



DAITO TRUST CONSTRUCTION CO., LTD.

Report on Settlement of 2Q of FY ending in March 31, 2017

2Q Financial Highlights, Year ending in March 31, 2017

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I . Result in 2Q of FY ending in March 2017

PL

Consolidated PL

Profit & Loss Conspects

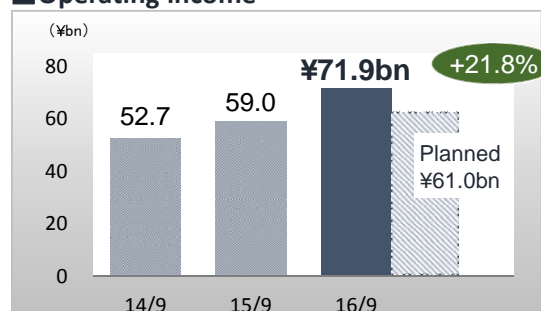
Sales and each profit set a new record for 4 consecutive fiscal years.

● :YoY

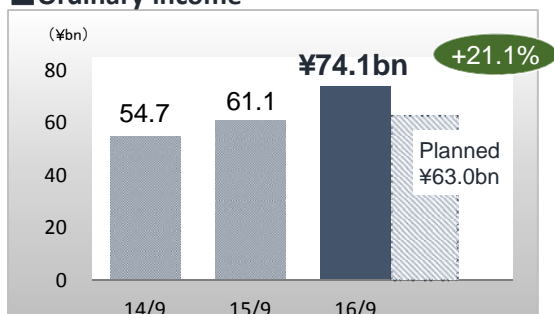
■ Net Sales



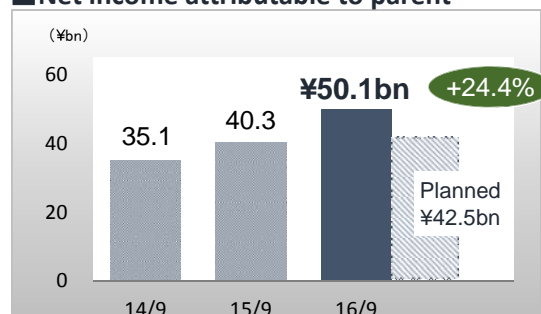
■ Operating income



■ Ordinary income



■ Net income attributable to parent*



Profit & Loss②

—Factors of fluctuation in operating income<comparison with the original plan

●The reasons why operating income exceeded the original plan (+¥10.9bn)

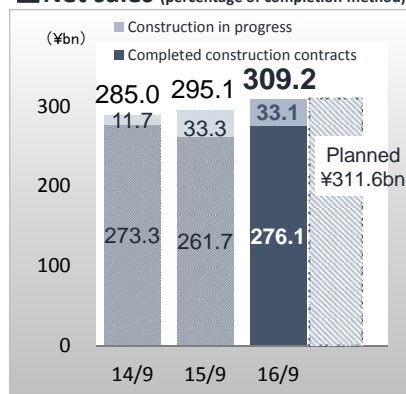
Details	Reasons
Gross profit of completed construction contracts <about ¥4.6bn>	<ul style="list-style-type: none"> •Improvement of gross profit margin rate (plan 30.0% → achievement 31.7%) <p>+¥4.6bn</p>
Gross profit of real estate business <about ¥1.5bn>	<ul style="list-style-type: none"> •Increase income of whole-building leases business •Increase restoration to original condition and repairing construction •Increase income of solar power generation •Increase income of Housecom Co., Ltd. <p>+¥0.7bn +¥0.4bn +¥0.3bn +¥0.1bn</p>
Gross profit of other businesses <about ¥0.5bn>	<ul style="list-style-type: none"> •Increase income of Care Partner Co., Ltd. •Increase income of Gaspal Co., Ltd. <p>+¥0.3bn +¥0.2bn</p>
SG&A expenses <about △¥4.3bn>	<ul style="list-style-type: none"> •Unachieved plan of human personnel •Restraint of budgets for broadcasting TV commercial and advertising expenses •Postponing development cost things like Information System until the second half of the fiscal year. <p>+¥1.7bn +¥1.0bn +¥1.6bn</p>

Profit & Loss (Construction Businesses)

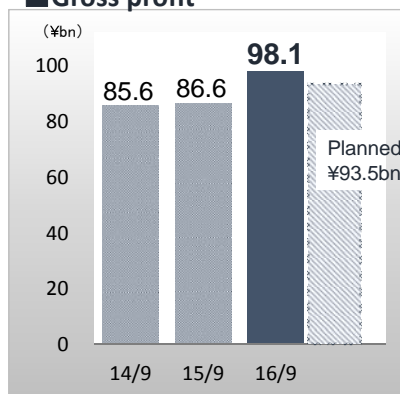
(¥bn)

	2015/9	2016/9	(Y on Y)
Net sales	295.1	309.2	(+4.8%)
Gross profit	86.6	98.1	(+13.3%)
Operating income	45.4	55.4	(+22.0%)

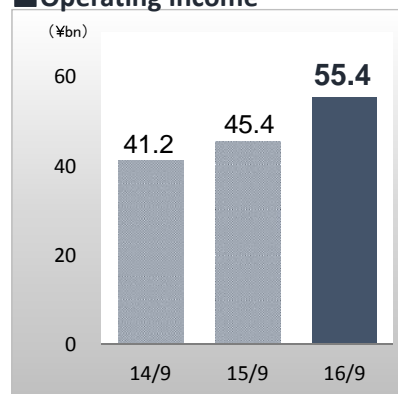
■ Net sales (percentage of completion method)



■ Gross profit



■ Operating income



PL

Construction Segment ②

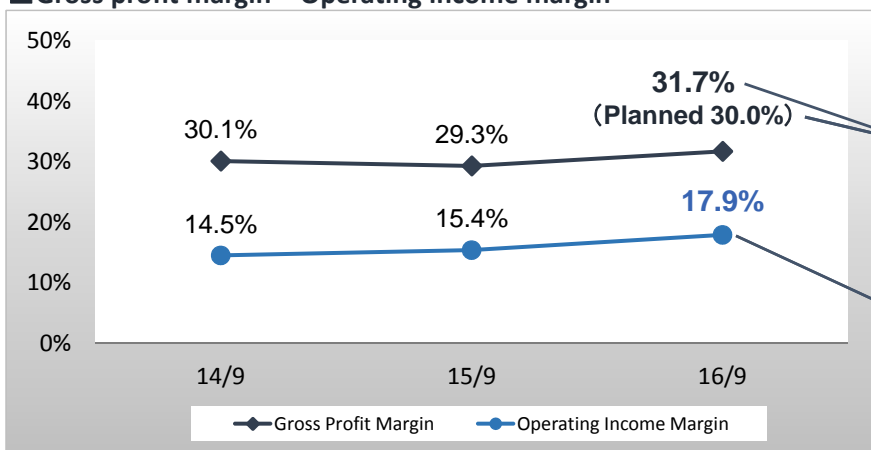
Profit & Loss (Construction Business)

	2015/9	2016/9	(YoY)
Gross profit margin	29.3%	31.7%	(+2.4p)
Operating income margin	15.4%	17.9%	(+2.5p)

Major breakdown of variance from previous FY (+2.4p)

- ① Effective from raise of price +0.9p
- ② Labor cost +0.9p
- ③ Material cost +0.5p
- ④ Exchange +0.1p

Gross profit margin • Operating income margin



Major breakdown of variance from original plan (+1.7p)

- ① Effective from raise of price ±0.0p
- ② Labor cost +1.6p
- ③ Material cost +0.1p
- ④ Exchange ±0.0p

Improvement of the operating income margin improvement by the expenses restraint, etc.

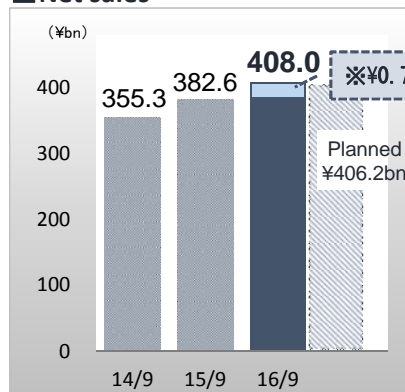
PL

Real Estate Segment ①

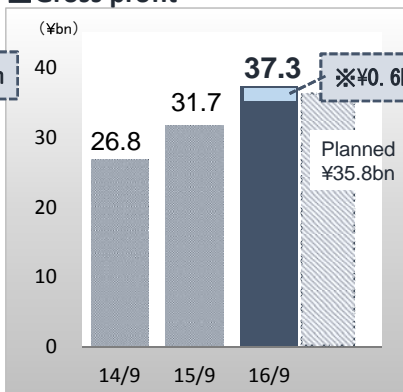
Profit & Loss (Real Estate Business)

	2015/9	2016/9	(YoY)
Net sales	382.6	408.0	(+6.6%)
Gross profit	31.7	37.3	(+17.5%)
Operating income	13.8	18.3	(+32.8%)

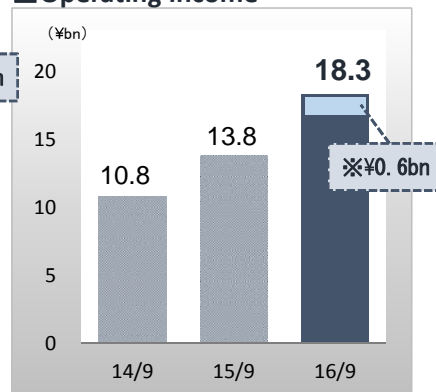
Net sales



Gross profit



Operating income



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

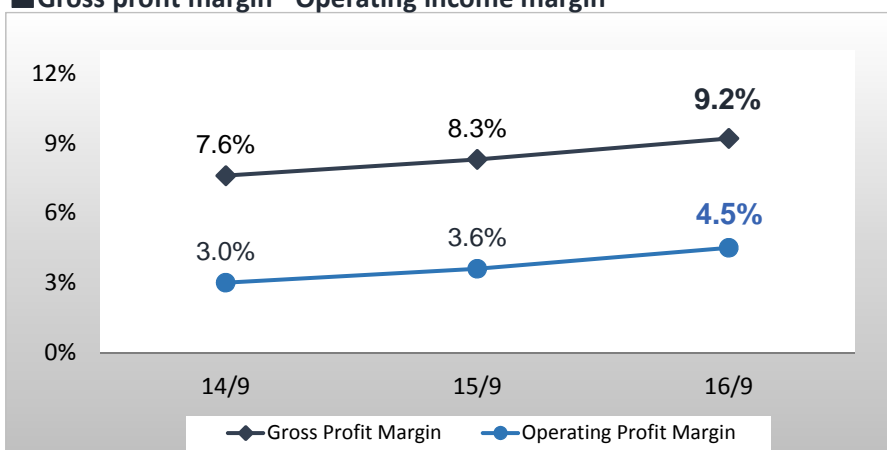
PL

Real Estate Segment ②

Profit & Loss (Real Estate Business)

	2015/9	2016/9	(YoY)
Gross profit margin	8.3%	9.2%	(+0.9p)
Operating income margin	3.6%	4.5%	(+0.9p)

Gross profit margin • Operating income margin



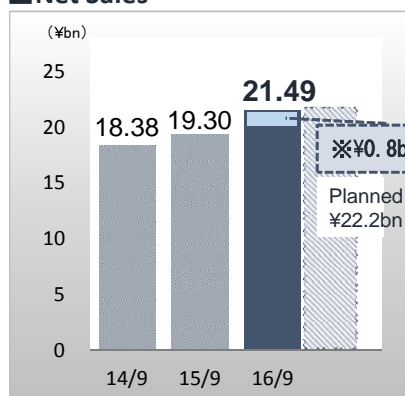
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Other Segment

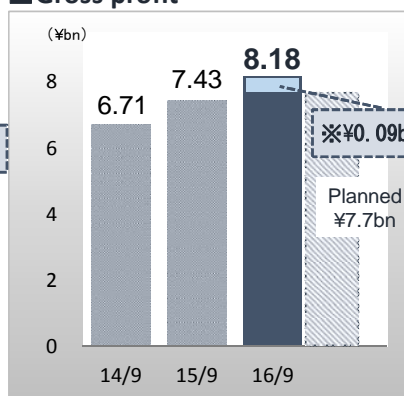
Profit & Loss (Other Businesses)

	2015/9	2016/9	(YoY)
Net sales	19.30	21.49	(+11.3%)
Gross profit	7.43	8.18	(+10.0%)
Operating income	4.28	4.23	(△1.1%)

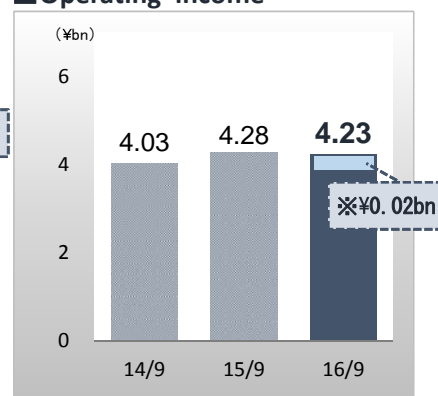
Net Sales



Gross profit



Operating income

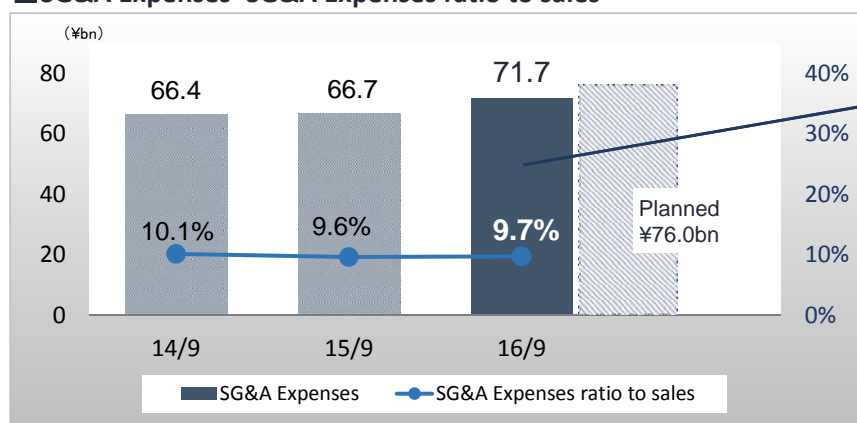


※Increment associated with changing of a settlement term, from Feb. to Mar., Care Partner Co., Ltd.

	2015/9	2016/9	(YoY)
SG&A Expenses	66.7	71.7	(+7.5%)
SG&A Expenses ratio to sales	9.6%	9.7%	[+0.1p]

[] : Variance from previous same period

■ SG&A Expenses • SG&A Expenses ratio to sales

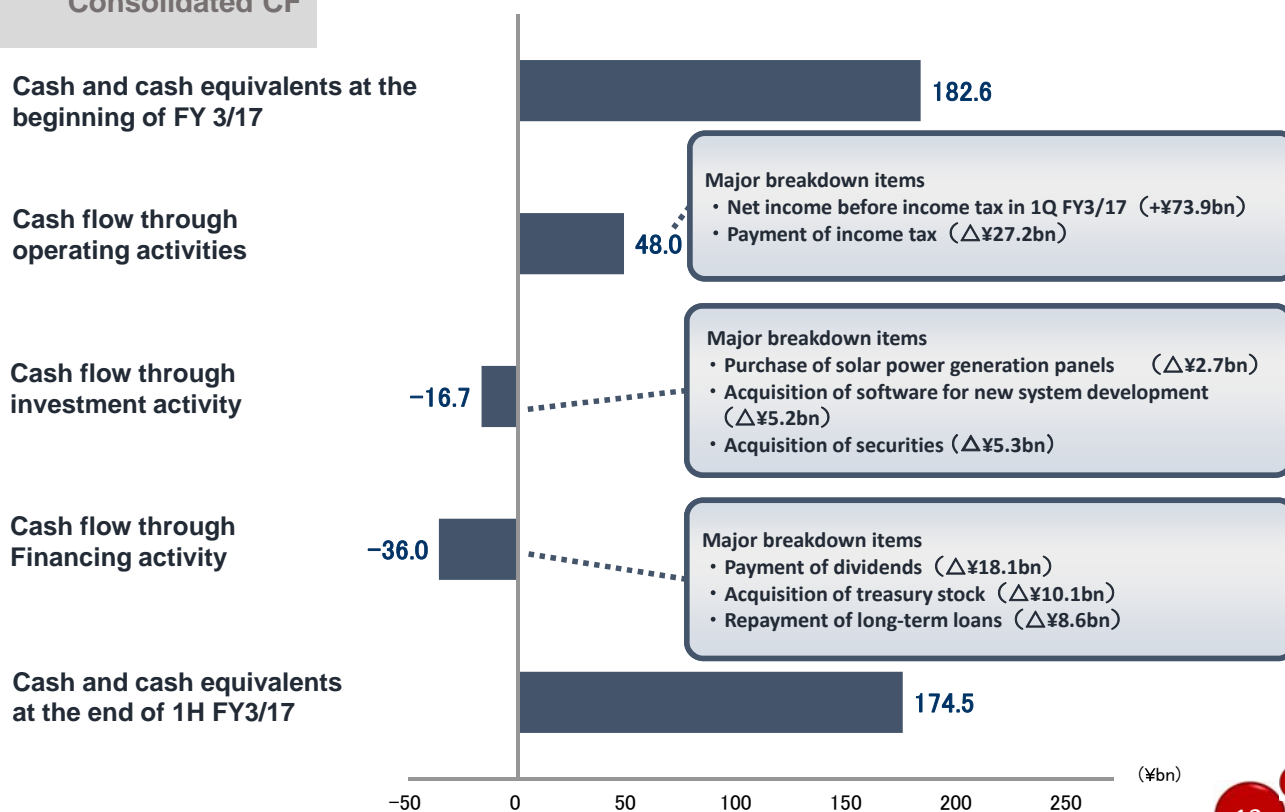


Major breakdown of variance from previous FY (¥5.0bn)

- ① Labor cost +¥3.3bn
- ② Advertising & General Publicity expenses +¥0.5bn
- ③ Other +¥1.2bn

(¥bn)

2015/9				2016/3				2016/9			
Current Asset	470.9	Current Liability	250.9	Current Asset	479.6 (+8.7)	Current Liability	281.8 (+30.9)	Current Asset	480.7 (+1.1)	Current Liability	278.9 (Δ2.9)
		Fixed Liability	191.1			Fixed Liability	198.1 (+7.0)			Fixed Liability	192.1 (Δ6.0)
Fixed Asset	223.9	Total Liability	442.1	Fixed Asset	248.9 (+25.0)	Total Liability	480.0 (+37.9)	Fixed Asset	255.6 (+6.7)	Total Liability	471.1 (Δ8.9)
		Net Asset	252.7			Net Asset	248.5 (Δ4.2)			Total Asset	265.1 (+16.6)
Total	694.9	Total	694.9	Total	728.5 (+33.6)	Total	728.5	Total	736.3 (+7.8)	Total	736.3
Equity ratio 36.7%				Equity ratio 34.3%				Equity ratio 36.1%			
BPS ¥3,274.84				BPS ¥3,243.97				BPS ¥3,475.87			
EPS ¥515.19				EPS ¥863.11				EPS ¥652.75			



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II. Key Figures

Item related to orders received

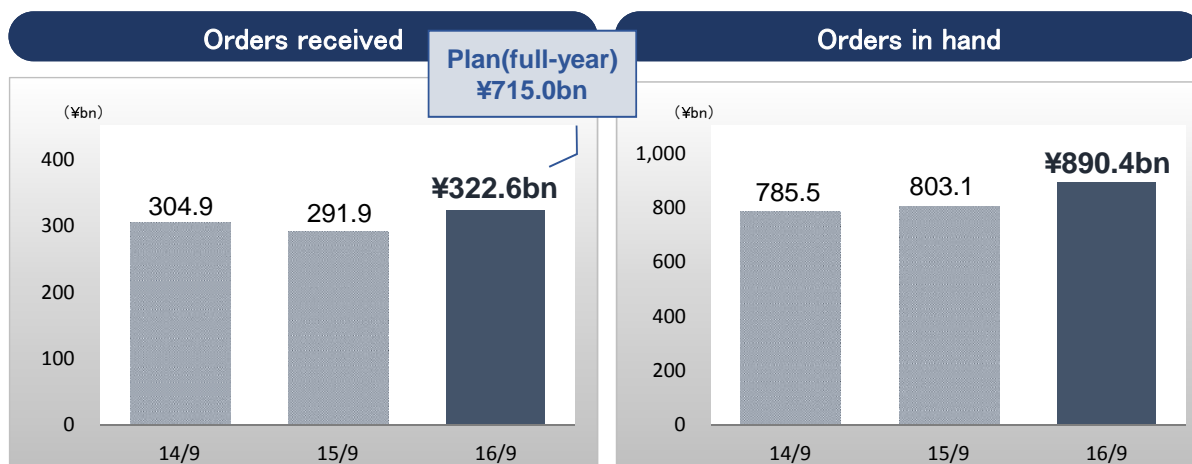
Orders received & Orders in hand

Orders received and Orders in hand (Year on Year)

◆Orders received **¥322.6bn (+10.5% YoY)**

◆Orders in hand **¥890.4bn (+10.9% YoY)**

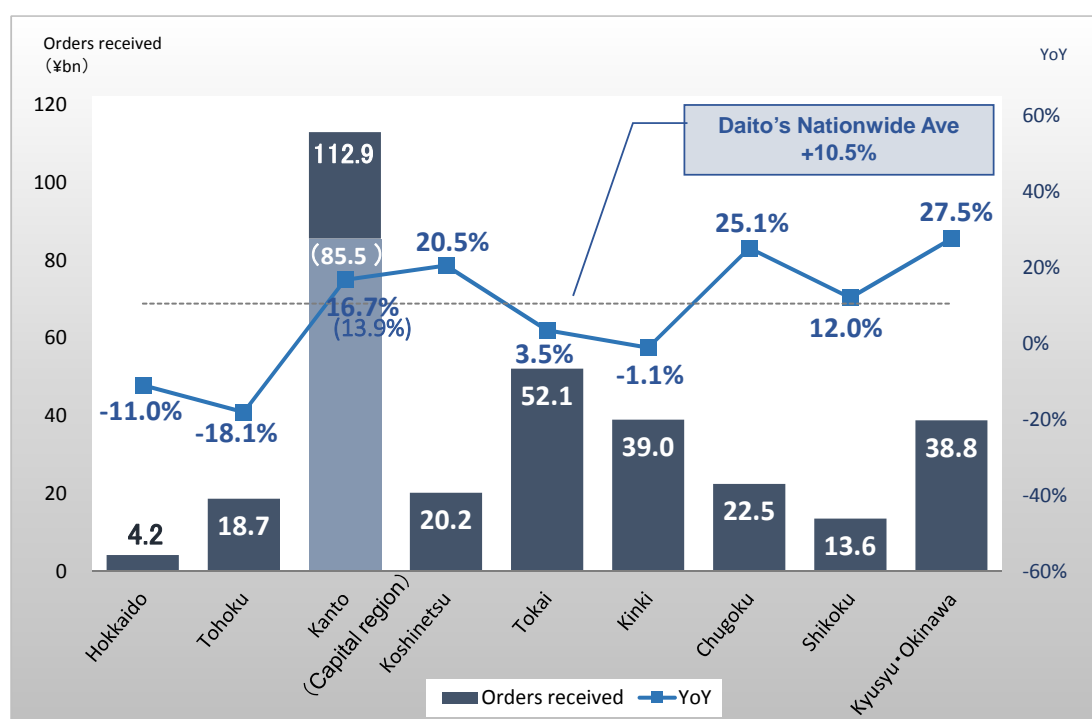
◆Value of order received (full-year) **¥715.0bn (+ 3.2% YoY)**



Item related to orders received

Orders received in region

Orders received in region



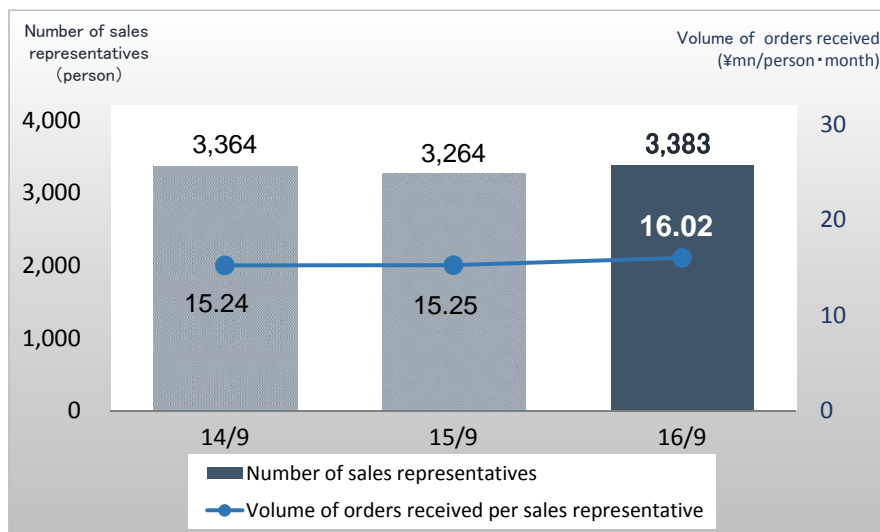
Item related to orders received

Efficiency in acceptance of order

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

◆Sales representatives <end of 9/16> 3,383 (+119YoY)

◆Orders received per sales rep ¥16.02mn/m (+¥0.77 mn YoY)



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Item related to orders received

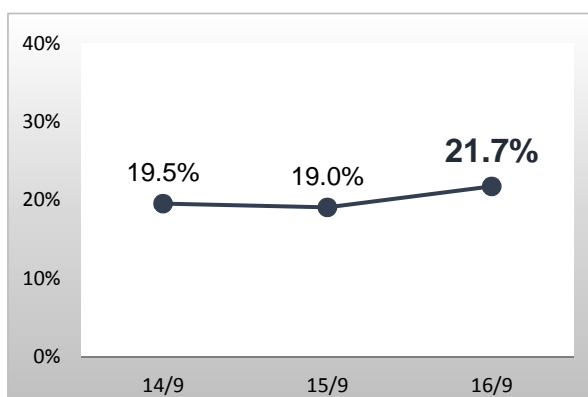
Index ①

Transition of mid-rise ratio and rebuild ratio (YoY)

◆Mid-rise ratio 21.7% (+2.7p YoY)

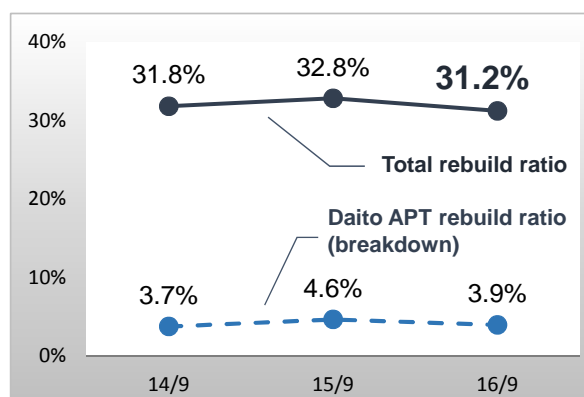
◆Rebuild ratio 31.2% (Δ1.6p YoY)

Mid-rise ratio ※1



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

Rebuild ratio ※2



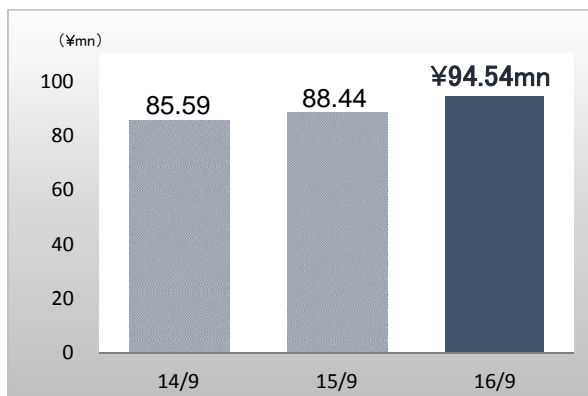
※2 Rebuild ratio =
Orders received by rebuild / Total orders received

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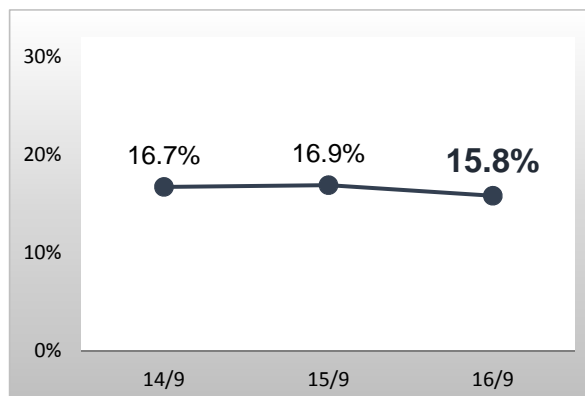
◆Average unit price of order received **¥94.54mn (+¥6.1mnYoY)**◆Cancellation ratio **15.8% (Δ1.1p YoY)**

Average price of order received ※1



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

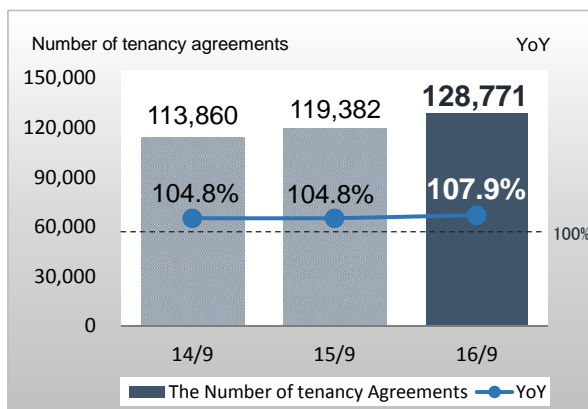
Cancellation ratio ※2



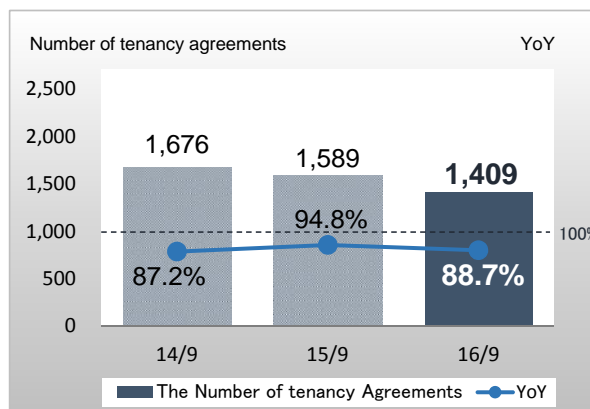
※2 Cancellation ratio = the amount of cancellation
/ the amount of new order received
Order received = the amount of new order received
- the amount of cancellation

◆The number of tenancy agreements **130,180 (+7.6% YoY)**●Residential use **128,771 (+7.9% YoY)**●Commercial use **1,409 (Δ11.3% YoY)**◆Tenant recruitment planning (full-year) **284,000 (+6.3% YoY)**

Residential use



Commercial use



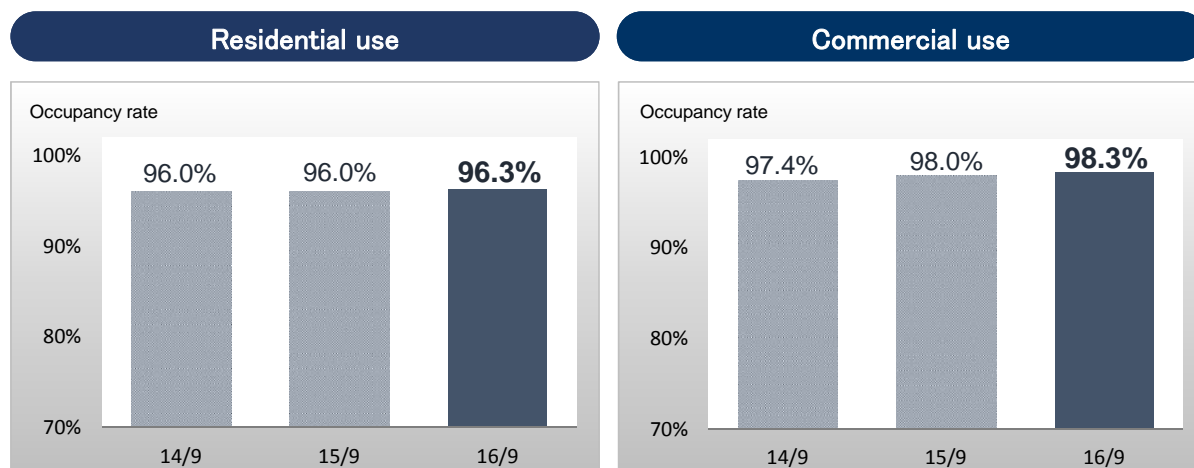
Item related to
tenancy agreement

Occupancy ratio

Rent basis occupancy rate (Year on Year)

◆Residential use 96.3% (+0.3p YoY)

◆Commercial use 98.3% (+0.3p YoY)



※Rent basis occupancy rate = $1 - (\text{rent guarantee for vacant rooms} / \text{total rent})$

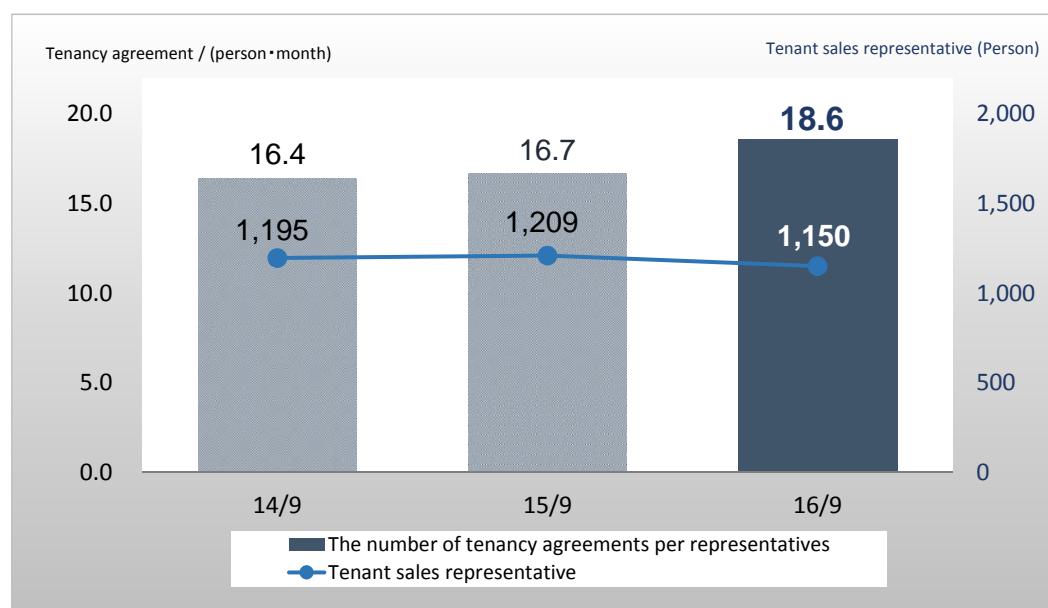
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Item related to
tenancy agreement

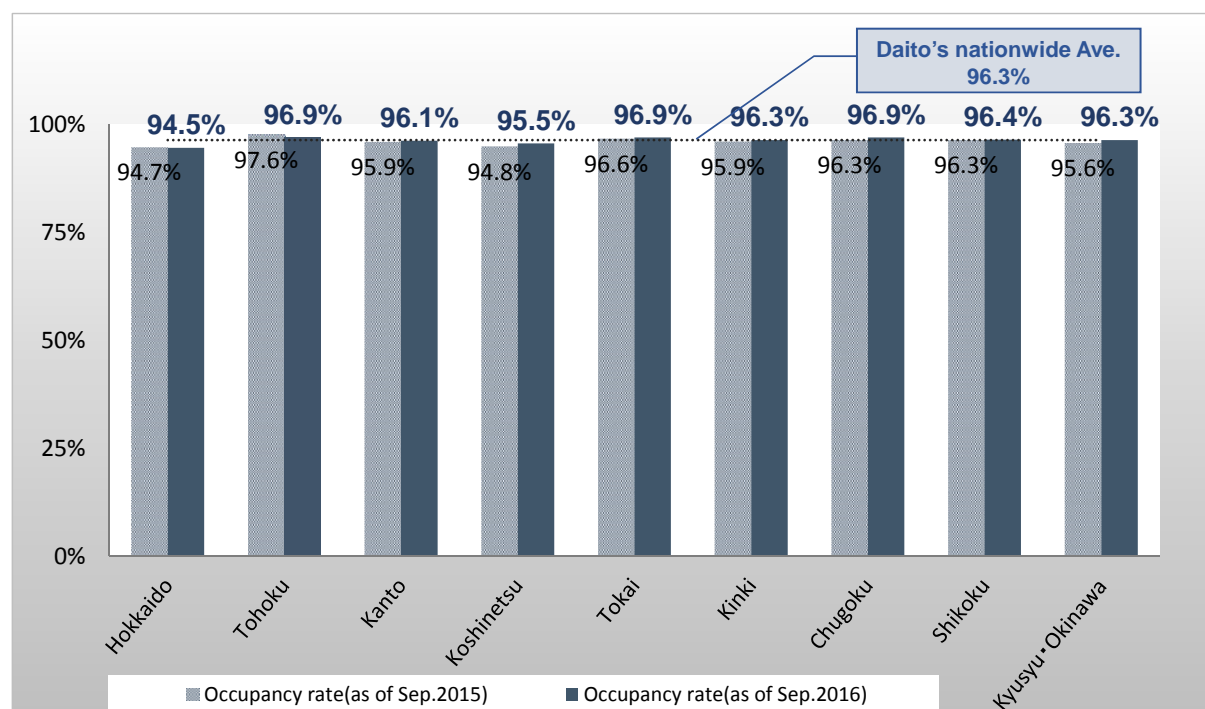
Efficiency of
Tenancy agreements

Transition of number of tenancy agreements per representatives



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III. Financial Forecasts

Financial Forecast

Consolidated PL

Profit & Loss Forecast

Business Performance Forecast is revised upward on October 17

(¥mn)

	Planned	Revision	Published value difference
Net sales	1,498,000	1,498,000	±0
Construction	623,000	623,000	±0
Real Estate	825,700	825,700	±0
Other	49,300	49,300	±0
Gross Profit	274,900	284,700	+9,800
Construction	186,900	195,700	+8,800
Real Estate	70,400	71,100	+700
Other	17,600	17,900	+300
SG&A expenses	167,900	166,700	△1,200
Operating income	107,000	118,000	+11,000
Ordinary income	111,000	122,000	+11,000
Net income※	74,500	82,100	+7,600
Net income per share (JPY)	953.97	1,051.29	+97.32
Annual dividend (JPY)	477	526	+49

▪ **Construction Business ¥8.8bn**
Gross profit margin for completed construction contracts 30.0% → 31.4%

▪ **Real Estate Business ¥0.7bn**
Improvement of Whole-Building Leases Business

▪ **Other Businesses ¥0.3bn**
Revision to business performance forecast of Care Partner Co., Ltd.

▪ **SG&A △¥1.2bn**
Unachieved plan of personnel ▲¥1.7bn
Increase in expenses of bonus, etc. +¥0.5bn

※Profit attributable to owners of the parent

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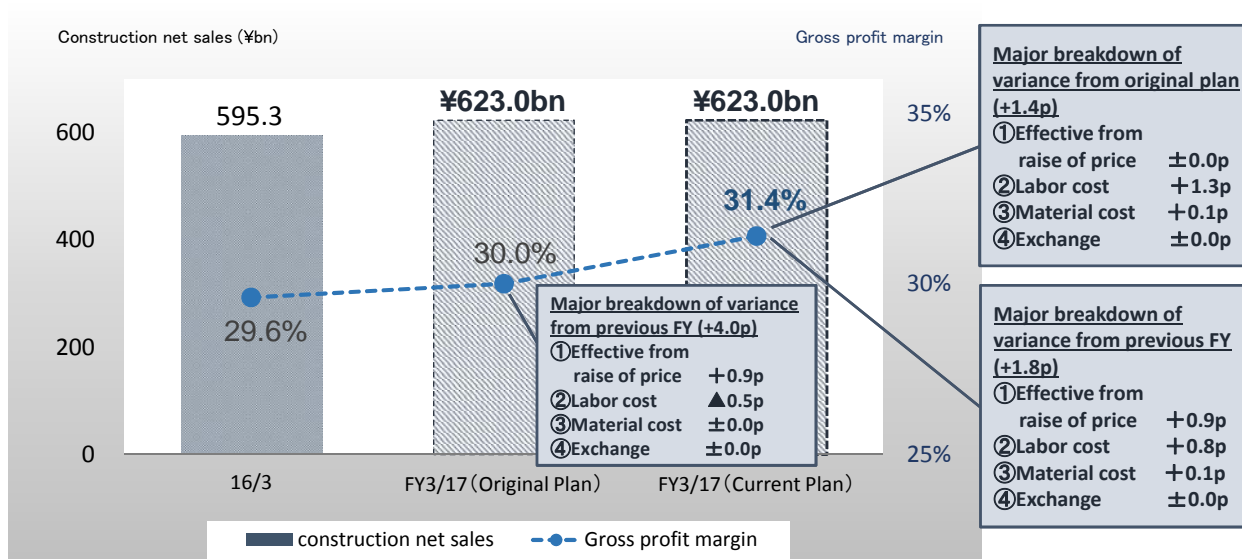
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Financial Forecast

Construction Segment

Profit & Loss Forecast

◆ plan of construction net sales <FY 3/17> ¥623.0bn (+4.6%YoY)



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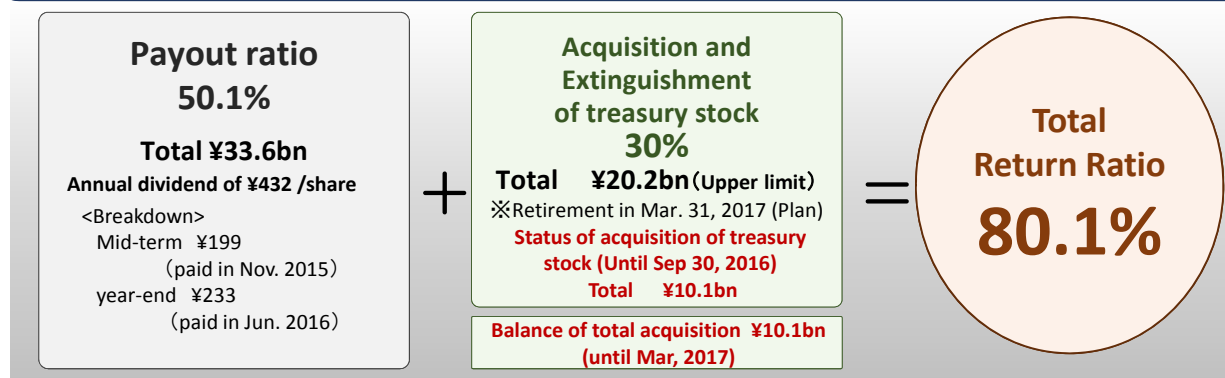
IV. Shareholders return

Shareholders return

Result & Plan

Result of dividend and acquisition of treasury stock

Return to shareholders of FY 2016/3



Return to shareholders of FY 2017/3

● Mid-term dividend	¥238 (+¥39 YoY) <paid in Nov 17>
● Annual dividend <plan>	¥526 (+¥94 YoY) (+¥49 comparison with original plan)

V. Appendix

Non-consolidated statement of income<3/2017>

(¥mn)

	15/9	16/9	YoY	Plan (full-year) (Published Value difference)
Net Sales	305,593	320,109	+4.8%	645,600
Construction	295,278	309,318	+4.8%	623,000
Real estate & Others	10,314	10,790	+4.6%	22,600
Gross profit	86,754	99,058	+14.2%	198,200 (+8,900)
Construction	86,259	97,640	+13.2%	195,200 (+8,900)
Real estate & Others	494	1,418	+186.6%	3,000
SG&A expenses	53,611	56,638	+5.6%	134,100 (Δ1,200)
Operating income	33,143	42,420	+28.0%	64,100 (+10,100)
Ordinary income	56,931	56,559	Δ0.7%	81,600 (+10,100)
Net income	44,677	42,147	Δ5.7%	58,700 (+6,700)

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

(¥ mn)

	Construction business							
	Daito Construction				Daito Steel			
	15/9	16/9	YoY	Plan (full-year)	15/9	16/9	YoY	Plan (full-year)
Net sales	3,553	2,434	△31.5%	6,500	2,188	2,270	+3.8%	4,730
Gross profit	158	47	△70.1%	165	118	116	△1.9%	251
SG&A expenses	45	41	△9.9%	105	38	36	△6.7%	74
Operating income	113	6	△94.4%	60	79	79	+0.5%	177
Ordinary income	148	27	△81.6%	120	79	80	+1.0%	178
Net income	101	105	+4.2%	80	52	53	+0.9%	115

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Sales structure of Real estate business <3/2017>

(¥mn)

	14/9		15/9		16/9		
	Amount	(Ratio)	Amount	(ratio)	Amount	(Ratio)	YoY
Whole-building leases ¹	327,379	(92.2%)	349,659	(91.4%)	372,623	(91.3%)	+6.6%
Building and repairs ²	14,938	(4.2%)	15,817	(4.1%)	14,047	(3.4%)	△11.2%
Brokerage of real estate	6,700	(1.9%)	7,221	(1.9%)	8,055	(2.0%)	+11.5%
Rent Guarantee business	1,522	(0.4%)	2,974	(0.8%)	4,845	(1.2%)	+62.9%
Electricity Business	1,106	(0.3%)	2,154	(0.6%)	3,498	(0.9%)	+62.4%
Leasing Business ³	2,931	(0.8%)	3,001	(0.8%)	3,133	(0.8%)	+4.4%
Others	722	(0.2%)	1,856	(0.4%)	1,878	(0.4%)	+1.2%
Total	355,300	(100.0%)	382,685	(100.0%)	408,083	(100.0%)	+6.6%

※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			
	15/9	16/9	YoY	Plan (full-year)	15/9	16/9	YoY	Plan (full-year)	15/9	16/9	YoY	Plan (full-year)
Net sales	369,964	392,840	+6.2%	794,113	4,248	4,617	+8.7%	9,966	2,974	4,845	+62.9%	9,525
Gross profit	27,361	29,936	+9.4%	738,082	4,202	4,539	+8.0%	9,966	2,763	4,536	+64.2%	8,835
SG&A expenses	7,122	8,102	+13.8%	17,931	4,012	4,308	+5.8%	8,925	404	469	+16.1%	1,219
Operating income	20,239	21,833	+7.9%	38,100	190	308	+55.1%	854	2,359	4,067	+72.4%	7,616
Ordinary income	20,647	24,970	+20.9%	41,686	194	305	+52.8%	1,096	2,365	4,074	+72.3%	7,628
Net income	13,728	17,745	+29.3%	29,196	108	194	+73.0%	665	1,476	2,719	+84.1%	5,068

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

(¥ mn)

	other businesses(Financial business)											
	Daito Finance				D.T.C				House Guard			
	15/9	16/9	YoY	Plan (full-year)	15/9	16/9	YoY	Plan (full-year)	15/9	16/9	YoY	Plan (full-year)
Net sales	639	682	+6.8%	1,336	1,717	1,380	△19.6%	3,183	108	922	+749.1%	1,862
Gross profit	475	532	+11.8%	1,029	708	526	△25.6%	1,270	49	327	+514.5%	781
SG&A expenses	59	73	+24.4%	171	8	6	△25.9%	16	142	327	+129.4%	648
Operating income	416	458	+10.0%	858	699	520	△25.6%	1,254	△93	0	—	133
Ordinary income	416	458	+10.1%	858	704	529	△24.9%	1,261	△93	0	—	133
Net income	268	316	+17.9%	587	704	529	△24.9%	1,261	△93	△0	—	86

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

(¥ mn)

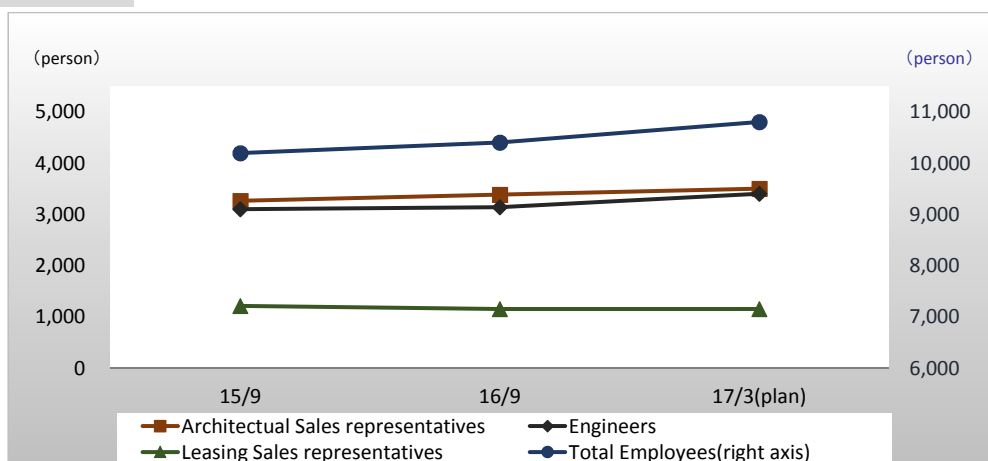
	Other businesses(Care Business・Gas Supply Business)							
	Care Partner				Gaspal ※Consolidated financial statements of Gaspal Group in this FY.			
	15/9	16/9	YoY	Plan (full-year)	15/9	16/9	YoY	Plan (full-year)
Net sales	4,855	6,165	+27.0%	11,317	11,484	10,737	△6.5%	23,784
Gross profit	569	848	+49.1%	1,386	4,080	4,378	+7.3%	9,813
SG&A expenses	390	474	+21.3%	895	2,674	2,918	+9.1%	6,095
Operating income	178	374	+109.8%	491	1,406	1,457	+3.6%	3,718
Ordinary income	186	375	+101.4%	492	1,419	1,452	+2.3%	3,567
Net income	140	222	+58.6%	300	940	967	+2.8%	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			
	15/9	16/9	YoY	Plan (full-year)	15/9	16/9	YoY	Plan (full-year)
Net sales	1,411	1,227	△13.0%	2,770	1	448	—	4,622
Gross profit	689	560	△18.7%	1,174	1	76	—	456
SG&A expenses	515	463	△10.1%	996	5	285	—	132
Operating income	174	96	△44.4%	178	△3	△209	—	324
Ordinary income	△391	479	—	109	△3	△214	—	240
Net income	△391	479	—	80	△3	△215	—	155

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



	15/9	16/9	YoY	17/3(plan)
Total employees	10,191	10,400	+209	10,800
Architectural sales representatives	3,264	3,383	+119	3,500
Engineers	3,098	3,138	+40	3,400
Leasing sales representatives	1,209	1,150	△59	1,150

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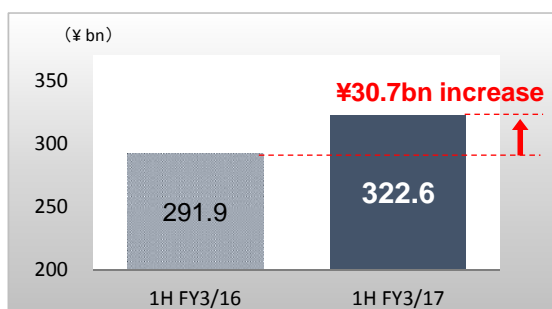
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1H FY3/17 Orders Comparison with last year 1H and 2H

Comparison with 1H FY3/16

¥30.7bn(Increase)

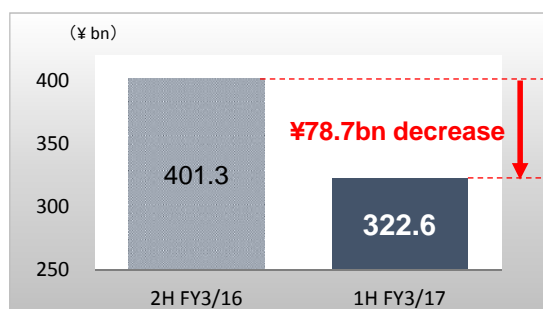
- ① Number of orders(projects) +9.9bn
(3,670 → 3,782projects)
- ② Per project price +23.0bn
(¥88.44mn → ¥94.54mn)
- ③ Cancellation △1.1bn
(16.9% → 15.8%)
- ④ Building & repairs △1.1bn
(¥26.5bn → ¥25.4bn)



Comparison with 2H FY3/16

¥78.7bn(decrease)

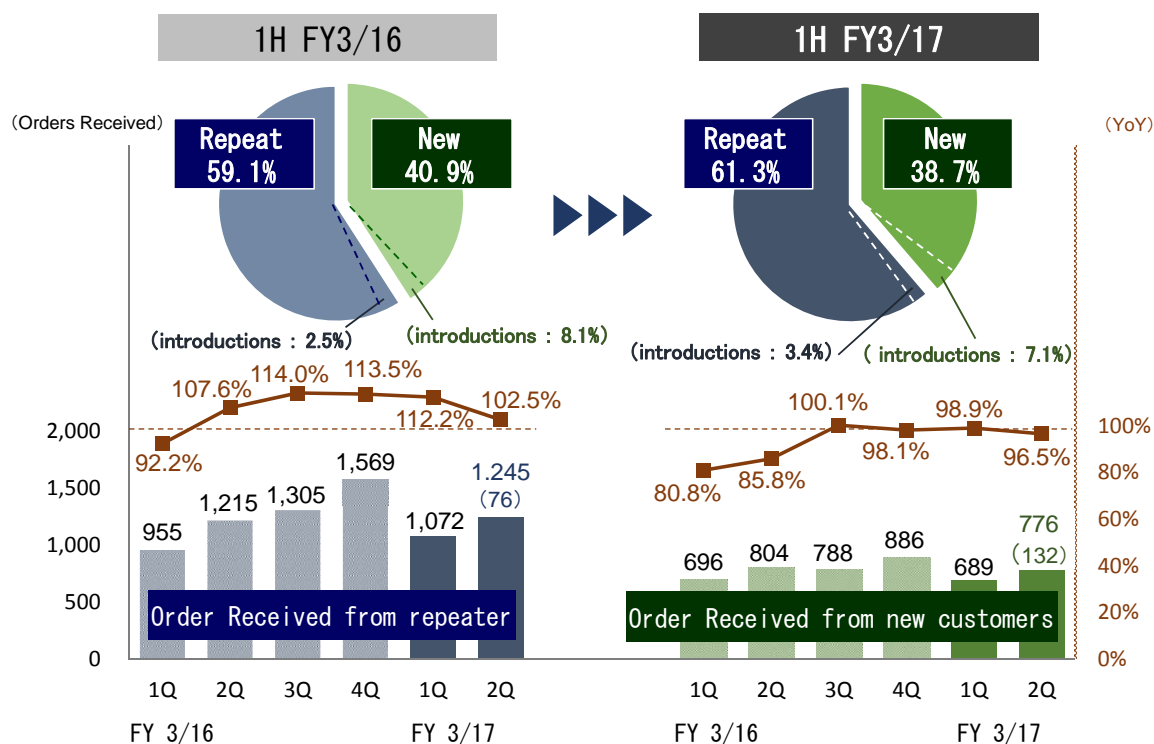
- ① Number of orders(projects) △73.8bn
(4,548 → 3,782projects)
- ② Per project price △6.7bn
(¥96.30mn → ¥94.54mn)
- ③ Cancellation +7.8bn
(14.5% → 15.8%)
- ④ Building & repairs △5.9bn
(¥31.3bn → ¥25.4bn)



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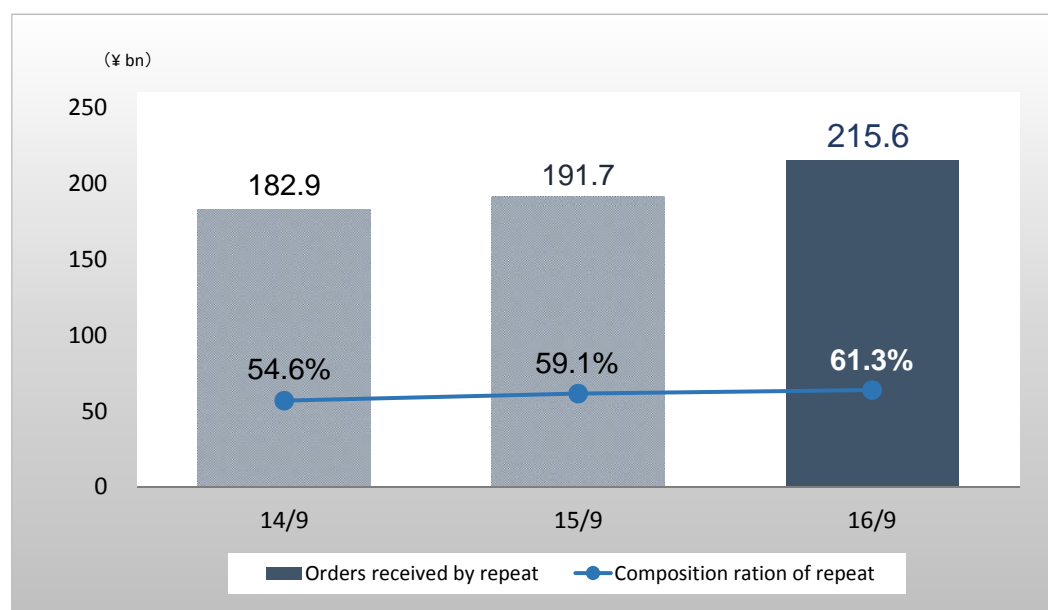
The number of orders received & channels (Year on year)



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Orders received by repeat

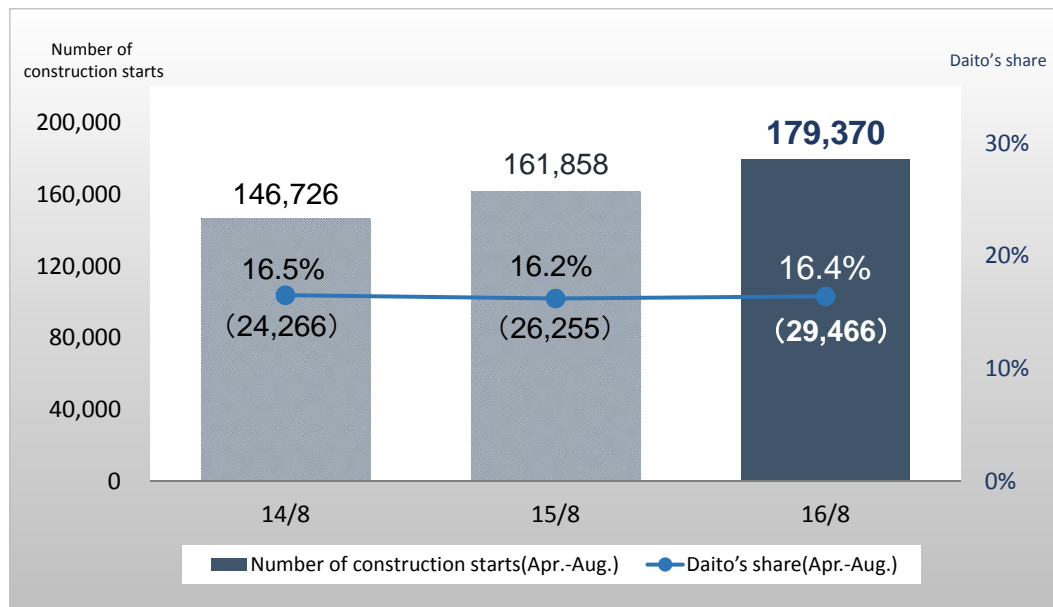


※Composition ratio of repeat = $\frac{\text{Number of orders received by repeat from existing customers}}{\text{Total number of orders received}}$

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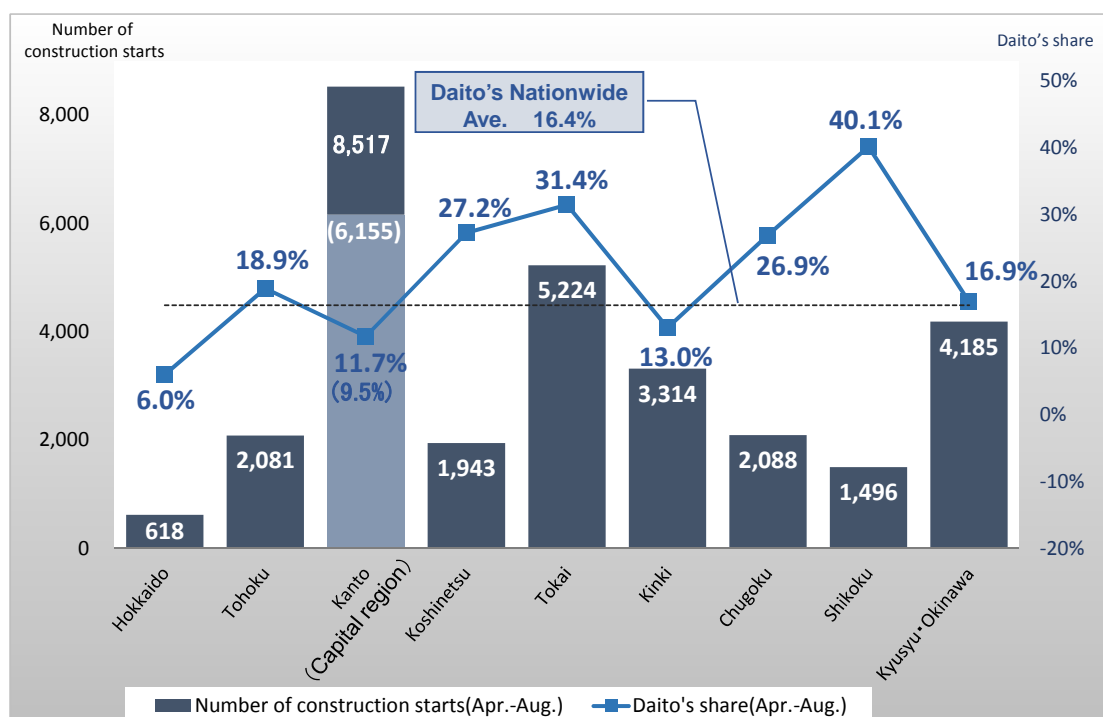
40

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

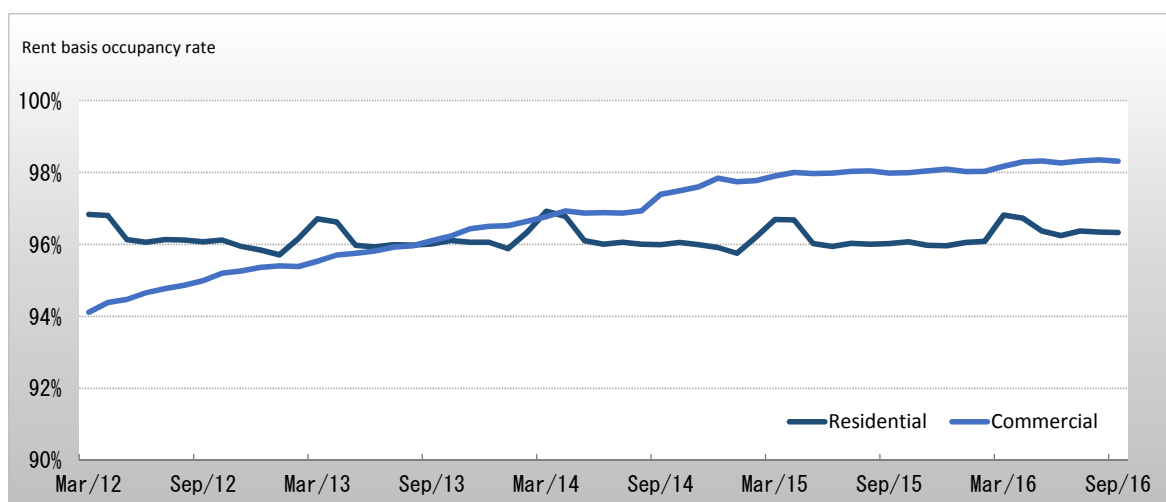


(Ministry of Land, Infrastructure, Transport and Tourism : "Housing and Land Survey")

Number of construction starts by area & Daito's share



Rent basis occupancy rate

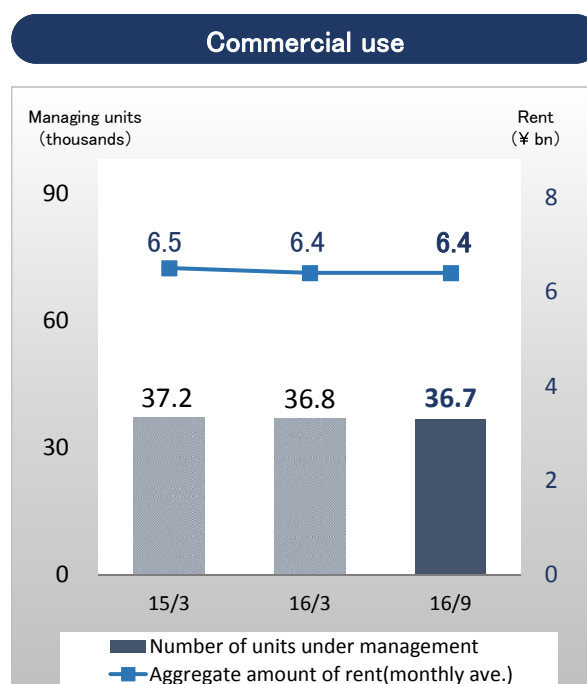
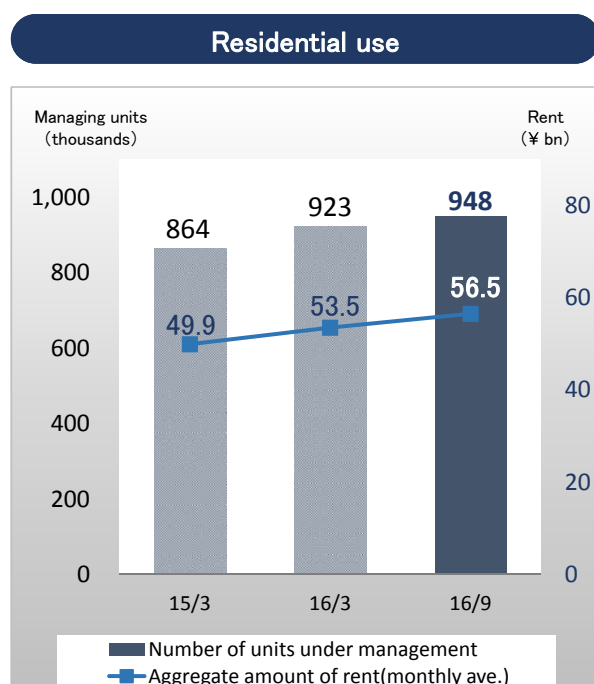


Rent basis occupancy rate	2012 (Sep.)	2013 (Sep.)	2014 (Sep.)	2015 (Sep.)	2016 (Sep.)	YoY
Residential use(%)	96.1%	96.0%	96.0%	96.0%	96.3%	+0.3p
Commercial use(%)	95.0%	96.1%	97.4%	98.0%	98.3%	+0.3p

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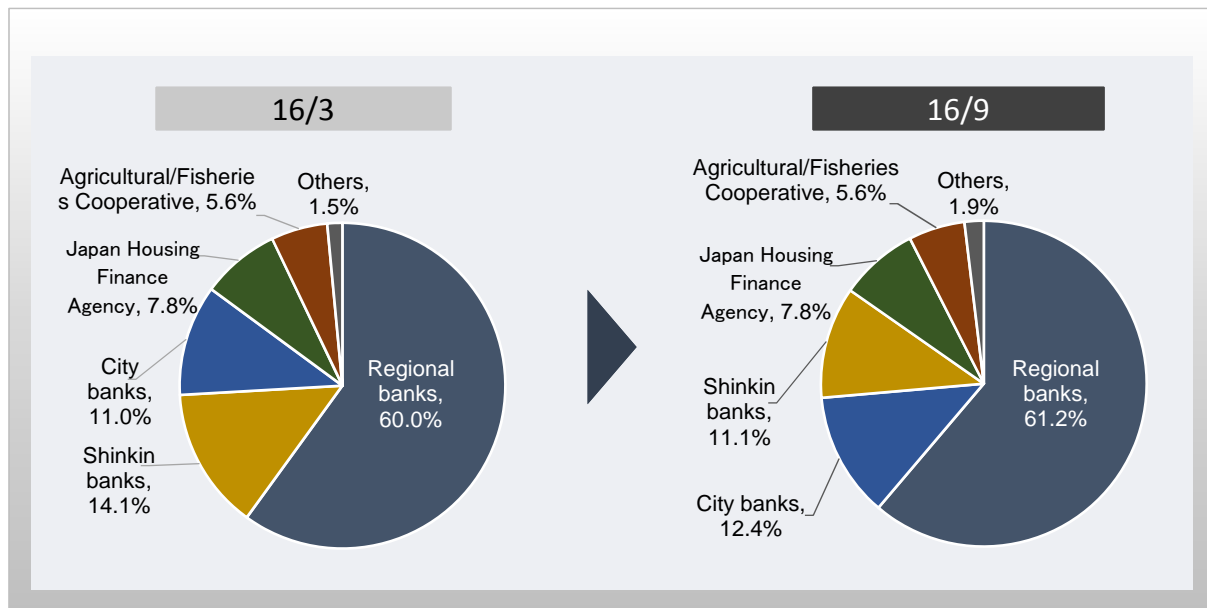
Number of units under management & aggregate amount of rent



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Shares of financial institutions (Construction starts basis)



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