

# DAITO REPORT

April 1, 2021 > September 30, 2021



## TO OUR SHAREHOLDERS

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, 2021 (from April 1 to September 30, 2021) are reported as below.

During the first half of the fiscal term, the Company persisted in implementing its measures for preventing COVID-19 infection as the virus continued to spread, while also achieving net sales and operating income exceeding plans amid favorable progress achieved with respect to construction sites and strong performance in terms of its occupancy rates.

Meanwhile, in order to leverage the changing external environment as an opportunity to provide new value, the Company has established Sustainability Basic Policy and has accordingly designated particular issues that should be addressed as the Daito Group Seven Material Issues (Priorities). Please refer to the following page for further details in that regard.

Going forward, we seek to achieve highly effective sustainability business practices and evolve into "a company that can grow sustainably, entrusted with dreams and the future" by incorporating material issues into our medium-term management plan.

I look forward to your continued support in the future.

Katsuma Kobayashi President and Representative Director,

President and Representative Directo Chief Executive Officer Daito Trust Construction Co., Ltd. November 2021

## Daito Group Sustainability Basic Policy

As a company that supports affluent lifestyles, the Daito Group regards social changes as opportunities for growth, and we work to develop our business activities and realize a sustainable society with our stakeholders.

## SEVEN MATERIAL ISSUES (PRIORITIES)



No changes have been made to figures in the plan for the 48th fiscal term (the fiscal year ending March 31, 2022) announced at the beginning of the fiscal year.

Please check the Company's website for details. https://www.kentaku.co.jp/corporate/en/ir/kessan/FY2021.html



## Net income attributable to owners of the parent



## **Dividend per share**



## Net sales



## **Operating income**



## **Cash flows**



## Assets/ liabilities/ net assets



## NON-FINANCIAL HIGHLIGHTS

This section profiles progress made in achieving the non-financial KPIs under the New Five-Year Medium-Term Management Plan.

#### Please check the Company's website for overview of the New Five-year Plan. https://www.kentaku.co.jp/corporate/en/ir/midplan.html



#### KPIs for stakeholders





# 13,214 13,139 13,800 9,882 9,76 0 46th Term 47th Term 50th Term (Target)

#### Governance

#### Percentage of outside directors



#### KPIs for employees





## **Employment rate of people with disabilities**



\* Derived from data current as of the end of the 47th term

## **Construction Business**



▶ Completed construction contracts increased by 3.7% yearon-year to 211.6 billion yen mainly as a result of construction having proceeded faster than anticipated.



- ▶ Orders received increased by 45.0% year-on-year to 183.8 billion yen mainly as a result of having continued sales activities while taking infectious disease control measures.
- ▶ The orders in hand decreased by 3.7% to 708.1 billion yen.

#### Completed construction contracts (billions of yen)



#### Gross profit (billions of yen)



#### Orders received (billions of yen)



#### Orders in hand (billions of yen) YoY 1,200 -△3.7% 873.2 800 -735.0 708.1 400 -46th Term 47th Term 48th Term

## Real Estate Business



▶ Net sales increased by 5.6% year-on-year to 530.8 billion yen mainly as a result of higher rental income associated with an increase in integrated rental properties and firm occupancy rates despite the COVID-19 pandemic, as well as an increase in revenue from joint guarantor-free services.

#### Net sales (billions of ven)



## Gross profit (billions of yen) 100





► The occupancy rate for leased residential properties in September was up 1.0 percentage points year-on-year to 97.7% and the occupancy rate for leased commercial properties was up 0.6 percentage points to 99.1%. \* Combined total for Daito Kentaku Leasing Co., Ltd. and Daito Kentaku Partners Co., Ltd. (includes properties managed by other companies)

100

YoY

100





#### Occupancy rate for leased residential properties (%)



## Other Businesses



▶ Net sales increased by 37.9% to 39.0 billion yen mainly as a result of INVALANCE Ltd., a leader in the investment condominium business, having been made a consolidated subsidiary, and despite a decrease in the operating rate of hotels in Malaysia due to COVID-19.







▶ The number of units supplied with LP gas increased by 6.9% year-on-year to 370,000 units and the number of units supplied with municipal gas increased by 50.5% to 48,000 units. The number of daycare centers increased by 3.8% year-onyear to 82 facilities and the number of nursery schools increased by 3.6% to 29 facilities.



(Facilities) +3.8% YoY 29 +3.6%

> 47th Term 48th Term 46th Term

## TOPICS

TOPICS 1 🕍

Results of 2021 e-Heya Net Neighborhood Livability (Municipality) Ranking (Nationwide Edition) Announced





Neighborhood Livability Ranking General Comment

The Neighborhood Livability Ranking has been prepared based on average values of assessments made on a five-point scale with respect to towns where respondents currently reside.

In this year's Neighborhood Livability Ranking, the ranking of Nagakute City, Aichi, which is a commuter town featuring many residential areas, commercial facilities as well as abundant natural surroundings, rose to first place from fourth place last year.

Meanwhile, Chuo-ku, Tokyo, held No. 2 ranking for the second consecutive year, and Bunkyo-ku, Tokyo, held No. 3 ranking, up from No. 5 last year.

Nine of the top 10 municipalities ranked among the top 20 municipalities in the urban image evaluation, thereby suggesting that a positive urban image contributes to making a location a comfortable place in which to live.







Provided by Nagakute City



Bunkyo Plum Blossom Festival (1): Bunkyo-ku, Creative Commons Attribution 4.0 International License





🗳 6th to 10th Place Results

No.6	Minoh City (Osaka)	Ranked No. 7 last year
No.7	Kita-ku, Osaka City (Osaka)	Ranked No. 11 last year
No.8	Ashiya City (Hyogo)	Ranked No. 10 last year
No.9	Minato-ku (Tokyo)	Ranked No. 18 last year
No.10	Meguro-ku (Tokyo)	Ranked No. 12 last year

Provided by Fukuoka City



#### No. 1 Ranking 12 Consecutive Times for Housing Supply 2020 Nationwide Detached House and Apartment Supplier Rankings (based on a survey conducted by Market Economy Research Institute Ltd.)

The Company gained the first-place ranking in the 2020 Nationwide Detached House and Apartment Supplier Rankings, released by Market Economy Research Institute Ltd.

This year marks the 12th consecutive time we have gained the number one ranking (the survey was not conducted in FY 2019).

A total of 158 eligible participating companies took part in the survey, which involved interviewing major companies that supply detached housing and condominiums nationwide regarding their FY 2020 construction results and FY 2021 sales plans. Of the companies interviewed, the Daito Group was ranked number one with its 38,329 detached housing and rental housing units supplied in FY 2020 (April 2020 to March 2021).

#### 2020 Nationwide Detached House and Apartment Supplier Rankings

(detached houses and rental housing/top ten)

<b>1</b> Daito Trust Construction Co., Ltd.		38,329 units
2 Daiwa House Industry Co., Ltd.	0000000	36,507 units
3 Sekisui House, Ltd.	1000000	35,736 units
4 Asahi Kasei Homes Corporation	0001	15,474 units
5 SEKISUI CHEMICAL CO., LTD.	101	12,115 units
6 HAJIME CONSTRUCTION CO., LTD.	001	11,840 units
7 Ichijo Co., Ltd.	001	11,406 units
8 Token Corporation	<b>AA</b> I	9,925 units
9 Tama Home Co., Ltd.	<b>AA</b>	9,510 units
10 Open House Group	<b>AA</b>	9,126 units

Source: Market Economy Research Institute Ltd. "2022 National Housing and Condominium Supply Survey: Ranking by Company" (released in July 2021) \* Figures are generally presented based on number or units completed.

## No.1 Ranking Nationwide for 25 Consecutive Years for Number of Rental Housing Units Under Management 2021 Rental Housing Management Rankings of 1063 Companies

(based on a survey conducted by Zenkoku Chintai Jutaku Shimbun Co., Ltd.)

2021 Rental Housing Management Rankings of 1063 Companies

The Daito Group was ranked number one in the 2021 Rental Housing Management Rankings of 1063 Companies, announced by the Weekly Zenkoku Chintai Jutaku Shimbun (issued on July 26, 2021). This marks the 25th consecutive year that the Daito Group has achieved the top ranking. The ranking is based on the collective results of 1,063 companies based on their respective declarations with respect to questionnaires administered to rental management companies nationwide regarding their numbers of rental housing units under management in FY 2020.

The Daito Group ranked number one in terms of its 1,174,264 rental housing units under management for residential purposes under management as of the end of March 2021, which constitutes an increase of 44,046 units relative to the end of March 2020 even amid the COVID-19 pandemic.

25 consecutive years

(units under management/top ten)		No.
1 Daito Group	00000	1,174,264 units
2 Sekisui House Group	0001	657,190 units
3 Starts Group	000	612,953 units
4 Daiwa Living Co., Ltd.	000	600,428 units
5 Leopalace21 Corporation	000	573,673 units
6 Token Corporation	<b>A</b> 1	255,416 units
7 House Mate Group	<b>A</b> I	230,676 units
8 Tokyu Housing Lease Corporation	<b>A</b>	106,879 units
9 Asahi Kasei Realty & Residence Corporation		106,094 units
10 Village House Management Co., Ltd.	<b>A</b>	105,478 units

Publication: Weekly Zenkoku Chintai Jutaku Shimbun (issued by Zenkoku Chintai Jutaku Shimbun Co., Ltd.) Publication No.: No. 1470, July 26, 2021

2 consecutive times

No,

## TOPICS 3

### Launching an Online Platform "ruum" Useful in Daily Life, Providing Services Rooted in Local Communities in Seeking to Serve as a Total Lifestyle Support Company

We have been encountering changing needs when it comes to living spaces in conjunction with increasingly diverse ways that people spend time at home amid increasing demand for delivery services as well as online services accessible from home given that people are spending more time at home due to the COVID-19 pandemic.

Therefore, the Group's Daito Kentaku Partners Co., Ltd. will begin to provide "ruum," which is a platform tailored to lifestyles, from November 8, 2021, in order to respond to changing needs.

This service will transmit information useful for users' lifestyles, such as utilities essential to residents when starting out on new lives, the introduction of value plans for Internet access, etc., the distribution of online content for enjoying daily life, and the provision of subscriptions and coupons.

Moreover, by collaborating with governments during FY 2023, this service will gradually expand so that various administrative procedures, such as applications for the Certificate of Residence and various other types of certificates, can be carried out via computer or smartphone.

Furthermore, we will roll out services that are integral to people's lives in acting as a "total lifestyle support company" by providing other highly regional services as well as transmitting information rooted in local communities and collaborating with the companies that form the community.

\* The name of the "ruum" services platform is derived from the word "room," meaning part of a dwelling. The two o's in the word "room" are replaced by the letter 'u' to signify the initial letter in the words "user" and "useful" to convey the notion that the platform integrates services that are useful to its users.

# ruum

## "ruum" for all people's lifestyle living in rental housing Delivering a lot of useful information such as daily life tips and shopping!



Delivery of lots of useful information for daily life and discount coupons



Providing products and services for affluent life





Beauty

Health care



## TOPICS 4

#### Company to Undertake Its First Green Bond Issuance **Promoting Environmental Management Practices by Allocating Raised Funds to Business That Helps Improve the Environment**

Beginning in November 2021, the Company will undertake its first Green Bond issuance as a means of raising funds earmarked for business that helps improve the environment.

Based on the its Corporate Philosophy and Our Promise, the Daito Group engages in environmental management practices upon having set various targets for helping to achieve a post-carbon society in fulfilling its corporate social responsibility.

The Group also strives to adopt global standards of environmental management by actively supporting and participating in international initiatives.

To such ends, the Group engages in efforts to achieve certain targets and has accordingly drawn up the "Daito Trust Construction Green Bond Framework" stating its policies regarding the four stipulated components for alignment with the Green Bond Principles (GBP), which spell out Green Bond guidelines of the International Capital Market Association (ICMA; the four core components for alignment with the GBP are: 1 Use of proceeds, (2 Process for project evaluation and selection, 3 Management of proceeds, and **4** Reporting).

The funds raised pursuant to this framework are to be allocated to new financing pertaining to new installation of equipment for generating solar energy produced for the purpose of selling surplus electricity.

#### Details of the bond issuance

lssuance amount	Up to 20 billion yen	Structuring agent	Nomura Securities Co., Ltd.
Term	10 years		The "Daito Trust Construction Green Bond
Planned issuance date	November 2021 or later	Third-party assessment	Framework" has received a preliminary evaluation of "GA1", which is the highest evaluation of the "R & Green Bond Assessment", as a third-party evaluatio from Rating and Investment Information, Inc. (R & I).
Lead securities firms	Nomura Securities Co., Ltd. SMBC Nikko Securities Inc. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	assessment	

#### Use of funds (plan)

New installation of solar panels owned by the Company on the roofs of 10,000 rental housing buildings managed by the Company nationwide.

- Part of the generated power will be used at the buildings and construction sites managed by the Company.
- Surplus electricity will be sold to electric power companies.



## TOPICS **5**

#### JLPGA Official Tournament "Daito Kentaku E-Heya Net Ladies Tournament" Held with Spectators Present for the First Time in Two Years Since Stringent COVID-19 Measures Went into Effect

The Company held the "Daito Kentaku E-Heya Net Ladies Tournament", a JLPGA official tournament, for the first time in two years.

The tournament venue was relocated to Hokkaido, and the tournament was held in front of spectators at TAKINO COUNTRY CLUB (Sapporo, Hokkaido) over the four days from Thursday, July 22 to Sunday, July 25, 2021, marking the sixth time this tournament has been held.

Action was taken with respect to preventing transmission of COVID-19, with measures that included limiting general ticket sales to 1,000 spectators per day, requiring those in attendance to have their temperatures taken at the venue entrance and having them wear face masks, cordoning off areas with rope to ensure adequate distancing at pathways to the golf course.

Seventy-five of the 120 golfers ended up advancing to the tournament's final round.

First place in the hard-fought tournament went to Jiyai Shin, who shot a 15-under thereby marking her 4th win of the season and 26th victory of the JLPGA Tour.

Golfers affiliated with the Company, Avaka Watanabe and Mao Saigo, also advanced to the final round, thereby making it an exciting tournament where female professional golfers sponsored by the tournament host fought to capture victory through to the end.





Tournament champion Jiyai Shin



Ayaka Watanabe

18th hole, "TAKINO COUNTRY CLUB



Mao Saigo

## SHAREHOLDER BENEFIT PLAN

The Company has established a shareholder benefit plan whereby benefits accord with number of shares owned and duration of ownership. Those shareholders stated or recorded in the shareholders registry as of **September 30, 2021** are eligible for the following shareholder benefits.



For inquiries regarding the shareholder benefit plan

Daito Trust Construction Shareholder Benefit Support Center E-MAIL: 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.

## FAQ related to the Shareholder Benefit Plan

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

Please explain how to receive benefits through 
in shareholder benefit plan.

#### Benefits ①, ② and ③ 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.

#### Benefit 🕄

## Shareholder who wishes to receive benefit

## Daito Trust Construction Chareholder 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).

#### Benefit 😏

## 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.

Am I entitled to only one of the benefits from among • through • in shareholder benefit plan?

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

We have a rental apartment currently under construction. We would like to receive ¥300,000 rebate on a construction contract and optional equipment service for building construction 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?

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 or September).

Accordingly, the benefits cannot be used in the case discussed above.

We would like to use ¥300,000 rebate on a construction contract and optional equipment service for building construction. Can we use it for repair work at a building that has already been completed?

These benefits can be used when signing a new construction contract (for new construction) with the Company.

Accordingly, the benefits cannot be used in the case discussed above.

## Benefits available to shareholders as of March 31

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

#### 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.



The shareholder needs to be stated or recorded with the same shareholder number in the shareholders registry continuously for a period of one year.

#### 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 / WEBSITE INTRODUCTION

## Corporate Data (As of September 30, 2021)

	Officers	(As of	September	30,	2021)
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Corporation Name	Daito Trust Construction Co., Ltd.	Directors	President and Representative	Katsuma Kobayashi	Executive Officers	Executive Officer	Takashi Suzuki
Established	June 20, 1974		Director, Chief Executive Officer Managing Director	Shuji Kawai		Executive Officer Executive Officer	Shouji Yamada Masayoshi Tanaka
Capital	29,060,991,263 yen		Managing Director Managing Director	Kei Takeuchi Koji Sato		Executive Officer	Kazunori Fukuda
Head Office	2-16-1, Konan, Minato-ku, Tokyo 108-8211, Japan		Director	Kanitsu Uchida Masafumi Tate		Executive Officer Executive Officer	Eiji Kawahara Masayuki Koishikawa
Branch Offices	211		Director Director	Yoshihiro Mori		Executive Officer Executive Officer	Kouichi Nakamura
Employees	8,335		Director (Outside) Director (Outside)	Toshiaki Yamaguchi Mami Sasaki		Executive Officer	Jun Matsufuji Tetsuya Shibata
Business Activities	① Design and construction of apartments, condominiums, rental		Director (Outside) Director (Outside)	Takashi Shoda Atsushi Iritani		Executive Officer Executive Officer	Kazuhiro Izumi Takeshi Nakamura
	retail buildings, factories, warehouses, and office buildings ② Real estate brokerage such as tenant recruiting, building					Executive Officer	Takeshi Shirasaki
	maintenance, and property management including contracting arrangements	Audit & Supervisory Board Members	Standing Audit & Supervisory Board Member (Outside)	Masayasu Uno		Executive Officer Executive Officer	Kunihiro Takenaka Tsukasa Okamoto
		Doard Member:	<sup>5</sup> Audit & Supervisory Board Member (Outside)	Masa Matsushita		Executive Officer	Eiji Okamoto
			Audit & Supervisory Board Member (Outside)	Kenji Kobayashi		Executive Officer	Yutaka Amano

## Website Introduction

#### **Corporate Website**

The corporate website contains the latest information on the Daito Group, including news releases and an archive of TV commercials.





#### Latest Information on Investor Relations



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#### Information on Group Companies

The Group companies section profiles Group companies that play important roles in the construction business, real estate business, and other businesses.



#### Information on Branch Offices, Sales Offices and Branches (Japanese text only)





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## THE COMPANY'S STOCK / INFORMATION FOR SHAREHOLDERS

## The Company's Stock (As of September 30, 2021)



#### **Major shareholders**

Name of shareholder	Number of shares owned (shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	9,054,200	13.15
SSBTC CLIENT OMNIBUS ACCOUNT	4,608,356	6.69
Custody Bank of Japan, Ltd. (Trust account)	3,572,700	5.19
Hikari Tsushin, Inc.	1,834,200	2.66
Daito Trust Construction Cooperative Committee Shareholding Association	1,610,805	2.34
Sumitomo Realty & Development Co., Ltd.	1,606,700	2.33
Custody Bank of Japan, Ltd. (Trust account 7)	1,265,700	1.84
STATE STREET BANK WEST CLIENT-TREATY 505234	1,152,455	1.67
Daito Trust Construction Employees Shareholding Association	1,085,869	1.58
DEUTSCHE BANK TRUST COMPANY AMERICAS ADR DEPT ACCOUNT	949,038	1.38
Note: Shareholding ratios are calculated after deducting treasury shares (52,000 shares)		

Note: Shareholding ratios are calculated after deducting treasury shares (52,000 shares).

## 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



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





