

**In addition to steady progress in segments,  
the first transfer of business investments was completed,  
assuring a high possibility to achieve full-year forecast**

DAIKYO INCORPORATED (the “Company”) announces financial results for the third quarter ended December 31, 2017. For more details, please refer to Consolidated Financial Results for the Third Quarter Ended December 31, 2017, and the Fact Sheets.

### ■ Consolidated Statements of Operations

Nine months ended December 31	2016	2017	Change	(Millions of yen)
				Forecast 2017
Net sales	228,099	209,013	Δ 19,085	340,000
Operating income	12,639	5,447	Δ 7,191	19,000
Ordinary income	12,309	5,186	Δ 7,122	18,000
Profit attributable to owners of parent	8,290	3,254	Δ 5,036	12,000

### Consolidated Financial Results Summary

During the nine months ended December 31, 2017, net sales decreased ¥19,085 million, or 8.4% year on year, to ¥209,013 million, operating income decreased ¥7,191 million, or 56.9%, to ¥5,447 million, ordinary income decreased ¥7,122 million, or 57.9%, to ¥5,186 million, and profit attributable to owners of parent decreased ¥5,036 million, or 60.7%, to ¥3,254 million.

This was because, as shown in Graph 1, in new condominium sales, which are posted as sales when they are transferred, the number of completed condominiums was down significantly over the same period in the previous year, and a majority, or 57%, of condominiums are to be completed in the fourth quarter. **Despite that, the progress in achieving the full-year sales forecast of 2,400 new condominiums has been steady at 88%(\*1).** **In addition, progress in achieving the full-year forecast of ¥39,500 million in sales for large-scale condominium repair and maintenance work was 93%(\*2).**

**As such, the segments are making steady progress as expected.**

**In the business investment segment of our medium-term management plan, the transfer of Orix Electric Power Corporation was completed as our first project.**

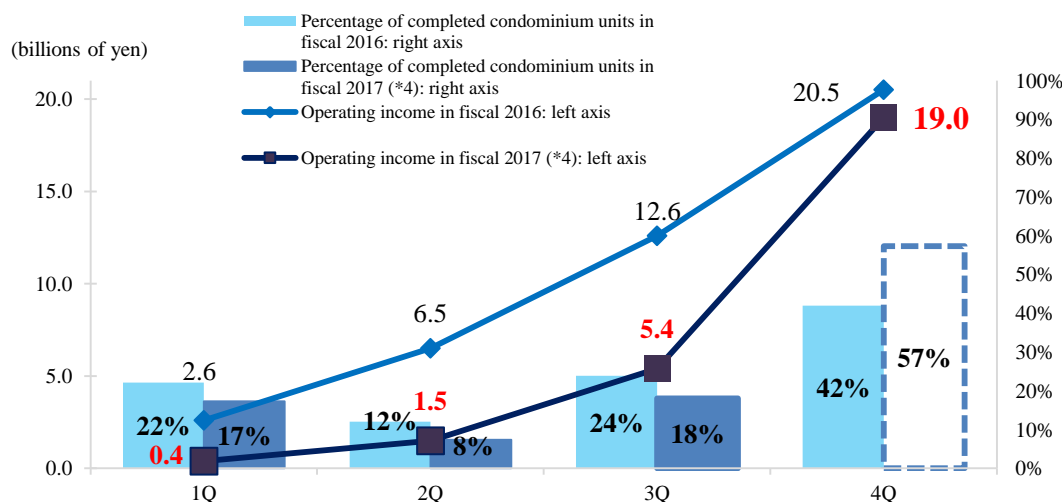
**For the above reasons, we are increasingly confident that the full-year forecasts will be achieved.**

(\*1) The ratio of [condominiums delivered during the fiscal year + total number of condominiums under contract and slated for deliver in the current fiscal year but not yet delivered] to the number of condominiums planned for sale in the full fiscal year.

(\*2) The ratio of [completed construction projects under contract recorded during the fiscal year + total number of completed construction projects under contract and slated for recording in the current fiscal year] to the sales forecasts for the full fiscal year.

### (Graph 1) Percentage of completed new condominium units in each quarter in fiscal 2016 and fiscal 2017(\*3)

(\*3) The percentage of completed new condominium units in fiscal 2017 is calculated based on the first day of residence.



(\*4) Figures for the percentage of completed condominiums in fiscal 2017 are the actual number for 1Q, 2Q and 3Q, and estimates for 4Q.

Figures for operating income in fiscal 2017 are the actual number for 1Q, 2Q, and 3Q, and full year forecasts for 4Q.

## ■ Results by Segment

### Real Estate Management

Nine months ended December 31	Net sales			Operating income			(Millions of yen)
	2016	2017	Year-on-year	2016	2017	Year-on-year	
		<b>115,064</b>	<b>118,866</b>	<b>3,802</b>	<b>6,775</b>	<b>6,535</b>	<b>Δ 240</b>

#### Segment Summary

• Net sales increased ¥3,802 million year on year due to increases of ¥2,324 million in condominium repair and maintenance work sales, ¥752 million in condominium management sales, and ¥747 million in building and facility management sales.

• Operating income decreased ¥240 million due to increase in labor costs aimed at reinforcement of personnel for business expansions.

• **Condominium management sales remained stable, and the resulting repair and maintenance work and other revenue increased steadily. As a result, net sales per unit for condominium under management(\*5) rose 4.9% to about 150,000 yen (refer to Graph 2).**

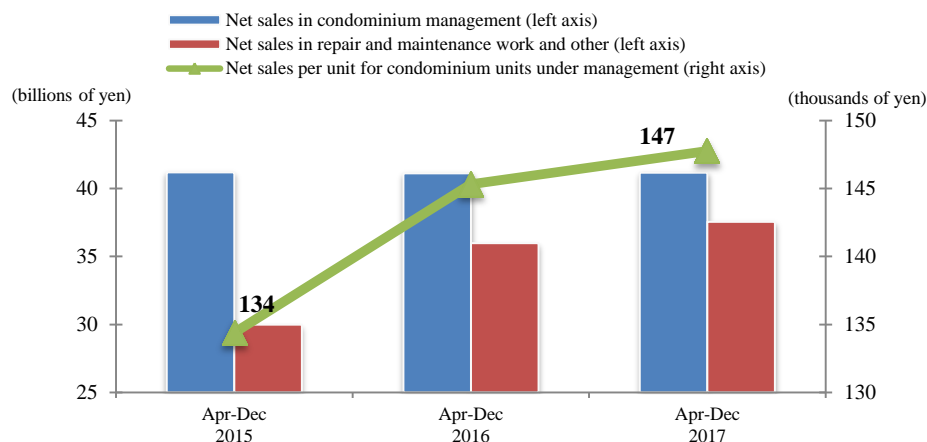
• **Progress in achieving the full-year forecast in sales of ¥39,500 million for large-scale condominium repair and maintenance work(\*6) at the end of the third quarter rose 46 points from 47% at the end of the previous fiscal year to 93% (refer to Graph 3)**

(\*5) Average for the three quarters from the third quarter in fiscal 2015 to the third quarter in fiscal 2017.

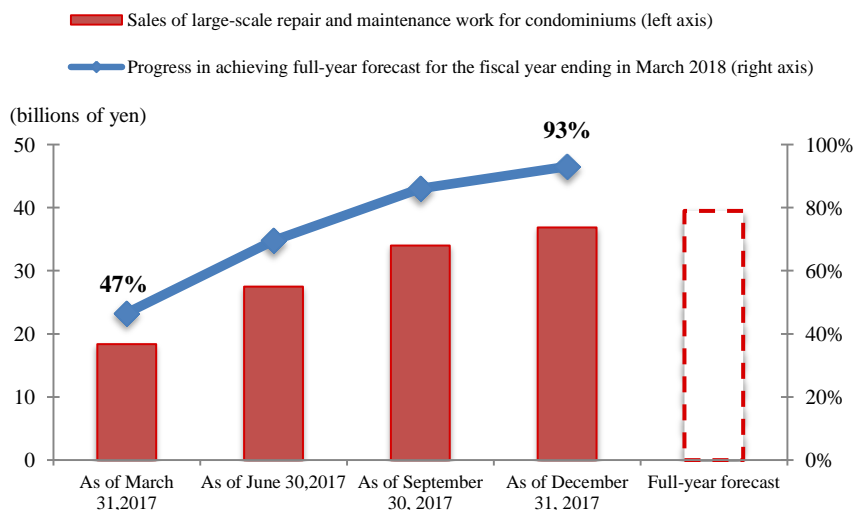
(\*6) The ratio of [completed construction projects under contract recorded during the fiscal year + total number of completed construction projects under contract and slated for recording in the current fiscal year] to the sales forecast for the full fiscal year.

#### (Graph 2) Fluctuations in net sales in condominium management, net sales in repair and maintenance work and other, and net sales per unit for the number of condominium units under management in the past three fiscal periods.(\*7)

(\*7) Condominium repair and maintenance work income is the total of sales for contract work in the condominium management business and sales in the internal market for large-scale repair and maintenance work in the condominium repair and maintenance business. Other income refers to other sales in the condominium management business.



#### (Graph 3) Sales of large-scale repair and maintenance work for condominiums and progress in achieving full-year forecast for the fiscal year ending in March 2018



## Real Estate Brokerage

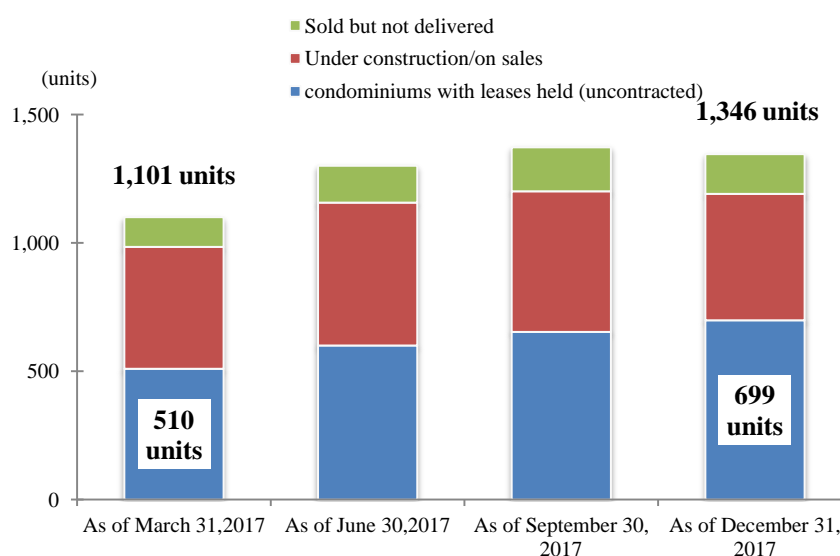
Nine months ended December 31	Net sales			Operating income		
	2016	2017	Year-on-year	2016	2017	Year-on-year
	<b>44,575</b>	<b>44,285</b>	<b>Δ 290</b>	<b>2,027</b>	<b>1,854</b>	<b>Δ 173</b>

(Millions of yen)

### Segment Summary

- While net sales in existing real estate sales increased ¥803 million, interior goods sales and other sales fell ¥982 million year on year. As a result, net sales decreased ¥290 million, and operating income decreased ¥173 million year on year.
- The number of brokerage offices was 74 as of the end of the third quarter (compared with 70 offices as of the end of the previous fiscal year).
- **The number of retained units for renovated condominiums stood at 1,346 units at the end of the third quarter (compared with 1,101 units at the end of the previous fiscal year). (refer to Graph 4)**
- **Of these, the number of condominiums with leases held (uncontracted) increased from 510 at the end of the previous year to 699, and the surface yield has remained at 7-8%.**

**(Graph 4) The number of reserve units for renovated condominiums for the fiscal year ending in March 2018**



## Real Estate Development and Sales

Nine months ended December 31	Net sales			Operating income			(Millions of yen)
	2016	2017	Year-on-year	2016	2017	Year-on-year	
	<b>71,953</b>	<b>50,556</b>	<b>Δ 21,396</b>	<b>5,609</b>	<b>Δ 551</b>	<b>Δ 6,160</b>	

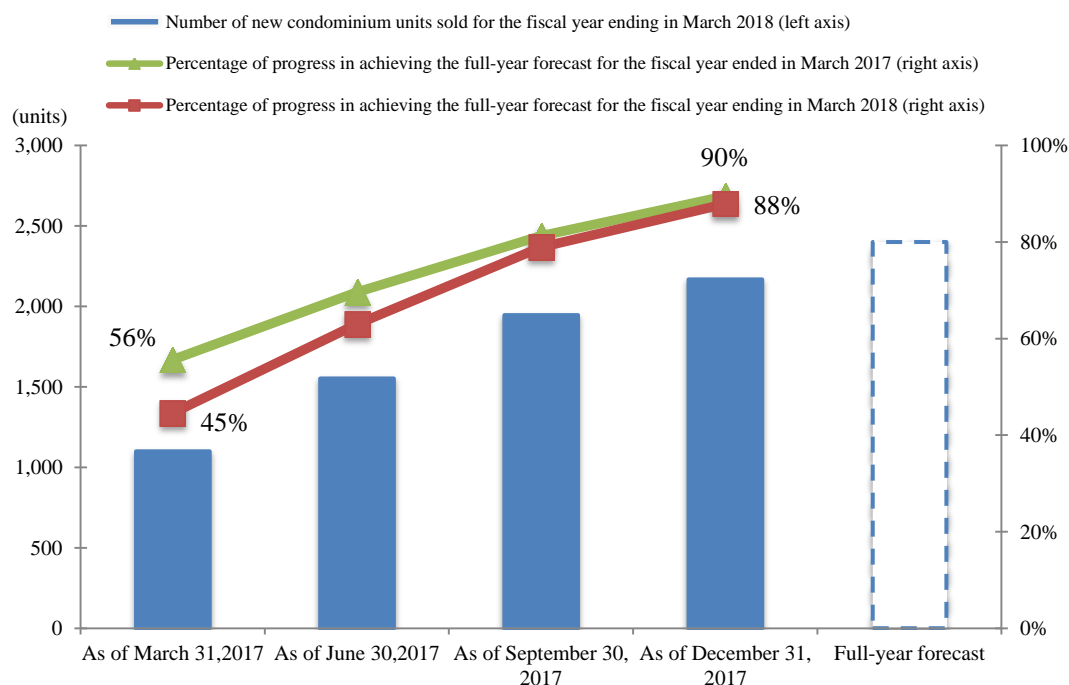
### Segment Summary

- Only 963 completed condominium units were planned in the third quarter, as opposed to 1,510 units in the previous fiscal year. As a result, the number of condominiums units sold decreased by 624 units over the previous fiscal year to 1,096 units. Real estate sales decreased 23,571 million to ¥44,542 million.
- The condominium gross profit margin(\*8) was 25.7%, securing the full-year forecast of over 24%.
- As a result, net sales decreased ¥21,396 million year on year, and operating income decreased ¥6,160 million.
- Progress in achieving the full-year forecast for new condominiums(\*9) of 2,400 units was 88% as of the end of the third quarter (compared with 45% as of the end of the previous fiscal year) as a result of an increase of sold units of condominiums 221 units to 1,770 units, and steady progress was made to achieve the full-year forecast. (refer to Graph 5)
- The number of completed but unsold condominiums units was 260 units as of the end of the third quarter (compared with 294 units as of the end of the previous fiscal year).

(\*8) This refers to the profit remaining when deducting the direct cost of sales related to condominium sales from condominium sales, then divided by condominium sales.

(\*9) The ratio of [condominiums transferred during the fiscal year + total number of condominiums under contract and slated for deliver in the current fiscal year but not yet delivered] to the number of condominiums planned for sale in the full fiscal year.

**(Graph 5) Number of new condominium units sold for the fiscal year ending in March 2018 and percentage of progress in achieving the full-year forecast for the fiscal year ended in March 2017 and the fiscal year ending in March 2018**



### ■ Regarding consolidated performance forecast

There are no changes in the full-year performance forecast released in May 2017.