

FY ended March 31, 2017
Q&A Summary on disclosure of settlement of accounts

About Orders received

Q1. Can you inform me of your company's policies for achieving business plan of orders received, the target is 683bn JPY for throughout FY ended March 31, 2018? (Presentation slides p27-29)

A1. The policies for achieving business plan of orders received are summarized into two parts as follows:
As the first policy, we intend to set up new branch according to the tenants' demand. We start 5 new branches and integrate 5 branches into neighboring branches.
As the second policy, we intend to acquire new customers and continuously hold orders from existing customers. We plan to increase the number and ability of sales representatives (3,500 at the end of Mar. 2018) in order to explore new customers.

Q2. Can you inform me of response to acquiring new customers and plan from now on? (Presentation slides p49, 50)

A2. There is no improving trend in orders yet because it requires longer time for acquiring orders from new customers. The number of potential customer is increasing, we consistently endeavor to acquire new customers.

About gross profit margin for completed construction contract

Q3. Your plan of gross profit margin for completed construction in current FY is 30.6% (▲ 1.1p YoY). Can you inform me of the reason? (Presentation slides p26)

A3. Major reason is that we are expecting increase of labor cost and material cost. We assume that our gross profit margin will decrease due to the increase of labor cost and material cost as construction work preparing for the Tokyo Olympic and Paralympic Games speeds up. Though the margin can improve in case there is less increase of labor cost than we estimated, we think our estimation is realistic considering that the construction of numerous Olympic Villages has started.

About Real Estate Business

Q4. I often hear media reports that concern about occupancy rate of rental housing units lately. Can you inform me of the situation of your company?(Presentation slides p.21-23)

A4. We have no qualms about the rate of rental housing units under management. Our occupancy rate of residential use units is 96.9% and commercial use units is 98.3%. Both of them are well and exceed sound level: 96.0% residential use and 94.0% commercial use. We prevent our occupancy rate from rapid worsening through supplying rental properties fitted to the demand, and also providing hard and soft service which meets needs of tenant.

Q5. Your company clearly distinguished tenant recruitment structure between recruitment by Daito itself: B to C and recruitment consigning to other companies: B to B. I would like to know the objective. (Presentation slides p.32-33)

A5. The purpose of it is to pursue high efficiency by increasing the mobility and soundness of our real-estate brokerage business. Sales representatives for tenant recruitment by Daito itself moved to Daito Kentaku Leasing Co., Ltd. On the other hand, sales representatives for tenant recruitment consigning to other companies joined up with Rent Appraisal Department of Daito Kentaku Partners Co., Ltd. Both companies will develop each sales activity with higher efficiency.

About Mid-Term Management Plan

Q6. According to your Mid-Term Management Plan, your share of rental housing construction starts plan to increase from the bottom rate in previous FY. I would like to know what the prospect.

A6. We think today's market requires not only supply of rental properties but also provision of total asset management service including support of inheritance from current land owner to his heirs. On the assumption that rental housing construction starts maintains certain number, we plan to increase our share within it through the stable supply of rental properties.

About Other Businesses

Q7. I often hear reports about excessive apartment loan and forecast of stricter regulation on it. Can you inform me of the effect on your business environment? (Presentation slides p.30)

A7. Attitude of financial institutions has not changed at all. We rather welcome stricter regulation on rental housing business as it will make the market healthier. It does not affect apartment management service we offer.

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