



DAITO TRUST CONSTRUCTION CO., LTD.

2Q Financial Highlights, Year ending March 31, 2016

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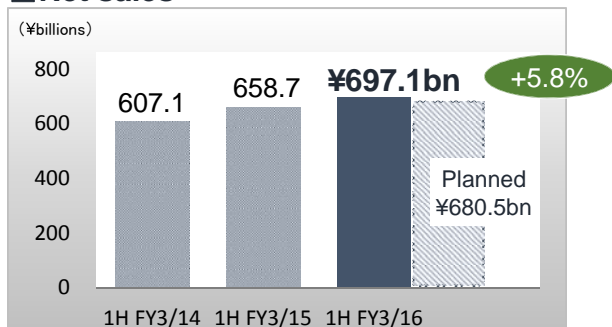
I . 2Q Financial Results, Year ending March 2016

I - 1

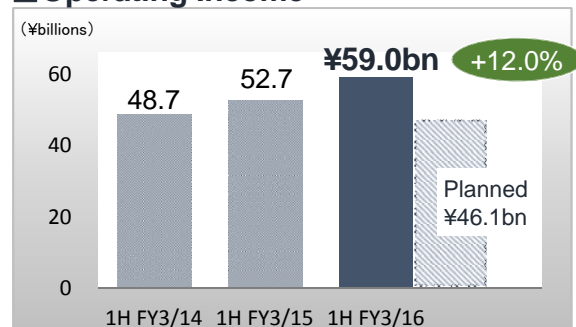
1H Financial Results summary①

Sales and each profits updated the highest record

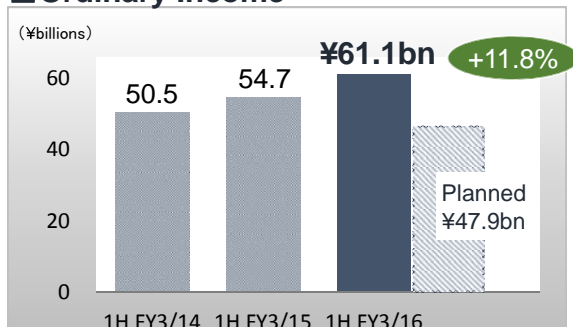
Net sales



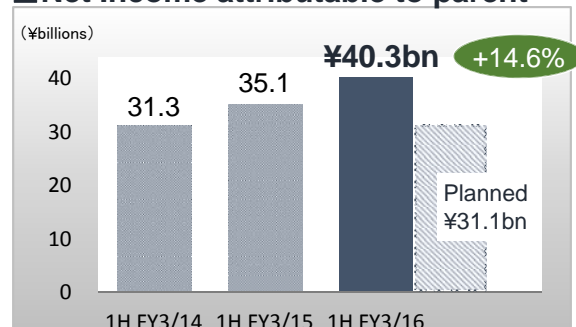
Operating Income



Ordinary Income



Net Income attributable to parent

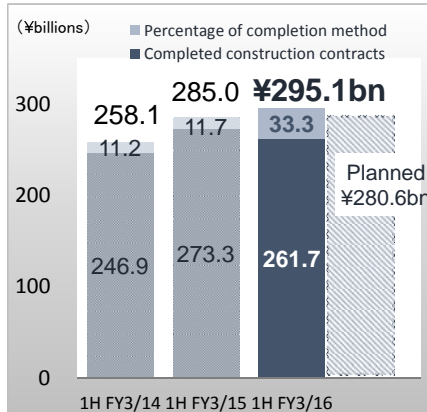


■ The reasons why operating income exceeded the original plan (+¥12.9bn)

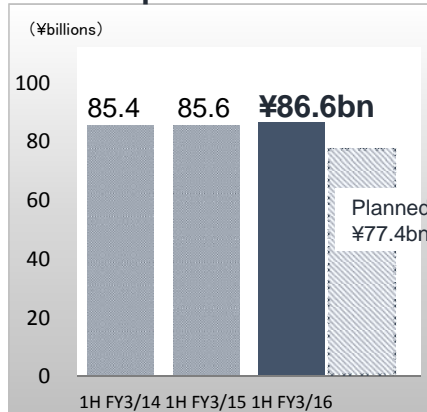
Details	Reasons	
Gross profit of construction <about¥9.2bn>	<ul style="list-style-type: none"> Increase the progress standard construction amount Improve gross profit margin rate (plan27.6%→achievement29.3%) 	+¥4.0bn +¥5.2bn
Gross profit of real estate <about¥1.3bn>	<ul style="list-style-type: none"> Increase restoration to original condition and repairing construction Increase income of solar power generation increase income of rental agent's commission increase income of the antibacterial service 	+¥0.8bn +¥0.2bn +¥0.2bn +¥0.1bn
Gross profit of other segments <about¥0.3bn>	<ul style="list-style-type: none"> Increase income of Gaspal Increase income of Daito Finance 	+¥0.2bn +¥0.1bn
SG&A expenses <about△¥2.0bn>	<ul style="list-style-type: none"> Unachieved plan of sales representative Restraint of budgets for advertising and merchandising expenses 	+¥0.5bn +¥1.5bn

	1H FY3/15	1H FY3/16	(YoY)
Net sales	285.0	295.1	(+3.5%)
Gross profit	85.6	86.6	(+1.1%)
Operating Income	41.2	45.4	(+10.1%)

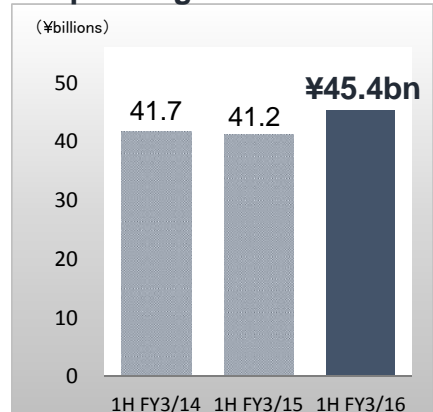
■ Net sales



■ Gross profit



■ Operating Income

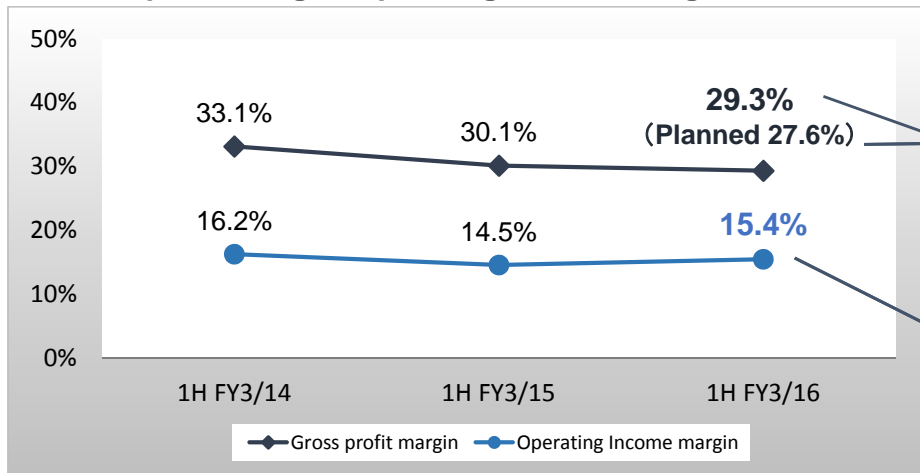


	1H FY3/15	1H FY3/16	(YoY)
Gross profit margin	30.1%	29.3%	($\Delta 0.8\text{p}$)
Operating Income margin	14.5%	15.4%	($+0.9\text{p}$)

Major breakdown of GMR ($\Delta 0.8\text{p}$ YoY)

① Results of price increase	+0.7p
② Labor cost	$\Delta 1.3\text{p}$
③ Material cost	$\pm 0.0\text{p}$
④ Exchange loss	$\Delta 0.2\text{p}$

■ Gross profit margin・Operating Income margin



Major breakdown of original plan ($+1.7\text{p}$ YoY)

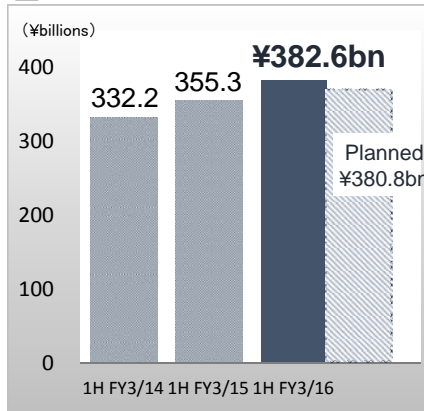
① Results of price increase	$\pm 0.0\text{p}$
② Labor cost	+1.7p
③ Material cost	$\pm 0.0\text{p}$
④ Exchange loss	$\pm 0.0\text{p}$

Restraint of the operating income margin improvement by the cost reduction

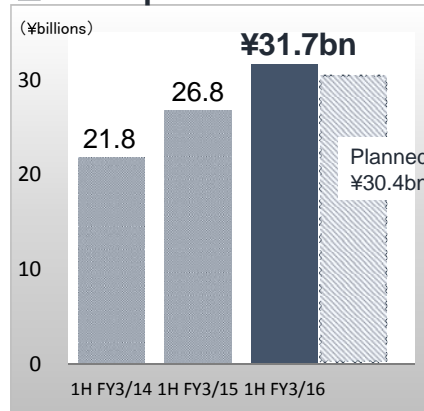
	1H FY3/15	1H FY3/16	(YoY)
Net sales	355.3	382.6	($+7.7\%$)
Gross profit	26.8	31.7	($+18.4\%$)
Operating Income	10.8	13.8	($+28.0\%$)

(¥billions)

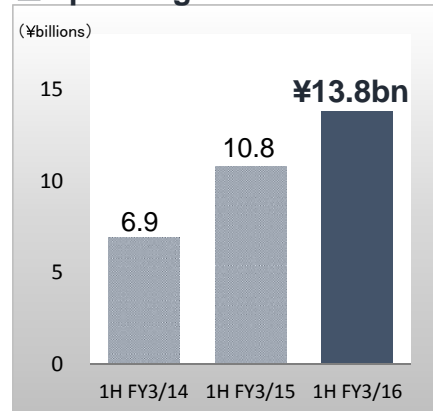
■ Net sales



■ Gross profit

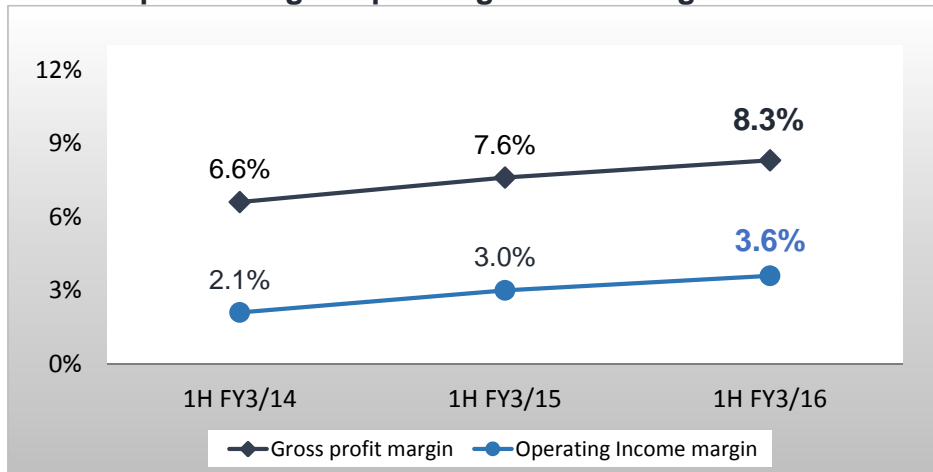


■ Operating Income



	1H FY3/15	1H FY3/16	(YoY)
Gross profit margin	7.6%	8.3%	(+0.7p)
Operating Income margin	3.0%	3.6%	(+0.6p)

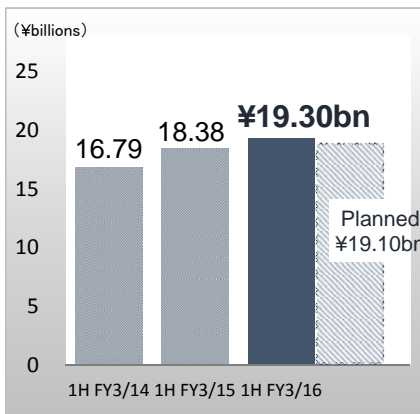
■ Gross profit margin・Operating Income margin



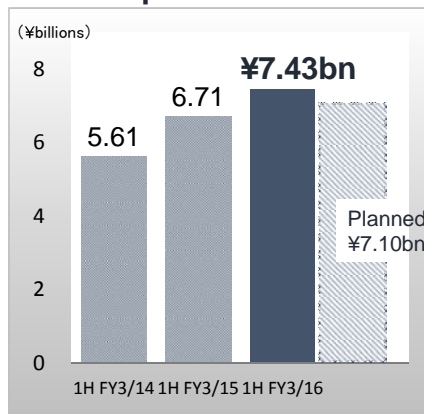
(¥billions)

	1H FY3/15	1H FY3/16	(YoY)
Net sales	18.38	19.30	(+5.0%)
Gross profit	6.71	7.43	(+10.7%)
Operating Income	4.03	4.28	(+6.1%)

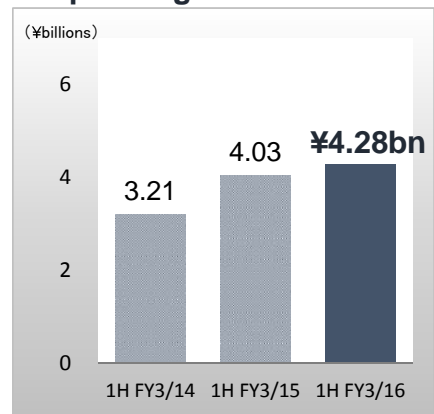
■ Net sales



■ Gross profit



■ Operating Income

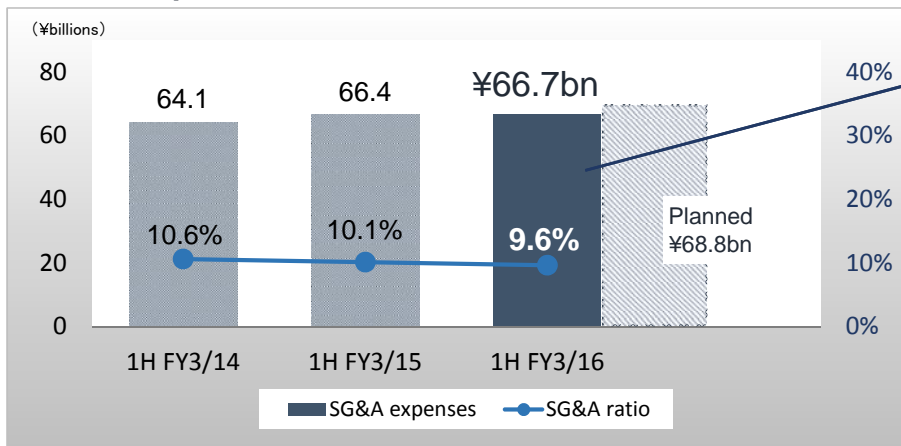


	1H FY3/15	1H FY3/16	(YoY)
SG&A expenses	66.4	66.7	(+0.4%)
SG&A ratio	10.1%	9.6%	[Δ0.5p]

(¥billions)

[] : Difference from previous same period

■ SG&A expenses, SG&A ratio



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

- ① Labor cost Δ¥0.7bn
- ② Advertising expenses +¥0.1bn
- ③ Others +¥0.9bn

End of 1H FY3/16

Current assets	470.9 (Δ23.4)	Current liabilities	250.9 (Δ16.5)
Noncurrent assets	223.9 (+17.2)	Noncurrent liabilities	191.1 (Δ5.7)
		Total liabilities	442.1 (Δ22.2)
		Net assets	252.7 (+16.0)
Total	694.9 (Δ6.2)	Total	694.9

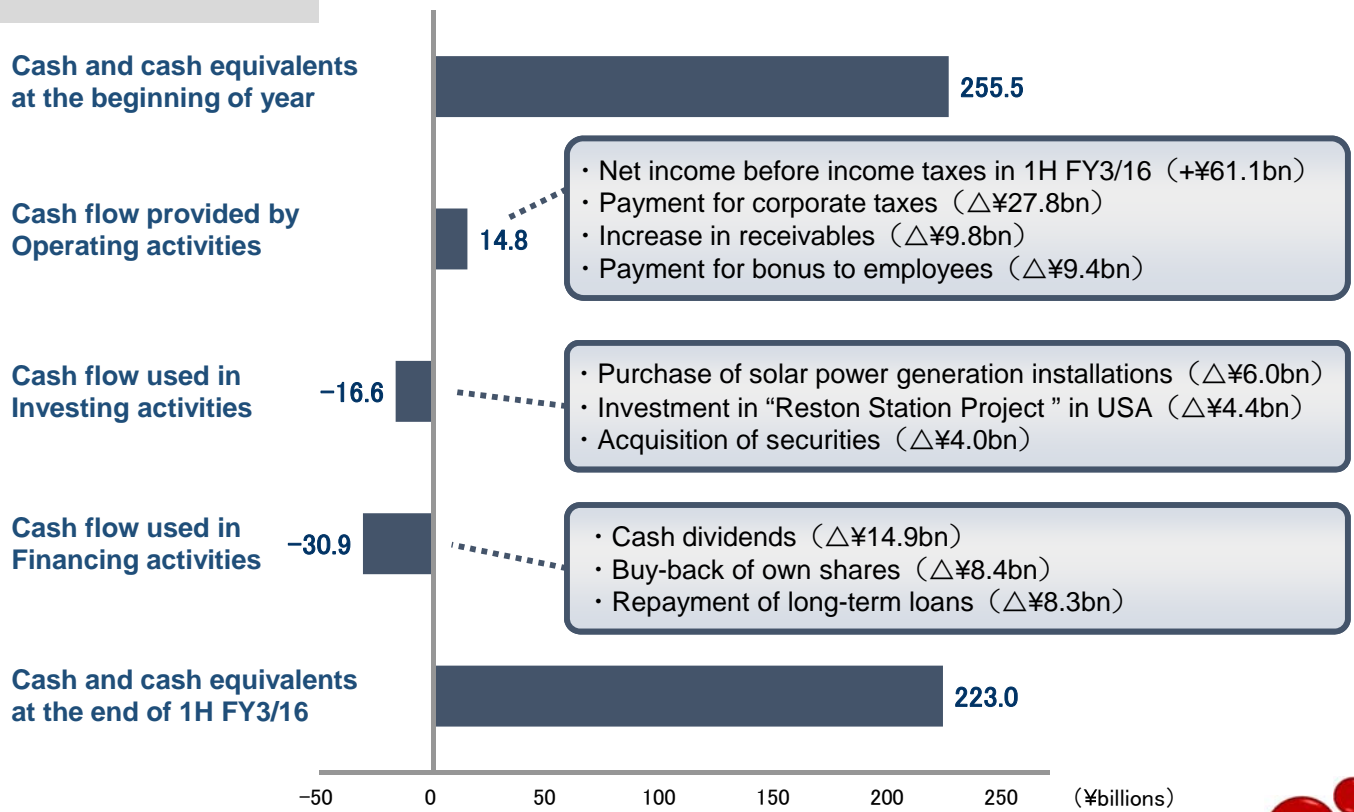
End of FY3/15

(¥billions)

Current assets	494.3	Current liabilities	267.4
Noncurrent assets	206.7	Noncurrent liabilities	196.8
		Total liabilities	464.3
		Net assets	236.7
Total	701.1	Total	701.1

Equity ratio	36.7%
BPS	¥3,274.84
EPS	¥515.19

Equity ratio	34.3%
BPS	¥3,060.84
EPS	¥710.19

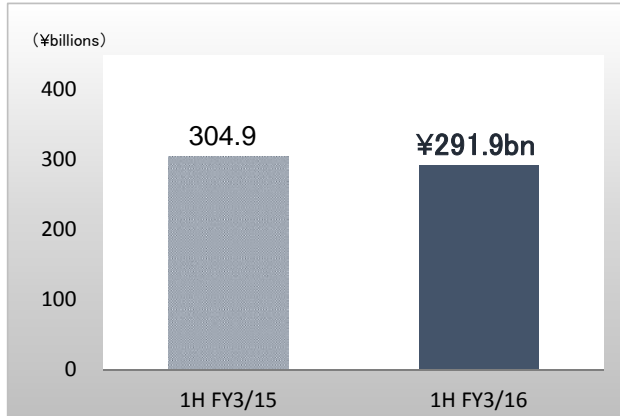


II. Key Figures

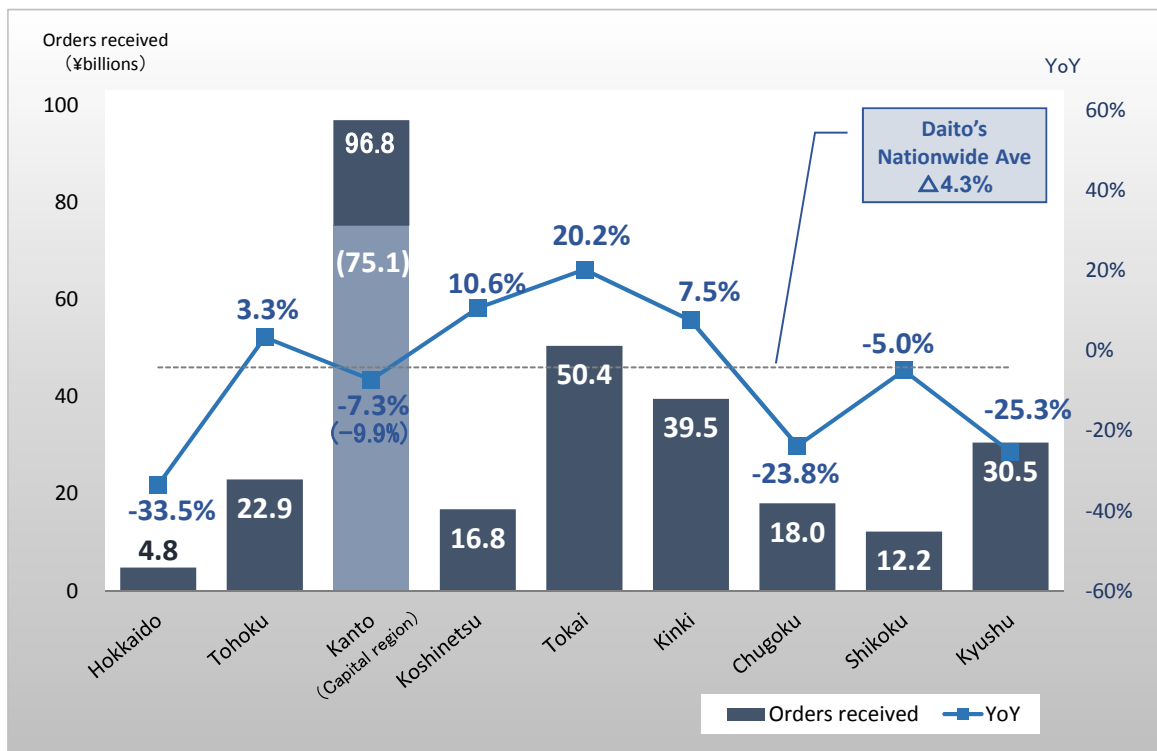
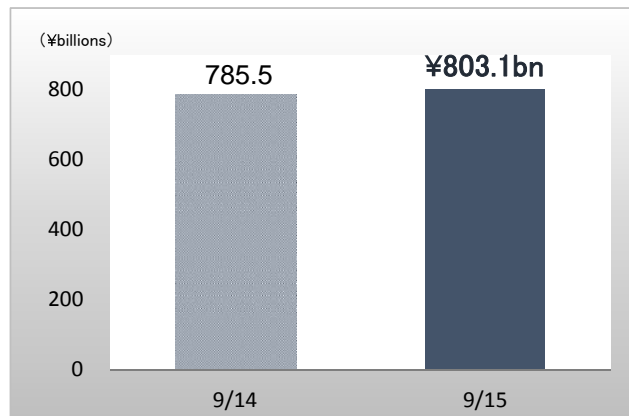
◆ Orders received ¥291.9bn (Δ4.3% YoY)

◆ Orders in hand ¥803.1bn (+2.2% YoY)

Orders received

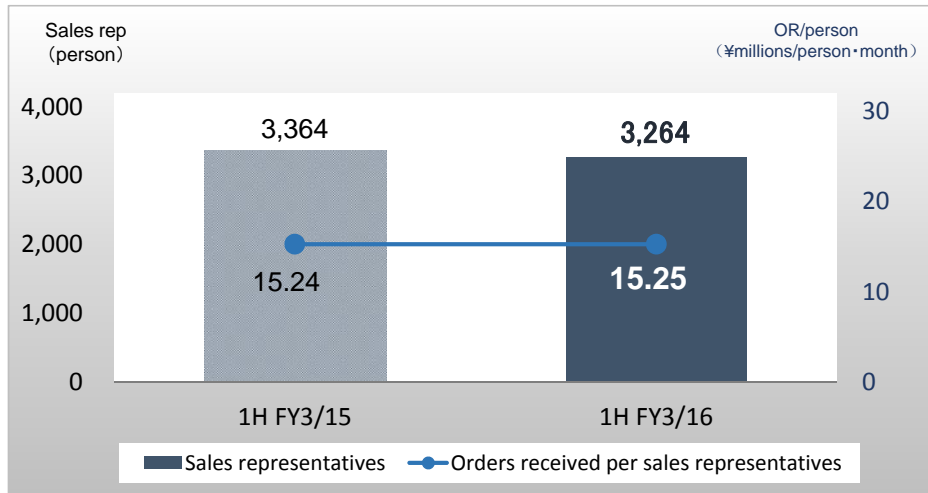


Orders in hand



◆Sales representatives (end of 9/15) 3,264staffs (Δ100YoY)

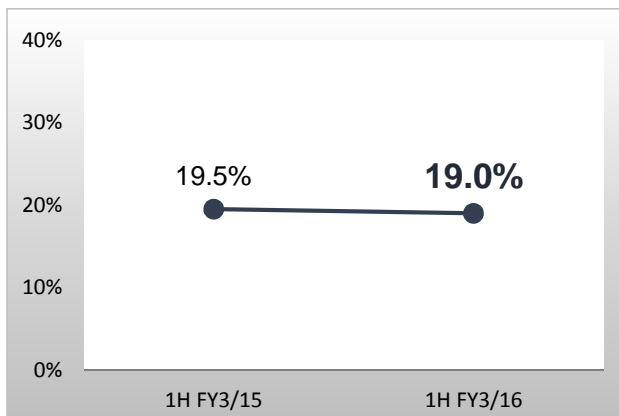
◆Orders received per sales rep ¥15.25million/Month (+¥10thousands YoY)



◆Rate of medium-rise 19.0% (Δ0.5p YoY)

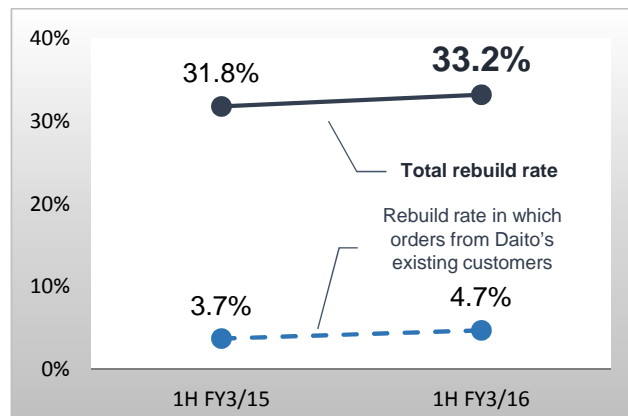
◆Rate of rebuild 33.2% (+1.4p YoY)

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

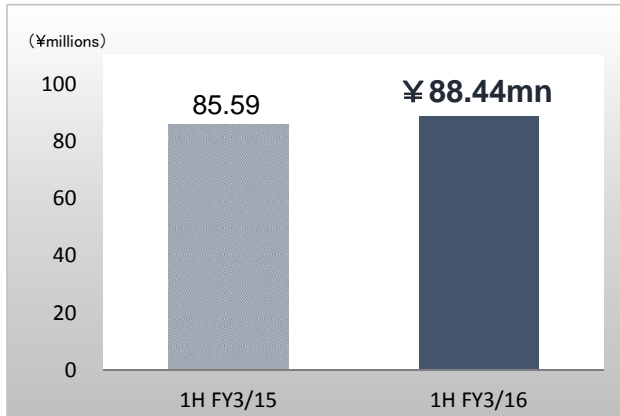


※2 Rebuild rate = Orders received by rebuild / Total orders received

◆ **Unit price** **¥88.44mn (+¥2.85mn YoY)**

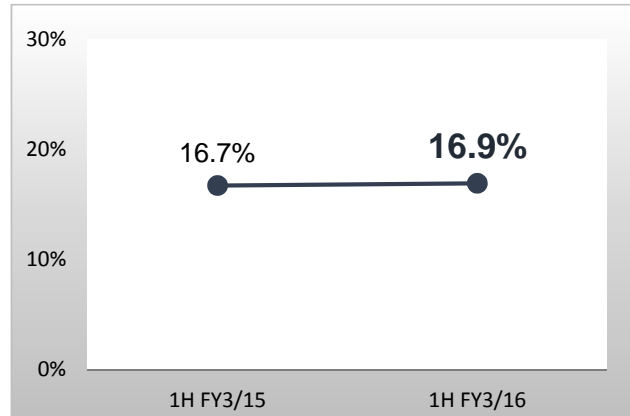
◆ **Cancellation rate** **16.9% (+0.2p YoY)**

Unit price ※1



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

Cancellation rate ※2



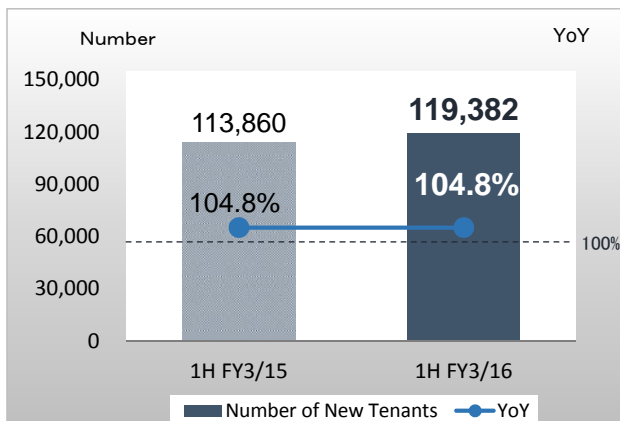
※2 Cancellation rate = the amount of cancellation / the amount of new orders received
Orders received = the amount of new orders received - the amount of cancellation

◆ **New Tenants** **120,971 (+4.7% YoY)**

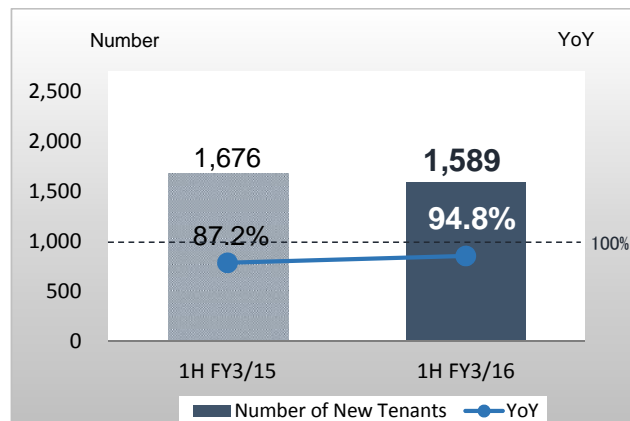
● **Residential use** **119,382 (+4.8% YoY)**

● **Commercial use** **1,589 (Δ5.2% YoY)**

Residential use

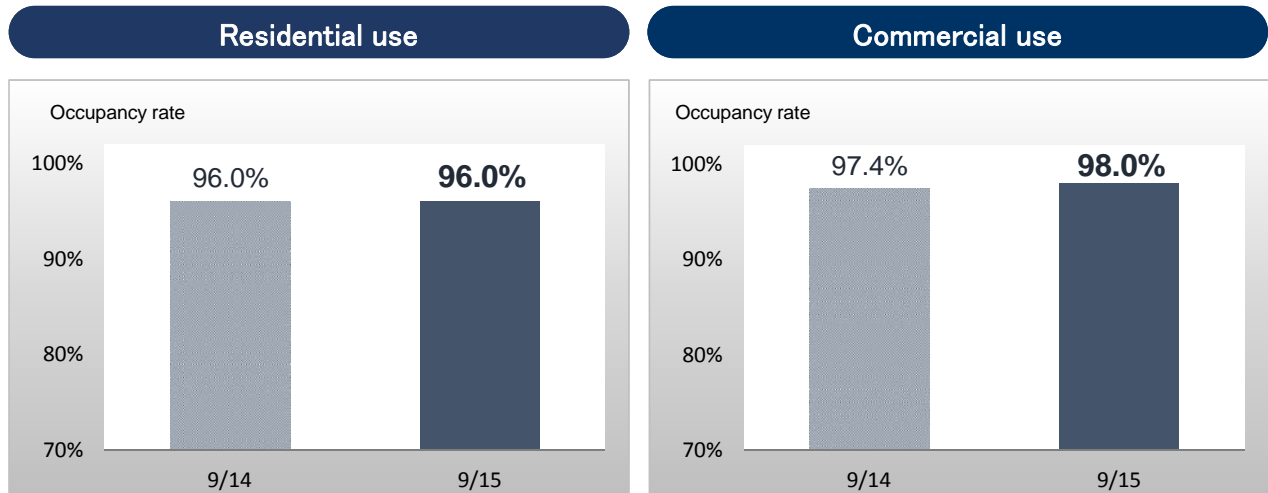


Commercial use

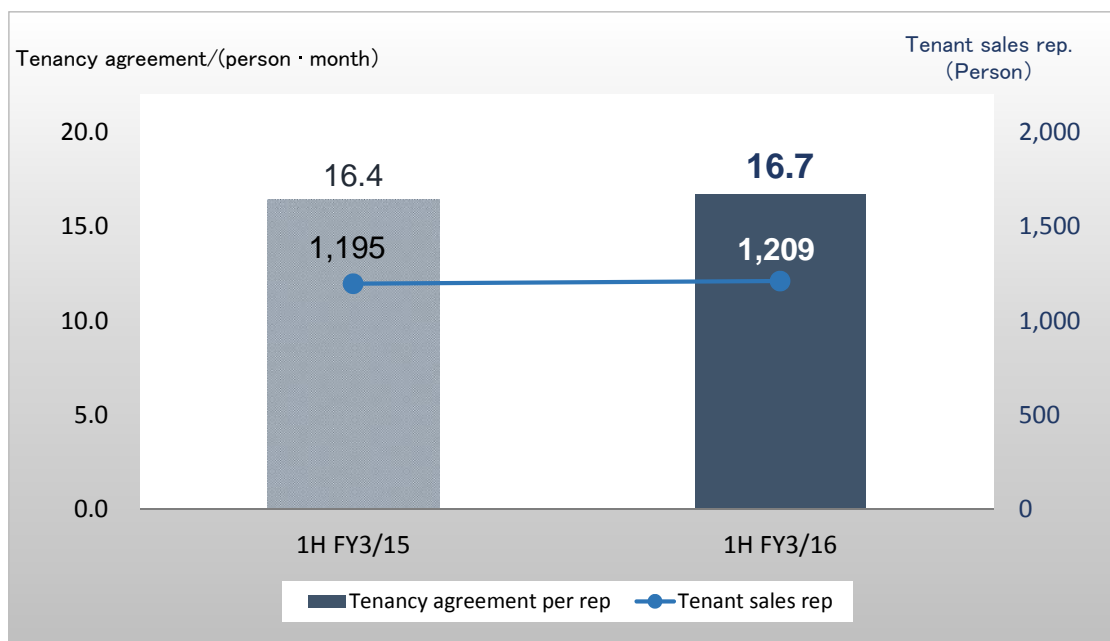


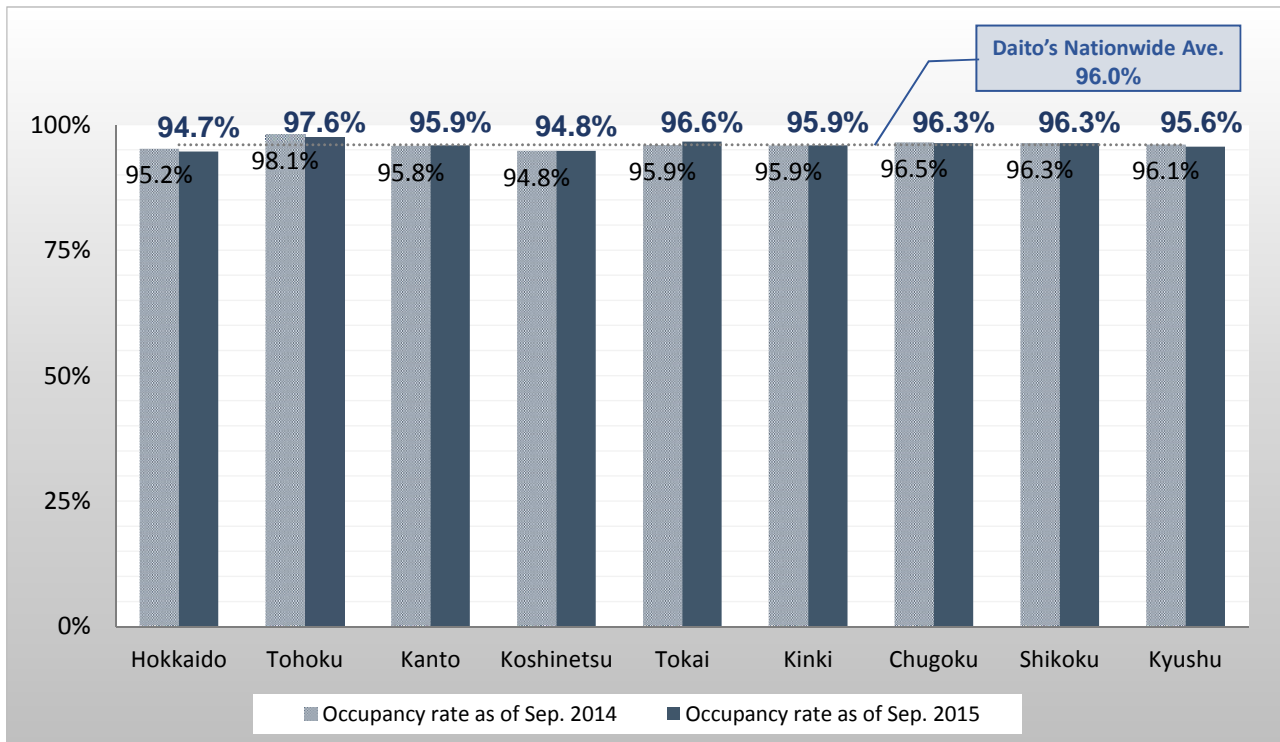
◆ Residential use 96.0% (±0.0p YoY)

◆ Commercial use 98.0% (+0.6p YoY)



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



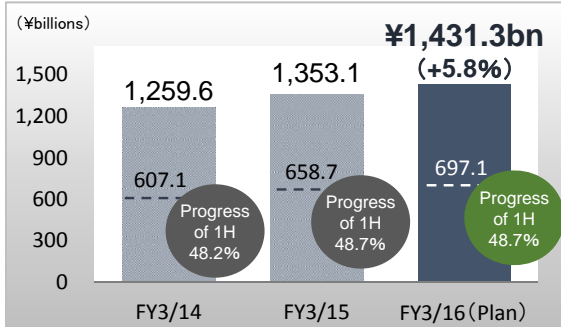


III. Financial Forecasts

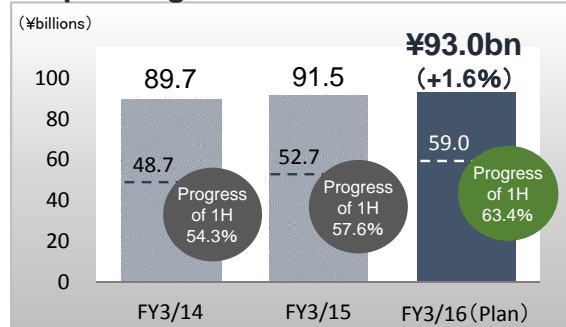
We maintain current original plan for FY3/16

() : YoY

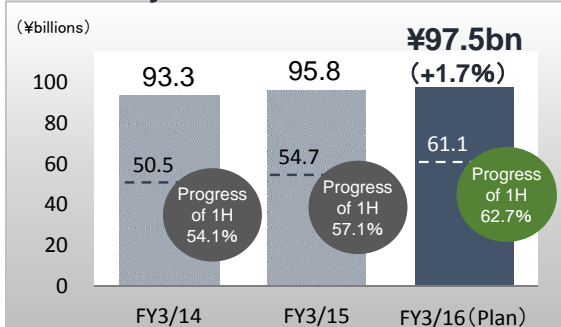
Net sales



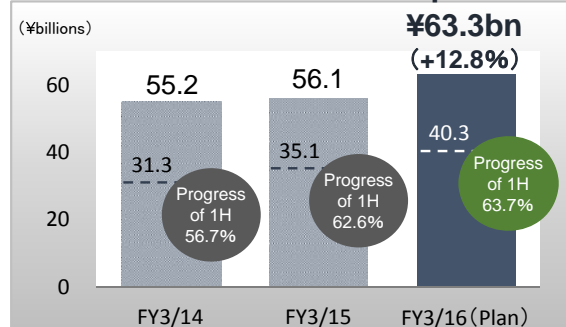
Operating Income



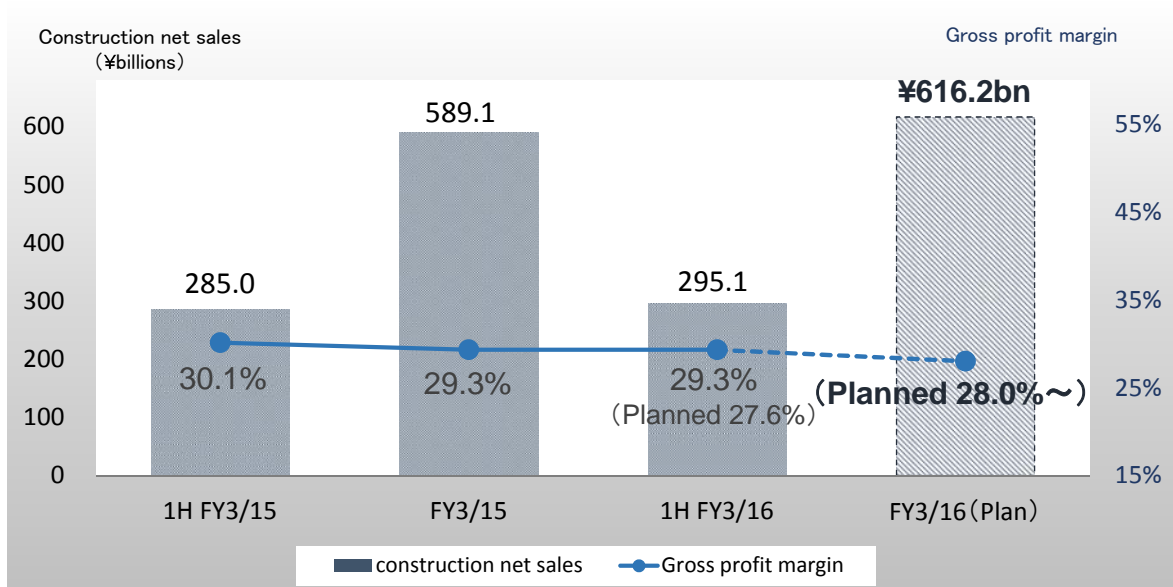
Ordinary Income



Net Income attributable to parent



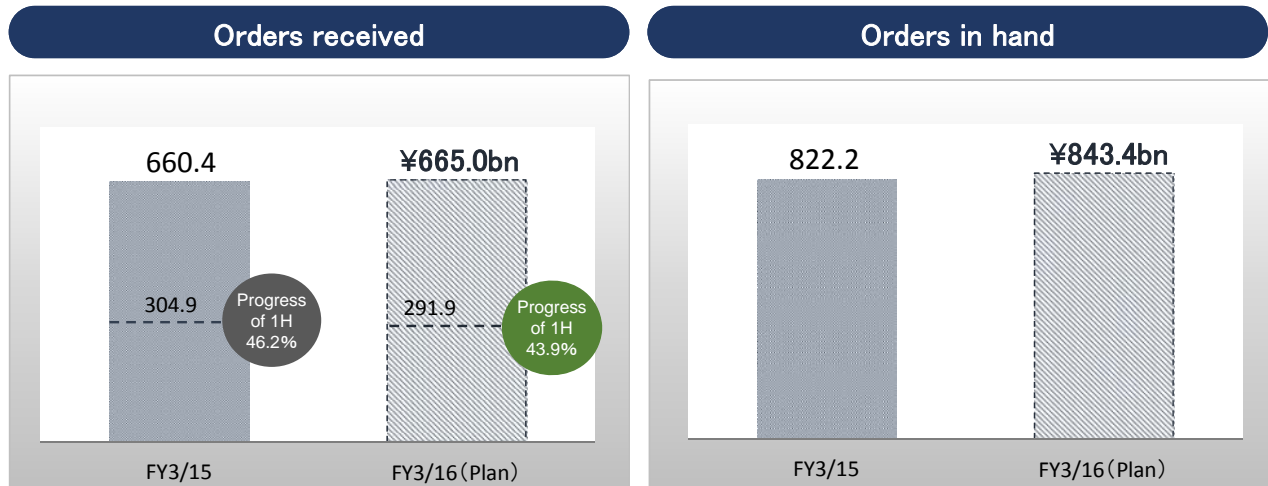
◆ Plan of construction net sales <FY3/16> ¥616.2bn (+4.6% YoY)



◆ Plan of orders received and orders in hand

● Orders received <FY3/16> (¥683.0bn) ▶ **¥665.0bn (+0.7% YoY)**

● Orders in hand <FY3/16> **¥843.4bn (+2.6% YoY)**

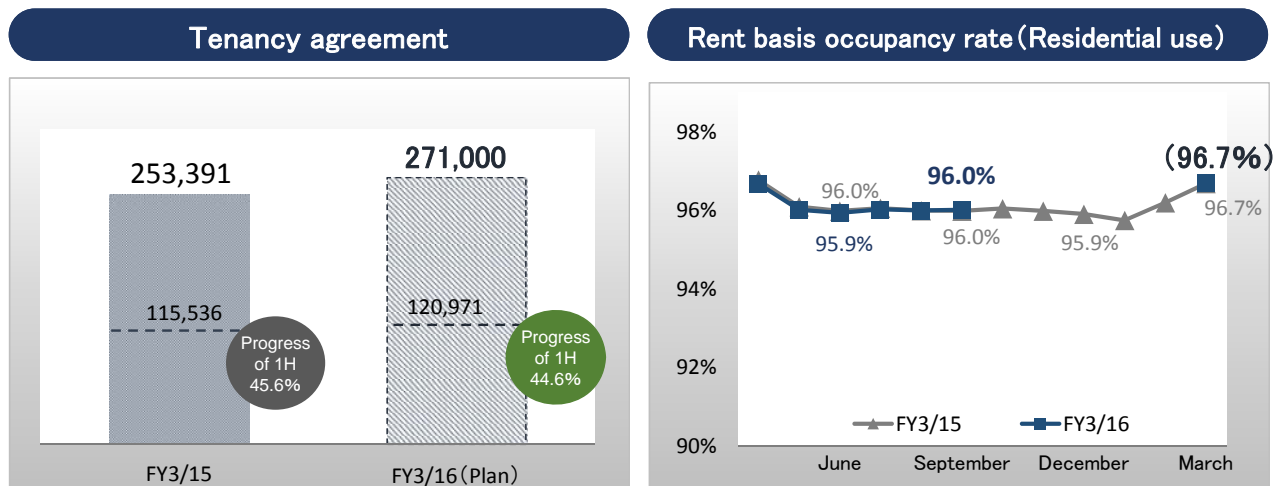


◆ Plan of Tenancy agreement <FY3/16> **271,000 (+6.9% YoY)**

◆ Plan of Rent basis occupancy rate for FY3/16 end

● Residential use **96.7% (±0.0% YoY)**

● Commercial use **97.9% (±0.0% YoY)**



IV. Shareholders return

IV-1

Buy-back of own share and dividend

Return to shareholders of FY 3/15



Return to shareholders of FY 3/16

- **Mid-term dividend** **¥199 (+¥14 YoY)** Date of payment : Nov. 17, 2016(Plan)
- **Annual dividend <Plan>** **¥399 (+¥24 YoY)**

V. Topics

V-1

Pile
Construction①

Investigation results about properties constructed by
Asahi Kasei Construction Materials Co., Ltd.

Under investigation independently

The number of pile construction sites which were reported to The Minister of Land,
Infrastructure, Transport and Tourism from Asahi Kasei Construction Materials Co., Ltd.

3,040

The number of properties we constructed as the original contractor in the said construction
sites **10** (completed and turned over to customers: **10**, under construction: **0**) ※

※ As to the said 10 properties we constructed, there is no participation or involvement by the person in Asahi Kasei Construction Materials Co., Ltd.
who was in charge of the construction site of a tilting condominium building in Tsuzuki Ward, Yokohama, and caused faulty piling work and data
fabrication, alteration, or falsification.

On October 28th we informed our customers who had ordered the **10 properties** about
the matter

By November 13th we will check and report to **The Minister of Land, Infrastructure,
Transport and Tourism** whether inappropriate use, wrongful use, and the like, of data exists
or not

Records of our construction activities are provided to our customers (orders) as reports on the construction

Construction records (extracted)

• Confirmation of construction plan



• Presence test of pile construction



• Confirmation of the quality of a pile



• Checking of the strength test result



• Reports from subcontractor



• Checking the qualification (license)



• Checking the positional placement of the pile



• Checking the crack or defect of the pile



• Checking the arrangement of reinforced rod in the pile



Reports to our customers (orders)

【Contents of a report on the construction】

- construction records
- construction supervision report
- certificate on building confirmation on application - examined building certificate
- construction drawing for the ordered building
- report on the ground investigation



Start on consultation with Maibara-city to participate in “City development project around the East exit of Maibara station”



※Maibara-city is located in the center of Kinki, Tokai, and Hokuriku area. It's convenience is high as a transport node to have Shinkansen stations and expressway junctions.

■ Summary

Conclusion of “Comprehensive Partnership Agreement” to participate in “Maibara-city Regional revitalization comprehensive strategy”.

■ Intention

Construction of the business model through the maintenance of dwelling environment.

◀ Main cooperation matter for consideration ▶

- Offer, maintenance, and management of rental housing.
- Company housing management in the way of corporate benefit package.
- Nursing care business, offer and management of day-care facilities.

etc.

VI. Appendix

VI-1

Non-consolidated statement of income <3/2016>

(¥millions)

	1H FY3/16	1H FY3/15	YoY	Plan(full-year)
Net sales	305,593	293,845	+4.0%	636,500
Construction	295,278	285,239	+3.5%	616,500
Real estate & others	10,314	8,606	+19.8%	20,000
Gross profit	86,754	84,377	+2.8%	172,400
Construction	86,259	85,059	+1.4%	172,400
Real estate & others	494	△681	—	0
SG & A expenses	53,611	54,652	△1.9%	125,100
Operating income	33,143	29,725	+11.5%	47,300
Ordinary income	56,931	31,775	+79.2%	74,500
Net income	44,677	20,109	+122.2%	56,000

(¥millions)

	Construction business							
	Daito Construction				Daito Steel			
	1H FY3/16	1H FY3/15	YoY	plan (full-year)	1H FY3/16	1H FY3/15	YoY	plan (full-year)
Net sales	3,553	2,598	+36.8%	6,000	2,188	2,172	+0.7%	4,499
Gross profit	158	45	+250.3%	153	118	87	+35.2%	191
SG&A expenses	45	51	△11.6%	92	38	36	+6.7%	75
Operating income	113	△6	—	61	79	51	+55.4%	116
Ordinary income	148	19	+654.7%	122	79	51	+54.2%	117
Net income	101	17	+472.3%	75	52	33	+57.0%	77

(¥millions)

	1H FY3/14		1H FY3/15		1H FY 3/16		
	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	YoY
Whole-building lease ※1	305,521	(92.0%)	327,379	(92.2%)	349,659	(91.4%)	+6.8%
Building and repairs ※2	15,097	(4.5%)	14,938	(4.2%)	15,817	(4.1%)	+5.9%
Brokerage	6,487	(2.0%)	6,700	(1.9%)	7,221	(1.9%)	+7.8%
Lease business ※3	3,041	(0.9%)	2,931	(0.8%)	3,001	(0.8%)	+2.4%
Rental guarantee business	1,111	(0.3%)	1,522	(0.4%)	2,974	(0.8%)	+95.4%
Electricity business	136	(0.0%)	1,106	(0.3%)	2,154	(0.6%)	+94.7%
Others	821	(0.3%)	722	(0.2%)	1,856	(0.4%)	+157.0%
Total	332,218	(100.0%)	355,300	(100.0%)	382,685	(100.0%)	+7.7%

※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			
	1HFY3/16	1HFY3/15	YoY	plan (full-year)	1HFY3/16	1HFY3/15	YoY	plan (full-year)	1HFY3/16	1HFY3/15	YoY	plan (full-year)
Net sales	369,964	345,631	+7.0%	745,102	4,248	3,941	+7.8%	9,120	2,974	1,522	+95.4%	6,672
Gross profit	27,361	25,208	+8.5%	49,722	4,202	3,941	+6.6%	9,120	2,763	1,320	+109.3%	6,132
SG&A expenses	7,122	6,514	+9.3%	15,706	4,012	3,823	+4.9%	8,465	404	209	+92.5%	782
Operating income	20,239	18,694	+8.3%	34,015	190	117	+61.8%	654	2,359	1,110	+112.4%	5,350
Ordinary income	20,647	19,032	+8.5%	34,779	194	122	+59.0%	953	2,365	1,124	+110.4%	5,356
Net income	13,728	12,477	+10.0%	22,860	108	63	+71.8%	562	1,476	678	+117.6%	3,368

(¥millions)

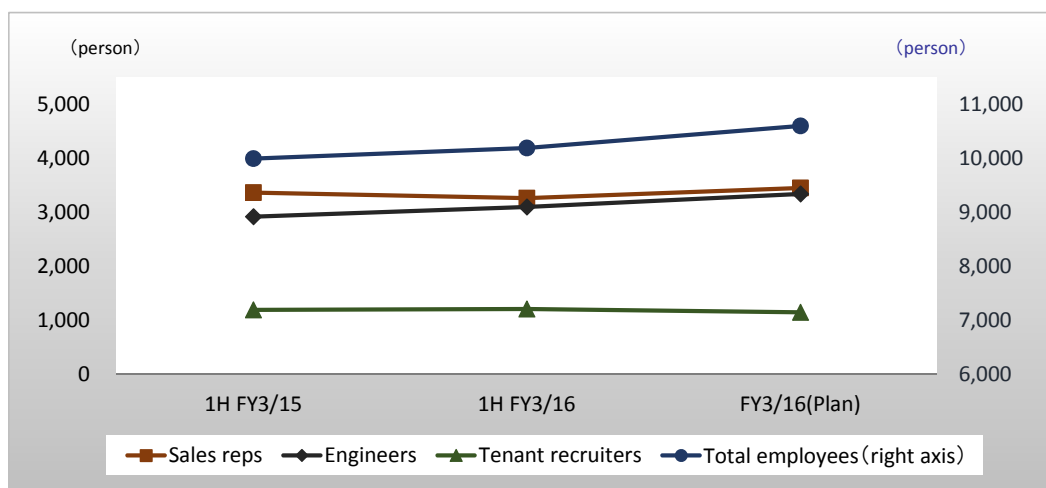
	Other business (Financial business)							
	Daito Finance				D.T.C			
	1H FY3/16	1H FY3/15	YoY	plan (full-year)	1H FY3/16	1H FY3/15	YoY	plan (full-year)
Net sales	639	506	+26.3%	1,099	1,717	1,509	+13.8%	3,362
Gross profit	475	302	+57.6%	791	708	653	8.3%	1,358
SG&A expenses	59	60	△2.1%	164	8	6	+38.1%	17
Operating income	416	241	+72.6%	627	699	647	+8.0%	1,341
Ordinary income	416	241	+72.6%	627	704	652	+8.0%	1,349
Net income	268	152	+76.5%	410	704	652	+8.0%	1,349

(¥millions)

	Other business (Other)											
	Care Partner				Gaspal				D. A. D. (M)			
	1HFY3/16	1HFY3/15	YoY	plan (full-year)	1HFY3/16	1HFY3/15	YoY	plan (full-year)	1HFY3/16	1HFY3/15	YoY	plan (full-year)
Net sales	4,855	4,683	+3.7%	9,445	11,484	11,403	+0.7%	26,450	1,411	1,413	Δ0.2%	3,078
Gross profit	569	754	Δ24.6%	935	4,080	3,402	+19.9%	9,240	689	773	Δ10.8%	1,517
SG&A expenses	390	344	+13.5%	832	2,674	2,229	+20.0%	5,528	515	476	+8.2%	1,111
Operating income	178	410	Δ56.6%	103	1,406	1,173	+19.8%	3,712	174	296	Δ41.3%	405
Ordinary income	186	414	Δ55.1%	103	1,419	1,192	+19.0%	3,729	Δ391	414	—	360
Net income	140	266	Δ47.4%	65	940	768	+22.4%	2,438	Δ391	414	—	322

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	1H FY3/15	1H FY3/16	(YoY)	FY3/16 (Plan)
Total employees	9,994	10,191	+197	10,600
Sales reps	3,364	3,264	Δ100	3,450
Engineers	2,921	3,098	+177	3,340
Tenant recruiters	1,195	1,209	+14	1,150

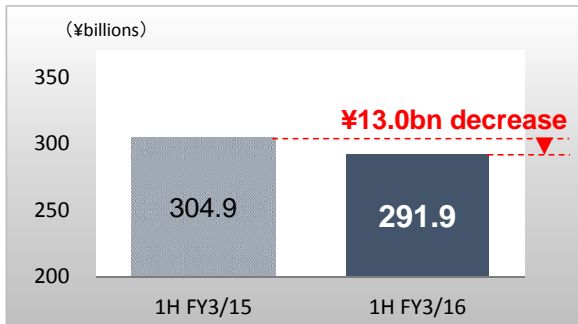
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Comparison with 1H FY3/15

¥13.0bn (Decrease)

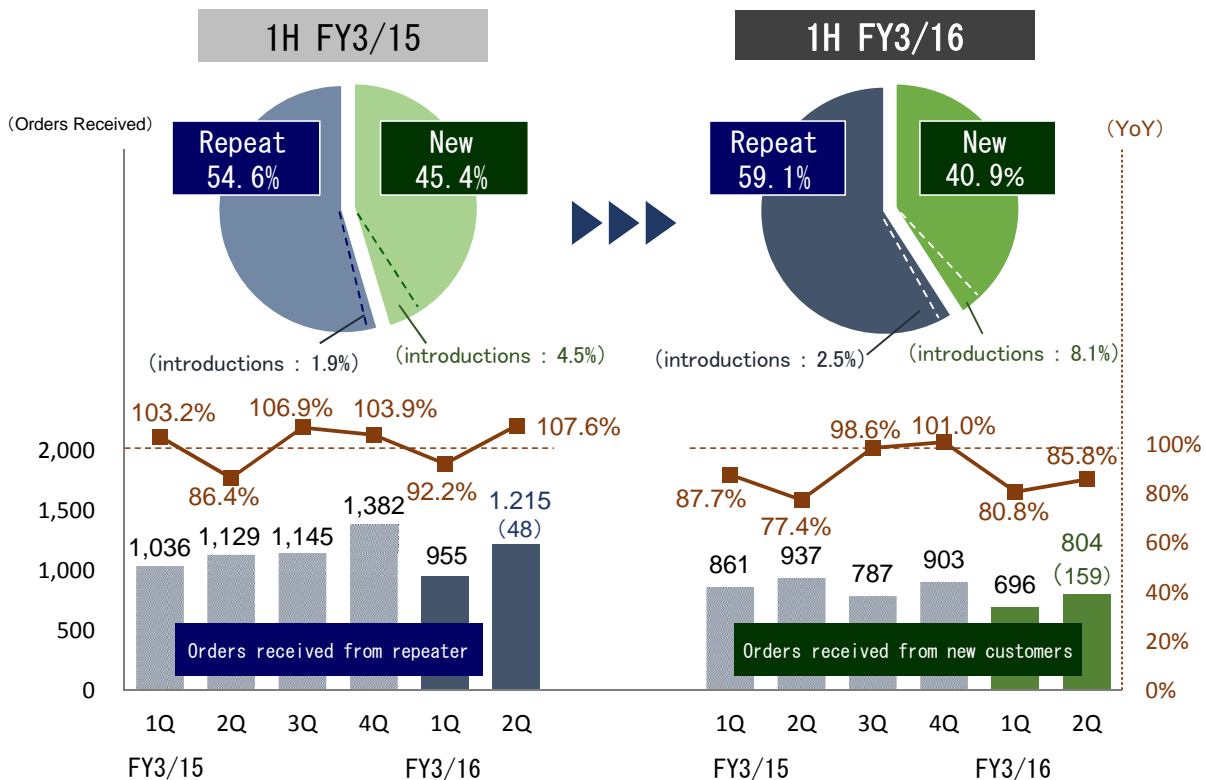
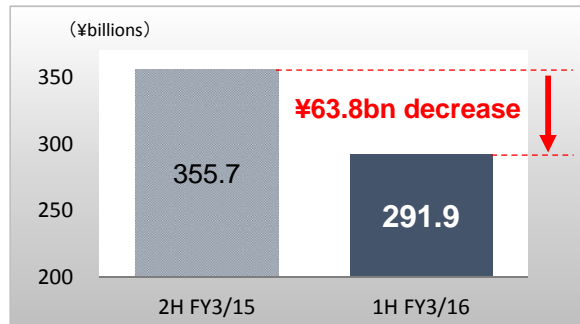
- ① Number of orders(projects) Δ ¥25.0bn
(3,963projects \rightarrow 3,670projects)
- ② Per project price **+¥10.4bn**
(¥85.59mn \rightarrow ¥88.44mn)
- ③ Cancellation **+¥1.6bn**
(16.7% \rightarrow 16.9%)
- ④ Building & repairs **\pm ¥0.0bn**
(¥26.6bn \rightarrow ¥26.6bn)

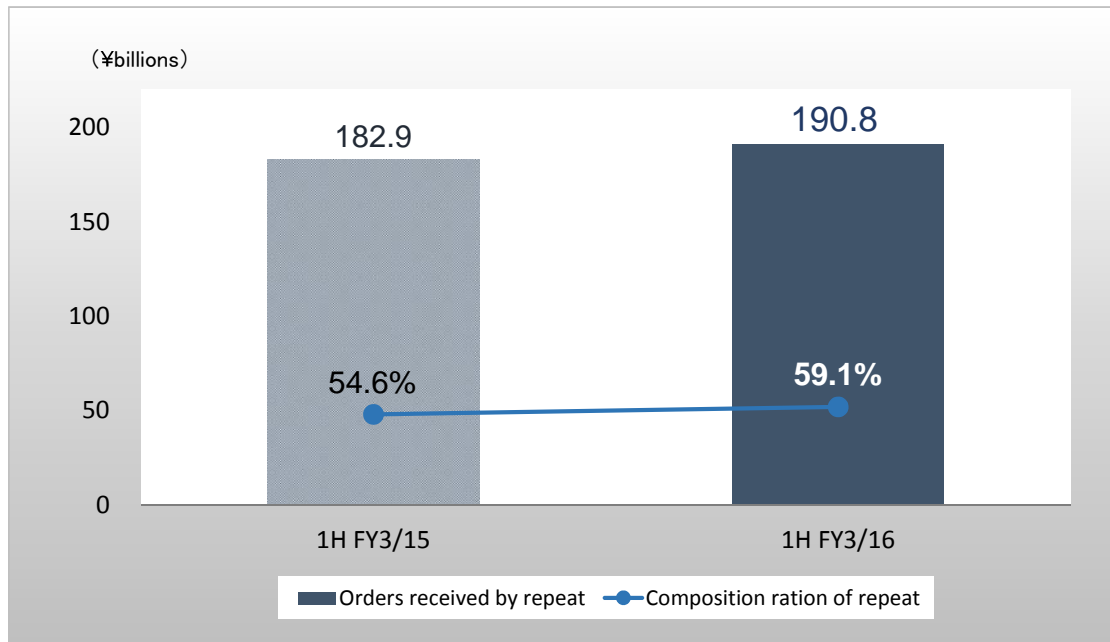


Comparison with 2H FY3/15

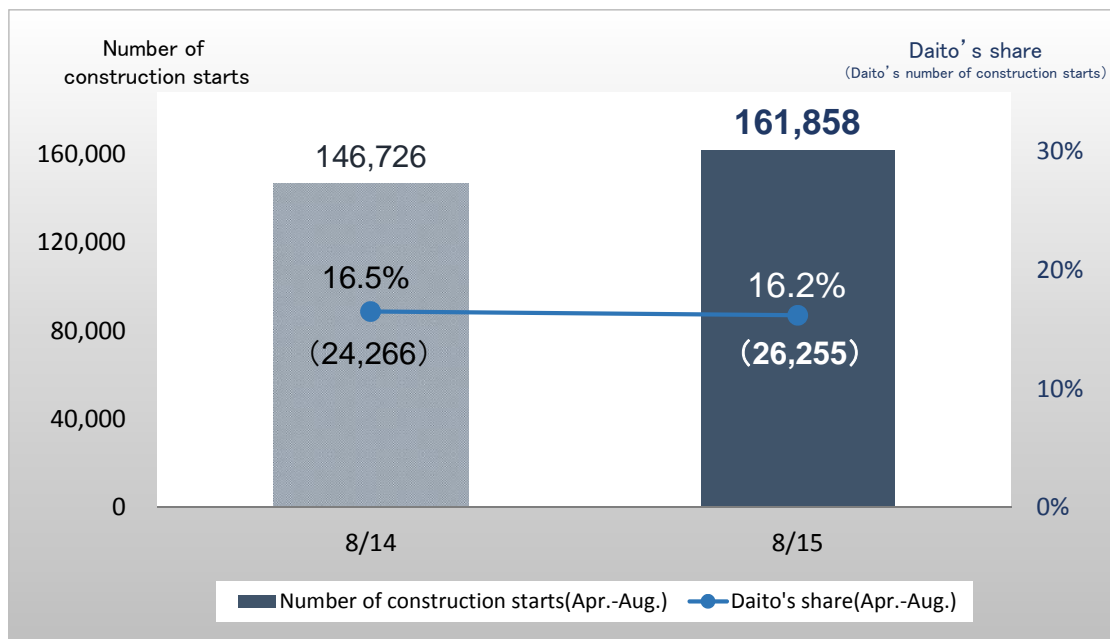
¥63.8bn (Decrease)

- ① Number of orders(projects) Δ ¥49.6bn
(4,217projects \rightarrow 3,670projects)
- ② Per project price Δ ¥8.4bn
(¥90.74mn \rightarrow ¥88.44mn)
- ③ Cancellation **+¥4.4bn**
(15.1% \rightarrow 16.9%)
- ④ Building & repairs Δ ¥10.2bn
(¥36.8bn \rightarrow ¥26.6bn)

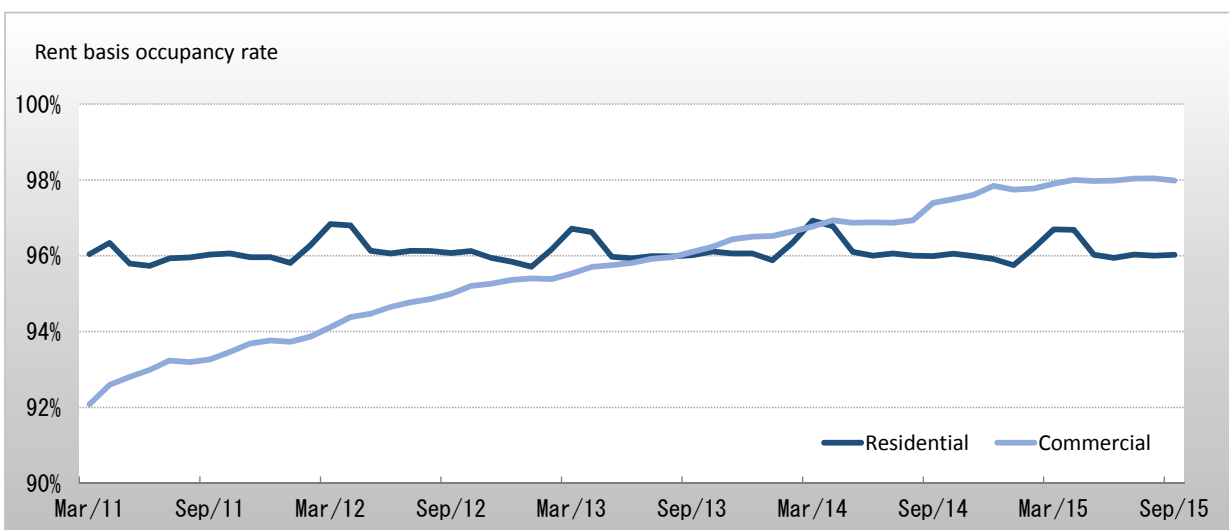
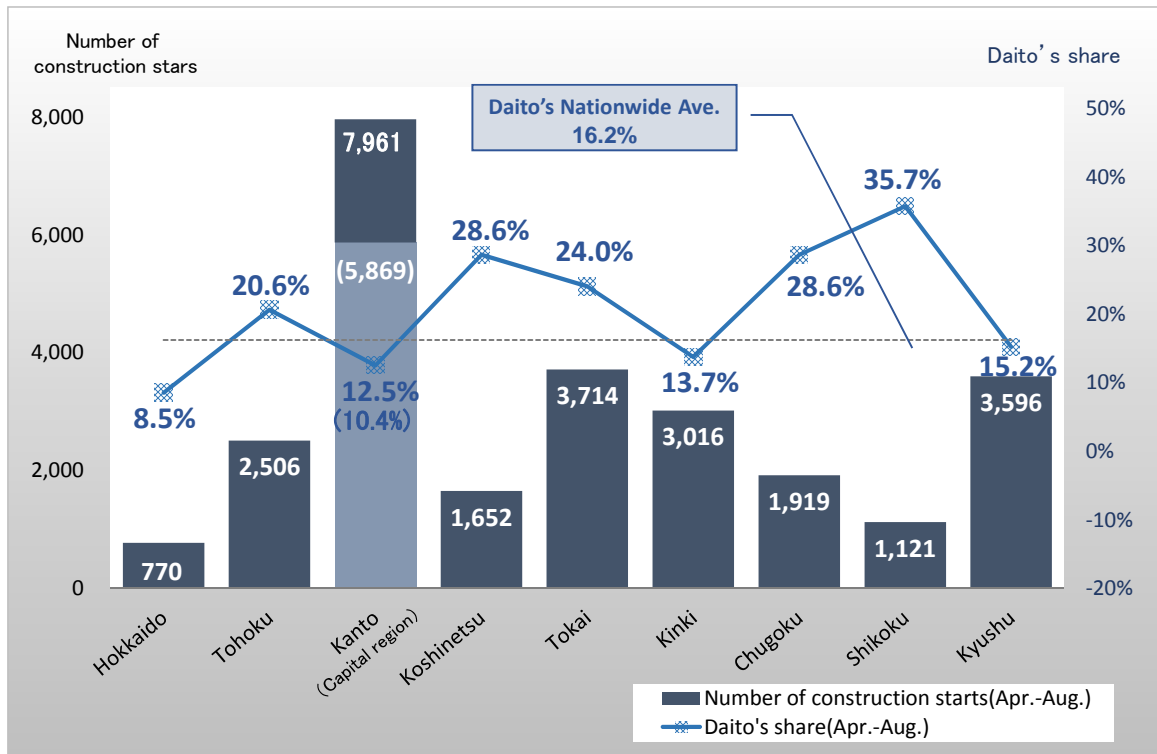




※ Composition ratio of repeat = $\frac{\text{Number of orders received by repeat from our existing customers}}{\text{Total number of orders received}}$

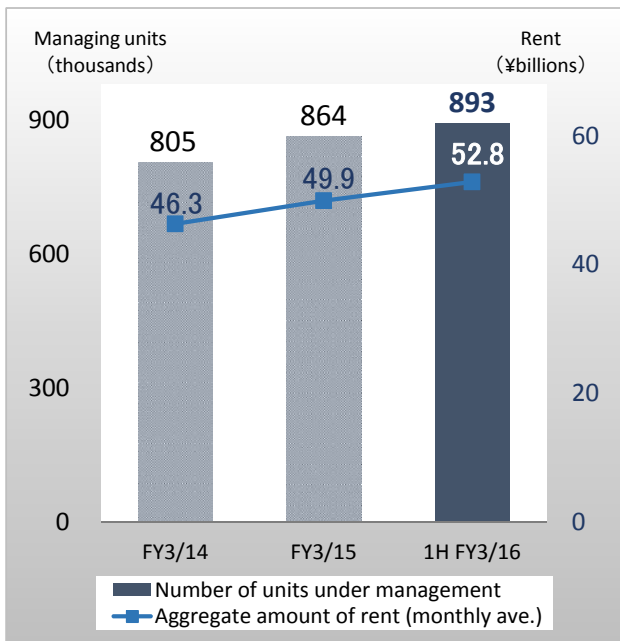


(Ministry of Land, Infrastructure, Transport and Tourism : "Housing and Land Survey")

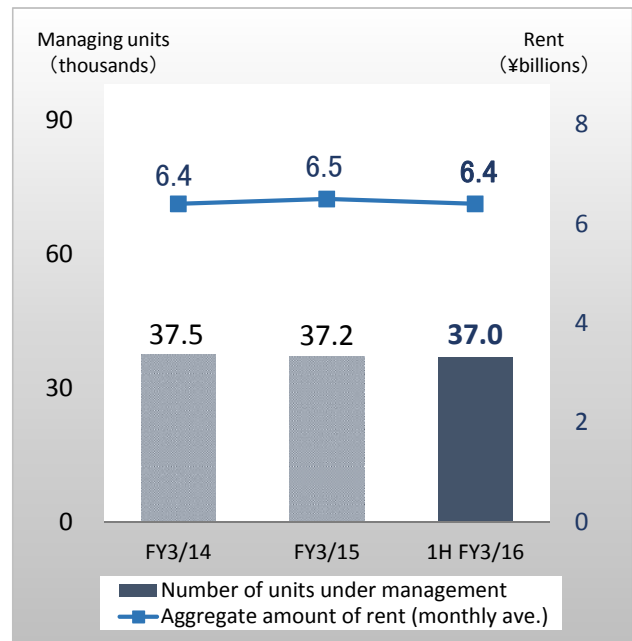


Rent basis occupancy rate	2011 (Sep.)	2012 (Sep.)	2013 (Sep.)	2014 (Sep.)	2015 (Sep.)	YoY
Residential use	96.0%	96.1%	96.0%	96.0%	96.0%	±0.0p
Commercial use	93.3%	95.0%	96.1%	97.4%	98.0%	+0.6p

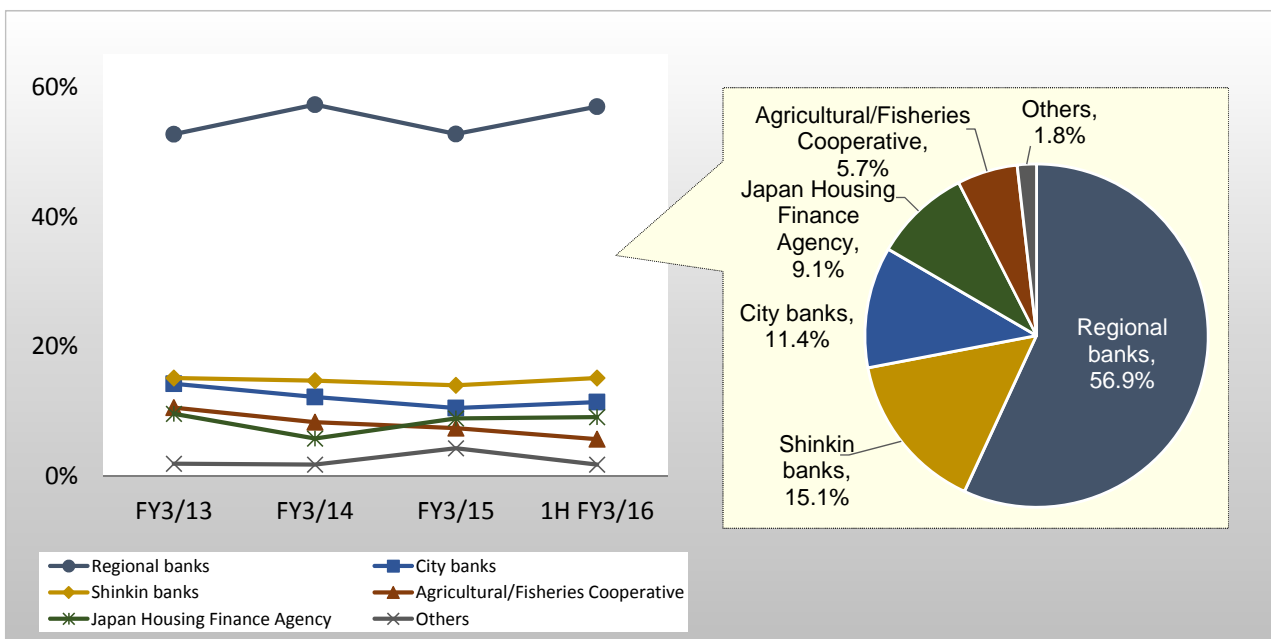
Residential use



Commercial use



Shares of financial institutions (Construction starts basis)



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Daito Trust Construction Co., Ltd

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

E-Mail : keiki@kentaku.co.jp