



1Q Financial Highlights, Year ending March 31, 2016

Contents

I . 1Q Financial Results	3
II . Key Figures	13
III . Topics	31
IV . Appendix	33

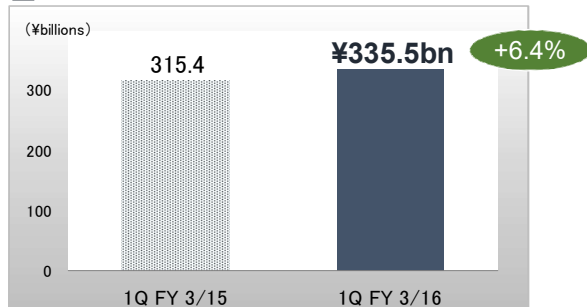
I. 1Q Financial Results, Year ending March 2016

I - 1

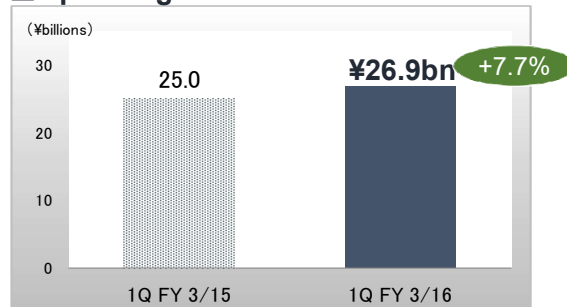
1Q Financial Results summary

Sales and each profits updated the highest record

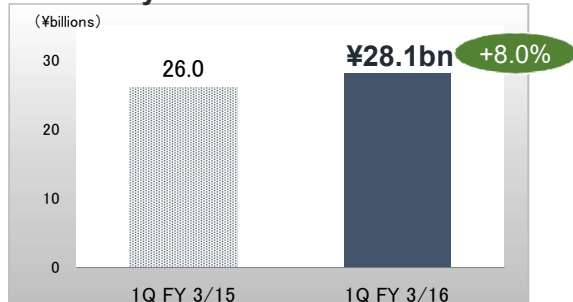
Net sales



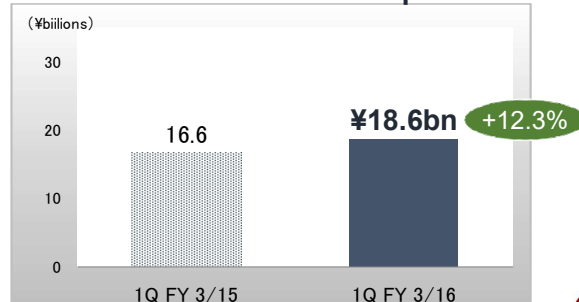
Operating Income



Ordinary Income



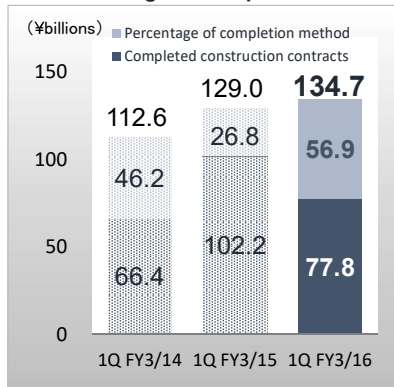
Net Income attributable to parent



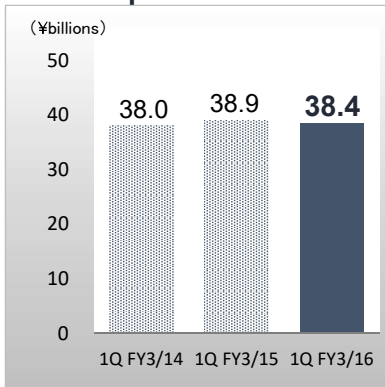
	1Q FY3/15	1Q FY3/16	(YoY)
Net sales	129.0	134.7	(+4.5%)
Gross profit	38.9	38.4	(Δ1.3%)
Operating Income	18.5	18.9	(+2.2%)

■ Net sales

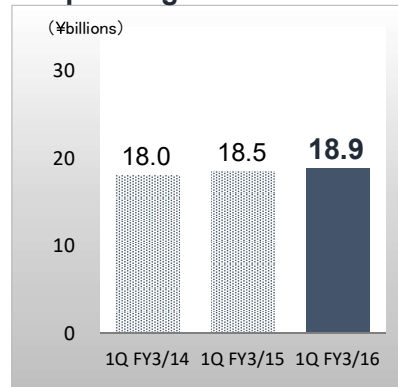
•Percentage of completion method



■ Gross profit

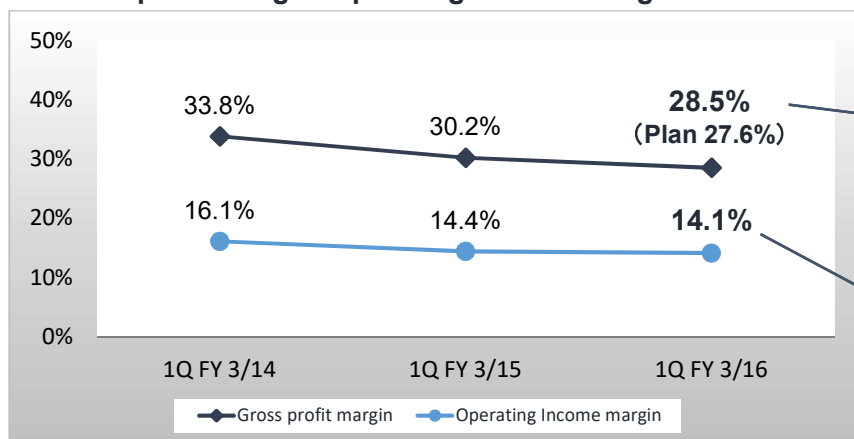


■ Operating Income



	1Q FY3/15	1Q FY3/16	(YoY)
Gross profit margin	30.2%	28.5%	(Δ1.7p)
Operating Income margin	14.4%	14.1%	(Δ0.3p)

■ Gross profit margin・Operating Income margin



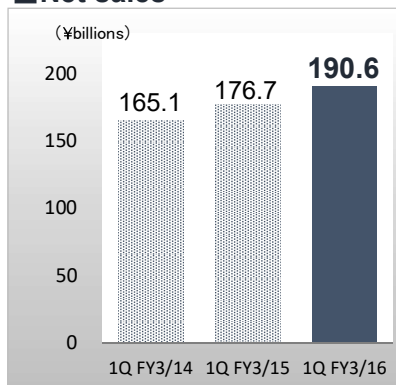
Major breakdown of GMR (Δ1.7p YoY)

- ①Results of price increase +0.6p
- ②Labor cost Δ1.9p
- ③Material cost Δ0.2p
- ④Exchange loss Δ0.2p

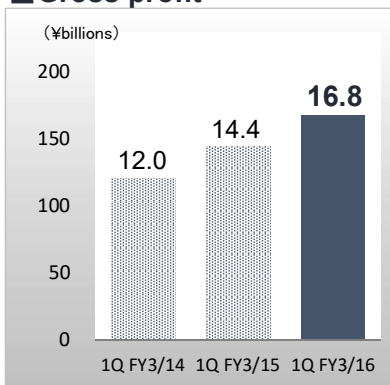
Restraint of the operating income margin aggravation by the cost reduction

	1Q FY3/15	1Q FY3/16	(YoY)
Net sales	176.7	190.6	(+7.9%)
Gross profit	14.4	16.8	(+16.4%)
Operating Income	6.3	8.1	(+29.3%)

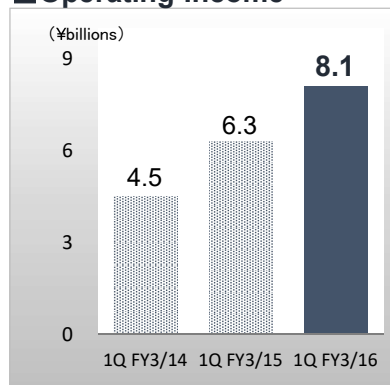
■ Net sales



■ Gross profit

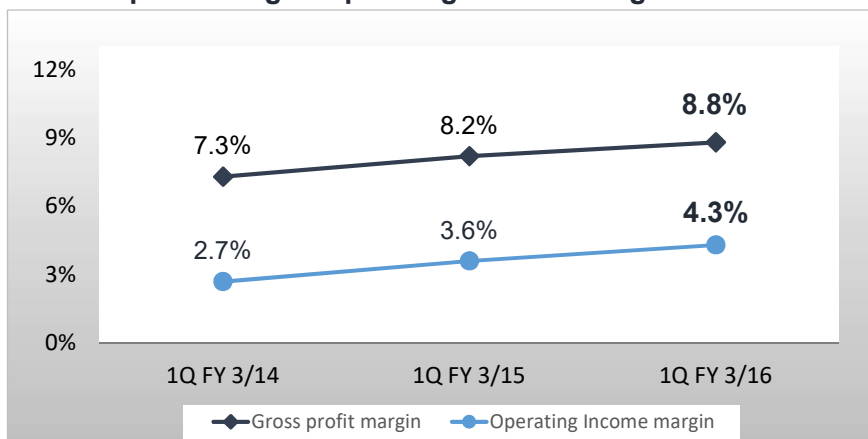


■ Operating Income



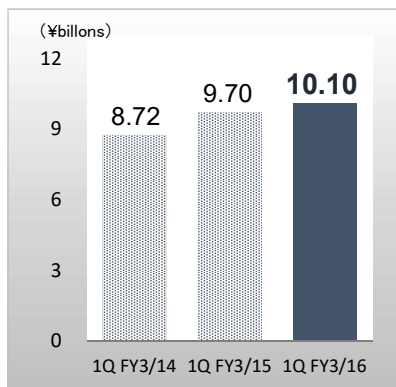
	1Q FY3/15	1Q FY3/16	(YoY)
Gross profit margin	8.2%	8.8%	(+0.6p)
Operating Income margin	3.6%	4.3%	(+0.7p)

■ Gross profit margin - Operating Income margin

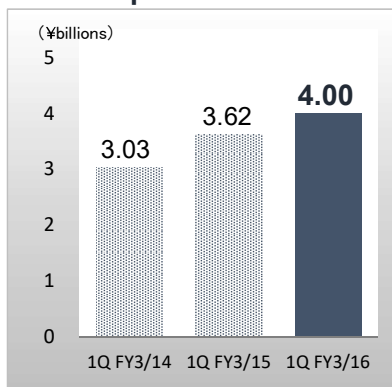


	(¥billions)		
	1Q FY3/15	1Q FY3/16	(YoY)
Net sales	9.70	10.10	(+4.1%)
Gross profit	3.62	4.00	(+10.3%)
Operating Income	2.25	2.33	(+3.5%)

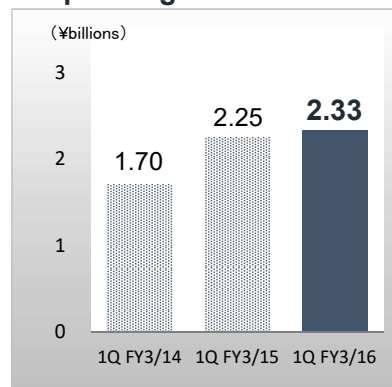
■ Net sales



■ Gross profit

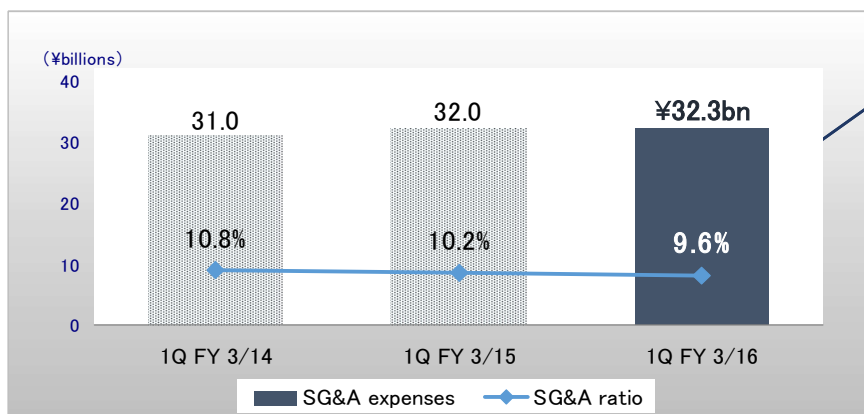


■ Operating Income



	(¥billions)		
	1Q FY3/15	1Q FY3/16	(YoY)
SG&A expenses	32.0	32.3	(+1.0%)
SG&A ratio	10.2%	9.6%	[△0.6p]

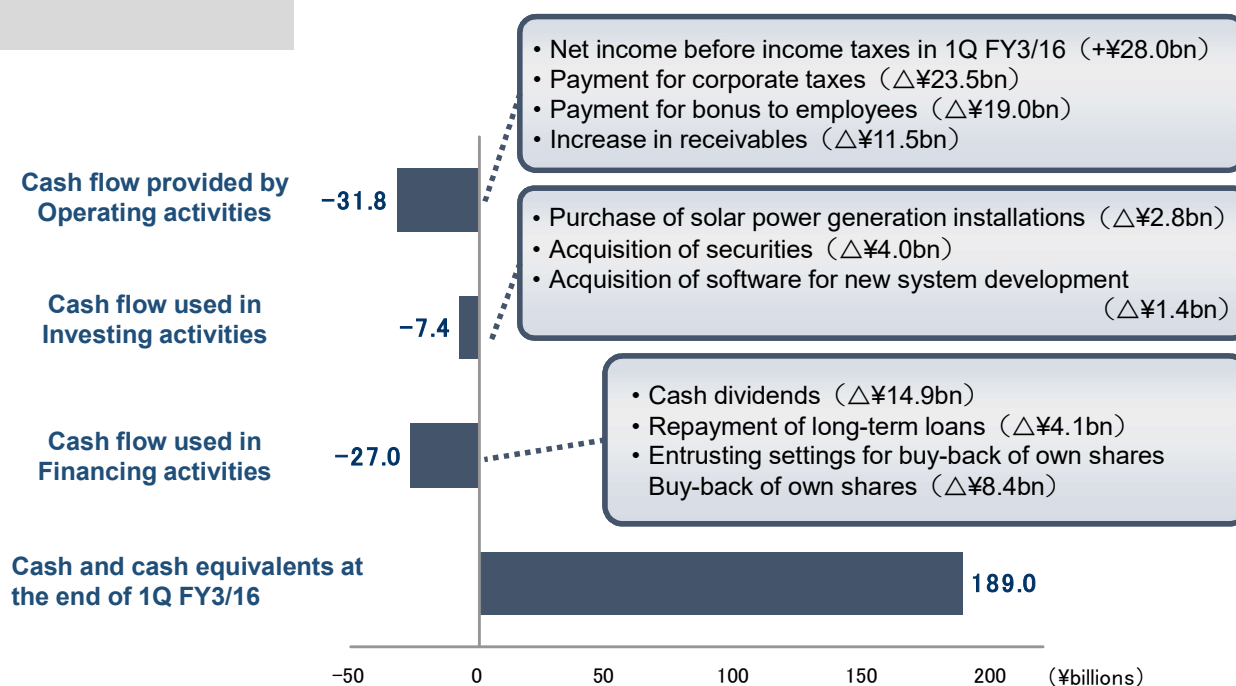
[] : Difference from previous same period



Major breakdown of SG&A expenses (+¥0.3bn YoY)

- ① Labor cost +¥0.2bn
- ② Advertising expenses △¥0.3bn
- ③ Others +¥0.4bn

1Q FY3/16				End of FY3/15			
							(¥billions)
Current assets	451.6 (Δ42.7)	Current liabilities	229.2 (Δ38.1)	Current assets	494.3	Current liabilities	267.4
		Noncurrent liabilities	191.9 (Δ4.9)			Noncurrent liabilities	196.8
Noncurrent assets	208.9 (+2.2)	Total liabilities	421.1 (Δ43.1)	Noncurrent assets	206.7	Total liabilities	464.3
		Net assets	239.4 (+2.6)			Net assets	236.7
Total	660.6 (Δ40.4)	Total	660.6	Total	701.1	Total	701.1
BPS		¥3,085.68		BPS		¥3,060.84	
Equity ratio		36.7%		Equity ratio		34.3%	



II. Key Figures

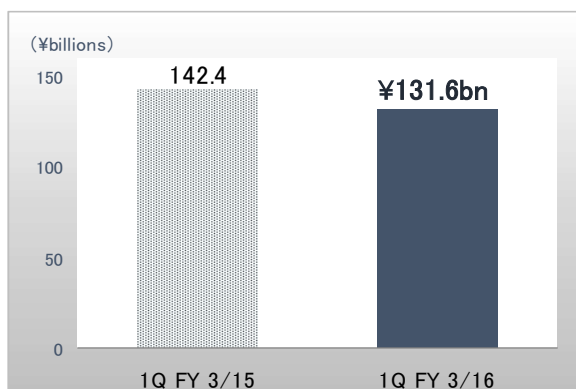
II - 1

Orders received and Orders in hand (Year on year)

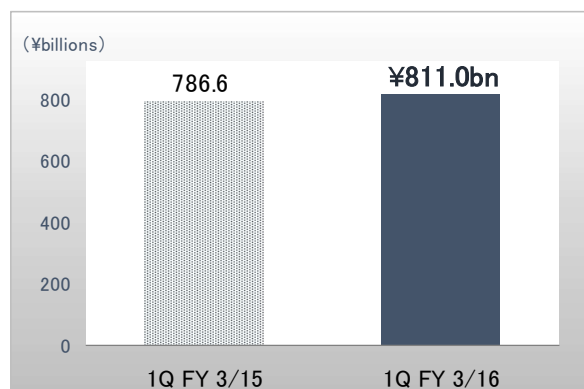
◆ Orders received ¥131.6bn (△7.6% YoY)

◆ Orders in hand ¥811.0bn (+3.1% YoY)

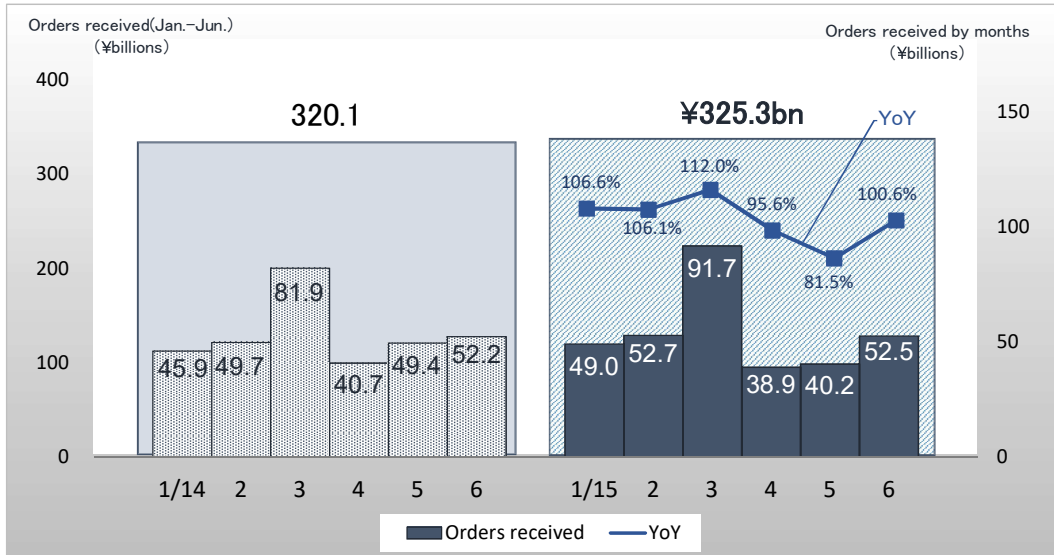
Orders received



Orders in hand

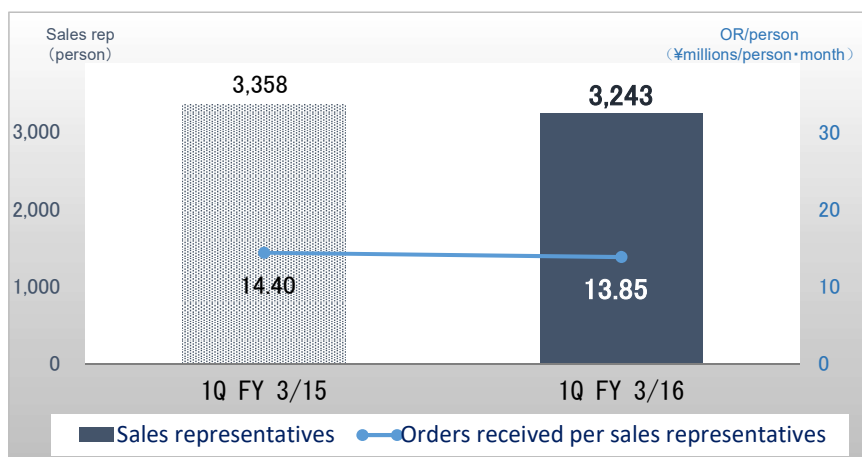


◆Orders received (Jan.- Jun./15) **¥325.3bn (+1.6% YoY)**



◆Sales representatives (end of 6/15) **3,243staffs (△115 YoY)**

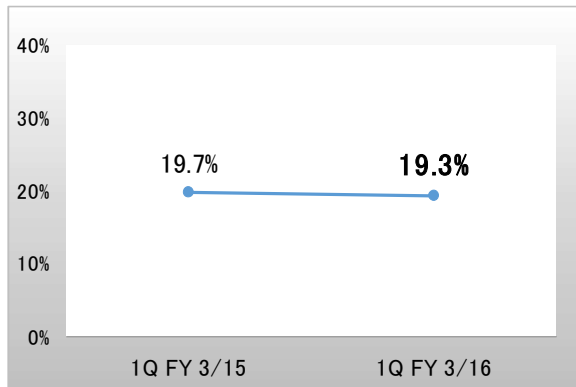
◆Orders received per sales rep **¥13.85million/Month (△¥550thousands YoY)**



◆Rate of medium-rise 19.3% (Δ0.4p YoY)

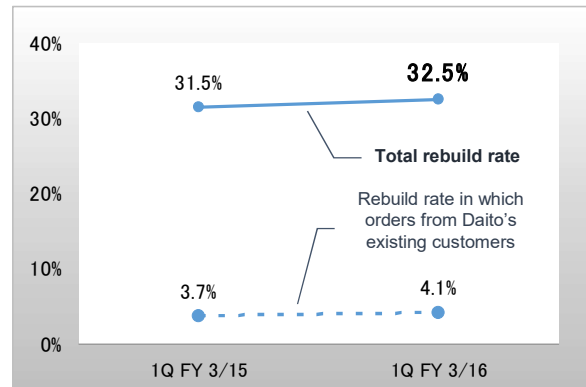
◆Rate of rebuild 32.5% (+1.0p YoY)

Rate of medium-rise ※1



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

Rate of rebuild ※2

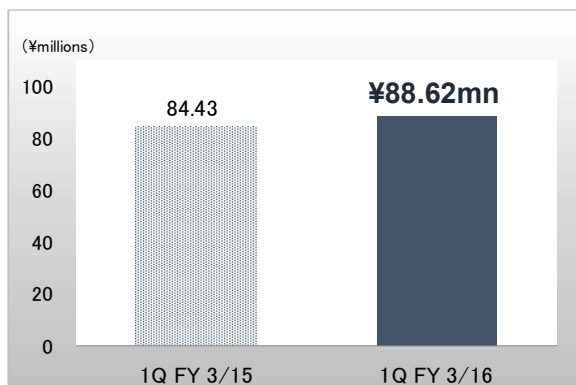


※2 Rebuild rate =
Orders received by rebuild / Total orders received

◆Unit price 88.62mn (+¥4.19mn YoY)

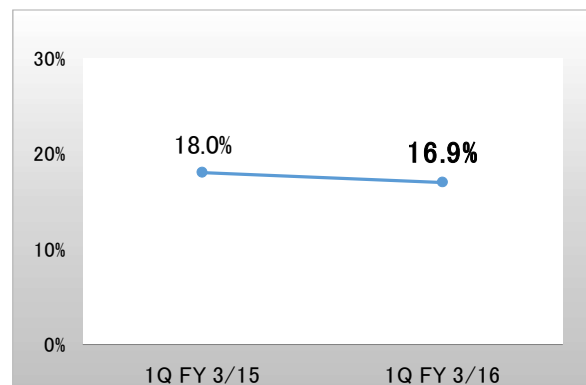
◆Cancellation rate 16.9% (Δ1.1p YoY)

Unit price ※1



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

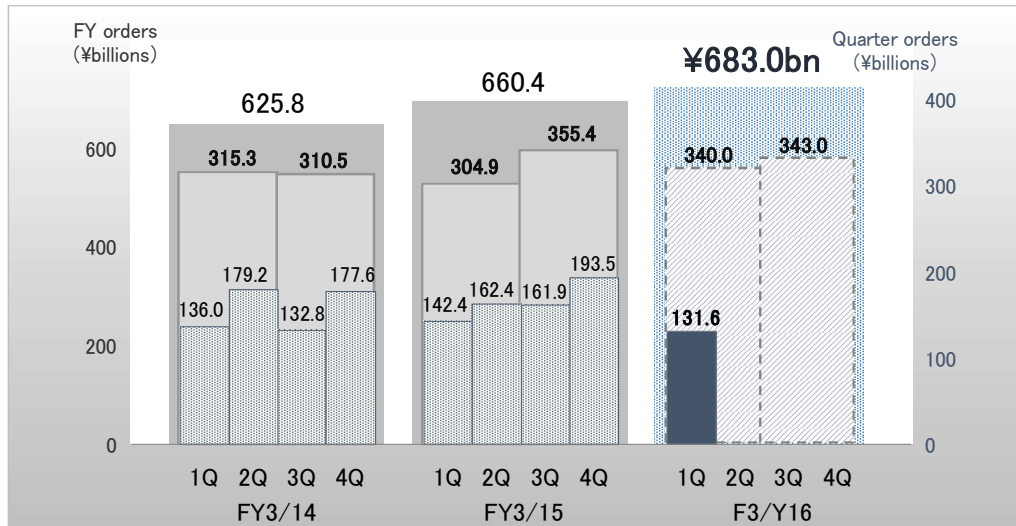
Cancellation rate ※2



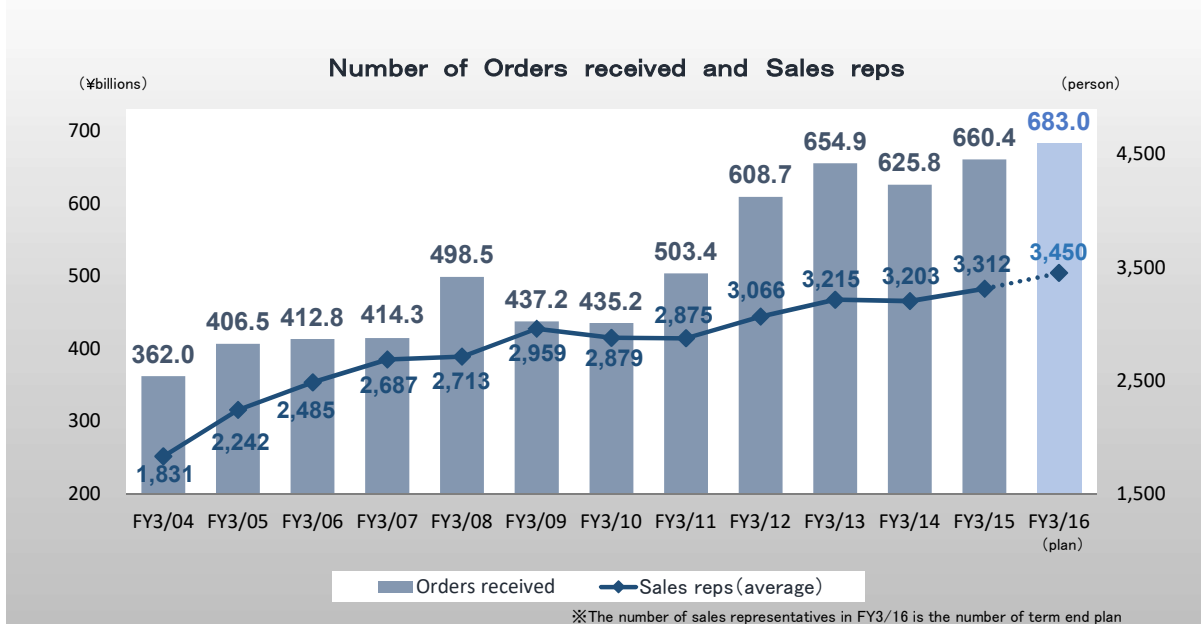
※2 Cancellation rate = the amount of cancellation / the amount of new orders received
Orders received = the amount of new orders received - the amount of cancellation

◆ **Planning of construction awards FY3/16 ¥683bn (+3.4% YoY)**

◆ **Planning of construction awards first half FY3/16 ¥340bn (+11.5% YoY)**

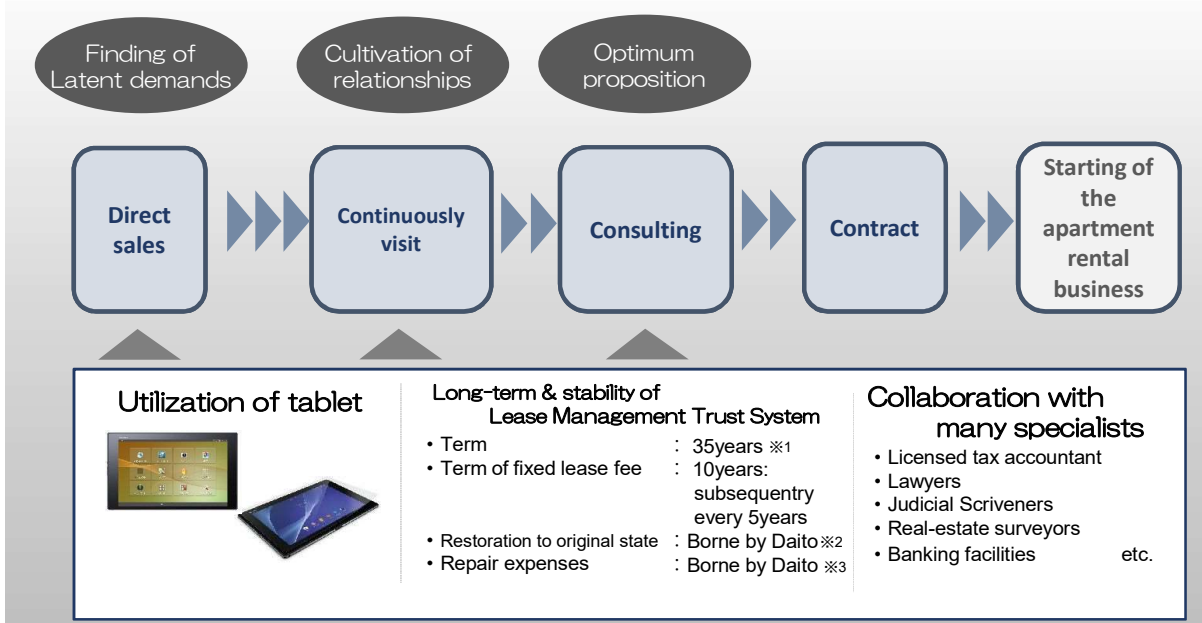


1. An increase in sales representatives & strengthening of human resource development



※The number of sales representatives in FY3/16 is the number of term end plan

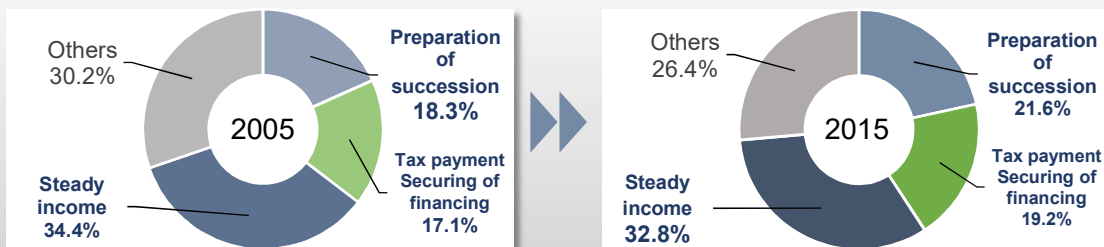
2. Business operations for mainly finding latent customers



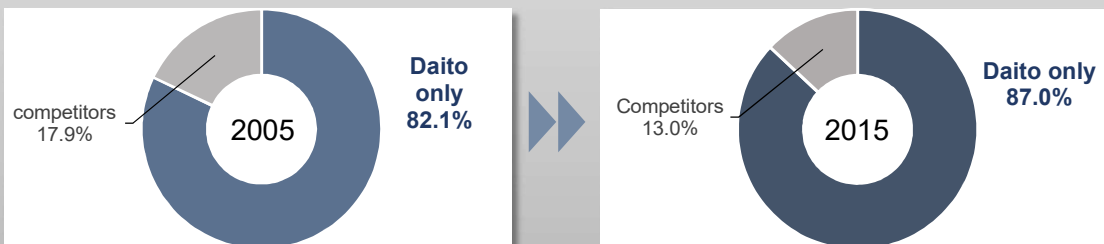
※1 A contract may be canceled depending on the conditions.
 ※2 The restoration to original state will be applied from the reserve for repairs during the term of the lease contract.
 ※3 In the case of Full-package plan, repair fees will be applied from the reserve for repairs during the term of the lease contract.

3. Stable business environment → Continuation of direct sales

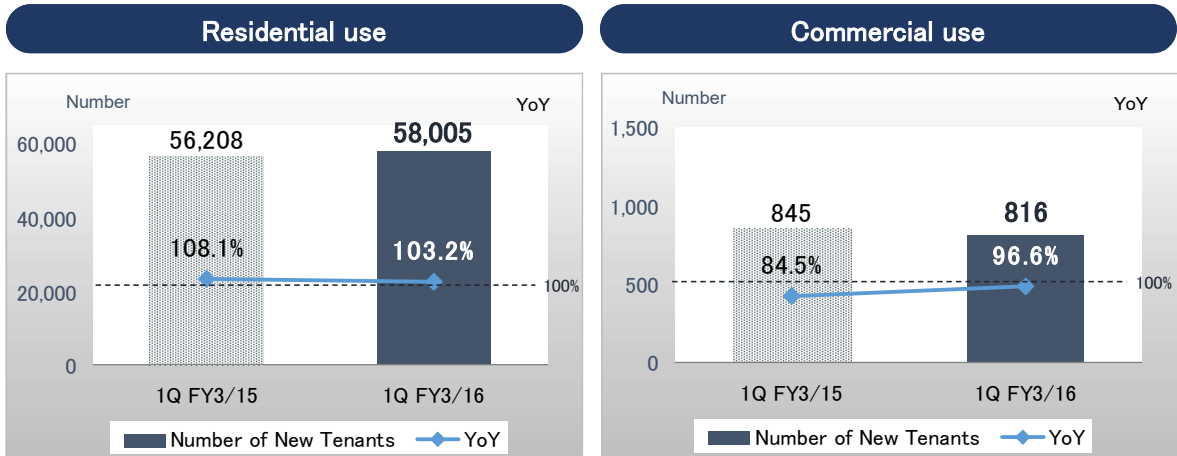
① the motive of landowner's rental housing management



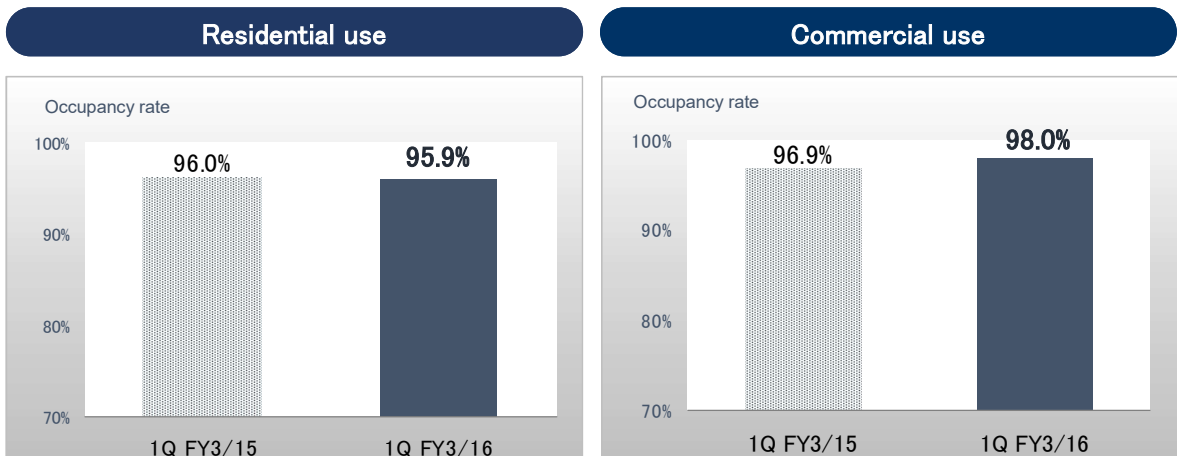
② Competitive situation of our contracted apartments



◆ **New Tenants** **58,821 (+3.1% YoY)**
 ● **Residential use** **58,005 (+3.2% YoY)**
 ● **Commercial use** **816 (Δ3.4% YoY)**



◆ **Residential use** **95.9% (Δ0.1p YoY)**
 ◆ **Commercial use** **98.0% (+1.1p YoY)**



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

The basic policy of our rental housing supply

● We shall not provide rental housings more than housing needs.

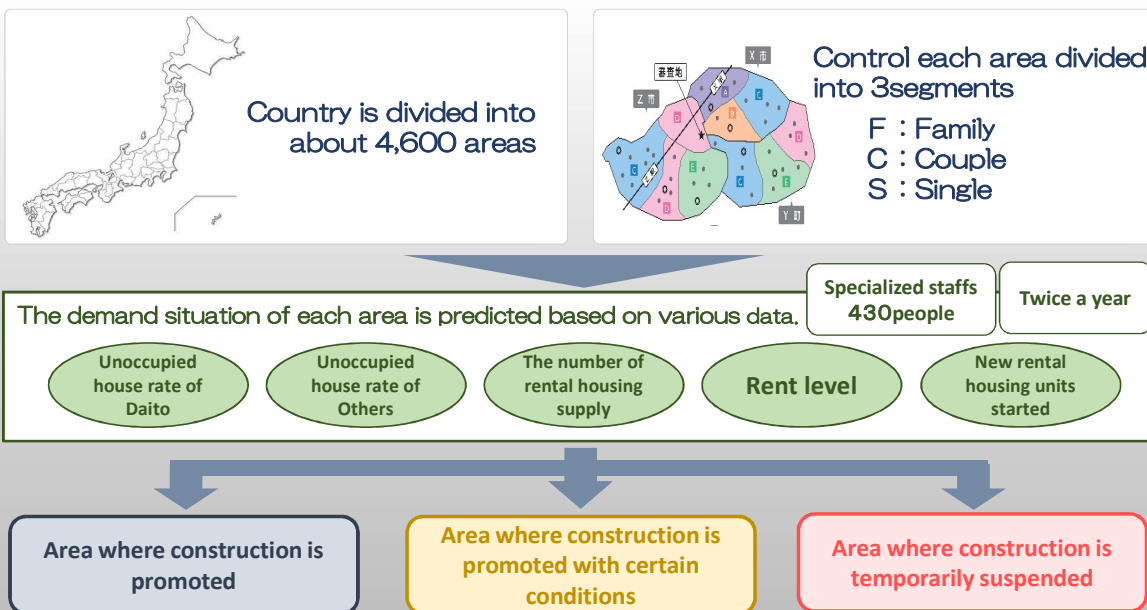
● We shall not provide rental housings where housing units are unable to fill up.



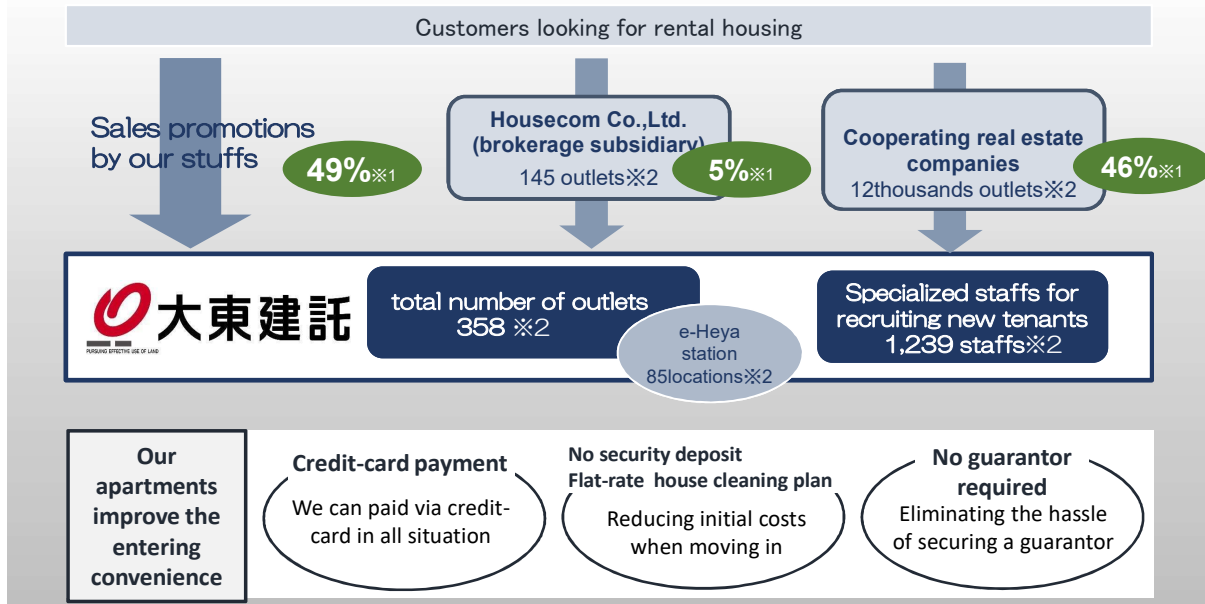
Since our establishment of a business, we have been supplied rental housings based on these basic policies.

Supply of the rental housing which is hard to become unoccupied houses

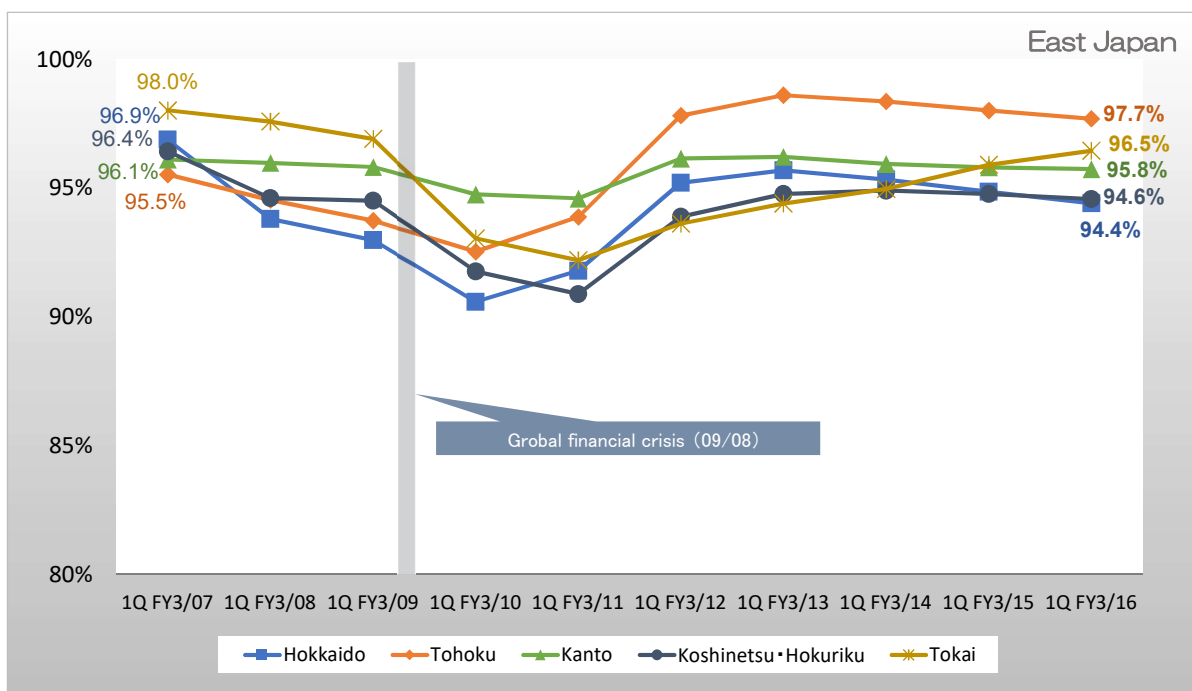
Rental housing supply plans that reflect actual demands

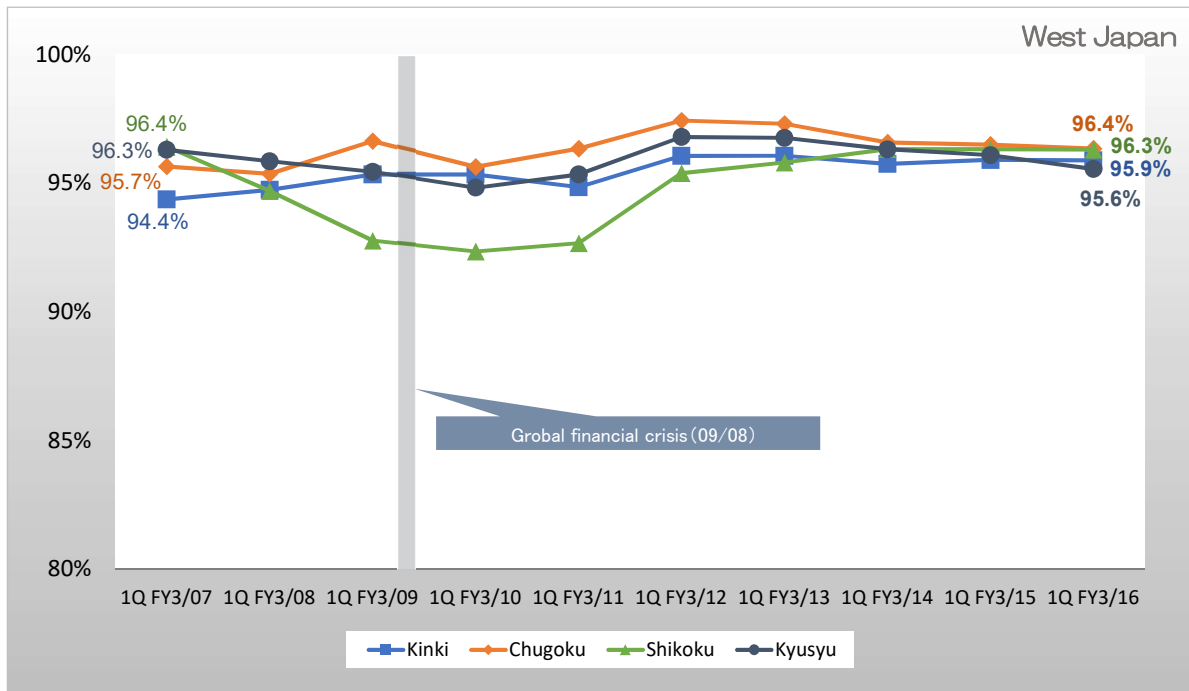


The specialized stuffs to mediate managed apartments of our group only



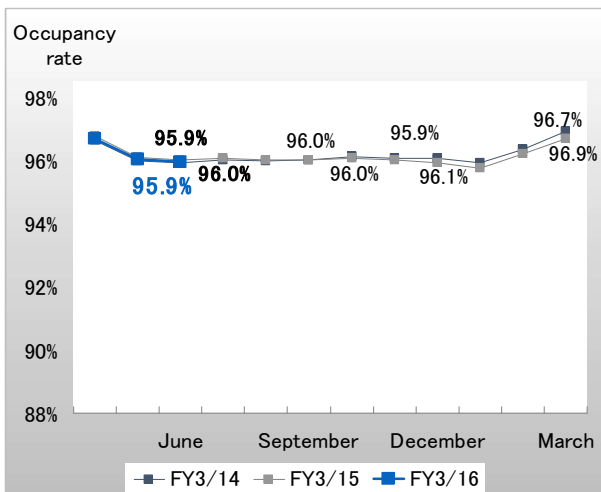
※1 The ratio of compositions of recruiting new tenants in 1Q FY3/16 ※2 as of June 30,2015





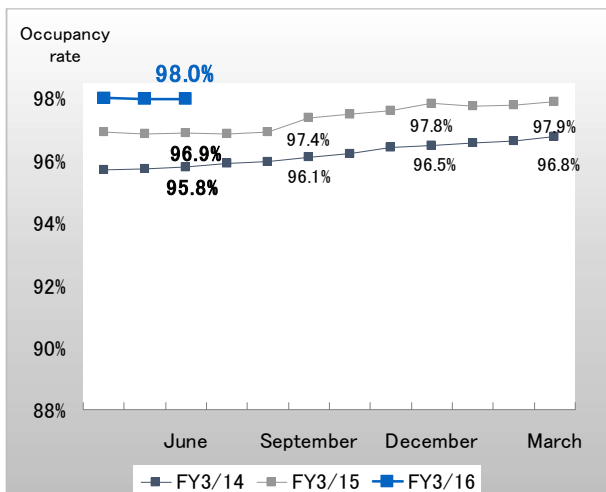
Residential use

FY3/16 Plan 96.7%



Commercial use

FY3/16 Plan 97.9%



III. Topics

III-1

The Company's Initiatives Related to the Corporate Governance Code

Disclosure of all 73 principle's initiatives situations (The application starting first day : June,1.)

コーポレートガバナンス
CORPORATE GOVERNANCE

DAITO TRUST CONSTRUCTION CO., LTD.
大東建設株式会社

代表取締役社長 大東 洋司
〒105-8508 東京都港区新橋2-1-1

当社のコーポレートガバナンスの状況は以下のとおりです。

コーポレートガバナンスに関する基本的な考え方及び資本構成、企業属性その他の基本情報

1. 基本的な考え方

当社のコーポレートガバナンスに関する基本的な考え方は以下のとおりです。

当社は、株主をはじめとするステークホルダーの皆様からご期待される「企業価値を最大化すること、経営の効率性、透明性を向上すること」を「コーポレートガバナンスの目的」として掲げ、これを達成するための取り組みを実施しております。

【コーポレートガバナンスコードの各原則を詳細に説明する項目】

原則1-4 1/1の全株主権利保護
原則2-1 1/1の全株主権利保護
原則2-2 1/1の全株主権利保護
原則2-3 1/1の全株主権利保護
原則2-4 1/1の全株主権利保護
原則2-5 1/1の全株主権利保護
原則2-6 1/1の全株主権利保護
原則2-7 1/1の全株主権利保護
原則2-8 1/1の全株主権利保護
原則2-9 1/1の全株主権利保護
原則2-10 1/1の全株主権利保護
原則2-11 1/1の全株主権利保護
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原則2-72 1/1の全株主権利保護
原則2-73 1/1の全株主権利保護

The Company's Initiatives Related to the Corporate Governance Code

DAITO TRUST CONSTRUCTION CO., LTD.

The Company's basic policy is to maximize corporate value for shareholders and all other stakeholders and to improve the transparency and efficiency of management. To this end, the Company promotes the separation of the management decision-making and supervisory structure and the business execution structure in an effort to establish a prompt and efficient management and business execution system and achieve highly management through the participation of Outside Directors.

The status of the Company's initiative and policies towards these initiatives in accordance with the principle of the Corporate Governance Code is as follows:

Section 1. Securing the Rights and Equal Treatment of Shareholders

【General Principle 1】
Company should take appropriate measures to fully secure shareholder rights and develop an environment in which shareholders can exercise their rights appropriately and effectively.
In addition, companies should secure effective equal treatment of shareholders.
Given their particular situations, adequate consideration should be given to the interests and concerns of minority shareholders and foreign shareholders for the effective exercise of shareholder rights and effective equal treatment of shareholders.

The Company promptly discloses both positive and negative information to ensure that all shareholders are essentially equal and to contribute to securing the rights of shareholders and enabling shareholders to exercise their rights appropriately.
In addition, to secure the rights of shareholders and to improve the common interests of shareholders, the Company clearly separates the management decision-making and supervisory structure and the business execution structure. Furthermore, the Company has developed a system to ensure that corporate governance functions sufficiently through the appointment of multiple Outside Directors and efforts to strengthen the decision-making and supervisory functions.

The specialty of our Governance

① Highly-effective management supervision structures

- Appointment of three outside directors and four outside statutory auditors.
- Constitutions of the guideline for selecting outside officers & the standards for independence of outside officers.

② Fair and highly transparent procedures for appointment and evaluation of directors

- The mutual evaluation system of directors
- The mutual evaluation of directors is related by the evaluation committee consisting of outside officers.

③ Forwarding of the circulation of management

- Age 60 as the retirement age for directors
- Relatives of senior management in the second degree or closer are prohibited to enter a company. (a hereditary elimination)

④ Director's remuneration system that linked to achievements

- The results of the mutual evaluation system of directors affect the rewards.※
- Stock options as stock-linked compensation※
※Both exclude outside officers

IV. Appendix

IV-1

Non-consolidated statement of income <3/2016>

(¥millions)

	1Q FY3/16	1Q FY3/15	YoY	Plan(full-year)
Net sales	139,867	133,352	+4.9%	636,500
Construction	134,836	129,099	+4.4%	616,500
Real estate & others	5,030	4,253	+18.3%	20,000
Gross profit	38,476	38,322	+0.4%	172,400
Construction	38,349	38,686	△0.9%	172,400
Real estate & others	127	△363	—	0
SG & A expenses	25,733	26,041	△1.1%	125,100
Operating income	12,743	12,280	+3.8%	47,300
Ordinary income	35,498	13,275	+167.4%	74,500
Net income	30,736	8,277	+271.3%	56,000

(¥millions)

	Construction business							
	Daito Construction				Daito Steel			
	1Q FY3/16	1Q FY3/15	YoY	plan (full-year)	1Q FY3/16	1Q FY3/15	YoY	plan (full-year)
Net sales	1,523	971	+56.9%	6,000	974	943	+3.3%	4,499
Gross profit	50	△4	—	153	53	46	+15.8%	191
SG&A expenses	23	27	△14.7%	92	21	17	+19.3%	75
Operating income	27	△31	—	61	32	28	+13.6%	116
Ordinary income	42	△20	—	122	32	28	+14.5%	117
Net income	41	△22	—	75	22	19	+16.7%	77

(¥millions)

	1Q FY3/14		1Q FY3/15		1Q FY 3/16		
	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	YoY
Whole-building lease ※1	151,894	(92.0%)	162,867	(92.2%)	174,102	(91.3%)	+6.9%
Building and repairs ※2	7,550	(4.5%)	7,458	(4.2%)	8,059	(4.2%)	+8.1%
Brokerage	3,234	(2.0%)	3,375	(1.9%)	3,640	(1.9%)	+7.8%
Lease business ※3	1,493	(0.9%)	1,433	(0.8%)	1,486	(0.8%)	+3.7%
Rental guarantee business	546	(0.3%)	726	(0.4%)	1,484	(0.8%)	+104.3%
Electricity business	32	(0.0%)	503	(0.3%)	990	(0.5%)	+96.8%
Others	405	(0.3%)	370	(0.2%)	921	(0.5%)	+148.7%
Total	165,158	(100.0%)	176,734	(100.0%)	190,686	(100.0%)	+7.9%

※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

(¥millions)

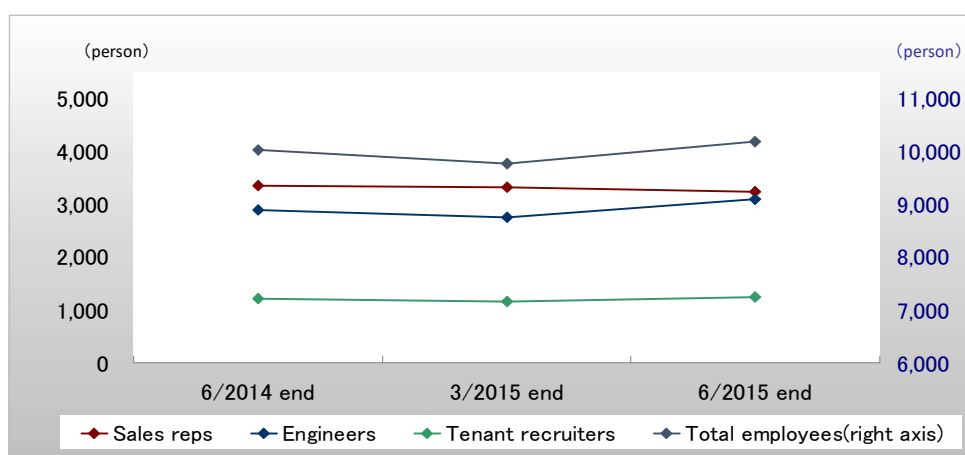
	Real estate business											
	Daito Building Management				Housecom				House Leave			
	1QFY3/16	1QFY3/15	YoY	plan (full-year)	1QFY3/16	1QFY3/15	YoY	plan (full-year)	1QFY3/16	1QFY3/15	YoY	plan (full-year)
Net sales	184,328	171,933	+7.2%	745,102	2,137	1,979	+8.0%	9,120	1,484	726	+104.3%	6,672
Gross profit	14,702	13,698	+7.3%	49,722	2,125	1,979	+7.4%	9,120	1,393	621	+124.1%	6,132
SG&A expenses	3,530	3,274	+7.8%	15,706	2,023	1,946	+4.0%	8,465	226	97	+132.8%	782
Operating income	11,172	10,424	+7.2%	34,015	101	32	+207.8%	654	1,167	524	+122.5%	5,350
Ordinary income	11,408	10,598	+7.6%	34,779	102	33	+206.3%	953	1,167	534	+118.5%	5,356
Net income	7,623	7,046	+8.2%	22,860	58	12	+329.9%	562	735	323	+127.3%	3,368

(¥millions)

	Other business (Financial business)							
	Daito Finance				D.T.C			
	1Q FY3/16	1Q FY3/15	YoY	plan (full-year)	1Q FY3/16	1Q FY3/15	YoY	plan (full-year)
Net sales	311	244	+27.3%	1,099	917	816	+12.4%	3,362
Gross profit	236	144	+63.3%	791	364	376	△3.3%	1,358
SG&A expenses	29	33	△11.0%	164	4	3	+43.0%	17
Operating income	206	110	+85.9%	627	359	373	△3.7%	1,341
Ordinary income	206	110	+85.9%	627	362	376	△3.6%	1,349
Net income	133	70	+89.7%	410	362	376	△3.6%	1,349

(¥millions)

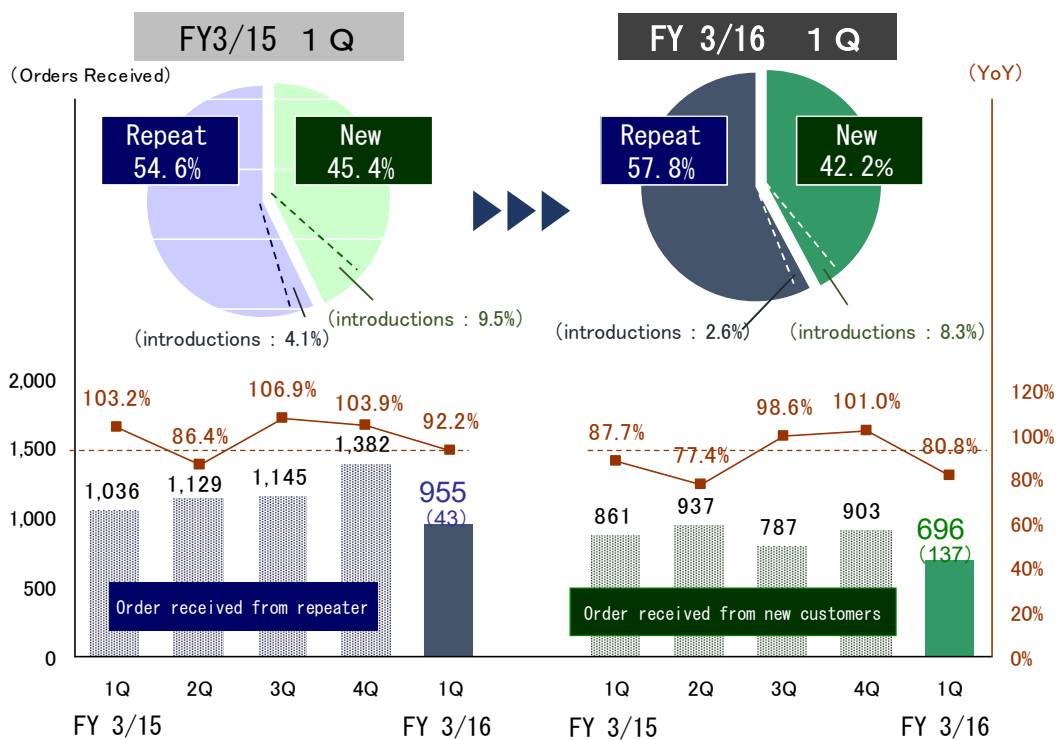
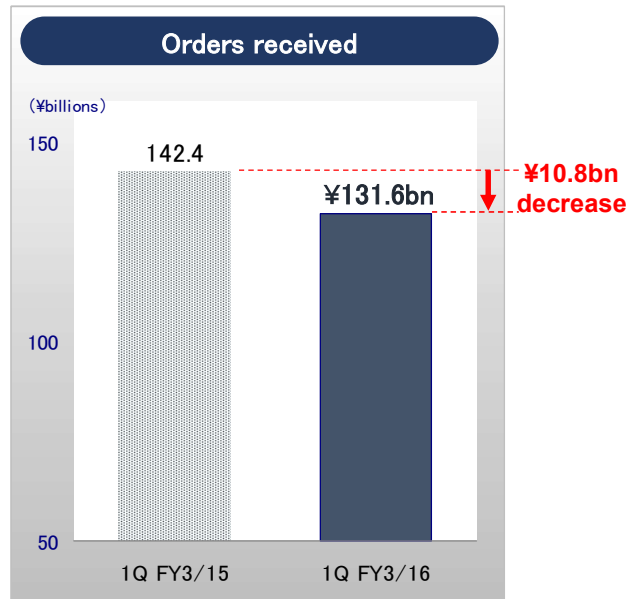
	Other business (Other)											
	Care Partner				Gaspal				D. A. D. (M)			
	1QFY3/16	1QFY3/15	YoY	plan (full-year)	1QFY3/16	1QFY3/15	YoY	plan (full-year)	1QFY3/16	1QFY3/15	YoY	plan (full-year)
Net sales	2,386	2,321	+2.8%	9,445	5,882	5,895	Δ0.2%	26,450	694	700	Δ0.8%	3,078
Gross profit	258	368	Δ29.8%	935	2,332	1,900	+22.7%	9,240	343	380	Δ9.9%	1,517
SG&A expenses	202	165	+22.3%	832	1,327	1,103	+20.2%	5,528	261	243	+7.4%	1,111
Operating income	56	202	Δ72.3%	103	1,005	796	+26.1%	3,712	81	136	Δ40.5%	405
Ordinary income	60	199	Δ69.8%	103	1,015	802	+26.6%	3,729	Δ344	158	—	360
Net income	39	111	Δ64.8%	65	688	523	+31.6%	2,438	Δ344	158	—	322

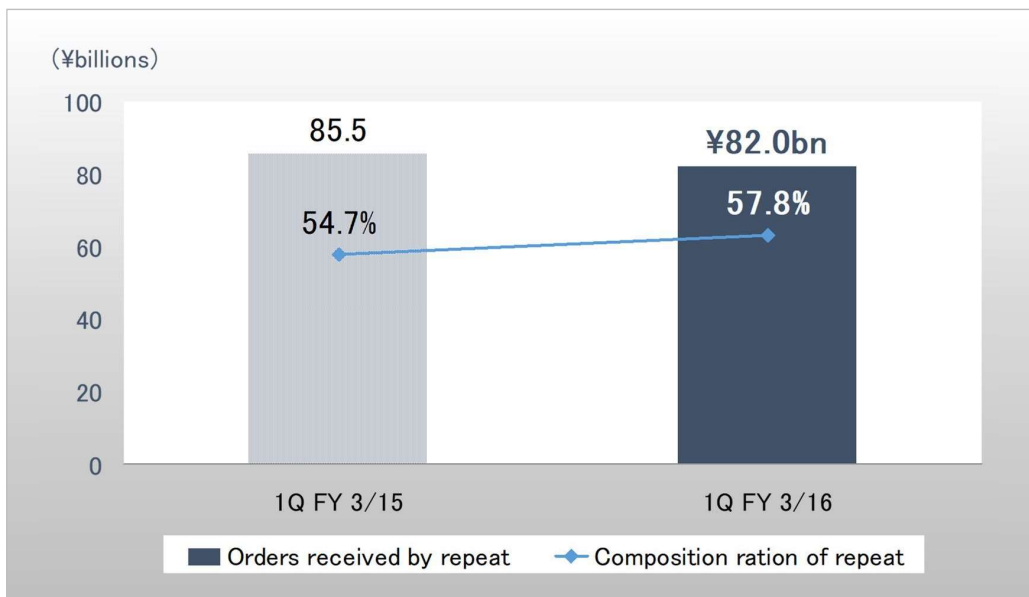
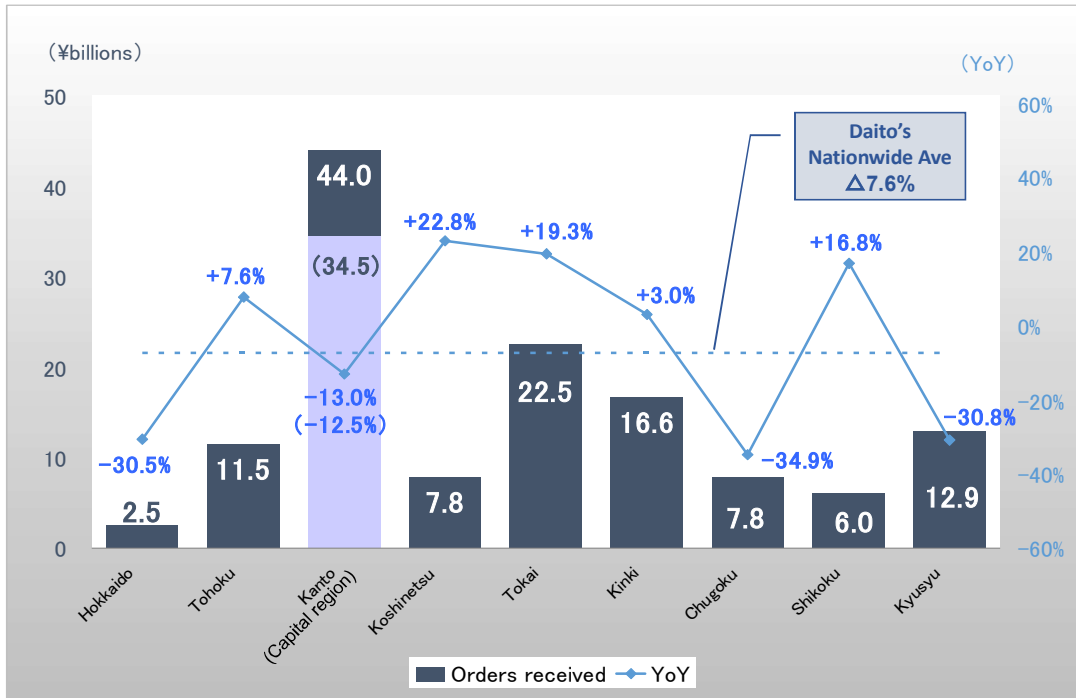


	6/2014 end	6/2015 end	YoY	3/2016 plan
Total employees	10,030	10,182	+152	10,600
Sales reps	3,358	3,243	Δ115	3,450
Engineers	2,897	3,090	+193	3,340
Tenant recruiters	1,223	1,239	+16	1,150

¥10.8bn (Decrease)

- ① **Number of orders(projects) Δ¥20.8bn**
(1,897 → 1,651 projects)
- ② **Per project price +¥6.9bn**
(¥84.43mn → ¥88.62mn)
- ③ **Cancellation +¥4.6bn**
(18.0% → 16.9%)
- ④ **Building & repairs Δ¥1.5bn**
(¥13.6bn → ¥12.1bn)

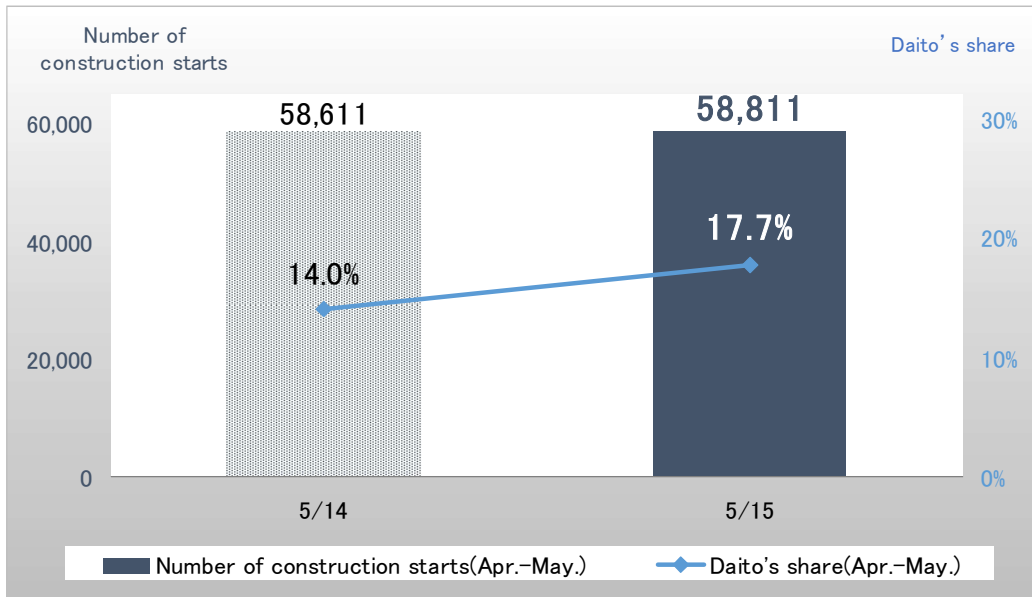




$$\text{Composition ratio of repeat} = \frac{\text{Number of orders received by repeat from our existing customers}}{\text{Total number of orders received}}$$

IV-12

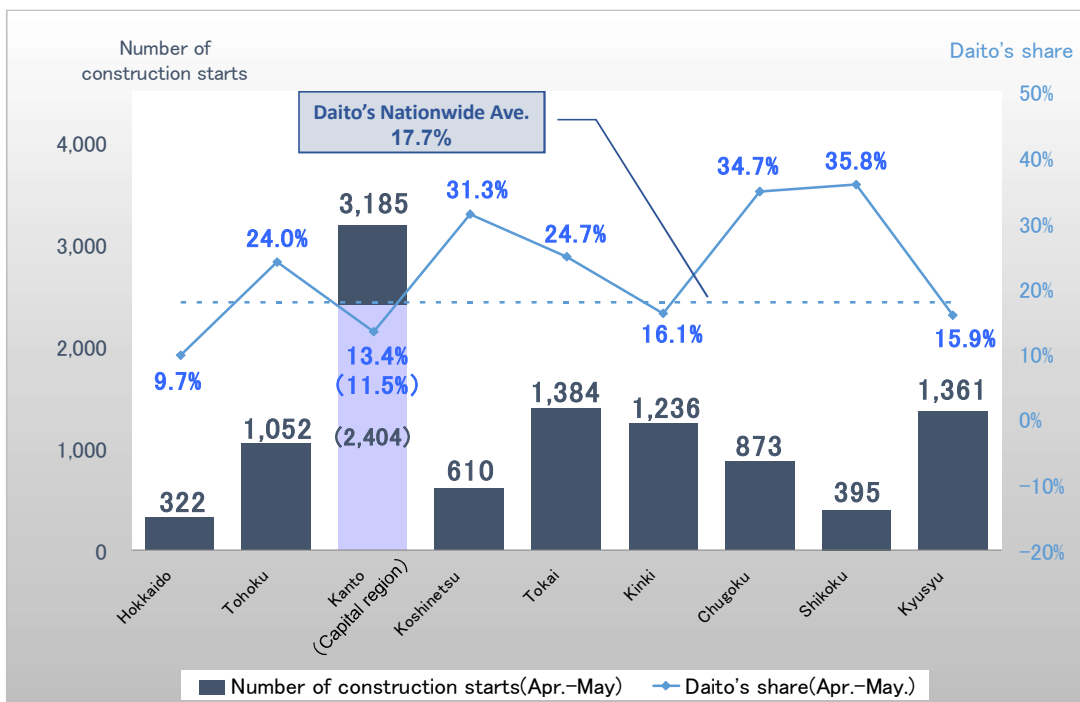
Number of construction starts & Daito's share (Year on year)

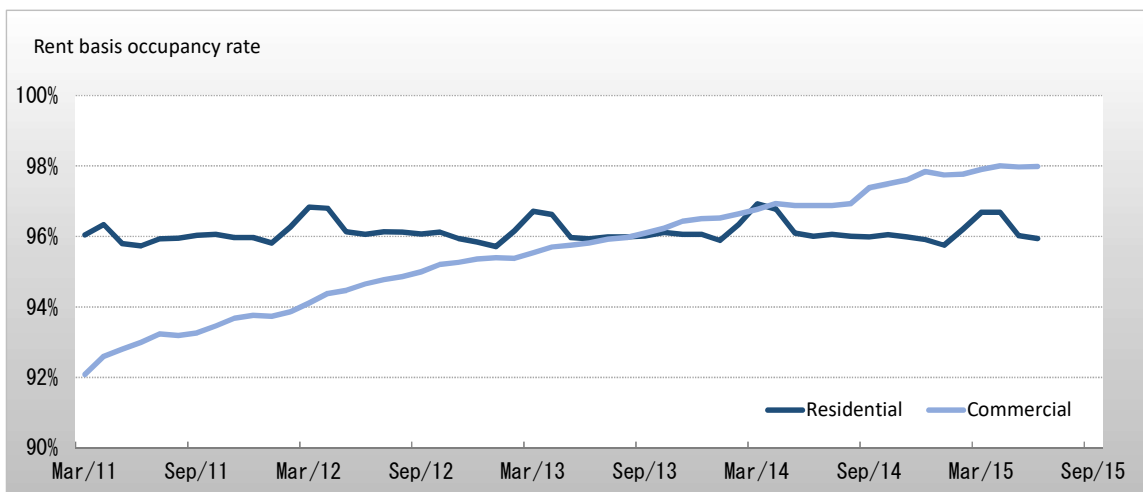
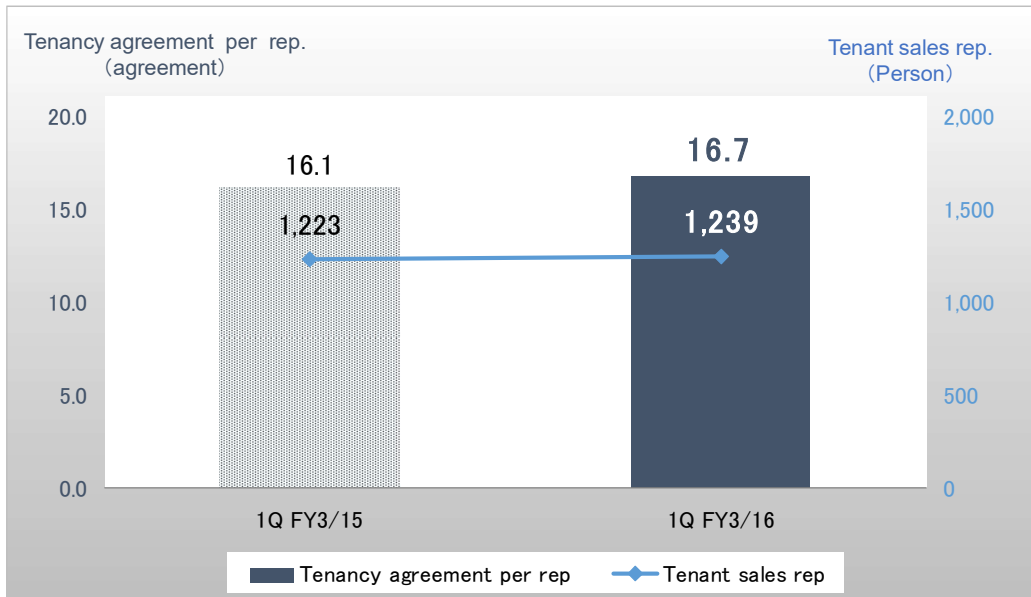


(Ministry of Land, Infrastructure, Transport and Tourism : "Housing and Land Survey")

IV-13

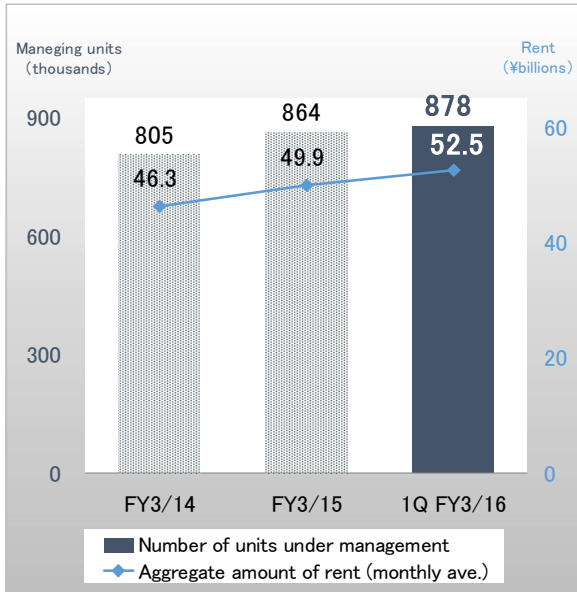
Number of construction starts by area & Daito's share



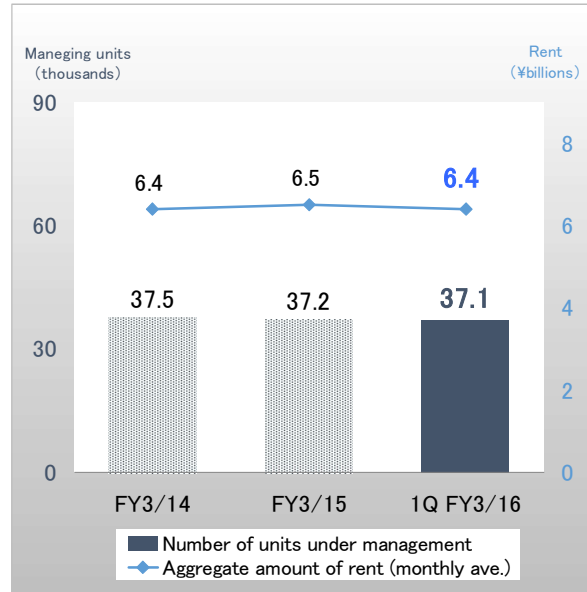


Rent basis occupancy rate	2011 (Jun.)	2012 (Jun.)	2013 (Jun.)	2014 (Jun.)	2015 (Jun.)	YoY
Residential use (%)	95.7%	96.1%	95.9%	96.0%	95.9%	Δ0.1p
Commercial use(%)	93.0%	94.7%	95.8%	96.9%	98.0%	+1.1p

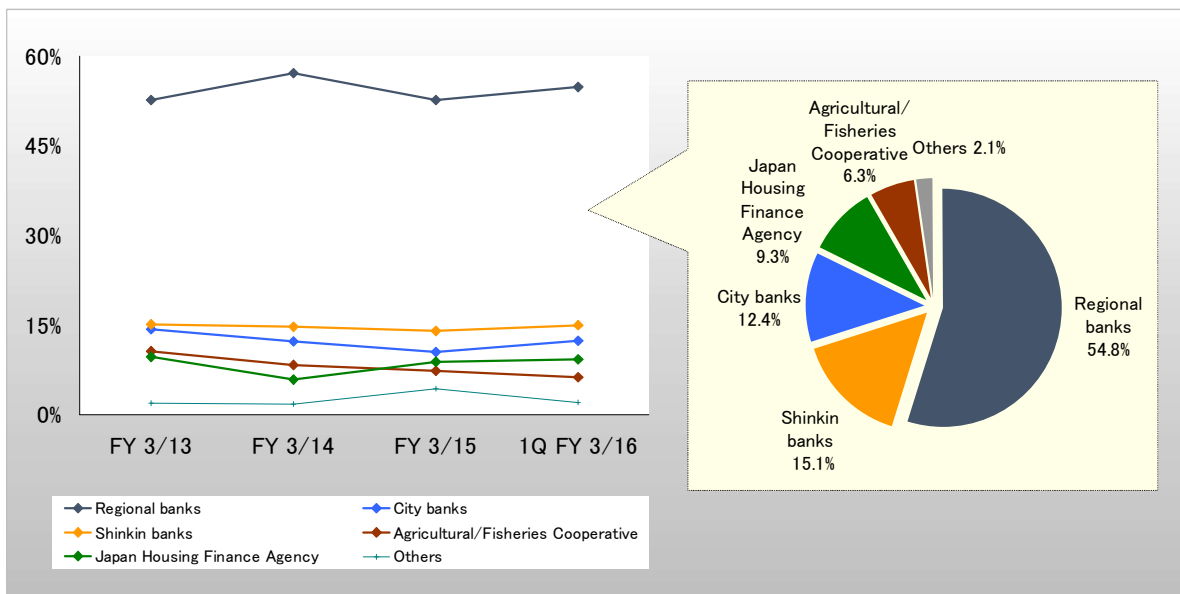
Residential use



Commercial use



Shares of financial institutions (Construction starts basis)



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