



DAITO TRUST CONSTRUCTION CO., LTD.

Report on Settlement of 3Q of FY ending in March 31, 2018

3Q Financial Highlights, Year ending in March 31, 2018

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I. Results in 3Q of FY ending in March 2018

PL

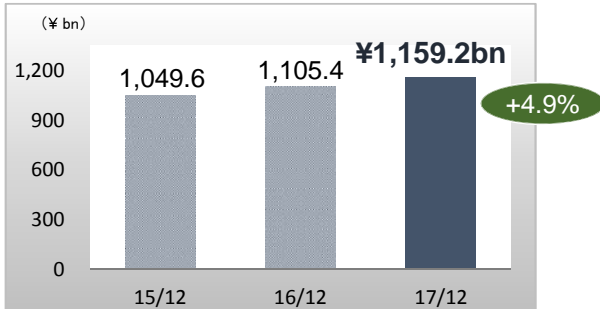
Profit & Loss highlights

Consolidated PL

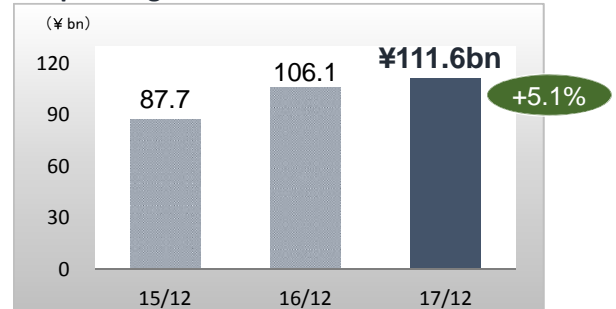
Sales and each profit set a new record

● :YoY

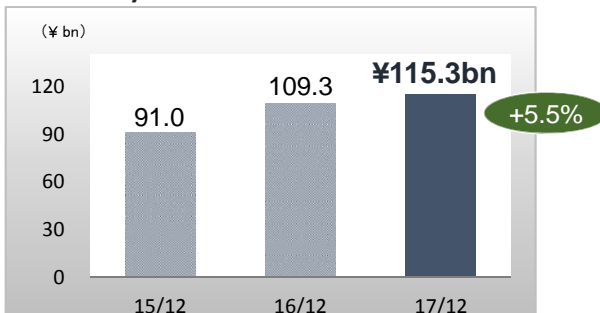
Net Sales



Operating income



Ordinary income



Net income attributable to parent



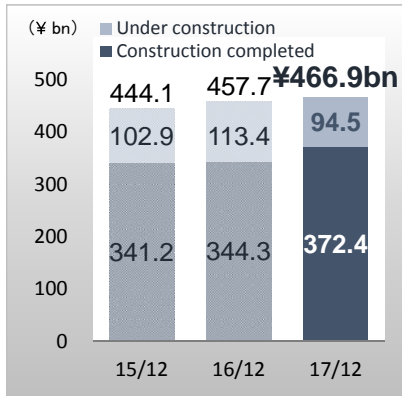
PL

Construction segment①

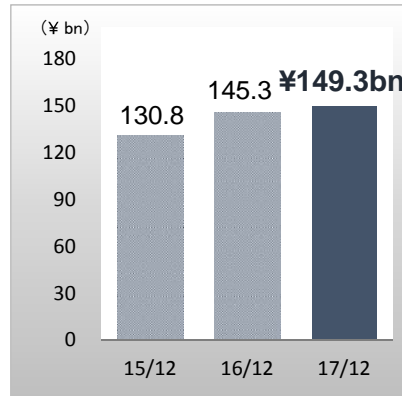
Profit & Loss by segment (Construction business)

	2016/12	2017/12	(YoY)
Net sales	457.7	466.9	(+2.0%)
Gross profit	145.3	149.3	(+2.7%)
Operating income	82.2	84.0	(+2.2%)

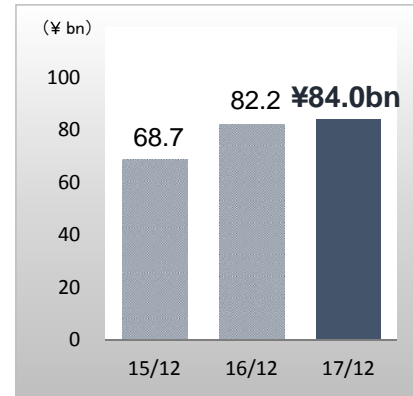
■ Net sales (Percentage of completion method)



■ Gross profit



■ Operating income



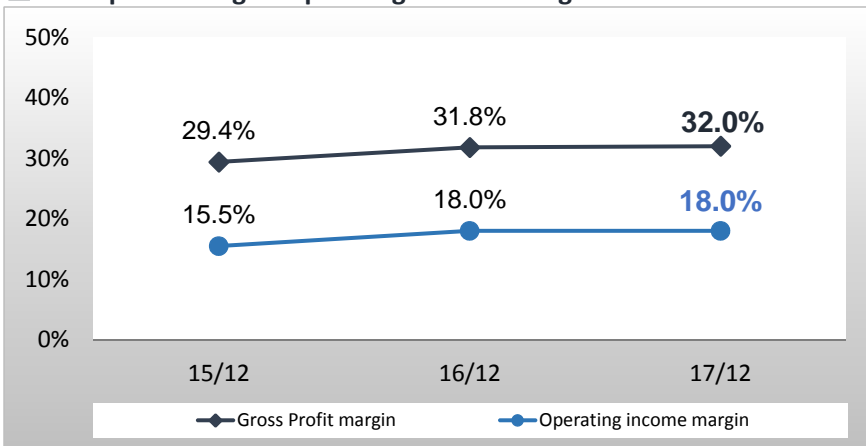
PL

Construction segment②

Profit & Loss by segment (Construction business)

	2016/12	2017/12	(YoY)
Gross profit margin	31.8%	32.0%	(+0.2p)
Operating Income margin	18.0%	18.0%	(±0.0p)

■ Gross profit margin • Operating income margin



Major breakdown of the variance (+0.2p)

- ① Recognition of deferred income (sold loans receivable) +0.6p
- ② Labor cost Δ0.2p
- ③ Material cost Δ0.1p
- ④ Exchange Δ0.1p

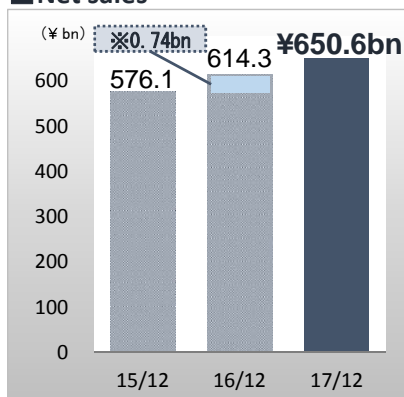
PL

Real estate segment①

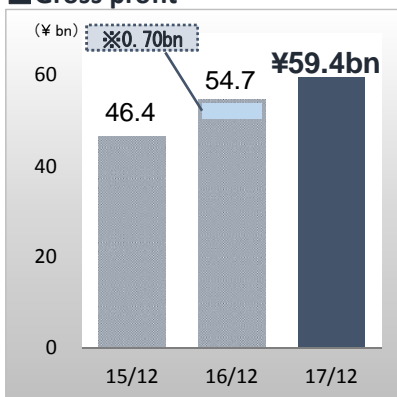
Profit & Loss by segment
(Real estate business)

	2016/12	2017/12	(YoY)
Net sales	614.3	650.6	(+5.9%)
Gross profit	54.7	59.4	(+8.5%)
Operating income	26.7	28.9	(+8.2%)

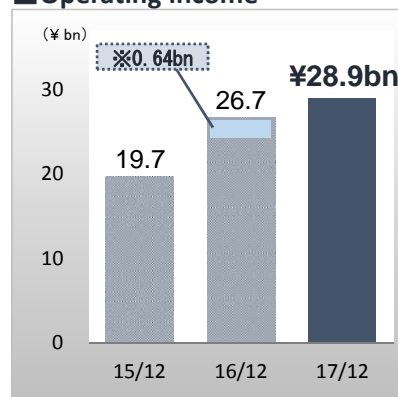
Net sales



Gross profit



Operating income



※ Increase due to the change of accounting period of House Leave Co., Ltd. (from Feb. to Mar.)

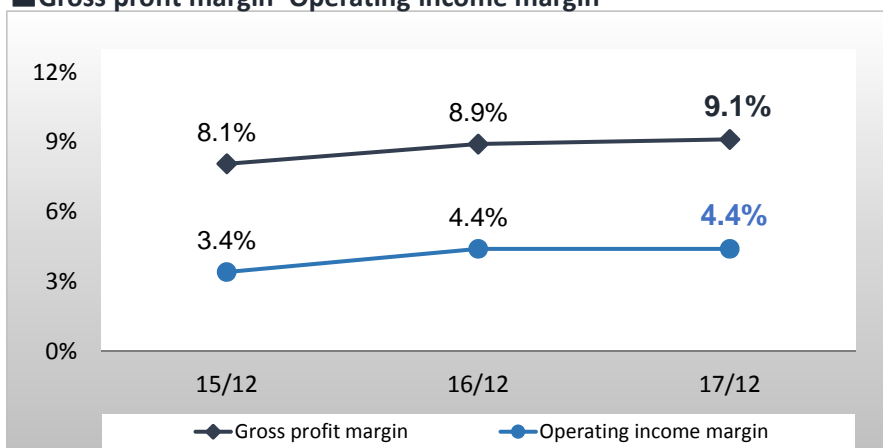
PL

Real estate segment②

Profit & loss by segment
(Real estate business)

	2016/12	2017/12	(YoY)
Gross profit margin	8.9%	9.1%	(+0.2p)
Operating Income margin	4.4%	4.4%	(±0.0p)

Gross profit margin * Operating income margin



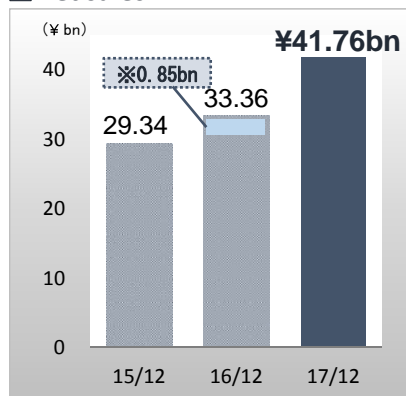
PL

Other segments

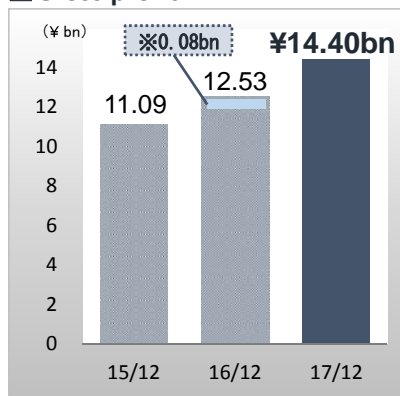
Profit & loss by segment (Other businesses)

	2016/12	2017/12	(YoY)
Net sales	33.36	41.76	(+25.2%)
Gross profit	12.53	14.40	(+14.9%)
Operating income	6.54	7.95	(+21.6%)

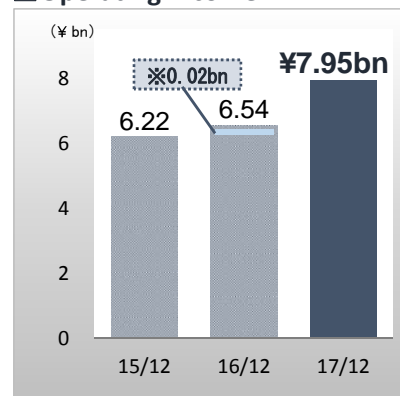
Net sales



Gross profit



Operating income



※ Increase due to the change of accounting period of Care Partner Co., Ltd. (from Feb. to Mar.)

PL

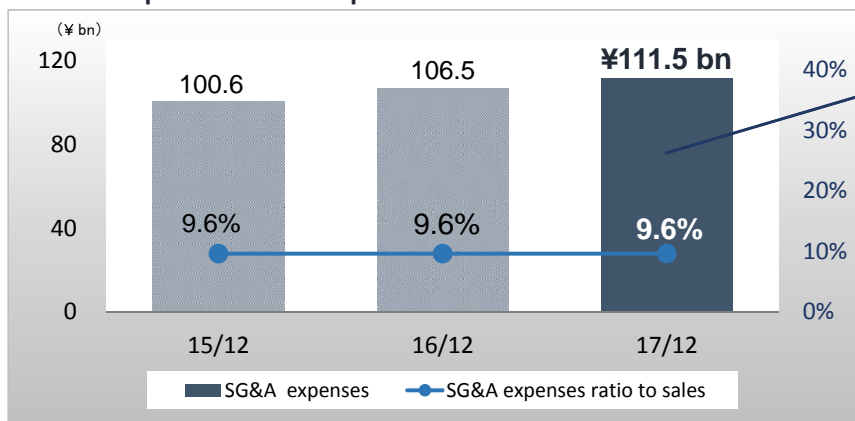
SG&A expenses

Transition of selling, general and administrative expenses

	2016/12	2017/12	(YoY)
SG&A expenses	106.5	111.5	(+4.7%)
SG&A expenses ratio to sales	9.6%	9.6%	[±0.0p]

[] : Difference from same period in previous year

SG&A expenses • SG&A expenses ratio to sales



Major breakdown of the variance (+¥5.0bn)

- ① Labor cost Δ ¥0.4bn
- ② Advertising & general publicity expenses +¥0.9bn
- ③ Other expenses +¥4.5bn

Financial Review

Consolidated BS

Balance Sheet highlights

(¥ bn)

2016/12

2017/3

2017/12

Current Assets	433.8	Current Liabilities	234.3	Current Assets	509.7 (+75.9)	Current Liabilities	337.9 (+103.6)	Current Assets	428.3 (Δ81.4)	Current Liabilities	254.5 (Δ83.4)
		Fixed Liabilities	191.1			Fixed Liabilities	167.9 (Δ23.2)			Fixed Liabilities	171.6 (+3.7)
Fixed Assets	260.8	Total Liabilities	425.5	Fixed Assets	271.6 (+10.8)	Total Liabilities	505.9 (+80.4)	Fixed Assets	285.3 (+13.7)	Total Liabilities	426.1 (Δ79.8)
		Net Assets	269.1			Net Assets	275.4 (+6.3)			Net Assets	287.5 (+12.1)
Total Assets	694.6	Total	694.6	Total Assets	781.4 (+86.8)	Total	781.4 (+86.8)	Total Assets	713.7 (Δ67.7)	Total	713.7 (Δ67.7)
Equity ratio	38.9%	Equity ratio	35.3 %	Equity ratio	40.7%						
BPS	¥3,536.81	BPS	¥3,630.59	BPS	¥3,880.58						
EPS	¥964.93	EPS	¥1,072.64	EPS	¥1,040.20						

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Financial Review

Consolidated CF

Cash Flows highlights

Cash and cash equivalents at the beginning of FY 18/3

200.1

Cash flows from operating activities

-14.4

Cash flows from investing activities

-7.4

Cash flows from financing activities

-83.2

Cash and cash equivalents at the end of 3Q FY 18/3

94.3

Major breakdown items

• Net income before income tax	(+¥115.0bn)
• Payment of income tax, etc.	(Δ¥52.1bn)
• Increase of accounts receivable from completed construction contracts, etc.	(Δ¥34.8bn)
• Decrease in advances received on uncompleted construction contracts	(Δ¥11.3bn)
• Payment of bonus	(Δ¥15.9bn)
• Rent uncollected due to holiday at the end of month	(Δ¥18.2bn)

Major breakdown items

• Purchase of solar power generation panels	(Δ¥3.3bn)
• Purchase of new software systems	(Δ¥5.4bn)

Major breakdown items

• Payment of dividends	(Δ¥43.9bn)
• Acquisition of treasury stock	(Δ¥27.9bn)
• Repayment of long-term loans	(Δ¥12.7bn)

(¥ bn)

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II. Key Figures

Orders received

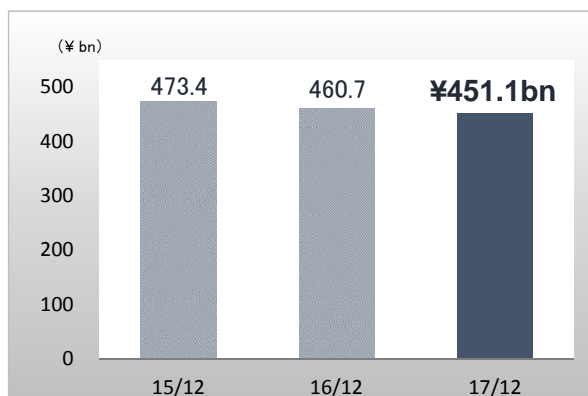
Orders received & orders in hand

Transition of orders received and orders in hand (Year on Year)

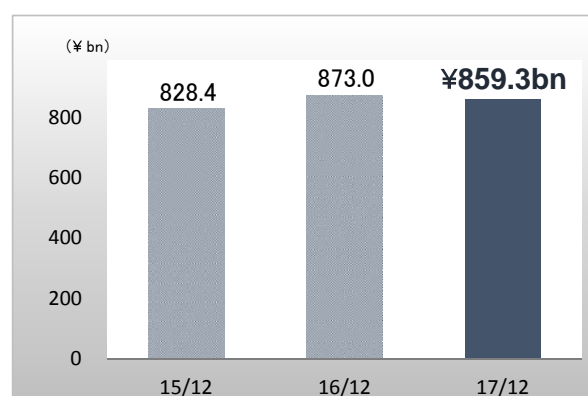
◆ Orders received ¥451.1bn (Δ2.1% YoY)

◆ Orders in hand ¥859.3bn (Δ1.6% YoY)

Orders received



Orders in hand



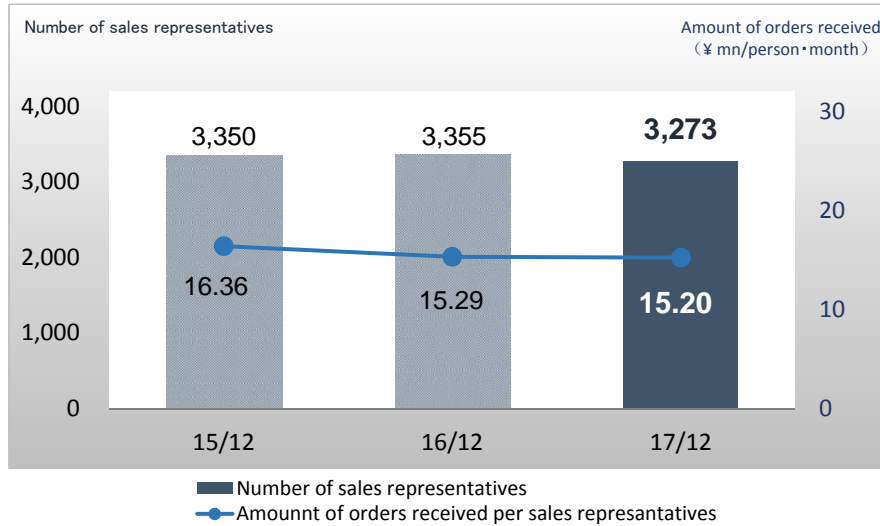
Items related to orders received

Efficiency in acceptance of order

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

◆ Number of sales representatives (End of Dec.) 3,273 (Δ82 YoY)

◆ Amount of orders received per sales representative
¥15.20mn/month (Δ¥0.09mn YoY)



Items related to orders received

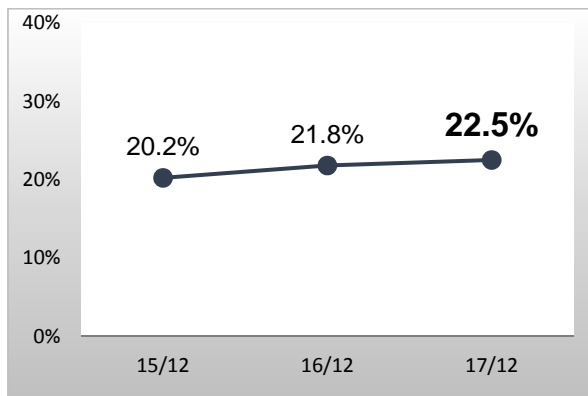
Index①

Transition of mid-rise ratio and rebuild ratio

◆ Mid-rise ratio 22.5% (+0.7p YoY)

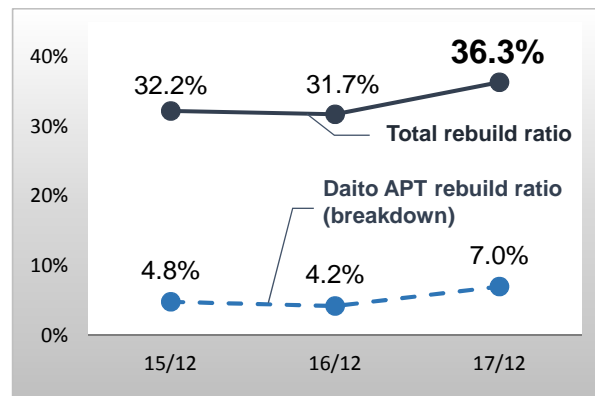
◆ Rebuild ratio 36.3% (+4.6p YoY)

Mid-rise ratio※1



※1 Mid-rise ratio = The number of orders received for APT house with 3 or more stories / Total number of orders received

Rebuild ratio※2



※2 Total rebuild ratio = The number of orders received for rebuilding APT / Total number of orders received
Daito APT rebuild ratio = The number of orders received for rebuilding APT built by Daito / Total number of orders received

Index②

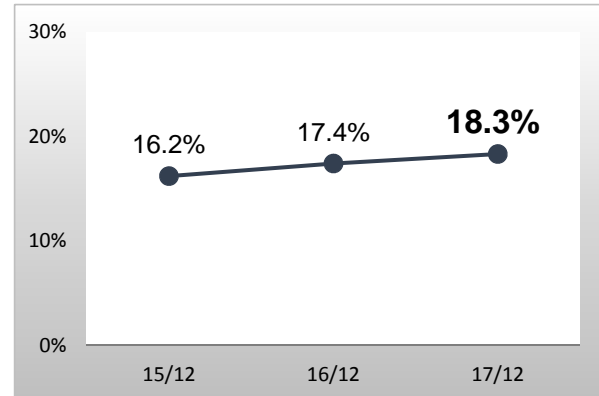
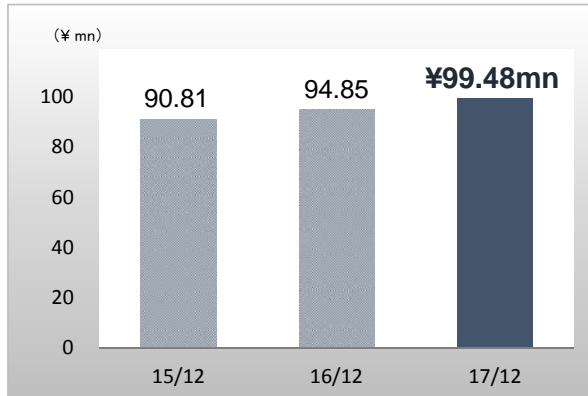
◆ Average price of orders received ¥99.48mn (+¥4.63mn YoY)

◆ Cancellation ratio

18.3% (+0.9p YoY)

Average price of orders received ※1

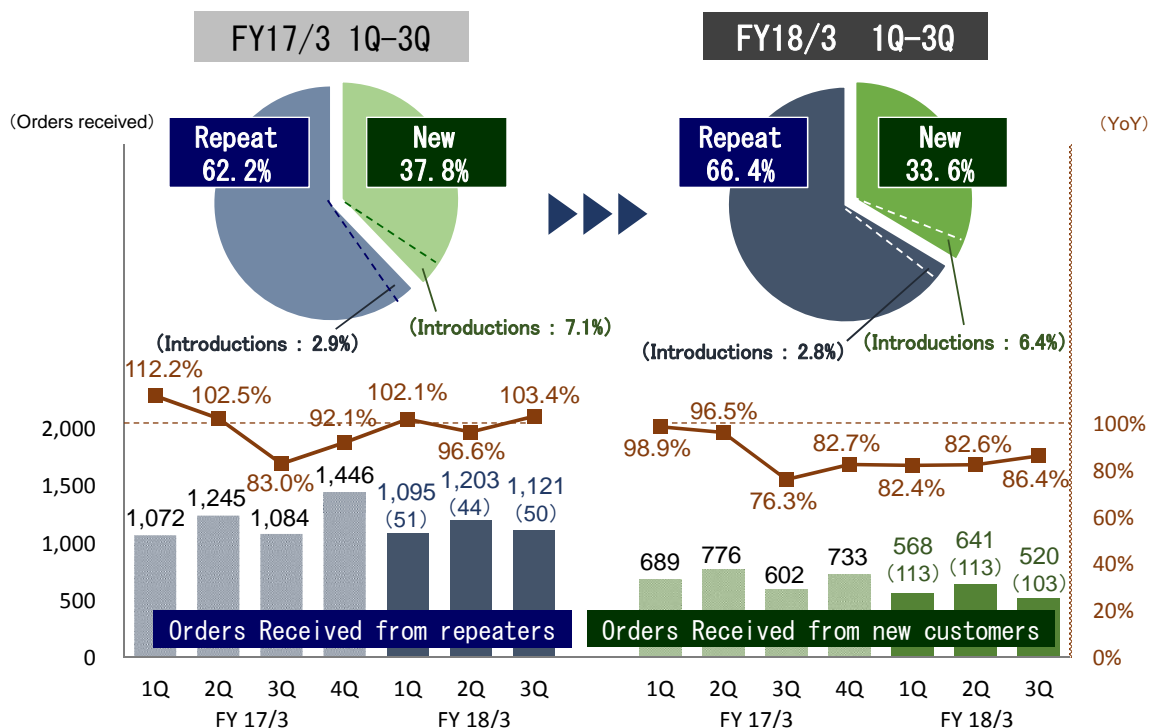
Cancellation ratio ※2



※1 Average price of orders received = Amount of new orders received / Number of orders received

※2 Cancellation ratio = Amount of cancellation / Amount of new orders received
Orders received = Amount of new orders received - Amount of cancellation

Index③



Items related to tenant recruitment

Transition of number of tenant recruitment

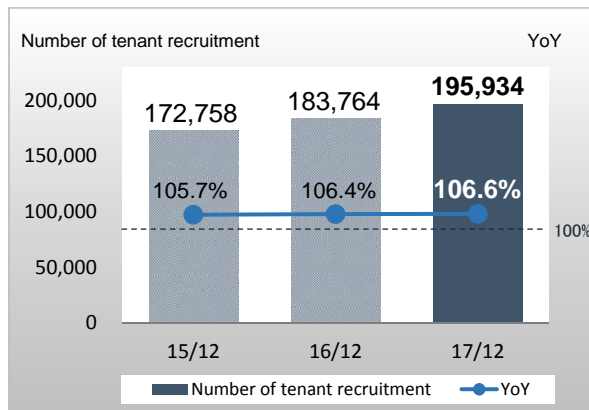
Number of tenant recruitment

◆ Number of tenant recruitment **197,911 (+6.5% YoY)**

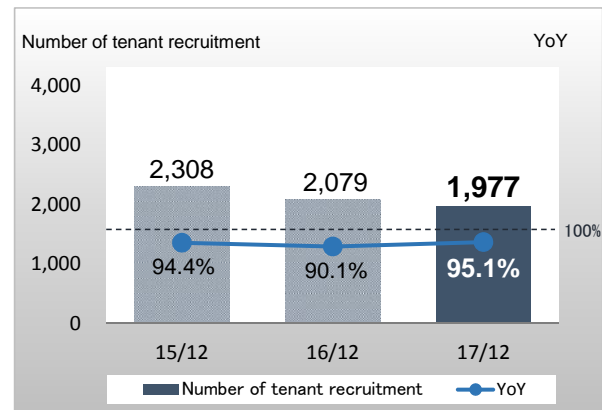
● Residential use **195,934 (+6.6% YoY)**

● Commercial use **1,977 (Δ4.9% YoY)**

Residential use



Commercial use



Items related to tenant recruitment

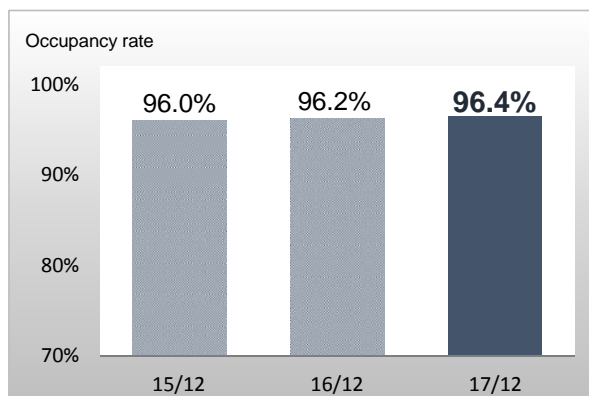
Transition of rent-based occupancy rate* (as of December)

Occupancy rate①

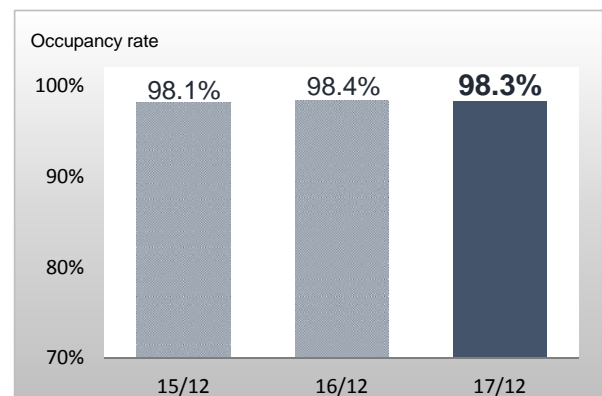
◆ Residential use **96.4% (+0.2p YoY)**

◆ Commercial use **98.3% (Δ0.1p YoY)**

Residential use



Commercial use

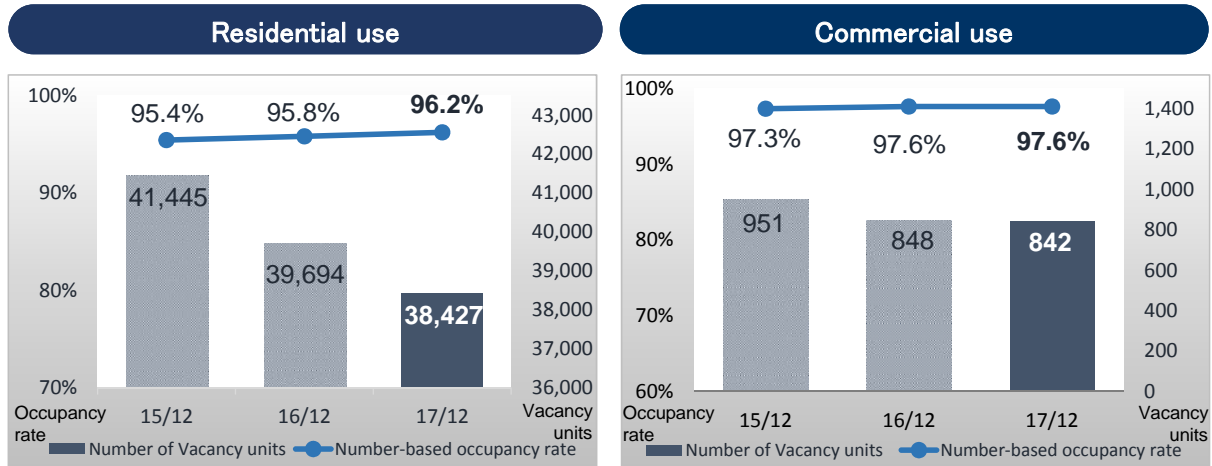


Rent basis as occupancy rate = 100% - {(Lease fee payment for vacant rental housing) / (Aggregate amount of rent [%])}

Transition of number-based occupancy rate* (as of December 31, 2017)

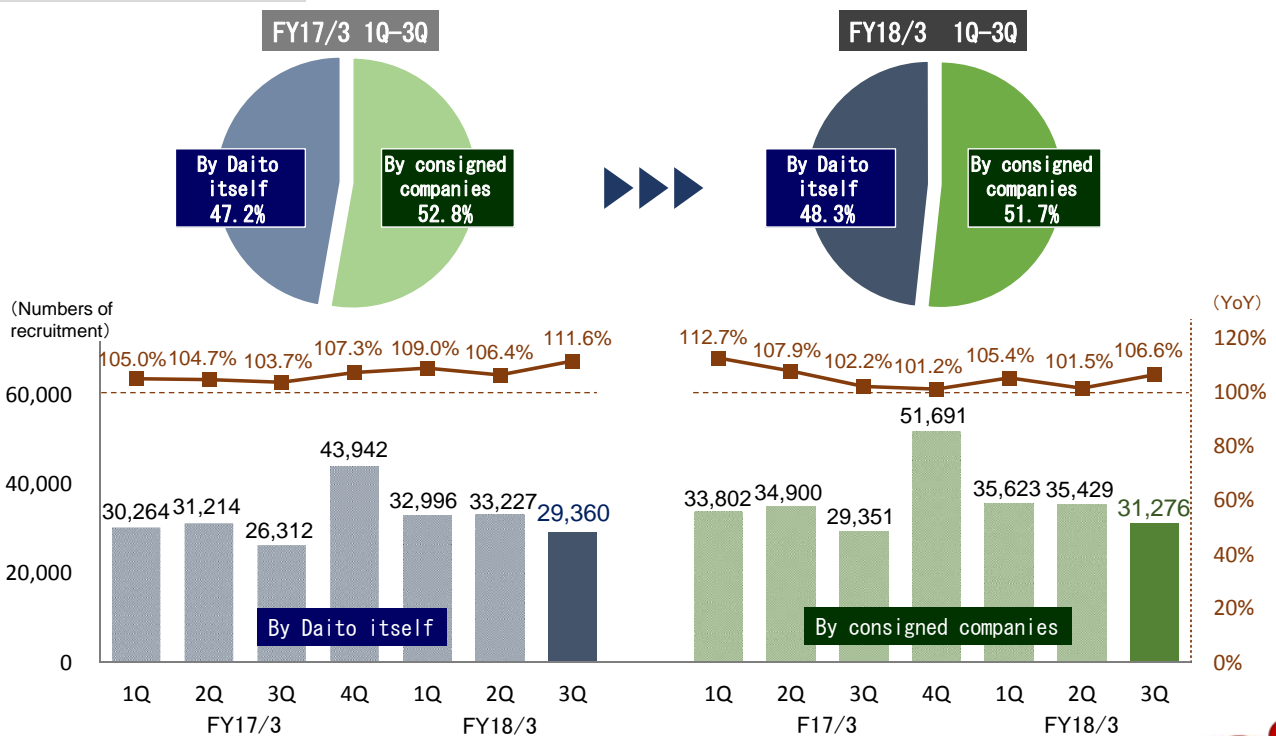
◆ Residential use 96.2% (+0.4p YoY)

◆ Commercial use 97.6% (±0.0p YoY)



*Number-based occupancy rate = (Number of occupancy units) / (Number of units under management)

Transition of number of tenant recruitment (by Daito itself and by consigned companies)



III. Financial Forecasts

Financial forecasts

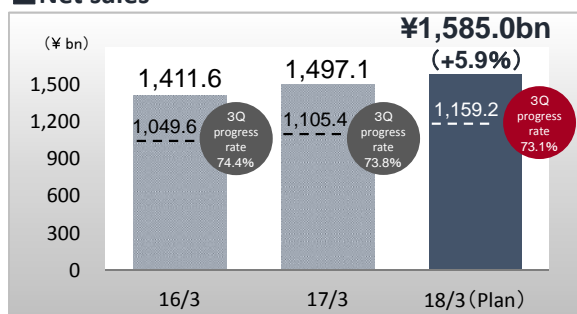
Profit & Loss Forecast

Consolidated PL

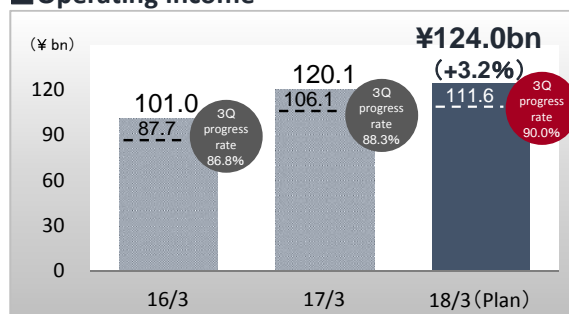
There is no change from the forecast at the beginning of this FY

() : YoY

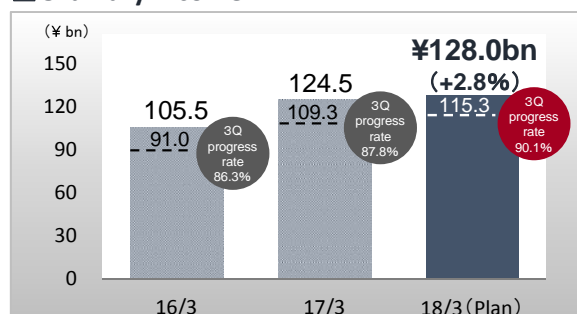
Net sales



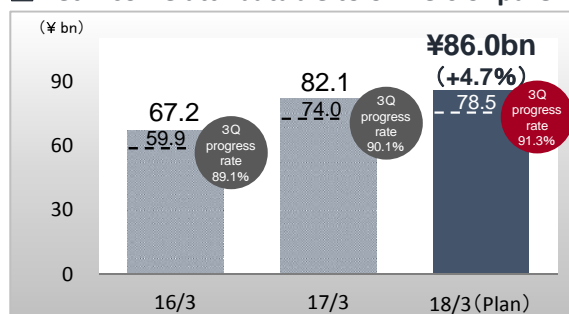
Operating income



Ordinary income



Net income attributable to owners of parent



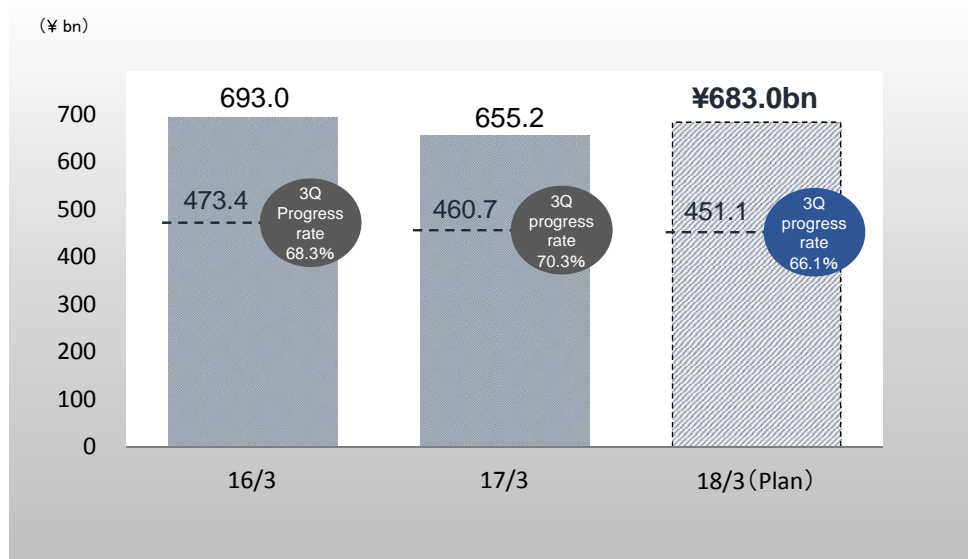
Full-year forecasts

Orders received

Plan of orders received

There is no change from the forecast at the beginning of this FY

● Order received <full-year> ¥683.0bn (+4.2% YoY)



Full-year forecasts

Occupancy rate

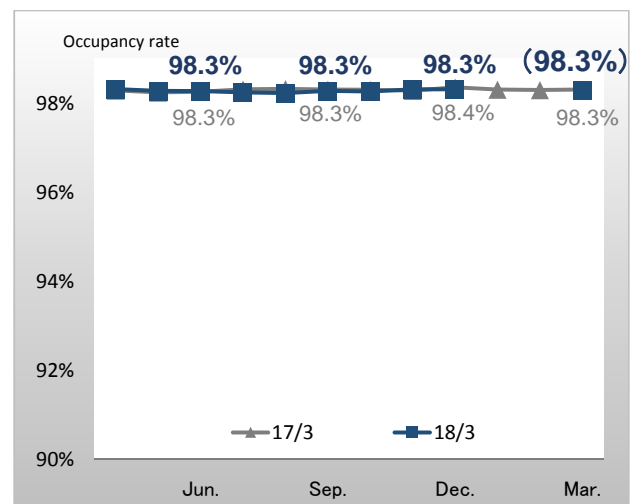
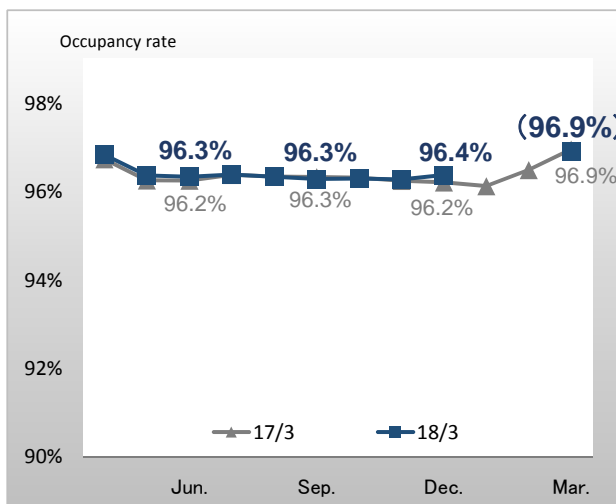
Plan of rent-based occupancy rate

Occupancy rate of residential use units

Plan in 2018/3 96.9%

Occupancy rate of commercial use units

Plan in 2018/3 98.3%



IV. Topics

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TOPICS

Superiority of Lease Management Trust System

Relationship

Build up and maintain relationship with financial institutions by a continuing communication.

Materials for first visit

- Company overview, business description



- Market environment



- Amount of loans provided



Materials for regularly visit

- Report on business performance



- Loan provision by other institutions



Data on the region

- Number and our share of rental housing construction starts
- Forecast for demand
- Occupancy rate, rent volatility



- Area marketing report



Financial institutions provide loans to landowners with the understanding on our business model

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V. Appendix

Profit & Loss by each segment <FY 18/3>

《Construction business》

(¥ mn)

	16/12	17/12	YoY	18/3(Plan)	YoY(Plan)
Net sales	457,716	466,920	+2.0%	652,000	+4.5%
Gross profit	145,399	149,315	+2.7%	199,300	+0.8%
(Gross profit margin)	31.8%	32.0%	+0.2p	30.6%	Δ1.1p
Operating income	82,225	84,062	+2.2%	112,800	+3.4%
(Operating income margin)	18.0%	18.0%	±0.0p	17.3%	Δ0.2p

《Real estate business》

(¥ mn)

	16/12	17/12	YoY	18/3(Plan)	YoY(Plan)
Net sales	614,394	650,613	+5.9%	869,700	+5.5%
Gross profit	54,751	59,413	+8.5%	76,300	+4.9%
(Gross profit margin)	8.9%	9.1%	+0.2p	8.8%	±0.0p
Operating income	26,733	28,929	+8.2%	32,400	+9.4%
(Operating income margin)	4.4%	4.4%	±0.0p	3.7%	+0.1p

《Other businesses》

(¥ mn)

	16/12	17/12	YoY	18/3(Plan)	YoY(Plan)
Net sales	33,368	41,764	+25.2%	63,300	+30.4%
Gross profit	12,536	14,400	+14.9%	20,700	+35.8%
(Gross profit margin)	37.6%	34.5%	Δ3.1p	32.7%	+1.3p
Operating income	6,541	7,951	+21.6%	10,900	+45.9%
(Operating income margin)	19.6%	19.0%	Δ0.6p	17.2%	+1.8p

Non-consolidated Profit & Loss <FY 18/3>

(¥ mn)

	16/12	17/12	YoY	Plan (full-year)
Net Sales	473,535	473,476	Δ0.0%	658,800
Construction	457,750	466,917	+2.0%	652,000
Real estate & Others	15,784	6,559	Δ58.4%	6,800
Gross profit	146,287	147,949	+1.1%	197,700
Construction	144,337	145,796	+1.0%	195,400
Real estate & Others	1,950	2,152	+10.4%	2,300
SG&A expenses	83,732	85,435	+2.0%	136,200
Operating income	62,555	62,513	Δ0.1%	61,500
Ordinary income	78,062	83,623	+7.1%	83,000
Net income	56,751	62,285	+9.8%	60,500

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Profit & Loss of major subsidiaries (Construction business) <FY18/3>

(¥ mn)

	Construction business							
	Daito Construction				Daito Steel			
	16/12	17/12	YoY	Plan (full-year)	16/12	17/12	YoY	Plan (full-year)
Net sales	4,247	6,080	+43.1%	7,000	3,520	3,619	+2.8%	4,841
Gross profit	117	249	+112.5%	238	182	206	+13.1%	237
SG&A expenses	69	92	+34.4%	102	54	58	+8.3%	78
Operating income	48	156	+224.2%	136	128	148	+15.1%	159
Ordinary income	85	216	152.2%	210	129	148	+14.0%	159
Net income	143	146	+2.1%	140	86	96	+12.7%	103

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Sales structure of real estate business <FY18/3>

(¥ mn)

	15/12		16/12		17/12		YoY
	Amount	(Ratio)	Amount	(Ratio)	Amount	(Ratio)	
Whole-building leases*1	527,485	(91.6%)	562,219	(91.5%)	594,518	(91.4%)	+5.7%
Building and repairs	22,991	(4.0%)	21,095	(3.4%)	21,368	(3.3%)	+1.3%
Brokerage of real estate	10,577	(1.8%)	11,737	(1.9%)	11,297	(1.7%)	△3.8%
Rent Guarantee business	4,595	(0.8%)	7,045	(1.1%)	7,878	(1.2%)	+11.8%
Electricity business	3,267	(0.6%)	4,810	(0.8%)	5,904	(0.9%)	+22.7%
Leasing business*2	4,519	(0.8%)	4,707	(0.8%)	4,539	(0.7%)	△3.6%
Others	2,710	(0.4%)	2,778	(0.5%)	5,106	(0.8%)	+83.8%
Total	576,146	(100.0%)	614,394	(100.0%)	650,613	(100.0%)	+5.9%

※1 Sub-lease contract in Lease Management Trust System by Daito Kentaku Partners Co.,Ltd.

※2 Mainly Shinagawa East One Tower

Profit & Loss of major subsidiaries (Real estate business-1) <FY18/3>

(¥ mn)

	Real estate business							
	Daito Kentaku Partners*1				Daito Kentaku Leasing*2			
	16/12	17/12	YoY	Plan (full-year)	16/12	17/12	YoY	Plan (full-year)
Net sales	592,165	628,365	+6.1%	837,815	—	9,920	—	16,000
Gross profit	44,167	47,421	+7.4%	59,278	—	4,017	—	7,700
SG&A expenses	12,203	14,618	+19.8%	20,848	—	2,865	—	3,900
Operating income	31,964	32,802	+2.6%	38,430	—	1,152	—	3,800
Ordinary income	35,354	37,785	+6.9%	43,590	—	1,151	—	4,800
Net income	24,808	27,231	+9.8%	31,017	—	703	—	4,800

※1 Daito Building Management Co.,Ltd. changed its trade name to Daito Kentaku Partners Co.,Ltd. on April 1, 2017.

※2 The subsidiary was founded in November 2016 and fully started its operation in late May 2017.

Profit & Loss of major subsidiaries (Real estate business-2) <FY18/3>

(¥ mn)

	Real estate business							
	House Leave				Housecom			
	16/12	17/12	YoY	Plan (full-year)	16/12	17/12	YoY	Plan (full-year)
Net sales	7,045	7,878	+11.8%	10,496	6,808	7,287	+7.0%	10,822
Gross profit	6,599	7,362	+11.6%	9,577	6,679	7,057	+5.7%	10,604
SG&A expenses	681	2,029	+197.9%	2,993	6,369	6,650	+4.4%	9,595
Operating income	5,917	5,332	Δ9.9%	6,584	309	407	+31.7%	1,009
Ordinary income	5,928	5,335	Δ10.0%	6,592	306	411	+34.3%	1,247
Net income	4,024	3,636	Δ9.7%	4,540	189	256	+35.4%	796

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Profit & Loss of major subsidiaries (Financial business) <FY18/3>

(¥ mn)

	Financial business											
	Daito Finance				House Guard				D.T.C			
	16/12	17/12	YoY	Plan (full-year)	16/12	17/12	YoY	Plan (full-year)	16/12	17/12	YoY	Plan (full-year)
Net sales	1,037	1,149	+10.7%	1,206	1,403	1,712	+22.1%	2,382	2,105	2,491	+18.3%	3,362
Gross profit	809	900	+11.3%	931	500	804	+60.9%	1,123	805	1,001	+24.3%	1,345
SG&A expenses	115	120	+4.4%	179	497	624	+25.5%	903	9	12	+37.4%	16
Operating income	694	780	+12.4%	752	2	179	—	220	796	988	+24.2%	1,329
Ordinary income	694	780	+12.4%	753	2	179	—	220	806	799	Δ0.9%	1,198
Net income	489	539	+10.3%	516	Δ14	148	—	143	806	799	Δ0.9%	1,198

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Profit & Loss of major subsidiaries
(Other businesses-1) <FY18/3>

(¥ mn)

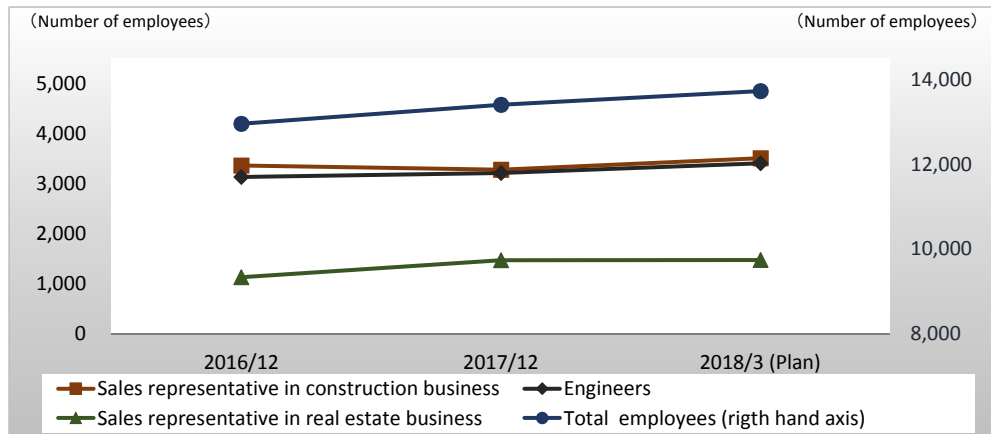
	Other businesses (Gas Supply Business・Care Business)							
	Gaspal Group				Care Partner			
	16/12	17/12	YoY	Plan (full-year)	16/12	17/12	YoY	Plan (full-year)
Net sales	16,411	16,868	+2.8%	24,559	8,832	8,808	Δ0.3%	11,110
Gross profit	6,921	7,140	+3.2%	10,435	1,186	1,182	Δ0.3%	1,290
SG&A expenses	4,328	4,783	+10.5%	6,314	685	680	Δ0.6%	990
Operating income	2,593	2,356	Δ9.1%	4,121	500	501	+0.2%	300
Ordinary income	2,576	2,194	Δ14.8%	3,864	502	502	±0.0%	295
Net income	1,745	1,528	Δ12.5%	2,648	310	315	+1.7%	174

Profit & Loss of major subsidiaries
(Other businesses-2) <FY18/3>

(¥ mn)

	Other businesses (Electricity business・Overseas Business)							
	Daito Energy				D.A.D. (Malaysia)			
	16/12	17/12	YoY	Plan (full-year)	16/12	17/12	YoY	Plan (full-year)
Net sales	1,777	9,139	+414.1%	19,621	1,763	2,163	+22.7%	2,771
Gross profit	115	542	+371.3%	2,342	776	1,007	+29.8%	1,279
SG&A expenses	512	675	+31.8%	1,719	682	748	+9.6%	953
Operating income	Δ397	Δ133	—	623	93	259	+177.7%	326
Ordinary income	Δ427	Δ280	—	272	271	480	+76.9%	264
Net income	Δ428	Δ446	—	263	271	480	+76.9%	238

Transition of number of employees in each business section (major 3 companies)



	2016/12	2017/12	(YoY)	End of March 2018(Plan)
Total employees (major 3 companies)	12,948	13,397	+449	13,721
Sales representative in construction business	3,355	3,273	△82	3,500
Engineers	3,128	3,204	+76	3,400
Sales representative in real estate business	1,126	1,466	+340	1,470

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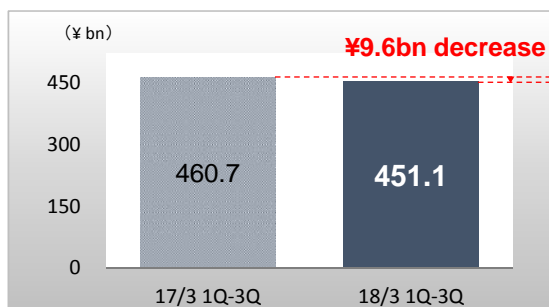
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FY18/3 3Q Orders received Comparison with previous FY

Comparison with FY 17/3 1Q-3Q

¥9.6bn(decrease)

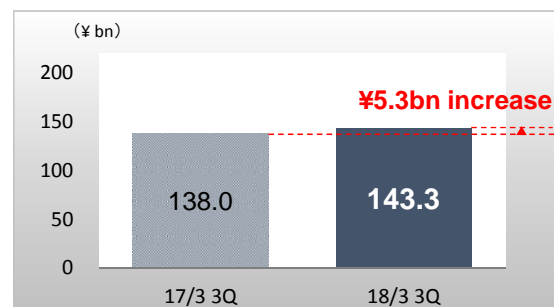
- ① **Number of orders (projects) Δ¥30.3bn**
(5,468 projects → 5,148projects)
- ② **Per project price +¥23.8bn**
(¥94.85mn → ¥99.48mn)
- ③ **Cancellation Δ¥3.6bn**
(17.4% → 18.3%)
- ④ **Building & repairs +¥0.5bn**
(¥39.2bn → ¥39.7bn)



Comparison with FY 17/3 3Q

¥5.3bn(increase)

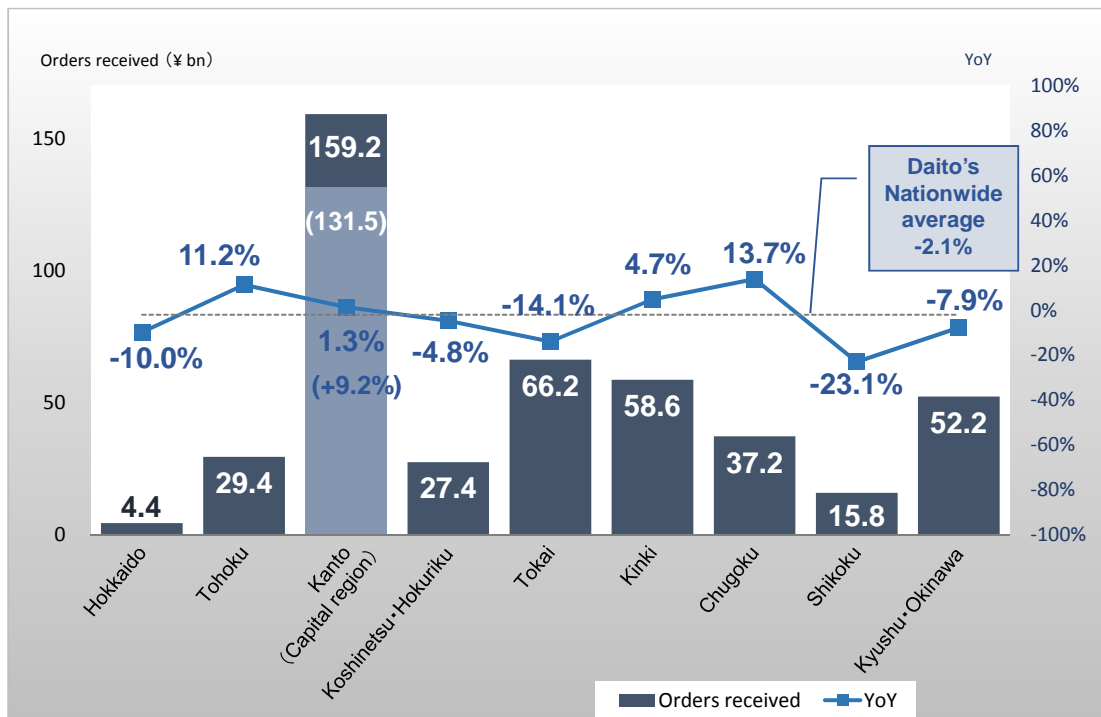
- ① **Number of orders (projects) Δ¥4.3bn**
(1,686projects → 1,641projects)
- ② **Per project price +¥6.1bn**
(¥95.55mn → ¥99.26mn)
- ③ **Cancellation +¥1.6bn**
(21.1% → 19.7%)
- ④ **Building & Repairs +¥1.9bn**
(¥13.8bn → ¥15.7bn)



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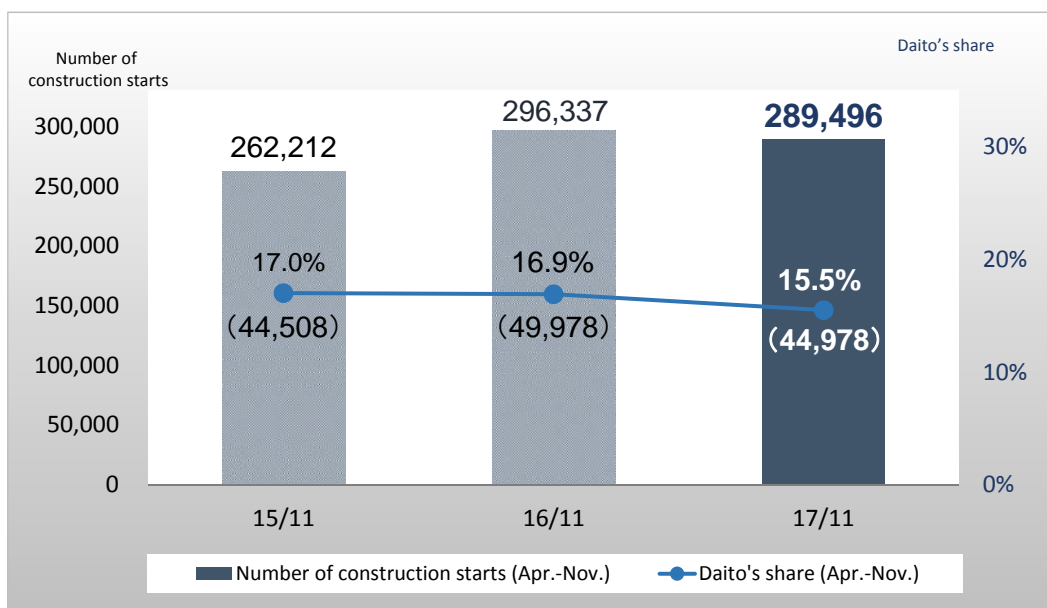
Orders received in region



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

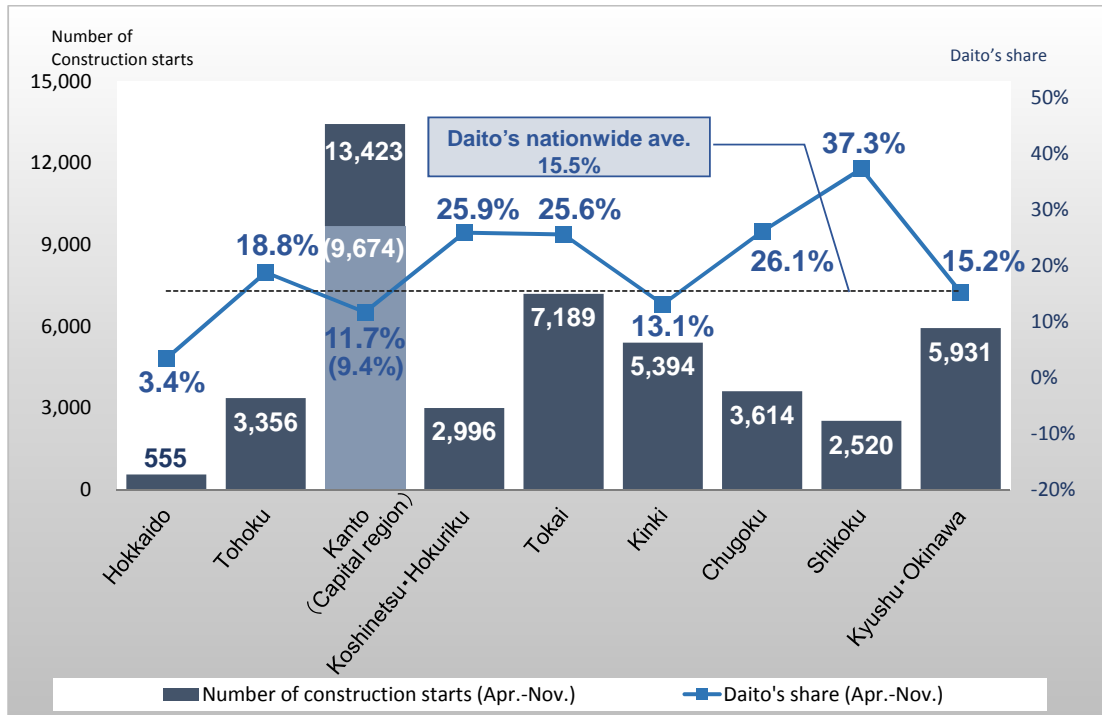


(Ministry of Land, Infrastructure, Transport and Tourism : "Housing and Land Survey")

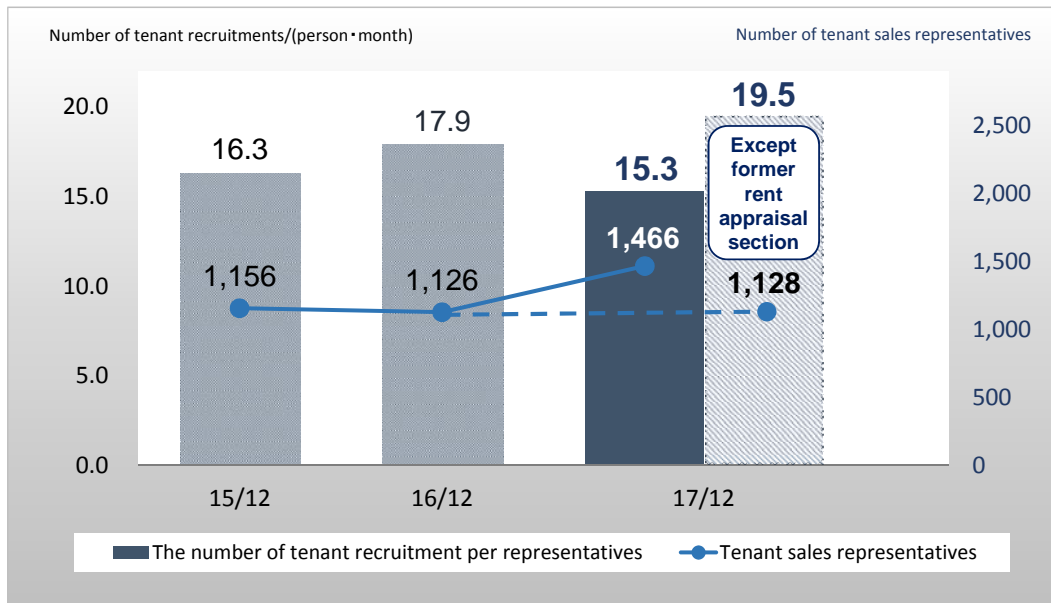
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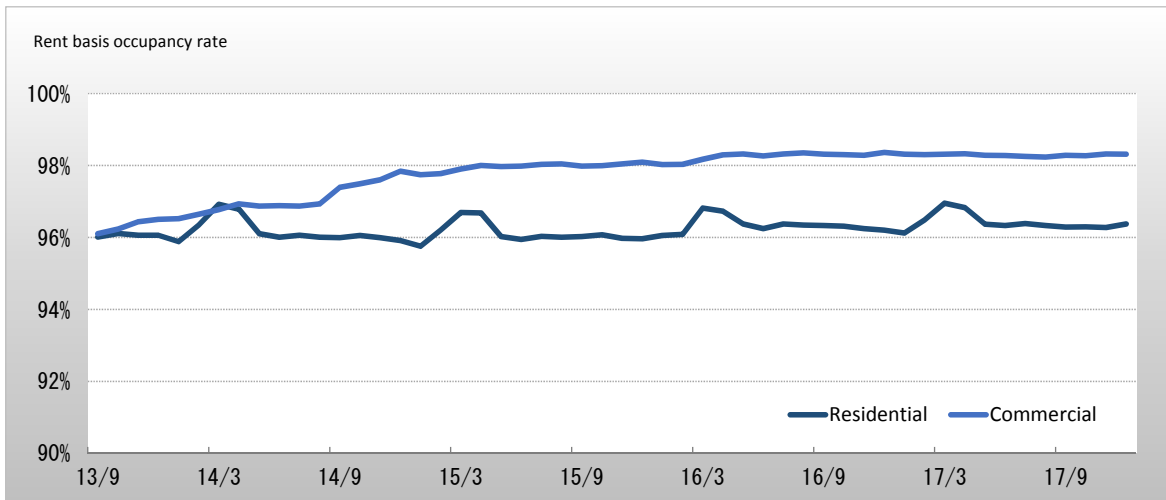
Number of construction starts in region & Daito's share



Transition of number of tenant recruitment per tenant sales representatives



Rent-based occupancy rate

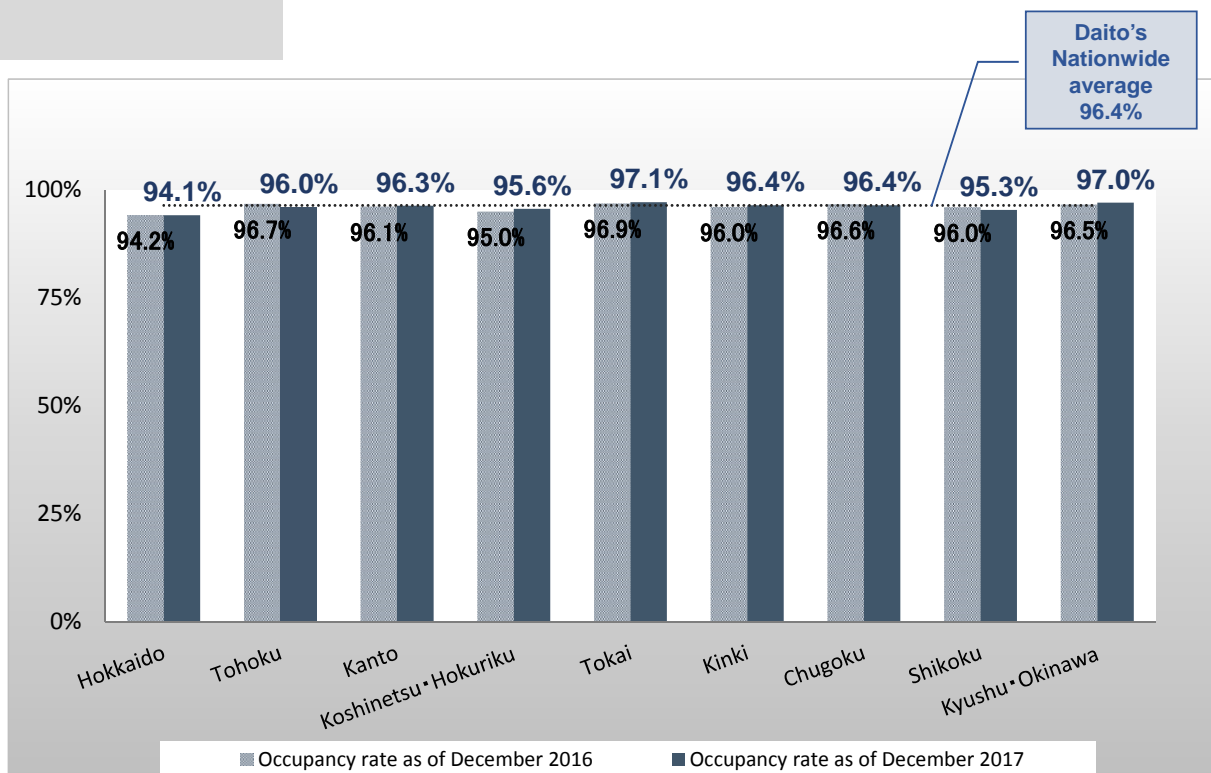


Rent-based occupancy rate	13/12	14/12	15/12	16/12	17/12	YoY
Residential use(%)	96.1%	95.9%	96.0%	96.2%	96.4%	+0.2p
Commercial use(%)	96.5%	97.8%	98.1%	98.4%	98.3%	Δ0.1p

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Rent-based occupancy rate in region (as of December : Residential use)

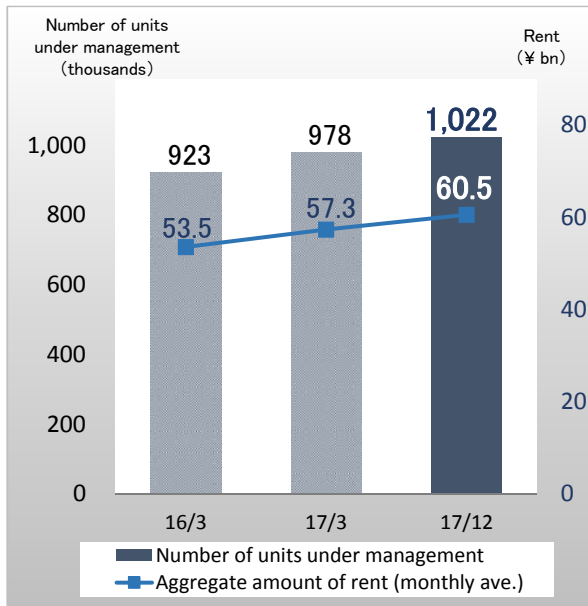


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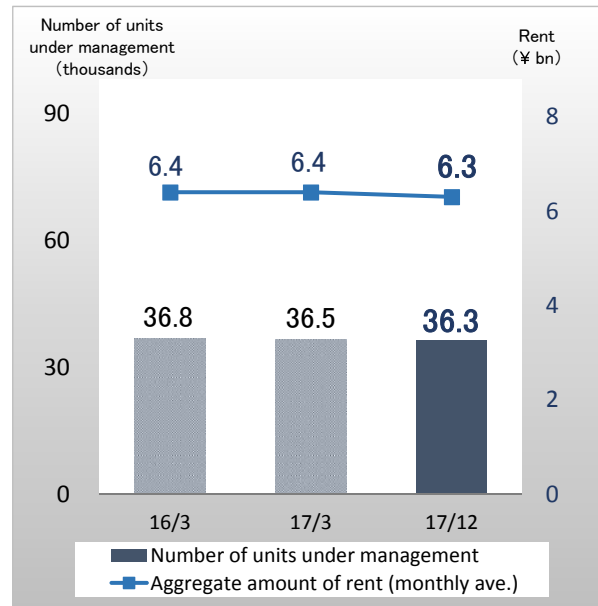
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Transition of number of units under management & aggregate amount of rent

Residential use

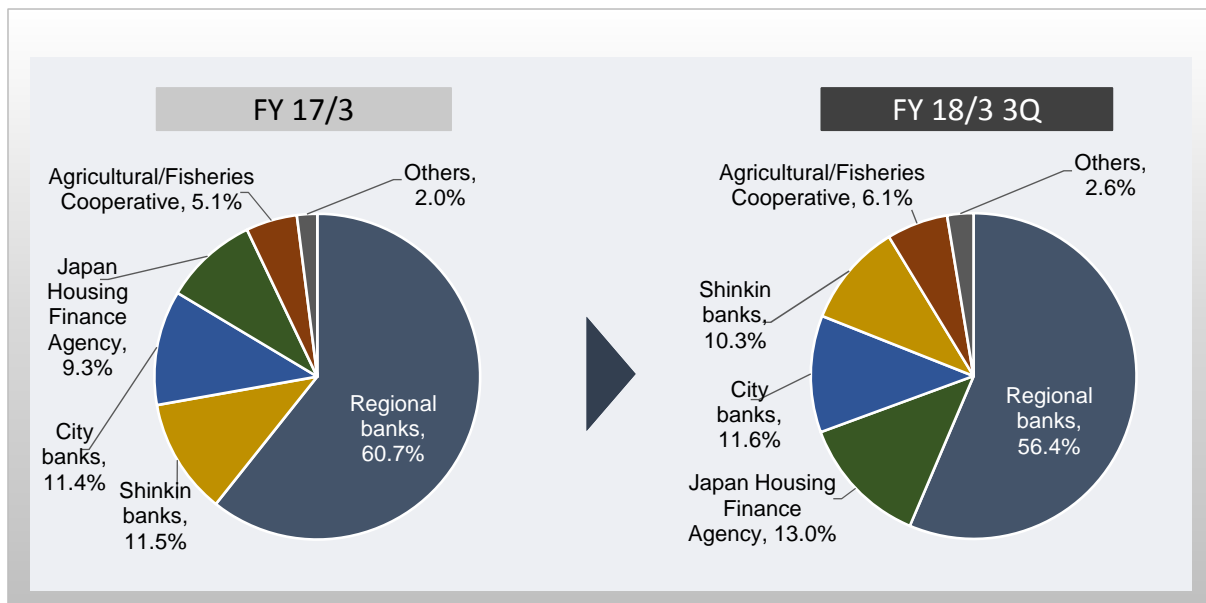


Commercial use



Customer's financing channel

Shares of financial institutions (loan acceptance basis)



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