

Securities code: 1878

June 2, 2017

To Our Shareholders

Naomi Kumakiri
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 43rd Ordinary General Meeting of Shareholders

You are cordially invited to attend the 43rd Ordinary General Meeting of Shareholders of the Company. The meeting will be held as described below.

If you are unable to attend the meeting, you may exercise your voting rights 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 27, 2017 (Tuesday).

1. **Date and Time:** June 28, 2017 (Wednesday) 10:00 a.m.
2. **Place:** 16-1, Konan 2-chome, Minato-ku, Tokyo
Shinagawa East One Tower 21F, Main Conference Room
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 43rd Fiscal Term (April 1, 2016 to March 31, 2017)
 2. The Non-consolidated Financial Statements for the 43rd Fiscal Term (April 1, 2016 to March 31, 2017)**Matters to be resolved:**
 - Proposal No. 1:** Appropriation of Surplus for the 43rd Fiscal Term
 - Proposal No. 2:** Election of Eleven (11) Directors
 - Proposal No. 3:** Election of Three (3) Audit & Supervisory Board Members

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 (<http://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 (<http://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 43rd Fiscal Term

Appropriation of surplus for the 43rd 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 298 yen per share for the year-end dividend of the 43rd Fiscal Term.

The annual dividend to be paid would be 536 yen per share (up 104 yen per share from the previous fiscal year) including the interim dividend of 238 yen per share paid in November last year.

(1) Type of dividend property

Cash

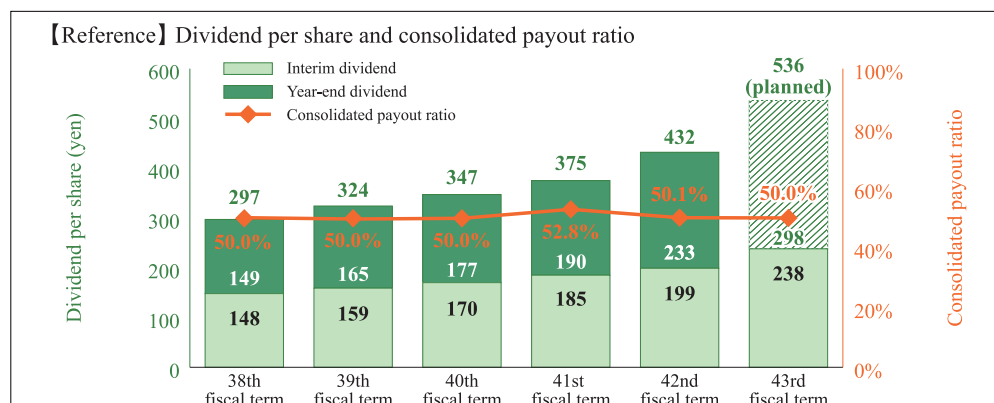
(2) Matters regarding dividend property's allocation to shareholders and total amount

Cash payment of dividend per share: 298 yen per common share of the Company

Total amount: 22,804,139,484 yen

(3) Effective date of dividend payment

June 29, 2017



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

The terms of office of all thirteen (13) 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 three (3) Outside Directors.

If all eleven (11) candidates of this proposal and all three (3) candidates of Proposal No. 3 are elected as originally proposed, seven (7) of the fifteen (15) members of the Board of Directors (three (3) Outside Directors and four (4) Outside Audit & Supervisory Board Members) will qualify as independent outside officers who have satisfied the independence criteria established by the Company, and will enable discussions at the Board of Directors based on opinions expressed from an independent and neutral perspective.

The two (2) new candidates for Directors have been nominated for the following reasons:

- New Director candidate Mr. Koji Sato

Mr. Koji Sato has been serving as Representative Director and President of Daito Building Management Co., Ltd. (currently Daito Kentaku Partners Co., Ltd.) from April 1, 2017, succeeding Director, Mr. Hitoshi Kadouchi, who had been serving concurrently as Representative Director and President of Daito Building Management Co., Ltd., due to Mr. Kadouchi reaching the mandatory retirement age pursuant to the Company's internal rules.

The Daito Group has positioned the Company, Daito Kentaku Partners Co., Ltd., and Daito Kentaku Leasing Co., Ltd. as the three core companies of the Group, and has launched a new Group framework centering on these three core companies starting from May 2017. Daito Kentaku Partners Co., Ltd. is one of the three core companies and plays a central role in the Group's real estate business. By nominating Mr. Koji Sato, the Representative Director and President of the said company, the Company intends to maintain and strengthen the management and supervision over the Group's real estate business and the major Daito Group companies.

- New Director candidate Mr. Takashi Shoda

For many years, Mr. Shoda has played an active role as top management of Daiichi Sankyo Co., Ltd., by leading its business development in the global market. Daiichi Sankyo Co., Ltd., in which Mr. Shoda has long been engaged in the management of, has worked to achieve a sustainable enhancement of its corporate value, by actively shedding light on, and tackling social and environmental issues, in addition to its business activities.

The Company proposes his appointment as a new candidate for Outside Director as we believe he will contribute to enhancing our corporate value by providing supervision to the Company's management by utilizing his experience and knowledge in overall global corporate management, and through his profound discernment cultivated by his active involvement in social and environmental issues during his days in top management.

The respective names, career summary, etc. of the candidates for Directors are as follows.

Candidate No.	Name	Position and responsibilities in the Company	
1	Naomi Kumakiri	President and Representative Director Chief Executive Officer	Reappointment
2	Katsuma Kobayashi	Managing Director and General Manager of Construction Business Headquarters	Reappointment
3	Shuji Kawai	Managing Director, General Manager of Corporate Management Headquarters and Subsidiary Business Headquarters, in charge of Corporate Planning Division, Total Quality Control Division and Legal Services Division	Reappointment
4	Kanitsu Uchida	Director, General Manager of Subsidiary Business Headquarters, in charge of Nursing Care and Childcare Businesses and Overseas Business	Reappointment
5	Kei Takeuchi	Director, General Manager of Real Estate Business Headquarters	Reappointment
6	Kazuhiko Saito	Director, General Manager of East Japan Construction Business Headquarters and Officer in charge of Post-Disaster Restoration Business	Reappointment
7	Takeshi Nakagawa	Director, General Manager of Subsidiary Business Headquarters, in charge of Energy Business and Representative Director and President of Gaspal Co., Ltd.	Reappointment
8	Koji Sato	Representative Director and President of Daito Kentaku Partners Co., Ltd.	New appointment
9	Toshiaki Yamaguchi	Director and Committee Member of Governance Committee of the Company	Reappointment Outside Director Independent Officer
10	Mami Sasaki	Director and Committee Member of Governance Committee of the Company	Reappointment Outside Director Independent Officer
11	Takashi Shoda	-	New appointment Outside Director Independent Officer

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

2. Mr. Koji Sato and Mr. Takashi Shoda are new candidates for Director.
3. Candidates, Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda are candidates for Outside Director. The Company has designated Mr. Toshiaki Yamaguchi and Ms. Mami Sasaki as independent officers under the provision set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange and has notified said Exchanges accordingly. The Company also intends to designate Mr. Takashi Shoda as an independent officer under the provision set forth by the Tokyo Stock Exchange and Nagoya Stock Exchange. The Company has notified the Tokyo Stock Exchange and the Nagoya Stock Exchange of this new appointment.
4. The Company has entered into a Limited Liability Agreement with Mr. Toshiaki Yamaguchi and Ms. Mami Sasaki. The Company also intends to enter into a Limited Liability Agreement with Mr. Takashi Shoda, candidate for Outside Director, after he is elected. 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 duty in good faith and without material negligence.



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

April 1984	Joined the Company
April 2001	Executive Officer, General Manager of Housing Sales Department
June 2004	Director, General Manager of Tenant Recruiting Management Headquarters
April 2006	Managing Director, General Manager of Administration Headquarters, General Manager of Legal Affairs Headquarters
April 2011	Senior Managing Director, and Executive Officer, General Manager of East Japan Construction Sales Headquarters
April 2012	Director, Senior Managing Executive Officer, General Manager of East Japan Construction Sales Headquarters, General Manager of Metropolitan Area Construction Sales Headquarters
April 2013	Representative Director and President, in charge of Construction Business Headquarters and Corporate Management Headquarters
April 2016	President and Representative Director (CEO) in charge of Construction Business Headquarters and Corporate Management Headquarters
April 2017	President and Representative Director (CEO) (current position)

<Reason for nomination as candidate for Director>

Mr. Kumakiri has long been involved in the core businesses of the Daito Group, the construction business and the real estate business, and has been contributing to the development of the Daito Group as a corporate manager with seasoned knowledge of both fields. By utilizing such experience and knowledge, he has been sufficiently fulfilling his roles of business execution as well as the management and supervision of the Group companies as Director.

In addition, since his appointment as Representative Director and President in April 2013, he has achieved increases in both revenue and profits of the Daito Group, and has significantly contributed to the increases in revenue and profits for nine consecutive terms. Mr. Kumakiri has also been promoting “the Nursing Care and Childcare Business,” “the Energy Business” and “the Overseas Business” as new core businesses to expand the Daito Group’s business domain, while demonstrating strong leadership throughout the management of the entire Daito Group in order to enhance the corporate value and maintain the sustained growth of the Daito Group.

Mr. Kumakiri, therefore, has been nominated as candidate for Director based on the judgment that his extensive experience and leadership as corporate manager will be indispensable for the management of the Daito Group, in order for it to continue increasing its corporate value.

<Candidate’s message to shareholders>

The new brand message of the Daito Group is “To live is to entrust.” The Daito Group is not just a company providing owners with stable management of their building leasing business and providing tenants with safe and comfortable houses. We have been promoting business activities that go beyond rental house management, to become an enterprise that is entrusted with aspects surrounding all parts of daily life.

In addition to the construction business and the real estate business focusing on “entrusted leasing management system”, an original system of the Company’s group, the Company has positioned “the Nursing Care and Childcare Business,” “the Energy Business” and “the Overseas Business” as new core businesses and aims to expand the Daito Group’s business domains and contribute to the society.

In order segment the Company’s businesses, and increase the expertise in each area, the Daito Group established a new system of the Daito Group consisting of three companies, namely, Daito Trust Construction Co., Ltd., Daito Kentaku Partners Co., Ltd., and Daito Kentaku Leasing Co., Ltd. By promoting the new system, we aim to further improve our corporate value.

The number of rental property the Company is managing has exceeded 1 million. As the leader of the house leasing industry, we will continue to grow sustainably through realizing “to continue to be a company fully entrusted by our customers” and to continue “to be a company entrusted with much more things”, and then, we will 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

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 (current position)

<Reason for nomination as candidate for Director>

Mr. Kobayashi has long been involved in improving product development capabilities in both the tangible and intangible aspects of the construction business, as well as strengthening sales capabilities through human resources development and establishing the leased housing brand and has contributed to reinforcing the foundations of the construction business of the Daito Group. 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 as well as the supervision of business execution of other Directors.

Currently, as the chief officer overseeing the construction business, he is performing his duties in order to further bolster the construction business by leveraging the experience and knowledge that he has accumulated to date.

Mr. Kobayashi, therefore, has been nominated as 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 in the management of the Daito Group.

<Candidate's message to shareholders>

Since the inheritance tax reforms in January 2015, the environment surrounding the leased housing market is showing signs of activity as the number of housing starts for rental residential properties exceeded 420,000 during the fiscal year 2016, representing an increase in the number of rental housing starts for the 17th consecutive month. Under such climate, as housing manufacturers have become increasingly focused on the leased housing market, it has become imperative for the Daito Group to further strengthen its sales force to stay ahead of the competition and enhance its product development capabilities.

To this end, I will improve our training system to enhance the expertise of our sales staff, aggressively recruit female staff for our sales team, and enhance new product development and sales channels that is of value from the tenant's perspective. At the same time, I will roll out optimal area marketing strategies customized to each sales area, in an effort to further enhance the competitive edge of the Daito Group, and ensure its sustainable growth.



■ 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 (current position)

<Reason for nomination as candidate for Director>

Mr. Kawai has many years of experience in IR activities and drafting business plans at the Corporate Planning Division, and from April 2014, as the chief officer overseeing the administration divisions, has been contributing to strengthening the Daito Group's management foundation through reforms in the way that employees work at the Company and by promoting finance strategies that focus on capital efficiency. 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 as well as the supervision of business execution of other Directors.

Currently, Mr. Kawai, as the chief officer overseeing the businesses of the subsidiaries, in addition to above, is performing his duties in order to further reinforce the management foundations of the Company by leveraging the experience and knowledge that he has accumulated to date.

Mr. Kawai, therefore, has been nominated as candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group management foundations of the utilization of his abundant knowledge and experience in the management of the Daito Group.

<Candidate's message to shareholders>

Currently, companies are being asked to drastically reform their human resources and finance policies. Companies are requested to promote diversity and work-style reforms in from a human resources standpoint, and enhance capital efficiency focusing on ROE (Return On Equity) in finance. As for the Company's group, to flexibly cope with these reforms and achieve medium - to long - term growth is one of our top management issues.

From a human resources standpoint, I will introduce a personnel system which realizes good work-life balance as well as flexible and diverse ways of working. And also, I will establish a work environment where all types of employees can play active roles in good health. In finance, I will optimize capital efficiency to realize ROE higher than 20%, our mid-term management target. I will make efforts to strengthen our group's management foundation in both human resources and finance. In addition, I will promote expanding our business territory of new core businesses and others to establish foundations for growth of the Daito Group, which will result in further enhancement of our corporate value.



■ 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 for many years worked to keep down construction costs, improve building performance in the design divisions, and develop new technology towards saving energy in the construction sites, as well as contributing to enhancing the Daito Group's design capabilities by aiming for the highest level of technological capabilities in the industry. He also has experience outside of the design division, including planning new businesses of the subsidiaries and services in the Management Strategy Division. 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 as well as the supervision of 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 in order to reinforce the foundations of growth of the businesses of the subsidiaries.

Mr. Uchida, therefore, has been nominated as 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 in the management of the Daito Group.

<Candidate's message to shareholders>

In order to continue to realize sustainable growth, the Company needs to expand its business by promoting new businesses such as "the Nursing Care and Childcare Business", "the Energy Business" and "the Overseas Business" which are positioned as new core businesses of the Daito Group, while continuing to strengthen our core businesses, the construction business" and the real estate business.

I intend to enhance businesses of Care Partner Co., Ltd., which is engaged in the nursing care and childcare businesses, and strengthen cooperation with Solasto Corporation, a company with which we concluded a capital and business alliance, in the nursing care and childcare businesses. And also, I will make efforts to contribute to the sustainable growth of the Daito Group by promoting real estate development in overseas countries including the US.



■ 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 (current position)

<Reason for nomination as candidate for Director>

Mr. Takeuchi has long been involved in the sales divisions of the construction and real estate businesses. In the construction business, he has been engaged in revitalizing the sales organization and reinforcing sales strategies in anticipation of intensified competition with the other companies, while in the real estate business, he has worked to maintain healthy occupancy rates and to increase the efficiency of tenant recruiting, and 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 as well as the supervision of business execution of other Directors.

Currently, Mr. Takeuchi, as the chief officer overseeing the real estate business, is performing his duties in order to further enhance the soundness and profitability of the real estate business by leveraging the experience and knowledge that he has accumulated to date.

Mr. Takeuchi, therefore, has been nominated as 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 in the management of the Daito Group.

<Candidate's message to shareholders>

The number of rental housing which the Daito Group manages has exceeded 1 million. Amid the needs for rental housing become more diverse, I believe that in order to maintain a healthy occupancy rate, it is important to offer comfortable homes to our tenants and services that enrich their lives as well as to manage rental property appropriately.

To this end, I will work for the subdivision and specialization of the tenant recruiting and rental property administration operations through the two companies, namely Daito Kentaku Leasing Co., Ltd., which was established in November 2016 to mainly provide support in room searching, and Daito Kentaku Partners Co., Ltd., which is mainly engaged in administration and operation of leased buildings. Through these efforts, I hope to contribute to increasing the management efficiency in real estate business of the Daito Group. I will strive for the enhancement of the corporate value of the Daito Group by reinforcing both efficiency and profitability in real estate business of the Daito Group.



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

March 1992	Joined the Company
April 2007	General Manager of Chubu Construction Sales Department
April 2009	Executive Officer and General Manager of Chu-Shikoku Construction Sales Department
April 2011	General Manager of Tohoku Construction Sales Department
April 2013	Executive Officer and General Manager of Tohoku Construction Business Department, Officer Responsible for Local Post-Disaster Restoration
April 2015	Executive Officer and General Manager of East Japan Construction Business Headquarters, Officer in charge of Post-Disaster Restoration Company
June 2015	Director, Executive Officer and General Manager of East Japan Construction Business Headquarters, Officer in charge of Post-Disaster Restoration Company
April 2016	Director and General Manager of East Japan Construction Business Headquarters, Officer in charge of Post-Disaster Restoration Company (current position)

<Reason for nomination as candidate for Director>

Mr. Saito has long been involved in the sales divisions of the construction business and has contributed to strengthening the sales capabilities of the Daito Group's construction business by rebuilding a sales organization capable of competing against other companies and bolstering direct sales capabilities, which are the backbone of the Company's sales. 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 as well as the supervision of business execution of other Directors.

Currently, Mr. Saito as the officer in charge of the East Japan region in the sales division of the construction business, is performing his duties in order to continue reinforcing the sales capabilities in the construction business by leveraging the experience and knowledge that he has accumulated to date.

Mr. Saito, therefore, has been nominated as 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 in the management of the Daito Group.

<Candidate's message to shareholders>

Amid the competition in the construction business is getting severe because of concentration on the leasing house sector by housing manufacturers, strengthening sales organizations based on appropriate area strategy and reinforcing our sales capabilities which are superior to our competitors in order to capture new customers is one of the crucial challenges that we face, as we strive to increase our competitive advantage further in the market in the construction business.

To this end, I will bolster our direct sales capabilities, which are the backbone of the Company's sales, nurture sales staff capable of making proposals that inspire awe in our customers and develop sales strategies suited to each market, thereby contributing to the sustainable growth of the Daito Group. Also as the officer in charge of the East Japan region, I will continue to engage in initiatives to support customers, local business partners, and local industries in the areas afflicted by the Great East Japan Earthquake.



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

November 1989	Joined the Company
November 2002	Director of Daito Building Management Co., Ltd. (currently Daito Kentaku Partners Co., Ltd.)
April 2006	Senior Managing Director of Gaspal Co., Ltd.
April 2009	Representative Director and President of Gaspal Co., Ltd.
April 2010	Executive Officer, Representative Director and President of Gaspal Co., Ltd.
April 2013	Managing Executive Officer, Representative Director and President of Gaspal Co., Ltd.
April 2014	Managing Executive Officer, General Manager of Subsidiary Business Headquarters, Representative Director and President of Gaspal Co., Ltd.
April 2016	Senior Executive Officer, General Manager of Subsidiary Business Headquarters, Representative Director and President of Gaspal Co., Ltd.
June 2016	Director, General Manager of Subsidiary Business Headquarters, Representative Director and President of Gaspal Co., Ltd.
April 2017	Director, General Manager of Subsidiary Business Headquarters in charge of Energy Business Representative Director and President of Gaspal Co., Ltd. (current position)

<Reason for nomination as candidate for Director>

Mr. Nakagawa has long been involved in the management of a major Group company. In particular, he has for many years been engaged in the management of Gaspal Co., Ltd., which supplies LP gas to our tenants, and as a talent well-versed in the energy field, has contributed to the development of the businesses of the subsidiaries of the Daito Group. 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 as well as the supervision of business execution of other Directors.

Currently, he continues to serve as the Representative Director and President of Gaspal Co., Ltd., and as the Director in charge of “the Energy Business,” which the Daito Group has designated as a new core business, he is performing his duties in order to reinforce the foundations of growth of the businesses of the subsidiaries.

Mr. Nakagawa, therefore, has been nominated as 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 in the management of the Daito Group.

<Candidate’s message to shareholders>

In order to realize the medium - to long - term growth of the Daito Group, in addition to continue strengthening our main businesses, the construction business and the real estate business, we also need to enhance the related businesses including our new core businesses “the Nursing Care and Childcare Business”, “the Energy Business” and “the Overseas business.”

In “the Energy Business” one of our new core businesses, I will focus on areas which will lead to the Company’s future growth, such as further enhancement of energy services, starting with supplying our tenants with LP gas and electricity supply services, while adapting to the liberalization of city gas, with market changes and social needs in mind.

I will work to further strengthen our growth foundation and enhance the corporate value of the Daito Group through utilizing the stock of the Company, in order to continue expanding our related businesses going forward.



■ 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	President and Representative Director, 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. Currently, as the President and Representative Director of Daito Kentaku Partners Co., Ltd., he is making efforts to improve the services for owners and tenants by leveraging the experience and knowledge that he has accumulated to date.

The building management operations that Mr. Sato has long been involved are central to the Daito Group's real estate business. He, therefore, has been nominated as a candidate for Director based on the judgment that by utilizing his extensive experience and knowledge, he will be most suited to maintain and reinforce the management/supervision framework of the real estate business of the Daito Group.

<Candidate's message to shareholders>

As Representative Director, I am engaged in the management of Daito Kentaku Partners Co., Ltd., which mainly manages and operates the Daito Group's portfolio of over a million rental residences.

Having the largest number of rental residences under management in Japan, I am well aware of our social mission, and I am committed to providing stable lease management to the building owners as well as comfortable homes to our tenants.

Based on these efforts, I will further increase management efficiency through business tie-ups among the Group companies, which promise enhanced synergy, and develop a system that provides unrivaled management and services, thereby strive for the enhancement of the corporate value of the Daito Group.



■ 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 (current position)
July 2012	Leader of Outside Director Guidelines Study Team, Judicial System Research Board, Japan Federation of Bar Associations (current position)
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 (current position)
August 2014	Director of Japan Corporate Governance Network (current position)
December 2014	Outside Audit & Supervisory Board Member of Osaka University Venture Capital Co., Ltd., (current position)
February 2015	Audit & Supervisory Board Member of Osaka Municipal Transportation Bureau (current position)
June 2015	Committee Member of Committee on Whistleblower Protection System, Consumer Affairs Agency

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

■ Attendance at Board of Directors meetings: 12 times out of 13 meetings (92.3% attendance ratio)

<Reason for nomination as candidate for Outside Director>

Mr. Yamaguchi is a lawyer who has a thorough knowledge of corporate legal affairs, risk management and corporate governance. He has stated his opinions based on his strong expertise and extensive experience, sufficiently fulfilling his roles of making decisions on important matters concerning the management of the Company and supervising its business execution.

Therefore, he has been nominated as a candidate for Outside Director based on the judgment that it is in our best interest that he continues to supervise the management of the Company as an Outside Director.

<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>

As the scale of the Company's business increases, so do the roles and responsibilities of the Company towards the society through its business. I believe that the achievement of these roles and responsibilities is irrevocably linked to shareholder returns.

"To live is to entrust." I shall strive, from the perspective of an Outside Director, so that each and every employee shall reflect this message, and that all our shareholders may truly experience it.



■ 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)

■ Years since the assumption of office: 2 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>

Ms. Sasaki has many years of management experience in companies operating in the field of global financial business. She has been nominated as a candidate for Outside Director based on the judgment that she will be able to supervise the management of the Company based on her extensive experience and knowledge and from the global perspective as well as women's perspective and contribute significantly to the Company's further efforts to promote diversity management in particular to encourage women to play an active role.

<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>

With movements such as the enforcement of the Act on Promotion of Women's Participation and Advancement in the Workplace, as well as reforms in diversity and working methods, the demand for creating an environment where women can play active roles, and providing products and services catered to women has never been higher. Under such circumstances where corporations are expected to respond to said movements, I believe a female Director would play a significant role.

Utilizing the wealth of experience and knowledge that I have accumulated from my years in foreign-owned companies, the experience I have gained as Outside Director of the Company, and my global and female perspective, I will strive to contribute to the enhancement of the Company's corporate value, fulfilling the expectations of our shareholders.



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

April 1972	Joined SANKYO CO., LTD. (currently DAIICHI SANKYO COMPANY, LIMITED)
January 1999	General Manager, Europe Department, SANKYO CO., LTD.
June 1999	General Manager, Overseas Medical Sales Division, SANKYO CO., LTD.
June 2001	Director, 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 (current position)
June 2015	Outside Director, Ube Industries, Ltd.

<Reason for nomination as candidate for Outside Director>

Mr. Shoda has played an active role as a corporate manager in DAIICHI SANKYO COMPANY, LIMITED, a company endeavoring in global development. Furthermore, DAIICHI SANKYO COMPANY, LIMITED, for which he served in management over the years, is a company that strives to achieve the continuous growth of corporate value through unifying operations of business and CSR activities, such as proactively tackling issues surrounding social, environmental, and sustainability, in addition to business activities.

Mr. Shoda is capable of utilizing his wealth of experience and knowledge in global corporate management, as well as his broad insight gained from proactively operating CSR activities as a manager. Therefore, he has been nominated as a new candidate for Outside Director based on the judgment that he is capable of enhancing the Company's corporate value, shall he supervise the management of the Company as an Outside Director.

<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.

Furthermore, no special conflicts of interest exist between the Company and DAIICHI SANKYO COMPANY, LIMITED, in which he serves as Consultant, and between the Company and Ube Industries, Ltd., in which he serves as Outside Director.

<Candidate's message to shareholders>

Although this is a different business area for me, I believe companies all demand the continuous creation of three values: "societal value," "economic value," and "customer value." My job is to fulfill the expectations of all our shareholders, and manage the Company in a way that properly balances and enhances the three values.

I wish to leverage my experiences and insight in the "medicine industry" and contribute to the sustainable growth and continuous enhancement of corporate value of the Daito Group, which flags a new brand message, "To live is to entrust." through my independent perspective and advice.

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

The terms of office of Audit & Supervisory Board Members Masayasu Uno, Hideo Hachiya and Kazuo Fujimaki, among the four (4) incumbent Audit & Supervisory Board Members (all of them are Outside Audit & Supervisory Board Members), will expire at the conclusion of this Ordinary General Meeting of Shareholders. Accordingly, 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 Audit & Supervisory Board Member Independent Officer
2	Hideo Hachiya	Audit & Supervisory Board Member Committee Member of Governance Committee	Reappointment Outside Audit & Supervisory Board Member Independent Officer
3	Kazuo Fujimaki	Audit & Supervisory Board Member Committee Member of Governance Committee	Reappointment Outside Audit & Supervisory Board Member Independent Officer

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

In July 2011, the candidate for 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.

2. Candidates Mr. Masayasu Uno, Mr. Hideo Hachiya, and Mr. Kazuo Fujimaki are candidates for Outside Audit & Supervisory Board Members.

The Company has designated Mr. Masayasu Uno, Mr. Hideo Hachiya and Mr. Kazuo Fujimaki as independent officers under the provisions set forth by the Tokyo Stock Exchange and Nagoya Stock Exchange and has notified said Exchanges accordingly.

3. The Company has entered into a Limited Liability Agreement with Candidates, Mr. Masayasu Uno, Mr. Hideo Hachiya, and Mr. Kazuo Fujimaki. 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 Corporation Law.

- 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.



■ Career summary and 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: 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)
- Attendance at Audit & Supervisory Board meetings: 13 times out of 13 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.

Therefore, he 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 working at an audit firm as a certified public accountant, I studied and received an MBA in the U.S. for self-development. In the 20 years after I returned to Japan, I worked in management at Japanese and American IT companies, including endeavoring in public offerings at JASDAQ.

By utilizing my knowledge in accounting and experiences in corporate management, I wish to fulfill the expectations of our shareholders from the fair perspective of an Outside Audit & Supervisory Board Member. Aside from work as an Accounting Auditor, I shall look forward to also carrying the responsibility of operation audits on business executions, the governance framework, as well as the preparation and usage status of the internal control system, in order to further accumulate knowledge on management in general. I will strive to establish a mutual relationship of trust with the Company's Directors, and contribute to the Company's development as a unified organization.



- Career summary and position in the Company and significant concurrent positions held
 - April 1968 Joined Honda Motor Co., Ltd.
 - April 1981 Registered as an attorney with the Daini Tokyo Bar Association
Established Hachiya Law Firm
Representative Attorney of Hachiya Law Firm (current position)
 - June 1991 Audit & Supervisory Board Member of the Company (resigned in June 1995)
 - June 1999 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: 18 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: 13 times out of 13 meetings (100.0% attendance ratio)

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

Although he has not been directly involved in the management of a company, Mr. Hachiya is extremely knowledgeable in corporate legal affairs as a lawyer, and has a wealth of auditing experience from having served for many years as the Audit & Supervisory Board Member of the Company. He has conducted audits based on his high degree of expertise and experience, 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. Therefore, he 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. Hachiya 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>

An audit & supervisory board member is an independent organ who assumes the responsibility of supervision over the execution of duties by the Directors on behalf of the shareholders. As an Outside Audit & Supervisory Board Member, I have conducted audits from a legal perspective by drawing on my long years of experience as a lawyer as well as a management perspective, and have made efforts to make frank remarks at the Board of Directors meetings.

Going forward, I will proactively contribute to the sustainable growth of Daito Trust Construction, through these audit activities, and make every effort to fulfill the expectations of our shareholders and all stakeholders.



- Career summary and position in the Company and significant concurrent positions held
 - April 1976 Joined Hazama Corporation (currently Hazama Ando Corporation)
 - April 1979 Joined Mitsubishi Motors Corporation
 - November 1989 Joined Nikko Securities Co., Ltd. (currently SMBC Nikko Securities Inc.)
 - April 1999 Joined Ohta Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)
 - April 2002 Established Fujimaki Sogo Consulting Representative, Fujimaki Sogo Consulting (current position)
 - December 2006 Outside Audit & Supervisory Board Member, Yumeshin Holdings Co., Ltd.
 - June 2013 Audit & Supervisory Board Member of the Company (current position)
Member of the Evaluation Committee (currently Governance Committee) of the Company (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)
- Attendance at Audit & Supervisory Board meetings: 13 times out of 13 meetings (100.0% attendance ratio)

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

Mr. Fujimaki has experience as an Outside Audit & Supervisory Board Member of a listed company, has expertise in international finance and accounting as a U.S. certified public accountant and has also been involved for many years in advisory services in the area of business rehabilitation, among others. He has conducted audits based on his abundant experience and knowledge in corporate activities, 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.

Therefore, he 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. Fujimaki 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 Daito Group has articulated in its medium-term business plan to focus on the new core businesses of "the Nursing care and Childcare Business," "the Energy Business," and "the Overseas Business," in addition to the core business of land utilization.

In addition to my experience as an Outside Audit & Supervisory Board Member, I believe my knowledge and experience in the area of business rehabilitation and U.S. accounting etc., will be of value to the Company, and I am committed to collaborating with the other Executives etc. in contributing to the achievement of the Daito Group's medium-term business plan, and work towards fulfilling the expectations of our shareholders and all stakeholders, and ultimately increase the corporate value 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, 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 to 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.
2. An “affiliate” is an affiliate prescribed in Article 8, Paragraph 5 of the Ordinance on Terminology, Forms and Preparation of Financial Statements.

(Appendix) **Business Report**

(From April 1, 2016 to March 31, 2017)

1. Current State of Enterprise Group

(1) Business Progress and Results

(i) Overview of Business Environment

In the fiscal year ended March 31, 2017, improvement was seen in employment and income, and as a result, the Japanese economy recovered at a moderate pace. The outlook for the future, however, continued to be uncertain due to the effects of the United Kingdom exiting the European Union and the policies taken by the new Administration in the United States on the global economy.

In the housing industry, housing starts in the fiscal year ended March 31, 2017 on a cumulative basis increased 5.8% to 974,000 from the previous fiscal year (*), thanks to falling interest rates on mortgage loans, in addition to the improvement in employment and income.

In the field of leased housing on which the Daito Group is focused, housing starts of rental residential properties in the fiscal year 2016 increased for the 17th consecutive month from the same month the year before since November 2015, and on a cumulative basis increased from the previous fiscal year by 11.4% to 427,000.

Against the backdrop of the inheritance tax reforms in January 2015 and construction capital procurement costs remaining at stable low levels, asset succession needs of landowners remain robust.

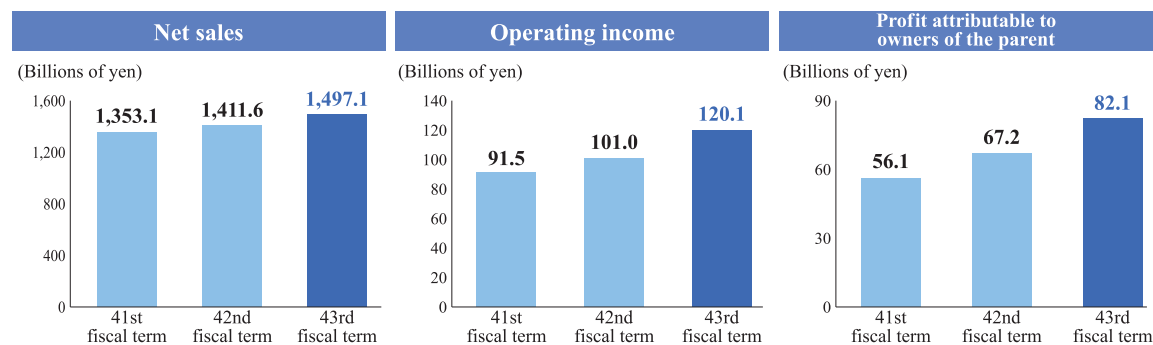
Moreover, the total number of households in Japan is forecasted to increase through 2019 as the number of single-person households is increasing due to the declining birthrate and aging population coupled with the increasing tendency to marry late. In light of these circumstances, tenants' demand for leased housing is thus expected to remain brisk in the future. The Company believes that going forward entities that supply rental housing will be required more than ever before to provide one-stop services necessary for rental building management including tenant recruiting and building management, as well as the construction of rental properties based on demand forecasts.

Under such circumstances, The Daito Group has positioned the Company, Daito Kentaku Leasing Co., Ltd. and Daito Kentaku Partners Co., Ltd. as the three core companies of the Group, and has launched a new Group framework centering on these three core companies starting from May 2017. Going forward, by focusing on the three core companies, the Daito Group aims to divide operations and increase their efficiency, as well as enhancing the specialization of each business area.

* Source: Policy Bureau of Ministry of Land, Infrastructure, Transport and Tourism, "Data of the Current Survey on Construction Statistics"

(ii) Overview of Daito Group

During the fiscal year ended March 31, 2017, the Daito Group posted increased sales and profits on a consolidated basis for the ninth consecutive year, having recorded net sales in the amount of 1,497,104 million yen (up 6.1% year-on-year), and on the profit front, posted an operating income of 120,162 million yen (up 19.0% year-on-year), ordinary income of 124,509 million yen (up 18.0% year-on-year), and current term profit attributable to owners of the parent of 82,168 million yen (up 22.1% year-on-year). These sales and income amounts are all historic highs for the Daito Group.

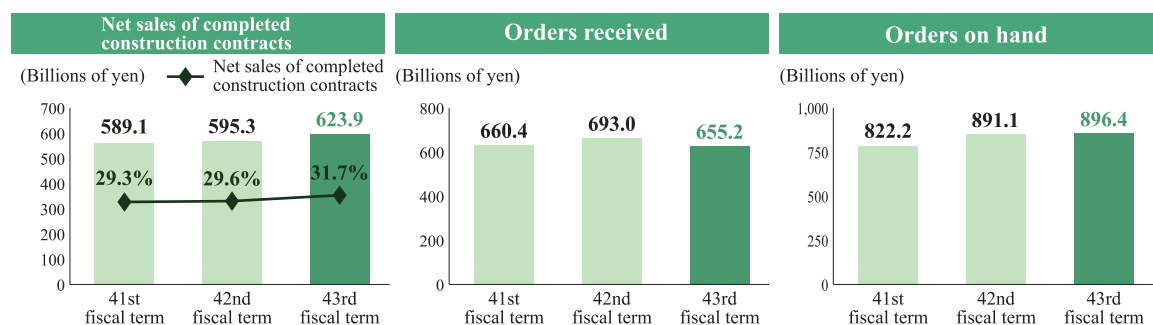


(iii) Progress and Results by Segment

■ Construction Business

In the construction business, net sales of completed construction contracts increased 4.8% year-on-year to 623,910 million yen, as a result of the successful development of the ample number of orders. The gross profit margin for completed projects rose 2.1 points from the previous fiscal year to 31.7% due to a slackening in the rise of labor costs, in addition to improved profitability as a result of price revisions, among others.

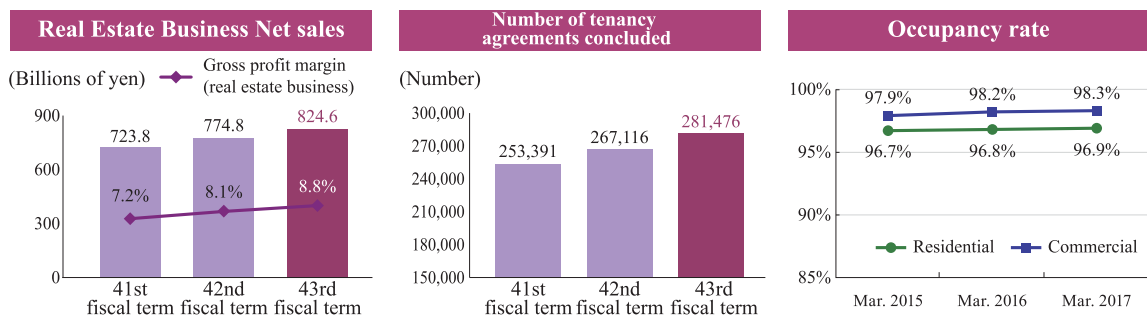
Orders received decreased 5.4% year-on-year to 655,274 million yen and construction orders on hand as of March 31, 2017 increased 0.6% year-on-year to 896,465 million yen.



■ Real Estate Business

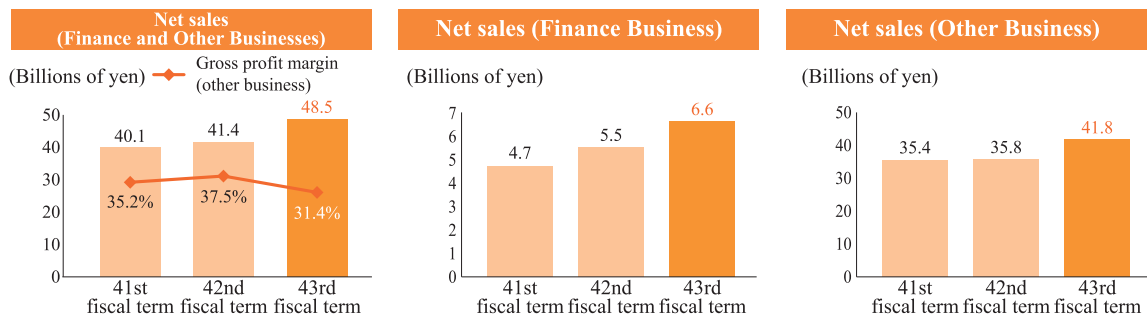
In the real estate business, an increase in whole-building lease agreements under our Lease Management Trust System allowed our leasing company, Daito Building Management Co., Ltd. (currently Daito Kentaku Partners Co., Ltd.) to increase its rental income, while House Leave Co., Ltd., which offers joint guarantor-free services, increased its revenues, resulting in a 6.4% rise in net sales of the real estate business year-on-year to 824,642 million yen.

In terms of tenant recruiting activities, we attracted the attention of customers looking for apartments and raised the Company's profile by airing new TV commercials of the lease brokerage brand, "e-Heya Net" and by focusing on our annual promotions. As a result of such efforts, the number of tenancy agreements concluded rose 5.4% year-on-year to 281,476. Consequently, the occupancy rate of our leased residential properties as of March 31, 2017 increased 0.1 points year-on-year to 96.9%, while the occupancy rate of our leased commercial properties rose 0.1 points year-on-year to 98.3%.

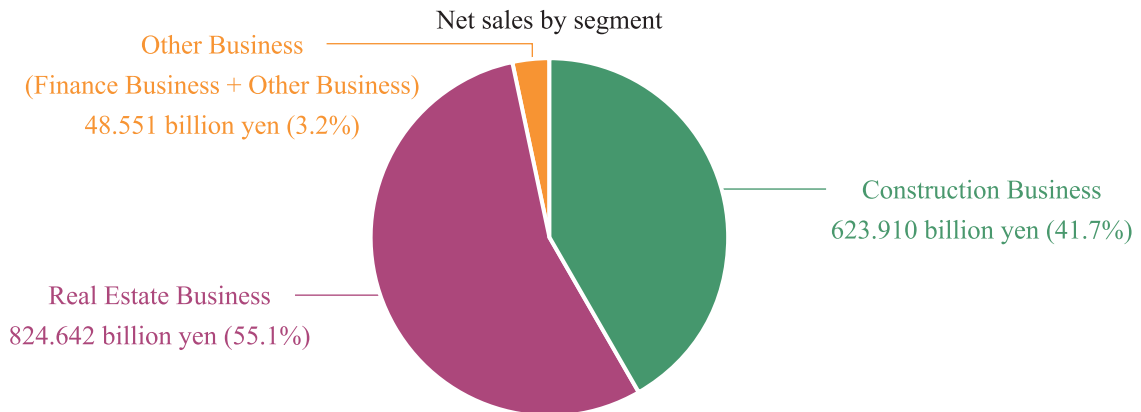


■ Finance Business and Other Business

Total of net sales of the finance business and other business increased 17.1% year-on-year to 48,551 million yen. This was attributable to, among others, the increase in sales in other business stemming from both the increase in the number of properties supplied with LP gas from the Gaspal Group, starting with Gaspal Co., Ltd., the increase in the number of customers using daytime care service facilities targeted at the elderly provided by Care Partner Co., Ltd., the increase in the number of policy holders of HOUSEGUARD SSI, a small-amount, short-term insurance provider offering coverage of rent and household effects for tenants of leased building, and the increase in the number of residences whose power is supplied by Daito Energy Co., Ltd..



<Segment Sales>



Segment		(Reference) 42nd Fiscal Term Sales (million yen)	43rd Fiscal Term Sales (million yen)	Year-on-year Change (%)
Construction business	Residential	589,275	618,217	4.9
	Commercial	2,757	2,656	(3.7)
	Other	3,332	3,036	(8.9)
	Total	595,364	623,910	4.8
Real estate business	Whole-building lease agreements	709,324	755,002	6.4
	Improvement/repair work	28,794	26,014	(9.7)
	Real estate brokerage	16,213	17,652	8.9
	Rent guarantee business	6,431	9,702	50.9
	Lease business	6,055	6,266	3.5
	Power generation business	4,288	6,119	42.7
	Other	3,700	3,884	5.0
	Total	774,807	824,642	6.4
Finance business	Total	5,579	6,695	20.0
Other business	Total	35,891	41,856	16.6
Sum total		1,411,643	1,497,104	6.1

(2) Business Strategies

With the enforcement of the inheritance tax reform in January 2015, the need for effective land utilization is ever-increasing among aging landowners, stemming from their requirements for asset succession and tax saving measures, and is expected to remain robust. Consequently, the Daito Group will need to reinforce its one-stop services for asset succession, in order for landowners to realize “amicable and smooth asset succession to the next generation.”

Meanwhile, given the increasing number of single-person households as a result of the declining birthrate and aging population coupled with the increasing tendency to marry late, together with the change in attitudes toward homes reflecting the diversification of lifestyles, tenants’ demand for leased housing is expected to remain brisk in the future. Under such circumstances, the tenants are expressing increasingly diverse needs, as they become more discerning in their choice of housing, and the Daito Group will be required to improve and expand services that will provide safety, comfort and enrichment to the tenants’ lives, as well as offer them attractive buildings and residences.

Additionally, the Daito Group will need to keep its focus on securing appropriate building construction profits and ensuring the strengthening and quality of construction structures as disaster restoration from the Great East Japan Earthquake and the Kumamoto Earthquake gets into full swing and domestic construction demand increases due to the Tokyo Olympics going forward.

In such a market environment, the Daito Group has developed a 5-year medium-term business plan, which will conclude in the fiscal year ending March 31, 2021. We are currently revising this plan to reflect the business results of the fiscal year ended March 31, 2017.

Outline of the medium-term business plan and measures for the achievement of the plan by segment are as follows:

(i) Outline of the medium-term business plan

We will further elevate the medium-term business slogan of “Further explore opportunities in rental apartments,” and build up a powerful brand image under the new brand message, “To live is to entrust.”

The Daito Group aims to achieve net sales of 1,802.0 billion yen, operating income of 138.0 billion yen, net income (*1) of 95.0 billion yen, and ROE (return on equity) of 30.0% and secure a 18% plus share in rental housing construction starts (assuming that the size of the leased properties market will be 390,000 units) in the fiscal year ending March 31, 2021 as medium-term business targets.

Mid-term business plan [Fiscal Year Ending March 31, 2021 (47th Fiscal Term) Plan]			
Net sales 1,802.0 billion yen (AAGR +5.0%)		Operating income 138.0 billion yen (AAGR +6.6%)	
Ordinary income 142.0 billion yen (AAGR +6.2%)		Net income (※1) 95.0 billion yen (AAGR +7.4%)	
Equity ratio 39.3%	ROE (Return on equity) 30.0%	Dividends per share 662 yen	Payout ratio/ total return ratio (※2) 50.0% / 80.0%

(※1) Profit attributable to owners of the parent

(※2) Includes the acquisition and disposal of treasury shares

(ii) Segment strategies

■ Construction Business

In the construction business, we will reinforce the sales force up to 3,800 sales staff (3,383 as of the end of the fiscal year ended March 31, 2017), and allocate management resources including the opening of stores by taking into account the market's potential for growth based on the market scale and long-term demand for leased housing that reflect market research using a nationwide segmentation into approximately 4,600 marketing areas. Additionally, we will focus our efforts on consulting sales on an ongoing basis from the perspective of "effective asset utilization/asset succession," while providing landowners with high-quality attentive services concerning asset utilization/asset succession in collaboration with our group trust company (Daito Mirai Trust Co., Ltd.).

In anticipation of a future increase in domestic construction demand due to the Tokyo Olympics, among others, the Daito Group will strengthen the alliance with collaborating companies, in order to restrain construction cost, secure labor force, and enhance construction capability.

By implementing the measures mentioned above, the Daito Group aims to achieve orders received of 752.0 billion yen, net sales of completed construction contracts of 704.0 billion yen, and gross profit margin for completed projects of 30.0% for the fiscal year ending March 31, 2021.

■ Real Estate Business

In the real estate business, we will further improve the efficiency of tenant recruiting activities under the new tenant recruiting framework made up of Daito Kentaku Partners Co., Ltd., which changed its name from Daito Building Management Co., Ltd., and Daito Kentaku Leasing Co., Ltd., which was established after being spun off from the Company's real estate brokerage division.

We will continue to engage in tenant recruiting activities using SNS (facebook, twitter, LINE, etc.) while at the same time promote initiatives to expand our fan base and raise the profile of the lease brokerage brand, "e-Heya Net," by sponsoring the LPGA tour "Daito Trust e-Heya Net Ladies" (with official permission by the Ladies Professional Golfers' Association of Japan), among others.

By implementing the measures mentioned above, the Daito Group aims to achieve net sales on real estate business of 1,023.6 billion yen, the number of tenancy agreements concluded of 344,000, and the occupancy rate of leased residential units of 96.9% (March 2021) for the fiscal year ending March 31, 2021.

■ Finance Business and Other Business

In other businesses, we will expand businesses that are expected to have high synergistic effects with our core businesses, by such means as expanding the insurance business intended for landowners and tenants through HOUSEGUARD SSI, in addition to increasing the number of homes supplied by LP gas by the Gaspal Group, starting with Gaspal Co., Ltd., and expand daycare service centers and the childcare business of Care Partner Co., Ltd.

By implementing the measures mentioned above, the Daito Group aims to achieve combined net sales of 74.4 billion yen in the finance business and the other business for the fiscal year ending March 31, 2021.

Furthermore, we will designate "the nursing care and childcare business," "the energy business" and "the overseas business" as "the new core businesses" and expand the businesses surrounding our core businesses.

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.

Additionally, the Company has disclosed in its shareholder return policy that it targets a payout ratio of 50% of its consolidated net income (Profit attributable to owners of the parent), and unless there is a major demand for funds, that it intends to spend 30% of its consolidated net income for the purchase and retirement of treasury stock to bring the total return ratio to 80%.

Key performance indicators	Targeted operating income margin: 7% or higher	Targeted return on equity (ROE): 20% or higher
	43 rd Fiscal Term (Year ended March 31, 2017) 8.0%	43 rd Fiscal Term (Year ended March 31, 2017) 31.2%
Shareholder return policy	Total return ratio (Dividends + Purchase/retirement of treasury stock): 80%	Payout ratio: 50%
	43 rd Fiscal Term (Year ended March 31, 2017) 80%	Purchase / retirement of treasury stock: 30%
		43 rd Fiscal Term (Year ended March 31, 2017) Payout ratio: 50%
		Purchase / retirement of treasury stock: 30%

(3) Capital Investment, etc.

In the fiscal year ended March 31, 2017, total capital investment amounted to 29,444 million yen, which primarily consisted of the installation of photovoltaic power generation facilities by Daito Building Management Co., Ltd. (currently Daito Kentaku Partners Co., Ltd.) and the development of the backbone system in the Company.

(4) Financing

In the fiscal year ended March 31, 2017, no significant financing activities requiring disclosure were conducted.

(5) Trends in Assets and Income

(i) Trends in Assets and Income of Enterprise Group

Category	40th fiscal term: Fiscal year ended March 31, 2014	41st fiscal term: Fiscal year ended March 31, 2015	42nd fiscal term: Fiscal year ended March 31, 2016	43rd fiscal term: Fiscal year ended March 31, 2017 (under review)
Net sales (million yen)	1,259,673	1,353,155	1,411,643	1,497,104
Operating income (million yen)	89,780	91,520	101,001	120,162
Ordinary income (million yen)	93,335	95,887	105,558	124,509
Profit attributable to owners of the parent (million yen)	55,277	56,109	67,279	82,168
Earnings per share < EPS > (yen)	693.90	710.19	863.11	1,072.64
Total assets (million yen)	684,422	701,119	728,548	781,431
Net assets (million yen)	222,005	236,794	248,522	275,485

Note: From the fiscal year ended March 31, 2016, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21 of September 13, 2013), and accordingly “Net income” has been changed to “Profit attributable to owners of the parent.”

(ii) Trends in Assets and Income of the Company

Category	40th fiscal term: Fiscal year ended March 31, 2014	41st fiscal term: Fiscal year ended March 31, 2015	42nd fiscal term: Fiscal year ended March 31, 2016	43rd fiscal term: Fiscal year ended March 31, 2017 (under review)
Net sales (million yen)	563,343	608,973	617,377	646,878
Operating income (million yen)	52,049	50,146	53,481	68,568
Ordinary income (million yen)	56,825	58,990	80,646	85,422
Net income (million yen)	33,542	34,471	59,811	59,926
Earnings per share < EPS > (yen)	421.07	436.32	767.30	782.29
Total assets (million yen)	474,237	479,698	500,357	535,839
Net assets (million yen)	134,969	124,448	130,992	136,759

2. The Company's Stock

(1) Number of shares authorized 329,541,100 shares

(2) Number of shares issued 76,523,958 shares (excluding treasury stock: 345,621 shares)

(Note) Pursuant to the provisions of Article 178 of the Companies Act, the Company retired 1,224,800 treasury stocks effective March 31, 2017.

As a result, the number of shares issued including treasury stock decreased by 1,224,800 from the end of the previous fiscal year (March 31, 2016).

(3) Number of shareholders 17,354 shareholders

(4) Principal shareholders

Name of shareholder	Number of shares owned (thousand shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	3,382	4.42
Japan Trustee Services Bank, Ltd. (Trust account)	3,352	4.38
CBNY – ORBIS SICAV	1,673	2.18
Sumitomo Realty & Development Co., Ltd.	1,606	2.09
State Street Bank and Trust Company 505225	1,567	2.04
Co-op Suppliers' Stock Holding	1,557	2.03
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,514	1.97
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account re-entrusted by Sumitomo Mitsui Trust & Banking Co., Ltd.)	1,474	1.92
THE BANK OF NEW YORK MELLON 140044	1,357	1.77
Japan Trustee Services Bank, Ltd. (Trust account 1)	1,118	1.46

(Notes) 1. Shareholding ratio is calculated after deducting treasury stock (345,000 shares).

2. The Company holds 345,000 shares of treasury stock, excluding 500,000 shares held by the ESOP Trust and 315,000 shares held by the J-ESOP.

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)	Naomi Kumakiri	In charge of Construction Business Headquarters and Corporate Management Headquarters
Vice President and Representative Director	Hitoshi Kadouchi	In charge of Real Estate Business Headquarters and Subsidiary Business Headquarters, Representative Director and President of Daito Building Management Co., Ltd.
Managing Director	Katsuma Kobayashi	General Manager of Sales Management Department
Managing Director	Shuji Kawai	General Manager of Corporate Management Headquarters, In charge of Corporate Planning Division and Total Quality Control Division
Director	Kanitsu Uchida	General Manager of Design Management Department
Director	Kei Takeuchi	General Manager of Central Japan Construction Business Headquarters
Director	Yukio Daimon	General Manager of Construction Management Department
Director	Kazuhiko Saito	General Manager of East Japan Construction Business Headquarters, Officer in charge of Post-Disaster Restoration Business
Director	Shinichi Marukawa	General Manager of Tenant Recruiting Management Department
Director	Takeshi Nakagawa	General Manager of Subsidiary Business Headquarters Representative Director and President of Gaspal Co., Ltd.
Director (Outside)	Yujiro Sasamoto	Chairman of Governance Committee Director of Makoru Co., Ltd. Part-time lecturer of Graduate School of Law, Aoyama Gakuin University Director of Japan CSR Promotion Association
Director (Outside)	Toshiaki Yamaguchi	Committee Member of Governance Committee Representative Attorney, Yamaguchi Toshiaki Law Firm Director, Japan Internal Control Association Director, Association of Certified Fraud Examiners Leader of Outside Director Guidelines Study Team, Judicial System Research Board, Japan Federation of Bar Associations Director of Japan Corporate Governance Network Outside Audit & Supervisory Board Member of Osaka University Venture Capital Co., Ltd. Audit & Supervisory Board Member of Osaka Municipal Transportation Bureau
Director (Outside)	Mami Sasaki	Committee Member of Governance Committee
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)	Kazumitsu Futami	Committee Member of Governance Committee Representative Director and President of Jei Kei Kikaku Co., Ltd.
Audit & Supervisory Board Member (Outside)	Kazuo Fujimaki	Committee Member of Governance Committee Representative, Fujimaki Sogo Consulting

- (Notes)
1. Mr. Takeshi Nakagawa was newly appointed as Director and assumed office as resolved at the 42nd Ordinary General Meeting of Shareholders held on June 28, 2016.
 2. Mr. Yujiro Sasamoto, Mr. Toshiaki Yamaguchi and Ms. Mami Sasaki are Outside Directors.
 3. All Audit & Supervisory Board Members of the Company are Outside Audit & Supervisory Board Members.
 4. Audit & Supervisory Board Member Mr. Masayasu Uno is qualified as a Certified Public Accountant, and has considerable financial and accounting knowledge.
 5. Audit & Supervisory Board Member Mr. Kazuo Fujimaki is qualified as a U.S. Certified Public Accountant, and has considerable international financial and accounting knowledge.

6. The Company has designated Directors Mr. Yujiro Sasamoto, Mr. Toshiaki Yamaguchi and Ms. Mami Sasaki, and Audit & Supervisory Board Members Mr. Masayasu Uno, Mr. Hideo Hachiya, Mr. Kazumitsu Futami 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.
7. Names, responsibilities and significant concurrent positions held by Directors and Audit & Supervisory Board Member as of April 1, 2017 are as follows.

Position	Name	Responsibilities and Significant Concurrent Positions Held
President and Representative Director (CEO)	Naomi Kumakiri	
Managing Director	Katsuma Kobayashi	General Manager of Construction Business Headquarters
Managing Director	Shuji Kawai	General Manager of Corporate Management Headquarters and Subsidiary Business Headquarters, in charge of Corporate Planning Division, Total Quality Control Division and Legal Services Division
Director	Kanitsu Uchida	General Manager of Subsidiary Business Headquarters, in charge of Nursing Care and Childcare Business, and Overseas Business
Director	Kei Takeuchi	General Manager of Real Estate Business Headquarters
Director	Takeshi Nakagawa	General Manager of Subsidiary Business Headquarters, in charge of Energy Business Representative Director and President of Gaspal Co., Ltd.
Director	Hitoshi Kadouchi	
Director	Yukio Daimon	
Director	Shinichi Marukawa	

(Reference) Names and responsibilities of Executive Officers as of April 1, 2017 are as follows.

Position	Name	Responsibilities
Senior Executive Officer	Shuichi Ogawa	General Manager of West Japan Construction Business Headquarter
Senior Executive Officer	Takuya Ishii	General Manager of Keihanshin Area Construction Business Department
Senior Executive Officer	Shoji Yamada	General Manager of North Metropolitan Area Construction Business Department
Executive Officer	Masayoshi Tanaka	General Manager of Loan Promotion Department
Executive Officer	Hikomichi Ono	General Manager of Asset Succession Consulting Department
Executive Officer	Takashi Suzuki	General Manager of Central Metropolitan Area Construction Business Department
Executive Officer	Eiji Okamoto	General Manager of Minami Kansai Construction Business Department
Executive Officer	Kazunori Fukuda	General Manager of Corporate Planning Division, General Manager of Subsidiary Business Headquarters
Executive Officer	Fumiaki Nakagami	General Manager of Construction Management Department
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	Masafumi Tate	General Manager of Design Management Department
Executive Officer	Masayuki Koishikawa	General Manager of Sales Management Department
Executive Officer	Kouichi Nakamura	General Manager of Technological Development Department In charge of East Japan Region

(2) Outline of Limited Liability Agreements

The Company has entered into a Limited Liability Agreement with all three (3) Directors who do not execute business (Non-executive Directors), all three (3) Outside Directors and all four (4) Outside Audit & Supervisory Board Members, the outline of which is as described below:

A. Limited Liability Agreements with Directors who do not execute business (Non-executive Director)

- In the event that the Company bears liability for damages caused by neglect of the Non-executive 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 Non-executive Director performs his duty in good faith and without material negligence.

B. 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.

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

Category	Number of persons paid	Amount paid
Director	13 persons	1,228 million yen
Audit & Supervisory Board Member	4 persons	99 million yen
Total (Outside Directors/Audit & Supervisory Board Members)	17 persons (7 persons)	1,327 million yen (136 million yen)

- (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 amount paid to Directors indicated in the above table includes an expense of 127 million yen recognized for the fiscal year ended March 31, 2017 in relation to the subscription rights to shares granted as stock options.
 3. As of March 31, 2017, the numbers of Directors and Audit & Supervisory Board Members are thirteen (13) and four (4), respectively.
 4. Directors' remuneration is the sum of the fixed portion which is capped at 1 billion yen per year (including the Outside Directors' remuneration capped at 50 million yen) and the variable portion which is capped at 1.5% of consolidated net income (Profit attributable to owners of the parent) for the fiscal year under review (not exceeding 1 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 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.
In addition to the aforementioned amount of remuneration, etc., the amount of remuneration relating to stock options as stock-linked compensation for Directors (excluding Outside Directors) is capped at 530 million yen per year, as resolved at the 37th Ordinary General Meeting of Shareholders of the Company held on June 28, 2011.
 5. Audit & Supervisory Board Members' 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.
 6. In addition to the above, the total amount of remuneration, etc. received by outside officers from subsidiaries of the Company in the capacity of officers is 0.6 million yen.
 7. In addition to the above, the Company intends to pay retirement benefits of 25 million yen in total to two (2) incumbent Directors at the time of their resignation as Director pursuant to the resolution passed at the 37th Ordinary General Meeting of Shareholders held on June 28, 2011 concerning the payment of retirement benefits for termination resulting from the abolition of retirement benefits system.

(4) Policy for the determination of remuneration of Directors and Audit & Supervisory Board Members

(i) Details and determination method of remuneration of Directors

a. Details of remuneration of Directors

Remuneration of Directors comprises basic remuneration as fixed remuneration, and bonuses and stock options as stock-linked compensation which form the performance-linked remunerations. Both types of remunerations shall not be more than an amount, which has been approved by the General Meeting of Shareholders.

- **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.

The total basic remuneration shall be no more than 1.0 billion yen per year (including the Outside Directors' remuneration which shall be no more than 50 million yen per year).

- **Bonuses (performance-linked remunerations)**

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 (1.5%). However, Outside Directors are not entitled to receive any bonuses.

Bonuses shall not exceed 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.

- **Stock options as stock-linked compensation**

The Company has introduced stock options as stock-linked compensation for Directors (excluding Outside Directors) since 2011 for the purpose of raising their 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 value of shares of the Company and sharing a common value with shareholders. There are two types of stock options as stock-linked compensation, namely, A Plan, which aims to improve performance of the Company during the term of office of Director, and B Plan which aims to improve the medium-term performance of the Company. In terms of the B Plan, a separate performance achievement criteria has been established.

The amount of remuneration relating to stock options as stock-linked compensation granted to each Director shall be no more than 530 million yen per year, and the individual amounts shall be determined in consideration of the achievement and contribution of each Director during the fiscal year under review.

b. Determination method

The total amount of Directors' remuneration shall be no more than the aggregate amount of Directors' remuneration approved by the General Meeting of Shareholders and specific amounts of remuneration for each Director shall be determined by allocating the aggregate amount pursuant to the resolution of the Board of Directors.

Additionally, the Company conducts mutual evaluations each year of the business execution and management supervision of its Directors mainly through the Governance Committee, which comprises the Representative Directors, all Outside Directors and all Audit & Supervisory Board Members. The results of these evaluations are reflected in the management structure for the following fiscal year and the basic remuneration, bonuses and stock options as stock-linked compensation of the Directors (excluding Outside Directors).

(ii) Details and determination method of remuneration of Audit & Supervisory Board Members

a. Details of remuneration of Audit & Supervisory Board Members

The total amount of Audit & Supervisory Board Members' remuneration shall be no more than 100 million yen, which was approved by the General Meeting of Shareholders.

b. Determination method

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 Members.

(5) 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
Yujiro Sasamoto	Director of Makoru Co., Ltd.	There is no business transaction relationship between these parties and the Company.
	Part-time lecturer of Graduate School of Law, Aoyama Gakuin University	
	Director of Japan CSR Promotion Association	
Toshiaki Yamaguchi	Representative Attorney, Yamaguchi Toshiaki Law Firm	There is no business transaction relationship between these parties and the Company.
	Director, Japan Internal Control Association	
	Director, Association of Certified Fraud Examiners	
	Leader of Outside Director Guidelines Study Team, Judicial System Research Board, Japan Federation of Bar Associations	
	Director of Japan Corporate Governance Network	
	Outside Audit & Supervisory Board Member of Osaka University Venture Capital Co., Ltd.	
Audit & Supervisory Board Member of Osaka Municipal Transportation Bureau		
Mami Sasaki	Not applicable	-

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 transaction relationship between this party and the Company.
Kazumitsu Futami	Representative Director and President of Jei Kei Kikaku Co., Ltd.	There is no business transaction relationship between this party and the Company.
Kazuo Fujimaki	Representative, Fujimaki Sogo Consulting	There is no business transaction 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
Yujiro Sasamoto	10 times out of 13 meetings (76.9%)	In the Board of Directors meetings, he expressed his opinions as a professional by making the most of his extensive knowledge and experience of compliance, internal control and CSR. He also made useful recommendations regarding the Company's compliance system and compliance training and attended the Compliance Promotion Meeting to provide advice, as appropriate. Additionally, as a Chairman of the Governance Committee, he compiled the evaluation results of the mutual evaluations of executive Directors and conducted the individual interview, playing a central role in the mutual evaluations, as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.
Toshiaki Yamaguchi	12 times out of 13 meetings (92.3%)	In the Board of Directors meetings he expressed his opinions 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. Additionally, 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.
Mami Sasaki	13 times out of 13 meetings (100.0%)	In the Board of Directors meetings, she expressed her opinions by making the most of her extensive knowledge and experience of organizational management in the global financial business. Additionally, as a Committee Member of the Governance Committee, she 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.

Note: Director, Mr. Yujiro Sasamoto, was absent from three of the Board of Directors meetings held during the fiscal year under review, due to his medical treatment of illness in hospital. Currently, he is well and his health will not impede his activities as an Outside Director in any way.

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%)	13 times out of 13 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>Additionally, 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%)	13 times out of 13 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>Additionally, 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>
Kazumitsu Futami	13 times out of 13 meetings (100.0%)	13 times out of 13 meetings (100.0%)	<p>In the Board of Directors meetings, he expressed his opinions on business execution by making the most of his extensive experience and insight of housing administration and loan guarantee business for construction loans for rental residential property development.</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>Additionally, 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>

Name	Attendance at Board of Directors meetings (Attendance ratio)	Attendance at Audit & Supervisory Board meetings (Attendance ratio)	Main activities
Kazuo Fujimaki	13 times out of 13 meetings (100.0%)	13 times out of 13 meetings (100.0%)	<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>Additionally, 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) 42nd Fiscal Term (As of March 31, 2016)	43rd Fiscal Term (As of March 31,2017)	Account item	(Reference) 42nd Fiscal Term (As of March 31, 2016)	43rd Fiscal Term (As of March 31, 2017)
Current assets:	479,621	509,778	Current liabilities:	281,883	337,990
Cash and deposits	233,631	248,180	Accounts payable for construction contracts	37,509	43,677
Money held in trust	26,505	22,000	Current portion of long-term loans payable	16,690	44,074
Accounts receivable from completed construction contracts and other	38,627	38,297	Lease obligations	241	201
Short-term investment securities	9,617	18,509	Income taxes payable	25,671	30,751
Costs on uncompleted construction contracts	13,328	14,841	Advances received on uncompleted construction contracts	47,274	57,019
Other inventories	4,768	5,803	Advances received	68,922	75,543
Prepaid expenses	59,688	63,020	Provision for bonuses	21,586	21,523
Deferred tax assets	19,955	19,696	Provision for warranties for completed construction	1,136	1,091
Operating loans	60,489	62,736	Deposits received	7,631	7,595
Other	13,262	16,932	Other	55,216	56,511
Allowance for doubtful accounts	(253)	(241)	Noncurrent liabilities:	198,143	167,955
Noncurrent assets:	248,927	271,653	Long-term loans payable	54,942	10,368
Property, plant and equipment	113,957	126,014	Lease liabilities	907	786
Buildings and structures	34,302	37,236	Deferred tax liabilities	84	94
Machinery and equipment	32,520	37,315	Provision for repairs on whole building lease	80,704	97,405
Tools, furniture and fixtures	1,772	2,127	Net defined benefit liability	10,698	10,203
Land	43,169	47,596	Long-term guarantee deposits	45,183	39,868
Lease assets	1,308	1,621	Other	5,620	9,228
Other	883	117	Total liabilities	480,026	505,945
Intangible assets	10,664	17,635	Net Assets		
Investments and other assets	124,304	128,003	Shareholders' equity:	253,254	281,243
Investment securities	45,509	38,367	Capital stock	29,060	29,060
Subordinated bonds and subordinated trust beneficiary rights	12,857	12,857	Capital surplus	34,540	34,540
Deferred tax assets	26,030	34,296	Retained earnings	206,509	232,978
Other	42,922	45,851	Treasury stock	(16,857)	(15,337)
Allowance for doubtful accounts	(3,014)	(3,369)	Accumulated other comprehensive income	(7,151)	(8,479)
			Valuation difference on available-for-sale securities	3,202	2,526
			Deferred gains or losses on hedges	(943)	(286)
			Revaluation reserve for land	(7,584)	(7,584)
			Foreign currency translation adjustment	(229)	(1,705)
			Remeasurements of defined benefit plans	(1,596)	(1,429)
			Subscription rights to shares	353	398
			Non-controlling interests	2,065	2,322
			Total net assets	248,522	275,485
Total assets	728,548	781,431	Total liabilities and net assets	728,548	781,431

Consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 42nd Fiscal Term (From April 1, 2015 to March 31, 2016)		43rd Fiscal Term (From April 1, 2016 to March 31, 2017)	
Net sales				
Net sales of completed construction contracts	595,364		623,910	
Sales on real estate business	774,807		824,642	
Other business revenue	41,471	1,411,643	48,551	1,497,104
Cost of sales				
Cost of sales of completed construction contracts	419,094		426,264	
Cost of sales on real estate business	712,196		751,940	
Cost of sales on other business	25,925	1,157,216	33,311	1,211,516
Gross profit				
Gross profit on completed construction contracts	176,269		197,645	
Gross profit-real estate business	62,611		72,701	
Gross profit-other business	15,545	254,427	15,240	285,588
Selling, general and administrative expenses		153,426		165,426
Operating income		101,001		120,162
Non-operating income				
Interest income	589		527	
Dividends income	192		212	
Commission fee	3,656		3,654	
Miscellaneous income	1,241	5,680	1,406	5,800
Non-operating expenses				
Interest expenses	573		401	
Provision of allowance for doubtful accounts	48		89	
Share of loss of entities accounted for using equity method	-		336	
Miscellaneous expenses	500	1,122	627	1,453
Ordinary income		105,558		124,509
Extraordinary income				
Gain on sales of noncurrent assets	3		3	
Gain on sales of investment securities	151	154	28	31
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	354		422	
Impairment loss	92	447	122	545
Income before income taxes and non-controlling interests		105,266		123,995
Income taxes – current	41,335		49,511	
Income taxes – deferred	(3,654)	37,680	(8,054)	41,457
Net income		67,585		82,538
Profit attributable to non-controlling interests		305		369
Profit attributable to owners of the parent		67,279		82,168

Non-consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 42nd Fiscal Term (As of March 31, 2016)	43rd Fiscal Term (As of March 31, 2017)	Account item	(Reference) 42nd Fiscal Term (As of March 31, 2016)	43rd Fiscal Term (As of March 31, 2017)
Current assets:	336,056	362,561	Current liabilities:	300,251	374,249
Cash and deposits	199,986	213,182	Accounts payable for construction contracts	34,140	41,055
Accounts receivable from completed construction contracts	30,683	30,282	Current portion of long-term loans payable	16,690	44,074
Short-term investment securities	9,577	18,464	Lease liabilities	56	27
Costs on uncompleted construction contracts	13,206	14,462	Accounts payable - other	25,703	26,488
Raw materials and supplies	4,327	5,314	Income taxes payable	12,870	17,238
Short-term loans receivable from subsidiaries and affiliates	59,990	62,390	Accrued consumption taxes	6,755	4,725
Prepaid expenses	891	1,321	Advances received on uncompleted construction contracts	47,191	56,888
Deferred tax assets	9,806	9,224	Advances received	145	242
Accounts receivable - other	2,229	2,678	Deposits received	136,721	164,347
Advances paid	4,731	3,925	Provision for bonuses	16,394	16,299
Other	849	1,549	Provision for warranties for completed construction	1,072	1,041
Allowance for doubtful accounts	(221)	(234)	Other	2,510	1,819
Noncurrent assets:	164,301	173,278	Noncurrent liabilities:	69,113	24,831
Property, plant and equipment	59,601	64,078	Long-term loans payable	54,942	10,368
Buildings	16,789	16,900	Lease liabilities	31	3
Structures	541	537	Provision for retirement benefits	6,579	6,539
Machinery and equipment	529	396	Long-term guarantee deposits	3,916	3,456
Vehicles	0	-	Other	3,643	4,463
Tools, furniture and fixtures	1,111	1,098	Total liabilities	369,365	399,080
Land	40,547	45,115	Net Assets		
Lease assets	82	29	Shareholders' equity:	135,979	141,727
Intangible assets	8,487	14,660	Capital stock	29,060	29,060
Software	4,241	7,020	Capital surplus	34,540	34,540
Software in progress	4,076	7,472	Legal capital surplus	34,540	34,540
Other	168	167	Retained earnings	89,234	93,462
Investments and other assets	96,212	94,539	Legal retained earnings	7,265	7,265
Investment securities	25,615	17,258	Other retained earnings	81,969	86,197
Subordinated bonds and subordinated trust beneficiary rights	12,857	12,857	Retained earnings brought forward	81,969	86,197
Stocks of subsidiaries and affiliates	43,672	43,772	Treasury stock	(16,857)	(15,337)
Long-term loans receivable from subsidiaries and affiliates	657	1,657	Valuation and translation adjustments:	(5,324)	(5,344)
Deferred tax assets	2,458	3,371	Valuation difference on available-for-sale securities	3,202	2,526
Guarantee deposits	6,080	10,743	Deferred gains or losses on hedges	(943)	(286)
Other	6,244	6,779	Revaluation reserve for land	(7,584)	(7,584)
Allowance for doubtful accounts	(1,372)	(1,899)	Subscription rights to shares	337	376
Total assets	500,357	535,839	Total net assets	130,992	136,759
			Total liabilities and net assets	500,357	535,839

Non-consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 42nd Fiscal Term (From April 1, 2015 to March 31, 2016)		43rd Fiscal Term (From April 1, 2016 to March 31, 2017)	
Net sales				
Net sales of completed construction contracts	595,772		623,952	
Sales on real estate business, etc.	21,604	617,377	22,926	646,878
Cost of sales				
Cost of sales of completed construction contracts	420,208		427,102	
Cost of sales on real estate business, etc.	19,852	440,061	19,225	446,328
Gross profit				
Gross profit on completed construction contracts	175,564		196,849	
Gross profit-real estate business, etc.	1,752	177,316	3,700	200,550
Selling, general and administrative expenses		123,835		131,981
Operating income		53,481		68,568
Non-operating income				
Interest income	422		364	
Interest on securities	292		316	
Dividends income	22,925		13,405	
Commission fee	3,345		3,299	
Miscellaneous income	1,138	28,123	1,023	18,410
Non-operating expenses				
Interest expenses	551		380	
Provision of allowance for doubtful accounts	49		817	
Loss on valuation of investment securities	38		2	
Miscellaneous expenses	320	959	356	1,556
Ordinary income		80,646		85,422
Extraordinary income				
Gain on sales of investment securities	151	151	28	28
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	96	96	139	139
Income before income taxes		80,701		85,311
Income taxes – current	19,948		25,711	
Income taxes – deferred	942	20,890	(326)	25,385
Net income		59,811		59,926