

**Q&A Summary, Analysts and Institutional Shareholders' Meeting
for Q2, Fiscal Year Ending March 2019**

Attendee :

Nobuhiko YOSHITAKE President and Representative Director of the Board
Hiro IZUTSU Senior Director, Group Integration Division

Takamatsu Corporation: Orders for condominiums for rental purpose and collaboration with Mibu Corporation

Question:

Orders for Takamatsu Group seem to be growing steadily, but can you elaborate on the status of orders for condominiums of Tokyo Metro and Kansai Areas? In addition, at your Annual Analyst Meeting in May 2018, you mentioned about starting collaborative sales activities between Takamatsu Corporation and Mibu Corporation. How are the results?

Answer (President Yoshitake):

Although the proportions of condominiums for both Tokyo and Osaka continue to be high, the orders of non-condominiums are growing. For this first half year, order growth of Tokyo Area is higher, which is continuing from previous fiscal year. Considering from market size, Tokyo has a bigger portion of untapped market in comparison to Osaka, and we believe that is the reason for our good results in Tokyo. Another reason of this faster growth is because we allocate 20% more sales staff to Tokyo in comparison to Osaka. We do so by shifting experienced staffs and managers from Osaka, while hiring new sales staffs in Tokyo. We should see this higher growth to even accelerate in the future.

Concerning collaborative sales activities between Takamatsu Corp and Mibu Corp, at the annual meeting in May 2018 I said I expect increased Takamatsu order of 7 billion yen. Now, about 5 billion yen of order is realized or about to be realized, and I expect the remaining 2 billion yen to be realized during the remaining 4 months of this fiscal year. Mibu Corporation is well known among affluent citizens around Setagaya Ward of Tokyo and we are generating good results after M&A.

Impact to Takamatsu Corp's construction of condominiums for rental purpose caused by banks' lending attitude changes

Question:

You mentioned that there is no impact towards Takamatsu Corporation caused by banks' lending attitude changes towards real estate business. However, it is recently frequently heard among rental apartment construction companies that lending approval procedure takes longer time than before or that the borrowers are requested to place more upfront payment. Could you elaborate on the status of Takamatsu Corp whether there is really no effect, or there are some effect but Takamatsu is working in some way so that there is no change to order amount?

Answer (President Yoshitake):

The focus construction areas of Takamatsu Corp. are downtown Tokyo, Osaka and Nagoya, and can be narrowed down to inside Yamanote Line, as well as major satellite cities like Yokohama and Omiya in case of Tokyo. Because of our focused location, we are currently not as much effected by bank's change of lending attitudes. When we look at recent buildings constructed by Takamatsu Corp in both Tokyo and Osaka areas, almost all the buildings are built on the land owned by our customers, and the case where our customers buy both the land and the building are exceptional. The target of Takamatsu Corp's business are affluent people and not paid workers. These facts seem to lead into banks' unchanged attitude towards us. I do not say there is no effect at all, but if any, the effects are very limited.

Business Opportunity of World Expo Osaka 2025

Question:

World Expo 2025 is finalized to be held in Osaka. Since TCG has a strong presence in Osaka, please let us know how you think about the business opportunity related to this event?

Answer (President Yoshitake):

Both Takamatsu Corp and Asunaro Aoki Construction are Official Partners to invite Expo to be held in Osaka. It is with utmost pleasure and thanks that Expo 2025 will be held in Osaka. The economic impact of Osaka Expo is said to be 2 trillion yen, with 125 billion yen impact to facility construction together with 70 billion yen for Metro as well as 170 billion yen for JR West related construction. Concerning JR West, there are plans to construct undersea tunnel, which will have significant effect for the construction industry. We are expecting how these facility and infrastructure construction will be finalized.

Business Opportunity of World Expo Osaka 2025

Question:

Is TCG expecting to receive orders concerning infrastructure related construction?

Answer (President Yoshitake):

Certainly, if there is any opportunity. There should be many civil engineering related opportunities such as undersea tunnels, as well as architecture related opportunities such as construction of hotels.