

2Q Financial Highlights, Year ending March 31, 2011



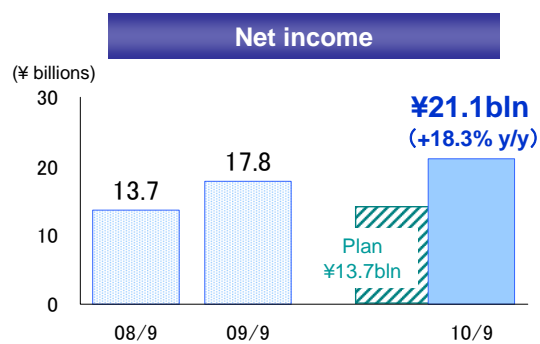
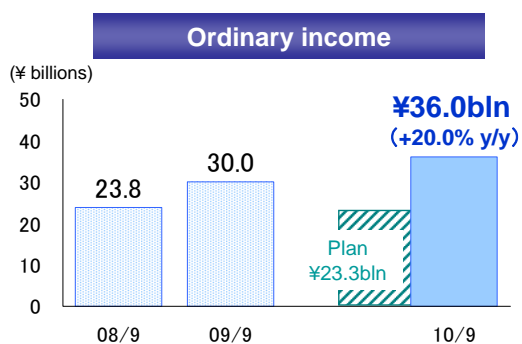
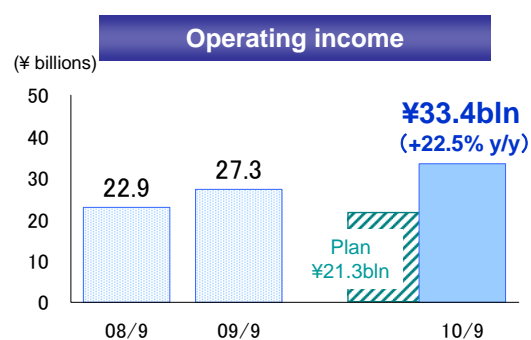
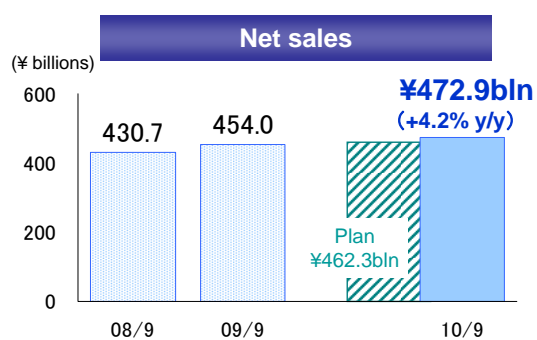
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I . 2Q Financial Results

I -1 Income summary

Increase in sales and income



I -2 Income summary – Factors of the increase in operating income

Reasons for the increase in operating income exceeded the original plan drastically

By Sales <¥4.1bln>	Increase in sales on construction completion ➤ Nicety of process control from start to completion ➤ Secure of construction subcontractors
By C.O.G.S. <¥3.8bln>	Rise in gross profit margin on construction ➤ Secure of 38.1% exceeded 2% than original plan (36.1%) by cost reduction of materials and payments to subcontractors
By S.G.A. <¥4.0bln>	➤ Employment cost by unachieved personnel plan - 0.7bln ➤ Postponed incentive payment by process change - 1.5bln ➤ Returned allowance of event cost - 0.5bln ➤ Unused promotion expenses for tenant recruitment - 0.5bln ➤ Modification of full reform plan - 0.5bln

I -3 Income summary by segment (Construction)

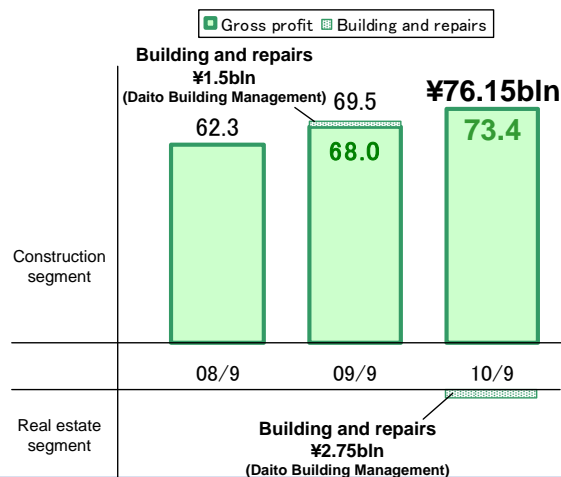
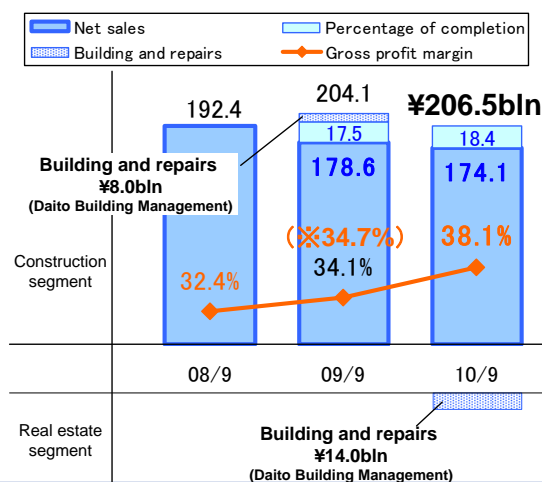
(¥billions)

	2Q FY09	2Q FY10	(year on year)
Net sales	204.1	192.5	(- 5.7%)
Gross profit	69.5	73.4	(+5.6%)
Gross profit margin	34.1% ※34.7%	38.1%	[+4.0p] ※[+3.4p]

Because of the revision of accounting standard by "management approach", segment of "building and repairs" of Daito Building Management is changed from "Construction" to "Real estate" since FY 2010.

[] : Difference from previous same period

※Gross profit margin excluded building & repairs (Same basis with FY2010)



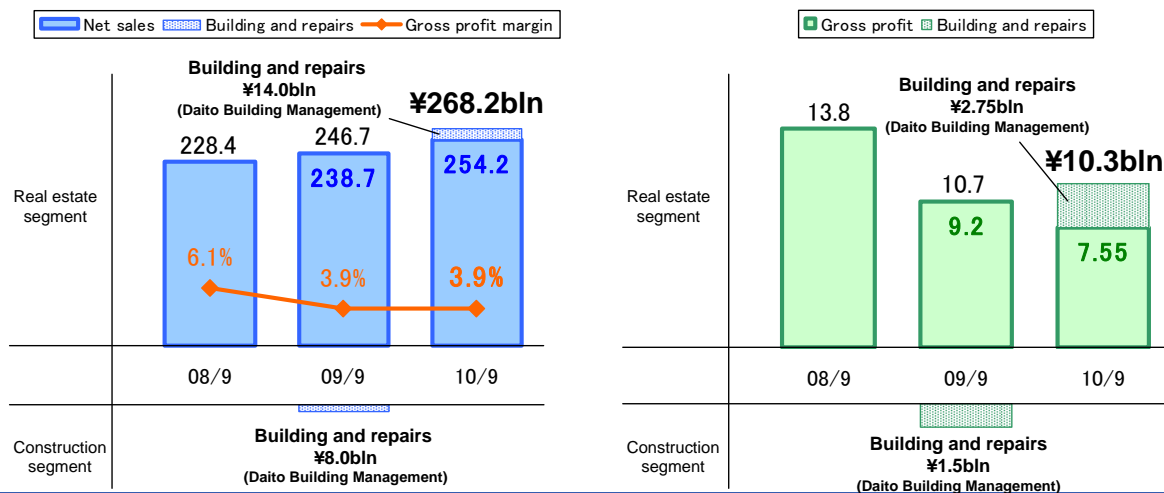
I -4 Income summary by segment (Real estate)

(¥billions)

	2Q FY09	2Q FY10	(year on year)
Net sales	238.7	268.2	(+12.4%)
Gross profit	9.2	10.3	(+11.9%)
Gross profit margin	3.9%	3.9%	[±0.0p]

Because of the revision of accounting standard by "management approach", segment of "building and repairs" of Daito Building Management is changed from "Construction" to "Real estate" since FY 2010.

[] : Difference from previous same period

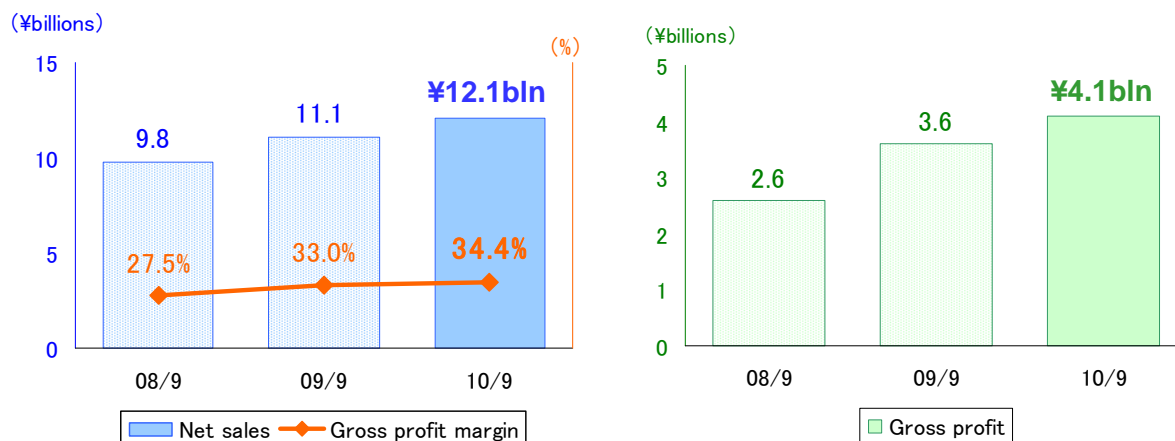


I -5 Income summary by segment (Others)

(¥billions)

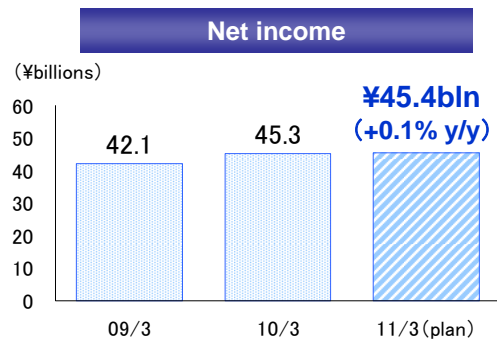
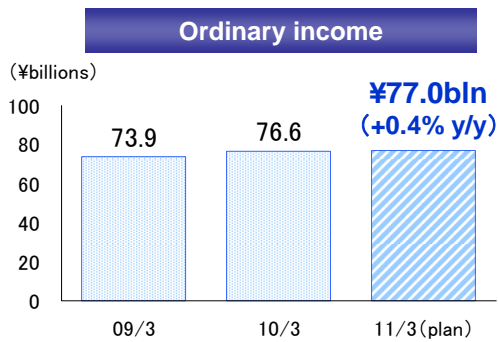
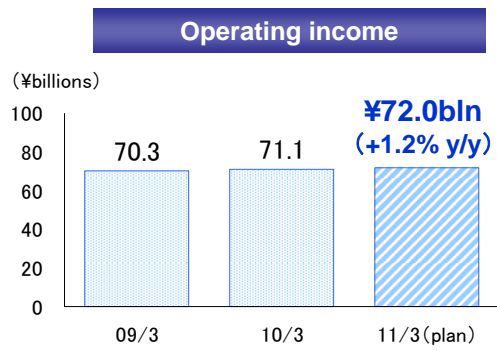
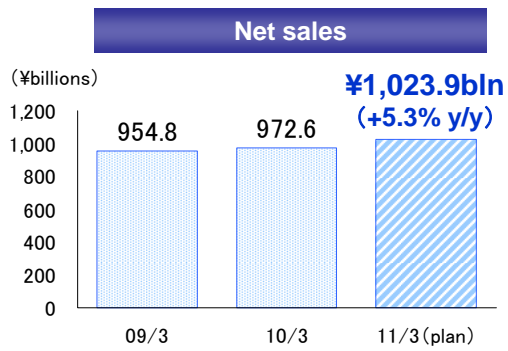
	2Q FY09	2Q FY10	(year on year)
Net sales	11.1	12.1	(+8.6%)
Gross profit	3.6	4.1	(+13.2%)
Gross profit margin	33.0%	34.4%	[+1.4p]

[] : Difference from previous same period



I -6 Financial forecast

No change in financial forecasts

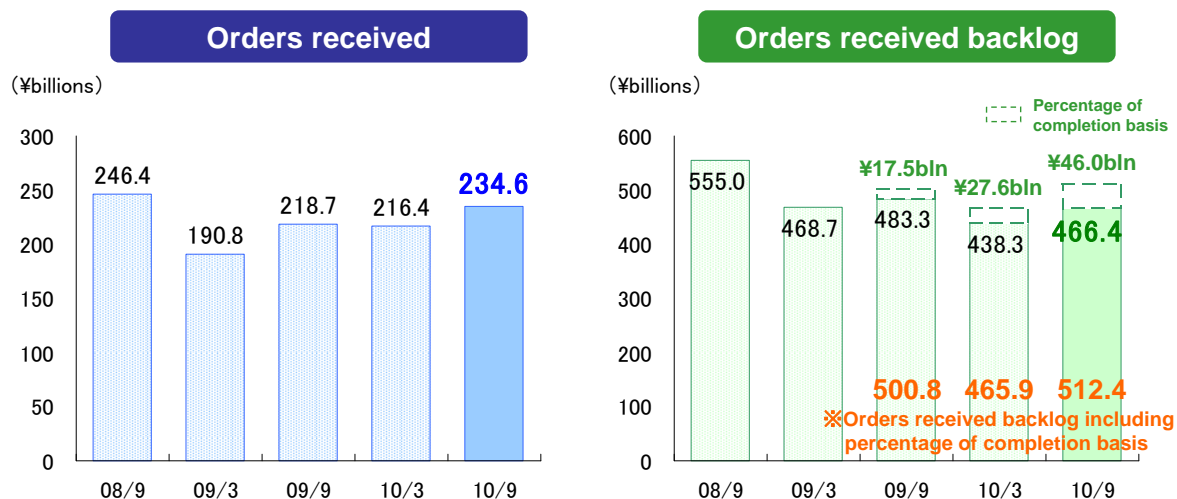


II . Orders received & countermeasures for 2nd half

II -1 Orders received & backlog (semiannual comparison)

◇ **Orders received** **¥234.6bln (107.3% y/y)**
(108.4% to 2nd half of last year)

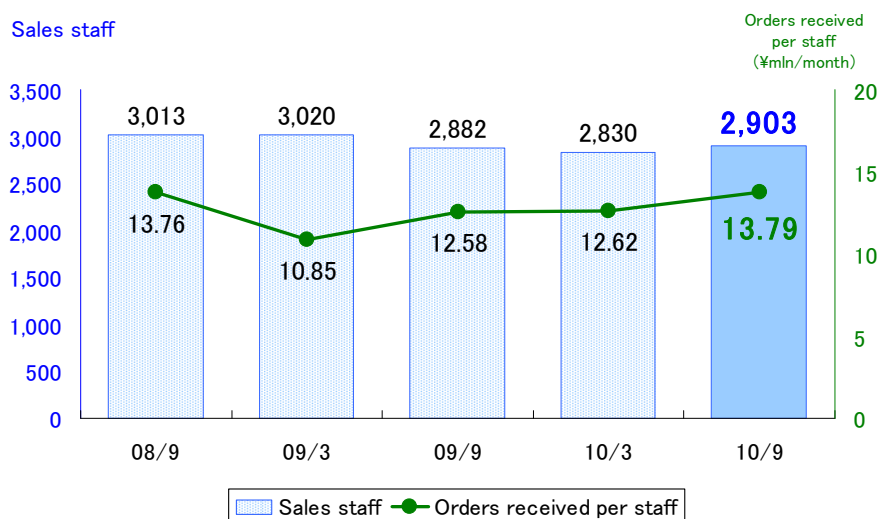
◇ **Orders received backlog** **¥466.4bln (96.5% y/y)**
(106.4% to the end of last year)



II -2 Sales staff and sales efficiency (semiannual comparison)

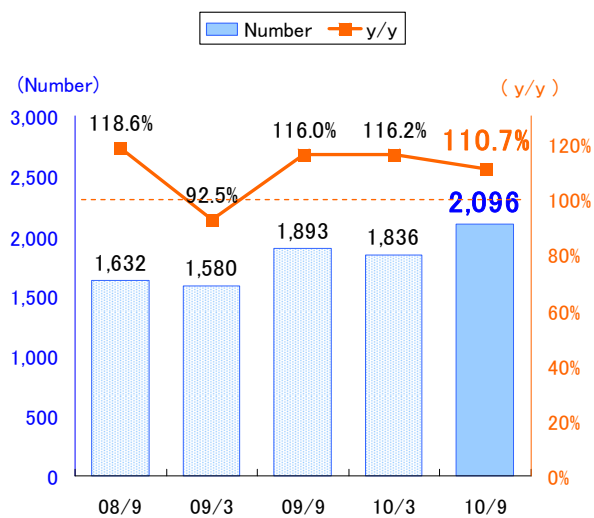
◇ **Number of sales staff** **2,903 (+21 y/y)**
(+73 to 2nd half of last year)

◇ **Orders received per staff** **¥13.79mln/month (+¥1.21mln y/y)**
(+¥1.17mln to 2nd half of last year)

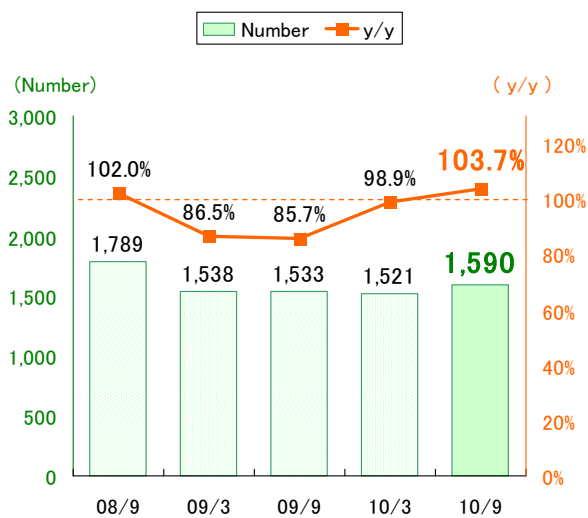


II-3 Channels of orders received (semiannual comparison)

Orders received by Repeat & Introduction

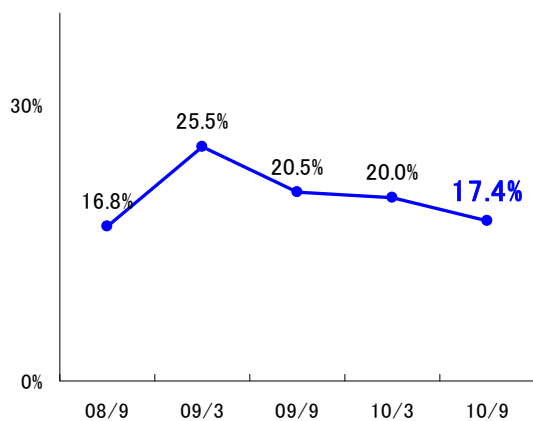


Orders received from New customers

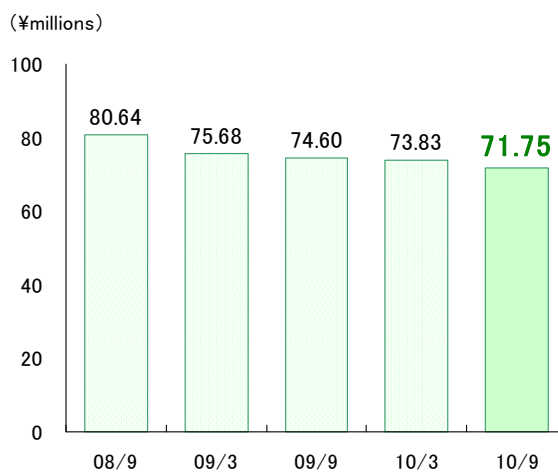


II-4 Cancellation rate & Unit price of orders received (semiannual comparison)

Cancellation rate ※1



Unit price ※2



※1 Cancellation rate = the amount of cancellation / the amount of new orders received
Orders received = the amount of new orders received - the amount of cancellation

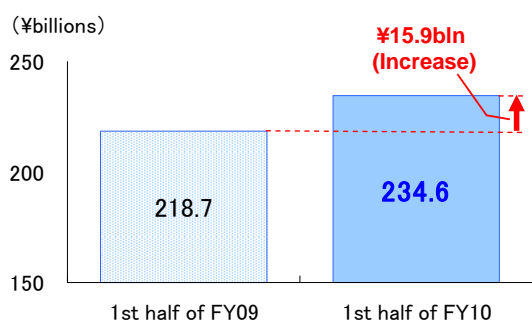
※2 Unit price = the amount of new orders received / the number of orders received

II -5 Comparison with FY2009

Compared with 1st half of FY2009

¥15.9bln (Increase)

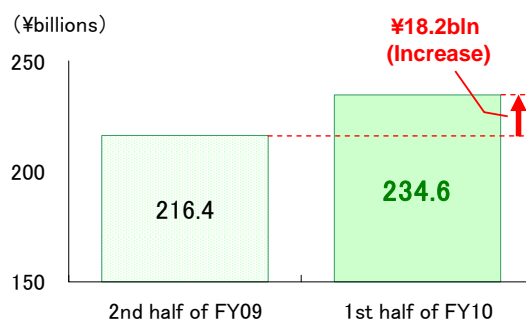
- ① **Number** + ¥18.9bln
(3,426 → 3,686)
- ② **Cancellation** + ¥6.7bln
(20.5% → 17.4%)
- ③ **Unit price** - 9.7bln
(¥74.60mln → ¥71.75mln/number)



Compared with 2nd half of FY2009

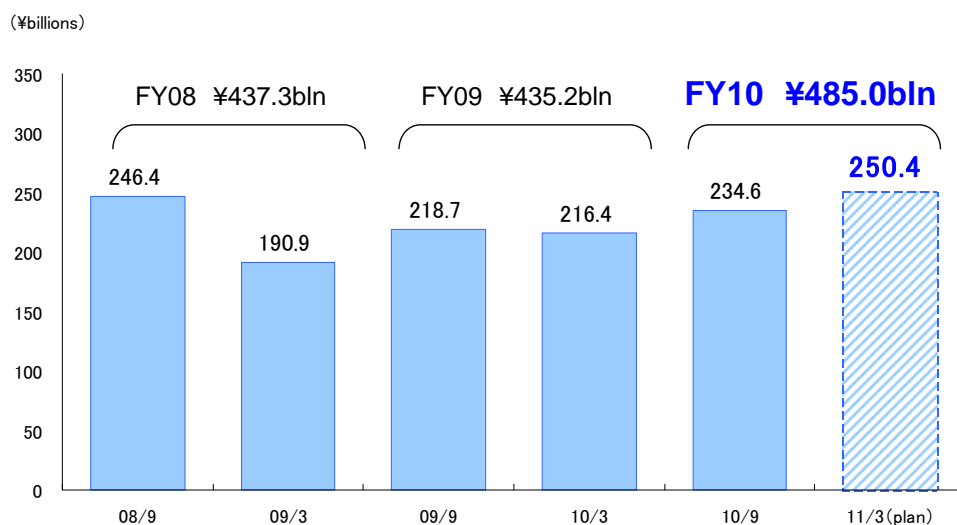
¥18.2bln (Increase)

- ① **Number** + ¥20.3bln
(3,357 → 3,686)
- ② **Cancellation** + ¥4.8bln
(20.0% → 17.4%)
- ③ **Unit price** - ¥6.9bln
(¥73.83mln → ¥71.75mln/number)

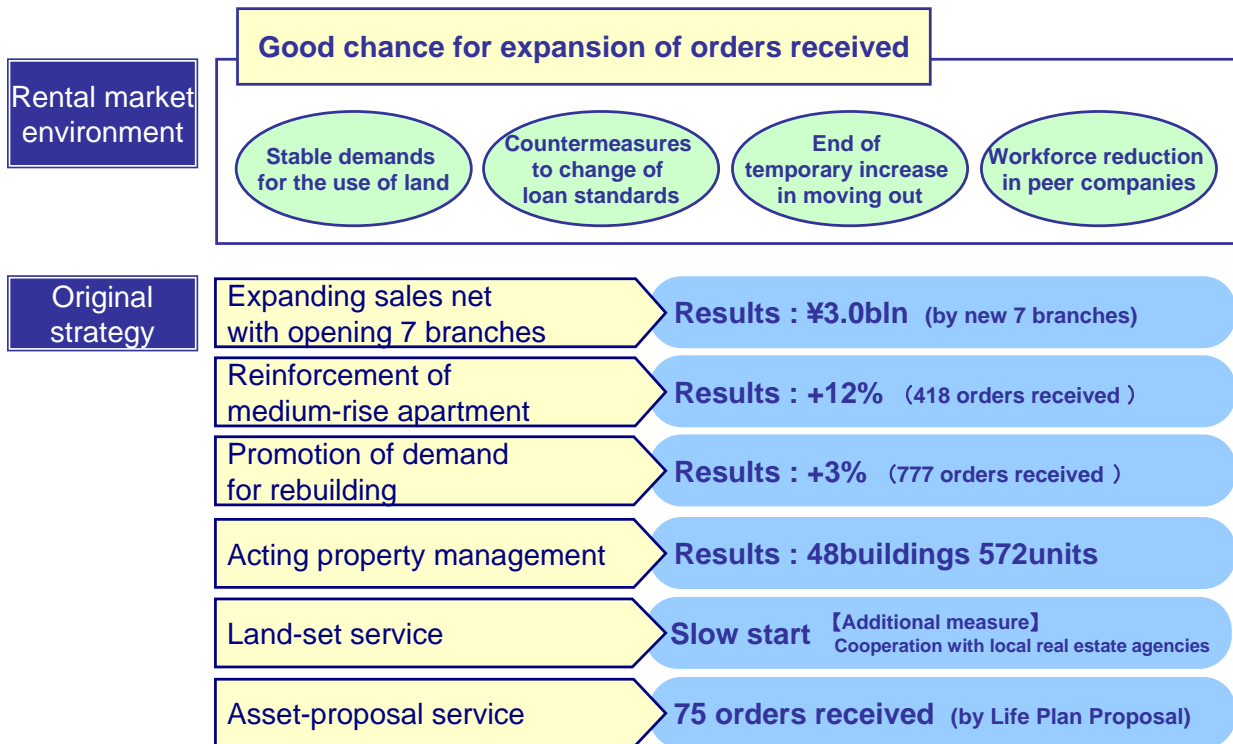


II -6 Orders received plan

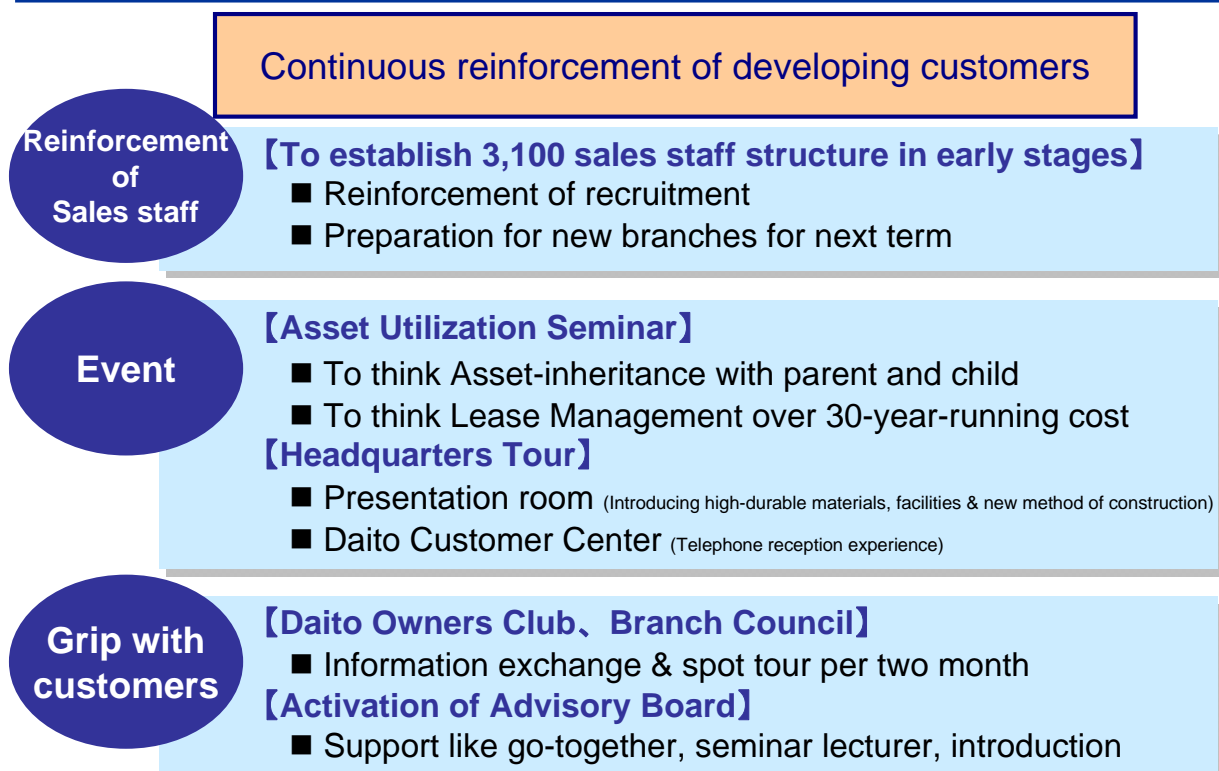
◇Orders received plan ¥485.0bln (111.4% y/y)



II-7 status of the 1st half of strategies



II-8 Countermeasures for 2nd half - 1



Unit price UP

Grip with Financial institution

[Information exchange · Exchange event]

- Briefing session for lease business
- Forum 2010
「Activation of local business from leased housing」

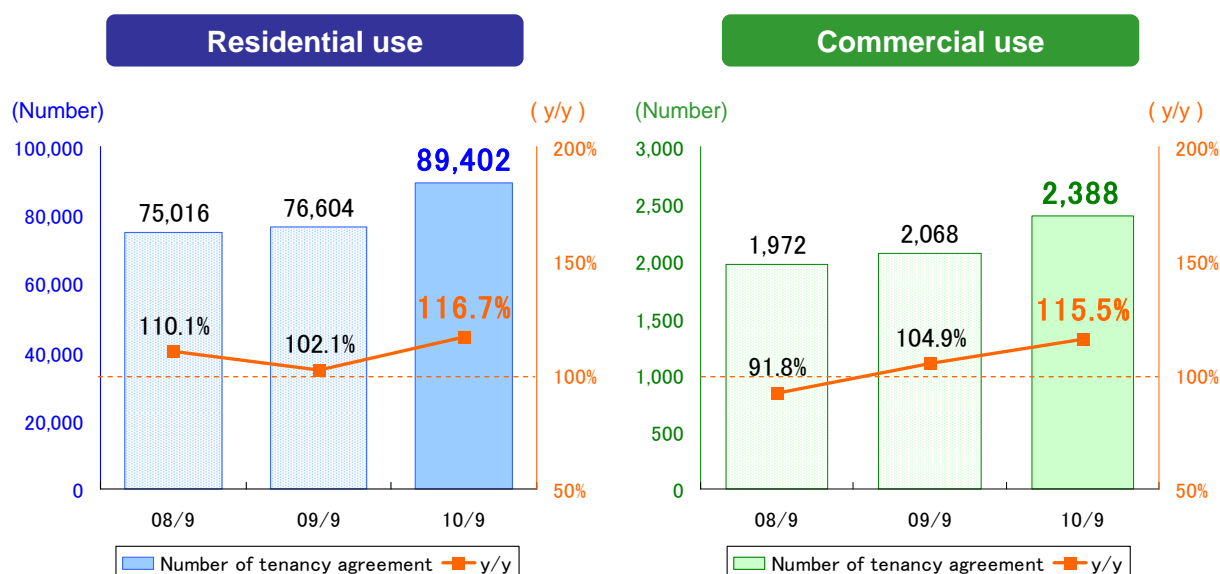
Expansion of Plan variation

- To resume an order for a mansion with day-service
- To start an order for a mansion with nursery school
New plan Trial start of nursery school business.

III. Occupancy rate & countermeasures for 2nd half

III-1 Tenancy agreement

◇ Number of tenancy agreement **91,790** (116.7% y/y)



III-2 Rent basis occupancy rate* (Comparison in Sep.)

Residential use **94.5%** (+0.7p y/y)

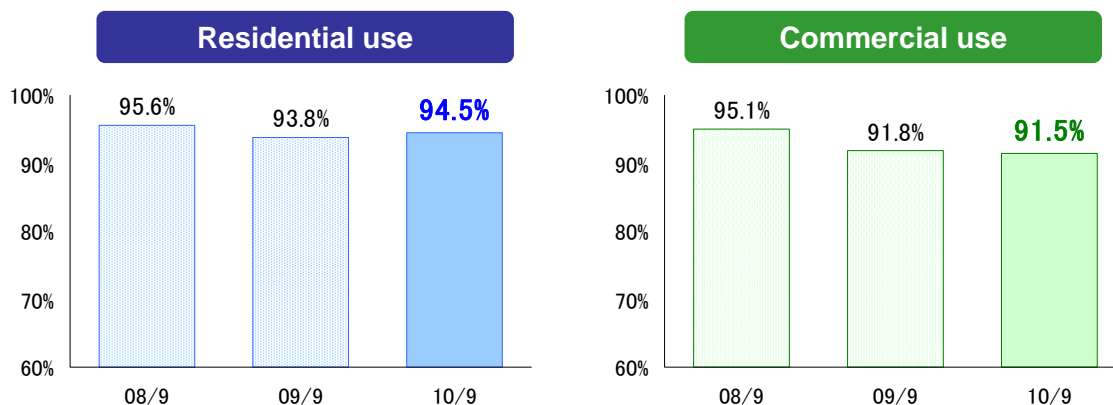
4,300 units Improvement

$$613,500 \text{ units} \times 0.7\% \doteq 4,300$$

Commercial use **91.5%** (-0.3p y/y)

120 units Deterioration

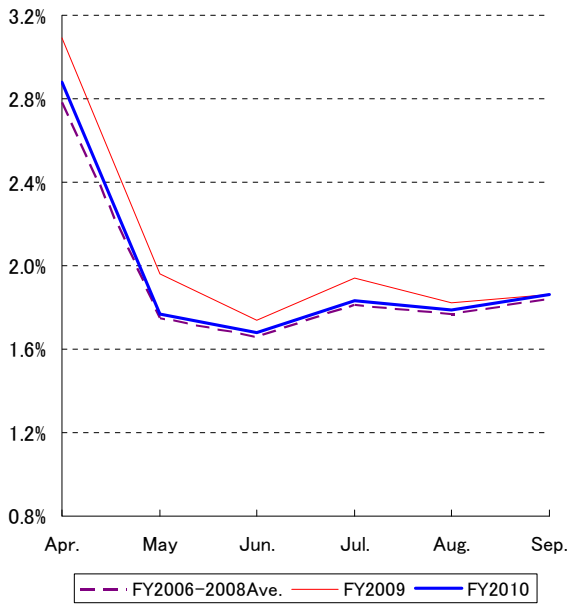
$$39,000 \text{ units} \times 0.3\% \doteq 120$$



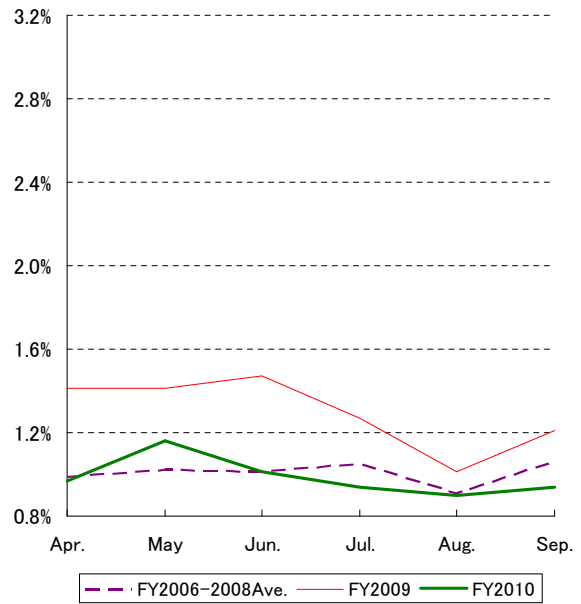
* Rent basis occupancy rate = 1 - (rent guarantee for vacant rooms / total rent)

III-3 The rate of moving out

Residential use



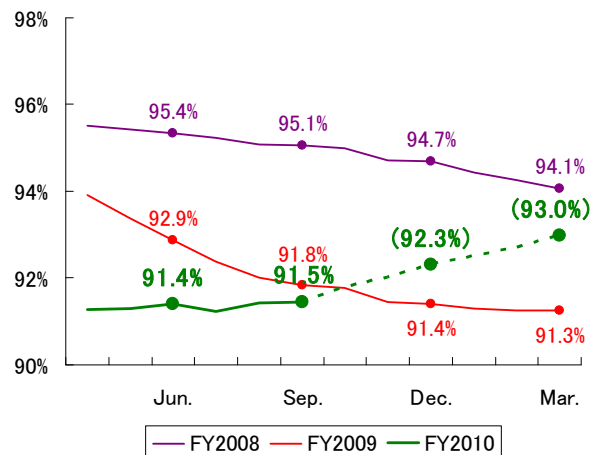
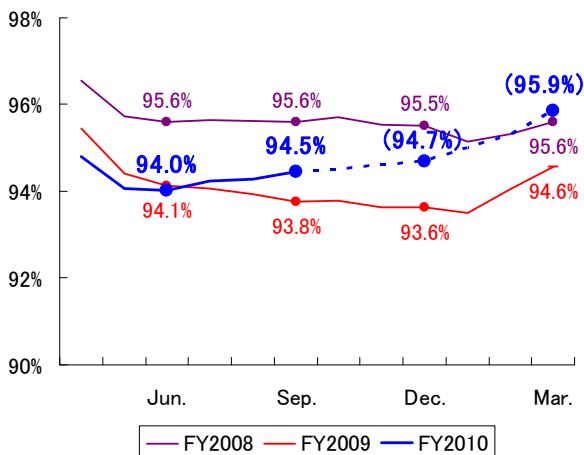
Commercial use



III-4 Occupancy rate plan

Occupancy rate for residential use
at the end of FY2010
95.9% (+1.3p y/y)

Occupancy rate for commercial use
at the end of FY2010
93.0% (+1.7p y/y)

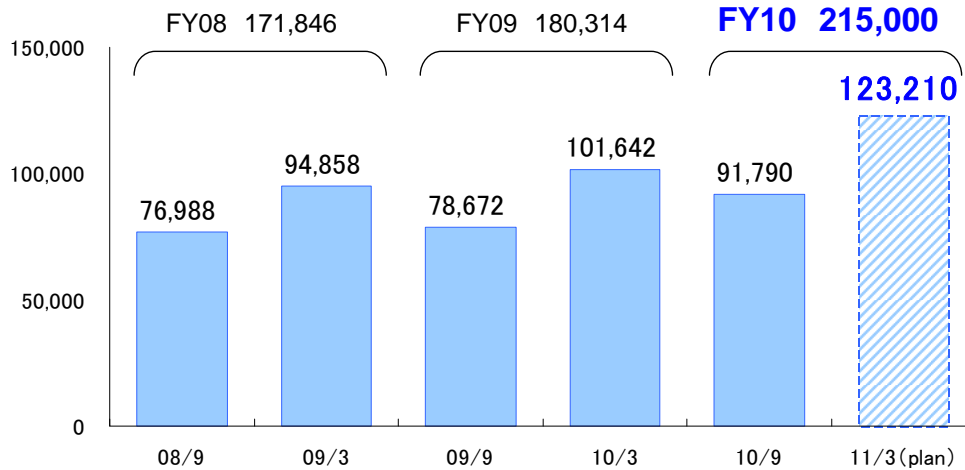


Rent basis occupancy rate = 1 - (rent guarantee for vacant rooms / total rent)

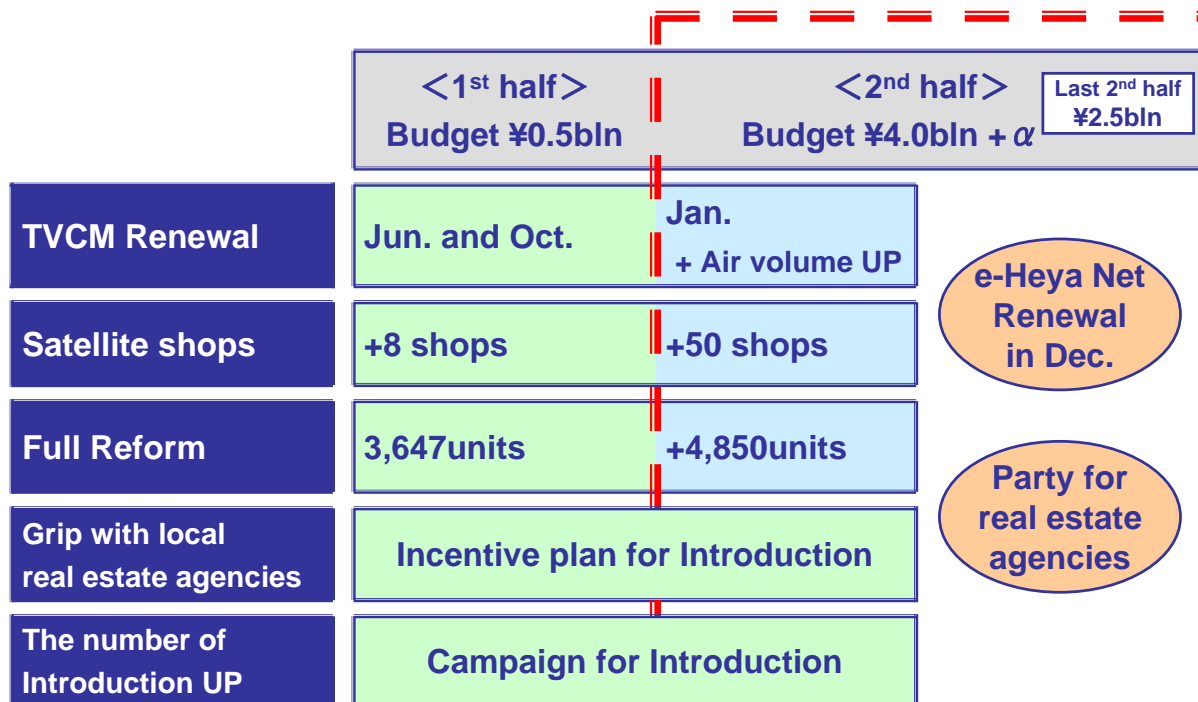
III-5 Tenancy agreement plan

◇ Tenancy agreement plan 215,000 (119.2% y/y)

Required tenancy agreement for a plan ⇒ 123,210
 Residential use : 119,998 Commercial use : 3,212



III-6 Countermeasures for 2nd half



IV. Topics

IV-1 Plant factory

Plant factory (Cultivation of Shiitake mushroom - Sales)

- To use managed properties for business use (warehouses or factories, about 100tsubo)
- To start cultivation & shipping at Kasama-shi, Ibaraki Pre. from September.
- To promote employment of people with disabilities

To
Nationwide

<Business model per a factory>

Annual output	36,000kg
Initial investment	¥15.0mIn
Sales	¥33.0mIn
Net income	¥1.2mIn



※To employ 4 people with disabilities as workers

Development of a mansion with nursery school

■ **Reinforcement of orders received for urban areas** (medium-rise apartment)

Strategic apartment for a city designated by ordinance and urban areas

■ **Improvement in added value on apartment and service for tenants**

Grand Award only to tenants in Daito's, using nursery school

■ **Operating division of Care partner operates nursery school**

< Business model >

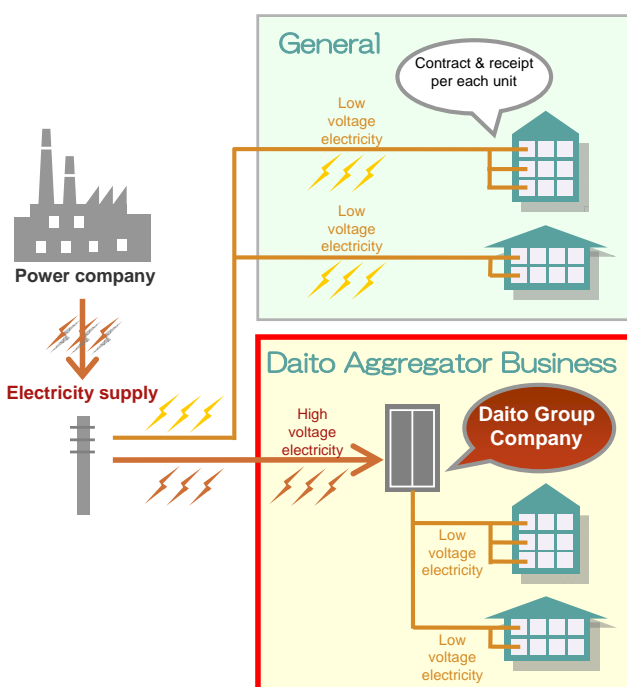
Area	40 - 50 tsubo
Number of children	60 (0-5 years old)
Staff	13 - 20
Sales	¥ 50.0 mln
Operating income	¥ 6.5 mln

10 nursery school
in early stage



IV-3 Electric aggregator business

Entering electric aggregator business



Industry's 1st trial in
the small apartment field

Business outline

Receiving cheap & high-voltage electricity in a lump from a power company
→ Distribution & transmission to Daito's tenants

	Existing aggregator	Daito Group
Required units	Minimum 50 units	Over 14 units
Sales target	Large condominium	Small apartment

Business purpose

1. Securing margin between high and low-voltage electricity
2. Supplying cheap electricity and improving total management service
3. Improving competitive power of tenancy agreement by added value

Business plan

FY2011 New company establishment

Supply for the new
Switch for the existing

Financial year	Points supplied	Units supplied	Sales	Operating income
2014/3	12,800	238,000	15.08	0.75

(¥billions)

V. Appendix

V-1 Non-consolidated statement of income

(¥ millions)

	2Q FY10	2Q FY09	year on year	plan (year)
Net sales	207,722	219,258	- 5.3%	474,700
Construction	194,859	199,575	- 2.4%	448,700
<u>Real estate & others</u>	12,863	19,683	- 34.6%	26,000
Gross profit	71,881	71,897	- 0.0%	160,300
Construction	74,174	68,756	+7.9%	162,900
<u>Real estate & others</u>	- 2,293	3,141	—	- 2,600
SG & A expenses	45,302	46,015	- 1.5%	98,900
Operating income	26,579	25,882	+2.7%	61,400
Ordinary income	29,344	28,483	+3.0%	67,100
Net income	17,096	16,848	+1.5%	38,800

V-2 Financial summaries of major subsidiaries ① (Construction)

(¥ millions)

	Construction business							
	Daito Construction				Daito Steel			
	2Q FY10	2Q FY09	year on year	plan (year)	2Q FY10	2Q FY09	year on year	plan (year)
Net sales	1,644	6	—	5,300	1,381	1,535	- 10.0%	3,152
Gross profit	48	2	—	281	46	87	- 47.1%	132
SG&A expenses	36	157	—	296	35	41	- 14.6%	87
Operating income	11	- 154	—	- 15	10	45	- 77.8%	44
Ordinary income	29	- 149	—	86	9	44	- 79.5%	45
Net income	28	- 150	—	85	8	26	- 69.2%	26

V-3 Financial summaries of major subsidiaries ② (Real estate)

(¥ millions)

	Real estate business							
	Daito Building Management				Housecom			
	2Q FY10	2Q FY09	year on year	plan (year)	2Q FY10	2Q FY09	year on year	plan (year)
Net sales	255,185	232,411	+9.8%	522,308	3,451	3,399	+1.5%	7,725
Gross profit	11,109	6,559	+69.4%	18,606	3,451	3,399	+1.5%	7,725
SG&A expenses	4,863	5,014	- 3.0%	10,412	3,425	3,367	+1.7%	7,316
Operating income	6,245	1,545	+304.2%	8,193	26	32	- 18.8%	409
Ordinary income	6,474	1,722	+276.0%	8,414	28	32	- 12.5%	539
Net income	3,824	987	+287.4%	4,837	- 17	1	—	296

V-4 Financial summaries of major subsidiaries ③ (Others)

(¥ millions)

	Other business											
	Care Partner				Gaspal				D. A. D. (M)			
	2Q FY10	2Q FY09	y / y	plan (year)	2Q FY10	2Q FY09	y / y	plan (year)	2Q FY10	2Q FY09	y / y	plan (year)
Net sales	3,062	2,674	+14.5%	6,069	7,225	6,685	+8.1%	16,326	1,029	893	+15.2%	1,800
Gross profit	604	432	+39.8%	1,153	1,484	1,218	+21.8%	3,514	438	364	+20.3%	730
SG&A expenses	542	519	+4.4%	1,025	1,202	1,101	+9.2%	2,536	366	366	±0.0%	714
Operating income	62	- 86	—	127	281	117	+140.2%	977	71	- 2	—	15
Ordinary income	9	13	- 30.8%	4	286	119	+140.3%	979	404	- 167	—	- 41
Net income	2	1,806	- 99.9%	- 9	304	115	+164.3%	745	403	- 167	—	- 42

V-5 Sales Structure of Real estate business

(¥ millions)

	08/9		09/9		10/9		year on year
	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	
Brokerage	5,139	(2.2%)	5,295	(2.2%)	5,388	(2.0%)	+1.8%
Management service	224	(0.1%)	236	(0.1%)	209	(0.1%)	- 11.4%
Sub-lease ※ ¹	11,450	(5.0%)	8,353	(3.5%)	5,704	(2.1%)	- 31.7%
Whole-building lease ※ ²	207,598	(90.9%)	221,237	(92.7%)	238,979	(89.1%)	+8.0%
Lease business ※ ³	3,383	(1.5%)	3,348	(1.4%)	3,021	(1.1%)	- 9.8%
Others	702	(0.3%)	297	(0.1%)	954	(0.4%)	+221.3%
Building and repairs ※ ⁴	—		—		14,011	(5.2%)	—
Total	228,498	(100.0%)	238,769	(100.0%)	268,269	(100.0%)	+12.4%

※¹ Sub-lease contract by Daito Trust Construction (Contracted from 1994-2000)

※² Sub-lease contract as Lease Management Trust System by Daito Building Management

※³ Mainly Shinagawa East One Tower

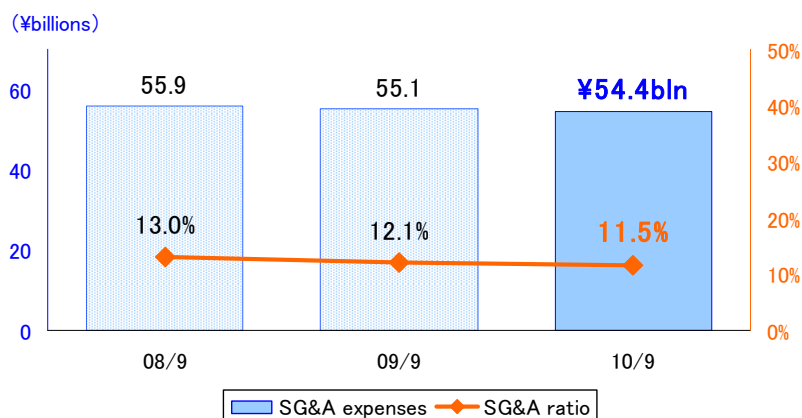
※⁴ Building and repairs by Daito Building Management (recorded sales on construction till FY2009)

V-6 Selling, general and administrative expenses

(¥ billion)

	2Q FY09	2Q FY10	(year on year)
SG&A expenses	55.1	54.4	(- 1.3%)
SG&A ratio	12.1%	11.5%	[- 0.6p]

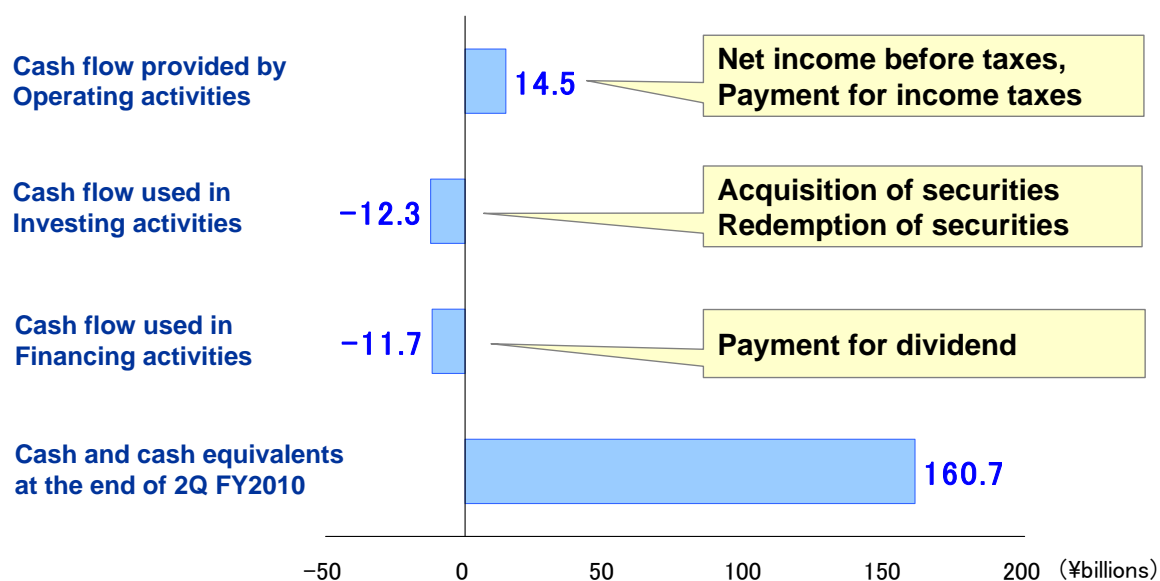
[] : Difference from previous year



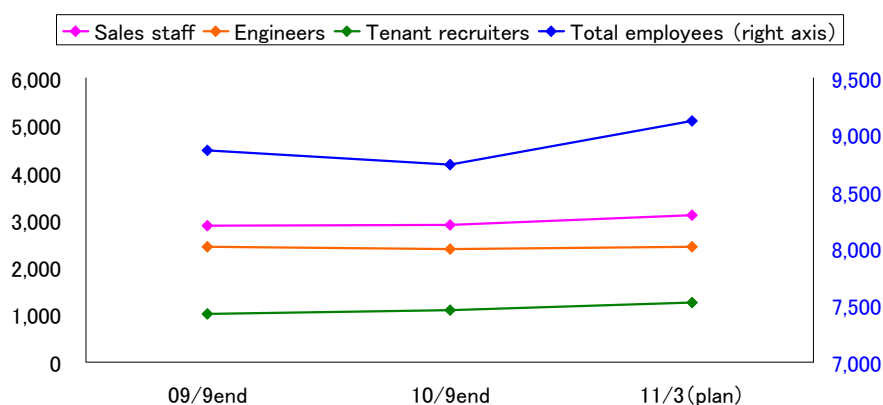
V-7 Financial conditions

2Q FY2010				End of FY2009			
				(¥billions)			
Current assets	364.6 (- 11.7)	Current liabilities	147.2 (- 19.6)	Current assets	376.3	Current liabilities	166.9
		Noncurrent liabilities	83.6 (+5.1)			Noncurrent liabilities	78.5
		Total liabilities	230.9 (- 14.5)			Total liabilities	245.4
Noncurrent assets	188.1 (+6.4)	Net assets	321.9 (+9.2)	Noncurrent assets	181.7	Net assets	312.6
Total	552.8 (- 5.2)	Total	552.8	Total	558.1	Total	558.1
BPS				BPS			
¥2,781.64				¥2,700.97			
Equity ratio				Equity ratio			
58.0%				55.8%			

V-8 Cash flows

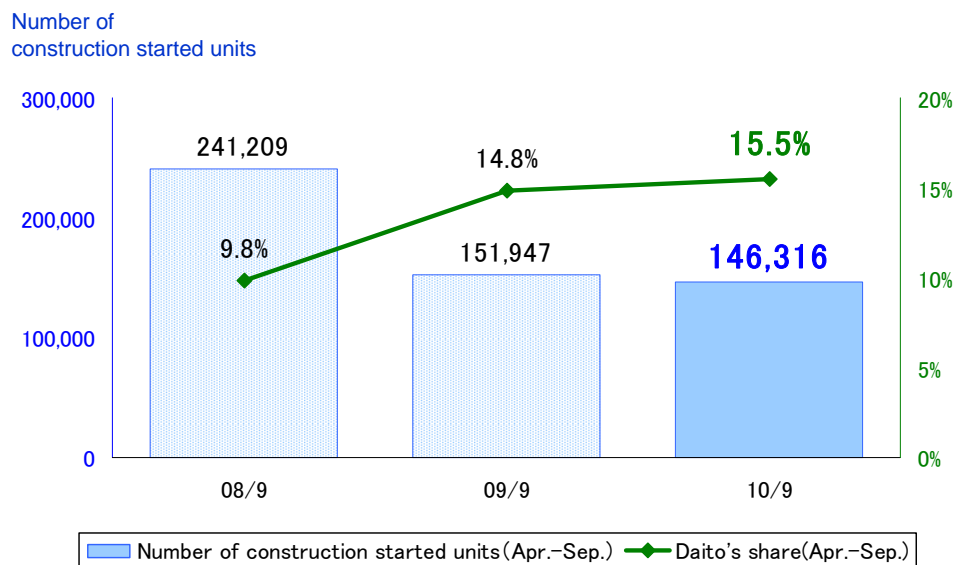


V-9 Number of employees by each occupations (non-consolidated)



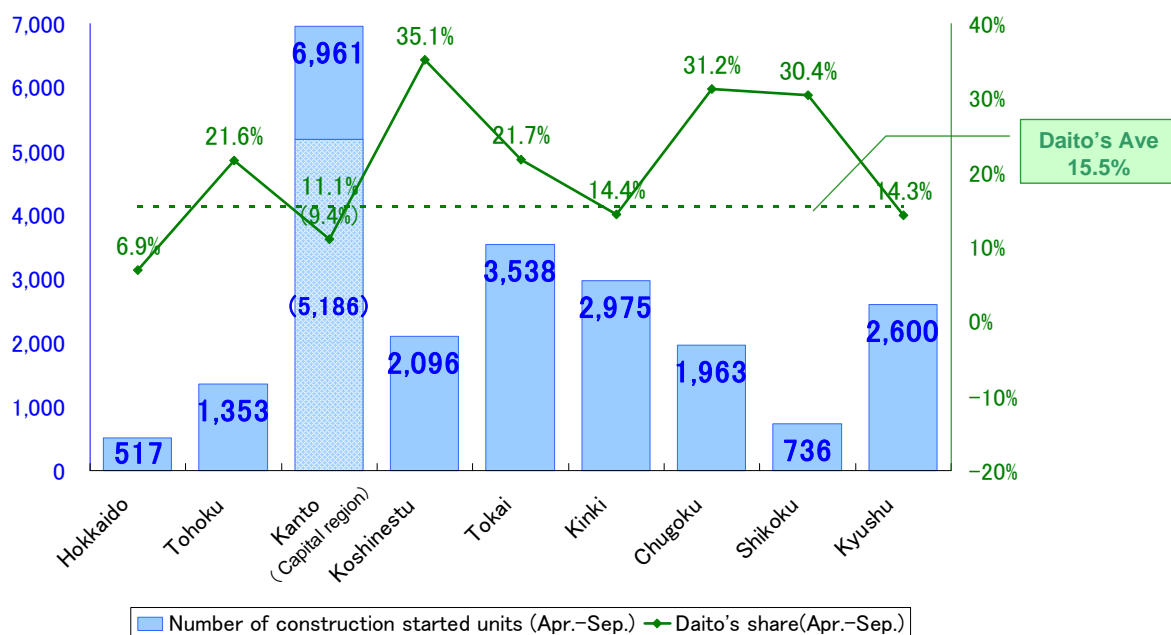
	09/9end	10/9end	(y / y)	11/3 plan
Total employees	8,861	8,739	- 122	9,120
Sales staff	2,882	2,903	+21	3,100
Engineers	2,435	2,384	- 51	2,432
Tenant recruiters	1,011	1,100	+89	1,260

V-10 Number of construction started units & Daito's share

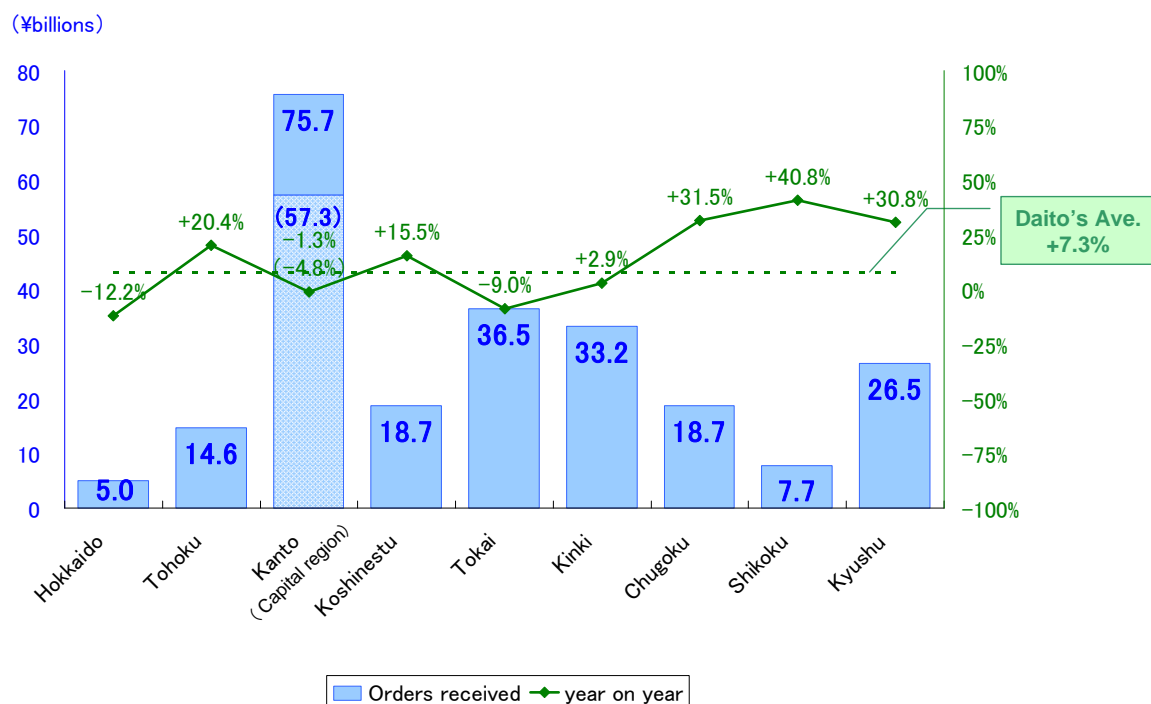


(Ministry of Land, Infrastructure, Transport and Tourism : "Housing and Land Survey")

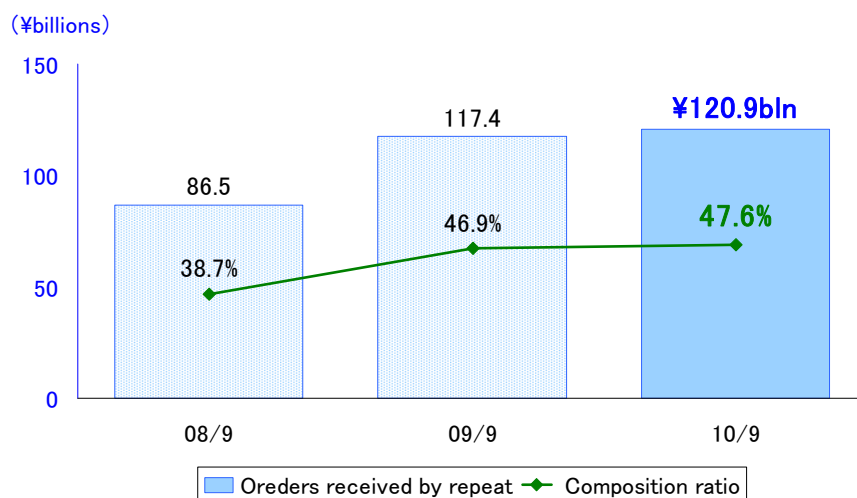
V-11 Number of construction started units by area & Daito's share



V-12 Orders received by area

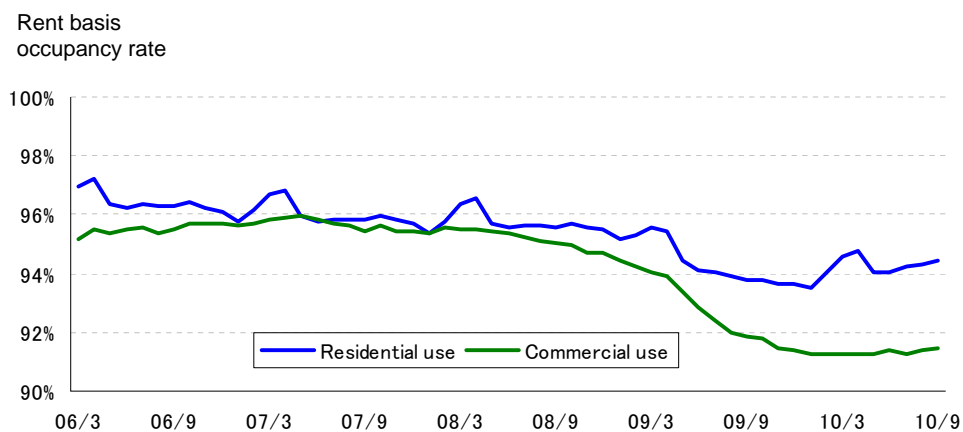


V-13 Orders received by repeat



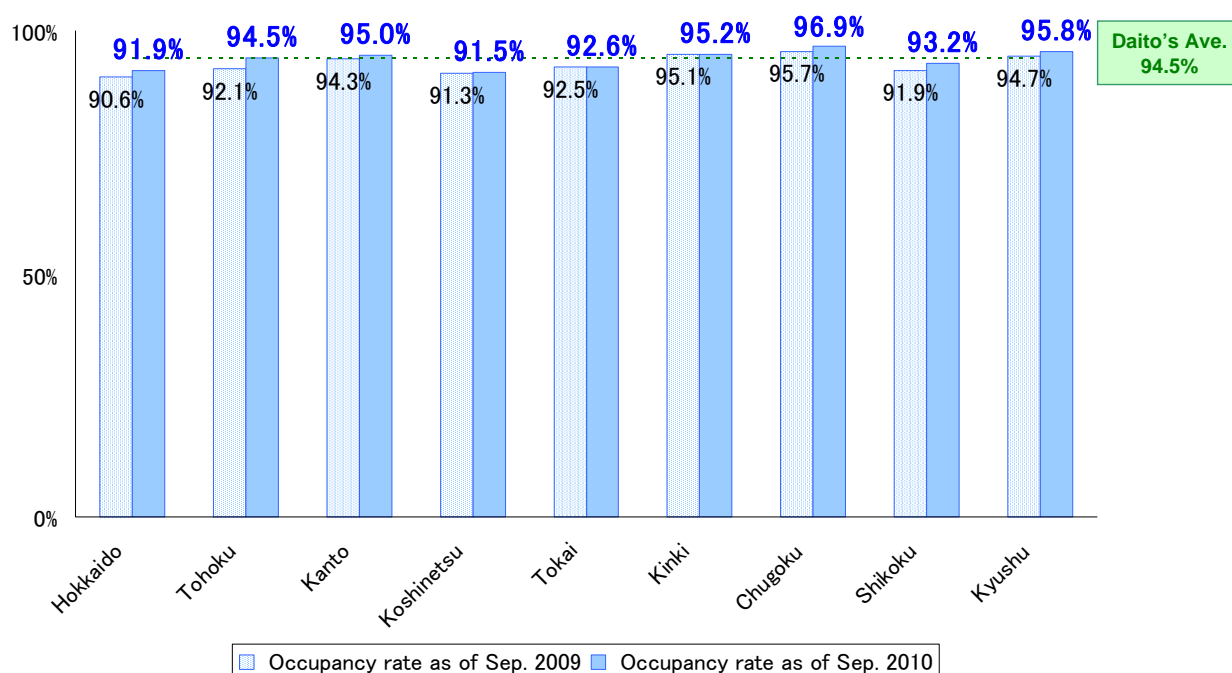
$$\text{Composition ratio} = \frac{\text{Number of orders received by repeat from our existing customers}}{\text{Total number of orders received}}$$

V-14 Rent basis occupancy rate

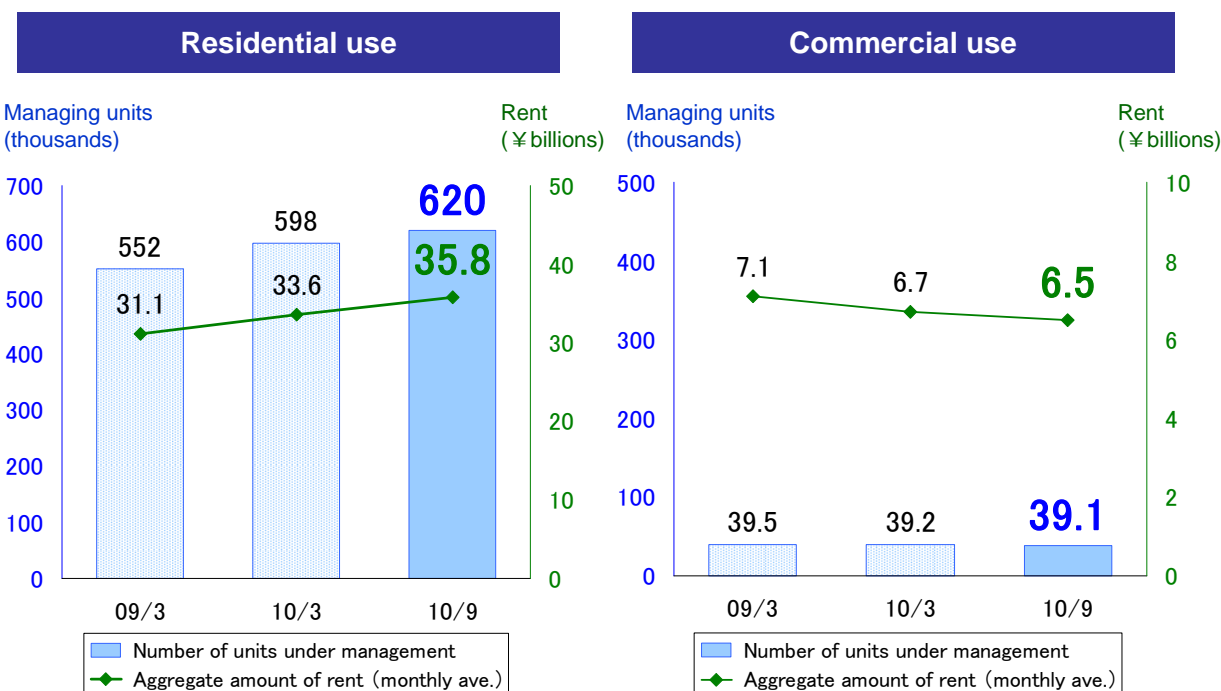


Rent basis occupancy rate	06/9	07/9	08/9	09/9	10/9	year on year
Residential use (%)	96.3%	95.9%	95.6%	93.8%	94.5%	+0.7p
Commercial use (%)	95.5%	95.5%	95.1%	91.8%	91.5%	-0.3p

V-15 Rent basis occupancy rate by area (Residential use)

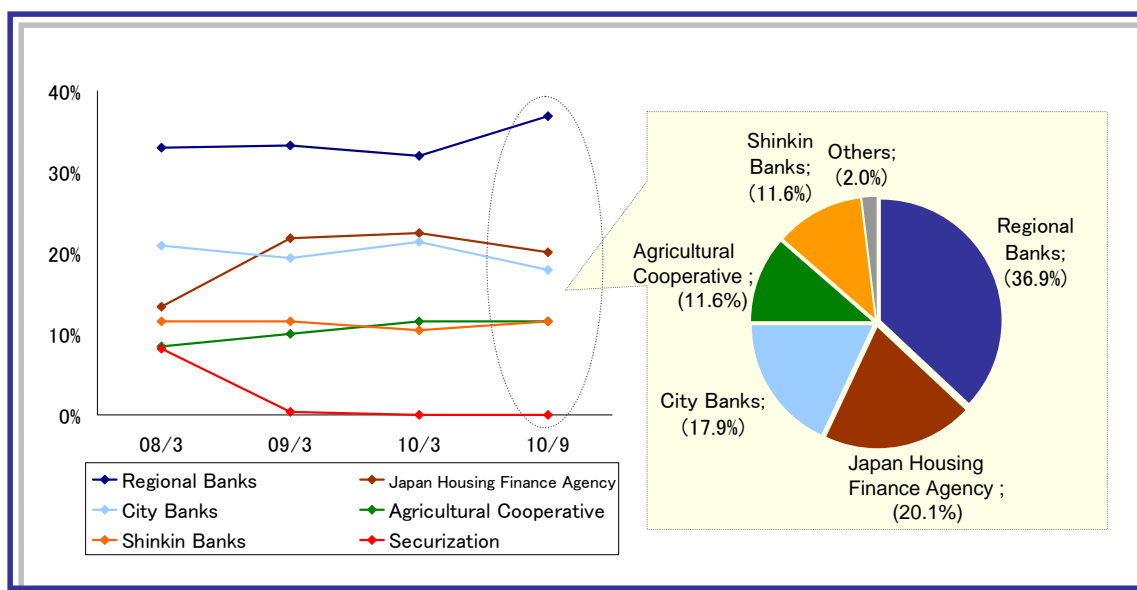


V-16 Number of units under management & aggregate amount of rent

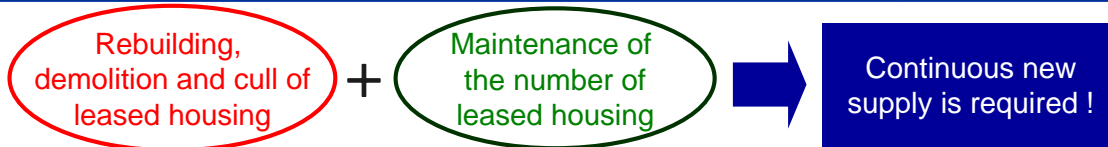


V-17 Customer's financing channel

Shares of financial institutions (Construction starts basis)



V-18 Market environment 1 – Some 370,000 new leased housing units to be required each year from now on



- Aging properties are demolished and culled.
- The number of household is expected to be maintained by the progress of late marriage and nuclear family.
- New supply of leased housing is required for the loss of old ones.

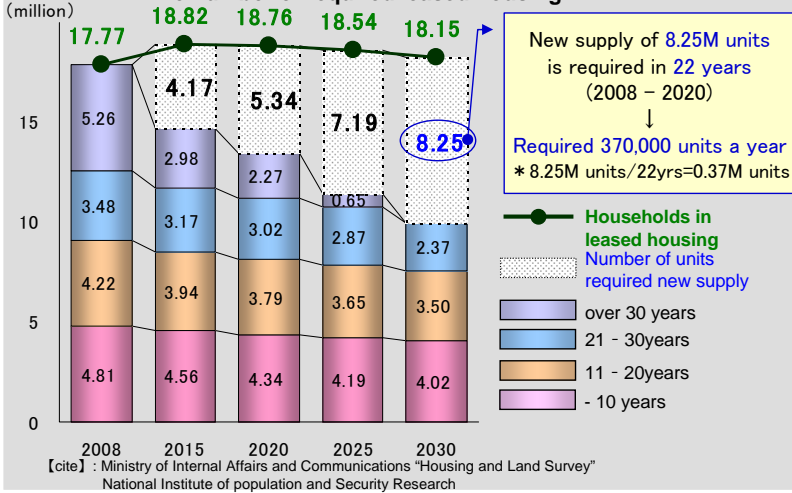
◆ Rate of leased housing by year of construction

Building age	-1970	1970-1980	1980-
10	15%	10%	6%
15	25%	15%	9%
20	35%	20%	12%
25	42%	25%	15%
30	48%	30%	18%
35	60%	35%	21%
40	70%	40%	24%
45	75%	45%	27%
50	80%	50%	30%

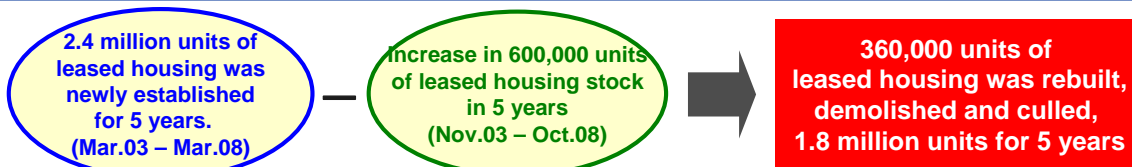
Properties constructed before 1970 are expected to lose 70% after 40 years of construction.

※ The above data is the assumption based on "Predictions on housing investment" by Ju-taku Shimpo-sha

◆ Forecast : The number of households in leased housing

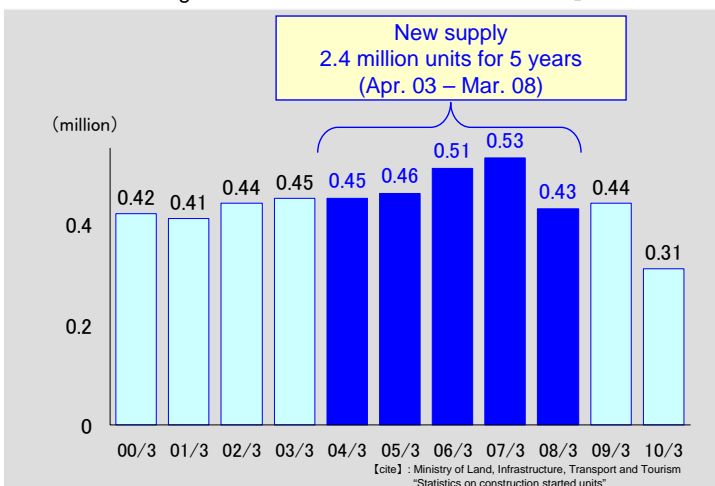


V-19 Market environment 2 – Past records : Rebuilding, demolition and cull 360,000 units a year

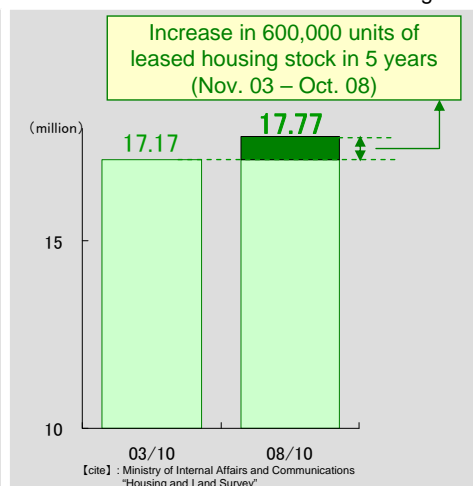


- 2.4 million units of leased housing was newly established for 5 years. (Mar.03 – Mar.08)
- The other side, the number of stocks for the same period was increased by only 0.6 million units.
- The rest of 1.8 million units is expected to be rebuilt and demolished.

◆ Leased housing 「Number of construction started units」



◆ Number of households in leased housing



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