

2Q Financial Highlights, Year ending March 31, 2012



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I . 2Q Financial Results

I -1 The highlights of Midterm

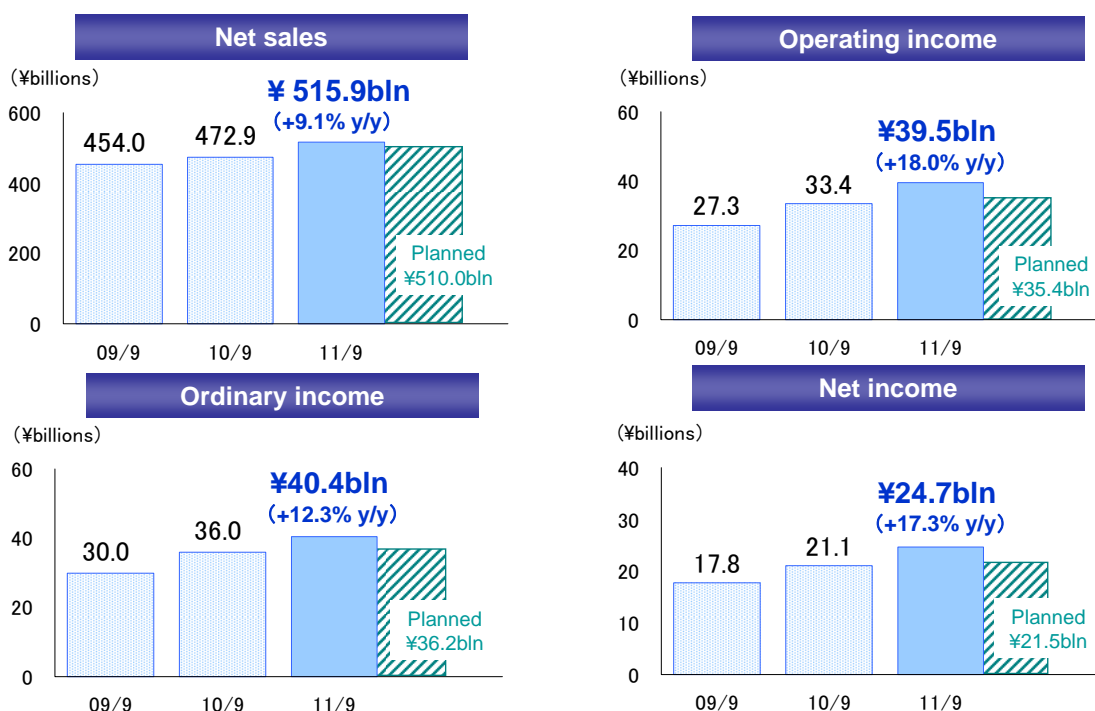
■Orders Received : Made record-high
¥293.4bln (+25.1% y/y)

■Occupancy rate : Significant improvements to sound level
Residential use /Sep 96.0% (+1.5P y/y)

■Profit-and-loss : Sales and income exceeded planned
Increases both in sales and income
for three straight periods

I -2 Income summary

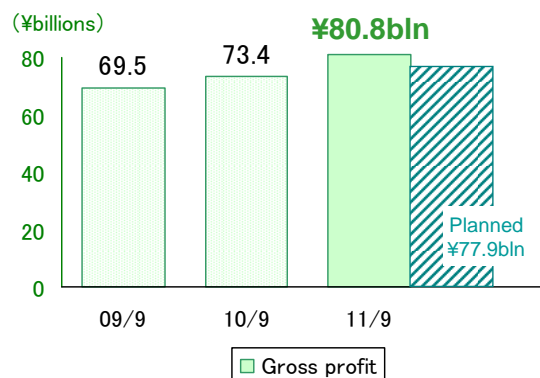
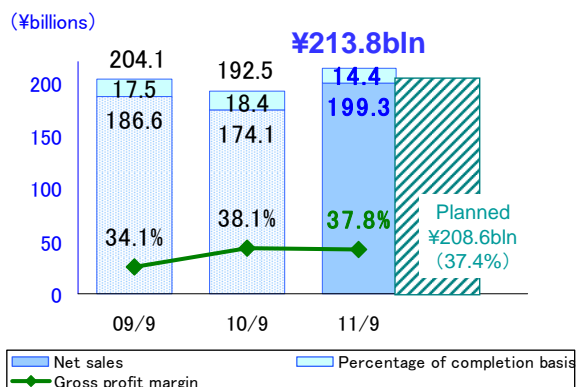
Sales and income exceeded planned



I -3 Income summary by segment (Construction)

	2Q FY10	2Q FY11	(y / y)
Net sales	192.5	213.8	(+11.1%)
Gross profit	73.4	80.8	(+10.1%)
Gross profit margin	38.1%	37.8%	[-0.3p]

[] : Difference from same period in previous year



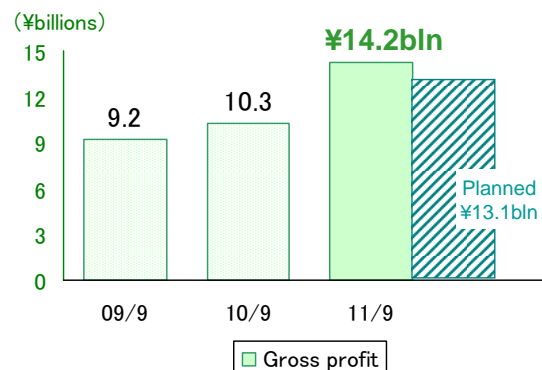
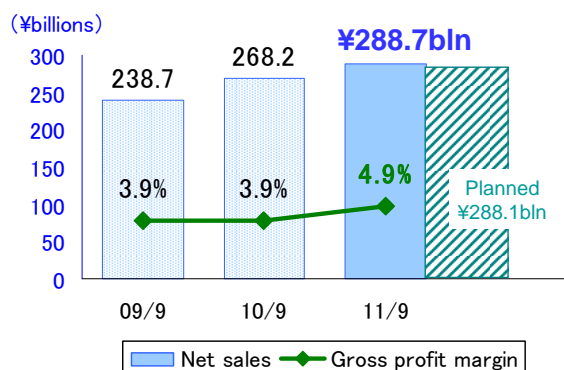
Due to the revision of accounting standard by "Management Approach", the segment of "Building and Repairs" of Daito Building Management has been categorized under "Real estate" instead of "Construction" since FY 2010.

Segment	Building & Repairs /Daito Building Management (¥billions)		
	09/9	10/9	11/9
Net sales	8.0	14.0	14.6
Gross profit	1.5	2.75	2.9
	Construction	Real estate	Real estate

I -4 Income summary by segment (Real estate)

	(¥billions)		
	2Q FY10	2Q FY11	(y / y)
Net sales	268.2	288.7	(+7.6%)
Gross profit	10.3	14.2	(+37.6%)
Gross profit margin	3.9%	4.9%	[+1.0p]

[] : Difference from same period in previous year



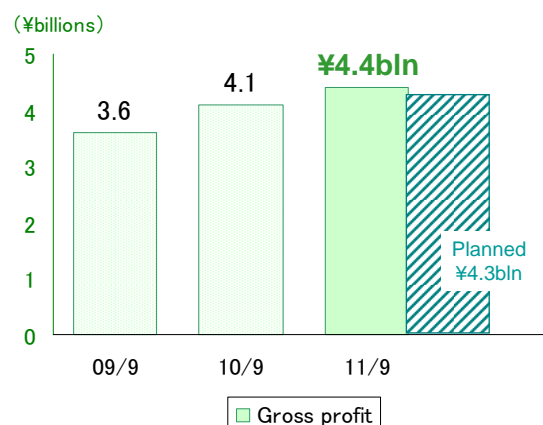
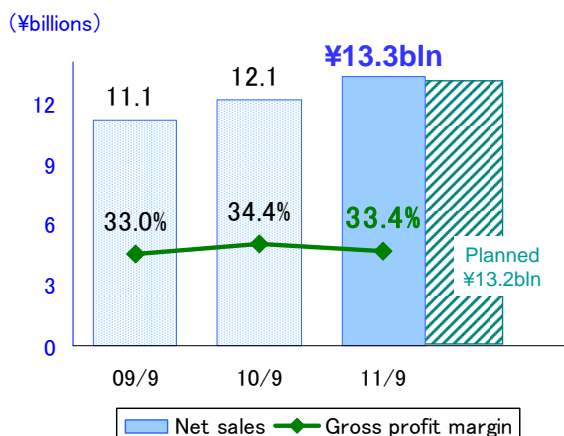
Due to the revision of accounting standard by "Management Approach", the segment of "Building and Repairs" of Daito Building Management has been categorized under "Real estate" instead of "Construction" since FY 2010.

	(¥billions)		
	09/9	10/9	11/9
■ Building & Repairs /Daito Building Management			
Net sales	8.0	14.0	14.6
Gross profit	1.5	2.75	2.9
Segment	Construction	Real estate	Real estate

I -5 Income summary by segment (Others)

	(¥billions)		
	2Q FY10	2Q FY11	(y / y)
Net sales	12.1	13.3	(+10.5%)
Gross profit	4.1	4.4	(+7.4%)
Gross profit margin	34.4%	33.4%	[-1.0p]

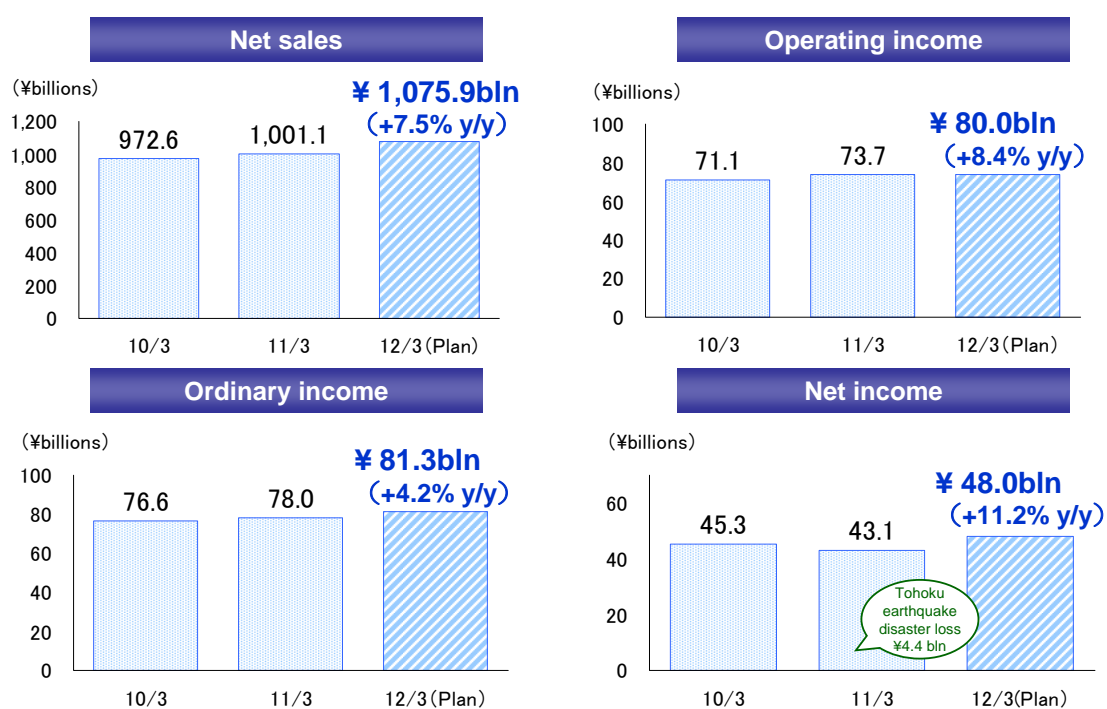
[] : Difference from same period in previous year



II. Financial Forecasts

II Financial forecasts

No change in financial forecasts

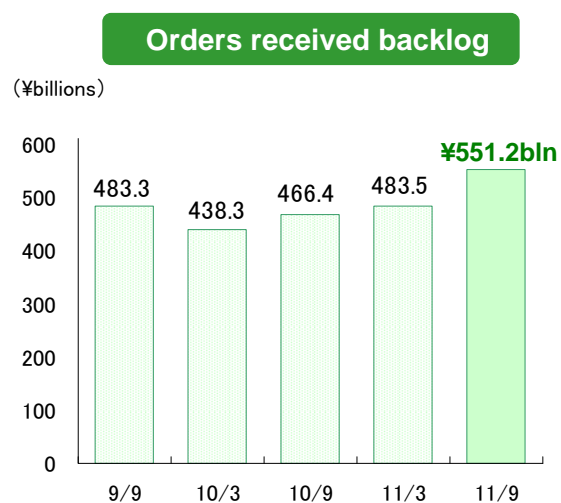
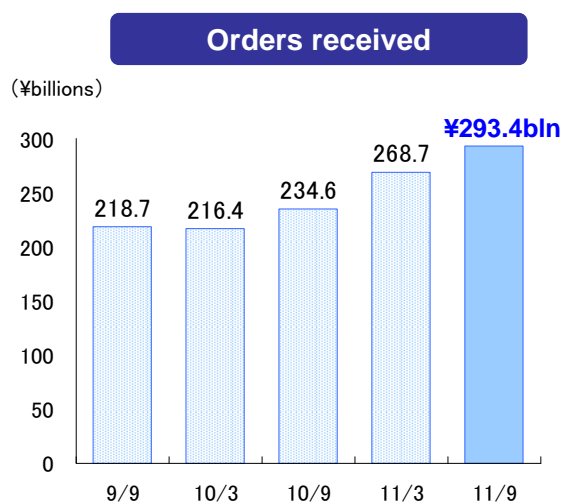


III. Orders received

III-1 Orders received & backlog (Semiannual comparison)

◇Orders received **¥ 293.4bln** (125.1% y/y)
(109.2% from 2nd half / FY10)

◇Orders received backlog **¥ 551.2bln** (118.2% y/y)
(114.0% from the end of FY10)



III-2 Status of Orders received

Main factors of the increase in the amount of Orders received in 1st half

① Increase in number of Orders received

- Reinforcement of sales force
- Tohoku Earthquake disaster heightened our creditability in the market and motivation of our workforce
- The increase in numbers of both new orders and repeat orders resulted from continuing effort on sales approach, focused on inheritance of properties.

② Drop in Cancelation rate

- Continuing efforts to have “grip” with financial institutions

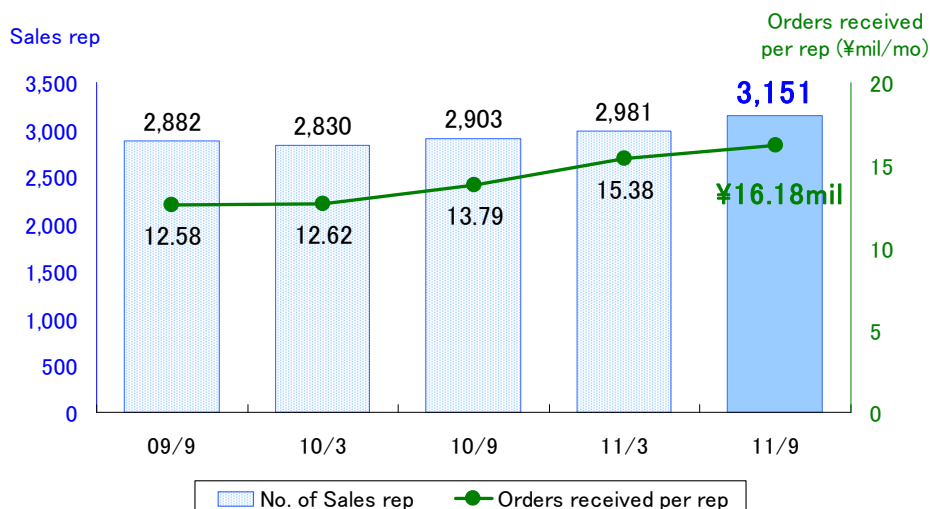
③ The success resulted from promoting medium-rise apartment and rebuilding

- Focused sales efforts on lands suitable for residential areas as per our own demand projections

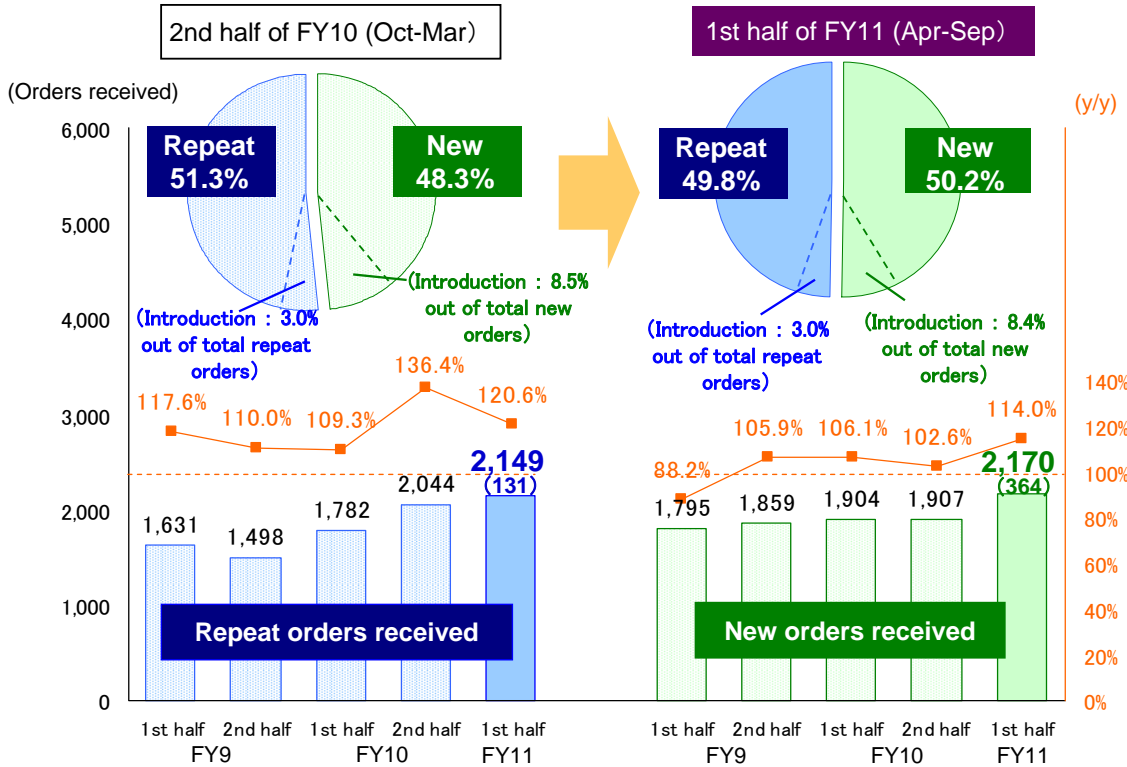
III-3 Sales representatives and sales efficiency (Semiannual comparison)

◇ Sales representatives 3,151 (+248 y/y)
(+¥170 from 2nd half / FY10)

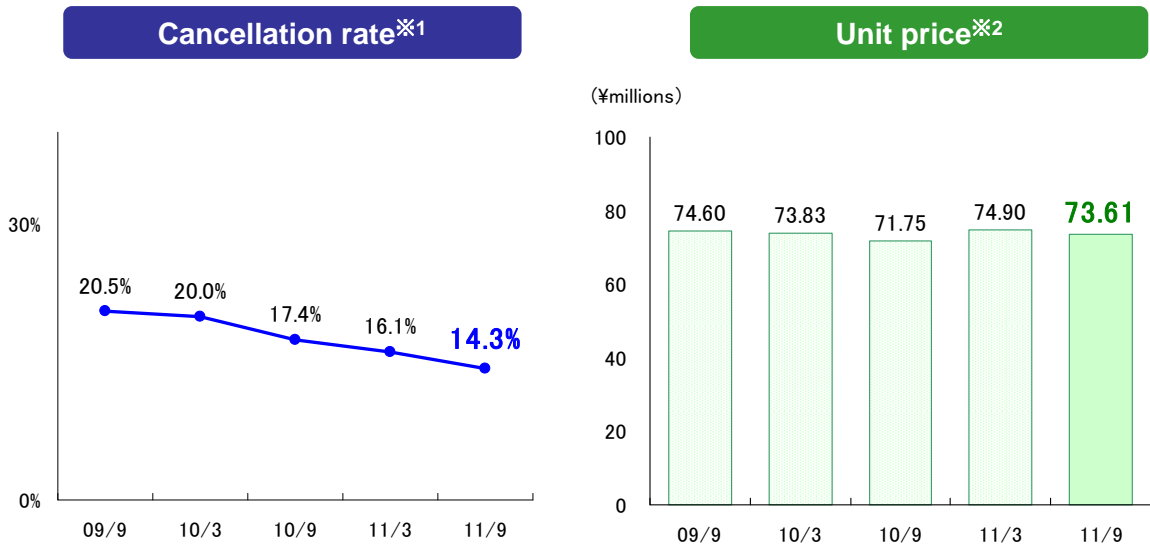
◇ Orders received per rep ¥16.18mil/mo (+2.39mil y/y)
(+ ¥0.80mil from 2nd half / FY10)



III-4 Channels of orders received (Semiannual comparison)



III-5 Cancellation rate and Unit price of orders received (Semiannual comparison)



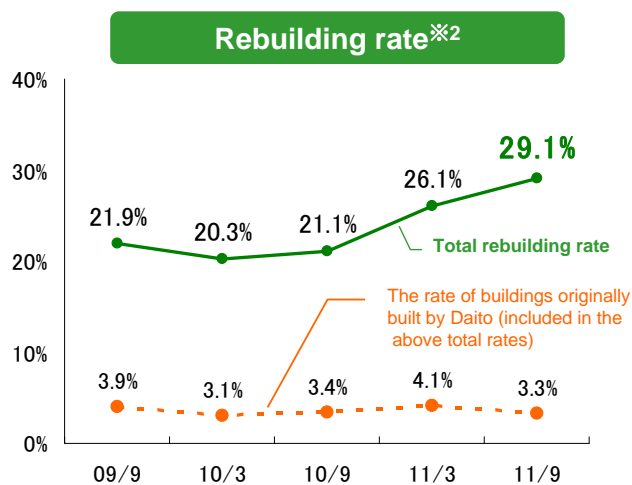
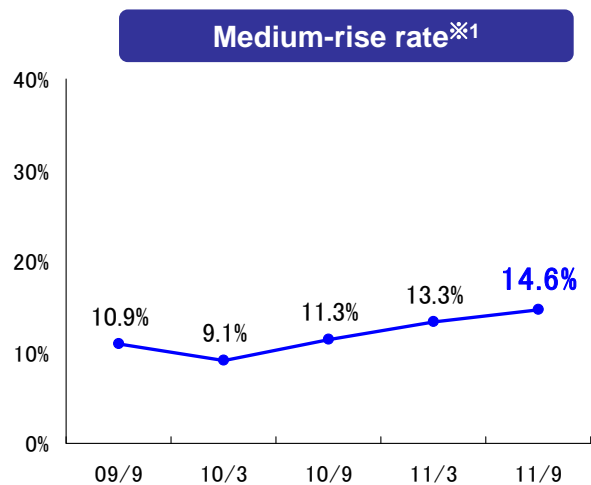
※1 Cancellation rate = the amount of cancellation / the amount of new orders received
Orders received = the amount of new orders received - the amount of cancellation

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

III-6 Analysis of Orders received

◇ **Medium-rise rate** 14.6% (+3.3p y/y)

◇ **Rebuilding rate** 29.1% (+8.0p y/y)



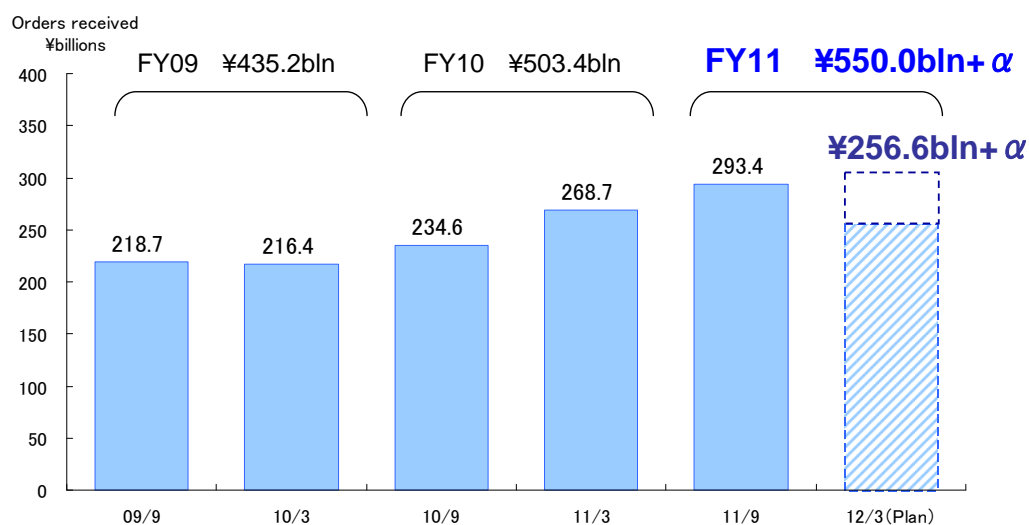
※1 Middle-rise rate =
Number of orders received for 3 stories and up / The total orders received

※2 Total rebuilding rate =
The no. of orders received for rebuilding / The total orders received

The rate of bldgs originally built by Daito =
The no. of orders received for buildings originally built by Daito / The total orders received

III-7 Plan for Orders received

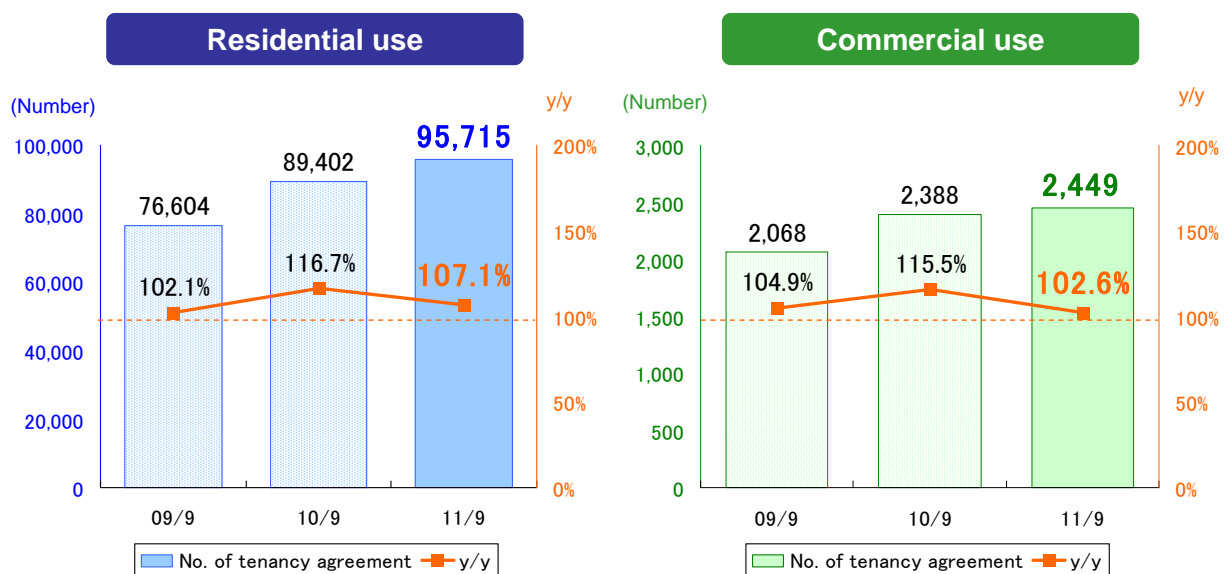
◇ **Orders received FY11 Plan** ¥550.0bln + α (+109.3% y/y)



IV. Occupancy rate and Countermeasures for 2nd half

IV-1 Tenancy agreement

◇ Tenancy agreement 98,164 (+106.9% y/y)



IV-2 Rent basis occupancy rate

Residential use 96.0% (+1.5p y/y)

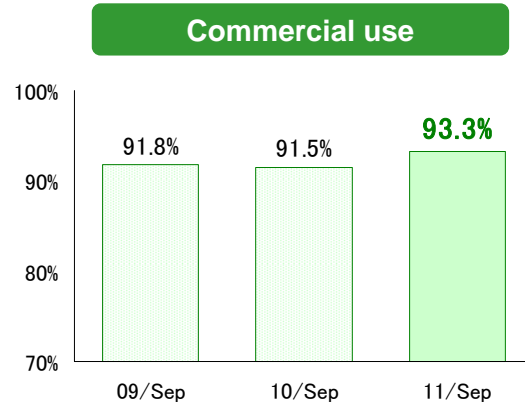
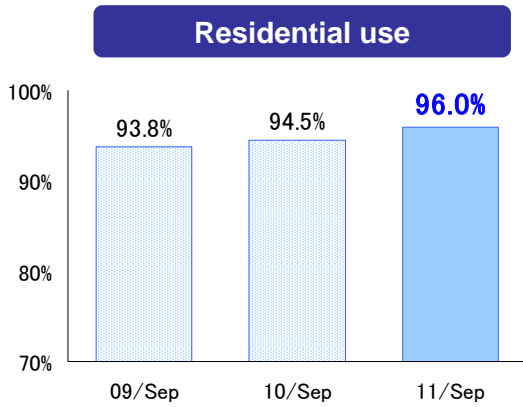
10,000 units Improvement

$$667,000\text{units} \times 1.5\% \doteq 10,000$$

Commercial use 93.3% (+1.8p y/y)

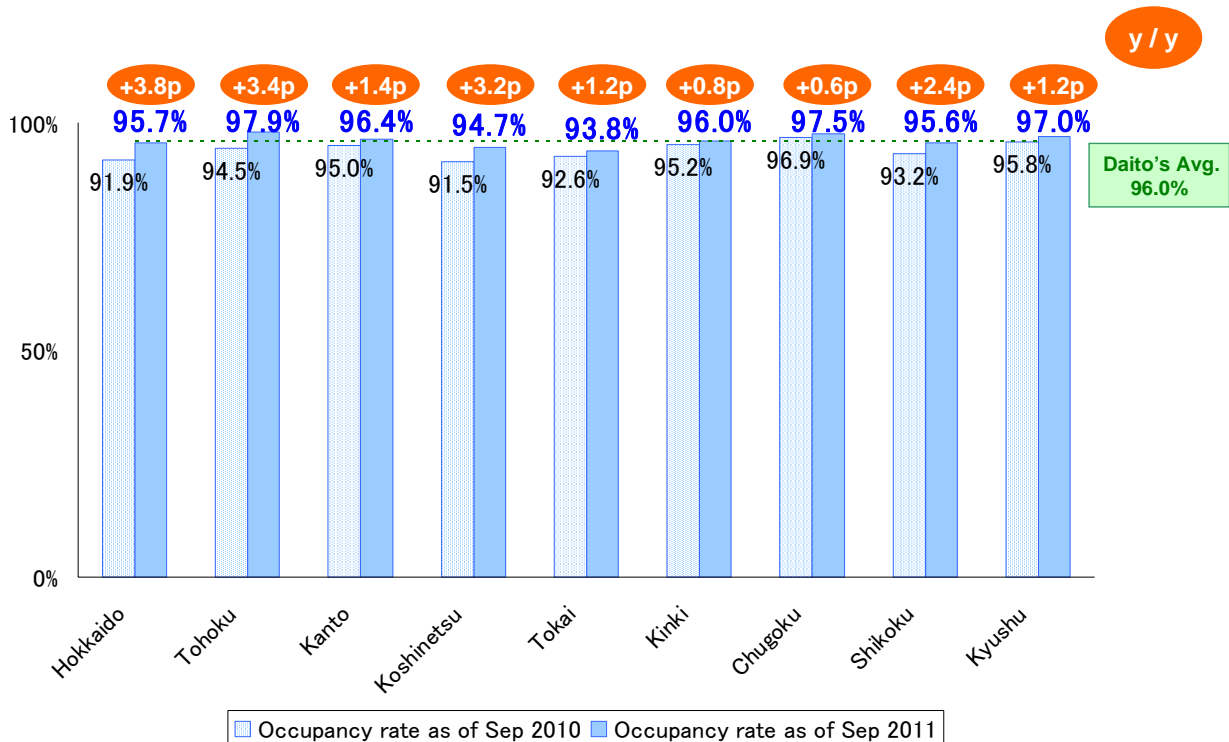
690 units Improvement

$$38,400\text{units} \times 1.8\% \doteq 690$$



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

IV-3 Rent basis occupancy rate by area (Residential use)



IV-4 Plan for tenancy agreements and occupancy rate

The number of tenancy agreement needed to achieve target for 2nd half
124,336 (+10.4% y/y)

- Residential use 121,285
- Commercial use 3,051

Plan for occupancy rate for Mar 2012
Residential use 97.0% (+1.0p y/y)
Commercial use 94.5% (+2.4p y/y)

Strategies for 2nd half

- ① Reinforcement of sales force: The total of 1,300 recruiters (by end of Dec)
- ② Expansion of "e-Heya Station" business throughout Japan (Oct -)
- ③ Convention with local real estate agencies (Oct - Nov)
- ④ Renovation of whole building (1st half: 1,600 units / 2nd half 2,400 units)
- ⑤ Launching new TV commercials (Nov / Jan)
- ⑥ Continuing "Tenant introduction" campaign

V. Topics

V-1 6 branches restored from Tohoku Earthquake, resumed business as of Oct

6 branches affected by Tohoku Earthquake, redeployed to previous construction sales departments as of Oct

※6 branches in Kitakami, Sendai, and Iwaki areas.



Resumed business as of October

● Damaged apartments / Restoration in progress

Restoration by stages	Number	(%)
① Restoration completed	6,404	(77%)
② Restoration started or about to begin	1,814	(22%)
③ Restoration planning in progress	42	(1%)
④ Within 30km of Fukushima Nuclear Plants	56	
合計	8,318	

Restoration example (Inundation above the floor level)

Before



● Damaged apartment

After



● A room on 1st floor



● Replacement of building frames, equipment, sashes, and exterior walls



V-2 Offering more attractive apartments / Launching Electric aggregation service

“More attractive” apartments

The 1st apartment constructed in Sep



● 建築場所：東広島市

《Advantages for residents》

- ① Notification to utility companies **Less hassle**
- ② Security **Improved**
- ③ Electric bill **Cheaper**

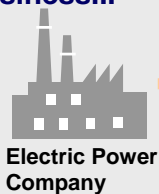
FY11

- ◆ Areas : **Western Japan**
(Kansai · Chugoku · Shikoku
Kyushu Electric Power companies)
- ◆ Supply to : **Around 5 new apartments**

FY12~

- ◆ Areas : **Throughout Japan**
(Excluding Hokkaido and Okinawa)
(Tohoku, Hokuriku, Tokyo, Chubu Electric power companies)
- ◆ Supply to : **Both new and old apartments**

■ About Electric Aggregation Business...



High voltage Power
Power receiving in aggregate basis



Electric substation equipment
(High voltage → Low voltage)

Low voltage power



Advantages in electric bill for residents

"e-heya Station"



10/21

The 1st station OPEN
"AEON Mall, Fukuoka"



● Friendly atmosphere



● Easy-to-use touch panels



● Requesting apartment visit via e-heya station

VI. Appendix

VI-1 Non-consolidated statement of income

(¥ millions)

	2Q FY11	2Q FY10	y / y	plan (year)
Net sales	225,422	207,722	+8.5%	481,950
Construction	215,033	194,859	+10.4%	461,600
Real estate & others	10,389	12,863	- 19.2%	20,350
Gross profit	78,691	71,881	+9.5%	166,900
Construction	80,445	74,174	+8.5%	170,800
Real estate & others	- 1,754	- 2,293	—	- 3,900
SG & A expenses	50,972	45,302	+12.5%	107,600
Operating income	27,718	26,579	+4.3%	59,300
Ordinary income	28,825	29,344	- 1.8%	61,900
Net income	17,485	17,096	+2.3%	36,400

VI-2 Financial summaries of major subsidiaries (Construction)

(¥ millions)

	Construction business							
	Daito Construction				Daito Steel			
	2Q FY11	2Q FY10	y / y	plan (year)	2Q FY11	2Q FY10	y / y	plan (year)
Net sales	1,760	1,644	+7.1%	5,000	1,780	1,381	+28.9%	3,188
Gross profit	67	48	+39.3%	304	84	46	+79.7%	121
SG&A expenses	42	36	+16.9%	134	35	35	- 1.3%	70
Operating income	24	11	+109.7%	168	48	10	+348.8%	51
Ordinary income	43	29	+49.3%	200	48	9	+399.0%	48
Net income	43	28	+49.8%	183	28	8	+255.0%	28

VI-3 Financial summaries of major subsidiaries (Real estate)

(¥ millions)

	Real estate business											
	Daito Building Management				Housecom				House Leave			
	2QFY11	2QFY10	y / y	plan (year)	2QFY11	2QFY10	y / y	plan (year)	2QFY11	2QFY10	y / y	plan (year)
Net sales	277,921	255,185	+8.9%	566,200	3,621	3,451	+4.9%	7,912	785	604	+29.9%	1,766
Gross profit	14,509	11,109	+30.6%	26,900	3,621	3,451	+4.9%	7,912	511	387	+32.0%	1,066
SG&A expenses	4,851	4,863	- 0.3%	11,700	3,541	3,425	+3.4%	7,388	106	73	+45.4%	196
Operating income	9,658	6,245	+54.6%	15,200	80	26	+206.5%	524	404	314	+28.9%	869
Ordinary income	9,903	6,474	+53.0%	15,550	62	28	+117.3%	614	406	314	+29.2%	869
Net income	6,054	3,825	+58.3%	9,000	13	- 17	-	313	232	180	+29.1%	499

VI-4 Sales Structure of Real estate business

(¥ millions)

	2QFY11	(Ratio)	2QFY10	y / y
Whole-building lease ※1	261,178	(90.4%)	238,979	+9.3%
Building and repairs ※2	14,664	(5.1%)	14,011	+4.7%
Brokerage	5,997	(2.1%)	5,388	+11.3%
Lease business ※3	3,011	(1.0%)	3,021	- 0.3%
Sub-lease ※4	2,560	(0.9%)	5,704	- 55.1%
Others	1,321	(0.5%)	1,164	+13.5%
Total	288,733	(100.0%)	268,269	+7.6%

※1 Whole-building lease contract as Lease Management Trust System by Daito Building Management

※2 Building and repairs by Daito Building Management (recorded sales on construction till FY2010)

※3 Mainly Shinagawa East One Tower

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

VI-5 Financial summaries of major subsidiaries (Others - 1)

(¥ millions)

	Other business (Financial business)							
	Daito Finance				D.T.C			
	2QFY11	2QFY10	y / y	plan (year)	2QFY11	2QFY10	y / y	plan (year)
Net sales	703	836	- 15.9%	1,381	1,247	1,168	+6.7%	2,750
Gross profit	423	508	- 16.7%	820	466	413	+12.8%	992
SG&A expenses	78	94	- 17.1%	186	4	5	- 8.5%	9
Operating income	345	414	- 16.6%	633	462	408	+13.1%	982
Ordinary income	348	419	- 17.0%	644	460	412	+11.6%	988
Net income	201	243	- 17.0%	375	460	412	+11.6%	988

VI-6 Financial summaries of major subsidiaries (Others - 2)

(¥ millions)

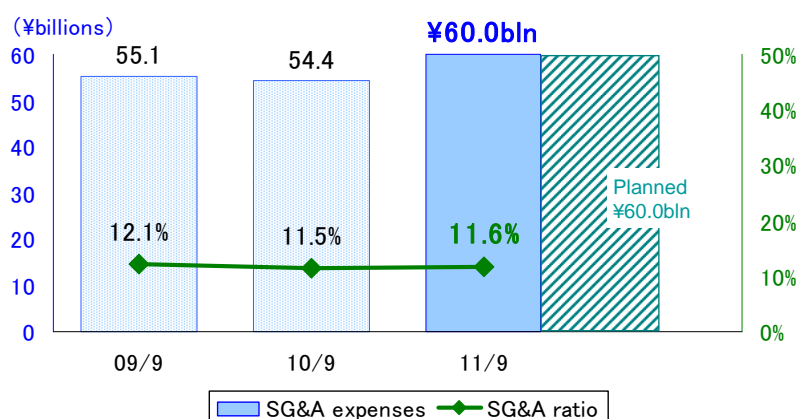
	Other business (Other)											
	Care Partner				Gaspal				D. A. D. (M)			
	2QFY11	2QFY10	y / y	plan (year)	2QFY11	2QFY10	y / y	plan (year)	2QFY11	2QFY10	y / y	plan (year)
Net sales	3,313	3,062	+8.2%	6,527	8,387	7,225	+16.1%	18,366	1,026	1,029	- 0.3%	2,122
Gross profit	426	604	- 29.5%	676	1,898	1,484	+27.9%	4,268	550	438	+25.7%	1,152
SG&A expenses	260	542	- 51.9%	602	1,401	1,202	+16.5%	2,890	356	366	- 2.8%	796
Operating income	165	62	+164.2%	73	497	281	+76.2%	1,377	194	71	+170.6%	355
Ordinary income	163	9	-	73	502	286	+75.2%	1,377	291	404	- 28.1%	362
Net income	198	2	-	93	334	304	+10.2%	887	291	403	- 27.8%	362

VI-7 Selling, general and administrative expenses

(¥billions)

	2Q FY10	2Q FY11	(y / y)
SG&A expenses	54.4	60.0	(+10.3%)
SG&A ratio	11.5%	11.6%	[+0.1p]

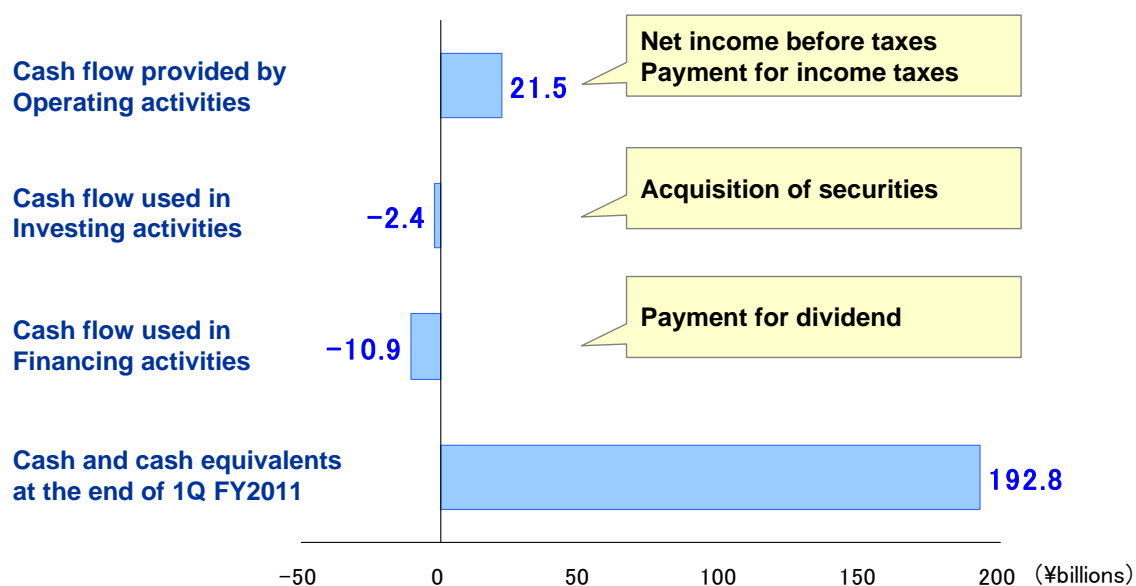
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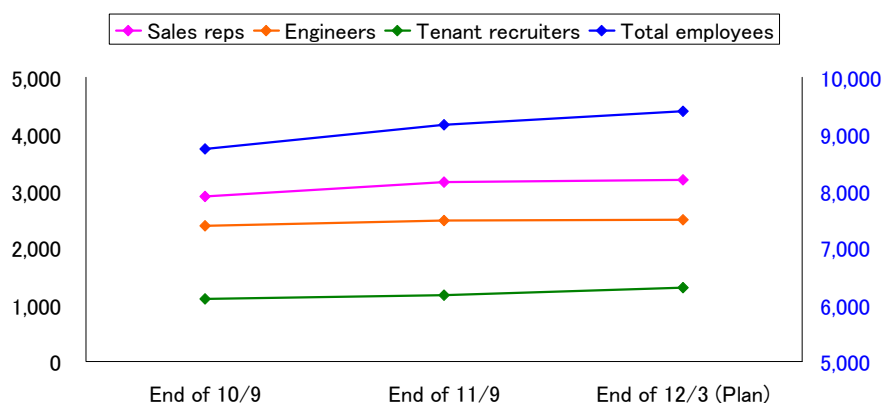
VI-8 Financial conditions

2Q FY2011				End of FY2010					
(¥billions)									
Current assets	370.0 (+ 0.9)	Current liabilities	184.0 (- 9.2)	Current assets	369.1	Current liabilities	193.2		
		Noncurrent liabilities	213.1 (+5.7)			Noncurrent liabilities	207.4		
-----		Total liabilities	397.1 (- 3.5)	-----		Total liabilities	400.7		
Noncurrent assets	167.5 (+3.7)	Net assets	140.4 (+8.1)	Noncurrent assets	163.8	Net assets	132.2		
Total	537.6 (+4.6)	Total	537.6	Total	532.9	Total	532.9		
BPS				¥1,751.99	BPS				¥1,662.65
Equity ratio				25.8%	Equity ratio				24.6%

V-9 Cash flows

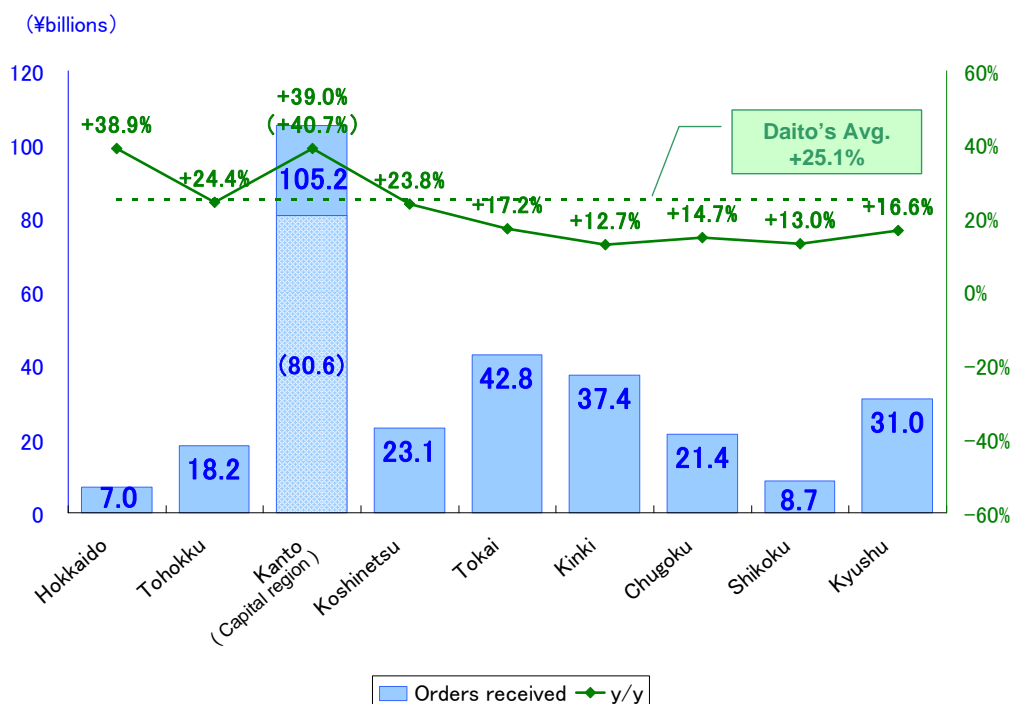


VI-10 Number of employees by each occupations (Non-consolidated)



	End of 10/9	End of 11/9	(y/y)	Plan/End of 12/3
Total employees	8,739	9,169	+430	9,400
Sales reps	2,903	3,151	+248	3,200
Engineers	2,384	2,485	+101	2,497
Tenant recruiters	1,100	1,165	+65	1,300

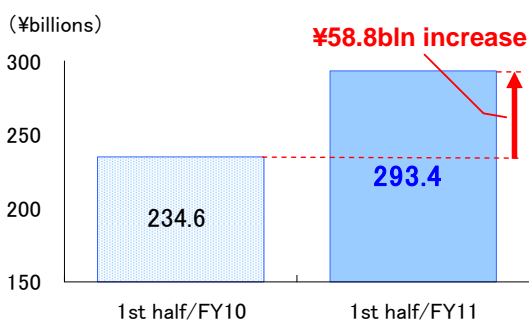
VI-11 Orders received by area



VI-12 Comparing with the result of 1st half & 2nd half of FY10

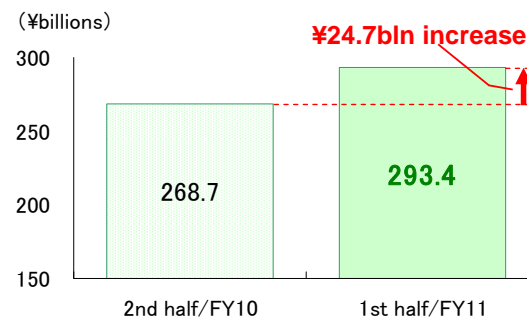
Comparing with the result of 1st half / FY10

¥ 58.8bln increase	
① By Numbers (3,686 → 4,319)	+ ¥46.6bln
② By Cancelation (-¥49.4bln → -¥48.9bln)	+ ¥0.5bln
③ By Unit price (¥71.75mil / unit → ¥73.61mil / unit)	+ ¥6.8bln
④ By Building & repairs (¥19.5bln → ¥24.4bln)	+ ¥4.9bln

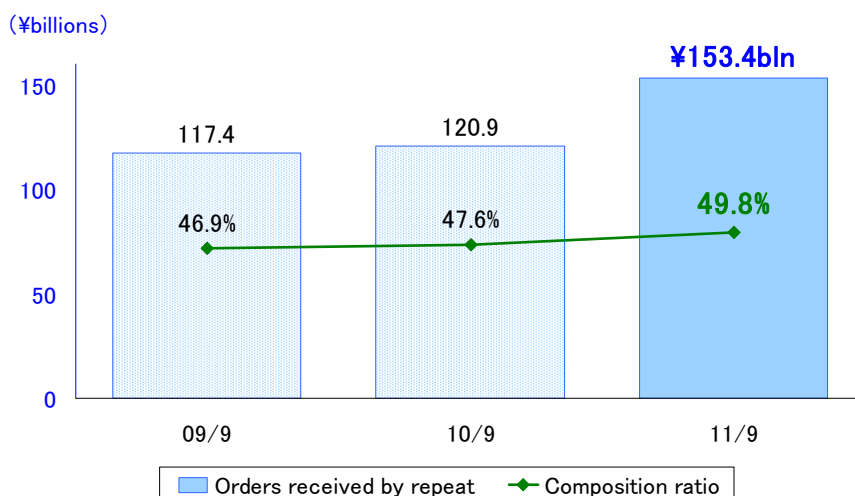


Comparing with the result of 2nd half / FY10

¥24.7bln increase	
① By Numbers (3,952 → 4,319)	+ ¥27.0bln
② By Cancelation (-¥51.7bln → -¥48.9bln)	+ ¥2.8bln
③ By Unit price (¥74.90mil / unit → ¥73.61mil / unit)	- ¥5.1bln
④ By Building & repairs (¥24.4bln → ¥24.4bln)	- ¥bln

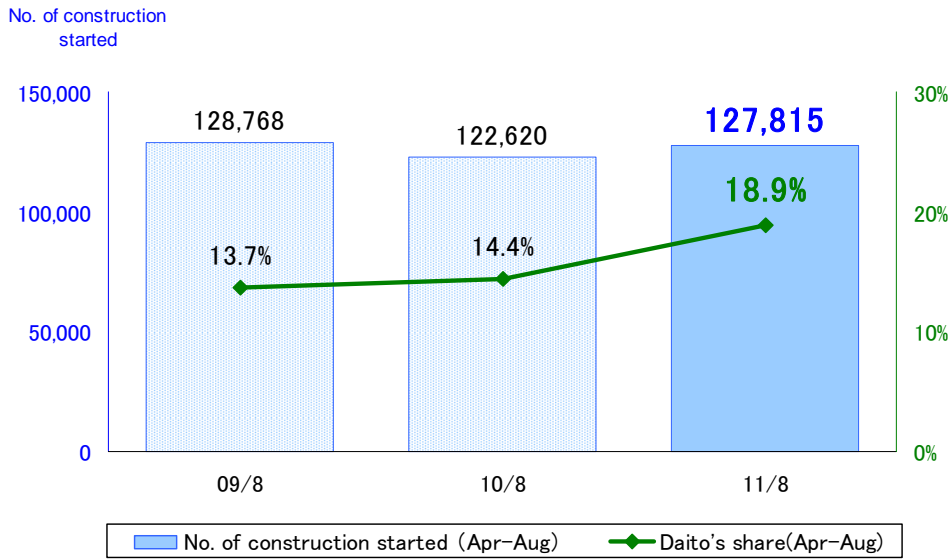


VI-13 Orders received by repeat



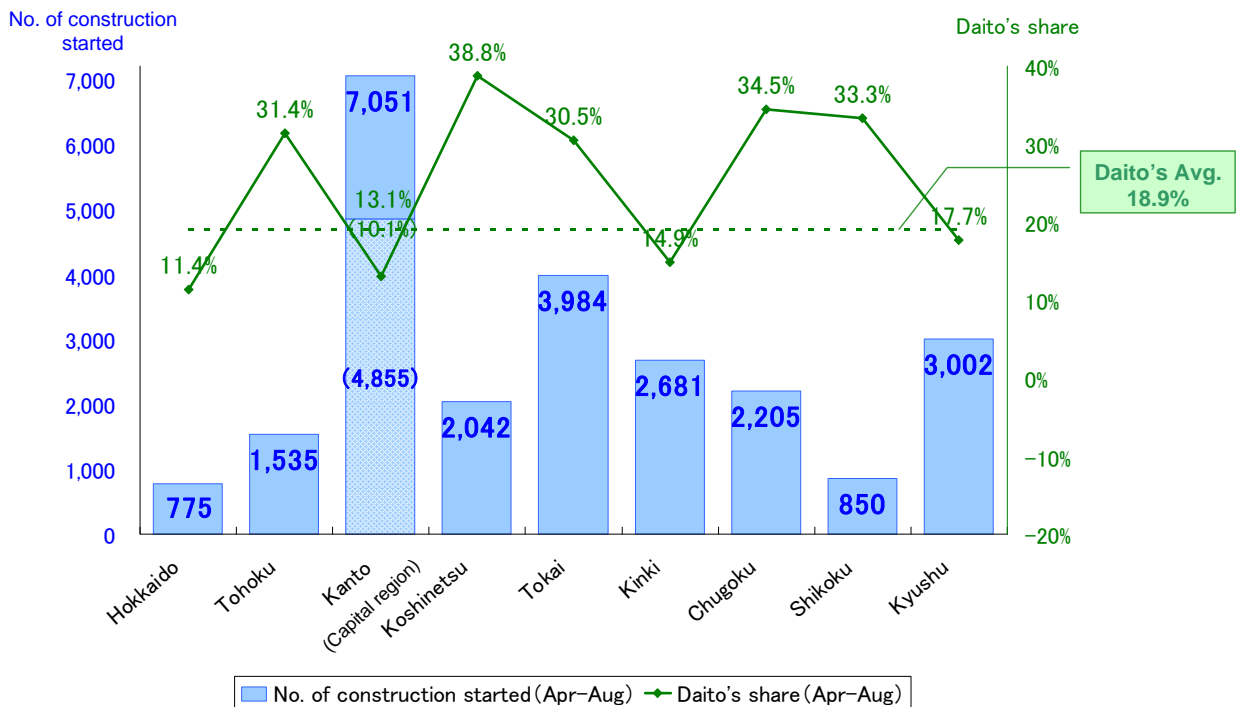
$$\text{Composition ratio} = \frac{\text{Number of orders received by repeat from our existing customers}}{\text{Total number of orders received}}$$

VI-14 Number of construction started & Daito's Share



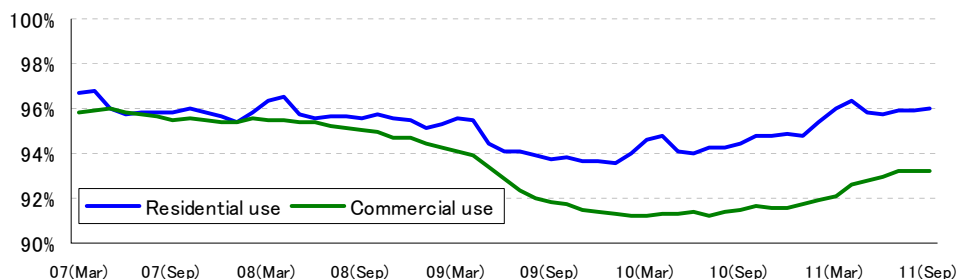
(Ministry of Land, Infrastructure, Transport and Tourism : "Housing and Land Survey")

VI-15 Number of apartment construction started by area & Daito's share



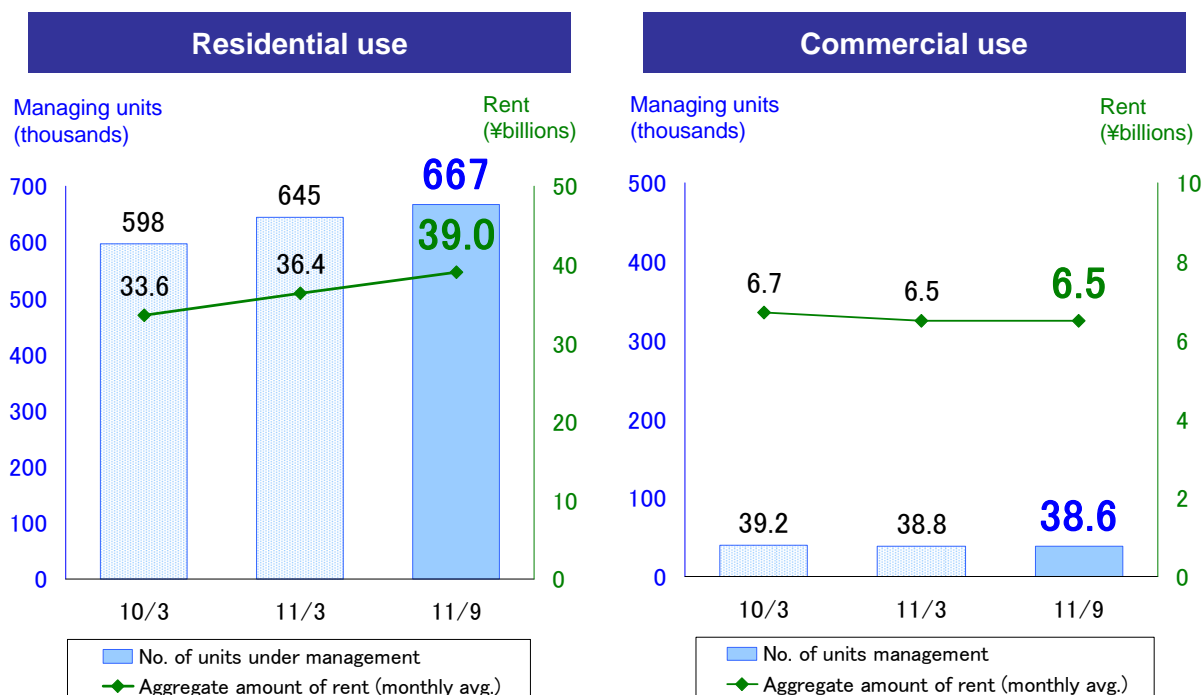
VI-16 Rent basis occupancy rate

Rent basis
occupancy rate



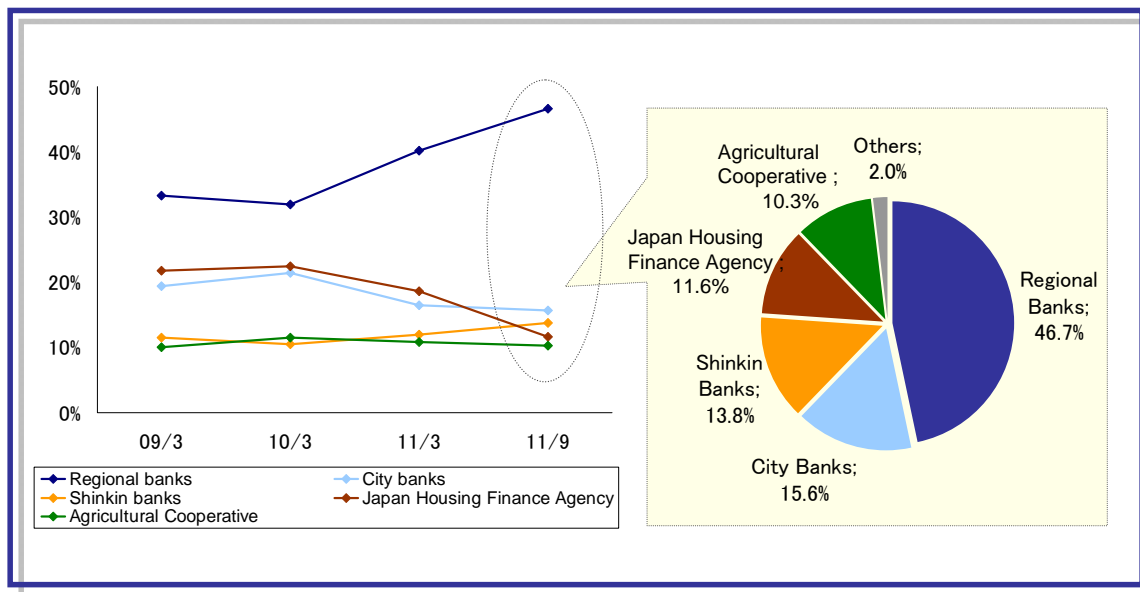
Rent basis occupancy rate	2007(Sep)	2008(Sep)	2009(Sep)	2010(Sep)	2011(Sep)	y / y
Residential use (%)	95.9%	95.6%	93.8%	94.5%	96.0%	+1.5p
Commercial use (%)	95.5%	95.1%	91.8%	91.5%	93.3%	+1.8p

VI-17 Number of units under management & aggregate amount of rent



VI-18 Customer's financing channel

Shares of financial institutions (No. of construction started basis)



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Daito Trust Construction Co. Ltd

URL : <http://www.kentaku.co.jp>

E-Mail : keiki@kentaku.co.jp