



Daito Trust Construction Co., Ltd.

Securities code : 1878

**46<sup>th</sup> Term**

Six Months  
(Consolidated)  
ended

# DAITO REPORT

FY2019 (April 1, 2019 ▶ September 30, 2019)

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### Greeting

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

The consolidated operating results and activities of the Daito Group for the six months ended September 30, 2019 (from April 1 to September 30, 2019) are reported as below.

In the housing industry during the first half of the fiscal term, the number of new residential housing starts decreased by 4.9% year-on-year. In the rental housing sector, the Daito Group's main area of focus, the number of housing starts declined 16.8% year-on-year to 29,414 units. Housing starts in 2014 were at the same level (30,082 units), but the temporary increase in activity resulting from amendment of the Inheritance Tax Law, which came into effects on January 2015, are receding, resulting in the decline.

Under this market environment, the Daito Group reported lower revenues and profit in the first half for the first time in 20 years, but we will pay an interim dividend of 308 yen per share, up 11 yen, as planned at the beginning of the fiscal year. We will continue to reinforce measures in the rental housing field and actively take on the challenges of new areas and new business with the aim of being a comprehensive lifestyle support business enterprise centered on the general rental business, growing into a firm that is essential for people and society.

I look forward to your continued support in the future.

### Katsuma Kobayashi

President and Representative Director, Chief Executive Officer  
Daito Trust Construction Co., Ltd.  
November 2019

**Q Please give a brief description of the business environment for the six months ended September 30, 2019.**

During the period under review, the domestic economy continued to show signs of improvement in corporate results and employment and maintained a moderate recovery. On the other hand, there are concerns regarding rising uncertainty from the effects on the global economy of developments relating to trade issues and a slowdown in consumption due to the consumption tax hike, so the future outlook remains uncertain. In the construction market, although there was some easing of the labor shortage due to effects from the Great East Japan Earthquake, the outlook remains uncertain regarding the supply and demand of construction workers as infrastructure development picks up prior to the Tokyo Olympic and Paralympic Games. In the rental housing market, negative reporting in the mass media and tighter financing by financial institutions have presented adverse conditions, but we made every effort to achieve positive results.

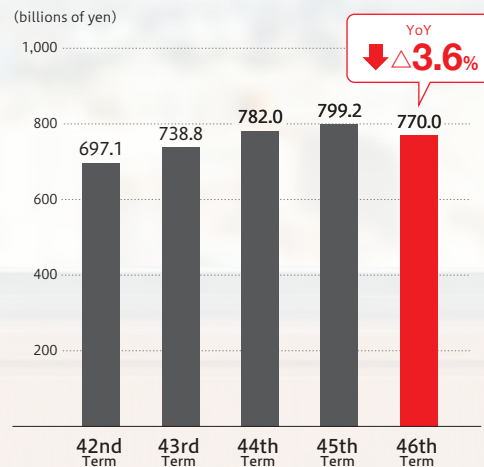
**Q How were the business results for the first half against the backdrop of that business environment?**

During the consolidated period under review, the Group reported net sales of 770.0 billion yen (down 3.6% year-on-year), operating income of 60.0 billion yen (down 21.0%), ordinary income of 62.5 billion yen (down 20.5%), and net income attributable to owners of the parent company of 42.8 billion yen (down 21.5%). There are no changes to our initial plans for the entire fiscal year. To meet the expectations of our stakeholders, the entire Daito Group with Daito Trust Construction Co., Ltd., Daito Kentaku Leasing Co., Ltd., and Daito Kentaku Partners Co., Ltd. at its core will work together to achieve our plans for the fiscal term.

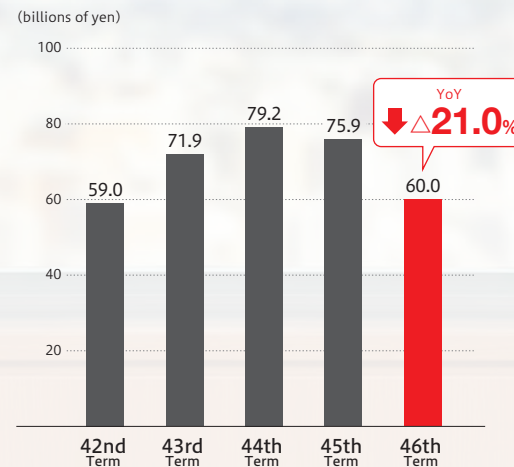
**2nd quarter Financial Highlights (Consolidated)**

(April 1, 2019 to September 30, 2019)

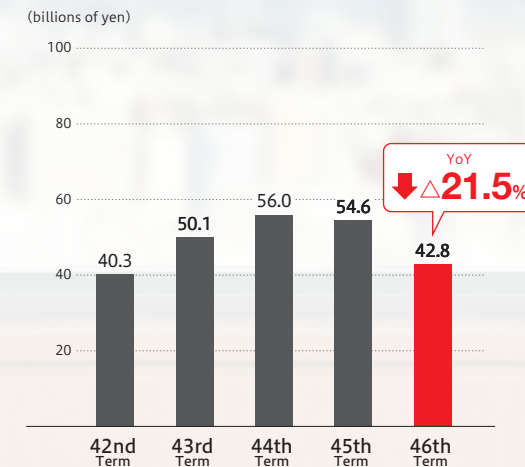
**Net sales ¥770.0 billion**



**Operating income ¥60.0 billion**



**Net income attributable to owners of the parent ¥42.8 billion**



# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated income statement

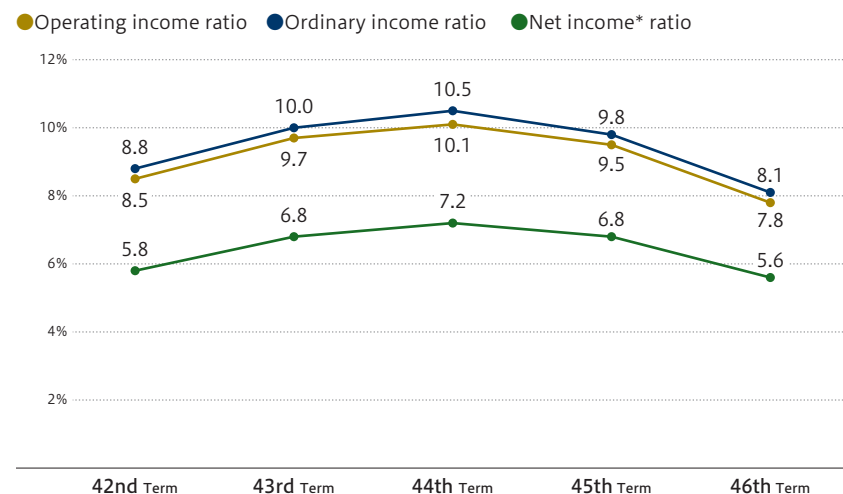
(Millions of yen)

Account Item	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Initial plan for the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Year-on-year change
<b>Net sales</b>	<b>799,220</b>	<b>770,077</b>	<b>△3.6%</b>
Completed construction contracts	313,365	254,490	△18.8%
Net sales, real estate business	459,831	487,200	+6.0%
Net sales, other businesses	26,022	28,385	+9.1%
Cost of sales	645,534	636,771	△1.4%
<b>Gross profit</b>	<b>153,685</b>	<b>133,305</b>	<b>△13.3%</b>
Gross profit, completed projects	97,584	74,237	△23.9% <b>1</b>
Gross profit, real estate business	45,854	48,100	+4.9% <b>2</b>
Gross profit, other businesses	10,247	10,967	+7.0% <b>3</b>
Selling, general and administrative expenses	77,767	73,297	△5.7% <b>4</b>
<b>Operating income</b>	<b>75,918</b>	<b>60,008</b>	<b>△21.0%</b>
Non-operating income	3,122	3,224	+3.3%
Non-operating expense	380	686	+80.6%
<b>Ordinary income</b>	<b>78,661</b>	<b>62,545</b>	<b>△20.5%</b>
Extraordinary income	1,090	5	—
Extraordinary loss	617	167	△72.9%
Profit before taxes and other adjustments	79,133	62,383	△21.2%
Income taxes	24,390	19,462	△20.2%
Net income	54,742	42,920	△21.6%
Net income attributable to non-controlling interests	81	35	△56.6%
<b>Net income attributable to owners of the parent</b>	<b>54,661</b>	<b>42,884</b>	<b>△21.5%</b>

### POINT

- 1 Decreased because of the decline in completed construction contracts and lower gross profit margin due to effects from Tokyo Olympic and Paralympic Games related construction and the tight labor supply.
- 2 Rental income rose in conjunction with an increase integrated rental properties using the Lease Management Trust System.
- 3 Increased due to a higher number of LP gas supply customers and an increase in daycare facility users.
- 4 Decreased primarily because of lower personnel expenses and advertising and publicity expenses.

## Changes in income ratios



\*Net income=Net income attributable to owners of the parent

## Consolidated balance sheet

(Millions of yen)

	Account Item	Preceding fiscal year (March 31, 2019)	Fiscal year (September 30, 2019)	Comparison with the End of Previous Term
Assets	Current assets	484,700	436,740	△9.9%
	Noncurrent assets	375,071	375,916	+0.2%
	Tangible fixed assets	166,595	169,170	+1.5%
	Intangible assets	27,896	29,199	+4.7%
	Investments and other assets	180,579	177,546	△1.7%
	<b>Total assets</b>	<b>859,772</b>	<b>812,656</b>	<b>△5.5%</b> <b>5</b>
Liabilities	Current liabilities	290,155	285,196	△1.7%
	Noncurrent liabilities	267,318	265,329	△0.7%
	<b>Total liabilities</b>	<b>557,473</b>	<b>550,525</b>	<b>△1.2%</b> <b>6</b>
Net assets	Shareholders' equity	305,988	268,268	△12.3%
	Capital stock	29,060	29,060	—
	Capital surplus	34,540	34,540	—
	Retained earnings	297,952	318,247	+6.8%
	Treasury stock	△55,565	△113,580	—
	Accumulated other comprehensive income	△7,071	△9,499	—
	Stock acquisition rights	491	477	△2.9%
	Non-controlling interests	2,889	2,884	△0.2%
	<b>Total net assets</b>	<b>302,298</b>	<b>262,130</b>	<b>△13.3%</b> <b>7</b>
	<b>Total liabilities and net assets</b>	<b>859,772</b>	<b>812,656</b>	<b>△5.5%</b>

## Cash flow statement

(Millions of yen)

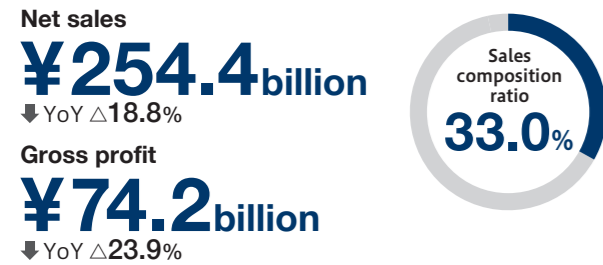
Account Item	Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)	Initial plan for the six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)	Year-on-year change
Cash flows from operating activities	31,829	55,223	+73.5% <b>8</b>
Cash flows from investing activities	△25,603	△5,310	— <b>9</b>
Cash flows from financing activities	△54,474	△91,500	— <b>10</b>
Translation differences in accordance with the cash and cash equivalents	△363	△299	—
Increase or decrease in cash and cash equivalents	△48,612	△41,887	—
Cash and cash equivalents at beginning of year	213,714	187,614	△12.2%
<b>Quarter-end balance of cash and cash equivalents</b>	<b>165,102</b>	<b>145,726</b>	<b>△11.7%</b>

### POINT

- 5** Declined by 47.1 billion yen mainly due to lower cash and deposits and completed construction accounts receivable.
- 6** Advances received increased, but long-term debts and unpaid corporate taxes and allowances for bonuses decreased, resulting in a 6.9 billion yen decline.
- 7** Retained earnings were up, but treasury stock was acquired and other factors resulted in a 40.1 billion yen decrease.
- 8** Corporate income taxes and bonuses were paid, but net income before taxes and other adjustments was reported, resulting in 55.2 billion yen in positive cash flows.
- 9** As a result of acquisition of software, 5.3 billion yen was used.
- 10** Due to payment of dividends, acquisition of treasury stock, repayment of long-term debts, and other factors, 91.5 billion yen was used.

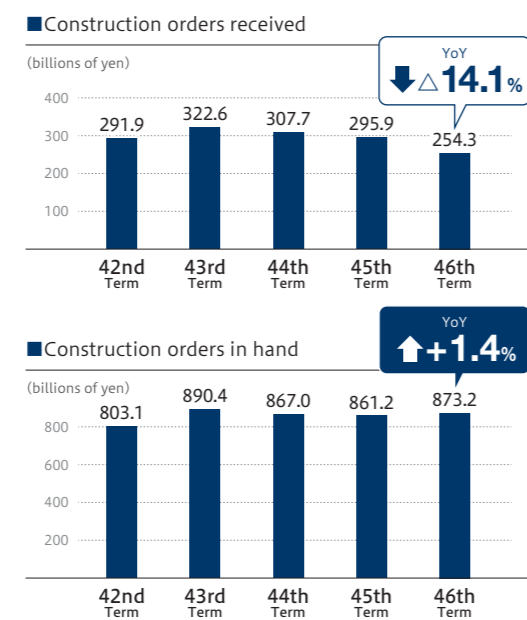
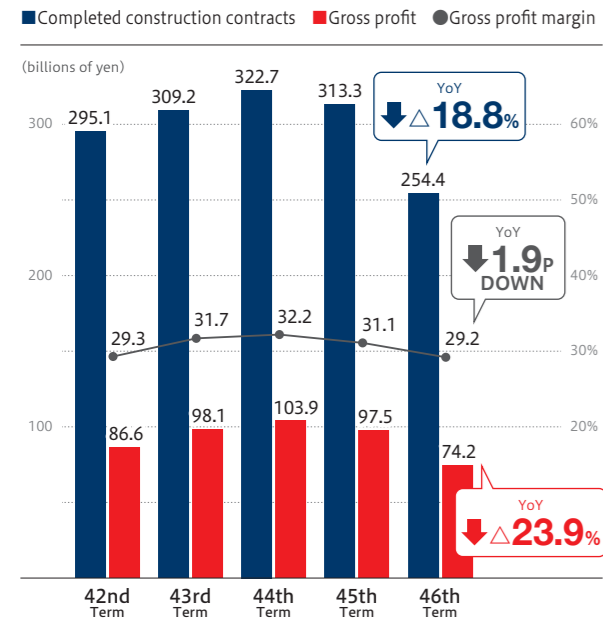
# BUSINESS SEGMENT (CONSOLIDATED)

## Construction Business

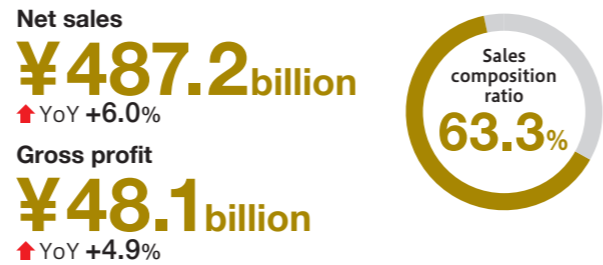


- Completed construction contracts decreased by 18.8% year-on-year to 254.4 billion yen.
- Gross profit was 74.2 billion yen, down 23.9% year-on-year.

- Orders received decreased by 14.1% year-on-year to 254.3 billion yen. The construction order balance increased by 1.4% year-on-year to 873.2 billion yen.



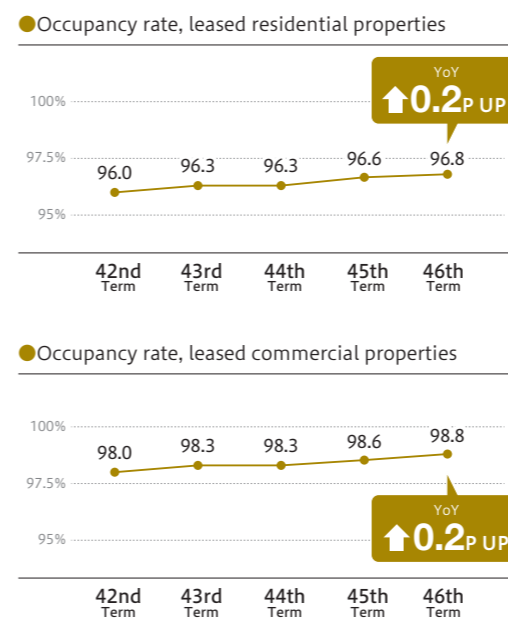
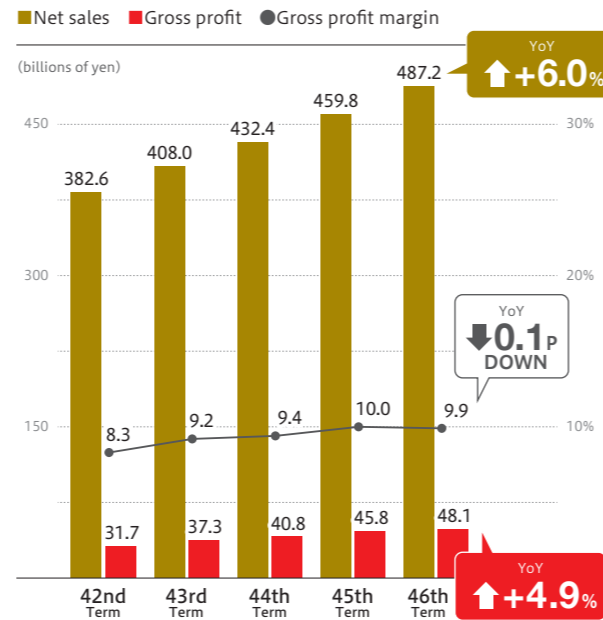
## Real Estate Business



- Net sales increased by 6.0% year-on-year to 487.2 billion yen as a result of higher rental income.
- The number of tenants recruited by the three main companies\* was up 4.2% to 154,330.

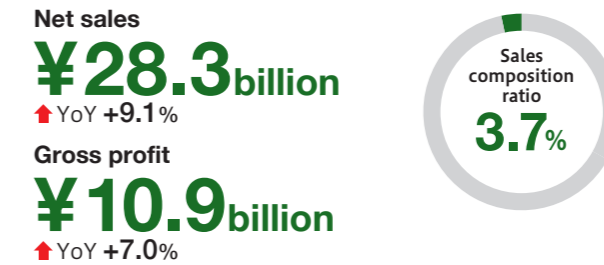
- The occupancy rate of leased residential properties in September rose 0.2 points to 96.8%.

\* Daito Trust Construction Co., Ltd., Daito Kentaku Leasing Co., Ltd., and Daito Kentaku Partners Co., Ltd.

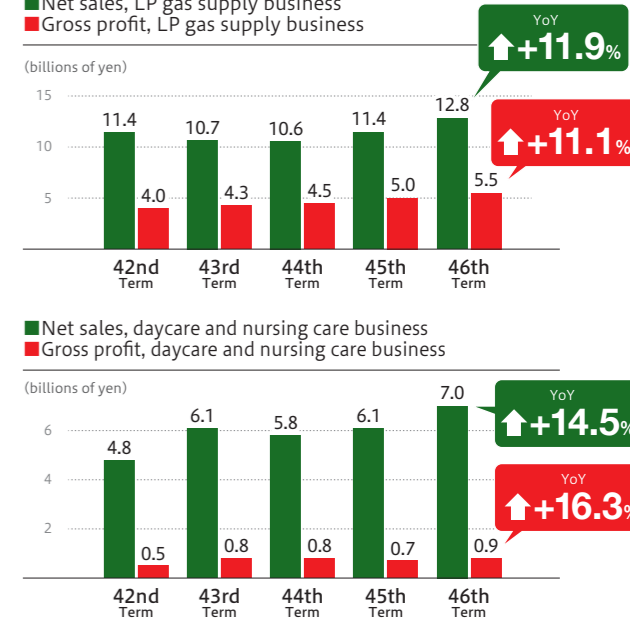
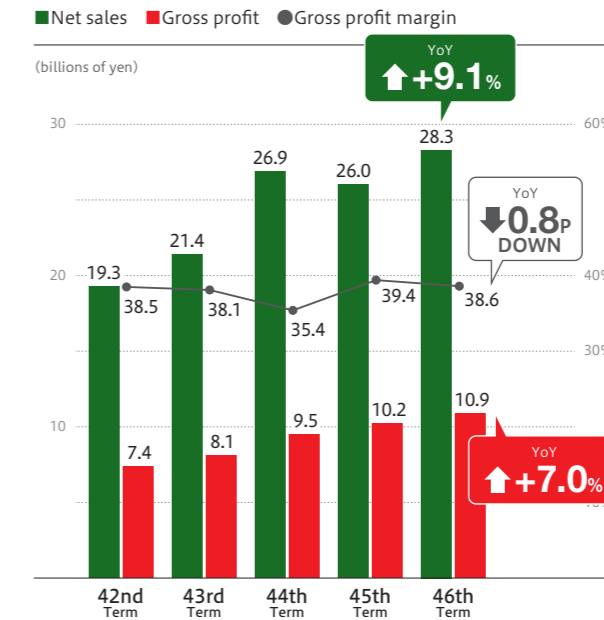


(April 1, 2019 to September 30, 2019)

## Other Businesses



- Net sales increased by 9.1% year-on-year to 28.3 billion yen. The main positive factors were growth in the number of households supplied LP gas by the Gaspal Group, which is in the LP gas supply business, and an increase in the number of users of facilities operated by Care Partner Co., Ltd., which operates daycare facilities.



## FINANCIAL FORECASTS

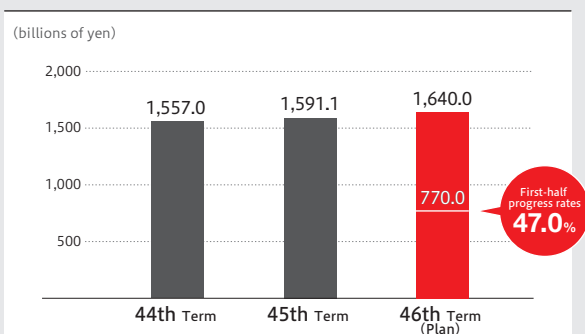
### Higher revenues and higher profit planned for the year

No changes have been made to the figures initially announced in our plan for the 46th fiscal term (the fiscal year ending March 31, 2020).

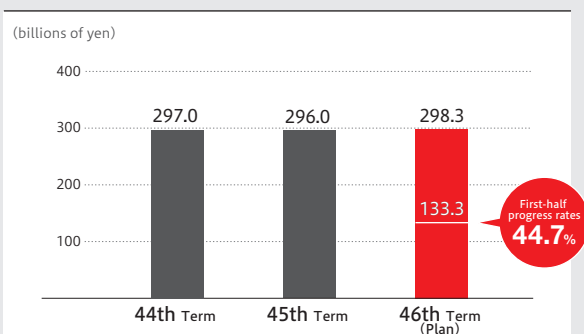
The Group plans to record net sales of 1,640.0 billion yen, gross profit of 298.3 billion yen, operating income of 128.0 billion yen, ordinary income of 133.0 billion yen,

and net income attributable to owners of the parent of 90.0 billion yen. The entire Group is working together to achieve higher revenues and income for the 12th consecutive fiscal term.

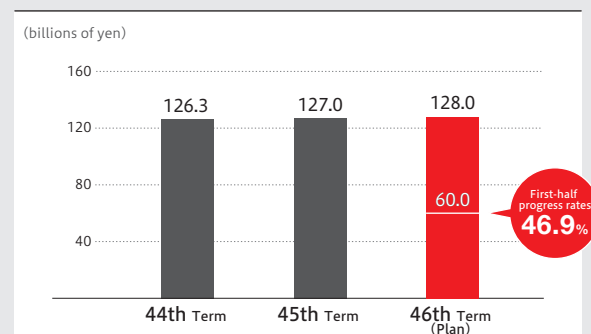
#### Net sales **¥1,640.0**billion



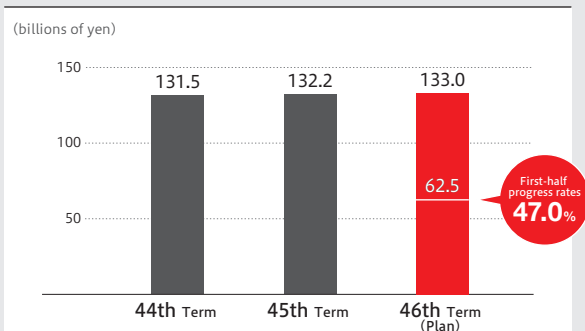
#### Gross profit **¥298.3**billion



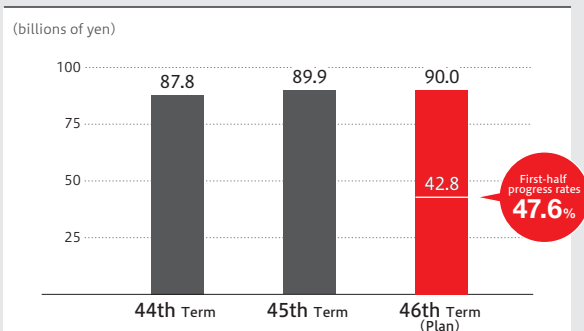
#### Operating income **¥128.0**billion



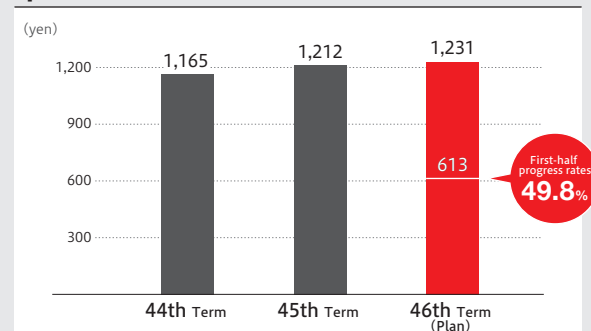
#### Ordinary income **¥133.0**billion



#### Net income\* **¥90.0**billion



#### Net income\* per share **¥1,231**



\*Net income attributable to owners of the parent

# SHAREHOLDER RETURNS

The Company recognizes profit returns to shareholders as the most important management matter and practices it.

## Fundamental Policy

	Previously	From FY ended March 2019
Payout ratio of	50%	50%
Purchase and retirement of treasury stock of	30%	Suspended*

\* Acquisition of a total of approximately 100 billion yen of treasury stock was completed

(all acquired shares are to be retired on March 31, 2020 [Tue.]).

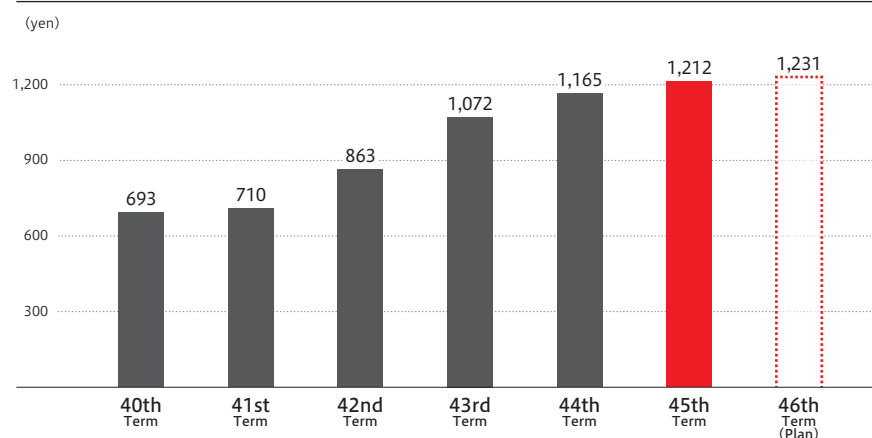
Equivalent to more than four years' of annual stock acquisitions

Acquisition amount	
Approx. 100 billion yen	Total of 6,709,000 shares
<b>Prior term</b>	<b>Current term</b>
Acquisition amount: Approx. 40.9 billion yen; Number of shares acquired: 2,542,000 shares	Acquisition amount: Approx. 59.1 billion yen; Number of shares acquired: 4,167,000 shares

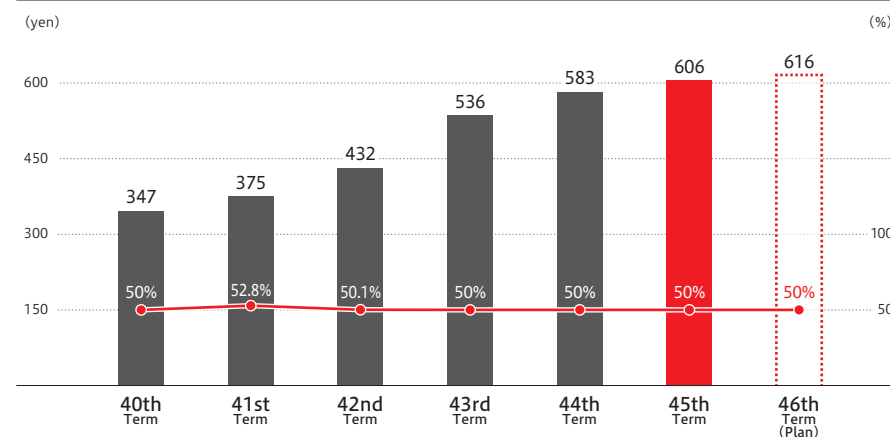
## Dividend per share

Payout ratio of <b>50%</b>	45th Fiscal Term	Plan → ¥595	Results → ¥606
	46th Fiscal Term	Plan → ¥616 (¥10 increase YoY)	

## Net income per share (EPS)



## Dividend and Payout ratio





# POSITION WITHIN THE INDUSTRY

For 11  
Consecutive  
Years

**No.1**

**Ranking of 276 Leading Suppliers of Detached Houses and Condominiums**

## Nationwide Detached House Supplier Rankings

The Daito Group's housing supply of the 60,429 units in FY 2018 placed the Group in the number one position in the FY 2018 Nationwide Detached House Supplier Rankings.

The ranking is prepared by the Market Economy Research Institute Limited based on annual investigations of the construction results and sales plans of leading condominium and house (detached houses and rental housing) suppliers nationwide. This year's ranking covered 170 house suppliers and 106 condominium suppliers. The Daito Group was ranked number one for the 11th consecutive year.

### FY 2018 Nationwide Detached House Supplier Rankings (top 10)

For 11  
Consecutive  
Years  
**No.1**

<b>1</b>	<b>Daito Trust Construction Co., Ltd.</b>	<b>60,429 units</b>
<b>2</b>	Daiwa House Industry Co., Ltd.	46,621 units
<b>3</b>	Sekisui House, Ltd.	41,137 units
<b>4</b>	Asahi Kasei Homes Corporation	16,590 units
<b>5</b>	Toyota Housing Corporation	15,286 units
<b>6</b>	Sekisui Chemical Co., Ltd.	13,450 units
<b>7</b>	Token Corporation	13,200 units
<b>8</b>	Ichijo Co., Ltd.	12,213 units
<b>9</b>	Sumitomo Forestry Co., Ltd.	8,974 units
<b>10</b>	TamaHome Co., Ltd.	7,913 units

Source: Market Economy Research Institute Ltd., "2020 National Housing and Condominium Supply Survey: Ranking by Company" (released July 25, 2019).

For 23  
Consecutive  
Years

**No.1**

**Rankings Cover 995 Real Estate Companies Nationwide**

## Rental Housing Management Rankings

The Daito Group had 1,086,927 rental housing units (for residential purposes) under management as of the end of March 2019,\* placing it in first place in the 2019 Rental Housing Management Rankings of 995 Companies announced by the weekly Zenkoku Chintai Jutaku Shimibun.

This is a ranking of 995 responding companies that manage 300 or more rental housing units based on a survey of approximately 3,700 real estate companies located nationwide conducted by the newspaper regarding the number of rental housing units under management as of the end of March 2019. The group has been in the number one position of this ranking for 23 consecutive years since 1997.

### 2019 Rental Housing Management Rankings of 995 Companies (number of units under management, top 10)

For 23  
Consecutive  
Years  
**No.1**

<b>1</b>	<b>Daito Group</b>	<b>1,086,927 units</b>
<b>2</b>	Sekisui House Group	619,494 units
<b>3</b>	Leopalace21 Corporation	574,798 units
<b>4</b>	Daiwa Living Co., Ltd.	564,437 units
<b>5</b>	Starts Group	540,806 units
<b>6</b>	Token Corporation	233,620 units
<b>7</b>	House Mate Group	218,430 units
<b>8</b>	MiniTech Corporation	181,488 units
<b>9</b>	Village House Management	104,687 units
<b>10</b>	Asahi Kasei Realty & Residence Corporation	94,982 units

Source: Zenkoku Chintai Jutaku Shimibun (issued by Zenkoku Chintai Jutaku Shimibun Co., Ltd.), July 15, 2019  
\* 1,107,667 units as of the end of September 2019

TOPICS 01

## Status of Damage Caused by and Support Measures in Response to Typhoons Faxai and Hagibis of 2019

(as of October 29, 2019)

### Status of damage to properties managed by the Company

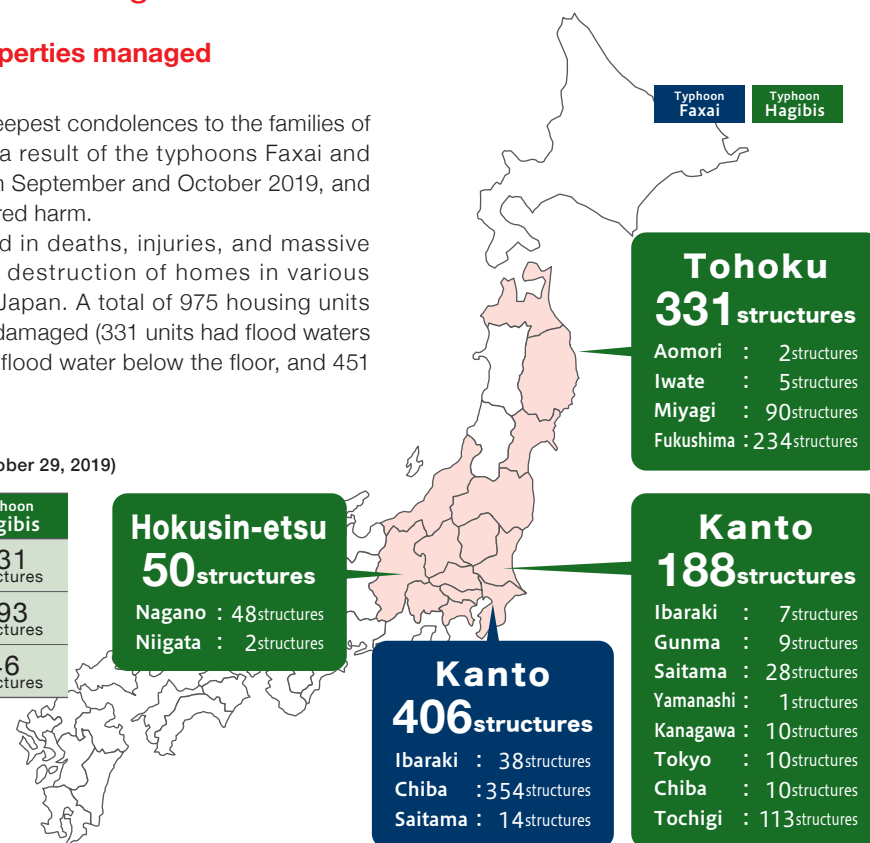
The Company expresses its deepest condolences to the families of those who lost their lives as a result of the typhoons Faxai and Hagibis, which struck Japan in September and October 2019, and its sympathies to all who incurred harm.

These two typhoons resulted in deaths, injuries, and massive property damage including destruction of homes in various regions, primarily in eastern Japan. A total of 975 housing units leased by the Company were damaged (331 units had flood waters above the floor, 193 units had flood water below the floor, and 451 units incurred other damage).

### Status of Damage (as of October 29, 2019)

Managed properties	Typhoon Faxai	Typhoon Hagibis
Flooding above the floor	—	331 structures
Flooding below the floor	—	193 structures
Other*	405 structures	46 structures

\* Damage to roofs, exterior walls, etc.



### Supporting Activities Conducted by the Company (Typhoon Hagibis)

In light of the status of damage, the Company is donating funds with the hope that they will be useful for recovery in the disaster areas and is providing the support described below.

### Kept Status of Support

- ① Monetary donation to disaster areas: 10 million yen**  
\* Donated to the Central Community Chest of Japan (Akai Hane [Red Feather])  
 \* The Dai-Ita Group donated five million yen, and the Dai-Ita Group Mirai Fund donated five million yen.
- ② Free provision of rental housing**  
\* Available for owners of properties managed by the Company that sustained damage and tenants in properties managed by the Company
- ③ Preferential benefits for relocation agreements (conventional rental agreements)**  
\* One month rent exemption, no broker fees, and exemption of guarantee service fees when entering into contracts that provide plans with no deposit, periodic cleaning fees, or guarantor
- ④ Monetary grants to property owners**  
\* In accordance with Company regulations
- ⑤ Monetary grants to employees**  
\* In accordance with Company regulations

TOPICS 02



## 2019 LPGA Sanctioned Tournament Daito Kentaku Eheyant Ladies

Held from August 1 (Thu.) to 4 (Sun.), 2019

### Misuzu Narita Wins for the First Time in Two Years!

This major tournament, sponsored by the Company and sanctioned by the Ladies Professional Golfers' Association of Japan (LPGA), which was again held at the Narusawa Golf Club in Yamanashi Prefecture, known as a scenic course that makes full use of the natural environment of the foothills of Mount Fuji. Of the 119 competing athletes, 63 advanced to the final tournament. The winner was Misuzu Narita, who is known as Comeback Narita. This was a second tour victory, following her first win in 2017. The tournament opened to delays caused by thunderstorms on the first and second days, but a total of 11,688 spectators attended the four-day event.

#### Tournament Overview

**Sponsor**  
Daito Trust Construction Co., Ltd.

**Sanctioning body**  
The Ladies Professional Golfers' Association of Japan

**Host venue**  
Narusawa Golf Club  
(5224 Narusawa-mura, Minami-Tsuru-gun, Yamanashi)

**Total prize money**  
120 million yen (21.6 million yen for the first place winner)

**Tournament URL**  
<https://e-heya.kentaku.net/golf/>



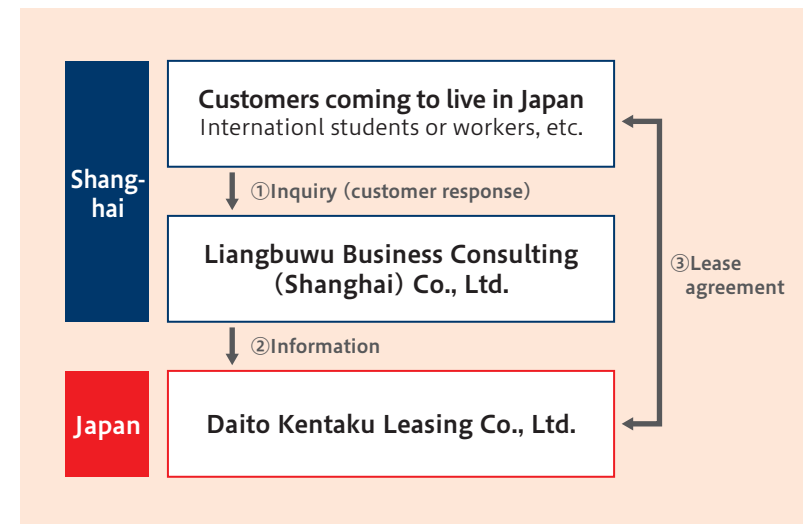
TOPICS 03



## First Overseas e-Heya Net Office Established in Shanghai, China

Daito Kentaku Leasing Co., Ltd., a Group company, established Liangbuwu Business Consulting (Shanghai) Co., Ltd. (Liangbuwu) in Shanghai, China in October 2019.

Liangbuwu will serve as a local site for foreign students and workers from China, which has the high number of foreign students in Japan and the highest inbound demand, to find housing in Japan. The free service will support execution of rental agreements in collaboration with Daito Kentaku Leasing's 237 offices in Japan.



## TOPICS 04

### Award for Excellence in Corporate Disclosure Won in Construction, Housing, and Real Estate Segment 9th Consecutive and 10th Time Overall!

The Company won first place in the FY 2019 Awards for Excellence in Corporate Disclosure Presented by Securities Analysts (conducted by the Securities Analysis Association of Japan) in the Construction, Housing, and Real Estate Segment. The Company has won first place nine consecutive times since FY 2009 and a total of ten times.

\* Evaluation in the construction, housing, and real estate segment was suspended in FY 2011 and FY 2016.



#### Awards for Excellence in Corporate Disclosure given by Securities Analysts

Companies that excel in disclosures are selected for their active disclosure measures and serving as models for other companies based on rigorous evaluations conducted by more than 500 securities analysts with at least three years of experience.

#### Overview of Assessment Points (excerpted from selection result notification materials)

- |   |  |
|---|--|
| <p><b>1</b> Management stance on investor relations (1st place)</p> | <ul style="list-style-type: none"> <li>■ The president attends briefings or meeting and substantively participates in discussions.</li> </ul>  |
| <p><b>2</b> Briefings (1st place)</p>                               | <ul style="list-style-type: none"> <li>■ The Company is fully able to respond to questions.</li> </ul>   |
| <p><b>3</b> Fair disclosure (1st place)</p>                         | <ul style="list-style-type: none"> <li>■ Matters that are significant for investor decisions are promptly disclosed.</li> <li>■ Disclosures in English are fair and timely and contain the same information as disclosures in Japanese.</li> </ul> |
| <p><b>4</b> Corporate governance (1st place)</p>                    | <ul style="list-style-type: none"> <li>■ Each item of the Corporate Governance Code including the status of progress is adequately explained.</li> </ul>   |
| <p><b>5</b> Voluntary information disclosures (2nd place)</p>       | <ul style="list-style-type: none"> <li>■ The Company actively discloses non-financial information (ESG information, integrated reports, etc.).</li> </ul>  |

## TOPICS 05



### Housecom Corporation Shifted to First Section of TSE

Housecom Corporation, a Group company, was shifted from the Second Section of the Tokyo Stock Exchange to the First Section effective on August 30, 2019.

Housecom's mission is to make everybody happy through housing. It is expanding services in the housing service industry with a focus on real estate rental brokerage and is enlarging its outlet network while actively using IT tools such as the Web and AI. In the fiscal year ending March 31, 2019 Housecom reported higher sales and income for the sixth consecutive year.



Listing ceremony conducted on August 30

TOPICS 06

Four-Story Wooden Rental Housing Building  
Constructed Using Original CLT Method  
Sales of Forterb Units Start



The Company started sales of units in Forterb, a four-story wooden rental housing building constructed using an original CLT\* method developed by the Company, on October 1, 2019. This is the first time that rental housing constructed using standardized and commercialized CLT has been sold in Japan. To address heat resistance, workability, and commercial feasibility, issues concerning the practical use of CLT, the Company used original metal fittings, panels with an integrated fireproofing layer, and other methods. Strength that rivals that of concrete was achieved by using the strong yet lightweight characteristics of wood.

Available floor plans are one-bedroom units with a kitchen and one-bedroom units with a dining room/kitchen. The designs are based on a modern concept that conveys the sense of solidness and wood material of CLT.

\* Cross laminated timber. A wood-based material created by gluing lumber together in alternating perpendicular layers.



Exterior of Forterb

Main Features of the CLT  
Construction Method  
Developed by the Company

- Fireproof exterior walls that can be made from panels
- Earthquake resistant strength of wood
- High degree of fire resistance
- High sound insulation performance
- Thermal insulation
- High business feasibility (reduced construction period, ZEH)
- Original labor-saving metal fittings

TOPICS 07



The Company Selected as  
Constituent of MSCI Japan Empowering Women Index

The Company was selected as a constituent of the MSCI Japan Empowering Women Index (WIN) developed by MSCI, a U.S.-based investment advisory firm. This is one of the stock indexes used by the Government Pension Investment Fund as an indicator when conducting ESG (environment, social, governance) investment. The index scores companies based on the percentages of employees and managers who are women, diversity initiatives, and other measures. The Company established a Diversity Promotion Section within the Personnel Department in 2015 and has created and operates various programs that help employees maintain a balance between their work and childcare, housework, family care, and so on.

TOPICS 08

Funds for 456 Cedar Trees Donated  
to Sumita-cho in Iwate Prefecture

The Group conducted that Lights Down Campaign 2019 in September 10, 2019. This campaign has been conducted each year since 2014, making this the sixth. In conjunction with this year's campaign, the Company donated 925,622 yen to Sumita-cho in Iwate Prefecture to support tree planting. This amount, calculated to be equivalent to the amount of electricity saved as a result of the campaign, is equal to the expenses for planting and maintaining 456 cedar trees.



Sumita-cho Mayor Kenichi Kanda (left) and the Company Director Kanitsu Uchida (right) at the presentation ceremony.

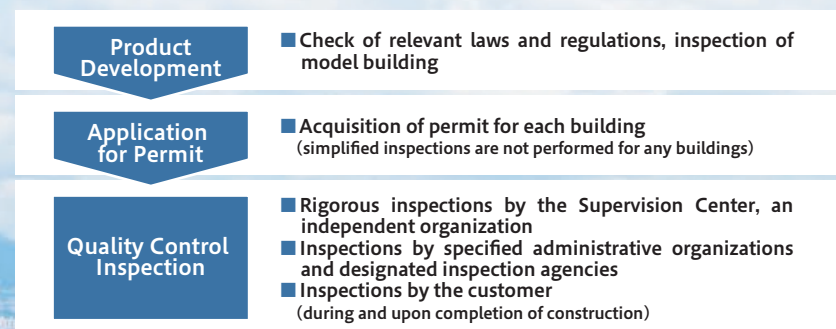
## Violations of Building Standards Act by Other Companies in the Industry

**Q** There have been reports of defective construction and non-compliance with the Building Standards Act by other companies. Are there any problems with regard to Daito Trust Construction?

**A** For all of our buildings, we obtain individual building permits from specified administrative organizations and designated inspection agencies and provide them to customers, and therefore, there are no such problems.

Most of the violations of the Building Standards Act by other companies occurred with series products developed by the head office and for which certification for the entire series\* was obtained. One of the causes was that checking functions did not operate during the development and construction stages, and buildings were constructed with faulty designs. We do not obtain certification for entire series,\* but rather, we obtain building permits from specified administrative organizations and designated inspection agencies for each building individually. We also conduct rigorous quality control and inspections during each process, and as a result, we have not had these types of problems.

\* In the case of prefab housing and other structures, if approved by a specified certification organization, the pre-construction inspection may be simplified.



## Responses to Regulations, Guidance, etc.

**Q** There is a trend towards restricting subleasing. What impact has this had on Daito Trust Construction Co., Ltd.?

**A** We have always conducted business and responded in accordance with guidance from the national government and so on, and therefore, there has not been any significant impact on the Company.

In response to the occurrence of problems relating to sublease agreements and other issues, the Ministry of Land, Infrastructure, Transport and Tourism has been revising guidance and programs and investigating circumstances since last year. The Group has always conducted business in accordance with relevant laws and regulations, and therefore, has not been affected significantly. Going forward, we will continue to understand the intent of and comply with laws and regulations so that we can conduct sound business.

### Revision of Guidance and Programs relating to Subleases (the Group is already in compliance)

**1** **March 2018**  
Companies have been mandated to indicate in the contract the date for revision of rent and the period when cancellation is not permitted.

**2** **July 2018**  
Companies have been mandated to place an experienced staff, indicate future changes in rent prior in documents to executing an agreement and explain material matters.

# SHAREHOLDER BENEFIT PLAN

The following benefits are available according to the number of shares held and the duration of holding.

Number of shares held as of end of September	All shareholders holding 100 or more shares	All of ① through ⑤ (right) may be selected (twice a year)	① ¥300,000 rebate on a construction contract (Note 1,2)	② ¥300,000 rebate on the purchase of a condominium unit (Note 1,2)	③ 10% increase in referral awards When making referrals, please contact us at the following contact e-mail address. (Note 3)	④ Optional equipment service for building construction (equipment specified by the Company, maximum of ¥300,000) (Note 1)	⑤ One free ticket for lease brokerage commission (Note 4) * Shareholders who wish to receive their free ticket by postal mail: please contact us at the following contact e-mail address.
Number of shares held and years of ownership as of end of March	All shareholders holding 100 or more shares	All of ① through ⑤ (right) may be selected (twice a year)	① ¥300,000 rebate on a construction contract (Note 1,2)	② ¥300,000 rebate on the purchase of a condominium unit (Note 1,2)	③ 10% increase in referral awards When making referrals, please contact us at the following contact e-mail address. (Note 3)	④ Optional equipment service for building construction (equipment specified by the Company, maximum of ¥300,000) (Note 1)	⑤ One free ticket for lease brokerage commission (Note 4) * Shareholders who wish to receive their free ticket by postal mail: please contact us at the following contact e-mail address.
	100 or more shares, with shares held for 1 year or longer <b>Plus</b>	Either A or B (right) is available (once a year)	<b>A Gift certificates</b> Gift certificates are granted in accordance with the number of shares held as follows 100 to 299 shares ..... ¥1,000 300 to 499 shares ..... ¥3,000 500 to 999 shares ..... ¥5,000 1,000 or more shares ..... ¥10,000		<b>B Donation to the Daito Group Mirai Fund*</b> Donations can be made in accordance with the number of shares held as follows 100 to 299 shares ..... ¥1,000 300 to 499 shares ..... ¥3,000 500 to 999 shares ..... ¥5,000 1,000 or more shares ..... ¥10,000 * Support fund for activities geared toward areas recovering from disasters, and to regional revitalization		
		One of a, b, c or d is available (once a year)	<b>a Tea (350 ml X 24 bottles)</b> Barley tea manufactured by Care Partner Co., Ltd.	<b>b water (350 ml X 24 bottles)</b> Natural spring water from Azumino in Shinshu	<b>c Gift certificates</b> ¥1,000 * Same amount regardless of number of shares held	<b>d Donation to the Daito Group Mirai Fund</b> ¥1,000 * Same amount regardless of number of shares held	
	300 or more shares, with shares held for 3 years or longer <b>Plus</b>	One of 1, 2, 3 or 4 is available (once a year)	<b>1 50% discount ticket for one-night stay at The Strings By InterContinental Tokyo</b> (Note 5)	<b>2 50% discount ticket for three-night stay at Le Méridien Kuala Lumpur (Malaysia)</b> (Note 5)	<b>3 Gift certificates</b> ¥10,000 * Same amount regardless of number of shares held	<b>4 Donation to the Daito Group Mirai Fund</b> ¥10,000 * Same amount regardless of number of shares held	

The benefit plan is available by submitting an application when using the Company services

The benefit plan is available by submitting an application using the postcard delivered at the end of June

For inquiries regarding the shareholder benefit plan

E - MAIL

**Daito Trust Construction**  
Shareholder Benefit Support Center

**keiki@kentaku.co.jp**

\* Please provide us with your shareholder number, name, address, and telephone number when you contact us. Complimentary tickets will be sent to the registered address.  
\* If your address has changed, please perform the procedures specified by your securities company.

(Note 1) · Your name must be in the shareholders registry as of the contract date. · Shareholders as of March 31, 2019: Applicable to contracts concluded from April 1, 2019 to September 30, 2019  
· Shareholders as of September 30, 2019: Applicable to contracts concluded from October 1, 2019 to March 31, 2020  
(Note 2) · A refund is provided after payment of the amount due at the time of completion.  
(Note 3) · 1.1% of construction contract (compared with the normal rate of 1%) · ¥11,000 regardless of the amount of rent (compared with the normal rate of ¥10,000)  
(Note 4) · Valid period for shareholders as of March 31, 2019: July 1–December 31, 2019 · Valid period for shareholders as of September 30, 2019: January 1–June 30, 2020  
(Note 5) · Transport expenses to the hotel shall be borne by the shareholder · Room availability is subject to confirmation

## FAQ related to the Shareholder Benefit Plan

### Benefits available to shareholders as of both March 31 and September 30

**Q** Please explain how to receive benefits ① through ⑤ in shareholder benefit plan.

**A**

**Benefits①,②and④**

Shareholder who wishes to receive benefit

↔

Staff in charge of sales at the Company

- Please inform staff in charge of sales at the Company of your wish to receive the benefit.
- You will be given a "Shareholder Benefit Application Form".
- Please fill out the "Shareholder Benefit Application Form", and submit it to the staff in charge of sales at the Company before concluding the construction contract (or in the case of ②, the purchase agreement).
- The optional construction for which the benefit can be used is determined; please inquire with your sales representative for details.

**Benefits③**

Shareholder who wishes to receive benefit

↔

Daito Trust Construction Shareholder Benefit Support Center  
\* Please refer to the left page for contact information

- Please contact Daito Trust Construction Shareholder Benefit Support Center.
- Our staff in charge of sales will contact the referred customer (i.e., the person who will be entering into the contract).

**Benefits⑤**

Shareholder who wishes to receive benefit

↔

Daito Trust Construction Shareholder Benefit Support Center  
\* Please refer to the left page for contact information

- Please contact Daito Trust Construction Shareholder Benefit Support Center to have the ticket sent.
- The ticket will be sent to the registered address.
- Please present the complimentary tickets when applying for housing at an office directly operated by Daito Kentaku Leasing Co., Ltd.. Preferential treatment will be applied with regard to the lease brokerage commission.

**Q** Am I entitled to only one of the benefits from among ① through ⑤ in shareholder benefit plan?

**A** You are entitled to all of ① through ⑤ in shareholder benefit plan. However, you cannot receive benefits ③ and ⑤ simultaneously for the same building lease agreement.

**Q** We have a rental apartment currently under construction. We would like to receive the construction contract the ¥300,000 rebate under the shareholder benefit plan. Will we be eligible for these benefits if we purchase the Company's shares before the completion of the building?

**A** Shareholders recorded in the register of shareholders at the time of contract execution are eligible for the shareholder benefit program (record dates: last day of March and September). Accordingly, the benefit cannot be used in the case discussed above.

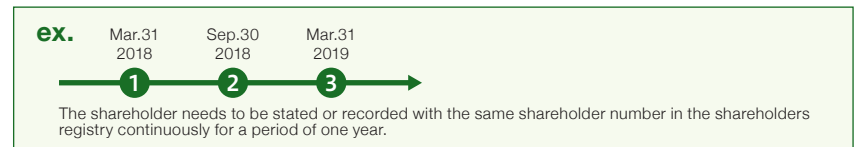
**Q** We would like to use the construction contract the ¥300,000 rebate. Can we use it for repair work at a building that has already been completed?

**A** This benefit can be used when signing a new construction contract (for new construction) with the Company. Accordingly, the benefit cannot be used in the above case.

### Benefits available to shareholders as of March 31

**Q** Please explain how the holding period is calculated in reference to: one year or longer; and three years or longer.

**A** Shareholders who have held shares for one year or longer  
This refers to shareholders who have been stated or recorded in the shareholders registry as of March 31 and September 30 (i.e., the record dates of the shareholders registry of the Company) **at least three times in a row with the same shareholder number.**



**A** Shareholders who have held shares for three years or longer  
This refers to shareholders who have been stated or recorded in the shareholders registry as of March 31 and September 30 (i.e., the record dates of the shareholders registry of the Company) **at least seven times in a row with the same shareholder number.**





# CORPORATE DATA / OFFICERS / MAIN GROUP COMPANIES

## Corporate Data

(As of September 30, 2019)

Corporation Name	Daito Trust Construction Co., Ltd.
Established	June 20, 1974
Capital	29,060,991,263 yen
Head Office	2-16-1, Konan, Minato-ku, Tokyo 108-8211, Japan
Branch Offices	227
Employees	9,274
Business Activities	<p>①Design and construction of apartments, condominiums, rental retail buildings, factories, warehouses, and office buildings</p> <p>②Real estate brokerage such as tenant recruiting, building maintenance, and property management including contracting arrangements</p>

## Officers

(As of September 30, 2019)

### Directors

President and Representative Director, Chief Executive Officer	Katsuma Kobayashi
Managing Director	Shuji Kawai
Managing Director	Kei Takeuchi
Director	Kanitsu Uchida
Director	Kazuhiko Saito
Director	Takeshi Nakagawa
Director	Koji Sato
Director	Fumiaki Nakagami
Director (Outside)	Toshiaki Yamaguchi
Director (Outside)	Mami Sasaki
Director (Outside)	Takashi Shoda

### Audit & Supervisory Board Members

Standing Audit & Supervisory Board Member (Outside)	Masayasu Uno
Audit & Supervisory Board Member (Outside)	Hideo Hachiya
Audit & Supervisory Board Member (Outside)	Kazumitsu Futami
Audit & Supervisory Board Member (Outside)	Kazuo Fujimaki

### Executive Officers

Senior Executive Officer	Shuichi Ogawa
Senior Executive Officer	Takashi Suzuki
Senior Executive Officer	Masafumi Tate
Executive Officer	Shouji Yamada
Executive Officer	Masayoshi Tanaka
Executive Officer	Hiromichi Ono
Executive Officer	Kazunori Fukuda
Executive Officer	Yoshihiro Mori
Executive Officer	Eiji Kawahara
Executive Officer	Masayuki Koishikawa
Executive Officer	Kouichi Nakamura
Executive Officer	Satoru Miyake
Executive Officer	Jun Matsufuji
Executive Officer	Tetsuya Shibata
Executive Officer	Kazuhiro Izumi
Executive Officer	Takeshi Nakamura

## Group Companies

(As of September 30, 2019)

Company name	Address	Capital	Holdings	Main businesses
Daito Kentaku Partners Co., Ltd.	Minato-ku, Tokyo	1,000 million yen	100.0%	Whole-building leasing, building management, building renovation
Daito Kentaku Leasing Co., Ltd.	Minato-ku, Tokyo	100 million yen	100.0%	Rental apartment and condominium brokering, real estate business
Daito Finance Co., Ltd.	Minato-ku, Tokyo	120 million yen	100.0%	Bridge financing of contracting expenses for general contractors
Housecom Corporation	Minato-ku, Tokyo	424 million yen	51.9%	Rental apartment and condominium brokering
HOUSECOM Technologies Co., Ltd.*	Minato-ku, Tokyo	45 million yen	51.9%	Operation of e-Heya Net and other business
Daito Steel Co., Ltd.	Yaizu, Shizuoka	100 million yen	100.0%	Ironwork and construction
Daito Construction Co., Ltd.	Kita-ku, Tokyo	400 million yen	100.0%	Design and construction of rental housing and other structures
Care Partner Co., Ltd.	Minato-ku, Tokyo	100 million yen	100.0%	Operation of day service centers and childcare facilities
Gaspal Corporation	Minato-ku, Tokyo	120 million yen	100.0%	LP gas supply and other business
Daito Corporate Service Co., Ltd.	Shinagawa-ku, Tokyo	100 million yen	100.0%	Document shipping, document destruction, printing, administrative services
House Leave Co., Ltd.	Minato-ku, Tokyo	120 million yen	100.0%	Rental housing tenant guarantor services
Daito Mirai Trust Co., Ltd.	Minato-ku, Tokyo	150 million yen	100.0%	Real estate management services, asset succession consulting
Houseguard SSI	Minato-ku, Tokyo	250 million yen	100.0%	Low-amount, short-term insurance
Daito Energy Co., Ltd.	Minato-ku, Tokyo	40 million yen	100.0%	Electric power business
House Payment Co., Ltd.	Minato-ku, Tokyo	45 million yen	100.0%	Credit card settlement services

Company name	Address	Capital	Holdings	Main businesses
Gaspal Kyushu Corporation	Fukuoka, Fukuoka	110 million yen	100.0%	LP gas supply business
Daito Gas Partner Corporation	Urasoe, Okinawa	40 million yen	100.0%	LP gas supply business
Gaspal Chugoku Corporation	Okayama, Okayama	110 million yen	100.0%	LP gas supply business
Gaspal Shikoku Corporation	Okayama, Okayama	40 million yen	100.0%	LP gas supply business
Gaspal Tohoku Corporation	Sendai, Miyagi	110 million yen	100.0%	LP gas supply business
Sakura Care Co., Ltd.	Setagaya-ku, Tokyo	10 million yen	100.0%	In-home nursing care and other care services
Ume Care Co., Ltd.	Setagaya-ku, Tokyo	5 million yen	100.0%	In-home nursing care and other care services
Daito Asia Development Pte. Ltd.	Robinson Road, Singapore	175,709,000 USD	100.0%	Real estate development
Daito Asia Development (Malaysia) Sdn. Bhd.	Kuala Lumpur, Malaysia	86,529,000 MYR	100.0%	Hotel business
Daito Asia Development (Malaysia) II Sdb. Bhd.	Kuala Lumpur, Malaysia	79,034,000 MYR	100.0%	Hotel business
D.T.C. Reinsurance Limited	Bermuda (British territory)	3,001,000 USD	100.0%	Fire insurance re-insurance company
Daito Kentaku USA. LLC	Delaware, United States	41,229,000 USD	100.0%	Real estate development

\* A wholly-owned subsidiary of Housecom Corporation

# THE COMPANY'S STOCK / INFORMATION FOR SHAREHOLDERS

## The Company's Stock

(As of September 30, 2019)

### Number of shares and number of shareholders

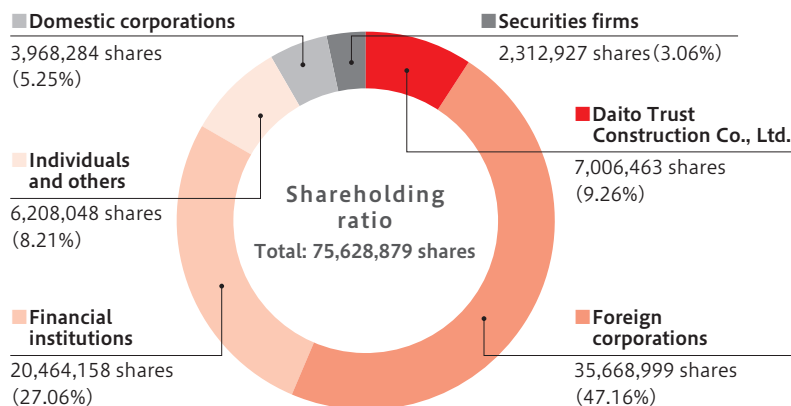
Number of shares authorized	329,541,100 shares
Number of shares issued	75,628,879 shares
Number of shareholders	16,311 shareholders

### Principal shareholders

Name of shareholder	Number of shares owned (shares)	Shareholding ratio
JP Morgan Chase Bank 380055	5,131,573	7.48%
The Master Trust Bank of Japan, Ltd. (Trust account)	4,449,600	6.48%
Japan Trustee Services Bank, Ltd. (Trust account)	3,454,800	5.03%
SSBTC CLIENT OMNIBUS ACCOUNT	2,444,911	3.56%
Sumitomo Realty & Development Co., Ltd.	1,606,700	2.34%
Japan Trustee Services Bank, Ltd. (Trust account 7)	1,584,700	2.31%
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,538,300	2.24%
Cooperative Daito Trust Construction Stock Association	1,507,705	2.20%
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation Retirement Benefit Trust Account)	1,474,800	2.15%
THE BANK OF NEW YORK MELLON 140044	1,297,211	1.89%

Notes: 1. Shareholding ratios are calculated after deducting treasury shares (7,006,000 shares).  
2. Treasury shares (7,006,000 shares) do not include 199,000 shares owned by the Employee Shareholding ESOP Trust and 278,000 shares owned by the Share Grant Trust.

### Composition of shareholders



## Information for Shareholders

Fiscal year	April 1 to March 31
General Meeting of Shareholders	June
Record date	Ex-rights Date: March 31 Year-end dividend: March 31 Interim dividend: September 30
Trading unit	100 shares
Stock exchange listing	Tokyo Stock Exchange (1st Section) Nagoya Stock Exchange (1st Section)
Securities code	1878
Transfer agent and special account management institution	1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan Mitsubishi UFJ Trust and Banking Corporation

### Method of public notices

Public notices shall be electronically posted on the Company's website.  
<https://www.kentaku.co.jp/corporate/ir/koukoku.html>  
However, in the case where electronic public notice is not available due to an accident or other unavoidable reasons, a notice shall be published in the Nihon Keizai Shimbun.

### Share transfer procedures

#### Shareholders who hold shares in a securities account

For more information, please contact the securities company where you maintain an account.

#### Shareholders who do not conduct transactions with a securities company

For more information, please contact Stock Transfer Agency Division, Mitsubishi UFJ Trust and Banking Corporation.  
Mitsubishi UFJ Trust and Banking Corporation,  
Stock Transfer Agency Division  
1-1 Nikkocho, Fuchu, Tokyo, Japan

**0120-232-711** Inquiries are accepted from 9:00 to 17:00 excluding Saturdays, Sundays and public holidays

Life is Built on Trust



 **Daito Trust Construction Co., Ltd.**

Head office 2-16-1, Konan, Minato-ku, Tokyo 108-8211, Japan  
TEL: +81-3-6718-9111  
<https://www.kentaku.co.jp>

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