:
Konosuke Miyakawa**

Disclaimer



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 to 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.

Overview of Fiscal 2011 2Q Results

Fiscal refers to the period from April 1-March 31 of the following year.

Consolidated Statements of Operations

~Fiscal 2011 2Q~



● Revised targets achieved

- Impact of earthquake less than expected, condominium handovers progressing well
- Firm performance in repair and maintenance work, surpassing expectations
- Increase in deferred tax assets

(Billions of yen)

	Initial target	Revised target	Results for 1H of fiscal 2011	Comparison to initial target	Comparison to revised target	Results for 1H of fiscal 2010
Net sales	98.0	115.0	117.3	+19.3	+2.3	129.1
Operating income	3.0	4.5	5.5	+2.5	+1.0	6.0
Ordinary income	1.3	3.4	4.3	+3.0	+0.9	4.6
Net income	5.6	6.9	9.1	+3.5	+2.2	3.3

Figures announced on May 11, 2011 Figures announced on Sep. 2, 2011

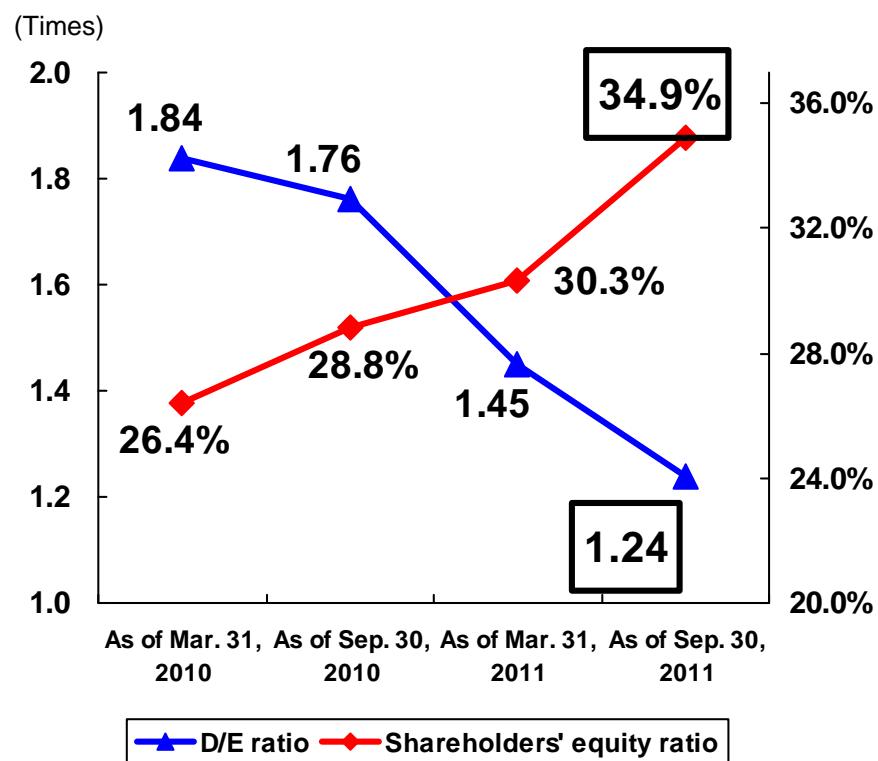
Note: 1H refers to April 1 to September 30

Consolidated Balance Sheets

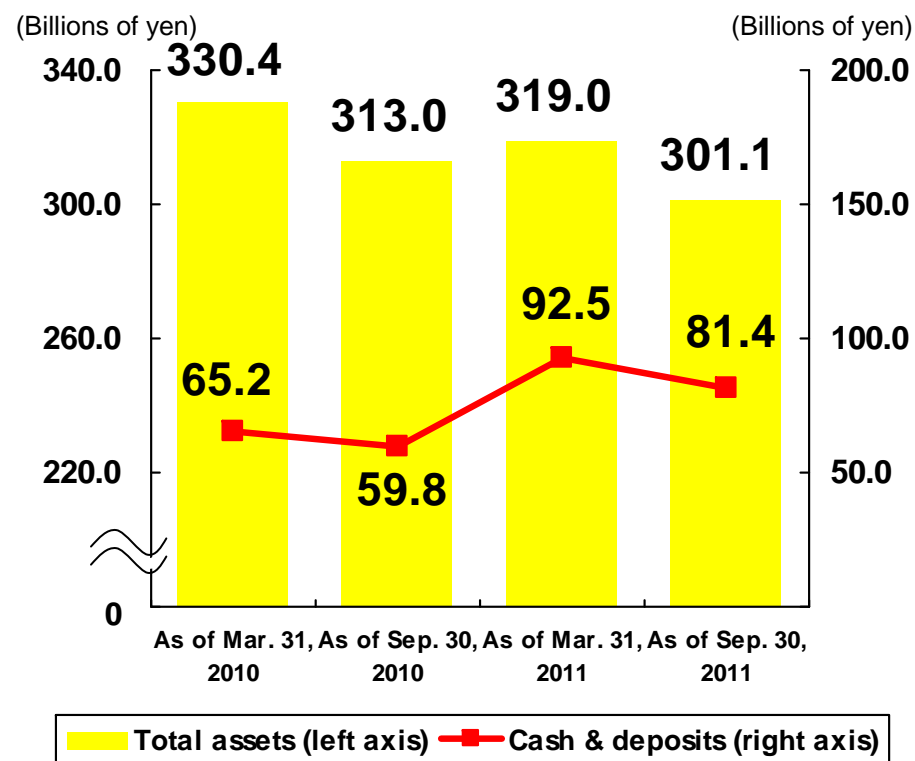
● Steady improvement in financial position

- Shareholders' equity ratio kept above 30%
- Steady progress toward D/E ratio target of 1.2 times
- Cash reserves secured against downside risks facing the global economy

D/E ratio & Shareholders' equity ratio



Total assets & Cash and deposits



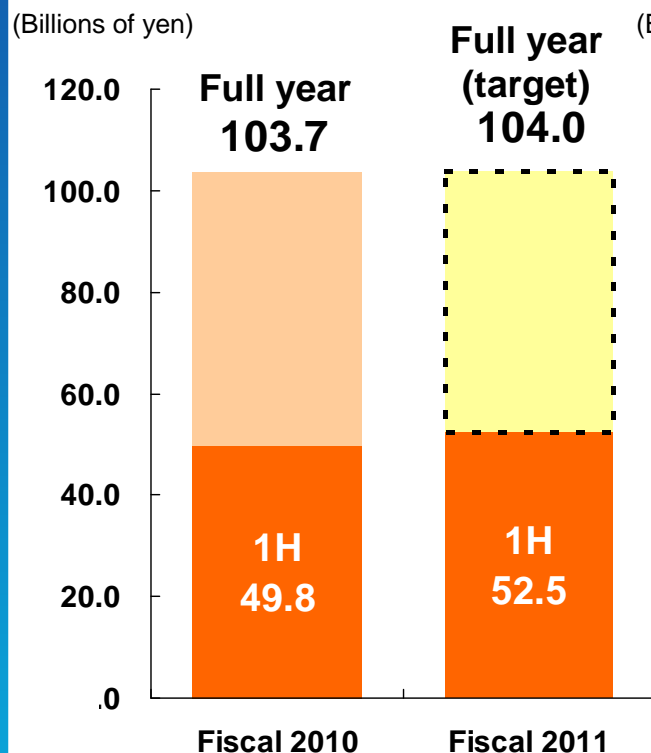
Segment Information

~Real Estate Management~

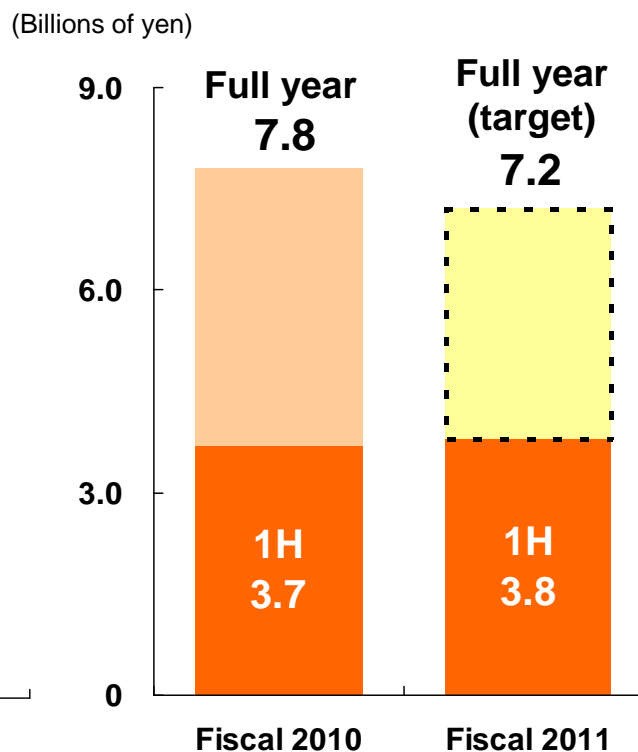
● Solid progress in line with targets

- 1H net sales and operating income above 50% of full-year target
- Solid progress in large and small-scale repair and maintenance work, firm volume of contract work orders received

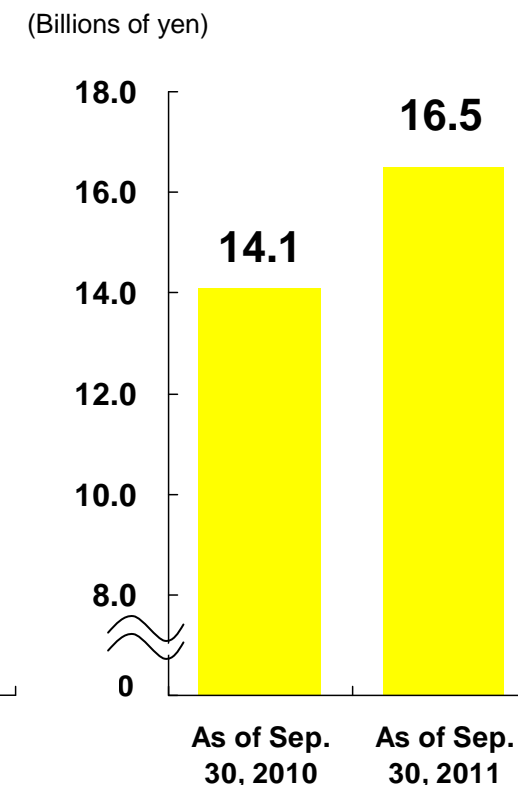
Net sales



Operating income



Volume of contract work orders



Segment Information

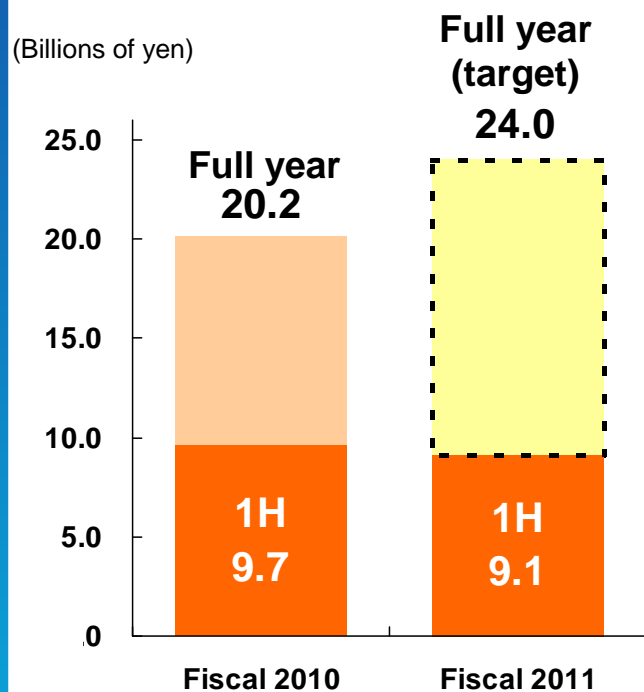
~Real Estate Brokerage~



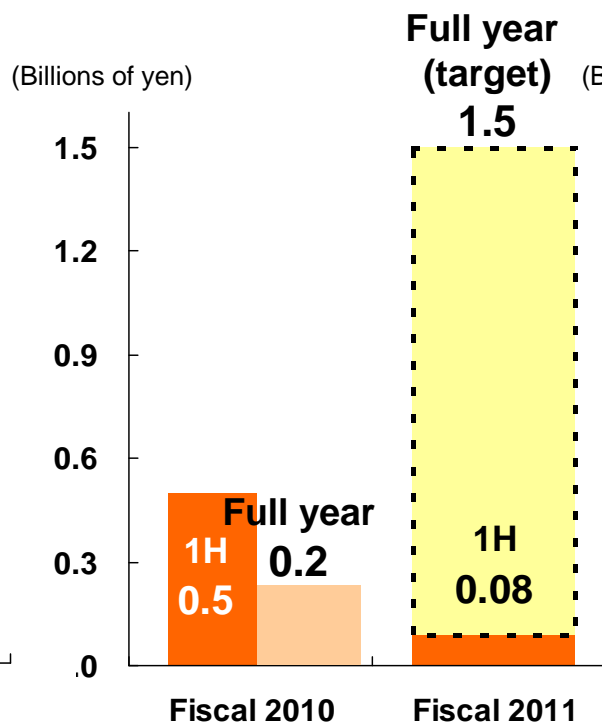
● Promotion of operational reorganization with goal of achieving full-year targets

- Low 1H results, reflecting deterioration in market conditions

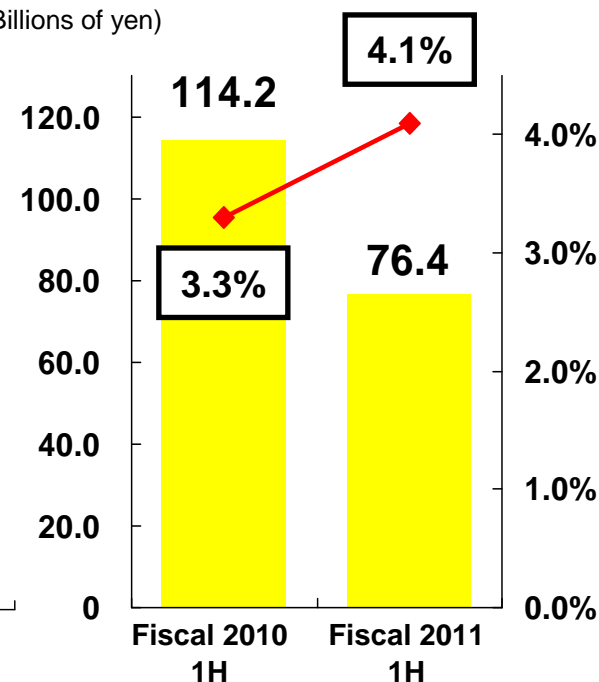
Net sales



Operating income



Total amount of brokerage transactions & Average commission rate



■ Brokerage transactions
◆ Avg. commission rate

Segment Information

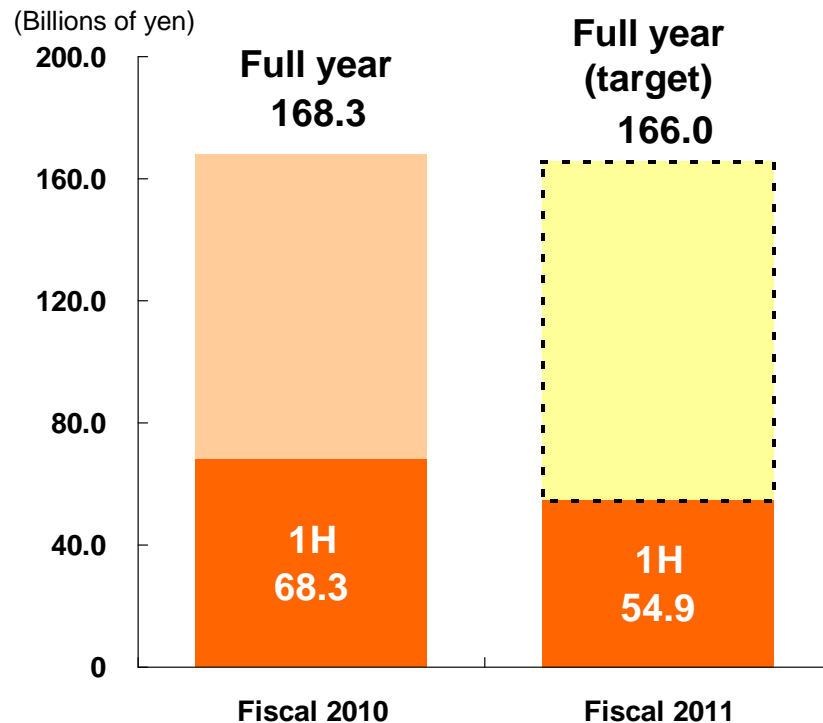
~Real Estate Development and Sales~



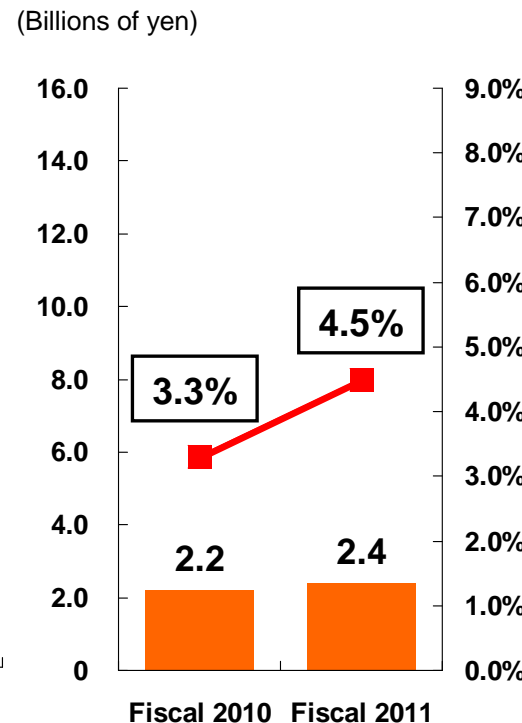
Higher operating margin

- Product strategy tailored to customer needs

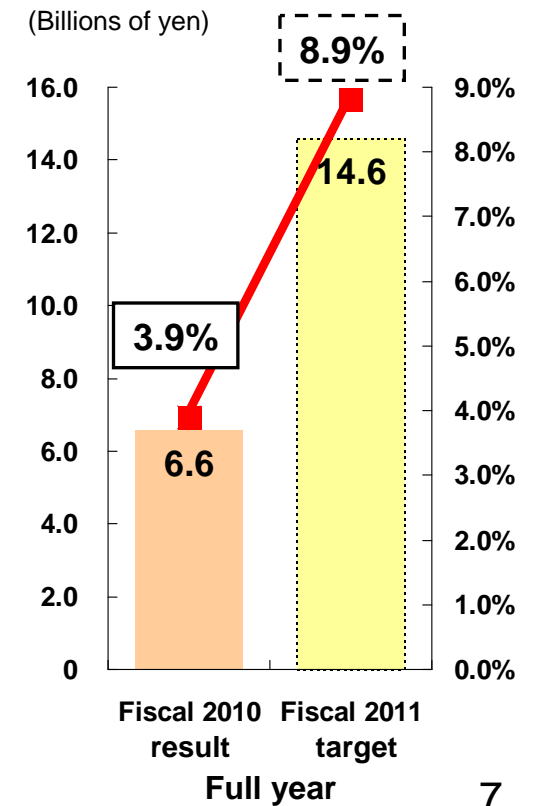
Net sales



Operating income



Operating margin



Consolidated Statements of Operations

~Fiscal 2011 Full year~



● Upward revisions to full-year targets

- Impact of earthquake is minor (handing over of six properties brought forward from fiscal 2012 to fiscal 2011)
- Steady performance in condominium contracts, higher volume of contracts entered into during fiscal 2011
- Improved profit margins due to revisions to condominium sales prices

⇒ **Year-on-year growth in sales and profits**

	Initial target	Revised target	Comparison	(Billions of yen)	
				Fiscal 2010 results	Comparison to results
Net sales	270.0	296.0	+26.0	295.3	+0.6
Operating income	13.5	21.4	+7.9	13.5	+7.8
Ordinary income	10.0	18.4	+8.4	10.7	+7.6
Net income	11.5	20.5	+9.0	9.7	+10.7

Figures
announced on
May 11, 2011

Management Strategies

Current Business Segment Strategies

● Promotion of dynamic management suited to the current market conditions and each business segment

◆ Real estate management

Further enhancement of building management services that utilize “customer feedback”

Development of original products that reflect “customer feedback”

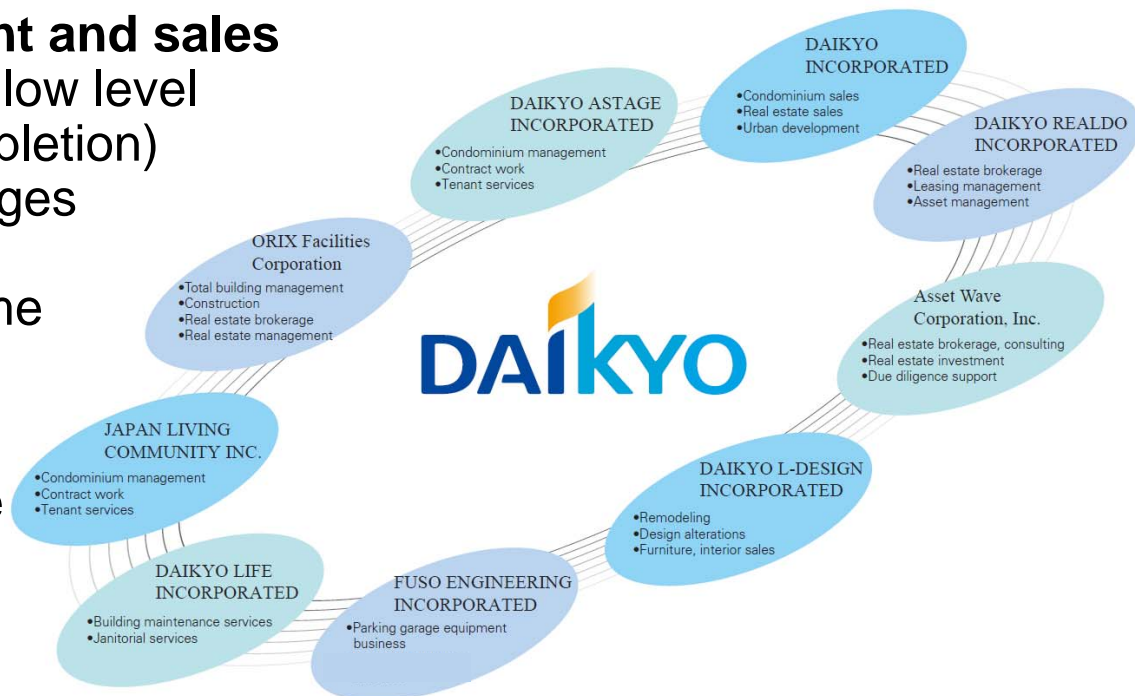
◆ Real estate development and sales

Keep inventory volume at a low level (from land purchase to completion)

Responding flexibly to changes in business environment by reducing project timeframe

◆ Real estate brokerage

Start of substantial reorganization of real estate brokerage operations



~Real Estate Management (1)~

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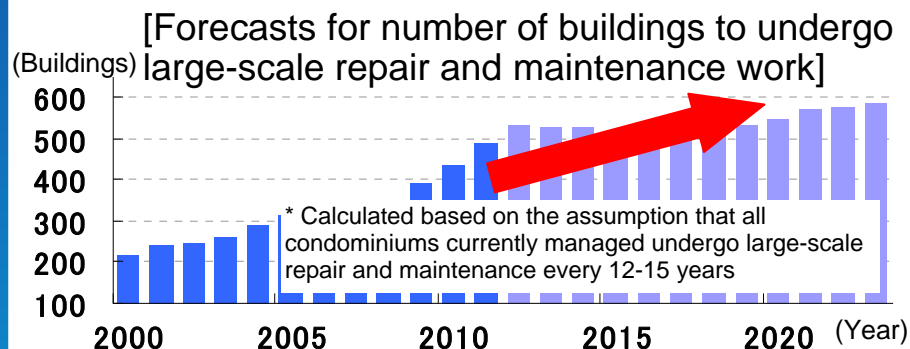
DAIKYO L-DESIGN
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JAPAN LIVING
COMMUNITY INC.

■ Condominium management

○ Further enhancement of building management services that utilize “customer feedback”

◆ Stabilization of the profit base via further expansion of “stock” business, involving M&A and increasing the number of condominium units managed to over 400,000 units



<Contract work>

- ◆ Stable growth in large-scale repair and maintenance work
- ◆ Cooperation among Group companies to ensure efficiency in ordering construction materials thereby cutting costs



<Improvements to services for residents>

◆ Specialized website for each condominium association
Launch of *Kurashi (lifestyle) Square* website in August 2011

- Support for the management activities of the condominium association and its administrative board
- Useful information for the daily life of residents
- Support for maintenance of common spaces and each unit in condominium
- Support for communication between residents,

<https://www.kurashi-s.jp>

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etc.

~Real Estate Management (2)~

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JAPAN LIVING
COMMUNITY INC.

■ Renovation and housing interior sales

● Development of original products that reflect “customer feedback”



Names of renovation packages:

L'S CREATE
エリス クリエイト
L'S PACKS NEXT
エリス パックスネクスト

- ◆ At the forefront of the industry in developing fixed-price products:
Renovation packages combining four facilities (system kitchen, system bathroom, bathroom vanity, and toilet) that have been developed based on “customer feedback”

● Development of an organization for renovation contract work linking branches throughout Japan

- ◆ Development of an organization for repair and maintenance contract work in the Tohoku area after the earthquake in response to customer demand



Showroom Address:
4-19-18, Sendagaya, Shibuya, Tokyo

- ◆ Newly opened Daikyo Group renovation showroom which sets up actual living spaces in the Tokyo Metropolitan area

aratana
MANSION REFORM GALLERY

Showroom name: aratana

Proposing total solutions for renovation and housing interior needs, tailored to the life stage of each customer, with the goal of creating a new way of living

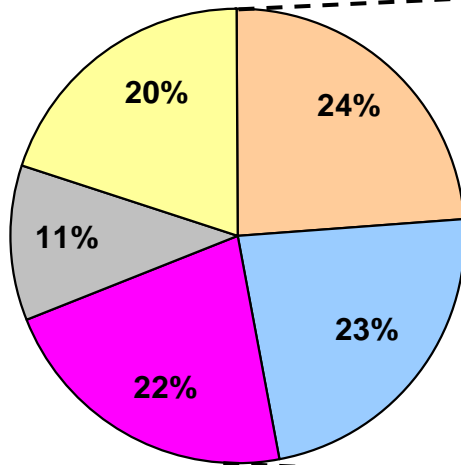
~Real Estate Management (3)~

■ Building management

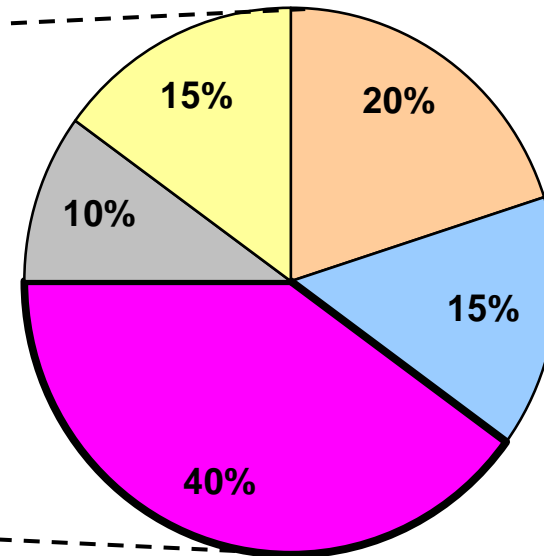
● Expansion of orders from medical, university and other facilities by enhancing technical expertise

- ◇ Enhancement of facility management expertise and expansion of orders for total management services (including cleaning and building security)
- ◇ Profit stabilization through expansion of orders from medical, university and other facilities where customer loyalty is high

[Current]
(Breakdown of orders received)

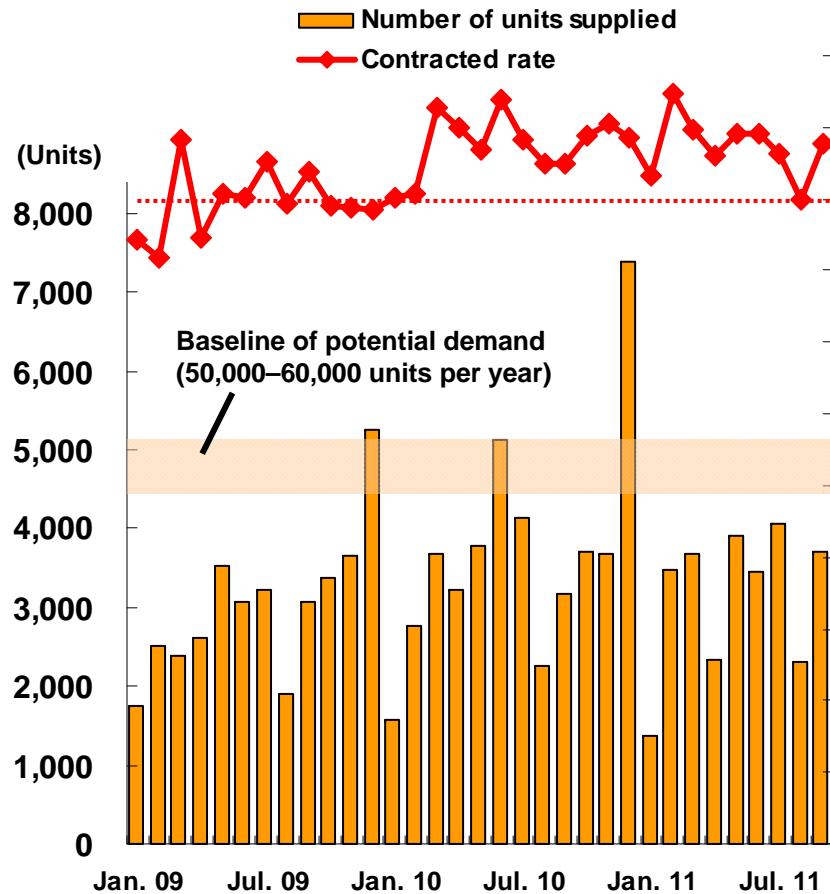


[Goal]
(Breakdown of orders received)



~Real Estate Development and Sales (1)~

● Keep inventory volume at a low level



- ◆ Firm contract rates
- ◆ Minor impact from earthquake
- ◆ Supply below potential demand

Global economic situation
Uncertain outlook

Start selling properties soon
after construction commences

Rigorous efforts to sell all units
by completion

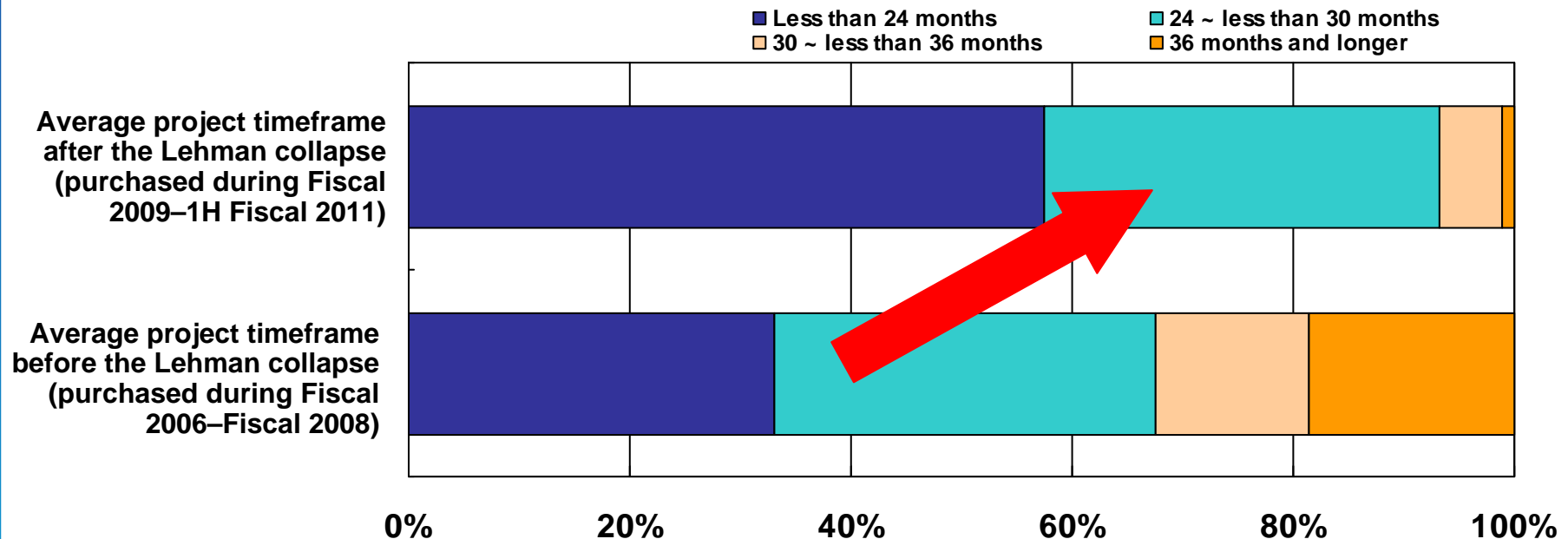
* Survey on condominiums in the Tokyo metropolitan area
Source: Real Estate Economic Institute Co., Ltd.

~Real Estate Development and Sales (2)~

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● Responding flexibly to changes in business environment by reducing project timeframe

Breakdown of Daikyo condominium project timeframe (time from land purchase to completion) before and after the Lehman collapse



Based on Daikyo's non-consolidated business, excluding resales etc.

◆ Reduction of project timeframe through more efficient and swift operations

~Real Estate Development and Sales (3)~

● Formulation of safe and reliable design standards

Installation of private power-generation facilities for use during disasters

(introduced progressively to properties constructed from October 2011)

* For new condominiums with 10 or more floors and 50 or more units

Installed as a countermeasure to unforeseen power outages especially for continued elevator use.

Large increase in emergency supplies in preparation for disaster

(standard installation at properties constructed from July 2011)

Design standards reinforced so that condominiums can easily withstand disasters

Creation of a manual of countermeasures against soil liquefaction, quality performance standards set by Daikyo for Lions Mansion series of condominiums

The manual is followed as a guide from the land-purchase stage onward. During design implementation, land is categorized into three levels (countermeasure levels 1 to 3), according to the depth of soil at risk of liquefaction at each part of the site, and countermeasures against soil liquefaction are implemented.

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● Environment-friendly and pioneering efforts

Awarded the JARES Prize by the Japan Association for Real Estate Sciences for pioneering efforts to create a low-carbon society

* Received in Fiscal 2011, the 18th year of the award

LIONS TAMA-PLAZA UTSUKUSHIGAOKA TERRACE (Yokohama)



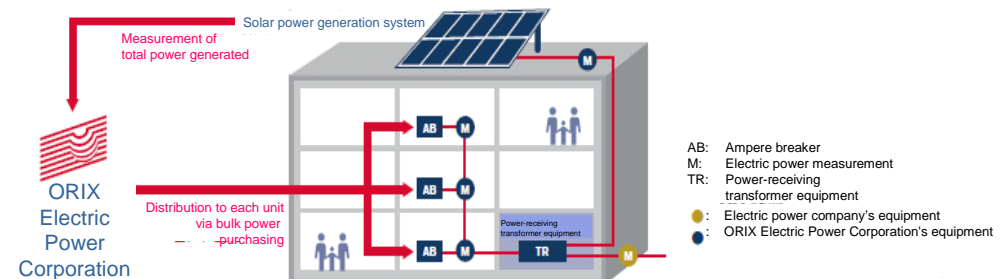
<Examples of Daikyo's efforts>
Solar power generation
Systems to display volume of power generated
Cooling by mist spraying in courtyards

Standard use of LED lighting for common spaces of all properties

(standard installation for properties constructed from August 2011)

First installation of solar power generation and bulk power purchasing systems

(at LIONS OMORINISHI GRANDFORT (Tokyo))



Approximately 24% reduction in electric power charges for each unit

~Real Estate Brokerage~

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Asset Wave
Corporation, Inc

■ Real estate brokerage business

● Start of substantial reorganization

⇒ Plan to shift from condominium-focused to comprehensive services encompassing land and detached housing

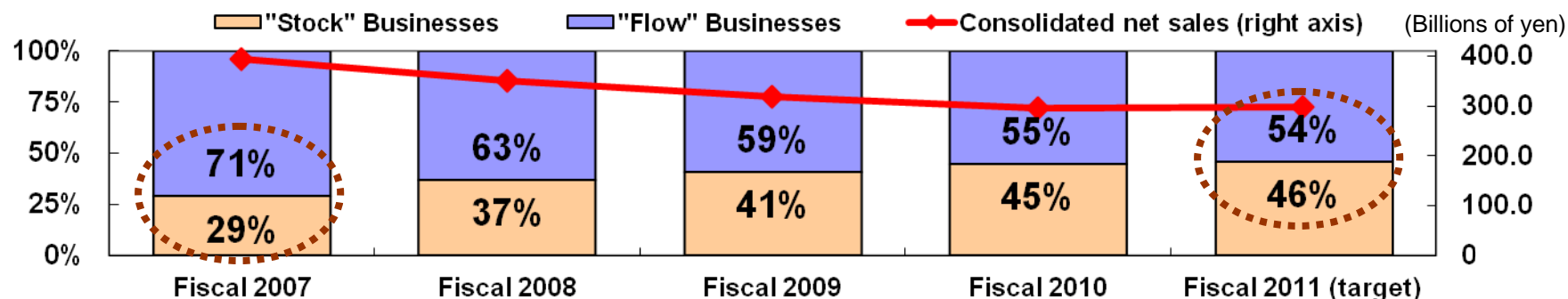
- ◆ Reorganization of personnel system
- ◆ Rigorous efforts to nurture human resources and improve employee retention rates
- ◆ Convert to street-level stores
- ◆ Aggressive investment in infrastructure
 - Comprehensive overhaul of operational systems
 - Comprehensive renewal of website

Establishment of Financial Base and Policies Going Forward (1)

Expansion of "stock" business, stabilization of profits

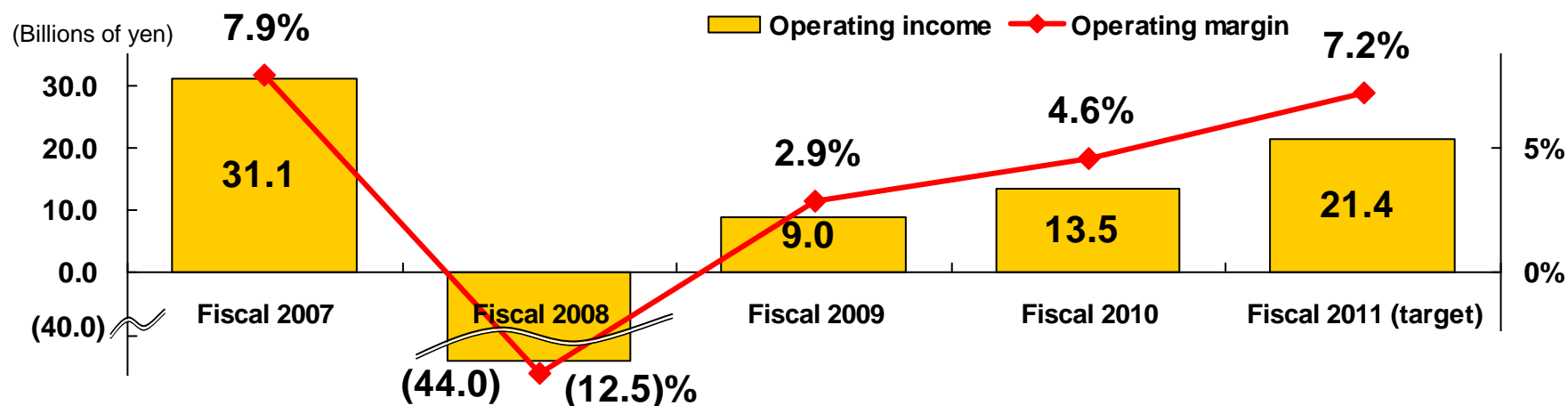
5 years Consolidated Statements of Operations Trend

[Net sales]



* Stock and Flow businesses are categorized based on Company criteria

[Operating income]



Establishment of Financial Base and Policies Going Forward (2)



- Shareholders' equity ratio set at 30% or above, investment to achieve business expansion

[Shareholders' equity & Shareholders' equity ratio]

