

3Q Financial Highlights, Year ending March 31, 2016



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Contents

I.	3Q Financial Results • • • • • • • • • • • • • • • • • • •	3
Ι.	Results and Prospects of Major indicator • • • • • •	13
ш.	Financial Forecasts • • • • • • • • • • • • • • • • • •	25
IV.	Topics • • • • • • • • • • • • • • • • • • •	29
٧.	Appendix • • • • • • • • • • • • • • • • • • •	34

I. 3Q Financial Results, Year ending March 2016

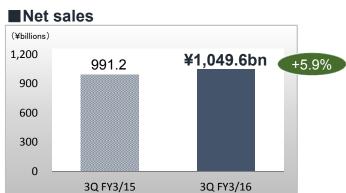
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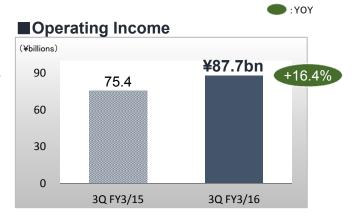
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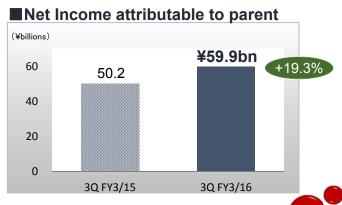
3 Q Financial Results summary

Sales and each profits are updated the highest record.





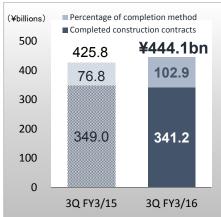




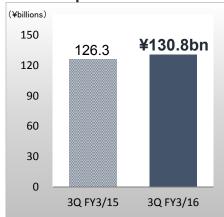
(¥billions)

	3Q FY3/15	3Q FY3/16	(YoY)
Net sales	425.8	444.1	(+4.3%)
Gross profit	126.3	130.8	(+3.5%)
Operating Income	59.8	68.7	(+14.7%)

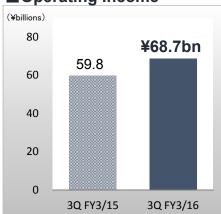




■Gross profit



■Operating Income



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3 Q Financial Results by segment (Construction)

	3Q FY3/15	3Q FY3/16	(YoY)
Gross profit margin	29.7%	29.4%	(△0.3p) <
Operating Income margin	14.1%	15.5%	(+1.4p)

Major breakdown of GMR ($\triangle 0.3p YoY$)

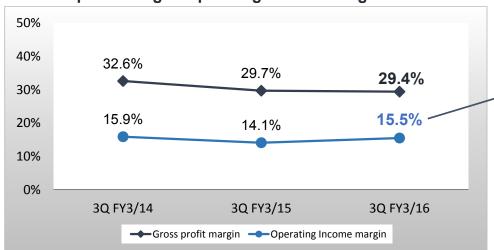
1) Results of

price increase +0.7p2Labor cost △0.8p

4 Exchange loss △0. 2p

3 Material cost $\pm 0.0p$

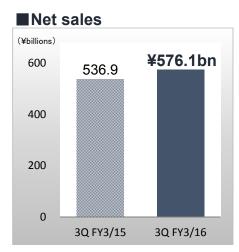
■ Gross profit margin • Operating Income margin



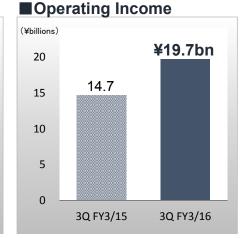
Restraint of the operating income margin improvement by the cost reduction

(¥billions)

	3Q FY3/15	3Q FY3/16	(YoY)
Net sales	536.9	576.1	(+7.3%)
Gross profit	39.0	46.4	(+18.9%)
Operating Income	14.7	19.7	(+33.5%)







7

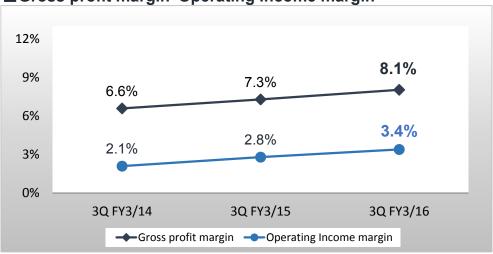
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I -5

3Q Financial Results by segment (Real estate)

	3Q FY3/15	3Q FY3/16	(YoY)
Gross profit margin	7.3%	8.1%	(+0.8p)
Operating Income margin	2.8%	3.4%	(+0.6p)

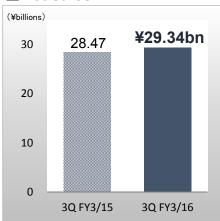
■ Gross profit margin • Operating Income margin



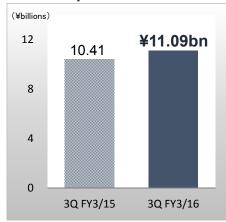
(¥billions)

	3Q FY3/15	3Q FY3/16	(YoY)
Net sales	28.47	29.34	(+3.1%)
Gross profit	10.41	11.09	(+6.6%)
Operating Income	6.05	6.22	(+2.9%)

■Net sales



■Gross profit



■Operating Income



9

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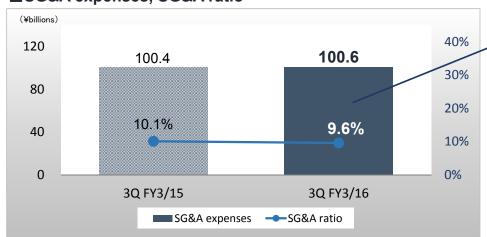
Selling, General and Administrative expenses

(¥billions)

	3Q FY3/15	3Q FY3/16	(YoY)
SG&A expenses	100.4	100.6	(+0.2%)
SG&A ratio	10.1%	9.6%	[△0.5p]

[] : Difference from previous same period

■SG&A expenses, SG&A ratio



 $\begin{array}{c} \underline{\text{Major breakdown of}} \\ \underline{\text{SG\&A expenses (+$40.2bn}} \\ \underline{\text{YoY)} \\ \\ \hline \text{①Labor cost} \qquad \triangle \text{$$41.3bn}} \\ \underline{\text{②Advertising expenses}} \\ \underline{\text{$$+$40.2bn}} \\ \underline{\text{③0thers}} \\ \end{array}$

34.3%

Equity ratio

End of 3Q FY3/16 End of FY3/15 (¥billions) Current 218.6 Current 267.4 liabilities liabilities (△48.8) Current 494.3 429.7 Current 196.1 assets **Noncurrent** Noncurrent 196.8 (△64.5) assets liabilities $(\Delta 0.7)$ liabilities **Total** Total 414.7 464.3 liabilities $(\triangle 49.6)$ liabilities **Noncurrent** Noncurrent 237.9 206.7 assets 253.0 assets (+31.2)236.7 **Net assets** Net assets (+16.2)667.7 **Total Total** Total 701.1 **Total** 701.1 667.7 $(\Delta 33.3)$ **BPS BPS** ¥3,278.38 ¥3,060.84

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Equity ratio

38.2%

1 - 9Cash flows Cash and cash equivalents 255.5 at the beginning of year Net income before income taxes in 3Q FY3/16 (+¥90.8bn) Payment for corporate taxes (\triangle ¥40.0bn) Cash flow provided by -19.6 Increase in work in hand apartments and so on $(\triangle \$31.8bn)$ **Operating activities** · Payments into term deposits of 3 months and over $(\triangle $450.0 \text{bn})$ Cash flow used in Purchase of investment securities (△¥21.0bn) -85.6 **Investing activities** Purchase of solar power generation installations $(\triangle Y11.4bn)$ Cash flow used in Cash dividends (△¥30.4bn) Financing activities Repayment of long-term loans (\triangle ¥13.4bn) Cash and cash equivalents 105.4 at the end of 1H FY3/16 -100 -50 50 100 150 200 250 (¥billions)

II. Results and Prospects of Major indicator

13

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Orders received and Orders in hand (Year on year)

♦Orders received ¥473.4bn (+1.4% YoY)

◆Orders in hand ¥828.4bn (+3.7% YoY)

Orders received

Orders in hand



- ◆Sales representatives ⟨end of 12/15 ⟩ 3,350staffs (+55 YoY)
- ◆Orders received per sales rep ¥16.36million/Month (+¥770thousands YoY)

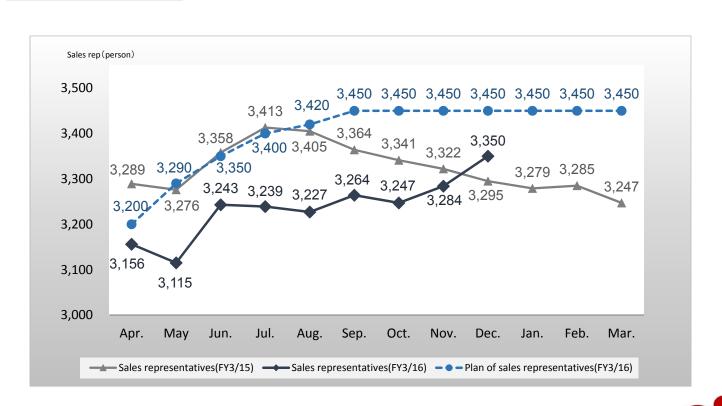


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15

II - 3

A change in enough of business stuffs



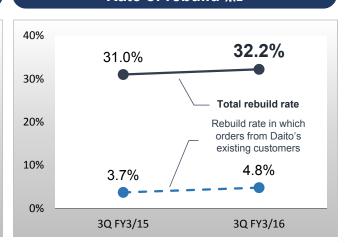
- ◆Rate of medium-rise 20.2% (+0.3p YoY)
- **♦**Rate of rebuild

32.2% (+1.2p YoY)

Rate of medium-rise %1

40% 30% 19.9% 20.2% 10% 3Q FY3/15 3Q FY3/16

Rate of rebuild **%2**



- **1 Rate of mid-rise = Orders received for APT of three stories or over / Total orders received
- %2 Rebuild rate = Orders received by rebuild / Total orders received

17

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 $\Pi - 5$

Unit price of orders received and Cancellation rate(Year on year)

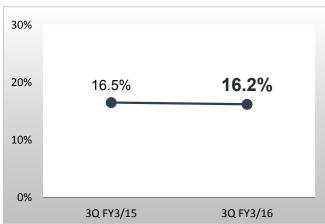
- **♦**Unit price
- ¥90.81mn(+¥3.48mn YoY)
- ◆Cancellation rate
- 16.2%
- $(\triangle 0.3p YoY)$

Unite 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

1. Tablets- driven orders operation







Building materials (the virtual tour functions)

···etc

2. Seminars hold by the head office

Land use & Succession measure seminars

8 times in the present term About 150 participants

Bus excursions

4 times in the present term About 30 participants

Rental house management & vacant rooms measures seminars

Planned in Jan. - Mar.2016

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Orders received Plan for FY3/16

◆Plan of orders received <FY3/16> ¥665.0Xbn(+0.7% YoY)



♦New Tenants

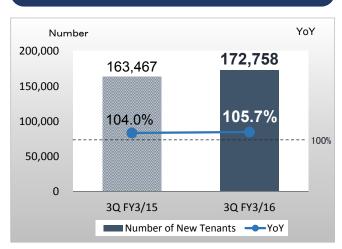
175,066 (+5.5% YoY)

● Residential use 172,758 (+5.7% YoY)

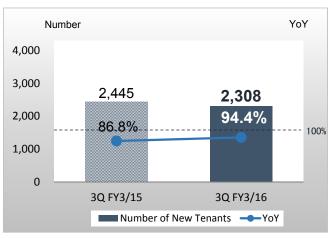
Commercial use

2,308 (△5.6% YoY)

Residential use



Commercial use



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21

II-9

Rent basis occupancy rate (Year on year)

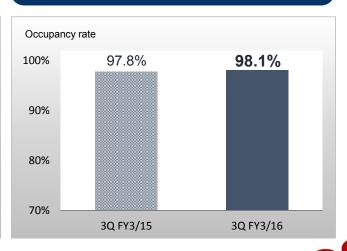
▶ Residential use 96.0% (+0.1p YoY)

Commercial use 98.1% (+0.3p YoY)

Residential use

Occupancy rate 100% 96.0% 95.9% 90% 80% 70% 3Q FY3/15 3Q FY3/16

Commercial use



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

1. Campaigns of 4Q(Jan.-Mar.2016)

The N Europe Aurora Tour present campaign

Application from special site and invitations in a drawing



The campaign for contracting customers

Some contracting customers are presented a luxurious HE in a drawing



2. SNS(LINE)-driven acquiring of responses

LINE

The finding a room support services]

Starting corresponding on duty 24h (Jan.4th~)









23

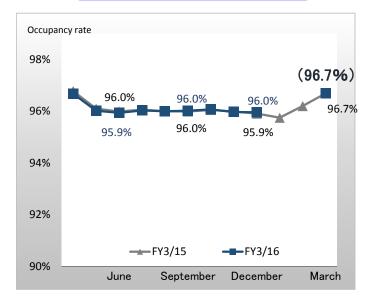
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 $\Pi = 11$

Plan of occupancy rate

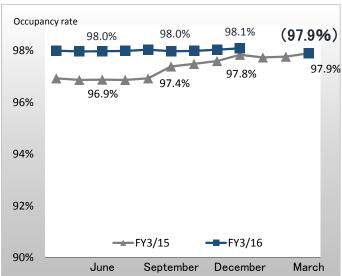
Residential use

FY3/16 Plan 96.7%



Commercial use

FY3/16 Plan 97.9%



II. Financial Forecasts

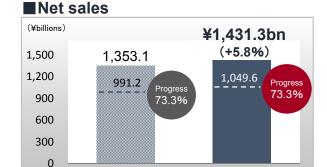
FY3/16(Plan)

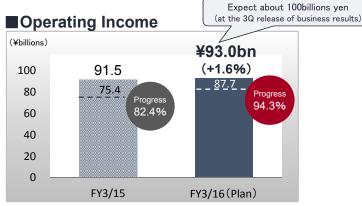
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Ⅲ-1

No change in FY3/16 original plan

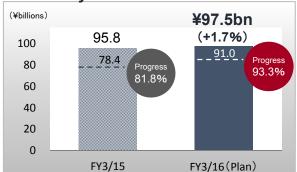
():YoY



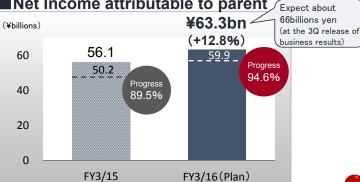




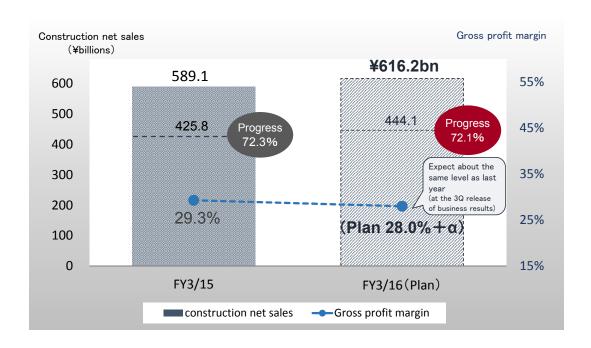
FY3/15



■Net Income attributable to parent



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



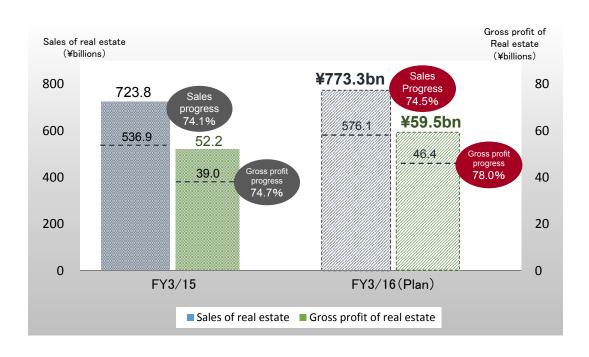
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27

II-3

The plan of real estate business

◆Plan of real estate sales<FY3/16> ¥773.3bn (+6.8% YoY)



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 $\mathbb{V}-1$



Rental apartments develop both "House & Life" Creating the life of great individuality

> Developing rental apartments DK SELECT

Developing "Life"

LIFE SUPPORT

~developing "Life" by 3support~

Cost Support

- free renewal cost free key changing
- free emergency troubles
- credit card
- free nonrefundable deposit

Security Support

- emergency troubles support in 24h a day, every day
- regular check •regular cleaning

Living Support

regional information •personal communication

information profitable mail order

Developing "House"

LIFE STYLE

~developing "House" by 3 quality~

Specs

- safety performance -earthquake-resistant comfortable performance
- -energy saving and sound insulation security performance -durability

Styles

women's mind 100% variable house plan •migration flow passive eco

Future

collaboration with architects · "Mirai laboratory"

●DK SELECT SITE URL: http://www.dk-select.jp

share purchase of Solast corporation and the conclusion of a capital business tie-up contract







Development of collaborations which make the most of advantage both groups

Plan drafting, construction contract, management and operation of elderly housing and care home etc.

Construction of area

inclusion care system

Plan drafting, construction contract, management and operation of land utilization for medical institution

Building and operation of nursery school on the medical institution property

[Corporate Profile]

Corporation name: Solasto Corporation

: DBC Shinagawa Tokyu building 6F, Office location

1-7-18 Konan, Minato-ku, Tokyo

Capital : 300 millions yen Established: October, 1968

Business activities: medical-related trustee business,

nursing care business,

childcare business, and career center

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Participate in the new real estate development project in U.S.A "Reston Station"

21stories apartment "BLVD | Reston Station" will be completed in April, 2016





Building and Investment outline

: BLVD | Reston Station

 Location : 1908 Reston Metro Plaza, Reston, VA

: 448 rooms Rooms •Site area : 6,272 m² •Floor area : 46.992 m

*Total investment: 16.6millions dollars

Participation to "fukushima sakura project"

[fukushima sakura project]

The purpose of this project is bringing the new cherry tree "Haruka" growing in Fukushima to the whole country, and doing reconstruction assistance to fading memories and rumor of the Great East Japan Earthquake.

This project conducts some publicity activities including the projection mapping in Fukushima with support companies.



Apr. 15th • 16th 2016

Holding "Projection mapping 2016 Haruka~Shirakawa Hanakagari~

- ■The date and time
 - $^{\bullet}$ April 15th (Fri) and 16th (Sat), 2016 showing 4 times / a day
- Location
 - Shirakawa Performing Arts Theater Hall "Cominess" (under construction)
- ■fukushima sakura project HP URL http://www.fukushimasakura.jp/



(c) SAKURA PROJECT / NHK ENTERPRISES

"Haruka" was named by Japanese actress Haruka Ayase who stared in NHK epic drama "Yae no Sakura" which was set in Fukushima in 2013.

33

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VI. Appendix

(¥millions)

	3Q FY3/16	3Q FY3/15	YoY	Plan(full-year)
Net sales	459,459	439,569	+4.5%	636,500
Construction	444,328	426,050	+4.3%	616,500
Real estate & others	15,131	13,519	+11.9%	20,000
Gross profit	130,932	124,479	+5.2%	172,400
Construction	130,120	125,518	+3.7%	172,400
Real estate & others	812	△1,038	1	0
SG & A expenses	80,928	82,428	△1.8%	125,100
Operating income	50,004	42,051	+18.9%	47,300
Ordinary income	74,989	48,329	+55.2%	74,500
Net income	56,321	31,614	+78.1%	56,000

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35

VI-2

Financial summaries of major subsidiaries (construction) <3/2016>

(¥millions)

	Construction business										
	D	aito Cons	struction		Daito Steel						
	3Q FY3/16 3Q FY3/15 YoY plan (full-year)				3Q FY3/16	3Q FY3/15	YoY	plan (full-year)			
Net sales	4,859	3,808	+27.6%	6,000	3,497	3,470	+0.8%	4,499			
Gross profit	193	3	_	153	204	133	+53.3%	191			
SG&A expenses	66	75	△12.5%	92	55	53	+4.2%	75			
Operating income	126	△72	_	61	148	79	+86.5%	116			
Ordinary income	175	△39	_	122	148	80	+85.8%	117			
Net income	124	△42	_	75	98	51	+90.5%	77			

(¥millions)

	3Q F`	Y3/14	3Q F	/3/15	3	Q FY 3/16	;
	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	YoY
Whole-building lease **1	461,856	(92.0%)	494,172	(92.0%)	527,485	(91.6%)	+6.7%
Building and repairs *2	22,928	(4.6%)	22,412	(4.2%)	22,991	(4.0%)	+2.6%
Brokerage	9,461	(1.9%)	9,676	(1.8%)	10,577	(1.8%)	+9.3%
Rental guarantee business	1,709	(0.3%)	2,443	(0.5%)	4,595	(0.8%)	+88.1%
Lease business **3	4,439	(0.9%)	4,387	(0.8%)	4,519	(0.8%)	+3.0%
Electricity business	321	(0.1%)	1,716	(0.3%)	3,267	(0.6%)	+90.4%
Others	1,207	(0.2%)	2,091	(0.4%)	2,710	(0.4%)	+29.6%
Total	501,923	(100.0%)	536,900	(100.0%)	576,146	(100.0%)	+7.3%

- 💥 1 Sub-lease contract as Lease Management Trust System by Daito Building Management
- Building and repairs by Daito Building Management (recorded sales on construction till FY3/10)
- ※3 Mainly Shinagawa East One Tower

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37

VI-4

Financial summaries of major subsidiaries (Real estate) <3/2016>

(¥millions)

		Real estate business										
	Daito I	Building	y Manag	ement	Housecom				House Leave			
	3QFY3/16	3QFY3/15	YoY	plan (full-year)	3QFY3/16	3QFY3/15	YoY	plan (full-year)	3QFY3/16	3QFY3/15	YoY	plan (full-year)
Net sales	557,296	521,683	+6.8%	745,102	6,295	5,820	+8.2%	9,120	4,595	2,443	+88.1%	6,672
Gross profit	39,685	36,586	+8.5%	49,722	6,218	5,820	+6.8%	9,120	4,263	2,131	+100.0%	6,132
SG&A expenses	10,685	9,854	+8.4%	15,706	6,026	5,751	+4.8%	8,465	567	350	+62.1%	782
Operating income	29,000	26,732	+8.5%	34,015	192	68	+180.9%	654	3,695	1,781	+107.4%	5,350
Ordinary income	29,652	27,277	+8.7%	34,779	196	75	+161.0%	953	3,706	1,796	+106.3%	5,356
Net income	19,893	17,765	+12.0%	22,860	100	26	+278.7%	562	2,315	1,046	+121.3%	3,368

(¥millions)

	Other business (Financial business)									
		Daito F	inance		D.T.C					
	3Q FY3/16	3Q FY3/15	YoY	plan (full-year)	3Q FY3/16	3Q FY3/15	YoY	plan (full-year)		
Net sales	992	779	+27.3%	1,099	2,492	2,472	+0.8%	3,362		
Gross profit	735	464	+58.3%	791	895	1,034	△13.4%	1,358		
SG&A expenses	91	90	+1.8%	164	12	9	+21.9%	17		
Operating income	643	374	+71.9%	627	883	1,024	△13.8%	1,341		
Ordinary income	643	375	+71.3%	627	890	1,031	△13.7%	1,349		
Net income	415	236	+75.8%	410	890	1,031	△13.7%	1,349		

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39

W-6

Financial summaries of major subsidiaries (Others-2) < 3/2016>

(¥millions)

	Other business (Other)											
	Care Partner				Gaspal				D. A. D. (M)			
	3QFY3/16	3QFY3/15	YoY	plan (full-year)	3QFY3/16	3QFY3/15	YoY	plan (full-year)	3QFY3/16	3QFY3/15	YoY	plan (full-year)
Net sales	7,335	7,053	+4.0%	9,445	17,366	17,198	+1.0%	26,450	1,788	2,210	Δ19.1%	3,078
Gross profit	828	1,111	△25.4%	935	6,336	5,363	+18.1%	9,240	845	1,201	△29.6%	1,517
SG&A expenses	594	554	+7.2%	832	4,011	3,465	+15.8%	5,528	672	779	△13.6%	1,111
Operating income	234	557	△58.0%	103	2,324	1,897	+22.5%	3,712	172	421	△59.0%	405
Ordinary income	243	563	△56.8%	103	2,342	1,927	+21.5%	3,729	Δ1,339	421	_	360
Net income	164	330	△50.3%	65	1,535	1,230	+24.8%	2,438	△1,339	421		322



	3Q FY3/15	3Q FY3/16	(YoY)	FY3/16 (Plan)
Total employees	9,965	10,218	+253	10,600
Sales reps	3,295	3,350	+55	3,450
Engineers	2,979	3,077	+98	3,340
Tenant recruiters	1,171	1,156	△15	1,150

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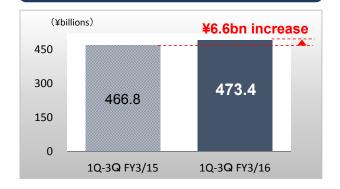
41

W-8

3Q FY3/16 Orders Comparison with last year 1Q-3Q and 3Q

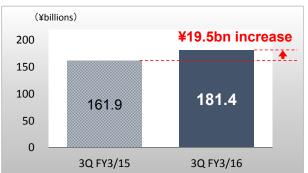
Comparison with 1Q-3Q FY3/15

Y6.6bn (Increase) ① Number of orders(Projects) Δ¥11.5bn (5,895projects → 5,763projects) ② Per project price (¥87.33mn → ¥90.81mn) ③ Cancellation (16.5% → 16.2%) ④ Building & repairs (¥44.1bn → ¥41.6bn)

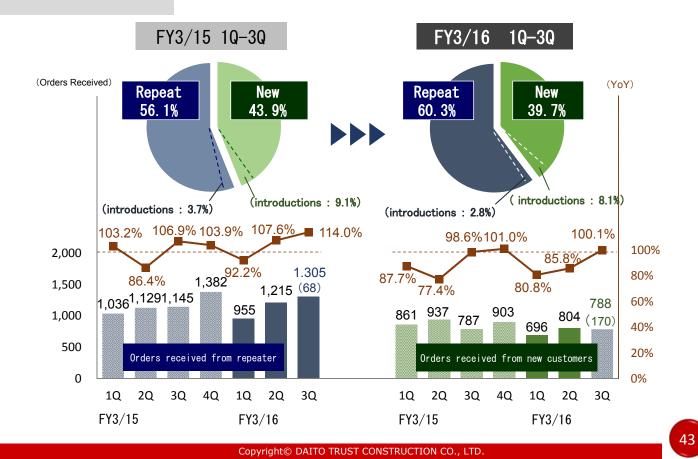


Comparison with 3Q FY3/15

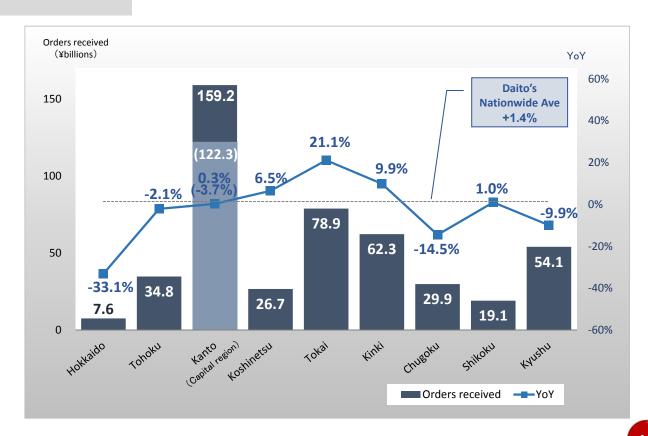


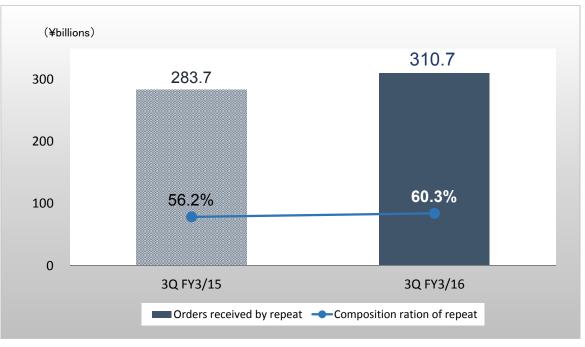


VI - 10



Orders received by region





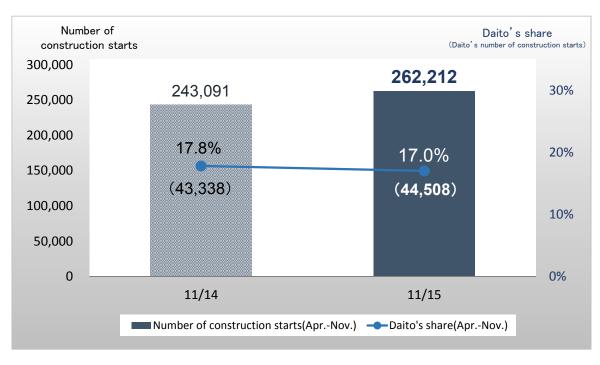
** Composition ratio of repeat = Number of orders received by repeat from our existing customers
Total number of orders received

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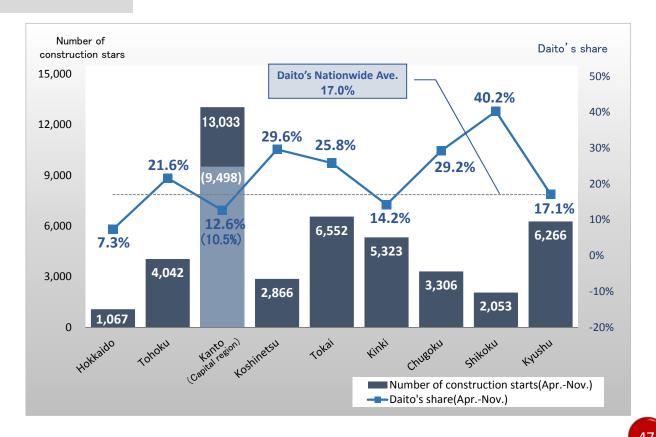
45

VI-12

Number of construction starts & Daito's share



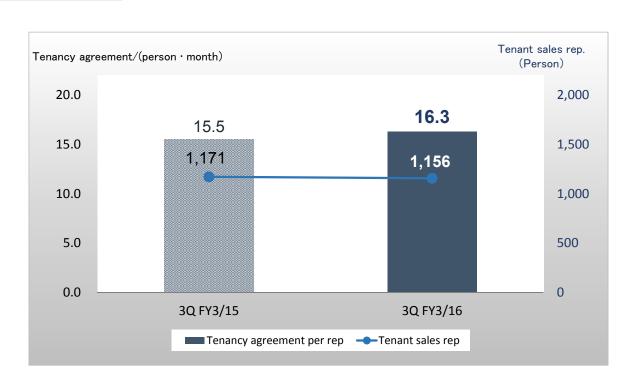
(Ministry of Land, Infrastructure, Transport and Tourism: "Housing and Land Survey")

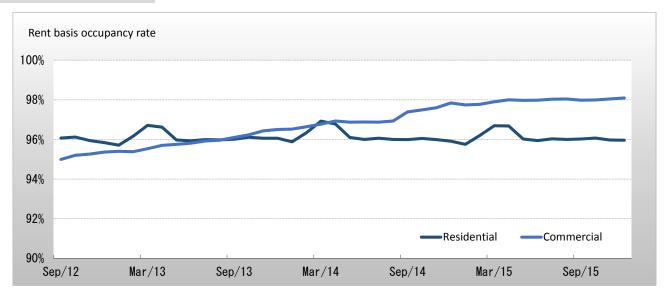


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Tenancy agreement per rep

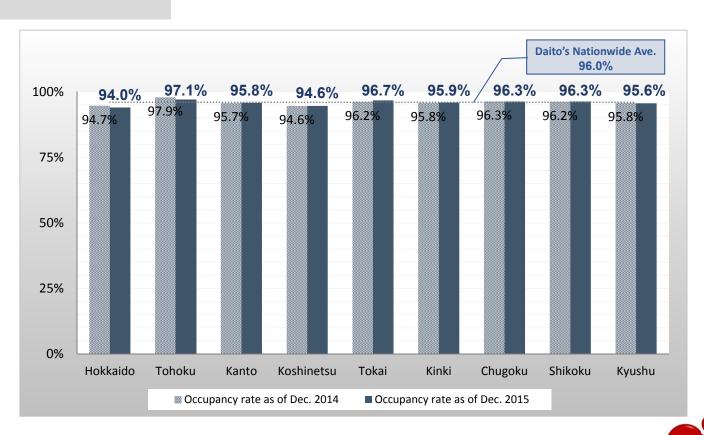




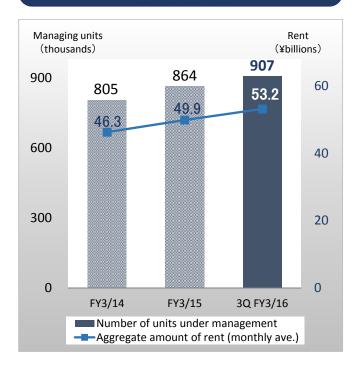
Rent basis occupancy rate	2011 (Dec.)	2012 (Dec.)	2013 (Dec.)	2014 (Dec.)	2015 (Dec.)	YoY
Residential use	95.9%	95.8%	96.1%	95.9%	96.0%	+0.1p
Commercial use	93.8%	95.4%	96.5%	97.8%	98.1%	+0.3p

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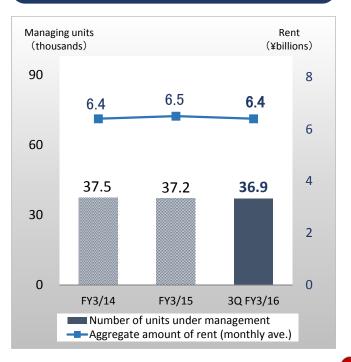
VI-16 Rent basis occupancy rate by region (Residential use /As of Dec)



Residential use



Commercial use



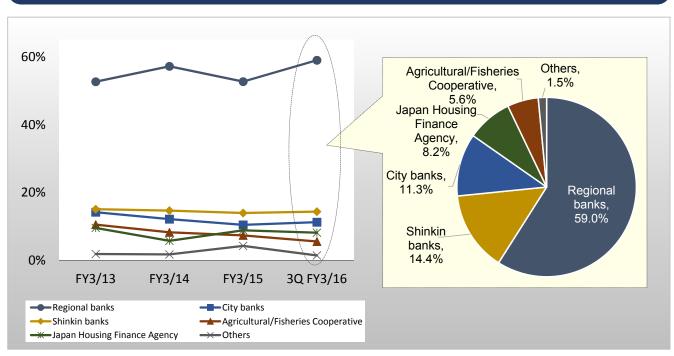
51

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VI - 18

Customer's financing channel

Shares of financial institutions (Construction starts basis)







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