



Life is Built on Trust.



FACTBOOK 2022

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 Tokyo Stock Exchange (Prime Market) and Nagoya Stock Exchange (Premier Market)
ADR Code: DIFTY
Editing: Corporate Planning Office
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Fact Book 2022 2022.08.10



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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



About this Fact Book

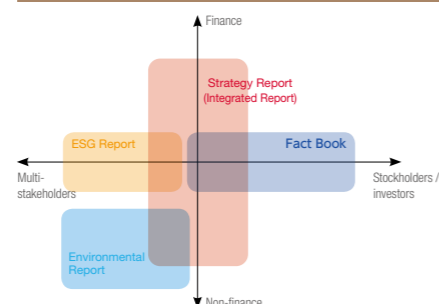
Editorial Policy

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 FY2021, or are true as of the end of March 31, 2021

Report Period

FY2021 (the fiscal year ended March 31, 2022)

Published

August 2022

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 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.

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

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 (Prime Market)
Nagoya Stock Exchange (Premier Market)
(Ticker code: 1878)

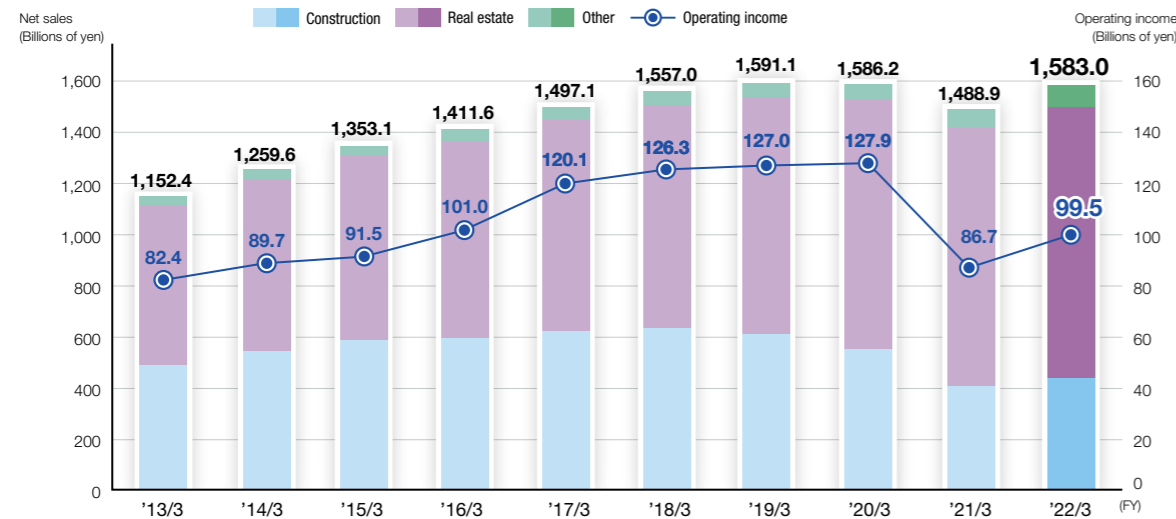
Number of shares outstanding: 68,918,979 shares
Share unit: 100 shares
Number of employees: 17,650 (entire group; as of March 31, 2022)

Head office in Shinagawa, Tokyo



Business Performance

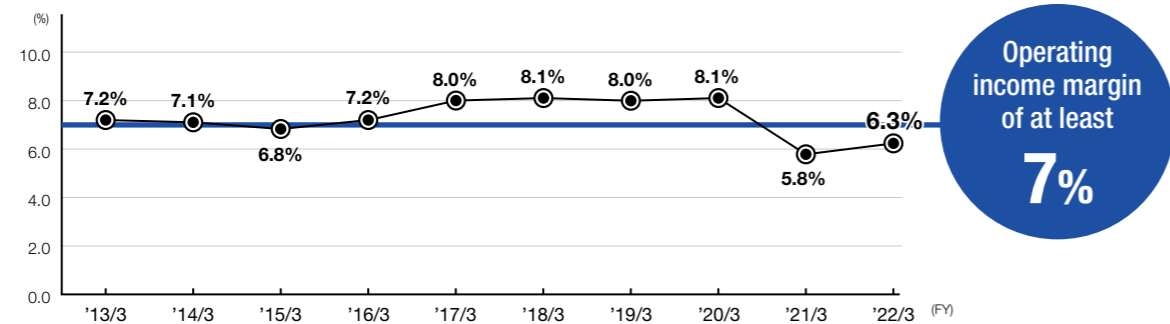
Consolidated Business Results for the Past 10 Years



Source: Company's earnings data

Target Management Indicators

Operating Income Margin

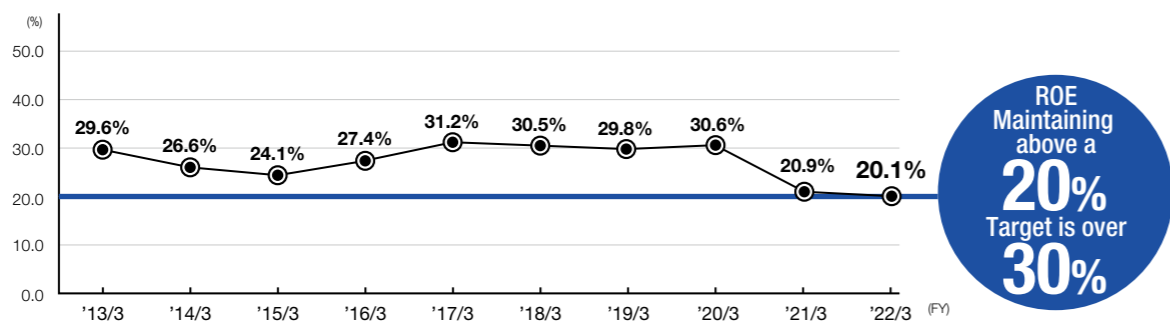


Source: Company's earnings data

Operating income margin of at least **7%**

ROE (return on equity)

ROE maintaining above a 20%



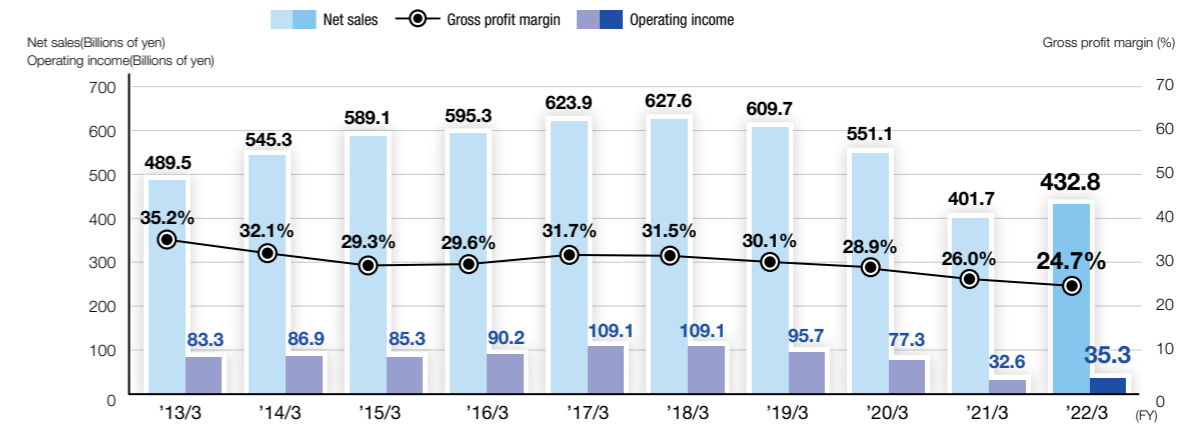
Source: Company's earnings data

ROE Maintaining above a **20%** Target is over **30%**

Business Results for the Past 10 Years by Segment

Construction Business

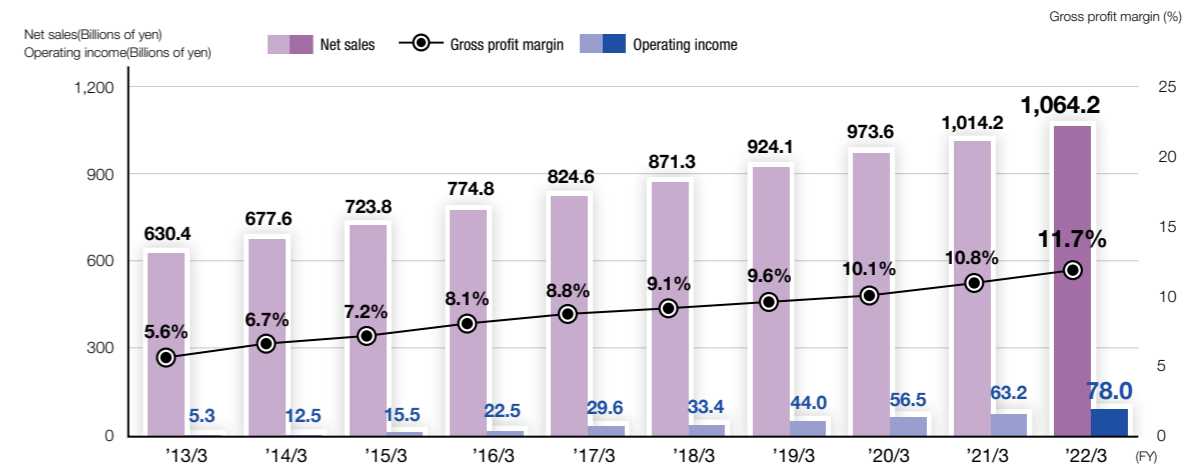
Gross profit margin declines due to soaring import timber prices



Source: Company's earnings data

Real Estate Business

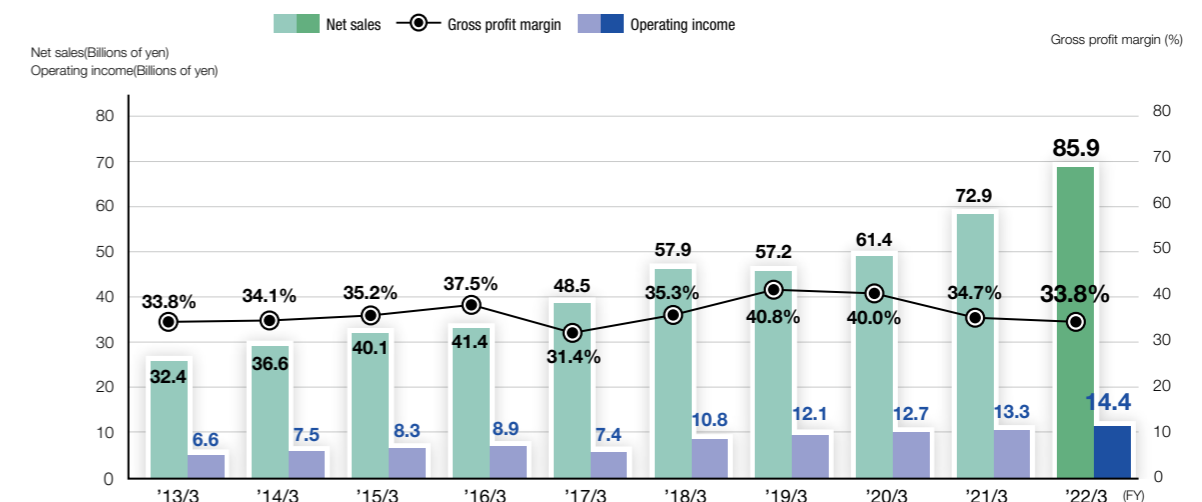
Improve profitability by increasing rental revenues and maintaining high occupancy rate



Source: Company's earnings data

Other Businesses

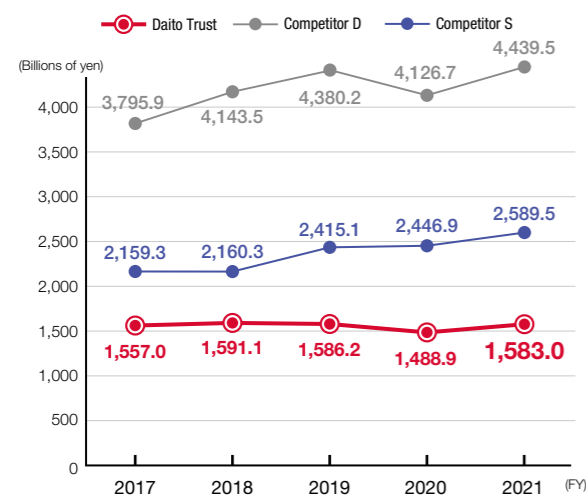
Continued expansion in peripheral businesses such as LP gas supply and day-care services



Source: Company's earnings data

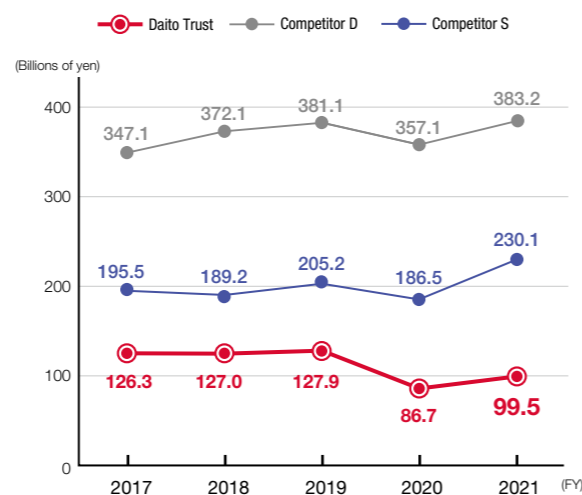
Financial Indicators—Comparison with Industry Rivals

Net Sales



Source: Data from each company

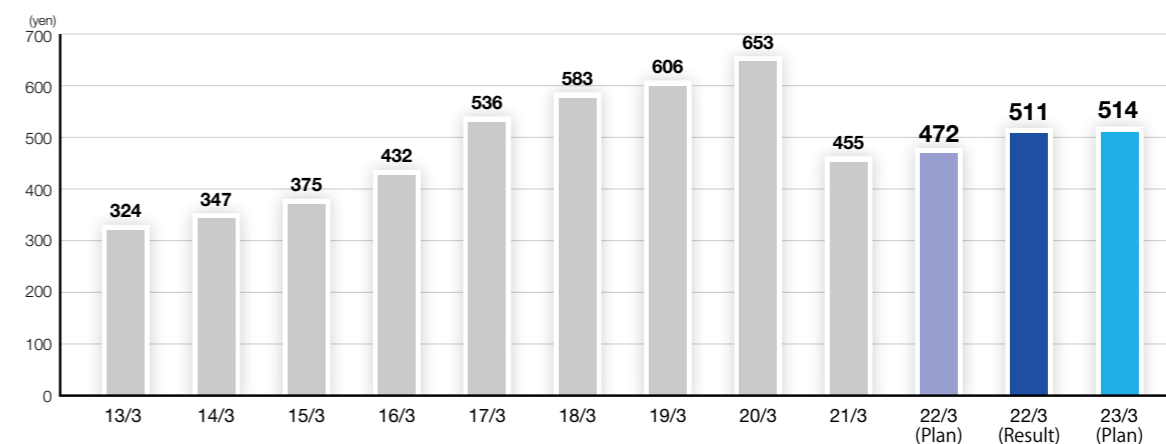
Operating Income



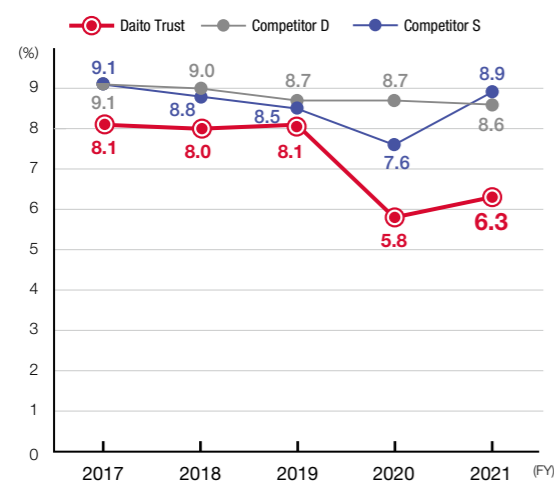
Source: Data from each company

Annual Dividend

Annual dividend exceeded the plan and payout ratio maintain over 50%.

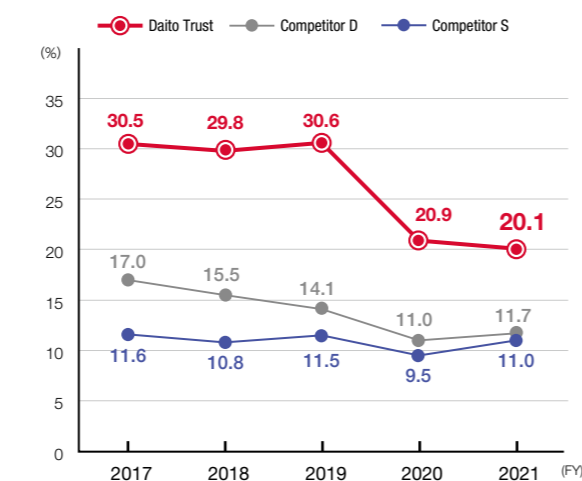


Operating Income Margin



Source: Data from each company

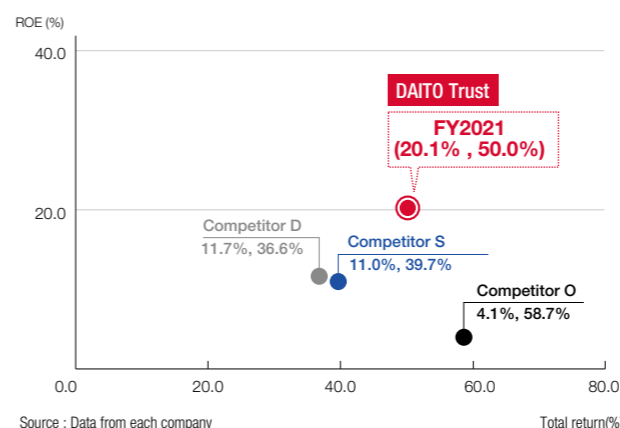
ROE



Source: Data from each company

ROE and Total Return Ratio

We realize high standard shareholder return as in the past.



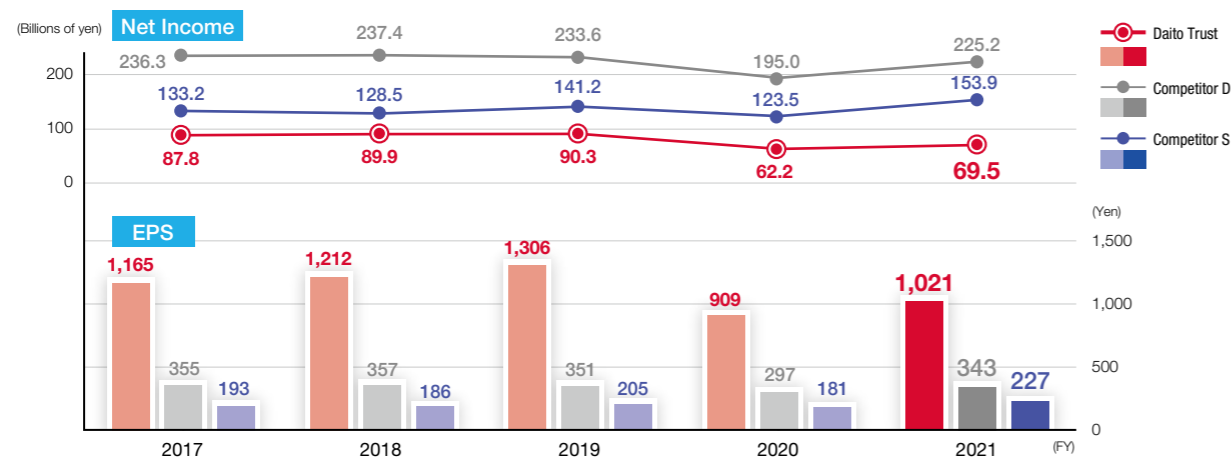
Source: Data from each company

	ROE	Total return ratio
Daito Trust	20.1%	50.0%
Competitor D	11.7%	36.6%
Competitor S	11.0%	39.7%
Competitor O (a general construction company)	4.1%	58.7%

Source: ROE data from each company

Total return ratio data estimate from each company data

Net Income and EPS



Source: Data from each company

FY2010 vs FY2020

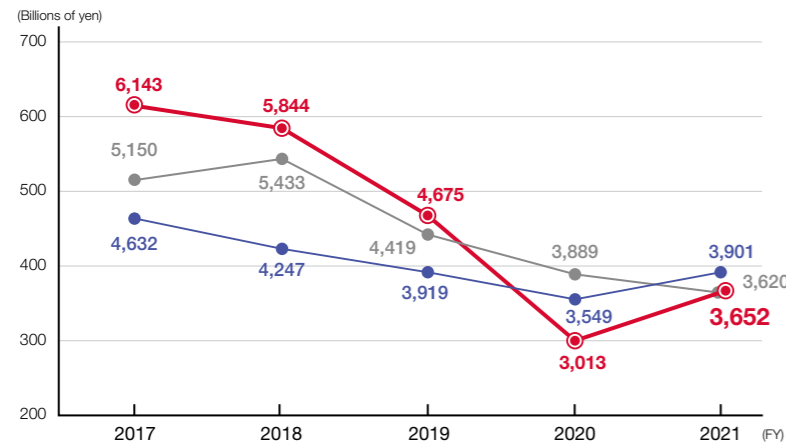
Company name	Net sales	Operating Income	Employees	Operating income per employee	Earnings per share (PER)	Stock price	Market capitalization	Number of outstanding shares
Daito Trust	+48.7%	+17.6%	+31.8%	-10.8%	+136.6%	+123.9%	+91.4%	-14.5%
	Completed construction contract	Gross profit margin	New orders (Yen/man-month)	New order ratio	New orders	Construction sales	House rent vacancy rate	Number of managed units
	+0.4%	-3.5p	-30.6%	-8.3p	-28.7%	-5.6%	-2.1p	+76.1%

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	+144.2%	+307.2%	+85.5%	+119.5%	+531.1%	+217.1%	+252.2%	+11.1%
Competitor S	+64.4%	+231.0%	+32.4%	+150.0%	+302.4%	+152.7%	+155.6%	+1.2%
Competitor O (a general construction company)	+56.1%	+431.5%	+4.3%	+409.6%	+541.4%	+174.3%	+174.3%	+0.0%
Competitor L	-15.6%	+23.6%	-28.6%	+73.0%	-67.5%	+40.4%	+163.5%	+87.7%
Competitor T	+44.6%	+70.3%	-6.0%	+81.2%	+63.0%	+182.1%	+182.1%	+0.0%

Source: Data from each company

► Comparison with Other Companies in the Construction Business

Orders Received for Rental Housing



Number of people in charge of construction sales

2,720
Note: As of March 31, 2022

Owners

89,786
Note: As of April 3, 2022

Rate of Repeat Contracts

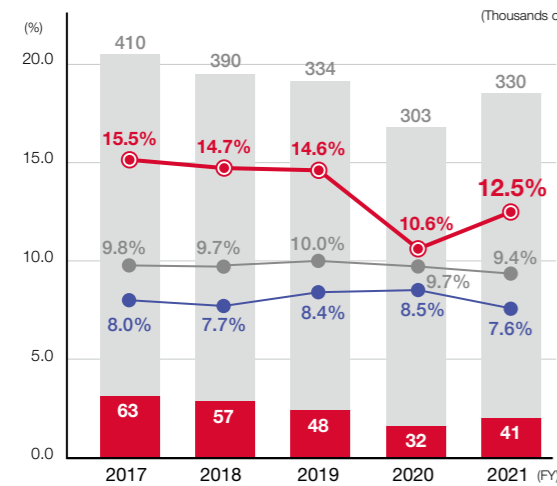
64.3%
Note: FY2021

Source: Data from each company

Note: FY2021

Share of Rental Housing Construction Starts

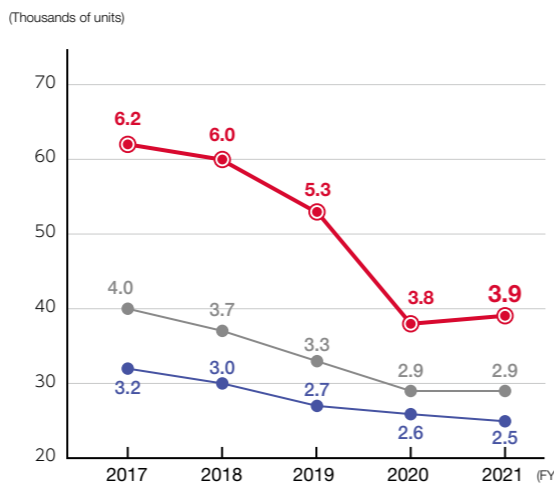
Maintaining the top market share.



Source: Estimate from each company data

Rental Housing Supply (number of completed units)

Maintaining design and construction capabilities



Source: Estimate from each company data

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	Renewed every 2 years
Lease rate	Full-package plan: 84.50% Standard plan: 89.75%	90%	90% (85%-90% depending on the area 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 25 to 26 for more information.)

Housing Supplier Ranking Leader in Housing Supply

Rank	Company	Units
1	Daito Trust Construction Co., Ltd.	38,329
2	Daiwa House Industry Co., Ltd.	36,507
3	Sekisui House Co., Ltd.	35,736
4	Asahi Kasei Homes Corporation	15,474
5	Sekisui Chemical Co., Ltd.	12,115

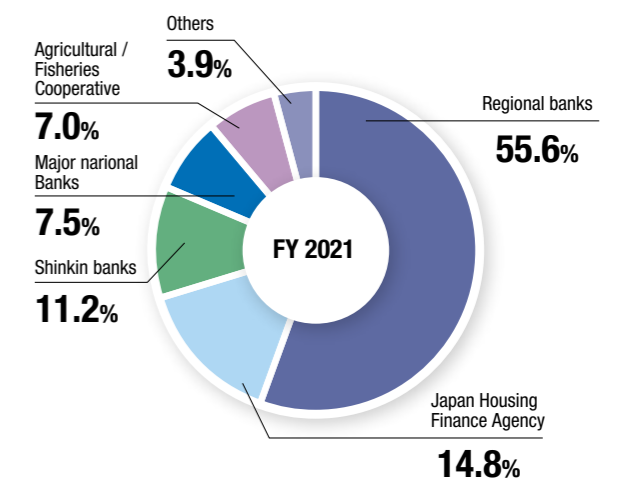
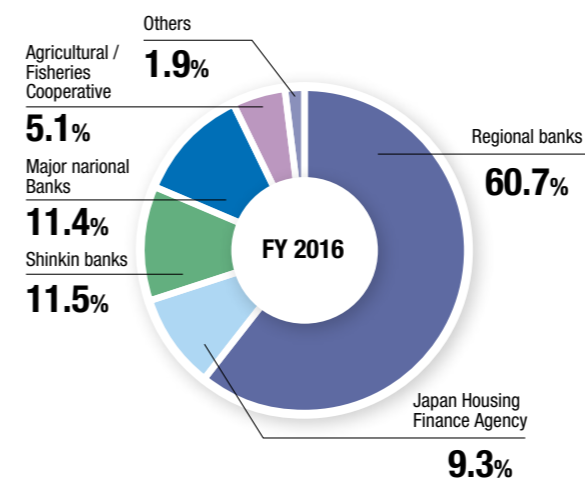
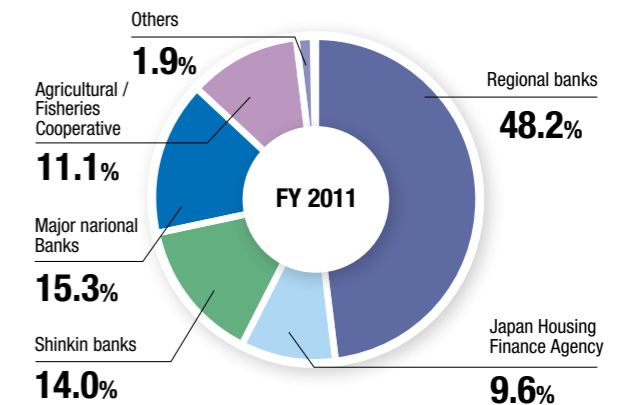
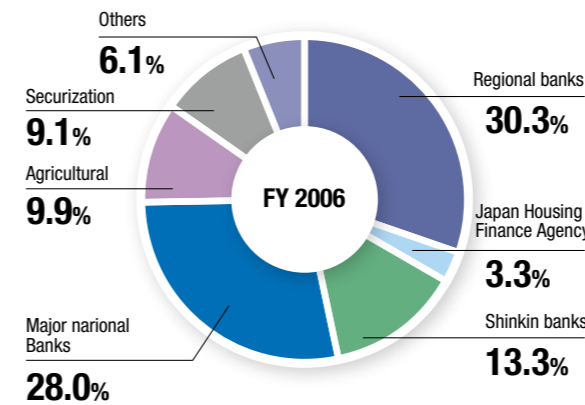
For 12 times in a row

No. 1

Source: Market Economy Research Institute Co., Ltd. July 2021 (FY2020 result : detached house and rental housing)

Resources of finance for construction

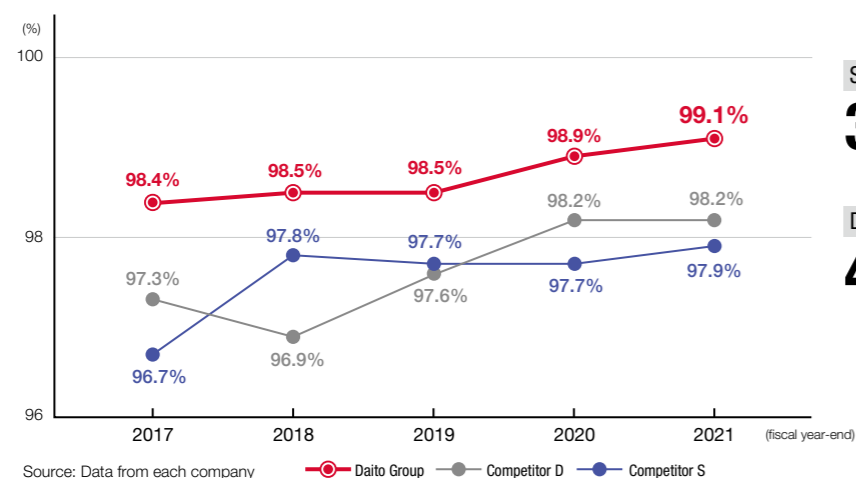
Rising funds according to financial market environment.



Source: Daito Group 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

3,464

Note: As of March 31, 2022

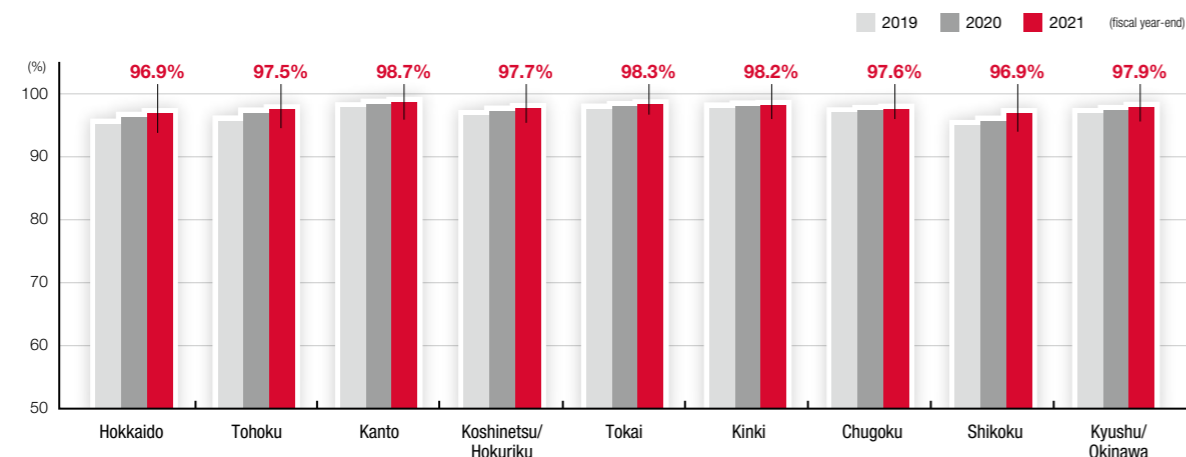
Dedicated brokerage outlet

463

Note: As of March 31, 2022 (See pages 35 more information.)

Source: Data from each company 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 Group 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	239,427
2	Token Corporation	72,300
3	Housemate group	67,399
4	Town Housing Inc.	61,708
5	Taisei Housy Holdings Inc.	48,364

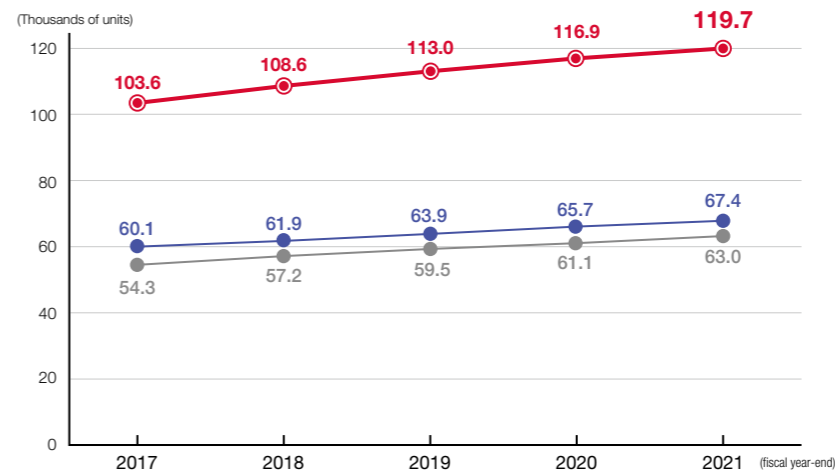
For 12 consecutive years

No. 1

Source: Zenkoku Chintai Jutaku Shimbun, January 2022 (Period: October 2020 to the end of September 2021)

Number of Rental Housing Units under Management

The number of housing units under management has been steadily increasing



Staff specializing in management

2,007

Note: As of March 31, 2022

Rate of rent delinquency

0.076%

Note: FY2021 (See pages 37 more information.)

Source: Data from each company

Ranking in Number of Rental Housing Units under Management Consolidate unrivaled No. 1 position

Rank	Company	Units
1	Daito Group	1,174,264
2	Sekisui House Group	657,190
3	Starts Group	612,953
4	Daiwa Living Co., Ltd.	600,428
5	Leopalace21 Corporation	573,673

For 25 consecutive years

No. 1

Source: Zenkoku Chintai Jutaku Shimbun, July 2021 (FY2020 result)

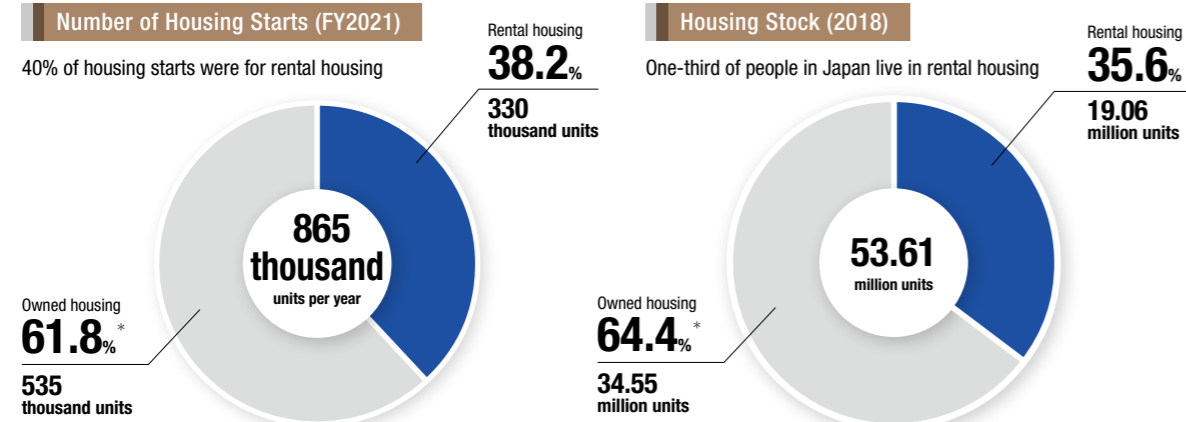
Tenant Recruitment and Building Management System Taking a group-wide approach

	Daito Group	Competitor D	Competitor S
Tenant Recruitment Structure	Daito Kentaku Leasing: 42.0% Local real estate agencies: 53.6% Housecom Co., Ltd.: 4.2% FY2021	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)

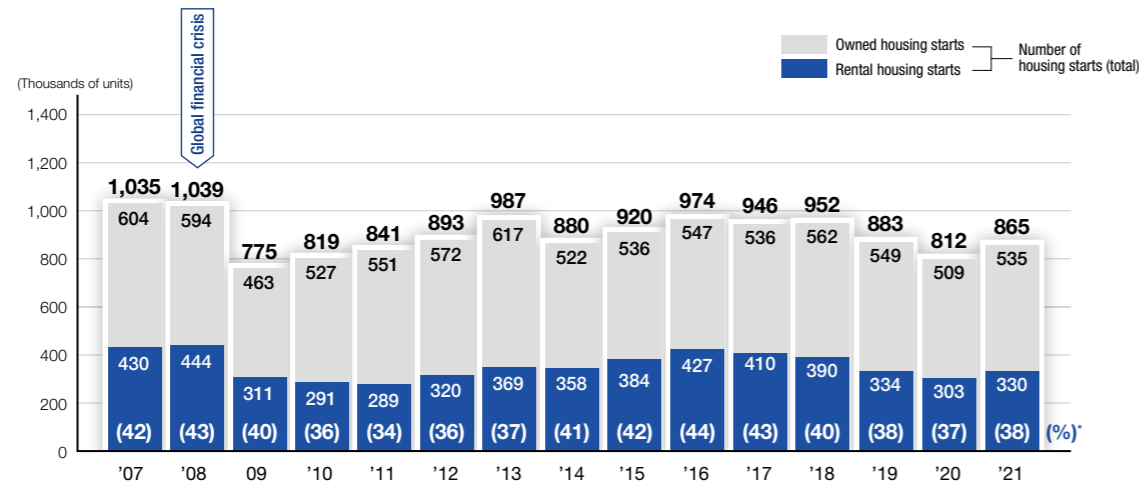
The proportion of rental housing in Japan remains at a constant level.



Source: "Housing Starts Statistics FY2021", MLIT
*Unknown data is included
Source: "2018 Housing and Land Survey, Ministry of Internal Affairs and Communications", MIC, Japan (survey conducted every five years) *Unknown data is included

Trends in the Number of Housing Starts in Japan

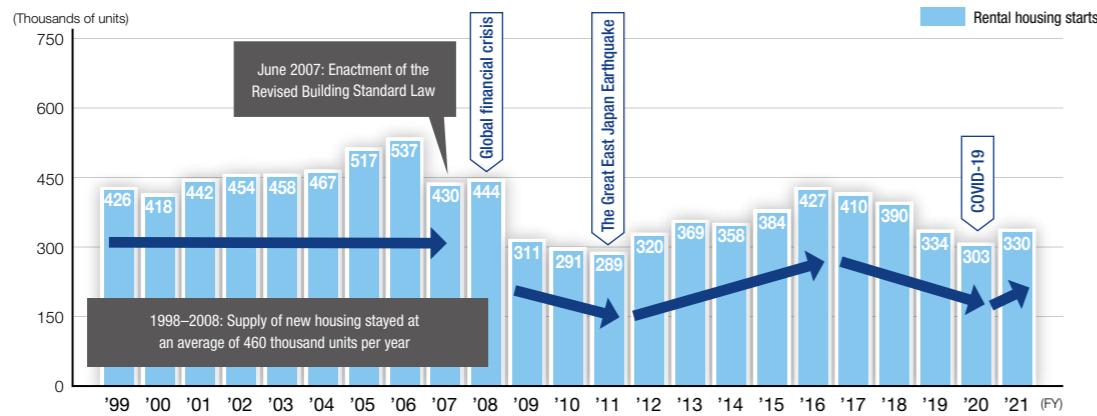
Trends in the Number of Rental and Owned Housing Starts FY2021 was 6.6% increase from the previous year.



Source: "Housing Starts Statistics", MLIT
*Percentage of rental housing starts *Unknown and residence for employees are exception.

Trends in the Number of Rental Housing Starts

Increase for the first time in 5 years from FY2016



Source: "Housing Starts Statistics", MLIT

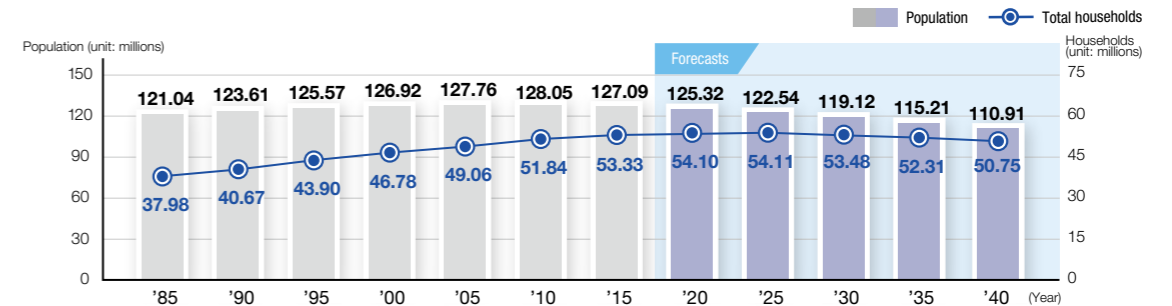
Forecast for Population and Total Households

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)

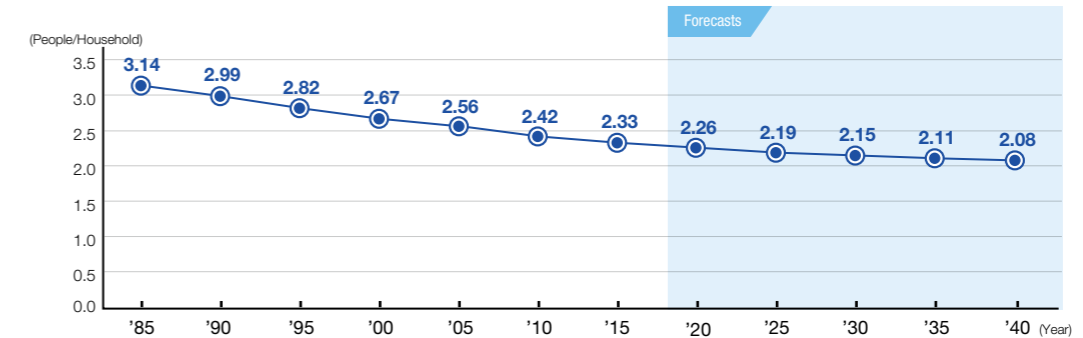
It is expected that the number of households will reach to its peak by 2023, and then decline gradually.



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

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

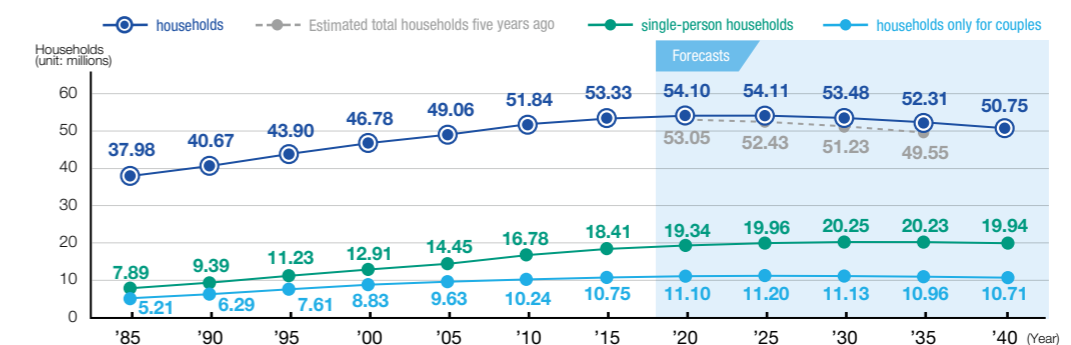
The number of persons per household is decreasing



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

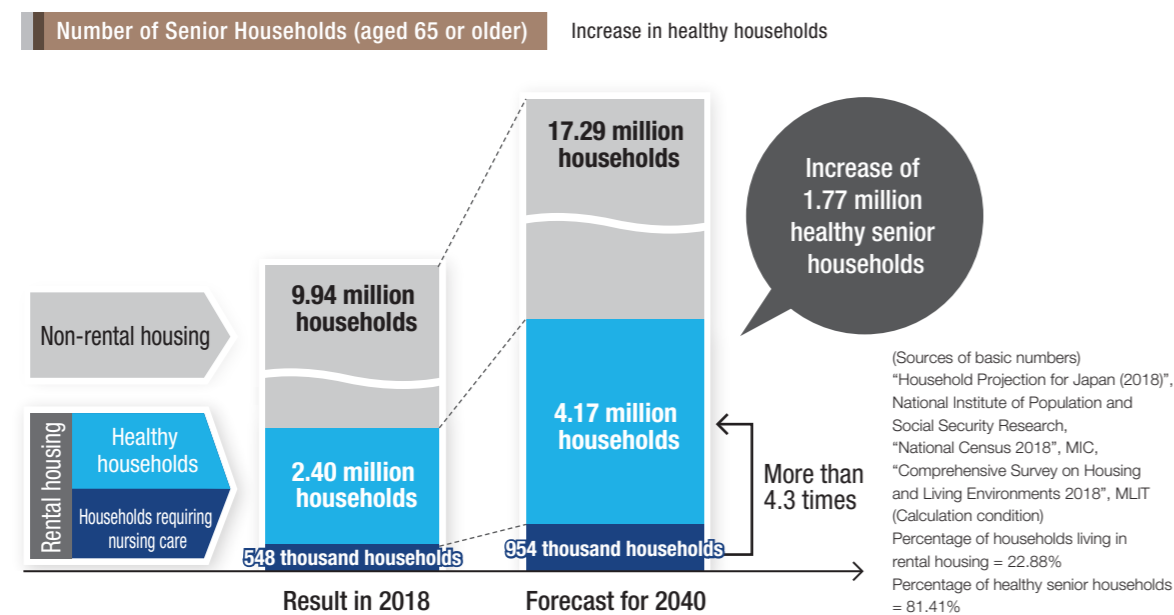


Sources: "Household Projection for Japan (2013 and 2018)", National Institute of Population and Social Security Research,

► Forecasts for an Aging Society

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

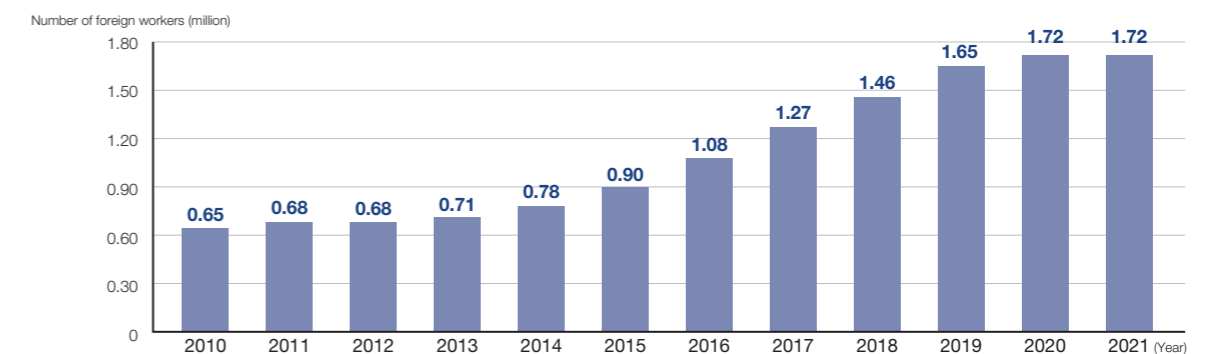
- The National Institute of Population and Social Security Research forecasts that between 2015 and 2040 the number of households headed by a person aged 65 or older will grow from 19.17 million to 22.42 million, an increase of approximately 17%.
- Most people would imagine that an aging society means 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.



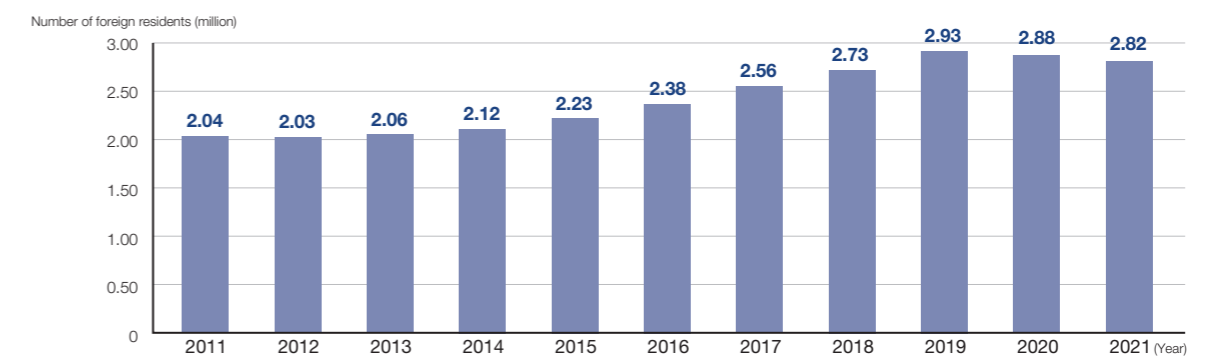
► Trends in Foreign Residents in Japan

- 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 1.72million as of end of October, 2021. This is about 2.6 times as much as 0.65 million of 2010.
- The number of foreign residents was 2.82 million as of the end of June, 2021 decreasing 2.2% from previous year.
- The number of foreign workers has reached a record high even in COVID-19 pandemic, and it is expected that the number of foreigners staying after the end will increase.

Trends in the number of foreign workers



Trends in the number of foreign residents



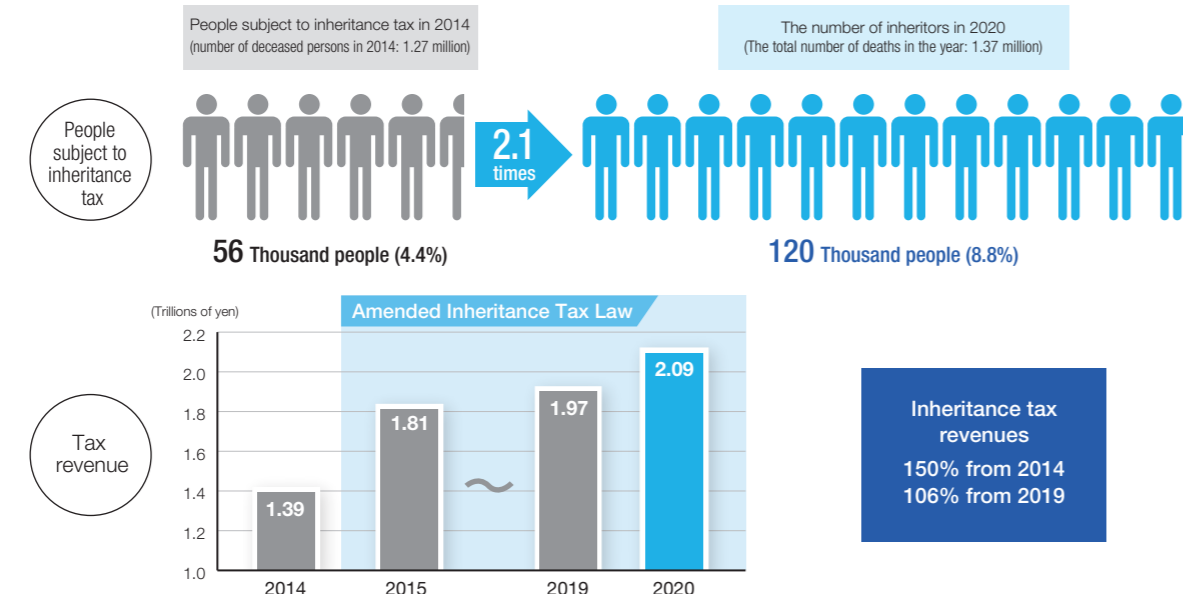
Amended Inheritance Tax Law in Effect as of January 1, 2015

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>6 steps</p>	<p>8 steps</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%.

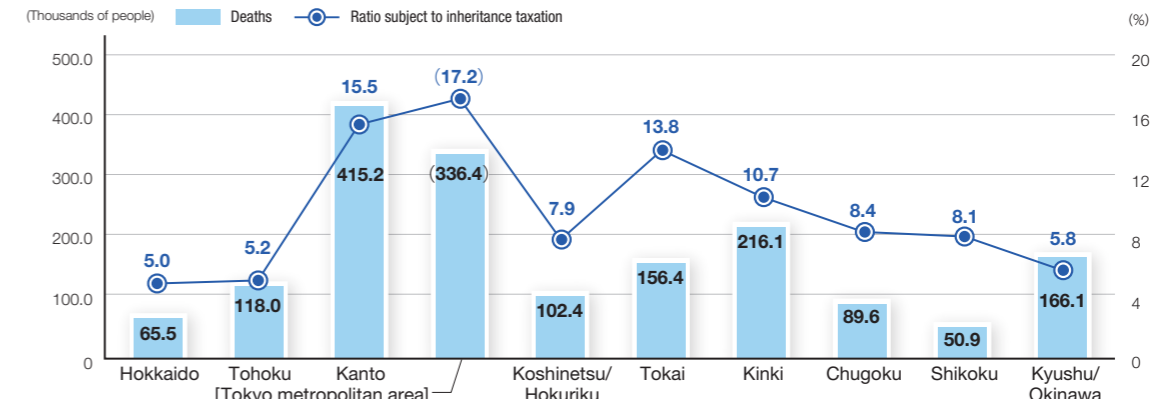
Trends in the Number of People Subject to Inheritance Tax / Tax Revenue



Source: The Report on the declaration for inheritance tax by the National Tax Agency 2014 to 2020

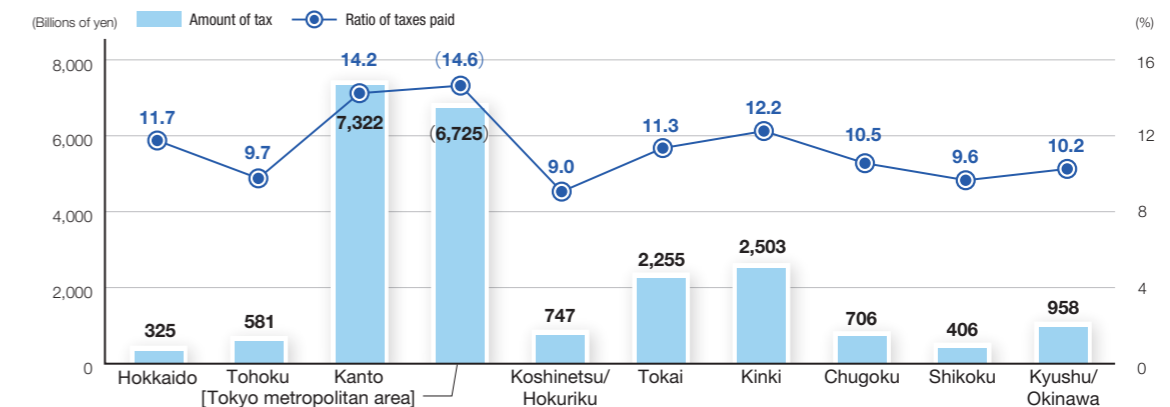
Status of Inheritance Taxation by Region

Ratio Subject to Inheritance Taxation Many of those taxable are in the Kanto region, especially the Tokyo metropolitan area



Source: Demographic Survey for FY2019 by Ministry of Health, Labor and Welfare, The Report on the Imposition of Inheritance Tax FY2018 by Regional Tax Offices

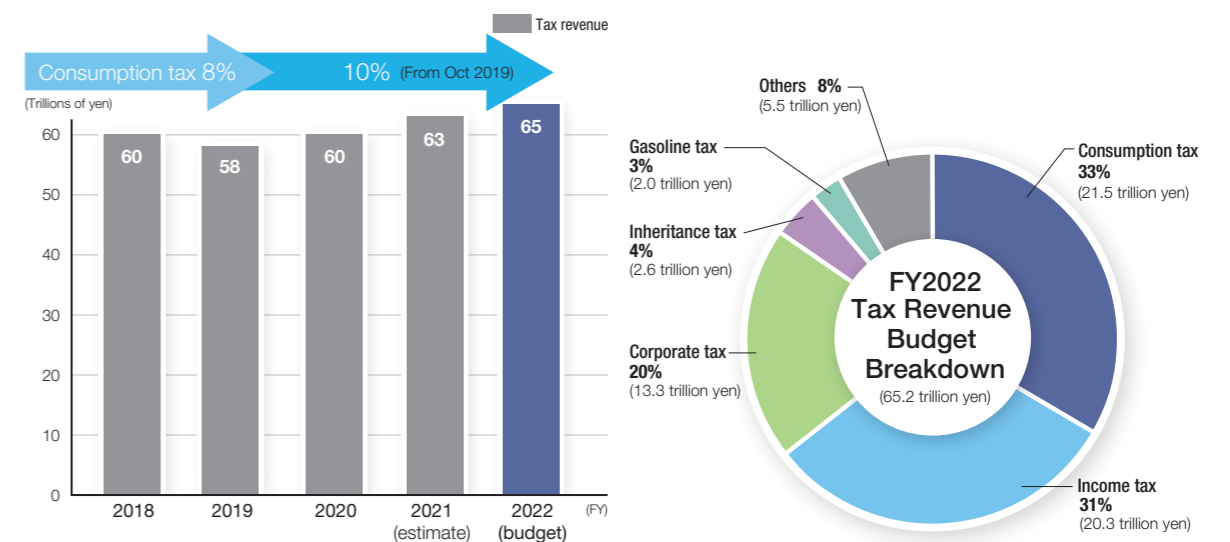
Ratio of Taxes Paid A higher payment rate can be seen in Kanto area (Tokyo metropolitan area).



Source: The Report on the Imposition of Inheritance Tax FY2019 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 FY2022" 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

Calculation conditions	Vacant land		Rental housing constructed	
		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		-100 million yen	
	Inheritance tax appraisal value amount		① 100 million yen 82 million yen + 42 million yen - 100 million yen	
Constructing on cash reserves	Cash		0 yen	
	Inheritance tax appraisal value amount		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

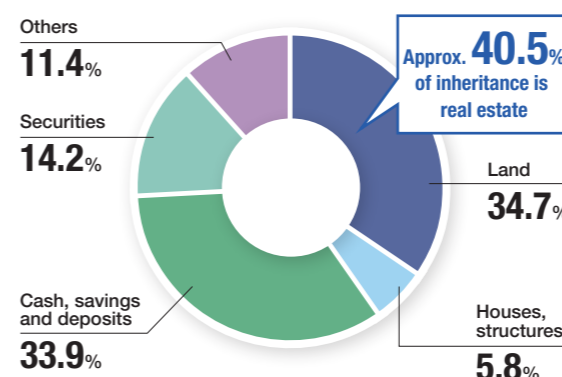
	Vacant land	Rental housing constructed
	Land area: 1,000 m ² Appraised value of fixed assets: 60 million yen	
	Acquisition value of the building: 75 million yen Land leasehold rate: 60%	
Fixed asset tax (land)	① 840 thousand yen 60 million yen × 1.4%	③ 140 thousand yen 60 million yen × 1.4% × 1/6
Fixed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

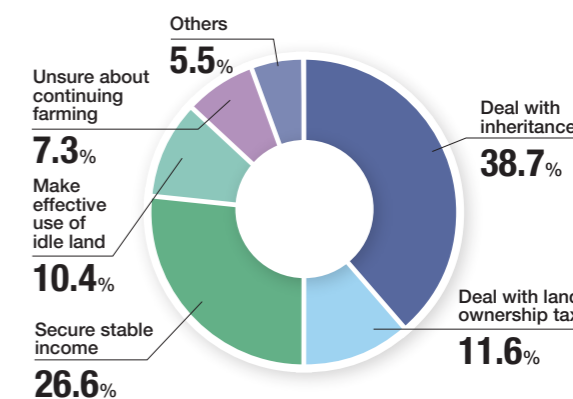
In Japan, a large bulk of inheritance comes in the form of real estate—mostly land. Dealing with inherited property therefore involves dealing with real estate and making effective use of land. The main reason our owners want to utilize land is to make effective use of their inheritance.

Breakdown of Assets Subject to Inheritance Tax



Source: Annual Statistics Report, National Tax Agency (2020)

Purpose of Land Utilization



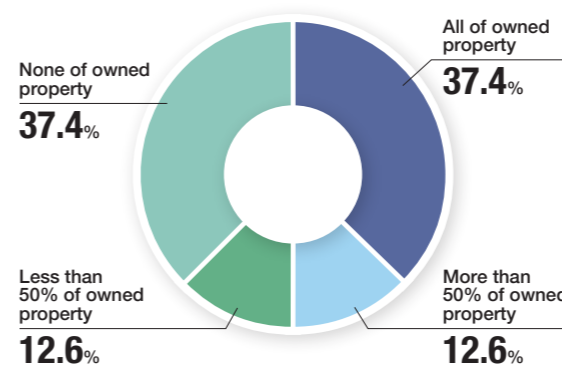
Source: FY2021 Daito Trust data

Rental Housing Management

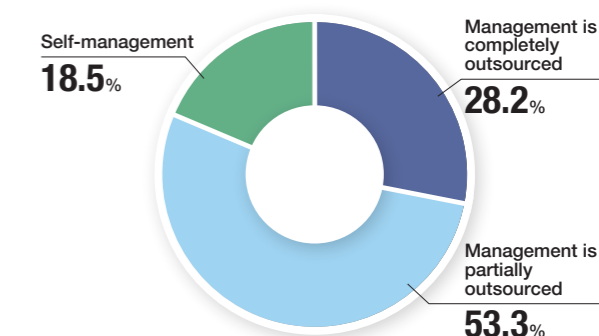
Many of owners outsource management of rental housing to professional company.

- 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%

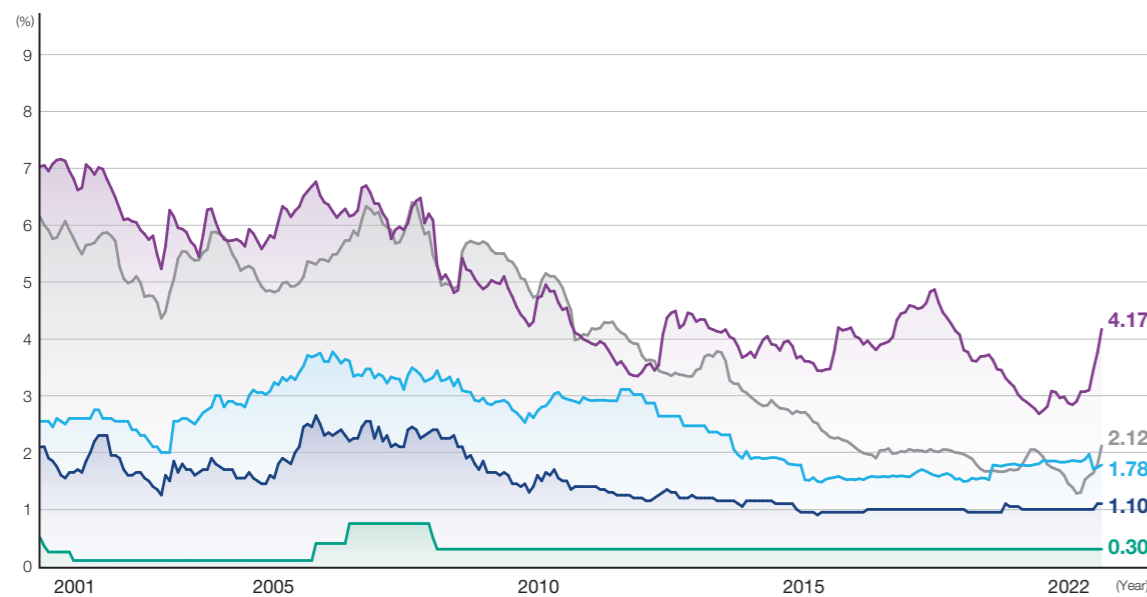
Reason why people entrust management works

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.

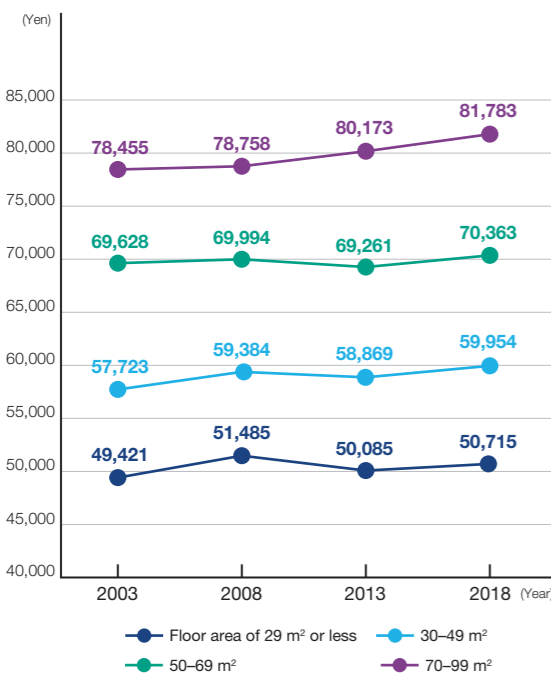


Sources: Bank of Japan, Japan Housing Finance Agency, FRED Economic Data, The Bank of England, Japan Housing Finance Agency, Long-term prime lending rate, Basic loan rate, Mortgage rates in US, Mortgage rates in UK

Trends in Rent

Trends in Rent by Building Footprint

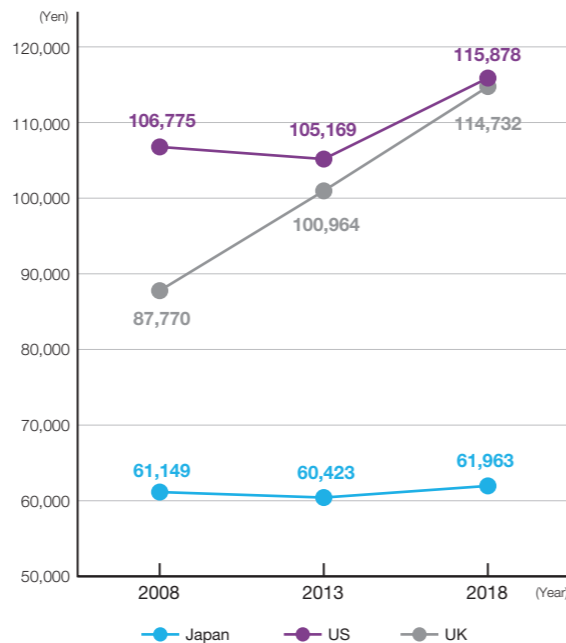
Rent in Japan is on the upward trend.



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 12,128.8ha (17.0 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%

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

*Total of Category 1 and Category 2 productive green land

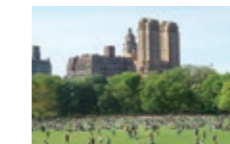
As of the end of March 2021

Region	Area (ha)	Number of district	Area percentage
Nationwide	12,129	58,798	100.0%
Kanto	6,990	30,147	57.6%
Chubu	1,374	10,590	11.3%
Kinki	3,746	17,965	30.9%
Tokyo metropolitan area	6,901	29,783	56.9%
(Tokyo)	2,973	10,946	24.5%
(Kanagawa)	1,262	8,154	10.4%
(Chiba)	1,047	3,877	8.6%
(Saitama)	1,619	6,806	13.4%

**2021 Survey on City Planning* As of March 31, 2021. (MLIT)



Equivalent to 151 x Tokyo Domes



Equivalent to 2 x New York Central Park



Equivalent to 2,590 x Tokyo Domes

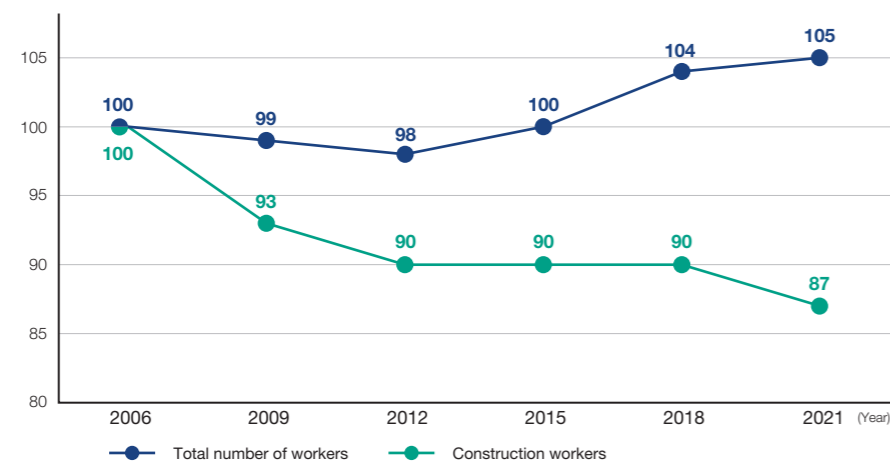


Equivalent to 36 x New York Central Park

► Trends in the Construction Industry in Japan

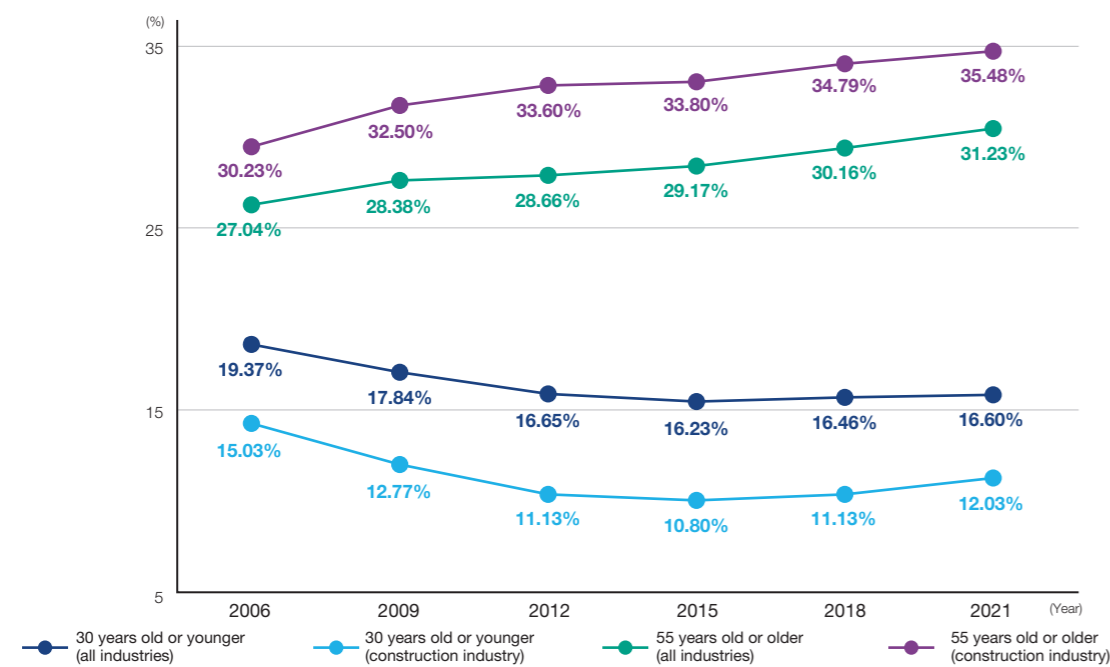
While the number of workers has been on the decline due to aging, labor costs has been increasing because of the Great East Japan Earthquake and the Tokyo Olympics / Paralympics in 2020.

Number of Construction Workers (2006 average = 100) Declining number of construction workers



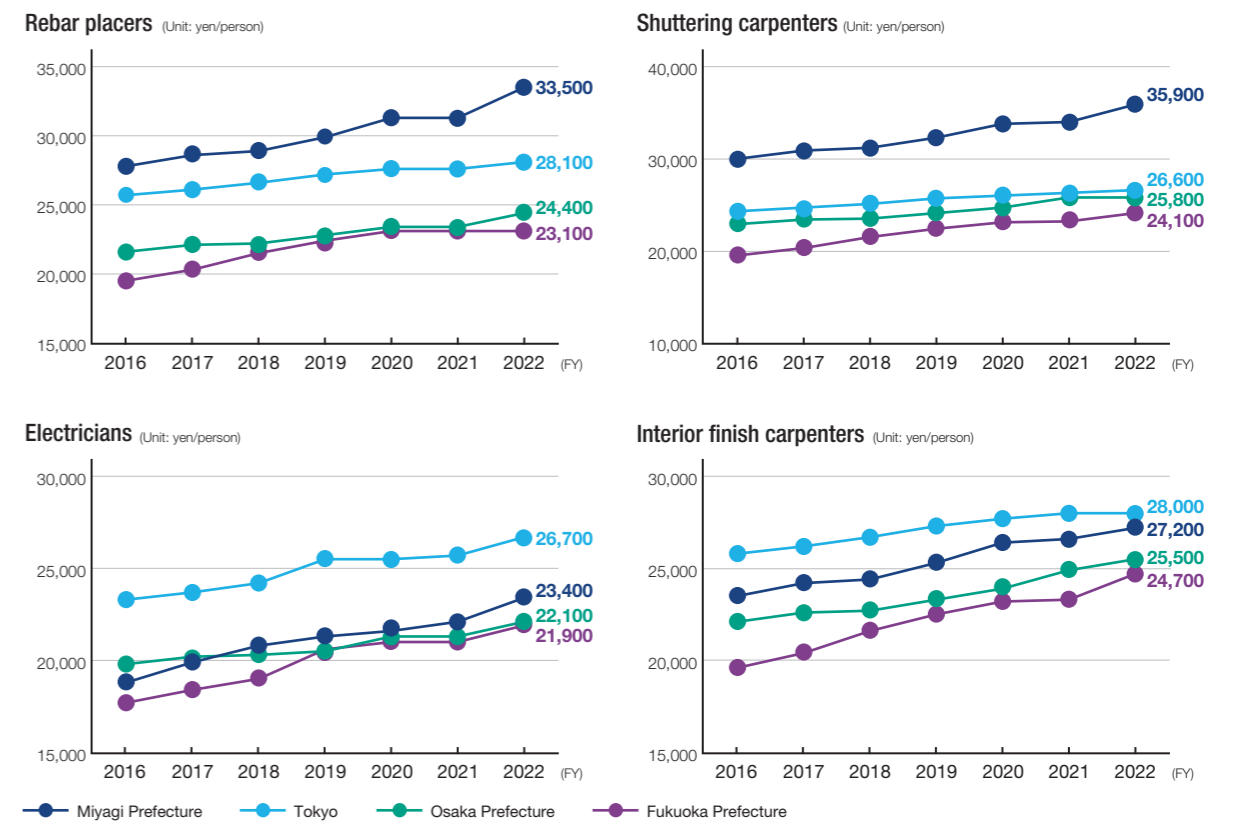
Source: "Labor Force Survey: Long-term Time-series Data", MIC

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



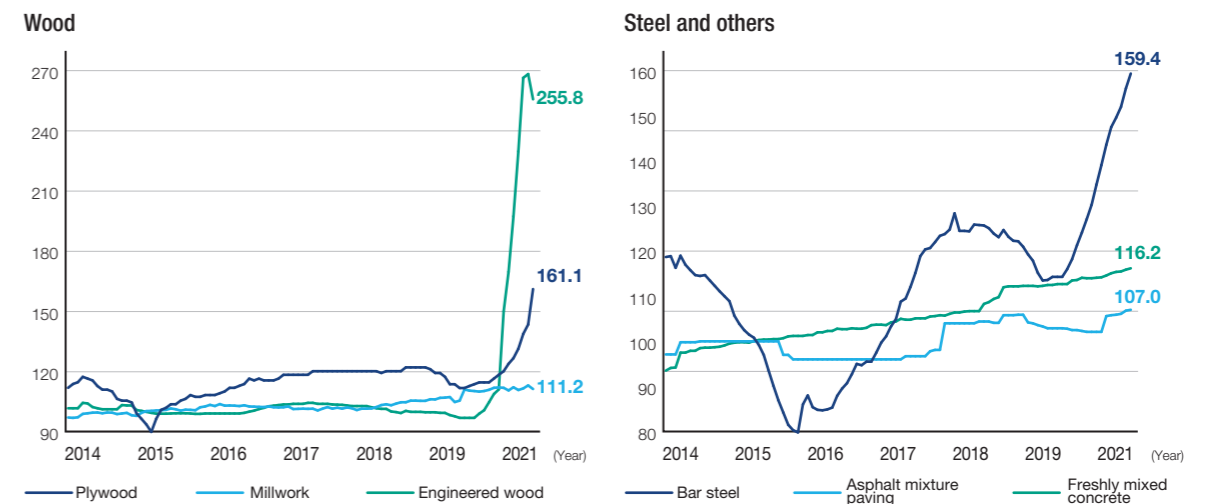
Source: Labor Force Survey, MIC

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



Source: Public works labor costs, by MLIT

Construction Material Costs (2015 average = 100) Construction material costs soar due to the lumber shortage in 2021.



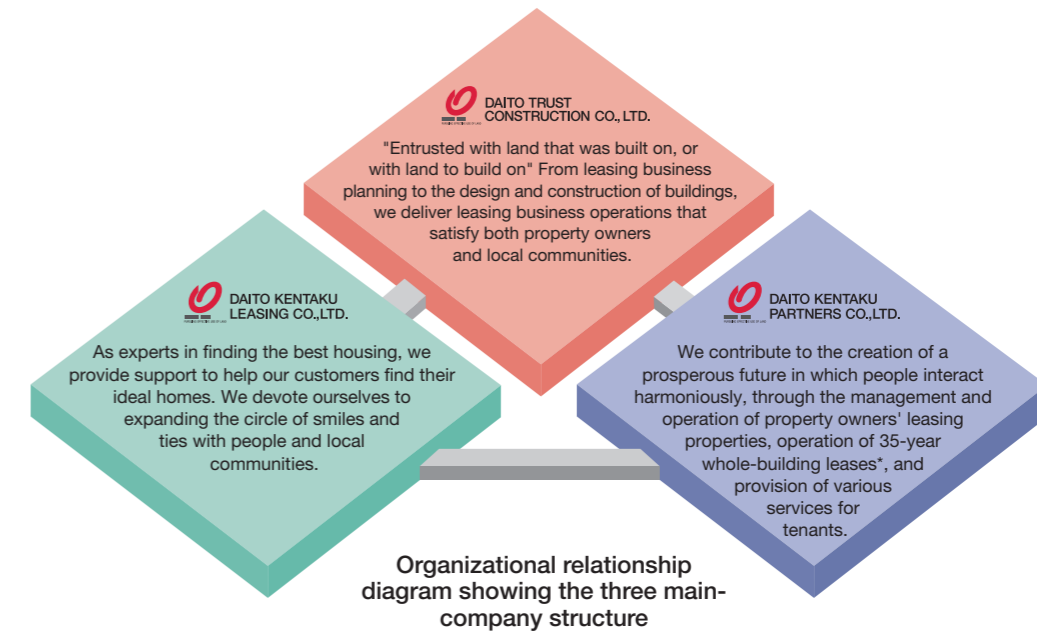
Source: Corporate Goods Price Index, Bank of Japan

Business Model

▶ Three main company structure

We will solidify our Lease Management Trust System through strong integration and cooperation between companies.

- In view of the diversification of its business operations beyond rental property management to include rental property business support for property owners and services for tenants, in April 2017, Daito Building Management Co., Ltd. changed its name to Daito Kentaku Partners Co., Ltd.
- In May 2017, for the purpose of improving expertise in the tenant recruitment business, Daito Kentaku Leasing Co., Ltd. was launched as an independent entity by separation of Daito Trust Construction Co., Ltd.'s own managed property agency business.
- Along with 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.

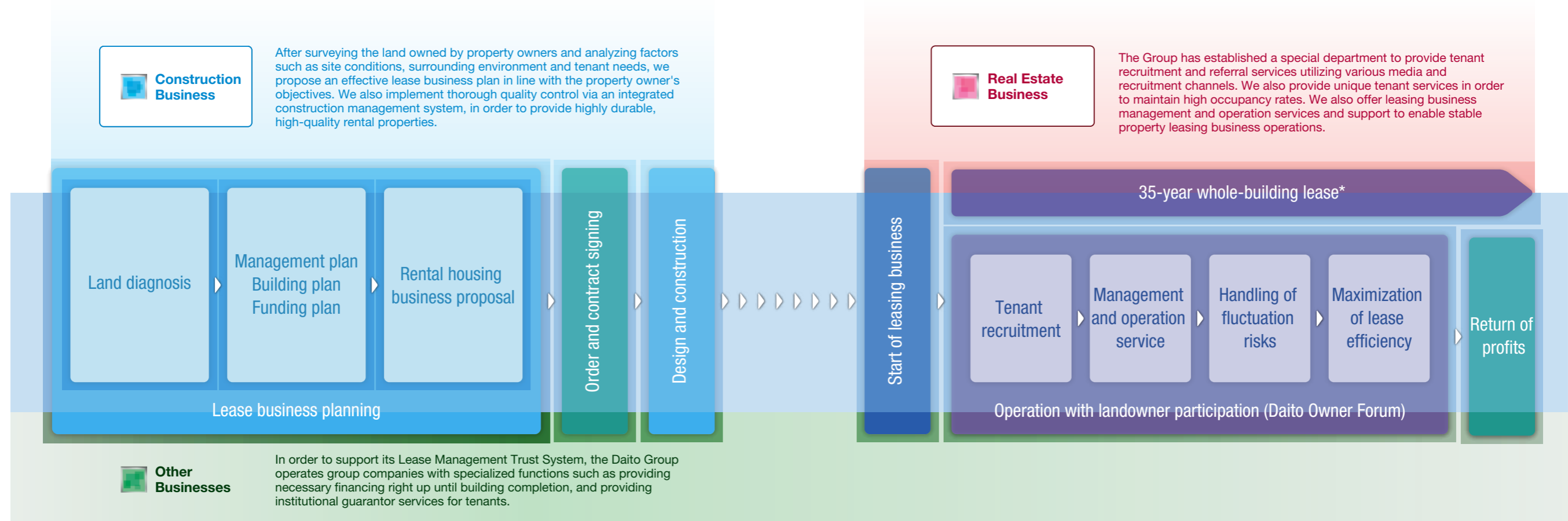


▶ Lease Management Trust System

We reduce various burdens related to rental property management by performing services on behalf of property owners.

*35-year whole-building lease

Lease agreements may be terminated or canceled based on various conditions. For details, see page 46 ("Points for attention when signing agreement of whole-building lease"). A legitimate reason is required when a customer requests to cancel a lease agreement, since Article 28 of the Act on Land and Building Leases (Requirements for Refusing to Renew a Building Lease Contract, etc.) applies.



► 35-Year Whole-Building Lease

We offer support to ensure safe, secure and stable management after commencing leasing business operations.

35-year whole-building lease

We provide tenant recruitment, management and operation services for the leasing business, as well as support from a property owner's standpoint, such as response to fluctuations in income and expenditure that accompany leasing business operations.

The contract period for a 35-year whole-building lease agreement is 35 years. Lease agreements may be terminated or canceled based on various conditions. For details, see page 46 ("Points for attention when signing agreement of whole-building lease"). A legitimate reason is required when a customer requests to cancel a lease agreement, since Article 28 of the Act on Land and Building Leases (Requirements for Refusing to Renew a Building Lease Contract, etc.) applies.

Four Support Features

S Standard plan **F** Full-package plan

Vacancies and rent delinquency

Whole-building lease

S F

Rent income is also obtained during vacancies and rent delinquency.

During the term of the lease agreement, lease fees are paid to the property owner in accordance with the whole-building lease agreement, so there is no impact due to vacancies or rent delinquency.

*The start date for payment of lease fees is the day after the date upon which three months have elapsed since the day following the date of final settlement of the building contract fee, or the start date of the whole-building lease agreement, whichever is later.

*When a tenant vacates the property, a lease fee payment exemption period of up to a maximum of 15 days is given as a period of preparation for the next tenant to move in.

Normal wear and tear (at time of vacating)

Restoration to original condition

S F

The Daito Group will carry out work to restore the property to its original condition during the 35-year period of the lease agreement.

The Daito Group will reduce the cost burden to property owners for the restoration of each housing unit to its original condition arising each time a tenant vacates the property by carrying out repairs associated with tenants moving out as specified in advance.

*For a list of repairs carried out by the Daito Group, please refer to page 45 ("List of Repair Items"). Costs of restoration to original condition for items that are not applicable are borne by property owners.

Rent fluctuations

Long-term fixed lease fee

S F

Lease fees are fixed for the first 10 years, and renewed every 5 years thereafter (residential use)

Lease fees are fixed for the first 10 years, and for a period of 5 years for each subsequent renewal (residential use). This ensures peace of mind because the fees are fixed for a long period of time, even if surrounding market rent rates fluctuate.

*When renewing the lease fees, they are reviewed in consideration of factors such as surrounding market rent rates and building facilities.

*Even during the period of fixed lease fee, lease fees may be reduced in accordance with the provisions of Article 32, Paragraph 1 of the Act on Land and Building Leases ((Right to) Request Increase or Decrease in Rent).

Deterioration over time

Repair service

F

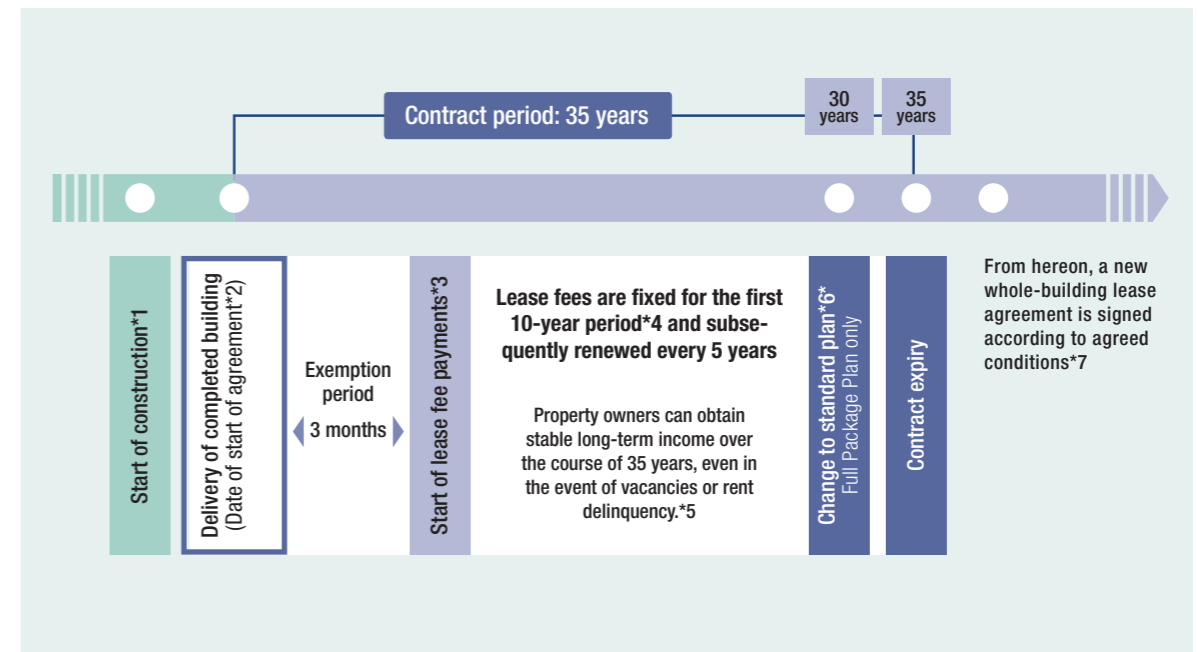
The Daito Group will carry out repairs to the property for a 30-year period during the lease agreement.

The Daito Group will reduce the cost burden to property owners in terms of repair costs for maintaining the building as a rental building as chosen by tenants by carrying out repairs to the main building, building facilities and room facilities as specified in advance.

*For a list of repairs carried out by the Daito Group, please refer to page 45 ("List of Repair Items"). Costs of restoration to original condition for items that are not applicable are borne by property owners.

*<30-year Full Package + 5-year Standard> Plan

Contract period for whole-building lease agreements <30-year Full Package + 5-year Standard> Plan



*1: In some cases, the agreement may be canceled based on various conditions. For details, see page 46 ("Points for attention when signing agreement of whole -building lease"). A legitimate reason is required when a customer requests to cancel a lease agreement, since Article 28 of the Act on Land and Building Leases (Requirements for Refusing to Renew a Building Lease Contract, etc.) applies.

*2: The start data for a whole-building lease agreement is the day after the date of delivery of the completed building, the day after the date of completion of the local government inspection (or date of completion of the inspection for provisional use application), or the day after the date of completion of the development inspection, whichever is latest.

*3: The start date for payment of lease fees is the day after a date within which three months (residential use) have elapsed since the day following the date of final settlement of the building contract fee, or the start date of the whole-building lease agreement, whichever is later.

*4: The first 10 years is the 10-year period commencing with the start of the whole-building lease agreement, and includes the exemption period for the start of payment of lease fees.

*5: When a tenant vacates the property, a lease fee payment exemption period of up to a maximum of 15 days is given as a period of preparation for the next tenant to move in. When renewing the lease fees, lease fees are reviewed in consideration of factors such as surrounding market rent rates and building facilities. Even during the period of fixed lease fee, lease fees may be reduced in accordance with the provisions of Article 32, Paragraph 1 of the Act on Land and Building Leases ((Right to) Request Increase or Decrease in Rent).

*6: As of the 31st year onward, the actual costs pertaining to building repairs shall be borne by the property owner.

*7: After the expiry of the 35-year term of contract, costs for restoration to original condition and costs of repairs for a whole-building lease agreement shall be borne by the property owner.

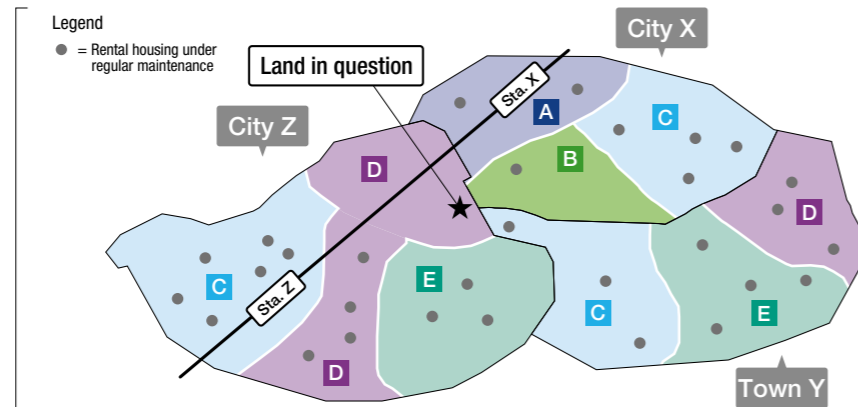
► Rent Appraisal System (Land Surveys)

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

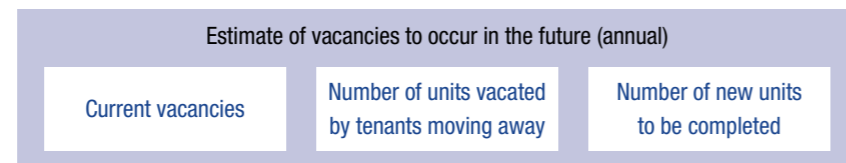
Country is divided into 4,656 areas

Note: As of May 31, 2022



Area-based supply plan meeting

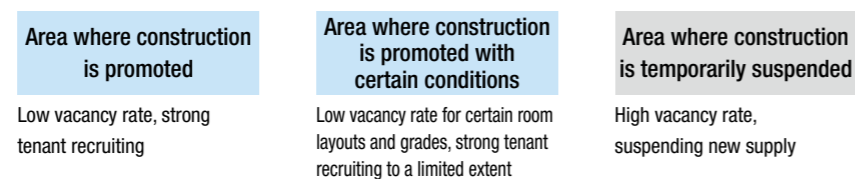
reviewed every six months



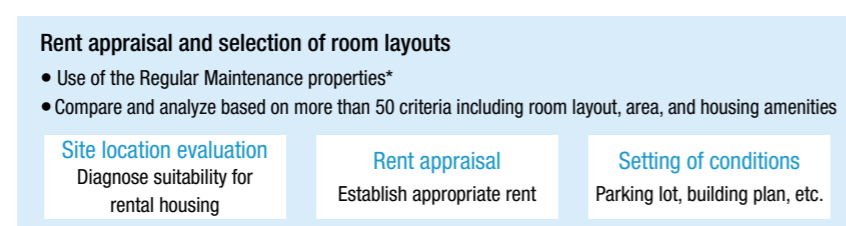
Number of annual brokerage cases

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.

Appraisal System Fair appraisal carried out by specialized staff from the Daito Group

Marketing staff for rental housing

946

Number of marketing base

157 offices

Note: As of June 1, 2022

- 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 185 thousand units

Data on other companies' rental housing:

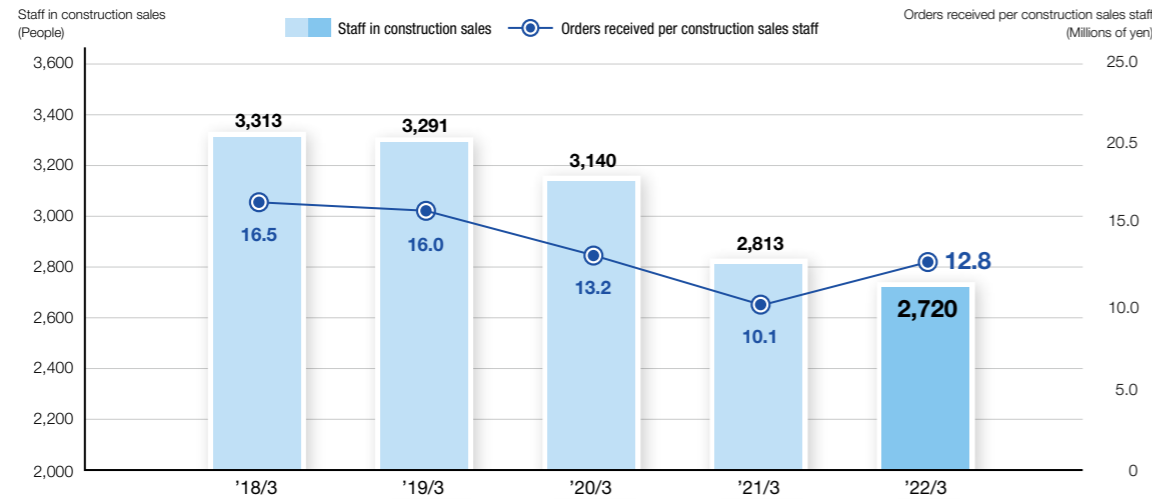
About 858 thousand units

Note: As of May 31, 2022

► Construction Sales Structure

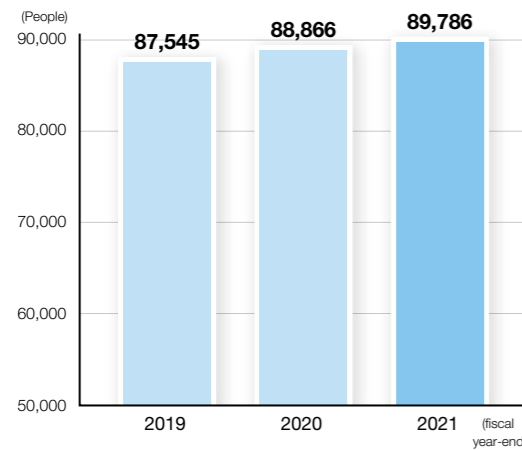
Earned trust through a firm structure and direct sales.

Orders Received per Construction Sales Staff Established sales section what focus on proposal for corporate development and commercial development from FY2021

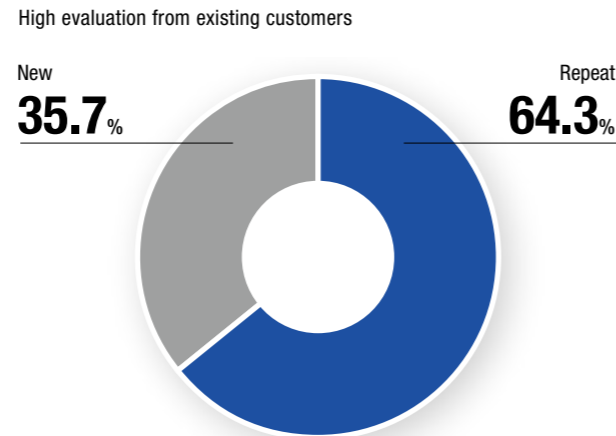


Source: Daito Trust Data

Owners Steadily acquire new customers

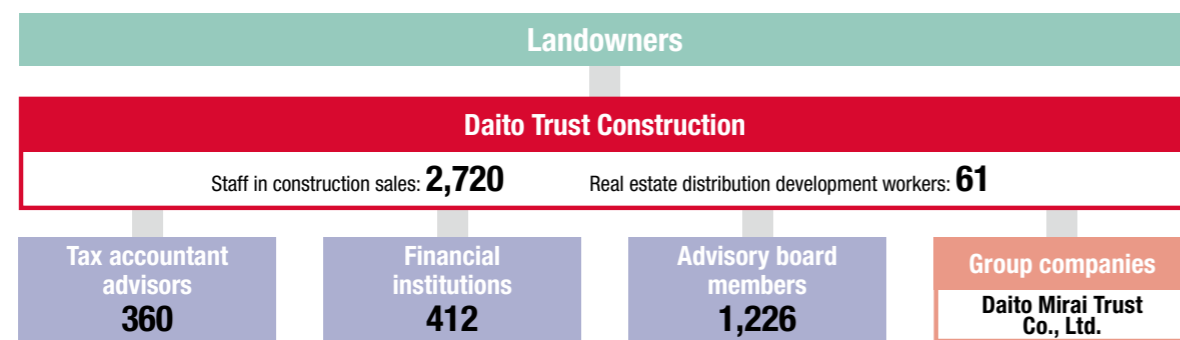


Rate of Repeat Contracts



Source: Daito Group Data (FY2021)

Construction Sales Structure Build a system enabling integrated proposals to landowners

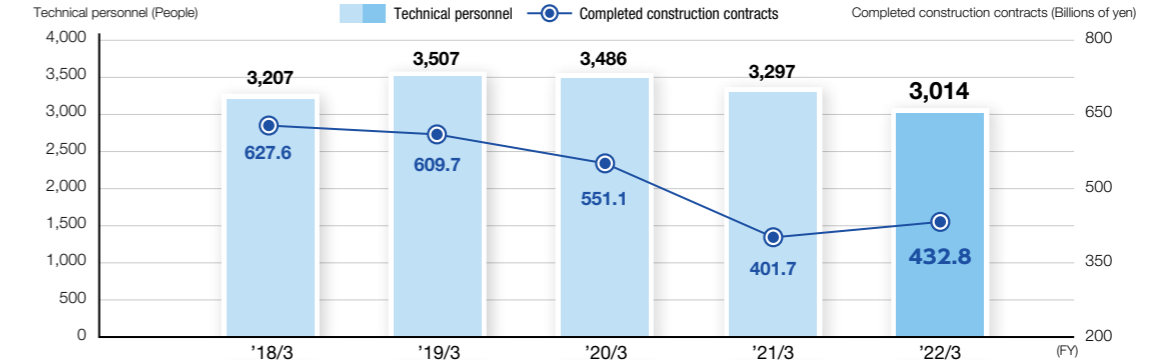


Note: As of March 31, 2022

► 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 Efficient 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

27

Note: As of March 31, 2022

Non-Japanese technical interns accepted

918

Note: Cumulative total as of March 31, 2022

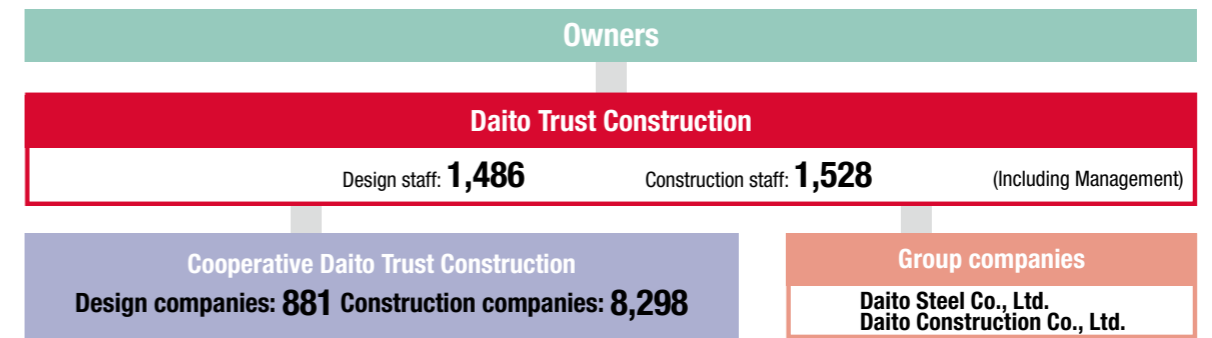


Panel production line



Training in Indonesia

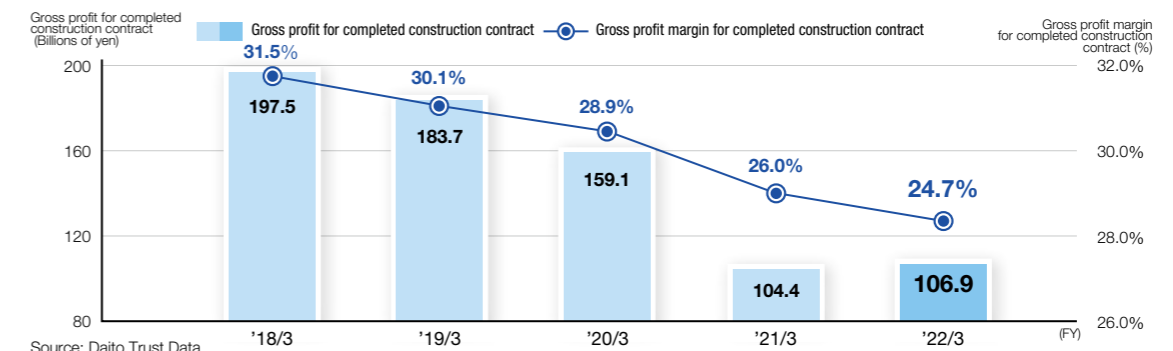
Design and Construction Structure Secure design and construction quality through a system including cooperating companies and group companies



Note: As of March 31, 2022

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

▶ Enhancing Product Power

Developing products tailored to the needs of the times and society.

Net Zero Energy House (ZEH) Rental Housing

- In June 2021, Japan's first decarbonized housing "Life cycle carbon minus (LCCM) Rental Housing" will be completed.
- From November 2021, start proposing rental business with ZEH as standard at 138 branches where ZEH rental housing can be sold.
- In April 2022, we will start selling "NEW RiSE," a rental housing product that sets the ZEH standard. ZEH compliance is possible without solar panels because it is compatible with "Heat Insulation Performance Grade 5" and "Primary Energy Consumption Grade 6," which are the highest energy conservation ratings.



NEW RiSE

High Value-Added Rental Housing

- February 2022, sales of the new "CIEL" series of high value-added rental housing units begin.

"CIEL GARAGE" is a garage on the first floor of all units, with garage items.



"CIEL COURT" combines design and security with an auto-locked entrance gate and courtyard.



Disaster Prevention-Friendly Rental Housing

- In 2018, Daito Group launched the Disaster Prevention and Living Laboratory "Bo-ku-Lab", a disaster prevention project. Promoting Disaster Awareness in Rental Housing.
- In October 2019, the "Bo-Ku-Lab" initiative received the 2019 Good Design Award.
- In March 2022, sales of Boku-Labo rental "niimo" began as disaster-prevention-conscious rental housing specialized for flood damage countermeasures.



niimo

DK SELECT Reform

- As of 2019, we launched a remodeling service business specialized toward rental buildings managed by other companies.
- In April 2021, a new division to handle remodeling and bidding projects, etc. will be established to expand the remodeling business.
- Renovation of offices and warehouses, with a focus on renovation of other companies' rental properties, as well as large-scale repairs.
- Creating business proposal opportunities for owners through renovation proposals.

DK SELECT Reform



Illustrative example of property after remodeling

▶ 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.



LIBERTE FRoW



LUTAN NK



CONTE CESTO III



Room image



Living room image

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



Owner's room of tenactable housing



Exterior of special-order building



Exterior of special-order building



Owner's room of tenactable housing



Entrance of special-order building

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



Maebashi City, Gunma



In Kyoto



In Karuizawa

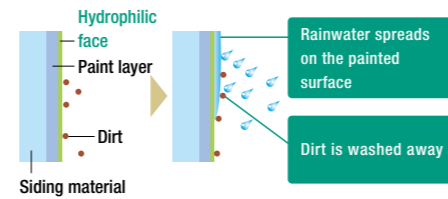
Construction technologies

These technologies have been introduced to reduce maintenance costs.

Exterior Technologies Materials that preserve views



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

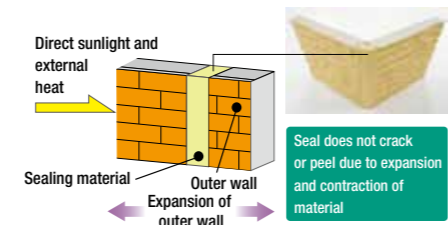


1 Outdoor fixtures that retain their luster and resist discoloration



*Typical part

3 Exterior sealing with enhanced weather resistance



Interior Technologies Materials that hold down restoration costs

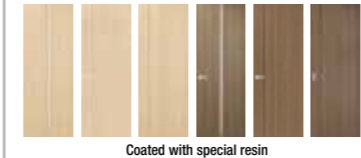
Eco-barrier wallpaper that resists aging, fading, dirt, and mold



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]	[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	2 x 4 construction High-proof stress hold-down hardware
			Brace structure of steel frame systems
			Eco-precut construction method Performance test for vibration control damper

2 Energy efficiency

Insulation performance class	Grade 5: Conforms to ZEH standard equivalent* 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 6: Conforms to ZEH standard equivalent* 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 ZEH standard equivalent	Features	Grade 5 is realized by satisfying certain conditions for some wooden houses.

*Grade may vary depending on the product, region, and door line.

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	"Filters for air supply outlets", our original products, have been developed to prevent pollen and PM2.5 from entering houses
Features	Comfortable indoor environments thanks to 24-hour ventilation and interior materials that emit a minimum of chemicals	<p>【Expected Value】</p> <p>Removal rate of pollen*1: 90% or more Removal rate of PM2.5*2: 68% or more</p> <p>*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>

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.

Heavy floor impact sound(LH)	Light floor impact sound(LL)
LH-55 D-tone55*1 (standard specification)	LL-40
LH-60	LL-45
LH-65 General wooden house*2	LL-50
LH-70	LL-55

■ "Four performance features" with rock wool sound absorbing board

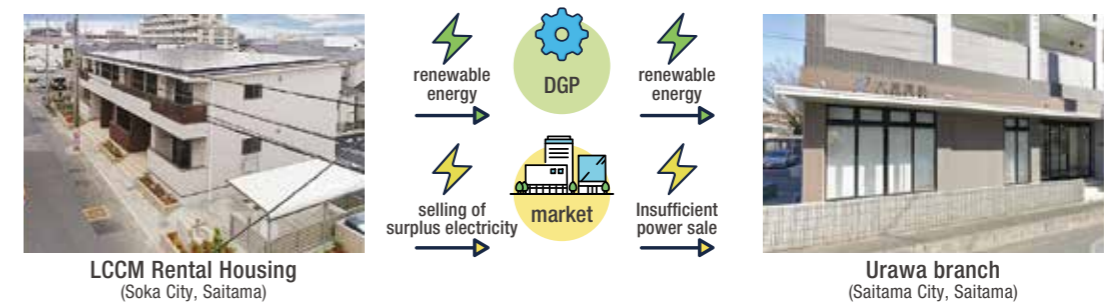
- acoustic absorption
- humidity control
- deodorization
- antimicrobial

*1 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.
*2 Typical wooden rental housing is based on JHF specifications as the standard.

New Technology Development and Renewable Energy Technologies

New Technology Development

From April 2022, the Company's Urawa Branch (Saitama City, Saitama Prefecture) will begin supplying and self-consuming renewable energy generated by Japan's first LCCM Rental housing complex to the Company's Urawa Branch (Saitama City, Saitama Prefecture) using the Digital Grid Platform, a relative (P2P) electricity trading platform established by Digital Grid Corporation.



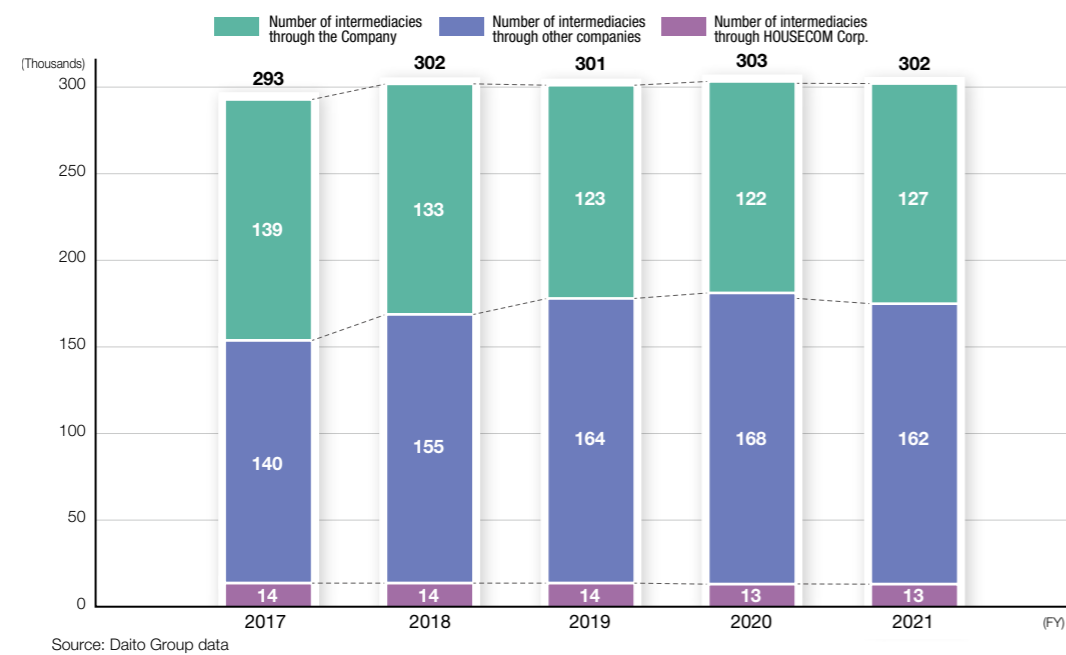
Tenant Recruitment Structure

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

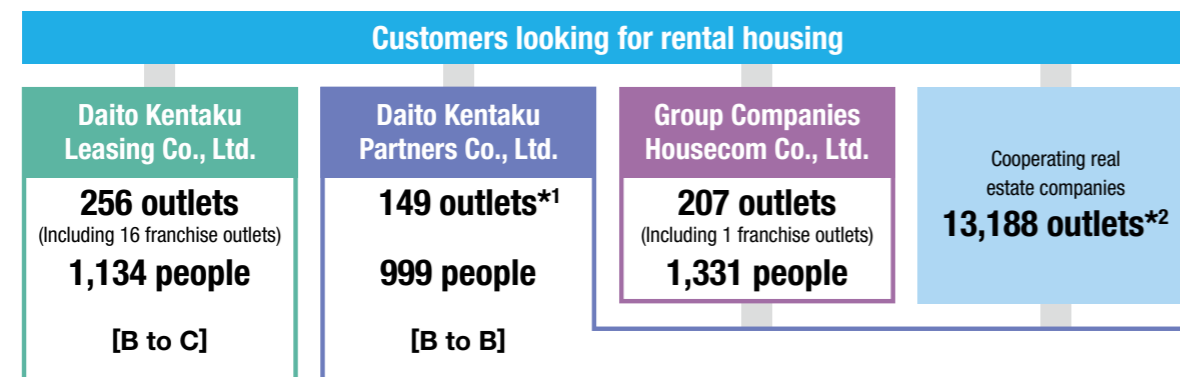
Tenant recruitment structure of in-house controlled buildings Improved efficiency by the share of business

	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 brokerage businesses are progressing increase.



Tenant Recruitment Structure A structure comprising group and outside companies

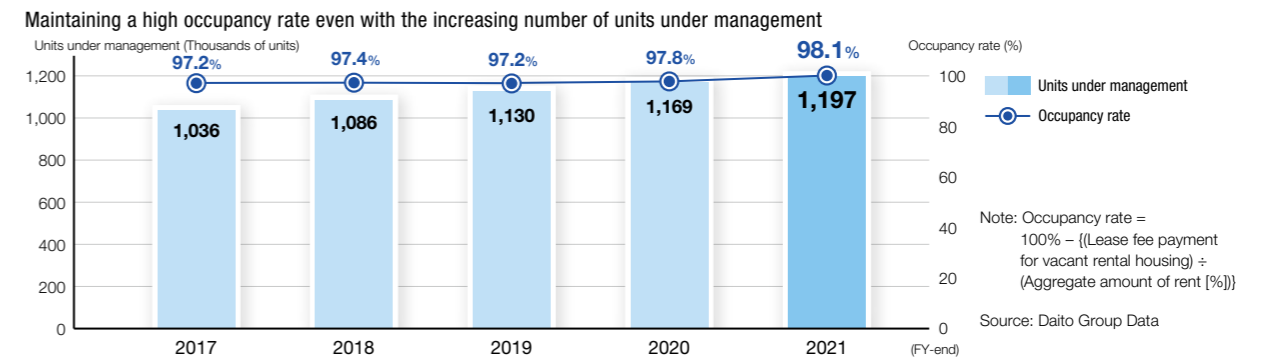


*1 Only offices that offer customer service
*2 Number of cooperating real estate companies introducing one or more rental housing units to the Daito Group in FY2021

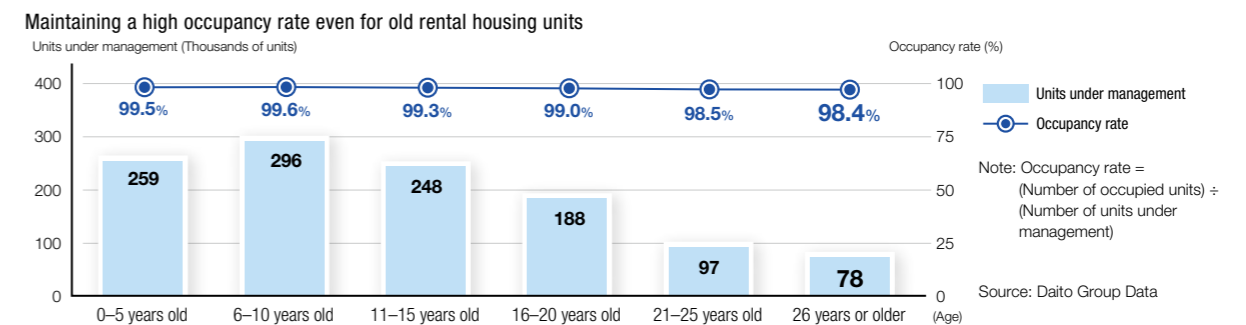
Note: As of March 31, 2022

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

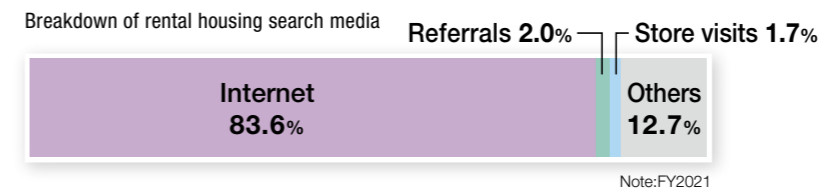
Number of rental housing units under management and occupancy rate based on rent



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



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



Expanding Services Responding to tenant needs

- Accepting credit card transactions for all procedures
 - Moving in: Initial costs
 - Residing: Rent
 - Moving out: Account settlement

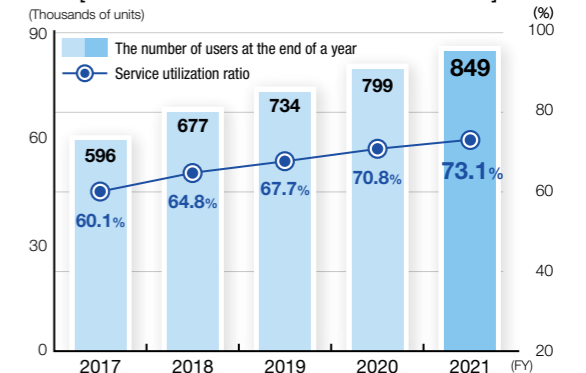
These can all be paid via credit card
- No security deposit and a flat-rate house cleaning plan
 - Reducing initial costs when moving in and ensuring transparent account settlements when moving out
- No guarantor required
 - Eliminating the hassle of securing a guarantor makes it easier for tenants to sign contracts and move in

Fees for agreement

	Usual agreement	plan 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!

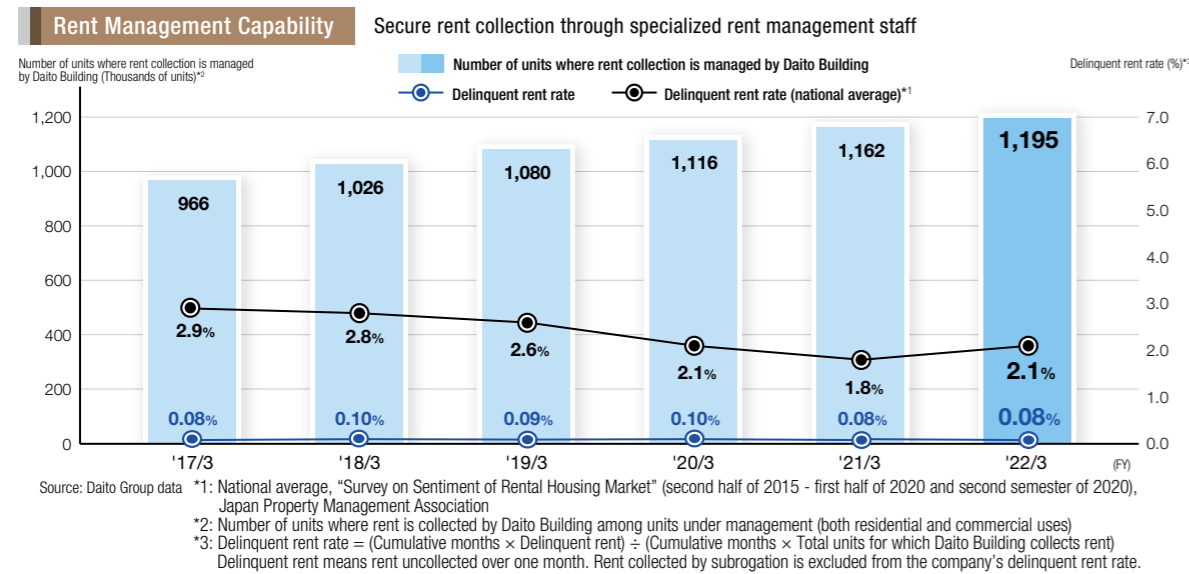
[Movement of the use of No-Guarantor Service]



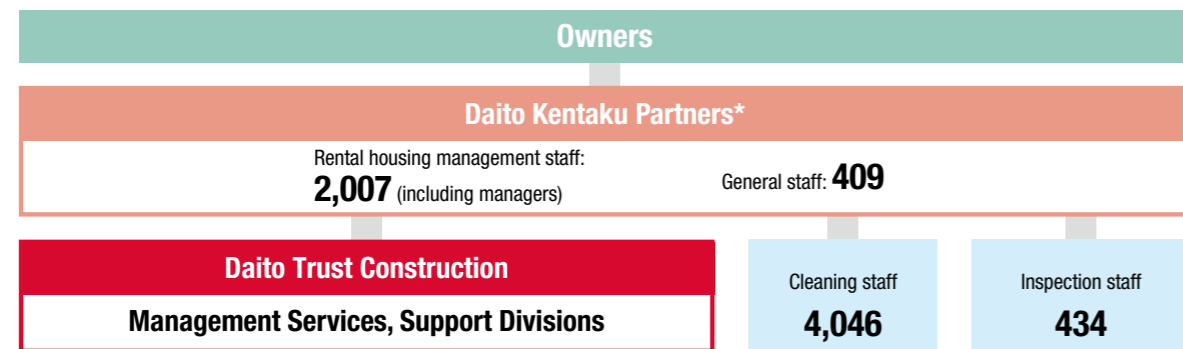
Source: Daito Trust Data

Rental Housing Management Structure

We have a low default (uncollected rent) rate.



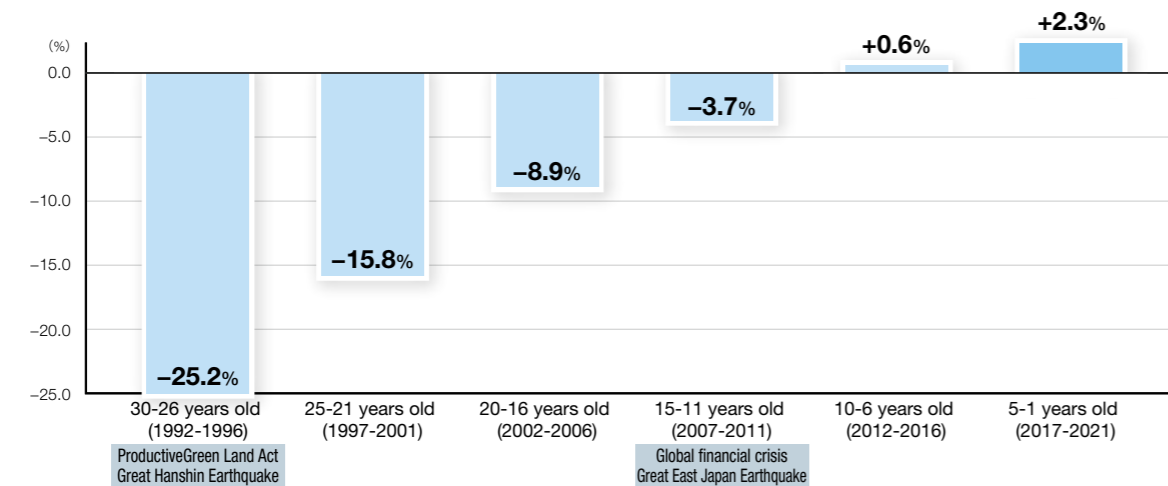
Management Structure Management structure centered on Daito Kentaku Partners Co., Ltd.



*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, 2022 (number of inspection staff as of March 17, 2022)

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



FY2021

For Inquiries 24-hour call center for tenants

Three types of inquiries to the resident dedicated app for tenants

inquiry

Three types of inquiries. You can choose the method of inquiry according to the urgency and content.

- Solved on FAQ site
- Inquiring by AI
- Inquiring by email

You can easily Inquiring by app. Attach a photograph, and qualified status will be communicated.

Dedicated app for tenants

we started to provide disaster prevention information from July 2019

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

Number of DK SELECT app members

824,349

As of March 31, 2022

24-hour E-hey support Center

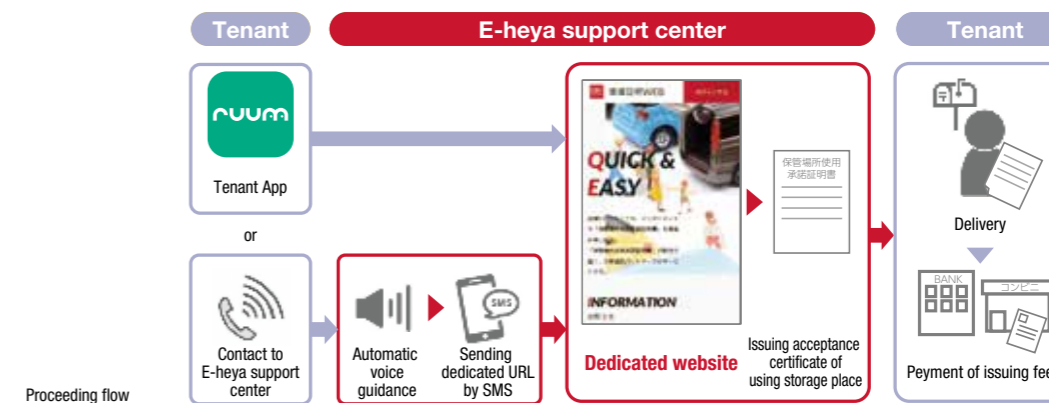


The number of responds made in a year

1,225,612 cases

As of March 31, 2022

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

18,972 cases

As of March 31, 2022

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.

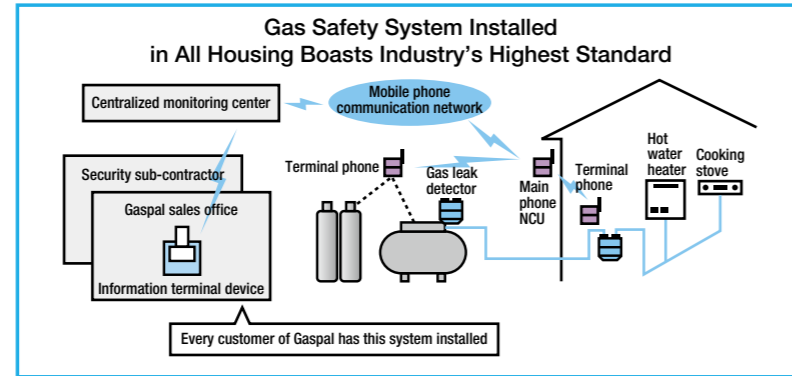
► Energy Business

Supply of Gas

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

Number of units which LP gas is supplied
381,194

Number of units which city gas is supplied
56,206
Note: As of March 31, 2022



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.

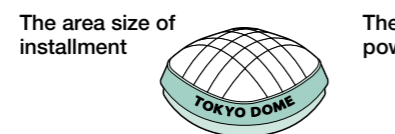
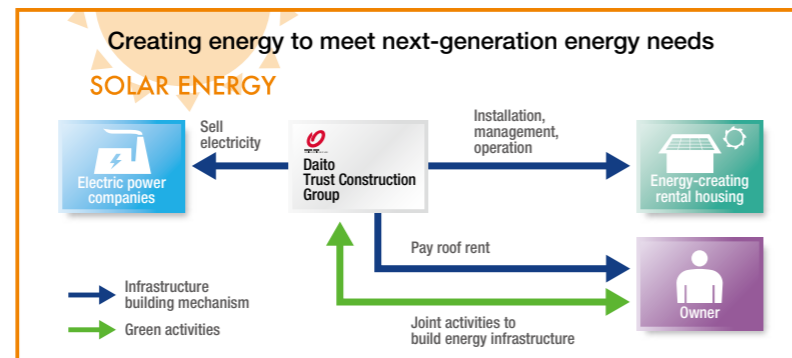
Number of equipped units
17,107
Note: As of March 31, 2022

Total power generated nationwide*
222 megawatts

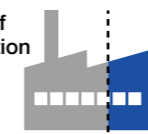
For one year, this electricity can power

57,057 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 67.9 x Tokyo Domes
* 1 megawatts = 14,280 m²



The quantity of power generation
Equivalent to 49 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.

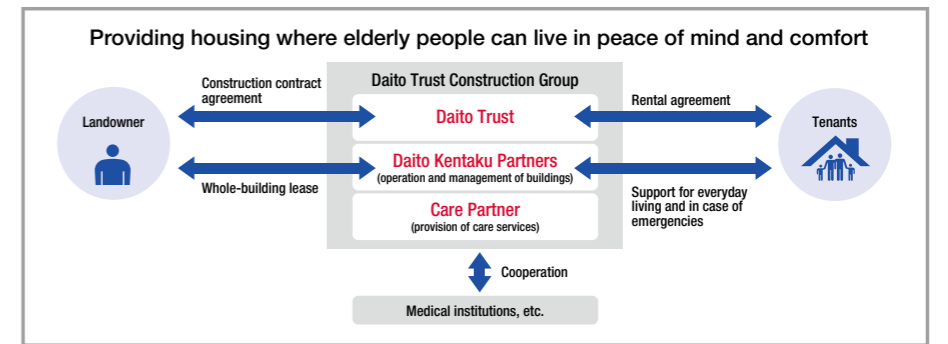
Number of day-care centers
82
Note: As of March 31, 2022

Number of day-care center users
1,007,201
Note: FY2021



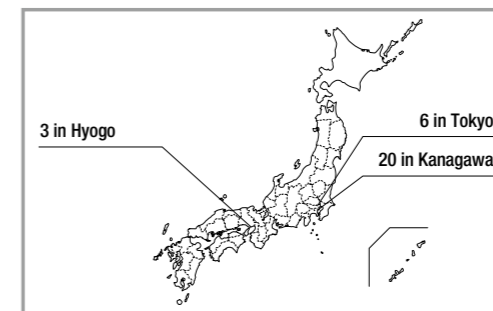
Assisted Living Rental Housing for Senior Citizens

Number of completed construction
3
Note: As of March 31, 2022



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

Number of nursery schools
29
Note: As of March 31, 2022



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

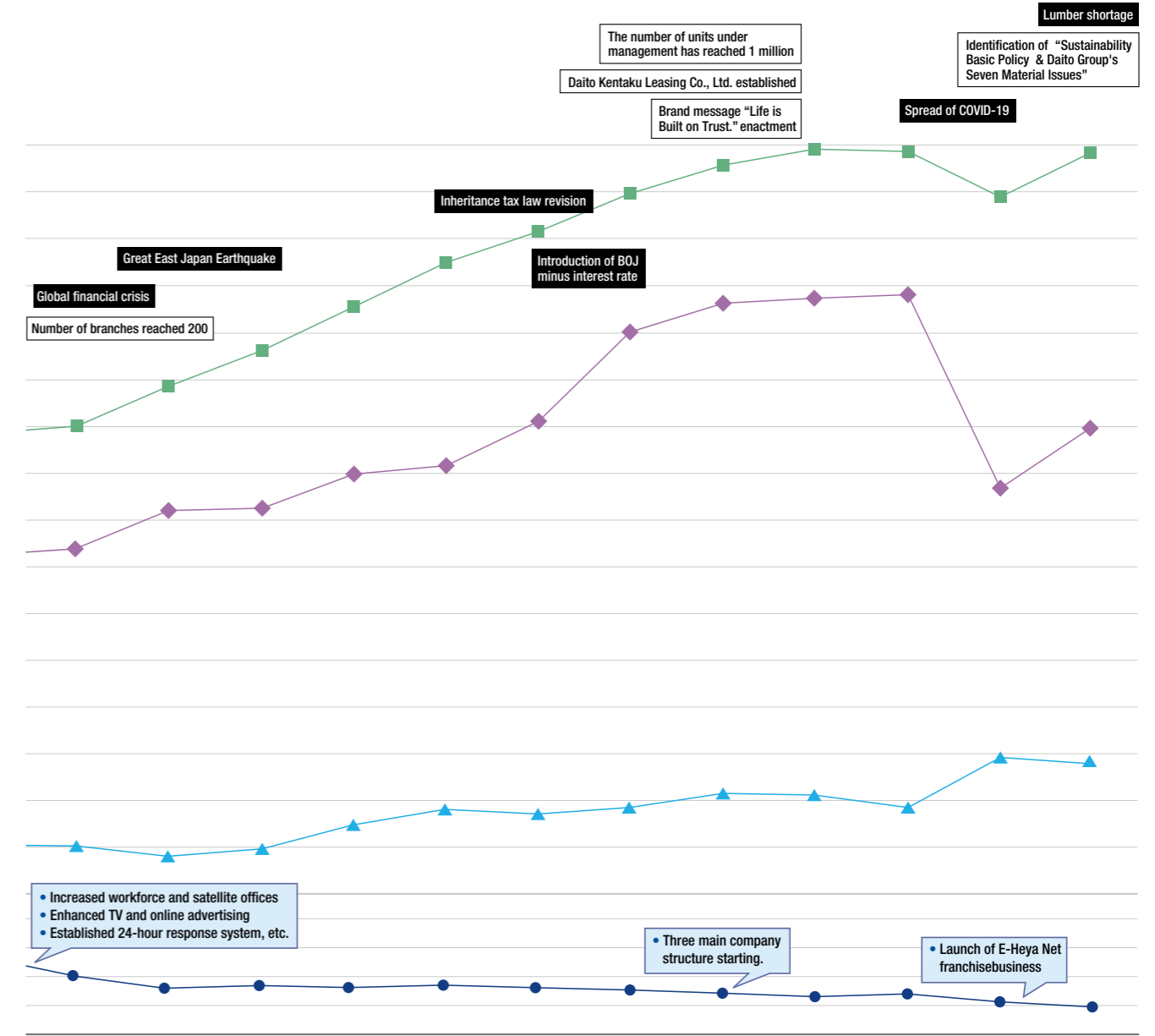
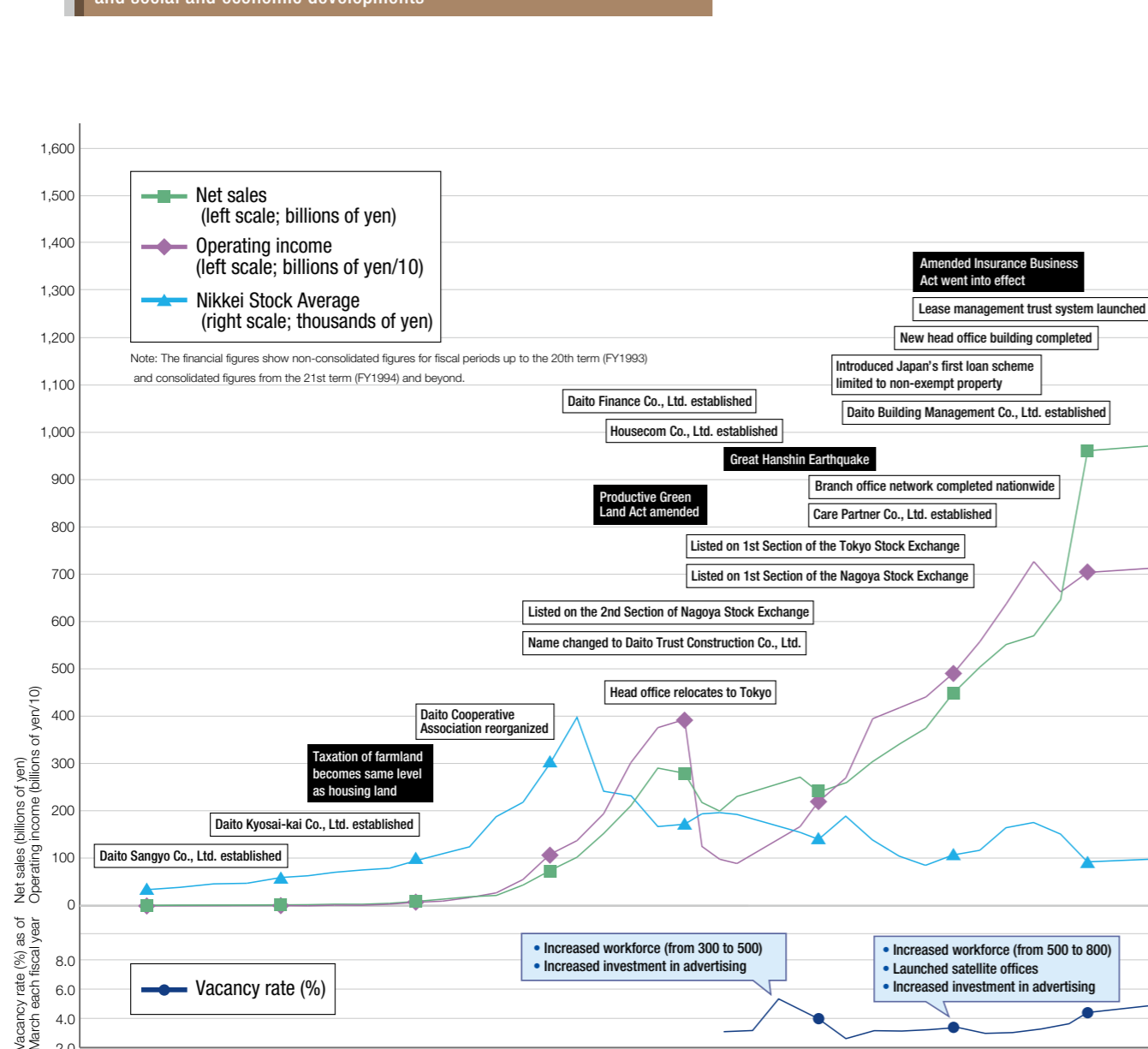
From November 2013, Daito Trust has developed rental housing with a local dominant real-estate developer in the suburb of Washington, D.C.



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



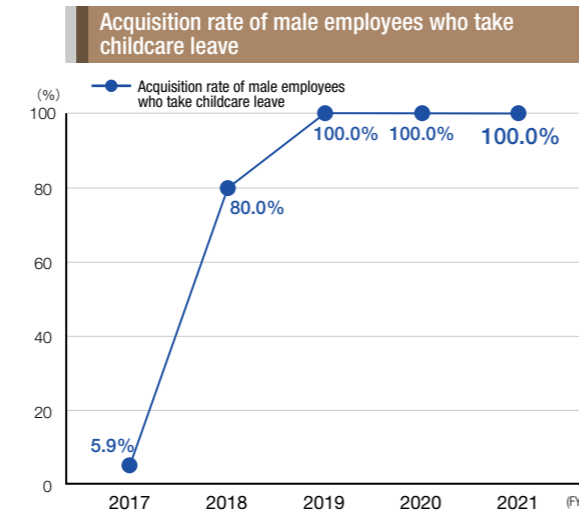
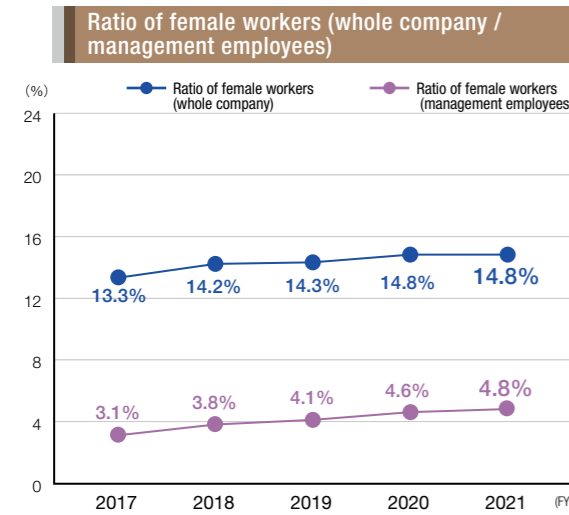
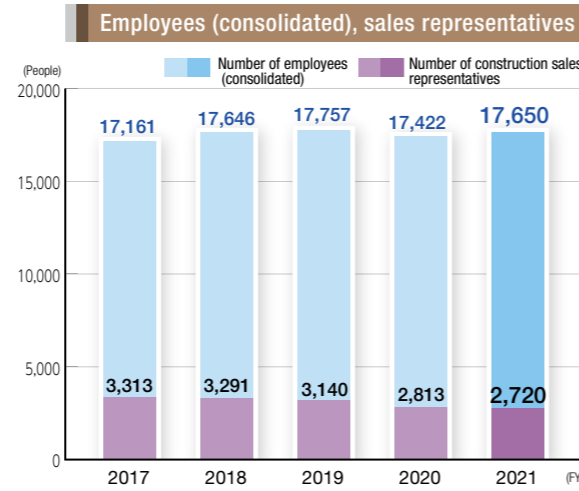
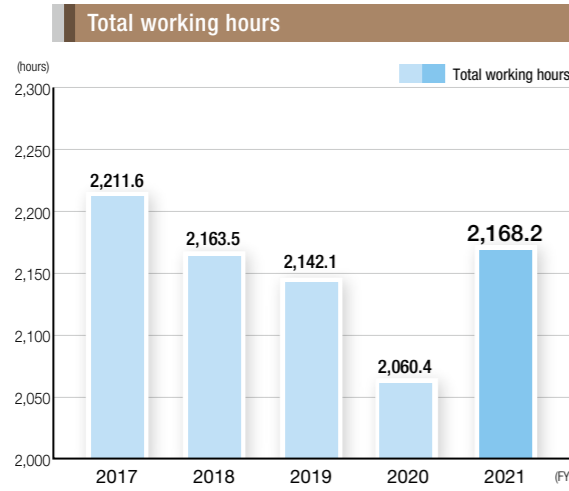
Vacancy rate (%) as of March each fiscal year

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

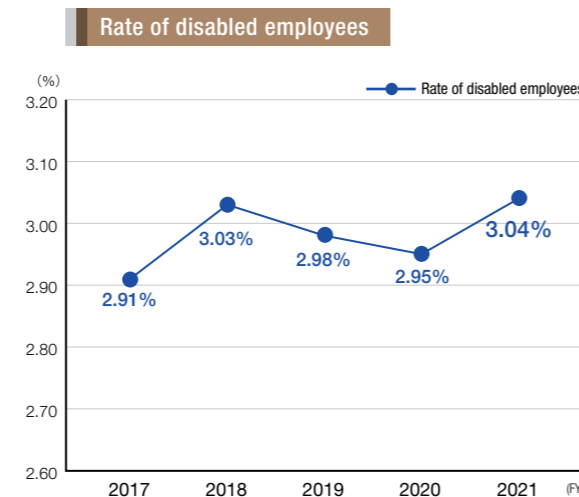
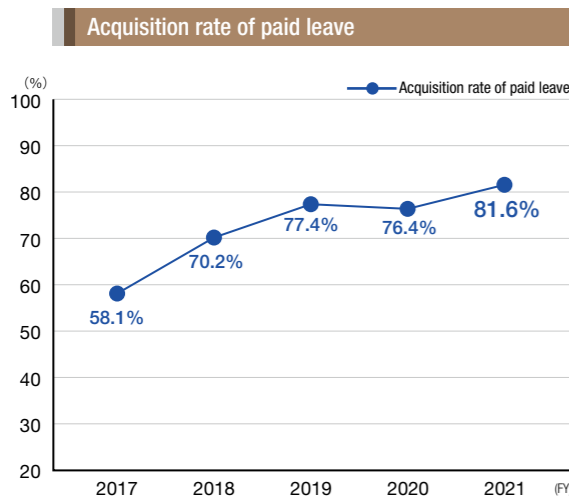
Vacancy rate (residential units)	Term 1 1974	Term 5 1978	Term 10 1983	Term 15 1988	Term 20 1993	Term 25 1998	Term 30 2003	Term 35 2008
-	-	-	-	-	-	3.96	3.41	4.41
Sales (billions of yen)	0.062	0.998	7.71	73.7	274.1	231.2	438.6	954.8
Operating income (billions of yen)	0.001	0.073	0.762	10.9	39.4	21.9	49.0	70.3
Units under management (end of term)	8	393	1,811	1.8	11.0	21.0	35.2	59.1
No. of branches (beginning of term)	1	3	16	48	89	115	161	199

	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	Term 47 2020	Term 48 2021*
	3.96	3.17	3.29	3.08	3.31	3.19	3.05	2.83	2.59	2.78	2.23	1.88 (%)
	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	1,488.9	1,583.0
	73.7	81.9	82.4	89.7	91.5	101.0	120.1	126.3	127.0	127.9	86.7	99.5
	68.3	73.2	78.5	84.3	90.1	96.0	101.5	107.2	112.2	116.5	120.4	123.1
	204	209	214	223	223	221	221	221	227	227	216	211

► Non-financial data

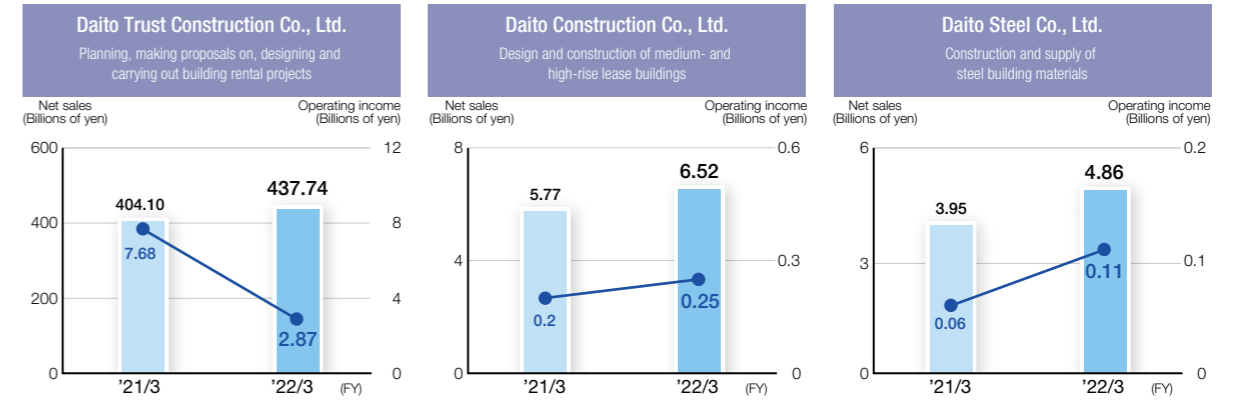


* Taking childcare leave for male employees is mandatory from October 2018 (paid on 5 days)

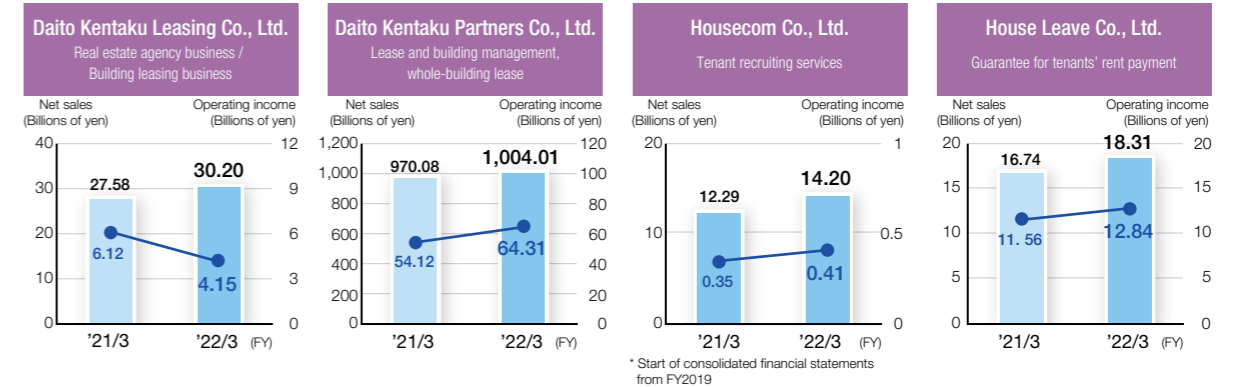


► Group Companies

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



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



* Start of consolidated financial statements from FY2019

Other businesses | Diversified business expansion and overseas businesses



* The Gaspal Group is consisting of Gaspal Corporation and four consolidated subsidiaries.

* Start of consolidated financial statements from FY2020 (period from October, 2020 to March 31, 2021)

List of Items for Restoration to Original Condition ● [30-year Full Package + 5-year Standard] Plan ● [35-year Standard] Plan

The Daito Group carries out the following repairs as needed when a tenant vacates a property.

Restoration to Original Condition (Repairs accompanying vacating of property)	• Room cleaning	• Repairs to storage spaces	• Toilet paper holder repairs
	• Ceiling and wall covering replacement	• Key and lock repairs and replacement	• Laundry rack / rail repairs
	• Flooring and CF sheet replacement	• Faucet seal replacement	• Light bulb replacement
	• Screen door replacement	• Curtain rail repairs	• Switch and power outlet repairs
	• Skirting board and crown molding repairs	• Air conditioner sleeve repairs	• Individual unit mailbox repairs
	• Nageshi (horizontal beam) repairs	• Towel rail repairs	• Other repairs related to maintaining aesthetic beauty and functionality as required for smooth recruitment of tenants
	• Joinery and handrail repairs and adjustments		

List of Repair Items ● [30-year Full Package + 5-year Standard] Plan

The Daito Group carries out the following repairs as needed.

Building itself	• Re-waterproofing of flat roofs (asphalt, PVC sheet, paint coating)
	• Re-waterproofing of balconies
	• Replacement of sealant (outer wall joints, window frame surrounds)
	• Outer wall painting, out wall tile cleaning, outdoor steel-frame staircase painting
	• Entry door frame, PS door and frame, common-area door frame and electrical distribution panel painting and repairs
	• Fence, exterior block wall, street gutter and catch basin repairs and partial replacements
	• Sloped roof repairs
	• Rain gutter repairs
	• Common-use stairs, corridor and entrance repairs
	• Parking area road surfaces, lines and parking block repairs (Excluding property owners use and parking in excess of required number of spaces)
	• Common-use faucet and garbage collection point repairs
	• Building name signboard and notice board repairs
	• Veranda, entrance partition and porch repairs
	• Other repairs to facilities related to maintaining the aesthetic beauty and functionality of the building itself as laid out at the beginning of the whole-building lease agreement
Building facilities	• Exterior lighting fixture repairs
	• Rain shutter adjustments
	• Television antenna, booster and distributor repairs
	• Smoke / fire detector, firefighting equipment and escape apparatus replacement and repairs
	• Water meter and septic tank blower replacement
	• Common-area auto-lock facility, cluster mailbox and delivery box repairs
	• Bicycle parking area repairs and roof coating
	• Other repairs to building facilities as laid out at the beginning of the whole-building lease agreement
Room facilities	• Kitchen repairs
	• Washstand / bathroom vanity repairs
	• Hygiene equipment repairs
	• Toilet repairs
	• Air conditioner repairs
	• FF stove repairs
	• Washing machine pan repairs
	• Bathroom dryer repairs
	• Unit bathroom repairs
	• Ventilation fan repairs
	• Light fixture repairs
	• Water heater boiler repairs
	• Intercom repairs
	• Other repairs to room facilities as laid out at the beginning of the whole-building lease agreement
Costs to be covered by property owners	(1) Upgrades or new installations to improve performance and increase value, or for compliance with revised laws and regulations, etc., at the expense of property owners
	(2) Buildings, facilities, and equipment other than the above items (elevator facilities, multi-story parking lots, road heating and snow melting equipment, solar power generation equipment, IH cooking heaters, electric water heaters, etc., and other facilities that Daito Trust Construction Co., Ltd. does not undertake from property owners)
	(3) Statutory periodic inspection costs for special buildings and full inspection costs for exterior wall tiles

*: Parking lot and business room are outsourced management contract.

● Matters for attention (excerpt from Explanation of Important Matters)

(1) The amount of rent paid to the Customer by the Daito Group may be reduced.

- Under the whole-building lease agreement ("the Agreement"), the amount of rent paid to the Customer is subject to periodic reviews, and may be reduced as a result of such reviews.
- Article 32, Paragraph 1 of the Act on Land and Building Leases (Right to Request Increase or Decrease in Rent) applies to the Agreement. Notwithstanding the conditions of the Agreement, and even not on the day of a periodic review, the sublease operator may request a reduction in rent when the amount of rent paid to the Customer by the Daito Group is:
 - (1) Inappropriate due to an increase or decrease in taxes or other burdens on land or buildings
 - (2) Inappropriate due to an increase or decrease in the price of land or buildings, or other fluctuations in economic conditions
 - (3) Inappropriate when compared to the rent for the same kind of buildings in the vicinity
- However, a reduction request under the same article is not possible for reasons that do not fall under the above items (1) through (3), such as an increase in vacancies due to an increase in rental housing in the vicinity, or a deterioration in the Company's business situation that occurs due to individual circumstances not related to fluctuations in economic conditions.
- The Customer does not necessarily have to accept the request for a reduction from the Daito Group under the Act on Land and Building Leases, and will engage in discussions with the Daito Group as a factor in considering the circumstances that contributed to the determination of the rent before the change.

(2) Cancellation may occur even during the contract period.

However, if the Customer asks for cancellation or refuses to renew, a justifiable reason is required.

- Article 28 of the Act on Land and Building Leases (Requirements for Refusing to Renew a Building Lease Contract, etc.) applies to the Agreement. Therefore, the Customer may not request cancellation or refuse to renew unless it is found that there is a justifiable reason to do so, upon consideration of:
 - (1) The circumstances that the Customer and Daito Group (including sublessees (tenants)) require use of the building
 - (2) Previous events regarding the lease of the building
 - (3) The state of use or current state of the building
 - (4) If the Customer has made a request to the Daito Group (including sublessees (tenants)) to provide property benefits as a condition of or in exchange for the handover of the building, that request.

● Changes and terminations of agreements (excerpted from the whole-building lease agreement terms and conditions)

Article 20, Paragraph 3

Service Provider may terminate the Agreement upon notice if Client breaches the Agreement and does not rectify the breach despite receiving a warning from Service Provider, or if discussions between the parties as provided for under the Agreement are not settled, resulting in a state where continuation of the Agreement is significantly difficult.

The same shall apply when attachment, provisional attachment, assignment has been carried out with regard to the debts (regardless of its effect on Client or Service Provider) with regard to the Building or the credit obligations of Client to Service Provider pursuant to the Agreement, when Client is subject to a filing for civil rehabilitation, corporate reorganization or bankruptcy proceedings, or when Client's financial resources have significantly worsened, such as when its assets are subject to a temporary restraining order.

Article 20, Paragraph 4

The Agreement shall be terminated in due course if the Building is destroyed, damaged or subject to restriction on its use due to natural disasters, other force majeure, or defects in the site of the Building; or if the Building is removed or subject to restriction on its use due to urban planning, etc., making it significantly difficult to continue the Agreement.

The same shall apply if the construction contract agreement for the Building between Client and Daito Trust Construction Co., Ltd. is terminated or cancelled after the signing of the Agreement; or if the whole parking lot lease agreement between Client and Service Provider for the parking lot management consignment contract.

(Note) Client: Customer Service Provider: Daito Kentaku Partners Co., Ltd. The Agreement: Whole-building lease agreement The Building: The building to be leased, as listed in the Agreement