

1Q of FY ending March 31, 2018  
Q&A Summary on disclosure of settlement of accounts

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**About Orders received**

**Q1. We heard that you have intended to acquire new customers as a sales strategy. Can you inform me of current situation? (Presentation slide p18)**

A1. The number of order received from new customers in the first quarter decreased 17.6% year on year. However, that of June decreased only 7.0 %, we have a response. We intend to get back on a recovery track by the end of second quarter.

**About gross profit margin ratio in construction for completion**

**Q2. Can you inform me of the breakdown of gross profit margin ratio in construction completed which has been increased to be 32.2% in the first quarter of this FY, with 1.4pt improvement as compared with 30.8% in the previous first quarter? (Presentation slide p6)**

A2. The breakdown of improvement of gross profit margin ratio in construction completed is as follows. +0.7p improvement due to selling loans receivable, +0.6p improvement due to labor cost, and +0.1p improvement due to material cost. The improvement due to labor cost and material cost is the result of decreasing ratio of the construction of RC structure of which the gross profit margin is low, and increasing ratio of the construction of 2×4 structure of which gross profit margin is high. Also, our promotion of construction starts and construction orders from the previous fourth quarter contributed to a decrease of labor cost.

**Q3. Can you inform me about contents of selling loans receivable?**

A3. We sell our loans receivable of our customers for financial institution. We expect approximately ¥4.0bn of contribution margin. (+0.6p of gross profit margin ratio)

### About Real Estate Business

**Q4. Two months have passed since your company spun off real estate business. Can you inform me of situation of that?**

A4. Our Group set up Daito Kentaku Leasing Co., Ltd. to increase in the operational soundness and mobility. The company is specialized in direct brokerage business. It is proceeding transfer with change of registration in the competent authorities and 110 shops have already completed the transfer. Furthermore, sales representatives for tenant recruitment consigning to other companies joined up with Rent Appraisal Department of Daito Kentaku Partners Co., Ltd. in May 2017. It has been operating smoothly. The number of tenant recruitment in 1Q of FY2018 is 68,619 (increased 7.1% year on year). Additionally, cost of contract per tenant recruitment has declined compared last year. It describe above can be said to have generated certain results.

### About Other matters

**Q5. I often hear some reports about the market for apartment loans overheating and the tightening of lending standards. Can you inform me of the situation of your company?**

A5. Attitude of financial institutions has not changed at all. It require new rental housing to supply a deficiency from demolition due to deterioration. We think we cannot oversupply our buildings if we have only consider site for construction.

**Q6. The number of foreign visitors is increase. Will its matter affects your business environment and performance?**

A6. Nowadays, people from foreign countries looking for a room in Japan are increase. Our portal site for foreigners received 51,700 page view as of 1Q of FY2018. It increased about six times from 8,743 as of 1Q of FY2017. The portal site assistance offered in the five languages of English, Chinese, Korean, Portuguese, and Spanish. On the other hand, E-heyra support center, which support who is looking for a room, arrange operators who proficient in foreign languages. Our group will continue working on keeping high occupancy rate.