



2Q Financial Highlights, Year ending March 31, 2015

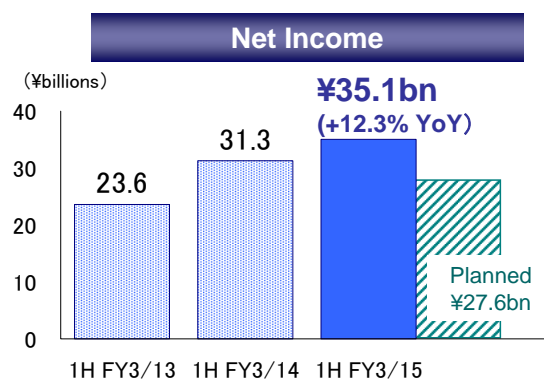
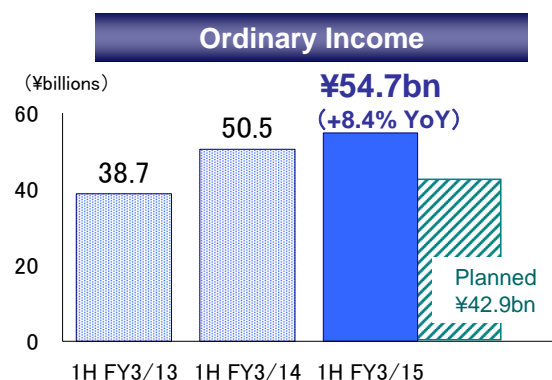
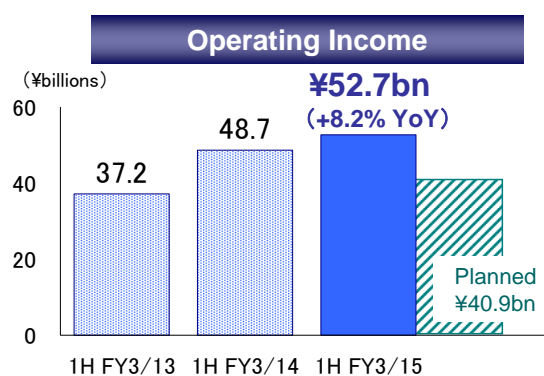
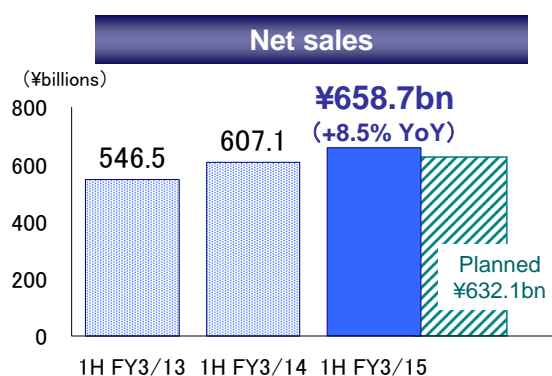
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I . 2Q Financial Results

I - 1 1H Financial Results summary①

Sales and each profits updated the highest record



■ The reasons why operating income exceeded the original plan (+¥11.8bn)

Details	Reasons	
Gross profit of construction <about¥7.5bn>	▪ Increase the amount of completed work by moving up the schedule for completed work of 2 nd half	+¥7.5bn
	▪ Improve gross margin rate (plan29.9%→achievement30.1%)	+¥0.5bn
Gross profit of real estate <about¥1.8bn>	▪ Move within 3years / Increase income of flat-rate cleaning	+¥0.4bn
	▪ Increase users of the system which eliminates the use of a joint surety	+¥0.3bn
	▪ Increase restoration to original condition and repairing construction	+¥0.4bn
	▪ Increase income of solar power generation	+¥0.3bn
Gross profit of other segments <about¥0.3bn>	▪ Increase income of Gaspal	+¥0.2bn
	▪ Increase income of Care-Partner	+¥0.1bn
SG&A expenses <about¥2.2bn>	▪ Unachieved plan of sales representative	+¥0.2bn
	▪ Unfulfilled budgets for advertising and merchandising expenses	+¥1.8bn

I – 3 1H Financial Results by segment (Construction)

(¥billions)

	1HFY3/14	1HFY3/15	(YoY)
Net sales	258.1	285.0	(+10.4%)
Gross profit	85.4	85.6	(+0.3%)
Gross profit margin	33.1 %	30.1%	[Δ3.0p]

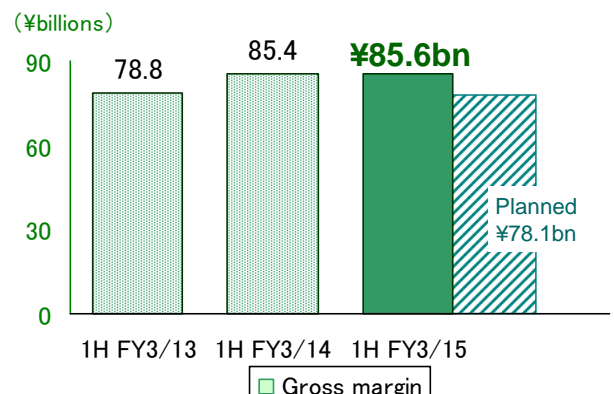
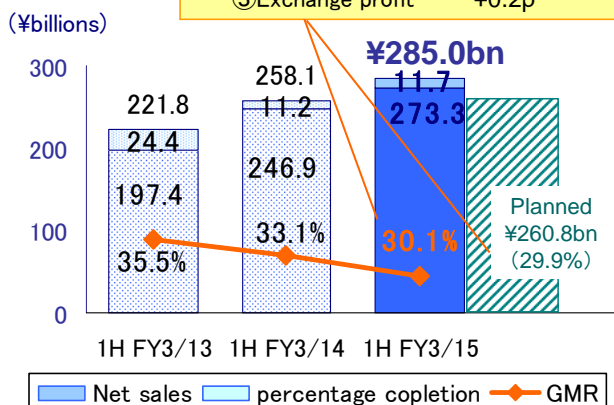
[] : Difference from previous same period

※ Major breakdown of GMR +0.2p YoY)

- ① Labor cost Δ0.3p
- ② Material cost +0.3p
- ③ Exchange profit +0.2p

※ Major breakdown of GMR Δ3.0p YoY)

- ① Labor cost Δ2.9p
- ② Material cost ±0.0p
- ③ Exchange loss Δ0.1p

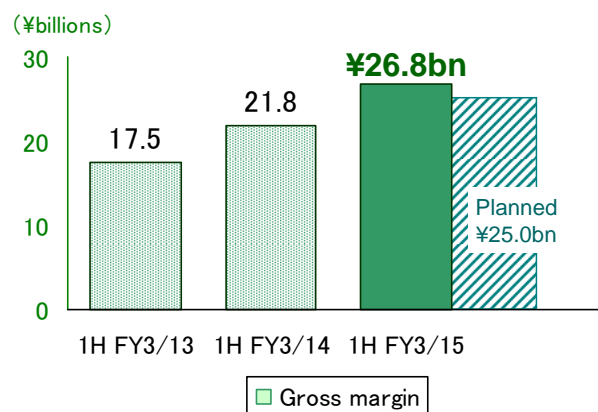
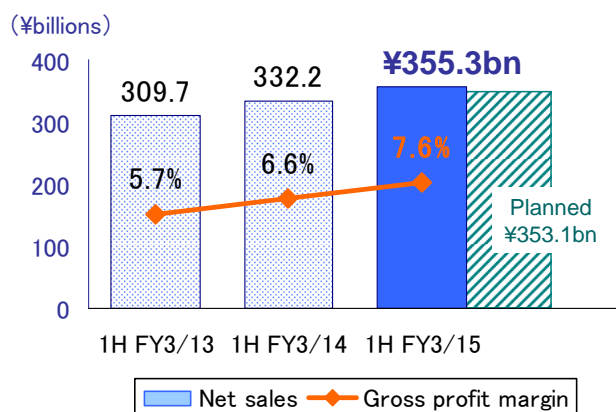


I - 4 1H Financial Results by segment (Real estate)

	1H FY3/14	1H FY3/15	(YoY)
Net sales	332.2	355.3	(+6.9%)
Gross profit	21.8	26.8	(+23.2%)
Gross profit margin	6.6%	7.6%	[+1.0p]

(¥billions)

[] : Difference from previous same period

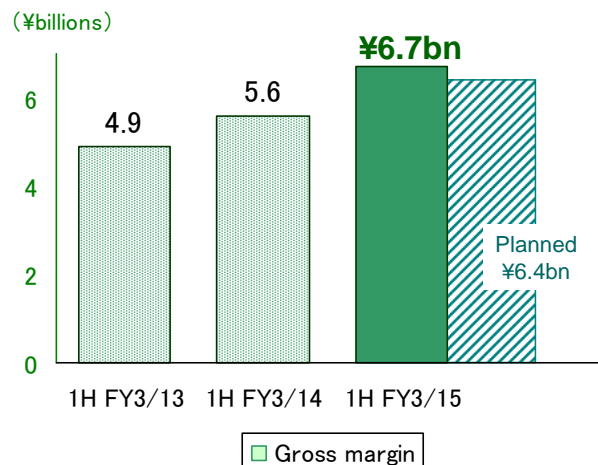
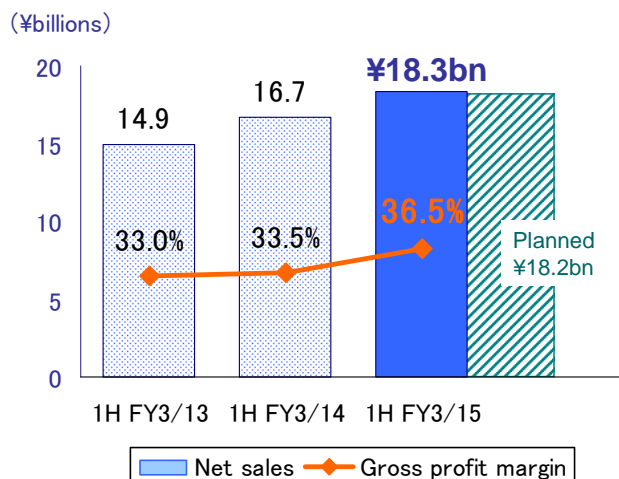


I - 5 1H Financial Results by segment (Others)

	1H FY3/14	1H FY3/15	(YoY)
Net sales	16.7	18.3	(+9.5%)
Gross profit	5.6	6.7	(+19.5%)
Gross profit margin	33.5%	36.5%	[+3.0p]

(¥billions)

[] : Difference from previous same period

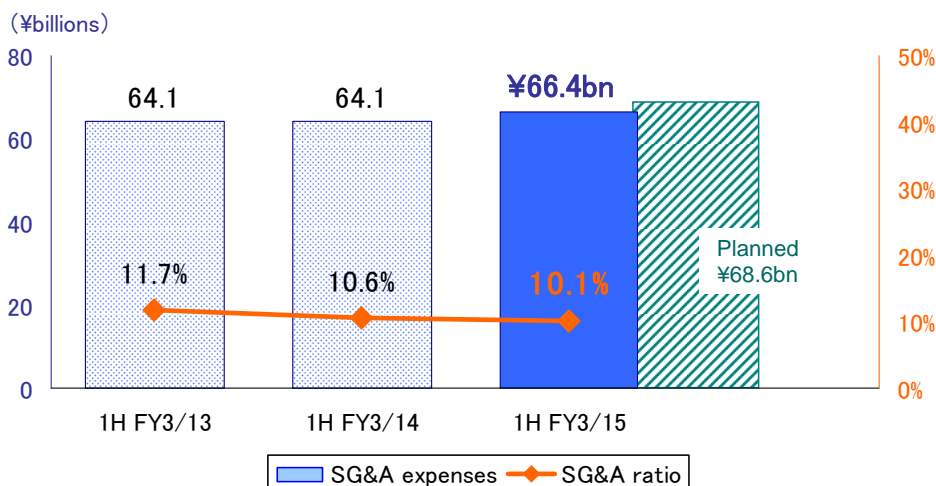


I – 6 Selling, general and administrative expenses

(¥billions)

	1H FY3/14	1H FY3/15	(YoY)
SG&A expenses	64.1	66.4	(+3.7%)
SG&A ratio	10.6%	10.1%	[Δ0.5p]

[] : Difference from previous same period



I – 7 B/S summary

End of 1H FY 3/15

End of FY 3/14

(¥billions)

Current assets	456.6 (Δ26.3)	Current liabilities	233.6 (Δ21.8)
		Noncurrent liabilities	197.6 (Δ9.2)
Noncurrent assets	201.0 (Δ0.4)	Total liabilities	431.2 (Δ31.1)
		Net assets	226.4 (+4.4)
Total	657.6 (Δ26.7)	Total	657.6

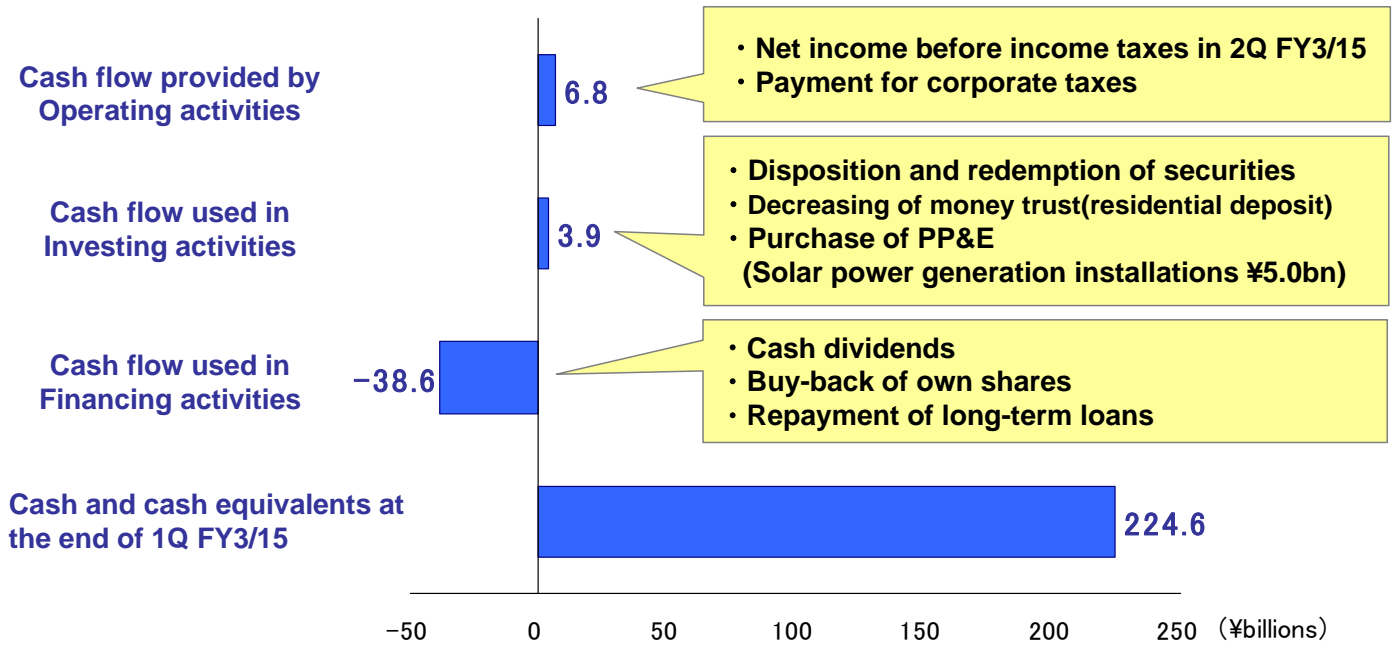
Current assets	482.9	Current liabilities	255.4
		Noncurrent liabilities	206.9
Noncurrent assets	201.4	Total liabilities	462.4
		Net assets	222.0
Total	684.4	Total	684.4

BPS	¥2,940.21
Equity ratio	35.1%
ROE	15.4%

BPS	¥2,823.23
Equity ratio	32.9%
ROE	26.6%

(End of 1H FY 3/14 ROE 15.4%)

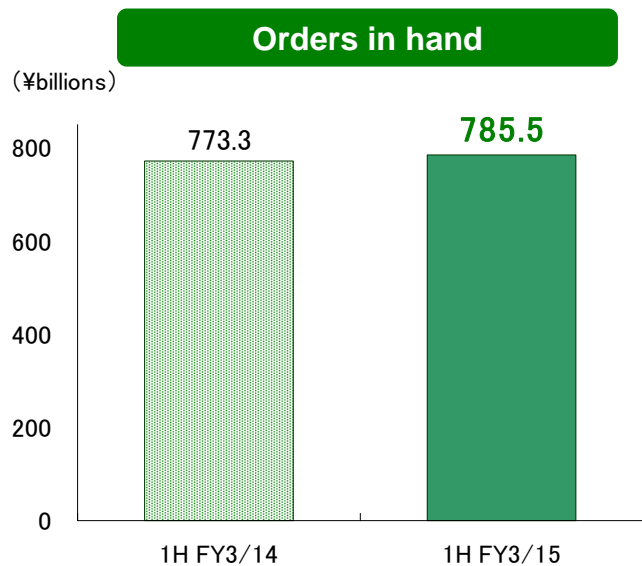
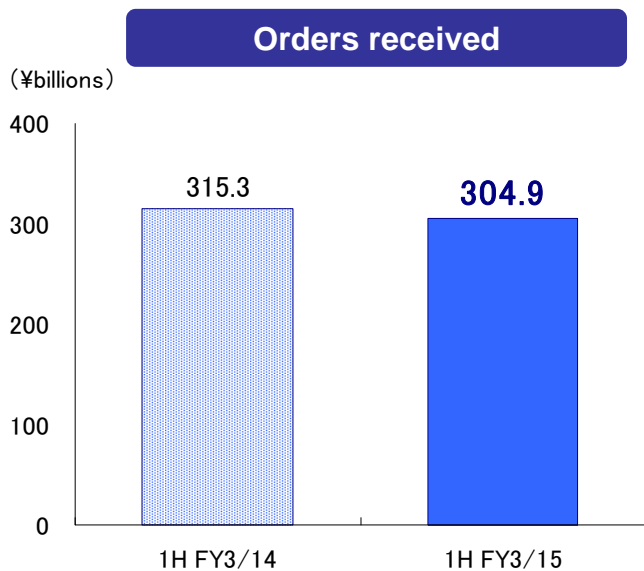
I - 8 Cash flows



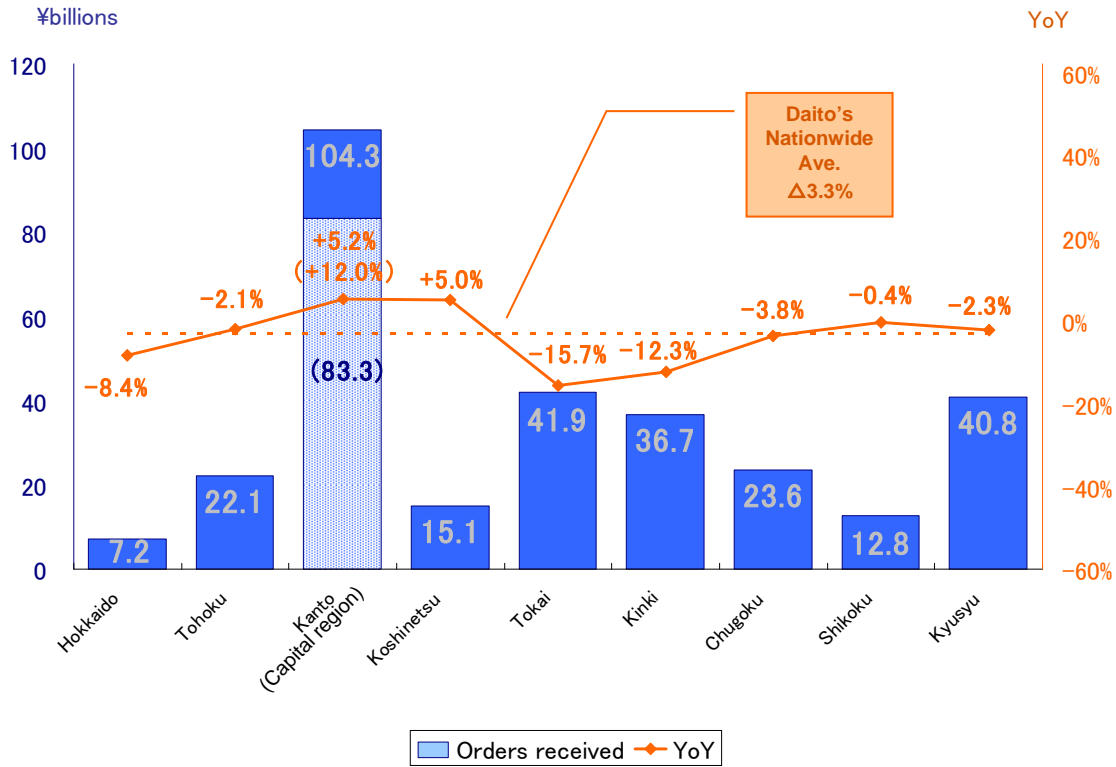
I - 9 Orders received and Orders in hand(Year on year)

◇Orders received **¥304.9bn** (Δ 3.3% YoY)

◇Orders in hand **¥785.5bn** (+1.6% YoY)



I – 10 Orders received by area

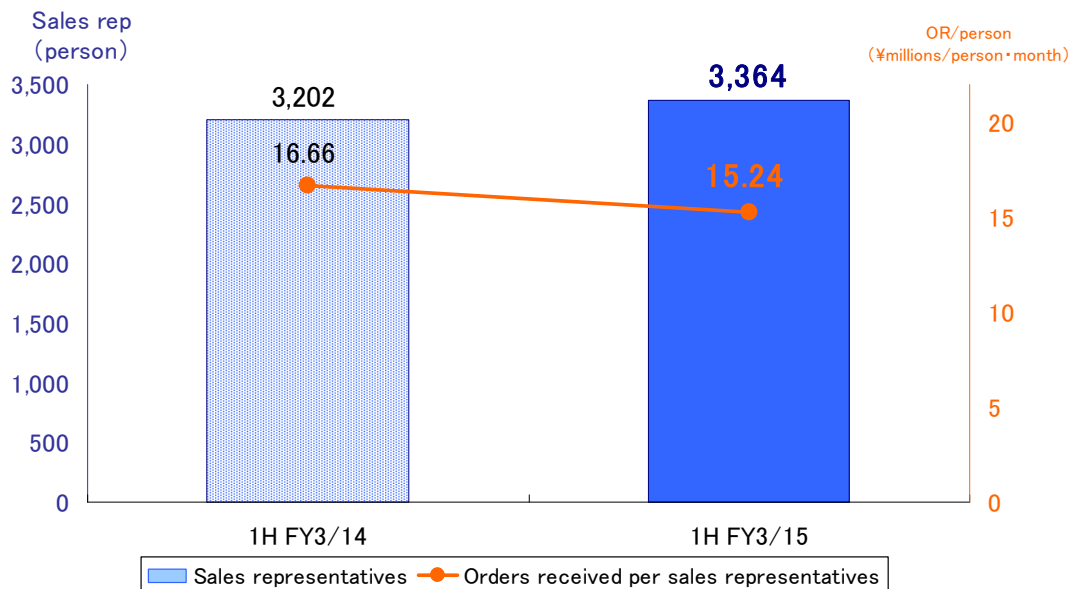


I – 11 Business staffs and Orders received per sales rep (Year on year)

◇ Sales representatives (end of 1H FY3/15)

3,364staffs (+162 YoY)

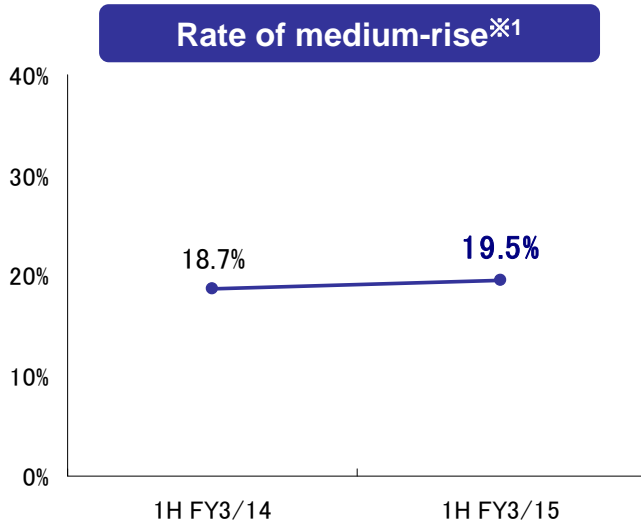
◇ Orders received per sales rep **¥15.24mn/Month (Δ¥1.42mn YoY)**



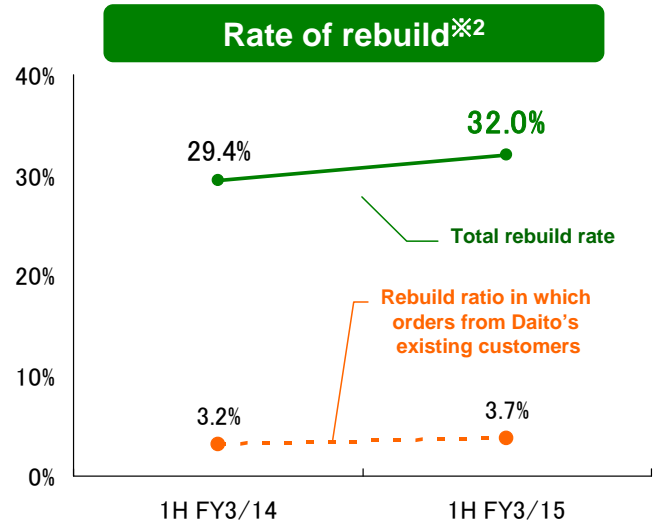
I – 12 Important indicators from orders received (Year on year)

◇ Rate of medium-rise **19.5%** (+0.8p YoY)

◇ Rate of rebuild **32.0%** (+2.6p YoY)



※1 Rate of mid-rise =
Orders received for over three-storied APT / Total orders received

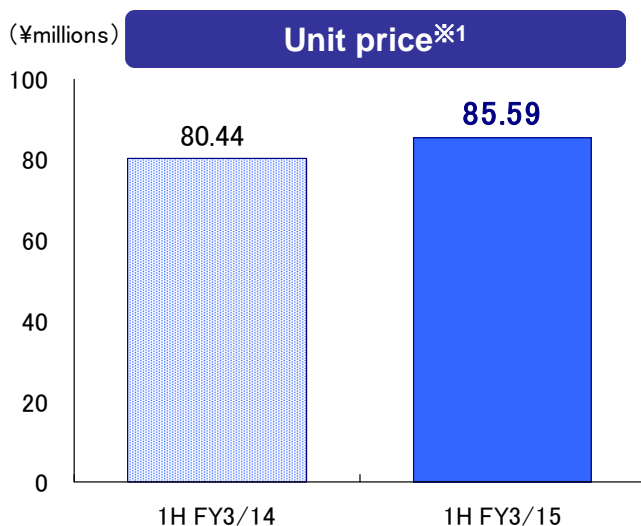


※2 Rebuild rate = Orders received by rebuild / Total orders received

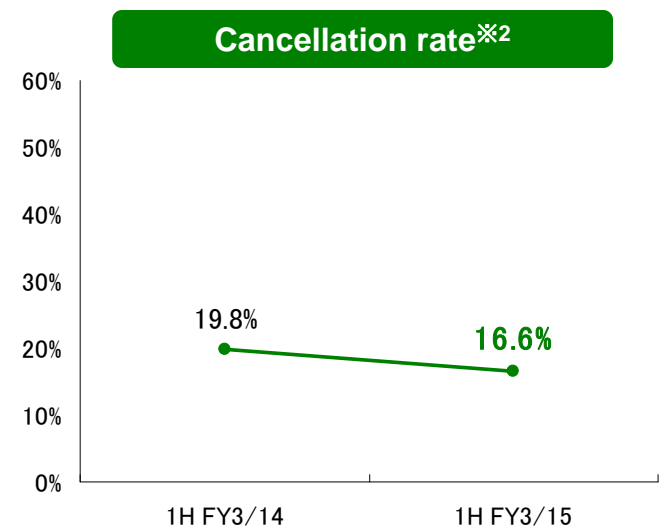
I – 13 Cancellation rate and Unit price of orders received

◇ Unit price **¥85.59mn** (+¥5.15mn YoY)

◇ Cancellation rate **16.6%** (Δ3.2p YoY)



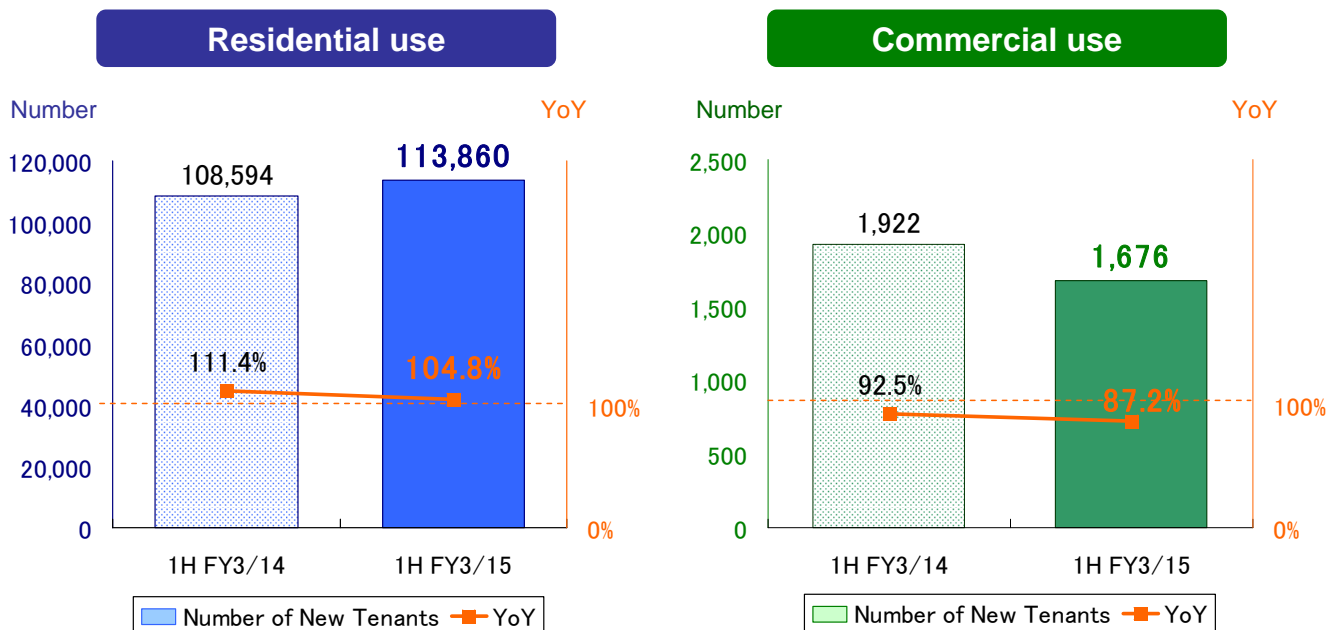
※1 Unit price = the amount of new orders received / the number of orders received



※2 Cancellation rate = the amount of cancellation / the amount of new orders received
Orders received = the amount of new orders received – the amount of cancellation

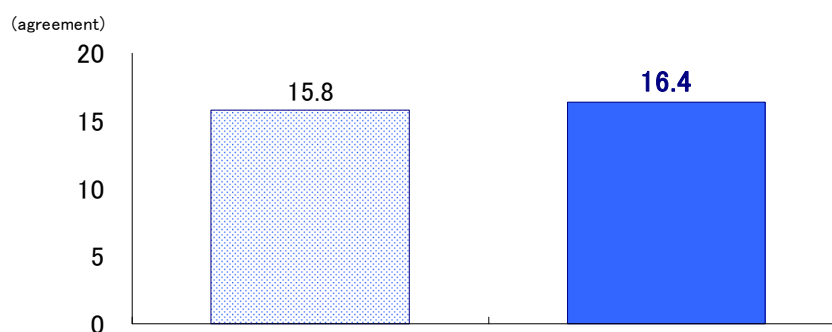
I – 14 Tenancy agreement

◇ **New Tenants** **115,536** (**+4.5% YoY**)
 ▪ **Residential use** **113,860** (**+4.8% YoY**)
 ▪ **Commercial use** **1,676** (**△12.8% YoY**)



I – 15 Tenancy agreement per rep

◇ **Tenancy agreement per rep** **16.4/rep · month** (**+0.6YoY**)



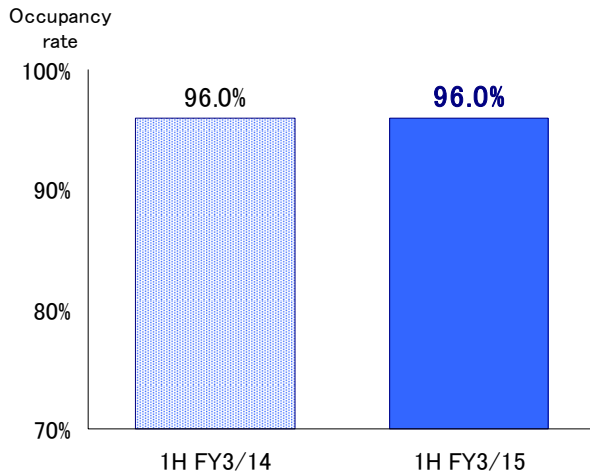
	1H FY3/14	1H FY3/15
Tenant sales rep.	1,160	1,195
① Exclusive duty for inquiries to Daito	388	654
② Exclusive duty for real estate agencies	233	300
③ Both of ① & ②	539	194
④ Clerical duty	—	47

I - 16 Rent basis occupancy rate

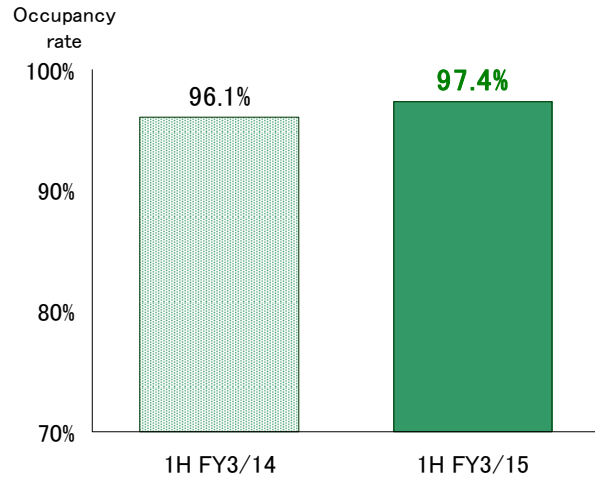
Residential use
96.0% (±0.0p YoY)

Commercial use
97.4% (+1.3p YoY)

Residential use

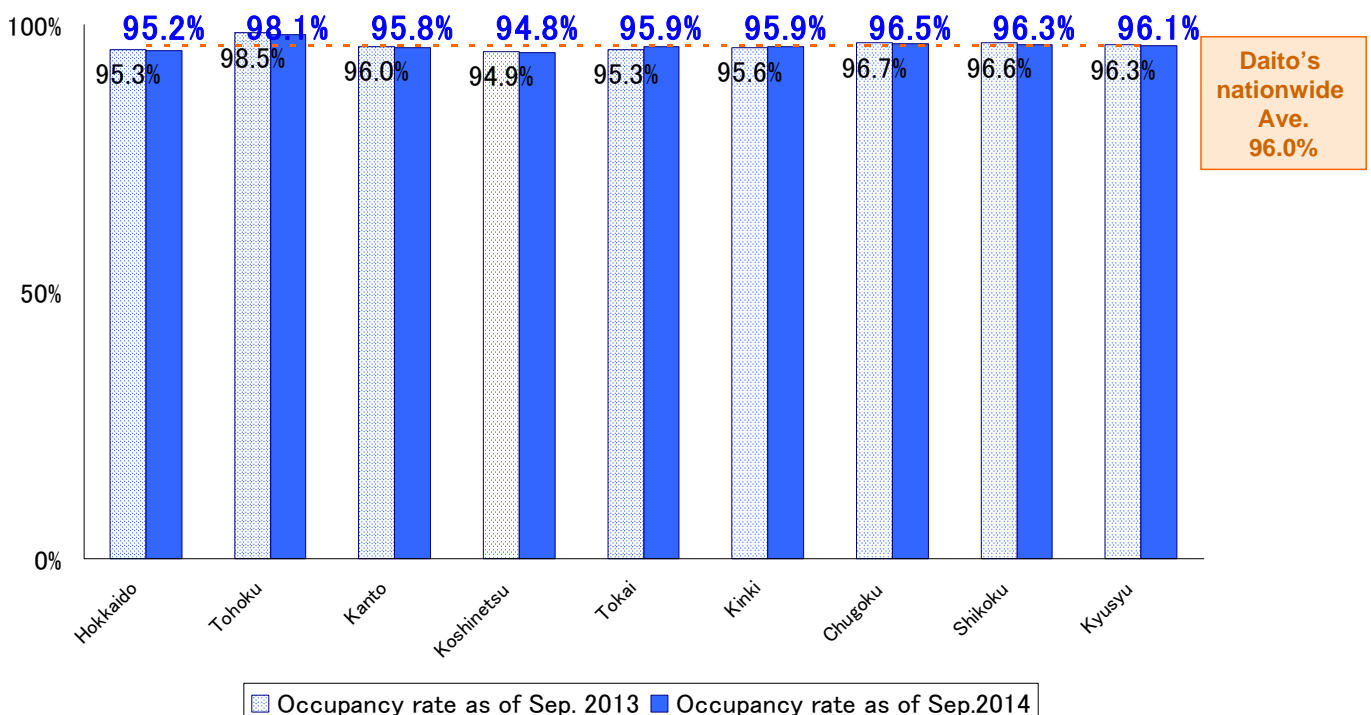


Commercial use



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

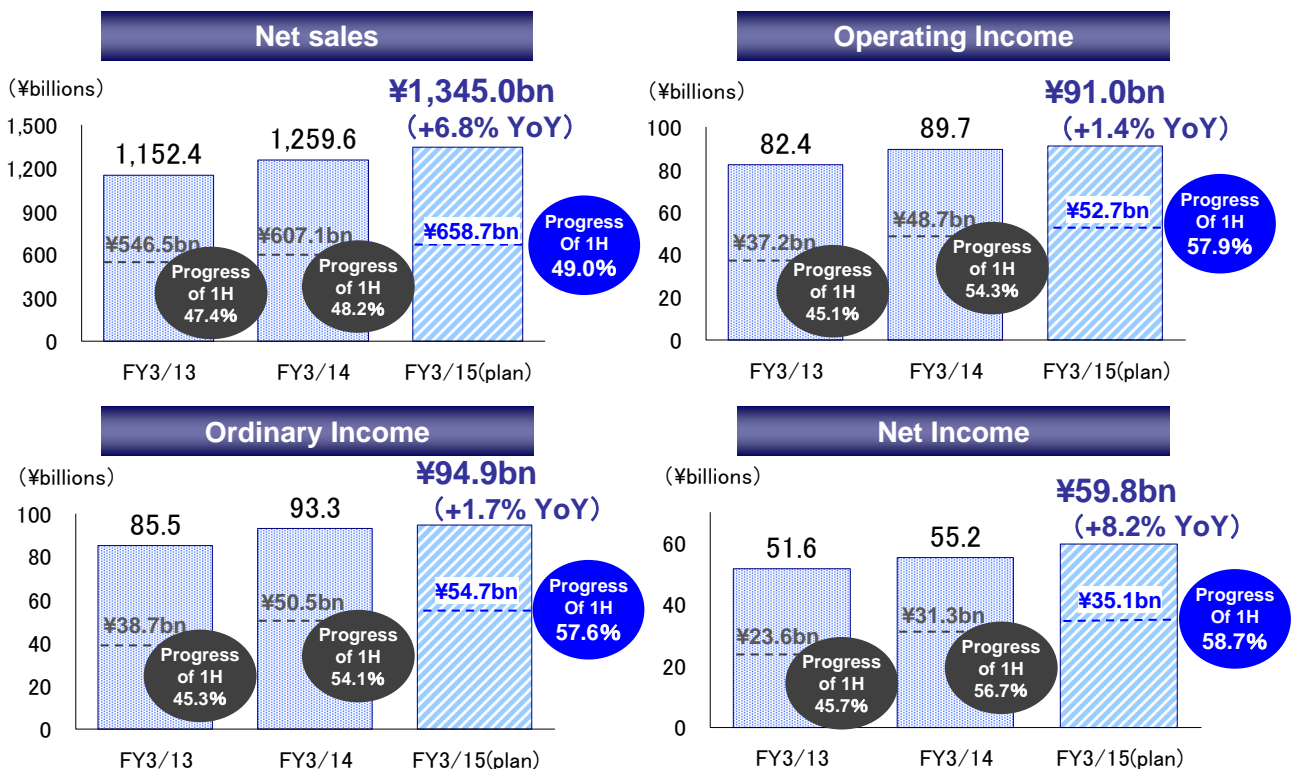
I - 17 Rent basis occupancy rate by area (Residential use / September)



II . Financial Forecasts & Countermeasures for 2nd half

II - 1 No change in FY3/15 original plan

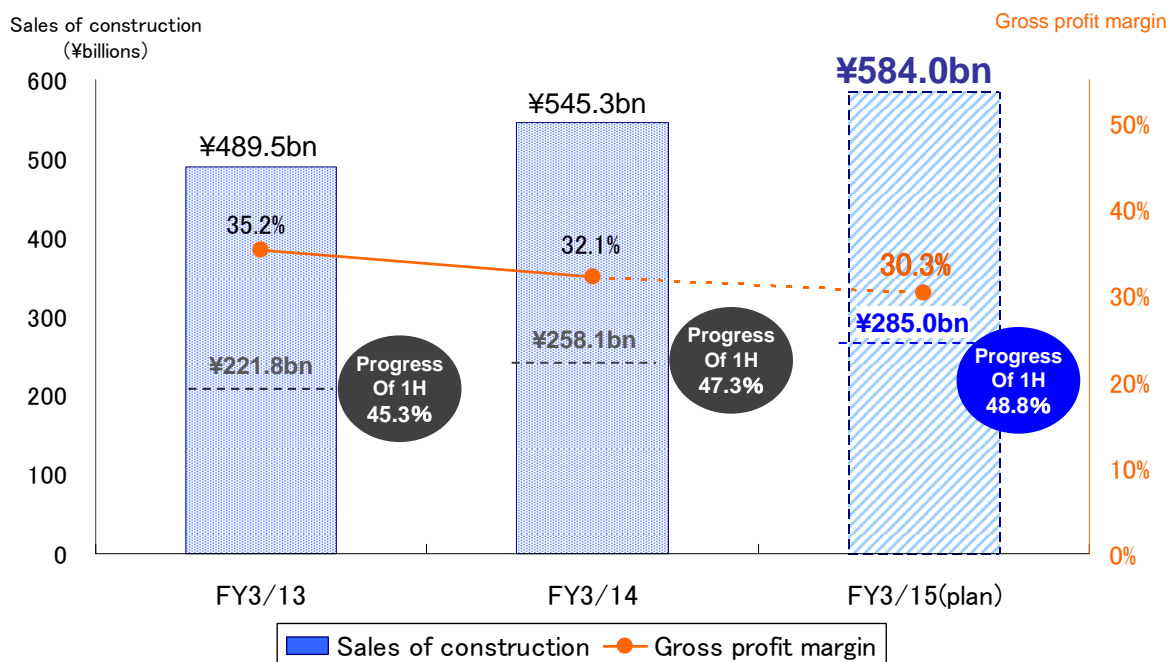
We maintain current original plan for FY3/15



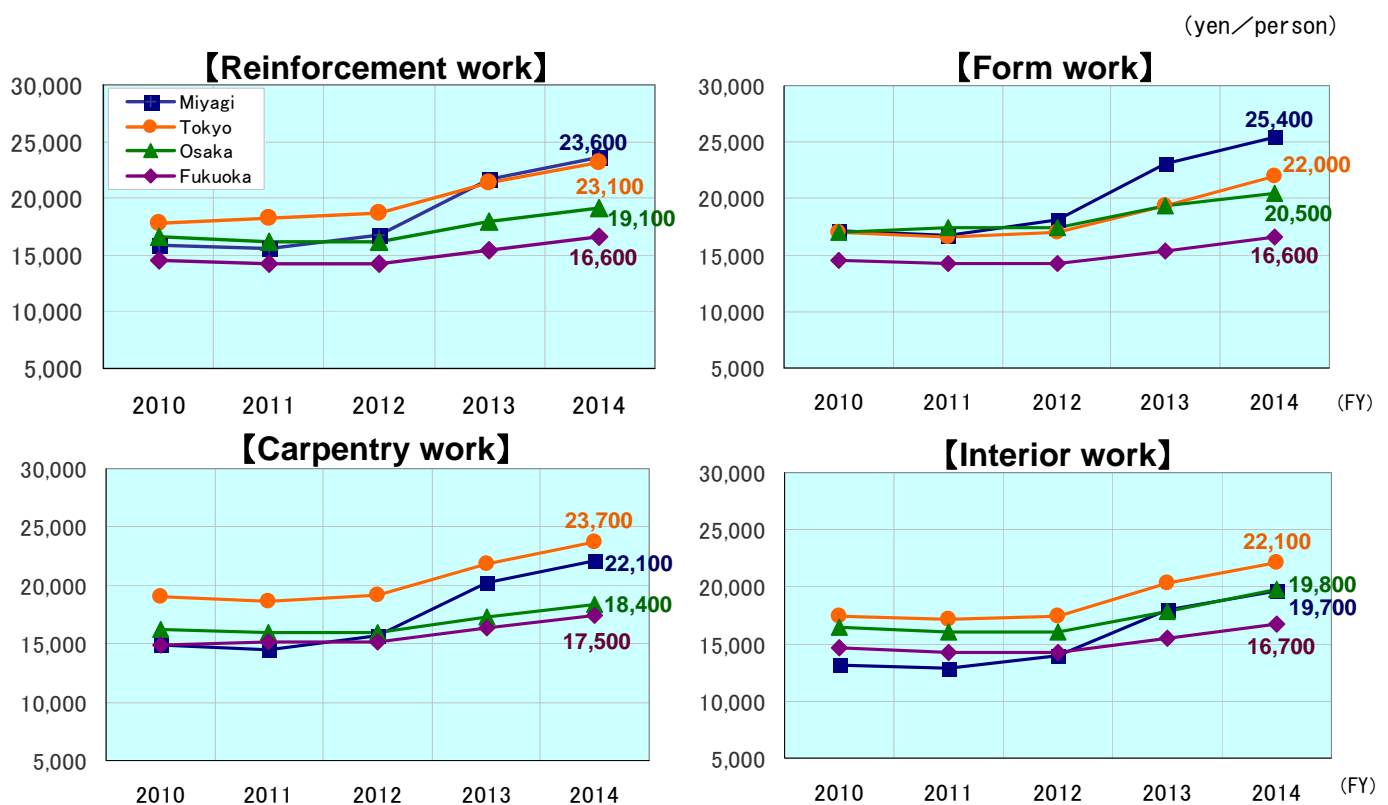
II - 2 The plan of completed construction

<Plan of completed construction>

◇ Plan for FY3/15 ¥584.0bn (+7.1% YoY)



II - 3 Labor cost of public works<Unit cost>



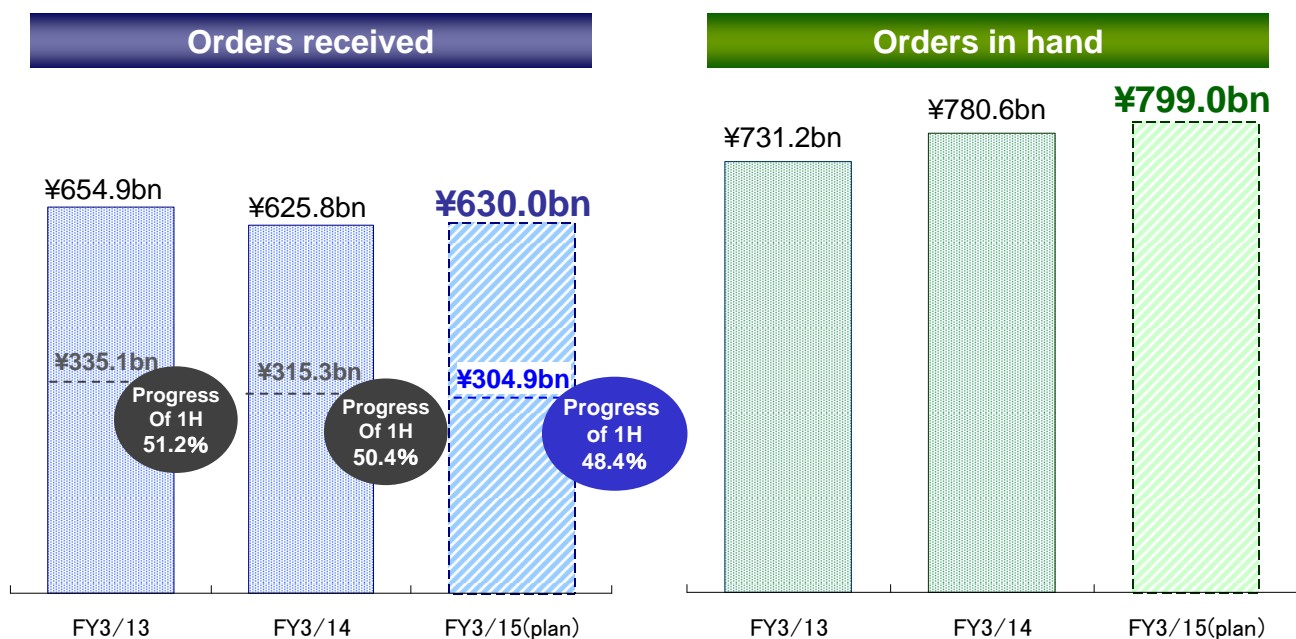
※The place of origin: 「The unit price list of public construction design labor unit price (the base amount)」 (Ministry of Land, Infrastructure, Transport, and Tourism)
 ※The unit price after 2013 is calculated with eliminating legal welfare expenses (equal to 5%) because it is included in legal welfare expenses.

II - 3 Orders received plan for FY3/15

<Plan of orders received and orders in hand >

◇ Orders received<FY3/15> (¥670bn) ▶ ¥630.0bn (+0.7% YoY)

◇ Orders in hand<FY3/15> ¥799.0bn (+2.3% YoY)



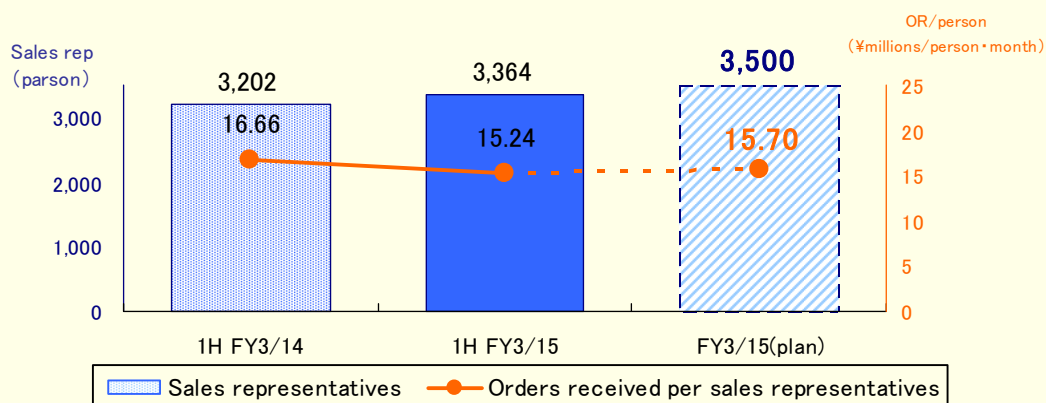
II - 4 Reinforcement of 2H 3/15 operation①

1. Increase and development of sales rep

■ Sales representatives(end of FY3/15) 3,500 (+136 from 1H FY3/15)

■ Development of sales rep

- Stratified training for sales rep (development programs for first 3years)
- Training for female sale rep ...etc



2. Hold seminars and consultation of inheritance property nationally



Newly-organized company : Daito Mirai Trust Company Limited

<Service contents>

- Inheritance property consulting service
- Real-estate management trust service

<Business start>

October 2nd, 2014~



3. Development and injection of new apartments

Environment and ecology apartments
(Passive design※)



Oct.2014 Sale

● 40th anniversary memorial apartment 「SOYOCA」

- Comfortable house with harnessing currents of natural wind and sunshine
- Exterior specs to control heat island
- Energy-saving performance of the top rating 「adiabatic performance rating 4」 + 「primary energy consumption rating 5」



※ Passive design : the method of making ecological and comfortable house with harnessing the power of nature like wind, sunshine, and green

Urban-type
Three-storied apartments



May.2014 Sale

● 「Modessa III chōcollat」



Oct.2014 Sale

● 「Lizeo III」

4. Serviced rental housing for the aged 『Elder Garden』

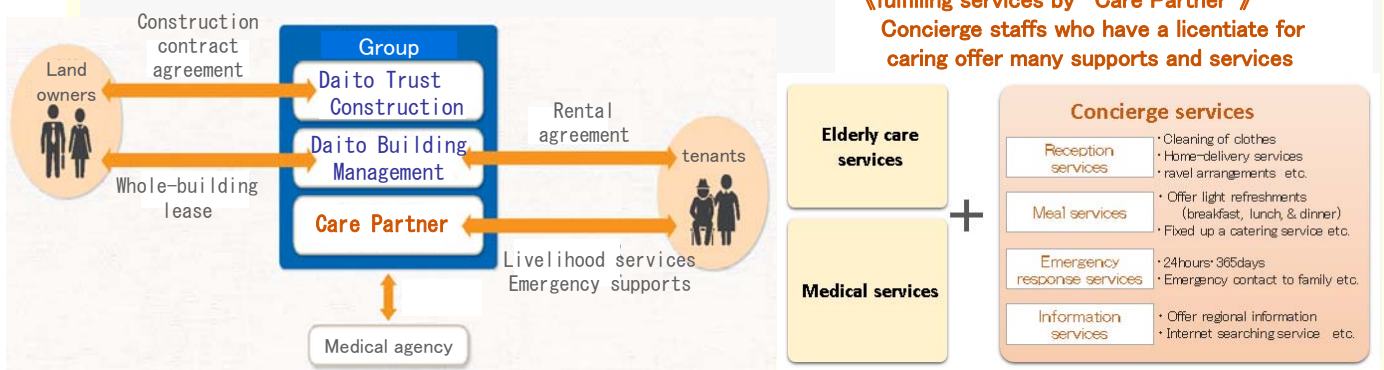


●RC apartment / the plan with a day-care facility three-storied (exterior)



●wooden 2×4 method / all dwelling unit type two-storied (exterior)

《Scheme chart》



II - 8 The Plan of Tenancy agreement and rent basis occupancy rate

<Plan of Tenancy agreement and rent basis occupancy rate>

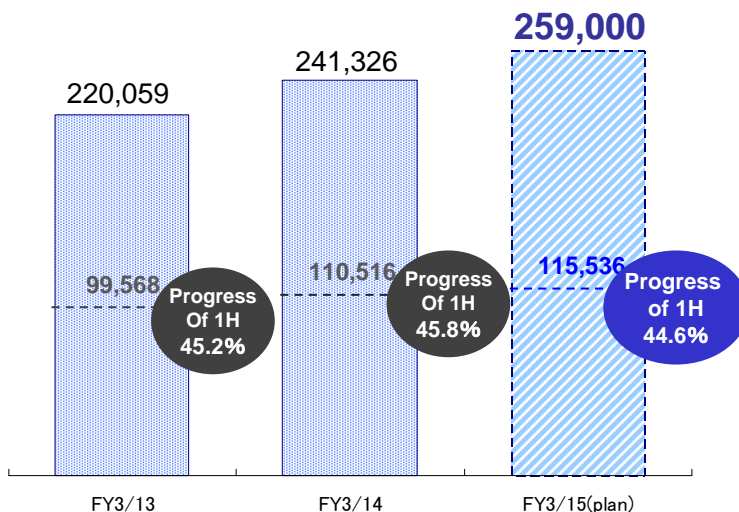
◇ Tenancy agreement (FY3/15) 259,000 (+7.3% YoY)

◇ Rent basis occupancy rate for FY3/15 end

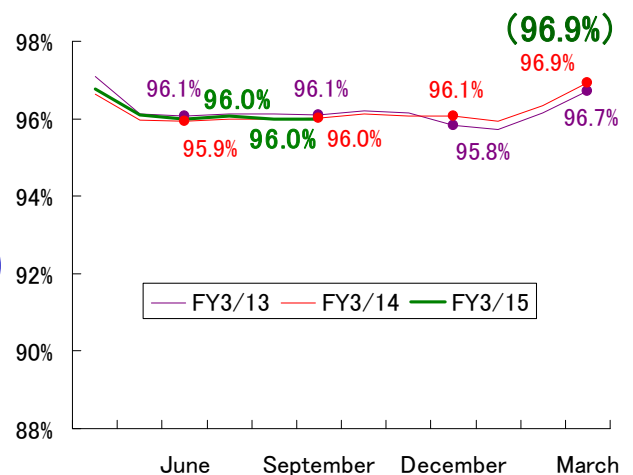
▪ Residential use 96.9% (±0.0% YoY)

▪ Commercial use 97.0% (+0.2% YoY)

Tenancy agreement



Rent basis occupancy rate (Residential use)



1. The measure of increasing responses (inquiries)

① New TV commercials



② Application of SNS



③ Various campaigns

- The destined room present campaign
 (including in 1 year' s rent, 4K TV, and moving cost . . . etc.)

2. Cooperation with real estate companies

- ① Events for real estate companies
- ② Streamlined procedures for a contract
- ③ Fire and home contents insurance agents

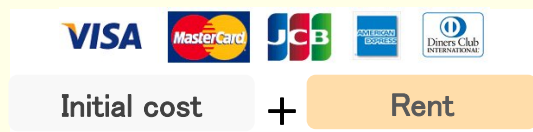
- new company 『The small-amount and short-term insurance “House Guard” 』 is established



- “House Guard” home contents insurance

3. Improvement of commodity value

- ① Credit card payment for the rent (November~)
- ② Expansion of Live-Up service (November~)



- Live-Up Club Off
 (leisure • gourmand etc. more than 200 thousands places throughout Japan / discount price)
- Live-Up 24h supports (correspondence for emergency troubles / free)

III. Shareholders return

III Buy-back of own share and dividend

Return to shareholders of FY 3/14

Dividend payout ratio
50%

Total ¥27.6bn

Annual dividend ¥347
mid-term 170yen (11/13 paid)
term end 177yen (6/14 paid)

+

Buy-back of own share/retirement
30%

Total ¥16.6bn

(Buy-back of own share completed
in Sep 5th, 2014)
※Retirement in Mar 31, 2015(plan)

=

Gross return
80%

※ Gross return = $\frac{¥44.2\text{bn (Dividend payout + Buy-back of own share/retirement)}}{¥55.2\text{bn (Earnings of FY 3/14)}}$

Return to shareholders of FY 3/15

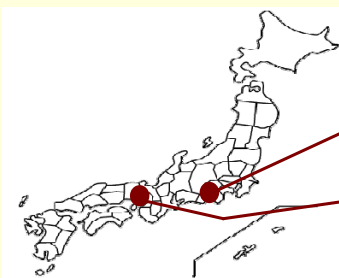
- Mid-term dividend ¥185 (+¥15 YoY)
- Annual dividend <plan> ¥391 (+¥44 YoY)

※ Dividend payout ratio 52.7%
General dividend ¥371 + 40th anniversary dividend ¥20
(Dividend payout ratio 50%) (Dividend payout ratio 2.7%)

IV. Topics

IV- 1 Effort at reinforcing construction systems

【2×4 panel production】
Start of enlargement line operations <2 partner factories>



Mumazu-city in Shizuoka
Started from Jul. 2014

Mita-city in Hyogo
Started from Sep. 2014

Our partner panel factories:
Increase production
600 ridges /year
(annual amount of productions
10%UP)

【Technical Internship Program】 Vietnamese trainees start on practical training



Training in Viet Nam
finished in Sep.2014



Practical Training at each field
in end of Nov.2014



Working starts
in middle of Dec.2014

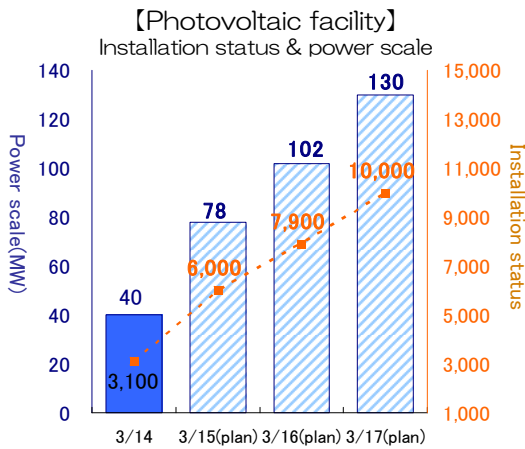


大東建託

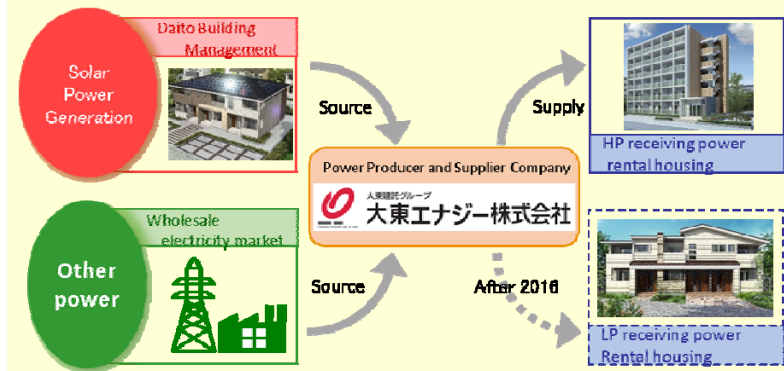
• Providing voluntary
tools and rent subsidies

IV- 2 The foundation of new power company “Daito Energy”(PPS)

Supply of economical powers to tenants
 ⇒ UP of property value + UP of occupancy convinience



The PPS structure of our groups



Corporate profile	Details
● Corporation name	Daito Energy Co., Ltd.
● Established	August 28, 2014
● Capital	40million yen (100% share by Daito Business Management)
● Business Activities	Power supply, Gas supply Incidental business relate to energy supply noted above

《The goal of FY3/19》
 Sales amount 80billions yen

V. Appendix

IV- 1 Non-consolidated statement of income <3/2015>

(¥millions)

	1H FY3/15	1H FY3/14	YoY	Plan(full-year)
Net sales	293,845	266,858	+10.1%	605,800
Construction	285,239	258,311	+10.4%	584,500
Real estate & others	8,606	8,547	+0.7%	21,300
Gross profit	84,377	84,529	Δ0.2%	174,200
Construction	85,059	85,471	Δ0.5%	175,200
Real estate & others	Δ681	Δ942	—	Δ1,000
SG & A expenses	54,652	53,526	+2.1%	123,900
Operating income	29,725	31,003	Δ4.1%	50,300
Ordinary income	31,775	32,740	Δ2.9%	55,300
Net income	20,109	20,091	+0.1%	34,700

IV- 2 Financial summaries of major subsidiaries (construction) <3/2015>

(¥millions)

	Construction business							
	Daito Construction				Daito Steel			
	1H FY3/15	1H FY3/14	YoY	plan (full-year)	1H FY3/15	1H FY3/14	YoY	plan (full-year)
Net sales	2,598	2,504	+3.8%	5,250	2,172	2,069	+4.9%	4,606
Gross profit	45	85	Δ46.9%	95	87	119	Δ26.8%	170
SG&A expenses	51	62	Δ17.9%	148	36	35	+3.3%	76
Operating income	Δ6	22	—	Δ52	51	84	Δ39.3%	94
Ordinary income	19	49	Δ60.3%	0	51	83	Δ38.3%	93
Net income	17	34	Δ49.1%	0	33	51	Δ34.7%	59

IV- 3 Sales structure of Real estate business <3/2015>

(¥millions)

	1H FY3/13		1H FY3/14		1H FY 3/15		
	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	YoY
Whole-building lease ※1	283,406	(91.5%)	305,521	(92.0%)	327,379	(92.2%)	+7.2%
Building and repairs ※2	15,053	(4.8%)	15,097	(4.5%)	14,938	(4.2%)	△1.1%
Brokerage	6,145	(2.0%)	6,487	(2.0%)	6,700	(1.9%)	+3.3%
Lease business ※3	3,020	(1.0%)	3,041	(0.9%)	2,931	(0.8%)	△3.6%
Rental guarantee business	960	(0.3%)	1,111	(0.3%)	1,522	(0.4%)	+36.9%
Electricity business	2	(0.0%)	136	(0.0%)	1,106	(0.3%)	+708.7%
Sub-lease ※4	602	(0.2%)	178	(0.1%)	100	(0.0%)	△43.4%
Others	584	(0.2%)	643	(0.2%)	621	(0.2%)	△3.4%
Total	309,776	(100.0%)	332,218	(100.0%)	355,300	(100.0%)	+6.9%

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

※2 Building and repairs by Daito Building Management (recorded sales on construction till FY3/10)

※3 Mainly Shinagawa East One Tower

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

IV- 4 Financial summaries of major subsidiaries (Real estate) <3/2015>

(¥millions)

	Daito Building Management												Housecom				House Leave							
	1HFY3/15		1HFY3/14		YoY		plan (full-year)		1HFY3/15		1HFY3/14		YoY		plan (full-year)		1HFY3/15		1HFY3/14		YoY		plan (full-year)	
	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)
Net sales	345,631		322,906		+7.0%		698,200		3,941		3,690		+6.8%		8,637		1,522		1,111		+36.9%		2,676	
Gross profit	25,208		20,915		+20.5%		45,700		3,941		3,690		+6.8%		8,637		1,320		796		+65.8%		2,123	
SG&A expenses	6,514		5,503		+18.4%		13,400		3,823		3,835		△0.3%		8,171		209		98		+112.2%		402	
Operating income	18,694		15,411		+21.3%		31,700		117		△144		—		465		1,110		697		+59.2%		1,721	
Ordinary income	19,032		15,746		+20.9%		32,300		122		△97		—		793		1,124		710		+58.3%		1,744	
Net income	12,477		9,663		+29.1%		20,500		60		△76		—		469		678		437		+55.2%		1,097	

IV- 5 Financial summaries of major subsidiaries (Others-1) <3/2015>

(¥millions)

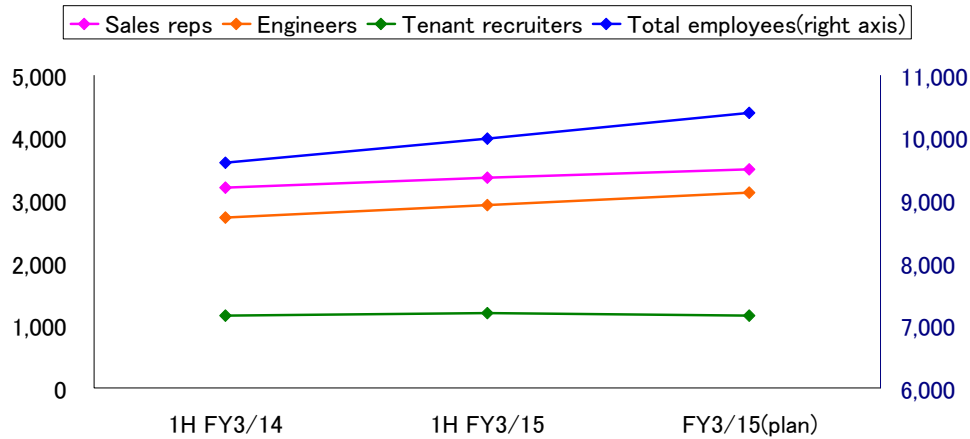
	Other business (Financial business)							
	Daito Finance				D.T.C			
	1H FY3/15	1H FY3/14	YoY	plan (full-year)	1H FY3/15	1H FY3/14	YoY	plan (full-year)
Net sales	506	486	+4.0%	881	1,509	1,662	△9.2%	3,159
Gross profit	302	292	+3.2%	505	653	747	△12.5%	1,284
SG&A expenses	60	66	△9.0%	155	6	6	△6.4%	13
Operating income	241	226	+6.8%	350	647	740	△12.6%	1,271
Ordinary income	241	225	+6.8%	350	652	732	△11.0%	1,277
Net income	152	136	+11.2%	220	652	732	△11.0%	1,277

IV- 6 Financial summaries of major subsidiaries (Others-2) <3/2015>

(¥millions)

	Other business (Other)											
	Care Partner				Gaspal				D. A. D. (M)			
	1HFY3/15	1HFY3/14	YoY	plan (full-year)	1HFY3/15	1HFY3/14	YoY	plan (full-year)	1HFY3/15	1HFY3/14	YoY	plan (full-year)
Net sales	4,683	4,422	+5.9%	9,289	11,403	10,356	+10.1%	25,334	1,413	1,267	+11.5%	2,773
Gross profit	754	705	+7.0%	1,241	3,402	2,580	+31.9%	7,869	773	703	+9.9%	1,511
SG&A expenses	344	298	+15.4%	691	2,229	2,005	+11.1%	4,758	476	438	+8.6%	1,002
Operating income	410	406	+0.9%	550	1,173	574	+104.3%	3,110	296	264	+12.0%	509
Ordinary income	414	404	+2.6%	550	1,192	591	+101.7%	3,150	414	6	+6,603.0%	470
Net income	266	235	+13.1%	346	768	365	+110.3%	1,981	414	6	+6,603.0%	470

IV- 7 Number of employees by each occupations (Non-consolidated)



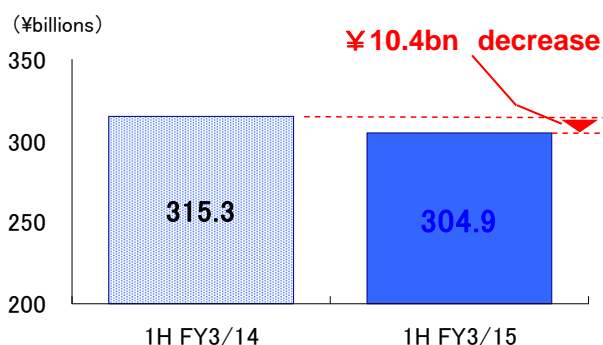
	1H FY3/14	1H FY3/15	YoY	FY3/15(plan)
Total employees	9,610	9,994	+384	10,400
Sales reps	3,202	3,364	+162	3,500
Engineers	2,732	2,921	+189	3,120
Tenant recruiters	1,160	1,195	+35	1,160

IV- 8 1H FY3/15 Orders Comparison with last year 1H and 2H

Comparison with 1H FY3/14

¥10.4bn decrease

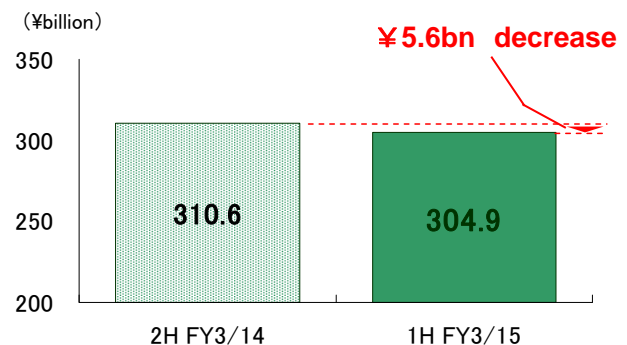
- ① Number of orders(projects) Δ ¥43.4bn
(4,503 projects \rightarrow 3,963 projects)
- ② Cancellations **+ ¥16.9bn**
(¥ Δ 77.8bn \rightarrow ¥ Δ 60.9bn)
- ③ Unit price **+ ¥20.4bn**
(¥ 80.44mn/project \rightarrow ¥ 85.59mn/project)
- ④ Repairs **Δ ¥4.2bn**
(¥ 30.9bn \rightarrow ¥ 26.6bn)



Comparison with 2H FY3/14

¥5.6bn decrease

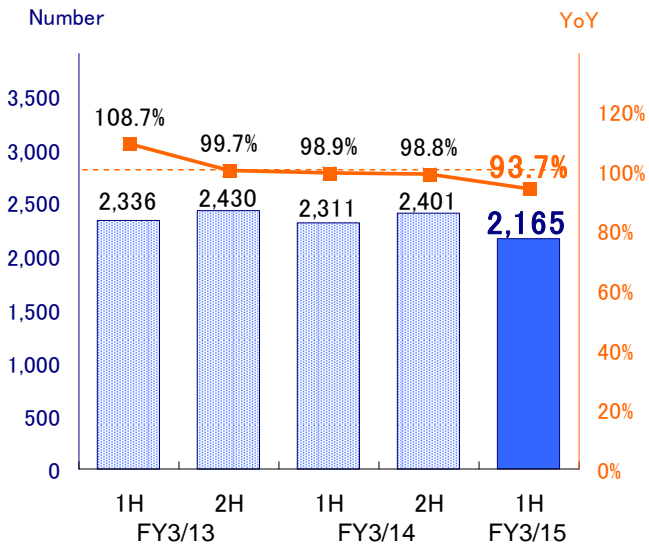
- ① Number of orders(projects) Δ ¥10.7bn
(4,091 projects \rightarrow 3,963 projects)
- ② Cancellations **+ ¥1.3bn**
(¥ Δ 62.2bn \rightarrow ¥ Δ 60.9bn)
- ③ Unit price **+ ¥5.8bn**
(¥ 84.11mn/project \rightarrow ¥ 85.59mn/project)
- ④ Repairs **Δ ¥2.0bn**
(¥ 28.7bn \rightarrow ¥ 26.6bn)



IV- 9 Channels of orders received

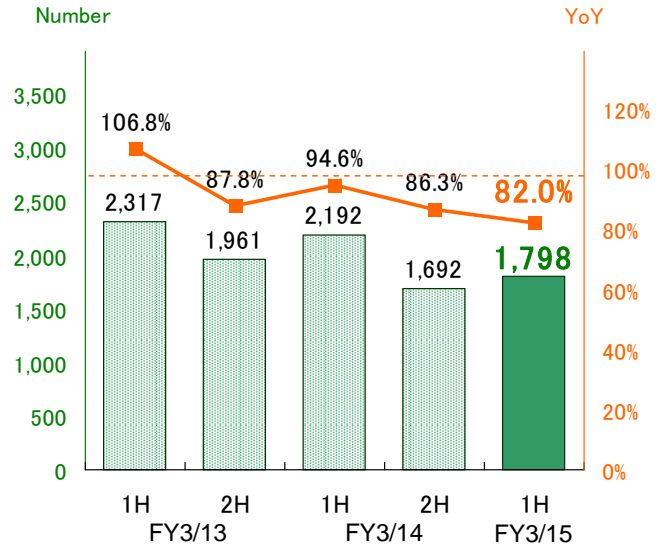
Orders received by Repeat & Introduction

Number YoY

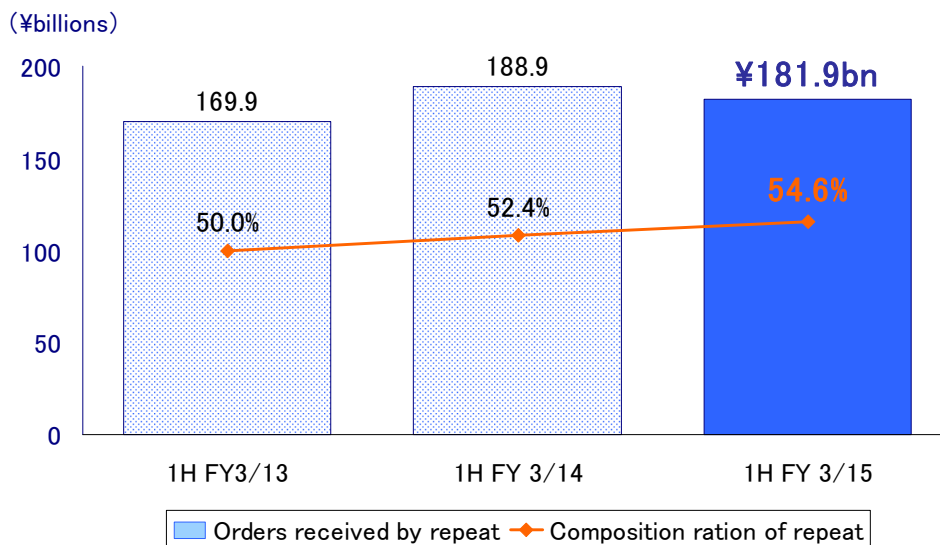


Orders received from new customers

Number YoY

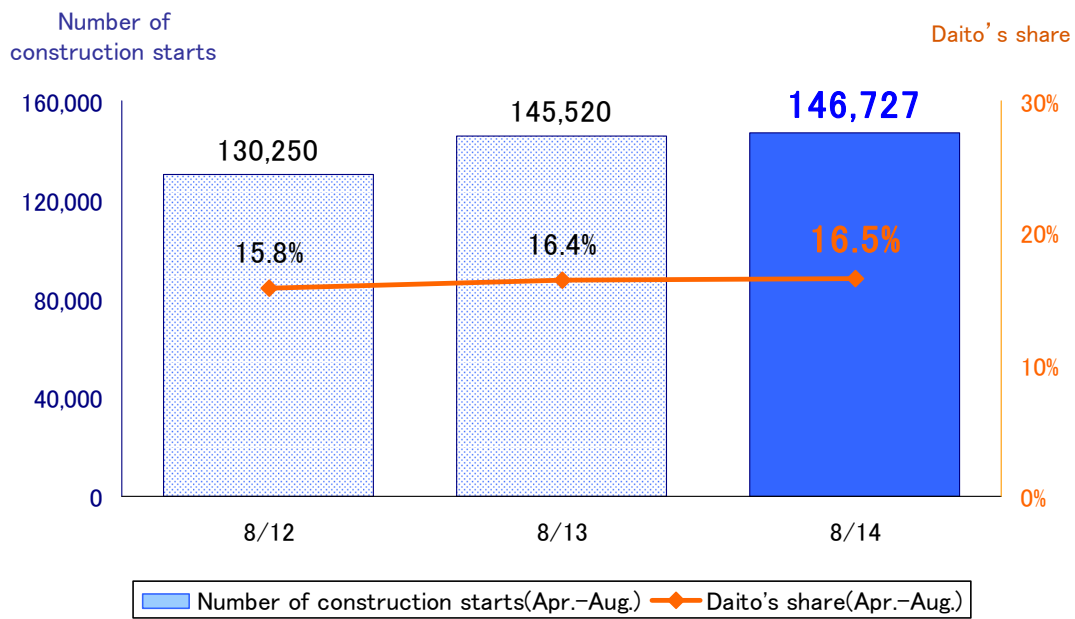


IV- 10 Orders received by repeat



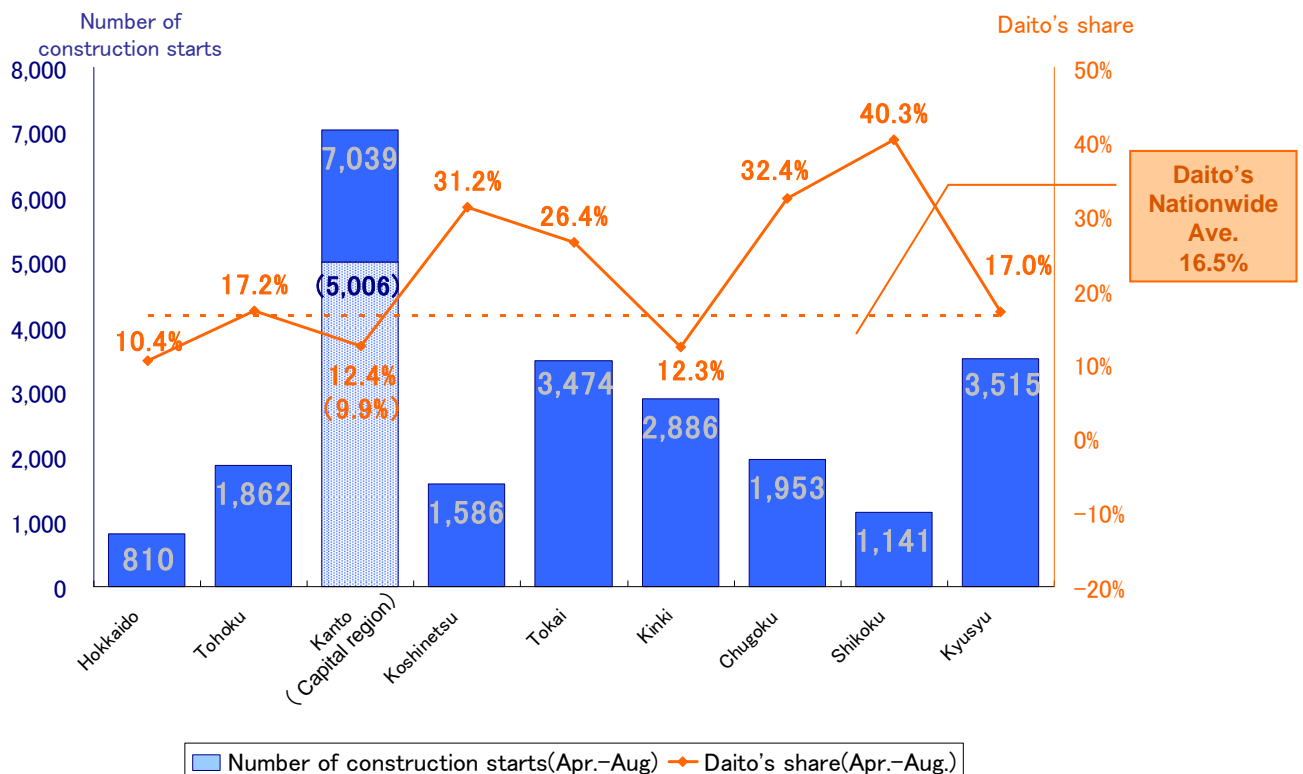
※ Composition ratio of repeat = $\frac{\text{Number of orders received by repeat from our existing customers}}{\text{Total number of orders received}}$

IV- 11 Number of construction starts & Daito's share

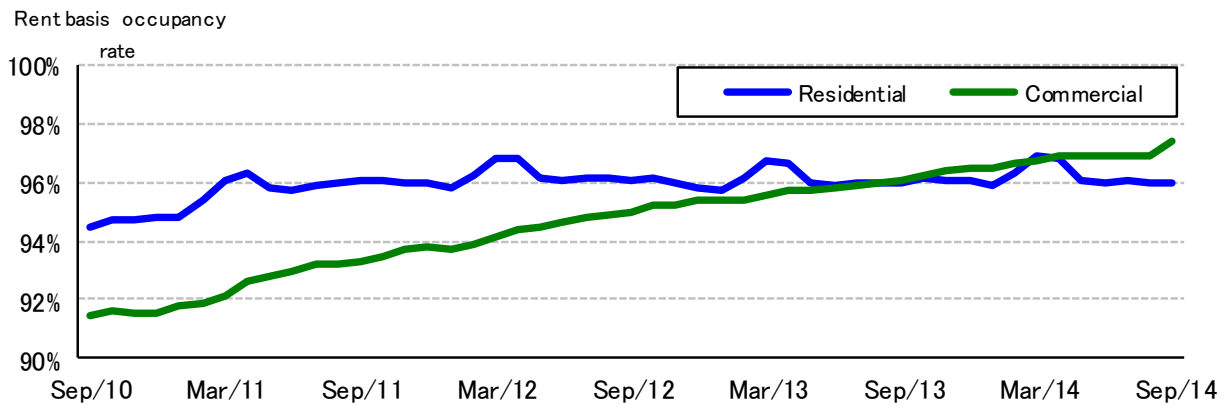


(Ministry of Land, Infrastructure, Transport and Tourism : "Housing and Land Survey")

IV- 12 Number of construction starts by area & Daito's share

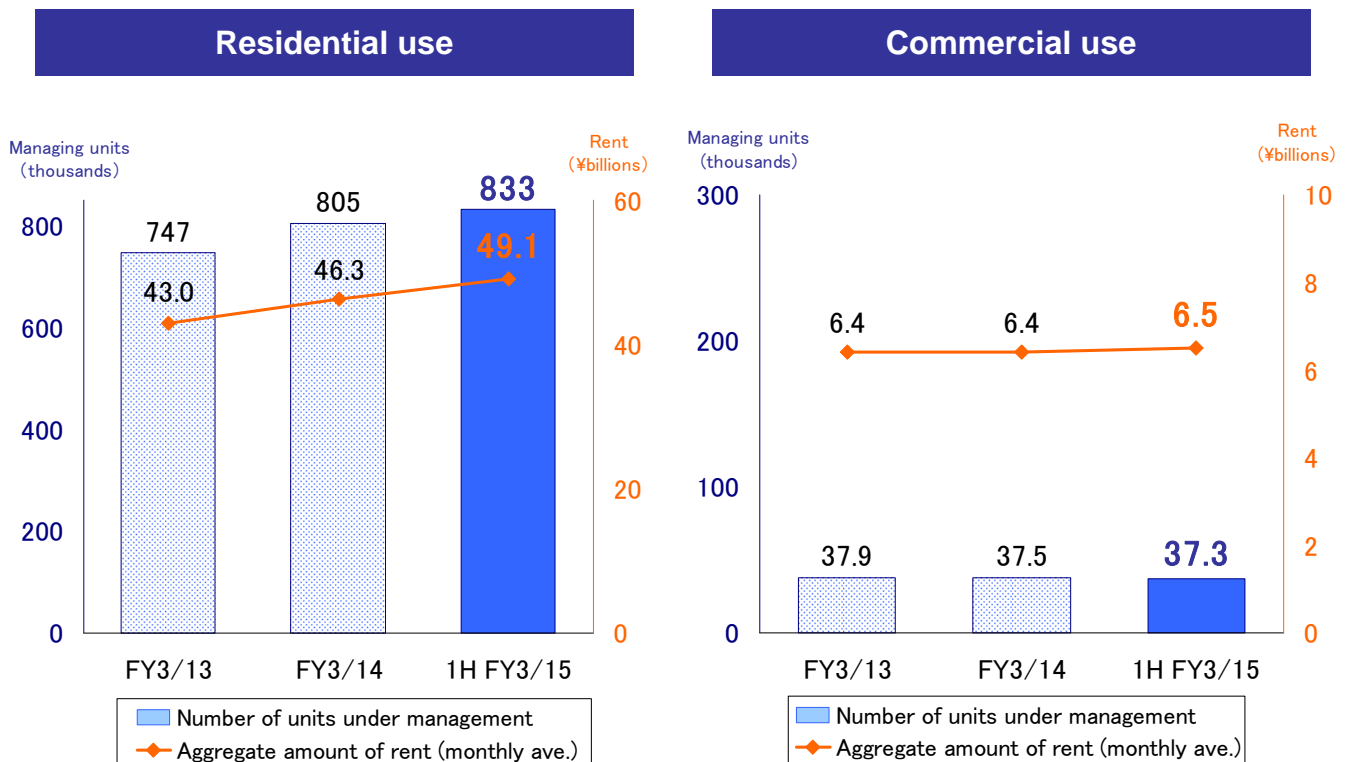


IV- 13 Rent basis occupancy rate

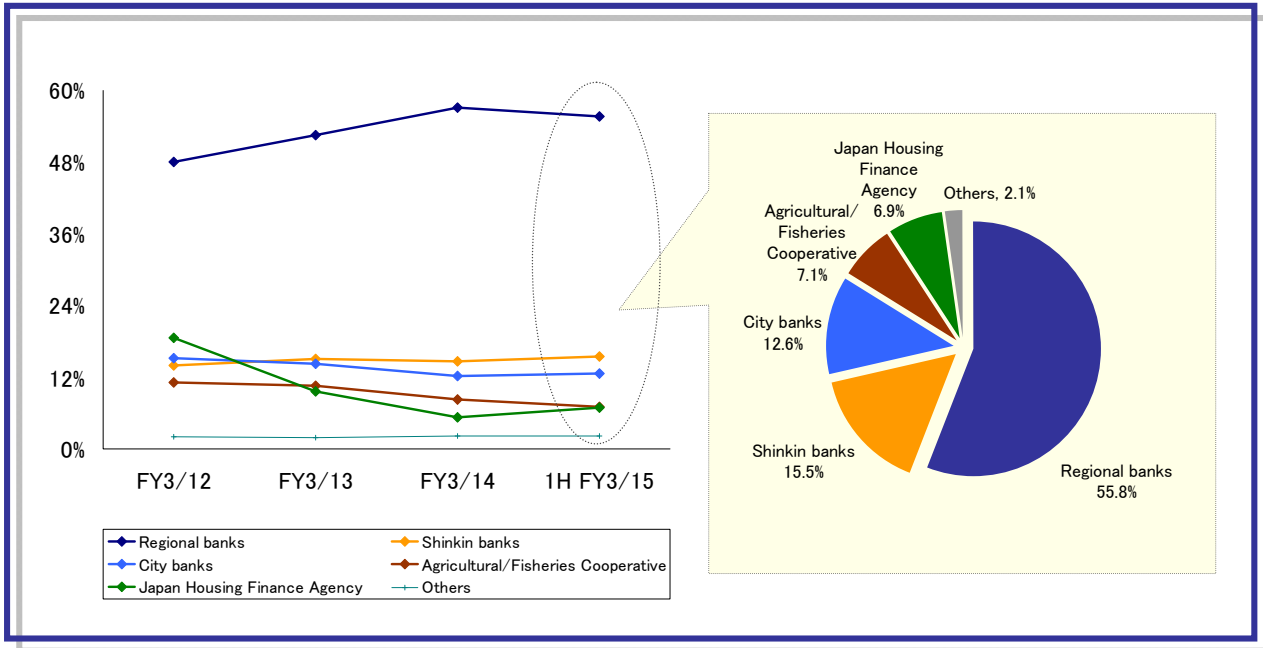


Rent basis occupancy rate	2010 (Sep.)	2011 (Sep.)	2012 (Sep.)	2013 (Sep.)	2014 (Sep.)	YoY
Residential use (%)	94.5%	96.0%	96.1%	96.0%	96.0%	±0.0p
Commercial use(%)	91.5%	93.3%	95.0%	96.1%	97.4%	+1.3p

IV- 14 Number of units under management & aggregate amount of rent



Shares of financial institutions (Construction starts basis)



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