



DAITO TRUST CONSTRUCTION CO., LTD.

Report on Settlement of 1Q of FY ending in March 31, 2017

1Q Financial Highlights, Year ending in March 31, 2016

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I. Result in 1Q FY ending in March 2017

PL

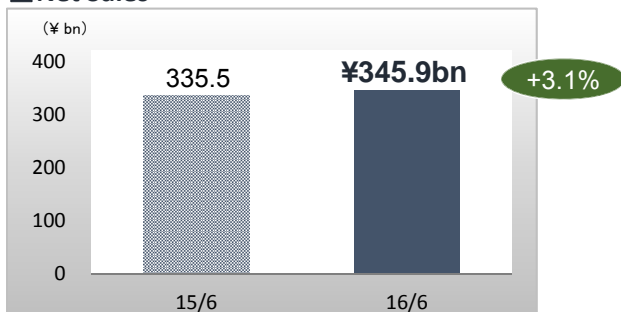
Consolidated PL

Profit & Loss Conspectus

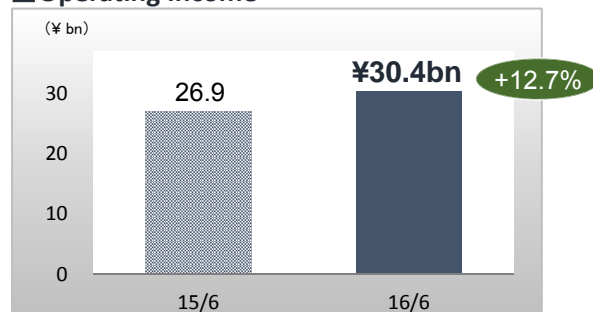
Sales and each profits update the highest record

● :Y on Y

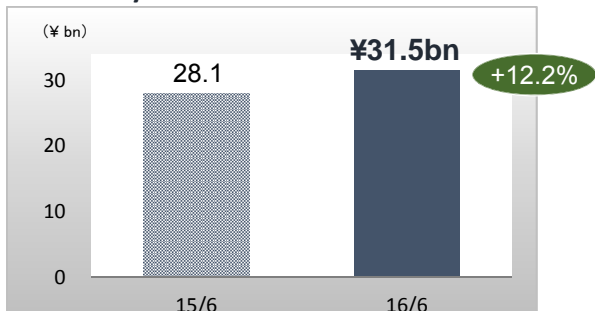
Net Sales



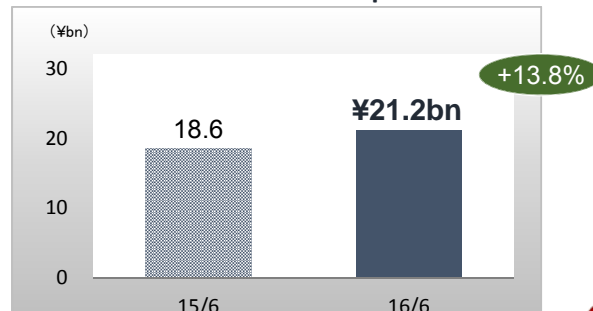
Operating Income



Ordinary Income



Net Income attributable to parent



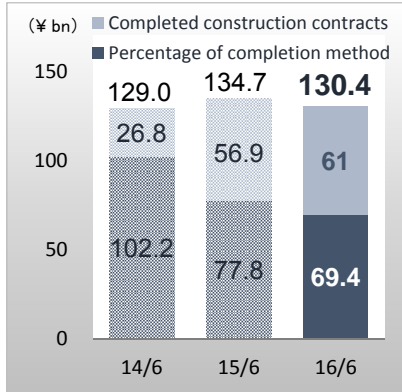
PL

Profit & Loss by segment (Construction Business)

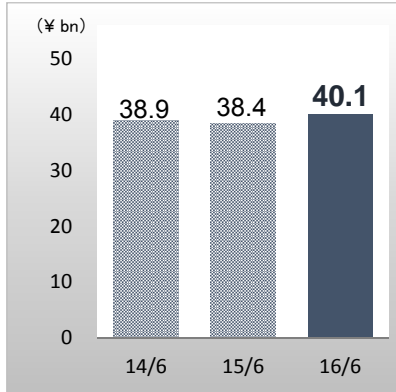
Construction Segment ①

	2015/6	2016/6	(Y o Y)
Net Sales	134.7	130.4	(Δ3.2%)
Gross Profit	38.4	40.1	(+4.4%)
Operating Income	18.9	19.8	(+4.5%)

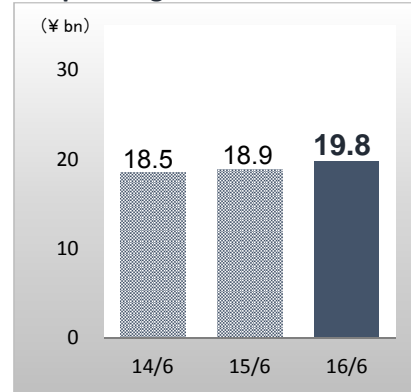
Net Sales (Percentage of completion method)



Gross Profit



Operating Income



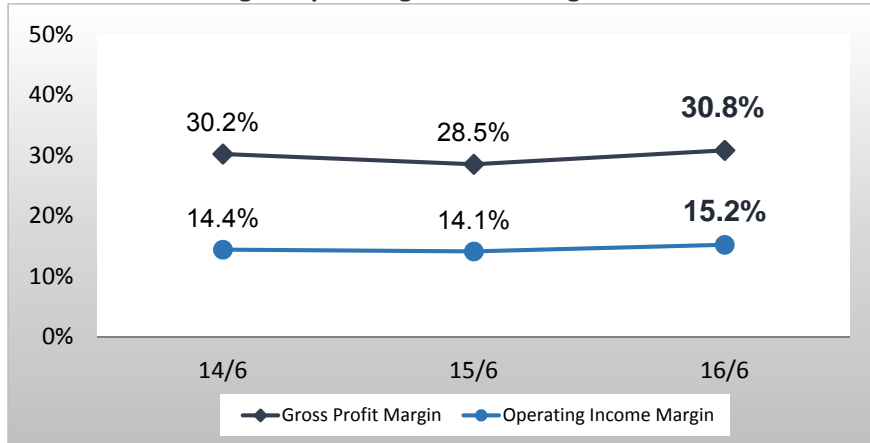
PL

Profit & Loss by segment (Construction Business)

Construction Segment ②

	2015/6	2016/6	(Y o Y)
Gross Income Margin	28.5%	30.8%	(+2.3p)
Operating Income Margin	14.1%	15.2%	(+1.1p)

Gross Profit Margin • Operating Income Margin



Major breakdown of variance from previous FY (+2.3p YoY)

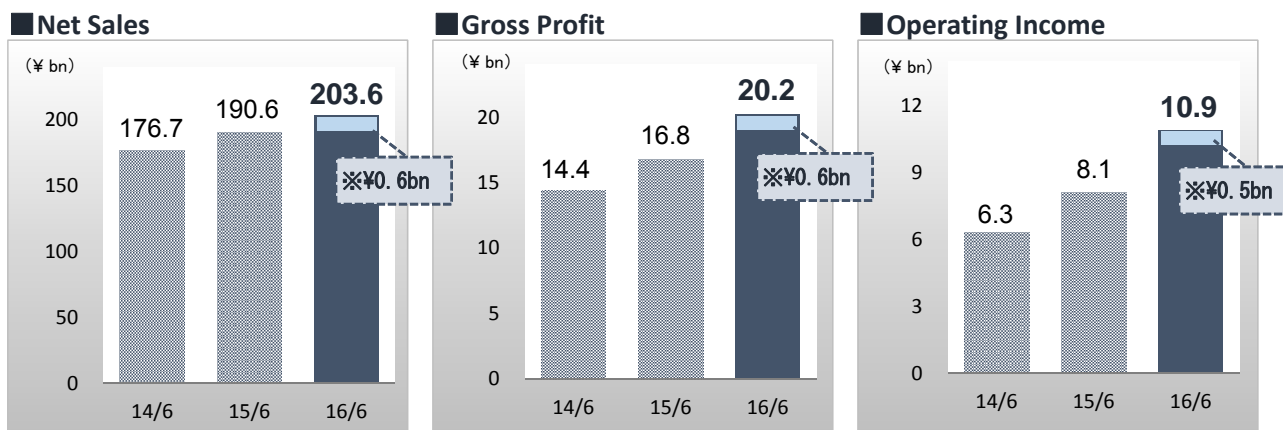
- ① Effect from raise of price +0.9p
- ② Labor cost +0.9p
- ③ Material cost +0.5p
- ④ Exchange ±0.0p

PL

Real Estate Segment ①

Profit & Loss by segment (Real Estate Business)

	2015/6	2016/6	(Y o Y)
Net Sales	190.6	203.6	(+6.8%)
Gross Profit	16.8	20.2	(+19.9%)
Operating Income	8.1	10.9	(+33.7%)



※Increment associated with changing of a settlement term, from Feb. to Mar., House Leave Co., Ltd.

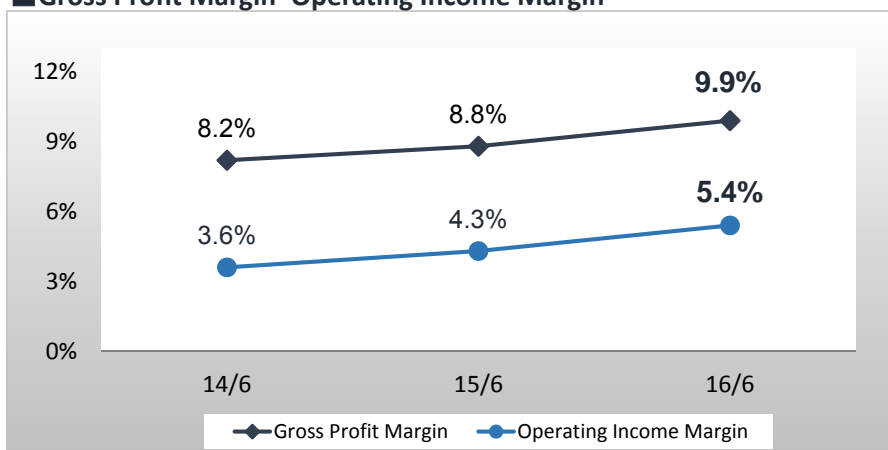
PL

Real Estate Segment ②

Profit & Loss by segment (Real Estate Business)

	2015/6	2016/6	(Y o Y)
Gross Profit Margin	8.8%	9.9%	(+1.1p)
Operating Income Margin	4.3%	5.4%	(+1.1p)

■ Gross Profit Margin・Operating Income Margin



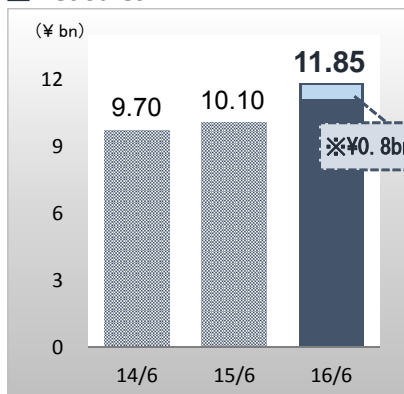
PL

Other Segment

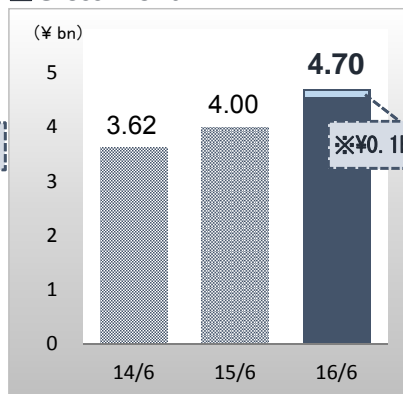
Profit & Loss by Segment (Other Businesses)

	2015/6	2016/6	(Y o Y)
Net Sales	10.10	11.85	(+17.3%)
Gross Profit	4.00	4.70	(+17.4%)
Operating Income	2.33	2.74	(+17.8%)

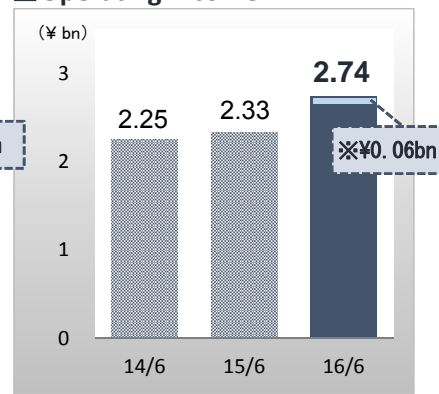
Net Sales



Gross Profit



Operating Income



※Increment associated with changing of a settlement term, from Feb. to Mar. Care Partner Co., Ltd.

PL

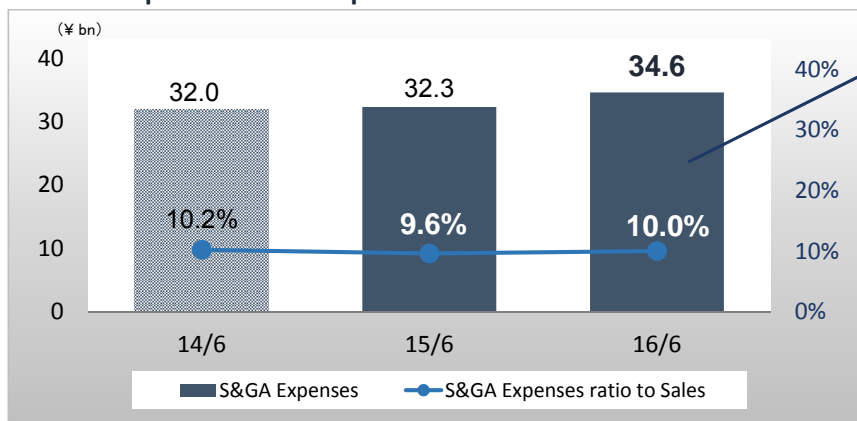
S&GA Expenses

Transition of Sales and General Administrative Expenses

	2015/6	2016/6	(Y o Y)
S&GA Expenses	32.3	34.6	(+7.1%)
S&GA Expenses ratio to Sales	9.6%	10.0%	[+0.4p]

[] : Variance from previous same period

S&GA Expenses * S&GA Expenses ratio to Sales



Major breakdown of variance from previous FY (+¥2.3bn)

- ①Personal Expenses +¥1.2bn
- ②Advertising & General Publicity expenses +¥0.1bn
- ③Other +¥1.0bn

Financial Review

Consolidated BS

Consolidated Balance Sheet

2016/3				2016/6			
Current Asset	479.6	Current Liabilities	281.8	Current Asset	437.6 ($\Delta 41.9$)	Current Liabilities	245.3 ($\Delta 36.5$)
		Fixed Liabilities	198.1			Fixed Liabilities	193.4 ($\Delta 4.7$)
		Total Liabilities	480.0			Total Liabilities	438.7 ($\Delta 41.2$)
Fixed Asset	248.9	Net Assets	248.5	Fixed Asset	250.0 (+1.0)	Net Assets	248.8 (+0.3)
Total	728.5	Total	728.5	Total	687.6 ($\Delta 40.8$)	Total	687.6

Book Value per Share	¥3,243.97	Book Value per Share	¥3,239.09
Equity Ratio	34.3%	Equity Ratio	36.3%

(¥ bn)

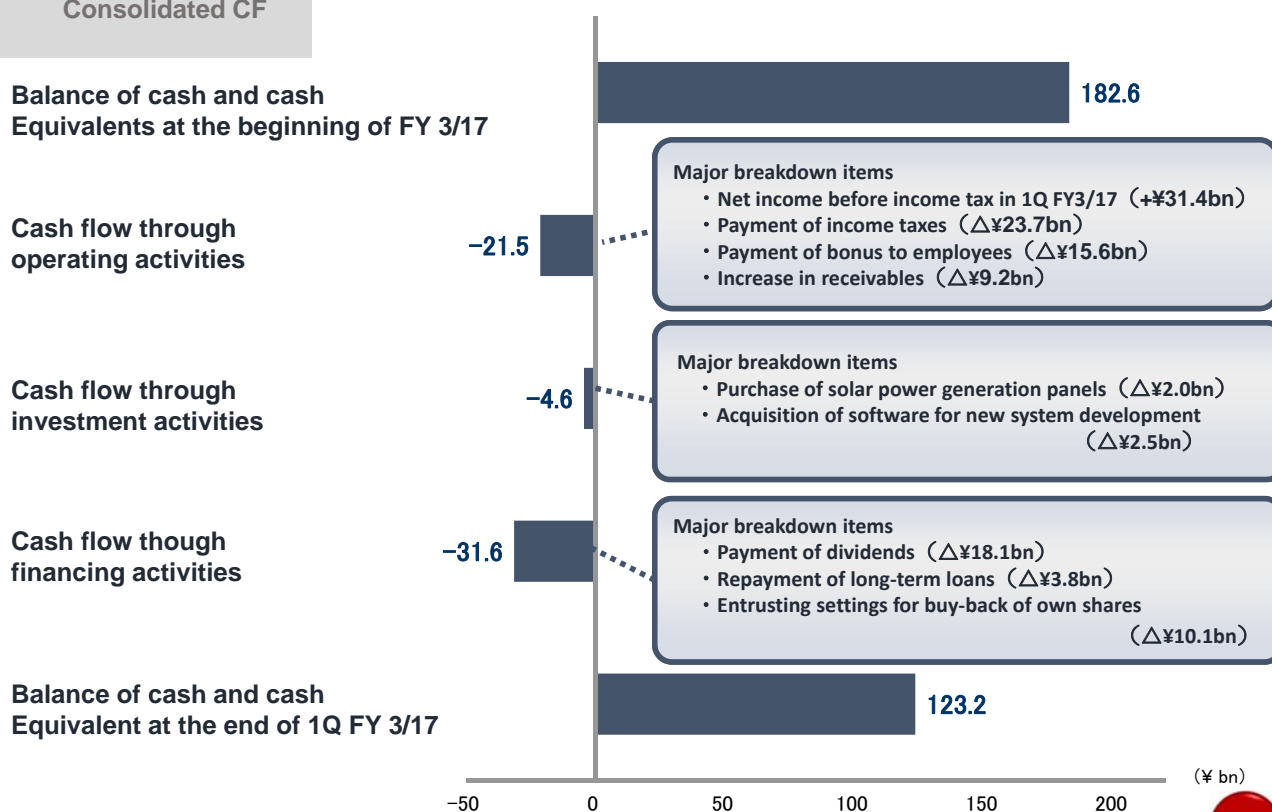
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Financial Review

Consolidated CF

Cash Flows Conspectus



(¥ bn)

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II. Key Figures

Items related to orders received

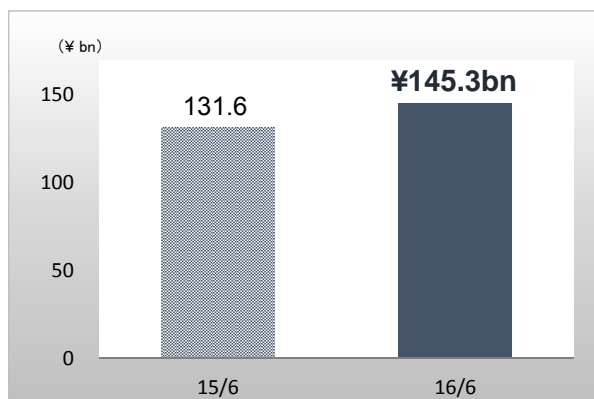
Orders received & Orders in hand

Orders received and Orders in hand (Year on Year)

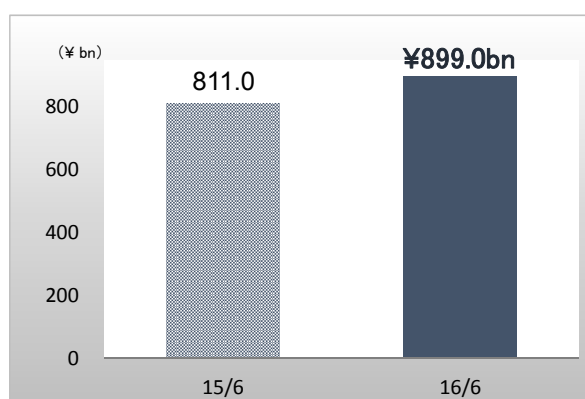
◆ Orders received ¥145.3bn (+10.4% YoY)

◆ Orders in hand ¥899.0bn (+10.8% YoY)

Orders received



Orders in hand



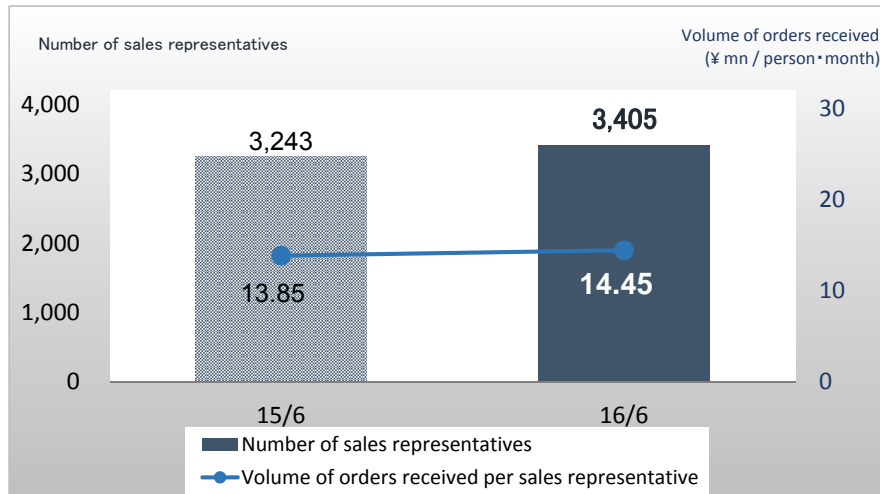
Items related to orders received

Transition of number of sales representatives and Volume of orders received per sales representative

Efficiency in acceptance of order

◆ Sales representatives (End of 6/16) **3,405 (+162 YoY)**

◆ Volume of orders received per sales representatives **¥14.45mn/m (+¥0.6mn YoY)**



Items related to orders received

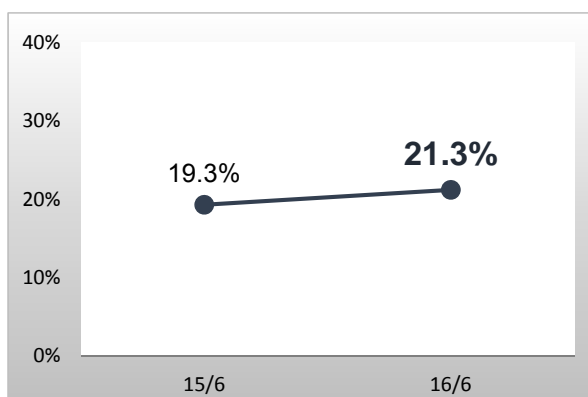
Transition of mid-rise ratio and rebuild ratio (Year on Year)

Index①

◆ Mid-rise ratio **21.3% (+2.0p YoY)**

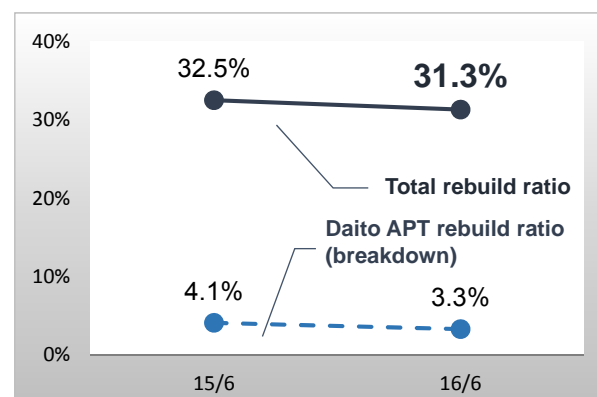
◆ Rebuild ratio **31.3% (Δ1.2p YoY)**

Mid-rise ratio ※1



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

Rebuild ratio ※2



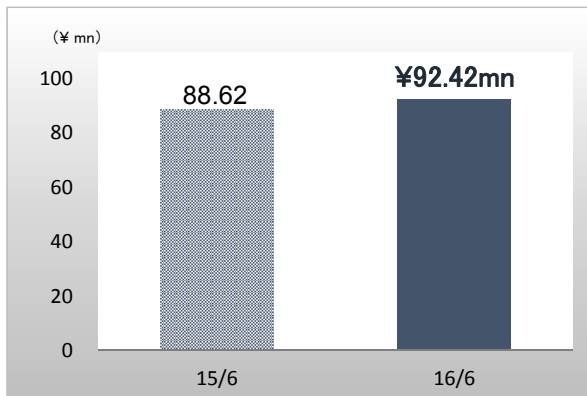
※2 Rebuild ratio =
Orders received by rebuild / Total orders received

Transition of Average price of order received and Cancellation ratio (Year on Year)

◆ **Average price of order received** **¥92.42mn (+¥3.8mn YoY)**

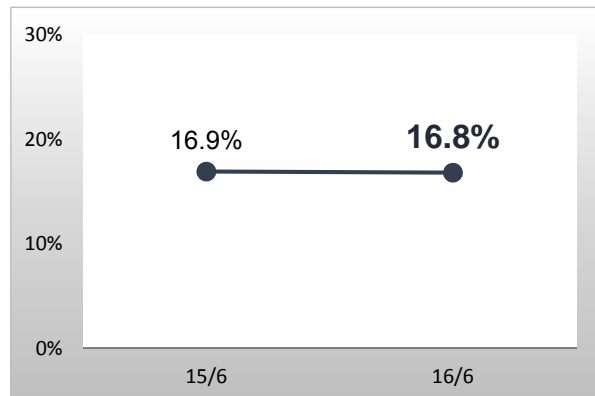
◆ **Cancellation ratio** **16.8% (Δ0.1p YoY)**

Average price of order received ※1



※1 Average price of order received =
The amount of new orders received / the number of orders received

Cancellation ratio※2

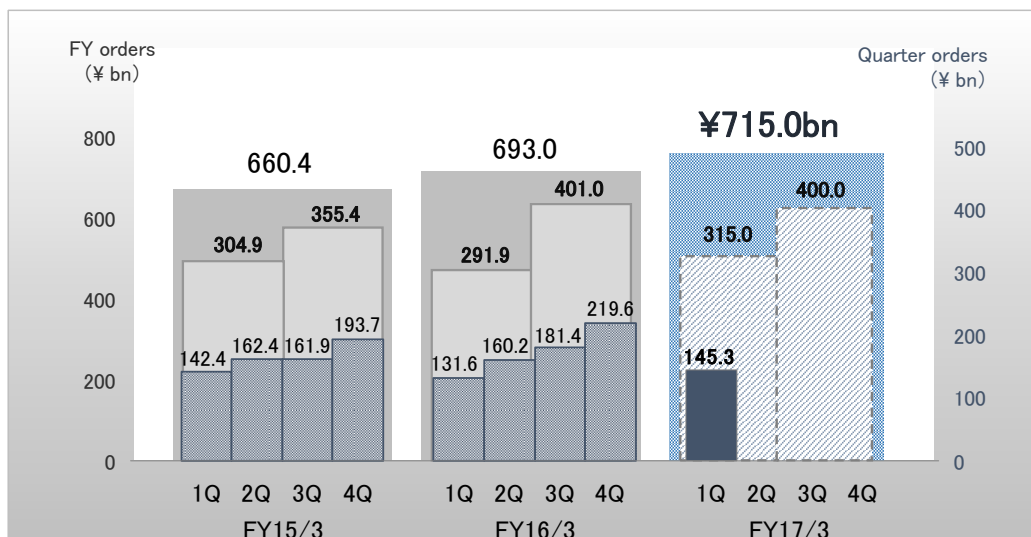


※2 Cancellation ratio = the amount of cancellation / the amount of new orders received
Order received = the amount of new order received - the amount of cancellation

Transition of orders received (Year on Year)

◆ **Planning of construction awards FY3/17** **¥715.0bn (+3.2% YoY)**

◆ **Planning of construction awards first half FY3/17**
¥315.0bn (+7.9% YoY)



Items related to orders received

Strategy to achieve the forecast in the volume of orders received, targeting ¥715.0bn ①

Strategy for orders received ①

1 Brand pursuance by “DK SELECT”

Advanced Rental Housing
DK SELECT

Activities for “Advanced Rental Housing”

New TV Commercial



New Products



Items related to orders received

Strategy to achieve the forecast in the volume of orders received, targeting ¥715.0bn ②

Strategy for orders received ②

2 The state of implementation of policy for strengthening of this FY

Policy for strengthening

The state of implementation

1) Strengthening Walk-in sales and Direct response marketing (Invitation to head office, Seminar, etc.)



• Increase in sales staff
• Event being cosponsored by head office and branch. (held 11 events with 469 participants)

2) Promoting Business efficiency and Presentation ability by SFA tablet.



Additional Function
• Mapping function
• Walk-through function
• Schedule management function

3) Strengthening sales of Elderly housing with supportive service and Nursery school by cooperation with Solast Corporation which is equity method affiliated company.



• Cooperation with Solast Corporation is progressing.

4) Person in charge of Daito Mirai Trust Co., Ltd. accompany proposal of utilizing asset.



• Order received by accompany proposal: 12, ¥1.1bn.
• 95% customers are interested in “Trust”. ※Result of questionnaires in seminar

Item related to tenancy agreements

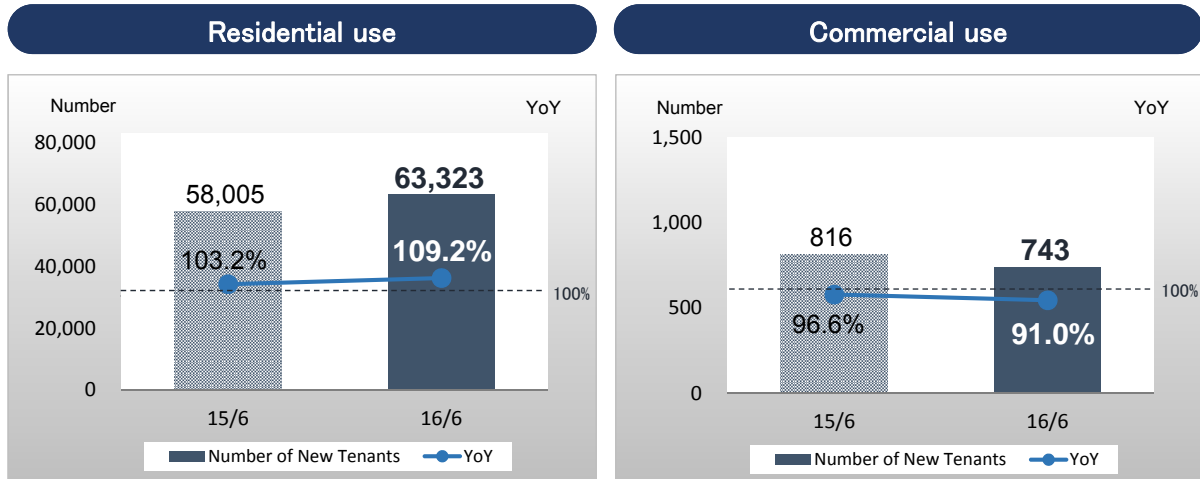
The number of tenancy agreements

Transition of number of tenancy agreements

◆ **The Number of tenancy Agreements 64,066 (+8.9% YoY)**

● **Residential use 63,323 (+9.2% YoY)**

● **Commercial use 743 (Δ8.9% YoY)**



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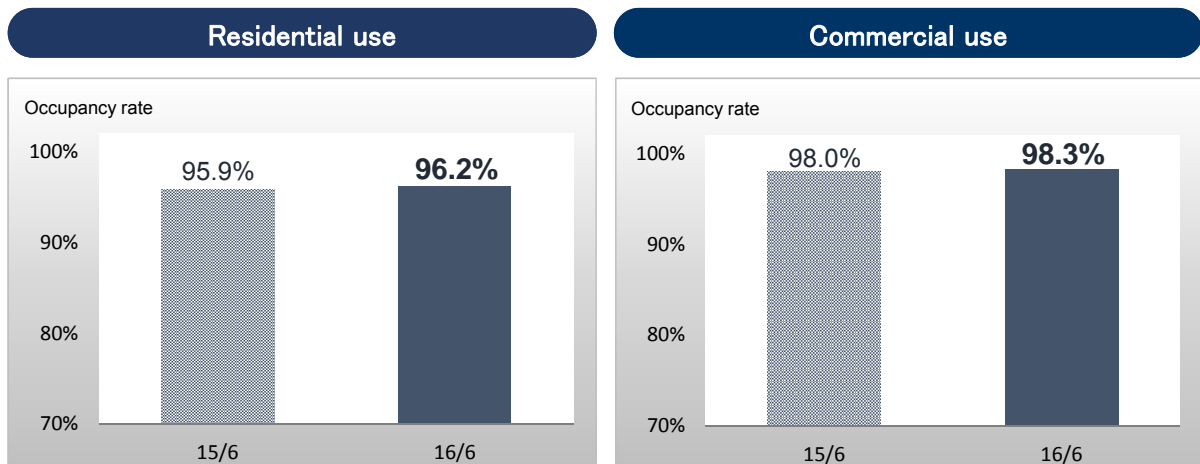
Item related to tenancy agreements

Occupancy rate

Rent basis occupancy rate (Year on Year)

◆ **Residential use 96.2% (+0.3p YoY)**

◆ **Commercial use 98.3% (+0.3p YoY)**



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

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Item related to tenancy agreements

Reinforcement measures for direct response ①

Strategy to achieve 284,000 tenancy agreements ①

1. New TV Commercial “e-Heya Cheerful Summer ” started from July, 2016.

2 of our previous TV commercials selected as the most favorably received TV commercial campaign out of 125 advertisers in construction and real estate sector.



● e-Heya TV commercial “Cheerful Summer” ver



● Announce of Maldives tour

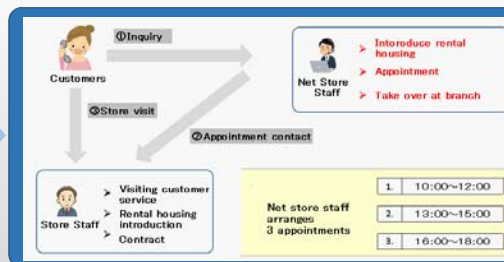
Item related to tenancy agreements

Reinforcement measures for direct response ②

Strategy to achieve 284,000 tenancy agreements ②

2. Expansion of “Time” and “Target” for acquisition of response.

『Net Store』
Available 24 h/day



Direct responses
1, 780

【Business hours】
24-hour/
365-day

Open all year
around

『Support for
foreigners』
Expansion of Target

We make a work partnership with transcosmos.inc
Japanese and 5 major languages correspondence by
three-way call and email.

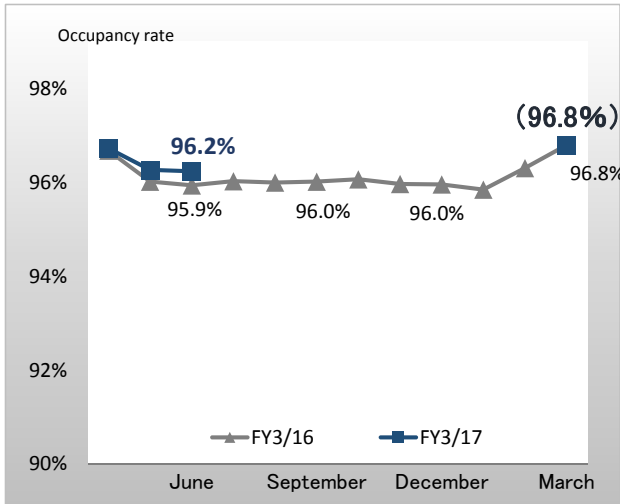
Website Page View
11, 500



Plan of occupancy rate

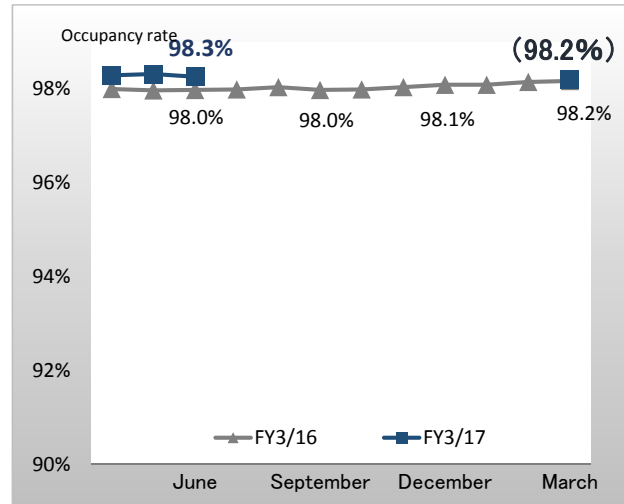
Residential use

FY3/17 Plan **96.8%**



Commercial use

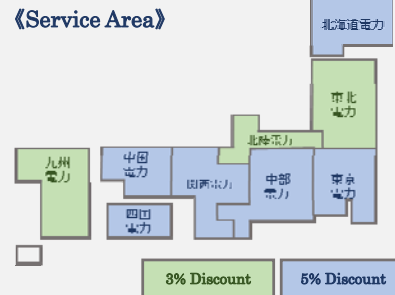
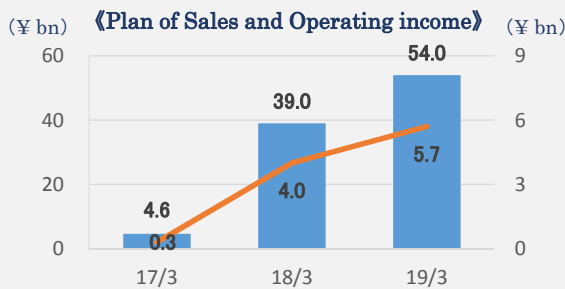
FY3/17 Plan **98.2%**



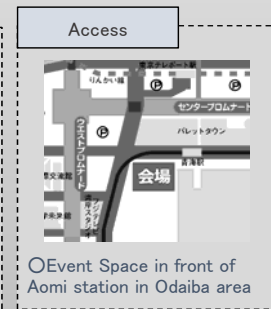
III. Topics

● Activities for Japan fully deregulated its electricity retail market

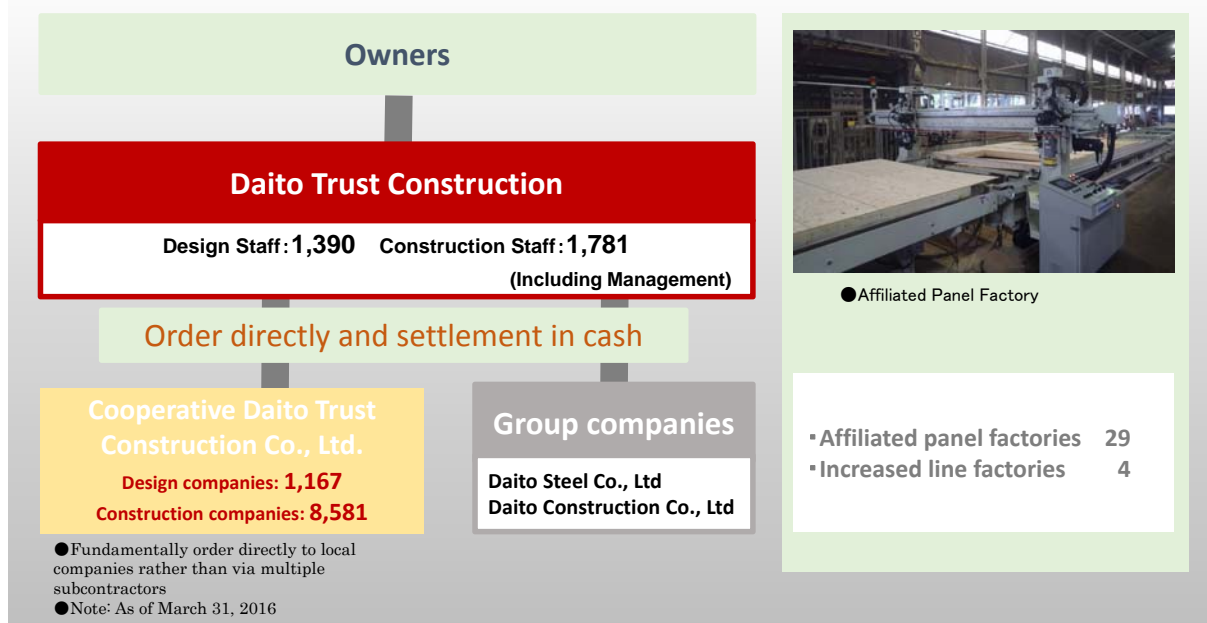
- Merit 1** Service is only available to residents of building managed by Daito Group
- Merit 2** Users received a 3%-5% discount on metered electric power usage based on the amount used by the rental housing
- Merit 3** Service is provided to residences nationwide (Except in areas served by Okinawa Electric Power Company)



● Exhibiting our works in HOUSE VISION 2016
(period: July 30th to August 28th, 2016)



● To secured high profit ratio by direct order to cooperative company



IV. Appendix

Non-consolidated statement of income <3/2017>

(¥ mn)

	15/6	16/6	YoY	Plan(full-year)
Net Sales	139,867	135,887	Δ2.8%	645,600
Construction	134,836	130,509	Δ3.2%	623,000
Real estate & Others	5,030	5,377	+6.8%	22,600
Gross profit	38,476	40,364	+4.9%	189,300
Construction	38,349	39,735	+3.6%	186,300
Real estate & Others	127	630	+396.0%	3,000
S&GA expenses	25,733	26,984	+4.9%	135,300
Operating income	12,743	13,380	+5.0%	54,000
Ordinary income	35,498	26,397	Δ25.6%	71,500
Net income	30,736	21,654	Δ29.5%	52,000

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Financial summaries of major subsidiaries (construction) <3/2017>

(¥ mn)

	Construction business							
	Daito Construction				Daito Steel			
	15/6	16/6	YoY	plan (full-year)	15/6	16/6	YoY	Plan (full-year)
Net sales	1,523	934	+38.7%	6,500	974	942	Δ3.2%	4,730
Gross profit	50	Δ5	—	165	53	53	0.0%	251
S&GA expenses	23	16	Δ28.5%	105	21	17	Δ15.3%	74
Operating income	27	Δ22	—	60	32	35	+9.8%	177
Ordinary income	42	Δ12	—	120	32	36	+10.7%	178
Net income	41	78	+89.1%	80	22	24	+8.0%	115

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Sales structure of Real estate business <3/2017>

(¥ mn)

	14/6		15/6		16/6		
	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	YoY
Lease up of units of rental housing※1	162,867	(92.2%)	174,102	(91.3%)	185,720	(91.2%)	+6.7%
Building and repairs※2	7,458	(4.2%)	8,059	(4.2%)	6,918	(3.4%)	Δ14.2%
Brokerage of real estate	3,375	(1.9%)	3,640	(1.9%)	4,087	(2.0%)	+12.3%
Leasing Business※3	1,433	(0.8%)	1,486	(0.8%)	1,538	(0.8%)	+3.5%
Rent Guarantee business	726	(0.4%)	1,484	(0.8%)	2,698	(1.3%)	+81.8%
Electricity Business	503	(0.3%)	990	(0.5%)	1,699	(0.8%)	+71.6%
Others	370	(0.2%)	921	(0.5%)	965	(0.5%)	+4.8%
Total	176,734	(100.0%)	190,686	(100.0%)	203,628	(100.0%)	+6.8%

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

※2 Building and repairs by Daito Building Management (recorded as sales on construction for completion till FY 3/10)

※3 Mainly Shinagawa East One Tower

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Financial summaries of major subsidiaries (Real estate business) <3/2017>

(¥ mn)

	Real estate business											
	Daito Building Management				Housecom				House Leave			
	15/6	16/6	YoY	Plan (full-year)	15/6	16/6	YoY	plan (full-year)	15/6	16/6	YoY	Plan (full-year)
Net sales	184,328	195,682	+6.2%	794,113	2,137	2,292	+7.3%	9,966	1,484	2,698	+81.8%	9,525
Gross profit	14,702	16,259	+10.6%	738,082	2,125	2,260	+6.4%	-	1,393	2,538	+82.1%	8,835
S&GA expenses	3,530	4,143	+17.4%	17,931	2,023	2,113	+4.5%	8,925	226	276	+21.9%	1,219
Operating income	11,172	12,115	+8.4%	38,100	101	146	+44.8%	854	1,167	2,262	+93.8%	7,616
Ordinary income	11,408	15,032	+31.8%	41,686	102	148	+44.3%	1,096	1,167	2,267	+94.2%	7,628
Net income	7,623	10,849	+42.3%	29,196	58	92	+57.6%	665	735	1,516	+106.2%	5,068

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Financial summaries of major subsidiaries
(other businesses-1) <3/2017>

(¥ mn)

	Other businesses (Financial business)											
	Daito Finance				D.T.C				House Guard			
	15/6	16/6	YoY	plan (full-year)	15/6	16/6	YoY	plan (full-year)	15/6	16/6	YoY	plan (full-year)
Net sales	311	344	+10.5%	1,336	917	799	△12.9%	3,183	39	485	+1137.1%	1,862
Gross profit	236	269	+13.9%	1,029	364	299	△17.7%	1,270	17	167	+836.0%	781
S&GA expenses	29	32	+9.6%	171	4	3	△25.9%	16	57	167	+190.0%	648
Operating income	206	236	+14.5%	858	359	295	△17.6%	1,254	△39	0	—	133
Ordinary income	206	236	+14.6%	858	362	304	△16.1%	1,261	△39	0	—	133
Net income	133	163	+22.4%	587	362	304	△16.1%	1,261	△39	0	—	133

Financial summaries of major subsidiaries
(other businesses-2) <3/2017>

(¥ mn)

	Other businesses (Care Business * Gas Supply Business)								
	Care Partner				Gaspal				
	15/6	16/6	YoY	Plan (full-year)	15/6	16/6	YoY	plan (full-year)	
Net Sales	2,386	3,471	+45.4%	11,100	5,882	5,605	△4.7%	23,784	
Gross profit	258	525	+103.2%	1,095	2,332	2,517	+8.0%	13,971	
S&GA expenses	202	264	+30.9%	892	1,327	1,334	+0.6%	6,095	
Operating income	56	260	+363.5%	203	1,005	1,183	+17.7%	3,718	
Ordinary income	60	261	+334.4%	203	1,015	1,182	+16.4%	3,567	
Net income	39	166	+326.9%	124	688	855	+24.2%	2,432	

Financial summaries of major subsidiaries (other businesses-3) <3/2017>

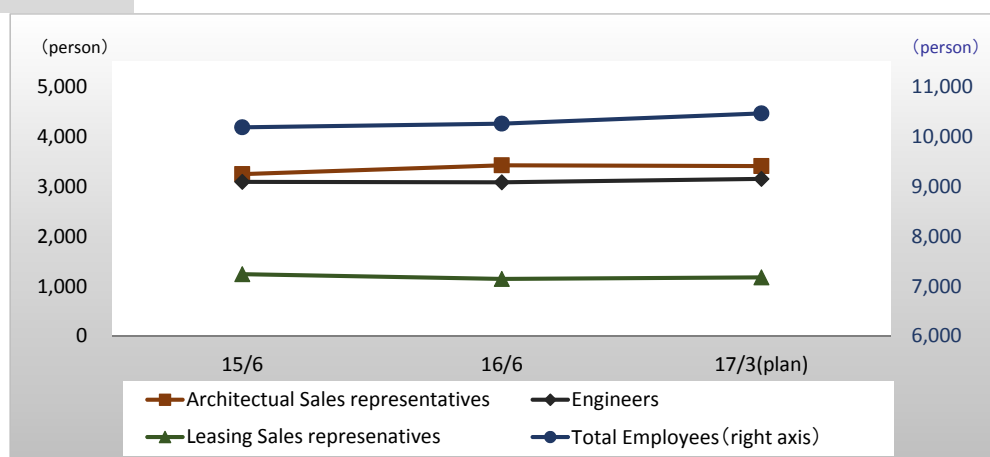
(¥ mn)

	Other businesses (Foreign Business + Energy business)							
	D. A. D (Malaysia)				Daito Energy			
	15/6	16/6	YoY	plan (full-year)	15/6	16/6	YoY	plan (full-year)
Net sales	694	703	+1.2%	2,770	0	65	-	4,622
Gross profit	343	326	△4.9%	1,174	0	5	-	456
S&GA expenses	261	288	+10.5%	996	2	80	-	132
Operating income	81	37	△54.4%	178	△1	△75	-	324
Ordinary income	△344	643	-	109	△1	△75	-	240
Net income	△344	643	-	80	△1	△75	-	240

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Transition of number of employees by each kind of occupations (Non-consolidated)



	15/6	16/6	YoY	17/3(plan)
Total Employees	10,182	10,462	+280	10,800
Architectural Sales Representatives	3,243	3,405	+162	3,500
Engineers	3,090	3,149	+59	3,400
Leasing Sales representatives	1,239	1,175	△64	1,150

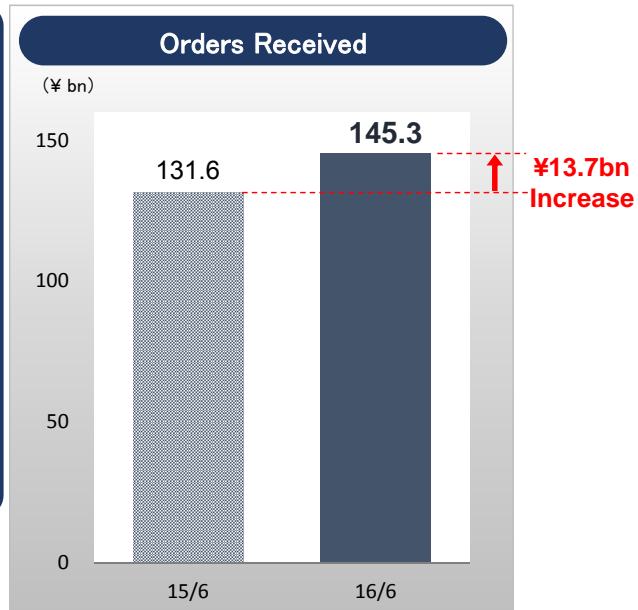
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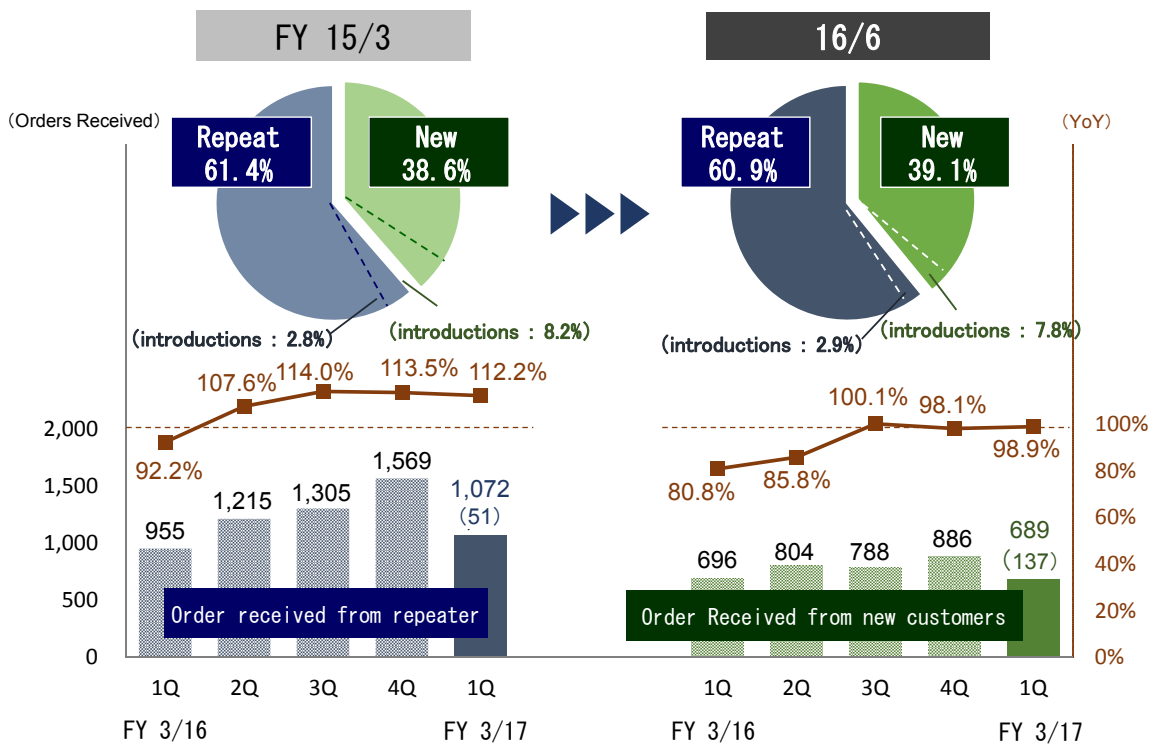
1Q FY3/17 Orders Comparison with 1QFY3/16

¥13.6bn(Increase)

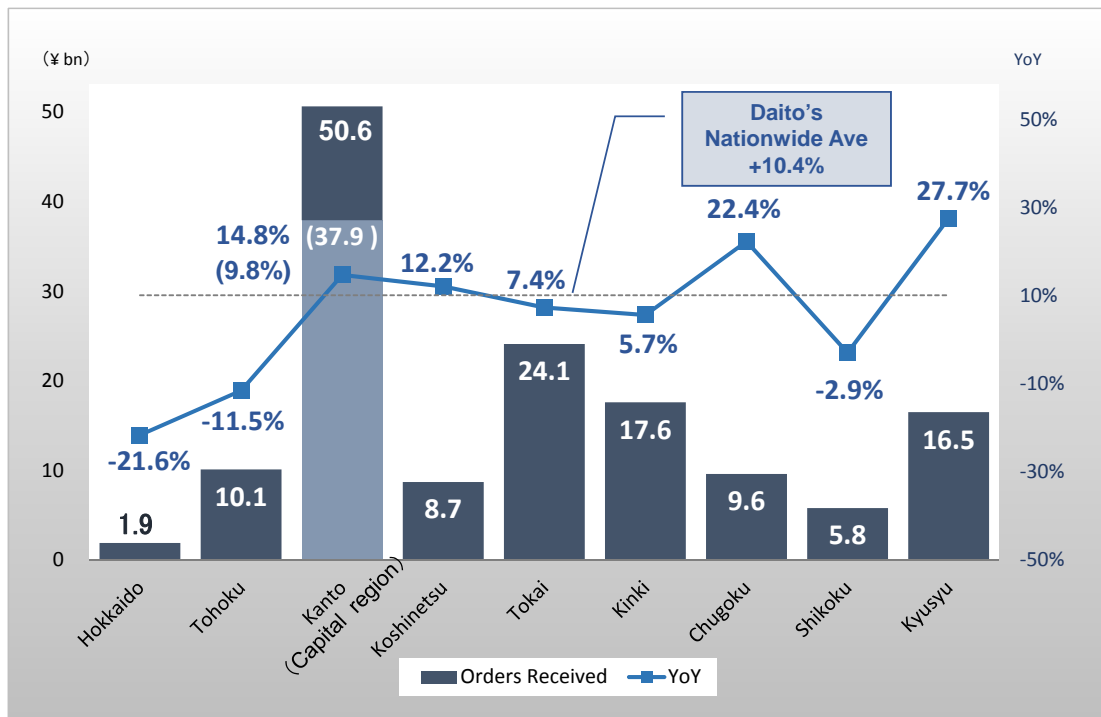
- ① **Number of orders(projects)** **+¥9.8bn**
(1,651 → 1,761projects)
- ② **Per project price** **+¥6.7bn**
(¥88.62mn → ¥92.42mn)
- ③ **Cancellation** **△¥2.6bn**
(16.9% → 16.8%)
- ④ **Building & repairs** **△¥0.2bn**
(¥12.1bn → ¥11.9bn)



The number of orders received & channels (comparison with previous FY)



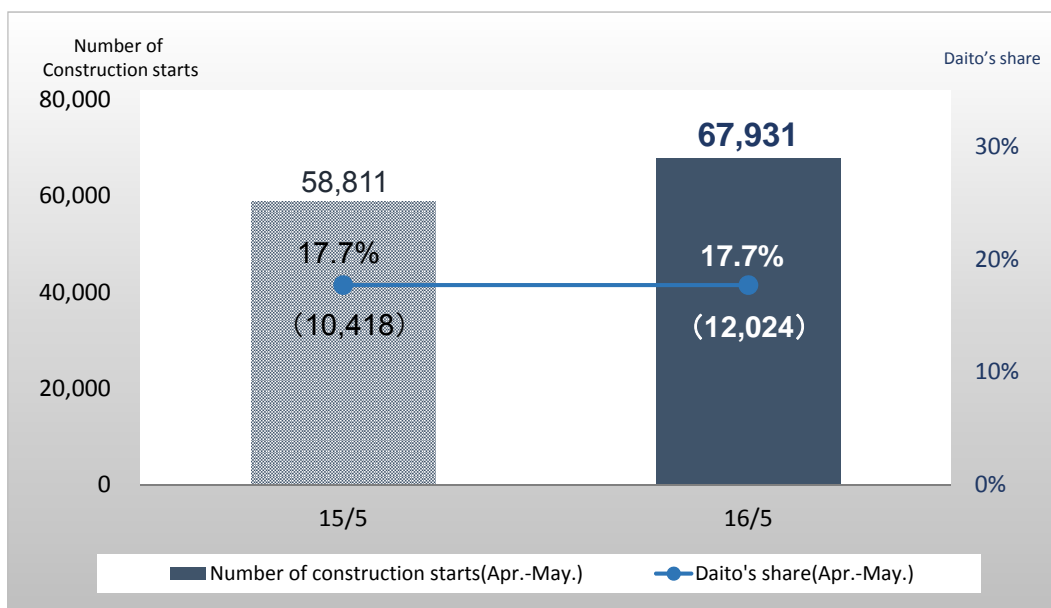
Orders Received by region



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

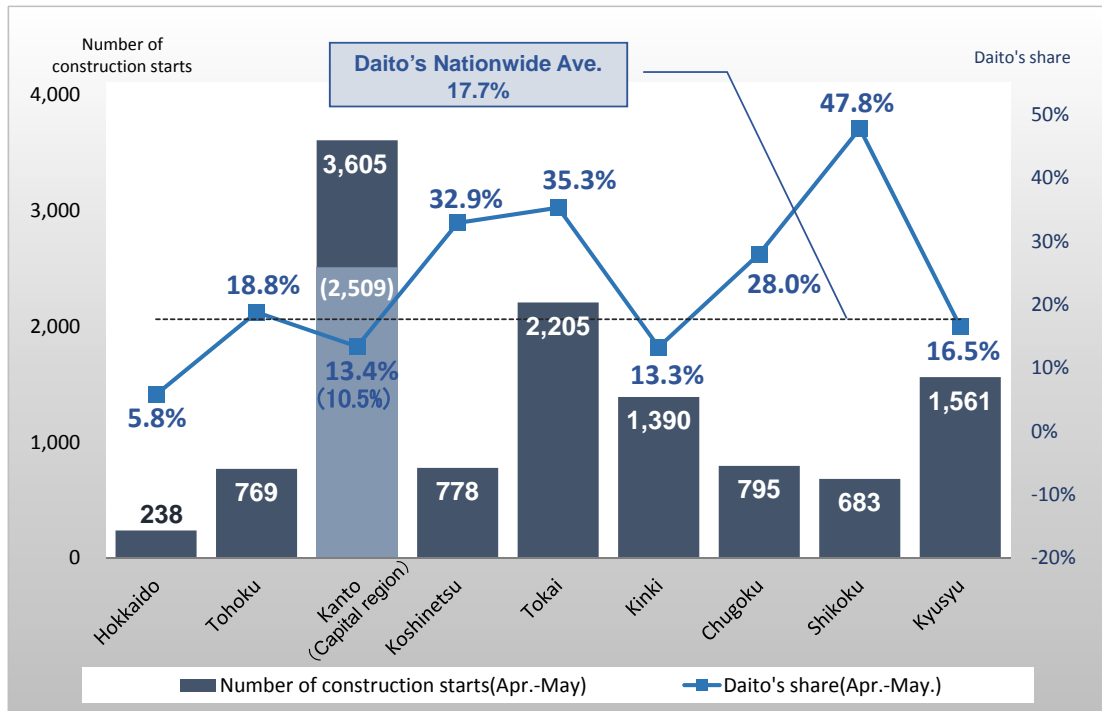


(Ministry of Land, Infrastructure, Transport and Tourism : "Housing and Land Survey")

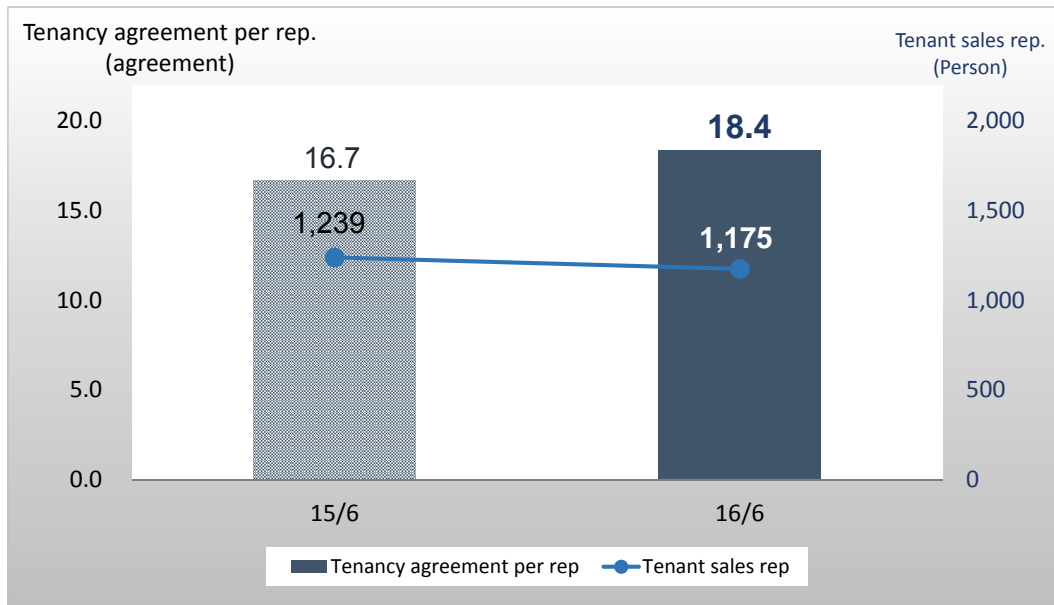
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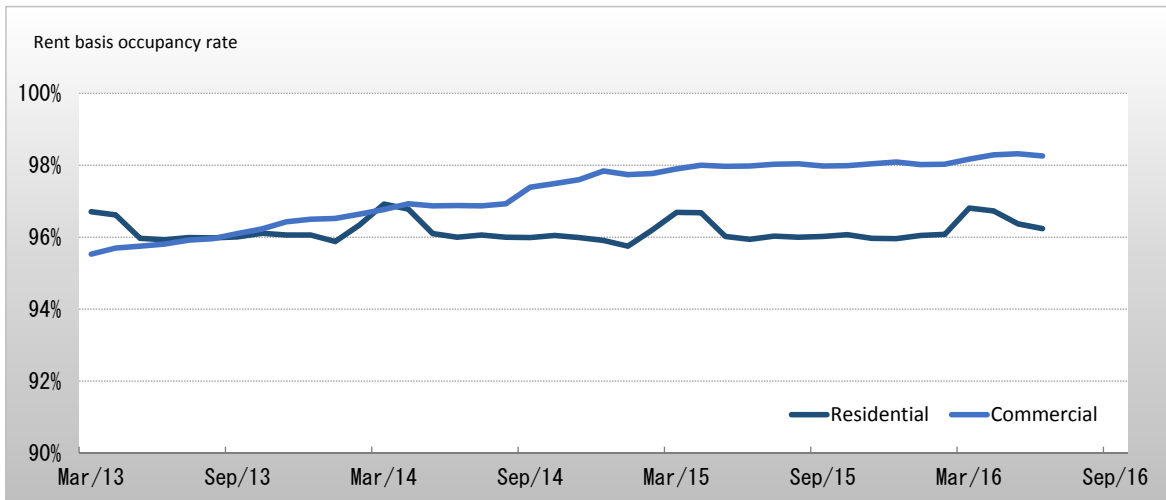
Number of construction starts by area & Daito's share



Tenancy agreement per rep (Year on Year)



Rent basis occupancy rate

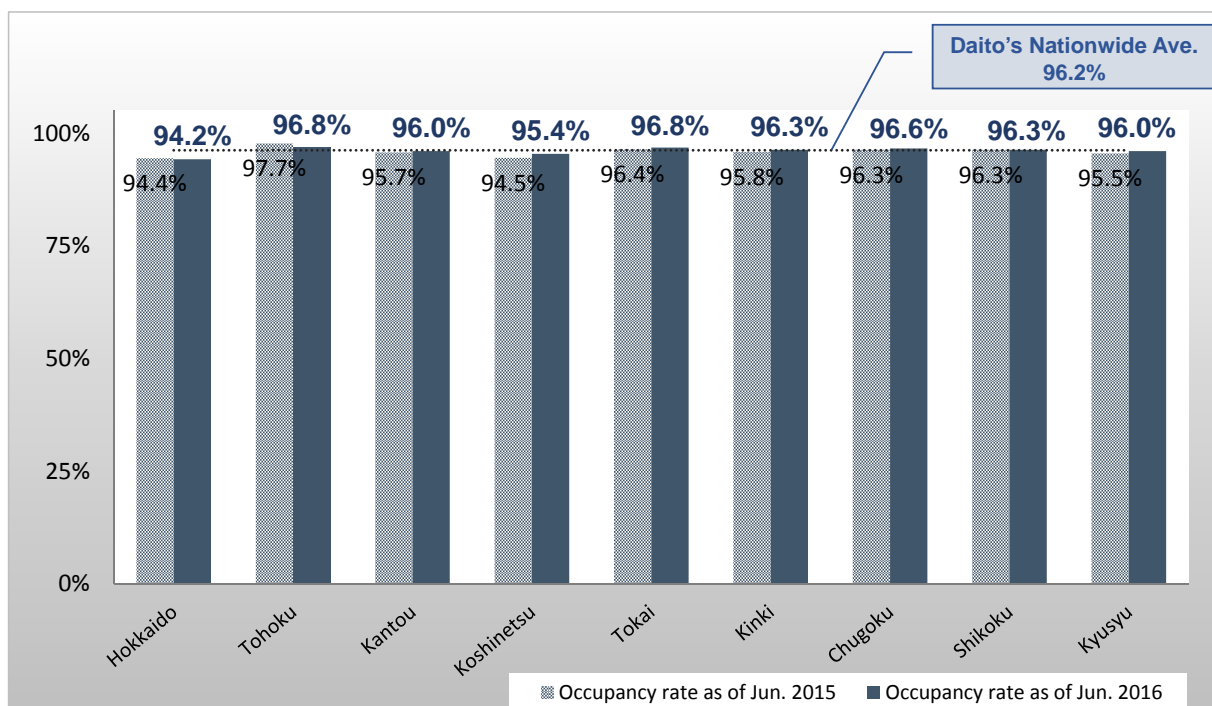


Rent basis occupancy rate	2012 (Jun.)	2013 (Jun.)	2014 (Jun.)	2015 (Jun.)	2016 (Jun.)	YoY
Residential use (%)	96.1%	95.9%	96.0%	95.9%	96.2%	+0.3p
Commercial use(%)	94.7%	95.8%	96.9%	98.0%	98.3%	+0.3p

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Rent basis occupancy rate by region (Residential use /As of Jun.)

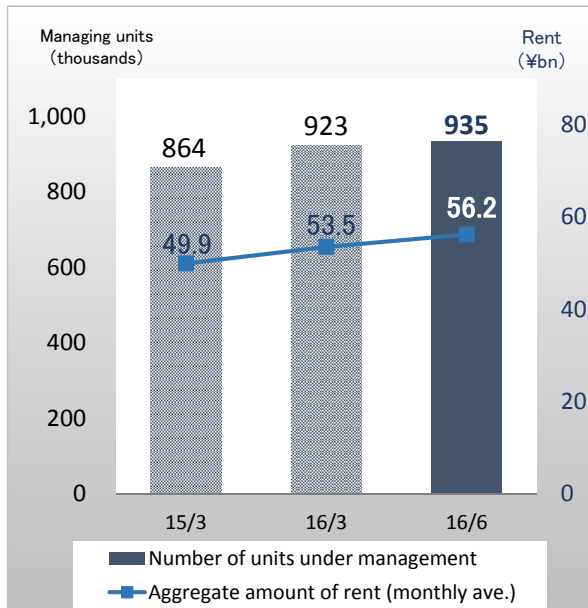


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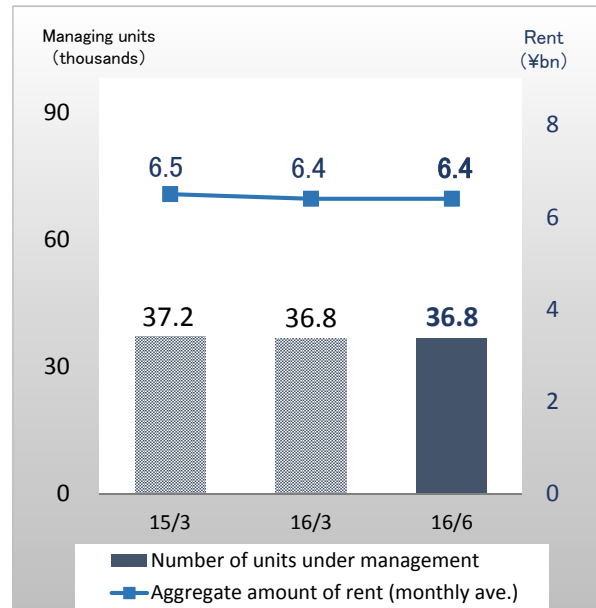
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Number of units under management & aggregate amount of rent

Residential use

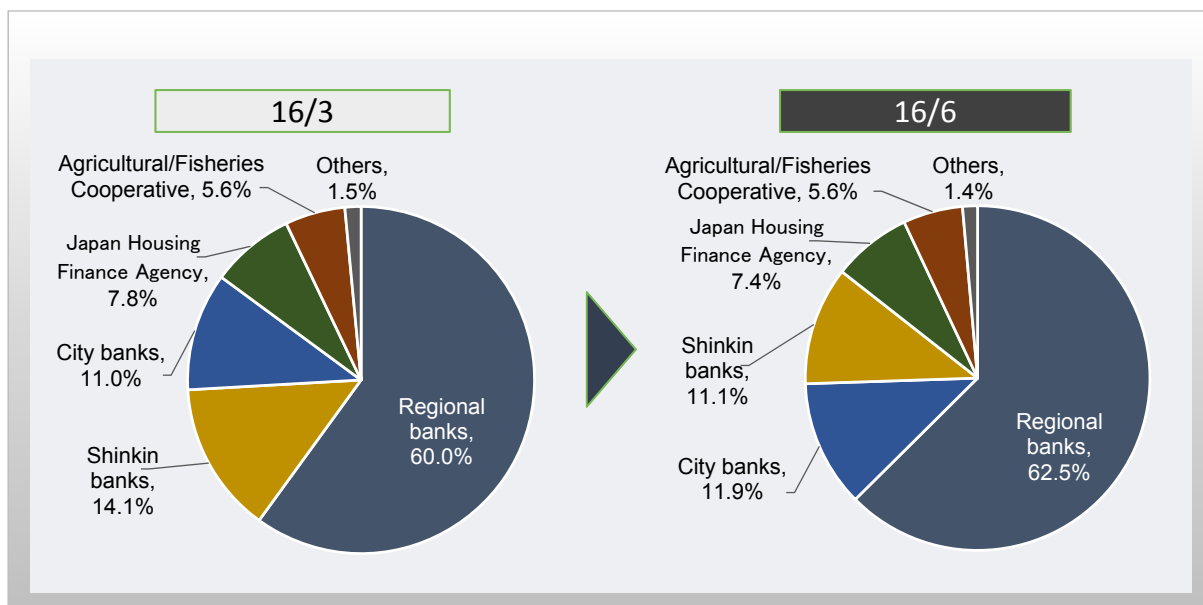


Commercial use



Customer's financing channel

Shares of financial institutions (Construction starts basis)



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