



# **Results Briefing for the Fiscal Year Ended March 31, 2013**

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**May 22, 2013 (Wed.)**

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

**Corporate Executive Vice President:  
Tsukasa Kimura**

**Executive Officer:  
Konosuke Miyakawa**

# 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.

# Overview of Fiscal 2012 Results

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

# Overview of Fiscal 2012 Results

## ◆ Full-year targets achieved, operating income and ordinary income rose from the previous year

- Both year-on-year sales increase and targets achieved, reflecting sales increases in the real estate management and real estate brokerage segments
- Ordinary income increased by 1 billion yen, reflecting decrease in interest expense
- Although net income declined due to decrease in extraordinary income, increase in tax burdens, and dissaving in deferred tax assets, the target was achieved

(Billions of yen)	Fiscal 2012 Result	Fiscal 2012 Target	Comparison to target	Fiscal 2011 Result	Comparison to previous year
Net sales	302.6	300.0	+ 2.6	298.6	+ 3.9
Operating income	22.1	22.0	+ 0.1	22.0	+ 0.0
Ordinary income	20.2	19.5	+ 0.7	19.2	+ 1.0
Net income	15.5	15.5	+ 0.0	21.7	(6.2)

	Fiscal 2012 Result
Dividends	3 yen

# Overview of Fiscal 2012 Results by Segment



(Billions of yen)		Fiscal 2012 result	Fiscal 2012 target	Comparison to target	Fiscal 2011 result	Comparison to previous year
Real estate development and sales	Net sales	158.8	159.0	(0.1)	165.3	(6.4)
	Operating income	14.9	16.0	(1.0)	16.0	(1.1)
Real estate management	Net sales	122.6	119.0	+3.6	111.4	+11.1
	Operating income	8.3	8.6	(0.2)	8.2	+0.1
Real estate brokerage	Net sales	23.1	24.0	(0.8)	20.5	+2.5
	Operating income	1.2	0.8	+0.4	(0.4)	+1.6
Other	Net sales	—	—	—	3.0	(3.0)
	Operating income	—	—	—	0.3	(0.3)
Eliminations or corporate assets/expenses	Net sales	(2.0)	(2.0)	(0.0)	(1.6)	(0.3)
	Operating income	(2.3)	(3.4)	+1.0	(2.0)	(0.2)
Consolidated	Net sales	302.6	300.0	+2.6	298.6	+3.9
	Operating income	22.1	22.0	+0.1	22.0	+0.0

# Real Estate Development and Sales

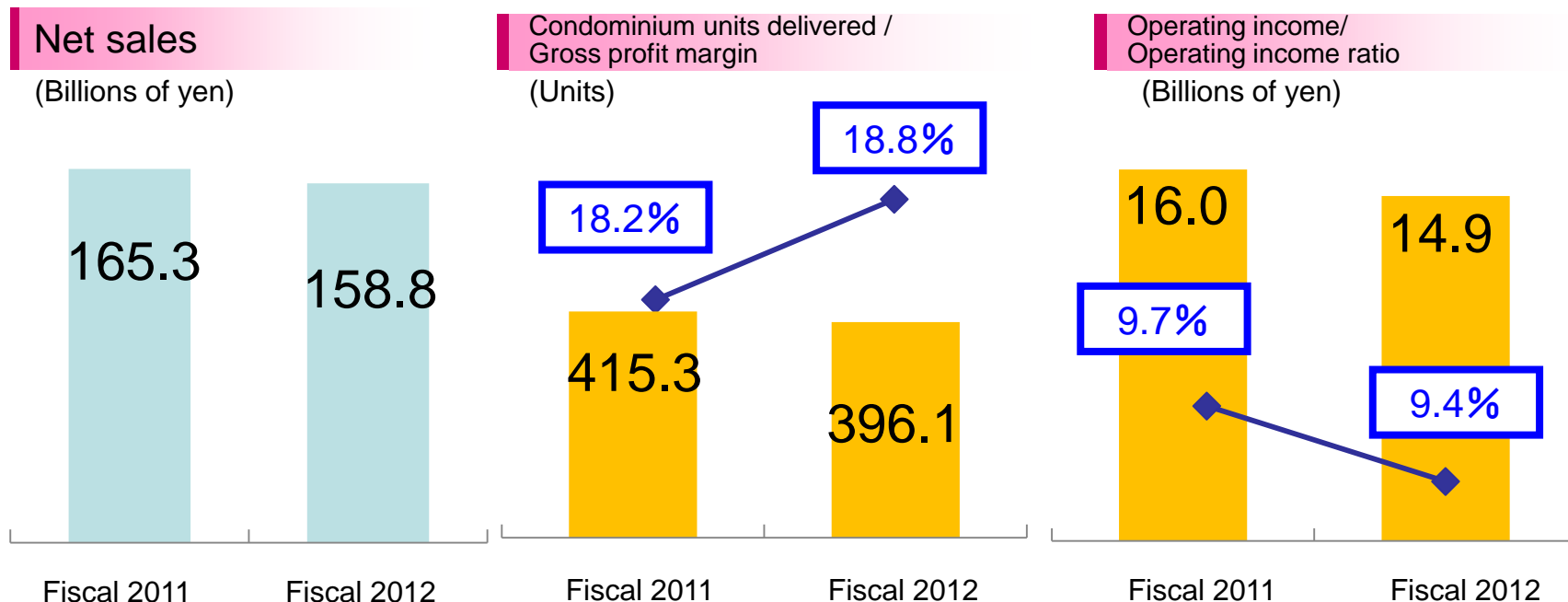
## — Policy for Fiscal 2012 —

### ◆ Condominium business

- Promoted tightened profitability in purchasing land
- Increased effective land purchase information → opened Chiba and Saitama offices
- Promoted redevelopment and rebuilding businesses

### ◆ Expanded business fields with a view of contributing to the growth of Group revenues

- Developed platforms in detached housing, real estate agency services, housing equipment/procurement, etc.



# Real Estate Management — Policy for Fiscal 2012 —

## ◆ Property management (Condominium and Building management)

- Increased condominium management supply as well as annual contracted sales of buildings and facilities

## ◆ Contract work

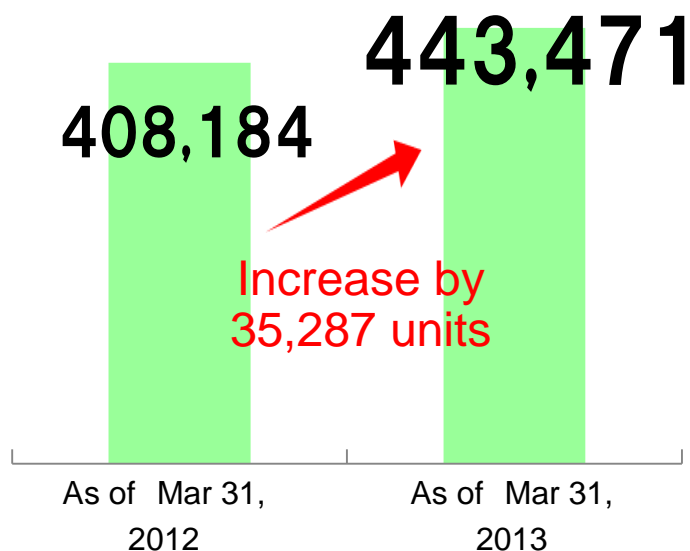
- Increased condominium repair and maintenance work orders, started long-term assurance service for condominiums under management

## ◆ Enhanced remodeling and services for privately owned space

- Increased market share within the Group and challenged more strongly in external market

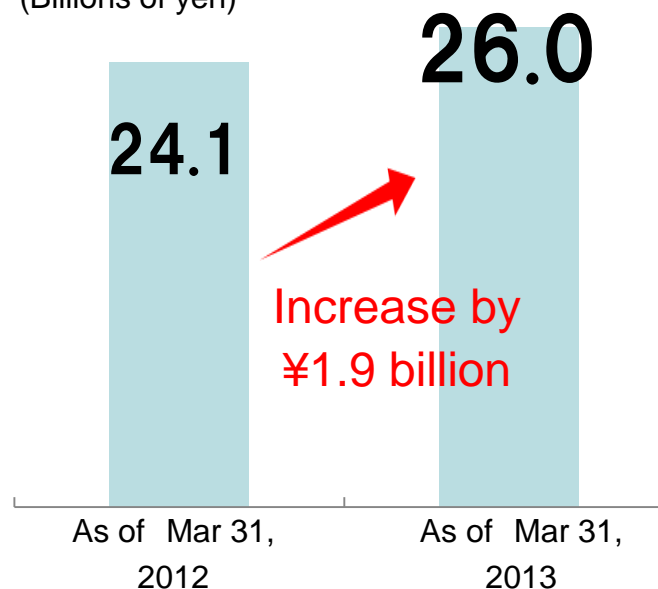
Number of condominium units under management

(Units)



Annual contracted sales of buildings and facilities

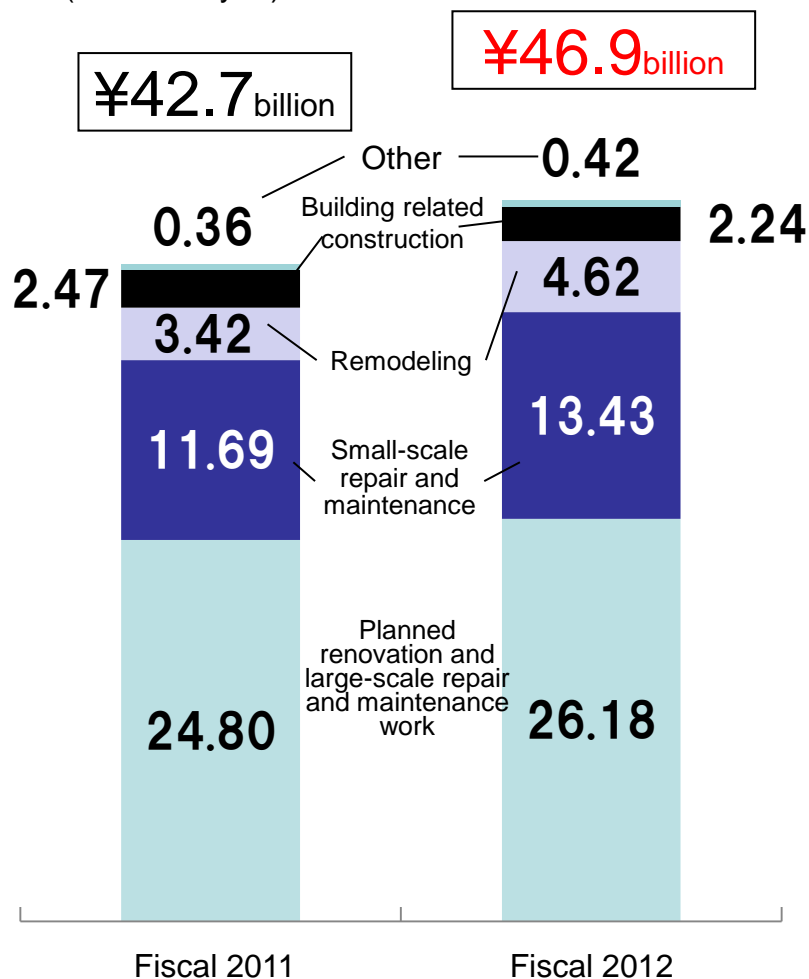
(Billions of yen)



# Real Estate Management — Policy for Fiscal 2012 —

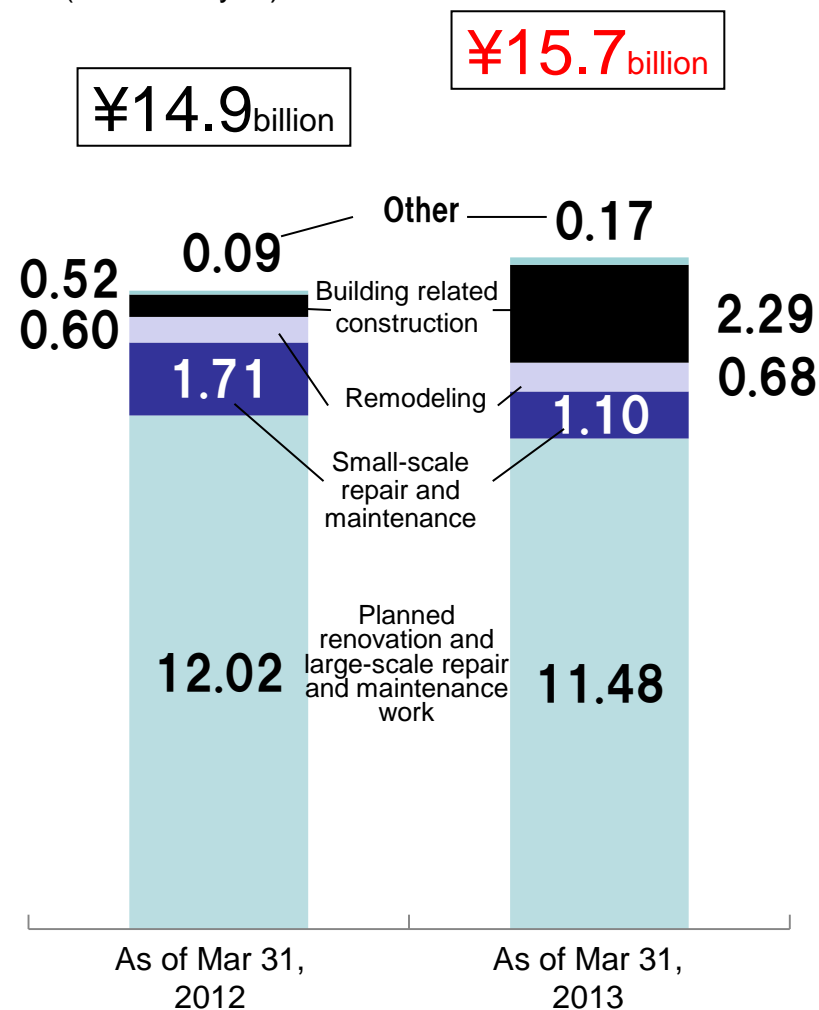
## Sales of contract work

(Billions of yen)



## Breakdown in volume of contract work orders

(Billions of yen)



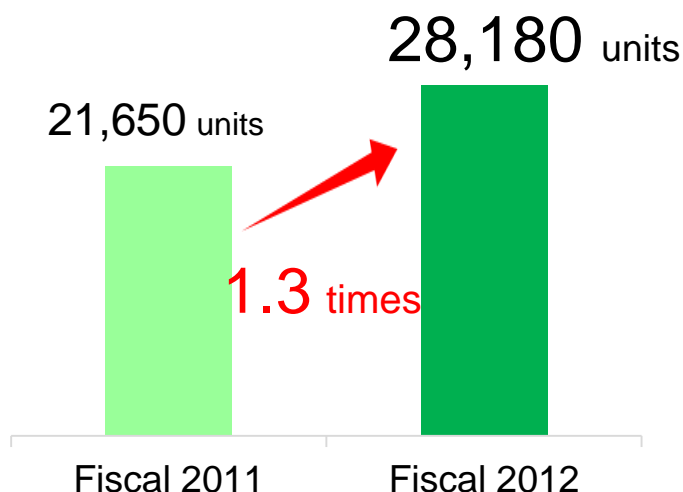


## ◆ Developed platforms for future business expansion

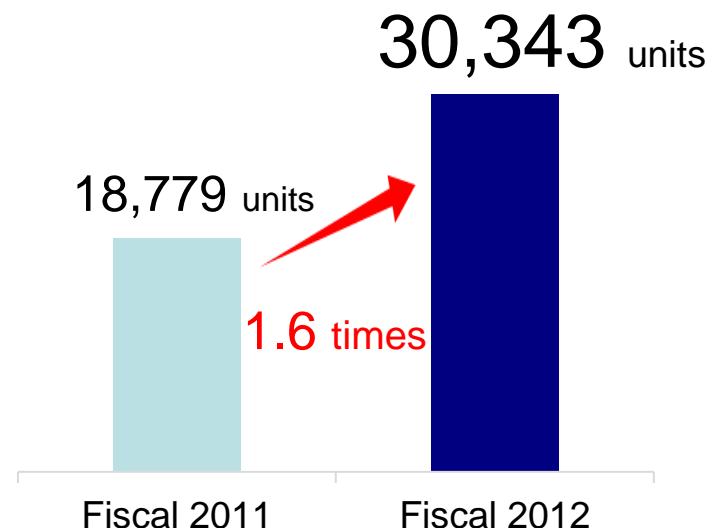
- Increased online inquiries/responses by the development and use of the web
- Increased productivity through installation of a brokerage service system
- Established an information desk (contact for inquiries)

## ◆ Embracing challenges in new business methods

Number of feedback on  
selling transactions



Number of feedback on  
purchasing transactions



# Real Estate Brokerage — Policy for Fiscal 2012 —

Real estate brokerage  
(Trading and brokerage) income,  
number of brokerage transactions

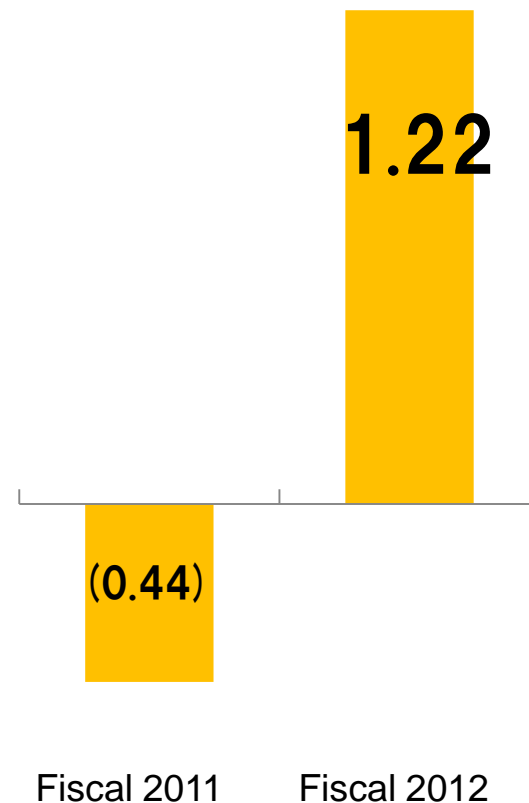
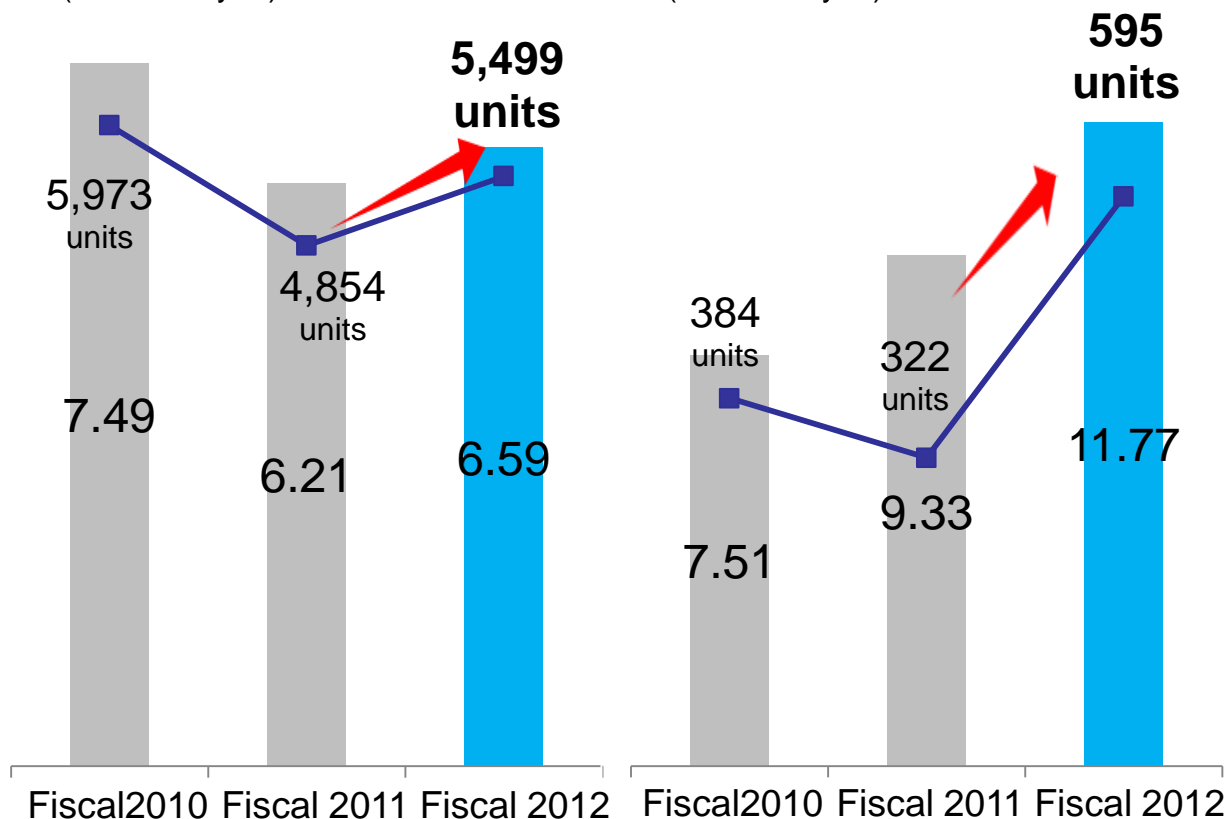
(Billions of yen)

Existing real estate sales income,  
number of existing  
condominium units delivered

(Billions of yen)

Operating income

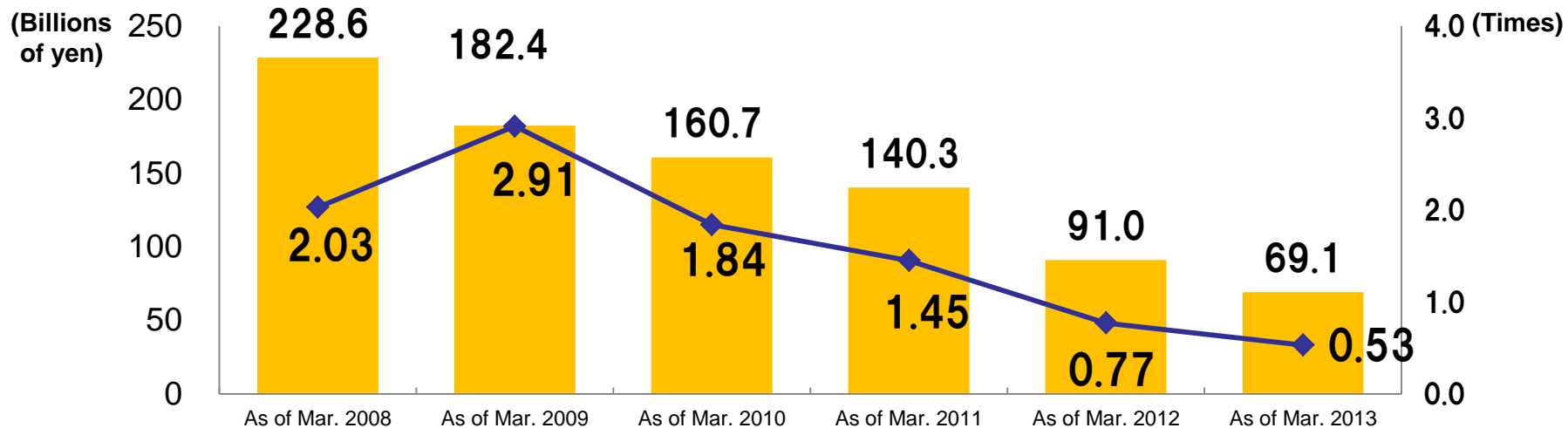
(Billions of yen)



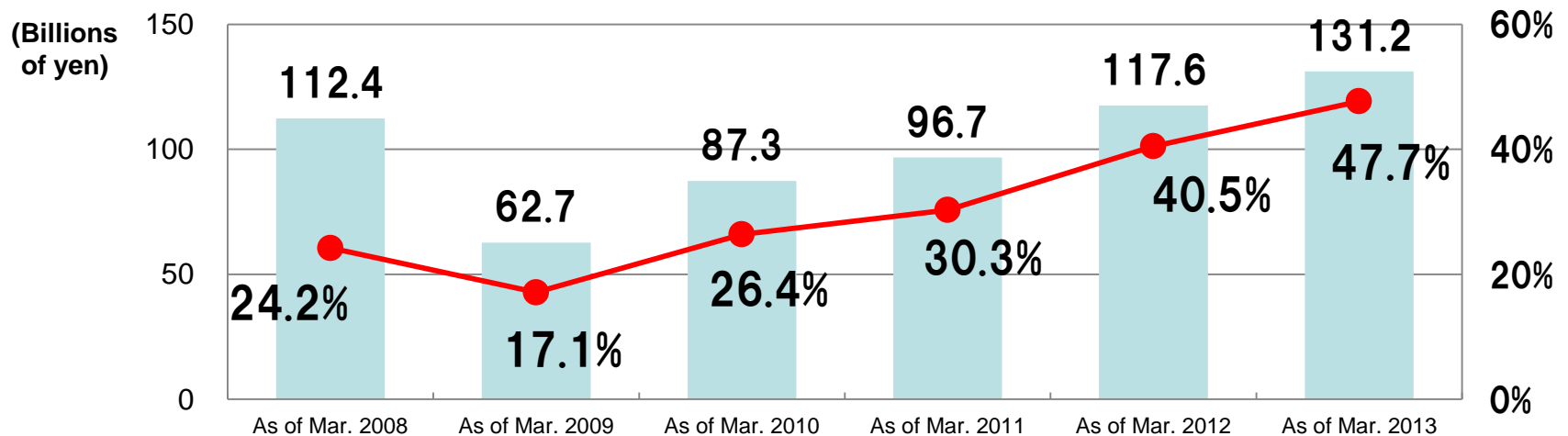
# Past Strategies

## — Strengthening of Financial Position —

### ◆ Changes of interest-bearing debt and D/E ratio



### ◆ Changes of shareholders' equity and shareholders' equity ratio



# Policy and Performance Outlook for Fiscal 2013

# Specific Efforts for Growth

	Grand Amenity, Ltd.	APEX WAKO CO., LTD.	Anabuki Construction Inc.
Number of employees*	122 (As of Mar. 31, 2012)	126 (As of Mar. 31, 2013)	1,118* (As of Apr. 2013)
Net sales	¥3.7 billion (Fiscal 2011)	¥4.6 billion (Fiscal 2012)	¥31.8 billion (Fiscal 2012 2Q)
Number of condominium units under management	Approximately 28,000 units (As of Mar. 31, 2012)	—	Approximately 68,000 units* (As of Dec. 31, 2012)
Main businesses	Condominium management, building and apartment leasing management	Electrical equipment work, instrumentation work, air conditioning and plumbing work, etc.	Condominium planning and sales, design and execute overall construction work, etc.



Notes:

- Number of employees does not include condominium caretakers
- Number of employees of ANABUKI CONSTRUCTION INC. is the sum of five affiliated companies
- Number of Condominium units under management of ANABUKI COMMUNITY INC.

**Acquire customer base and business base**

**Acquire human resources, technology and functions**

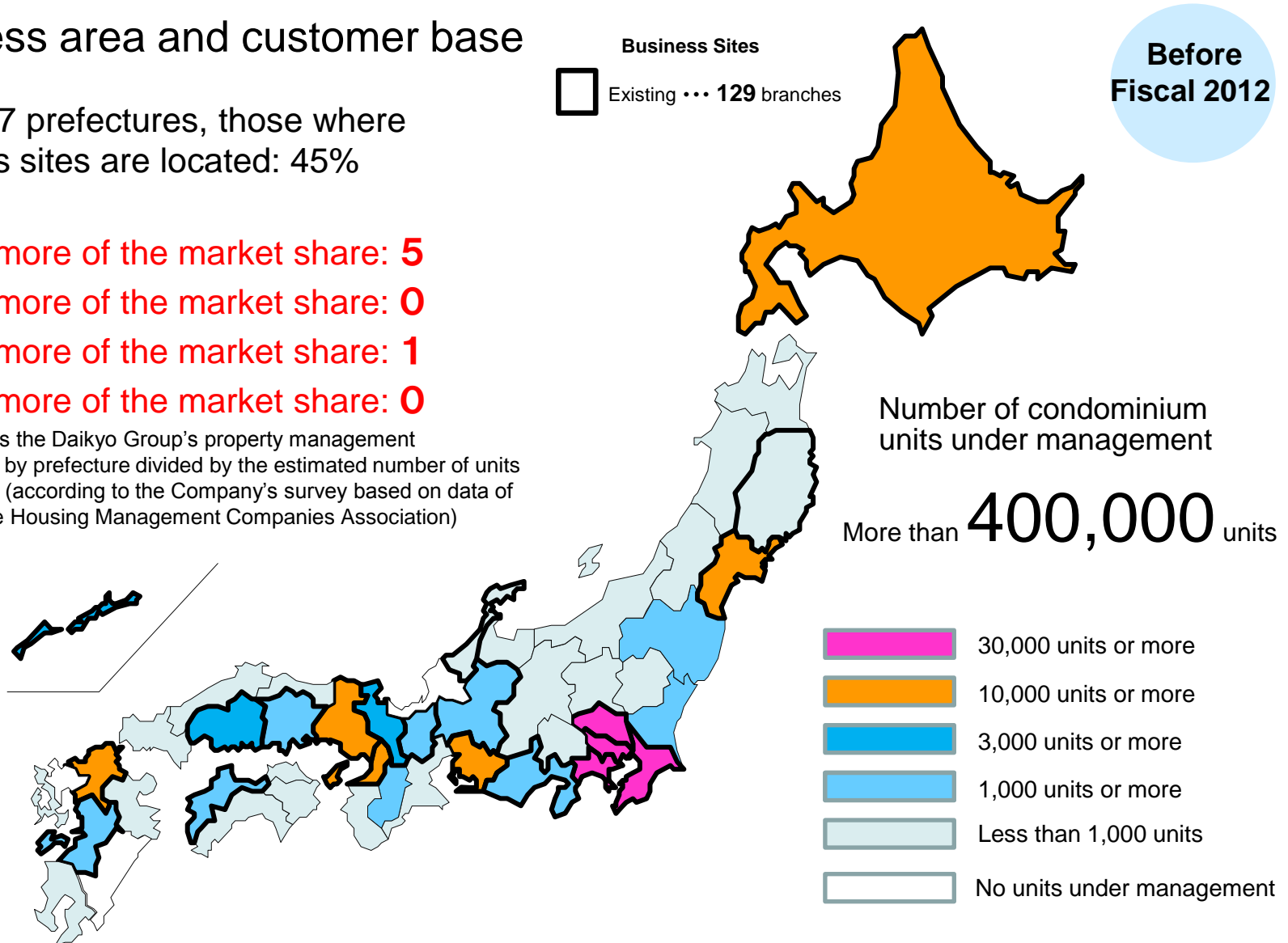
# Acquire Customer Base and Business Base

## Business area and customer base

Of the 47 prefectures, those where business sites are located: 45%

- 10% or more of the market share: **5**
- 20% or more of the market share: **0**
- 30% or more of the market share: **1**
- 40% or more of the market share: **0**

Note: Share is the Daikyo Group's property management commissions by prefecture divided by the estimated number of units by prefecture (according to the Company's survey based on data of the High-Rise Housing Management Companies Association)



# Acquire Customer Base and Business Base

## Business area and customer base

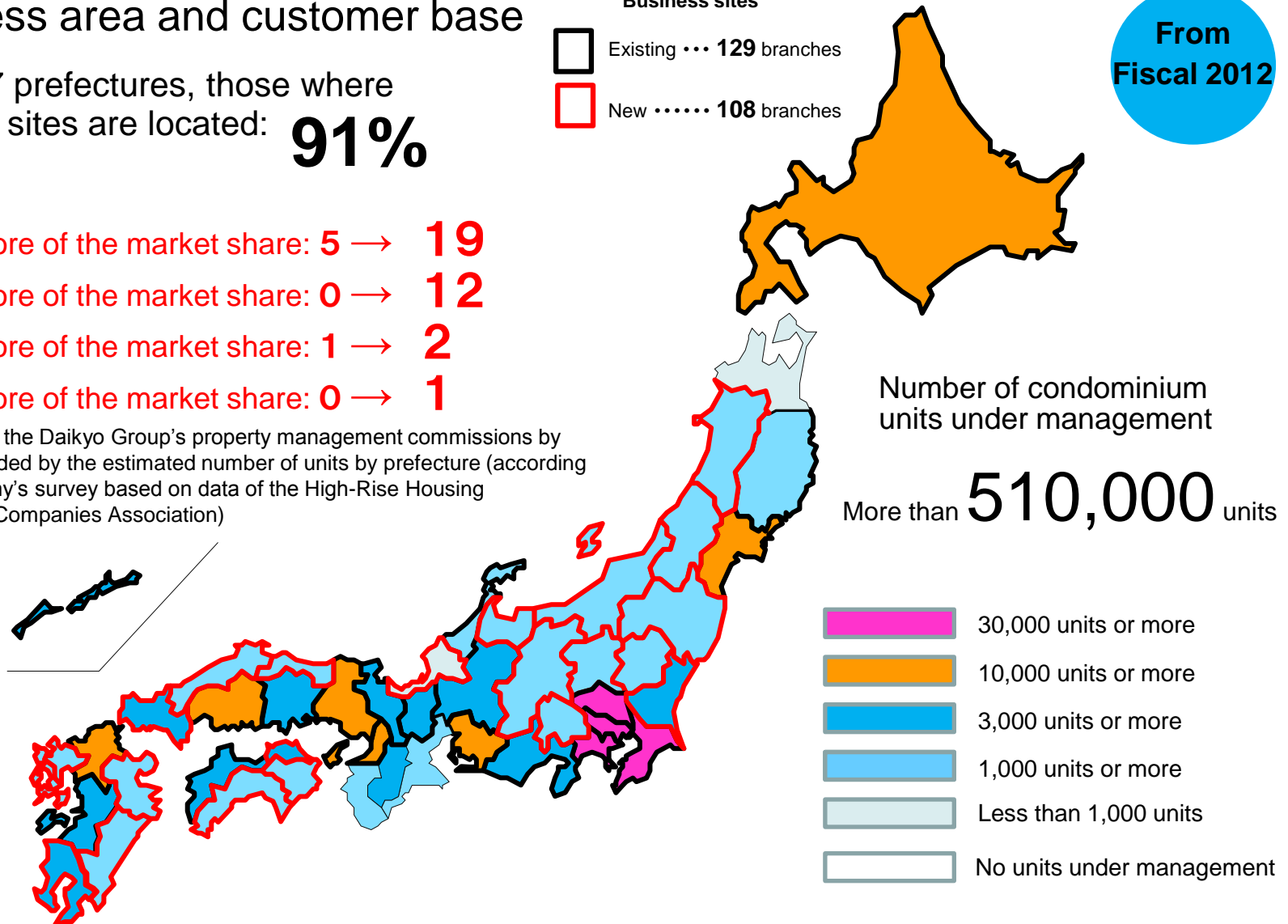
Of the 47 prefectures, those where business sites are located: **91%**

10% or more of the market share: **5 → 19**  
 20% or more of the market share: **0 → 12**  
 30% or more of the market share: **1 → 2**  
 40% or more of the market share: **0 → 1**

Note: Share is the Daikyo Group's property management commissions by prefecture divided by the estimated number of units by prefecture (according to the Company's survey based on data of the High-Rise Housing Management Companies Association)

**Business sites**  
 Existing ... **129** branches  
 New ..... **108** branches

From Fiscal 2012



# Fiscal 2013 Performance Outlook by Segment



(Billions of yen)		Fiscal 2013 forecast	Fiscal 2012 result	Change
Real estate development and sales	Net sales	142.0	158.8	(16.8)
	Operating income	8.0	14.9	(6.9)
Real estate management	Net sales	155.0	122.6	+32.3
	Operating income	10.0	8.3	+1.6
Real estate brokerage	Net sales	37.0	23.1	+13.8
	Operating income	1.5	1.2	+0.2
Eliminations or Corporate Assets/Expenses	Net sales	(4.0)	(2.0)	(1.9)
	Operating income	(3.5)	(2.3)	(1.1)
<b>Consolidated</b>	Net sales	<b>330.0</b>	<b>302.6</b>	<b>+27.3</b>
	Operating income	<b>16.0</b>	<b>22.1</b>	<b>(6.1)</b>
Dividends		3 yen	3 yen	

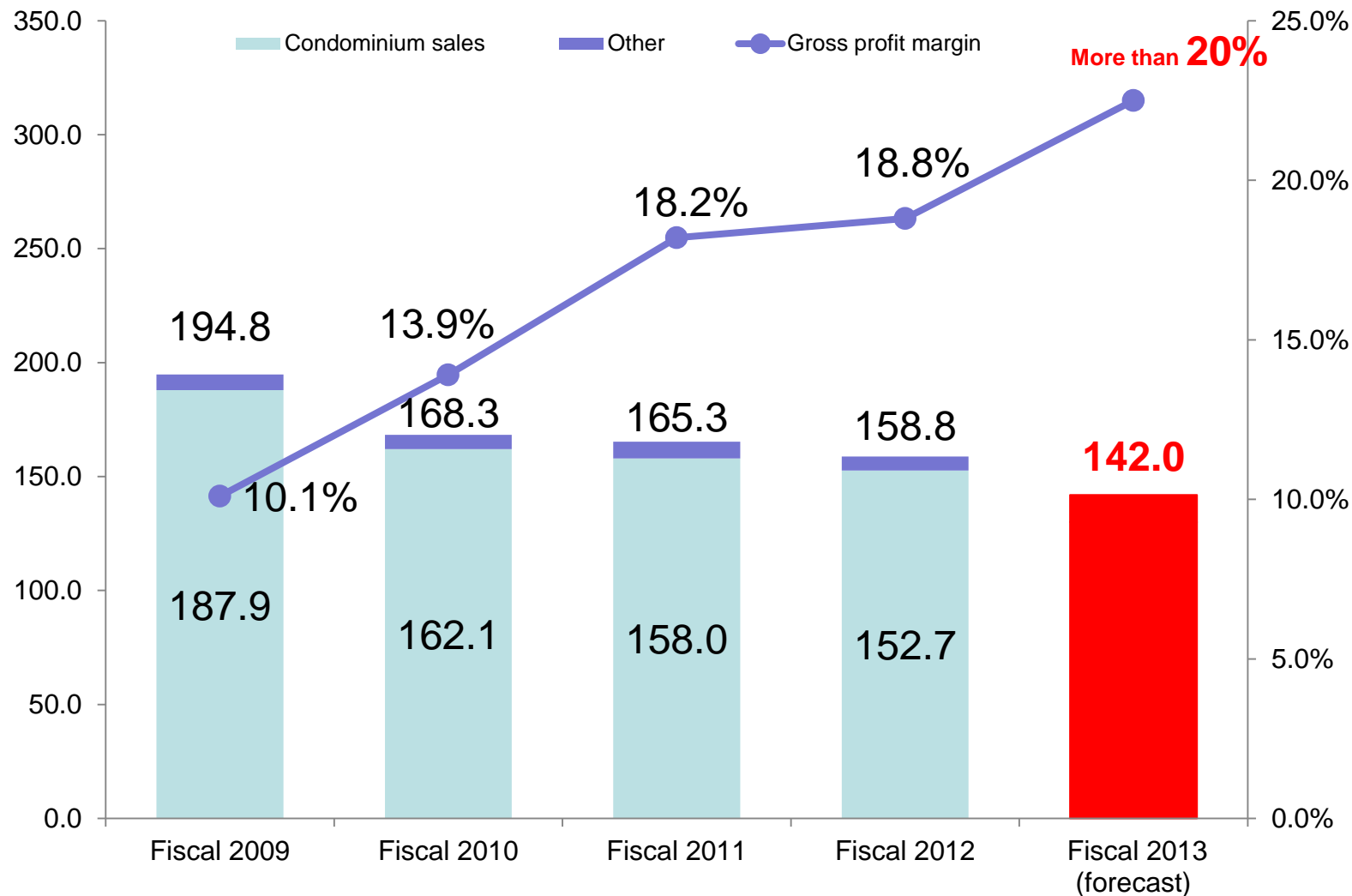


# Real Estate Development and Sales

## — Net sales and Gross Profit Margin of Condominiums —



(Billions of yen)



# Real Estate Development and Sales

## — Policy for Fiscal 2013 —



### LIONS PRAISE NARUMI TOWER (150 Units)

Redevelopment of Type II urban district in front of Narumi Station, Area C  
Nagoya-shi, Aichi  
(Currently under pre-sale)



Redevelopment of Ogaki station, Type I urban district, South Area  
Ogaki-shi, Gifu  
(Business currently underway)



Kita-Toda First Gate Tower (220 units)  
Redevelopment of Kita-Toda station, East Area 1  
Toda-shi, Saitama  
(Currently being sold)

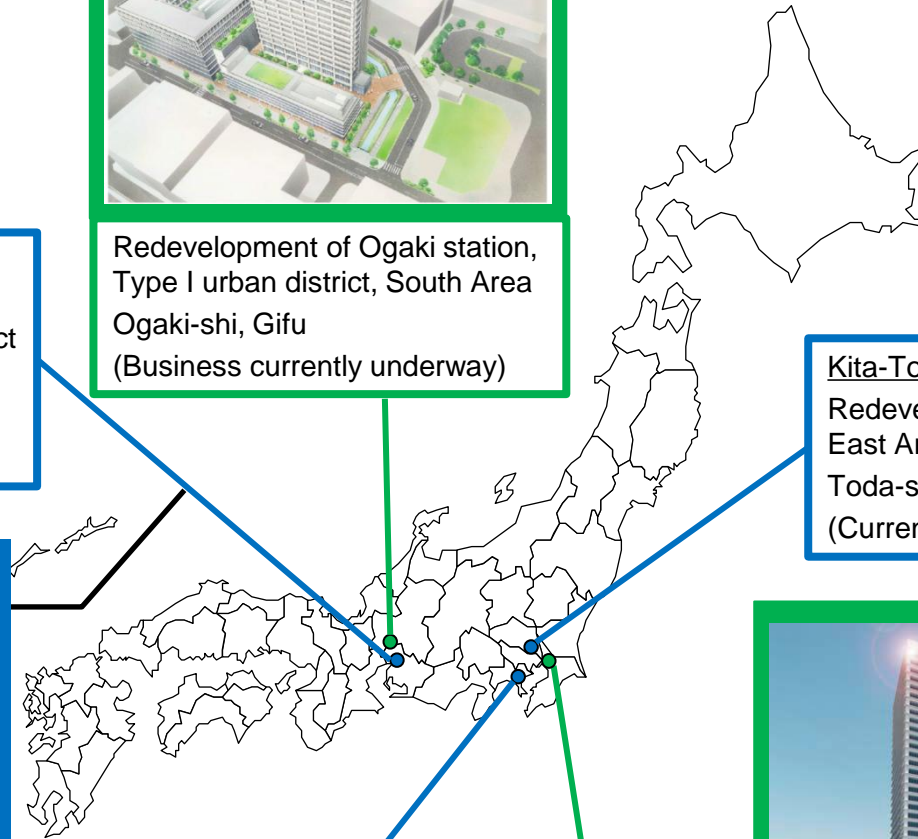


### THE SKY CRUISE TOWER (187 units)

Redevelopment of Type I urban district in front of Hinodecho Station, District A  
Yokohama-shi, Kanagawa  
(Currently under pre-sale)



Redevelopment of Type I urban district, Kashiwa station east side exit, Area D, District 1  
Kashiwa-shi, Chiba  
(Business currently underway)



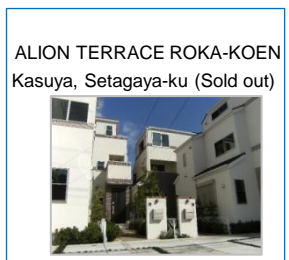
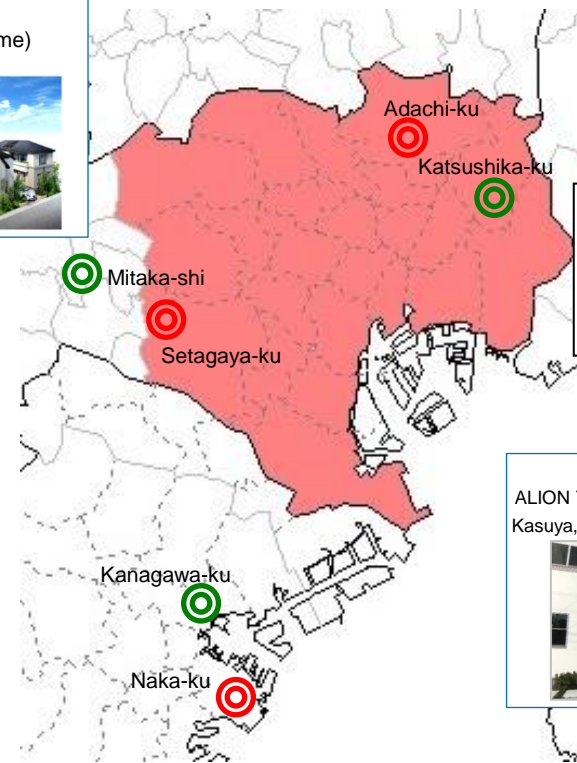
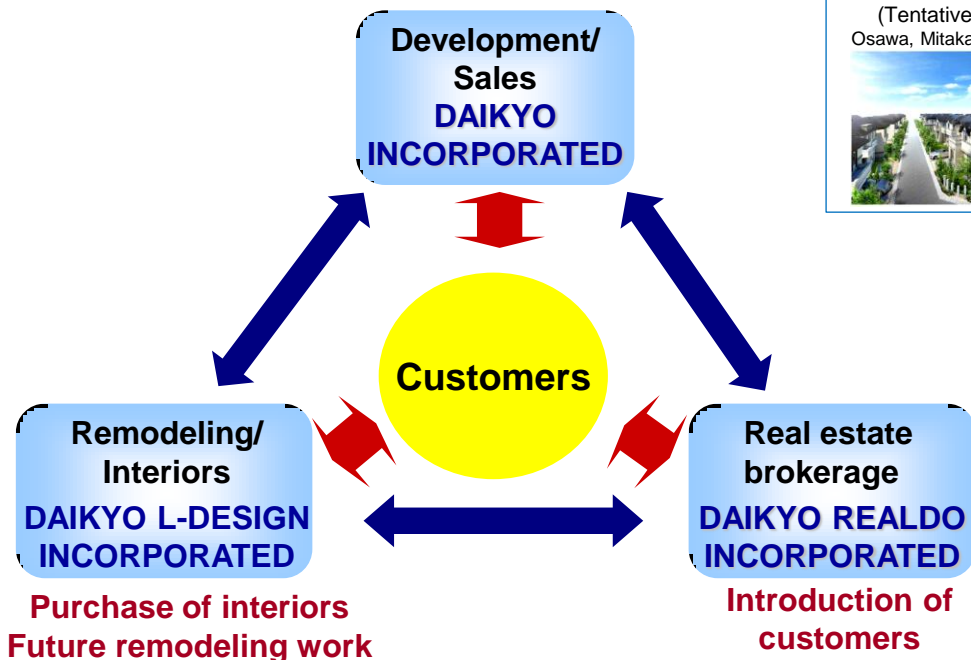
# Real Estate Development and Sales

## — Policy for Fiscal 2013 —



- ◆ Detached housing business
  - Diversification of business methods

Leveraging supply of housing equipment  
Effective use of land-related information



### Detached housing business [KPI: Units sold]

(Fiscal 2012 Result)

**6 units**



(Fiscal 2013 Target)

**50 units**



(Medium-term)

**300 units**

# Real Estate Development and Sales

## — Synergies Using Acquired Resources —

a) Promote a two-brand strategy based on the specific features of product and business (“Lions,” “Surpass”)

- “Surpass” brand

Standardize and commonize, materials  
→ high quality, low price

- “Lions” brand

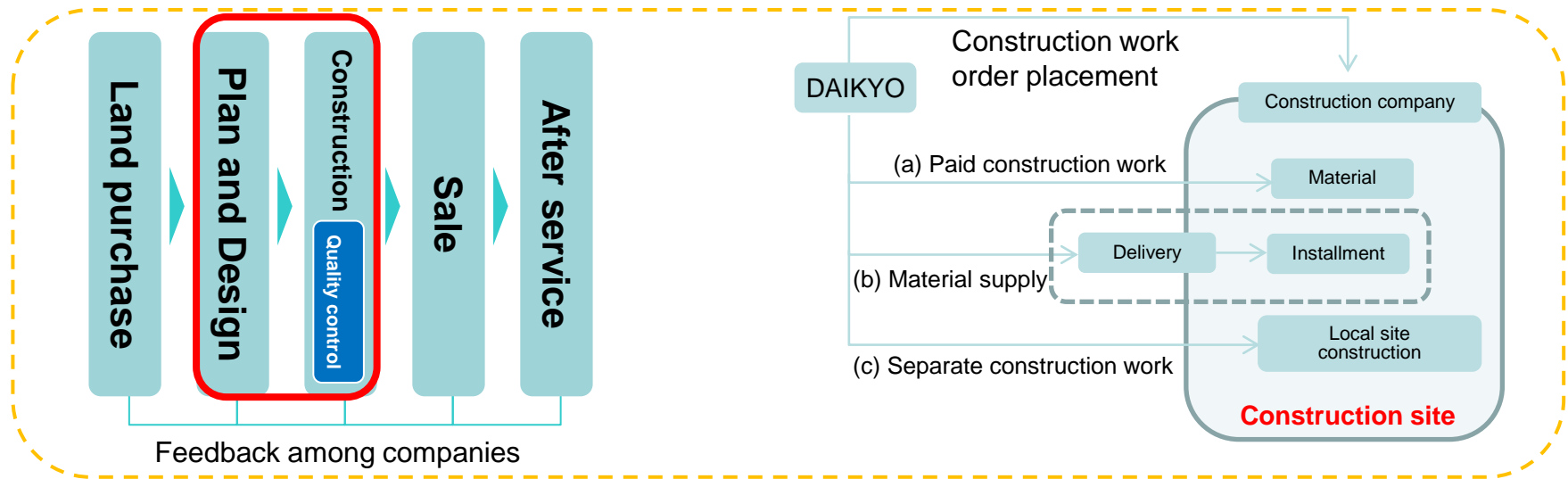
High flexibility and design, producing pioneering projects

➤ Possible to strategically inject products and brands according to the specific features of market

b) Consider a unique procurement scheme by integrating the respective strengths of general construction companies and developers

- Affiliate companies’ network + combining costs and purchase strength

- Separate order placement taking advantage of economic scale



- Mutual exploitation of affiliate companies and combining skills
- Efforts toward joint purchasing

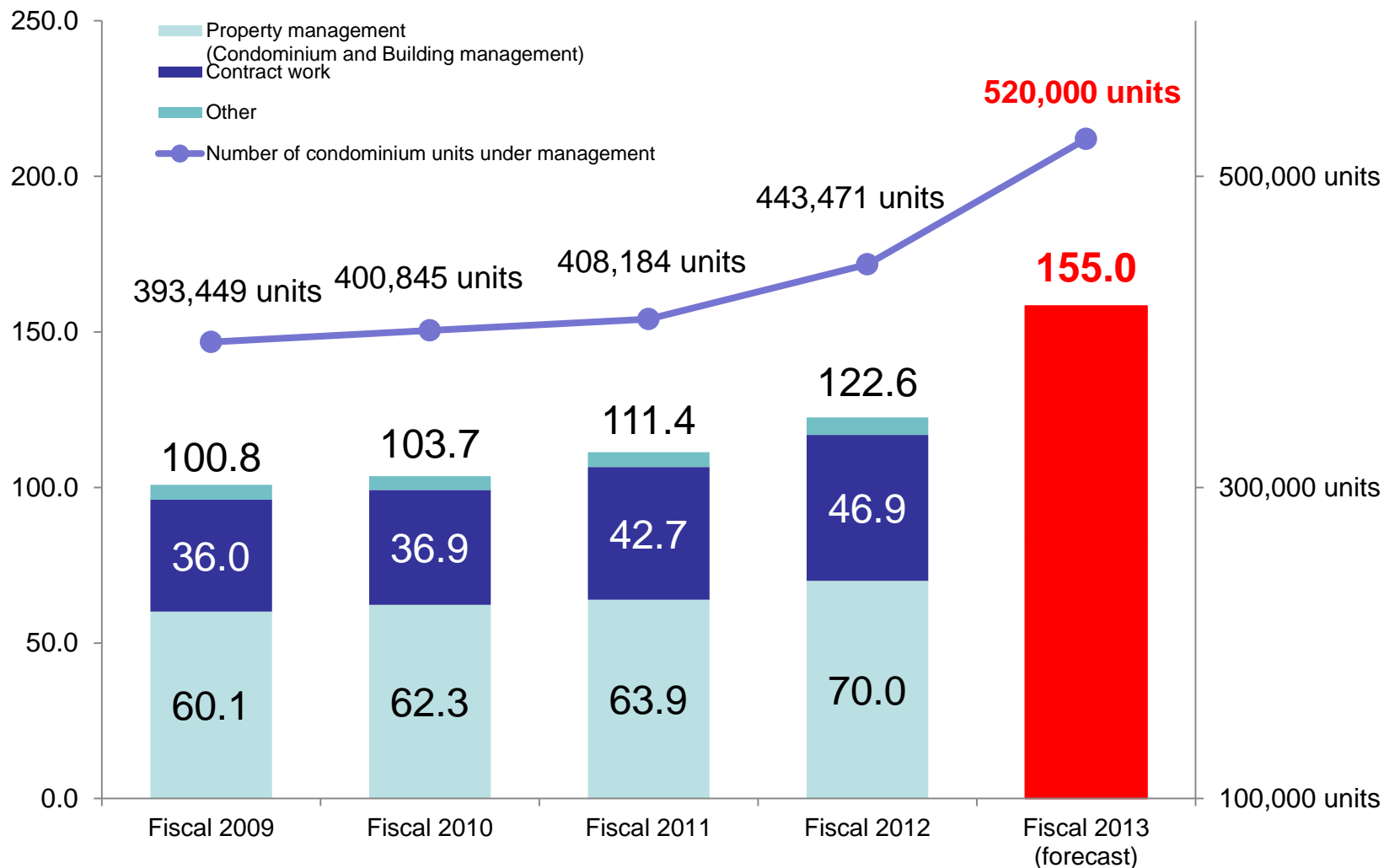


➤ View function integration in the future

# Real Estate Management

— Net Sales and Number of Condominium Units Under Management — **DAIKYO**

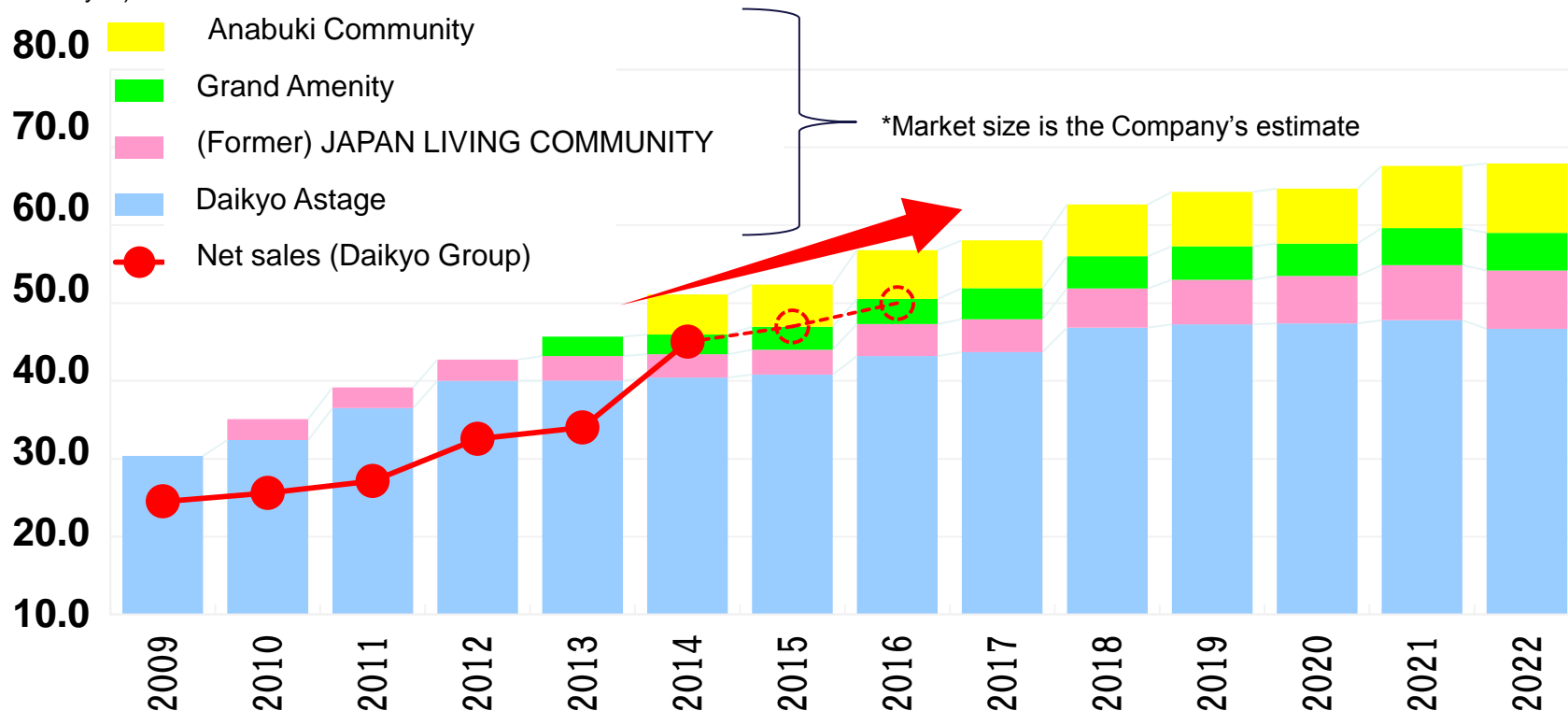
(Billions of yen)



# Real Estate Management

## — Policy for Fiscal 2013 Contract Work —

- ◆ Estimated size of market for common area repair and maintenance work<sup>1</sup>  
Approximately ¥500 billion in 2010 → expanding approximately ¥600 billion in 2014 (forecast)
- ◆ Estimated size of market for common area repair and maintenance work at the Daikyo Group  
Approximately ¥35 billion in 2010 → Approximately ¥ 51 billion in 2014 → More than ¥60 billion in 2020
- ◆ Net sales growth of the Daikyo Group  
Approximately ¥25 billion in 2010 → Approximately ¥45 billion in 2014  
(Billions of yen)



Note: Estimates are based on the assumption that repair and maintenance work will take place at all current properties under management every 12 to 15 years  
1. Source: "Condominium and Apartment Management Market Vision and Business Strategy 2012" by Yano Research Institute Ltd.

# Real Estate Management

## — Resident Services Policy for Fiscal 2013 —



- ◆ Enhance service offerings for existing properties under management and increasing the number of users

### Management association package service



**Total security service**

**Dispatch service**  
(“*Sumai-ru* rescue”: home emergency on-site service)

**Concierge service**

### Individual service for residents

**House cleaning**

**Housekeeping**

**Merchandise sale**  
(disaster-prevention goods)

**Insurance**  
(medical, fire, earthquake, travel)



**Enhance services  
for privately owned space**

Develop and implement new products and services for the elderly, etc.

Increase contact points with residents by enhancing services

**Increase the number of service users**

Increase the number of members of “Kurashi Square,” a website for residents by their respective management associations

**We will strive to expand services nationwide and aim to maximize contact points with customers**



# Real Estate Management

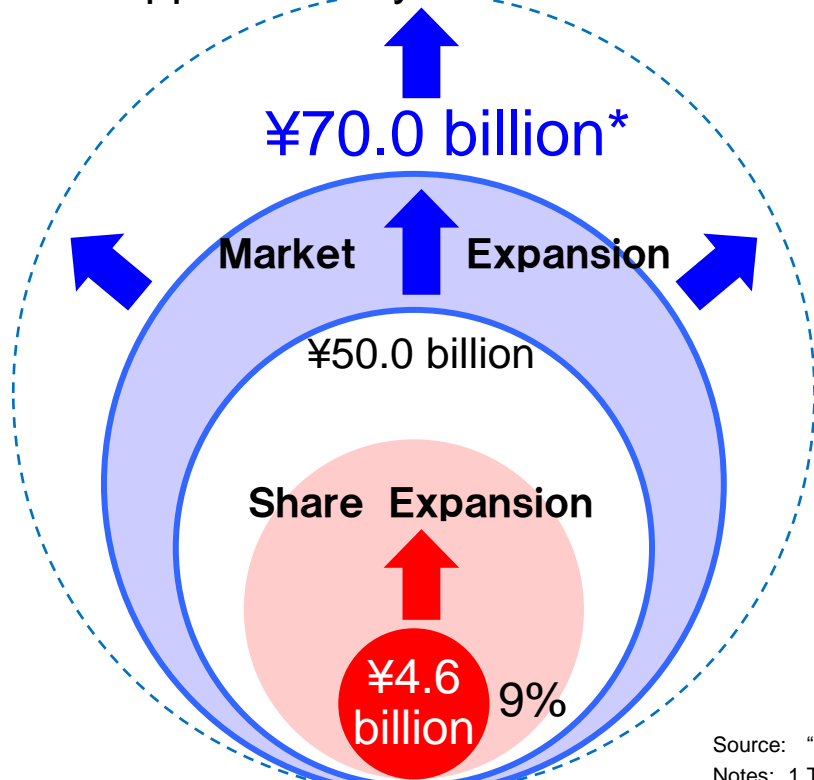
## — Remodeling Policy for Fiscal 2013 —



- ◆ **Potential market size of remodeling of privately-owned space of condominiums nationwide\***  
In 2010, approximately ¥700.0 billion → In 2020(forecast), increase to approximately ¥800.0 billion
- ◆ **Growth of the Daikyo Group's market (Daikyo's estimate)**  
In 2010, approximately ¥500.0 billion → In 2020(forecast), increase to approximately ¥700.0 billion

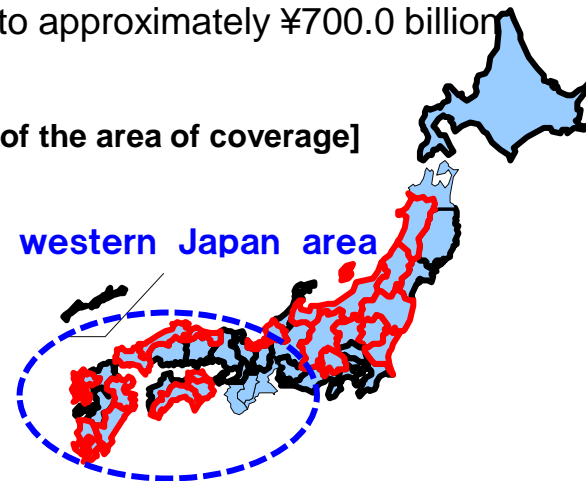
[Potential market size of remodeling of privately-owned space of condominiums nationwide]

Approximately ¥800.0 billion\*



[Expansion of the area of coverage]

Focus on western Japan area



[Offer valuated products]



Source: "Housing Renovation Market 2012" by Yano Research Institute Ltd.

Notes: 1. The potential remodeling market size that can be expected when all condominium residents carry out remodeling.

2. (Forecast) represents estimated figure (as of April 2012)

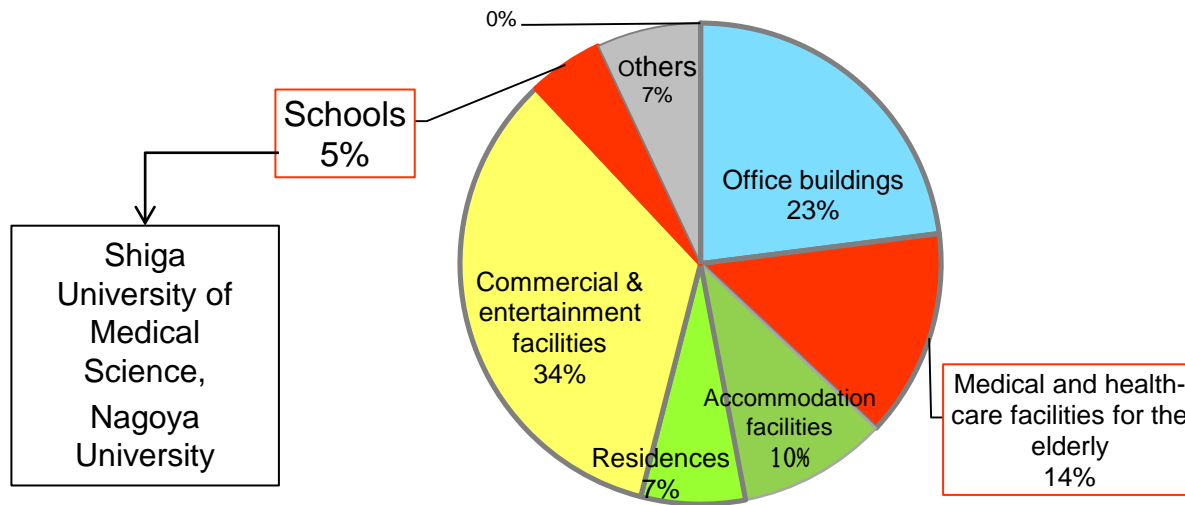


### ◆ Reinforce order receipt in growth areas and peripheral business fields

a) Reinforce order receipts from universities and medical and welfare facilities

-Sophisticated management know-how is required, which enables differentiation from competitors

-High profitability through resident and direct management methods



Building/facility management percentage by fiscal 2012 net sales



Toyokawa City Hospital



North Medical Center Kyoto Prefectural University of Medicine

b) Reinforce order receipt in PM/CM operations through stronger relations with owners

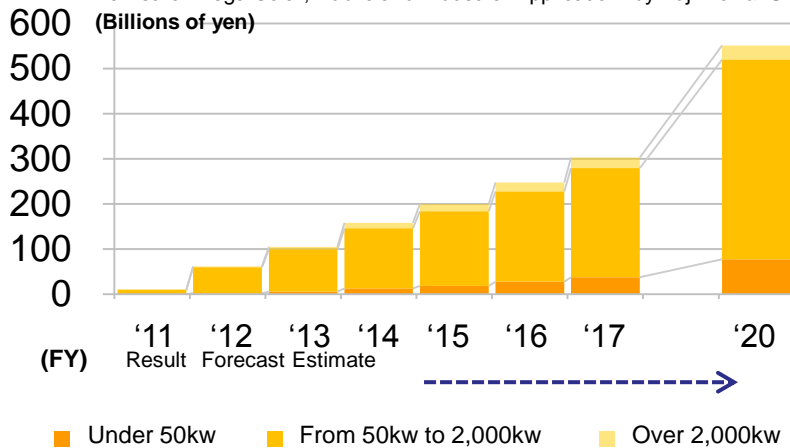
# Real Estate Management

## — Construction Related Buildings Policy for Fiscal 2013 —

◆ The solar power generation system market expected to increase to 1.8 trillion yen, and the solar power generation equipment maintenance market to 55.0 billion yen by 2020

### Potential market of the solar power generation system maintenance

Source: "Sales and Distribution Reality Survey in Solar Cell System Related Market for Mega Solar, Public and Industrial Application" by Fuji-Keizai Group  
(Billions of yen)



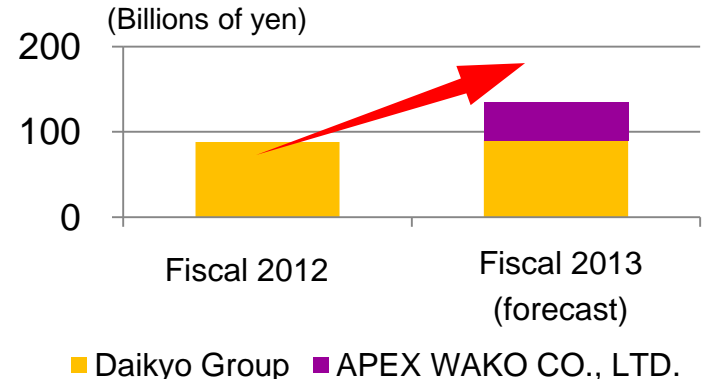
### Measures for increasing construction work for equipment and maintenance

- Utilization of certified professionals
- Proposal of equipment introduction to the Group's existing customers—receive orders for construction work and maintenance
- Partnership with solar power facility development companies

### Number of employees of APEX WAKO CO., LTD. with electrical certifications

(Number of employees)	
Type 1 electrician	64
1 <sup>st</sup> class electrical work administrative engineer	53
2 <sup>nd</sup> class electrical work administrative engineer	38
Type 2 electrician	35
Type 3 chief electrical engineer	3

### Actual performance/forecast of building and facility construction work

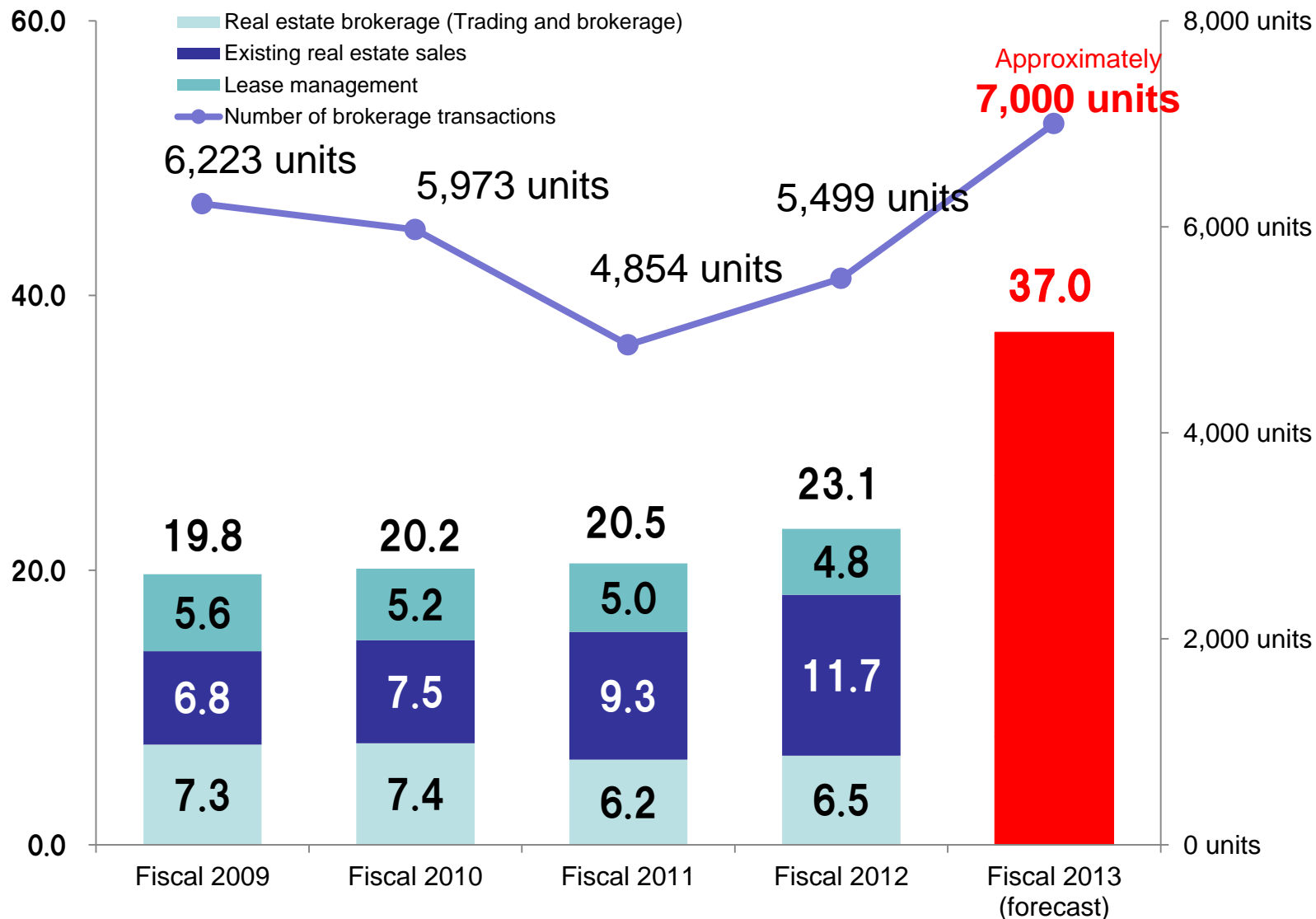


# Real Estate Brokerage

## — Net Sales and Number of Brokerage Transactions —



(Billions of yen)





# Real Estate Brokerage


## — Policy for Fiscal 2013 —

◆ Expand coverage through new branch openings → **Medium-term target: 100 branches**

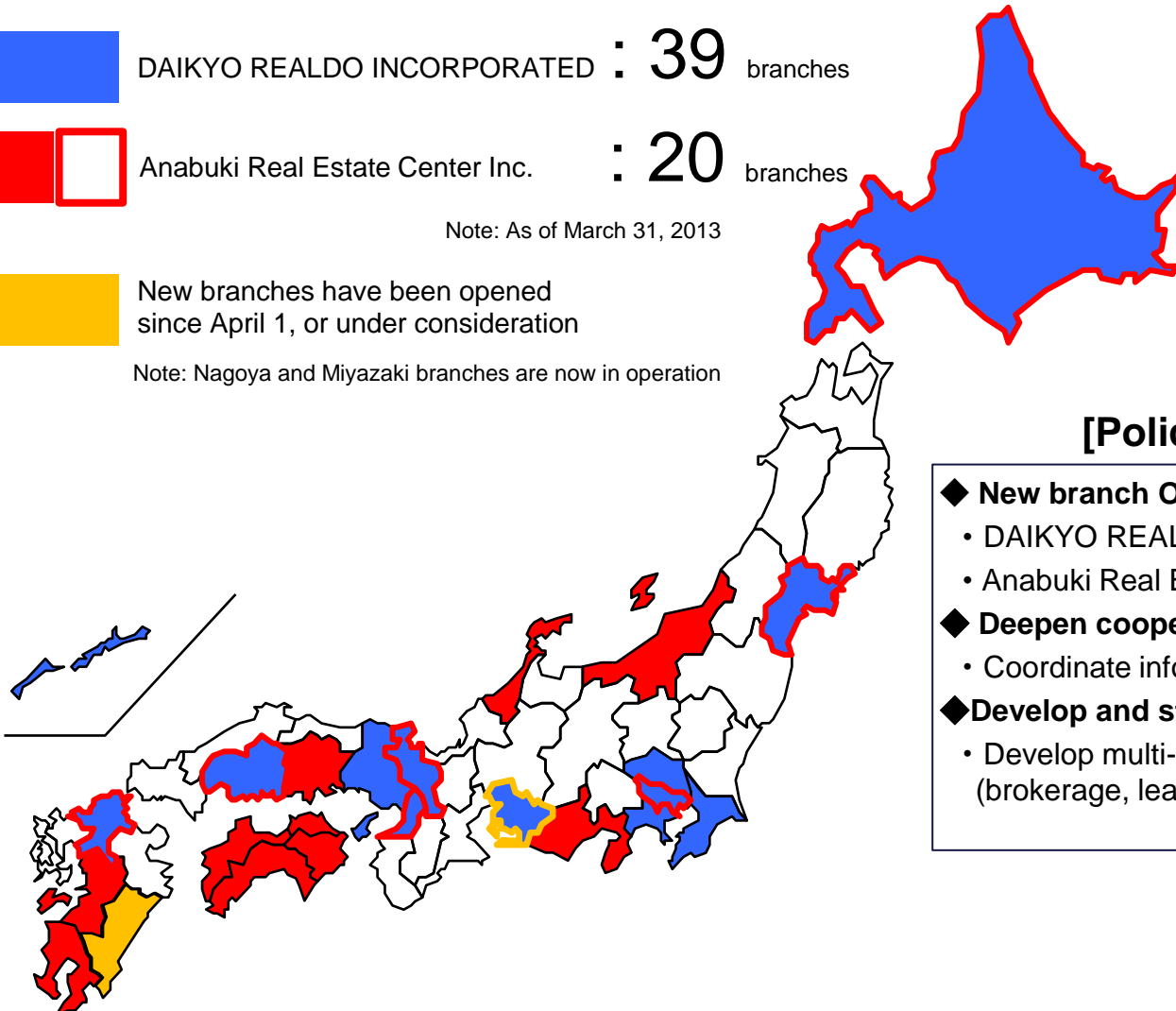
 DAIKYO REALDO INCORPORATED : **39** branches

  Anabuki Real Estate Center Inc. : **20** branches

Note: As of March 31, 2013

 New branches have been opened since April 1, or under consideration

Note: Nagoya and Miyazaki branches are now in operation



### [Policy for Fiscal 2013]

- ◆ **New branch Openings (Target)**
  - DAIKYO REALDO INCORPORATED: 4 Branches
  - Anabuki Real Estate Center Inc.: 2 Branches
- ◆ **Deepen cooperation within the Group**
  - Coordinate information in the west Japan area
- ◆ **Develop and strengthen human resources**
  - Develop multi-functional human resources (brokerage, leasing management )

# Performance Outlook for Fiscal 2013 by Consolidated Segment

## Main points

(Billions of yen)	Fiscal 2012 Result	Fiscal 2013 Target	Change
Net sales	<b>302.6</b>	<b>330.0</b>	<b>27.3</b>
Operating income	<b>22.1</b>	<b>16.0</b>	<b>(6.1)</b>
Ordinary income	<b>20.2</b>	<b>14.5</b>	<b>(5.7)</b>
Net income	<b>15.5</b>	<b>21.0</b>	<b>5.4</b>

(Billions of yen)		Fiscal 2012 Result	Fiscal 2013 Target	Change
Real estate development and sales	Net sales	<b>158.8</b>	<b>142.0</b>	<b>(16.8)</b>
	Operating income	<b>14.9</b>	<b>8.0</b>	<b>(6.9)</b>
Real estate management	Net sales	<b>122.6</b>	<b>155.0</b>	<b>32.3</b>
	Operating income	<b>8.3</b>	<b>10.0</b>	<b>1.6</b>
Real estate brokerage	Net sales	<b>23.1</b>	<b>37.0</b>	<b>13.8</b>
	Operating income	<b>1.2</b>	<b>1.5</b>	<b>0.2</b>
Eliminations or corporate assets/ expensed	Net sales	<b>(2.0)</b>	<b>(4.0)</b>	<b>(1.9)</b>
	Operating income	<b>(2.3)</b>	<b>(3.5)</b>	<b>(1.1)</b>

**All inventories will be priced at market value upon consolidation**



- Approximately 10.0 billion yen of negative goodwill following the consolidation of Anabuki Construction Inc. will be recorded as an extraordinary income
- The negative goodwill was generated as a result of all inventories having been priced at market value when calculating goodwill in the acquisition of Anabuki Construction Inc. In terms of accounting, profits from inventories at market value will not be recorded in the Real estate development and sales segment, only the income.

\*When taking into consideration of the real return, profits from Anabuki Construction Inc. will contribute to the real estate development and sales segment, which will result in an operating income ratio of around 10%.

