Consolidated Financial Results
for the Fiscal Year Ended March 31, 2014 (J-GAAP)
(Unaudited)

May 13, 2014

Listed company: DAIKYO INCORPORATED　　Listed stock exchange: Tokyo
Securities code: 8840　　URL: http://www.daikyo.co.jp
Representative: Akira Yamaguchi, Representative Executive Officer, President
Contact: Koichi Hinago, General Manager Group Corporate Planning Dept.
Planned date of Ordinary General Meeting of Shareholders: June 25, 2014
Planned date of submission of Annual Securities Report: June 25, 2014
Planned dividends payment commencement date: June 26, 2014
Preparation of earnings presentation material: Yes
Holding of earnings announcement: Yes (for institutional investors and analysts)

(Amounts less than one million yen are truncated)

1. Consolidated Performance for the Fiscal Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(1) Consolidated operating results　　(% figures show year-on-year change)
(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended March 31, 2014	333,813	10.3%	18,128	(18.0)%	16,865	(16.8)%	21,829	40.5%
Fiscal year ended March 31, 2013	302,610	1.3%	22,101	0.1%	20,270	5.4%	15,535	(28.7)%

(Note) Comprehensive income
Fiscal year ended March 2014: ¥22,040 million / 41.3%　Fiscal year ended March 2013: ¥15,596 million / (28.3)%

	Net income per share	Fully diluted net income per share	Ratio of net income to shareholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended March 31, 2014	¥45.50	¥25.64	15.5%	5.8%	5.4%
Fiscal year ended March 31, 2013	¥33.25	¥18.24	12.5%	7.2%	7.3%

(Reference) Equity in (earnings) loss of non-consolidated subsidiaries and affiliates:
Fiscal year ended March 2014: ¥ — million　Fiscal year ended March 2013: ¥ —million

(2) Consolidated financial position　(Millions of yen except for % and per share figures)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended March 31, 2014	302,820	149,994	49.5%	¥173.65
Fiscal year ended March 31, 2013	275,442	131,314	47.7%	¥214.99

(Reference) Shareholders' equity:
Fiscal year ended March 2014: ¥149,966 million　Fiscal year ended March 2013: ¥131,290 million

(3) Consolidated cash flows　(Millions of yen)

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of year
Fiscal year ended March 31, 2014	20,220	(25,560)	(14,069)	96,413
Fiscal year ended March 31, 2013	46,523	(6,586)	(24,905)	115,706

2. State of Dividends

	Dividends per share (Yen)					Total dividends (Millions of yen)	Dividend payout ratio (Consolidated) (%)	Ratio of dividends to net assets (Consolidated) (%)
	1Q end	2Q end	3Q end	Year end	Total			
Fiscal year ended March 31, 2013	—	0.00	—	3.00	3.00	1,325	9.0	1.5
Fiscal year ended March 31, 2014	—	0.00	—	3.00	3.00	2,520	6.6	1.5
Fiscal year ending March 31, 2015 (Forecast)	—	0.00	—	3.00	3.00		18.8	

Note: The above "Status of Dividends" is only the status of dividends from common stock. Please refer to "State of Dividends from Class Stock" for the state of dividends from class stock (unlisted) issued by DAIKYO INCORPORATED ("the Company") with different rights from common stock.

3. Consolidated Performance Forecast for the Fiscal Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(% figures show year-on-year change)
(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Full year	330,000	(1.1)%	19,000	4.8%	17,800	5.5%	13,500	(38.2) %	¥15.97

* Notes

(1) Changes in significant subsidiaries during the period (changes in specific subsidiaries resulting in change in scope of consolidation): None

New: — (Company name:) Excluded: — (Company name:)

(2) Changes in accounting policies and estimates, or retrospective restatements

(i) Change in accounting policies in accordance with revision of accounting standards: Yes
(ii) Changes in accounting policies other than item (i) above: None
(iii) Changes in accounting estimates: None
(iv) Retrospective restatements: None

(3) Number of shares issued (common stock)

(Unit: share)

1) Number of issued shares at end of period (including treasury stock)	Mar. 31, 2014	843,542,737	Mar. 31, 2013	445,337,738
2) Number of shares of treasury stock at end of period	Mar. 31, 2014	3,442,847	Mar. 31, 2013	3,399,737
3) Average number of shares during period	Apr.-Mar. 2014	477,916,061	Apr.-Mar. 2013	441,948,671

(Reference) Overview of non-consolidated financial results

1. Non-consolidated Performance for the Fiscal Year Ended March 31, 2014 (April 1, 2013 to March 31, 2014)

(1) Non-consolidated operating results (% figures show year-on-year change)
(Millions of yen)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended March 31, 2014	101,388	(36.2)%	4,536	(63.9)%	9,493	(40.2)%	9,871	(37.5)%
Fiscal year ended March 31, 2013	158,895	(3.9)%	12,559	(10.5)%	15,879	4.0%	15,805	(28.5)%

	Net income per share	Fully diluted net income per share
Fiscal year ended March 31, 2014	¥20.48	¥11.59
Fiscal year ended March 31, 2013	¥33.86	¥18.56

(2) Non-consolidated financial position (Millions of yen except for % and per share figures)

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
Fiscal year ended March 31, 2014	229,934	132,972	57.8%	¥153.42
Fiscal year ended March 31, 2013	240,200	125,150	52.1%	¥201.09

(Reference) Shareholders' equity:
Fiscal year ended March 2014: ¥132,972 million Fiscal year ended March 2013: ¥125,150 million

* Presentation of implementation state for auditing procedures
The auditing procedure based on the Financial Instruments and Exchange Act does not apply to this Consolidated Financial Results, and the auditing procedure based on the Financial Instruments and Exchange Act had not been completed as of the release of this Consolidated Financial Results.

* Explanation of the Appropriate Use of Performance Forecasts, Other Points to Note
Forward-looking statements in this document, including the performance outlook, etc., were written based on the information the Company has at this time and certain assumptions the Company considers to be reasonable. Actual performance may differ from the forecast figures due to various factors.

The Company is scheduled to hold an earnings announcement for institutional investors and analysts on May 20, 2014. The presentation material used on that day will be promptly uploaded after the announcement on the Company's website.

State of Dividends from Class Stock

The breakdown of the dividends per share and the amount of dividends from class stock with different rights from common stock are as follows.

(Class 1 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2013	—	—	—	8.84	8.84	88
Fiscal year ended March 31, 2014	—	—	—	8.44	8.44	84
Fiscal year ending March 31, 2015 (Forecast)	—	—	—	8.28	8.28	82

(Class 2 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2013	—	—	—	8.84	8.84	99
Fiscal year ended March 31, 2014	—	—	—	—	—	—
Fiscal year ending March 31, 2015 (Forecast)	—	—	—	—	—	—

Note: All shares were acquired on February 27, 2014 through the execution of a demand for acquisition of shares, and the shares were canceled on the same date.

(Class 4 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2013	—	—	—	8.84	8.84	165
Fiscal year ended March 31, 2014	—	—	—	—	—	—
Fiscal year ending March 31, 2015 (Forecast)	—	—	—	—	—	—

Note: All shares were acquired on February 27, 2014 through the execution of a demand for acquisition of shares, and the shares were canceled on the same date.

(Class 7 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2013	—	—	—	10.00	10.00	250
Fiscal year ended March 31, 2014	—	—	—	—	—	—
Fiscal year ending March 31, 2015 (Forecast)	—	—	—	—	—	—

Note: All shares were acquired on February 27, 2014 through the execution of a demand for acquisition of shares, and the shares were canceled on the same date.

(Class 8 preferred stock)

	Annual dividends (Yen)					Total dividends (Millions of yen)
	1Q end	2Q end	3Q end	Year end	Total	
Fiscal year ended March 31, 2013	—	—	—	10.00	10.00	235
Fiscal year ended March 31, 2014	—	—	—	—	—	—
Fiscal year ending March 31, 2015 (Forecast)	—	—	—	—	—	—

Note: All shares were acquired on February 27, 2014 through the execution of a demand for acquisition of shares, and the shares were canceled on the same date.

1. Operating Results and Financial Position

(1) Analysis of operating results

Operating Results for the Fiscal Year under Review

Overall Performance

During the fiscal year ended March 31, 2014, the Japanese economy experienced a gradual recovery as a result of factors including the continued low yen and high stock prices, improvements in corporate business performance, and a recovery in consumer spending underpinned by fiscal policy by the Japanese government and monetary policy by the Bank of Japan.

In the condominium market, both labor costs and the prices for materials required for condominium construction have increased and land prices have increased in some areas. Nonetheless, the contract rate has remained strong, reflecting factors such as the firm demand for condominiums along with a boost from low mortgage interest rates and the government's stimulus policy in response to the tax rate hike for homebuyers.

In this business environment during the fiscal year under review, net sales rose ¥31,202 million or 10.3% year on year to ¥333,813 million owing to such factors as positive contributions from Anabuki Construction Inc. and its subsidiaries now in the scope of consolidation. However, due to the limited contribution of Anabuki Construction Inc. and its subsidiaries to operating income as a result of their inventories being marked to market and a year-on-year decrease in the number of scheduled unit completions in mainstay condominium sales, operating income decreased ¥3,972 million or 18%, to ¥18,128 million, and ordinary income decreased ¥3,405 million, or 16.8%, to ¥16,865 million. Due to factors including the posting of negative goodwill accompanying the inclusion of Anabuki Construction Inc. within the scope of consolidation, net income increased ¥6,294 million, or 40.5%, to ¥21,829 million.

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Change
Net sales	302,610	333,813	31,202
Operating income	22,101	18,128	(3,972)
Ordinary income	20,270	16,865	(3,405)
Net income	15,535	21,829	6,294

Results by Segment
The results are broken down by segment as follows. The amounts reported for each segment include inter-segment sales.

Performance by Segment (Millions of yen)

Category	Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	158,899	14,923	142,765	9,182	(16,133)	(5,740)
Real Estate Management	122,620	8,317	158,257	9,690	35,636	1,372
Real Estate Brokerage	23,183	1,223	36,632	2,388	13,449	1,164
Adjustments (Eliminations or Corporate Assets/Expenses)	(2,092)	(2,362)	(3,841)	(3,132)	(1,749)	(769)
Total	302,610	22,101	333,813	18,128	31,202	(3,972)

1) Real Estate Development and Sales

In the real estate development and sales segment, despite the positive contribution of Anabuki Construction Inc. as a consolidated subsidiary, net sales declined ¥16,133 million year on year to ¥142,765 million, and operating income was ¥9,182 million, a decrease of ¥5,740 million. This was due to a ¥20,646 million year-on-year decrease in condominium sales, which came in at ¥132,103 million amid sales of 3,790 units, or 171 fewer units year on year, amid a lower scheduled number of units completed than in the same period of the previous fiscal year.

The number and amount of contracted condominium sales at the end of the fiscal year were 2,317 units and ¥82,080 million respectively. These two figures marked increases of 705 units and ¥16,990 million compared with the end of the previous fiscal year.

<Major properties in terms of net sales (condominium development and sales)>

LIONS TACHIKAWA GRANDFORT	(Tachikawa, Tokyo)
LIONS SENDAI RESIDENCE	(Sendai, Miyagi)
LIONS MUSASHISAKAI MASTERSGATE	(Musashino, Tokyo)
LIONS NERIMA RESIDENCE	(Nerima, Tokyo)
SURPASS CITY RITSURIN GARDEN WEST TERRACE	(Takamatsu, Kagawa)

Breakdown of Net Sales (Millions of yen)

Category	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Change
Real Estate Sales	155,195	135,654	(19,541)
Other	3,704	7,111	3,407
Total	158,899	142,765	(16,133)

Real Estate Sales by Category (Millions of yen)

Category		Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014		Change	
		Units	Amount	Units	Amount	Units	Amount
Contract Agreement Results*	Condominiums	3,295 units	125,895	3,229 units	114,702	(66) units	(11,192)
	Houses	11 units	731	35 units	1,303	24 units	571
	Other	—	2,092	—	479	—	(1,612)
	Total	3,306 units	128,719	3,264 units	116,485	(42) units	(12,234)
Sales Results	Condominiums	3,961 units	152,749	3,790 units	132,103	(171) units	(20,646)
	Houses	6 units	426	41 units	1,579	35 units	1,152
	Other	—	2,019	—	1,971	—	(47)
	Total	3,967 units	155,195	3,831 units	135,654	(136) units	(19,541)
Contracted Sales Results**	Condominiums	1,612 units	65,090	2,317 units	82,080	705 units	16,990
	Houses	5 units	304	2 units	93	(3) units	(211)
	Other	—	73	—	—	—	(73)
	Total	1,617 units	65,468	2,319 units	82,173	702 units	16,705

* Represents the number and amount of condominium units for which sales agreements are entered into each period.

** Represents the number and amount of condominium units for which sales agreements have been entered into but have yet to be delivered.

Notes: Contracted sales are the balance as of the end of the fiscal year under review.

2) Real Estate Management

In the real estate management segment, management income increased ¥10,082 million year on year to ¥80,125 million and contract work income rose ¥21,048 million year on year to ¥67,972 million, due to the positive contribution of Anabuki Community Inc. and Anabuki Corporation that became consolidated subsidiaries.

As a result of the above, segment net sales were ¥158,257 million, up ¥35,636 million year on year, and operating income was ¥9,690 million, up ¥1,372 million.

At the end of the fiscal year, the number of condominium units managed increased 73,187 units to 516,658 units and the volume of contract work orders received was ¥23,666 million, an increase of ¥7,912 million year on year.

Breakdown of Net Sales (Millions of yen)

Category	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Change
Condominium Management, Building Management	70,042	80,125	10,082
Contract Work	46,923	67,972	21,048
Other	5,654	10,160	4,505
Total	122,620	158,257	35,636

Number of Condominium Units Managed

Category	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Change
Number of Condominium Units Managed	443,471 units	516,658 units	73,187 units

Contract Work (Millions of yen)

Category	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Change
Volume of Contract Work Orders Received	15,753	23,666	7,912

3) Real Estate Brokerage

In the real estate brokerage segment, net sales were ¥36,632 million, up ¥13,449 million year on year, with an operating income of ¥2,388 million, up ¥1,164 million year on year. This was due to strong performance in real estate brokerage and existing real estate sales, as well as to the positive contribution of Anabuki Real Estate Center Inc. that became a consolidated subsidiary.

Breakdown of Net Sales (Millions of yen)

Category	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Change
Real Estate Brokerage	6,599	7,987	1,388
Existing Real Estate Sales	11,779	18,086	6,306
Lease Management	4,336	9,447	5,110
Other	467	1,111	643
Total	23,183	36,632	13,449

Amount of Brokerage Transactions (Millions of yen)

Category	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Change
Number of Brokerage Transactions	5,499	6,840	1,341
Total Amount of Transactions	187,673	163,900	(23,772)

Real Estate Sales (Millions of yen)

Category		Fiscal year ended March 31, 2013		Fiscal year ended March 31, 2014		Change	
		Units	Amount	Units	Amount	Units	Amount
Sales Results	Condominiums	595 units	11,355	827 units	18,010	232 units	6,655
	Other	—	424	—	75	—	(348)
	Total	595 units	11,779	827 units	18,086	232 units	6,306

Outlook for the Fiscal Year Ending March 31, 2015

For the fiscal year ending March 31, 2015, the Company is targeting net sales of ¥330,000 million, a year-on-year decrease of ¥3,813 million, operating income of ¥19,000 million, an increase of ¥871 million, ordinary income of ¥17,800 million, an increase of ¥934 million, and net income of ¥13,500 million, a decrease of ¥8,329 million.

(Millions of yen)

	Fiscal year ended March 31, 2014	Fiscal year ending March 31, 2015	Change
Net sales	333,813	330,000	(3,813)
Operating income	18,128	19,000	871
Ordinary income	16,865	17,800	934
Net income	21,829	13,500	(8,329)

The outlook for each business segment is as follows:
For the real estate development and sales segment, while the Company forecasts a decrease in sales due to a decrease in volume as a result of ongoing cautious attitudes towards purchases in condominium sales, an increase in profits is anticipated as a result of the contribution of Anabuki Construction Inc. to performance, a contribution that was limited this fiscal year.

In the real estate management segment, although sales are expected to increase due to continual strong performance for services, particularly building management, it is anticipated that profits will decrease as a result of efforts including those to reinforce the personnel structure in order to improve the quality of service provided in condominium management.

In the real estate brokerage segment, higher profits and sales are expected due to continual strong performance in brokerage services and existing real estate sales.

Performance Forecast by Segment

(Millions of yen)

Category	Fiscal year ended March 31, 2014		Fiscal year ending March 31, 2015		Change	
	Net sales	Operating income	Net sales	Operating income	Net sales	Operating income
Real Estate Development and Sales	142,765	9,182	129,000	10,200	(13,765)	1,017
Real Estate Management	158,257	9,690	164,000	9,200	5,742	(490)
Real Estate Brokerage	36,632	2,388	40,500	2,700	3,867	311
Adjustments (Eliminations or Corporate Assets/Expenses)	(3,841)	(3,132)	(3,500)	(3,100)	341	32
Total	333,813	18,128	330,000	19,000	(3,813)	871

(2) Analysis of financial position

Analysis of Assets, Liabilities, Net Assets, and Cash Flows

Consolidated Financial Position

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014	Change
Total assets	275,442	302,820	27,378
Inventories	94,559	105,283	10,723
Total liabilities	144,127	152,826	8,698
Interest-bearing debt	69,164	63,646	(5,517)
Total net assets	131,314	149,994	18,679
Shareholders’ equity	131,290	149,966	18,676
Shareholders’ equity ratio	47.7%	49.5%	1.8pp

Total assets as of March 31, 2014 were ¥302,820 million, up ¥27,378 million compared with the end of the previous fiscal year. This resulted mainly from an increase of ¥5,789 million in notes and accounts receivable-trade, an increase of ¥10,723 million in inventories, and an increase of ¥8,744 million in intangible fixed assets.

Total liabilities were ¥152,826 million, up ¥8,698 million compared with the end of the previous fiscal year. This resulted mainly from a decrease of ¥5,517 million in interest-bearing debt and a decrease of ¥4,637 million in the allowance for employees' retirement benefits, offset by an increase of ¥10,136 million in retirement benefit obligations and an increase of ¥4,092 million in income tax payable. Note that a total commitment line of ¥20,000 million has been signed with major financial institutions for the purpose of securing flexible fund procurement and improving the funding efficiency of the Group.

Net assets gained ¥18,679 million from the end of the previous fiscal year to ¥149,994 million. This was attributable to an increase of ¥19,664 million in retained earnings, which resulted from recording of net income for the fiscal year under review, which offsets the impact of a payment of ¥2,165 million in common stock and preferred stock dividends. Furthermore, the shareholders’ equity ratio was 49.5%, 1.8 percentage points higher than at the end of the previous fiscal year, and net assets per share amounted to ¥173.65, a decrease of ¥41.34.

Most of these changes are a consequence of the acquisition of Anabuki Construction Inc. and its affiliates as consolidated subsidiaries.

Consolidated Statements of Cash Flows

As of March 31, 2014, the Daikyo Group had cash and cash equivalents (hereinafter referred to as "cash") of ¥96,413 million, down ¥19,292 million compared with the end of the previous fiscal year.

Cash flow from operating activities

Net cash provided by operating activities during the fiscal year ended March 31, 2014 was ¥20,220 million, compared with ¥46,523 million provided in the previous fiscal year. This reflects such factors as the recording of income before income taxes recorded for the period of ¥25,963 million, a gain on the amortization of negative goodwill of ¥10,213 million, a ¥19,553 million decrease in inventories, a ¥4,251 million increase in notes and accounts receivable-trade, and a ¥7,814 million decrease in notes and accounts payable-trade.

Cash flow from investing activities

Net cash used in investing activities was ¥25,560 million, compared with ¥6,586 million decrease in the previous fiscal year. This reflects such factors as acquisitions of fixed assets of ¥2,095 million, acquisitions of subsidiary shares of ¥8,251 million, and deposits to term deposits of ¥16,000 million.

Cash flow from financing activities

Net cash used in financing activities was ¥14,069 million, compared with ¥24,905 million decrease in the previous fiscal year. This reflects such factors as a ¥5,260 million decrease in borrowings, a repayment of rehabilitation claims of ¥6,312 million, and a dividend payment of ¥2,157 million.

Change in Indicators Related to Cash Flows

Fiscal year ended March 31	2010	2011	2012	2013	2014
Shareholders' equity ratio	26.4%	30.3%	40.5%	47.7%	49.5%
Shareholders' equity ratio on a market price basis	33.8%	29.9%	46.3%	60.7%	59.7%
Interest-bearing debt/Cash flow ratio	84.0 years	2.9 years	1.6 years	1.5 years	3.1 years
Interest coverage ratio	0.7	18.0	23.8	32.9	21.8

Notes: Shareholders' equity ratio = Shareholders' equity /Total assets
Shareholders' equity ratio on a market price basis = Total market price of shares/Total assets
Interest-bearing debt/Cash flow ratio = Interest-bearing debt/Operating cash flow
Interest coverage ratio = Operating cash flow/Interest payments

* All of the indicators are calculated from the financial figures on a consolidated basis.
* The total market price of the shares is calculated as the average share price during the last month of the fiscal year x number of shares issued at the end of the fiscal year (after deduction of treasury stock) + the total value of the preferred stocks issued.
* For operating cash flow, we use the cash flow from operating activities in the Consolidated Statements of Cash Flows. Interest-bearing debt is all of the liabilities recorded on the Consolidated Balance Sheets for which the Company is paying interest. Furthermore, for interest payments we use the amount of interest paid in the Consolidated Statements of Cash Flows.

(3) Basic policy regarding profit allocation and dividends in the fiscal year under review and the next fiscal year

With a basic policy of returning profits to all shareholders via sustainable increases in corporate and shareholder value, the Company will continue to invest for growth and ensure stable dividends while maintaining a healthy financial condition.

The Company has accordingly decided to pay a year-end dividend of ¥3.00 per share for the fiscal year under review, in light of performance and other factors.

Also, a year-end dividend of ¥3.00 per share is planned for the fiscal year ending March 31, 2015.

2. The Daikyo Group

As of March 31, 2014, the Daikyo Group consists of DAIKYO INCORPORATED and its 19 subsidiaries (16 in Japan, 3 overseas). The Group engages in business involving both products and services in the business segments of real estate development and sales, real estate management, and real estate brokerage.

The following section highlights each of the three segments and describes how business of the Group's primary affiliates fits into the overall operating framework.

The business segments listed here are referred to later in this document.

Real Estate Development and Sales

DAIKYO INCORPORATED engages in condominium development and sales, as well as business incidental to such operations.

Anabuki Construction Inc. engages in overall construction work design and execution, and condominium planning, construction, and sales.

Anabuki Engineering Inc. engages in planning, design, and supervision of building and civil engineering projects.

Real Estate Management

DAIKYO ASTAGE INCORPORATED engages in business that includes condominium management, planned repair and maintenance work, and condominium resident services.

Anabuki Community Inc. engages in business that includes condominium management, planned repair and maintenance work, and condominium resident services.

GRAND AMENITY LTD. engages in condominium management, as well as building & lease management services.

DAIKYO LIFE INCORPORATED engages in condominium management contracting services and other such business.

Anabuki Construction Inc. engages in general contracting, modifications, and repairs.

DAIKYO L-DESIGN INCORPORATED engages in business that includes renovation work and condominium resident services.

ORIX Facilities Corporation engages in business that includes building management services with a focus on office buildings and commercial facilities, and also engages in installation of equipment and fixtures on new construction and demolition work.

APEX WAKO Co., Ltd. focuses mainly on electrical equipment work, and also engages in instrumentation work, air conditioning & plumbing work, and other such operations.

Real estate brokerage

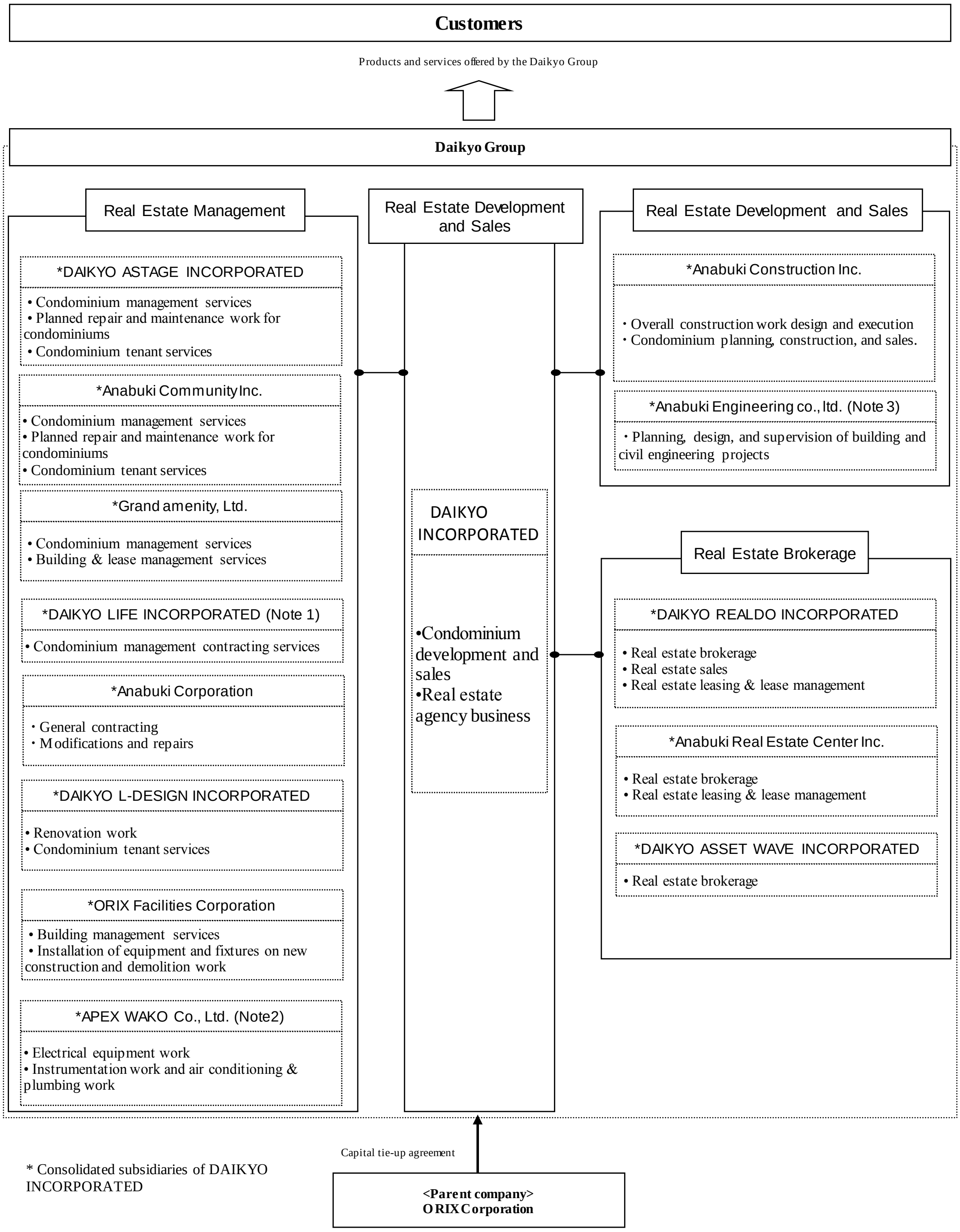
DAIKYO REALDO INCORPORATED engages in brokerage services for condominiums and other real estate, existing real estate sales as well as lease & leasing management.

Anabuki Real Estate Center Inc. engages in real estate brokerage and real estate rental and management services.

DAIKYO ASSET WAVE INCORPORATED engages in business that includes brokerage services for commercial properties and other real estate.

The diagram on the following page illustrates the Daikyo Group business portfolio, as described above.

Daikyo Group Business Portfolio



Notes:

1. DAIKYO LIFE INCORPORATED was absorbed by DAIKYO ASTAGE INCORPORATED on April 1, 2014 through an absorption-type merger.
2. APEX WAKO Co., Ltd. absorbed ORIX Engineering Corporation April 1, 2014 through an absorption-type merger, and the company name was changed to ORIX Engineering Corporation.
3. Anabuki Engineering Inc. was absorbed by Anabuki Construction Inc. on April 1, 2014 through an absorption-type merger.

3. Management Policy

(1) Basic policy for company management

The Daikyo Group remains committed to maximizing corporate value, to which end our management practices embody the four tenets of the Group's Basic Management Policy, laid out below, while taking steps to achieve the Daikyo Group Vision pursued on the basis of our Management Philosophy, which calls on us to leverage the collective strengths of the Group toward creating 'harmonious living environments' through housing products and services that satisfy the needs of all age groups and lifestyles.

Group Vision

The Daikyo Group will engage in business involving innovative real estate services that are built around residential lifestyles geared to customer preferences.

Basic Management Policy

- Customer-oriented, value-centered management
  Engage in management practices that deliver customer value by placing high priority on customer satisfaction and promoting greater collaboration among Group companies.
- Profitability
  Maximize corporate value by developing strategic foresight and generating consistent earnings.
- Compliance
  Remain a company that contributes to society, whereby each and every employee acts with integrity and righteousness, and is cognizant of our corporate social responsibility.
- Communication
  Pursue sustained growth of the entire Group by focusing on better communication and working to combine and develop knowledge among Group companies, between divisions and across organizational hierarchies.

(2) Performance Indicators

We have set a managerial objective calling for 10% or better return on equity (ROE). The Company uses ROE as an overall benchmark of profitability and asset efficiency.

(3) Mid-term business strategy and issues to address

In terms of the future economic outlook, while there are some concerns towards the impact of downturn risks including geopolitical risks in Ukraine, the prolongation of the debt crisis in Europe, and the slowdown in the Chinese economy and other emerging economies, moderate growth of the overall global economy driven by the strong growth of the US economy is expected.

Meanwhile in Japan's economy, factors such as the decision to hold the 2020 Olympics in Tokyo and the deregulation of national strategic areas in the government's growth strategy served to stimulate economic growth, and a sustained gentle recovery trend is also expected going forward. On the other hand, within the business environment the Group operates in, increases in labor costs and the prices for materials required for condominium construction and land prices are beginning to spread nationwide and customer purchase inclinations are being affected by price increases and gradual increases in consumption taxes and social insurance fees. It will be necessary to keep a watch on how these uncertainties affect the Group's business. Furthermore, the values and needs of customers continue to become more diverse and sophisticated as a result of changes in social structures and the economic environment, the development of new technologies such as those in the fields of environment and energy, and a growing awareness towards costs and other factors.

Amid this business environment, the Daikyo Group continues to pursue innovation in existing ventures while also taking on challenges in new areas of business both in Japan and abroad, and furthermore aims to capitalize on Group-wide opportunities in newly emerging real estate services that are built around residential lifestyles specifically geared to customer preferences as it provides products and services that are of value for customers.

1 Daikyo's "flow business"

Real estate development and sales

The business environment in the real estate development and sales segment has gotten even more severe as a result of factors such as rising land prices and increases in labor costs and the prices for materials required for condominium construction.

Within this environment, the Group will fully leverage the resources and networks within the Group including the know-how, functions, and systems of Daikyo and Anabuki Construction. as it works to develop and provide valuable products that keep customers very satisfied and aims to thoroughly instill awareness of profits and secure reasonable profits in all processes, including purchases, construction, and sales.

In addition, going forward it will be necessary to develop businesses secondary to the new condominium business in order to respond to the values and needs of customers as they become more diverse and sophisticated. For that reason, the Company will aim for further growth in the housing business under its *Alion Terrace* housing brand that features the Company's product planning and proposal capabilities that have been developed as a condominium developer and also actively pursue new business domains such as the serviced housing for senior citizens business.

2 Daikyo's "stock business"

Real estate management

In the real estate management business, corporate and organization restructuring was implemented within the business unit during April 2014 in an effort to attain the optimal allocation and effective use of personnel within the Group in an aim to achieve both earnings growth and improved customer satisfaction. The Company will aim for further growth in this business by further developing the quality and specialization of the services provided and by working to differentiate the Group from its competitors.

In the condominium management business, as the number one company in the industry for the number of condominium units managed, the Company reviews the daily contact points with customers living in the condominiums the Group manages and condominium management associations, improves the provision speed and quality of existing services, and works to improve capabilities for providing new services as the Company provides valuable services that keep customers very satisfied. In addition, the Group will continue to work towards improving its presence in the outside the Group in the condominium management market in order to increase the number of condominium units managed.

Although there is little room for optimism in the building management business as a result of factors including intensifying competition with competitors and increasing cost awareness among customers, the Company will aim for growth and expansion by working to increase orders received in specialist fields such as operations and maintenance work for solar power generation equipment and medical facilities management and actively expanding into new business domains.

In the area of contract work, the Company aims to establish its position as a specialist for condominium common areas, buildings, facilities, and remodeling in an effort to acquire steady work orders starting from Group-managed properties. In addition, through the development of new services and technologies, the Group aims to improve its ability to compete with competitors and receive more work orders from the open market outside the Group.

Real estate brokerage
Underpinned by the positive market environment and the results of operations reforms implemented up until now, business has steadily expanded in the real estate brokerage business and growth can be anticipated in this field over the medium to long term. By developing and expanding the office network in order to further accelerate the pace of growth in the future and working to improve share and recognition in areas where offices have been opened, the Company aims to further increase the number of brokerage transactions handled and the number of units sold under the renovated condominium brand *Reno α*. In addition, the Company aims to improve customer satisfaction and differentiation from competitors by improving facilities guarantees and other forms of after-service for properties purchased by customers.

In the lease management business, the Company aims to improve quality in terms of both existing services and operations and increase its presence in order to increase leasing management volume. At the same time, the Company will establish systems allowing it to provide services for all aspects of real estate, not limited to leasing management services.