

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

About orders received

Q1. Is there any change in the customer's demand for apartment construction?

A1. We don't know because we haven't been able to carry out sufficient sales activities in April, but we think that it will affect the customer's mind to some extent. On the other hand, we believe that rental buildings are considered more stable assets than other financial assets.

Q2. Have you changed the selling price of your apartment? Can you tell us about the construction cost outlook?

A2. We have not changed the selling price. Although the outlook for construction costs is unknown, we believe that outsourcing labor costs and material costs will change due to the new coronavirus.

About sales staff

Q3. The recession is a positive factor for recruiting sales personnel. Can you tell us about the current state of recruitment activities?

A3. The hiring environment is uncertain because we are not currently engaged in hiring activities. We think it will become clear in the future whether or not it will work for the hiring situation.

Q4. We are concerned about the increase in turnover of excellent sales staff due to a decrease in orders due to insufficient sales activities. Can you tell us about the current status of job separation, future outlook, and countermeasures?

A4. Currently, the turnover of sales staff is not increasing. We would like to resume sales activities as soon as possible and implement measures to improve sales staff motivation.

About sales method

Q5. Do you think it is necessary to change the sales style, such as marketing using IT, non-face-to-face sales, etc., in response to the new coronavirus?

A5. We believe that it is difficult for non-face-to-face because the construction salesperson sells expensive products and provides solutions for customers' concerns about inheritance and asset succession. However, considering the new coronavirus, we think it is necessary to consider sales methods such as digital marketing and remote sales.

About real estate business

Q6. Do you think that the location and layout of rental housing will change due to the new coronavirus?

A6. At this point, it cannot be said at all, but the introduction of telework has rapidly progressed due to the impact of the new coronavirus infection, so we believe that there is a possibility that the concentration in urban areas will be eased and demand in rural and suburbs will increase.

Q7. Can you tell us the future occupancy rate by area / floor type after receiving the new coronavirus? Also, what is the impact of a change in the occupancy rate of 1% on sales and profits?

A7. We do not know the specific area at this time, but we think that the type most likely to be affected by the economy is the single type, which accounts for 20% of our properties. In addition, if the occupancy rate changes by 1%, sales will change by about 8 billion yen.

About full-year forecast

**Q8. When can you announce the earnings forecast for the fiscal year ending March 2021?
(Presentation slide p29)**

A8. We would like to announce it by the first quarter of the financial results announcement in July at the latest.

About Shareholder return

Q9. The basic policy is to pay a dividend payout ratio of 50%. Do you have an idea to maintain the dividend for the previous fiscal year if there is a slight decrease in profit?

A9. Since the effects of the new coronavirus infection are unclear, we cannot answer at this time. We will make decisions based on profit and loss and financial conditions.

Others

**Q10. Operating loans increased from 93.3 billion yen at the end of March 2019 to 127.6 billion yen at the end of March 2020. Can you tell us about the details and future outlook?
(Financial report P6)**

A10. Bridge financing increased by about 15 billion yen, and secondary financing by the Japan Housing Finance Agency increased by about 24 billion yen. If there is no change in the lending attitude of financial institutions, we think that operating loans will gradually increase.

Q11. Regarding the status of the securitization liquidation market for Daito Finance's secondary loans, can you tell us if it becomes difficult to liquidate in the short term?

A11. At this time, we are not aware of such trends or situations. We will keep an eye on the market in the future.

Q12. The construction of rental housing is said to restart sequentially from May 8th. How long does it take to completely resume? What are the specific measures to prevent the spread of new coronavirus infections?

A12. About half of the construction sites will resume next week (May 11th week), and almost all sites will resume next week (May 18th week). In addition, regarding infection prevention measures, we are operating the site under absolute conditions of thorough infection prevention, such as enforcement of entrance restrictions so that people are not crowded in one space, work with a separation of 2 m or more, etc.

**Q13. Can you tell us concretely about setting the commitment line?
(Financial report P2)**

A13. We are currently coordinating with major financial institutions and are making requests on a scale of 50 to 70 billion yen.

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