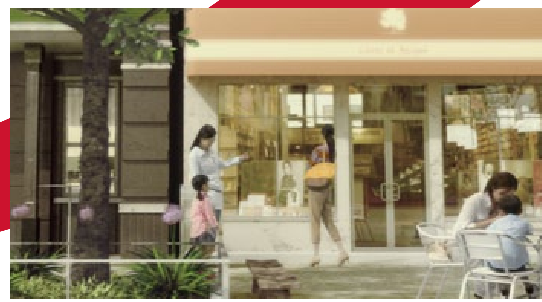
DAITO TRUST CONSTRUCTION CO., LTD.

Further explore opportunities in rental apartments

Annual Report 2013

Year ended March 31, 2013



Contents

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.

Daito Trust Construction's Business Fields

Daito Trust Construction's core business comprises two business fields: its Lease Property Construction Business builds high-quality apartments and condominiums for landowners, and its Lease Property Management Business offers lease business support services.

Daito Trust Construction is committed to its corporate philosophy of "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 will expand our involvement in peripheral businesses. We are also developing such businesses as LP gas supply, nursing/day services and lease brokerage as Group businesses that steadily raise our core business value added.

Daito Trust Construction's Business Fields

We provide comprehensive building lease management support services for landowners through our unique business model.

Building lease management does not only involve the construction of a building. A wide range of expertise is required, including the securing of tenants, building management and operations. In addition, we consider it our duty to support the leasing business of landowners and, as a company, believe that the success or failure of a business rests on its management capabilities and the range of services provided.

Under its unique Lease Management Trust System, the Daito Group 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. In addition, Daito Trust Construction's business stance is to supply landowners with valuable land utilization options and provide tenants with safe and comfortable lifestyles by placing dedicated staff in all these fields. That stance earns high praise from tenants and landowners alike.

Daito Trust Construction Is More Than Just a Construction Firm.

We supply landowners with valuable land utilization options and provide tenants with safe and comfortable lifestyles.

Daito Group

No. of landowners
69,000

Leased housing buildings constructed by Daito Trust Construction since its establishment
139,000

Landowners

- Consult/Propose land development
- Propose building design and construction
- Whole-building lease
- Assume responsibility for lease property management
- Restore property to its original state/ Maintain the building

Tenants

- Tenant recruiting
- Rental contract
- Collection of rental payments
- Various services for tenants

No. of housing units under management
747,000

No. of buildings
128,000

No. of tenants in Daito Trust Construction properties
1.46 million

Approximately 1% of Japan's total population of 130 million
One in 88 people lives in a Daito Trust Construction property

Note: Calculated on 19.6 people/building (national population census result)

Lease Management **Trust System**

Our unique Lease Management Trust System realizes the long-term, stable management of building lease businesses for landowners.

Amid the new-found reality of increased taxes, such as inheritance and income tax, on the better off following the large package of tax revisions decided by the Cabinet in January 2013, lease trust management is becoming instrumental in very effective land utilization and from the asset planning and asset succession perspectives for the landowners who are the Company's customers.
Since its commencement of operations in 1974, Daito Trust Construction has been reinforcing and evolving its proprietary comprehensive lease business support service, the Lease Management Trust System business model.
Thanks to all our stakeholders, we have established a solid position in the industry that has made us the leading Japanese property manager in terms of, for example, numbers of leased dwellings supplied and leased units under management in Japan.
In the years to come, Daito Trust Construction will leverage its know-how as a specialist company, protect landowners' important assets, and propose optimal solutions for the passing of assets with confidence to the generations that follow.

Leasing Business Planning

- Market research/Sales strategies
- Direct sales system/Consulting
- Total proposals for landowner

Design and Construction

- Provide wide-ranging lineup of buildings
- Provide high-quality properties
- Elaborate design and strict quality control

Thirty-Year Whole-Building Lease

- Tenant recruiting
- Keep high occupancy rate
- Building maintenance, etc.

What Is a Thirty Year Whole-Building Lease?

Landowners' important properties are leased en bloc by the Daito Trust Construction Group's specialist management company, Daito Building Management Co., Ltd. This system naturally provides a hedge against the risk of reduced rental income due to vacancies, evening out fluctuations in income and expenditure, such as expenses for restoration and repairs (content varies depending on the plan), and delivering a safe and stable building lease business in which landowners can have confidence over a long thirty-year period.

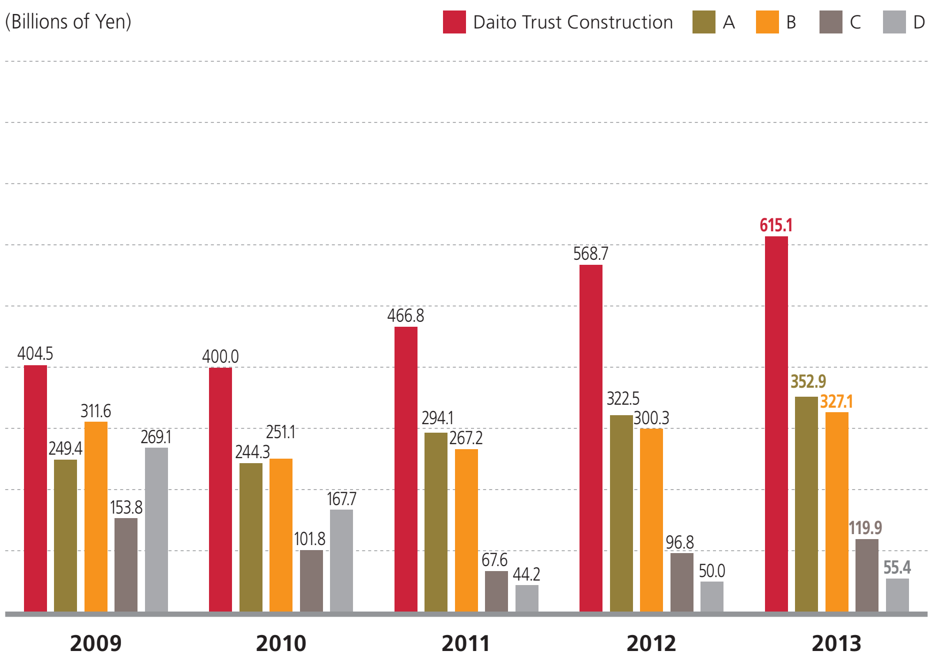
The Leased Housing Industry: Daito Trust Construction's Position

We are maintaining our leading position in each field of the leased housing market.

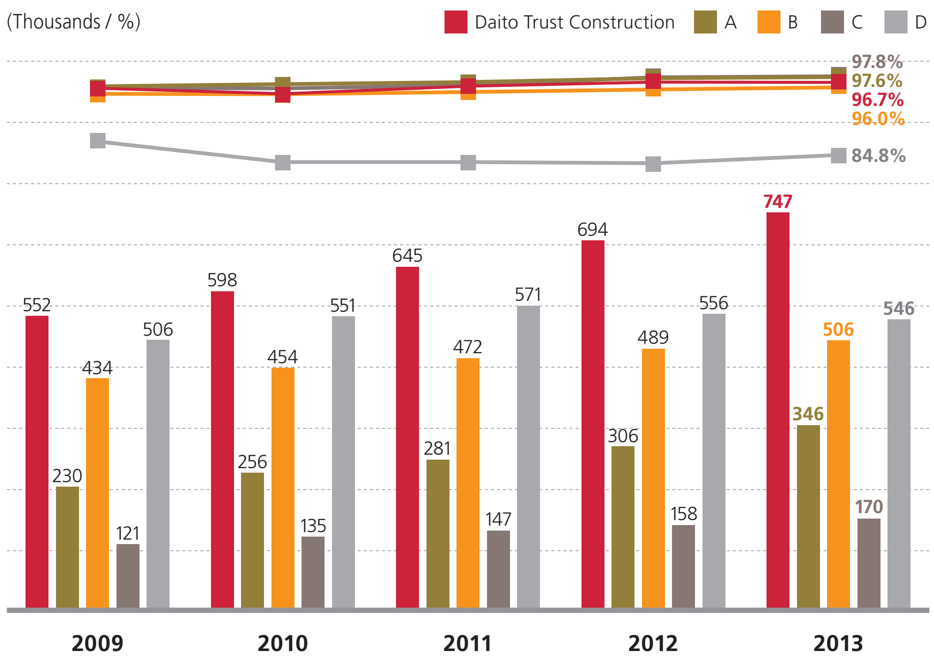
Thanks to our customers, we are maintaining top-level positions in each field of the leased housing market in terms of construction contracts, the number of housing units under management and occupancy rates.

This is due to the trust our customers have in us and our results performance, including our sound financial position, as well as to the safe and stable building lease business in which landowners feel confident and the safe and comfortable lifestyles we provide our tenants. We will continue to devote ourselves to meeting the expectations of our customers in the years ahead.

Orders received



Occupancy ratio/No. of units under management



Top Message

To Our Shareholders

We would like to express our gratitude to our shareholders and investors for their continued support.

New Management Structure

In April 2013, Daito Trust Construction began executing business under a new management structure consisting of dual representative directors, an increase of one representative director for the purpose of taking a more flexible approach to management in accordance with the Company's business operations and the special nature of its operating environment. Naomi Kumakiri and Hitoshi Kadouchi were appointed as the Representative Director and President and the Representative Director and Executive Vice President, respectively.

Under this new management structure, no changes will be made to our corporate philosophy of "contributing to society by ensuring the most efficient use of all available land and resources," our current business model, nor our management stance of placing the customer first. By putting in place a dual representative system, Daito Trust Construction aims to accelerate decision-making by improving mobility within each representative director's area of responsibility. We believe this will ultimately lead to greater shareholder value as the new management structure stimulates growth in core businesses, which have expanded in scale to become the largest in the industry, and peripheral businesses at subsidiaries, which have grown into mid-tier or larger positions within their respective industries. We respectfully ask for the continued understanding and support of our shareholders and investors.

門内仁志

Hitoshi Kadouchi
Representative Director and Executive Vice President

熊切直美

Naomi Kumakiri
Representative Director and President

The New President's Ambitions

While we "do things that only the Daito Group can do," we strive to fulfill our role and meet expectations in rental housing operations.

As Daito Trust Construction celebrates its 40th anniversary this year, we wish to express our gratitude to our stakeholders for their unwavering support.

Our core business is providing optimal housing to prospective tenants and undertaking the construction and management of rental housing on behalf of land owners. Even though the population of Japan has begun to decline, we do not expect the number of households to fall significantly. We thus anticipate gradually strengthening demand for services that allow for comfortable lifestyles with peace of mind.

In this environment, we will continue to "do things that only the Daito Group can do." Take, for example, our solar power business*1 that installs solar panels on the rooftops of leased buildings, or our Live-UP Lifestyle Services*2 that deepens the connections of tenants to local communities.

Starting in the current fiscal year, Daito Trust Construction transitioned to a dual representative director structure to oversee the construction business and the real estate business. We will make every effort to create new value through the property leasing business, by responding precisely and quickly to the needs of land owners and tenants while enhancing dialog with all of our stakeholders.

*1 Please refer to page 28.
*2 Please refer to page 26

熊切直美
Naomi Kumakiri
Representative Director and President

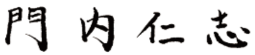
Aspirations of the New Executive Vice President

While fulfilling its central duty as Japan's foremost rental housing management company, Daito Trust Construction is looking to the future needs of the next generation.

The Daito Group manages more than 750,000 housing units, making it the largest private-sector housing management company in Japan. With three quarters of a million households as customers, we field at least as many requests. While addressing each and every request, Daito Trust Construction strives to maximize the social value of rental housing as a vital part of social infrastructure. This is our calling.

In order to fulfill our duty, we naturally work to improve the safety and comfort level of our properties, offer an extensive array of lifestyle-related services and management services, and respond promptly and with a smile to the requests of our tenants. Nowadays, the majority of people search for information about available rental housing using the Internet. Daito Trust Construction is always updating its information systems in order to provide prospective tenants with an abundance of easy-to-understand and accurate information about rental properties that can be accessed anytime and anywhere.

There are approximately 18 million rental housing units in Japan. In this context, I think there are limitless possibilities for Daito Trust Construction. We will continue to engage with our customers, employees, partners and local communities with the aim of enhancing social value.



Hitoshi Kadouchi
Representative Director and Executive Vice President

Consolidated Financial Highlights

Consolidated Financial Highlights

Consolidated Financial Highlights

	Millions of Yen					Thousands of U.S. Dollars*
	2009	2010	2011	2012	**2013**	**2013**
OPERATING RESULTS (Years ended March 31)						
Net sales	¥954,881	¥972,616	¥1,001,169	¥1,087,128	**¥1,152,413**	**$12,253,195**
Gross profit	181,896	188,787	195,312	214,145	**218,425**	**2,322,446**
Operating income	70,389	71,127	73,767	81,975	**82,411**	**876,257**
Net income	42,129	45,353	43,151	47,103	**51,674**	**549,431**
FINANCIAL POSITION (As of March 31)						
Total assets	540,477	558,129	532,957	569,079	**617,738**	**6,568,187**
Total net assets	296,341	312,631	132,252	152,009	**186,592**	**1,983,976**
	Yen					Yen U.S. Dollars*
PER COMMON SHARE						
Earnings	¥349.25	¥386.41	¥384.28	¥594.53	**¥648.57**	**$6.89**
Net assets	2,496.99	2,700.97	1,662.65	1,991.37	**2,400.55**	**25.52**
Cash dividends applicable to the year	104.00	193.00	229.00	297.00	**324.00**	**3.44**
	%					
RATIOS						
ROA	7.8	8.1	8.1	8.3	**8.4**	
ROE	14.1	14.9	19.5	32.5	**29.6**	
Shareholders' equity ratio	54.7	55.8	24.6	27.8	**31.0**	
Payout ratio	29.8	49.9	59.6	50.0	**50.0**	

* U.S. dollar amounts are translated from yen at the rate of ¥94.05=U.S.$1, the approximate exchange rate as of March 31, 2013.

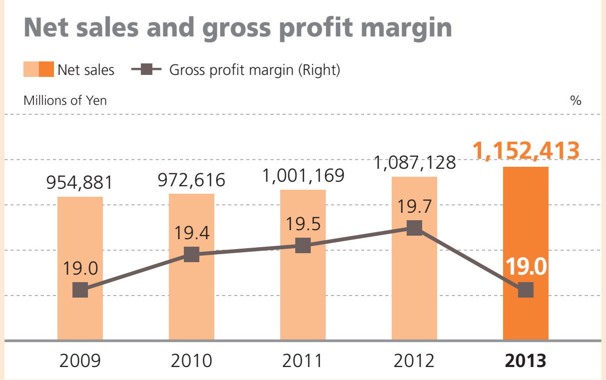
Consolidated Financial Highlights

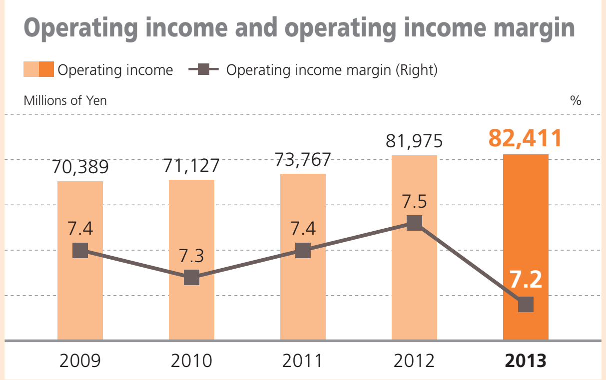
Profit and Loss Accounting Line Items / Per Share Indices

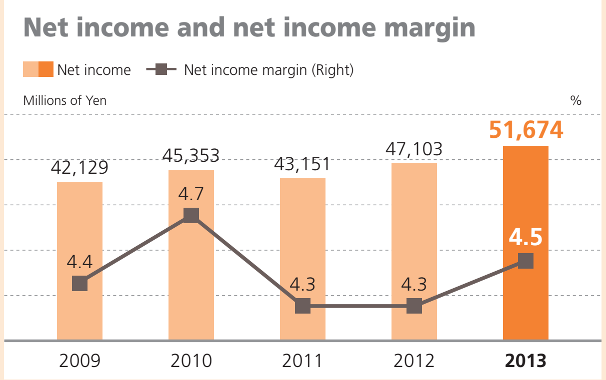
In the fiscal year under review, ended March 31, 2013, the Daito Group posted consolidated net sales of ¥1,152,413 million. This represented an increase of 6.0% compared with the previous fiscal year.

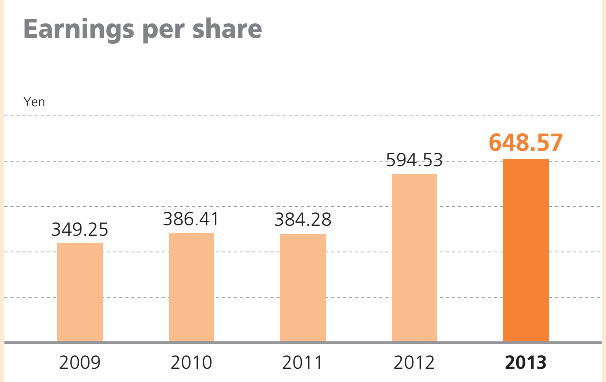
From a profit perspective, operating income edged up 0.5% year on year to ¥82,411 million. Ordinary income climbed 1.5% to ¥85,539 million and net income grew 9.7% to ¥51,674 million. In addition to achieving a fifth consecutive fiscal year of revenue and earnings (operating income) growth, the Group's results for net sales and income were both historic highs.

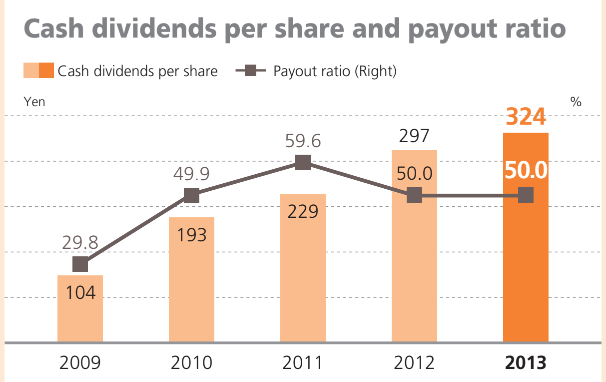
Earnings per share was ¥648.57. Cash dividends per share was ¥324.00 for a payout ratio of 50.0%.











Consolidated Financial Highlights

Q **Please provide us with details of the Group's operating results in the fiscal year under review.**

A **In addition to achieving a fifth consecutive fiscal year of revenue and earnings (operating income and ordinary income) growth, the Daito Group reported historic highs in net sales and at each level of profit.**

In the fiscal year ended March 31, 2013, the Japanese economy recovered at a moderate pace on the back of demand fueled by reconstruction activities following the Great East Japan Earthquake. During the second half of the fiscal year, expectations arising from the monetary easing policies and emergency economic stimulus measures announced by the new administration led to signs of a partial positive turnaround. This was particularly evident in corrections to the yen's appreciation and the upswing in stock prices.

In the housing industry, housing starts for the period from April 2012 to March 2013 increased 6.2% year on year to 890,000. In the Daito Group's mainstay leased housing field, housing starts of leased residential properties for this period climbed 10.7% to 320,000. Driven by inheritance tax reform in Japan, the market for leased residential properties is showing signs of increased activity. This is largely attributable to the pickup in demand for leased residential properties that can be used effectively for tax-saving purposes. At the same time, and with the continued graying of Japan's society, aging landowners are showing a burgeoning interest in the succession of assets to the next generation beyond tax-saving concerns. As a result, there are growing calls for companies that put forward leased residential property construction proposals to provide comprehensive asset management initiatives that facilitate asset succession and inheritance over and above simple tax-saving proposals.

Moreover, in light of the ongoing reconstruction of old leased residential properties triggering an increase in new high-quality leased residential properties, demand is steadily shifting from old owner-occupied residential properties to the reconstruction of leased residential properties combined with an owner-occupied house in major cities. Taking the aforementioned into consideration, we anticipate construction demand for leased housing will remain robust going forward.

Against the backdrop of this operating environment, the Daito Group posted net sales of ¥1,152,413 million in the fiscal year under review on a consolidated basis. This represented a 6.0% increase compared with the previous fiscal year. On the earnings front, operating income edged up 0.5% year on year to ¥82,411 million. Ordinary income came to ¥85,539 million, up 1.5%, and net income was ¥51,674 million, a year-on-year improvement of 9.7%. Based on these results, the Daito Group reported a fifth consecutive fiscal year of revenue and earnings (operating income and ordinary income) growth. At the same time, the Group achieved historic highs in net sales and at each level of profit.

Accounting for this improved performance, earnings per share was ¥648.57. For the fiscal year under review, Daito Trust Construction paid a cash dividend per share of ¥324.00

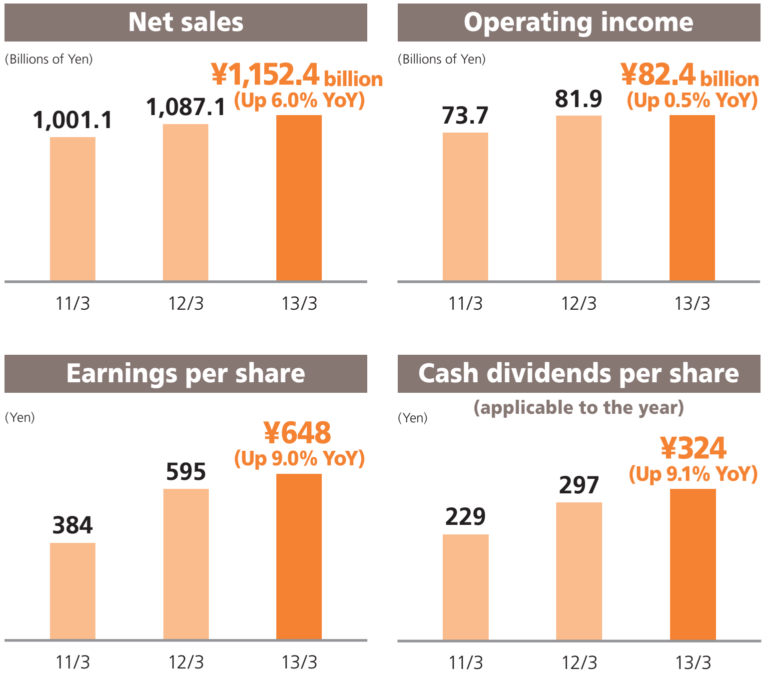
Five consecutive fiscal years of revenue and earnings growth

Historic highs in net sales and at each level of profit

Annual cash dividend of ¥324 (up ¥6 compared with previously announced payment)

Year-on-year up ¥27

Historic highs in net sales and at each level of profit



Consolidated Financial Highlights

Q **Can you please elaborate on net sales, gross profit margins, and orders received in the construction business for the fiscal year ended March 31, 2013.**

A **The balance of completed construction contracts was up compared with the previous fiscal year. In light of the increase in subcontractor labor costs, gross profit margins in the construction business deteriorated. The Daito Group reported an historic high in orders received for the fiscal year under review.**

In the Group's mainstay construction business, net sales of completed construction contracts increased 4.5% year on year to ¥489,545 million. This was largely attributable to the robust trend in orders received, which carried over from the previous fiscal year. The gross profit margin for completed projects declined 2.2 percentage points to 35.2% owing mainly to the upswing in subcontractor labor costs fueled by reconstruction demand in the wake of the Great East Japan Earthquake.

In an effort to boost orders received, the Group took steps to strengthen land utilization proposals, hold events including seminars on such topics as asset inheritance, open new sales office in major cities and urban areas, and promote the reconstruction of old and deteriorated buildings. As a result, the balance of orders received climbed 7.6% compared with the previous fiscal year to ¥654,940 million, an historic high.

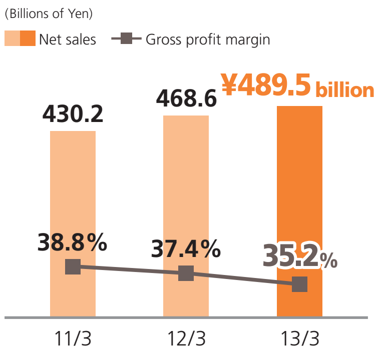
Income Summary by Segment (Construction)

	12/3	13/3	YoY
Net sales (¥Billions)	468.6	**489.5**	(+4.5%)
Gross profit (¥Billions)	175.1	**172.1**	(△1.7%)
Gross profit margin	37.4%	**35.2%**	[△ 2.2p]

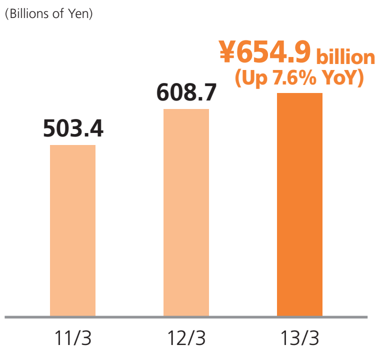
YoY difference △ 2.2P Breakdown

① Labor costs	△ 2.2P
② Materials costs	±0.0P
③ Foreign currency exchange rates	±0.0P

Net sales / Gross profit margin



Orders received



Consolidated Financial Highlights

Q **Please tell us about the Group's performance and occupancy rates in the real estate business.**

A **The Daito Group reported an increase in both net sales and occupancy rates. This largely reflected the upswing in rental income and sustained high occupancy rates on the back of growth in whole-building lease agreements.**

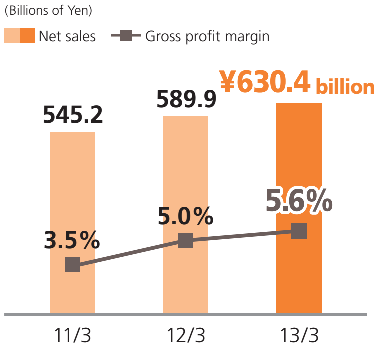
Net sales in the real estate business rose 6.9% compared with the previous fiscal year to ¥630,428 million. This was largely because of the increase in rental income at Daito Building Management Co., Ltd., the Group's leasing company, which saw an upswing in whole-building lease agreements under its Lease Management Trust System. Gross profit for the fiscal year under review grew 20.8% year on year to ¥35,356 million.

The number of tenancy agreements concluded in connection with leased properties on a non-consolidated basis increased 2.7% year on year to 220,059. This was mainly due to successful measures aimed at increasing inquiries from prospective tenants including efforts to revamp our residential unit search website, operations at our 24-hour call center, the opening of unattended sales offices where visitors can search freely for residential units, and endeavors directed toward reinforcing mutual cooperation with local real estate agencies. As of March 31, 2013, the occupancy rate of leased residential properties under whole-building lease arrangements stood at 96.7%, a slight deterioration of 0.1 of a percentage point compared with the end of the previous corresponding period. The occupancy rate of leased commercial properties under whole-building lease arrangements rose 1.4 percentage points year on year to 95.5%.

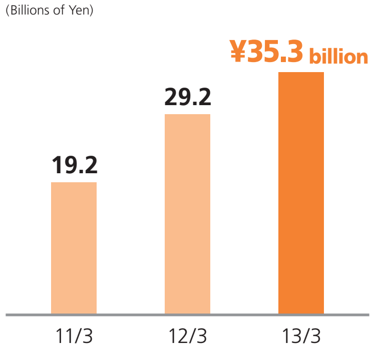
Income Summary by Segment (Real Estate)

	12/3	13/3	YoY
Net sales (¥Billions)	589.9	**630.4**	(+6.9%)
Gross profit (¥Billions)	29.2	**35.3**	(+20.8%)
Gross profit margin	5.0%	**5.6%**	[+0.6p]

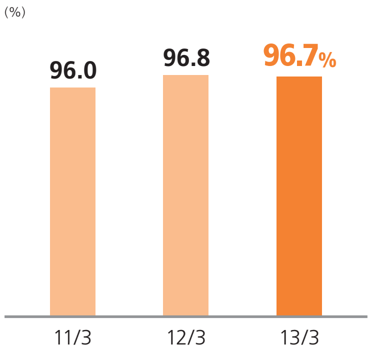
Net sales / Gross profit margin



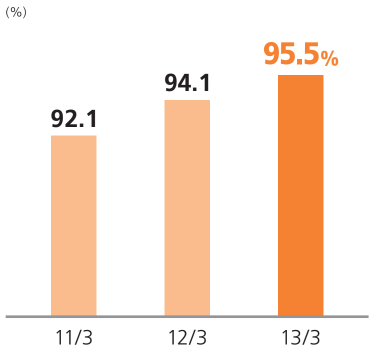
Gross profit



Occupancy rate of leased residential properties



Occupancy rate of leased commercial properties



Consolidated Financial Highlights

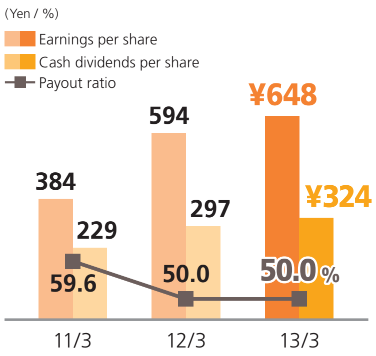
Q **What is your basic policy toward the return of profits to shareholders?**

A **Our basic stance is to maintain stable dividend payments while targeting a dividend payout ratio of 50%. Currently, we have suspended the purchase and retirement of our treasury stock. We will, however, consider resumption when our equity ratio exceeds 35%.**

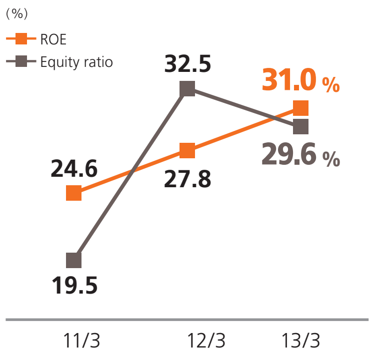
Daito Trust Construction recognizes that the return of profits to shareholders is a key management issue. Our basic stance is to undertake the stable payment of cash dividends by consistently strengthening our operating platform. In specific terms, we have set a target payout ratio of 50%, which we aim to achieve by issuing a standard dividend of ¥100 combined with a profit return component that reflects our business performance. In accordance with this basic stance, we plan to issue an annual cash dividend payment of ¥324.00 per share for the fiscal year ended March 31, 2013 (¥159 of which was paid as an interim cash dividend) and ¥341.00 per share in the fiscal year ending March 31, 2014.

Daito Trust Construction conducts the continuous purchase and retirement of treasury stock when certain conditions are met. These conditions include consolidated net income exceeding ¥10.0 billion 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 a tender offer for treasury stock conducted in March 2011, the purchase and retirement of treasury stock was suspended for an undetermined period of time with particular emphasis placed on pooling internal reserves. Moving forward, we plan to consider the resumption of treasury stock purchase and retirement when our equity ratio exceeds 35%. Looking at internal reserves, Daito Trust Construction will apply the necessary funds as a source for the reduction of interest-bearing liabilities as a part of efforts to bolster the Company's financial position. At the same time, internal reserves will be employed to promote the development of new business in order to help expand corporate and shareholder value.

Earnings per share (ESP)
Cash dividends per share
Payout ratio



Equity ratio
Return on equity (ROE)



Consolidated Financial Highlights

Q What are your thoughts on performance in the fiscal year ending March 31, 2014?

A We plan to achieve a sixth consecutive fiscal year of increased revenue and earnings.

In the fiscal year ending March 31, 2014, we anticipate net sales will reach ¥1,251.0 billion, a year-on-year increase of 8.6%. From a profit perspective, we are forecasting operating income to total ¥88.0 billion, up 6.8%. Ordinary income is expected to amount to ¥91.0 billion, up 6.4%, and net income to come to ¥55.0 billion, up 6.4%.

Reflecting the abundance of orders in the construction business, net sales of completed construction contracts is forecast to rise 10.8% year on year to ¥542.5 billion. The gross profit margin for completed projects is expected to drop 1.7 percentage points to 33.5%. This is largely attributable to the anticipated increase in subcontractor labor costs associated with post-earthquake reconstruction demand and other factors including the upswing in imported building and other material prices as a result of the decline in the value of the yen from the previous year. Despite this downturn in the gross profit margin, gross profit on completed projects is projected to hit ¥181.9 billion, an increase of 5.7% year on year.

Focusing on efforts to increase the number of orders received, Daito Trust Construction will continue to put forward land utilization proposals that look to address asset inheritance and asset succession needs. At the same time, we will strategically allocate resources commensurate with market size and reinforce relationships with financial institutions. In addition, we will expand our network of sales branches in major metropolitan cities and urban areas where growth potential is high. Complementing the strategic allocation of resources, sales branches will promote initiatives in connection with the effective use of land held by corporations. Building on each of the aforementioned measures, the balance of orders received in the fiscal year ending March 31, 2014 is expected to reach ¥670.0 billion, a year-on-year increase of 2.3%. In the real estate business, net sales are forecast to total ¥672.5 billion, up 6.7% year on year. Gross profit in this segment is projected to reach ¥38.6 billion, an increase of 9.2%.

Looking ahead, we will continue to bolster our search channels by reinforcing our sales staff and networks (including unmanned stations), upgrading our 24-hour call center and TV commercials, further developing our rental unit search website, and improving relationships with local real estate brokers. In this manner, we will work to enhance the tenant recruitment capabilities of our e-Heya Net brand services. Thanks to these endeavors, we expect to achieve an occupancy rate for leased residential properties of 96.8%, up 0.1 of a percentage point, and 95.5%, up 0.0 of a percentage point, for leased commercial properties.

(Consolidated) (Billions of Yen)

	2013/3 Results	2014/3 Forecasts	YoY
Net sales	1,152.4	1,251.0	108.6%
Construction business	489.5	542.5	110.8%
Real estate business, other	662.8	708.5	106.9%
Gross profit	218.4	232.7	106.5%
Construction business	172.1	181.9	105.7%
Real estate business, other	46.3	50.8	109.7%
Selling, general and administrative expenses	136.0	144.7	106.4%
Operating income	82.4	88.0	106.8%
Ordinary income	85.5	91.0	106.4%
Net income	51.6	55.0	106.4%
Earnings per share (¥)	648	682	+34
Cash dividends per share (¥)	324	341	+17

Mid-Term
Business Plan

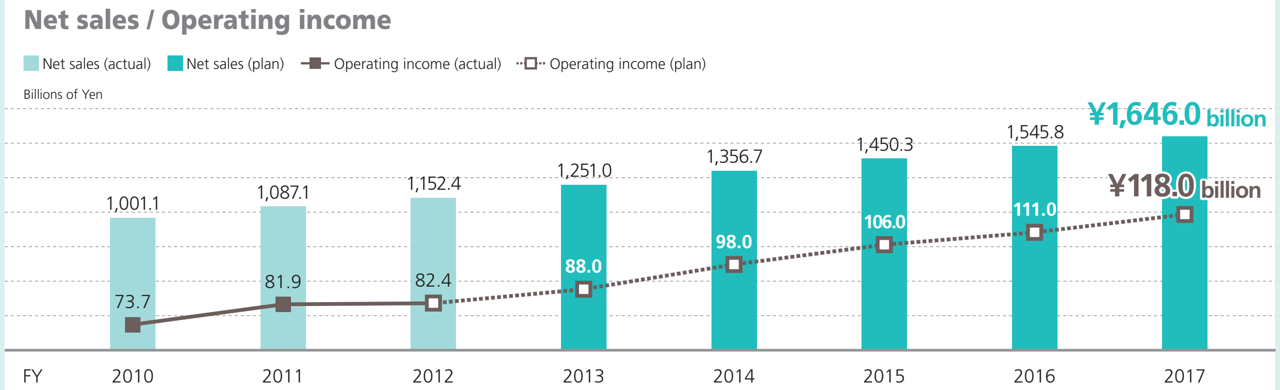
Mid-Term Business Plan

Further Explore Opportunities in Rental Apartments

The Company put in place a mid-term business plan, which covers the five-year period to the fiscal year ending March 31, 2018, in 2013. Moving forward, every effort will be made to achieve the overarching slogan of the plan to further explore opportunities in rental apartments.

Incorporated in this slogan is the premise that the Company's activities extend beyond the simple construction of rental apartments. This slogan encapsulates the aspiration to further explore opportunities in rental apartments as well as the potential not only of the Company, but also each and every employee to help revitalize people's lives, the cities in which they live as well as local communities and the economy as a whole.

Compared with the fiscal year ended March 31, 2013, the mid-term business plan targets growth of 43% in net sales to ¥1,646.0 billion by the fiscal year ending March 31, 2018 (average annual growth of 7.4%), and growth of 43% in operating income to ¥118.0 billion (average annual growth of 7.4%).



(Billions of Yen)

FY	2010 (actual)	2011 (actual)	2012 (actual)	2013 (plan)	2014 (plan)	2015 (plan)	2016 (plan)	2017 (plan)
Net sales	1,001.1	1,087.1	1,152.4	1,251.0	1,356.7	1,450.3	1,545.8	1,646.0
Construction business	430.2	468.6	489.5	542.5	596.0	638.4	676.3	710.7
Real estate business	545.2	589.9	630.4	672.5	719.8	770.1	822.9	884.8
Other business	25.6	28.5	32.4	36.0	40.2	43.3	46.6	50.6
Gross profit	195.3	214.1	218.4	232.7	253.9	272.1	288.4	303.5
Construction business	167.0	175.1	172.1	181.9	199.8	214.1	226.8	238.3
Real estate business	19.2	29.2	35.3	38.6	40.9	43.9	46.4	48.9
Other business	9.0	9.7	10.9	12.2	13.2	14.1	15.2	16.3
Selling, general and administrative expenses	121.5	132.1	136.0	144.7	155.9	166.1	177.4	185.5
Operating income	73.7	81.9	82.4	88.0	98.0	106.0	111.0	118.0
Ordinary income	78.0	84.2	85.5	91.0	101.0	109.0	114.0	121.0
Net income	43.1	47.1	51.6	55.0	61.0	69.0	72.0	77.0

Mid-Term Business Plan

Major Points of the Mid-Term Business Plan

1. Orders received

We aim to further increase orders received by promoting comprehensive services for landowners that address their concerns ranging from asset utilization to asset inheritance.

2. Completed construction contracts

Over the medium term, we aim to develop the capacity to work on construction contracts worth ¥700.0 billion while securing an appropriate profit margin.

3. Maintain a sound occupancy rate

We aim to maintain a sound occupancy rate by offering services that enhance tenant convenience and product value, while strengthening our ability to place tenants in leased properties.

Mid-Term Business Plan

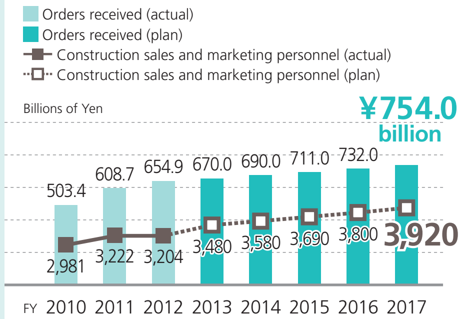
Principal Indices

Turning to each principal index target in our core business, we plan to augment our sales and marketing personnel in the construction business by an annual rate of approximately 3%. Compared with the fiscal year ended March 31, 2013, we are targeting an increase of around 15% in orders received to ¥754.0 billion by the fiscal year ending March 31, 2018 (average annual growth of 2.9%), and growth of 45% in completed construction contracts to ¥710.7 billion (average annual growth of 7.7%).

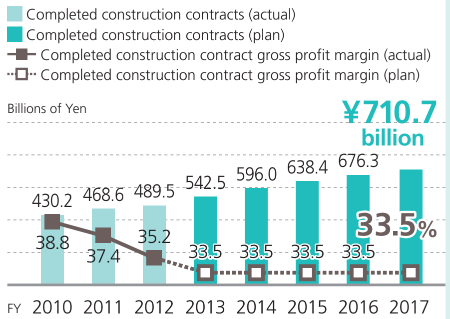
In the real estate business, we are planning an annual average growth rate in the number of tenancy agreements of 8.2% and are expecting to maintain a sound occupancy rate for residential properties of 96.8%.

Construction business

Orders received / Construction sales and marketing personnel



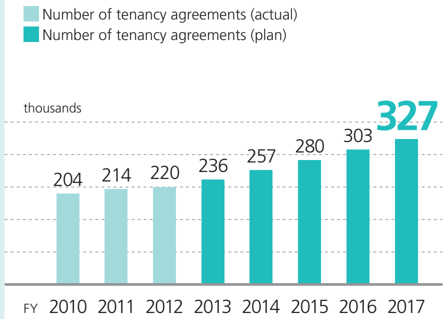
Completed construction contracts / Completed construction contract gross profit margin



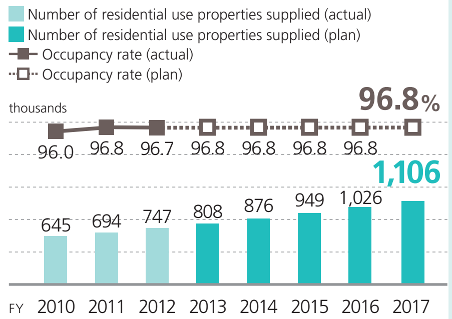
FY	2010 (actual)	2011	2012	2013 (plan)	2014	2015	2016	2017
Number of construction sales and marketing personnel	2,981	3,222	3,204	3,480	3,580	3,690	3,800	3,920
Construction orders received (¥ Billions)	503.4	608.7	654.9	670.0	690.0	711.0	732.0	754.0
Completed construction contracts (¥ Billion)	430.2	468.6	489.5	542.5	596.0	638.4	676.3	710.7
Completed construction contract gross profit margin (%)	38.8	37.4	35.2	33.5	33.5	33.5	33.5	33.5

Real estate business

Number of tenancy agreements



Number of residential use properties supplied / Occupancy rate



FY	2010 (actual)	2011	2012	2013 (plan)	2014	2015	2016	2017
Number of tenancy agreements (Thousands)	204	214	220	236	257	280	303	327
Number of residential use properties supplied (Thousands)	645	694	747	808	876	949	1,026	1,106
Occupancy rate (%)	96.0	96.8	96.7	96.8	96.8	96.8	96.8	96.8

Mid-Term Business Plan

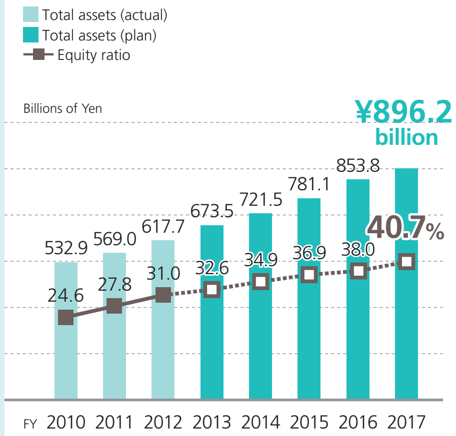
Financial Indicators / Return of Profits to Shareholders

Targeted financial indicators are presented in the graph/table at bottom left.

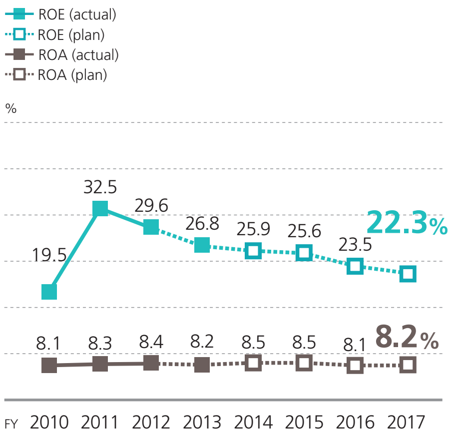
Turning to the return of profits to shareholders, the Company plans to maintain a payout ratio of 50%. Daito Trust Construction is targeting cash dividends per share of ¥477 in the fiscal year ending March 31, 2018. To achieve this target, the Company will work diligently to expand its business operations and increase profits.

Currently, Daito Trust Construction has suspended the purchase and retirement of treasury stock. Plans are in place to reconsider resumption when the Company's equity ratio exceeds 35%.

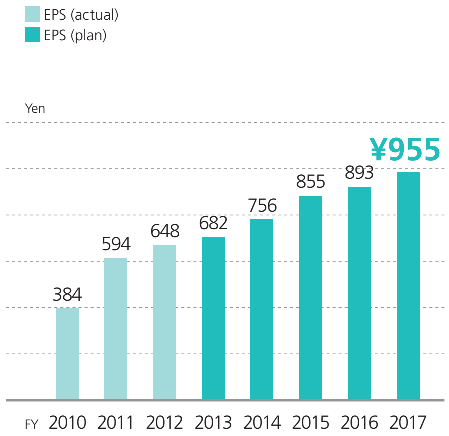
Total assets / Equity ratio



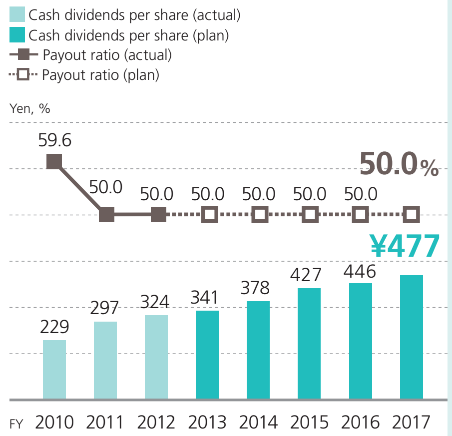
ROE / ROA



EPS



Cash dividends per share / Payout ratio



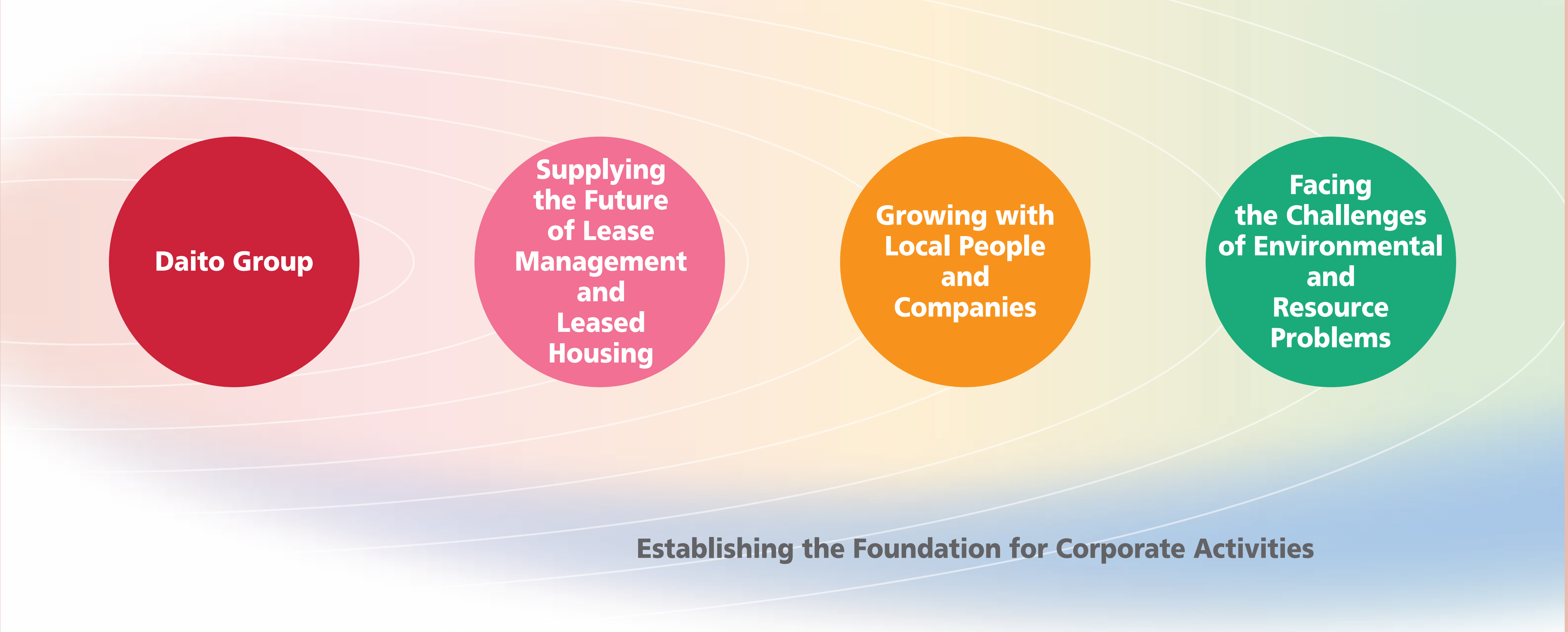
	(actual)			(plan)				
FY	2010	2011	2012	2013	2014	2015	2016	2017
Total assets (¥ Billions)	532.9	569.0	617.7	673.5	721.5	781.1	853.8	896.2
(Debt) (¥ Billions)	(127.0)	(124.5)	(110.8)	(95.8)	(80.9)	(66.0)	(51.7)	(0.7)
Net assets (¥ Billions)	132.2	152.0	186.5	216.4	249.9	282.7	321.3	362.6
Equity ratio	24.6%	27.8%	31.0%	32.6%	34.9%	36.9%	38.0%	40.7%
ROE	19.5%	32.5%	29.6%	26.8%	25.9%	25.6%	23.5%	22.3%
ROA	8.1%	8.3%	8.4%	8.2%	8.5%	8.5%	8.1%	8.2%

	(actual)			(plan)				
FY	2010	2011	2012	2013	2014	2015	2016	2017
Net income (¥ Billions)	43.1	47.1	51.6	55.0	61.0	69.0	72.0	77.0
EPS (¥)	384	594	648	682	756	855	893	955
Cash dividends per share (¥)	229	297	324	341	378	427	446	477
Payout ratio	59.6%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%

Daito Group CSR Activities

Further Explore Opportunities in Rental Apartments

The Daito Group does not merely build leased housing. Pursuing much more than what it can do to supply leased housing and to grow Daito Trust Construction, the Group will further encourage business activities that make it more comfortable for people to live in its housing and that invigorate towns and local economies.
We would like to showcase the CSR activities that the Group conducts under the above slogan from the following four perspectives:



Evolving Leased Housing

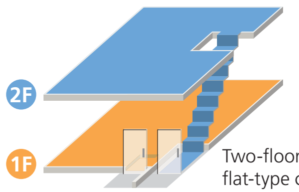
In Japan, where the numbers of people in households continue to decline and there is a focus on upcoming changes in lifestyles and social change, the Daito Group continues to address the challenges in new leased housing.

Proposing Next-Generation Leased Housing to Society

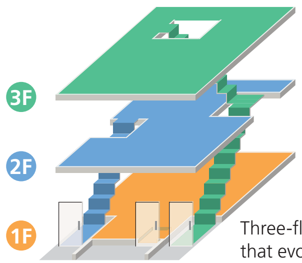
Starting from "Flat Type," Diversification in Dwelling Types

Constantly pursuing the style of leased housing demanded by the next generation, the Daito Group makes proposals to society.

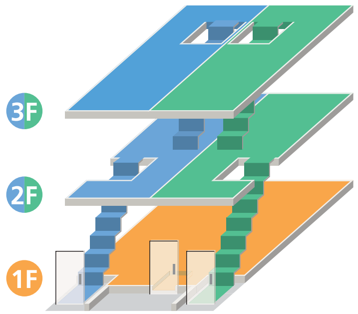
In the case of the Japanese apartment dwelling type, the majority were of the side corridor type that were built with a shared hallway on all floors on one side. Currently in fashion are the flat and maisonette types in which all dwelling units have an entrance hall located on the ground floor. Attaching great importance to the need to ensure privacy and for security, Daito Trust Construction launched flat-type leased housing under the name NEW CRESTALL 24 in 1995. This served as a trigger for the popularization of a diverse dwelling type of leased housing.



Two-floor, flat-type construction



Three-floor construction that evolved from the flat type



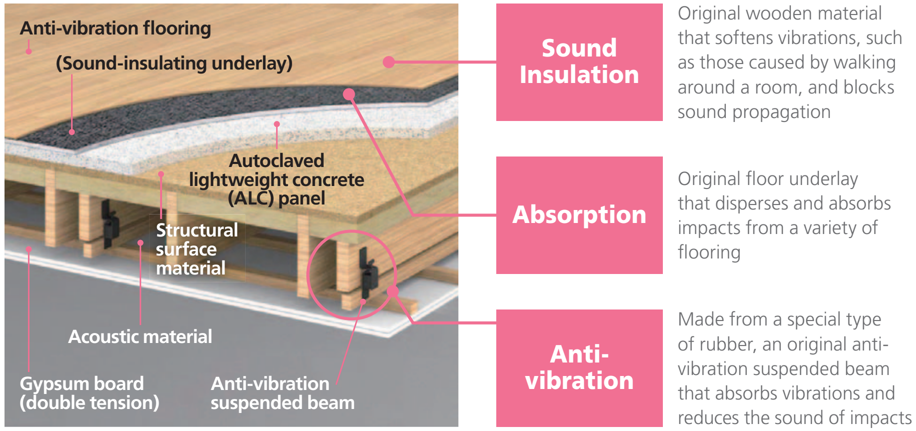
Development of an industry-first dwelling type that combines flat and maisonette types

Opening Up the Possibilities of Leased Housing with Original Technologies

High-Performance Sound Insulation Flooring Solves Noise Problems

The Daito Group has promoted the evolution of leased housing through technological developments that take into account the needs of both its customers and Japanese society at large.

For example, sound insulation is cited as the point that is emphasized most when a customer selects leased housing. Daito Trust Construction developed its unique, high-performance sound insulation flooring to solve under-floor and upstairs noise problems. Comparable to the sound insulation properties of concrete structures yet made of wood, the Company's high-performance sound insulation flooring offers a comfortable life with no uneasy feelings between people living above and below one another.



Supplying Information That Delivers Peace of Mind on Housing

To deliver peace of mind to all people who are looking for or making use of leased housing, the Daito Group goes to great lengths to rapidly supply accurate information at any time.

Supply of Information That Maximizes Value of Leased Housing

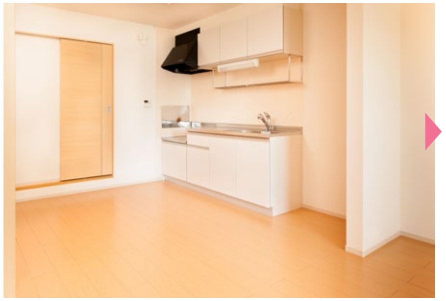
The Daito Group supplies property information through a number of channels. These include specialist broker stores throughout Japan, Internet sites, the E-heya station that has been installed in commercial facilities across the country, and the E-heya Support Center, a call center that provides property search consultations round the clock. The Company does its utmost to supply fast, accurate information that avoids misunderstandings and is available at any time from the perspective of the person looking for a place to live.

E-heya Net

E-heya stationNeo

Introduction of Papercraft Furniture Dispels Image Gap after Moving In

As part of its property search support, Daito Trust Construction introduced full-scale papercraft furniture in February 2013. Seven original pieces were made, including a table, sofa, TV, and a refrigerator, and are arranged in properties for which an occupant is being sought. The size of the new property can be seen there and then when viewed by a prospective occupant, who can verify such aspects as convenience.



Kitchen (before installation)

Kitchen (after installation)

Living room (before installation)

Living room (after installation)

Supplying More Comfort and Peace of Mind to Leased Housing

Introduction of Zero Deposit and Fixed Cleaning Cost Plan

With regard to the restoration costs incurred when vacating leased housing, in April 2013 the Daito Group launched a zero deposit and fixed cleaning cost plan that both lightens the financial burden on the owners of leased buildings and reduces tenants' initial occupancy costs.

Having adopted original interior materials with excellent durability, Daito Trust Construction covered most of the restoration costs by its response to cleaning under the new plan. It is assumed that the plan will convince both owners and tenants alike of the fairness in the cost burden.

The Company hopes that the introduction of this plan will deliver more comfort and peace of mind to many owners and tenants.

Supporting Stable Management of Leased Housing Owners

It has been said that tenants, when selecting leased housing, place as one of their agendas the presence or absence of a lump sum payment when moving in and restoration expenses when moving out. In response to these issues, Daito Trust Construction realized a reduction in moving-in expenses by not imposing the payment of a deposit and clarification of restoration costs by a flat-rate system as a result of having adopted original interior materials with excellent durability and keeping a low rate (0.12%) for rent arrears.

Interior Materials with Excellent Durability Turn Plans into Reality

Flooring Materials

Adopted special scuff- and scratch-resistant surface material that allows replacement of single sections

Wallpaper

Hard to get dirty thanks to a special surface process, prevents deterioration. Keeps its appearance for a long time

Kitchen

All kitchen surface panels durable against heat and scuffs, allowance made for replacement of countertops only

Interior Furniture

Having been coated with a specialty resin, resists scratches and dirt, not prone to discoloration if exposed to sunlight

Looking at What Lies Ahead for Leased Housing

First Daito Trust Construction Leased Housing Competition Held

While engaging in dialogue with people in a variety of positions outside the Company, Daito Trust Construction pursues new possibilities in leased housing.

Diversification of values with respect to Japanese real estate and the increasing number of people who focus on use rather than ownership are requiring new approaches to leased housing. In recognition of that situation, in 2012 Daito Trust Construction launched its Leased Housing Competition in pursuit of new possibilities in leased housing.

First Topic: Views on Leased Housing That Creates the Landscape

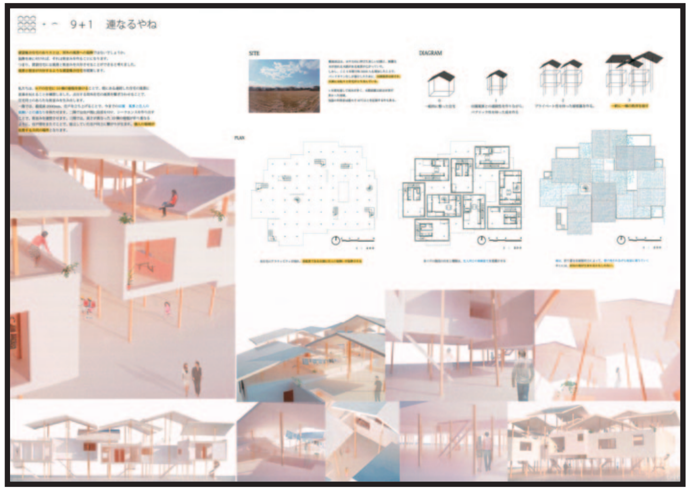
Leased housing accounts for a major proportion, more than one third, of the housing stock in Japan and shapes the streets and by extension the landscape in suburban residential areas. In the case of leased housing of the future, should we not be taking the view that not only will quality and performance in terms of individual buildings be demanded, but also how leased housing can form the landscape of communities?

For the First Leased Housing Competition, we called for suggestions to be submitted on the subject of "Leased Housing That Creates the Landscape" and from the 483 submissions selected 24 to receive prizes, of which six were given a top ranking.

We plan to continue holding leased housing competitions to provide a source of ideas for innovative leased housing and new ways of living.

First screening

General view of the second screening, which was open to the public



"9 + 1 Continuous Roof" by Yuta Horie and Sho Kobayashi
(Tokyo University of Science Graduate School)

Providing Services That Enrich Lifestyles and Communities

On the basis of its cooperation with local service capabilities, the Daito Group enriches the lives of people in leased housing through convenience, while offering services that are linked to community revitalization.

Bringing New Value to Tenants and Communities

Live-UP Service Concept

It is precisely because houses are located in communal societies that possess vitality that the people who live there can enjoy comfortable lifestyles. Based on this way of thinking, the Daito Group is offering its locally integrated Live-UP service concept.

Through tie-ups with local stores and service providers and its E-kurashi Navigator service book and Live-UP Communication pamphlet, the Company delivers information to tenants, which helps the local area, while introducing special benefit services that can be used at local stores.

E-kurashi Navigator service book for each community

Ease Navigator

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

Food Navigator

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

Community Navigator

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

Security Navigator

- Call center open 24 hours a day
- Hospital information
- Evacuation site information service
- The provision of child-rearing support information

Maintaining Lifestyle Environments, Keeping Them Comfortable at All Times

Hospitality in a Variety of Forms

Designed to help maintain comfortable lifestyles, leased housing management is also linked to the community environment. The person who cleans inside and outside the building is primarily taking on the role for local housewives. This is shared throughout the country through having adopted the stance of hospitality that shows detailed consideration at all times, through ingenuity, and through a newsletter entitled Omotenashi (Hospitality).

Sharing a variety of ingenious nationwide "Hospitality" ideas

Growing Together with Local Service Capabilities

The Daito Group's corporate activities are founded on cooperation with partners in each community.

Growing with Communities Through Extensive Collaboration

To grow together with the people in a community, the Daito Group collaborates with a wide range of local partners, from creating the leased building business plan to management operations.

■ Collaboration on Creating a Business Plan

Close exchanges of information with local financial institutions lead to the drawing up of a suitable business plan. In addition, the Company receives assistance from the specialist perspective of tax accountants and lawyers.

■ Collaboration on Construction Work

In all parts of Japan, construction work is organized into Daito Trust Construction committees, which cooperate with local design and construction companies.

■ Collaboration on Tenant Mediation

Having established a partnership store system for local real estate companies that assess Daito Trust Construction leased housing, we supply dwelling information, signs and bulletin boards as well as publish the store names in advertising media.

■ Collaboration on Building Management

We use local providers such as building construction work subcontractors to carry out repairs and improvements to buildings, cleaning staff to perform regular cleaning, and emergency response partners to respond to emergency calls.

No. of financial institutions handling apartment loans — **494** (as of March 31, 2013)

No. of consulting tax advisers — **256 firms** (as of March 31, 2013)

No. of consulting legal advisers — **14 firms** (as of March 31, 2013)

No. of companies collaborating on design and construction — **10,070** (as of March 31, 2013)

No. of stores handling real estate companies — **12,343** (as of March 31, 2013)

No. of companies collaborating on building construction and repair work — **2,617** (as of March 31, 2013)

Cleaning staff — **2,985 people** (as of March 31, 2013)

No. of emergency response partners — **1,162 companies** (as of March 31, 2013)

Toward Solving Environmental and Resource Problems (1)

Promoting environmental management to improve and solve environmental and resource problems from leased housing construction and management aspects

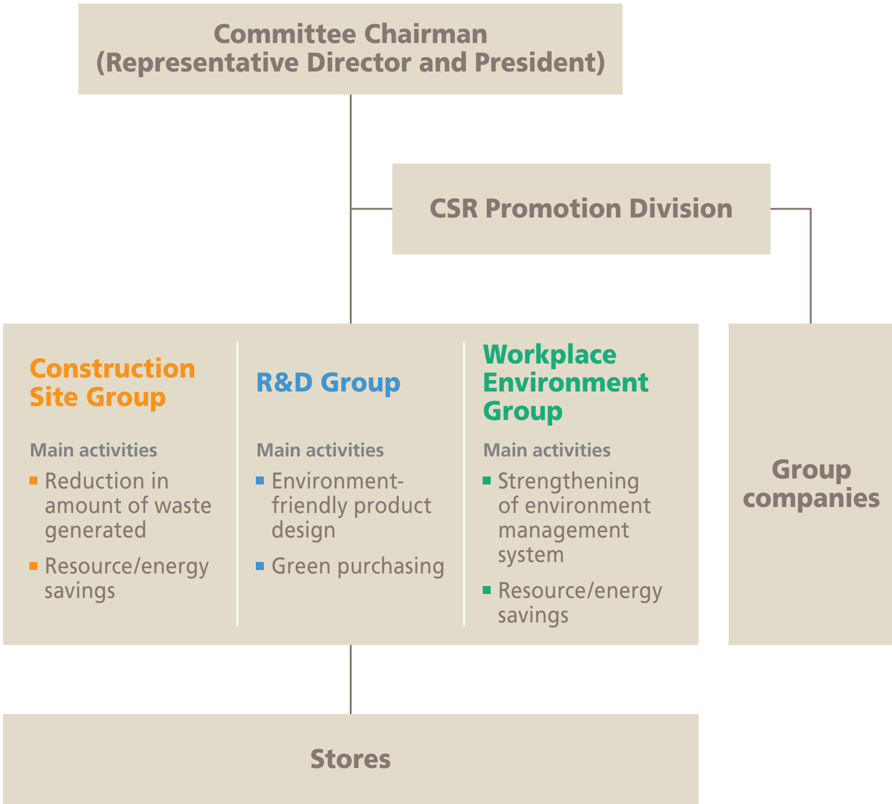
Basic Policy

The Daito Group undertakes environmental management to raise its corporate social existence value and at the same time to improve management efficiency.

Promotion Through a Project System That Involves the Daito Group

Daito Trust Construction works to reduce, reuse and recycle in all of its business activities and works vigorously to protect the global environment. In addition, as a leading company in land utilization, we attach great importance to maintaining harmony with local communities and nature, and will continue to propose favorable living environments.

Specifically, we set up environmental management projects as a promotion system and advocate these throughout the Company, including Group companies. We promote the main initiatives under three groupings: construction sites, R&D and the workplace environment.



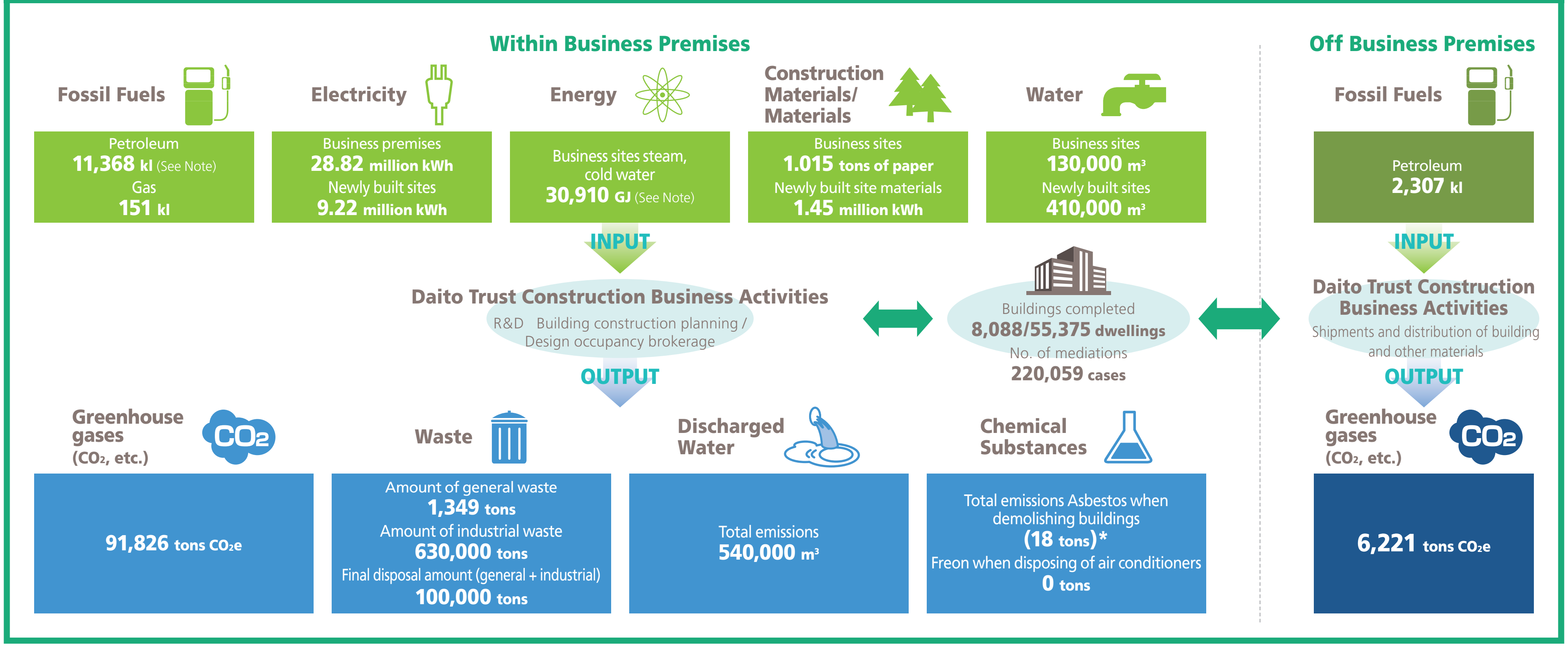
Toward Solving Environmental and Resource Problems (2)

Promoting environmental management to improve and solve environmental and resource problems from leased housing construction and management aspects

Material Balance (Resource Use Associated with Business Activities and Overall Picture of Environmental Impact)

During the course of a year, Daito Trust Construction ascertains the energy and resources expended (input) and the amount of emissions (output) in its business activities and uses these to provide basic environmental management numerical values. Known as material balance, this overall picture is set out in the accompanying chart.

Fiscal 2012 Business Activities and Material Balance



Efforts Toward a Sustainable Society

Promoting integrated efforts toward a sustainable society using a three-pronged approach targeting a low carbon society, a recycling-oriented society and a natural symbiosis society.

Sustainable Society

Low-Carbon Society

Decrease Greenhouse Gas Emissions

1. Business activity measures to counter global warming
2. Counter global warming by reducing waste
3. Counter global warming by leased housing performance improvements

Recycling-Oriented Society

Recycle Resources Through 3R Practices

1. Reduce amount of waste generated by improvements in product construction
2. Reuse materials
3. Recycle

Natural Symbiosis Society

Enjoy and Pass On Nature's Blessings

1. Utilization of regenerative resources
2. Decrease impact on biological environments
3. Reduce water usagea

Efforts Toward a Low-Carbon Society

The Daito Group is pursuing a variety of possibilities toward a low-carbon society.

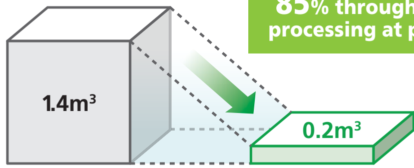
Firstly, with a view to saving energy in the course of its business activities, power saving is encouraged throughout the Daito Group. In addition, we are reducing CO_2 emitted indirectly into society by reducing final waste disposal amounts.

Meanwhile, we are deploying activities that encourage tenant participation in energy-saving activities. These activities center on the installation of photovoltaic panels on leased housing throughout Japan.

Efforts Toward a Recycling-Oriented Society

As a company that uses vast quantities of lumber in the building of its leased housing, the Daito Group particularly encourages efforts that promote resource recycling (3R practices) involving lumber use and reuse technologies. The recycling of waste materials is rigorously adhered to at all the Company's business sites.

On-site structure material waste reduced by approx. 85% through pre-processing at plants



Note: In the case of a two-story, six-dwelling apartment building. (Actual Company numerical values in the completion of a building)
Note: In the case of construction using the Neo-Frame method.

Efforts Toward a Natural Symbiosis Society

Leveraging its business characteristics, the Daito Group is encouraging efforts toward a natural symbiosis society.

Firstly, with regard to timber materials—a regenerative resource—besides primarily using imported wood more than ever before primarily with the 2×4 and Neo-Frame methods, Daito Trust Construction is continuing its efforts to utilize domestic cedar in its low-rise, wood-based products.

In addition, to reduce the impact of night-time lighting on the biological environment (insects, plants), we are encouraging the adoption of or changeover to LED outdoor lighting.

Renewable resource (timber) use fee **130,673 tons** (as of March 31, 2013)

No. of exterior LED lighting units installed **16,204** (as of March 31, 2013)

Creating Vibrant Workplaces

With regard to its workforce, the Company focuses on health and safety and works to provide its employees with higher quality services.
In addition, a wide range of training and educational programs helps to maintain motivation and improve skills.

Growing with Our Workforce

For graduate employees, Daito Trust Construction has introduced a Graduate Training Program, which provides follow-up training up until the eighth year after joining the Company, and a mentor system to provide dedicated support. Also placing an emphasis on the gaining of qualifications, the Company gives wholehearted support to the acquisition in particular of first-class architect, primary building construction management engineer, and real estate transaction specialist qualifications.

In building sales positions the Company also conducts training according to an individual's circumstances involving on-the-job training (OJT) and role-play. In addition to the gaining of expertise, the Company works to improve communications skills.

In conducting training and development courses matched to employees' positions, the Company improves their practical skills and supports capacity building.


"Hands-on" training in house framing for graduates


Daito Building Management operations staff being provided with customer service training


Training for building sales personnel

Courtesy competition

Creating Rewarding Workplaces Where Everyone Finds It Easy to Work

To enable employees to work in a way that suits their individual lifestyles, the Company has unreservedly upgraded its childbirth, child-rearing and nursing care leave systems as well as such initiatives as no-overtime days. Also conducting training sessions specially targeted at women, women are making their mark as directors* and divisional heads.

(* At Group companies)

Turning Employee Feedback into a Sales Driver

In the fiscal year under review, the president and directors of the division in charge traveled to venues throughout Japan to hold management plan presentation briefings, at which they explained management policies directly to employees. Of 719 teams from six Group companies, 14 were selected and participated in the 14th Total Quality Control (TQC) Best Practice Presentations. Footage from presentations made at the all-Japan meeting were placed on a DVD and distributed throughout the Company.

Corporate Governance

Corporate Governance

Basic Corporate Governance Policy

Daito Trust Construction'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.

Matters Related to Corporate Governance

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

Daito Trust Construction classifies its operations into four business areas: the construction business headquarters, real estate business headquarters, corporate management headquarters, and subsidiary business headquarters. A director is placed in charge of each segment as its chief executive officer with the final authority to make decisions. 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 nine directors, including three 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 executive officers appointed by the Board of Directors who execute their authority independently of the directors and professional staff. Meetings are held twice a month to discuss and decide on courses of action in response to specific operational issues and problems.

Internal Control Framework, Internal Audits and Corporate Auditors

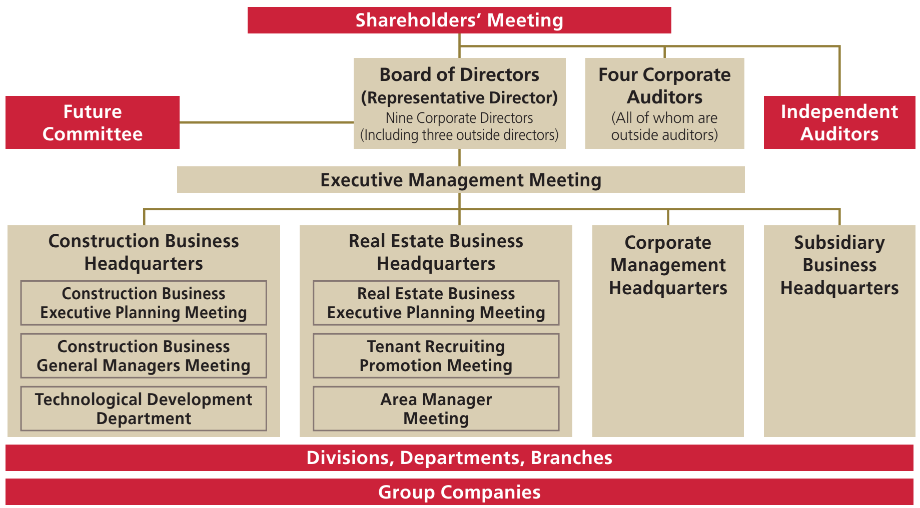
The 12 members of the Internal Audit Division conduct audits of operations at all Daito Group bases based on a yearly plan to gain a clear view of business execution in order to monitor the effectiveness and efficiency of internal controls. The results of these audits are reported to top management. Divisions targeted for an audit are given instructions and guidance on matters to improve. Employees in these divisions are also interviewed in order for the auditors to ascertain in detail the state of business execution and identify any problems. These and other measures are taken to ensure highly effective audits.

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, collaborate with the Internal Audit Division to check and place restraints on business execution as needed, monitor the performance of directors in their duties, and observe the implementation of resolutions made by the Board of Directors and the Executive Management Meeting. The Board of Corporate Auditors is attended by all corporate auditors, where they receive reports from the independent auditor on the status of the Company's auditing system, auditing plans and audits.

Daito Trust Construction has set up the Compliance Promotion Department and the J-SOX Promotion Division to engage 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 makes sure 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 whistle blowing system has been established within the Compliance Promotion Department as a part of endeavors to quickly discover improper behavior and take corrective measures.

Management Structure



Strict Adherence to Corporate Governance and Compliance

Outside Directors and Outside Auditors

Daito Trust Construction has appointed three 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. Toshiaki Yamaguchi has been newly appointed as an outside director as we expect his extensive experience as an attorney and highly specialized knowledge will be of particular benefit to Daito Trust Construction. These three outside directors have no personal or capital relationships with the Company. Moreover, Toshiaki Yamaguchi has been designated an independent officer.

Daito Trust Construction has appointed four outside corporate auditors. All four outside corporate auditors have no particular stake in the Company, whether personal or financial. Standing Auditor Masayasu Uno possesses specialized knowledge on finances and accounting as a Certified Public Accountant, as well as a wealth of experience and significant insight born out of his involvement in administrative roles. Hideo Hachiya has an abundance of experience as an attorney and specialized insight into corporate legal affairs. Kazumitsu Futami has accumulated a great deal of knowledge through his years of experience in the leased housing management and loan guarantee fields. Sakumichi Yamada brings unique knowledge as a Certified Public Accountant in the United States and an abundance of experience and insight in corporate activities. These outside corporate auditors leverage their unique specialties to offer their opinions on the Company's business activities. All four have been designated independent officers.

In the fiscal year ended March 31, 2013, the attendance of the outside directors and the outside corporate auditors at Board of Directors' meetings was as follows.

Name	Position	Attendance at meetings of the Board of Directors (Meetings attended / Meetings held)
Yujiro Sasamoto	Outside director	17/18
Marcus Merner	Outside director	15/18
Masayasu Uno	Outside auditor	18/18
Hideo Hachiya	Outside auditor	15/18
Kazumitsu Futami*1	Outside auditor	14/15
Sakumichi Yamada*2	Outside auditor	15/18

*1 Appointed at the Shareholders' Meeting held on June 27, 2012.
*2 Sakumichi Yamada resigned from his position as outside auditor following the Shareholders' Meeting held on June 26, 2013.

Compensation of Directors and Corporate Auditors

In the fiscal year ended March 31, 2013, compensation paid to directors and corporate auditors was as follows.

Position	Number of people	Amount (Millions of Yen)
Director	12	951
Corporate auditor	6	90
Total (of which, outside directors and outside corporate auditors)	18 (6)	1042 (90)

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 Trust Construction stock held by overseas investors is high, we also engage in overseas IR activities and take other action to encourage the use of voting rights; for instance, we offer invitations to the General Meeting of Shareholders and information on voting resolutions in English. Daito Trust Construction 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

At Daito Trust Construction, 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 laws, regulations and 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.

Board of Directors, Corporate Auditors and Executive Officers

Representative Director and President

Naomi Kumakiri

Representative Director and Executive Vice President

Hitoshi Kadouchi

Senior Managing Director

Akio Inada

Senior Managing Director

Shuji Nakada

Senior Managing Director

Katsuma Kobayashi

Director and Executive Officer

Shuji Kawai

Outside Director

Yujiro Sasamoto

Outside Director

Marcus Merner

Outside Director

Toshiaki Yamaguchi

Standing Corporate Auditor (Outside)

Masayasu Uno

Corporate Auditors (Outside)

Hideo Hachiya

Kazumitsu Futami

Kazuo Fujimaki

Executive Officers

Koichi Ebihara

Hirosuke Tanimichi

Takeshi Nakagawa

Takuya Ishii

Hideyuki Nakaita

Hiroshi Sugiyama

Masayoshi Tanaka

Yukio Daimon

Hideaki Ueki

Hideo Gorai

Katsuya Touge

Kanitsu Uchida

Kei Takeuchi

Shoji Yamada

Hitoshi Wada

Naoki Naito

Yoshihiro Hashimoto

Hiromichi Ono

Sachio Washi

Kazuhiko Saito

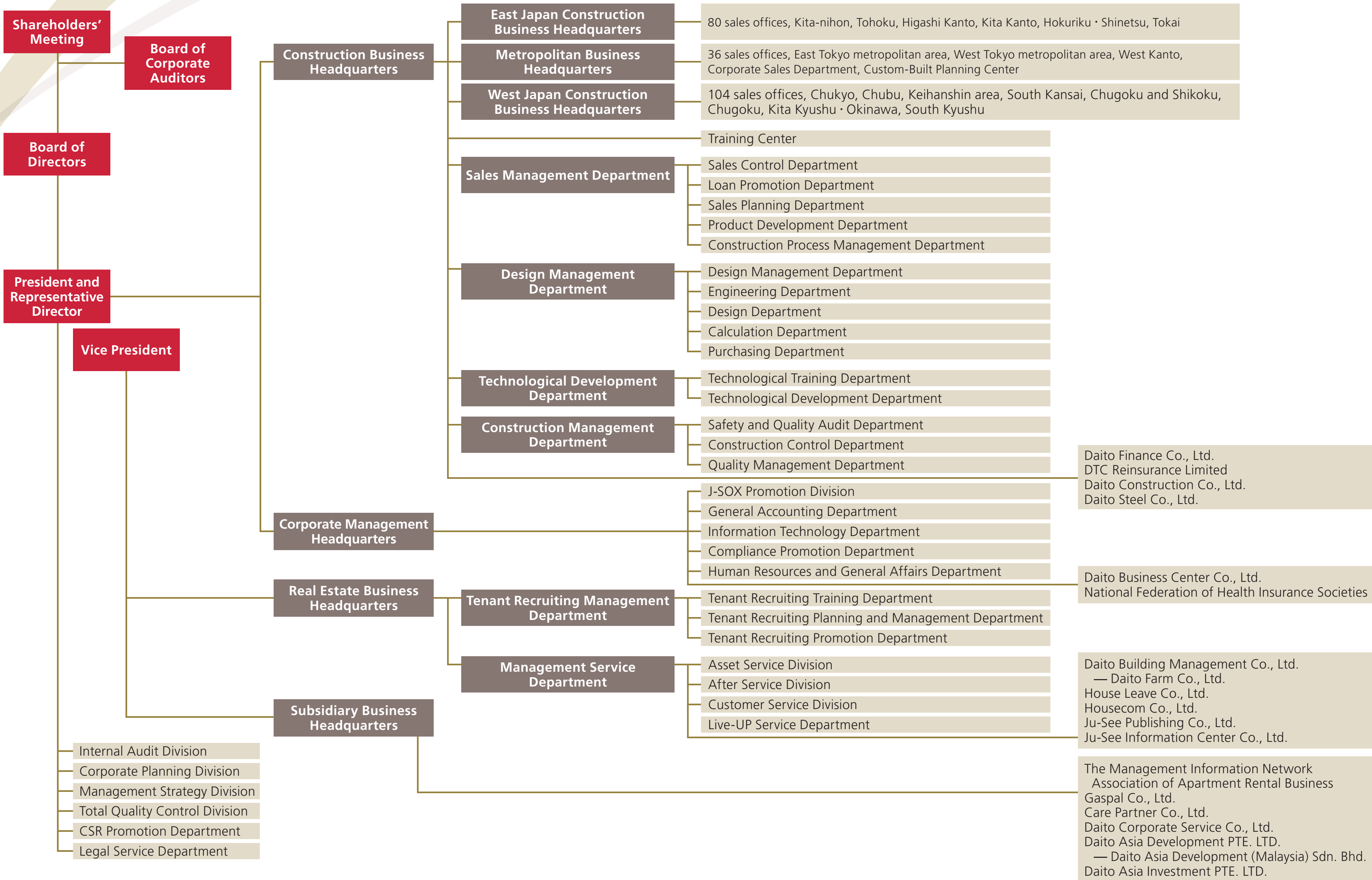
Takashi Suzuki

Eiji Okamoto

Yoshito Ikemoto

Kazunori Fukuda

Organization As of June 26, 2013



Summary of Consolidated Financial Statements

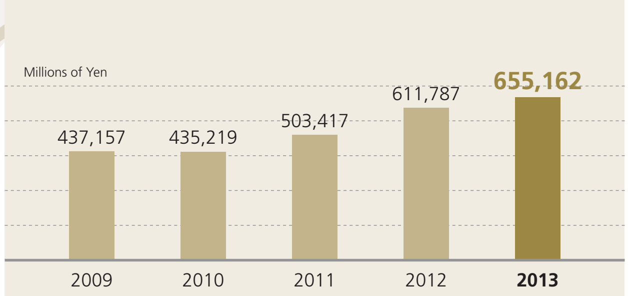
	Millions of Yen					Thousands of U.S. Dollars*
	2009	2010	2011	2012	**2013**	**2013**
OPERATING RESULTS (Years ended March 31)						
Net sales	¥954,881	¥972,616	¥1,001,169	¥1,087,128	**¥1,152,413**	**$12,253,195**
Construction	469,603	465,580	430,226	468,636	**489,545**	**5,205,157**
Real estate	464,779	483,547	545,296	589,924	**630,429**	**6,703,126**
Other	20,497	23,488	25,646	28,569	**32,439**	**344,912**
Gross profit	181,896	188,787	195,312	214,145	**218,426**	**2,322,446**
Construction	150,304	166,461	167,029	175,107	**172,107**	**1,829,952**
(Gross profit margin %)	(32.0)	(35.8)	(38.8)	(37.4)	**(35.2)**	**(35.2)**
Real estate	25,351	14,476	19,243	29,261	**35,357**	**375,938**
(Gross profit margin %)	(5.5)	(3.0)	(3.5)	(5.0)	**(5.6)**	**(5.6)**
Other	6,240	7,849	9,039	9,777	**10,962**	**116,556**
(Gross profit margin %)	(30.4)	(33.4)	(35.2)	(34.2)	**(33.8)**	**(33.8)**
Operating income	70,389	71,127	73,767	81,975	**82,412**	**876,257**
(Operating income margin %)	(7.4)	(7.3)	(7.4)	(7.5)	**(7.2)**	**(7.2)**
Ordinary income	73,976	76,663	78,005	84,239	**85,539**	**909,505**
(Ordinary income margin %)	(7.7)	(7.9)	(7.8)	(7.7)	**(7.4)**	**(7.4)**
Net income	42,129	45,353	43,151	47,103	**51,674**	**549,431**
(Net income margin %)	(4.4)	(4.7)	(4.3)	(4.3)	**(4.5)**	**(4.5)**
FINANCIAL POSITION (As of March 31)						
Total assets	540,477	558,129	532,957	569,080	**617,738**	**6,598,187**
Total current assets	383,594	376,398	369,153	397,766	**435,777**	**4,633,461**
Total noncurrent assets	156,883	181,730	163,803	171,314	**181,961**	**1,934,726**
Total current liabilities	178,459	166,938	193,227	201,171	**213,166**	**2,266,518**
Total noncurrent liabilities	65,676	78,559	207,477	215,900	**217,979**	**2,317,693**
Total net assets	296,341	312,631	132,252	152,009	**186,593**	**1,983,976**
CASH FLOWS						
Cash flows provided by operating activities	30,209	46,041	60,778	77,845	**87,840**	**933,971**
Cash flows (used in) provided by investing activities	(13,480)	(26,838)	49,997	(11,372)	**(10,364)**	**(110,197)**
Cash flows used in financing activities	(39,606)	(29,866)	(94,914)	(29,491)	**(36,206)**	**(384,965)**
Cash and cash equivalents at end of period	181,569	170,738	184,814	221,094	**264,192**	**2,809,059**
	Yen					Yen U.S. Dollars*
PER COMMON SHARE						
Net income	¥349.25	¥386.41	¥384.28	¥594.53	**¥648.57**	**$6.90**
Net assets	2,496.99	2,700.97	1,662.65	1,991.37	**2,400.55**	**25.51**
Cash dividends applicable to the year	104.00	193.00	229.00	297.00	**324.00**	**3.44**
	%					
RATIOS						
ROA	7.8	8.1	8.1	8.3	**8.4**	
ROE	14.1	14.9	19.5	32.5	**29.6**	
Shareholders' equity ratio	54.7	55.8	24.6	27.8	**31.0**	
Payout ratio	29.8	49.9	59.6	50.0	**50.0**	

* U.S. dollar amounts are translated from yen at the rate of ¥94.05=U.S.$1, the approximate exchange rate as of March 31, 2013.

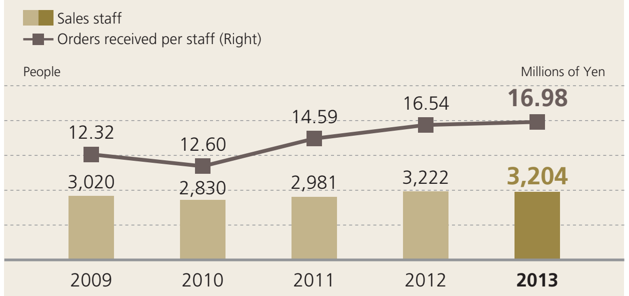
Key Performance Indicators (Years ended March 31)

Orders

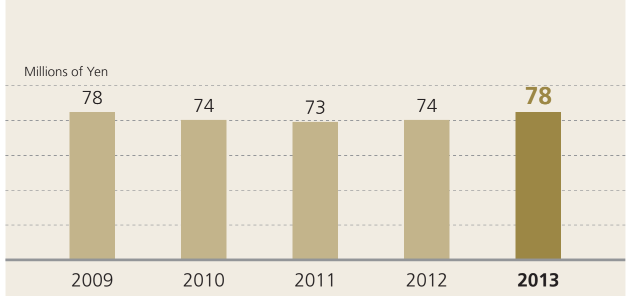
Orders received



Sales staff and orders received per staff

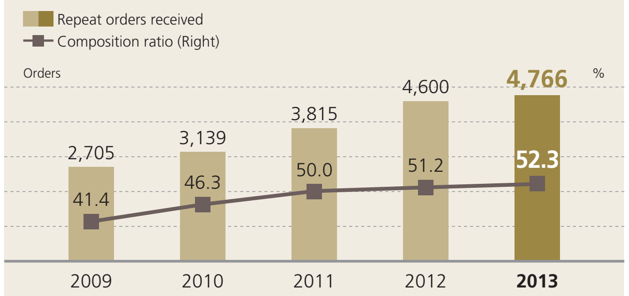


Value of orders per unit

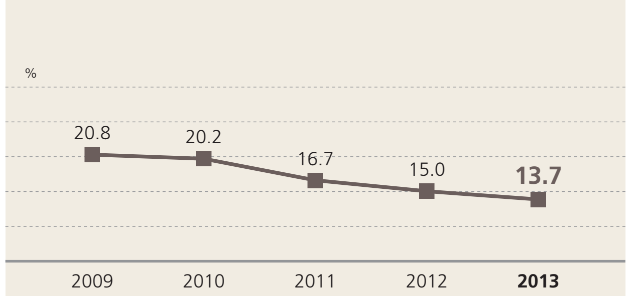


Number of orders received

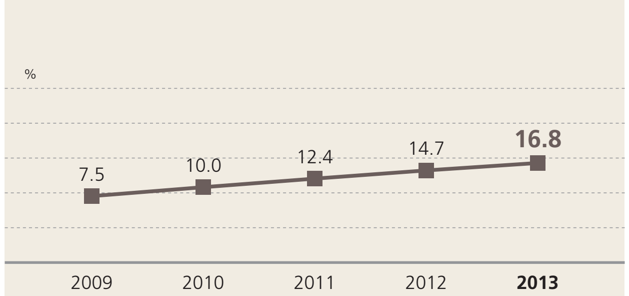
Repeat orders received



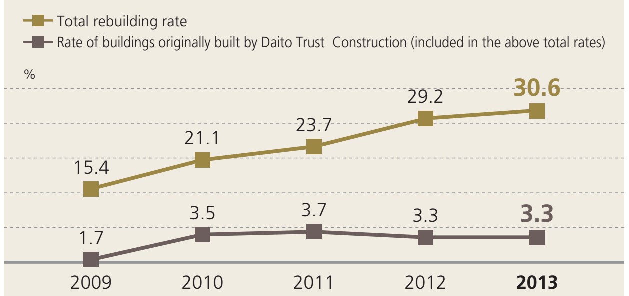
Cancellation rate



Medium-rise rate

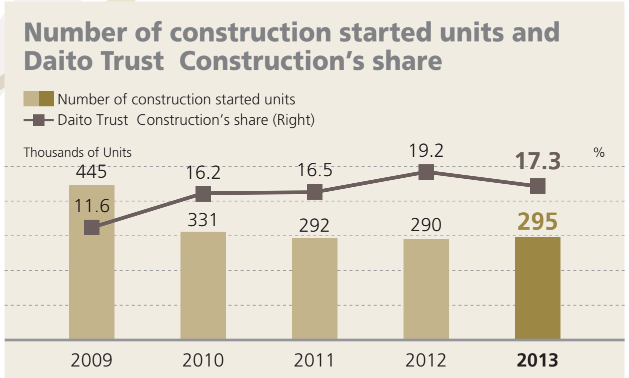


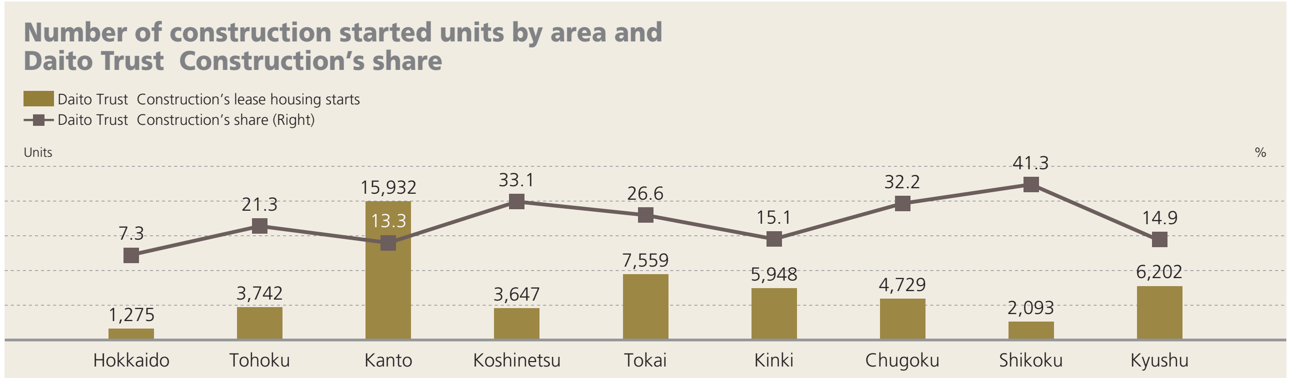
Rebuilding rate



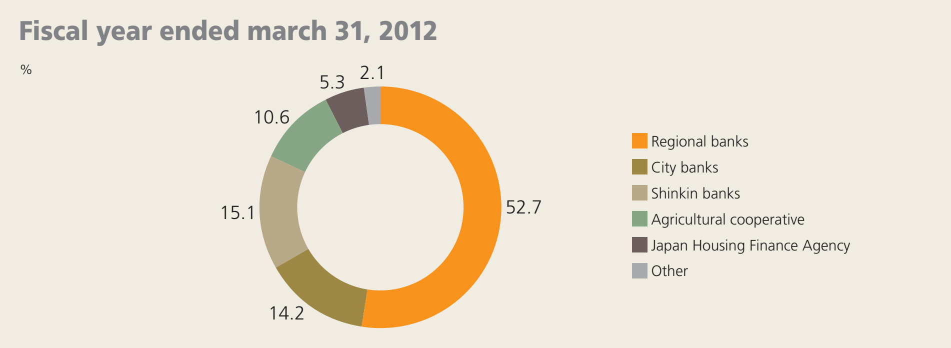
Key Performance Indicators (Years ended March 31)

Orders





Shares of Financial Institutions —Customer's Financing channel—

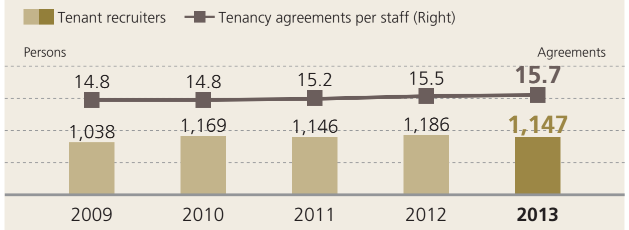


Key Performance Indicators (Years ended March 31)

Tenancy Agreements

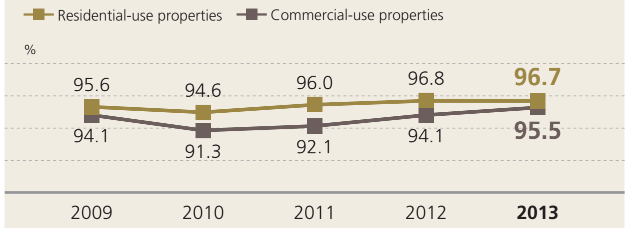
Number of tenancy agreements

Tenant recruiters and tenancy agreements per staff

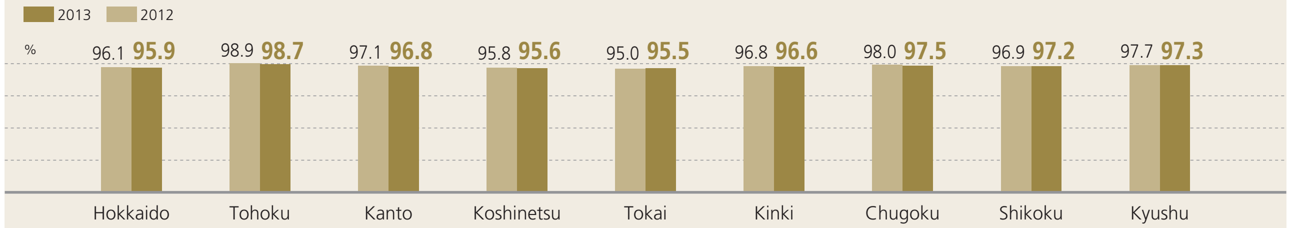


Occupancy Rate

Rent basis occupancy rate

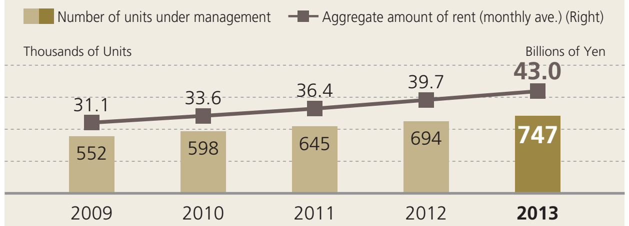


Rent basis occupancy rate by area (residential use)

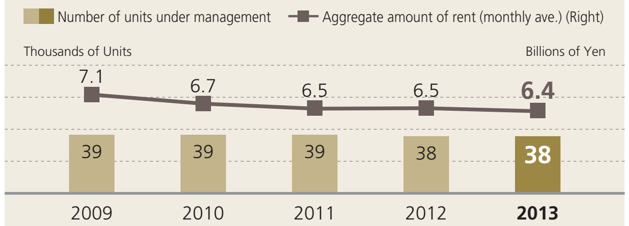


Units under Management / Aggregate Amount of Rent

Residential use



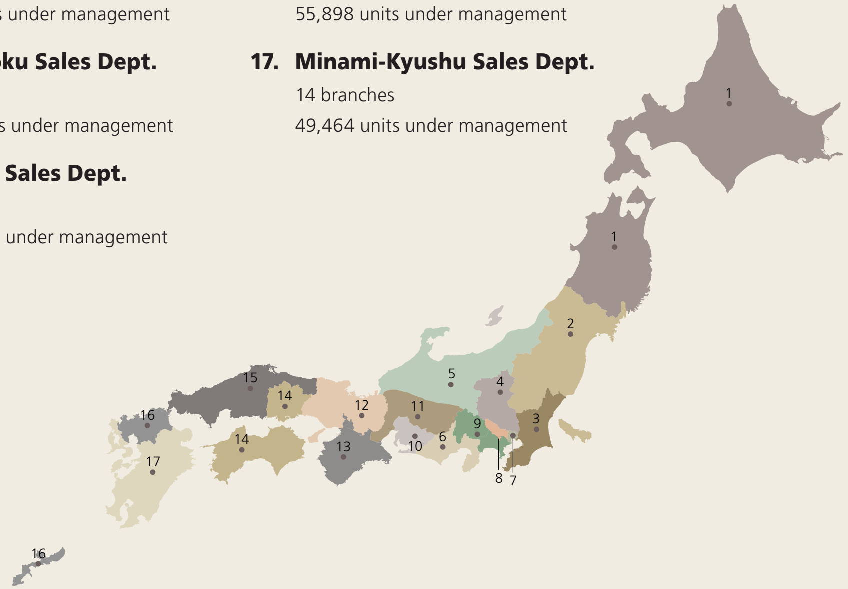
Commercial use



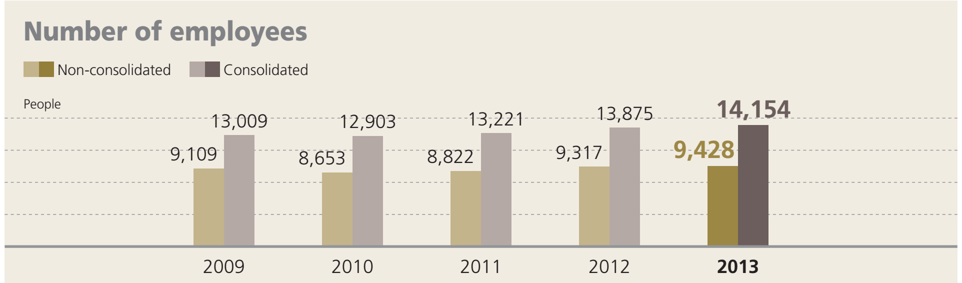
Key Performance Indicators

Number of Branches and Units Under Management by Sales Department As of June 30, 2013

1. **Kita-Nihon Sales Dept**
   13 branches
   30,665 units under management
2. **Tohoku Sales Dept.**
   14 branches
   48,656 units under management
3. **Higashi-Kanto Sales Dept.**
   16 branches
   88,113 units under management
4. **Kita-Kanto Sales Dept.**
   13 branches
   59,206 units under management
5. **Hokuriku/Shinetsu Sales Dept.**
   13 branches
   52,088 units under management
6. **Tokai Sales Dept.**
   11 branches
   30,333 units under management
7. **Higashi-Metropolitan Sales Dept.**
   12 branches
   12,402 units under management
8. **Nishi-Metropolitan Sales Dept.**
   12 branches
   18,061 units under management
9. **Minami-Kanto Sales Dept.**
   12 branches
   35,584 units under management
10. **Chukyo Sales Dept.**
    15 branches
    68,233 units under management
11. **Chubu Sales Dept.**
    10 branches
    39,894 units under management
12. **Keihanshin Sales Dept.**
    14 branches
    54,748 units under management
13. **Minami-Kansai Sales Dept.**
    14 branches
    49,719 units under management
14. **Chushikoku Sales Dept.**
    12 branches
    48,362 units under management
15. **Chugoku Sales Dept.**
    14 branches
    57,152 units under management
16. **Kita-Kyushu/Okinawa Sales Dept.**
    11 branches
    55,898 units under management
17. **Minami-Kyushu Sales Dept.**
    14 branches
    49,464 units under management



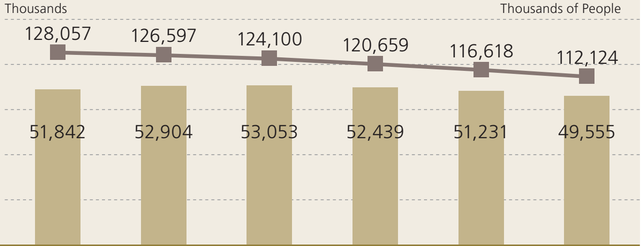
Employees



Key Performance Indicators

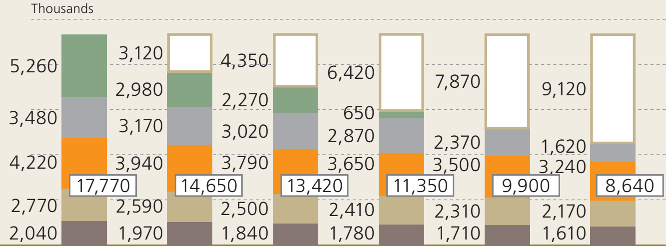
Market Forecast (Figures from 2015 are forecasts)

Population and total households



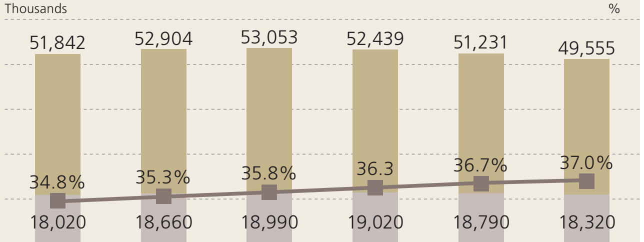
	2010	2015	2020	2025	2030	2035
Total households	51,842	52,904	53,053	52,439	51,231	49,555
Population (Right)	128,057	126,597	124,100	120,659	116,618	112,124

Loss of leased housing by year of construction



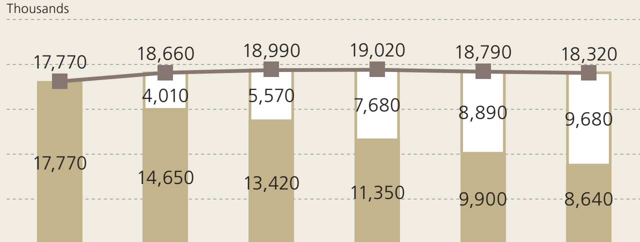
	2008	2015	2020	2025	2030	2035
Less than 5 years	2,040	1,970	1,840	1,780	1,710	1,610
5–10 years	2,770	2,590	2,500	2,410	2,310	2,170
11–20 years	4,220	3,940	3,790	3,650	3,500	3,240
21–30 years	3,480	3,170	3,020	2,870	2,370	1,620
Over 30 years	5,260	2,980	2,270	650	0	0
Loss of leased housing (index 2008=0)	0	3,120	4,350	6,420	7,870	9,120

Households living in leased housing



	2010	2015	2020	2025	2030	2035
Households in leased housing	18,020	18,660	18,990	19,020	18,790	18,320
Total households	51,842	52,904	53,053	52,439	51,231	49,555
Percentage of households in leased housing (right)	34.8%	35.3%	35.8%	36.3%	36.7%	37.0%

Trends of leased housing demand/supply



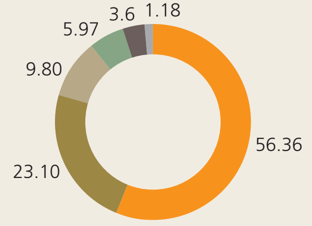
	2008	2015	2020	2025	2030	2035
Leased housing	17,770	14,650	13,420	11,350	9,900	8,640
Required supply of new leased housing units	0	4,010	5,570	7,680	8,890	9,680
Households in leased housing	17,770	18,660	18,990	19,020	18,790	18,320

Investor Information As of March 31, 2013

Share data

Number of shares authorized	329,541,100 shares
Number of shares issued	80,610,279 shares
Number of shareholders	16,380 shareholders
Trading unit	100 shares

Composition of shareholders

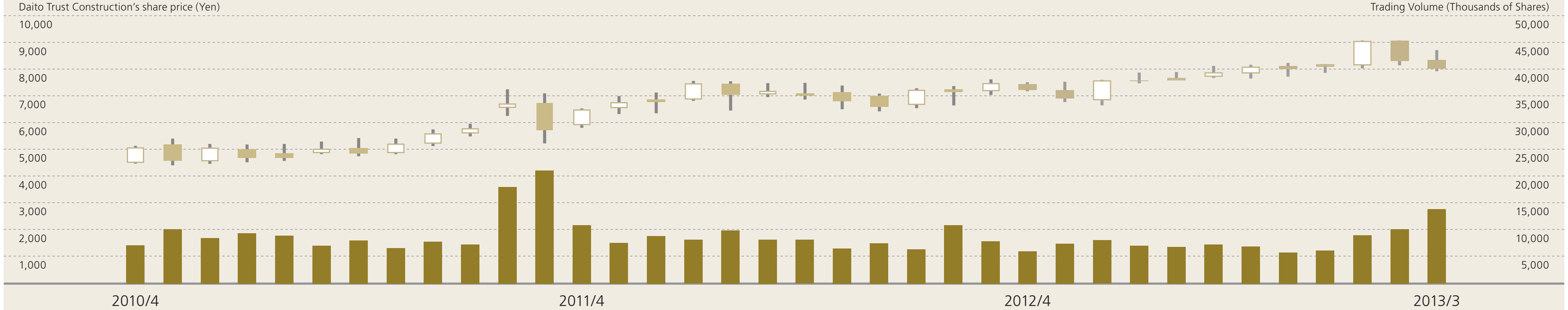


Foreign companies	45,431,384 shares
Financial institutions	18,618,344 shares
Individuals and others	7,901,102 shares
Domestic companies	4,809,102 shares
Securities companies	2,898,073 shares
Daito Trust Construction Co., Ltd.	951,925 shares

Principal shareholders

Name	Number of Shares Owned	% of Shares
Japan Trustee Services Bank, Ltd. (held in trust)	3,315,400	4.11
The Master Trust Bank of Japan, Ltd.(held in trust)	3,247,000	4.02
JPMorgan Chase Bank	2,969,035	3.68
State Street Bank and Trust Company 505225	2,239,649	2.77
Mellon Bank NA as Agent for Its Client Mellon Omnibus US Pension	1,938,251	2.40
Co-op Suppliers' Stock Holding	1,663,205	2.06
Sumitomo Realty & Development Co., Ltd.	1,606,700	1.99
Japan Trustee Services Bank, Ltd. (Sumitomo Mitsui Trust Bank re-trust account , SMBC employee retirement benefit trust account)	1,474,800	1.82
Daito Trust Employee Shareholders Association	1,258,111	1.56
Mellon Bank Treaty Clients Omnibus	1,097,579	1.36

Share price trends and trading volume



Corporate Data As of March 31, 2013

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

Daito Business Center Co,. Ltd.
Business support for Daito Trust Construction Group companies

DAITO TRUST CONSTRUCTION CO., LTD.

2-16-1 Konan, Minato-ku, Tokyo 108-8211, Japan
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Printed in Japan

Consolidated Financial Section 2013

Contents

Note:
Consolidated Financial Section contains audited English-language financial statements in which certain items have been changed for the convenience of overseas readers.

Daito Trust Construction Co., Ltd.
and
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Consolidated Balance Sheet

March 31, 2013

ASSETS	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
CURRENT ASSETS:			
Cash and cash equivalents (Note 18)	¥ 264,192	¥ 221,094	$ 2,809,059
Marketable securities (Notes 3 and 18)	10,325	5,069	109,782
Notes and accounts receivable (Note 18):			
Construction contracts	23,825	31,336	253,323
Other	9,279	7,196	98,660
Total receivables	33,104	38,532	351,983
Short-term loans (Note 18)	42,591	49,688	452,855
Inventories (Note 6)	11,890	13,997	126,422
Prepaid expenses－whole-building lease and other	50,387	47,108	535,747
Deferred tax assets (Note 13)	15,138	14,639	160,957
Other current assets	8,464	7,936	89,995
Allowance for doubtful accounts	(314)	(297)	(3,339)
Total current assets	435,777	397,766	4,633,461
PROPERTY, PLANT AND EQUIPMENT (Notes 7, 8 and 17):			
Land	42,110	41,875	447,741
Buildings and structures	57,608	54,918	612,525
Furniture and equipment	6,101	4,696	64,870
Lease assets (Note 17)	1,972	1,552	20,968
Total	107,791	103,041	1,146,104
Accumulated depreciation	(26,269)	(23,189)	(279,310)
Net property, plant and equipment	81,522	79,852	866,794
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Notes 3, 5 and 18)	17,972	17,420	191,090
Subordinated bonds and subordinated trust beneficiary right (Notes 4 and 18)	12,881	10,903	136,959
Guarantee deposit (Note 5)	25,024	21,604	266,071
Investment in an associated company	113	113	1,201
Deferred tax assets (Note 13)	19,404	16,493	206,316
Deferred tax assets on revaluation of land	2,703	2,771	28,740
Other assets	25,199	25,069	267,932
Allowance for doubtful accounts (Note 4)	(2,857)	(2,911)	(30,377)
Total investment and other assets	100,439	91,462	1,067,932
TOTAL	¥ 617,738	¥ 569,080	$ 6,568,187

LIABILITIES AND EQUITY	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
CURRENT LIABILITIES:			
Short-term bank loan (Note 9)	¥ 300	¥ 300	$ 3,190
Current portion of long-term lease obligations (Note 17)	298	274	3,169
Current portion of long-term bank loan (Notes 9 and 18)	14,975	14,759	159,224
Accounts payable (Note 18)	44,230	42,206	470,282
Advances received－construction contracts	40,973	31,069	435,651
Income taxes payable (Notes 13 and 18)	25,975	27,752	276,183
Advances received－whole-building lease and other	29,263	28,628	311,143
Accrued employees' bonuses	16,224	15,393	172,504
Deposits received (Note 18)	6,920	6,622	73,578
Other current liabilities	34,008	34,168	361,594
Total current liabilities-(Forward)	213,166	201,171	2,266,518
LONG-TERM LIABILITIES:			
Long-term bank loan (Notes 9 and 18)	95,524	109,499	1,015,673
Long-term lease obligations (Note 17)	1,030	941	10,952
Liability for retirement benefit (Note 10)	9,296	9,382	98,841
Provision for repair of whole-building lease system	36,995	25,947	393,355
Deposits received for guarantee (Note 18)	69,199	65,741	735,768
Other long-term liabilities	5,935	4,390	63,104
Total long-term liabilities	217,979	215,900	2,317,693
COMMITMENTS AND CONTINGENT LIABILITIES (Note 19)			
EQUITY (Note 11):			
Common stock-authorized: 329,541 thousand shares; issued, 80,610 thousand shares in 2013 and 2012	29,061	29,061	308,995
Capital surplus	34,541	34,541	367,262
Stock acquisition rights (Note 12)	73	70	776
Retained earnings	140,703	113,762	1,496,045
Treasury stock－at cost, 952 thousand shares in 2013 and 1,117 thousand shares in 2012	(11,560)	(13,873)	(122,913)
Accumulated other comprehensive income:			
Unrealized gain on available-for-sale securities	3,420	713	36,364
Land revaluation surplus	(4,881)	(5,004)	(51,898)
Foreign currency translation adjustments	(6,315)	(8,762)	(67,146)
Total	185,042	150,508	1,967,485
Minority interest	1,551	1,501	16,491
Total equity	186,593	152,009	1,983,976
TOTAL	¥ 617,738	¥ 569,080	$ 6,568,187

See notes to consolidated financial statements.

Daito Trust Construction Co., Ltd.
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Consolidated Statement of Income

Year ended March 31, 2013

	Millions of Yen 2013	Millions of Yen 2012	Thousands of U.S. Dollars (Note 1) 2013
NET SALES:			
Construction contracts (Notes 14 and 22)	¥ 489,545	¥ 468,636	$ 5,205,157
Real estate	630,429	589,924	6,703,126
Other	32,439	28,569	344,912
Total net sales	1,152,413	1,087,129	12,253,195
COST OF SALES:			
Construction contracts	317,438	293,529	3,375,205
Real estate	595,072	560,663	6,327,188
Other	21,477	18,792	228,356
Total cost of sales	933,987	872,984	9,930,749
Gross profit	218,426	214,145	2,322,446
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (Note 15)	136,014	132,170	1,446,189
Operating income	82,412	81,975	876,257
OTHER INCOME (EXPENSES):			
Interest and dividend income	908	662	9,654
Interest expense (Note 9)	(1,176)	(1,318)	(12,504)
Other－net (Notes 7 and 16)	3,214	5,293	34,174
Other income－net	2,946	4,637	31,324
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	85,358	86,612	907,581
INCOME TAXES (Note 13):			
Current	38,396	40,353	408,251
Deferred	(4,839)	(999)	(51,451)
Total income taxes	33,557	39,354	356,800
NET INCOME BEFORE MINORITY INTERESTS	51,801	47,258	550,781
MINORITY INTERESTS IN NET INCOME	127	155	1,350
NET INCOME	¥ 51,674	¥ 47,103	$ 549,431

	Yen 2013	Yen 2012	U.S. dollars 2013
PER SHARE OF COMMON STOCK (Note 21):			
Basic net income	¥ 648.57	¥ 594.53	$ 6.90
Diluted net income	648.28	593.27	6.89
Cash dividends applicable to the year	324.00	297.00	3.44

See notes to consolidated financial statements.

Daito Trust Construction Co., Ltd.
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Consolidated Statement of Comprehensive Income

Year ended March 31, 2013

		Millions of Yen			Thousands of U.S. Dollars
		2013		2012	2013
NET INCOME BEFORE MINORITY INTERESTS	¥	51,801	¥	47,258	$ 550,781
OTHER COMPREHENSIVE INCOME (LOSS) (Note 20):					
Unrealized gain on available-for-sale securities		2,707		416	28,783
Deferred gain on derivatives under hedge accounting				181	
Land revaluation surplus				(393)	
Foreign currency translation adjustments		2,447		(1,055)	26,018
Total other comprehensive income (loss)		5,154		(851)	54,801
COMPREHENSIVE INCOME	¥	56,955	¥	46,407	$ 605,582
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:					
Owners of the parent	¥	56,828	¥	46,252	$ 604,232
Minority interests		127		155	1,350

See notes to consolidated financial statements.

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Consolidated Statement of Changes in Equity

Year ended March 31, 2013

		Millions of Yen											
							Accumulated other comprehensive income						
	Number of Shares of Common Stock Outstanding	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, APRIL 1, 2011	80,610,279	¥ 29,061	¥ 34,541	¥ 253	¥ 88,988	¥ (9,208)	¥ 297	¥ (181)	¥ (4,610)	¥ (7,708)	¥ 131,433	¥ 819	¥ 132,252
Net income					47,103						47,103		47,103
Cash dividends, ¥279 per share					(22,073)						(22,073)		(22,073)
Purchase of treasury stock						(9,024)					(9,024)		(9,024)
Disposal of treasury stock					(256)	4,359					4,103		4,103
Net change in the year				(183)			416	181	(394)	(1,054)	(1,034)	682	(352)
BALANCE, MARCH 31, 2012	80,610,279	29,061	34,541	70	113,762	(13,873)	713		(5,004)	(8,762)	150,508	1,501	152,009
Net income					51,674						51,674		51,674
Cash dividends, ¥308 per share					(24,519)						(24,519)		(24,519)
Purchase of treasury stock						(516)					(516)		(516)
Disposal of treasury stock					(92)	2,829					2,737		2,737
Reversal of land revaluation surplus					(122)						(122)		(122)
Net change in the year				3			2,707		123	2,447	5,280	50	5,330
BALANCE, MARCH 31, 2013	80,610,279	¥ 29,061	¥ 34,541	¥ 73	¥ 140,703	¥ (11,560)	¥ 3,420		¥ (4,881)	¥ (6,315)	¥ 185,042	¥ 1,551	¥ 186,593

	Thousands of U.S. Dollars (Note 1)											
						Accumulated other comprehensive income						
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-Sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Land Revaluation Surplus	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
BALANCE, MARCH 31, 2012	$ 308,995	$ 367,262	$ 744	$ 1,209,591	$ (147,517)	$ 7,581	-	$ (53,206)	$ (93,163)	$ 1,600,287	$ 15,970	$ 1,616,257
Net income				549,431						549,431		549,431
Cash dividends, $3.27 per share				(260,702)						(260,702)		(260,702)
Purchase of treasury stock					(5,486)					(5,486)		(5,486)
Disposal of treasury stock				(978)	30,090					29,112		29,112
Reversal of land revaluation surplus				(1,297)						(1,297)		(1,297)
Net change in the year			32			28,783		1,308	26,017	56,140	521	56,661
BALANCE, MARCH 31, 2013	$ 308,995	$ 367,262	$ 776	$ 1,496,045	$ (122,913)	$ 36,364	-	$ (51,898)	$ (67,146)	$ 1,967,485	$ 16,491	$ 1,983,976

See notes to consolidated financial statements.

Daito Trust Construction Co., Ltd.
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Consolidated Statement of Cash flows

Year ended March 31, 2013

	Millions of Yen		Thousands of U.S. Dollars (note 1)
	2013	2012	2013
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 85,358	¥ 86,612	$ 907,581
Adjustments for:			
Income taxes－paid	(39,603)	(36,984)	(421,085)
Depreciation and amortization	3,161	3,112	33,610
Impairment loss	231	79	2,456
Gain on devaluation of investment securities	(197)	(17)	(2,095)
Changes in operating assets and liabilities:			
Decrease in notes and accounts receivable	5,445	5,631	57,895
Decrease (increase) in inventories	2,110	(4,215)	22,435
Increase in prepaid expenses－ whole-building lease and other	(3,296)	(6,354)	(35,045)
Decrease in short-term loans	7,097	13,944	75,460
Increase in accounts payables	2,008	6,820	21,350
Increase (decrease) in advances received－ whole-building lease and other	635	(13,339)	6,752
Increase in advances received－ construction contracts	9,904	8,430	105,306
Increase in deposits received for guarantee	3,458	4,882	36,768
Increase (decrease) in deposits received	297	(163)	3,158
Decrease in allowance for doubtful accounts	(37)	(28)	(393)
Increase in accrued employees' bonuses	830	2,488	8,825
(Decrease) increase in retirement and severance allowance	(86)	657	(914)
Increase in provision for repair of whole-building lease system	11,048	8,996	117,469
Other－net	(523)	(2,706)	(5,562)
Total adjustments	2,482	(8,767)	26,390
Net cash provided by operating activities	87,840	77,845	933,971
INVESTING ACTIVITIES:			
Decrease in time deposits －net	-	200	-
Purchases of marketable and investment securities	(11,993)	(7,432)	(127,517)
Proceeds from sales and redemption of marketable and investment securities	9,915	780	105,423
Payments for purchase of property, plant and equipment	(3,671)	(3,146)	(39,032)
Other－net	(4,615)	(1,774)	(49,071)
Net cash used in investing activities	(10,364)	(11,372)	(110,197)
FINANCING ACTIVITIES:			
Increase in short-term bank loan －net	-	300	-
Proceeds from long-term bank loan	1,000	11,000	10,633
Repayment of long-term bank loan	(14,759)	(13,742)	(156,927)
Dividends paid	(24,519)	(22,073)	(260,702)
Repurchase of treasury stock	(309)	(9,024)	(3,285)
Proceeds from disposal of treasury stock	2,754	3,868	29,282
Proceeds from stock issuance from minority shareholders	-	437	-
Cash dividends paid to minority shareholders	(78)	-	(829)
Other－net	(295)	(257)	(3,137)
Net cash used in financing activities	(36,206)	(29,491)	(384,965)
FOREIGN CURRENCY TRANSLATION ADJUSTMENTS ON CASH AND CASH EQUIVALENTS	1,828	(702)	19,437
NET INCREASE IN CASH AND CASH EQUIVALENTS	43,098	36,280	458,246
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	221,094	184,814	2,350,813
CASH AND CASH EQUIVALENTS, END OF YEAR	¥ 264,192	¥ 221,094	$ 2,809,059

See notes to consolidated financial statements.

Daito Trust Construction Co., Ltd.
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Notes to Consolidated Financial Statements
Year Ended March 31, 2013

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations and in accordance with accounting principles generally accepted in Japan , which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2012 consolidated financial statements to conform them to the classifications used in 2013.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which Daito Trust Construction Co., Ltd. (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥94.05 to $1, the approximate rate of exchange at March 31, 2013. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. ***Consolidation***—The consolidated financial statements as of March 31, 2013, include the accounts of the Company and its 17 significant (16 in 2012) subsidiaries (together, the "Group"). Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated.

Investment in an associated company is stated at cost. If the equity method of accounting had been applied to the investment in this company, the effect on the accompanying consolidated financial statements would not be material.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group is also eliminated.

b. ***Cash Equivalents***—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value.

Cash equivalents include time deposits and certificate of deposits, both of which mature within three months of the date of acquisition.

c. ***Inventories***—Construction projects in progress are stated at cost determined on the specific project basis. Materials and other inventories are mainly stated at the lower of cost determined by the moving-average method, or net selling value.

d. ***Marketable and Investment Securities***—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, for which there is the positive intent and ability to hold to maturity are reported at amortized cost; and (2) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity.

Nonmarketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, investment securities are reduced to net realizable value by a charge to income.

e. ***Property, Plant and Equipment***—Property, plant and equipment are stated at cost. Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed substantially by the declining-balance method based on the estimated useful lives of the assets, while the straight-line method is applied to buildings acquired after April 1, 1998, and all property and equipment of consolidated foreign subsidiaries. The range of useful lives is principally from 10 to 60 years for buildings and structures, and from 2 to 20 years for furniture and equipment. Lease assets are depreciated using the straight-line method over the estimated useful lives of assets which are the term of the respective leases.

f. ***Long-Lived Assets***—The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss is recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

g. ***Land Revaluation***—Under the "Law of Land Revaluation," the Company elected a one-time revaluation of its own-use land to a value based on real estate appraisal information as of March 31, 2002. The resulting land revaluation difference represents the unrealized decline in value of land and is stated, net of income taxes, as a component of equity. There was no effect on the consolidated statement of income. Continuous readjustment is not permitted unless the land value subsequently declines significantly. The amount of the decline in value would be added to the land revaluation difference account and related deferred tax assets.

h. ***Allowance for Doubtful Accounts***—The allowance for doubtful accounts is stated at amounts considered to be appropriate based on the Group's past credit loss experience and an evaluation of potential losses in the receivables outstanding. The allowance for doubtful accounts related to the subordinated bonds and subordinated trust beneficiary right issued by special-purpose entities (SPEs) is stated based on an evaluation of potential losses due to the worsening fiscal condition of the SPEs.

i. ***Accrued Employees' Bonuses***—The Company and certain consolidated subsidiaries have provided for employees' bonuses to state the liability at the estimated amount payable to employees.

j. ***Retirement and Pension Plans***—The Company and certain consolidated subsidiaries have contributory funded defined benefit pension plans and unfunded retirement benefit plans for employees. Other consolidated domestic subsidiaries have unfunded retirement benefit plans for their employees.

Unrecognized prior service liabilities are amortized over a certain period (mainly 8 years) using the straight-line method within the average remaining service period, commencing from the date on which they are incurred.

Unrecognized actuarial net gains or losses are amortized over a certain period (mainly 6 years and 8 years) using the declining-balance method within the average remaining service period, commencing from the date on which they are incurred. Certain consolidated subsidiaries amortized from the following year in which they arise.

k. ***Provision for Repair of Whole-Building Lease System***— Certain consolidated subsidiaries have provided for a provision for repair of whole-building lease systems to cover probable costs of restore and repair being borne in the future based on the whole-building lease contracts.

l. ***Stock Options***—In December 2005, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to measure the cost of employee stock options based on the fair value at the date of grant and recognize compensation expense over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions. In addition, the standard allows unlisted companies to measure options at their intrinsic value if they cannot reliably estimate fair value.

m. ***Research and Development Costs***—Research and development costs are charged to income as incurred.

n. ***Leases***—In March 2007, the ASBJ issued ASBJ Statement No.13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the notes to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet.

In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to continue to be accounted for as operating lease transactions.

The Company applied the revised accounting standard effective April 1, 2008. In addition, the Company continues to account for leases which existed at the transition date and does not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

o. ***Construction Contracts***— In December 2007, the ASBJ issued ASBJ Statement No. 15, "Accounting Standard for Construction Contracts" and ASBJ Guidance No. 18, "Guidance on Accounting Standard for Construction Contracts." Under these accounting standards, construction revenue and construction costs should be recognized by the percentage-of-completion method, if the outcome of a construction contract can be estimated reliably. When total construction revenue, total construction costs and the stage of completion of the contract at the balance sheet date can be reliably measured, the outcome of a construction contract is deemed to be estimated reliably. If the outcome of a construction contract cannot be reliably estimated, the completed-contract method should be applied. When it is probable that the total construction costs will exceed total construction revenue, an estimated loss on the contract should be immediately recognized by providing for a loss on construction contracts.

p. ***Income Taxes***—The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

q. ***Foreign Currency Transactions***—All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

r. ***Foreign Currency Financial Statements***—The balance sheet accounts, and revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for equity, which is translated at the historical rate. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity.

s. ***Derivatives and Hedging Activities***—The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign exchange. Foreign exchange forward contracts, currency options, and currency swaps are utilized by the Group to reduce foreign currency exchange risk. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (1) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and (2) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts, currency options, and currency swaps employed to hedge foreign exchange exposure for imports are measured at fair value and the unrealized gains/losses are recognized in income. Forward contracts applied for forecasted (or committed) transactions are also measured at fair value but the unrealized gains/losses are deferred until the underlying transactions are completed.

Accounts payable denominated in foreign currencies for which foreign exchange forward contracts are used to hedge the foreign currency fluctuations are translated at the contracted rate if the forward contracts, currency option, and currency swaps qualify for hedge accounting.

t. ***Consumption Tax***—Consumption tax is accounted for by the tax exclusion method.

u. ***Per Share Information***—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding warrants at the beginning of the year (or at the time of issuance).

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years, including dividends to be paid after the end of the year.

v. ***Accounting Changes and Error Corrections***—In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows: (1) Changes in Accounting Policies—When a new accounting policy is applied following revision of an accounting standard, the new policy is applied retrospectively unless the revised accounting standard includes specific transitional provisions, in which case the entity shall comply with the specific transitional provisions. (2) Changes in Presentation—When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation. (3) Changes in Accounting Estimates—A change in an accounting estimate is accounted for in the period of the change if the change affects that period only and is accounted for prospectively if the change affects both the period of the change and future periods. (4) Corrections of Prior-Period Errors—When an error in prior-period financial statements is discovered, those statements are restated.

w. New Accounting Pronouncements

Accounting Standard for Retirement Benefits— On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with an effective date of April 1, 2000, and the other related practical guidance, and followed by partial amendments from time to time through 2009.

Major changes are as follows:

(a) Treatment in the balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and any resulting deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(b) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard does not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and have not yet been recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

(c) Amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases

The revised accounting standard also made certain amendments relating to the method of attributing expected benefit to periods and relating to the discount rate and expected future salary increases.

This accounting standard and the guidance for (a) and (b) above are effective for the end of annual periods beginning on or after April 1, 2013, and for (c) above are effective for the beginning of annual periods beginning on or after April 1, 2014, or for the beginning of annual periods beginning on or after April 1, 2015, subject to certain disclosure in March 2015, both with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The Company expects to apply the revised accounting standard for (a) and (b) above from the end of the annual period beginning on April 1, 2013, and for (c) above from the beginning of the annual period beginning on April 1, 2014, and is in the process of measuring the effects of applying the revised accounting standard in future applicable periods.

3. MARKETABLE AND INVESTMENT SECURITIES

Marketable and investment securities as of March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Current:			
Government and corporate bonds	¥ 7,825	¥ 4,068	$ 83,200
Other	2,500	1,001	26,582
Total	¥ 10,325	¥ 5,069	$ 109,782
Non-current:			
Marketable equity securities	¥ 11,892	¥ 7,669	$ 126,443
Government and corporate bonds	6,050	9,089	64,327
Trust fund investments and other	30	662	320
Total	¥ 17,972	¥ 17,420	$ 191,090

The carrying amounts and aggregate fair values of marketable and investment securities at March 31, 2013 and 2012, were as follows:

	Millions of Yen			
March 31, 2013	Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 6,583	¥ 5,478	¥ 169	¥ 11,892
Government and corporate bonds	13,068	205	4	13,269
Other	2,500	-	-	2,500
Held-to-maturity	606	13	-	619
March 31, 2012				
Securities classified as:				
Available-for-sale:				
Equity securities	¥ 6,583	¥ 1,352	¥ 266	¥ 7,669
Government and corporate bonds	12,458	45	6	12,497
Other	1,000	2	-	1,002
Held-to-maturity	660	17	-	677

March 31, 2013	Thousands of U.S. Dollars Cost	Unrealized Gains	Unrealized Losses	Fair Value
Securities classified as:				
Available-for-sale:				
Equity securities	$ 69,995	$ 58,246	$ 1,798	$ 126,443
Government and corporate bonds	138,947	2,180	42	141,085
Other	26,582	-	-	26,582
Held-to-maturity	6,443	139	-	6,582

4. SUBORDINATED BONDS AND SUBORDINATED TRUST BENEFICIARY RIGHT

The Company mediates the extension of apartment loans to customers who order construction of rental housing.

As for this loan, financial institutions establish SPEs and the loans are securitized by SPEs.

When the customer uses this loan, the Company needs to buy the subordinated bonds or subordinated trust beneficiary right issued by the SPEs according to the agreement with certain financial institutions.

Details of the subordinated bonds and subordinated trust beneficiary right were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Subordinated bonds and subordinated trust beneficiary right	¥ 12,881	¥ 10,903	$ 136,959
Allowance for doubtful accounts	¥ 1,168	¥ 1,475	$ 12,419
Possession ratio of subordinated bonds and subordinated trust beneficiary right	6.17%	6.30%	6.17%
Date of maturity	November 2034 – February 2043	November 2034 – March 2040	November 2034 – February 2043
Loan balance of SPEs	¥ 114,958	¥ 103,220	$ 1,222,307
Outstanding bonds of SPEs	¥ 119,030	¥ 109,828	$ 1,265,603
Number of SPEs	10	8	10

The possession ratio of the subordinated bonds and subordinated trust beneficiary right is the ratio of the subordinated bonds and subordinated trust beneficiary right balance of the Company to the total amount of bonds when issued.

5. PLEDGED ASSETS

The carrying amounts of assets pledged as security as required by the Building Lots and Buildings Transaction Business Law, the Act for Secure Execution of Defect Warranty Liability and for the purpose of extending payment due dates for customs and consumption tax at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Investment securities	¥ 4,204	¥ 5,271	$ 44,700
Other	2,245	10	23,870
Total	¥ 6,449	¥ 5,281	$ 68,570

6. INVENTORIES

Inventories at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Construction projects in progress	¥ 7,315	¥ 7,026	$ 77,778
Materials	3,668	6,662	39,001
Real estate held for sale	727	169	7,730
Merchandise	180	140	1,913
Total	¥ 11,890	¥ 13,997	$ 126,422

7. LONG-LIVED ASSETS

The Group reviewed its long-lived assets for impairment as of March 31, 2013. As a result, the Group recognized an impairment loss of ¥177 million ($1,882 thousand) as other expense for the asset group for the recreation facility and recognized an impairment loss of ¥38 million ($404 thousand) as other expense for the asset group for store operation due to a continuous operating loss of those units, and the carrying amounts of the relevant assets were written down to the recoverable amount. The recoverable amount of the asset group was measured at net selling price which was evaluated as appraisal values for land and reasonable disposal values for assets other than land.

8. INVESTMENT PROPERTY

In November 2008, the ASBJ issued ASBJ Statement No. 20,"Accounting Standard for Investment Property and Related Disclosures" and issued ASBJ Guidance No.23,"Guidance on Accounting Standard for Investment Property and Related Disclosures."

The Group owns certain rental properties, such as office buildings, apartments, and car parking spaces. The net of rental income and operating expenses for those rental properties was ¥3,413 million ($36,289 thousand) and ¥3,325 million for the fiscal years ended March 31, 2013 and 2012, respectively.

In addition, the carrying amounts, changes in such balances and market prices of such properties are as follows:

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2012	Decrease	March 31, 2013	March 31, 2013
¥59,386	¥894	¥58,492	¥117,835

Millions of Yen			
Carrying Amount			Fair Value
April 1, 2011	Decrease	March 31, 2012	March 31, 2012
¥60,324	¥938	¥59,386	¥117,887

Thousands of U.S. Dollars			
Carrying Amount			Fair Value
April 1, 2012	Decrease	March 31, 2013	March 31, 2013
$ 631,430	$ 9,505	$ 621,925	$ 1,252,897

Notes:
1. Carrying amount recognized in the consolidated balance sheet is net of accumulated depreciation and accumulated impairment losses, if any.
2. Increase during the fiscal year ended March 31, 2013, primarily represents the acquisition of certain properties of ¥5 million ($53 thousand), and decrease primarily represents the recognition of depreciation of ¥890 million ($9,463 thousand).
3. Increase during the fiscal year ended March 31, 2012, primarily represents the acquisition of certain properties of ¥39 million, and decrease primarily represents the recognition of depreciation of ¥987 million.
4. Fair value of properties is measured by the Group in accordance with its Real-Estate Appraisal Standard.

9. SHORT-TERM BANK LOANS AND LONG-TERM BANK LOAN

Short-term bank loans at March 31, 2013 and 2012, consisted of bank overdrafts. The annual interest rate applicable to the short-term bank loan is 0.65% and 0.74% at March 31, 2013 and 2012, respectively.

Long-term bank loans at March 31, 2013 and 2012 consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Loans from banks due on various dates through 2020 with interest rates ranging from 0.51% to 1.05% (2013) and from 0.54% to 1.14% (2012)	¥ 110,499	¥ 124,258	$ 1,174,897
Total	110,499	124,258	1,174,897
Less current portion	(14,975)	(14,759)	(159,224)
Long-term bank loan, less current portion	¥ 95,524	¥ 109,499	$ 1,015,673

Annual maturities of long-term bank loan, excluding finance leases (see Note 17), at March 31, 2013, were as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	¥ 14,975	$ 159,224
2015	14,903	158,458
2016	14,903	158,458
2017	14,288	151,919
2018	51,107	543,402
2019 and thereafter	323	3,436
Total	¥ 110,499	$ 1,174,897

As is customary in Japan, the Company maintains substantial deposit balances with banks with which it has borrowings. Such deposit balances are not legally or contractually restricted as to withdrawal.

General agreements with respective banks provide, as is customary in Japan, that additional collateral must be provided under certain circumstances if requested by such banks and that certain banks have the right to offset cash deposited with them against any long-term or short-term debt or obligation that becomes due and, in case of default and certain other specified events, against all other debt payable to the banks. The Company has never been requested to provide any additional collateral.

In addition, the Company entered into committed loan facility agreements aggregating ¥38,988 million ($414,545 thousand) with seven Japanese banks. There was ¥300 million ($3,190 thousand) balance under the committed loan facility agreements as of March 31, 2013.

10. RETIREMENT AND PENSION PLANS

The Company and certain consolidated subsidiaries have severance payment plans for employees. Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service, and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for employees' retirement benefits at March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Projected benefit obligation	¥ 24,667	¥ 23,024	$ 262,275
Fair value of plan assets	(14,502)	(12,220)	(154,195)
Unrecognized prior service cost	(196)	(287)	(2,084)
Unrecognized actuarial loss	(673)	(1,135)	(7,155)
Net liability	¥ 9,296	¥ 9,382	$ 98,841

The components of net periodic benefit costs for the years ended March 31, 2013 and 2012, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Service cost	¥ 2,147	¥ 2,153	$ 22,828
Interest cost	313	293	3,328
Expected return on plan assets	(183)	(171)	(1,946)
Amortization of prior service cost	90	84	957
Recognized actuarial loss	282	378	2,999
Net periodic benefit costs	¥ 2,649	¥ 2,737	$ 28,166

Assumptions used for the years ended March 31, 2013 and 2012, are set forth as follows:

	2013	2012
Discount rate	1.4%	1.4%
Expected rate of return on plan assets	1.5%	1.5%
Amortization period of prior service cost	Mainly 8 years	8 years
Recognition period of actuarial gain/loss	Mainly 6 years and 8 years	Mainly 6 years and 8 years

11. EQUITY

Japanese companies are subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

a. Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having independent auditors,(3) having an Audit & Supervisory Board, and (4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the company has prescribed so in its articles of incorporation. However, the Company cannot do so because it does not meet all the above criteria.

The Companies Act permits companies to distribute dividends-in-kind (noncash assets) to shareholders subject to a certain limitation and additional requirements.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of net assets after dividends must be maintained at no less than ¥3 million.

b. Increases/Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends, until the aggregate amount of legal reserve and additional paid-in capital equals 25% of the common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus, and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

c. *Treasury Stock and Treasury Stock Acquisition Rights*

The Companies Act also provides for companies to purchase treasury stock and dispose of such treasury stock by resolution of the Board of Directors. The amount of treasury stock purchased cannot exceed the amount available for distribution to the shareholders which is determined by specific formula. Under the Companies Act, stock acquisition rights are presented as a separate component of equity. The Companies Act also provides that companies can purchase both treasury stock acquisition rights and treasury stock. Such treasury stock acquisition rights are presented as a separate component of equity or deducted directly from stock acquisition rights.

The Company has set up “Trust under Employee Stock Ownership Plan ” and “Trust for employees being received in-kind benefit by stock” to improve employees’ benefit program, increase the corporate value by enhancing awareness of the Company’s results and stock price, and enhance employees’ motivation and morale.

The Company identified these trusts as a part of the Company by emphasizing economic substance from the accounting point of view.

The Company’s stock held by the trusts is therefore presented as “Treasury Stock” as a deduction to shareholders’ equity in the consolidated balance sheet and consolidated shareholders’ equity (or statement of changes in equity).

The Company’s stock held by the above trusts also has the same rights as normal stock, e.g., voting and dividend claim rights, because the stock does not meet the definition of treasury stock under the Companies Act. For a calculation of available amounts for dividends as stipulated under Clause 2 of Article 461 of the Companies Act, the Company’s stock held by the trusts is not deducted because of the same reason. The Company’s stock held by the above trusts is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Trust under Employee Stock Ownership Plan	¥ 3,281	¥ 4,863	$ 34,886
Trust for employees received as in kind benefit by stock	2,974	3,000	31,621
Total	¥ 6,255	¥ 7,863	$ 66,507

	Thousands of Shares	
	2013	2012
Trust under Employee Stock Ownership Plan	459	680
Trust for employees received as in kind benefit by stock	414	418
Total	873	1,098

12. STOCK OPTIONS

Stock options outstanding as of March 31, 2013, are as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2012 Stock Option (A)	10 directors	7,600 shares	2012.6.14	¥ 1 ($0.01)	From June 15, 2012 to June 14, 2042
2012 Stock Option (B)	10 directors	17,500 shares	2012.6.14	¥ 1 ($0.01)	From June 15, 2012 to June 14, 2017

Stock option activity is as follows:

	2004 Stock Option
Year Ended March 31, 2012	
Non-vested	
April 1, 2011—Outstanding	-
Granted	-
Canceled	-
Vested	-
March 31, 2012—Outstanding	-
Vested	
April 1, 2011—Outstanding	828,200
Vested	-
Exercised	(598,800)
Canceled	-
March 31, 2012—Outstanding	229,400

	2004 Stock Option	2012 Stock Option (A)	2012 Stock Option (B)
Year Ended March 31, 2013		(Shares)	
Non-vested			
April 1, 2012—Outstanding	-	-	-
Granted	-	7,600	17,500
Canceled	-	-	-
Vested	-	7,600	-
March 31, 2013—Outstanding	-	-	17,500
Vested			
April 1, 2012—Outstanding	229,400	-	-
Vested	-	7,600	-
Exercised	(224,400)	(1,000)	-
Canceled	5,000	-	-
March 31, 2013—Outstanding	-	6,600	-
Exercise price	¥ 4,645	¥ 1	¥ 1
	($ 49.39)	($ 0.01)	($ 0.01)
Average stock price at exercise	¥ 7,225	¥ 7,240	¥ -
	($ 76.82)	($ 76.98)	($ -)
Fair value price at grant date	¥ 544	¥ 5,821	¥ 5,474
	($ 5.78)	($ 61.89)	($ 58.20)
Fair value price at alteration of a condition date (extension 3 years of exercise period)	¥ 850	¥ -	¥ -
	($ 9.04)	($ -)	($ -)

The Assumptions Used to Measure the Fair Value of the 2012 Stock Option (A)
Estimate method: Black-Scholes option pricing model
Volatility of stock price: 34.59%
Estimated remaining outstanding period: 4.07 years
Estimated dividend: ¥297 per share
Risk free interest rate: 0.152%

The Assumptions Used to Measure the Fair Value of the 2012 Stock Option (B)
Estimate method: Black-Scholes option pricing model
Volatility of stock price: 33.85%
Estimated remaining outstanding period: 5.50 years
Estimated dividend: ¥297 per share
Risk free interest rate: 0.274%

13. INCOME TAXES

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in normal effective statutory tax rates of approximately 38.0% for the year ended March 31, 2013, and 40.7% for the year ended March 31, 2012.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2013 and 2012, are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Deferred tax assets:			
Loss on devaluation of investment securities	¥ 274	¥ 334	$ 2,913
Allowance for doubtful accounts	1,129	1,204	12,004
Software	1,252	1,830	13,312
Unrealized profit of assets	3,329	3,361	35,396
Accrued expenses	1,974	1,770	20,989
Accrued enterprise taxes	2,004	1,933	21,308
Accrued employees' bonuses	6,168	5,864	65,582
Provision for warranties for completed construction	414	469	4,402
Retirement benefit for employees	3,291	3,324	34,992
Provision for repair of whole-building lease system	13,285	9,367	141,255
Tax loss carryforwards	173	384	1,839
Others	3,926	2,180	41,745
Less valuation allowance	(690)	(492)	(7,337)
Total	36,529	31,528	388,400
Deferred tax liabilities:			
Reserve for special depreciation	94	-	1,000
Unrealized gain on available-for-sales securities	1,894	396	20,138
Total	1,988	396	21,138
Net deferred tax assets	¥ 34,541	¥ 31,132	$ 367,262

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2013, with the corresponding figures for 2012 is as follows:

	2013	2012
Normal effective statutory tax rate	38.0%	40.7%
Expenses not deductible for income tax purposes	1.4	1.1
Inhabitant tax on per capita basis	0.1	0.1
Valuation allowance	0.1	(0.2)
Decrease in deferred tax assets by change of tax rate	0.5	3.6
Others—net	(0.8)	0.1
Actual effective tax rate	39.3%	45.4%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 40.7% to 38.0% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 35.6% afterwards.

At March 31, 2013, certain subsidiaries have tax loss carryforwards aggregating to approximately ¥466 million ($4,955 thousand), which are available to be offset against taxable income of such subsidiaries in future years. These tax loss carryforwards, if not utilized, will expire as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2014	¥ -	$ -
2015	-	-
2016	-	-
2017	-	-
2018	-	-
2019	25	266
2020	204	2,169
2021	128	1,361
2022	109	1,159
Total	¥ 466	$ 4,955

14. CONSTRUCTION CONTRACTS

Revenue recognized with respect to construction contracts, which is accounted for by the percentage-of-completion method at March 31, 2013 and 2012, is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Revenue	¥ 481,948	¥ 458,222	$ 5,124,381

15. RESEARCH AND DEVELOPMENT COSTS

Research and development costs charged to income were ¥1,063 million ($11,302 thousand) and ¥993 million for the years ended March 31, 2013 and 2012, respectively.

16. OTHER INCOME—NET

Other income—net for the years ended March 31, 2013 and 2012, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Commission fee	¥ 2,792	¥ 2,672	$ 29,686
Gain on reversal of provision for loss on disaster	340	2,095	3,615
Other	82	526	873
Other income—net	¥ 3,214	¥ 5,293	$ 34,174

17. LEASES

Lessee

The Group leases certain tools, equipment, and other assets.

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008, to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008, and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008, was as follows:

	Millions of Yen		Thousands of U.S. Dollars
Furniture and Equipment	2013	2012	2013
Acquisition cost	¥ -	¥ 824	$ -
Accumulated depreciation	-	708	-
Net leased property	¥ -	¥ 116	$ -

Obligations under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ -	¥ 123	$ -
Due after one year	-	-	-
Total	¥ -	¥ 123	$ -

Depreciation expense, interest expense, and other information under finance leases:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Depreciation expense	¥ 118	¥ 189	$ 1,254
Interest expense	1	5	11
Total	¥ 119	¥ 194	$ 1,265
Lease payments	¥ 127	¥ 202	$ 1,350

Depreciation expense and interest expense, which are not reflected in the accompanying consolidated statement of income, are computed by the straight-line method and the interest method, respectively.

The minimum rental commitments under noncancelable operating leases at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 282,517	¥ 248,060	$ 3,003,902
Due after one year	1,401,319	1,307,673	14,899,724
Total	¥ 1,683,836	¥ 1,555,733	$ 17,903,626

Lease payments fixed by contract with regard to the whole-building lease system are included in the above-mentioned minimum rental commitments as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 275,251	¥ 241,746	$ 2,926,646
Due after one year	1,375,879	1,281,534	14,629,229
Total	¥ 1,651,130	¥ 1,523,280	$ 17,555,875

Lessor

The minimum rental commitments under noncancelable operating leases at March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Due within one year	¥ 621	¥ 621	$ 6,603
Due after one year	5,591	6,212	59,447
Total	¥ 6,212	¥ 6,833	$ 66,050

18. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

(1) *Group Policy for Financial Instruments*

The Group uses financial instruments, mainly loan from bank, based on its capital financing plan for construction business. As a matter of policy, the Group only uses derivatives for actual operating requirements, not for speculative purposes.

(2) *Nature and Extent of Risks Arising from Financial Instruments and the Risk Management for Financial Instruments*

Receivables such as trade notes and accounts receivable are exposed to customer credit risk.
The Group decreases the risk by starting construction after customer financing is fixed.

Marketable and investment securities, mainly held-to-maturity securities and equity instruments, are exposed to credit risk and variable risks associated with market prices or market rates. The Group performs periodic monitoring of the financial condition of the issuers for marketable investment securities. A continuing review of the holding of securities, other than held-to-maturity securities, is performed by taking into consideration the market as well as the relationship with the trading counterparties.

Short-term loans, mainly loans for customers' construction finance (bridge loan until financial institution executes long-term loan) are exposed to customer credit risk. The Group thoroughly enforces credit risk management, which includes periodic monitoring of the financial condition of customers to mitigate the risk of uncollectible loans.

Subordinated bonds and subordinated trust beneficiary right are financial instruments issued by an SPE established by a financial institution in a way apartment loans financed by a customer, who orders the Company to construct an apartment building for rent, are securitized. They are exposed to credit risk of the debtor of the apartment loan. The Group grasps the credit situation by monitoring repayments of the loan.

Payment terms of payables, such as accounts payable, income taxes payable, and deposits received, are generally less than one year.

Loans from banks are exposed to market risk from changes in interest rates. The Group performs continuous monitoring of market fluctuations.

Long-term deposits received for guarantee are received from tenants in the real estate rental business by the whole-building lease system.

Derivatives are forward foreign currency contracts, which are used to manage exposure to market risks from changes in foreign currency exchange rate payables.

(3) ***Fair Values of Financial Instruments***

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, another rational valuation technique is used instead.

(a) Fair value of financial instruments

	Millions of Yen		
March 31, 2013	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	¥ 264,192	¥ 264,192	¥ -
Notes and accounts receivable	33,104		
Allowance for doubtful accounts	(41)		
	33,063	33,063	-
Marketable and investment securities:			
Held-to-maturity securities	606	619	13
Available-for-sale securities	27,661	27,661	-
Short-term loans:	42,591		
Allowance for doubtful accounts	(85)		
	42,506	42,905	399
Total	¥ 368,028	¥ 368,440	¥ 412
Accounts payable	¥ 44,230	¥ 44,230	¥ -
Income taxes payable	25,975	25,975	-
Deposits received	6,920	6,920	-
Current portion of long-term bank loans and long-term bank loans	110,499	110,499	-
Deposits received for guarantee	69,199	68,679	(520)
Total	¥ 256,823	¥ 256,303	¥ (520)

March 31, 2012			
Cash and cash equivalents	¥ 221,094	¥ 221,094	¥ -
Notes and accounts receivable	38,532		
Allowance for doubtful accounts	(41)		
	38,491	38,491	-
Marketable and investment securities:			
Held-to-maturity securities	660	677	17
Available-for-sale securities	21,168	21,168	-
Short-term loans:	49,688		
Allowance for doubtful accounts	(98)		
	49,590	50,008	418
Total	¥ 331,003	¥ 331,438	¥ 435
Accounts payable	¥ 42,206	¥ 42,206	¥ -
Income taxes payable	27,752	27,752	-
Deposit received	6,622	6,622	-
Current portion of long-term bank loans and long-term bank loans	124,258	124,258	-
Deposits received for guarantee	65,741	65,093	(648)
Total	¥ 266,579	¥ 265,931	¥ (648)

	Thousands of U.S. Dollars		
March 31, 2013	Carrying Amount	Fair Value	Unrealized Gain/Loss
Cash and cash equivalents	$ 2,809,059	$ 2,809,059	$ -
Notes and accounts receivable	351,983		
Allowance for doubtful accounts	(436)		
	351,547	351,547	-
Marketable and investment securities:			
Held-to-maturity securities	6,443	6,581	138
Available-for-sale securities	294,110	294,110	-
Short-term loans:	452,855		
Allowance for doubtful accounts	(904)		
	451,951	456,194	4,243
Total	$ 3,913,110	$ 3,917,491	$ 4,381
Accounts payable	$ 470,282	$ 470,282	$ -
Income taxes payable	276,183	276,183	-
Deposits received	73,578	73,578	-
Current portion of long-term bank loans and long-term bank loans	1,174,896	1,174,896	-
Deposits received for guarantee	735,768	730,239	(5,529)
Total	$ 2,730,707	$ 2,725,178	$ (5,529)

Cash and Cash Equivalents, Notes, and Accounts Receivable

The carrying values of accounts mentioned above approximate fair value because of their short maturities.

Marketable and Investment Securities

The fair values of marketable and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Fair value information for marketable and investment securities by classification is included in Note 3.

Short-Term Loans

The fair value of short-term loan with floating-rate approximates carrying values because the rate reflects market interest rates within a short time except for significant changes of credit conditions of debtors.

Loans with fixed rates consist of short-term bridge loans and long-term loans. The fair value of short-term loans approximates carrying values because the rate reflects market interest rates. The fair value of long-term loans is determined based on present values calculated by using discount rates corresponding to the remaining period of the loan and credit risk.

Accounts Payable, Income Taxes Payable, and Deposits Received

The carrying values of accounts mentioned above approximate fair value because of their short maturities.

Current Portion of Long-Term Bank Loan and Long-Term Bank Loan

For the current portion of long-term bank loans and for long-term bank loans that have floating interest rates, the fair values approximate carrying value because the rates reflect market interest rates within a short time.

Deposits Received for Guarantee

The fair value of deposits received for guarantee is determined based on present values calculated by using discount rates corresponding to credit risk and the remaining period of deposits received for guarantee.

(b) Carrying amount of financial instruments whose fair value cannot be reliably determined

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Subordinated bonds and subordinated trust beneficiary right	¥ 12,881	¥ 10,903	$ 136,959

(4) *Maturity Analysis for Financial Assets and Securities with Contractual Maturities*

March 31, 2013	Millions of Yen: Due in 1 Year or Less	Due after 1 Year through 2Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
Cash and cash equivalents	¥ 264,192	¥ -	¥ -	¥ -	¥ -	¥ -
Notes and accounts receivable	33,104	-	-	-	-	-
Investment securities:						
Held-to-maturity securities	345	30	100	40	45	45
Available-for-sale securities with contractual maturities	9,950	3,500	2,300	-	-	-
Short-term loans	17,212	4,838	3,967	3,300	2,699	10,575
Subordinated bonds and subordinated trust beneficiary right	-	-	-	-	-	13,131
Total	¥ 324,803	¥ 8,368	¥ 6,367	¥ 3,340	¥ 2,744	¥ 23,751

March 31, 2013	Thousands of U.S. Dollars: Due in 1 Year or Less	Due after 1 Year through 2 Years	Due after 2 Years through 3 Years	Due after 3 Years through 4 Years	Due after 4 Years through 5 Years	Due after 5 Years
Cash and cash equivalents	$ 2,809,059	$ -	$ -	$ -	$ -	$ -
Notes and accounts receivable	351,983	-	-	-	-	-
Investment securities:						
Held-to-maturity securities	3,668	319	1,063	425	478	478
Available-for-sale securities with contractual maturities	105,795	37,214	24,455	-	-	-
Short-term loans	183,009	51,441	42,180	35,088	28,698	112,440
Subordinated bonds and subordinated trust beneficiary right	-	-	-	-	-	139,618
Total	$ 3,453,514	$ 88,974	$ 67,698	$ 35,513	$ 29,176	$ 252,536

Please see Note 9 for annual maturities of long-term bank loan and Note 17 for obligations under finance leases.

19. CONTINGENT LIABILITIES

The Company was contingently liable as guarantor to finance companies for housing loans totaling ¥74 million ($787 thousand) and ¥77 million as of March 31, 2013 and 2012, respectively.

JU-SEE Information Center K.K., a consolidated subsidiary, guarantees house rent up to contractual amounts equivalent to 48 months based on contracts for a guarantee of rent with the tenant and the lessor at the same time. Under the contract, in case the tenant is more than 3 months behind in rent, the lessor shall terminate the rental contract with the tenant; therefore, the Company represented a liability for guaranty for amounts equivalent to 3 months' rent from the point of delay of payment to the point of termination of the contract (¥263 million ($2,796 thousand) and ¥324 million as of March 31, 2013 and 2012, respectively).

20. COMPREHENSIVE INCOME

The components of other comprehensive income for the years ended March 31, 2013 and 2012, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2013	2012	2013
Unrealized gain (loss) on available-for-sale securities:			
Gains arising during the year	¥ 4,205	¥ 608	$ 44,710
Reclassification adjustments to profit or loss	-	-	-
Amount before income tax effect	4,205	608	44,710
Income tax effect	(1,498)	(192)	(15,927)
Total	¥ 2,707	¥ 416	$ 28,783
Deferred gain (loss) on derivatives under hedge accounting:			
Gains arising during the year	¥ (4)	¥ -	$ (43)
Reclassification adjustments to profit or loss	4	305	43
Amount before income tax effect	-	305	-
Income tax effect	-	(124)	-
Total	¥ -	¥ 181	$ -
Land revaluation surplus:			
Reclassification adjustments to profit or loss	¥ -	¥ -	$ -
Amount before income tax effect	-	-	-
Income tax effect	-	(393)	-
Total	¥ -	¥ (393)	$ -
Foreign currency translation adjustments:			
Adjustments arising during the year	¥ 2,447	¥ (1,055)	$ 26,018
Reclassification adjustments to profit or loss	-	-	-
Amount before income tax effect	2,447	(1,055)	26,018
Income tax effect	-	-	-
Total	¥ 2,447	¥ (1,055)	$ 26,018
Total other comprehensive income	¥ 5,154	¥ (851)	$ 54,801

21. NET INCOME PER SHARE

A reconciliation of the differences between basic and diluted net income per share ("EPS") for the years ended March 31, 2013 and 2012, is as follows:

	Millions of Yen	Thousands of Shares	Yen	U.S. Dollars
	Net Income	Weighted-Average Shares	EPS	
Year Ended March 31, 2013				
Basic EPS—Net income available to common shareholders	¥ 51,674	79,674	¥648.57	$ 6.90
Effect of dilutive securities—Warrants		36		
Diluted EPS—Net income for computation	¥ 51,674	79,710	¥648.28	$ 6.89
Year Ended March 31, 2012				
Basic EPS—Net income available to common shareholders	¥ 47,103	79,228	¥594.53	$ 6.32
Effect of dilutive securities—Warrants		167		
Diluted EPS—Net income for computation	¥ 47,103	79,395	¥593.27	$ 6.31

22. RELATED PARTY DISCLOSURES

Transactions of the Company with an Audit and Supervisory Board Member for the years ended March 31, 2013 and 2012, is as follows:

			Millions of Yen
Name	Title	Content of the Transaction	2012
Hideo Hachiya	Audit & Supervisory Board member	Construction contract	¥ 23

The above contract is entered into and accounted for on an arm's-length basis and in the normal course of business.
There are no items to be disclosed for the year ended March 31, 2013.

23. SUBSEQUENT EVENT

The appropriation of retained earnings at March 31, 2013, as approved at the Company's shareholders' meeting held on June 26, 2013, is as follows:

	Millions of Yen	Thousands of U.S. Dollars
Year-end cash dividends, ¥165 ($1.75) per share	¥ 13,144	$ 139,755

24. SEGMENT INFORMATION

Under ASBJ Statement No. 17,"Accounting Standard for Segment Information Disclosures" and ASBJ Guidance No.20,"Guidance on Accounting Standard for Segment Information Disclosures," an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

(1) *Description of Reportable Segments*

The Group's reportable segments are those for which separate financial information is available and regular evaluation by the Company's management is being performed in order to decide how resources are allocated among the Group.

The Company is engaged in the construction of apartments with the proposal of effective utilization of land. Daito Building Management Co., Ltd., a consolidated subsidiary, is engaged in whole-building leases as a "Lease management trust system" so that the subsidiary rents all apartments and subleases them to tenants. The Company plans strategies mainly for the business and develops business activities.

Therefore, the Group consists of three reportable segments as follows:

Construction:	civil engineering, construction, and other related business
Real estate:	whole-building lease, rent, agency, guarantee of tenant, and management business
Finance:	construction finance business for owner until financial institution executes long-term loan

(2) *Methods of Measurement for the Amounts of Sales, Profit (Loss), Assets, Liabilities and Other Items for Each Reportable Segment*

The accounting policies of each reportable segment are consistent with those disclosed in Note 2, "Summary of Significant Accounting Policies."

(3) *Information about Sales, Profit (Loss), Assets, Liabilities and Other Items*

	Millions of Yen							
	2013							
	Reportable Segment							
	Construction	Real Estate	Finance	Total	Other	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥489,545	¥630,429	¥ 4,156	¥1,124,130	¥ 28,283	¥ 1,152,413	¥ -	¥ 1,152,413
Intersegment sales or transfers	51	1,047	2	1,100	6,012	7,112	(7,112)	-
Total	¥489,596	¥631,476	¥ 4,158	¥1,125,230	¥ 34,295	¥ 1,159,525	¥ (7,112)	¥ 1,152,413
Segment profit (loss)	¥ 83,373	¥ 5,385	¥ 1,779	¥ 90,537	¥ 4,876	¥ 95,413	¥ (13,001)	¥ 82,412
Segment assets	80,872	189,998	45,860	316,730	30,466	347,196	270,542	617,738
Other:								
Depreciation	570	2,072	8	2,650	485	3,135	26	3,161
Impairment losses of assets	-	43	-	43	11	54	177	231
Increase in property, plant and equipment and intangible assets	2,127	2,822	3	4,952	965	5,917	-	5,917

	Millions of Yen							
	2012							
	Reportable Segment							
	Construction	Real Estate	Finance	Total	Other	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	¥468,636	¥589,924	¥ 3,898	¥1,062,458	¥ 24,671	¥ 1,087,129	¥ -	¥ 1,087,129
Intersegment sales or transfers	36	814	6	856	5,852	6,708	(6,708)	-
Total	¥468,672	¥590,738	¥ 3,904	¥1,063,314	¥ 30,523	¥ 1,093,837	¥ (6,708)	¥ 1,087,129
Segment profit (loss)	¥ 88,443	¥ (530)	¥ 1,673	¥ 89,586	¥ 4,289	¥ 93,875	¥ (11,900)	¥ 81,975
Segment assets	83,557	178,188	52,896	314,641	26,702	341,343	227,737	569,080
Other:								
Depreciation	663	1,949	7	2,619	468	3,087	25	3,112
Impairment losses of assets	-	30	-	30	49	79	-	79
Increase in property, plant and equipment and intangible assets	404	2,419	-	2,823	483	3,306	-	3,306

	Thousands of U.S. Dollars							
	2013							
	Reportable Segment							
	Construction	Real Estate	Finance	Total	Other	Total	Reconciliations	Consolidated
Sales:								
Sales to external customers	$5,205,157	$6,703,126	$ 44,189	$ 11,952,472	$ 300,723	$ 12,253,195	$ -	$ 12,253,195
Intersegment sales or transfers	542	11,132	22	11,696	63,923	75,619	(75,619)	-
Total	$ 5,205,699	$ 6,714,258	$ 44,211	$ 11,964,168	$ 364,646	$ 12,328,814	$ (75,619)	$ 12,253,195
Segment profit (loss)	$ 886,475	$ 57,257	$ 18,916	$ 962,648	$ 51,844	$ 1,014,492	$ (138,235)	$ 876,257
Segment assets	859,883	2,020,181	487,613	3,367,677	323,934	3,691,611	2,876,576	6,568,187
Other:								
Depreciation	6,061	22,031	85	28,177	5,156	33,333	277	33,610
Impairment losses of assets	-	457	-	457	117	574	1,882	2,456
Increase in property, plant and equipment and intangible assets	22,616	30,005	32	52,653	10,260	62,913	-	62,913

Notes for the year ended March 31, 2013

(1) The reconciliations in segment profit include elimination of intersegment trades of ¥471 million ($5,008 thousand) and corporate expenses not allocated to a reportable segment of ¥13,472 million ($143,243 thousand). Corporate expenses are mainly the Company's general administration expenses.

(2) The reconciliations in segment assets include elimination of intersegment trades of ¥1,601 million ($17,023 thousand) and corporate assets not allocated to a reportable segment of ¥272,143 million ($2,893,599 thousand). Corporate assets are mainly short-term investments and investment securities held by the Company and other assets of administrative departments.

(3) Consolidated segment profit is equal to operating income in the consolidated statement of income.

Notes for the year ended March 31, 2012

(4) The reconciliations in segment profit include elimination of intersegment trades of ¥561 million and corporate expenses not allocated to a reportable segment of ¥12,461 million. Corporate expenses are mainly the Company's general administration expenses.

(5) The reconciliations in segment assets include elimination of intersegment trades of ¥2,534 million and corporate assets not allocated to a reportable segment of ¥230,271 million. Corporate assets are mainly short-term investments and investment securities held by the Company and other assets of administrative departments.

(6) Consolidated segment profit is equal to operating income in the consolidated statement of income.

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Deloitte.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Daito Trust Construction Co., Ltd.:

We have audited the accompanying consolidated balance sheet of Daito Trust Construction Co., Ltd. and its consolidated subsidiaries as of March 31, 2013, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Daito Trust Construction Co., Ltd. and its consolidated subsidiaries as of March 31, 2013, and the consolidated results of their operations and their cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 1 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 26, 2013