



PROPERTY  
AGENT

FY2019 2Q

# FINANCIAL RESULTS OVERVIEW

---

# Summary

---



Sales 13.4 billion yen, Operating income 1.57 billion yen, Ordinary income 1.43 billion yen  
Declining profits were expected initially but the forecast was revised upward, predicting our 17th consecutive period of profit growth

---



Investment condominium sales increased 200% over the previous period with the purchase and resale of pre-owned investment condominium

---



Delivery of the planned Urban S-type apartments for the year completed

---



Successfully reduced man-hours in the DX project  
Pioneered the industry in introducing “digital contracts for real estate sales”  
Participated in the pilot program using “IT for explanation of important matters”

# PL ①

(million yen)

	FY2018 Q2	FY2019 Q2	Vs Previous Year	% Change
<b>Sales</b>	5,504	13,401	7,897	143.5% ①
Cost of Goods Sold	4,331	10,627	6,295	145.3%
<b>Gross Profit</b>	1,173	2,774	1,601	136.6%
SG&A	1,127	1,204	76	6.8%
<b>Operating Income</b>	45	1,570	1,525	3385.7%
Non-operating Profit and Loss	-131	-139	-7	5.8%
<b>Ordinary Income</b>	-86	1,431	1,518	-
Extraordinary Gain or Loss	-4	-	4	-
<b>Pre-tax Profit</b>	-91	1,431	1,522	-
Income Tax	-7	499	506	-
<b>Net Income</b>	-83	931	1,015	-
Gross Profit Margin	21.3%	20.7%	-0.6%	
Operating Income Margin	0.8%	11.7%	10.9%	
Ordinary Income Margin	-1.6%	10.7%	12.3%	
Net Income Margin	-1.5%	7.0%	8.5%	
EPS (Yen)	-12.38	131.22	143.60	
ROE (%)	-2.1%	16.7%	18.8%	
ROA (%)	-0.4%	4.2%	4.7%	

	FY2018 Q2	FY2019 Q2
For investment (Cracia,etc.)	79 units 2,682 million yen	237 units 6,137 million yen
Residential (V Cracia)	41 units 1,458 million yen	50 units 1,857 million yen
Apartment (S Cracia)	-	7 buildings 1,478 million yen
Others	57 units 1,031 million yen	49 units 3,598 million yen



Compared to the previous period, increased number of completed properties & increased sales due to the purchase and resale of pre-owned units



Approximately 30% of 237 investment properties were purchased and resold as pre-owned units, **greatly contributing to profits**



**Unit sale prices UP** due to strategy focusing on property development in city centers and steady rent growth



Planned Urban S-type apartments for the year **delivery completed**

# PL ②

(million yen)

	FY2018 Q2	FY2019 Q2	Vs Previous Year	% Change
<b>Sales</b>	5,504	13,401	7,897	143.5%
Cost of Goods Sold	4,331	10,627	6,295	145.3%
<b>Gross Profit</b>	1,173	2,774	1,601	136.6%
SG&A	1,127	1,204	76	6.8%
<b>Operating Income</b>	45	1,570	1,525	3385.7% ②
Non-operating Profit and Loss	-131	-139	-7	5.8%
<b>Ordinary Income</b>	-86	1,431	1,518	-
Extraordinary Gain or Loss	-4	-	4	-
<b>Pre-tax Profit</b>	-91	1,431	1,522	-
Income Tax	-7	499	506	-
<b>Net Income</b>	-83	931	1,015	-
Gross Profit Margin	21.3%	20.7%	-0.6%	
Operating Income Margin	0.8%	11.7%	10.9%	
Ordinary Income Margin	-1.6%	10.7%	12.3%	
Net Income Margin	-1.5%	7.0%	8.5%	
EPS (Yen)	-12.38	131.22	143.60	
ROE (%)	-2.1%	16.7%	18.8%	
ROA (%)	-0.4%	4.2%	4.7%	

## Significant increase in operating income



Increase in the number of investment condominiums sold



Cost reduction with the DX Project



Increased stock profit due to a steady increase in the number of managed units and improved cost efficiency within the property management business

# BS

(million yen)

	FY2019	FY2020 Q2	Vs Previous Year	% Change
Cash and Deposits	3,847	5,505 ①	1,658	43.1%
Real Estate for Sale	5,634	1,943 ②	-3,690	-65.5%
Real Estate Sale In-process	12,518	12,885	367	2.9%
Other	389	437	47	12.3%
<b>Current Assets</b>	<b>22,388</b>	<b>20,771</b>	<b>-1,617</b>	<b>-7.2%</b>
<b>Fixed Assets</b>	<b>445</b>	<b>484</b>	<b>38</b>	<b>8.7%</b>
<b>Total Assets</b>	<b>22,834</b>	<b>21,255</b>	<b>-1,579</b>	<b>-6.9%</b>
Account Payable	1,495	132	-1,363	-91.2%
Short-term Debt	1,966	1,797	-169	-8.6%
Bonds Redeemable within 1 Year	130	130	-	-
Long - term Debt Payable Within 1 Year	4,002	5,469	1,466	36.6%
Other	1,105	1,218	113	10.2%
<b>Current Liabilities</b>	<b>8,699</b>	<b>8,747</b>	<b>47</b>	<b>0.5%</b>
Bonds	15	-	-15	-100.0%
Long-term Debt	8,907	6,451	-2,456	-27.6%
Other	47	47	-	-0.4%
<b>Fixed Liabilities</b>	<b>8,970</b>	<b>6,498</b>	<b>-2,471</b>	<b>-27.6%</b>
<b>Total Liabilities</b>	<b>17,669</b>	<b>15,246</b>	<b>-2,423</b>	<b>-13.7%</b>
<b>Net Assets</b>	<b>5,164</b>	<b>6,009 ①</b>	<b>844</b>	<b>16.4%</b>
<b>Total Liabilities / Net Assets</b>	<b>22,834</b>	<b>21,255</b>	<b>-1,579</b>	<b>-6.9%</b>
Current Ratio	257.4%	237.5%	-19.9%	
Capital Adequacy Ratio	22.6%	28.2%	5.6%	

① The environment for procuring indirect financing did not deteriorate as much as predicted, and cash deposit level remained **higher than expected**

② **Reduced inventory** in accordance with the “Conservative business growth” policy  
⇒Achieved by controlling the number of units developed for sale in this period, as well as for sale from the next period onward

③ Over 6 billion yen  
**Steady increase of net assets**



# Forecast for FY2020 Revised Upward

(million yen)

	Forecast for Current Period	Current Forecast	Amount Increase	Percent Change
Sales	22,000	23,500	+1,500	+7%
Operating Income	1,360	1,800	+440	+32%
Ordinary Income	1,000	1,450	+450	+45%
Net Income	630	945	+315	+50%

Since last year, the lending attitudes of financial institutions and the environment of the real estate industry have been unclear  
⇒Initial earnings forecast calculated conservatively

However...

The **locations** and **product types** we work in, as well as our **clients' attributes** were **not significantly impacted** by the financial institutions, and are currently performing **favorably**

As a result of efforts to improve productivity by focusing on shrinking the balance sheet and reducing costs, the financial results forecast for FY 2020 has been **revised upward**



# Guidelines for the Future



PROPERTY  
AGENT





# Guidelines for the Future

---

- ✔ Move from a “Conservative business growth” policy to a **“Steady business growth aiming for the top”** policy
- ✔ **Focus on new business opportunities** such as real estate crowdfunding
- ✔ In order to acquire an overwhelming number of members for real estate crowdfunding, begin reviewing **collaborating with Credit Saison’s “Indefinitely Point Program,”** which boasts one of the highest membership numbers in Japan
- ✔ Actively promote the use of IT to improve customer convenience





PROPERTY  
AGENT