

FY ended March 31, 2016
Q&A Summary on disclosure of settlement of accounts

About Orders received

Q1. The breakdown of orders received for the previous FY ended March 31, 2016 shows that the rate of repeat contracts was up 4.0p year on year to 61.4%. Has your company been intending to increase repeat contracts on its sales strategy? (Presentation slide p50)

A1. We have not been intending to increase repeat contracts, but we consider the said rate of repeat contracts is a result of earning our existing customer's trust in the course of transactions with them. On the other hand, we recognize that it is also an important issue for us to increase the rate of new customers' contracts to continue to grow successively. We intend to do sales activity so as not to the rate of new customers' contracts fall below 40%.

Q2. Can you inform me of your company's policies to achieve business plan for orders received, the targeted amount of which is 715 bn JPY for throughout this FY which ends March 31, 2017? (Presentation slide p27)

A2. The policies in achieving business plan for orders received are summarized into two parts as follows:
As first policy, we intend to strengthen the sales force in the Tokyo metropolitan area market. We plan to make our sales force fully staffed with sales representatives which will amount to be 3,500 in numbers at the end of March 2017 according to our business plan, and to post them into the areas with high market potential. And as second policy, we intend to strengthen designing expertise to present rental housing to land owners in the Tokyo metropolitan area market. In the Tokyo metropolitan market, we are required to follow various kinds of needs in designing rental building, such as needs for "rental building with owners' own living quarters" or "product for narrow land parcel site". We have posted experts specialized in designing buildings in the Tokyo metropolitan area market, in the head office of our company to arrange a system to meet landowner's requirements attentively and then to receive orders.

About gross profit margin ratio in construction for completion

**Q3. Can you inform me of the breakdown of gross profit margin ratio in construction for completion which is forecasted to be 30% in this FY ending March 31, 2017 with 0.4p improvement as compared with 29.6% in previous FY ended March 31, 2016?
(Presentation slide p26)**

A3. We are forecasting +0.9p improvement due to an effect of price increase we had implemented in previous FY and -0.5p deterioration due to an increase in labor costs. We are estimating that labor costs will continue to be uncertain because order for construction work to make ready facilities for Tokyo Olympic Game will begin in earnest, and because demand for reconstruction is projected to increase in Tohoku region or Kumamoto prefecture due to earthquake.

Q4. Does your company have plan to conduct sales price revision in this FY ending March 31, 2017 same as previous FY?

A4. We have no plan to revise sales price at this point.

About Real Estate Business

Q5. Your company's non-consolidated gross profit of real estate business and the like in the last FY which ended March 31, 2016 surged to 1.7 bn JPY , from -0.8 bn JPY in the FY before last which had ended March 31, 2015 (Summary of settlement of account P46). What had been the factors for that improvement?

A5. There had been roughly two factors for improvement of the ratio of our company's non-consolidated gross profit and the like as follows:
The first factor had been the increase in the number of tenant recruitments and in the number of tenant recruitments per sales representative. The second factor had been the enhancing on the sales of related products when we had concluded agreements with tenants. We have been offering useful service for tenants' comfortable living, and at the same time, striving expansion of profit

**Q6. Can you inform me the breakdown of your company's gross profit in real estate business in this FY ending March 31, 2017, which is forecasted to increase in the amount of +7.8 bn JPY year on year as compared with that in previous FY?
(Summary of settlement of account P6)**

A6. The breakdown is as follows. 4.0bn JPY is earned by "The Whole-Building Lease" business, due to increase in number of rental housing units under our management, 2.8bn JPY is due to increase in number of contracts for No Guarantor Needed Plan offered by House Leave Co., Ltd. And 0.4 bn JPY is due to increase in the number of solar panels installed in Solar Power Generation Business.

About Other Businesses

Q7. Can you inform me the breakdown of an increase in Sales & Administrative Expenses in this FY which is projected to increase 14.4bn JPY year on year as compared with that in the previous FY? (Summary of settlement of account P45)

A7. We are planning to use the expenses in order to realize acquisition of order and increase in Net Sales for the future. The breakdown is as follows: 4.5bn JPY is due to increase in Labor Cost, 3.0bn JPY is due to increase in the expense of New System Development, 1.8bn JPY is due to increase in sales promotion expense including that for campaign, 1.3bn JPY is due to increase in advertising expense including that for overall brand of rental house “DK SELECT”, and 3.8bn JPY is due to increase in expense including that in other affiliated company.

Q8. Can you inform me the reason why the cost of capital investment in this FY is projected to increase by 6.4bn JPY year on year as compared with that in the previous FY? (Summary of settlement of account P50)

A8. The reasons are as follows: +5.9bn JPY is due to increase in expense of New System Development and +2.8bn JPY is due to increase in number of Free Piping Work offered by Gaspal Co., Ltd. which supplies LP gas, and on the other hand, -2.3 bn JPY is due to decrease of the cost of solar panels installed of Daito Building Management Co., Ltd.

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