

# 4th CLSA Japan Forum 2007



Transforming the Old into the New;  
New Possibilities for Used Condominiums

**INTELLEX Co., Ltd.**  
JASDAQ 8940

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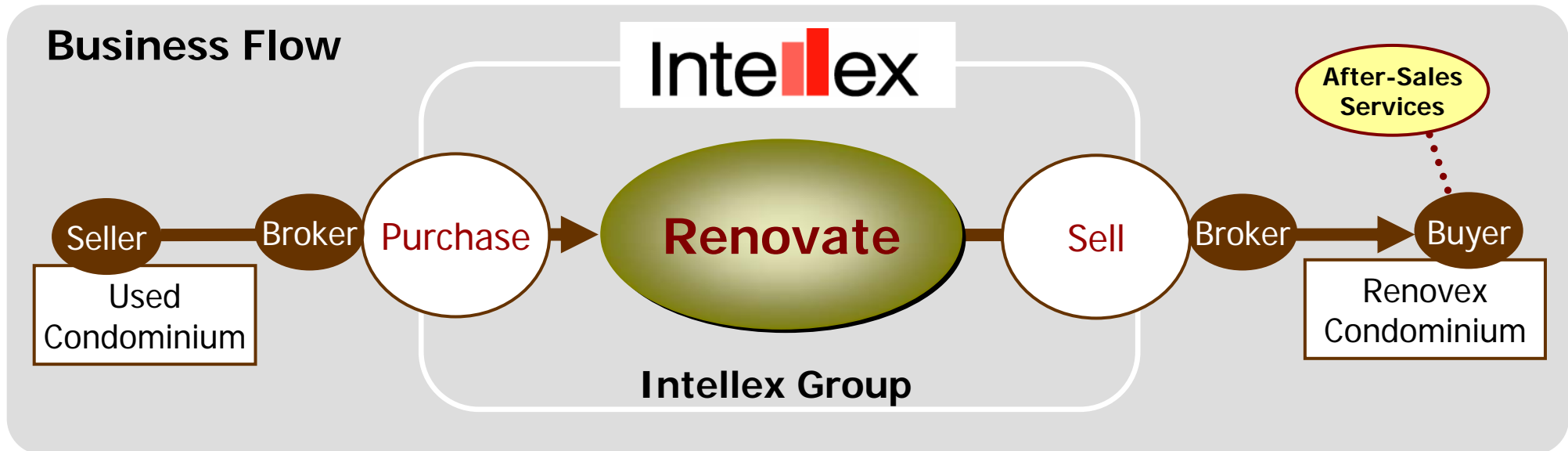
## 1. Business Outline



# 1-1 Intellex Mission



- In the **expanding** used condominium market, Intellex **purchases** properties, **renovates** with high-quality decor, and sell them.
- **Comprehensive after-sales services** (max. 10 years)
- Sell as “Renovex” Condominium Series

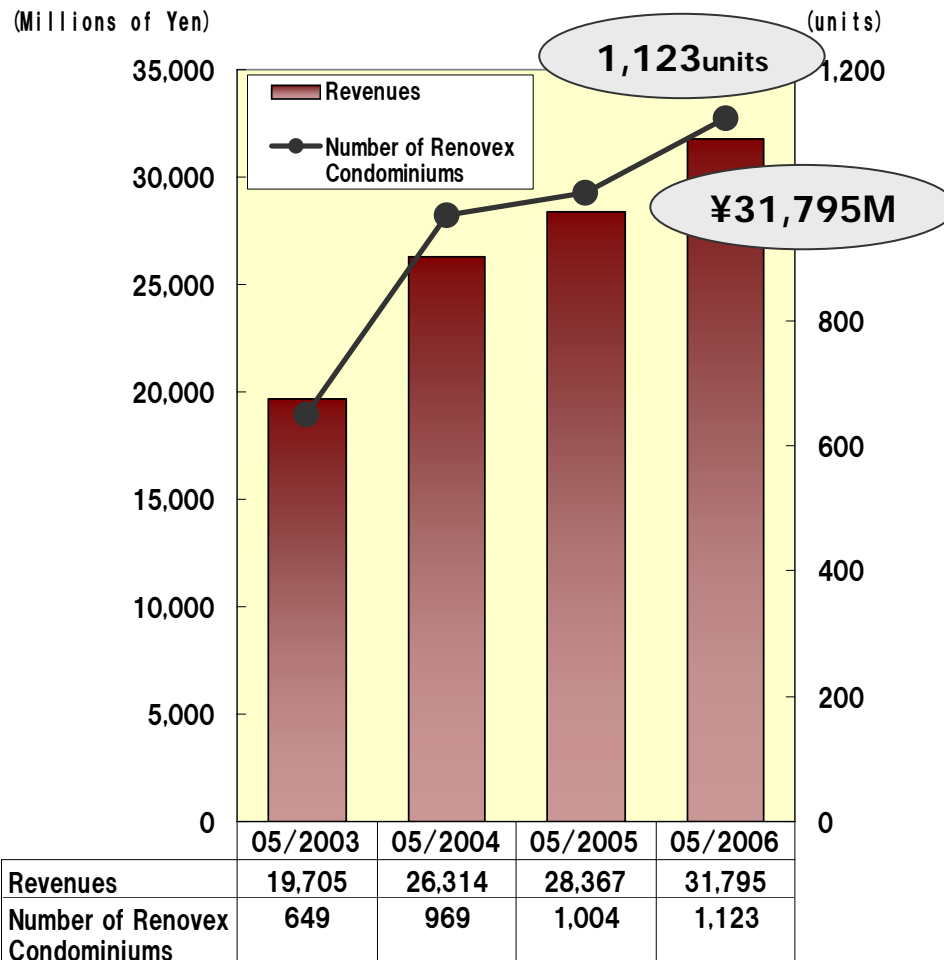


\*“Renovex” is a registered trademark.

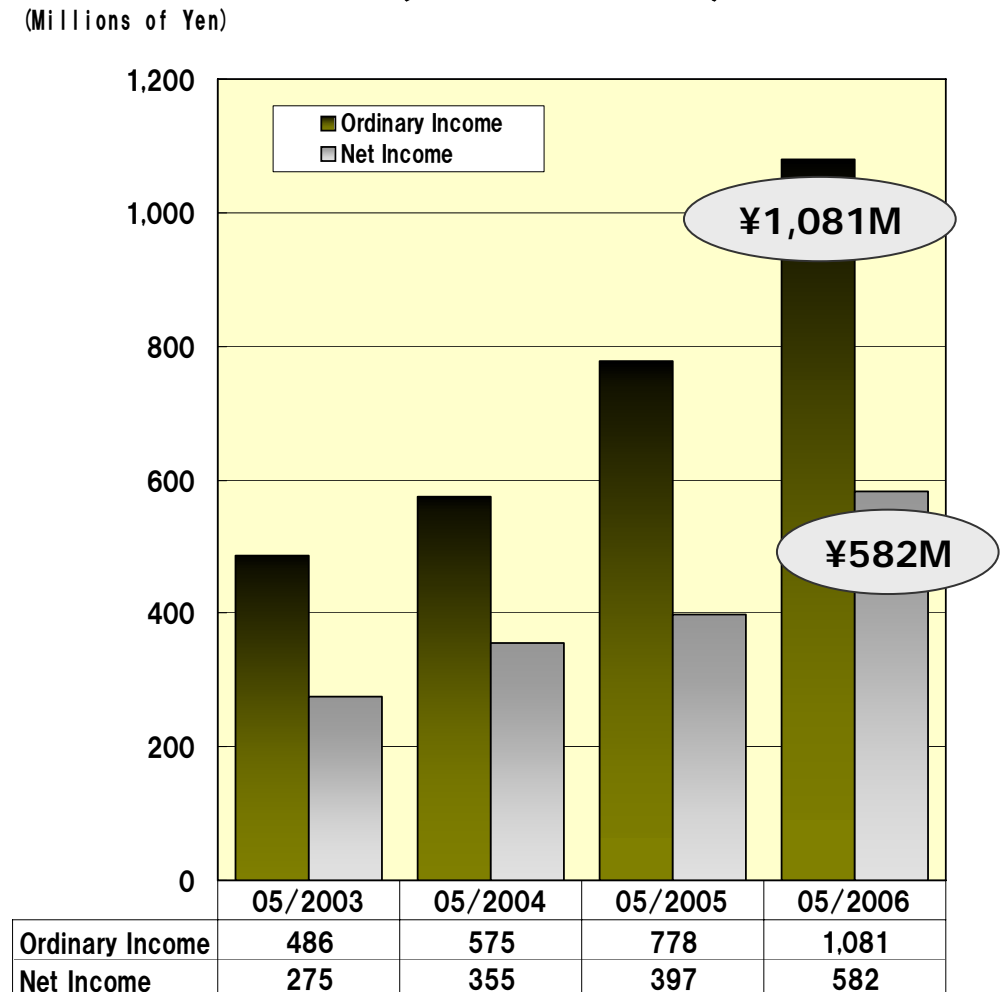
# 1-2 Change of Consolidated Financial Results



## Revenues/Number of Renovex Condominiums (Consolidated)



## Ordinary Income/Net Income (Consolidated)



## 2. Size of Used Condominiums Market and its background



# 2-1 Number of New Condominiums Supplied

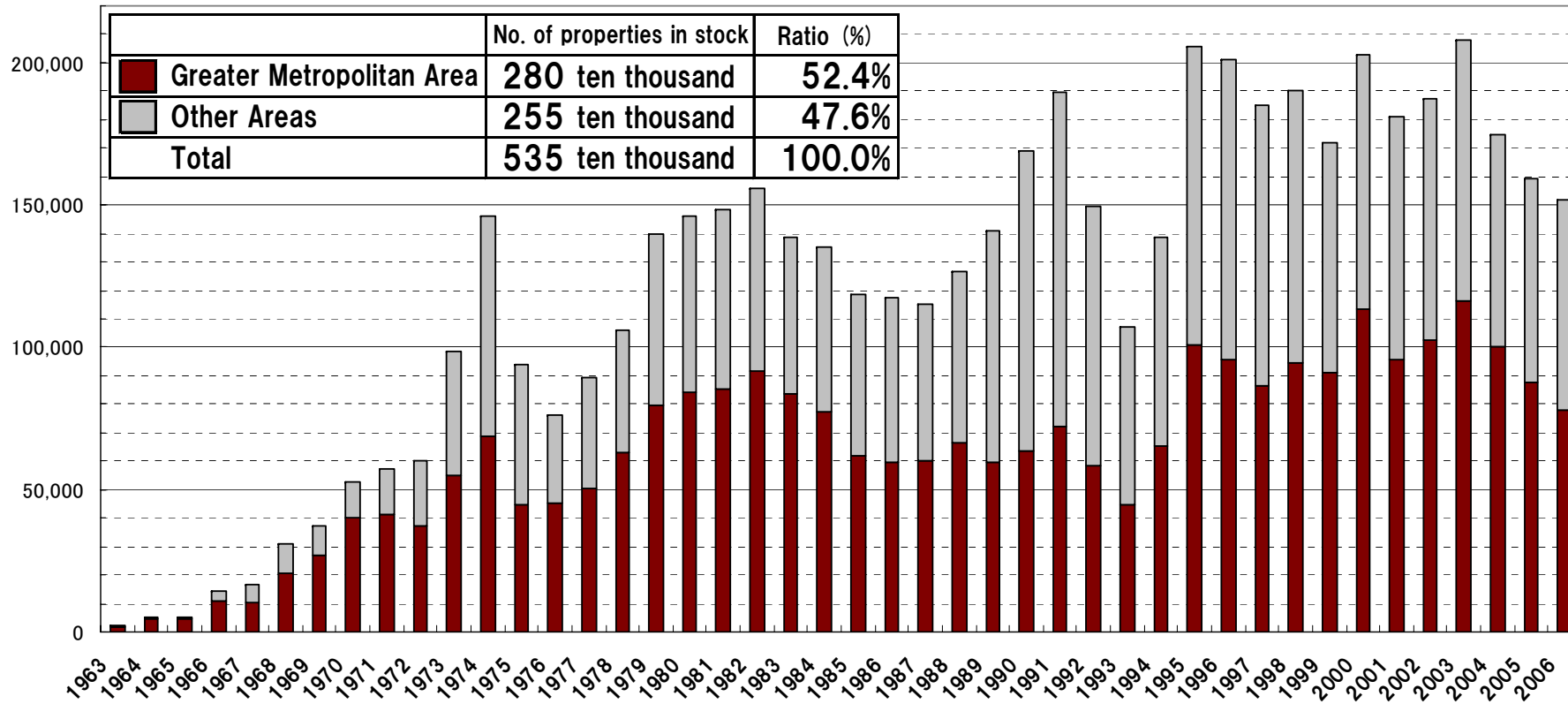


**More than half of condominium units are in Greater Metropolitan Area.**

**Chart 1: Number of condominiums supplied in Japan**

Total number of condominium units supplied in Japan (at the end of 2006)

Created by Intellex Co., Ltd., based on data provided by Tokyo Kantei, Co., Ltd.



Greater Metropolitan Area refers to Tokyo, Kanagawa, Saitama and Chiba

## 2-2 The Stock of Used Condominiums

■ 1,150,000 units of over 20-years-old condominiums are in the Tokyo Metropolitan area.

Chart 2: Used condominiums per year of construction

Created by Intellex Co., Ltd., based on data provided by Tokyo Kantai Co., Ltd.

<b>More than 30 years old</b> (1954-1976)	<b>20- 29 years old</b> (1977-1986)	<b>10-19 years old</b> (1987-1996)	<b>0-9 years old</b> (1997-2006)
Approx. <b>420,000</b> units	Approx. <b>730,000</b> units	Approx. <b>690,000</b> units	Approx. <b>960,000</b> units
Renovations needed (Existing needs)	Renovations needed or necessary depending on their conditions	No renovation needed (Source of future demand)	



## 2-3 Why “Renovex” Condominium Now?



- Selling aged and used condominiums under existing conditions is difficult.

It needs renovation to sell condominiums.

- Issues Among Participants When Selling/Purchasing Aged Condominiums

**Sellers**

“I don’t want to spend too much money for a property which I’ve already decided to sell.”

**Buyers**

“I can’t imagine how much a renovation will cost.”

**Brokers**

“I don’t want to get into trouble after closing the deal because the property is in ‘as is’ condition.”

**“Renovex”  
Condominium  
can solve  
all these issues.**

## 2-4 Outlook for Used Condominiums Market in Japan



### Current:

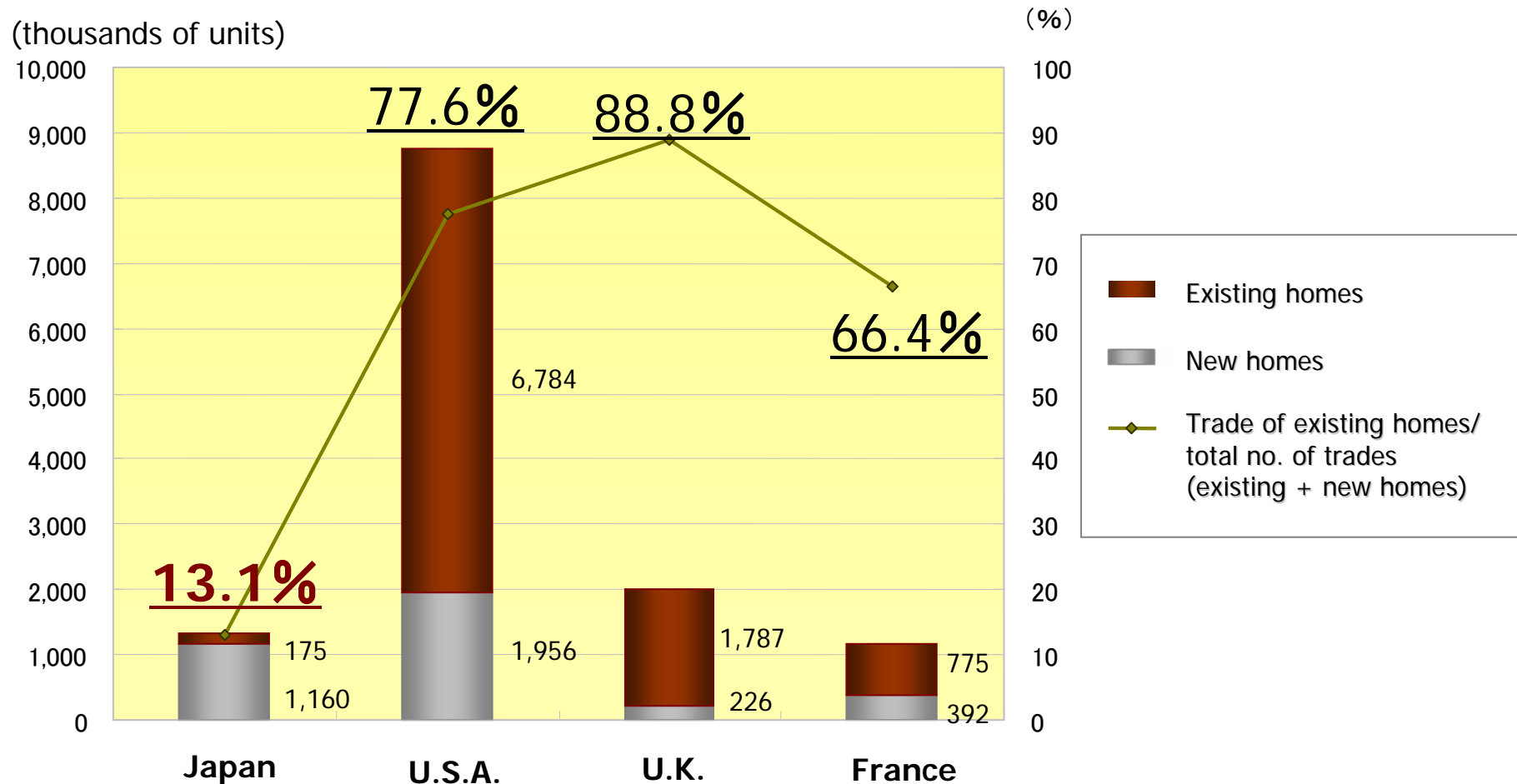
- Continuous large supply of new condominium projects.
- Rebuilding activity, in contrast, remains lackluster.
- Housing stock already exceeds the number of households.
- Massive stock of aged properties (particularly in Tokyo).

### Future:

- Existing housing will become the mainstay of real estate transactions, as in the US and the industrialized nations in Europe.
- The number of properties requiring renovation is rising.

**We are heading into a time of strong demand for "Renovex" condominiums.**

## 2-5 Cross-country Comparison of Used Condominiums Market



(Reference) Japan: Housing Statistics , House/land statistics investigation 2003

U.S.A: American Housing Survey 2003, Statistical Abstract of the U.S.2006

U.K.: Housing Statistics ( <http://www.odpm.gov.uk/> )

France: Annuaire Statistique de la France edition 2004 ( <http://www.equipement.gouv.fr/> )

## 3. Summary of Financial Results



# 3-1 Consolidated Business Performance Forecasts for FY05/2007



(Unit: Millions of yen)

	FY05/2005		FY05/2006			FY05/2007 (Forecast)		
	Amount	Ratio to Net sales (%)	Amount	Ratio to Net sales (%)	YoY Percentage Change	Amount	Ratio to Net sales (%)	YoY Percentage Change
Net sales	28,367	100.0%	31,795	100.0%	+12.1%	37,715	100.0%	+18.6%
Ordinary profit	778	2.7%	1,081	3.4%	+38.9%	1,978	5.2%	+83.0%
Net income	397	1.4%	582	1.8%	+46.4%	1,115	3.0%	+91.6%
Net income per share (¥)	40,063.09	—	10,376.03	—	—	18,900.32	—	—
Average Number of outstanding issues	9,921	—	56,100	—	—	59,018	—	—

\*Net income/share for FY05/2005 is made retroactive adjustment in consideration of increase in number of shares by stock split of 5 for 1

\*Net income/share for FY05/2007 is adjusted in consideration of increase in number of shares by public offering in October, 2006.

- Expect an 18.6% increase in net sales and an 83.0% increase in ordinary profit from the previous period, respectively.
- Improvement in profit margin of properties sales and increase in rental income are contributing to the growth of profit.

## 3-2 Breakdown of Consolidated Business Performance Forecasts for FY05/2007



### Breakdown of Outlook of sales by category

(Unit: Millions of yen)

Category	FY05/2005		FY05/2006			FY05/2007 (Forecast)		
	Amount	Ratio (%)	Amount	Ratio (%)	YoY Percentage Change	Amount	Ratio (%)	YoY Percentage Change
Sales income	28,025	98.8%	31,183	98.1%	+11.3%	36,650	97.2%	+17.5%
Rental income	195	0.7%	425	1.3%	+118.1%	950	2.5%	+123.5%
Other income	147	0.5%	186	0.6%	+27.0%	114	0.3%	△38.7%
Total	28,367	100.0%	31,795	100.0%	+12.1%	37,715	100.0%	+18.6%

### Breakdown of Outlook for sales of Renovex condominiums\*

\* Breakdown of sales of Renovex condominiums which is a composer of properties for sale.

#### 【Net Sales】

¥33,100 mil. ( est.)

(up ¥56,000 mil.  
from the previous period)

#### 【Number of units sold】

1,326 units (est.)

(up 239 units  
from the previous period)

#### 【Average sales price】

¥25 mil. (est.)

(the same with  
the previous period)

## 3-3 Dividend Policy for the Current Period

### ■ Dividend Policy

- To implement aggressive return of profit to shareholders by adopting performance linked dividend.
- To promote dividend policy which focuses on payout ratio.

▶ Mid-term Target of Payout Ratio – 30%

### ■ Forecast of Dividend payment

	FY05/2005	FY05/2006	FY05/2007
Interim term	—	¥400	¥2,000 (Actual)
Term-end	¥400	¥700	¥2,000 (Forecast)
Dividend per share	¥400	¥1,100	¥4,000 (Forecast)
Payout Ratio	6.5%	12.9%	23.3% (Forecast)

\* Dividend per share for FY05/2005 is already reflected the adjustment by stock split (stock splits of 5 for 1)

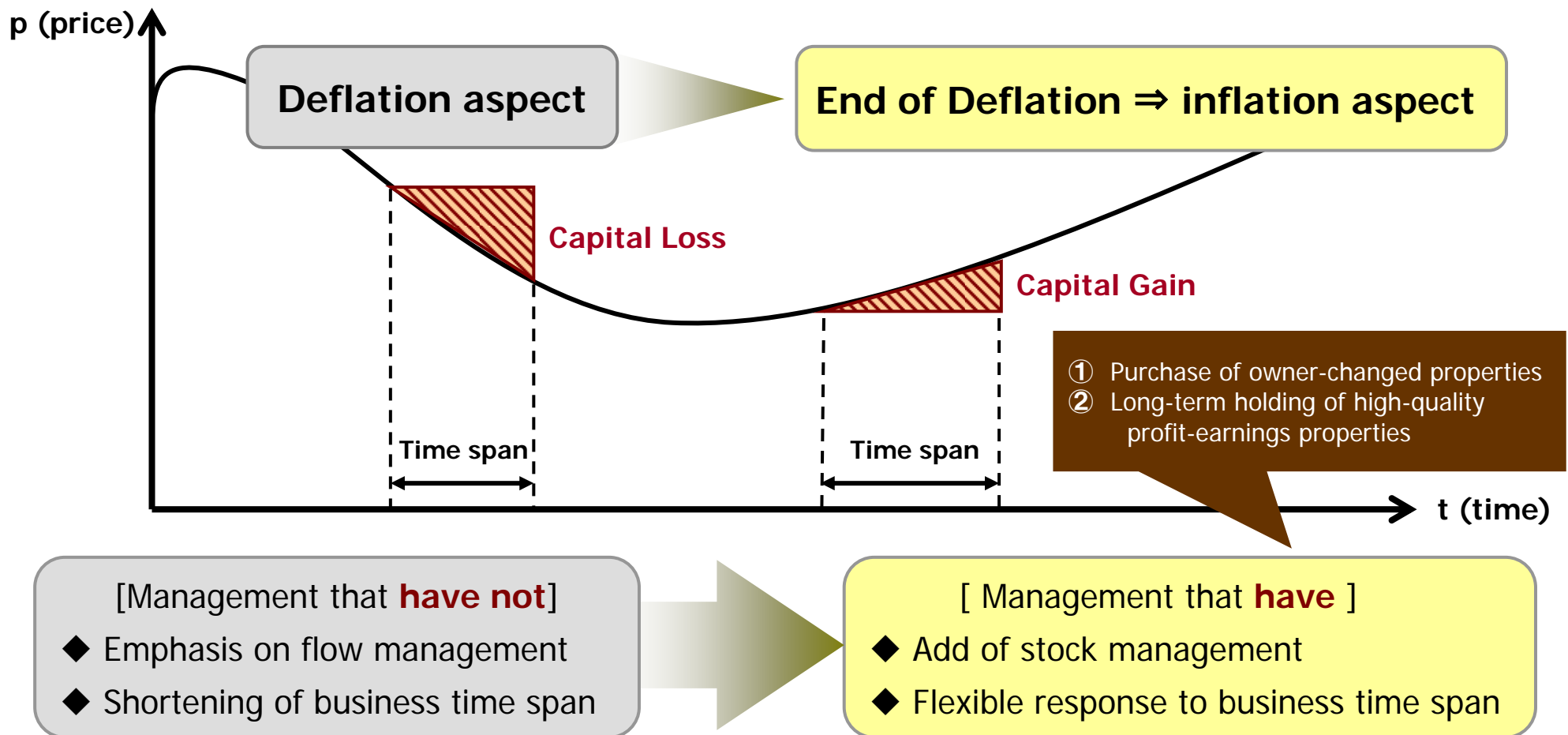
## 4. Priority Challenges for FY05/2007





# 4-1 <Revenue> Development of Business Model for Response to Inflation

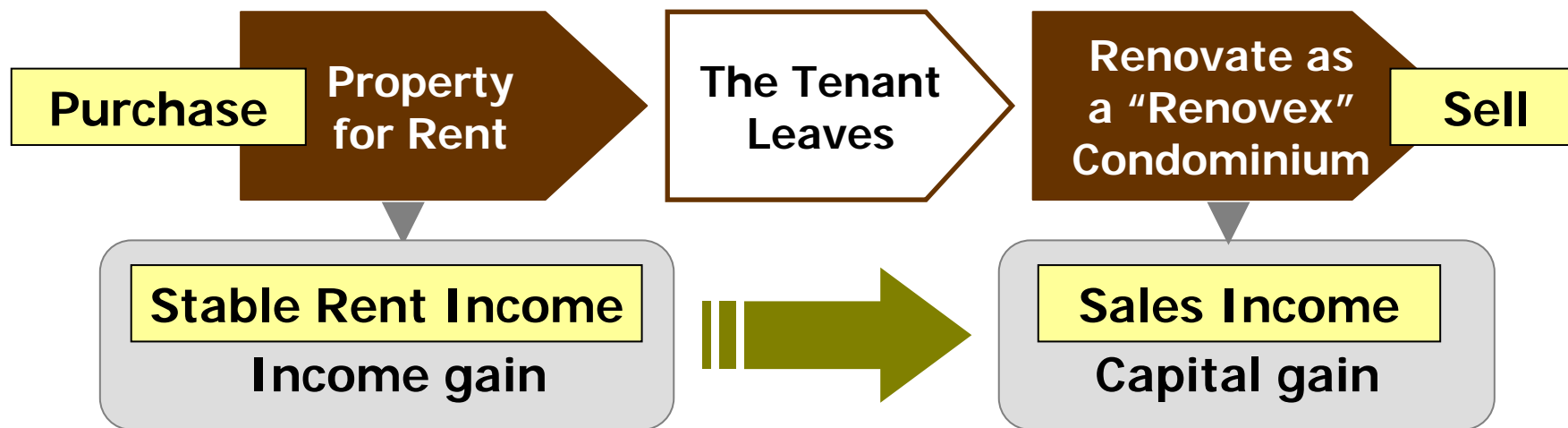
## ■ Promote Business Model for response to business fluctuation



## 4-2 <Revenue> The Specific Business Model for Response to Inflation

### “Owner-Changed condominium”

- Aggressive purchases of aged condominiums currently used as rental property  
→ Realization of **an integrated stock/flow-type business**



\*An owner-changed condominium refers to a property that has been acquired with its tenant still occupying

# 4-3 <Revenue>Status of Assets Business



■ By steady increase in property assets, rental income grew

Category	Interim Period for FY05/2007 (Unit: Millions of yen)
Inventories	22,730
Other current assets	1,328
Current assets	24,059
Tangible fixed assets	4,917
Intangible fixed assets	482
Investments and others	587
Fixed assets	5,987
Total of Assets	30,047

Owner-changed condominiums

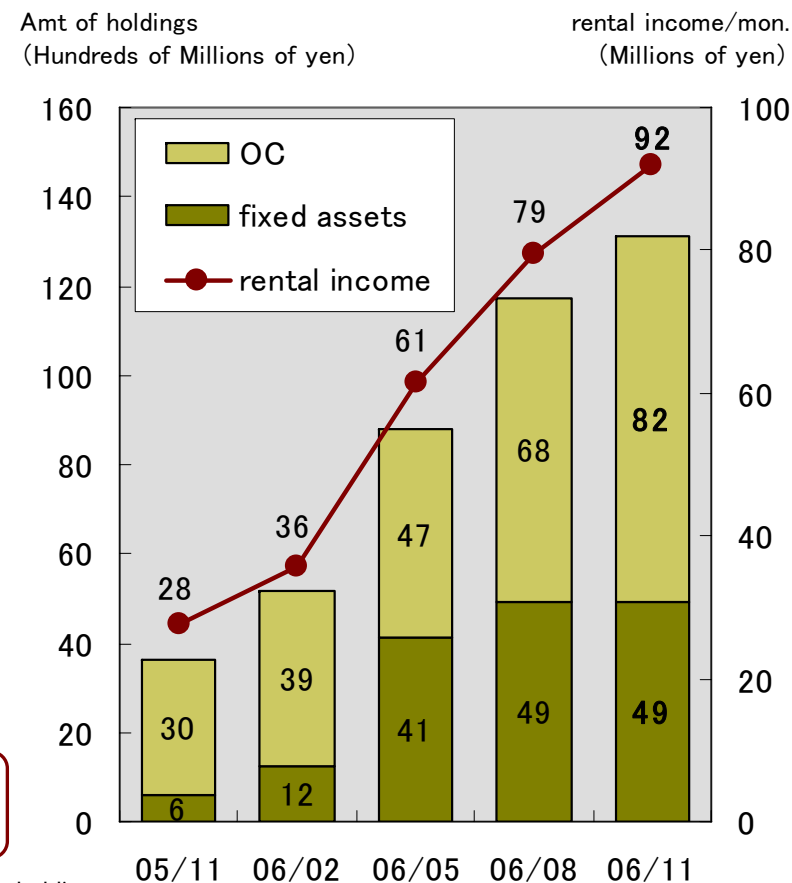
- Amount of holdings: ¥8,200 mil. (+¥5,100 mil. y-o-y)
- Number of units:281 units (+128units y-o-y)

profit-earnings properties for long-term holdings (Office buildings, etc.)

- Amount of holdings: ¥4,900 mil. (+¥4,300 mil y-o-y)
- Number of units:7 units (+5 units y-o-y)

**Total amount of holdings: ¥13,100 mil.**  
**Yield (gross) : 8.4%**

Change in the property assets and rental income



\*Asset properties:An owner-changed property incurred rental income and profit-earnings property for long-term holdings

\*Yield (gross): Rental cost / acquisition cost of property

## 4-4 <Management> Continued Enhancement of Designing and Supervising Staff



■ To respond to the increasing number of projects

• **Hiring more staffs** : Renovation designer and supervisor

### 【Intellex Space Plan】



\*Number of properties designed and managed by on staff at Intellex Space Plan : 3-4 per month

# Before – After

Before



After



## 5. Corporate Data



## 5-1 Corporate Profile



**Company Name:** INTELLEX Co., Ltd.

**Established:** July 17, 1995

**Representative:** Takuya Yamamoto, President and CEO

**Paid-in capital:** ¥1,091,512,500 (as of Nov. 30, 2006)

**Shares issued:** 61,100 (as of Nov. 31, 2006)

**Stock listing:** JASDAQ (securities code: 8940)

**Fiscal Year-end:** May 31

**Website:** <http://www.intellex.co.jp>

**Employees:** 198 (consolidated, as of Nov. 30, 2006)

127 (non-consolidated, as of Nov. 30, 2006)

## 5-2 Historical Overview

Year	Month	Business Activities
1995	7	Established Prestage Corporation in Setagaya-ku, Tokyo, with capitals of ¥10 million yen
1996	2	Acquired License as Building Lots and Building Transaction Business (Registration No. (1) 73719 by Governor of Tokyo Launched “Renovex condominium business”, renovate and sale of used condominiums
1996	7	Changed company name to Intellex Co.,Ltd.
1998	2	Established Intellex Space Plan Co.,Ltd. (consolidated subsidiary of Intellex Corporation at present)
2000	7	Introduced “Total Management System,” an information management system for properties on sale
2001	7	Acquired all stocks of M Corporation (consolidated subsidiary of Intellex Jyu-Han at present)
2003	2	Opened Yokohama Branch in Nishi-ku, Yokohama City
2003	6	Merged Central Plaza Corporation
2004	2	Opened Roppongi Hills Branch in Minato-ku, Tokyo
2004	9	Opened Otemachi Branch in Chiyoda-ku, Tokyo
2004	9	Acquired license as a real estate appraisal trader
2005	4	Listed on JASDAQ (securities code : 8940)
2005	9	Opened Ikebukuro Branch in Toshima-ku, Tokyo
2006	9	Opened Shonan-fujisawa Branch in Fujisawa-City, Kanagawa
2006	11	Opened Kichijoji Branch in Musashino-City, Tokyo



## 5-3 Major Shareholders

■ Number of stocks issued as of Nov. 30,2006 : 61,100

■ Number of share holders as of Nov. 30,2006 : 6,393

Major Shareholders	1H of FY 05/2007	
	No. of Shares	Ratio (%)
Takuya Yamamoto	29,085	47.6
E-Alliance Co., Ltd.	5,000	8.2
Japan Trustee Service Bank, Ltd. (Trust Account)	2,245	3.7
Intellex Employees' Shareholding Association	2,098	3.4
Kimiko Yamamoto	1,330	2.2
Mitsubishi UFJ Capital Co., Ltd.	815	1.3
The Northern Trust Company	759	1.2
The Master Trust Bank of Japan,Ltd.	659	1.1
Kitazawa Sangyo Co.,Ltd.	658	1.1
State Street Bank and Trust Company	538	0.9

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