

Securities code: 1878
May 31, 2019

To Our Shareholders

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

Notice of Convocation of the 45th Ordinary General Meeting of Shareholders

You are cordially invited to attend the 45th 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 24, 2019 (Monday).

- Date and Time:** June 25, 2019 (Tuesday) 10:00 a.m.
- Place:** 16-1, Konan 2-chome, Minato-ku, Tokyo
Shinagawa East One Tower 21F, Main Conference Room
- Agenda for the Meeting**
Matters to be reported:
 - 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 45th Fiscal Term (April 1, 2018 to March 31, 2019)
 - The Non-consolidated Financial Statements for the 45th Fiscal Term (April 1, 2018 to March 31, 2019)

Matters to be resolved:

- Proposal No. 1:** Appropriation of Surplus for the 45th Fiscal Term
Proposal No. 2: Election of Eleven (11) Directors
Proposal No. 3: Determination of Amount and Details of Stock Compensation, etc., for Directors

Notes:

- 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.
- 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.
- If there are any amendments to the Business Report, the Consolidated Financial Statements and the Non-consolidated Financial Statements, and the Reference Documents for the General Meeting of Shareholders, the revised version will be posted on our website (<https://www.kentaku.co.jp/corporate/ir/kabunushi.html>).
- 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.
- Disclosure on the Company’s website of the documents to be included in this Notice of Convocation
The following items are not included in the Reference Documents attached to this notice but are posted in our website (<https://www.kentaku.co.jp/corporate/ir/kabunushi.html>) pursuant to the provisions of law and Article 16 of the Articles of Incorporation of the Company.
The Reference Documents attached to this notice are part of the information audited by the Accounting Auditor and Audit & Supervisory Board Members as part of their preparation of Accounting Auditor’s Report and Audit & Supervisory Board Report, respectively.

(1) Following matters in the Business Report:

- Main business
- Employees

- Main place of business
 - Main creditors and borrowing amounts
 - Other significant matters concerning shares
 - Matters concerning share options of the Company
- (2) Consolidated Statement of Changes in Net Assets and Notes to Consolidated Financial Statements
- (3) Non-consolidated Statement of Changes in Net Assets and Notes to Non-consolidated Financial Statements

Reference Documents for the General Meeting of Shareholders

Proposals and references:

Proposal No. 1: Appropriation of Surplus for the 45th Fiscal Term

Appropriation of surplus for the 45th 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 309 yen per share for the year-end dividend of the 45th Fiscal Term.

The annual dividend to be paid would be 606 yen per share (up 23 yen per share from the previous fiscal year) including the interim dividend of 297 yen per share paid in November last year.

(1) Type of dividend property

Cash

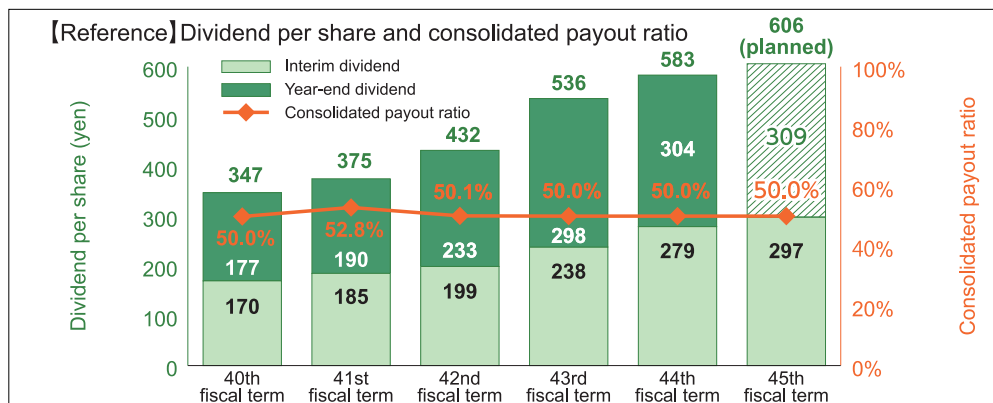
(2) Matters regarding dividend property's allocation to shareholders and total amount

Cash payment of dividend per share: 309 yen per common share of the Company

Total amount: 22,484,524,359 yen

(3) Effective date of dividend payment

June 26, 2019



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

The terms of office of all twelve (12) Directors are to expire at the conclusion of this year's Ordinary General Meeting of Shareholders and Mr. Naomi Kumakiri will retire in accordance with a system of mandatory retirement age for Directors, which sets the retirement age of executive Directors at 60. 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 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. As independent outside officers will account for 46.6% of all Directors, they will continue to enable discussions at the Board of Directors based on opinions expressed from an independent and neutral perspective.

The candidates for Directors are as follows.

Candidate No.	Name	Position and responsibilities in the Company	
1	Katsuma Kobayashi	President and Representative Director General Manager of Construction Business Headquarters	Reappointment
2	Shuji Kawai	Managing Director, General Manager of Corporate Management Headquarters and Subsidiary Business Headquarters	Reappointment
3	Kei Takeuchi	Managing Director, General Manager of Real Estate Business Headquarters	Reappointment
4	Kanitsu Uchida	Director, General Manager of Subsidiary Business Headquarters, in charge of Nursing Care and Childcare Businesses and Overseas Business	Reappointment
5	Kazuhiko Saito	Director, General Manager of Construction Business Management Headquarters	Reappointment
6	Takeshi Nakagawa	Director, General Manager of Business Strategy Department, in charge of Energy Business	Reappointment
7	Koji Sato	Director, Representative Director and President of Daito Kentaku Partners Co., Ltd.	Reappointment
8	Fumiaki Nakagami	Director, Deputy General Manager of Construction Business Management Headquarters	Reappointment
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	Director and Committee Member of Governance Committee of the Company	Reappointment Outside Director Independent Officer

- (Notes)
1. There is no special interest between each of the candidates for Director and the Company.
 2. Candidates, Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda are candidates for Outside Director. The Company has designated Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda as independent officers under the provision set forth by the Tokyo Stock Exchange and the Nagoya Stock Exchange and has notified said Exchanges accordingly.
 3. The Company has entered into a Limited Liability Agreement with Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda. 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

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

<Reason for nomination as candidate for Director>

Mr. Kobayashi has long been involved in improving product development capabilities in both tangible and intangible aspects of the Daito Group's core business, the construction business, as well as strengthening sales capabilities through human resources development and establishing the leased housing brand, and has contributed to enhancing the Daito Group's corporate value. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

In addition to his role as the chief officer overseeing the construction business he has performed so far, Mr. Kobayashi currently leads the entire Daito Group as President and Representative Director and demonstrates his strong leadership in overall management for the improvement of corporate value and sustainable growth.

Mr. Kobayashi, therefore, has been nominated as a candidate for Director based on the judgment that his rich experience and knowledge regarding the Daito Group's business and his leadership of overseeing the entire Daito Group are essential in pursuing the sustainable improvement of the Daito Group's corporate value.

<Candidate's message to shareholders>

Under its brand message of "Life is Built on Trust," the Daito Group has been engaged in business activities with the aim "to continue to be a company fully trusted by our customers" and "to continue to be a company entrusted with much more things" and achieved increases in both sales and profits for 11 consecutive fiscal years.

On the other hand, we formulated the "New Five-year Plan" to position the first year of the Reiwa era as the first year of renewed growth (from growth in the Heisei era to growth in the Reiwa era) based on our belief that, in addition to the enhancement of the construction and real estate business focusing on our original "Lease Management Trust System," we also need to embark on other business challenges as new revenue sources to achieve further sustainable growth.

We aim to become a total life support company focusing on the general leasing business from a current pure house leasing player to become a continuously growing company "entrusted" with dreams and the future, and thus 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

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

<Reason for nomination as candidate for Director>

Mr. Kawai has many years of experience in IR activities and drafting business plans at the Corporate Planning Division, and since 2014, as the chief officer overseeing the administration divisions, he has been contributing to stabilizing 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. Since 2017, furthermore, Mr. Kawai has been engaged in revenue growth opportunities in new business areas as the chief officer overseeing the businesses of the subsidiaries. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Kawai, as the chief officer overseeing the administration divisions and the businesses of the subsidiaries, is performing his duties to further reinforce the management foundations of the Company and diversify revenue sources by leveraging the experience and knowledge that he has accumulated to date.

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

<Candidate's message to shareholders>

Companies are being asked to drastically reform their human resources and finance polices, including the promotion of reforms in the way that employees work and corporate management with higher capital efficiency. The Daito Group is committed to enhancing its management foundations by, from a human resources standpoint, introducing a personnel system which enables flexible and diverse ways of working and implementing remedial actions based on the results of employee satisfaction surveys, and from a finance standpoint, further promoting finance strategies focusing on ROE and capital efficiency.

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



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

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

<Reason for nomination as candidate for Director>

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

Currently, Mr. Takeuchi, as the chief officer overseeing the real estate business, is performing his duties 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 a candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group's corporate value through the utilization of his abundant knowledge and experience in the management of the Daito Group.

<Candidate's message to shareholders>

Under the environment where the population and the number of households are expected to decrease in Japan, the Daito Group needs to meet the diverse needs of tenants to continuously maintain a sound occupancy rate and rent for the properties managed by the Daito Group that exceed 1 million units, in addition to managing buildings appropriately.

To this end, I will aim to maintain a high occupancy level through measures such as strengthening foreign language support, increasing the number of pet-friendly properties, expanding corporate services and further enhancing responsiveness through the Internet by improving marketing methods. In addition, I will improve the efficiency of tenant recruitment and management operations through AI and IoT and further enhance products and services offered to tenants in an effort to strengthen our earning power and thereby improve the corporate value of the Daito Group.



■ 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 contributed to enhancing the Daito Group's product appeal in the design divisions of the construction business, the Daito Group's core business. Furthermore, Mr. Uchida, as the Director in charge of the Nursing Care and Childcare businesses and the Overseas business, the Daito Group's new business areas, has worked to reinforce and expand each business since 2017. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Uchida, as the Director in charge of the Nursing Care and Childcare businesses and the Overseas business as our new core businesses, is performing his duties with the experience and knowledge he has accumulated so far to develop new revenue sources of the Daito Group.

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

<Candidate's message to shareholders>

To continue to realize sustainable growth, the Daito Group needs to commercialize new business areas to establish new revenue sources in addition to enhancing our core businesses, the construction business and the real estate business.

In the Nursing Care and Childcare businesses I am in charge of, I intend to actively deploy into new areas where long-term demand is expected while expanding the business scale of Care Partner Co., Ltd., Sakura Care Co., Ltd. and UMECARE Co., Ltd. In the Overseas business, on the other hand, I will pursue synergies between Le Meridien and Hilton, hotels owned in Malaysia, to enhance their revenues, and furthermore, promote the real estate development business in countries including the U.S. Through the aforementioned initiatives, I will contribute to the sustainable growth 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
April 2019	Director and General Manager of Construction Business Management Headquarters (current position)

<Reason for nomination as candidate for Director>

Mr. Saito has long been involved in the sales division of the construction business and has contributed to winning orders for the Daito Group's construction business by bolstering direct sales capabilities, which are the backbone and strength of the Company's sales, rebuilding a sales organization capable of competing against other companies and working on the expansion of contract channels. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Saito, as the officer in charge of managing the sales division of the construction business, is continuously performing his duties to reinforce 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 a candidate for Director based on the judgment that he will continue contributing to the further enhancement of the Daito Group's corporate value through the utilization of his abundant knowledge and experience in the management of the Daito Group.

<Candidate's message to shareholders>

The Company's business environment is becoming increasingly severe because of fierce competition due to the focus by housing manufacturers on the house leasing sector and stricter loan screening criteria introduced by financial institutions, among other things. To further enhance our market advantage under such circumstances, it is essential to formulate and implement a flexible sales strategy per area in addition to resource input, such as stores and human resources, taking market potential into consideration.

Under such an environment, I will strengthen direct sales capabilities, which are the backbone of the Company's sales, capture rebuilding demand, and take measures to increase responsiveness by promoting digital marketing to expand the amount of orders in the construction business. I will contribute to improving the value of the entire Daito Group by further improving the business performance of the Daito Group's core business, the construction business, through the aforementioned measures.



■ 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.
April 2019	Director, General Manager of Business Strategy Department, in charge of Energy Business (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 gas, etc., to our tenants, and as a talent well-versed in the energy field, he has contributed to the expansion of the businesses of the subsidiaries of the Daito Group and the improvement of synergy among them. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Nakagawa, as Director in charge of the commercialization of new businesses, is performing his duties to secure new revenue sources for the Daito Group by leveraging the experience and knowledge that he has accumulated to date.

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

<Candidate's message to shareholders>

It is essential to promote the diversification of businesses beyond our core businesses, the construction business and the real estate business, for the continuous improvement of the Daito Group's corporate value. I believe that the expansion of new business areas such as general leasing business and life support service business that are derived from the core businesses, not to mention the promotion of the energy business that we have experienced to date, will play a part in future growth of the Group.

To this end, I will strive to secure new sources of revenue in addition to the expansion of existing businesses by exploring opportunities from all fronts including the possibility of capital and business alliances and M&A to contribute to the Daito Group's sustainable growth.



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

March 1991	Joined the Company
April 2013	Director and General Manager, Rental Property Management Department, Daito Building Management Co., Ltd., (currently Daito Kentaku Partners Co., Ltd.)
April 2015	Managing Director and General Manager, Corporate Planning Division, Daito Building Management Co., Ltd., (currently Daito Kentaku Partners Co., Ltd.)
April 2016	Senior Managing Director, Daito Building Management Co., Ltd., (currently Daito Kentaku Partners Co., Ltd.)
April 2017	Representative Director and President of Daito Kentaku Partners Co., Ltd.
June 2017	Director of the Company, Representative Director and President of Daito Kentaku Partners Co., Ltd. (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. By utilizing such experience and knowledge, he has proactively expressed his opinions and recommendations on important management matters of the Company, sufficiently fulfilling his roles of business execution and the supervision of the business execution of other Directors.

Currently, Mr. Sato, as the President and Representative Director of Daito Kentaku Partners Co., Ltd., is performing his duties to improve the satisfaction of owners and tenants and expand revenues from the real estate business by leveraging the experience and knowledge that he has accumulated to date.

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

<Candidate's message to shareholders>

It is essential for the Daito Group, which manages rental housing consisting of more than 1 million units, to fully perform the duties of building maintenance and management and establish a relationship of trust with tenants and owners. In addition, it is also an issue to pursue efficiency and labor saving in building management and improve service quality under the environment where the working population continues to decrease.

I am committed to contributing to the long-term stability of the entrusted leasing management system, further revenue growth in the real estate business and the enhancement of the Daito Group's corporate value by pursuing business efficiency and the improved satisfaction of owners and tenants at the same time through measures such as appropriate staff allocation, the utilization of technologies such as RPA and AI, the expansion of the general call center and multilingual support for non-Japanese tenants.



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

October 1988	Joined the Company
April 2012	General Manager of Technological Development Department (in charge of East Japan Region)
April 2014	General Manager of Technological Development Department In charge of East Japan Region
April 2015	Executive Officer and General Manager of Safety and Quality Control Department
April 2017	Executive Officer and General Manager of Construction Management Department
June 2018	Director and General Manager of Construction Management Department
April 2019	Director and Deputy General Manager of Construction Business Management Headquarters (current position)

<Reason for nomination as candidate for Director>

Mr. Nakagami has long been involved in the construction divisions of the construction business, which is the core business of the Daito Group. While having engaged in efforts including the building of a construction system responding to the tight supply of construction workers and the increased work volume of the Daito Group, the reduction of construction costs and the improvement of technological capabilities and construction quality, he has contributed to strengthening said divisions of the Group.

Currently, Mr. Nakagami, as the officer in charge of managing the technology division of the construction business, is performing his duties to continuously enhance the technological capabilities of the construction business and ensure appropriate profits by leveraging the experience and knowledge that he has accumulated to date.

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

<Candidate's message to shareholders>

Under the environment where the increasing demand for construction work related to the Tokyo Olympic and Paralympic Games and the decrease in the number of construction workers are expected to continue, it continues to be an important issue for the construction business, which is the core business of the Daito Group, to reduce costs and improve efficiency. Furthermore, it is also becoming increasingly important to ensure the quality that enables us to compete against other companies and to promote the development of new technologies.

I will enhance efficiency through the development of a construction system focusing on increased construction volume and industry trends and the introduction of various new technologies including AI, robots, VR and AR, and furthermore, enhance the competitive advantage through the allocation of sale engineers with specialties and new product development for the "DK SELECT" leased housing brand, in an effort to contribute to ensuring the business performance of the construction business and the Daito Group's sustainable growth.



■ 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 (to retire in June 2019)
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.
February 2015	Audit & Supervisory Board Member of Osaka Municipal Transportation Bureau
June 2015	Committee Member of Committee on Whistleblower Protection System, Consumer Affairs Agency
April 2018	Outside Audit & Supervisory Board Member of Osaka Metro Co., Ltd. (current position)

■ Years since the assumption of office: 6 years (at the close of this Ordinary General Meeting of Shareholders)

■ Attendance at Board of Directors meetings: 14 times out of 14 meetings (100.0% 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>

Unless you sow seeds in healthy soil, you cannot expect beautiful flowers to bloom. No matter how strong a business model is, it will not grow without healthy soil, which is governance.

Taking into consideration the business environment in which the Company operates and the comparative advantage of the Company over its industry peers, I will continue to assist the Company to build a healthy organizational foundation so that our shareholders will continue to support us after five years and 10 years from now.



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

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

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

■ Attendance at Board of Directors meetings: 14 times out of 14 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. By utilizing her extensive experience and knowledge, Ms. Sasaki is fully performing her duties of making decisions on important matters regarding the management of the Company and overseeing business execution by providing opinions from a global perspective as well as from a women's perspective.

Therefore, Ms. Sasaki has been nominated as a candidate for Outside Director based on the judgment that, with her continuous involvement as Outside Director in overseeing the management of the Company, Ms. Sasaki will contribute significantly to the Company's further efforts to promote diversity management, in particular encouraging 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 the rise of trends like the enforcement of the Act on the Promotion of Female Participation and Career Advancement in the Workplace, diversity, workstyle reform, etc., the creation of an environment in which diverse human resources can play an active role and the provision of products and services from the perspectives of people with a diverse background are being called for more than ever. I think that the role to be played by a female Director is increasingly important in such a situation.

Leveraging experience and knowledge gained by working for a foreign-affiliated financial institution, experience as an Outside Director, and global and female viewpoints, I will aim to realize well-balanced management focusing on both strong financial performance and ESG to contribute to the corporate value enhancement of the Company.



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

April 1972	Joined SANKYO CO., LTD. (currently DAIICHI SANKYO COMPANY, LIMITED)
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 (to retire in June 2019)
June 2015	Outside Director, Ube Industries, Ltd. (current position)
June 2017	Outside Director of the Company (current position)
	Member of the 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: 14 times out of 14 meetings (100.0% attendance ratio)

<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. Mr. Shoda is fully performing his duties of making decisions on important matters regarding the management of the Company and overseeing business execution by providing opinions based on his extensive experience and knowledge regarding overall corporate management as well as his abundant knowledge accumulated through his active involvement in the management of CSR activities.

Therefore, Mr. Shoda has been nominated as a candidate for Outside Director based on the judgment that, with his continuous involvement as Outside Director in overseeing the management of the Company, Mr. Shoda will contribute significantly to the improvement of the Company's corporate value.

<Independence>

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

<Candidate's message to shareholders>

As the business environment is undergoing major changes, the Daito Group has announced in its "New Five-year Plan" a plan to become a "total lifestyle support company" focusing on the general leasing business, rather than focusing only on house leasing business. Always keeping in mind corporate value enhancement that can win the empathy, support, and expectations of all stakeholders (shareholders, employees, customers, business partners, society in general), leveraging my corporate management experience and knowledge, I will endeavor to contribute to the sustainable growth of the Daito Group through the participation as an Outside Director in management decision making on important matters and the supervision of business execution.

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

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

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

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

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

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

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

(Notes)

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

Proposal No. 3: Determination of Amount and Details of Stock Compensation, etc., for Directors

1. Reasons for proposal and reasons of appropriateness of the said compensation

This proposal is intended to request approval for the introduction of a new stock compensation plan (hereinafter referred to as the “Plan”) for Directors of the Company (excluding Outside Directors and non-residents in Japan; hereinafter the same shall apply). We believe the introduction of this Plan is appropriate because the Plan is intended to make it clear that the compensation for Directors is linked to the Company’s business performance and shareholder value, and thereby enhance Directors’ awareness of the contribution to improving the medium- to long-term business performance and increasing the corporate value and strengthen the sharing of common interests with shareholders through shareholding by Directors. The introduction of this Plan was deliberated by the “Governance Committee,” which is chaired by an Outside Director and is composed of Representative Director, Outside Directors and Audit & Supervisory Board Members.

This proposal is intended to request approval for the compensation separately from the total amount of Directors’ (*1) compensation (*2) approved at the 33rd Ordinary General Meeting of Shareholders held on June 27, 2007.

If Proposal No. 2 “Election of Eleven (11) Directors” is approved as originally proposed, the number of Directors of the Company subject to this Plan at the close of this General Meeting of Shareholders will be eight (8). The number of Directors subject to this Plan will fluctuate due to the election of new Directors and/or retirement of other Directors.

Subject to the approval of this Proposal as originally proposed, no new allotment under the stock option scheme as stock-linked compensation, which was approved at the 37th Ordinary General Meeting of Shareholders held on June 28, 2011, will be made from 2019.

*1 Including Outside Directors and non-residents in Japan.

*2 The total sum of the “fixed annual compensation limit for Directors amounting to 1 billion yen or less (of which, 50 million yen or less is for Outside Directors)” and the “variable compensation limit specified as the amount within the consolidated net income of the fiscal year under review multiplied by 1.5% (provided, however, that the variable compensation shall be limited to 1 billion yen or less and shall not be paid when the consolidated net income of the fiscal year under review is 20 billion yen or less).”

[Reference]

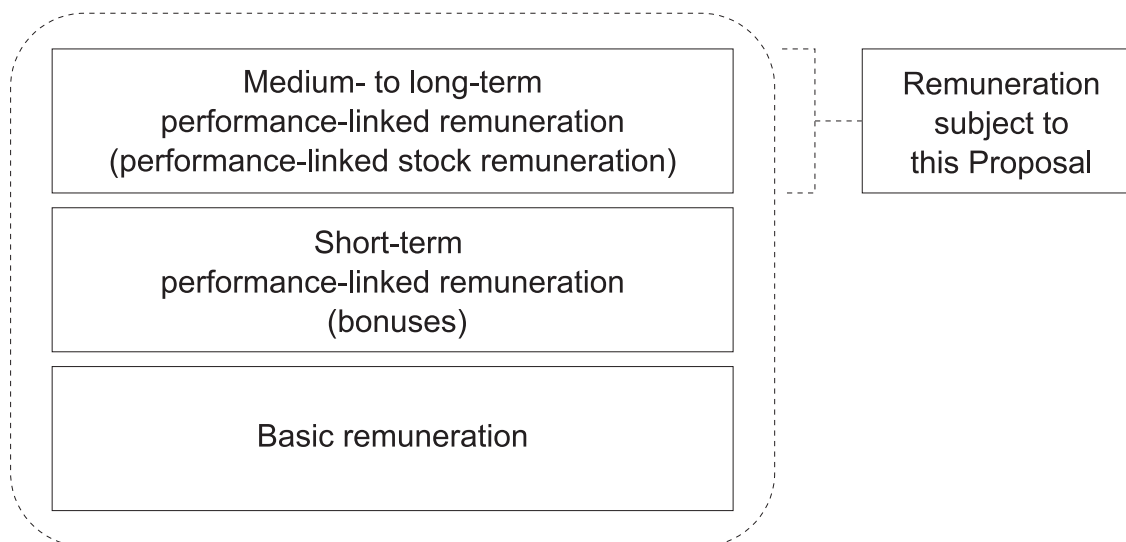
Regarding the stock compensation for the Company's Directors, the major differences between the stock compensation, etc. proposed under this Proposal and the current stock options as stock-linked compensation are as follows:

	Current compensation	Proposed compensation
Details of compensation	Stock options as stock-linked compensation	Common shares of the Company (Payment may be made in the form of money, in an amount equivalent to the amount gained from the sale of the shares at the time of delivery)
Maximum amount of compensation	<Total> 530 million yen per annum <Total number of stock acquisition rights (number of common shares of the Company subject to stock acquisition rights)> 920 (92,000 shares) per annum	<Maximum amount of money contributed by the Company> 1.9 billion yen over a three-year period <Maximum number of the Company Shares, etc., to be transferred and delivered from the Trust to Directors> 210,000 shares over a three-year period
Evaluation standard	Based on a single year evaluation, etc.	In addition to a single year evaluation, etc., fluctuates in the range of 0% to 150% according to the Company's performance over the three fiscal years.

[Reference]

<Chart of compensation plan for Directors>

The compensation plan for Directors after this Proposal is approved as originally proposed is as follows.



* The above chart does not indicate the ratio of each compensation.

2. Amount, details, etc., of compensation under the Plan

(1) Outline of the Plan

This Plan is a stock-linked compensation plan in which a trust (hereinafter referred to as the “Trust”) acquires the Company shares using the amount of compensation for Directors contributed by the Company, and through that Trust, the Company shares and the money equivalent to the amount gained from the disposal of the Company shares (hereinafter referred to as the “Company Shares, etc.”) are transferred and delivered to Directors (see (2) and below for details).

The Plan is comprised of a “performance-linked portion” where the transfer and delivery of the Company Shares, etc., are made after the expiry of the covered period (as described in (2) below) and a “non-performance-linked portion” where the transfer and delivery of the Company Shares, etc., are made upon the retirement of Directors. The “performance-linked portion” is intended to enhance Directors’ awareness of the contribution to improving the medium- to long-term business performance and increasing the corporate value of the Company, whereas the “non-performance-linked portion” is intended to strengthen the common interest between Directors and shareholders through shareholding by Directors.

(i) Persons covered under this Proposal who are subject to transfer and delivery of the Company Shares, etc.	Directors of the Company (excluding Outside Directors and non-residents in Japan)
--	--

(ii) Impact of the Company shares covered under this Proposal on the total number of outstanding shares	
Maximum amount of money contributed by the Company (see (2) below)	<ul style="list-style-type: none"> The Maximum amount of money to be contributed during the covered period consisting of three fiscal years shall be 1.9 billion yen.
Maximum number of the Company Shares, etc., to be transferred and delivered from the Trust to Directors, and method to acquire the Company shares (see (2) and (3) below)	<ul style="list-style-type: none"> The maximum number of points (number of the Company shares) granted to Directors during the three fiscal years during the first covered period is 210,000 points. The ratio of 70,000 points, which is the average number of points per fiscal year of the aforementioned maximum points, to the total number of outstanding shares of the Company (as of March 31, 2019; after deducting treasury stock) is approximately 0.096%. The Company shares will be acquired from the stock market or from the Company (through the disposal of treasury stock, which excludes treasury stock acquired for the purpose of retirement as part of shareholder return). No dilution of shares will be caused under the Plan established in 2019 because the Company shares will be acquired from the stock market.

(iii) Detailed conditions for achieving performance targets (see (3) below)	<ul style="list-style-type: none"> Points will be granted on the condition that 20% ROE and 50% payout ratio are achieved, with regard to both the performance-linked portion and the non-performance-linked portion. The performance-linked portion shall fluctuate in the range of 0% to 150% according to the achievement level of the Company's performance targets, etc. (the growth rate of consolidated operating income will be adopted under the Plan established in 2019).
---	--

(iv) Timing of transfer and delivery to Directors of the Company Shares, etc. (see (4) below)	Performance-linked portion	After expiry of the covered period
	Non-performance-linked portion	Upon retirement of Directors

(2) Maximum amount of money to be contributed by the Company

This Plan covers the three fiscal years (hereinafter referred to as the “Covered Period”) from the fiscal year ending March 31, 2020 to the fiscal year ending March 31, 2022 and each consecutive period of three fiscal years thereafter.

The Company will contribute a total amount of up to 1.9 billion yen as compensation to Directors for each Covered Period to establish the Trust for a 3-year trust period, the beneficiaries of which are Directors who meet the beneficiary requirements.

The Trust will acquire the Company shares from the stock market or from the Company (through the disposal of treasury stock, which excludes treasury stock acquired for the purpose of retirement as part of shareholder return), using the entrusted money as a source of funds, in accordance with the instructions made by the trust administrator. During the trust period, the Company will grant points (as described in (3) below) to Directors, and the Trust will transfer and deliver the Company Shares, etc., to Directors.

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

Furthermore, if Directors who may meet the beneficiary requirements of the non-performance-linked portion remain in office upon the expiry of the trust period, no points will be granted to Directors thereafter, whereas the trust period of the Trust may be extended up to 10 years until the transfer and delivery of the Company Shares, etc., to such Directors are completed.

(3) Calculation method and upper limit of the number of the Company Shares, etc., to be acquired by Directors

The Company Shares, etc., shall be transferred and delivered according to the accumulated amount of each type of points pertaining to the performance-linked portion and the non-performance-linked portion (hereinafter referred to as “Cumulative Points”). The two types of points will be granted on the condition that 20% ROE and 50% payout ratio are achieved.

(i) Performance-linked portion

Points to be determined based on job titles are granted every year during the trust period and are multiplied by the achievement level (0 to 150%) of the Company’s performance targets, etc. (the Company plans to adopt consolidated operating income growth rate as the relevant performance indicator for the Plan to be established in 2019) after the expiry of the Covered Period.

(ii) Non-performance-linked portion

Points to be determined based on job titles (replacement of the stock option scheme as stock-linked compensation) are granted every year during the trust period

One point shall be equivalent to one share of the Company’s common shares; provided, however, that, if the Company shares held in the Trust increase or decrease due to a stock split, a gratis allotment of shares, a consolidation of shares, etc., the Company will adjust the number of Company shares to be transferred and delivered per point according to the rate of such increase or decrease.

The total number of points to be granted to Directors during the trust period of the Trust shall be up to 210,000 points per three fiscal years. The number of shares to be acquired by the Trust during the Covered Period (hereinafter referred to as “Number of Shares to be Acquired”) shall be limited to the number of shares (210,000 shares) that is equivalent to the upper limit of such points. If the aforementioned adjustment is made,

the upper limit of the Number of Shares to be Acquired shall also be adjusted accordingly. The upper limit of the total number of Company Shares, etc., to be transferred and delivered to Directors was determined based on the upper limit of the trust money as mentioned in (2) above, while the latest stock prices, etc., were taken into account.

(4) Timing of transfer and delivery of the Company shares, etc., to Directors

(i) Performance-linked portion

The transfer and delivery of the Company shares, etc., related to the performance-linked portion shall be made after the expiry of the Covered Period.

Those Directors who meet the beneficiary requirements shall receive from the Trust the Company Shares equivalent to 50% of the Cumulative Points related to the performance-linked portion (shares less than one unit shall be rounded up), and for the number of shares equivalent to the remaining Cumulative Points, receive from the Trust the money equivalent to the amount gained from the sale of such shares after those shares are sold by the Trust.

If an incumbent Director dies before the transfer and delivery of the Company Shares, etc., are made upon the expiry of the Covered Period, the heir of such Director shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

In addition, if a Director becomes a non-resident of Japan before the transfer and delivery of the Company Shares, etc., are made upon the expiry of the Covered Period, such Director shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

(ii) Non-performance-linked portion

The transfer and delivery of the Company shares, etc., related to the non-performance-linked portion shall be made upon the retirement of Directors. Those Directors who meet the beneficiary requirements shall receive from the Trust the Company shares equivalent to 50% of the Cumulative Points related to the non-performance-linked portion (shares less than one unit shall be rounded up) that are granted before retirement, and for the number of shares equivalent to the remaining Cumulative Points, receive from the Trust the money equivalent to the amount gained from the sale of such shares after those shares are sold by the Trust.

If an incumbent Director dies during the trust period, the heir of such Director shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

In addition, if a Director becomes a non-resident of Japan during the trust period, such Director shall receive from the Trust the money equivalent to the amount gained from the sale of the Company Shares, which are equivalent to the Cumulative Points at that time, after all such shares are sold by the Trust.

(5) Voting rights of the Company shares held in the Trust

No voting rights of the Company shares held in the Trust shall be exercised during the trust period from the standpoint of ensuring neutrality to the corporate management of the Company.

(6) Handling of dividends of the Company shares held in the Trust

The dividends to be paid on the Company shares held in the Trust shall be received by the Trust and will be used to cover trust fees and trust expenses. The residual money after trust fees and trust expenses are covered, if any, upon the final closure of the Trust shall be donated to an organization that has no conflict of interest with the Company.

If the Trust is continuously used, however, such residual money shall be used as a source of funds for share acquisition.

(7) Other details of the Plan

The other details of the Plan shall be determined by the Board of Directors each time upon the establishment of the Trust, amendment to the trust agreement and additional contribution to the Trust.

(Appendix) Business Report
(From April 1, 2018 to March 31, 2019)

1. Current State of Enterprise Group

(1) Business Progress and Results

(i) Overview of Business Environment

In the fiscal year ended March 31, 2019, Japanese economy recovered at a moderate pace due to an upturn in personal consumption and an increase in capital investment amid continued improvement in corporate profits and the employment environment. The outlook for the future, however, continued to be uncertain, given the increasing uncertainties of the overseas political and economic trends, including the development of the U.S.-China trade negotiations, the slowing growth rate of the Chinese economy and the slowdown of the European economy.

In the housing industry, housing starts in the fiscal year ended March 31, 2019 increased from the previous fiscal year by 0.7% to 952 thousand units (*). On the other hand, in the field of rental housing on which the Daito Group is focused, housing starts of rental residential properties in the fiscal year ended March 31, 2019 decreased for the 7th consecutive month from the same month of the previous year since September 2018, and on a cumulative basis decreased from the previous fiscal year by 4.9% to 390 thousand. (*) Going forward, the rental housing market is likely to change from the temporary upturn to steady growth for optimization.

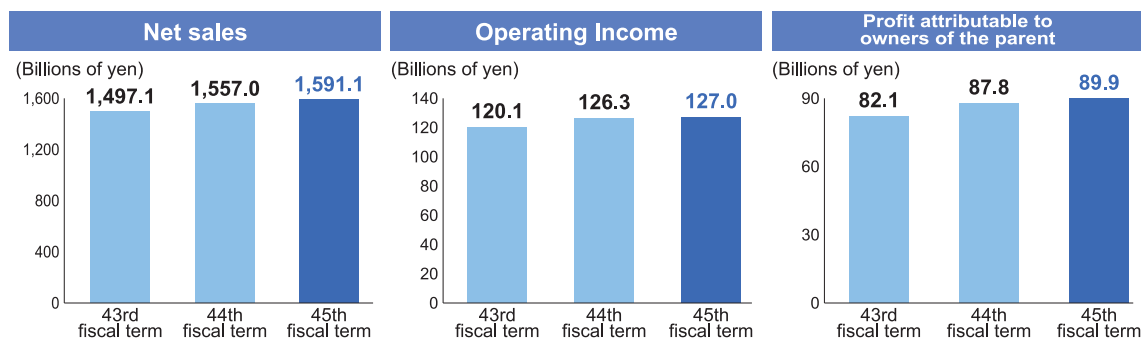
Meanwhile, demand for rental houses with high convenience, safety and comfort will continue to be steady. Companies offering rental houses are expected to acquire expertise about the management of sound rental buildings in accordance with tenants' demands and take the initiative in response to the diversifying needs of tenants, including the offering of environmentally-friendly rental houses such as ZEH (Net-Zero Energy House) and serviced apartments and housing for senior citizens.

Under such circumstances, we have expanded the Daito Group' business domains to the "nursing care and childcare businesses," "the energy business" and "the overseas business" in addition to the construction business and the real estate business, which are our core businesses, focusing on the Lease Management Trust System, with the aim to become a company entrusted by its customers in various ways, under its brand message "Life is Built on Trust."

* 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, 2019, the Daito Group posted increased sales and profits on a consolidated basis for the eleventh consecutive year, having recorded net sales in the amount of 1,591,178 million yen (up 2.2% year-on-year), and posted an operating income of 127,047 million yen (up 0.5% year-on-year), ordinary income of 132,240 million yen (up 0.5% year-on-year), and current term profit attributable to owners of the parent of 89,930 million yen (up 2.4% year-on-year). These sales and income amounts are all historic highs for the Daito Group.

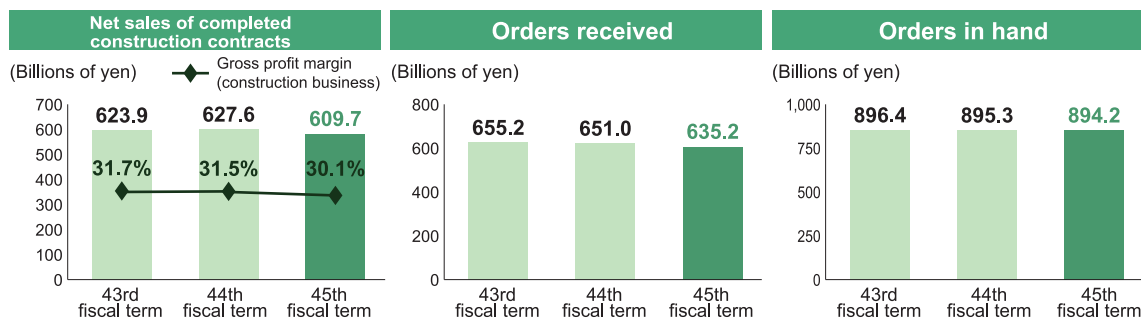


(iii) Progress and Results by Segment

■ Construction Business

In the construction business, net sales of completed construction contracts decreased by 2.8% year-on-year to 609,778 million yen, as a result of the completion of the ample number of orders in hand. The gross profit margin for completed projects dropped 1.4 points from the previous fiscal year to 30.1% due to, among others, rises in material costs.

Orders received decreased 2.4% year-on-year to 635,273 million yen and construction orders in hand as of March 31, 2019 decreased 0.1% year-on-year to 894,225 million yen.

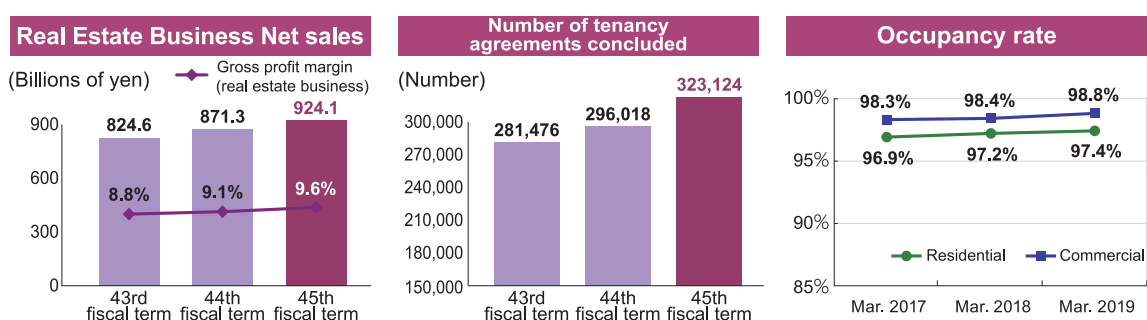


■ Real Estate Business

In the real estate business, an increase in whole-building lease agreements under our Lease Management Trust System allowed our leasing company, Daito 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 6.1% rise in net sales of the real estate business year-on-year to 924,112 million yen.

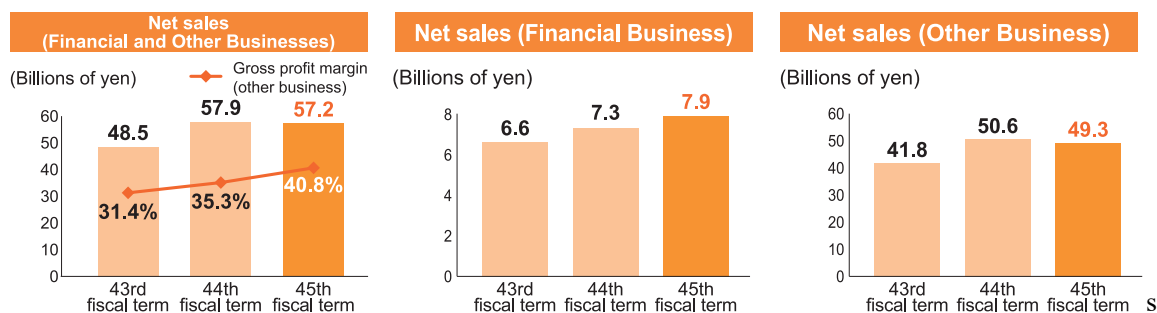
In terms of tenant recruiting activities, we attracted the attention of customers looking for apartments and raised the Company's profile by airing new TV commercials of the lease brokerage brand, "e-Heya Net" and by focusing on our annual promotions. As a result of such efforts, the number of tenancy agreements concluded (*) rose 9.2% year-on-year to 323,124. Consequently, the occupancy rate of our leased residential properties as of March 31, 2019 increased 0.2 points year-on-year to 97.4%, while the occupancy rate of our leased commercial properties rose 0.4 points year-on-year to 98.8%.

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

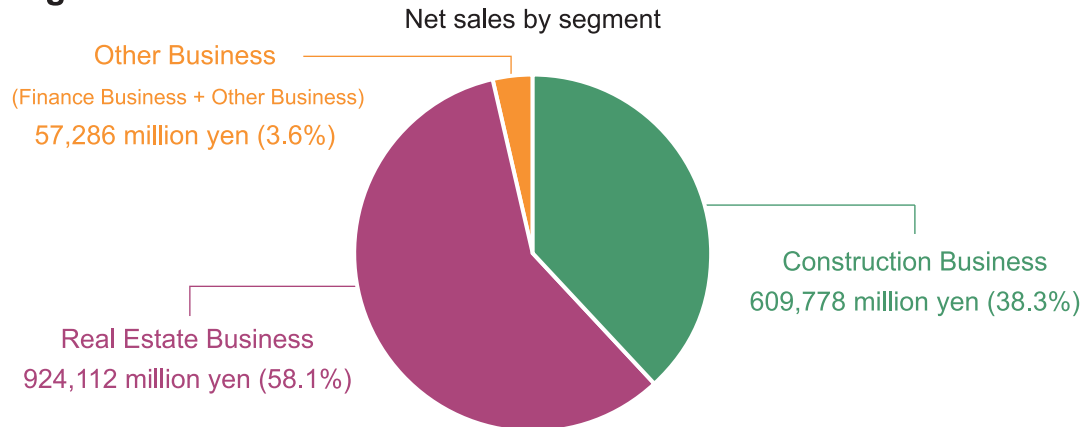


■ Other Business (Financial Business and Other Business)

Total of net sales of other business decreased 1.2% year-on-year to 57,286 million yen. This was mainly attributable to the scale down in the electric power retail business performed by Daito Energy Co., Ltd., although the number of properties supplied with gas from the Gaspal Group, including Gaspal Co., Ltd., and the number of customers using daytime care service facilities targeted at the elderly provided by Care Partner Co., Ltd. increased, respectively, and the hotel business in Malaysia also expanded as a result of the acquisition of Hilton Hotel.



<Segment Sales>



Segment		(Reference) 44th Fiscal Term Sales (million yen)	45th Fiscal Term Sales (million yen)	Year-on-year Change (%)
Construction business	Residential	620,307	600,272	(3.2)
	Commercial	3,597	3,315	(7.8)
	Other	3,725	6,190	66.2
	Total	627,631	609,778	(2.8)
Real estate business	Whole-building lease agreements	798,799	843,537	5.6
	Improvement/repair work	24,567	26,612	8.3
	Real estate brokerage	16,964	19,048	12.3
	Rent guarantee business	10,954	13,007	18.7
	Power generation business	7,311	7,306	(0.1)
	Lease business	6,071	6,401	5.4
	Other	6,719	8,199	22.0
Total	871,388	924,112	6.1	
Financial business	Total	7,309	7,972	9.1
Other business	Total	50,688	49,314	(2.7)
Sum total		1,557,017	1,591,178	2.2

(2) Business Strategies

The rental housing market is shifting from a temporary upturn owing to the inheritance tax reform in January, 2015 to steady growth for optimization, partly affected by stricter loan screening criteria introduced by financial institutions. The need for effective land utilization remains solid among aging landowners, stemming from their requirements for asset succession and tax saving measures, and is expected to remain steady. 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. The tenants are thus expressing increasingly diverse needs, as they become more discerning in their choice of housing. 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.

Although the tight supply of construction workers, which was seen after the occurrence of the Great East Japan Earthquake, has become more stable, supply and demand for construction workers remain uncertain because of the increase in construction work related to the Tokyo Olympics and Paralympic Games and the decrease in the number of construction workers. The Daito Group will need to keep its focus on securing appropriate completed construction profits and ensuring the strengthening and quality of construction structures.

In addition, the Daito Group needs to embark on new business initiatives other than the current core businesses of the construction business and the real estate business to continue sustainable growth under as the population and the number of households are on a long-term downward trend. The Daito Group has formulated the “New Five-year Plan” toward the fiscal year ending March 2024 as the final year, aiming at further growth in this market environment.

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

(i) Outline of “New Five-year Plan”

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

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

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

Net sales 2,200.0 billion yen	Operating income 180.0 billion yen		
Net sales of completed construction contracts: 30% or higher	Consolidated operating income margin: 7% or higher		
Share of new rental housing construction starts: 20.0% or higher	Rent-based vacancy rate: 4% or less	Payout ratio / total return ratio: 50.0%	(Acquisition of treasury stock is suspended; funds will be invested in growth investments instead)

(ii) Segment strategies

■ Construction Business

In the construction business, we intend to continuously propose rental businesses to landowners who consider land utilization and asset succession based on detailed research and analysis of location conditions and the surrounding environment, and provide high-quality buildings. Furthermore, we will take the initiative to consider the reconstruction demand of buildings constructed by other companies, strengthen the sales capabilities in the metropolitan area and enhance the responsiveness using digital marketing. In addition, anticipating increasing domestic construction demand and the tight supply of construction workers going forward, we will continuously work on strengthening collaboration with our partners to control construction costs, secure labor and strengthen the construction system.

In addition, we will actively consider entering into the reform business and other new fields through business alliances in an effort to expand our business.

Through the aforementioned initiatives, we aim to achieve net sales of 880 billion yen and operating income of 110 billion yen in the construction business for the fiscal year ending March 2024.

■ Real Estate Business

In the real estate business, we intend to continuously offer the stable building leasing business supported by high occupancy rates through the recruitment of tenants utilizing diverse media channels and the offering of unique tenant services. We will also continue to offer services that provide quality housing environment and lives tailored to tenants' lifestyles.

In addition, we will take the initiative to reduce costs and improve profitability through the use of IT technologies and the reduction of advertising costs by focusing on intended targets.

Furthermore, we will actively consider entering into new fields, such as establishing overseas subsidiaries and real estate brokerage in an effort to expand our business.

Through the aforementioned initiatives, we aim to achieve net sales of 1,160 billion yen and operating income of 48 billion yen in the real estate business for the fiscal year ending March 2024.

■ Other Business (Financial Business and Other Business)

In other businesses, we intend to promote the insurance and financial businesses and overseas businesses, and also expand our business territory as a “comprehensive leasing business” by entering the rental office business and the construction and management of commercial facilities, logistics facilities, hotels, dormitories, etc.

Furthermore, we aim to grow into a “total lifestyle support company” by providing various life-related services, including energy business such as LP gas and solar power generation, the nursing care and childcare business, and the subscription (fee) business.

Through the aforementioned initiatives, we aim to achieve net sales of 160 billion yen and operating income of 22 billion yen in other businesses for the fiscal year ending March 2024.

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

[Reference] Basic Capital Policy of the Company

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

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

As announced in the “Notice of partial revision of shareholder return policy and determination of matters related to share repurchase” dated December 18, 2018, we will stop the acquisition and retirement of treasury stock based on the previous standard for the time being, and consider the acquisition of treasury stock as necessary, comprehensively taking account of trends of the business environment surrounding the Daito Group and the stock markets, financial conditions and growth investments, among other things.

Key performance indicators	Operating income margin Target: 7% or higher	Return on equity (ROE) Target: 20% or higher
	45th Fiscal Term (Year ended March 31, 2019) 8.0%	45th Fiscal Term (Year ended March 31, 2019) 29.8%
Shareholder return policy	Payout ratio Target: 50%	Purchase / retirement of treasury stock: 30%
	45th Fiscal Term (Year ended March 31, 2019) 50%	45th Fiscal Term (Year ended March 31, 2019) Suspended (※)

*** Implementation of flexible capital policy in consideration of stock market trends**

We plan an acquisition and retirement of treasury stock in the total amount of 100.0 billion yen, consisting of 13.2 billion yen resolved at the Board of Directors meeting held on April 23, 2018, and 86.8 billion yen resolved at the Board of Directors meeting held on December 17, 2018. The total acquisition limit of the aforementioned treasury stock is equivalent to over a four-year amount of the maximum acquisition limit of 1,430 thousand shares resolved at the Board of Directors meeting held on April 23, 2018.

In the fiscal year ended March 31, 2019, as a result of acquiring 2,542 thousand shares of treasury stock amounting to 40.9 billion yen, the return ratio after the acquisition of treasury stock reached 45.5%. The total return ratio was 95.5%, added with the 50% attributable to dividends.

(3) Capital Investment, etc.

In the fiscal year ended March 31, 2019, total capital investment amounted to 36,571 million yen, which primarily consisted of the acquisition of land for the purpose of business area expansion and the development of the backbone system in the Company.

(4) Financing

No significant funding to be noted was made during the fiscal year under review.

(5) Trends in Assets and Income

(i) Trends in Assets and Income of Enterprise Group

Category	42nd fiscal term: Fiscal year ended March 31, 2016	43rd fiscal term: Fiscal year ended March 31, 2017	44th fiscal term: Fiscal year ended March 31, 2018	45th fiscal term: Fiscal year ended March 31, 2019 (under review)
Net sales (million yen)	1,411,643	1,497,104	1,557,017	1,591,178
Operating income (million yen)	101,001	120,162	126,369	127,047
Ordinary income (million yen)	105,558	124,509	131,533	132,240
Profit attributable to owners of the parent (million yen)	67,279	82,168	87,829	89,930
Earnings per share < EPS > (yen)	863.11	1,072.64	1,165.29	1,212.20
Total assets (million yen)	728,548	781,431	842,978	859,772
Net assets (million yen)	248,522	275,485	297,039	302,298

(ii) Trends in Assets and Income of the Company

Category	42nd fiscal term: Fiscal year ended March 31, 2016	43rd fiscal term: Fiscal year ended March 31, 2017	44th fiscal term: Fiscal year ended March 31, 2018	45th fiscal term: Fiscal year ended March 31, 2019 (under review)
Net sales (million yen)	617,377	646,878	634,848	614,059
Operating income (million yen)	53,481	68,568	64,398	61,468
Ordinary income (million yen)	80,646	85,422	92,553	110,612
Net income (million yen)	59,811	59,926	69,020	88,932
Earnings per share < EPS > (yen)	767.30	782.29	915.73	1,198.75
Total assets (million yen)	500,357	535,839	577,128	583,819
Net assets (million yen)	130,992	136,759	146,945	153,636

2. The Company's Stock

- (1) **Number of shares authorized** 329,541,100 shares
- (2) **Number of shares issued** 72,765,451 shares (excluding treasury stock: 2,863,428 shares)
- (3) **Number of shareholders** 16,242 shareholders
- (4) **Principal shareholders**

Name of shareholder	Number of shares owned (thousand shares)	Shareholding ratio (%)
JP Morgan Chase Bank 380055	4,907	6.74
The Master Trust Bank of Japan, Ltd. (Trust account)	4,389	6.03
Japan Trustee Services Bank, Ltd. (Trust account)	3,469	4.77
SSBTC CLIENT OMNIBUS ACCOUNT	1,731	2.38
Sumitomo Realty & Development Co., Ltd.	1,606	2.21
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,566	2.15
Co-op Suppliers' Stock Holding	1,519	2.09
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	1,474	2.03
State Street Bank West Client – Treaty 505234	1,315	1.81
THE BANK OF NEW YORK MELLON 140044	1,262	1.73

- (Notes) 1. Shareholding ratio is calculated after deducting treasury stock (2,863 thousand shares).
2. The Company holds 2,863 thousand shares of treasury stock, excluding 270 thousand shares held by the ESOP Trust and 326 thousand 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	
Senior 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 Legal Division, Total Quality Control Division, Corporate Planning Division and Public Relations Department
Managing Director	Kei Takeuchi	General Manager of Real Estate Business Headquarters
Director	Kanitsu Uchida	General Manager of Subsidiary Business Headquarters in charge of Nursing Care and Childcare Business and Overseas Business
Director	Kazuhiko Saito	General Manager of East Japan Construction Business Headquarters, Officer in charge of Post-Disaster Restoration Business
Director	Takeshi Nakagawa	General Manager of Subsidiary Business Headquarters in charge of Energy Business, Representative Director and President of Gaspal Co., Ltd.
Director	Koji Sato	Representative Director and President of Daito Kentaku Partners Co., Ltd.
Director	Fumiaki Nakagami	General Manager of Construction Management Department
Director (Outside)	Toshiaki Yamaguchi	Chairman of Governance Committee Representative Attorney, Yamaguchi Toshiaki Law Firm Director, Japan Internal Control Association Director of Japan Corporate Governance Network Outside Audit & Supervisory Board Member of Osaka Metro Co., Ltd.
Director (Outside)	Mami Sasaki	Committee Member of Governance Committee Outside Director of Sumitomo Mitsui Trust Asset Management Co., Ltd.
Director (Outside)	Takashi Shoda	Committee Member of Governance Committee Consultant of DAIICHI SANKYO COMPANY, LIMITED Outside Director, Ube Industries, Ltd.
Standing Audit & Supervisory Board Member (Outside)	Masayasu Uno	Committee Member of Governance Committee
Audit & Supervisory Board Member (Outside)	Hideo Hachiya	Committee Member of Governance Committee Representative Attorney, Hachiya Law Firm
Audit & Supervisory Board Member (Outside)	Kazumitsu Futami	Committee Member of Governance Committee
Audit & Supervisory Board Member (Outside)	Kazuo Fujimaki	Committee Member of Governance Committee Representative, Fujimaki Sogo Consulting

- (Notes)
- Mr. Fumiaki Nakagami was newly appointed as Director and assumed office as resolved at the 44th Ordinary General Meeting of Shareholders held on June 26, 2018.
 - Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda are Outside Directors.
 - All Audit & Supervisory Board Members of the Company are Outside Audit & Supervisory Board Members.
 - Audit & Supervisory Board Member Mr. Masayasu Uno is qualified as a Certified Public Accountant and has considerable financial and accounting knowledge.
 - Audit & Supervisory Board Member Mr. Kazuo Fujimaki is qualified as a U.S. Certified Public Accountant and has considerable international financial and accounting knowledge.
 - The Company has designated Directors Mr. Toshiaki Yamaguchi, Ms. Mami Sasaki and Mr. Takashi Shoda, and Audit & Supervisory Board Members Mr. Masayasu Uno, Mr. Hideo Hachiya, 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.
 - The names, responsibilities and significant concurrent positions held by Directors and Audit & Supervisory Board Member as of April 1, 2019 are as follows.

Position	Name	Responsibilities and Significant Concurrent Positions Held
President and Representative Director	Katsuma Kobayashi	General Manager of Construction Business Headquarters
Managing Director	Shuji Kawai	General Manager of Corporate Management Headquarters and Subsidiary Business Headquarters
Director	Kazuhiko Saito	General Manager of Construction Business Management Headquarters
Director	Takeshi Nakagawa	General Manager of Business Strategy Department in charge of Energy Business
Director	Fumiaki Nakagami	Deputy General Manager of Construction Business Management Headquarters
Director	Naomi Kumakiri	

(Reference) Names and responsibilities of Executive Officers as of April 1, 2019 are as follows.

Position	Name	Responsibilities
Senior Executive Officer	Shuichi Ogawa	General Manager of Central Japan Construction Business Headquarters
Senior Executive Officer	Takashi Suzuki	General Manager of Metropolitan Area Construction Business Headquarters
Senior Executive Officer	Masafumi Tate	General Manager of Metropolitan Area Construction Business Headquarters
Executive Officer	Shoji Yamada	General Manager of Kanetsu Construction Business Department
Executive Officer	Masayoshi Tanaka	General Manager of Sales Management Department
Executive Officer	Hikomichi Ono	Representative Director & President of Daito Mirai Trust Co., Ltd.
Executive Officer	Kazunori Fukuda	Representative Director & President of Daito Corporate Service Co., Ltd.
Executive Officer	Yoshihiro Mori	Representative Director and President, Daito Kentaku Leasing Co., Ltd.
Executive Officer	Eiji Kawahara	Senior Managing Director, Daito Kentaku Partners Co., Ltd.
Executive Officer	Masayuki Koishikawa	General Manager of North Metropolitan Area Construction Business Department
Executive Officer	Kouichi Nakamura	General Manager of Central Japan Construction Business Headquarters
Executive Officer	Satoshi Miyake	General Manager of Keihanshin Area Construction Business Department
Executive Officer	Jun Matsufuji	General Manager of East Kanto Area Construction Business Headquarters, Officer in charge of Post-Disaster Restoration Business
Executive Officer	Tetsuya Shibata	General Manager of Real Estate Business Development Department
Executive Officer	Kazuhiro Izumi	General Manager of Construction Management Department
Executive Officer	Takeshi Nakamura	General Manager of Business Management Department

(2) Outline of Limited Liability Agreements

The Company has entered into a Limited Liability Agreement with one (1) Director who does not execute business (Non-executive Director), 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 a Director who does 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	12 persons	1,446 million yen
Audit & Supervisory Board Member	4 persons	99 million yen
Total (Outside Directors/Audit & Supervisory Board Members)	16 persons (7 persons)	1,546 million yen (135 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 114 million yen recognized for the fiscal year ended March 31, 2019 in relation to the subscription rights to shares granted as stock options.
 3. The headcount as of the end of the fiscal year under review is twelve (12) Directors and four (4) Audit & Supervisory Board Members.
 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 related 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 Company intends to pay retirement benefits of 22 million yen in total to one (1) 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 the 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, separate performance achievement criteria have been established.

The amount of remuneration related 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.

(Stock options as stock-linked compensation will not be newly allotted in the fiscal year ending March 31, 2020 onward if Proposal No. 3: "Determination of Amount and Content of Stock Compensation, etc., for Directors" is approved at the 45th Ordinary General Meeting of Shareholders.)

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.

In addition, 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
Toshiaki Yamaguchi	Representative Attorney, Yamaguchi Toshiaki Law Firm	There is no business transactional relationship between these parties and the Company.
	Director, Japan Internal Control Association	
	Director of Japan Corporate Governance Network	
	Outside Audit & Supervisory Board Member of Osaka Metro Co., Ltd.	
Mami Sasaki	Outside Director of Sumitomo Mitsui Trust Asset Management Co., Ltd.	There is no business transactional relationship between the party and the Company.
Takashi Shoda	Consultant of DAIICHI SANKYO COMPANY, LIMITED	There is no business transactional relationship between these parties and the Company.
	Outside Director, Ube Industries, Ltd.	

b. Outside Audit & Supervisory Board Members

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

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

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

(ii) Main activities during the fiscal year under review

a. Outside Directors

Name	Attendance at Board of Directors meetings (Attendance ratio)	Main activities
Toshiaki Yamaguchi	14 times out of 14 meetings (100.0%)	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. In addition, as a Chairman of the Governance Committee, he compiled the evaluation results of the mutual evaluations of executive Directors and conducted individual interviews, playing a central role in the mutual evaluations, as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.
Mami Sasaki	14 times out of 14 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. In addition, 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.
Takashi Shoda	14 times out of 14 meetings (100.0%)	In the Board of Directors meetings, he expressed his opinions by making the most of his extensive experience and knowledge acquired in the course of long-term involvement as a corporate manager in companies that operate global business, and his considerable insights on CSR activities acquired in the course of active engagement as a corporate manager. In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results, as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.

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	14 times out of 14 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>In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.</p>
Hideo Hachiya	14 times out of 14 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>In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.</p>
Kazumitsu Futami	14 times out of 14 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>In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.</p>

Name	Attendance at Board of Directors meetings (Attendance ratio)	Attendance at Audit & Supervisory Board meetings (Attendance ratio)	Main activities
Kazuo Fujimaki	14 times out of 14 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>In addition, as a Committee Member of the Governance Committee, he confirmed the evaluation results of the mutual evaluations of executive Directors and the individual interview results as well as commented, as necessary, on the next medium-term business plan formulated by the Representative Directors.</p>

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

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

Consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 44th Fiscal Term (As of March 31, 2018)	45th Fiscal Term (As of March 31, 2019)	Account item	(Reference) 44th Fiscal Term (As of March 31, 2018)	45th Fiscal Term (As of March 31, 2019)
Current assets:	509,844	484,700	Current liabilities:	296,238	290,155
Cash and deposits	246,714	188,614	Accounts payable for construction contracts	42,739	45,687
Money held in trust	19,000	16,000	Current portion of long-term loans payable	30,589	19,816
Accounts receivable from completed construction contracts and other	51,908	67,325	Lease obligations	200	200
Short-term investment securities	22,885	12,509	Income taxes payable	28,460	28,324
Costs on uncompleted construction contracts	14,846	14,144	Advances received on uncompleted construction contracts	49,519	48,141
Other inventories	5,919	7,412	Advances received	60,340	65,867
Prepaid expenses	65,144	66,861	Provision for bonuses	23,179	21,363
Operating loans	64,262	93,259	Provision for warranties for completed construction	1,121	1,016
Other	19,387	18,881	Deposits received	7,577	8,782
Allowance for doubtful accounts	(224)	(308)	Other	52,510	50,957
Noncurrent assets:	333,133	375,071	Noncurrent liabilities:	249,700	267,318
Property, plant and equipment	147,884	166,595	Long-term loans payable	75,016	72,300
Buildings and structures	49,882	51,415	Lease liabilities	802	648
Machinery and equipment	36,267	34,476	Deferred tax liabilities	464	297
Tools, furniture and fixtures	2,210	2,117	Provision for repairs on whole building lease	115,503	134,732
Land	57,571	76,364	Net defined benefit liability	9,925	13,387
Lease assets	1,478	1,211	Long-term guarantee deposits	36,777	34,109
Other	475	1,010	Other	11,212	11,843
Intangible assets	23,663	27,896	Total liabilities	545,939	557,473
Investments and other assets	161,585	180,579	Net Assets		
Investment securities	47,869	53,167	Shareholders' equity:	299,507	305,988
Subordinated bonds and subordinated trust beneficiary rights	12,270	11,140	Capital stock	29,060	29,060
Deferred tax assets	61,364	71,406	Capital surplus	34,540	34,540
Other	44,020	49,354	Retained earnings	253,108	297,952
Allowance for doubtful accounts	(3,939)	(4,488)	Treasury stock	(17,203)	(55,565)
			Accumulated other comprehensive income	(5,479)	(7,071)
			Valuation difference on available-for-sale securities	5,882	6,486
			Deferred gains or losses on hedges	(294)	222
			Revaluation reserve for land	(7,584)	(7,584)
			Foreign currency translation adjustment	(2,219)	(3,207)
			Remeasurements of defined benefit plans	(1,264)	(2,989)
			Subscription rights to shares	415	491
			Non-controlling interests	2,596	2,889
			Total net assets	297,039	302,298
Total assets	842,978	859,772	Total liabilities and net assets	842,978	859,772

Consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 44th Fiscal Term (From April 1, 2017 to March 31, 2018)		45th Fiscal Term (From April 1, 2018 to March 31, 2019)	
Net sales				
Net sales of completed construction contracts	627,631		609,778	
Sales on real estate business	871,388		924,112	
Other business revenue	57,997	1,557,017	57,286	1,591,178
Cost of sales				
Cost of sales of completed construction contracts	430,121		426,014	
Cost of sales on real estate business	792,311		835,194	
Cost of sales on other business	37,538	1,259,970	33,925	1,295,134
Gross profit				
Gross profit on completed construction contracts	197,510		183,764	
Gross profit-real estate business	79,077		88,918	
Gross profit-other business	20,458	297,046	23,361	296,044
Selling, general and administrative expenses		170,677		168,996
Operating income		126,369		127,047
Non-operating income				
Interest income	522		509	
Dividends income	236		248	
Commission fee	3,662		3,456	
Share of profit of entities accounted for using equity method	—		229	
Miscellaneous income	1,617	6,039	1,616	6,059
Non-operating expenses				
Interest expenses	322		229	
Provision of allowance for doubtful accounts	112		96	
Commission expenses	—		91	
Share of loss of entities accounted for using equity method	80		—	
Miscellaneous expenses	360	875	450	867
Ordinary income		131,533		132,240
Extraordinary income				
Gain on sales of noncurrent assets	45		60	
Gain on sales of investment securities	43	88	1,065	1,126
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	541		665	
Impairment loss	136		29	
Loss on disaster	—		316	
Loss on sales of investment securities	—	677	12	1,024
Income before income taxes and non-controlling interests		130,944		132,342
Income taxes – current	51,525		51,736	
Income taxes – deferred	(8,820)	42,705	(9,753)	41,982
Net income		88,239		90,359
Profit attributable to non-controlling interests		410		428
Profit attributable to owners of the parent		87,829		89,930

Non-consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	(Reference) 44th Fiscal Term (As of March 31, 2018)	45th Fiscal Term (As of March 31, 2019)	Account item	(Reference) 44th Fiscal Term (As of March 31, 2018)	45th Fiscal Term (As of March 31, 2019)
Current assets:	357,008	332,337	Current liabilities:	342,762	344,317
Cash and deposits	195,698	137,726	Accounts payable for construction contracts	40,619	41,533
Accounts receivable from completed construction contracts	41,399	55,598	Current portion of long-term loans payable	24,352	19,816
Short-term investment securities	22,880	12,499	Lease liabilities	34	34
Costs on uncompleted construction contracts	14,694	13,843	Accounts payable - other	27,296	19,732
Raw materials and supplies	5,221	6,735	Income taxes payable	12,929	10,806
Short-term loans receivable from subsidiaries and affiliates	63,920	94,050	Accrued consumption taxes	2,639	2,861
Prepaid expenses	893	813	Advances received on uncompleted construction contracts	49,296	47,825
Accounts receivable - other	4,562	4,738	Advances received	287	531
Advances paid	4,538	4,666	Deposits received	164,654	183,246
Other	3,421	1,970	Provision for bonuses	17,987	15,315
Allowance for doubtful accounts	(222)	(305)	Provision for warranties for completed construction	1,047	924
Noncurrent assets:	220,119	251,482	Other	1,617	1,690
Property, plant and equipment	9,470	28,762	Noncurrent liabilities:	87,419	85,865
Buildings	2,019	1,971	Long-term loans payable	75,016	72,300
Structures	51	49	Lease liabilities	112	88
Machinery and equipment	297	297	Provision for retirement benefits	6,299	7,057
Tools, furniture and fixtures	831	521	Other	5,991	6,419
Land	6,135	25,132	Total liabilities	430,182	430,183
Lease assets	135	114	Net Assets		
Construction in progress	-	692	Shareholders' equity:	141,183	146,675
Intangible assets	20,105	23,707	Capital stock	29,060	29,060
Software	13,745	13,925	Capital surplus	34,540	34,540
Software in progress	6,204	9,627	Legal capital surplus	34,540	34,540
Other	156	154	Retained earnings	94,785	138,639
Investments and other assets	190,542	199,012	Legal retained earnings	7,265	7,265
Investment securities	27,119	31,824	Other retained earnings	87,519	131,374
Subordinated bonds and subordinated trust beneficiary rights	12,270	11,140	Retained earnings brought forward	87,519	131,374
Stocks of subsidiaries and affiliates	121,323	122,536	Treasury stock	(17,203)	(55,565)
Long-term loans receivable from subsidiaries and affiliates	3,107	-	Valuation and translation adjustments:	5,378	6,500
Deferred tax assets	12,633	10,352	Valuation difference on available-for-sale securities	5,882	6,486
Guarantee deposits	10,845	10,094	Deferred gains or losses on hedges	(294)	222
Other	5,696	13,520	Revaluation reserve for land	(209)	(209)
Allowance for doubtful accounts	(2,454)	(456)	Subscription rights to shares	383	460
Total assets	577,128	583,819	Total net assets	146,945	153,636
			Total liabilities and net assets	577,128	583,819

Non-consolidated Statement of Income

(Millions of yen)

Account item	(Reference) 44th Fiscal Term (From April 1, 2017 to March 31, 2018)		45th Fiscal Term (From April 1, 2018 to March 31, 2019)	
Net sales				
Net sales of completed construction contracts	627,627		610,468	
Sales on real estate business, etc.	7,220	634,848	3,591	614,059
Cost of sales				
Cost of sales of completed construction contracts	434,170		422,484	
Cost of sales on real estate business, etc.	4,247	438,417	1,802	424,287
Gross profit				
Gross profit on completed construction contracts	193,457		187,984	
Gross profit-real estate business, etc.	2,973	196,430	1,788	189,772
Selling, general and administrative expenses		132,032		128,304
Operating income		64,398		61,468
Non-operating income				
Interest income	346		248	
Interest on securities	300		284	
Dividends income	23,385		43,796	
Commission fee	3,322		3,149	
Miscellaneous income	2,101	29,457	2,463	49,942
Non-operating expenses				
Interest expenses	288		210	
Provision of allowance for doubtful accounts	743		96	
Commission expenses	—		91	
Miscellaneous expenses	269	1,302	400	798
Ordinary income		92,553		110,612
Extraordinary income				
Gain on sales of investment securities	43	43	1,065	1,065
Extraordinary loss				
Loss on sales and retirement of noncurrent assets	117	117	222	
Loss on sales of investment securities	—		12	234
Income before income taxes		92,480		11,443
Income taxes – current	24,977		20,725	
Income taxes – deferred	(1,517)	23,460	1,786	22,511
Net income		69,020		88,932