

3Q of FY ending March 31, 2020
Q&A Summary on disclosure of settlement of accounts

About orders received

**Q1. Cancellation ratio in this 3Q (the FY ending March 31, 2020) was 28.6% (+6.4p YoY).
Can you tell us the background factor of these cancellations? (Presentation slide P17)**

A1. Although it is difficult to answer generally as there are individual circumstances, the main factor is that banks tighten loan standards and require additional cash or collateral for apartment loans. Also there are some cancellations incurred by customers' hesitation caused by negative media coverage about sub-lease contracts.

About full-year forecast

**Q2. Despite a decline in both sales and profits in this 3Q, there was no change in the full year plan.
Can you tell us the background and future forecast. (Presentation slide P3)**

A2. There are three reasons why we did not change our full-year results.
The first is that the number of construction starts has been higher than the previous FY since this 3Q.
Secondly, the profits from real estate business is expected to be higher than planned amounts due to high occupancy rate.
The third point is that SG & A expenses including personnel expenses and advertising expenses have been lower than the planned amount.

About non-operating income

Q3. Can you show us the breakdown of ¥685mn non-operating income recorded in the quarterly consolidated P/L? (Financial report P6)

A3. It is total of profits and losses attributable to the affiliated companies accounted for by the equity-method, such as Solasto Corporation, which runs medical outsourcing business, elderly care business, child care business, and education business.

Others

Q4. It seems that some companies have been requested voluntary restraint of construction work during the Tokyo 2020 Olympic and Paralympic Games. Is there any impact on your business activities?

A4. We are going to employ telework and staggered work in areas expected to be affected by traffic congestion during Tokyo 2020 Olympic and Paralympic Games. In case of request of the voluntary restraint you mentioned, we are going to follow it.

Q5. The mezzanine loans by Daito Finance Co., Ltd. to loans by Japan Housing Finance Agency are increasing. Is it possible to sell or securitize Daito Finance's receivables ?

A5. No specific scheme has been determined at this time, but we know that there is a need to sell or securitize receivables and will continue to work.

END