

**1Q of FY ending March 31, 2019
Q&A Summary on disclosure of settlement of accounts**

About Orders received

Q1. Order received of this 1Q decreased by 6.2% year on year to 129.6bn JPY. Can you inform me the reason? (Presentation slide p14)

A1. Due to reports regarding subleasing industry, landowners' mind, especially who has not deal with us, have affected and the thus orders from new customers have been sluggish. We will continuously explain our business process (Presentation slide p.33-39) so that they can understand about our rental housing business.

Q2. Can you inform me of the change of attitude of financial institutions?

A2. There is no change of attitude of financial institutions for landowners, our main customers. On the other hand, financial institutions may tighten lending standards for customers who buy lands ready for construction of rental housing (so called "Land-set").

About gross profit margin for completed construction contract

Q3. Gross profit margin for completed construction contract of this 1Q was 31.4% (▲0.8p YoY). Can you inform the reason and the forecast? (Presentation slide p28)

A3. Except for recognition of deferred income (sold loans receivable), gross profit margin of 1Q of previous FY was 31.5%. Therefore, there is no major essential decrease. We are forecasting that the margin will be around our initial plan, 29.8%. The reason is that labor costs and material costs will increase due to construction work preparing for the Tokyo Olympic and Paralympic Games.

About others

Q4. Can you inform me of your effort to raise rent?

A4. We occasionally propose rent increase to our customers in the areas that Residential demand is active given the strong occupancy rate, corporate performance, and improvement in employment situation. We will continue to implement this initiative while also judging the situation for each region

Q5. I think your sales representatives will get hard to secure operating time due to the work style reforms. Can you tell me your counter-measures to this situation?

A5. We have placed personnel engaging in sales assistance or support of existing customers since previous FY, so as to enable sales representatives to secure operating time to acquire customers or do interview with customers. We are considering to introduce mechanism and system that can strengthen sales force while securing productivity such as team sales by which we split sales process.

**Q6. Can you inform me of the impact of the heavy rain in July to profit and loss?
(Presentation slides p31-32)**

A6. We estimate that the impact on business performance is minor, which is about several hundred million yen in repair of buildings under construction and buildings under management.

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