

**2Q of FY ending March 31, 2019**  
**Q&A Summary on disclosure of settlement of accounts**

**About Orders received**

**Q1. The percentage of orders received from new customers improved (+ 0.3p compared YoY).  
Can you tell me the outlook for the future? (Presentation slide p20)**

A1. We will continue to focus on winning orders from new customers. Recent customers have experience of land utilization and possess old rental properties. We are appealing the rebuilding to the landowners in the area where tenant demand can be expected. We will continue to maintain orders received by repeat customers who are satisfied with our service and increase orders by new customers.

**Q2. Can you tell me the impact of the rush demand consumption tax increase on the orders received?  
(Presentation slide p30)**

A2. We expect that there will be no impact of the consumption tax increase on construction of our rental properties. Because the motivation for landowner's rental housing business is not consumption tax, but to inherit valuable assets them own to the next generation.  
On the other hand, for customers who are talking to the orders, we can expect some rushing demand at the end of the fiscal year, but we are not included in the orders received plan (¥655bn) for this term.

**Q3. Cancellation ratio (20.9%) is relatively high; can you tell me the background?  
(Presentation slide p19)**

A3. There are two major reasons why the cancellation ratio has stopped high.  
The first point is that the orders received are slightly weak, so it is high ratio.  
The second point is that customers who have been contracted once receive customer's influence due to recent media coverage etc. but some customers are reviewed.  
In the future, however, we expect that the cancellation rate will be improved by restoring orders received and improving customer mindset.

**Q4. Can you tell me about the financial institution's loan attitude if there is any change?  
(Presentation slide p51)**

A4. There is no change in the grip with the financial institution we have dealt with from the past, and they continue to cooperate with us. Some financial institutions have set stricter standards for loans against "land set contracts" that combine land purchase and rental building construction. As our landowners are the main customers, we have no significant impact on orders. We will continue to work closely with financial institutions.

### **About net income and gross profit for completed construction contract**

**Q5. Your plan in this FY (Net income of completed construction contract : ¥663bn. / Gross profit margin for completed construction contract : 29.8%). Can you tell me the outlook for achievement in this FY?  
(Presentation slide p29)**

A5. We think we can achieve it. Although completion of construction completed in the first half did not reach the plan, the gross profit margin of completed construction reached 31.1%, swinging 0.6 p compared to the plan and landed. We will not revise the plan due to the prospects of personnel expenses are uncertain. The reason is that the construction work preparing for the Tokyo Olympic and Paralympic games shall speed up. While confirming the progress of completed construction work, we will strive to secure performance.

### **About real estate business**

**Q6. It seems that the number of residents of foreign nationals will increase in the future. Can you tell me the situation and prospects of the situation?  
(Presentation slide p21)**

A6. In the first half of the fiscal year, we handled about 3,000 foreign residents. The number of households currently moving in is approximately 20,000. As birthrates and the aging population are progressing, we think that foreign residents will occupy a certain percentage of occupancy.

### **About other matters**

**Q7. Can you tell me your challenges in social change for the next three to five years?**

A7. We are aware of two major issues.  
The first point is to reform the working way in the construction business while at the same time to improve the sales efficiency.  
The second point is to supply buildings in view of future population dynamics, such as an increase in elderly people and single people, while new families are decreasing in the real estate business, and to arrange tenants.

END