Qualitative Information for 1H Fiscal Year Ending December 31, 2016

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1. Qualitative Information for this Fiscal Quarter

(1) Analysis of Business Performance

For this second fiscal quarter, corporate results and employment showed some improvement, thanks to the government's economic policies and the BOJ's monetary policies. This was despite uncertainties caused by a slowing of China's economy as well as lower crude oil prices and the decision of the UK to leave then European Union.

The real estate industry also remained firm on the back of monetary easing, a lull in materials prices, as well as continued strong investor sentiment. However, concerns continued to linger due to greater personnel expenses.

Amidst this environment, the Company's Group as a whole strove to strengthen the quality of its sales and technical capabilities, as well as improve its corporate value by linkages between its flow business (sales of apartment, sales of condominium and general contractor business), and its stock business (leasing / property management, finance and guarantee, long-term care and LP gas supply).

As a result of the above, consolidated business results for the Group's 1H FY 12/2016 saw net sales of ¥36,427 million (up by 26.3% YoY), operating income of ¥5,171 million (up by 32.5% YoY), ordinary income of ¥4,627 million (up by 19.6% YoY), and profit attributable to owners of parent of ¥3,029 million (up by 15.3% YoY).

In addition, as is normally seen, the Group's net sales surge toward the early spring season due to a concentration of deals, so the results reflect a seasonal variation in each quarter.

Performance within each segment is as follows:

① Sales of Apartment Business
Sales of apartment business made proposals on apartment management for salaried workers and civil servants. The Group worked for planned deliveries of apartments and to secure land for new apartments.

As a result, segment sales stood at ¥16,845 million (up by 37.8% YoY), with profit for the segment recorded at ¥1,656 million (up by 6.8% YoY).

② Sales of Condominium Business
Deliveries of condominiums continued to be strong on the back of proposals to individual investors. In addition, the Group made efforts to obtain prime land in the Tokyo metropolitan area.

As a result, segment sales stood at ¥9,482 million (up by18.2% YoY), with profit for the segment recorded at ¥2,863 million (up by 48.0% YoY).

③ General Contractor Business
The general contractor business continued to make good progress in construction subcontracting on orders from corporations, individuals, and government agencies.

As a result, segment sales stood at ¥5,018 million (up by 9.7% YoY), with profit for the segment recorded at ¥793 million (up by 49.4% YoY).

④ Leasing / Property Management Business
In order to maintain and improve managed property occupancy rates, the Group strove to promote occupancy by advertising and strengthening of the leasing business. The number of units under rental management stood at 20,070 units at the end of 1H, with condominium units under management increasing to 4,457 units, showing steady growth.

As a result, segment sales stood at ¥3,728 million (up by 18.8% YoY), with profit for the segment recorded at

¥460 million (up by 58.6% YoY).

⑤ Finance and Guarantee Business

With an aim to augmenting guarantee plans to increase the number of home lease arrears guarantees and to increase the number of new customers, the Group strove to improve the collection rate and acquire new customers of small amount and short term insurance. The Group also developed a new product in an effort to obtain new customers. With the expectation that elderly residents will increase, the Group introduced a new “solitary death cost restoration insurance” – the first of its kind in Japan. This is a special policy aimed at landlords and management companies.

As a result, segment sales stood at ¥361 million (up by 22.3% YoY), with profit for the segment recorded at ¥135 million (up by 11.0% YoY).

⑥ Long-term Care Business

The Group owns and operates three buildings for housing with services for the elderly and two facilities which provide day services, six group home facilities and one multifunctional small group home facility. With an aim to promote and improve the occupancy rate of each facility, the Group has been working to further enhance the long-term care services.

Also, from 1Q of the current fiscal period, in addition to providing home-visit long-term care services for the elderly, such as services for the elderly in housing run by the Group, the Group is also providing in-home care support services, together with the service provider of outpatient day long-term care business, Apple Care, in Tokyo and Fukuoka, and this has been included in the consolidated results.

As a result, segment sales stood at ¥495 million (up by 202.7% YoY), with profit for the segment recorded at ¥67 million (up by 22.5% YoY).

⑦ Other Businesses

The number of households being supplied with LP gas continued to rise during the fiscal year, and stood at 16,908 households at the end of 1H.

As a result, segment sales stood at ¥495 million (up by 14.7% YoY), with profit for the segment recorded at ¥144 million (up by 60.4% YoY).

(2) Analysis of Consolidated Financial Position

At the end of the consolidated 1H, the balance of cash and cash equivalents (hereinafter referred to as “Cash”) increased by ¥2,850 million, to stand at ¥10,261 million.

The cash flow situation and its reasons are as follows:

(Cash Flow from Operating Activities)

Cash decreased in operating activities was ¥1,105 million (¥3,594 million was increased in the same period of previous year).

The principle reasons for increase were income before income taxes and minority interests of ¥4,665 million and a decrease in accounts receivable - trade of ¥1,225 million. The principle reasons for decrease were increase in inventories of ¥5,847 million, decrease in accounts receivable - trade of ¥1,044 million and income taxes paid of ¥1,683 million.

(Cash Flows from Investing Activities)

Cash decreased in investing activities was ¥199 million (¥1,178 million was decreased in the same period of previous year). The principle reasons for increase were proceeds from sales of property, plant and equipment of ¥204 million. The principle reason for the decrease was the purchase of property, plant and equipment of ¥242 million, and payments into time deposits of ¥142 million.

(Cash Flows from Financing Activities)

Cash increased in financing activities was ¥4,295 million (¥12 million was increased in the same period of previous year). The principle reasons for increase were proceeds from long-term loans payable of ¥9,886 million, net increase in short-term loans payable of ¥1,743 million. The principle reasons for decrease were repayments of long-term loans payable of ¥7,286 million.

(3) Explanation of Forecast Information including Consolidated Earnings

※ Earnings forecast given have been prepared based on information available as of the announcement date. Actual results may differ from the forecasts due to unforeseen factors.

2. Notes

(1) Changes in significant subsidiaries during the quarter consolidated cumulative period

Not applicable.

(2) Application of special accounting practices in preparation of quarterly consolidated financial statements

Not applicable.

(3) Change in accounting policies, accounting estimates and restatement

Not applicable.