

Preliminary version

As of January 2021, we are proceeding with the Fact Book revision due to new law enforcement.

Life is Built on Trust.

FACTBOOK
2020



DAITO TRUST
CONSTRUCTION CO., LTD.

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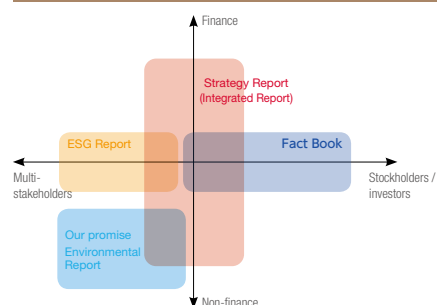
Editorial Policy

This book reports facts on Daito Trust Construction Group's business details, performance, position within the industry, market environment and business schemes using various indices and in an easily understandable manner.

Target Readers

The main target readers are shareholders, investors and securities analysts.

The Group's Communication Tools



Indicators

Unless otherwise indicated, the figures in this report are for FY2019, or are true as of the end of March 31, 2020

Report Period

FY2019 (the fiscal year ended March 31, 2020)

Published

September 2020

For convenience, corporate names are abbreviated as follows in this document. Note: According to a definition by the Japanese Ministry of Land, Infrastructure, Transport and

- Daito Trust Construction Group → Daito Group
- Daito Trust Construction Co., Ltd. → Daito Trust

Tourism (MLIT), "apartment" refers to buildings of two or three stories constructed with iron, concrete, and wood, while "condominium" refers to buildings of three or more stories constructed with iron and concrete or steel-reinforced concrete.

Corporate Philosophy and Business Overview

▶ Business Philosophy

“Contributing to society by realizing extensive and effective use of limited land.”

▶ Brand Message

“Life is Built on Trust.”

A new brand message has been released in March 2017; “Life is Built on Trust.”, which was born based on our desire to be close to the life of our customers and evolve into a company that is entrusted various needs beyond the framework of rental housing, although our core business is lease management trust business.

▶ Business Overview

The Daito Group is engaged in a wide range of businesses that bring stable earnings, centered on the construction and management of apartments and condominiums as well as peripheral businesses related to rental housing.

Core Businesses



Other Businesses



▶ Corporate Profile

Head office: 2-16-1, Konan, Minato-ku, Tokyo 108-8211, Japan
 Established: June 20, 1974
 Capital: ¥29,060.99 million
 Stock exchange listing: Tokyo Stock Exchange (First Section)
 Nagoya Stock Exchange (First Section)
 (Ticker code: 1878)

Number of shares outstanding: 68,918,979 shares
 Share unit: 100 shares
 Number of employees: 17,757 (entire group; as of March 31, 2020)

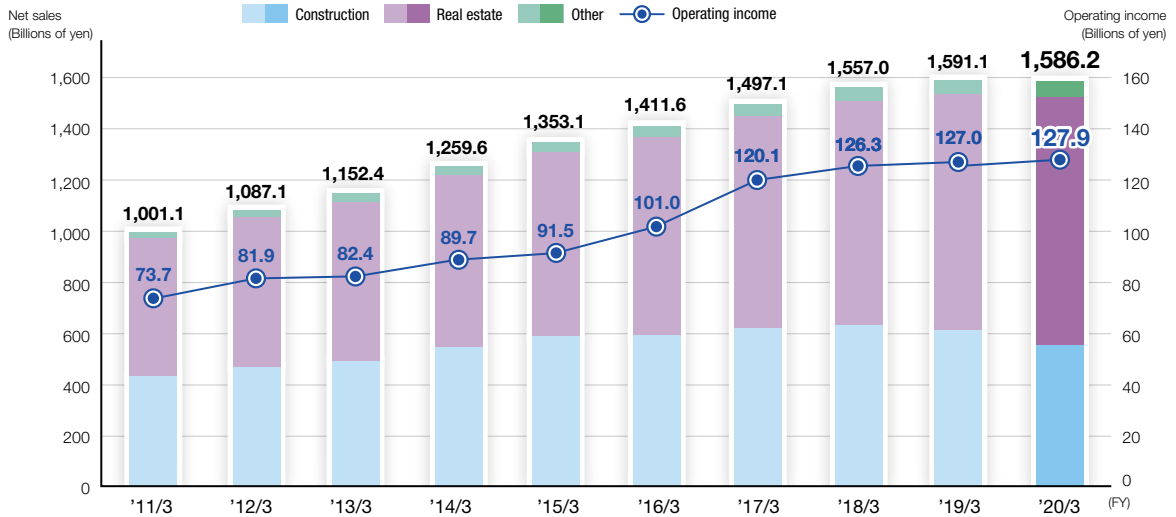
Head office in Shinagawa, Tokyo



Business Performance

► Consolidated Business Results for the Past 10 Years

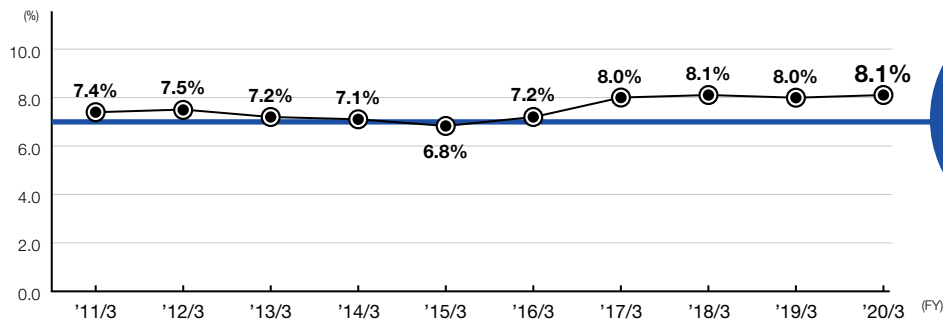
Operating income is record-high following 12 consecutive years.



Source: Company's earnings data

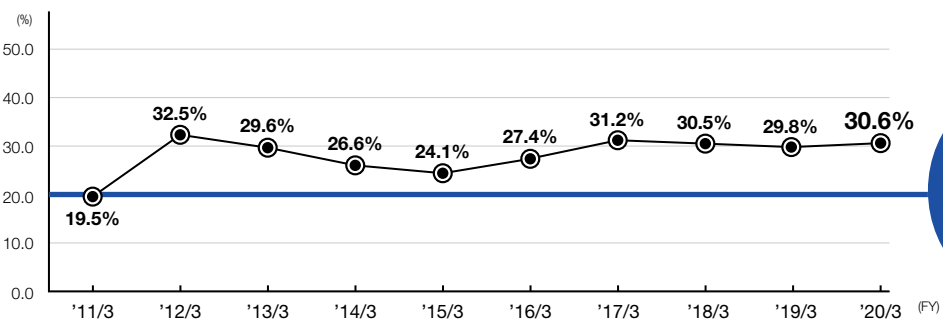
► Target Management Indicators

Operating Income Margin Maintained target performance



Source: Company's earnings data

ROE (return on equity) Maintained a high level exceeding targets

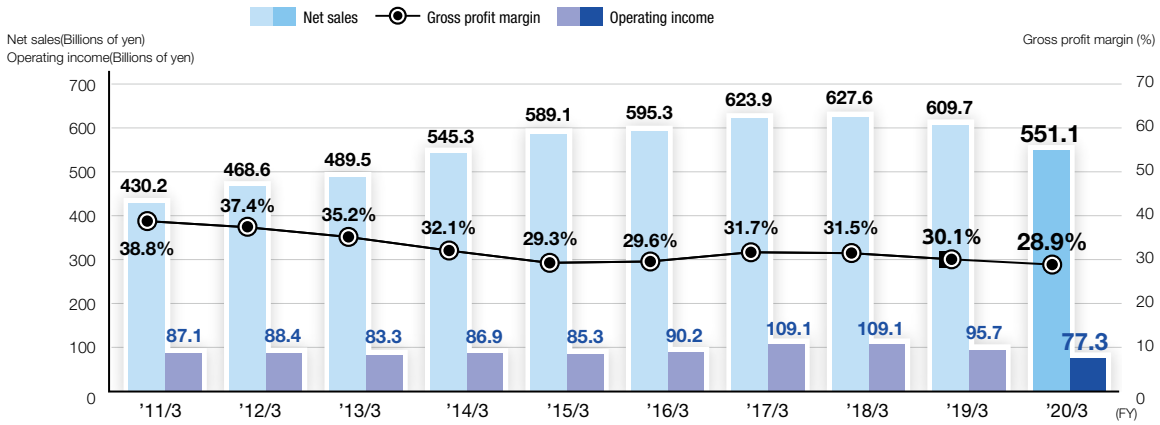


Source: Company's earnings data

Business Results for the Past 10 Years by Segment

Construction Business

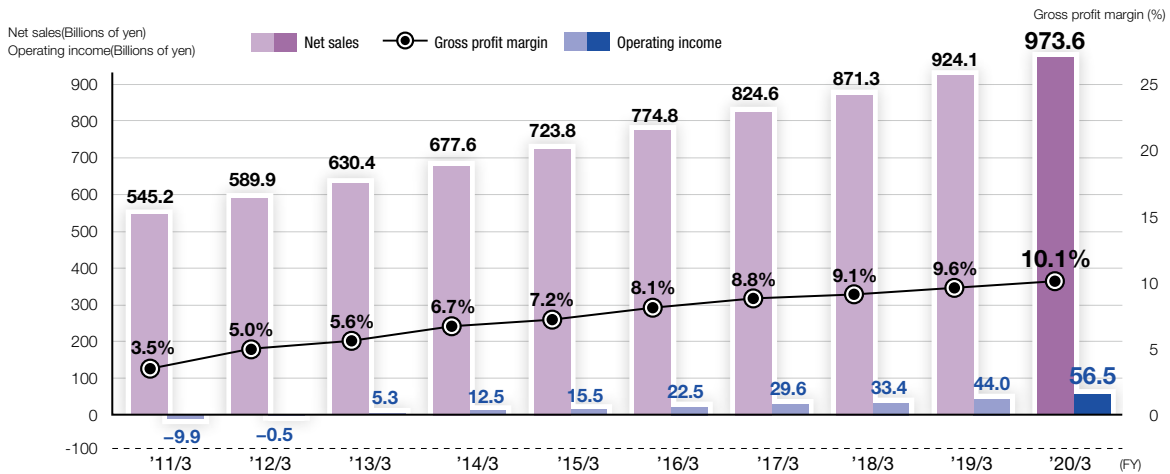
Sales and profit is decrease because of decreasing construction starts.



Source: Company's earnings data

Real Estate Business

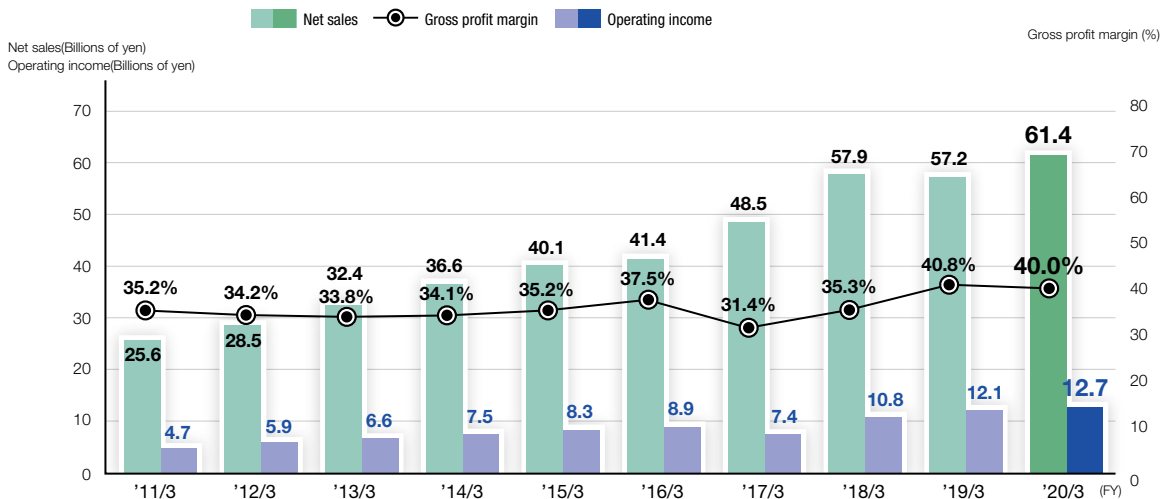
Improve profitability by increasing rental revenues and maintaining high occupancy rate



Source: Company's earnings data

Other Businesses

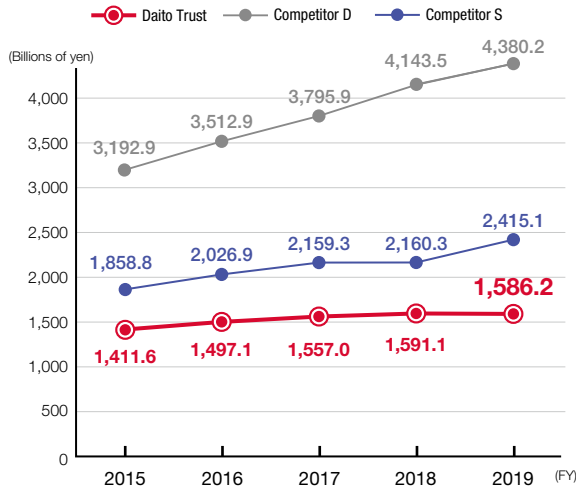
Continued expansion in peripheral businesses such as LP gas supply and day-care services



Source: Company's earnings data

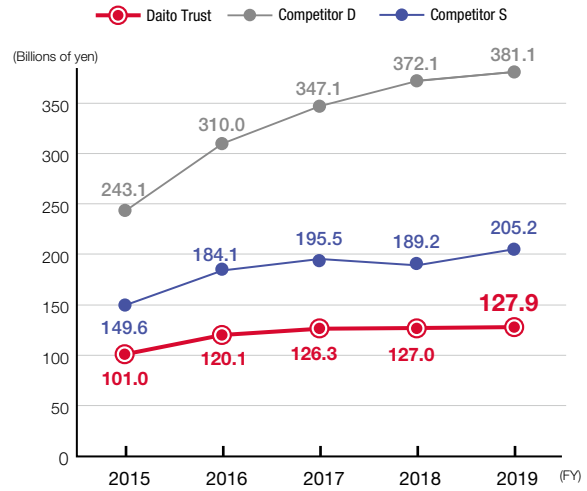
Financial Indicators – Comparison with Industry Rivals

Net Sales



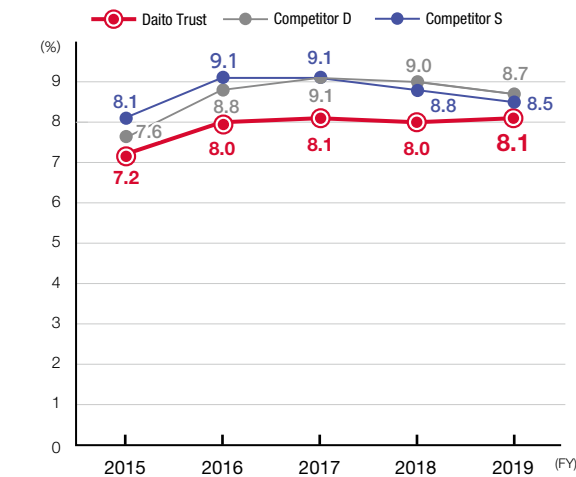
Source: Data from each company

Operating Income



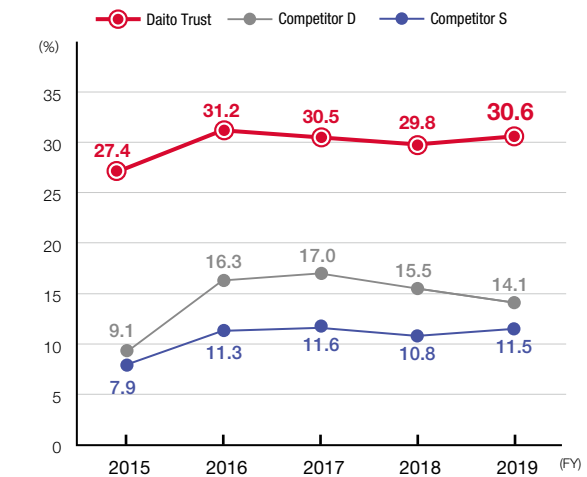
Source: Data from each company

Operating Income Margin



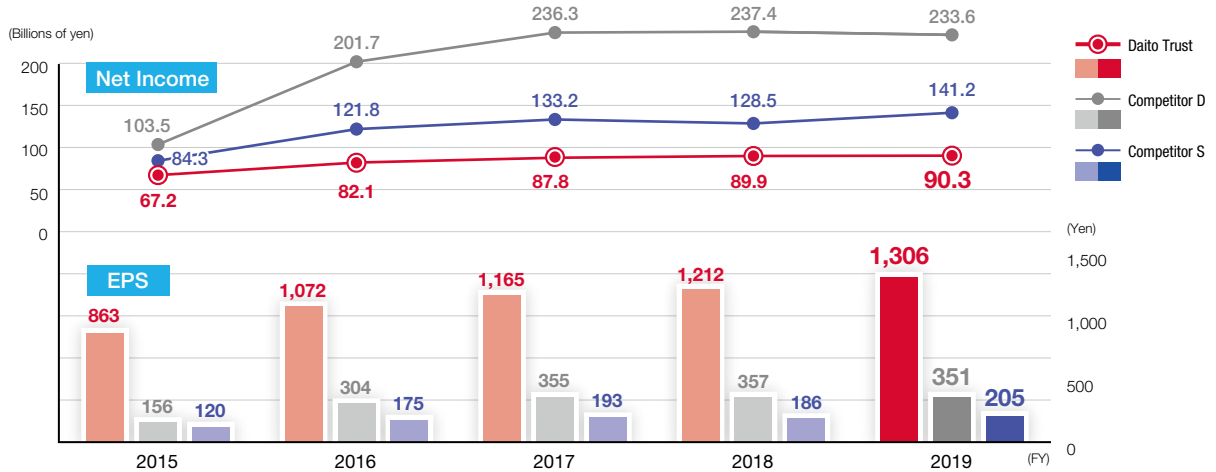
Source: Data from each company

ROE



Source: Data from each company

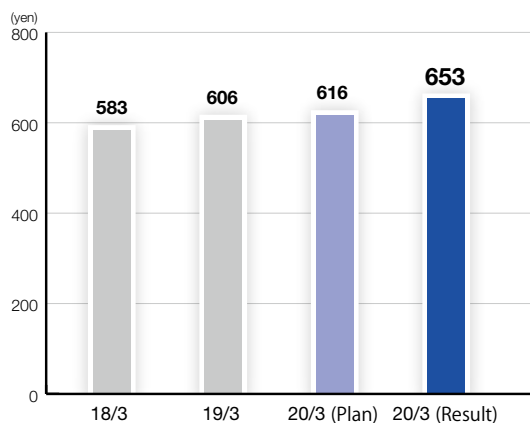
Net Income and EPS



Source: Data from each company

Annual Dividend

Annual dividend exceeded the plan.



Aquisition/Extinguishment of Treasury Stock

Aquisition / Extinguishment equivalent to four years of conventional planned.

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

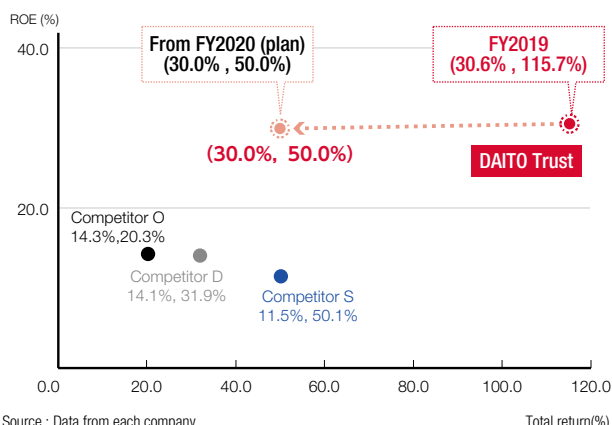


Total acquisition Approx. ¥100.0bn, 6,709 shares	
Acquisition in FY2019	Acquisition in FY2020
Approx. ¥40.9bn (2,542 shares)	Approx. ¥59.1bn (4,167 shares)

Total return ratio 115.7% (Dividend and extinguishment of treasury stock)

ROE and Total Return Ratio

After FY2020, we will continue to aim for high standard capital efficiency and shareholder return.



Source : Data from each company

Total return(%)

	ROE	Total return ratio
Daito Trust	30.6%	115.7%
Competitor D	14.1%	31.9%
Competitor S	11.5%	50.1%
Competitor O (a general construction company)	14.3%	20.3%

Source: ROE data from each company

Total return ratio data estimate from each company data

FY2008 vs FY2018

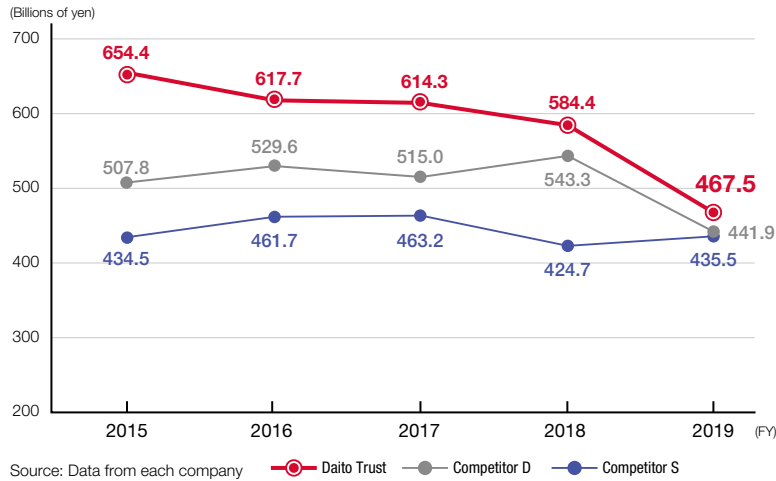
Company name	Net sales	Operating Income	Employees	Operating income per employee	Earnings per share (PER)	Stock price	Market capitalization	Number of outstanding shares
Daito Trust	+66.6%	+80.5%	+35.6%	+33.1%	+247.1%	+367.6%	+193.2%	-37.3%
	Completed construction contract	Gross profit margin	New orders (Yen/man-month)	New order ratio	New orders	Construction sales	House rent vacancy rate	Number of managed units
	+29.8%	-1.9p	+18.2%	-0.8p	+45.3%	+9.0%	-1.14p	+89.7%

Company name	Net sales	Operating Income	Employees	Operating income per employee	Earnings per share (PER)	Stock price	Market capitalization	Number of outstanding shares
Competitor D	+145.0%	+405.8%	+87.4%	+169.9%	+4862.4%	+344.3%	+393.4%	+11.1%
Competitor S	+42.7%	+155.8%	+11.3%	+129.8%	+994.7%	+111.4%	+111.4%	+0.0%
Competitor O (a general construction company)	+21.2%	+468.2%	-2.7%	+484.1%	+934.4%	+133.1%	+133.1%	+0.0%
Competitor L	-31.1%	-85.3%	-23.4%	-80.8%	—	-62.0%	-41.7%	+53.5%
Competitor T	+38.2%	+62.2%	-4.5%	+69.8%	+120.8%	+194.1%	+194.1%	+0.0%

Source: Data from each company

Comparison with Other Companies in the Construction Business

Orders Received for Rental Housing Maintaining top of the market.



Number of people in charge of construction sales

3,140

Note: As of March 31, 2020

Owners

84,584

Note: As of April 3, 2020

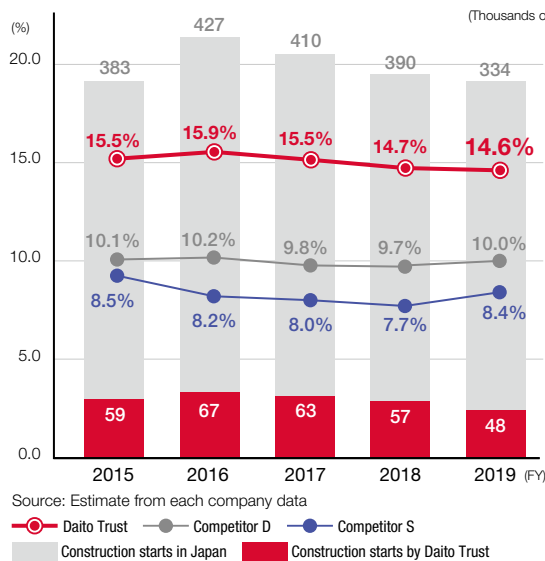
Rate of Repeat Contracts

65.4%

Note: FY2019

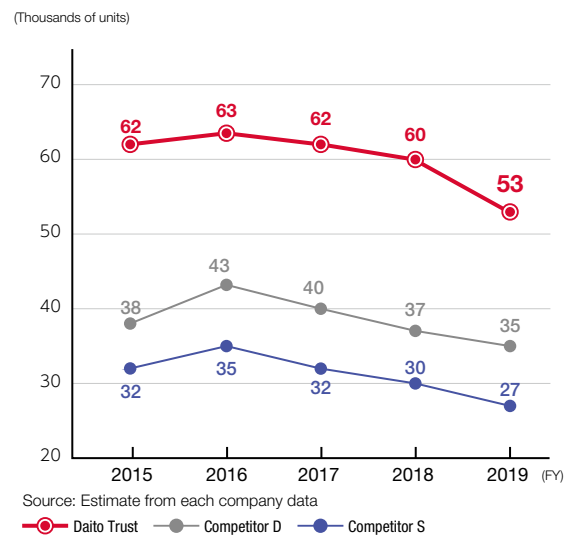
Share of Rental Housing Construction Starts

Maintaining the top market share.



Rental Housing Supply (number of completed units)

Maintaining design and construction capabilities



Lease Contract Comparison Offering a lease system on a stable, long-term basis

	Daito Trust	Competitor D	Competitor S
Lease period	35 years	2, 10, 20, or 30 years	10, 20, or 30 years
Period of fixed lease fee	10 years; subsequently renewed every 5 years	2 years; subsequently renewed every 2 years	2 years; subsequently renewed every 2 years
Lease rate	Full-package plan: 84.7% Standard plan: 89.85%	90%	85% to 90% depending on area and plan
Expenses for restoration to original state	Borne by Daito Group	Borne by owner (Optionally borne by company)	Borne by owner (Optionally borne by company)
Repair expenses	Full-package plan: Borne by Daito Group Standard plan: Borne by owner	Borne by owner (Optionally borne by company)	Borne by owner (Optionally borne by company)

Source: Data from each company (See pages 27 to 28 for more information.)

Housing Supplier Ranking Leader in Housing Supply

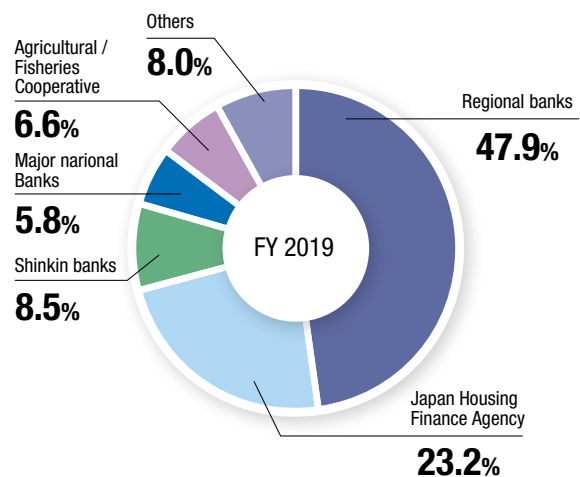
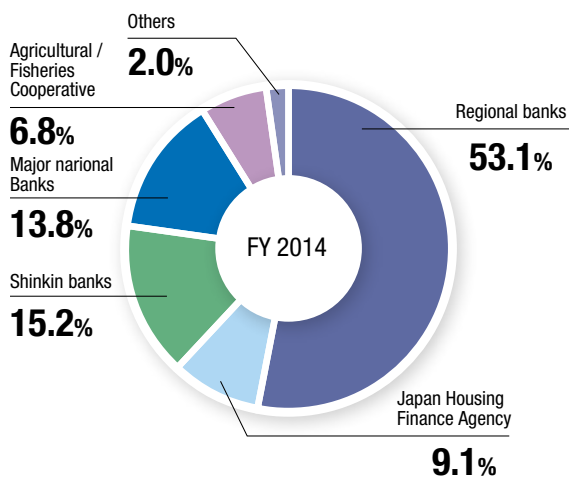
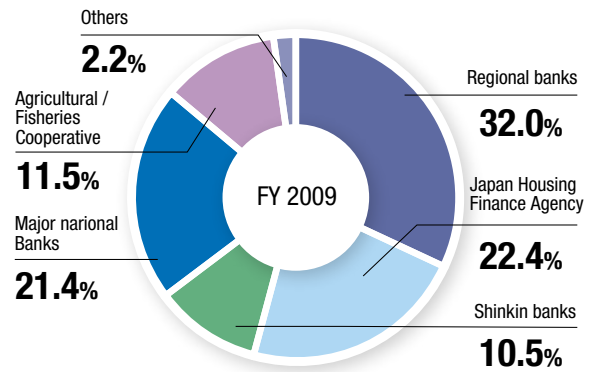
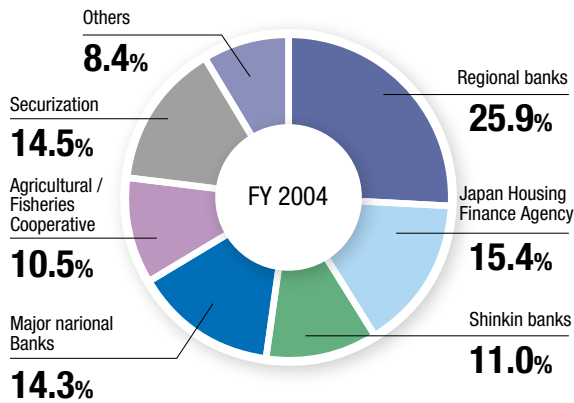
Rank	Company	Units
1	Daito Trust Construction Co., Ltd.	60,429
2	Daiwa House Industry Co., Ltd.	46,621
3	Sekisui House Co., Ltd.	41,137
4	Asahi Kasei Homes Corporation	16,590
5	Toyota Housing Corporation	15,286

**For 11
consecutive
years**

No. 1

Source: Market Economy Research Institute Co., Ltd. July 2019 (FY2018 result : detached house and rental housing)

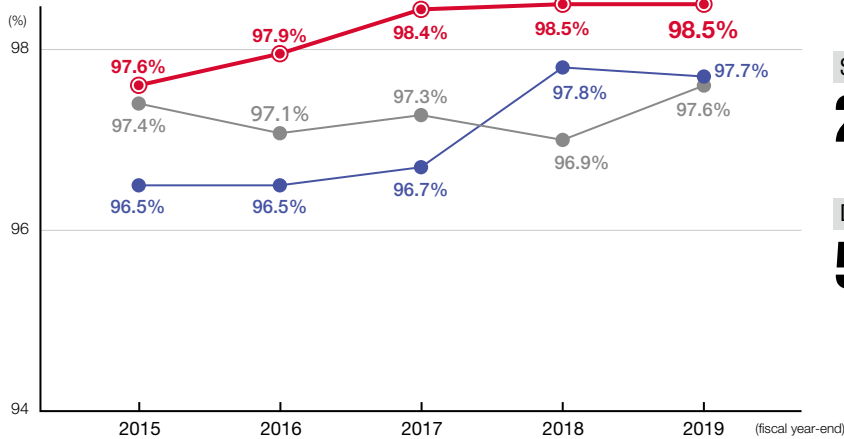
Resources of finance for construction Rising funds according to financial market environment.



Source: Daito Trust data

► Comparison with Other Companies in the Real Estate Business

Rental Housing Number-based Occupancy Rate Maintaining a high occupancy rate



Staff specializing in brokerage services

2,430

Note: As of March 31, 2020

Dedicated brokerage outlet

569

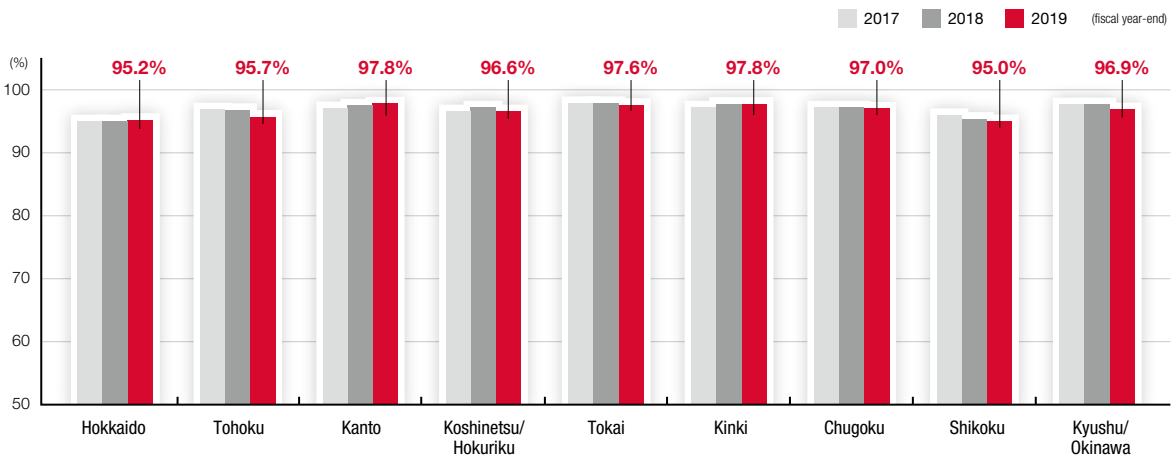
Note: As of March 31, 2020
(See pages 35 more information.)

Source: Data from each company

● Daito Group ● Competitor D ● Competitor S

Note: Occupancy rate = (Number of occupied units) ÷ (Number of units under management)

Rental Housing Rent-based Occupancy Rate by Region Maintain high occupancy rate in all regions



Source: Daito Trust data

Note: Occupancy rate = 100% - [(Lease fee payment for vacant rental housing) ÷ (Aggregate amount of rent [%])]

Ranking in Number of Rental Brokerage Our group secures the top of the ranking.

Rank	Company	Units
1	Daito Group	233,277
2	MiniMini Corporation	154,808
3	Token Corporation	79,188
4	Housemate group	71,179
5	Taisei Housy HD Co.,Ltd	53,458

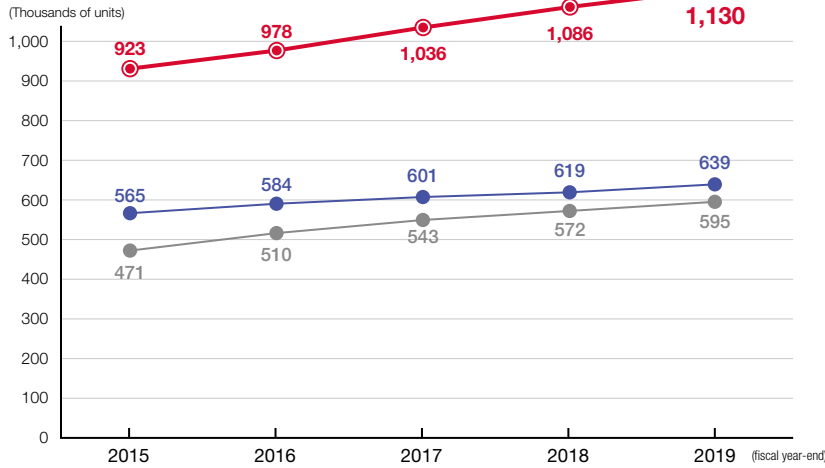
For 10 consecutive years

No. 1

Source: Zenkoku Chintai Jutaku Shimbun, January 2020 (Period: October 2018 to the end of September 2019)

Number of Rental Housing Units under Management

August 2017: The number of housing units under management has reached 1 million



Source: Data from each company

Staff specializing in management

1,534

Note: As of March 31, 2020

Rate of rent delinquency

0.099%

Note: FY2019
(See pages 37 more information.)

Ranking in Number of Rental Housing Units under Management

Consolidate unrivaled No. 1 position

Rank	Company	Units
1	Daito Group	1,086,927
2	Sekisui House Group	619,494
3	Leopalace21 Corporation	574,798
4	Daiwa Living Co., Ltd.	564,437
5	Starts Group	540,806

Source: Zenkoku Chintai Jutaku Shimbun, July 2019 (FY2018 result)

For 23
consecutive
years

No. 1

Tenant Recruitment and Building Management System

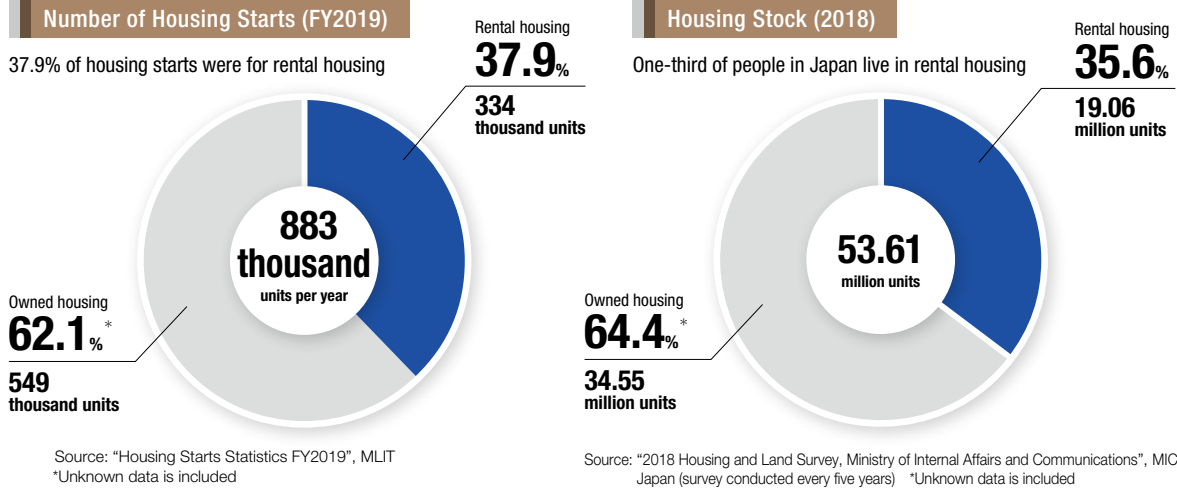
Taking a group-wide approach

	Daito Group	Competitor D	Competitor S
Tenant Recruitment Structure	Daito Kentaku Leasing: 40.9% Local real estate agencies: 54.3% Housecom Co., Ltd.: 4.8% FY2019	Subsidiaries/local real estate agencies: 100%	Subsidiaries/local real estate agencies: 100%
Building Management System	Daito Kentaku Partners	Outsourced to subsidiaries and local real estate agencies	Outsourced to subsidiaries and local real estate agencies

Source: Data from each company (See pages 35 to 38 for more information.)

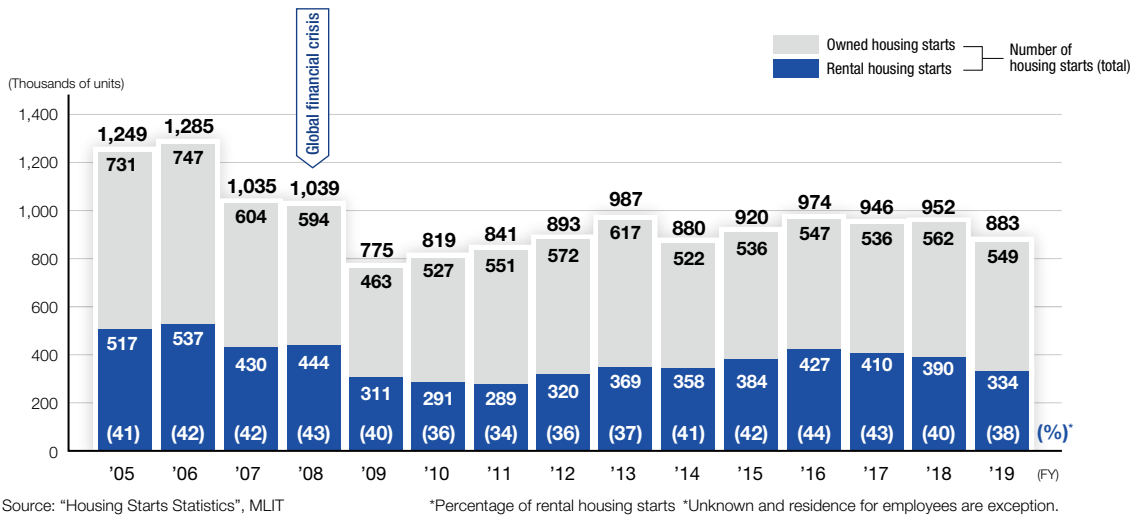
Rental Housing versus Owned Housing (in Japan)

The proportion of rental housing in Japan remains at a constant level.



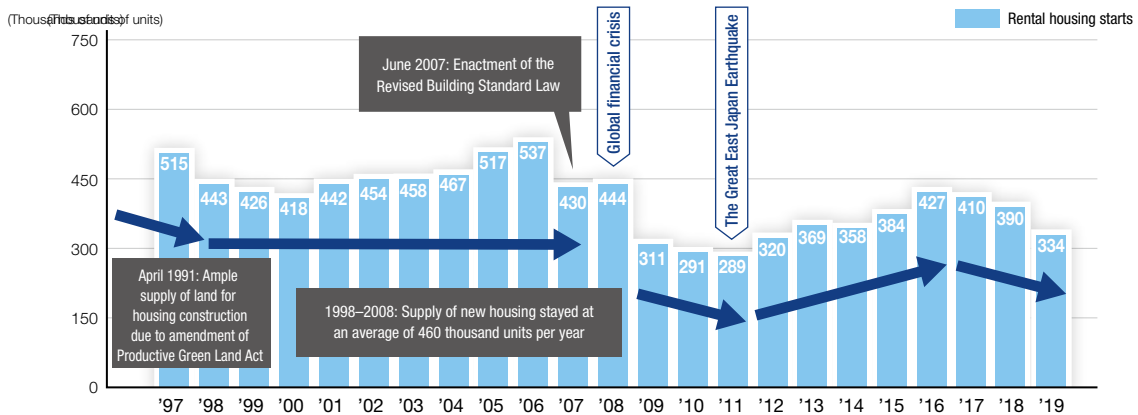
Trends in the Number of Housing Starts in Japan

Trends in the Number of Rental and Owned Housing Starts The number of housing starts was 7.8% decrease from the previous year.



Trends in the Number of Rental Housing Starts

After dropping in the wake of the global financial crisis, the number of rental housing starts is on the rise



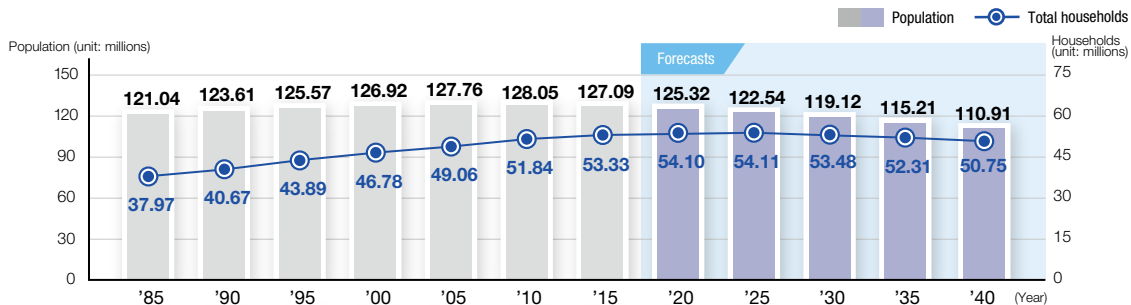
Forecast for Population and Total Households

The total number of households is expected to remain roughly at the same level.

- It is forecasted that the population will decrease from 127.09 million in 2015 to 110.91 million in 2040, a decrease of 12.7%.
- In 2018, the estimated number of households was reviewed, and the rate of decrease will slow down. It is estimated that the total number of households will be 54.18 million in 2023, reaching its peak, and decrease to 50.75 million in 2040 (a decrease of 4.8% from 2015). The number of single-person households will continue to grow until reaching its peak at 20.29 million in 2032, then start to decrease slowly.
- The number of persons per household is estimated to decrease from the current level of 2.2 to 2.0 in 2040.

Trends in Population and Total Households (actual data and forecasts)

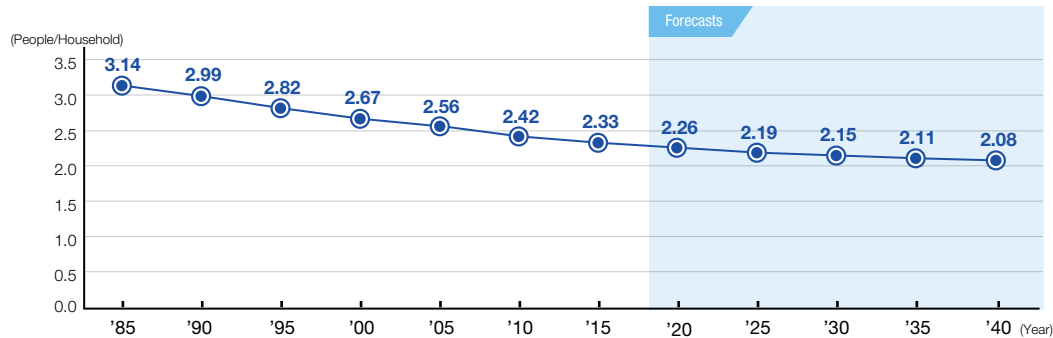
It is expected that the number of households will reach to its peak by 2023, and then decline gradually.



Sources: "Household Projection for Japan (2018)", "Population Projection for Japan (2017)"
National Institute of Population and Social Security Research,

Trends in the Average Number of Household Members (actual data and forecasts)

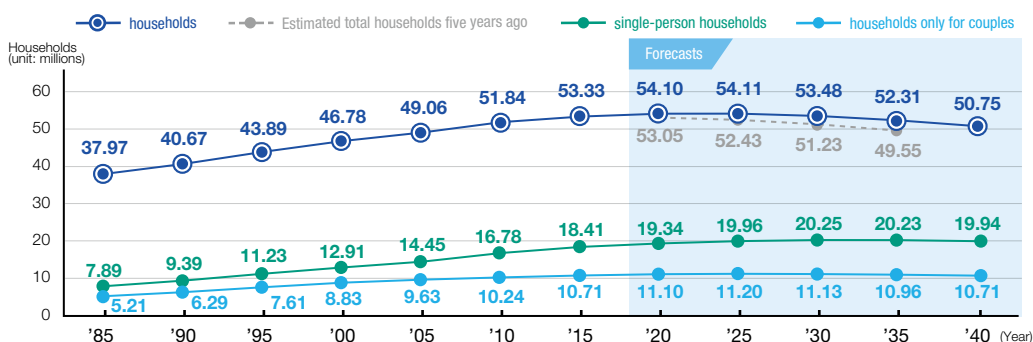
The number of persons per household is decreasing



Sources: "Household Projection for Japan (2018)", National Institute of Population and Social Security Research,

Trend in the number of single-person households and couple households (actual data and forecasts)

The number of single-person households will remain on the almost same level after 2030



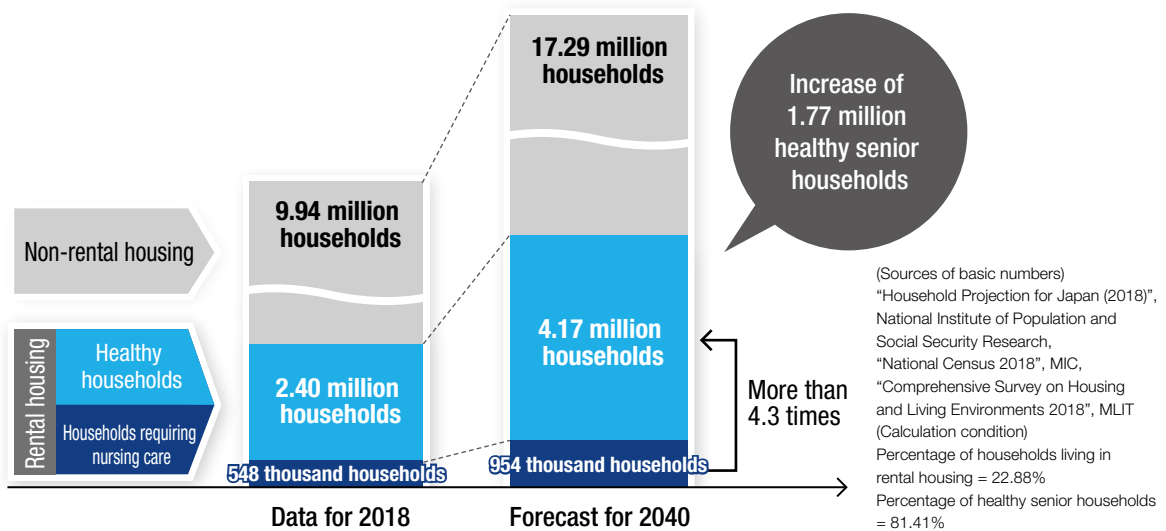
Sources: "Household Projection for Japan (2013 and 2018)", National Institute of Population and Social Security Research,

► Forecasts for an Aging Society

The population of healthy and active seniors is projected to grow.

- The National Institute of Population and Social Security Research forecasts that between 2015 and 2040 the number of households headed by a person aged 65 or older will grow from 19.17 million to 22.42 million, an increase of approximately 17%.
- Most people would imagine that an aging society means a high percentage of people in need of nursing care—but we don't see it that way.
- In 2018, 81.4% of households consisted of healthy members with no disabilities, while households with members requiring nursing care accounted for less than One-fourth of this: 18.6%.
- Assuming that this percentage does not change significantly in the period up to 2040, the number of households of healthy seniors living by themselves in rental housing can be expected to increase by 1.77 million.

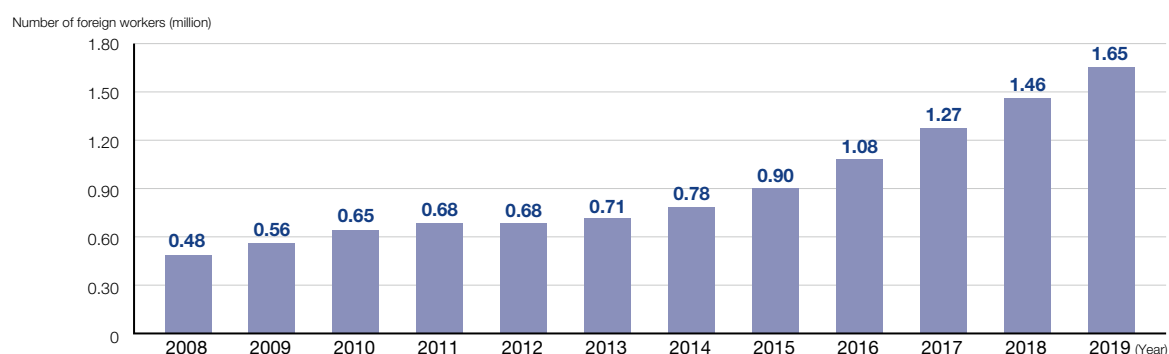
Number of Senior Households (aged 65 or older) Increase in healthy households



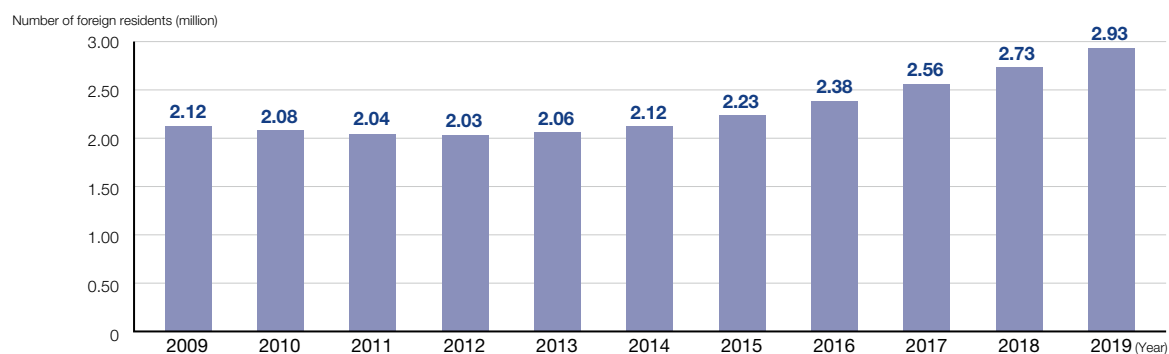
▶ Trends in Foreign Residents in Japan

- In Japan, there are concerns about a long-term decrease of population and the shortage of productive workers. Under these circumstances, there is an expectation for accepting foreign workers as a measure for securing workforce.
- The number of foreign workers was 1.65 million as of October 30, 2019. This is about 3.4 times as much as 0.48 million of 2008.
- The number of foreign residents was 2.93 million as of the end of FY2020, the highest number ever.
- It is expected that, if foreign workers would increase, the number of foreigners who stays in Japan living in rental housing will increase on a mid-and long-term basis.

Trends in the number of foreign workers



Trends in the number of foreign residents



Amended Inheritance Tax Law in Effect as of January 1, 2015

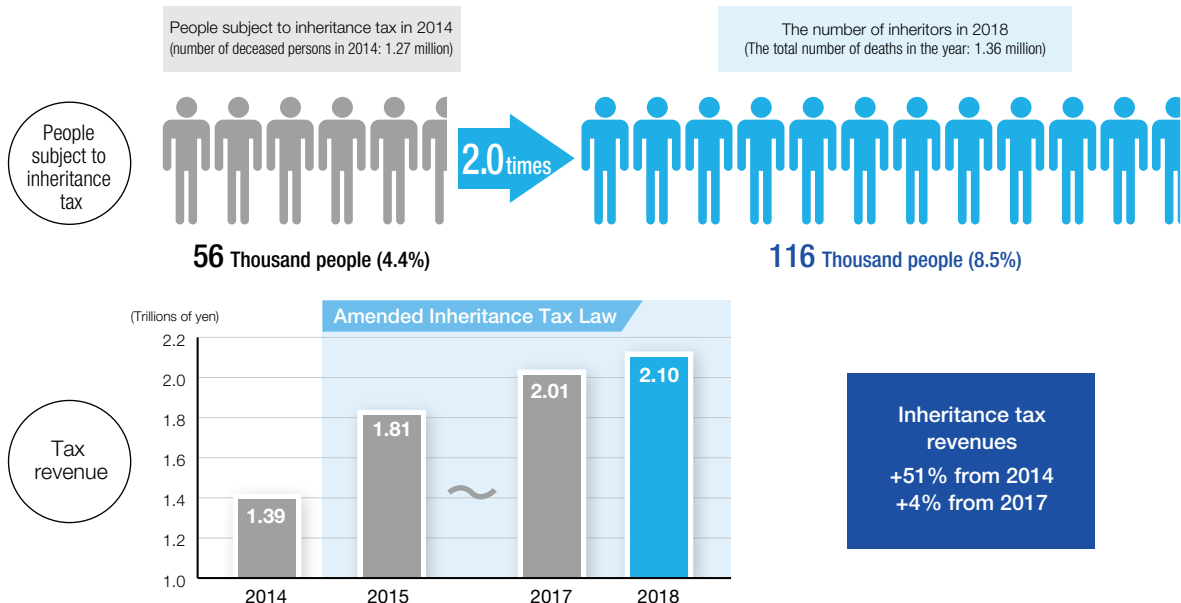
Key Points of the Amendment

Tax rates will be refined from six to eight stages and the amount of basic exemption reduced

	Previous taxation (until December 31, 2014)	Current taxation (from January 1, 2015)
Tax rate structure	<p>Tax rate structure with 6 steps. Taxable value after basic tax exemption ranges from 10 million yen to more than 300 million yen.</p>	<p>Tax rate structure with 8 steps. Taxable value after basic tax exemption ranges from 10 million yen to more than 600 million yen.</p>
Basic tax exemption	Standard tax deduction: 50 million yen...① Proportional tax deduction based on the number of legal heirs: 10 million yen × number of legal heirs...②	Standard tax deduction: 30 million yen...④ Proportional tax deduction based on the number of legal heirs: 6 million yen × number of legal heirs...⑤
Example	(Scenario: Value of inherited property is 500 million yen and number of legal heirs is two) Basic tax exemption = ① 50 million yen + ② 10 million yen × 2 = 70 million yen...③ Amount of Inheritance Tax Paid per Capita = (500 million yen - ③ 70 million yen) ÷ 2 = 215 million yen Tax rate: 40%	(Scenario: Value of inherited property is 500 million yen and number of legal heirs is two) Basic tax exemption = ④ 30 million yen + ⑤ 6 million yen × 2 = 42 million yen...⑥ Amount of Inheritance Tax Paid per Capita = (500 million yen - ⑥ 42 million yen) ÷ 2 = 229 million yen Tax rate: 45%

In this example, the tax rate will rise from 40% to 45%.

Trends in the Number of People Subject to Inheritance Tax / Tax Revenue

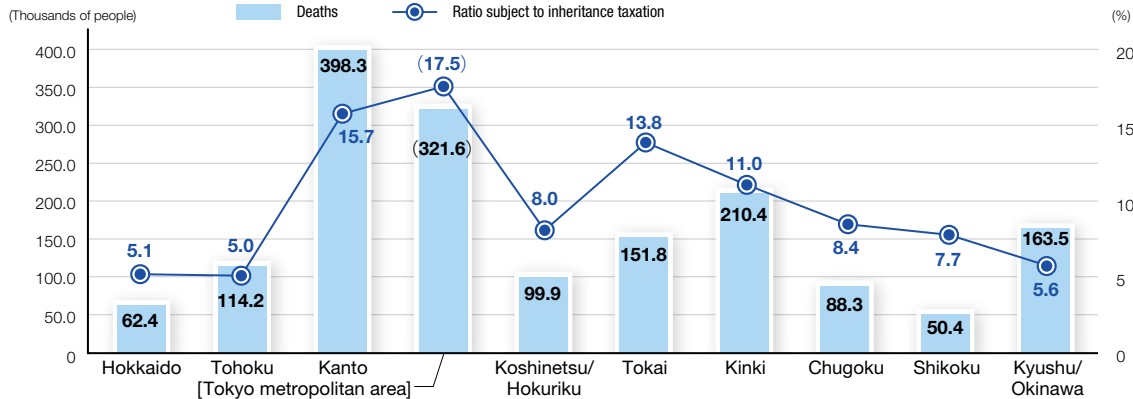


Source: The Report on the declaration for inheritance tax by the National Tax Agency 2014 to 2018

► Status of Inheritance Taxation by Region

Ratio Subject to Inheritance Taxation

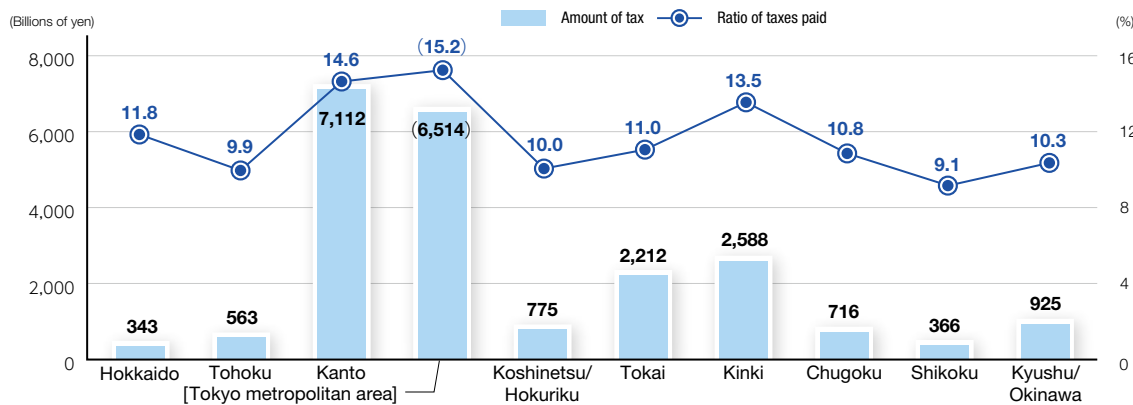
Many of those taxable are in the Kanto region, especially the Tokyo metropolitan area



Source: Demographic Survey for FY2018 by Ministry of Health, Labor and Welfare, The Report on the Imposition of Inheritance Tax FY2018 by Regional Tax Offices

Ratio of Taxes Paid

A higher payment rate can be seen in Kanto area (Tokyo metropolitan area).

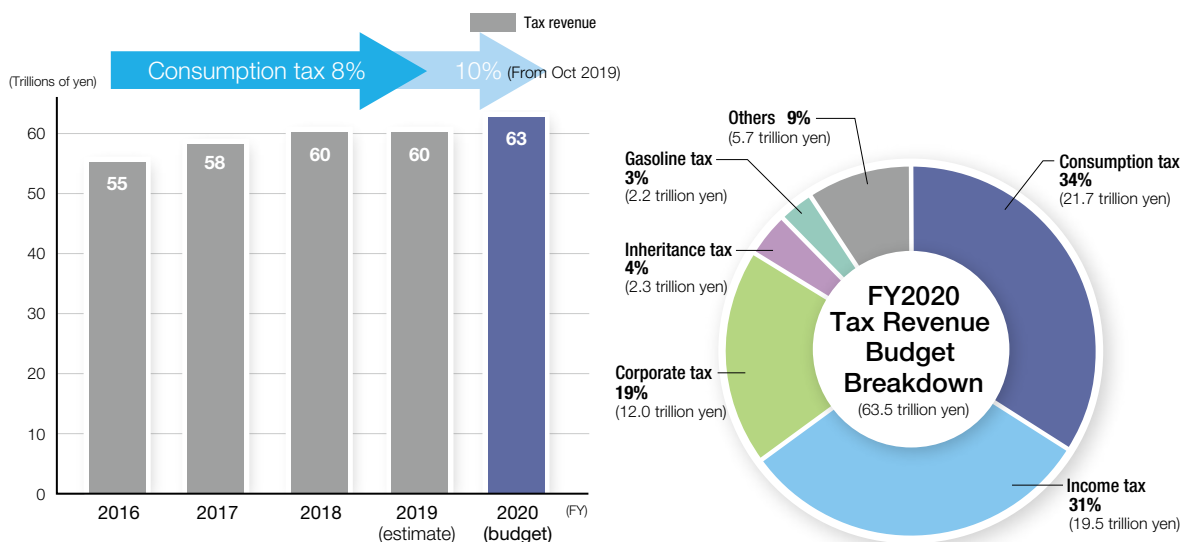


Source: The Report on the Imposition of Inheritance Tax FY2018 by Regional Tax Offices

► Trends in Tax Revenue

Trends in Tax Revenue

Tax revenue in Japan is increasing due to economic recovery and a raise in the consumption tax.



Source: "General Account Budget" Ministry of Finance

Source: "Tax and Stamp Revenues FY2020" Ministry of Finance

► Tax Advantages in Constructing Rental Housing: Inheritance Tax

Lowering the amount of inheritance tax is the most effective way to conserve the asset value passed on from parents to children.

- If rental housing is constructed on the land, the land leasehold rate × the house leasehold rate will be deducted from the appraised value of the land in inheritance tax appraisal value. In addition, the house leasehold rate will be deducted from the cost of construction × 60% in appraising the value of the building (fixed asset tax appraisal).
- The inheritance tax rate will also incrementally decrease along with the lowering of the inheritance tax appraisal value amount, which together will lead to a significant reduction of inheritance tax (see page 17 for details).

Ways to Lower Inheritance Tax Appraised Value and Protect Assets

		Vacant land	Rental housing constructed
Calculation conditions		Land area: 1,000 m ²	Land area: 1,000 m ² House leasehold rate: 30% Land leasehold rate: 60%
	Appraised value of land	100 million yen	82 million yen 100 million yen × (1 - 60% × 30%)
	Appraised value of building	0 yen	42 million yen 100 million yen × 60% × (1 - 30%)
Constructing on debt payable	Debt payable	0 yen	-100 million yen
	Inheritance tax appraisal value amount	① 100 million yen	② 24 million yen 82 million yen + 42 million yen - 100 million yen
Constructing on cash reserves	Cash	100 million yen	0 yen
	Inheritance tax appraisal value amount	③ 200 million yen	④ 124 million yen 82 million yen + 42 million yen



Constructing rental housing on vacant land will lead to ① - ② or ③ - ④ = 76 million yen reduction in appraised value

► Tax Advantages in Constructing Rental Housing: Fixed Asset Tax

Constructing rental housing will lead to a reduced fixed asset tax, thereby providing an advantage in terms of annual cash flow.

- Both the land and building used for rental housing will be subject to a fixed asset tax deduction. Specifically, "housing land of 200 m² or less (small-scale residential land) will be taxed at 1/6 of the standard tax rate."
- The threshold of 200 m² is applied with respect to land space used per house or unit. So, regardless of how large the land space is, building rental housing on it with a sufficient number of apartment units can lead to a reduction in the fixed asset tax to 1/6 of the standard rate.

Ways to Reduce Fixed Asset Tax

	Vacant land	Rental housing constructed
	Land area: 1,000 m ² Appraised value of fixed assets: 60 million yen	Land area: 1,000 m ² Appraised value of fixed assets: 60 million yen Acquisition value of the building: 75 million yen Land leasehold rate: 60%
Fixed asset tax (land)	① 840 thousand yen 60 million yen × 1.4%	③ 140 thousand yen 60 million yen × 1.4% × 1/6
Fixed asset tax (building)	② 0 yen	④ 315 thousand yen 75 million yen × 60% × 1.4% × 1/2



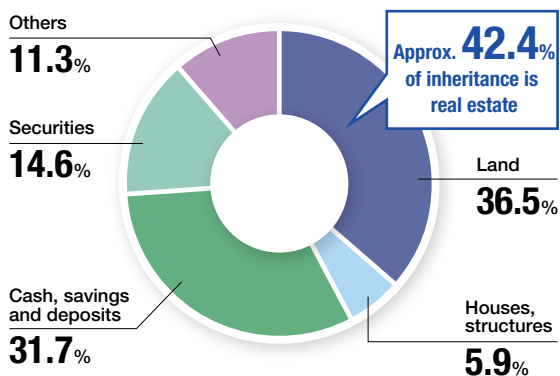
Constructing rental housing on vacant land will lead to (① + ②) - (③ + ④) = Annual tax savings of 385 thousand yen

► Reasons for Land Utilization

In Japan, a large bulk of inheritance comes in the form of real estate—mostly land. Dealing with inherited property therefore involves dealing with real estate and making effective use of land.

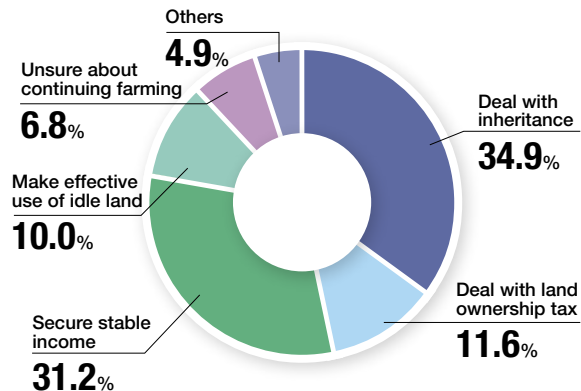
The main reason our owners want to utilize land is to make effective use of their inheritance.

Breakdown of Assets Subject to Inheritance Tax



Source: Annual Statistics Report, National Tax Agency (2017)

Purpose of Land Utilization



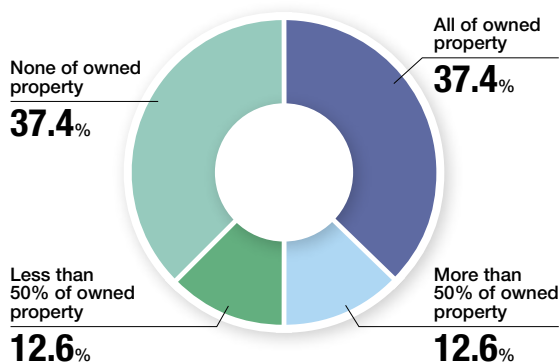
Source: FY2019 Daito Trust data

► Rental Housing Management

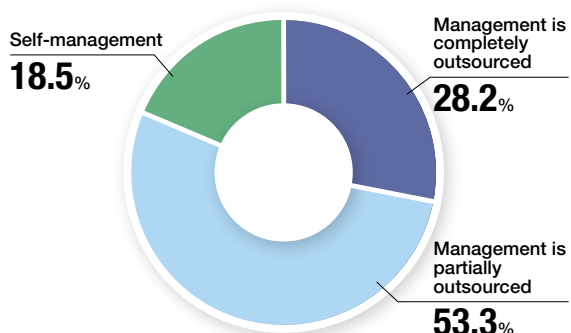
Many of owners outsource management of rental housing to professional company.

- 62.6% of rental housing owners own sub-lease property.
- 81.5% of rental housing owners who does not own sub-lease property outsource all or part of management work to professional lease management company.

Presence/absence of sub-lease property



Management of rental housing except sub-lease real estate



Reason why people chose sub-lease contract

1	To save the all management task	48.3%
2	To secure stable income	47.5%
3	Agree to good proposal	26.3%
4	To save the labor as much as possible	25.9%
5	To save the labor, even just a little	23.6%

Reason why people entrust management works

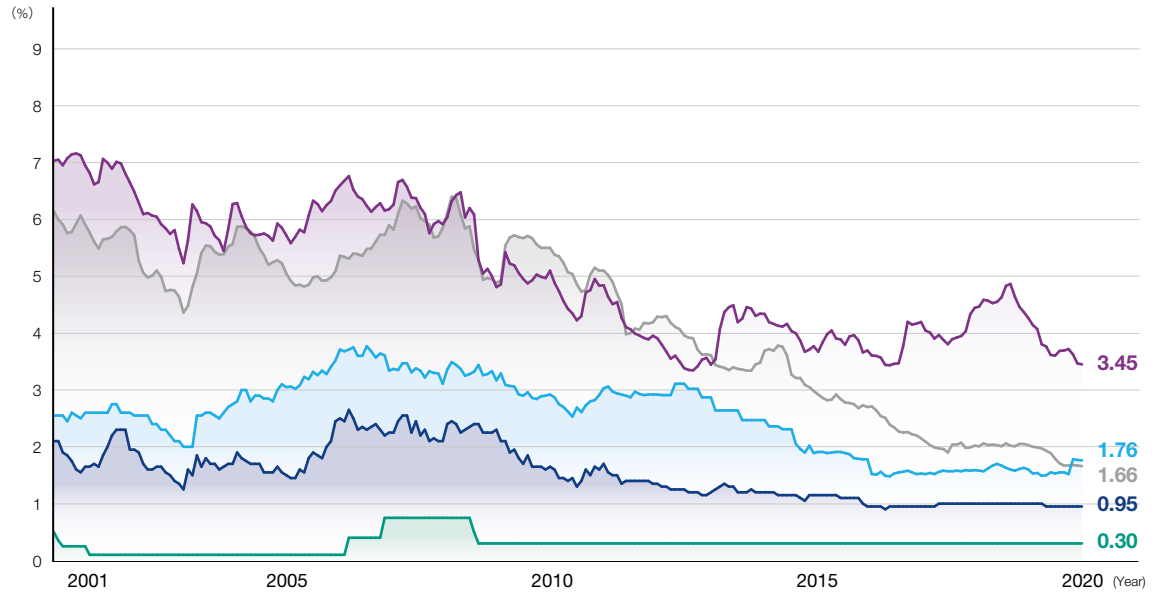
1	To avoid trouble accompanied by the lease contract	52.2%
2	Having no professional skill or expertise	50.2%
3	Entrustment of support for building trouble	44.3%
4	To avoid trouble with tenant	40.8%
5	Having no time for management	40.3%

Source: Questionnaire about rental housing management task(December 2019),MLIT

Trends in Interest Rates

Trends in Interest Rates

Interest rates in Japan remain at roughly the same low level.



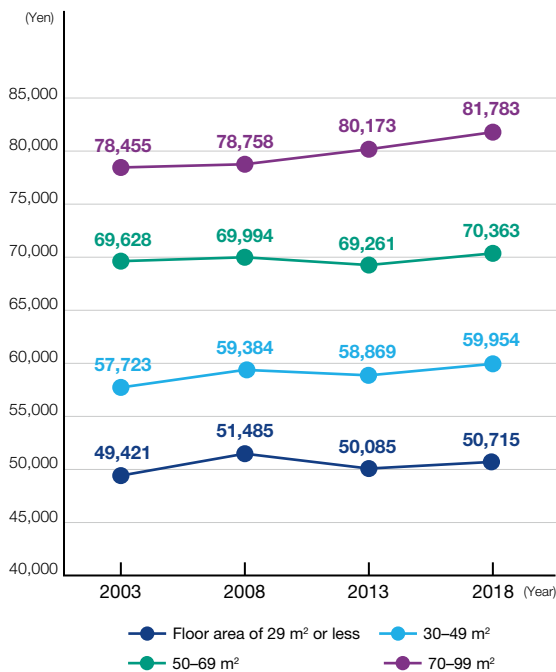
Sources: Bank of Japan, Japan Housing Finance Agency
FRED® Economic Data, The Bank of England

Japan Housing Finance Agency | Long-term prime lending rate | Basic loan rate
Mortgage rates in US | Mortgage rates in UK

Trends in Rent

Trends in Rent by Building Footprint

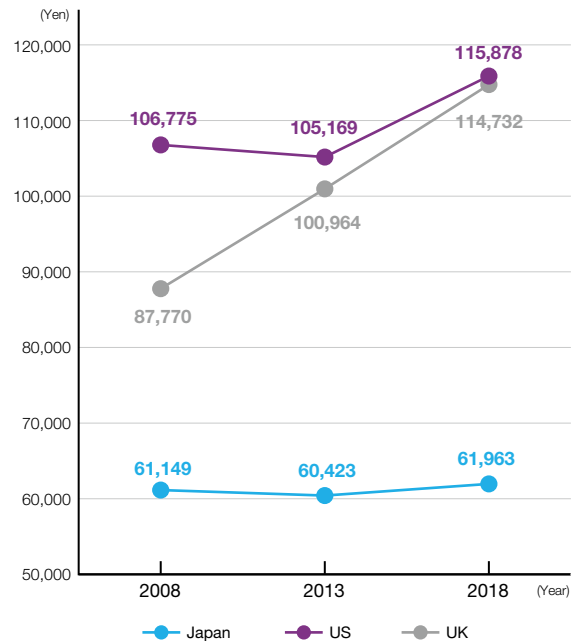
Rent in Japan is on the upward trend.



Source: Housing and Land Survey, MIC

Change of house rent fee in each country

Other countries are showing an upward trend.



Source: Japan: Housing and Land Survey, MIC
US: United States Census Bureau, "American Housing Survey"
UK: Office for National Statistics "Inflation and price indices"

▶ Land Available for Building Rental Housing

In Japan, there are over 6 million plots of land each over 100 m² in area on which rental housing can be built.

Old wooden-frame apartment



Residence with shop space

Source: Daito Trust data



Parking lot



Arable lands in residential areas



▶ Changes in the areas designated as productive green land

- The area of agricultural land designated as productive green land increased from 710.9ha when the Productive Green Land Act was amended to 12,713.2ha (17.8 times).
- In 2022, the Productive Green Land Act will be amended. It is likely that the Act will be revised to maintain green land instead of converting it into housing land.
- There is a concern about the shortage of younger successors of agriculture. Daito Trust Construction recognizes that the amendment of this Act will cause the increase in owners of agricultural land who thinks about quitting agriculture or selling agricultural land or converting it into housing land.

As of the end of March 1991

Region	Area (ha)	Number of district	Area percentage
Nationwide	710.9	1,331	100.0%
Kanto	609.3	1,094	85.7%
Chubu	43.0	129	6.0%
Kinki	52.7	107	7.4%
Tokyo metropolitan area	597.8	1,082	84.1%
(Tokyo)	487.6	1,006	68.6%
(Kanagawa)	—	—	—
(Chiba)	56.6	33	8.0%
(Saitama)	53.6	43	7.5%

As of the end of March 2018

Area (ha)	Number of district	Area percentage
12,713.2	60,338	100.0%
7,303.5	31,017	57.4%
1,492.7	11,059	11.7%
3,912.7	18,253	30.8%
7,212.1	30,642	56.7%
3,099.5	11,214	24.4%
1,314.6	8,443	10.3%
1,095.4	3,972	8.6%
1,702.6	7,013	13.4%

**Annual Report on City Planning 1991* As of March 31, 1991. (Construction Ministry)

*Total of Category 1 and Category 2 productive green land

**2017 Survey on City Planning* As of March 31, 2017. (MLIT)



Equivalent to 151 ×
Tokyo Domes



Equivalent to 2 ×
New York Central Park



Equivalent to 2,714 ×
Tokyo Domes

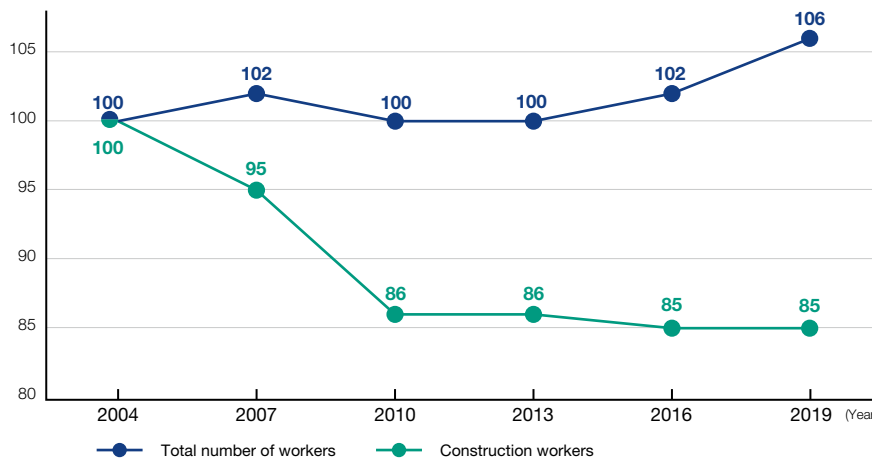


Equivalent to 37 ×
New York Central Park

► Trends in the Construction Industry in Japan

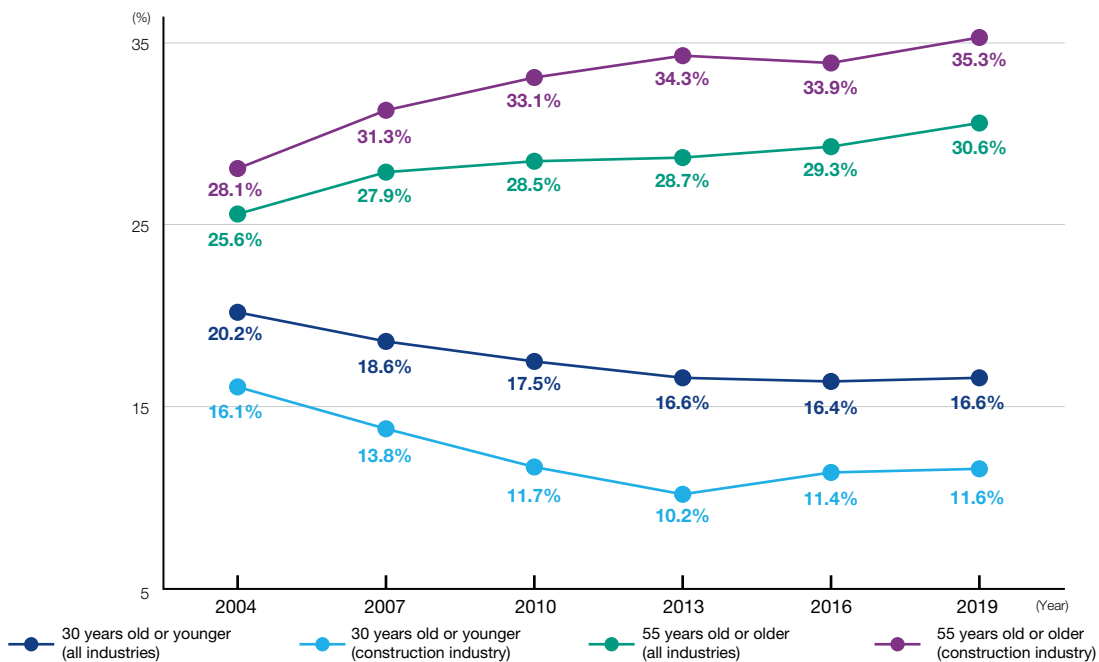
While the number of workers has been on the decline due to the aging of the population, labor costs has been increasing because of the Great East Japan Earthquake and the Tokyo Olympics / Paralympics in 2020.

Number of Construction Workers (2004 average = 100) Declining number of construction workers



Source: "Labor Force Survey: Long-term Time-series Data", MIC

Age Composition of Construction Workers Rising proportion of aged workers, dropping proportion of young workers

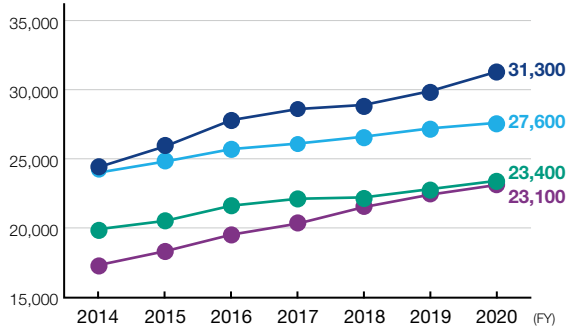


Source: Labor Force Survey, MIC

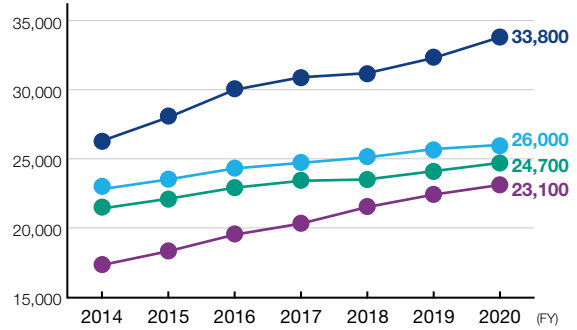
Trends in Labor Costs

Rising labor costs in all types of work, notably in Miyagi Prefecture in the Tohoku region and Tokyo in the Kanto region

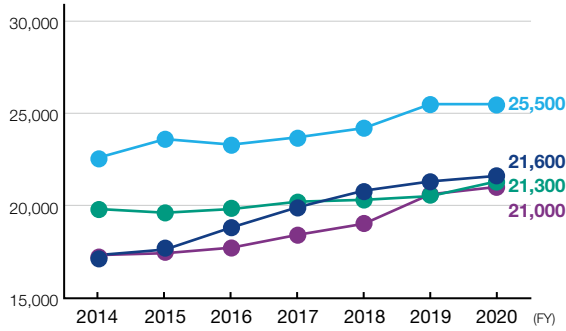
Rebar placers (Unit: yen/person)



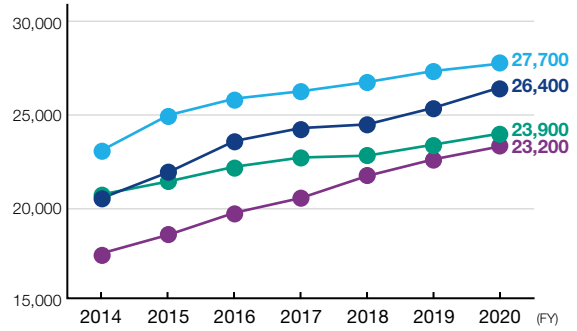
Shuttering carpenters (Unit: yen/person)



Electricians (Unit: yen/person)



Interior finish carpenters (Unit: yen/person)



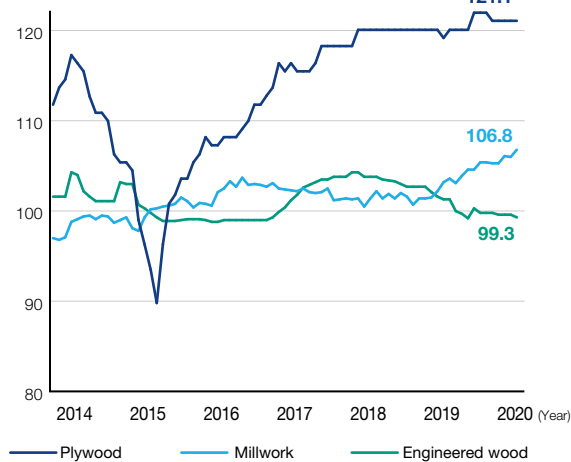
● Miyagi Prefecture ● Tokyo ● Osaka Prefecture ● Fukuoka Prefecture

Source: Public works labor costs, by MLIT

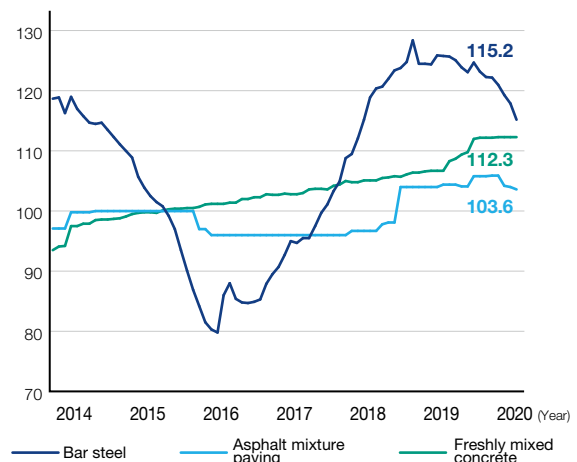
Construction Material Costs (2015 average = 100)

The prices of construction materials have been gradually increasing.

Wood



Steel and others



Source: Corporate Goods Price Index, Bank of Japan

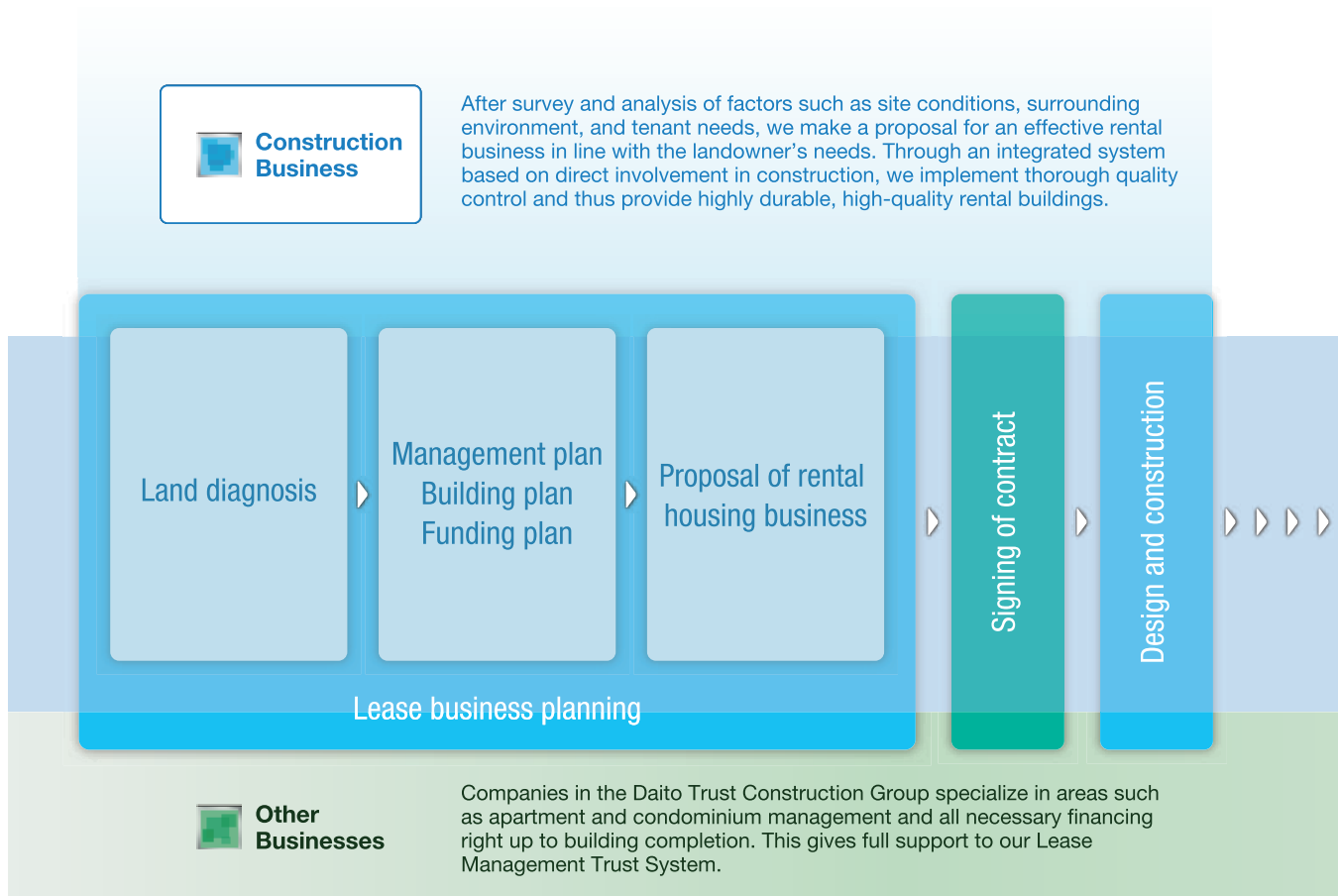
▶ Three main company structure

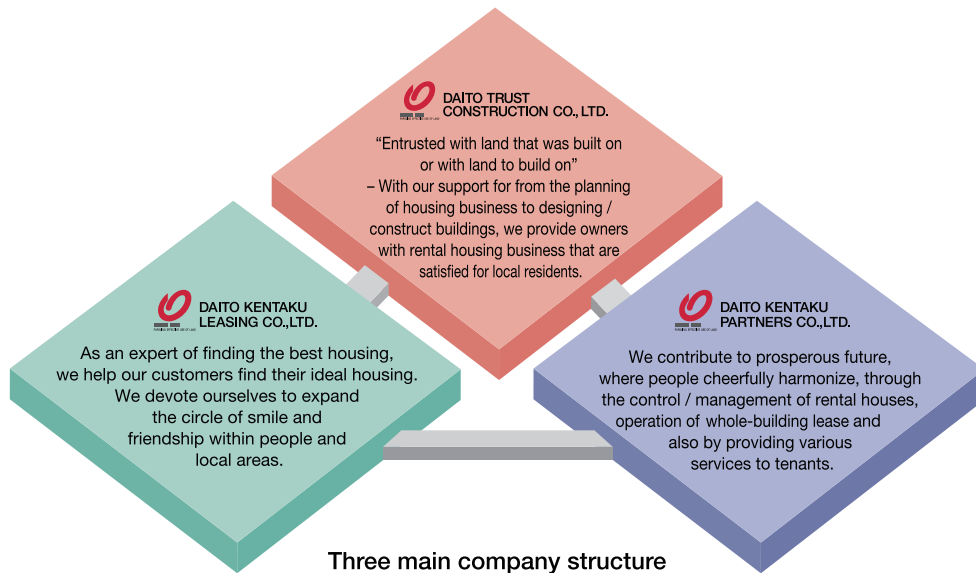
Through strong cooperation, we will make “Lease Management Trust System” more solid.

- In response to diversified business needs such as support for rental housing business owners and services for tenants beyond rental housing management, “Daito Building Management Co., Ltd.” changed its name to “Daito Kentaku Partners Co., Ltd.” in April 2017.
- In May 2017, for the purpose of improving expertise in the tenant recruitment business, “Daito Kentaku Leasing Co., Ltd.” was launched by splitting off the company’s own house agent business of Daito Trust Construction Co., Ltd.
- In response to this change, the three main company structure was launched in May 2017 in order to make the “Lease Management Trust System” more solid and sustainable.

▶ Lease Management Trust System

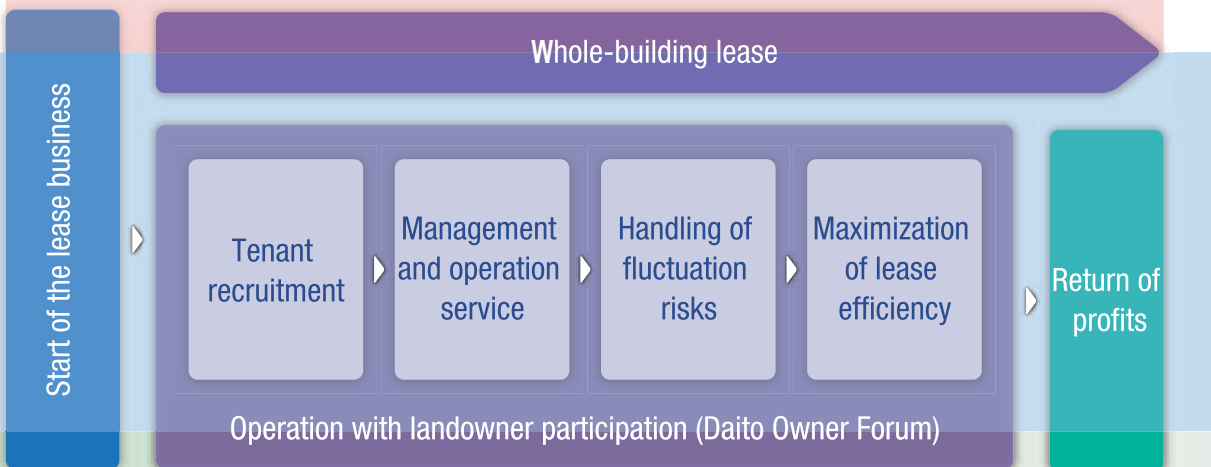
We reduce owners various burden related to rental housing management.





Real Estate Business

A special department has been established within our group to provide a tenant recruitment service using various media and networks. We also provide unique tenant services in order to maintain high occupancy rates. We ensure to support our customers with sustainable businesses that last for long period by managing / operating.



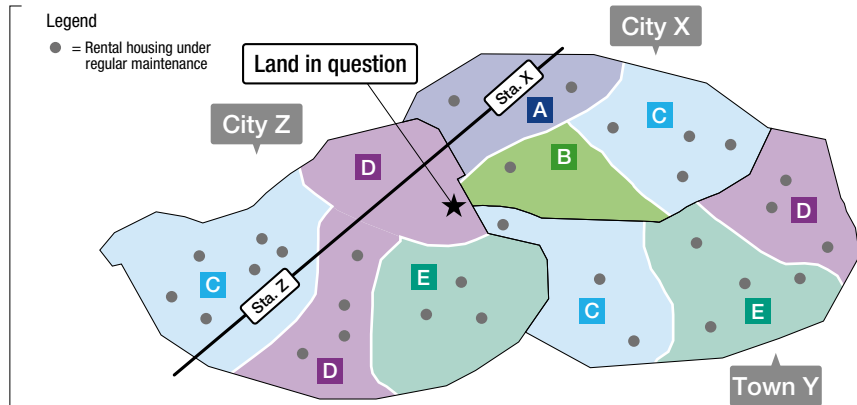
► Rent Appraisal System (Land Surveys)

Specialized market research staff formulates rental housing supply plans that reflect actual demand.

Flow of Appraisal Formulation and implementation of supply plan based on Daito Group's proprietary appraisal system

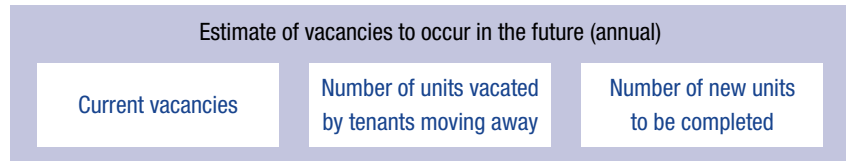
Country is divided into 4,677 areas

Note: As of May 31, 2020



Area-based supply plan meeting

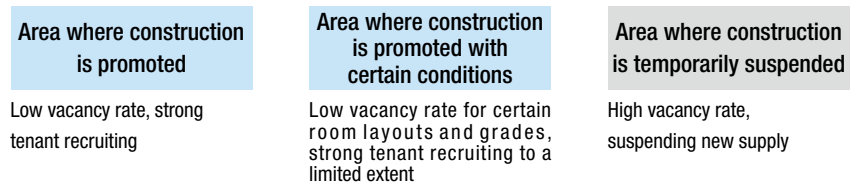
[reviewed every six months]



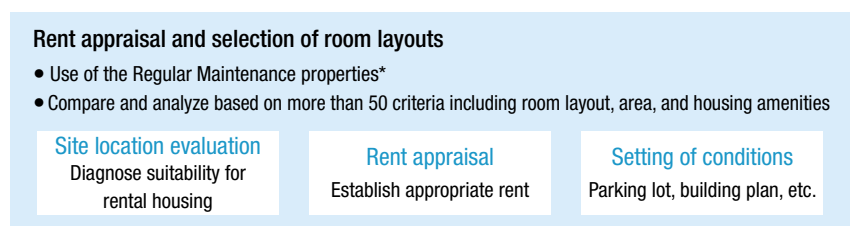
Number of annual brokerage cases

Estimate the vacancy rate for one year later

Implementation of supply plan



Appraisal of individual rental housing units



* Regular Maintenance properties: Houses of other companies that are used to compare to determine house rent fees.

Corporate Philosophy and Business Overview

Business Performance

Daito Group in the Market

Market Environment

Business Model

Corporate Governance

Facts and Figures

Appraisal System

Fair appraisal carried out by specialized staff from the Daito Group

Marketing staff for rental housing

997

Number of marketing base

152 offices

Note: As of May 2020

- Fair supply plans, rent, and other conditions are achieved independently and are unaffected by factors such as requests from the construction sales division.

DK MAP

Realization of improved efficiency and accuracy of rent appraisal service

- A system to manage land information (copies of land/property ownership registrations and public figures) nationwide owned by Daito Trust was launched in April 2017.
- The land/property search function allows you to find necessary data instantly from an enormous amount of data.
- This system is equipped with the “area marketing report function”, which automatically converts information on demographic statistics and properties (owned by our company or other companies) around supply plan areas.
- The “GIS marketing function” was added in May 2018 which allows you to simultaneously view the fluctuations in rent and the trends of supply of in-house controlled buildings on maps of a supply plan area.
- This system is available on tablets and can be used nationwide.
- Data on average rent has been accumulated.

**Market Research and Data Accumulation**

Possess a massive amount of market data

Data on own rental housing:

About **178** thousand units

Data on other companies' rental housing:

About **800** thousand units

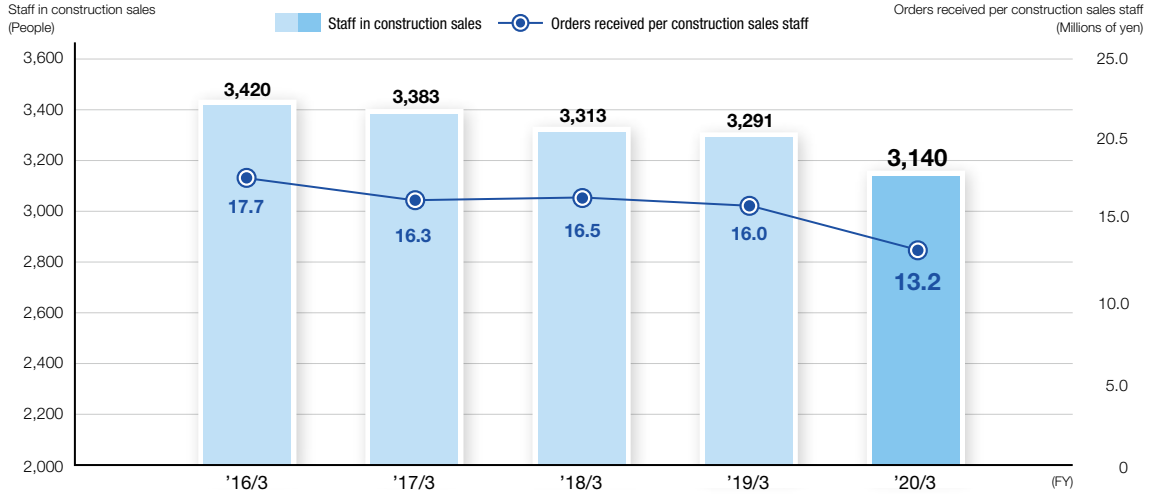
Note: As of May 31, 2020

► Construction Sales Structure

Earned trust through a firm structure and direct sales.

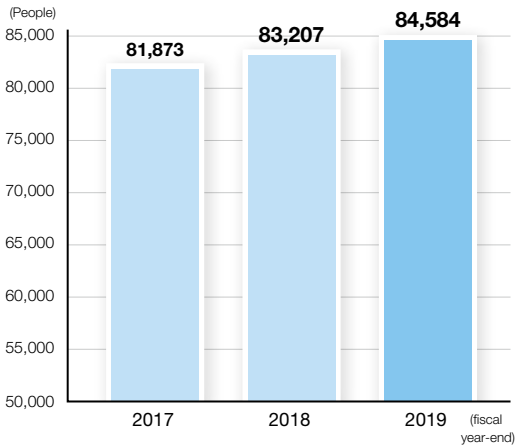
Orders Received per Construction Sales Staff

Established sales section what focus on proposal for commercial buildings and renovation business from FY2019



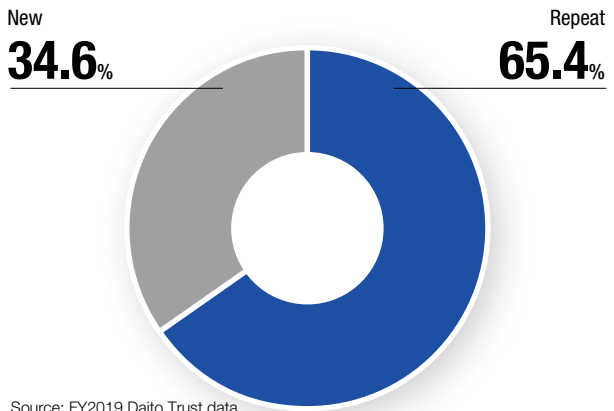
Source: Daito Trust Data

Owners Steadily acquire new customers



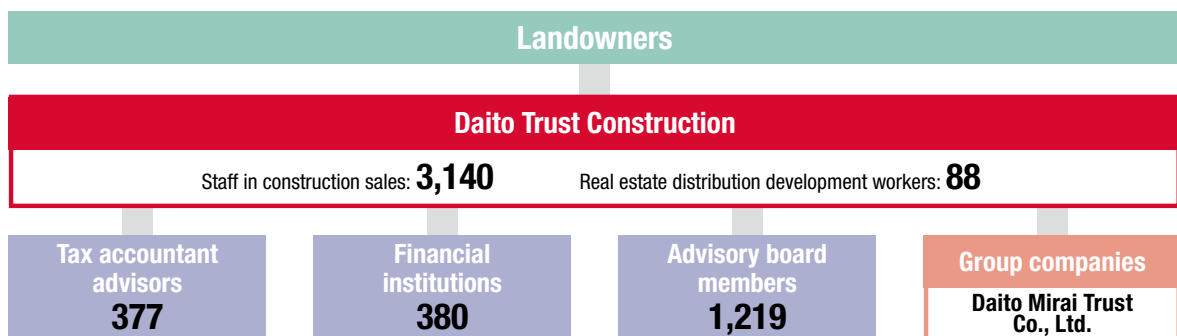
Rate of Repeat Contracts

High evaluation from existing customers



Source: FY2019 Daito Trust data

Construction Sales Structure Build a system enabling integrated proposals to landowners



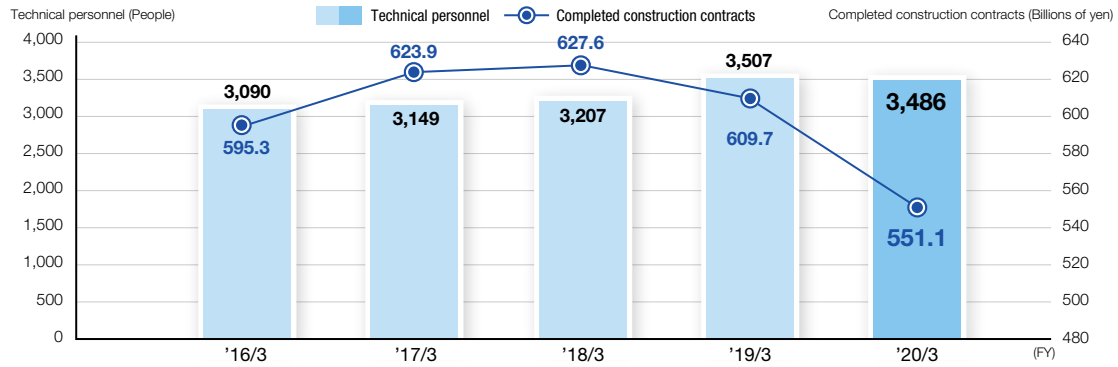
Note: As of March 31, 2020

► Design and Construction Structure

Diverse structure reinforcement supports our position as the industry's No. 1 supplier.

Technicians and Net Sales from Completed Construction Contracts

Increasing technical personnel secures completed construction contracts



Source: Daito Trust Data

Strengthen the Construction System

Strengthen the construction system externally as well as internally

Affiliated panel factories

29

Note: As of March 31, 2020

Non-Japanese technical interns accepted

955

Note: Cumulative total as of March 31, 2020



Panel production line



Training in Vietnam

Design and Construction Structure

Secure design and construction quality through a system including cooperating companies and group companies

Owners

Daito Trust Construction

Design staff: **1,664**

Construction staff: **1,822**

(Including Management)

Cooperative Daito Trust Construction

Design companies: **1,017** Construction companies: **8,865**

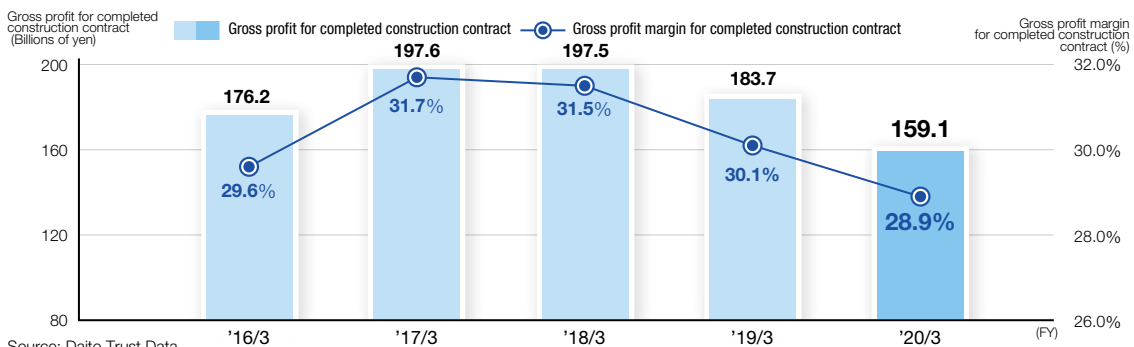
Group companies

Daito Steel Co., Ltd.
Daito Construction Co., Ltd.

Note: As of March 31, 2020

Gross profit for completed construction contract and gross profit margin for completed construction contract

Securing of high profit margins by direct order to partner companies



Source: Daito Trust Data

▶ Product Attraction

Develop products tailored to the needs of the times and society

Detached rental housing

- Detached rental housing business which targeted at family in the child-rearing generation (in their 30s or 40s) started in August 2018 on a trial basis.
- LIBERTE DUPLÉ, which is two-by-four detached rental housing product, started selling in February 2020.
- It can be constructed even in a narrow site and deformed site in an urban area.



LIBERTE DUPLÉ

Rental housing which satisfies the ZEH-M Standard

- We have constructed the first rental housing which satisfies the ZEH (net zero energy house)* standard in Japan, was completed in November 2017.
- Daito Trust was registered as a ZEH developer by Sustainable Open Innovation Initiative in May 2018. (Registration No. ZEHM30-00002-C)
- April 2019, we started selling ZEH-M standard rental housing product SOLEIL associated with Loop Co., Ltd. who provide planning and development of renewable energy products.

* A house whose annual consumption of primary energy becomes 0 in total



The first individual rental housing in Japan that satisfies the ZEH standard

Forterb (CLT product)

- Rental housing product constructed by original CLT* method. It is the first Commercialization and industrialization of CLT rental housing in Japan.
- CLT is getting a lot of attention as a building material that has both high strength comparable to that of concrete and the lightness of wood material. Meanwhile, it is expected to contribute to environmental and social problem such as CO₂ reduction, shorten the construction period, promotion of use of wood material, and so on.
- As a result of these effort has been evaluated, we were presented by the Ministry of the Environment with the Environment Minister's Award for Global Warming Prevention Activity (Technological Development and Commercialization Section).

* Cross laminated timber is a wood panel product made from gluing layers of solid-sawn lumber together.



Forterb



DK SELECT Reform

- We started reform service business for other companies' managed building in 32 prefectures from 2019.
- Looking toward the fully operational from FY2020, we started to provide 4 basic reform package plan and service plan such as planned repair.
- We also provide our own add to value service plan such as tenant recruitment set, whole building lease set, and so on.
- We aim to create rental housing business proposal opportunities to building owner through this business.

DK SELECT Reform



After reform image

▶ Product Lineup

Leverage the know-how of specialist rental companies and prepare a variety of products.

Apartments Products with excellent design and room layout that cater to various lifestyles.



LUTAN SOLEIL



LUTAN LACHIC



Living room image



Living room image

Condominiums Stately mid-to-high-rise buildings (three or more floors), special-order building, tenatable housing, and more.



Owner's room of tenatable housing



Entrance of special-order building



Exterior of special-order building



Owner's room of tenatable housing



Entrance of special-order building

Examples of Large-Scale Developments Construction of rental housing helps revitalize the community.



Moriyama Ward, Nagoya



In Kyoto



In Karuizawa

► Construction technologies

These technologies have been introduced to reduce maintenance costs.

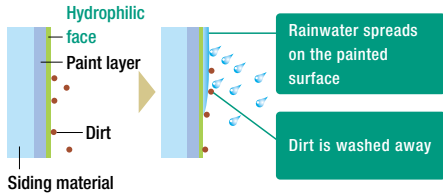
Exterior Technologies Materials that preserve views



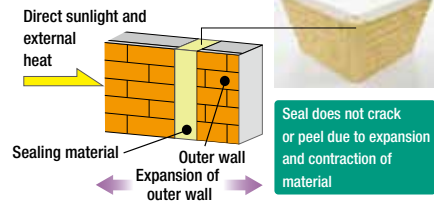
1 Outdoor fixtures that retain their luster and resist discoloration



2 Fade-reduced siding materials that let rain wash away dirt



3 Exterior sealing with enhanced weather resistance



Interior Technologies Materials that hold down restoration costs

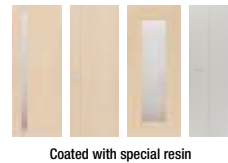
Eco-barrier wallpaper that resists aging, fading, dirt, and mold



Scratch-resistant flooring that can be replaced one section at a time







Internal fittings that are resistant to scratches and discoloration



We supply buildings with fundamental features that boast a high level of performance.

Characteristics of basic performance


① Earthquake resistance

Earthquake resistance grades	Grade 3: Earthquake resistance performance established in the Building Standards Act x 1.5 times		Development of "DK SELECT High Earthquake Resistance Grade G3 Series" based on the high earthquake resistance specifications (earthquake-resistant grade 3) Promoting earthquake resistant construction of rental housing (earthquake resistance grade 3)
	Grade 2: Earthquake resistance performance established in the Building Standards Act x 1.25 times		
Features	Grade 1: Earthquake resistance performance established in the Building Standards Act		 2 x 4 construction High-proof stress hold-down hardware
	[2 x 4 construction]	[Conventional construction]	
	 Monocoque structure in which the roof, the wall and the floor are united	 Eco-precut construction method using assembly materials and joint hardware and face material bearing wall	 Performance test for vibration control damper

② Energy efficiency

Insulation performance class	Grade 4: Conforms to Japan's Energy Saving Standard 2016 Grade 3: Conforms to Japan's Energy Saving Standard 1992 Grade 2: Conforms to Japan's Energy Saving Standard 1980 Grade 1: Other	Primary Energy Consumption Grade	Grade 5: Conforms to low-carbon standards Grade 4: Conforms to Japan's Energy Saving Standard 2016 Grade 1: Other
Features	Highly energy-efficient materials enable buildings to pass Energy Saving Standard 2016	Features	Grade 5 is realized by satisfying certain conditions for some wooden houses.

③ Air quality

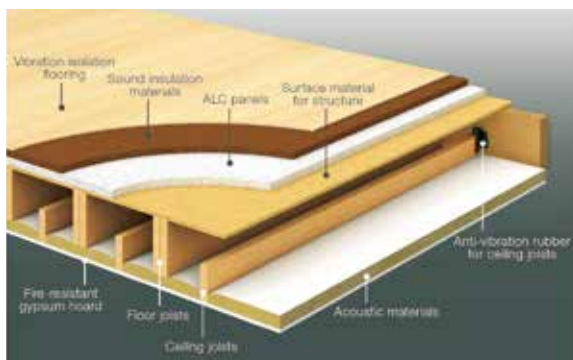
Formaldehyde emission grades	Grade 3: All surface materials have a rating of four stars or more Grade 2: All surface materials have a rating of three stars or more Grade 1: Conforms to Japan's Building Standards Act	<p>"Filters for air supply outlets", our original products, have been developed to prevent pollen and PM2.5 from entering houses</p>  <p>[Expected Value] Removal rate of pollen*1: 90% or more Removal rate of PM2.5*2: 68% or more *1 Based on the assumption of particles of 20µm~40µm of pollen from Japanese cedar trees *2 Based on the assumption of particles of less than 2.5µm of PM2.5</p>
Features	Comfortable indoor environments thanks to 24-hour ventilation and interior materials that emit a minimum of chemicals	

④ Sound insulation

New "High sound insulation floor"

Sound transmitted from the upper floor is reduced up to 15db (compared to the existing specifications) in the range of sound easily picked up by the human ear.

* This performance measurement was obtained in tests done by the Japan Testing Center for Construction Materials. It is not a guarantee of performance in an actual building.



■ Heavy floor impact sound

LH-50
LH-55 High sound insulation floor
LH-60
LH-65 General wooden house
LH-70

Two ranks improvement 10 dB lower than before

■ Light floor impact sound

LL-40 High sound insulation floor
LL-45
LL-50
LL-55 General wooden house
LL-60
LL-65

Three ranks improvement 15 dB lower than before

* Sound insulation grade LH: Heavy impact sound
LL: Light impact noise

Additional values suited to these times are provided

Creation of evolving "New living"

■ Development of original CLT method towards to commercializing wooden fireproof building.



Laboratory for original CLT construction method.



Fire resistive cover integrated industrial panel.

What is CLT?



Cross laminated timber is a wood panel product made from gluing layers of solid-sawn lumber together.

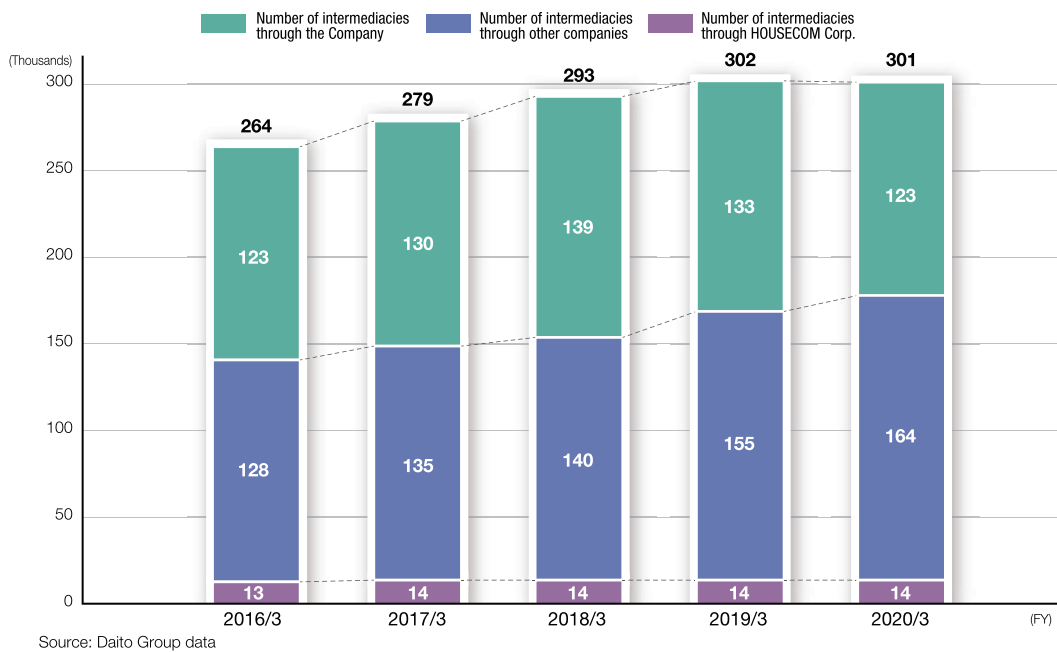
► **Tenant Recruitment Structure**

The collaboration among the three main companies has contributed to lower vacancy rate and higher rent.

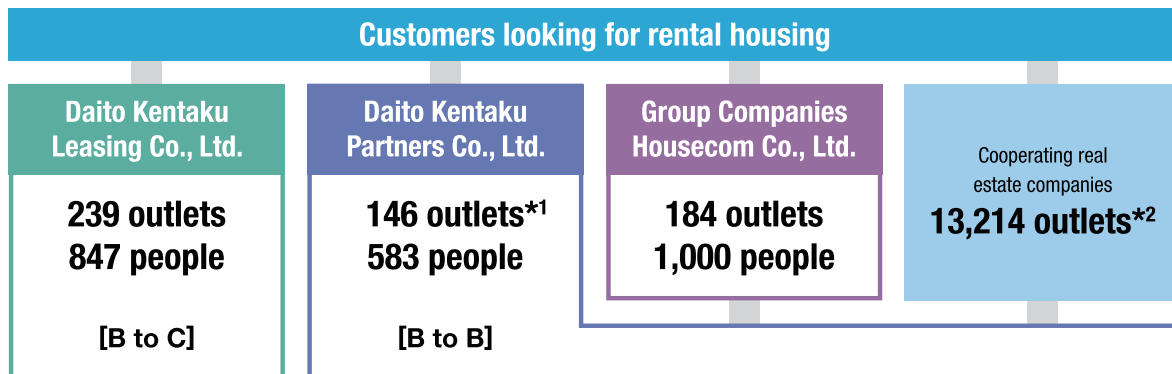
Tenant recruitment structure of in-house controlled buildings Improved efficiency by the share of business

	Daito Kentaku Leasing Co., Ltd.	Daito Kentaku Partners Co., Ltd.
Direct brokerage business	○	
Indirect brokerage business		○
Market survey and rent appraisal		○

Trends in number of intermediaries Both direct and indirect brokage businesses are progressing increase.



Tenant Recruitment Structure A structure comprising group and outside companies



*1 Only offices that offer customer service

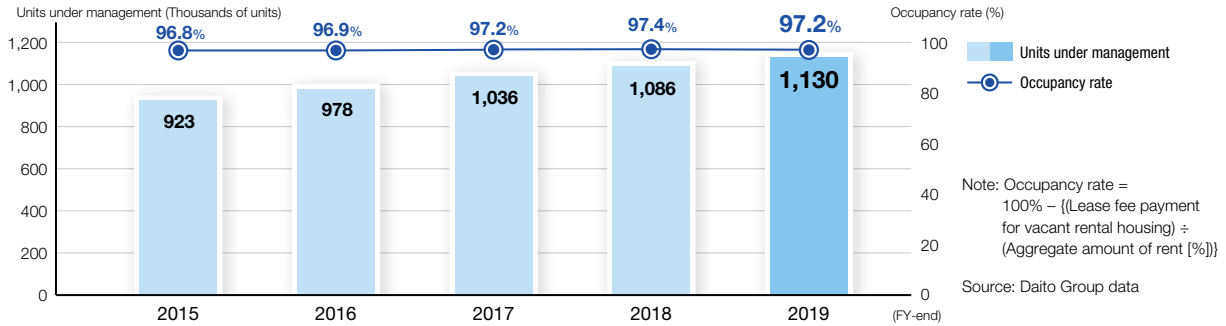
*2 Number of cooperating real estate companies introducing one or more rental housing units to the Daito Group in FY2019

Note: As of March 31, 2020

Daito Group's original rental housing brokerage network is one of the best in the industry.

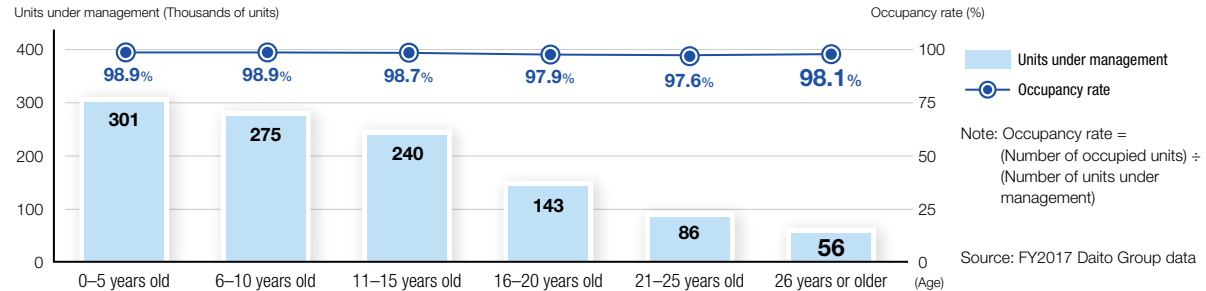
Number of rental housing units under management and occupancy rate based on rent

Maintaining a high occupancy rate even with the increasing number of units under management



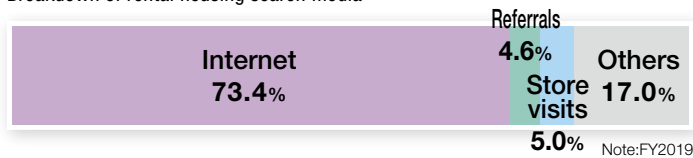
Number of Rental Housing Units in Different Ages under Our Management and the Occupancy Rate

Maintaining a high occupancy rate even for old rental housing units



Active Tenant Recruiting Active tenant recruiting through the E-heya Net brand

Breakdown of rental housing search media



Expanding Services Responding to tenant needs



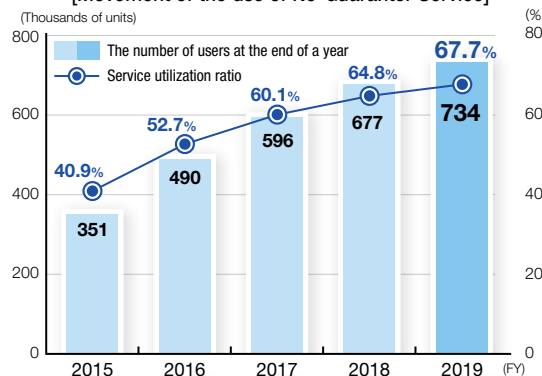
- ① Accepting credit card transactions for all procedures
- ② No security deposit and a flat-rate house cleaning plan
 - Reducing initial costs when moving in and ensuring transparent account settlements when moving out
- ③ No guarantor required
 - Eliminating the hassle of securing a guarantor makes it easier for tenants to sign contracts and move in

Fees for agreement

	Usual agreement	Usual agreement
Rent fee	50,000 yen	50,000 yen
Communal charge	3,000 yen	3,000 yen
Parking fee	5,400 yen	5,400 yen
Deposit (equivalent to rent fees for 2 months)	100,000 yen	0 yen
Cleaning fee	0 yen	32,400 yen
Agent fee	54,000 yen	54,000 yen
Parking operation fee	5,400 yen	5,400 yen
Total	217,800 yen	150,200 yen

Initial expenses reduced by as much as 67,600 yen!

[Movement of the use of No-Guarantor Service]

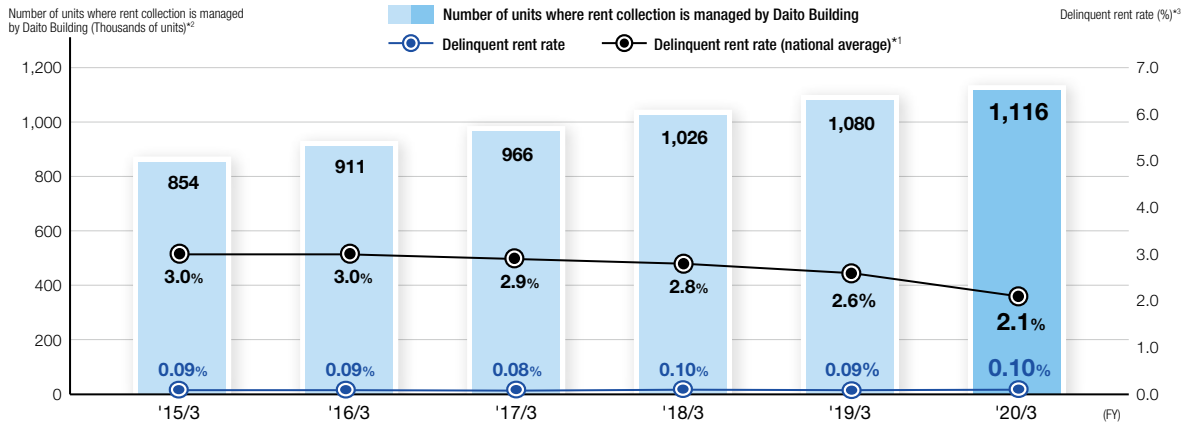


Rental Housing Management Structure

We have a low default (uncollected rent) rate.

Rent Management Capability

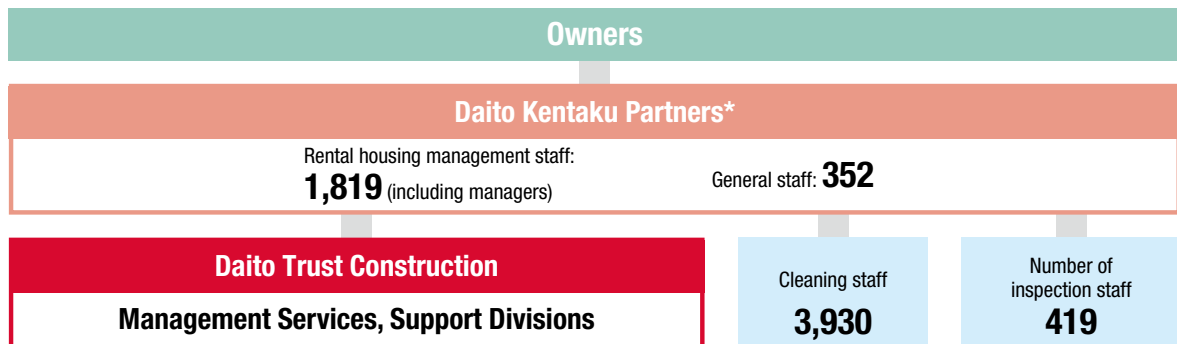
Secure rent collection through specialized rent management staff



Source: Daito Trust data *1: National average, "Survey on Sentiment of Rental Housing Market" (second half of 2014 - 2018 and first half of 2019), Japan Property Management Association
 *2: Number of units where rent is collected by Daito Building among units under management (both residential and commercial uses)
 *3: Delinquent rent rate = (Cumulative months × Delinquent rent) ÷ (Cumulative months × Total units for which Daito Building collects rent)
 Delinquent rent means rent uncollected over one month. Rent collected by subrogation is excluded from the company's delinquent rate.

Management Structure

Management structure centered on Daito Kentaku Partners Co., Ltd.



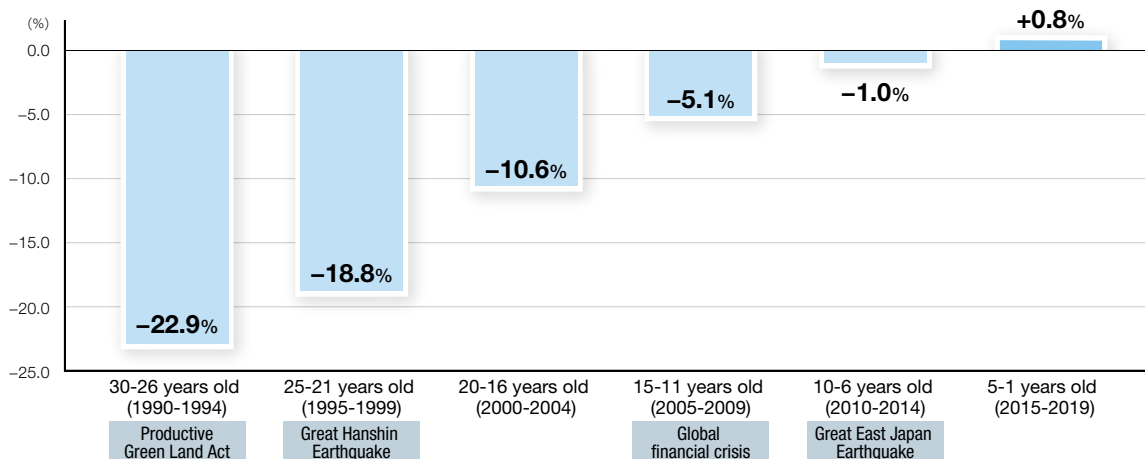
*Daito Kentaku Partners Co., Ltd.

*Daito Kentaku Partners was established in November 1999 as a wholly owned subsidiary of Daito Trust Construction to enhance rental housing management services. Its main business is whole-building lease and management and operation of rental housing. It ranks No. 1 in Japan by the number of units under management. It is engaged in the comprehensive management of rental housing.

Note: As of March 31, 2020 (number of inspection staff as of April 20, 2020)

Rent Fluctuation

No large fluctuations in rent except for when there was an oversupply of rental housing due to an amendment of the Productive Green Land Act



Source: Daito Trust data

For Inquiries 24-hour telephone reception for tenants

A function to respond to inquiries through AI assistant

NEW!
Inquire AI

AI Assistant "Sumai-chan"

- 10 patters of facial expression
- Timely answers
- Uniform answer level

<Top Image of the inquiry page>

App for our tenant only

we started to provide disaster prevention information from July 2019

- Possible to search evacuation place only a single click
- Providing column of disaster prevention
- Introducing and selling disaster prevention goods.
- Providing FAQ of disaster prevention.

DK SELECT

Number of DK SELECT app members

650,131

As of March 31, 2020

E-hey support center

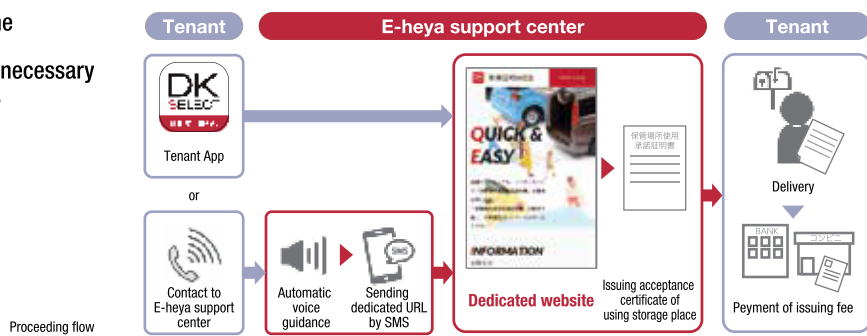


The number of responds made in a year

129,602 cases

* FY 2019 (the previous year: 119,723)

Computerising the issue of the acceptance certificate of using storage place which is necessary for garage certificate issuing.



Maintenance / inspection

Emergency response service
Maintenance service staff



The number of emergency cases

20,690 cases

* FY 2019 (the previous year: 24,263)

Cleaning service
Cleaning staff



Mainly local housewives clean inside and outside of building site.

Building inspection
Building inspection staff



Specialized staff inspect building per 2 months.

▶ Energy Business

Supply of Gas

We perform equipment installation and maintenance and supply of LP gas for apartments and condominiums. Daito Energy has started supplying city gas in December 2017 in response to its liberalization.

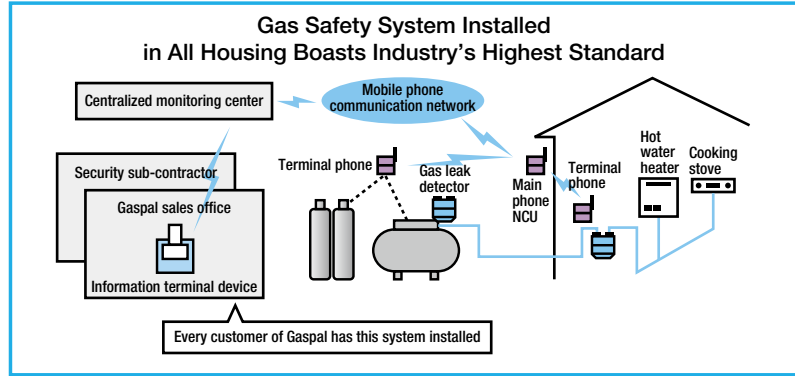
Number of units which LP gas is supplied

336,020

Number of units which city gas is supplied

23,034

Note: As of March 31, 2020



Solar Power Generation

The Daito Group installs solar panels on the roofs of rental housing and sells all of the electricity generated to electric power companies.

Number of equipped units

14,867

Note: As of March 31, 2020

Total power generated nationwide*

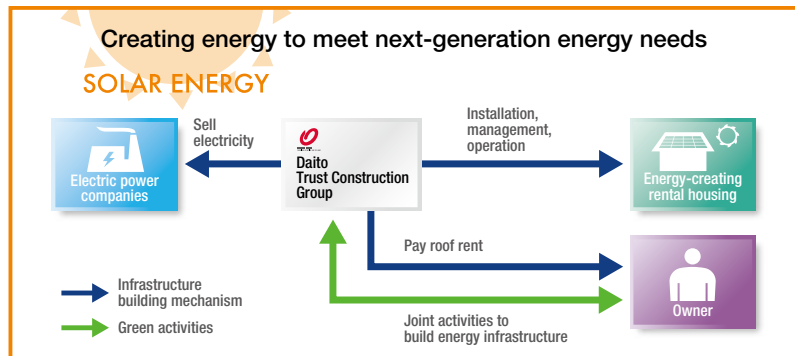
119.6 megawatts

For one year, this electricity can power

59,880 households

*A 1-megawatt power station operating for one year can provide the electricity used by 300 average households in a year.

Source: Federation of Electric Power Companies of Japan

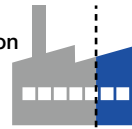


The area size of installment



Equivalent to 61.0 x Tokyo Domes
* 1 megawatts = 14,280 m²

The quantity of power generation



Equivalent to 44 percent of a thermal power station
* 450 megawatts / per station

Care and Nursery School Businesses

Day-Care Services

For senior citizens living at home, we provide day-care services that include exercise, recreation, meals, and bathing.

Number of day-care centers

81

Note: As of March 31, 2020

Number of day-care center users

1,140,005

Note: FY2019



Exercising



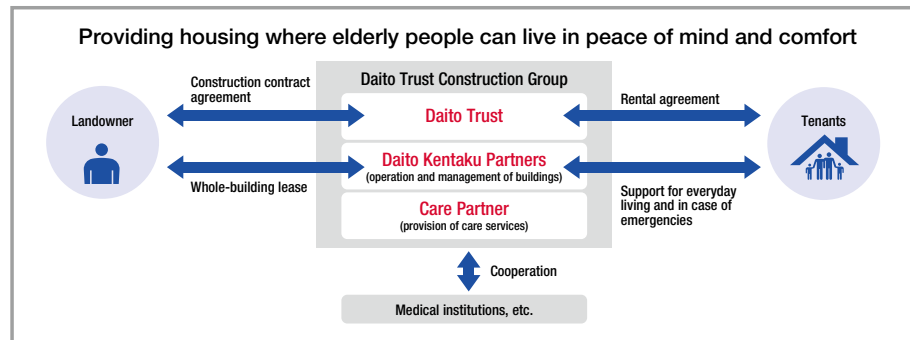
Recreational activity

Assisted Living Rental Housing for Senior Citizens

Number of completed construction

3

Note: As of March 31, 2020



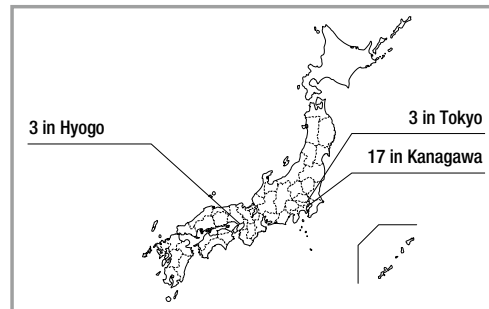
Kids Partner

Kids Partner—Aiming to eliminate waiting lists for children to enroll in nursery schools.

Number of nursery schools

23

Note: As of March 31, 2020



Inside of KIDS PARTNER MINATOMIRAI

Real Estate Investment

Hotel business

Acquired profitable property and it is operated as hotel "Remm plus GINZA" from December 2019.



Overseas real estate investment

From November 2013, Daito Trust has developed rental housing with a local dominant real-estate developer in the suburb of Washington, D.C.



Basic Policy for Corporate Governance

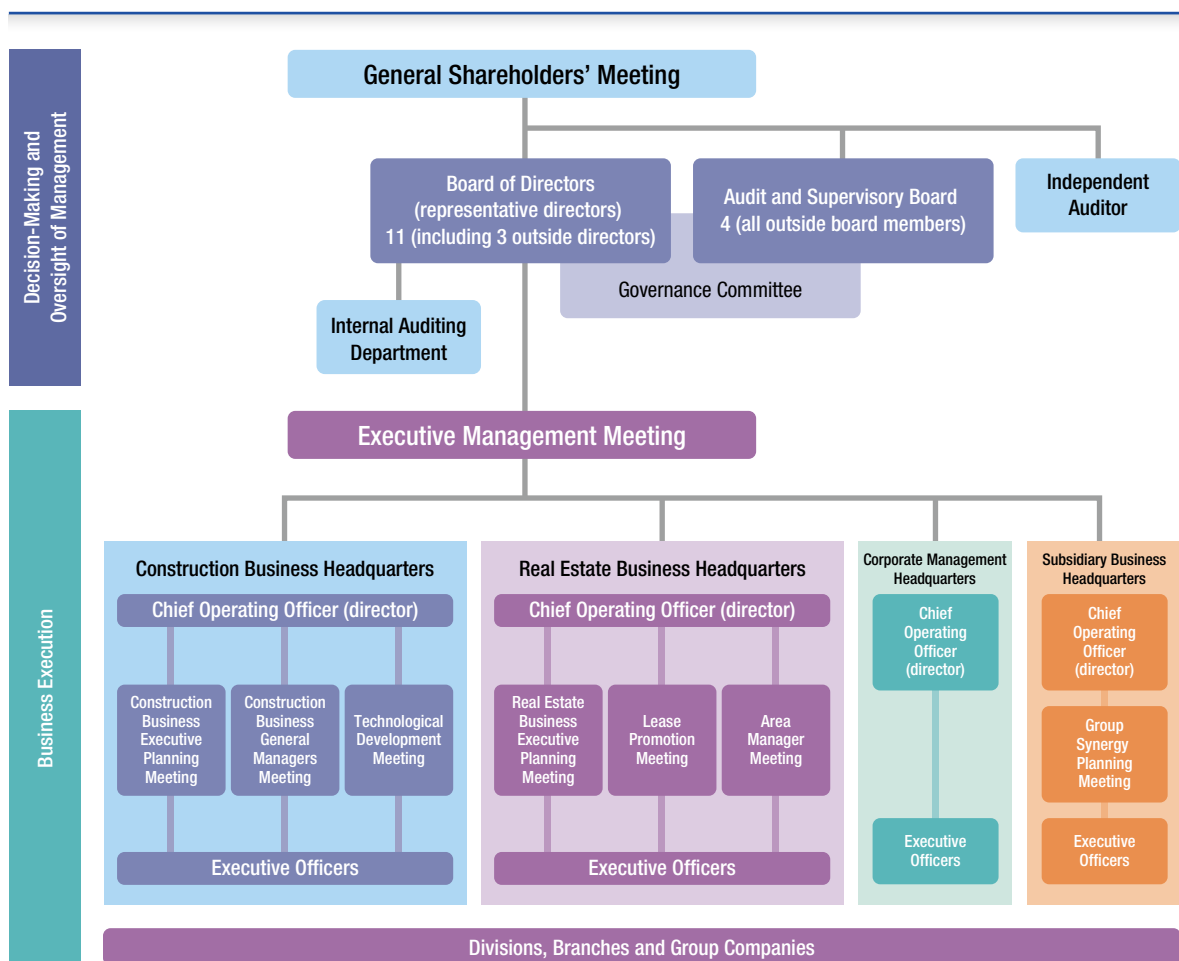
We make it our basic policy for corporate governance to maximize corporate value for all of our stakeholders—including shareholders— while making our management transparent and efficient.

To this end, we have separated decision-making functions from business execution functions, established a speedy and efficient management/execution organization, and appointed outside directors—all in an effort to achieve management with a high level of transparency.

Reference: History of Daito Trust's Corporate Governance Structure

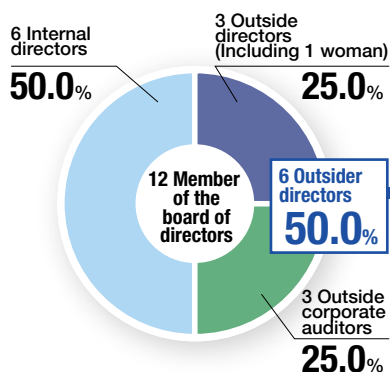
	1974	1989	2011
	Establishment	Listed on the second section of Nagoya Stock Exchange	Acquisition and cancellation of stocks owned by the founder through the takeover bid
Separation of supervision and execution			2000 Introduction of an executive officer system
Term of directors		1989 Introduced to retirement age of directors at 60-year old	
Compensation			2011 Introduction of share-based compensation option 2019 Introduction stock compensation
Outside directors			2005 Appointment of an outside director 2011 Appointment of two outside directors 2013 Appointment of three outside directors (From 2015, one female outside director has been appointed)
Outside corporate auditors	1986 Appointment of an outside corporate auditor	1989 Appointment of three outside corporate auditors	1999 Appointment of four outside corporate auditors (all of four corporate auditors are outside) 2020 Three auditors (all outside)
Arbitrary committees			2012 Establishment of the Evaluation Committee (Current: Governance Committee)

Management Structure (as of June 2020)



► Outside Directors

Composition of the Board of Directors



Outline of outside directors

	Name	Profession	Expertise			
			Corporate management	Finance	Financial accounting	Laws
Outside directors	Toshiaki Yamaguchi	Lawyers	—	—	—	●
	Mami Sasaki	Former foreign financial institution management	—	●	—	—
	Takashi Shoda	Former company managers	●	—	—	—
Outside Audit and Supervisory Board member	Masayasu Uno	Certified public accountants Former company managers	●	—	●	—
	Hideo Hachiya	Lawyers	—	—	—	●
	Kazuo Fujimaki	Consultants US Certified Public Accountant	—	—	●	—

► Standards for the Independence of Outside Directors

To ensure the independence of outside directors and Audit and Supervisory Board members (or candidates for those positions), those persons must not fall under one of the following categories. The periods for which these criteria apply are: 1) from the unlimited past to the present for Category 1 and 2) from the past 10 years to the present for Categories 2 to 5.

1 Daito Group affiliate

The individual is not a director (unless an outside director), a member of the Audit and Supervisory Board (unless an outside board member), an accounting advisor, an executive officer, or an employee of Daito Trust, one of its subsidiaries, or an affiliated company.

2 Holder of voting shares

- 1) The individual is not a major shareholder (holding a 10% or greater share) of Daito Trust or an executive or employee of any of its major shareholders.
- 2) The individual is not an executive or employee of a company for which the Daito Group is a major shareholder (holding a 10% or greater share).

3 Business partner affiliate

- 1) The individual is not an executive or employee of a business partner whose transactions with the Daito Group account for 2% or more of consolidated net sales.
- 2) The individual is not an executive or employee of a financial institution from which the Daito Group borrows capital amounting to 2% or more of Daito Trust's consolidated gross assets.
- 3) The individual is not an executive or employee of the Daito Group's main securities company.

4 Provider of specialized services (lawyer, certified public accountant, consultant, etc.)

- 1) The individual is not an employee or a partner of the Daito Group's certified public accountant's firm or of an auditing firm that acts as the independent auditor.
- 2) The individual does not receive 10 million yen or more a year from the Daito Group (apart from director or board member compensation) for his/her services as a lawyer, certified public accountant, tax accountant, or consultant.

5 Others

- 1) The individual is not a relative within two degrees of kinship of persons falling under the Categories 1 to 4 above.
- 2) The individual is not an executive or employee of a company that has one or more directors holding a post in the Daito Group.
- 3) The individual is not an executive or employee of a company that holds shares in the Daito Group.

► Governance Committee

Composition of the Governance Committee

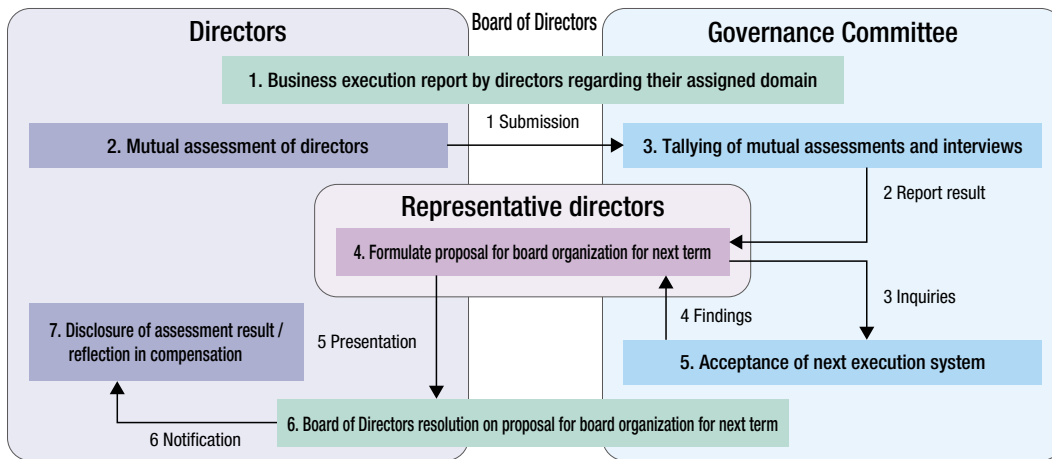
Chairman	Lead Independent Outside Director
Member of the Governance Committee	Representative Director, All Outside Directors, All of Outside Audit and Supervisory Board members

Function of the Governance Committee

- 1) Collate and report on the results of mutual assessments of directors.
- 2) Deliberate and submit findings regarding proposals for board organization for the next term (directors and executive officers) as formulated by the representative directors and director candidates proposal (both reappointments and new appointments).
Note: The representative director cannot present proposals for board organization for the next term and director candidates' proposal without the prior deliberation of the Governance Committee.
- 3) Deliberate and submit findings regarding proposals for performance-linked incentive compensation.
- 4) Review and make recommendations for the role of corporate governance.

Director Evaluation System

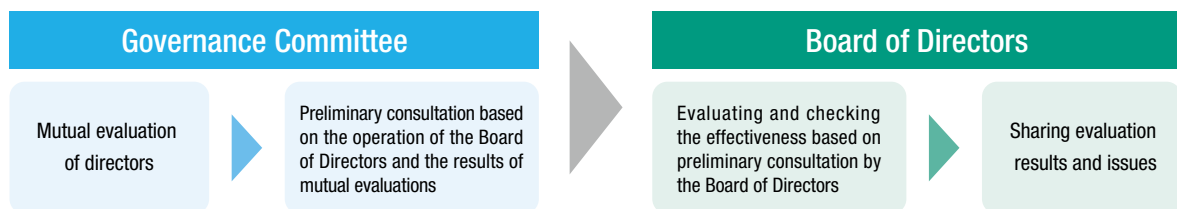
The “Governance Committee” plays a central role in evaluating executive directors and selecting candidates based on the results of mutual evaluations of such directors.



1. Business execution report	Directors report on the status of business execution in their assigned areas to the Board of Directors.
2. Mutual assessment	Directors assess one another's business execution and management supervision function.
3. Tallying and interviews	The Governance Committee chairperson tallies up the mutual assessment results and holds individual interviews, then reports the result to the representative directors.
4. Formulate proposal for board organization for next term	According to the results of the mutual evaluations, the President establishes the blueprint of the next executive systems, and submits an inquiry to the Governance Committee.
5. Acceptance of next execution system	The Governance Committee examines if there is no discrepancy between the blueprint and the mutual evaluation results before submitting its finding.
6. Resolution on board organization for next term	The Board of Directors passes a resolution on the board organization for next term.
7. Disclosure of assessment result / reflection in compensation	The assessment result is disclosed to the executive directors and reflected in their compensation.

Evaluation of the effectiveness of the Board of Directors

Flow of the effectiveness evaluation of the Board of Directors (Outline)



Ensuring objectiveness of evaluation through the evaluation process using the Governance Committee

<Outline of the results of evaluation in the term of March 2020>

The Board of Directors of Daito Trust Construction has, as a result of checking analysis and evaluation of the effectiveness of the entire Board of Directors from the perspective of its administrative and supervisory functions, activities and contributions of outside directors, objectiveness and systemization of selecting directors/operating directors, and the leadership of the President, concluded that the Board of Directors generally operates well and that there is no matter to be improved significantly at this moment.

▶ Director Compensation

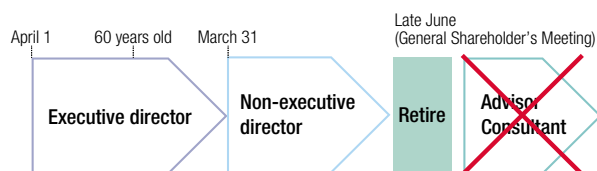
We introduced performance-linked stock remuneration in June 2019.

Type of remuneration	Contents	Fixed/ Variable	Maximum amount/ Conditions
Basic remuneration	Determined in consideration of corporate earnings, rate of increase in employees' salary, years of employment, remuneration paid by industry peers, and contribution, etc.	Fixed	<Maximum amount>: ¥1.0bn in total per year (including ¥50mn or less to Outside Directors).
Bonuses	Total amount is determined by multiplying consolidated net income by 0.45%. Amount of payment to each Director is determined in consideration of contribution, etc. made by each Director in a single fiscal year.	Variable	<Maximum amount>: ¥1.0bn in total per year (not paid to Outside Directors). <Condition>: Consolidated net income of ¥20.0bn or more and achievement of certain earnings results.
Stock compensation	Performance- linked	Variable	<Maximum amount>: Contribution of ¥1.9bn in total over three-year period and 210,000 shares of common stock over a three-year period.
	Non- performance- linked	Fixed	<Condition>: ROE of 20% of higher and payout ratio of 50% or higher.

▶ Management Cycle

Mandatory Retirement at 60 for Directors

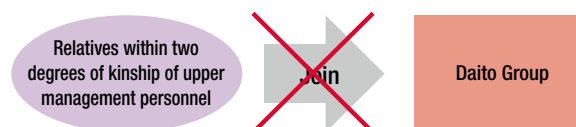
- Directors retire from business execution on the last day of the fiscal year (March 31) in which they become 60 years old, becoming non-executive directors (part-time) from April 1.
- At the end of the General Shareholder's Meeting held in the following June, they retire or resign.
- **After retirement, they may not serve as an advisor, consultant or any other role.**



* The minimum appointment for representative directors is four years (two terms).

Elimination of Hereditary Appointments

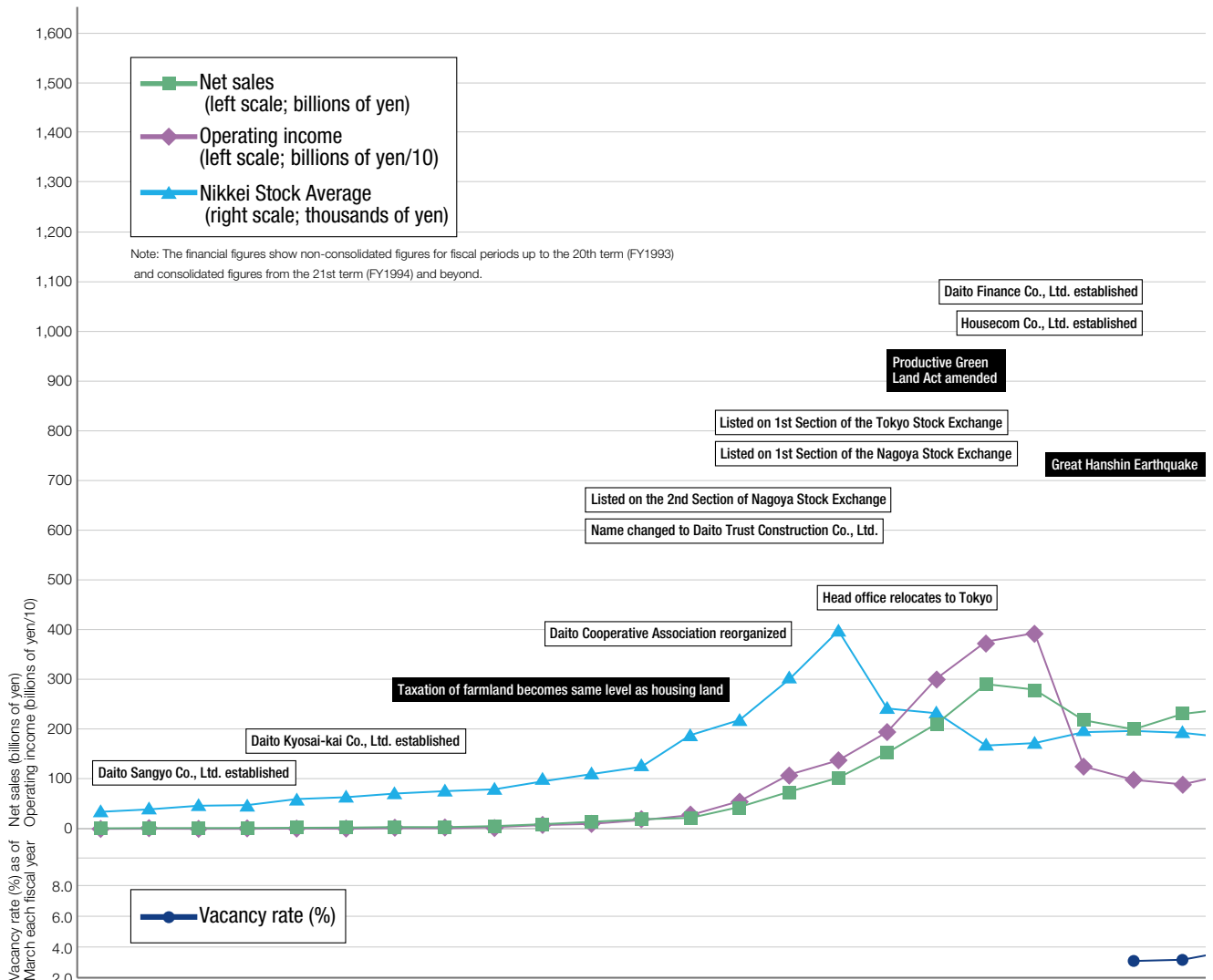
- Persons within two degrees of kinship of upper management personnel (assistant manager and above) are not admitted to join the Daito Group, in order to eliminate hereditary appointments.



History of Daito Trust Construction Group

Daito Trust has specialized in the leasing business since its foundation.

Trends in net sales and Operating income, and the Nikkei Stock Average and social and economic developments

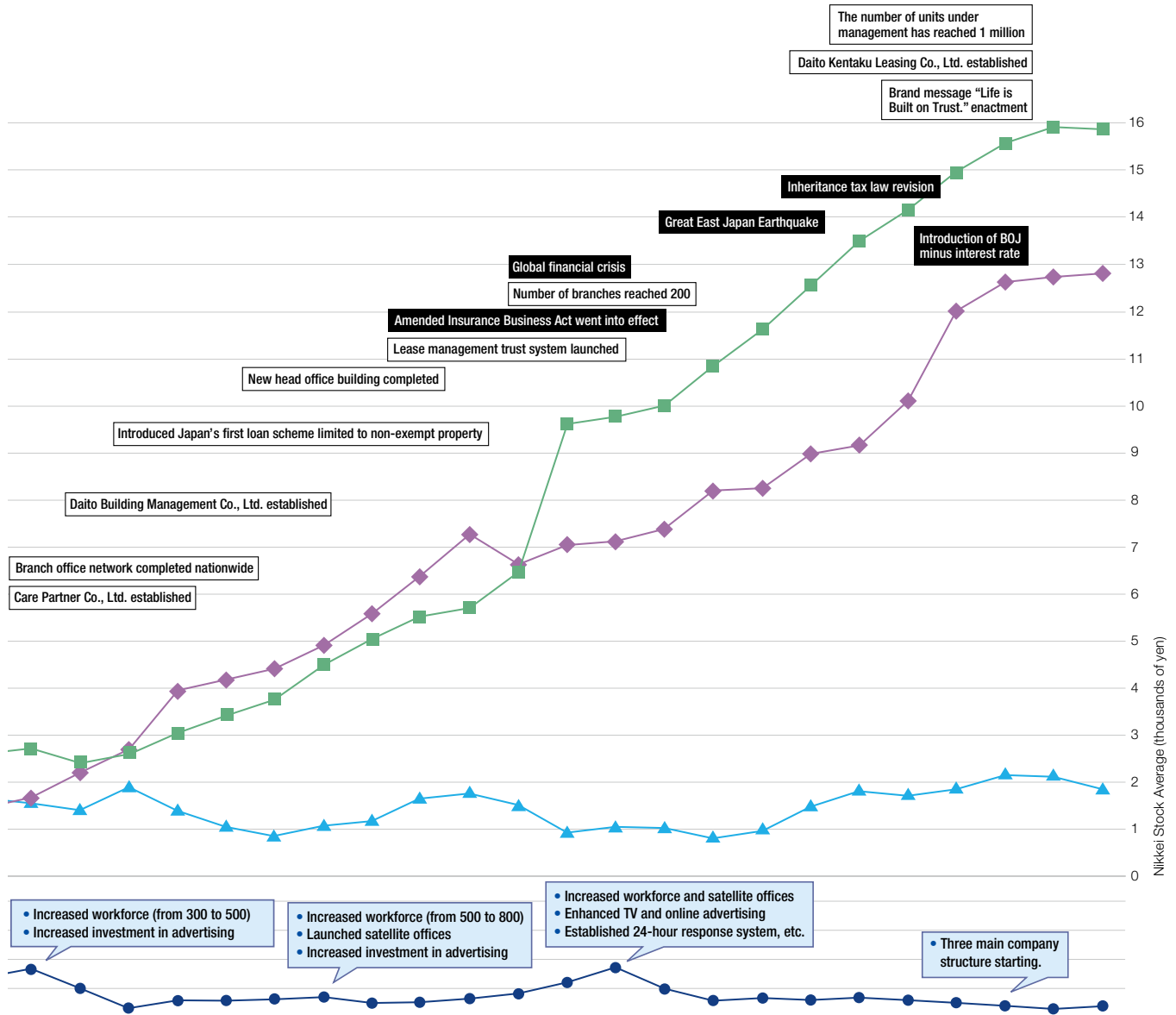


Vacancy rate (%) as of March each fiscal year

Vacancy rate = (Lease fee payment for vacant rental housing) ÷ (Aggregate amount of rent)

	Term 1 1974	Term 2 1975	Term 3 1976	Term 4 1977	Term 5 1978	Term 6 1979	Term 7 1980	Term 8 1981	Term 9 1982	Term 10 1983	Term 11 1984	Term 12 1985	Term 13 1986	Term 14 1987	Term 15 1988	Term 16 1989	Term 17 1990	Term 18 1991	Term 19 1992	Term 20 1993	Term 21 1994	Term 22 1995	Term 23 1996
Vacancy rate (residential units)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.14	3.23
Sales (billions of yen)	0.062	0.404	0.539	0.628	0.998	1.36	2.32	2.23	4.09	7.71	12.2	16.9	25.6	44.6	73.7	105.1	151.1	207.0	277.9	274.1	216.8	200.4	226.6
Operating income (billions of yen)	0.001	0.032	0.011	0.017	0.073	0.018	0.153	0.129	0.352	0.762	1.00	1.76	2.76	5.58	10.9	13.8	19.5	30.3	37.7	39.4	12.4	9.8	8.8
Units under management (end of term)	8	58	133	244	393	559	815	1,025	1,396	1,811	2,562	4,093	6,234	1.0	1.8	3.3	4.5	6.0	8.5	11.0	13.0	14.7	16.7
No. of branches (beginning of term)	1	1	2	2	3	4	5	8	11	16	21	26	32	40	48	56	65	74	84	89	99	95	97

*管理戸数の単位…第1期(1974年度)~第13期(1986年度)は「戸」、第14期(1987年度)以降は「万戸」にて掲載



	5.31	3.96	2.63	3.15	3.23	3.28	3.41	2.99	3.05	3.30	3.63	4.41	5.43	3.96	3.17	3.29	3.08	3.31	3.19	3.05	2.83	2.59	2.78(%)
	Term 24 1997	Term 25 1998	Term 26 1999	Term 27 2000	Term 28 2001	Term 29 2002	Term 30 2003	Term 31 2004	Term 32 2005	Term 33 2006	Term 34 2007	Term 35 2008	Term 36 2009	Term 37 2010	Term 38 2011	Term 39 2012	Term 40 2013	Term 41 2014	Term 42 2015	Term 43 2016	Term 44 2017	Term 45 2018	Term 46 2019*
	266.8	231.2	255.7	306.2	332.2	376.0	438.6	491.7	538.6	564.3	641.0	954.8	972.6	1,001.1	1,087.1	1,152.4	1,259.6	1,353.1	1,411.6	1,497.1	1,557.0	1,591.1	1,586.2
	16.6	21.9	26.9	39.4	41.7	44.0	49.0	55.7	63.7	72.6	66.2	70.3	71.1	73.7	81.9	82.4	89.7	91.5	101.0	120.1	126.3	127.0	127.9
	19.0	21.0	23.0	25.5	28.3	31.6	35.2	39.4	44.3	49.3	54.2	59.1	63.8	68.3	73.2	78.5	84.3	90.1	96.0	101.5	107.2	112.2	116.5
	100	115	118	130	152	162	161	165	169	188	188	199	200	204	209	214	223	223	221	221	221	227	227

* FY

Facts and Figures

▶ Corporate Foundation

We promote building of stable corporate foundations for our sustainable growth.

Talent Development program Developed a system of training on portable skills common to all types of work

Level	Timing	Training		Purpose	
Administrative position	Upon employment	New graduate recruits	Introductory training upon employment	Acquire the fundamental knowledge essential to working members of society	
			Follow-up training	Review the 1st and 3rd years after employment and set medium-term goals	
	2-4 years after employment	Mid-career recruits	Training for new employees in all occupations		Acquire the fundamental knowledge essential to each occupation
			2nd year of training		Acquire the basic skills of a businessperson
Management position	Other	Female employees	Career planning training	Acquire interpersonal skills and critical thinking skills	
				Training to promote the advancement of women	
	Candidate for promotion	Training for division manager candidates		Acquire management skills, improvement skills, leadership skills, facilitation skills, etc.	
Upper management position	Upon promotion	Training for newly promoted managers, development training for managers, and management position skill enhancement training		Acquire management skills, improvement skills, leadership skills, facilitation skills, etc.	
	Candidate for promotion	Upper management position candidate training		Acquire an understanding of the role of management positions as well as coaching skills for subordinate training, etc., acquire the basic skills for management positions	
Officers	Upon promotion	Business school attendee	Acquire management skills and interact with those in other industries		
			Acquire upper management position skills in human resources, strategy, finance, etc.		
	Candidate for officer	Training for senior management candidates		Acquire problem-solving skills, interpersonal skills, leadership conduct, and other management strategy and business strategy skills	
Officers	(New appointee)	Executive officer and director training		Acquire the skills required for an officer and share changes in the business environment	
		Executive officer and director training			

Note: Training based on job title is not listed

As of March 31, 2020

Life events support system Enhancing infertility treatment support from FY2019

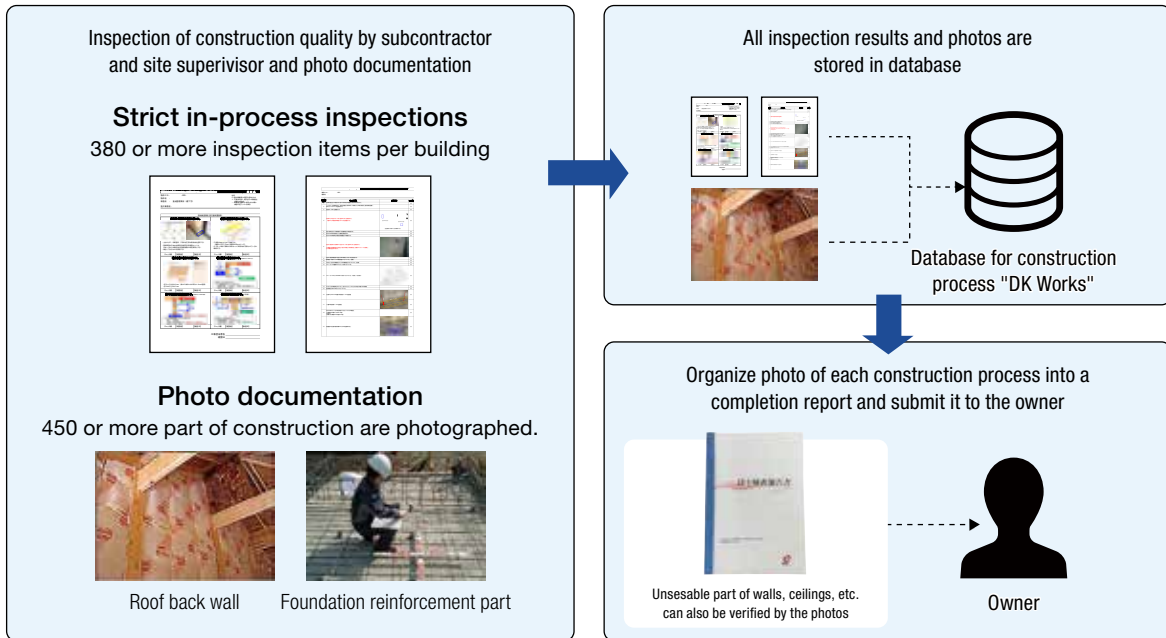
	Marriage	Infertility Treatment	Pregnancy and Childbirth	Childcare	Nursing Care	Retirement
Systems related to work styles			(From discovery of pregnancy to the day before the start of prenatal leave) ● Maternity Part-time work	(Until the child is 1 years old) ● Childcare time (up to entry into elementary school) ● Limited overtime work ● Limited late-night work ● Limited off-hours work ● Part-time work arrangements for child-rearing	● Part-time work arrangements for nursing care (for 5 years) ● Limited overtime work ● Limited late-night work ● Internal and external nursing care consultation desk	● Re-employment system ● Extended retirement age system
	Work location designation system					
	Come Back Pass system (for rejoining the company)					
	Reduced work (when regular out-patient hospital visits are required and when the home situation requires)					
Systems related to vacation and leave	● Special marriage leave (5 consecutive days)	● Infertility treatment leave (maximum of 3 years) ● Infertility treatment leave (5 days per year with pay)	(From discovery of pregnancy to the day before the start of prenatal leave) ● Maternity leave extended leave ● Maternity leave extended leave (5 days per year with pay)	(Up to the day before the 3rd birthday) ● Childcare leave	● Nursing care leave (1 year.) ● Nursing care leave (total of 5 days of paid leave per person)	
	Paid vacation (able to take in hourly, half-day, or full-day units) *As of April 2018, at least 5 days must be taken each year					
	Support paid leave system					
	Spouse job transfer leave system					
Benefits and allowances	● Monetary marriage gift (employee association)	● Infertility treatment fertility assistance (employee association)	● Childbirth benefits (health insurance) ● Monetary childbirth gift (employee association)	● One-time compensation for childbirth and childcare (health insurance) (From 6 weeks before childbirth to the day before the 3rd birthday) Exemption from social insurance premiums	● Nursing care leave payments (employment insurance) ● Assistance for nursing care expenses (employee association)	● Compulsory retirement benefits system
	Nursing leave (applies to a child, spouse, employee, and spouse's parent, or grandparent of employee or spouse)					
	Special case for pension value settlement (following childbirth to the day before the 3rd birthday)					

Other initiatives: ● Anniversary leave ● Refresh leave ● Volunteer leave ● Employee welfare services ● Opt-in defined contribution plan (DC) system ● Group long-term disability (GLTD) insurance system, etc.
 Family leave: Allows paid leave to be earned separate from annual paid vacation. Can be earned regardless of purpose. Unified under the general name, "family leave."

As of March 31, 2020

Quality Management System

Securing construction quality through in-process inspections



As of March 31, 2020

Initiatives for climate change

Promoting environmentally friendly management and transparent disclosure

Selected for the highest rank "A-List" of CDP Climate Change 2019

What the CDP (formerly the Carbon Disclosure Project) is.

It is an international non-profit environmental organization that evaluates more than 8,000 companies (500 in Japan) worldwide by their activities or degree of disclosure relating to climate change such as reduction of greenhouse gas emissions.



Agreement for Task force on Climate-related Financial Disclosures

What the TCFD (Task force on Climate-related Financial Disclosures) is.

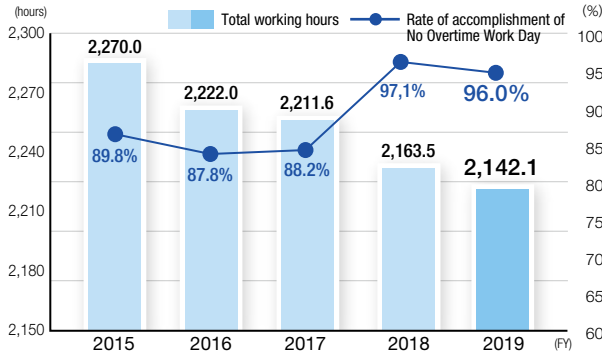
It was established in 2015 by the Financial Stability Board (FSB), which represents the central banks and financial regulation authorities of major nations. The TCFD makes recommendations to private sector companies regarding the disclosure of information on the impact of climate change on business.



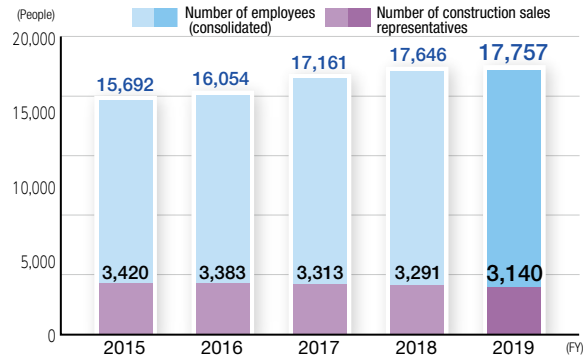
As of March 31, 2020

Non-financial data

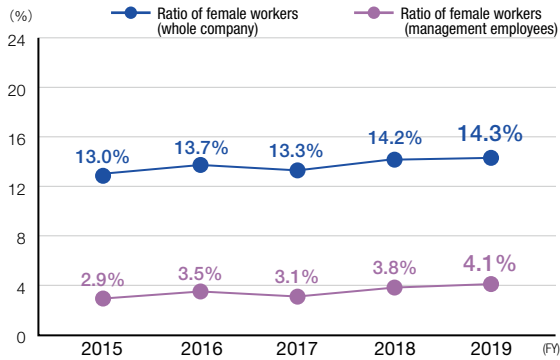
Total working hours / Rate of accomplishment of No Overtime Work Day



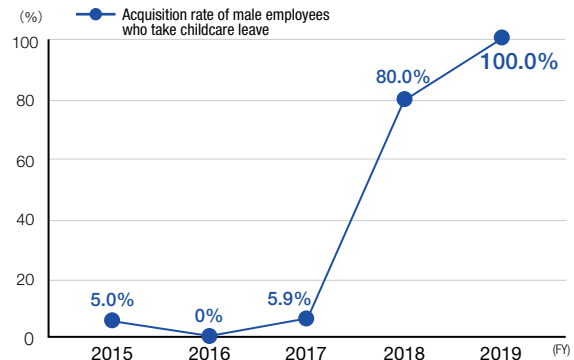
Employees (consolidated), sales representatives



Ratio of female workers (whole company / management employees)

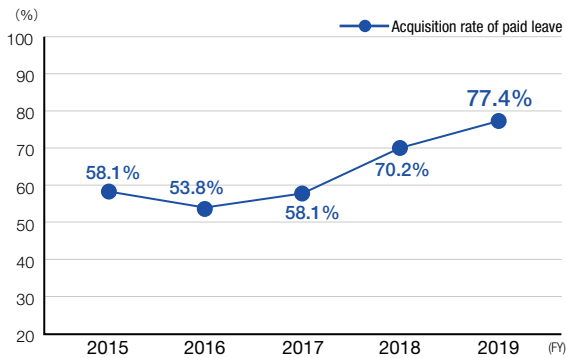


Acquisition rate of male employees who take childcare leave

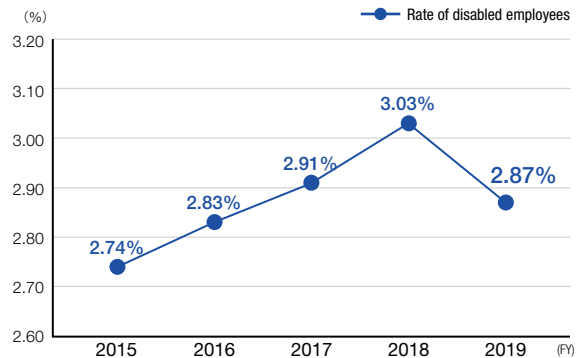


* Taking childcare leave for male employees is mandatory from October 2018 (paid on 5 days)

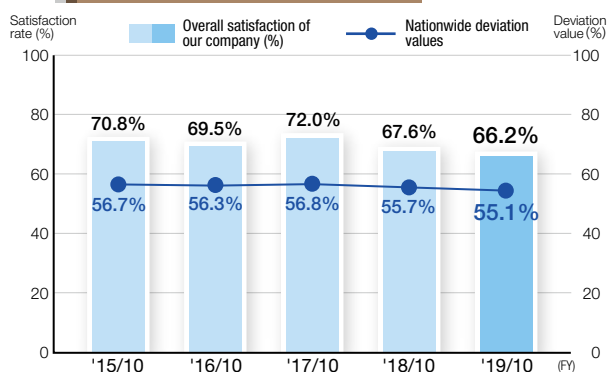
Acquisition rate of paid leave



Rate of disabled employees

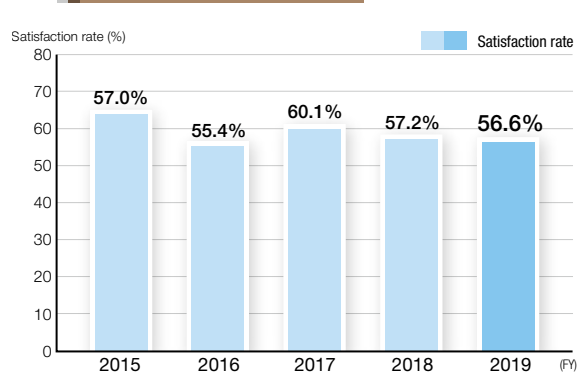


D-COMPASS Overall satisfaction



*D-COMPASS: Employee satisfaction research for all employees. Response rate in 2019 is 96.4%

D-COMPASS Work climate

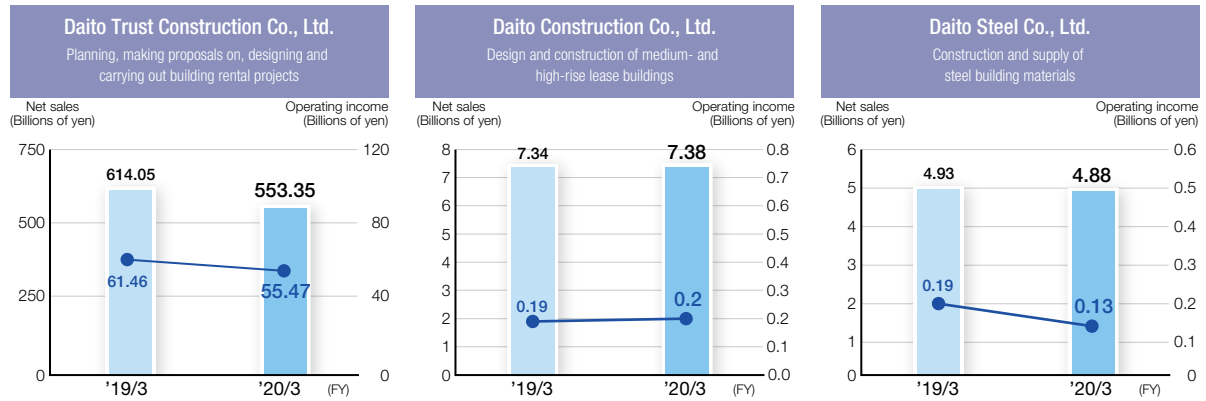


* Question : Does your division has work environment what keep your motivation high ?

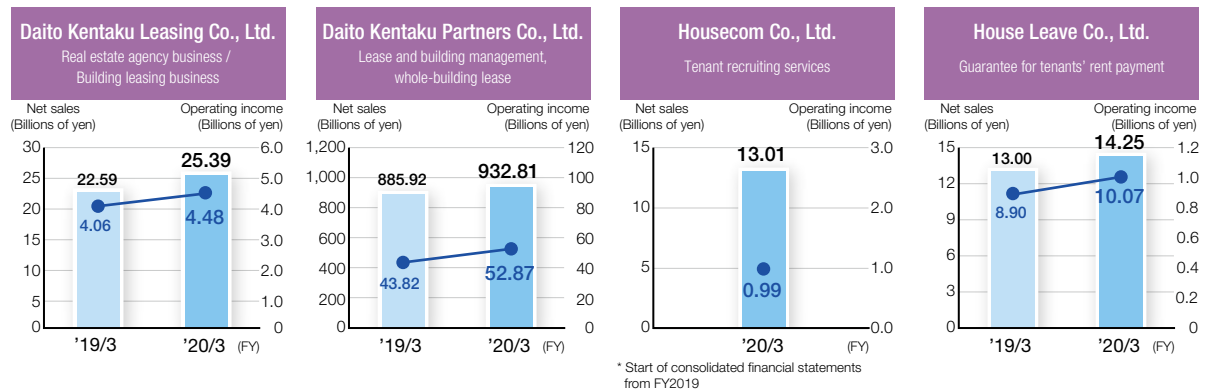
▶ Group Companies

Net sales Operating income

Construction business | Construction of residential lease buildings (apartments and condominiums)



Real estate business | Recruitment of tenants and rental housing management, real estate lease



Other businesses | Diversified business expansion and overseas businesses



▶ COVID-19

We effort to prevent of infection and of spread of infection

Suspension and resumption of business activities

Construction sales	All offices closed
Construction site	All of 1,750 sites closed Resumed sequentially from May 11th 2020
Tenant recruitment	Non-face-to-face sales only (Using online tools)
Building Management	Continuation with minimum service
Supply of GAS	Continuation with minimum service
Care and Nursery	Continuation
Overseas hotel	Suspension of new booking in Malaysia



All offices and businesses resumed

Major risks expected from infectious disaster

Construction business

- Decrease in orders received due to stop of construction sales activities
- Decrease in net income of completed construction contracts due to stop of construction works

Real Estate business

- Decrease in number of tenant recruitment and occupancy rate due to store closure and reduced sales
- Increase in number of people leaving due to economic downturn and deterioration of employment situation

Other businesses

- Decrease in gas sales due to decreasing occupancy rate
- Decrease in users of nursing and childcare facilities due to request for leave
- Decrease in occupancy rate of hotels in Malaysia due to activity restriction order from the Governance.

As of June 30, 2020

Response to infection disaster

Rent payment grace

Available person: Those who have difficulty in paying rent due to a disaster
*Limited to whole-building lease property
Applicable payment: Rent, parking fee, common service fee, etc.
(Up to 3 months)
Grace payment: Up to 2 years installment payment

Gas fee grace

Available person: Those who have difficulty in paying gas fee due to a disaster
*Limited to contractor with Gaspal Group
Available payment: Gas fee up to 3 months
Grace payment: Up to 2 years grace period for payment of gas fee

Gas fee discount

Available person: Contractor with Gaspal Group
Applicable fee: Basic gas fee for June – Aug 2020
Discount: 5% discount on basic fee (tax excluded)

Donation to Japan Medical Association

We donated to Japan Medical Association ¥45mn from Daito Group, ¥5mn from Daito Mirai Fund, and ¥14mn from both employee and company.

As of June 30, 2020

Syndicated Commitment Line Agreement Concluded

In May 2020, we entered into a commitment line using syndication.

■ The purpose to conclude the Commitment Line Agreement

In order to secure stable and agile financing means and to further stabilize our financial base in preparation for the spread and long-term infection impact of COVID-19

■ Details of the concluded Commitment Line Agreement

Loan amount set	¥70bn
Date of execution	May 29, 2020
Contract period	1 year
Use of funds	Working capital
Arranger	Sumitomo Mitsui Banking Corporation
Co Arranger	MUFG Bank Ltd.
Participating financial institutions	Sumitomo Mitsui Banking Corporation MUFG Bank, Ltd. Mizuho Bank, Ltd. Resona Bank, Ltd.

As of June 30, 2020

► Topics

We present our business activities in FY2019

ROOFLAG-Exhibition of Rental Housing for Tomorrow

- Dissemination of information facility which introduce our ideas and activities related future rental housing
- It opened in June 2020 (reservation only)
- The exterior front is a characteristic triangular large ceiling structure using CLT.
- The facility uses woody biomass power generation electricity utilizing domestic forest resource.



ROOFLAG-Exhibition of Rental Housing for Tomorrow

Flexible working space/third place space

- Our first rental service office ".BASE TORANOMON" opened in June 2019.
- Our first rental space ".room GOTANDA" opened in November 2019.
- We formed strategic alliance with JustCo Holdings Pte. Ltd. who is the largest premium flexible working space business company in Asia.



.room GOTANDA

Establishing the first overseas base for tenant recruitment

- Daito Kentaku Leasing Co., Ltd. established its first E-Heya base overseas in Shanghai, China in October 2019.
- It supports the foreign exchange students and workers from China searching for living quarters in Japan.
- In the future, we will examine expand our branch network in China, while examine entry into other countries.

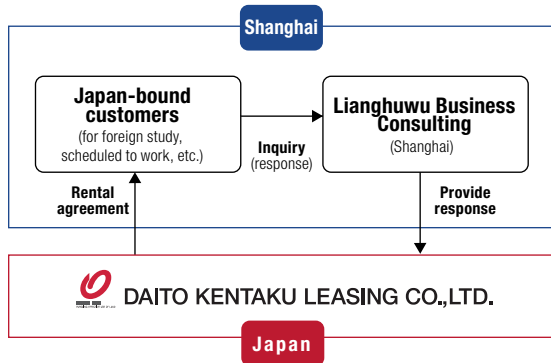


Chart of the business

Acquired a mega solar plant

- Gaspal Corporation acquired a mega solar plant in Hokota City, Ibaraki Prefecture in October 2019.
- So that started to sell electric power to Tokyo Electric Energy Partner Co., Ltd., Gaspal enters the renewable energy business.
- The power plant's site covers an area of 20,019m², comprises 7,616 solar panels, total generation capacity of 1,990kW and produces approximately 2.10 million kWh per year. (enough to power 575 general residences)



Mega solar plant



DAITO TRUST CONSTRUCTION CO., LTD.

Daito Trust Construction Co., Ltd.
2-16-1, Konan, Minato-ku, Tokyo 108-8211 Japan
<https://www.kentaku.co.jp/corporate/en/>

Capital:29,060 million
Stock:Listed on the First Sections of the Tokyo Stock Exchange and Nagoya Stock Exchange (Code: 1878)
ADR Code:DIFTY

Editing: Public Relations Department

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