

Securities code: 1878

June 3, 2021

To Our Shareholders

Katsuma Kobayashi
President and Representative Director,
Chief Executive Officer
Daito Trust Construction Co., Ltd.
16-1, Konan 2-chome, Minato-ku, Tokyo

Notice of Convocation of the 47th Ordinary General Meeting of Shareholders

We hereby inform you that the 47th Ordinary General Meeting of Shareholders of the Company will be held as described below.

In view of the current spread of the novel coronavirus disease, the Company decided to hold this meeting upon taking appropriate infection preventive measures.

From the perspective of preventing the spread of infection, shareholders are strongly recommended to refrain from attending the meeting and exercise your voting rights in advance via postal mail or the Internet.

Please review the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on June 24, 2021 (Thursday).

1. **Date and Time:** June 25, 2021 (Friday) 11:00 a.m. (Reception desk opens at 10:00 a.m.)
2. **Place:** 4-1, Shinonome 1-chome, Koto-ku, Tokyo
ROOFLAG Rental Housing Exhibition Hall
3. **Agenda for the Meeting:**
Matters to be reported:
 1. The Business Report, the Consolidated Financial Statements and the audit results of the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board for the 47th Fiscal Term (April 1, 2020 to March 31, 2021)
 2. The Non-consolidated Financial Statements for the 47th Fiscal Term (April 1, 2020 to March 31, 2021)

Matters to be resolved:

- Proposal No. 1:** Appropriation of Surplus for the 47th Fiscal Term
Proposal No. 2: Election of Eleven (11) Directors
Proposal No. 3: Election of Three (3) Audit & Supervisory Board Members
Proposal No. 4: Election of Accounting Auditor

Notes:

1. For those attending, please present the enclosed Voting Rights Exercise Form to the receptionist on arriving at the meeting. You are also requested to bring this document with you to the meeting for your reference.
2. If you vote by proxy, please make sure your proxy presents the Letter of Attorney along with the Voting Rights Exercise Form to the receptionist. In addition, pursuant to the provisions of the Articles of Incorporation of the Company, only one (1) shareholder holding the voting right of the Company is entitled to exercise a proxy voting right on your behalf.
3. If there are any amendments to the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements, and the Reference Documents for the General Meeting of Shareholders, the revised version will be posted on our website (<https://www.kentaku.co.jp/corporate/ir/kabunushi.html>).
4. As part of our efforts to be environmentally friendly, the attending officers and the meeting staff of the Company will dress in a “cool biz” style (without jacket and tie). Please dress lightly upon attending the meeting.
5. Disclosure on the Company’s website of the documents to be included in this Notice of Convocation

The following items are not included in the Reference Documents attached to this notice but are posted in our website (<https://www.kentaku.co.jp/corporate/ir/kabunushi.html>) pursuant to the provisions of law and Article 16 of the Articles of Incorporation of the Company.

The Reference Documents attached to this notice are part of the information audited by the Accounting Auditor and Audit & Supervisory Board Members as part of their preparation of Accounting Auditor’s Report and Audit & Supervisory Board Report, respectively.

(1) Following matters in the Business Report:

- Main business
- Employees
- Main place of business
- Main creditors and borrowing amounts
- Other significant matters concerning shares
- Matters concerning share options of the Company

(2) Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements

(3) Non-consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements

Reference Documents for the General Meeting of Shareholders

Proposals and references:

Proposal No. 1: Appropriation of Surplus for the 47th Fiscal Term

Appropriation of surplus for the 47th Fiscal Term is reported as follows:

Year-End Dividend

The Company recognizes adequate profit return to shareholders as one of the most important management matters and practices it. For dividends, the Company, while taking the basic policy stance of providing stable dividends through ongoing reinforcement of our business foundation, aims to set the payout ratio at 50%, and includes a basic dividend of 100 yen and the profit return based on consolidated business performance. Based on these standards, the Company will set a dividend of 251 yen per share for the year-end dividend of the 47th Fiscal Term.

The annual dividend to be paid would be 455 yen per share (down 198 yen per share from the previous fiscal year) including the interim dividend of 204 yen per share paid in November last year.

(1) Type of dividend property

Cash

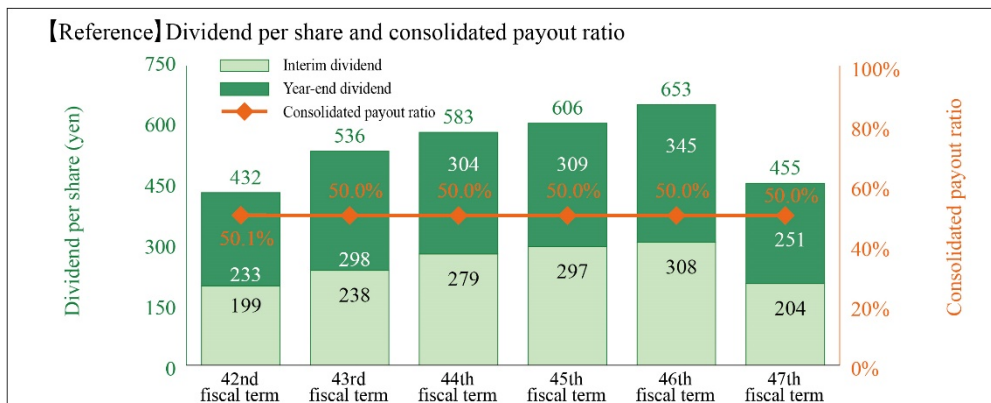
(2) Matters regarding dividend property's allocation to shareholders and total amount

Cash payment of dividend per share: 251 yen per common share of the Company

Total amount: 17,284,757,325 yen

(3) Effective date of dividend payment

June 28, 2021



Proposal No. 2: Election of Eleven (11) Directors

The terms of office of all eight (8) Directors are to expire at the conclusion of this year's Ordinary General Meeting of Shareholders. For this reason, the Company proposes that shareholders elect eleven (11) Directors, including four (4) Outside Directors.

If all eleven (11) candidates of this proposal are elected as originally proposed, seven (7) of the fourteen (14) members of the Board of Directors (four (4) Outside Directors and three (3) Outside Audit & Supervisory Board Members) will qualify as independent outside officers who have satisfied the independence criteria established by the Company. As independent outside officers will account for more than one-third of all Directors, they will continue to enable discussions at the Board of Directors based on opinions expressed from an independent and neutral perspective.

The candidates for Directors are as follows.

Candidate No.	Name	Position and responsibilities in the Company	
1	Katsuma Kobayashi	President and Representative Director	Reappointment
2	Shuji Kawai	Managing Director, General Manager of Corporate Management Headquarters and Subsidiary Business Headquarters	Reappointment
3	Kei Takeuchi	Managing Director, General Manager of Construction Business Headquarters	Reappointment
4	Koji Sato	Managing Director, General Manager of Real Estate Business Headquarters Representative Director and President of Daito Kentaku Partners Co., Ltd.	Reappointment
5	Kanitsu Uchida	Director, General Manager of Subsidiary Business Headquarters, in charge of Nursing Care and Childcare Businesses and Overseas Business	Reappointment
6	Masafumi Tate	Executive Officer General Manager of Design Management Department	New appointment
7	Yoshihiro Mori	Executive Officer Representative Director and President, Daito Kentaku Leasing Co., Ltd.	New appointment
8	Toshiaki Yamaguchi	Director and Chairman of Governance Committee of the Company	Reappointment Outside Director Independent Officer
9	Mami Sasaki	Director and Committee Member of Governance Committee of the Company	Reappointment Outside Director Independent Officer
10	Takashi Shoda	Director and Committee Member of Governance Committee of the Company	Reappointment Outside Director Independent Officer
11	Atsushi Iritani	—	New appointment Outside Director Independent Officer

(Notes) 1. There is no special interest between each of the candidates for Director and the Company.

2. Candidates, Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki, Mr. Takashi Shoda and Mr. Atsushi Iritani are candidates for Outside Director. The Company has designated Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda as independent officers under the provision set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange and has notified said Exchanges accordingly. In addition, the Company will designate Mr. Atsushi Iritani as an independent officer under the provision set forth by said Exchanges and will notify said Exchanges accordingly.

3. The Company has entered into a Limited Liability Agreement with Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda. The Company will continue with the Limited Liability Agreement with them if the reelection of each candidate is approved. In addition, the Company will enter into the Limited Liability Agreement with Mr. Atsushi Iritani after his election. Outlines of this Limited Liability Agreement are described below:
 - In the event that the Company bears liability for damages caused by neglect of the Outside Director's duty, the liability amount shall be the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.
 - The limited liability stated above shall be applicable only when the Outside Director performs his or her duty in good faith and without material negligence.
4. The Company has entered into a directors and officers liability insurance contract set forth in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure all of its Directors. The insurance policy covers legal damages and litigation expenses to be borne by the insureds. If the candidates are appointed as Director, each of them will be insured under the insurance contract. The Company plans to renew the insurance contract with the same conditions during their terms of office.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

February 1986	Joined the Company
April 2011	Executive Officer, General Manager of Sales Management Department
April 2012	Managing Executive Officer, General Manager of Sales Management Department
June 2012	Director, Managing Executive Officer and General Manager of Sales Management Department
April 2016	Managing Director, General Manager of Sales Management Department
April 2017	Managing Director, General Manager of Construction Business Headquarters
April 2018	Senior Managing Director, General Manager of Construction Business Headquarters
April 2019	President and Representative Director, General Manager of Construction Business Headquarters
April 2021	President and Representative Director (current position)

<Reason for nomination as candidate for Director>

Mr. Kobayashi has long been involved in the Daito Group's core business, the construction business, and has been engaged in developing human resources and revitalizing organization to strengthen sales capabilities, establishing the leased housing brand and product development, as well as exploring new construction fields. Thus, Mr. Kobayashi has contributed to enhancing the Daito Group's business foundations and development. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Kobayashi, as President and Representative Director leading the entire Daito Group, is engaged in improving corporate value and achieving sustainable growth in a structured manner by enhancing corporate governance, promoting sustainability and exploring growth fields from a medium- to long-term perspective, while demonstrating strong leadership in overall management. Mr. Kobayashi, therefore, has been nominated as a candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group's corporate value through the utilization of his rich experience and knowledge and strong leadership in the management of the Daito Group.

<Candidate's message to shareholders>

The outbreak of COVID-19 and other drastic changes in environment around the world have forced many things to change, evolve, or otherwise disappear.

The Daito Group's New Five-year Plan marked its third year. As we engage in business operations aiming to become a total lifestyle support company focusing on the general leasing business from a pure house leasing player, the "housing" field in which we offer services will never be lost despite possible changes or evolutions. Taking this hardship as an opportunity, we will solidify our business foundation while further expanding and strengthening not just the construction business but also the real estate business and life support service field, in an effort to become "a company that is entrusted with dreams and the future while achieving sustainable growth."

For that purpose, the Company must be managed with a view to increasing corporate value in a medium to long term. We are committed to further enhancing corporate governance and proactively tackling and resolving societal issues such as SDGs and sustainability, thereby achieving higher corporate value in order to fulfill the mandate entrusted to us by all stakeholders including our shareholders.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

- April 1989 Joined the Company
- April 2012 Executive Officer,
General Manager of Corporate Planning Division
- June 2012 Director and Executive Officer,
General Manager of Corporate Planning Division
- April 2013 Director and Executive Officer,
General Manager of Subsidiaries Business Headquarters,
General Manager of Corporate Planning Division
- April 2014 Director, Managing Executive Officer and
General Manager of Corporate Management Headquarters,
In charge of Corporate Planning Division, New System Development Division,
Total Quality Control Division, CSR Promotion Department, and Lease Business
Network Department
- April 2015 Director, Managing Executive Officer and
General Manager of Corporate Management Headquarters,
In charge of Corporate Planning Division and Total Quality Control Division
- April 2016 Managing Director,
General Manager of Corporate Management Headquarters
In charge of Corporate Planning Division and Total Quality Control Division
- April 2017 Managing Director,
General Manager of Corporate Management Headquarters and Subsidiaries
Business Headquarters
In charge of Corporate Planning Division, Total Quality Control Division and Legal
Services Division
- April 2018 Managing Director, General Manager of Corporate Management Headquarters and
Subsidiaries Business Headquarters
In charge of Corporate Planning Division, Total Quality Control Division, Legal
Division and Public Relations Department
- April 2019 Managing Director, General Manager of Corporate Management Headquarters and
Subsidiaries Business Headquarters (current position)

<Reason for nomination as candidate for Director>

Mr. Kawai has long been involved in management administration divisions and the businesses of the subsidiaries. In the management administration divisions, he has been engaged in reforms in the way that employees work and promoting finance strategies that focus on capital efficiency, and in the businesses of the subsidiaries, he has been engaged in revenue growth opportunities in new business areas. Thus, Mr. Kawai has been contributing to stabilizing the Daito Group's management foundation. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Kawai, as the chief officer overseeing the management administration divisions and the businesses of the subsidiaries, is performing his duties to establish and promote new ways of working to match the changing social situation, while further reinforcing the management foundations of the Company and diversifying revenue sources.

Mr. Kawai, therefore, has been nominated as a candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group's corporate value through the utilization of his abundant experience and knowledge.

<Candidate's message to shareholders>

The spread of COVID-19 unexpectedly caused the society to accelerate reforms in the way people work. At the Daito Group as well, teleworking systems and flexible working hour programs have been largely set up. We now must need to promote digital transformation (DX) in pursuit of better operational efficiency under the remote working environment.

In step with reforms in the way that employees work amid the COVID-19 pandemic, I am committed to enhancing the management foundations by promoting diversity which enables flexible and diverse ways of working, initiative to increase employees' engagement, health-oriented management, and finance strategies focusing on ROE and capital efficiency.

In addition, the Daito Group needs to expand its business in new territory for its sustainable growth. With the aim of becoming a total life support company, I will actively deploy our business in areas other than the house leasing business, provide life support services and proactively consider business alliance and M&As, among other things, to expand revenue sources of the Daito Group, which will result in the further enhancement of our corporate value.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

April 1989	Joined the Company
April 2007	General Manager of Metropolitan Area Construction Sales Department
April 2010	General Manager of Toukai Construction Sales Department
April 2012	Executive Officer and General Manager of Tenant Recruiting Management Department
June 2014	Director and Executive Officer, General Manager of Tenant Recruiting Management Department
April 2015	Director and Executive Officer, General Manager of Central Japan Construction Business Headquarters
April 2016	Director and General Manager of Central Japan Construction Business Headquarters
April 2017	Director and General Manager of Real Estate Business Headquarters
April 2018	Managing Director and General Manager of Real Estate Business Headquarters
April 2020	Managing Director and General Manager of West Japan Construction Business Headquarters
April 2021	Managing Director and General Manager of Construction Business Headquarters (current position)

<Reason for nomination as candidate for Director>

Mr. Takeuchi has long been involved in the sales divisions of the Daito Group's core business, construction and real estate businesses. In the construction business, Mr. Takeuchi has been engaged in revitalizing the sales organization and reinforcing sales strategies, while in the real estate business he has worked to maintain healthy occupancy rates and to improve the earning power. Thus, Mr. Takeuchi has contributed to strengthening the business foundations in both areas. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Takeuchi, as the chief officer overseeing the construction business, is performing his duties to recover construction orders, increase design capabilities and technological capabilities, and establish new sales methods that match the changing social situation.

Mr. Takeuchi, therefore, has been nominated as a candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group's corporate value through the utilization of his abundant knowledge and experience.

<Candidate's message to shareholders>

The Company has long relied on direct sales in which we sought to increase opportunities to meet customers in person and make sincere proposals. The method has helped us grow the market share of rental housing to date, however, given the recent drastic changes in environment, we face an urgent need to establish sales methods that are totally different from the previous ones. That is to say, a crucial reform has to be undertaken, instead of refining old sales methods.

In the construction business, we are currently strengthening inside sales. In order to explore new customer channels, we are pushing forward various initiatives, including a focus on corporate sales, alliance with financial institutions and real estate companies to gain introductions, and efforts to acquire feedbacks online, all of which have already produced certain results. Leveraging the area marketing and product development capitalizing on the experience at Real Estate Business Headquarters, and through producing synergies with a newly acquired investment condominium business, we will make concerted efforts to recover the performance of the construction business, the Daito Group's core business.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

March 1991	Joined the Company
April 2013	Director and General Manager, Rental Property Management Department, Daito Building Management Co., Ltd., (currently Daito Kentaku Partners Co., Ltd.)
April 2015	Managing Director and General Manager, Corporate Planning Division, Daito Building Management Co., Ltd., (currently Daito Kentaku Partners Co., Ltd.)
April 2016	Senior Managing Director, Daito Building Management Co., Ltd., (currently Daito Kentaku Partners Co., Ltd.)
April 2017	Representative Director and President of Daito Kentaku Partners Co., Ltd.
June 2017	Director of the Company, Representative Director and President of Daito Kentaku Partners Co., Ltd.
April 2020	Director and General Manager of Real Estate Business Headquarters of the Company, Representative Director and President of Daito Kentaku Partners Co., Ltd.
April 2021	Managing Director and General Manager of Real Estate Business Headquarters of the Company, Representative Director and President of Daito Kentaku Partners Co., Ltd. (current position)

<Reason for nomination as candidate for Director>

Mr. Sato has long been involved in building management operations of the leased buildings managed by the Daito Group. For the owners, he has been committed to maintaining stable lease management and the asset value of the leased buildings, and for the tenants, he has provided safe and comfortable homes. Thus, Mr. Sato has contributed to creating and increasing the quality of property management services. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Sato, as the General Manager of Real Estate Business Headquarters, is performing his duties to improve the satisfaction of owners and tenants and expand revenues from real estate brokerage and trading businesses by leveraging the experience and knowledge that he has accumulated to date.

Mr. Sato, therefore, has been nominated as a candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group's corporate value through the utilization of his extensive experience and knowledge.

<Candidate's message to shareholders>

The industry of rental buildings management is reaching a maturity stage, and is entering an era in which operators compete with each other to differentiate their services from others.

We at the Daito Group are striving to provide the owners with supports for the sound management of rental buildings and to the tenants, services to increase their convenience, instead of merely offering the management of rental buildings. As part of these efforts, we aim to establish and commence operation of a new platform, including the provision of life support services and subscription services. I am committed to contributing to the Daito Group's growth in sales and profit, by expanding and promoting new businesses based on our property management quality and capabilities to attract customers.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

August 1987	Joined the Company
April 2011	General Manager of Management Strategy Division and Administration Department
April 2012	Executive Officer and General Manager of Cost Management Department
April 2013	Executive Officer and General Manager of Design Management Department
June 2014	Director and Executive Officer, General Manager of Design Management Department
April 2016	Director and General Manager of Design Business Headquarters
April 2017	Director and General Manager of Subsidiary Management Department, in charge of Nursing Care and Childcare Businesses and Overseas Business (current position)

<Reason for nomination as candidate for Director>

Mr. Uchida has long been involved in the design divisions, the Nursing Care and Childcare Businesses, and Overseas Business. In the design divisions, he has been engaged in increasing design capabilities and product appeal aiming for the highest technological capabilities in the industry, while in the Nursing Care and Childcare Businesses and Overseas Business, he has worked to create new core businesses while expanding and strengthening the existing businesses of the subsidiaries. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Uchida, as the Director in charge of the Nursing Care and Childcare businesses and the Overseas business, is performing his duties to diversify revenue sources of the Daito Group by strengthening and expanding new core businesses.

Mr. Uchida, therefore, has been nominated as a candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group's corporate value through the utilization of his abundant knowledge and experience.

<Candidate's message to shareholders>

In order for us to evolve into a total lifestyle support company and achieve the New Five-year Plan, it is vital to expand the "Nursing Care and Childcare Businesses," "Energy Business" and "Overseas Business," which are positioned as "new core businesses," in addition to the construction business and real estate business, which are Daito Group's core businesses, as well as to embark on new businesses.

In the Overseas Business, particularly our hotels in Malaysia have been facing difficult conditions due to the direct impact of the global pandemic. On the other hand, the Nursing Care and Childcare Businesses in Japan has seen increases in the number of facilities and users, while in the Energy Business, in addition to the expanded supply of the LP gas business, we broadened areas supplied with our city gas, and acquired mega solar power generation facilities, thereby expanding our operations smoothly.

At the same time, I will further solidify and sophisticate the collaboration and strategies within the Group companies to generate new businesses and group synergies, while diversifying the revenue sources of the Daito Group, with the ultimate goal to contribute to the increase in corporate value over a medium to long term.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

April 1991	Joined the Company
April 2013	General Manager of Design Department
April 2016	Executive Officer and General Manager of Design Department
April 2017	Executive Officer and General Manager of Design Management Department
April 2019	Senior Executive Officer and General Manager of Metropolitan Area Construction Business Headquarters
April 2020	Executive Officer and General Manager of Design Management Department (current position)

<Reason for nomination as candidate for Director>

Mr. Tate has long been involved in design division, the core division of the construction business, and has engaged in product development, increasing accuracy in design and quantity survey, human resources development and cost reduction. Furthermore, he has been leading the Company's sustainability and ESG activities through developing environmentally friendly products such as ZEH rental housing, and through serving as Secretariat of the "Future Athletes Project," one of the Company's social contribution activities.

Currently, Mr. Tate, as the operating officer in charge of the design division, is performing his duties toward maintaining the trust of society through developing environmentally friendly products that cater to various needs, publicizing the Company's technological capabilities as a way to support sales through appointing technical personnel as sales engineers, and establishing a construction supervisors system with an emphasis on quality.

Mr. Tate, therefore, has been nominated as a candidate for Director based on the judgment that he will contribute to the further enhancement of the Daito Group's corporate value through the utilization of his abundant knowledge at design division, where he has long been engaged, as well as experience in environmental activities and social contribution activities, toward strengthening the Daito Group's core business, the construction business, and promoting sustainability and ESG, which are important societal issues.

<Candidate's message to shareholders>

The recent pandemic, which I consider as an "emergency situation" equivalent to a natural disaster, has brought a substantial change to the way that employees work, such as a shift toward teleworking. In order for the Company to continue business in such an environment, we must devise new solutions and evolutions to offer to customers, including the adoption of digital technologies even for the construction business.

We will thus promote inside sales utilizing virtual reality in the presentation of buildings and incorporate digital transformation in the field of construction, as an example. Meanwhile, our efforts in the areas the society has naturally sought from us—architectural design, quality inspection and management, and improvement of building performance—shall be continued.

While engaging in the development of Cross Laminated Timber (CLT) buildings and promotion of renewable energy from the environmental perspective, we will also develop the renovation business not only for general rental housing—our specialized field—but for structures other than housing, and actively participate in Private Financing Initiative (PFI) projects, striving to further expand revenue sources of the Company.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

February 1994	Joined the Company
April 2012	General Manager of Tenant Sales Promotion Department (in charge of East Japan Region)
April 2014	Director and General Manager of Credit Department, Daito Building Management Co., Ltd. (currently Daito Kentaku Partners Co., Ltd.)
April 2016	Executive Officer Managing Director and General Manager of Credit Department, Daito Building Management Co., Ltd. (currently Daito Kentaku Partners Co., Ltd.)
April 2017	Executive Officer Representative Director and President, Daito Kentaku Leasing Co., Ltd. (current position)

<Reason for nomination as candidate for Director>

Mr. Mori has long been involved in the real estate business, the Daito Group's core business, and has been engaged in credit operation to ensure appropriate rent in the whole-building lease business and revenue growth opportunities in the lease brokerage business.

Currently, Mr. Mori, as Representative Director and President of Daito Kentaku Leasing Co., Ltd., is performing his duties to expand revenue sources of the real estate brokerage business through launching the trading brokerage business and franchising business of brokerage stores, while strengthening the existing lease brokerage brand.

Mr. Mori, therefore, has been nominated as a candidate for Director based on the judgment that he will contribute to the strengthening of the real estate business, the Daito Group's core business, and further enhancement of the Daito Group's corporate value through the utilization of his abundant knowledge in the real estate business in which he has long been engaged, and his experience as Representative Director at a Group company as well as through enhancing supervision of the management.

<Candidate's message to shareholders>

The spread of COVID-19 provoked a radical change in the world, accelerating parallel acceptance of "digital" and "real." The change has generated new needs for housings as well, calling for flexible evolution in the roles to be played by lease brokerage service providers.

In addition to nurturing our "e-Heya Net" on an ongoing basis, we strive intensively to win more attention and positive feedback from users through operating a more convenient and effective property search site for customers looking for apartments, improving the quality of customer service, and increasing recognition of our real estate lease brokerage brand. In addition to the lease brokerage business, we will continue addressing diversified customer needs with our franchise business and trading brokerage service, in anticipation of the trends in the real estate industry going forward. Through these efforts, we aim to expand our business territory as well as generate sales and profit based on the group-wide collaboration.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

March 1990	Registered with the Osaka Bar Association Joined Takeuchi and Inoue Law Firm
April 1995	Established Yamaguchi Toshiaki Law Firm Representative Attorney, Yamaguchi Toshiaki Law Firm (current position)
June 2004	Outside Audit & Supervisory Board Member, Friendly Corporation
April 2007	Lecturer at Doshisha Law School
October 2008	Director, Japan Internal Control Association (current position)
July 2010	Director, Association of Certified Fraud Examiners
July 2012	Leader of Outside Director Guidelines Study Team, Judicial System Research Board, Japan Federation of Bar Associations
March 2013	Outside Director, Nissen Holdings Co., Ltd.
June 2013	Outside Director of the Company (current position) Member of the Evaluation Committee (currently Governance Committee) of the Company
August 2014	Director of Japan Corporate Governance Network (current position)
December 2014	Outside Audit & Supervisory Board Member of Osaka University Venture Capital Co., Ltd.
February 2015	Audit & Supervisory Board Member of Osaka Municipal Transportation Bureau
June 2015	Committee Member of Committee on Whistleblower Protection System, Consumer Affairs Agency
June 2017	Chairman of Governance Committee of the Company (current position)
April 2018	Outside Audit & Supervisory Board Member of Osaka Metro Co., Ltd. (current position)

■ Years since the assumption of office: 8 years (at the close of this Ordinary General Meeting of Shareholders)

■ Attendance at Board of Directors meetings: 13 times out of 13 meetings (100.0% attendance ratio)

<Reason for nomination as candidate for Outside Director and outline of expected roles>

Mr. Yamaguchi is a lawyer who has a thorough knowledge of corporate legal affairs, risk management and corporate governance. With his invaluable opinions backed by his strong expertise and extensive experience, he is sufficiently fulfilling his roles of making decisions on important matters concerning the management of the Company and supervising its business execution. Furthermore, as Chairman of the Company's Governance Committee, he is proactively involved in securing transparency and fairness in nomination and remuneration.

Therefore, he has been nominated as a candidate for Outside Director in the expectation that he will continue to provide invaluable opinions and sound advice based on his strong expertise and experience, make decisions on important matters and fulfill supervisory function on the overall management.

<Independence>

Mr. Yamaguchi is determined to be sufficiently independent as he satisfies the independence criteria established by the Company as well as standards for independent officers established by the Tokyo Stock Exchange and the Nagoya Stock Exchange.

<Candidate's message to shareholders>

Due to the progress in corporate governance reforms and the revised Companies Act, the roles expected to be played by outside officers have become increasingly important. I will be involved in the decision making by the Board of Directors upon diligently considering from an Outside Director's perspective how the Company can meet shareholders' expectations with its business strategies, with an eye toward the post-COVID-19. I will continue leveraging my insight in promoting compliance-oriented management of the Daito Group.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

April 1983	Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
March 1985	Joined Morgan Stanley Securities Co., Ltd. (currently Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)
January 1991	Vice President, Morgan Stanley Securities Co., Ltd.
February 1994	Executive Director, Morgan Stanley Securities Co., Ltd.
December 2000	Managing Director, Morgan Stanley Securities Co., Ltd.
April 2004	Managing Director and Head of Sales, Fixed Income Division of Credit Suisse First Boston Securities (Japan) Ltd. (currently Credit Suisse Securities (Japan) Limited)
June 2015	Outside Director of the Company (current position) Member of the Evaluation Committee (currently Governance Committee) of the Company (current position)
October 2018	External Director and Audit Committee Member of Sumitomo Mitsui Trust Asset Management Co., Ltd. (current position)

- Years since the assumption of office: 6 years (at the close of this Ordinary General Meeting of Shareholders)
- Attendance at Board of Directors meetings: 13 times out of 13 meetings (100.0% attendance ratio)

<Reason for nomination as candidate for Outside Director and outline of expected roles >

Ms. Sasaki has many years of management experience in companies operating in the field of global financial business and has extensive experience and broad insights. Based on these experience and insights, Ms. Sasaki is fully performing her duties of making decisions on important matters regarding the management of the Company and overseeing business execution by providing invaluable opinions from various angles, including from a female perspective as well as a global perspective, and from an investor standpoint.

Therefore, Ms. Sasaki has been nominated as a candidate for Outside Director in the expectation that she will continue to contribute to diversity management and provide sound advice based on her experience and insights, make decisions on important matters and fulfill supervisory function on the overall management.

<Independence>

Ms. Sasaki is determined to be sufficiently independent as she satisfies the independence criteria established by the Company as well as standards for independent officers established by the Tokyo Stock Exchange and the Nagoya Stock Exchange.

<Candidate's message to shareholders>

As the world is moving toward a decarbonized society, companies are required to respond to ESG issues. In this endeavor, it is desirable that such efforts will also lead to higher financial performance. I am also aware that the governance system is expected to be further sophisticated.

Leveraging my viewpoint and insight gained by working for a globally-operating foreign-affiliated financial institution, and my experience as Outside Director of the Company, I will aim to fulfill supervisory function of the management from an objective and neutral standpoint, and contribute to the corporate value enhancement of the Company.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

April 1972	Joined SANKYO CO., LTD. (currently DAIICHI SANKYO COMPANY, LIMITED)
June 2001	Director, General Manager, Overseas Medical Sales Division, SANKYO CO., LTD.
June 2002	Managing Director, SANKYO CO., LTD.
June 2003	Representative Director and President, SANKYO CO., LTD.
September 2005	Representative Director, President and CEO, DAIICHI SANKYO COMPANY, LIMITED
June 2010	Representative and Chairman, DAIICHI SANKYO COMPANY, LIMITED
June 2014	Consultant, DAIICHI SANKYO COMPANY, LIMITED
June 2015	Outside Director, Ube Industries, Ltd.
June 2017	Outside Director of the Company (current position) Member of the Governance Committee of the Company (current position)
June 2019	Outside Director, Audit and Supervisory Committee Member, Ube Industries, Ltd. (current position)
September 2019	Outside Director, RIKEN Innovation Co., Ltd. (current position)

■ Years since the assumption of office: 4 years (at the close of this Ordinary General Meeting of Shareholders)

■ Attendance at Board of Directors meetings: 13 times out of 13 meetings (100.0% attendance ratio)

<Reason for nomination as candidate for Outside Director and outline of expected roles >

Mr. Shoda has long been engaged in the management of DAIICHI SANKYO COMPANY, LIMITED as a corporate manager, and has extensive experience and broad insights regarding corporate management, as well as insights regarding overall global business management by a Japanese company. Mr. Shoda is fully performing his duties of making decisions on important matters regarding the management of the Company and overseeing business execution by providing invaluable opinions based on his experience accumulated through his active involvement in the management of CSR activities. Therefore, Mr. Shoda has been nominated as a candidate for Outside Director in the expectation that he will continue to provide invaluable opinions and sound advice based on his experience and insights regarding corporate management, make decisions on important matters and fulfill supervisory function on the overall management.

<Independence>

Mr. Shoda is determined to be sufficiently independent as he satisfies the independence criteria established by the Company as well as standards for independent officers established by the Tokyo Stock Exchange and the Nagoya Stock Exchange.

<Candidate's message to shareholders>

As the business environment surrounding the Daito Group is undergoing drastic changes, the Group is, based on its "New Five-year Plan," aiming to evolve into a community-rooted total lifestyle support company focusing on the general leasing business, rather than focusing only on house leasing business, and is working to achieve further growth. I believe that a key in the enhancement of the Company's corporate value lies in the implementation of growth strategies that live up to the empathy, support, and expectations of all stakeholders (shareholders, employees, customers, business partners, society in general).

Through engaging in exhaustive discussions on important matters regarding the management at the Board of Directors meetings and other occasions, and by securing management transparency and fulfilling responsibilities to further enhance corporate governance and supervise the management, I will contribute to the increase in corporate value of the Company.



■ Career summary, position and responsibilities in the Company and significant concurrent positions held

September 1988	Joined Barclays Securities Japan Limited
October 1992	Joined Inoue Saito Eiwa Audit Corporation (currently KPMG AZSA LLC.)
April 1998	Appointed to public prosecutor
September 2007	Registered with Daini Tokyo Bar Association; Atsumi & Sakai
July 2009	Tokyo Regional Taxation Bureau (fixed-term public employee)
July 2012	Atsumi & Sakai
January 2016	Joined Nagashima Ohno & Tsunematsu (current position)
March 2020	Outside Director and Audit & Supervisory Committee Member, AKARU-TASU HOLDINGS Co., Ltd. (current position)

<Reason for nomination as candidate for Outside Director and outline of expected roles>

Mr. Iritani has been engaged in crisis management operations such as financial legal affairs and compliance as an attorney, and has also been involved in audit operations at financial institutions as a certified public accountant. Thus, he has extensive experience and broad insights. Therefore, Mr. Iritani has been nominated as a candidate for Outside Director in the expectation that he will contribute to strengthening corporate governance and provide sound advice based on his strong expertise and experience, make decisions on important matters and fulfill supervisory function on the overall management.

<Independence>

Mr. Iritani is determined to be sufficiently independent as he satisfies the independence criteria established by the Company as well as standards for independent officers established by the Tokyo Stock Exchange and the Nagoya Stock Exchange.

<Candidate's message to shareholders>

The COVID-19 pandemic has changed the people's values and behavioral patterns, as well as dramatically shifted the environment surrounding corporations. Under such a situation, I believe it should be increasingly important for a company to have its board of directors sufficiently fulfill its functions, support the agile and bold decision-making of the management, and fulfill management supervisory functions in a highly effective manner.

Utilizing my financial and accounting perspective cultivated as a certified public accountant, I am committed to contributing to achieving the Company's new growth and sustainable improvement in corporate value. In addition, to promote enhancement of the Company's corporate governance and compliance management, I strive to make use of my knowledge and experience garnered as an attorney engaged in supporting the crisis management of corporations.

Proposal No. 3: Election of Three (3) Audit & Supervisory Board Members

The terms of office of all three (3) Audit & Supervisory Board Members are to expire at the conclusion of this year's Ordinary General Meeting of Shareholders. For this reason, the Company proposes that shareholders elect three (3) Audit & Supervisory Board Members.

The Company has obtained the consent of the Audit & Supervisory Board for this proposal.

The candidates for Audit & Supervisory Board Members are as follows.

Candidate No.	Name	Position in the Company	
1	Masayasu Uno	Standing Audit & Supervisory Board Member Committee Member of Governance Committee	Reappointment Outside Director Independent Officer
2	Masa Matsushita	-	New appointment Outside Director Independent Officer
3	Kenji Kobayashi	-	New appointment Outside Director Independent Officer

(Notes) 1. There is no special interest between each of the candidates for Audit & Supervisory Board Member and the Company.

2. Candidates, Mr. Masayasu Uno, Mr. Masa Matsushita and Mr. Kenji Kobayashi are candidates for Outside Audit & Supervisory Board Member. The Company has designated Mr. Masayasu Uno as an independent officer under the provision set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange and has notified said Exchanges accordingly. Mr. Masa Matsushita and Mr. Kenji Kobayashi will be designated as independent officers under the provision set forth by said Exchanges and notified accordingly after their election.

3. The Company has entered into a Limited Liability Agreement with Mr. Masayasu Uno. The Company will continue with the Limited Liability Agreement with him if his reelection is approved. In addition, the Company will enter into the Limited Liability Agreement with Mr. Masa Matsushita and Mr. Kenji Kobayashi after their election. Outlines of this Limited Liability Agreement are described below:

- In the event that the Company bears liability for damages caused by neglect of the Outside Audit & Supervisory Board Member's duty, the liability amount shall be the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.
- The limited liability stated above shall be applicable only when the Outside Audit & Supervisory Board Member performs his or her duty in good faith and without material negligence.

4. The Company has entered into a directors and officers liability insurance contract set forth in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to insure all of its Audit & Supervisory Board Members. The insurance policy covers legal damages and litigation expenses to be borne by the insureds. If the candidates are appointed as Audit & Supervisory Board Member, each of them will be insured under the insurance contract. The Company plans to renew the insurance contract with the same conditions during their terms of office.



■ Career summary, position in the Company and significant concurrent positions held

August 1981	Joined Chuo Accounting Office
September 1984	Joined Integran, Inc.
October 1996	Representative Director and President of US Robotics Co., Ltd.
November 1997	Representative Director and Vice President of 3COM Japan
October 1998	Director and General Manager of Sales Division of Lucent Technologies, Japan
October 2000	Representative Director and President of Avaya Japan Ltd.
March 2005	Representative Director and President of NetIndex Inc. (currently NCXX Group Inc.)
November 2007	Director of Index Holdings (currently Index Corporation)
June 2009	Audit & Supervisory Board Member of the Company (current position)
December 2012	Member of the Evaluation Committee (currently Governance Committee) of the Company (current position)

- Years since the assumption of office: 12 years (at the close of this Ordinary General Meeting of Shareholders)
- Attendance at Board of Directors meetings: 13 times out of 13 meetings (100.0% attendance ratio)
- Attendance at Audit & Supervisory Board meetings: 12 times out of 12 meetings (100.0% attendance ratio)

<Reason for nomination as candidate for Outside Audit & Supervisory Board Member>

Mr. Uno has expertise in finance and accounting as a certified public accountant and a wealth of experience in and knowledge as a business entrepreneur. He has conducted audits based on his experience and knowledge, as well as stated his opinions from an independent position as an Outside Audit & Supervisory Board Member, sufficiently fulfilling the function of audits over the Company's management. In addition, as the standing Audit & Supervisory Board Member, he has attended and expressed his opinions not only at the Board of Directors, but also at other important meetings on business execution, and endeavored to enhance the effectiveness of the audit function. Going forward, the Company expects him to train future Audit & Supervisory Board Members by making the most of his extensive audit experience and knowledge in the Daito Group.

Therefore, Mr. Uno has been nominated as a candidate for Outside Audit & Supervisory Board Member based on the judgment that it is in our best interest that he continues to fulfill the audit function over the Company's management as an Outside Audit & Supervisory Board Member.

<Independence>

Mr. Uno is determined to be sufficiently independent as he satisfies the independence criteria established by the Company as well as standards for independent officers established by the Tokyo Stock Exchange and the Nagoya Stock Exchange.

<Candidate's message to shareholders>

After engaging in auditing services as a certified public accountant, I studied at a graduate school in the U.S. to deepen my knowledge in business administration in general. In the 20 years after I returned to Japan, I was involved in management at Japanese and American IT companies as an executive, while leading public offerings at securities market.

In order to fulfill the expectations of our shareholders as an Outside Audit & Supervisory Board Member, aside from accounting audit work utilizing my knowledge in accounting, I shall look forward to also carrying the responsibility of verifying governance processes and preparation and usage status of the internal control system, as well as carrying out operation audits on business executions from an independent and fair perspective, in cooperation with internal audit departments and other sections. Drawing on my managerial experience in the IT industry, I will strive to establish a mutual relationship of trust with the Company's Directors and others, and contribute to the Company's development to maximize its corporate value.



■ Career summary, position in the Company and significant concurrent positions held

April 1989	Registered with Tokyo Bar Association; Joined Tokyo Aoyama Law Office (currently Baker & McKenzie)
January 1998	Joined GE Yokogawa Medical System K.K. (currently GE Healthcare)
January 1999	Director, GE Yokogawa Medical System K.K.
March 2003	Vice President and Director, Japan General Electric K.K. (GE Japan)
July 2005	Joined FAST RETAILING CO., LTD.
September 2005	Director and Senior Executive Officer, FAST RETAILING CO., LTD.
July 2010	Director, Siemens K.K.
March 2011	Director of the Board, Managing Executive Officer, KOKUYO Co., Ltd.
March 2015	Joined Adastria Co., Ltd.
May 2017	Representative Director, Adastria Co., Ltd.
April 2018	Outside Director, CYPRESS. INC (current position)
January 2020	Vice President and General Counsel, Okinawa Institute of Science and Technology School Corporation (current position)
April 2020	Outside Director, afterFIT Co., Ltd. (current position)

<Reason for nomination as candidate for Outside Audit & Supervisory Board Member >

Mr. Matsushita has specialized knowledge regarding corporate legal affairs and finance as an attorney, and extensive experience and insight as a corporate manager. He also has worked in several countries and has experience in the IT system field.

Therefore, Mr. Matsushita has been nominated as a candidate for Outside Audit & Supervisory Board Member based on the judgment that it is in our best interest that he fulfills the audit function over the Company's management as an Outside Audit & Supervisory Board Member based on these abundant insights and experience.

<Independence>

Mr. Matsushita is determined to be sufficiently independent as he satisfies the independence criteria established by the Company as well as standards for independent officers established by the Tokyo Stock Exchange and the Nagoya Stock Exchange.

<Candidate's message to shareholders>

I was engaged in legal practice as an attorney at international enterprises for about eight years. After that, I worked for Western companies as well as Japanese listed companies as a director tending to in-house legal affairs and business administration in general, and as a manager. While engaging in corporate management in various sectors, I also have exerted efforts to improve corporate governance. I will strive for well-balanced corporate governance that shall support the management team in its endeavor to increase corporate value in a sustainable manner, while paying due consideration to legality, internal control and compliance.



■ Career summary, position in the Company and significant concurrent positions held

April 1987	Joined Mitsui Trust and Banking Company, Limited
September 1989	Joined Asahi Shinwa Accounting Corporation
April 1994	Joined Nagano Morita CPA Office (U.S.)
September 1997	Joined Shin Nihon Ernst & Young Co., Ltd.
October 2001	Director, Shin Nihon Ernst & Young Co., Ltd.
April 2005	Managing Director, Ernst & Young Transaction Advisory Service Co., Ltd.
July 2007	Joint CEO, BVCJ, Co., Ltd. (current position)
March 2013	Director, ZEN HOLDINGS Co., Ltd.
March 2015	Representative Director, ZEN HOLDINGS Co., Ltd.

<Reason for nomination as candidate for Outside Audit & Supervisory Board Member>

Mr. Kobayashi has specialized knowledge regarding finance and accounting as a certified public accountant, extensive experience and insight as a corporate manager as well as experiences in the fields of construction and real estate, and as an M&A advisor.

Therefore, Mr. Kobayashi has been nominated as a candidate for Outside Audit & Supervisory Board Member based on the judgment that it is in our best interest that he fulfills the audit function over the Company's management as an Outside Audit & Supervisory Board Member based on these abundant insights and experience.

<Independence>

Mr. Kobayashi is determined to be sufficiently independent as he satisfies the independence criteria established by the Company as well as standards for independent officers established by the Tokyo Stock Exchange and the Nagoya Stock Exchange.

<Candidate's message to shareholders>

After engaging in audit work and other accounting services as a certified public accountant in Japan and the U.S., I have long been involved in M&As and other transaction support services. I also have an experience of participating in management of a holding company operating in the construction and real estate sector.

Capitalizing on my knowledge in finance, accounting and tax practice and experience in transaction support services, I am committed to building corporate governance and increasing corporate value from a fair standpoint of an Outside Audit & Supervisory Board Member, so as to fulfill the expectations of our shareholders. Through promoting communication with Directors and other Audit & Supervisory Board Members as well as the external auditor and accurately identifying issues, I wish to contribute to the development of the Company.

[Reference] Guidelines for Selecting Outside Officers (Directors and Audit & Supervisory Board Members)

Outside Officers and Candidates as Outside Officers of the Company shall be selected from those who satisfy the following guidelines established by the Company.

1. Can directly supervise the discussions and decisions by the Board of Directors on, among others, management, corporate legal affairs, and governance issues;
2. Can reflect their own knowledge and insights in the development of a growth strategy, the establishment of a management strategy, the achievement of a mid-term business plan, etc.; and
3. Can provide advice and guidance on other corporate management issues based on their own knowledge, expertise and experience.

[Reference] Independence Criteria for Outside Officers (Directors and Audit & Supervisory Board Members)

Outside Officers and Candidates as Outside Officers of the Company shall be selected from those who satisfy the following independence criteria established by the Company.

The following 1. applies to the present and for an indefinite past period and 2. through 5. apply to the present and for the period of past 10 years.

1. Persons related to the Daito Group
Not a director (excluding outside directors), audit & supervisory board member (excluding outside audit & supervisory board member), accounting advisor, executive officer, or employee (hereinafter “director, etc.”) of any subsidiary (Note 1) or affiliate (Note 2) of the Company (hereinafter the “the Daito Group”).
2. Persons with voting rights
 - (1) Not a shareholder holding 10% or more of the voting rights in the Company or a director, etc., of such a shareholder; and
 - (2) Not a director, etc., of a company in which the Daito Group holds 10% or more of the voting rights.
3. Persons with a trade relationship
 - (1) Not a director, etc., of a company with which the Daito Group has carried out transactions in the total amount that is equivalent to 2% or more of the consolidated net sales of either party;
 - (2) Not a director, etc., of a financial institution that is a major lender (with a lending balance equivalent to 2% or more of the consolidated total assets of the Company) to the Daito Group; and
 - (3) Not a director, etc., of a lead underwriter of the Daito Group.
4. Providers of expert services (lawyers, certified public accountants, consultants, etc.)
 - (1) Not a certified public accountant who is an accounting auditor of the Daito Group, or partner or employee of an audit firm; and
 - (2) Not a person who receives a total annual fee of 10 million yen or more from the Daito Group as a lawyer, certified public accountant, tax accountant or any other consultant in addition to the remuneration he/she receives from the Daito Group as a Director or Audit & Supervisory Board Member.
5. Others
 - (1) Not a relative within the second degree of kinship of any of the persons listed in 1 through 4 above (excluding those who are not significant);
 - (2) Not a director, etc., of a company with which the Daito Group has a relationship in which officers are exchanged between the parties; and
 - (3) Not a director, etc., of a company with which the Daito Group has a cross-holding of shares.

(Notes)

1. A “subsidiary” is a subsidiary prescribed in Article 8, Paragraph 3 of the Ordinance on Terminology, Forms and Preparation of Financial Statements, etc.
2. An “affiliate” is an affiliate prescribed in Article 8, Paragraph 5 of the Ordinance on Terminology, Forms and Preparation of Financial Statements, etc.

Proposal No. 4: Election of Accounting Auditor

The term of office of Accounting Auditor Deloitte Touche Tohmatsu LLC is to expire at the conclusion of this year's Ordinary General Meeting of Shareholders. For this reason, the Company proposes that shareholders elect Ernst & Young ShinNihon LLC as a new Accounting Auditor. The Company submits this proposal based on the decision by the Audit & Supervisory Board.

1. Reasons for nomination of Ernst & Young ShinNihon LLC as candidate for Accounting Auditor

The Company has elected Deloitte Touche Tohmatsu LLC as Accounting Auditor for an extended period of time. Given the many years of continuous audit by the Accounting Auditor and changes in the Company's business domains and scale during that time, the Company determined at the Audit & Supervisory Board meeting to appoint a new Accounting Auditor. The Company considered several candidate accounting corporations including Ernst & Young ShinNihon LLC in accordance with the Company's evaluation standard and selection criteria of Accounting Auditor, and as a result, we judged that it is in our best interest that Ernst & Young ShinNihon LLC is elected as Accounting Auditor. The reason for nomination is that Ernst & Young ShinNihon LLC is auditing many corporations operating in the construction and real estate sectors, which are the Daito Group's core businesses, as well as corporations engaged in peripheral businesses thereto, and therefore it is expected that the candidate will provide audits from a new perspective in tune with the Daito Group's business expansion and changes in the environment surrounding the Daito Group. Furthermore, the candidate is expected to further increase reliability of financial statements through its audits incorporating new, different perspectives and methods.

2. Candidate for Accounting Auditor

The candidate for Accounting Auditor is as follows.

(As of March 31, 2021)

Name	Ernst & Young ShinNihon LLC		
Office	1-2, Yuraku-cho 1-chome, Chiyoda-ku, Tokyo		
History	April 2000	Founded as Showa Ota Century Audit Corporation	
	July 2001	Changed name to Shin Nihon & Co.	
	July 2008	Changed name to Shin Nihon LLC	
	July 2018	Changed name to Ernst & Young ShinNihon LLC	
Overview	Capital		¥1,060 million
	Personnel composition (persons)	Certified public accountants:	3,001
		Successful CPA exam candidates, etc.:	1,179
		Other staff:	1,469
	Total:	5,649	

(Appendix) Business Report
(From April 1, 2020 to March 31, 2021)

1. Current State of Enterprise Group

(1) Business Progress and Results

(i) Overview of Business Environment

In the fiscal year ended March 31, 2021, the Japanese economy was forced to slow down its activities due to the spread of novel coronavirus infection (COVID-19) at home and abroad. Although a sign of recovery was seen temporarily, the outlook for the future remained uncertain due to the current resurgence of infections.

With no sight of when COVID-19 will be contained, the housing industry is required to continue sales activities taking infection prevention measures, and otherwise respond flexibly to the situation.

Under such circumstances, new housing starts decreased by 8.1% on a cumulative basis from April 2020 to March 2021 compared to the same period of the previous fiscal year. Likewise, in the field of rental housing on which the Daito Group is focused, housing starts of rental residential properties decreased by 9.4% on a cumulative basis from April 2020 to March 2021 compared to the same period of the previous fiscal year due to, among others, tightening of loans by financial institutions and the impact of COVID-19.

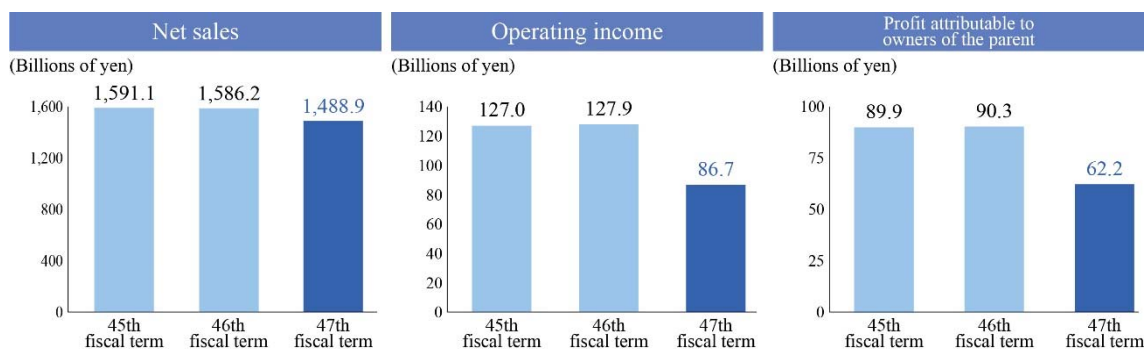
Meanwhile, demand for rental buildings with high convenience, safety and comfort will continue to be steady. In the rental housing field, the Group is expected to acquire expertise about the management of sound rental buildings in accordance with tenants' demands and take the initiative in response to the diversifying needs of tenants, including the offering of disaster-resilient rental houses, environmentally-friendly rental houses and smart rental houses tailored to tenants' lifestyles in an effort to offer sustainable added values.

Under such circumstances, in the third year of the medium-term management plan "New Five-year Plan" (FY2019-FY2023), with the basic policy of "a company that is entrusted with dreams and the future while achieving sustainable growth," the Company will establish sales that adapt to COVID-19 and further reinforce its rental housing business and peripheral businesses, such as the "stock" (subscription-based) business that capitalizes on the 1.2 million-strong properties under the Company's management. At the same time, we will steadily promote new initiatives in areas other than the rental housing business and aim to grow into a total lifestyle support company pivoting on a comprehensive leasing business to shift from a business limited to the leasing of housing.

(ii) Overview of Daito Group

During the fiscal year ended March 31, 2021, the Daito Group overachieved the planned targets, despite posting decreased profits on a consolidated basis for the first time in 13 years, having recorded net sales in the amount of 1,488,915 million yen (down 6.1% year-on-year), and posted an operating income of 86,738 million yen (down 32.2% year-on-year), ordinary income of 90,607 million yen (down 31.9% year-on-year), and current term profit attributable to owners of the parent of 62,285 million yen (down 31.1% year-on-year).

The Daito Group was able to achieve the targets amidst circumstances where it was difficult to carry out ordinary business activities due to COVID-19. We owe the achievement to the earnest support of our stakeholders, including owners, tenants and business partners.

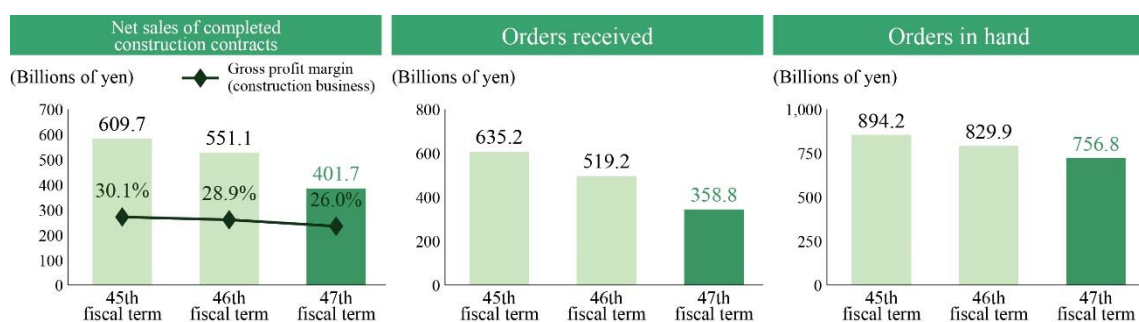


(iii) Progress and Results by Segment

■ Construction Business

In the construction business, net sales of completed construction contracts decreased by 27.1% year-on-year to 401,709 million yen mainly due to the impact of voluntary restraint on sales activities and suspension of operation at construction sites under the state of emergency declared by the government. The gross profit margin for completed projects dropped 2.9 points from the previous fiscal year to 26.0% due to, among others, a relative rise in the fixed cost ratio associated with a decrease in net sales of completed construction contracts.

Orders received decreased 30.9% year-on-year to 358,801 million yen and construction orders in hand as of March 31, 2021 decreased 8.8% year-on-year to 756,818 million yen.

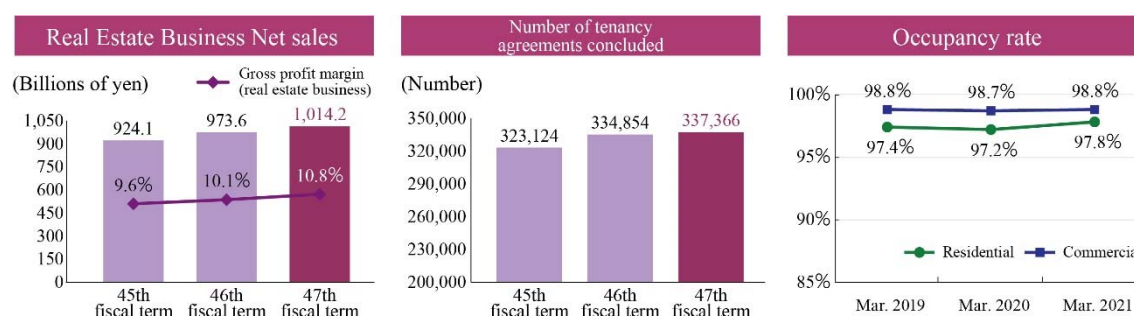


■ Real Estate Business

In the real estate business, an increase in whole-building lease agreements under our Lease Management Trust System and the favorable occupancy rate despite the pandemic allowed our leasing company, Daito Kentaku Partners Co., Ltd. to increase its rental income, while House Leave Co., Ltd., which offers joint guarantor-free services, increased its revenues, resulting in a 4.2% rise in net sales of the real estate business year-on-year to 1,014,262 million yen.

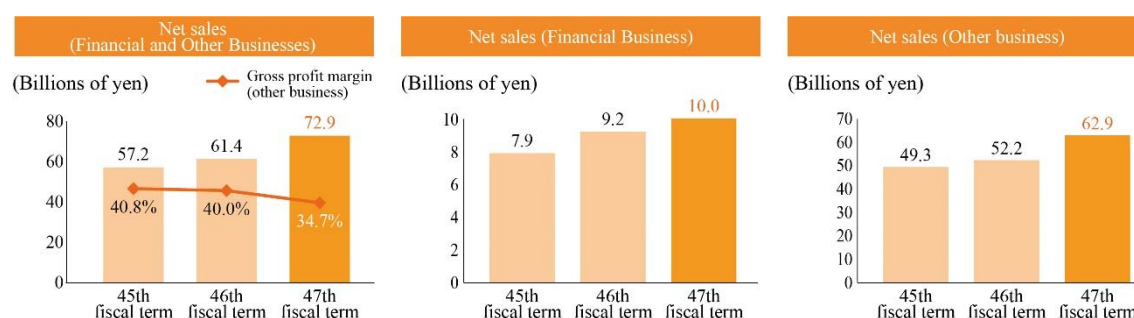
The number of tenancy agreements concluded (*) rose 0.8% year-on-year to 337,366, while there was a temporary effect of store closure under the state of emergency in April 2020. The occupancy rate of our leased residential properties as of March 31, 2021 increased 0.6 points year-on-year to 97.8%, while the occupancy rate of our leased commercial properties increased 0.1 points year-on-year to 98.8%.

(*) Total number of Daito Kentaku Leasing Co., Ltd. and Daito Kentaku Partners Co., Ltd. (including properties managed by other companies)

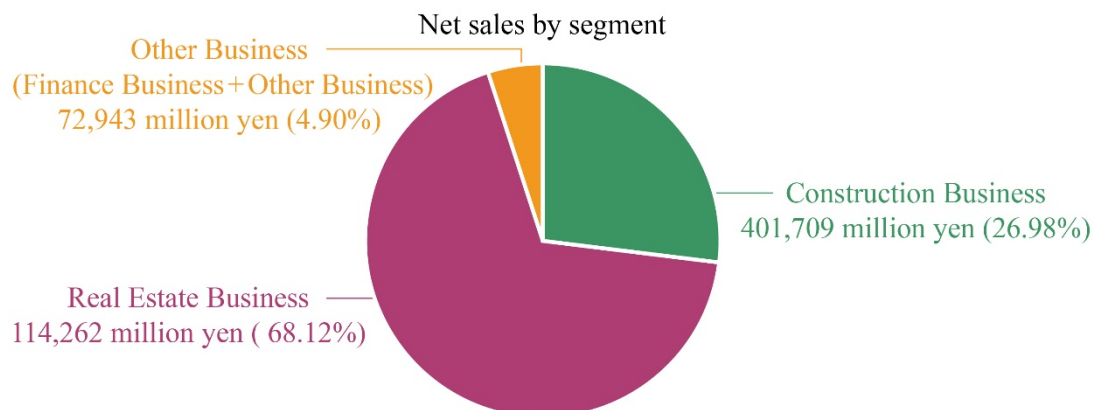


■ Other Business (Financial Business and Other Business)

Total of net sales of other business increased by 18.6% year-on-year to 72,943 million yen, and operating income increased by 5.0% year-on-year to 13,362 million yen. This was attributable to an increase in gas consumption due to stay-at-home demand amid the pandemic and the consolidation of INVALANCE Ltd. engaging mainly in the investment-purpose condominium business, despite the continued declines in the operation rate of hotels in Malaysia due to COVID-19.



<Segment Sales>



Segment		(Reference) 46th Fiscal Term Sales (million yen)	47th Fiscal Term Sales (million yen)	Year-on-year Change (%)
Construction business	Residential	536,551	383,554	(28.5)
	Commercial	5,175	6,316	22.1
	Other	9,377	11,838	26.2
	Total	551,103	401,709	(27.1)
Real estate business	Whole-building lease agreements	884,186	922,570	4.3
	Improvement/repair work	32,023	30,222	(5.6)
	Real estate brokerage	20,302	20,324	0.1
	Rent guarantee business	14,256	16,740	17.4
	Power generation business	7,241	7,526	3.9
	Lease business	6,628	6,744	1.7
	Other	9,056	10,133	11.9
Total	973,694	1,014,262	4.2	
Financial business	Total	9,240	10,017	8.4
Other business	Total	52,254	62,925	20.4
Sum total		1,586,293	1,488,915	(6.1)

(2) Business Strategies

In the fiscal year ended March 31, 2021, the Daito Group posted decreased operating income on a consolidated basis for the first time in 13 years after the fiscal year ended March 31, 2008.

Major factors were decreases in orders and net sales of completed construction contracts in the construction business, affected by temporary closures of construction sites and voluntary restraint on sales activities amid the spread of COVID-19. In the construction business, we will establish new sales methods and explore new sales channels that adapt to COVID-19, while strengthening recruitment and training activities in an effort to recover orders at the earliest stage possible.

The real estate business saw a decrease in the number of tenants leaving due to the pandemic. Meanwhile, demand for properties from new tenants remained robust and the occupancy rate of properties managed by the Company marked record highs for both residential properties and commercial properties. Supported by abundant properties under our management and a robust occupancy rate, we posted increased income not only in the whole-building lease business and lease brokerage business, but also in peripheral businesses such as guarantee business and power generation business. Going forward, we will expand the “stock” (subscription-based) business that capitalizes on more than 1.2 million properties under the Company’s management and promote the establishment of an online platform to link more than 2 million tenants, thereby offering higher value-added services as a total lifestyle support company.

In the other business, the operation of hotels in Malaysia has been significantly affected by the spread of COVID-19, while in Japan, the gas supply business has been performing steadily. We will continue with flexible measures to prevent the spread of infections and cultivation of new businesses, aiming to improve profitability of the entire Daito Group.

Recently, societal issues such as ESG and sustainability have been attracting attention. As we enter the third year of the “New Five-year Plan” and aim for higher corporate value over the medium to long term, we believe efforts to address these societal issues will become increasingly important, in addition to expanding our performance. The Daito Group will place greater emphasis on sustainable management in its business operations, such as development of products and establishment of construction systems that are environmentally friendly, and promotion of workstyle reform, diversity, and employee engagement.

The outline of the “New Five-year Plan” and the initiatives to be taken by each segment to achieve the plan are as follows.

(i) Outline of “New Five-year Plan”

Envisioning a company that is entrusted with dreams and the future while achieving sustainable growth, the Daito Group aims to become a “total lifestyle support company” focusing on the comprehensive leasing business by expanding our business areas to leasing businesses other than housing, including commercial facilities and rental offices, and other lifestyle-rooted services in addition to enhancing the Daito Group’s core businesses, the construction business and the real estate business.

In terms of numerical targets for the fiscal year ending March 2024, we aim to achieve net sales of 2,200 billion yen, operating income of 180 billion yen, consolidated operating profit margin of 7% or more and ROE (return on equity) of 20% or more, and for housing starts of rental residential properties, to acquire a market share of 20% or more.

New Five-year Plan [Fiscal Year Ending March 31, 2024 (50th Fiscal Term) Plan]

Net sales 2,200.0 billion yen	Operating income 180.0 billion yen		
Net sales of completed construction contracts: 30% or higher	Consolidated operating income margin: 7% or higher		
Share of new rental housing construction starts: 20% or higher	Rent-based vacancy rate: 4% or less	Payout ratio / total return ratio: 50%	(Acquisition of treasury stock is suspended; funds will be invested in growth investments instead)

(ii) Segment strategies

■Construction Business

In the construction business, while continuing with consulting sales addressing needs for effective land utilization and asset succession, we will develop products that help resolve societal issues toward realizing “decarbonization,” such as net zero energy house (ZEH) and lifecycle carbon minus (LCCM) rental housings. We will also engage in development of a new construction method to allow for more flexibility in architectural designs. In addition, we will focus on the diversification of sales channels through developing sales schemes with the use of digital marketing, etc. We strive to create opportunities to acquire customers through remote sales, such as inside sales and online seminars that adapt to COVID-19, in an effort to further expand the business.

■Real Estate Business

In the real estate business, we aim to maintain high occupancy rates supported by market surveys based on accumulated data and strong tenant recruiting capabilities. To this end, we will continue to offer services that provide quality housing environment and living tailored to tenants’ lifestyles. In addition, while expanding the franchise business that leverages the “e-Heya Net” brand and the Company’s store operation knowhow, we will provide a life support service to over 2 million tenants through an online platform to be established by the Company, thereby enhancing convenience of tenants and expanding profit.

■Other Business (Financial Business and Other Business)

In other businesses, we will continue promoting the gas supply business and nursing care and childcare business, while generating new synergies with INVALIDANCE Ltd., which mainly engages in the investment-purpose condominium business. We also aim to expand our business territory by expanding the service office business and creating new businesses using the in-house venture program.

We look forward to the continued support and guidance of all our shareholders.

[Reference] Basic Capital Policy of the Company

As its key performance indicators, the Company aims for an operating income margin of 7% or higher and a return on equity (ROE) of 20% or higher and seeks the optimal balance between financial soundness, capital efficiency and shareholder returns.

In addition, the Company has disclosed in its shareholder return policy, where it targets a payout ratio of at least 50% of its consolidated net income (profit attributable to owners of the parent).

Key performance indicators	Operating income margin Target: 7% or higher	Return on equity (ROE) Target: 20% or higher
	47th Fiscal Term (Year ended March 31, 2021) 5.8%	47th Fiscal Term (Year ended March 31, 2021) 20.9%
Shareholder return policy	Payout ratio Target: 50%	
	47th Fiscal Term (Year ended March 31, 2021) 50%	

(3) Capital Investment, etc.

In the fiscal year ended March 31, 2021, total capital investment amounted to 13,352 million yen, which primarily consisted of the overhaul of the backbone system.

(4) Financing

To prepare for the spread of COVID-19, the Daito Group has executed commitment line agreements worth 70.0 billion yen (for a period of one year) during the fiscal year under review for the purpose of securing stable and flexible methods for fund procurement and further stabilizing the financial base.

In addition, the Daito Group raised a total of 87.0 billion yen through syndicated loans including the funds of 67.3 billion yen to refinance the existing loans.

(5) Trends in Assets and Income

(i) Trends in Assets and Income of Enterprise Group

Category	44th fiscal term: Fiscal year ended March 31, 2018	45th fiscal term: Fiscal year ended March 31, 2019	46th fiscal term: Fiscal year ended March 31, 2020	47th fiscal term: Fiscal year ended March 31, 2021 (under review)
Net sales (million yen)	1,557,017	1,591,178	1,586,293	1,488,915
Operating income (million yen)	126,369	127,047	127,956	86,738
Ordinary income (million yen)	131,533	132,240	133,028	90,607
Profit attributable to owners of the parent (million yen)	87,829	89,930	90,380	62,285
Earnings per share < EPS > (yen)	1,165.29	1,212.20	1,306.71	909.31
Total assets (million yen)	842,978	859,772	880,289	919,454
Net assets (million yen)	297,039	302,298	286,161	308,206

(ii) Trends in Assets and Income of the Company

Category	44th fiscal term: Fiscal year ended March 31, 2018	45th fiscal term: Fiscal year ended March 31, 2019	46th fiscal term: Fiscal year ended March 31, 2020	47th fiscal term: Fiscal year ended March 31, 2021 (under review)
Net sales (million yen)	634,848	614,059	553,359	404,107
Operating income (million yen)	64,398	61,468	55,474	7,688
Ordinary income (million yen)	92,553	110,612	97,875	51,056
Net income (million yen)	69,020	88,932	78,464	46,767
Earnings per share < EPS > (yen)	915.73	1,198.75	1,134.43	682.76
Total assets (million yen)	577,128	583,819	583,695	597,870
Net assets (million yen)	146,945	153,636	125,430	132,058

2. The Company's Stock

- (1) **Number of shares authorized** 329,541,100 shares
 (2) **Number of shares issued** 68,863,575 shares (excluding treasury stock: 55,404 shares)
 (3) **Number of shareholders** 19,628 shareholders
 (4) **Principal shareholders**

Name of shareholder	Number of shares owned (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	5,755	8.36
SSBTC CLIENT OMNIBUS ACCOUNT	4,560	6.62
Custody Bank of Japan, Ltd. (Trust account)	3,851	5.59
HIKARI TSUSHIN, INC.	1,626	2.36
Sumitomo Realty & Development Co., Ltd.	1,606	2.33
Co-op Suppliers' Stock Holding	1,588	2.31
STATE STREET BANK WEST CLIENT	1,109	1.61
Daito Trust Construction Employees' Shareholding Association	1,056	1.53
Custody Bank of Japan, Ltd. (Trust account 5)	1,050	1.52
Custody Bank of Japan, Ltd. (Trust account 7)	1,023	1.49

- (Notes) 1. Shareholding ratio is calculated after deducting treasury stock (55 thousand shares).
 2. The Company holds 55 thousand shares of treasury stock, excluding 768 thousand shares held by the ESOP Trust, 487 thousand shares held by the J-ESOP and 47 thousand shares held by the Board Incentive Plan (BIP).

3. Corporate Officers

(1) Names, etc., of Directors and Audit & Supervisory Board Members

Position	Name	Responsibilities and Significant Concurrent Positions Held
President and Representative Director (CEO)	Katsuma Kobayashi	General Manager of Construction Business Headquarters
Managing Director	Shuji Kawai	General Manager of Corporate Management Headquarters and Subsidiary Business Headquarters
Managing Director	Kei Takeuchi	General Manager of West Japan Construction Business Headquarters
Director	Kanitsu Uchida	General Manager of Subsidiary Business Headquarters in charge of Nursing Care and Childcare Business and Overseas Business
Director	Kazuhiko Saito	General Manager of East Japan Construction Business Headquarters
Director	Koji Sato	General Manager of Real Estate Business Headquarters Representative Director and President of Daito Kentaku Partners Co., Ltd.
Director (Outside)	Toshiaki Yamaguchi	Chairman of Governance Committee Representative Attorney, Yamaguchi Toshiaki Law Firm Director, Japan Internal Control Association Director of Japan Corporate Governance Network Outside Audit & Supervisory Board Member of Osaka Metro Co., Ltd.
Director (Outside)	Mami Sasaki	Committee Member of Governance Committee Outside Director and Audit Committee Member of Sumitomo Mitsui Trust Asset Management Co., Ltd.
Director (Outside)	Takashi Shoda	Committee Member of Governance Committee Outside Director, Audit and Supervisory Committee Member, Ube Industries, Ltd. Outside Director, RIKEN Innovation Co., Ltd.
Standing Audit & Supervisory Board Member (Outside)	Masayasu Uno	Committee Member of Governance Committee
Audit & Supervisory Board Member (Outside)	Hideo Hachiya	Committee Member of Governance Committee Representative Attorney, Hachiya Law Firm
Audit & Supervisory Board Member (Outside)	Kazuo Fujimaki	Committee Member of Governance Committee Representative, Fujimaki Sogo Consulting

- (Notes)
1. Mr. Fumiaki Nakagami retired due to the expiration of the term of office at the conclusion of the 46th Ordinary General Meeting of Shareholders held on June 26, 2020.
 2. Mr. Kazuhiko Saito resigned as Director on March 31, 2021.
 3. Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda are Outside Directors.
 4. All Audit & Supervisory Board Members of the Company are Outside Audit & Supervisory Board Members.
 5. Audit & Supervisory Board Member Mr. Masayasu Uno is qualified as a Certified Public Accountant and has considerable financial and accounting knowledge.
 6. Audit & Supervisory Board Member Mr. Kazuo Fujimaki is qualified as a U.S. Certified Public Accountant and has considerable international financial and accounting knowledge.
 7. The Company has designated Directors Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda, and Audit & Supervisory Board Members Mr. Masayasu Uno, Mr. Hideo Hachiya and Mr. Kazuo Fujimaki as independent officers under the provisions set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange and has notified said Exchanges accordingly.
 8. The names, responsibilities and significant concurrent positions held by Directors as of April 1, 2021 are as follows.

Position	Name	Responsibilities and Significant Concurrent Positions Held
President and Representative Director	Katsuma Kobayashi	
Managing Director	Kei Takeuchi	General Manager of Construction Business Headquarters
Managing Director	Koji Sato	General Manager of Real Estate Business Headquarters Representative Director and President of Daito Kentaku Partners Co., Ltd.

(Reference) Names and responsibilities of Executive Officers as of April 1, 2021 are as follows.

Position	Name	Responsibilities
Executive Officer	Takashi Suzuki	General Manager of Chukyo Area Construction Business Department
Executive Officer	Masafumi Tate	General Manager of Design Management Department
Executive Officer	Shoji Yamada	General Manager of West Kanto Area Construction Business Department
Executive Officer	Masayoshi Tanaka	Representative Director & President of Daito Mirai Trust Co., Ltd.
Executive Officer	Kazunori Fukuda	Representative Director & President of Daito Corporate Service Co., Ltd.
Executive Officer	Yoshihiro Mori	Representative Director and President, Daito Kentaku Leasing Co., Ltd.
Executive Officer	Eiji Kawahara	Senior Managing Director, Daito Kentaku Partners Co., Ltd.
Executive Officer	Masayuki Koishikawa	General Manager of Sales Management Department
Executive Officer	Kouichi Nakamura	General Manager of West Japan Construction Business Headquarters
Executive Officer	Jun Matsufuji	General Manager of Metropolitan Area Construction Business Headquarters
Executive Officer	Tetsuya Shibata	Managing Director, Daito Kentaku Leasing Co., Ltd.
Executive Officer	Kazuhiro Izumi	General Manager of Construction Management Department
Executive Officer	Takeshi Nakamura	General Manager of Business Management Department
Executive Officer	Takeshi Shirasaki	General Manager of East Japan Construction Business Headquarters
Executive Officer	Kunihiro Takenaka	General Manager of Metropolitan Area Construction Business Headquarters
Executive Officer	Tsukasa Okamoto	General Manager of Accounting Department
Executive Officer	Eiji Okamoto	General Manager of West Japan Construction Business Headquarters
Executive Officer	Yutaka Amano	General Manager of Business Strategy Department

(2) Outline of Limited Liability Agreements

The Company has entered into a Limited Liability Agreement with all three (3) Outside Directors and all three (3) Outside Audit & Supervisory Board Members, the outline of which is as described below:

A. Limited Liability Agreements with Outside Directors

- In the event that the Company bears liability for damages caused by neglect of the Outside Director's duty, the liability amount shall be the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.
- The limited liability stated above shall be applicable only when the Outside Director performs his duty in good faith and without material negligence.

B. Limited Liability Agreements with Outside Audit & Supervisory Board Members

- In the event that the Company bears liability for damages caused by neglect of the Outside Audit & Supervisory Board Member's duty, the liability amount shall be the minimum amount set forth in Article 425, Paragraph 1 of the Companies Act.
- The limited liability stated above shall be applicable only when the Outside Audit & Supervisory Board Member performs his duty in good faith and without material negligence.

(3) Remuneration of Directors and Audit & Supervisory Board Members for the fiscal year under review

(i) Determination policy for remuneration of individual Directors

At the Board of Directors meeting held on June 18, 2018, the Company resolved a determination policy for remuneration of individual Directors currently in office (hereinafter, the “Determination Policy”), and reconfirmed the Determination Policy by resolution at the Board of Directors meeting held on April 23, 2021. The Determination Policy was determined by the Board of Directors after receiving recommendations from the Governance Committee.

The basic policy for determining remuneration of Directors is to take the “performance-link-focused type” as a sound incentive for Directors to share interests with shareholders and aim at the sustainable enhancement of corporate value. In accordance with this basic policy, remuneration of Directors consists of basic remuneration, which is fixed remuneration, and bonuses and stock compensation, which are performance-linked. In the medium to long term, remuneration is designed so that basic remuneration, bonuses and stock compensation compose 1 : 2-3 : 2-3, when the performance target is 100% achieved.

Remuneration of Directors for the fiscal year under review was drafted based on the results of mutual evaluation of Directors conducted at the initiative of the Governance Committee, and upon multi-faceted examination including consistency with the Determination Policy. The Board of Directors respects the Committee’s recommendations and believes that remuneration is in line with the Determination Policy.

(ii) Resolution by the General Meeting of Shareholders on remuneration of Directors and Audit & Supervisory Board Members

a. Remuneration of Directors

Directors’ monetary remuneration is the sum of the fixed portion which is capped at 1.0 billion yen per year (including the Outside Directors’ remuneration capped at 50 million yen) and the variable portion which is capped at 0.45% of consolidated net income (Profit attributable to owners of the parent) for the fiscal year under review (not exceeding 1.0 billion yen, and not payable if consolidated net income [Profit attributable to owners of the parent] for the fiscal year under review falls short of 20.0 billion yen), not including the employee salary portion of Directors concurrently serving as an employee, as resolved at the 33rd Ordinary General Meeting of Shareholders of the Company held on June 27, 2007. The number of Directors as of the resolution at the said General Meeting of Shareholders was 10 (including one Outside Director).

Separately from the aforementioned amount of monetary remuneration, stock compensation of Directors is capped at 210,000 points (number of shares) to be granted to Directors for a three-year covered period (points will not be granted if ROE is less than 20% and payout ratio is lower than 50%) or 1.9 billion yen in cash which is contributed to the Board Incentive Plan (BIP), as resolved at the 45th Ordinary General Meeting of Shareholders of the Company held on June 25, 2019. The number of Directors as of the resolution at the said General Meeting of Shareholders was 11 (including three Outside Directors).

b. Remuneration of Audit & Supervisory Board Members

Audit & Supervisory Board Members’ monetary remuneration is capped at 100 million yen per year as resolved at the 33rd Ordinary General Meeting of Shareholders of the Company held on June 27, 2007. The number of Audit & Supervisory Board Members at the resolution of the said General Meeting of Shareholders was four (all of which were Outside Audit & Supervisory Board Members).

(iii) Delegation of authority to determine remuneration for individual Directors

For the fiscal year under review, the Company resolved at the Board of Directors’ meeting held on Jun 26, 2020 to delegate the authority of determining remuneration for individual Directors to Mr. Katsuma Kobayashi serving as President and Representative Director (CEO), General Manager of Construction Business Headquarters.

The delegation authorizes the Representative Director to give final approval to the results of the mutual evaluations of Directors, and evaluations of individual Directors made upon consulting the Governance Committee and receiving its recommendations. Based on these evaluation results, the amount of basic

remuneration, bonuses, and the number of shares to be allotted as stock compensation to individual Directors are determined.

The Company delegated the authority as above because the Representative Director is the most suitable for evaluating performance of the whole Company and business execution of each Director.

In order to ensure that the authority is properly exercised by the Representative Director, the Board of Directors consulted the Governance Committee and received its recommendations on the evaluations of each Director and the draft of remuneration amounts.

(iv) Amount of Remuneration, etc., of Directors and Audit & Supervisory Board Members

Category	Number of persons paid	Fixed remuneration	Performance-linked remuneration			Total
		Basic remuneration	Bonuses	Non-monetary remuneration		
				Stock compensation	Stock options	
Internal Director	7	¥317 million	¥239 million	¥63 million	¥49 million	¥668 million
Outside Director	3	¥36 million	-	-	-	¥36 million
Outside Audit & Supervisory Board Members	3	¥55 million	-	-	-	¥55 million
Total [of which, Outside members]	13 [6]	¥408 million [¥91 million]	¥239 million [-]	¥63 million [-]	¥49 million [-]	¥760 million [¥91 million]

(Notes)1. The amount paid to Directors indicated in the above table does not include the employee salary portion of Directors concurrently serving as employees.

2. The amounts shown as stock options above are the amounts recorded during the fiscal year under review, pertaining to the stock option plan terminated in the fiscal year ended March 31, 2019. No new stock options have been allotted from the fiscal year ended March 31, 2020.

3. The number of Directors (excluding Outside Directors) paid includes one (1) Director who retired at the conclusion of the 46th Ordinary General Meeting of Shareholders held on June 26, 2020. The headcount as of the end of the fiscal year under review is nine (9) Directors and three (3) Audit & Supervisory Board Members.

(v) Details of remuneration of Directors

a. Basic remuneration (fixed remuneration)

The basic remuneration of each Director shall be determined in consideration of quantitative factors such as corporate earnings, remuneration paid by other related companies, rate of increase in employees' salary, and years of employment as well as qualitative factors such as management capability, achievement, and contribution of each Director.

b. Bonuses (short-term performance-linked remunerations)

To share interests with shareholders, bonuses shall be determined in consideration of the achievement, contribution, etc., of each Director during the fiscal year and be paid from the total amount of bonuses which is determined by multiplying consolidated net income (Profit attributable to owners of the parent) for the fiscal year under review by a certain ratio determined by the Board of Directors (0.45%), which is then calculated according to a table in the regulations depending on the results of performance indicators pertaining to the construction business and real estate business, which are the Daito Group's core businesses. However, Outside Directors are not entitled to receive any bonuses. To share performance targets among Directors and employees, these indicators are the same as those used for the calculation of employees' bonuses. Total amount of bonuses shall not exceed 1.0 billion yen, and not payable if consolidated net income for the fiscal year under review falls short of 20.0 billion yen. In the fiscal year under review, consolidated net income came to 62.2 billion yen, and the achievement rate of the performance indicator was 80%.

c. Stock compensation (medium- to long-term performance-linked remuneration and non-monetary remuneration)

In place of the previous stock option scheme as stock-linked compensation, the Company introduced a medium- to long-term performance-linked stock compensation plan pursuant to the resolution passed at the 45th Ordinary General Meeting of Shareholders held on June 25, 2019, for the purpose of raising Directors' willingness to contribute to the medium- to long-term improvement in the financial performance and enhancement of the enterprise value of the Company by clarifying the linkage between the financial performance and the shareholder value of the Company and sharing of common interests with shareholders.

The new plan covers the three fiscal years (hereinafter referred to as the "Covered Period") from the fiscal year ended March 31, 2020 to the fiscal year ending March 31, 2022 and each consecutive period of three fiscal years thereafter. The Company will contribute a total amount of up to 1.9 billion yen as compensation to Directors for each Covered Period to establish the trust (BIP Trust) for a 3-year trust period, the beneficiaries of which are Directors who meet the beneficiary requirements. During the trust period, the Company will grant points to Directors, and the total number of points to be granted to Directors per three fiscal years as the Covered Period (number of the Company shares) shall be up to 210,000 points (210,000 shares) on the condition that 20% ROE and 50% payout ratio are achieved.

The plan is comprised of a performance-linked portion and a non-performance-linked portion. For the performance-linked portion, points to be determined based on job titles are granted every year and are multiplied by the achievement level (0 to 150%) of the Company's performance targets, etc. (the Company adopted the consolidated operating income growth rate as the relevant performance indicator for the plan established in 2019) after the expiry of the Covered Period. For the non-performance-linked portion, points to be determined based on job titles are granted every year.

The trust will deliver the Company shares, etc., to Directors and the money equivalent to the amount gained from the sale of such shares according to the number of points. Such delivery is made after the expiry of the Covered Period for the performance-linked portion and upon the retirement of Directors for the non-performance-linked portion.

Upon the expiry of the trust period of the trust, the Company plans to continue the plan by setting up a new trust or amending the trust agreement and making an additional trust (such amendment to the trust agreement and additional trust, if any, shall be deemed equivalent to the establishment of the trust). In case where the plan is continued by amending the trust agreement, the trust period shall be extended for three years, and the three fiscal years after the extension of the trust period shall be deemed as the new Covered Period. The Company shall make an additional contribution within the total amount of 1.9 billion yen for each extended trust period and continue to grant points to Directors during such extended trust period, whereas the trust shall continue to transfer and deliver the Company shares, etc., to Directors during such extended trust period; provided, however, that, in the case that such additional contribution is made, if the Company shares and money remain in the trust property at the end of the trust period before such extension (excluding the Company shares, etc., that correspond to the points granted but have not been transferred and delivered to Directors), the total amount of such remaining shares, etc., and the trust money to be additionally contributed by the Company shall be within the range of 1.9 billion yen.

(vi) Details of remuneration of Audit & Supervisory Board Members

The total amount of remuneration of Audit & Supervisory Board Members shall be no more than the aggregate amount of remuneration of Audit & Supervisory Board Members approved by the General Meeting of Shareholders and specific amounts of remuneration of each Audit & Supervisory Board Member shall be determined by allocating the aggregate amount pursuant to the deliberation by the Audit & Supervisory Board.

(Reference) Structure of remuneration, etc., of Directors

Type of remuneration		Contents	Fixed/ Variable	Maximum amount/Conditions
Basic remuneration		Determined in consideration of corporate earnings, rate of increase in employees' salary, years of employment, remuneration paid by industry peers, and contribution, etc.	Fixed	<Maximum amount>: 1.0 billion yen in total per year (including 50 million yen or less to Outside Directors)
Bonuses		Total amount is determined by multiplying consolidated net income by 0.45% and in accordance with a table in the regulations depending on the results of performance indicators. Amount of payment to each Director is determined in consideration of contribution, etc. made by each Director in a single fiscal year.	Variable	<Maximum amount>: 1.0 billion yen in total per year (not paid to Outside Directors) <Condition>: Consolidated net income of 20.0 billion yen or more and achievement of certain earnings results
Stock compensation	Non-performance-linked	Determined based on job titles. Granted upon the retirement of Directors.	Fixed	<Maximum amount>: Contribution of 1.9 billion yen in total over a three-year period and 210,000 shares of common stock over a three-year period
	Performance-linked	Amount based on job titles, multiplied by the achievement level (0 to 150%) of performance targets for three years. Granted after the expiry of the Covered Period (three fiscal years).	Variable	<Condition>: ROE of 20% or higher and payout ratio of 50% or higher

(4) Outside Officers

(i) Important concurrent positions and relationship with the Company

a. Outside Directors

Name	Parties with which important concurrent positions are held and details of positions held concurrently	Relationship between such parties and the Company
Toshiaki Yamaguchi	Representative Attorney, Yamaguchi Toshiaki Law Firm	There is no business transactional relationship between these parties and the Company.
	Director, Japan Internal Control Association	
	Director of Japan Corporate Governance Network	
	Outside Audit & Supervisory Board Member of Osaka Metro Co., Ltd.	
Mami Sasaki	Outside Director and Audit Committee Member of Sumitomo Mitsui Trust Asset Management Co., Ltd.	There is no business transactional relationship between the party and the Company.
Takashi Shoda	Outside Director, Audit and Supervisory Committee Member, Ube Industries, Ltd. Outside Director, RIKEN Innovation Co., Ltd.	There is no business transactional relationship between these parties and the Company.

b. Outside Audit & Supervisory Board Members

Name	Parties with which important concurrent positions are held and details of positions held concurrently	Relationship between such parties and the Company
Masayasu Uno	Not applicable.	-
Hideo Hachiya	Representative Attorney, Hachiya Law Firm	There is no business transactional relationship between this party and the Company.
Kazuo Fujimaki	Representative, Fujimaki Sogo Consulting	There is no business transactional relationship between this party and the Company.

(Note) In July 2011, Audit & Supervisory Board Member, Mr. Hideo Hachiya entered into a construction work contract with the Company for the contract amount of 23 million yen, and the construction work was completed in January 2012 and delivery of the construction was completed.

The contract amount was determined based on conditions identical to that of other customers.

(ii) Main activities during the fiscal year under review

a. Outside Directors

Name	Attendance at Board of Directors meetings (Attendance ratio)	Main activities and outline of duties performed in expected roles
Toshiaki Yamaguchi	13 times out of 13 meetings (100.0%)	<p>In the Board of Directors meetings, he pointed out issues on each agenda, actively stated opinions, and judged whether managerial decisions were appropriate by making the most of his strong expertise and extensive experience as a lawyer with thorough knowledge of corporate legal affairs, risk management and corporate governance.</p> <p>In addition, as a Chairman of the Governance Committee, he compiled the evaluation results of the mutual evaluations of executive Directors and conducted individual interviews, playing a central role in the mutual evaluations. He also provided advice on the evaluation of the effectiveness of the Board and revisions to the standard for submitting the agenda to the Board of Directors meetings based on his strong expertise and supervised management from an objective perspective, thereby fulfilling the role expected of him.</p>
Mami Sasaki	13 times out of 13 meetings (100.0%)	<p>In the Board of Directors meetings, she pointed out issues on each agenda from a female perspective and an investor standpoint, actively stated opinions, and judged whether managerial decisions were appropriate by making the most of her extensive knowledge and experience accumulated through organizational management in the global financial business.</p> <p>In addition, as a Committee Member of the Governance Committee, she was involved in the mutual evaluations of executive Directors. She also provided opinions on investments and M&A projects from a financial perspective, thereby fulfilling the role expected of her in important decision-making and supervision of management.</p>
Takashi Shoda	13 times out of 13 meetings (100.0%)	<p>In the Board of Directors meetings, he pointed out issues on each agenda, actively stated opinions, and judged whether managerial decisions were appropriate by making the most of his extensive experience and knowledge acquired in the course of long-term involvement as a corporate manager in companies that operate global business, and his considerable insight into CSR activities acquired in the course of active engagement as a corporate manager.</p> <p>In addition, as a Committee Member of the Governance Committee, he was involved in the mutual evaluations of executive Directors. He also prompted the Board to examine the progress of the medium-term business plan and the draft of a management system for the next term by making suggestions on an ideal organization upon confirming the current status of the Company, thereby fulfilling the role expected of him in supervision of management.</p>

b. Outside Audit & Supervisory Board Members

Name	Attendance at Board of Directors meetings (Attendance ratio)	Attendance at Audit & Supervisory Board meetings (Attendance ratio)	Main activities
Masayasu Uno	13 times out of 13 meetings (100.0%)	12 times out of 12 meetings (100.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his strong specialized knowledge of financial and accounting as a certified public accountant and his extensive experience and insight as a business entrepreneur.</p> <p>In the Audit & Supervisory Board meetings, he reported the progress of execution of audits based on the audit plan and exchanged opinions on audit policies, etc.</p> <p>In addition, he attended important meetings on business execution and compliance promotion meetings and conducted audits targeted at major business establishments, etc.</p> <p>In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.</p>
Hideo Hachiya	13 times out of 13 meetings (100.0%)	12 times out of 12 meetings (100.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his strong expertise and extensive experience as a lawyer.</p> <p>In the Audit & Supervisory Board meetings, he received reports on the progress of audits and exchanged opinions on audit policies, etc.</p> <p>In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.</p>
Kazuo Fujimaki	12 times out of 13 meetings (92.0%)	11 times out of 12 meetings (91.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his experience in serving as an Outside Audit & Supervisory Board Member at a listed company, specialized knowledge as a U.S. certified public accountant, and his extensive experience and insight gained through his involvement in management as a consultant.</p> <p>In the Audit & Supervisory Board meetings, he received reports on the progress of audits and exchanged opinions on audit policies.</p> <p>In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.</p>

(iii) Family Relationships of Outside Directors and Outside Audit & Supervisory Board Members

None of the Outside Directors or Outside Audit & Supervisory Board Members is an executive person of a subsidiary, associate or major business partner of the Company, or a spouse, any family within the third degree of kinship of a Director or Audit & Supervisory Board Member of the Company or a similar person.

Consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 46th Fiscal Term (As of March 31, 2020)	47th Fiscal Term (As of March 31, 2021)	Account item	(Reference) 46th Fiscal Term (As of March 31, 2020)	47th Fiscal Term (As of March 31, 2021)
Current assets:	490,604	507,115	Current liabilities:	318,519	299,066
Cash and deposits	159,930	198,993	Accounts payable for construction contracts	54,760	27,580
Money held in trust	14,000	13,500	Short-term loans payable	-	690
Accounts receivable from completed construction contracts and other	76,456	51,880	Current portion of bonds payable	-	140
Short-term investment securities	4,028	1,502	Current portion of long-term loans payable	21,640	12,444
Costs on uncompleted construction contracts	12,098	13,460	Lease obligations	210	193
Other inventories	4,329	10,457	Income taxes payable	30,081	22,493
Prepaid expenses	69,187	70,237	Advances received on uncompleted construction contracts	40,258	40,814
Operating loans	127,592	120,980	Advances received	89,571	94,867
Other	23,462	26,697	Provision for bonuses	14,131	20,372
Allowance for doubtful accounts	(481)	(594)	Provision for warranties for completed construction	819	599
Noncurrent assets:	389,684	412,339	Deposits received	10,003	10,404
Property, plant and equipment	175,304	172,145	Other	57,041	68,467
Buildings and structures	58,782	59,343	Noncurrent liabilities:	275,609	312,181
Machinery and equipment	35,641	32,910	Bonds payable	-	130
Tools, furniture and fixtures	2,787	2,397	Long-term loans payable	61,110	83,344
Land	76,432	76,200	Lease liabilities	514	361
Lease assets	974	716	Deferred tax liabilities	308	246
Other	685	577	Provision for repairs on whole building lease	151,862	169,779
Intangible assets	28,282	39,061	Net defined benefit liability	15,228	14,847
Goodwill	1,042	12,224	Long-term guarantee deposits	33,644	32,212
Other	27,239	26,836	Other	12,940	11,259
Investments and other assets	186,098	201,132	Total liabilities	594,128	611,247
Investment securities	45,799	48,737	Net Assets		
Subordinated bonds and subordinated trust beneficiary rights	10,642	9,384	Shareholders' equity:	295,929	315,148
Deferred tax assets	83,234	93,322	Capital stock	29,060	29,060
Other	51,548	55,309	Capital surplus	34,540	34,540
Allowance for doubtful accounts	(5,127)	(5,621)	Retained earnings	243,349	266,899
			Treasury stock	(11,021)	(15,352)
			Accumulated other comprehensive income	(13,412)	(11,414)
			Valuation difference on available-for-sale securities	767	3,636
			Deferred gains or losses on hedges	258	267
			Revaluation reserve for land	(7,584)	(7,584)
			Foreign currency translation adjustment	(3,841)	(5,806)
			Remeasurements of defined benefit plans	(3,011)	(1,927)
			Subscription rights to shares	482	388
			Non-controlling interests	3,161	4,084
			Total net assets	286,161	308,206
Total assets	880,289	919,454	Total liabilities and net assets	880,289	919,454

Consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 46th Fiscal Term (From April 1, 2019 to March 31, 2020)		47th Fiscal Term (From April 1, 2020 to March 31, 2021)	
Net sales				
Net sales of completed construction contracts	551,103		401,709	
Sales on real estate business	973,694		1,014,262	
Other business revenue	61,494	1,586,293	72,943	1,488,915
Cost of sales				
Cost of sales of completed construction contracts	391,992		297,239	
Cost of sales on real estate business	874,962		905,183	
Cost of sales on other business	36,874	1,303,829	47,627	1,250,049
Gross profit				
Gross profit on completed construction contracts	159,111		104,470	
Gross profit-real estate business	98,731		109,078	
Gross profit-other business	24,620	282,463	25,315	238,865
Selling, general and administrative expenses		154,506		152,126
Operating income		127,956		86,738
Non-operating income				
Interest income	436		353	
Dividends income	268		221	
Commission fee	3,101		2,432	
Share of profit of entities accounted for using equity method	829		307	
Subsidy income	–		857	
Miscellaneous income	1,572	6,209	1,389	5,562
Non-operating expenses				
Interest expenses	210		290	
Provision of allowance for doubtful accounts	92		103	
Commission expenses	–		392	
Loss on transfer of receivables	274		349	
Miscellaneous expenses	559	1,137	557	1,693
Ordinary income		133,028		90,607
Extraordinary income				
Gain on sales of noncurrent assets	22		19	
Gain on sales of investment securities	960	982	744	764
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	620		434	
Impairment loss	34		154	
Loss on disaster	216		12	
Loss on sales of investment securities	7		–	
Loss on valuation of investment securities	118	997	–	601
Income before income taxes and non-controlling interests		133,014		90,770
Income taxes – current	51,572		40,780	
Income taxes – deferred	(9,272)	42,299	(12,377)	28,403
Net income		90,714		62,367
Profit attributable to non-controlling interests		334		81
Profit attributable to owners of the parent		90,380		62,285

Non-consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 46th Fiscal Term (As of March 31, 2020)	47th Fiscal Term (As of March 31, 2021)	Account item	(Reference) 46th Fiscal Term (As of March 31, 2020)	47th Fiscal Term (As of March 31, 2021)
Current assets:	329,253	322,744	Current liabilities:	380,832	369,451
Cash and deposits	105,732	128,879	Accounts payable for construction contracts	50,306	22,284
Accounts receivable from completed construction contracts	63,903	38,563	Current portion of long-term loans payable	21,640	11,900
Short-term investment securities	3,998	1,502	Lease liabilities	35	35
Costs on uncompleted construction contracts	11,538	12,963	Accounts payable - other	17,625	16,687
Raw materials and supplies	3,612	4,096	Income taxes payable	10,898	1,343
Short-term loans receivable from subsidiaries and affiliates	128,380	120,930	Accrued consumption taxes	1,719	1,346
Prepaid expenses	700	645	Advances received on uncompleted construction contracts	39,778	40,316
Accounts receivable - other	5,728	9,168	Advances received	114	120
Advances paid	4,456	3,841	Deposits received	227,422	259,198
Other	1,680	2,739	Provision for bonuses	9,817	14,566
Allowance for doubtful accounts	(478)	(587)	Provision for warranties for completed construction	739	546
Noncurrent assets:	254,442	275,125	Other	734	1,106
Property, plant and equipment	35,970	35,225	Noncurrent liabilities:	77,433	96,359
Buildings	8,823	8,518	Long-term loans payable	61,110	81,550
Structures	263	273	Lease liabilities	59	24
Machinery and equipment	198	18	Provision for retirement benefits	8,533	9,391
Tools, furniture and fixtures	927	643	Other	7,729	5,393
Land	25,435	25,466	Total liabilities	458,265	465,811
Lease assets	87	54	Net Assets		
Construction in progress	234	250	Shareholders' equity:	124,699	128,395
Intangible assets	23,820	21,450	Capital stock	29,060	29,060
Software	17,823	13,001	Capital surplus	34,540	34,540
Software in progress	5,844	8,291	Legal capital surplus	34,540	34,540
Other	153	157	Retained earnings	72,118	80,145
Investments and other assets	194,650	218,449	Legal retained earnings	7,265	7,265
Investment securities	23,770	26,767	Other retained earnings	64,853	72,880
Subordinated bonds and subordinated trust beneficiary rights	10,642	9,384	Retained earnings brought forward	64,853	72,880
Stocks of subsidiaries and affiliates	122,839	137,254	Treasury stock	(11,021)	(15,352)
Long-term loans receivable from subsidiaries and affiliates	80	1,427	Valuation and translation adjustments:	279	3,306
Deferred tax assets	11,583	11,555	Valuation difference on available-for-sale securities	231	3,248
Guarantee deposits	10,107	8,568	Deferred gains or losses on hedges	258	267
Other	16,209	24,002	Revaluation reserve for land	(209)	(209)
Allowance for doubtful accounts	(582)	(512)	Subscription rights to shares	451	357
Total assets	583,695	597,870	Total net assets	125,430	132,058
			Total liabilities and net assets	583,695	597,870

Non-consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 46th Fiscal Term (From April 1, 2019 to March 31, 2020)		47th Fiscal Term (From April 1, 2020 to March 31, 2021)	
Net sales				
Net sales of completed construction contracts	551,382		401,712	
Sales on real estate business, etc.	1,977	553,359	2,394	404,107
Cost of sales				
Cost of sales of completed construction contracts	384,617		291,270	
Cost of sales on real estate business, etc.	565	385,183	657	291,928
Gross profit				
Gross profit on completed construction contracts	166,764		110,441	
Gross profit-real estate business, etc.	1,412	168,176	1,737	112,178
Selling, general and administrative expenses		112,702		104,490
Operating income		55,474		7,688
Non-operating income				
Interest income	311		370	
Interest on securities	263		258	
Dividends income	36,866		38,106	
Commission fee	2,815		2,134	
Subsidy income	-		752	
Miscellaneous income	2,817	43,074	2,784	44,406
Non-operating expenses				
Interest expenses	198		262	
Provision of allowance for doubtful accounts	80		18	
Commission expenses	-		392	
Miscellaneous expenses	395	673	365	1,039
Ordinary income		97,875		51,056
Extraordinary income				
Gain on sales of investment securities	960		744	
Gain on sales of shares of subsidiaries and associates	45	1,005	-	744
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	105		132	
Loss on sales of investment securities	7		-	
Loss on valuation of investment securities	118		-	
Impairment loss	-	231	108	241
Income before income taxes		98,648		51,560
Income taxes – current	18,670		6,100	
Income taxes – deferred	1,514	20,184	(1,307)	4,793
Net income		78,464		46,767