

THE DAITO VALUE

Annual Report 2012 Year ended March 31, 2012



DAITO TRUST CONSTRUCTION CO., LTD.

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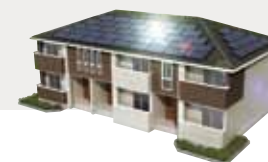
TO OUR SHAREHOLDERS

President Minabe explains the Company's performance during the fiscal under review and full-year forecasts for the year ending March 31, 2013.

→ P.8

The Daito Value: SUSTAINABILITY

This section explains Daito's corporate social responsibility (CSR) initiatives.



→ P.15

Note Regarding Forward-Looking Statements

This annual report contains information about forward-looking statements related to such matters as the Company's plans, strategies and business results. These forward-looking statements represent judgments made by the Company based on information available at the time and are inherently subject to a variety of risks and uncertainties. Readers are advised that actual activities and business results may differ from the Company's forecasts. The reproduction or reprinting of this annual report, in part or in whole, is strictly forbidden without the expressed consent of Daito Trust Construction Co., Ltd.

COMPANY OVERVIEW

Daito Trust Construction is committed to “contributing to society by ensuring the most efficient use of all available land and resources,” and it is working to contribute to the sustainable development of society accordingly.

In the field of residential leasing, Daito Trust Construction develops its business centered on its comprehensive lease business support service: the Lease Management Trust System. Through this system, the Company links the needs of landowners and tenants across Japan by assuming responsibility for lease property management on behalf of landowners.

From its commencement of operations in 1974, Daito Trust Construction has made an ongoing effort to reinforce and evolve this proprietary business model. As a result, we have built a solid business that has made us the leading Japanese property manager, in terms of leased units under management.



DAITO BY THE NUMBERS:

Leased housing buildings constructed over the Company’s 38-year history:

131,500

Housing units managed (Residential properties):

694,200

Tenant population:

1,170,000

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Is Daito Trust Construction a Trust Firm?



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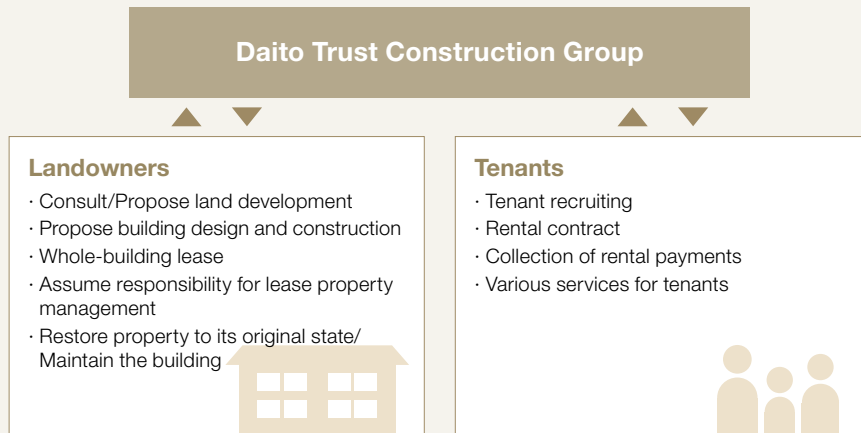
We offer comprehensive building management support through our unique business model.

Daito Trust Construction—More than just a construction firm

Daito is more than just a construction firm. Many companies in the industry offer construction-focused plans to landowners while outsourcing tenant recruitment and building management. In contrast, Daito starts by providing plans from a land utilization perspective, and follows through with tenant recruitment and building management all handled in an integrated fashion within the Daito Group. This business stance of supplying landowners with valuable land-utilization options and providing tenants with safe and comfortable lifestyles is a major factor differentiating Daito from others in the industry.

Lease Management Trust System—Comprehensive lease business support services

Under its unique Lease Management Trust System, Daito assumes responsibility for all aspects of lease property management on behalf of landowners. We provide comprehensive lease support services, from initial proposals to building design and construction, tenant recruiting, and property management—while taking on all the risks involved in the process. Earning praise from customers and steadily adding to our residential units under management, the System forms the backbone of Daito’s competitive advantage.





Expanding business fields

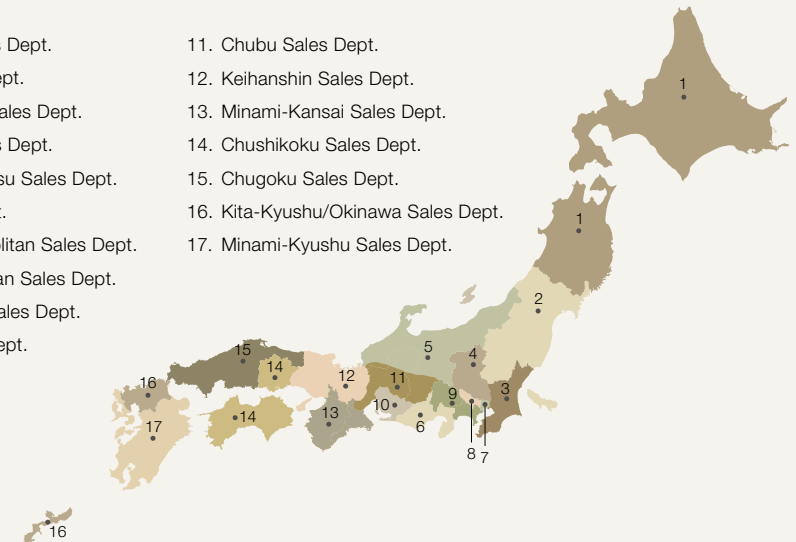
Daito is effectively expanding its peripheral business fields to enhance its core business of offering comprehensive lease business support services and to augment the power of the Daito Group. Besides creating new profit opportunities, the growth of these business fields enables us to provide tenants with safer lifestyles that are both more convenient and more comfortable, while also creating employment opportunities and otherwise invigorating local communities. In the year ended March 31, 2012, we launched our electric aggregator business in which we purchase large amounts of high-voltage electricity and then route it through substations to supply it to tenants at lower prices.

Supply of construction materials	Core Business	Supply of LP gas
Financing services		Lease Property Construction
Tenant recruiting services		Lease Property Management
Joint guarantee services		
		Electric aggregator business
		Elderly care services (operating day service centers)
		Overseas hotels operation
		Rental offices operation

Conducting sales activities across Japan

One of Daito's strengths is its sales network spanning all of Japan. As of March 31, 2012, we operate 214 offices nationwide. With offices covering every area of the country, we undertake efficient sales activities tailored to the characteristics of each region. The number of customers from which we have received construction orders through this sales network exceeds 60,000, and the number of buildings that are managed by Daito thanks to this system is over 700,000.

- 1. Kita-Nihon Sales Dept.
- 2. Tohoku Sales Dept.
- 3. Higashi-Kanto Sales Dept.
- 4. Kita-Kanto Sales Dept.
- 5. Hokuriku/Shinetsu Sales Dept.
- 6. Tokai Sales Dept.
- 7. Higashi-Metropolitan Sales Dept.
- 8. Nishi-Metropolitan Sales Dept.
- 9. Minami-Kanto Sales Dept.
- 10. Chukyo Sales Dept.
- 11. Chubu Sales Dept.
- 12. Keihanshin Sales Dept.
- 13. Minami-Kansai Sales Dept.
- 14. Chushikoku Sales Dept.
- 15. Chugoku Sales Dept.
- 16. Kita-Kyushu/Okinawa Sales Dept.
- 17. Minami-Kyushu Sales Dept.



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How Has Daito Trust Construction's Unique Business Model Been Received?

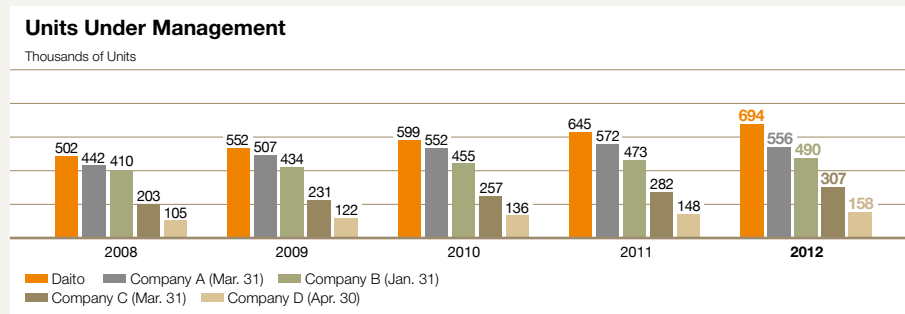


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The number of units we manage and our occupancy rates tower above the competition.

Leading Japanese property manager in terms of leased units under management

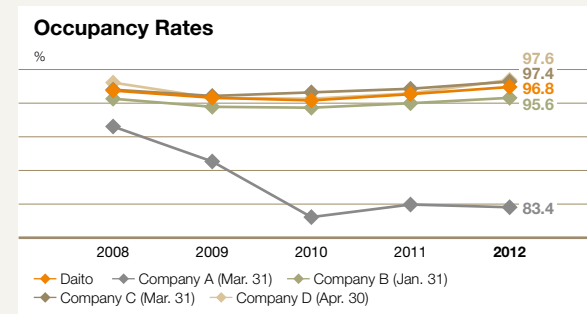
Leveraging our unique Lease Management Trust System, Daito Trust Construction has grown to become the leading Japanese property manager in terms of leased units under management, currently managing approximately 694,000 properties. This represents the exceptional trust we have earned from landowners. Further, during the year ended March 31, 2012, we maintained a strong share of construction starts in the market at 19.2%.



* The date in parentheses is the settlement date for each company.

High occupancy rates achieved through demand-based property supply and superior sales capabilities

In addition to increasing the number of units under management with each coming year, we have also managed to maintain high occupancy rates. Our occupancy rates (96.8% as of March 31, 2012) tower above the industry average of 82%. This is due to our ability to provide construction and floor plans based on the demand characteristics of specific regions, such as the levels of demand for properties for individuals, couples, families, and other demographics; the powerful tenant recruitment capabilities of our e-Heya Net brand services; and our strong network of regional real estate brokers.



* The date in parentheses is the settlement date for each individual company.

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Will Daito Trust Construction Be Able to Continue to Prosper as Japan's Population Declines?

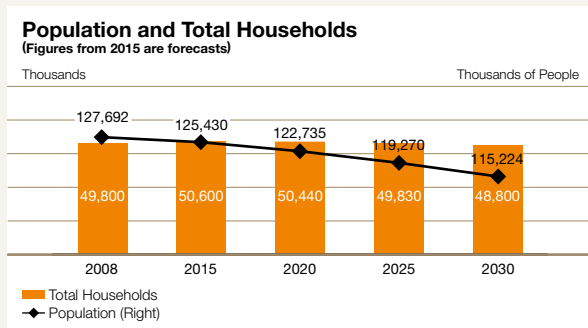


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We forecast that the number of households on the market will remain at this level for the next 20 years. Looking ahead, a supply of approximately 400,000 new properties is expected to become necessary every year.

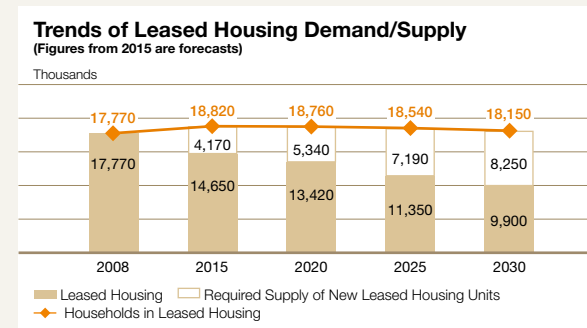
Continuing stable demand for lease properties

While Japan's population continues to decline, the number of individual households in Japan is expected to continue increasing until at least 2015 due to trends toward nuclear families and late marriage. The decrease forecast to be seen after 2015 is expected to be relatively slow. Lease properties generally represent 35%–38% of the total number of households in Japan. This figure is relatively unaffected by changes in the economy or land prices. We believe this trend will continue into the future. Accordingly, we believe the number of households living in lease properties will remain stable at around 18 million for the coming 20 years. (Refer to page 38 for details.)



Approximately 400,000 new leased housing units to be required each year

The Company believes that the demand for new lease properties will remain strong for the foreseeable future. The lifecycle of housing in Japan is said to be between 30 and 35 years long. For this reason, every year around 400,000 units are rebuilt, demolished, or removed from the market due to aging. Of the 17.77 million lease properties that were on the market in 2008, only 9.90 million are expected to remain in 2030. Regardless, the number of households living in lease properties is expected to be around 18.15 million in 2030. This means that there will be a need to supply the market with eight million properties over this 20-year period, equivalent to 400,000 new properties per year. Therefore, the Company believes that the demand for new lease properties will remain strong for the foreseeable future. (Refer to page 38 for details.)



CONSOLIDATED FINANCIAL HIGHLIGHTS

	Millions of Yen					Thousands of U.S. Dollars*
	2008	2009	2010	2011	2012	2012
OPERATING RESULTS (Years ended March 31)						
Net sales	¥641,045	¥954,881	¥972,616	¥1,001,169	¥1,087,128	\$13,131,151
Gross profit	187,121	181,896	188,787	195,312	214,145	2,586,605
Operating income	66,295	70,389	71,127	73,767	81,975	990,156
Net income	44,478	42,129	45,353	43,151	47,103	568,946
FINANCIAL POSITION (As of March 31)						
Total assets	532,155	540,477	558,129	532,957	569,079	6,873,765
Total net assets	301,429	296,341	312,631	132,252	152,009	1,836,079
	Yen					U.S. Dollars*
PER COMMON SHARE						
Net income	¥367.29	¥349.25	¥386.41	¥384.28	¥594.53	\$7.18
Net assets	2,482.56	2,496.99	2,700.97	1,662.65	1,991.37	24.05
Cash dividends applicable to the year	232.00	104.00	193.00	229.00	297.00	3.59
	%					
RATIOS						
ROA	8.4	7.8	8.1	8.1	8.3	
ROE	15.5	14.1	14.9	19.5	32.5	
Shareholders' equity ratio	56.5	54.7	55.8	24.6	27.8	
Payout ratio	63.2	29.8	49.9	59.6	50.0	

* U.S. dollar amounts are translated from yen at the rate of ¥82.79=U.S.\$1, the approximate exchange rate at March 30, 2012.

OPERATIONAL HIGHLIGHTS



OCTAGE

Launched on May 13, 2011



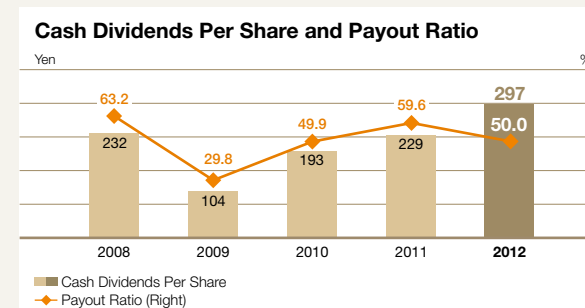
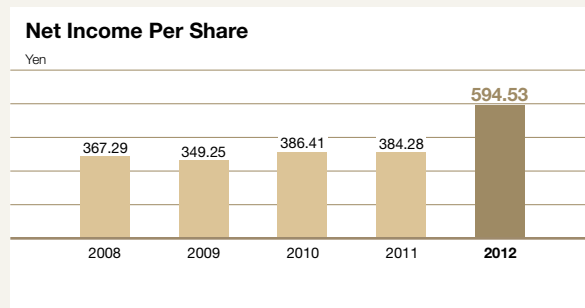
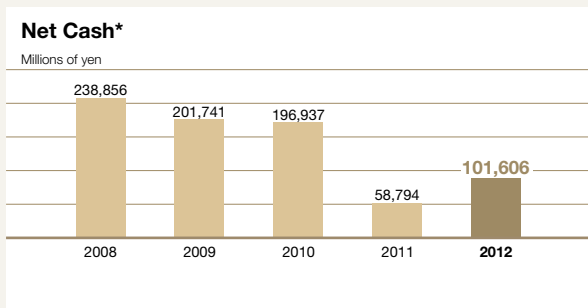
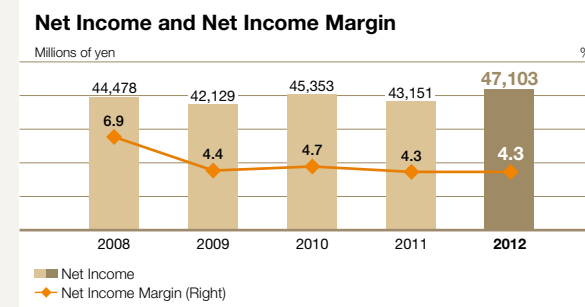
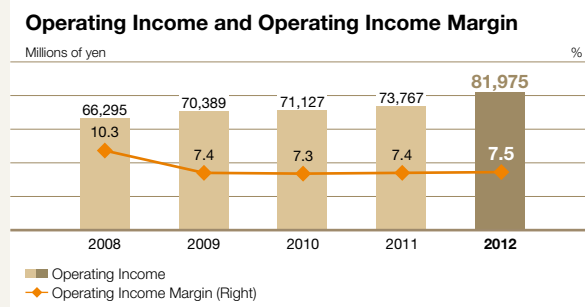
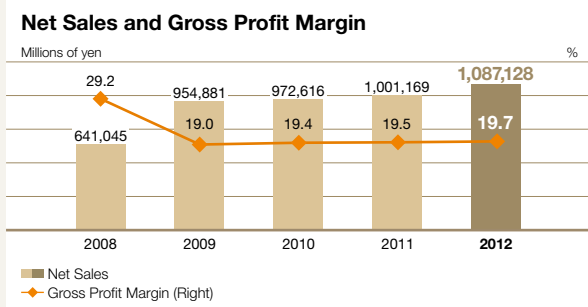
Rezond III

Launched on September 30, 2011

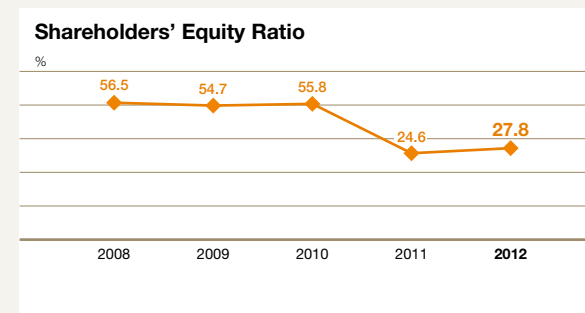
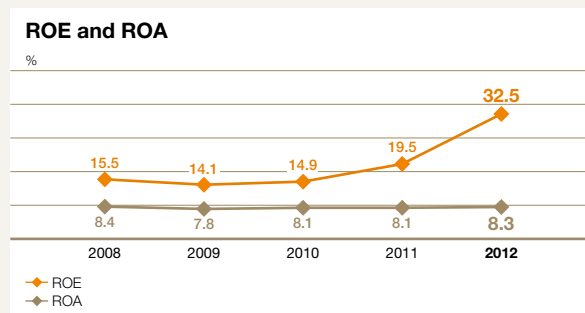
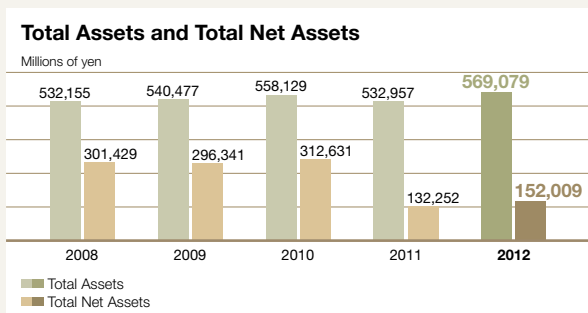


Cotti "Grace"

Launched on March 1, 2012



* Net Cash = Cash and deposits + short-term investment securities - interest-bearing debt



TO OUR SHAREHOLDERS

Looking at the Daito Group's operating environment, one will see that the tax burdens of land ownership and inheritance prove to be continually harsh, and that there is solid demand for effective land utilization from the perspectives of land inheritance as well as tax measures. Also, there is some concern regarding the declining birthrate and aging, decreasing population in Japan. However, regardless of these circumstances, we anticipate that the number of total households will continue to rise until at least 2015, largely due to the trends toward nuclear families and late marriage. Even after 2015, the decline in households is expected to be gradual. Currently, lease housing represents over one-third of the total number of households in Japan, and we believe that this will hold true into the future.

In this environment, we are working to provide landowners with the means of stably operating their rental housing operations so that they may continue supplying housing for long periods of time—approximately 30 to 40 years—to assist them in their asset inheritance and utilization efforts, while also providing tenants with convenient, comfortable lifestyles. To guide us in this quest, we have set the medium-term goal of achieving annual orders received of ¥660.0 billion and a market share of construction starts of over 20% by the year ending March 31, 2016. One of Daito's key strengths is its unique Lease Trust Management System, where the Company manages all aspects of leasing operations for landowners. Leveraging this system, we aim to provide land utilization methods that are valuable to our

customers by utilizing the assets (lease housing) entrusted to us in the most efficient way possible. Further, our goal is to be the company that both landowners and tenants choose, regardless of increased market competition. To this end, we are implementing a number of measures, including offering products that match the characteristics of regional markets and services with the needs of tenants.

Daito Trust Construction is committed to “contributing to society by ensuring the most efficient use of all available land and resources.” In the field of residential leasing, the Company demonstrates this commitment by fully satisfying the needs of landowners and tenants alike. In doing so, we work to supply high-quality leased housing and expand our involvement in peripheral businesses.

In our business activities, we openly disclose information to maintain the transparency and objectivity of management. Through these efforts, we aim to maintain our standing as a highly reliable and appealing company to our shareholders and other investors. I would like to ask for the continued support of our stakeholders as we advance such initiatives.

三鍋伊佐雄

President and Representative Director
Isao Minabe



INTERVIEW WITH THE PRESIDENT

Q The Japanese economy provided a harsh operating environment throughout the year, compounded by the impacts of the Great East Japan Earthquake, which occurred on March 11, 2011, and the financial crisis. How was performance in this environment?

A We managed to achieve higher net sales, operating income, and ordinary income for the fourth consecutive year.

In the fiscal year under review, ended March 31, 2012, the Japanese economy was forced to face the disruptions resulting from the Great East Japan Earthquake and the impacts of the financial instability seen in Europe and the United States, which placed a heavy toll on the economy during the first half of the fiscal year. Moving into the second half of the fiscal year, however, we saw the full-fledged advancement of post-earthquake reconstruction initiatives as well as the implementation of government support measures, such as the quantitative easing measures instituted by the Bank of Japan, and the improvement of revenues among private companies, giving us hope for the future recovery of the economy.

In the housing market, we witnessed the start of the recovery of housing construction. Also, throughout the fiscal year, demand in this market was driven by post-earthquake reconstruction initiatives, the revival of the housing eco-point program, and new government measures geared toward promoting the spread of environmental friendly housing.

Meanwhile, in the rental housing market, where we conduct our core business, we were able to make strong progress in order acquisition and construction activities, regardless of the fact that the industry as a whole saw almost no expansion.

Further, demand for rental housing has recovered to pre-Lehman Shock levels and continues to hold strong.

In this environment, we managed to achieve higher net sales, operating income, and ordinary income for the fourth consecutive year. Net sales were up 8.6% year on year,

to ¥1,087,128 million; operating income increased 11.1%, to ¥81,975 million; ordinary income rose 8.0%, to ¥84,239 million; and net income grew 9.2%, to ¥47,103 million.

In orders, we set a new record high for orders received at ¥608.7 billion, 20.9% higher than in the previous fiscal year. This was due to the success of efforts to strengthen our sales capabilities, promote reconstruction of aged buildings, and provide services in which we lease buildings from other companies.

The number of tenancy agreements during the fiscal year under review increased 4.9%, to 214,357. As a result, occupancy rates for leased properties were up 0.8 percentage point, to 96.8%, in residential properties and 2.0 percentage points, to 94.1%, in commercial properties, proving yet again our ability to maintain strong occupancy rates. I feel that this strong performance was the result of last year's increase in the number of tenant recruiters and our continual reinforcement of relationships with regional real estate brokers.

Performance Highlights in the Fiscal Year Ended March 31, 2012

	Result	Y/Y
Net sales	¥1,087,128 million	+8.6%
Operating income	¥81,975 million	+11.1%
Ordinary income	¥84,239 million	+8.0%
Net income	¥47,103 million	+9.2%
Orders received	¥608.7billion	+20.9%
Tenancy agreement	214,357	+4.9%
occupancy rate for residential properties	96.8%	+2.0%

Q Why did you choose to implement an upward revision to the targets contained within the medium-term management plan?

A The upward revision was a response to the strong performance in the first year of the plan.

In April 2011, the Company announced a medium-term management plan, which is scheduled for completion in the year ending March 31, 2016. The fiscal year under review was the first year of this plan, with net sales, operating income, ordinary income, and net income all exceeding the forecasts we released in May 2011. (For more details, refer to the chart below.)

In light of the strong performance in the first year of the plan, we have revised our forecasts for the second year onward. Forecasts for the second year of the plan, the year ending March 31, 2013, were raised to target net sales of ¥1,166.9 billion, ¥30.4 billion higher than initially forecast; operating income of ¥84.0 billion, the same as previously forecast; ordinary income of ¥86.5 billion, up ¥1.0 billion; and net income of ¥51.2 billion, an increase of ¥1.3 billion. In this way, we are targeting our fifth consecutive year of increased net sales, operating income, and ordinary income.

In regard to other important management indicators, net sales of completed construction contracts is forecast to rise 7.2% year on year, to ¥502.4 billion, whereas the gross profit margin for completed projects is expected to drop 1.8 percentage points, to 35.6%. We are anticipating this decline in consideration of the projected rises in labor costs for construction workers associated with the post-earthquake reconstruction demand as well as in the expenses incurred when purchasing concrete and other building materials. Orders received, meanwhile, are expected to increase by 3.5%, to ¥630.0 billion.

For the number of tenancy agreements, we are anticipating an overall rise of 7.5%, to 230,500 agreements, of which 226,210 will be residential and the remaining 4,290 will be commercial properties. As a result, occupancy rates will be 97.0% for residential properties and 94.0% for commercial properties.

Forecasts for the year ending March 31, 2016, the final year of the plan have also been revised. The new forecasts target net sales of ¥1,405.7 billion, ¥31.9 billion higher than initially forecast; operating income of ¥110.0 billion, ¥13.0 billion higher; and net income of ¥66.7 billion, ¥9.3 billion more than previously forecast. In regard to other management indicators, forecasts have been increased by ¥36.0 billion for orders received, to ¥666.0 billion; and ¥30.5 billion for net sales of completed construction contracts, to ¥594.5 billion. Likewise, construction starts are expected to be 72,500, 7.4% higher than initially expected, making for a market share of 20.1%.

Revised Medium-term Plan

(¥ Billions)

		2012/3	2013/3	2014/3	2015/3	2016/3
Net sales	Revised	1,087.1	1,166.9	1,244.3	1,324.2	1,405.7
	(Ex)*	1,068.8	1,136.5	1,209.9	1,290.4	1,373.8
Sales on construction	Revised	468.6	502.4	531.8	564.4	594.5
	(Ex)*	452.5	477.5	504.8	533.3	564.2
Gross profit margin on construction	Revised	37.4%	35.6%	35.6%	35.5%	35.5%
	(Ex)*	37.5%	36.9%	36.9%	35.9%	35.9%
Operating income	Revised	81.9	84.0	92.0	100.0	110.0
	(Ex)*	77.7	84.0	91.6	94.0	97.0
Ordinary income	Revised	84.2	86.5	94.8	102.8	112.8
	(Ex)*	79.0	85.5	92.6	95.3	98.4
Net income	Revised	47.1	51.2	56.0	60.8	66.7
	(Ex)*	46.5	49.9	54.0	55.6	57.4
Dividend per share	Revised	297yen	318yen	347yen	377yen	414yen
	(Ex)*	288yen	309yen	335yen	345yen	356yen
ROE	Revised	27.8%	30.8%	32.7%	34.5%	36.2%
	(Ex)*	27.9%	30.6%	33.1%	35.2%	37.0%

*(Ex) : Released on May 2011

Q Moving on, I would like to hear about the initiatives you are implementing geared toward accomplishing higher net sales, operating income, and ordinary income for the fifth consecutive year. First, could you please explain your order-related initiatives?

A Targeting orders received of ¥630.0 billion in the year ending March 31, 2013, we are implementing two major strategies: the area strategy and a strategy centered on pursuing a spirit of innovation in the leasing business

Area Strategy

First, I will explain our plans to step up the area strategy. In the fiscal year ending March 31, 2013, we will accelerate our sales activities in major cities, particularly those in the Tokyo metropolitan area and prefectural cities, in which the Company senses strong market potential. Specifically, we are targeting a 10% share of construction starts in major cities across Japan such as in Yokohama and Osaka, as well as those in the Tokyo metropolitan area.

Aiming to accomplish this goal, we have formulated four measures in consideration of different market environments to be conducted alongside our traditional sales activities.

The first of these is establishing sales offices and bolstering sales staff. In the year ending March 31, 2013, we will reinforce our sales activities targeting the Tokyo metropolitan area and major prefectural cities, adding an additional six sales offices to our nationwide sales network, which totaled 214 offices after the establishment of five new offices in the fiscal year under review. In this way, we will expand our sales network across the country and boost our sales capabilities.

The second measure is addressing reconstruction demand and the demand from landowners wishing to construct new buildings that contain both the owner's residence and rental housing units. There are several decrepit buildings in major cities throughout Japan, including the homes of landowners. In responding to this situation, we will work to acquire new orders by offering support to alleviate the burden on landowners of the various hurdles associated with reconstruction and offering financial assistance for the relocation of their residences.

The third measure is turning our eye toward land held by companies. This is an area in which our sales efforts have previously been lacking. In the fiscal year under review, we will develop a sales force that specializes in conducting sales activities targeting companies. This sales force will propose to companies effective methods of utilizing their land. The first target will be the Tokyo metropolitan area.

The fourth and final measure is the continued promotion of our whole-building lease agreements through which we assume responsibility of all aspects of managing buildings constructed by other companies. It is common for buildings constructed by other companies to be managed by the landowners. However, this can cause the owner a great deal of grief when it comes to searching for tenants and collecting rent. In addition to assuming responsibility for building management, we support owners that wish to manage buildings by themselves by offering services that allow them to post vacancies at the buildings they manage on our e-Heya Net rental unit search website. Our 51.2% repeater rate is testimony to the high levels of customer satisfaction that these services generate. Further, by managing buildings constructed by other companies in this manner, we are able to create a connection with landowners that can be used to acquire construction orders regarding other parcels of land they hold or reconstruction orders in the future.

Pursuing a Spirit of Innovation in the Leasing Business

Another initiative on which we are focusing is pursuing a spirit of innovation in the leasing business. I would now like to explain some of the measures we are implementing in this pursuit.

The first is conducting sales proposals focused on asset inheritance and utilization. There is a rising need for land utilization for asset inheritance or tax-related resources, and this rise is being further fueled by the discussion of revisions to the laws pertaining to inheritance taxes and the general aging of the population. In consideration of this situation, we will continue to provide order-made land utilization proposals that relieve the concerns of landowners and resolve their problems, as we have done throughout our history.

There are over 1,000 cases of land inheritance every year. The paperwork and other tasks that must be completed in these cases can be an incredible burden on the inheritors during a very difficult period. As a result, the Company offers support through this process to help ease this burden. By offering asset inheritance support to all those in need, not only those inheriting leasing operations, we are able to establish strong ties with the next generation of owners.



Another measure is the implementation of aggressive information communication campaigns including holding sales promotion events and conducting other forms of publicity. Lease properties represent over one-third of all housing on the market, and housing is an indispensable part of the social infrastructure. However, this area is not discussed nearly as much as stand-alone homes and condominiums. In order to rectify this situation, we are actively disseminating information with the aim of raising awareness regarding the lease housing industry and invigorating the industry as a whole.

At the same time, we have begun offering rental housing together with additional services that make life more comfortable for tenants, which we believe will raise tenant satisfaction levels. In this manner, we not only offer hard elements, like housing, but also provide services and other soft elements that match the lifestyles of tenants. We are providing a wide range of such services in consideration of the diversifying range of lifestyles and values held by tenants.

Lastly, we are working to respond to housing-related energy issues. Following the Great East Japan Earthquake, energy issues in Japan became undeniably serious. As a company that supplies housing, we realize the importance of addressing such energy related issues. As such, we have proceeded to develop and introduce a number of energy saving building materials. Daito's customer base consists of over 60,000 landowners and over 1.2 million tenants. However, this combined customer base only represents about 1% of the total population of Japan. Regardless, we will continue to pursue energy savings together with these customers to help address the energy issues faced by Japan.

Q Next, what strategies will you implement to achieve an occupancy rate of 97.0% and tenant agreements totaling 230,500 for residential and commercial properties?

A We will focus on developing a better variety of sales channels and improving property value.

In the fiscal year ending March 31, 2013, we will implement two key strategies to recruit new tenants.

The first is developing a better variety of sales channels. Currently, we utilize a number of sales channels in our aggressive marketing campaigns. To expand this range of channels, we introduced what we call the “partnership shop system.” Through this system, we provide sales expense reimbursement and other benefits to real estate brokers that have made significant contributions to raising Daito’s tenant numbers. In addition to this new initiative, we will also continue to approach potential new tenants through existing sales channels including our satellite shops and our unmanned e-Heya Net stations in which only a rental unit search terminal is installed. Also, our call center will continue to be operated at night and on weekends—we received over 37,000 inquiries during these hours in the fiscal year under review. Further, we will develop even stronger relationships with local real estate brokers in regions where Daito operates and strengthen our mutual support system through holding conventions with such brokers as well as through other related efforts.

At the same time, we will work to improve property value. To this end, we have instituted three measures that support and enhance the convenience of tenant lifestyles, improve property value, and help us achieve further dominance over the competition. The first is the Key-Free-Exchange plan. In Japan, it is common for the expenses associated with key exchanges when a residence changes hands to be paid by tenants. At Daito, we are constantly endeavoring to reduce the expenses incurred by tenants when moving, such as those associated with cleaning and repairs. As one part of these

efforts, we have begun offering the Key-Free-Exchange plan through which we waive the key exchange fees tenants would normally have to pay when moving out of a residence. This service is available to those tenants whose housing applications were filed in May 2012 or later. The second property value improvement measure we are implementing is the special reform plan. This plan entails reforming buildings that were built 15 or more years ago to have floor plans and facility specifications that meet the needs of the current market, thus improving their value. In the fiscal year ending March 31, 2013, we aim to reform 1,500 residences, the same as the number reformed in the fiscal year under review. The third measure is increasing the number of properties to which we provide electricity through the electric aggregator business we started in September 2011. In this business, we purchase large quantities of high-voltage electricity and supply it directly to the housing units of tenants after converting it to a lower voltage. This helps make infrastructure-related processes simpler for tenants when moving, improves security, and lowers electricity bills.

TOPICS

Electric Aggregator Business

In the fiscal year under review, as one of our value-added leased housing services, we launched our new electric aggregator business. In this business, we purchase large amounts of high-voltage electricity, and supply this to housing units under Daito’s management after converting it to a lower voltage. This reduces the hassle of electricity related processes when moving, improves security, and contributes to lower electricity bills. In western Japan, we currently supply approximately 2,000 units with electricity in this manner, and in the fiscal year ending March 31, 2013, we will expand sales of this service into eastern Japan. We hope to increase the number of units subscribed to this service throughout Japan by 4,000 to 5,000 each year. (Refer to page 23 for details.)

Q In closing, what is your policy toward improving shareholder returns?

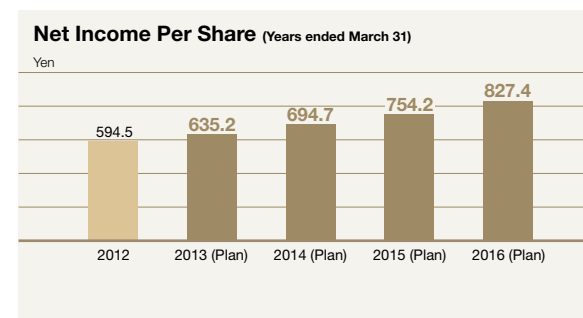
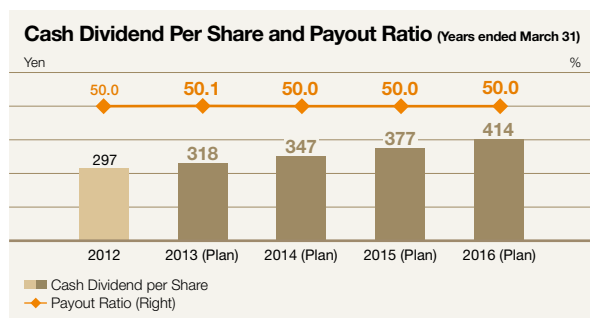
A Our basic stance is to maintain stable dividend payments, and we will target a dividend payout ratio of 50% by issuing a standard dividend of ¥100 combined with a profit return component that reflects business performance.

Daito's dividend policy has consistently reflected the recognition of shareholder returns as an important issue. Our basic commitment is to provide stable dividend payments by ensuring a strong business base. Specifically, we have to set a target payout ratio of 50%, which we aim to achieve by issuing a standard dividend of ¥100 combined with a profit return component that reflects business performance. In accordance with this policy, we plan to issue annual dividend payments of ¥297 per share for the fiscal year under review (¥148 of which was paid as an interim dividend) and ¥318 per share in the fiscal year ending March 31, 2013.

In regard to treasury stock acquisitions, we conduct the ongoing purchase and retirement of treasury stock in the interest of increasing shareholder value when certain conditions are met. These conditions include consolidated net income exceeding ¥10,000 million and the absence of large-scale funding requirements. The upper limit for the purchase of treasury stock is set at a target figure of 30% of consolidated net income. However, following the tender offer for treasury stock conducted in the fiscal year ended March 31, 2011, the purchase and retirement of treasury stock will be ceased for an undetermined period of time. Going forward, we will continue to focus on maintaining strong internal reserve funds.

The Company uses internal reserve funds to improve shareholder and corporate value through such means as strengthening its financial constitution by decreasing interest-bearing debt as well as developing new businesses.

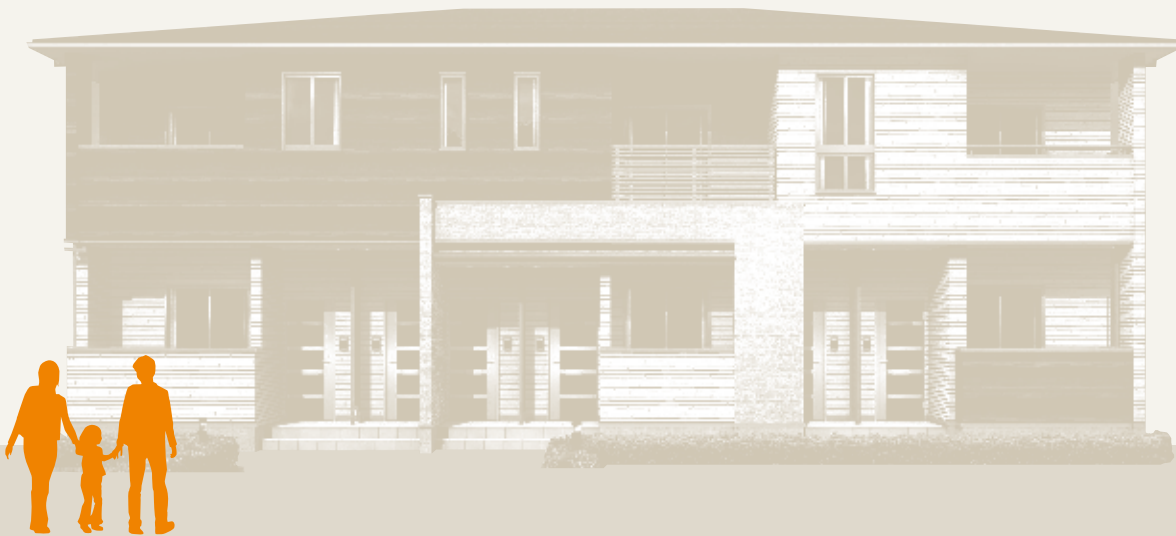
Through such means as these, we remain diligent in our quest to continually provide shareholders with the returns they expect and deserve.



THE DAITO VALUE:

SUSTAINABILITY

Daito Trust Construction is committed to “contributing to society by ensuring the most efficient use of all available land and resources.” This forms the foundation of the corporate philosophy on which we base our corporate activities. We thus recognize that there are a number of important social themes that must be addressed throughout our various corporate activities and business operations.



Corporate Philosophy

Daito Trust Construction is committed to “contributing to society by ensuring the most efficient use of all available land and resources.” In the field of residential leasing, the Company demonstrates this commitment by fully satisfying the needs of landowners and tenants alike. In doing so, we work to supply high-quality leased housing and expand our involvement in peripheral businesses. Since its establishment, Daito has adhered to the following five principles, which serve to provide definitive guidelines for its business activities:

1. Place customers first: Emphasize customer service (CS)
2. Focus on priority issues: Carefully allocate business resources
3. Implement cash-driven operations: Focus on cash flows
4. Pursue high efficiency and wages: Reward employees based on performance
5. Evolve in line with customers' requirements: Adapt to market environment

NEW CONCEPT: **Live-UP**

Starting in the fiscal year ended March 31, 2013, the Daito Group will launch its new “Live-UP” service concept. The Live-UP concept embodies our desire to “up” quality from the four perspectives of lives, lifestyles, housing, and housing functions that support lifestyles based on our own unique Daito ideology.

Live-UP

Lease Housing

This concept will guide us on our quest to continue providing quality lease housing.

Live-UP

Lifestyles Services

This explains how we will orient our services to provide our tenants with more-convenient lifestyles and stimulate local economies through collaboration with local store owners and other community members.

Live-UP

Housing Technologies and Functionality

Our construction technologies should not only be about creating the hard elements of housing, but rather should be about developing ways of directly linking performance with lifestyle enhancement and environmental preservation.

Live-UP

Lease Housing Management Support

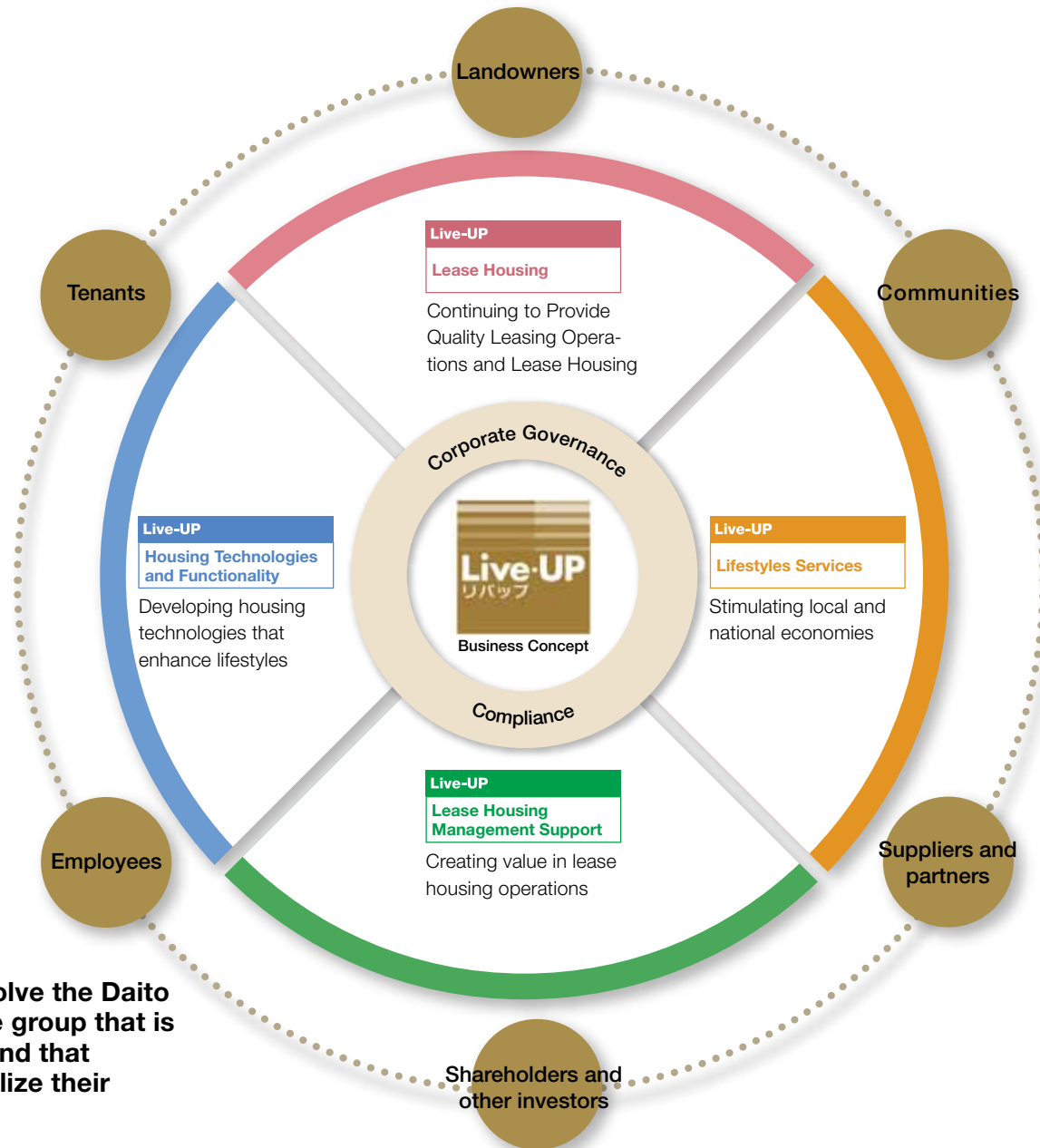
We are committed to providing all landowners pondering lease housing operations with comprehensive advice and support that exceeds all expectations.

Turning Our Business Itself into a CSR Activity

These Live-UP principles are not simply guidelines for generating profits. Rather, they represent our belief that business activities inherently entail social responsibility and that they should generate economic benefits while also benefiting society. In other words, these principles describe our corporate concept for developing the Company in a manner that allows us to pursue proper corporate activities.

Live-UP

We aim to be a company that exists in harmony with society and grows together with it.



We will continue to evolve the Daito Group into a corporate group that is necessary to society and that people continue to realize their reliance on.

Creating Land Utilization Opportunities and Providing Lease Housing to Respond to Domestic Population, Family Structure, and Housing Supply and Demand Trends

The Daito Group has continued to conduct its business based on the central principle of responding to domestic trends related to population, family structures, and the balance of housing supply and demand by providing land utilization proposals entailing the operation of lease housing businesses, and making these proposals a reality. Drawing upon our strong track record and wealth of experience and unique expertise cultivated through years of operation as a company specializing in land utilization, we will pursue the means of utilizing land to the maximum extent possible.

Realizing optimal housing supply through unique supply and demand balance monitoring capabilities

We possess a nationwide market research staff consisting of 401 professionals spread throughout Japan. These professionals are closely linked to the regions in which they operate and are constantly working to maintain a clear understanding of the housing supply and demand balances and rent rate trends in their respective region. Based on such market characteristics, our market research staff is able to develop region-specific supply plans. Further, Daito Building Management Co., Ltd., a Group company that manages and operates leasing operations, has compiled a database of the most up-to-date information regarding approximately 620,000 properties operated by other companies. Based on this database and trends in development plans of specific regions, we have divided Japan into 5,000 sales areas, which have been further divided into three floor plan divisions, making for a total of 15,000 divisions. We are thus conducting precise area management and providing proposals for the construction and operation of lease housing that can be turned into long-term businesses.

Maximizing opportunities to provide information and supplying rental housing that meets tenant needs

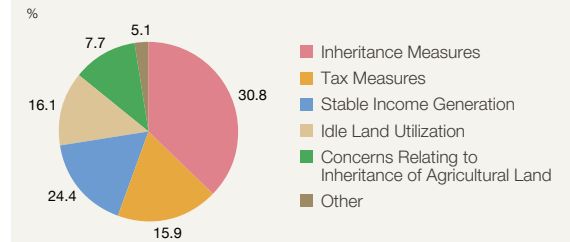
Daito is implementing a number of measures to maximize opportunities for sharing information related to available housing units and make sure that everyone has easy access to such information. The most notable of these initiatives is the installation of unmanned

e-Heya Net stations in large-scale commercial facilities and other locations across Japan. These stations allow users to search for available housing units through an easy-to-use touch screen interface. We are also distributing information through the Internet, smartphone applications, and free pamphlets. Further, Daito has established a nationwide network of 581 specialty shops that provide information regarding Daito's lease housing and perform intermediary brokerage activities, allowing us to better respond to lease housing needs throughout the country.

We believe it is actively creating such a diverse range of information provision opportunities that has allowed us to maintain our high occupancy rates.

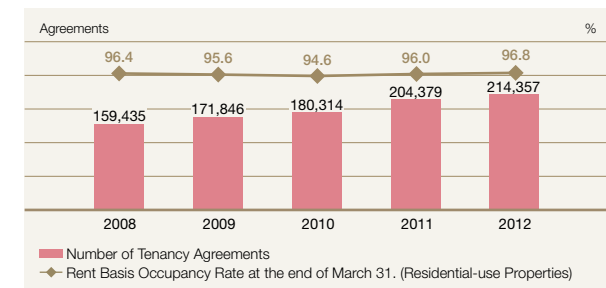
Land Utilization Needs Continue to Diversify.

Aims of Land Utilization for Landowners



Source: Company data from the fiscal year ended March 31, 2012

We Are Maintaining High Occupancy Rates through Timely Information Provision Based on Unique Market Research.

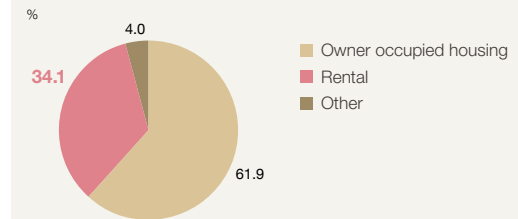


Leased Housing Accounts for Over 1/3 of Housing in Japan Providing Comprehensive Management Services that Realize Ongoing Housing Value

While Japan has the image of people possessing a strong drive to purchase their own home, in actuality over one-third of people rent. However, the desire of these renters to live in a safe and comfortable manner is no different than those who own their home. At the same time, there is a need to address the impact on the global environment brought about by the creation of new lease housing. Lifestyle support must also be provided to the tenants of such housing. In order to provide tenants with comfortable and convenient lifestyles, the Daito Group offers comprehensive management services. This allows us to maintain the high levels of social value attributable to our lease housing units, which are deeply rooted in local communities.

Over One-Third of Housing, which Is a Fundamental Part of Our Daily Lives, is Rented.

Rental Housing as Percentage of Total Households (2010)



Source: National Census, Ministry of Internal Affairs and Communications

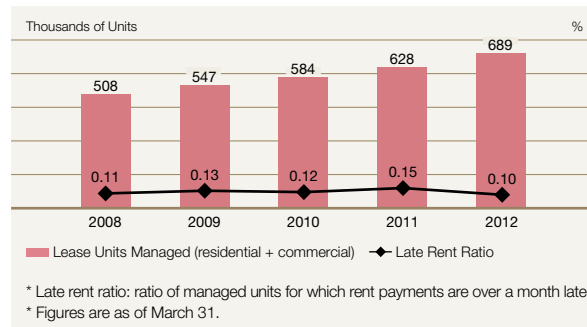
Forging bonds of trust with tenants, landowners, and communities through our unique management and operation system

At Group company Daito Building Management, management of the Group's over 730,000 housing units spread throughout Japan is conducted by a specialized staff. The needs of tenants in these housing units can vary based on the region and the structure of their family. In responding to these needs, the Company utilizes its DONNA System, which helps facilitate understanding of these needs and improve service quality, and its unique management and operation system and expertise. Through these efforts, we are forging bonds of trust with tenants, landowners, and communities.

Providing immediate response to tenant inquiries 24 hours-a-day, 365 days-a-year: the Daito Customer Center

The Daito Group operates a 24 hours-a-day call center that responds to tenant inquiries and requests 365 days-a-year. This call center offers immediate response to a variety of issues, and will dispatch personnel at any time they are needed to respond to equipment malfunctions or other issues. Further, in 2010, we expanded the range of services provided by this call center. As one facet of these efforts, we began offering around-the-clock support for finding housing units.

Proof of Strong Trust for Tenants Late Rent Ratio



Developing High-Quality Housing that Provides Long-Term Safety and Security through Deterioration Prevention and Earthquake Resistance

In today's society, there is rising concern regarding natural disasters and maintenance of buildings, thus resulting in demand for the development of lifestyles and cities for which safety and security is ensured over the long term. To provide such safety and security, the Daito Group continues utilizing state-of-the-art building technologies to construct lease housing that features high durability and is also resistant to earthquakes and fires.

Constructing housing based on the 2x4 method that provides security and long-term value

Daito primarily uses the 2x4 method in constructing housing. This method makes the walls of the buildings exceptionally resistant to external stress. Further, by evolving the 2x4 method, we have developed our original "Neo-Frame method." Through the construction of housing using this method, we are working to provide safe and secure housing.

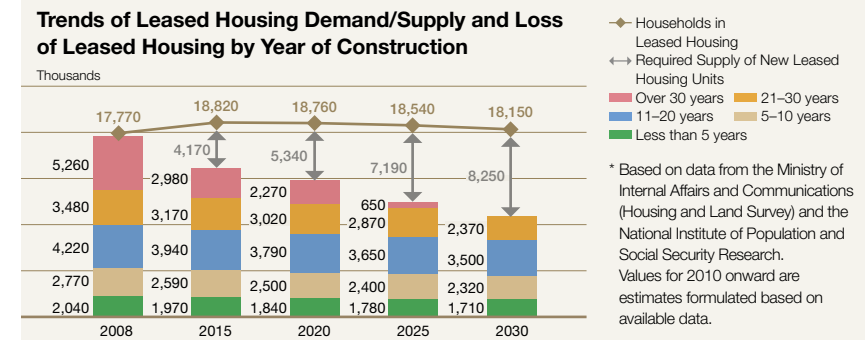


The 2x4 method makes walls exceptionally resistant to external stress.

Earthquake Resistance

After the Great East Japan Earthquake, 97.5% of housing units constructed through the 2x4 method were judged to have no damage that affected their livability. Moreover, none of Daito's lease housing units were damaged to the point of being judged totally lost with the cause of damage stated as "damage due to earthquake vibration."

Approximately 8 Million Lease Housing Units will Be Needed Over the Next 20 Years.



Wind Resistance

Housing units constructed using the 2x4 method or the Neo-Frame method utilize specialized metal fixtures for jointing, which helps prevent the roofs from being blown off by strong wind. This enables us to provide safe housing even to Okinawa, where typhoons are a frequent occurrence.

Fire Resistance

Housing that meets the Japan Housing Finance Agency's standards for fire resistant construction also fall into a classification that allows for better fire insurance rates compared to other wood building. Daito's 2x4-method and Neo-Frame-method housing units meet these standards.

High Durability

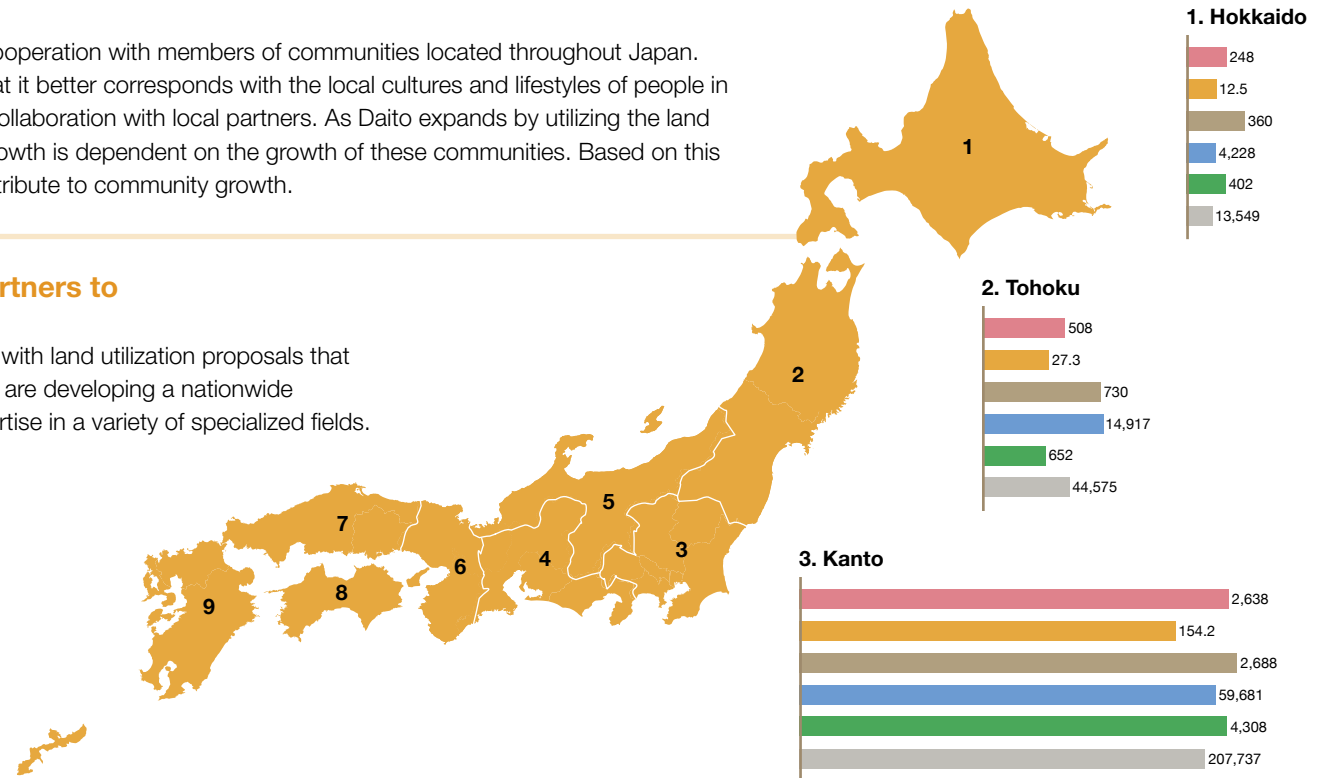
Daito's 2x4 method and Neo-Frame method housing units employ designs similar to those for housing classified as Level 2 for measures to prevent deterioration under the systems for housing performance disclosure established by the Ministry of Land, Infrastructure, Transportation and Tourism. To be classified as Level 2, housing must be durable enough to last for 50 to 60 years.

Striving to Be a Company that Coexists and Grows Together with the Community through Strong Partnerships

The Daito Group conducts its corporate activities in cooperation with members of communities located throughout Japan. We are always striving to fine-tune our business so that it better corresponds with the local cultures and lifestyles of people in these communities and are pursuing higher levels of collaboration with local partners. As Daito expands by utilizing the land of such communities, we realize that our continued growth is dependent on the growth of these communities. Based on this belief, we are advancing a number of initiatives to contribute to community growth.

Developing a Nationwide Network of Partners to Support Business Expansion

Daito strives to provide landowners throughout Japan with land utilization proposals that meet their individual needs. To aid us in this quest, we are developing a nationwide network of partners with technological and other expertise in a variety of specialized fields.



■ Apartment loans provided to Landowners
■ Construction contracts (billions of yen)
■ Design/Construction affiliates
■ Lease contracts through brokers
■ Allied real estate agents
■ Units managed
 * Data from the fiscal year ended March 31, 2012

Providing New Lifestyles Services that Shape Communities

Linking community members and tenants to create new opportunities for interaction and stimulate the economy

The tenants of lease housing are often individuals living alone or small families. Also, it is becoming increasingly common for young people to move from other regions and reside in lease housing. We believe that informing such tenants about the range of lifestyle enhancing services we have developed based on extensive experience in community-based operations will help us provide tenants with new forms of support and lead to the enrichment of communities. By playing this important role in communities, we are stimulating local economies, creating opportunities for community interaction, and making these communities more comfortable places to live.

Providing useful community information for newcomers: Life Navigator

Daito's Life Navigator service provides community information and coupons that can be used at local businesses. It helps facilitate community development by encouraging users to take advantage of such information and participate in the community. We believe that it is not enough for housing to merely provide a place to live and amenities necessary for survival. Rather, housing must represent a place in the community. We also feel that more-lively communities make the daily lives of their residents more enjoyable.

As a provider of lease housing, the Daito Group has developed a diverse support system consisting of Life Navigator and other services with the aim of helping tenants live enjoyable and comfortable lives starting from the day they move in.

Improving convenience! Ease Navigator

- Home delivery dry cleaning services
- Cleaning services
- Surrogate package sending and receiving services
- Surrogate garbage handling services

Let's communicate! Community Navigator

- Computer classes
- Community events
- Interaction forums
- Hobby and activity clubs

Packed full of useful information!

Life Navigator

Delicious and convenient! Food Navigator

- Local restaurant information
- Coupons for local businesses
- Delivery and takeout restaurant information
- Recipe listings

Full support 24 hours-a-day, 365 days-a-year! Security Navigator

- Call center open 24 hours-a-day
- Hospital information
- Evacuation site information services
- Safety patrols

Life Navigator—Introduced in Tokyo's Koto Ward—

Before starting the full-fledge rollout of Life Navigator services, we instituted a trial introduction in the Ooshima area of Tokyo's Koto Ward. As part of this initiative, service books were distributed to 202 rooms under Daito's management.



The service book is packed full of useful community information and coupons.

Service book: community information



Bakery



Dry cleaner



Restaurant



Coupons usable at local businesses

Communication events



Soba-making workshop



Developing Energy Infrastructure Businesses

Creating energy to respond to next-generation energy issues

Recently, society has been faced with a number of issues related to energy, including global warming and other environmental issues created by fossil fuels as well as the incident at a nuclear power station. This has made securing supplies of energy and electricity that are safe and enable people to maintain peace of mind a task of the utmost importance. In helping realize such supplies, one of the major initiatives being undertaken by the Daito Group is the development of a solar power business. As another part of our efforts to create environmentally friendly power generation businesses, we are helping establish a new clean energy infrastructure. We anticipate that this will not only contribute to the creation of stable supplies of electricity, but will also make communities more self-reliant in terms of energy.

Developing clean energy operations together with landowners

The Daito Group aims to develop its solar power business in cooperation with landowners across Japan. We are installing solar panels on customer properties by borrowing from them a previously unutilized “asset,” the roofs of their buildings. All electricity generated by these panels is sold to electricity companies so that this source of clean energy may be used for the benefit of society. In this manner, we are expanding this new energy business together with landowners.

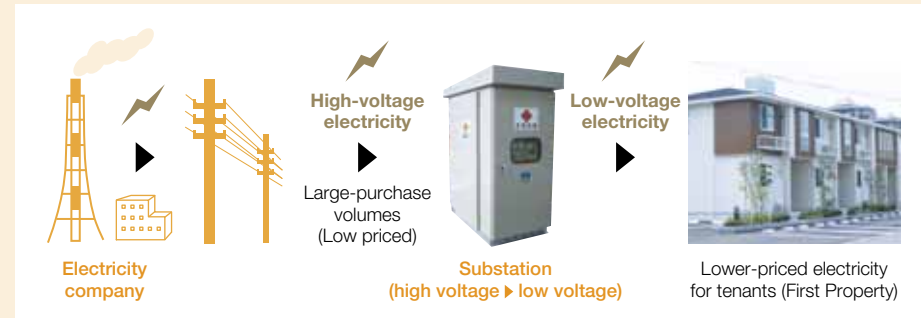


creating value by reducing electricity costs through systems that utilize electricity efficiently

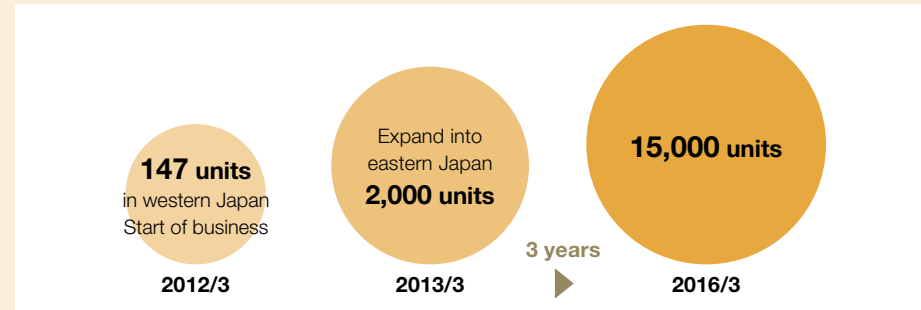
In September 2011, the Company launched its electric aggregator business in which it purchases large amounts of high-voltage electricity and supplies this electricity to housing units under Daito’s management after converting it to a lower voltage.

This service provides tenants with relatively low-priced electricity and reduces the hassle of electricity related processes when moving. Through development of such new forms of electricity infrastructure, we will continue to contribute to the development of more-comfortable lifestyles.

Flow of the electric aggregator business



Progressive expansion of service area



Realizing Long-Term Reductions in Environmental Impact and Energy Usage by Increasing Lease Housing Durability Using Unique Technological Developments

We feel it is important to provide tenants with rental housing that not only offers them safe, secure, and comfortable living, but also features reduced environmental impact. Striving to realize such housing, we are pushing forward with the development of unique technologies and working to commercialize the results of those endeavors. Successful development ventures have allowed us to create new high-durability materials and memory keys. At the same time, we realize that the development of technologies for enabling buildings to maintain their value over the long term also helps reduce the environmental impact and allows these assets to be passed onto the next generation. Going forward, we aim to develop housing that offers this type of unique value.

Reducing the environmental impact of operating lease housing over the long term through the development of high-durability materials that do not need maintenance

1

Siding materials coated in ultrahigh durability paint that prevents fading and enables dirt to be washed away by rain

Dirt attaches to fluoride coating

Rain water flows underneath dirt

Dirt washes away with rain water

3

High-durability, thermal insulating sashes featuring integrated construction

Industry's only standard fixture

Plastic on the inside

Aluminum on the outside

4

Acrylic outer lay

Natural stone pellets

Acrylic plastic base coat

Galvanized aluminum plate

Protective acrylic coating layer

Protective acrylic coating layer

Galvanized aluminum plate

Steel base plate

Eight-layer-constructed aluminum galvanized sheet steel shingles infused with natural stone chips

2

Exterior sealing with enhanced weather-resistance

Sealing does not crack or peel due to expansion and contraction of wall

Wall

Sealing

Direct sunlight/Heat

Expansion and contraction of wall



4

Kitchen appliances that allow for the replacement of only easily-dirtied countertops

5

Outdoor metal fixtures that resist discoloration and retain their luster

6

Memory keys that eliminate the need for lock changes and help prevent crime

Scratch-resistant flooring that allows even only one board to be replaced

Eco-barrier wallpaper that resists aging, discoloration, dirt, and mold

Internal fittings equipped with specialty resin coating that prevent scratches and discoloration

Utilizing Wood-Related Techniques to Promote Use of Renewable Resources and Contribute to the Realization of a Recycling-Oriented Society

Preserving forest resources and replenishing and recycling the resources we take from forests is the responsibility of Japan—as a large portion of the island archipelago is covered in forest—and the Daito Group, which uses vast quantities of lumber products. The Group has continued to construct wood buildings by utilizing the 2x4 method since 1993, and is the number one supplier of housing built using this method in Japan. In this manner, wood-related techniques are at the core of our business. We have since evolved this method to create Daito's unique Neo-Frame method. Going forward, we will utilize this method and promote the recycling of materials from demolished old wood buildings to contribute to the realization of a recycling-oriented society with our wood and recycling technologies.



Neo-Frame method

Actively using recycled materials by leveraging accumulated lumber utilization technological expertise

Looking ahead, it is projected that buildings not meeting earthquake resistance standards will be demolished and that there will be a rise in building renovation projects. This will create a subsequent social need for new housing to be constructed and for the remnants of the demolished buildings to be dealt with. Daito is actively utilizing such remnant materials in construction projects by recycling them as wood planks or other materials.

Recycling System for Wood Resources and Materials



Promoting lumber usage, preserving forest resources, reducing CO₂ emissions, and invigorating forestry industries

Ensuring there are beautiful forests for the next generation through appropriate forest management and utilization

Even if forests are harvested, they can still be left for the next generation if afforestation and other forest management activities are practiced in an effective manner. Also, the younger trees planted to replace older trees that have been harvested grow faster than their predecessors and thus absorb greater volumes of CO₂. For this reason, replenishing forest resources helps prevent global warming. Realizing the importance of these activities, the Daito Group is reevaluating its basic policies regarding lumber procurement.

In Japan, the forestry industry is declining and suffering from cost and profitability issues. For these reasons, a number of highly viable forests and mountains are being left unattended. To combat this trend and contribute to the revitalization of the forestry industry and local economies, Daito is actively utilizing domestic lumber.

Receipt of the forest agency director's award as part of the 2011 housing and lumber awards

Daito Trust Construction was awarded the Forest Agency Director's Award, which is presented to companies and organizations that contribute to the advancement of wood-built housing through the utilization of domestic lumber and development of new wood-based technologies. It is the most prestigious award among the government-sponsored awards in this field.

Responding to Individual Land Utilization Needs by Strengthening Comprehensive Support Capabilities, Our Specialist Network that Extends beyond the Company, and Business Operation Support Capabilities

Effective land utilization requires a comprehensive business foundation containing strengths in areas such as construction, real estate, taxes, and legislation.

The Daito Group is an organization consisting of various professionals that possess a breadth of knowledge and expertise in these areas, which we are leveraging to support land inheritance activities in a way that enhances the lives of the next generation. In this venture, it is not enough to merely offer advice—it is also important to educate landowners with regard to trends in the lease housing market and related tax systems, and thus foster a shared understanding. To this end, we will continue to communicate with landowners through a variety of publicity activities.

Strengthening our specialist network that extends beyond the company and business operation support capabilities

Supporting life planning through asset inheritance seminars and life plan evaluations

Leveraging its extensive expertise and network of professionals that extends beyond the boundaries of the Company, we are holding various asset inheritance seminars for landowners. In addition, Daito possesses its own unique system for evaluating life plans. We use this system to help families develop life plans that take into account possible changes in lifestyles by looking at their income, savings, and household expenses.

Cooperative business operation: Daito Owner Forums

Daito's landowner association holds "Daito Owner Forums" across Japan to improve the transparency, soundness, and reliability of the lease housing operations the Group provides. Through such periodic information exchanges, we are further strengthening the bonds of trust that exist between the landowners and the Company.

Providing "My Page" portals to make the details and performance of lease housing operations clearer for landowners and their families

Aiming to earn further trust from landowners, we have begun providing "My Page" web portals for landowners conducting lease housing operations through Daito. These portals allow landowners and their families to view contract details, business performance, and other reports and information whenever they please through the Internet.



"My page"

Continuing to Address Reconstruction Demand in the Regions Affected by the Great East Japan Earthquake

It has been over one year since the Great East Japan Earthquake devastated Japan on March 11, 2011, but those regions that were stricken by the subsequent devastation are still in need of ongoing support for the reconstruction effort. Aiming to aid these regions to the greatest extent possible, the Daito Group will continue to address the demand created by this reconstruction effort.

Supporting industry and lifestyles in the affected regions, and protecting the future of the children in these regions together with partners

Providing housing and equipment needed for reconstruction free of charge

Since November 2011, the Daito Group has been providing housing and equipment free of charge to partner companies in the region affected by the Great East Japan Earthquake that are supporting the reconstruction effort in and around these regions. We realize that the support of these companies will be absolutely essential in advancing the reconstruction effort, which is expected to continue over the long term. Therefore, we will continue to lend our aid to these companies going forward.



Supporting reconstruction work through the provision of housing/equipment free of charge

Utilizing locally produced lumber to assist industry reconstruction

Working together with Kesen Precut Business Association, located in Sumita Town in the Kesen district of Iwate Prefecture, the Daito Group has begun using "Kesen Cedar" (*Cryptomeria japonica*) to build housing. In the fiscal year ended March 31, 2013, we plan to use this material in building 200 lease housing units in the areas around Kitakami City, Sendai City, and Morioka City.



Local lumber used to stimulate industry reconstruction and create employment

Establishing a Daito group ASHINAGA fund

According to ASHINAGA, even over one year after the Great East Japan Earthquake, there are still nearly 2,000 children who are suffering due to having lost their parents during the earthquake.

Hearing this, a number of employees and landowners in the affected regions expressed their desire to offer long-term support for such children. In order to aid them in this effort, we established two ASHINAGA funds, one operated by the Daito Group and one operated by Daito's landowner association in the fiscal year ending March 31, 2013.

Following the establishment and commencement of operation of these funds, we introduced a donation matching system within the Company. Under this system, on a monthly basis, the Company donates an amount equivalent to the total of employee donations received during that month to support people in the affected regions.

Donations raised through the ASHINAGA funds will be used to fund the construction and operation of facilities, such as the Tohoku Rainbow House (tentative) being constructed by ASHINAGA, that will care for children orphaned by the earthquake.



Director of ASHINAGA receives donation of approximately ¥15.0 million collected from Daito Group employees.

CORPORATE GOVERNANCE

Corporate Governance Policy

Daito's corporate governance policy focuses on maximizing corporate value and enhancing management efficiency and transparency for all its stakeholders. To this end, our major tasks are to assure strict adherence to corporate ethics and legal regulations, establish and strengthen internal control systems and ensure objectivity and timely decision-making by management.

Executive Management System

Daito has adopted a corporate auditor system. The Board of Corporate Auditors consists of four corporate auditors, all of whom are outside auditors.

The Board of Directors makes important management decisions and serves as a major supervising body for the Company. Additionally, the Company has adopted an executive officer system with the goal of separating decision-making processes from the actual execution of these decisions. Specifically, the Company has established the Executive Management Meeting, which is able to entrust the authority regarding business execution to other bodies as necessary. This helps add flexibility to decision-making processes and allows the Board of Directors to focus on important management issues.

The Board of Directors consists of 13 directors, including two outside directors. Every month, the Board meets to make decisions on matters stipulated in laws and the Company's Articles of Incorporation, as well as important matters affecting the Company and its affiliates.

The Executive Management Meeting is made up of senior staff members responsible for the major corporate departments that are appointed by executive officers and directors. Meetings are held twice a month to discuss actions in response to specific operational issues and problems. The results of these discussions are reported to the Board of Directors once a month, ensuring that the Board is kept promptly informed of specific issues and problems affecting the front line of corporate operations.

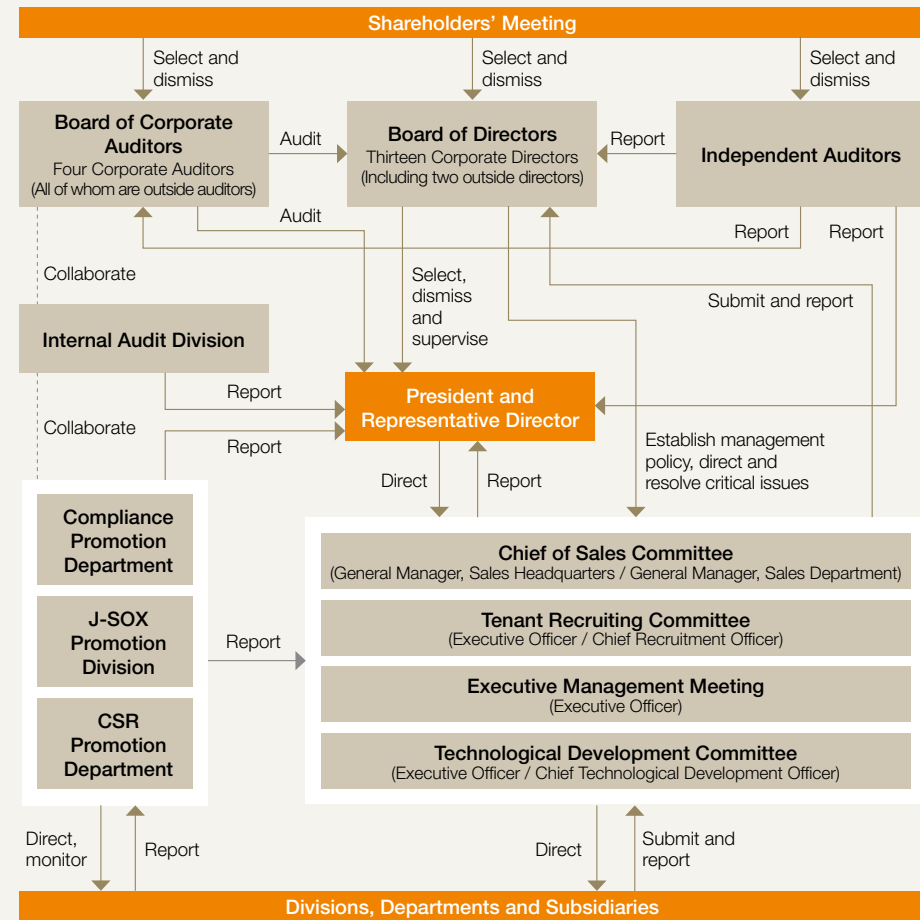
Auditing System

The Board of Corporate Auditors consists of four corporate auditors, all of whom are outside auditors. One of the corporate auditors is employed full-time as a standing corporate auditor. The corporate auditors attend meetings of the Board of Directors and other important meetings, exchange opinions with the President and Representative Director, receive regular reports on business execution from directors and other important management figures and actively share information with the Internal Audit Division.

Through these activities, the corporate auditors monitor the business execution of directors. The corporate auditors also act in close cooperation with the finance auditor, sharing information and helping to ensure that financial audits progress smoothly.

Further, all corporate auditors attend meetings of the Board of Corporate Auditors, at which they receive briefings regarding auditing systems, audit plans, and the progress of audits from the finance auditor.

Corporate Governance Structure



Matters Involving Outside Directors and Outside Auditors

In regard to the outside directors, Yujiro Sasamoto possesses a great deal of knowledge and experience pertaining to corporate legal affairs, compliance and internal control. Meanwhile, Marcus Merner has accumulated a wealth of knowledge and experience pertaining to advisory and asset management services related to real estate investment. These two outside directors offer opinions based on their respective backgrounds, advising the Board of the Directors and making proposals on how to ensure the validity and appropriateness of management.

Both of these outside directors were appointed at the Shareholders' Meeting held on June 28, 2011.

In regard to outside corporate auditors, Masayasu Uno possesses a wealth of specialized knowledge on finances and accounting as well as significant insight born out of his experience in administrative roles. Hideo Hachiya has specialized legal insight. Sakumichi Yamada has a unique point of view as a specialist in the fields of finance and accounting. Lastly, Kazumitsu Futami has accumulated a great deal of knowledge through his years of experience in the leased housing management and financing fields. These outside corporate auditors leverage their unique specialties to offer their opinions on the Company's business activities.

The two outside directors and four outside corporate auditors have no particular stake in the Company.

In the year ended March 31, 2012, the attendance of the outside directors and the outside corporate auditors to Board of Directors' meetings was as follows.

Name	Position	Attendance to meetings of the Board of Directors (Meetings attended / Meetings held)
Yujiro Sasamoto* ₁	Outside director	17/19
Marcus Merner* ₁	Outside director	9/19
Masayasu Uno	Outside auditor	23/23
Hideo Hachiya	Outside auditor	13/23
Sakumichi Yamada	Outside auditor	19/23
Koji Murata* ₂	Outside auditor	19/23

*₁ Appointed at the Shareholders' Meeting held on June 28, 2011.

*₂ Koji Murata resigned from his position as outside auditor following the Shareholders' Meeting held on June 27, 2012.

Compensation of Directors and Corporate Auditors

(Year ended March 31, 2012)

Position	Number of people	Amount (Millions of yen)
Director	15	825
Corporate auditor	4	69
Total	19	894
(of which, outside directors and outside corporate auditors)	(6)	(82)

Information Disclosure

To ensure management transparency and objectivity, we are committed to appropriate and timely disclosure of information through a full range of channels. These include news releases, financial results briefing sessions and publication on the investor relations (IR) website of various materials, such as monthly performance data, a range of financial results data from the quarterly and annual accounts, and the annual securities report.

Further, as the proportion of Daito stock held by overseas investors is high, we also engage in overseas IR activity and take other action to encourage the use of voting rights; for instance, we provide the invitation to the Shareholders' Meeting and the information on the voting resolutions in English. Daito regards the disclosure of information as one of its most important corporate responsibilities, and will continue striving to maintain the trust of its shareholders and other investors.

Compliance

Daito has set up two offices under the direct control of the President and Representative Director, the Compliance Promotion Department and the J-SOX Promotion Division, which are engaged in the prevention and management of risk.

The Compliance Promotion Department manages risk related to the legal compliance of business activities in collaboration with the Internal Audit Division, which is responsible for checking compatibility with in-house standards. The Compliance Promotion Department is also responsible for formulating the Daito Group Code of Behavior and ensuring that all employees are familiar with it.

The J-SOX Promotion Division works to ensure the reliability of the Company's financial reports. It judges whether or not there are systems in place to prevent misrepresentations of important information in financial reports, and monitors these systems to verify that they are operating effectively.

Additionally, a section has been established within the Compliance Promotion Department in charge of disclosing information in the public interest. Through this section, the Department endeavors to identify improper behavior as early as possible and take corrective measures.

BOARD OF DIRECTORS, CORPORATE AUDITORS AND EXECUTIVE OFFICERS As of June 27, 2012



President and Representative Director
Isao Minabe



Senior Managing Director
Naomi Kumakiri



Senior Managing Director
Akio Inada



Senior Managing Director
Hideki Asano



Senior Managing Director
Hitoshi Kadouchi



Senior Managing Director
Shuji Nakada



Senior Managing Director
Katsuma Kobayashi



Director
Hideyuki Nakaita



Director
Hiroshi Kawaguchi



Director
Tomoyuki Nishimura



Director
Shuji Kawai



Outside Director
Yujiro Sasamoto



Outside Director
Marcus Merner



Standing Corporate Auditor (Outside)
Masayasu Uno

Corporate Auditors (Outside)

Masayasu Uno
Hideo Hachiya
Sakumichi Yamada
Kazumitsu Futami

Executive Officers

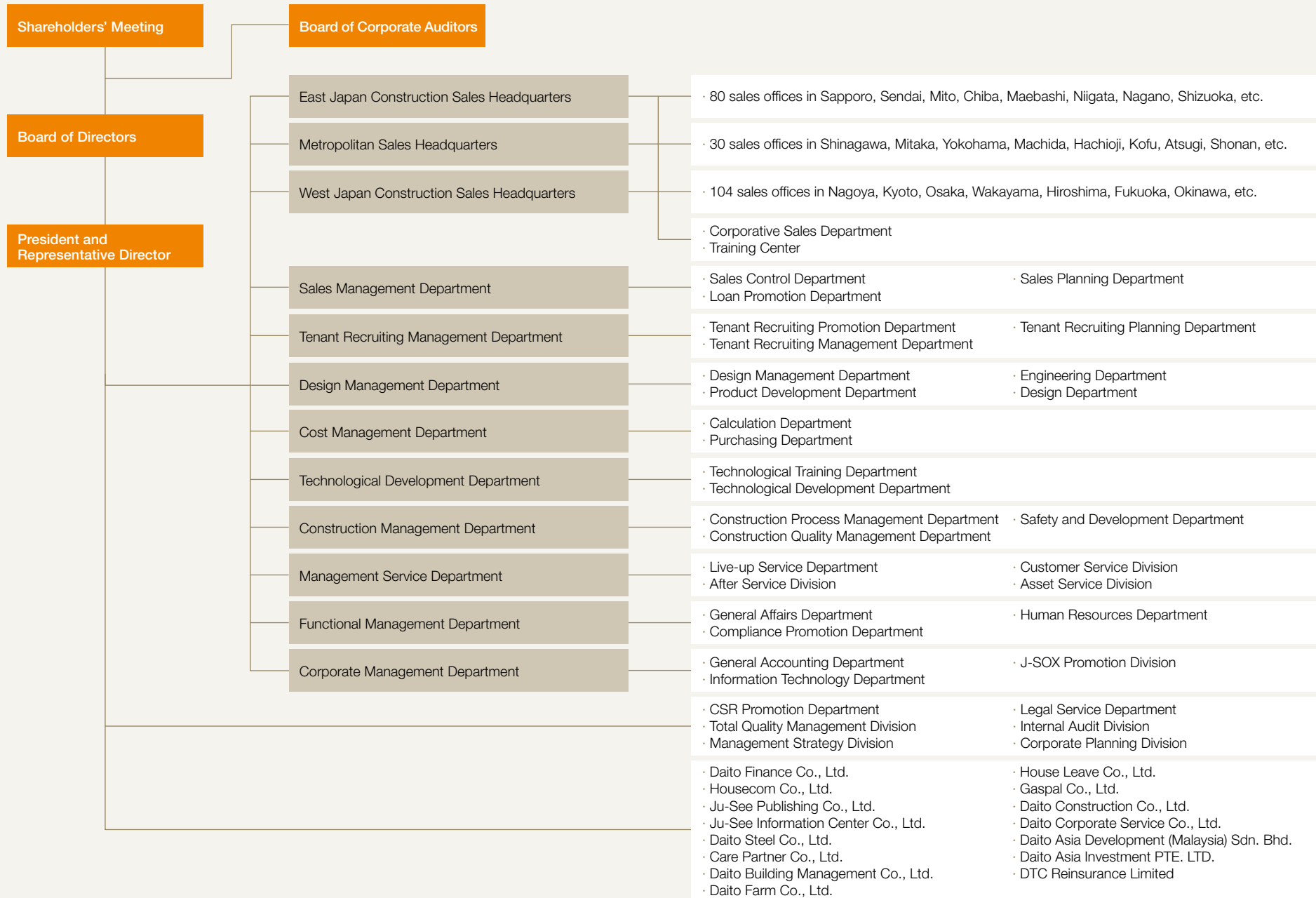
Koichi Ebihara
Hirosuke Tanimichi
Masami Fujiyoshi
Takeshi Nakagawa
Hiroshi Sugiyama
Takuya Oyama

Masayoshi Tanaka
Yukio Daimon
Hideaki Ueki
Hideo Gorai
Shigetoshi Fujii
Katsuya Touge

Kanitsu Uchida
Kei Takeuchi
Takuya Ishii
Shoji Yamada
Hitoshi Wada
Naoki Naito

Keizo Gouma
Yoshihiro Hashimoto
Hiromichi Ono

ORGANIZATION As of June 27, 2012



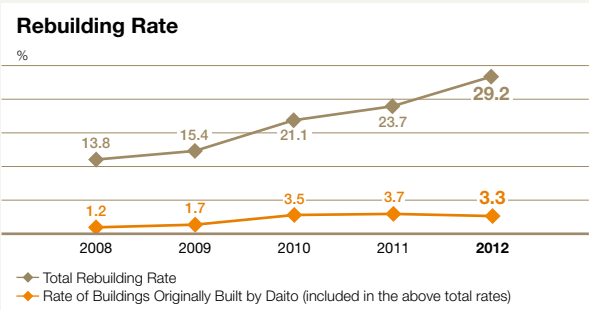
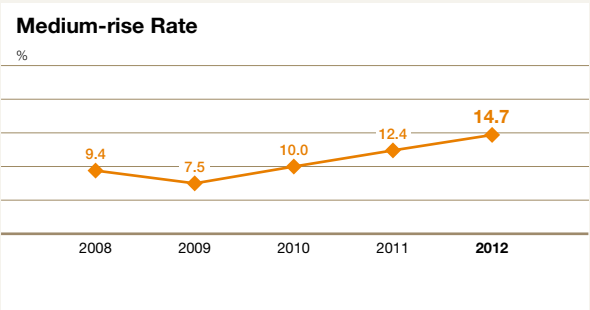
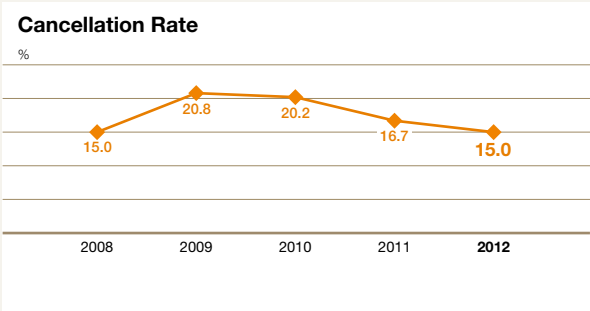
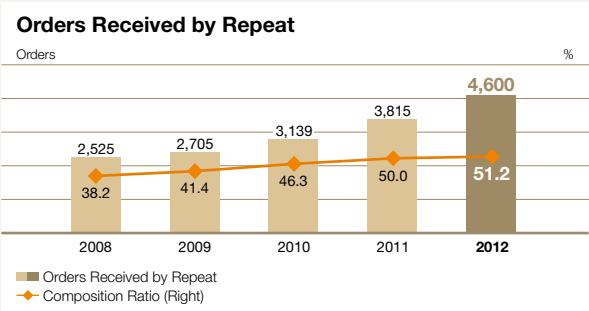
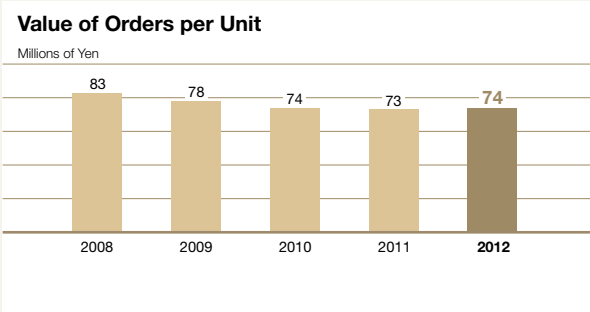
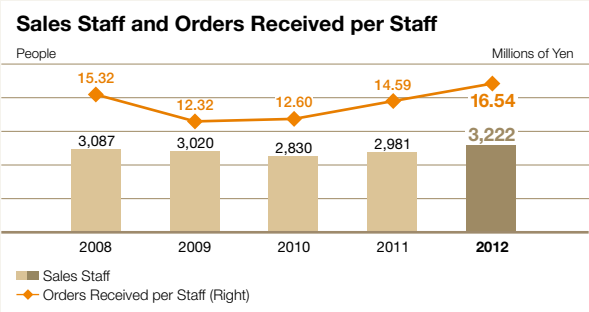
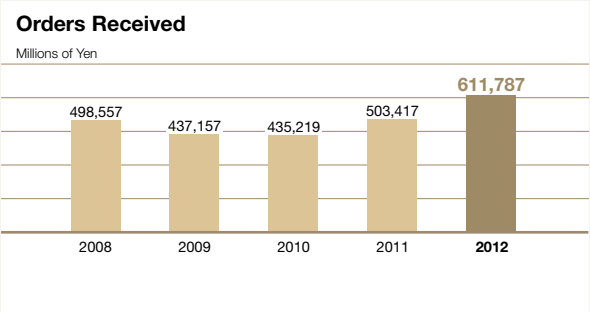
DAITO TRUST CONSTRUCTION

FACTS & FIGURES

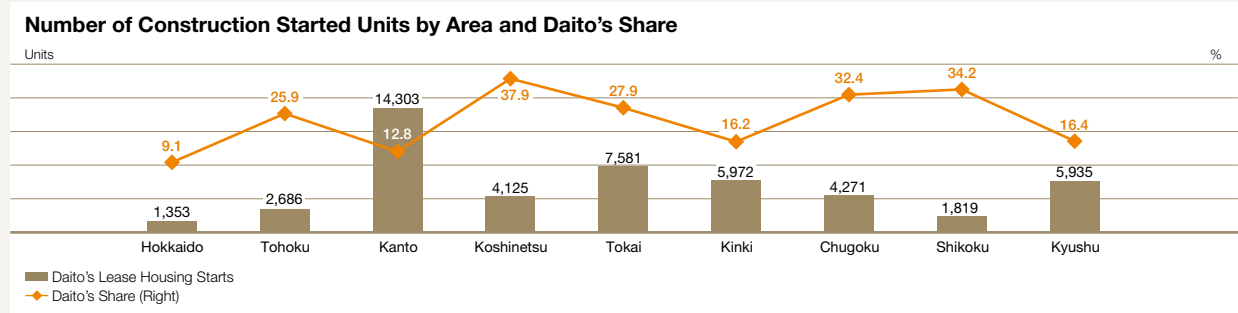
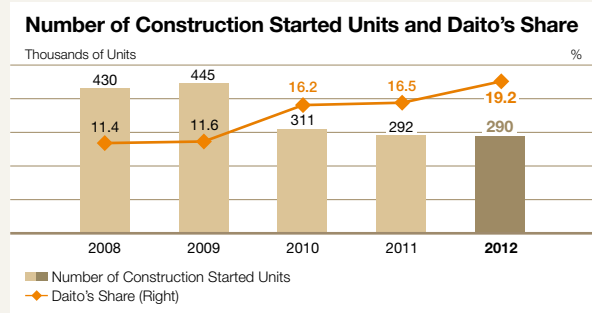


KEY PERFORMANCE INDICATORS (Years ended March 31)

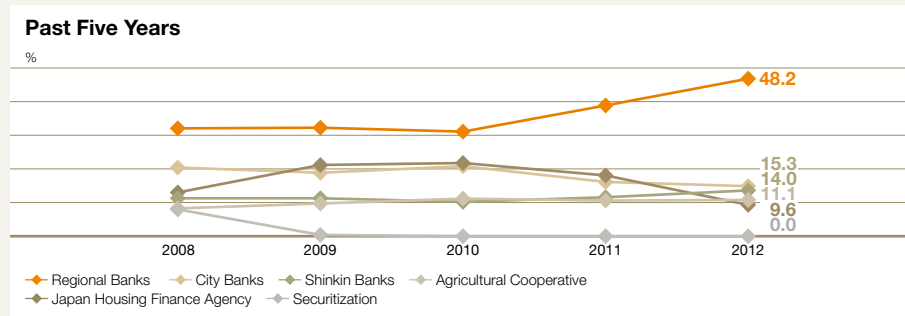
ORDERS



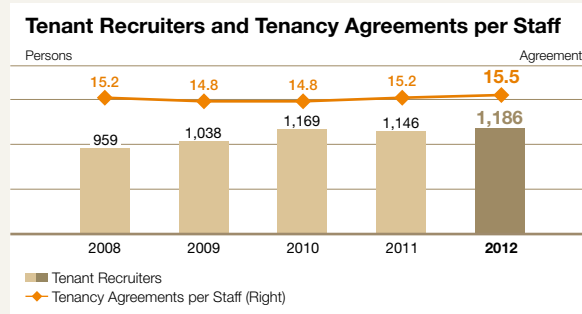
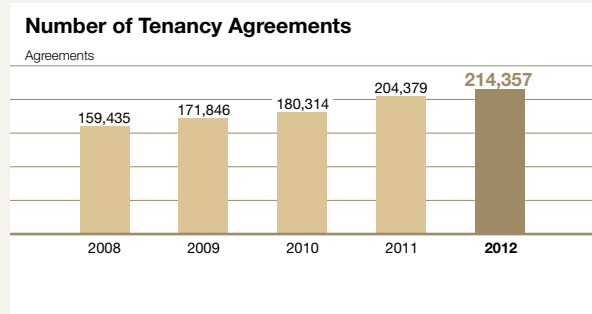
ORDERS



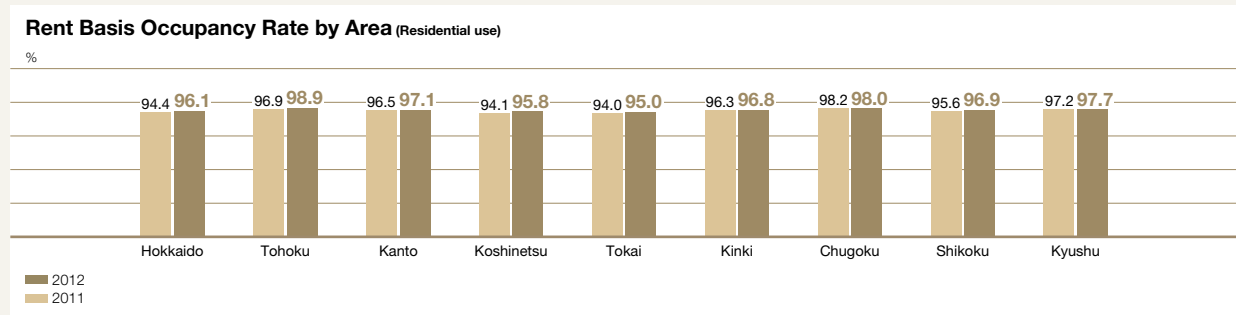
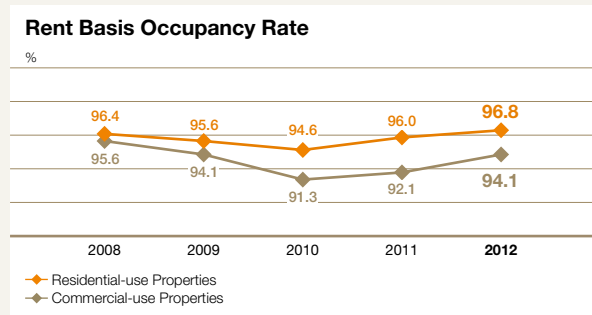
SHARES OF FINANCIAL INSTITUTIONS – CUSTOMER'S FINANCING CHANNEL –



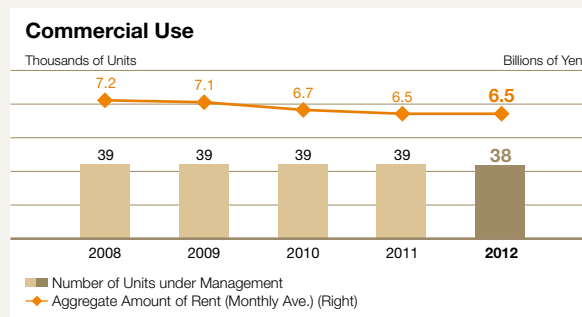
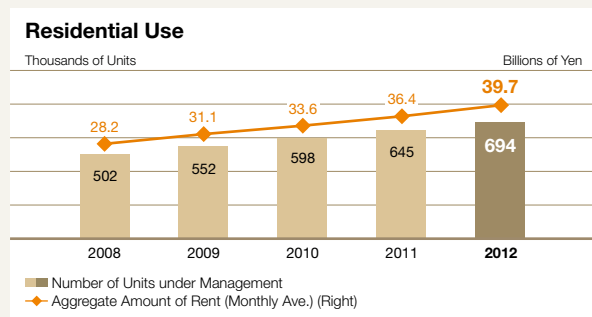
TENANCY AGREEMENTS



OCCUPANCY RATE

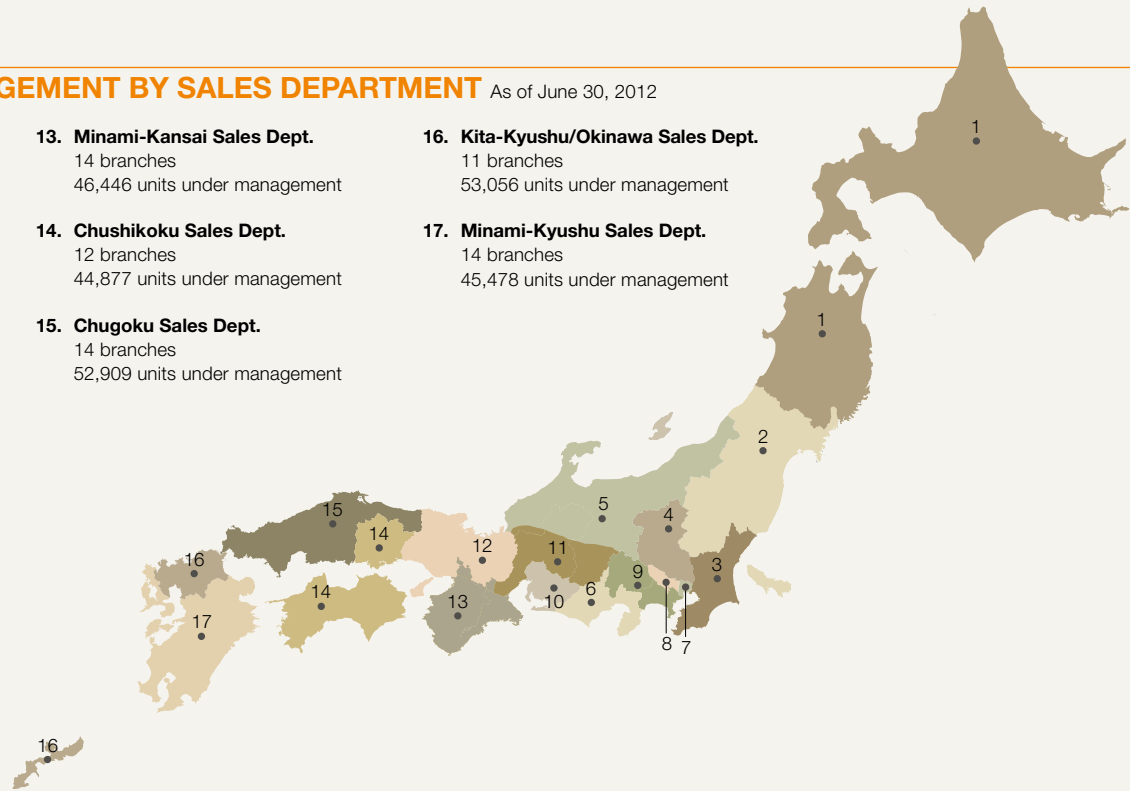


UNITS UNDER MANAGEMENT / AGGREGATE AMOUNT OF RENT

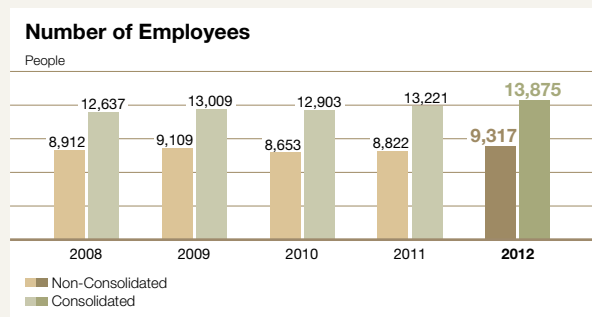


NUMBER OF BRANCHES AND UNITS UNDER MANAGEMENT BY SALES DEPARTMENT As of June 30, 2012

1. Kita-Nihon Sales Dept. 13 branches 28,048 units under management	7. Higashi-Metropolitan Sales Dept. 9 branches 10,818 units under management	13. Minami-Kansai Sales Dept. 14 branches 46,446 units under management	16. Kita-Kyushu/Okinawa Sales Dept. 11 branches 53,056 units under management
2. Tohoku Sales Dept. 14 branches 44,871 units under management	8. Nishi-Metropolitan Sales Dept. 9 branches 16,156 units under management	14. Chushikoku Sales Dept. 12 branches 44,877 units under management	17. Minami-Kyushu Sales Dept. 14 branches 45,478 units under management
3. Higashi-Kanto Sales Dept. 16 branches 81,404 units under management	9. Minami-Kanto Sales Dept. 12 branches 32,953 units under management	15. Chugoku Sales Dept. 14 branches 52,909 units under management	
4. Kita-Kanto Sales Dept. 13 branches 55,038 units under management	10. Chukyo Sales Dept. 15 branches 64,473 units under management		
5. Hokuriku/Shinetsu Sales Dept. 13 branches 48,055 units under management	11. Chubu Sales Dept. 10 branches 38,000 units under management		
6. Tokai Sales Dept. 11 branches 28,208 units under management	12. Keihanshin Sales Dept. 14 branches 50,862 units under management		

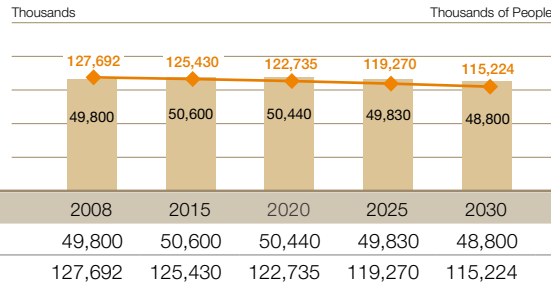


EMPLOYEES

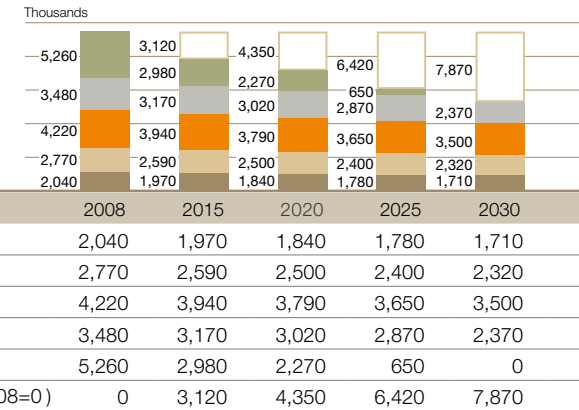


MARKET FORECAST (Figures from 2015 are forecasts)

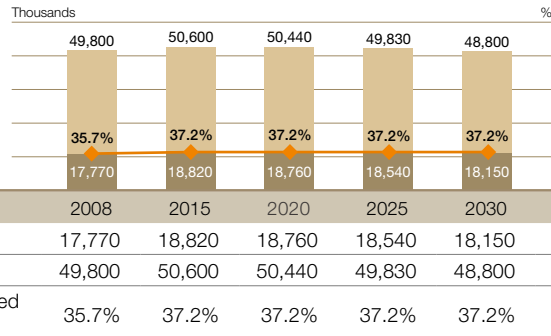
Population and Total Households



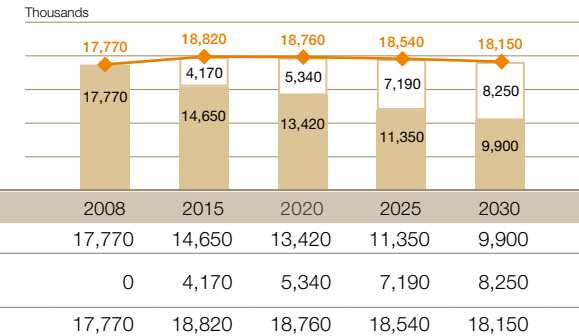
Loss of Leased Housing by Year of Construction



Households Living in Leased Housing



Trends of Leased Housing Demand/Supply



PRODUCT LINEUP



Cotti "Cute"
2x4 method



ModessaNF RGATE
Neo-Frame method



BRAIA-S
Structural steel



Landule
Reinforced concrete

In order to better provide plans for leasing operations capable of being stably operated long term, Daito has developed a product lineup consisting of 71 different building types with 1,125 different possible layouts based on the characteristics of different regions and sites.

REGIONAL

Climate

Responsiveness to various climates (temperature, snow fall, etc.)

Normal
Heavy snowfall



Demographic Demand

Floor plans matching the needs of various residents (individuals, families, etc.)

Family (2DK or larger)
Individual/Couples
(1room to 1LDK)



71 BUILDING TYPES
1,125 LAYOUTS

SITES

Building Scale

Compatibility with various business sizes and sites

Low-rise
Medium-rise
High-rise



Construction Method

Responsiveness to business conditions and regulations

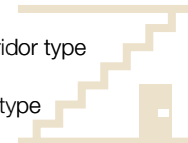
2x4 method Structural steel
Neo-Frame method Reinforced concrete



Residential Plan

Compatibility with various sites and walkway layouts

Flat type Single shared corridor type
Reverse flat style Stairwell type
Maisonette type Flat & maisonette type



INVESTOR INFORMATION As of March 31, 2012

Share Data

Number of Shares Authorized	329,541,100 shares
Number of Shares Issued	80,610,279 shares
Number of Shareholders	15,899 shareholders
Trading Unit	100 shares

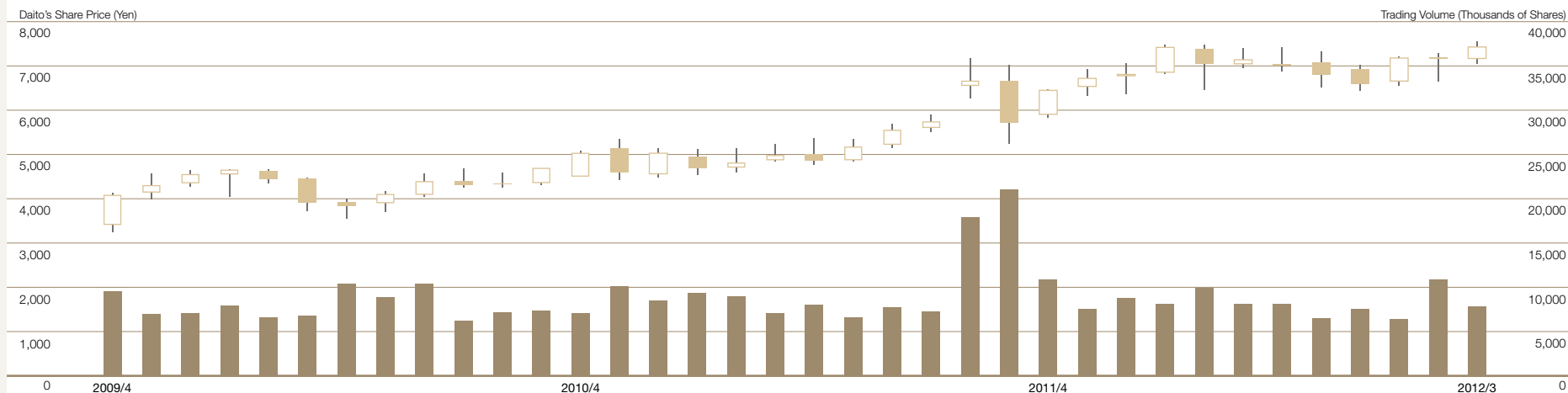
Composition of Shareholders



Principal Shareholders

Name	Number of Shares Owned	% of Shares
Japan Trustee Services Bank, Ltd. (held in trust)	3,922,600	4.93
The Master Trust Bank of Japan, Ltd. (held in trust)	2,792,400	3.51
Mellon Bank NA as Agent for Its Client Mellon Omnibus US Pension	2,652,426	3.33
State Street Bank and Trust Company 505225	2,213,577	2.78
Daito Trust Construction Co., Ltd.	1,646,805	2.07
Sumitomo Realty & Development Co., Ltd.	1,606,700	2.02
JPMorgan Chase Bank 380055	1,520,614	1.91
Japan Trustee Services Bank, Ltd.	1,474,800	1.85
State Street Bank West Pension Fund Clients Exempt	1,403,328	1.76
The Bank of New York, Treaty JASDEC Account	1,279,399	1.60

Share Price Trends and Trading Volume



CORPORATE DATA

As of March 31, 2012

Corporate Name

Daito Trust Construction Co., Ltd.

Head Office

2-16-1, Konan, Minato-ku, Tokyo 108-8211, Japan
Tel: +81-3-6718-9111

Established

June 20, 1974

Capital

¥29,060 million (Common Stock)

Number of Employees

9,317 (Non-consolidated)

Fiscal Year-end

March 31

Annual Meeting of Shareholders

June

Ex-rights Date

March 31
For Interim Dividend: September 30

Independent Auditors

Deloitte Touche Tohmatsu

Transfer Agent

Mitsubishi UFJ Trust Bank Limited Corporate Agency Department, 7-10-11, Higashisuna, Koto-ku, Tokyo 137-8081, Japan

Stock Exchange Listing

Tokyo Stock Exchange (1st Section)
Nagoya Stock Exchange (1st Section)

Code

1878

CORPORATE DIRECTORY

Construction Business

Daito Construction Co., Ltd.

Design and construction of rental property

Daito Steel Co., Ltd.

Supply of construction parts and materials, etc.

Real Estate Business

Daito Building Management Co., Ltd.

Management of rental property

Housecom Co., Ltd.

Rental housing agency

Ju-See Publishing Co., Ltd.

Operation of e-Heya Net website, production of listing magazines

Ju-See Information Center Co., Ltd.

Real estate operations

House Leave Co., Ltd.

Operation of tenant guarantor services for rental housing

Other Business

Daito Finance Co., Ltd.

Financing operations (construction financing loans)

Care Partner Co., Ltd.

Operation of day service centers

Gaspal Co., Ltd.

Sales of fuel (LP gas)

Daito Farm Co., Ltd.

Production, processing and sales of agricultural products

Daito Corporate Service Co., Ltd.

Printing of documents, administrative support, etc.

Daito Asia Development PTE. LTD.

Financing to overseas subsidiaries

Daito Asia Investment PTE. LTD.

Loans to overseas subsidiaries

Daito Asia Development (Malaysia) Sdn. Bhd.

Overseas hotel operations

DTC REINSURANCE LIMITED

Reinsurance company for fire insurance



2-16-1 Konan, Minato-ku, Tokyo 108-8211, Japan
TEL: +81-3-6718-9111
<http://www.kentaku.co.jp>
E-mail: keiki@kentaku.co.jp

Consolidated Financial Section 2012

Contents

Consolidated financial review	P. 1
Consolidated balance sheets	P. 13
Consolidated statements of income	P. 15
Consolidated statements of changes in net assets	P. 17
Consolidated statements of cash flows	P. 19
Consolidated statements of comprehensive income	P. 20
Financial summaries of subsidiaries	P. 21

Note:

Financial statements in this report are translated from the ones audited using Japanese GAAP into English and are not subject to auditing.

Consolidated Financial Review

Analysis of Operating Results

In the year ended March 31, 2012, the Japanese economy was forced to face the disruptions resulted from the Great East Japan Earthquake, which occurred on March 11, 2011, and the impacts of the instability of financial systems in Europe and the United States. These impacts were at their heaviest during the first half of the fiscal year. In the second half of the fiscal year, however, economic activity began to pick up due to full-fledge advancement of post-earthquake reconstruction initiatives as well as the implementation of government support measures, such as the quantitative easing measures instituted by the Bank of Japan, and the improvement of revenues among private companies. These factors represent hope that the Japanese economy may recover in the near future.

In the housing market, we have begun seeing signs that housing construction may start to recover. In the fiscal year under review, demand in this market was driven by post-earthquake reconstruction initiatives, the revival of the housing eco-point program, and new government measures geared toward promoting the spread of environmental friendly housing.

Meanwhile, in the rental housing market, where the Daito Trust Group conducts its core business, the Company was able to make strong progress in order acquisition and construction activities, regardless of the fact that industry as a whole was almost flat.

Further, demand for rental housing has recovered to pre-Lehman Shock levels and continues to hold strong.

Overview of Operating Results in the Year under Review

In this environment, the Daito Trust Group's consolidated operating results were as follows: net sales were ¥1,087,128 million, up 8.6% year on year; operating income was ¥81,975 million, up 11.1%; and ordinary income was ¥84,239 million, up 8.0%. In this manner, this fiscal year marked our fourth consecutive year of increased net sales, operating income, and ordinary income. Net income was also up, rising 9.2% year on year, to ¥47,103 million.

At Tohoku region that was damaged by the earthquake, we build 9,117 rental housing units in the past and we saw few impact from the Great East Japan Earthquake as follows, excluding the 58 units within the evacuation zone established in response to the incidents at the nuclear power plants in Fukushima, 95% (8,637 units) of the damage units have been completely repaired. Also, throughout the fiscal year, the Group aided people in the affected regions by providing rental housing free of charge to affected people and constructing temporary housing. At the same time, we supported the advancing reconstruction effort by providing construction business operators with housing and equipment free of charge.

Forecast for the Year Ending March 31, 2013

In the fiscal year ending March 31, 2013, we forecast net sales of ¥1,166,900 million, an increase of 7.3% year on year; operating income of ¥84,000 million, an increase of 2.5%; ordinary income of ¥86,500 million, an increase of 2.7%; and net income of ¥51,200 million, an increase of 8.7%. In this manner, we intend to make the year ending March 31, 2013, into our fifth consecutive year of increased net sales, operating income, and ordinary income.

As part of our activities to support the victims of the Great East Japan Earthquake, we will offer long-term support to children that lost one or both of their parents in the disaster through the newly established "Daito Trust Ashinaga Fund." The Company and its employees will continue to work to support the post-earthquake reconstruction effort in various ways. For example, we will continue our aid to support the advancing reconstruction effort by providing construction business operators with housing and equipment free of charge at least 5 years.

■ Overview of Consolidated Financial Review

(¥ millions)

	Results for year ended March 31, 2012	Forecast for year ending March 31, 2013	Change
Net sales	1,087,128	1,166,900	7.3%
Net sales of completed construction contracts	468,636	502,400	7.2%
Sales on real estate business	589,924	632,900	7.3%
Other business revenue	28,568	31,600	10.6%
Gross profit	214,145	225,800	5.4%
Gross profit on completed construction contracts	175,107	178,900	2.2%
Gross profit on real estate business	29,261	36,100	23.4%
Gross profit on other business	9,776	10,800	10.5%
Operating income	81,975	84,000	2.5%
Ordinary income	84,239	86,500	2.7%
Net income	47,103	51,200	8.7%

■ Performance by Segment

(¥ millions)

		Year ended March 31, 2011	Year ended March 31, 2012	Change	Forecast for year ending March 31, 2013	Change
Construction	Net sales	430,226	468,636	8.9%	502,400	7.2%
	Operating income	87,187	88,443	1.4%	86,400	(2.3)%
Real estate	Net sales	545,296	589,924	8.2%	632,900	7.3%
	Operating income (loss)	(9,930)	(529)	—	4,300	—
Other	Net sales	25,646	28,568	11.4%	31,600	10.6%
	Operating income	4,748	5,961	25.6%	6,200	4.0%
Total	Net sales	1,001,169	1,087,128	8.6%	1,166,900	7.3%
	Operating income	73,767	81,975	11.1%	84,000	2.5%

(1) Construction

In our core construction business, net sales of completed construction contracts were up 8.9% year on year, to ¥468,636 million, due to the favorable inflow of orders that has continued since the previous fiscal year. The gross profit margin for completed projects declined 1.4 percentage points, to 37.4%.

In fiscal year under review, we continued to work to increase orders through such measures as reinforcing our sales staff, strengthening our land utilization provision activities, and promoting the reconstruction of obsolete buildings. As a result of these efforts, we set a new record high for order received, which were up 21.5%, to ¥611,787 million.

Going forward, we will continue to advance the initiatives that have come to form the core of our business strategy: promoting land utilization from the perspectives of asset utilization and inheritance, strengthening relationships with financial institutions, and allocating business resources to markets in accordance with their size. In Tokyo, Yokohama, and Kawasaki, regions with markets that feature high growth potential, we will expand our network of sales branches, frequently hold seminars and other events, and aggressively promote building reconstruction. Also, as a new initiative, we have developed a sales force that specializes in conducting sales activities targeting companies. This sales force will propose to companies effective methods of utilizing their land.

Through these efforts, we are targeting order received of ¥630,000 million, up 3.0% year on year, in the year ending March 31, 2013.

	Year ended March 31, 2011	Year ended March 31, 2012	Change	Forecast for year ending March 31, 2013	Change
Net sales of completed construction contracts	430,226	468,636	8.9%	502,400	7.2%
Gross profit on completed construction contracts	167,029	175,107	4.8%	178,900	2.2%
Gross profit margin for completed projects	38.8%	37.4%	(1.4)pp	35.6%	(1.8)pp
Operating income	87,187	88,443	1.4%	86,400	(2.3)%

(¥ millions)

Net sales of completed construction contracts

(¥ millions)

	Year ended March 31, 2011		Year ended March 31, 2012		Change	Forecast for year ending March 31, 2013		Change
	Amount	% of total sales	Amount	% of total sales		Amount	% of total sales	
Residential properties	426,616	99.1%	460,294	98.2%	7.9%	498,900	99.3%	8.4%
Leased housing	424,354	98.6%	457,802	97.7%	7.9%	496,200	98.8%	8.4%
Independent dwellings	2,262	0.5%	2,492	0.5%	10.2%	2,700	0.5%	8.3%
Commercial properties	1,197	0.3%	1,022	0.2%	(14.6)%	1,100	0.2%	7.6%
Other*	2,413	0.6%	7,318	1.6%	203.3%	2,400	0.5%	(67.2)%
Subtotal (Net sales of completed construction contracts)	430,226	100.0%	468,636	100.0%	8.9%	502,400	100.0%	7.2%
Net sales of building and repairs (Net sales of real estate business)	28,043	—	30,095	—	—	28,800	—	(4.3)%
Total	458,269	—	498,731	—	8.8%	531,200	—	6.5%

* Included in under "Other" in the fiscal year ended March 31, 2012, is net sales of completed construction contracts of ¥3,065 million associated with the construction of temporary housing.

Construction orders

(¥ millions)

	Year ended March 31, 2011		Year ended March 31, 2012		Change	Forecast for year ending March 31, 2013		Change
	Amount	% of total sales	Amount	% of total sales		Amount	% of total sales	
Residential properties	469,519	93.2%	572,047	93.5%	21.8%	597,400	94.8%	4.4%
Leased housing	466,833	92.7%	568,741	93.0%	21.8%	594,100	94.3%	4.5%
Independent dwellings	2,686	0.5%	3,306	0.5%	23.1%	3,300	0.5%	(0.2)%
Commercial properties	1,914	0.4%	1,272	0.2%	(33.5)%	1,300	0.2%	2.2%
Other*	31,983	6.4%	38,467	6.3%	20.3%	31,300	5.0%	(18.6)%
Total	503,417	100.0%	611,787	100.0%	21.5%	630,000	100.0%	3.0%

* Included in under "Other" in the fiscal year ended March 31, 2012, is net sales of completed construction contracts of ¥3,065 million associated with the construction of temporary housing.

Construction order backlog

(¥ millions)

	Year ended March 31, 2011		Year ended March 31, 2012		Change	Forecast for year ending March 31, 2013		Change
	Amount	% of total sales	Amount	% of total sales		Amount	% of total sales	
Residential properties	474,802	98.2%	586,555	98.4%	23.5%	685,055	98.5%	16.8%
Leased housing	472,323	97.7%	583,262	97.8%	23.5%	681,162	98.0%	16.8%
Independent dwellings	2,479	0.5%	3,293	0.6%	32.8%	3,893	0.5%	18.2%
Commercial properties	1,780	0.4%	2,029	0.3%	14.0%	2,229	0.3%	9.9%
Other	6,941	1.4%	7,994	1.3%	15.2%	8,094	1.2%	1.3%
Total	483,524	100.0%	596,579	100.0%	23.4%	695,379	100.0%	16.6%

(2) Real Estate

In the real estate business, an increase in whole-building lease agreements under our Lease Management Trust System allowed our leasing company, Daito Trust Building Management, to increase its rental income. This and other factors resulted in sales in the real estate business increasing 8.2% year on year, to ¥589,924 million.

The number of tenancy agreements (non-consolidated) during the fiscal year under review increased 4.9%, to 214,357. This was due to a number of initiatives implemented to increase the amount of incoming contact from potential tenants, including operating our call center 24 hours-a-day; continuing to operate the rental unit search website; establishing unmanned, free-use rental unit search stations; and broadcasting TV commercials, as well as the success of our efforts to strengthen relationships with regional real estate brokers. As a result of these efforts, occupancy rates for leased properties were up 0.8 percentage points, to 96.8%, in residential properties and 2.0 percentage points, to 94.1%, in commercial properties as of March 31, 2012.

Looking ahead, we will target further occupancy rate increases by strengthening our rental unit search channels by reinforcing our sales staff and networks (including unmanned stations), operating our call center 24 hours-a-day, broadcasting TV commercials, continuing to operate the rental unit search website, and enhancing relationships with local real estate brokers.

Also, we will continue to bolster our lineup of services that support and improve the convenience of tenant lifestyles. As one facet of these efforts, we will expand the range of areas where we operate our electric aggregator business, which makes infrastructure (electricity, gas, etc.) related processes simpler for tenants when moving and helps prevent crimes.

(¥ millions)

	Year ended March 31, 2011	Year ended March 31, 2012	Change	Forecast for year ending March 31, 2013	Change
Net sales of real estate business	545,296	589,924	8.2%	632,900	7.3%
Gross profit on real estate business	19,243	29,261	52.1%	36,100	23.4%
Gross profit margin for real estate business	3.5%	5.0%	1.5pp	5.7%	0.7pp
Operating income (loss)	(9,930)	(529)	—	4,300	—

Net sales of real estate business

(¥ millions)

	Year ended March 31, 2011		Year ended March 31, 2012		Change	Forecast for year ending March 31, 2013		Change
	Amount	% of total sales	Amount	% of total sales		Amount	% of total sales	
Whole-building lease*1	486,951	89.3%	533,439	90.4%	9.5%	579,100	91.5%	8.6%
Building and repairs	28,043	5.1%	30,095	5.1%	7.3%	28,800	4.5%	(4.3)%
Lease business	11,975	2.2%	13,525	2.3%	12.9%	14,880	2.3%	10.0%
Real estate brokerage	6,001	1.1%	5,986	1.0%	(0.2)%	6,090	1.0%	1.7%
Sublease*2	9,956	1.8%	3,964	0.7%	(60.2)%	530	0.1%	(86.6)%
Other	2,367	0.5%	2,911	0.5%	23.0%	3,500	0.6%	20.2%
Total	545,296	100.0%	589,924	100.0%	8.2%	632,900	100.0%	7.3%

*1. Revenues from Daito Building Management's whole-building leases, etc.

*2. Revenues from Daito Trust Construction's subleases, etc.

Number of tenancy agreements (non-consolidated)

	Year ended March 31, 2011	Year ended March 31, 2012	Change	Forecast for year ending March 31, 2013	Change
Residential properties	199,715	209,772	5.0%	226,210	7.8%
Commercial properties	4,664	4,585	(1.7)%	4,290	(6.4)%
Total	204,379	214,357	4.9%	230,500	7.5%

Fiscal year-end rent basis occupancy rates

	Year ended March 31, 2011	Year ended March 31, 2012	Change	Forecast for year ending March 31, 2013	Change
Residential properties	96.0%	96.8%	0.8pp	97.0%	0.2 pp
Commercial properties	92.1%	94.1%	2.0pp	94.0%	(0.1) pp

* Rent basis occupancy rates = 100 · (Rent payments for vacant properties / Total rent payments)

(3) Other Business

Sales from other business grew due to an increase in the number of households supplied with LP gas by Gaspal Co., Ltd., which is qualified as a company with an advanced safety system by Japan's Ministry of Economy, Trade and Industry. Care Partner Co., Ltd., which provides daytime care to the elderly, benefited from sales growth owing to an increase in the number of users of facilities and meal services. Consequently, sales from other business increased 11.4% year on year, to ¥28,568 million.

Going forward, we will work to further increase the number of households supplied with LP gas by Gaspal, aggressively expand Care Partner's daytime care, and develop other businesses related to core businesses.

(¥ millions)

	Year ended March 31, 2011	Year ended March 31, 2012	Change	Forecast for year ending March 31, 2013	Change
Net sales of other business	25,646	28,568	11.4%	31,600	10.6%
Gross profit on other business	9,039	9,776	8.2%	10,800	10.5%
Gross profit margin for other business	35.2%	34.2%	(1.0)pp	34.2%	(0.0)pp
Operating income	4,748	5,961	25.6%	6,200	4.0%

Other business revenues

(¥ millions)

	Year ended March 31, 2011		Year ended March 31, 2012		Change	Forecast for year ending March 31, 2013		Change
	Amount	% of total sales	Amount	% of total sales		Amount	% of total sales	
Financing operations	3,886	15.2%	3,898	13.6%	0.3%	3,900	12.3%	0.1%
Other	21,759	84.8%	24,670	86.4%	13.4%	27,700	87.7%	12.3%
Total	25,646	100.0%	28,568	100.0%	11.4%	31,600	100.0%	10.6%

Properties supplied with LP gas

(Number of properties)

	Year ended March 31, 2011	Year ended March 31, 2012	Change	Forecast for year ending March 31, 2013	Change
Properties supplied	108,000	134,881	24.9%	162,877	20.8%

Care Partner facilities

(Number of properties)

	Year ended March 31, 2011	Year ended March 31, 2012	Change	Forecast for year ending March 31, 2013	Change
Facilities	63	63	—	64	1.6%

* As Care Partner settles its accounts on February 28 or 29, numbers of facilities are all as of February 28 or 29 of the applicable fiscal year.

Occupancy rates of Malaysian hotels

(%)

	Year ended March 31, 2011	Year ended March 31, 2012	Change	Forecast for year ending March 31, 2013	Change
Occupancy rates	71.2%	75.6%	4.4pp	76.0%	0.4pp

* As Daito Asia Development (Malaysia) Sdn. Bhd. settles its accounts on December 31, occupancy rates are all as of December 31 of the applicable fiscal year.

Financial Position

Total assets at fiscal year-end amounted to ¥569,079 million, up ¥36,122 million from a year earlier. Major increases in assets included ¥36,079 million in cash and deposits, ¥4,289 million in short-term investment securities, ¥4,007 million in prepaid expenses, ¥2,985 million in investment securities, and ¥1,467 million in costs on uncompleted construction contracts. Major decreases in assets included ¥13,944 million in operating loans.

Total liabilities were up ¥16,365 million year on year, to ¥417,070 million. Major increases included ¥8,996 million in provision for repairs on whole-building lease, ¥8,429 million in advances received on uncompleted construction contracts, ¥6,816 million in accounts payable for construction contracts, and ¥4,882 million in long-term guarantee deposited. Major decreases included ¥13,338 million in advances received.

Total net assets increased ¥19,756 million, to ¥152,009 million. Major increases included net income of ¥47,103 million. Major decreases included ¥22,072 million in cash dividends paid and ¥4,921 million in purchase and disposal of treasury stock.

As a result, the shareholders' equity ratio rose 3.2 percentage points, to 27.8%.

[ESOP Trust and Stock Benefit Trust]

In order to increase employee motivation and encourage employees to participate in management, the Company is enhancing its employee welfare systems. Further, with the aim of improving corporate value by raising employee awareness with regard to the Company's performance and stock price, the Company has established an employee stock ownership (ESOP) trust.

In addition, the Company has established a stock benefit (J-ESOP) trust to clarify the connection between the Company's performance and stock and, by sharing generated value with shareholders, raise employee's desire and motivation to help improve the Company's stock price and performance.

Basic on the economic circumstances regarding the ESOP and J-ESOP trusts, the Company has adopted an accounting method that treats the Company and the ESOP trust as a single entity and also treats the Company and the J-ESOP trust as a single entity. Accordingly, shares of Company stock held by the ESOP and J-ESOP trusts are included under treasury stock on the consolidated balance sheets and the consolidated statements of changes in net assets, and are thus deducted from shareholders' equity.

Shares of Company stock held by the ESOP and J-ESOP trusts are not considered treasury stock based on the definition contained within the Companies Act of Japan, and therefore rights associated with these shares, such as voting rights and dividend claim rights, are the same as those associated with standard stock. Also, treasury stock as defined by the Companies Act is excluded from the amounts used to calculate the Distributable Amount described under Article 461(2) of the same law, but shares of Company stock held by the ESOP and J-ESOP trusts are not. Further, there is no accounting standard that clearly states that shares of Company stock held by the trusts should be treated as treasury stock. Accordingly, the Company feels that these shares of Company stock should not be treated as treasury stock on the consolidated balance sheets and the consolidated statements of changes in net assets, but should rather be recorded only on the consolidated balance sheets as trust assets under assets.

However, it has become common accounting practice to treat such shares of Company stock as treasury stock. In consideration of this fact and discussions held with the auditing firm, the Company has decided to record these shares of Company stock on the consolidated balance sheets and the consolidated statements of changes in net assets as treasury stock in the same manner as shares of stock defined as treasury stock by the Companies Act; these shares are thus deducted from shareholders' equity.

On March 31, 2012, the ESOP trust held 679,800 shares of treasury stock, with a recorded value of ¥4,863 million on the consolidated balance sheets, and the J-ESOP trust held 418,100 shares of treasury stock, with a recorded value of ¥2,999 million on the consolidated balance sheets.

Cash Flows

Cash and cash equivalents at fiscal year-end stood at ¥221,093 million, up ¥36,279 million from the previous fiscal year. Major factors affecting cash flows in the fiscal year under review are as follows.

(1) Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥77,845 million, compared with ¥60,778 million in the previous fiscal year. Major inflows included income before income taxes and minority interests of ¥86,612 million, compared with ¥73,034 million in the previous fiscal year, decrease in operating loans receivable of ¥13,944 million, increase in provision for repairs on whole-building lease of ¥8,996 million, and increase in long-term guarantee deposits of ¥4,882 million. Major outflows included ¥36,983 million in income taxes paid.

(2) Cash Flows from Investing Activities

Net cash provided by investing activities was ¥11,372 million, compared with net cash used in investing activities of ¥49,997 million in the previous fiscal year. Major outflows included ¥2,006 million for purchase of short-term investment securities, ¥5,424 million for purchase of investment securities, and ¥3,146 million for purchase of property, plant and equipment.

(3) Cash Flows from Financing Activities

Net cash used in financing activities was ¥29,491 million, compared with ¥94,914 million in the previous fiscal year. Major inflows included proceeds from long-term loans payable of ¥11,000 million and proceeds from disposal of treasury stock of ¥3,868 million. Major outflows included ¥22,072 million for cash dividends paid, ¥13,742 million for repayment of long-term loans payable, and ¥9,024 million for purchase of treasury stock.

Cash flow indicators for the Daito Group are shown below.

	Year ended March 31, 2008	Year ended March 31, 2009	Year ended March 31, 2010	Year ended March 31, 2011	Year ended March 31, 2012
Shareholders' equity ratio (%)	56.5	54.7	55.8	24.6	27.8
Shareholders' equity ratio on a market value basis (%)	117.1	72.3	93.2	84.8	103.8
Ratio of interest-bearing debt to cash flow (years)	0.0	0.0	0.0	2.1	1.6
Interest coverage ratio (times)	7,678.9	4,969.0	6,802.9	779.3	59.3

Notes: Shareholders' equity ratio: Shareholders' equity / Total assets

The shareholders' equity ratio on a market value basis is the total market value of shares issued and outstanding divided by total assets.

Ratio of interest-bearing debt to cash flow: Interest-bearing debt / Cash flow

Interest coverage ratio: Cash flow / Interest payments

*1. All figures are calculated on a consolidated basis.

*2. The total market value of shares is calculated by multiplying the closing share prices at the end of the fiscal year by the total number of shares issued and outstanding at the fiscal year-end (exclusive of treasury stock).

*3. Cash flow is based on cash flow from operating activities in the consolidated statements of cash flows. Interest-bearing debt covers all of those liabilities recorded in the consolidated balance sheets for which interest is paid. Interest payment is based on interest paid as shown in the consolidated statements of cash flows.

Forecasted Capital Investment in the Year Ending March 31, 2013

In the year ending March 31, 2013, capital investment is forecasted to total ¥5,700 million and depreciation and amortization is forecasted to total ¥3,400 million.

Basic policy on appropriation of earnings and dividends for the year ended March 31, 2012 and the year ending March 31, 2013

(1) Dividend Policy

Daito Trust's dividend policy has consistently reflected the recognition of shareholder return as an important issue. Our basic commitment is to provide a stable dividend by ensuring a strong business base. Specifically, we have set a target payout ratio of 50%, to consist of a standard dividend of ¥100 and a profit return component reflecting consolidated business performance.

On this basis, in the year ended March 31, 2012, we paid an annual dividend per share of ¥297 (¥148 of which was paid as an interim dividend). Also, we have announced our intension to pay an annual dividend of ¥318 per share in the year ending March 31, 2013.

(2) Purchase and Retirement of Treasury Stock

When certain conditions are met, including consolidated net income exceeding ¥10,000 million and the absence of large-scale funding requirements, Daito Trust applies a policy of ongoing purchase and retirement of treasury stock in the interest of increasing shareholder value. The upper limit for purchase of treasury stock is set at a target figure of 30% of consolidated net income. However, following the tender offer for treasury stock conducted in the fiscal year ended March 31, 2011, the purchase and retirement of treasury stock will be ceased for an undetermined period of time. Going forward, we will continue to focus on maintaining strong internal reserve funds.

(3) Application of Internal Reserve Funds

Internal reserve funds will be used to improve shareholder and corporate value through such means as strengthening the Company's financial constitution by decreasing interest bearing debt as well as developing new businesses.

Business Risks

The rental housing sector, which is the core business of the Daito Trust Group, is subject to the risks described below.

In connection with the operating results, financial position, cash flows, and other aspects of the business performance of the Daito Trust Group, items which may have a significant influence on the decisions made by investors are listed below. References to the future in the text are based on assessments made by the Daito Trust Group as of the fiscal year-end.

(1) Increase in Cost of Sales and Decline in Profitability due to Sharp Rise in Material Costs

Daito Trust assumes the role of principal contractor in all its rental housing construction projects, while its on-site construction supervisors (construction engineers) place separate orders for each stage of construction directly with subcontractors, with the aim of curtailing costs for completed work. In the event that an increase in various material costs leads to an upward revision of subcontractor invoices payable by the Company, gross profit margins may be negatively impacted.

(2) Performance Decline due to Changes in Land Inheritance and Property Taxes

Daito Trust obtains building construction orders based on its consulting sales activities, which include making proposals to landowners for the effective utilization of land for residential lease buildings. Within Japan's current tax system, building lease operations (residential and commercial buildings) are deemed to be effective means of land utilization. Furthermore, the most common reason for landowners to begin rental apartments is as a strategy to alleviate the burden of land inheritance and property taxes. Accordingly, in the case that changes to the law or liberalization measures are applied to land inheritance and property taxes, the Company's procurement of orders may be affected, and its performance may decline.

(3) Order Cancellations due to Sudden Interest Rate Hikes

When first engaging in building lease operations, landowners generally borrow money from banks and other financial institutions to cover the cost of building construction. Overall long-term interest rates have remained low, providing stable yield from property leasing activities, even if the market weakens. This is a key factor for landowners commencing real estate leasing. In the event that interest rates rise sharply, landowners may cancel their orders for projects in the planning stage or review plans for work in progress due to the deterioration in profitability. Under these circumstances, the Company may not meet its targets for total orders received or for total projects completed.

(4) Increase in Overheads due to Legislative Changes

Daito Trust requires a number of approvals and licenses in order to conduct its business. These include building industry approvals, registration as architects, and a real estate agency license. The Company's corporate activities are also subject to related laws and various other legal regulations. To ensure that such regulations are properly observed, the Company is reinforcing its corporate governance and compliance systems. However, the Company's business performance may be impacted in the event of failure to observe laws and other regulations, or the enactment of new laws that restrict its business activities.

(5) Risk of Personal Information Leaks

Daito Trust assumes custody of various items of personal information regarding landowners and tenants. While the Company is particularly careful about protecting personal information, any leakage of such information to outside parties could lead to a significant loss of trust, which could affect its business performance.

(6) Risk of Natural Disaster

If construction sites, business offices, or IT equipment belonging to the Company were to be damaged by a major earthquake, typhoon, or other natural disaster, repairing such facilities could cause the Company to incur a great deal of expenses. Additionally, expenses may be incurred for the purpose of inspecting the buildings of customers or offering relief to customers that suffered damages due to the disaster. Further, in the event that such a disaster were to significantly damage social infrastructure, it could result in long-lasting and wide-spread halting of production and distribution activities, which in turn could disrupt the supply of parts and materials necessary for construction. There is also the possibility that such a disaster could result in a large number of Company employees being unable to attend work. Such occurrences could delay the conclusion of contracts or the start or progress of construction, and could also adversely affect tenant recruitment efforts, subsequently impacting the Company's business performance and financial condition.

Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Assets			
Current assets			
Cash and deposits	¥185,014	¥221,093	\$2,670,528
Notes receivable, accounts receivable from completed construction contracts and other	44,169	38,532	465,419
Short-term investment securities	779	5,069	61,227
Costs on uncompleted construction contracts	5,727	7,195	86,907
Other inventories	4,055	6,801	82,148
Prepaid expenses	43,100	47,107	568,994
Deferred tax assets	14,846	14,639	176,821
Operating loans	63,631	49,687	600,157
Other	8,200	7,936	95,857
Allowance for doubtful accounts	(371)	(296)	(3,575)
Total current assets	369,153	397,766	4,804,517
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	35,725	35,623	430,281
Tools, furniture and fixtures, net	1,316	1,060	12,803
Land	42,000	41,874	505,786
Lease assets, net	867	1,053	12,719
Other, net	270	240	2,899
Total property, plant and equipment	80,181	79,852	964,513
Intangible assets	455	412	4,976
Investments and other assets			
Investment securities	14,546	17,532	211,765
Subordinated bonds	10,913	10,902	131,683
Deferred tax assets	15,601	16,493	199,215
Deferred tax assets for land revaluation	3,164	2,770	33,458
Other	41,805	46,261	558,775
Allowance for doubtful accounts	(2,864)	(2,911)	(35,161)
Total investments and other assets	83,167	91,049	1,099,758
Total noncurrent assets	163,803	171,313	2,069,247
Total assets	532,957	569,079	6,873,765

\$=82.79 yen
(March 30, 2012)

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Liabilities			
Current liabilities			
Accounts payable for construction contracts	¥35,390	¥42,206	\$509,796
Short-term loans payable	—	300	3,624
Current portion of long-term loans payable	12,715	14,758	178,258
Lease obligations	217	274	3,310
Income taxes payable	24,375	27,752	335,210
Advances received on uncompleted construction contracts	22,639	31,069	375,275
Advances received	41,966	28,628	345,791
Provision for bonuses	12,905	15,393	185,928
Provision for warranties for completed construction	1,268	1,234	14,905
Deposits received	6,784	6,621	79,973
Other	34,963	32,932	397,778
Total current liabilities	193,227	201,170	2,429,883
Noncurrent liabilities			
Long-term loans payable	114,284	109,498	1,322,599
Lease obligations	768	940	11,354
Provision for retirement benefits	8,724	9,381	113,311
Provision for directors' retirement benefits	2,838	—	—
Provision for repairs on whole-building lease	16,950	25,946	313,395
Long-term guarantee deposited	60,859	65,741	794,069
Other	3,051	4,390	53,026
Total noncurrent liabilities	207,477	215,899	2,607,791
Total liabilities	400,705	417,070	5,037,686
Net assets			
Shareholders' equity			
Capital stock	29,060	29,060	351,009
Capital surplus	34,540	34,540	417,200
Retained earnings	88,987	113,761	1,374,091
Treasury stock	(9,208)	(13,873)	(167,569)
Total shareholders' equity	143,380	163,489	1,974,743
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	297	713	8,612
Deferred gains or losses on hedges	(181)	—	—
Revaluation reserve for land	(4,610)	(5,003)	(60,430.00)
Foreign currency translation adjustment	(7,707)	(8,762)	(105,834)
Total accumulated other comprehensive income	(12,201)	(13,052)	(157,652)
Subscription rights to shares	253	70	846
Minority interests	819	1,501	18,130
Total net assets	132,252	152,009	1,836,079
Total liabilities and net assets	532,957	569,079	6,873,765

\$=82.79 yen
(March 30, 2012)

Consolidated Statements of Income

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Net sales			
Net sales of completed construction contracts	¥430,226	¥468,636	\$5,660,539
Sales on real estate business	545,296	589,924	7,125,547
Sales on other business	25,646	28,568	345,066
Total net sales	1,001,169	1,087,128	13,131,151
Cost of sales			
Cost of sales of completed construction contracts	263,197	293,528	3,545,452
Cost of sales on real estate business	526,052	560,662	6,772,098
Cost of sales on other business	16,607	18,791	226,972
Total cost of sales	805,857	872,983	10,544,546
Gross profit			
Gross profit on completed construction contracts	167,029	175,107	2,115,074
Gross profit-real estate business	19,243	29,261	353,436
Gross profit-other business	9,039	9,776	118,082
Total gross profit	195,312	214,145	2,586,605
Selling, general and administrative expenses	121,544	132,169	1,596,437
Operating income	73,767	81,975	990,156

\$=82.79 yen
(March 30, 2012)

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Non-operating income			
Interest income	¥2,163	¥512	\$6,184
Dividends income	270	150	1,812
Commission fee	2,457	2,671	32,262
Miscellaneous income	1,097	965	11,656
Total non-operating income	5,989	4,299	51,927
Non-operating expenses			
Interest expenses	80	1,317	15,908
Loss on valuation of securities	200	2	24
Provision of allowance for doubtful accounts	144	95	1,147
Expenses for takeover bid	863	—	—
Miscellaneous expenses	463	618	7,465
Total non-operating expenses	1,751	2,034	24,568
Ordinary income	78,005	84,239	1,017,502
Extraordinary income			
Reversal of allowance for doubtful accounts	375	—	—
Gain on sales of noncurrent assets	—	0	0
Gain on sales of investment securities	481	—	—
Reversal of provision for loss on disaster	—	2,094	25,293
Return of profit gained through short-term trading of company shares by a major shareholder	—	542	6,547
Total extraordinary income	857	2,637	31,852
Extraordinary loss			
Loss on sales and retirement of noncurrent assets	104	103	1,244
Impairment loss	36	79	954
Loss on disaster	4,474	—	—
Loss on sales of investment securities	695	—	—
Loss on valuation of investment securities	0	—	—
Loss on investments in money held in trust	80	—	—
Loss on change in equity	—	82	990
Loss on adjustment for changes of accounting standard for asset retirement obligations	437	—	—
Total extraordinary losses	5,828	265	3,201
Income before income taxes and minority interests	73,034	86,612	1,046,165
Income taxes-current	35,921	40,353	487,414
Income taxes-deferred	(6,144)	(999)	(12,067)
Total income taxes	29,777	39,353	475,335
Income before minority interests	43,256	47,258	570,818
Minority interests in income	105	155	1,872
Net income	43,151	47,103	568,946

\$=82.79 yen
(March 30,2012)

Consolidated Statements of Changes in Net Assets

Shareholders' equity	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Capital stock			
Balance at the beginning of current period	¥29,060	¥29,060	351,009
Balance at the end of current period	29,060	29,060	351,009
Capital surplus			
Balance at the beginning of current period	34,540	34,540	417,200
Changes of items during the period			
Disposal of treasury stock	498	—	—
Retirement of treasury stock	(498)	—	—
Total changes of items during the period	—	—	—
Balance at the end of current period	34,540	34,540	417,200
Retained earnings			
Balance at the beginning of current period	266,773	88,987	1,074,852
Changes of items during the period			
Dividends from surplus	(22,951)	(22,072)	(266,602)
Net income	43,151	47,103	568,946
Disposal of treasury stock	—	(255)	(3,080)
Retirement of treasury stock	(197,986)	—	—
Total changes of items during the period	(177,786)	24,774	299,239
Balance at the end of current period	88,987	113,761	1,374,091
Treasury stock			
Balance at the beginning of current period	(8,553)	(9,208)	(111,221)
Changes of items during the period			
Purchase of treasury stock	(201,043)	(9,024)	(108,999)
Disposal of treasury stock	1,903	4,359	52,651
Retirement of treasury stock	198,485	—	—
Total changes of items during the period	(654)	(4,665)	(56,347)
Balance at the end of current period	(9,208)	(13,873)	(167,569)
Total shareholders' equity			
Balance at the beginning of current period	321,822	143,380	1,731,852
Changes of items during the period			
Dividends from surplus	(22,951)	(22,072)	(266,602)
Net income	43,151	47,103	568,946
Purchase of treasury stock	(201,043)	(9,024)	(108,999)
Disposal of treasury stock	2,402	4,103	49,559
Retirement of treasury stock	—	—	—
Total changes of items during the period	(178,441)	20,109	242,892
Balance at the end of current period	143,380	163,489	1,974,743

¥=82.79 yen
(March 30,2012)

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities			
Balance at the beginning of current period	¥557	¥297	\$3,587
Changes of items during the period			
Net changes of items other than shareholders' equity	(260)	415	5,013
Total changes of items during the period	(260)	415	5,013
Balance at the end of current period	297	713	8,612
Deferred gains or losses on hedges			
Balance at the beginning of current period	(249)	(181)	(2,186)
Changes of items during the period			
Net changes of items other than shareholders' equity	68	181	2,186
Total changes of items during the period	68	181	2,186
Balance at the end of current period	(181)	—	—
Revaluation reserve for land			
Balance at the beginning of current period	(4,610)	(4,610)	(55,683)
Changes of items during the period			
Net changes of items other than shareholders' equity	—	(393)	(4,747)
Total changes of items during the period	—	(393)	(4,747)
Balance at the end of current period	(4,610)	(5,003)	(60,430)
Foreign currency translation adjustment			
Balance at the beginning of current period	(6,005)	(7,707)	(93,091)
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,701)	(1,054)	(12,731)
Total changes of items during the period	(1,701)	(1,054)	(12,731)
Balance at the end of current period	(7,707)	(8,762)	(105,834)
Total accumulated other comprehensive income			
Balance at the beginning of current period	(10,306)	(12,201)	(147,373)
Changes of items during the period			
Net changes of items other than shareholders' equity	(1,894)	(851)	(10,279)
Total changes of items during the period	(1,894)	(851)	(10,279)
Balance at the end of current period	(12,201)	(13,052)	(157,652)
Subscription rights to shares			
Balance at the beginning of current period	401	253	3,056
Changes of items during the period			
Net changes of items other than shareholders' equity	(148)	(183)	(2,210)
Total changes of items during the period	(148)	(183)	(2,210)
Balance at the end of current period	253	70	846
Minority interests			
Balance at the beginning of current period	714	819	9,892
Changes of items during the period			
Net changes of items other than shareholders' equity	105	682	8,238
Total changes of items during the period	105	682	8,238
Balance at the end of current period	819	1,501	18,130
Total net assets			
Balance at the beginning of current period	312,631	132,252	1,597,439
Changes of items during the period			
Dividends from surplus	(22,951)	(22,072)	(266,602)
Net income	43,151	47,103	568,946
Purchase of treasury stock	(201,043)	(9,024)	(108,999)
Disposal of treasury stock	2,402	4,103	49,559
Net changes of items other than shareholders' equity	(1,937)	(352)	(4,252)
Total changes of items during the period	(180,378)	19,756	238,628
Balance at the end of current period	132,252	152,009	1,836,079

¥=82.79 yen
(March 30, 2012)

Consolidated Statements of Cash Flows

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Net cash provided by (used in) operating activities			
Income before income taxes and minority interests	¥73,034	¥86,612	\$1,046,165
Depreciation and amortization	2,884	3,112	37,589
Impairment loss	36	79	954
Increase (decrease) in allowance for doubtful accounts	(33)	(28)	(338)
Increase (decrease) in provision for bonuses	3,768	2,487	30,040
Increase (decrease) in provision for retirement benefits	466	657	7,936
Increase (decrease) in provision for repairs on whole-building lease	7,023	8,996	108,660
Interest and dividends income	(2,434)	(662)	(7,996)
Interest expenses	80	1,317	15,908
Loss (gain) on valuation of short-term and long term investment securities	195	(17)	(205)
Decrease (increase) in notes and accounts receivable-trade	(4,658)	5,631	68,015
Decrease (increase) in costs on uncompleted construction contracts	154	(1,487)	(17,961)
Decrease (increase) in other inventories	(242)	(2,727)	(32,939)
Decrease (increase) in prepaid expenses	(10,432)	(6,353)	(76,736)
Decrease (increase) in operating loans receivable	7,414	13,944	168,426
Increase (decrease) in notes and accounts payable-trade	3,540	6,820	82,377
Increase (decrease) in accounts payable-other	(3,016)	(361)	(4,360)
Increase (decrease) in advances received	2,794	(13,338)	(161,106)
Increase (decrease) in advances received on uncompleted construction contracts	(456)	8,429	101,812
Increase (decrease) in long term guarantee deposits	6,215	4,882	58,968
Other, net	4,133	(2,580)	(31,163)
Subtotal	90,469	115,413	1,394,045
Interest and dividends income received	2,545	728	8,793
Interest expenses paid	(77)	(1,312)	(15,847)
Income taxes paid	(32,157)	(36,983)	(446,709)
Net cash provided by (used in) operating activities	60,778	77,845	940,271

\$=82.79 yen
(March 30,2012)

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Net cash provided by (used in) investing activities			
Payments into time deposits	¥(950)	¥ (657)	\$(7,936)
Proceeds from withdrawal of time deposits	10,450	857	10,351
Purchase of short-term investment securities	(38,624)	(2,006)	(24,230)
Proceeds from sales and redemption of securities	64,153	780	9,421
Purchase of property, plant and equipment	(6,221)	(3,146)	(38,000)
Purchase of investment securities	(17,611)	(5,424)	(65,515)
Proceeds from sales and redemption of investment securities	37,305	—	—
Other, net	1,496	(1,774)	(21,428)
Net cash provided by (used in) investing activities	49,997	(11,372)	(137,360)
Net cash provided by (used in) financing activities			
Increase in short-term loans payable	—	300	3,624
Proceeds from long-term loans payable	127,000	11,000	132,866
Repayment of long-term loans payable	—	(13,742)	(165,986)
Repayments of lease obligations	(173)	(256)	(3,092)
Cash dividends paid	(22,951)	(22,072)	(266,602)
Purchase of treasury stock	(201,043)	(9,024)	(108,999)
Proceeds from disposal of treasury stock	2,254	3,868	46,721
Proceeds from stock issuance to minority shareholders	—	436	5,266
Net cash provided by (used in) financing activities	(94,914)	(29,491)	(356,215)
Effect of exchange rate change on cash and cash equivalents	(1,785)	(702)	(8,479)
Net increase (decrease) in cash and cash equivalents	14,075	36,279	438,205
Cash and cash equivalents at beginning of period	170,738	184,814	2,232,323
Cash and cash equivalents at end of period	184,814	221,093	2,670,528

\$=82.79 yen
(March 30, 2012)

Consolidated Statements of Comprehensive Income

	Millions of yen		Thousands of U.S. dollars
	2011	2012	2012
Income before minority interests	¥43,256	¥47,258	\$570,818
Other comprehensive income			
Valuation difference on available-for-sale securities	(260)	415	5,013
Deferred gains or losses on hedges	68	181	2,186
Revaluation reserve for land	—	(393)	(4,747)
Foreign currency translation adjustment	(1,701)	(1,054)	(12,731)
Total other comprehensive income	(1,894)	(851)	(10,279)
Comprehensive income	41,362	46,407	560,539
Comprehensive income attributable to			
Comprehensive income attributable to owners of the parent	41,257	46,251	558,654
Comprehensive income attributable to minority interests	105	155	1,872

\$=82.79 yen
(March 30, 2012)

Financial Summaries of Subsidiaries

Construction Business

		¥=82.79 yen (March 30,2012)		Net Sales	Gross Profit
Daito Construction Co., Ltd.	2011	Millions of yen		5,596	451
	2012	Millions of yen		5,143	289
	2012	Thousands of U.S. dollars		62,121	3,491
Daito Steel Co., Ltd.	2011	Millions of yen		3,448	179
	2012	Millions of yen		3,997	184
	2012	Thousands of U.S. dollars		48,279	2,222

Real Estate Business

		¥=82.79 yen (March 30,2012)		Net Sales	Gross Profit
Daito Building Management Co., Ltd.	2011	Millions of yen		519,237	19,848
	2012	Millions of yen		567,818	28,752
	2012	Thousands of U.S. dollars		6,858,534	347,288
Housecom Co., Ltd.	2011	Millions of yen		7,562	7,562
	2012	Millions of yen		7,908	7,908
	2012	Thousands of U.S. dollars		95,519	95,519
Ju-See Publishing Co., Ltd.	2011	Millions of yen		3,912	134
	2012	Millions of yen		4,279	126
	2012	Thousands of U.S. dollars		51,685	1,522
Ju-See Information Center Co., Ltd.	2011	Millions of yen		107	26
	2012	Millions of yen		73	(14)
	2012	Thousands of U.S. dollars		882	(169)
House Leave Co., Ltd.	2011	Millions of yen		1,309	895
	2012	Millions of yen		1,649	1,180
	2012	Thousands of U.S. dollars		19,918	14,253

Other Business

		¥=82.79 yen (March 30,2012)		Net Sales	Gross Profit
Daito Finance Co., Ltd.	2011	Millions of yen		1,624	988
	2012	Millions of yen		1,341	813
	2012	Thousands of U.S. dollars		16,198	9,820
Care Partner Co., Ltd.	2011	Millions of yen		6,194	1,258
	2012	Millions of yen		6,786	830
	2012	Thousands of U.S. dollars		81,966	10,025
Gaspal Co., Ltd.	2011	Millions of yen		16,547	4,766
	2012	Millions of yen		19,176	3,707
	2012	Thousands of U.S. dollars		231,622	44,776
Daito Corporate Service Co., Ltd.	2011	Millions of yen		339	246
	2012	Millions of yen		520	117
	2012	Thousands of U.S. dollars		6,281	1,413
Daito Farm Co., Ltd.	2011	Millions of yen		12	(26)
	2012	Millions of yen		47	(43)
	2012	Thousands of U.S. dollars		568	(519)
Daito Asia Development PTE. LTD.	2011	Millions of yen		—	—
	2012	Millions of yen		—	—
	2012	Thousands of U.S. dollars		—	—
Daito Asia Investment PTE. LTD.	2011	Millions of yen		60	60
	2012	Millions of yen		54	54
	2012	Thousands of U.S. dollars		652	652
Daito Asia Development (Malaysia) Sdn. Bhd.	2011	Millions of yen		1,934	914
	2012	Millions of yen		1,889	1,013
	2012	Thousands of U.S. dollars		22,817	12,236
DTC REINSURANCE LIMITED	2011	Millions of yen		2,287	755
	2012	Millions of yen		2,561	987
	2012	Thousands of U.S. dollars		30,934	11,922

SG&A Expenses	Operating Income	Net Income	Total Assets	Net Assets	Business Activities
305	(249)	(219)	2,819	2,480	
88	362	413	4,155	2,894	Design and construction of rental property
1,063	4,373	4,989	50,187	34,956	
79	130	75	832	26	
70	108	62	936	88	Supply of construction parts and materials, etc.
846	1,305	749	11,306	1,063	

SG&A Expenses	Operating Income	Net Income	Total Assets	Net Assets	Business Activities
10,570	9,278	4,263	166,868	32,570	
10,929	17,822	10,073	181,833	42,643	Management of rental property
132,009	215,268	121,669	2,196,316	515,074	
7,054	508	293	4,508	2,321	
7,388	520	321	5,552	3,086	Rental housing agency
89,238	6,281	3,877	67,061	37,275	
124	10	13	814	257	
108	18	11	816	269	Operation of e-Heya Net website, production of listing magazines
1,305	217	133	9,856	3,249	
33	(6)	3	262	(396)	
46	(61)	(61)	214	(458)	Real estate operations
556	(737)	(737)	2,585	(5,532)	
159	735	422	1,902	643	
222	957	517	2,776	1,161	Operation of tenant guarantor services for rental housing
2,681	11,559	6,245	33,531	14,023	

SG&A Expenses	Operating Income	Net Income	Total Assets	Net Assets	Business Activities
186	802	471	65,607	4,964	
147	666	386	50,264	5,350	Financing operations (construction financing loans)
1,776	8,044	4,662	607,126	64,621	
1,081	177	53	1,648	275	
512	318	418	1,922	693	Operation of day service centers
6,184	3,841	5,049	23,215	8,371	
2,565	1,141	904	5,901	515	
3,069	1,696	992	6,256	1,507	Sales of fuel (LP gas)
37,070	20,486	11,982	75,565	18,203	
330	(83)	(37)	489	217	
217	(99)	(30)	300	186	Printing of documents, administrative support, etc.
2,621	(1,196)	(362)	3,624	2,247	
4	(30)	(21)	73	58	
6	(49)	(103)	15	(45)	Production, processing, and sales of agricultural products
72	(592)	(1,244)	181	(544)	
1	(1)	8	5,230	5,228	
2	(2)	(0)	4,987	4,987	Financing to overseas subsidiaries
24	(24)	0	60,237	60,237	
1	59	210	11,580	11,575	
2	52	188	11,236	11,230	Loans to overseas subsidiaries
24	628	2,271	135,717	135,644	
696	217	838	6,284	255	
662	350	149	5,856	386	Overseas hotel operations
7,996	4,228	1,800	70,733	4,662	
9	745	750	3,044	1,562	
9	978	978	3,514	1,898	Reinsurance company for fire insurance
109	11,813	11,813	42,445	22,925	